

# Q2 Analyst Call

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# Imaging and Advanced Therapies show strong momentum; Siemens Healthineers on track for FY19 guidance

- **Strong organic revenue growth<sup>1)</sup> at 5.8% driven by Imaging and Advanced Therapies**
- Imaging posted 7% and Advanced Therapies 9% organic revenue growth<sup>1)</sup>
- Continuous strong **equipment book-to-bill >1** supported by wins of larger projects
- **Adjusted profit<sup>2)</sup> at 17.9%**, up +50 bps y-o-y, FX headwinds of -70 bps
- **Diagnostics profitability<sup>2)</sup> improved q-o-q**; down vs. prior year due to Atellica Solution<sup>3)</sup> ramp-up costs and FX headwinds
- **Basic Earnings per share up by 24%**
- **Full year guidance confirmed**

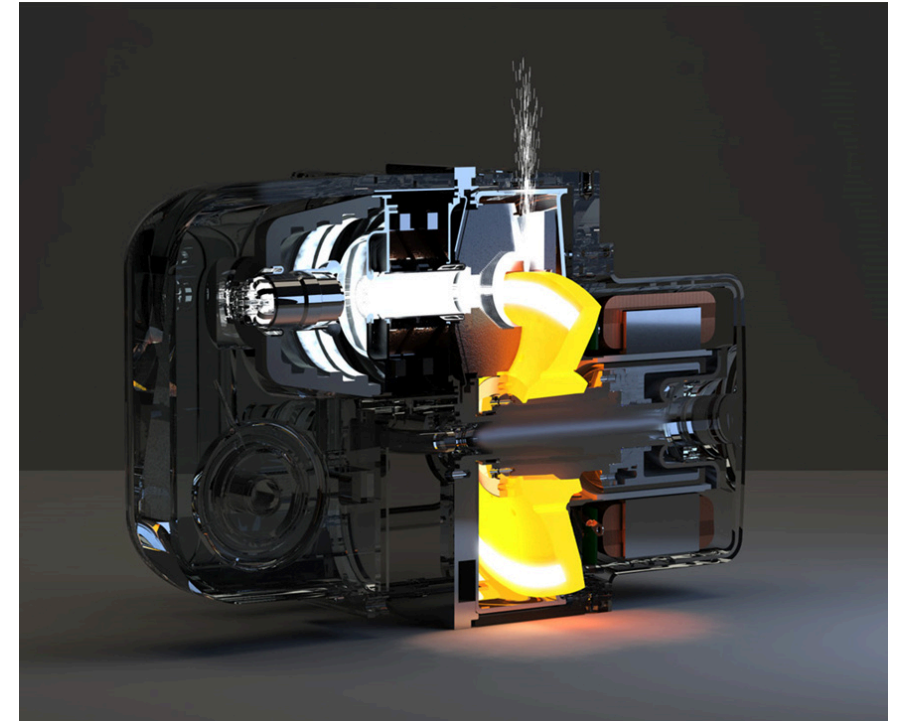
1) Y-o-y on a comparable basis; excluding translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

3) Product availability varies by country

# Expanding leadership in imaging with unique technology center for high-energy photonics

- Continuing **strong demand for imaging equipment**
- **Research, development and manufacturing** of X-ray tubes and generators in proximity to the CT and X-ray businesses:
  - **expanding innovation lead**
  - **improving quality, cost position, and economies of scale**
  - **shortening time to market**
  - **optimizing logistics**
- **Extension to supply market demand** until 2030
- **Investment of €350 mio.** in the next five years; opening planned in 2023



State-of-the-art X-ray beam generation in a CT

# Truly enabling One Stop Stroke treatment with ARTIS icono

ARTIS icono enables diagnosis and treatment in one step:

- **Stroke diagnosis in the interventional room**  
CT-like images in the angio lab with homogeneous image quality over the entire brain
- **Immediate therapy guidance with perfusion data**  
Collateral status information for the first time available in the angio lab eliminating the need of patient transfer to CT
- ▶ **Shorter time between patient arrival and clot retrieval in acute ischemic stroke**

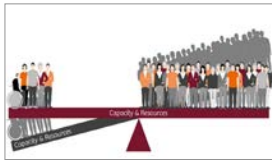


ARTIS icono is commercially not available in all countries. Future availability cannot be guaranteed.  
ARTIS icono is 510k pending and not available for sale in the U.S.

