SIEMENS Healthineers

Q2 Analyst Call

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May 10, 2023

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Double-digit revenue growth in Q2 (ex-antigen) Outlook confirmed

- Equipment book-to-bill >1 **on top of excellent equipment revenue growth**
- **Very strong revenue growth (ex-antigen) at 11%,** incl. antigen -2.5%
- **Imaging** with very strong growth (13%), strong margin expansion of +130 bps y-o-y
- **Diagnostics** revenue down by -39% due to antigen sales close to zero; profitability mainly impacted by **transformation costs (€77m)**
- **Varian** with excellent growth (27%) after resolving supply chain issue, margin at 14.4%
- **Advanced Therapies** with very strong growth (10%), decent margin at 16.8%; Decision to focus Endovascular Robotics on neurovascular interventions
- **Adj. basic EPS** of €0.43, down y-o-y by €0.24 due to **no antigen contribution** (~€0.23 in PYQ) and **Diagnostics transformation costs** (~€0.05 in Q2)
- **Outlook confirmed**

Note: All growth rates are year-over-year on a comparable basis, see glossary

Our unique capabilities

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Patient Twinning

Personalization of diagnosis, therapy selection and monitoring, after care and managing health

Precision Therapy

Intelligent and image guided treatment for the most threatening diseases

Digital, Data and AI

Leveraging digital, data and AI and advance providers’ operations with tech-enabled and enterprise services

On course for our New Ambition
Rigorously driving performance

We build upon our unique strengths

- Expanding our leading positions in Imaging, Varian and Advanced Therapies
- Accelerating our success and strong backlog of Value Partnerships
- Driving our growth vectors: fighting the most threatening diseases, enabling efficient operations, expanding access to care

We address changing boundaries

- Pricing measures swiftly implemented to overcome inflationary headwinds
- Executing the Diagnostics transformation program and accelerating the portfolio simplification
- Exclusive focus of Endovascular Robotics on neurovascular interventions
- Proton Solutions transitioned to a service business model

On track for our medium-term financial ambition

A unique investment case: Structural and innovation driven growth paired with attractive earnings growth and resilience

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Unique resilience

- **Majority** of **revenues recurring**
- **Strong backlog** with increasing contribution of **long-term orders** from Value Partnerships
- **Deeply rooted** in all global **healthcare systems** – balancing short-term variations

Structural and innovation driven **growth**

Enabling and **advancing** next level medicine

- Essential technologies and **leading innovations** for **fighting the most threatening diseases**
- **Continuous tailwind** from innovations in pharma and devices which require **better imaging, diagnostics, guidance and monitoring**

Improving productivity for our customers

- Broad portfolio of **innovative technologies** to overcome staff shortage and cost challenges
- Enabling **efficient operations with** digital, data and AI

Expanding our **addressable market**

- **Expanding** our **addressable market** by **seizing organic** and **M&A opportunities**
- **Addressing underserved geographies** with **better access** and **affordability** of care

Attractive earnings growth

- **Sector leading margins** in **Imaging** and **Varian** with room for **expansion**
- **Margin recovery potential** at **Diagnostics** and **Advanced Therapies** in the mid-term

Double-digit revenue growth in Q2 (ex-antigen); EPS down due to no antigen contribution and Diagnostics transformation

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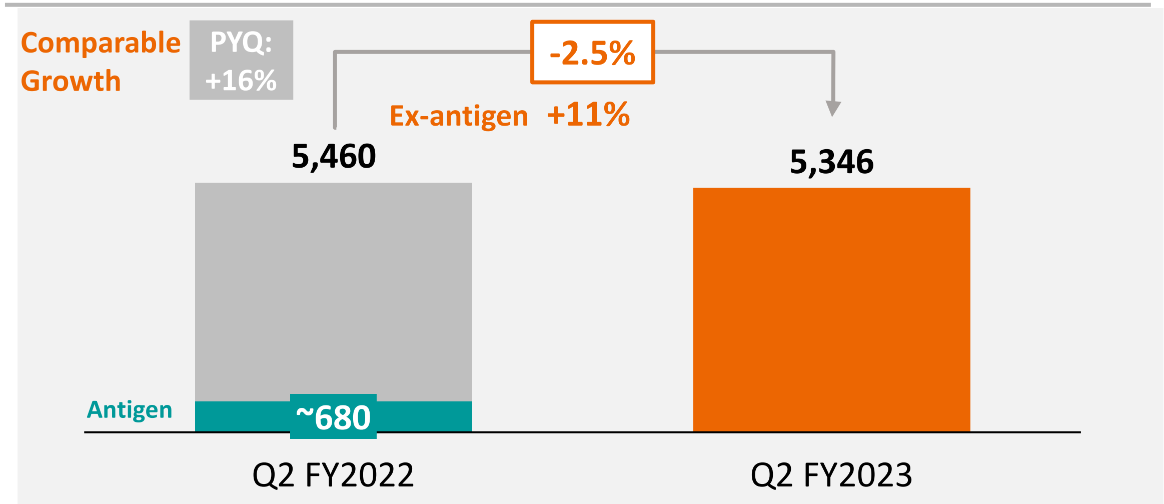
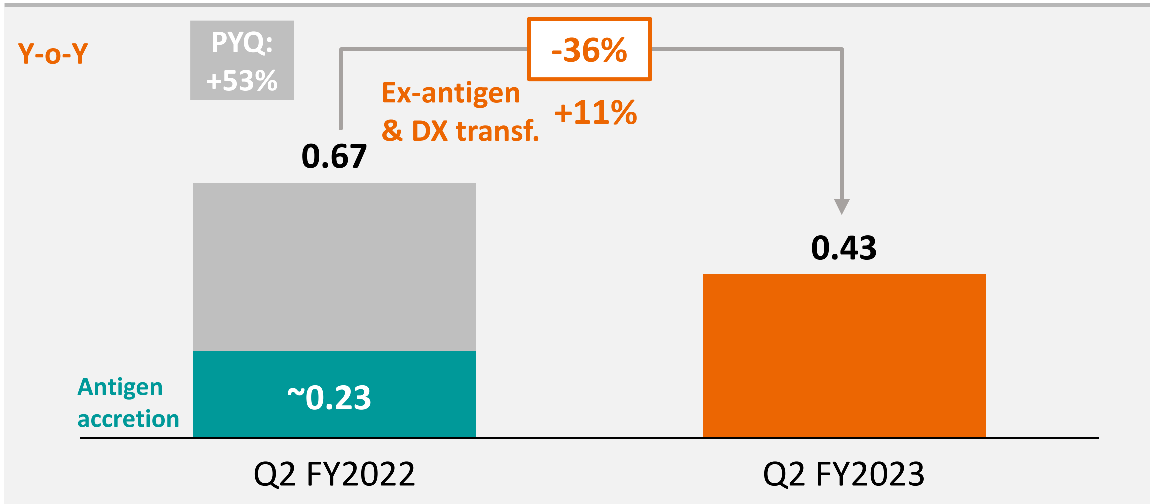
Revenue (€m)



