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Q3 2026 SIEMENS HEALTHINEERS AG EARNINGS CALL

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PRESENTATION

Operator

(audio in progress)

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 IR. Please go ahead sir.

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

Thank you, operator.

Good morning and welcome to our Q3 earnings call for fiscal 2026. I'd like to thank all of you for joining us today.

This morning at 7 AM, we published our Q3 2026 results. All related materials for today's results call and release are available on the IR section of the Siemens Healthineers webpage.

Our CEO, Bernd Montag, and CFO, Jochen Schmitz, will be taking you through today's presentation as usual. After the presentations, we will have a Q&A session.

As this has been working out nicely in the past quarters, we kindly ask that all participants limit themselves to one question each with the option to get back in the queue for a follow-up. Additionally, please note that a full recording and transcript of today's call will be made available on our Investor Relations webpage 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 my side.

Let me start with a brief look at the key takeaways for todays call. This quarter we had a outstanding equipment book-to-bill of 1.27 driven by our product strength and supported by new value partnerships. The latter includes two new sizable value partnerships with highly ranked healthcare institutions in the US, clearly underlining our market leading position. But even excluding all value partnerships, our equipment book-to-bill was strong at about 1.17 in Q3, undoubtedly making up for the software softness we saw in Q2.

Operationally, our Synergetic core of imaging and Precision Therapy performed solidly growing 5% in Q3. While Precision Therapy had a very strong growth with 9% this quarter, the Imaging growth was soft on tough comps of 12% in the prior year quarter and saw some revenue shifts into the next quarter. This shift will only be temporary and we expect a clear acceleration in Q4 to get to decent mid single-digit growth in FY26 in the Imaging segment as guided in November last year. However, Diagnostics is still challenged by the structural market rebasing in China and revenue dilution from our legacy platforms. This does not come as a total surprise but the expected slowdown of the decline for Q3 has not materialized in the Diagnostics business. When it comes to profitability, the reported excellent margin level was boosted by tariff refunds that we received in Q3.

Excluding tariffs, we saw a decent underlying margin level despite headwinds like FX and inflation. As a consequence of the continued top-line weakness, we update our outlook for fiscal 2026, we are lowering the revenue outlook range from 4.5% to 5% growth to now 3.5% to 4%. In addition, we raised the lower and upper end of the EPS outlook range by 15cts, which is exactly the impact of tariff refunds received in Q3. This shows, that despite the lower revenue growth, earnings are on track.

Let me briefly touch on two topics relevant for shaping our company of the future.

Just this week, we are showing great developments at ADLM, the biggest trade show in the diagnostic space with very promising customer feedback paving the way for future growth. Also, let me share a brief update on the upcoming deconsolidation by Siemens. This deconsolidation is the final step in a journey that started with our legal separation 10 years ago. We are well advanced with our preparations for this spin and in very constructive discussions with Siemens AG. We are on track with our refinancing preparations as well as the discussions remaining shared services and IT infrastructure.

Having said that, now over to our latest value partnerships.

We are very proud to announce that we have entered two large partnerships with highly renowned institutions in the US. Those partnerships are in total very sizeable, altogether amounting to several hundred million euros in terms of equipment order intake.

Let me start on the left-hand side of the chart. We are further strengthening our 35-year-long relationship with Cleveland Clinic, one of the leading healthcare systems in the US. We are moving to the next level of cooperation with the Cleveland Clinic. We will not only be the provider of multiple imaging and therapeutic technologies but also jointly develop a state-of-the-art theranostic cancer treatment program. We also signed a multi-year value partnership with Vanderbilt Health and , a nationally recognized, top-tier academic medical center. . In this partnership, we will also serve as the provider of advanced technology for diagnostic imaging and radiation oncology.

In addition, this close collaborations will empower healthcare innovation through scalable AI uses in Radiology, personalized medicine and workflow automation. In essence, both partnerships underscore two things: First, our unmatched relevance as holistic partner for hospitals and healthcare systems and second, the growing need for our unique capabilities of mastering Patient Twining, Precision Therapy and Healthcare AI. We are reinforcing this position by continuously innovating in each capability in patient twinning, in Precision Therapy, and in Healthcare AI. And the growth dynamics of our latest innovations are proof of that. We are gaining market share in CT based on our unique fleet of photon-counting CTs now accounting for roughly 30% of our total CT equipment order volume. We have increased market shares of CT in the US to levels we are used to from MRI. Another example is our DryCool technology in MR. This innovation now accounts for half of the units ordered in MR. It broadens the market for various use cases based on reduced total cost of ownership and a smaller footprint. With regards to the other half, we have a clear commitment to significantly expand the reach of DryCool technology in the mid-term. Our radiopharmaceuticals business is also gaining further traction in the US. The business delivers double digit growth rates and is surpassing the one billion USD mark this year. Due to our broad distribution network and manufacturing capabilities, we are highly relevant for medical centers but also for the IP holders. The next step is to drive this growth also in Europe. We have just announced a new 8x radiopharmacy, the first in the UK delivering 8 times the capacity of a single radiopharma facility today.