## Our master plan

Data integration,  
access, complexity

### Patient Cohort



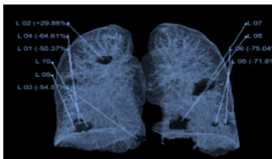
- Population health mgmt., Process optimization
- Outcome analysis

### Patient Centric



- Predict,
- Plan, prescribe

### Reading/Reporting/Guidance



- Measure/quantify
- Detect, diagnose, and guide

### Scanner/Instrument



- Workflow automation
- Reconstruction, advanced physics

## Examples of our portfolio

### AI-Pathway Companion<sup>1)</sup>

*syngo* Virtual Cockpit<sup>2)</sup>

### AI-Rad Companion platform<sup>3)</sup>

FAST 3D Camera in CT

### BioMatrix Technology in MR

>45 AI-based offerings

## Our machine room



- Unique data lake of curated images, reports, and clinical data
- Sherlock 20PetaFlop supercomputer (500 AI experiments per day)

1) Currently under development. CE mark pending.

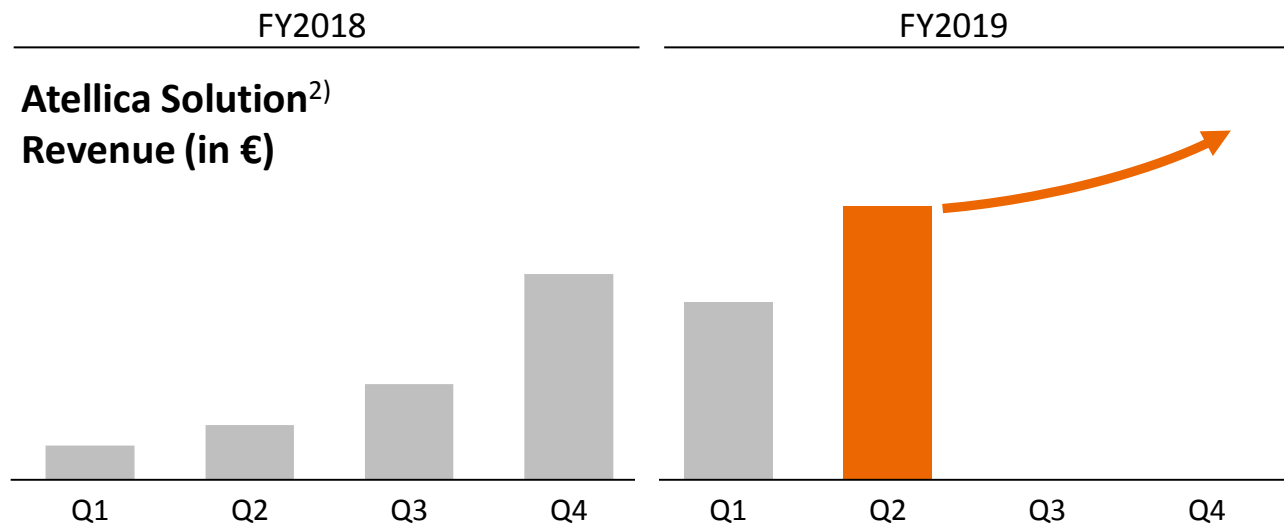
2) *syngo* Virtual Cockpit is not commercially available in all countries. For regulatory reasons, it's future availability can't be guaranteed. Precondition: Expert-i enabled modality from Siemens Healthineers. 3) Refers to AI-Rad Companion (engine). This device is already cleared in the U.S.



# Diagnosics in transition – improvements compared to Q1, further progress expected in H2

## Very good customer perception:

- Competitive win-rate continues to be above 35%, win-rate in large settings considerably higher
- Continued menu expansion (EU: 203, U.S.: 187)
- 410+ analyzers shipped in Q2 (vs. 370+ in Q1)<sup>1)</sup>
- Approval in China received



