

Q4 Analyst Call

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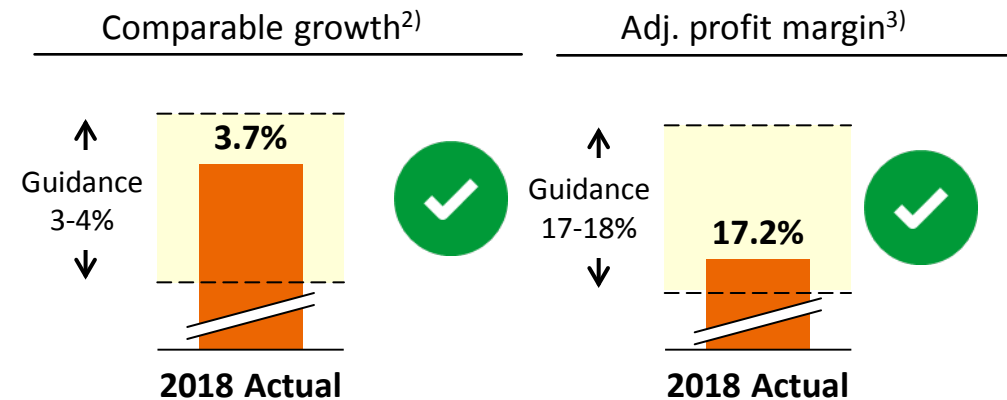
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FY18 – a successful & exciting year

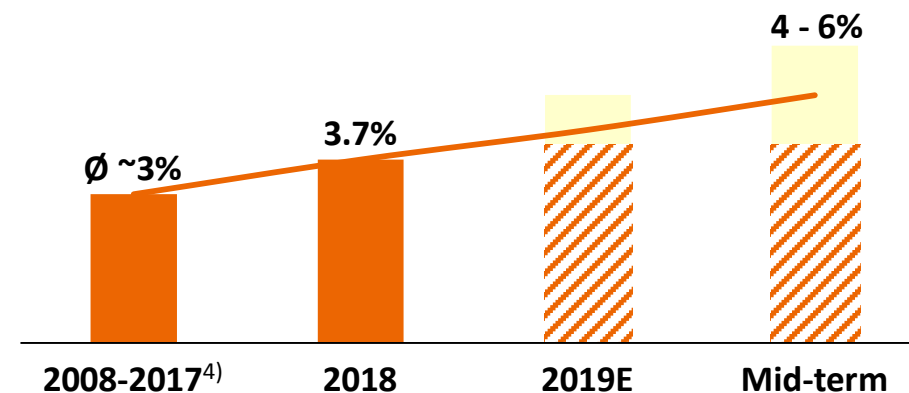
Key achievements

- **Successful IPO** 
- **New agile organization** 
- **Cost-savings program on track** 
- **Healthineers Performance System launched to establish lean culture** 
- **Successful introduction of industry-leading products, incl.:** 
 - ✓ Atellica Solution¹⁾
 - ✓ New Ultrasound platforms
 - ✓ Strong imaging pipeline

Targets achieved



Accelerating topline growth



1) Product availability varies by country

2) Comparable growth excluding currency translation and portfolio effects

3) Adjusted for severance charges and IPO costs

4) Historical figures based on non-IFRS15 figures

Q4 FY18 – strong finish of fiscal year

- **Comparable¹⁾ revenue up by 4.2%** driven by strong **Imaging** business with 6% growth
- **Diagnostics with improving growth dynamics (+3%) and continued double-digit instrument sales growth**
- **Atellica Solution²⁾ ramp-up on track with 990+ analyzers shipped** by end of Sep.
- **Adjusted Profit³⁾ margin at 18.2%**; -70 bps with FX headwinds of -210 bps
- **Adjusted net income³⁾ of €430 mio.**, down -3% on FX headwinds and higher taxes
- **Strong FCF of €614 mio.**, 30% above prior year
- **Full year targets achieved; further growth and margin improvement in FY19**
- **Dividend of 70 ct proposed**, 55% of net income

1) Comparable growth excluding currency translation and portfolio effects

2) Product availability varies by country

3) Adjusted for severance charges and IPO costs (profit and net income) and for amortization of intangible assets acquired in business combinations net of tax (net income)

We are partnering with our customers to jointly solve their key challenges

Recent large deals and cooperations

Primary Health Care, Australia

- Second largest lab provider in Australia
- Retention deal for 74 Atellica Solution analyzers

Catholic Medical Center Eunpyeong St. Mary's hospital, Korea

- Multi-modality deal for five affiliated hospitals
- Cooperation to establish an AI center

Klinikum Braunschweig, Germany

- First Managed Equipment Service contract in Germany
- Optimizing workflows in radiology, cardiology and the emergency department

Alliar Médicos à frente, Brazil

- *syngo* Virtual Cockpit¹⁾ for remote scanning assistance
- Overcoming expert shortages and increasing productivity

1) This product is under development and not commercially available. Its future availability cannot be ensured

Strategic partnership to reshape health delivery



Unique relationship for joint innovation and transformation of care delivery

- Improve efficiency in stroke care by decreasing the door to needle time
- Optimize the patient experience as well as maximize departmental efficiency – by deploying a digital twin of the hospital to improve overall processes

Major product innovations expand our leading position in precision medicine



**MAMMOMAT
Revelation**



**SOMATOM
Edge Plus + FAST**



**nexasis
Therapy Suites**



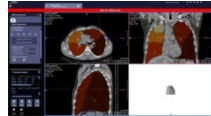
**MAGNETOM Sola
1st 1.5T with BioMatrix**



**Biograph
Vision**



**SOMATOM
go.All & go.Top**



**syngo.via Frontier
Lung Analysis Suite (AI)¹⁾**



**New SOMATOM
Force + FAST**



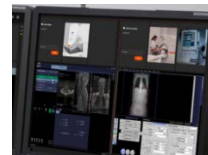
Cios Spin



ACUSON Sequoia



ACUSON Juniper



**syngo
Virtual Cockpit²⁾**



**Biograph Vision
RT edition**



MAGNETOM Sola
- Cardiac Edition
- RT Edition

More to
come at
RSNA 2018

FY18

1) For research use only; not for clinical use

2) This product is under development and not commercially available. Its future availability cannot be ensured

We are at the forefront of digitalization and AI, driving the transformation of healthcare

