

1st quarter 2019 – Conference Call

Christian B. Teig, CFO
6th May, 2019



Key figures first quarter 2019

€ M	Q1 19	Q1 18	Change	2018
Revenue	175.2	166.0	6%	717.0
EBITDA	49.9	38.9	28%	182.5
EBIT	35.3	28.3		137.9
EBT	33.8	25.8		128.8
Net income	23.6	17.0		92.6
EPS (€)	0.48	0.34	41%	1.86
Cash net income*	30.3	24.3		121.1
Cash net income per share (€)	0.61	0.49		2.45

*Net income before minority interest plus amortization of intangible assets less amortization on in-house capitalized software

Special effects

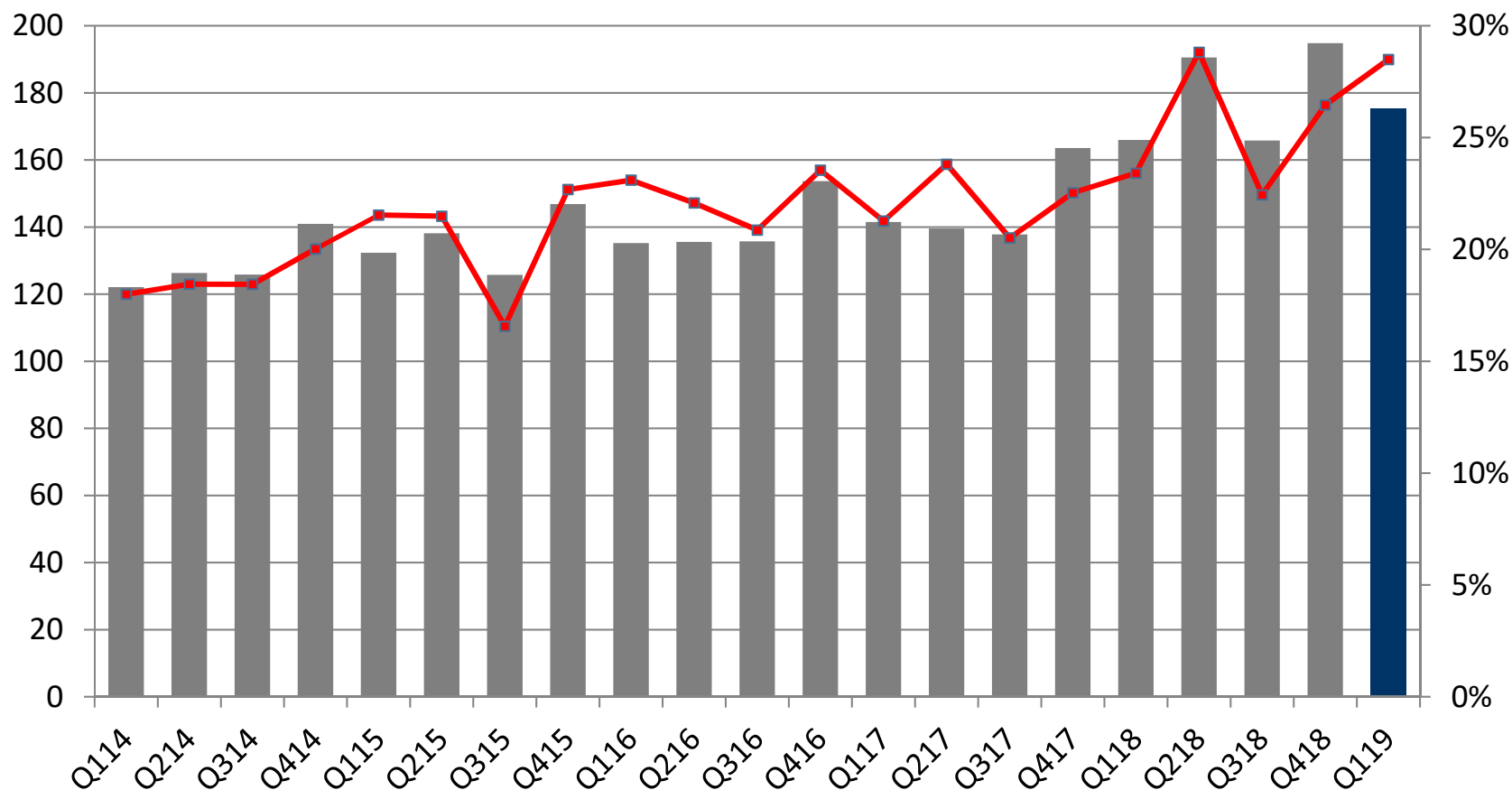
	IAS 17 / Topic 840 / FASB model		IFRS 16
	Finance leases	Operating leases	All leases
Revenue	x	x	x
Operating costs (excluding depreciation and amortisation)	---	Single expense	---
EBITDA			↑↑
Depreciation and amortisation	Depreciation	---	Depreciation
Operating profit			↑
Finance costs	Interest	---	Interest
Profit before tax			↔

- IFRS 16 is mandatory from January 1st 2019
- Basically all leases become a Finance lease (right-of-use assets) and have to be recognized on-balance
- The effect for 2019 is a decrease in operating costs (predominantly office buildings and car leases) by approximately EUR 4 million per quarter and thereby an increase in EBITDA also by approximately the same amount

- Under Other Income, the first quarter this year includes a one-time positive effect of EUR 4.4 million from the revaluation of minority interests held in the companies GIS and fablab prior to acquiring control during the first quarter 2019

