Prospectus dated March 5, 2018

Prospectus

for the public offering

of

130,434,783 existing ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*)
from the holdings of the Selling Shareholder

and of

19,565,217 existing ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*)
from the holdings of the Selling Shareholder in connection with a possible over-allotment

and at the same time for the

admission to trading on the regulated market (*regulierter Markt*)
of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the
sub-segment of the regulated market with additional post -admission obligations (Prime Standard) of
the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

1,000,000,000 existing ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*)
(existing share capital), each such share with a notional value of €1.00 and full dividend rights since
December 12, 2017

of

Siemens Healthineers AG

Munich, Germany

Price Range: €26.00 – €31.00

International Securities Identification Number (ISIN): DE000SHL1006
German Securities Code (*Wertpapierkennnummer)* (WKN): SHL 100
Common Code: 178851705
Ticker Symbol: SHL

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank **Goldman Sachs International** **J.P. Morgan**

Joint Bookrunners

BNP PARIBAS **BofA Merrill Lynch** **Citigroup** **UBS Investment Bank**

Co-Lead Managers

Berenberg **COMMERZBANK** **HSBC**

Jefferies **Nordea** **RBC Capital Markets** **UniCredit Bank AG**

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SUMMARY

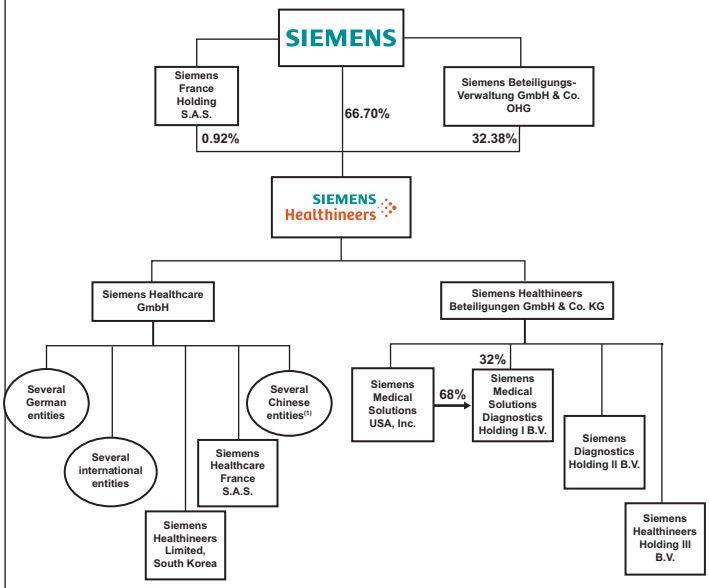
*Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A–E (A.1–E.7). This summary (the "**Summary**") contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of "not applicable".*

Section A—Introduction and Warnings		
A.1	**Warnings.**	This Summary should be read as an introduction to the prospectus and any supplement thereto (the "**Prospectus**"). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (the "**Member States**"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Siemens Healthineers AG, Munich, Germany, (the "**Company**" and (i) together with its direct and indirect subsidiaries after completion of the carve-out and corporate reorganization process and (ii) the combined group of companies and entities comprising the healthcare business of Siemens AG and its consolidated subsidiaries prior to completion of the carve-out and corporate reorganization process, the "**Group**", "**Siemens Healthineers**", "**we**", "**us**", "**our**"), along with Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany ("**Deutsche Bank**"), Goldman Sachs International, London, United Kingdom ("**Goldman Sachs**") and J.P. Morgan Securities plc, London, United Kingdom ("**J.P. Morgan**" and, together with Deutsche Bank and Goldman Sachs, the "**Joint Global Coordinators**"), BNP Paribas, Paris, France ("**BNP PARIBAS**"), Merrill Lynch International, London, United Kingdom ("**BofA Merrill Lynch**"), Citigroup Global Markets Limited, London, United Kingdom ("**Citigroup**") and UBS Limited, London, United Kingdom ("**UBS Investment Bank**" and, together with BNP PARIBAS, BofA Merrill Lynch, Citigroup and the Joint Global Coordinators, the "**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**"), COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany ("**COMMERZBANK**"), Jefferies International Limited, London, United Kingdom ("**Jefferies**"), HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany ("**HSBC**"), Nordea Bank AB (publ), Stockholm, Sweden ("**Nordea**"), RBC Europe Limited, London, United Kingdom ("**RBC**") and UniCredit Bank AG, Munich, Germany ("**UniCredit**" and, together with Berenberg, COMMERZBANK, Jefferies, HSBC, Nordea and RBC, the "**Co-Lead Managers**" and, the Co-Lead Managers together with the Joint Bookrunners, the "**Underwriters**"), assume responsibility for the content of this Summary, including its German translation, in accordance with Section 5(2b) No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Those persons who are

		responsible for the Summary, including possible translations thereof, or for the issuing (*Veranlassung*), can be held liable but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or if it does not provide, when read together with the other parts of the Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the Prospectus.**	Not applicable. Consent of the Company regarding the use of the Prospectus for a subsequent resale or final placement of the Company's shares by financial intermediaries has not been granted.

Section B—Issuer		
B.1	**Legal and commercial name.**	The legal name of the Company is Siemens Healthineers AG. The Company and the Group operate under the commercial name "Siemens Healthineers". In addition, some of the Company's subsidiaries use other commercial names reflecting other important Group brands.
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation.**	The Company has its registered seat in Munich, Germany, and is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 237558. The Company is a German stock corporation (*Aktiengesellschaft*) incorporated in Germany and governed by German law.
B.3	**Current operations and principal business activities and principal markets in which the issuer competes.**	We believe we are a global provider of healthcare solutions and services with unique presence and scale in an attractive market. With our three leading businesses and holistic system competence, we develop, manufacture and distribute a diverse range of market-leading and innovative imaging, advanced therapies and diagnostic products and services to healthcare providers around the world. We have a direct presence in 75 countries and sales in more than 180 countries. This global scale has effectively positioned us to partner with more than 90% of the global top 100 healthcare providers. We estimate that over 70% of critical clinical decisions are influenced by technologies we provide, putting us at the center of clinical decision-making and positioning us to enable the transformation of healthcare delivery across the continuum of care. Rapid technological progress and evolving healthcare payment and delivery models are driving significant changes in the global healthcare industry. These and other market trends, such as an increasing prevalence of chronic disease among growing and ageing populations, increasing demand for access to care, particularly in emerging markets and a shift toward outcome-oriented healthcare compensation models, are changing the global healthcare system and requiring healthcare providers to rethink their business models. The transformation of the healthcare industry is challenging healthcare providers to standardize care while improving quality, extend clinical capabilities while improving efficiency and reduce risk and maintain compliance while improving profitability. As a result, our long-term strategy to capture the opportunities of this transformation is focused on five strategic areas: (i) digital, data and artificial intelligence, (ii) technology-enabled services, (iii) precision medicine, (iv) the therapy of tomorrow and (v) the patient journey steward.

		New technologies, including digitalization and artificial intelligence, are likely to be key drivers of and solutions for the transformation of the healthcare industry. We believe we are an innovation and technology leader and that our portfolio of products and services is critical to our customers' ability to successfully navigate this industry transformation. Our products are installed in a wide range of settings, from the most advanced research centers, operating theatres and diagnostic laboratories to local point of care centers and diagnostic and treatment facilities open to single patients. As of September 30, 2017, we had an installed base of approximately 600,000 active systems, which translates into approximately 240,000 patient touch points every hour. We leverage our installed base by selling reagents and other consumables repeatedly used by our products and by offering a diverse range of value-added services to support our customers. In the fiscal year ended September 30, 2017, we generated 44% of our revenue from the sale of equipment, 28% from the sale of reagents and consumables and 29% from the sale of services. Our business operations are divided into three operating segments: Imaging, Advanced Therapies and Diagnostics. Our Imaging segment is a leading global provider of diagnostic imaging and ultrasound products and services. According to our own estimate, our Advanced Therapies segment is a global leader in the production of highly-integrated products, solutions and services across multiple clinical fields, which we provide to the therapy departments of healthcare providers; and we believe our Diagnostics segment is a leading global provider of diagnostic products and services in laboratory, point of care and molecular diagnostics. Due to the cutting-edge nature of many of our products, our track record in innovation and our focus on data integration and artificial intelligence, we are evolving from being purely a supplier of advanced products and services to being a data-rich enabler of precision medicine, efficient care delivery and improved therapeutic outcomes. The Company believes that the following factors are driving its success and will continue to set it apart from competitors in the future: • Global healthcare leader with unique scale in a highly attractive market • Leading imaging business positioned for continued growth and value creation • Rising to new performance levels with game-changing laboratory diagnostics platform • Proven innovator shaping the transformation of healthcare, accelerated by digitalization and artificial intelligence • Accelerating growth and high recurring revenue combined with structural and continuous margin expansion • Strong and fully committed management team
B.4a	**Most significant recent trends affecting the issuer and the industries in which it operates.**	We believe that our markets are characterized by several fundamental trends: • Population growth and ageing demographics: Our business is driven by various demographic trends, including the

		growing and ageing global population. This increase poses major challenges to the global healthcare systems and, at the same time, opportunities for us, as the demand for cost efficient healthcare solutions is intensifying. • Expansion of healthcare in emerging markets: Economic development in emerging countries has led to improved access to healthcare. Due to a growing middle class, there continues to be significant investment in the expansion of private and public healthcare systems, driving overall growth. • Increase in chronic diseases: An increase in chronic diseases is being driven by an ageing population and environmental and lifestyle-related changes. • Transformation of healthcare providers: Due to increasing cost pressure on the healthcare sector, new remuneration models for healthcare services are being introduced. Digitalization and artificial intelligence are likely to be key enablers for healthcare providers as they increasingly focus more on enhancing the overall patient experience, underpinned by better outcomes and reduced overall cost of care.
B.5	**Description of the group and the issuer's position within the group.**	The Company is the holding company of the Group. The following chart provides an overview (in simplified form) of the Group as of the date of the Prospectus (except as otherwise indicated, all direct and indirect shareholdings are 100%):  (1) Siemens Healthcare GmbH will only pay the purchase price for the acquisition of the various companies active in China ("**Siemens Healthcare China**") from Siemens Ltd. China following regulatory approval of such transfer, which is expected to occur after completion of the Offering.
B.6	**Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital or voting rights.**	As of the date of this Prospectus, the Company's shareholders were Siemens AG, Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens France Holding S.A.S. (the "**Existing Shareholders**"). Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens France Holding S.A.S. are both wholly-owned subsidiaries of Siemens AG.

	The following table sets forth the Company's ownership structure as of the date of this Prospectus as well as the expected ownership structure upon completion of the Offering (as defined below in C.1):	

	Actual (direct) Ownership		
	As of the date of this Prospectus	Upon completion of the Offering (assuming no exercise of the Greenshoe Option)	Upon completion of the Offering (assuming full exercise of the Greenshoe Option)
		(in %)	
Siemens AG	66.70	66.70	66.70
Siemens Beteiligungsverwaltung GmbH & Co. OHG	32.38	19.34	17.38
Siemens France Holding S.A.S.	0.92	0.92	0.92
Public float	—	13.04	15.00
Total	**100.00**	**100.00**	**100.00**

	Voting rights.	Each share of the Company carries one vote at the general shareholders' meeting of the Company. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.
	Direct or indirect control over the issuer and nature of such control.	As of the date of the Prospectus, the Company is controlled by Siemens AG due to Siemens AG's ownership of 100% of the voting rights in the Company (in part directly and in part indirectly through Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens France Holding S.A.S., as explained above). Following completion of the Offering (as defined below in C.1) and assuming full placement of the Offer Shares (as defined below in C.1) and assuming full exercise of the Greenshoe Option (as defined below in E.3), the Existing Shareholders will together hold 85.0% of the Company's share capital.
B.7	**Selected key historical financial information.**	The financial information contained in the following tables has been taken or derived from the audited combined financial statements of the Group as of and for the fiscal years ended September 30, 2017, 2016 and 2015, including the notes thereto, (the "**Combined Financial Statements**"), the unaudited condensed combined interim financial statements of the Group as of and for the three months ended December 31, 2017, including the notes thereto (the "**Unaudited Combined Interim Financial Statements**") and the Group's internal reporting system. The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("**IFRS**") and have been audited in accordance with German generally accepted standards on auditing by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office, which issued an unqualified independent auditor's report thereon. The Unaudited Combined Interim Financial Statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34).
		We adopted IFRS 15 for the fiscal year beginning as of October 1, 2017 retrospectively. As a result, the financial information as of and for the three months ended December 31, 2017 and 2016 reflects the effects from the adoption of IFRS 15, and is therefore not fully comparable to the financial information as of and for the fiscal years ended September 30, 2017, 2016 and 2015, which reflects such effects to a limited extent in certain notes to the Combined Financial Statements only.

Where financial data in the following tables is presented as "audited" it indicates that the financial data has been taken from the Combined Financial Statements. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Combined Financial Statements but has been taken or derived from the Unaudited Combined Interim Financial Statements or the Group's internal reporting system or is based on calculations of figures from the sources mentioned before. Unless otherwise indicated, financial information presented in the text and tables below is shown in million Euro (Euro in millions), commercially rounded to a whole number. Percentage changes and ratios in the text and tables below are calculated based on the respective underlying numbers and then commercially rounded to a whole percentage or to one digit after the decimal point. Because of rounding, figures shown in the tables below do not necessarily add up exactly to the respective totals or subtotals presented and aggregated percentages may not exactly equal 100%. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out below, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

Combined Statements of Income Data

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Revenue[1]	13,796	13,547	12,936	3,198	3,327
Cost of sales	(8,034)	(8,080)	(7,867)	(1,870)	(1,913)
Gross profit	**5,762**	**5,467**	**5,069**	**1,328**	**1,414**
Research and development expenses	(1,253)	(1,145)	(1,055)	(306)	(294)
Selling and general administrative expenses	(2,222)	(2,206)	(2,109)	(538)	(536)
Other operating income, net (unaudited)	12	7	67	7	0
Other operating income	22	19	79	16	1
Other operating expenses	(19)	(18)	(21)	(11)	(4)
Income from investments accounted for using the equity method, net	9	6	9	2	3
Financial expenses, net (unaudited)	(255)	(205)	(96)	(70)	(63)
Interest income	12	14	19	4	4
Interest expenses	(267)	(216)	(117)	(70)	(68)
Other financial income (expenses), net	—	(3)	2	(4)	1
Income before income taxes	**2,044**	**1,918**	**1,876**	**421**	**521**
Income tax expenses	(600)	(590)	(584)	(111)	(160)
Net income[1]	**1,444**	**1,328**	**1,292**	**310**	**361**

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our revenue and net income for the fiscal year ended September 30, 2017 would have been €13,677 million and €1,396 million, respectively.

Combined Statements of Financial Position Data

	As of September 30,			As of December 31,
	2017	2016	2015	2017
	(audited) Euro (millions)			(unaudited) Euro (millions)
Total current assets	**7,110**	**7,922**	**7,553**	**10,133**
Total non-current assets	**13,330**	**12,373**	**11,904**	**13,486**
Total assets	**20,440**	**20,295**	**19,457**	**23,619**
Total current liabilities	**9,275**	**9,304**	**13,645**	**12,362**
Total non-current liabilities	**7,923**	**8,584**	**2,084**	**7,724**
Total liabilities	**17,198**	**17,888**	**15,729**	**20,086**
Total equity	**3,242**	**2,407**	**3,728**	**3,533**
Total liabilities and equity	**20,440**	**20,295**	**19,457**	**23,619**

Combined Statements of Cash Flows Data

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Cash Flows provided by Operating Activities	**1,975**	**1,849**	**1,901**	**104**	**338**
Cash Flows provided by/(used in) Investing Activities	**(453)**	**(436)**	**11**	**(319)**	**(101)**
Cash Flows provided by/(used in) Financing Activities	**(1,532)**	**(1,279)**	**(1,853)**	**356**	**(237)**
Cash and cash equivalents at beginning of period	206	73	19	184	206
Cash and cash equivalents at end of period	184	206	73	326	207

Key Performance Indicators and Alternative Performance Measures

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(unaudited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Profit[1]	**2,468**	**2,320**	**2,169**	**524**	**631**
Thereof Imaging[a]	*1,624*	*1,571*	*1,298*	*371*	*415*
Thereof Advanced Therapies[a]	*335*	*286*	*269*	*82*	*89*
Thereof Diagnostics[a]	*562*	*514*	*621*	*99*	*135*
Thereof Central Items & Reconciliation	*(53)*	*(50)*	*(18)*	*(28)*	*(8)*
Adjusted Profit[1]	**2,525**	**2,381**	**2,231**	**547**	**642**
Thereof Imaging	*1,647*	*1,594*	*1,329*	*380*	*418*
Thereof Advanced Therapies	*337*	*291*	*274*	*82*	*89*
Thereof Diagnostics	*583*	*532*	*637*	*102*	*142*
Thereof Central Items & Reconciliation	*(43)*	*(35)*	*(9)*	*(16)*	*(6)*
Adjusted EBITDA[2]	**2,928**	**2,775**	**2,597**	**638**	**736**
Thereof Imaging	*1,771*	*1,721*	*1,445*	*409*	*445*
Thereof Advanced Therapies	*348*	*301*	*287*	*84*	*91*
Thereof Diagnostics	*802*	*743*	*846*	*146*	*194*
Thereof Central Items & Reconciliation	*8*	*11*	*19*	*(1)*	*5*
Adjusted Net Income[3]	**1,588**	**1,495**	**1,459**	**352**	**397**
Free Cash Flow (Siemens Healthineers)[a][4]	**1,509**	**1,425**	**1,545**	**9**	**243**
Free Cash Flow (total segments)[a][4]	**2,222**	**2,263**	**2,103**	**205**	**392**
Thereof Imaging[a]	*1,596*	*1,599*	*1,484*	*251*	*326*
Thereof Advanced Therapies[a]	*298*	*323*	*281*	*54*	*67*
Thereof Diagnostics[a]	*329*	*341*	*337*	*(100)*	*(1)*

(a) Financial data for the fiscal years ended September 30, 2017, 2016 and 2015 are audited.

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our net income and income tax expenses for the fiscal year ended September 30, 2017 would have been €1,396 million and €581 million and, therefore, Profit and Adjusted Profit would have been €2,401 million and €2,458 million, respectively.

The table set forth below shows the reconciliation of net income to Profit, Adjusted Profit and Adjusted Profit Margin:

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated) Euro (millions), unless otherwise indicated			(unaudited)	
Net income	**1,444**	**1,328**	**1,292**	**310**	**361**
Income tax expenses	600	590	584	111	160
Financial expenses, net (unaudited)[(a)]	255	205	96	70	63
Financial income from operations, net (unaudited)[(b)]	22	18	17	0	7
Amortization of (other) intangible assets acquired in business combinations	147	179	180	33	41
Profit (unaudited)[(c)]	**2,468**	**2,320**	**2,169**	**524**	**631**
Thereof Imaging	*1,624*	*1,571*	*1,298*	*371*	*415*
Thereof Advanced Therapies	*335*	*286*	*269*	*82*	*89*
Thereof Diagnostics	*562*	*514*	*621*	*99*	*135*
Thereof Central Items & Reconciliation (unaudited)	*(53)*	*(50)*	*(18)*	*(28)*	*(8)*
IPO costs[(d)]	—	—	—	8	—
Severance charges[(d)]	57	61	62	15	11
Adjusted Profit (unaudited)[(e)]	**2,525**	**2,381**	**2,231**	**547**	**642**
Thereof Imaging (unaudited)	*1,647*	*1,594*	*1,329*	*380*	*418*
Thereof Advanced Therapies (unaudited)	*337*	*291*	*274*	*82*	*89*
Thereof Diagnostics (unaudited)	*583*	*532*	*637*	*102*	*142*
Thereof Central Items & Reconciliation (unaudited)	*(43)*	*(35)*	*(9)*	*(16)*	*(6)*
Adjusted Profit Margin (unaudited)[(e)]	**18.3%**	**17.6%**	**17.2%**	**17.1%**	**19.3%**

(a) Financial expenses, net, represents the sum of (i) interest income, (ii) interest expenses and (iii) other financial income (expenses), net and is excluded from Profit.

(b) Financial income from operations, net, as subpart of financial expenses, net, is included in Profit. Financial income from operations, net, refers to interest income related to receivables from customers, from cash allocated to the segments (on segment level) and interest expenses on payables to suppliers.

(c) Profit is a non-IFRS measure and is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. Profit may not be comparable to other similarly titled measures of other companies and has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

(d) IPO costs relate to one-time external costs directly related to the Offering (including fees for the banks, legal advisors, tax advisors, auditors, pension-related consulting fees and Offering-related external communication and marketing costs, as well as costs of an Offering related employee share program). Severance charges relate to costs in connection with personnel restructuring programs. In our management's opinion, IPO costs and severance charges are special items that do not reflect the underlying performance of the business.

(e) Adjusted Profit and Adjusted Profit Margin (Adjusted Profit as a percentage of revenue) are non-IFRS measures and are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. Adjusted Profit and Adjusted Profit Margin may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our operating results as reported under IFRS. If we had applied IFRS 15 as of October 1, 2016, our Adjusted Profit, by segment, for the fiscal year ended September 30, 2017 would have been €1,590 million in Imaging, €582 million in Diagnostics and €328 million in Advanced Therapies and central items and reconciliation would have amounted to negative €42 million.

(2) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our net income and income tax expenses for the fiscal year ended September 30, 2017 would have been €1,396 million and €581 million, and, therefore, our Adjusted EBITDA would have been €2,861 million, respectively.

The table set forth below shows the reconciliation of net income to Adjusted EBITDA:

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Net income	**1,444**	**1,328**	**1,292**	**310**	**361**
Income tax expenses	600	590	584	111	160
Financial expenses, net (unaudited)[a]	255	205	96	70	63
Depreciation/amortization and impairment of other intangible assets	230	259	252	58	59
Depreciation/amortization and impairment of property, plant and equipment	342	332	312	66	81
EBITDA (unaudited)[c]	**2,871**	**2,714**	**2,535**	**615**	**725**
IPO costs[b]	—	—	—	8	—
Severance charges[b]	57	61	62	15	11
Adjusted EBITDA (unaudited)[c]	**2,928**	**2,775**	**2,597**	**638**	**736**
Thereof Imaging (unaudited)	*1,771*	*1,721*	*1,445*	*409*	*445*
Thereof Advanced Therapies (unaudited)	*348*	*301*	*287*	*84*	*91*
Thereof Diagnostics (unaudited)	*802*	*743*	*846*	*146*	*194*
Thereof Central Items & Reconciliation (unaudited)	*8*	*11*	*19*	*(1)*	*5*

(a) Financial expenses, net, represents the sum of (i) interest income, (ii) interest expenses and (iii) other financial income (expenses), net.

(b) IPO costs relate to one-time external costs directly related to the Offering (including fees for the banks, legal advisors, tax advisors, auditors, pension-related consulting fees and Offering-related external communication and marketing costs, as well as costs of an Offering related employee share program). Severance charges relate to costs in connection with personnel restructuring programs. In our management's opinion, IPO costs and severance charges are special items that do not reflect the underlying performance of the business.

(c) EBITDA and Adjusted EBITDA are non-IFRS measures and are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

(3) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our net income for the fiscal year ended September 30, 2017 would have been €1,396 million and, therefore, our Adjusted Net Income would have been €1,540 million.

The table set forth below shows the reconciliation of net income to Adjusted Net Income:

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Net income	**1,444**	**1,328**	**1,292**	**310**	**361**
Severance charges (pre-tax)[a]	57	61	62	15	11
Severance charges tax adjustment (unaudited)[b]	(17)	(19)	(19)	(4)	(3)
IPO costs (pre-tax) (unaudited)[c]	—	—	—	8	—
IPO costs tax adjustment (unaudited)[d]	—	—	—	(2)	—
Amortization of (other) intangible assets acquired in business combinations (pre-tax)	147	179	180	33	41
Amortization of (other) intangible assets acquired in business combinations tax adjustment (unaudited)[e]	(43)	(55)	(56)	(9)	(13)
Adjusted Net Income (unaudited)[f]	**1,588**	**1,495**	**1,459**	**352**	**397**

(a) Severance charges relate to costs in connection with personnel restructuring programs. In our management's opinion, severance charges are a special item that does not reflect the underlying performance of the business.

(b) This adjustment has been calculated on a simplified basis by multiplying severance charges by the effective income tax rate (income tax expenses expressed as a percentage of income before income taxes) of 29.4%, 30.8% and 31.1% for the fiscal years ended September 30, 2017, 2016 and 2015 and 26.4% and 30.7% for the three months ended December 31, 2017 and 2016, respectively.

(c) IPO costs relate to one-time external costs directly related to the Offering (including fees for the banks, legal advisors, tax advisors, auditors, pension-related consulting fees and Offering-related external communication and marketing costs, as well as costs of an Offering related employee share program). In our management's opinion, IPO costs are a special item that does not reflect the underlying performance of the business.

(d) This adjustment has been calculated on a simplified basis by multiplying IPO costs by the effective income tax rate (income tax expenses expressed as a percentage of income before income taxes) of 29.4%, 30.8% and 31.1% for the fiscal years ended September 30, 2017, 2016 and 2015 and 26.4% and 30.7% for the three months ended December 31, 2017 and 2016, respectively.

(e) This adjustment has been calculated on a simplified basis by multiplying amortization of (other) intangible assets acquired in business combinations by the effective income tax rate (income tax expenses expressed as a percentage of income before income taxes) of 29.4%, 30.8% and 31.1% for the fiscal years ended September 30, 2017, 2016 and 2015 and 26.4% and 30.7% for the three months ended December 31, 2017 and 2016, respectively.

(f) Adjusted Net Income is a non-IFRS measure and is not a substitute for any IFRS measure and does not purport to be an alternative to financial information prepared in accordance with IFRS. Adjusted Net Income should not be construed as an alternative to net income determined in accordance with IFRS. There is no uniform definition of Adjusted Net Income, which means that Adjusted Net Income as defined by other companies may not necessarily be comparable with our Adjusted Net Income.

(4) The table set forth below shows the reconciliation from cash flows provided by operating activities to Free Cash Flow (Siemens Healthineers) and Free Cash Flow (total segments):

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Cash flows provided by operating activities	1,975	1,849	1,901	104	338
Additions to intangible assets and property, plant and equipment[a]	(466)	(424)	(356)	(95)	(96)
Free Cash Flow (Siemens Healthineers)	**1,509**	**1,425**	**1,545**	**9**	**243**
Central items	136	155	48	78	47
Tax-related cash flows	567	686	505	119	101
Other items	10	(2)	5	—	2
Free Cash Flow (total segments)	**2,222**	**2,263**	**2,103**	**205**	**392**
Thereof Imaging	*1,596*	*1,599*	*1,484*	*251*	*326*
Thereof Advanced Therapies	*298*	*323*	*281*	*54*	*67*
Thereof Diagnostics	*329*	*341*	*337*	*(100)*	*(1)*

(a) Additions to intangible assets and property, plant and equipment are part of cash flows provided by/(used in) investing activities. Remaining cash flows provided by/(used in) investing activities in the amount of €13 million (fiscal year ended September 30, 2017), negative €12 million (fiscal year ended September 30, 2016), €367 million (fiscal year ended September 30, 2015), negative €224 million (three months ended December 31, 2017) and negative €5 million (three months ended December 31, 2016) are not included in Free Cash Flow.

Total Revenue by Segment

The tables below present our total revenue by segment and the development of total revenue by segment for the periods shown. Total revenue consists of external revenue and intersegment revenue.

	For the three months ended December 31,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016		(unaudited)		
	(unaudited) Euro (millions), unless otherwise indicated					
Imaging	1,943	1,983	(2.0)%	(0.3)%	(5.5)%	3.8%
Advanced Therapies	368	361	1.9%	(0.8)%	(5.9)%	8.5%
Diagnostics	929	1,007	(7.7)%	(0.6)%	(6.0)%	(1.1)%
Total Segments	**3,241**	**3,351**	—	—	—	—
Reconciliation (to Unaudited Combined Interim Financial Statements)	(42)	(24)	—	—	—	—
Siemens Healthineers	**3,198**	**3,327**	**(3.9)%**	**(0.4)%**	**(5.8)%**	**2.3%**

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016				
	(audited) Euro (millions), unless otherwise indicated			(unaudited)		
Imaging	8,216	8,007	2.6%	0.0%	(1.0)%	3.6%
Advanced Therapies	1,519	1,460	4.0%	—	(0.6)%	4.6%
Diagnostics	4,162	4,138	0.6%	0.1%	(0.7)%	1.1%
Total Segments	**13,896**	**13,606**	—	—	—	—
Reconciliation to Combined Financial Statements	(100)	(59)	—	—	—	—
Siemens Healthineers	**13,796**[1]	**13,547**	**1.8%**	**0.1%**	**(0.9)%**	**2.7%**

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our total revenue by segment for the fiscal year ended September 30, 2017 in Imaging, the Advanced Therapies and Diagnostics would have been €8,113 million, €1,503 million and €4,164 million, respectively.

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2016	2015				
	(audited) Euro (millions), unless otherwise indicated			(unaudited)		
Imaging	8,007	7,382	8.5%	0.0%	0.4%	8.1%
Advanced Therapies	1,460	1,447	0.9%	—	0.8%	0.1%
Diagnostics	4,138	4,138	0.0%	(1.5)%	0.1%	1.4%
Total Segments	**13,606**	**12,967**	—	—	—	—
Reconciliation to Combined Financial Statements	(59)	(30)	—	—	—	—
Siemens Healthineers	**13,547**	**12,936**	**4.7%**	**(0.5)%**	**0.3%**	**4.9%**

Revenue by Geography

The tables below present our revenue by geography (by location of customers) and the development of revenue by geography (by location of customers) for the periods shown.

	For the three months ended December 31,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016				
	(unaudited) Euro (millions), unless otherwise indicated			(unaudited)		
EMEA[1]	1,079	1,044	3.4%	(0.8)%	(2.0)%	6.2%
Thereof Germany	*213*	*229*	*(7.0)%*	*(1.1)%*	*(0.1)%*	*(5.9)%*
Americas	1,234	1,400	(11.9)%	0.3%	(8.2)%	(3.9)%
Thereof U.S.	*1,033*	*1,190*	*(13.2)%*	*0.4%*	*(8.6)%*	*(5.0)%*
Asia-Pacific[1]	885	883	0.2%	(1.1)%	(6.3)%	7.8%
Thereof China	*417*	*360*	*15.8%*	*0.1%*	*(5.0)%*	*20.7%*
Siemens Healthineers	**3,198**	**3,327**	**(3.9)%**	**(0.4)%**	**(5.8)%**	**2.3%**
Thereof Advanced economies	*2,259*	*2,414*	*(6.4)%*	*(0.1)%*	*(5.9)%*	*(0.4)%*
Thereof Emerging markets	*939*	*913*	*2.8%*	*(1.3)%*	*(5.4)%*	*9.5%*

(1) EMEA ("**EMEA**") refers to Europe, Commonwealth of Independent States ("**C.I.S.**"), Africa, Middle East and Asia-Pacific ("**Asia-Pacific**") refers to Asia, Australia, in each case as presented in our Combined Financial Statements and Unaudited Combined Interim Financial Statements.

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016				
	(audited, unless otherwise indicated) Euro (millions), unless otherwise indicated			(unaudited)		
EMEA[1]	4,380	4,423	(1.0)%	0.1%	(2.3)%	1.3%
Thereof Germany	*885*	*859*	*3.0%*	*0.2%*	*0.0%*	*2.9%*
Americas	5,599	5,496	1.9%	0.1%	0.2%	1.6%
Thereof U.S.	*4,687*	*4,656*	*0.7%*	*0.1%*	*(0.1)%*	*0.6%*
Asia-Pacific[1]	3,817	3,628	5.2%	—	(0.8)%	6.0%
Thereof China (unaudited)	*1,618*	*1,488*	*8.7%*	—	*(3.1)%*	*11.9%*
Siemens Healthineers	**13,796[2]**	**13,547**	**1.8%**	**0.1%**	**(0.9)%**	**2.7%**
Thereof Advanced economies (unaudited)	*9,855*	*9,778*	*0.8%*	*0.1%*	*(0.3)%*	*1.0%*
Thereof Emerging markets (unaudited)	*3,941*	*3,769*	*4.6%*	*0.0%*	*(2.4)%*	*6.9%*

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements and Unaudited Combined Interim Financial Statements.

(2) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our revenue (by location of customers) for the fiscal year ended September 30, 2017 in EMEA, the Americas and Asia-Pacific would have been €4,340 million, €5,570 million and €3,767 million, respectively.

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2016	2015				
	(audited, unless otherwise indicated) Euro (millions), unless otherwise indicated			(unaudited)		
EMEA[1]	4,423	4,366	1.3%	(0.2)%	(1.5)%	3.0%
Thereof Germany	*859*	*848*	*1.3%*	*(0.1)%*	*0.0%*	*1.3%*
Americas	5,496	5,184	6.0%	(0.6)%	1.2%	5.4%
Thereof U.S.	*4,656*	*4,276*	*8.9%*	*(0.6)%*	*3.7%*	*5.8%*
Asia-Pacific[1]	3,628	3,386	7.1%	(0.6)%	1.4%	6.4%
Thereof China (unaudited)	*1,488*	*1,420*	*4.8%*	*(0.1)%*	*(1.3)%*	*6.2%*
Siemens Healthineers	**13,547**	**12,936**	**4.7%**	**(0.5)%**	**0.3%**	**4.9%**
Thereof Advanced economies (unaudited)	*9,778*	*9,260*	*5.6%*	*(0.6)%*	*2.2%*	*4.0%*
Thereof Emerging markets (unaudited)	*3,769*	*3,676*	*2.5%*	*(0.2)%*	*(4.3)%*	*7.0%*

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements and Unaudited Combined Interim Financial Statements.

Recurring Revenue

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
		(unaudited) Euro (millions)		(unaudited) Euro (millions)	
Revenue from services	3,936	3,785	3,600	949	956
Revenue from consumables and reagents	3,801	3,754	3,748	850	926
Recurring revenue	**7,737[1]**	**7,539**	**7,348**	**1,799**	**1,882**

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our revenue from services and our revenue from consumables and reagents for the fiscal year ended September 30, 2017 would have been €3,938 million and €3,803 million, and, therefore, our recurring revenue would have been €7,741 million, respectively.

	Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the key historical financial information.	The following significant changes in our financial condition and operating results occurred in the three months ended December 31, 2017 and 2016, in the fiscal years ended September 30, 2017, 2016 and 2015 and in the subsequent period: ***Three months ended December 31, 2017 and 2016*** Revenue decreased by €129 million, or 3.9%, from €3,327 million for the three months ended December 31, 2016 to €3,198 million for the three months ended December 31, 2017. The decrease was primarily driven by adverse foreign currency translation effects, in particular by the strengthening of the Euro compared to the U.S. dollar in the three months ended December 31, 2017 compared to the three months ended December 31, 2016. The total revenue generated by our Imaging operating segment decreased by €40 million, or 2.0%, from €1,983 million for the three months ended December 31, 2016 to €1,943 million for the three months ended December 31, 2017. The decrease was primarily driven by adverse foreign currency translation effects, in particular by the strengthening of the Euro compared to the U.S. dollar in the three months ended December 31, 2017 compared to the three months ended December 31, 2016. The total revenue generated by our Advanced Therapies operating segment increased by €7 million, or 1.9%, from €361 million for the three months ended December 31, 2016 to €368 million for the three months ended December 31, 2017. The increase was due primarily to solid growth in the United States, EMEA and China as well as strong growth from both our equipment and services businesses. The total revenue generated by our Diagnostics operating segment decreased by €78 million, or 7.7%, from €1,007 million for the three months ended December 31, 2016 to €929 million for the three months ended December 31, 2017. The decrease was due primarily to lower volumes of reagents sold in the United States as a number of customers placed larger orders prior to the end of our fiscal year 2017. Profit of total segments (*i.e.*, the sum of Profit for each of the operating segments excluding central items and reconciliation) decreased by €87 million, or 13.6%, from €639 million for the three months ended December 31, 2016 to €552 million for the three months ended December 31, 2017. The decrease was due primarily to adverse currency effects. The Profit generated by our Imaging segment decreased by €44 million, or 10.6%, from €415 million for the three months ended December 31, 2016 to €371 million for the three months ended December 31, 2017. The decrease was due primarily to adverse currency effects. The Profit generated by our Advanced Therapies segment decreased by €7 million, or 7.9%, from €89 million for the three months ended December 31, 2016 to €82 million for the three months ended December 31, 2017. The decrease was also due primarily to adverse currency effects. The Profit generated by our Diagnostics segment decreased by €36 million, or 26.7%, from €135 million for the three months ended December 31, 2016 to €99 million for the three months ended December 31, 2017. The decrease was due primarily to expenses in connection with the rollout of our Atellica Solution.

		Fiscal Years ended September 30, 2017 and September 30, 2016 Revenue increased by €249 million, or 1.8%, from €13,547 million for the fiscal year ended September 30, 2016 to €13,796 million for the fiscal year ended September 30, 2017. The increase was driven by all three operating segments, with Imaging particularly strong, and growth in Asia and Australia, driven by the fast-growing market in the People's Republic of China ("**China**"), partially offset by routine price erosion and adverse foreign currency translation effects in all operating segments. The total revenue generated by our Imaging operating segment increased by €209 million, or 2.6%, from €8,007 million for the fiscal year ended September 30, 2016 to €8,216 million for the fiscal year ended September 30, 2017. The increase was due primarily to growth in our Magnetic Resonance (MR) business which continued its innovation leadership and growth in Asia and Australia, driven by the fast growing market in China, while growth in the Americas was generally low due to uncertainties related to healthcare reimbursement and taxation policies in the United States of America (the "**United States**"). The total revenue generated by our Advanced Therapies operating segment increased by €59 million, or 4.0%, from €1,460 million for the fiscal year ended September 30, 2016 to €1,519 million for the fiscal year ended September 30, 2017. The increase was due primarily to high growth in China and the fulfilment of orders placed during previous fiscal years in the United States (but for which revenue was recognized upon delivery in the fiscal year ended September 30, 2017). The total revenue generated by our Diagnostics operating segment increased by €24 million, or 0.6%, from €4,138 million for the fiscal year ended September 30, 2016 to €4,162 million for the fiscal year ended September 30, 2017. The increase was due primarily to growth in Asia and Australia, while growth in the Americas was generally flat due to uncertainties related to healthcare reimbursement and taxation policies in the United States. Profit of total segments (*i.e.*, the sum of Profit for each of the operating segments excluding central items and reconciliation) increased by €150 million, or 6.3% from €2,371 million for the fiscal year ended September 30, 2016 to €2,521 million for the fiscal year ended September 30, 2017. The Profit generated by our Imaging segment increased by €53 million, or 3.4%, from €1,571 million for the fiscal year ended September 30, 2016 to €1,624 million for the fiscal year ended September 30, 2017. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable and improvements in cost-productivity measures. The Profit generated by our Advanced Therapies segment increased by €49 million, or 17.1%, from €286 million for the fiscal year ended September 30, 2016 to €335 million for the fiscal year ended September 30, 2017. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable and improvements in cost-productivity measures, as well as favorable one-time impacts. The Profit generated by our Diagnostics segment increased by €48 million, or 9.3%, from €514 million for the fiscal year ended September 30, 2016 to €562 million for the fiscal year ended September 30, 2017. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable, improvements in cost-productivity measures and income from the disposal of the ELISA immunodiagnostic assets.

		Fiscal Years ended September 30, 2016 and September 30, 2015 Revenue increased by €611 million, or 4.7%, from €12,936 million for the fiscal year ended September 30, 2015 to €13,547 million for the fiscal year ended September 30, 2016. The increase was due primarily to growth in our Imaging operating segment as the demand for imaging equipment continued to grow and strong demand in the United States for all major Imaging product lines. The total revenue generated by our Imaging operating segment increased by €625 million, or 8.5%, from €7,382 million for the fiscal year ended September 30, 2015 to €8,007 million for the fiscal year ended September 30, 2016. The increase was due to growth in our imaging equipment business (primarily Magnetic Resonance and Computed Tomography) and strong demand in the United States for these products. The total revenue generated by our Advanced Therapies operating segment increased by €13 million, or 0.9%, from €1,447 million for the fiscal year ended September 30, 2015 to €1,460 million for the fiscal year ended September 30, 2016. The increase was generally flat while a decrease in our equipment business was slightly offset by the strong growth in our Customer Services business resulting from an increase in our installed base. On a regional basis in our Advanced Therapies operating segment, growth in Asia and Australia was offset by a decrease in the Americas. The total revenue generated by our Diagnostics operating segment was stable with €4,138 million for the fiscal year ended September 30, 2015 compared to €4,138 million for the fiscal year ended September 30, 2016. Total revenue in the fiscal year ended September 30, 2015 included revenue from our Microbiology business until it was sold to Beckman Coulter in early 2015. Profit of total segments (*i.e.*, the sum of Profit for each of the operating segments excluding central items and reconciliation) increased by €184 million, or 8.4%, from €2,187 million for the fiscal year ended September 30, 2015 to €2,371 million for the fiscal year ended September 30, 2016. The Profit generated by our Imaging segment increased by €273 million, or 21.0%, from €1,298 million for the fiscal year ended September 30, 2015 to €1,571 million for the fiscal year ended September 30, 2016. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable and improvements in cost-productivity measures. The Profit generated by our Advanced Therapies segment increased by €17 million, or 6.3%, from €269 million for the fiscal year ended September 30, 2015 to €286 million for the fiscal year ended September 30, 2016. The increase was due primarily to positive currency impacts, improvements in cost-productivity measures and slightly higher total revenue with fixed costs remaining stable. The Profit generated by our Diagnostics segment decreased by €107 million, or 17.2%, from €621 million for the fiscal year ended September 30, 2015 to €514 million for the fiscal year ended September 30, 2016. The decrease was due primarily to the sale of our microbiology business to Beckman Coulter in early 2015, residual costs of the microbiology business in 2016, foreign currency exchange impacts and an increase in research and development expenses. ***Recent Developments*** On February 2, 2018, the Company's extraordinary shareholders' meeting resolved to increase the Company's share capital from €50,000.00 to €1,000,000,000.00 by issuing

		999,950,000 new shares in the Company against contributions in kind by (i) Siemens AG and Siemens France Holding S.A.S. of the shares in Siemens Healthcare GmbH, (ii) Siemens Beteiligungsverwaltung GmbH & Co. OHG of the sole limited partner interest (*Kommanditanteil*) and the shares of the general partner (*Komplementär*) in Siemens Healthineers Beteiligungen GmbH & Co. KG and (iii) Siemens Beteiligungsverwaltung GmbH & Co. OHG of all shares in Siemens Medical Solutions USA, Inc. (together, the "**Capital Increase**"). In addition, pension plan assets with a fair value of approximately €780 million as at January 2, 2018 were transferred from the existing Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, reducing the net defined benefit balance (liability) of the Group, which had amounted to €1,715 million as of September 30, 2017, accordingly. Except as described above, between December 31, 2017 and the date of the Prospectus, there have been no significant changes in our financial condition and operating results.
B.8	**Selected key pro forma financial information.**	Not applicable. The Company has not prepared pro forma financial information for inclusion in the Prospectus.
B.9	**Profit forecast or estimate.**	On the basis of developments in the fiscal year ended September 30, 2017, we currently expect comparable revenue growth to be in the range of 3% to 4% (lower and upper case) for the fiscal year ending September 30, 2018 compared to the fiscal year ended September 30, 2017. We expect Adjusted Profit Margin (Adjusted Profit as a percentage of revenue) for the fiscal year ending September 30, 2018 to be in the range of 17% to 18% (lower and upper case) and that we will incur non-operational financial expenses, net in the range of €140 million and €170 million (lower and upper case) for the fiscal year ending September 30, 2018. Furthermore, we expect our effective income tax rate to be in a range of 28%-30% for the fiscal year ending September 30, 2018.
B.10	**Qualifications in the audit reports on the historical financial information.**	Not applicable. The independent auditor's reports on the historical financial information included in the Prospectus have been issued without any qualifications.
B.11	**Insufficiency of the issuer's working capital for its present requirements.**	Not applicable. The Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months.
Section C—Securities		
C.1	**Type and the class of the securities being offered and/or admitted to trading.**	The Prospectus relates to the offering of 150,000,000 ordinary registered shares (*auf den Namen lautende Stückaktien*) of the Company with no par value, each such share representing a notional value of €1.00 and with full dividend rights since December 12, 2017 (the "**Offering**"), consisting of: • 130,434,783 existing ordinary registered shares with no par value from the holdings of Siemens Beteiligungsverwaltung GmbH & Co. OHG (herein also referred to as the "**Selling Shareholder**") (the "**Base Shares**"); and • 19,565,217 existing ordinary registered shares with no par value from the holdings of the Selling Shareholder in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares, the "**Offer Shares**").

		For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Prospectus relates to all of the Company's existing ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights since December 12, 2017.
	Security identification number.	International Securities Identification Number (ISIN): DE000SHL1006 German Securities Code (*Wertpapierkennnummer*) (WKN): SHL 100 Common Code: 178851705 Ticker Symbol: SHL
C.2	**Currency.**	Euro.
C.3	**The number of shares issued and fully paid.** **Par value per share, or that the shares have no par value.**	At the date of the Prospectus, 1,000,000,000 ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*) have been issued and are fully paid up. Each of the Company's shares represents a notional value of €1.00 in the Company's share capital.
C.4	**A description of the rights attached to the securities.**	Each share of the Company entitles the shareholder to one vote at the Company's general shareholders' meeting. The Offer Shares carry full dividend rights since December 12, 2017 and for all subsequent fiscal years.
C.5	**A description of any restrictions on the free transferability of the securities.**	Not applicable. There are no restrictions on the free transferability of the shares of the Company.
C.6	**Application for admission to trading on a regulated market and the identity of regulated markets where the securities are to be traded.**	The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about March 6, 2018. The listing approval (admission decision) for the Company's shares is expected to be granted on March 15, 2018. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on March 16, 2018.
C.7	**Dividend policy.**	Until the date of the Prospectus, the Company has not conducted any operative business; accordingly no distributions in the form of dividends or otherwise have been made to date. The Company expects that, in the future, the principal source of funds for the payment of dividends will be dividends and other payments received from current and future direct and indirect subsidiaries, including, but not limited to, Siemens Healthcare GmbH and Siemens Healthineers Beteiligungen GmbH & Co. KG and their respective subsidiaries. The determination of each subsidiary's ability to pay dividends is made in accordance with applicable law. The Company intends to pay an annual dividend to its shareholders in the amount of 50% to 60% of the Group's net income of the prior fiscal year calculated in accordance with IFRS. The amount of the dividend to be paid by the Company for the fiscal year ending September 30, 2018, upon which the general shareholders' meeting of the Company will resolve in

		2019, will be calculated based on the Group's net income in accordance with IFRS generated during the entire period from October 1, 2017 until September 30, 2018, as if no profit transfer pursuant to the domination and profit and loss transfer agreement currently still in place between Siemens AG and Siemens Healthcare GmbH had occurred.

Section D—Risks		
D.1	**Key risks specific to the issuer and its industry.**	**Risks related to Our Business and Industry** • Our ability to maintain our technology and innovation leadership and improve our market positions depends on our successful development, introduction and commercialization of new products, systems and services and our ability to enhance our existing technology. • Our growth could suffer if the markets into which we sell our products, systems and services decline or do not grow as anticipated. • We may not be able to successfully implement our strategies. • We are exposed to risks associated with product liability, warranties or guarantees, recall demands or other lawsuits or claims that may be brought against us. • We operate in highly competitive markets and competition may increase in the future, requiring us to lower prices or resulting in a loss of market share. • Consolidation among our customers could adversely affect sales of our products, systems and services. • Any interruption in the operations of our manufacturing facilities may impair our ability to deliver products and maintain our market positions. • Failures or disruptions of our information technology systems, our information security systems and our infrastructure to support our business and to protect information could materially adversely affect our business. • We are subject to stringent privacy laws and information security policies, and any failure to comply with such laws and policies may expose us to claims, penalties and sanctions, among other risks. • We may be unable to protect or effectively enforce our intellectual property rights. • We are exposed to currency fluctuation risks in different countries that could materially adversely affect our profitability if we are unable to match sales received in foreign countries with costs incurred in the same currency. • We are exposed to foreign exchange risk through the translation of our functional currencies to the Euro in our financial statements, which may reduce our operating results. • Our business requires significant levels of capital investments, which we may be unable to fund. • Our profit forecast and medium-term targets could differ materially from our actual results of operations.

		• We may be unable to realize anticipated cost savings. • Changes in accounting rules could materially affect our presentation of financial condition and results of operations. • We have granted pension benefits to a large portion of our employees and have significant liabilities with respect to our pension plans; the actual costs of these obligations could exceed current estimates. • The Group's tax burden could increase as a result of future tax audits. • Changes in applicable tax laws and regulations could materially adversely affect our financial position and results of operations. ***Risks related to Legal and Regulatory Matters*** • Our business operations are subject to extensive laws and regulations, and any changes thereto may impair our ability to continue production in a cost-efficient environment. • We, as well as our customers, operate in a highly regulated industry, and changes in regulations or the implementation or enforcement of existing regulations could materially adversely affect us. • In the United States, the U.S. Food and Drug Adminstration and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If we are found to have failed to comply with these laws and regulations, we may become subject to significant liability. • Compliance with laws and regulations applicable to the manufacture and distribution of our products outside the United States may be costly, and failure to comply may result in significant penalties. • Changes to reimbursements and changes in health insurance deductibles and administration may affect demand for our products, services or solutions. **Risks related to Our Separation from the Siemens Group** • Our combined financial statements are based on management judgments as well as a series of assumptions and estimates that may prove inaccurate and not necessarily representative of the results we would have achieved as a standalone publicly listed company. • We depend on the proper performance of certain services by companies of the Siemens Group and may be unable to set-up, perform or replace such services ourselves in the future or experience operational problems, incur additional costs or be exposed to liabilities towards third parties. **Risks related to Our Shareholder Structure** • Due to the size of its shareholding, the rules governing factual domination apply and Siemens AG is free to adopt resolutions at the Company's shareholders meeting and could have diverging interests from those of our other shareholders.

		• Membership of the same individuals on boards of the Company and of Siemens AG as well as other relationships with Siemens AG or companies of the Siemens Group may result in conflicts of interest. • Our market image is influenced by Siemens Group's image.
D.3	**Key risks specific to the securities.**	**Risks related to the Shares and the Listing** • The Company's shares have not been publicly listed, and there is no guarantee that an active and liquid market for the Company's shares will develop. • The market price and trading volume of the Company's shares may fluctuate significantly and could decline upon completion of the Offering, and investors could lose some or all of their investment. • The Company is a holding company with no material business operations of its own and relies on operating subsidiaries to provide the Company with the funds required to meet its financial obligations and make dividend payments. • Future sales of the Company's shares by Siemens AG or investors acquiring shares in the Offering or the perception that such sales may occur could depress the price of the shares.
	Section E—Offer	
E.1	**The total net proceeds.**	The Selling Shareholder will receive the proceeds from the sale of the Offer Shares. The Selling Shareholder and Siemens AG will bear all the offering and listing costs, subject to the reimbursement of certain costs by Siemens Healthcare GmbH as agreed separately between the Selling Shareholder, Siemens AG and Siemens Healthcare GmbH. The Company will not receive any proceeds from the Offering. Assuming that the maximum number of Base Shares (130,434,783 shares) is placed and the Greenshoe Option (as defined below in E.3) is not exercised, the Company estimates that at the low end, mid-point and high end of the Price Range (as defined below in E.3), gross proceeds to the Selling Shareholder would amount to approximately €3,391 million, €3,717 million and €4,043 million, and net proceeds to the Selling Shareholder would amount to approximately €3,301 million, €3,621 million and €3,942 million respectively. Assuming that the maximum number of Base Shares (130,434,783 shares) is placed and the Greenshoe Option (as defined below in E.3) is fully exercised, the Company estimates that at the low end, mid-point and high end of the Price Range (as defined below in E.3), gross proceeds to the Selling Shareholder would amount to approximately €3,900 million, €4,275 million and €4,650 million, and net proceeds to the Selling Shareholder would amount to approximately €3,801 million, €4,169 million and €4,538 million, respectively.
	Estimate of the total expenses of the offering and listing, including estimated expenses charged to the investor by the issuer.	The costs related to the Offering of the Offer Shares and listing of the Company's entire share capital are expected to total approximately €106 million at the mid-point of the price range (assuming placement of all Offer Shares and assuming full exercise of the Greenshoe Option (as defined below in E.3) and including underwriting and placement commissions payable to

		the Underwriters and full payment of the Discretionary Fees). Assuming that the maximum number of Offer Shares (150,000,000 shares) is placed, the Company estimates that at the low end, mid-point and high end of the price range, net proceeds to the Selling Shareholder would amount to approximately €3,801 million, €4,169 million and €4,538 million, respectively. Investors will not be charged expenses by the Company, the Selling Shareholder or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.
E.2a	**Reasons for the offering, use of proceeds, estimated net amount of the proceeds.**	The Company intends to list its entire share capital on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to gain access to the capital markets. The Selling Shareholder will offer the Base Shares and the Over-Allotment Shares, if any, to allow Siemens AG to partially divest its indirect shareholding in the Company. Following the Offering, Siemens AG intends to remain a committed shareholder of the Company. The Offering is intended to lay the foundation for the Company's further profitable growth and the expansion of its strong position as a leading global supplier of healthcare products, solutions and services. The Offering is further intended to provide the Company with enhanced entrepreneurial flexibility and access to the capital markets in order to grow sustainably and profitably while actively shaping the paradigm shift in the healthcare industry. The Company will not receive any proceeds from the Offering resulting from the sale of the Offer Shares by the Selling Shareholder in the Offering.
E.3	**Description of the terms and conditions of the offer.**	***Offer conditions*** The Offering relates to 150,000,000 ordinary registered shares of the Company with no par value (*auf den Namen lautende Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights since December 12, 2017, consisting of: • 130,434,783 Base Shares from the holdings of the Selling Shareholder; and • 19,565,217 Over-Allotment Shares from the holdings of the Selling Shareholder. The Offering consists of an initial public offering in Germany and Luxembourg and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States of America (the "**United States**" or "**U.S.**"), the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

		Offer period The period during which investors may submit purchase orders for the Offer Shares is expected to commence on March 6, 2018, and to expire on March 15, 2018 (the "**Offer Period**"). Offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) CET by private investors and (ii) until 2:00 p.m. (CET) by institutional investors on the last day of the Offer Period. Purchase orders from private investors must be expressed in full Euro amounts or increments of 25, 50 or 75 cents. ***Price range and offer price*** The price range for the Offering within which purchase orders may be placed is €26.00 to €31.00 per Offer Share (the "**Price Range**"). The offer price (the "**Offer Price**") and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by Siemens AG (in consultation with the Selling Shareholder and the Company) after consultation with the Joint Global Coordinators. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase offers then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or about March 15, 2018, by means of an ad-hoc release on an electronic information dissemination system and on the Company's website at www.healthcare.siemens.de under the "Investor Relations" section. ***Amendments to the terms of the Offering*** Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to the Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw such offers to purchase within two business days following the publication of the supplement (Section 16 para. 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*)). Instead of withdrawing their offers to purchase Offer Shares placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement. ***Delivery and payment*** Delivery of the Offer Shares against payment of the Offer Price is expected to take place on March 20, 2018. The Offer Shares will be made available to investors as co-ownership interests in the global share certificates deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany. ***Stabilization measures, over-allotment and Greenshoe option*** In connection with the placement of the Offer Shares, Goldman Sachs, acting for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager**") and

		may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating sales pressure generated by short-term investors and maintaining an orderly market in the Company's shares. The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (*i.e.*, April 15, 2018 (the "**Stabilization Period**")). Stabilization measures are intended to provide support for the price of the Company's shares during the Stabilization Period. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level. In connection with such stabilization measures, investors may, in addition to the Base Shares, be allocated up to 19,565,217 Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of such potential Over-Allotment, the Selling Shareholder has agreed to make available to the Stabilization Manager, acting for the account of the Underwriters, up to 19,565,217 Over-Allotment Shares in the form of securities loans. The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Shares placed with investors. The Selling Shareholder has also granted the Underwriters an option to acquire a number of shares in the Company equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). The Stabilization Manager, acting for the account of the Underwriters, is entitled to exercise the Greenshoe Option during the Stabilization Period to the extent Over-Allotment Shares were allocated to investors in the Offering. The Stabilization Manager will ensure adequate public disclosure with respect to stabilization measures, including any exercise of the Greenshoe Option, in accordance with the Commission Delegated Regulation (EU) 2016/1052.
E.4	**Interests material to the issue/ offer including conflicting interests.**	In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company, Siemens AG and the Selling Shareholder. The Underwriters are acting for the Company, Siemens AG and the Selling Shareholder on the Offering and on coordinating the structuring and execution of the Offering. In addition, the Joint Global Coordinators have been mandated to act as designated sponsors for the Company's shares and Deutsche Bank has been mandated to act as paying agent. Upon successful implementation of the Offering, the Underwriters will receive a commission and the size of this commission depends on the

		results of the Offering. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms. Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with the Company, Siemens AG and the Selling Shareholder, including lending activities, or may perform services for the Company, Siemens AG or the Selling Shareholder in the ordinary course of business. The Selling Shareholder will receive the proceeds from the Offering. Assuming full placement of all Offer Shares at the mid-point of the Price Range, and after deducting fees and expenses to be paid to the Underwriters in connection with the Offering, the proceeds to the Selling Shareholder from the Offering would amount to approximately €4,169 million, or 100.0% of the total net proceeds from the Offering. Accordingly, the Selling Shareholder and Siemens AG, which directly and indirectly holds all interests in the Selling Shareholder, have an interest in the success of the Offering at the best possible terms. The members of the Managing Board will receive a one-time incentive in case of completion of the Offering before June 30, 2018. As a result, each of the members of the Managing Board has a financial interest in completion of the Offering. Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering.
E.5	**Name of the person or entity offering to sell the security.** **Lock-up agreements: the parties involved; and indication of the period of the lock up.**	The Offer Shares are being offered for sale by the Underwriters. In the Underwriting Agreement, the Company agreed with each Underwriter that, during the period commencing on March 5, 2018 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on March 16, 2018), to the extent legally permissible, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed, the Company will not and will not agree to: • announce or effect an increase of the share capital of the Company out of authorized capital or contingent capital, • submit a proposal to its shareholders' meeting for an increase of the share capital, • announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company, • offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital, or • enter into a transaction or perform any action economically similar to those described in the previous bullets.

		However, the Company may issue, and the Company or any of its Subsidiaries may offer or sell, Shares or other securities related to the Shares (i) to directors or employees of the Company or any of its Subsidiaries under future directors' and/or employees' stock plans including employee stock purchase plans and stock awards or (ii) as partial or full consideration for a business acquired by the Company or for the purposes of entering into a joint venture, provided that, with respect to (ii) only, the Company shall (A) consult with the Joint Global Coordinators prior to the issuance of the Shares or other securities related to the Shares and (B) receive an undertaking of the recipient of the Shares or such other securities of the Company to comply with the restrictions on the disposal of Shares under the aforementioned lock-up commitment. In addition, for the period commencing on March 5, 2018 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on March 16, 2018), the Selling Shareholder and Siemens AG have agreed that they will not, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed: • offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company held by any of them or any of their subsidiaries (other than members of the Group) (such shares held by the Selling Shareholder or its affiliated Companies, the "**Lock-up Shares**"); • enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Lock-up Shares, whether any such transaction described in this or the preceding bullet is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise; • make any demand for, or exercise any right with respect to, the registration under U.S. securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company; • propose any increase in the share capital of the Company (including by requesting the Company's management board to convene a general shareholders' meeting or otherwise), vote in favor of any proposed increase of the share capital or otherwise make, support or vote in favor of any proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company or, to the extent not covered by the foregoing, propose, vote in favor or support the transactions contemplated in the Company's lock-up agreement described above; or • enter into any transaction or perform any action economically similar to those described above. The first two bullets shall not apply to sales made to persons or entities who themselves agree towards the Underwriters to the lock-up period of the Selling Shareholder and Siemens AG.

E.6	**Amount and percentage of immediate dilution resulting from the offering.**	The net asset value (total assets less total non-current liabilities and total current liabilities less non-controlling interests) (the "**Net Asset Value**") of the Company amounted to €3,523 million as of December 31, 2017, or €3.52 per share in the Company based on 1,000,000,000 outstanding shares of the Company immediately prior to the Offering. Thus, the Net Asset Value per share as of December 31, 2017 amounts to 12.4% of the Offer Price of €28.50 at the mid-point of the Price Range, corresponding to a difference between the Offer Price and the Net Asset Value per share of €24.98 (corresponding to an immediate dilution of 87.6%). The Offering will not involve the issuance of new shares of the Company.
E.7	**Estimated expenses charged to the investor by the issuer.**	Not applicable. Investors will not be charged expenses by the Company or the Underwriters in connection with their role as underwriters.

GERMAN TRANSLATION OF THE SUMMARY
ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten offenlegungspflichtigen Angaben, die als „Elemente" bezeichnet sind. Diese Elemente sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung (die „**Zusammenfassung**") enthält alle Elemente, die in eine Zusammenfassung für diese Art von Wertpapier und Emittent aufzunehmen sind. Da einige Elemente nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Element wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass bezüglich dieses Elements keine relevante Information gegeben werden kann. In einem solchen Fall enthält die Zusammenfassung eine kurze Beschreibung des Elements mit dem Hinweis „entfällt".*

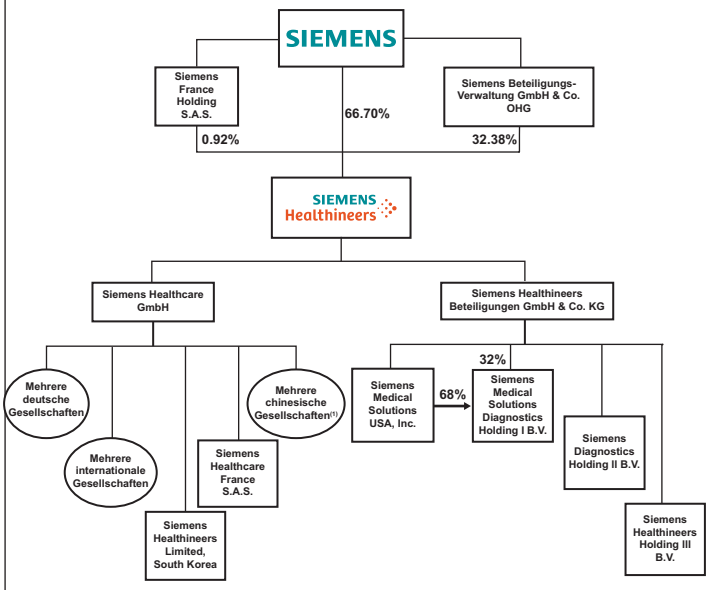
Abschnitt A – Einleitung und Warnhinweise		
A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einführung zu diesem Prospekt und sämtlichen möglichen Nachträgen zu diesem Prospekt (zusammen der „**Prospekt**") verstanden werden. Jede Entscheidung zur Investition in die Wertpapiere sollte auf die Prüfung des gesamten Prospekts gestützt werden. Für den Fall, dass ein Anleger als Kläger vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend macht, könnte dieser in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums („**Mitgliedstaaten**") bereits vor Prozessbeginn verpflichtet sein, die Kosten für die Übersetzung des Prospekts zu tragen. Die Siemens Healthineers AG, München, Deutschland, (die „**Gesellschaft**" und (i) zusammen mit ihren direkten und indirekten Tochtergesellschaften nach Abschluss des Ausgliederungs- und Unternehmensrestrukturierungsprozesses, und (ii) die kombinierte Gruppe von Gesellschaften und Unternehmensteilen der Medizintechniksparte der Siemens AG und ihre konsolidierten Tochtergesellschaften vor Abschluss des Ausgliederungs- und Unternehmensrestrukturierungsprozesses, die „**Gruppe**", „**Siemens Healthineers**", „**wir**", „**uns**", „**unsere**"), zusammen mit Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Deutschland („**Deutsche Bank**"), Goldman Sachs International, London, Vereinigtes Königreich („**Goldman Sachs**") und J.P. Morgan Securities plc, London, Vereinigtes Königreich („**J.P. Morgan**" und zusammen mit Deutsche Bank und Goldman Sachs, die „**Joint Global Coordinators**"), BNP Paribas, Paris, Frankreich („**BNP PARIBAS**"), Merrill Lynch International, London, Vereinigtes Königreich („**BofA Merrill Lynch**"), Citigroup Global Markets Limited, London, Vereinigtes Königreich („**Citigroup**") und UBS Limited, London, Vereinigtes Königreich („**UBS Investment Bank**" und zusammen mit BNP PARIBAS, BofA Merrill Lynch, Citigroup und den Joint Global Coordinators, die „**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Deutschland („**Berenberg**"), COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Deutschland („**COMMERZBANK**"), Jefferies International Limited, London, Vereinigtes Königreich („**Jefferies**"), HSBC Trinkaus & Burkhardt AG, Düsseldorf, Deutschland („**HSBC**"), Nordea Bank AB (publ), Stockholm, Schweden („**Nordea**"), RBC Europe Limited, London, Vereinigtes Königreich („**RBC**"), und UniCredit Bank AG, München, Deutschland („**UniCredit**" und zusammen mit Berenberg, COMMERZBANK, Jefferies, HSBC, Nordea und RBC die „**Co-Lead Managers**" und, die Co-Lead Managers zusammen

		mit den Joint Bookrunners die „**Konsortialbanken**"), haben nach § 5 Abs. 2b Nr. 4 des Wertpapierprospektgesetzes die Verantwortung für den Inhalt dieser Zusammenfassung, einschließlich der deutschen Übersetzung hiervon, übernommen. Diejenigen Personen, die die Verantwortung für die Zusammenfassung, einschließlich etwaiger Übersetzungen hiervon, übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden. Dies gilt jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angaben über eine spätere Verwendung des Prospekts.**	Entfällt. Eine Zustimmung der Gesellschaft zur Verwendung dieses Prospekts für eine spätere Weiterveräußerung oder endgültige Platzierung der Aktien der Gesellschaft durch Finanzintermediäre wurde nicht erteilt.

Abschnitt B – Emittent		
B.1	**Gesetzliche und kommerzielle Bezeichnung des Emittenten.**	Die gesetzliche Bezeichnung der Gesellschaft lautet Siemens Healthineers AG. Die Gesellschaft und die Gruppe betreiben ihr Geschäft unter der kommerziellen Bezeichnung „Siemens Healthineers". Darüber hinaus nutzen einige Tochtergesellschaften der Gesellschaft, entsprechend den wichtigen Marken der Gruppe, weitere kommerzielle Bezeichnungen.
B.2	**Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft.**	Die Siemens Healthineers AG hat ihren satzungsmäßigen Sitz in München und ist im Handelsregister des Amtsgerichts München, Deutschland, unter der Registernummer HRB 237558 eingetragen. Die Gesellschaft ist eine deutsche Aktiengesellschaft, die nach dem Recht Deutschlands gegründet wurde und deutschem Recht unterliegt.
B.3	**Geschäftstätigkeit und Haupttätigkeiten des Emittenten samt der hierfür wesentlichen Faktoren.**	Wir glauben, dass wir ein weltweiter Anbieter von Technologie und Services im Gesundheitswesen mit einer einzigartigen Präsenz und Größe in einem attraktiven Markt sind. Mit unseren drei führenden Segmenten und einer ganzheitlichen Systemkompetenz entwickeln, produzieren und vertreiben wir eine breite Spanne marktführender und innovativer Bildgebungs-, neuartiger Therapie- und Diagnostikprodukte und -services an Gesundheitsdienstleister weltweit. Wir sind unmittelbar in 75 Ländern vertreten und vertreiben unsere Produkte und Services in mehr als 180 Ländern. Diese globale Aufstellung hat uns erfolgreich als Partner der Wahl für mehr als 90% der weltweiten Top 100 Gesundheitsdienstleister positioniert. Wir schätzen, dass über 70% der kritischen klinischen Entscheidungen von den von uns angebotenen Technologien beeinflusst werden und wir damit im Zentrum klinischer Entscheidungsfindung stehen. Damit haben wir die Voraussetzungen für eine grundlegende Veränderung der Erbringung von Gesundheitsdienstleistungen entlang des Versorgungskontinuums geschaffen. Rascher technischer Fortschritt und sich fortentwickelnde Modelle der Bezahlung und Erbringung von Services im Gesundheitswesen treiben erhebliche Veränderungen im weltweiten Gesundheitssektor voran. Diese und andere Markttrends, wie etwa die Zunahme chronischer Krankheiten

		in einer wachsenden und alternden Bevölkerung, ein zunehmender Bedarf am Zugang zu Gesundheitsversorgung, insbesondere in Schwellenländern, und ein Trend hin zu einem wertbasierten Ansatz der Vergütung im Gesundheitswesen verändern das weltweite Gesundheitssystem und verlangen von Dienstleistern in diesem Bereich, ihre Geschäftsmodelle zu überdenken. Die Veränderung im Gesundheitswesen fordert Dienstleister in diesem Bereich zur Standardisierung der Pflege bei gleichzeitiger Verbesserung der Qualität, zur Ausweitung der klinischen Fähigkeiten bei gleichzeitiger Verbesserung der Effizienz und Verringerung des Risikos sowie zur Einhaltung der rechtlichen Rahmenbedingungen bei gleichzeitiger Erhöhung der Profitabilität. Infolgedessen ist unsere langfristige Strategie, die sich aus diesem Paradigmenwechsel ergebenden Möglichkeiten zu nutzen, auf fünf strategische Bereiche fokussiert: (i) Digitalisierung, Daten und künstliche Intelligenz, (ii) technologiefähige Services, (iii) Präzisionsmedizin, (iv) „Therapie der Zukunft“ und (v) Begleiter des Behandlungswegs des Patienten (*patient journey steward*). Neue Technologien, einschließlich der Digitalisierung und künstlichen Intelligenz, werden voraussichtlich die treibenden Kräfte für die Veränderung des Gesundheitssektors sein. Wir glauben, dass wir ein Innovations- und Technologieführer sind und dass unser Portfolio an Produkten und Services entscheidend für die Fähigkeit unserer Kunden sein wird, diese Veränderung der Industrie mitzugestalten. Unsere Produkte werden in einer Vielzahl unterschiedlicher Bereiche eingesetzt: Von den fortschrittlichsten Forschungszentren über Operationssäle und Diagnostiklabore bis hin zu lokalen Einrichtungen mit patientennaher Diagnostik (Point of Care-Diagnostik) sowie in der Diagnose und Behandlung in dem einzelnen Patienten offenstehenden Laboren und Behandlungseinrichtungen. Zum 30. September 2017 hatten wir eine installierte Basis von etwa 600.000 aktiven Systemen, was der stündlichen Behandlung von rund 240.000 Patienten entspricht. Wir nutzen unsere installierte Basis, um Reagenzien und andere Verbrauchsmaterialien, die wiederkehrend in unseren Produkten eingesetzt werden, zu verkaufen und eine breite Spanne von Mehrwertleistungen anzubieten, um unsere Kunden zu unterstützen. Im zum 30. September 2017 endenden Geschäftsjahr haben wir 44% unserer Umsatzerlöse mit dem Verkauf von Geräten, 28% mit dem Verkauf von Reagenzien und anderen Verbrauchsmaterialien und 29% mit der Erbringung von Services erwirtschaftet. Unsere Geschäftsaktivitäten sind in drei operative Segmente untergliedert: Imaging, Advanced Therapies und Diagnostics. Unser Segment Imaging ist ein führender Anbieter von diagnostischer Bildgebung und Ultraschallprodukten und -dienstleistungen. Nach unserer eigenen Einschätzung ist unser Segment Advanced Therapies weltweit führend in der Herstellung hochintegrierter Produkte sowie in der Bereitstellung von Lösungen und Dienstleistungen in den verschiedensten klinischen Bereichen, die wir den Therapieabteilungen von Gesundheitsdienstleistern zur Verfügung stellen. Wir glauben, dass unser Segment Diagnostics ein führender weltweiter Anbieter von Diagnostikprodukten und -dienstleistungen in der Labordiagnostik, der Point of Care-Diagnostik und der

		Molekulardiagnostik ist. Aufgrund des zukunftsweisenden Charakters vieler unserer Produkte, unserer Erfolgsgeschichte mit Blick auf Investitionen und unserem Fokus auf Datenintegration und künstliche Intelligenz entwickeln wir uns von einem reinen Hersteller fortschrittlicher Produkte zu einem Wegbereiter datenintensiver Präzisionsmedizin, effizienter Pflegeerbringung und verbesserter therapeutischer Ergebnisse. Die Gesellschaft ist der Auffassung, dass die folgenden Faktoren ihren Erfolg steigern und die Gesellschaft auch in Zukunft von ihren Wettbewerbern abgrenzen werden: • Weltweit führend in Medizintechnik mit einer einzigartigen Größe in einem äußerst attraktiven Markt; • Führend im Bereich Bildgebung, der für kontinuierliches Wachstum und Wertschöpfung positioniert ist; • Erreichen neuer Leistungsniveaus mit revolutionärer Labordiagnostikplattform; • Nachweislicher Wegbereiter, der den Wandel des Gesundheitswesens prägt, der durch Digitalisierung und den Einsatz künstlicher Intelligenz beschleunigt wird; • Sich beschleunigendes Wachstum und hoher Anteil an wiederkehrenden Umsatzerlösen verbunden mit strukturellem und anhaltendem Margenwachstum • Starkes und voll engagiertes Managementteam
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.**	Wir meinen, dass unsere Märkte durch mehrere wesentliche Trends charakterisiert werden: • Bevölkerungswachstum und demografischer Wandel: Unser Geschäft wird durch verschiedene demografische Entwicklungen beeinflusst, einschließlich der wachsenden und alternden globalen Bevölkerung. Dieses Wachstum stellt große Herausforderungen für die globalen Gesundheitssysteme und gleichzeitig Möglichkeiten für uns dar, weil die Nachfrage nach kostengünstigen medizinischen Lösungen steigt. • Erweiterung des Gesundheitswesens in Schwellenländern: Die wirtschaftliche Entwicklung in den Schwellenländern hat zu verbessertem Zugang zum Gesundheitswesen geführt. Aufgrund einer wachsenden Mittelklasse gibt es weiterhin erhebliche Investitionen in die Erweiterung des privaten und öffentlichen Gesundheitssystems, welche das Gesamtwachstum fördern. • Anstieg chronischer Krankheiten: Ein Anstieg chronischer Krankheiten wird angetrieben durch eine alternde Bevölkerung und umweltbedingte und lebensstilbedingte Veränderungen. • Wandel der Gesundheitsdienstleister: Aufgrund von erhöhtem Kostendruck im Gesundheitswesen werden neue Vergütungsmodelle für Gesundheitsdienstleistungen eingeführt. Digitalisierung und künstliche Intelligenz werden wahrscheinlich entscheidende Wegbereiter für Gesundheitsdienstleister sein, da diese zunehmend darauf fokussiert sind, (unterstützt durch bessere Ergebnisse und reduzierte Gesamtpflegekosten) die allgemeine Patientenerfahrung zu verbessern.

B.5	**Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe.**	Die Gesellschaft ist die Holding-Gesellschaft der Gruppe. Das folgende Schaubild zeigt (in vereinfachter Form) eine Übersicht der Gruppe zum Datum dieses Prospekts (soweit nicht anders gekennzeichnet, belaufen sich die direkten und indirekten Beteiligungen jeweils auf 100%):  (1) Die Siemens Healthcare GmbH wird den Kaufpreis für den Erwerb verschiedener Gesellschaften in China („**Siemens Healthcare China**") von der Siemens Ltd. China erst nach erfolgter regulatorischer Freigabe der Übertragung, die voraussichtlich erst nach Abschluss des Angebots erfolgen wird, zahlen.
B.6	**Name jeder Person, die eine meldepflichtige direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder einen Teil der Stimmrechte hält.**	Zum Datum des Prospekts waren die Siemens AG, die Siemens Beteiligungsverwaltung GmbH & Co. OHG und die Siemens France Holding S.A.S. die Aktionäre der Gesellschaft (die „**Bestehenden Aktionäre**"). Die Siemens Beteiligungsverwaltung GmbH & Co. OHG und die Siemens France Holding S.A.S. sind beide hundertprozentige Tochtergesellschaften der Siemens AG.
	Die nachfolgende Tabelle enthält die Eigentümerstruktur, zum Datum dieses Prospekts, sowie die erwartete Eigentümerstruktur nach Durchführung des Angebots (wie unten unter C.1 definiert):	

	Tatsächliches (direktes) Eigentum		
	Zum Datum dieses Prospekts	**unmittelbar nach Durchführung des Angebots (ohne Ausübung der Greenshoe-Option)**	**unmittelbar nach Durchführung des Angebots (bei vollständiger Ausübung der Greenshoe-Option)**
		(in %)	
Siemens AG	66,70	66,70	66,70
Siemens Beteiligungsverwaltung GmbH & Co. OHG	32,38	19,34	17,38
Siemens France Holding S.A.S.	0,92	0,92	0,92
Public float	—	13,04	15,00
Summe	**100,00**	**100,00**	**100,00**

	Stimmrechte.	Jede Aktie der Gesellschaft vermittelt eine Stimme in der Hauptversammlung der Gesellschaft. Alle Aktien der Gesellschaft haben gleiche Stimmrechte. Es bestehen keine Stimmrechtsbeschränkungen.

	Unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse und die Art einer solchen Beherrschung.	Zum Datum dieses Prospekts wird die Gesellschaft durch die Siemens AG beherrscht, da die Siemens AG 100% der Stimmrechte der Gesellschaft hält (teilweise direkt und teilweise indirekt durch die Siemens Beteiligungsverwaltung GmbH & Co. OHG und die Siemens France Holding S.A.S., siehe oben). Nach dem Abschluss des Angebots (wie unten unter C.1 definiert) und unter der Annahme der vollständigen Platzierung der Angebotsaktien (wie unten unter C.1 definiert) sowie der vollständigen Ausübung der Greenshoe-Option (wie unten unter E.3 definiert) werden die Bestehenden Aktionäre zusammen 85,0% des Grundkapitals der Gesellschaft halten.
B.7	**Ausgewählte wesentliche historische Finanz-informationen.**	Die in den nachfolgenden Tabellen enthaltenen Finanzinformationen wurden aus dem geprüften kombinierten Abschluss der Gruppe zum und für die am 30. September 2017, 2016 und 2015 endenden Geschäftsjahre, einschließlich der zugehörigen Anhangangaben, (der „**Kombinierte Abschluss**“) und dem ungeprüften verkürzten kombinierten Zwischenabschluss der Gruppe zum und für den am 31. Dezember 2017 endenden Dreimonatszeitraum, einschließlich der zugehörigen Anhangangaben (der „**Ungeprüfte Kombinierte Zwischenabschluss**“) und dem internen Berichtswesen der Gruppe entnommen oder daraus abgeleitet. Der Kombinierte Abschluss wurde in Übereinstimmung mit den internationalen Rechnungslegungstandards IFRS, wie sie in der Europäischen Union anzuwenden sind („**IFRS**“), erstellt und wurde in Übereinstimmung mit den deutschen Grundsätzen ordnungsgemäßer Abschlussprüfung von der Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Niederlassung München, geprüft, die diesen mit einem uneingeschränkten Bestätigungsvermerk versehen hat. Der Ungeprüfte Kombinierte Zwischenabschluss wurde in Übereinstimmung mit IFRS für Zwischenberichterstattung (IAS 34) erstellt. Wir wenden IFRS 15 für das am 1. Oktober 2017 begonnene Geschäftsjahr erstmalig und retrospektiv an. Dies führt dazu, dass die Finanzinformationen zum und für die zum 31. Dezember 2017 und 2016 endenden Dreimonatszeiträume die Auswirkungen der Anwendung von IFRS 15 darstellen, weshalb diese Finanzinformationen nicht vollständig vergleichbar sind mit jenen zum und für die am 30. September 2017, 2016 und 2015 endenden Geschäftsjahre, die diese Auswirkungen nur begrenzt in bestimmten Anhangangaben zum Kombinierten Abschluss darstellen. Die Kennzeichnung von Finanzdaten in den folgenden Tabellen mit „geprüft“ bedeutet, dass diese Finanzdaten dem Kombinierten Abschluss entnommen wurden. Mit der Kennzeichnung „ungeprüft“ werden in den folgenden Tabellen Finanzdaten bezeichnet, die nicht dem Kombinierten Abschluss entnommen wurden, sondern entweder dem Ungeprüften Kombinierten Zwischenabschluss oder dem internen Berichtswesen der Gruppe entnommen oder daraus abgeleitet wurden bzw. auf der Grundlage von Zahlen aus den vorhergenannten Quellen berechnet wurden. Soweit nicht anders angegeben, sind die im nachfolgenden Text und in den untenstehenden Tabellen ausgewiesenen Finanzinformationen in Mio. Euro (Euro in Millionen) dargestellt und kaufmännisch auf ganze Zahlen gerundet. Prozentuale Veränderungen und

		Kennziffern im nachfolgenden Text und in den untenstehenden Tabellen werden basierend auf den jeweils zugrunde liegenden Zahlen berechnet und anschließend auf ganze Prozent oder eine Nachkommastelle kaufmännisch gerundet. Als Ergebnis dieser Rundungen kann die Addition von Zahlen in den untenstehenden Tabellen von den ausgewiesenen Gesamtsummen in den Tabellen abweichen und die Prozentsätze lassen sich möglicherweise nicht genau auf 100% addieren. Zudem können diese gerundeten Zahlen leicht von den nicht gerundeten Zahlen, die an anderer Stelle in diesem Prospekt ausgewiesen sind, abweichen. In Klammern gesetzte Finanzinformationen stellen negative Beträge dar. Bei den untenstehend ausgewiesenen Zahlen bedeutet ein Strich („–"), dass die jeweilige Zahl nicht verfügbar ist, während eine Null („0") bedeutet, dass die jeweilige Zahl zwar verfügbar ist, aber auf Null gerundet wurde oder gleich Null ist.

Daten aus den Kombinierten Gewinn- und Verlustrechnungen

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	**2016**	**2015**	**2017**	**2016**
	(geprüft, wenn nicht anderweitig ausgewiesen) Euro (in Mio.)			**(ungeprüft) Euro (in Mio.)**	
Umsatzerlöse[(1)]	13.796	13.547	12.936	3.198	3.327
Umsatzkosten	(8.034)	(8.080)	(7.867)	(1.870)	(1.913)
Bruttoergebnis vom Umsatz	**5.762**	**5.467**	**5.069**	**1.328**	**1.414**
Forschungs- und Entwicklungsaufwendungen	(1.253)	(1.145)	(1.055)	(306)	(294)
Vertriebskosten und allgemeine Verwaltungsaufwendungen	(2.222)	(2.206)	(2.109)	(538)	(536)
Sonstige betriebliche Erträge, netto (ungeprüft)	12	7	67	7	0
Sonstige betriebliche Erträge	22	19	79	16	1
Sonstige betriebliche Aufwendungen	(19)	(18)	(21)	(11)	(4)
Ergebnis aus nach der Equity-Methode bilanzierten Beteiligungen, netto	9	6	9	2	3
Finanzaufwendungen, netto (ungeprüft)	(255)	(205)	(96)	(70)	(63)
Zinserträge	12	14	19	4	4
Zinsaufwendungen	(267)	(216)	(117)	(70)	(68)
Sonstige Finanzerträge (Finanzaufwendungen), netto	—	(3)	2	(4)	1
Gewinn vor Ertragsteuern	**2.044**	**1.918**	**1.876**	**421**	**521**
Ertragsteueraufwendunen	(600)	(590)	(584)	(111)	(160)
Gewinn nach Steuern[(1)]	**1.444**	**1.328**	**1.292**	**310**	**361**

(1) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das am 1. Oktober 2017 begonnene Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich unsere Umsatzerlöse und unser Gewinn nach Steuern für das zum 30. September 2017 endende Geschäftsjahr auf jeweils €13.677 Mio. beziehungsweise €1.396 Mio. belaufen.

Daten aus den Kombinierten Bilanzen

	Zum 30. September			Zum 31. Dezember
	2017	2016	2015	2017
		(geprüft) Euro (in Mio.)		(ungeprüft) Euro (in Mio.)
Summe kurzfristige Vermögenswerte	**7.110**	**7.922**	**7.553**	**10.133**
Summe langfristige Vermögenswerte	**13.330**	**12.373**	**11.904**	**13.486**
Summe Aktiva	**20.440**	**20.295**	**19.457**	**23.619**
Summe kurzfristige Verbindlichkeiten	**9.275**	**9.304**	**13.645**	**12.362**
Summe langfristige Verbindlichkeiten	**7.923**	**8.584**	**2.084**	**7.724**
Summe Verbindlichkeiten	**17.198**	**17.888**	**15.729**	**20.086**
Summe Eigenkapital	**3.242**	**2.407**	**3.728**	**3.533**
Summe Verbindlichkeiten und Eigenkapital	**20.440**	**20.295**	**19.457**	**23.619**

Daten aus den Kombinierten Kapitalflussrechnungen

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	2016	2015	2017	2016
		(geprüft) Euro (in Mio.)		(ungeprüft) Euro (in Mio.)	
Mittelzuflüsse aus betrieblicher Tätigkeit	**1.975**	**1.849**	**1.901**	**104**	**338**
Mittelzuflüsse/(Mittelabflüsse) aus Investitionstätigkeit	**(453)**	**(436)**	**11**	**(319)**	**(101)**
Mittelzuflüsse/(Mittelabflüsse) aus Finanzierungstätigkeit	**(1.532)**	**(1.279)**	**(1.853)**	**356**	**(237)**
Zahlungsmittel und Zahlungsmitteläquivalente zu Beginn des Berichtszeitraums	206	73	19	184	206
Zahlungsmittel und Zahlungsmitteläquivalente zum Ende des Berichtszeitraums	184	206	73	326	207

Wesentliche Leistungskennzahlen und Alternative Leistungskennzahlen

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	2016	2015	2017	2016
	(ungeprüft, wenn nicht anderweitig ausgewiesen) Euro (in Mio.)			(ungeprüft) Euro (in Mio.)	
Ergebnis[1]	**2.468**	**2.320**	**2.169**	**524**	**631**
Davon Imaging[a]	*1.624*	*1.571*	*1.298*	*371*	*415*
Davon Advanced Therapies[a]	*335*	*286*	*269*	*82*	*89*
Davon Diagnostics[a]	*562*	*514*	*621*	*99*	*135*
Davon Zentrale Posten & Überleitung	*(53)*	*(50)*	*(18)*	*(28)*	*(8)*
Bereinigtes Ergebnis[1]	**2.525**	**2.381**	**2.231**	**547**	**642**
Davon Imaging	*1.647*	*1.594*	*1.329*	*380*	*418*
Davon Advanced Therapies	*337*	*291*	*274*	*82*	*89*
Davon Diagnostics	*583*	*532*	*637*	*102*	*142*
Davon Zentrale Posten & Überleitung	*(43)*	*(35)*	*(9)*	*(16)*	*(6)*
Bereinigtes EBITDA[2]	**2.928**	**2.775**	**2.597**	**638**	**736**
Davon Imaging	*1.771*	*1.721*	*1.445*	*409*	*445*
Davon Advanced Therapies	*348*	*301*	*287*	*84*	*91*
Davon Diagnostics	*802*	*743*	*846*	*146*	*194*
Davon Zentrale Posten & Überleitung	*8*	*11*	*19*	*(1)*	*5*
Bereinigter Gewinn nach Steuern[3]	**1.588**	**1.495**	**1.459**	**352**	**397**
Free Cash Flow (Siemens Healthineers)[a][4]	**1.509**	**1.425**	**1.545**	**9**	**243**
Free Cash Flow (Summe Segmente)[a][4]	**2.222**	**2.263**	**2.103**	**205**	**392**
Davon Imaging[a]	*1.596*	*1.599*	*1.484*	*251*	*326*
Davon Advanced Therapies[a]	*298*	*323*	*281*	*54*	*67*
Davon Diagnostics[a]	*329*	*341*	*337*	*(100)*	*(1)*

(a) Die Finanzdaten für die zum 30. September 2017, 2016 und 2015 endenden Geschäftsjahre sind geprüft.

(1) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das am 1. Oktober 2017 begonnene Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich für das zum 30. September 2017 endende Geschäftsjahr unser Gewinn nach Steuern und unsere Ertragsteueraufwendungen auf jeweils €1.396 Mio. beziehungsweise €581 Mio. und unser Ergebnis und unser Bereinigtes Ergebnis auf jeweils €2.401 Mio. beziehungsweise €2.458 Mio. belaufen.

Die folgende Tabelle zeigt die Überleitung von Gewinn nach Steuern zum Ergebnis, Bereinigten Ergebnis und zur Bereinigten Ergebnis-Marge:

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	**2016**	**2015**	**2017**	**2016**
	(geprüft, wenn nicht anderweitig ausgewiesen)			**(ungeprüft)**	
	Euro (in Mio.), wenn nicht anderweitig ausgewiesen				
Gewinn nach Steuern	**1.444**	**1.328**	**1.292**	**310**	**361**
Ertragsteueraufwendungen	600	590	584	111	160
Finanzaufwendungen, netto (ungeprüft)[(a)]	255	205	96	70	63
Operative Finanzerträge, netto (ungeprüft)[(b)]	22	18	17	0	7
Abschreibungen auf (sonstige) immaterielle Vermögenswerte, die im Rahmen von Unternehmenszusammenschlüssen erworben wurden	147	179	180	33	41
Ergebnis (ungeprüft)[(c)]	**2.468**	**2.320**	**2.169**	**524**	**631**
Davon Imaging	*1.624*	*1.571*	*1.298*	*371*	*415*
Davon Advanced Therapies	*335*	*286*	*269*	*82*	*89*
Davon Diagnostics	*562*	*514*	*621*	*99*	*135*
Davon Zentrale Posten & Überleitung (ungeprüft)	*(53)*	*(50)*	*(18)*	*(28)*	*(8)*
IPO Kosten[(d)]	—	—	—	8	—
Personalrestrukturierungsaufwendungen[(d)]	57	61	62	15	11
Bereinigtes Ergebnis (ungeprüft)[(e)]	**2.525**	**2.381**	**2.231**	**547**	**642**
Davon Imaging (ungeprüft)	*1.647*	*1.594*	*1.329*	*380*	*418*
Davon Advanced Therapies (ungeprüft)	*337*	*291*	*274*	*82*	*89*
Davon Diagnostics (ungeprüft)	*583*	*532*	*637*	*102*	*142*
Davon Zentrale Posten & Überleitung (ungeprüft)	*(43)*	*(35)*	*(9)*	*(16)*	*(6)*
Bereinigte Ergebnis-Marge (ungeprüft)	**18,3%**	**17,6%**	**17,2%**	**17,1%**	**19,3%**

(a) Finanzaufwendungen, netto enthält die Summe von (i) Zinserträgen, (ii) Zinsaufwendungen und (iii) sonstige Finanzerträge (Finanzaufwendungen), netto und wird nicht in das Ergebnis mit einbezogen.

(b) Operative Finanzerträge, netto als Teil von Finanzaufwendungen, netto sind im Ergebnis enthalten. Operative Finanzerträge, netto beziehen sich auf Zinserträge aus Forderungen an Kunden, aus den Segmenten zugerechneten Zahlungsmitteln (auf Segment-Ebene) und Zinsaufwendungen für Verbindlichkeiten gegenüber Lieferanten.

(c) Ergebnis ist keine nach IFRS anerkannte Messgröße und ist keine Kennzahl für unsere Leistung oder Liquidität nach IFRS und sollte nicht als Alternative zu Messgrößen verstanden werden, die in Übereinstimmung mit IFRS oder anderen allgemein akzeptierten Rechungslegungsgrundsätzen abgeleitet worden sind. Ergebnis ist nicht notwendigerweise vergleichbar mit ähnlich benannten Kennzahlen anderer Gesellschaften und hat als Instrument zur Analyse nur begrenzten Wert und sollte nicht isoliert betrachtet werden oder als Ersatz für eine Analyse unserer Ertragslage, wie nach IFRS berichtet, dienen.

(d) IPO Kosten beziehen sich auf einmalige externe Kosten, die in direktem Zusammenhang mit dem Angebot stehen (einschließlich Gebühren für die Banken, Rechtsberater, Steuerberater, Wirtschaftsprüfer, auf Betriebsrenten bezogener Beratungskosten und auf das Angebot bezogener externer Kommunikations- und Marketingkosten, sowie Kosten eines auf das Angebot bezogenen Mitarbeiterbeteiligungsprogramms). Personalrestrukturierungsaufwendungen beziehen sich auf Aufwendungen im Zusammenhang mit Personalrestrukturierungsprogrammen. Nach Auffassung unseres Managements sind IPO Kosten und Personalrestrukturierungsaufwendungen besondere Posten, die nicht die dem Geschäft zugrundeliegende Leistung widerspiegeln.

(e) Das Bereinigte Ergebnis und die Bereinigte Ergebnis-Marge (Bereinigtes Ergebnis in Prozent der Umsatzerlöse) sind keine nach IFRS anerkannten Messgrößen und keine Kennzahlen für unsere Leistung oder Liquidität nach IFRS und sollten nicht als Alternativen zu Messgrößen verstanden werden, die in Übereinstimmung mit IFRS oder jeden anderen allgemein akzeptierten Rechungslegungsgrundsätzen abgeleitet worden sind. Das Bereinigte Ergebnis und die Bereinigte Ergebnis-Marge sind möglicherweise nicht vergleichbar mit ähnlich benannten Kennzahlen anderer Gesellschaften und haben Grenzen als Analyseinstrumente und sollten nicht isoliert betrachtet werden oder als Ersatz für eine Analyse unserer Ertragslage, wie nach IFRS berichtet, dienen. Wenn wir IFRS 15 ab dem 1. Oktober 2016 angewandt hätten, hätte sich unser Bereinigtes Ergebnis nach Segmenten für das zum 30. September 2017 endende Geschäftsjahr auf €1.590 Mio. für Imaging, €582 Mio. für Diagnostics und €328 Mio. für Advanced Therapies belaufen und die zentralen Posten und Überleitung hätten minus €42 Mio. betragen.

(2) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das am 1. Oktober 2017 begonnene Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich für das zum 30. September 2017 endende Geschäftsjahr unser Gewinn nach Steuern und unsere Ertragsteueraufwendungen auf jeweils €1.396 Mio. beziehungsweise €581 Mio. und damit unser Bereinigtes EBITDA auf €2.861 Mio. belaufen.

Die folgende Tabelle zeigt die Überleitung von Gewinn nach Steuern zu EBITDA und Bereinigtem EBITDA:

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	**2016**	**2015**	**2017**	**2016**
	(geprüft, wenn nicht anderweitig ausgewiesen) Euro (in Mio.)			**(ungeprüft) Euro (in Mio.)**	
Gewinn nach Steuern	**1.444**	**1.328**	**1.292**	**310**	**361**
Ertragsteueraufwendungen	600	590	584	111	160
Finanzaufwendungen, netto (ungeprüft)[(a)]	255	205	96	70	63
Abschreibungen und Wertminderungen auf sonstige immaterielle Vermögenswerte	230	259	252	58	59
Abschreibungen und Wertminderungen von Sachanlagen	342	332	312	66	81
EBITDA (ungeprüft)[(c)]	**2.871**	**2.714**	**2.535**	**615**	**725**
IPO Kosten[(b)]	—	—	—	8	—
Personalrestrukturierungsaufwendungen[(b)]	57	61	62	15	11
Bereinigtes EBITDA (ungeprüft)[(c)]	**2.928**	**2.775**	**2.597**	**638**	**736**
Davon Imaging (ungeprüft)	*1.771*	*1.721*	*1.445*	*409*	*445*
Davon Advanced Therapies (ungeprüft)	*348*	*301*	*287*	*84*	*91*
Davon Diagnostics (ungeprüft)	*802*	*743*	*846*	*146*	*194*
Davon Zentrale Posten & Überleitung (ungeprüft)	*8*	*11*	*19*	*(1)*	*5*

(a) Finanzaufwendungen, netto enthält die Summe von (i) Zinserträgen, (ii) Zinsaufwendungen und (iii) sonstigen Finanzerträgen (Finanzaufwendungen), netto.

(b) IPO Kosten beziehen sich auf einmalige externe Kosten, die in direktem Zusammenhang mit dem Angebot stehen (einschließlich Gebühren für die Banken, Rechtsberater, Steuerberater, Wirtschaftsprüfer, auf Betriebsrenten bezogener Beratungskosten und auf das Angebot bezogener externer Kommunikations- und Marketingkosten, sowie Kosten eines auf das Angebot bezogenen Mitarbeiterbeteiligungsprogramms). Personalrestrukturierungsaufwendungen beziehen sich auf Aufwendungen im Zusammenhang mit Personalrestrukturierungsprogrammen. Nach Auffassung unseres Managements sind IPO Kosten und Personalrestrukturierungsaufwendungen besondere Posten, die nicht die dem Geschäft zugrundeliegende Leistung widerspiegeln.

(c) EBITDA und Bereinigtes EBITDA sind keine nach IFRS anerkannte Messgrößen und sind keine Kennzahlen für unsere Leistung oder Liquidität nach IFRS und sollten nicht als Alternativen zu Messgrößen verstanden werden, die in Übereinstimmung mit IFRS oder anderen allgemein akzeptierten Rechungslegungsgrundsätzen abgeleitet worden sind. EBITDA und Bereinigtes EBITDA sind nicht notwendigerweise vergleichbar mit ähnlich benannten Kennzahlen anderer Gesellschaften und haben Grenzen als Analyseinstrumente und sollten nicht isoliert betrachtet werden oder als Ersatz für eine Analyse unserer Ertragslage, wie nach IFRS berichtet, dienen.

(3) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das am 1. Oktober 2017 begonnene Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich für das zum 30. September 2017 endende Geschäftsjahr unser Gewinn nach Steuern auf €1.396 Mio. und damit unser Bereinigter Gewinn nach Steuern auf €1.540 Mio. belaufen.

Die folgende Tabelle zeigt die Überleitung von Gewinn nach Steuern zu Bereinigtem Gewinn nach Steuern:

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	**2016**	**2015**	**2017**	**2016**
	(geprüft, wenn nicht anderweitig ausgewiesen) Euro (in Mio.)			**(ungeprüft) Euro (in Mio.)**	
Gewinn nach Steuern	**1.444**	**1.328**	**1.292**	**310**	**361**
Personalrestrukturierungsaufwendungen (vor Steuern)[(a)]	57	61	62	15	11
Bereinigung der Personalrestrukturierungsaufwendungen um Steuereffekte (ungeprüft)[(b)]	(17)	(19)	(19)	(4)	(3)
IPO Kosten (vor Steuern) (ungeprüft)[(c)]	—	—	—	8	—
Bereinigung der IPO Kosten um Steuereffekte (ungeprüft)[(d)]	—	—	—	(2)	—
Abschreibungen auf (sonstige) immaterielle Vermögenswerte, die im Rahmen von Unternehmenszusammenschlüssen erworben wurden (vor Steuern)	147	179	180	33	41
Bereinigung der Abschreibungen auf (sonstige) immaterielle Vermögenswerte, die im Rahmen von Unternehmenszusammenschlüssen erworben wurden, um Steuereffekte (ungeprüft)[(e)]	(43)	(55)	(56)	(9)	(13)
Bereinigter Gewinn nach Steuern (ungeprüft)[(f)]	**1.588**	**1.495**	**1.459**	**352**	**397**

(a) Personalrestrukturierungsaufwendungen beziehen sich auf Kosten im Zusammenhang mit Personalrestrukturierungsprogrammen. Nach Auffassung unseres Vorstands sind Personalrestrukturierungsaufwendungen ein besonderer Posten, der nicht die dem Geschäft zugrunde liegende Leistung widerspiegelt.