- Very strong growth at 11% (ex-antigen), driven by excellent equipment revenue growth and accelerated service growth
- China with steep recovery to 25% growth
- Asia Pacific Japan very strong with 13% growth (ex-antigen)
- EMEA and Americas posted very strong growth with 10% and 7% respectively (ex-antigen)

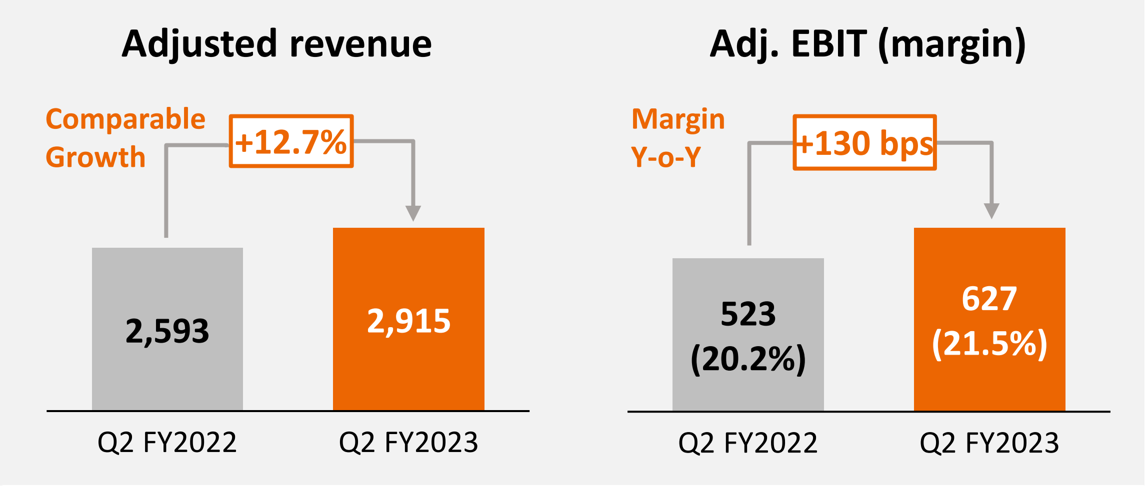
Adjusted basic earnings per share (€)



- Adj. basic EPS down y-o-y due to no antigen contribution (vs. ~€0.23 in PYQ) and Diagnostics transformation costs (~€0.05 in Q2)
- Adj. EBIT margin of 12.7%, y-o-y negatively impacted by Diagnostics transformation costs (€77m), and increased procurement and logistics costs (amounting to >200 bps in total); y-o-y significantly lower antigen contribution (>400 bps)
- Financial income net at -€47m, declining y-o-y (PYQ: -€7m)
- Tax rate at 23% on low PYQ-level (23%)

