

# Q2 Conference Call for Journalists

**Bernd Montag, CEO | Jochen Schmitz, CFO**

May 3, 2021



This presentation has been prepared solely for use at this meeting. This material is given in conjunction with an oral presentation and should not be taken out of context. By attending the meeting where this presentation is held or accessing this presentation, you agree to be bound by the following limitations.

This presentation has been prepared for information purposes only and the information contained herein (unless otherwise indicated) has been provided by Siemens Healthineers AG. It does not constitute or form part of, and should not be construed as, an offer of, a solicitation of an offer to buy, or an invitation to subscribe for, underwrite or otherwise acquire, any securities of Siemens Healthineers AG or any existing or future member of the Siemens Healthineers Group (the "Group") or Siemens AG, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of Siemens Healthineers AG, any member of the Group or Siemens AG or with any other contract or commitment whatsoever. This presentation does not constitute a prospectus in whole or in part, and any decision to invest in securities should be made solely on the basis of the information to be contained in a prospectus and on an independent analysis of the information contained therein. Any assumptions, views or opinions (including statements, projections, forecasts or other forward-looking statements) contained in this presentation represent the assumptions, views or opinions of Siemens Healthineers AG, unless otherwise indicated, as of the date indicated and are subject to change without notice.

Siemens Healthineers neither intends, nor assumes any obligation, unless required by law, to update or revise these assumptions, views or opinions in light of developments which differ from those anticipated.

All information not separately sourced is from internal company data and estimates. Any data relating to past performance contained herein is no indication as to future performance. The information in this presentation is not intended to predict actual results, and no assurances are given with respect thereto.

The information contained in this presentation has not been independently verified, and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained herein and no reliance should be placed on it. None of Siemens Healthineers AG or any of its affiliates, advisers, affiliated persons or any other person accept any liability for any loss howsoever arising (in negligence or otherwise), directly or indirectly, from this presentation or its contents or otherwise arising in connection with this presentation. This shall not, however, restrict or exclude or limit any duty or liability to a person under any applicable law or regulation of any jurisdiction which may not lawfully be disclaimed (including in relation to fraudulent misrepresentation).

This document contains statements related to our future business and financial performance, the expected financial impact of the acquisition of Varian (including cost and revenue synergies) 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.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures (financial key performance indicators) 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 half-year consolidated financial statements and consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently, which may therefore not be comparable.

Please find further explanations regarding our financial key performance indicators in chapter "A.2 Financial performance system" and in the notes to the consolidated financial statements note 29 "Segment information" in the Annual Report 2020 of Siemens Healthineers. Additional information is also included in the Quarterly Statement. These documents can be found under the following internet link <https://www.corporate.siemens-healthineers.com/investor-relations/presentations-financial-publications> . As of beginning of fiscal year 2020, Siemens Healthineers applies the accounting standard IFRS 16, Leases. Comparative figures for the preceding fiscal year were not adjusted. Instead, the overall insignificant transition effects were recognized in equity as of October 1, 2019.

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 to which they refer.

Due to technical reasons, there may be discrepancies in formatting of the accounting data included in this document and made publicly available according to applicable legal rules.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

The information contained in this presentation is provided as of the date of this presentation and is subject to change without notice.

# Very strong growth momentum in Q2, Outlook raised again

## Successful closing of transformative Varian combination

- **Continued very strong momentum** with 13% revenue growth<sup>1</sup>
- **Rapid antigen test sales drive outstanding growth<sup>1</sup> of 29%** in Diagnostics
- **Imaging continues to be strong** with 7% growth<sup>1</sup>; **Advanced Therapies** with 2% growth<sup>1</sup>
- Backlog increasing further with **equipment book-to-bill of 1.08**
- Adjusted basic **earnings per share of €0.44**, with a **solid adj. EBIT margin of 16.8%**
- **Free cash flow with €359m** significantly up y-o-y
- **Outlook 2021 raised to 14-17% comparable revenue growth<sup>1</sup> and €1.90-2.05 adj. EPS**
- **Closing of transformative Varian combination** significantly increases our relevance

