



# Siemens Healthineers Teach-in call for analysts and investors

Bernd Montag, Siemens Healthineers CEO  
Erlangen, May 15, 2017

# Notes and forward looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Agenda

## SIEMENS Healthineers

A global leader in Healthcare ...

Who we are today

... uniquely positioned in  
an attractive yet transforming  
market ...

Where we go

... with clear strategic priorities  
and execution levers

How we will win

# A global leader in Healthcare



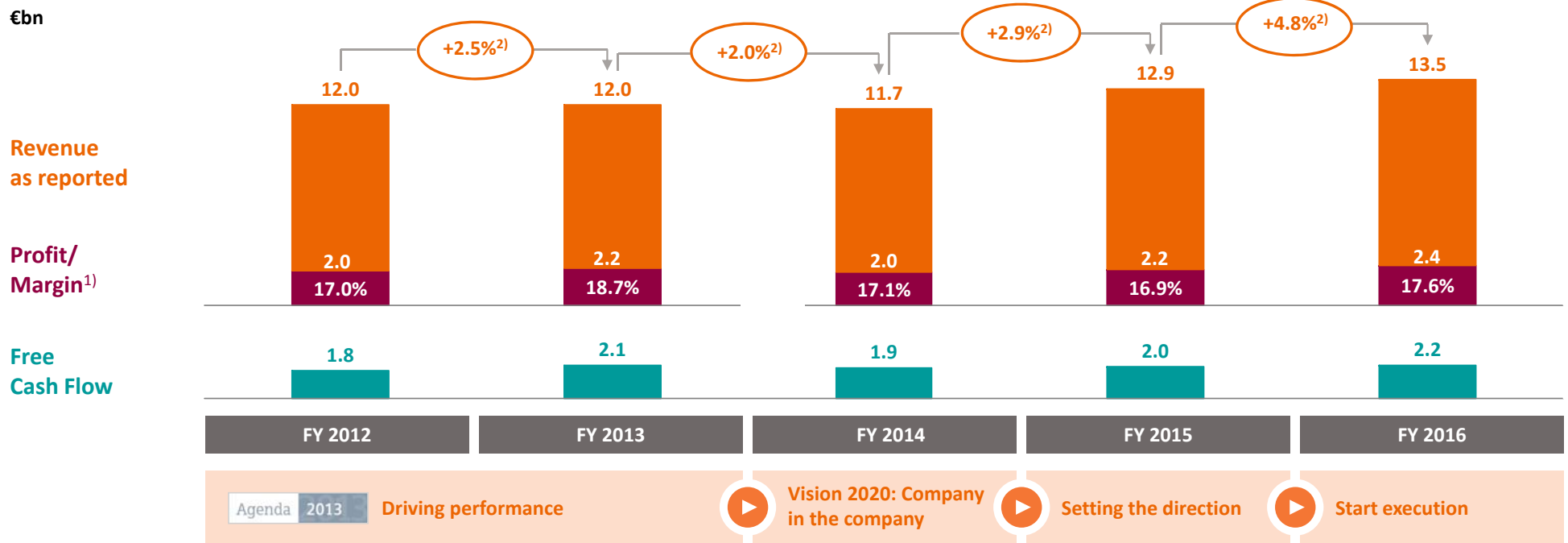
1) FY 2016

3) Profit margin in FY 2016 excl. severance charges

2) FY 2014 – FY 2016 CAGR comparable (portfolio and FX)

4) AdvaMedDX, "A Policy Primer on Diagnostics", June 2011, p. 3

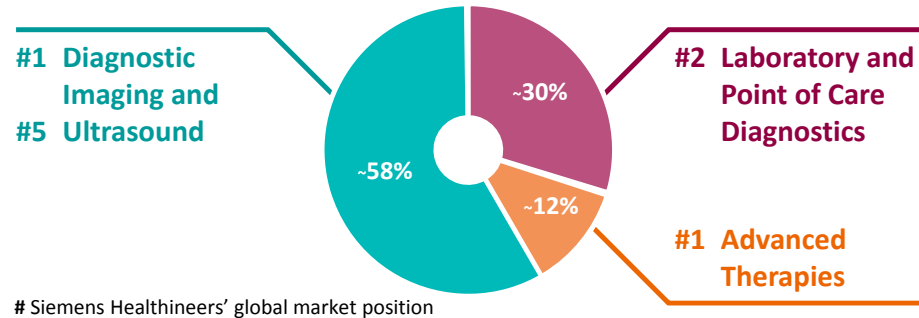
# Continuously delivering attractive margins and growth ... while transforming for the future



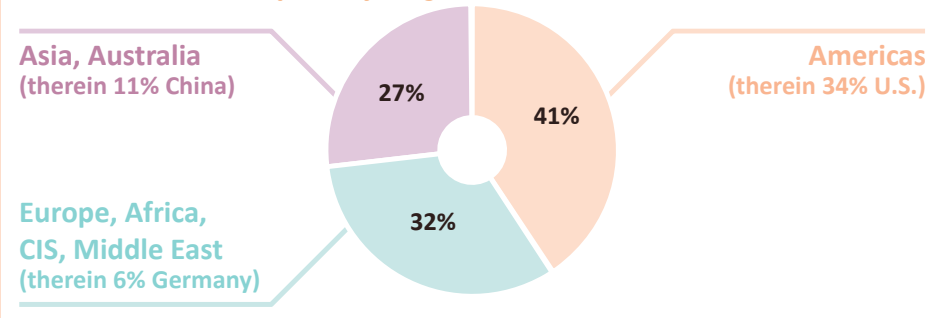
Note: All data excl. Health Services and Audiology  
 1) Profit excl. severance charges and other one-time effects  
 2) Change % vs. PY comparable (portfolio and FX)