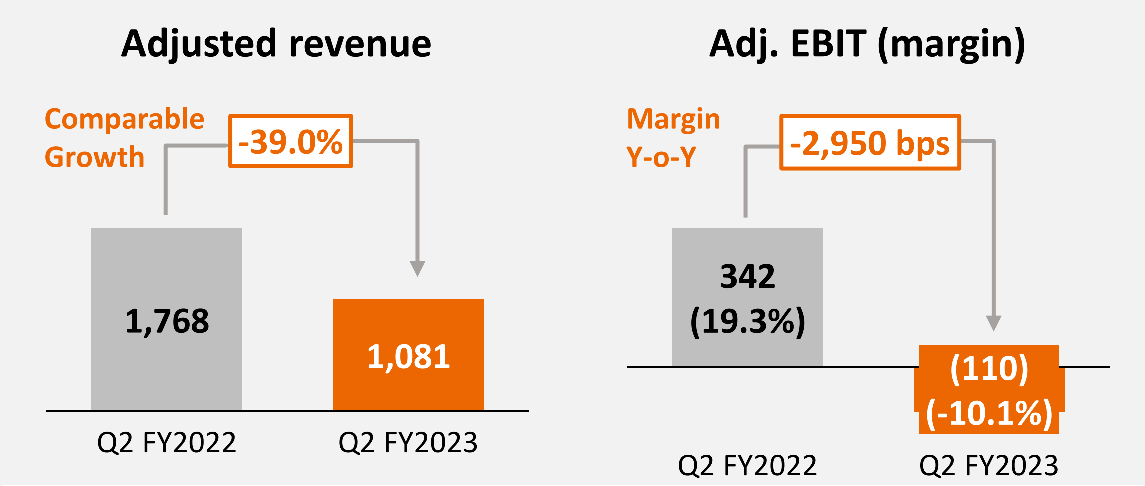
Imaging with double digit growth and strong margin expansion; Diagnostics revenue still muted

Imaging (€m)



- Very strong and broad-based growth
- Y-o-y strong margin expansion mainly from conversion, first tailwinds from pricing measures starting to take effect
- FX tailwind (>100 bps) more than offset by y-o-y increased procurement and logistics costs

Diagnostics (€m)



- Revenue impacted by antigen business fading almost to zero
- Revenue ex-antigen muted (-1%), primarily from other Covid-related tests also decreasing significantly y-o-y
- Margin y-o-y down due to significant lower antigen contribution, transformation costs (€77m), and FX headwind (~150 bps)

Varian and Advanced Therapies with double digit growth and increasing profits

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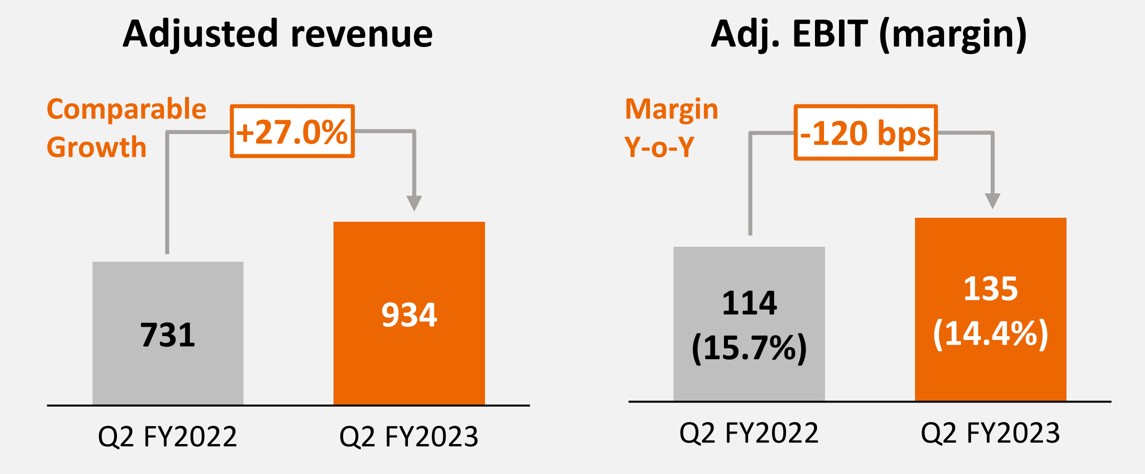
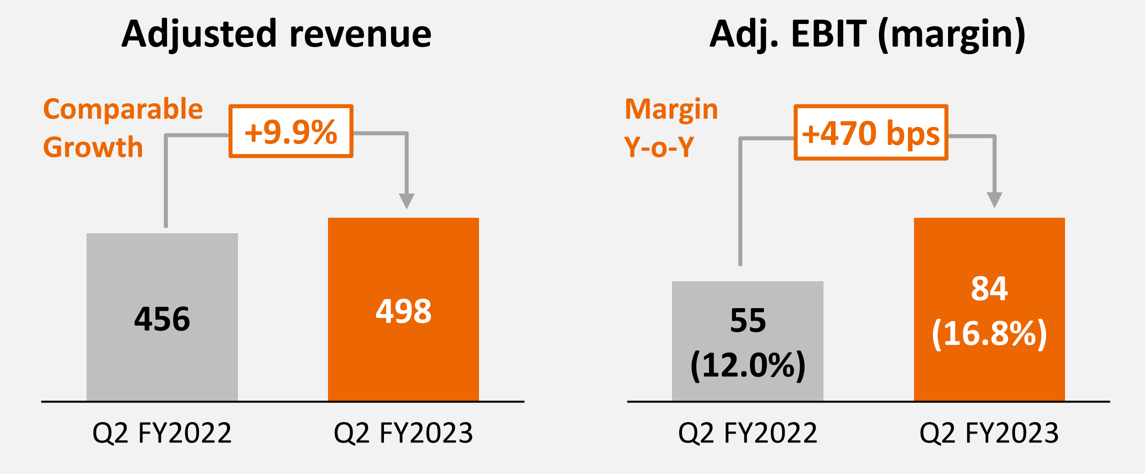
Varian (€m)



- Varian with excellent growth (27%) after resolving supply chain issue
- Q2 with broad-based growth across all major markets
- Successfully converted pent-up backlog into sales, margin dented by less favorable mix and pricing (pricing measures not reflected fully in backlog yet)
- Additionally, margin negatively impacted by FX headwind (~100 bps)

