

Quarterly Report

as of March 31, 2020

Financial Highlights Q1/2020

- Group Sales of 183 MEUR increased by 5 % compared to prior year quarter
- Organic growth 2 % compared to the prior year quarter, excluding telematics infrastructure 8 %
- 10 % increase in recurring revenues, of which 9 % AIS segment, 5 % PCS segment and 12 % HIS segment
- EBITDA decreased by 13 % to 43 MEUR due to one-time income effects in the prior year (rollout of telematics infrastructure and IFRS 3.42 income), excluding these effects Q1/2020 EBITDA slightly above prior year
- Adjusted Earnings per share at 0,34 EUR (prior year 0,47 EUR)
- Adjusted Free Cash flow at 53 MEUR by 7 % below prior year and thus better than expected
- Guidance for 2020 remains unchanged

CompuGroup Medical SE

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019*	Change
Revenue	183,143	175,214	5%
Organic growth in %	2%	2%	
Recurring Revenues in %	67%	64%	
Adjusted EBITDA	43,477	49,924	-13%
<i>Adjusted Margin</i>	24%	28%	
Adjusted EPS (EUR) - diluted	0.34	0.47	-28%
CAPEX	14,681	11,360	29%
Adjusted Free Cash flow	53,308	57,560	-7%
Number of shares outstanding ('000)	48,413	48,828	

* Adjusted key figures for 2019 presented on a Pro Forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

NOTICES

Unless otherwise stated, all information and explanatory notes in this report refer to the first quarter of 2020 and 2019, i.e. the three-month period January 1 - March 31 (Q1) and all percentage changes to the respective prior-year comparison. Due to rounding, totals and percentages presented in this report may not add up precisely to the totals provided.

BUSINESS DEVELOPMENT - SIGNIFICANT EVENTS

COVID-19 pandemic impact

CompuGroup Medical reacted early to the first Covid-19 pandemic indications and implemented appropriate protective measures for employees and customers. This includes the immediate transition of approximately 85 % of employees, worldwide, to home office. In addition, increased development and human resources efforts have been made to provide further solutions for doctors, hospitals, pharmacies and nursing staff. Among other things, offering telemedicine consultations free of charge for the time being, serving extensive telemonitoring solutions and secure home office workstation access for medical practices. Even though there is no experience with regard to monetization, the increase of CGM Clickdoc video consulting solution users in many countries up to more than 80.000 in the space of just a few weeks, shows the increasing willingness of healthcare providers to use digital technologies.

The February 5, 2020 guidance presented for the Financial year 2020 remains unchanged. Potential risks to sales, earnings and financial strength resulting from Covid-19 have, from today's perspective, not given rise to a revision of the guidance. However, due to the ongoing Corona pandemic, there is more uncertainty in the guidance than usual.

In the medium-term, CompuGroup Medical believes the enormous increase in adoption of digital technologies in the healthcare business due to the pandemic will lead to significantly greater growth opportunities.

Acquisition of H&S Qualità nel Software S.p.A., Italia

In January, CompuGroup Medical acquired 100 % of the shares in H&S Qualità nel Software S.p.A. based in Piacenza, Italy. H&S specializes in telemedicine, patient telemonitoring and ambient assisted living (AAL) for the elderly. It also provides turnkey solutions for private and public providers for the performance of health and care services while optimizing processes and costs. Furthermore, the company offers customized projects and manages information systems for key Italian home care services as a trusted third party. H&S Qualità nel Software SpA was included in the consolidation for the first time on January 1, 2020.

Acquisition of part of the IT healthcare portfolio of Cerner Corporation

In February, CompuGroup Medical announced that a purchase agreement had been signed for part of Cerner's IT healthcare portfolio in Germany and Spain. The main products of the portfolio acquired are medico and Soarian Integrated Care, leading hospital information systems in Germany, Selene, a leading hospital information system in Spain, and Soarian Health Archive, an archive solution for healthcare facilities. The purchase price is MEUR 225 and is subject to an adjustment mechanism at the closing date. The acquired business areas' sales revenues amounted to approximately MEUR 74 in 2019 with EBITDA of approximately MEUR 13. The transaction is expected to be closed in the third quarter of 2020 and is subject to merger approval and further closing conditions.

Change of legal form of CGM SE

Also in February, the Management Board and Supervisory Board of CompuGroup Medical resolved to propose a change in legal form to a Kommanditgesellschaft auf Aktien (KGaA – partnership limited by shares) at the Annual General Meeting on May 13, 2020. It is intended that the general partner of the partnership will be a monistic European stock corporation (SE) to be wholly owned, directly or indirectly, by the Company's founder Frank Gotthardt plus other members of the Gotthardt family and Dr. Reinhard Koop (collectively the majority shareholders of CGM). It is intended that the change in legal form should allow the Company the greatest possible flexibility regarding the financing of its future growth and, at the same time, to retain an anchor shareholder (the founding Gotthardt family) to uphold the business vision and founding spirit.

