

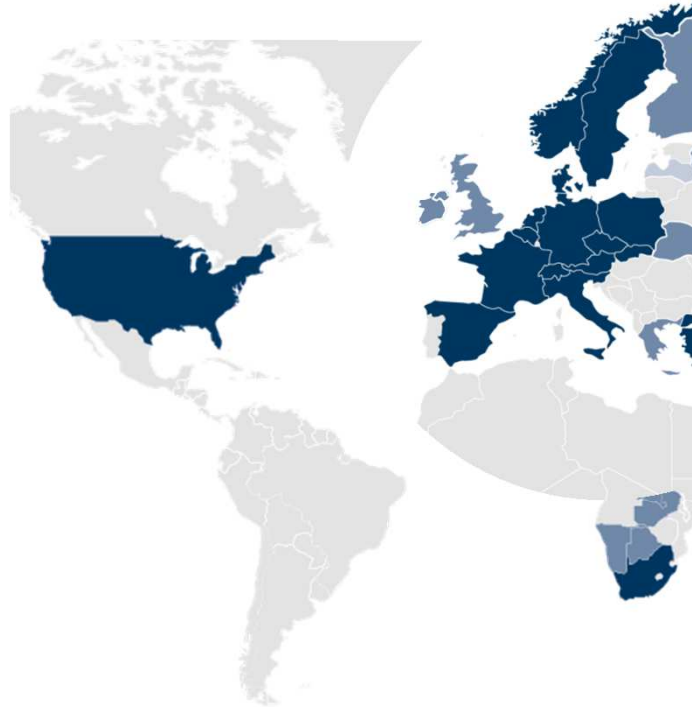
# Synchronizing Healthcare

**Berenberg and Goldman Sachs  
Fourth German Corporate Conference 2015**

**Christian B. Teig, CFO  
September 23<sup>rd</sup> , 2015**



# CGM – a global healthcare IT provider



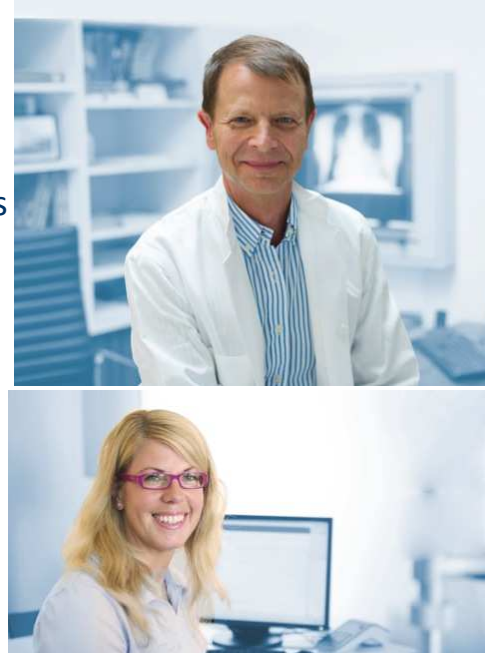
## Key figures

- 2014: Revenue € 515 million and EBITDA of € 97 million
- 20% annual growth rate last 10 years
- Unique access to over 400,000 doctors and medical professionals across 46 countries (offices in 19)
- Leading position in main European markets
- Founded in 1987 and headquartered in Koblenz, Germany
- Publicly traded on the Frankfurt Stock Exchange with a market capitalization of approximately € 1.5 billion (August 2015)

