

# Q1 Analyst Call

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# Mixed picture in Q1 – guidance for FY2019 confirmed

- **Comparable<sup>1)</sup> revenue up by 2.5% with a very healthy equipment book-to-bill of 1.13**
- **Continued Atellica Solution<sup>2)</sup> ramp up with 370+ analyzers shipped<sup>3)</sup>;**  
again strong Diagnostics instruments growth - high single digit in Q1
- **Low Diagnostics adjusted profit margin** of 8.1% due to FX (-130 bps) and higher Atellica Solution<sup>2)</sup> ramp-up costs
- **Adjusted profit margin<sup>4)</sup> at 16.5%;** -60 bps below prior year with currency headwinds of -40 bps and low Diagnostics adjusted profit margin
- **Basic earnings per share (EPS)** up by 11%
- **Low cash flow** mainly on inventory build-up and Diagnostics capacity expansion
- **Full year guidance confirmed**

1) Comparable growth excluding currency translation and portfolio effects

2) Product availability varies by country

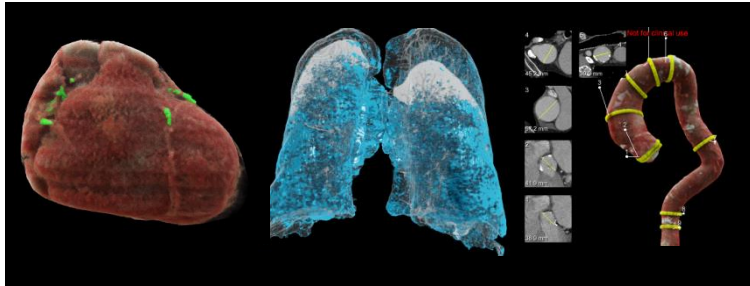
3) FY2019 target: 2,200 to 2,500 analyzers

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

# Digitalization and AI are already reality in our portfolio

## AI-Rad Companion<sup>1)</sup> platform

*AI-based software assistant for image reading*



- **Automatically highlights anatomies and abnormalities** of multi organ areas, including incidental finding
- **Transfers results in a structural reporting**
- **Chest CT reading - first application** of our new AI-Rad Companion platform

## AI-Pathway Companion<sup>2)</sup> platform

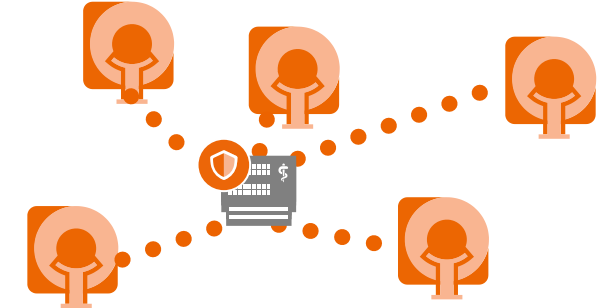
*Clinical decision support system based on AI*



- **Integrates relevant data** to facilitate **diagnostics and therapy decisions** along clinical pathways
- **Supports personalized diagnostics and therapy decisions**

## syngo Virtual Cockpit

*Remote scanning assistant improving access and provider productivity*



- **More flexible deployment** of experienced personnel across different locations
- **Higher level of standardization** in reports, leading to **more accurate diagnoses**
- **Improves facility productivity** in case of personnel shortages

1) AI-Rad Companion is 510(k) pending, and not yet commercially available in the United States and other countries.

2) AI-Pathway Companion is under development and not commercially available. Due to regulatory reasons its future availability cannot be guaranteed.

3) Syngo Virtual Cockpit is under development and not commercially available. Due to regulatory reasons its future availability cannot be guaranteed.

Please note that Expert-i must be available on the Siemens Healthineers Scanner to use this software solution.

# Market feedback underscores Atellica Solution's<sup>1)</sup> unique proposition

## Atellica Solution's capabilities

Unique  
Instrument



Competitive  
Menu



Comprehensive  
Lab Solutions

Highest throughput  
Unique priority test handling  
Lower operation costs  
AI enabled vision system  
& sample handling

Excellent assay breadth  
Competitive assay performance

Unprecedented flexibility &  
scalability  
Automation readiness

## Facts & feedback from ramp-up phase

- **Lab capacities boosted** – higher volumes per sqm, per hour
  - **Lab procedures simplified** – no need for a separate STAT analyzer / lab
  - **Total hands-on time reduced** – over 50%<sup>2)</sup> by automated calibration and QCs<sup>3)</sup>
  - **Step-up in productivity** – by intelligent sample identification
  - **Complete menu with 202 assays approved in the E.U., 185 in the U.S.**
  - **Excellent feedback on assay performance** – e.g. aid in diagnosis of myocardial infarction (i.e. high-sensitivity troponin)
  - **The enabler to significantly scale performance** – providing better customer P&Ls
- ➔ **High win-rate in large labs with large and highly automated instrument lines**