Dr. Dirk Wössner becomes new CEO of CompuGroup Medical

On February 12, 2020, the Supervisory Board of CompuGroup Medical SE resolved to appoint Dr. Dirk Wössner as Frank Gotthardt's successor as a member of the Management Board and CEO of the Company. It is intended that Frank Gotthardt will move to the Company's Supervisory Board where he will become its Chairman. Dr. Dirk Wössner is currently a member of the Management Board of Deutsche Telekom AG and the Chairman of Telekom Deutschland GmbH, where he has been responsible for the business in Germany since January 1, 2018. He is appointed as a member of the Management Board and CEO of the Company effective from the end of his current contract, which – subject to early termination – runs until December 31, 2020. If the Annual General Meeting of the Company in May 2020 approves the resolutions proposed by the Management Board and Supervisory Board to transform the Company into an SE & Co. KGaA, following its transformation, the management of the Company will be in the hands of the Board of Directors and the Managing Directors of the general partner SE of the Company. In such event, Dr. Dirk Wössner will become the Chairman of Managing Directors and a member of the Board of Directors of the general partner. Frank Gotthardt will then be the Chairman of the Board of Directors.

EARNINGS DEVELOPMENT IN THE GROUP

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019 (restated)*
Sales revenue	183,143	175,214
Capitalized inhouse services and other income	9,795	10,586
Expenses for goods and services purchased	-32,170	-29,482
Personnel expenses	-89,607	-83,991
Other expenses and net impairment losses on financial and contract assets	-31,051	-26,926
EBITDA	40,110	45,401
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	-16,782	-14,600
EBIT	23,328	30,801
Financial result	-4,519	-1,567
EBT	18,809	29,234
Income taxes for the period	-5,976	-8,760
CONSOLIDATED NET INCOME FOR THE PERIOD	12,833	20,474

* Restatement of prior-year figures, see Annual Report 2019, note 3. Corrections in accounting

Sales in the first quarter increased by MEUR 7.9 (+5 %) to MEUR 183.1. Acquisitions contributed with MEUR 6.2 (previous year: MEUR 1.1) to sales. Organic growth in the first quarter of 2020 amounted to 2 % compared to the previous year. Outside the telematics infrastructure, organic growth in the quarter was 8 %.

Adjusted consolidated earnings before interest, taxes, depreciation, and amortization (adjusted Group EBITDA) for the first quarter of 2020 amounted to MEUR 43.5 (previous year: MEUR 49.9 on a pro forma basis) with an adjusted EBITDA margin of 24 % (previous year: 28 %). In the previous year, this figure included a one-time income adjustment of MEUR 4.0 due to implementation of IFRS 3.42. In addition, the first and second quarters of 2019 benefited from high one-off revenues and corresponding income from the introduction of the telematics infrastructure.

Adjusted Group EBITDA is derived from reported EBITDA as shown below:

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019 (restated)*
EBITDA REPORTED	40,110	45,401
Adjustments:		
M&A Transactions	2,953	0
Share-based option programs	461	4,523
Restructuring program expenses	0	0
Other non-operative, extraordinary or one-time effects	-47	0
EBITDA ADJUSTED**	43,477	49,924

* Restatement of prior-year figures, see Annual Report 2019, note 3. Corrections in accounting

** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

The main developments in operating expenses in the first quarter were:

- The expenses for goods and services purchased increased by MEUR 2.7 compared to the previous year. At 82 %, the gross margin was 1 % below the previous year. The increase in expenses for goods and the slightly lower gross margin are due to increased purchases of hardware components in the area of pharmacy information systems and hospital information systems and higher expenses for purchased services in the telematics infrastructure sector.
- Personnel expenses increased by 7 % to MEUR 89.6 compared to the previous year (previous year: MEUR 84.0 on a restated basis). The increase in personnel expenses directly related to acquisitions was MEUR 2.3. In addition, new hires in connection with software development work and general merit / salary increases contributed to the increase. The change in accounting for stock options of a former member of the Management Board in 2019 from "equity settled" to "cash settled" resulted in a negative one-off effect of MEUR 4.5.
- Other expenses were MEUR 3.7 higher than in the previous year and amount to MEUR 30.1, which is mainly due to one-time effects resulting from M&A costs and costs in connection with mergers carried out and the planned change of legal form into an SE & Co. KGaA. Adjusted for the above-mentioned one-time effects, other expenses were only MEUR 0.5 higher than in the previous year.

Depreciation of property, plant and equipment and right-of-use assets amounted to MEUR 7.4 in the first quarter, which is an increase of MEUR 0.6 (previous year: MEUR 6.8). The increase in depreciation of non-current assets is mainly due to slightly higher depreciation of right-of-use assets accounted for in accordance with IFRS 16 and increased depreciation of office furniture and equipment and internal use IT hardware equipment. Amortization of intangible assets increased by MEUR 1.6 to MEUR 9.4 in the first quarter, mainly due to higher amortization from purchase price allocations with acquisitions consolidated for the first time after the first quarter of 2019. Amortization of self-developed software amounted to MEUR 1.2 in the reporting period (previous year: MEUR 1.1).

Financial income increased from MEUR 0.4 in the first quarter of 2019 to MEUR 0.6 this year, mainly due to exchange rate related non-cash income from intercompany liabilities in the current quarter.