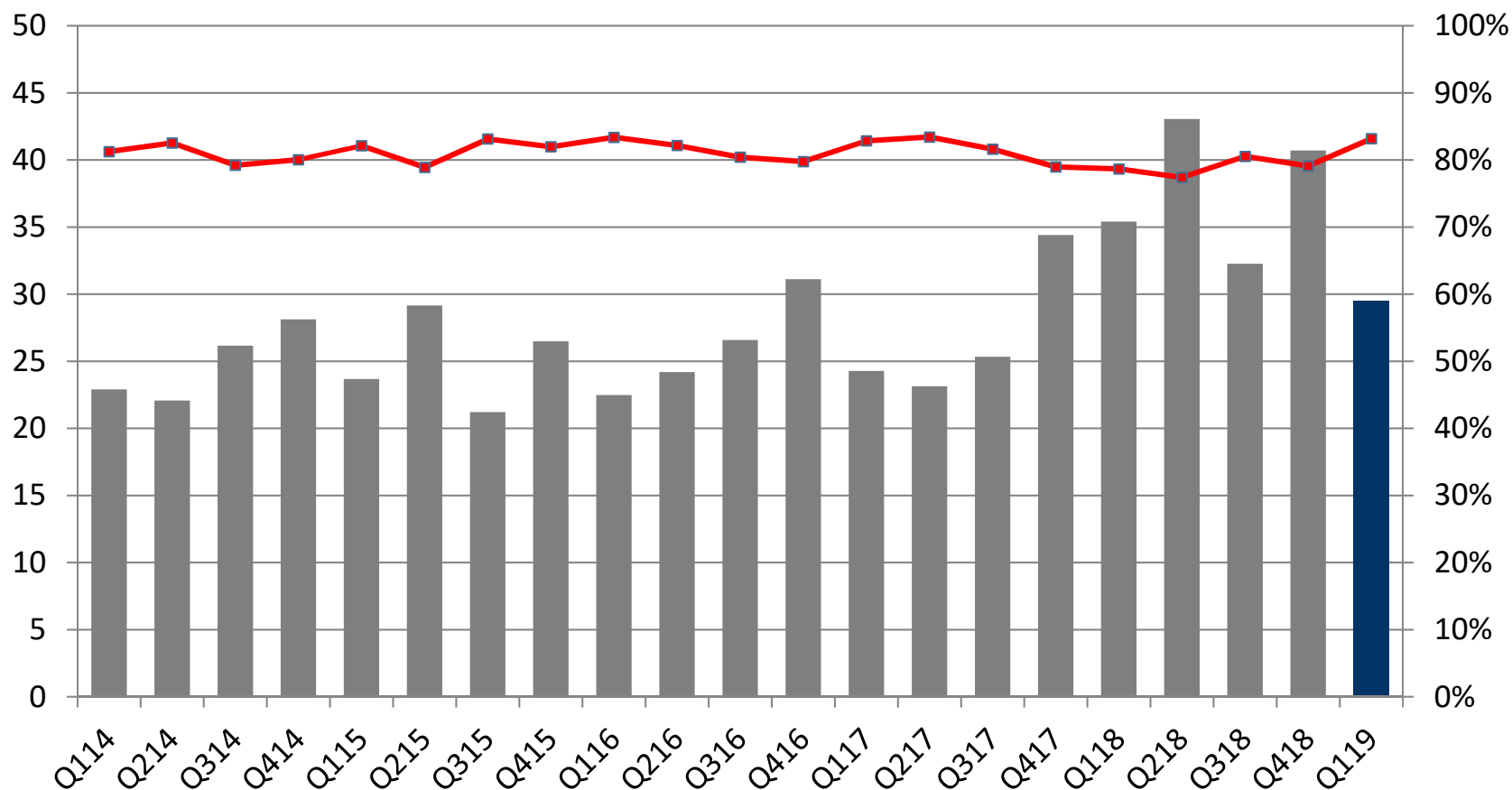
Revenue and profitability

€ M / EBITDA margin



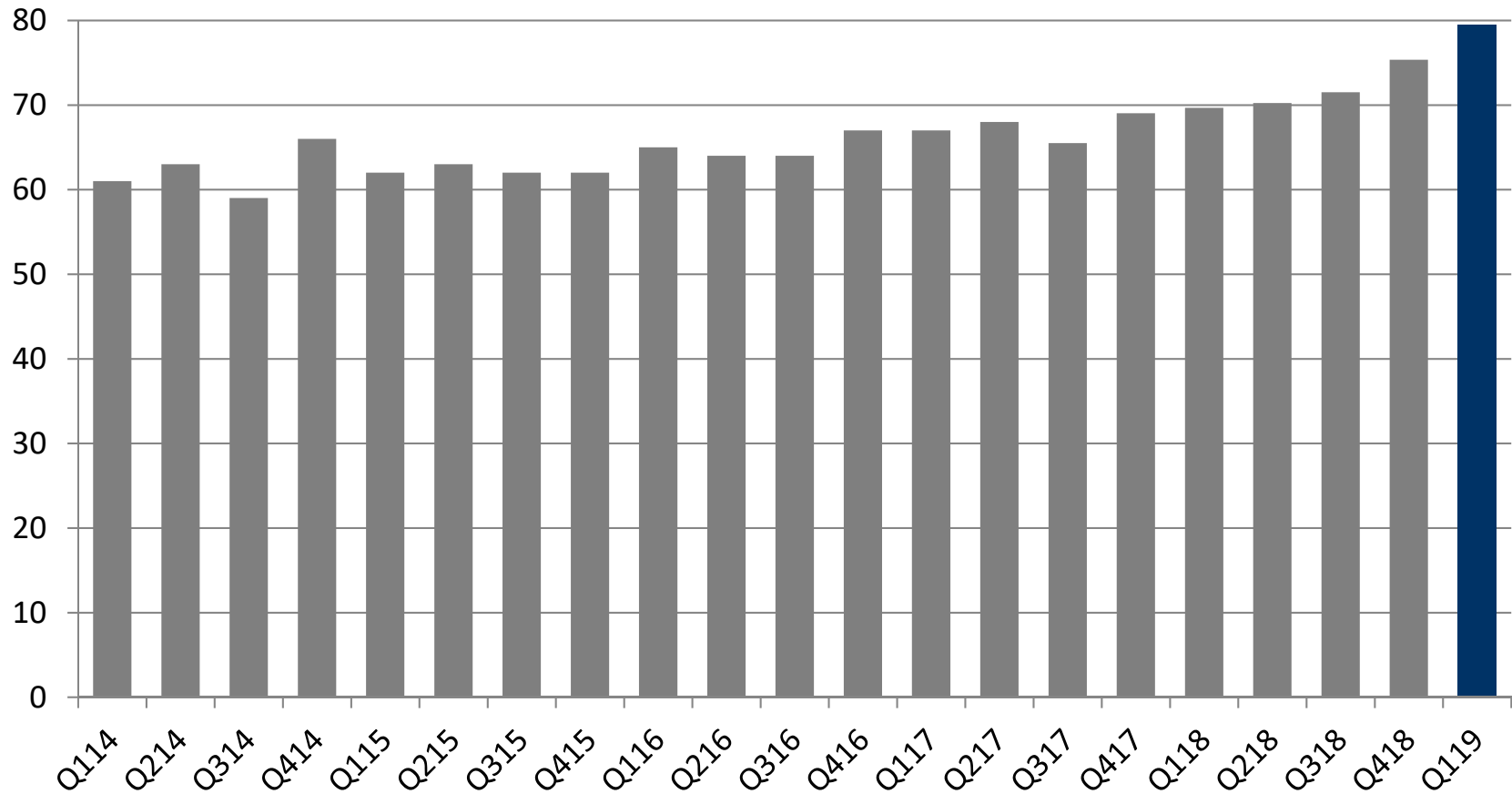
COGS and gross margin

€ M / percent



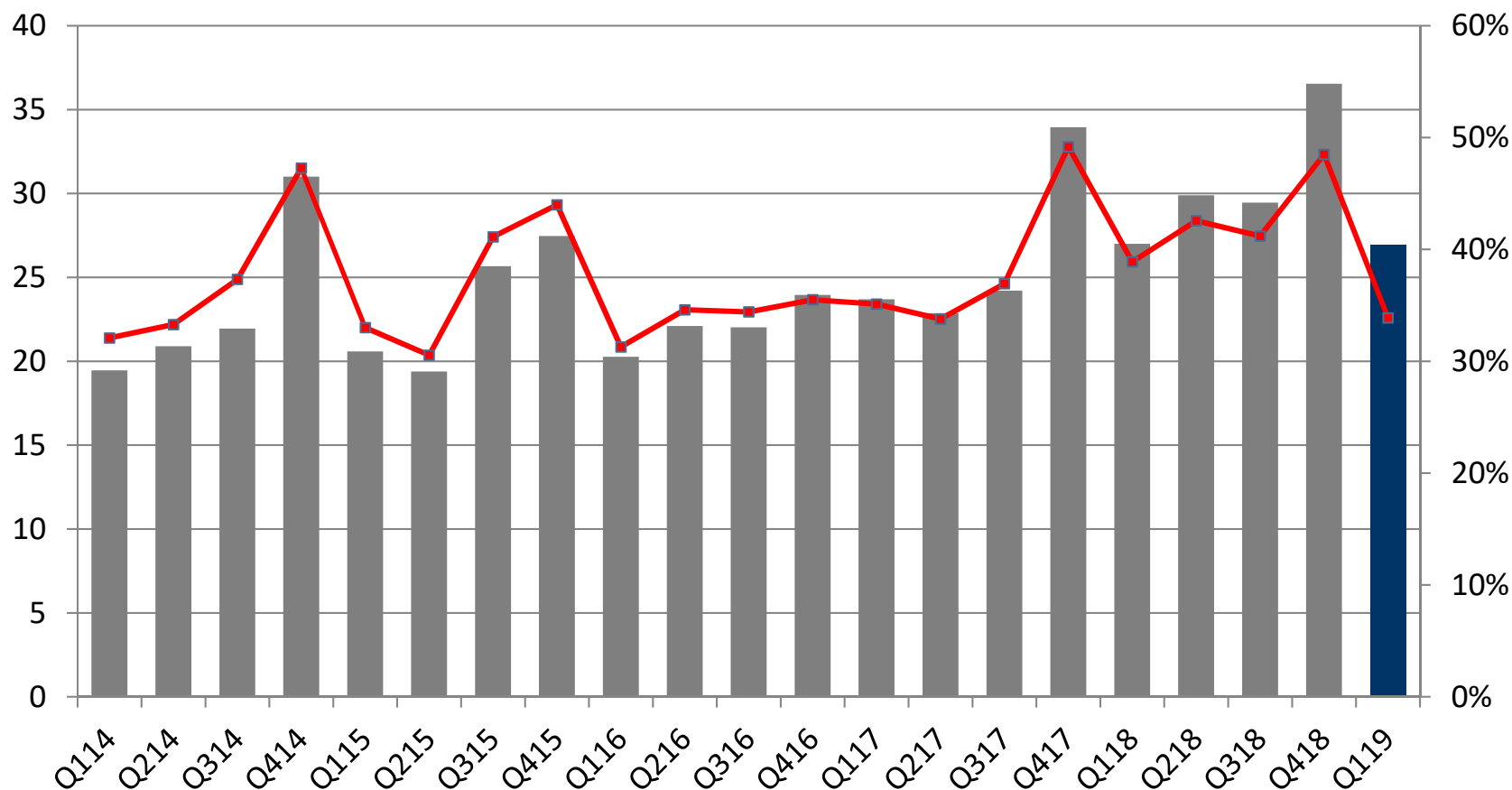
Personnel expenses

€ M



Other expenses

€ M / percent of personnel expenses