Strong foundation for AI

Superior Scale

- 240,000 patient touchpoints/h
- 40+ AI enriched offerings
- 4,400 clinical collaborations

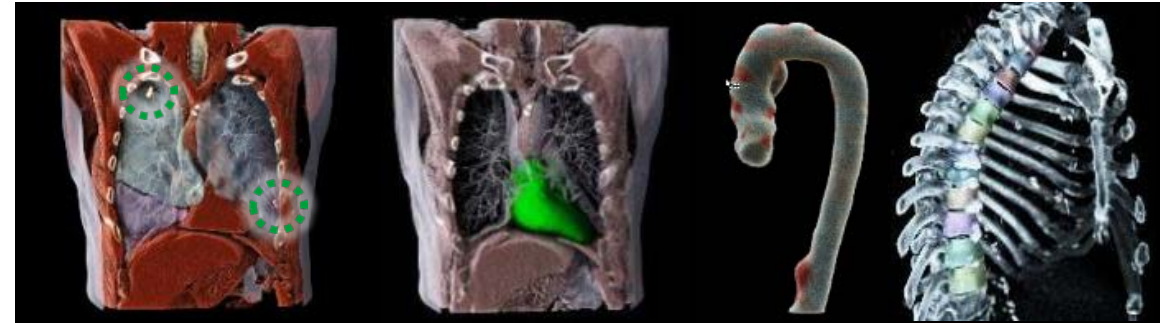
Strong IP Position

- ~500 patents in machine learning
- Thereof ~100 patents in deep learning

Data & computing power

- Large data lake of curated images plus reports and clinical data
- Sherlock supercomputer with 16PetaFlop on which we run 400 AI experiments/day

AI suited to recognize & quantify abnormalities in chest CT scans



Customer challenges for chest CT analysis

- Increasing workload, less time for single diagnosis
- Many distinct organs have to be analyzed
- Chest CT reading highly complex at low reimbursement

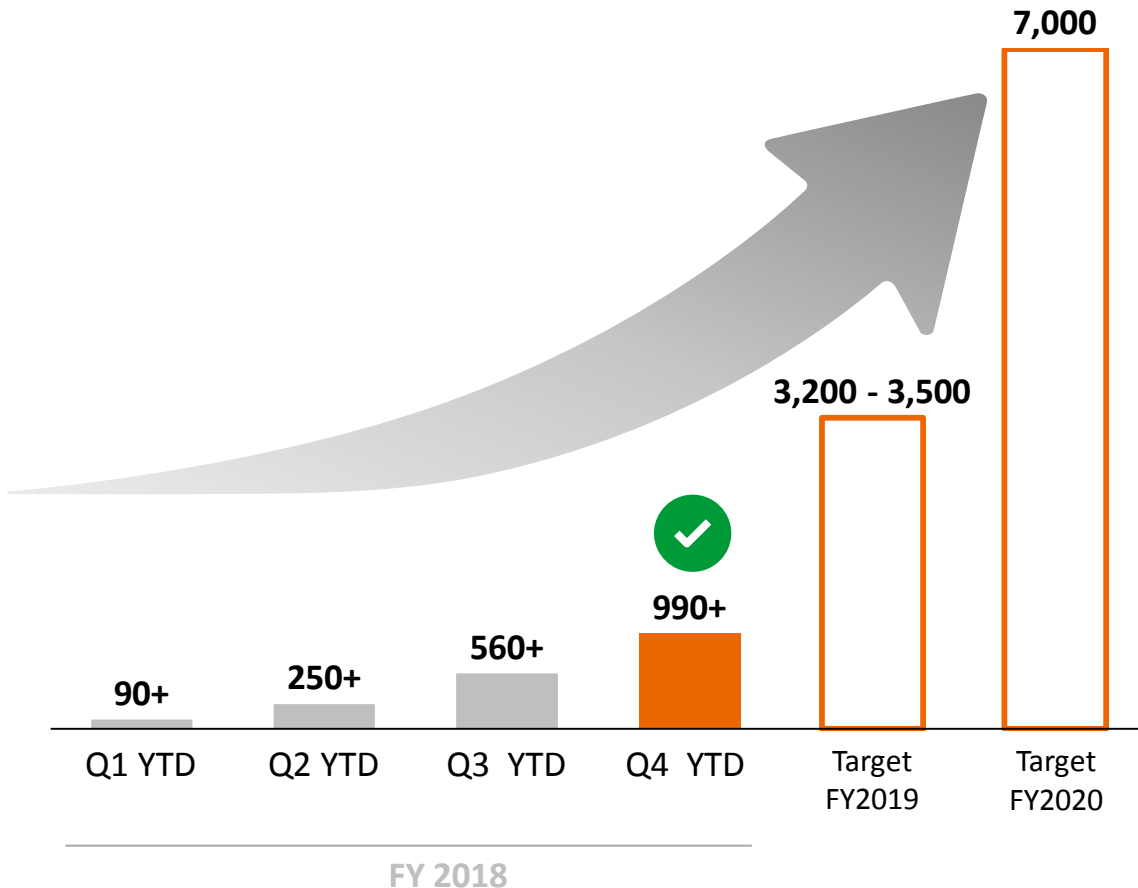
AI ideally suited to support multi organ analysis, e.g.

Lung lobe segmentation, lung lesion detection, aorta analysis, coronary calcification, vertebra fractures and bone density

AI will be a major topic for RSNA

Atellica Solution¹⁾ FY2018 shipment target achieved

Ramp-up of analyzer shipments (cumulative)



Comments

- New customer wins continue to be >35%
- Recent customer wins, e.g.
 - Australia: Primary Health Care (74 analyzers)
 - France: Laborizon (40 analyzers)
- Regional split
EMEA²⁾: ~55%, Americas: ~30%, Asia, Australia: ~15%
- Registration approval
 - Japan Q4 FY18 ✓
 - China H2 FY19 ✓
- Number of approved assays