# Leading market positions and balanced geographical presence with 55% recurring business

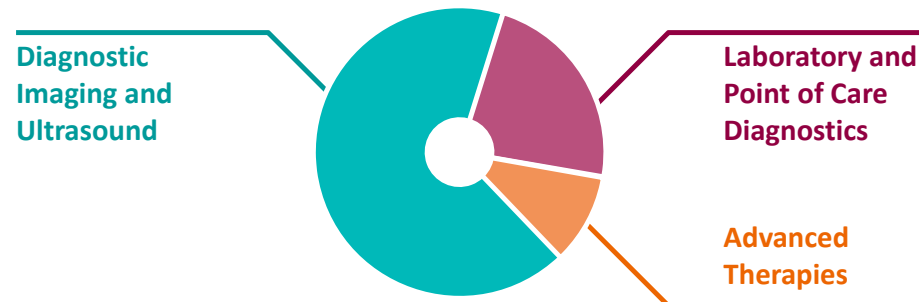
## 2016 Revenue €13.5bn



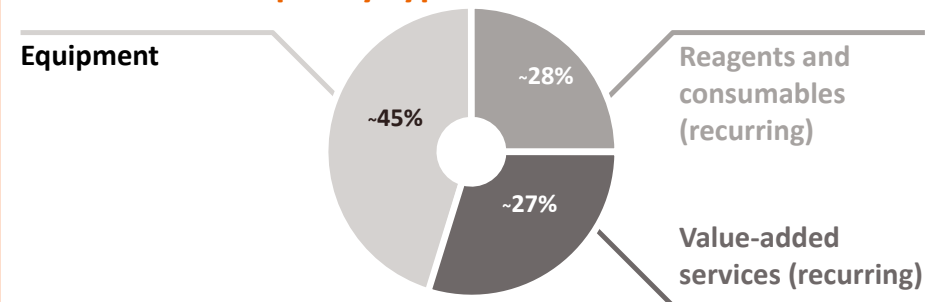
## 2016 Revenue split by region



## 2016 Profit €2.4bn (profit margin 17.6%<sup>1)</sup>)



## 2016 Revenue split by type



Note: Revenue and profit split not indicative of potential future segment reporting  
1) Profit margin excl. severance charges

# Engineering Success with broad and deep portfolio

## Diagnostic Imaging

Market leader in diagnostic imaging

### Key offerings

- Computed Tomography
- Magnetic Resonance
- Molecular Imaging
- X-Ray
- Mammography Systems
- syngo Software

### Clinical specialties

- Radiology
- Nuclear Medicine



## Ultrasound

Versatility and functionality across clinical questions

### Key offerings

- Cart-based Systems
- Compact Systems
- Catheters

### Clinical specialties

- General Imaging
- Cardiology
- Cardiac Surgery
- Point of Care



## Advanced Therapies

Empowering innovative therapy concepts

### Key offerings

- Angio Suites
- Cathlabs
- (Robotic) C-Arms
- Imaging Solutions for Therapy

### Clinical specialties

- Interventional Radiology
- Cardiology
- Radiotherapy
- Surgery



## Laboratory Diagnostics

Delivering clinical and workflow excellence

### Key offerings

- Instruments, reagents and consumables
- Automation and IT Systems
- Consulting and Project Mgmt.

### Clinical specialties

- Laboratory Diagnostics
- Molecular Diagnostics



## Point of Care Diagnostics

Lab-accurate, actionable and timely results at point of care

### Key offerings

- Chronic Disease Urinalysis, Diabetes, Coagulation
- Critical Care Blood Gas, Cardiac
- POC informatics

### Clinical specialties

- Cardiology
- Critical Care
- Diabetology
- Urology



## Value-added services



Transformative services to maximize opportunities and minimize risks

### Customer Services

- Product-related Services
- Remote Services
- Education and Skills Management

### Enterprise Services

- Asset Management and MES
- Transformation and Advisory Services
- Managed Departmental Services
- Staffing and Capacity Solutions

### Digital Health Services






- Population Health Management
- Digital Ecosystem
- Teleradiology Services
- Imaging IT

Note: The products displayed in the pictures are not commercially available in all countries. Due to regulatory reasons, their future availability cannot be guaranteed.

Bernd Montag, Siemens Healthineers CEO

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# Imaging with strong portfolio and market position – Lab Diagnostics and Ultrasound with upside

	Market Position	Strategy	Priorities
Value-added services	<b>Diagnostics Imaging</b> 	<b>1</b> Expand market and innovation leadership	<ul style="list-style-type: none"> <li>• Capitalize on recent product launches</li> <li>• Outstanding innovation pipeline</li> <li>• Clinical decision support, artificial intelligence applications and fleet management (Digital Ecosystem)</li> </ul>
	<b>Ultrasound</b> 	<b>5</b> Increase portfolio and sales focus	<ul style="list-style-type: none"> <li>• Become a market leader in Cardiology and General Imaging</li> <li>• Introduce NextGen “best-in-class” technology platforms</li> <li>• Enhance Go-to-market and drive operational excellence</li> </ul>
	<b>Advanced Therapies</b> 	<b>1</b> Grow rapidly into therapy	<ul style="list-style-type: none"> <li>• Drive integration of imaging systems and therapy</li> <li>• Grow partnership network</li> </ul>
	<b>Laboratory Diagnostics</b> 	<b>2</b> Gain lead in lab diagnostics	<ul style="list-style-type: none"> <li>• Roll out of game-changing Atellica™ solution</li> <li>• Expand global reagent manufacturing</li> </ul>
	<b>PoC Diagnostics</b> 	<b>2</b> Grow market share in near patient IVD	<ul style="list-style-type: none"> <li>• End to end strategy with Lab Diagnostics in acute care and chronic diseases</li> <li>• PoC ecosystem providing connectivity and control throughout networks</li> </ul>



# Ultrasound: Turnaround on track – Aspiration to become a leader in Cardiology and General Imaging

## Innovations and products

- + Significant future product platform projects on track
- + Several product releases completed addressing portfolio gaps and performance issues
- + Further improving our leading ICE-catheter portfolio
- + Joint R&D projects with Advanced Therapies (e.g. for cardiac interventions)

## Sales Channels

- + Systematic improvement of go-to-market in all regions
- ! Sales channels in China in revamping phase

## Business Fundamentals

- + Reduced complexity and significant improvements in process and product quality
- + New leadership and management with relevant industry expertise

# €46bn+ Siemens Healthineers core market is fundamentally attractive with high growth potential

## Strong drivers in place for sustained above GDP growth

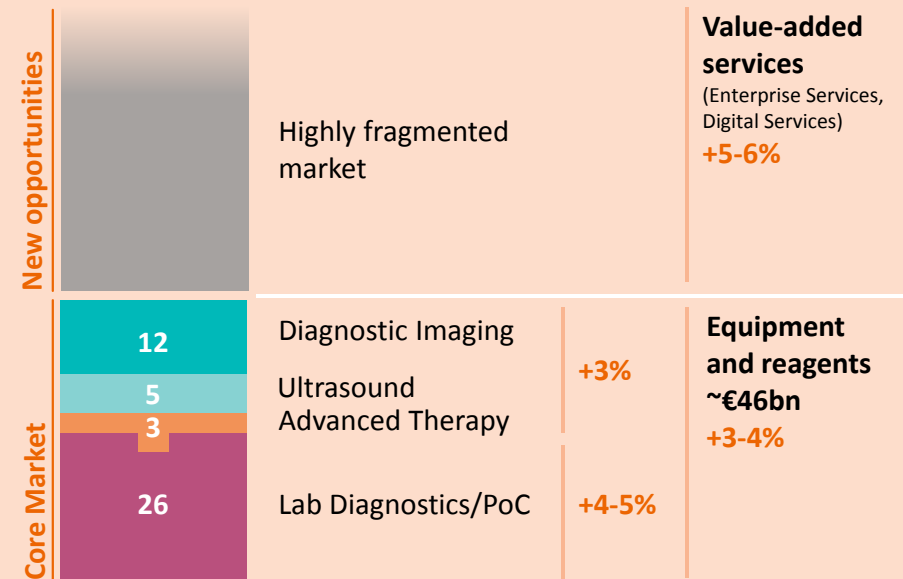
- Ageing demographics and population growth
- Growing access in emerging markets
- Increase in chronic diseases
- Strong resilience to economic cycles

