

Q4/FY 2022

Investor & Analyst Conference Call

Michael Rauch, Spokesman for the Managing Directors and CFO
February 9, 2023



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2022 was a challenging year for our CGM team

December 21
Cyber attack

February
Russia attacks
the Ukraine

April
Annual report 2021

June
CEO departure

June
INSIGHT Health
acquisition

2nd half of 2022
Shifting gears
towards margin
expansion

December
Workday go-live

We delivered along many dimensions

**Cyber
attack**

**Doctors
First**

**Focus on R&D
and next gen
technology**

**Winning
customers**

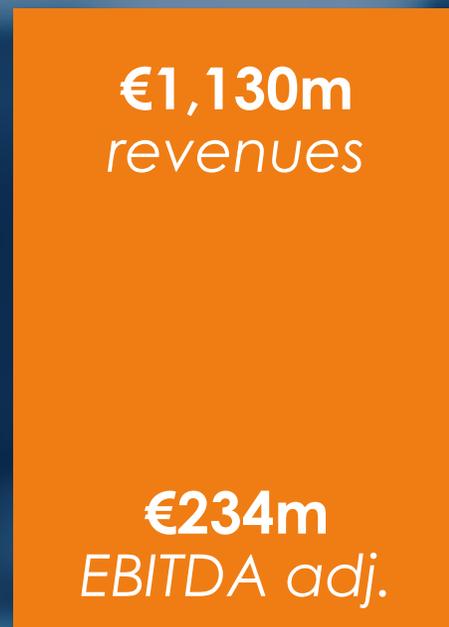
**Successful
acquisitions**

**Corporate
values
rollout**

**Workday
go-live**

**Shifting gears
towards
margin
expansion**

And again, we delivered another record year



10% revenue growth

4.1% organic growth

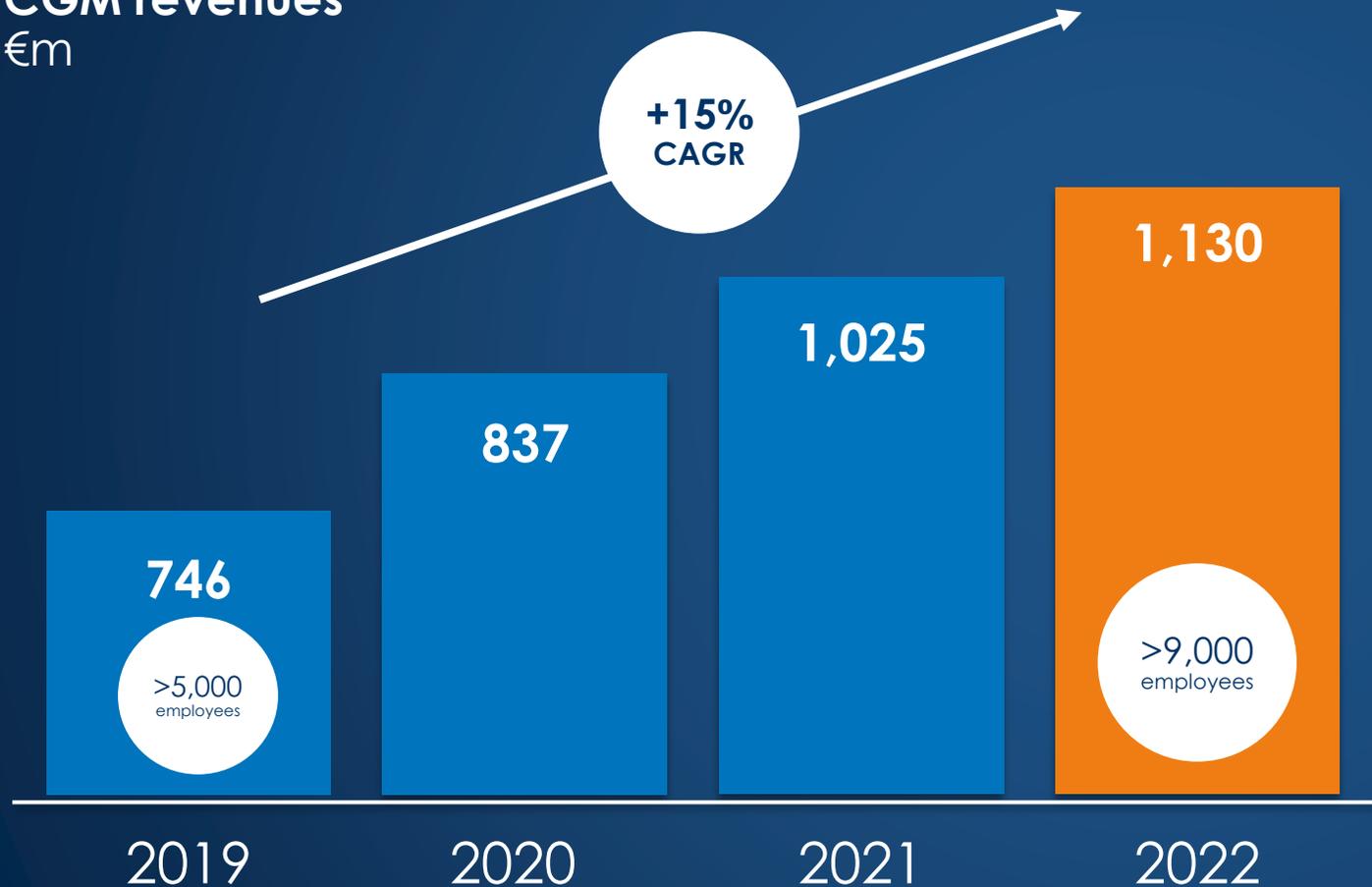
6.3% organic like-for-like*

New record EBITDA adj.