At MEUR 4.5, financial expenses were MEUR 3.1 above the level of the previous year's reporting period and were comprised as following:

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019
Interest and expenses on loans and financial services	3.1	1.3
Changes in purchase price liabilities	0.1	0.2
Translation loss on non-Euro internal debt	1.4	0.0
Capitalized interest on qualifying assets under construction (IAS 23)	-0.2	-0.2
Other	0.1	0.1
TOTAL	4.5	1.4

In the first quarter of 2020, consolidated net income amounted to MEUR 12.8, compared to MEUR 20.5 (restated) in the reference period of last year. The group tax rate for the first quarter was 32 %, compared to 30 % in the same period last year. The higher group tax rate compared to the previous year mainly results from higher losses in business units for which no tax savings (recognition of deferred tax assets) are possible due to their loss history. Similarly, tax rate reconciliation differences result from the expenses recorded for stock option programs for Management Board members, as these are not tax-deductible.

Adjusted earnings per share for the 2020 reporting period were 0.34 EUR (previous year: 0.47 EUR on a restated basis) and are as follows:

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019 (restated)*
CONSOLIDATED NET INCOME OF THE PERIOD (ALLOCATED TO SHAREHOLDERS OF THE PARENT COMPANY)	12,692	20,399
Adjustments:		
M&A Transactions	3,243	
Share-based option programs	323	3,166
Restructuring program expenses	0	
Other non-operative, extraordinary or one-time effects	768	
ADJUSTED CONSOLIDATED NET INCOME FOR THE PERIOD (ALLOCATED TO SHAREHOLDERS OF THE PARENT COMPANY)**	17,026	23,565
ADJUSTED UNDILUTED EARNINGS PER SHARE (IN EUR)**	0.35	0.48
ADJUSTED DILUTED EARNINGS PER SHARE (IN EUR)**	0.34	0.47

* Restatement of prior-year figures, see Annual Report 2019, note 3. Corrections in accounting

** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

EARNINGS DEVELOPMENT OF THE BUSINESS SEGMENTS Ambulatory Information Systems (AIS)

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019	Change
Sales to third parties	109.2	106.2	3%
thereof organic sales*	104.0	105.5	-1%
thereof recurring sales	74%	70%	
EBITDA adjusted**	34.1	39.1	-13%
in % of sales	31%	37%	

* Adjusted for sales revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- The software business with physicians and dentists achieved sales of MEUR 109.2 for the first quarter 2020. Compared to the same period the prior year the sales increased by MEUR 3.0 (3 %).
- Acquisitions contributed with MEUR 5.2 (previous year: MEUR 0.7) to sales for the first quarter, thereof MEUR 4.0 sales achieved by the acquisition of EPSILOG.
- Organic sales development was 1 % below the prior year due to strong previous year's sales in the telematics infrastructure segment. Excluding the telematics infrastructure, organic sales growth was 10 %. This growth is mainly attributable to a strong development in the German core business as well as the expiration of Windows 7.
- Significant growth in recurring sales in the AIS segment of 9 % to MEUR 80.9 supported by telematics infrastructure.
- The EBITDA of the prior year includes one-off income from the telematics infrastructure introduction as well as extraordinary income from the revaluation of shares through profit and loss (IFRS 3.42) as part of the initial consolidation of Gotthardt Informationssysteme GmbH.

Pharmacy Information Systems (PCS)

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019	Change
Sales to third parties	29.6	27.8	6%
thereof organic sales*	29.3	27.8	5%
thereof recurring sales	65%	65%	
EBITDA adjusted**	8.9	8.4	6%
in % of sales	30%	30%	

* Adjusted for sales revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- In the first quarter of 2020, the pharmacy software business achieved sales in the amount of MEUR 29.6, therefore sales increased by 6 % compared to last year.
- Acquisitions contributed MEUR 0.3 (previous year: MEUR 0.0) to sales growth for the first quarter. Organic growth in the first quarter was close to 5 %.
- Recurring sales in the PCS segment increased by 5 % to MEUR 19.2 compared to the same period in the prior year.
- The German and Italian markets benefited from strong order intake in the fourth quarter in 2019, reinforced by the run-off effect of Windows 7.
- Adjusted EBITDA has developed in proportion to the increase in sales.

Hospital Information Systems (HIS)

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019	Change
Sales to third parties	33.7	31.0	8%
thereof organic sales*	33.0	31.0	6%
thereof recurring sales	65%	63%	
EBITDA adjusted**	4.3	5.8	-26%
in % of sales	13%	19%	

* Adjusted for sales revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- Sales growth amounted to 8 % with only minor consolidation effects.
- Organic sales growth of 6 % was driven by strong business growth in the German clinic segment as well as the roll-out of the project order contracted in 2019 in Lower Austria.
- Recurring sales increased by 12 % to MEUR 21.7.
- Adjusted EBITDA decreased 26 % compared to the prior year due to planned increased development expenses as well as an increase of unplanned customer-related project development expenses.