# Siemens Healthineers & Varian

## A leap in cancer care – A leap in impact

~55,000

+

~11,000

highly skilled  
employees

>70

countries with  
direct presence

~240,000

Patient touch  
points every hour

+

4M+

Patient touch  
points in 2020

Access to care  
in developing  
countries for

>1.4 bn  
people

€14.5bn

revenue<sup>1</sup>

+

\$3.2bn

revenue<sup>1</sup>

**We drive  
innovation**

to help people live  
healthier and longer

>90%

of global top  
100 providers  
partner with us

600,000+

installed base

>70%

critical clinical decisions  
influenced by the type of  
technology we provide<sup>2</sup>

18,500+

Intellectual property  
rights, thereof 13,500  
granted patents

+

>500

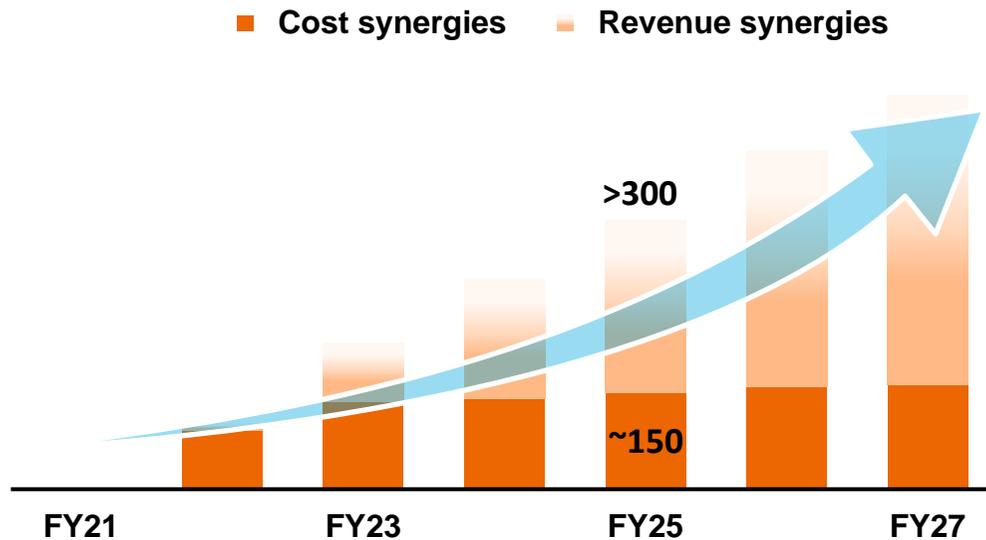
Active patents

**Market  
leader**

in majority of  
businesses

# Synergies >€300m confirmed; approx. €150m cost synergies identified and expected to materialize in early years

Synergy ramp-up (EBIT, €m)



**>€300m EBIT synergies in FY25 – further significant increase thereafter**

## Integration status

- Initial assumptions well substantiated and all set to generate synergies from Day 1
- Leading indicators defined, diligent tracking mechanism in place
- Cost synergies expected to materialize in early years

## Revenue synergies

- Substantial revenue synergies by FY2025 and beyond
- Examples: synergetic regional sales coverage, cross-selling into existing customer base and Value Partnerships, joint product innovation, expand integrated digital service offerings

## Cost synergies

- Approx. €150m cost synergies in FY2025 identified and substantiated
- Examples: back-office alignment, de-listing, joint procurement activities

# Our new setup – combining focus and scale

## Imaging

## Diagnostics

## Varian

## Advanced Therapies

Segment financials<sup>1</sup>

Revenue	Adj. EBIT	Margin
€9.1bn	€1.9bn	21%

Revenue	Adj. EBIT	Margin
€3.9bn	€0.1bn	2%

Revenue <sup>3</sup>	Operating Profit <sup>4</sup>	Margin <sup>4</sup>
\$3.2bn	\$0.5bn	15%

Revenue	Adj. EBIT	Margin
€1.6bn	€0.3bn	19%

Recurring revenue<sup>2</sup>



Portfolio



- Computed tomography
- Magnetic resonance
- Molecular imaging
- X-ray products
- Ultrasound
- Digital Health
- syngo software