# Information technology healthcare

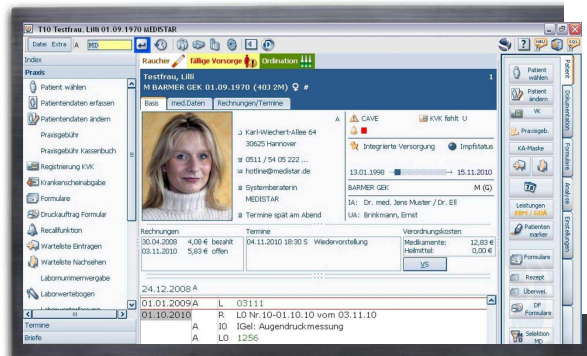
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- Global healthcare spending over 6 € trillion annually
- The healthcare industry is highly regulated and characterized by stability and growth
- Increased focus on cost savings and quality improvements
- Market for software and IT services in healthcare: € 10 billion in Europe, over € 30 billion globally; strong forecast growth trends
- Market and competitive landscape vary by country and target customer group
- Continental Europe is relatively mature and stable with established incumbent players such as CGM
- US with large potential given inherent size and dynamic regulatory framework

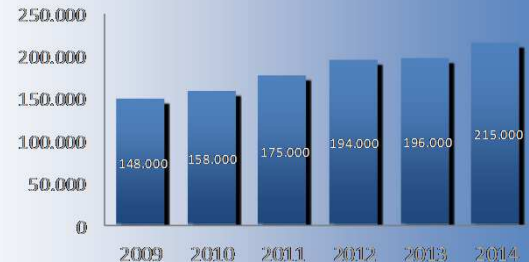


# Software for Doctors

- ~60% of total Group revenue
- Customers: General Practitioners, office-based specialists, dentists, physiotherapists, school healthcare, outpatient clinics, health centers, home care
- Products include practice management software, billing systems, integrated clinical solutions, electronic health records
- Recurring revenues from software support and maintenance agreements represent ~80% of revenue
- Low customer churn rate: ~2%



Software Maintenance Contracts (doctors)



# Software for pharmacies

- ~15% of total Group revenue
- Complete software solutions for pharmacies, related services and an online drug database
- ~ 4,000 pharmacy customers in Germany, ~ 7,000 in Italy
- ~ 80% of revenue is recurring service and maintenance fees
- Low customer churn rate: ~1%



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# Software for hospitals

- ~15% of total Group revenue
- Customers include rehabilitation and geriatric care, social care
- Solutions for hospital management, personnel management, documentation, billing, clinical applications for specialized departments and laboratories
- Business different to doctors and pharmacies. Needs scale.



# Networking systems for healthcare

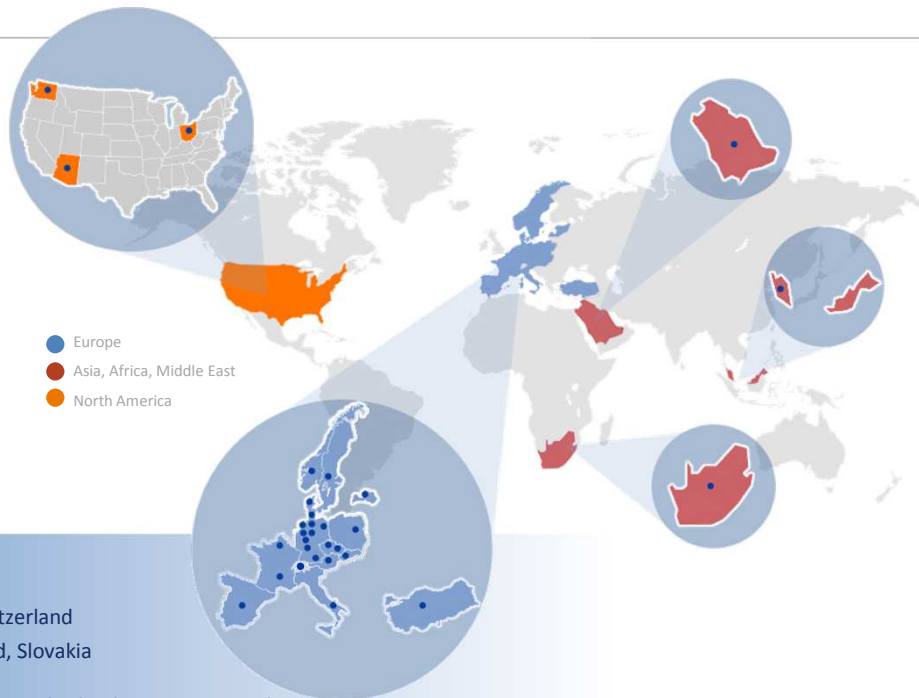
- ~10% of total Group revenue
- Revenue from networking and sharing medical information between various healthcare participants