In Precision Therapy, our all-new angiography portfolio is now delivering the expected acceleration in revenue growth following FDA approval. It covers all clinical needs in interventional radiology , cardiology and neurointerventions. (technical difficulty)It is powered by OpticAI, delivering a new level of image quality and reducing x-ray dose. Varian's position as a strong growth engine in Healthineers is unchanged. Key here is the continuous innovation momentum. The new platform, which will be launched at ASTRO, is expected to further contribute to this momentum. Healthcare AI and the ability to scale this on a global level is another strong capability of ours and is highly relevant for our customers.

Our syngo.CT Coronary Cockpit has just received FDA approval. This AI powered application helps our customers to bring critical CT information into the cath lab. The Cockpit is designed to automatically segment and label coronaries. It visualizes and quantifies plaque types. For the whole coronary tree or individual lesions, this makes treatment better and faster. And finally, we have strong traction for AI tools for radiation therapy planning. We can enhance our large installed base easily with tools like auto-contouring of organs at risk. This enables dosimetrists and radiation oncologists to focus on reviewing and fine tuning resulting in faster radiation treatment planning and higher patient throughput. To sum it up, we continue to strengthen our unique capabilities fostering our leading market positions across modalities, but also our diagnostics business has important innovations to showcase.

At this year's ADLM, the biggest trade show in this space, Diagnostics launched Atellica Forte, an evolution of our proven Atellica solution chemistry and immunoassay platform. The Atellica Forte series represents meaningful innovation, reliability and progress while also reinforcing continuity, confidence, and investment protection across the Atellica Systems portfolio. It pumps with a new digital architecture the integration of AI agents with new productivity features and expands patients' access to care with diverse sample types from venous blood to urine and even fecal samples.

And now with innovative low volume sampling options in integrated capillary workflows, Atellica Forte can run 24 assays with CE-marked capillary claims including a comprehensive metabolic panel using as little as a fingerstick of blood - an industry's best. Adding capillary capability helps Core Lab scale testing offerings easily and using existing infrastructure. This offers clinical labs greater patient reach and access to more testing volume without requiring expensive healthcare specialists. However, we are not only upgrading our analyzer, we are also focusing on clinical relevance by expanding our competitive diagnostics menu in the area of brain health. Our blood-based Alzheimersresearched assays and a CE-marked NFL assay for multiple sclerosis now under FDA review. We are building a comprehensive biomarker portfolio to help advance earlier detection, monitoring, and understanding of neurological diseases.

With the updated Atellica platform and the great set of brain health research assays, the Diagnostics team is clearly differentiating from peers and improving its competitiveness Now let me briefly summarize the quarter before Jochen will run you through the financials in more depth: The revenue growth picture is broadly unchanged compared to the second quarter. The Synergetic core is performing well, especially having in mind strong comps in the prior year quarter while diagnostics suffers from the market rebasing in China and from revenue dilution from our legacy platforms.

In terms of comparing quarters, the equipment book-to-bill in Q2 was clearly a weak spot. We committed to this recovery in Q3, and I'm very happy that it did more than that. The outstanding equipment book-to-bill of 1.27 is a documentation of our continued strength in the market. The 5% growth in the Synergetic Core was driven by a strong Precision Therapy quarter which itself saw the strong swing back to growth of advanced therapies as flagged. Imaging posted softer growth this quarter, however, this is not a fundamental topic but a temporary topic of comps and shifts.

The tariff refunds supported a very high profitability this quarter. Excluding tariffs we had a decent margin level despite low absolute conversion and year-over-year headwinds from FX and Inflation. The contribution from tariff refunds was 490bps in Imaging and 350bps in PrecisionTherapy respectively.

In diagnostics, the continued year-over-year decline was expected and well flagged, the extent of the decline, however, higher than expected. Nevertheless, diagnostics achieved sequential margin improvement, quite decent, especially considering the missing conversion.

Jochen will now guide you through the financials and with this, over to you.

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

Yes, thank you, and good morning.