1) Product availability varies by country

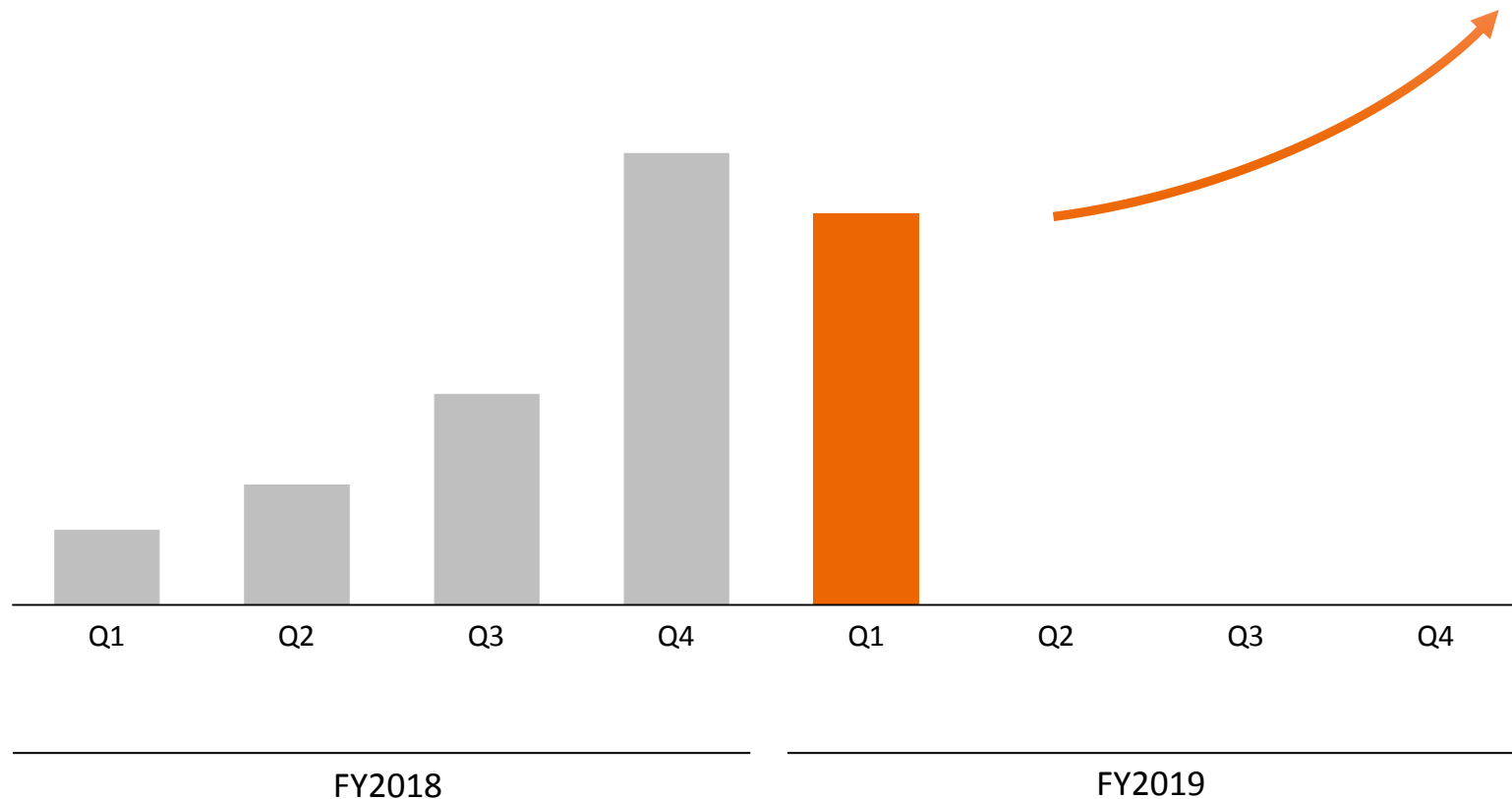
2) Results from studies conducted in 5 high-volume multi-site laboratories. The outcomes described were achieved in each customer's unique setting.

Since there is no "typical" hospital and many variables exist there can be no guarantee that others will achieve the same results.

