

Erlangen, Germany, July 29, 2019

Earnings Release Q3 Fiscal Year 2019

April 1 to June 30, 2019

Siemens Healthineers continues to drive growth forward

»In the third quarter we continued to drive growth forward very successfully. In contrast, we are facing challenges in the diagnostics business. We are tackling these issues resolutely and are focusing with our outstanding Atellica Solution Platform vigorously on improving growth and earnings strength. Based on the sustained strong volume development and the operative strength of our company, we are confirming our outlook for fiscal year 2019,« said Bernd Montag, Chief Executive Officer of Siemens Healthineers AG.

- Strong comparable revenue growth at 6% driven by Imaging and Advanced Therapies
- Strong equipment book-to-bill >1
- Adjusted profit margin at 15.2%; -80 bps below prior year
- Diagnostics profitability suffers primarily due to increased Atellica Solution ramp-up costs and currency headwinds of -120 bps
- Basic earnings per share (EPS) up by 22% year-over-year
- Full year guidance confirmed

Siemens Healthineers

(in millions of €)	Q3 2019	Q3 2018	% Change Act. Comp. ¹	
Revenue	3,569	3,300	8%	6%
Profit	529	503	5%	
<i>Therein: Severance charges²</i>	-15	-25		
Profit margin	14.8%	15.2%		
Adjusted profit margin ³	15.2%	16.0%		
Net income	353	293	20%	
Basic earnings per share ⁴	0.35	0.29	22%	
Free cash flow	227	269	-15%	

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

² Fiscal year 2018 additionally includes IPO costs

³ Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

⁴ Basic earnings per share are computed by dividing net income attributable to the shareholders of Siemens Healthineers AG by the weighted average number of outstanding shares of Siemens Healthineers AG

- Comparable revenue up by 6%, led by strong growth in Imaging and Advanced Therapies, Diagnostics with slight increase; geographically supported by all regions with significant growth in Asia and Australia, very strong growth in EMEA and with slight growth in Americas
- Positive currency translation effects impacted revenue growth by two percentage points
- Adjusted profit margin decreased by -80 bps year-over-year; no material currency effects; continuing strong contribution from Imaging, held back by low profitability in Diagnostics; Q3 FY 2018 benefited from a gain related to U.S. pension funding
- Net income increased to €353 million, resulting in 22% higher basic earnings per share; Q3 FY 2019 benefited from a higher absolute profit, lower financing interest expenses and positive income tax effects
- Free cash flow below prior year primarily due to build-up of operating working capital, capital expenditures and higher income taxes paid; Q3 FY 2018 impacted by U.S. pension funding as well as payments resulting from IPO costs

Imaging

(in millions of €)	Q3	Q3	% Change	
	2019	2018	Act.	Comp.
Total revenue	2,186	1,976	11%	8%
Profit	407	333	22%	
<i>Therein: Severance charges</i>	-11	-11		
Profit margin	18.6%	16.8%		
<i>Adjusted profit margin¹</i>	19.1%	17.4%		

- Very strong comparable revenue growth driven by significant equipment growth as well as strong service business; particularly strong in Computed Tomography and Molecular Imaging
- Comparable revenue growth across all three regions with significant growth in EMEA as well as Asia and Australia and strong growth in Americas
- Adjusted profit margin year-over-year developed very positively mainly from conversion and the cost savings program

Diagnostics

(in millions of €)	Q3	Q3	% Change	
	2019	2018	Act.	Comp.
Total revenue	1,043	1,007	4%	1%
Profit	76	105	-28%	
<i>Therein: Severance charges</i>	-3	-5		
Profit margin	7.3%	10.4%		
<i>Adjusted profit margin¹</i>	7.5%	10.9%		

- Slight comparable revenue growth with very strong growth in Asia and Australia and solid growth in EMEA, mostly offset by underperforming Americas
- 1,230+ Atellica Solution analyzers shipped year to date
- Adjusted profit margin impacted year-over-year primarily by increased Atellica Solution ramp-up costs and negative currency effects (-120 bps)

Advanced Therapies

(in millions of €)	Q3	Q3	% Change	
	2019	2018	Act.	Comp.
Total revenue	378	353	7%	5%
Profit	65	52	25%	
<i>Therein: Severance charges</i>	-	-8		
Profit margin	17.2%	14.8%		
<i>Adjusted profit margin¹</i>	17.3%	17.0%		

- Continued strong comparable revenue growth driven by very strong service and solid equipment growth
- Comparable revenue growth geographically driven by significant growth in Asia and Australia
- Adjusted profit margin increased year-over-year supported by currency tailwinds and the cost savings program; year-over-year less favorable business mix