(b) Diese Bereinigung wurde pauschal durch Multiplikation der Personalrestrukturierungsaufwendungen mit dem effektiven Ertragsteuersatz (Ertragsteueraufwendungen in Prozent des Gewinns vor Steuern) von jeweils 29,4%, 30,8% und 31,1% für die zum 30. September 2017, 2016 und 2015 endenden Geschäftsjahre und 26,4% und 30,7% für die zum 31. Dezember endenden Dreimonatszeiträume 2017 und 2016 berechnet.

(c) IPO Kosten beziehen sich auf einmalige externe Kosten, die in direktem Zusammenhang mit dem Angebot stehen (einschließlich Gebühren für die Banken, Rechtsberater, Steuerberater, Wirtschaftsprüfer, auf Betriebsrenten bezogener Beratungskosten und auf das Angebot bezogener externer Kommunikations- und Marketingkosten, sowie Kosten eines auf das Angebot bezogenen Mitarbeiterbeteiligungsprogramms). Nach Auffassung unseres Managements sind IPO Kosten ein besonderer Posten, der nicht die dem Geschäft zugrundeliegende Leistung widerspiegelt.

(d) Diese Bereinigung wurde pauschal durch Multiplikation der IPO Kosten mit dem effektiven Steuersatz (Ertragsteueraufwendungen in Prozent des Gewinns vor Steuern) von jeweils 29,4%, 30,8% und 31,1% für die zum 30. September 2017, 2016 und 2015 endenden Geschäftsjahre und 26,4% und 30,7% für die zum 31. Dezember endenden Dreimonatszeiträume 2017 und 2016 berechnet.

(e) Diese Bereinigung wurde pauschal durch Multiplikation der Abschreibungen auf (sonstige) immaterielle Vermögenswerte, die im Rahmen von Unternehmenszusammenschlüssen erworben wurden, mit dem effektiven Ertragsteuersatz (Ertragsteueraufwendungen in Prozent des Gewinns vor Steuern) von jeweils 29,4%, 30,8% und 31,1% für die zum 30. September 2017, 2016 und 2015 endenden Geschäftsjahre und 26,4% und 30,7% für die zum 31. Dezember endenden Dreimonatszeiträume 2017 und 2016 berechnet.

(f) Bereinigter Gewinn nach Steuern ist keine nach IFRS anerkannte Messgröße und kein Ersatz für IFRS-Messgrößen und sollte nicht als Alternative zu Messgrößen verstanden werden, die in Übereinstimmung mit IFRS abgeleitet worden sind. Bereinigter Gewinn nach Steuern soll nicht als Alternative zum Gewinn nach Steuern, der in Übereinstimmung mit IFRS abgeleitet wurde, verstanden werden. Es existiert keine einheitliche Definition des bereinigten Gewinns nach Steuern, was bedeutet, dass der bereinigte Gewinn nach Steuern, wie ihn andere Gesellschaften definieren, nicht notwendigerweise mit unserem Bereinigten Gewinn nach Steuern vergleichbar ist.

(4) Die folgende Tabelle zeigt die Überleitung von Mittelzufluss aus betrieblicher Tätigkeit zum Free Cash Flow (Siemens Healthineers) und Free Cash Flow (Summe Segmente):

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	**2016**	**2015**	**2017**	**2016**
	(geprüft) Euro (in Mio.)			**(ungeprüft) Euro (in Mio.)**	
Mittelzufluss aus betrieblicher Tätigkeit	1.975	1.849	1.901	104	338
Investitionen in immaterielle Vermögenswerte und Sachanlagen[(a)]	(466)	(424)	(356)	(95)	(96)
Free Cash Flow (Siemens Healthineers)	**1.509**	**1.425**	**1.545**	**9**	**243**
Zentrale Posten	136	155	48	78	47
Steuerbezogene Mittelflüsse	567	686	505	119	101
Sonstige Posten	10	(2)	5	—	2
Free Cash Flow (Summe Segmente)	**2.222**	**2.263**	**2.103**	**205**	**392**
Davon Imaging	*1.596*	*1.599*	*1.484*	*251*	*326*
Davon Advanced Therapies	*298*	*323*	*281*	*54*	*67*
Davon Diagnostics	*329*	*341*	*337*	*(100)*	*(1)*

(a) Investitionen in immaterielle Vermögenswerte und Sachanlagen sind Teil der Mittelzuflüsse/(Mittelabflüsse) aus Investitionstätigkeit. Die restlichen Bestandteile der Mittelzuflüsse/(Mittelabflüsse) aus Investitionstätigkeit in Höhe von €13 Mio. (im zum 30. September 2017 endenden Geschäftsjahr), minus €12 Mio. (im zum 30. September 2016 endenden Geschäftsjahr), €367 Mio. (im zum 30. September 2015 endenden Geschäftsjahr), minus €224 Mio. (im zum 31. Dezember 2017 endenden Dreimonatszeitraum) und minus €5 Mio. (im zum 31. Dezember 2016 endenden Dreimonatszeitraum) finden im Free Cash Flow keine Berücksichtigung.

Gesamte Umsatzerlöse nach Segmenten

Die folgenden Tabellen stellen unsere gesamten Umsatzerlöse nach Segmenten und die Entwicklung unserer gesamten Umsatzerlöse nach Segmenten für die dargestellten Berichtszeiträume dar. Die gesamten Umsatzerlöse bestehen aus Außenumsatzerlösen und internen Umsatzerlösen.

	Für den zum 31. Dezember endenden Dreimonatszeitraum		Nominal-änderung	Portfolio effekte	Fremdwährungs-umrechnungseffekte	Veränderung bereinigt um Portfolio- und Fremdwährungsum-rechnungseffekte
	2017	2016				
	(ungeprüft) Euro (in Mio.), wenn nicht anderweitig ausgewiesen				(ungeprüft)	
Imaging	1.943	1.983	(2,0)%	(0,3)%	(5,5)%	3,8%
Advanced Therapies	368	361	1,9%	(0,8)%	(5,9)%	8,5%
Diagnostics	929	1.007	(7,7)%	(0,6)%	(6,0)%	(1,1)%
Summe Segmente	**3.241**	**3.351**	—	—	—	—
Überleitung (zum Ungeprüften Kombinierten Zwischenabschluss)	(42)	(24)	—	—	—	—
Siemens Healthineers	**3.198**	**3.327**	**(3,9)%**	**(0,4)%**	**(5,8)%**	**2,3%**

	Für das zum 30. September endende Geschäftsjahr		Nominal-änderung	Portfolio effekte	Fremdwährungs-umrechnungseffekte	Veränderung bereinigt um Portfolio- und Fremdwährungs-umrechnungseffekte
	2017	2016				
	(geprüft) Euro (in Mio.), wenn nicht anderweitig ausgewiesen				(ungeprüft)	
Imaging	8.216	8.007	2,6%	0,0%	(1,0)%	3,6%
Advanced Therapies	1.519	1.460	4,0%	—	(0,6)%	4,6%
Diagnostics	4.162	4.138	0,6%	0,1%	(0,7)%	1,1%
Summe Segmente	**13.896**	**13.606**	—	—	—	—
Überleitung zum Kombinierten Abschluss	(100)	(59)	—	—	—	—
Siemens Healthineers	**13.796**[1]	**13.547**	**1,8%**	**0,1%**	**(0,9)%**	**2,7%**

(1) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das zum 1. Oktober 2017 beginnende Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich unsere gesamten Umsatzerlöse nach Segmenten für das zum 30. September 2017 endende Geschäftsjahr für Imaging, Advanced Therapies und Diagnostics auf jeweils €8.113 Mio., €1.503 Mio. und €4.164 Mio. belaufen.

	Für das zum 30. September endende Geschäftsjahr		Nominal änderung	Portfolio effekte	Fremdwährungs-umrechnungseffekte	Veränderung bereinigt um Portfolio- und Fremdwährungs-umrechnungseffekte
	2016	2015				
	(geprüft) Euro (in Mio.), wenn nicht anderweitig ausgewiesen				(ungeprüft)	
Imaging	8.007	7.382	8,5%	0,0%	0,4%	8,1%
Advanced Therapies	1.460	1.447	0,9%	—	0,8%	0,1%
Diagnostics	4.138	4.138	0,0%	(1,5)%	0,1%	1,4%
Summe Segmente	**13.606**	**12.967**	—	—	—	—
Überleitung zum Kombinierten Abschluss	(59)	(30)	—	—	—	—
Siemens Healthineers	**13.547**	**12.936**	**4,7%**	**(0,5)%**	**0,3%**	**4,9%**

Umsatzerlöse nach Regionen

Die folgende Tabelle stellt unsere Umsatzerlöse nach Regionen (nach Sitz des Kunden) und die Entwicklung der Umsatzerlöse nach Regionen (nach Sitz des Kunden) für die dargestellten Berichtszeiträume dar.

	Für den zum 31. Dezember endenden Dreimonatszeitraum		Nominal-änderung	Portfolio-effekte	Fremdwährungsum-rechnungseffekte	Veränderung bereinigt um Portfolio- und Fremdwährungsumrech-nungseffekte
	2017	2016				
	(ungeprüft) Euro (in Mio.), wenn nicht anderweitig ausgewiesen				(ungeprüft)	
EMEA[1]	1.079	1.044	3,4%	(0,8)%	(2,0)%	6,2%
Davon Deutschland	*213*	*229*	*(7,0)%*	*(1,1)%*	*(0,1)%*	*(5,9)%*
Amerika	1.234	1.400	(11,9)%	0,3%	(8,2)%	(3,9)%
Davon U.S.A.	*1.033*	*1.190*	*(13,2)%*	*0,4%*	*(8,6)%*	*(5,0)%*
Asien-Pazifik[1]	885	883	0,2%	(1,1)%	(6,3)%	7,8%
Davon China	*417*	*360*	*15,8%*	*0,1%*	*(5,0)%*	*20,7%*
Siemens Healthineers	**3.198**	**3.327**	**(3,9)%**	**(0,4)%**	**(5,8)%**	**2,3%**
Davon Industriestaaten	*2.259*	*2.414*	*(6,4)%*	*(0,1)%*	*(5,9)%*	*(0,4)%*
Davon Schwellenländer	*939*	*913*	*2,8%*	*(1,3)%*	*(5,4)%*	*9,5%*

(1) EMEA ("**EMEA**") bezieht sich auf Europa, Gemeinschaft unabhängiger Staaten („**G.U.S**."), Afrika, Naher Osten, und Asien-Pazifik ("**Asien-Pazifik**") bezieht sich auf Asien, Australien, jeweils wie in unserem Kombinierten Abschluss und unserem Ungeprüften Kombinierten Zwischenabschluss ausgewiesen.

	Für das zum 30. September endende Geschäftsjahr		Nominal-änderung	Portfolio-effekte	Fremdwährungsum-rechnungseffekte	Veränderung bereinigt um Portfolio- und Fremdwährungsumrech-nungseffektes
	2017	2016				
	(geprüft, wenn nicht anderweitig ausgewiesen) Euro (in Mio.), wenn nicht anderweitig ausgewiesen				(ungeprüft)	
EMEA[1]	4.380	4.423	(1,0)%	0,1%	(2,3)%	1,3%
Davon Deutschland	*885*	*859*	*3,0%*	*0,2%*	*0,0%*	*2,9%*
Amerika	5.599	5.496	1,9%	0,1%	0,2%	1,6%
Davon U.S.A.	*4.687*	*4.656*	*0,7%*	*0,1%*	*(0,1)%*	*0,6%*
Asien-Pazifik[1]	3.817	3.628	5,2%	—	(0,8)%	6,0%
Davon China (ungeprüft)	*1.618*	*1.488*	*8,7%*	—	*(3,1)%*	*11,9%*
Siemens Healthineers	**13.796[2]**	**13.547**	**1,8%**	**0,1%**	**(0,9)%**	**2,7%**
Davon Industriestaaten (ungeprüft)	*9.855*	*9.778*	*0,8%*	*0,1%*	*(0,3)%*	*1,0%*
Davon Schwellenländer (ungeprüft)	*3.941*	*3.769*	*4,6%*	*0,0%*	*(2,4)%*	*6,9%*

(1) EMEA bezieht sich auf Europa, G.U.S., Afrika, Naher Osten und Asien-Pazifik bezieht sich auf Asien, Australien, jeweils wie in unserem Kombinierten Abschluss und unserem Ungeprüften Kombinierten Zwischenabschluss ausgewiesen.

(2) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das zum 1. Oktober 2017 beginnende Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich unsere Umsatzerlöse (nach Sitz des Kunden) für das zum 30. September 2017 endende Geschäftsjahr für EMEA, Amerika und Asien-Pazifik auf jeweils €4.340 Mio., €5.570 Mio. und €3.767 Mio. belaufen.

	Für das zum 30. September endende Geschäftsjahr		Nominal-änderung	Portfolio-effekte	Fremdwährungsum-rechnungseffekte	Veränderung bereinigt um Portfolio- und Fremdwährungsumrech-nungseffektes
	2016	2015				
	(geprüft, wenn nicht anderweitig ausgewiesen) Euro (in Mio.), wenn nicht anderweitig ausgewiesen				(ungeprüft)	
EMEA[1]	4.423	4.366	1,3%	(0,2)%	(1,5)%	3,0%
Davon Deutschland	*859*	*848*	*1,3%*	*(0,1)%*	*0,0%*	*1,3%*
Amerika	5.496	5.184	6,0%	(0,6)%	1,2%	5,4%
Davon U.S.A.	*4.656*	*4.276*	*8,9%*	*(0,6)%*	*3,7%*	*5,8%*
Asien-Pazifik[1]	3.628	3.386	7,1%	(0,6)%	1,4%	6,4%
Davon China (ungeprüft)	*1.488*	*1.420*	*4,8%*	*(0,1)%*	*(1,3)%*	*6,2%*
Siemens Healthineers	**13.547**	**12.936**	**4,7%**	**(0,5)%**	**0,3%**	**4,9%**
Davon Industriestaaten (ungeprüft)	*9.778*	*9.260*	*5,6%*	*(0,6)%*	*2,2%*	*4,0%*
Davon Schwellenländer (ungeprüft)	*3.769*	*3.676*	*2,5%*	*(0,2)%*	*(4,3)%*	*7,0%*

(1) EMEA bezieht sich auf Europa, G.U.S., Afrika, Naher Osten und Asien-Pazifik bezieht sich auf Asien, Australien, jeweils wie in unserem Kombinierten Abschluss und unserem Ungeprüften Kombinierten Zwischenabschluss ausgewiesen.

Wiederkehrende Umsatzerlöse

	Für das zum 30. September endende Geschäftsjahr			Für den zum 31. Dezember endenden Dreimonatszeitraum	
	2017	2016	2015	2017	2016
	(ungeprüft) Euro (in Mio.)			(ungeprüft) Euro (in Mio.)	
Umsatzerlöse aus Dienstleistungen	3.936	3.785	3.600	949	956
Umsatzerlöse aus Verbrauchsmaterialien und Reagenzien	3.801	3.754	3.748	850	926
Wiederkehrende Umsatzerlöse	**7.737**[1]	**7.539**	**7.348**	**1.799**	**1.882**

(1) Wir wenden IFRS 15 (Umsatzerlöse aus Verträgen mit Kunden) rückwirkend für das am 1. Oktober 2017 begonnene Geschäftsjahr an. Wenn wir diesen Standard zum 1. Oktober 2016 angewandt hätten, hätten sich für das zum 30. September 2017 endende Geschäftsjahr unsere Umsatzerlöse aus Dienstleistungen und Umsatzerlöse aus Verbrauchsmaterialien und Reagenzien jeweils auf €3.938 Mio. beziehungsweise auf €3.803 Mio. und damit unsere wiederkehrenden Umsatzerlöse auf €7.741 Mio. belaufen.

	Wesentliche Veränderungen der Finanzlage des Emittenten und der Betriebsergebnisse während und nach den Berichtszeiträumen, die von den wesentlichen historischen Finanzinformationen erfasst sind.	Die folgenden wesentlichen Veränderungen der Finanzlage und der Ertragslage fanden in den zum 31. Dezember 2017 und 2016 endenden Dreimonatszeiträumen, den zum 30. September 2017, 2016 und 2015 endenden Geschäftsjahren und im nachfolgenden Berichtszeitraum statt: ***Zum 31. Dezember 2017 und 2016 endende Dreimonatszeiträume*** Die Umsatzerlöse nahmen im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €129 Mio. oder 3,9% ab und beliefen sich auf €3.198 Mio. im Vergleich zu €3.327 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme war hauptsächlich getrieben von nachteiligen Wechselkursveränderungen, insbesondere der Stärkung des Euro im Vergleich zum US-Dollar im zum 31. Dezember 2017 endenden Dreimonatszeitraum im Vergleich zu dem zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die gesamten Umsatzerlöse, die durch unser operatives Segment Imaging erwirtschaftet wurden, nahmen im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €40 Mio. oder 2,0% ab und beliefen sich auf €1.943 Mio. im Vergleich zu €1.983 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme war hauptsächlich getrieben von nachteiligen Wechselkursveränderungen, insbesondere der Stärkung des Euro im Vergleich zum U.S. Dollar im zum 31. Dezember 2017 endenden Dreimonatszeitraum im Vergleich zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die gesamten Umsatzerlöse, die durch unser operatives Segment Advanced Therapies erwirtschaftet wurden, nahmen im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €7 Mio. oder 1,9% zu und beliefen sich auf €368 Mio. im Vergleich zu €361 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Zunahme beruhte hauptsächlich auf stabilem Wachstum in den Vereinigten Staaten, EMEA und China sowie starkem Wachstum unser Geräte- und Dienstleistungsgeschäfte. Die gesamten Umsatzerlöse, die durch unser operatives Segment Diagnostics erwirtschaftet wurden, nahmen im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €78 Mio. oder 7,7% ab und beliefen sich auf €929 Mio. im Vergleich zu €1.007 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme beruhte hauptsächlich auf geringerer Volumina der in den Vereinigten Staaten verkauften Reagenzien, da einige Kunden größere Aufträge vor dem Ende unseres Geschäftsjahres erteilt haben. Das Ergebnis aller Segmente (*d.h.*, Summe der Ergebnisse jedes der operativen Segmente ausgenommen zentrale Posten

		und Überleitung) nahm im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €87 Mio. oder 13,6% ab und belief sich auf €552 Mio. im Vergleich zu €639 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme beruhte ebenfalls auf nachteiligen Wechselkursveränderungen. Das Ergebnis, das durch unser Segment Imaging erwirtschaftet wurde, nahm im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €44 Mio. oder 10,6% ab und belief sich auf €371 Mio. im Vergleich zu €415 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme beruhte hauptsächlich auf nachteiligen Wechselkurs-veränderungen. Das Ergebnis, das durch unser Segment Advanced Therapies erwirtschaftet wurde, nahm im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €7 Mio. oder 7,9% ab und belief sich auf €82 Mio. im Vergleich zu €89 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme beruhte auch hauptsächlich auf nachteiligen Wechselkursveränderungen. Das Ergebnis, das durch unser Segment Diagnostics erwirtschaftet wurde, nahm im zum 31. Dezember 2017 endenden Dreimonatszeitraum um €36 Mio. oder 26,7% ab und belief sich auf €99 Mio. im Vergleich zu €135 Mio. im zum 31. Dezember 2016 endenden Dreimonatszeitraum. Die Abnahme beruhte hauptsächlich auf Aufwendungen in Verbindung mit der Einführung unserer Atellica Solution. ***Zum 30. September 2017 und 2016 endende Geschäftsjahre*** Die Umsatzerlöse nahmen im zum 30. September 2017 endenden Geschäftsjahr um €249 Mio. oder 1,8% zu und beliefen sich auf €13.796 Mio. im Vergleich zu €13.547 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme war auf alle drei operativen Segmente zurückzuführen, wobei Imaging besonders stark war, sowie auf ein Wachstum in Asien und Australien, getrieben von einem stark wachsenden Markt in der Volksrepublik China („**China**"), teilweise ausgeglichen durch normale Preiserosionen und nachteilige Fremdwährungs-umrechungseffekte in allen drei operativen Segmenten. Die gesamten Umsatzerlöse, die durch unser operatives Segment Imaging erwirtschaftet wurden, nahmen im zum 30. September 2017 endenden Geschäftsjahr um €209 Mio. oder 2,6% zu, und beliefen sich auf €8.216 Mio. im Vergleich zu €8.007 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf dem Wachstum in unserem Geschäft mit Magnetresonanz (MR), das seine Innovationsführerschaft fortsetzte, und auf Wachstum in Asien und Australien, getrieben von einem stark wachsenden Markt in China, während das Wachstum in Amerika aufgrund bestehender Unsicherheiten im Zusammenhang mit der Erstattungspolitik im Gesundheitswesen und der Steuerpolitik in den Vereinigten Staaten von Amerika (die „**Vereinigten Staaten**") generell gering war. Die gesamten Umsatzerlöse, die durch unser operatives Segment Advanced Therapies erwirtschaftet wurden, nahmen im zum 30. September 2017 endenden Geschäftsjahr um €59 Mio. oder 4,0% zu und beliefen sich auf €1.519 Mio. im Vergleich zu €1.460 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf dem starken Wachstum in China und der Bedienung von Bestellungen, die in den vorangegangenen Geschäftsjahren in den Vereinigten Staaten aufgegeben worden waren (für die die Umsatzerlöse aber erst mit Lieferung in dem zum 30. September 2017 endenden Geschäftsjahr berücksichtigt werden konnten). Die gesamten

		Umsatzerlöse, die durch unser operatives Segment Diagnostics erwirtschaftet wurden, nahmen im zum 30. September 2017 endenden Geschäftsjahr um €24 Mio. oder 0,6% zu und beliefen sich auf €4.162 Mio. im Vergleich zu €4.138 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf dem Wachstum in Asien und Australien, während das Wachstum in Amerika aufgrund bestehender Unsicherheiten im Zusammenhang mit der Erstattungspolitik im Gesundheitswesen und der Steuerpolitik in den Vereinigten Staaten generell unverändert war. Das Ergebnis aller Segmente (*d.h.*, Summe der Ergebnisse jedes der operativen Segmente ausgenommen zentrale Posten und Überleitung) nahm im zum 30. September 2017 endenden Geschäftsjahr um €150 Mio. oder 6,3% zu und belief sich auf €2.521 Mio. im Vergleich zu €2.371 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Das Ergebnis, das durch unser operatives Segment Imaging erwirtschaftet wurde, nahm im zum 30. September 2017 endenden Geschäftsjahr um €53 Mio. oder 3,4% zu und belief sich auf €1.624 Mio. im Vergleich zu €1.571 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf höheren gesamten Umsatzerlösen, während die Fixkosten relativ stabil blieben, und auf Verbesserungen bei Maßnahmen zur Kostenproduktivität. Das Ergebnis, das durch unser Segment Advanced Therapies erwirtschaftet wurde, nahm im zum 30. September 2017 endenden Geschäftsjahr um €49 Mio. oder 17,1% zu und belief sich auf €335 Mio. im Vergleich zu €286 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf höheren gesamten Umsatzerlösen, während die Fixkosten relativ stabil blieben, und auf Verbesserungen bei Maßnahmen zur Kostenproduktivität sowie auf positiven Einmaleffekten. Das Ergebnis, das durch unser operatives Segment Diagnostics erwirtschaftet wurde, nahm im zum 30. September 2017 endenden Geschäftsjahr um €48 Mio. oder 9,3% zu und belief sich auf €562 Mio. im Vergleich zu €514 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf höheren gesamten Umsatzerlösen, während die Fixkosten relativ stabil blieben, und auf Verbesserungen bei Maßnahmen zur Kostenproduktivität sowie auf Erträgen aus dem Verkauf der ELISA Immunodiagnostik-Vermögenswerte. ***Zum 30. September 2016 und 2015 endende Geschäftsjahre*** Die Umsatzerlöse nahmen im zum 30. September 2016 endenden Geschäftsjahr um €611 Mio. oder 4,7% zu und beliefen sich auf €13.547 Mio. im Vergleich zu €12.936 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf dem Wachstum in unserem operativen Segment Imaging, da die Nachfrage nach unseren bildgebenden Geräten weiter wuchs, und auf einer starken Nachfrage aus den Vereinigten Staaten nach allen wesentlichen Imaging Produktlinien. Die gesamten Umsatzerlöse, die durch unser operatives Segment Imaging erwirtschaftet wurden, nahmen im zum 30. September 2016 endenden Geschäftsjahr um €625 Mio. oder 8,5% zu und beliefen sich auf €8.007 Mio. im Vergleich zu €7.382 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf der Nachfrage nach unseren bildgebenden Geräten (hauptsächlich Magnetresonanz und Computertomographie) und der starken Nachfrage aus den Vereinigten Staaten nach diesen Produkten. Die gesamten Umsatzerlöse, die durch unser

		operatives Segment Advanced Therapies erwirtschaftet wurden, nahmen im zum 30. September 2016 endenden Geschäftsjahr um €13 Mio. oder 0,9% zu und beliefen sich auf €1.460 Mio. im Vergleich zu €1.447 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Die Zunahme war eher gering. Die Abnahme unseres Gerätegeschäfts konnte nur leicht durch das starke Wachstum in unserem Kundenservicegeschäft, das auf die Zunahme der Zahl unserer installierten Geräte zurückzuführen war, ausgeglichen werden. In unserem operativen Segment Advanced Therapies stand auf regionaler Ebene einem Wachstum in Asien und Australien ein Rückgang des Geschäfts in Amerika gegenüber. Die gesamten Umsatzerlöse, die durch unser operatives Segment Diagnostics erwirtschaftet wurden, blieben im zum 30. September 2015 endenden Geschäftsjahr stabil bei €4.138 Mio. im Vergleich zu €4.138 Mio. im zum 30. September 2016 endenden Geschäftsjahr. Die gesamten Umsatzerlöse im zum 30. September 2015 endenden Geschäftsjahr enthielten Umsatzerlöse aus unserem Mikrobiologiegeschäft bis es an Beckman Coulter zu Beginn des Jahres 2015 verkauft wurde. Das Ergebnis aller Segmente (*d.h.*, Summe der Ergebnisse jedes der operativen Segmente ausgenommen zentrale Posten und Überleitung) nahm im zum 30. September 2016 endenden Geschäftsjahr um €184 Mio. oder 8,4% zu und belief sich auf €2.371 Mio im Vergleich zu €2.187 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Das Ergebnis, das durch unser Segment Imaging erwirtschaftet wurde, nahm im zum 30. September 2016 endenden Geschäftsjahr um €273 Mio. oder 21,0% zu und belief sich auf €1.571 Mio. im Vergleich zu €1.298 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf höheren gesamten Umsatzerlösen, während die Fixkosten relativ stabil blieben und auf Verbesserungen von Maßnahmen der Kostenproduktivität. Das Ergebnis, das durch unser operatives Segment Advanced Therapies erwirtschaftet wurde, nahm im zum 30. September 2016 endenden Geschäftsjahr um €17 Mio. oder 6,3% zu und belief sich auf €286 Mio. im Vergleich zu €269 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Die Zunahme beruhte hauptsächlich auf günstigen Währungseffekten, Verbesserungen von Maßnahmen der Kostenproduktivität und etwas höheren gesamten Umsatzerlösen, während die Fixkosten stabil blieben. Das Ergebnis, das durch unser Segment Diagnostics erwirtschaftet wurde, nahm im zum 30. September 2016 endenden Geschäftsjahr um €107 Mio. oder 17,2% ab und belief sich auf €514 Mio. im Vergleich zu €621 Mio. im zum 30. September 2015 endenden Geschäftsjahr. Die Abnahme beruhte hauptsächlich auf der Veräußerung unseres Mikrobiologiegeschäfts an Beckman Coulter zu Beginn des Jahres 2015, Remanenzkosten aus dem Mikrobiologiegeschäft im Jahr 2016, Währungseffekten und höheren Aufwendungen für Forschung und Entwicklung. ***Aktuelle Entwicklungen*** Am 2. Februar 2018 hat die außerordentliche Hauptversammlung der Gesellschaft beschlossen, das Grundkapital der Gesellschaft von €50.000,00 auf €1.000.000.000,00 durch Ausgabe von 999.950.000 neuen Aktien gegen Sacheinlage (i) der Gesellschaftsanteile an der Siemens Healthcare GmbH durch die Siemens AG und die Siemens France Holding S.A.S., (ii) des einzigen Kommanditanteils und der Gesellschaftsanteile am Komplementär der Siemens Healthineers Beteiligungen GmbH & Co. KG durch die Siemens Beteiligungsverwaltg

		GmbH & Co. OHG und (iii) aller Anteile an der Siemens Medical Solutions USA, Inc. durch die Siemens Beteiligungsverwaltung GmbH & Co. OHG (zusammen, die „**Sachkapitalerhöhung**“) zu erhöhen. Außerdem, wurde Planvermögen mit einem beizulegenden Zeitwert von ungefähr €780 Mio. zum 2. Januar 2018 von dem bestehenden Siemens AG Pensionstrust an den neuen Pensionstrust der Gruppe, den Siemens Healthineers Trust, übertragen, welches den Nettowert (Schuld) aus leistungsorientierten Versorgungsplänen der Gesellschaft verringert hat, der zum 30. September 2017 entsprechend €1.715 Mio. betragen hat. Abgesehen von den obigen Ausführungen gab es zwischen dem 31. Dezember 2017 und dem Datum dieses Prospekts keine wesentlichen Änderungen unserer Finanzlage und unseres Betriebsergebnisses.
B.8	**Ausgewählte wesentliche Pro-forma-Finanzinformationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen für den Prospekt erstellt.
B.9	**Gewinnprognose oder -schätzung.**	Ausgehend von den Entwicklungen im zum 30. September 2017 endenden Geschäftsjahr erwarten wir derzeit, dass sich das vergleichbare Umsatzwachstum für das zum 30. September 2018 endende Geschäftsjahr im Bereich von 3% bis 4% (unteres und oberes Ende) verglichen mit dem zum 30. September 2017 endenden Geschäftsjahr bewegen wird. Wir erwarten, dass sich die bereinigte Ergebnismarge (Bereinigtes Ergebnis in Prozent der Umsatzerlöse) für das zum 30. September 2018 endende Geschäftsjahr im Bereich von 17% bis 18% (unteres und oberes Ende) bewegen wird und dass wir nicht operative finanzielle Aufwendungen netto im Bereich von €140 Mio. und €170 Mio. (unteres und oberes Ende) für das zum 30. September 2018 endende Geschäftsjahr erreichen werden. Außerdem erwarten wir, dass sich unser effektiver Ertragsteuersatz im Bereich von 28% bis 30% für das zum 30. September 2018 endende Geschäftsjahr bewegen wird.
B.10	**Beschränkungen in den Bestätigungsvermerken zu den historischen Finanzinformationen.**	Entfällt. Die in diesem Prospekt enthaltenen historischen Finanzinformationen wurden mit uneingeschränkten Bestätigungsvermerken versehen.
B.11	**Nicht Ausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen.**	Entfällt. Die Gesellschaft ist der Ansicht, dass die Gruppe zumindest sämtliche Zahlungsverpflichtungen erfüllen kann, die in den nächsten zwölf Monaten fällig werden.

Abschnitt C—Wertpapiere		
C.1	**Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere.**	Dieser Prospekt bezieht sich auf das Angebot von 150.000.000 auf den Namen lautende Stammaktien der Gesellschaft ohne Nennbetrag (Stückaktien), jeweils mit einem anteiligen Betrag am Grundkapital von €1,00 und mit voller Dividendenberechtigung seit dem 12. Dezember 2017 (das „**Angebot**“), bestehend aus • 130.434.783 bestehende auf den Namen lautende Stammaktien ohne Nennbetrag (Stückaktien) aus dem Bestand der Siemens Beteiligungsverwaltung GmbH & Co. OHG (hiernach bezeichnet als die „**Veräußernde Aktionärin**“) (die „**Basisaktien**“); und

		• 19.565.217 bestehende auf den Namen lautende Stammaktien ohne Nennbetrag (Stückaktien) aus dem Bestand der Veräußernden Aktionärin im Zusammenhang mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**“ und zusammen mit den Basisaktien, die „**Angebotsaktien**“). Zum Zweck der Zulassung am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse bezieht sich dieser Prospekt auf alle auf den Namen lautende Stammaktien der Gesellschaft ohne Nennbetrag (Stückaktien), jeweils mit einem anteiligen Betrag am Grundkapital von €1,00 und mit voller Dividendenberechtigung seit dem 12. Dezember 2017.
	Wertpapierkennung.	International Securities Identification Number (ISIN): DE000SHL1006 Wertpapierkennnummer (WKN): SHL 100 Common Code: 178851705 Ticker Symbol: SHL
C.2	**Währung der Wertpapieremission.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien.** **Nennwert pro Aktie, bzw. Angabe, dass Aktien keinen Nennwert haben.**	Zum Datum des Prospekts sind 1.000.000.000 auf den Namen lautende Stammaktien ohne Nennbetrag (Stückaktien) ausgegeben, die vollständig eingezahlt sind. Jede Aktie der Gesellschaft repräsentiert einen anteiligen Betrag des Grundkapitals der Gesellschaft von €1,00.
C.4	**Mit den Wertpapieren verbundene Rechte.**	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Die Angebotsaktien sind voll dividendenberechtigt seit dem 12. Dezember 2017 und für alle folgenden Geschäftsjahre.
C.5	**Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Es bestehen keine Beschränkungen der freien Übertragbarkeit der Aktien der Gesellschaft.
C.6	**Antrag für die Zulassung zum Handel an einem geregelten Markt und Nennung aller Märkte, auf denen die Wertpapiere gehandelt werden sollen.**	Die Gesellschaft beabsichtigt, die Zulassung ihrer Aktien am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse an oder um den 6. März 2018 zu beantragen. Es wird erwartet, dass der Zulassungsbeschluss für die Aktien der Gesellschaft am 15. März 2018 ergeht. Der Handelsbeginn der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse wird für den 16. März 2018 erwartet.
C.7	**Dividendenpolitik.**	Bis zum Datum des Prospekts hat die Gesellschaft kein operatives Geschäft betrieben. Daher erfolgten bis heute keine Ausschüttungen in Form von Dividenden oder in anderweitiger Form. Die Gesellschaft erwartet, dass zukünftig die Haupteinnahmequelle für die Zahlung von Dividenden Dividenden- und andere Zahlungen von derzeitigen und künftigen, direkten und indirekten Tochtergesellschaften, einschließlich der Siemens Healthcare GmbH sowie der Siemens Healthineers Beteiligungen GmbH & Co. KG und deren jeweiligen Tochtergesellschaften an die Gesellschaft sein werden. Die Entscheidung über die Fähigkeit jeder Tochtergesellschaft, Dividenden zahlen zu können, wird in

		Übereinstimmung mit dem jeweils anwendbaren Recht getroffen. Die Gesellschaft beabsichtigt, an ihre Aktionäre, eine jährliche Dividende in Höhe von 50% bis 60% des Gewinns nach Steuern des vorangegangenen Geschäftsjahrs berechnet nach Maßgabe der IFRS zu zahlen. Der Betrag der für das zum 30. September 2018 endende Geschäftsjahr durch die Gesellschaft zu zahlenden Dividende, über die die Hauptversammlung der Gesellschaft 2019 beschließen wird, wird auf Grundlage des Gewinns nach Steuern nach Maßgabe der IFRS für den gesamten Zeitraum vom 1. Oktober 2017 bis zum 30. September 2018 berechnet, so als hätte keine Gewinnabführung unter dem derzeit noch zwischen der Siemens AG und der Siemens Healthcare GmbH bestehenden Beherrschungs- und Gewinnabführungsvertrag stattgefunden.

Abschnitt D—Risiken		
D.1	**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind.**	**Geschäfts- und marktbezogene Risiken** • Unsere Fähigkeit, unsere führende Stellung in Technologie und Innovation zu erhalten und unsere Stellungen auf unseren Märkten zu verbessern, ist abhängig von unserer erfolgreichen Entwicklung, Einführung und Kommerzialisierung neuer Produkte, Systeme und Dienstleistungen sowie von unserer Fähigkeit, unsere bestehende Technologie zu verbessern. • Unser Wachstum könnte darunter leiden, dass die Märkte, in denen wir unsere Produkte, Systeme und Dienstleistungen verkaufen, schrumpfen oder nicht so wachsen wie erwartet. • Wir sind möglicherweise nicht in der Lage, unsere Strategien erfolgreich umzusetzen. • Wir sind Risiken ausgesetzt, die mit Produkthaftung, Gewährleistungen und Garantien, Rückrufverlangen oder anderen Verfahren oder Ansprüchen, die möglicherweise gegen uns geltend gemacht werden, verbunden sind. • Wir sind in sehr wettbewerbsintensiven Märkten tätig. Der Wettbewerb in diesen Märkten kann sich in Zukunft weiter intensivieren und Preissenkungen notwendig machen oder zu einem Verlust von Marktanteilen führen. • Konsolidierungen innerhalb unseres Kundenkreises könnten den Verkauf unserer Produkte, Systeme und Services nachteilig beeinflussen. • Betriebsunterbrechungen in unseren Produktionsstätten könnten unsere Fähigkeit zur Lieferung von Produkten und zum Erhalt unserer Marktposition verschlechtern. • Jegliche Fehler oder Störungen in unserer Informationstechnologie, in unseren Informationssicherheitssystemen und unserer Infrastruktur zur Unterstützung unserer Geschäftstätigkeit und zum Informationsschutz könnten unsere Geschäftstätigkeit wesentlich nachteilig beeinflussen. • Wir unterliegen strengen Datenschutzregeln und Informationssicherheitsrichtlinien, und jedes Misslingen diese Regeln und Richtlinien einzuhalten, kann uns, unter anderem Risiken, Ansprüchen, Strafen und Sanktionen aussetzen. • Wir sind möglicherweise nicht in der Lage, unser geistiges Eigentum zu schützen und effektiv durchzusetzen.

		• Wir sind Währungsschwankungsrisiken in verschiedenen Ländern ausgesetzt, die sich wesentlich nachteilig auf unsere Profitabilität auswirken könnten, falls wir nicht in der Lage sind, Fremdwährungsumsätze mit in derselben Währung anfallenden Kosten abzudecken. • Wir sind Währungsrisiken durch die Umrechnung unserer funktionalen Währungen in den Euro in unseren Abschlüssen ausgesetzt, die möglicherweise unser Betriebsergebnis reduzieren können. • Unsere Geschäftstätigkeit verlangt erhebliche Investitionen, die wir möglicherweise nicht finanzieren können. • Unsere Gewinnprognose und unsere mittelfristigen Ziele könnten erheblich von unseren tatsächlich erreichten Ergebnissen abweichen. • Wir sind möglicherweise nicht in der Lage, geplante Kosteneinsparungen umzusetzen. • Änderungen der Rechnungslegungsvorschriften könnten sich erheblich negativ auf die Darstellung unser Finanz- und Ertragslage auswirken. • Wir haben einem großen Teil unserer Arbeitnehmer Betriebsrenten zugesagt und haben erhebliche Verbindlichkeiten im Zusammenhang mit unseren Betriebsrentenplänen. Die tatsächlichen Kosten dieser Verpflichtungen könnten die gegenwärtigen Schätzungen übertreffen. • Die Steuerlast der Gruppe könnte sich durch künftige Steuerprüfungen erhöhen. • Änderungen der allgemeinen steuerlichen Gesamtlage könnten einen wesentlichen nachteiligen Einfluss auf unsere Finanz- und Ertragslage haben. ***Rechtliche und regulatorische Risiken*** • Unsere Geschäftstätigkeit unterliegt umfassenden Gesetzen und Vorschriften und jede Änderung des regulatorischen Umfelds könnte unsere Fähigkeit, weiterhin in einem kosteneffizienten Umfeld zu produzieren, beeinträchtigen. • Sowohl wir als auch unsere Kunden sind in einer stark regulierten Branche tätig. Änderungen des regulatorischen Umfelds oder in der Umsetzung oder Durchsetzung der bestehenden Vorschriften könnten uns wesentlich nachteilig betreffen. • In den Vereinigten Staaten setzen die U.S. Food and Drug Administration und andere Aufsichtsbehörden die Gesetze und Vorschriften, die die Entwicklung, Genehmigung und Nutzung von medizinischem Gerät regeln, aktiv durch. Sollte dabei festgestellt werden, dass wir diese Gesetze und Vorschriften nicht eingehalten haben, könnten wir einer erheblichen Haftung ausgesetzt sein. • Die Einhaltung der Gesetze und Vorschriften für die Herstellung und den Vertrieb unserer Produkte außerhalb der Vereinigten Staaten kann kostenintensiv sein und Nichteinhaltung könnte zu erheblichen Geldbußen führen. • Änderungen bei der Erstattung und bei Selbstbehalten bei Krankenversicherungsbeiträgen und in der Verwaltungspraxis der Krankenversicherungen könnten

		die Nachfrage nach unseren Produkten, Dienstleistungen und Lösungen verringern. ***Mit unserer Trennung von der Siemens Gruppe verbundene Risiken*** • Unser Kombinierter Abschluss beruht auf Einschätzungen des Managements und einer Vielzahl von Annahmen und Erwartungen, die sich möglicherweise als unrichtig herausstellen können und die nicht notwendigerweise die Ergebnisse darstellen, die wir als eigenständige, börsennotierte Gesellschaft hätten erreichen können. • Wir sind abhängig von der ordnungsgemäßen Erbringung bestimmter Dienstleistungen durch Unternehmen der Siemens Gruppe und sind möglicherweise nicht in der Lage, diese Dienstleistungen in Zukunft selbst aufzubauen, zu erbringen oder zu ersetzen oder werden dabei möglicherweise operative Probleme haben, zusätzliche Kosten zu tragen haben oder Verbindlichkeiten gegenüber Dritten ausgesetzt sein. ***Risiken im Zusammenhang mit unserer Aktionärsstruktur*** • Auf Grund der Größe der Beteiligung der Siemens AG finden die Regelungen zur faktischen Beherrschung Anwendung und die Siemens AG ist frei, Beschlüsse in der Hauptversammlung der Gesellschaft durchzusetzen, und die Siemens AG einerseits und unsere anderen Aktionäre andererseits können unterschiedliche Interessen haben. • Die Mitgliedschaft derselben Personen in Gesellschaftsorganen der Gesellschaft und der Siemens AG sowie andere Beziehungen mit der Siemens AG oder mit Gesellschaften der Siemens Gruppe können zu Interessenkonflikten führen. • Unsere Marktwahrnehmung wird durch die Wahrnehmung der Siemens Gruppe beeinflusst.
D.3	**Zentrale Risiken, die den Wertpapieren eigen sind.**	***Risiken im Zusammenhang mit den Aktien und der Börsennotierung*** • Die Aktien der Gesellschaft sind bisher nicht an einer Börse gehandelt worden und es ist nicht sicher, dass sich ein aktiver und liquider Markt für die Aktien der Gesellschaft entwickeln wird. • Der Aktienkurs und das Handelsvolumen der Aktien der Gesellschaft könnten erheblich schwanken und könnten sich mit Beendigung des Angebots verringern und Anleger könnten ihre Anlage ganz oder teilweise verlieren. • Die Gesellschaft ist eine Holding-Gesellschaft ohne wesentliche operative Geschäftstätigkeit. Sie ist davon abhängig, dass ihre operativen Tochtergesellschaften der Gesellschaft die notwendigen Finanzmittel zur Verfügung stellen, um Dividendenzahlungen ausschütten zu können. • Zukünftige Veräußerungen von Aktien der Gesellschaft durch die Siemens AG oder Investoren, die Aktien im Rahmen des Angebots kaufen, oder die Erwartung, dass solche Verkäufe möglicherweise bevorstehen, könnten den Kurs der Aktien belasten.

Abschnitt E—Angebot		
E.1	**Gesamtnettoerlöse.**	Die Veräußernde Aktionärin erhält die Erlöse aus dem Verkauf der Angebotsaktien. Die Kosten des Angebots werden von der Veräußernden Aktionärin und der Siemens AG getragen, vorbehaltlich derjenigen Kosten, die die Siemens Healthcare GmbH aufgrund separater Vereinbarung zwischen der Veräußernden Aktionärin, der Siemens AG und der Siemens Healthcare GmbH trägt. Die Gesellschaft wird keine Erlöse aus dem Angebot erhalten. Unter der Annahme, dass die maximale Anzahl an Basisaktien (130.434.783 Aktien) platziert wird und die Greenshoe-Option (wie unten unter E.3 definiert) nicht ausgeübt wird, schätzt die Gesellschaft, dass zum Mindest-, Mittel- und Höchstwert der bestimmten Preisspanne (wie unten unter E.3 definiert) die der Veräußernden Aktionärin zufließenden Bruttoerlöse jeweils rund €3.391 Mio., €3.717 Mio. bzw. €4.043 Mio. betragen werden, und die der Veräußernden Aktionärin zufließenden Nettoerlöse jeweils rund €3.301 Mio., €3.621 Mio. bzw. €3.942 Mio. betragen werden. Unter der Annahme, dass die maximale Anzahl an Basisaktien (130.434.783 Aktien) platziert wird und die Greenshoe-Option (wie unten unter E.3 definiert) vollständig ausgeübt wird, schätzt die Gesellschaft, dass zum Mindest-, Mittel- und Höchstwert der bestimmten Preisspanne (wie unten unter E.3 definiert) die der Veräußernden Aktionärin zufließenden Bruttoerlöse jeweils rund €3.900 Mio., €4.275 Mio. bzw. €4.650 Mio. betragen werden und die der Veräußernden Aktionärin zufließenden Nettoerlöse jeweils rund €3.801 Mio., €4.169 Mio. bzw. €4.538 Mio. betragen werden.
	Geschätzte Gesamtkosten der Emission/des Angebots und der Börsennotierung, einschließlich der geschätzten Kosten, die dem Anleger durch den Emittenten in Rechnung gestellt werden.	Die durch das Angebot der Angebotsaktien und die Börsennotierung sämtlicher Aktien der Gesellschaft entstehenden Kosten, inklusive Konsortial- und Platzierungsprovisionen, die an die Konsortialbanken zu zahlen sind, werden sich zum Mittelwert der Preisspanne voraussichtlich auf €106 Mio. belaufen (unter der Annahme der Platzierung aller Angebotsaktien und der vollständigen Ausübung der Greenshoe-Option (wie unten unter E.3 definiert) sowie der vollständigen Zahlung der Ermessensvergütung). Unter der Annahme der Platzierung aller Angebotsaktien (150.000.000 Aktien) zum Mindest-, Mittel- und Höchstwert der Preisspanne, erwartet die Gesellschaft, dass die Nettoerlöse jeweils rund €3.801 Mio., €4.169 Mio. bzw. €4.538 Mio. betragen werden. Anlegern werden von der Gesellschaft, der Veräußernden Aktionärin oder den Konsortialbanken keine Kosten in Rechnung gestellt. Anleger müssen die üblichen Transaktions- und Abwicklungskosten tragen, die ihnen ihre depotführenden Broker oder Finanzinstitute in Rechnung stellen.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.**	Die Gesellschaft beabsichtigt, das Angebot durchzuführen und die Zulassung ihres gesamten Aktienbestands am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) der Frankfurter Wertpapierbörse herbeizuführen, um Zugang zum Kapitalmarkt zu erhalten.

		Die Veräußernde Aktionärin wird die Basisaktien und, soweit vorhanden, die Mehrzuteilungsaktien anbieten, um der Siemens AG zu ermöglichen, ihre indirekte Beteiligung an der Gesellschaft teilweise zu reduzieren. Die Siemens AG beabsichtigt, nach dem Angebot engagierte Aktionärin der Gesellschaft zu bleiben. Das Angebot soll der Gesellschaft als Grundlage für weiteres profitables Wachstum und die Erweiterung ihrer starken Position als führende globale Anbieterin von Produkten, Lösungen und Services im Gesundheitswesen dienen. Das Angebot soll der Gesellschaft darüber hinaus eine verbesserte unternehmerische Flexibilität und Zugang zum Kapitalmarkt verschaffen, um nachhaltig und profitabel zu wachsen und gleichzeitig den Paradigmenwechsel im Gesundheitswesen aktiv gestalten zu können. Die Gesellschaft wird keine Erlöse aus dem Verkauf der Angebotsaktien im Rahmen des Angebots durch die Veräußernde Aktionärin erhalten.
E.3	**Angebotskonditionen.**	***Angebotskonditionen*** Das Angebot bezieht sich auf 150.000.000 auf den Namen lautende Stammaktien der Gesellschaft ohne Nennbetrag (Stückaktien), jeweils mit einem anteiligen Betrag am Grundkapital von €1,00 und mit voller Dividendenberechtigung seit dem 12. Dezember 2017, bestehend aus • 130.434.783 Basisaktien aus dem Bestand der Veräußernden Aktionärin und • 19.565.217 Mehrzuteilungsaktien aus dem Bestand der Veräußernden Aktionärin. Das Angebot besteht aus erstmaligen öffentlichen Angeboten in Deutschland und Luxemburg sowie Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands und Luxemburgs. In den Vereinigten Staaten von Amerika (den „**Vereinigten Staaten**“ oder die „**U.S.A.**“) werden die Angebotsaktien nur qualifizierten institutionellen Anlegern („**QIBs**“) wie in Rule 144A („**Rule 144A**“) des U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**“) angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit der Regulation S des Securities Act („**Regulation S**“) angeboten und verkauft. ***Angebotsfrist*** Der Zeitraum, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 6. März 2018 und endet voraussichtlich am 15. März 2018 (der „**Angebotszeitraum**“). Angebote zum Kauf von Angebotsaktien können (i) bis 12:00 Uhr mittags (MEZ) von Privatanlegern und (ii) bis 14:00 Uhr (MEZ) von institutionellen Anlegern am letzten Tag des Angebotszeitraums abgegeben werden. Kaufangebote von privaten Investoren müssen auf volle Eurobeträge oder Nachkommabeträge von 25, 50 oder 75 Cents lauten. ***Preisspanne und Angebotspreis*** Die Preisspanne für das Angebot innerhalb derer Kaufangebote abgegeben werden können beträgt €26,00 bis €31,00 je Angebotsaktie (die „**Preisspanne**“).

		Der Angebotspreis (der „**Angebotspreis**“) und die endgültige Anzahl an Angebotsaktien, die im Rahmen des Angebots platziert werden, werden am Ende des Bookbuilding-Verfahrens von der Siemens AG (in Abstimmung mit der Veräußernden Aktionärin und der Gesellschaft) nach Beratung mit den Joint Global Coordinators festgesetzt. Der Angebotspreis wird auf Grundlage der von den Anlegern während des Angebotszeitraums abgegeben Kaufangebote, die in dem während eines Bookbuilding-Verfahrens vorbereiteten Orderbuch gesammelt worden sind, festgesetzt. Nachdem der Angebotspreis festgesetzt worden ist, werden die Angebotsaktien den Anlegern auf der Grundlage der dann verfügbaren Kaufangebote zugeteilt. Es wird erwartet, dass der Angebotspreis und die endgültige Anzahl von Angebotsaktien (d.h. das Ergebnis des Angebots) am oder um den 15. März 2018 durch eine Ad-hoc Mitteilung über ein elektronisches Informationssystem und auf der Webseite der Gesellschaft unter www.healthcare.siemens.de in der Rubrik „Investor Relations“ veröffentlicht wird. ***Änderungen der Angebotskonditionen*** Verringerungen der Anzahl der Angebotsaktien, Änderungen der Preisspanne oder eine Verlängerung oder Verkürzung des Angebotszeitraums werden Angebote zum Erwerb der Angebotsaktien, die bereits abgegeben worden sind, nicht unwirksam machen. Falls solche Änderungen die Veröffentlichung eines Nachtrags zum Prospekt erfordern, steht den Anlegern, die Kaufangebote vor der Veröffentlichung des Nachtrags abgegeben haben, ein Widerrufsrecht für diese Kaufangebote innerhalb von zwei Geschäftstagen nach der Veröffentlichung des Nachtrags zu (§ 16 Abs. 3 des Wertpapierprospektgesetzes). Anstelle des Widerrufs ihrer Kaufangebote für Angebotsaktien, die vor der Veröffentlichung des Nachtrags abgegeben worden sind, können Anleger innerhalb von zwei Geschäftstagen nach der Veröffentlichung des Nachtrags ihre Kaufangebote ändern oder neue begrenzte oder unbegrenzte Kaufangebote abgeben. ***Lieferung und Abwicklung*** Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises wird für den 20. März 2018 erwartet. Die Angebotsaktien werden den Anlegern als Miteigentumsanteile an den Globalurkunden, die bei der Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany, hinterlegt sind, zur Verfügung gestellt. ***Stabilisierungsmaßnahmen, Mehrzuteilung und Greenshoe-Option*** Im Zusammenhang mit der Platzierung der Angebotsaktien handelt Goldman Sachs als Stabilisierungsmanager für Rechnung der Konsortialbanken (der „**Stabilisierungsmanager**“) und kann als Stabilisierungsmanager in Übereinstimmung mit Art. 5 Abs. 4 und 5 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rats vom 16. April 2014 über Marktmissbrauch in Verbindung mit Art. 5 bis 8 der Delegierten Verordnung (EU) 2016/1052 der Kommission vom 8. März 2016 Mehrzuteilungen vornehmen und

		Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien der Gesellschaft zu stützen und dadurch einem etwaigen, durch kurzfristige Anleger verursachten Verkaufsdruck entgegenzuwirken und für die Aktien der Gesellschaft geordnete Marktverhältnisse aufrechtzuerhalten. Der Stabilisierungsmanager ist nicht zur Durchführung von Stabilisierungsmaßnahmen verpflichtet. Daher kann keine Zusicherung gegeben werden, dass Stabilisierungsmaßnahmen ergriffen werden. Soweit Stabilisierungsmaßnahmen ergriffen werden, können sie jeder Zeit und ohne Ankündigung beendet werden. Solche Maßnahmen können ab dem Zeitpunkt der Aufnahme des Börsenhandels der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse vorgenommen werden und müssen spätestens 30 Kalendertage nach diesem Zeitpunkt beendet sein (d.h. am 15. April 2018 (der „**Stabilisierungszeitraum**")). Stabilisierungsmaßnahmen zielen auf die Stützung des Aktienkurses der Gesellschaft während des Stabilisierungszeitraums ab. Diese Maßnahmen können dazu führen, dass der Aktienkurs der Aktien der Gesellschaft höher ist, als es ohne solche Maßnahmen der Fall gewesen wäre. Des Weiteren kann sich vorübergehend der Aktienkurs auf einem nicht nachhaltigen Niveau bewegen. In Verbindung mit solchen Stabilisierungsmaßnahmen können Anlegern zusätzlich zu den Basisaktien bis zu 19.565.217 Mehrzuteilungsaktien als Teil der Zuteilung der Angebotsaktien zugeteilt werden (die „**Mehrzuteilung**"). Zum Zwecke einer solchen möglichen Mehrzuteilung hat die Veräußernde Aktionärin eingewilligt, dem Stabilisierungsmanager für Rechnung der Konsortialbanken bis zu 19.565.217 Mehrzuteilungsaktien als Wertpapierdarlehen zur Verfügung zu stellen. Die Gesamtzahl der Mehrzuteilungsaktien wird dabei 15% der finalen Anzahl der bei Anlegern platzierten Basisaktien nicht übersteigen. Die Veräußernde Aktionärin hat den Konsortialbanken auch eine Option zum Erwerb einer Anzahl von Aktien der Gesellschaft gleich der Anzahl der Mehrzuteilungsaktien zum Angebotspreis abzüglich der vereinbarten Provisionen (die „**Greenshoe-Option**") eingeräumt. Der Stabilisierungsmanager, handelnd für Rechnung der Konsortialbanken, ist berechtigt, die Greenshoe-Option während des Stabilisierungszeitraums in dem Umfang auszüben, wie Mehrzuteilungsaktien Anlegern im Rahmen des Angebots zugeteilt wurden. Der Stabilisierungsmanager wird eine öffentliche Bekanntmachung bezüglich Stabilisierungsmaßnahmen einschließlich der Ausübung der Greenshoe-Option in angemessener Form gemäß der Delegierten Verordnung (EU) 2016/1052 sicherstellen.
E.4	**Wesentliche Interessen an der Emission/dem Angebot, einschließlich Interessenkonflikten.**	Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien der Gesellschaft sind die Konsortialbanken eine vertragliche Beziehung mit der Gesellschaft, der Siemens AG, und der Veräußernden Aktionärin eingegangen. Die Konsortialbanken handeln bei dem Angebot für die Gesellschaft, die Siemens AG und die Veräußernde Aktionärin und koordinieren die Strukturierung und die Durchführung des

		Angebots. Zusätzlich sind die Joint Global Coordinators als Designated Sponsor für die Aktien der Gesellschaft und Deutsche Bank als Zahlstelle mandatiert worden. Nach erfolgreichem Vollzug des Angebots erhalten die Konsortialbanken eine Provision, deren Höhe vom Ergebnis des Angebots abhängt. Als Folge dieser vertraglichen Beziehungen besteht seitens der Konsortialbanken ein finanzielles Interesse an einem erfolgreichen Angebot zu den bestmöglichen Bedingungen. Einige Konsortialbanken oder mit ihnen verbundene Unternehmen unterhalten gegenwärtig und möglicherweise in der Zukunft weiterhin von Zeit zu Zeit Geschäftsbeziehungen mit der Gesellschaft, der Siemens AG und der Veräußernden Aktionärin, einschließlich Darlehensgeschäften, oder erbringen möglicherweise im Rahmen des gewöhnlichen Geschäftsbetrieb Dienstleistungen für die Gesellschaft, die Siemens AG oder die Veräußernde Aktionärin. Die Veräußernde Aktionärin erhält die Erlöse aus dem Angebot. Unter der Annahme einer vollständigen Platzierung sämtlicher Angebotsaktien zum Mittelwert der Preisspanne und nach Abzug der Gebühren und Aufwendungen, die im Zusammenhang mit dem Angebot an die Konsortialbanken zu zahlen sind, würden sich die der Veräußernden Aktionärin zufließenden Erlöse aus dem Angebot auf rund €4.169 Mio. bzw. 100,0% des gesamten Nettoerlöses aus dem Angebot belaufen. Dementsprechend haben die Veräußernde Aktionärin und die Siemens AG, die direkt und indirekt sämtliche Anteile an der Veräußernden Aktionärin hält, jeweils ein Interesse an dem Erfolg des Angebots zu den bestmöglichen Bedingungen. Die Vorstandsmitglieder werden eine einmalige Leistung für den Fall des Abschlusses des Angebots vor dem 30. Juni 2018 erhalten. Dadurch hat jedes Vorstandsmitglied ein finanzielles Interesse an der Vollendung des Angebots. Abgesehen von den oben beschriebenen Interessen bestehen keine wesentlichen Interessen, insbesondere wesentliche Interessenkonflikte, in Bezug auf das Angebot.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.** **Lock-up-Vereinbarungen: Beteiligte Parteien und Angabe des Lock-up Zeitraums.**	Die Angebotsaktien werden von den Konsortialbanken zum Verkauf angeboten. In dem Übernahmevertrag hat sich die Gesellschaft gegenüber jeder der Konsortialbanken verpflichtet, soweit rechtlich zulässig, dass sie nicht ohne die vorherige schriftliche Zustimmung der Joint Global Coordinators, die nicht unangemessen verweigert oder verzögert werden darf, innerhalb des Zeitraums beginnend am 5. März 2018 und endend 180 Tage nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse (derzeit für den 16. März 2018 erwartet): • eine Erhöhung des Grundkapitals der Gesellschaft aus genehmigtem Kapital oder bedingtem Kapital, soweit vorhanden, ankündigen oder bewirken wird; • einen Vorschlag bezüglich der Erhöhung des Grundkapitals gegenüber der Hauptversammlung einreichen wird;

		• die Ausgabe von Wertpapieren mit Wandel- oder Optionsrechten auf Aktien der Gesellschaft ankündigen, bewirken oder vorschlagen wird; • Aktien der Gesellschaft anbieten, verpfänden, zuteilen, ausgeben (sofern nicht gesetzlich vorgeschrieben), verkaufen, sich zum Verkauf von Aktien der Gesellschaft verpflichten, eine Option auf Aktien der Gesellschaft verkaufen oder sich zum Kauf von Aktien verpflichten, eine Option zum Verkauf von Aktien erwerben, eine Option oder ein Recht bzw. Bezugsrecht zum Erwerb von Aktien gewähren, Aktien übertragen oder anderweitig (direkt oder indirekt) über Aktien der Gesellschaft oder Wertpapiere, die in Aktien der Gesellschaft umgewandelt werden können verfügen oder Swaps oder andere Vereinbarungen eingehen wird, welche ganz oder teilweise das wirtschaftliche Risiko des Eigentums der Aktien der Gesellschaft übertragen; • eine Transaktion eingehen oder eine Handlung vornehmen, die wirtschaftlich den in den vorherigen Punkten beschriebenen Transaktionen oder Handlungen entsprechen. Der Gesellschaft ist es aber gestattet, Aktien oder auf Aktien bezogene andere Wertpapiere auszugeben und die Gesellschaft und ihre Tochtergesellschaften dürfen diese anbieten und veräußern (i) an Mitglieder von Leitungsorganen und Mitarbeiter der Gesellschaft oder ihrer Tochtergesellschaften nach Maßgabe künftiger Management- bzw. Mitarbeiterbeteiligungspläne einschließlich Mitarbeitererwerbsplänen und Aktienzusagen oder (ii) als teilweise oder vollständige Gegenleistung für einen Unternehmenserwerb oder für Zwecke des Abschlusses eines Joint Ventures, wobei die Gesellschaft in Bezug auf (ii) (A) vor der Begebung von Aktien oder anderen Wertpapieren die Joint Global Coordinators konsultieren und (B) von dem Empfänger der Aktien bzw. anderen Wertpapieren eine Verpflichtung bekommen soll, wonach sich der Empfänger verpflichtet, die obigen Beschränkungen ebenfalls zu beachten. Für den Zeitraum, der am 5. März 2018 beginnt und 180 Tage nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse (derzeit für den 16. März 2018 erwartet), haben die Veräußernde Aktionärin und Siemens AG zugestimmt, ohne vorherige schriftliche Zustimmung der Joint Global Coordinators, die nicht unangemessen verweigert oder verzögert werden darf, nicht: • Aktien der Gesellschaft anzubieten, zu verpfänden, zu zuteilen, zu verkaufen, sich zum Verkauf von Aktien der Gesellschaft zu verpflichten, eine Option auf Aktien der Gesellschaft zu verkaufen oder sich zum Kauf von Aktien vertraglich zu verpflichten, eine Option zum Verkauf von Aktien zu erwerben, eine Option oder ein Recht bzw. Bezugsrecht zum Erwerb von Akien zu gewähren, Aktien zu übertragen oder anderweitig (direkt oder indirekt) über Aktien der Gesellschaft oder ihrer Tochtergesellschaften (außer Mitgliedern der Gruppe) zu verfügen (diese Aktien gehalten von der Veräußernden Aktionärin oder ihren verbundenen Unternehmen, die „**Lock-up Aktien**“);

		• einen Swap oder eine andere Vereinbarung einzugehen, welche ganz oder teilweise das wirtschaftliche Risiko des Eigentums der Lock-up Aktien überträgt, egal ob eine solche Transaktion, die in diesem Punkt oder im vorherigen Punkt beschrieben ist, beglichen wird durch die Übergabe von Lock-up Aktien oder anderen Wertpapieren, in bar oder anderfalls; • eine Nachfrage zu stellen nach, oder ein Recht auszuüben bezüglich der Registrierung der Aktien der Gesellschaft nach U.S. Wertpapiergesetzen oder von Wertpapieren, die in Aktien der Gesellschaft umwandelbar, für diese ausübbar oder gegen Aktien der Gesellschaft austauschbar sind; • eine Erhöhung des Grundkapitals der Gesellschaft vorzuschlagen (einschließlich durch Anfrage an den Vorstand der Gesellschaft eine Hauptversammlug einzuberufen oder auf andere Weise), für eine Erhöhung des Grundkapitals zu stimmen oder anderweitig einen Vorschlag für die Ausgabe von Wertpapieren zu machen, oder dieses zu unterstützen oder dafür zu stimmen, die in Aktien der Gesellschaft umwandelbar sind, mit Optionsrechten für Aktien der Gesellschaft, oder, soweit noch nicht im Vorstehenden enthalten, vorzuschlagen, für die Transaktionen in der Lock-up Vereinbarung der Gesellschaft wie oben beschrieben zu stimmen oder diese zu unterstützen; oder • eine Transaktion einzugehen oder eine Handlung vorzunehmen, die wirtschaftlich den in den vorherigen beschriebenen Transaktionen oder Handlungen entspricht. Die ersten beiden Punkte sollen keine Anwendung auf Verkäufe zwischen Personen oder Unternehmen finden, die gegenüber den Konsortialbanken der Einhaltung des Lock-up Zeitraums der Veräußernden Aktionärin und Siemens AG, zugestimmt haben.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.**	Der Nettobuchwert (Gesamtaktiva abzüglich der gesamten langfristigen und kurzfristigen Verbindlichkeiten sowie abzüglich der nicht beherrschenden Anteile) (der „**Nettobuchwert**“) der Gesellschaft betrug zum 31. Dezember 2017 €3.523 Mio. oder €3,52 je Aktie der Gesellschaft basierend auf 1.000.000.000 ausgegebenen Aktien der Gesellschaft unmittelbar vor Beginn des Angebots. Folglich beträgt der Nettobuchwert je Aktie zum 31. Dezember 2017 12,4% des Angebotspreises von €28,50 zum Mittelwert der Preisspanne. Dies entspricht einem Unterschied zwischen dem Angebotspreis und dem Nettobuchwert je Aktie von €24,98 (dies ist eine unmittelbare Verwässerung von 87,6%). Das Angebot wird nicht die Ausgabe neuer Aktien der Gesellschaft umfassen.
E.7	**Geschätzte Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Entfällt. Anlegern werden von der Gesellschaft oder den Konsortialbanken im Zusammenhang mit ihrer Rolle als Konsortialbanken keine Kosten in Rechnung gestellt.

1. RISK FACTORS

*In considering whether to invest in the shares of Siemens Healthineers AG (the "**Company**" and (i) together with its direct and indirect subsidiaries after completion of the carve-out and corporate reorganization process and (ii) the combined group of companies and entities comprising the healthcare business of Siemens AG and its consolidated subsidiaries prior to completion of the carve-out and corporate reorganization process, the "**Group**", "**Siemens Healthineers**", "**we**", "**us**", "**our**"), investors should carefully consider the following risks in addition to the other information contained in the Prospectus. The market price of the Company's shares could decline if any of these risks were to materialize or further materialize, in which case investors could lose some or all of their investment. The risk factors identified are based on assumptions that could turn out to be incorrect. We believe that the risks and uncertainties described below are the material risks and uncertainties concerning our current business. The following risks, alone or together with additional risks, uncertainties, facts or circumstances not currently known to us, or that we might currently deem immaterial, could, individually or cumulatively, have a material adverse effect on our business, financial condition and results of operations or prospects.*

The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to our business, financial condition and results of operations or prospects. The risks mentioned herein may materialize individually or cumulatively.

1.1 Risks related to Our Business and Industry

1.1.1 Our ability to maintain our technology and innovation leadership and improve our market positions depends on our successful development, introduction and commercialization of new products, systems and services and our ability to enhance our existing technology.

We design, manufacture and sell a diverse portfolio of imaging, advanced therapies and diagnostics products, systems and services (including accessories and software products) to a wide range of healthcare providers. As the healthcare industry is undergoing a significant transformation aided by trends in data and digitalization, the markets in which we operate are characterized by rapid change and technological innovation. Our success depends on our ability to develop, introduce and commercialize new products, systems and services and to enhance existing product lines, systems and services. This is particularly challenging given that many of our products, systems and services are at the cutting edge of existing technologies and medical advances. Our products, systems, services and our enhancements thereof often have long development and government approval cycles, which require us, as a result, to accurately anticipate changes in the marketplace, in technology and in customer demands. Developing new technologies and enhancing existing technologies may require significant investment in research and development, clinical trials and numerous country-specific regulatory approvals. The results of our efforts to develop products, system and services, and our ability to commercialize new and enhanced technologies, may be affected by a number of factors, including our ability to accurately anticipate customer needs, innovate, and develop new products, systems and services, obtain necessary regulatory approvals in a timely manner, secure reimbursement, manufacture products in a cost effective manner, obtain appropriate and geographically widespread intellectual property protections and rights for our products, systems and services, and gain and maintain market acceptance of our products, systems and services. There can be no assurance that any products currently in development, or those we may seek to develop in the future, will achieve technological feasibility, obtain required regulatory approvals or import permits, be successful in public tender offers or gain market acceptance. For example, we recently commenced the commercial rollout of our Atellica Solution, which integrates immunoassay and clinical chemistry analyzers (to detect or measure specific proteins in a solution) with the new standard in sample-management technology and involved years of investment and development. We expect the rollout of our Atellica Solution to take time, as further regulatory approvals must be obtained in certain local markets before we can sell the product in such markets. We also expect it to take several years to achieve a sizeable installed base for our Atellica Solution. It is thus too early to determine whether the solution will gain market acceptance in the way we expect. If we are unable to develop and launch new products, systems and services and enhance existing products, systems and services that gain market acceptance, our ability to maintain or expand our market positions in the markets in which we operate may be materially and adversely impacted. A delay in the development or approval of any new product or technology may adversely impact the contribution of these technologies to our future growth.

Our ability to successfully develop and introduce new products, systems and services, or enhance existing products, systems and services, and the revenue and costs associated with these efforts, depends on our ability to, among other things:

- properly identify customer needs and long-term customer demands and market trends, including new potentially disruptive technologies and business models;
- demonstrate the clinical, operational and/or financial benefit of new products, systems and services;
- timely obtain regulatory approval (or, in certain instances in the United States, a Clinical Laboratory Improvement Amendments ("**CLIA**") waiver) or similar waivers or approvals in other jurisdictions in each market in which we seek to sell our products, systems and services;
- effectively and efficiently comply with appropriate quality assurance systems and processes;
- accurately predict and control costs associated with inventory overruns or shortages caused by the phase-in of new products and phase-out of legacy products;
- market and sell our products, systems and services competitively and profitably;
- manufacture, deliver and install our products and systems in sufficient volumes on time, and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance of the products, systems and services;
- appropriately manage our supply chain;
- manage customer acceptance and payment for products, systems and services; and
- manage customer demands for retrofits of both new and legacy products, systems and services.

Furthermore, we provide no assurance that we will be able to successfully develop, manufacture or introduce new products, systems and services, or enhancements thereto, the roll-out of which involves compliance with complex regulatory requirements for quality management systems, including, but not limited to, the European Union ("**EU**") conformity assessment requirements, the Quality System Regulation ("**QSR**") of the U.S. Food and Drug Administration ("**FDA**") and requirements imposed by other competent authorities. Failure to fulfill these requirements in a timely and efficient manner could result in delays that could affect our ability to attract or retain customers, or could cause customers to delay or potentially cancel orders, causing our revenue and operating results to suffer, including through lost opportunities to participate in large public tenders. In addition, the development and introduction of new products, systems and services may require compliance with new regulatory requirements. Insufficient or inadequate compliance with such regulatory requirements may lead to market access restrictions, even including after receipt of regulatory approvals and introduction of new products, systems and services.

We may need to spend more time and/or money than anticipated to develop and introduce new products, services or enhancements thereto and require larger volumes of replacement parts or other resources if new products, services or enhancements thereto do not perform as expected. Even if new products, services and enhancements thereto gain market acceptance they may not be sufficiently profitable to enable us to recover all or a meaningful part of our investment. Conversely, if we are unable to introduce planned new products, services or enhancements thereto, for regulatory reasons or otherwise, we may not recover any meaningful part of our investment. Once introduced, new or enhanced products or services may materially and adversely impact orders and sales of our existing products or services, or make them less desirable or even obsolete, which could materially and adversely impact our revenue and operating results. Prior to introduction, sales of products may decline if customers decide to delay orders until a newer model or generation is available. In addition, certain costs, including installation and warranty costs, associated with new products or services may be proportionately greater than the costs associated with other products or services, and may therefore disproportionately materially and adversely affect our gross and operating margins. If we are unable to lower these costs over time, our operating results could be materially and adversely affected, which may also negatively impact our success with new products or services or enhancements thereof.

New products and services, including their enhancements, generally take longer to develop and/or install than well-established products or services, particularly with respect to information technology ("**IT**") or software solutions and installations. Because a portion of a product's or solution's revenue is generally tied to installation and acceptance of the product or solution, our recognition of revenue associated with new products or solutions may be deferred longer than expected. In addition, even if we succeed in our introduction of products and solutions, potential customers may decide not to upgrade their equipment, or customers may delay ordering some of our more sophisticated products and solutions because of the longer preparation and renovation of imaging, diagnostics or treatment rooms required.

If any of these risks were to materialize, this could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.2 Our growth could suffer if the markets into which we sell our products, systems and services decline or do not grow as anticipated.

Our revenue and profit depend substantially on the volume and timing of customer orders, which are difficult to forecast with a degree of certainty. Any decline or lower than expected growth in the global healthcare market or important regional or local markets in which we are active could diminish demand for our products, systems and services, which could have a material adverse effect on our business, financial condition and results of operations or prospects. In addition, demand for our products, systems and services also depends on customers' capital spending budgets and cycles as well as government funding policies. Matters of public policy and government budget dynamics as well as product and economic cycles can affect the spending decisions of these customers. Furthermore, demand for our products and services is also sensitive to changes in customer order patterns, which may be affected by patients' access to healthcare generally, changes in healthcare providers' reimbursement levels and new product introductions, among other things. See also "*1.2.7 Changes to reimbursements and changes in health insurance deductibles and administration may affect demand for our products, services or solutions.*" If any of these risks were to materialize, this could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.3 We may not be able to successfully implement our strategies.

Our future growth and success depend on our ability to implement our business strategies successfully. One element of our strategy is the further expansion into adjacent markets, including, in particular, the innovative fields of digitalization, data-intensive products and services and artificial intelligence ("**AI**"), which we believe will be key drivers of a significant transformation of the healthcare industry. In enterprise services, which include project-based solutions for healthcare providers under typically long-term contracts, for example, our assumptions as to the development of local or regional markets may turn out to be incorrect or we may not be able to accurately balance the risks in new geographic markets before entering into long-term enterprise service agreements for projects in such locations, which could have a material adverse effect on our results of operations, including, but not limited to, in the event of the counterparty's insolvency or the termination of the project for any reason, particularly in a given fiscal quarter. There can be no assurance that we will be successful in entering these adjacent markets or in developing new technologies, products and services that have valuable applications in these markets for our customers. For example, in the field of AI, we are actively seeking access to medical information, including patient data, *inter alia*, through research and development partnerships and collaborations or other data access and use agreements. However, we may not be able to acquire a sufficient amount of necessary data and information to realize the potential of AI applications in our industry, either before our competitors or at all. Moreover, even if we are able to acquire or gain access to such data and information in sufficient volumes, we may be or may become restricted in the use or required disclosure of it due to contractual, regulatory or privacy restrictions. This could, among other things, materially limit the efficacy and appeal of our digital ecosystem, which is intended to provide customers with access to a broad array of medical and other information, including patient data, to improve their provision of patient care. In addition, the capital expenditures required to implement our strategies in these fields may also be significantly greater than we currently anticipate, which could have a negative impact on our financial results until customer interest and market acceptance of our products and services are sufficiently high to absorb the incremental costs associated with the development and expansion of these products and services. Further, we cannot exclude that incumbents in any adjacent product or geographic markets may seek to bring legal action (or to encourage actions to be brought) against new entrants, including for alleged patent infringements. Even if such claims are found to be without merit, they may delay our expansion activities and/or require us to incur higher costs than anticipated. Any failure to implement our business strategies in a timely and effective manner could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.4 Global or regional economic instability as well as continuing uncertainties and challenging conditions in regional economies may materially and adversely impact us.

Continuing or renewed instability in global markets, including turmoil in Europe related to sovereign debt and the stability of the Euro, has contributed to periods of increased global economic uncertainty in recent years. For example, the current U.S. administration has called for substantial changes to trade agreements and has raised the possibility of imposing significant increases on tariffs on goods imported into the United States, including from the People's Republic of China ("**China**"). In addition, in March 2017, the United Kingdom

formally notified the EU of its intention to withdraw from the EU. This notice of withdrawal has created political and economic uncertainty, particularly in the United Kingdom and the EU, which may persist for many years. Our business could be materially and adversely affected by new trade agreements between the United Kingdom and other countries, including the United States, and by the possible imposition of trade or other regulatory barriers in the United Kingdom.

We also generate a significant portion of our revenue in Asia, particularly in Japan and China. The market in Japan has been challenging in the last eighteen months following a change in the reimbursement regime which has led to a decline in investments by hospitals. In addition, the transition of the Chinese economy from an investment-driven market to a consumer-driven market may entail slower growth rates and greater instability on financial markets. If the Chinese economy were to grow at a significantly slower pace than expected, this may lead to a decline in investments and capital expenditures in efforts to reduce costs among our customers. Volatility in the banking sector in China, and in Asia more broadly, as well as economic instability as a result of an outbreak of conflict on or involving the Korean peninsula or otherwise, could also cause renewed uncertainty in global markets and the investment climate to deteriorate.

These and other future developments globally may continue to depend on a number of political and economic factors, including the effectiveness of measures by central banks and financial authorities. Such developments may also result in or coincide with reduced budgets for capital equipment and services, particularly if it becomes more difficult for our customers to accurately forecast and plan future business activities. This, in turn, may cause our customers to reduce, delay or abandon purchases of our products, services and systems. An uncertain economic environment may also materially and adversely affect our customers' budgets and may result in pricing pressure, requests for extended warranty provisions and even cancellation of service contracts. In addition, concerns over continued economic instability could make it more difficult for us to collect outstanding receivables. Weak or deteriorating economic markets could materially and adversely affect our business, financial condition and results of operations or prospects.

Unfavorable economic conditions and, in particular, future political and economic factors which have the effect of reducing capital expenditure for healthcare products and/or services, may negatively impact sales of our products and, as a result, make it more difficult for us to attract new customers, retain existing customers and maintain sales at existing levels, and thus may materially and adversely affect our business, financial condition and results of operations or prospects.

1.1.5 We are exposed to risks associated with product liability, warranties or guarantees, recall demands or other lawsuits or claims that may be brought against us.

We design, manufacture, sell, install and service a wide range of products and systems, including products that are at the cutting edge of existing technologies and medical advances as well as related services. Our products and solutions are used by healthcare providers to identify, track and monitor a wide range of medical conditions or are used while performing a treatment (including surgery). As a result, our business exposes us to potential product liability and warranty or guarantee claims. Customers or their patients, among others, may bring product liability and warranty or guarantee claims in the event that our products or solutions fail, or allegedly fail, to perform as expected, show a failure rate which is higher than expected (in particular as new product or solution developments may relate to new technologies), or the use of our products or solutions results, or is alleged to result, in bodily injury, death or property damage. We may also be exposed to such claims or regulatory action if our products or solutions do not conform to the applicable process, specification or design requirements. Even if non-conformance with the applicable process, specification or design has no impact on the quality of our products or solutions, we cannot exclude exposure to such claims or regulatory action or that negative press reports may adversely affect our reputation. Because a number of our products and solutions are involved in the intentional delivery of radiation to the human body and other situations where people may be exposed to radiation (including X-rays), the possibility for significant bodily injury or death exists to the intended or unintended recipient of the delivery. Moreover, if our products or solutions are used at critical moments in the patient care continuum, the failure of our products or solutions to perform as expected in such moments could compromise patient treatment, which, depending on the circumstances, could be life-threatening to patients.

Our medical products and solutions operate within our customers' facilities and network systems, and we may also manage outsourced departments for them. Human and other errors or accidents may occur during the operation of our products or solutions in complex environments. That may particularly hold true with products or solutions from other vendors, where interoperability or data sharing protocols may result in unsatisfactory performance even though the equipment or solutions operate according to specifications, or if, in the event of an outage or failure, a required back-up or other procedure or a data security or a data protection measure is not properly performed by the customer. As a result, we may face substantial liability to patients, our customers and

others for damages resulting from the faulty, or allegedly faulty, design, manufacture, installation, servicing, support, testing or interoperability of our products or solutions with other products or solutions, or their misuse or failure. In addition, third party service providers could fail to adequately perform their obligations or to properly service our products or solutions, which could subject us to further liability. We may also be subject to claims for property damage, economic loss or bodily injury or death related to or resulting from any errors or defects in our products or solutions, or the installation, servicing and support of our products or solutions. Any accident, mistreatment or related inquiry or death could cause us to incur legal costs, subject us to litigation and materially adverse publicity and cause damage to our reputation, whether or not our products or solutions were at fault.

Product and other liability actions, claims or injunctions are subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. For these and other reasons, we may choose to settle product liability claims and other liability actions against us, regardless of their actual merit. If a product liability action or other liability action or injunction were finally determined against us, it could result in significant damages and reputational harm, including the possibility of punitive damages, and our financial position, results of operations and cash flows could be materially and adversely affected. Adverse publicity regarding accidents, failure rates, misdiagnoses and resulting mistreatments, even ones that do not involve our products or solutions, could result in additional regulation of our products or solutions or the healthcare industry in general, cause reputational harm and materially and adversely affect our ability to promote, manufacture and sell our products or solutions. The same could be true with respect to any adverse publicity regarding actual or alleged intellectual property infringements. Moreover, if our products or solutions gain a reputation for unreliability, including with respect to safety and effectiveness, our relationships with national competent authorities may be materially and adversely affected, which could result in increased scrutiny by regulatory authorities. In addition, if one of our products or solutions is determined to be defective (whether due to design, transport, labeling or manufacturing defects, improper use or other reasons) or found to be so by a regulatory authority, we may be liable for damages, fines or be required to correct or recall the product or solution and notify competent regulatory authorities. The adverse publicity resulting from a correction or recall, however imposed, could damage our reputation and cause customers to review and possibly terminate their relationships with us, potentially beyond the subject product, solutions or service. A correction or recall could consume management time and have material adverse financial impact on our business, including the incurrence of substantial costs and lost revenue. Both adverse publicity and increased regulatory scrutiny could negatively impact our business, results of operations, reputation or prospects.

We maintain product liability insurance coverage, including for professional liability/errors and omissions liability, among other liability insurance coverage. Our liability insurance program includes deductible amounts and self-insured retentions. Our insurance coverage may prove to be inadequate, and future policies may not be available on acceptable terms or in sufficient amounts, if at all. If a material claim is successfully brought against us relating to a self-insured liability or a liability that is in excess of our insurance coverage, or for which insurance coverage is denied or limited, we could have to pay substantial damages, which could have a material adverse effect on our business, financial position, results of operations, reputation or prospects.

Any such liability, warranty or guarantees issues, including with respect to performance guarantees under service contracts, may also damage our reputation as a provider of high-quality, technologically advanced and safe products and solutions and place a significant strain on management and divert management's attention from other business concerns. Any litigation, investigation or complaint and any adverse publicity surrounding such allegations or actions could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.6 We operate in highly competitive markets and competition may increase in the future, requiring us to lower prices or resulting in a loss of market share.

Healthcare markets are characterized by rapidly evolving technology, intense competition and pricing pressure. To compete successfully, we must provide technologically superior, proven products that deliver more precise, cost-effective, high quality clinical outcomes, in a compelling package of products and services, and do so before our competitors. This is particularly true with respect to disruptive trends and developments in the industry as well as disruptive new competitors and products or services. Our ability to compete successfully may be adversely affected by a number of factors, such as:

- the introduction of new products or product improvements or enhancements by competitors, including products that could substitute our products;
- a failure to maintain relationships with existing customers, including significant customers in a particular business or important relationships to maintain access to certain markets and customer groups, and to enter into new, renew or extend existing agreements with significant customers;

- a failure to maintain relationships with existing distributors and business or cooperation partners due to compliance requirements, an inability to extend or renew such partnerships or any other reason, particularly in growth and strategically important markets;
- blocking or otherwise adversely impacting intellectual property rights of others;
- competitors who have lower production or delivery costs (due to geographic location, currency fluctuations or otherwise) and larger production and assembly capacity, which may enable them to compete more aggressively in offering discounts and lower prices;
- competitors who are more successful in promoting their offering, brand and image in the market;
- competitors who are able to expand into new and adjacent markets faster than us, including through significant synergistic acquisitions;
- independent service organizations and companies specializing in one or more of our operating segments or products;
- new market entrants with substantial financial resources, such as large, multinational technology companies, seeking to establish a presence in our existing markets or in data, digitalization and AI fields of the healthcare industry;
- a failure to successfully maintain our presence in existing markets or enter new geographic or adjacent product markets and satisfy or fulfil market conditions, such as localization requirements or local ownership and shareholder rules, regulatory requirements and compliance and protectionist measures;
- a failure to acquire businesses and technologies that complement or expand our existing businesses;
- increased restrictions on the use of and inclusion of certain raw materials, chemicals and other substances in the manufacture of certain of our products in certain countries and which may not be applicable to competitors active only in countries without such restrictions or which do not utilize such substances in their products; and
- government policies aimed at or having the effect of supporting increased local competition and/or preventing the Company from competing in the respective market and pricing pressure resulting from consolidation among customers or competitors.

In each of our operating segments, existing competitors' actions and new entrants may materially and adversely affect our ability to compete. These competitors could develop technologies, solutions or products that are more effective or easier to apply than ours or that render ours less competitive. The timing of competitors' introduction of products and solutions into markets could also affect our market acceptance and market share. In addition, some of our competitors may not be subject to the same standards, regulatory and other legal requirements or enforcement rigor to which we are subject or may not maintain the same internal standards we do, and therefore, may have a competitive advantage in developing, manufacturing and marketing products and services. Any inability to develop, gain and maintain regulatory approvals for and supply commercial quantities of competitive products to the markets as quickly and effectively as our competitors could limit market acceptance of our products and services. In addition, some of our smaller competitors could be acquired by larger companies that have greater financial or research and development resources, which could enable them to compete more aggressively. Our competitors could also acquire some of our suppliers or distributors, which could disrupt our supply or distribution arrangements and result in less predictable and reduced revenue in our businesses. Any of these competitive factors could negatively affect our pricing, margins and market share and have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.7 Consolidation among our customers could adversely affect sales of our products, systems and services.

We have seen and may continue to see consolidation among our customers as hospitals, laboratory system groups, imaging or testing centers, as well as clinics, healthcare providers and payers combine through mergers and acquisitions, join group purchasing organizations or otherwise collectively address markets. In addition, we have seen and may continue to see integration of equipment and information systems among hospitals as they consolidate their networks. Such consolidation and integration may increase or accelerate in the future. As customers consolidate and/or integrate, the number and volume of product sales to these customers may decrease and their purchasing power and pricing leverage may increase, resulting in increasing pressure on prices and, in turn, margins. Purchasing power and pricing leverage may also increase as customers become more educated and connected through the increasing use of digital platforms. Alternatively, order size may increase, as what were

previously multiple individual customers combine orders as one entity, or as groups of organizations combine their purchases. As a result, as orders increase in size and require more customer approvals, the purchasing cycle for our products could lengthen and the impact could increase if competitors succeed in securing such orders. Increased order size, fewer purchasing instances and extended purchasing cycles could cause our order volumes to be more volatile and less predictable as well as increase our counterparty risk *vis-à-vis* our customers. In addition, some customers may be developing new partnerships across clinical specialties to prepare for the possibility of operating in an accountable care organizations ("**ACOs**") environment and the possibility of bundled reimbursement payments. Group purchasing organizations often focus disproportionately on pricing, and less on technology differentiators, as the determinant in making purchase decisions. Any decrease in orders or increase in pricing pressure due to the consolidation or integration of customers could negatively impact revenue, which could adversely affect our business, financial condition and results of operations or prospects.

1.1.8 Significant increases in the cost of raw materials, components and finished goods used in the manufacture of our products could lead to increased costs in manufacturing and distributing our products.

We require various processed and unprocessed raw materials, components and finished goods for the manufacture and assembly of our products and systems. As a consequence, sudden and significant temporary increases in the prices of biologicals or processed and unprocessed raw materials, such as occurred in the prices of helium and certain rare earth minerals in recent years, may lead to corresponding price increases in the raw materials, components and finished goods used in the manufacture and assembly of our products or may disrupt our ability to produce or assemble products or do so at acceptable prices. Our business operations depend on the supply of various components and finished goods for our products, such as electronic and electromechanical components, the supply of which could be slowed down or interrupted by a number of factors, including natural disasters and export controls. We are also indirectly exposed, through our suppliers, to fluctuations in labor costs, commodity prices, transport costs and energy costs as the price of components we order from third-party suppliers and manufacturers may increase if our suppliers' costs increase. Any significant increase in the costs of raw materials, components and finished goods, whether temporary or long-term, may have a material adverse effect on our business, financial condition and results of operations or prospects, particularly if we are not able to pass on such price increases or reduce other costs to offset such higher prices.

1.1.9 We are dependent on third parties for global sales and distribution activities.

We depend, to a considerable extent, on third party sales agents, distributors and resellers for our global sales activities. In certain countries, such as China, for example, we generate a significant majority of our revenue through external sales and distribution channels. In geographic markets where we do not have a direct presence, we rely almost exclusively on third party agents, distributors and resellers. As a result, maintaining relationships with our third party sales and distribution partners is critical to our business, and the loss of any such partner or termination of such relationship may impair our ability to provide our products and services to customers in a timely manner, cause us to lose out on business opportunities and, in turn, market share in a given market or markets. The failure of third party agents, distributors and resellers to perform and satisfy their contractual obligations or establish and comply with applicable laws and regulations, among other things, may require us to discontinue our business relationships with them. We regularly conduct audits of our external sales and distribution partners. If our audits reveal that such partners are unable to meet or maintain certain regulatory, compliance or other standards related to good business practices, we may be required to cease our business activities with such parties based on applicable legal requirements or internal policies. Furthermore, changes in legal requirements or our internal policies on quality and compliance could require us to make changes to our sales and distribution partnerships with third parties. Any substitution of such a partner may be time-consuming, and it may be costly to qualify new third parties, in particular if new regulatory approvals would be triggered. As a result, if we are unable to maintain our sales and distribution relationships with our partners, this could negatively impact our revenue and market share and have a material adverse effect on our business, financial conditions and results of operations or prospects.

1.1.10 We rely on the timely supply of components, products and services and could suffer if suppliers fail to meet their delivery obligations, raise prices or cease to supply us.

Our production and assembly processes and provision of services depend on the availability and timely supply of components, products and services from third-party suppliers. Our reliance on third parties adds additional risks to our development and manufacturing process and service commitments that are beyond our control. The failure of our suppliers to deliver in a timely manner could impair our ability to develop and produce

our own products or supply our own services in a timely manner, or may require us to find new suppliers or service providers at an increased cost and with delay in production or supply. In some cases, such as in connection with tender offers, our proposal may also be tied to a particular supplier or group of suppliers, and we may not be able to amend our proposal following submission, which could cause us to lose out on business opportunities, and potentially face damages, if a supplier is unable to meet its obligations. Failure of third party suppliers to establish and comply with required quality management systems may also lead to withdrawals of our certificates required for market access in certain jurisdictions. In addition, production or supply by one or more manufacturers or suppliers may be suspended or delayed, temporarily or permanently, due to economic, regulatory or technical problems beyond our control, such as the insolvency of the manufacturer, the acquisition of the supplier (including strategic partners) by a third party which results in termination of supply or material change in the terms of supply to us, the failure of the manufacturing facilities or disruption of the production process. Any shortage, delay or interruption in the availability of such inputs may negatively affect our ability to meet customer demand. Furthermore, we typically enter into long-term supply agreements in connection with our service agreements, which include firm commitments from suppliers for the term of the agreement. If we fail to maintain our relationships with current suppliers, if suppliers offer pricing and other terms that are not satisfactory or if any suppliers fail to supply products or services that meet our quality, quantity and cost requirements, we may be unable to meet our own customers' requirements in a timely manner, which could result in damage or other claims, order cancellations, loss of market share and damage our reputation. These factors could, in turn, have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.11 We are dependent on single or sole source suppliers and partners for certain products and services.

We rely on single or sole source suppliers for a number of products and services we offer as well as individual partners for certain research and development activities. For example, we rely on single source suppliers for a limited number of product components needed for the long-term maintenance of our particle therapy plants in Heidelberg and Marburg, Germany, and Shanghai, China, as well as various antigens or other biological materials used in the manufacture of certain assays. In addition, because certain of our products' components are highly customized or dependent upon unique components, they may not be readily substituted by similar products from other suppliers. Any substitution, if even possible, may take time to implement, which could be substantial, particularly if new regulatory approvals would be triggered by such supplier substitution. In addition, we are dependent on certain collaboration partners and service providers, particularly in connection with research and development activities where collaboration and development extends over several years and it would be cost prohibitive to engage in the same research and development with more than one partner. Changing suppliers, service providers or partners can be a time-consuming and costly process to qualify new third parties and ensure the quality and consistency of the materials, components, services or expertise required, and, in some cases, such changes may not be possible. If any of our single or sole source suppliers, service providers or partners ceases to be able to meet its commitments and obligations to us, due to bankruptcy or any other reason, or any of the foregoing events occurs, this could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.12 Any interruption in the operations of our manufacturing facilities may impair our ability to deliver products and maintain our market positions.

We are dependent on our global production and operating network, including the networks of our suppliers, to develop, manufacture, assemble, supply and service our products, services and systems. A work stoppage or other limitations of production or operation, including import or export restrictions and transportation issues, among others, could occur at our or our suppliers' facilities or otherwise affect us and our suppliers for any number of reasons, including as a result of labor or other legal disputes, regulatory enforcement actions, tight credit markets or other financial distress, production constraints or difficulties, unscheduled downtimes, disasters or other factors. In particular, our manufacturing and operations are subject to numerous risks, including severe weather and natural disasters (such as earthquakes, tsunamis and hurricanes), fires and explosions, accidents, mechanical failures, unscheduled downtimes, civil unrest, strikes, transportation interruptions, unpermitted discharges or releases of toxic or hazardous substances, other environmental risks, war, riots, sabotage or terrorist attacks. Any event affecting any significant production or operating facility may result in a disruption to our ability to supply customers, and standby capacity and critical components necessary for the reliable operation of the production or operating facility may not be available. The impact of these risks is heightened if our production capacity is at or near full utilization (or if we lack alternative manufacturing sites) and could result in our inability to accept orders or deliver products in a timely manner. The impact of any disruption would depend

on the nature and extent of the damage caused to, or the duration of the other interruption impacting, such facility. Such work stoppages, downtimes or other limitations on production at our or our suppliers' facilities could disrupt our ability to supply products or provide services or solutions, in the short or long term, and thereby materially adversely affect our reputation, brand perception and market positions. If any of these risks were to materialize, this could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.13 Failures or disruptions of our information technology systems, our information security systems and our infrastructure to support our business and to protect information could materially adversely affect our business.

Many aspects of our operations are dependent on our information technology systems and the information collected, processed, stored and handled by these systems. This includes our own technical, business and medical information, including patient data, as well as that of our customers and partners. Throughout our operations, we receive, retain and transmit highly confidential information and legally protected personal and medical information, including patient data. Moreover, we manufacture and sell products that rely upon software systems to operate properly, deliver treatment decision support and store confidential personal data and medical information; and our products often are connected to and reside within our customers' information technology infrastructures, which themselves may be subject to vulnerabilities. Security measures and software implemented to protect data and information contained in or processed by our products from unauthorized access may not be effective in fully securing this data and information, particularly since techniques used to obtain unauthorized access, or sabotage systems, change frequently and generally are not recognized until launched against a target. Additionally, we are developing and offering cloud-related products which may reside upon and may be hosted by third party providers. A cybersecurity attack or security breach, whether of our products, our customers' or partners' network security and systems or third party services or software could disrupt treatments or diagnoses occurring with reliance on our products, disrupt and/or divert access to our customers' or partners' stored information, such as medical information, including patient data, and treatment decision support, and could lead to the loss of, damage to or unauthorized disclosure of such information (including technology) or our customers' or partners' stored information. Moreover, due to the build-up and expansion of our digital ecosystem the impact of such an attack could be amplified, and security patches may require regulatory approval, which could extend the period of time required to remedy the problem. Such an event could have materially adverse consequences, including patient injury, equipment or other property damage, regulatory action, blacklisting, liabilities, fines, penalties and damages, reduced demand for our products, an unwillingness of our customers and partners to use our solutions, harm to our reputation and brand, and time consuming and expensive litigation, any of which could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

A compromise of our information security controls or those of the businesses with whom we interact, which results in confidential information or legally protected personal data or medical information, including patient data, being accessed, obtained, damaged, or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from patients, doctors, pharmacists and other persons, any of which could adversely affect our business, financial condition and results of operations, reputation or prospects. Moreover, a cybersecurity attack or data security breach could require that we expend significant resources related to our information technology systems and infrastructure, and could distract management and other key personnel from performing their primary operational duties. If our information technology systems are damaged, fail to work as intended (including due to inadequate development or regulatory compliant tool validation) or otherwise become unavailable, we may incur substantial costs to repair, change or replace them, and we may experience a loss of critical information, customer disruption and interruptions or delays in our ability to perform essential functions and implement new services. Furthermore, if we are unable to install and implement new software and systems, or other new information technology software more generally, in a timely manner and within the budgets we allocate to such installation, we may incur substantial additional costs as well as experience operational disruptions. In addition, compliance with changes in privacy and information security laws and standards may result in considerable unanticipated expense due to increased investment in technology and the development of new operational processes.

If one or more of these risks materialize, this could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.14 We are subject to stringent privacy laws and information security policies.

Our products and systems receive, generate and store significant and increasing volumes of personal and sensitive information, such as employee data and medical information, including patient data, and are therefore

subject to stringent privacy and information security regulations with respect to, among other things, the use and disclosure of protected health information and the confidentiality, integrity and availability of such information. In addition, in the increasingly important field of AI, we actively seek access to medical information, including patient data, through research and development partnerships and collaborations or otherwise. Moreover, our digital ecosystem, which is intended to provide our customers with greater access to a broad array of personal and sensitive information to improve their provision of care to their patients, heightens our risks associated with the protection and security of such information. Privacy and security regulations establish complex, multi-jurisdictional regulatory frameworks on a variety of subjects, including:

- the circumstances under which we may access and use the relevant data, including conflicting privacy laws and regulations in different countries;
- the circumstances under which use or disclosure of protected health information is permitted without a specific authorization by the patient;
- a patient's rights to access, amend and receive an accounting of certain disclosures of protected health and medical information;
- the requirements to notify patients of privacy practices for protected health information;
- administrative, technical and physical safeguards required of entities that use or receive protected health and medical information; and
- the protection of computing systems that store protected health and medical information.

Despite security measures, it cannot be ruled out that the confidentiality of such data and information may be breached, as a result of cybersecurity attacks or otherwise, or that doubts may arise regarding the security of the data and information collected and managed by or for us. Particularly within the European Economic Area ("**EEA**") and Switzerland, data protection legislation is comprehensive and complex and there has been a recent trend toward more stringent enforcement of requirements regarding protection and confidentiality of personal data. Data protection authorities from the different member states of the EU may interpret the legislation differently, which adds to this complexity, and data protection is a dynamic field where guidance is often revised, sometimes with limited, if any, regard to legacy equipment or systems in use. Additionally, in some instances, in order to fulfill the requirements of applicable U.S. laws, we may be faced with deciding whether to comply with EEA and Swiss data protection rules. Failure or partial failure to comply with data protection rules and regulations across the EEA and Switzerland could result in substantial monetary fines. Furthermore, enforcement of data protection and privacy laws is likely to increase in the future when Regulation 2016/679/EU of the European Parliament and of the Council of April 27, 2016 (the "**General Data Protection Regulation**") becomes enforceable in May 2018 following a transitional period. Although we currently expect to be in compliance with the General Data Protection Regulation when it becomes enforceable, the competent regulatory authorities may conclude otherwise also given the lack of practical experience with the application and enforcement of the General Data Protection Regulation.