3) QC: Quality controls

# Weak DX Q1 margin driven by FX and Atellica Solution – improving in coming quarters

## Atellica Solution revenue



### Dominating themes in Q1

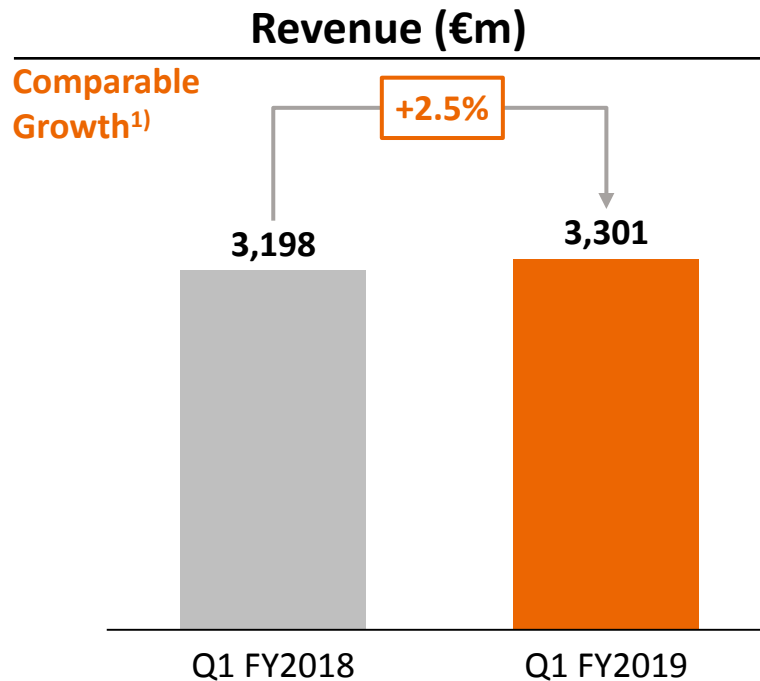
- Competitive wins on continued high level (>35%)
- Significant step up of analyzers going live
- High shipments combined with extended installation times (complex high volume projects) lead to step up in ramp up costs

### Development in remaining year

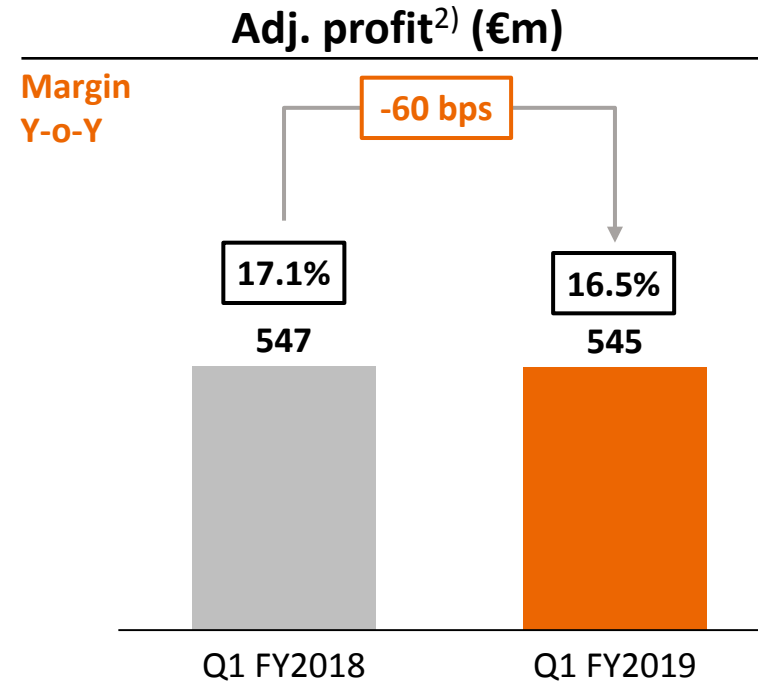
- More live analyzers generate higher reagent revenues
- Reagent revenues drive margin improvement

Note: Figures and graphs are indicative

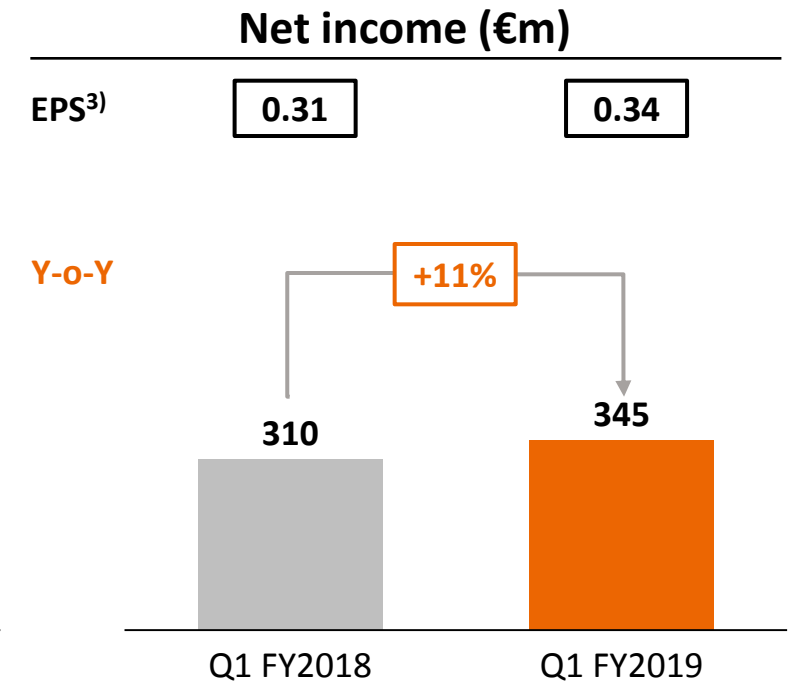
# Mixed picture in both top and bottomline



