

Q4/FY19

Preliminary
and unaudited



CGM

Investor/Analyst Call

Michael Rauch, CFO
February 5, 2020

Disclaimer







Preliminary and unaudited results 2019

The preliminary results are based on unaudited financial information and on preliminary information reviewed by the management to date. These results remain subject to the completion of the CGM accounting closing process and approval by the Supervisory Board. The company will provide audited Q4 and FY 2019 results on March 25, 2020.

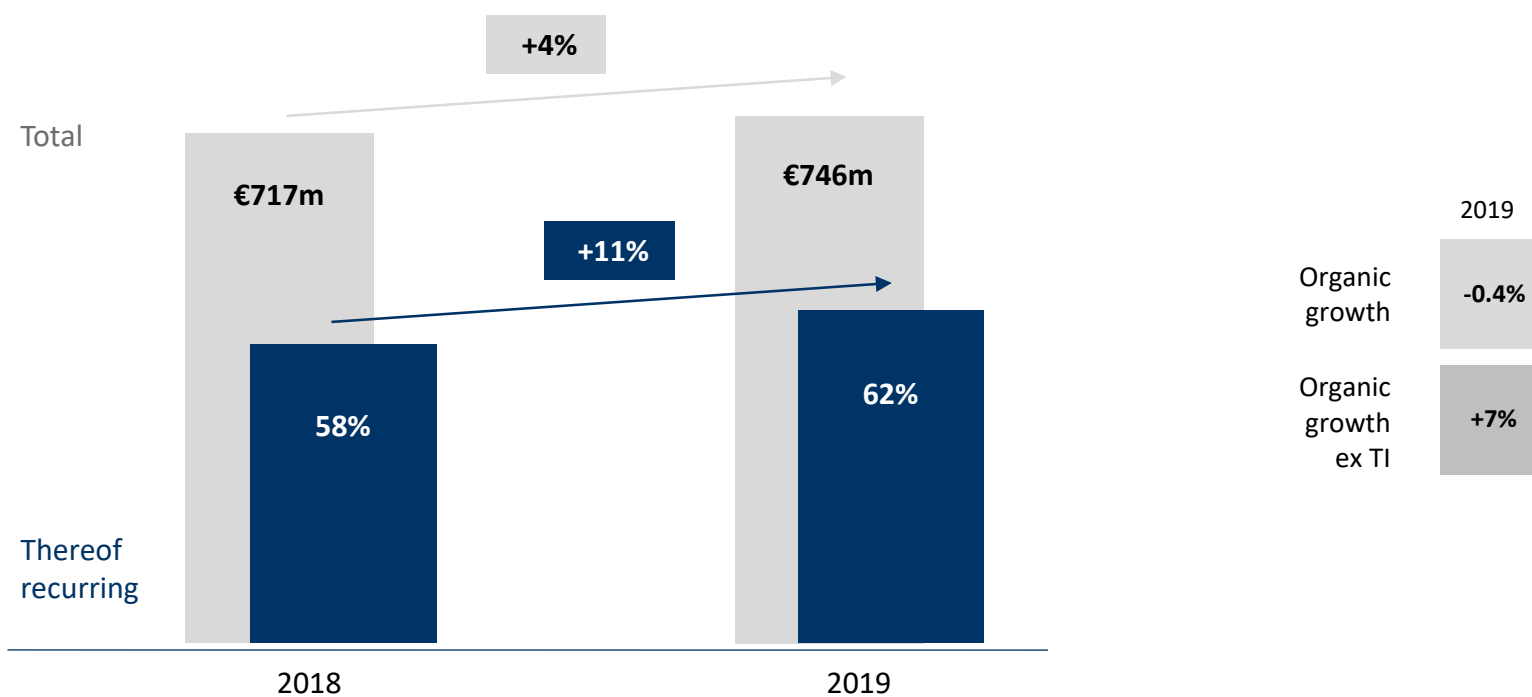
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GROUP FINANCIALS

