

Erlangen, Germany, May 2, 2019

Earnings Release

Q2 Fiscal Year 2019

January 1 to March 31, 2019

Imaging and Advanced Therapies show strong momentum, Siemens Healthineers on track for fiscal year 2019 guidance

»The positive volume and profit development in the last quarter underscores the important progress we have made in achieving our full-year targets. The numbers once again underline the competitive strength of the entire Siemens Healthineers team. The Imaging and Advanced Therapies businesses in particular have again demonstrated their leading global positions. The measures taken to ensure a successful market launch of our laboratory diagnostics platform Atellica Solution have shown an early impact in the second quarter«, said Bernd Montag, CEO Siemens Healthineers.

- Strong comparable revenue growth at 6% driven by Imaging and Advanced Therapies
- Continuous strong equipment book-to-bill >1
- Adjusted profit margin at 17.9%; +50 bps above prior year with currency headwinds of -70 bps
- Basic earnings per share (EPS) up by 24% year-over-year
- Full year guidance confirmed

Siemens Healthineers

(in millions of €)	Q2 2019	Q2 2018	Act.	% Change Comp. ¹
Revenue	3,505	3,226	9%	6%
Profit	616	457	35%	
<i>Therein: Severance charges²</i>	-12	-103		
Profit margin	17.6%	14.2%		
Adjusted profit margin ³	17.9%	17.4%		
Net income	381	308	24%	
Basic earnings per share ⁴	0.38	0.30	24%	
Free cash flow	204	174	17%	

¹ Year-over-year on a comparable basis, excluding currency translation and portfolio effects

² Fiscal year 2018 additionally includes IPO costs

³ Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

⁴ Basic earnings per share are computed by dividing net income attributable to the shareholders of Siemens Healthineers AG by the weighted average number of outstanding shares of Siemens Healthineers AG

- Comparable revenue up by 6%, led by strong growth in Advanced Therapies and Imaging, Diagnostics with slight increase; geographically supported by all regions, significant growth in EMEA and China, Americas with solid growth
- Positive currency translation effects impacted revenue growth by three percentage points
- Adjusted profit margin increased by +50 bps despite negative currency effects of -70 bps year-over-year; profitability significantly up year-over-year in Imaging and Advanced Therapies
- Net income increased to €381 million, resulting in 24% higher basic earnings per share; Q2 FY 2019 benefited from a higher profit than Q2 FY 2018, which was impacted by centrally booked expenses of €85 million related to the initial public offering (IPO); Q2 FY 2018 was impacted by positive income tax effects
- Free cash flow above prior year primarily driven by higher profit after taxes, held back by increase in capital expenditures and equipment leased out to customers

Imaging

(in millions of €)	Q2		% Change	
	2019	2018	Act.	Comp.
Total revenue	2,137	1,946	10%	7%
Profit	441	371	19%	
<i>Therein: Severance charges</i>	-7	-5		
Profit margin	20.7%	19.1%		
<i>Adjusted profit margin¹</i>	21.0%	19.3%		

- Strong comparable revenue growth driven by equipment as well as service business, particularly strong in Molecular Imaging, Computed Tomography and X-Ray Products
- Comparable revenue growth across all three regions with significant growth in EMEA and strong growth in Americas
- Adjusted profit margin year-over-year developed very positively mainly from conversion and the cost savings program

Diagnostics

(in millions of €)	Q2		% Change	
	2019	2018	Act.	Comp.
Total revenue	1,018	970	5%	2%
Profit	119	125	-5%	
<i>Therein: Severance charges</i>	-1	-7		
Profit margin	11.7%	12.9%		
<i>Adjusted profit margin¹</i>	11.8%	13.6%		

- Modest comparable revenue growth driven by Asia and Australia as well as EMEA
- 780+ Atellica Solution analyzers shipped by end of March year to date²
- Adjusted profit margin improved quarter-over-quarter; Q2 FY 2019 impacted by negative currency effects (-140 bps) year-over-year and continued Atellica Solution ramp-up costs