Advanced Therapies (€m)



- Very strong revenue growth
- Y-o-y strong margin expansion from conversion, first tailwinds from pricing measures starting to take effect
- Y-o-y increased procurement and logistics costs more than offset by FX tailwind (~200 bps)
- Decision to exclusively focus Endovascular Robotics on neurovascular interventions going forward; dilution from Endovascular Robotics still on PY-levels

Successful focus on pricing will lead to stronger margins in H2; Continuous equipment book-to-bill >1 drives growth

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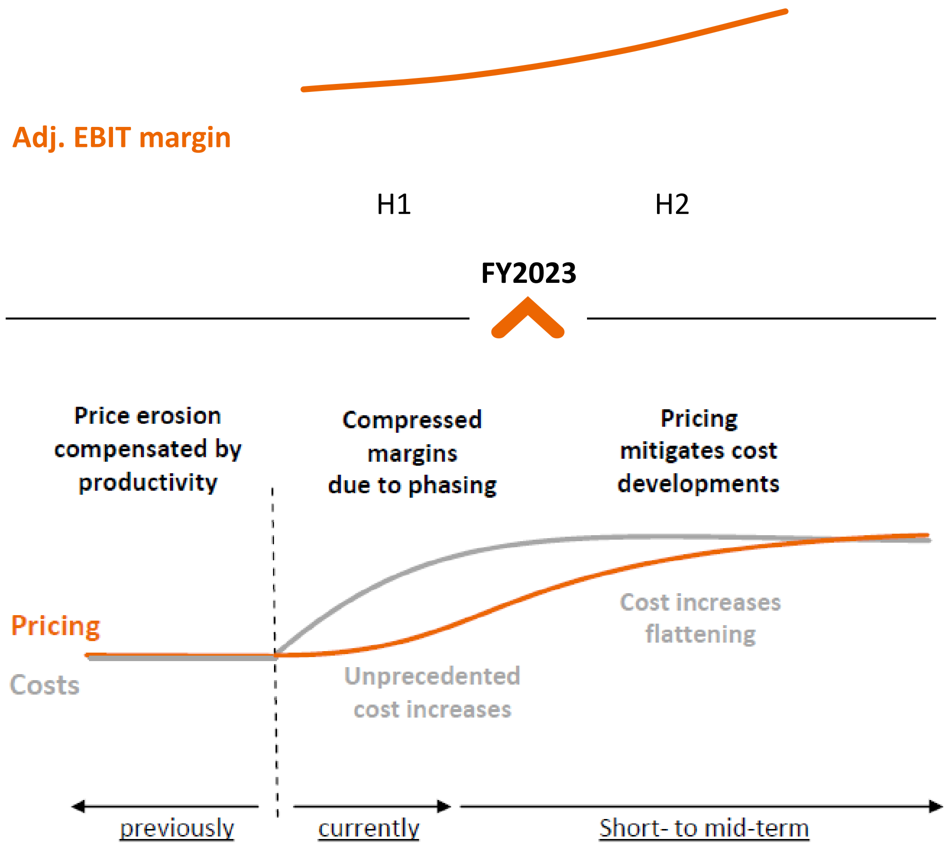
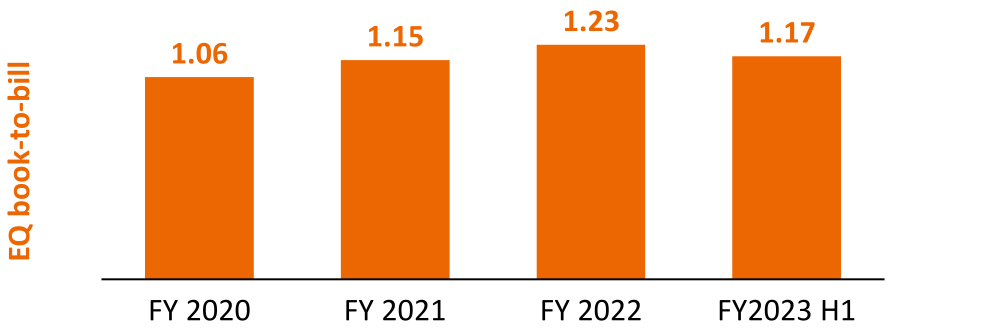
Margin improvements skewed towards H2



Continuous equipment book-to-bill >1



Continuous equipment book-to-bill >1 drives growth

- Book-to-bill >1 **grows equipment order backlog**
- Backlog substantiates **equipment revenue growth**
- **Service revenue growth accelerates sustainably,** driving high share of recurring revenues

Note: Schematic graphs only, not to scale

Financial impacts from focusing Endovascular Robotics at Advanced Therapies, and from Diagnostics transformation

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Focusing Endovascular Robotics (Corindus)

Advanced Therapies	Q2 FY23	FY23
Portfolio-related measures *(no impact on adj. EBIT)*	€329m	€329m
therein impairments[1] *(no impact on adj. EBIT)*	*€244m*	*€244m*

1 *Expenses for impairments of other intangible assets*

- Decision taken in Q2 to **exclusively focus** Endovascular Robotics **on neurovascular interventions**, consequently **charges in Q2 only**
- Charges result from portfolio-related measures, including **impairment of other intangible assets**
- Margin dilution in Advanced Therapies **significantly reduces from Q1 FY24 onwards**