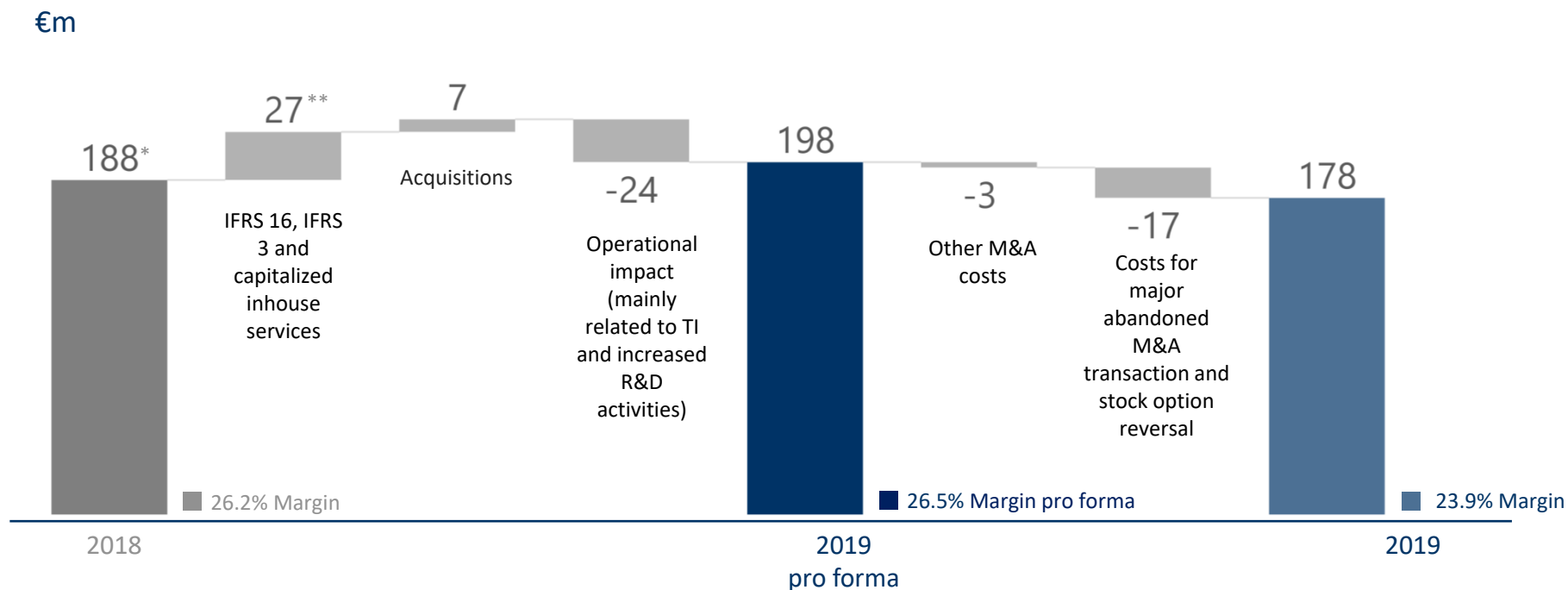
Successful financial year 2019

						
	€746m (+4%yoy)	€461m (+11%yoy)	€178m (-5%yoy)	24% (-2ppt)	€1.49 (-23%yoy)	€2.12 (-16%yoy)
	Revenue	Recurring Revenue	EBITDA	Margin	EPS	CNI per Share
(Adj.) guidance Feb (Sept) 2019	✓	✓	✓	✓	✓	✓
Range	€720m - €750m		€175m - €190m		(pro forma)	

Recurring revenue base continues to grow



2019 EBITDA impacted by one-offs and strong prior year TI comps



*Adjusted for stock option reversal for former board member, reported EBITDA 2018: €182m