- Q1 led by moderate growth in Imaging and Diagnostics
- Regionally, growth is driven by the U.S., low growth in Asia, Australia and flat EMEA



- FX headwinds of -40 bps
- Strong Imaging margin supported by cost savings program
- Diagnostics and Advanced Therapies with lower profitability than in PYQ



- Low tax rate of 24% in Q1 (26% in PYQ)

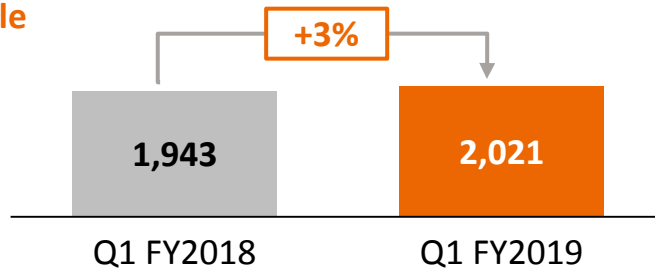
1) Comparable growth excluding currency translation and portfolio effects  
 2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs  
 3) EPS based on net income excluding non-controlling interest

# Margin at Diagnostics impacted by FX and Atellica ramp-up, margins for Imaging and Advanced Therapies fully on track

## Imaging (€m)

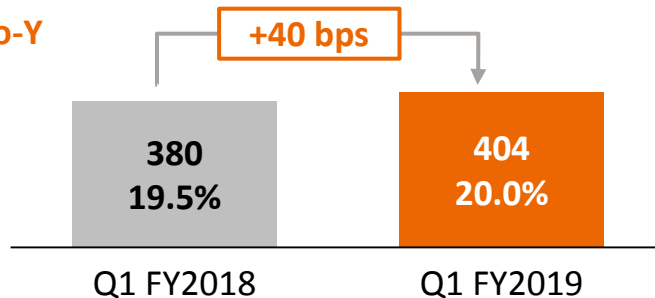
Comparable Growth<sup>1)</sup>

Revenue



Margin Y-o-Y

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

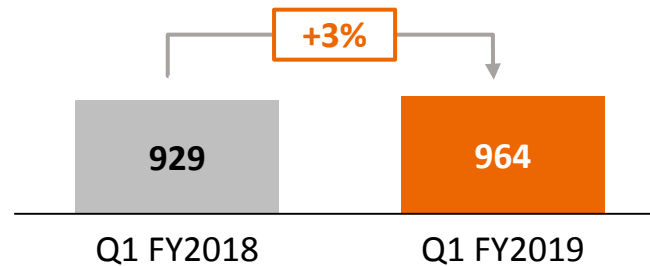


- Moderate Imaging growth overall, particularly strong in Computed Tomography and Molecular Imaging
- Margin improvement y-o-y mainly from conversion and cost savings program

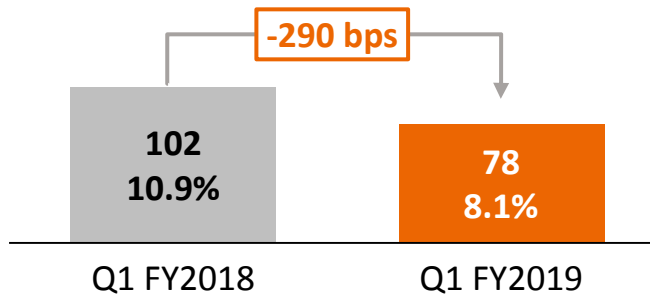
## Diagnostics (€m)