1) Fiscal year 2019 target: 2,200 to 2,500 analyzers

2) Product availability varies by country

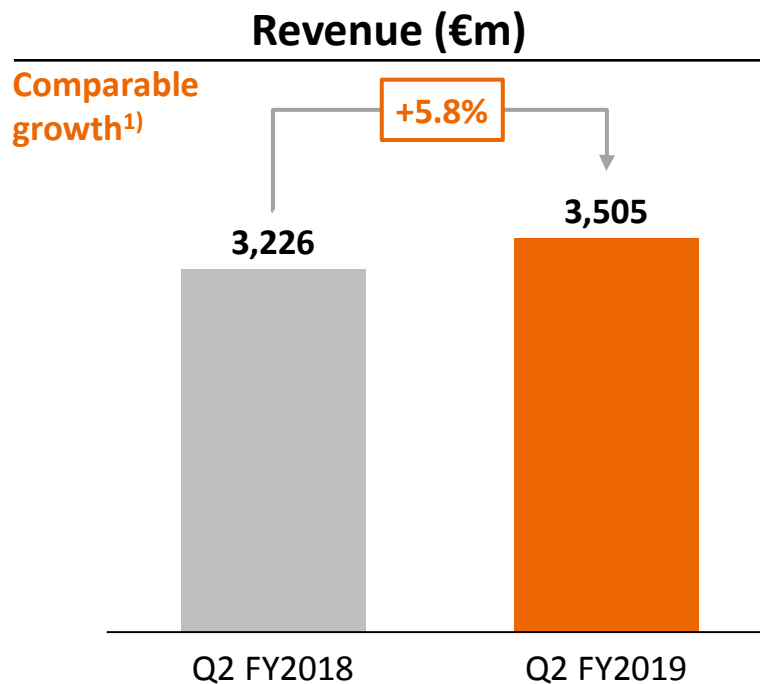
Note: graph is indicative only

## Progress in Atellica Solution<sup>2)</sup> ramp-up:

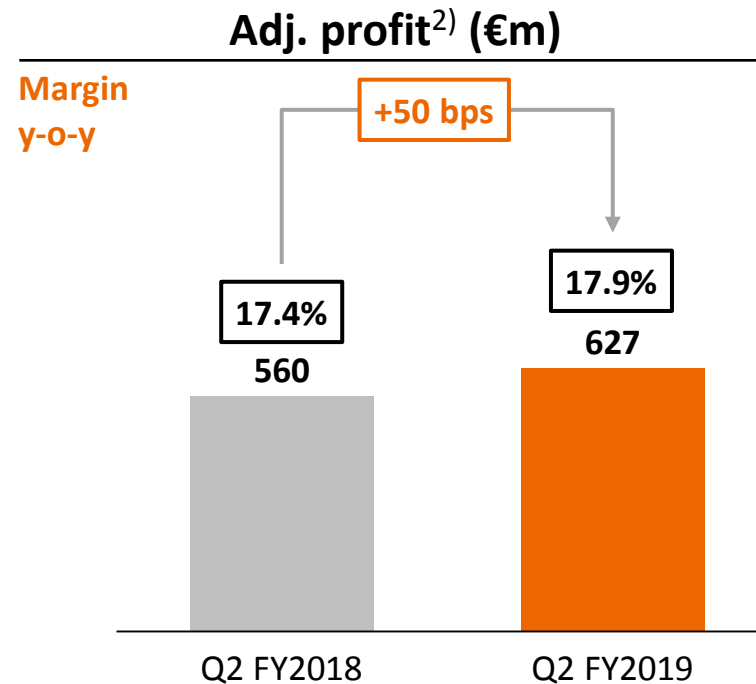
- On track with initiated process improvements
- Number of analyzers going live picked up vs. Q1
- Increasing revenue of Atellica Solution<sup>2)</sup> franchise with growing share of reagent revenues

➔ Further progress expected in H2

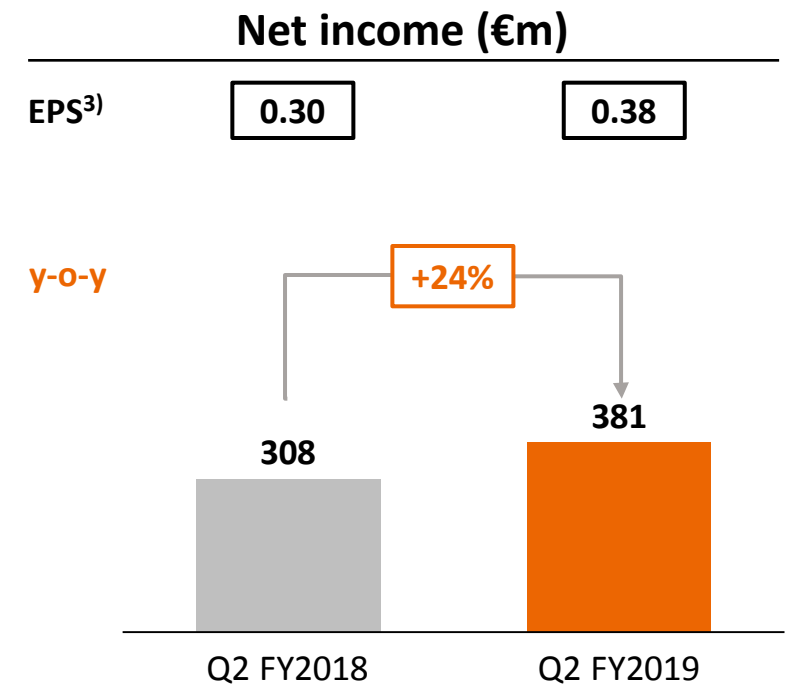
# Strong organic growth and profitability improvement in Q2



- Strong Q2 led by strong Imaging and Advanced Therapies business
- EMEA and China posted significant growth this quarter, Americas with solid growth