Advanced Therapies

(in millions of €)	Q2		% Change	
	2019	2018	Act.	Comp.
Total revenue	391	352	11%	9%
Profit	75	55	35%	
<i>Therein: Severance charges</i>	-2	-1		
Profit margin	19.1%	15.7%		
<i>Adjusted profit margin¹</i>	19.6%	16.0%		

- Strong comparable revenue growth, mainly driven by double digit equipment and strong service growth
- Comparable revenue growth geographically supported by all regions, significant growth in Asia and Australia as well as EMEA
- Adjusted profit margin increased year-over-year mainly from conversion and the cost savings program

¹ Adjusted for severance charges

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

Reconciliation to consolidated financial statements

Profit

(in millions of €)	Q2 2019	Q2 2018
Total segments	635	551
Corporate items, eliminations, other items	-20	-94
Profit	616	457
Financing interest	-35	-36
Amortization of intangible assets acquired in business combinations	-32	-32
Income before income taxes	548	389
Income tax expenses	-167	-81
Net income	381	308

- Corporate items, eliminations and other items in Q2 FY 2019 improved mainly due to the absence of IPO costs and lower severance charges
- Financing interest in Q2 FY 2019 on prior year level; Q2 FY 2018 included a gain of €27 million due to the early redemption of loans in the course of the legal separation of Siemens Healthineers; Q2 FY 2019 benefited from the post-IPO capital structure
- Net income in Q2 FY 2019 benefited from higher profit; Q2 FY 2018 was impacted by positive income tax effects (tax rate: 30% in Q2 FY 2019; 21% in Q2 FY 2018)

Outlook

We confirm our guidance for fiscal year 2019 and continue to expect comparable revenue growth to be in the range of 4% to 5% compared to fiscal year 2018. We expect our profit margin (adjusted for severance charges) for fiscal year 2019 to be in the range of 17.5% to 18.5%. Earnings per share are expected to be 20% to 30% above the level of fiscal year 2018. The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019.

Notes and forward-looking statements

Starting today at 10:00 a.m. CET, the press conference at which Siemens Healthineers CEO Dr. Bernd Montag and CFO Dr. Jochen Schmitz discuss the financial figures will be broadcast live at:

[siemens-healthineers.com/press-room](https://www.siemens-healthineers.com/press-room)

Starting today at 8:30 a.m. CET, the conference call for analysts and investors with Dr. Bernd Montag and Dr. Jochen Schmitz can be followed live at:

corporate.siemens-healthineers.com/investor-relations

Recordings of the press conference and the conference call for analysts and investors will be subsequently made available as well.

Financial publications are available for download at:

corporate.siemens-healthineers.com/investor-relations/presentations-financial-publications

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Healthineers that may constitute forward-looking statements. These statements may be identified by words such as “expect”, “forecast”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “target” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens Healthineers’ management, of which many are beyond Siemens Healthineers’ control. As they relate to future events or developments, these statements are subject to a number of risks, uncertainties and factors, including, but not limited to those described in the respective disclosures. Should one or more of these risks, uncertainties or factors materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens Healthineers may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. All forward-looking statements only speak as of the date when they were made and Siemens Healthineers neither intends, nor assumes any obligation, unless required by law, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures may have limitations as analytical tools and should not be viewed in isolation or as alternatives to measures of Siemens Healthineers’ net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently, which may therefore not be comparable.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Financial Results

Second quarter of fiscal year 2019

Additional information

(in millions of €, except where otherwise stated)

Revenue by customer location

(in millions of €)	Q2 2019	Q2 2018	Act.	% Change Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	1,101	1,020	8%	9%
Therein: Germany	206	195	5%	5%
Americas	1,396	1,278	9%	3%
Therein: United States	1,183	1,071	10%	3%
Asia, Australia	1,008	929	9%	6%
Therein: China	437	398	10%	9%
Siemens Healthineers	3,505	3,226	9%	6%