- Clinical chemistry, Immunoassay
- Hemostasis, hematology
- Blood gas, urinalysis
- Molecular virology and liquid biopsy
- Automation and IT



- Radiation Oncology Solutions
- Multi-Disciplinary Oncology
- Proton Solutions
- Interventional Solutions



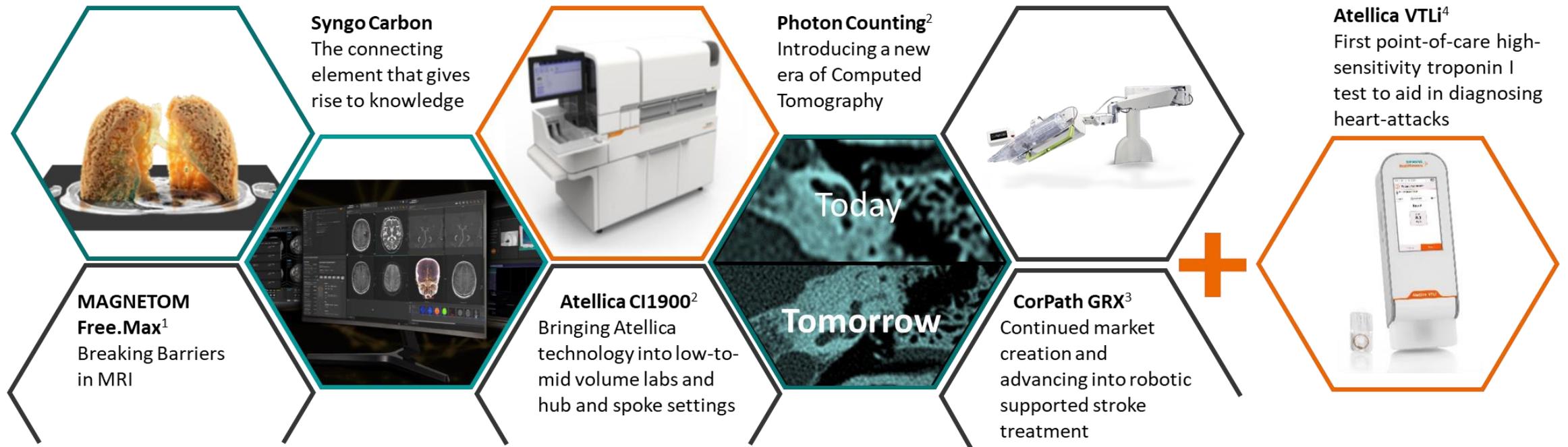
- Angio systems
- Mobile C-arms
- Hybrid ORs
- Endovascular Robotics

**Customer Services:** world-class service organization (onsite and online)

**Value Partnerships:** entering long-term partnerships with our customers to improve performance and resilience

**Data, Digitalization and AI:** driving the digitalization across our businesses

# Expanding the innovative portfolio for continued outperformance



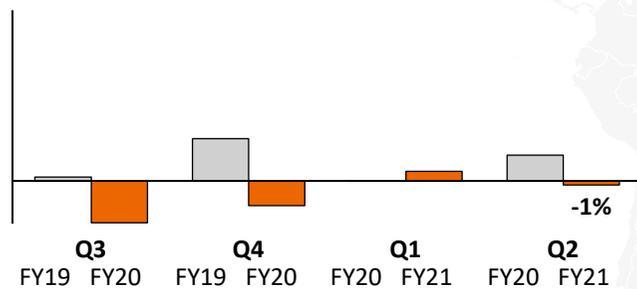
- **Innovative product portfolio** extended by the **Atellica VTLi Patient-Side analyzer**, industry first point-of-care high-sensitivity troponin I test to aid in diagnosing heart-attacks
- **Expanding our portfolio to benefit by structural growth trends** and the shift to **holistic partnerships** and **C-level decision taking**

# EMEA and APAC with continued strong growth; signs of market recovery in Americas

## Americas

- Slight revenue decline on the back of temporarily postponed investment decisions throughout the pandemic
- Expectation for market recovery in H2 confirmed with positive rebound in equipment order intake growth
- Healthy funnel for new Value Partnerships

