

Erlangen, Germany, January 29, 2019

Earnings Release Q1 Fiscal Year 2019

October 1 to December 31, 2018

Mixed picture in first quarter - guidance for FY2019 confirmed

»Business performance in the first quarter is a story of light and shade. Siemens Healthineers' growth trend remains intact and customers' response to our new Atellica Solution laboratory diagnostics platform continues to be positive. What we are not pleased with, however, is the profit development of our Diagnostics business. We have therefore directly initiated measures to sharpen our focus even more on the business success of Atellica Solution. We confirm our outlook for fiscal year 2019«, said Bernd Montag, CEO Siemens Healthineers.

- Comparable revenue up by 3% with a very healthy equipment book-to-bill of 1.13
- Continued Atellica Solution ramp up with 370+ analyzers shipped¹; again strong Diagnostics instruments growth - high single digit in Q1
- Low Diagnostics adjusted profit margin of 8.1% due to currency headwinds of -130 bps and higher Atellica Solution ramp-up costs
- Adjusted profit margin 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

As of beginning of fiscal year 2019, Siemens Healthineers applies the accounting standard IFRS 9, Financial Instruments. Comparative figures for the preceding fiscal year were not adjusted. Instead, the overall insignificant transition effects were recognized in equity as of October 1, 2018.

¹ Fiscal year 2019 target: 2,200 to 2,500 analyzers

Siemens Healthineers

(in millions of €)	Q1	Q1	% Change	
	2019	2018	Act.	Comp. ¹
Revenue	3,301	3,198	3%	3%
Profit	532	524	2%	
<i>Therein: Severance charges²</i>	<i>-13</i>	<i>-23</i>		
Profit margin	16.1%	16.4%		
Adjusted profit margin ³	16.5%	17.1%		
Net income	345	310	11%	
Basic earnings per share ⁴	0.34	0.31	11%	
Free cash flow	-24	9	n.a.	

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 3%, led by moderate growth in Imaging and Diagnostics segments; on a geographic basis, strong growth in the Americas
- Adjusted profit margin declined on negative currency effects of -40 bps year-over-year, low Diagnostics profitability and a reduced margin in Advanced Therapies; Imaging contributed positively
- Net income increased to €345 million, resulting in 11% higher basic earnings per share; Q1 FY 2019 benefited from a lower tax rate and lower financing interest expenses
- Free cash flow below prior year primarily due to build-up of operating working capital, capacity expansion and increase of equipment leased out in Diagnostics segment

Imaging

(in millions of €)	Q1	Q1	% Change	
	2019	2018	Act.	Comp.
Total revenue	2,021	1,943	4%	3%
Profit	396	371	7%	
<i>Therein: Severance charges</i>	-8	-8		
Profit margin	19.6%	19.1%		
<i>Adjusted profit margin¹</i>	<i>20.0%</i>	<i>19.5%</i>		

- Moderate comparable revenue growth, particularly strong in Computed Tomography and Molecular Imaging
- Comparable revenue growth supported by strong growth in the Americas
- Adjusted profit margin year-over-year developed positively despite negative currency effects, mainly from volume and the cost savings program

Diagnostics

(in millions of €)	Q1	Q1	% Change	
	2019	2018	Act.	Comp.
Total revenue	964	929	4%	3%
Profit	76	99	-24%	
<i>Therein: Severance charges</i>	-2	-3		
Profit margin	7.9%	10.7%		
<i>Adjusted profit margin¹</i>	<i>8.1%</i>	<i>10.9%</i>		

- Moderate comparable revenue growth on weak comps driven by the Americas and China, held back by flat development in EMEA (Europe, Commonwealth of Independent States, Africa, Middle East)
- 370+ Atellica Solution analyzers shipped in the first quarter²
- Adjusted profit margin impacted by negative currency effects (-130 bps) year-over-year and increased Atellica Solution ramp-up costs due to high shipments combined with extended installation times

Advanced Therapies

(in millions of €)	Q1	Q1	% Change	
	2019	2018	Act.	Comp.
Total revenue	355	368	-3%	-4%
Profit	68	82	-17%	
<i>Therein: Severance charges</i>	-2	-		
Profit margin	19.1%	22.3%		
<i>Adjusted profit margin¹</i>	<i>19.7%</i>	<i>22.4%</i>		

- Negative growth of -4% on a comparable basis, after a very strong Q1 FY 2018
- Adjusted profit margin on fiscal year 2018 level; down compared to a high Q1 FY 2018, which benefited from favorable business mix and higher volume