	Q1	Q4	
EU	168	202	✓
U.S.	144	180	✓

1) Product availability varies by country

2) EMEA: Europe, C.I.S., Africa, Middle East

Healthineers Performance System will drive our “lean” culture

People

Execution

Strategy

Practices & Advanced Methods

People & Leadership Practices
for every Healthineer

Advanced Methods
for dedicated processes

Annual Operating Plan
for the business

Core Methods
Fundamentals used across the business

GROWs Coaching

Healthy Dialogue Methods

Structured Problem Solving

Value Stream Mapping

Agile Visual Management

Hoshin Kanri

7 Principles of Healthineers
Foundation of our Culture

We don't compromise on **QUALITY**

We **say** what we **do**
We **do** what we **say**

A day without **passion**
for healthcare is a lost day

We **listen** more than we **talk**

We Lead by being **lean**

Missed **opportunities** are our biggest risks

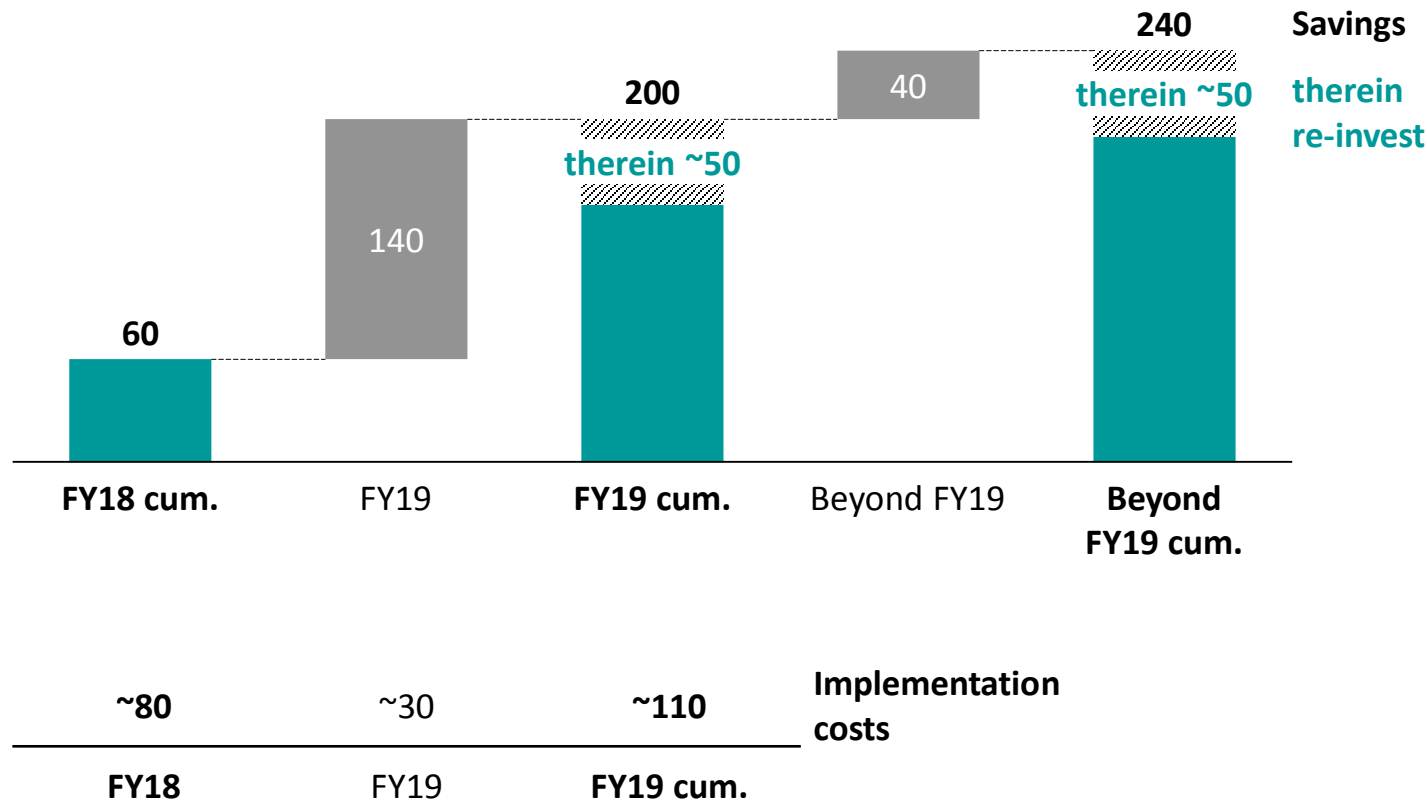
Today is about **tomorrow**

Since April 2018: over 500 employees trained in HPS Core Methods and 60+ Improvement Events conducted