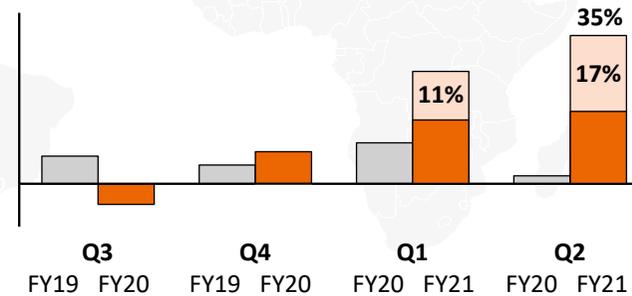
Revenue growth Americas<sup>1</sup>



## EMEA

- Significant double-digit revenue growth, with good underlying business and high demand for our rapid antigen tests
- Continued high demand for imaging equipment and pandemic related products in the public healthcare sector

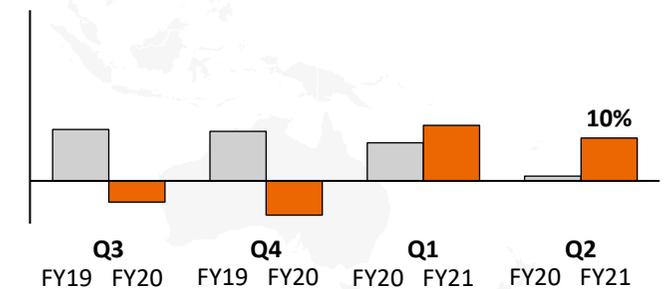
Revenue growth EMEA<sup>1</sup>



## Asia, Australia

- Healthy double-digit revenue growth in Asia, Australia
- Positive underlying growth dynamics unchanged

Revenue growth Asia, Australia<sup>1</sup>



<sup>1</sup> Y-o-y on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 PPA

Revenue growth contribution from rapid antigen test

1

## Attractive structural and innovation driven growth

- **Leading positions** in attractive, **structurally growing** end-markets
- **Consistent roll-out** of **innovative technologies** and products to strengthen our **market leading positions**
- **Benefitting** from growing importance of **holistic partnerships** and increasing shift to **c-level decision taking**

2

## Sector leading margins with further upside

- Scope for **further expansion of our sector** leading margins in **Imaging** and **Advanced Therapies**
- On track to drive **higher growth** and **better margins** in our **Diagnostics business**

3

## Expanding portfolio into adjacent growth markets

- **Varian: New level** of profitable growth; become even more **holistic partner** for the **entire customer spectrum**
- **Corindus: Continued market creation** in a tough environment **reinforcing our value proposition**

4

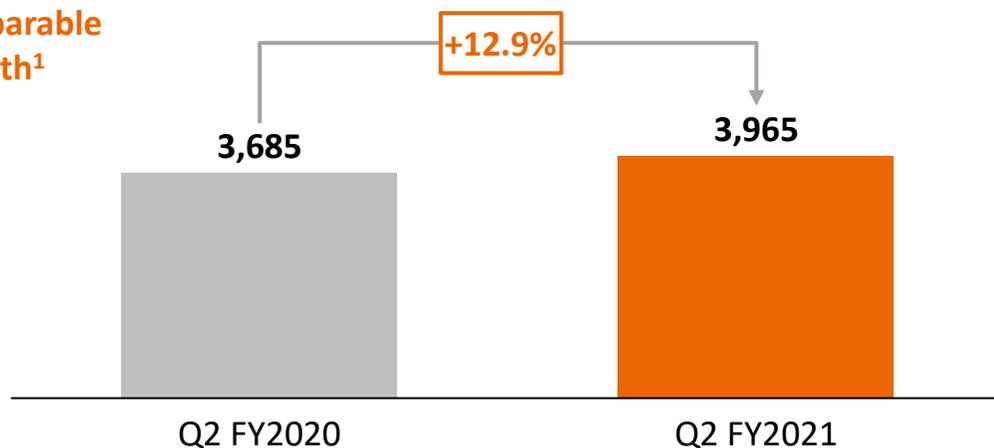
## Resilient performance at all times

- **High share of recurring revenues** from reagents in Diagnostics and our service business in Imaging and Advanced Therapies
- **Regional diversification** and significantly **increasing order backlog** from **Value Partnerships** further increase resilience in our business

