

Erlangen, Germany, May 3, 2018

Earnings Release

Q2 Fiscal Year 2018

January 1 to March 31, 2018

Siemens Healthineers fully on track to meet the targets

»With a strong performance the team of Siemens Healthineers has once again demonstrated the operational strength of our businesses, while preparing for our successful IPO. Based on the good quarterly figures, we confirm our outlook for the full year.« said Bernd Montag, CEO Siemens Healthineers.

- Comparable revenue growth of 4 percent driven by strong Imaging segment
- Adjusted profit margin rises to 17.4 percent despite negative currency effects
- Market launch of the Atellica Solution laboratory diagnostics system on course with more than 250 analyzers shipped by end of Q2
- Full year guidance reaffirmed

Siemens Healthineers

(in millions of €)	Q2		% Change	
	2018	2017	Act.	Comp. ¹
Revenue	3,226	3,396	-5%	4%
Profit	457	546	-16%	
<i>therein: severance charges and IPO costs</i>	-103	-14		
Profit margin	14.2%	16.1%		
Adjusted profit margin ²	17.4%	16.5%		
Net income	308	305	1%	
Adjusted net income ²	428	341	26%	
Free cash flow	174	326	-47%	

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

² Adjusted for severance charges, IPO costs (Profit and Net income) and for Amortization of intangible assets acquired in business combinations net of tax (Net income)

- Comparable revenue increased in all segments with clear growth in Imaging
- Negative currency effects impacted Revenue growth by nine percentage points; portfolio transactions had a minimal effect on overall Revenue development year-over-year
- Successful initial public offering (“IPO”) on March 16, 2018; IPO related transaction costs of €85 million burdening Profit
- In addition, profitability in Q2 2018 was negatively impacted by year-over-year currency effects
- Compared to prior year quarter, the increased Adjusted profit margin is driven by higher volume in Imaging segment, mainly Magnetic Resonance (MR) and Computed Tomography (CT) businesses with related degression effects and a favorable business mix. Held back by an adverse development in Advanced Therapies
- Income before income taxes benefited from the repayment of loans at their fair value during the legal reorganization resulting in a gain of €27 million
- Net income in Q2 2018 was positively impacted by one-time effects on income tax expenses
- Free cash flow decreased to €174 million from €326 million in Q2 2017 primarily reflecting investments into Atellica ramp-up, IPO costs and increased Inventories to secure supply capabilities

Imaging

(in millions of €)	Q2	Q2	% Change	
	2018	2017	Act.	Comp.
Total revenue	1,946	1,997	-3%	6%
Profit	371	340	9%	
<i>therein: severance charges</i>	-5	-6		
Profit margin	19.1%	17.0%		
<i>Adjusted profit margin¹</i>	19.3%	17.3%		

¹ Adjusted for severance charges

- Strong Comparable revenue growth was driven by equipment and service business with a significant increase in MR, CT and Ultrasound
- On a geographical basis, Comparable revenue growth across all three regions with significant growth in the U.S., China and Latin America
- Currency effects negatively impacted Revenue growth by nine percentage points
- Profit improved despite strong currency headwinds; increase mainly due to higher volume and related degression effects as well as a favorable business mix

Diagnostics

(in millions of €)	Q2	Q2	% Change	
	2018	2017	Act.	Comp.
Total revenue	970	1,050	-8%	0%
Profit	125	140	-11%	
<i>therein: severance charges</i>	-7	-3		
Profit margin	12.9%	13.4%		
<i>Adjusted profit margin¹</i>	13.6%	13.7%		

¹ Adjusted for severance charges

- On a geographical basis, solid Comparable revenue growth in the Region EMEA, slight growth in Asia, Australia offset by a decrease in Americas
- Currency effects negatively impacted Revenue growth by eight percentage points
- Adjusted profit margin remains on same level as last year as positive currency effects were offset by cost due to transition to Atellica Solution

Advanced Therapies

(in millions of €)	Q2	Q2	% Change	
	2018	2017	Act.	Comp.
Total revenue	352	377	-6%	2%
Profit	55	79	-30%	
<i>therein: severance charges</i>	-1	-1		
Profit margin	15.7%	21.0%		
<i>Adjusted profit margin¹</i>	16.0%	21.2%		

¹ Adjusted for severance charges

- After significant Revenue growth in Q1, Q2 2018 shows a modest development on a comparable basis. The first half year showed an overall strong growth
- Currency effects negatively impacted Revenue growth by eight percentage points
- On a geographical basis, Comparable revenue growth was driven by Region EMEA
- Decrease in Profit mainly driven by severe negative currency headwinds, increase in R&D and business mix