¹ Adjusted for severance charges

Reconciliation to consolidated financial statements

Profit		
(in millions of €)	Q3 2019	Q3 2018
Total segments	548	489
Corporate items, eliminations, other items	-19	13
Profit	529	503
Financing interest	-29	-39
Amortization of intangible assets acquired in business combinations	-33	-33
Income before income taxes	467	431
Income tax expenses	-114	-138
Net income	353	293

- Corporate items, eliminations and other items in Q3 FY 2019 normalized year-over-year while Q3 FY 2018 benefited from gains related to U.S. pension funding
- Financing interest in Q3 FY 2019 below prior year level mainly due to debt restructuring
- Net income in Q3 FY 2019 benefited from higher profit, lower financing interest expenses and positive income tax effects (tax rate: 24% in Q3 FY 2019; 32% in Q3 FY 2018)

Outlook

We confirm our guidance for fiscal year 2019 and continue to expect comparable revenue growth to be in the range of 4% to 5% compared to fiscal year 2018. We expect our profit margin (adjusted for severance charges) for fiscal year 2019 to be in the range of 17.5% to 18.5%. Earnings per share are expected to be 20% to 30% above the level of fiscal year 2018. The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019.

Notes and forward-looking statements

Starting today at 10:00 a.m. CEST, the press conference 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 8:30 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 press conference 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”, “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. All forward-looking statements only speak as of the date when they were made and Siemens Healthineers neither intends, nor assumes any obligation, unless required by law, 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 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 Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently, which may therefore not be comparable.

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.

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Siemens Healthineers AG

Henkestr. 127
91052 Erlangen, Germany
Phone: +49 9131 84-0
[siemens-healthineers.com](https://www.siemens-healthineers.com)

Financial Results

Third quarter and first nine month of fiscal year 2019

Additional information

(in millions of €, except where otherwise stated)

Revenue by customer location

(in millions of €)	Q3 2019	Q3 2018	Act.	% Change Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	1,115	1,050	6%	7%
Therein: Germany	211	215	-2%	-2%
Americas	1,430	1,348	6%	1%
Therein: United States	1,217	1,151	6%	0%
Asia, Australia	1,024	903	13%	12%
Therein: China	483	405	19%	20%
Siemens Healthineers	3,569	3,300	8%	6%

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

Revenue by customer location

(in millions of €)	Q1 - Q3 2019	Q1 - Q3 2018	Act.	% Change Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	3,289	3,148	4%	5%
Therein: Germany	632	623	2%	1%
Americas	4,160	3,860	8%	3%
Therein: United States	3,531	3,255	8%	3%
Asia, Australia	2,927	2,717	8%	6%
Therein: China	1,323	1,220	8%	8%
Siemens Healthineers	10,376	9,725	7%	5%

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

Employees

	Jun 30, 2019	Sept 30, 2018
Number of employees (in thousands)	51.3	50.0
Germany	13.5	13.0
Outside Germany	37.9	36.9

Consolidated statements of income

(in millions of €, earnings per share in €)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Revenue	3,569	3,300	10,376	9,725
Cost of sales	-2,192	-2,024	-6,225	-5,776
Gross profit	1,377	1,276	4,151	3,949
Research and development expenses	-333	-327	-968	-941
Selling and general administrative expenses	-547	-510	-1,619	-1,575
Other operating income	1	28	18	46
Other operating expenses	-7	-6	-17	-106
Income from investments accounted for using the equity method, net	1	2	2	6
Interest income	12	5	24	36
Interest expenses	-31	-39	-107	-169
Other financial income, net	-5	1	-19	-4
Income before income taxes	467	431	1,466	1,241
Income tax expenses	-114	-138	-388	-330
Net income	353	293	1,078	910
Thereof attributable to:				
Non-controlling interests	5	8	13	15
Shareholders of Siemens Healthineers AG	348	285	1,065	895
Basic earnings per share	0.35	0.29	1.07	0.90
Diluted earnings per share	0.35	0.29	1.07	0.90

Consolidated statements of comprehensive income

(in millions of €)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Net income	353	293	1,078	910
Remeasurements of defined benefit plans	-13	-2	-132	-41
Therein: Income tax effects	13	-2	61	-37
Other comprehensive income that will not be reclassified to profit or loss	-13	-2	-132	-41
Currency translation differences	-153	150	41	261
Cash flow hedges	6	-12	-19	-13
Therein: Income tax effects	-5	4	8	4
Cost/Income from hedging	7	-	7	-
Therein: Income tax effects	-3	-	-3	-
Other comprehensive income that may be reclassified subsequently to profit or loss	-140	138	29	248
Other comprehensive income, net of taxes	-153	136	-103	207
Comprehensive income	200	429	975	1,117
Thereof attributable to:				
Non-controlling interests	5	6	13	11
Shareholders of Siemens Healthineers AG	195	423	962	1,106