Let's start with the financial performance of the Imaging segment in Q3. Imaging posted soft growth this quarter due to tough comps of 12% in the prior year quarter and due to some revenue shifts into Q4. Consequently, we expect a clear acceleration of the imaging growth in Q4. I will give you more color on the sequential acceleration of the imaging growth later in the call. The imaging margin benefits from tariff refunds in Q3 before refunds the imaging margin was at 21.6%, below a very strong prior year quarter with 23.7% margin. Last year's margin was additionally lifted by the shift of a government grant last year from Q4 to Q3. Considering the low absolute conversion from softer growth in this quarter, the imaging margin shows a decent profitability level in Q3.

Now over to Precision Therapy.

Our Precision Therapy segment showed growth in all its businesses, Varian, advanced therapies and also ultrasound, led obviously by advanced therapies. As expected, advanced therapies showed strong momentum due to the launch of the entire Angio platforms, which started to ramp up throughout Q3. On the bottom line, the Precision Therapy margin benefited also from tariff refunds. Before tariff refund, the Q3 margin was at 14.1%.

Looking back, similar to imaging, we saw very strong margins in the prior year quarter based on a very favorable mix. Year-over-year foreign exchange was an additional headwind, yet the Precision Therapy margin declined only slightly after the strong prior year quarter due to conversion from strong growth.

And now let's complete the segment run-through with diagnostics.

In diagnostics in Q3, we saw a continuation of the year-over-year revenue and margin decline. Due to the structural market rebasing in China and the revenue dilution from the tailing off of our legacy pletforms. Especially in North Americawhere the installed base of our legacy is particularly large. Looking at the bottom line, prior year's strong margin of 9.2% benefited from a positive one-off release of pension liabilities related to prior year periods.

Excluding the positive one-off, the year-over-year margin decline is still material. It was driven by negative conversion from the significant revenue decline and additionally by headwind from foreign exchange. While margin ex-refunds of tariffs of 3% we saw in Q3, we saw slight sequential margin improvement as laid out last quarter.

Let us now have a look at how this all adds up to the group numbers. Let's start with the top-line.

Revenue growth this quarter was against tough comps of 7.6%, which obviously is also visible in certain regions. Americas and Asia Pacific were going against very strong comps, especially in the Americas of 14%. EMEA returned to growth after being flattish on a high absolute level in the fiscal year. So EMEA was the growth driver in the regions this quarter. China was down by 10% this quarter. On the one hand, diagnostics in China continuously declined due to the structural market rebasing in China, and on the other hand, the Synergetic core in China declined against very tough comps of mid-teens growth in the prior year quarter. In absolute terms, the revenue in the Synergetic core is over the years sequentially flat in line with our assessment that the Chinese equipment market is currently muted, yet relatively stable at a low level.

Now let's have a look at the earnings momentum in Q3. Earnings this quarter benefited from the tariff refunds. Excluding refunds, we saw decent profitability of 15.4% despite soft growth in the quarter and despite ongoing headwinds from foreign exchange, and first impacts from inflation in the supply chain. In the year-over-year comparison, next to the tough comps in revenue, we also had very good segment margins in the prior year quarter in imaging and Varian from very good mix and in imaging and diagnostics from positive one-offs in the prior year. Finally, the valuation of share-based payments linked to Siemens AG shares had a negative year-over-year effect on this quarter. However, this quarter is the very last time we see an effect from this as we have changed the mechanism now.

On EPS, there are two significant distortions in the year-over-year view. First, the refunds impacted this quarter by around EUR0.15, positive. Second, the positive impact from equity income in last year's Q3 of around 5cts. Highlighted cash in absolute terms amounting to over EUR1 billion also benefiting from the tariff refunds. The cash conversion rate was very good with 1.12, driven by strong cash collection and not by the refunds. The tariff refunds have a cash conversion rate of, so to say, only 1 based on the cash-based accounting treatment of the matter. This means the cash conversion rate of 1.12 was even diluted by the tariff refunds. Consequently, we reduced the net debt compared to Q2 by around EUR800 million to around EUR12 billion and reduced leverage from EUR3.1 in Q2 to EUR2.8 times in Q3.

Growth in Q3 was slower than anticipated primarily to the continued decline of diagnostics, but also due to softer growth in imaging. In imaging, we had already anticipated and flagged softer imaging growth due to the very tough comms in imaging with 12% in the prior year quarter. What we did not anticipate was that, for example, the site readiness in Q3 for installations in the field did not keep up with the very high factory output in Q3, driven by the very high demand for our DryCool portfolio. This is only a temporary topic. Hence, we expect revenue to shift from Q3 into Q4. Additionally, we expect very good growth momentum in CT. In Q3, growth accretion from photon-counting was a bit muted due to a very tough comps. In last year's Q3, the two new photon-counting CTs, Prime and Pro, caused a step change in revenue after the FDA approval. Now in Q4 this year, these two photon-counting CT platforms are also available in China. This is just one driver of many for the accretion to growth from our photon-counting CT business to continue.

