

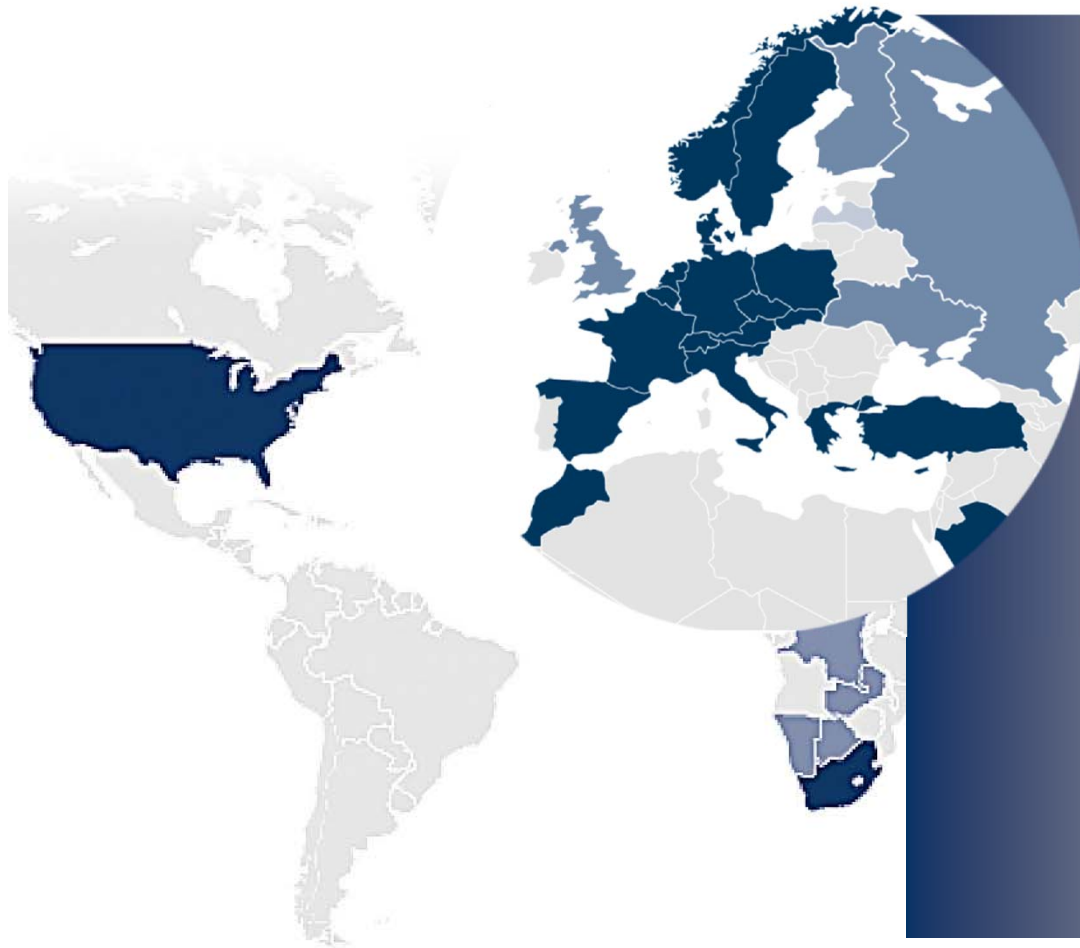
# Synchronizing Healthcare

Deutsche Bank German, Swiss & Austrian Conference  
Berlin

Christian B. Teig, CFO  
17<sup>th</sup> June 2015



# CGM – a global healthcare IT provider

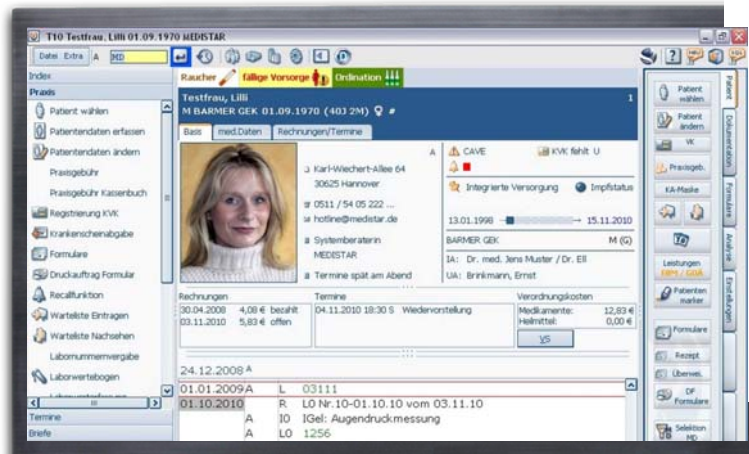


## Key figures

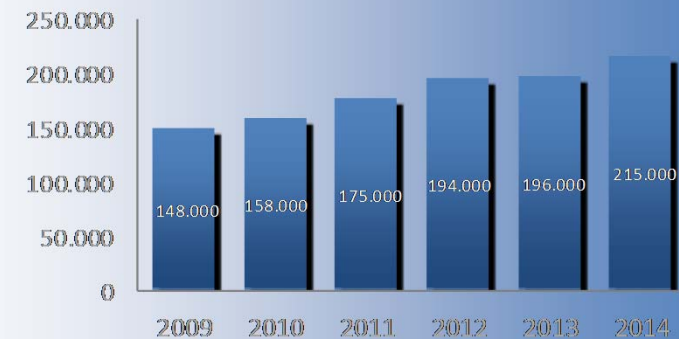
- 2014: Revenue €515 million and EBITDA of €97 million
- 20% annual growth rate last 10 years
- Unique access to over 400,000 doctors and medical professionals across 46 countries (offices in 19)
- Leading position in main European markets