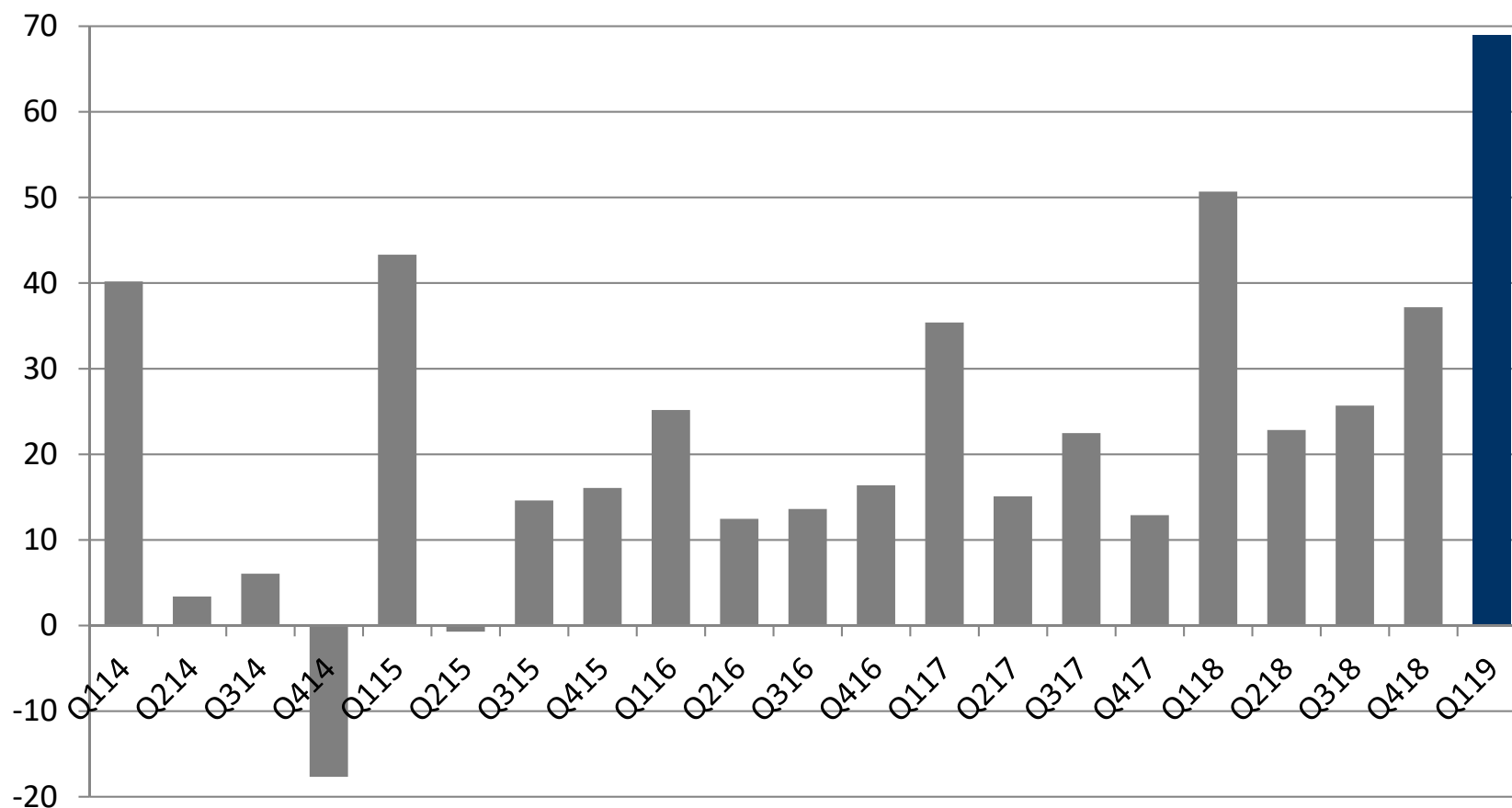
Capital expenditure

€ M	Q1 2019
Acquisitions (past and present)	23.4
Capitalized in-house services and other intangible assets	6.3
Office equipment and other tangible assets	5.0
Sum	34.7

- Acquisition of AIS dealers in Germany (GIS and CoSi) and Qualizorg, The Netherlands
- Increased use of outsourced research and development related to accelerated completion of new modules for CGM Clinical (new G3-based Hospital information System)
- Capitalization of Connector SW for new TI applications in 2019
- IFRS 16 effect on office equipment and other tangible assets