Together with continued strong momentum in Advanced Therapies, we expect growth in the Synergetic Core to clearly accelerate in Q4 compared to Q3. Exceptional growth in our procedure business, our continuously nicely growing service business and the strong order book backing our equipment business are the building blocks for the expected revenue acceleration in Q4.

In diagnostics, the rebasing of the Chinese market and the revenue dilution driven by the decline in legacy platforms continues. What did not materialize this quarter was a relapse of the OEM volume, particularly out of China, also the year-over-year decline in the legacy platforms continues. Sequentially so, the quarter of this fiscal year were on a stable-yet-low level in terms of absolute revenue, and we expect this level to slightly increase only in Q4. Hence, we expect a mid-single-digit percentage decline also in Q4, similar to what we have seen so far this fiscal year.

Despite the weak year for the Diagnostics business, the group is on track for our underlying earnings growth this fiscal year.

On the left side, slightly faded , you see the same earnings per share bridge from Q2, which is unchanged. Operational improvement in earnings per share is on track despite the continued weakness from Diagnostics and the headwinds from foreign exchange and tariffs are as expected, so all as expected. Inflation in the supply chain, notable from memory chips, raw materials and logistics, started to come in with around EUR0.01 headwind only in Q3, and we expect the P&L impacts from inflation to intensify obviously in Q4.

With this, our assumption of around EUR0.05 headwinds in the second-half from inflation in the supply chain is also unchanged. The only change in our 2026 earnings per share is the tariff refunds, which are roughly equivalent to 15cts EPS. Therefore we raise our EPS guidance for FY2026 by exactly the amount of the tariff refunds.

And this brings me to the next slide, the outlook slide.

We update our outlook for fiscal year 2026. We lowered the revenue growth guide to 3.5% to 4%, primarily due to diagnostic revenue not recovering in the second-half of this fiscal year. As outlined before, the slower-than-expected revenue performance in diagnostics is due to the rebasing of the Chinese market and the revenue dilution of the decline in legacy platforms. For adjusted earnings per share, we raised the guide to be between EUR2.35 and EUR2.45, so the EPS range is raised by the tariff refunds, which amount to around EUR0.15 in EPS. Thereby the underlying EPS range remains unchanged due to the fact that the Synergetic core is well on track.

The downgrade in the diagnostic revenue does not have a material impact on earnings due to the currently low profitability in diagnostics. As outlined before, we expect the tax rate to be close to 23%, coming from the initial assumption of 24% to 26%. In financial income net, we expect around minus 330m€in FY26 including a one-off from interest from the tariff refunds.Let me also update you with our latest view on Q4.

As outlined before, we expect a clear acceleration of revenue growth in the Synergetic core. With imaging accelerating into the higher single-digits and Precision Therapy continuing growth in the higher single-digits, maybe not fully at the 9% level like in the current quarter. In diagnostics, we expect a continuous decline at a mid-single-digit percentage level also in Q4. On margins, we expect in imaging sequential margin expansion compared to the Q3 margin ex-refunds from the accelerated growth. In Precision Therapy, year-over-year margin expansion will be tough against the very high prior year quarter of 17%, but we expect a good sequential improvement with the 14% margin ex-tariff refunds from Q3 this quarter.

In Diagnostics, we continue to expect a significant year-over-year margin decline at least sequentially flat compared to the Q3 margin ex-refunds. Consequently, we expect for the full year the diagnostic margin ex-refunds to approach the full-year assumption from below, which is a mid-triple-digit basis points decline.

Now that we have updated you for fiscal year 2026 and our upcoming Q4, let me now share some of our current expectations regarding already known impacts for the next fiscal year 2027. As we come closer to Fiscal years end and being in the midst of our budget planning phase for '27, we want to provide you with some thoughts on the 2027 earnings per share drivers.

Baseline for 2027 is our 2026 adjusted EPS guide without a tariff refund, i.e., a midpoint of EUR2.25 as the baseline in 2026. On our last Capital Markets Day, we committed to double-digit EPS growth year-over-year over the midterm. We stated that we will be mitigating the EUR400 million tariff impact by 2028. We're seeing positive contributions starting in 2027. The mitigation measures, as indicated, will not ramp up in a straight line. The EUR400 million mitigation will be somewhat back-end loaded.