*adjusted for connector software upgrade in 2021

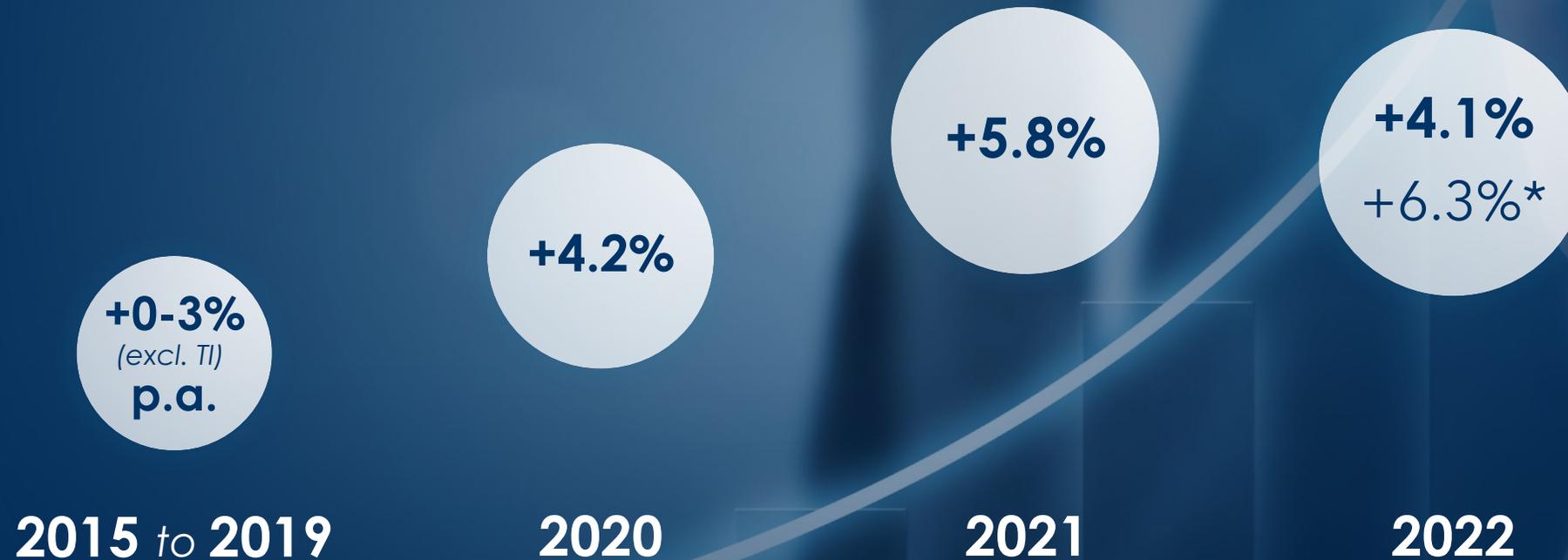
Long term view: We've shown what we are capable of

CGM revenues
€m



- Strong revenue growth
- Successful integrations
- 4,000 new employees
- Excellent team

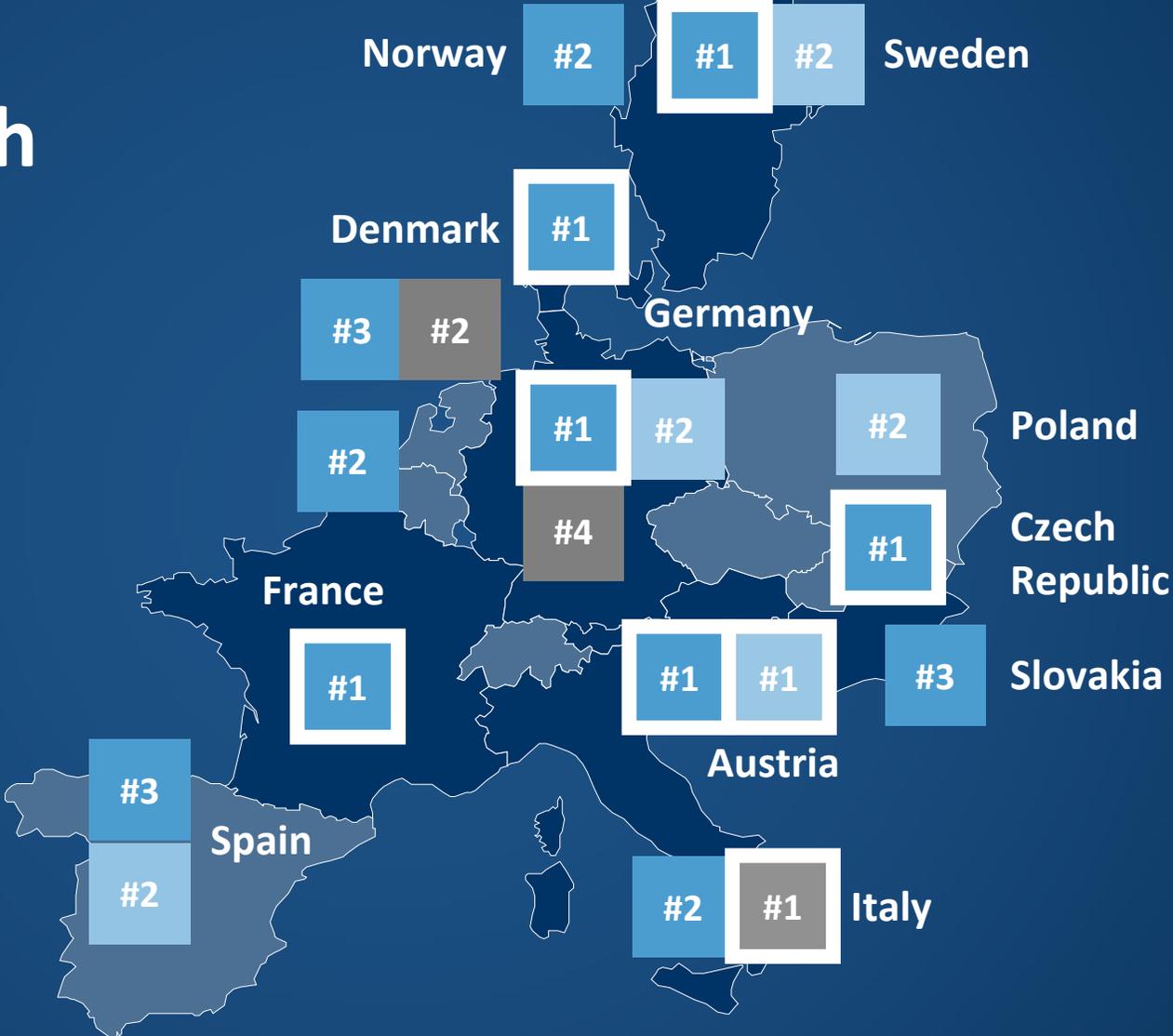
And we took organic growth to a new level



We have a compelling ambition

**We are the leading
Medical Software Company**

We operate from a position of strength



Our growth drivers

01

Innovate on a
scalable platform

AIS
business

02

Transform
organization

HIS
business

03

Enable seamless patient
journeys and data flows

Telematics
Infrastructure
&
PCS business

Innovative
data services

FY 2022 – We delivered on the updated guidance



FY

€1,130m
(+10%yoy)

65%
(+0ppt)

+4.1%/6.3%
(-1.7ppt)

€234m
(+4%yoy)

21%
(-1ppt)

€1.80
(PY: €1.95)

€69m
(PY: €101m)

