

# Q1 Journalist Call

**Bernd Montag, CEO | Jochen Schmitz, CFO**

January 29, 2019



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# Mixed picture in Q1 – guidance for FY2019 confirmed

- **Comparable<sup>1)</sup> revenue up by 2.5% with a very healthy equipment book-to-bill of 1.13**
- **Continued Atellica Solution<sup>2)</sup> ramp up with 370+ analyzers shipped<sup>3)</sup>;**  
again strong Diagnostics instruments growth - high single digit in Q1
- **Low Diagnostics adjusted profit margin** of 8.1% due to FX (-130 bps) and higher Atellica Solution<sup>2)</sup> ramp up costs
- **Adjusted profit margin<sup>4)</sup> at 16.5%;** -60 bps below prior year with currency headwinds of -40 bps and low Diagnostics adjusted profit margin
- **Basic earnings per share (EPS)** up by 11%
- **Low cash flow** mainly on inventory build-up and Diagnostics capacity expansion
- **Full year guidance confirmed**

1) Comparable growth excluding currency translation and portfolio effects

2) Product availability varies by country

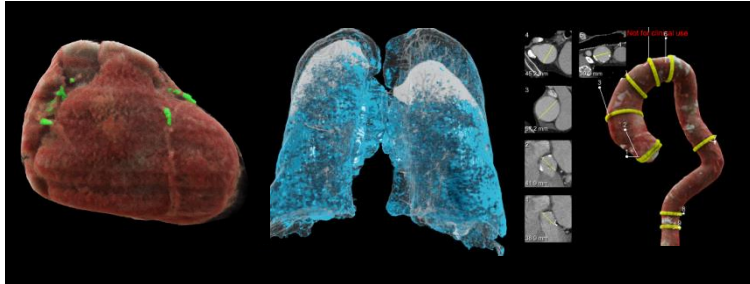
3) FY2019 target: 2,200 to 2,500 analyzers

4) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

# Digitalization and AI are already reality in our portfolio

## AI-Rad Companion<sup>1)</sup> platform

*AI-based software assistant for image reading*



- **Automatically highlights anatomies and abnormalities** of multi organ areas, including incidental finding
- **Transfers results in a structural reporting**
- **Chest CT reading - first application** of our new AI-Rad Companion platform

## AI-Pathway Companion<sup>2)</sup> platform

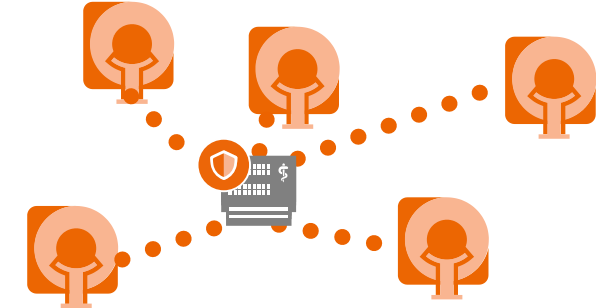
*Clinical decision support system based on AI*



- **Integrates relevant data** to facilitate **diagnostics and therapy decisions** along clinical pathways
- **Supports personalized diagnostics and therapy decisions**

## syngo Virtual Cockpit

*Remote scanning assistant improving access and provider productivity*



- **More flexible deployment** of experienced personnel across different locations
- **Higher level of standardization** in reports, leading to **more accurate diagnoses**
- **Improves facility productivity** in case of personnel shortages

1) AI-Rad Companion is 510(k) pending, and not yet commercially available in the United States and other countries.

