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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Siemens Healthineers conference call. As a reminder, this conference is being recorded.

Before we begin, I would like to draw your attention to the safe harbor statement on page 2 of the Siemens Healthineers presentation. This conference call may include forward-looking statements. These statements are based on the company's current expectations and certain assumptions and are, therefore, subject to certain risks and uncertainties.

At this time, I would like to turn the call over to your host today, Mr. Marc Koebernick, Head of Investor Relations. Please go ahead, sir.

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Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thank you, operator. Good morning, and welcome to our Q4 earnings call for fiscal 2026. I'd like to thank all of you for joining us today. This morning, at 7:00 AM, we have published our Q4 2026 results. All related material for today's results release is available on the IR section of the Siemens Healthineers web page. Our CEO, Bernd Montag; and our CFO, Jochen Schmitz, will be taking you through today's presentation as usual.

For today, we prepared, in essence, two sections. In the first section, Bernd and Jochen will discuss the Q4 key takeaways, followed by a second section with a strategic and financial update, which is divided into a CEO update and a CFO update. After their presentations, I will briefly touch on our upcoming IR program for the first half fiscal '27, and then we have our Q&A session.

Including the Q&A, we might hit the 90-minute mark today, but we have quite a bit of things to go to and comment on. And to make this work, we kindly ask that all participants, like in the past few quarters, limit themselves to one question each in the Q&A with the option to get back into the queue as a follow-up. Additionally, please note that a full transcript and recording of today's call will be made available on our Investor Relations web page shortly after the session ends.

Again, thank you for being here. And now I'll turn it over to our CEO, Bernd Montag.

Bernhard Montag *Siemens Healthineers AG - Chief Executive Officer, Member of the Management Board*

Thanks, Marc, and also a warm welcome from me to all of you at our year-end earnings call. Let me start with a brief look at the key takeaways for the quarter and the full fiscal year. We closed fiscal year 2026 successfully with a strong quarter. The Synergetic core demonstrated a strong finish to the year with 8.1% growth in Q4, resulting in 6.1% growth for fiscal 2026. This strong growth was fueled by healthy demand across geographies.

Our leading position in the market is again reflected in a strong equipment book-to-bill ratio of 1.15 in Q4 and 1.14 for the entire fiscal year 2026. This was also supported by a series of value partnerships with leading institutions in the US and Europe.

Diagnostics revenue has stabilized sequentially while still declining by minus 4.2% year-over-year in Q4. Its margin sequentially increased also supported by one-off effects. Equally important, we have great news to report. Diagnostics has been able to extend the long-standing relationship with Quest Diagnostics by another five years. This is demonstrating trust in the Atellica platform, the assay portfolio and the automation offering that support Quest laboratories around the United States. And it is an exclamation mark underpinning the relevance of Atellica solution for the industrialization of the Core Lab.

The group comparable growth rate for this year came in at 4%, which is at the upper end of our amended guidance range from the Q3 reporting stage. Adjusted EPS of EUR2.42 was slightly above the previous year's level and well within the upper half of the outlook range.

Stripping out the positive impact from the tariff refunds and certain sizable negative one-off effects from Q4, we ended the year at EUR2.30, right in the middle of the initial guidance range for the last year of EUR2.20 to EUR2.40. Reflecting this decent performance, we propose a dividend of EUR1, fully in line with our dividend policy of a stable to progressive dividend payout.

Now, over to you, Jochen, and you will run us through our financials in Q4.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Thank you, Bernd, and also good morning from my side. Let's look at our Q4 group performance before we dig into the segments. Revenue growth this quarter was very strong in the synergetic core with 8.1% against good comps of 6.1%, which led to group revenue growth of 5.9%. The strong growth certainly comes from strong regional performance, Americas with 7% against very strong comps and Asia Pacific Japan with double-digit growth.

After returning to growth in Q3, EMEA continues its growth trajectory with 4%. China group revenue declined this quarter with minus 2%. Diagnostics in China continues to decline due to the structural market rebasing in China. The synergetic core in China, however, was growing on low but stable levels.

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As part of our elevating Health globally strategy and in order to position the company for future growth, we are reorganizing our regional structure to better align markets with similar healthcare needs and business dynamics. As part of this change, the Middle East and Africa zone will transition from the EMEA region to the Asia Pacific Japan region. Accordingly, the regions will be renamed Europe (EUR) and Asia, Middle East and Africa, AMEA.

This new structure brings together markets with shared opportunities and challenges, enabling us to even better serve customers and patients. Please see a restatement of the regions in the appendix of the analyst presentation slide deck.

Now, let's have a look at the bottom line. On earnings, the year-over-year margin development was negatively impacted mainly by foreign exchange and inflation headwinds in certain fields of the supply chain despite good conversions from growth. An additional netted 70 basis points headwind came from provisions in Imaging, which were partly offset by positive one-offs related to pension plans and tariff refunds. Earnings per share were stable year-over-year despite foreign exchange and inflation headwinds. This was possible due to an improved financial income net and a relatively low tax rate.

Let me dig into cash later today when I'll be giving an update on our financial framework and the outlook for fiscal year '27. Now, let's run through the segment performance, starting as always with Imaging. In Imaging, let me point out several main drivers in the strong revenue growth of 10%. The ongoing high growth of our Photon-counting CT and our radiopharmaceutical business and very strong growth in our MR business this quarter. Our MR business expectedly stood out as a growth driver this quarter with the envisioned catch-up on Q3 materializing as expected.

The Imaging margin was burdened by foreign exchange headwinds of about 150 basis points. Excluding foreign exchange, Imaging showed strong underlying conversion despite the headwind from inflation. Additionally, the Q4 margin was impacted by a net headwind of 200 basis points, consisting of several one-offs. We were negatively impacted by a provision for a pending patent dispute in our mammography business and field inspections in our MRI business. This stood against a positive one-off related to pension plans.

Taking this into consideration, Imaging showed a very strong underlying margin. Precision Therapy showed a solid growth quarter with strong 7% growth at Varian. As you may have read in our separate press release in October, we have decided to focus ultrasound within Precision Therapy on procedural ultrasound only. Anticipating this communication, we have already slowed general imaging ultrasound system sales throughout the quarter Q4. So this has obviously created a drag on the segment's growth.

Going forward, we will continue to provide service for the installed base of general imaging ultrasound, and we will further focus our invest in procedural imaging and Image-Guided Therapy as well as build on our strength in ICE catheters, software, AI and strategic partnerships in ultrasound.

In terms of reporting going forward, procedural ultrasound will remain within Precision Therapy, whereas the general imaging ultrasound service business moves to central items. Please find a restatement of the Precision Therapy segment figures in the appendix of the analyst presentation.

Moving to the bottom line. Precision Therapy was overproportionately burdened by inflationary headwinds in our supply chain, amounting together with foreign exchange to a margin headwind of 200 basis points. This compares to a strong prior year margin, which was benefiting mainly from very favorable business mix, in particular in Varian.