Revenue

Recurring
rev Share

Organic
growth /
like-for-like*

Adj. EBITDA

Margin

Adj. EPS

FCF

**Updated
guidance**



(Oct 27, 2022) €1,100m-€1,130m

>65%

+4% to +6%

€220m – €240m

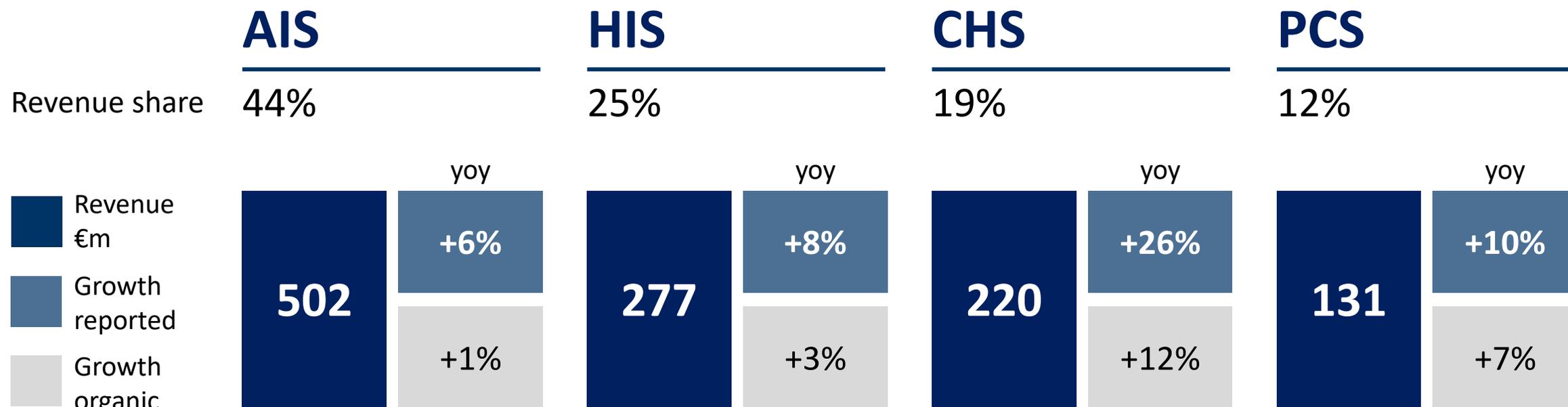
21% – 24%

€1.70 – €1.90

€40m – €70m

*adjusted for connector software upgrade in 2021

All segments contributed to growth in 2022



Updated guidance
(Oct 27, 2022)
Range in €m

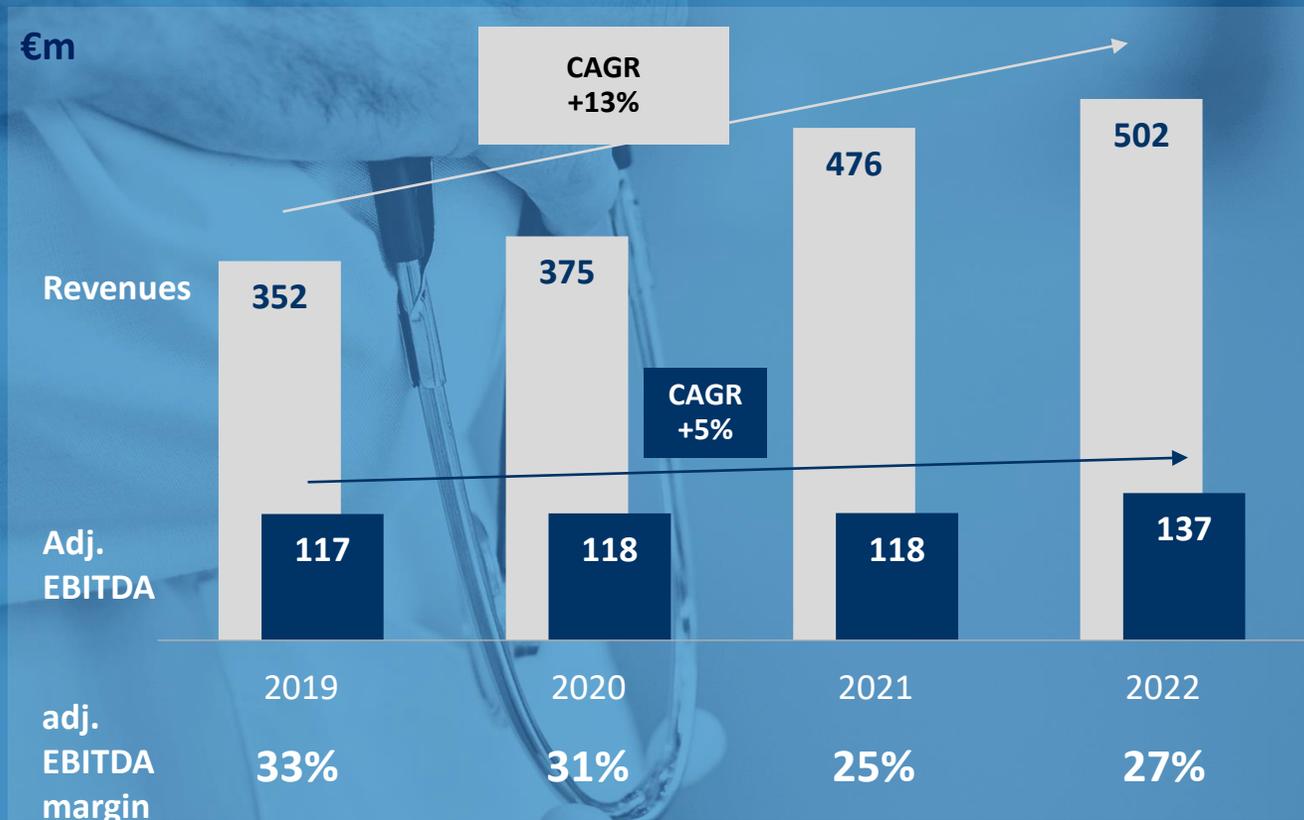
✓
490-510

—
280-295

✓ ✓
>200

✓ ✓
120-125

Ambulatory business on continued growth path



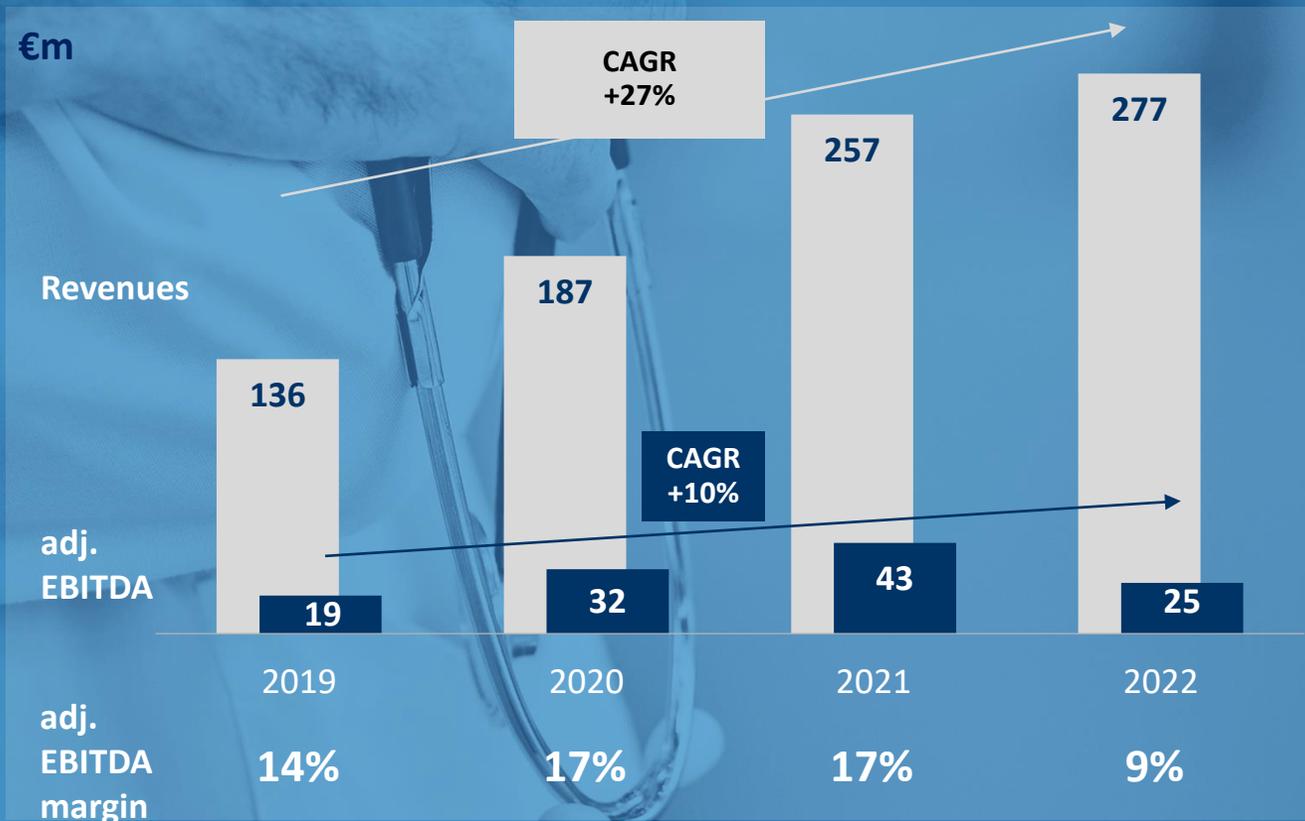
Building the basis for further growth in 2022