## High entry hurdles

- Deep integration in providers' clinical workflows and large installed base
- High R&D investment coupled with large IP base
- Global presence providing market access, scale and cost effectiveness
- Tight regulatory framework

## Healthineers market 2016 (€bn)

## CAGR 2016 – 2021<sup>1)</sup>



1) Current internal estimates

# Transformation of healthcare is just at the beginning ... and we are uniquely positioned

## Healthcare system

Global need to reshape healthcare ...

### To

- Value-based incentives
- Consumer

### From

- Volume-based incentives
- Patient

## Healthcare providers

... leads to provider transformation ...

### To

- Consolidated
- Industrialized
- Managing health

### From

- Fragmented
- Experience-based
- Treating disease

## SIEMENS Healthineers

... enabled by Siemens Healthineers

### To

- Solving provider wide challenges
- Optimizing departments

### From

- Product focus

Healthcare  
is transforming

Providers carry ~50% of global  
healthcare cost and must transform  
for better outcomes at lower cost

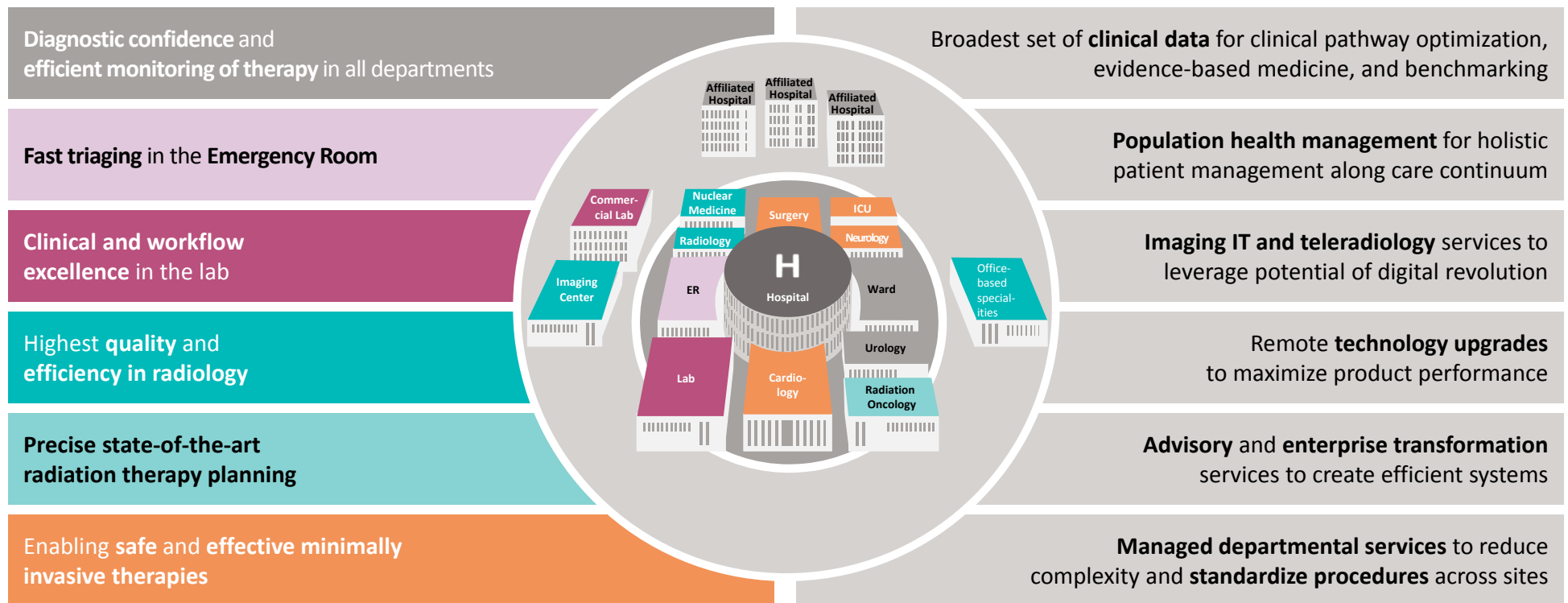
Our portfolio uniquely solves  
providers departmental and  
system-wide challenges