	<ul style="list-style-type: none"><li>• Offers pharma and equipment manufacturers an information and advertising channel to doctors</li><li>• Mediation of data for market studies, clinical trials</li></ul>
	<ul style="list-style-type: none"><li>• Integration of information and guidelines from health insurers</li><li>• Electronic workflow and decision support for managed care</li><li>• Insurance fraud prevention tools</li><li>• Drugs and therapy databases</li></ul>
	<ul style="list-style-type: none"><li>• Internet access (ISP)</li><li>• Medical intranet</li><li>• Solutions for physicians to securely exchange medical information</li></ul>



# Geographic diversification

- Offices in 19 countries across four continents
- Well established in Europe with growing presence in US, Asia, Africa
- Internationally transferable business model with similar industry drivers worldwide



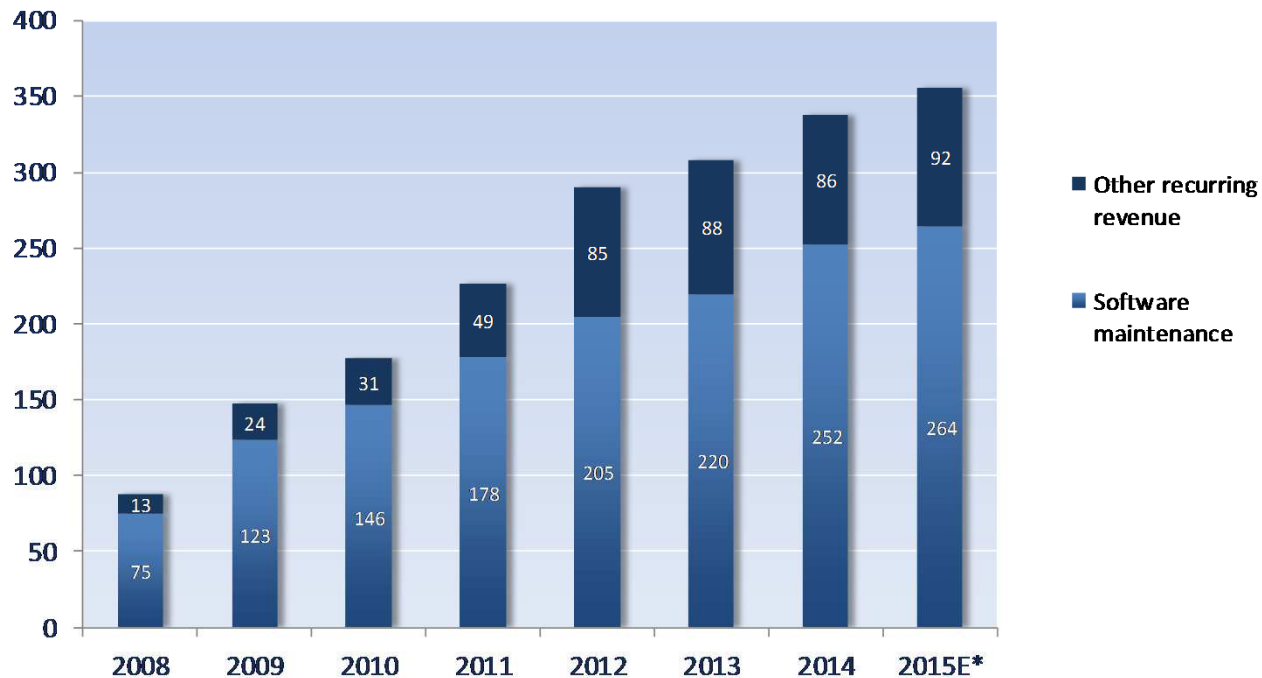
## Global Offices

Central Europe	Germany, Austria, Switzerland
Central Eastern Europe	Czech Republic, Poland, Slovakia
Northern Europe	Belgium, Denmark, The Netherlands, Norway, Sweden
Southern Europe	France, Italy, Spain
Asia, Africa, Middle East	Malaysia, Saudi Arabia, South Africa, Turkey
North America	United States