**Including €17m from IFRS 16, €4m from IFRS 3 and €6m due to capitalization of inhouse services



SEGMENTS



2019 – Adjusted segment revenue guidance achieved/exceeded

Group		Ambulatory Information Systems		Pharmacy Information Systems		Hospital Information Systems		Consumer & Health Management Information Systems			
		Revenue Share									
		2019	yoy	2019	yoy	2019	yoy	2019	yoy	2019	yoy
Revenue (€m)		745.8	+4%	461.4	0%	119.8	+6%	116.3	+15%	48.2	+19%
EBITDA* (€m)		178.0	-5%	158.0	0%	35.9	+7%	14.7	+26%	16.8	+25%
Margin		24%	-2ppt	34%	0ppt	30%	+0ppt	13%	+1ppt	35%	+2ppt

*Including IFRS 16 effect of €17.3m (thereof €6.7m in AIS, €2.0m in PCS, €2.8m in HIS and €0.7m in CHS)


Adj. revenue
guidance
Aug 2019



Q4 with excellent revenue performance in all segments

Group			Ambulatory Information Systems		Pharmacy Information Systems		Hospital Information Systems		Consumer & Health Management Information Systems	
			Revenue Share							
			Q4/19	yoy	Q4/19	yoy	Q4/19	yoy	Q4/19	yoy
Revenue (€m)	206.1	+6%	118.2	0%	36.4	+6%	36.0	+21%	15.4	+30%
EBITDA* (€m)	51.9	-6%	42.2	+3%	10.3	-17%	7.4	+25%	5.9	+32%
Margin	25%	-3ppt	36%	+1ppt	28%	-8ppt	20%	0ppt	38%	0ppt


*Including IFRS 16 effect of €4.8m (thereof €1.6m in AIS, €0.5m in PCS, €0.7m in HIS and €0.2m in CHS)



AMBULATORY INFORMATION SYSTEMS

AIS P&L

Segment financials		Q4/19	yoy
Revenue (€m)		118.2	0%
EBITDA (€m)		42.2	+3%
Margin		36%	+1ppt

69%	
Recurring revenue	 +11% yoy Recurring revenue

Q4/19 yoy

- **Revenues** stable including effects from acquisitions (GIS, Qualizorg)
- Significant growth in TI services drove 11% growth in **recurring revenues**
- **EBITDA margin** slightly up with positive impact from acquisitions and IFRS 16 offsetting increased R&D spend

AIS Operational

- Organic revenue growth ex TI of 4%
 - Germany and Netherlands benefitting from Windows 10 implementation and hardware sales
 - US with strong performance in lab business
- Telematics Infrastructure update
 - installed base of > 54k going into 2020
 - CGM first to have received Gematik approval for TI connector software upgrade, subject to field tests






PHARMACY INFORMATION SYSTEMS

PCS P&L

Segment financials		Q4/19	yoy
Revenue (€m)		36.4	+6%
EBITDA (€m)		10.3	-17%
Margin		28%	-8ppt

52%	Recurring revenue
Recurring revenue	 +7% yoy

Q4/19 yoy

- **Revenue** growth of 6% mostly organic with minor acquisition impact in Spain (Eurosof2000 in 04/19) against already strong prior year
- **EBITDA and EBITDA margin** significantly down due to strong prior year comps in Germany and additional investment into G3 technology

PCS Operational

- Organic revenue growth of 5%
 - Italy with double-digit growth, supported by Windows 10 migration, hardware sales and government incentivized investments
 - Germany with revenues below an exceptional prior year Q4
- TI update
 - Financing agreement in place
 - Rollout for pharmacies expected to start in 2020, subject to field tests
 - Initial orders for TI connection packages of ~800 by 12/19 to be delivered in 2020



A photograph of two male doctors in a hospital hallway. The doctor on the right is wearing a white lab coat over blue scrubs, has a stethoscope around his neck, and is holding a tablet. He is looking towards the other doctor. The doctor on the left is seen from the back, wearing a white lab coat. The hallway has white walls and a blurred background.