Executing the Diagnostics transformation

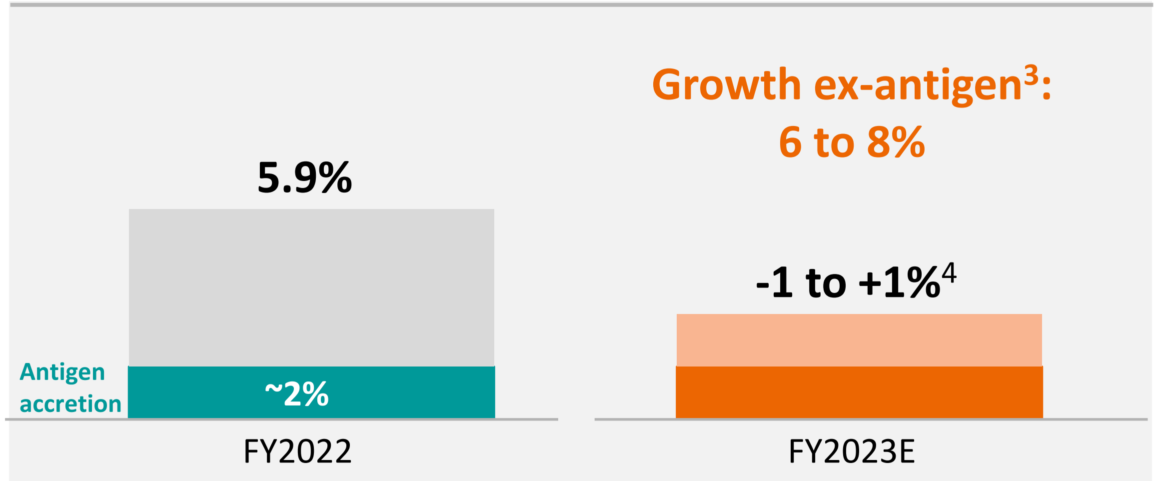
Diagnostics	Q1 FY23	Q2 FY23	FY23[1]
Severance *(no impact on adj. EBIT)*	€1m	€22m	~€50m
Transformation costs *Impact on adj. EBIT margin*	€34m *~300 bps*	€77m *~700 bps*	€100-150m *~200-300 bps*

1 *Assumptions unchanged, as included in Outlook as of November 2022*

- **In H1** charges primarily from **transformation costs (outside adjustments)** for portfolio simplification
- **In H2** charges primarily from **severance (adjusted)** for leaner organization and footprint
- Total charges €350m to €450m **cumulative until FY25**, thereof ~50% adjusted
- On track for **cost out of €300m by FY25**

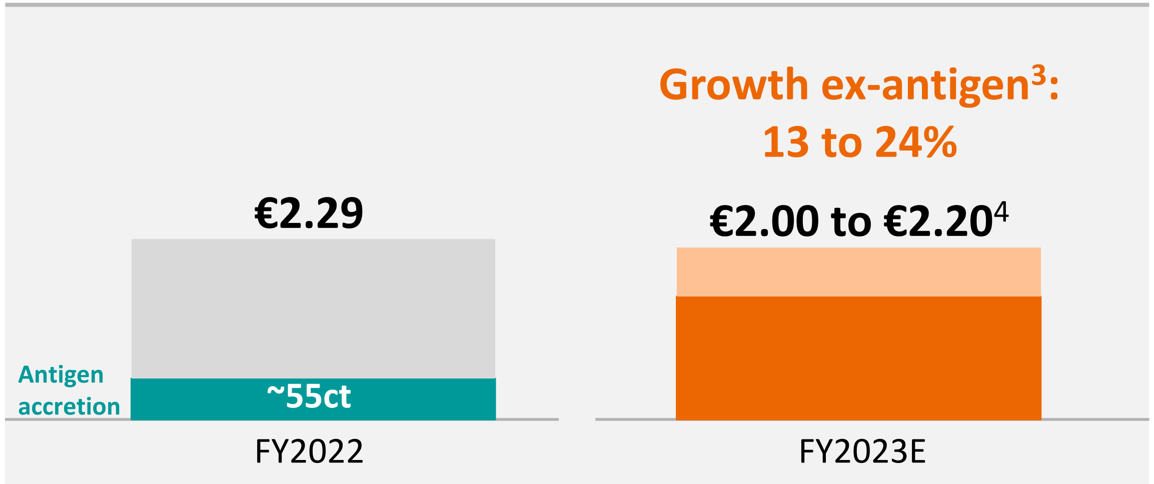
Outlook FY2023 confirmed

Comparable revenue growth[1, 2]



- **Imaging** growth at 7 to 9%
- **Diagnostics**[4] declining -26 to -23% incl. antigen; core growth -2 to +1% (before: -21 to -19% incl. antigen; core growth 3 to 5%)
- **Varian** growth at 9 to 12%
- **Advanced Therapies** growth at 6 to 9%

Adj. basic earnings per share[2]