- Founded in 1987 and headquartered in Koblenz, Germany
- Publicly traded on the Frankfurt Stock Exchange with a market capitalization of approximately €1.4 billion (May 2015)

# 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.



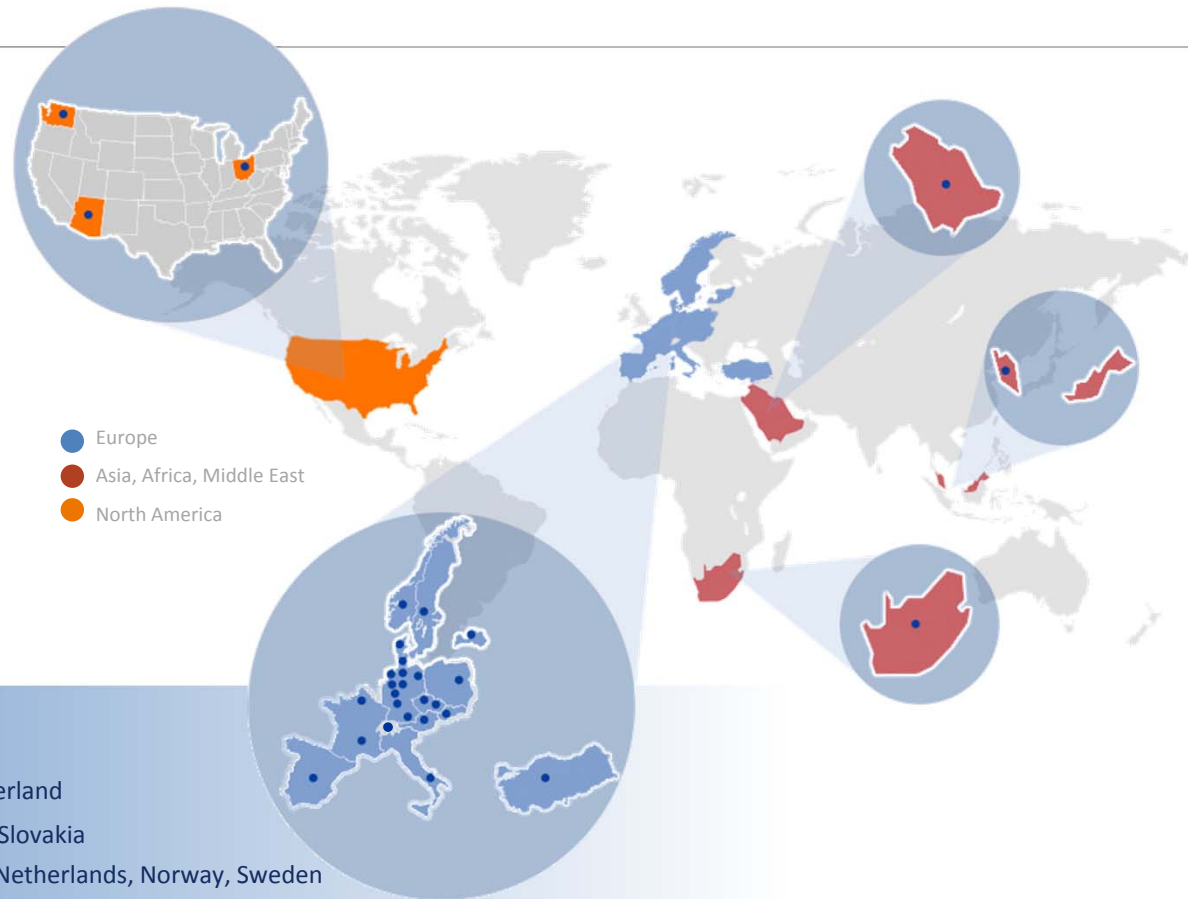
# Networking systems for healthcare

- ~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
- Market leader in Europe with growing presence in US, Asia, Africa
- Internationally transferable business model with similar industry drivers worldwide