Reconciliation to Consolidated Financial Statements

Profit		
(in millions of €)	Q2 2018	Q2 2017
Total Segments	551	559
Corporate items, Eliminations, other items	-94	-13
Profit	457	546
Financing interest	-36	-70
Amortization of intangible assets acquired in business combinations	-32	-37
Income before income taxes	389	439
Income taxes	-81	-134
Net income	308	305

- Corporate items, Eliminations, other items in Q2 2018 were impacted by IPO costs of €85 million
- Financing interest in Q2 2018 includes a gain of €27 million due to the repayment of loans at their fair value during the legal reorganization
- Net income in Q2 2018 was positively impacted by one-time effects on income tax expenses which resulted in a tax rate in Q2 2018 of 20.8%

Outlook

As presented at the Capital Market Day and in the Prospectus for the public offering, we continue to expect Comparable revenue growth to be in the range of 3% to 4% for the fiscal year ending September 30, 2018 compared to the fiscal year ended September 30, 2017. We expect our Adjusted profit margin (calculated by dividing the Adjusted profit by Revenue and adjusted for severance charges and IPO costs) for the fiscal year ending September 30, 2018 to be in the range of 17% to 18% and that we will incur non-operational financial expenses, net in the range of €140 million and €170 million for the fiscal year ending September 30, 2018. Furthermore, we expect our effective income tax rate to be in a range of 28%-30% for the fiscal year ending September 30, 2018.

Notes and forward-looking statements

Starting today at 8:00 a.m. CEST, the conference call for journalists 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 11:30 a.m. CEST, 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 conference call for journalists 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,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. Such statements are based on the current expectations and certain assumptions of Siemens Healthineers’ management, of which many are beyond Siemens Healthineers’ control. These are subject to a number of risks, uncertainties and factors. Should one or more of these risks or uncertainties 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. Siemens Healthineers neither intends, nor assumes any obligation, 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 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.

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.

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

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Financial Results

Second Quarter and First Half of Fiscal Year 2018

Additional Information - Second Quarter and First Half Fiscal Year 2018

(in millions of €, except where otherwise stated)

Revenue by region (location of customer)

(in millions of €)	Q2	Q2	% Change	
	2018	2017	Act.	Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	1,020	1,023	0%	3%
therein Germany	195	207	-6%	-5%
Americas	1,278	1,404	-9%	4%
therein U.S.	1,071	1,183	-9%	4%
Asia, Australia	929	969	-4%	3%
therein China	398	371	7%	12%
Siemens Healthineers	3,226	3,396	-5%	4%

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

Revenue by region (location of customer)

(in millions of €)	First half	First half	% Change	
	2018	2017	Act.	Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	2,098	2,067	2%	5%
therein Germany	408	437	-7%	-5%
Americas	2,512	2,804	-10%	0%
therein U.S.	2,104	2,372	-11%	-1%
Asia, Australia	1,815	1,851	-2%	5%
therein China	815	730	12%	16%
Siemens Healthineers	6,425	6,723	-4%	3%

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

Employees

Number of employees (in thousands)	Mar. 31	Sep. 30
	2018	2017
Germany	12.8	12.5
Outside Germany	36.6	35.9

Consolidated Statements of Income

(in millions of €, per share amounts in €)	Q2 2018	Q2 2017	First half 2018	First half 2017
Revenue	3,226	3,396	6,425	6,723
Cost of sales	-1,882	-2,007	-3,752	-3,920
Gross profit	1,344	1,389	2,673	2,803
Research and development expenses	-309	-312	-614	-606
Selling and general administrative expenses	-527	-573	-1,065	-1,109
Other operating income	3	4	18	5
Other operating expenses	-89	-5	-101	-9
Income/loss from investments accounted for using the equity method, net	1	1	4	4
Interest income	27	2	31	6
Interest expenses	-60	-67	-130	-135
Other financial income/expenses, net	-2	-	-6	1
Income before income taxes	389	439	809	960
Income tax expenses	-81	-134	-192	-294
Net income	308	305	618	666
Attributable to:				
Non-controlling interests	4	5	8	7
Shareholders of Siemens Healthineers AG	304	300	610	659
Basic earnings per share	0.30	0.30	0.61	0.66
Diluted earnings per share	0.30	0.30	0.61	0.66

Consolidated Statements of Comprehensive Income

(in millions of €)	Q2 2018	Q2 2017	First half 2018	First half 2017
Net income	308	305	618	666
Remeasurements of defined benefit plans	-8	39	-39	238
therein: Income tax effects	-14	-19	-35	-102
Items that will not be reclassified to profit or loss	-8	39	-39	238
Currency translation differences	72	72	111	-124
Derivative financial instruments	-7	13	-1	2
therein: Income tax effects	3	-6	-	-2
Items that may be reclassified subsequently to profit or loss	65	85	110	-122
Other comprehensive income, net of income taxes	57	124	71	116
Total comprehensive income	365	429	689	782
Attributable to:				
Non-controlling interests	2	9	5	8
Shareholders of Siemens Healthineers AG	363	420	684	774

