

Q1 FY 2018

**Siemens Healthineers:
Shaping the future of healthcare**

Notes and forward looking statements



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Q1 2018 – Fully in line with expectations

- **Comparable revenue up more than 2%** driven by **Imaging & Advanced Therapies**
- **Strong growth** especially in **EMEA** and **China**
- **Excellent operational performance** at **Imaging** and **Advanced Therapies**
- **As expected**, performance at **Diagnostics impacted by transition to Atellica**
- **Adjusted Profit¹⁾ margin at 17.1%** down 220bp y-o-y on significant **FX headwinds**
- Continue to **receive excellent customer feedback on Atellica** with **110+ analysers shipped** by end of January
- **Full year guidance reaffirmed**

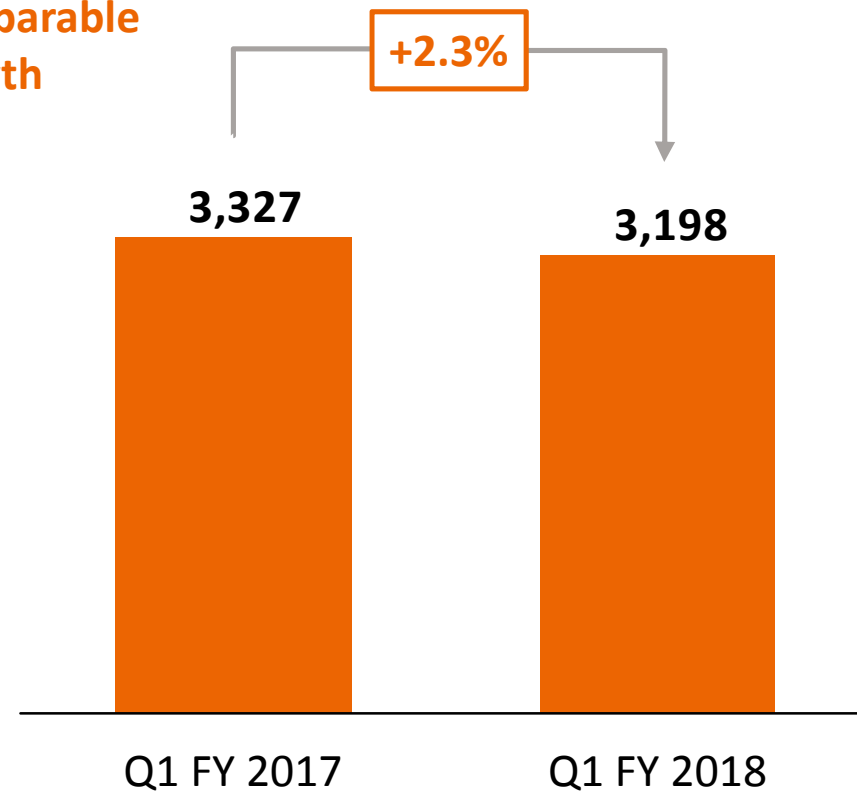
Note: Comparable growth defined as growth net of currency translation effects and portfolio effects.

1) Adj. for severance, IPO costs (Profit and net income) and for PPA (net income).

Solid performance in Q1 2018

Revenue (€m)