- Profitability significantly up y-o-y in Imaging and Advanced Therapies
- Conversion held back by FX headwinds of -70 bps y-o-y



- Net income increased y-o-y on higher profit despite a higher tax-rate (30% vs. 21%)
- Q2 18 negatively impacted by IPO costs

1) Y-o-y on a comparable basis; excluding translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

3) Basic earnings per share are computed by dividing net income excl. non-controlling interests by the number of outstanding shares

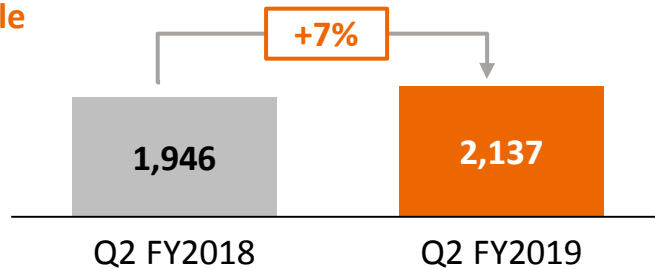


# Imaging and Advanced Therapies with strong profitability; Diagnostics in transition

## Imaging (€m)

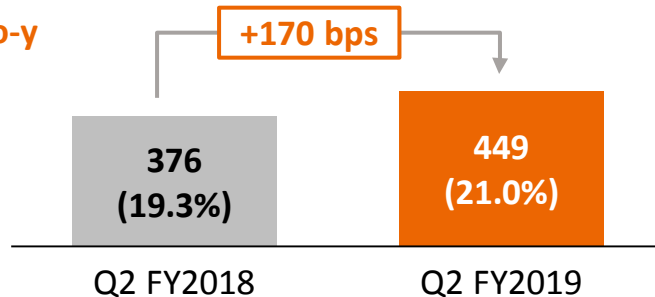
Comparable growth<sup>1)</sup>

Revenue



Margin y-o-y

Adj. profit (margin)<sup>2)</sup>

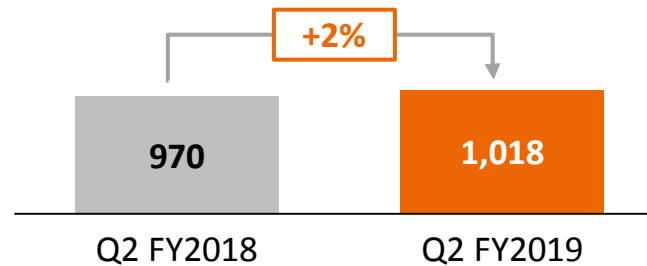


- Strong growth on materializing healthy order book, particularly strong in Molecular Imaging, Computed Tomography and X-Ray Products
- Margin up y-o-y mainly from conversion and cost savings program

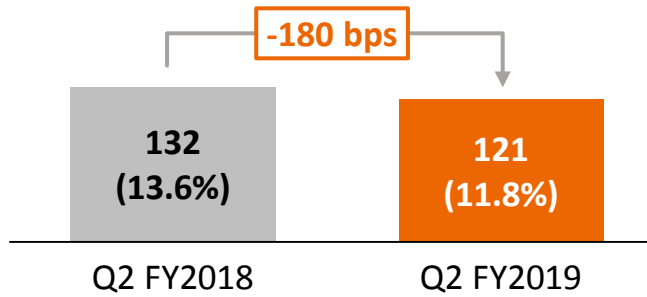
## Diagnostics (€m)

+2%

Revenue



Revenue

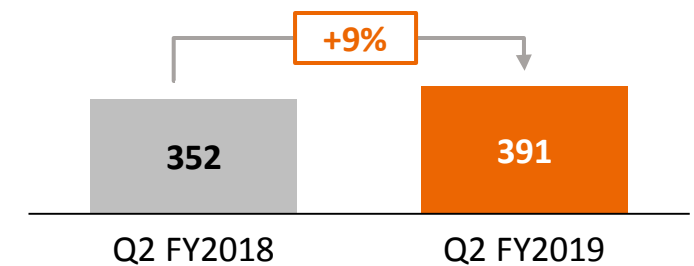


- Q2 growth on normalized Q1 FY19 level
- Margin down y-o-y due to continued Atellica ramp-up costs and FX headwind
- Positive effect on Q2 margin from the revaluation of an accrual