In Diagnostics, Q4, we saw a continuation of year-over-year revenue and margin decline in the quarters of fiscal year '26. Revenue on an absolute basis, however, was stabilizing again sequentially. Despite negative conversion from year-over-year revenue decline weighing on margins, sequential margin improved to mid-single-digit levels. However, Diagnostic margin was positively impacted by tariff refunds and a positive one-off, this normalized margin of around 4% is a sequential improvement if you also deduct tariff refunds from the Q3 margin.

With this, back to you, Bernd.

Bernhard Montag *Siemens Healthineers AG - Chief Executive Officer, Member of the Management Board*

Thanks, Jochen. This year will be very special for us. The shareholders of Siemens and of Siemens Healthineers will decide in February on the announced spin-off from Siemens. Let me give you my perspective on how we are shaping the next phase of the company on the following slides.

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First of all, it's about corporate clarity. This clarity will be reflected in our name. We have chosen Healthineers as our brand for the future. The transition from Siemens Healthineers to simply Healthineers is the next step in the company's evolution to a fully standalone leading healthcare company. And it clearly reflects who we are, engineers and pioneers in healthcare.

The upcoming deconsolidation from Siemens will trigger changes in the Supervisory Board. As you are aware, Siemens AG announced it would reduce the number of positions held by the Siemens Managing Board members on our Supervisory Board from three to one. Corporate clarity for us also means a clear shared understanding of where the company is heading and how our portfolio will look. Here, we have taken a crucial next step regarding the future of the Diagnostics business.

The carve-out has been initiated with a clear intention to separate creating the foundation for Diagnostics to transition to a fully standalone company by mid of calendar year 2028. But shaping the future means more than providing clarity. It is also about driving the performance of our future company. We are progressing well with our elevating strategy to further strengthen our innovation leadership and empower healthcare providers worldwide to deliver high-quality patient-centered care efficiently.

With our focus on the main noncommunicable diseases like cardiovascular diseases or cancer, we help to transform how procedures are performed for the benefit of patients and healthcare systems. The latest proof that testifies to our innovation leadership is the radiation therapy solution Accela, a breakthrough in cancer care.

We are also focusing and streamlining our portfolio on areas where we can create the greatest impact through innovation and clinical value. Our ultrasound business will from now on concentrate its efforts on procedural imaging with ultrasound catheters, and we will discontinue the business with conventional ultrasound systems.

And last, but clearly not least, we are planning to increase our cost productivity by initiating a new productivity program, Transform4Future. Hence, we have all levers in place to reconfirm our medium-term target of double-digit adjusted EPS growth for the company.

Our choice of Healthineers as the brand for the future might not come as a surprise for many of you as it reflects the natural evolution of our company. Siemens is where we come from and remains an important and treasured part of our heritage. Healthineers is who we are, engineers and pioneers in healthcare. Our shareholders will be asked to approve this name change at our Annual Shareholders' Meeting in February.

To ensure a smooth transition to Healthineers, we have agreed with Siemens on a three-year brand transition period, starting with the deconsolidation. Part of this was also the agreement of a transitional brand fee during the time of the brand transition. This fee is not recurring and will be adjusted, i.e., it won't impact adjusted EPS growth.

Our evolving ownership structure after the spin will also be reflected in the Supervisory Board composition going forward. The Supervisory Board of Siemens Healthineers will propose four new shareholder representatives to be voted on at the company's Annual Shareholder Meeting in February 2027 with Heyo Kroemer, CEO of Charité in Berlin and Jonathan Lewin, Professor of the Department of Radiology and Imaging Science at Emory University School of Medicine and former CEO of Emory Health. Siemens Healthineers will strengthen the Board with two recognized experts in the field of healthcare delivery.

Furthermore, Melanie Kreis, CFO of DHL Group will bring proven financial expertise and extensive management experience, while Pascale Witz who also serves on the Supervisory Boards of Fresenius Medical Care and Revvity Inc has decades of experience in the healthcare industry and financial expertise. In this envisaged future composition of the Supervisory Board, Peter Koerte will be the sole remaining Siemens representatives.

Our strategy is simple, helping physicians to fight the noncommunicable diseases. These are neurodegenerative diseases, diseases such as Alzheimer's, cardiovascular diseases, stroke and cancer. Here is where we have focused our innovation strength, and this is what is fueling our growth today and in the future.

In contrast to infectious diseases, where in principle, every patient needs basically the same treatment, the treatment of these NCDs is highly personalized. So what is needed by our customers is the ability to personalize the treatment at scale. This is exactly what our triangle of unique capabilities with patient twinning, precision therapy and healthcare AI enables.

The combination of our unique capabilities along the patient pathway allows us to have a transformative impact on how diseases are diagnosed and treated. It is about diagnosing the disease early. It is about selecting the therapy. It is about simulating the therapy. It is about creating a plan for therapy and about performing the right treatment.

Coronary artery disease, for example, is a progressive process that starts silently and can become dangerous when blood flow to the heart is significantly reduced. So far, in critical cases, a purely diagnostic intervention had to be performed to have clarity about

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the severeness of the stenosis. Photon-counting CT can help in evaluating and screening for coronary artery disease as it has much sharper images of the coronary arteries, making the smallest plaque visible unlike conventional CTs.

Its unique diagnostic capabilities help to investigate a lesion, understand how the plaque is transformed and come up with a treatment plan that can be seamlessly integrated into the cath lab without any invasive procedure. Our AI capabilities are key for automatically detecting plaque or measuring stenosis severity precisely. The preprocedural photon-counting CT results can then be combined with the interprocedural capabilities of our all-new angio system.

Our new Artis portfolio enables precise coronary interventions with real-time image guidance and image noise reduction, providing superior visualization of devices and anatomical structures in the most complex procedures. All in all, with the integration of advanced preprocedural imaging and the use of healthcare AI in every step, we elevate the classic PCI, the so-called percutaneous coronary intervention, into a much more precise and personalized ACI, an augmented coronary intervention.

This unique combination of precision imaging and precision therapy based on our strong healthcare AI capabilities transforms workflows and enables precision medicine at scale. And this is exactly how we innovate and elevate cancer care, too. You can only treat a tumor accurately when you can see it clearly. Imaging unveils the anatomy, the motion, but moreover the relationship between the tumor and the healthy tissues surrounding the tumor. We are leading in all major imaging modalities like CT, MRI or PET.

Better imaging leads to better target identification and delineation and more precise treatment planning, and it raises confidence in decision-making of the clinician taking care of the patient. Multi-metastatic disease, as shown in the pictures, is growing rapidly since cancer is becoming more and more a chronic condition. Advanced imaging allows precise detection and AI-enabled tumor delineation.

Our digital operating system for cancer care, ARIA CORE, helps connect imaging-derived information to the clinical workflow. However, it has not yet been possible to treat these patients with radiation therapy. Treatment planning took way too long, and the actual delivery of the treatment would have taken hours. In most cases, patients were forced to opt to a different form of treatment.