HOSPITAL INFORMATION SYSTEMS


HIS P&L

Segment financials		Q4/19	yoy
Revenue (€m)		36.0	+21%
EBITDA (€m)		7.4	+25%
Margin		20%	Oppt

47%	
Recurring revenue	Recurring revenue

Q4/19 yoy

- 21% **organic** revenue growth mainly driven by one-time impact from hardware sales in NÖKIS project
- **EBITDA** increase following one-time sales impact and IFRS 16 benefit against increased R&D investments



CONSUMER & HEALTH MANAGEMENT INFORMATION SYSTEMS

CHS P&L / Operational

Segment financials		Q4/19	yoy
Revenue (€m)		15.4	+30%
EBITDA (€m)		5.9	+32%
Margin		38%	0ppt

14%	
Recurring revenue	

	+15% yoy
Recurring revenue	

Q4/19 yoy

- Excellent **organic** revenue growth of 29% driven by projects with pharmaceutical and insurance companies
- **EBITDA** improvement in line with revenue development

GUIDANCE 2020



Introducing adjusted earnings KPIs for more transparency

DEFINITION ADJUSTED EBITDA (from 2020 onwards)

- **M&A/Transactions**
 - Financial impact from acquisitions & divestitures of legal entities and/or essential PPE / material assets
 - Amortization/depreciation as well as write-up of investments
 - M&A transaction costs
 - Effects from purchase price allocation
- **Share-based option programs**
 - Accounting impacts of share option for executive management
- **Restructuring program expenses**
- **Tax impacts on above mentioned adjustment effects**
- **Other non-operative or non-current-period one-time effects**

Recent M&A projects (included in 2020 guidance)

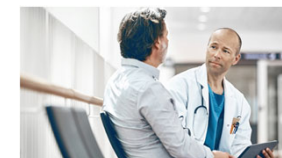
DECEMBER 2019



Acquisition of 100% of France based software provider EPSILOG

- Key product: VEGA, a **leading ambulatory information system for physiotherapists and nurses in France**
- Complementary product and thereby access to new partners
- To be consolidated in **AIS segment**
- **Financial impact** of ~€15m revenues and mid single-digit million EBITDA

JANUARY 2020



Acquisition of 100% of Italian based software provider H&S

- Provider of **telemedicine solutions** and **ICT services** for **domiciliary care providers**
- Expanding the CGM product portfolio to include powerful solutions for health and social-care providers
- To be consolidated in **HIS segment**
- **Financial impact** on revenues and EBITDA in the low single-digit million range

2020 Guidance

- **Revenues** in the range of €765m to €815m
 - **Adjusted EBITDA** in the range of €195m to €215m
-
- The 2020 guidance represents management's current best estimate of market conditions that will exist in 2020 and how the business segments of CGM will perform in this environment
 - The guidance does not include P&L impact associated with potential further acquisitions which have not been closed as of Feb 5, 2020
 - This outlook reflects all currently available information and management's forecasts regarding the further roll-out of the Telematics Infrastructure in Germany in 2020

2020 Revenue segment guidance*

- **AIS (now excl. lab outside US and incl. drug data base business): €453m - €485m**
 - Acquisition in France contributing ~€15m in 2020
 - TI expected below prior year level due to strong non-recurring revenues in 2019
- **PCS: €124m – €134m**
 - Revenues ex TI with strong prior year comps due to another exceptional performance in 2019
 - Low double-digit million € impact expected from TI rollout
- **HIS (now incl. lab business): €142m – €148m**
 - Low single-digit million € impact expected from TI and acquisition in Italy
- **New CHS segment (excl. drug data base business): €46m – €48m**


*based on new structure communicated Nov 7, 2019

2020 quarterly phasing

- Strong H1 prior year comps due to AIS TI installations
- Timing for software upgrade for TI connector and TI rollout to pharmacies dependent on regulatory approval and market dynamics
- Front-loaded cost impact of development activities