If we (or third parties) fail to adequately safeguard confidential patient data or other protected health or medical information, or if such information or data are wrongfully used by us (or third parties) or disclosed to unauthorized persons or entities, our reputation could suffer and we could be subject to claims for damages or other liabilities, the imposition of fines or other penalties and the loss of customers and reputation. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.15 We may be unable to protect or effectively enforce our intellectual property rights.

We place considerable emphasis on obtaining relevant intellectual property rights, which include patents, utility models, designs, trademarks, know-how, trade secrets, domains and copyrights for our assets (*e.g.*, products, processes, services, brands, trademarks, designs, domains and information) ("**IPR**"). We pursue a policy of generally obtaining IPR protection in key jurisdictions for protectable subject matter and also attempt to review third-party IPR and applications to the extent publicly available to develop effective IPR strategies, avoid infringement of third-party IPR, identify licensing opportunities and monitor the claims of others. However, the laws of many jurisdictions, including emerging countries, may not adequately protect our IPR to the same extent as the laws of some countries within the EU and of the United States. If we cannot adequately secure protection of our IPR in these countries, our competitors may be able to compete more successfully against us, which could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

IPR may not be issued for any pending or future applications owned by or licensed to us, and the claims allowed under any issued IPR may not be sufficiently broad to protect our technology, brands, trademarks, information, etc. Any issued IPR owned by or licensed to us may be challenged, invalidated or circumvented, and the rights under these IPR may not provide us with effective competitive advantages. IPR may also be unavailable, limited, unenforceable or practically unenforceable in some countries, which could make it easier for competitors to capture increased market position or otherwise benefit therefrom. We may also incur substantial costs to defend ourselves in litigation brought against us or in litigation in which we may assert our IPR against others. An unfavorable outcome of any such litigation could materially adversely affect our business, financial condition and results of operations, reputation or prospects. See also "*1.1.5 We are exposed to risks associated with product liability, warranties or guarantees, recall demands or other lawsuits or claims that may be brought against us*".

We also significantly rely on trade secrets and proprietary know-how with which we seek to protect our technology, products, systems and services and/or their manufacture, in part, by confidentiality agreements with our suppliers and other partners, employees and consultants. These agreements may be breached, and we may not have adequate remedies for any breach. In addition, there is no guarantee that these agreements or other precautions will provide sufficient protection in the case of any unauthorized access or use, misappropriation or disclosure of such information or technology. Defending against any unauthorized access or use, misappropriation or disclosure of our technology, trade secrets, proprietary know-how, and other intellectual property and technology may result in lengthy and costly litigation or administrative proceedings with uncertain outcome and cause significant disruption to our business and operations. If we are unable to protect or effectively enforce our IPR, this could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.16 Any claim that we are infringing third parties' intellectual property rights may cause us to incur significant costs and impair our ability to sell certain products.

There is a substantial amount of litigation over IPR in the industries in which we operate. Our competitors, like companies in many high technology businesses, continually review other companies' activities for possible conflicts with their own IPR. In addition, non-practicing entities may review our activities for conflicts with IPR they hold. Determining whether a product infringes a third party's IPR involves complex legal and factual issues, and the outcome of this type of litigation is often uncertain and inconsistent, particularly across various jurisdictions.

Third parties may claim that we are infringing their IPR. We may not be aware of infringing on IPR of others that relate to our products, services, solutions or technologies. From time to time, we have received notices from third parties asserting infringement and we have been subject to lawsuits alleging infringement of third-party IPR. If any such claims are asserted against us, we may seek to obtain a license under the third-party's IPR. We cannot provide any assurance that we will be able to obtain any or all of the necessary licenses on satisfactory terms, if at all. In the event that we cannot obtain a license, these parties may file lawsuits against us seeking damages or an injunction against the import, marketing, sale or operation of our products, systems and services that incorporate allegedly infringed IPR or against the operation of our business as presently conducted. Such lawsuits could result in an increase in the costs of selling certain of our products, systems and services, the need to partially or completely redesign them or stop the sale or operation of some or all of them and may result in damage to our reputation as well as the termination of agreements by our customers, suppliers or distributors. Any dispute or litigation could require significant financial and management resources regardless of the merits or outcome, and we cannot assure that we would prevail. We do not maintain insurance for intellectual property infringement, so costs of defense, whether or not we are successful in defending an infringement claim, may be borne by us and could be significant. If we are unsuccessful in defending or appealing an infringement claim, we may be subject to significant damages and our financial position, results of operations or cash flows could be materially adversely affected, particularly if actual liabilities significantly exceed our estimates regarding potential liabilities. The award of damages, including material royalty payments, or the entry of an injunction against the import, marketing, sale or operation of some or all of our products, or our entry into some other agreement could affect our ability to compete and have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.17 We are exposed to risks related to conducting operations in numerous countries.

We operate manufacturing, development and service facilities located in a number of countries around the world and market our products, services and solutions worldwide. Because of the international scope of our business operations, we are subject to a wide variety of risks and challenges in connection with conducting

operations in numerous countries. Many of these risks and challenges are beyond our control. They include, among other things:

- political, legal, social and economic instability or volatility;
- interference or unexpected changes by government or other authorities in the business, political or regulatory environments, making it more difficult to obtain or renew contracts, permits and licenses;
- trade restrictions, sanctions and penalties as well as protectionist legislative or regulatory measures, restrictions concerning local manufacturing and changes in trade relationships and agreements;
- sudden or unexpected increases in wages and national and regional labor strikes;
- conflicts with third party IPR and/or difficulties in enforcing and insufficient protection against violations of IPR;
- restrictions on the ability to repatriate dividends from subsidiaries;
- inconsistent and/or contradictory laws and regulations, including interpretations thereof, and enforcement practices;
- foreign exchange restrictions, import/export quotas and restrictions, sanctions and other laws and policies affecting taxation, trade, imports/exports and investment;
- the imposition or increases of price controls or withholding and other taxes on remittances and other payments by foreign subsidiaries;
- the imposition of localization requirements or local ownership and shareholder rules, regulatory requirements and other protectionist measures; and
- anti-competitive behavior, money laundering, bribery and corruption by third parties as well as crime and fraud.

In addition, certain of the countries in which we operate are still developing mature legal frameworks required to support a predictable market economy. Inconsistencies between constitutional, federal, regional and local laws as well as the lack of an independent judiciary and consistent judicial guidance create uncertainties with respect to the legal and business decisions we make in operating in these countries. To the extent any of these factors materializes in a given country or region, it could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

The management of a decentralized international business requires compliance with the legislative and regulatory requirements and practices of many different jurisdictions, including tax rules, import/export rules, employment, data security, antitrust and environmental, health and safety legislation. Failure to comply with these laws could expose us to administrative, civil and criminal prosecution, fines and penalties, the imposition of export or economic sanctions against us, blacklisting and reputational damage. For example, where local rules and regulations are complex or their applicability or interpretation is uncertain, compliance with such rules may lead to unforeseen consequences. Furthermore, stricter regulations in certain jurisdictions or our own compliance standards and risk assessments may lead to the termination of relationships with business partners who cannot, in our view, meet or maintain such standards. In addition, structuring decisions and local legal compliance may be more difficult due to conflicting laws and regulations, including those relating to, among other things, employment, health and safety, public procurement, competition, import and environmental protection. Our international sales are also subject to various jurisdictions' economic sanctions, export control and anti-corruption laws and regulations, which increase the risk that we may become subject to significant penalties for violating such laws. As a global organization with affiliates located in many countries, we have limited business with customers in countries, such as Iran, Russia, Ukraine and Venezuela, which some countries have subjected to embargoes, economic sanctions or other forms of trade restrictions to varying degrees. New or expanded embargoes, economic sanctions or other forms of trade restrictions may result in a curtailment of our existing business in such countries and in amendments to our policies. If any of these risks were to materialize, this could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.18 Our compliance and risk management systems may prove to be inadequate.

Our compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks. In connection with our worldwide business operations, we must comply with a broad range of legal and regulatory

requirements in numerous jurisdictions and local operational business processes, particularly relating to sales practices. While we have established compliance and risk management systems that support our operational business processes, help to address compliance with legislative provisions and, where necessary, initiate appropriate countermeasures to misconduct, there can be no assurance that our internal controls and compliance systems are adequate to address all applicable risks in every jurisdiction. Similarly we can provide no assurance that such controls and systems of joint ventures and other partnering arrangements can be aligned with our own, and we may have to rely on their controls and systems for compliance with respect to their business practices.

We have also put in place policies intended to prevent direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, terrorist financing, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct. However, such policies may be insufficient or individual employees may not adhere to their letter or spirit. Members of the Company's supervisory board (*Aufsichtsrat*) (the "**Supervisory Board**") or its managing board (*Vorstand*) (the "**Managing Board**") or members of the governing bodies of other Group companies as well as employees, authorized representatives, agents or resellers may intentionally or unintentionally violate applicable laws and internal policies, standards and procedures. We may not be able to timely identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, our compliance and risk management systems may not be appropriate for our size, complexity and geographical diversification or may otherwise fail for various reasons.

The occurrence of any of these risks may result in reputational loss and materially adverse legal consequences, such as debarment, the imposition of fines or sanctions and penalties on us or the members of our governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could also have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.19 The international scope of our operations may expose us to potentially adverse tax consequences.

As a result of our international operations, we are subject to tax laws in numerous jurisdictions in which we operate. The various domestic and international income tax, sales, use, occupancy, value added and other tax laws, rules and regulations are complex and subject to changes and interpretation. We rely on available interpretations of tax laws and regulations to determine the existence, scope and level of our liability with respect to tax in the various jurisdictions. We take positions in the course of our business activities in respect of relevant tax matters, including but not limited to the tax deductibility of business expenses, interest and other costs, the depreciation or amortization of our assets for tax purposes, deferred tax positions and the conduct of internal business dealings at arms' length terms.

In addition, the Group's companies enter into many transactions and calculations in the ordinary course of business where the ultimate tax determination is uncertain. Combined and interrelated effects of the application and interpretation of laws and regulations in the various jurisdictions may have materially adverse consequences. This includes, in particular, any effects from the application of double taxation treaties, respective interpretations addressing cross-border situations and guidelines on transfer pricing. There can be no guarantee that the tax authorities in the various jurisdictions agree with our interpretation of the laws or with the various positions taken by us. In addition, uncertainty regarding the tax environments in several countries could limit our ability to enforce our rights.

If any of these risks materialize this could have a material adverse effect on our competitive situation, business, financial position and results of operations or prospects.

1.1.20 We are exposed to currency fluctuation risks in different countries that could materially adversely affect our profitability.

We currently operate manufacturing facilities in Germany, the United States, Canada, the United Kingdom, Ireland, Brazil, India, China, Spain and South Korea, among others, and have a direct presence in 75 countries. As a result, we are exposed to currency fluctuation when we convert currencies that we may receive for our products into currencies required to repay our indebtedness, purchase materials, meet our fixed costs or pay for services or supplies, which could result in a gain or loss depending on fluctuations in exchange rates. Our business' largest production and research and development ("**R&D**") hubs are in Germany, the United States, the United Kingdom, China and South Korea, while our sales are global. This means that while income is generated in various currencies, costs are mainly in Euro, U.S. dollars, British pounds, Chinese renminbi and South Korean won. If we are unable to match sales received in foreign currencies with costs paid in the same currency, our

results of operations may be impacted by currency exchange rate fluctuations. We seek to manage currency fluctuation risks by means of hedging and other planning. Nevertheless, changes in currency exchange rates cannot always be predicted or hedged on economically reasonable terms, and there can be no assurance that our hedging and other risk mitigation strategies will be successful in mitigating currency risks. Any negative effects from currency exchange rate exposure could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.21 We are exposed to foreign exchange and translation risks, which may reduce our operating results.

We are exposed to significant foreign exchange risk through the translation of our subsidiaries' functional currencies to the Euro in our financial statements. Our income or expense is reported in the relevant local currency and translated into Euro at the applicable currency exchange rate for inclusion in our financial statements. Due to the foregoing, changes in exchange rates between our local currencies and the Euro could lead to significant changes in our reported financial results from period to period. As of September 30, 2017, 2016 and 2015, the value at risk relating to foreign currency exchange rates was €94 million, €64 million and €119 million, respectively. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. Although we may seek to manage our foreign exchange exposure, there can be no assurance that such arrangements will be entered into or available at all times when we wish to use them or that they will be sufficient to cover the risks. Excluding hedging impacts, we estimate that a one per cent change in the U.S. dollar would have an impact on our Profit in the range of approximately €10 million to €12 million. Should we be unable to sufficiently manage our foreign exchange exposure, the realization of foreign exchange risk could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.22 Our business requires significant levels of capital investments, which we may be unable to fund.

Our business regularly requires significant levels of capital investments, including product design and development, manufacturing and maintenance and expansionary expenditures, as well as significant spending on R&D and has a relatively high fixed cost base. For example, to the extent that we experience manufacturing problems or new regulatory burdens are imposed, we may be required to make capital expenditures even though we may not have available resources at such time and we may not be able to meet customer demand, which could result in a loss of revenue. Furthermore, we may not be able to make such capital expenditures if we do not generate sufficient cash flow from operations or have funds available for borrowing under our financing arrangements to cover these capital expenditure requirements. If we are unable to meet our capital expenditure plans, we may not be able to maintain our manufacturing capacity, which may materially adversely impact our competitive position. Any of the foregoing factors may have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

1.1.23 Our profit forecast and medium-term targets could differ materially from our actual results of operations.

On the basis of developments in the fiscal year ended September 30, 2017, we currently expect comparable revenue growth to be in the range of 3% to 4% (lower and upper case) for the fiscal year ending September 30, 2018 compared to the fiscal year ended September 30, 2017. We expect Adjusted Profit Margin (calculated as Adjusted Profit divided by revenue) for the fiscal year ending September 30, 2018 to be in the range of 17% to 18% (lower and upper case) and that we will incur non-operational financial expenses, net in the range of €140 million and €170 million (lower and upper case) for the fiscal year ending September 30, 2018. Furthermore, we expect our effective income tax rate to be in a range of 28%-30% for the fiscal year ending September 30, 2018 (collectively, and together with the respective explanatory notes, the "**Profit Forecast**").

In addition, in the medium term (*i.e.*, in three to four years), we currently target annual comparable revenue growth of 4-6% and Adjusted Profit Margins in our Imaging, Advanced Therapies and Diagnostics segments of 20-22%, 20-22% and 16-19%, respectively. The Managing Board has based the Profit Forecast and our medium-term targets on a number of assumptions. These assumptions could prove to be inaccurate since they relate to factors over which we have limited or, in some cases, no control or influence. These financial projections are based on a number of assumptions, which are inherently subject to significant business, operational, economic and other risks and many of which are outside of our control. Accordingly, such assumptions may change or may

not materialize at all. Should one or more of the assumptions underlying the Profit Forecast or our medium-term targets prove to be incorrect, our actual results of operations for the fiscal year ending September 30, 2018 could differ materially from such forecast and projections. As a result, investors should not place undue reliance on them.

1.1.24 We may be unable to realize anticipated cost savings.

Following the Offering (as defined herein), we expect to derive some benefit from certain standalone and structural cost savings. Historically, companies of the Siemens Group have charged us for various services provided to us. We have identified areas in which we believe we can insource such services and realize cost savings. In addition, beginning in 2018 and continuing through 2020, we intend to reduce structural costs by streamlining our administration and management structure, and by implementing end-to-end process improvements to increase our ability to realize market opportunities and free up additional room for investment. We estimate these initiatives will result in cost savings of approximately €50 million in the fiscal year ending September 30, 2018 (with approximately €150 million in implementation costs in the same period, primarily related to organizational efficiency measures). We expect to achieve additional savings of approximately €190 million beyond the fiscal year ending September 30, 2018, resulting in medium-term cost savings of approximately €240 million per year. In the medium term (*i.e.*, in three to four years), we also intend to consolidate our information technology from 12 separate SAP systems, which we expect will require outstanding investments of approximately €100 million but result in further annual cost savings of €40 million to €50 million.

If we are unable to achieve the targeted cost savings, our results of operations may be adversely affected. Even if we achieve the expected benefits, they may not be achieved within the anticipated time frame. The cost savings anticipated by us are based on estimates and assumptions made by us that are inherently uncertain, yet considered reasonable by us, and may be subject to certain uncertainties and contingencies which are difficult to predict. As a result, there can be no assurance that such cost savings will be achieved, which could materially and adversely affect our business, financial condition and results of operations or prospects.

1.1.25 Our quarterly revenue and results of operations are subject to variability.

Our comparable revenue growth and Adjusted Profit Margin can vary from fiscal quarter to fiscal quarter. The comparable growth rate we achieve in a single fiscal quarter may not be representative of the comparable growth rate we achieve for the full fiscal year. Our quarter-on-quarter results can be affected by our product mix and the timing of large contracts. Our revenue is usually strongest in the fourth quarter to meet certain fiscal year targets. In addition, foreign currency effects can have a significant impact on quarter-on-quarter Adjusted Profit Margin. For example, our Adjusted Profit Margin in the three months ended December 31, 2017 included a significant foreign currency headwind, particularly in Advanced Therapies and Imaging. This development, coupled with the fact that the three months ended December 31, 2016 was unusually strong due to very favorable product and regional mix effects resulted in our Adjusted Profit Margin being lower for the three months ended December 31, 2017 compared to the three months ended December 31, 2016. As a result of the foregoing, our results of operations can differ quarter-to-quarter, but such differences are also significantly influenced by external factors and not necessarily attributable to an underlying change in our business.

1.1.26 Changes in accounting rules could materially affect our presentation of financial condition and results of operations.

From time to time, the International Accounting Standards Board (the "**IASB**") and International Financial Reporting Interpretations Committee have issued and will issue new standards and amendments to applicable standards, which govern the preparation of our financial statements. These changes can be difficult to predict and could materially adversely affect how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, resulting in restatements of prior periods' financial statements. For example, the new standard on leases, IFRS 16 – Leases ("**IFRS 16**") will be effective for the fiscal years beginning on or after January 1, 2019. IFRS 16 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. We will adopt the standard for the fiscal year beginning as of October 1, 2019, presumably by applying the modified retrospective approach, *i.e.* comparative figures for the preceding fiscal year would not be adjusted. We are currently assessing the impact the application of IFRS 16 will have on our financial condition and results of operations. Although we expect that the majority

of the transition effect relates to real estate leased by us, it is too early to provide a reliable estimate of the impact of applying IFRS 16. In addition, amendments to IFRS 15–Revenue from Contracts with Customers will affect how we account for revenue and, correspondingly, the amount of revenue and net income in our statement of income. We adopted IFRS 15 for the fiscal year beginning as of October 1, 2017 retrospectively. If we had already applied IFRS 15 as of October 1, 2016, our revenue would have been €13,677 million for the fiscal year ended September 30, 2017 (compared to revenue of €13,796 million not applying IFRS 15 as of October 1, 2016) and our net income would have been €1,396 million (compared to net income of €1,444 million not applying IFRS 15 as of October 1, 2016). As a result, the financial information for the three months ended December 31, 2017 and 2016 reflects the effects from the adoption of IFRS 15 and is not fully comparable to the financial information presented for the fiscal years ended September 30, 2017, 2016 and 2015, which reflects such effects to a limited extent in certain notes to the Combined Financial Statements only. The IASB may make other changes to the financial accounting and reporting standards that govern the preparation of the Group's financial statements, which the Company may adopt prior to the date on which such changes become mandatory if determined to be appropriate, or which the Company may be required to adopt. Any such change in accounting policies or accounting standards could materially affect the presentation of our financial condition and results of operations.

1.1.27 Goodwill represents a significant portion of our total assets, and we may not be able to realize the full value of such goodwill.

As of September 30, 2017, the carrying value of goodwill amounted to €7,992 million, or 39.1% of our total assets in our statement of financial position. The goodwill is based on the goodwill attributable to the companies or businesses that were transferred to Siemens Healthineers during the legal reorganization. As a result of the reorganization of our reporting structure, the goodwill has been allocated to the operating segments (Imaging, Diagnostics and Advanced Therapies) based on relative values in accordance with IFRS. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount which is the higher of the fair value less cost of disposal or value in use. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations and a variety of other factors. Any of these factors may cause an impairment of goodwill if they have a lasting negative impact on our business. The amount of any quantified impairment must be expensed immediately as a charge to our results of operations. Depending on future circumstances, it is, therefore, possible that we may never realize the full value of our goodwill. Any determination of impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.28 We may not be able to attract and retain key and other highly qualified personnel.

Our ability to operate our business and implement our growth strategies depends, to a significant degree, on the continued contributions of our directors, senior management and highly qualified scientists, engineers and other research and development personnel, sales and service personnel, among others. In addition, our future growth and success also depend on our ability to attract, recruit, develop and retain highly qualified personnel. There can be no assurance that we will continue to attract and retain the highly qualified personnel needed for our business or the implementation of our business strategies. Competition for scientists, engineers, software developers and programmers and experienced regulatory and quality experts in our industry is intense, and there are a limited number of persons with the requisite knowledge of the healthcare and life sciences industry and relevant experience. The unplanned loss of the services of any of our directors or members of senior management could materially adversely affect our business until a suitable successor can be found. In addition, a number of our highly qualified personnel may not be readily substituted, if at all, through the hiring of external personnel, and the loss of any of our key managers, researchers, developers or other personnel could also have a material adverse effect on our business unless and until we find a qualified successor, even in the event of planned departures of personnel. There are also a limited number of persons with the requisite competencies to serve in these positions, and we cannot provide any assurance that we would be able to locate or employ such highly qualified personnel in a timely manner, on terms acceptable to us or at all. Our inability to attract and retain key and other highly qualified personnel could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.29 A deterioration in our relationships with our employees or trade unions or a failure to extend, renew or renegotiate our collective bargaining agreements on favorable terms could have an adverse impact on our business.

Maintaining good relationships with our employees, unions and other employee representatives is crucial to our operations. As a result, any deterioration of the relationships with our employees, unions and other employee

representatives could have a material adverse effect on our business, financial condition and results of operations or prospects. Certain of our employees are covered by national collective bargaining agreements, most of whom are located in Germany and, to a lesser extent, the United States, among others. These agreements typically complement applicable statutory provisions in respect of, among other things, the general working conditions of our employees, such as maximum working hours, holidays, termination, retirement, welfare and incentives. National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations or reduce the number of employees. We may not be able to extend existing company-specific agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions. In addition, any restructuring or reorganizational measures that affect employees may strain relations with employees or trade unions and may make it more difficult to negotiate, renew or extend such agreements in a favorable and timely manner, including as a result of negative media coverage of such measures. Foreign competitors may also obtain competitive advantages due to more flexible legal environments or their ability to negotiate collective wage or similar agreements on better terms and conditions compared to ours. We may also become subject to additional company-specific agreements or amendments to existing national collective bargaining agreements. Such additional company-specific agreements or amendments may increase our operating costs and have an adverse effect on our business, financial condition, results of operations or prospects.

1.1.30 We have granted pension benefits to a large portion of our employees and have significant liabilities with respect to our pension plans; the actual costs of these obligations could exceed current estimates.

Pension benefits have been granted to a large portion of our employees. These obligations have been grouped in different pension plans depending on the legal, economic and tax environment of the respective countries. For a major part, the pension schemes are designed as defined benefit pension plans, either funded or partly funded in the form of external plan assets (so-called pension plan assets) or unfunded. The provisions for pensions and similar obligations may be affected by an increase or decrease of the defined benefit obligation ("**DBO**") which reflects the actuarially calculated and discounted value of the future cash flows resulting from the accrued benefits. Further, the funded status may as well be affected by an increase or decrease in the attributable fair value of the plan assets. The determination of the defined benefit obligation is based, among other things, on actuarial assumptions, which rely on statistical and other factors in order to anticipate future developments. The defined benefit obligation significantly depends on the discount rate applied. The basis for determining the discount rate is in principle the yield on high-quality corporate bonds. A change of the discount rate and changes of the assessments of market yields used, respectively, may result in significant changes to the defined benefit obligation. In addition, the defined benefit obligation is determined by actuarial assumptions such as the rate of compensation increase or pension progression rate and biometric factors. Biometric factors include, in particular, life expectancies of the employees participating in the pension plan. Life expectancies and corresponding expected mortality rates are reflected in regularly updated and mandatorily applied mortality tables by the Company.

Actual developments may differ from assumptions, such as due to changing market and economic conditions, thereby resulting in an increase or decrease in the actual obligations. Significant movements on the financial markets or a change in the portfolio mix of plan assets can result in significant increases or decreases of the attributable fair value of plan assets over time. This applies particularly to equity securities. Also, changes in the actuarial assumptions can affect the defined benefit obligation. For example, a change in the discount rates, in particular, may result in increases or decreases in the defined benefit obligation. An increase of one-half percentage point of the discount rates would have led to a decrease of the defined benefit obligation by €261 million at September 30, 2017; a reduction of one-half percentage point of the discount rates would have led to an increase of the DBO by €293 million or 7.2% accounted for at September 30, 2017. In order to comply with local pension regulations in selected foreign countries, we may face a risk of increasing cash outflows to reduce an underfunding based on local requirements of our pension plan in these countries, if any.

Furthermore, the legal conditions governing our pension obligations are subject to changes in applicable legislation or case law. We cannot provide any assurance that we will not incur new or more extensive pension obligations in the future due to changes in such legislation and case law, or that such changes will not have an impact on our previous calculations with respect to our pension obligations. Moreover, future amendments to accounting standards may affect our pension obligations.

Any of these factors and developments, particularly significant changes in the actuarial assumptions, could have a material adverse effect on our business, financial condition, results of operations or prospects and cash flows.

1.1.31 The Group's tax burden could increase as a result of future tax audits.

From time to time, the companies of the Group are subject to periodic tax audits by local tax authorities in the countries in which we operate. Future tax audits may result in additional tax and interest and penalty payments, which would negatively affect our financial condition and results of operations. In addition, tax authorities may challenge the establishment of our tax groups for past and current periods, may not accept the deductibility of interest payments, claiming among other aspects, that interest expense limitation or thin capitalization rules in the United States or in other jurisdictions, or transfer pricing rules apply. In such event, we may face additional tax payments becoming due following tax audits or in the process of tax assessments.

Any additional tax payments resulting from such tax audits could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.32 Changes in applicable tax laws and regulations could materially adversely affect our financial position and results of operations.

Changes in tax laws or regulations, tax treaties, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations, domestic or in any applicable jurisdiction, could potentially result in higher tax expense and payments (prospectively or retrospectively). For example, the Patient Protection and Affordable Care Act, which was signed into law in March 2010 in the United States, included a 2.3% excise tax on the sale of certain medical devices by the manufacturer or importer. Although this tax was subject to a moratorium between January 1, 2016 and December 31, 2017 that has been extended for an additional two years, this tax affected our business in prior fiscal years by increasing our costs and those of our customers, and its reintroduction could adversely impact our results of operations.

In addition, changes in fiscal regulations or in the interpretation of tax laws by the courts or the tax authorities (including the courts or the tax authorities in the various jurisdictions in which the Group conducts its business) may also have a material adverse effect on our cash flow, financial position and results of operations.

Global and EU-based initiatives such as the Action Plan on Base Erosion and Profit Shifting (BEPS) of the Organization for Economic Co-operation and Development ("**OECD**") and the EU Anti-BEPS Directive may entail double taxation, and increase controversy, which could adversely affect multinational companies and, therefore, the Group. In addition, the initiative in the EU on taxation of the digital economy, either by the EU, in particular, as based on a proposal being currently prepared by the European Union Commission, or by certain EU member states, may have an adverse effect on our tax burden. Whereas the initiatives presumably aim at the taxation of income or turnover generated from internet-based business activities such as internet communication, digital services, transactions or business models, irrespective of a company's physical location and including business-to-business as well as business-to-consumer activities, the scope, potential implementation and timing of a potential introduction is unclear. The same applies with respect to the initiatives on tax challenges of the digital economy at the level of the OECD. The adoption of new rules on taxation of the digital economy, if introduced, may adversely affect our digital services business.

If the tax laws, rules and regulations are amended, or held not applicable (*e.g.*, under state aid principles) if new adverse laws, rules or regulations are adopted, or if current laws are interpreted adversely to our positions, the results could increase our tax payments and/or subject us to penalties. As a result, these changes could decrease our capital available to operate our businesses and have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.33 Government authorities may question our tax positions or transfer pricing policies or change their laws in a manner that could increase our effective income tax rate or otherwise harm our business.

As a multinational Group, we conduct operations with our subsidiaries pursuant to transfer pricing arrangements among our subsidiaries in relation to various aspects of our business, including operations, marketing, sales and delivery functions. Transfer prices are prices that one company in a group of related companies charges to another member of the group for goods, services or the use of property. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arm's length principles and that specific and contemporaneous documentation is maintained to support the transfer prices. The same applies with respect to a relocation of functions or transfer of business. As a consequence of a relocation of functions, an additional tax burden may arise due to a taxation of deemed proceeds from a hypothetical sale at arm's length.

While we believe that we have proper transfer pricing arrangements, our transfer pricing procedures are generally not binding on applicable tax authorities. Tax laws are continually changing and are subject to the interpretation of government agencies, which from time to time review and audit our business in the jurisdictions in which we operate throughout the world. If regulators challenge our tax positions, corporate structure, transfer pricing arrangements or intercompany transfers, we may be subject to fines and payment of back taxes and our effective income tax rate may increase, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, the uncertainty regarding tax environments in several countries could limit our ability to determine our tax positions or to enforce our rights. This applies, in particular, with respect to growth markets. As we seek to expand our activities in certain markets, the volume and the scope of the business activities may significantly increase, or decrease, in certain jurisdictions, which may also have an impact on our tax positions, transfer pricing arrangements and other (non-)tax-deductible expenses.

If tax laws, rules and regulations are amended, if new adverse laws, rules or regulations are adopted, or if current laws are interpreted adversely to our tax positions, the results could increase our tax payments and/or subject us to penalties. As a result, this could have a material adverse effect on our competitive situation, business, financial condition and results of operations or prospects.

1.1.34 We may be held liable for taxes of controlling companies under tax group regimes and for taxes of certain companies acquired in the past.

The Company and some of its subsidiaries have been in the past and currently form part of tax groups, such that taxes were not imposed on the entities controlled by a parent entity but on the respective parent entity. As a consequence under tax group regimes, we cannot exclude that secondary tax liabilities for unpaid taxes may arise under statutory tax law for the Company or a subsidiary, which has formed part of any tax group established. In addition, the Company or any of its subsidiaries may, under certain circumstances, be held liable for past tax liabilities of certain companies acquired in the past, if the ownership of a separately managed business is transferred as a whole. Such liability generally comprises taxes that are incurred relating to the business (*i.e.*, in particular, trade tax, value added tax ("**VAT**") and taxes levied by deduction such as wage tax or capital gains tax). If one or more of these risks materialize this could have a material adverse effect on our competitive position, business, financial condition and results of operations or prospects.

1.1.35 Our inability to complete acquisitions or to successfully integrate acquisitions could materially adversely impact our financial condition and results of operations or prospects.

Our business strategy includes the acquisition of technologies, skill sets and businesses that expand or complement our existing business. For example, we recently acquired Conworx Technology GmbH, a Berlin-based developer of point of care device interfaces/IT solutions and data management duties, Epocal Inc., a Canada-based developer and manufacturer of point of care diagnostics systems and Fast Track Diagnostics ("**FTD**"), a Luxembourg-based provider of a broad range of diagnostic tests, covering major disease groups. Successful growth through acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and purchase prices and ultimately complete such transactions and integrate the acquired target successfully.

Acquisitions may expose us to significant risks and uncertainties, including, but not limited to:

- competition for acquisition targets, which may lead to substantial increases in purchase prices or terms that are not attractive to us, including the use of our shares for payment of the purchase price;
- dependence on external sources of capital, in particular to finance the purchase prices of acquisitions;
- proposed acquisitions may be prohibited by certain antitrust or other regulatory laws or may require divestitures;
- acquired companies' products lacking required licenses, exemptions or permits or otherwise failing to comply with applicable regulatory requirements;
- lack of timely integration of acquired companies' regulatory, quality or other functions into our own;
- inability to produce products at significantly increased scale;
- loss of previously available distribution channels;
- drawing heightened scrutiny on acquired IPR;

- lack of IPR and/or licenses for the acquired portfolio;
- diversion of our management's attention from existing operations to the acquisition process and integration of acquired companies;
- a failure to accurately predict or to realize expected cost savings and synergies;
- a failure to identify significant non-compliant behaviors or practices by the acquisition target (or its agents) prior to acquisition;
- expenses, delays and difficulties in integrating acquired businesses into our existing businesses; and
- difficulties in retaining key customers and personnel.

Our assessments of and assumptions regarding acquisition targets may not prove to be correct, and actual developments may differ significantly from our expectations. Acquired targets may have unexpected or unidentified liabilities or regulatory problems and acquisitions may be made at a premium over the fair value of the net identifiable assets of the acquired company. We may also not be able to integrate acquired businesses successfully, and such integration may require more time and expense than we expect, could be disruptive to our business and divert management's attention from our day to day business. The occurrence of any of the above in connection with any acquisition could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.1.36 We may become involved in litigation, arbitration and governmental proceedings.

From time to time, we may be involved in, or threatened with, legal, arbitration and governmental proceedings in the ordinary course of our business, including disputes with employees, competitors, customers, suppliers, competition authorities, regulators and other authorities, purported whistle-blowers, or regulatory agencies concerning, among other things, breaches of contract, product liability, product defects, intellectual property infringement, logistics or manufacturing related topics, quality regulations, environmental or employment issues, termination of business relationship, and/or alleged or suspected violations of applicable laws in various jurisdictions. In the past, we have been the subject of such proceedings and investigations in different jurisdictions related to our provision of services for medical imaging diagnostic equipment in connection with claims by independent service organizations. We are presently involved in one such investigation in Italy, the scope and ultimate outcome of which is currently not possible to predict. The outcome of pending or potential future legal, arbitration and governmental proceedings is, as a general matter, difficult to predict. If such proceedings are determined against us, we may be subject to the imposition of fines, required to change our business practices or we may incur liabilities or monetary losses, some of which may not be covered by our existing insurance policies and may be significantly disruptive to the operation of our business. In addition, the costs and penalties related to litigation, arbitration and governmental proceedings may be significant. Exposure to litigation, whether directed at us, our customers, suppliers or distributors or our or their respective business partners, could also result in the distraction of management resources and materially adversely affect our reputation or the reputation of our products, which could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.2 Risks related to Legal and Regulatory Matters

1.2.1 Our business operations are subject to extensive laws and regulations, and any changes thereto may impair our ability to continue production and provide services in a cost-efficient environment.

Our business operations are subject to various supra-national, national, regional and local laws and regulations relating to, among other things, healthcare, consumer protection, privacy and data protection, employment, accounting, environmental, health and safety, trade, product promotion, customs, tax, antitrust, anti-bribery and competition matters. In particular, the sale, distribution and marketing of many of our products, systems and services are highly regulated, and due to our market positions in various markets, we are subject to heightened scrutiny by regulatory, competition and other authorities. Regulatory scrutiny and regulation of our products, systems and services, including combined offerings of equipment and services, may increase in the future and could require us to change the way we operate, including, in particular, the way in which we offer certain services. These laws and regulations are complex, change frequently, are often subject to public review and comment and have tended to become more stringent over time. Moreover, certain fields in which we operate, such as AI, are new fields for which it remains unclear how they will be regulated in the future. The need to comply with regulations is a substantial controlling, operational and reputational risk. A failure to comply with

applicable laws and regulations could result in governmental fines and other sanctions, the temporary or permanent shutdown of production facilities, third-party claims, import detentions, and negative publicity, which could have adverse consequences on our business, results of operations and financial condition. Any non-compliance of our controlling shareholder or entities affiliated with our controlling shareholder with relevant laws and regulations may lead to stricter penalties for us if we are found to have violated applicable laws and regulations in the same jurisdiction. Any new legislation and regulation may impose significant and costly new obligations on us, which may negatively affect our cost of sales. Given all of the foregoing, future costs and liabilities relating to compliance with applicable laws and regulations could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.2.2 We and our customers operate in a highly regulated industry, and changes in regulations or the implementation or enforcement of existing regulations could materially adversely affect us.

Our products and our business activities, including services and solutions we provide, as well as those of our customers, are subject to rigorous regulation in the jurisdictions in which we operate. In particular, these laws govern the protection of the health and safety of patients and users of our medical devices as well as, among other things, the following activities in which we and our contract manufacturers, contract testing laboratories and suppliers and economic operators may be involved, including: product development, product testing (including clinical evaluations or clinical investigations), product manufacturing, product labeling, product safety, product storage, product marketing clearance and approval, product advertising and promotion, product import and export, product sales and distribution, and product performance/effectiveness. Accordingly, our business may be affected by changes in any such laws and regulations. Further, our business may be affected by new laws and regulations, in particular laws and regulations that may govern innovative products and business activities, including services and solutions, such as the use of AI.

While the various European agencies that enforce the EU's Council Directive 93/42/EEC concerning medical devices and Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices (as amended, together the "**Medical Device Directives**"), as transposed into applicable laws and regulations, FDA in the United States and the P.R.C. Food and Drug Administration in China are the regulatory authorities affecting us most prominently with respect to the commercialization of our products and services, there are numerous other regulatory schemes at the international, national and sub-national levels to which we are subject. These regulations can be burdensome and subject to change on short notice, exposing us to the risk of increased costs and business disruption. Regulatory premarket clearance, approval or conformity assessment requirements may affect or delay our ability to market our new products and services. We cannot assure that we will be able to obtain marketing clearance, approval or certification mark ("**CE marking**") for our new products and services, or modifications to existing products and services. A CE marking is a European marking of conformity that indicates that a product meets the essential requirements of the Medical Device Directives. Even if we do obtain such clearance, approval or CE marking, it may take a significant amount of time and require the expenditure of substantial resources. Further, such clearance, approval or CE marking might involve stringent testing requirements, modifications, repairs or replacements of our products and services, and could result in limitations on the proposed uses of our products and services. Regulatory authorities and legislative bodies are continuously increasing their scrutiny of the healthcare industry, and there are ongoing regulatory efforts to reduce healthcare costs that may intensify in the future and adversely affect reimbursement of our products and services. Our business is also sensitive to any changes in tort and product liability laws.

Regulation pertaining to our products, services and solutions have become increasingly stringent and more common, particularly in developing countries. We may become subject to more rigorous regulation by governmental authorities in the future. Conversely, to some extent if certain of our products, services and solutions were made subject to less stringent regulation by FDA in the United States, then products, services and solutions similar to ours might be marketed and sold more freely, and our products, services and solutions may become commoditized, which could have a material adverse effect on our business, financial condition and results of operations or prospects.

Both before and after a product, service or solutions is commercially distributed, we have ongoing responsibilities under various laws and regulations, in particular monitoring, corrective and preventive action and reporting responsibilities. If a regulatory authority were to conclude that we are not in compliance with applicable laws or regulations, or that any of our products, services and solutions are ineffective or poses an unreasonable risk for the patients, users or others, the authority may ban such products, services or solutions, detain or seize adulterated or misbranded products, services or solutions, order a recall, repair, replacement, or refund of such products, services or solutions, and require us to notify healthcare professionals and others that the products, services or solutions present unreasonable risks of substantial harm to the public health. A regulatory

authority may also impose operating restrictions or enjoin certain violations of applicable law pertaining to medical devices, and assess civil or criminal penalties against us. The regulatory authority may also recommend prosecution by law enforcement agencies. Any governmental law or regulation, existing or imposed in the future, or enforcement action taken may have a material adverse effect on our business, financial condition and results of operations or prospects.

1.2.3 In the United States, FDA and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If we are found to have failed to comply with these laws and regulations, we may become subject to significant liability.

Our products and those of original equipment manufacturers ("**OEM**") that incorporate our products are subject to extensive and rigorous government regulation in the United States. Compliance with these laws and regulations is expensive and time-consuming, and failure to comply with these laws and regulations could adversely affect our business.

In the United States, before we can market a new medical device, or label and market a previously cleared or approved device for a new intended use or new indication for use, or make a significant modification to a previously cleared or approved device, we must first receive either FDA clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act (the "**FDCA**"), or approval of a premarket approval application ("**PMA**") from FDA, unless an exemption applies. The process of obtaining PMA approval is much more rigorous, costly, lengthy and uncertain than the 510(k) clearance process. Any delay or failure to obtain necessary regulatory clearances or approvals could have a material adverse effect on our business, financial condition and results of operations or prospects.

FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- our inability to demonstrate to the satisfaction of FDA that our products are safe and effective for their intended uses;
- the disagreement of FDA with the design, conduct or implementation of our clinical trials or the analyses or interpretation of data from pre-clinical studies or clinical trials;
- serious and unexpected adverse device effects experienced by participants in our clinical trials;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required;
- our inability to demonstrate to the satisfaction of FDA that the clinical and other benefits of the device outweigh the risks;
- an advisory committee, if convened, may recommend against approval of our application or may recommend that FDA require, as a condition of approval, additional pre-clinical studies or clinical trials, limitations on approved labeling or distribution and use restrictions, or even if an advisory committee, if convened, makes a favorable recommendation, FDA may still not approve the product candidate;
- FDA may identify deficiencies in the chemistry, manufacturing and control sections of our application, our manufacturing processes, facilities or analytical methods or those of our third party contract manufacturers; and
- the potential for policies or regulations of FDA to change significantly in a manner rendering our clinical data or regulatory filings insufficient for clearance or approval.

Once a medical device is cleared or approved, a manufacturer must notify FDA of certain modifications to the device. FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance; however, FDA can review a manufacturer's decision. Any modification to an FDA-cleared device that would significantly affect its safety or efficacy or that would constitute a major change in its intended use would require a new 510(k) clearance or possibly a premarket approval. We may not be able to obtain additional 510(k) clearances or premarket approvals for new products or for modifications to, or additional indications for, our approved or cleared devices in a timely fashion, or at all. Delays in obtaining required future clearances or approvals would harm our ability to introduce new or enhanced products in a timely manner, which in turn would harm our financial performance and future growth. If we make additional modifications in the future that we believe do not or will not require additional clearances or approvals and FDA disagrees and requires new clearances or approvals for the modifications, we may be required to recall and to stop selling or marketing our products as modified, which could impact our reputation, harm our operating results and require us to redesign our products. In these circumstances, we also may be subject to significant enforcement actions.

Our manufacturing operations for medical devices, and those of our third-party manufacturers, are required to comply with FDA's QSR, which covers the procedures and documentation of the design, testing, production, control, quality assurance, inspection, complaint handling, recordkeeping, management review, labeling, packaging, sterilization, storage and shipping of our medical device products, as well as other federal and state regulations for medical devices and radiation emitting products. In addition, we must engage in extensive recordkeeping and reporting and must make available our manufacturing facilities and records for periodic announced or unannounced inspections by FDA to determine compliance with QSR, current Good Manufacturing Practices and similar regulatory requirements. In connection with these inspections, FDA may issue reports, known as Form FDA 483 reports when FDA believes the manufacturer has failed to comply with applicable regulations and/or procedures. If observations from FDA issued on Form FDA 483 reports are not addressed and/or corrective action is not taken in a timely manner and to FDA's satisfaction, FDA may issue a warning letter ("**Warning Letter**") and/or proceed directly to other forms of enforcement action. Similarly, if a Warning Letter were issued, prompt corrective action to come into compliance would be required. Failure to respond timely to Form FDA 483 observations, a Warning Letter or other notice of noncompliance and to promptly come into compliance could result in FDA bringing enforcement action against us, which could include the total shutdown of our affected production facilities, denial of importation rights to the United States for products manufactured in affected overseas locations, adverse publicity and criminal and civil fines. In addition, we are required to timely file various reports with FDA, including reports required by the medical device reporting regulations, that require that we report to regulatory authorities if our devices may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur. If these reports are not filed in a timely manner, regulators may impose sanctions and sales of our products may suffer, and we may be subject to product liability or regulatory enforcement actions, all of which could harm our business. FDA and the Federal Trade Commission ("**FTC**"), also regulate the advertising and promotion of our products to ensure that the claims we make are consistent with our regulatory clearances and approvals, that there are adequate and reasonable data to substantiate the claims and that our promotional labeling and advertising is neither false nor misleading in any respect. If FDA or FTC determines that any of our advertising or promotional claims are false, misleading, not substantiated, promote off-label uses or are otherwise not permissible, we may be subject to enforcement actions, including Warning Letters, and we may be required to revise our promotional claims and make other corrections or restitutions. If we or any of our suppliers, distributors or agents fail to comply with FDA, FTC and other applicable U.S. regulatory requirements or are perceived to potentially have failed to comply, we may face:

- repair, replacement, refunds, recalls, termination of distribution, administrative detention or seizures of our products;
- operating restrictions, partial suspension or total shutdown of production;
- customer notifications or repair, replacement or refunds;
- refusing our requests for 510(k) clearance or PMA approvals of new products, new intended uses or modifications to existing products;
- withdrawals of current 510(k) clearances or PMA approvals, resulting in prohibitions on sales of our products;
- FDA refusal to issue certificates to foreign governments needed to export products for sale in other countries; and
- criminal prosecution.

Further, FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. For example, in December 2016, the 21st Century Cures Act (the "**Cures Act**"), was signed into law. The Cures Act, among other things, is intended to modernize the regulation of drugs, biologics and medical devices, and spur innovation, but its ultimate implementation is unclear. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, such failures to comply would adversely affect our business, prospects and ability to achieve or sustain profitability. We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of executive orders, that could impose significant burdens on, or otherwise materially delay, FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be materially adversely impacted.

Additionally, pursuit of certain business models or the exploitation of certain commercial opportunities depends upon us securing CLIA waivers for the full desired commercialization of certain point of care products. Failure to secure or maintain such waivers may have a material adverse impact on our ability to effectively pursue such opportunities.

1.2.4 Compliance with laws and regulations applicable to the manufacture and distribution of our products outside the United States may be costly, and failure to comply may result in significant penalties.

Regulatory requirements affecting our operations and sales outside the United States vary from country to country. In general, outside the United States, our products are regulated as medical devices by foreign governmental agencies similar to FDA.

Marketing a medical device. In order for us to market our products internationally, we must obtain clearances or approvals for products and product modifications. These processes (including for example in the EU, EEA, Switzerland, China, Japan and Canada) can be time consuming, expensive and uncertain, which can delay our ability to market products in those countries and areas. Delays in receipt of or failure to receive regulatory approvals, the inclusion of significant limitations on the indicated uses of a product, the loss of previously obtained approvals or failure to comply with existing or future regulatory requirements could restrict or prevent us from doing business in a country or subject us to a variety of enforcement actions and civil or criminal penalties, which would adversely affect our business.

One of our important medical device markets, China, is controlled strictly by the China Food and Drug Administration (the "**CFDA**") and further national authorities like the General Administration of Quality Supervision (the "**AQSIQ**"). Pre- and post-market approval and supervision requirements are increasing steadily at a high pace. As a result, market access may be delayed and additional investments may be needed to address with the changes in regulations.

Within the EEA, we must affix a CE marking. This conformity to the Medical Device Directives is done through self-declaration and is, depending of the classification of the device, verified by an EU independent certification body (the "**Notified Body**"). Once the CE marking is affixed, the Notified Body will regularly audit us to ensure that we remain in compliance with the applicable European laws and regulations. By affixing the CE marking to our product, we are certifying that the product complies with the laws and regulations required by the EEA countries, thereby allowing the free movement of the product within the countries that comprise the EEA and others that accept CE marking standards. If we cannot support our performance claims and demonstrate compliance with the applicable European laws and Medical Device Directives, we would lose our right to affix the CE marking to our products, which would prevent us from selling our products within the EEA territory, Switzerland and in other countries that recognize the CE marking. On April 5, 2017, two new EU Regulations on medical devices were adopted. They entered into force on May 25, 2017 and will subsequently replace the existing Medical Device Directives:

- Regulation (EU) 2017/745 of the European Parliament and of the Council of April 5, 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No. 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC (the "**Regulation on medical devices**"); and
- Regulation (EU) 2017/746 of the European Parliament and of the Council of April 5, 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU (the "**Regulation on in vitro diagnostic medical devices**").

The new Regulations will only apply after a transitional period, namely three years after entry into force for the Regulation on medical devices (spring 2020) and five years after entry into force (spring 2022) for the Regulation on in vitro diagnostic medical devices. The new Regulations will apply directly in all EU Member States without requiring any national laws or regulations to transpose them into national law. The new Regulations put greater emphasis on clinical data and require more extensive documentation and product monitoring efforts. Thus, time to market will likely increase as well as related costs due to the need for additional clinical trials, and a significant increase in mandatory involvement of Notified Bodies during the conformity assessment of *in vitro* medical devices ("**IVD**") is expected.

In addition, we are required to timely file various reports with international regulatory authorities, including reports required by international adverse event reporting regulations, that require that we report to regulatory authorities if our devices may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur. If these reports

are not timely filed, regulators may impose sanctions, including temporarily suspending our market authorizations or CE marking, and sales of our products may suffer, and we may be subject to product liability or regulatory enforcement actions, all of which could harm our business.

Further, as we enter new businesses or pursue new business opportunities internationally, such as opportunities that require clinical trials, we may become subject to additional laws, rules and regulations. Becoming familiar with and implementing the infrastructure necessary to comply with these laws, rules and regulations is costly. In addition, failure to comply with these laws, rules and regulations could delay the introduction of new products and could adversely affect our business.

Manufacturing and selling a device internationally. We are also subject to laws and regulations that apply to manufacturers of radiation emitting devices and products utilizing radioactive materials, as well as laws and regulations of general applicability relating to matters such as environmental protection, safe working conditions, manufacturing practices and other matters. In some countries, we rely on our foreign distributors and agents to assist us in complying with foreign regulatory requirements, and we cannot be sure that they will always effectively do so.

There can be no assurance that our employees or business partners comply and will comply with all relevant rules for obtaining relevant clearances or approvals and with all regulatory requirements. If we or any of our suppliers, distributors, agents or customers fails to comply with applicable international regulatory requirements or are perceived to potentially have failed to comply, we may, in addition to ending our business relationships with such parties, face:

- investigations by governmental authorities;
- fines, debarment, injunctions, civil penalties and criminal prosecutions;
- increased difficulty in obtaining required approvals in foreign countries;
- losses of clearances or approvals already granted;
- seizures or recalls of our products or those of our customers;
- delays in purchasing decisions by customers or cancellation of existing orders;
- the inability to sell our products in or to import our products into such countries; and
- adverse publicity affecting both us and our customers.

1.2.5 The misuse or off-label use of our products may harm our reputation in the marketplace or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses.

Regulatory authorities, including FDA, strictly regulate the indications for use and associated promotional safety and effectiveness claims that may be made about prescription products. In particular, a medical device may not be promoted for uses that are not consistent with the product's approved or cleared labeling. Any labeling approved or cleared by regulatory agencies for our products may include restrictions on use, warnings, precautions, and contraindications. If we receive marketing approval or clearance for any products we may develop, physicians may nevertheless lawfully choose to use such products on their patients in a manner that is inconsistent with the approved or cleared label, as FDA, for example, does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if regulatory authorities determine that our promotional materials or physician training, including our paid consultants' educational materials, constitutes promotion of an off-label use, such authorities could request that we modify our training or promotional materials or subject us to enforcement action, including Warning Letters, untitled letters, fines, penalties, or seizures. If we are found to have promoted such off-label uses, we may become subject to significant liability. The U.S. government, for example, has levied large civil and criminal fines and/or other penalties against companies for alleged improper promotion and has investigated, prosecuted, and/or enjoined several companies from engaging in off-label promotion. Regulatory authorities may also request that companies enter into consent decrees of permanent injunctions under which specified promotional conduct is changed, curtailed or prohibited. If we cannot successfully manage the promotion of and training for our products and product candidates, we could become subject to significant liability and restrictions, which could materially adversely affect our business, financial condition and results of operations or prospects.

1.2.6 We are subject to laws and regulations governing public contracts, and failure to follow these laws and regulations or comply with public contracts could harm our business by leading to a reduction in revenue associated with these customers, as well as penalties.

We have agreements relating to the sale of our products and solutions to (quasi-) government entities and/or government payors, including statutory health insurance funds, and, as a result, are subject to various statutes and regulations that apply to companies doing business with the government. The laws governing public contracts differ from the laws governing private contracts and public contracts may contain pricing terms and conditions that are not applicable to private contracts. We may be subject to investigation for compliance with the regulations governing public contracts. A failure to comply with these regulations could result in suspension of these contracts, criminal, civil and administrative penalties or debarment.

1.2.7 Changes to reimbursements and changes in health insurance deductibles and administration may affect demand for our products, services or solutions.

Sales of our healthcare products and services indirectly depend on the availability of reimbursement and the amount of reimbursement that our customers may seek from a variety of sources, such as government healthcare insurance programs, private insurance plans, health maintenance organizations and preferred provider organizations. In general, employers and third-party payors, particularly in the United States, have become increasingly cost-conscious, with higher deductibles imposed or encouraged in many medical plans. The imposition of higher deductibles tends to inhibit individuals from seeking the same level of medical treatments as they might seek if the costs were lower, particularly in the medical diagnostic portion of our business. Third-party payors have also increased utilization controls related to the use of our products and services by healthcare providers. In Germany, the two largest political parties have recently discussed a reform of the statutory healthcare insurance system, which could result in merging the statutory and the private healthcare insurance into one so-called civil healthcare insurance (*Bürgerversicherung*) with uncertain consequences for the budgets of health insurance companies and reimbursements.

Furthermore, there is no uniform policy on reimbursement among third-party payors, and we cannot be sure that third-party payors in the countries in which our products, systems and services are sold will reimburse our customers for procedures using our products and services at a level that will enable us to achieve or maintain adequate sales and price levels. Without adequate support from third-party payors, the market for our products and services may be limited and adversely impacted.

Once the U.S. program Medicare has made a decision to provide reimbursement for a given treatment, these reimbursement rates are generally reviewed and adjusted by Medicare annually. Private third-party payors, although independent from Medicare, sometimes use portions of Medicare reimbursement policies and payment amounts in making their own reimbursement decisions. As a result, decisions by the Centers for Medicare and Medicaid Services ("**CMS**") to reimburse for a treatment, or changes to Medicare's reimbursement policies or reductions in payment amounts with respect to a treatment sometimes extend to third-party payor reimbursement policies and amounts for that treatment. We have seen our U.S. customers' decision-making process complicated by the uncertainty surrounding Medicare reimbursement rates for radiotherapy and radiosurgery, among other things, in the United States. From time to time, CMS and third-party payors may review and modify the factors upon which they rely to determine appropriate levels of reimbursement for cancer treatments. For example, CMS and third-party payors have begun to focus on the comparative effectiveness of radiation therapy versus other methods of cancer treatment, including surgery, and could modify reimbursement rates based on the results of comparative effectiveness studies. In addition, discussions relating to the Affordable Care Act have included the possibility for bundled reimbursement payments and ACOs. Any significant cuts in reimbursement rates or changes in reimbursement methodology or administration for radiotherapy, radiosurgery, proton therapy or brachytherapy, or concerns or proposals regarding further cuts or changes in methodology or administration, could further increase uncertainty, influence our customers' decisions, reduce demand for our products, cause customers to cancel orders and could have a material adverse effect on our business, financial condition and results of operations or prospects.

In April of 2015, the Medicare Access and CHIP Reauthorization Act of 2015 ("**MACRA**") was signed into law, which made numerous changes to Medicare, Medicaid, and other healthcare-related programs. These changes include new systems for establishing the annual updates to payment rates for physicians' services in Medicare. MACRA is effective beginning January 1, 2017. Our business may be significantly affected by MACRA, including by putting downward pressure on per test revenue in the Medicare market (which is approximately 30% of IVD tests) as a result of reimbursement cuts, and any changes in reimbursement policies and other legislative initiatives aimed at or having the effect of reducing healthcare costs associated with Medicare and other government healthcare programs.

1.2.8 Arrangements we maintain with third-party payors expose us to fraud and abuse and other healthcare laws and regulations that regulate our business or financial arrangements.

Healthcare providers and physicians, among others, play a primary role in the recommendation and treatment with our medical devices. Any arrangements we maintain with third-party payors expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that regulate the business or financial arrangements and relationships through which we market, sell and distribute our products and services. Efforts to take care that our business arrangements comply with applicable healthcare laws involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. If we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, individual imprisonment, possible inclusion or exclusion from participation in certain healthcare programs (including Medicare and Medicaid), contractual damages, reputational harm, diminished profits and future earnings, and curtailment or restructuring of our operations, any of which could harm our ability to operate our business and our financial conditions and results of operations or prospects.

1.2.9 In the United States, the Affordable Care Act includes provisions that may adversely affect our business and results of operations.

The Affordable Care Act was enacted in 2010; however, certain measures under the act are currently being evaluated through model projects or will take effect only at a later stage. A new 2.3% excise tax on the sale by the manufacturer or importer of certain medical devices came into effect in 2013, but was suspended through a moratorium for the years 2016 and 2017 that has been extended for another two years. In addition, certain cost saving initiatives under the Affordable Care Act in the United States could adversely impact the demand for our products and services and, therefore, our financial position and results of operations, possibly materially. Discussions relating to the Affordable Care Act have included the possibility for bundled reimbursement payments and ACOs. ACOs and bundled payment programs were established by the Affordable Care Act to reward integrated, efficient care and allow providers to share in any savings they achieve through the coordination of care and meeting certain mandated quality standards. ACOs and the bundled payment programs have primarily focused on primary care. However, some customers appear to be developing new partnerships across clinical specialties to prepare for the possibility of operating in an ACO environment and bundled reimbursement payments. These and other elements of the Affordable Care Act, including comparative effectiveness research, an independent payment advisory board, payment system reforms (including shared savings pilots) and the reporting of certain payments by us to healthcare professionals and hospitals, could meaningfully change the way healthcare is developed and delivered, and may materially impact numerous aspects of our business, including the demand and availability of our products, the reimbursement available for our products from governmental and third-party payors, and medical procedure volumes. We believe that growth of the radiation oncology market, which includes both traditional radiation therapy as well as proton therapy, in the United States is being adversely impacted as customers' decision-making processes are complicated by the uncertainties surrounding the implementation of the Affordable Care Act and reimbursement rates for radiotherapy and radiosurgery, and that this uncertainty will likely continue into the next fiscal year and could result in a high degree of variability of gross orders and revenue from quarter-to-quarter.

Various healthcare reform proposals have also emerged in the United States at the state level, and we are unable to predict which, if any, of these proposals will be enacted. We are also unable to predict what effect ongoing uncertainty surrounding U.S. federal and state health reform proposals will have on our customer's purchasing decisions. However, an expansion in government's role in the U.S. healthcare industry may adversely affect our business, possibly materially. In addition, it is possible that changes in administration and policy, including the potential repeal of all or parts of the Affordable Care Act could result in additional proposals and/or changes to health care system legislation which could have a material adverse effect on our business. The full effect that a full or partial repeal of the Affordable Care Act would have on our business remains unclear at this time.

1.2.10 Environmental laws impose compliance costs on our business and can also result in liability.

We are subject to environmental laws around the world. These laws regulate many aspects of our operations, including contamination of real estate and our handling, storage, transportation and disposal of hazardous materials. They can also impose cleanup liabilities, including liabilities from discontinued operations.

As a consequence, we can incur significant environmental costs and liabilities, some recurring and others not recurring. Although we follow procedures intended to comply with existing environmental laws, we, like other businesses, can never completely eliminate the risk of contamination or injury from certain materials that we use in our business (or that acquired businesses and their predecessors used in theirs) and, therefore, the prospect of resulting claims and damage payments. We may also be assessed fines or penalties for failure to comply with environmental laws and regulations. Although insurance has provided coverage for portions of cleanup costs resulting from historical occurrences, we maintain only limited insurance coverage for costs or claims that might result from any future contamination.

Future changes in environmental laws could also increase our costs of doing business, perhaps significantly. Several countries, including some in the EU, now require medical equipment manufacturers to bear certain disposal costs of products at the end of the product's useful life, increasing our costs. The EU has also adopted legislative measures that may lead to restrictions on the use of certain hazardous substances or other regulated substances in some of our products sold there or require substance information to be provided upon request. These (or future) legislative measures, including, namely Directive 2011/65/EU of the European Parliament and of the Council (the "**RoHS Directive**") and the Regulation (EC) No 1907/2006 of the European Parliament and of the Council REACH Regulation, which are revised from time to time through the inclusion of additional substances, could increase our operating costs in order to maintain access to certain markets. They may also affect our ability to continue to offer certain products. All of these costs, impacts, and any future violations or liabilities under environmental laws or regulations, could have a material adverse effect on our business. Failure to eliminate substances which are prohibited pursuant to the RoHS Directive can lead to cessation of deliveries and the need to recall the products concerned.

1.3 Risks related to Our Separation from the Siemens Group

1.3.1 Our combined financial statements are based on management judgments and a series of assumptions and estimates that may prove inaccurate and not necessarily representative of the results we would have achieved as a stand-alone publicly listed company.

The combined financial statements contained in the Prospectus present the results of operations and financial position of our business as that business has historically been operated as part of Siemens AG and its consolidated subsidiaries (the "**Siemens Group**"). Specifically, our combined financial statements as of and for the fiscal years ended September 30, 2017, 2016 and 2015 and the unaudited condensed combined interim financial statements as of and for the three months ended December 31, 2017 are derived from the segment reporting for the Siemens Group's healthcare business as presented in the consolidated financial statements of Siemens AG. This segment reporting included certain cost allocations for centrally-managed functions prior to the legal separation which, following the Offering, will be regulated by various transitional and long-term service agreements. In addition, in order to reflect the assets, liabilities, income and expenses that fall within the scope of the Group, various combination rules as well as a series of assumptions and estimates have been applied. The management of Siemens Healthineers used significant judgment in determining these combination rules, assumptions and estimates. Therefore, the combined financial statements as of and for the fiscal years ended September 30, 2017, 2016 and 2015 and the unaudited condensed combined interim financial statements as of and for the three months ended December 31, 2017 contained in the Prospectus do not necessarily reflect the financial position and results of operations if Siemens Healthineers had existed as a separate group in the periods presented.

1.3.2 Our corporate structure has undergone substantial organizational changes in the context of the carve-out and separation from the Siemens Group, making it very challenging to transparently assess our historical past and future Group performance and legal risks.

Our corporate structure has changed substantially in recent periods in the context of the separation from the Siemens Group. In the context of several country-specific carve-outs, the Group's healthcare-related activities, services and corporate support functions not held by separate, healthcare-dedicated legal entities were in a first step carved-out from Siemens AG and the relevant Siemens regional companies and transferred to newly established or pre-existing healthcare-dedicated legal entities. In a second step, several healthcare-related entities still held by Siemens AG or its direct and indirect subsidiaries were contributed against shares or sold and transferred to direct or indirect subsidiaries of the Company to further complete a stand-alone legal group structure prior to the Offering. The combined financial statements contained in the Prospectus include companies that are part of the Group after such carve-out and corporate reorganization process. However, the combined financial statements do not purport to represent the net assets, financial position and operating result or cash flows that would have resulted had the Group existed in its current form since October 1, 2014 (see "*1.3.1 Our*

combined financial statements are based on management judgments and a series of assumptions and estimates that may prove inaccurate and not necessarily representative of the results we would have achieved as a stand-alone publicly listed company."), nor can the net assets, financial position and operating result or cash flows be extrapolated for future periods or a future reporting date.

The separation from the Siemens Group was partly completed by way of spin-offs performed under the German Transformation Act (*Umwandlungsgesetz*) or comparable corporate measures under the laws of other jurisdictions. For example, by way of a spin-off, Siemens AG transferred to Siemens Healthcare GmbH its entire contractual position in relation to certain retirees formerly employed in the healthcare business, *inter alia*, by German Group companies, including all rights and obligations, in particular all pension obligations. In accordance with the provisions of the German Transformation Act, Siemens Healthcare GmbH is jointly and severally liable with Siemens AG for any liabilities of Siemens AG that were incurred prior to the spin-off entering into effect if such liabilities fall due within five years, or in case of retirement benefit obligations under the German Company Pension Act (*Betriebsrentengesetz*) ten years, after the registration of the spin-off with Siemens AG's commercial registers has been announced and certain other requirements are met. In the respective spin-off and transfer agreement, Siemens AG agreed to indemnify Siemens Healthcare GmbH against any liabilities or obligations that remained with Siemens AG in the event that relevant claims are asserted against Siemens Healthcare GmbH. Should Siemens AG not satisfy its obligations to indemnify Siemens Healthcare GmbH, this could have a material adverse effect on our business, financial condition and results of operations or prospects.

In order to finalize the corporate carve-out and separation process, the Company completed a capital increase against contributions in kind (i) by Siemens AG and Siemens France Holding S.A.S. of the shares in Siemens Healthcare GmbH, (ii) by Siemens Beteiligungsverwaltung GmbH & Co. OHG of the sole limited partner interest (*Kommanditanteil*) and the shares of the general partner (*Komplementär*) in Siemens Healthineers Beteiligungen GmbH & Co. KG, and (iii) by Siemens Beteiligungsverwaltung GmbH & Co. OHG of all shares in Siemens Medical Solutions USA, Inc. (together, the "**Capital Increase**"). For purposes of the Capital Increase, Siemens AG, Siemens France Holding S.A.S. and Siemens Beteiligungsverwaltung GmbH & Co. OHG each entered into a contribution agreement (*Einbringungsvertrag*) with the Company (the "**Siemens Contribution Agreement**", the "**Siemens France Contribution Agreement**" and the "**SBV Contribution Agreement**", respectively). Under the Siemens Contribution Agreement and the SBV Contribution Agreement, the Company agreed, subject to certain maximum liability amounts (which do not apply to certain tax claims that could be triggered by Group companies) to indemnify and hold harmless Siemens AG, Siemens France Holding S.A.S. and Siemens Beteiligungsverwaltung GmbH & Co. OHG from certain liabilities, obligations and claims, including certain tax claims, liabilities and claims related to the Group's business as well as potential claims by creditors of Siemens Healthcare GmbH resulting from the termination of the Domination and Profit and Loss Transfer Agreement (see "*1.4.1 Due to the size of its shareholding, the rules governing factual domination apply and Siemens AG is free to adopt resolutions at the Company's shareholders meeting and could have diverging interests from those of our other shareholders.*"). Should the Company be required to satisfy such indemnification obligations, this could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.3.3 We may face difficulties in managing liquidity and financing risks, foreign currency exchange rate risks, interest rate risks, credit risks and in satisfying other treasury and finance requirements, in particular as a result of our dependency on the Siemens Group.

Our working capital requirements and capital for our general corporate purposes, including acquisitions, research and development and capital expenditures, the risks associated with fluctuations in foreign currency denominated receivables, payables, debt, firm commitments and forecast transactions, interest rate change risks, credit risks associated with contractual partners (*e.g.*, banks and customers) and market price risks (*e.g.*, commodities) have historically been managed via or by the Siemens Group. Other finance and treasury services (*e.g.*, the issuance of guarantees and other securities in favor of third parties or cash management) have historically been satisfied as part of the treasury and financing policies and procedures of the Siemens Group.

Following the Offering, our finance and treasury function will be supported by the Siemens Group, and we will continue to depend on the Siemens Group for finance and treasury services. The finance and treasury services to be provided by the Siemens Group to companies of the Group include, *inter alia*: (i) the funding to the Group, (ii) the conclusion and execution of hedging transactions, (iii) the central and regional provision of services in relation to cash management and bank accounts, (iv) the issuance of guarantees and other securities in certain countries and for a limited period of time and the management of the stock of issued guarantees and of other securities and of letters of credit, (v) the local treasury-related support, including expert services in

countries in which the Group is not present with its own experts, (vi) the provision of the central treasury IT applications and (vii) the support of the Group with a letter of support or other security issued in the discretion of Siemens AG in favor of certain banks, financial institutions and insurance companies. If we decided to terminate such support service arrangements or they are terminated automatically or upon notice by Siemens, we may be unable to satisfy our working capital or other funding requirements in the banking market on short notice or be able to do so only at unfavorable terms. The same applies with regard to a potential need for new or increased guarantee facilities and hedging arrangements. In addition, our approach to managing foreign currency exchange rate risks, interest rate risks, credit risks and other risks may be different from and less successful compared to the time we were part of the Siemens Group. The financing we receive from the Siemens Group under our treasury and finance arrangements, the risk mitigation instruments we conclude with the Siemens Group (*e.g.*, hedging agreements) and the service agreements may have, in certain respects, less favorable terms and conditions than agreements with third parties.

We face the risk that the Siemens Group, as our main provider of treasury and finance services, may be negatively impacted by adverse deposit and/or financing conditions resulting from an updated evaluation of our or Siemens Group's solvency, particularly from rating agencies, and/or negative developments related to the financial markets, such as, for example, (i) a limited availability of funds (particularly U.S. dollar funds) and hedging instruments, (ii) negative interest rates and (iii) impacts arising from more restrictive regulation of the financial sector, central bank policy, or financial instruments. The realization of any of the above could result in adverse deposit, hedging and/or financing conditions for the Group.

The Group is participating in the Siemens Supply Chain Finance Program (reverse factoring) to grant financial support to the Group's supply chain while benefiting from a positive impact on the Group's net capital employed. A discontinuation in this program (*e.g.*, due to a termination by Siemens AG) might lead to a concurrent increase on capital employed and a correlating negative impact on cash flows.

We cannot rule out that, following the Offering, we may decide or be required to obtain additional financing from banks, public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, subject to certain limitations currently provided for under the financing arrangements in place with the Siemens Group, such as, for example, restrictive covenants on financial indebtedness as well as certain controls and consent requirements (*e.g.* in regards of acquisition financings beyond a certain threshold amount) for the benefit of the relevant lender. The cost of obtaining additional third-party funding for our business could be higher than financing received from the Siemens Group. In addition, third-party providers of debt financing such as banks might not be willing or, due to internal thresholds or other limitations, able to provide or extend credits or other forms of debt financing to us because they already provided similar financing to other entities of the Siemens Group. The same applies to any other kind of product we may decide to or be required to purchase or obtain from banks, insurance companies or other third parties (*e.g.*, hedging instruments or guarantees). We cannot rule out that, once we have received a credit rating, such rating may be negatively impacted by the existing or future credit or other rating of other entities of the Siemens Group.

The occurrence of any of the above or of any other treasury- or finance-related risks resulting from our treasury and finance arrangements and related service arrangements could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.3.4 We depend on the proper performance of certain services by companies of the Siemens Group and may be unable to set-up, perform or replace such services ourselves in the future or experience operational problems, incur additional costs or be exposed to liabilities towards third parties.

As a fully-integrated part of the Siemens Group, certain services of the Group (such as services related, for example, to taxes, legal and contract management, information technology, corporate communications, procurement, human resources, internal audit, compliance, accounting, finance and treasury) were historically performed by other companies of the Siemens Group. As a result, we shared economies of scale in costs, employees, and certain supplier relationships. Following the Offering, the Siemens Group will continue to provide some of these services (including, but not limited to, group internal and statutory tax reporting services, tax advisory services, IT and certain human resources services as well as other support services) for a limited period of time under transitional service agreements as well as under long-term service agreements and individually negotiated agreements. Such service arrangements may, however, not fully capture the organizational and commercial benefits the Group's business has enjoyed as a result of being a fully-integrated part of the Siemens Group. It is also possible that such transitional services arrangements, even together with additional long-term and other service agreements, will be insufficient to cover our future needs or that they may contain terms and conditions that are not favorable to us. Failure by the respective Siemens Group companies to

perform the services provided for under the various service agreements may result in operational problems or liabilities towards third parties and increased costs to us.

If, after the expiration of the transitional service agreements and/or the termination of the long-term service agreements, we fail to set-up or are, for other reasons, unable to perform these services or replace them in a timely manner or on reasonable terms, we may experience operational problems, become liable towards third parties and incur increased costs.

The transitional, long-term and other services to be provided by companies of the Siemens Group may not function as efficiently as they did when we were a fully-integrated part of the Siemens Group and we may find it difficult to adequately replace them with our own or third-party services, which could materially adversely affect our business, financial condition and results of operations or prospects.

1.3.5 We may not be able to continue benefiting from joint purchasing and procurement terms with Siemens AG in the future.

In order to continue to benefit from joint purchasing and procurement terms in respect of certain direct and indirect materials (*i.e.*, materials that are not directly incorporated in end products), the Company and Siemens AG entered into a joint pooling agreement. Under this agreement, Siemens AG acts for the Group on the procurement markets in respect of certain materials such as production equipment, magnets, power supplies and plastic parts. After expiry of the joint pooling agreement, the Company needs to agree separately upon terms and conditions with the suppliers of its business. In addition, if the joint pooling agreement is terminated prematurely by the Company or Siemens AG, we may be required to enter into individual agreements with suppliers. There can be no assurance that any such individual agreements will allow us to purchase and procure materials on terms as favorable as the joint pooling agreement, and our inability to enter into individual agreements on similar or favorable terms in the future could materially adversely affect our business, financial condition and results of operations or prospects.

1.3.6 Our right to use the designations "Siemens" and "Siemens Healthineers" depends on the existence of trademark and name use license agreements.

Siemens AG has entered into trademark and name use license agreements ("**TLAs**") with various Group companies. Under such TLAs, Siemens AG has granted the respective licensee the right to, among other things, use, under observation of certain conditions, the designation "Siemens" and "Siemens Healthineers" as product mark, corporate mark and as part of the company name, business designation and domain to operate the respective licensee's business. Under the TLAs, the respective licensee has agreed to indemnify Siemens AG and its affiliates against damages, fines and liabilities in connection with claims, lawsuits and actions which arise in connection with the use of the licensed rights. The TLAs have an indefinite term but can be terminated with three months' notice and automatically expire if the respective licensee ceases to be an affiliate of Siemens AG. In certain cases, Siemens AG is also entitled to terminate, with immediate effect, the licenses granted under the respective TLA in the event of a material breach and for certain other reasons. Upon expiration or termination of a TLA, Siemens AG will grant the respective licensee the right to use the granted licenses for certain specified transition periods which may be insufficient to re-brand products or to satisfy any regulatory registration requirements. Even in case of a transitional right of use, any termination of the TLAs and the resulting loss of the right to use "Siemens" or "Siemens Healthineers", including as part of the Company's name, could materially adversely affect our business, financial condition and results of operations or prospects.

1.3.7 We have not previously operated as a stand-alone publicly listed entity and, as a result, we may be unable to operate effectively and fully implement our business strategy.

We have previously not operated as a stand-alone publicly listed entity and it is uncertain how we will perform as such. Following the Offering, we will be responsible for managing, among other things, all of our administrative and employee arrangements, our legal affairs and our financial reporting requirements which may result in significant additional expenditures and/or expose the Company to an increased risk of legal, regulatory or civil costs or penalties. Significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a stand-alone publicly listed entity separate from the Siemens Group. These factors could materially and adversely affect our business, financial condition and results of operations or prospects.

Furthermore, our management has limited experience in operating our business as a stand-alone publicly listed entity. We anticipate that our success in the endeavors to manage the aforesaid changes and, as a result, a

successful implementation of our business strategy, will depend substantially upon the ability of our Managing Board, senior management and other key employees to implement or adapt the necessary structures, to supervise their functionality and to work in a cohesive manner, the failure of which could have a material adverse effect on our business, financial condition and results of operations or prospects.

1.3.8 We may not realize potential benefits from the separation of our business from the Siemens Group's other businesses.

We may be unable to realize the potential benefits that we expect by separating from the Siemens Group. These benefits include our ability to focus on our own strategic and operational plans, a more efficient allocation of capital and a distinct investment identity which allows investors to evaluate our merits, performance and future prospects separately from those of the Siemens Group.

We may not achieve these and other anticipated benefits for a variety of reasons. Following the Offering, we will not have the same access to the resources of the Siemens Group from which we have benefited in the past and will incur costs, which may be greater than those for which we have planned, to replace these resources. In addition, the separation and Offering will require significant amounts of management's time and effort, which may divert management's attention away from our business. Furthermore, certain costs and liabilities may be more significant to us as a stand-alone publicly listed entity, we may be more susceptible to market fluctuations and other adverse events than if we were still a fully-integrated part of the Siemens Group, and our business will be significantly less diversified than the previously combined business of the Group and the Siemens Group. If we are unable to achieve some or all of the benefits expected to result from the separation and the Offering, or if such benefits are delayed, it could materially adversely affect our business, financial condition and results of operations or prospects.

1.3.9 As we build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.

After the Offering, our IT infrastructure will continue to be highly integrated with the Siemens Group's IT infrastructure. Siemens AG will therefore continue to provide certain IT services to us, including infrastructure services, license services or application services. However, we will also continue to install and implement our own IT infrastructure to support our critical business functions. In particular, we will introduce a new integrated worldwide ERP solution (SAP) for the Group. We may incur temporary interruptions in business operations if we cannot transition effectively from the Siemens Group's existing transactional and operational systems and data centers and the services that support these functions as we replace these systems. We may not be successful in effectively and efficiently implementing our new systems and transitioning our data and we may incur substantially higher costs for implementation than currently anticipated. Our failure to avoid operational interruptions as we implement the new systems and replace parts of the Siemens Group's information technology services, or our failure to implement the new systems and replace the Siemens Group's services effectively and efficiently, could disrupt our business and expose us to liability towards third parties which could materially adversely affect our business, financial condition and results of operations.

1.4 Risks related to Our Shareholder Structure

1.4.1 Due to the size of its shareholding, the rules governing factual domination apply and Siemens AG is free to adopt resolutions at the Company's shareholders meeting and could have diverging interests from those of our other shareholders.

Upon completion of the Offering, Siemens AG will continue to hold, directly and indirectly, 85.0% of the Company's shares. As a result of such shareholding, the rules governing factual domination as set out in Sections 311 et seq. AktG will apply to the relationship between Siemens AG and the Company; under these rules, management of the Company may also take the group interest of Siemens AG into consideration. Even though this does not result in an instruction right, the management of the Company may even observe requests from Siemens AG that are to the disadvantage of the Company provided that the disadvantage is quantifiable and Siemens AG compensates or agrees to compensate the disadvantage, such compensation or agreement to take place in the same fiscal year.

In addition, Siemens Healthcare GmbH, one of the Company's material subsidiaries, as the controlled company, and Siemens AG, as the controlling company, are parties to a domination and profit and loss transfer agreement (*Beherrschungs- und Gewinnabführungsvertrag*) dated November 26, 2014 and effective as of

March 26, 2015. Pursuant to this agreement, Siemens Healthcare GmbH is currently required to carry out its business at the direction of Siemens AG and is obligated to transfer to Siemens AG its entire net income (*Gewinn*) as determined by the annual financial statements prepared in accordance with German GAAP (subject to the allocation of amounts to retained earnings or the dissolution of reserves (*Rücklagen*) reduced by loss carry-forward (*Verlustvortrag*) of the previous fiscal year and by the amount that is required to be maintained for statutory reserves (*gesetzliche Rücklagen*)), and Siemens AG is obligated to assume Siemens Healthcare GmbH's net losses (*Verlust*) in each fiscal year. In preparation for the Offering, the domination and profit and loss transfer agreement was terminated by way of a mutual termination agreement on January 18/22, 2018 with effect as of the end of March 31, 2018.

German company law mandatorily requires the approval of at least three-quarters of the share capital represented at the time a vote is taken to pass resolutions on certain substantial matters, such as creating authorized or conditional capital, excluding subscription rights in case of capital increases, changing the corporate purpose (*Unternehmensgegenstand*), mergers, spin-offs and conversions to a different form of legal entity or the conclusion of a domination and profit and loss transfer agreement (*Beherrschungs- und Gewinnabführungsvertrag*). The Company's articles of association (the "**Articles of Association**") provide, among other things, that resolutions of the general shareholders' meeting are adopted by simple majority vote unless otherwise required by applicable law or the Articles of Association. The Articles of Association do not, however, contain a provision that alters the generally applicable statutory majority requirement according to which a qualified majority of three-quarters of the share capital represented at the vote is necessary in order to adopt certain shareholders' resolutions, even if applicable law permits to stipulate a lower majority in a company's articles of association. As a result, a qualified majority of three-quarters of the share capital represented at the vote is also required, for example, for amendments of the Articles of Association and resolutions on the conduct of capital increases (including rights issues).

After the Offering, due to the size of its shareholding, Siemens AG will be able to adopt any resolution regardless of how other shareholders vote, including, but not limited to, resolutions on the election of Supervisory Board members, on capital measures and on the allocation of profits and, hence, our dividend policy. In this context, the interests of Siemens AG, for example with respect to the allocation of profits and the distribution of dividends, may differ from the interests of some or all of our other shareholders.

1.4.2 Membership of the same individuals on boards of the Company and of Siemens AG as well as other relationships with Siemens AG or companies of the Siemens Group may result in conflicts of interest.

As of the date of the Prospectus, several members of the Company's Supervisory Board also serve on the managing board or the supervisory board of Siemens AG (so called "dual mandates"), are employees of Siemens AG and/or hold shares in Siemens AG, including as part of the remuneration they receive from Siemens AG. Following the Offering, given the size of Siemens AG's shareholding in the Company, members of Siemens AG's managing board or supervisory board or other employees of the Siemens Group will continue to be members of the Company's Supervisory Board or other boards of Group companies. Since the interests of Siemens AG and the Company are not necessarily always the same, the aforementioned dual mandates and other relationships with Siemens AG or other companies of the Siemens Group may in the future result in conflicts of interest.

1.4.3 Our market image is influenced by Siemens Group's image.

We use the designations "Siemens" and "Siemens Healthineers" as product mark, corporate mark and as part of the company name, business designation and domain to operate our business (see "*1.3.6 Our right to use the designations "Siemens" and "Siemens Healthineers" depends on the existence of trademark and name use license agreements.*"). These designations clearly identify us as a member of the Siemens Group. Negative publicity or problems associated with companies of the Siemens Group, even if unrelated to us and our business, could have a detrimental effect on our reputation and brand and, as a result, materially adversely affect our business, financial condition and results of operations.

1.5 Risks related to the Shares and the Listing

1.5.1 The Company's shares have not been publicly listed, and there is no guarantee that an active and liquid market for the Company's shares will develop.

Prior to the Offering, there was no public trading market for the Company's shares. As a consequence, there can be no assurance that (i) an active and liquid trading market will develop or continue after the Offering,

(ii) that the share price will not decline below the offer price (the "**Offer Price**") or (iii) that prospective investors will be able to sell their shares at an appropriate price. After a bookbuilding process, the Offer Price will be determined by Siemens AG (in consultation with the Selling Shareholder and the Company) after consultation with the Joint Global Coordinators, on behalf of the Underwriters, and may not be indicative of the market price of the shares after listing.

1.5.2 The market price and trading volume of the Company's shares may fluctuate significantly and could decline upon completion of the Offering, and investors could lose some or all of their investment.

The trading volume and price of the Company's shares may fluctuate significantly. The share price is determined by the supply of and demand for the shares and may not necessarily reflect the fair value of the Company. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of the shares include, for example, ad hoc developments, changes in profit estimates, fluctuations in our actual or projected operating results, changes in our projected net sales, variations in quarterly results, failure to meet securities analysts' expectations, the contents of published research reports about the Company or the industry segments or securities analysts failing or ceasing to cover the Company following the Offering, actions by institutional shareholders and general market conditions or special factors influencing companies in the industry in general. Fluctuations in the equity markets could also cause the share price to decline, though such general fluctuations may not necessarily have any particular basis in our business or prospects. There is no assurance that the price at which the shares will be traded following the Offering will be equivalent to or above the Offer Price. Investors might therefore only be able to sell their shares at a price below the Offer Price. If the share price declines, investors may be unable to resell their shares at or above their purchase price and may lose some or all of their investment in the Company's shares.

1.5.3 The payment of future dividends will depend, among other things, on our results of operations, financial and investment needs and the availability of distributable reserves.

Under German corporate law, a company may only pay dividends if it has unappropriated retained earnings in its unconsolidated financial statements prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*) ("**German GAAP**"). Certain reserves must be established by law and have to be deducted when calculating the distributable profit. The decision to distribute future dividends will be made by our general shareholders' meeting. This decision is always dependent on the circumstances at the time, including our results of operations, financial and investment needs, the availability of distributable reserves and other relevant factors. Any of these factors may restrict our ability to distribute dividends.

1.5.4 The Company is a holding company with no material business operations of its own and relies on operating subsidiaries to provide the Company with the funds required to meet its financial obligations and make dividend payments.

The Company is a holding company with no material business operations of its own. The principal assets of the Company are its direct and indirect equity interests in its operating subsidiaries. As a result, the Company is dependent on these subsidiaries in order to generate the funds required to meet the Company's financial obligations and make dividend payments, if any.

The ability of the Company's subsidiaries to make distributions and other payments to the Company depends on the subsidiaries' earnings and is subject to various contractual and statutory limitations. The amount and timing of such distributions depend on the laws of the operating companies' respective jurisdictions and such distributions may not arrive in time for the dividend payments of the Company and the Company would have to draw on its reserves to pre-fund dividend payments. As a (direct or indirect) shareholder in its subsidiaries, the Company's right to receive assets upon liquidation or reorganization of such subsidiaries will be effectively subordinated to the claims of their respective creditors. Even if the Company is recognized as a creditor of its subsidiaries, the Company's claims will still be subordinated to any security interests that are senior to the Company's claims.

If the Company does not receive sufficient distributions and other payments from its direct and indirect subsidiaries at all or not in time, it may be unable to meet its financial obligations and to make dividend payments.

1.5.5 Future offerings of equity or equity-linked debt securities by us may adversely affect the market price of the Company's shares.

In the future, we may seek to raise capital through offerings of equity or debt securities (potentially including convertible debt securities). An issuance of additional equity securities or securities with rights to convert into equity could materially adversely affect the market price of the Company's shares and would dilute the economic position and voting rights of existing shareholders if made without granting subscription rights to existing shareholders. Because the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. Thus, holders of shares bear the risk of future offerings reducing the market price of the shares and/or diluting their shareholdings in the Company. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by our employees in the context of future stock option programs or the issuance of new shares to employees in the context of employee equity programs, such as restricted stock or employee stock participation programs could lead to such dilution. Any additional offering of shares by us, or the public perception that an offering may occur, could also have a negative impact on, or increase the volatility of, the market price of the Company's shares.

1.5.6 Future sales of the Company's shares by Siemens AG or investors acquiring shares in the offering or the perception that such sales may occur could depress the price of the shares.

If Siemens AG or one or more other shareholders of the Company sell a substantial number of the shares in the Company they hold, directly and indirectly, following completion of the Offering, or a consensus is formed in the market that such a sale was imminent, our share price may decline. While the shares that are, directly and indirectly, held by Siemens AG are subject to lock-up commitments, such arrangements are only contractual obligations and are only binding for the agreed lock-up period of 180 days and provide for certain exceptions. If such arrangements among the parties are amended or waived, shareholders will not have any right of action against the parties. A sale of the Company's shares before the expiration of the lock-up period therefore cannot be ruled out. Siemens AG's proposed or perceived sale of shares in the future may significantly depress the share price, particularly at the point in time when the lock-up arrangement expires.

1.5.7 Shareholders from outside the Eurozone may be subject to foreign currency exchange rate risk.

The Company's shares are, and any dividends to be paid in respect of them will be, denominated in Euro. An investment in the Company's shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange rate risk. Any depreciation of the Euro in relation to an investor's principal currency will reduce the investor's value of the investment in the Company's shares or any dividends in relation to such currency.

1.5.8 Shareholders outside of Germany may not be able to participate in future rights offerings.

Under German corporate law, shareholders generally have subscription rights (*Bezugsrechte*) relating to any shares issued in a capital increase, or convertible bonds or bonds with warrants, in proportion to their shareholding, subject to certain exceptions which allow for an exclusion of preemptive rights. Due to restrictions in other jurisdictions, including the United States, shareholders outside of Germany may be prohibited, under applicable law, or excluded under the terms of the capital measure, from participating in future capital measures or such participation may be practically difficult. In addition, shareholders may not be able to participate in potential future capital measures if they do not have the funds necessary to subscribe for new securities or if the subscription rights are excluded. This could result in dilution of those shareholders' proportionate interests in the Company. Open market purchases to counteract such dilution could be on terms less favorable than those offered to other shareholders in connection with such a capital increase.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Siemens Healthineers AG, with its registered seat in Munich, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 237558 (the "**Company**" and (i) together with its direct and indirect subsidiaries after completion of the carve-out and corporate reorganization process and (ii) the combined group of companies and entities comprising the healthcare business of Siemens AG and its consolidated subsidiaries prior to completion of the carve-out and reorganization process, the "**Group**", "**Siemens Healthineers**", "**we**", "**us**", "**our**"), along with Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany ("**Deutsche Bank**"), Goldman Sachs International, London, United Kingdom ("**Goldman Sachs**") and J.P. Morgan Securities plc, London, United Kingdom ("**J.P. Morgan**" and, together with Deutsche Bank and Goldman Sachs, the "**Joint Global Coordinators**"), BNP Paribas, Paris, France ("**BNP PARIBAS**"), Merrill Lynch International, London, United Kingdom ("**BofA Merrill Lynch**"), Citigroup Global Markets Limited, London, United Kingdom ("**Citigroup**") and UBS Limited, London, United Kingdom ("**UBS Investment Bank**" and, together with the Joint Global Coordinators, BNP PARIBAS, BofA Merrill Lynch and Citigroup, the "**Joint Bookrunners**"), Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**"), COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany ("**COMMERZBANK**"), Jefferies International Limited, London, United Kingdom ("**Jefferies**"), HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany ("**HSBC**"), Nordea Bank AB (publ), Stockholm, Sweden ("**Nordea**"), RBC Europe Limited, London, United Kingdom ("**RBC**"), and UniCredit Bank AG, Munich, Germany ("**UniCredit**" and, together with Berenberg, COMMERZBANK, Jefferies, HSBC, Nordea, and RBC, the "**Co-Lead Managers**" and, the Co-Lead Managers together with the Joint Bookrunners, the "**Underwriters**"), assume responsibility for the contents of the prospectus (the "**Prospectus**") pursuant to Section 5 para. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz,* "**WpPG**") and declare that the information contained in the Prospectus is, to best of their knowledge, correct and contains no material omissions.

If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in the Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in the Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of the Prospectus but before the completion of the public offering or admission of the securities to trading, whichever is later. These updates must be disclosed in a prospectus supplement in accordance with Section 16 para. 1 sentence 1 WpPG.

2.2 Purpose of the Prospectus

The Prospectus relates to the offering of 150,000,000 ordinary registered shares of the Company with no par value (*auf den Namen lautende Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights since December 12, 2017 (the "**Offering**"), consisting of:

- 130,434,783 existing ordinary registered shares with no par value from the holdings of Siemens Beteiligungsverwaltung GmbH & Co. OHG (herein also referred to as the "**Selling Shareholder**") (the "**Base Shares**"); and
- 19,565,217 existing ordinary registered shares with no par value from the holdings of the Selling Shareholder in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares, the "**Offer Shares**").

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Prospectus relates to all of the Company's existing ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights since December 12, 2017.

The Offering consists of an initial public offering in Germany and Luxembourg and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States of America (the "**United States**" or the "**U.S.**"), the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**").

Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

The Prospectus has been approved solely by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")). BaFin has approved the Prospectus after having performed an assessment of the coherence and comprehensibility of the information presented in the Prospectus.

2.3 Forward-looking Statements

The Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of publication of the Prospectus. This applies, in particular, to statements in the Prospectus containing information on the Group's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which the Group is exposed. Statements made using words such as "predicts", "forecasts", "plans", "intends", "endeavors", "expects", "anticipates" or "targets" may be an indication of forward-looking statements.

The forward-looking statements contained in the Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Group's actual results, including the financial condition and profitability of the Group, to differ materially from, or fail to meet, the expectations expressed or implied in the forward-looking statements. These expressions can be found in different sections of the Prospectus, particularly in the sections titled "*1. Risk Factors*", "*7. Dividend Policy*", "*12. Profit Forecast*", "*14. Business"* and "*26. Recent Developments and Outlook*" and wherever information is contained in the Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, as well as the economic and regulatory environment to which the Group is subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus might not occur. In addition, the forward-looking estimates and forecasts in the Prospectus based on information contained in third-party market and industry reports could prove to be inaccurate (for more information on the third-party sources used in the Prospectus, see "*2.4 Sources of Market Data*"). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- an adverse change in the global economic conditions or in any regional economic conditions in which the Company operates;
- litigation, enforcement action and product liability claims;
- increased raw material prices;
- dependence on third-party suppliers and contractors;
- natural disasters, fires or explosions, sabotage or supply shortages;
- reputational risks in connection with the public perception of the Group's products;
- failure or disruptions of the Group's information technology systems;
- fluctuations in interest and exchange rates;
- increased regulatory controls or requirements;
- loss of key personnel;
- emergence of others' disruptive or competitively advantageous technologies, products or solutions;
- environmental liabilities and compliance costs; and
- trends towards healthcare cost containment, including ongoing pricing pressure.

Moreover, it should be noted that all forward-looking statements only speak as of the date of the Prospectus and that neither the Company nor any of the Underwriters assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

See "*1. Risk Factors*" for a further description of various factors that could influence the actual outcome of the matters described in the Company's forward-looking statements.

2.4 Sources of Market Data

Certain market and industry data and forecasts used, and statements regarding our position in the relevant market or market segment made, in the Prospectus are based on various government, market research and other publicly available information, including from certain competitors, as well as reports by independent industry publications and our own analysis of multiple sources. We have made certain adjustments to such third-party data based on internal information, assumptions and estimates in order to present what we believe is a more accurate and refined description of our addressed and adjacent markets and market segments. These adjustments include (i) application of constant foreign currency exchange rates as used in our budget planning, (ii) exclusion of certain market segments which are not part of the markets we address, as well as inclusion of material market segments that are not reflected in third party market reports, (iii) adjustments for product units and volumes to correct overstatements or understatements in third party market reports (compared to reported information from industry associations) and (iv) application of such adjustments to our fiscal year ending September 30 from a calendar year.

Unless otherwise specified, the information contained in the Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Group operates are based on the Company's assessments. These assessments are based in part on internal observations of the markets and on various market studies.

In particular, the following sources, and data therefrom, are cited in the Prospectus:

- AdvaMedDX: "A Policy Primer on Diagnostics", June 1, 2011, https://dx.advamed.org/sites/dx.advamed.org/files/resource/advameddx-policy-primer-on-diagnostics-june-2011.pdf;
- BBC IVD Solutions: "Total IVD Market by Segment and Market In Vitro Diagnostic Market 2015, 2016 and 2021 Estimate", May 2017;
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It should be noted, in particular, that reference has been made in the Prospectus to information concerning the market environment, market developments, growth rates, market trends and competition in the markets in which the Group operates. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of the Prospectus by the Company and the Underwriters (see "*2.1 Responsibility Statement*"), neither the Company nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Underwriters make no representation or warranty as to the accuracy of any such information from third-party studies included in the Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.5 Documents Available for Inspection

For the period during which the Prospectus remains valid, the following documents will be available for inspection during regular business hours at the Company's offices at Siemens Healthineers AG, Henkestrasse 127, 91052 Erlangen, Germany (telephone: +49 800 188 188 5):

- the Company's articles of association (the "**Articles of Association**");
- the audited combined financial statements of the Group as of and for the fiscal years ended September 30, 2017, 2016 and 2015, including the notes thereto (the "**Combined Financial Statements**"), which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**");
- the unaudited condensed combined interim financial statements of the Group as of and for the three months ended December 31, 2017 (including combined comparative figures for the three months ended December 31, 2016), including the notes thereto (the "**Unaudited Combined Interim Financial Statements**"), which have been prepared in accordance with IFRS on interim financial reporting (International Accounting Standard 34) ("**IAS 34**"); and
- the audited interim financial statements of Siemens Healthineers AG as of December 31, 2017 and for the period from December 1, 2017 to December 31, 2017, including the notes thereto (the "**Interim Financial Statements**"), which have been prepared in accordance with IFRS.

The aforementioned documents and the Prospectus are also available on the Company's website at www.healthcare.siemens.de under the "Investor Relations" section. The Company's future consolidated financial statements, unconsolidated financial statements and condensed interim consolidated financial statements will be available from the Company on its website. The Company's future consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website at www.healthcare.siemens.de, on the websites of any of its affiliates, and information accessible via these websites is neither part of, nor incorporated by reference into, the Prospectus.

2.6 Currency Presentation and Presentation of Figures

In the Prospectus, "**Euro**", "**EUR**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

Where financial data in the Prospectus is labelled "audited", this means that it has been taken from the Combined Financial Statements or the Interim Financial Statements mentioned above in "*2.5 Documents Available for Inspection*". The label "unaudited" is used in the Prospectus to indicate financial data that has not been taken from the Combined Financial Statements or the Interim Financial Statements mentioned above but was taken either from the Unaudited Combined Interim Financial Statements or the Group's internal reporting system, or is based on calculations of figures from the sources mentioned before.

Unless otherwise indicated, financial information presented in the text and tables in the Prospectus is shown in million Euro (EUR or € in millions), commercially rounded to a whole number. Percentage changes and ratios in the text and tables of the Prospectus are calculated based on the respective underlying numbers and then

commercially rounded to a whole percentage or to one digit after the decimal point. Because of rounding, figures shown in tables in the Prospectus do not necessarily add up exactly to the respective totals or subtotals presented, and aggregated percentages may not exactly equal 100%. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

2.7 Time Specifications

References to "**CET**" in the Prospectus refer to Central European Time or Central European Summertime, as the case may be. References to time in the Prospectus refer to CET, unless stated otherwise.

2.8 Presentation of Financial Information

The Combined Financial Statements have been prepared in accordance with IFRS and have been audited in accordance with German generally accepted standards on auditing by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office ("**EY**"), who issued an unqualified independent auditor's report thereon. The Unaudited Combined Interim Financial Statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34). Due to the adoption of IFRS 15 for the fiscal year beginning as of October 1, 2017 retrospectively, the financial information presented in the Prospectus for the three months ended December 31, 2017 and 2016 is not fully comparable to the financial information for the fiscal years ended September 30, 2017, 2016 and 2015.

The Interim Financial Statements as of December 31, 2017 and for the period from December 1, 2017 to December 31, 2017 have been prepared in accordance with IFRS and have been audited in accordance with German generally accepted standards on auditing by EY, who issued an unqualified independent auditor's report thereon.

2.9 Measures not defined by IFRS (Non-GAAP measures and Alternative Performance Measures)

The Prospectus contains non-IFRS financial measures and ratios, including Comparable revenue growth, Profit, Adjusted Profit, Adjusted Profit Margin, EBITDA, Adjusted EBITDA, Adjusted Net Income, Free Cash Flow and recurring revenue (each as defined in "*10.4 Key Performance Indicators and Alternative Performance Measures*") as well as trade working capital, cash conversion cycle, free cash flow conversion rate and net debt that are not required by, or presented in accordance with, IFRS. We present non-IFRS financial measures because they are used by management in monitoring our business and because we believe that they and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in our industry and we believe they may contribute to a fuller understanding of our business.

