The next level of profitable growth

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The next level of profitable growth

Comparable revenue growth

>5% p.a.

Adj. EPS growth\(^1\)

~10% p.a.

\(^1\) Adjusted for PPA, severance charges and acquisition-related transaction costs net of tax
The global market for healthcare is undergoing a massive transformation

Healthcare trends ...

- Demographic shift
- Population growth
- Growing chronic disease burden
- Patient as a consumer
- Staff shortage
- Increasing cost pressure
- Value-based reimbursement

... and implications for providers

Managing health

Industrialization

Consolidation

Siemens Healthineers is uniquely positioned to help Healthcare providers to ...

... expand precision medicine

... transform care delivery

... improve patient experience

... digitalize healthcare
We continue to outgrow our market while developing new markets and growing into adjacencies

Total healthcare market
Healthcare providers’ spend of €7 tr p.a.

Outgrow the market
Continuing to innovate the core, outgrowing the market as technology leader

Grow the market
Leveraging our unique position to develop new markets and to grow into adjacencies

Total addressable market for IM, DX (ex MDX) and AT with current portfolio (2016)

Source: Siemens Healthineers market model

1 Total addressable market for IM, DX (ex MDX) and AT with current portfolio (2016)

Source: Siemens Healthineers market model
Our fingerprint gives us unique leverage

**Unique technology position and customer access**

- >90% of global top 100 providers partner with us
- ~600,000 installed base

**Unique clinical expertise**

- >750m curated clinical data sets
- >70% of critical clinical decisions influenced by technologies we offer

**Unique R&D network**

- >90% of global top 100 providers partner with us
- ~9,000 highly skilled R&D employees

**Unique global footprint**

- >70 countries with direct presence
- 15,000 employees in an unmatched global service network

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1 including patents, patent applications and utility models
We drive our company to the next level of profitable growth

Our priorities

Imaging
Digital
Continuously innovating and making new markets

Diagnostics
Workflow
Path to market growth and expanding workflow leadership

Advanced Therapies
Procedures
Transforming to new levels of profitable growth

Drive share gains in growth markets

Drive share gains with leading providers

Drive our own digital transformation

Q4 FY2019
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Imaging – Continuously innovating and making new markets

Digitalization drives innovation

Current market

Imaging continuing growth momentum at above 5%

Innovate

core business

- New modality platforms with highly automated imaging and diagnosis
- Disruptive new platform in Magnetic Resonance to expand entry-level reach
- Re-defining Computed Tomography with digital imaging technology

Expand
diagnostic offerings

- Remotely connecting institutions and their imaging devices
- Empower seamless end-to-end diagnostic workflows

Lead
clinical decisions

- Automated, comprehensive radiology diagnosis with Artificial Intelligence (AI)
- AI-powered systems to guide and improve patient care
Diagnostics – Path to market growth and expanding workflow leadership

Strategic focus areas
- Automated, high throughput solutions
- Connected point-of-care solutions
- End-to-end solutions
- Data, Digitalization and AI

Roadmap for transition and growth

- **Grow**
  - **Diagnostics** accelerating towards **mid-single digit growth**

- **Expand**
  - .... by delivering on the promise of Atellica
    - Manage product scale-up and technology
    - Optimize installation processes
    - Improve commercial execution

- **Elevate**
  - ... by positioning ourselves for the future
    - Expand range of Atellica family to additional segments
    - Grow menu breadth and depth
    - Drive POC innovation for market leadership

- ... with innovation in workflow
  - Lead in workflow excellence and data, digital and AI
  - Increase clinical value with unique tests and near patient insights

Workflow excellence

Clinical excellence
Advanced Therapies – Transforming to new levels of profitable growth

Addressing core with image guidance and navigation
- Enhancing minimally invasive procedures with ARTIS icono
- Reinforcing portfolio and coverage in fast growing geographies
- Leveraging the entire Siemens Healthineers portfolio for next-gen therapy guidance

Improving precision and transforming care delivery
- One stop angio based stroke assessment and therapy with ARTIS icono
- Enhancing physicians eyes and hands with Corindus
- Improving patient access with remote treatment

Expanding in highly growing procedures
- Adding per procedure revenue by focusing on cardio- and neurovascular procedures where advanced imaging drives better outcomes
- Broadening scope in cancer therapy by providing integrated navigation solutions for ablation and embolization

Advanced Therapies stepping up towards high-single digit growth

Current market

Future market

Expanding in procedures
Profitable growth – Based on a sound financial framework

**Cashflow**
Highly cash generative core business

- **Cash conversion rates**
  - Imaging ~90%
  - Advanced Therapies ~90%
  - Diagnostics in transition

**Debt**
Healthy balance sheet

- **Leverage** is 1.4 net debt/EBITDA
  - Solid investment grade rating as a minimum