Standalone cost-saving program on track

Development of savings and implementation costs

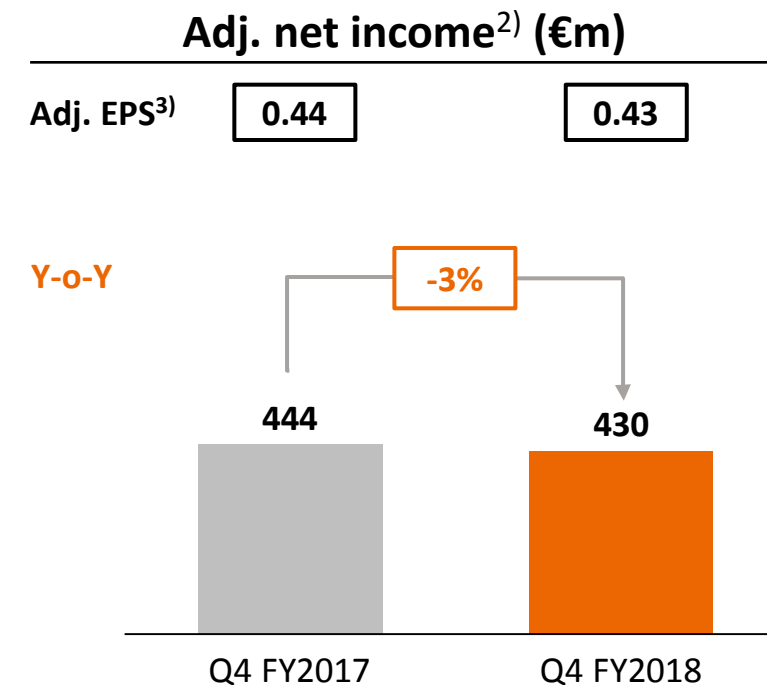
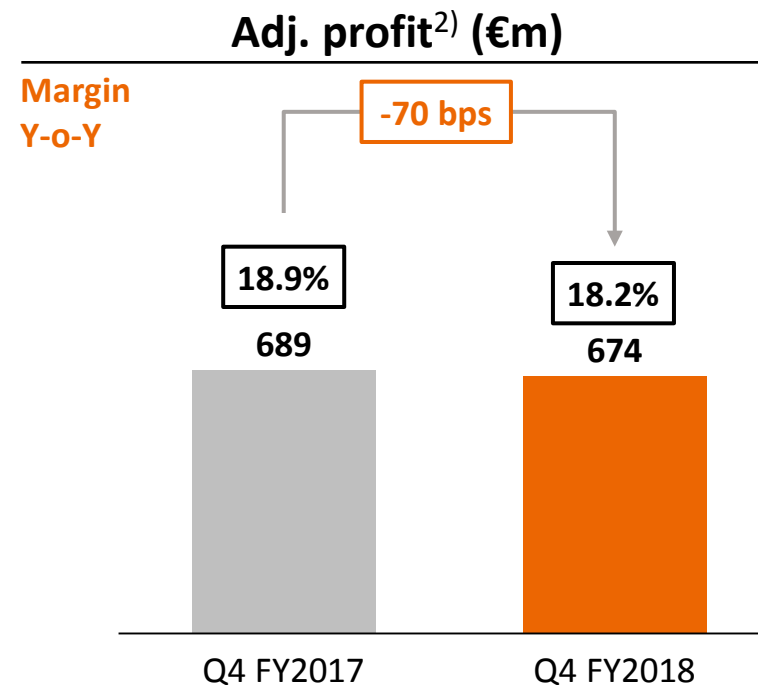
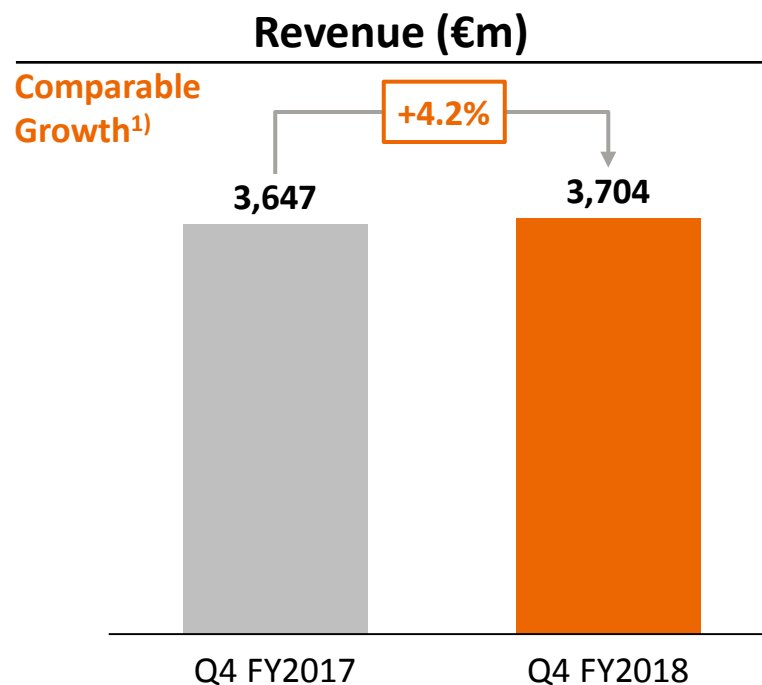
in €m



Comments

- Program on track, 60 mio. savings achieved in FY18
- Majority of implementation costs booked in FY18, ~30 mio. in FY19
- Re-Investment of ~50 mio. into Digital & Artificial Intelligence

Strong Q4 led by Imaging segment



- Solid revenue growth, led by strong growth in Imaging segment
- Growth across all regions with strong growth in the Americas, solid growth in EMEA and soft growth in Asia, Australia

- Adj. profit margin down on strong FX headwinds of -210 bps

- Tax rate of 33% in Q4 vs. 28% in PYQ
- Interest expenses significantly lower vs. PYQ due to post-IPO capital structure

1) Comparable growth excluding currency translation and portfolio effects

2) Adjusted for severance charges and IPO costs (profit and net income) and for amortization of intangible assets acquired in business combinations net of tax (net income)

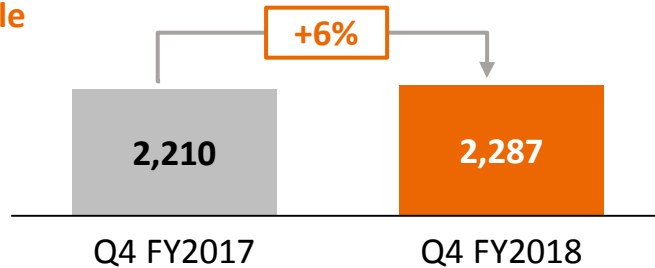
3) Adjusted net income excluding non-controlling interest

Organic growth in Imaging and Advanced Therapies drives strong underlying profit conversion in Q4

Imaging (€m)

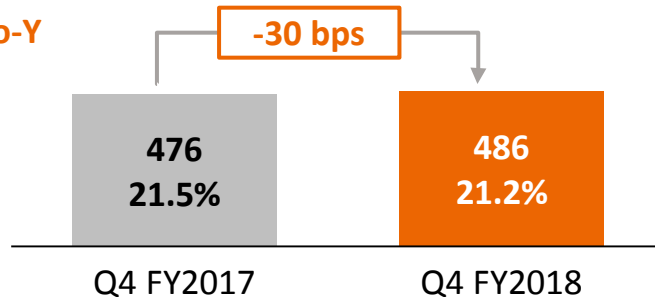
Comparable Growth¹⁾

Revenue



Margin Y-o-Y

Adj. profit (margin)²⁾

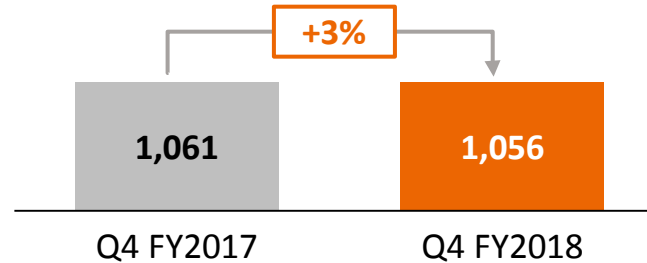


- Strong Imaging growth with significant increase in Ultrasound, Computed Tomography and X-Ray Products
- Operationally (ex-FX) strong y-o-y margin development