+3%

Revenue



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

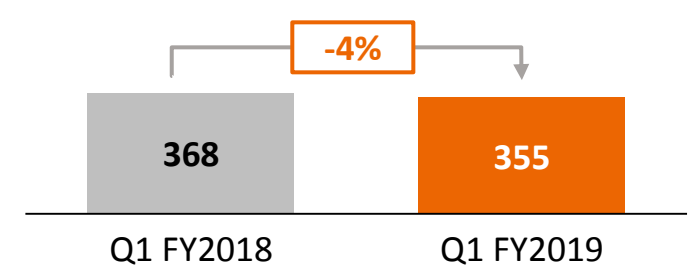


- Revenue growth on weak comps from PYQ (-1% growth)
- Margin held back by FX (-130 bps) and higher ramp-up costs for Atellica Solution

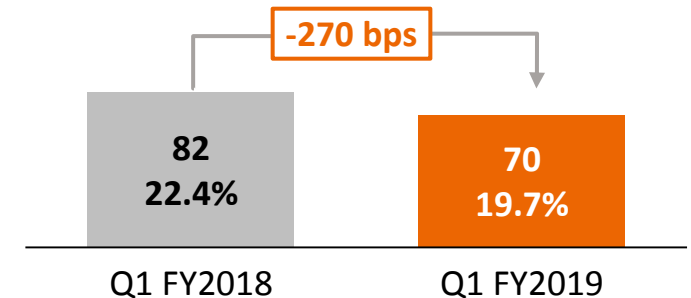
## Advanced Therapies (€m)

-4%

Revenue



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



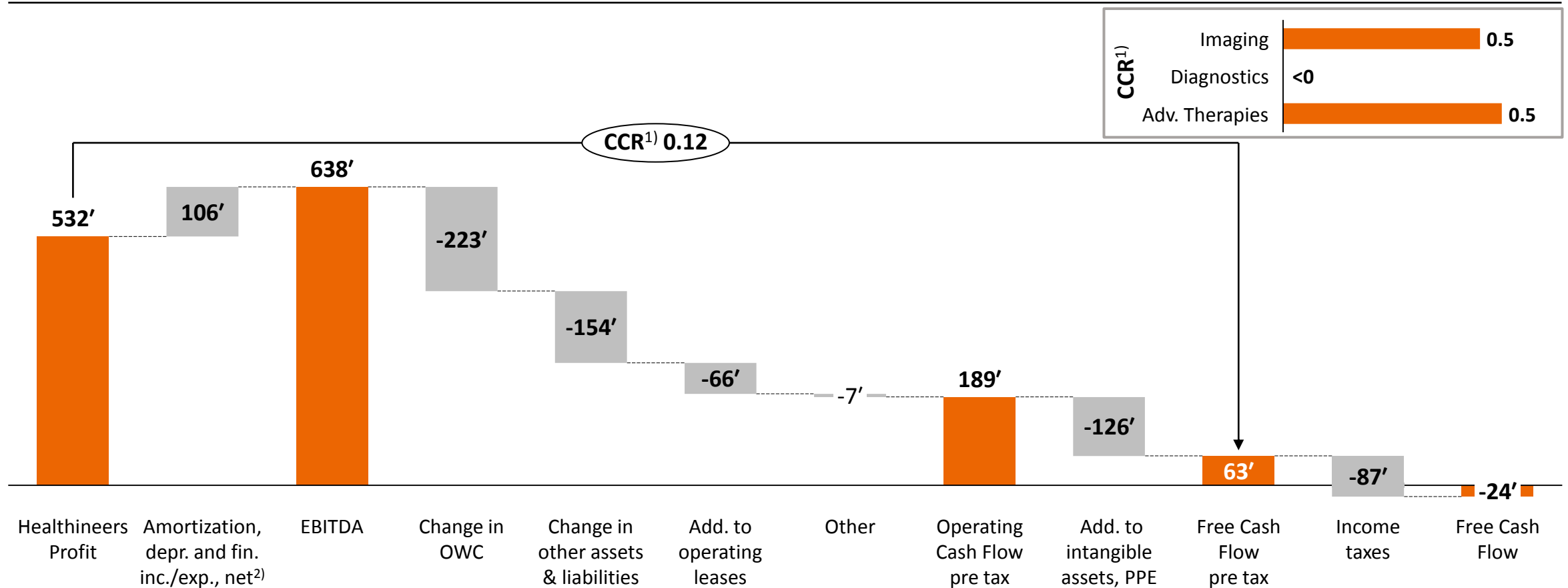
- Q1 revenue down on very tough comps from PYQ (8.5% growth)
- Less favourable business mix and lower volume compared to PYQ affects margin development y-o-y

1) Comparable growth excluding currency translation and portfolio effects  
 2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs