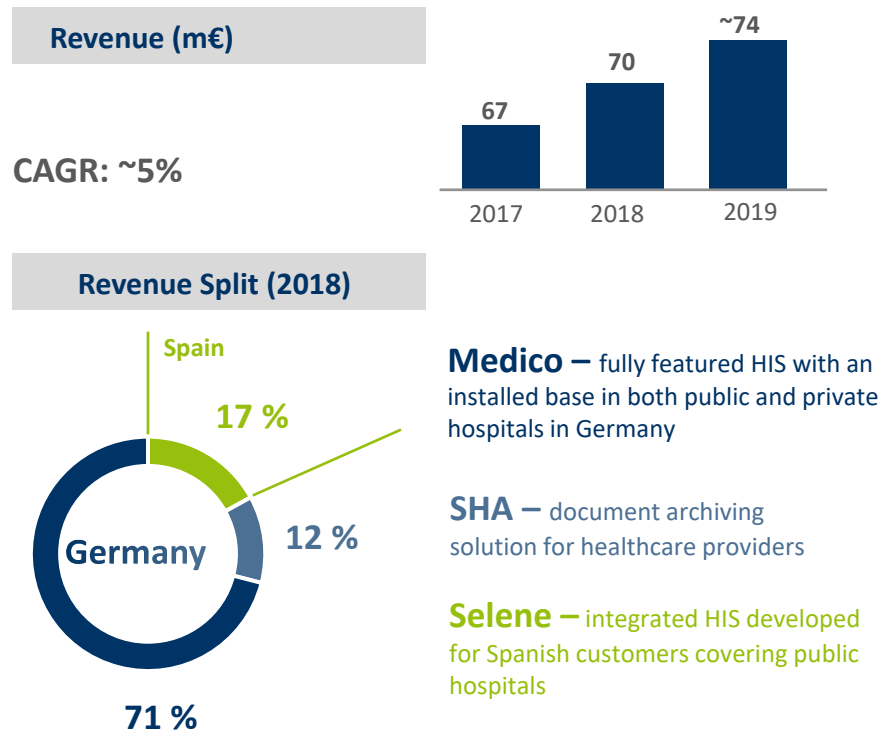
Softer Q1 EBITDA margin and ramp-up of anticipated revenues and EBITDA throughout the year

A photograph of two male doctors in a hospital hallway. The doctor on the right is wearing a white lab coat over blue scrubs, has a stethoscope around his neck, and is holding a tablet. He is looking towards the other doctor. The doctor on the left is seen from the back, wearing a white lab coat. The background shows a long hospital corridor with lockers on the left and medical equipment on the right.

Acquisition of Medico, Selene & SHA

(not included in 2020 guidance)

Strategic transaction with an attractive financial profile



- Combined #2 in Germany and one of the leading players in Spain
- Significant increase of installed base in hospital information system market
- 2019 revenues of ~€74m, EBITDA of ~€13m
- Enterprise value of €225m before purchase price adjustments
- Accretive in year one on a pro forma basis
- Closing expected for 3rd quarter of 2020 (subject to regulatory approvals)