# Very strong revenue growth momentum continues, EPS down y-o-y on higher share count and FX headwind

## Revenue (€m)

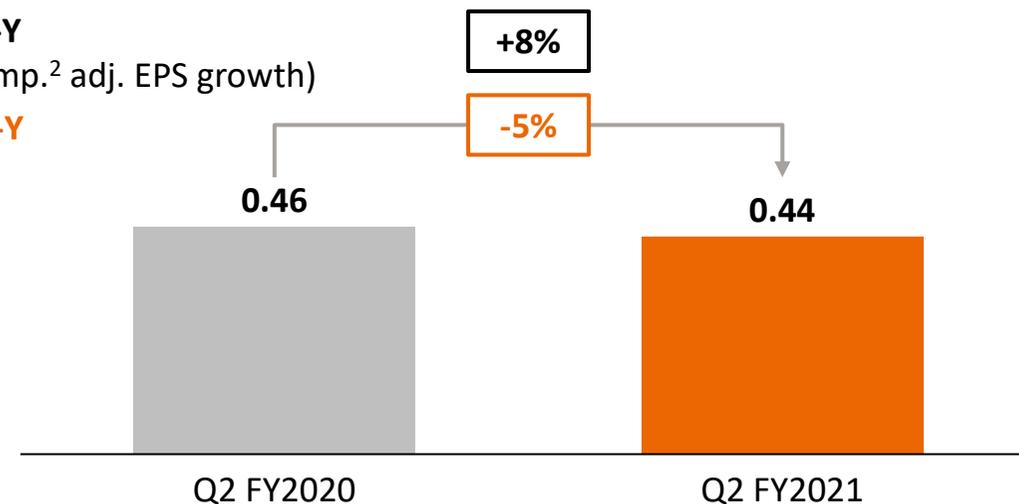
Comparable  
Growth<sup>1</sup>



## Adjusted basic earnings per share (€)

Y-o-Y  
(Comp.<sup>2</sup> adj. EPS growth)

Y-o-Y



- Continued significant revenue growth<sup>1</sup> of 13% in Q2 (Q1: 13%)
- Driven by equipment and rapid antigen test sales; service growth fully back to pre-pandemic levels
- EMEA with excellent growth<sup>1</sup> of 35% (PYQ: 2%), driven by rapid antigen test sales and growth across the board
- Very strong growth<sup>1</sup> in Asia of 10% (PYQ: 1%), driven by CHN and JPN
- Americas with a slight decline<sup>1</sup>, order dynamics show U.S. recovery

- Adj. basic EPS down y-o-y on higher share count and FX headwind
- Adj. EBIT margin on solid level at 16.8% in Q2
- Margin y-o-y -120 bps down due to positive effects in PYQ across all segments; Q2 21 with headwinds from higher incentive provisions, partly compensated by ongoing lower discretionary spend
- Adj. financial income<sup>3</sup> net in Q2 at -€13 m
- Tax rate with 27% lower y-o-y (PYQ: 29%)

<sup>1</sup> Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 PPA |

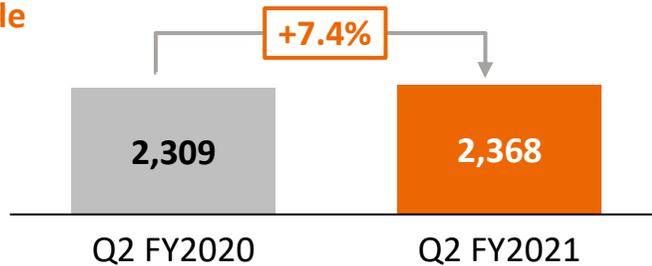
<sup>2</sup> Excl. y-o-y effects from FX and from share count dilution | <sup>3</sup> Adjusted for transaction-related costs within financial income net