- **Doctors First:** focus on customer centricity
- CGM at the forefront of market **trend towards larger practices** with successful tender projects
- Successful rollout of **Ségur in France**
- **Replacement of 3rd party provider in the US** with eMEDIX started

Growing relevance of CGM network

- ~30m e-sick notes and ~35m KIM messages processed, representing a ~40% market share
- ~140k e-prescriptions processed

Hospital business well prepared for growth acceleration and margin rebound in 2023



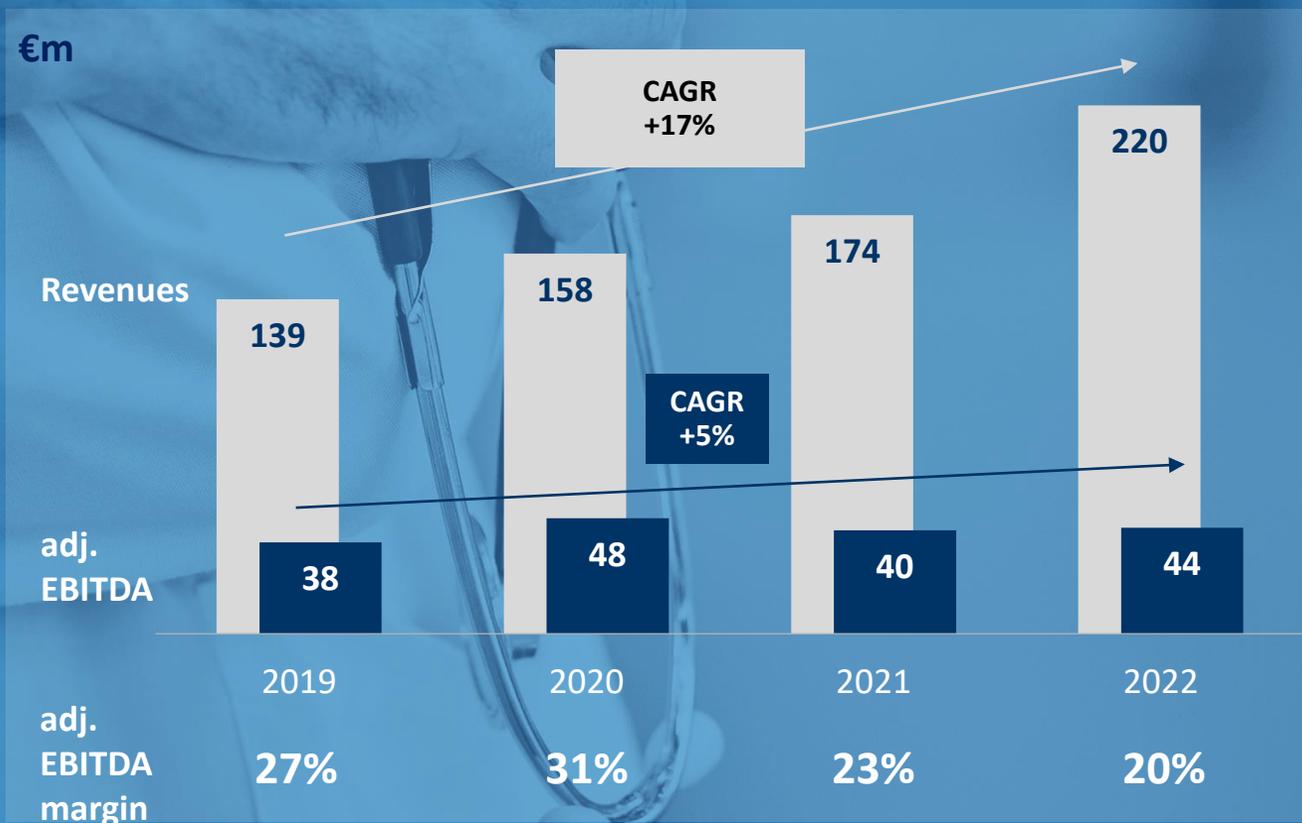
Hospital Future Act projects well on track