# Recurring revenue

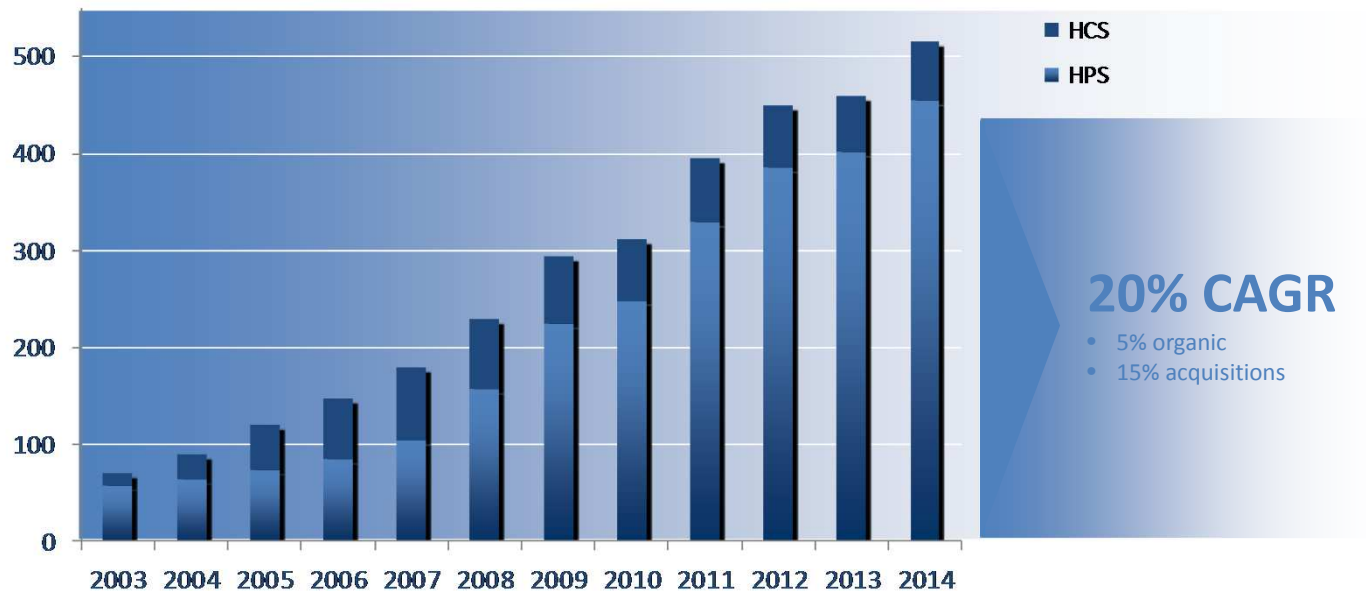
Group companies as of 01.01 (€ M)



\* Based on run rate January 2015

# Buy and build strategy

Group revenue (€ M)



# Key figures second quarter 2015

€ M	Q2 15	Q2 14	Change	2014
Revenue	138.1	126.3	9%	515.1
EBITDA	29.7	23.3	22%	96.7
EBIT	19.2	13.2		53.9
EBT	11.3	9.5		44.5
Net income	4.1	6.3		24.1
EPS (€)	0.08	0.13		0.53
Cash net income*	11.7	13.6		55.8
Cash net income per share (€)	0.24	0.27		1.12