# Siemens Healthineers portfolio uniquely addresses providers departmental and system-wide challenges



## Optimizing departments

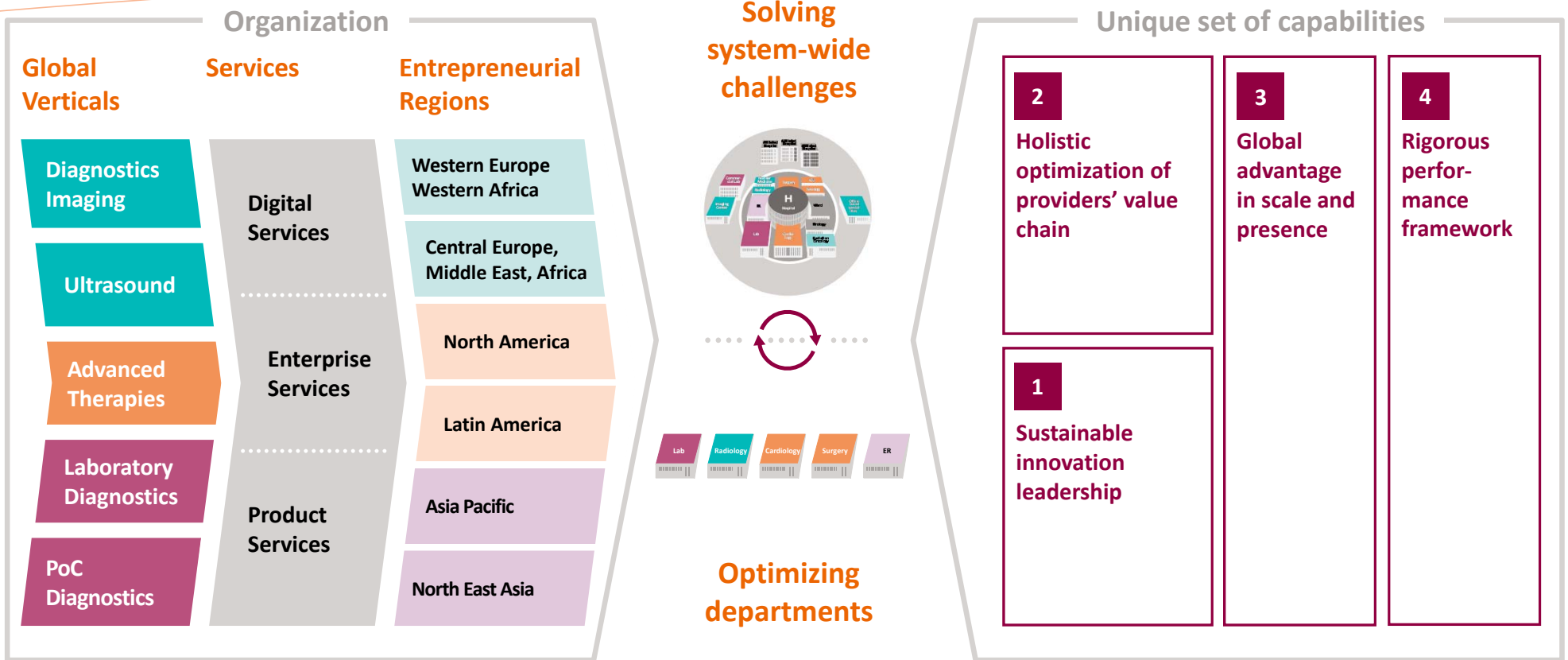
## Solving system-wide challenges



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# Siemens Healthineers with market driven organization and unique capabilities to enable transformation



# 1 Sustainable innovation leadership backed by strong capabilities and outstanding pipeline

## Sustainable innovation capabilities

- R&D spending of >€1bn in FY16; 7,500 R&D employees
- Strong and growing IP base
- Partnerships with all of 15 Best US Hospitals<sup>1)</sup>
- >4,200 research collaborations

## Track record of industry firsts – Examples

- Whole body and open bore MRI
- Dual source CT
- Cinematic rendering
- Bi-directional magnetic sample transport

## Recent launches – Examples

**SOMATOM go.now**  
New standards in performance and TCO in CT



**ARTIS Pheno**  
Next generation Imaging in the OR



**Atellica™ solution**  
Control. Simplicity. Better Outcomes.



## Future Technologies

- Artificial Intelligence
- Robotic surgery assistance
- Novel detector technologies
- Low cost MR technology
- Advanced automation solutions
- ...

1) U.S. News and World Report

# 1 Example innovation leadership – Atellica™ solution setting new standards in Lab Diagnostics



Addresses largest, fast growing market segment in Lab Diagnostics

### Control

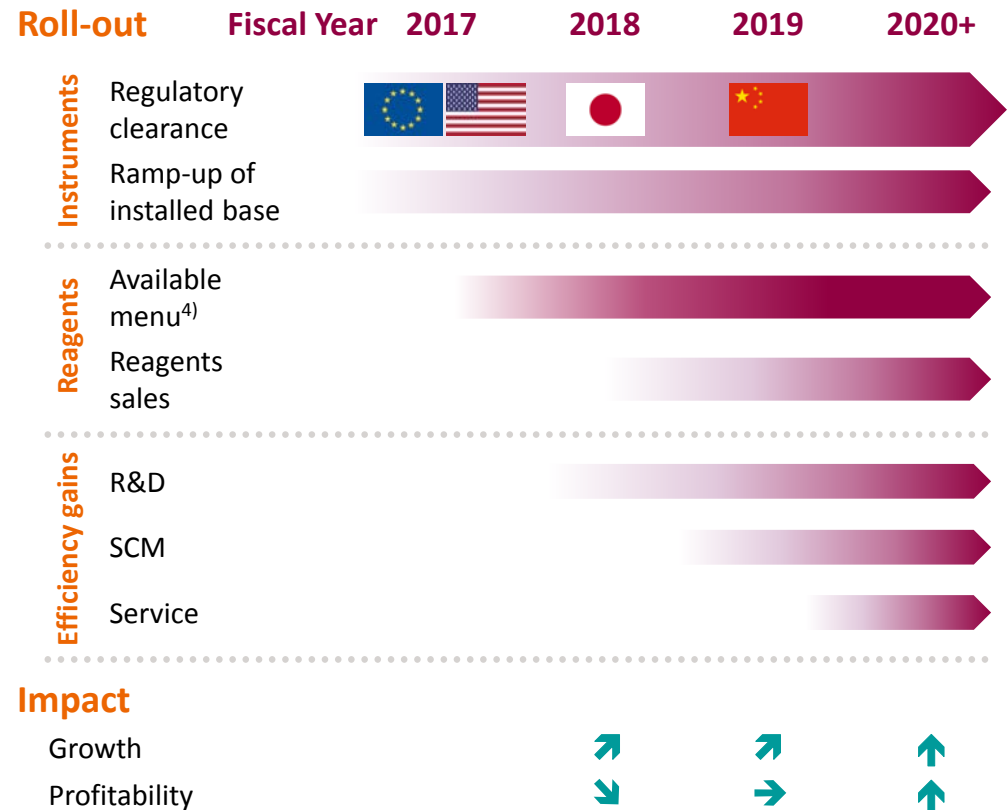
- Bi-directional magnetic sample transport<sup>1)</sup>
- 10x faster than conventional conveyors

### Simplicity

- Scalable with >300 customizable configurations
- Comprehensive assay menu at launch and more to come

### Better outcomes

- Industry's highest immunoassay productivity per sqm<sup>2)</sup>
- Automates workflow (e.g. redefining integrated STAT<sup>3)</sup>)



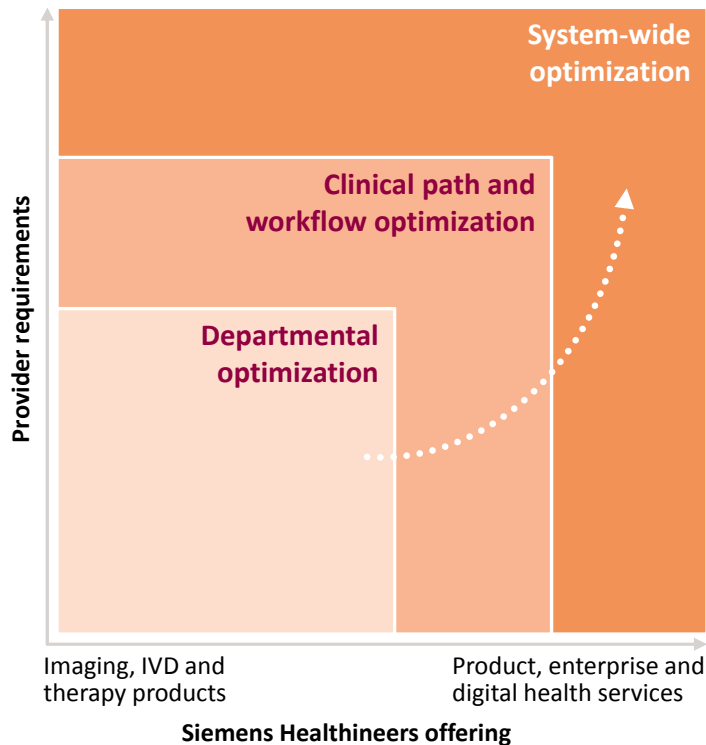
1) Products are under development. Not available for sale. Any features listed are part of the development design goals. Future availability cannot be guaranteed.