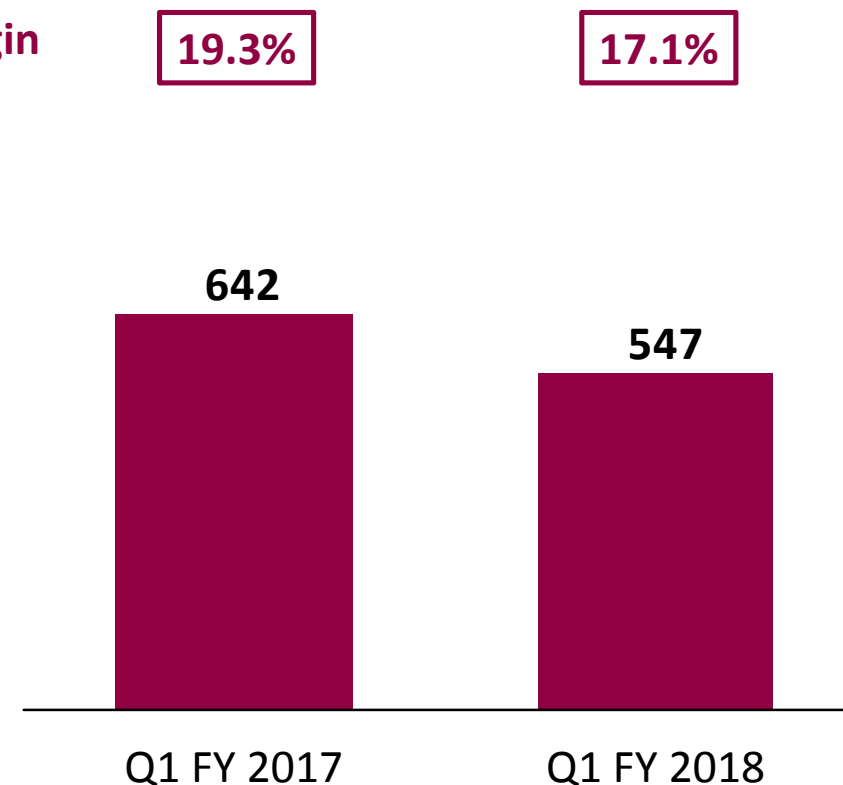
Comparable growth



- **Strong comparable growth** in **Advanced Therapies** and **Imaging**
- **Regionally strong revenue** in **EMEA** and **China**
- **Decrease in reported revenue** primarily driven by **FX headwinds**

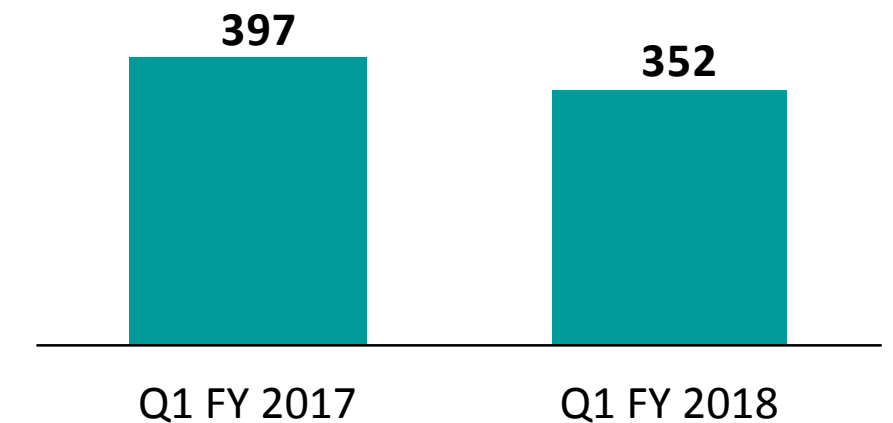
Adj. Profit¹⁾ (€m)

Margin



- **Margin decrease** significantly driven by **FX headwinds**
- **Strong performance** in **Imaging and Advanced Therapies ex FX**
- **As expected, Diagnostics margin below prior year**

Adj. net income¹⁾ (€m)

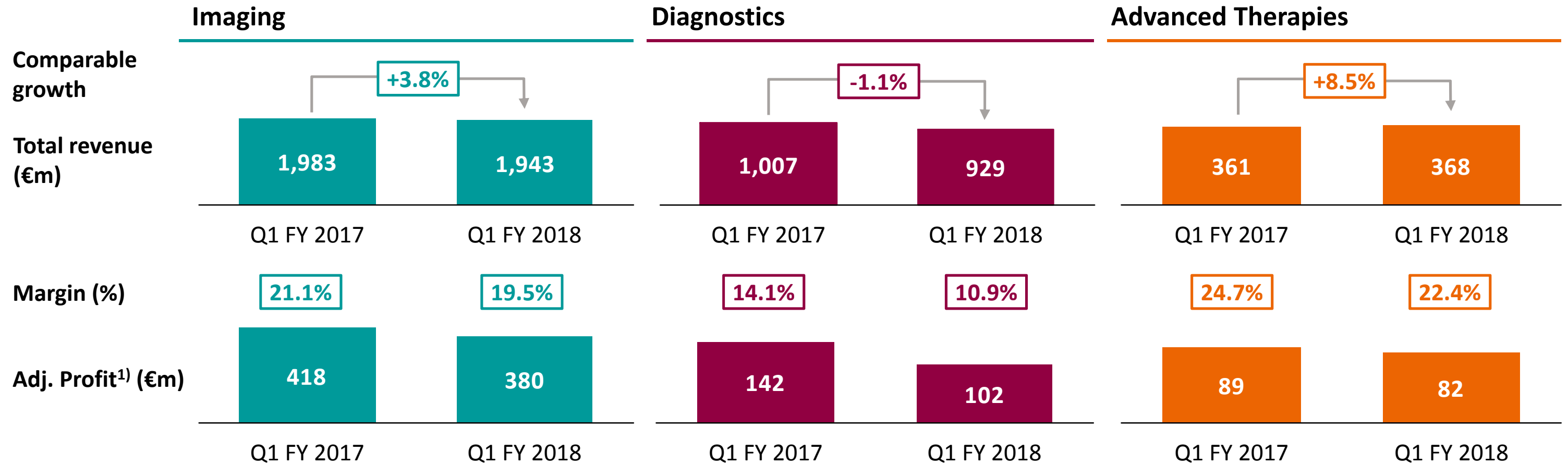


- **Stable net interest expenses**
- **Lower effective tax rate of 26.4%** in Q1 2018 driven by **one-time impact of US tax reform**