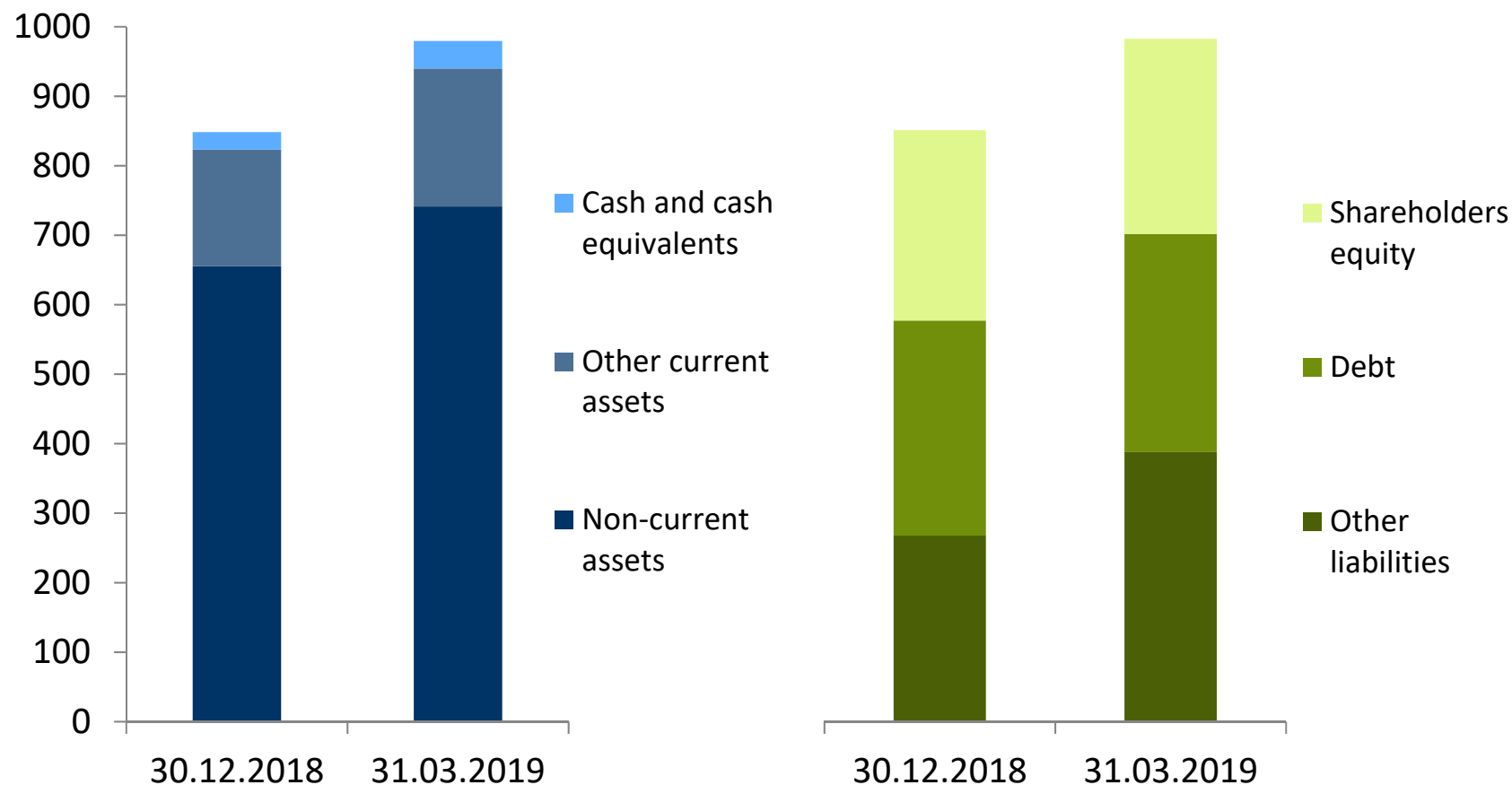
Operating cash flow

€ M



Statement of financial position

€ M



Software for doctors

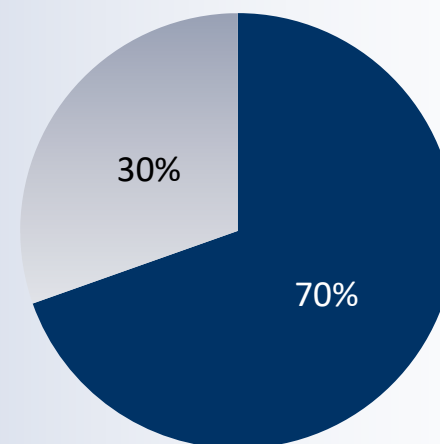


Doctor software development

AIS revenue Q1 2019

100% = 110.6 € M

	€ M	%
Revenue Q1 2018	106.1	
Acquisitions	5.5	5%
Organic growth	-1.0	-1%
Revenue Q1 2019	110.6	4%