Of these non-IFRS financial measures, Comparable revenue growth, Profit, Adjusted Profit, Adjusted Profit Margin, EBITDA, Adjusted EBITDA, Adjusted Net Income, Free Cash Flow and recurring revenue are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**"). Specifically, we use:

- Comparable revenue growth as an indicator for evaluating our operating performance as it shows the development of our revenue as reported and shown in our financial statements, net of currency translation effects, which arise from the external environment outside of our control, and portfolio effects, which encompass business activities which are either new to or no longer a part of our business; our compound comparable annual revenue growth rate is the geometric mean of the result of the multiplication of the comparable revenue growth rate for the fiscal year ended September 30, 2016 compared to the fiscal year ended September 30, 2015 and the fiscal year ended September 30, 2017 compared to the fiscal year ended September 30, 2016;
- Profit as an indicator for evaluating our operating performance as it shows the performance of our business before income tax expenses (which are subject to legal structures), non-operational financial expenses, net (equals financial expenses, net, excluding financial income from operations, net, as financing decisions are taken at the corporate level) and amortization of (other) intangible assets acquired in business combinations; financial expenses, net, represents the sum of (i) interest income, (ii) interest expenses and (iii) other financial income (expenses), net; financial income from operations, net, refers to interest income related to receivables from customers, from cash allocated to the segments (only relevant on segment level) and interest expenses on payables to suppliers;

- Adjusted Profit and Adjusted Profit Margin as indicators for evaluating our operating performance because they show our Profit (and corresponding margin) before special items such as IPO costs and severance charges, which do not reflect the underlying business;
- EBITDA and Adjusted EBITDA as indicators for evaluating our operating performance as they do not include interest, taxes, depreciation and amortization as well as, in the case of Adjusted EBITDA, special items such as IPO costs and severance charges;
- Adjusted Net Income as an indicator for evaluating our operating performance as it does not include severance charges, net of related tax adjustments, and amortization of (other) intangible assets acquired in business combinations, net of related tax adjustments; and
- Free Cash Flow (Siemens Healthineers) and Free Cash Flow (total segments) as indicators of the net cash flows generated by our business; Free Cash Flow (total segments) excludes, for purposes of segment reporting, in particular, cash outflows of central items and tax-related cash outflows.

The definitions of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. We believe that the presentation of the alternative performance measures included in the Prospectus complies with the ESMA Guidelines. For further information on the reasons for using specific alternative performance measures and definitions, see "*10.4 Key Performance Indicators and Alternative Performance Measures*".

Our primary measure for managing and controlling our revenue growth is Comparable revenue growth, because it shows the development of our revenue as reported and shown in our financial statements, net of currency translation effects, which arise from the external environment outside of our control, and portfolio effects, which encompass business activities which are either new to or no longer a part of our business. Currency translation effects are the difference between revenue for the current period calculated using the exchange rates of the current period and revenue for the current period calculated using the exchange rates of the comparison period. To calculate the percentage change year-over-year, this absolute difference is divided by revenue for the comparison period. A portfolio effect arises in the case of an acquisition or a disposition and is calculated as the change year-over-year in revenue of the relevant business resulting specifically from the acquisition or disposition. To calculate the percentage change, this absolute change is divided by revenue for the comparison period. Interdependencies between currency translation effects and portfolio effects (second order effects) are not taken into account. Comparable revenue growth is calculated by excluding the changes in percentages caused by exchange rate and portfolio fluctuations from the percentage change year-over-year of revenue.

In the Prospectus, we also refer to recurring revenue. We define recurring revenue as the sum of revenue from services and revenue from consumables and reagents. Services is mainly related to the Imaging and Advanced Therapies operating segments and comprises Customer Services, representing the largest portion within services but also direct services, such as managed equipment service contracts and leasing revenue thereunder (while other leasing revenue is shown as equipment revenue). Consumables and reagents is related to the Diagnostics segment and comprises reagents, consumables and certain services (not shown under services) for diagnostic instruments. We describe this revenue as "recurring" because our services contracts generally have a high retention rate and our contracts for consumables and reagents are typically long-term agreements. However, this revenue is not guaranteed as customers may consume fewer quantities in various periods, cancel contracts under certain circumstances or decide not to renew contracts.

3. CARVE-OUT AND REORGANIZATION

Prior to the carve-out and corporate reorganization, the Group's business was largely managed and reported as the healthcare business of Siemens AG and its consolidated subsidiaries (the "**Siemens Group**"). This healthcare business was part of the operations of Siemens AG, certain regional Siemens companies and separate legal healthcare entities. In order to achieve a complete legal separation of the healthcare business from other companies of the Siemens Group, a carve-out and reorganization process was initiated in 2014.

3.1 Carve-out Process

Between 2014 and the date of the Prospectus, the Group's business not held by separate healthcare-dedicated legal entities was carved out from Siemens AG and the relevant Siemens regional companies. In a first step, country-specific carve-outs were completed to transfer healthcare-related activities, services and corporate support functions from the respective Siemens Group companies to newly established or pre-existing dedicated healthcare legal entities (in the case of Japan, the non-healthcare-related business was instead transferred to another company of the Siemens Group and the transferring entity carried on as a dedicated healthcare legal entity).

3.1.1 Local Asset Transfer Agreements (LATAs)

The respective transfers were in principle made pursuant to local asset transfer agreements ("**LATAs**") for each country, entered into between the respective local transferring entity of the Siemens Group, as transferor of the assets, and the respective local acquiring company of the Group as transferee. Such transfers were carried out in the form of sales, contributions in kind, demergers or similar methods or contractual relationships under the local law of the countries in which the transferred businesses are located.

Depending on the relevant jurisdiction, the business transferred pursuant to the LATAs included:

- The transfer of tangible non-current and current assets (including equipment, machines, vehicles, assets under construction, inventory, raw materials and supplies, works in progress, finished goods and merchandise), all books and records, files and other documents;
- The transfer of goodwill;
- The transfer of intellectual property (including patents, know-how, software, trademarks, domains as further described below);
- The transfer of contracts including receivables and liabilities to the purchaser (all types of healthcare business related contracts, including customer contracts, supply contracts and certain contracts with the Siemens Group (being contracts for the provision of, among others, goods and services, which are part of the product or services portfolio of companies of the Siemens Group offered also to third parties, financing agreements etc.), licensing-in and licensing-out agreements, representation and sales agreements, security (such as guarantees, letters of credit etc.)); for some healthcare-related business contracts, the contract partner's consent to transfer the respective contract has not been sought or granted or the relevant contract partner has withheld such consent. In addition, certain public contracts may not be transferred from the respective Siemens Group company to a Group company given public procurement law requirements. Even if the relevant contracts from a legal perspective therefore remain with the respective Siemens Group company, they are economically treated as if a complete legal transfer had occurred;
- The assumption of liabilities (including liabilities of the respective seller arising from or in connection with, transferred tangible assets, transferred IPR, assumed contracts, transferred receivables);
- The transfer of contracts, rights and obligations in relation to real estate-related contracts such as leases or real estate related services;
- The transfer of employees, including liabilities relating to such employees such as pension liabilities;
- The assumption of litigation (including all rights and other legal positions, obligations, benefits and burden arising from, or in connection with court or administrative proceedings (including litigation and arbitral proceedings));
- The transfer of permits (including licenses required in connection with the export, transfer or transit of goods or services granted by governmental authorities or otherwise required for export control reasons); and
- The transfer of all other relevant assets.

The consideration for the respective transfers was generally based on a valuation of an independent auditor or on internal valuations with explicit assurance letters by an independent auditor. See "*20.1.2.8 Local Asset Transfer Agreements (LATAs)*" for the respective liability and indemnification provisions agreed between the parties to the LATAs.

3.1.2 Procedures in Certain Specific Countries

In some countries, including, but not limited to, Belarus, Bolivia, Dominican Republic and Guatemala, where companies of the Siemens Group previously conducted the healthcare operations, no separate legal entities were established as the respective healthcare activities were not considered substantial enough to be strategically important to the Group's overall business. In these countries, the healthcare business was transferred to local distributors, other entities in nearby countries or the respective business was ramped down.

In Algeria, Indonesia and Venezuela, the Group's local distribution and service business is currently performed by the respective Siemens regional company pursuant to agency and distributorship agreements entered into between the respective Siemens regional companies and Siemens Healthcare GmbH. The transfer of the relevant business activities to regional subsidiaries of the Group or a third party will be considered in the future as soon as the local circumstances allow a commercially meaningful set-up.

3.2 Corporate Reorganization Process

Following conclusion of the carve-out process described in Section 3.1 above, many (but not all) of the newly established legal entities to which the relevant assets, liabilities, rights and contracts were transferred, as well as several other pre-existing entities dedicated to healthcare, were already bundled under Siemens Healthcare GmbH.

To further complete a stand-alone legal group structure prior to the Offering, in a next step of the corporate reorganization process, the shares in the entities still held by, in particular, Siemens AG, Siemens International Holding B.V., Siemens Beteiligungsverwaltung GmbH & Co. OHG, Siemens France Holding S.A.S. and certain other Siemens Group companies were contributed against shares or sold and transferred by the respective shareholder to Siemens Healthcare GmbH, Siemens Healthineers Beteiligungen GmbH & Co. KG (which was established by Siemens Beteiligungsverwaltung GmbH & Co. OHG with effect as of December 28, 2017 as the new holding company for parts of the Group's non-German business) or their respective subsidiaries.

In addition, several companies of the Group, in particular (i) Siemens Healthcare S.A.S., (ii) Siemens Medical Solutions Diagnostics Holding I B.V., the holding company, in particular, for certain of the Group's businesses in Germany and China, (iii) Siemens Diagnostics Holding II B.V., the holding company, in particular, for the Group's businesses in India and the United Arab Emirates, (iv) Siemens Healthineers Holding III B.V., the holding company, in particular, for the Group's businesses in Japan and the UK, (v) Siemens Medical Solutions USA, Inc. and (vi) various companies active in China (together "**HC China**") were transferred through various intra-group transactions in order to implement the group structure in place as of the date of the Prospectus, see "*17.5. Group Structure*".

3.3 Capital Increase

In order to finalize the corporate carve-out and separation process, on February 2, 2018, the Company's extraordinary shareholders' meeting resolved to increase the Company's share capital from €50,000.00 by €999,950,000.00 to €1,000,000,000.00 by issuing 999,950,000 new shares in the Company against contributions in kind (i) by Siemens AG of 52,000,000 shares in Siemens Healthcare GmbH (corresponding to 98.64% of Siemens Healthcare GmbH's entire share capital) and by Siemens France Holding S.A.S. of 714,867 shares in Siemens Healthcare GmbH (corresponding to 1.36% of Siemens Healthcare GmbH's entire share capital), (ii) by Siemens Beteiligungsverwaltung GmbH & Co. OHG of the sole limited partner interest (*Kommanditanteil*) and the shares of the general partner (*Komplementär*) in Siemens Healthineers Beteiligungen GmbH & Co. KG, and (iii) by Siemens Beteiligungsverwaltung GmbH & Co. OHG of all shares in Siemens Medical Solutions USA, Inc. (the "**Capital Increase**"). As consideration for such contributions, Siemens AG received 666,994,040 shares in the Company, Siemens Beteiligungsverwaltung GmbH & Co. OHG received 323,785,811 shares and Siemens France Holding S.A.S. received 9,170,149 shares in the Company. The consummation of the Capital Increase was registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, on February 9, 2018.

For purposes of the Capital Increase, on February 2, 2018, Siemens AG, Siemens France Holding S.A.S. and Siemens Beteiligungsverwaltung GmbH & Co. OHG each entered into a contribution agreement (*Einbringungsvertrag*) with the Company (the "**Siemens Contribution Agreement**", the "**Siemens France Contribution Agreement**" and the "**SBV Contribution Agreement**", respectively, and together the "**Contribution Agreements**"); see "*20.1.2.3 Contribution Agreements*".

The Capital Increase constituted a post formation (*Nachgründung*) event pursuant to Section 52 of the German Stock Corporation Act (*Aktiengesetz* ("**AktG**")). Following an application of the Company, the local court (*Amtsgericht*) of Munich appointed an auditor for the audit of the post formation (*Nachgründung*), who issued an opinion on such audit. On February 2, 2018, the Supervisory Board issued post formation reports on its review. On February 2, 2018, an extraordinary shareholders' meeting of the Company approved the Contribution Agreements, which were registered in the commercial register on February 9, 2018.

Immediately after the Capital Increase became effective, the Company transferred the shares in Siemens Medical Solutions USA, Inc. to Siemens Healthineers Beteiligungen GmbH & Co. KG.

3.4 Transfer of Employees and Pensions

In connection with the carve-out and reorganization process, direct employees and indirect service employees dedicated to healthcare activities were transferred, and a limited number of employees will be transferred following the Offering, from the respective Siemens Group companies to companies of the Group. In the context of services provided by companies of the Siemens Group to companies of the Group under service agreements, the respective employees generally continue to be employed by the respective Siemens company. The transfer of additional employees to the Group may occur at a later stage in the event of a termination of these services (see "*20.1.2.5 Service Agreements*").

The pension obligations for active employees of the Group were legally transferred mainly in the context of the carve-outs and transfers from the Siemens Group to the legal entities dedicated to healthcare. In addition, Siemens AG transferred to Siemens Healthcare GmbH by way of a spin-off (*Ausgliederung*) in accordance with the German Transformation Act (*UmwG*) its entire contractual position, including all rights and obligations, in particular all pension obligations, in relation to retirees formerly employed by German Group companies. In addition, most of the pension assets and, except for Germany, obligations relating to the Group employees have been transferred to separate Group pension plans and respective pension trusts or will be transferred in the near future. Further, pension plan assets that had a fair value of approximately €780 million as at January 2, 2018 have been transferred from the existing Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, reducing the net defined benefit balance (liability) of the Group, which had amounted to €1,715 million as of September 30, 2017, accordingly. For further information regarding such transfers, see "*20.1.2.9 Pension Liabilities / Pension Schemes*" as well as the notes to the Combined Financial Statements included in "*24. Financial Information*".

3.5 Post-Offering Target Leverage

Following (i) the various transfers as described above under "*3.2 Corporate Reorganization Process*", (ii) the Capital Increase as described above under "*3.3 Capital Increase*", (iii) the transfer of pension plan assets from the existing Siemens AG pension trust to Siemens Healthineers Trust as described above under "*3.4 Transfers of Employees and Pensions*", (iv) the conversion of intragroup liabilities and (v) the post-Offering transfer of the entire profit shown in Siemens Healthcare GmbH's German GAAP financial statements for the short fiscal year from October 1, 2017 to March 31, 2018 to Siemens AG under the Domination and Profit and Loss Transfer Agreement between these companies (see "*7.3 2018 Dividend*"), we expect our ratio of net debt (€8,182 million as of September 30, 2017) to EBITDA (€2,871 million for the fiscal year ended September 30, 2017) to decrease from 2.8:1.0 as of September 30, 2017 to approximately 1.5:1.0. For purposes of the previous sentence, net debt is calculated as the difference between (i) the sum of short-term debt and current maturities of long-term debt (€55 million), payables to Siemens Group (€5,795 million), long-term debt (€15 million), provisions for pensions and similar obligations (€1,732 million) and other liabilities to Siemens Group (€5,167 million) and (ii) the sum of cash and cash equivalents (€184 million), receivables from Siemens Group (€2,991 million), other receivables from Siemens Group (€1,365 million) and available-for-sale financial assets as part of other financial assets, recognized at cost (€42 million), in each case as of September 30, 2017 and as shown in the Combined Financial Statements.

4. THE OFFERING

4.1 Subject Matter of the Offering

The Prospectus relates to the Offering of 150,000,000 ordinary registered shares of the Company with no par value (*auf den Namen lautende Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights since December 12, 2017, consisting of:

- 130,434,783 Base Shares; and
- 19,565,217 Over-Allotment Shares.

The Offering consists of a public offering in Germany and Luxembourg and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States, the Offer Shares will only be offered and sold to QIBs as defined in Rule 144A. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S.

Immediately prior to the Offering, all of the Company's share capital was held by Siemens AG, Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens France Holding S.A.S. (the "**Existing Shareholders**"). Following completion of the Offering and assuming full placement of the Offer Shares and full exercise of the Greenshoe Option (see "*4.9 Stabilization Measures, Over-Allotments and Greenshoe Option*"), the Existing Shareholders will together hold 85.0% of the Company's share capital.

The Selling Shareholder will receive the proceeds from the sale of the Offer Shares. The Company will not receive any proceeds from the sale of the Offer Shares.

Deutsche Bank, Goldman Sachs and J.P. Morgan are acting as Joint Global Coordinators. BNP PARIBAS, BofA Merrill Lynch, Citigroup and UBS, together with the Joint Global Coordinators, are acting as Joint Bookrunners. Berenberg, COMMERZBANK, Jefferies, HSBC, Nordea, RBC and UniCredit are acting as Co-Lead Managers.

4.2 Price Range, Offer Period, Offer Price and Allotment

The price range for the Offering within which purchase orders may be placed is €26.00 to €31.00 per Offer Share (the "**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on March 6, 2018, and to expire on March 15, 2018 (the "**Offer Period**"). Offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) CET by private investors and (ii) until 2:00 p.m. (CET) by institutional investors on the last day of the Offer Period. Purchase orders from private investors must be expressed in full Euro amounts or increments of 25, 50 or 75 cents.

Subject to the publication of a supplement to the Prospectus, if required, the Selling Shareholder and Siemens AG, in consultation with the Company and after consultation with the Joint Global Coordinators, as representatives of the Underwriters, reserves the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to the Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw such offers to purchase within two business days following the publication of the supplement (Section 16 para. 3 WpPG). Instead of withdrawing their offers to purchase Offer Shares placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the provisions of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse ("**MAR**") or the WpPG, as an ad-hoc release via an electronic information dissemination system, on the Company's website www.healthcare.siemens.de under the "Investor Relations" section and as a supplement to the Prospectus. Investors who have submitted offers to purchase will not be notified individually. Under certain conditions, the Joint Global Coordinators, on behalf of the Underwriters, may terminate the underwriting agreement, entered into between the Company, Siemens AG, the Selling Shareholder and the Underwriters on March 5, 2018 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*21.5 Termination; Indemnification*").

The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by Siemens AG (in consultation with the Selling Shareholder and the Company) after consultation with the Joint Global Coordinators. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at maximizing proceeds. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would be expected to result at a given price, and expected investor behavior. The Company and the Selling Shareholder will not specifically charge to investors any expenses and taxes related to the Offering.

After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase offers then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or about March 15, 2018, by means of an ad-hoc release on an electronic information dissemination system and on the Company's website at www.healthcare.siemens.de under the "Investor Relations" section. Investors who have placed orders to purchase Offer Shares with one of the Underwriters can obtain information from that Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. As commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place on the business day following the setting of the Offer Price, investors may not have obtained information about the number of Offer Shares allotted to them when trading commences. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place on or about March 20, 2018. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to only accept them in part.

4.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

March 5, 2018	Approval of the Prospectus by BaFin
	Publication of the approved Prospectus on the Company's website www.healthcare.siemens.de under the "Investor Relations" section
	Notification of the approved Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier* ("**CSSF**"))
March 6, 2018	Commencement of the Offer Period
	Application for admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
March 15, 2018	Expiration of the Offer Period
	Admission decision issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
	Determination of the Offer Price and final number of shares to be allocated
	Publication of the Offer Price in the form of an ad-hoc release on an electronic information dissemination system and on the Company's website at www.healthcare.siemens.de under the "Investor Relations" section
March 16, 2018	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
March 20, 2018	Book-entry delivery of the Offer Shares against payment of the Offer Price (closing)

The Prospectus will be published on the Company's website at www.healthcare.siemens.de under the "Investor Relations" section. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Siemens Healthineers AG, Henkestrasse 127, 91052 Erlangen, Germany.

4.4 Information on the Shares

4.4.1 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

4.4.2 Dividend and Liquidation Rights

The Offer Shares carry full dividend rights since December 12, 2017. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

4.4.3 Form, Certification of the Shares and Currency of the Securities Issue

As of the date of the Prospectus, all of the Company's shares are ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*). The Company's shares are represented by global share certificates, each with one global dividend coupon (*Inhaberglobalgewinnanteilschein*), which are deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**").

Section 4 para. 3 of the Articles of Association excludes the shareholders' right to receive individual share certificates to the extent permitted by law and unless mandated by the rules of a stock exchange to which the shares are admitted. The Managing Board determines the form of the share certificates pursuant to Section 4 para. 4 of the Articles of Association. All shares of the Company provide holders thereof with the same rights and no shares provide any additional rights or advantages.

The Company's shares are denominated in Euro.

4.4.4 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price is expected to take place on March 20, 2018. The Offer Shares will be made available to investors as co-ownership interests in the Global Share Certificates.

At the investor's option, the Offer Shares purchased in the Offering will be credited either to a securities deposit account maintained by a German bank with Clearstream or to a securities account of a participant in Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**"), as the operator of the Euroclear system, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

4.4.5 ISIN/WKN/Common Code/Ticker Symbol

International Securities Identification Number (ISIN)	DE000SHL1006
German Securities Code (*Wertpapierkennnummer*) (WKN)	SHL 100
Common Code	178851705
Ticker Symbol	SHL

4.5 Identification of Target Market

Solely for the purpose of the product governance requirements contained within (i) EU Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and

investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

4.6 Transferability of the Shares; Lock-up

The Company's shares are freely transferable in accordance with the legal requirements for registered shares. Except for the restrictions set forth in "*4.10 Lock-up Agreement, Limitations on Disposal*" and "*21.6 Selling Restrictions*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

4.7 Existing Shareholders

Immediately prior to the Offering, Siemens AG held 66.70%, the Selling Shareholder held 32.38% and Siemens France Holding S.A.S. held 0.92% of the Company's outstanding share capital. For a discussion of the ownership structure of the Existing Shareholders, see "*16. Information on the Company's Existing Shareholders*".

4.8 Allotment Criteria

No agreement exists between the Company, Siemens AG, the Selling Shareholder and the Underwriters as to the allotment procedure. The allotment of Offer Shares to private investors and institutional investors will be decided by Siemens AG (in consultation with the Selling Shareholder and the Company) after consultation with the Joint Global Coordinators. The decision ultimately rests with Siemens AG. Allotments will be made on the basis of the quality of the individual investors, such as the expected investment horizon and expected trading behavior of the investor, and individual orders and other important allotment criteria to be determined by Siemens AG (in consultation with the Selling Shareholder and the Company) after consultation with the Joint Global Coordinators. The allocation to private investors will be compatible with the "Principles for the allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued on June 7, 2000, by the German Commission of Stock Exchange Experts published by the Stock Exchange Expert Committee (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). "Qualified investors" (*qualifizierte Anleger*) pursuant to the WpPG as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) under the WpPG are not viewed as "private investors" within the meaning of the allocation rules. The details of the allotment procedure will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles.

4.9 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Goldman Sachs, acting for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager**") and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 of the MAR in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating sales pressure generated by short-term investors and maintaining an orderly market in the Company's shares.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (the "**Stabilization Period**").

Stabilization measures are intended to provide support for the price of the Company's shares during the Stabilization Period. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

In connection with such stabilization measures, investors may, in addition to the Base Shares, be allocated up to 19,565,217 Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of such potential Over-Allotment, the Selling Shareholder has agreed to make available to the Stabilization Manager, acting for the account of the Underwriters, up to 19,565,217 Over-Allotment Shares in the form of securities loans. The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Shares placed with investors. The Selling Shareholder has granted the Underwriters an option to acquire a number of shares in the Company equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions (the "**Greenshoe Option**").The Stabilization Manager, acting for the account of the Underwriters, is entitled to exercise the Greenshoe Option during the Stabilization Period to the extent Over-Allotment Shares were allocated to investors in the Offering.

Within one week of the end of the Stabilization Period, the Stabilization Manager will ensure adequate public disclosure as to whether stabilization measures were taken, the date on which stabilization started and last occurred, and the price range within which stabilization measures were carried out, for each of the dates during which stabilization measures were carried out and the trading venue(s) on which the stabilization measures were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise of the Greenshoe Option and the number and nature of Over-Allotment Shares involved, in accordance with Article 8 (f) of the Commission Delegated Regulation (EU) 2016/1052.

4.10 Lock-up Agreement, Limitations on Disposal

In the Underwriting Agreement, the Company agreed with each Underwriter that, during the period commencing on March 5, 2018 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on March 16, 2018), to the extent legally permissible, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed, the Company will not and will not agree to:

- announce or effect an increase of the share capital of the Company out of authorized capital or contingent capital, if any;
- submit a proposal to its shareholders' meeting for an increase of the share capital;
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company;
- offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital; or
- enter into a transaction or perform any action economically similar to those described in the previous bullets.

However, the Company may issue, and the Company or any of its subsidiaries may, offer or sell, any shares or other securities related to the shares to (i) directors or employees of the Company or its subsidiaries under a customary directors' and/or employees' stock option plan or (ii) as partial or full consideration for a business acquired by the Company or for the purposes of entering into a joint venture, provided that, with respect to (ii) only, the Company shall (A) consult with the Joint Global Coordinators prior to the issuance of the shares or other securities and (B) receive an undertaking of the recipient of the Shares or such other securities of the Company to comply with restrictions on the disposal described above. In addition, for the period commencing on March 5, 2018 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on March 16, 2018), the Selling Shareholder and Siemens AG have agreed that they will not, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed:

- offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or

indirectly, any shares of the Company held by any of them or any of their subsidiaries (other than members of the Group) (such shares held by the Selling Shareholder or its affiliated Companies, the "**Lock-up Shares**");

- enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Lock-up Shares, whether any such transaction described in this or the preceding bullet is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise;
- make any demand for, or exercise any right with respect to, the registration under U.S. securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company;
- propose any increase in the share capital of the Company (including by requesting the Company's management board to convene a general shareholders' meeting or otherwise), vote in favor of any proposed increase of the share capital or otherwise make, support or vote in favor of any proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company or, to the extent not covered by the foregoing, propose, vote in favor or support the transactions contemplated in the Company's lock-up agreement described above; or
- enter into any transaction or perform any action economically similar to those described in the previous bullets.

The first two bullets do not apply to sales made to persons or entities who themselves agree towards the Underwriters to the lock-up period of the Selling Shareholder and Siemens AG.

4.11 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about March 6, 2018. The listing approval (admission decision) for the Company's shares is expected to be granted on March 15, 2018. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on March 16, 2018.

4.12 Designated Sponsor

The Joint Global Coordinators have been mandated as designated sponsors of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreements expected to be concluded between each of the designated sponsors and the Company, each designated sponsor will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

4.13 Interests of Parties Participating in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company, the Selling Shareholder and Siemens AG.

The Underwriters are acting for the Company, the Selling Shareholder and Siemens AG on the Offering and on coordinating the structuring and execution of the Offering. In addition, the Joint Global Coordinators have been mandated to act as designated sponsors for the Company's shares and Deutsche Bank Aktiengesellschaft has been mandated to act as paying agent. Upon successful implementation of the Offering, the Underwriters will receive a commission and the size of this commission depends on the results of the Offering. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms.

The Underwriters or their affiliates may have, and may from time to time in the future continue to have, business relations with the Company, Siemens AG and the Selling Shareholder, including lending activities, or may perform services for the Company, Siemens AG and the Selling Shareholder in the ordinary course of business.

The Selling Shareholder will receive the proceeds from the sale of the Offer Shares. The Selling Shareholder and Siemens AG will bear all the offering and listing costs, subject to the reimbursement of certain costs by Siemens Healthcare GmbH as agreed separately between the Selling Shareholder, Siemens AG and Siemens

Healthcare GmbH. (see "*20.1.2.1 Indemnity and Cost Reimbursement*"). Assuming full placement of all Offer Shares at the mid-point of the Price Range, and after deducting fees and expenses to be paid to the Underwriters in connection with the Offering, the proceeds to the Selling Shareholder from the Offering would amount to approximately €4,169 million, or 100.0% of the total net proceeds from the Offering (see "*4.1 Subject Matter of the Offering*"). Accordingly, the Selling Shareholder and Siemens AG, which directly and indirectly holds all interests in the Selling Shareholder, have an interest in the success of the Offering at the best possible terms. With regard to further indirect advantages in connection with the Offering expected by Siemens AG, see "*6. Reasons for the Offering and Listing*".

The members of the Managing Board will receive a one-time incentive in case of completion of the Offering before June 30, 2018. See "*19.2.3.3 Description of the Governing Bodies of the Company—Managing Board—Remuneration and other Benefits of the Members of the Managing Board—IPO Incentive*". As a result, each of the members of the Managing Board has a financial interest in completion of the Offering.

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering.

5. PROCEEDS AND COSTS OF THE OFFERING AND LISTING

The Selling Shareholder will receive the proceeds from the Offering. The Company will not receive any proceeds from the Offering.

Assuming that the maximum number of Base Shares (130,434,783 shares) is placed and the Greenshoe Option is not exercised, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Selling Shareholder would amount to approximately €3,391 million, €3,717 million and €4,043 million, respectively.

Assuming that the maximum number of Base Shares (130,434,783 shares) is placed and the Greenshoe Option is fully exercised, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Selling Shareholder would amount to approximately €3,900 million, €4,275 million and €4,650 million, respectively.

The costs related to the Offering of the Offer Shares and listing of the Company's entire share capital are expected to total approximately €106 million at the mid-point of the Price Range (assuming placement of all Offer Shares and assuming full exercise of the Greenshoe Option and including underwriting and placement commissions payable to the Underwriters and full payment of the Discretionary Fees).

The Selling Shareholder and Siemens AG will bear all the offering and listing costs, subject to the reimbursement of certain costs by Siemens Healthcare GmbH as agreed separately between the Selling Shareholder, Siemens AG and Siemens Healthcare GmbH. Siemens Healthcare GmbH has agreed to pay to Siemens AG and the Selling Shareholder a reasonable compensation, covering, in particular, the fees payable to third parties instructed (such as, for example, the Underwriters, legal counsels or auditors) or costs otherwise arising in the context of the Offering. Siemens AG, the Selling Shareholder and Siemens Healthcare GmbH further agreed to use their best efforts to ensure that the reimbursement of such costs will permit Siemens Healthcare GmbH to record them as liabilities or provisions in its annual financial statements for the First Short Fiscal Year, thereby effectively reducing the profit that Siemens Healthcare GmbH is required to transfer to Siemens AG upon termination of the existing domination and profit and loss transfer agreement (see "*20.1.2.2 Domination and Profit and Loss Transfer Agreement*"). Siemens AG and the Selling Shareholder will indemnify the Company for all related liability risk (see "*20.1.2.1 Indemnification and Cost Reimbursement*").

Assuming that the maximum number of Base Shares (130,434,783 shares) is placed and the Greenshoe Option is not exercised, the Company estimates that at the low end, mid-point and high end of the Price Range, net proceeds to the Selling Shareholder would amount to approximately €3,301 million, €3,621 million and €3,942 million, respectively.

Assuming that the maximum number of Base Shares (130,434,783 shares) is placed and the Greenshoe Option is fully exercised, the Company estimates that at the low end, mid-point and high end of the Price Range, net proceeds to the Selling Shareholder would amount to approximately €3,801 million, €4,169 million and €4,538 million, respectively.

Investors will not be charged expenses by the Company, the Selling Shareholder or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

6. REASONS FOR THE OFFERING AND LISTING

The Company intends to list its entire share capital on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to gain access to the capital markets.

The Selling Shareholder will offer the Base Shares and the Over-Allotment Shares, if any, to allow Siemens AG to partially divest its indirect shareholding in the Company. Following the Offering, Siemens AG intends to remain a committed shareholder of the Company. The Offering is intended to lay the foundation for the Company's further profitable growth and the expansion of its strong position as a leading global supplier of healthcare products, solutions and services. The Offering is further intended to provide the Company with enhanced entrepreneurial flexibility and access to the capital markets in order to grow sustainably and profitably while actively shaping the paradigm shift in the healthcare industry.

The Company will not receive any proceeds from the Offering resulting from the sale of the Offer Shares by the Selling Shareholder in the Offering.

7. DIVIDEND POLICY

7.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a German stock corporation (*Aktiengesellschaft*) under German law, the distribution of dividends for a given fiscal year and the amount and payment date thereof are resolved by the general shareholders' meeting (*Hauptversammlung*). Such resolution is the responsibility of the general shareholders' meeting of the following fiscal year, which must take place in the first eight months of the fiscal year and which decides on the proposal adopted by the Managing Board and the Supervisory Board for the appropriation of profits.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's unconsolidated annual financial statements prepared in accordance with German GAAP as laid down in the German Commercial Code (*Handelsgesetzbuch*). German GAAP differs from IFRS in material respects.

When determining the amount available for distribution, net income for the fiscal year must be adjusted for profit/loss carry-forwards from the prior fiscal year and release of or allocations to reserves. Certain reserves are required to be set up by law and must be deducted when calculating profit available for distribution. Certain additional limitations apply if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. The Managing Board must prepare the annual financial statements (balance sheet, income statement and notes to the financial statements) and the management report for the previous fiscal year by the statutory deadline, and present these to the auditors and then the Supervisory Board after preparation. At the same time, the Managing Board must present a proposal for the allocation of the Company's distributable profit pursuant to Section 170 AktG and present the proposal to the Supervisory Board which it intends to make to the general shareholders' meeting with regard to the distribution of profit. According to Section 171 AktG, the Supervisory Board must review the annual financial statements, the Managing Board's management report and the proposal for the allocation of the distributable profit, and report to the general shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Managing Board within one month of the documents being received. If the Supervisory Board approves the annual financial statements after its review, these are deemed adopted unless the Managing Board and Supervisory Board resolve to assign adoption of the annual financial statements to the general shareholders' meeting. If the Managing Board and Supervisory Board choose to allow the general shareholders' meeting to adopt the annual financial statements, or if the Supervisory Board does not approve the annual financial statements, the Managing Board must convene a general shareholders' meeting without delay.

The general shareholders' meeting's resolution on the allocation of the distributable profit requires a simple majority of votes to be passed. The general shareholders' meeting may pursuant to the Articles of Association also resolve that the dividends be distributed partially or entirely in kind, *e.g.*, as a distribution of treasury shares if held by the Company at that time. Dividends resolved by the general shareholders' meeting are due and payable on the third business day after the relevant general shareholders' meeting, unless provided otherwise in the dividend resolution, in compliance with statutory rules and the rules of the respective clearing system. Dividend payment claims are subject to a three-year standard limitation period. Any dividends not claimed within three years become time-barred. Once time-barred, the dividend payment claim passes to the Company. Since all Shares of the Company are evidenced by global share certificates, each with one global dividend coupon (*Inhaberglobalgewinnanteilschein*), and are held in safekeeping at Clearstream, dividends are paid via Clearstream to the custodian banks for the benefit of shareholders. Domestic custodian banks have the same payout duty towards their clients. Shareholders who deposit their shares at foreign custodian banks must contact their custodian banks to inquire about the applicable conditions. Notifications of any distribution of dividends will be published in the German Federal Gazette (*Bundesanzeiger*). To the extent dividends can be distributed by the Company in accordance with German GAAP and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. For more information on the taxation of dividends, see "*22.2.2. Taxation of Dividends*".

7.2 Dividend Policy

Until the date of the Prospectus, the Company has not conducted any operative business; accordingly no distributions in the form of dividends or otherwise have been made to date. The Company expects that, in the future, the principal source of funds for the payment of dividends will be dividends and other payments received from current and future direct and indirect subsidiaries, including, but not limited to, Siemens Healthcare GmbH and Siemens Healthineers Beteiligungen GmbH & Co. KG and their respective subsidiaries. The determination of each subsidiary's ability to pay dividends is made in accordance with applicable law.

The Company intends to pay an annual dividend to its shareholders in the amount of 50% to 60% of the Group's net income of the respective prior fiscal year calculated in accordance with IFRS. Such ratio shall also apply to the Company's first dividend payment for the fiscal year ending September 30, 2018, upon which the general shareholders' meeting of the Company will resolve in 2019 (the "**2018 Dividend**"). See "*7.3 2018 Dividend*" for more information.

The Company can provide no assurance that it will pay dividends in 2018 or in future years. Apart from dividends and other payments received from current and future direct and indirect subsidiaries (as set out above), the Company's ability to pay dividends will depend on its financial position (particularly the amount of distributable profit that is available), its results of operations, capital requirements, investment alternatives and other factors that the Managing Board and Supervisory Board may deem relevant. The results of operations set out in the Combined Financial Statements and Unaudited Combined Interim Financial Statements, respectively, may not be indicative of the amounts of future dividend payments. Any proposals by the Managing Board and Supervisory Board regarding dividend payments will be subject to the approval of the general shareholders' meeting.

The table below shows our net income attributable to Siemens Group in accordance with IFRS for the fiscal years ended September 30, 2017, 2016 and 2015 (based on the Combined Financial Statements) and corresponding net income for the respective period per share. The net income for the period per share is calculated on the basis of one share with a notional value of €1.00 in the Company's share capital (assuming a share capital in the amount of €1,000,000,000.00, which represents the share capital of the Company as of the date of the Prospectus).

	For the fiscal year ended September 30,		
	2017	2016	2015
	(in € million, unless otherwise indicated) (audited; unless otherwise specified)		
Net income (after income tax expenses) attributable to Siemens Group in accordance with IFRS in € million	1,427	1,311	1,277
per share, in € (unaudited)[1]	1.43	1.31	1.28

(1) Figures based on assumed number of 1,000,000,000 shares for the fiscal years ended September 30, 2017, 2016 and 2015, each with a notional value of €1.00 in the Company's share capital, which corresponds to the number of shares of the Company as of the date of the Prospectus.

7.3 2018 Dividend

At the date of the Prospectus, Siemens Healthcare GmbH, one of the Company's material subsidiaries, as controlled company, and Siemens AG, as controlling company, are parties to a domination and profit transfer agreement (*Beherrschungs- und Gewinnabführungsvertrag*) (the "**Domination and Profit and Loss Transfer Agreement**"). The Domination and Profit and Loss Transfer Agreement is dated November 26, 2014 and became effective as of October 1, 2014. Under this agreement, Siemens Healthcare GmbH agreed to transfer to Siemens AG its entire net income (*Gewinn*) as determined by the annual financial statements prepared in accordance with German GAAP (subject to the allocation of amounts to retained earnings or the dissolution of reserves (*Rücklagen*), reduced by any loss carry-forward (*Verlustvortrag*) of the previous year and by the amount which has to be used for statutory reserves (*gesetzliche Rücklagen*)). The profits transferred from Siemens Healthcare GmbH to Siemens AG in the fiscal years ended September 30, 2017, 2016 and 2015 amounted to €815 million, €909 million and €806 million, respectively.

In preparation for the Offering, Siemens AG and Siemens Healthcare GmbH agreed on a termination of the Domination and Profit and Loss Transfer Agreement between Siemens Healthcare GmbH and Siemens AG with effect as of the end of March 31, 2018. In connection with the termination of the Domination and Profit and Loss Transfer Agreement, a short fiscal year (*Rumpfgeschäftsjahr*) was introduced for Siemens Healthcare GmbH running from October 1, 2017, as the beginning of the fiscal year, until March 31, 2018 (the "**First Short Fiscal Year**"). At the end of the First Short Fiscal Year, the net income of Siemens Healthcare GmbH shown in Siemens Healthcare GmbH's German GAAP financial statements for the First Short Fiscal Year will be transferred to Siemens AG. In order to synchronize the fiscal year of Siemens Healthcare GmbH with the fiscal year of the Company, a second short fiscal year will be introduced at the level of Siemens Healthcare GmbH running from April 1, 2018 until September 30, 2018 (the "**Second Short Fiscal Year**"). Furthermore, Siemens Healthcare GmbH and Siemens Healthineers AG entered into a profit transfer agreement (*Gewinnabführungsvertrag*) dated February 16/19, 2018 and effective as of April 1, 2018. As a result of the profit transfer agreement, the entire net income of Siemens Healthcare GmbH shown in Siemens Healthcare GmbH's German GAAP financial statements for the Second Short Fiscal Year will be transferred to Siemens Healthineers AG. The profit transfer agreement is yet to be entered into the commercial register.

Irrespective of the transfer of the profit of Siemens Healthcare GmbH to Siemens AG at the end of the First Short Fiscal Year, it is intended that the amount of the 2018 Dividend to be paid by the Company in 2019 will be calculated based on the Group's net income in accordance with IFRS generated during the entire period from October 1, 2017 until September 30, 2018, as if such profit transfer pursuant to the Domination and Profit and Loss Transfer Agreement for the First Short Fiscal Year had not occurred. The Company expects to be able to create the required distributable funds by releasing amounts from its freely distributable capital reserve (*ungebundene Kapitalrücklage*) in the meaning of Section 272 para. 2 No. 4 HGB.

8. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables show the Group's capitalization and indebtedness as of December 31, 2017. Investors should read these tables in conjunction with "*10. Selected Combined Financial Information*" and the Combined Financial Statements and the Unaudited Combined Interim Financial Statements, including the notes thereto, contained in the Prospectus.

Following (i) the various transfers as described under "*3.2 Corporate Reorganization Process*", (ii) the Capital Increase as described under "*3.3 Capital Increase*", (iii) the transfer of pension plan assets with a fair value of approximately €780 million as at January 2, 2018 from the existing Siemens AG pension trust to Siemens Healthineers Trust as described under "*3.4 Transfers of Employees and Pensions*", (iv) the conversion of intragroup liabilities and (v) the post-Offering transfer of the entire profit shown in Siemens Healthcare GmbH's German GAAP financial statements for the short fiscal year from October 1, 2017 to March 31, 2018 to Siemens AG under the Domination and Profit and Loss Transfer Agreement, we expect our ratio of net debt (€8,182 million as of September 30, 2017) to EBITDA (€2,871 million for the fiscal year ended September 30, 2017) to decrease from 2.8:1.0 as of September 30, 2017 to approximately 1.5:1.0.

8.1 Capitalization

	As of December 31, 2017 (in € million) (unaudited)
Total current debt[1]	**12,362**
thereof guaranteed[2]	*47*
thereof secured	—
thereof unguaranteed/unsecured	*12,315*
Total non-current debt[3]	**7,724**
thereof guaranteed	—
thereof secured	—
thereof unguaranteed/unsecured	*7,724*
Total shareholder's equity[4]	**3,523**
thereof share capital[5]	—
thereof legal reserves[5]	—
thereof other reserves[5]	—
Total[6]	**23,609**

(1) Total current debt is shown as total current liabilities in the combined statement of financial position of the Unaudited Combined Interim Financial Statements as of December 31, 2017.

(2) Comprises guarantees issued by Siemens AG under a global letter of support which relate to local bank facilities in place to cover funding needs of certain Group companies to which funding cannot be directly provided.

(3) Total non-current debt is shown as total non-current liabilities in the combined statement of financial position of the Unaudited Combined Interim Financial Statements as of December 31, 2017 and does not reflect the conversion of intragroup liabilities or the transfer of pension plan assets with a fair value of approximately €780 million as at January 2, 2018 from Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, which occurred after December 31, 2017. The net defined benefit balance (liability) of the Group, which amounted to €1,755 million as of December 31, 2017, was thereby reduced after December 31, 2017.

(4) Total shareholders' equity is referred to as total equity attributable to Siemens Group in the combined statement of financial position of the Unaudited Combined Interim Financial Statements as of December 31, 2017. Total equity attributable to Siemens Group excludes non-controlling interests amounting to €10 million as of December 31, 2017. Total shareholders' equity does not reflect the effects of the conversion of intragroup liabilities, various intragroup transactions and transfers as described under "*3.2 Corporate Reorganization Process*" and of the increase of the Company's share capital from €50,000.00 by €999,950,000.00 to €1,000,000,000.00 by issuing 999,950,000 new shares in the Company against contributions in kind (as described under "*3.3 Capital Increase*") as well as of the transfer of the entire profit shown in Siemens Healthcare GmbH's German GAAP financial statements for the short fiscal year from October 1, 2017 to March 31, 2018 under the Domination and Profit and Loss Transfer Agreement.

(5) Prior to the carve-out and corporate reorganization, the Group's business was largely managed and reported as the healthcare business of the Siemens Group. This healthcare business was part of the operations of Siemens AG, certain regional Siemens companies and separate legal healthcare entities. We have prepared the Unaudited Combined Interim Financial Statements in accordance with IFRS on interim financial information (IAS 34) for the three months ended December 31, 2017. Since the Group did not constitute a legal group of entities in accordance with IFRS 10 as of December 31, 2017 and, thus, no parent company existed as of such date, the Company's components of equity cannot be the basis of the presentation of equity in the Unaudited Combined Interim Financial Statements and, therefore, there is no share capital or capital reserve of the parent company and no profit and loss reserve as would be presented in the case of consolidated financial statements.

(6) Total capitalization represents the aggregate of total current debt, total non-current debt and total shareholders' equity.

8.2 Indebtedness

	As of December 31, 2017 (in € million) (unaudited)
A. Cash	321
B. Cash equivalents	5
C. Trading securities	—
D. Liquidity (A)+(B)+(C)	**326**
E. Current financial receivables[1]	**5,005**
F. Current bank debt[2]	48
G. Current portion of non-current debt[3]	8
H. Other current financial debt[4]	8,255
I. Current Financial Debt (F)+(G)+(H)	**8,311**
J. Net current financial indebtedness (I)-(E)-(D)	**2,980**
K. Non-current financial receivables[5]	**1,406**
L. Non-current bank loans	—
M. Bonds issued	—
N. Other non-current loans[6]	5,098
O. Non-current financial liabilities (L)+(M)+(N)	**5,098**
P. Net financial indebtedness (J)-(K)+(O)[7]	**6,672**

(1) Includes receivables from Siemens Group as shown in the combined statement of financial position of the Unaudited Combined Interim Financial Statements.

(2) Respective part of short-term debt and current maturities of long-term debt as shown in the combined statement of financial position of the Unaudited Combined Interim Financial Statements.

(3) Respective part of short-term debt and current maturities of long-term debt as shown in the combined statement of financial position of the Unaudited Combined Interim Financial Statements.

(4) Corresponds to payables to Siemens Group as shown in the combined statement of financial position of the Unaudited Combined Interim Financial Statements.

(5) Corresponds to other receivables from Siemens Group and available-for-sale financial assets as part of other financial assets, recognized at cost, as shown in the combined statement of financial position of the Unaudited Combined Interim Financial Statements as well as Note 4 to the Unaudited Combined Interim Financial Statements.

(6) Consists of the sum of long-term debt and other liabilities to Siemens Group, each as shown in the combined statement of financial position of the Unaudited Combined Interim Financial Statements.

(7) Does not reflect the effects of the combination of various intragroup transactions and transfers as described under "*3.2 Corporate Reorganization Process*", the Capital Increase (as described under "*3.3 Capital Increase*"), the contribution of pension plan assets with a fair value of approximately €780 million as at January 2, 2018, the conversion of intragroup liabilities or the post-Offering transfer of the entire profit shown in Siemens Healthcare GmbH's German GAAP financial statements for the short fiscal year from October 1, 2017 to March 31, 2018 under the Domination and Profit and Loss Transfer Agreement, which we expect will reduce our net debt (as defined in "*3.5 Post-Offering Target Leverage*") to approximately €4.3 billion following the Offering.

8.3 Indirect and contingent indebtedness

As of December 31, 2017, the Company's indirect and contingent indebtedness comprised guarantees issued by Siemens Group entities with respect to €24.7 million.

8.4 Statement on Working Capital

The Company is of the opinion that the Group has sufficient working capital to meet all of its payment obligations that become due within at least the next twelve months from the date of the Prospectus.

9. DILUTION

The net asset value (total assets less total non-current liabilities and total current liabilities less non-controlling interests) (the "**Net Asset Value**") of the Company amounted to €3,523 million as of December 31, 2017, or €3.52 per share in the Company based on 1,000,000,000 outstanding shares of the Company immediately prior to the Offering.

Thus, the Net Asset Value per share as of December 31, 2017 amounts to 12.4% of the Offer Price of €28.50 at the mid-point of the Price Range, corresponding to a difference between the Offer Price and the Net Asset Value per share of €24.98 (corresponding to an immediate dilution of 87.6%).

The Offering will not involve the issuance of new shares of the Company.

10. SELECTED COMBINED FINANCIAL INFORMATION

*The financial information contained in the following tables has been taken or derived from the Combined Financial Statements, the Unaudited Combined Interim Financial Statements and the Group's internal reporting system. The Combined Financial Statements have been prepared in accordance with IFRS and have been audited in accordance with German generally accepted standards on auditing by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office ("**EY**"), which issued an unqualified independent auditor's report thereon. The Unaudited Combined Interim Financial Statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34).*

We adopted IFRS 15 for the fiscal year beginning as of October 1, 2017 retrospectively. As a result, the financial information for the three months ended December 31, 2017 and 2016 reflects the effects from the adoption of IFRS 15 and is, therefore, not fully comparable to the financial information for the fiscal years ended September 30, 2017, 2016 and 2015, which reflects such effects to a limited extent in certain notes to the Combined Financial Statements only. For more information on the effects from the adoption of IFRS 15, see Note 26 of the Combined Financial Statements.

Where financial data in the following tables is presented as "audited" it indicates that the financial data has been taken from the Combined Financial Statements. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Combined Financial Statements but has been taken or derived from the Unaudited Combined Interim Financial Statements or the Group's internal reporting system or is based on calculations of figures from the sources mentioned before. Unless otherwise indicated, financial information presented in the text and tables below is shown in million Euro (Euro in millions), commercially rounded to a whole number. Percentage changes and ratios in the text and tables below are calculated based on the respective underlying numbers and then commercially rounded to a whole percentage or to one digit after the decimal point. Because of rounding, figures shown in the tables below do not necessarily add up exactly to the respective totals or subtotals presented, and aggregated percentages may not exactly equal 100%. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out below, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

The following selected combined financial information should be read in conjunction with the sections "1. Risk Factors", "14. Business" and the Combined Financial Statements and the Unaudited Combined Interim Financial Statements, including the respective notes thereto, included elsewhere in the Prospectus.

10.1 Combined Statements of Income Data

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated)			(unaudited)	
	Euro (millions)			Euro (millions)	
Revenue[1]	13,796	13,547	12,936	3,198	3,327
Cost of sales	(8,034)	(8,080)	(7,867)	(1,870)	(1,913)
Gross profit	**5,762**	**5,467**	**5,069**	**1,328**	**1,414**
Research and development expenses	(1,253)	(1,145)	(1,055)	(306)	(294)
Selling and general administrative expenses	(2,222)	(2,206)	(2,109)	(538)	(536)
Other operating income, net (unaudited)	12	7	67	7	0
Other operating income	22	19	79	16	1
Other operating expenses	(19)	(18)	(21)	(11)	(4)
Income from investments accounted for using the equity method, net	9	6	9	2	3
Financial expenses, net (unaudited)	(255)	(205)	(96)	(70)	(63)
Interest income	12	14	19	4	4
Interest expenses	(267)	(216)	(117)	(70)	(68)
Other financial income (expenses), net	—	(3)	2	(4)	1
Income before income taxes	**2,044**	**1,918**	**1,876**	**421**	**521**
Income tax expenses	(600)	(590)	(584)	(111)	(160)
Net income[1]	**1,444**	**1,328**	**1,292**	**310**	**361**

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our revenue and net income for the fiscal year ended September 30, 2017 would have been €13,677 million and €1,396 million, respectively.

10.2 Combined Statements of Financial Position Data

	As of September 30,			As of December 31,
	2017	2016	2015	2017
	(audited) Euro (millions)			(unaudited) Euro (millions)
Total current assets	**7,110**	**7,922**	**7,553**	**10,133**
Total non-current assets	**13,330**	**12,373**	**11,904**	**13,486**
Total assets	**20,440**	**20,295**	**19,457**	**23,619**
Total current liabilities	**9,275**	**9,304**	**13,645**	**12,362**
Total non-current liabilities	**7,923**	**8,584**	**2,084**	**7,724**
Total liabilities	**17,198**	**17,888**	**15,729**	**20,086**
Total equity	**3,242**	**2,407**	**3,728**	**3,533**
Total liabilities and equity	**20,440**	**20,295**	**19,457**	**23,619**

10.3 Combined Statements of Cash Flows Data

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Cash Flows provided by Operating Activities	**1,975**	**1,849**	**1,901**	**104**	**338**
Cash Flows provided by/(used in) Investing Activities	**(453)**	**(436)**	**11**	**(319)**	**(101)**
Cash Flows provided by/(used in) Financing Activities	**(1,532)**	**(1,279)**	**(1,853)**	**356**	**(237)**
Cash and cash equivalents at beginning of period	206	73	19	184	206
Cash and cash equivalents at end of period	184	206	73	326	207

10.4 Key Performance Indicators and Alternative Performance Measures

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(unaudited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Profit[1]	**2,468**	**2,320**	**2,169**	**524**	**631**
Thereof Imaging[a]	*1,624*	*1,571*	*1,298*	*371*	*415*
Thereof Advanced Therapies[a]	*335*	*286*	*269*	*82*	*89*
Thereof Diagnostics[a]	*562*	*514*	*621*	*99*	*135*
Thereof Central Items & Reconciliation	*(53)*	*(50)*	*(18)*	*(28)*	*(8)*
Adjusted Profit[1]	**2,525**	**2,381**	**2,231**	**547**	**642**
Thereof Imaging	*1,647*	*1,594*	*1,329*	*380*	*418*
Thereof Advanced Therapies	*337*	*291*	*274*	*82*	*89*
Thereof Diagnostics	*583*	*532*	*637*	*102*	*142*
Thereof Central Items & Reconciliation	*(43)*	*(35)*	*(9)*	*(16)*	*(6)*
Adjusted EBITDA[2]	**2,928**	**2,775**	**2,597**	**638**	**736**
Thereof Imaging	*1,771*	*1,721*	*1,445*	*409*	*445*
Thereof Advanced Therapies	*348*	*301*	*287*	*84*	*91*
Thereof Diagnostics	*802*	*743*	*846*	*146*	*194*
Thereof Central Items & Reconciliation	*8*	*11*	*19*	*(1)*	*5*
Adjusted Net Income[3]	**1,588**	**1,495**	**1,459**	**352**	**397**
Free Cash Flow (Siemens Healthineers)[a][4]	**1,509**	**1,425**	**1,545**	**9**	**243**
Free Cash Flow (total segments)[a][4]	**2,222**	**2,263**	**2,103**	**205**	**392**
Thereof Imaging[a]	*1,596*	*1,599*	*1,484*	*251*	*326*
Thereof Advanced Therapies[a]	*298*	*323*	*281*	*54*	*67*
Thereof Diagnostics[a]	*329*	*341*	*337*	*(100)*	*(1)*

(a) Financial data for the fiscal years ended September 30, 2017, 2016 and 2015 are audited.

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our net income and income tax expenses for the fiscal year ended September 30, 2017 would have been €1,396 million and €581 million and, therefore, Profit and Adjusted Profit would have been €2,401 million and €2,458 million, respectively.

The table set forth below shows the reconciliation of net income to Profit, Adjusted Profit and Adjusted Profit Margin:

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated)			(unaudited)	
	Euro (millions), unless otherwise indicated			Euro (millions), unless otherwise indicated	
Net income	**1,444**	**1,328**	**1,292**	**310**	**361**
Income tax expenses	600	590	584	111	160
Financial expenses, net (unaudited)[a]	255	205	96	70	63
Financial income from operations, net (unaudited)[b]	22	18	17	0	7
Amortization of (other) intangible assets acquired in business combinations	147	179	180	33	41
Profit (unaudited)[c]	**2,468**	**2,320**	**2,169**	**524**	**631**
Thereof Imaging	*1,624*	*1,571*	*1,298*	*371*	*415*
Thereof Advanced Therapies	*335*	*286*	*269*	*82*	*89*
Thereof Diagnostics	*562*	*514*	*621*	*99*	*135*
Thereof Central Items & Reconciliation (unaudited)	*(53)*	*(50)*	*(18)*	*(28)*	*(8)*
IPO costs[d]	—	—	—	8	—
Severance charges[d]	57	61	62	15	11
Adjusted Profit (unaudited)[e]	**2,525**	**2,381**	**2,231**	**547**	**642**
Thereof Imaging (unaudited)	*1,647*	*1,594*	*1,329*	*380*	*418*
Thereof Advanced Therapies (unaudited)	*337*	*291*	*274*	*82*	*89*
Thereof Diagnostics (unaudited)	*583*	*532*	*637*	*102*	*142*
Thereof Central Items & Reconciliation (unaudited)	*(43)*	*(35)*	*(9)*	*(16)*	*(6)*
Adjusted Profit Margin (unaudited)[e]	**18.3%**	**17.6%**	**17.2%**	**17.1%**	**19.3%**

(a) Financial expenses, net, represents the sum of (i) interest income, (ii) interest expenses and (iii) other financial income (expenses), net and is excluded from Profit.

(b) Financial income from operations, net, as subpart of financial expenses, net, is included in Profit. Financial income from operations, net, refers to interest income related to receivables from customers, from cash allocated to the segments (on segment level) and interest expenses on payables to suppliers.

(c) Profit is a non-IFRS measure and is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. Profit may not be comparable to other similarly titled measures of other companies and has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

(d) IPO costs relate to one-time external costs directly related to the Offering (including fees for the banks, legal advisors, tax advisors, auditors, pension-related consulting fees and Offering-related external communication and marketing costs, as well as costs of an Offering related employee share program). Severance charges relate to costs in connection with personnel restructuring programs. In our management's opinion, IPO costs and severance charges are special items that do not reflect the underlying performance of the business.

(e) Adjusted Profit and Adjusted Profit Margin (Adjusted Profit as a percentage of revenue for the fiscal years ended September 30, 2017 (€13,796 million), 2016 (€13,547 million) and 2015 (€12,936 million) as well as for the three months ended December 31, 2017 (€3,198 million) and 2016 (€3,327 million)) are non-IFRS measures and are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. Adjusted Profit and Adjusted Profit Margin may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our operating results as reported under IFRS. If we had applied IFRS 15 as of October 1, 2016, our Adjusted Profit, by segment, for the fiscal year ended September 30, 2017 would have been €1,590 million in Imaging, €582 million in Diagnostics and €328 million in Advanced Therapies and central items and reconciliation would have amounted to negative €42 million.

(2) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our net income and income tax expenses for the fiscal year ended September 30, 2017 would have been €1,396 million and €581 million, and, therefore, our Adjusted EBITDA would have been €2,861 million, respectively.

The table set forth below shows the reconciliation of net income to Adjusted EBITDA:

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Net income	**1,444**	**1,328**	**1,292**	**310**	**361**
Income tax expenses	600	590	584	111	160
Financial expenses, net (unaudited)[a]	255	205	96	70	63
Depreciation/amortization and impairment of other intangible assets	230	259	252	58	59
Depreciation/amortization and impairment of property, plant and equipment	342	332	312	66	81
EBITDA (unaudited)[c]	**2,871**	**2,714**	**2,535**	**615**	**725**
IPO costs[b]	—	—	—	8	—
Severance charges[b]	57	61	62	15	11
Adjusted EBITDA (unaudited)[c]	**2,928**	**2,775**	**2,597**	**638**	**736**
Thereof Imaging (unaudited)	*1,771*	*1,721*	*1,445*	*409*	*445*
Thereof Advanced Therapies (unaudited)	*348*	*301*	*287*	*84*	*91*
Thereof Diagnostics (unaudited)	*802*	*743*	*846*	*146*	*194*
Thereof Central Items & Reconciliation (unaudited)	*8*	*11*	*19*	*(1)*	*5*

(a) Financial expenses, net, represents the sum of (i) interest income, (ii) interest expenses and (iii) other financial income (expenses), net.

(b) IPO costs relate to one-time external costs directly related to the Offering (including fees for the banks, legal advisors, tax advisors, auditors, pension-related consulting fees and Offering-related external communication and marketing costs, as well as costs of an Offering related employee share program). Severance charges relate to costs in connection with personnel restructuring programs. In our management's opinion, IPO costs and severance charges are special items that do not reflect the underlying performance of the business.

(c) EBITDA and Adjusted EBITDA are non-IFRS measures and are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

(3) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our net income for the fiscal year ended September 30, 2017 would have been €1,396 million and, therefore, our Adjusted Net Income would have been €1,540 million.

The table set forth below shows the reconciliation of net income to Adjusted Net Income:

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited, unless otherwise indicated) Euro (millions)			(unaudited) Euro (millions)	
Net income	**1,444**	**1,328**	**1,292**	**310**	**361**
Severance charges (pre-tax)[a]	57	61	62	15	11
Severance charges tax adjustment (unaudited)[b]	(17)	(19)	(19)	(4)	(3)
IPO costs (pre-tax) (unaudited)[c]	—	—	—	8	—
IPO costs tax adjustment (unaudited)[d]	—	—	—	(2)	—
Amortization of (other) intangible assets acquired in business combinations (pre-tax)	147	179	180	33	41
Amortization of (other) intangible assets acquired in business combinations tax adjustment (unaudited)[e]	(43)	(55)	(56)	(9)	(13)
Adjusted Net Income (unaudited)[f]	**1,588**	**1,495**	**1,459**	**352**	**397**

(a) Severance charges relate to costs in connection with personnel restructuring programs. In our management's opinion, severance charges are a special item that does not reflect the underlying performance of the business.

(b) This adjustment has been calculated on a simplified basis by multiplying severance charges by the effective income tax rate (income tax expenses expressed as a percentage of income before income taxes) of 29.4%, 30.8% and 31.1% for the fiscal years ended September 30, 2017, 2016 and 2015 and 26.4% and 30.7% for the three months ended December 31, 2017 and 2016, respectively.

(c) IPO costs relate to one-time external costs directly related to the Offering (including fees for the banks, legal advisors, tax advisors, auditors, pension-related consulting fees and Offering-related external communication and marketing costs, as well as costs of an Offering related employee share program). In our management's opinion, IPO costs are a special item that does not reflect the underlying performance of the business.

(d) This adjustment has been calculated on a simplified basis by multiplying IPO costs by the effective income tax rate (income tax expenses expressed as a percentage of income before income taxes) of 29.4%, 30.8% and 31.1% for the fiscal years ended September 30, 2017, 2016 and 2015 and 26.4% and 30.7% for the three months ended December 31, 2017 and 2016, respectively.

(e) This adjustment has been calculated on a simplified basis by multiplying amortization of (other) intangible assets acquired in business combinations by the effective income tax rate (income tax expenses expressed as a percentage of income before income taxes) of 29.4%, 30.8% and 31.1% for the fiscal years ended September 30, 2017, 2016 and 2015 and 26.4% and 30.7% for the three months ended December 31, 2017 and 2016, respectively.

(f) Adjusted Net Income is a non-IFRS measure and is not a substitute for any IFRS measure and does not purport to be an alternative to financial information prepared in accordance with IFRS. Adjusted Net Income should not be construed as an alternative to net income determined in accordance with IFRS. There is no uniform definition of Adjusted Net Income, which means that Adjusted Net Income as defined by other companies may not necessarily be comparable with our Adjusted Net Income.

(4) The table set forth below shows the reconciliation from cash flows provided by operating activities to Free Cash Flow (Siemens Healthineers) and Free Cash Flow (total segments):

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Cash flows provided by operating activities	1,975	1,849	1,901	104	338
Additions to intangible assets and property, plant and equipment[(a)]	(466)	(424)	(356)	(95)	(96)
Free Cash Flow (Siemens Healthineers)	**1,509**	**1,425**	**1,545**	**9**	**243**
Central items	136	155	48	78	47
Tax-related cash flows	567	686	505	119	101
Other items	10	(2)	5	—	2
Free Cash Flow (total segments)	**2,222**	**2,263**	**2,103**	**205**	**392**
Thereof Imaging	*1,596*	*1,599*	*1,484*	*251*	*326*
Thereof Advanced Therapies	*298*	*323*	*281*	*54*	*67*
Thereof Diagnostics	*329*	*341*	*337*	*(100)*	*(1)*

(a) Additions to intangible assets and property, plant and equipment are part of cash flows provided by/(used in) investing activities. Remaining cash flows provided by/(used in) investing activities in the amount of €13 million (fiscal year ended September 30, 2017), negative €12 million (fiscal year ended September 30, 2016), €367 million (fiscal year ended September 30, 2015), negative €224 million (three months ended December 31, 2017) and negative €5 million (three months ended December 31, 2016) are not included in Free Cash Flow.

10.5 Additional Revenue Information

10.5.1 Total Revenue by Segment

The tables below present our total revenue by segment and the development of total revenue by segment for the periods shown. Total revenue consists of external revenue and intersegment revenue.

	For the three months ended December 31,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016			(unaudited)	
	(unaudited) Euro (millions), unless otherwise indicated					
Imaging	1,943	1,983	(2.0)%	(0.3)%	(5.5)%	3.8%
Advanced Therapies	368	361	1.9%	(0.8)%	(5.9)%	8.5%
Diagnostics	929	1,007	(7.7)%	(0.6)%	(6.0)%	(1.1)%
Total Segments	**3,241**	**3,351**	—	—	—	—
Reconciliation (to Unaudited Combined Interim Financial Statements)	(42)	(24)	—	—	—	—
Siemens Healthineers	**3,198**	**3,327**	**(3.9)%**	**(0.4)%**	**(5.8)%**	**2.3%**

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016				
	(audited) Euro (millions), unless otherwise indicated				(unaudited)	
Imaging	8,216	8,007	2.6%	0.0%	(1.0)%	3.6%
Advanced Therapies	1,519	1,460	4.0%	—	(0.6)%	4.6%
Diagnostics	4,162	4,138	0.6%	0.1%	(0.7)%	1.1%
Total Segments	**13,896**	**13,606**	—	—	—	—
Reconciliation to Combined Financial Statements	(100)	(59)	—	—	—	—
Siemens Healthineers	**13,796**[1]	**13,547**	**1.8%**	**0.1%**	**(0.9)%**	**2.7%**

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our total revenue by segment for the fiscal year ended September 30, 2017 in Imaging, the Advanced Therapies and Diagnostics would have been €8,113 million, €1,503 million and €4,164 million, respectively.

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2016	2015				
	(audited) Euro (millions), unless otherwise indicated				(unaudited)	
Imaging	8,007	7,382	8.5%	0.0%	0.4%	8.1%
Advanced Therapies	1,460	1,447	0.9%	—	0.8%	0.1%
Diagnostics	4,138	4,138	0.0%	(1.5)%	0.1%	1.4%
Total Segments	**13,606**	**12,967**	—	—	—	—
Reconciliation to Combined Financial Statements	(59)	(30)	—	—	—	—
Siemens Healthineers	**13,547**	**12,936**	**4.7%**	**(0.5)%**	**0.3%**	**4.9%**

10.5.2 Revenue by Geography

The tables below present our revenue by geography (by location of customers) and the development of revenue by geography (by location of customers) for the periods shown.

	For the three months ended December 31,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016				
	(unaudited) Euro (millions), unless otherwise indicated				(unaudited)	
EMEA[1]	1,079	1,044	3.4%	(0.8)%	(2.0)%	6.2%
Thereof Germany	*213*	*229*	*(7.0)%*	*(1.1)%*	*(0.1)%*	*(5.9)%*
Americas	1,234	1,400	(11.9)%	0.3%	(8.2)%	(3.9)%
Thereof U.S.	*1,033*	*1,190*	*(13.2)%*	*0.4%*	*(8.6)%*	*(5.0)%*
Asia-Pacific[1]	885	883	0.2%	(1.1)%	(6.3)%	7.8%
Thereof China	*417*	*360*	*15.8%*	*0.1%*	*(5.0)%*	*20.7%*
Siemens Healthineers	**3,198**	**3,327**	**(3.9)%**	**(0.4)%**	**(5.8)%**	**2.3%**
Thereof Advanced economies	*2,259*	*2,414*	*(6.4)%*	*(0.1)%*	*(5.9)%*	*(0.4)%*
Thereof Emerging markets	*939*	*913*	*2.8%*	*(1.3)%*	*(5.4)%*	*9.5%*

(1) EMEA refers to Europe, the Commonwealth of Independent States ("**C.I.S.**"), Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements and Unaudited Combined Interim Financial Statements.

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2017	2016				
	(audited, unless otherwise indicated) Euro (millions), unless otherwise indicated				(unaudited)	
EMEA[1]	4,380	4,423	(1.0)%	0.1%	(2.3)%	1.3%
Thereof Germany	*885*	*859*	*3.0%*	*0.2%*	*0.0%*	*2.9%*
Americas	5,599	5,496	1.9%	0.1%	0.2%	1.6%
Thereof U.S.	*4,687*	*4,656*	*0.7%*	*0.1%*	*(0.1)%*	*0.6%*
Asia-Pacific[1]	3,817	3,628	5.2%	—	(0.8)%	6.0%
Thereof China (unaudited)	*1,618*	*1,488*	*8.7%*	—	*(3.1)%*	*11.9%*
Siemens Healthineers	**13,796[2]**	**13,547**	**1.8%**	**0.1%**	**(0.9)%**	**2.7%**
Thereof Advanced economies (unaudited)	*9,855*	*9,778*	*0.8%*	*0.1%*	*(0.3)%*	*1.0%*
Thereof Emerging markets (unaudited)	*3,941*	*3,769*	*4.6%*	*0.0%*	*(2.4)%*	*6.9%*

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements and Unaudited Combined Interim Financial Statements

(2) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our revenue (by location of customers) for the fiscal year ended September 30, 2017 in EMEA, the Americas and Asia-Pacific would have been €4,340 million, €5,570 million and €3,767 million, respectively.

	For the fiscal year ended September 30,		Nominal change	Portfolio effects	Foreign currency translation effects	Change adjusted for portfolio and foreign currency translation effects
	2016	2015				
	(audited, unless otherwise indicated) Euro (millions), unless otherwise indicated				(unaudited)	
EMEA[1]	4,423	4,366	1.3%	(0.2)%	(1.5)%	3.0%
Thereof Germany	*859*	*848*	*1.3%*	*(0.1)%*	*0.0%*	*1.3%*
Americas	5,496	5,184	6.0%	(0.6)%	1.2%	5.4%
Thereof U.S.	*4,656*	*4,276*	*8.9%*	*(0.6)%*	*3.7%*	*5.8%*
Asia-Pacific[1]	3,628	3,386	7.1%	(0.6)%	1.4%	6.4%
Thereof China (unaudited)	*1,488*	*1,420*	*4.8%*	*(0.1)%*	*(1.3)%*	*6.2%*
Siemens Healthineers	**13,547**	**12,936**	**4.7%**	**(0.5)%**	**0.3%**	**4.9%**
Thereof Advanced economies (unaudited)	*9,778*	*9,260*	*5.6%*	*(0.6)%*	*2.2%*	*4.0%*
Thereof Emerging markets (unaudited)	*3,769*	*3,676*	*2.5%*	*(0.2)%*	*(4.3)%*	*7.0%*

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements and Unaudited Combined Interim Financial Statements.

10.5.3 Recurring Revenue

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(unaudited) Euro (millions)			(unaudited) Euro (millions)	
Revenue from services	3,936	3,785	3,600	949	956
Revenue from consumables and reagents	3,801	3,754	3,748	850	926
Recurring revenue	**7,737[1]**	**7,539**	**7,348**	**1,799**	**1,882**

(1) We adopted IFRS 15 (Revenue from Contracts with Customers) for the fiscal year beginning as of October 1, 2017 retrospectively. If we had applied the standard as of October 1, 2016, our revenue from services and our revenue from consumables and reagents for the fiscal year ended September 30, 2017 would have been €3,938 million and €3,803 million, and, therefore, our recurring revenue would have been €7,741 million, respectively.

11. OPERATING AND FINANCIAL REVIEW OF THE GROUP

The discussion and analysis below provides information that we believe is relevant to an assessment and understanding of our historical financial position and results of operations. You should read this discussion and analysis in conjunction with the sections entitled "2.8 Presentation of Financial Information" and "10. Selected Combined Financial Information." You should read the Prospectus in its entirety and not just rely on the information set out below. References to the "Company" in this section mean Siemens Healthineers AG and references to the "Group" mean the combined group of entities comprising the healthcare business of Siemens Group or Siemens Healthineers AG and its direct and indirect subsidiaries, in each case, as the context requires.

In contrast to the preparation of consolidated financial statements, a series of assumptions and estimates were made in the preparation of the Combined Financial Statements and the Unaudited Combined Interim Financial Statements that affect the recognition and amount of assets and liabilities, income and expenses and contingent liabilities. In such cases, the actual results may differ from our assumptions or estimates. In addition, the combined financial statements include companies that were held by the Siemens Group during the fiscal years ended September 30, 2017, 2016 and 2015 and the three months ended December 31, 2017. Therefore, the Combined Financial Statements and the Unaudited Combined Interim Financial Statements do not purport to represent the net assets, financial position and results of operations or cash flows that would have resulted had the Group existed in its current form since October 1, 2014, nor can the Combined Financial Statements and the Unaudited Combined Interim Financial Statements be used to extrapolate net assets, financial position and results of operations or cash flows for future periods or a future reporting date. See "—Basis of Preparation" below.

This section includes forward looking statements, including those concerning capital expenditures and financial condition. Such forward looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by such forward looking statements. Results of operations for prior fiscal years are not necessarily indicative of the results to be expected for the next fiscal year or any future period. See "2.3. Forward-looking Statements" and "1. Risk Factors." We do not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

The following discussion of our results of operations also makes reference to certain non-IFRS financial measures. Prospective investors should bear in mind that these non-IFRS financial measures are not financial measures defined in accordance with IFRS, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. See "2.9. Measures not defined by IFRS (Non-GAAP measures and Alternative Performance Measures)."

11.1 Overview

We believe we are a global provider of healthcare solutions and services with unique presence and scale in an attractive market. With our three leading businesses and holistic system competence, we develop, manufacture and distribute a diverse range of market-leading and innovative imaging, advanced therapies and diagnostic products and services to healthcare providers around the world. We have a direct presence in 75 countries and sales in more than 180 countries. This global scale has effectively positioned us to partner with more than 90% of the global top 100 healthcare providers. We estimate that over 70% of critical clinical decisions are influenced by technologies we provide, putting us at the center of clinical decision-making and positioning us to enable the transformation of healthcare delivery across the continuum of care.

Rapid technological progress and evolving healthcare payment and delivery models are driving significant changes in the global healthcare industry. These and other market trends, such as an increasing prevalence of chronic disease among growing and ageing populations, increasing demand for access to care, particularly in emerging markets, and a shift toward outcome-oriented healthcare compensation models, are changing the global healthcare system and requiring healthcare providers to rethink their business models. The transformation of the healthcare industry is challenging healthcare providers to standardize care while improving quality, extend clinical capabilities while improving efficiency and reduce risk and maintain compliance while improving profitability. As a result, our long-term strategy to capture the opportunities of this transformation is focused on five strategic areas: (i) digital, data and AI, (ii) technology-enabled services, (iii) precision medicine, (iv) the therapy of tomorrow and (v) the patient journey steward.

New technologies like AI are likely to be key drivers of and solutions for the digital transformation of the healthcare industry. As an innovation and technology leader, we believe that our portfolio of products and

services is critical to our customers' ability to successfully navigate this industry transformation. Our products are installed in a wide range of settings, from the most advanced research centers, operating theatres and diagnostic laboratories to local point of care centers and retail diagnostic and treatment facilities. As of September 30, 2017, we had an installed base of approximately 600,000 active systems, which translates into approximately 240,000 patient touch points every hour. We leverage our installed base by selling reagents and other consumables repeatedly used by our products and by offering a diverse range of value-added services to support our customers. In the fiscal year ended September 30, 2017, we generated 44% of our revenue from the sale of equipment, 28% from the sale of reagents and consumables and 29% from the sale of services.

Our business operations are divided into three operating segments: Imaging, Advanced Therapies and Diagnostics. Our Imaging segment is a leading global provider of diagnostic imaging and ultrasound products and services. According to our own estimate, our Advanced Therapies segment is a global leader in the production of highly-integrated products, solutions and services across multiple clinical fields, which we provide to the therapy departments of healthcare providers; and our Diagnostics segment is a leading global provider of diagnostic products and services in laboratory, point of care and molecular diagnostics. Due to the cutting-edge nature of many of our products, our track record in innovation and our focus on data integration and AI, we are evolving from being purely a supplier of advanced products and services to being a data-rich enabler of precision medicine, efficient care delivery and improved therapeutic outcomes.

As of September 30, 2017, our ratio of net debt to EBITDA was 2.8:1.0. Following the Offering, we expect our ratio of net debt to EBITDA to be 1.5:1.0. See "*3.5 Post-Offering Target Leverage*". For purposes of the previous sentence, net debt is calculated as the difference between (i) the sum of short-term debt and current maturities of long-term debt, payables to Siemens Group, long-term debt, provisions for pensions and similar obligations and other liabilities to Siemens Group and (ii) the sum of cash and cash equivalents, receivables from Siemens Group, other receivables from Siemens Group and available-for-sale financial assets as part of other financial assets, recognized at cost, in each case as of September 30, 2017 and as shown in the Combined Financial Statements.

We divide our business into three operating segments: Imaging, Advanced Therapies and Diagnostics. The table below sets forth the total revenue and Profit of our operating segments for the periods indicated (each excluding reconciliation (to Combined Financial Statements and Unaudited Combined Interim Financial Statements)).

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
		(audited) Euro (millions)		(unaudited) Euro (millions)	
Imaging	8,216	8,007	7,382	1,943	1,983
Advanced Therapies	1,519	1,460	1,447	368	361
Diagnostics	4,162	4,138	4,138	929	1,007
Total Revenue[1]	**13,896**	**13,606**	**12,967**	**3,241**	**3,351**
Imaging	1,624	1,571	1,298	371	415
Advanced Therapies	335	286	269	82	89
Diagnostics	562	514	621	99	135
Profit[2]	**2,521**	**2,371**	**2,187**	**552**	**639**

(1) Total revenue of total segments excludes reconciliation (to Combined Financial Statements and Unaudited Combined Interim Financial Statements) in an amount of negative €100 million, negative €59 million and negative €30 million for the fiscal years ended September 30, 2017, 2016 and 2015, respectively, and in an amount of negative €42 million and negative €24 million for the three months ended December 31, 2017 and 2016, respectively.

(2) Profit of total segments excludes reconciliation (to Combined Financial Statements and Unaudited Combined Interim Financial Statements) in an amount of negative €477 million, negative €453 million and negative €311 million for the fiscal years ended September 30, 2017, 2016 and 2015, respectively, and in an amount of negative €132 million and negative €118 million for the three months ended December 31, 2017 and 2016, respectively. For a reconciliation of Profit to net income, see *"10.4 Key Performance Indicators and Alternative Performance Measures"*. Following the Offering, Siemens AG will report the profit attributable to us in its consolidated financial statements. This profit figure will differ from the profit figure that we report due to certain accounting differences, scope of respective consolidation and reconciliation impacts.

11.2 Basis of Preparation

In connection with the Siemens AG Vision 2020 strategy program announced in May 2014, Siemens AG set up the management of its healthcare division, Siemens Healthcare, as a separate business within its wider group

as of October 1, 2014. In May 2016, Siemens Healthcare created a new trademark for Siemens Healthineers to reflect the Company's pioneering spirit and engineering expertise in the healthcare industry.

On August 3, 2017, Siemens AG announced its plans to publicly list Siemens Healthineers. The separation of Siemens Healthineers from Siemens Group was primarily effected in two steps. In an initial step, the Group's business not held by separate, healthcare-dedicated legal entities was carved out from Siemens AG and the relevant Siemens regional companies. Thereafter, in a second step, to further complete a stand-alone legal group structure prior to the Offering, the shares in the entities still held by, in particular, Siemens AG, Siemens International Holding B.V., Siemens Beteiligungsverwaltung GmbH & Co. OHG, Siemens France Holding S.A.S. and certain other Siemens Group companies were contributed against shares or sold and transferred by the respective shareholder to Siemens Healthcare GmbH, Siemens Healthineers Beteiligungen GmbH & Co. KG or their respective subsidiaries.

According to the European Prospectus Regulation No. 809/2004, as amended (the "**Prospectus Regulation**"), an issuer must present historical financial information covering its last three fiscal years in its securities prospectus. For the Company, this means historical financial information as of and for the fiscal years ended September 30, 2017, 2016 and 2015 relating to the Group must be presented. In addition, historical financial information as of and for the three months ended December 31, 2017 relating to the Group and as of and for the period from December 1, 2017 to December 31, 2017 relating to the Company are presented in the Prospectus. According to the Prospectus Regulation, the Company, as the issuer, has a "Complex Financial History" as of the date of the Prospectus. The historical financial information represents the Group's business under the control of Siemens AG and managed centrally by the managing board of Siemens Healthineers prior to the separation from Siemens AG.

Since IFRS provides no guidelines for the preparation of combined financial statements, rules given in IAS 8.12 have been used. IAS 8.12 requires the consideration of the most recent pronouncements of other standard-setting bodies, other financial requirements and recognized industry practices. Following IAS 8.12, the predecessor accounting approach has been applied in the Combined Financial Statements. The Combined Financial Statements reflect the Siemens Healthineers entities and the operations assigned to Siemens Healthineers as historically included in the IFRS Consolidated Financial Statement of Siemens AG. Siemens Healthineers applies the same accounting policies and measurement principles in preparing the Combined Financial Statements as used by the Siemens Healthineers entities and operations in preparing their financial information for inclusion in the IFRS Consolidated Financial Statements of Siemens AG.

The scope of combination for the Combined Financial Statements for the fiscal years ended September 30, 2017, 2016 and 2015 was determined on economic principles using the common management approach, which means the assets and liabilities managed by the Managing Board of Siemens Healthineers throughout the periods presented were included in the scope of combination. Accordingly, the approach is not based on the legal structure of the Group in the periods presented. However, it is reflective of the target legal structure which will be in place prior to the Offering. Consequently, business operations classified as discontinued operations in the IFRS consolidated financial statements of Siemens AG during the periods presented and related to the Group's business have been excluded from the scope of combination. This refers to the assets, liabilities and contingent liabilities as well as the proceeds from the sale of the customer health service business unit to the U.S.-based company Cerner Corp. in 2014 and from the sale of the hearing aids business to the investment company EQT in 2015.

Transactions between the Group and the remaining Siemens Group are recognized in accordance with IFRS and classified as related-party transactions.

The Group has historically operated as a division within Siemens AG. Accordingly, the Combined Financial Statements do not necessarily represent the results of operations, financial position or cash flows of the Group had it operated as a stand-alone consolidated group during the periods under review. Following the Offering, our capital structure and liabilities are expected to be significantly different than prior to the Offering. See "*8. Capitalization and Indebtedness; Statement on Working Capital"*. In particular, our current liabilities and non-current liabilities historically have included significant payables and other liabilities owed to the Siemens Group, which have been a key driver of our interest expense. In the fiscal years ended September 30, 2017, 2016 and 2015, our interest expenses were €267 million, €216 million and €117 million, respectively, of which interest expenses in the amount of €246 million, €177 million and €82 million related to loans with Siemens Group were incurred. We expect that such loans with Siemens Group will be substantially reduced following the Offering in line with our announced leverage targets. We believe that the level of interest expenses we would have incurred for such payables and other receivables to Siemens Group during these periods would have averaged approximately €120-130 million per annum, assuming our post-Offering capital structure would have been in place during such periods and assuming an illustrative interest rate of 3%.

In connection with the separation from Siemens AG, most of the pension assets and obligations relating to the Group employees have been transferred to separate Group pension plans and respective pension trusts or will be transferred in the near future. In addition, pension plan assets that had a fair value of approximately €780 million as at January 2, 2018 have been transferred from the existing Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, reducing the net defined benefit balance (liability) of the Group, which amounted to €1,715 million as of September 30, 2017, accordingly. In relation to the German employees, pension liabilities were transferred separately, see "*20.1.2.9 Pension Liabilities / Pension Schemes*" and "*20.1.2.8 Local Asset Transfer Agreements (LATAs)*". The estimates and management assumptions used by the management of Siemens Healthineers in preparing the Combined Financial Statements, including those with respect to pensions and similar obligations, income taxes and deferred taxes, real estate assets and capital structure, are described in detail in Notes 1 and 2 of the Combined Financial Statements.

11.3 Key Factors Affecting the Results of Operations

11.3.1 Demographic and Structural Trends in Healthcare

We operate in a large, growing and evolving industry. We believe that the growth and evolution of our industry have influenced our revenue during the periods under review. We estimate that the markets for imaging, diagnostics, and advanced therapies equipment, which are our core markets, accounted for more than €50 billion of the €7 trillion global healthcare market according to the World Health Organization and that the market for value-added services, which we estimate will grow at a CAGR of 7-8% from 2016 to 2021, considerably expands our addressable markets. For example, our Imaging segment had an addressable market of approximately €17 billion in 2016, which is expected to grow at a CAGR of approximately 3% from 2016 to 2021, according to our estimates, while our Advanced Therapies segment had an addressable market of €3 billion in 2016 and is expected to grow at a CAGR of approximately 4% from 2016 to 2021. Our third segment, Diagnostics, had an addressable market of €30 billion in 2016 (including molecular diagnostics) and is expected to grow at a CAGR of approximately 5% from 2016 to 2021, according to our estimates.

We believe growth in our industry is being driven by several global macro trends, including demographic trends such as population growth, ageing societies and increased incidence of chronic disease in developed and emerging markets. For example, the world population is estimated to grow from more than 7 billion as of today to almost 10 billion people by 2050, according to United Nations research, and the World Health Organization estimates that the population aged 65 and above will increase from 559 million in 2015 to 604 million by 2020. In addition, the rise of the middle class in emerging markets has also created a vast market of educated consumers with disposable personal incomes. For example, in Asia, patients increasingly have access to advanced procedures and treatments that have been well-established in the United States and Europe for years, opening up a vast patient base that did not exist previously.

In recent years, healthcare providers have become focused on (i) standardizing treatment while improving quality of care, (ii) extending clinical capabilities while improving efficiency and (iii) reducing risk and maintaining a focus on compliance while improving profitability. A major driver behind these goals is to improve productivity, particularly with respect to labor because it represents a substantial portion of global healthcare expenditure. Although healthcare equipment sales represented just 2% of global healthcare expenditure, we believe that technologically advanced products, such as ours, will increasingly capture a larger portion of healthcare spending as healthcare providers continue to grapple with controlling personnel expenses and increasing productivity. For example, our in vitro diagnostic devices allow more tests to be run per day and reduce the turnaround time, enabling quicker clinical actions and freeing staff to focus more on patient care. In addition, such healthcare equipment sales figures exclude services (such as maintenance repairs), enterprise services (such as healthcare consulting) and digital services (such as computer-based tools to optimize workflows), all of which are fast-growing segments in which we have a significant presence.

Structural trends are also driving growth in our industry and leading to the transformation of how healthcare providers operate. In recent years, increasingly rapid scientific progress and the development of new technologies, combined with the reduction in costs from increased automation and improved efficiency of products, has led to more accurate and timely treatment. For example, when a stroke patient receives a stent, our imaging products allow a doctor to see and more precisely position the stent in real time instead of requiring a follow-up visit, leading to a better patient experience and reduced costs. For medicine and clinical actions to become more precise and accessible, we believe that Imaging, Advanced Therapies and Diagnostics products and the insights our technology brings will be needed to enable this precision and improved outcomes. The use of advanced technological products is also expected to increase as the medical profession continues to shift its focus from the treatment of chronic and severe illnesses to the prevention and early detection and diagnosis of such illnesses. Supporting these trends is an increased focus on outcome-oriented healthcare models in order to

measure quality of care and productivity, on consolidation in the healthcare provider space in certain countries and on standardization and harmonization of clinical and administrative processes, all of which are aimed at improving care while reducing costs. In addition, these trends are occurring amidst the "democratization" of healthcare, in which the rise of retail health clinics, 24/7 pharmacies and "on demand" treatments may lead to an increase in the number of environments where products such as ours are used.

We believe that our market-leading Imaging, Advanced Therapies and Diagnostic products are well-positioned to help healthcare providers respond to these demographic and structural trends. In particular, we believe that data, digitalization and AI are likely to be key drivers of the transformation of the healthcare industry, and we have focused our efforts in recent years on researching and developing a portfolio of products and services that will be integral to our customers' ability to respond to this industry transformation.

11.3.2 Product Mix

Our revenue is primarily a function of two factors: (i) the number of products we sell and the prices at which we sell such products and services; and (ii) our ability to generate recurring revenue arising from services provided for, and consumables used in, such products and other services, which is discussed below. Our solid revenue growth has been a key driver of our gross profit and gross profit margin during the periods under review.

Our Imaging segment total revenue increased by €834 million, or 11.3%, from €7,382 million in the fiscal year ended September 30, 2015 to €8,216 million in the fiscal year ended September 30, 2017. On a comparable growth basis, our Imaging segment total revenue increased at a CAGR of 5.8% from the fiscal year ended September 30, 2015 to the fiscal year ended September 30, 2017, compared to respective increases of 2.3% for Advanced Therapies and 1.3% for Diagnostics. Comparable revenue growth in Imaging has primarily been driven by (i) our ability to sell products (both by winning new customers and replacing older machines as part of the normal replacement cycle) (ii) expanding the usage of our products (by, for example, bringing magnetic resonance imaging products directly into the operating theatre or to geographies where medicine is not as advanced) and (iii) our high conversion rate in capturing recurring services revenue associated with the sale of our products. Over the next several fiscal years, we expect growth in Imaging to benefit from the release of several new modular, scalable platforms, including our SOMATOM go. platform we introduced in 2017.

Total revenue from our Advanced Therapies segment increased by €72 million, or 5.0%, from €1,447 million in the fiscal year ended September 30, 2015 to €1,519 million in the fiscal year ended September 30, 2017. On a comparable growth basis, our Advanced Therapies segment total revenue increased at a CAGR of 2.3% from the fiscal year ended September 30, 2015 to the fiscal year ended September 30, 2017. Comparable revenue growth in Advanced Therapies has primarily been influenced by the structural shift from open surgeries to more minimally invasive procedures in which our products (and related services) play an integral role.

Our Diagnostics segment total revenue has generally remained stable, growing €24 million, or 0.6%, from €4,138 million in the fiscal year ended September 30, 2015 to €4,162 million in the fiscal year ended September 30, 2017. On a comparable growth basis, our Diagnostics segment total revenue increased at a CAGR of 1.3% from the fiscal year ended September 30, 2015 to the fiscal year ended September 30, 2017. Comparable revenue growth in Diagnostics has been driven by our strong market positions in the Central Lab and Point of Care and our breadth of menus and ability to deliver efficiency and productivity improvements to our customers. We expect Diagnostics to grow as a portion of our total revenue in the medium term due to the significant targeted investments made in innovation in recent fiscal years, particularly with respect to Atellica Solution, which consolidates our Central Lab, core Clinical Chemistry and Immunoassay Platforms into one core, modular platform and which was designed based on customers' articulated needs and extensive research of market trends.

In general, we operate in highly competitive markets. Our products are, on average, typically subject to approximately 1.5-2.5% price erosion per year, which has had a negative, but limited, impact on our gross profit and gross profit margin during the periods under review. In addition, the timing of our conversion cycle – from when an order is placed until we deliver the product and receive payment – has also increased, which affects both our cash flow and revenue recognition. These factors are due, in part, to the rise of purchasing organizations and governments that have leveraged their scale to negotiate better prices and payment-timing terms, often by agreeing to purchase large quantities but at reduced prices and with payments and delivery spread out over a number of years. We are countering these trends by continuing to innovate and by focusing on diversifying our product and geographic mix.

During any given period, our results of operations are affected by the mix of products sold in each segment and the relative contribution of each segment to our overall results. For a discussion of the cost drivers that affect our profit and net income, please see "*—Drivers of Gross Profit Margin and Adjusted Profit Margin*" below.

11.3.3 Recurring Revenue

As described under "*11.3.2 Product Mix*", our results of operations depend on our ability to sell products to customers and to generate recurring revenue from complementary services. In the fiscal year ended September 30, 2017, 56% of our revenue was recurring in nature, of which approximately half derived from consumables and reagents and approximately half from our Customer Services business. In the fiscal years ended September 30, 2016 and 2015, 56% and 57%, respectively, of our revenue was recurring in nature, indicating the stability of this revenue stream. For the fiscal year ended September 30, 2017, on a segment basis, recurring revenue in our Imaging and Advanced Therapies segments accounted for approximately 40% of total segment revenue, respectively, while it represented more than 90% of total segment revenue in our Diagnostics segment. Our recurring revenue is typically not subject to short-term swings, as sales are typically based on longer-term contracts of seven to ten years for services and five to seven years for reagents and consumables. We believe this recurring revenue, coupled with a diverse geographic mix of revenue, offers resiliency to our business.

11.3.3.1 Consumables and Reagents

When customers acquire one of our Diagnostics products, for example, they enter into contracts for the reagents and other consumables, including assays, that are used by these instruments to generate test results. As a result, an equipment sale typically facilitates the ongoing and recurring sale of related products. We believe this aspect of our business both strengthens our relationship with our customers and provides a predictable and resilient revenue stream from our large and growing installed base of products, which, with respect to consumables, totaled approximately 265,000 units as of September 30, 2017. This part of our business is particularly important to our Diagnostics segment, where more than 90% of its total revenue in the fiscal year ended September 30, 2017 came from reagents, consumables and services. Because our products typically operate most effectively with only our reagents, assays and other consumables to be used, our customer retention rate is generally high, which further strengthens the resilient nature of our revenue.

11.3.3.2 Customer Services

We also generate significant recurring revenue from our Customer Services business, due to our strong and growing installed base. Our Customer Services business includes equipment performance services, education excellence services and asset evolution services, with the primary goal of helping customers avoid unplanned interruptions and optimizing their clinical usage throughout the lifecycle of their medical equipment. Revenue in our Customer Services is driven by our success rate in selling the associated Customer Services contract when a customer purchases one of our products, as well as the growing importance customers are placing on ensuring products do not experience unscheduled downtime or errors to allow them to achieve greater productivity and efficiency.

11.3.3.3 Technology-enabled Services

In addition to our products, we offer a diverse range of technology-enabled services to support our customers. Although Customer Services accounts for the substantial majority of our services revenue, we expect technology-enabled services to grow as a proportion of our services revenue in the future. We believe these businesses can play a key role in driving the transformation of healthcare by industrializing healthcare to solve productivity challenges, increasing digitalization to enhance patient experience, and streamlining automation and standardization to improve outcomes at lower costs. Our technology-enabled services also allow us to expand our addressable market through cross-selling our products by increasing our customer contact.

11.3.3.4 Enterprise Services

Enterprise Services include asset management services, healthcare consulting and transformation services, and managed departmental services. The primary goal of Enterprise Services is to help customers improve their asset productivity, operational performance, clinical outcomes and patient satisfaction at lower cost. We add to our strong revenue sources by combining superior project execution capabilities with our strengths in medical technology, financing, consulting and transformation services.

11.3.3.5 Digital Services

Digital Services include digital ecosystem and platforms, population health management, and imaging IT. The primary goal of Digital Services is to empower healthcare providers to make the transition to value-based care, enable personalized medicine, meet IT goals for driving connectedness and accelerating insights with data analytics, machine learning and other AI applications.

11.3.3.6 Geographic Mix

Our revenue is also affected to a lesser degree by our geographic mix. In the fiscal year ended September 30, 2017, 40.6% of our revenue (as measured by location of customers) came from the Americas, 31.7% came from EMEA and 27.7% came from Asia, Australia. These percentages are broadly in line with our geographic split of revenue for the fiscal years ended September 30, 2016 and 2015, and we believe that our stable mix of revenue by geographic region has helped to mitigate the impact of economic downturns that are limited to a particular area. In addition, we generally sell our entire portfolio across all regions, resulting in a balanced geographic product mix that further contributes to resiliency and also balanced pricing and margin variation by region. Whereas Japan and India are challenging markets with respect to pricing and margin, the United States and China have historically been more attractive markets for us. In future periods, we expect the United States and certain emerging markets, particularly China and, to a lesser extent, India, to be key drivers and have invested and are investing accordingly, with other advanced economies such as Germany contributing modest growth. For example, we are currently undertaking significant manufacturing construction projects for our Laboratory Diagnostics business. In Shanghai, China, we are expanding our manufacturing operations for Imaging and Advanced Therapies to include a Laboratory Diagnostics reagent manufacturing facility, and in Walpole, Massachusetts, we are expanding our manufacturing and research and development capabilities through an investment of approximately $300 million over four years. From the fiscal year ended September 30, 2015 to September 30, 2017, our compound comparable annual growth rate of our revenue in China and other emerging markets (by location of customers) was 9.0% and 7.0%, respectively, and on a group-wide basis China and other emerging markets (in aggregate by location of customers) represented 29% of our revenue in the fiscal year ended September 30, 2017 and 53% of our absolute comparable contributed growth from the fiscal year ended September 30, 2015 to September 30, 2017. In contrast, 71% of our revenue for the fiscal year ended September 30, 2017 came from advanced economies (by location of customers), where our compound comparable annual growth rate of our revenue in advanced economies was 2.5% from the fiscal year ended September 30, 2015 to September 30, 2017, with the United States showing a higher rate of 3.2%.

11.3.4 Technological Innovation and Portfolio Development

Our revenue is driven by our ability to provide innovative products and services (including instruments) and develop deep relationships with healthcare providers and research partners. We believe that our innovation allows us to capture market share for our products, which in turn generates higher-margin recurring revenue that can be reinvested into innovation and therefore renew the cycle.

Building on our longstanding history of innovation, we invest substantial time, effort and financial resources into research and development to develop, maintain and protect a pipeline of marketable proprietary products and create an integrated, yet manageable and scalable, platform of products and services that can be adapted to our customers' evolving needs. We focus on innovation across our portfolio. Innovations that we first use on high-end products give us the opportunity to apply the knowledge learned and technologies developed to our lower-end products, giving us a broad product portfolio at various price points that generates significant cash flow that can be reinvested in new research and development. We have focused our research and development efforts in recent years on the launch of new platforms in our Imaging segment, image-guided procedure products in our Advanced Therapies segment and the launch of our Atellica Solution in our Diagnostics segment, in each case supported by our strategy of increasing our range of digital and technology-enabled products and services. For example, in 2017, we received CE marking approval (which means that the product meets EU requirements with regard to safety, clinical benefit, and environmental protection) for the 7 Tesla ("**T**") magnetic resonance scanner Magnetom Terra, making it the first-ever ultra-high-field MR scanner to be approved for clinical use, and launched our second generation, robotic-based angiography system ARTIS pheno for use in minimally invasive surgery, interventional radiology and interventional cardiology, where we remain the only vendor offering such robotic technology for the interventional room. Our research and development efforts have also concentrated on developing modular platforms that can be customized to create products at different price points, allowing us to participate in both the high-end and low-end markets. For example, our new SOMATOM go. platform can easily be adapted for various products, allowing us to go to market quickly. More generally, through our modular platform development and design-to-cost approach, we are targeting a significant decrease of product life cycle cost savings and a reduction of approximately 10% in cycle time of scanner releases.

In 2017, we launched our Atellica Solution, which is one of the industry's most comprehensive innovation projects and covers the Central Lab core offering and in vitro diagnostic ("**IVD**") value chain in scope, from reagents to instruments. For the fiscal year ended September 30, 2017, revenue from consumables and reagents accounted for more than 90% of total segment revenue in our Diagnostics segment. As the Atellica Solution was only launched towards the end of the fiscal year 2017, however, it only had a negligible positive impact on

revenue in the three months ended December 31, 2017 and no impact on revenue in the fiscal years ended September 30, 2017, 2016 or 2015. While we expect the rollout and ramp-up phase to have a temporary negative impact on profitability in the near-term as we build up the installed base, we believe that our Atellica Solution will positively impact revenue growth in the medium term and improve margins as we increase the sale of reagents and begin to realize the efficiency gains from platform consolidation. We currently have approximately 170 assays available on Atellica Solution (depending on specific jurisdiction) and expect to expand our offering to more than 210 assays in the near to medium term. As of January 31, 2018, we had shipped over 110 analyzers to customers.

Although each of our operating segments has distinct research and development capabilities, we coordinate innovation within the Group under a global research and development strategy to facilitate Group-wide implementation of our priorities and to avoid duplication of efforts. As of September 30, 2017, we employed approximately 4,800 people in our research and development workforce globally and had more than 18,000 single patents and utility models and approximately 4,400 research collaborations.

In the fiscal years ended September 30, 2017, 2016 and 2015, our research and development expenses equaled 9.1%, 8.5% and 8.2% of our revenue, respectively. In the fiscal year ended September 30, 2017, our capitalized research and development expenses (calculated as the sum of additions to internally generated technology and additions to acquired technology including patents, licenses and similar rights as shown in Note 9 of the Combined Financial Statements) amounted to €219 million, of which €145 million related to our Diagnostics segment and thereof €112 million related to our Atellica Solution (with accumulated capitalized research and development expenses related to our Atellica Solution amounting to approximately €380 million as of September 30, 2017.

11.3.5 Drivers of Gross Profit Margin and Adjusted Profit Margin

The following items have a material effect on our gross profit margin (in the case of cost of sales) and our Adjusted Profit Margin (in the case of cost of sales, research and development expenses and selling and general administrative expenses).