Accela, our latest innovation in radiation therapy is a real breakthrough in cancer care. The case shown on the slide can be treated in just 97 seconds, total beam on time within only a few breath-hold. This is when imaging and therapy come together supported by an AI-enabled applications.

Accela was launched at ASTRO, the Radiation Oncology Summit in Boston five weeks ago, and customer feedback has been overwhelmingly positive. It comes with a much faster gantry, faster and more sophisticated multi-leaf collimators and higher dose rates. The new treatment technique, NeoArc leverages these capabilities in a unique way, making treatment substantially shorter and more precise compared to what has been possible so far.

Among the many practical benefits is a reduction in required breath-holds for treatment. Take breast cancer as an example, a treatment can be delivered in a single breath-hold. This makes treatment more patient-friendly, more efficient while also increasing efficacy. The highlighted multi-metastasis treatment with a single isocenter is a huge step forward for the growing number of chronic cancer patients, giving them a real treatment option.

However, Accela does not only improve the treatment of complex cases, it improves all routine treatment indications by a more precise and ultrafast treatment delivery and makes complex cases scalable. And finally, we believe that Accela will ultimately allow radiation therapy to better align with systemic treatments like chemo or immune therapy. We expect to receive regulatory approval in Europe soon and to begin treating the first patients with Accela later this calendar year. This is also expected to trigger a series of academic papers showcasing Accela's capabilities.

Our strength and unique capability are also reflected in how we can empower healthcare providers worldwide to deliver high-quality patient-centered care efficiently. We are the trailblazers in the field of long-term strategic partnerships in healthcare as trusted partner to hundreds of clients based on C-level decisions. We offer true partnerships with risk sharing and co-investing. Over the last four years, we have doubled our orders and revenue in this field.

To this date, we have signed 222 value partnerships with 12 new partnerships this fiscal year alone. And we are very proud to announce that we have signed new deals worth over EUR400 million this quarter again. Among these deals is an expansion to an existing value partnership in the US with a leading academic health system, advancing cancer care statewide with advanced imaging and radiation oncology equipment. Additionally, we signed a deal with a leading US oncology network serving community-based cancer care providers with technology and services.

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Today also marks an important next step in preparing diagnostics for an independent future. We have started the carve-out with a clear intention to separate. This process will position Diagnostics as a market-leading in-vitro pure play and help Diagnostics to leverage its strength across lab solutions and point-of-care testing, offering a differentiated portfolio that meets the evolving needs of healthcare systems.

The next chapter of the Diagnostics team will also be reflected in a new brand name, Olyrian Diagnostics and guided by its own purpose, powering human potential at the heart of care. As part of this process, Jochen Schmitz assumes responsibility for Diagnostics in our Managing Board. With these decisive steps, we are laying the foundation for Diagnostics to transition to a standalone market-leading in-vitro pure play by mid-calendar year 2028. In the meantime, Diagnostics will continue the transformation program in order to achieve mid-teens margins over the medium term.

As our portfolio further evolves with the carve-out of Diagnostics and the focused ultrasound business, we need to and we will ensure that our processes and cost base fit the more focused company we are becoming. On top of our first cost program and pricing initiatives, we are launching additional measures to counter over EUR300 million of stranded costs stemming from the Diagnostics carve-out, the focusing of ultrasound and the deconsolidation from Siemens.

This new productivity program Transform4Future will generate sustainable savings to more than compensate these costs by fiscal year 2030. On top, we will continue our market adaptive pricing to mitigate headwinds from inflation in the supply chain, bolstering our profitability going forward. Jochen will give you more insights into the actions we take in this regard.

Let me summarize. We are shaping the next phase of Healthineers as a leading healthcare company, becoming a fully standalone market leader. We are crystal clear about where the company is heading and how our portfolio will look in the future. We are driving the performance of our future company with breakthrough innovations and a clear focus on further increasing productivity. This means we have all levers in place to reconfirm our medium-term target of double-digit adjusted EPS growth for the company.

For 2027, Jochen will share the guidance with you shortly.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Thanks, Bernd. I will give now an update on our financial framework and provide all the necessary insights you need to understand the impacts of the Siemens spin-off as well as the Diagnostics carve-out. And I will obviously talk in detail about the outlook for fiscal year 2027. We introduced this financial framework at our Capital Market Day in November last year. This framework is our commitment to create shareholder value in our new setup after the deconsolidation with more clarity, a stringent governance framework with a higher free float and a new Healthineers setup.

Let me walk you through the framework, starting with the source of our funds, the cash. We have a well-proven track record of generating cash, converting our earnings into reliable cash generation every year. In numbers, we achieved a cash conversion rate of between 0.8 and 0.9 in the last three years, generating on average around EUR2.5 billion of free cash flow every year. And we reliably generate cash while funding breakthrough innovations. Our innovation leadership is the lifeblood of our business model, maintain the innovator premium, gain market share and in some cases, even expand markets.

You see a couple of examples of industry firsts in new platforms and in healthcare AI on this slide, all funded organically. Our R&D intensity is amongst the highest in the industry and translates into an unmatched R&D spend in absolute terms.

For example, Photon-counting CT in which we invested for well over a decade and now have an innovation lead of several years. Or Optiq AI, a first-to-market AI algorithm, which significantly improves live imaging resolution while the surgeon is at work. And we get the returns from our R&D spend, an industry-leading margin, which are above all our competitors and from above-market growth, which in turn increases our scale and our operating leverage over time.

And now let us look at the other uses of cash. We are deleveraging organically. We have continuously delevered since the Varian acquisition in 2021, and we will continue to deleverage consistently until we are in the target range of around 2.5 times net debt over EBITDA. In fiscal year '27, we will have many moving parts, though, negative and positive that might impact EBITDA or cash at hand, primarily due to the deconsolidation from Siemens AG and from the Diagnostic carve-out, but it is too early to tell how this will exactly pan out in fiscal year 2027. I will share more color on the impact from these two catalysts later in the presentation.

Besides R&D spending and balance sheet strength, we also take decisions about where to not allocate capital. As mentioned earlier, we are focusing the ultrasound business on the high-growth procedural ultrasound business and are exiting the general imaging portfolio in ultrasound. In terms of size, obviously, the much bigger decision, we now have stated the intention to separate

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Diagnostics. While these decisions cause short-term headwinds through carve-out and stranded costs, they focus capital allocation clearly in the mid and long term. And as you know, we will remain disciplined on M&A.

And finally, how do we use the excess cash after R&D spend and strengthening the balance sheet. We continue to honor our commitment to a stable to progressive dividend. This year, again, we propose a stable dividend of EUR1 per share, which represents a payout ratio of 50% of net income. Another use for excess cash would be share buybacks. With the relatively small free float of the past between 15% and 27% until the year 2025, strategic share buybacks would have been too detrimental to our liquidity on the equity markets. So far, we only do share buybacks for employee share programs, which are relatively small and not for cancellation. But like any capital allocation decision, we look for the best timing.