# Core business and pandemic-related demand drive growth, mixed picture on profitability

## Imaging (€m)

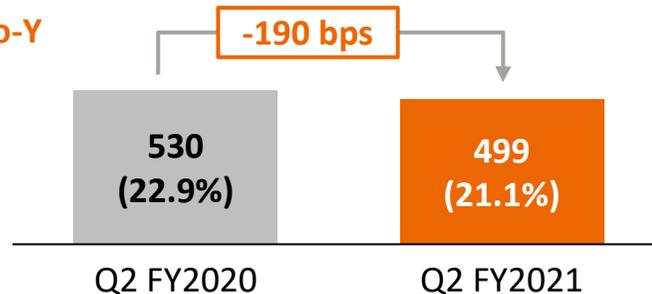
Comparable Growth<sup>1</sup>

Adjusted revenue



Margin Y-o-Y

Adj. EBIT (margin)



- Strong growth<sup>1</sup> with ongoing momentum in CT<sup>2</sup> and X-Ray products, all other modalities with solid growth
- Healthy margin down y-o-y on very strong PYQ, higher incentive provisions, and FX headwind

## Diagnostics (€m)

+29.1%

1,005

1,237

Q2 FY2020

Q2 FY2021

+400 bps

66 (6.5%)

131 (10.6%)

Q2 FY2020

Q2 FY2021

- Revenue significantly up, driven by COVID-19 testing, core business continues with solid growth<sup>1</sup>
- Contribution from COVID-19 testing drives up margin vs. PYQ with material positive effects, despite higher incentive provisions

## Advanced Therapies (€m)

+2.0%

421

408

Q2 FY2020

Q2 FY2021

-510 bps

81 (19.3%)

58 (14.2%)

Q2 FY2020

Q2 FY2021

- Growth<sup>1</sup> of 2% (PY: 6%), no portfolio for pandemic-related demand
- Margin down y-o-y on strong PYQ, higher incentive provisions, FX headwind, negative mix effects, and ongoing invest in Corindus

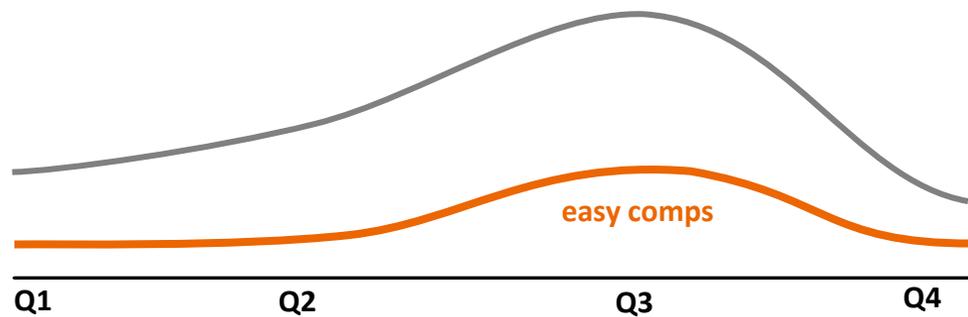
<sup>1</sup> Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 PPA |

<sup>2</sup> CT: Computed Tomography

# Diagnosics core business sustains solid growth, additional opportunity arising from rapid antigen self-testing

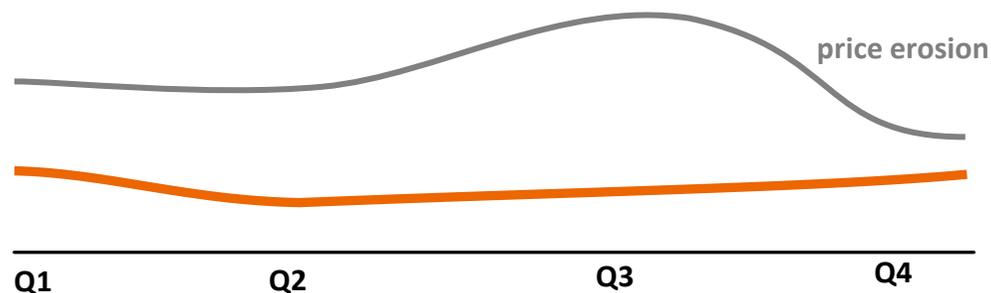
— DX incl. COVID-19 tests — DX excl. COVID-19 tests