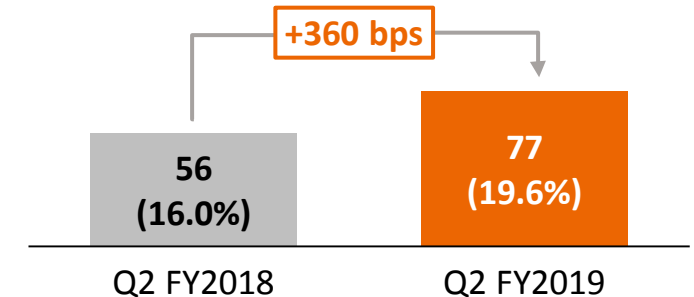
## Advanced Therapies (€m)

+9%

Revenue



Revenue



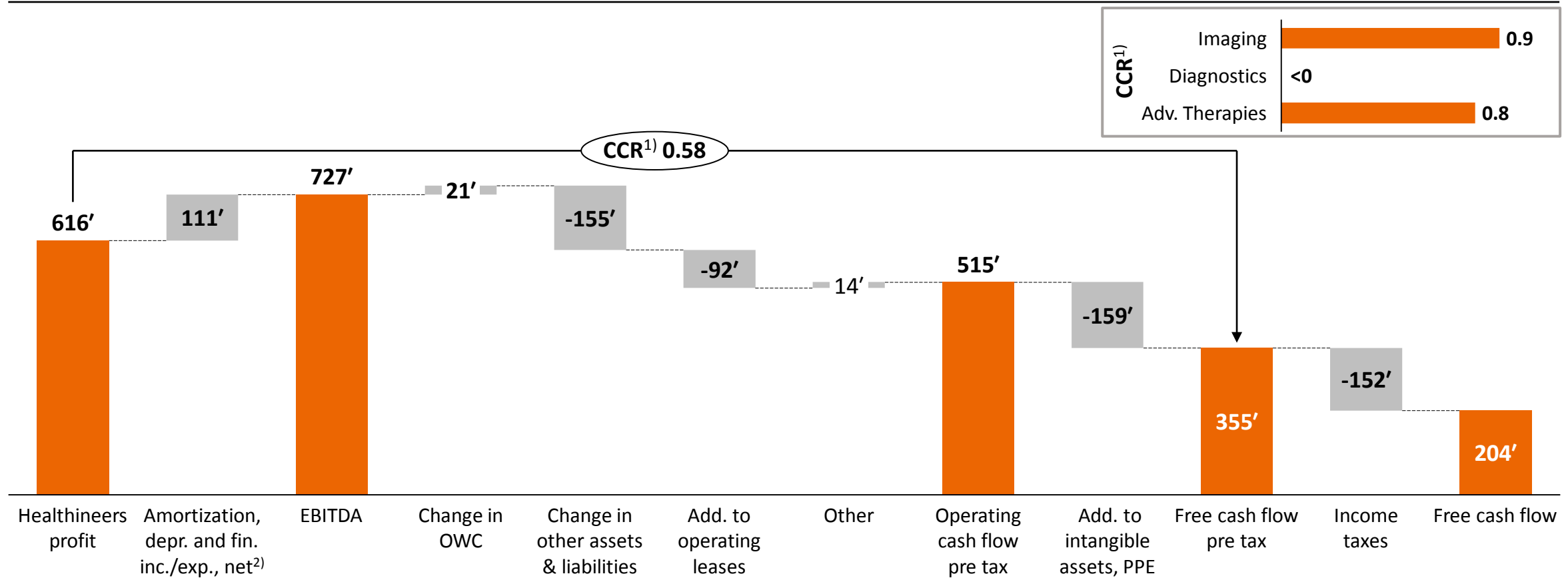
- Strong growth on materializing healthy order book
- Margin up y-o-y on conversion and cost savings program

1) Y-o-y on a comparable basis; excluding translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