After the spin by Siemens AG, we will have a much higher free float where strategic share buybacks become an additional option to deploy capital. In this context, let us clearly commit to two things. Strategic share buybacks become an option after we reach our leverage target zone starting with 2.5 x. Also, any changes in capital structure related to the intended separation of Diagnostics will be conducted with clear focus on shareholder value creation.

And with this, I conclude the recap of our financial framework and the most important messages for you to take away are: Healthineers is a revenue, earnings and cash compounder with sound capital allocation defined in this financial framework and Healthineers is set up to continue to create shareholder value.

Regarding the deconsolidation from Siemens AG, let me share some color on a more technical topic where we get a lot of questions. On the left-hand side, you see our current financing setup summarized. We have been getting many questions regarding refinancing once Siemens deconsolidates us.

Some are worried about the refinancing of the very low interest rate loans dating back to the Varian acquisition. As a matter of fact, we already have refinanced 70% of our loan volume, significantly closer to current interest rate levels, including the last refinancing in October. Including the latter refinancing, we would have a pro forma average interest rate of around 2.5% per annum.

Now what happens when we deconsolidate from Siemens AG? Firstly, we are prepared to secure a bridge financing and operational financing and backup liquidity if and when Siemens AG terminates its loan. Bridge financing provides liquidity of up to two years, giving us flexibility in terms of timing and volume to access the bond market. The overall bond volume that we seek to place in the market will be supported by two things.

Firstly, we will continue to deleverage. And secondly, the early termination of loans triggers a market and fair value compensation in cash from Siemens AG, which will also support the required bond volume, obviously, depending on the actual amount, which will be defined later depending on the interest rate environment when we have to pay back the loans. At current interest rates, we are talking about a substantial amount.

And now what does this mean for financial income net? In 2027, we foresee an increase from minus EUR300 million in fiscal year '26 to about minus EUR440 million to minus EUR400 million in '27 due to a couple of topics like annualizing of the refinancing in October, and assumption of initial refinancing activities with the bridge and on the bond market towards the end of the fiscal year and some overlap in providing liquidity.

There are a lot of moving parts. But in short, the minus EUR440 million to minus EUR400 million should be a good basis also beyond 2027 based on the current interest rate environment. This is slightly more negative than what we said previously. Remember, minus EUR420 million to minus EUR380 million, reflecting the currently higher interest rate environment.

And now over to Diagnostics. In Diagnostics, the midterm ambition to achieve mid-teens margins remains unchanged. This ambition is backed by two main drivers: the one Platform P&L in the Core Lab and continuing the diagnostic transformation to further rightsize and focus the business. Core Lab represents more than 60% of the revenue of Diagnostics and therein, the Atellica franchise meanwhile contributes more than 70% of the revenues.

Atellica is the winning platform for Diagnostics, just confirmed by the multiyear contract extension with Quest Diagnostics, which is one of the most well-respected consolidators in the industry. This is a strong proof point that customers who went with Atellica from day one now extend their multiyear contracts. Why is the consolidation to one platform so decisive?

Firstly, growth dilution from legacy decreases while Atellica growth momentum is unbroken. So cost degression increasingly kicks in, driving the P&L share of the Atellica franchise. The second driver is the successful continuation of the transformation program. Remember, Diagnostic has a strong track record here, lifting adjusted EBIT margin from 1% only in 2023 to almost 8% at the end of 2025. While 2026 was a setback due to a decrease in the profit pool in the Chinese market, we are now targeting an additional EUR400 million more savings.

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Hence, we confirm the ambition to achieve mid-teens margins in the midterm in Diagnostics. Let me now guide you through the upcoming steps to a standalone Diagnostic setup. Following the verticalization of Diagnostics in sales and service from our synergetic core, which we announced at our Capital Market Day, our own Diagnostic strategy and setup. In our Q2 earnings, we announced that we have started the preparation for the carve-out and have now completed all steps of the preparation, including a new Diagnostic brand name, defining Diagnostic's identity with its own operating model.

On this basis, we will now execute the carve-out until mid-calendar year 2028 to create, as Bernd nicely put it, a market-leading in-vitro diagnostic pure play. There are a lot of moving parts currently. Headwinds like the current tariff environment and the inflation in the supply chain. As you know, we already initiated a cost program and pricing measures beginning of fiscal year 2026 to mitigate tariffs, which is delivering results as planned. We took a lot of decisions since then to focus the ultrasound portfolio and to carve out Diagnostics.

One decision will be taken in February at the AGMs of Siemens AG and ours, the spin-off by Siemens AG, which will trigger the deconsolidation from Siemens AG. While these decisions trigger costs initially, Healthineers will be set up for an even clearer path to value creation over the mid and long term. The bulk of these costs will be stranded costs from the Diagnostics carve-out as one of the three verticals exits the Healthineers P&L.

In addition, there will be initially negative impacts from the ultrasound portfolio decision and the recurring separation costs related to the deconsolidation from Siemens AG. These costs amount to over EUR300 million over time, which we will mitigate with the productivity program, Transform4Future. The new program is set to become P&L effective in fiscal year '28 through fiscal year 2030 and will, at a minimum, fully mitigate the headwinds and stranded costs for the future setup. While the costs related to ultrasound and the deconsolidation will already impact 2027, the timing of Diagnostics stranded cost is currently still uncertain in terms of timing.

Although we are initiating the Transform4Future program before the bulk of the stranded costs materialize, we still expect a time lag between cost and full mitigation. We are trimming our future setup for the mid and long term. So these are sustainable actions to transform us for the future, and we continue to implement market adaptive pricing also to mitigate the inflation in the supply chain.

There are also onetime costs related to those decisions, which will be adjusted in EBIT and EPS, more details on the next slide. In fiscal year '27, we will see additional adjustments of EUR600 million related to these discrete decisions, deconsolidation from Siemens AG, Diagnostic carve-out and focused ultrasound business. On top of the adjustments, we usually see for purchase price allocation, restructuring and severance.

These additional adjustments are mainly for one-off legal costs, for one-off costs related to refinancing and IT verticalization as well as for the Siemens brand transition. For the latter, we agreed with Siemens AG to pay a fixed amount of EUR300 million for a brand transition phase of 36 months, starting with the deconsolidation. These EUR300 million will be paid in three installments of EUR100 million each per year. Depending on the final amount of the market value compensation for the early termination of loans by Siemens AG, there might be also a significant positive P&L adjustment, but this is now still too early to quantify.

And with this, let me share our outlook for fiscal year '27. For fiscal year '27, we expect comparable revenue growth between 4% and 5% for Healthineers. This includes the growth dilution of around 70 basis points from the partial exit in the ultrasound portfolio. It also includes an even more prudent assumption on growth in China than in previous years, especially for our synergetic core. For adjusted earnings per share, we expect EUR2.20 and EUR2.40 in fiscal year 2027.