Consolidated Statements of Financial Position

(in millions of €)	Mar 31, 2018	Sep 30, 2017
Assets		
Cash and cash equivalents	196	184
Trade and other receivables	2,311	2,308
Other current financial assets	74	57
Receivables from Siemens Group	1,687	2,991
Contract assets	458	294
Inventories	1,833	1,605
Current income tax assets	50	79
Other current assets	281	276
Total current assets	6,890	7,794
Goodwill	7,911	7,992
Other intangible assets	1,545	1,525
Property, plant and equipment	1,673	1,566
Investments accounted for using the equity method	34	33
Other financial assets	153	162
Other receivables from Siemens Group	-	1,365
Deferred tax assets	371	408
Other assets	251	268
Total non-current assets	11,937	13,319
Total assets	18,828	21,113
Liabilities and equity		
Short-term debt and current maturities of long-term debt	56	55
Trade payables	1,119	1,120
Other current financial liabilities	67	72
Payables to Siemens Group	1,366	5,795
Contract liabilities	1,480	1,406
Current provisions	275	290
Current income tax liabilities	137	122
Other current liabilities	997	1,250
Total current liabilities	5,498	10,110
Long-term debt	16	15
Provisions for pensions and similar obligations	1,037	1,732
Deferred tax liabilities	157	259
Provisions	150	153
Other financial liabilities	37	23
Other liabilities	346	365
Other liabilities to Siemens Group	3,788	5,167
Total non-current liabilities	5,531	7,714
Total liabilities	11,029	17,824
Issued capital	1,000	-
Capital reserve	11,169	-
Retained earnings/Net assets ¹	-3,728	4,045
Other components of equity	-651	-764
Total equity attributable to shareholders of Siemens Healthineers AG	7,790	3,281
Non-controlling interests	9	8
Total equity	7,799	3,289
Total liabilities and equity	18,828	21,113

¹ As of September 30, 2017, Siemens Healthineers was not a legal group for which consolidated financial statements had to be prepared according to IFRS 10. Therefore, as of September 30, 2017, Combined Financial Statements were prepared in which Net assets attributable to Siemens Group were presented.

Consolidated Statements of Cash Flows

(in millions of €)	Q2 2018	Q2 2017
Cash flows from operating activities		
Net income	308	305
Adjustments to reconcile net income to cash flows from operating activities		
Amortization, depreciation and impairments	124	142
Income tax expenses	81	134
Interest income/expenses, net	33	64
Income related to investing activities	-	-
Other income from investments	-	-1
Other non-cash expenses	30	-2
Change in operating net working capital		
Contract assets	-65	-11
Inventories	-111	-41
Trade and other receivables	-36	-47
Trade payables	57	15
Contract liabilities	109	159
Change in other assets and liabilities	-93	-112
Additions to assets leased to others in operating leases	-67	-66
Income taxes paid	-31	-43
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-46	-77
Dividends received	-	-
Interest received	2	4
Cash flows from operating activities	297	424
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	-124	-97
Acquisitions of businesses, net of cash acquired	-1	-
Disposal of investments, intangibles and property, plant and equipment	2	2
Cash flows from investing activities	-122	-95
Cash flows from financing activities		
Change in short-term debt and other financing activities	3	16
Interest paid	-1	-
Dividends paid to Siemens Group	-	-66
Dividends paid to non-controlling interest holders	-7	-1
Interest paid to Siemens Group	-28	-62
Other transactions/financing with Siemens Group	-266	-238
Cash flows from financing activities	-300	-350
Effect of changes in exchange rates on cash and cash equivalents	-6	2
Change in cash and cash equivalents	-131	-20
Cash and cash equivalents at beginning of period	326	207
Cash and cash equivalents at end of period	196	187