Now what changed since the Capital Market Day is that additional inflation in the supply chain became a material macroeconomic headwind, especially in memory chips and certain raw materials and also in logistics costs. Currently, we would assume that the inflation headwind in fiscal year 2027 will be roughly offset by the mitigation ramp for tariffs in 2027. While we are at the topic of headwinds in 2027, let me point out some other more technical effect that we already know today. The tax rate this fiscal year is expected to be closer to 23%, coming from our initial assumption of 24% to 26%. We do not expect this low level to be sustainable, so we expect normalization towards the normal tax rate of 24% to 26%. In financial income net, we previously pointed to minus EUR340 million in fiscal year 2026. With the tariff refund, we also received a refund for interest, so we now expect minus 330m for this year

From this 2026 level, we see three main effects next year. The refinancing at higher rates that we did in March 2026 will annualize next year. Early next year, another loan is due to be refinanced at higher rates. The higher financing costs from higher rates will be partly be offset by a decreasing loan volume from organic deleveraging. In total, we would currently expect financial income net to decrease, meaning becoming more negative, by a mid to high double-digit euro million number next year from the basis of the minus EUR330 million this year. The refinancing is expected a normal course of business, this is not related to the deconsolidation by Siemens AG. As said, we do not expect a material impact from the deconsolidation on our financial income net and from what we know now, this also holds for fiscal year 2027. What we see next year related to the deconsolidation by Siemens AG are other recurring separation costs. We pointed to a mid-double-digit million number for this topic with the deconsolidation happening earliest in April next year the costs will not reach the full fiscal year level in the next year. And with this, back to you Marc.

QUESTIONS AND ANSWERS

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

(Event Instructions)

First I have Graham, then I have Veronica, and then I have Hassan on the line. So let me now first go to Graham Doyle from UBS. Graham, the line is yours.

Graham Doyle *UBS AG - Analyst*

Jochen, just to the slide you ran through there on slide 15 where you're plotting the sort of EPS path for 2027. Is it fair to kind of contextualize that and say with all the information you have today in terms of inflation and the macro that you consider this to be the kind of a prudent or conservative view in terms of what you can deliver? And maybe just push that slightly further. Are we looking at that chart and thinking mid-single-digit EPS growth from the sort of clean base is a sensible starting point for next year?

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

Obviously, we try to be as transparent as we can based on the current planning status we are in and therefore we provide this slide. When I look at it, I think this is, I would say, a very complete picture based on what we know today. That is always, I would say, the disclaimer. We don't know what we don't know. And I would see it the following. If you really want to base it out, I would say we start with EUR2.25 as the baseline for 2026 and I would consider us to be in the position to show net, net of all the effects growth from the EUR2.25 how much we need to see as we walk our way through the planning phase -- this is really, I would say, base, baseline.

So we expect from today growth to the EUR2.25. How much is difficult to say, and I see this as a prudent assessment.

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

Thanks, Graham. So over to Veronika. Veronika, the floor is yours.

Veronika Dubajova ***Citibank Cameroon SA (Douala Branch) - Analyst***

Thank you so much. I don't get it -- I'm going to just follow-up on that fiscal '27 bridge, if that's okay. Jochen, I think one of the things that comes up a lot in discussions is obviously still the question of the separation costs, in particular, the branding fee. I'm just curious if you can share some preliminary thoughts on whether that's included in that bridge that you've presented. And then obviously, also as you work toward the diagnostic separation, any costs related to that, is that included in that bridge as well? So if you can give us some color on those two, that would be super helpful.

Thank you.

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

Obviously, both topics were not mentioned. That is a signal on the bridge and we talked about the separation costs from Siemens, we talked about recurring costs in the ballpark of EUR50 million or mid-double-digit EUR50 million. This does obviously not include any branding fees. And based on the current assumptions and the discussions we have with Siemens, which are very constructive, we don't expect to have a branding fee in the coming years, just to say this clearly.

On the separation costs for potential separation costs for diagnostics, they are not built into that bridge because if and when they would occur, we would also adjust for them because that would be then a portfolio measure. And I think that as we also adjust potential gains and losses from portfolio transactions, we also say they adjust the related cost of it. So therefore, this is not in, but would be adjusted.

Veronika Dubajova ***Citibank Cameroon SA (Douala Branch) - Analyst***

And can I just -- can I just quickly check, on my math, it's EUR0.05 from tax, EUR0.05 from the net interest expense, EUR0.02 to EUR0.03 from separation. So is the headwind sort of EUR0.10 to EUR0.15 seem reasonable to you, I guess EUR0.15 maybe?

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

Say that again, sorry, it was difficult to hear in the beginning.

Veronika Dubajova ***Citibank Cameroon SA (Douala Branch) - Analyst***

I was just double checking my math. So from what you said, it's about EUR0.05 headwind from the tax rate, EUR0.05 headwind from the higher interest expense, and some were less than EUR0.05 headwind from the separation. So I was just kind of trying to quantify that is it a fair assumption

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

that makes a lot of sense. I think these are meaningful.