Diagnostics (€m)

+3%

Revenue



Revenue

155

14.6%

Q4 FY2017

136

12.9%

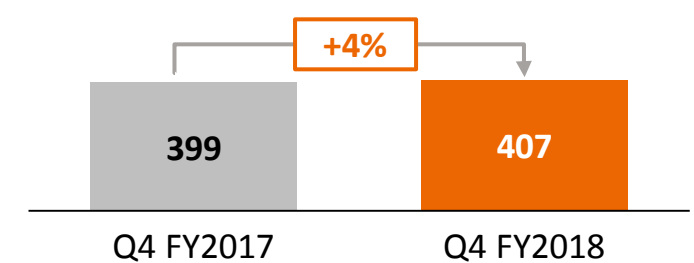
Q4 FY2018

- Revenue growth driven by acceleration from Atellica Solution
- Margin y-o-y down due to a positive divestment gain in Q4 2017

Advanced Therapies (€m)

+4%

Revenue



Revenue

95

23.8%

Q4 FY2017

91

22.3%

Q4 FY2018

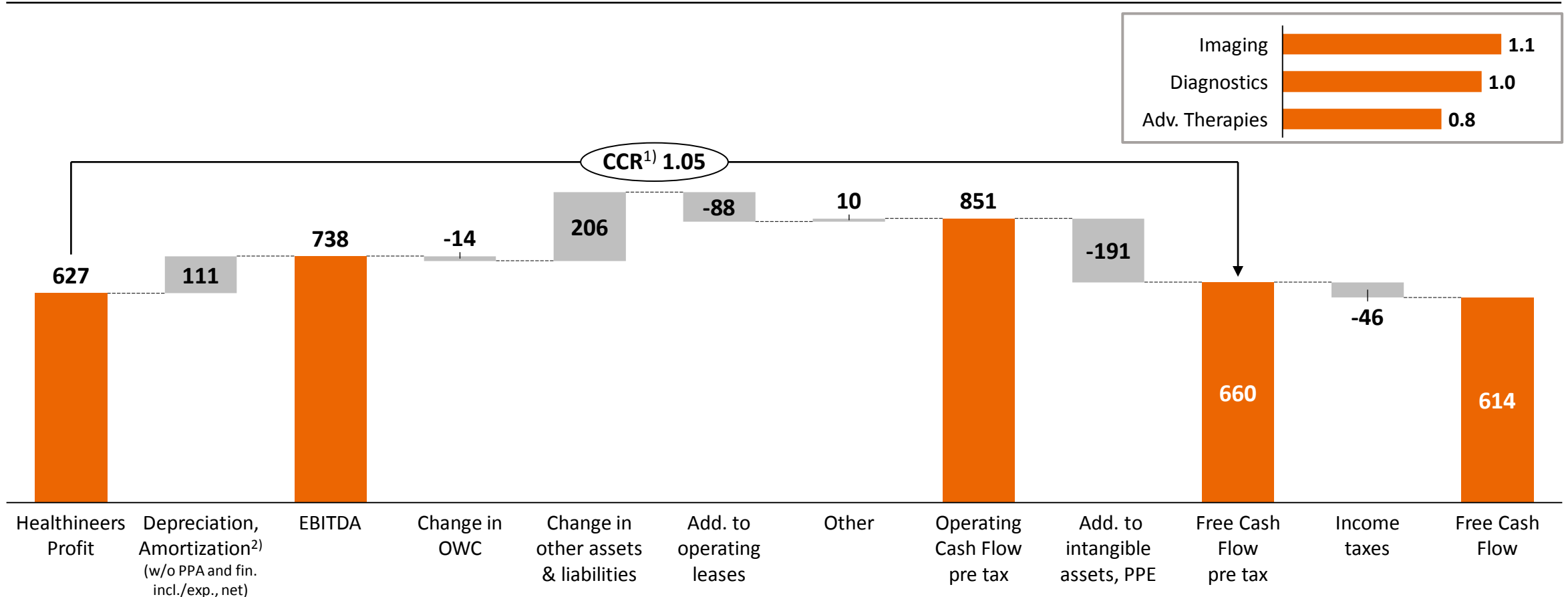
- Q4 shows solid growth after a soft Q2 and Q3
- Operationally (ex-FX) strong y-o-y margin development

1) Comparable growth excluding currency translation and portfolio effects

2) Adjusted for severance charges and IPO costs

Strong free cash flow conversion in Q4

Q4 Healthineers Profit to Free Cash Flow

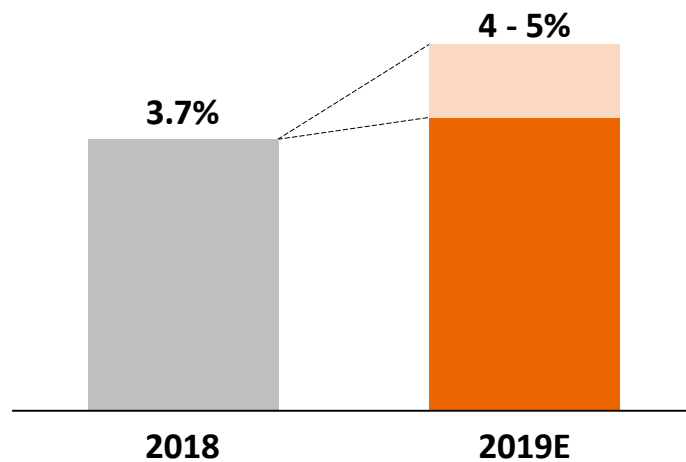


1) CCR=Free Cash Flow pre tax/Healthineers Profit

2) Depreciation, amortization and impairment of PP&E and other intangible assets, without PPA amortization and financial income/expenses, net