# Low cash due to inventory build-up and capex spent

## Q1 Siemens Healthineers Profit to Free Cash Flow

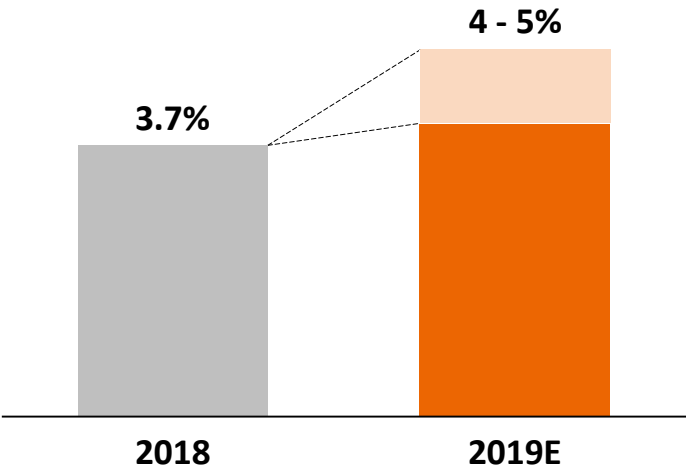


1) CCR=Free Cash Flow pre tax/Healthineers Profit

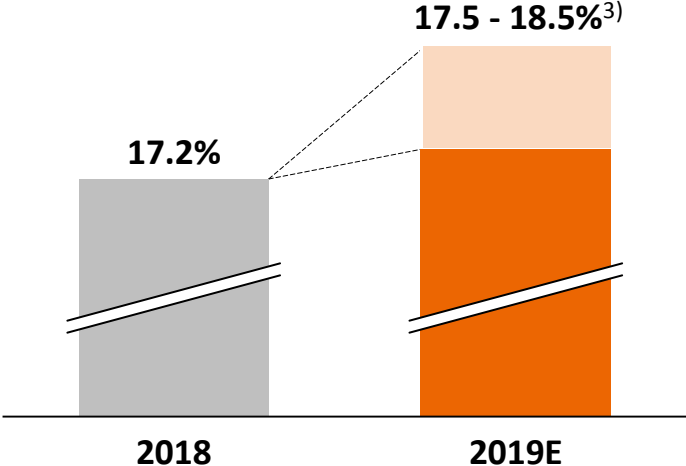
2) Amortization, depreciation and impairments (excl. PPA) and financial income/expenses, net from operations

# Outlook – full year guidance confirmed

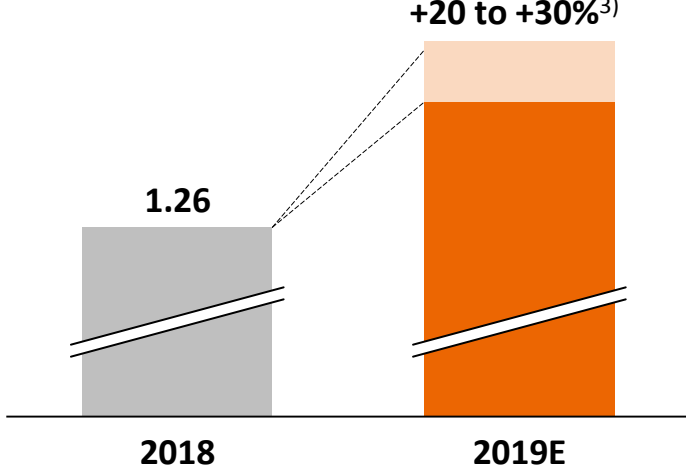
**Comparable revenue growth<sup>1)</sup>**



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



**Earnings per share (in €)**



1) Comparable growth excluding currency 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



# Q1 reconciliations and KPIs for group and segments

Position (€m)	Q1 FY2019				Q1 FY2018			
	Healthineers	Imaging	Diagnostics	Advanced Therapies	Healthineers	Imaging	Diagnostics	Advanced Therapies
<b>Profit</b>	532	396	76	68	524	371	99	82
Severance charges	13	8	2	2	15	8	3	0
IPO costs	0	0	0	0	8	0	0	0
<b>Adjusted profit<sup>1)</sup></b>	<b>545</b>	<b>404</b>	<b>78</b>	<b>70</b>	<b>547</b>	<b>380</b>	<b>102</b>	<b>82</b>
<b>Profit</b>	532	396	76	68	524	371	99	82
Financial income/expenses, net <sup>2)</sup> from operations	3	2	2	0	0	2	2	0
Amortization, depreciation and impairments (excl. PPA)	109	34	56	3	91	33	46	2
<b>EBITDA</b>	<b>638</b>	<b>428</b>	<b>129</b>	<b>71</b>	<b>615</b>	<b>403</b>	<b>143</b>	<b>84</b>
<b>Assets</b>	19,884	6,530	4,949	943	23,619	6,093	4,324	888
<b>Free Cash Flow</b>	-24	178	-118	34	9	251	-100	54