- Orders of ~€90 million relating to Hospital Future Act
- Raising our revenue target to €90m - €110m (old: €50m - €80m) over the next years

Continued execution in 2022

- Strong business development in Spain and Poland
- Partnership with SAP planned on revenue cycle management solution
- Margin impacted by higher investments into G3 technology & additional expenditure for larger projects

CHS: 2022 an excellent year in data solutions and TI



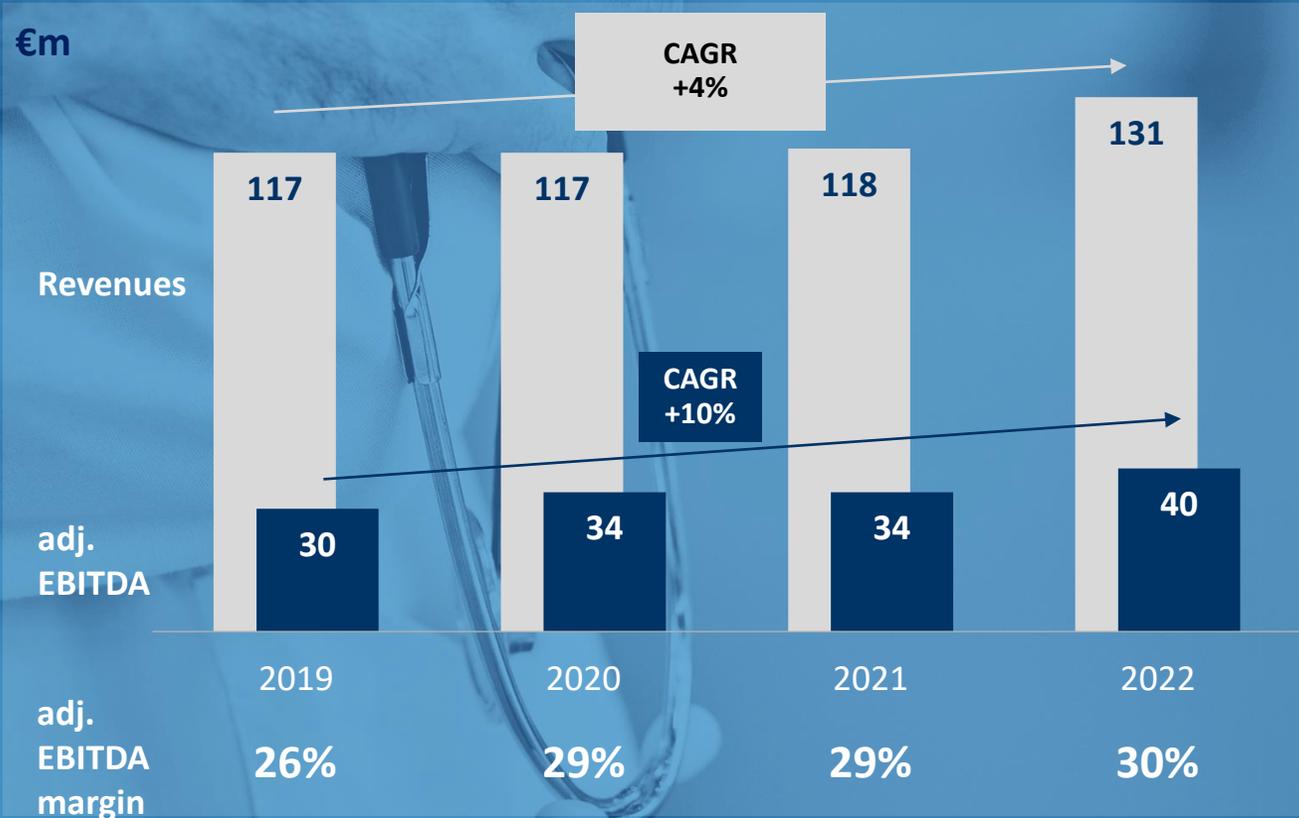
Expanding data-based solutions in 2022

- Major milestones towards goal of **pan-European health data intelligence suite**
- **Acquisition of INSIGHT Health** and immediate joint product launch
- **Internationalization started** with new market entry in Italy (acquiring 20% stake in New Line)

Telematics Infrastructure

- **Strong performance** in 2022 despite delayed connector software upgrade (now in H1/23)
- **~30k connectors to be exchanged** until spring 2023

PCS with strong performance and high profitability



Excellent operative performance in 2022

- Enabling next level digitization in Italy and Germany
- Strong revenue growth in Italy
- Efficient cost management in Germany & Italy drives margin