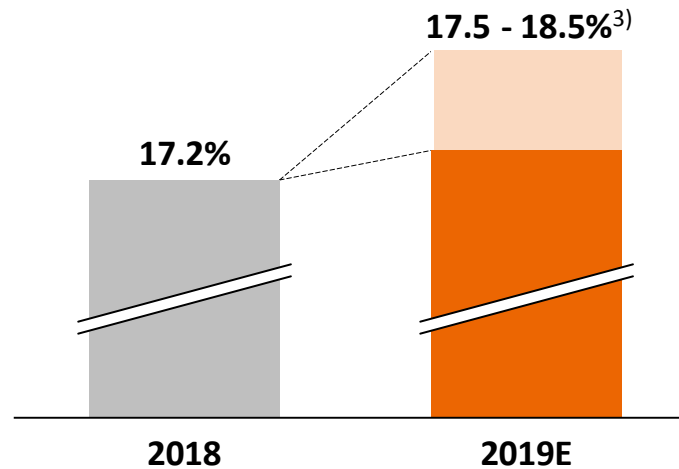
Our targets for FY19

Comparable revenue growth¹⁾



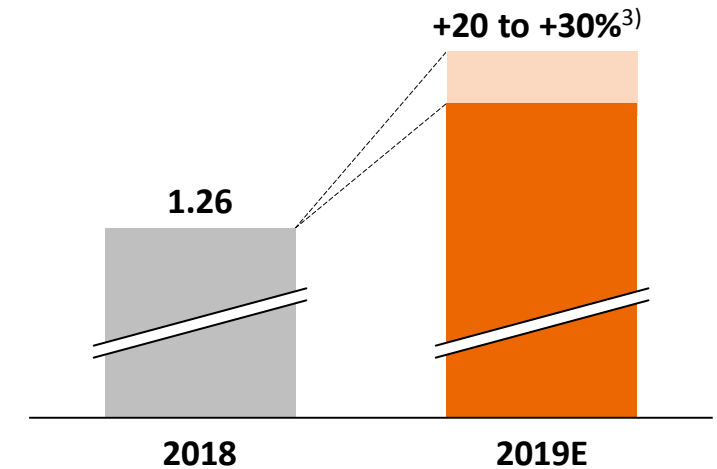
- Continued strong growth in Imaging and Advanced Therapies
- Successful Atellica Solution launch improving Diagnostics growth dynamics

Adj. Profit margin²⁾



- Execution on cost-savings program
- Diagnostics profiting from operational leverage

Earnings per share (in €)



- Tax rate: 28 - 30%

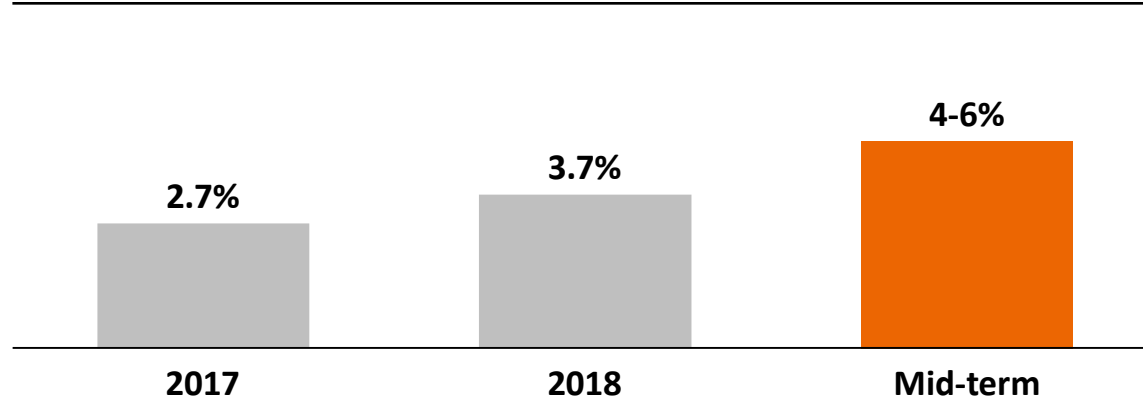
1) Comparable growth excluding currency translation and portfolio effects

2) Adjusted for severance charges and IPO costs

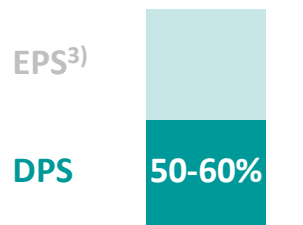
3) This outlook assumes that current foreign exchange rates persist for all of fiscal 2019

Appendix

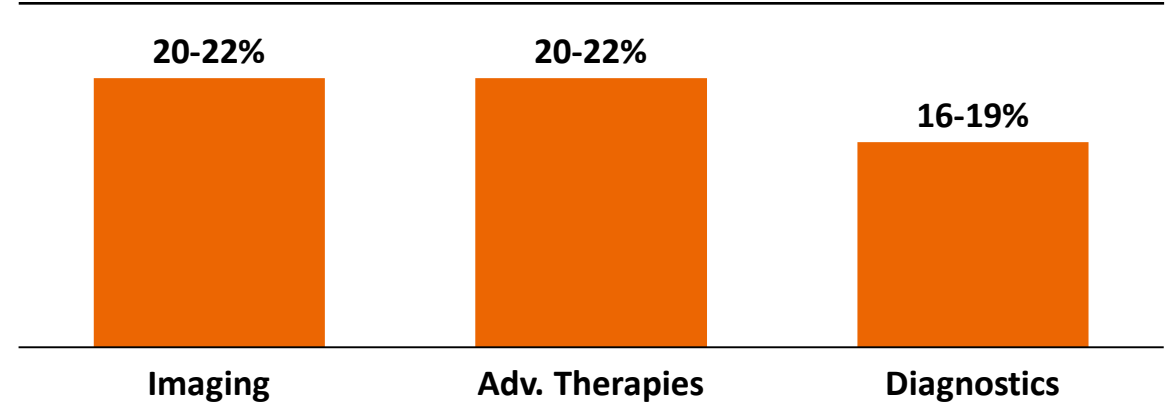
Mid-term comp. revenue growth¹⁾ target



Dividend policy



Mid-term profitability²⁾ targets



Capital structure

Solid investment grade rating as a minimum

1) Comparable growth excluding currency translation and portfolio effects

2) Adjusted for severance charges, IPO costs

3) Dividend policy refers to 50-60% of (reported) net income

Q4 reconciliations and KPIs for group and segments

Position (€m)	Q4 FY2018				Q4 FY2017			
	Healthineers	Imaging	Diagnostics	Advanced Therapies	Healthineers	Imaging	Diagnostics	Advanced Therapies
Profit	627	458	126	86	668	466	147	94
Severance charges	38	23	8	4	21	10	8	1
IPO costs	9	4	3	1	0	0	0	0
Adjusted profit¹⁾	674	486	136	91	689	476	155	95
Profit	627	458	126	86	668	466	147	94
Financial income/expenses, net ²⁾	4	1	2	0	5	1	4	0
Amortization, depreciation and impairments	115	39	54	4	114	36	61	3
EBITDA	738	495	178	89	777	501	204	97
Assets	19,758	6,258	4,676	904	21,113	6,041	3,915	879
Free Cash Flow	614	507	120	68	472	443	203	72