2) Versus leading IVD market competitors

3) Short Turn-Around Time

4) Launch menu differs by country

## 2 Our portfolio empowers the growing needs of providers in system-wide optimization



### Joint development of stroke unit



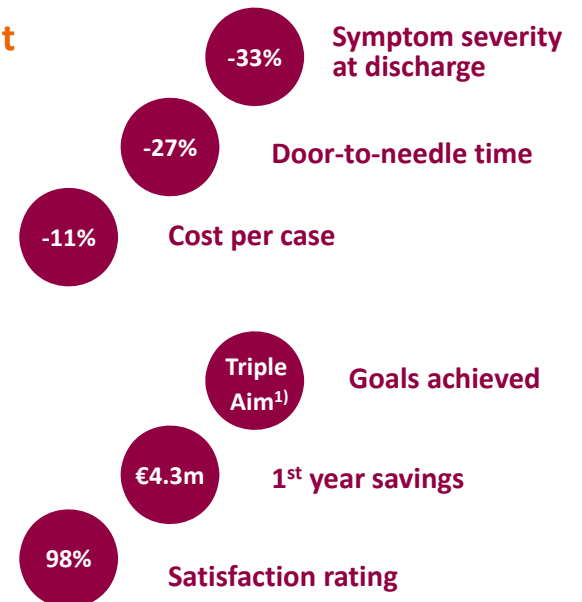
**Products:** Imaging and lab diagnostic

**Services:** Stroke site construction, optimization of clinical processes, fleet optimization

### Innovative holistic partnership



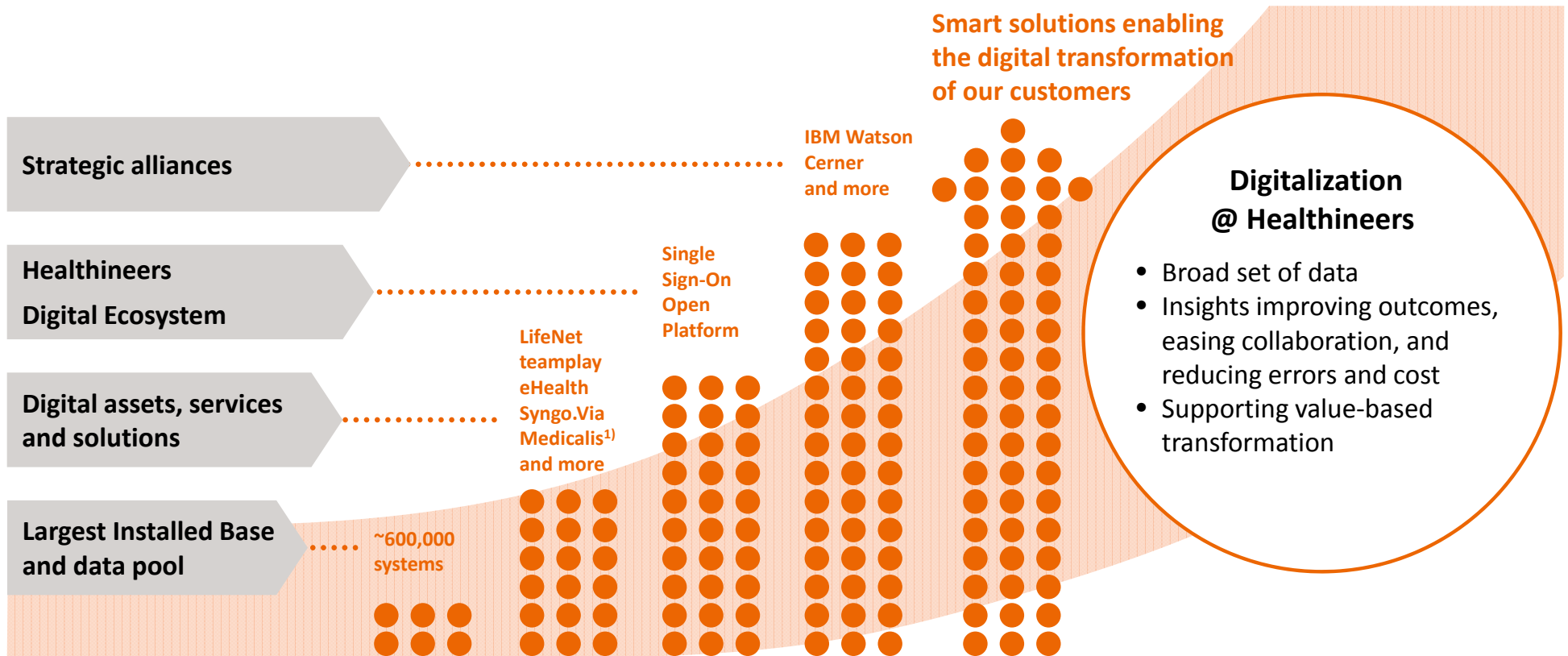
**Services:** Upgrade and manage 190 vendor neutral imaging equipment items, room renovations and clinical training worth **€110 million for contract life of 15 years**



1) Triple Aim: Improving the patient experience of care (including quality and satisfaction), improving the health of populations and reducing the per capita cost of health care.