# Solid cash conversion in Imaging and Advanced Therapies, Diagnostics with low cash flow due to capacity expansion

## Q2 Siemens Healthineers profit to free cash flow

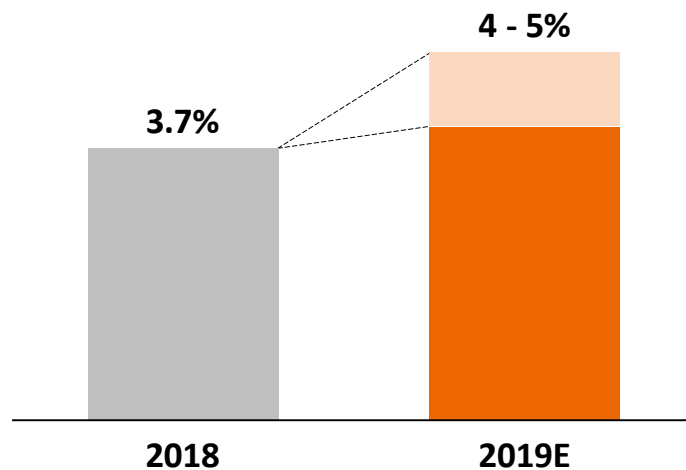


1) CCR = Free cash flow pre tax/Healthineers Profit

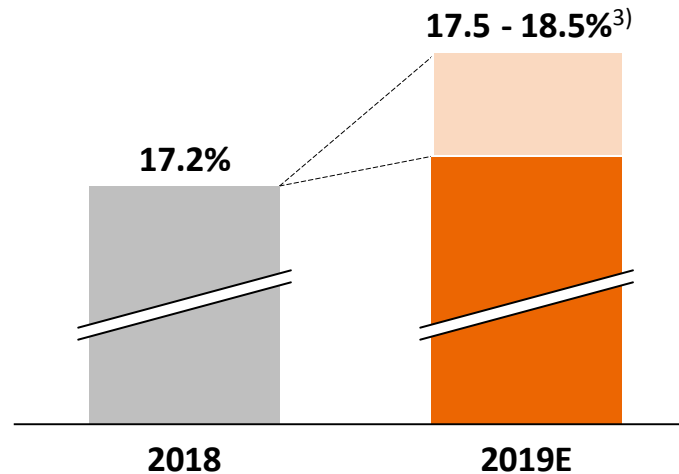
2) Amortization, depreciation and impairments (excl. PPA) and financial income/expenses, net in profit

# Outlook – full year guidance confirmed

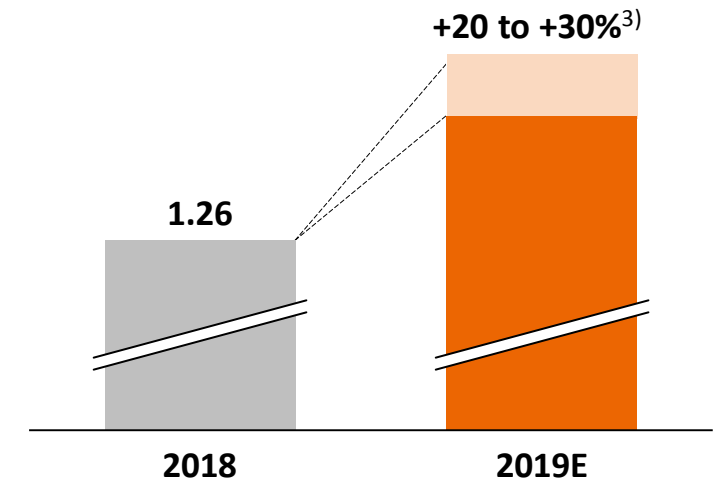
Comparable revenue growth<sup>1)</sup>



Adj. profit margin<sup>2)</sup>



Earnings per share (in €)



1) Y-o-y on a comparable basis; excluding translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

3) The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019

# Appendix

# Q2 reconciliations and KPIs for group and segments

Position (€m)	Q2 FY2019				Q2 FY2018			
	Healthineers	Imaging	Diagnostics	Advanced Therapies	Healthineers	Imaging	Diagnostics	Advanced Therapies
<b>Profit</b>	616	441	119	75	457	371	125	55
Severance charges	12	7	1	2	18	5	7	1
IPO costs	0	0	0	0	85	0	0	0
<b>Adjusted profit<sup>1)</sup></b>	<b>627</b>	<b>449</b>	<b>121</b>	<b>77</b>	<b>560</b>	<b>376</b>	<b>132</b>	<b>56</b>
<b>Profit</b>	616	441	119	75	457	371	125	55
Financial income/expenses, net <sup>2)</sup> in profit	4	2	3	0	2	2	1	0
Amortization, depreciation and impairments (excl. PPA)	115	36	59	3	93	33	46	2
<b>EBITDA</b>	<b>727</b>	<b>476</b>	<b>175</b>	<b>78</b>	<b>548</b>	<b>402</b>	<b>170</b>	<b>58</b>
<b>Assets</b>	19,636	6,679	5,184	969	18,828	6,119	4,447	877
<b>Free Cash Flow</b>	204	377	-32	63	174	253	-8	53

1) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

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

# Q2 group profit to net income and EPS reconciliation

Position (€m)	Q2 FY2019	Q2 FY2018
Profit	616	457
Financial income/expenses, net in profit	-4	-2
Amortization of intangibles assets acquired in business combinations	-32	-32
Interest expenses, net <sup>1)</sup>	-32	-34
therein interest income	7	27
therein interest expenses	-37	-60
therein other financial income, net	-1	-2
Income before income taxes	548	389
Income tax expenses	-167	-81
Net income	381	308
Non-controlling interest	4	4
Net income excl. non-controlling interest	377	304
Earnings per share (in €)	0.38	0.30