1) Adjusted for severance charges and IPO costs

2) Financial income shown with positive and expenses with negative signal

FY18 reconciliations and KPIs for group and segments

Position (€m)	FY2018				FY2017			
	Healthineers	Imaging	Diagnostics	Advanced Therapies	Healthineers	Imaging	Diagnostics	Advanced Therapies
Profit	2,110	1,533	455	275	2,401	1,567	561	325
Severance charges	96	48	22	14	57	23	21	2
IPO costs	103	4	3	1	0	0	0	0
Adjusted profit¹⁾	2,309	1,585	480	290	2,458	1,590	582	328
Profit	2,110	1,533	455	275	2,401	1,567	561	325
Financial income/expenses, net ²⁾	12	6	7	0	22	6	14	0
Amortization, depreciation and impairments	400	138	197	11	425	137	235	10
EBITDA	2,498	1,664	645	286	2,804	1,698	782	336
Assets	19,758	6,258	4,676	904	21,113	6,041	3,915	879
Free Cash Flow	1,065	1,408	59	257	1,509	1,596	329	298

1) Adjusted for severance charges and IPO costs

2) Financial income shown with positive and expenses with negative signal

Q4 group profit to adjusted net income reconciliation

Position (€m)	Q4 FY2018	Q4 FY2017	FY2018	FY2017
Profit	627	668	2,110	2,401
Financial income from operations, net	-4	-5	-12	-22
Amortization of intangibles assets acquired in business combinations	-33	-34	-131	-147
Interest expenses, net	-32	-64	-169	-255
therein interest Income	5	3	41	12
therein interest expenses	-36	-66	-205	-267
therein other financial income/expenses, net	-1	-1	-5	0
Income before income taxes	558	564	1,799	1,977
Income tax expenses	-185	-159	-515	-581
Net income	374	405	1,284	1,396
severance charges	38	21	96	57
IPO costs	9	0	103	0
Amortization of intangibles assets acquired in business combinations	33	34	131	147
Income tax effect	-24	-16	-69	-60
Adjusted net income¹⁾	430	444	1,544	1,540

1) Adjusted for severance charges, IPO costs and for amortization of intangible assets acquired in business combinations net of tax

Q4 EPS and adjusted EPS reconciliation

Position (€m)	Q4 FY2018	Q4 FY2017	FY2018	FY2017
Net income	374	405	1,284	1,396
Non-controlling interest	4	5	19	17
Net income excl. non-controlling interest	369	400	1,265	1,379
Earnings per share (in €)	0.37	0.40	1.26	1.38
Adjusted net income¹⁾	430	444	1,544	1,540
Non-controlling interest	4	5	19	17
Net income excl. non-controlling interest	426	439	1,525	1,523
Adjusted earnings per share (in €)	0.43	0.44	1.52	1.52

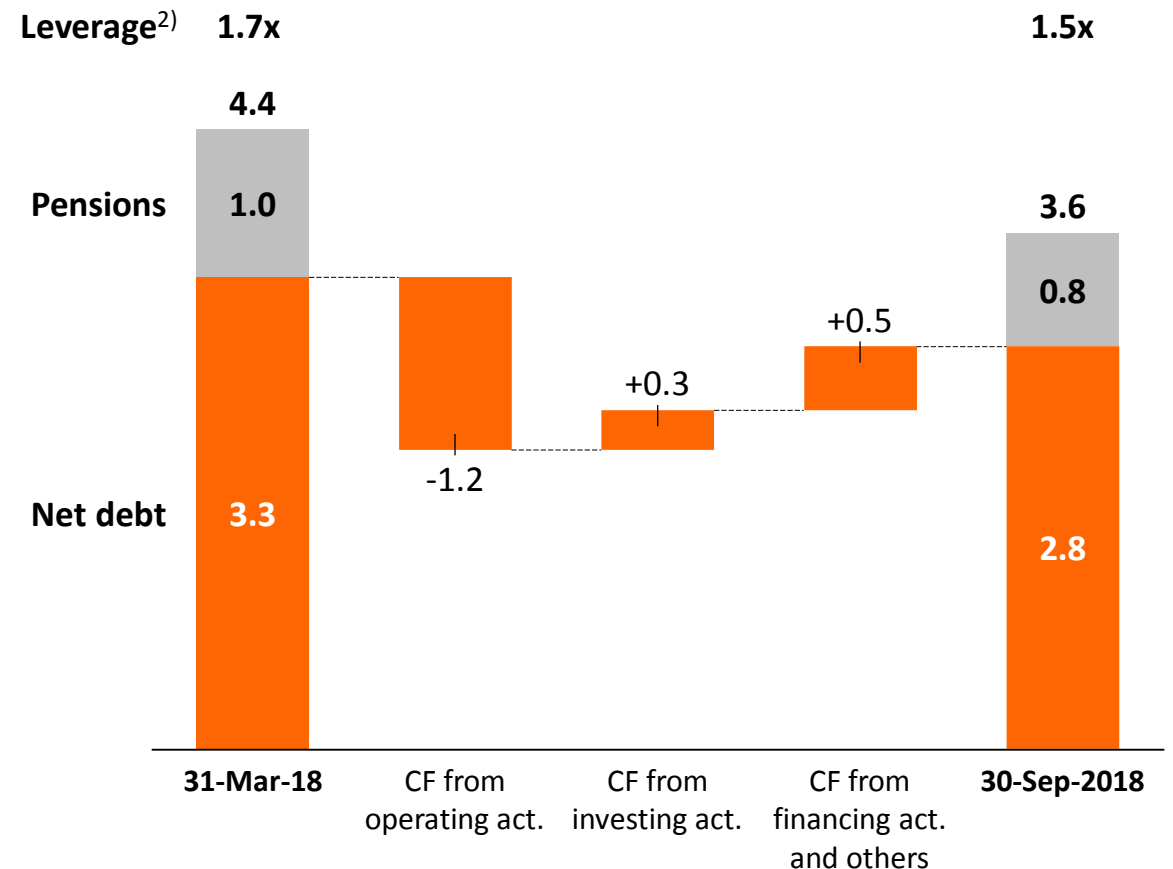
1) Adjusted for severance charges, IPO costs and for amortization of Intangible assets acquired in business combinations net of tax