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

So next one would be Hassan from Barclays. Go ahead, Hassan.

Hassan Al-Wakeel *Barclays Services Corp - Analyst*

Another follow-up on the helpful bridge. Can you quantify the impact from inflation as it relates to tungsten and memory costs into FY27 at current spots and if the lower rent that you are pointing to of what I think we're interpreting as mid-single-digit whether that assumes any deterioration in inflation from here and then what drives the acceleration beyond '27 back to double-digit and beyond given the midterms?

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

On the tungsten side this is also a volatile topic and we have seen it peaking to 6 times I would say the prices then they came down again to 2 to 3 times the pricing as we need to see what it does that's more maybe also more the reason why I would say this bridging item is also a bit fading because we don't know exactly and we need to before we go out with a concrete guide we need to we take every second we get in additional information about the future to quantify that more clearly.

Just to say this, the question is on memory chips, we expect to see this topic on an ongoing basis now for this year, [6] and '27. Question is how long will that last and will then create additional year over year effects from our standpoint at some point in time that should be over because otherwise you can make also so much money with that stuff that people will start using their capacity also for this. You could at least argue like this. Therefore when this starts to normalizing and again then we should not have this headwind anymore on a year-over-year basis and then we should see, I would say, the operation or the underlying profitability improvement in the business showing up as the net EPS growth. That's why we feel so good about our mid-term ambition. But again, we don't know what we don't know.

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

Then next three people on the line would be first Julien Dormois, then Julien Ouaddour, and then Oliver Reinberg. So I'll starting with Julien from Jefferies.

Julien Dormois *Jefferies LLC - Equity Analyst*

Probably more of a high-level question, and you obviously signed to high-profile partnerships this quarter. But we also had some mixed messages, I would say, from hospitals in the US about procedure trends and that sort of stuff. So just curious how your conversations are going with US hospitals these days. Do they seem a little bit cautious for the second-half and maybe for 2027. And the question would also extend to Europe. We start to hear a bit more about potential healthcare reforms, also hitting hospitals at some stage. So just curious how your conversations are going with your customers.

Thank you.

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

Thank you, Julien. I mean, first message is certainly that when health systems like Vanderbilt and Cleveland Clinic could commit to such substantial partnerships. It shows here that they feel very comfortable with where healthcare is going and how central the piece, the role of imaging, of interventional techniques of radiation oncology in cancer treatment are and to what extent. What we do helps them to make their systems more efficient also. The debate is also very much about how can we support them doing more with less, how to live in a world with staff shortage, in a world also where it's clear that productivity is to some extent, even if that is not a very medical term, is the name of the game.

And that is why also the demand for our equipment is so robust, because I mean, you came from the procedure angle. The other angle is the productivity angle, which is needed. And our systems help to exactly make a system deliver high-quality care at -- in the most efficient way. When it comes to procedures in terms of in terms of direct how much imaging is there and how much radiation oncology is being done, we continued to see very good growth also when you talked to these institutions and we also see to some extent when looking at the businesses we have, which are procedure related directly because otherwise we are more in that investment good type of situation.

When you look at the procedure-dependent businesses we have, which is PETNET and also the ultrasound catheter business, they deliver, as you know quite significant growth. So we are very positive that the momentum or the momentum sounds so temporary, but that the continued growth and demand for our solutions in the US remains and the topic of productivity is also what more and more governs the discussion in Europe and which is a good topic for us.

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

Great. Thanks, Julien. So moving over to the next Julien from Bank of America. Please go ahead.

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

Bernd, I just wanted to come back on a comment you made about the CT market share in the US now matching your like MRI level. I mean, I only know your global market share, 35% for CT and 50% for MRI. Does it mean that you increased CT share to 50% in the US already? And do you expect the same kind of development in other regions as well?

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

Thank you for the question and maybe we were really a little bit mysterious. I think you are guessing not very wrong (laughter) and why this is a topic. I mean, we have -- I mean, when it comes to the US market, when we look at our market share olympics MR stands out traditionally and followed by molecular imaging and CT. Why CT now has a boost is basically the following aspect here. I mean, we had the discussion now and then that the spread of price points in CT is the most pronounced. There's a factor of 10 between entry level and the high-end photon-counting CT. And being a clear market -- a super strong market share is basically only possible is when you really, really have super strong differentiation across the entire product line, which is the case in MR. It's from the nature of the technology a bit easier but in CT, it is a testament to what extent our unique position in the high end with the photon-counting CT, the new opportunities we open up to what extent this is changing the CT market. And that is why we have now, even in that, from that point of view, sometimes more of a street fight in the CT space now also significantly uplifted our market share because of the rollout and all the excitement and market resonance in more and more segments for photon-counting CT.