Consumer and Health Management Information Systems (CHS)

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019	Change
Sales to third parties	10.8	10.0	8%
thereof organic sales*	10.8	9.7	11%
thereof recurring sales	11%	4%	
EBITDA adjusted**	2.1	2.4	-12%
in % of sales	19%	24%	

* Adjusted for sales revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- CHS segment sales increased by 8 % to MEUR 10.8. Organic growth was 11 %.
- The positive sales development in the quarter is mainly attributable to CGM Life division, whose business volume increased significantly as a result of developments for and the operation of software solutions in the area of private health insurances.
- Adjusted EBITDA was MEUR 0.3 lower than in the prior year, which was positively impacted by a one-time effect in 2019 from the revaluation of shares through profit and loss (IFRS 3.42) as part of the initial consolidation of Fablab S.r.l., Italy.

Other segments and consolidation

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019	Change
Sales to third parties	-0.1	0.1	-248%
EBITDA adjusted*	-5.9	-5.7	-3%

* Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- Adjusted EBITDA in other segments and consolidation was 3 % lower than in the prior year due to slightly higher personnel expenses in central R&D activities.
- Adjusted one-time effects in this segment for the first quarter of 2020 mainly consist of M&A costs and KGaA conversion costs (MEUR 3.6 in total). For the first quarter of 2019 on a pro forma basis, a negative one-time effect of MEUR 4.5 resulting from the revaluation of cash-settled stock options of a former Management Board member, which were settled in cash in August 2019, was adjusted.

Staff Development

Workforce Development	31.03.2020	31.03.2019	31.12.2019
Number of employees (HC)	5,795	5,308	5,627
thereof from acquisitions at time of acquisition	36	309	426
Full-time equivalent (FTE)*	5,405	4,956	5,258

* FTE: Indicates for a number of real jobs with different time models the number of notional full-time jobs with the same work capacity.

Headcount increased by 487, of which 36 employees result from acquisitions as of March 31, 2020. The number of FTEs increased by 449 compared to the prior year.

NET ASSETS OF THE GROUP

TEUR	31.03.2020		31.12.2019		Changes	
Non-current assets	835,821	75%	832,930	78%	2,891	0%
Current Assets	273,340	25%	232,932	22%	40,407	17%
TOTAL ASSETS	1,109,161	100%	1,065,862	100%	43,299	4%

TEUR	31.03.2020		31.12.2019		Changes	
Equity	270,226	24%	259,916	24%	10,310	4%
Non-current liabilities	562,556	51%	569,642	53%	-7,086	-1%
Current liabilities	276,378	25%	236,304	22%	40,074	17%
TOTAL LIABILITIES	1,109,161	100%	1,065,862	100%	43,299	4%

Total assets increased by 4 % in the first quarter of 2020, increasing by MEUR 43.3 to MEUR 1,109.1 (prior year December 31, 2019: MEUR 1,065.9).

The largest changes in assets are as follows:

- Increase of non-current assets by MEUR 2.9, mainly driven by the change in intangible assets of MEUR 2.4 and property, plant and equipment of MEUR 2.5. The recognized rights of use developed in the opposite direction with a decrease of MEUR 2.6.
- Increases in inventory by MEUR 2.1 to MEUR 29.6. Inventories mainly comprise goods for CGM's hardware and peripheral equipment business as well as components of the telematics infrastructure.
- Increase of trade receivables by MEUR 22.7 to MEUR 125.7 mainly due to a high level of receivables from maintenance contracts invoiced in the first quarter, which are expected to be settled in the second quarter of 2020. In addition, some subsidiaries showed higher receivables due to a higher sales volume in connection with the ongoing Windows 10 conversion and contract development work.
- Increase of current other non-financial assets from MEUR 16.9 at year-end 2019 by MEUR 10.7 to MEUR 27.6 due to higher VAT receivables and higher prepayments for business transactions whose performance falls in future periods.
- Increase of cash and cash equivalents by MEUR 12.7 from MEUR 46.4 at the end of 2019 to MEUR 59.1. The increase of cash and cash equivalents will mainly be used for the proposed dividend payment, which the shareholders of CompuGroup Medical SE will vote on in the upcoming Annual General Meeting and for the repayment of short-term loans.

All other assets were subject to minor changes as of the first quarter of 2020.

Group equity increased from MEUR 259.9 as of December 31, 2019 to MEUR 270.2 as of March 31, 2020. The change in equity results from MEUR 12.8 consolidated total income for the period from January 1, 2020 to March 31, 2020 less a negative net effect from the change in the currency reserve, the actuarial result, stock option programs as well as a negative net effect from other minor changes relevant to equity of MEUR -1.6. The equity ratio was 24 % as of March 31, 2020.

The following significant changes occurred in current and non-current liabilities compared to year-end 2019:

- Increase of current contract liabilities from MEUR 42.5 by MEUR 66.2 to MEUR 108.7 at the end of the first quarter of 2020. This increase is mainly related to seasonal prepayments for software maintenance contracts, which will decrease towards the end of the year to a comparable level compared to year-end 2019.
- Current and non-current liabilities to banks decreased by MEUR 21.8 from MEUR 449.6 to MEUR 427.8. This is mainly due to the repayment of short-term credit lines utilized at year-end.

- Trade payables decreased by MEUR 8.3 from MEUR 47.1 to MEUR 38.8. This is mainly due to the settlement of supplier invoices for which provisions were made at the end of 2019. Services for these items were rendered in 2019 but the corresponding invoice was not yet available.