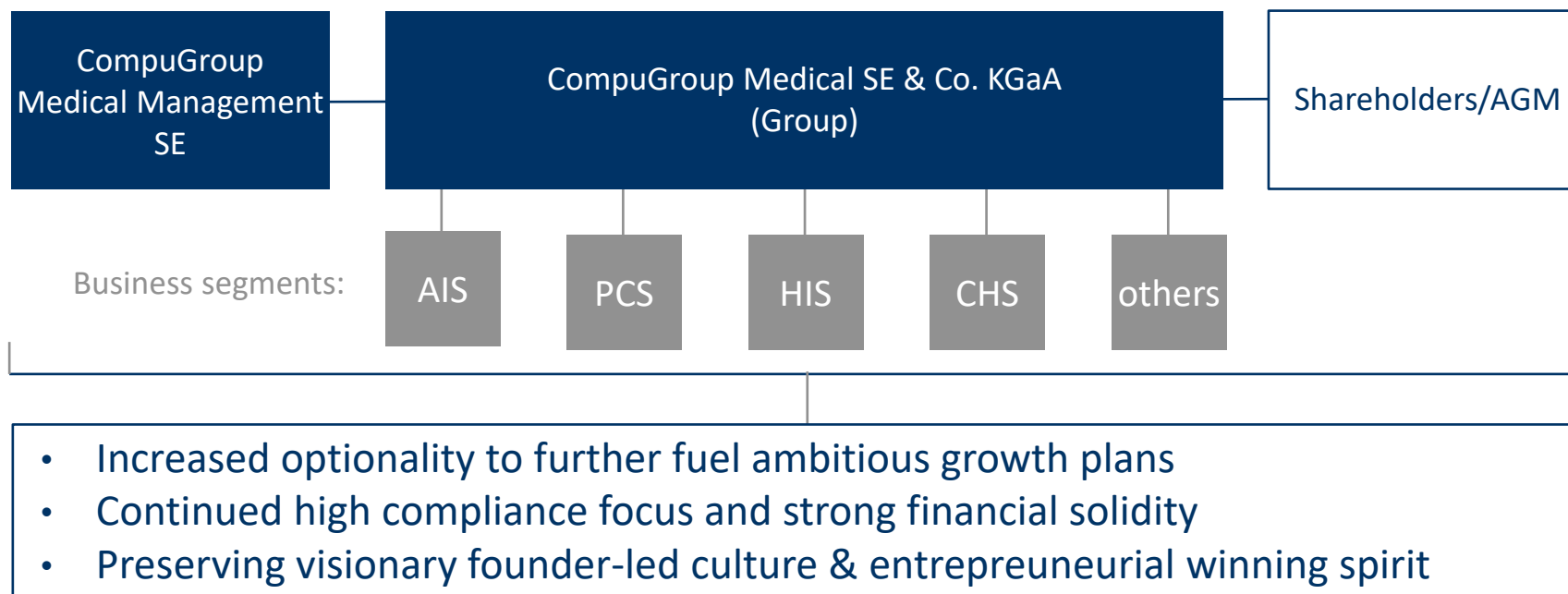
Increasing scale in hospital information systems



COMPELLING STRATEGIC RATIONALE

- Acquisition of one of the leading providers for hospital information systems in Germany and Spain
- Increases scale in hospital information systems and creating a European leader
- Highly complementary product offerings
- Strengthening presence in Germany and expanding portfolio in Spain
- Potential to further increase reach of innovative G3 platform
- Ideally positioned to benefit from increasing demand for integrated players providing services to hospital and ambulatory sector

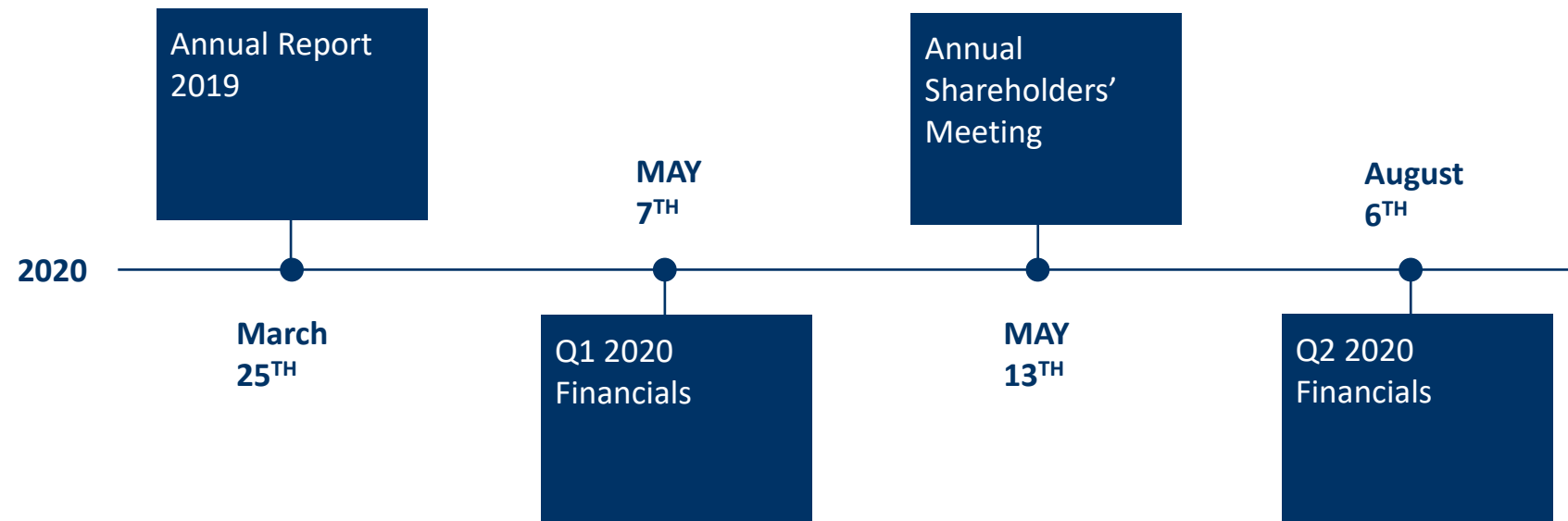
Intended change of legal form to enable further growth of CGM