¹ Year-over-year on a comparable basis, excluding currency translation and portfolio effects

Revenue by customer location

(in millions of €)	First half 2019	First half 2018	Act.	% Change Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	2,174	2,098	4%	4%
Therein: Germany	422	408	3%	3%
Americas	2,729	2,512	9%	4%
Therein: United States	2,314	2,104	10%	4%
Asia, Australia	1,903	1,815	5%	4%
Therein: China	840	815	3%	3%
Siemens Healthineers	6,807	6,425	6%	4%

¹ Year-over-year on a comparable basis, excluding currency translation and portfolio effects

Employees

	Mar 31, 2019	Sept 30, 2018
Number of employees (in thousands)	50.8	50.0
Germany	13.3	13.0
Outside Germany	37.5	36.9

Consolidated statements of income

(in millions of €, earnings per share in €)	Q2 2019	Q2 2018	First half 2019	First half 2018
Revenue	3,505	3,226	6,807	6,425
Cost of sales	-2,066	-1,882	-4,033	-3,752
Gross profit	1,440	1,344	2,773	2,673
Research and development expenses	-322	-309	-634	-614
Selling and general administrative expenses	-536	-527	-1,072	-1,065
Other operating income	4	3	17	18
Other operating expenses	-6	-89	-10	-101
Income from investments accounted for using the equity method, net	-	1	1	4
Interest income	7	27	13	31
Interest expenses	-37	-60	-76	-130
Other financial income, net	-1	-2	-13	-6
Income before income taxes	548	389	999	809
Income tax expenses	-167	-81	-274	-192
Net income	381	308	725	618
Thereof attributable to:				
Non-controlling interests	4	4	8	8
Shareholders of Siemens Healthineers AG	377	304	717	610
Basic earnings per share	0.38	0.30	0.72	0.61
Diluted earnings per share	0.38	0.30	0.72	0.61

Consolidated statements of comprehensive income

(in millions of €)	Q2 2019	Q2 2018	First half 2019	First half 2018
Net income	381	308	725	618
Remeasurements of defined benefit plans	-14	-8	-119	-39
Therein: Income tax effects	14	-14	48	-35
Other comprehensive income that will not be reclassified to profit or loss	-14	-8	-119	-39
Currency translation differences	141	72	194	111
Cash flow hedges	-18	-7	-25	-1
Therein: Income tax effects	9	3	12	-
Other comprehensive income that may be reclassified subsequently to profit or loss	123	65	169	110
Other comprehensive income, net of taxes	109	57	50	71
Comprehensive income	490	365	775	689
Thereof attributable to:				
Non-controlling interests	4	2	8	5
Shareholders of Siemens Healthineers AG	486	363	767	684

Consolidated statements of financial position

(in millions of €)	Mar 31, 2019	Sept 30, 2018
Cash and cash equivalents	777	519
Trade and other receivables	2,528	2,419
Other current financial assets	66	77
Receivables from Siemens Group	148	1,396
Contract assets	634	600
Inventories	2,121	1,829
Current income tax assets	66	56
Other current assets	326	303
Assets classified as held for sale	6	-
Total current assets	6,672	7,199
Goodwill	8,365	8,176
Other intangible assets	1,560	1,571
Property, plant and equipment	2,147	1,919
Investments accounted for using the equity method	46	38
Other financial assets	196	174
Deferred tax assets	365	394
Other assets	285	287
Total non-current assets	12,964	12,559
Total assets	19,636	19,758
Short-term debt and current maturities of long-term debt	105	57
Trade payables	1,320	1,278
Other current financial liabilities	119	82
Payables to Siemens Group	445	639
Contract liabilities	1,649	1,524
Current provisions	280	295
Current income tax liabilities	164	206
Other current liabilities	1,020	1,223
Total current liabilities	5,102	5,303
Long-term debt	17	17
Provisions for pensions and similar obligations	1,008	845
Deferred tax liabilities	352	348
Provisions	150	157
Other financial liabilities	28	26
Other liabilities	348	386
Other liabilities to Siemens Group	3,909	4,002
Total non-current liabilities	5,812	5,780
Total liabilities	10,914	11,083
Issued capital	1,000	1,000
Capital reserve	10,791	11,174
Retained earnings	-2,693	-3,019
Other components of equity	-389	-500
Total equity attributable to shareholders of Siemens Healthineers AG	8,709	8,656
Non-controlling interests	13	20
Total equity	8,722	8,675
Total liabilities and equity	19,636	19,758