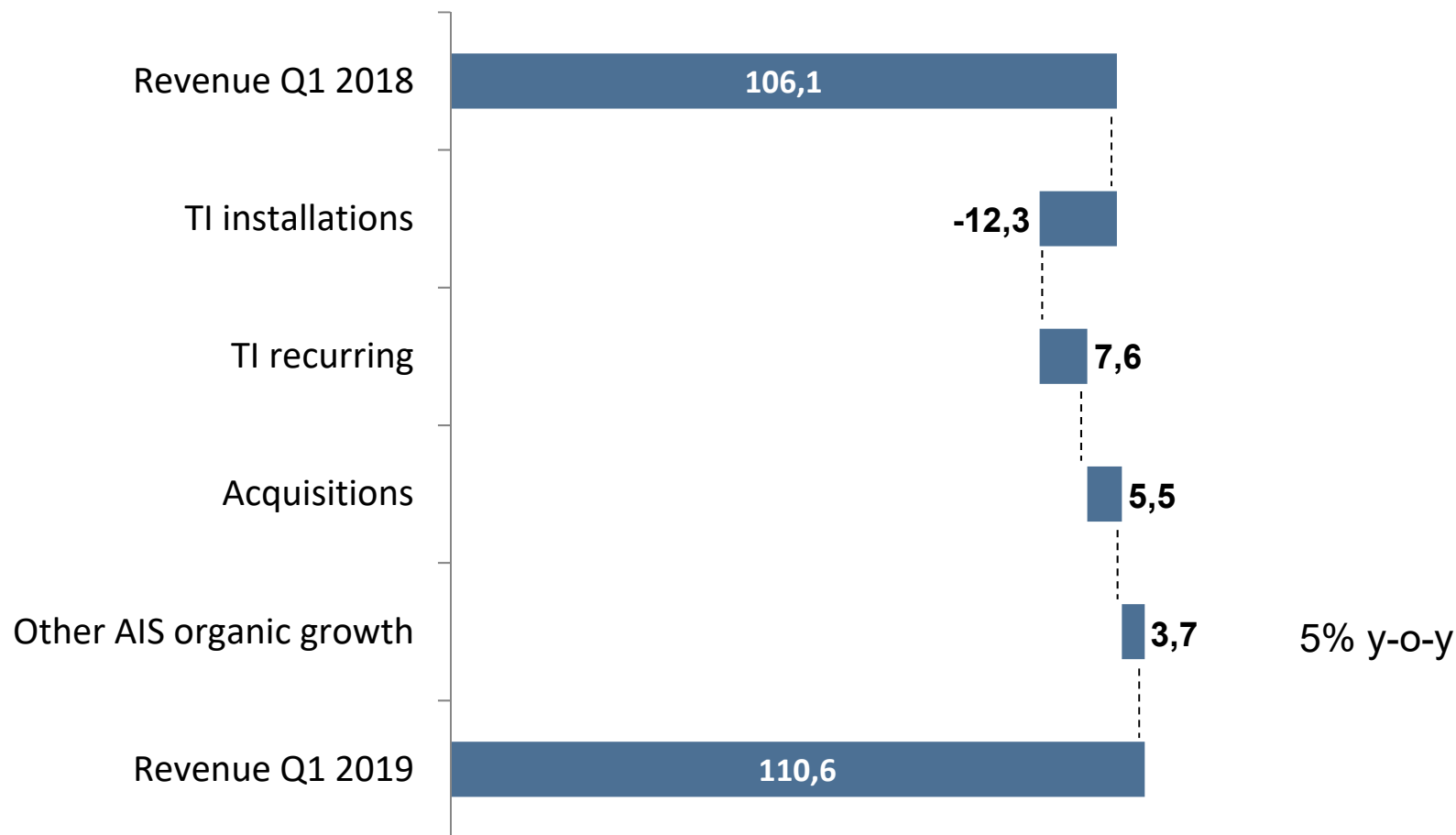


■ Recurring revenue ■ Non-recurring sales

- As expected, a plus-minus flat organic revenue trend
- The revenue trend comes from fewer installations and less revenue from the TI rollout, offset by normal organic growth in the rest of the business
- Significant growth in subscriptions for TI-access services over the last 12 months drove 19 percent year-on-year growth in recurring revenue

AIS revenue bridge first quarter 2018 - 2019

€ M



Acquisition of AIS sales and service partners in Germany

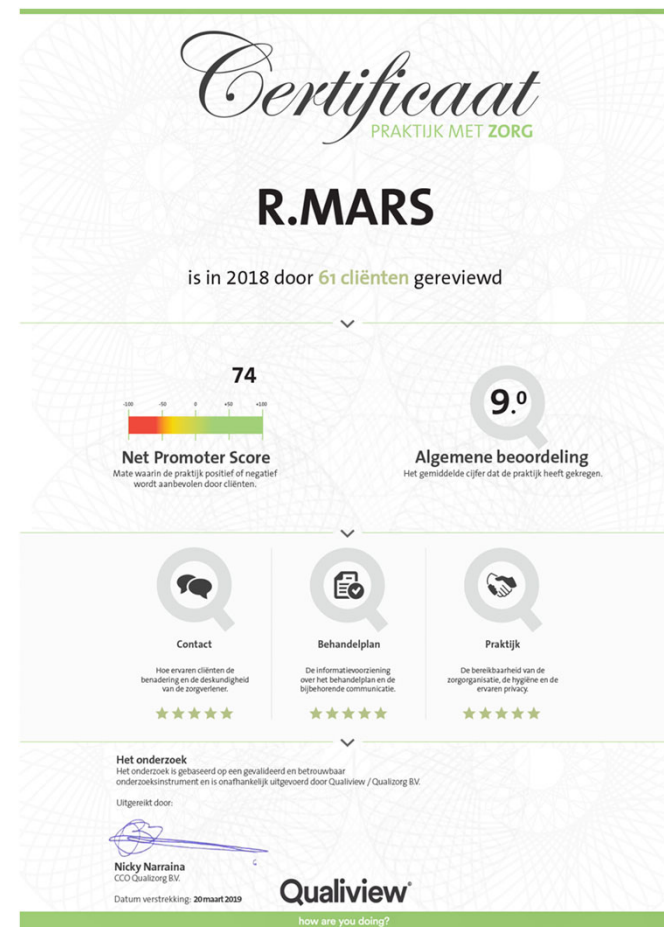
CGM MEDISTAR

Arztinformationssystem

- In January 2019, CGM acquired 95 percent of the business of CoSi Medical IT GmbH (CoSi) through an asset deal
- CoSi is headquartered in Sigmaringen and has a branch in Eching near Munich. Currently, around 1,000 medical practices are serviced in Baden-Württemberg and Bavaria
- Also in January 2019, CGM increased its stake in the sales and service partner Gotthardt Informationssysteme GmbH (GIS) from 28 percent to 100 percent by acquiring all remaining shares
- GIS has a total of 200 employees and its headquarters in Koblenz with 12 branches in Germany. Currently, more than 6,000 medical practices are being cared for by GIS.

Qualizorg acquisition in The Netherlands

- In February, CGM acquired 100% of the shares of Qualizorg B.V. based in Deventer, The Netherlands
- Qualizorg specializes in collecting, managing and providing insight into quality indicators in healthcare
- The main product is the Qualiview tool and the company also offers customized projects and manages care quality databases as a trusted third party
- Governments and health insurances steer healthcare costs more and more on outcome (value-based medicine)
- The data and services provided by Qualizorg give healthcare providers information and insight to improve outcomes parameters and thereby be financially more successful and comply with regulation



TI roll-out



- Accumulated more than 52,500 orders by the end of the first quarter
 - **38,500 from existing CGM primary software customers**
 - **14,000 from the rest of the German market**
- Over 46,000 installations delivered by the end of the first quarter
- The deadline to start using VSDM is 30.06.2019 based on an order for a TI connection placed before 31.12.2018
- Despite sanctions, some doctors and dentists may choose to do their TI installation after the official deadline

Current offer (Q2 2019)

ENDSPURT ANGEBOT ALLE TI-KOMPONENTEN AUS EINER HAND.

Jetzt **SMC-B-Code** unter 0261 8000-2323 oder per E-Mail an bestellung.ti@cgmm.com anfordern. Sparen Sie € 100,-!