**Equity**
Supportive majority shareholder

- **Shareholder structure**
  - Siemens AG is majority shareholder with 85%

**R&D**
Fuel for future growth

- **R&D spend**
  - ~9% of revenue

**CAPEX**
Accommodating growth needs of the businesses

- **CAPEX spend**¹
  - 3.5 - 4.5% of revenue

**M&A**
Smart, accretive and opportunistic

- **Diligent execution of M&A strategy:**
  - > 1’’ invested in Corindus Robotics, ECG management Consultants and Minicare

**Dividends**
Transparent and attractive policy

- **Dividend policy:** 50 - 60%²
  - FY18: €0.70; FY19: €0.80 proposed, +14%

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¹ Excluding operating leases | ² of net income

Q4 FY2019

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### Transparent M&A principles – smart, accretive, opportunistic

<table>
<thead>
<tr>
<th>M&amp;A type</th>
<th>Short-term accretion</th>
<th>Mid-term accretion</th>
<th>Long-term accretion</th>
<th>Deal size</th>
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<td>“Portfolio”</td>
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<td>✓</td>
<td>Large</td>
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</table>

- **Smart** – M&A targets are selected to fit the overall strategy within the three segments
- **Accretive** – Deals are evaluated by their accretiveness in terms of financials, operations and new opportunities
- **Opportunistic** – A decisive and well-timed deal execution is crucial to secure deals in MedTech
High R&D maintained, CAPEX optimized for business needs

**Research and development expenses (R&D) (€m)**

<table>
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<tr>
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<th>2018</th>
<th>2019</th>
<th>2020 – 2022</th>
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<tbody>
<tr>
<td>Central</td>
<td>1,281</td>
<td>1,328</td>
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<tr>
<td>Advanced Therapies</td>
<td>167</td>
<td>155</td>
<td></td>
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<tr>
<td>Diagnostics</td>
<td>294</td>
<td>293</td>
<td></td>
</tr>
<tr>
<td>Imaging</td>
<td>778</td>
<td>841</td>
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</table>

**In % of revenue**

- 9.5%
- 9.1%
- ~9%

**Capital expenditures development (€m)**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020 – 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Therapies</td>
<td>530</td>
<td>579</td>
<td></td>
</tr>
<tr>
<td>Diagnostics</td>
<td>144</td>
<td>197</td>
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</tr>
<tr>
<td>Imaging</td>
<td>386</td>
<td>383</td>
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</tr>
</tbody>
</table>

**Capex in % of revenue (excl. op. leases)**

- 3.9%
- 4.0%
- 3.5 - 4.5%

**Note:** Segment R&D in % of revenue based on total segment revenue including intersegment sales. R&D expenses incl. ppa. Capex as per cash flow statement. All figures excluding operating leases.
**Outlook for FY2020**

**Comparable revenue growth**

- **Manifesting new growth level** of 5 - 6% after strong FY19
- **Imaging** to continue attractive growth, growth rate below the very strong growth in FY19 within group outlook
- **Diagnostics** to accelerate growth, yet below group outlook
- **Advanced Therapies** to continue attractive growth clearly within group outlook

**Adj. EPS growth**

- **Adj. EBIT margin** for the group expected at 17 - 18%
- **Imaging** to continue to expand margins like in prior year
- **Diagnostics** margin to slightly decrease
- **Advanced Therapies** margin to significantly decrease due to acquisition of Corindus Robotics

**Interest expenses** expected between €60 - 80 mio.
**Tax rate** expected at 27 - 30%

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1 Y-o-y on a comparable basis, excluding translation and portfolio effects  |  2 Adjusted for PPA, severance charges and acquisition-related transaction costs, for EPS net of tax  |  3 The outlook is based on current foreign exchange rate assumptions and on the current portfolio (incl. signed or closed M&A transactions)  |  4 excluding effects from acquisition of Corindus Robotics, ECG Management Consultants and MiniCare
Outlook for FY2021 and FY2022

Comparable revenue growth\(^1\) p.a.

\[ >5\% \]

**2021E/2022E**

- **Imaging** continuing growth momentum at above 5%
- **Diagnostics** accelerating towards mid-single digit growth
- **Advanced Therapies** stepping up towards high-single digit growth, fueled by new offerings, e.g. robotics

Adj. EPS growth\(^2\) p.a.

\[ \sim 10\% \]

**2021E/2022E**

- **Imaging** to continuously deliver industry-leading margins
- **Diagnostics** with first improvements in 2021E/2022E, around 2024 margin in the mid-teens
- **Advanced Therapies** to return to industry-leading margins, driving profitable growth from new portfolio
- **Tax rate** expected at 27 - 30%

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1 Y-o-y on a comparable basis, excluding translation and portfolio effects | 2 Adjusted for PPA, severance charges and acquisition-related transaction costs net of tax | 3 The outlook is based on current foreign exchange rate assumptions and on the current portfolio