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

# Software for doctors

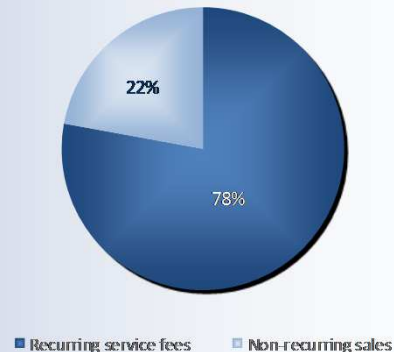


# Doctor software development

## AIS revenue Q2 2015

100% = 80.5 € M

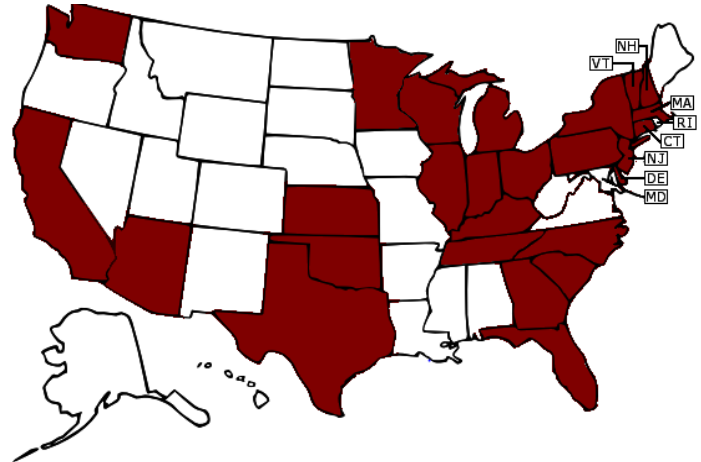
	€ M	%
Revenue Q2 2014	73.9	
Acquisitions	5.1	7%
Organic growth	1.5	2%
Revenue Q2 2015	80.5	9%



- Outside of the Telematics Infrastructure project, the European AIS business recorded 4 percent organic growth at constant exchange rates
- Continued improvement seen in the US, also with strong order intake

# Partnership with the Weston Group, USA

- Creates opportunity to enter and immediately have significant position in rehabilitation services market
- The Weston Group, Inc. is a leading provider of:
  - Physical Therapy
  - Occupational Therapy
  - Speech Therapy
  - Rehabilitation Nursing Case Management Services
  - Full line of post-acute ancillary services and AD
- 352 Locations
- More than 3200 providers across 29 states within the US



# Telematics Infrastructure pilot project

- At the Berlin Hauptstadtkongress in June, CGM showed live for the second time the insured master data update (VSDM) based on the eGK
- One of the key hardware components to be developed and delivered by the CGM consortium in the pilot project, the so-called 'Konnektor' router, has been delivered in the required quantities to the project customer
- CGM has already recruited all required doctors, dentists and hospitals to participate in the pilot
- CGM is now waiting for the decision of the project customer (gematik) to start the field trial before end of 2015



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*Formerly Booz & Company*



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# The German eHealth law

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- The federal Ministry of Health (BMG) has prepared a draft bill – “The eHealth Law”
- On January 16th, the draft law went to all relevant ministries (e.g. finance, science) for public comments. Other stakeholders were also invited to comment (including CGM)
- On May 27th, the Bundeskabinett (Government – all ministers, Merkel at top) decided that the law shall be pursued
- On July 3rd, the bill went to the Bundestag (Parliament) for ‘Erste Lesung’ – law brought in officially
- In the Bundestag, the bill has been transferred to the health committee (Gesundheitsausschuss) where the draft will be discussed and changed in the coming months
- The bill is expected to go back to the plenum (‘Zweite und Dritte Lesung’) in November 2015 – when the bill gets voted
- The current coalition has enough majority to pass the bill
- In the current draft, it is written that the law will come into effect 1 January 2016