Consolidated statements of financial position

(in millions of €)	Jun 30, 2019	Sept 30, 2018
Cash and cash equivalents	828	519
Trade and other receivables	2,545	2,419
Other current financial assets	86	77
Receivables from Siemens Group	769	1,396
Contract assets	732	600
Inventories	2,153	1,829
Current income tax assets	75	56
Other current assets	318	303
Total current assets	7,506	7,199
Goodwill	8,284	8,176
Other intangible assets	1,536	1,571
Property, plant and equipment	2,197	1,919
Investments accounted for using the equity method	40	38
Other financial assets	198	174
Deferred tax assets	477	394
Other assets	282	287
Total non-current assets	13,013	12,559
Total assets	20,519	19,758
Short-term debt and current maturities of long-term debt	101	57
Trade payables	1,293	1,278
Other current financial liabilities	174	82
Payables to Siemens Group	918	639
Contract liabilities	1,689	1,524
Current provisions	282	295
Current income tax liabilities	230	206
Other current liabilities	1,073	1,223
Total current liabilities	5,761	5,303
Long-term debt	39	17
Provisions for pensions and similar obligations	1,036	845
Deferred tax liabilities	366	348
Provisions	155	157
Other financial liabilities	29	26
Other liabilities	353	386
Other liabilities to Siemens Group	3,859	4,002
Total non-current liabilities	5,837	5,780
Total liabilities	11,598	11,083
Issued capital	1,000	1,000
Capital reserve	10,796	11,174
Retained earnings	-2,364	-3,019
Other components of equity	-521	-500
Total equity attributable to shareholders of Siemens Healthineers AG	8,911	8,656
Non-controlling interests	10	20
Total equity	8,921	8,675
Total liabilities and equity	20,519	19,758

Consolidated statements of cash flows

(in millions of €)	Q3 2019	Q3 2018
Net income	353	293
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	154	134
Income tax expenses	114	138
Interest income/expenses, net	20	34
Income related to investing activities	-1	-4
Other non-cash income/expenses, net	2	-7
Change in operating net working capital		
Contract assets	-103	-12
Inventories	-48	-48
Trade and other receivables	-37	15
Trade payables	-6	23
Contract liabilities	68	38
Change in other assets and liabilities	68	-127
Additions to assets leased to others in operating leases	-76	-71
Income taxes paid	-145	-25
Dividends received	6	5
Interest received	6	4
Cash flows from operating activities	373	389
Additions to intangible assets and property, plant and equipment	-146	-120
Purchase of investments and financial assets for investment purposes	-	-2
Acquisitions of businesses, net of cash acquired	-	1
Disposal of investments, intangible assets and property, plant and equipment	2	11
Disposal of businesses, net of cash disposed	5	-
Cash flows from investing activities	-139	-110
Change in short-term debt and other financing activities	9	-5
Interest paid	-4	-
Profit and loss transfers with Siemens Group	-	-778
Dividends paid to non-controlling interests	-	-1
Interest paid to Siemens Group	-23	-32
Other transactions/financing with Siemens Group	-153	591
Cash flows from financing activities	-171	-226
Effect of changes in exchange rates on cash and cash equivalents	-11	-21
Change in cash and cash equivalents	51	33
Cash and cash equivalents at beginning of period	777	196
Cash and cash equivalents at end of period	828	228

Consolidated statements of cash flows

(in millions of €)	Q1-Q3 2019	Q1-Q3 2018
Net income	1,078	910
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	443	382
Income tax expenses	388	330
Interest income/expenses, net	83	133
Income related to investing activities	-4	-7
Other non-cash income/expenses, net	15	30
Change in operating net working capital		
Contract assets	-127	-188
Inventories	-276	-299
Trade and other receivables	-89	123
Trade payables	6	54
Contract liabilities	158	108
Change in other assets and liabilities	-241	-396
Additions to assets leased to others in operating leases	-235	-188
Income taxes paid	-383	-98
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-	-122
Dividends received	7	6
Interest received	16	10
Cash flows from operating activities	838	790
Additions to intangible assets and property, plant and equipment	-431	-339
Purchase of investments and financial assets for investment purposes	-3	-2
Acquisitions of businesses, net of cash acquired	-8	-226
Disposal of investments, intangible assets and property, plant and equipment	4	15
Disposal of businesses, net of cash disposed	7	-
Cash flows from investing activities	-430	-551
Purchase of treasury shares	-45	-
Change in short-term debt and other financing activities	53	-3
Interest paid	-6	-3
Profit and loss transfers with Siemens Group	-	-778
Dividends paid to shareholders of Siemens Healthineers AG ¹	-699	-230
Dividends paid to non-controlling interests	-15	-10
Interest paid to Siemens Group	-88	-122
Other transactions/financing with Siemens Group	700	977
Cash flows from financing activities	-100	-169
Effect of changes in exchange rates on cash and cash equivalents	2	-26
Change in cash and cash equivalents	309	44
Cash and cash equivalents at beginning of period	519	184
Cash and cash equivalents at end of period	828	228