11.3.5.1 Cost of Sales

Our cost of sales is driven by how we manage our fixed and variable costs, including with respect to supplier and personnel costs. In general, we believe we have relatively low fixed costs compared to our variable costs. Our variable costs are primarily affected by the number of products we sell and the prices at which we obtain supplies. We typically purchase supplies under framework agreements that are for a specified duration and subject to renegotiation upon renewal. These contracts generally have fixed prices for a certain period of time, with the exception of some costs of raw materials, which are partially variable. On occasion, we purchase certain materials, such as rare earths used in our magnetic resonance imaging ("**MRI**") and molecular imaging products, to ensure we have a sufficient stock for several years. We purchase a significant portion of our supplies through a centralized purchasing function, which allows us to better manage our supply chain and achieve more favorable pricing terms by utilizing economies of scale. However, in certain cases we have limited leverage over suppliers given that our products are highly specialized and not mass produced, and therefore we do not purchase some products in bulk quantities. Whenever possible, we avoid single-source or sole-source supplies and, when we face supply shortages or sharp rises in prices, attempt to redesign our products to use less of the affected material. For example, we continue to innovate with our MRI machines to lower the amount of helium used to reduce our exposure to fluctuations in helium prices.

Personnel costs also constitute a significant portion of our cost of sales. Our personnel costs are driven by the number of employees (full-time equivalents) and associated compensation and benefits. The average number of FTEs increased by 3.5% in the fiscal year ended September 30, 2016 compared to the previous fiscal year and by 2.8% in the fiscal year ended September 30, 2017 compared to the previous fiscal year, largely due to the need to set up stand-alone functions previously shared with Siemens AG. In addition, our personnel costs per FTE increased by 2.7% in the fiscal year ended September 30, 2016 compared to the previous fiscal year and by 2.2% in the fiscal year ended September 30, 2017 compared to the previous fiscal year, mainly driven by regular annual salary adjustments, higher expenses for stock-based compensation (especially in the fiscal year ended September 30, 2016 compared to the previous fiscal year) and increased bonus payments (in the fiscal year ended September 30, 2017 compared to the previous fiscal year). For more information on our personnel costs, see Note 22 of the Combined Financial Statements.

In the ordinary course of business, we provide annual salary raises to our workforce. However, we generally enjoy some discretion with respect to staffing, particularly with flexible scheduling options for our

manufacturing employees, which allows us to control personnel costs to a certain degree. For our Customer Services business, employee expenses are affected by the number of machines per service technician. Under our services contracts, customers generally pay a flat fee per year and receive labor services and, in some cases, parts, associated with repairs at no additional cost. As machines become more connected and can be serviced or updated remotely, we believe we will be able to increase the number of machines per service technician as expensive site visits become less necessary, which should increase the profitability of our customer services contracts even as we pass on some of the savings in the form of lower prices to customers.

In general, we have experienced a merit (remuneration) increase of 3-4% globally, which has had a negative, but limited, impact on our gross profit, profit and the respective margins during the periods under review.

11.3.5.2 Research and Development Expenses

Our research and development expenses are affected by various factors, including our development roadmap, staff costs and the degree to which we capitalize research and development expenses. Our research and development roadmap focuses on designing new platforms that can result in multiple products per platform. By designing products that share a common physical and information technology architecture, we are able to design and manufacture products more efficiently and reduce costs for spare parts, software and technician training. Before allocating significant capital to a project, the proposal undergoes strict internal and, in some cases, external scrutiny and rigorous pre-development. We validate and adapt products continuously throughout the research and development process. As a result, we rarely abandon products at late stages of the development process. Our research and development expenses with respect to assay development are also material. In addition, staff costs also have an effect on our research and development. Increasingly, more of our research and development is being conducted by specialists adhering to high standards off-shore and near-shore in low-cost countries, including software and system development in Bangalore, India (approximately 2,000 employees) and Bratislava, Slovakia. Our platforms and assays can take a significant amount of time to develop, and as a result we rely heavily on our research and development roadmap to guide our investment. As we have invested in new platforms and assays to drive future growth, as discussed in more detail under "—*Technological Innovation*," our research and development expenses as a percentage of revenue have increased and were 9.1% for the fiscal year ended September 30, 2017 and 9.6% in the three months ended December 31, 2017, up from 8.5% and 8.2% in the fiscal years ended September 30, 2016 and 2015, respectively.

11.3.5.3 Selling and General Administrative Expenses

Our selling and general administrative expenses are driven by two main factors: the locations where we sell our products and our distribution models. Location can affect our selling and general administrative expenses depending on the mix of our operations in high-cost and low-cost jurisdictions. Our distribution models also affect our selling and general administrative expenses. In some countries, we sell our products directly to customers, which results in higher selling and general administrative expenses but also higher gross profit margins. In other countries, usually due to local customs (such as in China and Japan), regulatory requirements (such as in Saudi Arabia) or to gain access to smaller markets or rural locations within markets where it would not be practical to have our own sales force, we sell products through distributors who have the end-customer relationships, a broader portfolio in some cases, and often logistics networks, which frequently results in lower selling and general administrative expenses depending on the distribution model. Our selling and general administrative expenses as a percentage of revenue have been relatively stable at 16.1%, 16.3% and 16.3% in the fiscal years ended September 30, 2017, 2016 and 2015, respectively and increased to 16.8% in the three months ended December 31, 2017. For the fiscal year ended September 30, 2017, 51%, 30% and 10% of our selling and general administrative expenses were attributable to our Imaging, Diagnostics and Advanced Therapies segments, respectively.

11.3.6 Regulation

The healthcare industry is extensively regulated by a number of international and local regulatory authorities and our products and services must comply with applicable requirements, which are intended to ensure that our products are effective and safe for use. Regulatory provisions typically drive the technical development of our products and require us to obtain approval (which, may be a clearance, rather than an approval in some jurisdictions, including the U.S.) before we are permitted to market or introduce new products, and thus can affect the time to market. For example, we are currently waiting for authorities in a number of the countries in which we operate to approve our Atellica Solution modules and/or reagents, which we cannot sell (or in some

cases, even market) until such approvals are received. Other regulatory provisions establish high standards for the safety of our products, services, raw materials, manufacturing and working conditions, which influence our cost of sales, research and development expenses and selling and general administrative expenses. In this respect, the extensive regulation we face can have the effect of limiting the number of new market entrants as understanding and complying with laws and regulations requires specialized knowledge.

In addition, regulation and legislation significantly affects pricing of our products and our profitability. In certain markets, the costs of our Imaging, Advanced Therapies and Diagnostics tests are generally eligible for reimbursement by third-party payors, such as government health programs or private insurance companies. However, regulators or insurance providers often set a reference price for the test or service provided, which is a price limit that caps the amount a government health program or insurance provider will reimburse, or take other actions that directly or indirectly impact our products. When patients are not entitled to full reimbursement, they may be less likely to have tests or services provided, which can affect whether our customers continue to use or purchase our products. Tenders are another cost-containment measure, primarily being employed by public institutions with governments looking to source medical devices and/or related services and products at the lowest price. In general, the trend has been for larger tenders – *e.g.*, a government requesting a single, combined bid for five different products instead of five separate tenders – which has contributed to price erosion as the competitive pressure to win these larger tenders has grown. In certain countries, government healthcare systems have restricted patient access to specialist doctors, which are most likely to recommend tests using our products, until patients have first met with general practitioners or other expert doctors and exhausted all options for treatment with them. This practice could have the effect of depressing the usage, and in turn, the purchase, of our products.

Legislation can also have a direct or indirect impact on our revenue. For example, the Patient Protection and Affordable Care Act, which was signed into law in March 2010 in the United States, included a 2.3% excise tax on the sale of certain medical devices by the manufacturer or importer. Although this tax was subject to a moratorium between January 1, 2016 and December 31, 2017 that has been extended for an additional two years, this tax affected our business in prior fiscal years by increasing our costs and those of our customers.

11.3.7 Foreign Currency Exchange Rates

Due to the global scale of our business, our results of operations are affected to a significant extent by foreign exchange rate movements, both on a transactional and translation basis. During a considerable portion of the periods under review, the depreciation of the Euro relative to the U.S. dollar has had a positive impact on our gross profit, Profit and the respective margins. For example, in the fiscal year ended September 30, 2017, a significant portion of the increase in gross profit margin compared to the prior fiscal year resulted from foreign currency exchange effects; in the fiscal year ended September 30, 2016, nearly all of the increase in gross profit margin resulted from foreign currency exchange effects. However, in the three months ended December 31, 2017, adverse foreign currency exchange effects, in particular the strengthening of the Euro compared to the U.S. dollar in the same period of the prior year, contributed significantly to a decrease in revenue by €129 million, or 3.9%, from €3,327 million for the three months ended December 31, 2016 to €3,198 million for the three months ended December 31, 2017.

Transactional exposure arises when we and our subsidiaries execute transactions in a currency other than our or our subsidiary's respective functional currency. We have a direct presence in 75 countries and sales in more than 180 countries. As a result, a significant portion of our revenue and costs are denominated in non-Euro currencies. Where we are unable to match revenue received in foreign currencies with costs paid in the same currency, our results of operations are affected by currency exchange rate fluctuations, particularly between the U.S. dollar (and other currencies whose movements are positively correlated with the U.S. dollar) and the Euro. As a result, the devaluation of the U.S. dollar against the Euro can result in a material adverse effect on our profit depending on our hedging program. For example, we expect a devaluation of the U.S. dollar for the current fiscal year compared to the previous fiscal year, and even with our current hedging measures it is very likely to have a material adverse effect on our profit for the fiscal year ending September 30, 2018. Other material currencies from a foreign currency effect perspective include the Chinese renminbi, Japanese yen, Korean won and the British pound. Whenever possible, we try to match revenue in a particular currency by purchasing goods, commodities and services and aligning production activities and other contributions along the value chain in the local markets in the same currency. For example, a meaningful proportion of our Diagnostics production is in the United States, which is a key market for our Diagnostics segment. As a result, part of our total foreign exchange transaction risk is structurally hedged. On the other hand, our Imaging and Advanced Therapies segments are likely to be more adversely impacted by a devaluation of the U.S. dollar in the current fiscal year. We have historically managed transactional risk through a foreign exchange risk management system established within

the Siemens Group. This system requires the identification and determination of the single net currency position on an entity-by-entity basis which has to be hedged at least 75%, but no more than 100% for a minimum of three months. These hedging transactions generally have been carried out with the Corporate Treasury of Siemens Group as counterparty. Following the Offering, we plan to establish a similar foreign exchange risk management approach as in the past. Excluding hedging impacts, we estimate that a 1% change in the U.S. dollar against the Euro would have an impact on our Profit in the range of approximately €10 million to €12 million.

As of September 30, 2017, 2016 and 2015, the value at risk ("**VaR**") relating to foreign currency exchange rates was €94 million, €64 million and €119 million, respectively. This VaR was calculated under consideration of items of the Combined Statement of Financial Position in addition to firm commitments, which are denominated in foreign currencies, as well as foreign currency denominated cash flows from forecast transactions for the following twelve months.

We are also subject to translation exposure because we present our Combined Financial Statements in Euro, but many of the Company's subsidiaries are located outside the Eurozone. As a result, in the preparation of our Combined Financial Statements, we must translate assets, liabilities, revenue and costs of all of our operations with a functional currency other than the Euro into Euro. Consequently, fluctuations in the applicable foreign currency exchange rates may increase or decrease the Euro value of our non-Euro assets, liabilities, revenue and costs, even if their value has not changed in their local functional currency. For purposes of managing risk with respect to foreign currency translation, we assume that investments in non-Euro operations are permanent and that reinvestment is continuous. Effects from foreign currency exchange rate fluctuations on the translation of net asset amounts into Euro are reflected in our combined equity position.

11.3.8 Operational Improvement Measures and Cost Savings

11.3.8.1 Operational Improvement Measures

Our results are impacted by the operational improvement measures that we implement, and historical productivity improvements (3-4% per annum realized in 2015 to 2017) have been a key driver of our gross profit and gross profit margin during the periods under review. Our productivity acceleration initiative is an ongoing Group-wide program targeting productivity improvements of at least 4% per annum and is designed to support our ability to meet budgets and targets through 2019, thereby freeing up room for investments in future growth. This initiative includes, among other things, a focus on materials cost improvements, input pricing excellence (obtaining materials on better terms, including through analytics-based sourcing) and, to a lesser extent, improving transparency of, and implementing measures to control and reduce, non-conformance costs (such as reducing warranty costs and scrap along the entire value chain). We recently launched another Group-wide initiative, the Healthineers Performance System that will accelerate in 2018. This program is aimed at fostering a cultural transformation to increase our ability to respond to fast-moving changes in our industry. The productivity acceleration initiative does not include cost savings initiatives which are discussed below. The forward-looking statements above are not guarantees of future financial performance, and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*2.3 Forward-looking Statements*" and "*1. Risk Factors*".

11.3.8.2 Cost Savings

Following the Offering, we also expect to benefit from certain standalone and structural cost savings. For example, the Siemens Group historically has charged for various services provided to us. We have identified areas in which we could insource such services or procure them externally to achieve cost savings. For some services, we expect to enter into agreements with the Siemens Group to provide us with such services. We expect these savings to fall within three main categories: governance costs, management charges and functional support costs.

In addition, beginning in 2018 and continuing through 2020, we intend to reduce structural costs by streamlining our administration and management structure, along with implementing end-to-end process improvement to increase our agility to tap market opportunities and free up additional room for investment. We expect to achieve this by:

- Simplifying management structures by combining regional operations and businesses. For example, we have established three operating segments and will have three regions instead of six following the Offering;
- Reducing management layers, including their supporting structures;
- Increasing our focus on digitalization by combining our portfolio in a new digital unit;

- Optimizing support functions through a higher degree of standardization and streamlined infrastructures; and
- Improving decision making processes to establish clear responsibilities for faster decisions and increased sharing of services across the Group.

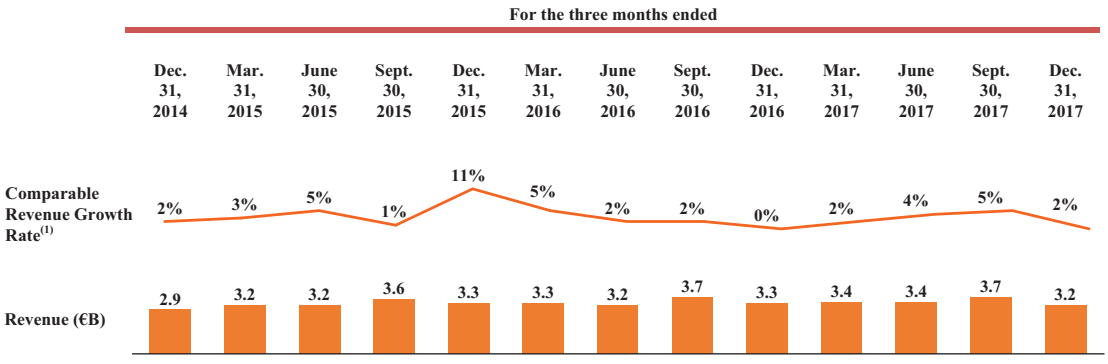
We estimate these initiatives will result in cost savings of approximately €50 million in the fiscal year ending September 30, 2018 (with approximately €150 million in implementation costs in the fiscal year ending September 30, 2018, primarily related to organizational efficiency measures). Additional savings of approximately €190 million are expected beyond the fiscal year ending September 30, 2018, resulting in medium-term cost savings of approximately €240 million per year. We intend to substantially consolidate our information technology from 12 separate SAP systems into fewer systems, which we expect will require outstanding investments of approximately €100 million but result in further annual cost savings of €40 million to €50 million.

We believe the foregoing initiatives will put us in a strong position to fully execute our Siemens Healthineers Strategy 2025.

11.3.9 Quarterly Variability

Our comparable revenue growth and Adjusted Profit Margin can vary from quarter-to-quarter. The comparable growth rate we achieve in a single fiscal quarter may not be representative of the comparable growth rate we achieve for the full fiscal year. Our quarter-on-quarter results can be affected by our product mix and the timing of large contracts. Our revenue is usually strongest in the fourth quarter to meet certain fiscal year targets. In addition, foreign currency effects can have a significant impact on quarter-on-quarter Adjusted Profit Margin. For example, our Adjusted Profit Margin in the three months ended December 31, 2017 included a significant foreign currency headwind, particularly in Advanced Therapies and Imaging. This development, coupled with the fact that the three months ended December 31, 2016 were unusually strong due to very favorable product and regional mix effects resulted in our Adjusted Profit Margin being lower for the three months ended December 31, 2017 compared to the three months ended December 31, 2016. Our results of operations can differ quarter-to-quarter, but such differences are also significantly influenced by external factors and not necessarily attributable to an underlying change in our business.

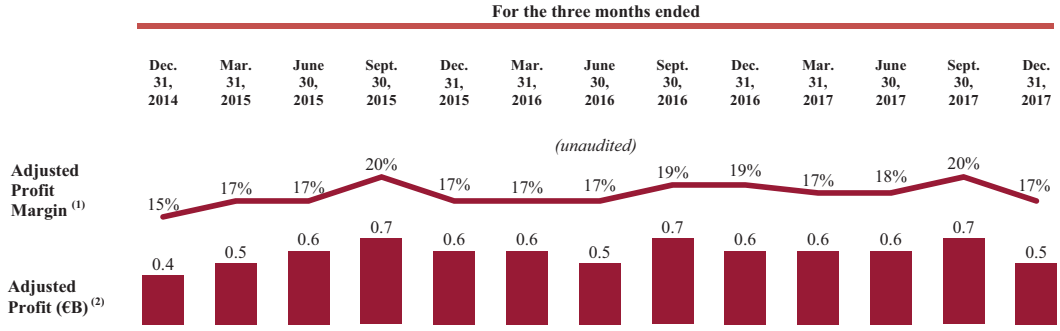
The table below shows revenue and revenue on a comparable growth rate basis for each quarter in the fiscal years ended September 30, 2015, 2016 and 2017 and the three months ended December 31, 2017. This information has been derived from the financial statements and/or reporting systems of Siemens AG as they relate to the management of Siemens Healthineers as a separate business within the Siemens Group. Although we believe this information is comparable in all material respects to the information that would have resulted had we operated as a standalone entity during the periods shown, this information does not purport to represent the Group's results had the Group existed in its current form since October 1, 2014. Accordingly, investors are urged to exercise care in evaluating the information below.



(1) Comparable revenue growth shows revenue net of currency translation effects, which arise from the external environment outside of our control, and portfolio effects, which involve business activities which are either new to or no longer a part of our business. Currency translation effects are the difference between revenue for the current period calculated using the exchange rates of the current period and revenue for the current period calculated using the exchange rates of the comparison period. To calculate the percentage change year-over-year, this absolute difference is divided by revenue for the comparison period. A portfolio effect arises in the case of an acquisition or a disposition and is calculated as the change year-over-year in revenue of the relevant business resulting specifically from the acquisition or disposition. To calculate the percentage change, this absolute change is divided by revenue for the comparison period.

The table below shows Adjusted Profit and Adjusted Profit Margin for each quarter in the fiscal years ending September 30, 2015, 2016 and 2017 and the three months ending December 31, 2017. This information

has been derived from the financial statements and/or reporting systems of Siemens AG as they relate to the management of Siemens Healthineers as a separate business within the Siemens Group. Although we believe this information is comparable in all material respects to the information that would have resulted had we operated as a stand-alone entity during the periods shown, this information does not purport to represent the Group's results had the Group existed in its current form since October 1, 2014; accordingly, investors are urged to exercise care in evaluating the information below.



(1) Reflects profit margin excluding severance (as defined and publicly reported by Siemens AG).

(2) Reflects profit (as defined and publicly reported by Siemens AG), adjusted for severance costs.

11.3.10 Taxation

Taxation can have a significant impact on our results of operations. In Germany, our current tax is calculated based on a combined tax rate of 31%, consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and an average trade tax rate of 15%. For our foreign subsidiaries, current taxes are calculated based on the local tax laws and applicable tax rates in the individual countries.

We expect our effective income tax rate to remain stable at 28-30% in the fiscal year ending September 30, 2018, considering one-off effects from the Offering and U.S. tax reform legislation. In the fiscal years ended September 30, 2017, 2016 and 2015, our effective income tax rates were 29.4%, 30.8% and 31.1%, respectively.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act was signed into law and includes, among other measures, a reduction of the federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. As a result, we have revaluated the deferred tax assets and liabilities and recognized a net one-time gain in an amount of €26 million in profit or loss and an expense of €29 million in other comprehensive income in the three months ended December 31, 2017.

11.3.11 Changes in Accounting Rules

From time to time, new standards and amendments to applicable standards are issued, which govern the preparation of our financial statements. These changes can be difficult to predict and could materially adversely affect how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, resulting in restatements of prior period comparative financial information. For example, we adopted IFRS 15 for the fiscal year beginning as of October 1, 2017 retrospectively. If we had already applied IFRS 15 as of October 1, 2016, our revenue would have been €13,677 million for the fiscal year ended September 30, 2017 (compared to revenue of €13,796 million not applying IFRS 15 as of October 1, 2016) and our net income would have been €1,396 million (compared to net income of €1,444 million not applying IFRS 15 as of October 1, 2016). As a result, the financial information for the three months ended December 31, 2017 and 2016 reflects the effects from the adoption of IFRS 15 and is, therefore, not fully comparable to the financial information presented for the fiscal years ended September 30, 2017, 2016 and 2015, which reflects such effects to a limited extent in certain notes of the Combined Financial Statements only. See also "*1.1.26 Changes in accounting rules could materially affect our presentation of financial condition and results of operations*".

11.4 Explanation of Income Statement Items

11.4.1 Revenue

Revenue is defined as the gross inflow of economic benefits during the period arising in the course of our ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants, net of discounts and rebates, value added tax and other recoverable sales-related taxes.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured, regardless of when the payment is made. Revenue includes revenue on sales of products as well as software, revenue from leases and revenue from the provision of services. For a discussion of the effects from the adoption of IFRS 15, see Note 26 of the Combined Financial Statements.

11.4.2 Cost of sales

Our cost of sales mainly include costs relating to inventories sold as well as services rendered and consist of variable costs, fixed costs and depreciation and amortization relating primarily to our property, plant and equipment, internally developed intangible assets and other related costs. Our variable cost of sales primarily consist of material, labor, freight, cost of services purchased and related overhead costs. Our fixed cost of sales primarily consist of manufacturing overheads, salaries, maintenance costs, depreciation of property, plant and equipment and rental and related overhead costs.

11.4.3 Research and development expenses

Research and development expenses are expensed as incurred and represent costs that arise from research and development activities not related to customer orders, unless such costs need to be capitalized. Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if (i) development costs can be measured reliably, the product or process is (ii) technically and (iii) commercially feasible, (iv) future economic benefits are probable and (v) we intend, and (vi) have sufficient resources, to complete development and to use or sell the asset.

Research and development expenses include, but are not limited to, amounts relating to the development of products, software or technology platforms that do not qualify for capitalization.

11.4.4 Selling and general administrative expenses

Selling expenses are expenses that do not increase the value of manufactured products and services but that are necessary to support and ensure the sales of these products and services. Those expenses primarily consist of salaries paid to our sales employees, sales commissions paid to our sales employees or third parties, marketing and advertising costs, bad debt expense and depreciation relating to office equipment, software and similar assets. General administrative expenses include headquarter functions which are not allocable to other functions and primarily consist of lease expenses, salaries paid to senior management, headquarters and other administrative staff as well as ordinary course expenses payable in respect of auditing, tax, legal and other consulting services in connection with the day-to-day operation of our business.

11.4.5 Other operating income, net

Other operating income, net, represents the balance of (i) other operating income, which includes gains from the sale of businesses and disposal of assets, (ii) other operating expenses, which includes losses on disposal of assets and (iii) income from investments accounted for using the equity method, net.

11.4.6 Financial expenses, net

Financial expenses, net, represents the balance of (i) interest income, which primarily consists of interest received from customers for long-term finance lease receivables, (ii) interest expenses, which primarily consists of interest expense on borrowings from Siemens Group and defined benefit obligations and (iii) other financial income (expenses), net.

11.4.7 Income tax expenses

Income taxes represent the sum of current tax and deferred tax under the laws of each jurisdiction in which we do business.

For purposes of the Combined Financial Statements, income taxes are determined using the separate tax return approach under the assumption that the companies and operations of the Group constitute separate taxable entities. This assumption implies that current and deferred taxes for all companies and operations and tax groups within the Group are calculated separately. Tax receivables and liabilities as well as deferred tax assets on loss carryforwards of the Group entities and operations that did not constitute a separate tax payer in previous fiscal

years were treated as contributions or transfers from reserves by shareholders, and are not included in the Combined Financial Statements of the Group. The management of Siemens Healthineers has deemed the approach as appropriate even if not necessarily indicative of the tax expense or income that would result for the Group as a separate group.

11.5 Results of operations – Combined Statements of Income

11.5.1 Combined statements of income for the three months ended December 31, 2017 compared to the three months ended December 31, 2016

The table below sets forth our combined statements of income and the period on period percentage of change for the three months ended December 31, 2017 and 2016.

	For the three months ended December 31,		
	2017	2016	Change in %
	(unaudited) Euro (millions)		(unaudited)
Revenue	3,198	3,327	(3.9)
Cost of sales	(1,870)	(1,913)	(2.2)
Gross profit	**1,328**	**1,414**	**(6.1)**
Research and development expenses	(306)	(294)	4.1
Selling and general administrative expenses	(538)	(536)	0.4
Other operating income, net	7	0	—
Other operating income	16	1	—
Other operating expenses	(11)	(4)	175.0
Income from investments accounted for using the equity method, net	2	3	(33.3)
Financial expenses, net	(70)	(63)	11.1
Interest income	4	4	0.0
Interest expenses	(70)	(68)	2.9
Other financial income (expenses), net	(4)	1	—
Income before income taxes	**421**	**521**	**(19.2)**
Income tax expenses	(111)	(160)	(30.6)
Net income	**310**	**361**	**(14.1)**

11.5.1.1 Revenue

Revenue decreased by €129 million, or 3.9%, from €3,327 million for the three months ended December 31, 2016 to €3,198 million for the three months ended December 31, 2017. The decrease was driven by adverse foreign currency translation effects, in particular by the strengthening of the Euro compared to the U.S. dollar in the three months ended December 31, 2017 compared to the three months ended December 31, 2016. On a comparable growth basis, revenue increased by 2.3% in the three months ended December 31, 2017 compared to the three months ended December 31, 2016. The increase on a comparable growth basis was due primarily to the positive development of our Imaging and Advanced Therapies operating segments and was partially offset by a decrease in revenue in our Diagnostics operating segment. By geographical region, the increase in revenue was primarily driven by the strong performance of our businesses in EMEA and China.

The table below sets forth our total revenue by operating segment.

	For the three months ended December 31,		
	2017	2016	Change in %
	(unaudited) Euro (millions)		(unaudited)
Imaging	1,943	1,983	(2.0)
Advanced Therapies	368	361	1.9
Diagnostics	929	1,007	(7.7)
Total Segments	**3,241**	**3,351**	**(3.3)**
Reconciliation	(42)	(24)	—
Siemens Healthineers	**3,198**	**3,327**	**(3.9)**

Imaging: The total revenue generated by our Imaging operating segment decreased by €40 million, or 2.0%, from €1,983 million for the three months ended December 31, 2016 to €1,943 million for the three months ended

December 31, 2017. The decrease was primarily driven by the adverse foreign currency translation effects described above. On a comparable growth basis, total revenue increased by 3.8% in the three months ended December 31, 2017. The increase on a comparable growth basis was due primarily to overall growth in our Imaging operating segment, both in EMEA and China as well as in our equipment and services businesses, and particularly strong growth in our MRI business. The increase was partially offset by lower demand for our products in the United States.

Advanced Therapies: The total revenue generated by our Advanced Therapies operating segment increased by €7 million, or 1.9%, from €361 million for the three months ended December 31, 2016 to €368 million for the three months ended December 31, 2017. This increase includes adverse foreign currency translation effects. On a comparable growth basis, total revenue increased by 8.5% in the three months ended December 31, 2017, which we believe was an unusually strong rate of growth and which will moderate over the remaining quarters of the fiscal year. The increase on a comparable growth basis was due primarily to solid growth in the United States, EMEA and China as well as strong growth from both our equipment and services businesses. The increase was partially offset by lower demand in Japan.

Diagnostics: The total revenue generated by our Diagnostics operating segment decreased by €78 million, or 7.7%, from €1,007 million for the three months ended December 31, 2016 to €929 million for the three months ended December 31, 2017. On a comparable growth basis, total revenue decreased by 1.1% in the three months ended December 31, 2017. The decrease on a comparable growth basis was due primarily to lower volumes of reagents sold in the United States as a number of customers placed larger orders prior to the end of our fiscal year 2017. The decrease was partially offset by solid growth in other geographical regions.

We also monitor our revenue by geographic region. The table below sets forth our revenue by location of customers and the period on period percentage of change for the periods indicated.

	For the three months ended December 31,		
	2017	2016	Change in %
	(unaudited) Euro (millions)		(unaudited)
EMEA[1]	1,079	1,044	3.4
Americas	1,234	1,400	(11.9)
Asia-Pacific[1]	885	883	0.2
Revenue	**3,198**	**3,327**	**(3.9)**

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Interim Financial Statements.

11.5.1.2 Cost of sales

Cost of sales decreased by €43 million, or 2.2%, from €1,913 million for the three months ended December 31, 2016 to €1,870 million for the three months ended December 31, 2017. The decrease was primarily due to favorable currency effects and, to a lesser extent, by continuing efforts to procure supplies at reduced costs and redesign products to reduce cost of materials. The decrease was offset, in part, by an increase in variable costs due to the overall growth of the business. Our gross profit margin (gross profit expressed as a percentage) decreased from 42.5% in the three months ended December 31, 2016 to 41.5% in the three months ended December 31, 2017, driven primarily by unfavorable currency effects on revenue.

11.5.1.3 Research and development expenses

Research and development expenses increased by €12 million, or 4.1%, from €294 million for the three months ended December 31, 2016 to €306 million for the three months ended December 31, 2017. The increase was due to small increases in research and development expenses in each of our operating segments.

11.5.1.4 Selling and general administrative expenses

Selling and general administrative expenses increased by €2 million, or 0.4%, from €536 million for the three months ended December 31, 2016 to €538 million for the three months ended December 31, 2017. The increase was due primarily to annual salary increases for our workforce. The increase was offset in part by favorable currency effects.

11.5.1.5 Other operating income, net

Other operating income, net increased from €0 million for the three months ended December 31, 2016 to €7 million for the three months ended December 31, 2017. The increase was mainly due to receipt of a

reimbursement of prior tax payments under the Medical Device Tax in the United States, which was partly offset by IPO costs of €8 million in the three months ended December 31, 2017.

11.5.1.6 Financial expenses, net

Financial expenses, net increased by €7 million, from €63 million for the three months ended December 31, 2016 to €70 million for the three months ended December 31, 2017. This increase was primarily due to an increase in interest rates, in particular in the United States.

11.5.1.7 Income tax expenses

Income tax expenses decreased by €49 million, or 30.6%, from €160 million for the three months ended December 31, 2016 to €111 million for the three months ended December 31, 2017. The decrease was due primarily to net positive effects from the U.S. tax reform and the lower profit before tax. Our effective income tax rate decreased from 30.7% in the three months ended December 31, 2016 to 26.4% in the three months ended December 31, 2017, driven by the one-time impact of the tax reform in the United States.

11.5.1.8 Net income

Net income decreased by €51 million, or 14.1%, from €361 million for the three months ended December 31, 2016 to €310 million for the three months ended December 31, 2017. The decrease was due primarily to adverse currency effects, partially offset by certain factors described above.

11.5.1.9 Profit

Profit of total segments decreased by €87 million, or 13.6%, from €639 million for the three months ended December 31, 2016 to €552 million for the three months ended December 31, 2017. The decrease was primarily due to adverse currency effects. Profit is a non-IFRS measure and is not a substitute for any IFRS measure. We use this measure for many purposes in managing and directing our business. For a reconciliation of net income to Profit for the period, see "*10.4 Key Performance Indicators and Alternative Performance Measures*".

Following the Offering, Siemens AG will report the profit attributable to us in its consolidated financial statements. This profit figure will differ from the profit figure that we report due to certain accounting differences, scope of respective consolidation and reconciliation impacts.

The table below sets forth our Profit by operating segment.

	For the three months ended December 31,		
	2017	2016	Change in %
	(unaudited) Euro (millions)		(unaudited)
Imaging	371	415	(10.6)
Advanced Therapies	82	89	(7.9)
Diagnostics	99	135	(26.7)
Total Segments	**552**	**639**	**(13.6)**
Reconciliation (to Unaudited Combined Interim Financial Statements)	(132)	(118)	—
Siemens Healthineers – income before income taxes	**421**	**521**	**(19.2)**

Imaging: The Profit generated by our Imaging segment decreased by €44 million, or 10.6%, from €415 million for the three months ended December 31, 2016 to €371 million for the three months ended December 31, 2017. The decrease was due primarily to the adverse currency effects described above. The decrease was offset, in part, by improvements in cost productivity.

Advanced Therapies: The Profit generated by our Advanced Therapies segment decreased by €7 million, or 7.9%, from €89 million for the three months ended December 31, 2016 to €82 million for the three months ended December 31, 2017. The decrease was also due primarily to adverse currency effects. The decrease was offset, in part, by a favorable product mix.

Diagnostics: The Profit generated by our Diagnostics segment decreased by €36 million, or 26.7%, from €135 million for the three months ended December 31, 2016 to €99 million for the three months ended December 31, 2017. The decrease was due primarily to expenses in connection with the rollout of our Atellica Solution. The decrease was offset, in part, by improvements in cost productivity.

Reconciliation: The amount of the reconciliation changed from negative €118 million for the three months ended December 31, 2016 to negative €132 million for the three months ended December 31, 2017. The change was due to, among other factors, €8 million in costs related to the IPO.

11.5.2 Combined statements of income for the fiscal year ended September 30, 2017 compared to the fiscal year ended September 30, 2016

The table below sets forth our combined statements of income and the period on period percentage of change for the fiscal years ended September 30, 2017 and 2016.

	For the fiscal year ended September 30,		
	2017	2016	Change in %
	(audited, unless otherwise indicated) Euro (millions)		(unaudited)
Revenue	13,796	13,547	1.8
Cost of sales	(8,034)	(8,080)	(0.6)
Gross profit	**5,762**	**5,467**	**5.4**
Research and development expenses	(1,253)	(1,145)	9.4
Selling and general administrative expenses	(2,222)	(2,206)	0.7
Other operating income, net (unaudited)	12	7	71.4
Other operating income	22	19	15.8
Other operating expenses	(19)	(18)	5.6
Income from investments accounted for using the equity method, net	9	6	50.0
Financial expenses, net (unaudited)	(255)	(205)	24.4
Interest income	12	14	(14.3)
Interest expenses	(267)	(216)	23.6
Other financial income (expenses), net	—	(3)	—
Income before income taxes	**2,044**	**1,918**	**6.6**
Income tax expenses	(600)	(590)	1.7
Net income	**1,444**	**1,328**	**8.7**

11.5.2.1 Revenue

Revenue increased by €249 million, or 1.8%, from €13,547 million for the fiscal year ended September 30, 2016 to €13,796 million for the fiscal year ended September 30, 2017. The increase includes adverse foreign currency translation effects. On a comparable growth basis, revenue increased by 2.7% in the fiscal year ended September 30, 2017. The increase on a comparable growth basis was driven by all three operating segments, with Imaging particularly strong, and growth in Asia and Australia, driven by the fast-growing market in China, partially offset by routine price erosion, and adverse foreign currency translation effects in all operating segments.

The table below sets forth our total revenue by operating segment.

	For the fiscal year ended September 30,		
	2017	2016	Change in %
	(audited) Euro (millions)		(unaudited)
Imaging	8,216	8,007	2.6
Advanced Therapies	1,519	1,460	4.0
Diagnostics	4,162	4,138	0.6
Total Segments	**13,896**	**13,606**	**2.1**
Reconciliation to Combined Financial Statements	(100)	(59)	—
Siemens Healthineers	**13,796**	**13,547**	**1.8**

Imaging: The total revenue generated by our Imaging operating segment increased by €209 million, or 2.6%, from €8,007 million for the fiscal year ended September 30, 2016 to €8,216 million for the fiscal year ended September 30, 2017. The increase includes adverse foreign currency translation effects. On a comparable growth basis, total revenue increased by 3.6% in the fiscal year ended September 30, 2017. The increase on a comparable growth basis was due primarily to growth in our Magnetic Resonance (MR) business which continued its innovation leadership and growth in Asia and Australia, driven by the fast growing market in China,

while growth in the Americas was generally low due to uncertainties related to healthcare reimbursement and taxation policies in the United States. The increase was partially offset by routine price erosion.

Advanced Therapies: The total revenue generated by our Advanced Therapies operating segment increased by €59 million, or 4.0%, from €1,460 million for the fiscal year ended September 30, 2016 to €1,519 million for the fiscal year ended September 30, 2017. The increase includes adverse foreign currency translation effects. On a comparable growth basis, total revenue increased by 4.6% in the fiscal year ended September 30, 2017. The increase on a comparable growth basis was due primarily to high growth in China and the fulfilment of orders placed during previous fiscal years in the United States (but for which revenue was recognized upon delivery in the fiscal year ended September 30, 2017). The increase was partially offset by routine price erosion.

Diagnostics: The total revenue generated by our Diagnostics operating segment increased by €24 million, or 0.6%, from €4,138 million for the fiscal year ended September 30, 2016 to €4,162 million for the fiscal year ended September 30, 2017. The increase includes adverse foreign currency translation effects. On a comparable growth basis, total revenue increased by 1.1% in the fiscal year ended September 30, 2017. The increase on a comparable growth basis was due primarily to growth in Asia and Australia, while growth in the Americas was generally flat due to uncertainties related to healthcare reimbursement and taxation policies in the United States. The increase was partially offset by routine price erosion.

Reconciliation to Combined Financial Statements: The amount of the reconciliation to Combined Financial Statements changed from negative €59 million for the fiscal year ended September 30, 2016 to negative €100 million for the fiscal year ended September 30, 2017. The change primarily related to an increase in intersegmental revenue as a result of our overall revenue growth (mainly due to deliveries from Imaging to Advanced Therapies) and resulting intersegment consolidation effects. External revenue not allocated to segments decreased from €192 million for the fiscal year ended September 30, 2016 to €150 million for the fiscal year ended September 30, 2017. The decrease was due primarily to the ongoing winding down of our centrally managed businesses in radiation oncology and particle therapy.

We also monitor our revenue by geographic region. The table below sets forth our revenue by location of customers and the period on period percentage of change for the periods indicated.

	For the fiscal year ended September 30,		
	2017	2016	Change in %
	(audited) Euro (millions)		(unaudited)
EMEA[1]	4,380	4,423	(1.0)
Americas	5,599	5,496	1.9
Asia-Pacific[1]	3,817	3,628	5.2
Revenue	**13,796**	**13,547**	**1.8**

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements.

11.5.2.2 Cost of sales

Cost of sales decreased by €46 million, or 0.6%, from €8,080 million for the fiscal year ended September 30, 2016 to €8,034 million for the fiscal year ended September 30, 2017. The decrease was primarily due to currency effects (in particular purchasing materials in Euro for use in products that are sold in U.S. dollars), which accounted for approximately half of the decrease, and continuing efforts to procure supplies at reduced costs and redesign products to reduce cost of materials. The decrease was offset in part by an increase in annual salary raises for our workforce. Our gross profit margin (gross profit expressed as a percentage of revenue) increased from 40.4% in the fiscal year ended September 30, 2016 to 41.8% in the fiscal year ended September 30, 2017.

11.5.2.3 Research and development expenses

Research and development expenses increased by €108 million, or 9.4%, from €1,145 million for the fiscal year ended September 30, 2016 to €1,253 million for the fiscal year ended September 30, 2017. The increase was due primarily to the development of new platforms, such as the new SOMATOM go. platform in CT, and investments our Diagnostics and Advanced Therapies businesses. By segment, research and development expenses for the fiscal year ended September 30, 2017 amounted to €762 million, €297 million and €151 million in our Imaging, Diagnostics and Advanced Therapies segments, respectively.

11.5.2.4 Selling and general administrative expenses

Selling and general administrative expenses increased by €16 million, or 0.7%, from €2,206 million for the fiscal year ended September 30, 2016 to €2,222 million for the fiscal year ended September 30, 2017. The increase was due primarily to a ramp-up in our Imaging segment sales force in anticipation of the release of the new platforms and service offerings described above. The increase was offset in part by a decrease in central selling and general administrative expenses due to lower carve-out related costs compared to the prior fiscal year. By segment, selling and general administrative expenses in our Imaging, Diagnostics and Advanced Therapies segments accounted for 51%, 30% and 10% of our total selling and general administrative expenses in the fiscal year ended September 30, 2017.

11.5.2.5 Other operating income, net

Other operating income, net increased by €5 million, or 71.4%, from €7 million for the fiscal year ended September 30, 2016 to €12 million for the fiscal year ended September 30, 2017. The increase was mainly driven by the disposal of ELISA immunodiagnostic assets to DiaSorin S.p.A., which closed in September 2017.

11.5.2.6 Financial expenses, net

Financial expenses, net increased by €50 million, or 24.4%, from €205 million for the fiscal year ended September 30, 2016 to €255 million for the fiscal year ended September 30, 2017. This increase was largely due to an increase in interest expenses on U.S.-dollar denominated debt that was borrowed at Siemens Group.

11.5.2.7 Income tax expenses

Income tax expenses increased by €10 million, or 1.7%, from €590 million for the fiscal year ended September 30, 2016 to €600 million for the fiscal year ended September 30, 2017. The increase primarily relates to our increase in income before income taxes, with comparatively lower taxes for prior years in the fiscal year ended September 30, 2017 compared to the fiscal year ended September 30, 2016, but more relief from foreign tax rate differentials. Our effective income tax rate decreased from 30.8% in the fiscal year ended September 30, 2016 to 29.4% in the fiscal year ended September 30, 2017.

11.5.2.8 Net income

Net income increased by €116 million, or 8.7%, from €1,328 million for the fiscal year ended September 30, 2016 to €1,444 million for the fiscal year ended September 30, 2017. The increase was due primarily to a reduction in cost of sales, partially offset by certain factors described above.

11.5.2.9 Profit

Profit of total segments, as presented on an operating segment level, increased by €150 million, or 6.3%, from €2,371 million for the fiscal year ended September 30, 2016 to €2,521 million for the fiscal year ended September 30, 2017. Profit is a non-IFRS measure and is not a substitute for any IFRS measure. We use this measure for many purposes in managing and directing our business. For a reconciliation of Profit to net income on the level of Siemens Healthineers, see "*10.4 Key Performance Indicators and Alternative Performance Measures*".

Following the Offering, Siemens AG will report the profit attributable to us in its consolidated financial statements. This profit figure will differ from the profit figure that we report due to certain accounting differences, scope of respective consolidation and reconciliation impacts.

The table below sets forth our Profit by operating segment.

	For the fiscal year ended September 30,		
	2017	2016	Change in %
	(audited) Euro (millions)		(unaudited)
Imaging	1,624	1,571	3.4
Advanced Therapies	335	286	17.1
Diagnostics	562	514	9.3
Total Segments	**2,521**	**2,371**	**6.3**
Reconciliation to Combined Financial Statements	(477)	(453)	—
Siemens Healthineers – income before income taxes	**2,044**	**1,918**	**6.6**

Imaging: The Profit generated by our Imaging segment increased by €53 million, or 3.4%, from €1,571 million for the fiscal year ended September 30, 2016 to €1,624 million for the fiscal year ended September 30, 2017. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable and improvements in cost-productivity measures. The increase was offset in part by routine price erosion of products, annual salary raises and investments in our sales set-up and research and development to continue our innovation efforts.

Advanced Therapies: The Profit generated by our Advanced Therapies segment increased by €49 million, or 17.1%, from €286 million for the fiscal year ended September 30, 2016 to €335 million for the fiscal year ended September 30, 2017. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable and improvements in cost-productivity measures, as well as favorable one-time impacts which we believe made the Profit generated by our Advanced Therapies segment extraordinary in the fiscal year ended September 30, 2017. The increase was offset in part by routine price erosion of products, annual salary raises and an increase in operating expenses.

Diagnostics: The Profit generated by our Diagnostics segment increased by €48 million, or 9.3%, from €514 million for the fiscal year ended September 30, 2016 to €562 million for the fiscal year ended September 30, 2017. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable, improvements in cost-productivity measures and income from the disposal of the ELISA immunodiagnostic assets. The increase was offset in part by routine price erosion of products and annual salary raises.

Reconciliation to Combined Financial Statements: The amount of the reconciliation to Combined Financial Statements changed from negative €453 million for the fiscal year ended September 30, 2016 to negative €477 million for the fiscal year ended September 30, 2017. The change primarily related to increased interest expense on U.S. dollar denominated loans and was offset, in part, by a decrease in amortization of intangible assets acquired in business combinations as well as a small profit generated by the centrally managed businesses in radiation oncology and particle therapy currently being wound down.

11.5.3 Combined statements of income for the fiscal year ended September 30, 2016 compared to the fiscal year ended September 30, 2015

The table below sets forth our combined statements of income and the period on period percentage of change for the fiscal years ended September 30, 2016 and 2015.

	For the fiscal years ended September 30,		
	2016	2015	Change in %
	(audited, unless otherwise indicated) Euro (millions)		(unaudited)
Revenue	13,547	12,936	4.7
Cost of sales	(8,080)	(7,867)	2.7
Gross profit	**5,467**	**5,069**	**7.9**
Research and development expenses	(1,145)	(1,055)	8.5
Selling and general administrative expenses	(2,206)	(2,109)	4.6
Other operating income, net (unaudited)	7	67	(89.6)
Other operating income	19	79	(75.9)
Other operating expenses	(18)	(21)	(14.3)
Income (loss) from investments accounted for using the equity method, net	6	9	(33.3)
Financial expenses, net (unaudited)	(205)	(96)	113.5
Interest income	14	19	26.3
Interest expenses	(216)	(117)	84.6
Other financial income (expenses), net	(3)	2	—
Income before income taxes	**1,918**	**1,876**	**2.2**
Income tax expenses	(590)	(584)	1.0
Net income	**1,328**	**1,292**	**2.8**

11.5.3.1 Revenue

Revenue increased by €611 million, or 4.7%, from €12,936 million for the fiscal year ended September 30, 2015 to €13,547 million for the fiscal year ended September 30, 2016. On a comparable growth basis, revenue

increased by 4.9% in the fiscal year ended September 30, 2016, primarily supported by the elimination of negative portfolio effects and partly compensated by favorable foreign currency effects. The increase on a comparable growth basis was due primarily to growth in our Imaging operating segment as the demand for imaging equipment continued to grow and strong demand in the United States for all major Imaging product lines, partially offset by routine price erosion.

The table below sets forth our total revenue by operating segment.

	For the fiscal year ended September 30,		
	2016	2015	Change in %
	(audited) Euro (millions)		(unaudited)
Imaging	8,007	7,382	8.5
Advanced Therapies	1,460	1,447	0.9
Diagnostics	4,138	4,138	0.0
Total Segments	**13,606**	**12,967**	**4.9**
Reconciliation to Combined Financial Statements	(59)	(30)	—
Siemens Healthineers	**13,547**	**12,936**	**4.7**

Imaging: The total revenue generated by our Imaging operating segment increased by €625 million, or 8.5%, from €7,382 million for the fiscal year ended September 30, 2015 to €8,007 million for the fiscal year ended September 30, 2016. The increase includes favorable foreign currency translation effects. On a comparable growth basis, total revenue increased by 8.1% in the fiscal year ended September 30, 2016. The increase on a comparable growth basis was due to growth in our imaging equipment business (primarily Magnetic Resonance and Computed Tomography) and strong demand in the United States for these products. The increase was offset in part by routine price erosion.

Advanced Therapies: The total revenue generated by our Advanced Therapies operating segment increased by €13 million, or 0.9%, from €1,447 million for the fiscal year ended September 30, 2015 to €1,460 million for the fiscal year ended September 30, 2016. The increase includes favorable foreign currency translation effects. On a comparable growth basis, total revenue increased by 0.1% in the fiscal year ended September 30, 2016. The increase on a comparable growth basis was generally flat while a decrease in our equipment business was slightly offset by the strong growth in our Customer Services business resulting from an increase in our installed base. On a regional basis, growth in Asia and Australia was offset by a decrease in the Americas.

Diagnostics: The total revenue generated by our Diagnostics operating segment was stable with €4,138 million for the fiscal year ended September 30, 2015 compared to €4,138 million for the fiscal year ended September 30, 2016. Total revenue in the fiscal year ended September 30, 2015 included revenue from our Microbiology business until it was sold to Beckman Coulter in early 2015. On a comparable growth basis, total revenue increased by 1.4% in the fiscal year ended September 30, 2016. On a regional basis, growth in Asia and Australia was offset by a decrease in the Americas and EMEA.

Reconciliation to Combined Financial Statements: The amount of the reconciliation to Combined Financial Statements changed from negative €30 million for the fiscal year ended September 30, 2015 to negative €59 million for the fiscal year ended September 30, 2016. The change primarily related to an increase in intersegment revenue. External revenue not allocated to segments increased from €181 million for the fiscal year ended September 30, 2015 to €192 million for the fiscal year ended September 30, 2016. The increase was due primarily to a one-time effect in the context of our reorganizational measures related to real estate managed centrally and was offset, in part, by the winding down of our businesses in radiation oncology and particle therapy.

We also monitor our revenue by geographic region. The table below sets forth our revenue by location of customers and the period on period percentage of change for the periods indicated:

	For the fiscal year ended September 30,		
	2016	2015	Change in %
	(audited) Euro (millions)		(unaudited)
EMEA[1]	4,423	4,366	1.3
Americas	5,496	5,184	6.0
Asia-Pacific[1]	3,628	3,386	7.1
Revenue	**13,547**	**12,936**	**4.7**

(1) EMEA refers to Europe, C.I.S., Africa, Middle East and Asia-Pacific refers to Asia, Australia, in each case as presented in our Combined Financial Statements.

11.5.3.2 Cost of sales

Cost of sales increased by €213 million, or 2.7%, from €7,867 million for the fiscal year ended September 30, 2015 to €8,080 million for the fiscal year ended September 30, 2016. The increase was significantly below revenue growth due to currency effects (in particular purchasing materials in Euro for use in products that are sold in U.S. dollars) and continuing efforts to procure supplies at reduced costs and redesign products to reduce cost of materials. The increase was also driven in part by an increase in annual salary raises for our workforce. Our gross profit margin (gross profit expressed as a percentage of revenue) increased from 39.2% in the fiscal year ended September 30, 2015 to 40.4% in the fiscal year ended September 30, 2016.

11.5.3.3 Research and development expenses

Research and development expenses increased by €90 million, or 8.5%, from €1,055 million for the fiscal year ended September 30, 2015 to €1,145 million for the fiscal year ended September 30, 2016. The increase was due primarily to the development of new platforms, such as the new SOMATOM go. platform in CT. By segment, research and development expenses for the fiscal year ended September 30, 2016 amounted to €691 million, €282 million and €137 million in our Imaging, Diagnostics and Advanced Therapies segments, respectively, compared to €643 million, €256 million and €132 million, respectively, in the prior fiscal year.

11.5.3.4 Selling and general administrative expenses

Selling and general administrative expenses increased by €97 million, or 4.6%, from €2,109 million for the fiscal year ended September 30, 2015 to €2,206 million for the fiscal year ended September 30, 2016. The increase was due primarily to a ramp-up in our Imaging segment sales force in anticipation of the release of the new platforms and service offerings described above and an increase in central selling and general administrative expenses due to higher carve-out related costs compared to the prior fiscal year.

11.5.3.5 Other operating income, net

Other operating income, net decreased by €60 million, or 89.6%, from €67 million for the fiscal year ended September 30, 2015 to €7 million for the fiscal year ended September 30, 2016. In early 2015, we sold our Microbiology business to Beckman Coulter and therefore recorded a gain on the disposal in the fiscal year ended September 30, 2015, which we did not have in the fiscal year ended September 30, 2016.

11.5.3.6 Financial expenses, net

Financial expenses, net increased by €109 million from €96 million for the fiscal year ended September 30, 2015 to €205 million for the fiscal year ended September 30, 2016. This increase was largely due to an increase in interest expenses on U.S.-dollar denominated loans that were borrowed at Siemens Group.

11.5.3.7 Income tax expenses

Income tax expenses increased by €6 million, or 1.0%, from €584 million for the fiscal year ended September 30, 2015 to €590 million for the fiscal year ended September 30, 2016. The increase was due primarily to the increase of our income before income taxes, with lower non-deductible losses and expenses compared to the prior fiscal year offsetting the increase only in part. Our effective income tax rate decreased from 31.1% in the fiscal year ended September 30, 2015 to 30.8% in the fiscal year ended September 30, 2016.

11.5.3.8 Net income

Net income increased by €36 million, or 2.8%, from €1,292 million for the fiscal year ended September 30, 2015 to €1,328 million for the fiscal year ended September 30, 2016. The increase was due primarily to mid-single digit revenue growth and a relative reduction in cost of sales compared to revenue, partially offset by the decrease in certain factors described above.

11.5.3.9 Profit

Profit of total segments, as presented on an operating segment level, increased by €184 million, or 8.4%, from €2,187 million for the fiscal year ended September 30, 2015 to €2,371 million for the fiscal year ended September 30, 2016. Profit is a non-IFRS measure and is not a substitute for any IFRS measure. We use this

measure for many purposes in managing and directing our business. For a reconciliation of Profit to net income on the level of Siemens Healthineers, see "*10.4 Key Performance Indicators and Alternative Performance Measures*".

Following the Offering, Siemens AG will report the profit attributable to us in its consolidated financial statements. This profit figure will differ from the profit figure that we report due to certain accounting differences, scope of respective consolidation and reconciliation impacts.

The table below sets forth our Profit by operating segment.

	For the fiscal year ended September 30,		
	2016	2015	Change in %
	(audited) Euro (millions)		(unaudited)
Imaging	1,571	1,298	21.0
Advanced Therapies	286	269	6.3
Diagnostics	514	621	(17.2)
Total Segments	**2,371**	**2,187**	**8.4**
Reconciliation to Combined Financial Statements	(453)	(311)	—
Siemens Healthineers – income before income taxes	**1,918**	**1,876**	**2.2**

Imaging: The Profit generated by our Imaging segment increased by €273 million, or 21.0%, from €1,298 million for the fiscal year ended September 30, 2015 to €1,571 million for the fiscal year ended September 30, 2016. The increase was due primarily to higher total revenue with fixed costs remaining relatively stable and improvements in cost-productivity measures. The increase was offset in part by routine price erosion of products, annual salary raises and an increase in operating expenses related to our services portfolio.

Advanced Therapies: The Profit generated by our Advanced Therapies segment increased by €17 million, or 6.3%, from €269 million for the fiscal year ended September 30, 2015 to €286 million for the fiscal year ended September 30, 2016. The increase was due primarily to positive currency impacts, improvements in cost-productivity measures and slightly higher total revenue with fixed costs remaining stable. The increase was offset in part by slightly higher than normal price erosion of products, annual salary raises and an increase in operating expenses.

Diagnostics: The Profit generated by our Diagnostics segment decreased by €107 million, or 17.2%, from €621 million for the fiscal year ended September 30, 2015 to €514 million for the fiscal year ended September 30, 2016. The decrease was due primarily to the sale of our microbiology business to Beckman Coulter in early 2015, residual costs of the microbiology business in 2016, foreign currency exchange impacts and an increase in R&D expenses.

Reconciliation to Combined Financial Statements: The amount of the reconciliation to Combined Financial Statements changed from negative €311 million for the fiscal year ended September 30, 2015 to negative €453 million for the fiscal year ended September 30, 2016. The change primarily related to an increase in U.S. dollar denominated loans and a resulting increase in interest expenses.

11.6 Assets, Liabilities and Equity – Combined Statements of Financial Position

11.6.1 Assets

The following table provides an overview of our assets as of the dates shown:

	As of September 30,			As of December 31,	As of September 30,
	2017	2016	2015	2017	2017[1]
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Current assets					
Cash and cash equivalents	184	206	73	326	184
Trade and other receivables	2,200	2,080	1,875	2,225	2,308
Other current financial assets	57	70	78	94	57
Receivables from Siemens Group	2,991	3,952	4,056	5,005	2,991
Contract assets	—	—	—	396	294
Inventories	1,323	1,308	1,259	1,740	1,605
Current income tax assets	79	70	29	73	79
Other current assets	276	236	183	274	276
Total current assets	**7,110**	**7,922**	**7,553**	**10,133**	**7,794**
Non-current assets					
Goodwill	7,992	8,301	8,273	8,046	7,992
Other intangible assets	1,525	1,585	1,599	1,580	1,525
Property, plant and equipment	1,566	1,524	1,305	1,616	1,566
Investments accounted for using the equity method	33	35	37	35	33
Other financial assets	162	151	147	148	162
Other receivables from Siemens Group	1,365	—	—	1,365	1,365
Deferred tax assets	419	524	299	433	408
Other assets	268	253	244	263	268
Total non-current assets	**13,330**	**12,373**	**11,904**	**13,486**	**13,319**
Total assets	**20,440**	**20,295**	**19,457**	**23,619**	**21,113**

(1) Taken from the Unaudited Combined Interim Financial Statements and reflecting adoption of IFRS 15.

11.6.1.1 Comparison of December 31, 2017 to September 30, 2017 (reflecting adoption of IFRS 15)

Total current assets increased by €2,339 million, or 30.0%, from €7,794 million as of September 30, 2017 (reflecting adoption of IFRS 15) to €10,133 million as of December 31, 2017. The increase was due primarily to an increase in receivables from Siemens Group from €2,991 million as of September 30, 2017 to €5,005 million as of December 31, 2017 in connection with our corporate reorganization measures.

Total non-current assets increased by €167 million, or 1.3%, from €13,319 million as of September 30, 2017 (reflecting adoption of IFRS 15) to €13,486 million as of December 31, 2017. The increase was due primarily to increases in goodwill, other intangible assets and property, plant and equipment.

11.6.1.2 Comparison of September 30, 2017 to September 30, 2016

Total current assets decreased by €812 million, or 10.2%, from €7,922 million as of September 30, 2016 to €7,110 million as of September 30, 2017. The decrease was due primarily to a decrease in receivables from Siemens Group. This decrease was offset in part by an increase in trade and other receivables.

Total non-current assets increased by €957 million, or 7.7%, from €12,373 million as of September 30, 2016 to €13,330 million as of September 30, 2017. The increase was due primarily to an increase in other receivables from Siemens Group as of September 30, 2017 (none as of September 30, 2016), partially offset by a decrease in goodwill.

11.6.1.3 Comparison of September 30, 2016 to September 30, 2015

Total current assets increased by €369 million, or 4.9%, from €7,553 million as of September 30, 2015 to €7,922 million as of September 30, 2016. The increase was due primarily to increases in trade and other receivables and cash and cash equivalents.

Total non-current assets increased by €469 million, or 3.9%, from €11,904 million as of September 30, 2015 to €12,373 million as of September 30, 2016. The increase was due primarily to an increase in property, plant and equipment and deferred tax assets.

11.6.2 Liabilities

The following table provides an overview of our liabilities as of the dates shown. This table does not reflect our liabilities at the time of the Offering. See "*8. Capitalization and Indebtedness; Statement on Working Capital*".

	As of September 30,			As of December 31,	As of September 30,
	2017	2016	2015	2017	2017[1]
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Current liabilities					
Short-term debt and current maturities of long-term debt	55	45	8	56	55
Trade payables	1,120	996	942	1,070	1,120
Other current financial liabilities	72	105	94	69	72
Payables to Siemens Group	5,795	5,982	10,480	8,255	5,795
Contract liabilities	—	—	—	1,383	1,406
Current provisions	314	318	294	278	290
Current income tax liabilities	122	113	137	117	122
Other current liabilities	1,797	1,745	1,690	1,134	1,250
Total current liabilities	**9,275**	**9,304**	**13,645**	**12,362**	**10,110**
Non-current liabilities					
Long-term debt	15	14	14	17	15
Provisions for pensions and similar obligations	1,732	2,132	1,245	1,769	1,732
Deferred tax liabilities	243	197	159	300	259
Provisions	153	148	145	152	153
Other financial liabilities	23	17	13	41	23
Other liabilities	590	591	495	364	365
Other liabilities to Siemens Group	5,167	5,485	13	5,081	5,167
Total non-current liabilities	**7,923**	**8,584**	**2,084**	**7,724**	**7,714**
Total liabilities	**17,198**	**17,888**	**15,729**	**20,086**	**17,824**

(1) Taken from the Unaudited Combined Interim Financial Statements and reflecting adoption of IFRS 15.

11.6.2.1 Comparison of December 31, 2017 to September 30, 2017 (reflecting adoption of IFRS 15)

Total current liabilities increased by €2,252 million, or 22.3%, from €10,110 million as of September 30, 2017 (reflecting adoption of IFRS 15) to €12,362 million as of December 31, 2017. The increase was due primarily to an increase in payables to Siemens Group in connection with our corporate reorganization measures and was offset, in part, by decreases in other current liabilities and trade payables.

Total non-current liabilities increased by €10 million, or 0.1%, from €7,714 million as of September 30, 2017 (reflecting adoption of IFRS 15) to €7,724 million as of December 31, 2017. The increase was due primarily to an increase in deferred tax liabilities and provisions for pensions and similar obligations and was offset, in part, by a decrease in other liabilities to Siemens Group.

11.6.2.2 Comparison of September 30, 2017 to September 30, 2016

Total current liabilities decreased by €29 million, or 0.3%, from €9,304 million as of September 30, 2016 to €9,275 million as of September 30, 2017.

Total non-current liabilities decreased by €661 million, or 7.7%, from €8,584 million as of September 30, 2016 to €7,923 million as of September 30, 2017. The decrease was due primarily to a reduction in provisions for pensions and similar obligations and in other liabilities to Siemens Group.

11.6.2.3 Comparison of September 30, 2016 to September 30, 2015

Total current liabilities decreased by €4,341 million, or 31.8%, from €13,645 million as of September 30, 2015 to €9,304 million as of September 30, 2016. The decrease was due primarily to a significant decrease in payables to the Siemens Group due to the refinancing of short-term financing with long-term financing.

Total non-current liabilities increased by €6,500 million from €2,084 million as of September 30, 2015 to €8,584 million as of September 30, 2016. The increase was due primarily to a reclassification of short-term financing to long-term financing by Siemens Group and an increase in provisions for pensions and similar obligations.

11.6.3 Equity

Total equity increased by €244 million, or 7.4%, from €3,289 million as of September 30, 2017 (reflecting adoption of IFRS 15) to €3,533 million as of December 31, 2017. The increase was due primarily to other changes in equity related to our corporate reorganization measures and the net income for the period and was offset, in part, by dividends and profit and loss transfer with Siemens Group.

Total equity increased by €835 million, or 34.7%, from €2,407 million as of September 30, 2016 to €3,242 million as of September 30, 2017. The increase was due primarily to positive total comprehensive income and other changes in equity in the fiscal year ended September 30, 2017 which was partially offset by profit and loss transfer with Siemens Group and dividends.

Total equity decreased by €1,321 million, or 35.4%, from €3,728 million as of September 30, 2015 to €2,407 million as of September 30, 2016. The decrease was due primarily to a combination of the negative effects of profit and loss transfer with Siemens Group, dividends, transfer of pension liabilities, net of tax and other changes in equity which overcompensated positive total comprehensive income of the fiscal year ended September 30, 2016.

11.7 Liquidity and capital resources

11.7.1 Overview

11.7.1.1 Financing Structure prior to the Offering

We have historically financed our capital expenditures and working capital requirements through a combination of cash flows from operating activities and short- and long-term financing from the Siemens Group. Until completion of the Offering, we will continue to participate in the Siemens Group's intercompany funding program, which includes certain intercompany loan and deposit, cash management and cash pooling arrangements. Under this intercompany program, we invest excess short term liquidity and are granted overdraft facilities and/or short- and long-term loans by Siemens AG or affiliated financing companies to the extent operating activities cannot be otherwise financed through their operating cash flow. The cash management system provides, *inter alia*, a Siemens Group-wide system for clearing and settlement of payables and receivables between the Group and the Siemens Group. In addition, such cash management system is used for the Group's payment and receipt of funds to and from external parties. Our payables to the Siemens Group from financing activities increased from €9,644 million as of September 30, 2015 by €863 million, or 8.9%, to €10,507 million as of September 30, 2016 and decreased by €467 million, or 4.4%, to €10,040 million as of September 30, 2017, each as shown in Note 25 to the Combined Financial Statements. The increase as of September 30, 2016 compared to September 30, 2015 was mainly attributable to the increase in other non-current liabilities to Siemens Group largely compensated by a decrease in payables to Siemens Group (both as shown in the respective statements of financial position in the Combined Financial Statements), and the decrease as of September 30, 2017 compared to September 30, 2016 was mainly attributable to a decrease in other non-current liabilities to Siemens Group (as shown in the respective statements of financial position in the Combined Financial Statements).

11.7.1.2 Financing Structure following the Offering

Following the Offering, our debt financing will be based on a mix of debt instruments provided by the Siemens Group. Our financing will consist of (1) a multicurrency revolving credit facility in an amount of up to €1.1 billion and available until January 31, 2020 to serve as a working capital and short term loan facility, (2) a multicurrency back-up revolving credit facility in an amount of €1.0 billion, available until January 31, 2023, which provides funding for back-up purposes and (3) existing term loans with various maturities and currencies. The financing arrangements under (1) and (2) are provided by the Siemens Group based on Loan Market Association standards, adjusted to reflect the internal setup between Siemens AG and the Group. See "*20.1.2.6 (ii) Financing Agreements*".

The existing term loans are denominated in various currencies, the majority being U.S. dollar loans (nominal values) with approximately $1.6 billion maturing in 2021 and 2023, approximately $1.7 billion maturing in 2026 and approximately $1.0 billion maturing in 2046. Interest rates on the term loans, based on market conditions, range from 1.9% to 2.2% for the term loans maturing in 2021 and 2023 and are 2.5% for the term loan maturing in 2026 and are 3.4% for the term loan maturing in 2046. The existing term loans are covered by separate agreements.

We will continue to participate in the Siemens Group's cash pooling arrangements, including investing excess short term liquidity with Siemens Group, following the Offering, but currently expect to set up our own cash pooling structure in the medium term to (partially) replace the participation in the Siemens Group's cashpools. At the time of the Offering, we will have cash netting in place at our Group level through an internal account structure between Siemens Healthineers Treasury and our operating entities.

In addition, we also have local bank facilities in place to cover funding needs of certain Group companies to which the Group is not able to provide direct funding.

11.7.2 Cash Flows

The following table sets forth the principal components of our cash flows for the periods indicated.

	For the fiscal year ended September 30,			For the three months ended December 31,	
	2017	2016	2015	2017	2016
	(audited) Euro (millions)			(unaudited) Euro (millions)	
Cash flows provided by operating activities	**1,975**	**1,849**	**1,901**	**104**	**338**
Cash flows provided by/(used in) investing activities	**(453)**	**(436)**	**11**	**(319)**	**(101)**
Cash flows provided by/(used in) financing activities	**(1,532)**	**(1,279)**	**(1,853)**	**356**	**(237)**
Effect of foreign exchange rates on cash and cash equivalents	(12)	(1)	(5)	1	—
Change in cash and cash equivalents	(22)	133	54	142	1
Cash and cash equivalents at beginning of period	**206**	**73**	**19**	**184**	**206**
Cash and cash equivalents at end of period	**184**	**206**	**73**	**326**	**207**

11.7.2.1 Cash flows provided by operating activities

Cash flows provided by operating activities decreased by €234 million from €338 million in the three months ended December 31, 2016 to €104 million in the three months ended December 31, 2017. This decrease was primarily due to a decrease in revenue driven by adverse currency translation effects and a buildup of operating net working capital.

Cash flows provided by operating activities increased by €126 million from €1,849 million in the fiscal year ended September 30, 2016 to €1,975 million in the fiscal year ended September 30, 2017. This increase was primarily due to increased revenue, partly offset by an increase of net working capital mainly driven by the increase of trade and other receivables, mainly driven by our Imaging and Advanced Therapies segments, as well as an increase in operating leases to our customers in our Diagnostics segment. Our cash conversion cycle decreased slightly from 70 days in the fiscal year ended September 30, 2016 to 67 days in the fiscal year ended September 30, 2017 due to an increase in trade payable days, mainly driven by our Imaging segment, and was offset, in part, by an increase in receivable days.

Cash flows provided by operating activities decreased by €52 million from €1,901 million in the fiscal year ended September 30, 2015 to €1,849 million in the fiscal year ended September 30, 2016. This decrease was primarily due to increased revenue and profitability, largely offset by an increase of working capital mainly driven by the increase of trade and other receivables, mainly driven by our Imaging and Advanced Therapies segments, as well as an increase in operating leases with our Diagnostics segment customers. Our cash conversion cycle increased slightly from 68 days in the fiscal year ended September 30, 2015 to 70 days in the fiscal year ended September 30, 2016 due to an increase in receivable days and was offset, in part, by an increase in payable days.

The tables below show our trade working capital and cash conversion cycle as of and for the fiscal years ended September 30, 2017, 2016 and 2015.

	As of September 30,		
	2017	2016	2015
		(unaudited)	
		Euro (millions)	
Trade and other receivables	2,200	2,080	1,875
Inventories	1,323	1,308	1,259
Trade Payables	(1,120)	(996)	(942)
Trade Working Capital	**2,403**	**2,392**	**2,192**

	For the fiscal year ended September 30,		
	2017	2016	2015
		(unaudited)	
		Euro (millions)	
Receivable days[1]	58	56	53
Inventory days[1]	60	59	58
Payable days[1]	(51)	(45)	(44)
Cash Conversion Cycle	**67**	**70**	**68**

(1) Receivable days is calculated as trade and other receivables divided by (revenue / 365). Inventory days is calculated as inventories divided by (cost of sales / 365). Payable days is calculated as trade payables divided by (cost of sales / 365). Payable days has a negative prefix due to its nature of reducing the cash conversion cycle.

11.7.2.2 Cash flows provided by/(used in) investing activities

Cash flows used in investing activities increased by €218 million from €101 million in the three months ended December 31, 2016 to €319 million in the three months ended December 31, 2017. This increase was primarily due to an increase in cash outflows related to acquisitions of businesses, net of cash acquired, which increased from €6 million in the three months ended December 31, 2016 to €226 million in the three months ended December 31, 2017 and related primarily to our acquisitions of Epocal Inc. and Fast Track Diagnostics S.à.r.l.

Cash flows used in investing activities increased by €17 million from €436 million in the fiscal year ended September 30, 2016 to €453 million in the fiscal year ended September 30, 2017.

Cash flows provided by/(used in) investing activities changed from a cash inflow of €11 million in the fiscal year ended September 30, 2015 to a cash outflow of €436 million in the fiscal year ended September 30, 2016. This change was primarily due to a positive effect from the disposal of our Microbiology business in the fiscal year ended September 30, 2015.

11.7.2.3 Cash flows provided by/(used in) financing activities

Cash flows provided by/(used in) financing activities changed by €593 million from a cash outflow of €237 million in the three months ended December 31, 2016 to a cash inflow of €356 million in the three months ended December 31, 2017. This development was primarily due to other transactions/financing with the Siemens Group resulting in a cash inflow of €651 million in the three months ended December 31, 2017 compared to a cash outflow of €43 million in the three months ended December 31, 2016 and primarily related to capitalization measures in the context of the corporate reorganization; it was partly offset by an increase in dividends paid to the Siemens Group from €122 million in the three months ended December 31, 2016 to €230 million in the three months ended December 31, 2017.

Cash flows used in financing activities increased by €253 million from €1,279 million in the fiscal year ended September 30, 2016 to €1,532 million in the fiscal year ended September 30, 2017. This increase was primarily due to a change from a cash inflow of €167 million in the fiscal year ended September 30, 2016 to a cash outflow of €118 million in the fiscal year ended September 30, 2017 from other transactions/financing with the Siemens Group and from higher interest paid to the Siemens Group, partly offset by lower cash outflows for profit and loss transfers with the Siemens Group.

Cash flows used in financing activities decreased by €574 million from €1,853 million in the fiscal year ended September 30, 2015 to €1,279 million in the fiscal year ended September 30, 2016. This decrease was primarily due to a change from a cash outflow of €802 million in the fiscal year ended September 30, 2015 to a

cash inflow of €167 million in the fiscal year ended September 30, 2016 from other transactions/financing with the Siemens Group, which was partially offset by an increase in dividends paid to the Siemens Group of €229 million, an increase in the profit transfer to the Siemens Group of €103 million and an increase in interest paid to the Siemens Group of €95 million in the fiscal year ended September 30, 2016 compared to the fiscal year ended September 30, 2015, respectively.

11.7.2.4 Cash flows following the Offering

We expect that our cash flows will be affected by a one-off special effect in connection with the Offering. In particular, the profit and loss transfer agreement between Siemens AG and Siemens Healthcare GmbH will be terminated on March 31, 2018. From October 1, 2017 until March 31, 2018, Siemens AG will have full control over and access to the net income of Siemens Healthineers GmbH and such amounts will not be attributable to Siemens Healthineers GmbH. As a result, such amounts will affect our cash flow from financing activities for the fiscal year ended September 30, 2018.

11.7.3 Capital Expenditures

Our capital expenditures comprise additions to intangible assets and property, plant and equipment as shown in our combined statements of cash flows. For the periods presented below, including our ongoing investments described below, our capital expenditures have been and continue to be funded by cash flows from operating activities and financing arrangements with Siemens AG.

The following table shows our capital expenditures for the periods indicated:

	For the fiscal year ended September 30,			For the three months ended December 31,
	2017	2016	2015	2017
	(audited, unless otherwise indicated)			(unaudited)
	Euro (millions), unless otherwise indicated			Euro (millions), unless otherwise indicated
Additions to intangible assets and property, plant and equipment (capital expenditures)	**466**	**424**	**356**	**95**
Thereof additions to intangible assets (unaudited)	216	220	191	29
Thereof additions to property, plant and equipment (excluding operating leases) (unaudited)	250	204	165	66
As a percentage of revenue (in %) (unaudited)	*3.4%*	*3.1%*	*2.8%*	*3.0%*
Depreciation/amortization and impairments of other intangible assets and property, plant and equipment excluding equipment leased to others (unaudited)	**412**	**431**	**401**	**100**
Additions to intangible assets and property, plant and equipment as a percentage of depreciation/amortization and impairments of other intangible assets and property, plant and equipment excluding equipment leased to others (in %) (unaudited)	*113%*	*98%*	*89%*	*95%*

Additions to intangible assets primarily relate to capitalized research and development expenses. Additions to property, plant and equipment have generally increased above the revenue growth of the business and have principally related to investments required to expand our manufacturing and technical capabilities and facilities, mainly for two Laboratory Diagnostics factories (one in the United States to produce reagents supply to meet anticipated increases in global reagent demand and a new reagent manufacturing site in China to meet local demand), while our intangible capital expenditures have increased mainly due to the development of Atellica Solution and the implementation of a new integrated worldwide ERP solution (SAP), both with increasing amounts in the fiscal years ended September 30, 2017 and 2016.

We are currently undertaking significant R&D and manufacturing construction projects for our laboratory diagnostics ("**LD**") business in Walpole, Massachusetts, United States and in Shanghai, China. Our expansion plans in Walpole, Massachusetts involve an investment of approximately $300 million over four years. The increased production capacity is designed to support our strategic growth plans and enhance our manufacturing footprint in the United States. The new facilities will add 14.6 thousand square meters of new office and manufacturing space and upgrade an additional 12.5 thousand square meters of space. The Walpole facility manufactures immunoassays for the ADVIA Centaur family of instruments and the newly-introduced immunoassay modules of the Atellica Solution. In Shanghai, China, we are currently undertaking significant

manufacturing construction projects for our LD business by expanding our existing manufacturing operations to include a reagent manufacturing facility.

In our POC business, we are currently undertaking a project to consolidate our Elkhart, Indiana, United States, production operations for urinalysis reagents and test cassettes into our Mishawaka, Indiana, United States, facility to better leverage space, skills/labor and material flows. The project, targeted for completion by December 2018, involves three product lines that occupy 2.8 thousand square meters of manufacturing space and 6.2 thousand square meters of laboratory and office space.

In Shanghai, China, we are expanding our existing manufacturing operations for Imaging and Advanced Therapies by developing a new facility with 34.4 thousand square meters of office and manufacturing space. The expansion of our Chinese manufacturing facilities will enable in-country manufacturing capabilities for clinical chemistry and immunoassay reagents.

In the three months ended December 31, 2017, we continued to invest in our diagnostics manufacturing facilities in the United States as well as in planned new features and enhancements to our Atellica Solution (for example, the expansion of our assay menu), primarily in the United States and Germany. For the period from December 31, 2017 until the date of the Prospectus, we currently estimate that our capital expenditures will amount to approximately €75 million and that these mainly comprised investments in our diagnostics manufacturing facilities in the United States described above as well as the expansion of the Atellica assay menu and the development of further products within the Atellica product family, primarily in the United States and Germany.

In the fiscal year ended September 30, 2017, we invested in the above-mentioned Atellica Solution (€112 million) and replacement and extension of tools, machinery and test-equipment in our production sites, which was to a large extent driven by replacements of outdated equipment in the ordinary course of business. The investments in the development of Atellica Solution, mainly in the United States, were primarily driven by our efforts to create a new cutting-edge, modular diagnostics platform. The investments in replacement of property, plant and equipment in the fiscal year ended September 30, 2017 were driven by Imaging (€99 million) and Diagnostics (€94 million) and, on a geographical basis, primarily in Germany and China.

In the fiscal year ended September 30, 2016, we invested in the above-mentioned Atellica Solution and replacement and extension of tools, machinery and test-equipment in our production sites, which was to a large extent driven by replacements of outdated equipment in the ordinary course of business. The investments in the development of our Atellica Solution, mainly in the United States, were primarily driven by our efforts to create a new cutting-edge, modular diagnostics platform. The investments in replacement of property, plant and equipment in the fiscal year ended September 30, 2016 were driven by Imaging (€90 million) and Diagnostics (€65 million) and, on a geographical basis, primarily in Germany and China.

In the fiscal year ended September 30, 2015, we invested in the above-mentioned Atellica Solution in the United States and in Germany, and replacement and extension of tools, machinery and test-equipment in our production sites, which was to a large extent driven by replacements of outdated equipment in the ordinary course of business. The investments in replacement of property, plant and equipment in the fiscal year ended September 30, 2015 were driven by Imaging (€65 million) and Diagnostics (€76 million) and, on a geographical basis, primarily in Germany and China.

11.7.3.1 Planned Capital Expenditures

For the fiscal year ending September 30, 2018, we have budgeted capital expenditures in an amount of approximately €500 million (including budgeted capital expenditures related to real estate). These capital expenditures are expected to relate primarily to continued investment in our production facilities (including construction of a new tube production facility in Germany and continued ramp up of our Atellica Solution), and the expansion of the Atellica assay menu and development of further products within the Atellica product family, as well as equipment replacements in the ordinary course of business. These capital expenditures are intended to be funded with cash flows from operating activities and existing liquidity, respectively, and, if necessary, partly by drawing on credit facilities. Other than the foregoing and in addition to regular maintenance and optimization expenditures, there are currently no other significant investment projects planned. Further, we do not currently plan any major acquisitions, although we will continue to evaluate bolt-on acquisitions.

For the fiscal year ending September 30, 2018, we expect capital expenditures as a percentage of revenue to be approximately 4.8% and capital expenditures for intangible assets and property, plant and equipment in our fiscal year ended September 30, 2018 to be lower than in the fiscal year ended September 30, 2017.

11.7.4 Pensions and Post-retirement Benefits

We provide post-employment defined benefit plans or defined contribution plans to almost all of our employees in Germany and the majority of our employees based outside of Germany. As of September 30, 2017, the defined benefit plans cover 48,000 participants, including 25,000 active employees, 10,500 former employees with vested benefits and 12,500 retirees and surviving dependents in 36 countries. In connection with the separation from Siemens AG, most of the pension assets and obligations relating to the Group employees have been transferred to separate Group pension plans and respective pension trusts or will be transferred in the near future. For more information, see Note 15 of the Combined Financial Statements and "*20.1.2.9 Pension Liabilities / Pension Schemes*".

As of September 30, 2017, we had a defined benefit obligation of €4,067 million, of which 95% related to Germany, the United States, the United Kingdom and Switzerland, and a net defined benefit balance (liability) of €1,715 million. In connection with the separation from Siemens AG, pension plan assets that had a fair value of approximately €780 million as at January 2, 2018 have been transferred from the existing Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, reducing the net defined benefit balance (liability) of the Group, which amounted to €1,715 million as of September 30, 2017, accordingly.

For additional information and details regarding our pension and post-employment benefit obligations, including our provisions related to pensions and post-retirement benefits, see Note 15 to our Combined Financial Statements.

11.7.5 Off balance Sheet Arrangements

We are not party to any off balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, income or expenses, results of operations, liquidity, capital expenditure or capital resources.

11.7.6 Joint Ventures and Associates

We purchased goods and services from Siemens Healthineers associates in an amount of €61 million, €62 million and €72 million in the fiscal years ended September 30, 2017, 2016 and 2015, respectively.

11.7.7 Significant Changes since December 31, 2017

Except as described under "*26.1 Recent Developments*", there has been no significant change in our financial or trading position since December 31, 2017.

11.8 Quantitative and Qualitative Disclosures about Financial Risk Management

We are exposed to several financial risks, including market risk, foreign currency exchange rate risk (including transaction risk and translation risk), interest rate risk, liquidity risk and credit risk.

11.8.1 Market Risk

Increasing market fluctuations may result in significant earnings and cash flow volatility risk for us. Our worldwide operating business as well as our investment and financing activities are affected particularly by changes in foreign exchange rates and interest rates.

In order to optimize the allocation of the financial resources across our segments and entities, as well as to achieve our objectives, we identify, analyze and manage the associated market risks. We seek to manage and control these risks primarily through our regular operating and financing activities, and use derivative financial instruments when deemed appropriate. Regarding financing activities monitoring and control was performed by Siemens Group in the fiscal years ended September 30, 2017, 2016 and 2015.

The management of financial market risk is a priority for our management. For practical business purposes, responsibilities are delegated to central functions and to the individual Siemens Healthineers Group entities.

In order to quantify market risk, we have implemented a system based on parametric variance-covariance value at risk (VaR).

Actual results that are included in the Combined Statements of Income or Combined Statements of Comprehensive Income may differ substantially from VaR figures due to fundamental conceptual differences.

While the Combined Statements of Income and Combined Statements of Comprehensive Income are prepared in accordance with IFRS, the VaR figures are the output of a model with a purely financial perspective and represent the potential financial loss which will not be exceeded within ten days with a probability of 99.5%.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations including the following: (i) A ten-day holding period assumes that it is possible to dispose of the underlying positions within this period. This may not be valid during continuing periods of illiquid markets; (ii) a 99.5% confidence level means that there is a 0.5% statistical probability that losses could exceed the calculated VaR; and (iii) the use of historical data as a basis for estimating the statistic behavior of the relevant markets and finally determining the possible range of the future outcomes on the basis of this statistic behavior may not always cover all possible scenarios, especially those of an exceptional nature.

Any market-sensitive instruments, including equity and interest bearing investments, that our pension plans hold are not included in this "*Quantitative and Qualitative Disclosures about Financial Risk Management*."

11.8.2 Foreign Currency Exchange Rate Risk

11.8.2.1 Transaction Risk

Each of our entities conducting businesses with international counterparties leading to future cash flows denominated in a currency other than its functional currency is exposed to risks from changes in foreign currency exchange rates. In the ordinary course of business, these entities are exposed to foreign currency exchange rate fluctuations, particularly between the U.S. dollar, Great British pound, Japanese yen, Korean won and the Euro.

We define foreign exchange rate exposure as the net amount of foreign currency denominated monetary items of the Combined Statements of Financial Position in addition to foreign currency denominated cash inflows and cash outflows from forecasted transactions at least for the following three months. This foreign currency exposure is determined based on the respective functional currencies of our exposed entities.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies as well as production activities and other contributions along the value chain in the local markets.

Our entities are prohibited from borrowing or investing in foreign currencies on a speculative basis. Intragroup financing or investments of operating units are preferably carried out in their functional currency.

Our entities have historically been bound by a foreign exchange risk management system established within the Siemens Group. Each of our entities is responsible for recording, assessing and monitoring its foreign currency transaction exposure.

Binding guidelines provide the concept for the identification and determination of the single net currency position and commits the entities to hedge at least 75% but no more than 100% of their net foreign currency exposure per currency for a minimum of three months. Hedging transactions are carried out primarily with the Corporate Treasury of Siemens Group as counterparty. Following the Offering, we plan to establish a foreign currency management approach similar to that in the past.

As of September 30, 2017, 2016 and 2015, the VaR relating to foreign currency exchange rates was €94 million, €64 million and €119 million, respectively. This VaR was calculated under consideration of items of the Combined Statement of Financial Position in addition to foreign currency denominated cash flows from forecast transactions for the following twelve months.

11.8.2.2 Translation Risk

Many of our entities are located outside the Eurozone. Since our financial reporting currency is Euro, the financial statements of these entities are translated into Euro for the preparation of the Combined Financial Statements. To consider the effects of foreign currency translation in the risk management, the general assumption is that investments in foreign-based operations are permanent and that reinvestment is continuous. Effects from foreign currency exchange rate fluctuations on the translation of net asset amounts into Euro are reflected in our combined equity position.

11.8.3 Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates to short-term bank loans and money market borrowings and investments at Corporate Treasury of Siemens Group. Long-term liabilities mainly relate to loans with Corporate Treasury of Siemens Group.

We have historically been mainly financed by Corporate Treasury of Siemens Group and interest rate risk management has been performed at the level of Siemens AG.

As of September 30, 2017, 2016 and 2015, the VaR relating to interest rates was €2 million, €1 million and €1 million, respectively.

11.8.4 Liquidity Risk

Liquidity risk results from our inability to meet our financial liabilities. In the fiscal years ended September 30, 2017, 2016 and 2015, we were largely financed by the Siemens Group via short- and long-term loans and invested excess liquidity using Siemens Group's cash pooling and cash management systems.

Our cash and cash equivalents as of September 30, 2017, 2016 and 2015 amounted to €184 million, €206 million and €73 million, respectively. As of December 31, 2017, our cash and cash equivalents amounted to €326 million.

The following table reflects the contractually fixed pay-offs for settlement, repayments and interest. The disclosed expected undiscounted net cash outflows from derivative financial liabilities are determined based on each particular settlement date of an instrument and based on the earliest date on which we could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing as of September 30, 2017.

	Fiscal year ending September 30,			
	2018	2019	2020 to 2022	2023 and thereafter
		(audited) Euro (millions)		
Non-derivative financial liabilities				
Loans from banks	47	—	—	—
Obligations under finance leases	8	8	8	—
Trade payables	1,120	—	—	—
Other financial liabilities	72	8	12	2
Liabilities to Siemens Group	5,918	1,347	1,314	3,713
Derivative financial liabilities	**13**	—	—	—

The risk implied from the values shown in the table above, reflects the one-sided scenario of cash outflows only. Obligations under trade payables and other financial liabilities including finance leases, mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital, *e.g.*, inventories and trade receivables.

These assets are considered in our overall liquidity risk management. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, we have historically participated in a comprehensive risk reporting established by the Siemens Group, which covers its worldwide business.

11.8.5 Credit Risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time or if the value of collateral declines.

The effective monitoring and controlling of credit risk through credit evaluations and ratings is a core competency of our risk management system. We have historically been bound to the credit policy implemented by the Siemens Group. In principle, each entity is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the level of credit risk, additional credit risk monitoring and controls are performed both by each entity and by the Siemens Group, which can perform further credit evaluations and ratings, if applicable. Ratings and individually defined credit limits are mainly based on generally accepted rating methodologies, with the input consisting of information obtained from the customer, external rating agencies, data service providers and credit default experiences. Ratings and credit limits are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers by us.

For analysis and monitoring of the credit risk, we apply different systems and processes developed by the Siemens Group. A central IT application is available that processes data from the operating units, together with rating and default information, and calculates an estimate which may be used as a basis for individual bad debt provisions. In addition to this automated process, qualitative information is considered, in particular to incorporate the latest developments.

There were no significant concentrations of credit risk as of September 30, 2017, 2016 and 2015.

The maximum exposure to credit risk of financial assets, without taking account of any collateral, is represented by their carrying amount.

As of September 30, 2017, 2016 and 2015 the collateral held for financial instruments classified as financial assets measures at amortized costs amounted to €72 million, €51 million and €69 million, respectively.

Concerning trade receivables and other receivables, as well as loans or receivables which are neither impaired nor past due, there were no indications that defaults in payment obligations will occur, which lead to a decrease in the net assets. Overdue financial instruments are generally impaired on a portfolio basis in order to reflect losses incurred within the respective portfolios. When substantial expected payment delays become evident, overdue financial instruments are assessed individually for additional impairment and are further allowed for as appropriate.

11.9 Changes in Accounting Policies

Our financial statements can be impacted by changes in accounting policies that may affect the comparability of results from period to period as well as our financial position.

The following pronouncements, issued by the IASB, are not yet effective and have not yet been adopted by us:

In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018. We will adopt IFRS 9 for the fiscal year beginning as of October 1, 2018 and will not adjust comparative figures for the preceding fiscal year, in accordance with IFRS 9 transitional provisions. We are currently assessing the effects of the adoption of IFRS 9 and expect only limited impact on the financial statements. We will adopt the IFRS 9 hedge accounting rules prospectively from October 1, 2018. It is expected that all existing hedge accounting relationships will also meet the hedge accounting requirements under IFRS 9.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted. We adopted the standard for the fiscal year beginning as of October 1, 2017 retrospectively, *i.e.* the comparable period is presented in accordance with IFRS 15. Further assessments resulting from the implementation of IFRS 15 confirmed that there are no significant impacts on the financial statements. Retained earnings as of October 1, 2016 will increase by €98 million. The increase mainly arises from an earlier recognition of variable consideration components and as transfer of control may occur before the transfer of significant risks and rewards for certain goods. In the fiscal year ended September 30, 2017, changes in the total amount of revenue to be recognized for a customer contract are very limited. In addition, there will be changes to the statement of financial position, *e.g.*, separate line items for contract assets and contract liabilities are required, and quantitative and qualitative disclosures are added.

The following table illustrates the effects of IFRS 15 to the Combined Statements of Income, if the standard would have already been applied in fiscal year 2017:

	For the fiscal year ended September 30, 2017		
	Pre-adjustment	Adjustment	Post-adjustment
		Euro (millions)	
Revenue	13,796	(119)	13,677
Cost of sales	(8,034)	52	(7,982)
Gross profit	**5,762**	**(67)**	**5,695**
Research and development expenses	(1,253)	—	(1,253)
Selling and general administrative expenses	(2,222)	—	(2,222)
Other operating income	22	—	22
Other operating expenses	(19)	—	(19)
Income from investments accounted for using the equity method, net	9	—	9
Interest income	12	—	12
Interest expenses	(267)	—	(267)
Other financial income (expenses), net	—	—	—
Income before income taxes	**2,044**	**(67)**	**1,977**
Income tax expenses	(600)	19	(581)
Net income	**1,444**	**(48)**	**1,396**

In January 2016, the IASB issued IFRS 16, Leases. IFRS 16 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. We will adopt the standard for the fiscal year beginning as of October 1, 2019, presumably by applying the modified retrospective approach, *i.e.,* comparative figures for the preceding fiscal year would not be adjusted. Currently, it is expected that the majority of the transition effect relates to real estate leased by us. We are currently assessing the impact of adopting IFRS 16 on our financial statements.

In May 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments. The interpretation clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, while earlier application is permitted. We are currently assessing the impacts of adopting the interpretation on the financial statements.

In addition to the standards presented above in detail, the IASB has issued further standards, interpretations and amendments to standards and interpretations whose application is also not yet mandatory and which in part require EU endorsement before they can be applied. We currently assume that the application of these standards, interpretations and amendments will not have a material impact on the presentation of our financial statements.

11.10 Critical Accounting Policies

See Note 2 of the Combined Financial Statements for a description of our accounting policies and significant estimates and assessments in preparing the financial statements.

11.11 Information from the Issuer's Audited Interim Financial Statements

The Company was not established until December 1, 2017. At the date of the Prospectus, as parent company of the Group, it holds all shares in Siemens Healthcare GmbH and Siemens Healthineers Beteiligungen GmbH & Co. KG. The audited interim financial statements of the Company as of December 31, 2017 and for the period from December 1, 2017 to December 31, 2017 have been prepared in accordance with IFRS and contain a complete set of financial statements (as described in IAS 1 *Presentation of Financial Statements*). Since the Company did not conduct any operative business, the significance of these interim financial statements showing the Company on a stand-alone basis is limited.

In the period from December 1, 2017 to December 31, 2017, the Company's net loss was €2 thousand. As of December 31, 2017, the Company's share capital amounted to €50 thousand.

12. PROFIT FORECAST

Our forecast for growth of revenue on a comparable basis ("**comparable revenue growth**"), Adjusted Profit Margin, non-operational financial expenses, net, and the effective income tax rate of the group of companies comprising Siemens Healthineers AG, Munich (hereinafter also the "**Company**") and its direct and indirect subsidiaries (together with the Company, hereinafter the "**Group**", "**we**", "**us**", "**our**") for the fiscal year ending September 30, 2018 (the comparable revenue growth, Adjusted Profit Margin, non-operational financial expenses, net and the effective income tax rate forecasts, together with the respective explanatory notes, hereinafter collectively referred to as the "**Profit Forecast**") discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects the forward-looking expectations of the Company with respect to comparable revenue growth, Adjusted Profit Margin, non-operational financial expenses, net and the effective income tax rate of the Group. Any forward-looking statements, including the Profit Forecast, are necessarily based on a number of assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond our control, and upon assumptions with respect to future business decisions that are subject to change.

The Profit Forecast is based on assumptions made by the management of the Company. These assumptions relate to (i) factors outside the Company's influence and (ii) factors that can be influenced by the Company. Even if these assumptions were reasonable at the time of preparing the Profit Forecast, they may prove to be inappropriate or incorrect in the future. Should one or more of these assumptions prove to be inappropriate or incorrect, the Company's actual results could materially deviate from the Profit Forecast made by the Company.

12.1 Definition of Key Performance Indicators

The key performance indicators described below may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

12.1.1 Comparable revenue growth

Our primary measure for managing and controlling our revenue growth is comparable revenue growth, which shows the development of our revenue as reported and shown in our financial statements ("**revenue**") net of currency translation effects, which arise from the external environment outside of our control, and portfolio effects, which encompass business activities that are either new to, or no longer a part of, our business. Currency translation effects are the difference between revenue for the current period calculated using the exchange rates of the current period and revenue for the current period calculated using the exchange rates of the comparison period. To calculate the percentage change year-over-year, this absolute difference is divided by revenue for the comparison period. A portfolio effect arises in the case of an acquisition or a disposition and is calculated as the change year-over-year in revenue of the relevant business resulting specifically from the acquisition or disposition. To calculate the percentage change, this absolute change is divided by revenue for the comparison period. Interdependencies between currency translation effects and portfolio effects (second order effects) are not taken into account. Comparable revenue growth is calculated by excluding the changes in percentages caused by exchange rate fluctuations and portfolio effects from the percentage change year-over-year of revenue.

12.1.2 Adjusted Profit Margin

The Adjusted Profit Margin is calculated by dividing the Adjusted Profit by revenue.

Adjusted Profit excludes income taxes, non-operational financial expenses, net (equals financial expenses, net, excluding financial income from operations, net), and the amortization of other intangible assets acquired in business combinations, as well as severance charges and one-time costs related to the intended initial public offering of the Company in March 2018 (the "**IPO**") from net income.

Financial expenses, net, represents the sum of (i) interest income, (ii) interest expenses and (iii) other financial income (expenses), net. Financial income from operations, net, refers to interest income related to receivables from customers, from cash allocated to the segments (only relevant on segment level) and interest expenses on payables to suppliers.

Severance charges relates to costs in connection with personnel restructuring programs. One-time costs of the IPO comprise external costs we bear, directly related to the IPO, such as fees for the banks, legal advisors, tax advisors, for auditors, pension-related consulting fees and IPO related external communication and marketing

costs, as well as an IPO related employee share program. In our management's opinion, severance charges and one-time costs for the IPO are special items that do not reflect the underlying performance of the business. Special items are not a recognized term under IFRS. Special items are subject to certain discretion in the allocation of various income and expense items and the application of discretion may differ from company to company.

12.1.3 Non-operational financial expenses, net

Non-operational financial expenses, net is regarded by management as an important measure to reconcile to net income. Non-operational financial expenses, net exclude the financial income from operations, net, as defined above, which is included in the Adjusted Profit.

12.1.4 Effective income tax rate

The effective income tax rate can be derived from the statement of income and is defined as the ratio of income tax expenses divided by income before income taxes and is regarded by management as an important measure to reconcile to net income.

12.2 Profit Forecast for Siemens Healthineers AG for the Current Fiscal Year 2018

On the basis of developments in the fiscal year ended September 30, 2017 ("**Fiscal Year 2017**"), we currently expect comparable revenue growth to be in the range of 3% to 4% (lower and upper case) for the fiscal year ending September 30, 2018 ("**Fiscal Year 2018**") compared to the Fiscal Year 2017. We expect Adjusted Profit Margin for the Fiscal Year 2018 to be in the range of 17% to 18% (lower and upper case) and that we will incur non-operational financial expenses, net in the range of €140 million and €170 million (lower and upper case) for the Fiscal Year 2018. Furthermore, we expect our effective income tax rate to be in a range of 28%-30% for the Fiscal Year 2018.

12.3 The Underlying Principles

The Profit Forecast was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.,* "**IDW**") IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses and Profit Estimates on the basis of Preliminary Figures (IDW AcPS AAB 2.003) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung sowie Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW RH HFA 2.003*)).

The Profit Forecast was prepared on the basis of the accounting principles of the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). In respect of the accounting principles used, reference is made to the relevant presentation in the audited combined financial statements of the combined group of companies and entities comprising the healthcare business of Siemens AG and its consolidated subsidiaries as of and for the fiscal years ended September 30, 2017, 2016 and 2015 except for the fact that IFRS 15, Revenue from Contracts with Customers is applied for the purpose of the Profit Forecast.

Major factors and assumptions that have an impact on the Profit Forecast are set out below.

12.4 Factors and Assumptions

12.4.1 Factors Beyond Our Control and Related Assumptions

12.4.1.1 Factors relating to comparable revenue growth and Adjusted Profit Margin

a) Foreign exchange rate movements: Due to the global scale of our business, our results of operations are affected by foreign exchange rate movements, both on a transactional and translation basis. While translation effects cannot be mitigated per definition, transactional effects can be mitigated by hedging. The EUR/USD currency pair is by far the most important currency pair for us (USD long exposure). We accounted for the adverse effects resulting from the devaluation of the USD in the last quarters in the Profit Forecast. While the average EUR/USD rate was 1.11 for the Fiscal Year 2017, we expect it to amount to 1.19 for the Fiscal Year 2018. This also results in significant adverse effects on revenue expected in Fiscal Year 2018 compared to Fiscal Year 2017, leading to a significant difference between the development of revenue (as reported) and comparable revenue growth. Based on our expectation of 3-4% comparable revenue growth this should lead to slight decreases in revenue (as reported) in upper and lower case compared to Fiscal Year 2017.

b) Demographic and structural trends in healthcare: A growing global population with increasing access to healthcare as a consequence of the economic development in many countries is leading to growing demand for our products and services. This is supported by an increase in chronic diseases driven by an aging population. At the same time, the resulting growth of procedures performed with medical devices, is offset in part, by the transformation of healthcare systems, which are under pressure to manage cost increases and therefore standardize treatments and increase the number of procedures, examinations and test per modality and instrument. It is an important aspect in our product development to support our customers in saving costs, while generating a better outcome, in order to benefit from these trends. For the purpose of the Profit Forecast, we assumed the continuation of these trends.

c) Regulation: Regulations pertaining to our products have become increasingly stringent and more common, particularly in developing countries. We may become subject to more rigorous regulation by governmental authorities in the future. Failure to comply with these requirements in a timely and efficient manner could result in delays that could affect our ability to attract or retain customers, or could cause customers to delay or potentially cancel orders, causing our revenue and profitability to suffer, including through lost opportunities to participate in large public tenders. It may also result in a prohibition of the sale or usage of our products in certain markets.