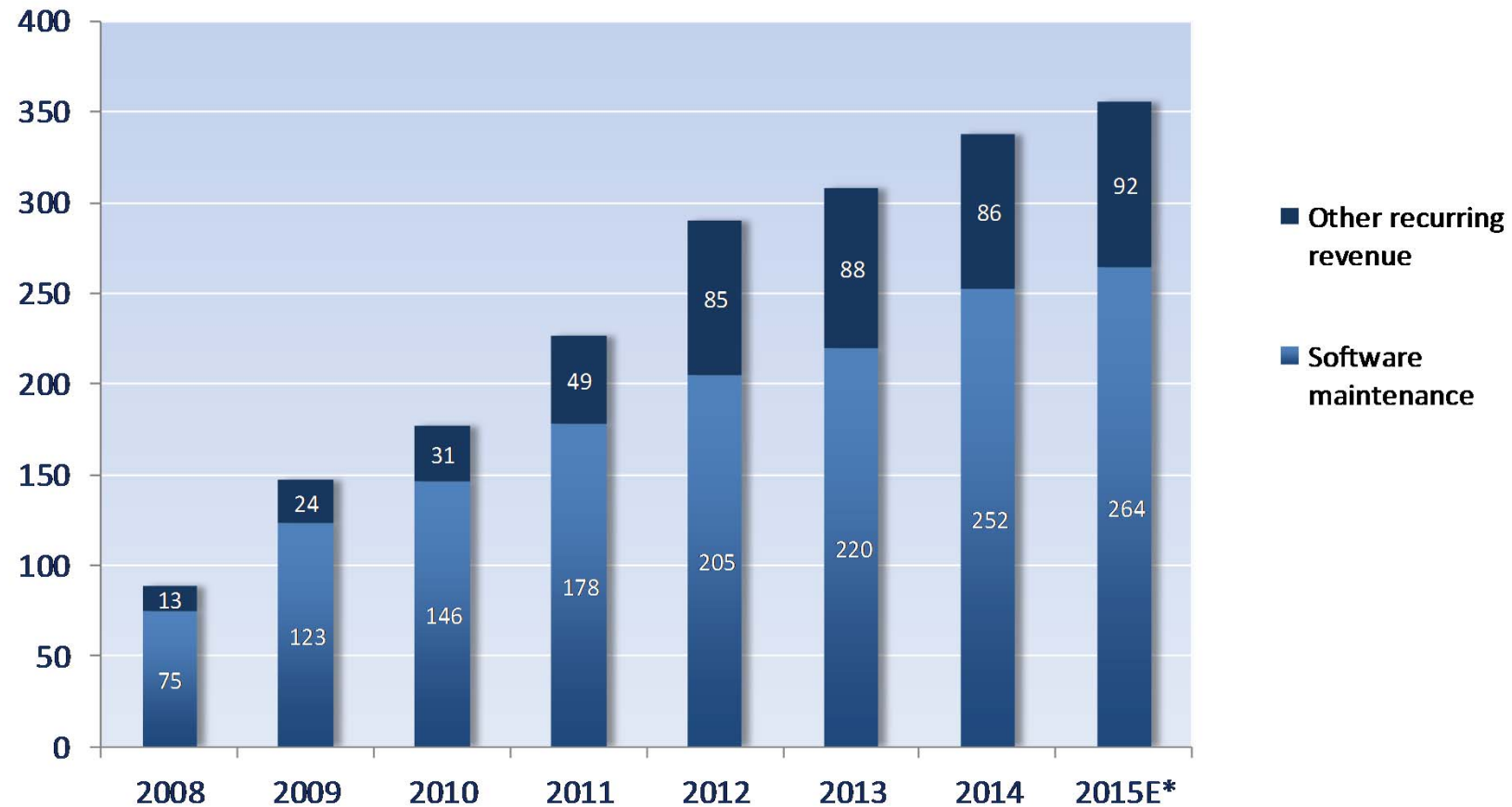


## Global Offices

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)