All other current and non-current liabilities were subject to minor changes in absolute figures as of the first quarter of 2020.

FINANCIAL POSITION OF THE GROUP

The liquidity situation and financial position of CGM are shown in the following condensed cash flow statement and key figures on debt:

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019	Changes
OPERATING CASH FLOW	65,719	68,920	-3,201
CASH FLOW FROM INVESTING ACTIVITIES	-23,987	-34,749	10,762
FREE CASH FLOW	51,038	57,560	-6,522
CASH FLOW FROM FINANCING ACTIVITIES	-27,398	-19,916	-7,482
CHANGE IN CASH AND CASH EQUIVALENTS	14,334	14,255	79
Changes due to exchange rate fluctuations	-1,603	74	-1,677
Cash and cash equivalents at the beginning of the period	46,350	25,302	21,048
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	59,081	39,631	19,450
NET DEBT*	428,301	337,607	90,694
LEVERAGE (LTM)**	2.17	1.69	0.48

* Liabilities to banks (incl. leasing liabilities according to IFRS 16) ./ cash and cash equivalents (with the exception of accounts under third-party management)

** Net debt / EBITDA adjusted/pro forma (LTM) plus pro rata EBITDA of newly acquired companies

In the first quarter of 2020, cash flow from operating activities amounted to MEUR 65.7 compared to MEUR 68.9 in the same period in the prior year. The development of the operating cash flow in the reporting period is mainly driven by higher contract liabilities (primarily from advance payments for software maintenance and other recurring service contracts), the change in other liabilities, and income tax receivables. On the other hand, trade receivables, other receivables (mainly due to advance payments made and higher VAT receivables) as well as trade payables developed in opposite direction.

Adjusted free cash flow amounted to MEUR 53.3 during the first quarter of 2020 (previous year: MEUR 57.6 on a pro forma basis). The derivation of free cash flow and adjusted free cash flow is shown below:

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019
OPERATING CASH FLOW	65,719	68,920
CASH FLOW FROM INVESTING ACTIVITIES	-23,987	-34,749
./ Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	7,819	22,650
./ Cash outflow for acquisitions from prior periods	1,487	739
./ Cash inflow from the disposal of subsidiaries and business units	0	0
./ Cash outflow for capital expenditures in joint ventures	0	0
+/- Extraordinary effects	0	0
FREE CASH FLOW	51,038	57,560
Operating cash flow adjustments	2,270	0
ADJUSTED FREE CASH FLOW*	53,308	57,560

* Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

Cash flow from investing activities amounted to MEUR -24.0 in the first quarter of 2020, compared to MEUR -34.7 in the same period in prior year. CGM made the following investments in the first quarter of 2020:

MEUR	01.01.- 31.03.2020	01.01.- 31.03.2019
Company acquisition	7.3	22.7
Purchase of minority interest and past acquisition	2.0	0.7
Capitalized in-house services and other intangible assets	9.0	6.3
Cash outflow for capital expenditures in joint ventures	0.0	0.0
Office building and property	2.9	0.1
Other property and equipment	2.8	5.0
Sale of subsidiaries and business operations	0.0	0.0
TOTAL	24.0	34.7

Cash flow from financing activities amounted to MEUR -27.4 in the first quarter of 2020 (previous year: MEUR -19.9). The MEUR -7.5 higher cash outflows in cash flow from financing activities compared to prior year are primary due to MEUR -25.0 lower net borrowings (defined as cash inflow from borrowings less cash outflow from the repayment of loans) in current year and the unpaid payments for the repurchase of own shares of MEUR 18.1 compared to the previous period.

As of March 31, 2020, cash and cash equivalents amounted to MEUR 59.1 (previous year: MEUR 39.6). The cash and cash equivalents also includes restricted cash and cash equivalents.

To secure future liquidity, in February 2020, CGM arranged a new credit facility of MEUR 1,000.0 with at least five-year term, split into a revolving credit facility of MEUR 600.0 and a bullet loan of MEUR 400.0, which serves to repay existing liabilities and to finance general corporate purposes and acquisitions. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden-Württemberg, SEB and Unicredit.

The granting of the loans is linked to compliance with a financial ratio (leverage). For this concluded credit agreement various German CGM Group companies have issued joint and several payment guarantees (contingent liability for payment defaults of CompuGroup Medical SE).

Net debt as of the reporting date of March 31, 2020 amounted to MEUR 428.3 and was thus MEUR 38.6 lower than the net debt as of December 31, 2019 of MEUR 466.9. The leverage is 2.17 (31.12.2019: 2.36) and thus fulfill the requirements of the existing credit agreement.

GUIDANCE FOR CGM GROUP

CGM confirms the guidance published on February 5, 2020.

For the year 2020, sales in the range of MEUR 765 to MEUR 815 are expected. Adjusted EBITDA is projected to be in a range of MEUR 195 to MEUR 215.

Potential risks to sales, earnings and financial strength resulting from Covid-19 have so far not given rise to a revision of the guidance. However, due to the ongoing Corona pandemic, there is more uncertainty in the guidance than usual.