Healthy Balance sheet, ongoing focus on cash management

Net debt overview (in €bn)

in €bn	March 31st 2018	Sept. 30th 2018
Cash and cash equivalents	0.2	0.5
Receivables from Siemens Group (financial cash)	1.7 ¹⁾	1.4
Short-term and long-term debt	(0.1)	(0.1)
Payables and other liabilities to Siemens Group (financial debt)	(5.1) ¹⁾	(4.6)
Net debt	(3.3)	(2.8)
Provisions for pensions and similar obligations	(1.0)	(0.8)
Net debt (incl. pensions)	(4.4)	(3.6)

Capital structure development in Q4 (in €bn)

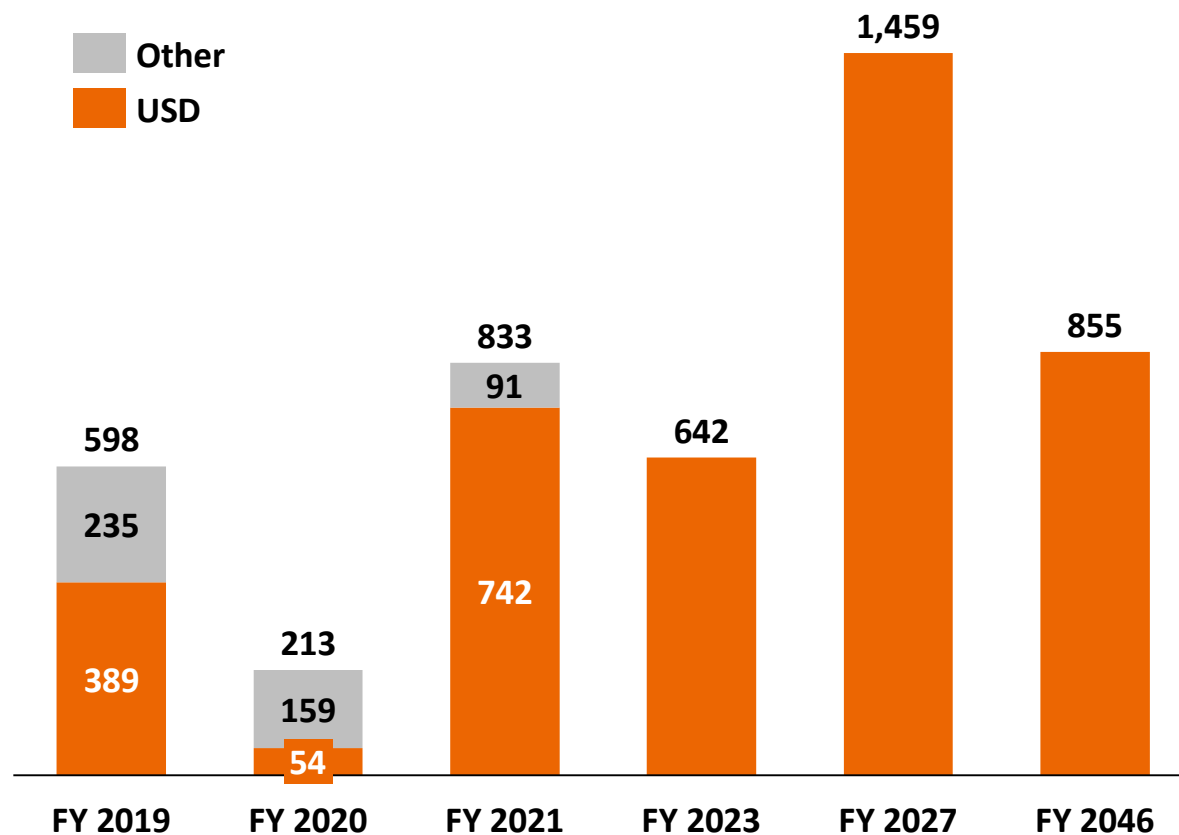


1) Excluding receivables/liabilities for operating activities

2) Leverage is net debt incl. pension over EBITDA rolling four quarters

SHS loan maturity profile: debt mainly driven by long-term loans denominated in USD

SHS loans with Siemens Group as of 30.09.2018¹⁾ (in €m)



Comments

- Total loan volume ~4'6 EUR equivalent
- Average interest rate ~2.6%
- Main loan volume (~91%) denominated in USD
- Majority of maturities exceeding FY 2019

Top 5 loans

Currency	Volume	Volume in €	Interest rate	Maturity
USD	\$1,689	€1,459	2.5%	FY 2027
USD	\$990	€855	3.4%	FY 2046
USD	\$859	€742	1.9%	FY 2021
USD	\$743	€642	2.2%	FY 2023
USD ²⁾	\$450	€389	2.5%	FY 2019

1) Maturity profile based on Fiscal Year start October 1st; translation to EUR according to spot rate as of September 30th 2018

2) Short term loan due to interest optimization

Slight reduction of pension deficit

Q4 FY2018 Key financials – Pensions and similar obligations

in €bn ¹⁾	FY2015	FY2016	FY2017	Q1 FY2018	Q2 FY2018	Q3 FY2018	Q4 FY2018
Defined benefit obligation (DBO)²⁾	(3.3)	(4.6)	(4.1)	(3.5)	(3.4)	(3.4)	(3.4)
Fair value of plan assets²⁾	2.0	2.4	2.4	1.7	2.4	2.6	2.6
Provisions for pensions and similar obligations	(1.2)	(2.1)	(1.7)	(1.8)	(1.0)	(0.9)	(0.8)
Discount rate	3.7%	2.2%	2.8%	2.6%	2.7%	2.8%	2.9%
Interest Income	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Actual return on plan assets	0.1	0.3	0.1	0.1	-0.0	-0.0	0.0

1) All figures are reported on a continuing basis

2) Fair value of plan assets including effects from asset ceiling (Q4 FY2018: €-0.0bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q4 FY2018: €+0.0bn); Defined Benefit Obligation (DBO) including other post-employment benefit plans (OPEB) of ~€0.1bn