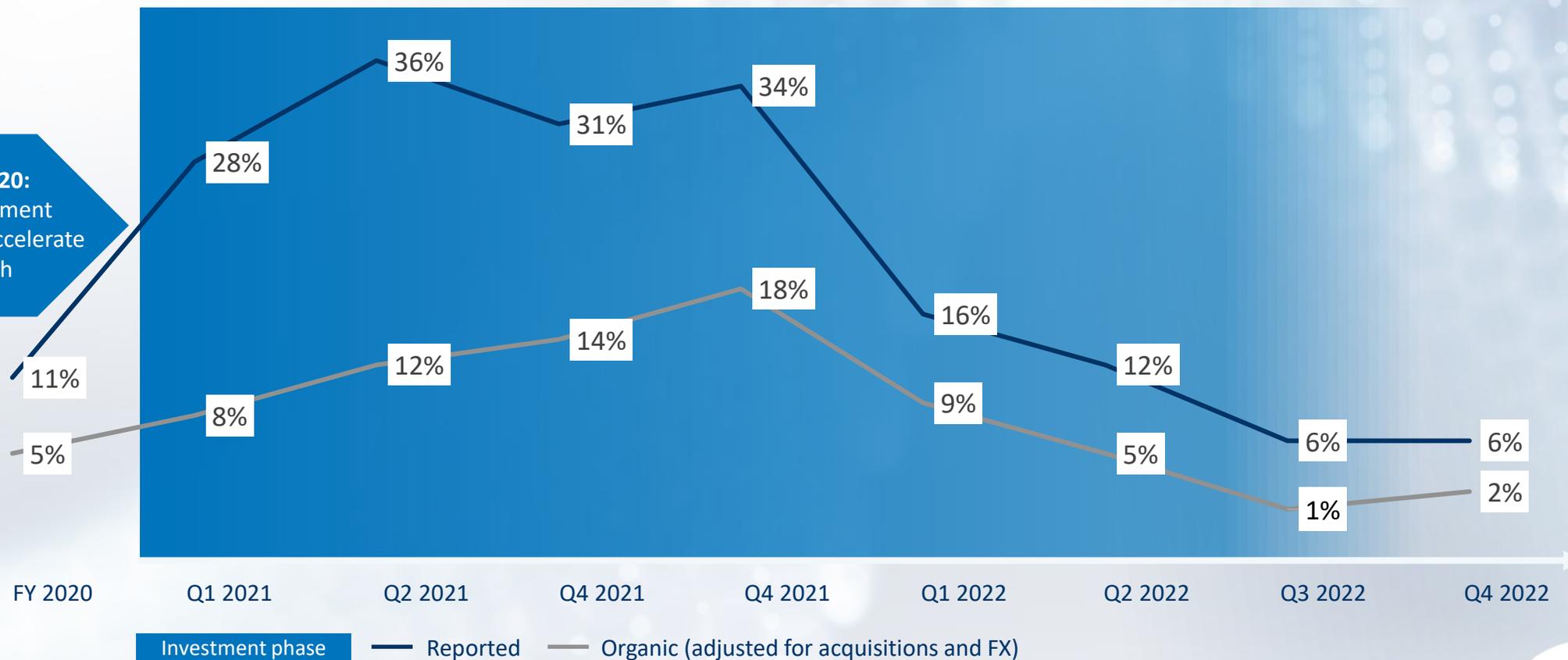
Above-average growth & strong margin

- Revenues up by 10% yoy
- Strong margin at 30%

Shifting gears in H2 2022 as first proof point towards margin expansion in 2023

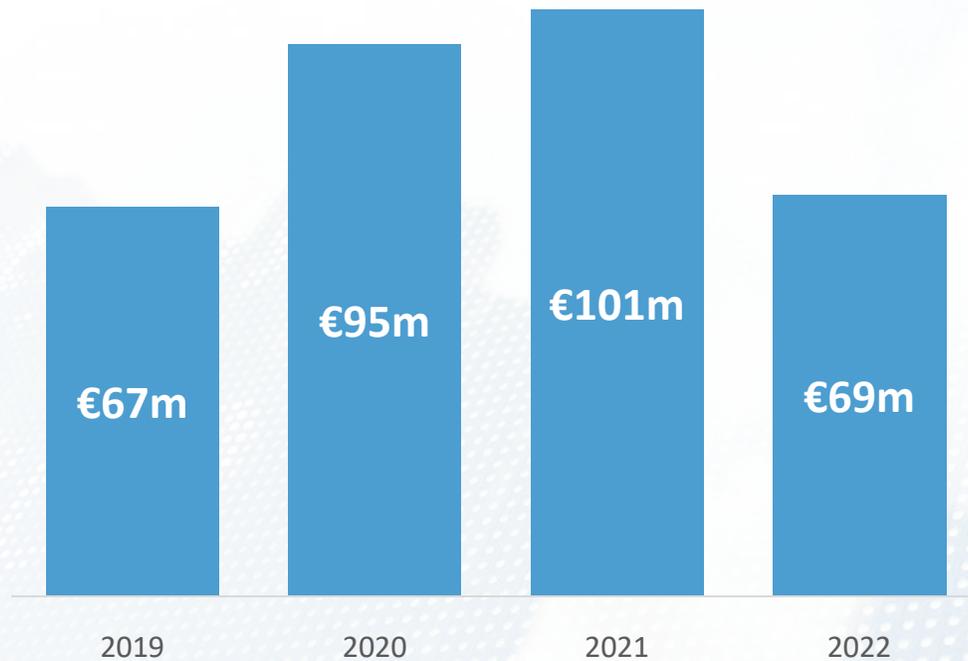
Increase of personnel expenses yoy

December 2020:
start of investment
initiative to accelerate
organic growth



Free cash flow 2022 impacted by phasing

Free cash flow



2022 impacted by

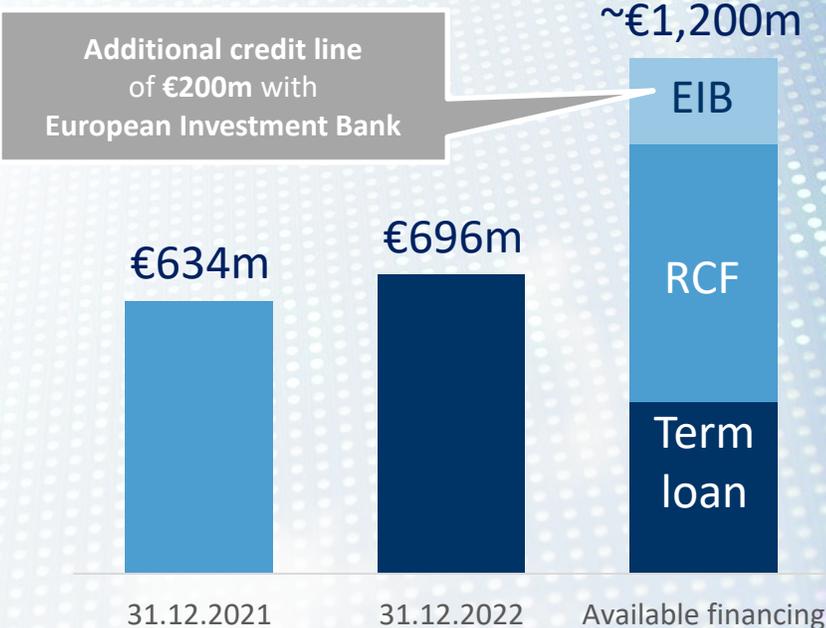
- **build-up for growth initiatives** (TI, Hospital Future Act, Ségur) **with significant cash contribution in 2023**
- payments resulting from **management changes and restructuring**

Crisis resilient financing in place

Strong financing secured at attractive conditions

- **>80% of net debt protected against interest hike** with derivatives such as caps and swaps
- Weighted average **maturity of credit lines more than 3 years**
- Selected **financing institutions with strong ratings and low risk profile**

Net debt



Leverage¹⁾ 2.8x 3.1x

¹⁾ Leverage 2022 = Net debt (liabilities to banks and financial liabilities (incl. leasing liabilities according to IFRS 16) ./ cash and cash equivalents (with the exception of accounts under third-party management)) / EBITDA (LTM) adjusted for restructuring expenses plus pro rata EBITDA of newly acquired companies (Leverage 2021: EBITDA adjusted (LTM) plus pro rata EBITDA of newly acquired companies)