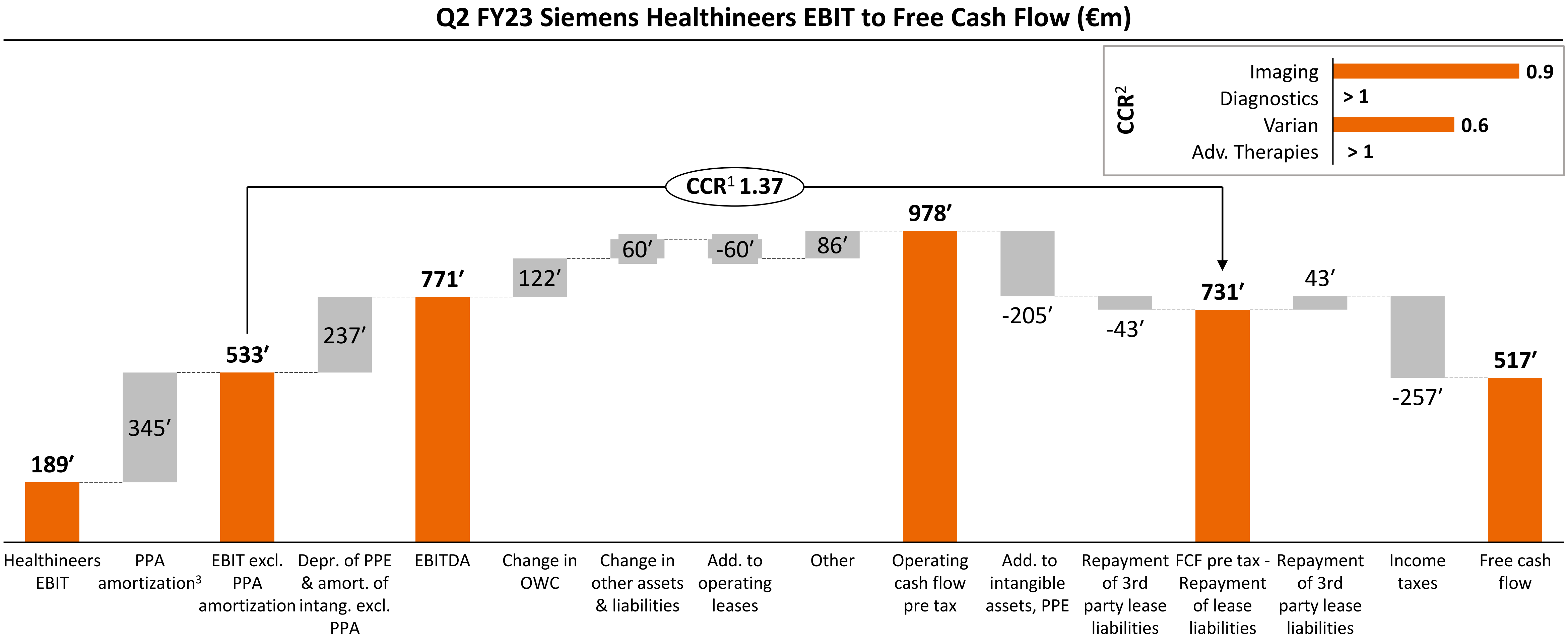


- **Imaging** margin at 21 to 22.5%
- **Diagnostics**[4] margin at -4 to 0% all-in; core margin -3 to +1% (before: 0 to 3% all-in; core margin 2 to 4%)
- **Varian** margin at 16 to 18%
- **Advanced Therapies** margin at 13 to 15%
- **Financial income, net** at €-150 to €-170m
- **Tax rate** at 26 to 28%

1 Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations |
2 The outlook is based on current foreign exchange rate assumptions, on the current portfolio, and on further assumptions, see Quarterly Statement Q2 FY2023 |
3 Y-o-y growth excluding antigen contribution | **4** FY2023 assumes €100m revenue of antigen contribution, and €100 to €150m of Diagnostics transformation related one-time costs within adj. EBIT/EPS (total of €150 to €200m costs); core excludes antigen contribution and transformation related one-time costs