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

Oliver Reinberg, Kepler.

Oliver Reinberg *Kepler Cheuvreux SA - Analyst*

I just wanted to discuss a bit more in detail the kind of imaging performance. I mean, Q3 was softer, you don't see any kind of change to the full-year guide. Can you just give us a bit of a feeling like how significant has been this kind of shift from Q3 and to Q4? And also, what is your visibility on the kind of Q4 performance? And probably, if there is any kind of chance towards the (inaudible) next year, can you just talk about the pull and pushes that we have to consider when thinking about imaging growth for '27?

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

I think it´s a justifiable question, fully. First of all when we talked about the Q3, at the end of Q2 or when we announced Q2, we said we were referring to the tough comps, we were also in the podcast referring to a mid-single-digit and deliberately said 4 to 6, yeah, it was clear that this will be not necessarily a quarter where we can think about the 6% we have shown in the first two quarters, that was clear.

And then when you look at the shift, we ended up now with about 2.5% growth in imaging, I think it was 2.3% to be precise, and this is 1.5% below 4% and that is maybe also what you could envision as the shift. So 1.5% is EUR75 million, a bit more, EUR75 million to EUR80 million. So it's a big number, but also not a big number considering, so say the big numbers of imaging in general.

And again, looking back to what we -- how we guided imaging for the year, we said mid-single-digit, then I got a bit pushed on is that really does it really entail a 4% and I think we clarified and said decent mid single-digit and said okay that means it's 5% plus yeah that's what we said and we feel well on track to get there. I think I don't see necessarily a change in in the growth trajectory for image also in the coming years full stop.

Oliver Reinberg *Kepler Cheuvreux SA - Analyst*

Thank you

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

Clear Olli?

Oliver Reinberg *Kepler Cheuvreux SA - Analyst*

Yeah, thank you.

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

Good thanks. Then the next three in the line would be then David Adlington, Aisyah and Hugo. So David Adlington from JP Morgan please go ahead.

David Adlington *JPMorgan Chase & Co - Analyst*

Maybe you give the opportunity to touch on China and what you're seeing there, both on the diagnostic side, but also imaging, given the latest discussions around centralized procurement.

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

Thank you, David. I mean, I dissected into the two segments here. I mean in Diagnostics it is we go through this rebasing and it is a bit of a different topic for also when you look at how and when competitors have been hit by this year because it goes with the sequence of introduction of reimbursement changes/introduction of volume-based procurement depending on certain test types. So this is why we are seeing the current development and also why we are cautious when it comes to the next quarter. But at some point, I mean, we have any quality based thing we are approaching this new base.

And if you look at the numbers, I mean, compared to two years ago for us, and it's not different to other competitors. The market volume in China is down by about 40% or so. And this is now then at some point the level it will slowly start to stabilize and then with procedure growth as additional tailwind coming. But it also means, and I think that is also an important topic when assessing the importance and materiality of Chinese developments for the overall company that now the China revenue is in the 10% or so range in -- for the company in total, probably below that in diagnostics, which also means that changes in China are also let’s say a bit of quote-unquote, diluted with the now lower importance and ratio of that market to the overall revenue.

When it comes to imaging, I mean, first of all, really distinguish between the terms volume-based procurement and central bidding, which is a very different mechanism. And sometimes, I'm a little bit nervous here where the people, kind of look at, oh, here's VBP and now you will see VBP in a capital good type of business. I mean, what we are seeing in China is a refinement of the centralized bidding policies, which very often is a provincial central bidding. It's not a surprise for us. It is a topic we are very well prepared for and there are also some positive aspects are in there because there is a better balance between quality and price while driving the expansion of these central biddings. There is also the fear of a destructive price war which led to quote-unquote, weird companies winning some tenders in some of the provinces and then also the topic that in a business like ours, one cannot have a one-size-fits-all approach like in a pharma industry or for certain diagnostic tests.

So we will see the amount of central biddings increase and the percentage of the markets slowly and steadily, but we also believe that we are well prepared for it and we have changed our go to market. And again, a balanced topic there is also an advantage of being more direct in this topic and because the whole topic of having to work with business partners and so on and so on is in this purchasing theme on a provincial level, not as necessary anymore.

I hope this helped a little bit here.

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

Thanks, David.

David Adlington *JPMorgan Chase & Co - Analyst*

Thanks

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

Moving on to Aisyah Noor, Morgan Stanley. Please go ahead.

Aisyah Noor *Morgan Stanley - Analyst*

Bernd, thank you for taking my question.