# Acquisition of Stock Informatik

- “Stock Informatik” is the market leader for software services in occupational medicine, preventative medicine and occupational safety in Germany
- The software suite supports companies in the prevention and active care regarding the health of their employees and is used in numerous institutions ranging from clinics and businesses to major corporations
- The total turnover of Stock Informatik in 2014 was approximately 3 million Euros with an EBITDA of approximately 0.9 million Euros



## Software for pharmacies

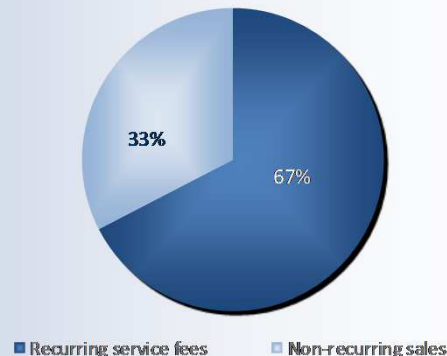


# Pharmacy software development

## PCS revenue Q2 2015

100% = 22.8 € M

	€ M	%
Revenue Q2 2014	18.6	
Acquisitions	3.3	19%
Organic growth	0.9	4%
Revenue Q2 2015	22.8	23%



- Good second quarter with 4 percent organic growth
- Further 19 percent growth contribution from the new companies in Italy which were acquired in July and September 2014 (farma3tec, Mondofarma and Puntofarma)

# Software for hospitals

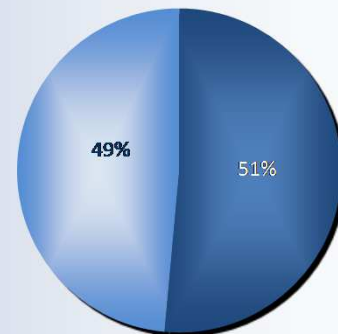


# Hospital software development

## HIS revenue Q2 2015

100% = 19.8 € M

	€ M	%
Revenue Q2 2014	18.7	
Divestitures	-1,3	-7%
Organic growth	2.4	13%
Revenue Q2 2015	19.8	6%