Now let me share some color on how the adjusted EPS bridge from 2026 to 2027 looks like. Adjusted EPS in 2026 was EUR2.42, including the tariff refunds we received during the year. If you take the EUR0.16 out of the base and also consider the material one-offs in Q4, the clean base in fiscal '26 would be around EUR2.30, by the way, the midpoint of our initial guidance for fiscal year 2026.

From this base of EUR2.30, we expect underlying earnings growth in the double digits and tailwind from the mitigation measures initiated in 2026 due to tariffs. We then baked in incremental headwind from inflation in the supply chain in the ballpark of EUR0.15 on top of the headwinds we have seen in the second half of last fiscal year of EUR0.04 already. Obviously, we do not have a crystal ball, but the EUR0.15 year-over-year headwind is a prudent assumption, which should well cover currently foreseeable inflationary scenarios in the supply chain in fiscal year '27.

In the last column of the bridge, others, we summed up the following topics: the expected year-over-year headwind from a normalizing tax rate towards 24% to 26%. The decrease in financial income due to the refinancing needs, recurring costs related to the separation from Siemens AG and in addition to what we have already laid out in Q3, the stranded costs from focusing the ultrasound portfolio, which assumes to be around EUR50 million or around EUR0.03 EPS.

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These four topics altogether amount to roughly EUR0.20 year-over-year headwinds in EPS. And we baked in, in a more prudent assumption for China for the synergetic core, a slight revenue decline in China for Imaging and Precision therapy. By the way, we have adapted our go-to-market in China for the central bidding activities and feel well prepared for the new policies in the Chinese market. And lastly, we also baked in an upside from foreign exchange based on the latest movement of the US dollar.

The more prudent China assumption and the upside from foreign exchange in adjusted EPS be roughly a wash from our current standpoint. One comment regarding foreign exchange. The upside is driven by stronger US dollar and other currencies strengthening versus the euro, for example, the Chinese renminbi. The translational impact on top line is straightforward. Based on our sales exposure, it moves with the currencies.

But two components on the transactional impact. One, translational impacts do not fall through 1:1 to the bottom line due to our global value-add structure. We have multiple currencies driving the transactional impact on EBIT. Two, due to our rolling hedging policy, the transactional impacts from changing currencies are impacting the EBIT line only over time due to the hedging rolling off only over time.

And with this, let me share our assumptions for the segments and below the line. Before we take a closer look, let me remind you that these assumptions are based on the reporting going forward, where procedural ultrasound will remain within Precision Therapy, whereas the general Imaging ultrasound service business moves to central items. Please find the restatement also in the appendix. Now let's look at the assumptions.

Obviously, the drivers shown in the EPS bridge are also reflected in those assumptions. In Imaging, we would continue to point to decent mid-single-digit growth more than 5%. And for Precision Therapy, pretty much the middle between mid-single digit and high single digit, more than 6% to 7%. Consensus captured this already pretty well. Our assumptions sit maybe slightly below consensus due to the more prudent China assumption.

The margin decline in Imaging and Precision Therapy is due to the one-off tariff refunds in 2026, which masked the underlying earnings growth in 2027. But the market seems to have factored in this well already for Imaging and Precision Therapy since consensus is in a similar ballpark. Please take the Precision Therapy restatement with ultrasound into account.

In Diagnostics, we expect a low to mid-double-digit margin expansion driven by the continued transformation, while revenue growth should stabilize. Due to General Imaging, Ultrasound now being part of central items, the stranded costs from ceasing the system sales show up in central items, which is the main reason for central items becoming around EUR50 million more negative year-over-year. Financial income net, we expect, as said, to be between minus EUR440 million and minus EUR400 million. The tax rate, we expect to normalize, as said, to the sustainable range of 24% to 26%.

And before I close, let me share our latest view on the upcoming Q1. We expect revenue growth in Q1 to be within our growth outlook for the full fiscal year. For Imaging, we would assume Q1 growth to be around the assumption for the full year. That means around mid-single digits. For Precision Therapy, we would expect Q1 growth to be in the mid- to high single-digit range, also as assumed for the full fiscal year.

And in Diagnostics, we expect that revenue growth continues to stabilize. So year-over-year flat revenue development in Q1, also in line with the assumption for the full year. For Q1 margins, we would assume the following: Obviously, no year-over-year headwind from refunds since these primarily impacted last year's Q3 and slightly Q4. No tailwind from foreign exchange on margins since the transactional EBIT impact and the hedging positions are only rolling off over time and year-over-year headwind from inflation. Therefore, we would point to a flat year-over-year margin development in Imaging.

In Precision Therapy, we would point to a year-over-year margin decline in the same ballpark as the assumptions for the full fiscal year, primarily due to the very good margin level in last year's Q1. Remember, Varian was over 19%. And in Diagnostics, we would expect a year-over-year margin expansion in the same ballpark as the assumptions for the full fiscal year. That means a low to mid-double-digit basis points margin expansion.

And with this, I hand it back to you, Marc.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thank you, Jochen. And before we go into the Q&A, let me briefly give you a heads-up on our IR activities in the next months. Of course, we are doing our usual Q4 roadshows and conferences. You can still sign up, I guess. So can I continue? The next important event is RSNA, which we will be combining with some additional US and Canada roadshowing and conference activity.

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This is then followed by further US activity in January at conferences in New York and San Francisco.

In February, we will be very busy with Q1 reporting and AGM and then our Investor Days. Our Meet Healthineers events in Forchheim and Charlotte in the US will be kicking off our roadshow activity in preparation of the spin-off. To further help manage the flowback of the spin-off, the Managing Board of Siemens Healthineers envisages the introduction of a sponsored ADR Level 1 program to facilitate the investment in Siemens Healthineers for a broader base of North American investors.

So much for the IR activity. Now, over to the Q&A.

QUESTIONS AND ANSWERS

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

(Event Instructions) We already have the first people lined up. So the first three in the call would be first, Graham, then Veronika and then Hassan. And hence, Graham, calling you up now. Please go ahead and ask your question.

Graham Doyle *UBS AG - Analyst*

Can I ask you a question on '27 of this guidance? Jochen, you've sort of gone to great lengths to explain the -- what you've baked into and the conservatism. But just on inflation, is there enough room baked into this range that if it got a little bit worse. So if oil did have another spike 100-plus again that you can accommodate it. So you have built in a bit more buffer.

And then just very briefly, you've said a lot of China, but you haven't said what the assumption is, can you let us know what the -- what you're assuming for China growth in 2027 as well, please?

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Graham, thanks for your 1.5 questions. On the inflation side, I tried to make it clear in what I said. And obviously, we don't have a crystal ball. But what we have baked in now is EUR0.15 additional headwind on top of the EUR0.04 we have seen in the last fiscal year.

To put this into perspective, EUR0.15 is about EUR200 million EBIT roughly. We have considered there a certain forward pricing into the logic. And we feel that this is a prudent assumption for the inflation. But as I said, if the world falls apart, and then this would be not sufficient. But considering the circumstances, considering the pricing development we have seen in the recent past, I feel very good about the assumption.

