



CompuGroup Medical SE & Co. KGaA

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CompuGroup Medical reports revenue growth of 8 % and confirms mid-term targets

- **8 % growth in the first nine months of 2022 with revenues of EUR 802 million**
- **Organic growth of 1.5 % against strong prior year, like-for-like growth of 4.5 % (adjusted for one-off effects) in line with mid-term ambition**
- **Recurring revenue increase of 11 % underlines resilience of business model**
- **Adjusted EBITDA margin with improvement within the first three quarters**
- **Excellent order intake and strategic customer wins in hospital and German ambulatory business**
- **Well on track for strong fourth quarter based on numerous digitization projects for healthcare practitioners in Germany and France**
- **Mid-term targets confirmed**



Koblenz. CompuGroup Medical SE & Co. KGaA (CGM), one of the world's leading e-health providers, is reporting its results for the first nine months and the third quarter of 2022. The results for the first three quarters of 2022 are again testimony to the attractive growth opportunities and investments in the healthcare sector due to ongoing digitization initiatives. Group revenues grew by 8 %, despite a strong prior year's third quarter, which was positively impacted by one-off effects. This development underlines the strategic path taken towards sustainable, profitable growth and the investments are paying off. Adjusted EBITDA after the first nine months is still impacted by the strategic investments to accelerate digitization in healthcare, while the margin improved in the first three quarters as expected and is well on track towards the communicated margin expansion following the investment initiative. The quality of revenues, reflected by the share of recurring revenues, has further improved by two percentage points to 68 %. Recurring revenues grew by 11 %, underlining the strong resilience of CGM's business model.

CGM with strategic milestones in the third quarter

During the third quarter, CGM realized strategic customer wins in the ambulatory and hospital business. In Southern Germany, CGM won a tender project with emergency practices, which will be fully equipped with CGM M1 PRO, enabling a uniform workflow for cross-practice use. In the Hospital Information Systems segment the demand for next generation technology is unbroken, underlined by the latest strategic customer wins like the University Hospital Zurich or the Biedenkopf Hospital in Germany. In France, preparations for the introduction of the government-supported digitization program Ségur were successfully completed and CGM has meanwhile started the rollout planned for the fourth quarter. In the Consumer & Health Management Information Systems segment, CGM and the newly acquired INSIGHT Health launched a joint product offering for pharma companies within only eight weeks. The first strategic customer has been won with this product, which provides deep insights about distribution of diagnosis for pharmaceutical drugs and prescribing doctor specialist groups. In Telematics Infrastructure (TI), the planned exchange of connectors has begun and will continue to ramp up speed in the fourth quarter.



“We are well positioned to capture the upcoming growth opportunities in the final quarter of 2022 and beyond”, said Michael Rauch, Spokesman for the Managing Directors and CFO of CompuGroup Medical. “The team is fully focused on supporting our customers on their journey to digitization, which is accelerating across our most relevant markets. All segments are contributing to our growth story and have shifted gears towards achieving our margin ambitions going forward.”

Group: Revenues and adjusted EBITDA reflect seasonality in 2022

With an increase of 8 %, group revenues recorded EUR 802 million (previous year: EUR 746 million). Organic revenue growth – i.e. adjusted for consolidation and currency effects – stood at 1.5 %. Adjusted for prior year’s TI upgrade, organic revenue growth amounted to 4.5 %. Adjusted EBITDA reached EUR 166 million, representing a decline of 3 % year-on-year, and reflecting an adjusted EBITDA margin of 20.7 % (9M 2021: 22.8 %). Throughout the first nine months of 2022, the quality of revenues, reflected by the share of recurring revenues, further improved to 68 % (+2 ppt). Adjusted earnings per share (diluted) amounted to EUR 1.33 (9M 2021: EUR 1.46). With EUR 24 million, free cash flow is below last year’s level of EUR 73 million, impacted by prepayments for the TI connector exchange and payments relating to management changes and restructuring costs.