## Comparable revenue growth<sup>1</sup> in FY21



- Momentum of rapid antigen test sales continues, ~€190m in Q2
- H1 FY21 sales better than expected with ~€320m
- Update of revenue assumption for FY21 to ~€750m, mainly due to new opportunity for rapid antigen self-tests in European markets
- DX excl. COVID-19 tests sustains solid growth<sup>1</sup> in Q2 as in Q1

## Adjusted EBIT margin in FY21



- Antigen profit accretion peaks in Q3, expected to decline in the later course of H2 FY21 from price erosion and lower demand
- DX excl. COVID-19 tests sustains underlying profitability in Q2 vs. Q1

Note: indicative graph only, not to scale

<sup>1</sup> Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 PPA

Q2 FY 2021

© Siemens Healthineers AG, 2021 | 12

## Reporting & Outlook

- Reporting as a new segment, fully transparent to capital markets
- Harmonization of accounting methods, e.g. in revenue recognition
- H2 FY21 (Apr 15 - Sep 30) incorporated into outlook for FY21, view on FY22 and beyond at capital market day in autumn

## Transaction-related costs & PPA

- Transaction-related costs<sup>1</sup> in H2 FY21 expected at ~€0.2bn to ~€0.3bn (to be eliminated in adj. EBIT<sup>2</sup> and in adj. EPS<sup>2</sup>)
- Therein ~€0.1bn from the valuation of a deal contingent forward, expected to negatively impact financial income net in Q3 FY21 (to be eliminated in adj. EPS<sup>2</sup>)
- PPA effects<sup>3</sup> estimated at ~€0.5bn to ~€0.7bn p.a.

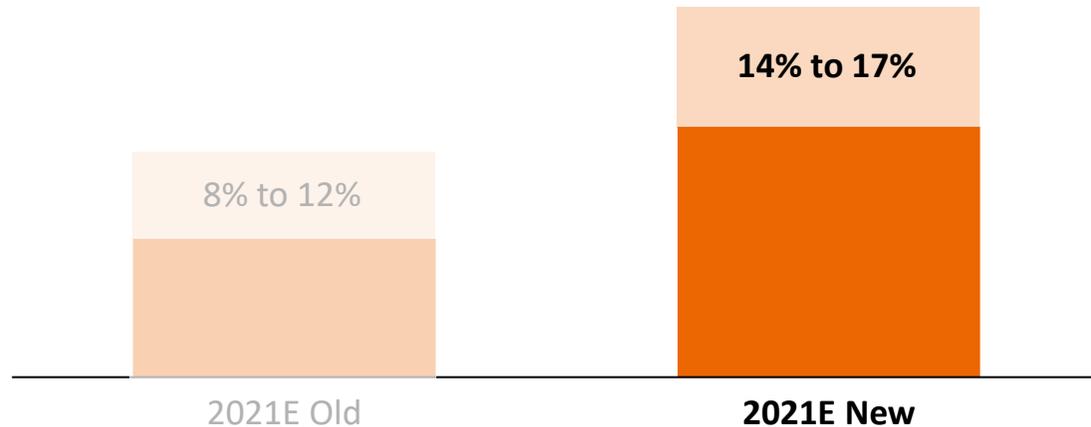
## Tax & Financing

- Impact on tax-rate for FY21 expected to be not material
- Financial income net expected to be impacted by ~€25m to ~€30m interest expenses p.a. in the coming fiscal years (~0.3% p.a. on a total loan volume of \$10bn)<sup>4</sup>

<sup>1</sup> Includes transaction, integration, retention, severance charges and transaction-related costs within financial income | <sup>2</sup> Further explanations regarding our financial key performance indicators see chapter "A.2 Financial performance system" in the Annual Report 2020 | <sup>3</sup> Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments | <sup>4</sup> Volume-weighted average interest rate, for further explanations see Note 4 "Financial instruments" in the Half-year Financial Report 2021