Note: Comparable growth defined as growth net of currency translation effects and portfolio effects.

1) Adj. for severance, IPO costs (Profit and net income) and for PPA (net income).

Strong Advanced Therapies and Imaging business



- **Strong comparable growth** in **equipment** and **service** revenue
- Mainly driven by **MR** and regionally by **EMEA** and **China**
- **Margin heavily impacted** by **FX**, **strong performance ex-FX**

- **Performance impacted** by **transition** to **Atellica Solution**
- **Weaker** revenue in **United States**, **solid** revenue across **other regions**
- **~110+ Atellica analysers shipped** by end of January 2018 (YTD FY 2018)

- Very **strong** growth in **equipment** and **service** revenue
- **All regions contributing to strong revenue growth**
- **Stable margin** development **ex-FX** supported by **positive mix effects**

Note: Total segment revenue including intersegment sales. Comparable growth defined as growth net of currency translation effects and portfolio effects.

1) Adj. for severance, IPO costs (Profit and net income) and for PPA (net income).

2018 guidance reaffirmed

	2017 (IFRS 15)	2018E	Comments on 2018E
Revenue (€m)	13,677	slightly down	<ul style="list-style-type: none"> Comparable revenue growth on a q-o-q basis can fluctuate significantly Significant FX headwinds in 2018E expected resulting in slightly decreasing reported revenue
Comparable growth (%)	3.8%¹⁾	3-4%	
Adj. Profit (€m)	2,458		<ul style="list-style-type: none"> Adjusted for severance and external costs related to the IPO €50m of €240m cost savings from stand-alone setting and organizational efficiency program to materialize in 2018E (additional part in 2019E and beyond) <ul style="list-style-type: none"> Imaging: 2017 margin represents strong underlying performance Diagnostics: 2017 margin included a number of costs incurred for Atellica Solution due to its commercial launch as well as FX tailwinds Advanced Therapies: 2017 margin extraordinarily high, the normal level is rather represented by the margins achieved in 2015 and 2016
Adj. Profit margin (%)	18.0%	17-18%	
Adj. net income (€m)	1,540		
			<ul style="list-style-type: none"> Adjusted for severance, external costs related to the IPO and PPA Estimated net financial result for 2018E of €150-200m; significantly lower interest expenses post implementation of new capital structure Effective tax rate: 28-30%

Note: Comparable growth defined as growth net of currency translation effects and portfolio effects.

1) Refers to comparable revenue CAGR from 2015 to 2017 under old IFRS.

Appendix

Detailed P&L statement

Position (€m)	Q1 FY 2017	Q1 FY 2018
Revenue	3,327	3,198
Cost of sales	(1,913)	(1,870)
Gross profit	1,414	1,328
Research and development expenses	(294)	(306)
Selling and general administrative expenses	(536)	(538)
Other operating income	1	16
Other operating expenses	(4)	(11)
Income from investments accounted for using the equity method, net	3	2
Interest income	4	4
Interest expenses	(68)	(70)
Other financial income (expenses), net	1	(4)
Income before income taxes	521	421
Income tax expenses	(160)	(111)
Net income	361	310
Attributable to		
Non-controlling interests	2	3
Siemens Group	359	307

Reported to adjusted net income reconciliation

Position (€m)	Q1 FY 2017	Q1 FY 2018
Reported net income	361	310
<i>Effective tax rate</i>	30.7%	26.4%
Severance (pre-tax)	11	15
Severance tax impact at effective tax rate	(3)	(4)
IPO costs (pre-tax)	-	8
IPO costs impact at effective tax rate	-	(2)
PPA (pre-tax)	41	33
PPA tax impact at effective tax rate	(13)	(9)
Adjusted net income	397	352

Income before income taxes to adjusted EBITDA reconciliation

Position (€m)	Q1 FY 2017	Q1 FY 2018
Income before income taxes	521	421
Financial income (expenses), net	63	70
Financial income part of operations ¹⁾	7	(0)
PPA amortization	41	33
Siemens Healthineers Profit	631	524
Reversal of financial income part of operations ¹⁾	(7)	0
Amortization and impairment of other intangible assets	59	58
PPA amortization	(41)	(33)
Depreciation and impairment of PP&E	81	66
EBITDA	725	615
Severance	11	15
IPO costs	-	8
Adj. EBITDA	736	638
Adj. Profit	642	547

Note: Figures in Q1 2017 do not add up due to rounding.