Consolidated statements of cash flows

(in millions of €)	Q2 2019	Q2 2018
Net income	381	308
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	148	124
Income tax expenses	167	81
Interest income/expenses, net	31	33
Income related to investing activities	1	-
Other non-cash income/expenses, net	8	30
Change in operating net working capital		
Contract assets	-79	-65
Inventories	-45	-111
Trade and other receivables	-25	-36
Trade payables	87	57
Contract liabilities	84	109
Change in other assets and liabilities	-155	-93
Additions to assets leased to others in operating leases	-92	-67
Income taxes paid	-152	-31
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-	-46
Interest received	6	2
Cash flows from operating activities	363	297
Additions to intangible assets and property, plant and equipment	-159	-124
Acquisitions of businesses, net of cash acquired	-	-1
Disposal of investments, intangible assets and property, plant and equipment	2	2
Cash flows from investing activities	-157	-122
Purchase of treasury shares	-3	-
Change in short-term debt and other financing activities	43	3
Interest paid	-2	-1
Dividends paid to shareholders of Siemens Healthineers AG ¹	-699	-
Dividends paid to non-controlling interests	-10	-7
Interest paid to Siemens Group	-31	-28
Other transactions/financing with Siemens Group	504	-266
Cash flows from financing activities	-198	-300
Effect of changes in exchange rates on cash and cash equivalents	13	-6
Change in cash and cash equivalents	20	-131
Cash and cash equivalents at beginning of period	757	326
Cash and cash equivalents at end of period	777	196

¹ Dividends to the Siemens Group in fiscal year 2018

Consolidated statements of cash flows

(in millions of €)	First half 2019	First half 2018
Net income	725	618
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	290	248
Income tax expenses	274	192
Interest income/expenses, net	63	99
Income related to investing activities	-3	-3
Other non-cash income/expenses, net	13	38
Change in operating net working capital		
Contract assets	-24	-176
Inventories	-228	-251
Trade and other receivables	-51	108
Trade payables	12	31
Contract liabilities	90	71
Change in other assets and liabilities	-309	-269
Additions to assets leased to others in operating leases	-159	-117
Income taxes paid	-239	-72
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-	-122
Dividends received	1	1
Interest received	11	6
Cash flows from operating activities	465	401
Additions to intangible assets and property, plant and equipment	-285	-219
Purchase of investments and financial assets for investment purposes	-3	-
Acquisitions of businesses, net of cash acquired	-8	-227
Disposal of investments, intangible assets and property, plant and equipment	3	4
Disposal of businesses, net of cash disposed	2	-
Cash flows from investing activities	-291	-441
Purchase of treasury shares	-45	-
Change in short-term debt and other financing activities	43	2
Interest paid	-2	-3
Dividends paid to shareholders of Siemens Healthineers AG ¹	-699	-230
Dividends paid to non-controlling interests	-15	-9
Interest paid to Siemens Group	-64	-90
Other transactions/financing with Siemens Group	853	386
Cash flows from financing activities	71	57
Effect of changes in exchange rates on cash and cash equivalents	13	-5
Change in cash and cash equivalents	258	12
Cash and cash equivalents at beginning of period	519	184
Cash and cash equivalents at end of period	777	196