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

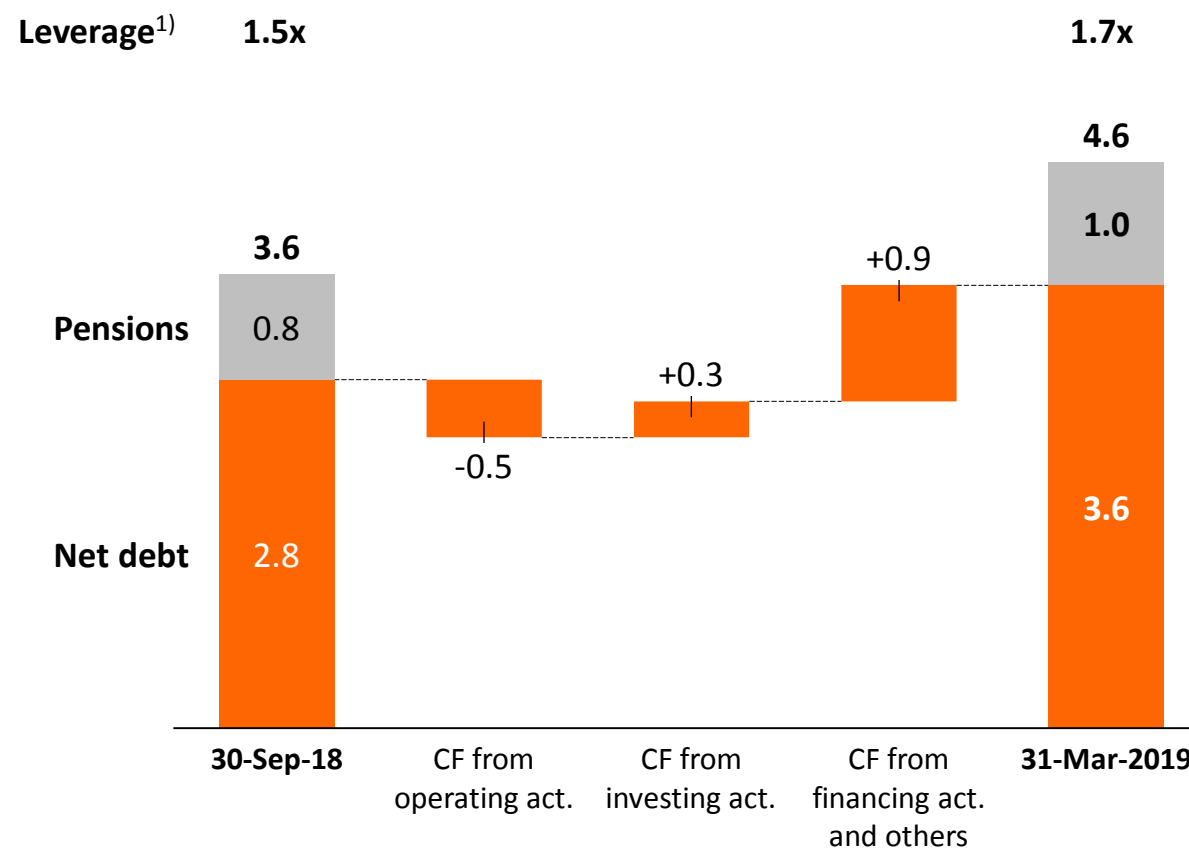
# Q2 balance sheet and net debt bridge

## Net debt overview

in €bn	Sep. 30th 2018	Mar. 31st 2019
Cash and cash equivalents	0.5	0.8
Receivables from Siemens Group (financial cash)	1.4	0.1
Short-term and long-term debt	(0.1)	(0.1)
Payables and other liabilities to Siemens Group (financial debt)	(4.6)	(4.3)
<b>Net debt</b>	<b>(2.8)</b>	<b>(3.6)</b>
Provisions for pensions and similar obligations	(0.8)	(1.0)
<b>Net debt (incl. pensions)</b>	<b>(3.6)</b>	<b>(4.6)</b>