Thanks for providing the color on the imaging growth outlook for, I guess, 2027. I would love to know the equipment order growth for the quarter, how that trended and the mix between imaging and Precision Therapy and if you could provide a similar outlook on the Varian business for 2027 given the new innovation coming into that portfolio. Thank you.

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

First of all, let me start with order growth. I mean, as we don't talk about the growth number not directly, but with a book-to-bill of 1.27%, you can envision that this was also a very good order growth quarter. And as you can see, we don't talk about the growth number independent. Not good or good, so it's not that we don't want it because we don't feel that this is a good indicator of really a quarter number is not a good indicator of what the markets do because it's to a certain extent always or it's a bit disturbed by large deals, by certain dynamics and we also don’t want to push this topic too aggressively also internally not, to not create, I would say, behaviors which we don’t want ultimately. But just as a general explanation, when we look at the book-to-bill ratio, I think it was as normal, a bit more pronounced from a book-to-bill ratio, a bit more pronounced was Precision Therapy than Imaging, but Imaging was also well above 1.1, yeah well above 1.1 and a very good imaging quarter. Also book-to-bill very strong Precision Therapy quarter.

You asked about Varian prediction for next fiscal year, NG and also, I would say, the new platform or new treatment system or treatment technology or whatever we bring to market. I think in general, we see Varian as and I think Bernd even used the word in his speech as the growth engine or so something like this in for Siemens Healthineers and I believe that this will also stay intact in the coming years. So we expect Variant to be able to grow in the high single-digits in general based on a very solid set of products, very stable service business, a nice addition from a smaller procedure-based business in interventional oncology. And this combination supported by a new platform where we have high hopes for and high expectations should be, I would say, a good testament to that, this being stable, on a high single-digit level. Bernd.

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

Yeah, maybe to add on, I mean, of course I think we have quite well substantiated hopes when it comes to this new platform/new treatment technology -- new treatment, because it's the exciting aspect of it, that it is not just a new system. But something which will change also the role radiation therapy can play in treatment of important cancer types.

And yes, this platform will also contribute to the top-line, but we will of course also see that in a situation like this, it takes also a little bit of time until the whole production is ramped up. So we pretty much know how many systems we can deliver and that will definitely be less than the market demand on the one hand. On the other hand, we have a very, very good order backlog and good orders, good order momentum will then and have the further ramp up of the new system with new opportunities for radiation therapies in the years to come.

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

Hugo, Exane.

Hugo Solvet *Exane Bnp Paribas - Analyst*

Just wrapping up on the China and 2027 topic, following up on Graham's question earlier on what's reflected in that 2027 EPS bridge based on what you know or not at the moment. Have you reflected centralized procurement programs for imaging in your 2027 assumptions?

Thank you.

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

Should I start. Okay may Okay first of all the announcement we saw, we were very clear about this also to the market, we saw a few weeks ago, was, I would say, was fully anticipated by us. Actually our anticipation for this year was that central bidding in Imaging would accelerate quicker than it did because obviously the government was still organizing it well if it took a bit longer, therefore the percentage of orders which go via central bidding was lower than our initial assumption and everything which is mentioned in the announcement which came out is not a surprice. Maybe only I would say, the particular statement of that it is that they want to find the right balance between, I say it in an easy word, between quality and price is a good -- is a positive, let me phrase, it there because it was not necessarily assumed that this will show up in an official announcement which I think is a positive yeah therefore we have baked into we have baked into our plans for next year the central bidding as laid out there so that's not a surprise yeah and I think we will also not deviate when we go out with a concrete guide for next year we will not bank our guide based on a recovery in China, which we have not seen clear signals for, so we will keep that strategy in place.

But that does not mean that we deviate also from our general assumption that over the mid-term, we should see this market come back to more mid-single-digit growth rates over time. But maybe not next year, as long as we have not seen a shift here.

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

Good. Well, that brings us to the end of our call today. I'm totally aware there were a few people more in the queue. We'll make sure that either the team gets back to you quickly or you get a premium spot on Monday's sell-side breakfast for your question. So just to close it up and get your heads to some events coming up, we'll be at ASTRO, and we will be facilitating investor meetings as far as we have slots. And also, obviously, at RSNA in December, we will be there and facilitating management meetings and booth tours. So if you want to take part in this, either go via broker of your choice who is already there or directly to us. And we'll try and make it happen. And beyond that of course we have our IR program coming up with virtual roadshows and some conference participations in September.

Hope to see you then or hear you. Bye-bye. Stay safe.

Operator

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.

Editor

Portions of this transcript marked (technical difficulty) indicate audio problems. The missing text will be supplied if a complete replay becomes available.

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