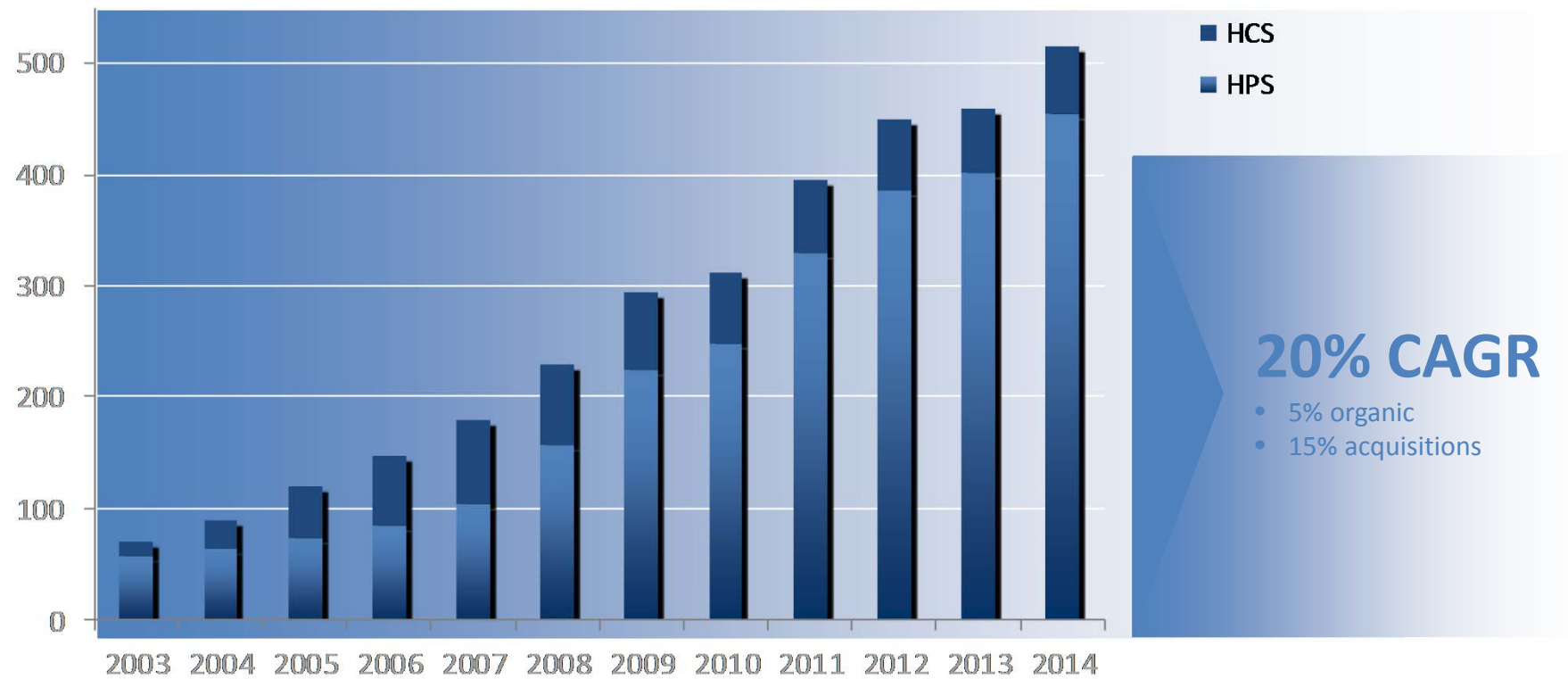


\* Based on run rate January 2015



# Buy and build strategy

Group revenue (€ M )



## Key figures first quarter 2015

€ M	Q1 15	Q1 14	Change	2014
Revenue	132.3	122.1	8%	515.1
EBITDA	28.5	22.0	30%	96.7
EBIT	18.0	12.0		53.9
EBT	29.0	7.0		44.5
Net income	21.0	4.7		24.1
EPS (€)	0.42	0.10		0.53
Cash net income*	29.0	12.0		55.8
Cash net income per share (€)	0.58	0.24		1.12

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

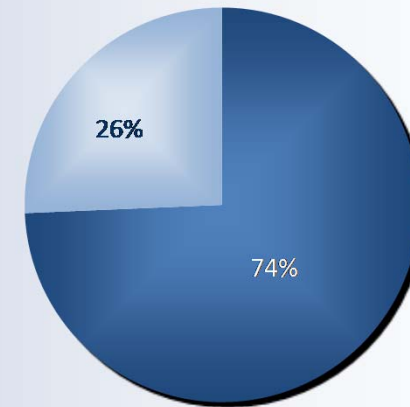
# Doctor software development

## AIS revenue Q1 2015

100% = 78.4 € M

	€ M	%
Revenue Q1 2014	72.0	
Acquisitions	4.2	6%
Organic growth	2.2	3%
Revenue Q1 2015	78.4	9%

x



■ Recurring service fees ■ Non-recurring sales

- Outside of the Telematics Infrastructure project, the European AIS business recorded 4 percent organic growth at constant exchange rates
- In the US, the revenue side has reached a turning point following a transition to a more subscription based business model and the ending of some legacy product lines

# Telematics Infrastructure pilot project status

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- At the Berlin trade fair conhIT in April 2015, CGM showed live for the first time the insured master data update (VSDM) based on the eGK
- With the official presentation of the fully secure online connection, CGM showed that an important milestone has been reached for a successful rollout to test the Telematics Infrastructure in the pilot region North / West
- CGM has already recruited all required doctors and other providers to participate in the pilot
- The testing of all participants is now expected in Q3 2015 with commissioning and certification of all relevant components and processes having been completed beforehand