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

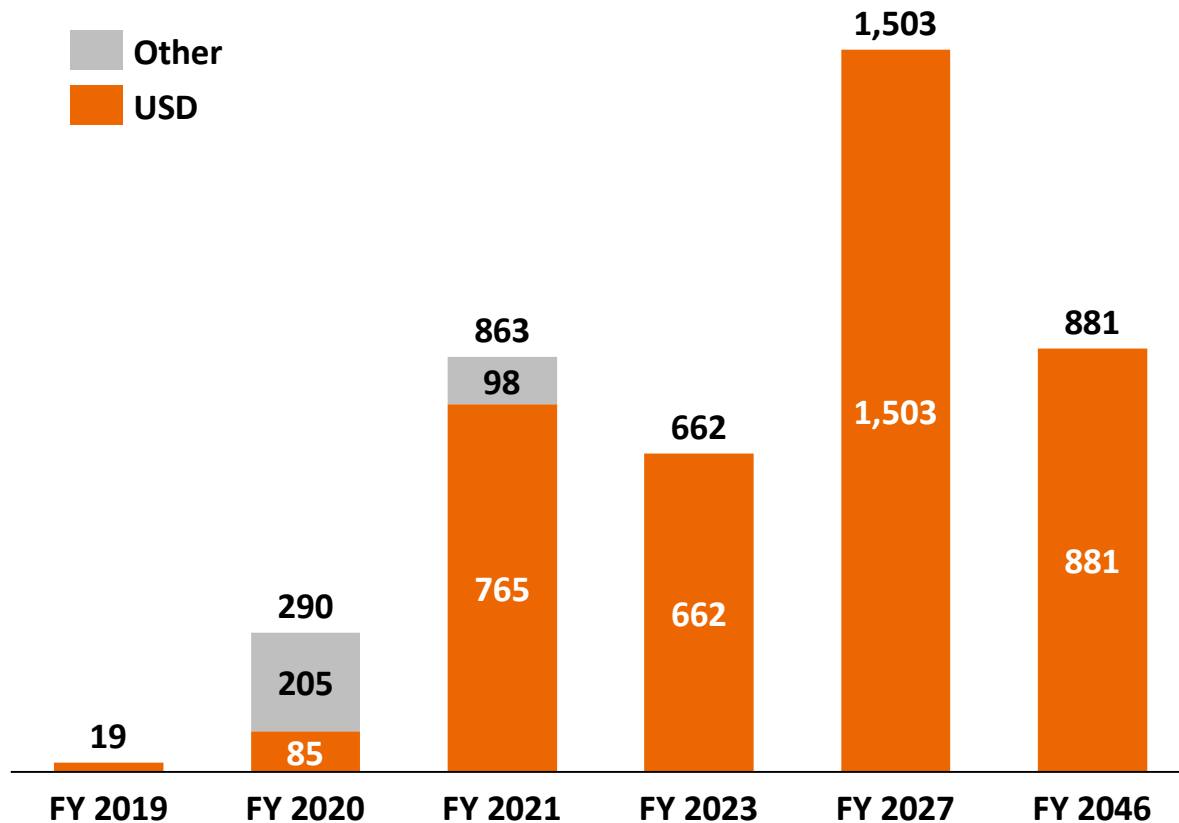
## Capital structure development in Q2 YTD (in €bn)





# SHS loan maturity profile

## SHS loans with Siemens Group as of 31.03.2019<sup>1)</sup> (in €m)



## Comments

- Total loan volume ~4.2 €bn equivalent
- Average interest rate ~2.6%
- Main loan volume (~93%) denominated in USD
- Majority of maturities exceeding FY 2019

## Top 5 loans

Currency	Volume in m	Volume in €m	Interest rate	Maturity
USD	\$1,689	€1,503	2.5%	FY 2027
USD	\$990	€881	3.4%	FY 2046
USD	\$859	€765	1.9%	FY 2021
USD	\$743	€662	2.2%	FY 2023
AED	AED 457	€110	2.9%	FY 2020

1) Maturity profile based on Fiscal Year start October 1st; translation to EUR according to spot rate as of March 31st 2019

# Underfunding unchanged; Discount rate decrease offset by return on plan assets

## Q2 FY2019 Key financials – Pensions and similar obligations

in €bn <sup>1)</sup>	FY 2016	FY 2017	FY 2018	Q1 FY2019	Q2 FY2019
<b>Defined benefit obligation (DBO)<sup>2)</sup></b>	(4.6)	(4.1)	(3.4)	(3.4)	(3.6)
<b>Fair value of plan assets<sup>2)</sup></b>	2.4	2.4	2.6	2.5	2.7
<b>Provisions for pensions and similar obligations</b>	<b>(2.1)</b>	<b>(1.7)</b>	<b>(0.8)</b>	<b>(1.0)</b>	<b>(1.0)</b>
<b>Discount rate</b>	2.2%	2.8%	2.9%	2.8%	2.4%
<b>Interest Income</b>	0.1	0.1	0.1	0.0	0.0
<b>Actual return on plan assets</b>	0.3	0.1	0.1	(0.1)	0.1

1) All figures are reported on a continuing basis.

2) Fair value of plan assets including effects from asset ceiling (Q2 FY2019: €-0.0bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q2 FY2019: €+0.0bn); Defined Benefit Obligation (DBO) including other post-employment benefit plans (OPEB) of ~€0.1bn