On China, we were also clear here that we have seen a severe decline in China in diagnostic to take this out of the way. This was in the ballpark of 30% plus last year. We expect this to stabilize on a significantly on this lower level. We are because of the initiated central bidding activities in the synergetic core, an even more prudent assumption means a slight decline, as I mentioned, in revenue. Last year, we were slightly positive in the synergetic core.

But this is a prudent assumption. And as I said in one -- at least in one sentence that we feel very well prepared for the new market dynamics with central bidding, we are still a bit cautious because central bidding needs also to be organized. It might also delay, therefore, certain decision-making in China potentially, and it will also most likely make because of the transparency it creates puts, I would say, the envisioned price pressure in certain market segments. But I think with our assumption, we are prudently positioned with our outlook.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Moving on to Veronika then next in line.

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Veronika Dubajova *Citi Infrastructure Investments LLC - Analyst*

I'm also going to stick to the guidance. And actually, I want to ask a bigger picture question, if that's all right. Just the guidance setting philosophy seems to have evolved a little bit. And I think you've been much more proactive this year flagging the headwinds and talking about the room that you have you have given yourself in terms of the guidance. Is that a fair summary, I guess?

And maybe can you give us a little bit of insight on how you kind of came to this guide versus the process you might have had in the past? And I'm asking this not just because of the headwinds you have flagged, but obviously, the last couple of years, we have also had very many unexpected surprises. And I'm just trying to gauge how much room you have in that guide, not for the things we know are happening, but or things that could appear.

So if you could talk to that. I know it's a very high-level question. I'm not going to ask you about cents and percentages, but that would be really helpful, I think, for everyone on the call.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Should I take it? Okay. Veronika. Yes, in, I would say, your initial assumption that this is a more prudent guide than in most of the recent past. I would concur with that statement -- first statement. And this is obviously considering, I would say, in a prudent way all the known factors when we talked about this inflation China.

On the other hand, also looking into foreign exchange, we said that we expect there is a certain tailwind in particular on the adjusted EPS side, which is not as similarly reflected in the margin side because of the hedging and transaction logic, just to say that again. And I think we worked with the entire team in, I would say, very diligent budgeting process. We considered to have a good ambition level in the teams on the one hand. On the other hand, also to create wiggle room for things we don't know.

And therefore, I feel very good about us moving with this adjusted EPS guide into this fiscal year. And as I said, it should give us a certain level of wiggle room for even things which most likely happen, which we could not bake in because we just don't know that.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thanks, Veronika. Hope that answered the question. Hassan would be the next followed by Julien and then Oli Reinberg. So Hassan, go ahead, ask your question.

Hassan Al-Wakeel *Barclays Services Corp - Analyst*

Another one on the guide, please, maybe from a different angle. So equipment book-to-bill remains really strong. So if you could talk to some of the drivers of this? And why you're not expecting a stronger top line in 2027, even adjusting for the ultrasound dilution. What is, in your mind, pulling imaging back from the mid- to high single-digit, midterm targets that you've given at your CMD this time last year to the mid-single-digit outlook for this year? Is it China, prudence or both?

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Hassan, you answered part of your question yourself. First of all, we are very happy about what we see in the market with regard to order intake and also book-to-bill. And remember that we had a spectacular book-to-bill ratio in Q3. This was also so spectacular because we had a relatively weak revenue line. In Q4, we had a spectacular revenue line in the equipment businesses, which is the synergetic core with 8% growth and still we were able to show a book-to-bill ratio of 1.15.

And that is definitely remarkable. It is based on good momentum, in particular, in the Americas, but also in APJ, for example, was a strong quarter. And Europe is solid. And China was not that bad in a synergetic core still, just to say this, stable on a low level. That's what it also was.

When we now guide for mid-single digit or decent mid-single digit in Imaging, I mean this is, I think, exactly the wording of last year. We ended up last year around 6% in Imaging, slightly more than 6%. I think we are very close to where we want to be in Imaging, but we do this guide with, as I mentioned beforehand, with an assumption of slight even decline on revenue in China. And I think this

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is the main answer behind that. And as I said, and that's maybe also going back to the question of Veronika, I was more referring to adjusted EPS, feeling good about this. But I think this prudence is also holding true for the top line to a certain extent.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Good. Thanks, Hassan. So I'm sorry, I didn't state Julien's last name. So Julien Ouaddour from Bank of America. We have many Juliens. Please go ahead and ask your question.

Julien Ouaddour *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Thank you, Marc. Thanks for taking the question. I appreciate your accounting for a lot of headwinds that we could think of next year. I think one last I may have in mind is just like the tariff and the impact from the Section 232. I mean, do you have any rough assumptions of like what it could be? And do you think the midterm elections have changed anything for that or for the US total CapEx spending for 2027?

Bernhard Montag *Siemens Healthineers AG - Chief Executive Officer, Member of the Management Board*

Yes. Thank you, Julien. So not a guidance question. So I give Jochen a break. So I mean, a short comment on midterm elections. We don't really see this as changing demand or in the US in the end, yes, I mean you could say whether people need healthcare, whether it's a blue or a red state or nation. And we don't really see a major change in policy.

And in the end, I think we have very often in the last year said that the driver of growth is procedure growth is the -- and procedure growth is just it's the necessity of using the type of equipment we have and for diagnostic and therapeutic purposes. On the Section 232, there is no news. I mean we are well prepared for whatever the outcome will be, but remain optimistic that there will be a rational decision here.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Over to Oli Reinberg from Kepler. Go ahead, Oli, with your question.

Oliver Reinberg *Kepler Cheuvreux SA - Analyst*

So I'll probably move away from some guidance to give you a break there. Just wanted to talk on Diagnostics. It's encouraging to see that you reiterated the kind of midterm guidance in '27. I was just wondering if you can provide a bit of color on the kind of phasing of this kind of recovery. I think the margin progress is still a bit muted.

So what do you mean exactly in terms of midterm and also when you expect the kind of top line drag to end? And if I may add a bit on that. Can you also talk to your general thoughts on the kind of timing of a general long-term solutions for Diagnostics? I guess the spin is generally always possible I guess, for divestment to get to kind of a decent price, you need to kind of a margin recovery to come through. So any color you can provide on that would be great.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Oli, I will start. First of all, I mean, when we see the development '26 to '25, obviously, a disappointment. I think the reasons are meanwhile very clear. It's a rebasing of the Chinese market. And as I said, a decline in revenue by 30%, which is primarily price, which goes directly into the P&L, created, I think, a downward trend on margin. But since Q2, we see a slight upward trend in margin underlying sequentially, which is a good sign.

Secondly, as I highlighted, we have developed during the preparation phase of the carve-out also the second phase of the transformation program. Where we intend to generate additional EUR400 million of savings. And EUR400 million is a good number

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because when you think of the top line of Diagnostics, EUR400 million is about 10% of EUR4 billion. And this will already give us -- the execution of those savings will give us a good tailwind towards margin expansion, maybe skewed a bit more towards '28 than '27 because it takes also some time to implement them. But we are very optimistic about this.