For the purpose of the Profit Forecast, we do not expect material changes resulting from such developments compared to Fiscal Year 2017.

d) Reimbursement policies: In many markets our products and services are generally eligible for reimbursement by third-party payors, such as government health programs or private insurance companies. Our business can be affected, if legislation in key-markets changes with respect to reimbursements in general, as currently being discussed in the United States, or new products are not eligible for reimbursement because applicable requirements are not fulfilled. For the purpose of the Profit Forecast, we did not assume any significant change in this regard.

e) Customer consolidation and conversion cycle of orders: Healthcare providers and payors combine through mergers and acquisitions or join group purchasing organizations. This includes the consolidation of equipment in order to achieve a better degree of capacity utilization. This affects our revenue as it negatively impacts demand for our products and services. At the same time, these purchasing organizations use their increased purchasing power to negotiate higher discounts.

The duration of our conversion cycle – the period from when an order is placed until we deliver the product and receive payment – has also increased, which affects both our revenue recognition and cash flow. This is due, in part, to the rise of purchasing organizations and governments that have leveraged their scale to negotiate better prices and payment-timing terms, often by agreeing to purchase large quantities but at reduced prices and with payments and delivery spread out over a number of years. For the purpose of the Profit Forecast, the continuation of this trend has been assumed for Fiscal Year 2018.

f) Global or regional (economic) instabilities: Unfavorable economic conditions and, in particular, future political and economic factors which have the effect of reducing capital expenditure for healthcare products and/or services, may negatively impact sales of our products. Our business could, for example be negatively affected by new trade agreements with the United Kingdom following Brexit. The transition of the Chinese economy from an investment-driven market to a consumer-driven market may entail slower growth and greater instability on financial markets. The ongoing discussion about the reform of the Affordable Care Act in the United States and the potentially adverse effects on our business remain unclear at this time.

For the purpose of the Profit Forecast, we have assumed similar economic conditions as in Fiscal Year 2017.

12.4.1.2 Factors relating to non-operational financial expenses, net

a) For the purpose of the Profit Forecast, whenever meaningful, existing deal rates were used, covering more than 90% of the loan volume. For a few positions contractual deal rates were not available. In these cases interest rates were estimated, based on the respective expected interest rate level.

The majority of the loans are denominated in U.S. dollar. For those loans interest rates are mainly fixed with an average of approximately 2.5%. Remaining indebtedness is split between various currencies and maturities, *e.g.,* Euro, British Pound, Singapore Dollar and United Arab Emirates Dirham.

12.4.1.3 Factors relating to the effective income tax rate

a) The regional split of taxable income is not expected to be affected by the legal separation of the Group from Siemens Group and the IPO.

b) Tax rates: we expect income tax rates to generally remain stable during Fiscal Year 2018, except as indicated below.

c) The revaluation of US related deferred tax liabilities, net in connection with the US tax reform should lead to a one-time tax income in Fiscal Year 2018.

12.4.2 Factors That Can Be Influenced By Us and Related Assumptions

12.4.2.1 Factors relating to comparable revenue growth and Adjusted Profit Margin

a) Innovation leadership: Our ability to maintain our technology and innovation leadership depends on our successful development, introduction and commercialization of new products, *e.g.*, the successful roll out of the Atellica solution, systems and services and our ability to enhance our existing technology. These factors are key to our continuing growth of revenue and profitability. For the purpose of the Profit Forecast, we did not assume any significant adverse effect from changes in our innovation leadership compared to Fiscal Year 2017. In order to maintain this innovation leadership, we plan slight increases in research and development expenses for Fiscal Year 2018 compared to Fiscal Year 2017 for the upper and lower case.

b) Assumption regarding changes in portfolio and related effects: Our business strategy includes the acquisition of technologies, skill sets and businesses that expand or complement our existing business. For example, we acquired Epocal Inc., a Canada-based developer and manufacturer of point of care diagnostics systems, as well as Fast Track Diagnostics S.à r.l., a Luxembourg-based company specialized in the design, development and manufacturing of infectious disease detection kits in the first half of Fiscal Year 2018. For the purpose of the Profit Forecast, no significant M&A transactions (other than the transactions closed and announced at the time of the preparation of the Profit Forecast) have been assumed.

c) Price erosion and pricing: The level of price erosion impacts our growth and profitability. It can be mitigated, in part, by feature enhancements of existing products and by new product launches with regard to overall average price levels. This is a key driver of our economic success. For the purpose of the Profit Forecast, we assumed price erosion to remain at historic levels of approximately 2%.

d) Productivity: Operational improvement measures are another key factor to mitigate cost increases. For the purpose of the Profit Forecast, we assumed that our Productivity Acceleration Initiative ("**PAI**"), an ongoing group-wide program, achieves the targeted annual productivity increase of approximately 4% (calculated based on a cost base comprising all operationally relevant costs, which is the sum of cost of sales, research and development expenses and selling and general administrative expenses). PAI does not include the cost savings initiatives which are discussed below.

e) Dependency on business partners: We rely on business partners as sales channel in certain geographies, in which we do not have our own sales force or to enhance coverage of the market, including China. Our compliance system is designed to prevent, detect and respond to potential violations by our business partners and agents. They are classified, approved and tracked according to certain risk indicators. If a business partner failed to comply with our compliance system and his contract was cancelled as a result of this failure, this would have a negative effect on our revenue and profitability accordingly. Changing business partners can be time-consuming and it is a costly process to qualify new third parties and ensure the required quality. For the purpose of the Profit Forecast, we did not assume any significant adverse effect from terminations of contracts with business partners or related effects compared to Fiscal Year 2017.

f) Cost savings: Following the IPO, we expect to benefit from certain standalone and structural cost savings. For example, the Siemens Group historically has charged us for various services provided. We have identified areas in which we could insource such services or procure them externally to achieve cost savings. For some services, we expect to enter into new agreements with the Siemens Group to provide us with such services.

In addition, beginning in Fiscal Year 2018 and continuing through Fiscal Year 2020, we intend to reduce structural costs by streamlining our administration and management structure, along with implementing end-to-end process improvement to increase our agility to tap market opportunities and free up additional room for investment. We expect to achieve this by measures such as simplifying management structures, optimizing support functions and improving decision making processes.

For purposes of the Profit Forecast, we estimate these initiatives together will result in cost savings of approximately €50 million in Fiscal Year 2018.

Based on the above described assumptions regarding the factors outside the Company's influence and factors that can be influenced by the Company, we plan slight decreases in the ratio of gross profit to revenue for lower and upper case for Fiscal Year 2018 compared to Fiscal Year 2017. The implementation costs associated with the savings discussed above will be significantly higher than the savings in Fiscal Year 2018. Furthermore, there will be non-recurring external and internal IPO-related costs in Fiscal Year 2018. However, the majority of such implementation costs as well as IPO-related costs are excluded in the definition of the Adjusted Profit Margin.

12.4.2.2 Factors relating to non-operational financial expenses, net

a) Until February 2018, the Group's debt financing policy and strategy was part of Siemens AG's overall debt financing policy and the Group was financed mainly via internal loans and internal current account financings with the Siemens Group.

b) For the purpose of the Profit Forecast it was assumed that the Group's financing will be restructured at the time of the IPO, with some financing measures still to take place with respective effectiveness dates. The Group's financing will consist of the following instruments: long-term loans with different maturities in respective currencies, a working capital facility, a revolving credit facility and a global letter of support, a guarantee from the Siemens AG allowing us to get financing by banks in certain regulated countries. While the financing instruments we will use after the IPO are already known, the future degree of utilization of some of these instruments and applicable future interest rates are uncertain and volatile. This is also due to the fact that some of the financing will be required in regulated countries where we could face additional country-specific financing costs. The above mentioned factors lead to a certain degree of uncertainty with regard to the non-operational financial expenses, net expressed in the range of the forecast.

c) Pensions: In connection with the separation from Siemens AG, most of the pension assets and, obligations relating to the Group employees have been transferred to separate Group pension plans and respective pension trusts or will be transferred in the near future. In addition, pension plan assets that had a fair value of approximately €780 million as at January 2, 2018 have been transferred from the existing Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, reducing the net defined benefit balance (liability) of the Group, which amounted to €1,715 million as of September 30, 2017, accordingly.

The forecast of non-operational financial expenses, net, reflects that prior to the restructuring of the Group's financing, current net interest expense is significantly higher than after the finalization of the new capital structure at IPO. Among the various measures that have been taken and will be taken, the provision of equity amounting to US$6.5 billion in February 2018 to entities in the United States as well as the transfer of pension assets and obligations to separate Group pension plans and respective pension trusts were the most important measures.

12.4.2.3 Factors relating to the effective income tax rate

In addition to the factors outside the Company's influence relating to the effective income tax rate as well as the factors relating to comparable revenue growth, Adjusted Profit Margin and to non-operational financial expenses, net, we expect non-deductible costs resulting from services rendered for and legal reorganizations undertaken before the IPO in Fiscal Year 2018 to partially off-set the positive one-time effect discussed in 12.4.1.3.

12.5 Other Explanatory Notes

The Profit Forecast covers results from some extraordinary events or results from non-recurring operations within the meaning of IDW Accounting Practice Statement (*IDW RH HFA 2.003*), such as the revaluation of US related deferred tax liabilities in connection with the US tax reform, the changes in the capital structure and of parts of expenses resulting from cost savings programs as well as of costs relating to the IPO to the extent not excluded in the Profit Forecast as stated above.

As this Profit Forecast relates to a period that has not yet ended and is based on a number of assumptions regarding uncertain future events and actions, it inherently involves considerable uncertainties. As a result of such uncertainties, the actual comparable revenue growth, Adjusted Profit Margin, non-operational financial expenses, net and the effective income tax rate generated by the Company for the current Fiscal Year 2018 may deviate from the Profit Forecast, even substantially.

This Profit Forecast was prepared on March 2, 2018.

12.6 Auditor's Report on the Profit Forecast of Siemens Healthineers for the Financial Year Ending September 30, 2018

Auditor's Report

To Siemens Healthineers AG

We have audited whether the forecast of the growth of revenue on a comparable basis, Adjusted Profit Margin, non-operational financial expenses, net, and the effective income tax rate of the group of companies comprising Siemens Healthineers AG, Munich (hereinafter also the "**Company**" and, together with its fully consolidated subsidiaries, the "**Group**") for the period from October 1, 2017 to September 30, 2018 (the "**Profit Forecast**"), prepared by the Company, has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. The Profit Forecast comprises the forecast of the growth of revenue on a comparable basis, Adjusted Profit Margin, non-operational financial expenses, net, and the effective income tax rate of the Group for the period from October 1, 2017 to September 30, 2018 and explanatory notes thereto.

The preparation of the Profit Forecast including the factors and assumptions presented in the explanatory notes to the Profit Forecast is the responsibility of the Company's management.

Our responsibility is to express an opinion based on our audit on whether the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. Our engagement does not include an audit of the factors and assumptions identified by the Company underlying the Profit Forecast.

We conducted our audit in accordance with *IDW Prüfungshinweis: Prüfung von Gewinnprognosen und schätzungen i.S.v. IDW RH 2.003 und Bestätigung zu Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW PH 9.960.3) (IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates in accordance with IDW AcPS HFA 2.003 and Confirmation regarding Profit Estimates on the basis of Preliminary Figures (IDW AuPS 9.960.3))* issued by the *Institut der Wirtschaftsprüfer in Deutschland e.V.* (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that material errors in the compilation of the Profit Forecast on the basis stated in the explanatory notes to the Profit Forecast and in the compilation of this basis in accordance with the accounting policies of the Company are detected with reasonable assurance.

As the Profit Forecast relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of the uncertainties it is possible that the actual growth of revenue on a comparable basis, Adjusted Profit Margin, non-operational financial expenses, net, and the effective income tax rate of the Group for the period from October 1, 2017 to September 30, 2018 may differ materially from the forecast of the growth of revenue on a comparable basis, Adjusted Profit Margin, non-operational financial expenses, net, and the effective income tax rate.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on the findings of our audit, the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast. This basis is consistent with the accounting policies of the Company.

Munich, March 2, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Tropschug
Wirtschaftsprüferin
(*German Public Auditor*)

Esche
Wirtschaftsprüfer
(*German Public Auditor*)

13. INDUSTRY OVERVIEW

Certain market and industry data and forecasts used, and statements regarding our position in the relevant market or market segment made, in the Prospectus are based on various government, market research and other publicly available information, including from certain competitors, as well as reports by independent industry publications and our own analysis of multiple sources. See "2.4. Sources of Market Data". We have made certain adjustments to such third-party data based on internal information, assumptions and estimates in order to present of what we believe is a more accurate description of our addressed and adjacent markets and market segments. These adjustments include (i) application of constant foreign currency exchange rates as used in our budget planning, (ii) exclusion of certain market segments which are not part of the markets we address, as well as inclusion of material market segments that are not reflected in third party market reports, (iii) adjustments for product units and volumes to correct overstatements or understatements in third party market reports (compared to reported information from industry associations) and (iv) application of such adjustments to our fiscal year ending September 30 from a calendar year.

13.1 Overview of our addressable markets

We are a leading global provider of healthcare products, solutions and services with unique presence and scale in an attractive market. Our business segments are Imaging, Advanced Therapies and Diagnostics. We have sales in more than 180 countries, with the Americas, our largest market region, accounting for 41% of our revenue in the fiscal year ended September 30, 2017. Europe, C.I.S., Africa and Middle East ("**EMEA**") and Asia and Australia ("**Asia-Pacific**") accounted for 32% and 28% of our revenue in the fiscal year ended September 30, 2017, respectively. Our products and services extend across the continuum of care, including screening, diagnosis, treatment, and monitoring. We estimate our technology influences more than 70% of critical clinical decisions, enables definitive clinical pathways and helps create an efficient path to diagnosis (Source: AdvaMedDX 2011). In addition to our three business segments, our Services business, which spans across the reporting segments, helps customers improve their operational results, advances clinical outcomes at a lower cost of care and enhances patient experience. We estimate that the markets for imaging, diagnostics, and advanced therapies equipment, which are our core markets, accounted for more than €50 billion of the €7 trillion global healthcare market (Source: WHO 2012). In addition to the markets for equipment, our Services business, supports our equipment offering and targets the growing, highly fragmented, value-added services market, which we estimate to grow at a CAGR of 7-8% from 2016 to 2021.

	2016 estimated market size (€ billion)	Expected market CAGR 2016 - 2021
Imaging[(a)]	17	3%
Diagnostics[(b)]	30	6%
Advanced Therapies[(c)]	3	4%
Total market:	**51**	**3-5%**

(a) Imaging includes computed tomography, magnetic resonance imaging, molecular imaging, X-ray and ultrasound.

(b) Diagnostics includes clinical chemistry, heterogeneous immunoassay, coagulation, and hematology, point of care diagnostics, molecular diagnostics and molecular services.

(c) Advanced Therapies includes C-arm systems and angiography.

Source: Company estimates

Our addressable markets are shaped by the following trends:

- **Population growth and ageing demographics:** Our business is driven by various demographic trends, including the growing and ageing global population. The current world population is estimated to be more than 7 billion, and is expected to reach almost 10 billion by 2050 (*Source: United Nations, Department of Economic and Social Affairs, Population Division*). It is estimated that the population aged 65 and above will grow from 559 million in 2015 to 604 million by 2020 (*Source: WHO, National Institute of Aging*). This increase poses major challenges to the global healthcare systems and, at the same time, opportunities for us, as the demand for cost efficient healthcare solutions is intensifying.
- **Expansion of healthcare in emerging markets:** Economic development in emerging countries has led to improved access to healthcare. Due to a growing middle class, there continues to be significant investment in the expansion of private and public healthcare systems, driving overall growth. In addition, emerging countries leverage best practices to develop effective healthcare systems that are supported by modern medicine, efficient technology and infrastructure.

- **Increase in chronic diseases:** An increase in chronic diseases is being driven by an ageing population and environmental and lifestyle-related changes. Chronic diseases will account for almost three-quarters of deaths worldwide by the year 2020 up from 60% in 2001. Furthermore, it has been calculated that, in 2001, chronic diseases contributed approximately 46% of the global burden of disease and is expected to increase to 57% by 2020 (*Source: WHO*).
- **Transformation of healthcare providers:** Due to increasing cost pressure on the healthcare sector, new remuneration models for healthcare services are being introduced. This represents a shift from the fee-for-service model, where payments are made for a certain service or treatment, to a value-based payment model, under which providers are compensated for the quality and results of their services on the patient rather than the services themselves. In the United States, for example, Centers for Medicare & Medicaid Services, the regulatory authority governing providers, require 50% of payments to be value-based by 2018 (*Source: Xerox*). Data, digitalization and artificial intelligence are likely to be key enablers for providers as they increasingly focus more on enhancing the overall patient experience, underpinned by better outcomes and reduced overall cost of care.

13.2 Imaging

13.2.1 Market overview

The imaging market ("**Imaging**") encompasses a wide range of imaging equipment and services used at the core of clinical decision-making. We serve the following five segments of the Imaging market: MRI, Computed Tomography ("**CT**"), X-ray systems in Radiography, Fluoroscopy, Mammography and Urology ("**X-ray systems**"), Molecular Imaging (PET/SPECT) ("**MI**") and Ultrasound.

The global Imaging market in 2016 was estimated to be €17.4 billion and is expected to grow at a CAGR of 3% from 2016 to 2021, with Asia-Pacific being the largest and fastest growing geographical region at a CAGR of 5% over the same period. The global market is expected to be driven by sustainable underlying trends across Imaging modalities and geographies. MRI, CT and X-ray systems represent the majority of the market and are projected to grow at CAGRs of 3% from 2016 to 2021.

The following table shows the estimated market size and growth by product and region:

	2016 estimated market size (€ billion)	Expected market CAGR 2016 - 2021
By product:		
Magnetic Resonance	4.2	3%
Computed Tomography	3.4	3%
Radiography, Fluoroscopy, Mammography, Urology	3.4	3%
Molecular imaging	1.0	3%
Ultrasound	5.3	4%
Total market	**17.4**	**3%**
By region:		
Americas	5.7	2%
Asia-Pacific	7.2	5%
EMEA	4.5	2%
Total market	**17.4**	**3%**

Source: Company estimates

13.2.1.1 Competitive environment

The global Imaging market is moderately consolidated, with the top three players (Siemens Healthineers, GE Healthcare and Philips) accounting for approximately 68% of the market (excluding ultrasound). Notable smaller players include Canon Medical (formerly Toshiba Medical), Hitachi, TeraRecon, Agfa Healthcare, Esaote, Neusoft, Hologic, Aloka, Analogic, Mindray, United Imaging and Samsung.

13.2.2 Key trends

The Imaging market is benefiting from a paradigm shift towards precision medicine and an increasing utilization of imaging devices in therapy, screening and intervention. These trends will continue to drive the

demand for broader imaging applicability and digitalization. Furthermore, as developments in AI, big data and deep machine learning continue to direct the future of population health management, highly intelligent imaging systems will continue to become critical to the management and delivery of care. Growth in the market is also being driven by broad macroeconomic trends in global healthcare, including ageing population demographics and increasing healthcare expenditure in emerging markets.

There are a number of fundamental trends that are expected to drive the Imaging market going forward:

- **Developed markets are poised for imaging system replacements:** The installed base of imaging equipment systems across developed markets, such as the United States, is ageing as some customers have extended the useful life on products for 10 years or longer. In Europe, the healthcare market had been stagnant for several years following the financial debt crisis given budget cuts and uncertainty about future healthcare budgets. Now several years later, many hospitals are in need of exchanging their aged imaging equipment and are seeing slightly increased healthcare budgets. Within the MRI market, replacement has been driven by the emergence of newer, up-to-date devices meeting healthcare provider demand for enhanced image quality to improve patient diagnosis and increase patient throughput. In the CT scanner market, for example, newly established regulations such as NEMA Standard XR-29 safety rules (also known as MITA SmartDose Standard) in the United States which became effective in 2016, require more rigorous radiation dose reporting and monitoring. These reporting and monitoring obligations let to increasing demand for next-generation CT scanners with lower radiation dose.

- **Imaging software and data integration driving the digitalization of healthcare:** The digitalization of healthcare is being driven by two primary customer values: increasing cost efficiencies of healthcare processes and improving patient outcome. Imaging has been at the forefront of the digitalization of healthcare for many years as CT and MR images are typically viewed, analyzed and stored in digital form, without the need to print the images. The industry is being challenged to turn imaging procedures into a highly automated task, with AI helping clinical users to work more efficiently.

  Increased demand for improved imaging equipment in emerging markets: As emerging markets are developing their healthcare infrastructure, we expect to see higher investments and volume growth in the imaging equipment markets of China, India, Brazil, Middle East and Africa. For example, within the emerging markets MRI industry, China is expected to be one of the countries driving strong growth given current low market penetration. China's current penetration levels of 6 MRI scanners per million people holds significant potential compared to fully developed markets such as the United States at approximately 40 MRI scanners per million people (*Source: Company estimates based on Chinese Ministry of Health data, OECD Data, 2015*).

- **Increased demand for digital and portable devices:** Mobile devices significantly increase a provider's efficiency of care, especially with patients that are bedridden or unable to travel for exams. Within the mobile X-ray device market, conventional analogue and computed radiography devices are being replaced with flat panel detectors, a digital device that instantly displays images in real-time. Similarly, there is a greater demand for portable ultrasound systems as they improve efficiency and productivity in clinical settings.

- **Increased focus on precision medicine led by the use of hybrid modalities:** Recent technological advances such as the use of PET in combination with other imaging modalities, primarily CT, is leading to better imaging quality and accuracy. The enhanced diagnoses are enabling practitioners to identify more easily and with higher certainty the characteristics and the state of disease in individuals, guiding the application of particular treatments. Demand for precision medicine will lead to higher utilization of precision medicine imaging equipment (*Source: National Research Council of the National Academies and RSNA*).

- **Increased number of applications for imaging systems:** The applications of Imaging equipment, such as ultrasound systems, are expanding significantly in fields such as obstetrics, gynecology, urology and ophthalmology. This is expected to support future growth.

13.3 Advanced Therapies

13.3.1 Market overview

Along the clinical pathway, therapy accounts for the majority of the costs (exemplary data for Germany in 2015 provided by the German Federal Statistical Office (*Statistisches Bundesamt*) shows that 54% of the costs are caused by therapy versus 4% in prevention / screening, 14% in diagnosis and 29% in care / follow-up).

Advanced medical imaging is used to significantly improve patient care and reduce therapy costs by facilitating complex and minimally invasive operational procedures. Advanced Therapies consists of Angiography, Mobile C-arms and Imaging systems for Radiation Oncology. The main three players are Siemens Healthineers, Philips and GE Healthcare who together account for the largest part of the total market.

The market for our Advanced Therapies products in 2016 (excluding radiation oncology) was estimated to be €2.8 billion and is expected to grow at a CAGR of 4.0% from 2016 to 2021. Market growth is primarily driven by sustainable growth trends across clinical fields and particularly across minimally invasive procedures. Angio systems, with an estimated market size of €2.0 billion in 2016, represent the largest part of the market and are expected to grow at a CAGR of 3.7% until 2021, with Asia-Pacific growing at a CAGR of 4.7%, representing the highest growth potential region, followed by Americas and EMEA.

The following table shows the estimated market size and growth by product and region:

	2016 estimated market size (€ billion)	Expected market CAGR 2016 - 2021
By product:		
Angio systems	2.0	4%
Mobile C-arms	0.7	5%
Total market	**2.8**	**4%**
By region:		
Americas	1.1	4%
Asia-Pacific	1.0	5%
EMEA	0.7	3%
Total market	**2.8**	**4%**

Source: Company estimates

13.3.1.1 Competitive environment

The global Advanced Therapies market can be described as consolidated with the top three players accounting for approximately 80% of the total market (Siemens Healthineers, GE Healthcare and Philips). Based on equipment orders in 2016, we estimate that we have a market share of approximately 32%. Notable other players include Canon Medical (formerly Toshiba Medical), Shimadzu, Medtronic and Ziehm Imaging.

13.3.2 Key trends

There are a number of fundamental trends that are expected to drive the Advanced Therapies market:

- **Minimally invasive procedures are emerging as the new standard in the context of precision medicine driving growth in Advanced Therapies:** The Advanced Therapies market is largely influenced by procedural developments. It is estimated that approximately half of the procedure growth is resulting in equipment growth (*Source: company estimates*). For example, open surgery as a standard procedure for operations is accompanied by long recovery time, high risk of complications and high costs for hospitals. Driven by technological innovations in imaging, robotics, medical devices and IT, minimally invasive procedures are emerging as the new standard as they counteract the disadvantages and result in, among other things, lower risks of complications, smaller scars, faster recovery time, less post-operation pain, shorter hospital stays and less incurred costs. Evidence of the strong expansion of minimally invasive procedures can be found in several clinical fields. Selected procedures increased by 7% p.a. from 2010 to 2016 in U.S. radiation oncology (*Source: based on 2017 Radiation Therapy Market Summary Report – IMV Medical Information Division, Inc., brain and brain metastases cancer patients treated by radiotherapy from 2010 to 2016*) and are expected to grow 13% p.a. and 7% p.a. from 2017 to 2022, in selected procedures in cardiology and globally in interventional radiology, respectively (*Source: DRG database*). The proliferation of minimally invasive procedures results therefore in increasing demand for Angio systems and mobile C-arms, which are enablers of these minimally invasive procedures.
- **Procedures are getting more complex, which will drive demand for Advanced Therapies systems:** New and complex procedures across all interventional clinical disciplines require complex technological devices supporting these procedures. The integration of multiple modalities in interventional workflow, such as dedicated imaging tools and software applications or robotic assistance enable these complex procedures, driving growth of Advanced Therapies.

- **Advanced Therapies is benefiting from the overall underlying healthcare market trends:** These include population growth and ageing, rising of life expectancy, continued improvement of access to medical services in emerging countries, and rising prevalence of chronic diseases.
- **Combination of favorable demographic fundamentals and public investments directed towards modernization of under-equipped medical infrastructures, will likely support growth across emerging markets:** The growing population in emerging markets leads to considerable growth potential in these countries. As budgets from public and private hospitals become more restricted, specific growth is seen in the field of combined Interventional Radiology / Interventional Cardiology (IR/IC) systems and mobile C-arm equipment. Combined IR/IC systems increase interventional room flexibility, enabling a wider variety of procedures when compared to a dedicated system, enabling a higher utilization rate. Mobile C-arm systems have also been adopted as an enabler of image guided therapy. They represent a lower-cost option in order to modernize healthcare facilities, while complex interventional procedures would usually be done using Angiography systems. In Latin American, economic and political issues have recently impacted its biggest markets: Brazil and Mexico. At the same time, countries such as Argentina and Chile have grown and supported the region's development. Brazil and Mexico showed good signs of economic recovery in 2017, resulting in growth of the region in a low double digit percentage. In China, interventional X-ray equipment is rapidly expanding driven by governmental investments no longer only allowing top tier hospitals to perform interventions but establishing this service also in lower-tier hospitals. Modernization of hospitals in Southeast Asia and India is also expected to drive further considerable growth in Asia-Pacific. Funding from the European Union promises growth in countries in Eastern Europe where there is a potential to catch up with the level of equipment in western European countries. As African governments are expected to invest in the improvement of medical services, the demand for interventional systems should increase in the continent. In the Middle East, the new and upcoming "medical cities" are expected to drive high single digit growth of imaging equipment.
- **Replacement of installed base due to new technology, new installations of hybrid operation rooms and new treatment areas in developed/established markets:** Besides the overall stable growth in the image guided therapy market in developed economies, there are two specific market drivers to be highlighted. Flat-panel detector – as a new technology for image guided therapy systems – has contributed considerably to the replacement of current installed base in matured markets. Its technology maturity and price decrease have driven the replacement of systems with traditional image intensifier. Moreover, the hybrid operating room market is projected to grow 12.5% per annum (*Source: marketsandmarkets*). It is a segment of the interventional market which combines advanced imaging systems – such as Angiography, MRI and CT –, patient support systems and management platforms in a flexible interventional/surgical suite. This hybrid setup supports high-quality interventional imaging and complex open and minimally invasive surgeries. Hybrid ORs can optimize the surgical workflow, reduce operation and hospitalization costs, as well as improve patient outcomes. Interventional x-ray system adoption in image guided procedures has also expanded beyond general radiology and cardiology. Although those two represent the majority of the market, angiography systems have increasingly been used in oncology, neurology and pediatric treatment.

13.4 Diagnostics

13.4.1 Market Overview

The *in-vitro* diagnostics ("**Diagnostics**") market includes products for all levels of patient care, which influence as much as 60 to 70% of healthcare decision-making (*Source: AdvaMedDX 2011*). The global Diagnostics market (including molecular services) amounted to approximately €31 billion in 2016 with an expected CAGR of 6% from 2016 to 2021 (*Source: Company estimates*).

Within the Diagnostics market, we serve the following segments: (i) Laboratory Diagnostics ("**LD**"), (ii) Point of Care Diagnostics ("**POC**") and (iii) Molecular Diagnostics ("**MDX**") and Molecular Services ("**MSV**"). During the fiscal year ended 2017, we generated approximately 30% of our total revenue (approximately €4.2 billion for the fiscal year ended September 30, 2017) from the sale of reagents and instruments in the Diagnostics market, with more than 10 billion tests manufactured annually and a global installed base of more than 265 thousand instruments.

	2016 estimated market size (€ billion)	Expected market CAGR 2016 - 2021
Laboratory Diagnostics	23.8	5%
Point of Care	3.8	5%
Molecular Diagnostics & Molecular Services	3.6	13%
Total market	**31.1**	**6%**

Source: Company estimates

The Diagnostics market is fragmented with global players competing internationally across market segments but also facing competition from several regional players and specialized companies in niche technologies.

13.4.2 Key Trends

There are a number of fundamental drivers that are expected to drive the Diagnostics industry going forward:

- **Increased awareness of wellness testing, along with a rise in non-communicable diseases ("NCDs") driving test volume globally:** As the impact of NCDs and population age increases, annual NCD deaths are projected to continue to rise worldwide. With the impact of NCDs becoming more apparent, the level of health awareness is also increasing, pushing a broader segment of the population to engage in more regular prevention tests.
- **Increased demand from emerging markets supported by economic growth, increase in addressable market and expansion of universal health and primary care models:** The rising standard of living in developing countries is anticipated to increase the health consciousness of the population, resulting in growing demand for the expansion of health care access and broadening the range of diagnostic tests. The middle class is expected to grow from 1.8 billion in 2009 to 4.9 billion people globally in 2030 *(Source: Kalorama)*, which will expand the disposable income potentially dedicated to healthcare products. Demand for primary care diagnostic tests (diabetes anemia, hypertension, and infectious disease) is expected to benefit positively as governments in developing countries expand the healthcare infrastructure to rural communities.
- **Continued improvement of diagnostics techniques, the potential for newer tests and increased focus towards precision medicine are expected to drive incremental market expansion:** Key market players are expected to continue investing in the expansion of test menus and development of more advanced diagnostics technologies, both of which are expected to support medium- to long-term growth of the Diagnostics industry. The use of genetic factors in the evaluation of patients at risk for disease is still developing and provides an additional market opportunity for the Diagnostics market.

Countervailing factors resulting in negative pricing pressure are scheduled reimbursement cuts across key regions as well as ongoing consolidation among laboratory chains and hospitals, which will likely demand more favorable pricing. As the testing volume increased over the years, hospitals and diagnostic laboratories that are the primary end-user groups were pushed to control expenditures on diagnostic products. This trend has been particularly notable in developed regions such as the United States and Western Europe in which price reductions took place in previous years (*Source: Technavio*). While reimbursement levels differ by country, they typically continue to be broadly favorable for new tests and procedures that prove their value despite payers' rhetoric about cost reduction (*Source: Kalorama*).

13.4.3 Laboratory Diagnostics

13.4.3.1 Market overview

The LD market comprises instruments, reagents and services provided mostly to hospitals and diagnostic laboratories used to perform a wide range of tests across a variety of disciplines such as clinical chemistry, immunoassay, hematology and coagulation. LD represents the majority of the global Diagnostics market. The

global LD market in 2016 is estimated to amount to €23.8 billion and is expected to grow at a CAGR of 5% from 2016 to 2021, with Asia-Pacific and the Americas being the fastest growing geographies at 8% and 5%, respectively. In terms of size, Asia-Pacific is expected to remain the largest contributors representing approximately 38% of the global market in 2016.

The following table shows the estimated market size and growth by product and region:

	2016 estimated market size (€ billion)	Expected market CAGR 2016 - 2021
By product:		
Immunoassay	12.6	7%
Clinical chemistry	6.7	3%
Hematology	2.7	4%
Coagulation	1.7	6%
Total market	**23.8**	**5%**
By region:		
Americas	7.3	5%
Asia-Pacific	9.1	8%
EMEA	7.3	1%
Total market	**23.8**	**5%**

Source: Company estimates

13.4.3.2 Competitive environment

Overall, the LD market is fragmented, with the top five players accounting for the majority of the global market in 2016. Other key manufacturers are Roche, Abbott, Beckman Coulter (part of Danaher) and Ortho Clinical Diagnostics. Other competitors include Sysmex (in hematology), Mindray, DiaSorin and Thermo Fisher Scientific. Most of the key players compete with each other across the majority of the sub-segments on a global level but also face competition from specialized regional companies focused on particular markets and /or technologies. In 2016, we were the second largest player by market share and ranked among the top three players across all the main market segments. In Immunoassay, the top tier companies managed to maintain their market shares via innovation and ongoing expansion of the test menus on their instrumentation. In Coagulation, the top five companies accounted for most of the global market in 2016.

13.4.3.3 Key trends

The key trends in LD in addition to the overall market trends described above are:

- **Increased demand for fully equipped workstation and automated laboratories with high-throughput analyzers:** The combination of downward pressure on healthcare budgets in developed markets and shortage of qualified labor is pushing laboratories to find more economic and efficient ways to respond to the increased demand for diagnostic tests. These developments triggered a trend for the consolidation of routine lab tests from multiple disciplines into comprehensive workstations, which continues apace as proven by the estimated 40% of immunoassay tests now being performed in workstation-type instruments instead of standalone immunoassay analyzers (*Source: Kalorama*). Automation has long been regarded as an important means for laboratories to achieve greater efficiency, accuracy, standardization and test quality. As lab consolidation increased the number of samples processed per facility, the need for automation has become even more essential.
- **Continued expansion of test menus across all the sub-segments:** As proteomics research expands, immunoassay test menus are also expected to expand covering broader set of conditions in particular growth categories for immunoassays are expected to include: tumor markers, cardiac markers, diabetes, autoimmune diseases test and tests for sepsis.

13.4.4 Point of Care

13.4.4.1 Market overview

The POC market includes diagnostic devices generally used in physician's offices and in hospital's intensive care units, surgical suites, emergency rooms, and at the patient bedside. The global POC market in 2016, including both critical care and chronic care testing technologies, is estimated to amount to €3.8 billion and

is expected to grow at a CAGR of 5% from 2016 to 2021 with Asia-Pacific being the fastest growing geographies at a CAGR of approximately 7% from 2016 to 2021. In terms of size, the Americas are by far the largest market representing approximately 50% of the global market as of 2016.

The following table shows the estimated market size and growth by product and region:

	2016 estimated market size (€ billion)	Expected market CAGR 2016 - 2021
By product:		
Blood Gas	1.4	4%
Urinalysis[(a)]	0.9	4%
Coagulation	0.5	3%
Immunoassay / Cardiac	0.4	8%
Other POC[(b)]	0.3	4%
HbA1c	0.2	8%
Total market	**3.8**	**5%**
By region:		
Americas	1.9	5%
Asia-Pacific	0.8	7%
EMEA	1.0	3%
Total market	**3.8**	**5%**

(a) Including both decentralized (used at the point of care) and centralized (used in large laboratories).

(b) Including POC Informatics and other POC / POL.

Source: Company estimates

13.4.4.2 Competitive environment

The market for POC tests is highly diversified and, for the most part, a different set of companies is active in each sub-segment. Most of the global players compete across sub-segments and regions. Technological advancement in POC devices is expected to increase the competition among vendors, with many new players entering the market attracted by the substantial growth opportunities. The top four players represent approximately half of the global addressable market with no clear leader. In terms of reported revenue in 2016 within the segments in which we participate, we rank second globally (expected to be number three following the consummation of Abbott's acquisition of Alere). Our primary competitors in the POC market include Abbott, Roche, Instrumentation Laboratories, Radiometer (part of Danaher) and Quidel.

13.4.4.3 Key trends

The key trends in POC in addition to the overall market trends described above are:

- **Expansion of POC tests and new technologies:** POC tests were originally a subset of in-vitro diagnostic tests such as blood glucose, urinalysis and blood gas tests. In the past years, several tests have been added including Hb1Ac, troponin, D-dimer and C-reactive protein. This trend is expected to continue, expanding into hematology and molecular modalities. Advances in miniaturization, microfluidics, sensors and other technologies expand the types of tests that can be performed in POC settings.
- **Decentralization of testing:** Decentralization is expected to continue in Western Europe, despite POC being more expensive than central lab tests on a cost per test basis. Economic factors are driving the need to shorten the length of patient stays in hospitals and reduce backlog in certain hospital areas such as emergency departments. As such, growth in specialty clinics, retail clinics and other decentralized locations for patient care are supporting the demand for POC devices.
- **Development of multipurpose POC platforms:** As the number of POC tests and devices continues to grow, users will resist increasing the number of devices they must manage. Therefore, considerable research has already gone into the creation of multipurpose POC platforms that can run chemistries and immunoassays.
- **Increase in connectivity of POC devices:** Connectivity in POC testing now supports the integration of POC testing results into laboratory information and health information systems. Healthcare consolidation has intensified demand for data and results availability from POC testing on organization systems that can

be shared among clinics, hospitals and affiliated laboratories. The opportunity for POC suppliers lies in the interconnection of disparate POC test devices through an interface with the laboratory information systems, which is currently obstructed by the lack of communication standards for POC.

13.4.5 Molecular Diagnostics and Molecular Services

13.4.5.1 Market overview

Molecular Diagnostics include a set of diagnostic techniques that involves the detection and analysis of nucleic acid molecules (DNA and RNA) for the diagnosis and monitoring of disease. MDX help provide tailored treatments to patients, thus playing an important role in the field of personalized medicine and companion diagnostics. The first generation of molecular testing tools was characterized by time consuming and labor intensive techniques. Instrumentation now automates many of the sample preparation and assay steps. Techniques such as polymerase chain reaction ("**PCR**") made MDX testing more accurate and affordable. The market is evolving toward technologies focused on further reduction of test time, easier to use procedures and more diversity in testing instrumentation, from high throughput systems to benchtop low volume options. The expansion in MDX and the development of new diagnostics technologies such as Next Generation Sequencing ("**NGS**") supported the growth of Molecular Services, particularly for infectious diseases, which represent the majority of the service segment, and oncology (*Source: Merkle & Sears*).

The global MDX market in 2016 is estimated to amount to approximately €2.6 billion and is expected to grow at a CAGR of 9% from 2016 to 2021. The global MSV market in 2016 is estimated to amount to approximately €1.1 billion and is expected to grow at a CAGR of 21% from 2016 to 2021.

13.4.5.2 Competitive environment

The global MDX and MSV markets are dynamic, with intense competition from large well-established market players such as Abbott Diagnostics, Hologic, Qiagen, Roche, Becton Dickinson and Danaher. While global players are able to develop technologies with new features, local players are providing strong competition by offering their products at a lower cost. Companies are collaborating with technology specific players to develop high-end technologies to address the demand for simple, cost-effective products. The competitive environment in this market is expected to intensify with an increase in product extensions and technological innovations, as well as an increase in merger and acquisitions (*Source: Technavio*).

13.4.5.3 Key trends

The key trends in MDX and MSV in addition to the overall market trends described above are:

- **Development of personalized medicine:** Pharmacogenomics is a branch of medicine that offers diagnostic and therapeutic strategies, as well as customized treatment for specific diseases. Thus, advances in technologies in this field may create prospects for the customization of treatments for specific diseases. In addition, genome applications of pharmacogenomics have led to the development of drug therapy (optimization of drugs and drug combinations) in accordance with the genetic makeup of individual patients. Such optimized therapy leads to a greater understanding of the vulnerability or inclination of an individual to contract a particular disease, thereby helping physicians and patients avoid the time and expense of a traditional trial and error approach. Thus, personalized medicine helps in determining safe and effective dosages of drugs, and in enabling maximum efficacy of treatments.
- **Automation and high-throughput screening expected to be a key demand driver:** The current trend in the market is automation and high-throughput screening to extract maximum value from molecular testing. The increased automation is driving the market toward multiplexing and emerging multiple technologies to make MDX tests faster, more accurate and less expensive.
- **Development of molecular POC:** The efficiency of MDX in terms of its accuracy has led to the next step cycle in test development, with a strong interest in creating a POC portfolio at the molecular level and with a focus mainly on oncology and infectious disease (*Source: Frost & Sullivan*).
- **Continued focus on enhancing software interpretation:** Scaling interpretation to molecular tests and improving the speed and quality of interpretation remain crucial priorities for the molecular diagnostic segment. As the industry moves to larger gene panels and the overall complexity of tests increase, the interpretation time will potentially grow exponentially. Easy-to-use software that enables clinicians to quickly produce test reports with high confidence remains a key focus for players in the MDX and MSV segment (*Source: Merkle & Sears*).

14. BUSINESS

14.1 Overview

We believe we are a global provider of healthcare solutions and services with unique presence and scale in an attractive market. With our three leading businesses and holistic system competence, we develop, manufacture and distribute a diverse range of market-leading and innovative imaging, advanced therapies and diagnostic products and services to healthcare providers around the world. We have a direct presence in 75 countries and sales in more than 180 countries. This global scale has effectively positioned us to partner with more than 90% of the global top 100 healthcare providers. We estimate that over 70% of critical clinical decisions are influenced by technologies we provide, putting us at the center of clinical decision-making and positioning us to enable the transformation of healthcare delivery across the continuum of care.

Rapid technological progress and evolving healthcare payment and delivery models are driving significant changes in the global healthcare industry. These and other market trends, such as an increasing prevalence of chronic disease among growing and ageing populations, increasing demand for access to care, particularly in emerging markets, and a shift toward outcome-oriented healthcare compensation models, are changing the global healthcare system and requiring healthcare providers to rethink their business models. The transformation of the healthcare industry is challenging healthcare providers to standardize care while improving quality, extend clinical capabilities while improving efficiency and reduce risk and maintain compliance while improving profitability. As a result, our long-term strategy to capture the opportunities of this transformation is focused on five strategic areas: (i) digital, data and AI, (ii) technology-enabled services, (iii) precision medicine, (iv) the therapy of tomorrow and (v) the patient journey steward.

New technologies, including digitalization and AI, are likely to be key drivers of and solutions for the transformation of the healthcare industry. We believe we are an innovation and technology leader and that our portfolio of products and services is critical to our customers' ability to successfully navigate this industry transformation. Our products are installed in a wide range of settings, from the most advanced research centers, operating theatres and diagnostic laboratories to local point of care centers and retail diagnostic and treatment facilities. As of September 30, 2017, we had an installed base of approximately 600,000 active systems, which translates into approximately 240,000 patient touch points every hour. We leverage our installed base by selling reagents and other consumables repeatedly used by our products and by offering a diverse range of value-added services to support our customers. In the fiscal year ended September 30, 2017, we generated 44% of our revenue from the sale of equipment, 28% from the sale of reagents and consumables and 29% from the sale of services.

Our business operations are divided into three operating segments: Imaging, Advanced Therapies and Diagnostics. Our Imaging segment is a leading global provider of diagnostic imaging and ultrasound products and services. According to our own estimate, our Advanced Therapies segment is a global leader in the production of highly-integrated products, solutions and services across multiple clinical fields, which we provide to the therapy departments of healthcare providers; and we believe our Diagnostics segment is a leading global provider of diagnostic products and services in laboratory, point of care and molecular diagnostics. Due to the cutting-edge nature of many of our products, our track record in innovation and our focus on data integration and AI, we are evolving from being purely a supplier of advanced products and services to being a data-rich enabler of precision medicine, efficient care delivery and improved therapeutic outcomes.

For the fiscal year ended September 30, 2017, we generated revenue of €13,796 million and Adjusted Profit of €2,525 million. During the same period, our Imaging segment generated total revenue of €8,216 million and Adjusted Profit of €1,647 million, our Advanced Therapies segment generated total revenue of €1,519 million and Adjusted Profit of €337 million and our Diagnostics segment generated total revenue of €4,162 million and Adjusted Profit of €583 million. For the fiscal year ended September 30, 2017, our total segments generated Free Cash Flow of €2,222 million. Our headquarters are located in Erlangen, Germany, and we had more than 47,000 employees (full-time equivalents) as of September 30, 2017, including approximately 15,000 services employees (full-time equivalents).

As of September 30, 2017, our ratio of net debt to EBITDA was 2.8:1.0. Following the Offering, we expect our ratio of net debt to EBITDA to be 1.5:1.0. See "*3.5 Post-Offering Target Leverage*". For purposes of the previous sentence, net debt is calculated as the difference between (i) the sum of short-term debt and current maturities of long-term debt, payables to Siemens Group, long-term debt, provisions for pensions and similar obligations and other liabilities to Siemens Group and (ii) the sum of cash and cash equivalents, receivables from Siemens Group, other receivables from Siemens Group and available-for-sale financial assets as part of other financial assets, recognized at cost, in each case as shown in the Combined Financial Statements.

14.2 Investment Highlights

Global healthcare leader with unique scale in a highly attractive market

We believe we are a leading global provider of healthcare solutions and services to healthcare providers. We operate in the highly attractive healthcare market in which we estimate that our addressable markets will grow 3-5% annually between 2016 and 2021. This growth is supported by sustainable fundamental trends relating to an ageing global population, increasing chronic disease and growing demand for access to healthcare in emerging markets.

As a healthcare solutions provider that offers products and services covering the full continuum of care – from prevention and diagnosis to treatment and therapy – across all major diseases and critical departments, we are well-positioned to benefit from the attractive market fundamentals. We estimate that over 70% of critical clinical decisions are influenced by technologies we provide, giving us an outstanding relevance for providers. As our production and service operations are highly integrated with our strong research and development capabilities, we believe we are able to react quickly to new market trends and are one of the leading innovators in our industry. Our innovations enable healthcare providers, who we estimate account for approximately half of the global healthcare market, to reduce labor costs, operate more efficiently and achieve better outcomes at lower prices in an industry challenged to increase productivity and characterized by constant technological transformation.

We believe our product offering, coupled with our geographic reach, provides us with unique scale and balance. We are active in more than 180 countries around the world and have a direct presence in 75 countries. We maintain leading market positions worldwide in each of our three business segments. Our strong market positions combined with our world-class service organization, long-term partnerships and focus on driving digitalization across our businesses have translated into strong revenue generation. In the fiscal year ended September 30, 2017, our revenue was €13.8 billion, a 1.8% increase compared to the prior fiscal year.

Leading imaging business positioned for continued growth and value creation

Imaging is at the core of clinical decision making. We are a leading global provider of diagnostic imaging products, with an estimated market share of 31% (based on equipment orders in 2016 and excluding ultrasound) of the €17 billion global market in 2016. We expect that the global market will grow by approximately 3% annually through 2021. Our innovative and comprehensive product portfolio of imaging products and services spans multiple modalities and market segments, including magnetic resonance imaging, computed tomography, molecular imaging and x-ray systems, and shares a common software architecture with more than 280,000 licenses sold. In the fiscal year ended September 30, 2017, our Imaging segment generated €8.0 billion in external revenue, with a geographic split between Americas, EMEA and Asia-Pacific of 39%, 32% and 30%, respectively.

Our holistic product and services offerings are supported by our strong focus on innovation to drive continuous growth and value creation. Our innovation leadership and commitment to research and development have allowed us to introduce a number of new products and product updates over the last three years, which have contributed more than two-thirds of our Imaging segment's total revenue over the same period. We believe these innovative products have also allowed us to gain market share. For example, we estimate that our magnetic resonance market share increased by more than 10 percentage points globally following the introduction of new products in 2003. Our strong market share has also translated into a strong installed base of 230,000 units as of December 31, 2017 and a high share of recurring revenue. Our innovative products position us to benefit from significant cost savings, which provide us with a stable financial foundation for future growth, fueled by further investment into research and development. These investments into research and development resulted in more than 13,000 patents and utility models held by our Imaging segment, which, in turn, translated into a very strong and innovative product portfolio.

Rising to new performance levels with game-changing laboratory diagnostics platform

In 2017, our Diagnostics segment launched our Atellica Solution, one of the industry's most comprehensive innovation projects integrating immunoassay and clinical chemistry analyzers with the new standard in intelligent diagnostic sample-management technology to enhance performance and achieve better outcomes. We believe that our Atellica Solution, which is expected to replace our five primary legacy platforms with a single solution, will build on our strong foundation in diagnostic testing, supported by our leading market positions in LD and POC diagnostics. The scalability of Atellica Solution will allow us to address differing needs for a broad range of clinical laboratory settings by simplifying laboratory operations and to achieve efficiency gains

throughout the value chain. Atellica Solution addresses approximately 55% of our Diagnostics revenue. As of January 31, 2018, we had shipped over 110 analyzers to customers. We are targeting installation of more than 7,000 analyzers by 2020, which we estimate accounts for approximately one-third of our installed base addressable with Atellica Solution. As we build up the installed base and begin to realize significant efficiency gains, we expect Atellica Solution will help drive recurring revenue through the sale of reagents, consumables and services over the long term and lead to an increase in margin as contracts for legacy systems expire. We began the commercial rollout of our Atellica Solution in late 2017. We believe that our Atellica Solution positions us to increase our 15% market share in the global market for immunoassay and clinical chemistry, which was estimated to be approximately €20 billion in 2016.

Proven innovator shaping the transformation of healthcare, accelerated by digitalization and artificial intelligence

We believe we have been an innovation leader in the healthcare industry for more than 120 years. Examples from this long history of innovation include the launch of the first x-ray medical device in 1896 to the world's first ultrasound unit for "real-time" use in 1967, the world's first commercial PET-CT scanner in 2001 and the first integrated MRI and PET scanner in 2011. Today we partner with over 90% of the global top 100 healthcare providers, making us a partner of choice. We estimate that over 70% of critical clinical decisions are influenced by technologies we provide, including approximately 240,000 patient touch points every hour based on an installed base of approximately 600,000 active systems as of September 30, 2017.

As data, digitalization and AI accelerate the transformation of the healthcare industry, we will continue to leverage our imaging and diagnostics expertise to develop and expand our advanced therapies solutions to drive long-term growth in high growth adjacent markets. Our Advanced Therapies segment's products serving cardiology, interventional radiology, surgery and radiation oncology are facilitating the growth of minimally-invasive procedures and image-guided therapies to achieve improved accuracy, lower the risk of complications, shorten hospital stays and reduce costs. Through our approximately 250 partnerships with leading clinical and research institutions and device companies, we believe we are a partner of choice for advanced therapies and are well-positioned to benefit from the expected growth in minimally invasive procedures. For the fiscal year ended September 30, 2017, our Advanced Therapies segment generated €1.5 billion in external revenue, of which, by location of customers, the Americas, EMEA and Asia-Pacific contributed 40%, 30% and 30%, respectively.

We believe we are a leader in digital and AI capabilities, with over 30 AI-enriched offerings supported by approximately 400 patents related to AI and deep machine learning, approximately 2,900 software developers and backed by a strong innovation pipeline and more than 200 million images used to train and refine our AI algorithms. These capabilities are supported by our cloud-based digital ecosystem platform which provides healthcare providers with information exchange and data-based insight generation, distribution and adoption of clinical, operation and financial tools for health management. Our technology-enabled services address healthcare providers' need for system-wide optimization solutions, which we complement through our enterprise services offerings. Our enterprise services solutions help customers to manage the transition to digitalization and value-based care and are based on long-term management enterprise contracts averaging approximately 15 years and drive our recurring revenue. Together with our other strategic thrusts as part of our Siemens Healthineers Strategy 2025, our enterprise services solutions position us at the forefront of the transformation of the healthcare industry in our endeavor to serve as the steward of the patient journey across the entire continuum of care.

Accelerating growth and high recurring revenue combined with structural and continuous margin expansion

We believe that the geographic balance of our business, supported by a large installed base with significant recurring revenue, position us to accelerate growth in the near and medium term. Our revenue increased from €12,936 million in the fiscal year ended September 30, 2015 to €13,796 million in the fiscal year ended September 30, 2017, with 41%, 32% and 28% of our revenue for the fiscal year ended September 30, 2017 generated from customers located in the Americas, EMEA and Asia-Pacific, respectively. Our revenue growth was driven primarily by our Imaging segment, while our Imaging and Advanced Therapies segments contributed most significantly to our strong Adjusted Profit Margin of 18.3% for the fiscal year ended September 30, 2017. Our revenue growth was also supported by our recurring revenue (revenue from services and reagents and consumables), a stable and growing source of revenue which accounted for 56% of our revenue in the fiscal year ended September 30, 2017. The stability in recurring revenue stems from long product lifetimes and corresponding long-term service relationships. Recurring revenue increased from €7.3 billion in the fiscal year ended September 30, 2015 to €7.7 billion in the fiscal year ended September 30, 2017. We have also historically achieved strong cash flows and high free cash flow conversion. In the fiscal years ended September 30, 2015, 2016 and 2017, our total segments generated Free Cash Flow of €2,103 million, €2,263 million and

€2,222 million, respectively, representing free cash flow conversion rates (Free Cash Flow (total segments) as a percentage of Profit (total segments) of €2,187 million, €2,371 million and €2,521 million, in each case before reconciliation and central items) of 96.2%, 95.4% and 88.1%, respectively. Our high cash conversion rate is reinforced by our disciplined capital allocation, relatively low capital expenditure requirements and continued focus on net working capital management.

We are also committed to benefitting from opportunities to increase our margins in the medium term (*i.e.*, three to four years). For the fiscal year ending September 30, 2018, we expect to achieve an Adjusted Profit Margin of 17% to 18%, driven, in part, by structural cost savings, including standalone cost savings, and the ongoing implementation of productivity improvement measures. Beginning in 2018 and continuing through 2020, we intend to reduce structural costs by streamlining our administration and management structure, along with implementing end-to-end process improvements. We estimate these initiatives will result in cost savings of approximately €50 million in 2018 (with approximately €150 million in implementation costs in the fiscal year ending September 30, 2018, primarily related to organizational efficiency measures). Additional savings of approximately €190 million are expected beyond the fiscal year ending September 30, 2018, resulting in medium-term cost savings of approximately €240 million per year. In the medium term (*i.e.*, in three to four years), we target annual comparable revenue growth of 4-6% through the launch of new platforms in our Imaging segment, image-guided procedure growth in our Advanced Therapies segment and the expected positive impact from the rollout of our Atellica Solution in our Diagnostics segment, in each case supported by our strategy of increasing our range of digital and technology-enabled products and services. Together with our modular and scalable product architecture and our identified cost savings and productivity improvement measures and initiatives, we aim to achieve medium-term Adjusted Profit Margins in our Imaging, Advanced Therapies and Diagnostics segments of 20-22%, 20-22% and 16-19%, respectively.

Strong and fully committed management team

Our dedicated and highly respected management team is led by our executive management team, consisting of our Chief Executive Officer, Chief Finance Officer and Chief Markets & Diagnostics Officer, who each have more than 20 years of experience in their respective fields of expertise and together have more than 50 years of experience with Siemens Healthineers. They are supported by experienced senior managers who have extensive industry knowledge and long-term experience in our Group as well as with leading multinational companies. Our management team has demonstrated its ability to grow our business and successfully integrate acquisitions over the years, enabling us to become a leading global provider of healthcare solutions and services. We believe that the industry knowledge and leadership of our executive management team, combined with their long-term experience, provide us with a significant competitive advantage and are instrumental for the implementation of our strategy and achievement of our long-term objective of delivering sustainable growth across our businesses.

Certain statements in this section, including, in particular, the targets described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*2.3 Forward-Looking Statements*" and "*1. Risk Factors*". Investors are urged not to place undue reliance on any of the statements set forth above.

14.3 History

Siemens has been shaping the future of healthcare for more than 120 years. In 1896, shortly after x-rays were discovered, Siemens launched its own x-ray device to become, within the next few years, one of the major suppliers in the field. By 1932, Siemens had become the world's largest electro-medical products manufacturer, with all production located in Erlangen, Germany.

In 1953, Inge Edler, a Swedish physician, and the physicist Carl Hellmuth Hertz supported by Siemens in Erlangen, Germany, were the first to use the ultrasound technique for echocardiography. Today, the ultrasound procedure is a standard component of cardiovascular examinations. In 1967, Siemens developed the world's first ultrasound unit for "real-time" use, Vidoson.

In 1975, Siemens introduced its first computed tomography scanner, the Siretom, which produced images of the brain. In 1983, the first magnetic resonance imaging scanner MAGNETOM was launched. In 2000, the Siemens Biograph, the world's first commercial PET-CT scanner, was awarded "Innovation of the Year" by Time magazine, and was the first system to combine positron emission tomography with computed tomography.

In 2006, Siemens acquired Diagnostic Products Corporation (DPC), a leading U.S. immunodiagnostics company, and Bayer's diagnostics division, enabling Siemens to expand its position in POC and molecular

diagnostics. In 2007, Siemens acquired the laboratory diagnostics company Dade Behring Holdings, Inc., bringing together the medical imaging, laboratory diagnostics and clinical information technology value chain.

Launched in 2010, Siemens' Biograph mMR was the first product to combine MRI and PET technologies in a single device. By enabling the simultaneous acquisition of MRI and PET data, the system offered new possibilities in medical imaging.

In 2014, Siemens announced its strategy program "Vision 2020", which called for Siemens to focus on the growth fields of electrification, automation and digitalization. As part of this program, Siemens set up Siemens Healthcare as a separately managed business within the Siemens Group. In May 2016, Siemens Healthcare created a new trademark for Siemens Healthineers. The change reflected the Vision 2020 strategy to manage and run its healthcare business as a separate company within Siemens. In November 2016, the board of directors of Siemens AG announced its intention to publicly list Siemens Healthineers.

14.4 Market Trends and the Transformation of the Global Healthcare Industry

With growing numbers of patients, rapid technological progress and evolving compensation models, the healthcare industry is undergoing significant changes. These changes create challenges for healthcare providers who must meet the demands of improving operational efficiency and lowering costs while continuing to offer a high quality of care.

A number of market trends have been reshaping the global healthcare industry in recent years. These include demographic factors, such as growing and aging population and an increasing prevalence of chronic disease, combined with decreasing numbers of trained healthcare providers to serve the increasing demand for access to care. At the same time, the trends towards outcome-oriented healthcare compensation models and increasing complexity of healthcare regulations continue to expand a mismatch between healthcare risks, costs and budgets. The combination of these and other market trends are requiring healthcare providers to rethink their business models to adjust to the transformation of the global healthcare industry.

The transformation of the healthcare industry is challenging healthcare providers to standardize care while improving quality of care, extend clinical capabilities while improving efficiency and reduce risk and maintain a focus on compliance while achieving attractive profitability. Data, digitalization and AI are, we believe, likely to be key drivers of, and solutions for, the transformation of the healthcare industry. As an innovation and technology leader we believe that our portfolio of products and services are critical to our customers' ability to respond to this industry transformation and, therefore, uniquely positions us to realize the opportunities and value in this transformation.

14.5 Our Product Offering and Operating Segments

We design, manufacture and sell a diverse range of market-leading imaging, advanced therapies and diagnostic products and solutions. With a direct presence in 75 countries and sales in more than 180 countries, our global presence and scale give us a deep and broad understanding of the challenges healthcare providers and patients are facing, support our ability to develop strong relationships with our diverse customer base and make us a partner to more than 90% of the global top 100 healthcare providers. In the fiscal year ended September 30, 2017, we generated, by location of customers, 41% of our total revenue in the Americas region, 32% of our total revenue in the EMEA region and 28% of our total revenue in the Asia-Pacific region. In each of these regions and in each of our three primary businesses (as described below), we are one of the top two players globally (except for our Diagnostics business in Asia-Pacific, where we believe we are the number four player).

We are at the forefront of the digital health revolution and are focused on developing and commercializing products that address the key transformation themes in the healthcare industry. Due to the cutting-edge nature of many of our products, our innovation and our focus on data, digitalization and the use of AI, we are emerging from being a supplier of advanced products and services to being a data-rich enabler of precision medicine, efficient care delivery and improved therapeutic outcomes. We cover the entire continuum of care across all major diseases, such as stroke, cancer, cardiovascular and infectious diseases, and all critical departments, such as cardiology, radiology, nuclear medicine and surgery.

Our products are installed in a wide range of settings, from the most advanced research centers, operating rooms and diagnostic laboratories to local point of care centers as well as retail diagnostic and treatment facilities. As of September 30, 2017, we had an installed base of approximately 600,000 active systems, which translates into approximately 240,000 patient touch points every hour. We leverage this installed base by selling the reagents and other consumables repeatedly used by our products, where applicable, and offering a diverse range of value-added services to support our customers, resulting in a high level of recurring revenue. In the

fiscal year ended September 30, 2017, we generated 44% of our revenue from the sale of equipment, 28% of our revenue from the sale of consumables and reagents and 29% of our revenue from the sale of services. We operate our business through three operating segments: Imaging, Advanced Therapies and Diagnostics.

14.5.1 Imaging

We are a leading global provider of diagnostic imaging products (based on equipment orders) and offer a broad portfolio of advanced imaging products and services. The Imaging segment consists of the operations of our Diagnostic Imaging business and our Ultrasound business. Our holistic product and services offering supports our resilient business model. In the fiscal year ended September 30, 2017, equipment (including software) sales represented 60% of the total revenue of the segment. They create a significant installed base on which we offer multi-year service contracts (with the typical lifetime of our scanners being between seven to ten years). The services revenue accounted for the remaining 40% of total revenue of the segment in the fiscal year ended September 30, 2017. Our services are a core and growing part of our Imaging segment's business model. We have a holistic service offering with full connectivity to our customers, including, in particular, equipment performance and repair services, education excellence services and asset evolution services.

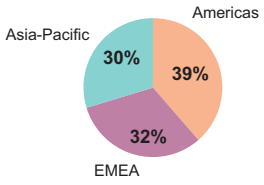
As of September 30, 2017, our Imaging segment had an installed base of approximately 230,000 devices, including approximately 100,000 ultrasound devices and employed approximately 24,000 employees. In the fiscal year ended September 30, 2017 our Imaging segment had R&D expenses of €762 million. We aim to improve margins in the Imaging segment and target above market margin growth in the medium term (*i.e.*, in three to four years) through, among other things, improved product lifecycle and supply chain management, growth in the high end of the market, expansion in Asia-Pacific (particularly China) and growth in services. We are targeting an increase of our contract coverage rate of approximately 5% by 2021.

In our Ultrasound business, we have a comprehensive improvement plan which we expect will support our future product launches and improve our market position. Our product platform projects in the near team are focused on becoming best-in-class in terms of image quality, machine learning and workflow automation. Over a longer term we aim to reduce complexity through common architecture, share platforms and applications and a more integrated supply chain. We have increased R&D spending in recent years, installed a new and experienced management team in 2016 and have adjusted our sale focus on cardiology and general imaging, with an increased regional focus and dedicated service model.

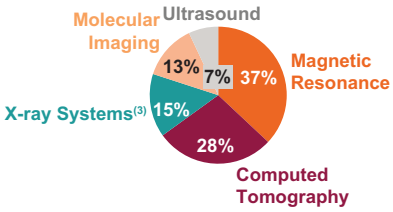
External revenue, by location of customers, of the Imaging segment is diversified across geographies and the total revenue of the Imaging segment (excluding business lines syngo and services modality as well as components and vacuums) is diversified across modalities as set forth in the charts below.

Fiscal year ended September 30, 2017 revenue split

By region[1)]



By modality[2)]



1) Based on external revenue and location of customers.

2) Based on total revenue (excluding approximately 10% of total revenue from business lines syngo and services modality as well as components and vacuums) and includes sales to other modalities in the segment.

3) Covers the following fields: fluoroscopy, radiography, mammography and urology.

The following table sets forth the total revenue and Profit of our Imaging segment for the periods indicated. Approximately 40% of our Imaging segment total revenue is recurring.

	For the fiscal year ended September 30			
	2017	2016	2015	CAGR
	(audited, unless otherwise indicated) Euro (millions)			(unaudited)
Total revenue	8,216	8,007	7,382	5.8%[(1)]
Profit	1,624	1,571	1,298	11.9%

(1) The total revenue CAGR presented is calculated on a comparable growth basis.

14.5.1.1 Key Products and Offerings

Imaging is at the core of clinical decision making. Our portfolio of Imaging products, software solutions and services are used in a range of clinical fields, including emergency care, oncology, cardiology, neurology, women's health, pediatrics, surgery and orthopedics. The primary products, solutions and services in our Imaging segment are in the fields of MRI, CT, positron emission tomography ("**PET**") and single photon emission-computed tomography ("**SPECT**") for MI, X-ray systems (comprises fluoroscopy, radiography, mammography and urology) and ultrasound ("**Ultrasound**") products. Our Imaging product portfolio is complemented by our refurbished imaging systems ("**ecoline**"), the multi-modality reading and reporting IT product syngo ("**syngo**"), and our components and vacuum technology business ("**CV**").

Our products are employed in the full continuum of patient care from prevention and diagnosis to therapy and follow-up. For example, in oncology our products are used for prostate cancer screening (prevention), prostate cancer diagnosis and staging (diagnosis), radiation therapy planning (therapy) and prostate cancer check-up (follow-up). In neurology our products offer carotide stenosis assessment (diagnosis), stroke assessment (diagnosis), brain intervention (therapy) and stroke follow-up, among others.

14.5.1.1.1 MRI products

MRI products are based on the interaction of water molecules in the human body with radio frequency electromagnetic fields. The resulting images in most cases essentially show water distributions, which clinicians can use to detect abnormalities, such as cysts or tumors. In comparison to other imaging modalities, MRI has the advantage of being able to produce superb soft-tissue contrasts. This facilitates the detection of very small and subtle irregularities, or lesions, including early-stage soft-tissue tumors. MRI products are usually classified by the field strength of the magnet measured in T (Tesla), with higher field strengths generally enabling better image resolution and higher acquisition speeds. In the fiscal year ended September 30, 2017, we generated 37% of our Imaging segment total revenue (excluding business lines syngo and services modality as well as components and vacuums) from the sale of MRI products. We are the leading global provider of MRI products and serve all clinical MRI market segments from value products to high-end clinical and research settings with prices for our MRI products ranging from approximately €400,000 to €8 million.

The following table provides an overview of our key MRI products:

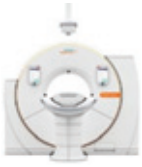
Key products	Key applications/product abilities
1.5T MAGNETOM Sempra 	• Entry-level 1.5T device for routine MRI, allows our customers to receive the benefits of high field 1.5T MRI procedure reimbursement in selected Asian countries • Highly economical to operate due to low energy and helium refrigerating agent consumption and service contracts tailored to the coverage needs and budgets of the customers • Automated workflows help to avoid exam inconsistencies and reduce re-scans
1.5T MAGNETOM Aera 	• Premium 1.5T product, delivers high image quality and imaging speed, such as automatic, clinically validated brain examinations in 15 minutes, saving time per patient and employee training efforts for our radiology customers • Patient-friendly diagnostic experience due to reduced acoustic noise during scans benefitting especially elderly patients and children
3T MAGNETOM Vida 	• Premium 3T product, performs whole-body MRI exams reliably and predictably in approximately 25 minutes, significantly reducing the typical 40-60 minutes exam time for whole body exams • Enables access to patients previously excluded from MRI because of their medical condition, such as patients having trouble with holding their breath for a longer period of time • Delivers superb image quality through advanced patient sensors to adapt the MRI scan to the patient's anatomy and accommodate, for example, irregular respiratory patterns of patients

7T MAGNETOM Terra 	• High-end, leading research MRI product used for researching human brain structures and thought processes • First clinical 7T system with FDA clearance, allowing broader clinical use in the United States

14.5.1.1.2 CT products

CT products use an x-ray source and an x-ray detector mounted on a large disk rotating around the patient table. During a patient exam, the detector takes several thousand x-ray projection images on a spiral path around the patient and associated computing resources reconstruct the images into a three-dimensional image set. Each image shows the distribution of bone, soft tissue and air cavities typically at a resolution of 1 millimeter. CT products are primarily classified by the speed of acquisition and the resolution of the image data. CT scan speed has been further increased by our invention of dual-source CT, which uses two x-ray tubes and detectors at the same time. In comparison to MRI, CT imaging is typically much faster. A complete typical patient CT exam lasts several minutes, whereas MRI imaging exams typically range from 15 to 45 minutes. In clinical practice, CT and MRI complement each other. In many cases, the resulting comprehensive imaging data provides a decisive factor to take or validate a diagnostic and/or therapeutic decision. In 2017, we were the leading global provider of CT products and produced approximately half of our CT products in China, in particular to serve the local and regional markets. In the fiscal year ended September 30, 2017, we generated 28% of our Imaging segment total revenue (excluding business lines syngo and services modality as well as components and vacuums) from the sale of CT products. We offer products for CT imaging in all market segments, from entry level products for new CT customers to high-end, high-productivity products deployed in leading hospitals with prices ranging from approximately €150,000 to €2 million.

The following table provides an overview of our key CT products:

Key products	Key applications/product abilities
SOMATOM go. Platform 	• Entry and value market segment CT platform, which permits high patient throughput and comfortable patient experience • Value innovation and economy-of-scale cost structures for a range of entry to clinical routine products • Offers workflow automation and allows customers to configure products to their particular needs with reliable components
SOMATOM Edge Plus 	• Mid-range to high-end CT product, with multiple automated workflows to safeguard precision and consistency in patient positioning • Enables high patient throughput, high image quality and a low x-ray dose • Provides a broad range of clinical applications, ranging from routine to advanced imaging, to cover the complete CT usage spectrum
SOMATOM Force 	• Features two x-ray tubes and detectors to essentially double the scan-speed, which is particularly important for imaging in cardiology to capture the heart muscle with very high temporal resolution • Offers advanced visualization of morphology and physiological functions with unique dual energy CT. By detecting two different "color shades" of x-rays, more detailed information on body composition can be deduced, such as density and composition of tissue • Allows for an x-ray dose reduction of up to 50% compared to many leading CT systems • Offers free-breathing CT imaging to minimize motion artifacts, even in challenging cases

For the next generation of CT detectors and CT devices with even lower x-ray patient doses, we have taken steps to secure key technologies. For example, in 2006, we entered into an agreement with Acrorad Co. Ltd.

("**Acrorad**"), a leading developer and manufacturer of cadmium-telluride semiconductor material headquartered in Okinawa, Japan. In 2011, we acquired a majority interest in Acrorad and in 2015, we further increased our interest to approximately 63%. CT systems deploying semiconductor material are currently being tested at several clinical research sites.

14.5.1.1.3 MI products

MI products measure the distribution of tracer material injected into the human body. The tracer emits high-energy particles that are observed by specialized detectors. Depending on the type of tracer, either a PET or SPECT device is used. A PET device consists of a full ring of detectors with the patient lying on a movable table at the center axis. The tracer is injected into the patient and accumulates in, for example, sugar-metabolizing tumor regions. Over time, the tracer releases high energy particles picked up by the detector ring and localized by an image reconstruction software. A SPECT device uses planar gamma cameras instead of a ring of detectors. Images of tracer gamma particles are produced, with the detectors rotating on a circular trajectory around the patient. Conceptually, this is comparable to CT (hence the term SPECT), but instead of an x-ray source a tracer serves as a localizable source inside the patient. For both our PET and SPECT products, an integrated CT imaging component provides anatomical background information and image correction. In the fiscal year ended September 30, 2017, we generated 13% of our Imaging segment total revenue (excluding business lines syngo and services modality as well as components and vacuums) from the sale of MI products, which range in price from approximately €250,000 to €2 million. In 2017, we were by our own estimate one of the leading global providers of MI products.

The following table provides an overview of our key MI products:

Key products	Key applications/product abilities
Biograph Vision[1] 	• Intended to combine PET and CT • Intended to offer advanced precision enabling early diagnosis as well as tailored treatment • Intended to offer high diagnostic accuracy with 41% volumetric resolutions which will allow to detect even small lesions • Intended to help reduce scan time, injected dose for high throughput and low patient exposure to radiation and tracer costs
Biograph Horizon 	• Combines PET and CT • Features high volume resolution and quantitative accuracy for tumor activity ratings • Enables our nuclear medicine customers to obtain localization and quantification of tumor findings
Symbia Intevo 	• Combines functional SPECT and anatomical CT • Offers advanced image quality, enabling fast and confident diagnosis, enabling a successful treatment strategy • Focuses on patient satisfaction, such as to be able to better serve obesity needs by providing more available patient space
Biograph mMR 	• Marketed for both MRI and PET nuclear medicine research and clinical routine • First PET/MRI scanner, combining state-of-the-art 3T MRI with proven molecular imaging, fully-integrated in one system • By performing two exams at once, rather than sequential MRI and PET exams, shortened acquisition times by up to 50%

1 Biograph Vision and its features and applications are currently under development and do not yet fulfill all the essential requirements according to the European Medical Device Directive (93/42/EEC) and its national implementations. It is not yet commercially available in the European Union and not available for sale in the United States or any other country. Future availability cannot be guaranteed

In order to offer our customers a comprehensive PET product solution, our entity PETNET Solutions Inc. oversees a wide-ranging network of PET radiopharmacies, with 46 locations mainly in the United States. With a network of integrated manufacturing operations and PET nuclear pharmacies, PETNET offers access to tracers

for oncology, neurology, and cardiology PET imaging. Collaborations with key pharmaceutical and industry partners support customers' research programs and help bring new PET tracers to market, giving PET imaging centers the ability to expand their research and clinical offerings. PETNET's wide-spread footprint, as well as standardized equipment and processes across all locations, make it attractive for customers interested in participating in multi-center clinical trials.

14.5.1.1.4 X-ray systems

Our X-ray systems use the principle of x-ray attenuation. An x-ray tube generates a flow of particles directed at the patient anatomy. X-ray sensors detect the particles passing through the patient, forming the equivalent of a digital camera for x-rays. The two-dimensional images display patient bone as white, soft tissue as gray structures and air as black background. The market of X-ray systems is commonly categorized into radiography, mammography, urology and fluoroscopy, according to their medical use. Radiography devices serve as general purpose, high speed projection imaging devices, mainly in orthopedics. Mammography devices are used in women's health for the early detection of breast cancer. Urology products are employed for x-ray imaging and interventions in urology. Fluoroscopy systems are used to produce an x-ray "movie" of certain patient anatomical events, *e.g.* for dynamic investigations in the gastrointestinal tract or for cardiac applications. In the fiscal year ended September 30, 2017, we generated 15% of our Imaging segment total revenue (excluding business lines syngo and services modality as well as components and vacuums) from the sale of X-ray systems, which range in price from approximately €50,000 to €500,000. In 2017, we were one of the leading global providers of X-ray systems.

The following table provides an overview of our key X-ray systems:

Key products	Key applications/product abilities
Multitom Rax 	• Combines robotics with x-ray imaging • Main customer benefit is that a multitude of x-ray imaging tasks that previously required a specific system can now be done on one device in one room • Robot features allow automated positioning of the exam according to patient anatomy • Scanner movements controllable without leaving patient's side with flat tabletop able to accommodate patients of any condition
Ysio Max 	• High-end digital X-ray system • As a ceiling-mounted device, it offers high-speed automatic system positioning for free examinations, reducing the number of double takes and dose • Movable C-arm that automatically moves the x-ray tube and detector to the anatomical position of the patient segment to be scanned, avoiding interference with patients or medical staff • Costs savings through compatibility with other Max devices
Mammomat Revelation 	• Digital mammography system for screening, diagnostic and biopsy procedures on standing, seated or recumbent patients • Improved digital detection system, lowering the required x-ray dose • Based on a recently developed technology called tomosynthesis, which takes a number of x-ray images on a small arc around the breast tissue which leads to improved cancer detection rates • Single-touch positioning and one-click-to-image make the system very quick and easy-to-use

Key products	Key applications/product abilities
Luminos Agile Max 	• High-end dual-use fluoroscopy and X-ray system • The first patient-side controlled fluoroscopy system with a height-adjustable table and easy access from all sides • Dynamic flat detector for high image quality to serve diagnosis and treatment accuracy • Costs savings with true dual-use system and compatibility with other Max devices
Uroskop Omnia Max 	• High-end urology imaging system with flat detector suited for more efficient urologic interventions • Truly unrestricted patient access from all sides with automatic system positioning, taking the fastest and shortest way to any position at the touch of a button • Sharp images with exceptional image quality • Enables investment costs savings by providing compatibility with other Max devices • Allows for viewing and comparing x-ray, endoscopy, ultrasound, and any DICOM image standard modalities side-by-side

14.5.1.1.5 Ultrasound products

Ultrasound imaging products use high-frequency sound waves to view inside the body. As ultrasound images are captured in real-time, they can also show movement of the body's internal organs as well as blood flowing through the blood vessels. Unlike x-ray imaging, no ionizing radiation exposure is associated with ultrasound imaging. Ultrasound products are mainly classified by the clinical market that they serve, such as general imaging/radiology and cardiovascular. In the fiscal year ended September 30, 2017, we generated 7% of our Imaging segment total revenue (excluding business lines syngo and services modality as well as components and vacuums) from the sale of ultrasound products. We offer products for the major market segments, from entry products to high-end ultrasound systems incorporating the latest in advanced applications such as elastography, contrast enhanced ultrasound, multi-modality fusion and AI and deep learning, with prices ranging from approximately €15,000 to €300,000. The key clinical specialties our Ultrasound business serves are general imaging/radiology and cardiovascular.

The following table provides an overview of our key Ultrasound products:

Key products	Key applications/product abilities
ACUSON S-Family 	• Designed for the general imaging/radiology market • Excellent image quality with HD transducer technology • Proven usability with an easy-to-learn and easy-to-operate user interface • Pioneering technologies such as shear wave elastography for non-invasive assessment of tissue stiffness, image fusion, fusing other modality imaging to the real-time ultrasound image, for increased guidance confidence, contrast, enhanced ultrasound for lesion characterization and needle tracking for increased confidence in interventions and biopsies
ACUSON NX-Series 	• Designed for the general imaging/radiology/shared service market (shared service systems cover standard abdominal/obstetrics/gynecology/vascular/small parts and standard cardiac examinations) • Lightweight and portable cart system featuring touch screen and up to four transducer ports • Automated measurements provide increased measurement consistency • Engineered for the future, the system features scalability of advanced imaging technologies and transducer migration

Key products	Key applications/product abilities
ACUSON SC2000 	• Designed for the cardiology segment • Provides real-time, high quality images and quantification providing actionable intelligence throughout patient management • Provides visualization of anatomy and blood flow in 3D/4D with real-time volume color doppler for real-time assessment of anatomy and physiology to increase diagnostic confidence • Creates rapid one-click automated modeling of aortic and mitral valve, providing an anatomical representation of the valves to improve accuracy for planning and treatment • One solution that fully integrates transthoracic (transducer placed on chest), transesophageal (transducer inside the esophagus) and intracardiac echocardiography (catheter-based probe placed within the vessels) to meet the varied clinical needs

14.5.1.1.6 ecoline products

We complement our imaging portfolio with our ecoline products, which are refurbished products and primarily involve our MRI, CT, PET, SPECT, angiography and X-ray systems. We offer these refurbished products to expand the entry level of our imaging and advanced therapies portfolio. Customers can also sell or trade in their pre-owned medical imaging and therapy equipment, which we may then refurbish and resell.

14.5.1.1.7 syngo

Our broad portfolio of software applications is designed to improve efficiency and patient outcomes. We have a leading clinical software offering to facilitate the use of data our products generate. With approximately 40% common features for all systems, the standardization has enabled us to deliver a holistic clinical software solution. Medical image post-processing and interpretation are key for our radiology and nuclear medicine customers. For example, typical CT examinations produce several hundred to several thousand slice images. We generate clinical value by post-processing this information into three-dimensional images of anatomy or relevant quantitative medical figures, such as for prostate cancer staging. We are, by our own estimate, the market leader in advanced visualization software with a market share of approximately 25%, with *syngo*.via. This IT platform is used for multi-modality and advanced image processing and routine reading. It provides our customers with a comprehensive suite of 3D applications for all key clinical fields and tasks, from general radiology to oncology and from cardiology to neurology. The solution helps radiologists to process very large amounts of imaging data in less time using a highly configurable solution that can be tailored to the customer's style of image interpretation.

Additionally, *syngo*.via transforms data from CT and MRI devices into customer relevant image views. For example, three-dimensional renderings yield anatomical representations of the patient's anatomy. They are used in orthopedics and surgical tasks to plan interventions and explain the disease pattern to both physicians and patients. Furthermore, *syngo*.via helps customers to quantitatively assess image contents. For example, customers can assess the severity of prostate tumors with the standardized Prostate Imaging Reporting and Data System (PIRADS) radiology score, supporting radiologists and oncologists to choose the right treatment option.

As an important step for enhancing our portfolio of applications, we recently launched *syngo.*via OpenApps, a digital content and sales platform for image post-processing applications. Third-party applications are offered to our customers via our online applications store. Our move from a proprietary product to an open market-place, combined with our large installed base of imaging devices, creates additional clinical, operational and financial advantages for our customers.

14.5.1.1.8 CV business

Our CV business develops and manufactures products and solutions that are used as components in many of our medical devices. Focus areas include mechanics and mechatronics components, such as patient tables, power and vacuum products such as x-ray tube assemblies, generators or gradient power amplifiers and medical electronics such as electronic boards, cabinets or imaging computers. CV's manufactured components are not only used internally, but are also sold as OEM products directly to approximately 100 medical device companies.

14.5.1.2 Imaging R&D

14.5.1.2.1 R&D team

Our R&D workforce in Imaging has a global footprint, with local centers of excellence in the United States, India, China, Germany, Austria, Spain, the United Kingdom, South Korea and Japan. This gives us access to local talent pools, allowing us to hire the best people available for the job. The local proximity to the corresponding clinical markets is an important factor as well, as our employees can reflect their local experience with national hospital environments in defining and implementing our products and services. As of September 30, 2017, we had approximately 4,800 R&D employees in our Imaging segment.

14.5.1.2.2 R&D strategy

We believe our comprehensive R&D capabilities for system, hardware and software engineering have enabled us to become a market leader in most of our product categories. In 2017, approximately two-thirds of our total Imaging revenue was from innovations, that had been introduced over the last three years. With our internal component manufacturing, we are continuously extending and strengthening our competencies to the latest R&D and manufacturing standards. As part of our R&D strategy, we offer components for medical imaging as OEM products in non-competitive fields. The resulting market comparison with global providers of these technologies is vital to our competitive R&D component cost structure.

System and hardware component platforms are important factors in streamlining our R&D product development portfolio and controlling manufacturing costs. When commercially required and beneficial, we establish product lines to leverage products with platform-based components. We also employ design-to-cost measures to offer attractive price points for our customers and maintain our profitability. The combination of design-to-cost and platform product lines enables us to improve time-to-market of new product developments.

Platforms also play an important role in optimizing service requirements. With fewer, high volume components requiring repair in the field, we are able to better manage our internal service costs and, at the same time, offer our customers service contracts tailored to their budgets and service coverage needs.

We have also established global teams and processes to develop what we believe to be best-in-class software. Software takes different forms in our products, from programming of hardware components embedded in our products to medical imaging applications with independent regulatory releases. We have defined processes to address cyber security incidents and we continuously invest in mitigating associated risks. In the fiscal year ended September 30, 2017, approximately 45% of our research and development expenses in the Imaging segment were for software development.

In order to receive customer feedback in the development cycle as early as possible, we employ methods of agile software development. Early customer prototype validations in selected hospitals help us to develop the right application for the right market need, which allows us to speed up our overall development time and time-to-market.

We leverage our R&D capabilities by collaborating with our network of global top research hospitals. Co-development, testing of new prototypes and concepts in clinical environments are some collaboration areas with our customers.

14.5.1.2.3 Highlights and future focus areas

Our current innovation highlights and future focus areas are strongly linked to customer demands and ongoing structural changes in both our markets and technological possibilities in R&D.

A key challenge for our customers is the need to increase productivity and efficient clinical result generation. In emerging countries, customers typically invest in imaging equipment by order of market price. Customers usually acquire ultrasound devices and x-ray imaging first, then CT and, finally, MRI and PET imaging products. In each of these product areas, we are dedicated to value innovation with a focus on design-to-innovation and design-to-cost.

Our R&D investment is directed at increasing the level of automation in imaging. Fewer user interactions and shorter imaging protocols help our customers save on personnel training and exam slot length. Our R&D capabilities in system engineering, hardware and software development are essential assets to answer these efficiency demands of our customers.

The rise of AI has had a significant impact on our R&D focus, and we have developed over 30 AI-enriched products. On the one hand, machine learning can help make our products smarter through automatic choice of

scanning protocols based on medical scan needs and the automated detection of body organs for scan preparation. On the other hand, AI based on complex neural networks can be applied to image data to diagnose issues resulting from an imaging procedure. In particular, for routine cases like chest x-ray image reading, we see radiology assistant software as an important driver in the efficiency and outcome optimization of radiology processes. Our research and development expenses targets this crucial paradigm shift and intends to enable our customers to find their best use of these new technology prospects.

We see clinical data integration as a second focus area to improve clinical outcomes. In many hospitals, digitalization of clinical data is taking place on a departmental or device level, which can lead to "digital islands" of data. Such "digital islands" are not optimal for individual patient decisions as physicians must bridge gaps between departments and IT systems to get a complete picture of the patient's status. This exercise is time-consuming and thus often omitted in clinical practice. We believe that our R&D capabilities, our strategic partners and our global network of hospitals enable us to become a leading provider of digital data integration infrastructure. This infrastructure is the base for the digitalization of hospitals and healthcare. It aims to connect departments and allows physicians to take informed decisions in a timely manner. Ultimately, with the infrastructure in place, we target to build a digital ecosystem for our customers, patients and commercial partners.

As an important contribution to our digital ecosystem, *syngo.*via OpenApps is our recently launched digital applications store for imaging products. It allows established companies and start-ups to offer their applications to our customer base of hospitals around the globe. Open innovation R&D strategy is a key factor in expanding our business. Examples include the offering of 3D printing services for generating three-dimensional organ representations based on medical images. Our ultimate goal is to let our customers decide on the best solution to their unique medical or operational challenges. This enables us to focus our R&D workforce on the most critical and prominent product features. We intend to turn our customer base and new digital technologies into a digital ecosystem of applications, with benefits for our customers, our third-party partners and our future success.

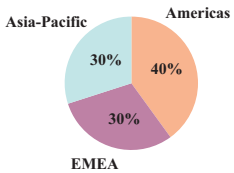
14.5.2 Advanced Therapies

We believe we are a leading global provider of advanced therapies products, services and solutions and believe that we are at the forefront of the transformation of healthcare. Our broad product portfolio and innovation make us, we believe, the partner of choice to the therapy departments of healthcare providers. Twenty years ago, open surgery was standard procedure, which resulted in long recovery times, high risk of complications and significant costs for hospitals. Now, minimally invasive treatment, as the new standard for a number of procedures, provides for lower risk of complications, smaller scars, faster recovery, less post-operation pain and shorter hospital stays, leading to lower overall cost. Our Advanced Therapies products facilitate these procedures through the use of image-guided therapy, which have experienced growth in recent years in areas such as cardiology, interventional radiology, surgery and radiation oncology. Our economic model is driven by product and service integration. For example, as of November 2017, we covered approximately 75% of our Angiography systems installed base with service contracts. The majority of the remaining customers chose to go for service offerings on a case-by-case basis.

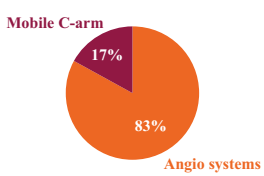
As of September 30, 2017, our Advanced Therapies segment had an installed base of approximately 41,000 systems and employed approximately 4,000 employees. In the fiscal year ended September 30, 2017, our Advanced Therapies segment had R&D expenses of €151 million. Our Advanced Therapies segment's external revenue, by location of customers, is diversified across geographies and its total equipment revenue is diversified across modalities as set forth in the charts below.

Fiscal year ended September 30, 2017 revenue split

By region[1)]



By modality[2)]



1) Based on external revenue and location of customers.

2) Based on total revenue of equipment revenue and includes sales to other modalities in the segment.

The following table sets forth the total revenue and Profit of our Advanced Therapies segment.

	For the fiscal year ended September 30			
	2017	2016	2015	CAGR
	(audited, unless otherwise indicated) Euro (millions)			(unaudited)
Total Revenue	1,519	1,460	1,447	2.3%(1)
Profit	335	286	269	11.6%

(1) The total revenue CAGR presented is calculated on a comparable growth basis.

14.5.2.1 Key Products and Offerings

The products in our Advanced Therapies segment facilitate the significant growth of minimally-invasive procedures. We have a highly integrated product and service offering across multiple clinical fields. The key clinical specialties our Advanced Therapies segment serves are cardiology, interventional radiology, surgery and radiation oncology.

In cardiology, we offer various services and IT products with therapy guidance solutions, such as the imaging for cardiology departments, from the Advanced Therapies segment to guide therapeutic workflows and optimize value chains in the cardiac ecosystem to enable better outcome-relevant clinical decisions. We develop and innovate to offer a complete cardiology product portfolio and provide a go-to-market approach comprising product definition, marketing and sales. The main clinical fields served in cardiology are coronary artery disease, arrhythmia, structural heart disease, heart failure, and congenital heart disease. In interventional radiology, we cover a broad spectrum within the therapy space, ranging from 2D diagnostics to advanced 3D imaging, fusion and guidance. Other interventional modalities, such as CT, Ultrasound or MRI, and integrated combined solutions complement the interventional radiology business. The main clinical fields served in interventional radiology are neuroradiology (dealing with interventions in the brain), interventional oncology (dealing with the treatment of malignant and benign tumors) and general interventional radiology (dealing mainly with the treatment of vascular diseases).

In surgery, we develop and market solutions for intra-procedural image guidance in various surgical specialties to enable a range of minimally-invasive procedures. We provide both mobile and fixed C-arms for operating rooms, thereby enhancing the capabilities of these rooms to hybrid operating rooms. In the fiscal year ended September 30, 2017, 13.1% of our Advanced Therapies segment total revenue related to hybrid operating rooms. In addition to our current product portfolio (mobile / fixed C-arms, CT and MRI), we aim to drive growth by expanding our portfolio beyond imaging, further integrating multi-modality solutions, extending industry partnering and pursuing inorganic growth options. The main clinical fields served in surgery are vascular surgery, cardiac surgery, thoracic surgery, neurosurgery, spine surgery, orthopedic/trauma surgery, and abdominal surgery.

For radiation oncology, this includes, in particular, imaging systems for radiation therapy and maintenance of the installed base, including the sale of upgrades, maintenance efforts and service business. In radiation oncology, where our revenue increased threefold over the past five years, we mainly serve the fields of brachytherapy (where a sealed radiation source is placed inside the body inside or close to the tumor), external beam radiation therapy (*i.e.*, irradiation of the tumor with external high-energy photons), stereotactic body radiation therapy and radiosurgery (*i.e.*, external treatment delivered very precisely in a few number of sessions), and particle therapy (*i.e.*, external beam radiotherapy using protons, neutrons, or heavy ions).

The primary products and solutions in our Advanced Therapies business comprise interventional angiography systems, mobile C-arms, recording systems, imaging solutions for radiation oncology and multimodality solutions.

14.5.2.1.1 Angiography systems

Our Angio systems are used in interventional radiology, neuroradiology, cardiology and surgery and offer unique abilities, including positioning flexibility, advanced 3D imaging and easy orientation in complex anatomy. An angiography system can move around the patient to produce an image of the organ of interest from the optimal angle and at optimal magnification. Our high-performing system creates images of high quality with the relevant anatomic details visible, with the lowest amount of x-ray radiation. In the fiscal year ended September 30, 2017, we generated 83% of our Advanced Therapies segment total revenue (based on equipment total revenue only) from the sale of Angio systems, with prices ranging from approximately €350,000 to €2.1 million.

The following table provides an overview of our key Angiography systems:

Key products	Key applications/product abilities
ARTIS pheno 	• Advanced robotic imaging to drive minimally-invasive procedures • Surgery / hybrid operating rooms • Advanced interventional radiology • Positioning flexibility • Advanced 3D imaging
Artis Q / Artis zee biplane 	• High positioning flexibility and patient access for biplane imaging • Neuroradiology • Electrophysiology • Easy orientation in complex anatomy • Two simultaneous projections
Artis Q / Artis zee ceiling 	• High degree of positioning flexibility of the C-arm at any angle • Interventional radiology, cardiology • 3D acquisitions from side • Free floor space
Artis Q / Artis zee floor 	• High degree of positioning flexibility with very small footprint • Cardiology, interventional radiology • Economic & universally suited • Fit into small rooms, simple ceiling construction
Artis zee MP 	• Solution when doing radiography, fluoroscopy and angio work • Interventional radiology • Combo & universal • Economic & universally suited
Artis one 	• Fit into small rooms, simple ceiling construction • Universal system primarily for routine cases • Cardiology, interventional radiology • Optional built-in 3D acquisition and processing • Fits into small rooms, simple ceiling construction

14.5.2.1.2 Mobile C-arms

Our mobile C-arms are used in the operating room for all surgical disciplines and are adaptable to different surgical tables and include high-power and lower-power systems. In the fiscal year ended September 30, 2017, we generated 17% of our Advanced Therapies total segment revenue (based on equipment total revenue only) from the sale of mobile C-arms, with prices ranging from approximately €30,000 to €230,000.

The following table provides an overview of our key mobile C-arm products:

Key products	Key applications/product abilities
Cios Spin 	• Mobile 3D imaging for intraoperative quality assurance • All surgery disciplines, including vascular and spine • 3D acquisitions • High x-ray power

Key products	Key applications/product abilities
Cios Alpha, Cios Fusion 	• Device for handling complex and demanding surgical cases • All surgery disciplines, including vascular surgery • Broad application spectrum • High x-ray power
Cios Select, Cios Connect 	• Clinical flexibility throughout a wide range of applications • Orthopaedic & trauma surgery / urology • Compact design • Economic & universally suited

14.5.2.1.3 Recording systems

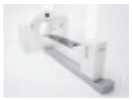
Our recording systems are used in cardiology measuring physiological signals such as blood pressure and electric signals to support percutaneous coronary intervention and electrophysiology procedures. Our recording systems provide integrated workflows with our Angiography systems in cardiology and electrophysiology, with prices ranging from approximately €25,000 to €120,000.

14.5.2.1.4 Imaging solutions for radiation oncology

In radiation oncology, treatments are planned and adapted with imaging carried out at the beginning and at times during treatment. Imaging information is used for tumor and organ-at-risk identification. CT simulation is the basis for radiation oncology treatment planning. With the variety of cancers and the technological developments of treatment devices, MRI with its soft tissue contrast and functional capabilities, and PET-CT providing metabolic information can play a valuable role in providing personalized treatments.

Our broad multimodality 3D and 4D imaging portfolio for radiation oncology is based on the comprehensive Imaging segment portfolio and is specifically tailored for radiation oncology. It includes CT, CT on rails, MRI and PET-CT and related software solutions. We offer our large bore dual energy CT scanners also for advanced imaging in treatment rooms. The Advanced Therapies segment manages the imaging portfolio of these products, is responsible for marketing and is acting as the primary sales channel towards the radiation oncology market. The sales and profit of our imaging solutions for radiation oncology is reported in the Imaging segment.

The following table provides an overview of our key solutions for radiation oncology:

Key products	Key applications/product abilities
SOMATOM Confidence RT Pro 	• Large bore dual energy CT equipped for radiation therapy simulation • First CT scanner providing electron density in one single scan • Supports also planning of moving tumors such as lung tumors (4D) • Available as sliding gantry (CT on rails) for image-guided brachytherapy suites as well as proton therapy treatment rooms
MAGNETOM RT Pro edition 	• MAGNETOM MRI scanners specifically configured for radiation therapy • Large bore for imaging of patients in treatment position • Specialized protocols for ease-of-use and consistency in less experienced users
Biograph RT Pro edition 	• Biograph PET-CT scanners especially configured for radiation therapy • Large bore for imaging of patients in treatment position • Supports also functional imaging and planning for moving tumors such as lung tumors (4D)

14.5.2.1.5 Multimodality solutions

Our multimodality solutions are primarily used for interventional radiology as well as surgery and cardiology, including combined Angio and CT/MRI in a single room and offer full 3D CT imaging, combined

with high-resolution live 2D angiography. The Advanced Therapies segment is responsible for the marketing and product management of the multimodality solutions. However, for multimodality solutions, the Advanced Therapies segment only includes revenue of the respective Advanced Therapies modalities (*e.g.*, angiography systems) while the other portion is reported in the Imaging segment revenue (*e.g.*, CT and MRI systems). We are targeting to double revenue from sales of multimodality solutions over the next five years.

14.5.2.2 Advanced Therapies R&D

14.5.2.2.1 R&D team

Our R&D workforce in Advanced Therapies operates globally with R&D sites in Germany, China, India and the United States. This includes hardware and systems development sites in Forchheim, Germany; Shenzhen, China; and Goa, India; as well as software development sites in Forchheim, Germany; Hoffman Estates, United States; and Bangalore, India. The distribution of our development workforce across an internationally balanced network of sites enables us to better cater to the needs of local markets. Our strong partner network enhances our innovation strength and our large geographic footprint provides proximity to our customers. We have approximately 250 partners with leading clinical and scientific institutions and device companies. Approximately half of our surgery revenue is generated with partners. As of December 31, 2017, we had approximately 600 R&D employees in Advanced Therapies.

14.5.2.2.2 R&D strategy

In Advanced Therapies, we have internal capabilities across the entire value chain for the research, development and manufacturing of imaging and recording systems for interventional suites (angiography laboratories and catheterization laboratories) and hybrid operating rooms, mobile C-arms for operating rooms and interventional environments, software applications for supporting image-guided therapy, and imaging solutions for radiation therapy planning. We believe that these internal capabilities position us to maintain our high pace of innovation and drive our existing competitive advantage. We hold approximately 2,500 single patents, utility models and applications to secure our innovation and strong IPR position in this field.

Our R&D strategy focuses on both systems and hardware development as well as software and application development and is supported by a dedicated innovation department tasked with funneling new ideas into the development group.

We maintain internal core competencies in systems and hardware development, including image quality and low radiation dose, hemodynamic and electrophysiology signal recording, system concepts, motion technology, and navigation and device tracking. This enables us to design and deliver angiography systems, recording systems and multimodality solutions combining various types of medical imaging systems. Where appropriate, we collaborate with partners to broaden the range of modern technology utilized in the realization of products, such as robotic technology from KUKA, x-ray detectors from Trixell, and operating room tables from Maquet and Trumpf.

A broad competence in software and application development complements our capabilities in systems and hardware engineering. We develop real-time controlling software to drive the motion of the systems and control our imaging system. We also develop application software, related closely to real-time performance, as well as applications for pre- and post-processing of imaging data.