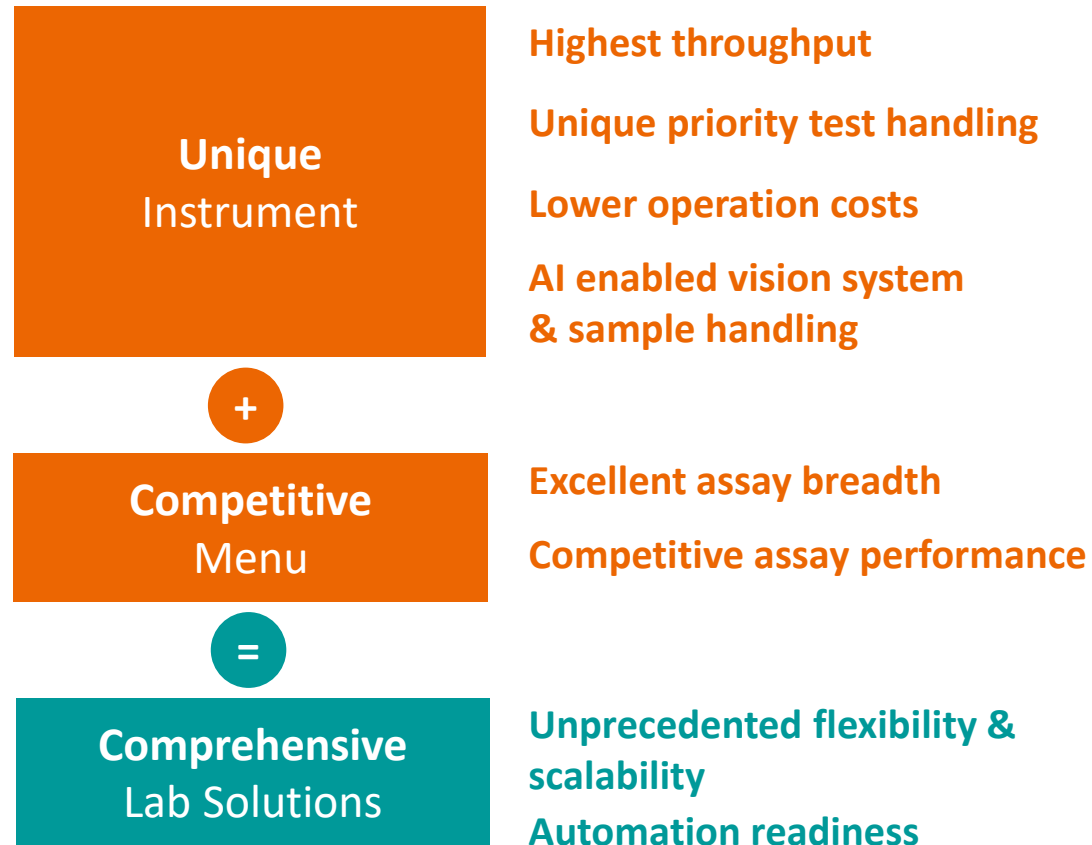
2) AI-Pathway Companion is under development and not commercially available. Due to regulatory reasons its future availability cannot be guaranteed.

3) Syngo Virtual Cockpit is under development and not commercially available. Due to regulatory reasons its future availability cannot be guaranteed.

Please note that Expert-i must be available on the Siemens Healthineers Scanner to use this software solution.

# Market feedback underscores Atellica Solution's<sup>1)</sup> unique proposition

## Atellica Solution's capabilities



## Facts & feedback from ramp-up phase

- **Lab capacities boosted** – higher volumes per sqm, per hour
  - **Lab procedures simplified** – no need for a separate STAT analyzer / lab
  - **Total hands-on time reduced** – over 50%<sup>2)</sup> by automated calibration and QCs<sup>3)</sup>
  - **Step-up in productivity** – by intelligent sample identification
  - **Complete menu with 202 assays approved in the E.U., 185 in the U.S.**
  - **Excellent feedback on assay performance** – e.g. aid in diagnosis of myocardial infarction (i.e. High-sensitivity troponin)
  - **The enabler to significantly scale performance** – providing better customer P&Ls
- ➔ **High win-rate in large labs with large and highly automated instrument lines**

