



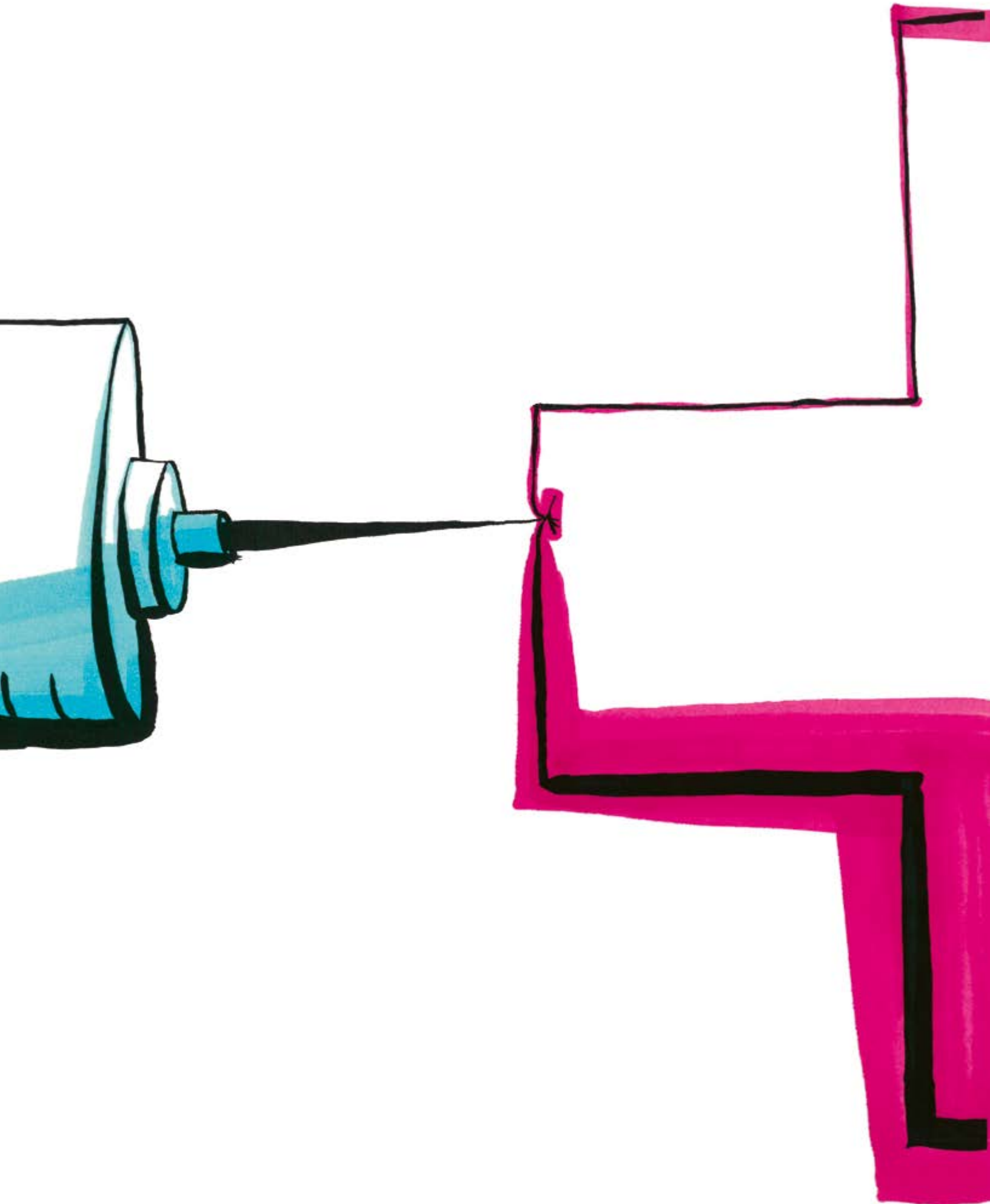
**Dr. Jochen Schmitz**  
CFO  
Siemens Healthineers

# Increasing (Shareholder) Value in a Transforming Healthcare Market

The healthcare market is highly attractive, dynamic and innovative.

The demographic change, a growing population as well as an increasing amount of people having access to healthcare are trends MedTech companies like Siemens Healthineers are benefitting from. On the other side, healthcare providers – our customers – are challenged with rising cost pressure and forced to consolidate as governments and insurers are changing financial incentive systems to transform healthcare delivery from volume to value.

On top, the increasing use of digital solutions and Artificial Intelligence in clinical workflows are starting to change the way how healthcare is delivered.