(in millions of €)	First half 2018	First half 2017
Cash flows from operating activities		
Net income	618	666
Adjustments to reconcile net income to cash flows from operating activities		
Amortization, depreciation and impairments	248	283
Income tax expenses	192	294
Interest income/expenses, net	99	128
Income related to investing activities	-1	-
Other income from investments	-2	-4
Other non-cash expenses	38	32
Change in operating net working capital		
Contract assets	-176	-91
Inventories	-251	-169
Trade and other receivables	108	96
Trade payables	31	25
Contract liabilities	71	132
Change in other assets and liabilities	-269	-312
Additions to assets leased to others in operating leases	-117	-106
Income taxes paid	-72	-50
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-122	-171
Dividends received	1	1
Interest received	6	8
Cash flows from operating activities	401	762
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	-219	-193
Acquisitions of businesses, net of cash acquired	-227	-6
Disposal of investments, intangibles and property, plant and equipment	4	3
Cash flows from investing activities	-441	-196
Cash flows from financing activities		
Change in short-term debt and other financing activities	2	9
Interest paid	-3	-2
Dividends paid to Siemens Group	-230	-188
Dividends paid to non-controlling interest holders	-9	-2
Interest paid to Siemens Group	-90	-124
Other transactions/financing with Siemens Group	386	-280
Cash flows from financing activities	57	-587
Effect of changes in exchange rates on cash and cash equivalents	-5	2
Change in cash and cash equivalents	12	-19
Cash and cash equivalents at beginning of period	184	206
Cash and cash equivalents at end of period	196	187

Overview of Segment Figures

(in millions of €)	External Revenue		Intersegment Revenue		Total Revenue		Profit ¹		Assets		Free Cash Flow		Additions to intangible assets and property, plant and equipment and additions to assets leased to others in operating leases		Amortization, depreciation & impairments	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Mar 31,	Sep 30,	Q2	Q2	Q2	Q2	Q2	Q2
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Imaging	1,880	1,940	66	57	1,946	1,997	371	340	6,119	6,041	253	406	35	24	33	32
Diagnostics	970	1,050	0	0	970	1,050	125	140	4,447	3,915	-8	41	119	115	46	59
Advanced Therapies	348	374	5	3	352	377	55	79	877	879	53	63	2	2	2	3
Total Segments	3,197	3,364	71	60	3,267	3,424	551	559	11,442	10,835	299	510	156	141	81	93
Reconciliation to Consolidated Financial Statements	30	32	-71	-60	-41	-28	-162	-120	7,385	10,278	-125	-184	37	27	44	49
Siemens Healthineers	3,226	3,396	0	0	3,226	3,396	389	439	18,828	21,113	174	326	193	167	124	142

¹ Siemens Healthineers: Income before income taxes

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹		Assets		Free cash flow		Additions to intangible assets and property, plant and equipment and Additions to assets leased to others in operating leases		Amortization, depreciation & impairments	
	First half	First half	First half	First half	First half	First half	First half	First half	Mar 31,	Sep 30,	First half	First half	First half	First half	First half	First half
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Imaging	3,758	3,863	132	117	3,889	3,980	742	755	6,119	6,041	504	732	61	47	64	61
Diagnostics	1,899	2,057	0	0	1,899	2,057	224	275	4,447	3,915	-108	40	211	203	92	115
Advanced Therapies	711	733	9	5	720	738	137	168	877	879	108	130	5	4	4	5
Total Segments	6,368	6,653	140	122	6,508	6,775	1,103	1,198	11,442	10,835	504	902	276	253	160	181
Reconciliation to Consolidated Financial Statements	57	70	-140	-122	-83	-52	-294	-238	7,385	10,278	-322	-333	65	50	88	102
Siemens Healthineers	6,425	6,723	0	0	6,425	6,723	809	960	18,828	21,113	183	569	341	303	248	283

¹ Siemens Healthineers: Income before income taxes

EBITDA Reconciliation

(in millions of €)	Profit ¹		Financial income/expenses, net		Amortization, depreciation & impairments		EBITDA	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Imaging	371	340	-2	-2	33	32	402	370
Diagnostics	125	140	-1	-3	46	59	170	196
Advanced Therapies	55	79	0	0	2	3	58	81
Total Segments	551	559	-3	-5	81	93	629	647
Reconciliation to consolidated Financial Statements ²	-162	-120	37	70	44	49	-81	-1
Siemens Healthineers	389	439	34	65	124	142	548	646

¹ Siemens Healthineers: Income before income taxes

² Including amortization of Intangible assets acquired in business combinations

(in millions of €)	Profit ¹		Financial income/expenses, net		Amortization, depreciation & impairments		EBITDA	
	First half 2018	First half 2017	First half 2018	First half 2017	First half 2018	First half 2017	First half 2018	First half 2017
Imaging	742	755	-3	-4	64	61	803	813
Diagnostics	224	275	-3	-7	92	115	313	383
Advanced Therapies	137	168	0	0	4	5	141	173
Total Segments	1,103	1,198	-6	-11	160	181	1,257	1,368
Reconciliation to consolidated Financial Statements ²	-294	-238	111	139	88	102	-95	3
Siemens Healthineers	809	960	105	128	248	283	1,162	1,371

¹ Siemens Healthineers: Income before income taxes

² Including amortization of Intangible assets acquired in business combinations