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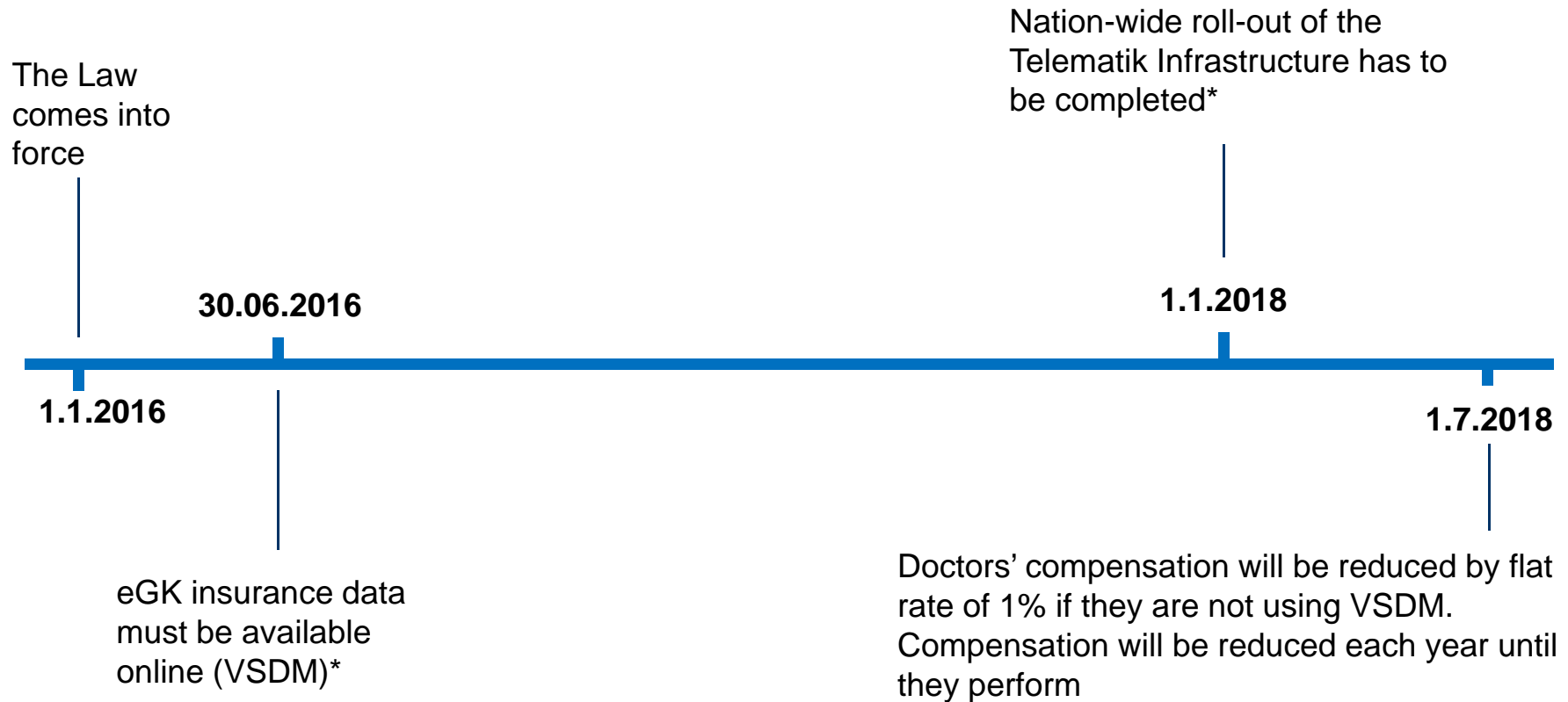


# The German eHealth law

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- The federal Ministry of Health (BMG) has prepared a draft bill – “The eHealth Law”
- The draft bill went to all relevant ministries (e.g. finance, science) in mid-January 2015 for commenting. Other stakeholders were also invited to comment (including CGM)
- The bill will went to the Bundeskabinett (Government) who decided to pursue the law 27<sup>th</sup> May 2015
- The bill goes to the Bundestag (Parliament) for ‘Erste Lesung’ in mid-June – law brought in officially
- In the Bundestag, the bill will be transferred to the health committee (Gesundheitsausschuss) where the draft will be discussed and changed. This is planned for October 2015
- The bill goes back to the plenum (‘Zweite und Dritte Lesung’) in November 2015. The current Coalition has enough majority to pass the bill and it should then be finished
- In the current draft, it is written that the law will come into effect 1. January 2016

## Rollout timeline in the draft bill



\* If the deadline is not met, from 2017 on the expenditure in the budgets of the GKV SpiBu and the KBV must not exceed the expenditure of 2014 minus 1% each year until the action is performed  
(1% = app. 100 mio €)

# Potential upside with the rollout (est. 2016 – 2018)

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## Opportunity for CGM to sell new eGK-compliant online access products to existing customers

- ~ 44.200 doctors offices / 69.400 doctors
- ~ 15.000 dentists offices / 19.800 dentists
- ~ 4 .000 pharmacies / 8.000 pharmacists
- ~ 100 hospitals
- ~ 300 rehabilitation centers
- ~ 550 social care institutions

## OEM packages will be offered to other IT vendors

## Estimated revenue per location

- Doctors: €2,000 – 4,000 (initial), €600 – 800 (annual)\*
- Hospitals: €100k – 300k (initial), €15k – 45k (annual)

\* DSL line, Konnektor service fee and software maintenance for integration module


## Services prescribed in the draft bill

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- **VSDM** (eligibility check and update of insurance data) is the core service of the Telematics Infrastructure.
- **Emergency Data Set** (blood type, chronic diseases, allergies etc.) stored on the electronic health card. Service must be available beginning 2018. Doctors who create and maintain such datasets on behalf of patients will be compensated (no amount given)
- **Medication plan** (for patients with more than 3 current prescriptions). Service must be available from October 2016 in paper form and then in the 'medium term' (Mittelfristig) be available over the electronic health card.
- **Electronic letters** (Medical reports, referrals and discharge letters between ambulatory doctors and hospitals). Doctors get an incentive of 55 cents per medical report sent electronically and 50 cents per discharge letter received electronically in 2016 and 2017. Hospitals get 1 Euro per discharge letter sent electronically from 1 July 2016. From 2018, the incentives for electronic letters will only be paid if the transmission is done over the telematics infrastructure.
- **Telemedicine.** Electronically transmitted radiology reports will be compensated beginning 1 April 2017 (no amount given). The regions also has the mandate to consider additional paid telemedicine services.