¹ Dividends to the Siemens Group in fiscal year 2018

Overview of segment figures

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹ Q3 2018	Jun 30, 2019	Assets Sept 30, 2018	Free cash flow		Additions to other intangible assets and property, plant and equipment		Amortization, deprecia- tion and impairments		
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018				Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	
Imaging	2,110	1,910	76	65	2,186	1,976	407	333	6,636	6,258	389	397	33	32	38	35
Diagnostics	1,043	1,007	-	-	1,043	1,007	76	105	5,280	4,676	-69	46	149	133	68	51
Advanced Therapies	377	349	1	4	378	353	65	52	959	904	69	82	6	3	3	3
Total segments	3,531	3,267	77	69	3,608	3,336	548	489	12,875	11,838	388	525	188	169	109	89
Reconciliation to consolidated financial statements	38	34	-77	-69	-39	-35	-81	-58	7,644	7,920	-161	-256	43	41	44	45
Siemens Healthineers	3,569	3,300	-	-	3,569	3,300	467	431	20,519	19,758	227	269	231	211	154	134

¹ Siemens Healthineers: Income before income taxes

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹ Q1 - Q3 2018	Jun 30, 2019	Assets Sept 30, 2018	Free cash flow		Additions to other intangible assets and property, plant and equipment		Amortization, deprecia- tion and impairments		
	2019	Q1 - Q3 2018	2019	Q1 - Q3 2018	2019	Q1 - Q3 2018				2019	Q1 - Q3 2018	2019	Q1 - Q3 2018	2019	Q1 - Q3 2018	
Imaging	6,126	5,668	218	197	6,344	5,865	1,244	1,075	6,636	6,258	944	901	98	93	109	99
Diagnostics	3,025	2,906	-	-	3,026	2,906	271	329	5,280	4,676	-220	-61	463	454	182	142
Advanced Therapies	1,122	1,060	3	12	1,125	1,073	208	189	959	904	166	190	16	8	10	7
Total segments	10,273	9,635	221	209	10,495	9,844	1,722	1,593	12,875	11,838	890	1,030	576	555	301	249
Reconciliation to consolidated financial statements	102	91	-221	-209	-119	-119	-257	-352	7,644	7,920	-484	-579	111	107	143	133
Siemens Healthineers	10,376	9,725	-	-	10,376	9,725	1,466	1,241	20,519	19,758	407	451	687	662	443	382

¹ Siemens Healthineers: Income before income taxes

EBITDA reconciliation

	Profit ¹		Therein: Financial income/ex- penses, net ³		Therein: Amortization, depre- ciation and impairments		EBITDA	
(in millions of €)	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Imaging	407	333	1	2	38	35	444	366
Diagnostics	76	105	2	2	68	51	141	153
Advanced Therapies	65	52	-	-	3	3	68	55
Total segments	548	489	4	4	109	89	653	574
Corporate items, eliminations, other items	-19	13	-	2	12	13	-8	23
Profit	529	503	4	6	121	102	645	598
Reconciliation to consolidated financial statements ²	-62	-71	-29	-39	33	33	-	-
Siemens Healthineers	467	431	-25	-32	154	134	645	598

1 Siemens Healthineers: Income before income taxes

2 Total of amortization of intangible assets acquired in business combinations and financing interest

3 Financial income shown with positive and expenses with negative sign

	Profit ¹		Therein: Financial income/ex- penses, net ³		Therein: Amortization, depre- ciation and impairments		EBITDA	
(in millions of €)	Q1 - Q3 2019	Q1 - Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018
Imaging	1,244	1,075	5	5	109	99	1,348	1,169
Diagnostics	271	329	7	5	182	142	445	466
Advanced Therapies	208	189	-	-	10	7	217	197
Total segments	1,722	1,593	13	10	301	249	2,011	1,832
Corporate items, eliminations, other items	-46	-109	-1	-1	45	36	-	-71
Profit	1,676	1,484	11	8	346	285	2,011	1,761
Reconciliation to consolidated financial statements ²	-211	-243	-113	-146	98	97	-	-
Siemens Healthineers	1,466	1,241	-101	-138	443	382	2,011	1,761

1 Siemens Healthineers: Income before income taxes

2 Total of amortization of intangible assets acquired in business combinations and financing interest

3 Financial income shown with positive and expenses with negative sign