Global Dynamics in Healthcare

Healthcare Trends
- Demographic shift
- Population growth
- Rapid scientific progress
- Shift to value-based reimbursement
- Increasing cost pressure
- Consumerism
- Staff shortage
- Growing chronic disease burden

Transformation of Healthcare Providers

Consolidation
- Building the critical mass

Industrialization
- Doing more with less

Managing Health
- Value-based healthcare
Providers today need suppliers / partners that understand C-level challenges and address broad issues

Race for Relevance

Healthcare 20 years ago

- Single Hospital
  - Emergency
  - Outpatient
  - OB-GYN
  - Oncology
  - Radiology
  - OR
  - Orthopedics
  - Cardiology
  - Rehab
  - Laboratory

- Department / specialty focus
- Clinicians drive purchase decisions
- Length of stay not a large concern
- Volume-based incentives

How to win: Most innovative technologies on a department level

Healthcare today

- Multi-hospital provider systems
  - System-wide focus
  - Typical challenges: Minimize length of stay, reduce readmissions, ...
  - Team-based care
  - Quality / outcome-based performance incentives

How to win: Ability to solve system-wide challenges with relevance for C-suite
Our Purpose is to Make Healthcare Providers Succeed

Enabling better outcomes at lower costs
Who We Are

> 70% of critical clinical decisions are influenced by the type of technology we provide

12,500 granted patents globally

12,500 employees

Access for 1.08 bn people in developing countries

~ €13 bn revenue

> €1 bn R&D spent

> 209,000 patients every hour

World market leader in most businesses

Biggest supplier of medtech infrastructure

75 countries with direct presence

> > 46,000 employees

> > 1.08 bn people in developing countries

> > €13 bn revenue

> > €1 bn R&D spent

> > 209,000 patients every hour

1 AdvaMedDX, “A Policy Primer on Diagnostics”, June 2011, page 3
2 Siemens AG, “Sustainable healthcare strategy - Indicators in fiscal 2014”, page 3-4
Our Innovations: transforming healthcare
Engineering Success –
With Broadest and Deepest Portfolio

Diagnostic Imaging
- Undisputed market leader in diagnostic imaging
  - Computed Tomography, Magnetic Resonance, Molecular Imaging, Radiography & Fluoroscopy, Imaging IT

Advanced Therapies
- Empowering innovative therapy concepts
  - Cardiology, Interventional Radiology, Radiation Oncology, Surgery

Ultrasound
- Versatility and functionality across clinical questions
  - Cardiology, Radiology

Laboratory Diagnostics
- Delivering clinical and workflow excellence
  - Immunoassay, Chemistry, Hematology, Hemostasis, Specialty Testing, Automation, IT and Services, Molecular Diagnostics*

Point of Care
- Lab-accurate, actionable, timely results at the point of care
  - Blood Gas, Diabetes Urinalysis, Coagulation, Cardiology

Services
- Transformative services to maximize opportunities and minimize risks
  - System Services, Education, Enterprise Services, Digital Services

*Incubated within Business Function Strategy & Innovation
Image courtesy Diagnostic Imaging: CMRR, Minneapolis, MGH, Boston
Image courtesy Advanced Therapies: IHU Strasbourg, France
The first BioMatrix system
MAGNETOM Vida

Magnetom Vida is pending 510(k) clearance, and is not yet commercially available in the United States or in other countries. Due to regulatory reasons, its future availability cannot be guaranteed.
Two iF Awards 2017 for ARTIS pheno and the SOMATOM go.Family

ARTIS pheno is pending 510(k) clearance, and is not yet commercially available in the United States or in other countries. Due to regulatory reasons, its future availability cannot be guaranteed.
Focus on user experience and design enables us to develop the best solutions for our customers.

**Patient-friendly Technology:**
Human-centered design for patients and clinical staff

**Advanced Systems:**
Design transforming advanced robot technology for sensitive clinical environments

**Intelligent Workflows:**
Improving examinations
Atellica Solution – Game Changer in In-Vitro-Diagnostics

- Engineered based on our customers’ needs and extensive research of market trends

- Game changing solution delivering control and simplicity for driving better business and clinical outcomes

- Patented, bi-directional magnetic sample transport technology is 10 times faster than conventional conveyors\(^1\)

- Immunoassay analyzer delivers the industry’s highest productivity per square meter\(^2\) — more than 400 tests per hour

\(^1\) System under FDA review and not CE marked. Not available for sale. Any features listed are part of the development design goals. Future availability cannot be guaranteed.  \(^2\) Versus leading IVD market competitors
Acquisitions to Strengthen Growth Areas and Broaden IVD Portfolio

- Expansion of Diagnostics and Molecular Services Portfolio with molecular testing related services and technologies for oncology and genomics

- Entry point into NGS-based genomic testing and expanding capabilities in precision medicine and companion diagnostics

- Consolidation trend in healthcare, resulting in emerging healthcare networks ask for seamless integration of hundreds of decentralized devices that are spread across dozens of sites

- Common point-of-care informatics portfolio delivers open connectivity offerings, enabling seamless data integration from any manufacturer’s point-of-care analyzer—managed by a single informatics solution to streamline operations and access to data
Our Services:Transforming the Management of Health
Our Technology –
The Nervous System for Healthcare Providers