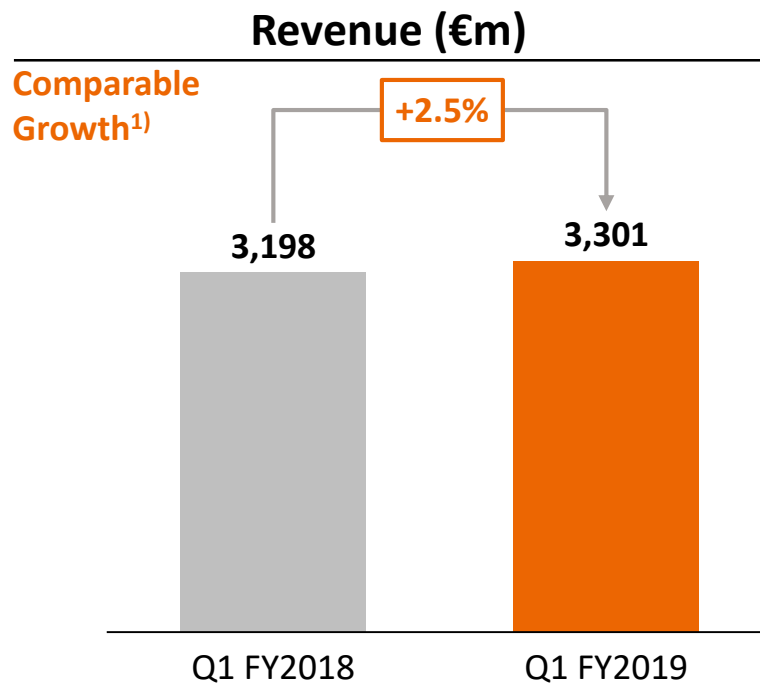
1) Product availability varies by country

2) Results from studies conducted in 5 high-volume multi-site laboratories. The outcomes described were achieved in each customer's unique setting.

Since there is no "typical" hospital and many variables exist there can be no guarantee that others will achieve the same results.

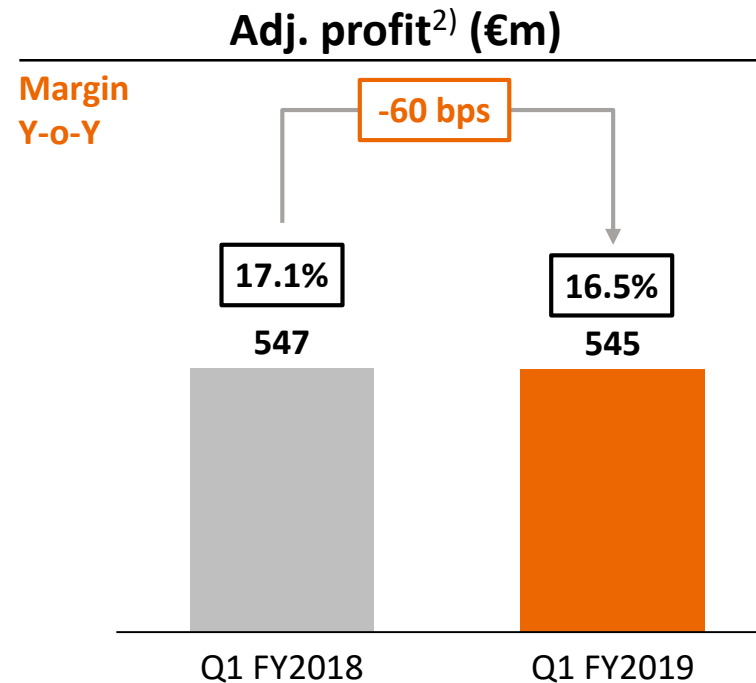
3) QC: Quality controls

# Mixed picture in both top and bottomline

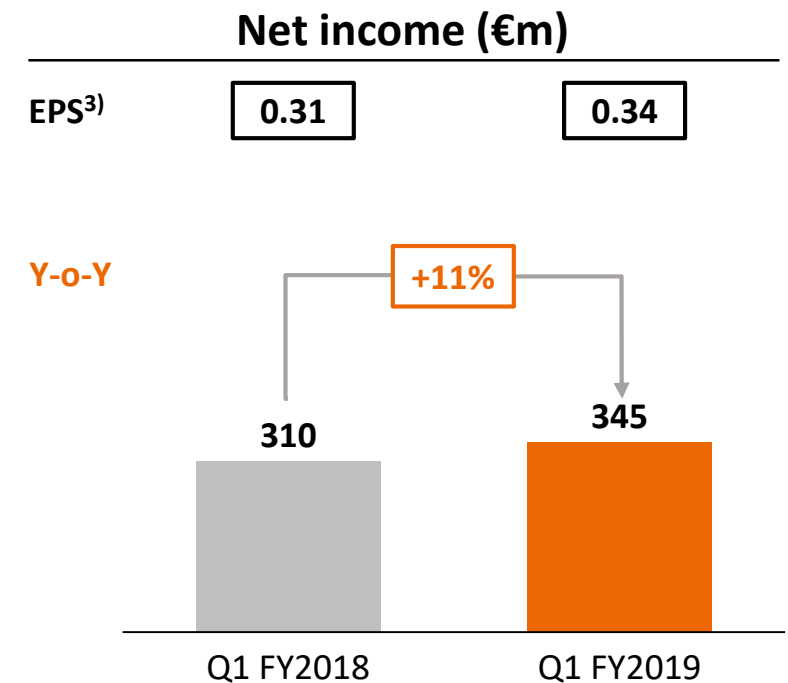


- Q1 led by moderate growth in Imaging and Diagnostics
- Regionally, growth is driven by the U.S., low growth in Asia, Australia and flat EMEA