# The Telematics Infrastructure fits perfectly with CGMs strategy

 <p><b>CGM LIFE eSERVICE</b></p> <p>So kommunizieren Patienten von heute mit Ihrer Praxis.</p> <p>Jetzt auch als App für das iPhone®!</p>		<h2>CGM LIFE</h2> <p>Elektronische Gesundheitsakte</p>	
PRODUCTS - SWEDEN		Unit	Annual fee (EUR)
EDI basis service		Per user	45
		Per user	170
PRODUCTS - DENMARK		Unit	Annual fee (EUR)
SDN connect (w/o ISP)	Per doctor	75	170
EDI service	Per clinic	450	700
eServices	Per doctor	475	400
FMK module	Per doctor	160	7
Sentinel module	Per doctor	120	7
Payment Dankort	Per clinic	165	7
VPN (remote office)	Per token / kev	200	65
Remote backup			30
PRODUCTS - NORWAY		Unit	Annual fee (EUR)
Antivirus	EDI module	Per doctor	875
E-mail account	eServices	Per clinic	780
Hosting (SaaS)	Payment terminals	Per clinic	650
	Remote backup	Per clinic	430
	Hosting (SaaS)	Per user	1200

- eServices
- ePrescriptions, eLabOrder, etc.
- Physician Networks
- Clinical Pathways
- Hosting
- Web-based personal health records (CGM Life)
- ...

## Acquisition of Compufit

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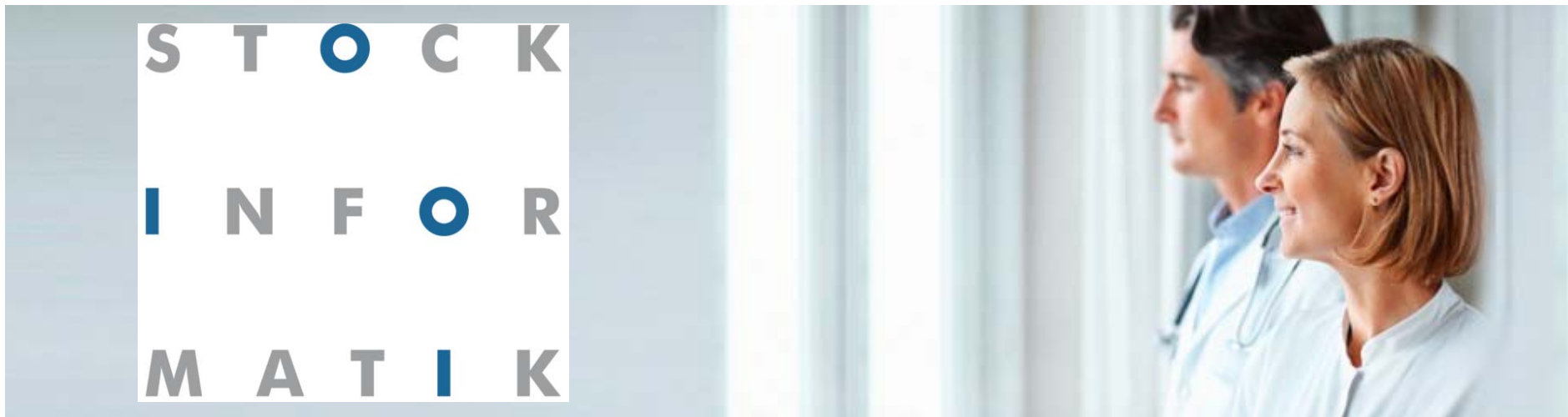
- 'Compufit' is the market leader in software for physiotherapists as well as rehabilitation clinics in Belgium with approximately 6,000 customers
- CGM will now serve 50% of the physiotherapists and 30% of the rehabilitation clinics in Belgium
- The total turnover of Compufit in 2014 was approximately 2 million Euros with an EBITDA of approximately 0.2 million Euros



# Acquisition of Stock Informatik

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- 'Stock Informatik' is the market leader for software services in occupational medicine, preventative medicine and occupational safety in Germany
- The software suite ISIS 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



## 20

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- A map of the United States where states are colored either dark red or white. The red states include Washington, California, Arizona, Texas, Minnesota, Wisconsin, Illinois, Indiana, Michigan, Ohio, Pennsylvania, New York, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Missouri, Kansas, Nebraska, Oklahoma, Iowa, and West Virginia. The white states include Oregon, Idaho, Nevada, Utah, Wyoming, Colorado, Montana, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Minnesota, Wisconsin, Illinois, Indiana, Michigan, Ohio, Pennsylvania, New York, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Missouri, Kansas, Nebraska, Oklahoma, Iowa, and West Virginia. Alaska and Hawaii are also shown in white.

