

Erlangen, Germany, July 30, 2018

Earnings Release

Q3 Fiscal Year 2018

April 1 to June 30, 2018

Strong comparable revenue growth and accelerating Atellica shipments

»The pleasing development in revenue underlines our competitive strength. We are also satisfied with the positive development in the delivery of our new laboratory diagnostics system Atellica Solution. Despite increasingly negative currency effects and investments in the future of the laboratory diagnostics business, we confirm our guidance for the current fiscal year.« said Bernd Montag, CEO Siemens Healthineers.

- Comparable revenue up by 5% driven by very strong Imaging segment with 8% growth
- Adjusted profit margin at 16.0% down -110 bps below prior year with currency headwinds of -140 bps
- Atellica Solution ramp-up on track with 560+ analyzers shipped by end of June
- Full year guidance reaffirmed

Siemens Healthineers

(in millions of €)	Q3	Q3	% Change	
	2018	2017	Act.	Comp. ¹
Revenue	3,300	3,307	0%	5%
Profit	503	556	-10%	
<i>therein: severance charges and IPO costs</i>	<i>-25</i>	<i>-11</i>		
Profit margin	15.2%	16.8%		
Adjusted profit margin ²	16.0%	17.1%		
Net income	293	325	-10%	
Adjusted net income ²	334	357	-7%	
Free cash flow	269	468	-43%	

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

² Adjusted for severance charges, IPO costs (profit and net income) and for amortization of intangible assets acquired in business combinations net of tax (net income)

- Comparable revenue growth across all segments, led by very strong growth in Imaging segment
- Currency translation negatively impacted revenue growth by 5% points; in all segments
- Profitability includes severance charges of €25 million
- Adjusted profit margin held back by currency headwinds, lower profitability in the Diagnostics segment resulting from a large, initially negative automation contract and At-ellica transition costs; negative effects from legacy share-based payments partially compensated by gains related to U.S. pension funding
- Adjusted net income includes lower financing interests resulting from implementation of post-IPO capital structure, partly offset by higher income taxes
- Free cash flow below prior year primarily due to U.S. pension funding with negative €126 million as well as payment resulting from IPO costs in Q2 of €41 million

Imaging

(in millions of €)	Q3		% Change	
	2018	2017	Act.	Comp.
Total revenue	1,976	1,923	3%	8%
Profit	333	346	-4%	
<i>therein: severance charges</i>	-11	-5		
Profit margin	16.8%	18.0%		
Adjusted profit margin ¹	17.4%	18.2%		

¹ Adjusted for severance charges

Diagnostics

(in millions of €)	Q3		% Change	
	2018	2017	Act.	Comp.
Total revenue	1,007	1,045	-4%	1%
Profit	105	139	-25%	
<i>therein: severance charges</i>	-5	-3		
Profit margin	10.4%	13.3%		
Adjusted profit margin ¹	10.9%	13.6%		

¹ Adjusted for severance charges

Advanced Therapies

(in millions of €)	Q3		% Change	
	2018	2017	Act.	Comp.
Total revenue	353	365	-3%	1%
Profit	52	63	-18%	
<i>therein: severance charges</i>	-8	0		
Profit margin	14.8%	17.4%		
Adjusted profit margin ¹	17.0%	17.5%		

¹ Adjusted for severance charges

- Very strong comparable revenue growth was driven by equipment as well as service business with a significant increase in Molecular Imaging, X-Ray Products and Magnetic Resonance
- Comparable revenue growth across all three regions with substantial growth in the U.S. and Germany
- Currency effects negatively impacted margin year-over-year; excluding these effects margin developed positively, mainly due to volume and degression effects as well as operational improvements
- Slight comparable revenue growth driven by regions EMEA and Asia, Australia; primarily in China
- Atellica Solution ramp-up on track with 560+ analyzers shipped by end of June
- Positive contribution from our two most recent acquisitions, Epocal with double-digit and Fast-Track Diagnostics with high single-digit comparable revenue growth
- Adjusted profit margin impacted by a large, initially negative automation contract and Atellica transition costs
- After significant revenue growth in Q1, Q2 and Q3 FY 2018 showed a modest development on a comparable basis; the first nine months of the year showed an overall growth of 4%
- Slight comparable revenue growth driven by regions Asia, Australia and Americas
- Adjusted profit margin down as operational improvements were more than offset by severe negative currency effects

Reconciliation to Consolidated Financial Statements

Profit

(in millions of €)	Q3 2018	Q3 2017
Total Segments	489	548
Corporate items, Eliminations, other items	13	8
Profit	503	556
Financing interest	-39	-68
Amortization of intangible assets acquired in business combinations	-33	-36
Income before income taxes	431	453
Income taxes	-138	-128
Net income	293	325

- Corporate items, eliminations, other items positively impacted by gains related to U.S. pension funding
- Financing interest in Q3 FY 2018 decreased resulting from implementation of post-IPO capital structure
- Net income in Q3 FY 2018 impacted by higher income taxes (Tax rate: 32% in Q3 FY 2018; 28% in Q3 FY 2017)

Outlook

We confirm our expectations for fiscal year 2018 and continue to expect comparable revenue growth to be in the range of 3% to 4% compared to fiscal year 2017. We expect our adjusted profit margin (adjusted for severance charges and IPO costs) for the fiscal year 2018 to be in the range of 17% to 18%.