1) Financial income part of operations denotes financial income classified as operational under the Siemens Healthineers Profit definition.

Overview of severance and IPO costs by segment

Position (€m)	Q1 FY 2017	Q1 FY 2018
Severance (Group)	11	15
Imaging	2	8
Diagnostics	7	3
Advanced Therapies	0	0
Central and Reconciliation	2	4
IPO costs (Group)	0	8
Imaging	0	0
Diagnostics	0	0
Advanced Therapies	0	0
Central and Reconciliation	0	8

Detailed balance sheet

Assets

Position (€m)	Q4 FY 2017	Q1 FY 2018
Cash and cash equivalents	184	326
Trade and other receivables	2,308	2,225
Other current financial assets	57	94
Receivables from Siemens Group	2,991	5,005
Contract assets	294	396
Inventories	1,605	1,740
Current income tax assets	79	73
Other current assets	276	274
Total current assets	7,794	10,133
Goodwill	7,992	8,046
Other intangible assets	1,525	1,580
Property, plant and equipment	1,566	1,616
Investments accounted for using the equity method	33	35
Other financial assets	162	148
Other receivables from Siemens Group	1,365	1,365
Deferred tax assets	408	433
Other assets	268	263
Total non-current assets	13,319	13,486
Total assets	21,113	23,619

Liabilities and equity

Position (€m)	Q4 FY 2017	Q1 FY 2018
Short-term debt & current maturities of long-term debt	55	56
Trade payables	1,120	1,070
Other current financial liabilities	72	69
Payables to Siemens Group	5,795	8,255
Contract liabilities	1,406	1,383
Current provisions	290	278
Current income tax liabilities	122	117
Other current liabilities	1,250	1,134
Total current liabilities	10,110	12,362
Long-term debt	15	17
Provisions for pensions and similar obligations	1,732	1,769
Deferred tax liabilities	259	300
Provisions	153	152
Other financial liabilities	23	41
Other liabilities	365	364
Other liabilities to Siemens Group	5,167	5,081
Total non-current liabilities	7,714	7,724
Net assets attributable to Siemens Group	4,045	4,242
Other components of equity	(764)	(719)
Total equity attributable to Siemens Group	3,281	3,523
Non-controlling interests	8	10
Total equity	3,289	3,533
Total liabilities and equity	21,113	23,619

Detailed cash flow statement (1/2)

Position (€m)	Q1 FY 2017	Q1 FY 2018
Cash flows from operating activities		
Net income	361	310
Adjustments to reconcile net income to cash flows from operating activities		
Amortization, depreciation and impairments	141	124
Income tax expenses	160	111
Interest expenses, net	64	66
Income related to investing activities	-	(1)
Other income from investments	(3)	(2)
Other non-cash (income) expenses	34	7
Change in operating net working capital	(82)	(171)
Change in other assets and liabilities	(200)	(176)
Additions to assets leased to others in operating leases	(40)	(50)
Income taxes paid	(8)	(42)
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	(94)	(77)
Dividends received	1	1
Interest received	4	4
Cash flows from operating activities	338	104
Cash flows from investing activities		
Additions to intangible assets and property, plant & equipment	(96)	(95)
Purchase of investments	-	-
Acquisitions of businesses, net of cash acquired	(6)	(226)
Disposal of investments, intangibles and property, plant & equipment	1	2
Cash flows from investing activities	(101)	(319)

Detailed cash flow statement (2/2)

Position (€m)	Q1 FY 2017	Q1 FY 2018
Cash flows from financing activities		
Change in short-term debt and other financing activities	(7)	(1)
Interest paid	(2)	(1)
Profit and loss transfers with Siemens Group	-	-
Dividends paid to Siemens Group	(122)	(230)
Dividends paid to non-controlling interest holders	(1)	(2)
Interest paid to Siemens Group	(62)	(61)
Other transactions/financing with Siemens Group	(43)	651
Cash flows from financing activities	(237)	356
Effect of foreign exchange rates on cash and cash equivalents	0	1
Change in cash and cash equivalents	1	142
Cash and cash equivalents at beginning of period	206	184
Cash and cash equivalents at end of period	207	326