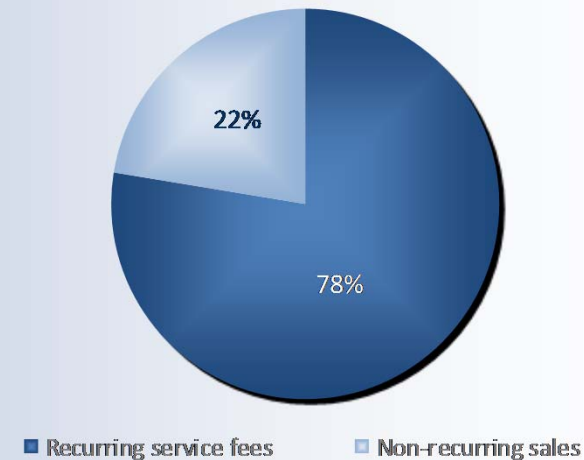


# Pharmacy software development

## PCS revenue Q1 2015

100% = 22.0 € M

	€ M	%
Revenue Q1 2014	18.2	
Acquisitions	3.3	18%
Organic growth	0.5	3%
Revenue Q1 2015	22.0	21%



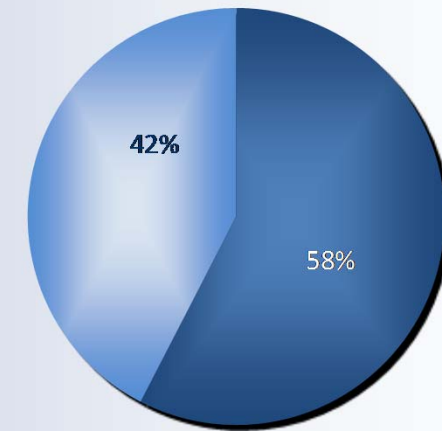
- Good first quarter with 3 percent organic growth
- Further 18 percent growth contribution from the new companies in Italy which were acquired in July 2014

# Hospital software development

## HIS revenue Q1 2015

100% = 17.1 € M

	€ M	%
Revenue Q1 2014	17.8	
Divestitures	-1,3	-7%
Organic growth	0,6	3%
Revenue Q1 2015	17.1	-4%