14.5.2.2.3 Highlights and future focus areas

Since the launch of 3D imaging capabilities for angiography systems in 2004, we believe we have been an innovation leader in 3D imaging for interventional systems. This is underlined by the recent launch of our second generation, robotic-based angiography system ARTIS pheno. To date, we remain the only vendor offering this robotic technology for the interventional room, which is particularly well-suited to the hybrid operating room due to its movement flexibility. To further enhance our angiography systems, we also recently launched PURE software, an easier-to-use, streamlined system for operational efficiency.

Our continuous investment in the multimodality environment is also evident in PILOT, which we developed together with a strategic partner, a shuttle system to enable faster patient transfer between imaging modalities, including CT, MRI, and angiography systems and operating room tables. We maintain an ongoing commitment to multimodality solutions because we believe this will allow physicians to choose the best-suited imaging modality during any point in the interventional procedure.

In addition, the recently released *syngo*.via radiation therapy imaging suite offers dedicated software to support multimodality treatment planning in radiation therapy. Together with our strategic partner for radiation

therapy, Varian Medical Systems Inc., we believe we provide a comprehensive portfolio for the growing field of cancer treatment.

We plan to continuously invest in innovation and R&D to enable new procedures and better outcomes at lower costs. In angiography systems, we plan to build on the architecture of ARTIS pheno to deliver enhanced features to the interventional lab. In mobile C-Arms, we plan to further expand the Cios platform to fully cover a broad range of power generators and optimize our existing platforms for usability, cost and accuracy. We are also exploring imaging technologies beyond x-ray for application in interventional environments. These include the Angio-MR, which, by combining the newest technologies of angiography and MRI, aims at significantly improving clinical outcomes in stroke as well as treatment of cardiac arrhythmias.

14.5.3 Diagnostics

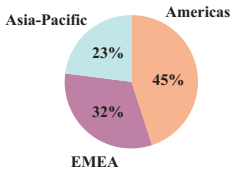
We are a leading global provider of medical diagnostics products and services. Our Diagnostics segment includes our product and services offering in the following areas: LD, POC Diagnostics and MDX and MSV. We have a strong foundation with a significant global installed base and a comprehensive portfolio. We benefit from product innovation and portfolio expansion in LD and POC Diagnostics and are developing future growth fields in MDX and MSV. We are driving improved profitability through platform consolidation leading to scale effects due to fewer product lines, and set-up optimization to strengthen capabilities and realize synergies and continuous productivity improvements. Additional expected future drivers include the full realization of our POC Diagnostics initiatives, expansion into the high growth molecular market and the contribution from coagulation, hematology and other specialty areas.

As of September 30, 2017, our LD business had an installed base of approximately 72,000 instruments and approximately 12,000 employees globally. As of September 30, 2017, our POC Diagnostics business had an installed base of approximately 198,000 analyzers and approximately 1,800 employees globally. In the fiscal year ended September 30, 2017 our Diagnostics segment had research and development expenses of €297 million.

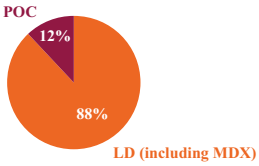
External revenue, by location of customers, of the Diagnostics segment is diversified across geographies, and total revenue of the Diagnostics segment is diversified by business area, as shown in the charts below.

Fiscal year ended September 30, 2017 revenue split

By region[1)]



By business area



1) Based on external revenue and on location of customers.

The following table sets forth the total revenue and Profit of our Diagnostics segment. Approximately 90% of our Diagnostics segment revenue is recurring.

	For the fiscal year ended September 30			
	2017	2016	2015	CAGR
	(audited, unless otherwise indicated) Euro (millions)			(unaudited)
Total Revenue	4,162	4,138	4,138	1.3%[(1)]
Profit	562	514	621	(4.9)%

(1) The total revenue CAGR presented is calculated on a comparable growth basis.

14.5.3.1 Laboratory Diagnostics

We offer an innovative portfolio of products and services, including a broad array of testing applications and multidisciplinary solutions powered by automation and data management. These products and services deliver clinically actionable diagnostic information to support improved patient outcomes while increasing the operational efficiency of clinical laboratories. We deliver complete portfolio solutions from site planning through implementation.

Key Products and Offerings

We serve the needs of clinical laboratories spanning a broad array of sizes and specialties. This is accomplished via our spectrum of systems and applications, including those in the fields of immunoassay, clinical chemistry, hematology, coagulation and plasma proteins, in conjunction with automation, informatics and services. Our products and services yield customer-driven solutions to support improved clinical outcomes through high quality and innovative tests and enable the industrialization of laboratory diagnostic testing. The clinical diagnostics business is characterized by recurring revenue from sales of reagents, consumables and services used in conjunction with our instruments. Our customers can purchase, lease or finance different combinations of our instruments, automation and IT offerings. In many cases, customers simultaneously enter into long-term agreements with us for the provision of instruments, reagents, consumables, and services. The typical contract duration for these long-term agreements is between five and seven years. The modular nature of our flagship immunoassay and clinical chemistry platforms, together with our offering of laboratory automation and IT solutions, strongly position us to deliver multi-disciplinary solutions to customers across a wide range of clinical laboratory settings.

IVD testing is at the core of clinical decision making and we offer a broad range of IVD tests for assessing (and, in some cases, monitoring) patient health. IVD testing influences approximately 60-70% of healthcare decision-making. We lead the IVD market in driving lab efficiencies with real customer impact, including a reduction of approximately 60% in turnaround time for add-on tests.

In 2017, we launched our Atellica Solution, which is one of the industry's most comprehensive innovation projects and covers the complete IVD value chain in scope from reagents to instruments. Atellica Solution is designed to deliver superior performance, operational savings and high-quality outcomes. The Atellica Diagnostics IT Portfolio comprises an installed base of approximately 6,800 IT installations globally. The Atellica Solution integrates modular immunoassay and clinical chemistry analyzers with the new standard in sample-management technology, providing scalable solutions for network-wide standardization. It simplifies laboratory operations through intelligent sample management and offers reduced complexity by providing the pathway to consolidating our five primary instrument platforms into one.

We believe that the Atellica Solution will accelerate our growth and drive margins over the medium and long-term. Its modular design (with approximately 300 modular layouts), machine learning capabilities and magnetic sample transport make it up to 45% more productive than other modular solutions currently on the market based on tests per hour and square meter when compared to leading competitive modular immunoassay instrument. In addition, improved uptime, automatic calibration, sample identification and inspection and reduction of complexity from five different primary platforms to one under the Atellica Solution will help to lower staff required (by up to 30% based on initial customer feedback) and lower service costs with fewer platforms to maintain. As a result, we believe that Atellica Solution will significantly simplify our LD portfolio and position us to focus on expanding our reagents portfolio, with over 40 new assays currently in the pipeline, to drive revenue growth.

While we expect the rollout and ramp-up phase to have a temporary negative impact on profitability in the near-term as we build up the installed base, we believe that Atellica Solution will significantly boost revenue growth in the medium term and lead to margin increases as we grow the sale of reagents and begin to realize the efficiency gains from platform consolidation. We currently have approximately 170 assays available on Atellica Solution (depending on specific jurisdiction) and expect to expand our offering to more than 210 assays over the medium term together with our various partners. As of January 31, 2018, we had shipped over 110 analyzers to customers; by mid-February 2018, the number of analyzers shipped to customers increased to more than 140, of which approximately 35% were sold to customers who decided to switch to Atellica Solution from another provider. We are on track to meet our installation target of installation of more than 7,000 analyzers by 2020, which we estimate accounts for approximately one-third of our installed base addressable with Atellica Solution, and that approximately 55% of our Diagnostics revenue is addressable with our Atellica Solution. We estimate that approximately 80% of the 7,000 analyzers will come from our current installed base, and approximately 20% will come from new customers. This estimate is based on a seven year renewal cycle of our installed base, a retention rate of 90% and the ramp-up phase, including expected regulatory approval and launch in China in 2019.

Regulatory approvals for the Atellica Solution are currently expected to be received in Brazil and Japan in 2018 and in China in 2019.

In 2017, we also entered into a strategic alliance with Horiba to collaborate to bring new and innovative hematology solutions to the market globally. This expanded our options to fulfill customer's hematology and multidisciplinary solution needs.

(1) Immunoassay

In immunoassay, we offer laboratory analysis for the body's immune response, such as HIV antibody and prostate-specific antigen and provide laboratories with fully-automated, high-performance platforms and a comprehensive, disease-focused menu in excess of 90 tests. The following table provides an overview of our key products in the immunoassay testing discipline:

Key products		Key applications/product abilities
Atellica ™ IM 1600	***ADVIA Centaur XPT***	• Detects antibodies and antigens that indicate immune response and presence of pathogens • Atellica IM provides highest productivity per square meter
		

(2) Clinical chemistry

In clinical chemistry, we offer laboratory analysis for molecule and ion measurements, such as lipids and glucose. We provide analyzers and applications offering efficiency, reliability and accuracy, enabling workstation consolidation to enhance productivity, and a comprehensive menu in excess of 100 tests. The following table provides an overview of our key products in the chemistry testing discipline:

Key products		Key applications/product abilities
Atellica ™ CH 930	***ADVIA XPT***	• Measures chemistry analytes (*e.g.*, molecules and ions), specific proteins that regulate and maintain its systems • Scalable solutions for mid- to high-volume clinical chemistry testing • Up to six Atellica CH can be connected in parallel for high volume testing
		

(3) Integrated immunoassay/chemistry solutions

In integrated immunoassay/chemistry solutions, we offer laboratory analysis for the regulation of the body's systems, such as Albumin and C-reactive protein. The following table provides an overview of our key products in the integrated immunoassay/chemistry solutions testing discipline:

Key products		Key applications/product abilities
Atellica Solution	***Dimension EXL 200***	• Combines the analytical capabilities of both immunoassay and chemistry analyzers, integrated solutions help optimize laboratory efficiency • Up to nine Atellica Solution modules can be combined to allow more than 300 possible configurations
		

(4) Hematology

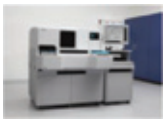
In hematology, we offer laboratory analysis for the performance of the body's "fluid highway", such as complete blood count and prothrombin time. Our systems provide screening results for routine hematology testing and more specialized analysis for particular conditions and disease states. The following table provides an overview of our key products in the hematology testing discipline:

Key products		Key applications/product abilities
ADVIA 2120i	***ADVIA 560***	• Measures blood cell and platelet count, differentiation of myeloid and lymphoid cells, analysis of intracellular hemoglobin • Complete portfolio of hematology testing solutions from the clinic to reference lab
		

(5) Coagulation

In coagulation, we offer a comprehensive portfolio of performance-driven instruments, menu offerings and IT solutions, which in conjunction with a highly-responsive service offering, enables streamlined workflow,

enhanced operational efficiency and supports improved patient care. The following table provides an overview of our key products in the coagulation testing discipline:

Key products	Key applications/product abilities
Sysmex CS-2500  ***Sysmex CS-5100*** 	• Clotting, chromogenic, immunologic, agglutination testing of blood • Market leader with largest portfolio of specialty reagents in the market

(6) Urinalysis

In urinalysis, we offer a comprehensive portfolio of scalable instruments to analyze urine samples. Our systems provide accurate screening results for routine urine chemistry testing and more specialized analysis of urine sediment. The following table provides an overview of our key products in the urinalysis testing discipline:

Key products	Key applications/product abilities
Atellica 1500 Automated Urinalysis System  ***CLINITEK® Novus Automated Urine Chemistry Analyzer*** 	• Provides twelve different urine chemistry parameters and eleven parameters for urine sediment • Sedimentation solution is based on advanced digital microscopy using neural network algorithms to optimize image recognition and quantification

14.5.3.2 POC Diagnostics

We offer solutions for timely, accurate and easy-to-use diagnostic testing performed near the patient. In critical care settings of hospitals, such as emergency rooms, neonatal intensive care units and surgical suites, our POC testing products deliver results without the need to wait for samples to be transported to and tested in a laboratory. In such settings, when time is essential, we deliver results that allow the clinician to take an immediate decision on the appropriate course of action. Faster decision-making reduces wait times, increases asset utilization, shortens a patient's hospital stay and frees up expensive hospital beds more quickly by reducing patient observation time. In ambulatory settings, healthcare providers face a rise in chronic diseases and are increasingly managing diabetes, kidney and cardiovascular diseases outside the hospital, such as in doctors' offices, clinics and urgent care centers. In these settings, our analyzers provide fast and accurate results to the clinician while the patient is still in the office, enabling more effective and efficient counseling with improved outcomes at reduced costs.

Key Products and Offerings

We offer a broad POC portfolio across a wide array of tests on various analyzers. Our strategy is based on two pillars, achieving full control through full connectivity and providing lab-accurate results. Our primary products and solutions are in the fields of critical care, chronic disease, and POC informatics. Together with the offerings from our LD business, our POC Diagnostics products provide end-to-end solutions from low to very high volume test settings. In 2016, we acquired Conworx Technology GmbH ("**Conworx**"), a Berlin-based developer of POC data management solutions, to expand our informatics capabilities in POC testing. The addition of the Conworx suite, including UniPOC and POCcelerator software, complements our RAPIDComm data management system and enhances the informatics offerings for the POC market by delivering open connectivity for more than 170 different instruments from all major manufacturers.

In November 2017, we acquired Epocal Inc. ("**Epocal**"), which develops and manufactures the epoc Blood Analysis System, a handheld, wireless testing solution. With a complete offering for blood gas diagnostics from a low-volume, handheld device utilizing single-use test cards to a high-volume, multi-use benchtop solution, we help healthcare providers improve their workflows by providing the right system for the right setting and need. Epocal provides us with access to the high-growth handheld segment and a handheld platform for future organic growth.

(1) Critical care

In critical care, we offer products to analyze blood gases and cardiac markers. Our blood gas analyzers deliver results in less than 60 seconds, enabling critical care treatment decisions to be made quickly and

accurately. Our innovative, handheld blood analyzer, the epoc system, allows anesthesiologists and emergency room doctors to take a testing device with them as they move from patient to patient. Together with our high-volume blood gas analyzers, we are the only company to provide for testing of blood gases across the spectrum from benchtop to handheld. Our Stratus CS Acute Care Diagnostics System delivers lab-quality cardiac enzyme results at the POC with the speed needed to enable rapid decision making for better patient care.

The following table provides an overview of our key products in critical care:

Key products		Key applications/product abilities
RAPIDPoint® 500 Blood Gas System 	***epoc® Blood Analysis System*** 	• Analysis of oxygen and carbon dioxide levels and determination of pH in the blood • Only IVD company to offer a complete end-to-end solution for blood gas testing from low-volume handheld to high-volume benchtop
Stratus® CS Acute Care Diagnostic System 		• Quantitative cardiac tests for fast, accurate evaluation of patients presenting with suspected heart failure (acute and urgent care) • One of only two companies offering guideline-acceptable Troponin at the point of care

(2) Chronic disease

To help treat chronic disease, we offer solutions and brands for urinalysis and diabetes ("**HbA1c**"), and more recently entered the coagulation market. Our POC urinalysis portfolio offers broad insight into patient health in low, medium, and high volume settings. Our range of urine analyzers provides enhanced confidence in clinical decisions. Our urinalysis reagents, whether used in an office, clinic or hospital setting, can help detect a wide range of conditions, including pregnancy, urinary tract infections, diabetes and kidney disease. For diabetic patients, we offer insight into long-term glycemic control in a variety of environments, from physicians' offices to pharmacies to multisite practices, in order to treat diabetes patients more effectively, improve clinical workflow, and simplify testing. Our Xprecia Stride handheld analyzer measuring prothrombin time/international normalized ratio ("**PT/INR**") allows clinicians to quickly and accurately measure the coagulation status of patients on Coumadin (warfarin) anticoagulation therapy. With its intuitive color touch screen and ergonomic design, the Xprecia Stride analyzer has received several design awards.

The following table provides an overview of our key products in chronic disease:

Key products		Key applications/product abilities
Multistix® Reagent Strips 	***CLINITEK®*** Status Connect System 	• Analysis of various biomarkers in urine for a broad range of applications (*e.g.*, diabetes, kidney disease, urinary tract infections, pregnancy related disorders) • Uniform chemistry across all products for true concordance from clinic to reference lab
DCA Vantage® Analyzer 		• Monitoring of glycemic control and detection of early kidney disease • One drop of blood provides accurate diabetes/HbA1c results in minutes
Xprecia Stride™ Coagulation Analyzer 		• PT/INR testing for the monitoring of oral anticoagulation therapy with warfarin • Consumer-electronic inspired design and winner of multiple design awards

(3) POC Informatics

In POC Informatics, we offer various software solutions, including our POCelerator Software, UniPOC Software, and RAPIDComm Data Management System. These products allow POC coordinators in the hospital to monitor and control hundreds of POC analyzers and thousands of operators that may be spread across multiple facilities and geographies, through a single interface that streamlines operator training and workflow across all POC devices, supporting up to approximately 170 different devices from 45 vendors.

14.5.3.3 Molecular Diagnostics and Molecular Services

We are incubating two businesses in the PCR and genomic sequencing markets: MDX and MSV.

14.5.3.3.1 MDX

We offer molecular diagnostic testing systems and assays that enable the precise detection of diseases, monitoring of treatment efficacy and selection of targeted, individualized treatment options. Increasing automation and industrialization continue to drive the consolidation of routine molecular testing into the core laboratory, which typically increases efficiency and reduces costs. We focus on developing easy-to-use products which allow our customers to create highly efficient, integrated high volume laboratories, with molecular laboratories focusing on sequencing and cutting-edge "specialty" applications.

As of December 31, 2017, our MDX business employed approximately 300 employees globally.

In December 2017, we acquired Fast-Track Diagnostics ("**FTD**"), a Luxembourg-based global supplier of infectious disease diagnostic tests and syndromic panels. Its broad test menu includes assays for respiratory infections, gastroenteritis, meningitis, hepatitis, infections of the immunosuppressed, tropical diseases, sexually transmitted diseases, and early childhood diseases.

Key Products and Offerings

Our MDX portfolio consists of three key product groups: molecular diagnostic testing systems, IVD assays and reagents and Hepatitis C virus ("**HCV**") genotyping products using our line probe assay ("**LiPA**") technology. The key clinical specialties we serve are clinical sample preparation and PCR based molecular infectious disease testing.

The following table provides an overview of our key products in MDX:

Key products	Key applications/product abilities
VERSANT kPCR Molecular System 	• Versatile, automated workflow platform that consolidates (i) sample preparation in virology, bacteriology and other applications for the extraction of nucleic acids (DNA and RNA) from various specimen types, and (ii) molecular diagnostic real time PCR testing • Offers innovation in the molecular laboratory by improving workflow and consolidation while providing for flexibility and customization • Open platform design allows laboratories to expand their testing menus beyond our assays to include laboratory-developed and third party assays, and offers multiplexing capabilities
Tissue Preparation System 	• Offers an efficient and reproducible process for the isolation of high quality RNA and DNA from formalin-fixed paraffin-embedded and fresh frozen tissues • Only fully-automated system on the market for extraction of nucleic acids from formalin-fixed paraffin-embedded and fresh frozen tissues
Molecular Test Menu 	• Over 75 molecular diagnostic infectious disease assays and syndromic panels, plus sample preparation reagents • In vitro nucleic acid amplification assays consisting of singleplex and multiplex tests designed for the detection of a broad range of certain infectious disease agents in many sample types • IVD assays are highly sensitive and utilize robust assay designs with optimal assay standardization

Key products	Key applications/product abilities
VERSANT® HCV Genotype 2.0 Products (LiPA) 	• Our LiPA assay technology provides improved accuracy in the identification of HCV genotype and subtype data, for optimal patient therapy • LiPA is the most widely used HCV genotyping assay worldwide

14.5.3.3.2 MSV

With our MSV business, we provide assays, bioinformatics and workflow services to customers. The key clinical specialties of our MSV business are genomic sequencing assays and services for oncology and CLIA laboratory-developed tests ("**LDTs**") for advanced pharma applications, such as viral vector drug delivery.

The business is run in two separate legal entities, NEO New Oncology GmbH in Germany and Siemens Healthcare Laboratory, LLC in the United States of America. In 2017, we entered the field of molecular services for oncology by expanding our diagnostics portfolio with the acquisition of NEO New Oncology and founded our MSV unit.

As of September 30, 2017, our MSV business employed approximately 63 employees globally.

Key products	Key applications/product abilities
NEOonsite 	• NEOonsite is a CE-IVD-compliant technology platform that allows the customer to perform all molecular diagnostic tests offered by NEO New Oncology • NEOonsite combines CE-compliant reagents for sample analysis with accredited bioinformatic data analysis • Current tests on NEOonsite include NEOselect and NEOplus for analysis of solid tumors and NEOliquid, a non-invasive blood test for comprehensively analyzing circulating tumor DNA

14.5.3.4 Diagnostics R&D

14.5.3.4.1 R&D team

Our R&D workforce in Diagnostics has a global footprint with local centers of excellence in the United States, Canada, Germany and Luxembourg. We maintain deep expertise across the entire IVD value chain, including instrument, assay, software, automation and system R&D. Our Diagnostics R&D sites work closely with our manufacturing sites to expedite development with seamless scale-up and transfer of new products and technology. Additionally, physical locations in key markets and integration with our product life cycle and marketing managers ensure customer requirements and market needs are embedded in our product R&D initiatives. As of September 30, 2017, we had approximately 1,800 R&D employees in Diagnostics.

14.5.3.4.2 R&D strategy

In the Diagnostics segment, we have internal capabilities across the entire value chain for the research, development and manufacture of IVD tests and systems. Our R&D strategy is focused on maintaining internal resources in critical focus areas. We maintain internal core competencies in systems and hardware engineering that are critical to designing and delivering automated solutions, including instruments, sample processing tools and sample transport solutions, to streamline our customers' processes and drive workflow excellence in both the laboratory and POC settings. We supplement our internal capabilities through our relationships with strategic partners, including Inpeco, in track-based, total lab automation; Sysmex, in high volume coagulation testing; Horiba, in high volume hematology testing; 77 Elektronika, in automated urine sediment analysis; and Universal Biosensors, in handheld coagulation measurement.

In addition to systems and hardware engineering, assay R&D is another critical focus area of Diagnostics' internal research capabilities. Continued investment in our core assay technologies drives our competitive advantage by boosting the performance, increasing the breadth and increasing the speed to market of new diagnostic tests. Similar to our strategies in systems and hardware engineering, we leverage a network of strategic partners in assay development to extend our core assay technologies capabilities and to develop and manufacture diagnostic tests that sustain and expand our instrument menu. A selection of these external partners includes Axis-Shield, Biokit and Randox.

The final focus area of our R&D strategy is software engineering. In order to shorten time-to-market and ensure a common look and feel across our laboratory and POC systems, we maintain an internal capability to design and deploy software across our portfolio. From processing and analyzing samples inside our instruments to optimizing the routing of samples in an automation track-based environment to communicating instrument results to a Laboratory Information System, we have a broad and deep competence in software engineering.

14.5.3.4.3 Highlights and future focus areas

Diagnostics has recently developed a series of innovative new products. In Laboratory Diagnostics, we launched new analyzers in immunochemistry testing, a focus of our internal capabilities. The Atellica IM 1300, Atellica IM 1600 (immunoassay) and Atellica CH 930 (chemistry) are modular analyzers we launched in 2017 to provide enhanced performance and testing efficiency. Combined with the Atellica Sample Handler (also launched in 2017), which automates sample processing, identification and management utilizing machine learning-based algorithms, these modules comprise the overall Atellica Solution and offer a new level of physical and IT-enabled automation to simplify customer workflow and reduce labor costs. In addition to immunoassay and chemistry testing, we also launched new analyzers in two additional testing disciplines in 2017. In 2016, we entered the global market for urine sedimentation testing with the launch of the Atellica 1500 automated urinalysis system in partnership with 77 Elektronika. We also are continuing to drive workflow improvements in our existing product line with the launch of Atellica MDX 160 system, which drives productivity by providing a flexible, automated solution for multiple sample types.

Moving forward, we plan to continue to invest in R&D activities that deliver workflow excellence to drive lower costs and clinical excellence to generate better outcomes for our customers and their patients. In LD, we plan to build on the common, modular Atellica Solution architecture to deliver improved productivity to laboratories. We plan to develop and launch automation and workflow improvements that increase the efficiency of laboratories. We will further expand our test menu across all testing disciplines to offer a comprehensive selection of tests and differentiate our offering from the competition. In POC Diagnostics, we plan to optimize our existing platforms for usability, cost and accuracy. In addition, we will integrate and invest in the scientific and engineering capabilities acquired with the additions of Conworx in informatics and Epocal in handheld devices to grow the competitiveness of our POC portfolio.

We will also invest in and extend our activities in MDX, which is increasingly becoming a mainstream medical tool and is driving precision medicine approaches. We are focused on the rapidly growing IVD and the oncology services markets. In MDX, we will invest in upgrading our platform as a complementary capability to our portfolio of testing disciplines in Laboratory Diagnostics. The acquisition of NEO New Oncology provides us an entry point into NGS-based genomic testing and expands our capabilities in precision medicine and companion diagnostics.

14.6 Services

We are a leading global service organization in healthcare ("**Services**") built on a strong and growing installed base of approximately 600,000 active systems (including all active equipment and IT systems). We provide comprehensive services along the entire customer value chain, including consulting, design, maintenance, operational management, training and education services. We employ leading technical, clinical and services professionals who focus on providing value to customers. Our digitally-enabled business drives further automation and improves operational efficiency and financial performance for us and our customers. By focusing on the need of healthcare providers to lower costs and offer a high quality of care, we have a strong track record of growing long-term partnerships while building a resilient financial profile.

As of September 30, 2017, we had approximately 150,000 devices of our global installed base remotely connected via our Siemens Remote Services network and approximately 330,000 sessions on our digital training platform. As of the same date, our Services business employed approximately 15,000 employees and served approximately 120,000 customers globally.

14.6.1 Key Offerings

Our service offerings integrate such offerings as: equipment performance management, clinical education and eLearning, asset management, managed departmental services, consulting, digital ecosystem and population health management. We aim to improve asset utilization, while enabling our customers to increase clinical and operational performance and enhance patient access to care. We believe that we are well positioned to develop long-term customer partnerships and drive the transformation of healthcare. Our competencies are aligned with the market, including industrializing healthcare to solve productivity challenges, digitalization to enhance patient experience, and driving automation and standardization to improve outcomes at lower costs.

We offer comprehensive services encompassing our businesses and providing value to our customers. Our key businesses in Services are Customer Services and Enterprise Services. "**Customer Services**" include equipment performance services, education excellence services and asset evolution services. "**Enterprise Services**" includes managed departmental services, consulting and transformation services, and asset management services.

14.6.1.1 Customer Services

Customer Services provides the foundation for all global digital operations driving interactions from onsite to online. Our modularized offerings include planned, corrective and predictive maintenance plans as well as continuous education plans. Our Customer Services offerings are delivered in more than 140 countries. Our integrated global services are supported by three 24/7 regional service centers. The Customer Services portfolio helps customers with equipment repair, avoiding unplanned interruptions and optimizing clinical usage throughout the lifecycle of their medical equipment. The value-added offerings such as options and upgrade services, IT care plans, as well as blended learning and clinical staffing are based on our secure digital platforms: Siemens Remote Services, LifeNet (fleet management) and PEPconnect (virtual education and learning). The offerings support healthcare providers' ability to deliver better care at lower cost. Overall, Customer Services provides global customers a connection to know-how through onsite and remote support platforms enabling them to stay at the forefront of technology, digitalization and medical diagnoses. We are continuously striving to improve customer satisfaction and have a proven track record of driving operating margin improvements. As of September 30, 2017, we had a net promoter score of 64%. We use the promoter score, which ranges from negative 100% to positive 100% to measure customer satisfaction. From 2016 to 2017, we increased productivity by approximately 12% and had a contract rate improvement of 250 basis points. We also entered into approximately an additional 7,000 contracts from 2016 to 2017, which helped us to grow our Customer Services business by more than 5% in 2017 and which translated into a 50 basis point improvement in Profit.

The following table provides an overview of our key offerings in Customer Services:

Services	Key offerings
Equipment Performance Services	• Planned and corrective maintenance • Proactive equipment monitoring (*e.g.*, Guardian, TubeGuard, Image Guard) • Predictive maintenance • Modularized service plans • Remote clinical assistance and remote technical support
Education Excellence Services	• Clinical / technical education and optimized equipment use • Continuous education plans • Innovative learning concepts applying blended learning and augmented reality
Asset Evolution Services	• Strategic asset planning • Options and upgrades to fully leverage equipment capabilities • Equipment evolution, IT equipment security • IT care plans

14.6.1.2 Enterprise Services

Enterprise Services provides holistic solutions to healthcare providers, with the goal of improving their asset productivity, operational performance, clinical outcomes and patient satisfaction. We offer superior project execution capabilities with our strengths in medical technology, financing, consulting and transformation services. We leverage a variety of digitally-enabled solutions to drive global scalability of our offerings and help our customers manage their transition towards digitalization and value-based care. As of September 30, 2017, we had more than 100 long-term Enterprise Service contracts and had a four-fold increase in partnerships signed in 2017 compared to the prior year. Within these contracts we have Managed Equipment Service (MES) contracts that have an average length of more than fifteen years. We have managed to grow our order volumes by more than 50% over the past three years and, through our long-term partnerships with customers, believe that we are able to capture a greater percentage of the customers' spend. As of September 30, 2017, we had a total signed contract backlog, considering the definition based on IFRS 15, of approximately €2.1 billion and estimated total volume opportunities to be approximately €3.8 billion, including customer opportunities under discussion but not yet signed.

The following table provides an overview of our key offerings in Enterprise Services:

Services	Key offerings
Managed Departmental Services	• Managed lab and radiology services – providing clinical data-as-a-service under performance based contracts
	• Provision of operational best practices through staff management, data management and IT-enabled performance dashboards
Consulting & Transformation Services	• Optimizing clinical pathways across different care settings to transform care delivery
	• Improving operational processes and efficiencies through technology-enabled services and lean transformation
	• Facility design services, including advanced visualization of medical facilities and virtual environment (digital twin)
Asset Management Services	• State-of-the-art multi-vendor medical technology and service provisioning, including full life cycle management, for a fixed fee throughout life of the contract (average > 15 years for MES)
	• Cloud-based Enterprise Asset Management platform for mobile transparency on fleet performance
	• Variety of options including turn-key services, financing options and services to improve asset utilization, operational performance and drive patient outcomes

14.6.2 Services R&D

14.6.2.1 R&D team

Our R&D workforce for the Services business has a global footprint, with our largest centers in the United States, Germany and India. Our global presence offers customer proximity and availability of resources with state-of-the-art skillsets and a balanced cost structure. Our structure also allows for the sharing of global best practices and experience in digital innovation and software development processes.

14.6.2.2 R&D strategy

Our R&D focus in Services is on efficiency and consistent processes, and on our data platforms and digital operations. Our Services offerings are closely linked to the information we get by connecting our customers' equipment, generating insights and providing value-add services based on those insights. The process starts with installing equipment that is connected and generating clinical data and information which we utilize to predict or detect service needs as fast as possible. To utilize this connectivity, we continue to invest in remote pre-clarification, remote repairing as well as remote support from one of our three 24/7 regional support centers and delivery of software releases for topics such as performance improvement or IT security. In some cases a device or equipment must be repaired on-site. Accordingly, we invest in the serviceability of our equipment to make sure the repair process can be completed as quickly as possible. To navigate and guide the process of a service call, we continue to invest in our platform for online interaction and online fleet management, allowing customers to engage with their own service and enabling us to be as responsive as possible. Additionally, since the technical service is often a shared activity, we continue to invest in our online learning management system enabling our customers to receive proper training and knowledge. This cloud-based learning platform also enables our customers to provide and manage personalized education to their clinical staff. We are also investing in a number of tools and dashboards to help us and our customers manage operations more effectively.

14.6.2.3 Highlights and future focus areas

We provide ongoing real-time connection to our customers' operations through our Siemens Remote Services, LifeNet and teamplay platforms. These platforms allow customers a transparent view into supplied equipment services as well as key operational and performance data. As we have been growing our operational partnerships with our asset management services and managed departmental services offerings, we are delivering new platforms, such as our Enterprise Asset Management platform to provide mobile transparency on a fleet's

performance and services KPIs across different vendors. These tools are essential to automate and scale up service delivery processes and will, for example, enable predictive maintenance use cases in the future. We are also delivering performance management tools that help imaging and laboratory customers visualize performance and drive process changes to increase clinical or operational performance. All of these operational tools and analytics dashboards will serve as the basis for developing further data-driven consulting and transformation services.

We are developing tools that can be used from the beginning of facility design to departmental optimization. We are also looking at multiple applications of virtual or augmented reality which can be employed in a training setting or to provide more information to a service technician in real-time on site. When it comes to services delivery, we are exploring the utility of additive manufacturing for selective spare part delivery.

We also see the need to innovate not only in technology, but also in processes and business models. We are constantly focused on productivity measures and effectively bring this to our own processes. As we begin to increasingly offer consulting and transformation services to our customers and share operations with our customers, we will extend this focus to our partnerships. We expect that our approach to ongoing productivity innovation will bring additional value to our customers and our joint operations. We also believe that this innovation will provide a strong backbone for new and innovative business models that will require ongoing financial, operational and clinical improvements to be jointly successful.

14.7 Digital Services

Digital Services empower healthcare providers to make the transition to value-based care, enable personalized medicine, meet IT goals for driving connectedness and accelerating insights through the use of data analytics, machine learning and other AI applications.

14.7.1 Key Offerings

The key offerings of Digital Services include digital ecosystem and platforms, population health management and imaging IT. Our digital ecosystem is a cloud-based platform for healthcare providers, as well as other providers of healthcare-related solutions and services, aimed at covering the entire spectrum of healthcare. It provides information exchange and data-based insight generation, distribution and adoption of clinical, operational and financial tools needed for population health management. As of November 2017, we had approximately 200 million curated clinical images, and we are targeting approximately 500 million by the middle of 2018. In June 2017, we acquired Medicalis Corporation to gain expertise and solutions to provide workflow orchestration and clinical decision support tools, which enable healthcare providers to deliver desired service levels at lower costs while improving care quality and productivity.

The following table provides an overview of our key offerings in Digital Services:

Services	Key offerings
Digital Ecosystem & Platforms	• Driving value in healthcare by enabling easy and seamless interaction to a broad set of diagnostics and longitudinal patient data
	• Cloud-based platform linking a broad range of partners and solution providers to generate recurring revenue streams
	• eHealth solutions to connect institutions for cooperative care and optimized communication
Population Health Management	• Care coordination and care management solutions to help ensure that appropriate follow-up activities are performed and patient care is delivered successfully
	• Medicalis clinical decision support, workflow orchestration and referral management
	• Performance management, clinical care management and patient engagement offerings of IBM WatsonHealth
Imaging IT	• Reading & reporting solutions in radiology, cardiology and across the entire enterprise

Starting April 1, 2018, we intend to strengthen our Digital Services business by consolidating AI and machine learning activities within our Digital Services business. This consolidation will enable us to provide

additional focus on bringing applications to the market faster and to leverage key digital assets better. We also plan to move the classic Imaging IT business of the Digital Services business (which is closely related to the modality business) into the syngo business of the Imaging segment at that point in time. This change will enable our syngo business to provide comprehensive reading and reporting offerings to our customers.

14.7.2 Digital R&D

14.7.2.1 R&D strategy

Our R&D focus in Digital Services is on efficiency and consistent processes, and in addition on our data platforms and digital operations. We focus on expanding our enterprise software offerings to allow storing, reading, and processing clinical information. Our vendor-neutral archive and data management system coexist in a heterogeneous multi-vendor environment and exchange data from disparate sources across the enterprise to bring value to our healthcare provider customers. We develop our systems to utilize industry standards for data exchange, so we can interoperate with systems and information from multiple suppliers of medical equipment. We are developing analytics solutions ranging from improving the performance of our customers' operations to identifying patients at risk of developing various high-impact diseases. Additionally, we are working on applications to "close the loops" of patient care to help ensure that clinical follow-up occurs as recommended. We are also investing in the development of clinical decision support solutions to help healthcare providers determine the best course of treatment to optimize outcomes and minimize unnecessary tests/procedures, based on available clinical evidence.

As the pace of customer expectations rapidly increases in terms of the demands on software, we are shifting our software development to an agile, iterative model of more frequent releases so that we can be more responsive to target user needs. This approach allows us to take a much more customer-centric approach to software design, development and release. We are bringing development closer to deployment, implementation and operations and driving continuous integration and continuous delivery.

We continue to invest in developing our digital ecosystem, an open and secure cloud-based platform for on-demand services that will connect many participants in the medical journey, including patients and providers. While focusing on the data security and data privacy needs of governments, providers and patients, we are developing a platform to connect analytics offerings to customers and their data. We leverage our internal expertise by bringing in partners who can additionally provide value to our customers and help to create a more complete, seamless solution.

14.7.2.2 Highlights and future focus areas

We are focusing on enabling the digitalization of healthcare by aggregating and analyzing data to optimize operational and clinical processes. In the future, we intend to continue to focus and accelerate our efforts on big data analytics, AI and associated digital health applications to provide increasing value to our customers.

We are investing in applications that utilize AI and deep learning across the aggregated data assets to identify the patterns and relevant information needed by clinicians to help determine the appropriateness of clinical exams, maximize accuracy of diagnosis or next steps in care. This allows care to be personalized based on patient-specific characteristics and drives precision medicine. Finally, to improve the patient experience, we are developing more tools that allow patients direct access to their data, and provide them digital methods to communicate with and collaborate with their care providers. We see our expansion in these fields as key enablers of value-based, precision care of the future.

Underlying all of this is the ongoing and future significant investment in the platforms and capabilities of our digital ecosystem. In addition to expanding the individual capabilities of our digital platform assets, we intend to invest in integrating those assets into an easy and seamless digital platform infrastructure.

14.8 Cost Savings

Following the Offering, we also expect to benefit from certain standalone and structural cost savings. We have identified areas including with respect to governance, management and functional support in which we could insource such services or procure them externally on an arms-length basis, and realize cost savings (see "*11.3.8.2 Cost Savings*").

14.9 Customers

We provide our products and services to a diverse range of customers, as of December 31, 2017, that includes public and private healthcare providers, including hospitals and hospital systems, public and private

clinics and laboratories, universities, physicians/physician groups, public health agencies, statutory and private health insurance companies, pharmaceutical companies and clinical research institutes.

14.10 Group R&D Organization

Our investment in R&D is critical to driving future growth. We believe that sustainable economic value is created through continuous innovation and that investment in R&D is fundamental to our success. During the fiscal years ended September 30, 2015, 2016 and 2017, we had research and development expenses of €1,055 million, €1,145 million and €1,253 million, respectively. In the fiscal year ended September 30, 2017, research and development expenses were split among the segment-specific and central R&D as follows: 60.8% Imaging, 23.7% Diagnostics, 12.1% Advanced Therapies and 3.4% Central. As of September 30, 2017, we employed approximately 4,800 employees in our worldwide R&D sites. Approximately 1,400 of our employees had more than 5 individual patents. As of the fiscal year ended September 30, 2017, approximately 30% of our R&D employees and approximately 20% of our manufacturing FTEs were located in emerging markets.

In addition to the business and segment-specific R&D organizations described above, we have a central R&D organization that focuses on coordinating strategic investment areas. We provide cutting edge research through our corporate research function known as the Healthineers Technology Center (the "**TC**"). The primary sites for the TC are in Erlangen, Germany; Princeton, United States; Beijing, China; and Bangalore, India. The TC focuses on developing fundamental breakthroughs that have the potential to transcend multiple, and potentially all, of our businesses. The TC is a key source of our internal capabilities in AI and machine learning and is at the forefront of research in this area. In addition to the TC, we also maintain a centralized software and systems development function known as the Healthineers Development Center (the "**DC**"). The primary sites for the DC are in Bangalore, India and Bratislava, Slovakia. These sites capture global scale by leveraging local talent pools in software engineering and medical research. The DC provides software resources across all our businesses and is a vital part of our product offerings. Beginning April 1, 2018, we will establish a new central Technology, Innovation and Process function within the Group.

14.11 Intellectual Property

Intellectual Property ("**IP**") is an essential part of our business and IP assets are, in the aggregate, of material importance to our business. However, we believe that no single IP asset is material to our business as a whole, except for particular assays and for our trademark name "Siemens Healthineers".

We protect our technology and innovation base, products, systems, services and brands (and other marks) by, among other things, filing patents, utility models, designs, trademarks, copyrights and registering domains with appropriate regional coverage.

As of December 31, 2017, we held approximately 18,000 single patents and utility models, including approximately 11,000 granted patents or registered utility models. In addition, we own approximately 6,400 trademarks, including 4,900 registered trademarks. As of the same date, we also had approximately 400 patent families related to machine learning.

The following table shows the distribution and approximate number of invention disclosures, patents and utility models held by business segment as of December 31, 2017:

Business segment	Invention disclosures	Patent applications	Granted patents and registered utility models	Total single	Total families
Imaging	1,000	4,800	8,400	13,300	6,700
Advanced Therapies	180	750	1,700	2,500	1,600
Diagnostics	80	950	1,700	2,700	750

We monitor third-party IP rights and take appropriate countermeasures, including invalidation actions, implementing alternative solutions or licensing when required. We also protect our IP by proactively enforcing, strategically licensing or by using IP rights to support collaboration activities. We conclude license agreements regarding third-party IP rights from selected companies, universities and from the Siemens Group when needed to support our current and future business. As a standard and according to our global compliance, management organizational regulation and IP guidelines, employees, consultants and other contracted parties are obliged not to disclose our trade secrets to other third parties.

We consider our IP as a competitive advantage for our business. Hence, we devote significant resources to develop, protect and defend our IP assets. Our business segments are supported and advised by an experienced IP organization of patent professionals specialized in healthcare IP matters. The IP organization has offices in

Germany, the United States and China, all in close proximity to our primary R&D sites. We have defined and implemented dedicated IP strategies for each business. Key elements of our IP framework strategy include generating clusters of IP rights addressing different aspects of selected unique selling point features, increasing IP filings using IP tools to accelerate prosecution procedures and making use of dedicated IP drafting strategies for digitalization.

As of December 31, 2017, we were not subject to any material claim or legal action alleging infringement of third-party owned IP.

14.12 Sales, Marketing and Customer Relations

We have an extensive global distribution system with a direct present in 75 countries and sales in more than 180 countries in 2017. In order to serve our diverse customer base and product applications, we employ various sales channels including the following: direct customer, key account management, partner/re-seller business and e-commerce channels. For each sales channel, we pursue a distinct strategy that includes sales setup, targets, pricing strategy, communication strategy, marketing strategy, marketing support and training per channel. Approximately 25% of our total revenue is generated via indirect channels, which is more suitable to certain business types (for example Ultrasound or POC devices) or for markets where a direct Siemens Healthineers set-up is neither practicable nor cost effective.

Our marketing and sales operations ("**M&S**") is organized on both a Group and regional level. Our M&S teams work to enable the regions to develop new and strengthen existing customer relationships to acquire new orders and grow our business. The general business objectives of M&S focus on empowering our marketing, sales operations and shared services. Marketing efforts focus on the marketing and positioning of Siemens Healthineers as an integrated company and service provider. Sales operations efforts include establishing a harmonized way to drive excellence in sales operations and support regions to build customer trust. Shared services efforts include organizing shows, events and creative communication services.

We have a global customer relations and comprehensive customer management system in place. Our customer management system supports our customers with a broad range of innovative services. We provide comprehensive system performance services to increase our customers' system uptime with services designed around quality, proactivity and availability so that our customers can manage planned and unplanned downtimes for minimized operational disruptions. We also provide rapid response services to provide support and assistance from experts, answering technical and clinical applications questions remotely or via on-site assistance. We further provide continuous education and skill development, leveraging latest technical and clinical knowledge that we share, remotely or in-person. We also offer asset evolution services running aspects of our customers' businesses securely and sustainably by keeping pace with advanced innovations via customers' current stage of performance and guidance on future development strategies.

14.13 Real Property and Manufacturing Facilities

We operate production facilities on a global scale and use manufacturing facilities, office buildings, warehouses, R&D facilities, and other facilities in a significant number of countries, as either owner or lessee. As of December 31, 2017, we had manufacturing and R&D locations across each of our primary regions, with 23 in the Americas, 17 in EMEA and 11 in Asia-Pacific.

As of December 31, 2017, we occupied approximately 1,470 thousand square meters of building space, of which approximately 790 thousand square meters were owned by us. As of the same date, we leased and used real property globally covering approximately 680 thousand square meters. Our corporate headquarters' building is located in Erlangen, Germany, and is leased from Siemens AG.

As of December 31, 2017, we operated manufacturing facilities in more than ten countries and employed approximately 10,500 manufacturing employees. We manufacture our products at facilities located primarily in the United States, Europe, China and South Korea.

We are currently undertaking significant R&D and manufacturing construction projects for our LD business in Walpole, Massachusetts, United States and in Shanghai, China. Our expansion plans in Walpole, Massachusetts involve an investment of approximately $300 million over four years. The increased production capacity is designed to support our strategic growth plans and enhance our manufacturing footprint in the United States. The new facilities will add 14.6 thousand square meters of new office and manufacturing space and upgrade an additional 12.5 thousand square meters of space. The Walpole facility manufactures immunoassays for the ADVIA Centaur family of instruments and the newly-introduced immunoassay modules of the Atellica Solution. In Shanghai, China, we are currently undertaking significant manufacturing construction projects for our LD business by expanding our existing manufacturing operations to include a reagent manufacturing facility.

In our POC business, we are currently undertaking a project to consolidate our Elkhart, Indiana, United States, production operations for urinalysis reagents and test cassettes into our Mishawaka, Indiana, United States, facility to better leverage space, skills/labor and material flows. The project, targeted for completion by December 2018, involves three product lines that occupy 2.8 thousand square meters of manufacturing space and 6.2 thousand square meters of laboratory and office space.

In Shanghai, China, we are expanding our existing manufacturing operations for Imaging and Advanced Therapies by developing a new facility with 34.4 thousand square meters of office and manufacturing space. The expansion of our Chinese manufacturing facilities will enable in-country manufacturing capabilities for clinical chemistry and immunoassay reagents.

The locations of our 34 principal manufacturing facilities as of December 31, 2017 and the primary business which they serve are listed in the following table:

Location	Business	Building space (in thousand sqm)	Owned/Leased (in thousand sqm, where applicable)
Brookfield, Connecticut, United States	Laboratory Diagnostics	12.0	Leased
Elkhart, Indiana, United States	Laboratory Diagnostics / Point of Care Diagnostics	17.1	Owned
Flanders, New Jersey, United States	Laboratory Diagnostics / Point of Care Diagnostics	28.7	Owned
Newark, Delaware, United States	Laboratory Diagnostics / Point of Care Diagnostics	66.0	Owned (45.0) Leased (21.0)
Marburg, Germany	Laboratory Diagnostics / Point of Care Diagnostics	47.0	Owned (41.9) Leased (5.1)
Walpole, Massachusetts, United States	Laboratory Diagnostics / Point of Care Diagnostics/ Molecular Diagnostics	47.5	Owned
Llanberis, Wales	Laboratory Diagnostics	14.5	Owned
Los Angeles, California, United States	Laboratory Diagnostics	8.0	Leased
Swords (Dublin), Ireland	Laboratory Diagnostics	12.0	Owned
Mishawaka, Indiana, United States	Point of Care Diagnostics	34.1	Owned
Sudbury, United Kingdom	Laboratory Diagnostics Point of Care Diagnostics	7.8	Leased
Ottawa – Walkley, Canada	Point of Care Diagnostics	2.7	Leased
Ottawa – Brookfield, Canada	Point of Care Diagnostics	5.4	Leased
Baroda, India	Point of Care Diagnostics	2.6	Leased
Kemnath, Germany	Imaging / Advanced Therapies / Laboratory Diagnostics	47.2	Owned
Erlangen, Germany	Imaging / Advanced Therapies	86.4	Owned (59.0) Leased (27.4)
Forchheim, Germany	Imaging / Advanced Therapies	127.2	Owned (100.3) Leased (26.9)
Rudolstadt, Germany	Imaging / Advanced Therapies	19.5	Owned
Joinville, Brazil	Imaging / Advanced Therapies	7.0	Leased
Goa, India	Imaging / Advanced Therapies	3.8	Leased
Shenzhen, China	Imaging / Advanced Therapies	44.1	Owned
Shanghai, China	Imaging / Advanced Therapies / Laboratory Diagnostics	71.5	Owned
Wuxi, China	Imaging / Advanced Therapies	10.9	Owned
Oxford, United Kingdom	Imaging / Advanced Therapies	20.3	Owned
Rockford, Tennessee, United States	Imaging / Advanced Therapies	8.8	Owned (6.4) Leased (2.4)
Hoffman Estates, Illinois United States	Imaging / Advanced Therapies	35.5	Leased
Getafe, Spain	Imaging / Advanced Therapies	8.0	Leased
Knoxville, Tennessee, United States	Imaging	22.2	Owned
Issaquah, Washington, United States	Ultrasound	12.5	Leased
Mountain View, California, United States	Ultrasound	10.9	Leased
Pohang / Gyeongju, Korea	Ultrasound	10.2	Owned (4.7) Leased (5.5)
Sungnam, Korea	Ultrasound	3.2	Leased
Berkeley, California, United States	Molecular Diagnostics	7.0	Leased
Esch-sur-Alzette, Luxembourg	Molecular Diagnostics	0.7	Leased

We consider our facilities to be suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities, although a variety of registrations with respect to the facilities and manufactured products may be triggered by location or name changes. We also believe our properties and facilities are well-maintained.

14.14 Procurement

Our procurement function is managed globally and is responsible for managing our purchasing, organized by material fields within commodity management and with defined strategies. The country specific aspects and the local procurement activities in all companies are covered by the regional procurement organizations which report to the head of procurement and to the respective business head.

Our objective is to be "close to the business". As a result, our organization is decentralized to ensure proximity to our businesses. Additionally, a joint pooling organization is in place with Siemens for selected commodities, including primarily electronic manufacturing services ("**EMS**"), plastic parts, cable assemblies, magnets, power supplies, printed circuit boards, logistics, travel, temporary labor, factory and office supplies and information technology to realize synergies.

Of the total purchasing volume ("**PVO**") managed by our procurement function (in 2017: approximately €6 billion), approximately two thirds related to direct materials incorporated into our products and one third to indirect materials. The PVO is further categorized into business specific, direct material pooling, indirect pooling and information technology managed by the respective Siemens pooling organizations with joint responsibility to ensure pooling synergies where beneficial with defined commodity structure and strategy. PVO for joint pooling with the Siemens Group is around 40% of the total PVO to capture synergies. The main categories of direct materials include medical devices, reagent and instrument (OEM) components, plastic parts, biologicals, EMS, medical accessories, and a wide variety of raw materials, including copper, aluminum, helium, lutetium and minerals. The main categories of indirect material include logistics, travel, information technology, real estate and others.

Of the total purchasing volume managed by our regional procurement teams (in 2017: approximately €2.1 billion) approximately half is related to direct material purchases and the other half to indirect material purchases. The regions' main categories of direct material include medical accessories and devices that are sold together with the healthcare equipment, services, spare parts, liquid helium, turnkey construction, installation services, etc.

Our manufacturing facilities and sales organizations are located around the world. The purchasing volume is distributed accordingly. The main purchasing countries, by volume, are the United States, Germany and Japan, with approximately 20% of purchasing volumes coming from emerging countries, such as Eastern Europe, China and India. For purchasing decisions, a total cost of ownership analysis is undertaken to achieve the best cost position based on an end-to-end cost approach. Our procurement strategy also involves use of the innovation power of our suppliers, by integrating them into certain product development projects and to continuously generate material-related productivity improvements.

Our procurement function operates according to a supplier management framework. The function secures an optimal supplier portfolio via an established strategic method and process and follows a disciplined sourcing risk methodology. We strive for the highest practical level of supplier localization (such as in China and India) in order to follow the "local for local" principle. We regularly evaluate our key suppliers and agree with them on improvement measures to deliver quality, availability and performance/productivity. Our procurement function has developed a tool-supported risk management approach to mitigate identified supplier or other significant risks, including single or sole source suppliers.

As the share of single source suppliers is relatively high and strategic partnerships with EMS, high level assemblies and original equipment manufacturer suppliers are important for our businesses, stringent supplier risk-management and strategic supplier relationship management is crucial for a successful development

Our primary suppliers include ATOS, TRIXELL (Thales), Inpeco, Thermo Fisher, HEGELE, Sysmex, Jabil/ Nypro, PLEXUS and Analogic Corporation. We regularly evaluate our key suppliers and agree with them on improvement measures.

Our procurement strategy is defined by the Strategic Procurement Framework 2020 (the "**SPF2020**"). The main objective of the SPF2020 is to introduce cutting-edge technologies of innovative suppliers into our portfolio, to continuously generate productivity to the bottom line, to support profitable growth of our businesses and last but not least, to attract, develop and retain talented personnel. The SPF2020 contains nine pillars: people & performance, innovation, cross-functional collaboration, supplier management, project procurement,

operational efficiency, total cost productivity, KPI, and reporting & controlling & digitalization. The program helps ensure a continuous approach; new content is brought up according to business needs and incorporated into the SPF2020 program.

14.15 Information Technology

We use IT systems in virtually all aspects of our business. The IT organization provides business proximity via business-oriented IT teams and provides a Group-specific IT landscape adaptable to future business requirements. Our ability to maintain our operations depends on the continued and uninterrupted performance of our IT systems.

Our key application platforms include SAP, Oracle Sales Cloud and the Microsoft suite of products, including Team Foundation Server running on standardized infrastructure components. We also use various specialized IT solutions in connection with some processes of our business operations, including R&D, logistics, manufacturing and product lifecycle management. Our IT organization is responsible for business partner alignment, regional support, centers of excellence and IT governance covering infrastructure and application management of all IT systems which are considered indispensable. We retain the necessary competence to maintain and operate the major IT systems and further develop functionality in-house or with business partners, including ATOS. We have established core data centers in Europe and the United States. In addition, we continue to look for ways to effectively deploy Software as a service and cloud-based solutions where reliability, expandability, accessibility or economics can be improved.

We regularly monitor and update our IT systems and processes to ensure reliability, business continuity and performance. Operations manuals have been created for key applications to describe the IT System specific infrastructure, including the environments and processes necessary for the efficient and secure operation of the IT System throughout its lifecycle. These plans are regularly reviewed, tested and updated.

The major IT investments during the last three years include the establishment of a new global enterprise resource planning system for sales and service, a new cloud based customer relationship management solution and the rollout of our global SAP-based supply chain management platform.

14.16 Employees

The following table sets forth the number of our full-time equivalent employees ("**FTEs**") as of the dates indicated. There has been no material change in the number of our FTEs beween December 31, 2017 and the date of the Prospectus.

By geographical region	Total	Siemens Healthineers	Imaging	Diagnostics	Advanced Therapies	Central Items
			As of December 31, 2017			
Europe, Africa, Middle East	**20,839**	20,839	11,768	4,603	1,957	2,511
Americas	**15,562**	15,562	5,614	7,954	898	1,095
Asia/Australia	**12,125**	12,125	6,716	2,026	1,013	2,371
Total	**48,526**	**48,526**	**24,098**	**14,583**	**3,868**	**5,977**
			As of September 30, 2017			
Europe, Africa, Middle East	**20,582**	20,582	11,687	4,477	1,928	2,490
Americas	**15,098**	15,098	5,625	7,500	868	1,106
Asia/Australia	**12,115**	12,115	6,788	1,991	998	2,338
Total	**47,795**	**47,795**	**24,100**	**13,968**	**3,794**	**5,934**
			As of September 30, 2016			
Europe, Africa, Middle East	**19,974**	19,974	11,403	4,472	1,953	2,146
Americas	**14,711**	14,711	5,343	7,476	904	988
Asia/Australia	**11,474**	11,474	6,694	1,926	965	1,889
Total	**46,159**	**46,159**	**23,440**	**13,874**	**3,822**	**5,023**
			As of September 30, 2015			
Europe, Africa, Middle East	**19,533**	19,533	11,662	4,452	1,769	1,651
Americas	**14,579**	14,579	5,328	7,601	860	789
Asia/Australia	**10,691**	10,691	6,647	1,802	787	1,455
Total	**44,803**	**44,803**	**23,637**	**13,855**	**3,416**	**3,895**

As of September 30, 2017, approximately 15,000 of our employees were service employees. As of the same date, approximately 4,900 of our service employees were located in the Americas, approximately 6,300 in EMEA

and approximately 3,800 in Asia-Pacific, serving customers 24/7 via "follow-the-sun" concept with three regional headquarters in the Americas, EMEA and Asia/Australia. As of September 30, 2017, approximately 30% of our R&D employees and 20% of our manufacturing employees were located in emerging markets.

Some employees in our regions are organized in country-specific union organizations. In Germany, many of our employees are organized in the Union for the Metal and Electronics Industry (*Industriegewerkschaft Metall*) or the Union for the Mining, Chemical and Energy Industry (*Industriegewerkschaft Bergbau, Chemie, Energie*). We are also a member of the employers' associations of the metal and electronics industry as well as the chemical industry. Members of these organizations are subject to the respective collective bargaining agreements.

Our German employees are also represented by works councils, a company spokespersons' council for senior management (*Sprecherausschuss für leitende Angestellte*) or, in certain cases, by employee representatives on the boards of our Group companies. In particular, 50% of the members of Siemens Healthcare GmbH's supervisory board are employee representatives. Our employees in Europe are represented by a European Works Council (Siemens Europe Committee). Works councils have numerous rights relating to the notification and co-determination in personnel, social and economic matters. Under the German Works Constitution Act (*Betriebsverfassungsgesetz,* "**BetrVG**"), works councils are required to be notified in advance of any proposed employee termination, must confirm hiring and relocations and similar matters. They also have a right to co-determine social matters such as work schedules and rules of conduct.

We believe that our employee relations are positive, and we have not experienced any material labor-related work stoppages in the past five years.

14.16.1 Employee Stock Participation Initiatives

The Company intends to implement employee share programs (to be settled in shares of the Company or in cash) for the Group's employees in certain jurisdictions during the course of the fiscal year ending September 30, 2019. The terms and conditions of such programs will be largely similar to existing Siemens employee share programs, see "*20.1.2.11 Participation in Benefit Programs / Share Based Compensation on Siemens Level*".

Furthermore, the Company is considering implementing a one-time share subsidy program available to employees of participating Group companies in certain jurisdictions, except for members of the Managing Board, in the months following the Offering. The total volume of the share subsidy program is expected to amount to up to €45 million (assuming an average acceptance rate of 30%). Eligible employees will be entitled to acquire shares at preferential conditions. A company subsidy of 30% will apply for an investment by the participant of up to €1,000, and a company subsidy of 10% will apply for a further investment by the participant of up to €1,500, in each case based on the market share price at the time of the offer. Thus, the maximum self-investment will amount to €2,500 and the maximum company subsidy to €450. The company subsidy will be granted in the form of free shares in addition to the shares which the participant acquires with his / her own investment. The acquired shares must be held by the participants for a minimum period of six months.

Senior managers and other employees of the Group in certain jurisdictions who received a grant of Siemens stock awards in November 2017 will be given the opportunity to agree to have these Siemens stock awards cancelled and to receive a new grant of Performance Stock Awards, as described in more detail in section 19.2.3.2.2 b) by their respective employer. The volume of such replacement program amounts to up to €29 million (assuming acceptance of the replacement offer by all eligible participants). The vesting period of these Performance Stock Awards will end at the same time as under the terms of the initially granted Siemens stock awards, *i.e.* in November 2021, after which beneficiaries will receive one share in the Company for each Performance Stock Award or alternatively an equivalent payment in cash.

14.17 Environmental, Health and Safety

Our operations are subject to licensing, authorization and regulation according to international, national and local laws and regulations concerning environment protection and occupational health and safety. These laws and regulations apply to a broad range of activities across the whole product lifecycle and our entire global organization and include product and industrial environmental protection and the management of occupational safety and well-being. To maintain market access and compliance, our business operations are also subject to obligations to obtain various environment, health and safety permits, licenses and authorizations, or to provide prior notification to the appropriate authorities. We could therefore be exposed to costs and liabilities, including liabilities associated with past activities, under such laws and regulations. Although we are not aware of any

current material noncompliance with, or any failure to comply with, any specific obligation under environmental, health and safety laws and regulations in connection with our business operations, failure to comply with such laws and regulations in the future could result in civil and criminal fines and penalties, remediation costs, enforcement actions, the suspension or termination of our licenses and authorizations to operate or third-party claims.

14.18 Insurance

Our current insurance coverage is provided under the Siemens global insurance policies and in amounts that we believe are consistent with customary industry practices in our businesses and for our business operations, including insurance for property damage and business interruption including construction and terrorism coverage, general liability insurance (including products and operations and services liability), directors' and officers' liability insurance and transportation insurance. Following the Offering, we intend to enter into new global policies with terms substantially similar to the previous insurance policies.

14.19 Legal Proceedings

We are from time to time subject to various claims, enforcement actions, investigations and legal proceedings arising in the ordinary course of business. These proceedings include governmental, regulatory, administrative, civil, labor and other matters. It is not possible to determine or predict the outcome of any such proceedings pending or threatened. In February 2018, the Italian Antitrust Authority initiated an investigation into the provision of services (and supply of spare parts) for medical imaging diagnostic equipment by operators in Italy, including our Italian subsidiary. Consistent with our policy, we are cooperating with the Italian authorities. As the investigation was initiated very recently, it is currently not possible to predict the scope and ultimate outcome of the matter. Based on the information currently available to us, we nevertheless believe that no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) during the last 12 months may have, or have had in the recent past, significant effects on the Company's and the Group's financial position or profitability. For risks relating to legal and administrative proceedings of the Company and the Group, see also "*1.1.36 We may become involved in litigation, arbitration and governmental proceedings*" and "*1.2 Risks related to Legal and Regulatory Matters*".

14.20 Risk Management and Compliance

The aim of our risk management and compliance system is to ensure compliance with applicable legal regulations. We have implemented organizational, information technology and human resource strategies that we continuously monitor, develop and improve. We have also implemented a comprehensive compliance system to prevent, detect and respond to potential violations. Preventing violations such as rules relating to corruption or interference with fair competition is our highest compliance priority.

As part of the Siemens Group, we were integrated into the Siemens Group's compliance system. In preparation for our separation from Siemens, we have established our own compliance organization, functions, tools and processes, the key features of which are based on the system developed by Siemens.

The primary areas of focus for our compliance system are as follows:

- Anti-Corruption: the prevention of corrupt practices to influence decisions in favor of us
- Antitrust: the preservation of market competition
- Data Privacy: the protection of personal data including, in particular, patient data
- Anti-Money Laundering: the protection from being abused for laundering money or financing terrorism
- Export Control: the prevention of violations of export control laws and regulations
- Human Rights: the prevention of human rights violations

In our compliance department, we employed approximately 70 purely compliance-dedicated FTEs worldwide as of December 31, 2017.

The compliance function is responsible for handling all compliance cases and monitoring compliance with the Business Conduct Guidelines which define group-wide codes of conduct. Our compliance system is based on three pillars.

Prevent	Detect	Respond
	Management responsibility	
• Compliance risk management	• Whistleblowing channels "Let Us Know" and ombudsman	• Consequences for misconduct
• Policies and procedures	• Compliance controls	• Remediation
• Training and communication	• Monitoring and Compliance reviews	• Global case tracking
• Advice and support	• Compliance audits	
• Integration in personnel processes	• Compliance investigations	
• Collective Action		

Our compliance system is also designed to prevent, detect and respond to potential violations by our business partners and agents. In addition, compliance-related risks are addressed through various IT tools. For example, business partners are classified, approved and tracked according to certain risk indicators. Also, general and country-specific tools have been introduced to address issues relating to gifts and entertainment, sponsorships, donations and memberships, and face-to-face and web-based trainings are conducted, including at the top management level. Employees are regularly informed about compliance measures and new developments through circulars, the intranet, postings and via email. Furthermore, rules have been integrated into our human resources processes, such as compliance screening in connection with the hiring of senior management.

In order to detect and respond to compliance violations, we rely on an external ombudsman as well as an anonymous whistleblower hotline on a confidential, secure and anonymous basis. Employees may also report violations directly to our compliance organization. Reported matters are investigated by our compliance organization, other internal resources, such as our internal audit function, or external service providers. Compliance cases are reported in a central case tracking tool, irrespective of how the specific case has been reported. We follow up on all credible indications of a violation and an internal compliance investigation is launched if appropriate. Upon completion of an investigation, we propose remedies for any identified deficits and supervise their implementation. We also respond to detected misconduct with appropriate employment-law disciplinary sanctions.

In addition to our focus on the prevention of compliance violations, we rigorously respond to detected compliance violations with process adjustments, disciplinary action or other external measures.

15. REGULATORY AND LEGAL ENVIRONMENT

15.1 Commercialization of Medical Devices

15.1.1 The European Economic Area

15.1.1.1 Regulation of Medical Devices

In Europe, our products are mainly placed on the market of Member States of the EEA, where they are classified as medical devices. In particular, our products qualify as imaging medical devices and in vitro diagnostic medical devices. Medical devices are assigned to regulatory classes or categories based on their intended purpose and inherent risk which determine the level of control deemed necessary to assure their safety and effectiveness. Imaging medical devices are assigned to: class I (low risk); class IIa or IIb (medium risk); or class III (high risk). In vitro diagnostic medical devices are assigned to the categories: other/general device; device for self-testing that does not fall into a high risk category; devices which, amongst others, includes reagents and products for rubella, toxoplasmosis and phenylketonuria as well as devices for self-testing for blood sugar; and device which includes reagents and products for human immunodeficiency virus I and II, hepatitis B, C and D. Under the new EU in vitro diagnostic medical devices regulation, such devices will be divided into four classes A, B, C and D (with increasing risk levels), taking into account the intended purpose of the devices and their inherent risks, whereby class A will be low risk, class D will be high risk, class C will be medium risk and Class B will serve as default class.

The regulatory framework concerning the commercialization of our products is largely harmonized by EU Directives (as implemented into the respective national laws and regulations of the EU Member States), namely The Council Directive 93/42/EEC concerning medical devices and the Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices (each as amended, the "**Medical Device Directive**").

These laws and regulations aim at protecting the health and safety of patients and users of medical devices and govern, among other things, the following product-related activities in which we and our contract manufacturers, contract testing laboratories and suppliers are involved including development, testing, manufacturing, labeling, safety, storage, market access, advertising and promotion, import and export, sales and distribution, performance/effectiveness, monitoring, maintenance and refurbishment.

In order to commercialize our products, they are required to comply with the essential requirements of the relevant Medical Devices Directive. Compliance with these requirements entitles us to affix the CE conformity marking to our medical devices, without which they cannot be commercialized in the European Economic Area. The European standard setting bodies, mainly the European Committee for Standardization (CEN / CENELEC), have adopted numerous harmonized standards covering a wide range of devices or specific devices or device categories. Compliance with the relevant harmonized standards applicable to a given medical device provides a presumption of conformity with the essential requirements. The European Commission has adopted various guidelines, consensus statements and interpretative documents aimed at ensuring the uniform application of the provisions of the Medical Devices Directives. In order to demonstrate compliance with the essential requirements and obtain the right to affix the CE conformity marking, we must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low-risk medical devices, where the manufacturer can issue an EC Declaration of Conformity based on a self-assessment of the conformity of its products with the essential requirements of the Medical Devices Directives, a conformity assessment procedure requires the intervention of an independent and neutral institution appointed by a Member State of the EEA (a "**Notified Body**") to conduct a conformity assessment. Typically, a Notified Body, during the course of reviewing our product application (design dossier) and depending on the classification of the product, confirms that our quality system certifications are being upheld through ongoing assessments which are conducted separately and must be in evidence to complete the conformity assessment. Based on the same quality system certifications, and depending on the risk class of the medical / in vitro diagnostic device, additional certificates under European law (EC Certificate, *e.g.*, Annex II Medical Device Directive) are issued as a prerequisite to draw up an EC Declaration of Conformity which allows us to affix the CE marking to our products.

The lawful affixing of the CE marking authorizes us to commercialize our products anywhere within the EEA and in certain non-EEA countries that recognize the CE mark. Additional national requirements of the respective Member States may also apply (*e.g.*, in France).

Failure to comply with the applicable laws and regulations could result in, among other things, delays in obtaining market access, product recalls, product seizures, interruptions of production, operating restrictions, suspension or withdrawal of product market access, injunctions, and civil or criminal sanctions.

On April 5, 2017, two new EU Regulations on medical devices were adopted. They entered into force on May, 25 2017 and will subsequently replace the existing Medical Device Directives:

- Regulation (EU) 2017/745 of the European Parliament and of the Council of April 5, 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No. 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC; and
- Regulation (EU) 2017/746 of the European Parliament and of the Council of April 5, 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU.

The new regulations will apply after a transitional period. Namely, three years after entry into force for the Regulation on medical devices (spring 2020) and five years after entry into force (spring 2022) for the Regulation on in vitro diagnostic medical devices. The new regulations will apply directly in all EU Member States with the intention to provide more legal certainty for market stakeholders as compared to EU Member States having to transpose EU Directives into national law.

The new Regulations apply to our current (providing certain grace periods) and future products. They stipulate additional requirements, including:

- Re-assessment of products regarding their intended purpose and risk class, leading for certain product types to up-classification and, consequently, increased involvement of Notified Bodies.
- Extension of retention period to ten years for related documents.
- Technical Documentation to contain more detailed information and requirements to provide information in the languages of the EU Member States targeted for sales will be widened.
- Additional regulatory responsibilities will be extended to importers, distributors and persons responsible for regulatory compliance.
- A system for product registrations, the Unique Device Identification, and for the identification of the persons with regulatory responsibilities will be established.
- Content on labelling artifacts and promotional materials needs to be expanded, *e.g.*, intended purpose in Instructions for Use (IFU).
- Combinations of products must be identified and marked as such.
- Post Market Surveillance Plans (as part of the products' technical documentation) need to be established for the entire life cycle of a product.
- In addition, Post Market Surveillance Reports and Periodic Safety Update Reports are to be implemented. A system of trend codes must be put in place. A 15 day reporting timeline for serious incidents (formerly 30 days) needs to be followed.
- Broadened requirements on clinical/performance evaluation.

To safeguard continued access to the European markets and markets that depend on CE marking, compliance needs be established with the new Regulations. We have established a global project, serving both functional aspects of the regulation changes and their implementation in the product-owning units and affected countries. The project is focusing on analyzing the regulation changes, their impact and required measures and efficient transition models to ensure compliance with the new Regulations. The project also coordinates planning and monitoring activities around the operational implementation in the product-owning units and countries. The project steering committee is staffed with executives representing the relevant functions, product-owning units and selected countries.

As the new Regulations will provide grace periods for existing products that are already under the control of a Notified Body, we decided to apply a rolling transition approach to the majority of these products. This means an existing product can remain under the current certificate as long as it does not undergo significant changes to its design or to its intended purpose. Products fulfilling these criteria nevertheless need to be transitioned prior to the expiration of their certificates in May 2024 or alternatively be phased out.

15.1.1.2 Regulations on Advertising and Promotion

The advertising and promotion of our products is subject to additional EEA Directives concerning misleading and comparative advertising and unfair commercial practices, as well as other EEA Member State legislation governing the advertising and promotion of medical devices. These laws may limit or restrict the advertising and promotion of our products to the general public and may impose limitations on our promotional activities with healthcare professionals.

15.1.1.3 Reimbursement

The rules for reimbursement of our products by health insurance schemes are not harmonized within the EU but vary greatly from country to country.

15.1.2 Germany

15.1.2.1 Regulation of Medical Devices

The German Medical Devices Act (*Medizinproduktegesetz*) transposes the EU Medical Devices Directives into German law. Thus, the prerequisites for the lawful commercialization of medical devices are primarily regulated by the Medical Devices Act (and the ordinances passed thereunder (*Rechtsverordnungen*)), including but not limited to:

- Ordinance on Medical Devices (*Verordnung über Medizinprodukte*);
- Ordinance on the Provision of Medical Devices (*Verordnung zur Regelung der Abgabe von Medizinprodukten*);
- Ordinance on Clinical Trials with Medical Devices (*Verordnung über klinische Prüfungen von Medizinprodukten*);
- Ordinance on the Installation, Operation and Use of Medical Devices (*Verordnung über das Errichten, Betreiben und Anwenden von Medizinprodukten*);
- Ordinance on the Identifying, Analyzing and Counteractive Measures (*Verordung über die Erfassung, Bewertung und Abwehr von Risiken bei Medizinprodukten*);
- Ordinance on the Database-Supported Information System of the German Institute for Medical Documentation and Information for Medical Devices (*Verordnung über das datenbankgestützte Informationssystem über Medizinprodukte des deutschen Instituts für medizinische Dokumentation und Information*); and
- Ordinance on the Fees linked to the Medical Devices Act and the Ordinances passed thereunder (*Gebührenverordnung zum Medizinproduktegesetz und den zu seiner Ausführung ergangenen Rechtsverordnungen*).

Both the German Medical Devices Act, and the ordinances, however, refer back to the respective Medical Devices Directive in many parts.

Finally, the European guidelines for the medical devices vigilance system (MEDDEV-Guidelines), which have been adopted by the European Commission and drafted through a process of consultation with various interested parties, are of high practical relevance.

The German Medical Devices Act requires that evidence of the suitability of general medical devices for the specified intended purpose shall be provided through a clinical evaluation ("**Clinical Evaluation**") based on existing clinical data, unless, in exceptional cases with good reason, other data are sufficient. Class III devices require that clinical investigations ("**Clinical Investigation**") are performed to generate new clinical data unless it is duly justified to rely on existing clinical data. The objectives of clinical investigations are to verify that, under normal conditions of use, the performance of the devices conforms to that intended by the manufacturer and to determine any undesirable side-effects, and assess whether they constitute risks that when weighed against the clinical benefits of the device are unacceptable. Clinical Investigations require a favorable opinion by the ethics committee as well as an authorization by the competent federal authority, the Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*). The German Medical Devices Act also contains numerous preconditions to perform clinical investigations on human beings. In particular, the patient's informed consent must be obtained personally and in writing.

Typically our medical devices are assessed in the process of a Clinical Evaluation that is based on existing clinical data and do not require that additional clinical investigations be performed to generate new clinical data. This, however, is likely to change to a considerable extent once the new relevant EU Regulations are to be applied by legal manufacturers.

In vitro diagnostic medical devices are subject to a performance measurement test which is based on data from scientific literature which concerns the intended purpose of use of the devices and the technology applied, as well as a written report critically assessing such data or the results of all performance measurement tests or other suitable tests. This is likely to become more comprehensive under the new relevant regulation due to the significant increase of mandatory involvement of Notified Bodies.

15.1.2.2 Fraud and Abuse

The German Criminal Code, the German Social Security Code (the "**SGB V**") and the state rules for professional conduct of physicians prohibit promising, granting, receiving or offering any payment or other advantage for the recommendations of physicians as well as the prescription or supply of medical aids or devices. Any circumvention of the regulations is prohibited as well.

The potential legal consequences of an infringement of these regulations are manifold: the person acting can be subject to criminal liability (imprisonment or fines), the agreement itself can be nullified, the physicians may face professional sanctions, and a hospital may be excluded from the hospital plan. In addition, violations can also be deemed to constitute an infringement of the German Unfair Competition Act, which prohibits unfair business practices. The violation of the Unfair Competition Act, in turn, may *inter alia* result in injunctive relief and liability for damages. Furthermore, the offering or receipt of payments or other incentives may be subject to criminal sanctions.

15.1.2.3 Regulations on the Advertising and Promotion

In Germany, the advertising and promotion of medical devices is primarily regulated by the Medical Product Advertisement Act (*Heilmittelwerbegesetz*), which includes numerous prohibitions and restrictions. Inter alia, it prohibits misleading advertising of medical devices and restricts the offer and granting of gifts or other advantages in connection with promotional activities. The Medical Product Advertisement Act contains further restrictions for advertisements addressing persons other than healthcare professionals. Infringements of the Medical Product Advertisement Act may be punished as an administrative offense; violations of the prohibition of misleading advertisement may even result in one year of imprisonment. Further, infringements may constitute an infringement of the Unfair Competition Act. This may result in injunctive relief and liability for damages.

15.1.2.4 Reimbursement

In Germany, the conditions for reimbursement differ according to whether the patient is insured through the statutory health insurance funds (the "**SHIF**") or is privately insured. About 85-90% of the German population is covered by the SHIF.

15.1.3 The United States

Our products and operations are subject to extensive and rigorous regulation by the U.S. Food and Drug Administration ("**FDA**") and other federal, state and local authorities. FDA regulates, among other things, the research, development, testing, design, manufacturing, approval, labeling, storage, recordkeeping, advertising, promotion and marketing, distribution, post-approval monitoring and reporting as well as the import and export of medical devices in the United States to assure they are safe and effective for their intended use. The Federal Trade Commission also regulates the advertising of our products in the United States. Further, we are subject to laws directed at preventing fraud and abuse. Our sales and marketing, training and other practices are subject to rigorous government scrutiny.

15.1.3.1 Regulation of Medical Devices

Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a premarket notification **("510(k)**"), or approval of a Premarket Approval Application ("**PMA**"). Under the Federal Food, Drug, and Cosmetic Act, or FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with the specific medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and those for which safety and effectiveness can be assured by adherence to FDA's General Controls for medical devices, which include compliance with the applicable portions of the Quality System Regulation ("**QSR**"), facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Class II devices are subject to FDA's General Controls, and special controls as deemed necessary by FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance and patient registries. While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by FDA to pose the greatest risks, such as life-sustaining, life-supporting or

some implantable devices, or devices that have certain new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring FDA approval of a PMA.

15.1.3.2 510(k) Marketing Clearance Pathway

To obtain 510(k) clearance, we must submit to FDA a premarket notification submission demonstrating that the proposed device is at least as safe and effective, that is, "substantially equivalent" to a predicate device already on the market. A predicate device is a legally marketed device that is not subject to premarket approval, *i.e.*, a device that was legally marketed prior to May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was cleared by FDA under the 510(k) process. Following receipt of a 510(k) application, FDA conducts an administrative review to determine whether the application is sufficiently complete to permit a substantive review. If it is not considered complete, the agency will refuse to accept the application. If it is considered complete, FDA will accept the 510(k) application for filing and begin the review. FDA has a performance goal to make decisions regarding 510(k) applications within 90 calendar days following receipt of a complete submission, excluding days the submission was placed on hold for additional information requests. In practice, however, FDA's 510(k) clearance process may take significantly longer. FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence.

If FDA agrees that the device is substantially equivalent to a predicate device it will grant 510(k) clearance to commercially market the device. If FDA determines that the device is "not substantially equivalent" to a previously cleared device, the applicant may resubmit another 510(k) with new data, request a Class I or Class II designation through the "De Novo" process (described below), file a reclassification petition with FDA or submit a PMA.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, requires a new 510(k) marketing clearance or, depending on the modification, a de novo classification or PMA approval. FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but FDA can review any such decision and disagree with a manufacturer's determination. Many minor modifications to 510(k)-cleared devices today are accomplished by a "letter-to-file" in which the manufacturer documents the change in an internal letter-to-file. The "letter-to-file" is in lieu of submitting a new 510(k) to obtain clearance for every change. FDA can always review these "letters-to-file" in an inspection. If FDA disagrees with a manufacturer's determination, FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or PMA approval is obtained. Also, in these circumstances, we may be subject to significant regulatory fines or penalties.

15.1.3.3 The PMA approval process

In contrast to the 510(k) substantial equivalence process, PMA approval is based on a determination by FDA that the PMA application contains sufficient valid scientific evidence to assure that the device is safe and effective for its intended use(s). Following receipt of a PMA application, FDA conducts an administrative review to determine whether the application is sufficiently complete to permit a substantive review. If it is not considered complete, the agency will refuse to accept the PMA. If it is considered complete, FDA will accept the application for filing and begin the review. FDA, by statute and by regulation, has 180 days to review a filed PMA application, although the review of an application more often occurs over a significantly longer period of time. During this review period, FDA may request additional information or clarification of information already provided, and FDA may issue a major deficiency letter to the applicant, requesting the applicant's response to deficiencies communicated by FDA. FDA considers a PMA or PMA supplement to have been voluntarily withdrawn if an applicant fails to respond to an FDA request for information (*e.g.*, major deficiency letter) within 180 days after FDA issues such request. Before approving or denying a PMA, an FDA advisory committee may review the PMA at a public meeting and provide FDA with the committee's recommendation on whether FDA should approve the submission, approve it with specific conditions, or not approve it. Prior to approval of a PMA, FDA may conduct a bioresearch monitoring inspection of the clinical trial data and clinical trial sites, and a QSR inspection of the manufacturing facility and processes. Overall, FDA review of a PMA application generally takes between one and three years, but may take significantly longer. FDA can delay, limit or deny approval of a PMA application for many reasons, including:

- the device may not be shown safe or effective to FDA's satisfaction;
- the data from pre-clinical studies and/or clinical trials may be found unreliable or insufficient to support approval;

- the manufacturing process or facilities may not meet applicable requirements; or
- changes in FDA approval policies or adoption of new regulations may require additional data.

If FDA evaluation of a PMA is favorable, FDA will issue either an approval letter, or an approvable letter, the latter of which usually contains a number of conditions that must be met in order to secure final approval of the PMA. When and if those conditions have been fulfilled to the satisfaction of FDA, the agency will issue a PMA approval letter authorizing commercial marketing of the device, subject to the conditions of approval and the limitations established in the approval letter. If FDA's evaluation of a PMA application or manufacturing facilities is not favorable, FDA will deny approval of the PMA or issue a not approvable letter. FDA also may determine that additional testing or clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted and data are submitted in an amendment to the PMA, or the PMA is withdrawn and resubmitted when the data are available. The PMA process can be expensive, uncertain and lengthy and a number of devices for which FDA approval has been sought by other companies have never been approved by FDA for marketing.

New PMA applications or PMA supplements may be required for modification to the manufacturing process, equipment or facility, quality control procedures, sterilization, packaging, expiration date, labeling, device specifications, ingredients, materials or design of a device that has been approved through the PMA process. PMA supplements often require submission of the same type of information as an initial PMA application, except that the supplement is limited to information needed to support any changes from the device covered by the approved PMA application and may or may not require as extensive technical or clinical data or the convening of an advisory panel, depending on the nature of the proposed change.

As a condition of PMA approval, FDA may also require some form of post-market studies or post-market surveillance, whereby the applicant follows certain patient groups for a number of years and makes periodic reports to FDA on the clinical status of those patients when necessary to protect the public health or to provide additional or longer term safety and effectiveness data for the device. FDA may also require post-market surveillance for certain devices cleared under a 510(k) notification. FDA may also approve a PMA application with other post-approval conditions intended to ensure the safety and effectiveness of the device, such as, among other things, restrictions on labeling, promotion, sale, or distribution.

15.1.3.4 De Novo Classification Process

Medical device types that FDA has not previously classified as Class I, II, or III are automatically classified into Class III regardless of the level of risk they pose. The Food and Drug Administration Modernization Act of 1997 established a route to market for low-to-moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the *De Novo* classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. Prior to the enactment of the Food and Drug Administration Safety and Innovation Act ("**FDASIA**") in July 2012, a medical device could only be eligible for *De Novo* classification if the manufacturer first submitted a 510(k) premarket notification and received a determination from FDA that the device was not substantially equivalent (NSE). FDASIA streamlined the *De Novo* classification pathway by permitting manufacturers to request *De Novo* classification directly without first submitting a 510(k) premarket notification to FDA and receiving a NSE determination. Manufacturers that have submitted 510(k) premarket notification to FDA and have received a NSE determination may seek *De Novo* classification only if the NSE determination was based on the lack of an identifiable predicate device, a new intended use for the device, or different technological characteristics of the device that raise different questions of safety and effectiveness, but not if FDA's NSE determination was based solely on lack of performance data. Under FDASIA, FDA is required to classify the device within 120 days following receipt of the *De Novo* application. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. In addition, FDA may reject the *De Novo* application if it identifies a legally marketed predicate device that would be appropriate for a 510(k) premarket notification or determines that the device is not low to moderate risk or that general controls would be inadequate to control the risks and special controls cannot be developed.

15.1.3.5 The Investigational Device Process

In the United States, absent certain limited exceptions, human clinical trials intended to support medical device clearance or approval require an Investigational Device Exemption ("**IDE**"), application. Some types of

studies deemed to present "non-significant risk" are deemed to have an approved IDE once certain requirements are addressed and Institutional Review Board ("**IRB**") approval is obtained. If the device presents a "significant risk" to human health, as defined by FDA, the sponsor must submit an IDE application to FDA and obtain IDE approval prior to commencing the human clinical trials. The IDE application must be supported by appropriate data, such as animal and laboratory testing results. The application must demonstrate that there is reason to believe that the risks to human subjects from the proposed investigation are outweighed by the anticipated benefits to subjects and the importance of the knowledge to be gained, that the investigation is scientifically sound, and that there is reason to believe that the device as proposed for use will be effective. The IDE application must be approved in advance by FDA for a specified number of subjects. Generally, clinical trials for a significant risk device may begin once the IDE application is approved by FDA and the study protocol and informed consent are approved by appropriate institutional review boards at the clinical trial sites. There can be no assurance that submission of an IDE will result in the ability to commence clinical trials, and although FDA's approval of an IDE allows clinical testing to go forward for a specified number of subjects, it does not bind FDA to accept the results of the trial as sufficient to prove the product's safety and efficacy, even if the trial meets its intended success criteria.

All clinical trials must be conducted in accordance with FDA's IDE regulations that govern investigational device labeling, prohibit promotion and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. Clinical trials must further comply with FDA's regulations for IRB approval and for informed consent and other human subject protections. Required records and reports are subject to inspection by FDA. The results of clinical testing may be unfavorable, or, even if the intended safety and efficacy success criteria are achieved, may not be considered sufficient for FDA to grant marketing approval or clearance of a product. The commencement or completion of any clinical trial may be delayed or halted, or be inadequate to support approval of a PMA application or clearance of a 510(k) if the 510(k) includes clinical data, for numerous reasons, including, but not limited to, the following:

- FDA or other regulatory authorities do not approve a clinical trial protocol or a clinical trial, or place a clinical trial on hold;
- patients do not enroll in clinical trials at the rate expected;
- patients do not comply with trial protocols;
- patient follow-up is not at the rate expected;
- patients experience adverse events;
- patients die during a clinical trial, even though their death may not be related to the products that are part of the trial;
- device malfunctions occur with unexpected frequency;
- IRB and third-party clinical investigators may delay or reject the trial protocol;
- third-party clinical investigators decline to participate in a trial or do not perform a trial on the anticipated schedule or consistent with the clinical trial protocol, investigator agreement, investigational plan, good clinical practices, the IDE regulations, or other FDA or IRB requirements;
- third-party investigators are disqualified by FDA;
- the sponsors, investigators or third-party organizations do not perform data collection, monitoring or analysis in a timely or accurate manner or consistent with the clinical trial protocol or investigational or statistical plans, or otherwise fail to comply with the IDE regulations governing responsibilities, records, and reports regarding clinical trials;
- third-party clinical investigators have significant financial interests related to the company or the company's study such that FDA deems the study results unreliable, or the company or investigators fail to disclose such interests;
- regulatory inspections of the company's clinical trials or manufacturing facilities, which may, among other things, require the company to undertake corrective action or suspend or terminate its clinical trials;
- changes in government regulations or administrative actions;
- the interim or final results of the clinical trial are inconclusive or unfavorable as to safety or efficacy; or
- FDA concludes that the trial design is inadequate to demonstrate safety and efficacy.

15.1.4 Post-Approval Regulation of Medical Devices

After FDA permits a device to enter commercial distribution, numerous regulatory requirements continue to apply. These include:

- FDA's QSR, which requires manufacturers, including third party manufacturers, to follow stringent design, testing, production, control, supplier/contractor selection, complaint handling, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- registration of medical device manufacturing facilities and listing of medical devices that are manufactured;
- labeling regulations and unique device identification requirement;
- advertising and promotion requirements including FDA prohibitions against the promotion of products for uncleared or unapproved ("off-label") indications;
- restrictions on sale or distribution of a device;
- PMA annual reporting requirements;
- clearance of product modifications to 510(k)-cleared devices that could significantly affect safety or efficacy or that would constitute a major change in intended use;
- medical device reporting regulations, which require that manufacturers report to FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- medical device correction and removal reporting regulations, which require that manufacturers report to FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- voluntary recall actions to protect the public health and well-being from medical devices that present a risk of injury or gross deception or are otherwise defective; mandatory recall if FDA finds there is a reasonable probability that the device would cause serious adverse health consequences or death;
- device tracking requirements; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

FDA has broad post-market and regulatory enforcement powers. Companies are subject to unannounced inspections by FDA to determine compliance with the QSR and other applicable regulations, and these inspections may include the manufacturing facilities of our suppliers. We believe that we are in compliance with the QSR. Failure to comply with applicable regulatory requirements can result in enforcement action by FDA or other negative consequences, which may include any of the following:

- Warning Letters, fines, injunctions, consent decrees and civil penalties;
- unanticipated expenditures, repair, replacement, refunds, recall or seizure of our products;
- operating restrictions, partial suspension or total shutdown of production;
- FDA's refusal of our requests for 510(k) clearance or premarket approval of new products, new intended uses or modifications to existing products;
- FDA's refusal to issue Certificates to Foreign Governments which foreign governments frequently require for assurance that products are in compliance with U.S. law or regulations;
- withdrawing 510(k) clearance or premarket approvals that have already been granted; and
- criminal prosecution.

15.1.5 China

In the People's Republic of China, increasing regulation could affect our business, including with respect to the following regulations and regulatory trends:

15.1.5.1 Cyber Security and Data Protection

The Cyber Security Law of China, together with its accompanying regulations (collectively, the "**CS Law**"), went into effect on June 1, 2017. The CS Law applies to network operators and businesses in critical sectors,

providing important rules for network security and protection of personal data and other important data. While the CS Law is evolving and many topics await further clarification by the authorities, it has posed continuing challenges and uncertainties for national and international enterprises, especially with respect to data collection, storage, use and cross-border transmission.

15.1.5.2 Level Playing Field - Protectionism by Government

For us, the tendency of local preference/protectionism through implicit barriers in China's healthcare industry may result in lost business opportunities and a decrease in our market share. Local players are emerging under favorable government policies.

15.1.5.3 Anti-Unfair Competition

By the promulgation of the revised Anti-Unfair Competition Law (which went into effect on January 1, 2018), the Chinese government is further strengthening the enforcement of competition laws and regulations. The medical device, along with pharmaceuticals, life sciences and other healthcare industries are considered key enforcement areas, particularly focusing on commercial bribery activities (covering interactions with distribution agencies, healthcare institutions and/or healthcare professionals) as well as advertisement activities. The enforcement trends also pose the risk of various investigations, including dawn raids of offices in China.

15.1.5.4 Anti-Trust

Since the PRC Anti-Monopoly Law became effective in 2008, the antitrust enforcement authorities have been actively enforcing the law, including investigating potential vertical monopoly agreements, horizontal monopoly agreements, as well as potential abuses of deemed dominant market positions. Combating bid-rigging, price fixing and resale price maintenance are perceived as the recent focuses.

15.1.5.5 Dual Invoice Policy

The Circular on Issuing the Implementing Opinions on Carrying out the Dual Invoicing System for Drug Procurement among Public Medical Institutions (for Trial Implementation) issued in December 2016 has reshaped the pharmaceutical industry's sales channels, by generally allowing no more than one distribution level between manufacturers and end users. In some provinces, the same policy has been extended to medical consumables, which is impacting laboratory diagnostics businesses. There is ongoing discussion whether and when this policy will apply to medical device manufacturers. We will closely follow developments.

15.1.5.6 Product Registration with CFDA

Medical devices are regulated by CFDA. Market authorization is mandatory before selling or distributing products in China. Strict requirements for submission documentation, additional testing, and clinical data are in place.

There are two different ways depending on the classification of the medical device: Class I medical devices require simple filing, class II and class III medical devices require product registration. The process is the systematic evaluation of the safety and effectiveness of the medical device to be sold and used in PRC. The certificate contains the approval. China issues registration certificates containing the name and model of the device, name and address of the registrant, name and address of the agent, the manufacturing address, structure and composition, indication for use and as appendix the Product Technical Requirement ("**PTR**"). As the top government agency supervising medical devices CFDA has, over the years, consistently increased its controls on products, manufacturers, distribution and supervision of medical devices in-use. This is enacted through laws and regulations in various areas - from product development to sales and marketing of healthcare products. The main steps necessary for obtaining the registration are: type testing process, clinical trial (if applicable), formal registration process including technical evaluation. After approval the medical device shall be manufactured according to the approved PTR and shall be compliant with the applicable mandatory GB/YY standards.

Continuously, new regulations and changes of existing regulations are put in place. These requirements and changes may trigger a delay in market access and additional investments.

15.1.5.7 Post-market Surveillance by CFDA

After the CFDA or its provincial offices permit a device to enter commercial distribution in China, numerous regulatory requirements continue to apply. In recent years, CFDA has enhanced post-market

surveillance via additional requirements or additional inspections on the compliance of quality management systems, labeling and identification, advertising and promotion, among other topics. Activities to post-market supervision of medical device in-use are under the main responsibility of the CFDA. This is not limited to adverse event and recall handling, but also includes field inspections and systematic sample inspections. AQSIQ, CFDA and National Health and Family Planning Commission are performing field inspections (independently and with different focus), each to verify whether the medical device fulfills the applicable requirements. The authorities can take actions against the manufacturer, distributor and/or the hospital if the devices do not fulfill the requirements. The inspection under coordination of CFDA shall be carried out according to CFDA approved PTR. If inconsistencies are detected between the device registered and the device being inspected at customer site or re-tested, monetary fines as well as withdrawal of certificates may be imposed. We have set up internal compliance polices to conduct self-examination process on an as needed basis.

Manufacturers and/or distributors are required to report adverse events for registered medical devices that occurred inside and outside PRC to the responsible authority (*i.e.*, CFDA and National Center for Adverse Drug Reaction Monitoring China (ADR) department within CFDA), investigate possible causes (including a re-evaluation) and take appropriate action (such as recalls or change registration where necessary) in order to address the problem.

Detailed recall requirements have been issued in Chinese regulations. CFDA differentiates between voluntary recall, decided by manufacturer and compulsory recall ordered by health authority. Recall classification starts with class I highest risk to class III lowest risk. The order defines among others recall classification, timeline requirements and who needs to be informed. In addition information that needs to be documented during defect evaluation by manufacturer or that is part of the official investigation evaluation report is listed. Field corrective actions that occurred in other countries and are associated with a medical device registered in PRC needs to be reported to the respective department at CFDA. In addition, distributors and customers of any product in China should be notified.

15.1.5.8 Regulations on Advertising and Promotion

Commercial advertisement is only permitted after the respective product approval by the medical device authority has been obtained. Strict rules how such advertisement is written are in place and have to be followed.

According to Chinese regulations, any advertisement of medical devices in public media shall be reviewed and approved by local CFDA and shall not be published, broadcasted, circulated or posted before the approval. Therefore an advertisement for a medical device can only be approved if a valid CFDA registration is available. The approval will be valid for one year and must be applied as new advertisement if ongoing advertisement is planned. Certain wording in advertisements is prohibited to be used for product promotion and thus will not be accepted when applying for an approval.

At exhibition or events, it is allowed to present products on site which do not have CFDA license but it must be clearly indicated (visible) that the products are in CFDA registration process or for demonstration purposes only. Datasheets or product brochures with technical specifications shall not be handed out. However, oral communication and scientific discussions with specific recipients are permissible.

For the purpose of testing, non-human research, exhibitions or demonstrations, it is permitted to import medical devices without CFDA registration certificate to China. The import permission for testing, exhibitions or demonstrations is usually granted only for a short time period and the medical device has to be exported again within given timelines. The import permission for non-human research has no time limitation, however, the applicant for the import permission shall be the research institute.

15.1.5.9 Environmental and Plant Safety Issues

The Chinese government is taking a more active role promulgating laws and regulations intended to protect the quality of the air, water, soil and tranquility from being polluted by industrial, waste treatments and other sources. From January 1, 2017, PRC authorities have enhanced enforcement of environment protections; polluters may be subject to a fine and serious offenders may be subject in civil and criminal liabilities. At the same time, China's relevant authorities are imposing more stringent plant safety rules to better protect the safety of workers and to protect neighborhoods from exposure from hazardous chemical materials, air products, and explosions caused by such substances. Our plants seek to follow the published laws and regulations to set up environmental protection and safety standards to help ensure a clean and safe working environment. Nevertheless, due to rigorous standards, uncertain rules, broad and subjective interpretation authority vested in local government officials and sometimes, with human errors, we may be subject to inquiry and enforcement of

laws and regulations conducted by relevant government authorities. We will endeavor to follow the evolving standards, install compliance protocols and conduct self-assessment and correction measures to reduce and minimize the associated risks.

15.1.5.10 Legal Environment

In order to reflect the medical reform implemented in China in recent years, there are a number of new regulations and/or amendments to the existing regulations for medical related industries that have become effective or to become effective in the near future. These new regulations may results in certain changes in the business model of companies in the China market. In addition, we realize the increasing numbers of whistle-blower cases raised by concerned employees or disgruntled employees and business partners on various legal issues, consumer complaints via direct communication or social media channels regarding products, services, and other issues which may later lead to local government investigation in the medical related industries. We have set forth relevant policies and procedures to promptly address such situations to protect the interests of the company. In sum, the legal and regulatory environment in China is dynamic; however, ambiguity in legislation and inconsistency in practice across different regions still pose challenges for market participants, especially for foreign investors. Through proactive consultation and open dialogue with the authorities we aim to mitigate such uncertainty in legislation or its implementation.

15.1.6 Japan

15.1.6.1 Regulation on Medical Devices and In-vitro Diagnostics

The following legal regulations shall apply when importing and selling medical devices or in-vitro diagnostics in Japan.

15.1.6.1.1 The Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

To import and sell a medical device or an in-vitro diagnostic within Japan, a license for the marketing authorization holder based in Japan must be obtained depending on the degree of risk associated with each medical device. In addition, depending on the scope of action a medical device manufacturer license, repair license or license for medical device retail/rental services is necessary.

A holder of marketing authorization shall obtain a marketing approval for each medical device.

In order to obtain marketing approval, the methods for manufacturing and quality control of products must conform to the standards specified by the Ordinance on Standards for Manufacturing Control and Quality Control for Medical Devices and In-vitro Diagnostic Reagents (Ministerial Ordinances on quality management systems ("**QMS**")).

If medical devices are manufactured in a facility outside of Japan, such manufacturing facility must be registered by the Japanese authorities in advance.

In addition, pre-market requirements to obtain marketing approval, Japan QMS requirements and post-market (reporting) obligations need to be strictly adhered to.

Notification required under the law must be provided for indications on the package and the package insert of the medical devices.

For the case of selling or lending the medical device, there are matters to be observed in accordance with the classification (preparing and keeping records of management within the business offices, training employees, reporting obligations on defects, etc.).

15.1.6.1.2 Radio Act

A medical device equipped with radio equipment used for short-range communication is required to conform to the technical standards under the Radio Act.

15.1.6.1.3 Measurement Act

Measuring instruments such as sphygmomanometers are subject to a type approval or verification to confirm conformity with the technical standards specified by the law.

15.1.6.1.4 Industrial Safety and Health Act

When importing chemical substances which are not specified by the law in connection with the import of the product, it is necessary to conduct prior investigation on toxicity and, among other things, report such toxicity investigation results to the government.

15.1.6.1.5 Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

When releasing or removing "Class I designated chemical substance" (a substance for which carcinogenicity, germ-cell mutagenicity, or reproductive toxicity is recognized), it is necessary to confirm the released amount and report it to the government.