¹ Adjusted for severance charges
² Fiscal year 2019 target: 2,200 to 2,500 analyzers

Reconciliation to consolidated financial statements

Profit

(in millions of €)	Q1 2019	Q1 2018
Total segments	539	552
Corporate items, eliminations, other items	-7	-28
Profit	532	524
Financing interest	-48	-71
Amortization of intangible assets acquired in business combinations	-33	-33
Income before income taxes	452	421
Income tax expenses	-107	-111
Net income	345	310

- Corporate items, eliminations and other items in Q1 FY 2019 improved mainly as Q1 FY 2018 was impacted by IPO costs and higher severance charges
- Financing interest in Q1 FY 2019 decreased resulting from implementation of post-IPO capital structure; negatively impacted by high currency effects related to financing of business in Turkey
- Higher net income in Q1 FY 2019 benefited from lower tax rate due to an effect from an international tax procedure which has been recorded in full amount in Q1 FY 2019 (Tax rate: 24% in Q1 FY 2019; 26% in Q1 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 8:00 a.m. CET, 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 9:00 a.m. CET, 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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Investor Relations: corporate.siemens-healthineers.com/investor-relations

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

Financial Results

First quarter of fiscal year 2019

Additional information

(in millions of €, except where otherwise stated)

Revenue by customer location

(in millions of €)	Q1 2019	Q1 2018	Act.	% Change Comp. ¹
Europe, Commonwealth of Independent States, Africa, Middle East (EMEA)	1,073	1,079	0%	0%
Therein: Germany	216	213	1%	1%
Americas	1,333	1,234	8%	6%
Therein: United States	1,130	1,033	9%	6%
Asia, Australia	895	885	1%	1%
Therein: China	402	417	-3%	-3%
Siemens Healthineers	3,301	3,198	3%	3%

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

Employees

	Dec 31, 2018	Sep 30, 2018
Number of employees (in thousands)	50.3	50.0
Germany	13.2	13.0
Outside Germany	37.1	36.9

Consolidated statements of income

(in millions of €, earnings per share in €)	Q1 2019	Q1 2018
Revenue	3,301	3,198
Cost of sales	-1,968	-1,870
Gross profit	1,334	1,328
Research and development expenses	-312	-306
Selling and general administrative expenses	-536	-538
Other operating income	13	16
Other operating expenses	-4	-11
Income from investments accounted for using the equity method, net	1	2
Interest income	6	4
Interest expenses	-39	-70
Other financial income, net	-12	-4
Income before income taxes	452	421
Income tax expenses	-107	-111
Net income	345	310
Thereof attributable to:		
Non-controlling interests	4	3
Shareholders of Siemens Healthineers AG ¹	341	307
Basic earnings per share	0.34	0.31
Diluted earnings per share	0.34	0.31

¹ Siemens Group in Q1 FY 2018

Consolidated statements of comprehensive income

(in millions of €)	Q1 2019	Q1 2018
Net income	345	310
Remeasurements of defined benefit plans	-105	-31
Therein: Income tax effects	34	-21
Other comprehensive income that will not be reclassified to profit or loss	-105	-31
Currency translation differences	53	39
Cash flow hedges	-7	6
Therein: Income tax effects	3	-3
Other comprehensive income that may be reclassified subsequently to profit or loss	46	45
Other comprehensive income, net of taxes	-59	14
Comprehensive income	286	324
Thereof attributable to:		
Non-controlling interests	4	3
Shareholders of Siemens Healthineers AG ¹	282	321