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HIERMIT BESTELLE ICH:

☒ **CGM-PAKET TELEMATIK- INFRASTRUKTUR**

• Konnektor KoCoBox MED+ (QES-ready)

• **TI-VSDM-Modul** für Anwender einer CGM-Arztsoftware
im Wert von **€ 390,-** bereits im Aktionspreis enthalten!***

• Freischaltung VPN-Zugangsdienst

• **Secure Internet Service (SIS)** mit 1,5 GB Datenvolumen**

• **Installation und Inbetriebnahme** in Ihrer Praxis

• **Einweisung der Mitarbeiter** in Ihrer Praxis

☒ **eHEALTH-KARTENTERMINAL ORGA 6141 online** inkl. gSMC-KT

oder

☐ **CHERRY Tastatur G87-1505** inkl. gSMC-KT
☒ weiß ☐ schwarz

PAKETPREIS € 2.880,-

Mit SMC-B-Code sparen: - € 100,-

AKTIONSPREIS € 2.780,-*

Aktuelle Erstattungspauschale: € 2.882,-

ZUSÄTZLICH BESTELLE ICH:

☐ Stück stationäres eHealth-Kartenterminal(s)
ORGA 6141 online inkl. gSMC-KT zum Preis
von jeweils € 665,21

☐ Stück mobile(s) eHealth-Kartenterminal(s)
ORGA 930 M online zum Preis
von jeweils € 355,81

☐ Stück stationäres eHealth-Kartenterminal(s)
CHERRY Tastatur G87-1505 inkl. gSMC-KT zum Preis
von jeweils € 665,21

☒ weiß ☐ schwarz

Ich bestelle hiermit verbindlich bei der CGM Deutschland AG, Geschäftsbereich Telematikinfrastruktur, zu den auf Seite 2 aufgeführten Bedingungen, das CGM-Paket Telematikinfrastruktur für eine Hauptbetriebsstätte zum Aktionspreis von € 2.780,- und nutze meinen persönlichen SMC-B-Bestellcode. Zusätzlich bestelle ich das Service-Paket Betrieb zum monatlichen Preis von € 82,67 bei 24 Monaten Mindestvertragslaufzeit sowie die o. g. Anzahl zusätzlicher Kartenterminals. Die AGB sowie die Besonderen Geschäftsbedingungen (Bes. GB) sowie die umseitig abgedruckten Bedingungen der AGB habe ich zur Kenntnis genommen. Die AGB und Bes. GB können unter cgmm.com/ti-download eingesehen oder heruntergeladen werden.

* Solange der Vorrat reicht und nur in Verbindung mit dem SMC-B-Code

Bestellung ohne SMC-B-Code: zzgl. € 100,- oder solange der Vorrat reicht.

** Zur Nutzung ist ein zusätzlicher Vertrag mit TELEMED obligatorisch.

Bei einem Nutzungsvolumen von über 1,5 GB können Mehrkosten entstehen.

*** Nur in Verbindung mit einem Konnektor KoCoBox MED+ Preis inkl. MwSt.

- CGM continues to follow the reimbursed amounts in the financing agreements (unchanged since Q3 2018)

- Small incentives offered in cooperation with other component suppliers



Software for pharmacies

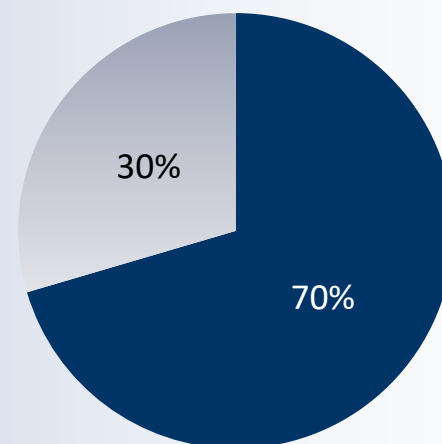


Pharmacy software development

PCS revenue Q1 2019

100% = 27.9 € M

	€ M	%
Revenue Q1 2018	26.4	
Acquisitions		
Organic growth	1.5	5%
Revenue Q1 2019	27.9	5%



■ Recurring revenue ■ Non-recurring sales

- Started the year better than expected after the exceptional growth in 2018, which was partially driven by special Italian tax incentives that have now been discontinued
- Markets are developing positively with well-established products and services, as well as additional opportunities related to the new securPharm EU directive

Recurring service fees include non-IFRS revenue from hardware rental contracts (IFRS financial leasing)

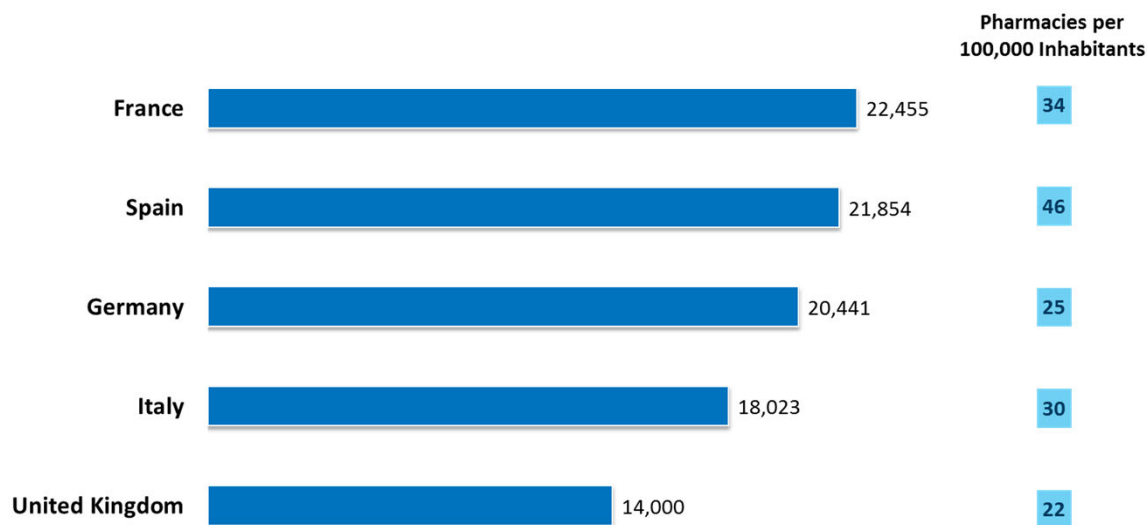
Telematics Infrastructure in German pharmacies