CGM well positioned for further growth in 2020 and beyond

- Strong market positions across the business segments and regions
- Reliable business model with > 60% of revenues recurring
- Driving digitization in Healthcare
- Sustainable EBITDA on a high level with strong cash-flow profile
- Long-standing track record of value enhancing M&A
- Determined to further enhance value generation and shareholder return

Next events 2020



Q&A

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

Appendix



Key figures 2019

in €m	Reported		Pro forma ³⁾	
	2019	yoy	2019	yoy
Revenue	745.8	+4%	745.8	+4%
EBITDA	178.0	-5%	198.0	+9%
EBIT	115.6	-19%	135.6	-2%
Net income ¹⁾	74.0	-23%	92.9	+0%
EPS (€) ¹⁾	1.49	-23%	1.87	+1%
Cash net income ¹⁾²⁾	103.4	-17%	122.2	+1%
CNI per share (€) ¹⁾	2.12	-16%	2.51	+2%

¹⁾ All values for 2019 based on provisional tax calculation

²⁾ Net income before minority interest plus amortization of intangible assets less amortization on in-house capitalized software

³⁾ Adjusted for non-recurring one-time stock-based compensation benefit and costs for major abandoned transaction and other M&A costs

Key figures Q4/19

in €m	Reported		Pro forma ³⁾	
	Q4/19	yoy	Q4/19	yoy
Revenue	206.1	+6%	206.1	+6%
EBITDA	51.9	-6%	54.9	+7%
EBIT	33.7	-19%	36.7	-3%
Net income ¹⁾	21.3	-38%	24.3	-23%
EPS (€) ¹⁾	0.43	-36%	0.49	-21%
Cash net income ¹⁾²⁾	30.6	-29%	33.6	-18%
CNI per share (€) ¹⁾	0.63	-27%	0.69	-17%