1) Comparable growth excluding currency translation and portfolio effects  
 2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs  
 3) EPS based on net income excluding non-controlling interest



- FX headwinds of -40 bps
- Strong Imaging margin supported by cost savings program
- Diagnostics and Advanced Therapies with lower profitability than in PYQ



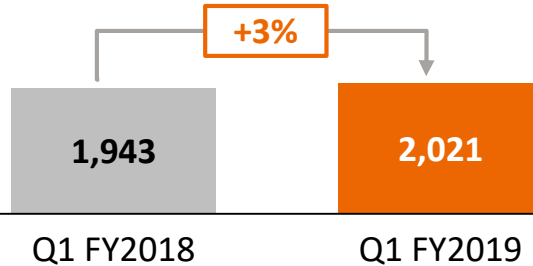
- Low tax rate of 24% in Q1 (26% in PYQ)

# Margin at Diagnostics impacted by FX and Atellica ramp-up, margins for Imaging and Advanced Therapies fully on track

## Imaging (€m)

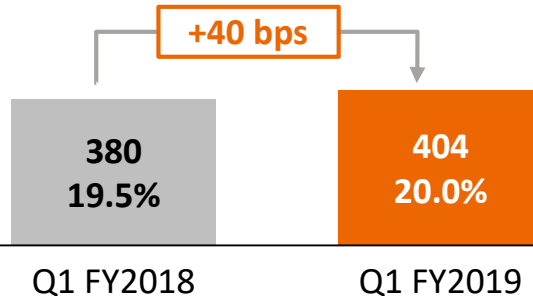
Comparable Growth<sup>1)</sup>

Revenue



Margin Y-o-Y

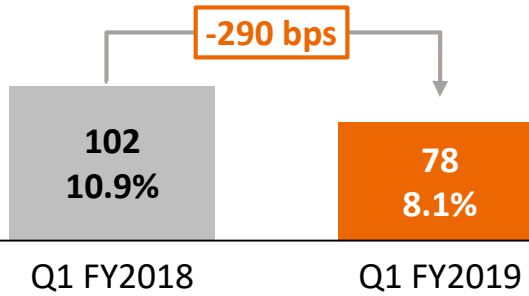
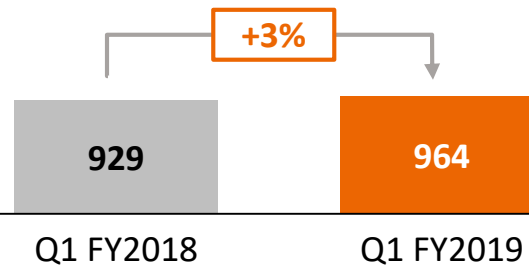
Adj. profit (margin)<sup>2)</sup>



- Moderate Imaging growth overall, particularly strong in Computed Tomography and Molecular Imaging
- Margin improvement y-o-y mainly from conversion and cost savings program

## Diagnostics (€m)

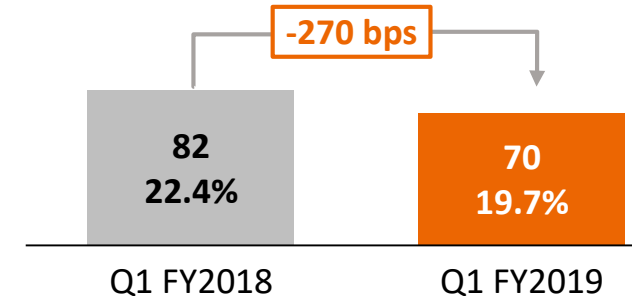
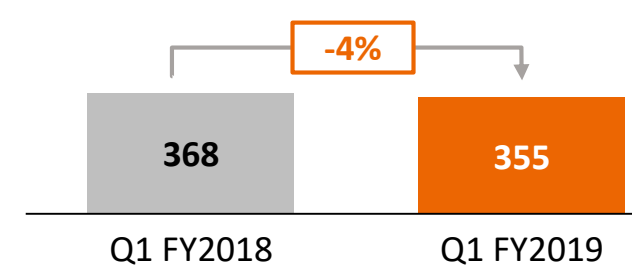
+3%