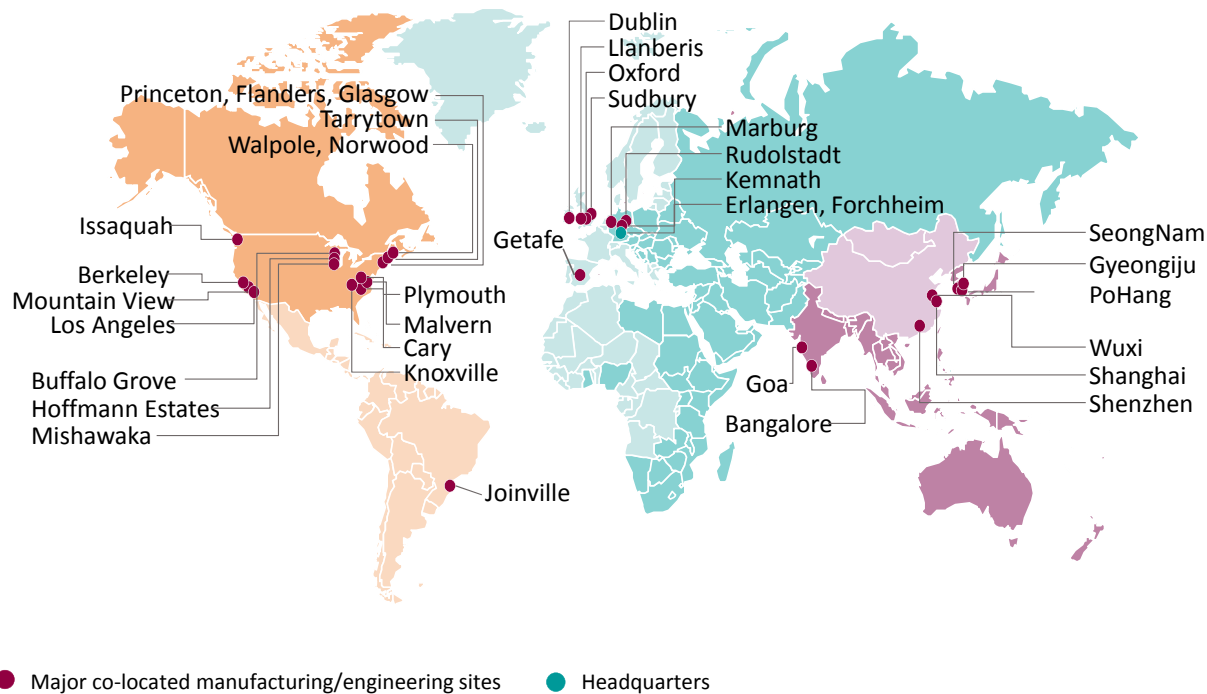


## 2 Siemens Healthineers leads digitalization with unique capabilities and a strong foundation



1) Announcement of acquisition of Medicalis April 2017, closing expected for Q3 FY2017

# 3 Integrated global value chain and comprehensive worldwide customer relations



## Global advantage

### Efficient Manufacturing and R&D network

- Access to cutting edge technologies enables rapid innovation
- Access to low cost R&D, manufacturing and sourcing enables leading cost position

### Comprehensive customer management

- Extensive access to C-level
- Deepest and broadest understanding of providers' challenges

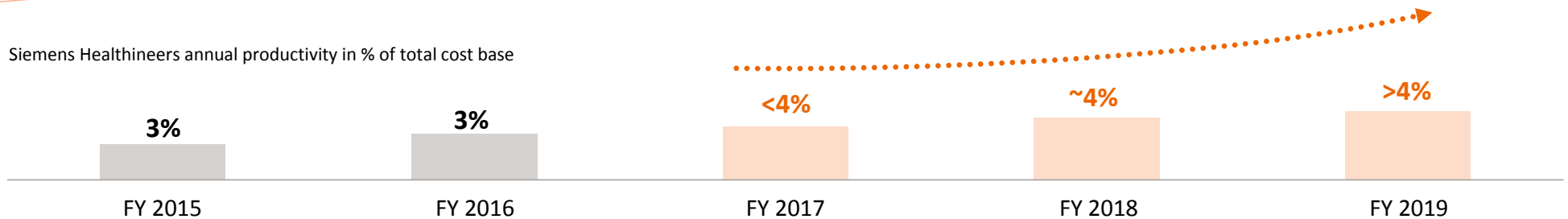
### Worldwide best practices

- >4,200 research collaborations

# 4 Performance framework to achieve €1.5bn productivity (FY17-19) and foster continuous improvement culture



Siemens Healthineers annual productivity in % of total cost base



## Productivity Acceleration Initiative (PAI)

- **COGS:** Analytics based sourcing and cost-value engineering initiative
- **R&D:** Design-to-cost/ manufacturability levers
- **Go-to-market:** Optimizing sales setup (direct vs. indirect channels)
- End-to-end process improvement including **function optimization**
- Roll out of one **integrated global ERP system**



## Pricing excellence project

## Healthineers performance system (HPS) – foster performance culture and agility

- **Execution:** Hoshin Kanri strategy deployment
- **Lean:** Broad adoption of agile methodologies and lean tools to drive speed & efficiency
- **People:** Advanced leadership practices tailored for the needs of the future
- **Outcome:** Rigorously drive continuous improvement and business performance with productivity >4% p.a.

# Our strategic priorities and execution levers drive profitable growth and stringent capital allocation

## Top line growth

### Fundamental growth in existing businesses

Expand market and innovation leadership in Diagnostic Imaging  
Significantly deepen partnership level with top 20% of accounts by 2020

### Market share gains in existing businesses

Drive integration of imaging systems and therapy  
Above market growth in Lab Diagnostics by fully capitalizing on Atellica™ solution market opportunity  
Market leadership: Achieve above market growth in China  
Achieve market leading positions in Cardiology and General Imaging in Ultrasound

### New opportunities from transformation

Accelerate growth in enterprise services: >60 Managed Equipment Service (MES) deals globally by FY21  
Expand digital ecosystem and population health offering: Connect 3,500 healthcare providers by FY18  
New business revenue growth >10% YoY from Enterprise and Digital Services

## Margin expansion

### Gross Profit margin

Global footprint optimization

### Operational levers COGS and SG&A

Execute on productivity acceleration initiative (PAI – Contribute €1.5bn productivity FY2017 – 19)  
Systematically implement Healthineers Performance System (HPS – Sustainable >4% productivity p.a.)

# Siemens Healthineers is uniquely positioned to win



## SIEMENS Healthineers

A global leader in Healthcare ...

... uniquely positioned  
in an attractive yet  
transforming market ...

