



Speech by Frank Gotthardt

Chairman of the Board of CompuGroup Medical SE, on the occasion of the Annual Meeting on 15 May 2018 in Coblenz, Germany

Prior remarks.

Chart 5: Entry slide

My dear shareholders,
ladies and gentlemen,
I heartily welcome you to this year's annual meeting.

Chart 6: The share price from 2017 until today.

Our share price, after a strong ascent during the Fall of 2017 until the beginning of this year, has sagged considerably in the past several months, starting with the day we published our guidance for 2018 with a growth of 20-15 percent in turnover and 36-48 percent in EBITDA. That was on 24 January 2018 and is due, if nothing else, to the high expectations for our role in fleshing out the telematics infrastructure — in brief, simply TI — in Germany and the significance of TI for our business, short-term, medium-term and long-term. That is why I would like to dig into this subject in a little more detail.

Chart 7: CGM is leading health care into a new era.

“Our vision is the intelligent and secure networking of everyone participating in healthcare. This is the key to a health care system that can be sustainably financed and is designed for the future, and that delivers medical advances to every patient. We are devoting all of our energies to

make it possible for everyone to have his/her medical records available wherever they may be.”

While scanning some old documents, I noticed this sentence in our corporate presentation of exactly 10 years ago. At a time when the smartphone had just been invented and shortly thereafter came onto the market, we had a very clear notion of how we could lead health care in Germany into a new era, while at the same time making it more efficient and better. No-one else was talking about networking then — today, not only is everyone talking about it but we are in the middle of implementing it. The telematic infrastructure has now finally become a reality.

Chart 8: The telematic infrastructure: secure exchange of medical data.

The telematic infrastructure is a highly modern network, within which medical data can be securely and authentically exchanged. It is the first large infrastructural element that makes it possible for everyone participating in health care to communicate reliably and confidentially in digital form with one another. It forms the basis for useful digital medical applications — both on the process level as well as on the level of medical diagnosis and treatment.

There is no digital infrastructure anywhere in the world that safeguards the data security and authenticity of data on this level. That is technologically very demanding and we are proud to have fulfilled these enormous challenges to the necessary technical components as the top industry partner and with a big head start over the others.

This level of security is necessary. Not just because everyone’s medical data is among the most sensitive data of all. Not just because in the professional environment, medical service providers work under serious legal requirements and make a high dependability of the electronically

provided necessary but also because with it, we provide a communications environment that establishes trust.

It is remarkable in every sense that after the latest incidents involving Facebook, the concept of data protection is even being discussed all over again and with greater awareness in the USA. That definitely allows for the possibility that our telematic infrastructure can serve as a template for other countries and maybe even become a successful export.

On 13 November 2017, our TI access components (the connector, card reader, and VPN access service) were approved by the operating company, gematik and the Federal Office for Security in Information Technology (BSI). There is a legal regulation that makes the use of such components mandatory for doctors and hospitals. And we were and are still today the only provider of these. There is a shrill minority among doctors that are still skeptical toward these initiatives.

Eventually, this skepticism will disappear. First of all, because the lawmakers and the BMG have set clear boundary conditions. And second, because more and more will recognize that TI is the only effective means to bring Germany to the forefront in matters of digitalizing health care while at the same time, insuring the protection of doctors from possibly fatal false information and the improper use of data.

I have just now spoken about the telematic infrastructure as the first great infrastructural element. In our vision back then and today, we also spoke about the possibility for a patient to have his data available everywhere and at any time. Electronic patient files that place the data in the hands of the citizen and give him/her the power of disposition — those comprise the second infrastructural element.

We have also come a big step closer to accomplishing this goal. Representatives from the German Parliament and the Federal Ministry for

Health have left no doubt that they will quickly create the necessary framework for electronic patient files and implement its introduction. The philosophy of the new government is to regulate the details only for the two central issues of interoperability and data protection. The implementation of the capacity for innovation and competition are being left to the industry. That will lead not only to good solutions but also to further acceleration of effort. And our company has the most secure patient files in Germany with a huge bundle of applications.