- Revenue growth on weak comps from PYQ (-1% growth)
- Margin held back by FX (-130 bps) and higher ramp-up costs for Atellica Solution

## Advanced Therapies (€m)

-4%



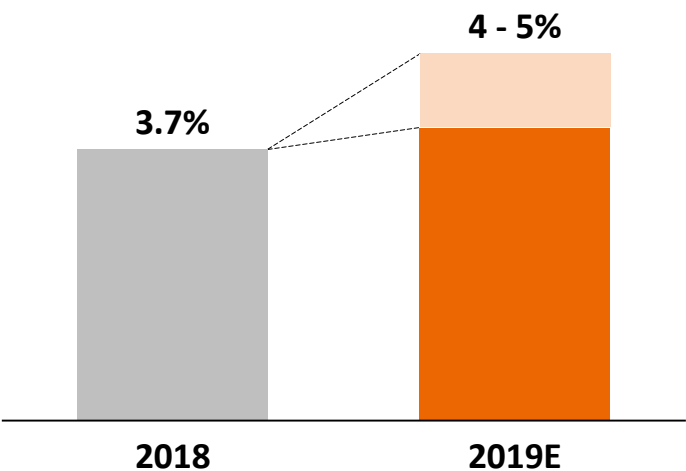
- Q1 revenue down on very tough comps from PYQ (8.5% growth)
- Less favourable business mix and lower volume compared to PYQ affects margin development y-o-y

1) Comparable growth excluding currency translation and portfolio effects

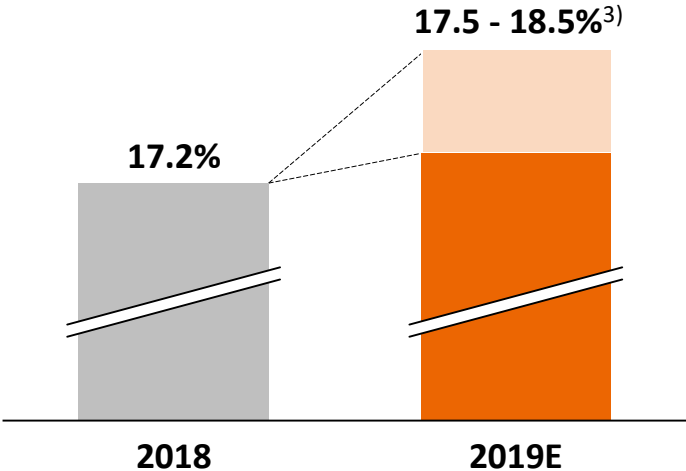
2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

# Outlook – full year guidance confirmed

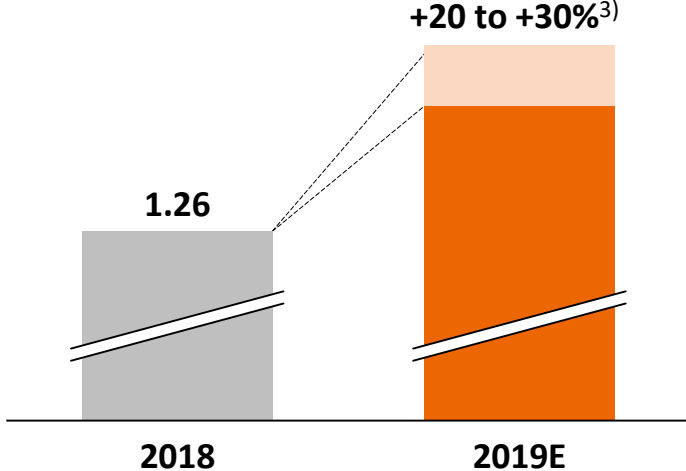
Comparable revenue growth<sup>1)</sup>



Adj. profit margin<sup>2)</sup>



Earnings per share (in €)



1) Comparable growth excluding currency translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

3) The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019



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