Appendix

Free cash conversion rate at 1.37, driven by cash-in of receivables



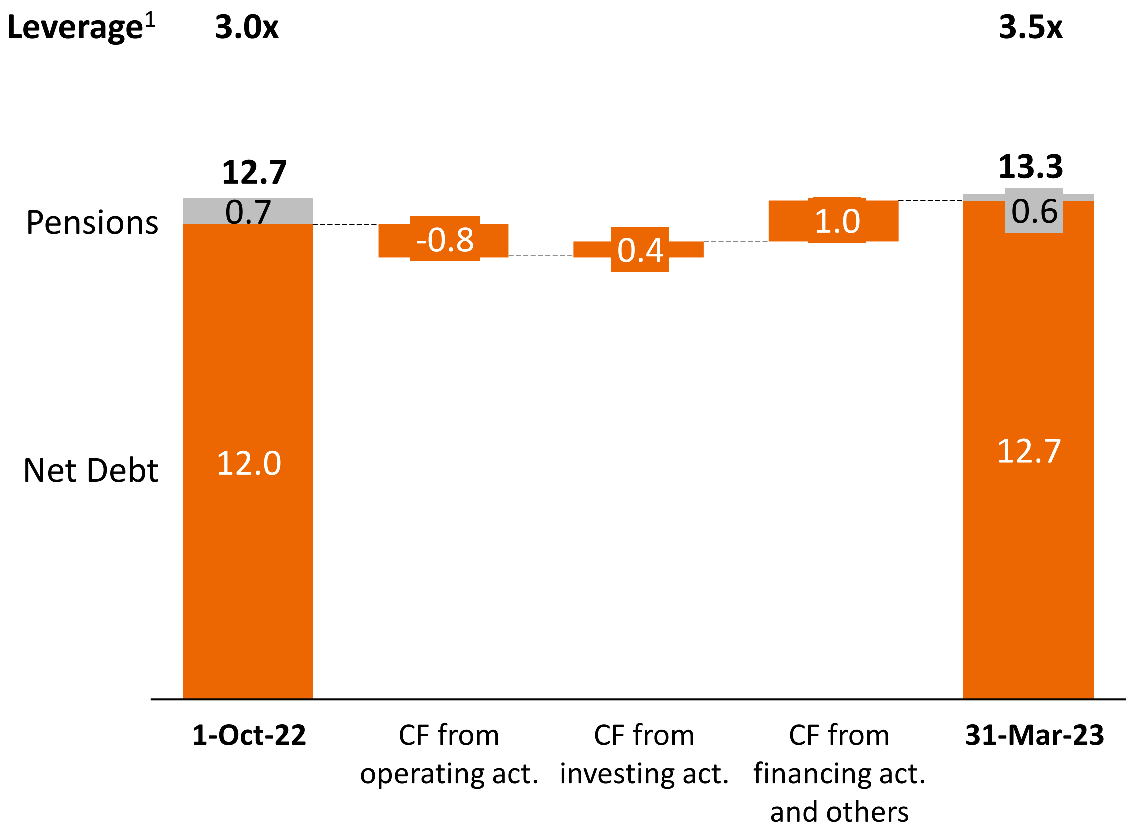
1 CCR for Healthineers = (Free Cash Flow pre tax - Repayment of 3rd party lease liabilities) / (Healthineers EBIT excl. PPA) |
2 CCR for Segments = Free Cash Flow / EBIT | 3 Includes expenses for impairments of other intangible assets in Q2 FY23

FY23 balance sheet and net debt bridge
Net debt impacted by dividend pay-out in Q2

Net debt overview

in €bn	Sep 30, 2022	Mar 31, 2023
Cash and cash equivalents	1.4	1.4
Receivables from the Siemens Group from financing activities	0.7	0.9
Short-term and long-term financial debt	(0.7)	(0.6)
Liabilities to the Siemens Group from financing activities[2]	(13.5)	(14.3)
Net debt	**(12.0)**	**(12.7)**
Provisions for pensions and similar obligations	(0.7)	(0.6)
Net debt (incl. pensions)	**(12.7)**	**(13.3)**

Capital structure development in FY23 (in €bn)



1 Leverage is net debt incl. pension over EBITDA rolling four quarters | **2** Includes fair values from derivatives

Loan maturity profile

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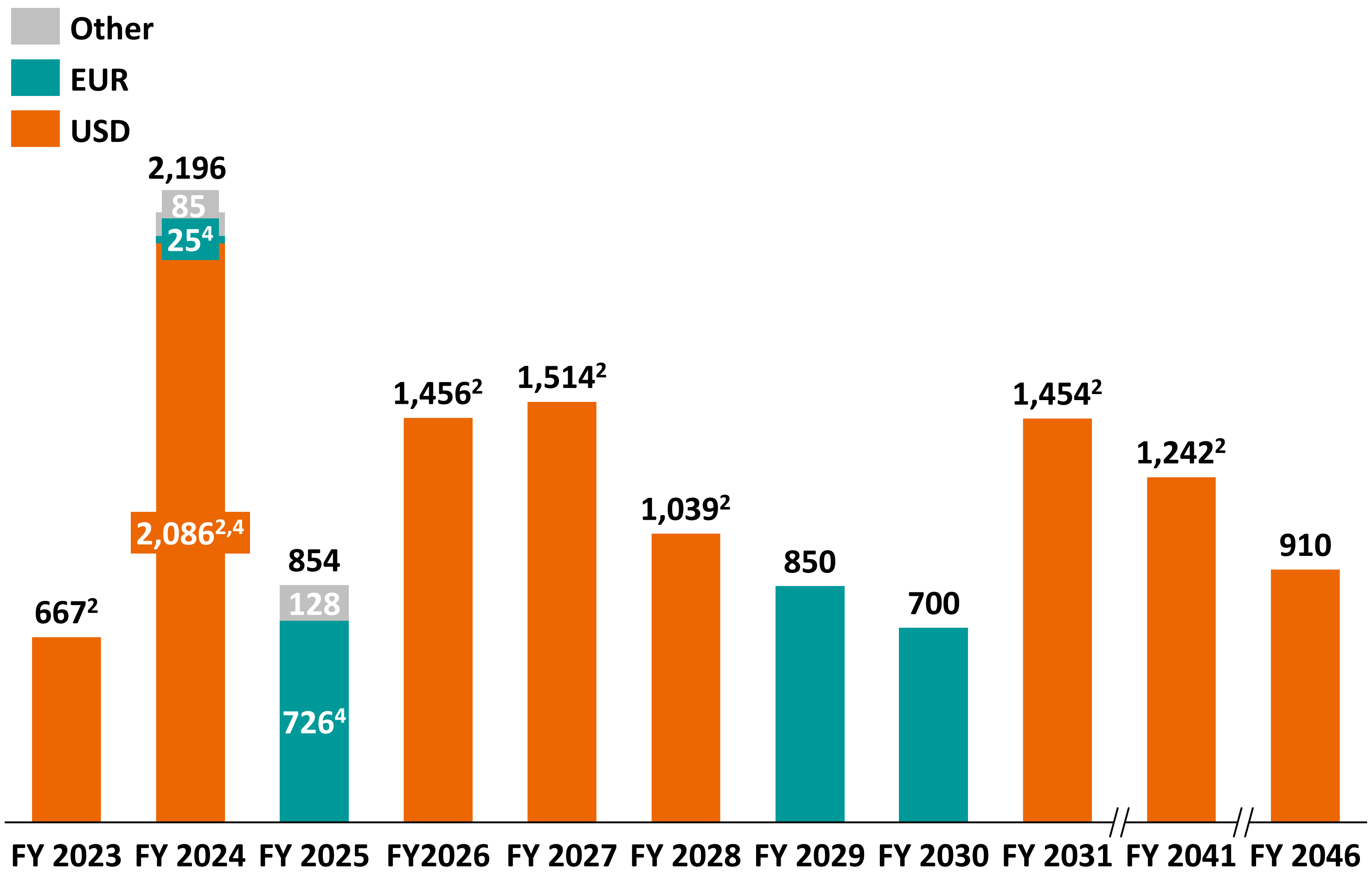
Loans with Siemens Group as of Mar 31st, 2023[1] (in €m)