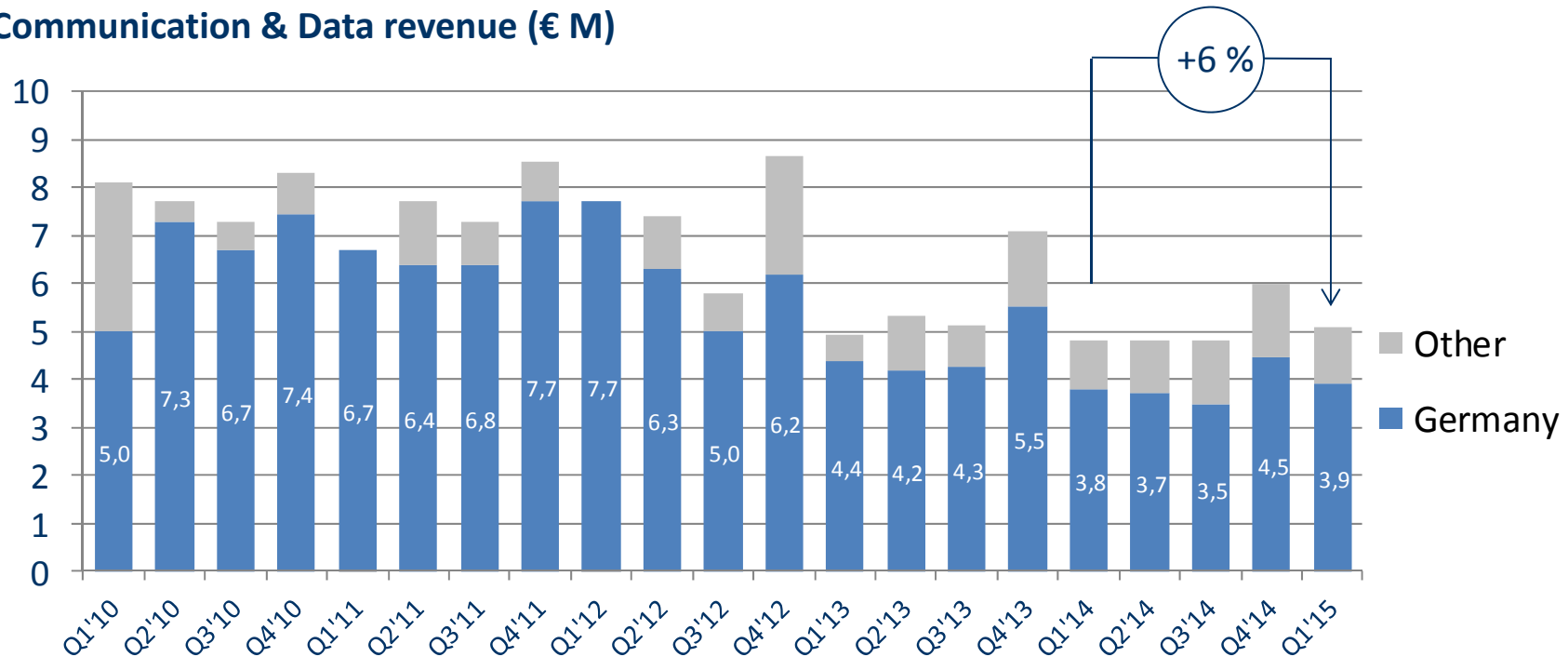


■ Recurring service fees    ■ Non-recurring sales

- 2 percent organic growth at constant exchange rates
- Good growth seen in Poland and other markets in Eastern Europe
- Austria and Switzerland with lower revenue in the first quarter compared with the same period last year

# Communication & Data development

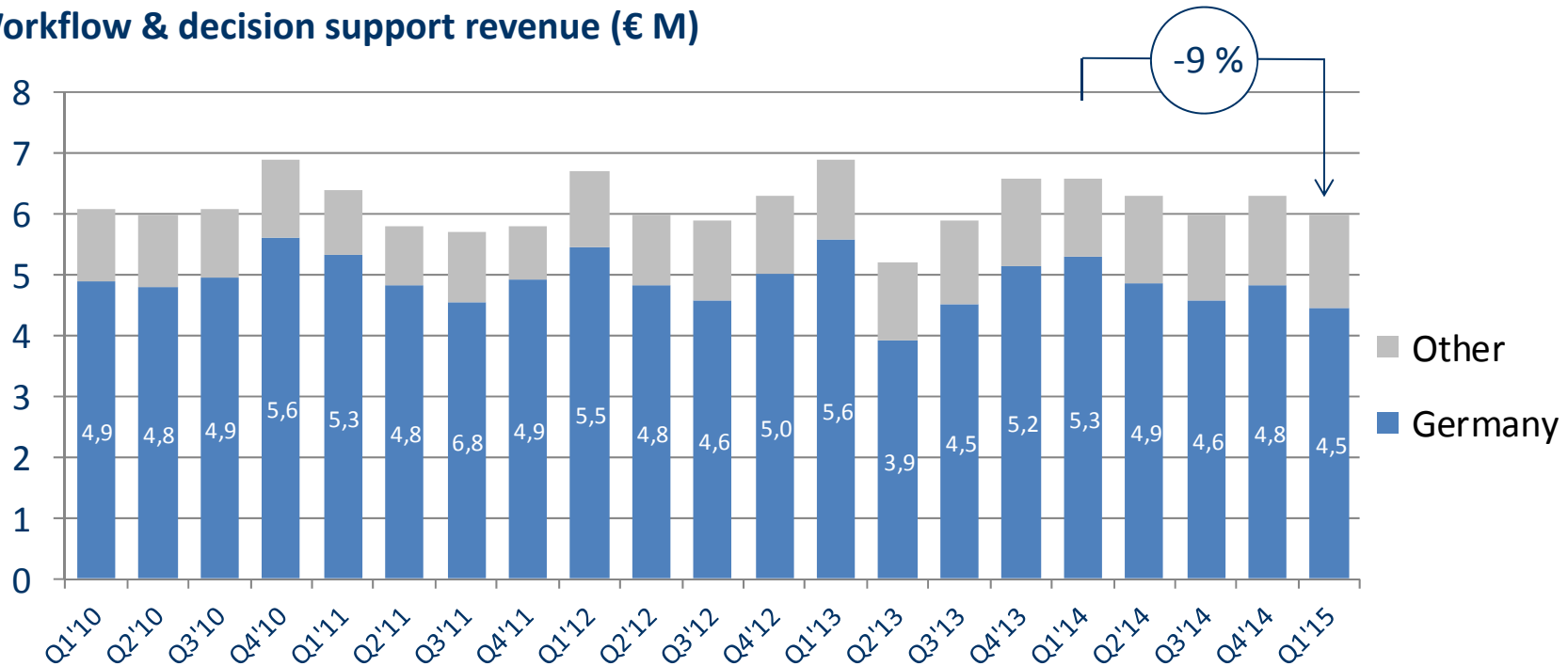
Communication & Data revenue (€ M)



- Communication & Data starts 2015 with 6 percent organic growth
- 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 starts 2015 with -9 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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# Thank you for your attention!

## **CompuGroup Medical AG**

Investor Relations

Maria Trost 21

56070 Koblenz

Germany

[www.cgm.com](http://www.cgm.com)

Phone: +49 (0) 261 8000-6200

E-Mail: [investor@cgm.com](mailto:investor@cgm.com)

ISIN DE 0005437305

WKN 543730

Frankfurter Wertpapierbörse

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