¹⁾ All values for 2019 based on provisional tax calculation

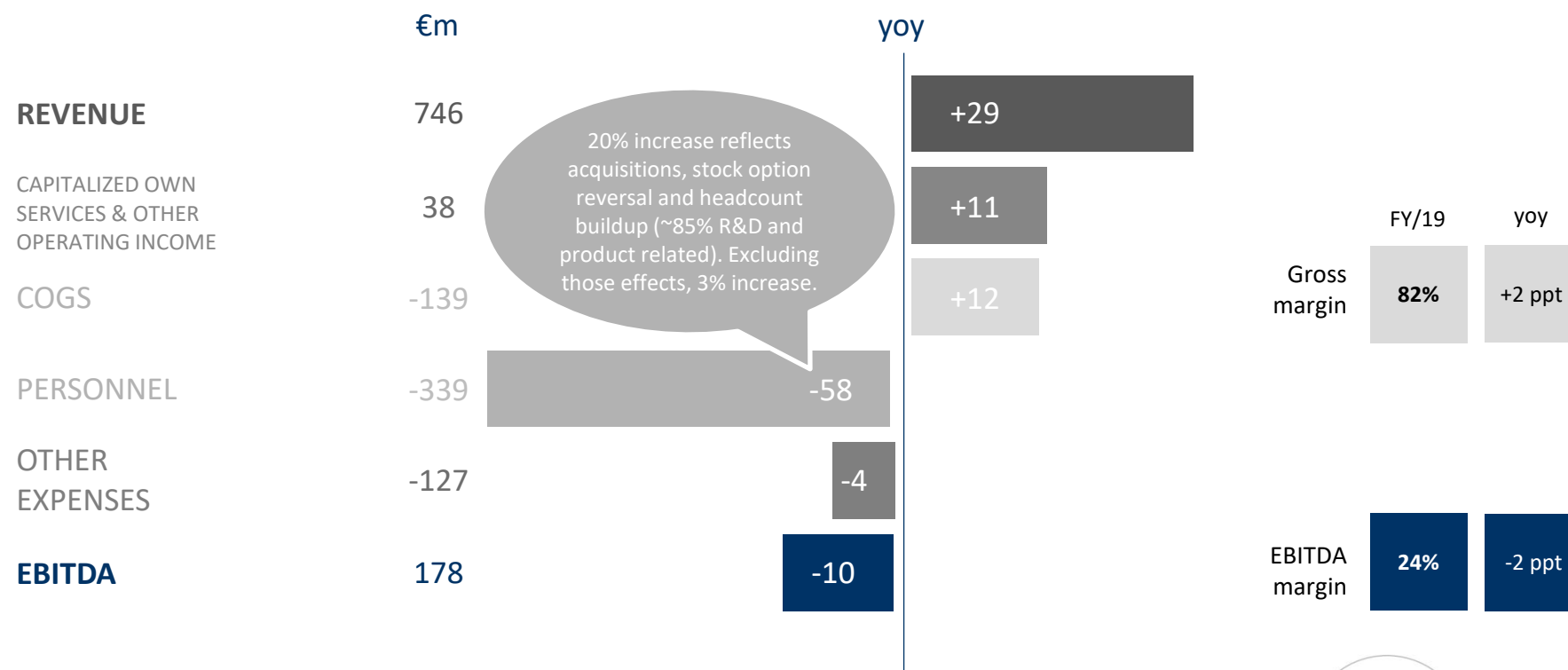
²⁾ Net income before minority interest plus amortization of intangible assets less amortization on in-house capitalized software

³⁾ Adjusted for non-recurring one-time stock-based compensation benefit and costs for major abandoned transaction and other M&A costs

2019 segments pro forma (per new structure, as communicated on Nov. 7)

Group			Ambulatory Information Systems		Pharmacy Information Systems		Hospital Information Systems		Consumer & Health Management Systems	
			Revenue Share							
			60 %		16 %		18 %		6 %	
			2019	yoy	2019	yoy	2019	yoy	2019	yoy
Revenue (€m)	745.8	+4%	444.6	-1%	119.4	+8%	135.9	+13%	45.7	+20%
EBITDA (€m)	178.0	-5%	160.4	-1%	31.9	+10%	19.3	+37%	11.2	+95%
Margin	24%	-2ppt	36%	0ppt	27%	+1ppt	14%	+2ppt	25%	+10ppt

Continued investment in 2019 impacting margins



2020 additionally guided KPIs

- Organic revenue growth 0 – 6 % for the group
- Recurring revenue > 60% of total revenues
- Adjusted* EPS in the range of €1.70 – €1.95
- Capex* expected in the range of €70m – €80m
- Adjusted* Free Cash Flow (operating cashflow incl. interest less capex) > €80m anticipated

* adjusted for M&A, restructuring, option programs and other non-operative major one-off effects

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