¹ Dividends to the Siemens Group in fiscal year 2018

Overview of segment figures

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹		Assets Mar 31, 2019	Assets Sept 30, 2018	Free cash flow		Additions to other intangible assets and property, plant and equipment		Amortization, deprecia- tion and impairments	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018			Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Imaging	2,064	1,880	73	66	2,137	1,946	441	371	6,679	6,258	377	253	34	35	36	33
Diagnostics	1,018	970	-	-	1,018	970	119	125	5,184	4,676	-32	-8	182	119	59	46
Advanced Therapies	390	348	1	5	391	352	75	55	969	904	63	53	6	2	3	2
Total segments	3,472	3,197	75	71	3,546	3,267	635	551	12,831	11,838	408	299	223	156	99	81
Reconciliation to consolidated financial statements	34	30	-75	-71	-41	-41	-88	-162	6,804	7,920	-204	-125	36	37	49	44
Siemens Healthineers	3,505	3,226	-	-	3,505	3,226	548	389	19,636	19,758	204	174	258	193	148	124

¹ Siemens Healthineers: Income before income taxes

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹		Assets Mar 31, 2019	Assets Sept 30, 2018	Free cash flow		Additions to other intangible assets and property, plant and equipment		Amortization, deprecia- tion and impairments	
	2019	First half 2018	2019	First half 2018	2019	First half 2018	2019	First half 2018			2019	First half 2018	2019	First half 2018	2019	First half 2018
Imaging	4,016	3,758	142	132	4,157	3,889	837	742	6,679	6,258	555	504	64	61	71	64
Diagnostics	1,982	1,899	-	-	1,982	1,899	195	224	5,184	4,676	-150	-108	314	321	114	92
Advanced Therapies	745	711	2	9	747	720	143	137	969	904	97	108	10	5	6	4
Total segments	6,742	6,368	144	140	6,886	6,508	1,175	1,103	12,831	11,838	502	504	388	386	192	160
Reconciliation to consolidated financial statements	64	57	-144	-140	-80	-83	-175	-294	6,804	7,920	-322	-322	67	66	98	88
Siemens Healthineers	6,807	6,425	-	-	6,807	6,425	999	809	19,636	19,758	179	183	456	452	290	248

¹ Siemens Healthineers: Income before income taxes

EBITDA reconciliation

	Profit ¹		Therein: Financial income/expenses, net ³		Therein: Amortization, depreciation and impairments		EBITDA	
(in millions of €)	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Imaging	441	371	2	2	36	33	476	402
Diagnostics	119	125	3	1	59	46	175	170
Advanced Therapies	75	55	-	-	3	2	78	58
Total segments	635	551	5	3	99	81	729	629
Corporate items, eliminations, other items	-20	-94	-1	-	17	12	-2	-81
Profit	616	457	4	2	115	93	727	548
Reconciliation to consolidated financial statements ²	-68	-68	-35	-36	32	32	-	-
Siemens Healthineers	548	389	-32	-34	148	124	727	548

1 Siemens Healthineers: Income before income taxes

2 Total of amortization of intangible assets acquired in business combinations and financing interest

3 Financial income shown with positive and expenses with negative sign

	Profit ¹		Therein: Financial income/expenses, net ³		Therein: Amortization, depreciation and impairments		EBITDA	
(in millions of €)	First half 2019	First half 2018	First half 2019	First half 2018	First half 2019	First half 2018	First half 2019	First half 2018
Imaging	837	742	4	3	71	64	904	803
Diagnostics	195	224	5	3	114	92	304	313
Advanced Therapies	143	137	-	-	6	4	149	141
Total segments	1,175	1,103	9	6	192	160	1,357	1,257
Corporate items, eliminations, other items	-27	-122	-2	-4	33	23	8	-95
Profit	1,148	980	7	2	225	184	1,365	1,162
Reconciliation to consolidated financial statements ²	-149	-172	-84	-106	65	64	-	-
Siemens Healthineers	999	809	-76	-105	290	248	1,365	1,162

1 Siemens Healthineers: Income before income taxes

2 Total of amortization of intangible assets acquired in business combinations and financing interest

3 Financial income shown with positive and expenses with negative sign