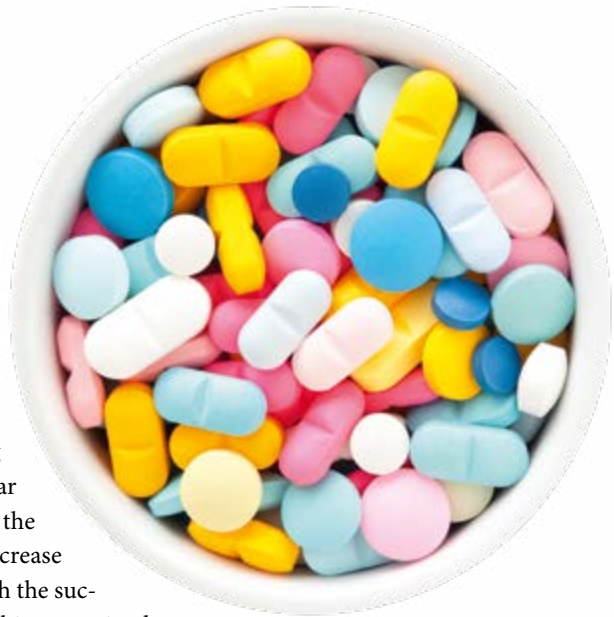
All these factors provide tremendous opportunities for Siemens Healthineers – but they also bear huge risks in case fundamental (technological) trends are missed. With our medical imaging, image-guided therapy and diagnostics businesses, we have been among the leading MedTech companies worldwide for years, and it is our clear goal to expand our position. But against the backdrop of the changing healthcare environment, there is the need to increase adaptability. Only the companies that adapt will survive. With the successful initial public offering in March 2018, Siemens Healthineers gained the entrepreneurial flexibility which is necessary to be focused and to capture the opportunities in a changing healthcare market.

That flexibility comes with new tasks, such as additional reporting requirements and a constant dialogue with investors who expect a return on their investment. But should we put the investors in the sole focus of our actions? While I do think that investors are indeed a very crucial stakeholder group for a listed company, I also think that it would be too narrow to focus only on shareholders and shareholder value, and that we must broaden the view to other stakeholders as well, such as customers, employees and patients. All these groups depend on each other, and the way they interact is crucial for success – especially in an innovative ecosystem such as healthcare.

In healthcare, innovation is the main business driver. Our products help providers worldwide to improve outcomes, i.e. the quality of a diagnosis and treatment, at lower costs. Siemens Healthineers invests very significant resources to achieve this goal. We spent more than 1.3 billion euros on research and development in the past fiscal year. That is more than nine percent of our annual revenue. Our employees are looking to constantly improve our products in close alignment and for the benefit of our customers. We are collaborating with the vast majority of leading healthcare providers to drive our innovation pipeline and to get access to clinical data for clinical AI-applications. We are the innovation leader in most of the fields we are active in. Let me give you two examples.

Siemens Healthineers has recently introduced a new feature for Computed Tomography scanners which puts the precision of CT scans on a new level. With the help of a regular 3D camera using Artificial Intelligence and deep learning technology, the scanner automatically facilitates precise and consistent isocentric positioning of patients and reduces unwarranted variations. That term describes that examination results can vary due to different user skill levels or the physiological characteristics of each individual patient. The use of our AI-powered technology minimizes unwarranted variations and avoids scan repeats, making diagnostics more precise and less costly.

The second example comes from the field of laboratory diagnostics, in which a lot of time and money can be saved by increasing automation. Our new modular Atellica Solution platform features a patented bi-directional magnetic sample



*IF WE DO NOT INVEST  
IN OUR EMPLOYEES,  
WE RUN INTO THE RISK  
OF LOSING THE  
BRIGHTEST MINDS TO  
THE COMPETITION.*

transport technology that speeds up sample processing and contributes to the instruments' ability to analyze urgent and routine tests on the same system without interrupting the overall sample throughput. This is a real gamechanger for customers as labs have been using dedicated systems, staff or even special labs to meet the stringent turnaround time requirements for urgent tests. And as a highly flexible modular platform, Atellica Solution also enables an efficient use of space within the lab with high quality and throughput.

The message from these examples is simple. Customers demand continuous improvement of our products as they need to counter rising costs and budget constraints. For them, better outcomes at lower costs simply means: "Do more with less", and as their partner of choice, it is up to us to deliver on that challenge. Technology plays a critical role to address that challenge, and that is where our employees come into play, as well as all the academic institutions that

Siemens Healthineers cooperates with around the globe and which also represent a stakeholder group for us as customers. Without a highly skilled workforce and strong research partnerships, Siemens Healthineers would not be able to address the customers' needs.

If we do not invest in our employees, we run into the risk of losing the brightest minds to the competition. If we do not invest in innovation, we will lose important partnerships in the academic arena and damage our ability to remain innovation leader.

The good news is: All these investments, if done right, will significantly improve the patient experience, enhance precision medicine and transform the delivery of care by using the power of new technologies like digitalization and AI. And ultimately, this will drive profitable growth and value creation. Only if we create value for all stakeholders, we can at the same time create significant shareholder value. ■