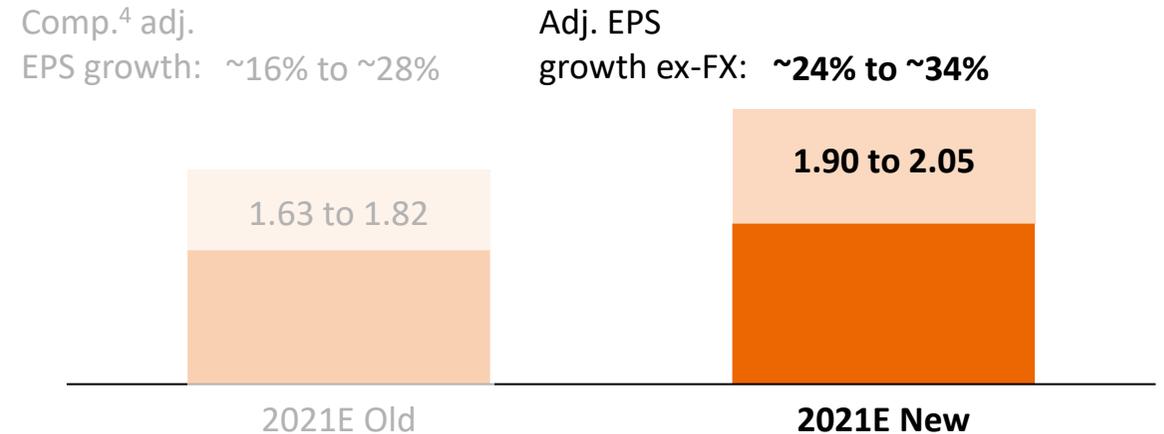
# Outlook 2021 raised due to stronger operational business, updated rapid antigen assumption and H2 Varian contribution

## Comparable revenue growth<sup>1,3</sup>



- **Higher growth** from updated revenue assumption for rapid antigen tests, and improved outlook for Imaging and Advanced Therapies
  - **Imaging** to grow above 8% (before:  $\geq 7\%$ )
  - **Diagnostics** to grow above 25% (before: at least mid-teens), assumption for rapid antigen test sales updated to  $\sim \text{€}750\text{m}$
  - **Advanced Therapies** to grow above 7% (before:  $\geq 6\%$ )
- **Expected Varian revenue contribution in H2<sup>5</sup> of €1.2bn to €1.4bn**
- Varian revenue contribution **not included in comparable growth rate**

## Adj. basic EPS<sup>2,3</sup> (€)



- **Higher EPS** from higher revenue growth and H2 Varian contribution
- **Diagnostics** margin to exceed 10% (before:  $> 7\%$ )
- Unchanged assumptions vs. previous outlook: **Imaging** to improve adj. EBIT margin  $\sim 100$  bps y-o-y, **Advanced Therapies** to keep industry leading margins and **tax-rate** at 27% to 29%
- Expected **Varian adj. EBIT margin in H2<sup>5</sup>** of 12% to 14%
- **Adj. financial income net<sup>6</sup>** for the group expected at  $-\text{€}50\text{m}$  to  $-\text{€}70\text{m}$
- Varian transaction **EPS-accretive within FY21** vs. previous outlook<sup>7</sup>

<sup>1</sup> Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 PPA | <sup>2</sup> Adjusted for expenses for portfolio-related measures, and severance charges, for EPS net of tax and calculated for FY2021 with 1,100m av. shares outstanding | <sup>3</sup> The outlook is based on certain assumptions, see Half-year Financial Report 2021 | <sup>4</sup> Excl. y-o-y effects from FX and from share count dilution | <sup>5</sup> Preliminary estimates due to uncertainties from harmonization of accounting methods | <sup>6</sup> Adjusted for transaction-related costs within financial income net | <sup>7</sup> Share count in previous outlook at 1,072m, new outlook for FY21 at 1,100m av shares outstanding; share count as of March 25<sup>th</sup> at 1,128m, Varian expected to be EPS-accretive within 12 months on 1,128m shares

# Q2 Conference Call for Journalists

**Bernd Montag, CEO | Jochen Schmitz, CFO**

May 3, 2021