Guidance for 2022

Based on shifting projects, mainly the connector software upgrade, to fiscal year 2023, CGM adjusted its 2022 full year guidance on October 27 as follows: For 2022, revenues are expected in the range of EUR 1,100 million to EUR 1,130 million (previously: EUR 1,100 million to 1,150 million), with organic growth between 4 % and 6 %. The adjusted EBITDA for 2022 is expected to be EUR 220 million to EUR 240 million (previously EUR 240 million to EUR 260 million). The company anticipates adjusted earnings per share (adj. EPS) in a range of EUR 1.70 to EUR 1.90 (previously: EUR 1.90 to EUR 2.10). Free cash flow for the full year 2022 is impacted by the

delayed projects as well as the cash-to-invoice ratio for the significant additional revenues expected in the fourth quarter. Therefore, CGM now expects free cash flow for the full year 2022 in a range between EUR 40 million to EUR 70 million (previously: > EUR 100 million).

Quarterly development: Solid results against a strong prior year's quarter

Group revenues grew by 3 % against a strong third quarter 2021 and recorded EUR 285 million (previous year: EUR 276 million). Organic revenues – i.e. adjusted for consolidation and currency effects – declined by 3 %. Adjusted for previous year's TI upgrade, organic revenue growth amounted to 5 %. Adjusted EBITDA reached EUR 61 million, after EUR 73 million in Q3 2021, also impacted by the connector upgrade, resulting in an adjusted EBITDA margin of 21 % (Q3 2021: 26 %). In the third quarter of 2022, the quality of revenues, reflected by the share of recurring revenues, further improved to 65 % (+3 ppt).

In the third quarter, revenues in the **Ambulatory Information Systems** segment rose by 1 % to EUR 123 million (previous year: EUR 122 million). Organically, revenues declined by 4 % against a strong prior year's quarter with additional rollouts of new modules like the e-health record and vaccination certificates in the DACH region during Q3 2021. Recurring revenues amounted to 80 % of segment revenues, representing 8 % growth compared to the previous year, underlining the continued strength of the segment.

Again, a strong revenue growth has been recorded in the **Hospital Information Systems** segment, where revenues increased by 7 % to EUR 70 million (previous year: EUR 66 million). Organic growth stood at 6 %, representing a strong quarter. In addition to continued demand for innovative technologies like the G3 platform, revenue development has been positively affected by strong execution in Germany. The share of recurring revenues stood at 68 % leading to a growth of 7 % of total recurring revenues. In relation to the Hospital Future Act, CompuGroup Medical has already realized an order intake of more than EUR 65 million.



The **Consumer & Health Management Information Systems** segment achieved revenues of EUR 60 million, representing an increase of 2 % compared to a strong prior year's quarter, influenced by the 2021 connector upgrade. Adjusted for TI, organic revenues were stable, reflecting the macro-crisis-related headwinds in the pharma industry. Recurring revenues rose by 6 % resulting in a share of recurring revenues of 28 %.

The **Pharmacy Information Systems** segment recorded a strong revenue growth of 8 % to EUR 32 million (previous year: EUR 30 million), partly driven by acquisitions in Italy. Again, the segment showed a strong organic growth of 4 % due to strong business performance in Italy. Recurring revenues in the PCS segment increased by 11 % to EUR 22 million in the third quarter of the year compared to the same period of the previous year.

The full quarterly statement is available on the company's website at www.cgm.com/ir-publications.

About CompuGroup Medical SE & Co. KGaA

CompuGroup Medical is one of the leading e-health companies in the world. With a revenue base of EUR 1.025 billion in 2021, its software products are designed to support all medical and organizational activities in doctors' offices, pharmacies, laboratories, hospitals and social welfare institutions. 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 1.6 million users, including doctors, dentists, pharmacists and other healthcare professionals in inpatient and outpatient facilities. With locations in 19 countries and products in 56 countries worldwide, CompuGroup Medical is the e-health company with one of the highest coverages among healthcare professionals. More than 8,500 highly qualified employees support customers with innovative solutions for the steadily growing demands of the healthcare system.