We have seen how decisive the diagnostic team under the leadership of Sharon and Matthias can be. We have seen that over the two years from '23 to '25 with a margin expansion of 7 percentage points -- 7 percentage points plus. And the program is set up and in execution, and therefore, we feel good about this.

With regard to timing and intention to separate, we will definitely not exclude any option of doing so. When we say intention to separate, we mean intention to separate. And we -- I think I would say the minimum timing for separation is the end of the carve-out, which we penciled in for the mid of calendar year 2028. This is the earliest timing, so to say, of a real separation. But everything else is still open and in the making, and we will find, hopefully, a good way to walk this fine line between speed and valuation.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thanks, Oli. So next three in the queue would be Julien Dormois and Hugo, and Richard from Goldman. So Julien, go ahead.

Julien Dormois *Jefferies LLC - Equity Analyst*

I would also give you a little bit of a break on the '27 guide focusing on Varian. You have delivered another very strong year at Varian with more than 8% growth. You have now this groundbreaking new platform with Accela and I know you have probably voluntarily been somewhat cautious in saying that it will not be an immediate boost to top line. But just curious whether that's 8% that you delivered last year should be seen as kind of a floor and maybe room for acceleration? And if yes, when could that number maybe get into closer to double digits would be helpful.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

And thanks for the question. thanks for, I would say, you believe in what we can do in Varian, I like it. But I think it's a bit too early to expect this in 2027. I mean we are extremely excited about the Accela launch. And I think Bernd pointed it out, Bernd was personally there.

I think it was an amazing launch. Also, I would say, the feedback from customers from those who test the system already is amazing. And the prospects of what this system might be able to do is really amazing. Therefore, I think this is a justifiable hope that this could trigger market expansion for radiation oncology, that it could trigger further market share gains, that it could trigger potentially even faster replacement cycles, it's all but I think it's too early to pencil this directly in. Therefore, I feel good about the guide we have for 2027.

And then after the end of '27, we already smarter about what Accela can do and how quickly things can develop in this regard. And then so to say, we crossed the bridge to an even more ambitious top line guide when we come to it.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thanks, Julien. Then next one would be Hugo from Exane BNP Paribas

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Hugo Solvet *Exane Bnp Paribas - Analyst*

Jochen, maybe as you look past the carve-out of diagnostics in 2028 and beyond, do you see the synergetic core able to deliver a double-digit EPS growth pace or maybe at least gradually returning to a double-digit growth pace closer to the end of the decade?

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

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First of all -- these were two questions, I would say, in one, I would say when we look at our midterm guide, which was also reiterated by Bernd, on the synergetic core. We expect this synergetic core to be able to grow between 6% and 9%. And there's also in imaging, we expect margin expansion from scale in precision therapy, we are more ambitious. We want to, so to say, increase or expand margin by 100 basis points a year. This would then lead us into a double-digit environment also independent of diagnostics, margin expansion potential also in the synergetic core.

Will that happen already in 2028 or not? I think 2028 might be a year, yes, we don't know this, yes. But let's assume it's a fast process with diagnostics, then something could happen in 2028. We could have the bulk of stranded cost in 2028. And our Transform4Future program will start delivering results in 2028, but maybe not to the full extent yet because the program lasts over three years.

There might be also some impact from, I would say, shortly time mismatch between stranded costs appearing and savings appearing at the same time. But this is a bit -- or significantly too early to predict. But in general, I would say, and that is also why Bernd put the slide up is that we have under, I would say, normal circumstances, the unchanged ambition to grow adjusted EPS in the double-digit space independent of diagnostic being part of the portfolio or not being part of the portfolio, to summarize it.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thanks, Hugo. And so Richard, over to you.

Richard Felton *The Goldman Sachs Group, Inc. - Analyst*

Jochen, in your prepared remarks, you mentioned that you've made some adjustments to your go-to-market strategy in China ahead of centralized procurement, can you maybe elaborate a little bit on what those changes are? And any updated thinking on timing or the pricing pressures for centralized procurement as well would be very helpful.

Bernhard Montag *Siemens Healthineers AG - Chief Executive Officer, Member of the Management Board*

Yes. Maybe I answer quickly. I mean, what it means is, I mean, as you probably know in China, there is typically when addressing the hospitals, there's typically a business partner structure used, almost a small industry of business partners who help putting the orders together and also sometimes help with construction and so on and so on, but who are more, let's say, also care takers for the hospitals on the receiving end. With the more centralized procurement, I mean, provincial central bidding, it also means that we can be more direct. It means that, that is -- it's more a one-step process between us and our local sales team and the bidding process.

So it allows to streamline and simplify the go-to-market. And it also means that when answering the RFPs, it is much more about product specialists than about sales in the spirit of also maintaining relationships truly understanding the individual customers. So there is, so to say, also an effect of rationalization in the go-to-market which we can take.

But on the other hand, I mean, as Jochen mentioned, certainly, this additional transparency on pricing and so on and so on, will further put pressure on the profitability and the profit pool in the Chinese market, yes, but this is a topic we have also baked into our assumptions.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thank you, Richard. So the next three in the queue will be David, Falko and Susannah from Bernstein. So David, over to you first.

David Adlington *JPMorgan Chase & Co. - Analyst*

Maybe just initial feedback would be great on Accela, in particular, the pricing -- Can you hear me?

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Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

We're breaking up a bit. Can you try again?

David Adlington *JPMorgan Chase & Co. - Analyst*

Just on Accela, I just wondered if you had any initial feedback on pricing discussions with clients, please?

Bernhard Montag *Siemens Healthineers AG - Chief Executive Officer, Member of the Management Board*

Yes, David, I mean as Jochen said, I mean, this is a bit early in the ball game. But overall, we are very positive about the reactions. I mean, also and also of understanding that this is product, which is not just "which is a big thing anyway", not just the next linac, this is a product which is changing the capabilities of radiation oncology, is changing what type of patients you can treat, and is also a product which is raising the profile of an entire institution. So this is recognized by customers. And that also gives us an early, let's say, indication that on the pricing side, we can be optimistic.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thanks, David. Moving over to Falko Friedrichs from Deutsche Bank.

Falko Friedrichs *Deutsche Bank AG - Analyst*

Thank you, and good morning. My question is on your plans for the ultrasound equipment business. Will you just wind this down? Or are you looking to sell this? And is the sole procedural ultrasound business just as competitive without this imaging portion. It would be helpful to get some color.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

Falko, thanks for the question. We will just wind it down, so to say, we won't sell it. We were always clear about the size of our ultrasound business. You remember when it was still part of Imaging, we always said around 5%, 5% of EUR12 billion was around EUR600 million. More than 50% of this is procedural-based ultrasound business and something around EUR300 million is equipment, general imaging ultrasound equipment and service.