2023 TIME TO DELIVER

GROUP guidance 2023

	FY 2022 actuals	FY 2023 guidance
Group revenues	€1,130m	~5% organic growth
Adj. EBITDA	€234m	€260m - €300m
Recurring revenue share	65%	60% - 70%
Adj. EPS	€1.80	>10% increase
FCF	€69m	>€100m

Segment guidance 2023

	2022 actuals	2023 organic growth
AIS revenue	€502m	mid-single digit %
HIS revenue	€277m	mid- to high-single digit %
CHS revenue	€220m	low- to mid-single digit %
PCS revenue	€131m	low-single digit %

CGM on its path towards attractive mid-term targets



Our mission

**Creating the future of
e-health.**

CGM



Q&A

PLEASE PRESS *1 TO ASK QUESTIONS

FY/Q4 financials



FY	€1,130m (+10%yoy)	65% (+0ppt)	+4.1%/+6.3% (-1.7ppt)	€234m (+4%yoy)	21% (-1ppt)	€1.80 (PY: €1.95)	€69m (PY: €101m)
Q4	€328m (+17%yoy)	57% (-6ppt)	11% (+9ppt)	€68m (+26%yoy)	21% (+2ppt)	€0.47 (PY: €0.49)	€45m (PY: €28m)
	Revenue	Recurring rev share	Organic growth / like-for-like*	Adj. EBITDA	Margin	Adj. EPS	FCF

Ambulatory segment with strong prior year comps

	Q4/22	yoy
Revenue (€m)	137	+8%
EBITDA adjusted (€m)	40	+51%
Margin	29%	+8ppt

Q4/22 yoy

- **Revenue growth** of +8% supported by FX (US) and consolidation effects
- **Organic revenue** +4% driven by strong execution on Ségur in France and e-billing module rollout in German dental business
- **Recurring revenue** share still high at 72%, slightly below prior year due to Segur one-off effects
- **Adjusted EBITDA margin** above prior year quarter

72% (-3ppt)

Recurring revenue share



Recurring revenue

Hospital segment with significant growth investment

	Q4/22	yoy
Revenue (€m)	70	-5%
EBITDA adjusted (€m)	-1	>-100%
Margin	-1%	-18ppt

Q4/22 yoy

- **Revenue organically** below strong prior year quarter (-4%) due to high volume license sale in Germany in Q4 2021 and project revenue shifted into 2023
- **Recurring revenue** increasing by 10%, strong recurring revenue share of 70%
- **Adjusted EBITDA and margin** impacted by significant investments into G3 technology & additional expenditure for larger projects

70% (+10ppt)

Recurring revenue share



Recurring
revenue

Consumer Health segment with strong prior year comps

	Q4/22	yoy
Revenue (€m)	83	+83%
EBITDA adjusted (€m)	23	>+300%
Margin	28%	+16ppt

Q4/22 yoy

- **Revenue increase** by 83% driven by TI connector exchange & record year of INSIGHT Health
- **Organic revenue ex TI** (-5.4%) driven by macro impact in the pharma industry
- **Recurring revenue** profile impacted by one-off revenues (connector exchange)
- **Adjusted EBITDA** significantly above PY due to INSIGHT Health acquisition

22% (-16ppt)
 Recurring revenue share



Pharmacy segment delivering growth and strong margin

	Q4/22	yoy
Revenue (€m)	37	+15%
EBITDA adjusted (€m)	12	+25%
Margin	34%	+3ppt

Q4/22 yoy

- **Revenues up 15%**, driven by acquisition of 4k in Italy
- **Organic revenue** growth of 8% due to strong year end business in Italy (mostly hardware)
- **Recurring revenues up 6%**, share of recurring revenue impacted by higher hardware revenues
- **Adjusted EBITDA** with strong growth due to efficient cost management in Germany and Italy

57% (-4ppt)

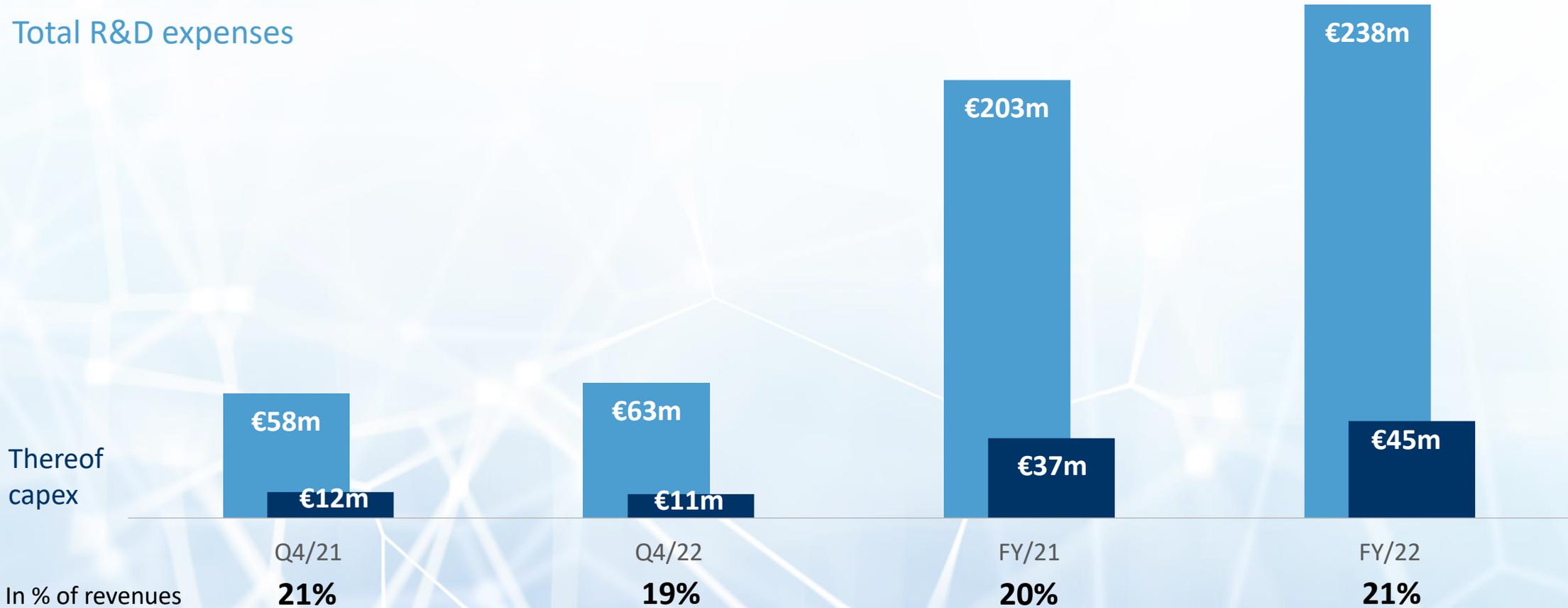
Recurring revenue share



Recurring revenue

R&D expenses reflect investment initiative

Total R&D expenses



Focus on ESG



Achievements 2022

- Increasing transparency
- Developed concept to carbon neutrality
- Management Board more international and diverse
- Share of women in corporate leadership positions from 22% to 27%
- Tool to regularly measure employee satisfaction and feedback