In the medium-term, CGM sees significantly increased growth opportunities as a result of the enormous increase in sustained readiness to use digital networking solutions in the healthcare sector due to the pandemic.

Interim Statement of Financial Position

as of March 31, 2020

ASSETS

TEUR	31.03.2020	31.03.2019	31.12.2019
Non-current assets			
Intangible assets	670,731	586,755	668,329
Property, plant and equipment	90,545	82,923	88,064
Right-of-use assets	40,612	41,385	43,189
Investments in associates and joint ventures (valued at-equity)	334	2,215	938
Other investments	1,993	725	1,458
Finance lease receivables	14,934	12,253	14,826
Contract assets	0	1,547	0
Other financial assets	9,291	3,084	9,003
Other non-financial assets	1,200	1,200	1,200
Deferred taxes	6,181	9,253	5,923
	835,821	741,340	832,930
Current assets			
Inventories	29,575	23,484	27,492
Trade receivables	125,672	122,084	102,982
Finance lease receivables	7,859	6,257	7,784
Contract assets	10,916	10,407	9,092
Other financial assets	2,334	4,661	3,137
Other non-financial assets	27,615	21,805	16,918
Income tax receivables	10,288	8,192	19,177
Cash & cash equivalents	59,081	39,631	46,350
	273,340	236,521	232,932
Assets qualified as held for sale	0	1,531	0
	1,109,161	979,392	1,065,862

SHAREHOLDER EQUITY AND LIABILITIES

TEUR	31.03.2020	31.03.2019 (restated)*	31.12.2019
Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-86,322	-63,345	-86,322
Reserves	303,022	275,646	292,208
Capital and reserves allocated to the shareholders of the parent company	269,919	265,520	259,105
Non-controlling interests	307	2,284	811
	270,226	267,804	259,916
Non-current liabilities			
Provisions for post-employment benefits and other non-current provisions	30,802	25,359	30,979
Liabilities to banks	408,158	308,634	410,838
Contract liabilities	5,220	7,294	6,114
Purchase price liabilities	7,353	8,736	7,791
Lease liabilities	26,040	25,943	28,489
Other financial liabilities	12,533	16,997	13,619
Other non-financial liabilities	1,192	1,263	1,193
Deferred taxes	71,258	53,235	70,619
	562,556	447,461	569,642
Current liabilities			
Liabilities to banks	19,688	3,935	38,810
Contract liabilities	108,697	106,004	42,485
Purchase price liabilities	8,271	11,626	10,119
Trade payables	38,776	30,605	47,093
Income tax liabilities	14,325	11,960	17,973
Other provisions	38,316	52,627	42,156
Lease liabilities	14,082	14,944	14,636
Other financial liabilities	7,458	10,466	7,849
Other non-financial liabilities	26,765	21,440	15,183
	276,378	263,607	236,304
Liabilities related to assets held for sale	0	520	0
	1,109,161	979,392	1,065,862

* Restatement of prior-year figures, see Annual Report 2019, note 3. Corrections in accounting

Interim Income Statement

for the reporting period of January 1 - March 31, 2020

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019 (restated)*	01.01.- 31.12.2019
Sales revenue	183,143	175,214	745,808
Capitalized inhouse services	8,022	5,119	24,570
Other income	1,773	5,467	13,458
Expenses for goods and services purchased	-32,170	-29,482	-138,956
Personnel expenses	-89,607	-83,991	-339,442
Net impairment losses on financial and contract assets	-921	-534	-4,037
Other expenses	-30,130	-26,392	-123,275
Earnings before interest, taxes, depreciation and amortization (EBITDA)	40,110	45,401	178,126
Depreciation of property, plant and equipment and right-of-use assets	-7,397	-6,784	-28,521
Earnings before interest, taxes and amortization (EBITA)	32,713	38,617	149,605
Amortization of intangible assets	-9,385	-7,816	-34,335
Earnings before interest and taxes (EBIT)	23,328	30,801	115,270
Result from companies accounted for using the equity method	-603	-498	-1,785
Financial income	620	359	2,067
Financial expenses	-4,536	-1,428	-7,808
Earnings before taxes (EBT)	18,809	29,234	107,745
Income taxes for the period	-5,976	-8,760	-41,594
Results from continued operations	12,833	20,474	66,151
Profit for the period from discontinued operations	0	0	0
Consolidated net income for the period	12,833	20,474	66,151
of which: allocated to shareholders of the parent company	12,692	20,399	65,819
of which: allocated to non-controlling interests	141	75	332
Earnings per share (from continuing operations)			
undiluted (EUR)	0.26	0.42	1.35
diluted (EUR)	0.26	0.41	1.33

* Restatement of prior-year figures, see Annual Report 2019, note 3. Corrections in accounting