We expect up to €20 million higher non-operational financial expenses, net than our previous guidance of €140 million to €170 million. Furthermore, we expect our effective income tax rate to be in a range of 28% to 30% for fiscal year 2018.

Notes and forward-looking statements

Starting today at 8:30 a.m. CEST, the conference call for journalists 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 10:30 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 conference call for journalists 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,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. Such statements are based on the current expectations and certain assumptions of Siemens Healthineers’ management, of which many are beyond Siemens Healthineers’ control. These are subject to a number of risks, uncertainties and factors. Should one or more of these risks or uncertainties 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. Siemens Healthineers neither intends, nor assumes any obligation, 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 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.

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.

This document is a quarterly statement according to section 53 of the exchange rules for the Frankfurter Wertpapierbörse.

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Financial Results

Third quarter and first nine months of fiscal year 2018

Additional Information

(in millions of €, except where otherwise stated)

Revenue by region (location of customer)

(in millions of €)	Q3	Q3	% Change	
	2018	2017	Act.	Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	1,050	1,035	1%	4%
therein Germany	215	207	4%	4%
Americas	1,348	1,375	-2%	6%
therein U.S.	1,151	1,154	0%	7%
Asia, Australia	903	897	1%	4%
therein China	405	421	-4%	-4%
Siemens Healthineers	3,300	3,307	0%	5%

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

Revenue by region (location of customer)

(in millions of €)	Q1 - Q3	Q1 - Q3	% Change	
	2018	2017	Act.	Comp. ¹
Europe, C.I.S., Africa, Middle East (EMEA)	3,148	3,102	1%	4%
therein Germany	623	644	-3%	-2%
Americas	3,860	4,179	-8%	2%
therein U.S.	3,255	3,526	-8%	2%
Asia, Australia	2,717	2,748	-1%	5%
therein China	1,220	1,151	6%	9%
Siemens Healthineers	9,725	10,030	-3%	4%

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

Employees

Number of employees (in thousands)	Jun 30,	Sep 30,
	2018	2017
Number of employees (in thousands)	49.6	48.4
Germany	13.0	12.5
Outside Germany	36.6	35.9

Consolidated Statements of Income

(in millions of €, per share amounts in €)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Revenue	3,300	3,307	9,725	10,030
Cost of sales	-2,024	-1,953	-5,776	-5,873
Gross profit	1,276	1,354	3,949	4,157
Research and development expenses	-327	-307	-941	-913
Selling and general administrative expenses	-510	-533	-1,575	-1,642
Other operating income	28	2	46	7
Other operating expenses	-6	-3	-106	-12
Income/loss from investments accounted for using the equity method, net	2	3	6	7
Interest income	5	3	36	9
Interest expenses	-39	-66	-169	-201
Other financial income/expenses, net	1	0	-4	1
Income before income taxes	431	453	1,241	1,413
Income tax expenses	-138	-128	-330	-422
Net income	293	325	910	991
Attributable to:				
Non-controlling interests	8	5	15	12
Shareholders of Siemens Healthineers AG	285	320	895	979
Basic earnings per share	0.29	0.32	0.90	0.98
Diluted earnings per share	0.29	0.32	0.90	0.98

Consolidated Statements of Comprehensive Income

(in millions of €)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Net income	293	325	910	991
Remeasurements of defined benefit plans	-2	32	-41	270
therein: Income tax effects	-2	-16	-37	-118
Items that will not be reclassified to profit or loss	-2	32	-41	270
Currency translation differences	150	78	261	-46
Derivative financial instruments	-12	20	-13	22
therein: Income tax effects	4	-8	4	-10
Items that may be reclassified subsequently to profit or loss	138	98	248	-24
Other comprehensive income, net of income taxes	136	130	207	246
Total comprehensive income	429	455	1,117	1,237
Attributable to:				
Non-controlling interests	6	5	11	13
Shareholders of Siemens Healthineers AG	423	450	1,106	1,224