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

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

# Q1 group profit to net income and EPS reconciliation

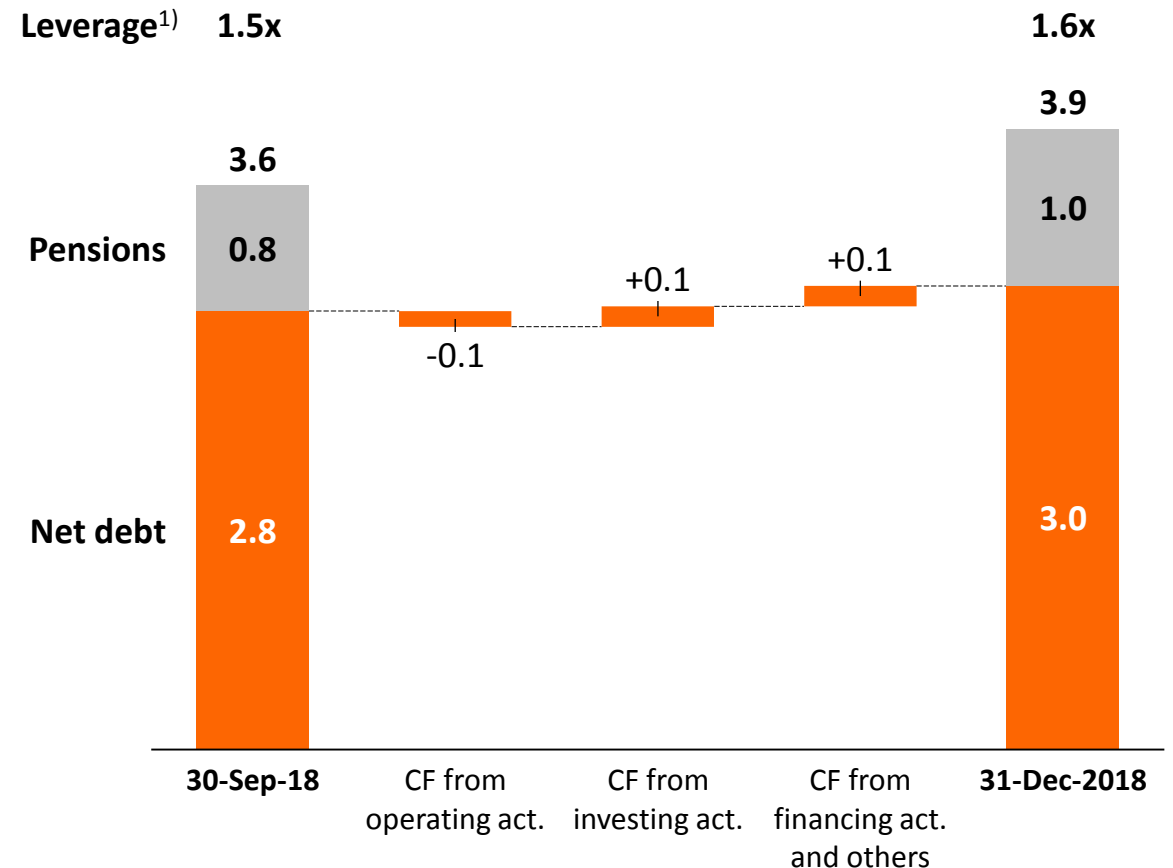
Position (€m)	Q1 FY2019	Q1 FY2018
Profit	532	524
Financial income from operations, net	-3	(0)
Amortization of intangibles assets acquired in business combinations	-33	-33
Interest expenses, net	-45	-70
therein interest income	6	4
therein interest expenses	-39	-70
therein other financial income, net	-12	-4
Income before income taxes	452	421
Income tax expenses	-107	-111
Net income	345	310
Non-controlling interest	4	3
Net income excl. non-controlling interest	341	306
Earnings per share (in €)	0.34	0.31

# Q1 balance sheet and net debt bridge

## Net debt overview (in €bn)

in €bn	Sep. 30th 2018	Dec. 31st 2018
Cash and cash equivalents	0.5	0.8
Receivables from Siemens Group (financial cash)	1.4	0.9
Short-term and long-term debt	(0.1)	(0.1)
Payables and other liabilities to Siemens Group (financial debt)	(4.6)	(4.6)
<b>Net debt</b>	<b>(2.8)</b>	<b>(3.0)</b>
Provisions for pensions and similar obligations	(0.8)	(1.0)
<b>Net debt (incl. pensions)</b>	<b>(3.6)</b>	<b>(3.9)</b>