... with clear  
strategic priorities  
and execution levers

**Who we are today**



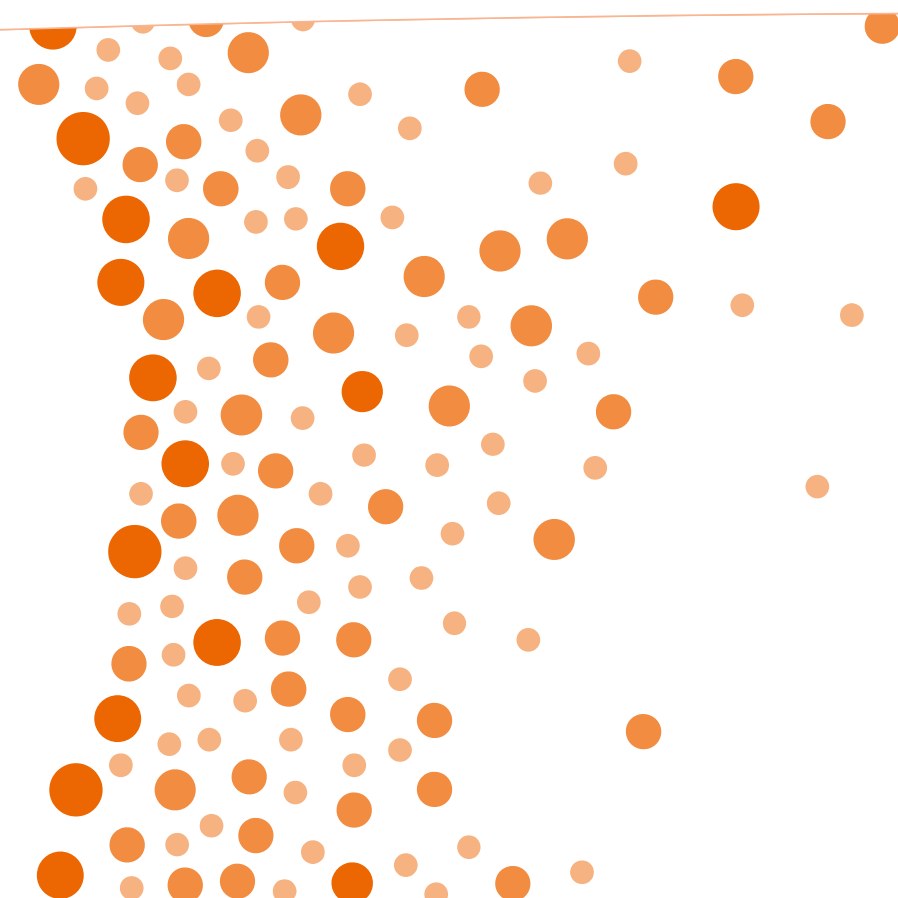
**Where we go**



**How we will win**

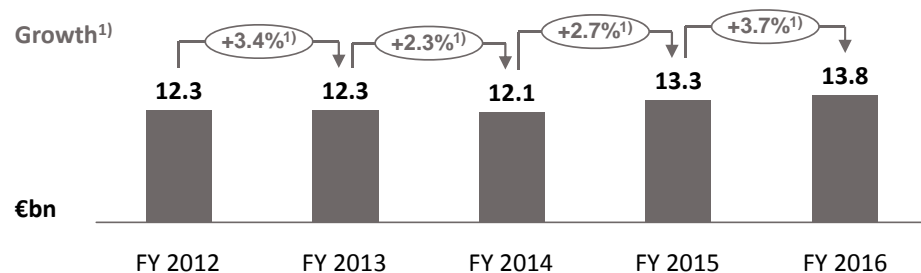


# Appendix

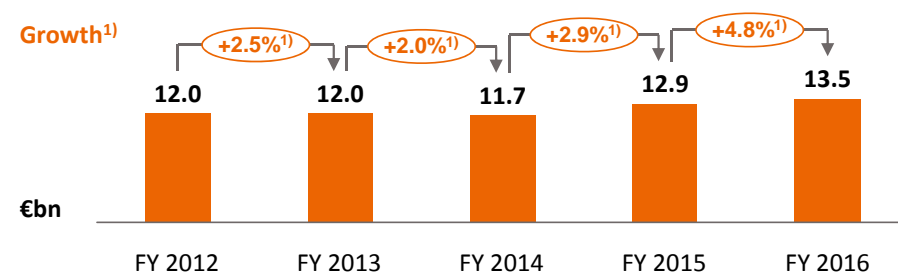


# At a glance – Main Healthineers KPI's

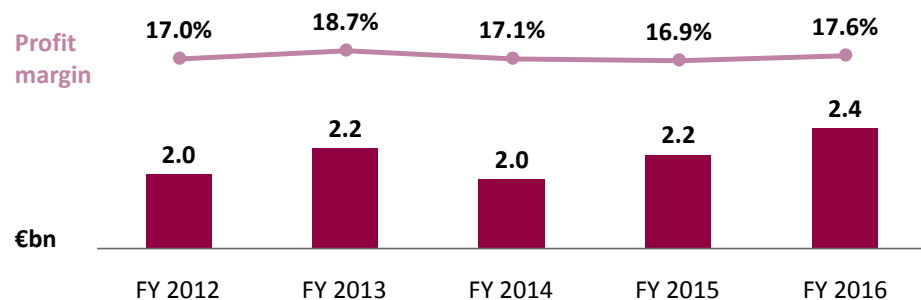
## Orders



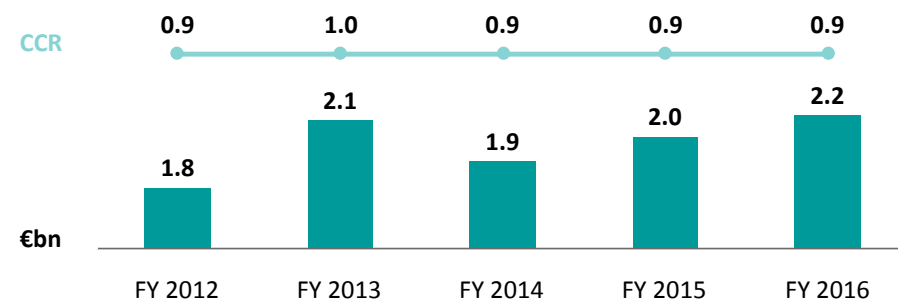
## Revenue



## Profit<sup>2)</sup>



## Free Cash Flow



Note: All data excl. Health Services and Audiology

1) Change % vs. PY comparable (portfolio and FX)

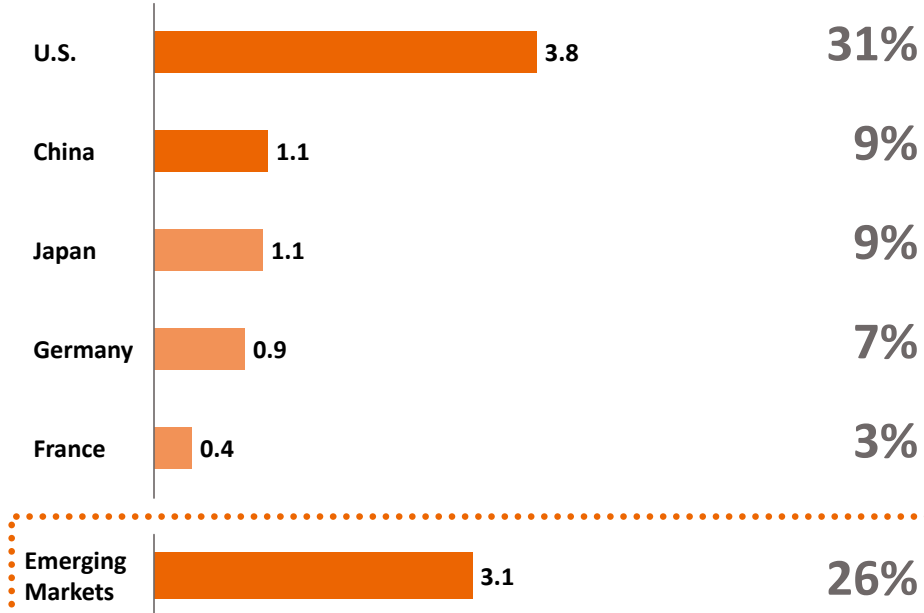
2) Profit excl. severance charges and other one-time effects