Consolidated Statements of Financial Position

(in millions of €)	Jun 30, 2018	Sep 30, 2017
Assets		
Cash and cash equivalents	228	184
Trade and other receivables	2,330	2,308
Other current financial assets	83	57
Receivables from Siemens Group	1,252	2,991
Contract assets	480	294
Inventories	1,932	1,605
Current income tax assets	115	79
Other current assets	305	276
Total current assets	6,725	7,794
Goodwill	8,150	7,992
Other intangible assets	1,573	1,525
Property, plant and equipment	1,787	1,566
Investments accounted for using the equity method	32	33
Other financial assets	167	162
Other receivables from Siemens Group	-	1,365
Deferred tax assets	286	408
Other assets	265	268
Total non-current assets	12,261	13,319
Total assets	18,985	21,113
Liabilities and equity		
Short-term debt and current maturities of long-term debt	57	55
Trade payables	1,169	1,120
Other current financial liabilities	85	72
Payables to Siemens Group	656	5,795
Contract liabilities	1,535	1,406
Current provisions	284	290
Current income tax liabilities	190	122
Other current liabilities	1,110	1,250
Total current liabilities	5,086	10,110
Long-term debt	19	15
Provisions for pensions and similar obligations	904	1,732
Deferred tax liabilities	189	259
Provisions	147	153
Other financial liabilities	33	23
Other liabilities	385	365
Other liabilities to Siemens Group	3,994	5,167
Total non-current liabilities	5,671	7,714
Total liabilities	10,757	17,824
Issued capital	1,000	-
Capital reserve	11,170	-
Retained earnings/Net assets ¹	-3,445	4,045
Other components of equity	-512	-764
Total equity attributable to shareholders of Siemens Healthineers AG	8,213	3,281
Non-controlling interests	15	8
Total equity	8,228	3,289
Total liabilities and equity	18,985	21,113

¹ As of September 30, 2017, Siemens Healthineers was not a legal group for which consolidated financial statements had to be prepared according to IFRS 10. Therefore, as of September 30, 2017, Combined Financial Statements were prepared in which Net assets attributable to Siemens Group were presented.

Consolidated Statements of Cash Flows

(in millions of €)	Q3 2018	Q3 2017
Cash flows from operating activities		
Net income	293	325
Adjustments to reconcile net income to cash flows from operating activities		
Amortization, depreciation and impairments	134	140
Income tax expenses	138	128
Interest income/expenses, net	34	65
Income related to investing activities	-2	-
Other income from investments	-2	-3
Other non-cash (income) expenses	-7	13
Change in operating net working capital		
Contract assets	-12	61
Inventories	-48	-29
Trade and other receivables	15	-75
Trade payables	23	13
Contract liabilities	38	-14
Change in other assets and liabilities	-127	139
Additions to assets leased to others in operating leases	-71	-57
Income taxes paid	-25	-92
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-	-51
Dividends received	5	8
Interest received	4	3
Cash flows from operating activities	389	574
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	-120	-106
Purchase of investments	-2	-
Acquisitions of businesses, net of cash acquired	1	-
Disposal of investments, intangibles and property, plant and equipment	11	4
Cash flows from investing activities	-110	-102
Cash flows from financing activities		
Change in short-term debt and other financing activities	-5	-5
Interest paid	-	-2
Profit and loss transfers with Siemens Group	-778	-
Dividends paid to Siemens Group	-	-157
Dividends paid to non-controlling interest holders	-1	-
Interest paid to Siemens Group	-32	-61
Other transactions/financing with Siemens Group	591	-261
Cash flows from financing activities	-226	-486
Effect of changes in exchange rates on cash and cash equivalents	-21	-8
Change in cash and cash equivalents	33	-22
Cash and cash equivalents at beginning of period	196	187
Cash and cash equivalents at end of period	228	165

(in millions of €)	Q1-Q3 2018	Q1-Q3 2017
Cash flows from operating activities		
Net income	910	991
Adjustments to reconcile net income to cash flows from operating activities		
Amortization, depreciation and impairments	382	423
Income tax expenses	330	422
Interest income/expenses, net	133	193
Income related to investing activities	-3	-
Other income from investments	-4	-7
Other non-cash expenses	30	45
Change in operating net working capital		
Contract assets	-188	-30
Inventories	-299	-198
Trade and other receivables	123	21
Trade payables	54	38
Contract liabilities	108	118
Change in other assets and liabilities	-396	-173
Additions to assets leased to others in operating leases	-188	-163
Income taxes paid	-98	-142
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	-122	-222
Dividends received	6	9
Interest received	10	11
Cash flows from operating activities	790	1,336
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	-339	-299
Purchase of investments	-2	-
Acquisitions of businesses, net of cash acquired	-226	-6
Disposal of investments, intangibles and property, plant and equipment	15	7
Cash flows from investing activities	-551	-298
Cash flows from financing activities		
Change in short-term debt and other financing activities	-3	4
Interest paid	-3	-4
Profit and loss transfers with Siemens Group	-778	-
Dividends paid to Siemens Group	-230	-345
Dividends paid to non-controlling interest holders	-10	-2
Interest paid to Siemens Group	-122	-185
Other transactions/financing with Siemens Group	977	-541
Cash flows from financing activities	-169	-1,073
Effect of changes in exchange rates on cash and cash equivalents	-26	-6
Change in cash and cash equivalents	44	-41
Cash and cash equivalents at beginning of period	184	206
Cash and cash equivalents at end of period	228	165