We are working under high pressure on the preparations to offer big, helpful solutions, that build upon the platform of a rolled out telematics infrastructure. These are, for example, our doctor's portal for appointment bookings and electronic communications between doctor and patient, our patient files app for patients with coupled services like the pharmaceutical ledger, an app for the improvement in adherence during treatment and our system for the utilization of third parties, our CGM LIFE Partner Ready program with which we open ourselves to other market participants.

Please permit me to gladly give an overview of our most important figures from 2017:

Let me say it upfront: In 2017, we reached our self-defined content-related goals — above all, with the start of the countrywide roll-out of the telematics infrastructure. The reasons I already mentioned led to the fact that we were not able to realize completely the planned sales revenue from the rollout. We remain behind in our plans but have grown further compared to 2016 with a turnover of 582 million euros.

This shows that we also, independent of this significant big project, have offered and set up in strategically correct fashion not just a stable but also an enormously successful product and service mix.

Chart 9: A worldwide presence with over 1 million users in 55 countries.

More than 1 million users, among them doctors, dentists, pharmacists, laboratories, hospitals and other service providers in health care as well as consumers, products in 55 countries and as much as 70% market share.

That is — in my view — today already a very impressive number.

However, our internally issued goal lies yet again in a completely different dimension: through the upcoming comprehensive involvement of citizens, insureds and patients by means of the electronic patient files developed by us as well as the available CGM LIFE eSERVICES, we have a target of hundreds of millions of users, including consumers, in sight. The optimism for the medium-term achievement of such a user number arises especially from our strategic decisions and already today, our manifold patented developments for an exploitation of comparable offers in many of the countries on earth.

Chart 10: CLICKDOC: The launch of our Online Doctor Service platform

I would now like to give you a quite current example of our Online Doctor Service Platform.

The user-friendly and intuitively structured web design of CLICKDOC offers with a single click an overview of available appointments, consultation times and service offerings of the desired doctor. The integrated appointment management tools provides an uncomplicated, fast and secure booking process. In order to keep the No-Show Rate low — in other words, appointment cancellations as a result of not showing up — a personal reminder function gets in touch with the patient before the pending doctor's appointment. Numerous filtering functions and descriptions of details on the doctors listed support the research in accordance with the appropriate practice.

Chart 11: Classic business: AIS - doctor-centered approach

With our AIS business segment, in other words, the Ambulatory Information Systems, we continue to pursue the doctor-centered or to state it more clearly, service provider-oriented approach of our business. Regardless whether in our former or present strongest market — the doctor information system or the dental field — we have very good development possibilities, and not only in Germany. That also demonstrates in particular our increasingly organic growth during the past year.

Chart 12: CGM is among the largest European HIS providers.

In the Hospital Information Systems (HIS) segment, I had reported a year ago on our new CGM CLINICAL software and the expectations we had for it. Our product launch in April 2017 gained enormous attention in the clinic markets of Germany, Austria, and Switzerland. We were overcome by how much interest our new CGM CLINICAL Suite was met with inside such a short span of time.

The contribution of our software to a seamless networking of itinerant and stationary health facilities as well as the savings in resources and processing costs are being recognized in the marketplace and met with open arms. The first CGM CLINICAL implementation projects were commissioned and their implementations started. The most comprehensive of these HIS projects is taking place in the state hospitals of the Vorarlberg KHBG with 1,550 beds. Three of the five KHBG houses were already successfully put into operation in the last quarter of 2017.

Our customers expect modern HIS software to provide especially active support to improve medical outcomes at constant capacities — and that is exactly what CGM CLINICAL seeks to achieve. In the coming months, we

will be bringing further innovative process support into the marketplace that will complete our Hospital Information Systems, step by step. The next significant milestone for this is the preparation of a comprehensive OP management system including OP documentation. All in all, we are clearly on a growth curve in the hospital market and already oversee today more than 1,500 clinical and social customers in Europe. With that, CGM is among the largest European HIS providers.