# U.S. and China our biggest revenue contributors

## Revenue split

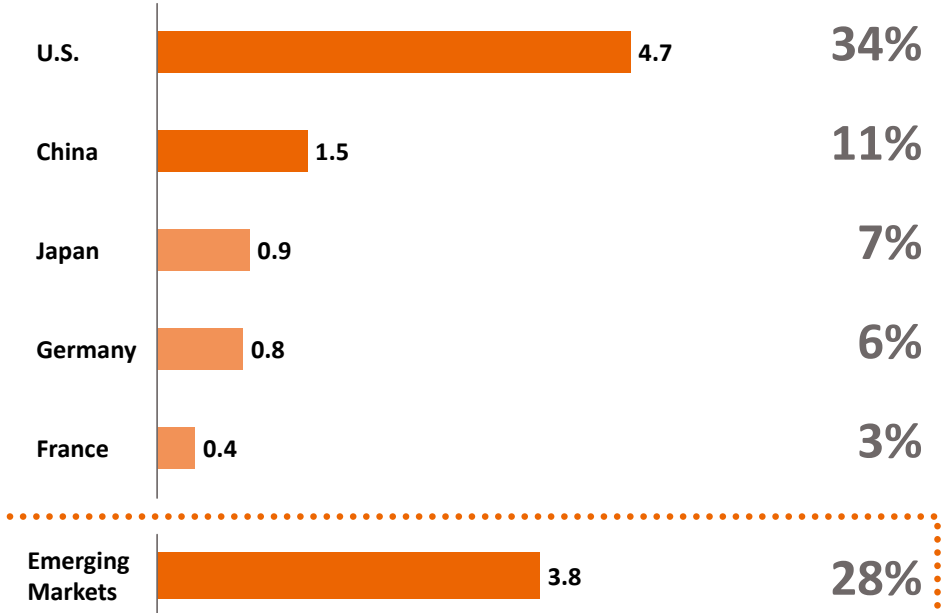
### FY 2012

€bn/in % of total revenue



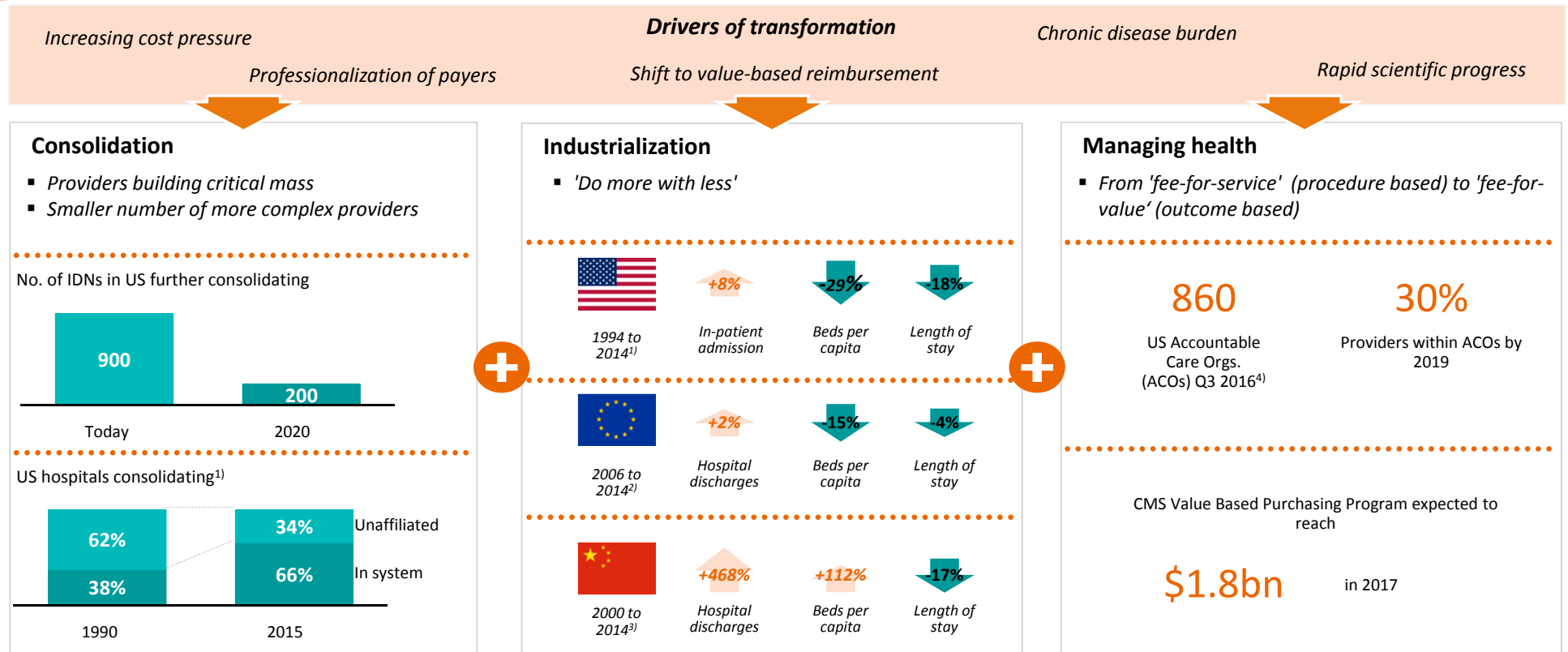
### FY 2016

€bn/in % of total revenue





# Global market is transforming – healthcare providers under pressure for better outcomes at lower cost



Source: AHA hospital statistics

Abbreviations: ACO = Accountable Care Organization | CMS = Centers of Medicare & Medicaid Services | IDN = Integrated Delivery Network

1) American Hospital Association 2) Eurostat (includes only Germany, France, Italy, UK, Sweden, and Norway) 3) OECD

Bernd Montag, Siemens Healthineers CEO

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Now's our time  
to inspire  
**the future**  
of healthcare

Engineering success.  
Pioneering healthcare.  
Together.