¹ Siemens Group in Q1 FY 2018

Consolidated statements of financial position

(in millions of €)	Dec 31, 2018	Sep 30, 2018
Cash and cash equivalents	757	519
Trade and other receivables	2,470	2,419
Other current financial assets	76	77
Receivables from Siemens Group	941	1,396
Contract assets	549	600
Inventories	2,034	1,829
Current income tax assets	61	56
Other current assets	296	303
Assets classified as held for sale	5	-
Total current assets	7,188	7,199
Goodwill	8,236	8,176
Other intangible assets	1,559	1,571
Property, plant and equipment	2,002	1,919
Investments accounted for using the equity method	45	38
Other financial assets	185	174
Deferred tax assets	390	394
Other assets	279	287
Total non-current assets	12,696	12,559
Total assets	19,884	19,758
Short-term debt and current maturities of long-term debt	61	57
Trade payables	1,207	1,278
Other current financial liabilities	112	82
Payables to Siemens Group	489	639
Contract liabilities	1,538	1,524
Current provisions	290	295
Current income tax liabilities	197	206
Other current liabilities	1,095	1,223
Liabilities assoc. with assets classified as held for sale	4	-
Total current liabilities	4,991	5,303
Long-term debt	19	17
Provisions for pensions and similar obligations	987	845
Deferred tax liabilities	342	348
Provisions	154	157
Other financial liabilities	24	26
Other liabilities	354	386
Other liabilities to Siemens Group	4,089	4,002
Total non-current liabilities	5,969	5,780
Total liabilities	10,960	11,083
Issued capital	1,000	1,000
Capital reserve	10,792	11,174
Retained earnings	-2,354	-3,019
Other components of equity	-532	-500
Total equity attributable to shareholders of Siemens Healthineers AG	8,906	8,656
Non-controlling interests	18	20
Total equity	8,924	8,675
Total liabilities and equity	19,884	19,758

Consolidated statements of cash flows

(in millions of €)	Q1 2019	Q1 2018
Net income	345	310
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	142	124
Income tax expenses	107	111
Interest income/expenses, net	33	66
Income related to investing activities	-4	-3
Other non-cash income/expenses, net	5	7
Change in operating net working capital		
Contract assets	55	-110
Inventories	-183	-140
Trade and other receivables	-26	144
Trade payables	-74	-26
Contract liabilities	6	-39
Change in other assets and liabilities	-154	-176
Additions to assets leased to others in operating leases	-66	-50
Income taxes paid	-87	-42
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-	-77
Dividends received	1	1
Interest received	4	4
Cash flows from operating activities	102	104
Additions to intangible assets and property, plant and equipment	-126	-95
Purchase of investments and financial assets for investment purposes	-3	-
Acquisitions of businesses, net of cash acquired	-8	-226
Disposal of investments, intangible assets and property, plant and equipment	1	2
Disposal of businesses, net of cash disposed	2	-
Cash flows from investing activities	-134	-319
Purchase of treasury shares	-42	-
Change in short-term debt and other financing activities	1	-1
Interest paid	-1	-1
Dividends paid to Siemens Group	-	-230
Dividends paid to non-controlling interests	-5	-2
Interest paid to Siemens Group	-33	-61
Other transactions/financing with Siemens Group	350	651
Cash flows from financing activities	270	356
Effect of changes in exchange rates on cash and cash equivalents	-	1
Change in cash and cash equivalents	238	142
Cash and cash equivalents at beginning of period	519	184
Cash and cash equivalents at end of period	757	326

Overview of segment figures

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹		Dec 31, 2018	Assets Sep 30, 2018	Free cash flow		Additions to other intangible assets and property, plant and equipment ²		Amortization, deprecia- tion and impairments		
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1			Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2019	2018	2019	2018	2019	2018	2019	2018			2019	2018	2019	2018	2019	2018	2019
Imaging	1,952	1,878	69	66	2,021	1,943	396	371	6,530	6,258	178	251	30	26	34	33	
Diagnostics	964	929	-	-	964	929	76	99	4,949	4,676	-118	-100	139	317	56	46	
Advanced Therapies	354	364	1	4	355	368	68	82	943	904	34	54	4	2	3	2	
Total segments	3,270	3,171	70	70	3,340	3,241	539	552	12,422	11,838	94	205	173	345	93	81	
Reconciliation to consolidated financial statements	31	27	-70	-70	-39	-42	-88	-132	7,462	7,920	-118	-197	24	25	49	42	
Siemens Healthineers	3,301	3,198	-	-	3,301	3,198	452	421	19,884	19,758	-24	9	197	371	142	124	

¹ Siemens Healthineers: Income before income taxes

² Including additions through business combinations, excluding goodwill

EBITDA reconciliation

	Profit ¹		Therein: Financial income/expenses, net ³		Therein: Amortization, depreciation and impairments		EBITDA	
(in millions of €)	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Imaging	396	371	2	2	34	33	428	403
Diagnostics	76	99	2	2	56	46	129	143
Advanced Therapies	68	82	-	-	3	2	71	84
Total segments	539	552	4	3	93	81	628	630
Corporate items, eliminations, other items	-7	-28	-1	-3	17	10	10	-15
Profit	532	524	3	-	109	91	638	615
Reconciliation to consolidated financial statements ²	-81	-103	-48	-71	33	33	-	-
Siemens Healthineers	452	421	-45	-70	142	124	638	615

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