- The field test for TI in German pharmacies started in March 2019
- For this purpose, CGM already in 2018 recruited the required number of pilot customers and equipped 16 pharmacies in the district of Westphalia-Lippe with the associated technology to support the customer trials
- Insured person's master data (VSDM), emergency data (NFDM), and the eMedication plan (eMP) are the first TI applications that pharmacists will be able to access
- A financing agreement for pharmacies is available since December 2018
- Pharmacies require a connector offering NFDM and eMP services to get reimbursed
- Otherwise, financing is very similar to a doctor/dental practice (ex. VAT)
- The nationwide rollout of the TI for pharmacies in Germany is expected to start in the second half of 2019

Eurosof2000 acquisition in Spain

- In April 2019, CGM acquired the business operations of Eurosof2000 S.L.U.
- Eurosof 2000 is a pharmacy software company based in southeastern Spain
- The Farmalog software from Eurosof currently runs in 390 pharmacies

Number of Pharmacies, Major European Countries, 2015



Source: Pembroke Consulting analysis of Pharmaceutical Group of the European Union (PGEU) data

In terms of further business development, the Spanish pharmacy software market is a focus area in 2019 based on the initial position taken through the acquisition of two smaller market players OWL Computer in 2016 and Farmages in 2017

Software for hospitals

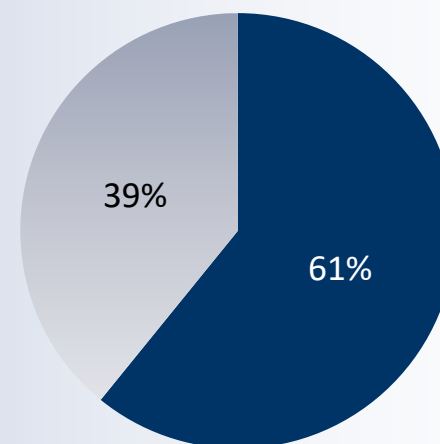


Hospital software development

HIS revenue Q1 2019

100% = 26.1 € M

	€ M	%
Revenue Q1 2018	23.6	
Acquisitions	0.3	1%
Organic growth	2.2	10%
Revenue Q1 2019	26.1	11%



■ Recurring revenue ■ Non-recurring sales

- 10 percent year-on-year organic growth in the first quarter 2019
- Strong overall performance in the DACH-region and a rebound in the hospital market in Poland. Special revenue opportunities related to securPharm
- Significant growth in Reha beds in Germany during 2018 (+5% market share gain) drove 8 percent year-on-year growth in recurring revenue

Hospital Information Systems - Targets

- Grow the platform and win new clients in D-A-CH markets
 - Reha Germany (currently 40% market share)
 - CGM won >8,500 reha beds in Germany in 2017/2018 (+5% market share)
 - Win large hospital groups in Germany and Austria
 - Strong 2018 growth in order intake (double digit)
 - 2019 sales pipeline > EUR 200 million
- Converge from >30 products into a common product suite
 - Currently 8 pilot sites with CGM CLINICAL
 - Strong resonance at DMEA/ConhIT 2018 and 2019
- Explore further HIS markets in Europe (e.g. France, Spain) with existing CGM footprint in AIS
- TI in Germany 2019
- "Top 3 HIS Vendor" in Europe

Health Connectivity Services

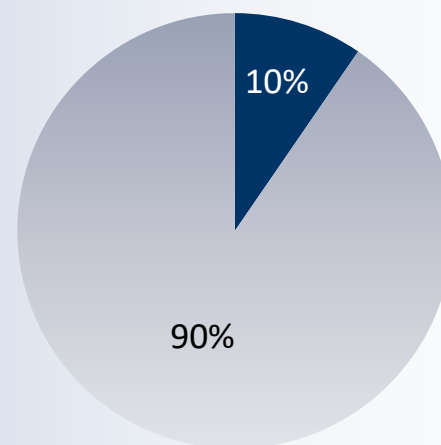


Health Connectivity Services

HCS revenue Q1 2019

100% = 10.6 € M

	€ M	%
Revenue Q1 2018	9.8	
Acquisitions	0.5	5%
Organic growth	0,3	4%
Revenue Q1 2019	10.6	9%



■ Recurring revenue ■ Non-recurring sales

- The revenue development in the HCS-segment during the first quarter is ahead of expectations for 2019
- 6 percent organic growth at constant exchange rates
- The positive revenue development comes predominantly from more ad-hoc projects with pharmaceutical companies

Guidance 2019

- CGM reaffirms the guidance for 2019:
 - Revenue is expected to be in the range of EUR 720 million to EUR 750 million
 - Operating income (EBITDA) is expected to be in the range of EUR 190 million to EUR 205 million
- This outlook reflects all currently available information and management's forecasts regarding speed of market penetration, market share developments and price evolution related to the further roll-out of the Telematics Infrastructure in Germany in 2019
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2019
- The guidance for the 2019 financial year represents management's current best estimate of the market conditions that will exist in 2019 and how the business segments of CGM will perform in this environment

Financial calendar 2019

Date	Event
May 6	Interim Report Q1 2019
May 15	Annual General Meeting 2019
August 8	Interim Report Q2 2019
September 18	Investor and Analyst Conference
November 7	Interim Report Q3 2019

Q&A session

If you would like to raise questions, please press **01** on your telephone

Thank you for your attention!

CompuGroup Medical SE

Investor Relations

Maria Trost 21

56070 Koblenz

www.cgm.com

Phone: +49 (0) 261 8000-6200

Email: investor@cgm.com