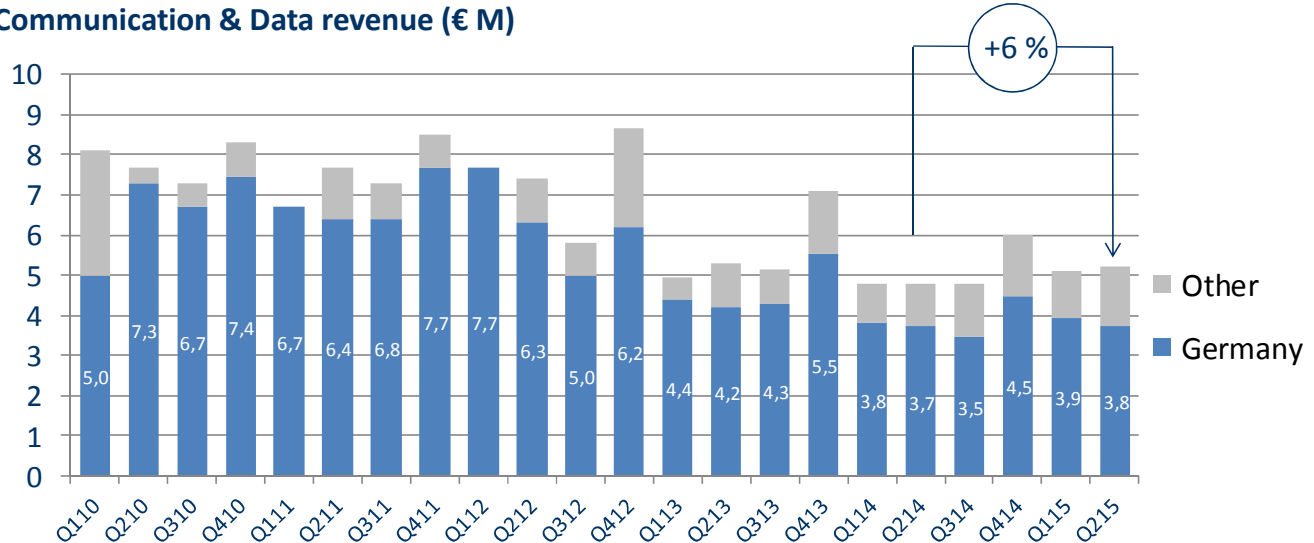


■ Recurring service fees ■ Non-recurring sales

- 13 percent organic growth at constant exchange rates
- Strong growth in Poland due to increased participation in the national eHealth project
- New major contract won in Austria for realization a new hospital information system for five regional hospitals at Vorarlberg-area

# Communication & Data development

Communication & Data revenue (€ M)

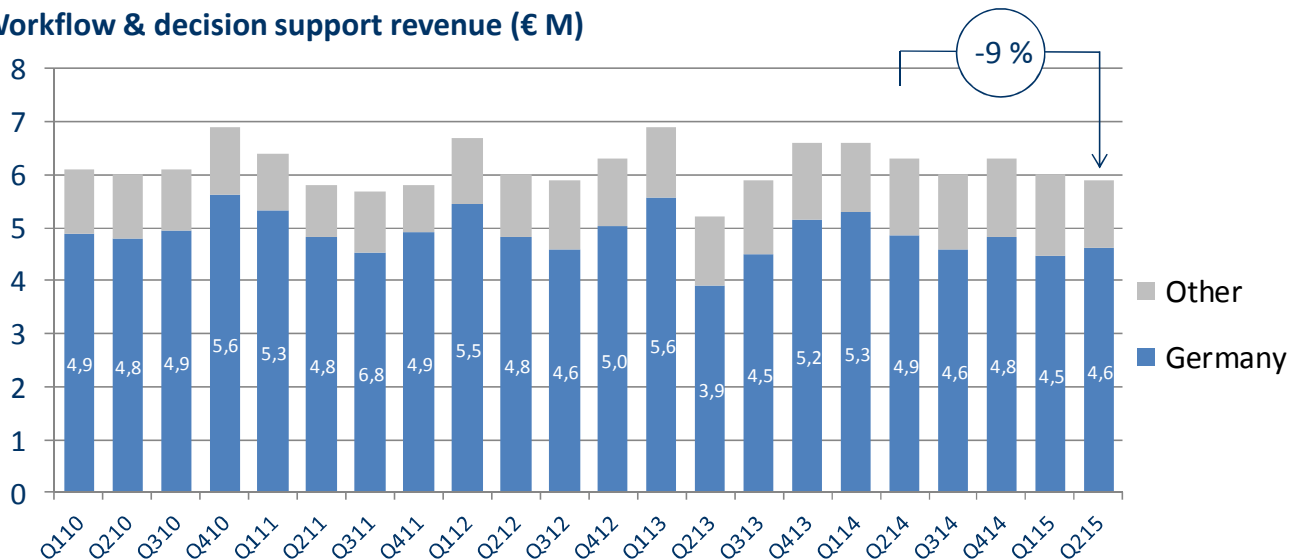


- Communication & Data shows 9 percent organic growth for the second quarter
- The positive development is a result from an increased number of projects in medical value communication for originator companies



# Workflow & decision support development

Workflow & decision support revenue (€ M)



- Workflow & decision support shows -7 percent organic contraction
- Several projects which contributed to revenue 2014 were not replaced or followed this year

## Guidance 2015 reaffirmed

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- CompuGroup Medical offers the following guidance for 2015:
  - Revenue is expected to be in the range of EUR 549 million to EUR 559 million
  - Operating income (EBITDA) is expected to be in the range of EUR 115 million to EUR 125 million
- The guidance for 2015 represents management's best estimate of the market conditions that will exist in 2015 and how the business segments of CompuGroup Medical will perform in this environment
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2015

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