Comments

- Total loan volume ~€13bn equivalent
- Average interest rate ~1.3% p.a.[3]

Top 10 loans ranked in € volume

Notional Currency	Volume in m	Volume in €m	Interest rate	Maturity
USD	$1,689	€1,514[2]	0.26%[2]	FY 2027
USD	$1,742	€1,456[2]	0.08%[2]	FY 2026
USD	$1,740	€1,454[2]	0.59%[2]	FY 2031
USD	$1,497	€1,251[2]	-0.14%[2]	FY 2024
USD	$1,486	€1,242[2]	1.40%[2]	FY 2041
USD	$1,243	€1,039[2]	0.31%[2]	FY 2028
USD	$990	€910	3.44%	FY 2046
EUR	€850	€850	3.58%	FY 2029
USD	$998	€834[2]	2.39%[2,4]	FY 2024
EUR	€700	€700	3.59%	FY 2030

1 Unhedged loans translated to EUR according to spot rate as of Mar 31st, 2023 | **2** USD loans addressed by SHS debt & capital restructuring resulting in synthetic EUR debt; EUR volume and interest rates are calculated with underlying hedge rates | **3** Current interest rate across all maturities as of Mar 31st , 2023 is ~1.3% p.a. |
4 Floating interest rate – in FY2024, only the hedged € 834m loan (out of € 2,086m) is based on a floating interest rate

Provisions for pensions

Q2 FY2023 Key financials – Pensions and similar obligations

in €bn[1]	FY2018	FY2019	FY2020	FY2021	FY2022	Q1 FY2023	Q2 FY2023
Defined benefit obligation (DBO)	(3.4)	(3.8)	(3.8)	(4.1)	(3.3)	(3.2)	(3.3)
Fair value of plan assets	2.6	2.8	2.8	3.3	2.8	2.7	2.8
Provisions for pensions and similar obligations[2]	(0.8)	(1.0)	(1.0)	(0.9)	(0.7)	(0.6)	(0.6)
Discount rate	2.9%	1.8%	1.5%	1.7%	4.3%	4.2%	4.0%
Interest Income	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Actual return on plan assets (after expenses)	0.1	0.3	0.1	0.2	(0.6)	0.0	0.1

1 All figures are reported on a continuing basis | **2** Provisions for pensions and similar obligations does not include net defined benefit assets (Q2 FY2023: €+0.1bn) presented in the line item other assets; *Defined Benefit Obligation (DBO)* **including** *other post-employment benefit plans (OPEB) of ~€-0.0bn*

Glossary

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Adjusted revenue
is defined as consolidated revenue reported in the company's consolidated statements of income adjusted for effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations.

Comparable revenue growth
is defined as the development of adjusted revenue, respectively, net of currency translation effects, which are beyond our control, and portfolio effects, which involve business activities that are either new to our business or no longer a part of it.

EBITDA
is defined as income before income taxes, interest income and expenses, other financial income, net as well as amortization, depreciation & impairments.

Adjusted EBIT (adj. EBIT)
is defined as income before income taxes, interest income and expenses and other financial income, net, adjusted for expenses for portfolio-related measures, severance charges. In addition, centrally carried pension service and administration expenses are excluded from adjusted EBIT of the segments.

Adjusted EBIT margin (adj. EBIT margin)
is defined as the adjusted EBIT, divided by its adjusted total revenue.

Adjusted basic earnings per share (adj. basic EPS)
is defined as basic earnings per share, adjusted for portfolio-related measures and severance charges, net of tax.

Free cash flow (FCF)
comprises the cash flows from operating activities and additions to intangible assets and property, plant and equipment included in cash flows from investing activities.

Please find further explanations regarding our financial key performance indicators in chapter "A.2 Financial performance system" and in the notes to the consolidated financial statements Note 29 "Segment information" in the Annual Report of 2022 of Siemens Healthineers. Additional information is also included in the Quarterly Statement and in the Half-Year Financial Report 2023. These documents can be found under the following internet link https://www.siemens-healthineers.com/investor-relations/presentations-financial-publications .

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