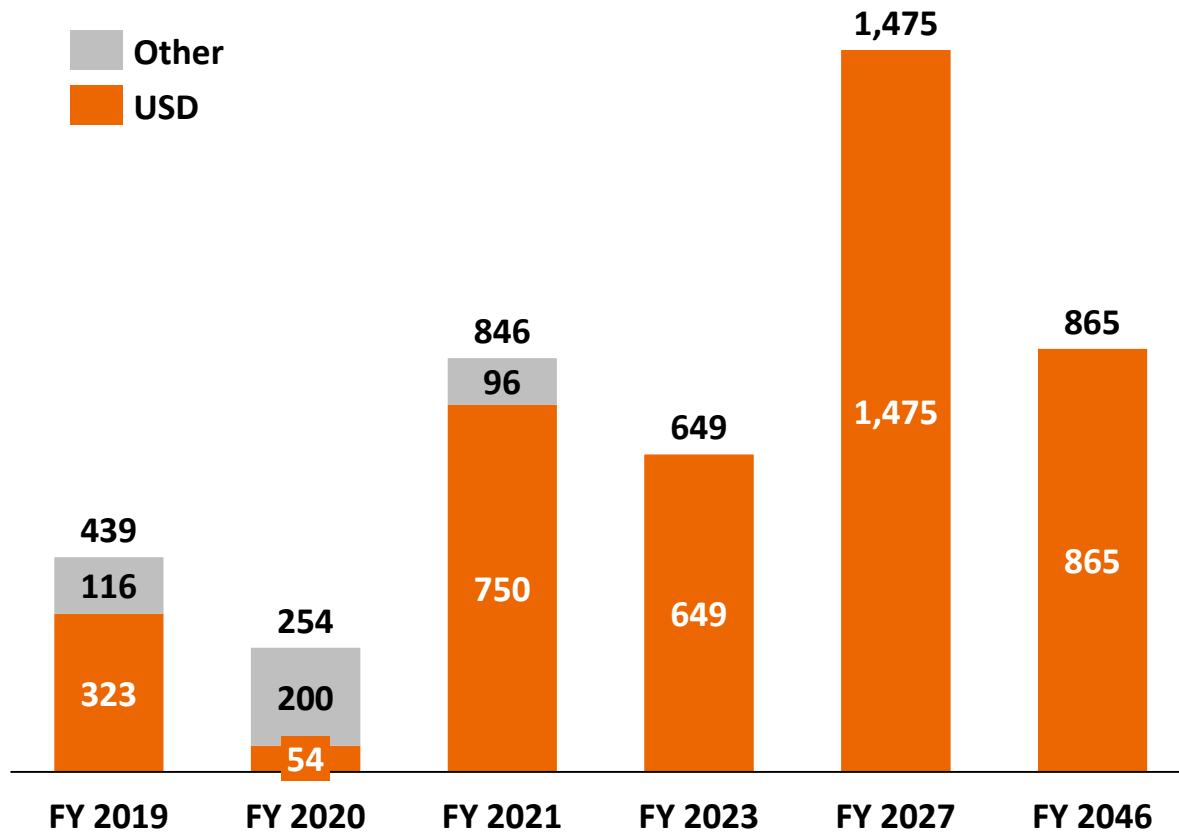
## Capital structure development in Q1 (in €bn)



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

# SHS loan maturity profile

## SHS loans with Siemens Group as of 31.12.2018<sup>1)</sup> (in €m)



## Comments

- Total loan volume ~4'5 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	€1,475	2.5%	FY 2027
USD	\$990	€865	3.4%	FY 2046
USD	\$859	€750	1.9%	FY 2021
USD	\$743	€649	2.2%	FY 2023
USD <sup>2)</sup>	\$370	€323	2.5%	FY 2019

1) Maturity profile based on Fiscal Year start October 1st; translation to EUR according to spot rate as of December 31st 2018

2) Short term loan due to interest optimization

# Funded status decreased slightly due to lower interest rates and negative asset return

## Q1 FY2019 Key financials – Pensions and similar obligations

in €bn <sup>1)</sup>	FY2016	FY2017	FY2018	Q1 FY2019
<b>Defined benefit obligation (DBO)<sup>2)</sup></b>	(4.6)	(4.1)	(3.4)	(3.4)
<b>Fair value of plan assets<sup>2)</sup></b>	2.4	2.4	2.6	2.5
<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>Discount rate</b>	2.2%	2.8%	2.9%	2.8%
<b>Interest Income</b>	0.1	0.1	0.1	0.0
<b>Actual return on plan assets</b>	0.3	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 (Q1 FY2019: €-0.0bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q1 FY2019: €+0.0bn); Defined Benefit Obligation (DBO) including other post-employment benefit plans (OPEB) of ~€0.1bn