Screening before symptoms
Triaging emergencies
Diagnosing disease
Personalizing care path
Minimizing risk
Guiding treatment
Monitoring chronic diseases
Confirming health

Prevention
Diagnosis
Therapy
Care

> 70% of critical clinical decisions influenced the type of technology we provide
2% of budget touching almost every patient covering all major disease states
Transforming the Management of Healthcare – Through Digital Services

Digital Ecosystem and Platforms

Imaging IT
syngo Enterprise Imaging IT
syngo Departmental Imaging IT

Teleradiology Services
Reading marketplace
Interpretation services
Teleradiology platforms
command centers

Population Health Management
Performance Management
Clinical Care Management
Patient Engagement & Monitoring Infrastructure
Clinical Data & Workflow Integration

Teleradiology Services and Digital Ecosystem are work in progress, and is not yet commercially available in the United States or in other countries. Due to regulatory reasons, its future availability cannot be guaranteed.
Driving value in healthcare with the Siemens Healthineers Digital Ecosystem

Siemens Healthineers Digital Ecosystem is work in progress, and is not yet commercially available in the United States or in other countries. Due to regulatory reasons, its future availability cannot be guaranteed.
Siemens Healthineers and IBM Watson Health partner on Population Health Management (PHM)

The new alliance is to support healthcare providers seeking to improve outcomes and reduce costs.

Five year, global strategic alliance in PHM to jointly develop innovative solutions and services to expand portfolio.

We will augment the existing IBM PHM offerings with lab and imaging assets and services and will sell it into the global Healthcare Provider space.
Transforming the Management of Healthcare Through Enterprise Services

Insights

Enterprise Transformation and Advisory Services
- Facility Design Services
- Performance Improvement Services
- Transformation Services

Enterprise Operations as a Service
- Asset Management Services
- Staffing and Capacity Services
- Managed Departmental Services

Data
Business Model Innovation: "Bilkent" – largest Managed Lab Operations Services contract in Turkey

- Managed Lab Operations Services for all the medical laboratory disciplines
- Operational management with our technical staff
- Medical and technical equipment
- Reagents, consumables and necessary supplies
- Lab design, procurement, training, and ongoing process optimization are key value added services

Some numbers:
- Laboratory services worth up to €100 million Euros
- About 25.000 patients expected per day
- 3'5 peak monthly test volume
Our People: Transforming the Industry

10% of employees with clinical background

1,474 inventions disclosed in 2015

7,660 R&D employees
17% of entire company

≥85% employee engagement

“A day without passion for healthcare is a lost day”

50% of employees globally with Siemens Healthineers > 10 years

92% of employees committed to go the “extra-mile”
Q1 FY2017: Quarterly Results (in billions of €)

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1 FY 2016</th>
<th>Q1 FY 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>3.350</td>
<td>3.451</td>
<td>+4%</td>
</tr>
<tr>
<td>Revenue</td>
<td>3.288</td>
<td>3.282</td>
<td>0%</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>0.541 (16.5%)</td>
<td>0.620 (18.9%)</td>
<td>+240 bps</td>
</tr>
<tr>
<td>Free Cash Flow CCR</td>
<td>0.299</td>
<td>0.345</td>
<td>+15%</td>
</tr>
</tbody>
</table>

1) Comparable
2) Cash Conversion Rate
FY2016: Annual Results (in billions of €)

Orders  
FY 2015: 13.349  
FY 2016: 13.830 +4% comp.  

Revenue  
FY 2015: 12.930  
FY 2016: 13.535 +5% comp.  

Profit Margin w/o S.I.  
FY 2015: 2.184 (16.9%)  
FY 2016: 2.325 (17.2%) +70bps  

Free Cash Flow CCR  
FY 2015: 2.048  
FY 2016: 2.154 (0.93) +5%  

1) Comparable  
2) Without Special Impact  
3) Cash Conversion Rate
Expanding our local footprint in the biggest markets – New Laboratory Diagnostics factories in U.S. and China

- **Investment of $300"** in Walpole, Massachusetts
- **Facility will manufacture** assays for the next-generation laboratory system, the Atellica™ Solution
- **Up to 700 new, attractive jobs**

- **Expansion of existing manufacturing operations to include a new in vitro diagnostics facility**
- **In-country manufacturing capabilities for clinical chemistry and immunoassay reagents**
- **Several hundreds of additional employees**
Preparing listing of Siemens Healthineers to strengthen leadership position

Transformation in the healthcare market continues...

- Paradigm shifts visible: Transition from
  - product business to solving hospital system wide challenges
  - fee for service to managing outcome based health
- Race for customer relevance intensified
- Competitor & provider consolidation ongoing
- Investments required to respond to paradigm shifts

... listing best suited to manage transition

- Strengthen and build position in identified growth fields
- Providing highest degree of strategic execution flexibility
- Flexible access to capital markets

STRENGTHEN HEALTHINEERS BUSINESS IN SIEMENS
Siemens Healthineers – Transforming the Way Healthcare is Delivered

#Consolidation #PrecisionMedicine

#Industrialization @SiemensHealth

#FutureOfHealthcare @bernd_montag

#DigitalizationOfHealthcare

#Innovations #PopHealth

#ManagingHealth
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