Chart 13: Apothecary software is the second biggest CGM mainstay.

We were able to take a further development step in our apothecary software business. The fact that our customers appreciate the innovative solutions in this market segment is shown by various indicators; we were not only able to achieve continuous growth with our core product line but we were delighted to receive the designation “Apothecary Favorite 2017, First Place in User Friendliness”.

With our “CGM GENIUS” digital marketing solution for apothecaries, we have installed more than 1,000 new apothecary TV solutions and in the framework of the digital conference, “Vision A” by Apothecary Adhoc and the Apothecary Review, occupied first place in the category, “Digital Conversion”. We are expecting further growth from our “Prescription Monitoring” module after an already very successful start in the marketplace. It shows how joint users for apothecaries and patients can exist side-by-side: with prescription monitoring, we prevent not only retaxations, combined with losses of revenue for the druggist but also provide more security during drug delivery.

Chart 14: HCS - Patient-centered approach

In our HCS business segment, it is a matter of offerings that are geared toward a better networking and toward optimization in health service.

The telematic infrastructure is, on the one hand, an important prerequisite precisely for the purpose of uninterrupted communication with and between professional service providers and on the other hand, we need equally secure and convenient possibilities for the insured and for patients to access their health data as well as applications which can deliver preventive treatment and health care on a new level. We will achieve these in varied ways and thereby create immediate uses for the insured. These networked offerings exist all throughout our HCS segment.

Through our connectivity services, we can help to address many of the basic challenges of modern health care with efficient solutions.

Chart 15: Electronic patient files: medical data for every citizen.

The only health files in the world that also give the customer unlimited sovereignty over his data technically are available in the form of our CGM LIFE product. About one million people in Germany have meanwhile placed their trust in products that CGM LIFE has as an integrated secure foundation. By building on that product up to appointment booking by CGM LIFE eSERVICES, patients experience their appointments with doctors of all specialties in a completely new and highly convenient fashion. This is just one example of functional digital doctor-patient communications with advantages for all participants.

Both at CGM LIFE as well as for all information systems for health service providers, data protection and data security are of the greatest importance to us. In all these system, highly sensitive data is found that we always treat appropriately. For this reason, we have accepted the standards of the EU Basic Data Protection Act and implemented them for our organization into our products carefully and on schedule. The high potential of these CGM innovations is fun from several standpoints — for us during development and for the citizens during usage.

Chart 16: Average double-digit annual growth of key relevant indicators

In the background of the previous CompuGroup Medical developments in past years, the medium- to long-term corporate strategy bestows on you and us a patently high long-term growth potential.

The already published figures for the first quarter of 2018 show a revenue increase of 17% compared to the same quarter last year. With an improvement in results of another 29%, we are on the right path and more than confident that we will further increase profitability.

We can confirm our corporate forecast for 2018 and are assuming revenue to be between 700 million and 730 million euros.

Chart 17: Dividends

You, honorable stockholders, should of course be profiting from this positive development in the form of the dividends that we are proposing to our annual meeting to be at a level of 0.35 euro.

Reaching our goals also means a further step toward better health care. Intelligent software is the key to configuring and securing a better future in health. Patients should profit as much as possible from medical advances, be treated effectively and actively help to shape their own health.

The CGM accepts its high responsibility as a company. I am thankful and proud to work toward this important assignment as Chairman of the Board of CGM. In so doing, I am building on the marvelous accomplishments and operational readiness of our approximately 4,600 employees worldwide.



In closing, I would like to heartily thank our Supervisory Board. We are pleased with the continuation of our good working relationship as it benefits our company.

And I would like to thank you, my honorable stockholders for trusting us by investing a portion of your wealth in the CompuGroup Medical. We will do everything we can to validate Your trust in us in the days ahead.

Chart 18: Synchronizing Healthcare

Ladies and gentleman, thank you very much.

Chart 19: Christian B. Teig