Cash Flow Statement

as of March 31, 2020

TEUR	01.01.- 31.03.2020	01.01.- 31.03.2019 (restated)*	01.01.- 31.12.2019
Consolidated net income for the period	12,833	20,474	66,151
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	16,782	14,601	62,856
Earnings on sale of fixed assets	-17	-20	424
Change in provisions (including income tax liabilities)	-7,648	-1,531	-1,910
Change in deferred taxes	-176	1,887	10,696
Other non-cash earnings/ expenditures	6,512	54	-3,649
	28,286	35,465	134,568
Change in inventories	-2,080	-2,279	-6,237
Change in trade receivables and other receivables	-25,336	-13,352	6,618
Change in income tax receivables	8,843	681	-10,076
Change in other receivables	-10,885	-7,565	-7,932
Change in trade payables	-8,469	-11,986	4,092
Change contract liabilities	64,632	72,332	-1,641
Change in other liabilities	10,728	-4,376	-8,897
Operating cash flow - continuing operations	65,719	68,920	110,495
Operating cash flow	65,719	68,920	110,495
Cash inflow from disposals of intangible assets	0	0	0
Cash outflow for capital expenditure in intangible assets	-9,006	-6,296	-29,056
Cash inflow from disposals of property, plant and equipment	23	196	401
Cash outflow for capital expenditure in property, plant and equipment	-5,698	-5,260	-14,684
Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	-7,819	-22,650	-94,857
Cash outflow for acquisitions from prior periods	-1,487	-739	-1,753
Cash inflow from the disposal of subsidiaries and business units	0	0	505
Cash outflow for capital expenditures in joint ventures	0	0	0
Cash flow from investing activities - continuing operations	-23,987	-34,749	-139,444
Cash flow from investing activities	-23,987	-34,749	-139,444
Buyback of own shares	0	-18,086	-41,063
Dividend paid	0	0	-24,414
Capital paid to non-controlling interests	0	0	-1,408
Acquisition of additional shares from non-controlling interests	-400	0	-1,356
Downpayment of lease liabilities	-4,098	-3,920	-16,572
Cash inflow from assumption of loans	401,857	23,193	188,495
Cash outflow from the repayment of loans	-424,757	-21,103	-54,005
Cash flow from financing activities - continuing operations	-27,398	-19,916	49,677
Cash flow from financing activities	-27,398	-19,916	49,677
Cash and cash equivalents at the beginning of the period	46,350	25,302	25,302
Change in cash and cash equivalents	14,334	14,255	20,728
Changes due to exchange rate fluctuations	-1,603	74	320
Cash and cash equivalents at the end of the period	59,081	39,631	46,350
Interest paid	4,029	893	5,226
Interest received	324	243	1,150
Income taxes paid	6,856	7,913	31,511

* Restatement of prior-year figures, see Annual Report 2019, note 3. Corrections in accounting

Segment reporting

as of March 31, 2020

	Segment AIS Ambulatory Information Systems			Segment PCS Pharmacy Information Systems			Segment HIS Hospital Information Systems		
	2020	2019	2019	2020	2019	2019	2020	2019	2019
TEUR	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12
Sales to third parties	109,212	106,220	444,643	29,582	27,849	119,394	33,670	31,038	135,907
thereof Software license	7,232	6,030	30,445	1,266	1,687	7,045	3,041	2,961	15,579
thereof Hardware	10,346	13,988	54,785	5,656	4,903	26,654	1,736	813	10,346
thereof Professional Services	9,669	11,176	47,264	2,533	2,146	10,185	7,080	7,846	30,403
thereof Software Maintenance & hotline	57,069	53,397	217,049	8,787	8,290	33,714	17,362	16,313	66,280
thereof Other recurring revenues	23,790	20,582	88,752	10,400	9,940	38,302	4,365	3,091	13,136
thereof Adverting, eDetailing and Data	330	421	1,603	963	767	3,338	0	0	0
thereof Software Assisted Medicine	31	47	181	0	0	0	0	0	0
thereof Other revenue	745	579	4,564	-23	116	156	86	14	163
Point in time of revenue recognition									
at a specific point in time	13,357	16,422	68,657	6,183	5,240	28,989	2,194	1,426	12,623
over a period of time	95,855	89,798	375,986	23,399	22,609	90,405	31,476	29,612	123,284
	109,212	106,220	444,643	29,582	27,849	119,394	33,670	31,038	135,907
thereof recurring sales	80,859	73,979	305,801	19,187	18,230	72,016	21,727	19,404	79,416
Sales between segments	5,960	6,024	24,101	109	215	864	1,489	1,276	4,776
Segment Sales	115,172	112,244	468,744	29,691	28,064	120,258	35,159	32,314	140,683
Capitalized inhouse services	3,071	2,197	10,994	684	0	0	2,942	2,650	12,212
Other income	1,024	4,767	8,772	449	163	2,259	1,248	465	2,973
Expenses for goods and services purchased	-23,664	-23,855	-101,313	-7,564	-6,178	-32,727	-5,296	-3,944	-21,988
Personnel costs	-41,473	-36,251	-151,102	-10,185	-9,617	-39,469	-21,450	-19,389	-81,726
Other expense	-19,792	-20,051	-75,040	-4,215	-4,019	-18,426	-8,367	-6,306	-32,864
EBITDA	34,338	39,051	161,055	8,860	8,413	31,895	4,236	5,790	19,290
in % of sales	31.4%	36.8%	36.2%	30.0%	30.2%	26.7%	12.6%	18.7%	14.2%
Depreciation of property, plant and equipment and right-of-use assets									
Amortization of intangible assets									
EBIT									
Results from associates recognised at equity									
Financial income									
Financial expense									
EBT									
Taxes on income for the period									
Profit for the period from discontinued operations									
Consolidated net income for the period									
in % of sales									