MSCI ESG rating (BBB)	Industry average	CGM score	Trend	Explanation
Carbon emissions	7.0	7.7	→	100% of revenues from less carbon-intensive business lines relative to peers Carbon intensity and/or trend is strong relative to peers
Privacy & Data Security	5.0	3.3	↘	100% of revenues in regions where data protection regulations are strict
Human capital development	1.0	2.2	→	Relatively low proportion of operations reliant on highly skilled workers compared to peers and / or the company has not had recent restructuring or major layoffs
Corporate Governance	5.5	7.2	↗	The company falls into the average scoring range relative to global peers, reflecting relatively few areas of concern.
Corporate behavior	7.3	6.2	↗	No evidence of oversight of ethics and corruption issues

FY/2022 P&L Group

€m	FY/22	FY/21
Revenues	1,129.7	1,025.3
Capitalized own services / other operating income	64.2	62.0
Expenses for goods & services purchased	-216.4	-191.4
Personnel expenses	-546.7	-497.7
Other operating expenses	-214.5	-184.8
EBITDA reported	216.4	213.4
Depreciation & amortization	-112.4	-110.7
EBIT	104.0	102.7
Financial result	2.8	-4.8
EBT	106.8	97.9
Income taxes	-32.7	-28.9
Net income	74.1	69.0
Non-controlling interest	0.7	0.1
EPS reported, diluted (€)	1.40	1.30

Q4/2022 P&L Group

€m	Q4/22	Q4/21
Revenues	327.7	279.2
Capitalized own services / other operating income	21.0	27.6
Expenses for goods & services purchased	-71.2	-59.3
Personnel expenses	-142.8	-134.6
Other operating expenses	-68.3	-64.1
EBITDA reported	66.4	48.8
Depreciation & amortization	-30.6	-31.9
EBIT	35.8	16.9
Financial result	-16.8	0.2
EBT	19.0	17.1
Income taxes	-4.7	-4.6
Net income	14.3	12.5
Non-controlling interest	0.0	0.1
EPS reported, diluted (€)	0.26	0.28

Adjustment principles for EBITDA and EPS (since January 2020)

- **M&A/Transactions** (for M&A since Jan 2020 and >€50m transaction volume)
 - Financial impact from major 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 allocations
- **Share-based option programs**
 - Accounting impacts of share-based option programs for managing directors
- **Restructuring program expenses**
- **Tax impacts on above mentioned adjustment effects**
- **Other non-operative, extraordinary or prior period one-time effects**

FY/2022 Net income adjustments

€m	FY/22	FY/21
EBITDA adjusted	234.0	224.3
Depreciation & amortization (incl. PPA)	-112.3	-110.7
PPA effects on depreciation & amortization (for M&A since Jan 1, 2020 & >50m transaction volume)	26.8	28.6
EBIT adjusted	148.5	142.2
Financial result	-16.8	-4.8
Income taxes	-36.8	-34.0
Net income adjusted	94.9	103.4
Depreciation & amortization of PPA (for M&A since Jan 1, 2020 & >50m transaction volume)	-26.8	-28.6
M&A related adjustments	-2.8	-1.8
Share-based option programs	-2.6	-5.7
Restructuring expenses	-3.4	0.0
Other non-operative, extraordinary or prior period one-time effects*	10.8	-3.4
Taxes attributable to these effects	4.0	5.1
Net income	74.1	69.0

*Including interest cap effect of €19.6m, as well as costs relating to management changes and cyber-attack

FY/2022 EBITDA bridges to adjusted EBITDA (non-IFRS) and EBIT

€m	FY/22	FY/21
EBITDA reported	216.4	213.4
M&A transactions	2.8	1.8
Share-based option programs*	2.6	5.7
Restructuring program expenses	3.4	-
Other non-operative, extraordinary or prior period one-time effects**	8.8	3.4
EBITDA adjusted	234.0	224.3

€m	FY/22	FY/21
EBITDA reported	216.4	213.4
Depreciation & amortization (ex PPA)	-66.4	-61.8
PPA effects on depreciation & amortization	-46.0	-48.9
<i>Thereof PPA adjustments (for M&A since Jan 1, 2020 & >50m transaction volume)</i>	-26.8	28.6
EBIT reported	104.0	102.7

* Includes one-time effects related to management changes

** Costs in the context of the cyber attack as well as changes in management

Q4/2022 Net income adjustments

€m	Q4/22	Q4/21
EBITDA adjusted	67.9	53.9
Depreciation & amortization (incl. PPA)	-30.7	-31.9
PPA effects on depreciation & amortization (for M&A since Jan 1, 2020 & >50m transaction volume)	6.5	6.4
EBIT adjusted	43.7	28.4
Financial result	-10.5	0.1
Income taxes	-7.9	-6.4
Net income adjusted	25.3	22.1
Depreciation & amortization of PPA (for M&A since Jan 1, 2020 & >50m transaction volume)	-6.5	-6.4
M&A related adjustments	-0.7	-0.5
Share-based option programs	-0.8	-1.2
Restructuring expenses	0.0	-
Other non-operative, extraordinary or prior period one-time effects*	-6.2	-3.4
Taxes attributable to these effects	3.2	1.9
Net income	14.3	12.5

*Interest cap effect

Q4/2022 EBITDA bridges to adjusted EBITDA (non-IFRS) and EBIT

€m	Q4/22	Q4/21
EBITDA reported	66.4	48.8
M&A transactions	0.7	0.5
Share-based option programs	0.8	1.2
Restructuring program expenses	0.0	-
Other non-operative, extraordinary or prior period one-time effects	0.0	3.4
EBITDA adjusted	67.9	53.9

€m	Q4/22	Q4/21
EBITDA reported	66.4	48.8
Depreciation & amortization (ex PPA)	-19.5	-21.1
PPA effects on depreciation & amortization	-11.1	-10.8
<i>Thereof PPA adjustments (for M&A since Jan 1, 2020 & >50m transaction volume)</i>	-6.5	-6.4
EBIT reported	31.1	16.9

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