Overview of Segment Figures

(in millions of €)	External Revenue		Intersegment Revenue		Total Revenue		Profit ¹		Assets		Free Cash Flow		Additions to intangible assets and property, plant and equipment and additions to assets leased to others in operating leases		Amortization, depreciation & impairments	
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Jun 30,	Sep 30,	Q3	Q3	Q3	Q3	Q3	Q3
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Imaging	1,910	1,865	65	57	1,976	1,923	333	346	6,257	6,041	397	420	32	30	35	32
Diagnostics	1,007	1,045	0	0	1,007	1,045	105	139	4,561	3,915	46	86	121	115	51	58
Advanced Therapies	349	363	4	3	353	365	52	63	879	879	82	96	3	2	3	2
Total Segments	3,267	3,273	69	60	3,336	3,333	489	548	11,698	10,835	525	602	157	147	89	92
Reconciliation to Consolidated Financial Statements	34	34	-69	-60	-35	-26	-58	-95	7,287	10,278	-256	-134	41	16	45	48
Siemens Healthineers	3,300	3,307	0	0	3,300	3,307	431	453	18,985	21,113	269	468	198	163	134	140

¹ Siemens Healthineers: Income before income taxes

(in millions of €)	External revenue		Intersegment revenue		Total revenue		Profit ¹		Assets		Free cash flow		Additions to intangible assets and property, plant and equipment and Additions to assets leased to others in operating leases		Amortization, depreciation & impairments	
	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Jun 30,	Sep 30,	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Imaging	5,668	5,728	197	175	5,865	5,903	1,075	1,101	6,257	6,041	901	1,152	93	77	99	93
Diagnostics	2,906	3,102	0	0	2,906	3,102	329	415	4,561	3,915	-61	127	332	318	142	173
Advanced Therapies	1,060	1,096	12	7	1,073	1,103	189	231	879	879	190	225	8	5	7	7
Total Segments	9,635	9,926	209	182	9,844	10,108	1,593	1,746	11,698	10,835	1,030	1,504	432	400	249	273
Reconciliation to Consolidated Financial Statements	91	103	-209	-182	-119	-79	-352	-333	7,287	10,278	-579	-467	107	61	133	150
Siemens Healthineers	9,725	10,030	0	0	9,725	10,030	1,241	1,413	18,985	21,113	451	1,037	540	462	382	423

¹ Siemens Healthineers: Income before income taxes

EBITDA Reconciliation

(in millions of €)	Profit ¹		Financial income/expenses, net		Amortization, depreciation & impairments		EBITDA	
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
	2018	2017	2018	2017	2018	2017	2018	2017
Imaging	333	346	-2	-1	35	32	366	376
Diagnostics	105	139	-2	-3	51	58	153	195
Advanced Therapies	52	63	0	0	3	2	55	66
Total Segments	489	548	-4	-4	89	92	574	637
Reconciliation to consolidated Financial Statements ²	-58	-95	36	65	45	48	23	18
Siemens Healthineers	431	453	32	61	134	140	598	655

¹ Siemens Healthineers: Income before income taxes

² Including amortization of Intangible assets acquired in business combinations

(in millions of €)	Profit ¹		Financial income/expenses, net		Amortization, depreciation & impairments		EBITDA	
	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3	Q1 - Q3
	2018	2017	2018	2017	2018	2017	2018	2017
Imaging	1,075	1,101	-5	-5	99	93	1,169	1,189
Diagnostics	329	415	-5	-10	142	173	466	577
Advanced Therapies	189	231	0	0	7	7	197	239
Total Segments	1,593	1,746	-10	-15	249	273	1,832	2,005
Reconciliation to consolidated Financial Statements ²	-352	-333	147	205	133	150	-71	22
Siemens Healthineers	1,241	1,413	138	190	382	423	1,761	2,027

¹ Siemens Healthineers: Income before income taxes

² Including amortization of Intangible assets acquired in business combinations