And this EUR200 million, we will, so to say, stop and there's a limited backlog still there, which we need to work on. Therefore, when you do the math and get to 0.7% dilution in growth, you get to a number which is close to EUR150 million out of the EUR200 million which will go away due to the decision. Obviously, you need ultrasound capabilities, system ultrasound capabilities for a successful procedural ultrasound business, which is also part of what we consider procedural ultrasound business and that will also stay within the company. Just so you know this. We just will let the classical general imaging ultrasound business go, or means, winding it down.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Okay. Thanks, Falko. Susannah Ludwig from Bernstein.

Susannah Ludwig *Sanford C Bernstein & Co LLC - Analyst*

Thanks for taking my question which is on the diagnostic cost savings program. Can you talk to the different levers of the EUR400 million in cost savings and the timing of delivering these? And I guess to what extent do changes in the China cost base play a role here?

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Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

First of all, China is a market where we saw a significant decline in pricing. But it still has around 7% revenue share in the diagnostic business, around 7%, maybe slightly below 7% meanwhile. Therefore, it's still a very relevant market size. Secondly, we have also value-add in China and value-add in China is not a bad thing to have it in China, for the Chinese market anyway necessary. And secondly, also an opportunity to serve other markets from China.

So therefore, the cost savings program is obviously rightsizing towards the size and the structure of the Chinese market is part of it, but this is only a minor part of it. The vast majority of cost saving comes from first of all, as highlighted also on the slide, from driving further everything in core Lab towards one platform P&L. And this cuts across all operational processes, R&D, sales, service, go-to-market, everything. And this will go on. This is not yet -- cannot be yet completed because we still have a significant installed base we serve out of legacy platforms, in particular, with regard to reagents.

This is ongoing. Secondly, we also will trim the, I would say, the entire supporting landscape in diagnostic towards the sole needs of what a diagnostic business needs. And this is another major source of savings that the team is working on. And this is also, by the way, one of the reasons why it creates stranded costs for Siemens Healthineers also if and when we would separate from Diagnostics.

And then lastly, you asked about the timing. I would say that out of the EUR400 million cost savings, a significant chunk will already materialize up to '28. And if it's not materialized in '28, it will be super clearly be laid out what it will be and how it will impact the years '29 to '30. So the program lasts up to 2030.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Moving over to the next one in the queue, that would be Aisyah from Morgan Stanley. Please go ahead and ask your question.

Aisyah Noor *Morgan Stanley & Co Ltd - Equity Analyst*

My question is a bigger picture one on the Radiopharma business. So we've seen some interesting transactions in radiopharma recently. Given your existing infrastructure for PETNET, PET imaging and oncology, how do you think about Healthineers optimal position in the theranostics value chain? And is there a rationale for vertical integration here so you capture a larger share of the economics?

Bernhard Montag *Siemens Healthineers AG - Chief Executive Officer, Member of the Management Board*

Yes. Thank you. I mean, to build a little bit the bridge to the overall presentation. I mean, you have seen here that we are when it comes to the portfolio that we want to be really, really clear about what is the portfolio and that we focus on what we are really good at and what pays to the strength of our synergetic core, which is also the Healthineers of the future. And applying that same logic to the theranostic space, it means that we see our strength in being a an absolute market and innovation leader when it comes to PET and SPECT imaging.

And when it comes to the distribution and so to say, manufacturing of radiotracers, we do not see ourselves as the best owner of, let's say, discovery of developing our own tracer and also when it comes to the manufacturing of the more therapeutic side of the topics.

So this is a topic where we clearly apply the logic of what we are best at. And I believe that the last years in which we were able to grow the radiopharma business to about EUR1 billion with a very, I think, a very smart step of the team here to expand the strength to Europe with the AAA acquisition, I think that we are in a good way. But we don't really see a vertical integration into the discovery part as meaningful also because it kind of limits then the -- and it starts making us a competitor to our customers and so on. So, don't expect a big change in the strategy here.

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Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thanks, Aisyah. I hope that helped. So we're taking small steps here for the next callers because we might -- we have a hard stop in five minutes. So next one in the queue would be Natalia from RBC.

Natalia Webster *RBC Capital Markets Inc - Analyst*

I have a follow-up on the mitigation measures and the productivity programs. Can you talk a bit more about the exact measures you're planning for that 2028 to '30 program? And then also if you're able to provide more detail on your progress so far on the program that was already launched in 2026, what additional measures you're expecting to come through in 2027? And how much you're expecting that to contribute to the 2027 bridge, that would be helpful. It looks lower than the EUR0.15 expected from inflation, but any quantification would be helpful.

Jochen Schmitz *Siemens Healthineers AG - Chief Financial Officer, Member of the Managing Board*

There was several questions.

I would say. Let me start with the mitigation, which will have a positive impact on the year-over-year development in the EPS bridge. We assumed about EUR0.10 impact roughly from the program we initiated at the beginning of last fiscal year. And this comes from -- as always indicated, roughly 50-50 from cost savings and from a better, slightly better pricing than initially assumed. And 10 -- just to put it into perspective, EUR0.10 is around EUR150 million roughly. So that is what we expect for this fiscal year. And we saw some tailwind also in 2026 from it.

So you asked about also more details on the Transform4Future program and maybe to also separate a bit from what we currently do with this cost savings program I just mentioned is that we want to drive this Transform4Future productivity program more, I would say, across the organization, look also into horizontal opportunities. The current cost program was more in the, I would say, in the existing org structure, trying to find, so to say, whatever, maybe not the best word, but the low-hanging fruit of cost savings, which are always there.

Here, we want to go a bit more structurally about the topic. We also want to make use of technology to optimize processes, to minimize purchased costs, for example, in -- I'll give you one example, for example, agency costs in marketing, for example, and other things, but also look at the other opportunities in controlling and make here also use of offerings from technology in the AI space.

And obviously, it will also affect, I would say, ultimately, will also affect in certain aspects the workforce because if we find ways to make our processes more productive. But this is also needed because we have a lot of areas in our portfolio. We have also issues because of age pyramids and other things. We have a lot of people leaving the company just on a regular basis, and we also need to cater for this, and we'll make use of technology to not replace everyone who leaves us anyway with a human replacement, so to say. This is more or less behind that program.

2027 is the year where we will clearly find those measures, which then will be starting to be executed in 2028. And as you know, we are living in particular, in Continental Europe in a determined -- in a co-determined environment. So everything we do, which is also affecting jobs and people is also discussed intensively with worker representatives as always, in a very meaningful way.

Marc Koebernick *Siemens Healthineers AG - Head - Investor Relations*

Thank you Natalia, and that basically brings us to the end of our call. I'm sorry for the two people left in the queue, but we'll make sure that you get a premium spot in our sell side follow-up tomorrow. Thanks for the lively discussion. Thanks for your interest. We'll obviously be on the road in the next few days as well, and we'll be at a few conferences. Beyond that, you've seen the IR program for the next half year and look forward to seeing you. Bye-bye. Stay healthy.

Operator

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That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. A recording of this conference call will be available on the Investor Relations section of the Siemens Healthineers website.

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