Segment CHS Consumer and Health Management Information Systems			All other Segments			Sum Segments			Consolidation			CGM Group		
2020	2019	2019	2020	2019 restated	2019	2020	2019 angepasst	2019	2020	2019 angepasst	2019	2020	2019 angepasst	2019
01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12	01.01 - 31.03.	01.01 - 31.03.	01.01. - 31.12
10,800	10,025	45,689	-121	82	174	183,143	175,214	745,808	0	0	0	183,143	175,214	745,808
31	65	598	0	0	0	11,570	10,743	53,668	0	0	0	11,570	10,743	53,668
1	-372	804	0	0	0	17,739	19,332	92,589	0	0	0	17,739	19,332	92,589
2,323	1,550	7,818	-121	27	48	21,484	22,745	95,718	0	0	0	21,484	22,745	95,718
1,072	275	2,200	0	53	122	84,290	78,328	319,365	0	0	0	84,290	78,328	319,365
150	167	1,261	0	0	0	38,705	33,780	141,451	0	0	0	38,705	33,780	141,451
6,856	7,684	29,373	0	0	0	8,149	8,872	34,314	0	0	0	8,149	8,872	34,314
405	695	3,810	0	0	0	436	742	3,991	0	0	0	436	742	3,991
-38	-39	-175	0	2	4	770	672	4,712	0	0	0	770	672	4,712
-38	-411	629	0	2	4	21,696	22,679	110,902	0	0	0	21,696	22,679	110,902
10,838	10,436	45,060	-121	80	170	161,447	152,535	634,906	0	0	0	161,447	152,535	634,906
10,800	10,025	45,689	-121	82	174	183,143	175,214	745,808	0	0	0	183,143	175,214	745,808
1,222	442	3,461	0	53	122	122,995	112,108	460,816	0	0	0	122,995	112,108	460,816
466	360	1,912	3,875	2,408	16,384	11,899	10,283	48,037	-11,899	-10,283	-48,037	0	0	0
11,266	10,385	47,601	3,754	2,490	16,558	195,042	185,497	793,845	-11,899	-10,283	-48,037	183,143	175,214	745,808
497	116	748	828	156	616	8,022	5,119	24,570	0	0	0	8,022	5,119	24,570
47	866	1,754	12,129	11,640	46,244	14,897	17,901	62,002	-13,124	-12,434	-48,544	1,773	5,467	13,458
-3,529	-3,847	-15,772	-1,339	-47	-1,395	-41,392	-37,871	-173,195	9,222	8,389	34,239	-32,170	-29,482	-138,956
-3,938	-3,472	-15,477	-13,293	-15,657	-52,945	-90,339	-84,386	-340,719	732	395	1,277	-89,607	-83,991	-339,442
-2,251	-1,662	-7,643	-11,645	-8,040	-54,370	-46,270	-40,078	-188,343	15,219	13,152	61,031	-31,051	-26,926	-127,312
2,092	2,386	11,211	-9,566	-9,458	-45,292	39,960	46,182	178,160	150	-781	-34	40,110	45,401	178,126
19.4%	23.8%	24.5%				21.8%	26.4%	23.9%				21.9%	25.9%	23.9%
												-7,397	-6,784	-28,521
												-9,385	-7,816	-34,335
												23,328	30,801	115,270
												-603	-498	-1,785
												620	359	2,067
												-4,536	-1,428	-7,808
												18,809	29,234	107,745
												-5,976	-8,760	-41,594
												0	0	0
												12,833	20,474	66,151
												7.0%	11.7%	8.9%

Additional Information

ABOUT COMPUGROUP MEDICAL SE

CompuGroup Medical is one of the leading eHealth companies in the world. With a revenue base of EUR 746 million in 2019, its software products are designed to support all medical and organizational activities in doctors' offices, pharmacies, laboratories and hospitals. Its information services for all parties involved in the healthcare system and its web-based personal health records contribute towards safer and more efficient healthcare. CompuGroup Medical's services are based on a unique customer base of more than 1 million users, including doctors, dentists, pharmacists and other health professionals in inpatient and outpatient facilities. With locations in 18 countries and products in 56 countries worldwide, CompuGroup Medical is the eHealth company with one of the highest coverages among eHealth service providers. Approximately 5,800 highly qualified employees support customers with innovative solutions for the steadily growing demands of the healthcare system.

FINANCIAL CALENDAR

May 7, 2020 - Interim Report Q1 2020

May 13, 2020 - Virtual Annual General Meeting 2020

August 6, 2020 - Interim Report Q2 2020

September 16, 2020 - Capital Markets Day

November 5, 2020 - Interim Report Q3 2020

CONTACT INFORMATION

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Management Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

Koblenz, May 7, 2020

CompuGroup Medical Societas Europaea The Management Board



Frank Gotthardt



Frank Brecher



Dr. Ralph Körfgen



Dr. Eckart Pech



Michael Rauch



Hannes Reichl

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Synchronizing Healthcare