When transferring or providing to others a "Class I Designated Chemical Substance" and "Class II Designated Chemical Substance" (a substance which is toxic to humans or the eco-system and exists or may exist widely in the environment), it is necessary to provide such information (SDS) to the transferee.

15.1.6.1.6 Poisonous and Deleterious Substances Control Act

When importing poisonous and deleterious substances specified by the law, notification to the Minister of Health, Labour and Welfare is required. When selling such substances, notification to the competent prefectural governor is required.

There are also various duties such as but not limited to assignment of person responsible for handling poisonous and deleterious substances and a duty of indication of poisonous substances and deleterious substances.

15.1.6.1.7 Construction Business Act

When performing installation construction work related to medical devices, unless it is a simple construction work, it is necessary to obtain an approval of "machinery, equipment, and facility business" from the competent prefectural governor.

15.1.6.2 Regulations on Advertising and Promotion

The Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

In Japan, exaggerated advertisement of the medical products and any advertisement for unapproved medical products are prohibited. Violations are punished.

15.1.6.3 Fraud and Abuse

15.1.6.3.1 Fair Competition Code About the Limitation of Offering of Inducements in the Medical Equipment Business

In Japan, offering of inducement to healthcare organizations or healthcare professionals as means of unjustly inducing customers to purchase medical devices is prohibited in accordance with the above self-regulation within the industry. The industrial association may investigate any violation of the above and warnings and penalties may be imposed.

15.2 Fraud and Abuse

We are also subject to healthcare fraud and abuse regulation and enforcement by the countries in which we conduct our business. These healthcare laws and regulations vary significantly from country to country and include, *inter alia*, anti kick-back statutes and regulations on the advertising and promotions of medical devices. Some countries have enacted transparency ("sunshine") reporting laws and regulations, in particular concerning interactions with healthcare professionals.

If our operations are found to be in violation of any of these healthcare laws or regulations, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from reimbursement programs, and the curtailment or restructuring of our operations.

Any penalties, damages, fines, exclusions, curtailment or restructuring of our operations could adversely affect our ability to operate our business and our financial results and prospects. The risk of our being found in violation of these laws and regulations is increased by the fact that many of these laws and regulations are broad and their provisions are open to a variety of interpretations. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

16. INFORMATION ON THE COMPANY'S EXISTING SHAREHOLDERS

Prior to the completion of the Offering, the Company's shareholders are Siemens AG, Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens France Holding S.A.S. Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens France Holding S.A.S. are both wholly-owned subsidiaries of Siemens AG.

Siemens AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of Germany and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Berlin-Charlottenburg, Germany, under docket number HRB 12300 as well as in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 6684. The registered offices of Siemens AG are in Berlin, Germany, and Munich, Germany; its business address is Werner-von-Siemens-Strasse 1, 80333 Munich, Germany. Siemens AG is a publicly-listed company. In Germany, the shares of Siemens AG are admitted to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), including its electronic platform Xetra, and are traded on the open market of several other German stock exchanges.

Siemens Beteiligungsverwaltung GmbH & Co. OHG is a general partnership organized under the laws of Germany and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRA 84224. The registered office of Siemens Beteiligungsverwaltung GmbH & Co. OHG is in Grünwald, Germany; its business address is Marktplatz 3, 82031 Grünwald, Germany.

Siemens France Holding S.A.S. is a stock corporation (*société par actions simplifiée*) organized under the laws of France and registered in the commercial register of Bobigny, France, under docket number 388 548 091. The registered office of Siemens France Holding S.A.S. is in Saint Denis, France; its business address is 40 avenue des Fruitiers, 93527 Saint-Denis, France.

Each share of the Company carries one vote at the general shareholders' meeting of the Company. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights. The following table sets forth the Company's ownership structure as of the date of this Prospectus as well as the expected ownership structure upon completion of the Offering:

	Actual (direct) Ownership		
	Immediately prior to the Offering	Upon completion of the Offering (assuming no exercise of the Greenshoe Option)	Upon completion of the Offering (assuming full exercise of the Greenshoe Option)
		(in %)	
Siemens AG	66.70	66.70	66.70
Siemens Beteiligungsverwaltung GmbH & Co. OHG	32.38	19.34	17.38
Siemens France Holding S.A.S.	0.92	0.92	0.92
Public float	—	13.04	15.00
Total	**100.00**	**100.00**	**100.00**

17. GENERAL INFORMATION ON THE COMPANY

17.1 Formation and Incorporation

The Company was established by Siemens AG in a notarial foundation deed (*Gründungsurkunde*) on December 1, 2017. The Company was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich on December 12, 2017. The share capital (*Grundkapital*) in the amount of €50,000 as of December 31, 2017 has been fully paid in by contribution in cash (*Bargründung*).

17.2 Commercial Name and Registered Office

The Company is a German stock corporation (*Aktiengesellschaft*) incorporated in Germany and governed by German law. The legal name of the Company is Siemens Healthineers AG. It is registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 237558. The Company is the Group's holding company. The Company and the Group operate under the commercial name "Siemens Healthineers". In addition, some of the Company's subsidiaries use other commercial names reflecting other important Group brands.

The Company's registered office is at Henkestrasse 127, 91052 Erlangen, Germany (telephone + 49 800 188 188 5).

17.3 Fiscal year and Duration

The Company's fiscal year ends on September 30 of each calendar year. For purposes of reporting in accordance with the German Commercial Code (*Handelsgesetzbuch*), the current fiscal year of the Company is a short fiscal year (*Rumpfgeschäftsjahr*) from December 12, 2017 until September 30, 2018. The Company was established for an unlimited period of time.

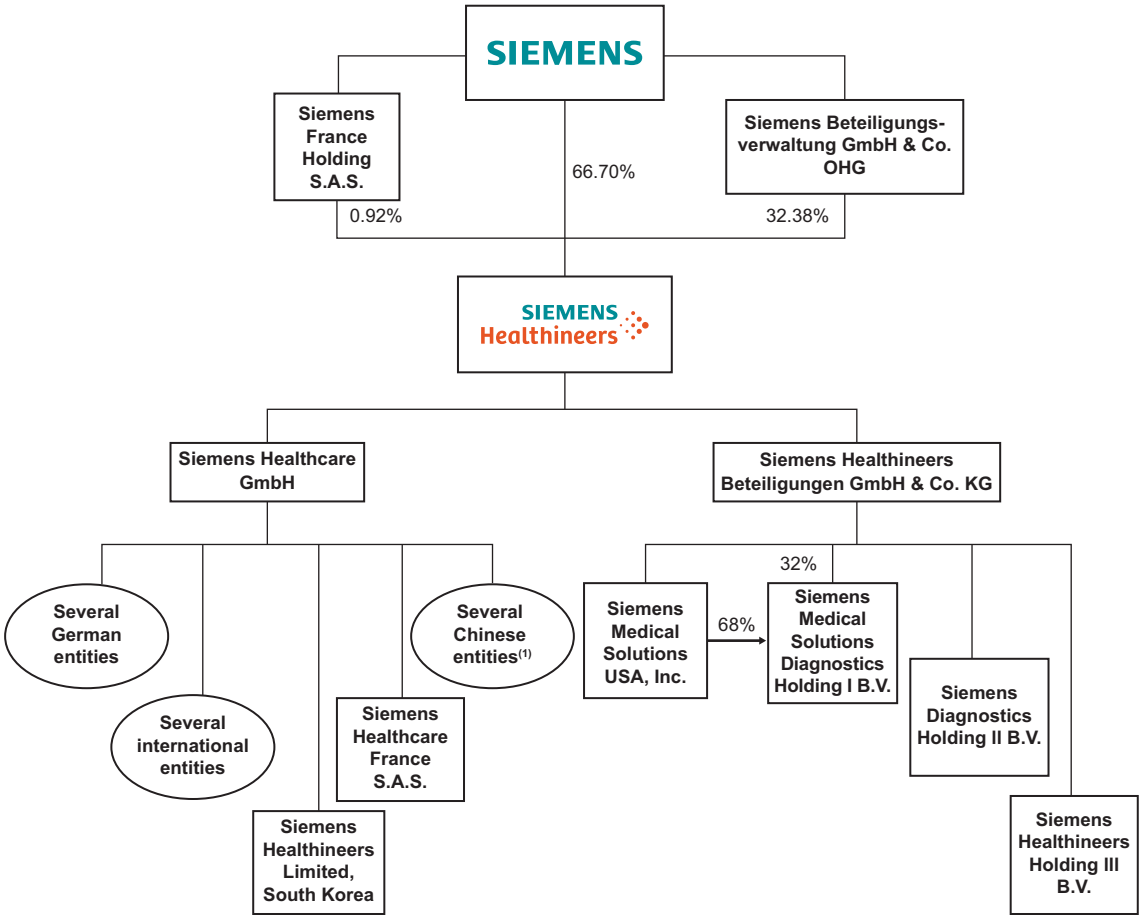
17.4 Corporate Purpose

According to Section 2 of the Articles of Association, the purpose of the Company is heading a group of enterprises, which are active in the following areas: the development, production, sale, supply, installation and maintenance of medical devices, systems and solutions of all kinds, as well as the research, development, production, sale, supply and maintenance of diagnostic products, including systems of all kinds. The Company may also become active in such areas itself. The Company can also establish, acquire and participate in other enterprises in Germany and foreign countries as well as control such enterprises or limit itself to the administration of the participation. The Company can completely or partially have its operations, including the participations it holds, conducted by affiliated companies or transfer or outsource its operations to such affiliated companies and conclude corporate group agreements. The Company can also establish branches and permanent establishments in Germany and in foreign countries. The Company can limit its activity to a part of the purposes designated above.

17.5 Group Structure

The Company is the holding company of the Group. The Group's business is conducted by Siemens Healthcare GmbH and its direct and indirect subsidiaries as well as the direct and indirect subsidiaries of Siemens Healthineers Beteiligungen GmbH & Co. KG.

The following graph provides a simplified overview of the current structure of the Group and certain material direct and indirect subsidiaries of the Company (except as otherwise indicated, all direct and indirect shareholdings are 100%):



(1) Siemens Healthcare GmbH will only pay the purchase price for the acquisition of the various companies active in China from Siemens Ltd. China following regulatory approval of such transfer, which is expected to occur after completion of the Offering.

17.6 Significant Subsidiaries

The following table presents an overview of the Group's significant companies (now subsidiaries) as of September 30, 2017. The following figures for the issued capital have been taken from the Group's internal reporting system as of September 30, 2017. All shares in those companies have been fully paid in. There has been no material change with respect to the information presented in the following table beween September 30, 2017 and the date of the Prospectus.

Except as noted in the table below, the names of the significant companies (now subsidiaries) of the Group have not changed as of the date of the Prospectus.

	As of September 30, 2017 (unaudited)		
Legal name and country of incorporation	**Field of activity**	**Equity interest of the Group**	**Issued capital**
		(in %)	**(in € million)**
Siemens Medical Solutions USA, Inc., United States	Production/distribution	100	0
Siemens Healthcare Diagnostics Inc., United States	Production/distribution	100	0
Siemens Healthcare GmbH, Germany	Production/distribution	100	52
Siemens Healthcare K.K., Japan	Distribution	100	17
Siemens Healthcare Ltd., China	Service/distribution	100	34
Siemens Healthcare Diagnostics (Shanghai) Co. Ltd., China	Distribution	100	1
Siemens Healthcare Limited, United Kingdom	Distribution	100	156
Siemens Healthcare Private Limited, India	Service/distribution	100	2
Siemens Healthcare Diagnósticos Ltda., Brazil	Production/distribution	100	68
Siemens Healthcare Pty. Ltd., Australia	Distribution	100	14
Siemens Healthcare Limited, Canada	Distribution	100	187
Siemens Healthcare SAS, France	Service/distribution	100	30
Siemens Healthcare Limited (now Siemens Healthineers Limited), South Korea	Production/distribution	100	4
Siemens Healthcare Diagnostics GmbH, Germany	Distribution	100	0
Siemens Healthcare Diagnostics K.K., Japan	Service/distribution	100	0
Siemens Healthcare S.r.l., Italy	Distribution	100	50
PETNET Solutions, Inc., United States	Production/distribution	100	0
Siemens Healthcare Diagnostics GmbH, Austria	Distribution	100	0
SIEMENS HEALTHCARE, S.L.U., Spain	Distribution	100	99
Siemens Healthcare Diagnostics Products GmbH, Germany	Production	100	13

17.7 Auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office ("**EY**"), Arnulfstrasse 59, 80636 Munich, was engaged as auditor for the Combined Financial Statements as well as the Interim Financial Statements. EY has issued an unqualified German-language independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) on the Combined Financial Statements as well as an unqualified German-language auditor's report (*uneingeschränkter Bestätigungsvermerk*) on the Interim Financial Statements.

EY is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstrasse 26, 10787 Berlin, Germany.

17.8 Announcements, Paying Agent, Registration Agent

Pursuant to the Articles of Association, the Company's announcements are published in the German Federal Gazette (*Bundesanzeiger*), unless provided otherwise by mandatory law.

The Company is entitled, in accordance with Section 49 para. 3 WpHG to provide information to shareholders by way of remote data transmission.

Pursuant to Section 14 para. 2 WpPG, the Prospectus, as well as any supplements thereto, are published on the Company's website www.healthcare.siemens.de under the section "Investor Relations". Printed copies of the Prospectus are available at the Company free of charge during normal business hours at the following address: Siemens Healthineers AG, Henkestrasse 127, 91052 Erlangen, Germany.

The paying agent is Deutsche Bank Aktiengesellschaft. The mailing address of the paying agent is Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Germany. Registration Agent in connection with general shareholders' meetings is Siemens Healthineers AG, c/o Computershare Operations Center, 80249, Munich, Germany.

18. DESCRIPTION OF THE COMPANY'S SHARE CAPITAL AND APPLICABLE REGULATIONS

18.1 Current Share Capital; Shares

As of the date of the Prospectus, the share capital of the Company amounts to €1,000,000,000.00 and is divided into 1,000,000,000 ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*). The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany.

All existing shares of the Company are held by the Existing Shareholders.

18.2 Development of the Share Capital

The Company's share capital has developed as follows:

The Company was established with an original share capital of €50,000.00 against contribution in cash. On February 2, 2018, the Company's extraordinary shareholders' meeting resolved to increase the Company's share capital from €50,000.00 by €999,950,000.00 to €1,000,000,000.00 by issuing 999,950,000 new shares (see "*3.3 Capital Increase*"). The consummation of the Capital Increase was registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, on February 9, 2018.

18.3 Authorized Capital

On February 19, 2018, the Company's extraordinary shareholders' meeting resolved to create an authorized capital (the "**Authorized Capital 2018**"). The resolution was entered into the commercial register on February 27, 2018.

Thereunder, the Managing Board is authorized, subject to the Supervisory Board's prior consent, to increase the Company's share capital on one or more occasions until February 18, 2023 by up to €500,000,000.00 by issuing up to 500,000,000 new ordinary registered shares of the Company with no par value (*auf den Namen lautende Stückaktien*) against cash and/or contributions in kind.

The Articles of Association provide that the Managing Board may, subject to the Supervisory Board's prior consent, exclude the subscription rights that must otherwise be granted to existing shareholders. Pursuant to Section 4(5) of the Articles of Association, subscription rights may be excluded, with the approval of the Supervisory Board, in the event of capital increases against contributions in kind, particularly in connection with business combinations or the acquisition (including indirect acquisition) of companies, businesses, parts of businesses, participations or other assets or claims for the acquisition of assets, including claims against the Company or any of its consolidated subsidiaries.

In the event of capital increases against contributions in cash, new shares must generally be offered to the shareholders for subscription; they can also be assumed by credit institutions or enterprises within the meaning of Section 186 (5) sentence 1 AktG with the obligation that they must be offered to the shareholders for purchase. The Managing Board is authorized to exclude any shareholders' subscription rights, with the approval of the Supervisory Board, in the event of capital increases against contributions in cash:

(i) for the issuance of shares for the benefit of employees of the Company and consolidated Group companies (employee shares). To the extent legally feasible, such employee stock may also be issued by effecting the contribution with such parts of the annual profit that the Managing Board and the Supervisory Board could transfer to surplus reserves in accordance with Section 58 para. 2 AktG;

(ii) to the extent necessary for fractional amounts resulting from the subscription ratio;

(iii) in order to grant holders/creditors of conversion or option rights or respective conversion or option obligations on shares subscription rights as compensation against the effects of dilution to the extent to which they would be entitled upon exercising such rights or fulfilling such obligations;

(iv) if the issue price of the new shares is not significantly lower than the stock market price of the shares already listed. In total, the part of the capital stock mathematically attributable to the shares issued against contributions in cash, with shareholders' subscription rights excluded in accordance with the provisions of Section 186 (3) sentence 4 AktG, must not exceed 10% of the capital stock at the time this authorization takes effect or, if this amount is lower, at the time at which it is exercised. This limit includes shares issued or disposed of by direct or mutatis mutandis application of these provisions during the term of this authorization up to the time of it being exercised, as well as shares to be issued or granted on the basis of a convertible bond or warrant bond issued during the term of this authorization, with shareholders' subscription rights excluded in accordance with the provisions of Section 186 (3) sentence 4 AktG.

The Managing Board is authorized to determine, subject to the Supervisory Board's prior consent, the further details of capital increases under the Authorized Capital 2018 and their implementation, namely the details of the rights under the Shares and the terms and conditions of their issue.

18.4 Conditional Capital

On February 19, 2018, the Company's extraordinary shareholders' meeting resolved to create a conditional capital (the "**Conditional Capital 2018**"). The resolution was entered into the commercial register on February 27, 2018. Pursuant to Section 4(6) of the Articles of Association, the Company's share capital is conditionally increased by up to €100,000,000.00 by issuance of up to 100,000,000 new ordinary registered shares of the Company with no par value (*auf den Namen lautende Stückaktien*). The conditional capital increase may only be implemented to grant shares when holders of bonds issued by the Company or a controlled entity until February 18, 2023 on the basis of the authorization resolution of the extraordinary general shareholders' meeting of February 19, 2018 (the "**Authorization to Issue Convertible Bonds and/or Warrant Bonds**") exercise conversion rights or warrants or conversion obligations or warrants are fulfilled *vis-à-vis* such holders (see "*18.5. Authorization to Issue Convertible Bonds and/or Warrant Bonds"*) and insofar as other forms of fulfillment are not used. The new shares will be issued at the conversion and option price to be stipulated in each instance in accordance with the Authorization to Issue Convertible Bonds and/or Warrant Bonds. The newly issued shares as a result of the exercising of conversion or option rights or the fulfillment of conversion or option obligations shall participate in the profits, starting at the beginning of the financial year in which they are issued.

18.5 Authorization to Issue Convertible Bonds and/or Warrant Bonds

The Managing Board is authorized to issue bearer or registered bonds in an aggregate principal amount of up to €6,000,000,000 with conversion rights (convertible bonds) or with bearer or registered warrants attached (warrant bonds), or a combination of these instruments, entitling the holders/creditors to subscribe to up to 100,000,000 new ordinary registered shares of the Company with no par value (*auf den Namen lautende Stückaktien*), representing a *pro rata* amount of up to €100,000,000 of the share capital. The terms and conditions of the bonds and/or warrants may provide for delivery of shares from conditional capital, in particular the Conditional Capital 2018, but also for delivery exclusively or, alternatively, at the option of the Company, of shares from an authorized capital or from existing treasury shares, or treasury shares to be acquired, of the Company or its consolidated subsidiaries. The terms and conditions of the bonds and/or warrants may also provide for mandatory conversion or an obligation to exercise the option rights or a put option of the issuer to deliver shares of the Company (and any combination of the foregoing), in each case at any point in time, including at the end of their term. The bonds may be issued in exchange for contributions in cash, but also contributions in kind, in particular a participation in other companies. Warrant bonds may be issued also in exchange for consideration in kind to the extent that the terms and conditions of the warrants provide for full payment in cash of the option price per share upon exercise. If applicable, this also comprises the indirect issue of such bonds with the involvement of a bank if the procedure chosen would not otherwise constitute under the circumstances an issue in exchange for cash consideration. The authorization also includes the option to assume the guarantee for bonds issued by consolidated subsidiaries of the Company and to make the statements and to take the required actions necessary for successful issuance of bonds. Furthermore, the authorization to issue bonds includes the option to grant to holders/creditors of bonds shares of the Company to the extent holders/creditors of convertible bonds or warrants under warrant bonds exercise their conversion or option rights or if they fulfill their obligation to convert or exercise the option or to the extent the shares are tendered. The authorization to issue bonds expires on February 18, 2023. The issue of the bonds and/or warrants may be implemented once or several times, wholly or in part, or simultaneously in different tranches. All partial bonds belonging to a particular tranche issued shall rank *pari passu*. The principal amount or an issue price of bonds below the principal amount may also be chosen such that it corresponds to the *pro rata* amount of the share capital represented by the shares to be issued according to the terms of the bond, *i.e.*, it need not necessarily exceed such amount.

The conversion or exercise price must not be less than 80% of the stock market price of the Company's share as quoted by the Xetra trading system (or a comparable successor system). The calculation shall be based on the average closing price over the ten trading days prior to the date on which the final Managing Board resolution is reached to submit an offer for the subscription of bonds or to the Company's notice of acceptance following a public solicitation to submit subscription offers. In the event that subscription rights are traded, the closing market prices during the trading days on which the subscription rights are traded shall apply, with the exception of the last two trading days of subscription rights trading. In the case of bonds with mandatory conversion or with an obligation to exercise the option right or a put option entitling the issuer to deliver shares,

the conversion or exercise price may either at least equal the minimum price set out above or correspond to the average volume-weighted price of the Company share in the Xetra trading system (or a comparable successor system) on at least three trading days immediately prior to calculation of the conversion/option price as defined in more detail by the terms and conditions of the bonds and/or warrants, even if this average price is below the minimum price (80%) set out above. Section 9 para. 1 and Section 199 para. 2 AktG shall remain unaffected.

In case of warrant bonds being issued, one or several warrants shall be attached to each partial bond entitling and/or obliging the holder/creditor to subscribe to the Company's shares or including a put option entitling the issuer to deliver shares, subject in each case to the terms and conditions of the bonds or warrants. The respective warrants may be detachable from the respective partial bonds. The terms and conditions of the bonds or the warrants may also provide that payment of the option price can also be fulfilled by transferring partial bonds (exchange) and, as the case may be, with an additional cash payment.

In the case of convertible bonds being issued, the holders/creditors of the convertible bonds shall be entitled and/or obliged to convert them into shares of the Company, subject to the terms and conditions of the convertible bonds. The conversion ratio is obtained by dividing the principal amount or the lower issue price of a convertible bond by the conversion price stipulated for one Company share.

The *pro rata* amount of the share capital represented by the shares to be subscribed for on the basis of one convertible bond or, in the case of an exchange, of one warrant bond, must not exceed the principal amount or the lower issue price of the bond.

The authorization also includes the option, subject to the terms and conditions of the bonds and/or the warrants, to provide dilution protection and/or other adjustments under certain circumstances. Dilution protection or other adjustments may be provided for in particular if the Company changes its capital structure during the term of the bonds and/or warrants (*e.g.*, through a capital increase, a capital decrease or a stock split), but also in connection with dividend payouts, the issue of additional convertible and/or warrant bonds, transformation measures, and in the case of other events affecting the value of the options or conversion rights that may occur during the term of the bonds and/or warrants (*e.g.*, control gained by a third party). Dilution protection or other adjustments may be provided in particular by granting subscription rights, by changing the conversion or exercise price, and by amending or introducing cash components.

The Managing Board is authorized to determine the further terms and conditions of the bond and/or warrant issues or to establish such terms and conditions by mutual agreement with the respective issuing consolidated subsidiary. The terms and conditions may in particular include the following aspects: (i) whether servicing from conditional capital or from authorized capital, the delivery of treasury shares, payment of compensation for the value in cash or transfer of other listed securities may be provided for; (ii) whether the conversion or exercise price or the conversion ratio should be determined at the time of bond issue or by means of future market prices within to be determined ranges; (iii) whether and how a conversion ratio should be rounded; (iv) whether an additional cash payment or a compensation in cash should be specified in the case of fractional amounts; (v) how, in the case of mandatory conversions, the fulfillment of obligations to exercise the option rights or delivery rights, details are to be determined regarding the exercise, fulfillment of obligations or rights, deadlines and determination of conversion or exercise prices; (vi) whether the bonds should be issued in Euros or in the legal currency of an OECD country other than Euros. For the purpose of determining the maximum aggregate principal amount of this authorization in the case of issues in foreign currencies, the principal amount of the bonds shall in each case be converted into Euros on the day when the decision of the issue thereof is taken.

As a matter of principle, the bonds must be offered to shareholders for subscription, including the option of issuing them to banks or enterprises within the meaning of Section 186 para. 5 sentence 1 AktG with the obligation that they must be offered to shareholders for subscription. However, the Managing Board is authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board, (i) provided that the bonds are issued in exchange for cash payment and the issue price of the bonds is not significantly lower than their theoretical market price computed in accordance with accepted actuarial methods. The part of the share capital mathematically attributable to shares to be issued as a result of bonds issued under this authorization must not exceed 10% of the share capital at the time when such authorization takes effect or at the time at which it is exercised, if the latter amount is lower. When determining this limit, shares shall also be taken into account which, during the term of this authorization until its use, are issued or disposed of by direct or *mutatis mutandis* application of Section 186 para. 3 sentence 4 AktG. The same applies to shares which are to be issued or granted due to a convertible bond and/or warrant bond issued during the term of this authorization based on the use of another authorization under exclusion of the subscription right in accordance with these provisions; (ii) if the bonds are issued in exchange for contributions or considerations in kind, in particular in the context of business combinations or for the purpose of acquiring (also indirectly) companies, businesses, parts of companies, participations or other assets or rights to acquire assets, including receivables against the Company or its

consolidated subsidiaries; (iii) to the extent that the exclusion is necessary with regard to fractional amounts resulting from the subscription ratio; (iv) in order to grant holders/creditors of conversion or option rights or respective conversion or option obligations on the Company's shares subscription rights as compensation against the effects of dilution to the extent to which they would be entitled upon exercising such rights or fulfilling such obligations.

18.6 Authorization to Purchase and Use Treasury Shares

As of the date of the Prospectus, the Company does not hold any of its own shares, nor does a third party hold any shares of the Company on behalf of, or for the account of, the Company.

The Company's extraordinary shareholders' meeting held on February 19, 2018 authorized the Managing Board to repurchase shares of the Company until February 18, 2023 for every permissible purpose, up to a limit of 10% of its share capital as of the date of the resolution or as of the date on which the authorization is exercised if the latter value is lower. The total number of shares of the Company repurchased under this authorization and any other shares of the Company previously acquired and still held in treasury by the Company or attributable to the Company pursuant to Section 71d and Section 71e AktG may at no time exceed 10% of the then existing share capital.

Any repurchase of shares shall be accomplished at the discretion of the Managing Board either (i) by acquisition on a stock exchange or (ii) through a public share repurchase offer. Offers under subsection (ii) above can also be solicited by a request for submission of offers. If the shares are to be acquired on a stock exchange, the purchase price paid per share (excluding incidental transaction charges) may neither exceed the stock market price of a share on the trading day, as determined during the opening auction in Xetra trading (or a comparable successor system) by more than 10% nor fall below such market price by more than 20%. If the shares are to be acquired through a public share repurchase offer, the purchase price paid per share (excluding incidental transaction charges) may neither exceed the average closing price of a share in Xetra trading (or a comparable successor system) on the fourth, third and second trading day prior to the decision by the Managing Board about the offer or acceptance of offers made by the shareholders by more than 10% nor fall below such closing price by more than 20%.

The Managing Board shall define the arrangements for acquiring the shares in more detail. If the number of shares tendered or offered by shareholders for purchase exceeds the total volume which the Company intends to repurchase, the shareholders' right to tender may be excluded to the extent that the repurchase will be in proportion to the shares tendered or offered by each shareholder. Furthermore, the tender or acceptance of small lots of up to 150 shares per shareholder may receive preferential treatment and rounding according to commercial principles may be provided for.

If, after the publication of an offer in accordance with the authorization, there are differences from the price or from a price range defined in connection with a solicitation to submit offers and said differences may be material to the success of the offer, the price or the price range may be adjusted during the submission period or up to acceptance.

The Managing Board shall be authorized to use any shares repurchased pursuant to Section 71 para. 1 no. 8 AktG on the basis of this authorization - in addition to selling them on a stock exchange or through a public sales offer to all shareholders proportionately according to their quota participations - for every permissible purpose, in particular as follows:

a) Such shares may be cancelled without an additional resolution by the shareholders' meeting of the Company being required for such cancellation or its implementation. Such cancellations can also be carried out without a capital decrease by adjusting the *pro rata* amount of the other shares of no par value relative to the Company's share capital. In such a case, the Managing Board is authorized to adjust the number of shares of no par value specified in the Articles of Association.

b) Such shares may be used in connection with share-based compensation programs and/or employee equity programs of the Company or any of its consolidated subsidiaries, and issued to individuals currently or formerly employed by the Company or any of its consolidated subsidiaries as well as to board members or officers of any of the Company's consolidated subsidiaries. In particular, they may be offered for acquisition, awarded and transferred for free or against payment to said persons and board members/officers, provided that the employment relationship or board membership exists at the time of the offer, award commitment or transfer.

c) Such shares may be offered and transferred, with the approval of the Supervisory Board, in exchange for considerations in kind, in particular in the context of business combinations or for the purpose of

acquiring (also indirectly) companies, businesses, parts of companies, participations or other assets or rights to acquire assets, including receivables against the Company or its consolidated subsidiaries.

d) Such shares may, with the approval of the Supervisory Board, be sold against payment in cash if the selling price is not significantly lower than the stock market price of the shares of the Company.

e) Such shares may be used to service or secure obligations or rights to acquire shares arising particularly from or in connection with convertible bonds or warrant bonds issued by the Company or its consolidated subsidiaries.

The part of the share capital mathematically attributable to the shares used under the authorizations pursuant to d) and e) above may not exceed 10% of the share capital existing at the date of the resolution, or of the share capital existing at the time of this authorization being exercised, if the latter is lower, as far as the shares - in *mutatis mutandis* application of the provisions of Section 186 (3) sentence 4 AktG - are issued against contribution in cash and not significantly below the stock market price with shareholders' subscription rights being excluded. This limit shall include shares issued or disposed of by direct or *mutatis mutandis* application of this provision during the term of this authorization up to the time of it being exercised. The same applies to shares to be issued or disposed of on the basis of a convertible bond or warrant bond issued during the term of this authorization, with shareholders' subscription rights excluded in accordance with the provisions of Section 186 para. 3 sentence 4 AktG.

The Supervisory Board shall be authorized to use shares acquired on the basis of this authorization as follows: such shares may be used to service obligations or rights to acquire shares that were or will be agreed with members of the Managing Board within the framework of rules governing Managing Board compensation. In particular, they may be offered for acquisition, awarded and transferred to members of the Managing Board, provided that the employment relationship or board membership exists at the time of the offer, award commitment or transfer. The details regarding the compensation of the members of the Managing Board are determined by the Supervisory Board.

The authorizations in this resolution may be exercised independently of each other, once or several times, solely or jointly, in whole or in part also by any of the Company's consolidated subsidiaries or by third parties acting on behalf of the Company or any of its consolidated subsidiaries. In addition, acquired shares may also be transferred to consolidated subsidiaries.

Shareholders' subscription rights relating to repurchased shares shall be excluded to the extent to which such shares are used in accordance with the Managing Board's authorizations pursuant to b) to e), and the Supervisory Board's authorization above. Moreover, the Managing Board shall be authorized to exclude subscription rights in order to grant holders/creditors of conversion or option rights or respective conversion or option obligations on shares subscription rights as compensation against the effects of dilution to the extent to which they would be entitled upon exercising such rights or fulfilling such obligations. Finally, the subscription right with regard to fractional amounts may be excluded from an offer to acquire shares made to all shareholders.

18.7 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, the AktG provides that any assets remaining following settlement of the Company's liabilities shall be distributed among the Company's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

18.8 General Provisions Governing a Change in the Share Capital

The AktG provides that the share capital of a stock corporation may be increased by a resolution adopted at the general shareholders' meeting. Such resolution must be adopted by a majority of at least 75% of the share capital represented when the resolution is passed, unless the stock corporation's articles of association provide for a different majority. Section 17 para. 2 of the Articles of Association provides that resolutions of the general shareholders' meeting are adopted by a simple majority of the votes cast, except as otherwise provided by mandatory law (as in case of a capital increase) or the Articles of Association of the Company. In case of an increase of capital, the profit share of the new shares can be determined in deviation from Section 60 para. 2

AktG according to Section 20 para. 3 of the Articles of Association. Section 60 para. 2 AktG provides that, if contributions to share capital have not been made in the same proportion for all shares, shareholders shall first be paid from the distributable profit in an amount of 4% of the contributions made, and, if the profit is insufficient to make such payment, the amount to be paid shall be determined on the basis of an appropriately lower percentage (contributions which have been made during the course of the fiscal year shall be taken into account in proportion to the time which has elapsed since the date of such contributions).

In addition, shareholders may resolve to issue authorized capital (*Genehmigtes Kapital*) upon a vote of 75% of the share capital represented at the passing of the resolution authorizing the Managing Board to issue shares of up to a specific amount within a period not exceeding five years. The nominal amount of such issuance may not exceed 50% of the share capital in existence at the time the resolution of the general shareholders' meeting is registered with the commercial register (*Handelsregister*). The authorized capital for the Company is described above under "*18.3 Authorized Capital*".

Additionally, shareholders may resolve to create conditional capital (*Bedingtes Kapital*) for the purpose of issuing shares (i) to holders of convertible bonds or other securities convertible into shares of the Company, (ii) as consideration in connection with a merger with another company or (iii) to executives and employees. A resolution to create conditional capital must be adopted by at least 75% of the share capital represented at the passing of the resolution. The nominal amount of the conditional capital created for the purpose of share issues to executives and employees may not exceed 10% of the nominal share capital in existence at the time such resolution is passed, while the nominal amount of the conditional capital created for the purpose of share issues to holders of convertible bonds or other securities convertible into shares of the Company or as consideration in connection with a merger with another company may not exceed 50% of the nominal share capital in existence at the time such resolution is passed; however, there is generally no limitation with respect to a time period during which the contingent capital may be used. The conditional capital for the Company is described above under "*18.4 Conditional Capital*". The authorization of the Managing Board to issue convertible bonds or other securities convertible into shares of the Company must be limited to a period not exceeding five years from the date of the respective shareholder resolution (see "*18.5 Authorization to Issue Convertible Bonds and/or Warrant Bonds*").

18.9 General Provisions Governing Subscription Rights

Section 186 AktG generally grants all shareholders the right to subscribe for new shares of the Company issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. Exclusion of shareholders' subscription rights, wholly or in part, also requires a report from the Managing Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares with no subscription rights does not exceed 10% of the share capital at issue, both at the time when the authorization takes effect and at the time when it is authorized; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price of the Company's shares.

18.10 Exclusion of Minority Shareholders

18.10.1 Squeeze-Out under Stock Corporation Law

Sections 327a *et seq.* AktG, which govern a so-called "squeeze-out under stock corporation law", provide that upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash compensation offered to minority shareholders must reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash compensation is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation

proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash compensation.

18.10.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b of the German Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "**WpÜG**"), in the event of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offer or against payment of an adequate compensation. Such transfer does not require a resolution of the target company's shareholders' meeting. The consideration paid in connection with the takeover bid or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover bid or mandatory offer, while at all times a cash compensation must also be offered.

In addition, following a takeover bid or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

18.10.3 Squeeze-Out under Reorganization Law

Under Section 62 para. 5 of the German Transformation Act (*Umwandlungsgesetz*, "**UmwG**"), a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft* (*AG*)), a partnership limited by shares (*Kommanditgesellschaft auf Aktien* (*KGaA*)) or a European company (*Societas Europaea* (*SE*)) having its registered office in Germany and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

18.10.4 Integration

Under Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. The amount of the compensation must be determined using the "merger value ratio" (*Verschmelzungswertrelation*) between the two companies, *i.e.*, the exchange ratio which would be considered reasonable in the event of merging the two companies. Fractional amounts may be paid out in cash.

18.11 Shareholder Notification Requirements; Mandatory Takeover Bids; Managers' Transactions

Once the Company has applied for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to WpHG provisions governing, *inter alia*, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, *inter alia*, obligations of persons discharging managerial responsibilities to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

18.11.1 Notification Requirements of Shareholders

18.11.1.1 Notification Thresholds and Attribution Rules

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company is required to concurrently notify the Company and BaFin of such occurrence. Subsequent notifications are required if such person reaches or exceeds another of the aforementioned thresholds or sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or the entity subject to the notification requirement has knowledge of, or in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or the entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in a mutual attribution of the full amount of voting rights.

Except for the 3% threshold, similar notification requirements towards the Company and BaFin exist if the aforementioned thresholds are reached, exceeded or fallen below, because a person or entity holds instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, except for the 3% threshold.

18.11.2 Exceptions to Notification Requirements

There are certain exceptions to the notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company is itself a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in an EEA Member State are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

18.11.3 Fulfilment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading Notification Regulation (*Wertpapierhandelsanzeigeverordnung*). The notice may be submitted either in German or English, in hard copy or via fax. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a German domestic issuer, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all EEA Member States. Under certain circumstances, such publications may be made in English only. The Company is also required to notify BaFin of these publications, specifying the time of publication and the media used, and to transmit them to the German Company Register (*Unternehmensregister*).

18.11.4 Consequences of Violations of Notification Requirements

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. However, it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

18.11.5 Special Notification Requirements for more than 10% of the Voting Rights

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company (which has to publish such information) within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Afterwards, changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10% threshold has been reached, the aforementioned attribution rules apply.

18.12 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30% threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

18.13 Transactions Undertaken for the Account of a Person with Management Duties

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 No. 25 MAR (*i.e.*, the members of the Managing Board and the Supervisory Board) must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €5,000.00 *de minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 No. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

18.14 EU Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**EU Short Selling Regulation**"), the

European Commission's delegated regulation for the purposes of detailing the EU Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. Additionally, under the provisions of the EU Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the EU Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the EU Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

19. DESCRIPTION OF THE GOVERNING BODIES OF THE COMPANY

19.1 Overview

Our governing bodies are the Managing Board, the Supervisory Board and the shareholders' meeting. The responsibilities and powers of these governing bodies are determined by the AktG, the German Corporate Governance Code (the "**Code**"), the Articles of Association and the internal rules of procedure of both the Supervisory Board (*Geschäftsordnung des Aufsichtsrats*) and the Managing Board (*Geschäftsordnung für den Vorstand*).

The members of the Managing Board are appointed by the Supervisory Board, and the Supervisory Board is entitled to remove any member of the Managing Board under certain circumstances. Simultaneous membership in the Supervisory Board and the Managing Board is not permitted under the AktG, as the Supervisory Board is responsible for supervising the management of the Company by the Managing Board. However, in exceptional cases and for an interim period, a member of the Supervisory Board may take a vacant seat on the Managing Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board. Additionally, the duration of such interim arrangement may not exceed one year.

Following termination of the Domination and Profit and Loss Transfer Agreement (see "*20.1.2.2 Domination and Profit and Loss Transfer Agreement*"), the Managing Board will be responsible for independently running the business of the Company without being subject to instructions. The Managing Board is also responsible for implementing appropriate risk management and risk control systems within the Group that provide timely warning of any development that might jeopardize our continued existence. The Managing Board is also obligated to report regularly to the Supervisory Board, at least on a quarterly basis, on the status of the business and condition of the Company and its subsidiaries. Furthermore, the Managing Board reports to the Supervisory Board at least once a year on the projected business objectives and other key issues relating to corporate planning (especially finance, investment and human resources planning), which must include discussion of any deviations between actual developments and objectives previously reported on, including the reasons for such deviations. In addition, the Managing Board must submit a budget for the following fiscal year to the Supervisory Board. The Managing Board is also required to report to the Supervisory Board in a timely fashion on any transactions that may be significant with respect to the profitability or liquidity of the Company in order to give the Supervisory Board an opportunity to express its opinion on such transactions prior to their implementation. The Managing Board must report important matters to the chairperson of the Supervisory Board, including any matters involving subsidiaries that become known to the Managing Board and that could have a material effect on the Company. The Articles of Association or the Supervisory Board shall designate types of transactions that may only be conducted with the prior approval of the Supervisory Board. Matters subject to the prior approval of the Supervisory Board or of a committee of the Supervisory Board currently are (i) the acquisition, disposal and transformation of companies, shareholdings and parts of companies exceeding a certain threshold, (ii) the entry into new, limitation, termination or material change of existing areas of business exceeding certain financial thresholds or number of employees, (iii) investments or divestments in relation to movable assets, intangible assets or external leases exceeding certain thresholds, (iv) the acquisition, development, sale or encumbrance of properties or similar rights exceeding certain thresholds, (v) the conclusion of financing agreements exceeding certain thresholds, (vi) the granting of warranties, guarantees, letters of support or similar liabilities exceeding certain thresholds, (vii) the entering into settlements in court or arbitration proceedings with settlement amounts exceeding certain thresholds, (viii) the annual planning, (ix) the appointment and dismissal of certain persons charged with management functions on the first level below the Managing Board, (x) the main principles of the remuneration and incentive system for employees of the Company and its controlled subsidiaries and (xi) any changes or measures in relation to the strategy regarding the corporate, brand and design image of the Company and its consolidated subsidiaries, in particular with respect to the use of the Siemens brand. The Managing Board must furthermore ensure that, with respect to direct or indirect subsidiaries of the Company, the aforementioned matters are not implemented without the prior approval of the corporate body which is controlled by the Company. The Managing Board may only grant such approval in controlled companies upon approval of the Supervisory Board.

In addition to the aforementioned transactions and measures, the Supervisory Board may make other types of transactions and measures subject to its prior approval by amending the rules of procedure of the Managing Board or the Supervisory Board or through a resolution of the Supervisory Board. The Supervisory Board may also grant revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

For as long as the Company remains a part of the Siemens Group, the Managing Board will provide Siemens AG with all information and documents required for the preparation of the consolidated financial statements and management report. In addition, the Managing Board will, to the extent legally permitted and as

long as this does not cause the Company any disadvantage, provide the managing board of Siemens AG with any other information and take any measures to permit the managing board of Siemens AG to fulfil its duties in connection with the management of the Siemens Group, including the Siemens Group's group governance requirements, in particular, with respect to the implementation and maintenance of a group-wide compliance and risk management system. If the Managing Board concludes that the Company or any subsidiary (Sections 15 et seq. AktG) must deviate from the above, it informs the Supervisory Board accordingly.

Each member of the Managing Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Managing Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Managing Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Managing Board or the Supervisory Board to the Company for any damages the Company has incurred. The Company's Directors' and Officers' (D&O) Liability insurance policy provides financial loss coverage up to a certain amount for members of the Managing Board and the Supervisory Board with regard to their activities. The Company bears the cost of these insurance policies. However, it should be noted that applicable German law requires that each member of our Managing Board remains personally responsible in the case of any finding of personal liability of such member, as the case may be, for 10% of the total amount of such personal liability, up to an amount that equals 150% of such member's total annual fixed remuneration.

Under German law, shareholders generally have no right to directly assert claims against members of the Managing Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Managing Board or Supervisory Board). With respect to claims against members of the Managing Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Managing Board. The German Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Managing Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Managing Board.

If either the Supervisory Board or the Managing Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Managing Board or Supervisory Board in their own names. However, such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Shareholders and shareholder associations may solicit via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Managing Board or Supervisory Board if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Managing Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his or her influence on the Company to cause a member of the Managing Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Managing Board and Supervisory Board are jointly and severally liable, in addition to the person using his influence, if such members acted in breach of their duty of care towards the Company.

19.2 Managing Board

19.2.1 Overview

Under the Articles of Association, the Managing Board consists of several persons. The Supervisory Board determines the exact number of the members of the Managing Board. The Supervisory Board may appoint members of the Managing Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke for good cause (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company' shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons) the appointment of a member of the Managing Board prior to the expiration of the relevant member's term.

The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Managing Board and, in general, for representing the Company in and out of court *vis-à-vis* the members of the Managing Board.

Pursuant to Section 84 para. 2 AktG and Section 5 para. 2 of the Articles of Association, the Supervisory Board may appoint any member of the Managing Board as chairperson of the Managing Board (the "**Managing Board Chairperson**") and any other member as deputy chairperson.

The Managing Board has a quorum if at least two thirds of its members participate in voting. Members connected by telephone or video conference shall be deemed to be in attendance. Absent members may cast their votes in writing, orally by telephone, by fax or e-mail, or using any other common means of communication. Where possible, resolutions by the Managing Board should be passed unanimously. If this cannot be accomplished, adoption of a resolution shall require a simple majority of the votes cast. In the event of a tie, the Managing Board Chairperson shall cast the tie-breaking vote. At the instruction of the Managing Board Chairperson, resolutions may also be voted on during telephone or video conference calls, or votes may be cast outside of meetings in writing, orally by telephone, by fax or e-mail, or using other common means of communication. Notwithstanding the general rule described above, a resolution voted on in this manner shall be considered to have passed if at least two thirds of the members of the Managing Board have cast their votes in favor.

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Managing Board or a member of the Managing Board jointly with any authorized representative (*Prokurist*). In addition, the Company is represented by authorized representatives (*Prokuristen*) or other authorized signatories in line with detailed specifications of the Managing Board.

The internal rules of procedure of the Managing Board require that the delegation of responsibilities to individual members of the Managing Board is established on the basis of the business allocation plan (*Geschäftsverteilungsplan*) which is adopted by the Supervisory Board.

Additional provisions regarding, *inter alia*, the composition of the Managing Board, the duties of its members, the overall responsibility of the Managing Board, the allocation of responsibilities for particular functions and the Managing Board's internal organization are set forth in the rules of procedure of the Managing Board, which were adopted by the Supervisory Board on February 26, 2018.

19.2.2 Members of the Managing Board

The following table sets forth the current members of the Managing Board, their respective age, current term and position:

Name	Age	Member since	Appointed until	Position
Dr. Bernhard Montag	48	2018	2021	Chief Executive Officer (CEO)
Michael Reitermann	55	2018	2021	Chief Markets and Diagnostics Officer
Dr. Jochen Schmitz	51	2018	2021	Chief Financial Officer (CFO)

Dr. Bernhard Montag was born in Munich, Germany, in 1969. He studied at the University of Nuremberg-Erlangen, Germany, where he received a diploma and PhD in physics. He began his career at the University of Nuremberg-Erlangen, Germany, as a research fellow at the Institute for Theoretical Physics in 1993 before joining Siemens' healthcare business in 1995. From 1997 to 2004, he held various positions in the Computed Tomography and Magnetic Resonance business units within the Siemens healthcare business, including Export Sales Manager, Market Segment Manager and Head of Marketing for the business unit Magnetic Resonance, prior to becoming the CEO of the Computed Tomography business unit in 2004. Between 2008 and 2015, he first served as CEO for the Siemens Healthcare Imaging and IT division and then as CEO of the Division Imaging and Therapy Systems. In 2015, he became CEO of Siemens Healthineers.

Dr. Montag has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Michael Reitermann was born in Stuttgart, Germany, in 1962. He holds a degree in industrial engineering (*Diplom-Wirtschaftsingenieur*) from the University of Karlsruhe, Germany, and an MBA from the University of British Columbia, Canada. He joined Siemens in 1990 and held various roles in the Corporate Planning and Strategy department as well as in Siemens Management Consulting. In 1998, Mr. Reitermann joined Siemens' Medical Solutions business unit in Forchheim, Germany as Head of Marketing, Product Definition and Worldwide Sales in the business unit Medical Solutions, Angiography, Fluoroscopy and X-ray. He then relocated to the United States where he held several management positions in the business units Nuclear Medicine and CTI Molecular between 2002 and 2009, after which he later became CEO of the Customer Solutions Group and, in 2010, CEO of the Diagnostics Division in the United States. Mr. Reitermann has been COO of Siemens Healthineers since 2015.

Alongside his office as a member of the Managing Board, Mr. Reitermann is currently a Member of the Board of Siemens Foundation, United States.

Other than that, Mr. Reitermann has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Jochen Schmitz was born in Mönchengladbach, Germany, in 1966. He studied business administration and economics at the University of Augsburg, Germany, and received his PhD in the same field. From 1996 to 2004, he held various positions in the Corporate Finance department of Siemens AG. In 2004, Dr. Schmitz took over the role as Head of Performance Controlling of the Healthcare Sector of Siemens AG and subsequently was appointed CFO of the Healthcare business unit Molecular Imaging in the United States. In 2006, he became CFO of the Diagnostics Division in the United States and, from 2009 to 2011, served as CFO of the Siemens Healthcare Imaging and Therapy Systems Division. Prior to becoming CFO of Siemens Healthineers in December 2017, he held the position of Corporate Vice President and Controller at Siemens AG.

Alongside his office as a member of the Managing Board, Dr. Schmitz is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Member of the Board of Directors of Siemens Sp. z o.o., Poland
- Member of the Board of Directors of Siemens Sweden AB, Sweden
- Member of the Board of Directors of Siemens Holdings plc, United Kingdom

Past:

- Member of the Advisory Board of Voith Hydro

Other than listed above, Dr. Schmitz has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

The members of the Managing Board may be contacted at the Company's business address.

19.2.3 Remuneration and Other Benefits of the Members of the Managing Board

19.2.3.1 Managing Board Compensation for Managing Board of Siemens Healthcare GmbH for the fiscal year ended September 30, 2017

The Company was established on December 1, 2017 and the current members of the Managing Board of the Company were appointed with effect as of March 1, 2018. Therefore, the current members of the Managing Board of Siemens Healthineers AG received no compensation from Siemens Healthineers AG during the fiscal year ended September 30, 2017. See Note 25 to the Combined Financial Statements included elsewhere in the Prospectus for a description of the remuneration of the managing board of Siemens Healthcare GmbH in the fiscal years ended September 30, 2017, 2016 and 2015. Dr. Montag and Mr. Reitermann were members of the managing board of Siemens Healthcare GmbH during the fiscal year ended September 30, 2017, whereas Dr. Schmitz was appointed to the managing board of Siemens Healthcare GmbH as of December 1, 2017.

19.2.3.2 Remuneration System

The remuneration system for the Managing Board is intended to reflect the long-term strategic objectives of the Group and the responsibilities of the members of the Managing Board as well as the scope of their roles, at the same time considering each member's level of experience.

The proposed target compensation structure for the Managing Board members consists for non-performance and performance-based components of approximately 35% base compensation, 25% variable compensation (bonus), as well as 40% long-term stock-based compensation. The remuneration system for the Managing Board has the following components:

19.2.3.2.1 Non-performance-based Components

The members of the Managing Board receive a fixed base compensation in cash which is paid in twelve equal installments as a monthly salary. The annual base compensation for Dr. Montag is €1,050,000, for Dr. Schmitz €645,000 and for Mr. Reitermann €750,000.

Additionally, non-monetary benefits and perquisites are granted, such as provision of a company car, contributions towards the cost of insurance, reimbursement of fees for tax advice and accommodation and moving expenses, including any taxes that have been assumed in this regard, as well as costs connected with preventive medical examinations.

19.2.3.2.2 Performance-based Components

Performance-based components include a variable compensation component (bonus) and a long-term stock-based incentive:

(a) Variable Compensation Component (Bonus)

The variable compensation component (bonus) is based on the Company's business performance in the last fiscal year and individual targets. The business related components relate to the following parameters: growth of earnings per share in percent in the last fiscal year and growth of comparable revenue in percent in the last fiscal year. However, the first business related parameter will only be applied as of the fiscal year ending September 30, 2019 taking into account that the Offering takes place in the course of the fiscal year ended September 30, 2018 and will be replaced by the adjusted profit margin for such fiscal year.

Including the individual targets, each component accounts for approximately 1/3 of the bonus. A target amount corresponding to 100% overall target attainment is defined individually for each member of the Managing Board. The annual target amount equals €750,000 for Dr. Montag, €470,000 for Dr. Schmitz and €525,000 for Mr. Reitermann. The variable compensation component is subject to a ceiling (cap) of 200% of the respective target amount. The Supervisory Board is entitled to revise the amount resulting from attaining targets via a multiplier, by 20% upward or downward in the light of specific criteria, such as indicators for a sustainable

corporate management (*e.g.*, employee or customer satisfaction or the Company's economic situation) or in recognition of the Managing Board members' individual attainment in reaching the defined targets. In such case, the variable compensation component is subject to an increased ceiling (cap) of 240% of the target amount. The variable compensation component is paid in cash. In the future, adjustment criteria, final adjustments and their rationales in relation to the attainment of the targets and the modifying option will be retrospectively disclosed in the annual report of the following fiscal year. Despite the attainment of the set targets, the Supervisory Board can reduce the paid sum (down to no payment) in case of severe breaches of duty, severe violations of compliance rules and / or severe unethical behavior of a member of the Managing Board.

(b) Long-term stock-based Compensation

The long-term incentive consists of a yearly grant of forfeitable stock commitments ("**Performance Stock Awards**") at the beginning of the fiscal year. After a four-year vesting period, beneficiaries receive one share in the Company for each Performance Stock Award or an equivalent in cash. The number of Performance Stock Awards granted, and thus the monetary value of this compensation component, depends on the Company's total shareholder return ("**TSR**") compared to a peer group of selected competitors (the "**Group of Competitors**"). The composition of the Group of Competitors may be adjusted by the Supervisory Board in case of significant changes (for example occurrence of mergers and acquisitions or takeovers).

Each member of the Managing Board is granted a target amount (€1.2 million for Dr. Montag, €735,000 for Dr. Schmitz and €840,000 for Mr. Reitermann) that was contractually and individually defined for each member of the Managing Board and may be increased by the Supervisory Board's annual decision by up to 75% per fiscal year but will return to its contractually agreed level in the following year unless the Supervisory Board elects again to increase the target amount. The number of Performance Stock Awards granted is calculated by dividing the actual target amount determined by the Supervisory Board by the closing price of the Company's shares on the grant date less the discounted estimated dividends during the four-year vesting period.

The TSR is determined over a twelve-month reference period (the "**Reference Period**") equaling the fiscal year in which the respective Performance Stock Awards are granted (respectively, the period from the commencement of trading in the Company's shares on the regulated market of the Frankfurt Stock Exchange until September 30, 2018 for the current fiscal year). The Company's TSR-value for the Reference Period is compared to the development of the TSR-value of the Group of Competitors over a subsequent three-year performance period (the "**Performance Period**"). The respective TSR-values for the Reference and Performance Periods equal the average values of the final monthly TSR-values for the respective period. A development of the TSR over the Performance Period at the median of the development of the TSR of the Group of Competitors results in a target attainment of 100%. A score which lies within the first quartile (Q1) of the Group of Competitors defines the lower threshold for the number of Performance Stock Awards (no target attainment and payout equal to zero), whereas a score which lies within the third quartile (Q3) of the Group of Competitors defines the cap and maximum target attainment of 200% for the number of Stock Performance Awards. The attainment of the target is defined along a linear progression between Q1 and median as well as between median and Q3. After the end of the vesting period, the payout can be made in shares of the Company (deriving from a capital increase or from treasury shares) or alternatively in cash.

If target attainment is above 100%, the members of the Managing Board will receive – in addition to the respective number of shares in the Company – a cash payment corresponding to the outperformance. If target attainment is less than 100%, a number of stock commitments equivalent to the shortfall from the target will be forfeited without replacement. The total value of the Company's shares and of the cash payment is subject to a ceiling of 300% of the relevant target amount. If this maximum amount of compensation is exceeded, the corresponding entitlement to stock commitments will be forfeited without replacement.

Despite the attainment of the set targets, the Supervisory Board can reduce the paid sum (down to no payment) in case of severe breaches of duty, severe violations of compliance rules and / or severe unethical behavior of a member of the Managing Board.

The members of the Managing Board are given the opportunity to agree that any unvested long-term stock-based compensation tranches under which Siemens stock awards were granted in the fiscal years 2015, 2016 and 2017 will be paid out in cash by the respective grantor, and that the net amount of such payment will be used to purchase shares in the Company to build up the Managing Board members' share ownership according to the respective requirements. Such purchases of shares in the Company could possibly take place immediately after the Offering and could occur at a price that is potentially higher or lower than the Offer Price. Any Siemens stock awards granted in the fiscal year ending September 30, 2018 will be cancelled by agreement and replaced by a grant of Performance Stock Awards, as described above.

19.2.3.2.3 Overall Maximum Compensation Amount

In addition to the maximum ceiling amounts (caps) for the variable compensation and long-term stock-based compensation as described above, a maximum amount for the total compensation of 1.7 times the target compensation has been defined for each member of the Managing Board. Target compensation comprises the base compensation, the target amount for variable compensation and the target amount for long-term stock-based compensation, excluding fringe benefits and pension benefit commitments. The inclusion of fringe benefits and pension benefit commitments for a given fiscal year increases the maximum amount of compensation accordingly. For the fiscal years in which Siemens Healthineers IPO stock awards are granted, the maximum compensation amount increases in each case by the corresponding amounts.

19.2.3.2.4 Pension Benefit Commitments

The members of the Managing Board participate in the Company's defined contribution oriented benefit plan (*Beitragsorientierte Altersversorgung*). Under the defined contribution oriented benefit plan, members of the Managing Board receive contributions that are credited to their personal pension account. The amount of the contribution is determined annually by the Supervisory Board and has been proposed at 28% of the total of the base compensation and the target variable compensation. Managing Board members are eligible to receive benefits under the defined contribution oriented benefit plan at the age of 60 or – in the case of benefit commitments made on or after January 1, 2012, the age of 62.

19.2.3.3 IPO Incentive

A one-time IPO equity incentive (the "**IPO Equity Incentive**") will be granted by the Company or the employing Group company, as applicable, to the members of the Managing Board and selected key employees of the Group under the condition that the Offering has taken place by the end of June 2018. The amount of the IPO Equity Incentive depends on the success of the Offering as well as on the performance of the Company's share in the year following the Offering as well as the current and future performance of the Company. The Supervisory Board will evaluate these criteria while also taking into account the overall market situation and the individual contribution of each member of the Managing Board. The target amounts equal the one-year base compensation of the respective member of the Managing Board or key employees of the Group. If the Offering has not taken place by the end of June 2018, no IPO Equity Incentive will be granted. If the Offering takes place, target attainment can vary between 50% (floor) and 150% (cap) of the target amount. The IPO Equity Incentive will be granted in two tranches, *i.e.*, one half following the closing of the Offering (settlement) and the other half one year later.

Both tranches of the IPO Equity Incentive will be granted as forfeitable stock commitments, each with a three-year vesting period, at the end of which beneficiaries receive one share in the Company for each stock commitment or alternatively an equivalent payment in cash. The number of granted stock commitments is determined by the target amount adjusted by the target attainment and divided by the volume-weighted average share price of the Company's share during the first 20 trading days on XETRA trading, or – in case of the second tranche of the IPO Equity Incentive – during the first 20 trading days on XETRA trading after the first anniversary of the commencement of trading of the Company's shares on the regulated market of the Frankfurt Stock Exchange, in each case less the discounted estimated dividends during the three-year vesting period.

In case the employment relationship of the Managing Board member with the Company or the employing Group company is terminated by the beneficiary, no further stock commitments will be granted. Any stock commitments already granted, but still unvested, will be forfeited without compensation except under special circumstances such as death or disability.

Despite the attainment of the set targets, the Supervisory Board can reduce the paid sum (down to no payment) in case of severe breaches of duty, severe violations of compliance rules and / or severe unethical behavior of the respective beneficiary.

19.2.3.4 Commitments in connection with Termination of Managing Board Membership

Managing Board employment contracts provide for a compensatory payment if membership on the Managing Board is terminated prematurely by mutual agreement and without serious cause. The amount of this payment must not exceed the value of two years' compensation and must compensate no more than the remaining term of the contract (cap). The amount of the compensatory payment is calculated on the basis of base compensation, together with the variable compensation and the long-term stock-based compensation actually received during the last fiscal year prior to termination. The compensatory payment is payable in the month when the respective person ceases to be a member of the Managing Board. In addition, a one-time special contribution is made to the defined contribution oriented benefit plan. The amount of this contribution is based on the

contribution that the Managing Board member received in the previous fiscal year and on the remaining term of appointment, but is limited to not more than two years' contributions (cap). The above benefits are not paid if an amicable termination of the member's activity on the Managing Board is agreed upon at the member's request, or if there is serious cause for the Company to terminate the employment relationship.

In the event of a change of control that results in a substantial change in a Managing Board member's position – for example, due to a change in corporate strategy or a change in the Managing Board member's duties and responsibilities – the Managing Board member has the right to terminate the contract with the Company. A change of control occurs if one or more shareholders, which are not part of the Siemens Group, acting jointly or in concert acquire a majority of the voting rights in the Company and exercise a controlling influence or if the Company becomes a dependent enterprise that is not within the Siemens Group as a result of entering into an intercompany agreement within the meaning of Section 291 AktG or if the Company is to be merged into an existing corporation or other entity outside the Siemens Group. If this right of termination is exercised, the Managing Board member is entitled to a severance payment in the amount of not more than two years' compensation. The calculation of the annual compensation will include not only the base compensation and the target amount for the bonus, but also the target amount for Performance Stock Awards, in each case based on the most recent fiscal year completed prior to the termination of the member's contract. The stock-based components for which a firm commitment already exists will remain unaffected. There is no entitlement to a severance payment if the Managing Board member receives benefits from third parties in connection with a change of control. Moreover, there is no right to terminate if the change of control occurs within a period of twelve months prior to a Managing Board member's retirement.

Compensatory or severance payments also cover non-monetary benefits by including an amount of 5% of the total compensation or severance amount. Compensatory or severance payments will be reduced by 10% as a lump-sum allowance for discounted values and for income earned elsewhere. However, this reduction will apply only to the portion of the compensatory or severance payment that was calculated without taking into account the first six months of the remaining term of the Managing Board member's employment contract.

Stock commitments that were made as long-term stock-based compensation and for which the vesting period is still in effect will be forfeited without replacement if the employment contract is not extended after the end of an appointment period, either at the Managing Board member's request or because there is serious cause that would have entitled the Company to revoke the appointment or terminate the contract. However, once granted, Performance Stock Awards are not forfeited if the employment contract is terminated by mutual agreement at the Company's request, or because of retirement, disability or death or in connection with a spinoff, the transfer of an operation, or a change of activity within the corporate group. In these cases, the Performance Stock Awards will remain in effect upon termination of the employment contract and will be honored on expiration of the vesting period.

19.2.3.5 Secondary Activities of Managing Board Members

Members of the Managing Board may accept secondary activities – in particular, supervisory board positions outside the Group – only with the approval of the Executive Committee of the Supervisory Board, but the plenum of the Supervisory Board remains responsible to resolve on any adjustment to the member's compensation in order to take account of possible compensation for secondary activities. The holding of positions of companies within the Siemens Group is considered to be covered by contractual Managing Board remuneration. As a rule, Managing Board members are obligated to waive any compensation for such positions. Should a waiver not be possible under the applicable legal or tax regulations, the compensation paid to a Managing Board member in connection with such positions will be set off against the remuneration under the member's employment contract with the Company.

19.3 Supervisory Board

19.3.1 Overview

In accordance with Sections 95 and 96 AktG and Section 7 of the Articles of Association, the Supervisory Board consists of nine members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to German rules on co-determination (*unternehmerische Mitbestimmung*), the Company is not required to establish a co-determined supervisory board. It employs less than the relevant number of employees and, in accordance with German co-determination rules, employees of other Group companies are not attributed to the Company. The Company's fully owned-subsidiary Siemens Healthcare GmbH has a co-determined supervisory board (*mitbestimmter Aufsichtsrat*) with currently 16 members (equally

split between shareholder representatives and employee representatives). Pursuant to Section 100 para. 5 AktG, the members of the Supervisory Board as a whole shall be familiar with the industry in which the Company conducts its business.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth fiscal year after the commencement of the term of office. The fiscal year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor shall be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. The same applies if a re-election becomes necessary due to a challenge of a previous election. Re-election of members of the Supervisory Board is permissible. The proposal for the election and appointment shall take into account the maximum length of service on the Supervisory Board of three complete terms (15 years).

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who shall replace any members of the Supervisory Board leaving their office before the end of their term or whose election has been successfully contested. The term of office of such substitute members shall terminate at the end of the Company's shareholders' meeting in which a successor is elected and, at the latest, at the end of the term of office of the leaving member of the Supervisory Board. If the relevant substitute member whose term of office was terminated due to the election of a successor was appointed as substitute member for several members of the Supervisory Board, the member's position as substitute member shall revive for such other position(s).

The Supervisory Board shall elect a chairperson (the "**Supervisory Board Chairperson**") and a deputy chairperson from among its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election(s). If the chairperson or the deputy leaves office before the end of his term, the Supervisory Board shall hold a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without good cause, giving written notice four weeks in advance to the Supervisory Board Chairperson or, in case of a resignation by the Supervisory Board Chairperson, to the deputy. The Supervisory Board Chairperson, or – in case of a resignation by the Supervisory Board Chairperson – the deputy, may consent to shorten or waive such four week notice period.

The Supervisory Board shall hold at least two meetings in each calendar half-year. Meetings of the Supervisory Board shall be called at least 14 calendar days in advance by the Supervisory Board Chairperson, not including the day on which the invitation is sent and the day of the meeting itself. In urgent cases, this notice period may be shortened. The invitation shall include the agenda of the meeting. Decisions on matters not included on the original meeting agenda may be made only if no members of the Supervisory Board object.

The Articles of Association and the rules of procedure for the Supervisory Board provide that the Supervisory Board has a quorum if at least half of the number of members it shall consist of participate in the vote. Absent members of the Supervisory Board who cast their vote in writing (including by e-mail or fax) or in any other way permitted by the Articles of Association or the rules of procedure of the Supervisory Board as well as any members who abstain from voting, are considered present for purposes of calculating the quorum.

Unless otherwise provided by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. Abstentions shall not be deemed votes cast. If a Supervisory Board vote results in a tie, and where a repeated vote on the same matter again results in a tie, the Supervisory Board Chairperson shall cast the tie-breaking vote.

The Supervisory Board may adopt internal rules of procedure. The current version of the Supervisory Board's internal rules of procedure were adopted by resolution of the Supervisory Board on February 26, 2018.

19.3.2 Supervisory Board Committees

The Supervisory Board may form committees from among its members and delegate decision-making power to any such committees as permitted by law. The committees' respective tasks, authorizations and processes are determined by the Supervisory Board. Where permissible by law, important powers of the Supervisory Board may also be transferred to a committee. As provided for by the Supervisory Board's rules of procedure, the Supervisory Board has formed the following committees:

19.3.2.1 Executive Committee

The Executive Committee (*Präsidium*) coordinates the Supervisory Board's work and prepares the Supervisory Board meetings. It takes into account the planning of senior manager development. The Executive

Committee also has, among others, the following responsibilities: (i) granting consent to other mandates of members of the Managing Board or any other secondary employment of relevance; (ii) submitting proposals to the Supervisory Board for the Supervisory Board's proposals to the general shareholders' meeting for the appointment of shareholder representatives of the Supervisory Board; (iii) submitting proposals to the Supervisory Board for the appointment and dismissal of members of the Managing Board and the extension of their appointments; (iv) conclusion, amendment, extension and cancellation of service contracts with members of the Managing Board; (v) submitting proposals to the Supervisory Board for the determination of the total remuneration of our Managing Board members; (vi) granting loans to members of the Managing Board and the Supervisory Board and their dependents; (vii) granting the consent to transactions between the Company and its affiliates on the one hand and a member of the Managing Board or related persons on the other hand; (viii) making proposals for the remuneration system of the Managing Board; (ix) granting consent to the appointment and dismissal of certain persons charged with management functions on the first level below the Managing Board and (x) granting consent to the main principles of the remuneration and incentive system for employees of the Company and its subsidiaries.

Pursuant to the rules of procedure of the Supervisory Board, the Executive Committee shall consist of the Supervisory Board Chairperson, the deputy of the chairperson of the Supervisory Board and one additional member to be elected by the Supervisory Board. As of the date of the Prospectus, the Executive Committee consists of Michael Sen (chairman), Dr. Norbert Gaus and Dr. Andreas Hoffmann.

19.3.2.2 Audit Committee

The purpose of the Audit Committee is to assist the Supervisory Board in fulfilling its responsibilities to oversee the accounting and financial reporting processes. These responsibilities include, among other things, the preparation of the review of the correctness and completeness of the Company's annual financial statements and consolidated financial statements and related disclosure as well as the oversight of the Company's internal control system, risk management and internal audit. The committee furthermore discusses the semi-annual and the quarterly financial announcements with the Managing Board. It also oversees the performance, qualifications and independence of the external auditor, prepares the Supervisory Board's recommendation to the Company's shareholders' meeting regarding the appointment of the auditor and is responsible for the auditor selection procedure, if any, according to Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014.

Pursuant to the rules of procedure of the Supervisory Board, the Audit Committee shall consist of four members to be elected by the Supervisory Board. At least one of the members shall have expertise in the fields of accounting or auditing. As of the date of the Prospectus, the Audit Committee consists of Dr. Ralf Peter Thomas (chairman), Dr. Andreas Hoffmann, Dr. Marion Helmes and Michael Sen, with Dr. Ralf Peter Thomas having the requisite expertise in accounting or auditing.

19.3.2.3 Innovation and Finance Committee

The purpose of the Innovation and Finance Committee is to discuss on the basis of the overall strategy of the Company, which is subject to the consultation of the entire Supervisory Board, the innovation strategy of the Company and to prepare the negotiations and resolutions of the Supervisory Board with respect to the financial position and the capitalization of the Company including the annual planning (budget) of the Company, investments in tangible assets and financial measures. Furthermore, the approval of the Innovation and Finance Committee – rather than that of the full Supervisory Board – is required for transactions and measures for which supervisory board approval is required but whose value does not equal the amount of €300 million. The Innovation and Finance Committee will also regularly review the corporate, brand and design presence of the Company and its subsidiaries, in particular, with a view to appearing as a Siemens Group company.

Pursuant to the rules of procedure of the Supervisory Board, the Innovation and Finance Committee shall consist of four members to be elected by the Supervisory Board. As of the date of the Prospectus, the Innovation and Finance Committee consists of Michael Sen (chairman), Dr. Norbert Gaus, Dr. Gregory Sorensen and Karl-Heinz Streibich.

19.3.3 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their respective current term:

Name	Age	Member since	Appointed until	Position
Michael Sen	49	2018	2023	Chairman
Dr. Norbert Gaus	56	2018	2023	Deputy Chairman
Dr. Andreas Hoffmann	54	2018	2023	Member
Dr. Nathalie von Siemens	46	2018	2023	Member
Dr. Ralf Peter Thomas	56	2018	2023	Member
Dr. Gregory Sorensen	55	2018	2023	Member
Dr. Marion Helmes	52	2018	2023	Member
Karl-Heinz Streibich	65	2018	2023	Member
Dr. Philipp Rösler	45	2018	2023	Member

Michael Sen was born in Korschenbroich, Germany, in 1968. He holds a degree in business and management administration from the Technical University of Berlin, Germany. He joined Siemens AG in 1996 and held various roles in the Corporate Development and Regional Strategies as well as in the Corporate Finance, Projects and Commercial Practices. In 2001, he joined the Information & Communication Mobile business of Siemens AG. In 2003, Mr. Sen was appointed CFO Solutions of the Information & Communication Mobile business and CFO Applications & Solutions of the Communication Mobile Networks business. In 2005, he took over the role as Senior Vice President Strategy Transformation of Corporate Development. From 2007 to 2008, he served as Senior Vice President Investor Relations of Corporate Finance. In 2008, he was appointed CFO of the Healthcare Sector. He was appointed CFO of E.ON SE in 2015. Since 2017 he has been a member of the Managing Board of Siemens AG, chairman of the Supervisory Board of Siemens Healthcare GmbH and member of the Board of Directors of Siemens Gamesa Renewable Energies.

Alongside his office as a member of the Supervisory Board, Michael Sen is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Member of the Managing Board of Siemens AG
- Member of the Board of Directors of Siemens Gamesa Renewable Energies S.A.

Past:

- Member of the Managing Board of E.ON SE
- Member of the Supervisory Board of Uniper SE

Other than listed above, Michael Sen has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Norbert Gaus was born in Nabburg, Germany, in 1961. He studied at Technical University Munich, Germany, where he graduated in Electrical Engineering in 1988. For his research at the German Aerospace Center (DLR) he received his PhD in Engineering from Ruhr University in Bochum in 1991. In 1991 Mr. Gaus joined Siemens where he held various management positions in Corporate Technology and in the Telecommunications businesses. In 2010, Mr. Gaus was appointed CEO of the Clinical Products Division of Siemens Healthcare. From 2013 to 2015, he served as the CEO of the Customer Solutions Division of Siemens Healthcare. In 2015, Mr. Gaus took over the role as Executive Vice President for Research and Development in Digitalization and Automation of Siemens Corporate Technology.

Alongside his office as a member of the Supervisory Board, Dr. Gaus is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Chairman of the Supervisory Board of evosoft kft, Hungary
- Chairman of the Supervisory Board of evosoft GmbH

Past:

- Member of the Supervisory Board of Siemens Poland

Other than listed above, Dr. Gaus has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Andreas Hoffmann was born in Frankfurt/Main, Germany, in 1964. He studied Law at Johann-Wolfgang-Goethe-Universität, Frankfurt am Main, Germany, where he graduated in 1990 and received his PhD in 1995. Further Dr. Hoffmann graduated at University of Miami to receive a Master in Law (LL.M.) in 1995. From 1993 to 2008, he held various legal positions at international law firms as well as BMW AG, MG Technologies AG, Advanced Medien AG and General Electric Company. Dr. Hoffmann joined Siemens AG in 2008. From 2008 to 2010, he acted as General Counsel of the Industry Sector and from 2010 to 2013 he took over the role as General Counsel of Corporate & Finance. Since 2014, Dr. Hoffmann has been General Counsel and Head of Legal and Compliance of Siemens AG.

Alongside his office as a member of the Managing Board, Dr. Hoffmann is currently a member of the foundation board (*Stiftungsrat*) of Siemens Stiftung.

Other than that, Dr. Hoffmann has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Nathalie von Siemens was born in Munich, Germany, in 1971. She studied Philosophy in Munich, Berlin and Paris and received a PhD in philosophy. She joined Siemens AG in 2005 and completed the Siemens Graduate Program from 2005 to 2007. From 2007 to 2011, she worked in the Corporate Portfolio Development team in Corporate Strategy. From 2009 to 2012, Dr. von Siemens was a member of the supervisory board of NSN Management GmbH. From 2011 to 2013, she took over a role in Corporate Development being responsible for corporate talent development. From 2011 to 2016, she was a member of the board of directors of Unify. In 2013 Dr. von Siemens was appointed Managing Director and Spokesperson of the board of Siemens Stiftung. She has been a member of the supervisory board of Siemens AG and of the supervisory board of Siemens Healthcare GmbH since 2015. She has also been a Managing Director of von Siemens-Vermögensverwaltung Gesellschaft mit beschränkter Haftung since 2015.

Alongside her office as a member of the Supervisory Board, Dr. von Siemens is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Managing Director of Siemens Stiftung
- Managing Director of von Siemens-Vermögensverwaltung GmbH
- Managing Director of Dr. Henning von Siemens Verwaltungsgesellschaft mbH
- Member of the Supervisory Board of Messer Group GmbH
- Member of the Supervisory Board of Siemens AG

Past:

- Member of the Board of Directors of Unify
- Member of the Supervisory Board of NSN Management GmbH

Other than listed above, Dr. von Siemens has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Ralf P. Thomas was born in Nuremberg, Germany, in 1961. After completing an apprenticeship in business administration, he studied economics and business administration at the University of Erlangen-Nuremberg where he graduated with a PhD in income tax accounting. Dr. Thomas started his career at Siemens AG in 1995. Four years later, he was appointed Head of Accounting and Treasury at Siemens Ltd., South Africa. After returning to Germany in 2001, he joined Siemens Medical Solutions. From 2002 to 2004 Dr. Thomas was CFO of the business unit Angiography, Fluoroscopic and Radiographic Systems. In 2004, he became Head of Corporate Finance Accounting, Controlling, Reporting & Taxes at Siemens AG. Dr. Thomas became CFO of the Industry Sector in 2008. Since 2013, he has been CFO of Siemens AG. Dr. Thomas is also Chairman of the Administrative Board of the German Accounting Standards Committee (*Deutsches Rechnungslegungsstandards Committee e. V. – DRSC*) and Member of the Administrative Board and Treasurer of the Max-Planck-Gesellschaft e.V. (MPG).

Alongside his office as a member of the Supervisory Board, Dr. Thomas is currently a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

- Member of the Managing Board of Siemens AG
- Member of the Supervisory Board of Siemens Aktiengesellschaft Österreich
- Deputy Chairman of Siemens Corp.
- Member of the Board of Directors of Siemens Gamesa Renewable Energies S.A.
- Chairman of the Administrative Board of the German Accounting Standards Committee (*Deutsches Rechnungslegungsstandards Committee e.V. - DRSC*)
- Member of the Administrative Board and Treasurer of the Max-Planck-Gesellschaft e.V. (MPG)

Other than listed above, Dr. Thomas has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Gregory Sorensen was born in Salt Lake City, USA, in 1962. He holds a B.S. in Biology from the California Institute of Technology, a M.S. in Computer Science from Brigham Young University, and a Medical Degree from Harvard Medical School and the Massachusetts Institute of Technology (MIT). From 1995 to 2011, he served as Professor at Harvard Medical School and Neuroradiologist at Massachusetts General Hospital, with additional faculty appointments at MIT and Oxford University. He acted as Treasurer of the International Society of Magnetic Resonance in Medicine, including oversight of the Audit Committee, from 2006 to 2011. In 2011, he joined Siemens Medical Solutions USA, Inc. and acted as its President and CEO until 2015. He has been Executive Chairman of IMRIS (Deerfield Imaging, Inc.) since 2015. Since 2017 he has been founder, President and CEO of DeepHealth, Inc. and Chairman of Fusion Healthcare Staffing. He has also served as senior strategic advisor to the CEOs of two large Japanese healthcare companies (KonicaMinolta, Hitachi).

Alongside his office as a member of the Supervisory Board, Dr. Sorensen is currently a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

- Executive Chairman of IMRIS (Deerfield Imaging, Inc.)
- Chairman of Fusion Healthcare Staffing, LLC
- Board Member of InviCRO, LLC
- Board Member of DFB Healthcare Acquisitions Corp.
- Board Member of DeepHealth, Inc.

Other than listed above, Dr. Sorensen has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Marion Helmes was born in Emmerich, Germany, in 1965. She graduated with a degree in business administration from the Free University of Berlin, Germany in 1991 and received a PhD from the University of St. Gallen, Switzerland in 1996. She acted as Project Manager of St. Gallen Consulting Group in Warsaw, Poland in 1996 before joining ThyssenKrupp AG as Senior Manager Controlling / Mergers & Acquisitions in 1997. In 2000, she was appointed Vice President Corporate Development of The Budd Company Inc., United States. From 2003 to 2005, she took over the role as Director Mergers & Acquisitions of ThyssenKrupp AG. She acted as Chief Financial Officer of ThyssenKrupp Stainless AG from 2005 to 2006 and as Chief Financial Officer of ThyssenKrupp Elevator AG from 2006 to 2010. From 2010 to 2011, she took over the role as Chief Financial Officer of Q-Cells SE. She held the position of Chief Financial Officer of Celesio AG from 2012 to 2014 and speaker of the Management Board and Chief Financial Officer of Celesio AG from 2013 to 2014. In 2014, she also acted as Chief Operating Officer of Celesio AG.

Alongside her office as a member of the Supervisory Board, Dr. Helmes is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Non-executive Director of British American Tobacco p.l.c.
- Member of the Supervisory Board of Bilfinger SE

- Non-executive Director of NXP Semiconductors N.V.
- Vice Chairwoman of the Supervisory Board of ProSiebenSat. 1 Media SE

Past:

- Speaker of the Management Board of Celesio AG
- Member of the Supervisory Board of Fugro N.V.

Other than listed above, Dr. Helmes has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Karl-Heinz Streibich was born in Schwarzach, Germany, in 1952. He graduated with a degree in communication engineering from Offenburg University of Applied Sciences. He started his career at Dow Chemical Company, Rheinmünster where he also acted as Head of the Computerization team. From 1984 until 1987, he served as Product Marketing Manager and later as Head of Marketing Operations at ITT Industries for Europe, located in the United Kingdom. From 1987 until 1989, Mr. Streibich acted as Head of the PC Division at ITT-SEL AG, Stuttgart. In 1989, Mr. Streibich was appointed Head of the Global PC Division at AEG OLYMPA. From 1992 until 1996, he held several management functions at debis Systemhaus. He served as member of the Board of debis Systemhaus from 1996 until 2000 and as chairman of the Board of debis Systemhaus from 2000 until 2003. Mr. Streibich also acted as deputy chairman of T-Systems from 2000 until 2003 and as Head of IT activities T-Systems. Since 2003 he has been Chairman of the Management Board of Software AG. He currently serves as chairman of the Digitalization Board (*Digitalisierungsbeirat*) of DAK-Gesundheit.

Alongside his office as a member of the Supervisory Board, Mr. Streibich is currently a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

- Chairman of the Management Board of Software AG
- Chairman of the Supervisory Board of Dürr AG
- Member of the Supervisory Board of Deutsche Telekom AG
- Member of the Supervisory Board of Deutsche Messe AG
- Member of the Supervisory Board of Wittenstein SE
- Member of the Precidency of BITKOM
- Member of the Precidency of ACATECH

Other than listed above, Mr. Streibich has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. Philipp Rösler was born in Khanh Hung, Ba Xuyen Province, South Vietnam (now Soc Trang Province, Vietnam), in 1973. After training as a combat medic in the German Bundeswehr, Dr. Rösler studied medicine at Hanover Medical School and received a Ph.D. in the same field. He also holds honorary doctorate degrees in economics from the University of Hanoi and international relations from the University of Cambodia. He left the military service as Stabsarzt and served as chairman of the FDP parliamentary group of the Lower Saxon State Assembly. In 2009, Dr. Rösler was appointed Deputy Prime Minister and Minister of Economics, Labor and Transport of Lower Saxony. From 2009 to 2011, he served as Federal Minister of Health of Germany. In 2011, he was appointed chairman of the Free Democratic Party (FDP) of Germany. From 2011 to 2013, he served as Vice-Chancellor and Federal Minister of Economy and Technology of Germany. Since 2014, he has been a member of the Managing Board and Head of the Centre for Regional Strategies of the World Economic Forum in Switzerland.

Alongside his office as a member of the Supervisory Board, Dr. Rösler is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Current:

- CEO of Hainan Cihang Charity Foundation Inc.
- Member of the Central Committee of German Catholics

Past:

- Member of the Managing Board of World Economic Forum (WEF)
- Member of the Supervisory Board of Kreditanstalt für Wiederaufbau (KfW)
- Chairman of the Board of Trustees of Robert Enke Foundation
- Member of the Board of Trustees of the Bertelsmann Foundation
- Member of the Television Board of Zweites Deutsches Fernsehen (ZDF)

The members of the Supervisory Board may be contacted at the Company's business address.

19.3.4 Remuneration and Other Benefits of the Members of the Supervisory Board

Section 12 of the Articles of Association governs the remuneration of the members of the Supervisory Board. The remuneration of the Supervisory Board consists entirely of fixed compensation and shall reflect Supervisory Board members' responsibilities and scope of work.

Each member receives a fixed compensation of €110,000 for every full fiscal year in which such person is a member of the Supervisory Board.

The annual fixed remuneration amounts to €220,000 for the Supervisory Board Chairperson. Additional annual compensation is paid for service in the committees of the Supervisory Board. Such additional compensation amounts to €40,000 for the chairperson of the Executive Committee and to €20,000 for each other member of the Executive Committee. For the Audit Committee, the additional compensation amounts to €80,000 for the chairperson and €40,000 for every other member. For the Innovation and Finance Committee, the additional compensation amounts to €60,000 for the chairperson and €30,000 for every other member. In addition, an attendance fee of €1,500 shall be paid to every member of the Supervisory Board for each meeting of the Supervisory Board or its committees he or she attended. If a Supervisory Board member fails to attend a meeting of the Supervisory Board, one-third of the overall compensation as described above shall be reduced by a percentage equal to the percentage of meetings the Supervisory Board member has not attended relative to the total number of meetings held in the fiscal year.

The compensation shall be payable after the close of the annual shareholders' meeting at which the annual financial statements for the fiscal year just ended are submitted or which resolves on the approval thereof.

In addition, members of the Supervisory Board are reimbursed for their out-of-pocket expenses incurred in connection with the performance of their duties. The Company also reimburses the members of the Supervisory Board for any VAT due on their compensation.

Members of the Managing Board of Siemens AG who serve as members of the Supervisory Board of the Company shall not receive additional payments for their services, since these are considered to be covered by their contractual Managing Board remuneration. As a rule, they are obliged to waive any compensation that may be due to them in connection with such positions.

The Company was established on December 1, 2017 and, therefore, the Supervisory Board received no compensation in the fiscal year ended September 30, 2017.

19.4 Shareholdings of the Managing Board and the Supervisory Board

Currently, the members of the Managing Board and the Supervisory Board do not own any shares in the Company. However, the members of the Managing Board are obliged to build up share ownership over a period of up to four years, starting from the date of commencement of trading in the Company's shares on the regulated market of the Frankfurt Stock Exchange. The CEO is required to hold shares equal in value to 250% of the base compensation for the duration of the current service period. The other members of the Managing Board are required to build up and hold shares equal in value to 200% of the base compensation for the duration of the current service period.

19.5 Certain Information Regarding the Members of the Managing Board and the Supervisory Board

In the last five years, no member of the Managing Board or the Supervisory Board has been convicted of fraudulent offences; or associated with any bankruptcy, receivership or liquidation acting in such person's capacity as a member of any administrative, management or supervisory body.

In the last five years, no official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities (including designated professional bodies) against the members of the Managing Board or Supervisory Board.

No court has ever disqualified any of the members of the Managing Board or the Supervisory Board from acting as a member of the administrative, management, or supervisory body of a publicly-listed issuer.

No court has disqualified any of the members of the Managing Board or the Supervisory Board from acting in the management or conduct of the affairs of any such issuer at any time during the previous five years.

There are no conflicts of interest or potential conflicts of interest between the members of the Managing Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests or other obligations on the other hand other than potential future conflicts of interests by virtue of the members of the Supervisory Board Michael Sen and Dr. Ralf Peter Thomas currently being members of the managing board and Dr. Nathalie von Siemens currently being a member of the supervisory board of Siemens AG. Dr. Andreas Hoffmann and Dr. Norbert Gaus are currently employed by Siemens AG.

Other than the employment contracts of the members of the Managing Board (see "*19.2.3.4 Commitments in connection with Termination of Managing Board Membership*"), none of the members of the Managing Board or the Supervisory Board has entered into a service agreement with a company of the Group that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Managing Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

19.6 Shareholders' Meeting

19.6.1 Convening of Shareholders' Meetings

The annual shareholders' meeting of the Company is held within the first eight months of each fiscal year. At the choice of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company or in a German city with more than 100,000 inhabitants or in a German city with a stock exchange. The Company's shareholders' meeting is generally convened by the Managing Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the receipt of the notice are disregarded when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*19.6.2 Shareholders' Right to participate in Shareholders' Meetings*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to 5% or more of the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to 5% or more of the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

19.6.2 Shareholders' Right to participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and are entered into the Company's shareholder register are entitled to participate in the shareholders' meeting and to exercise their voting rights. The registration deadline for attending the meeting is published concurrently with the notice of meeting. This registration must be made in text form (*Textform*) in accordance with section 126b of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*) in German or in English and must reach the Company at the address given in the invitation of the shareholders' meeting at least six days prior to the general shareholders' meeting, unless a shorter period of time was set forth in the convening notice for the shareholders' meeting. The day of the receipt of the registration and the day of the shareholders' meeting are not counted for this purpose.

The shareholder's registration shall be submitted in the German- or English-language in writing (*Textform*) or by way of other electronic means as specified by the Company.

Voting rights may be exercised by proxy. The granting of a proxy, its revocation and the evidence of power of representation to be provided to the Company shall be submitted in textform (*Textform*), unless the convening

notice for the shareholders' meeting provides for a less restrictive process. The Managing Board is authorized by the Articles of Association to allow audio-visual transmissions of the shareholders' meeting and to allow shareholders to cast their votes in writing or by means of electronic communication without attending the shareholders' meeting (absentee vote). The Managing Board is further authorized by the Articles of Association to allow shareholders to participate in the shareholders' meeting without being present in person or represented at the shareholders' meeting by exercising all or specific shareholder rights in total or in part by electronic communication (online participation).

19.6.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the Supervisory Board Chairperson. The shareholders' meeting may also be chaired by any other member of the Supervisory Board who has been designated in advance by the Supervisory Board Chairperson. If the Supervisory Board Chairperson is not present and no other Supervisory Board member has been designated to chair the shareholders' meeting or such designee is not present, the Chairperson of the meeting shall be elected by the members of the Supervisory Board representing the shareholders present at such shareholders' meeting.

The chairperson of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, such chairperson may exercise rules of order and make use of assistants. That chairperson shall determine the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. That chairperson may also, to the extent permitted by law, decide on the bundling of factually related items into a single resolution. That chairperson is further authorized to impose a reasonable time limit on the right to ask questions and to speak. In particular, the chairperson may establish a limit on the time allowed to speak or ask questions or on the combined time to speak and ask questions at any time during the shareholders' meeting. That chairperson may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual items on the agenda or individual speakers. If necessary, that chairperson may order the end of the debate in the shareholders' meeting.

19.6.4 Resolutions of the Shareholders' Meeting

Pursuant to Section 17 of the Articles of Association, resolutions of the shareholders' meeting are passed with a simple majority of the votes validly cast, unless mandatory law or the Articles of Association stipulate a higher majority.

According to the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) mandatorily require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude, amend or terminate affiliation agreements (*Unternehmensverträge*);
- amendments to the articles of association;
- amendments to the corporate purpose of the company;
- the creation of conditional or authorized capital;
- the issuance of, or authorization to issue, convertible, warrant and profit-sharing certificates and other profit-sharing rights;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation or a squeeze-out of the Company's minority shareholders; and
- any actions within the meaning of the UmwG.

Neither German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the voting rights associated therewith.

19.7 Corporate Governance

The Code contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. However, pursuant to Section 161 para. 1 AktG, the Managing Board and the Supervisory Board are required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain the reasons for such non-compliance. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions contained in the Code.

Prior to the listing of its shares, the Company is under no obligation to submit a declaration as to compliance with the Code. The Company will fully meet the obligation as a listed company to submit, publish and provide shareholders with permanent access to disclosure in accordance with Section 161 AktG. In accomplishing its goal of sustainably enhancing its value, the Company is guided extensively by the principles of the Code. The Company currently complies, and intends to comply after the listing of the shares, with all recommendations in the Governance Code except for the following:

- No. 5.3.2 of the Code: According to the Code's recommendation, the chair of the audit committee shall be independent. The chair of the Company's Audit Committee does not fulfill the requirement of independence as he is associated with our majority shareholder Siemens AG.

20. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as a company or that are in control of or controlled by a company must be disclosed unless they are already included as consolidated entities in a company's consolidated financial statements. Control exists if a shareholder owns more than one half of the voting rights in a company or, by virtue of an agreement, has the power to control the financial and operating policies of a company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on a company's financial and operating policies, including close family members and intermediate entities. This includes the members of the managing board and supervisory board and close members of their families, as well as those entities over which the members of the managing board and supervisory board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of transactions with related parties as of the date of the Prospectus and as of and for the fiscal years ended September 30, 2017, 2016 and 2015 and as of and for the three months ended December 31, 2017. Further information on related-party transactions, including quantitative amounts, are contained in the notes to the Combined Financial Statements and Unaudited Combined Interim Financial Statements, which are included elsewhere in the Prospectus. Business relationships between companies of the Group are not included.

20.1 Relationship with the Siemens Group

20.1.1 Overview

The Company was established by Siemens AG on December 1, 2017 as the new holding company of the Group. Prior to the Capital Increase, which resulted in the Group's operative business being bundled under the Company, the Company did not conduct any significant business or operations of its own. Therefore, the following discussion focuses on Siemens Healthcare GmbH and its subsidiaries as well as the subsidiaries of Siemens Healthineers Beteiligungen GmbH & Co. KG with other companies of the Siemens Group. For further information on the Group's structure, see "*17.5 Group Structure*".

As fully integrated part of the Siemens Group, the Group's companies had various business relationships with other companies of the Siemens Group in the past and will continue to have significant relationships with the Siemens Group following the Offering. In particular:

- Siemens Healthcare GmbH is a party to the Domination and Profit and Loss Transfer Agreement with Siemens AG that has been terminated by mutual agreement with effect as of the end of March 31, 2018. Following such termination, due to the majority ownership of Siemens AG in the Company, the rules governing factual domination as set out in Sections 311 et seq. AktG will apply to the relation between Siemens AG and the Company: Under these rules, it will be possible for the management of the Company to also take the group interest of Siemens AG into consideration. Even though this does not result in an instruction right of Siemens AG, the management of the Company may even observe requests from Siemens AG that are to the disadvantage of the Company provided that the disadvantage is quantifiable and Siemens AG compensates or agrees to compensate the Company for the disadvantage, such compensation or agreement to take place in the same fiscal year.
- As part of the carve-out process, a large part of the healthcare-related activities, certain services and corporate support functions were transferred from the respective Siemens Group companies to healthcare-dedicated legal entities.
- Certain legal entities and other assets that were conducting healthcare-related activities within the Siemens Group, but were directly or indirectly owned by Siemens AG or its direct or indirect subsidiaries, were transferred from the Siemens Group to the Group in order to implement the group structure in place as of the date of the Prospectus.
- Siemens AG and the Company entered into a Master Agreement on Key Principles (as defined below), pursuant to which the parties have agreed on key principles governing their future relationship, cooperation and the resolution of potential conflicts.
- The Group's companies have access to certain services relating to human resources, real estate, IT, intellectual property, tax advisory, procurement, treasury and financing and other functions.
- In connection with the transfer of the pension assets of the German entities of the Group, Siemens AG has transferred pension plan assets that had a fair value of approximately €780 million as of January 2,

2018 from the Siemens trusts to the Siemens Healthineers Trust (as defined below). Similarly, pension assets of the Siemens U.S. Trust (as defined below) with a fair value of approximately €930 million will be transferred to the Siemens Healthineers U.S. Trust (as defined below).

For further information on the carve-out and corporate reorganization process, see "*3. Carve-out and Corporate Reorganization*".

20.1.2 Ongoing Relationships and Services Provided by the Siemens Group

20.1.2.1 Indemnification and Cost Reimbursement

On March 4, 2018, the Company entered into a cost reimbursement indemnification agreement with the Selling Shareholder and Siemens AG (the "**Cost Reimbursement and Indemnification Agreement**"). Under this agreement, the Selling Shareholder and Siemens AG, jointly and severally, agreed to indemnify and hold harmless the Company from any liabilities, losses, and damages resulting from or related to the Offering, including reasonable legal costs related to the defense against Offering-related claims (together, the "**IPO Damages**"), subject to any deduction for IPO Damages of the Company reimbursed by any IPO insurance. In addition, the Selling Shareholder and Siemens AG agreed to reimburse the Company for all costs incurred in connection with the preparation and the execution of the Offering (except for relevant costs that are subject to the IPO Services Agreement (as defined in the following paragraph)).

On December 22, 2017, Siemens AG and Siemens Healthcare GmbH, as the holding company for major parts of the Siemens healthcare business, entered into an agreement pursuant to which Siemens AG agreed to provide certain services to Siemens Healthcare GmbH in order to support Siemens Healthcare GmbH in preparing the Offering and becoming a stand-alone entity (the "**IPO Services Agreement**"). As consideration for the provision of the relevant services, Siemens Healthcare GmbH agreed to pay to Siemens AG a reasonable compensation, covering, in particular, the fees payable to third parties instructed (such as, for example, the Underwriters, legal counsels or auditors) or costs otherwise arising in the context of the Offering. Siemens AG and Siemens Healthcare GmbH further agreed to use their best efforts to ensure that the relevant services are provided until March 31, 2018 and in a way that allows including them as liabilities or provisions in Siemens Healthcare GmbH's annual financial statements for the First Short Fiscal Year, thereby effectively reducing the profit that Siemens Healthcare GmbH is required to transfer to Siemens AG under the Domination and Profit and Loss Transfer Agreement, see below "*20.1.2.2 Domination and Profit and Loss Transfer Agreement*". Since the Profit Transfer Agreement will only become effective as of April 1, 2018 (see "*20.1.2.2 Domination and Profit and Loss Transfer Agreement*"), the respective compensation payments Siemens Healthcare GmbH makes under the IPO Services Agreement do not affect the German GAAP financial statements of the Company. After March 31, 2018, Siemens AG may only render services under the IPO Services Agreement to the extent that (i) they have been pre-agreed by the parties to the IPO Services Agreement as part of a budget and (ii) the total amount for such services does not exceed an aggregate amount of €5 million. The Selling Shareholder acceded to the IPO Services Agreement on March 2, 2018.

20.1.2.2 Domination and Profit and Loss Transfer Agreement

Siemens Healthcare GmbH, as controlled company, and Siemens AG, as controlling company, are parties to the Domination and Profit and Loss Transfer Agreement. Pursuant to this agreement, Siemens Healthcare GmbH is required to carry out its business at the direction of Siemens AG and is obligated to transfer to Siemens AG its entire net income (*Gewinn*) as determined by the annual financial statements prepared in accordance with German GAAP (subject to the allocation of amounts to retained earnings or the dissolution of reserves (*Rücklagen*) reduced by loss carry-forward (*Verlustvortrag*) of the previous fiscal year and by the amount that is required to be maintained for statutory reserves (*gesetzliche Rücklagen*)), and Siemens AG is obligated to assume Siemens Healthcare GmbH's losses (*Verlust*) in each fiscal year. The profits transferred from Siemens Healthcare GmbH to Siemens AG in the fiscal years ended September 30, 2017, 2016 and 2015 amounted to €815 million, €909 million and €806 million, respectively. In preparation for the Offering, the Domination and Profit and Loss Transfer Agreement was terminated by way of a mutual termination agreement dated January 18/22, 2018 with effect as of the end of March 31, 2018. Siemens Healthcare GmbH and Siemens Healthineers AG entered into a profit transfer agreement (*Gewinnabführungsvertrag*) dated February 16/19, 2018 and effective as of April 1, 2018 (the "**Profit Transfer Agreement**"). For further information, see "*7.3 2018 Dividend*" and "*7.1 General Provisions Relating to Dividend Rights and Dividend Payments*".

20.1.2.3 Contribution Agreements

On February 2, 2018, in the context of the Capital Increase, Siemens AG, Siemens France Holding S.A.S. and Siemens Beteiligungsverwaltung GmbH & Co. OHG entered into the Contribution Agreements with the

Company (see "*3.3 Capital Increase*"). The Contribution Agreements govern the contribution of the various shareholdings of Siemens AG, Siemens France Holding S.A.S. and Siemens Beteiligungsverwaltung GmbH & Co. OHG against issuance of new shares in the Company. In addition, the Contribution Agreements provide, among other things, for the following:

- Under the Siemens Contribution Agreement, Siemens AG and the Company agree to ensure that all claims for the transfer of profits and compensation of losses arising under the Domination and Profit and Loss Transfer Agreement that has been terminated by mutual agreement with effect as of March 31, 2018 (see "20.1.2.2 *Domination and Profit and Loss Transfer Agreement*") are settled. The Company agrees to compensate Siemens AG and *vice versa* if and to the extent that the profit transfer under the Domination and Profit and Loss Transfer Agreement deviates more than to a predefined extent from the expected amounts.
- The Company further agrees to indemnify and hold harmless Siemens AG from (i) any additional payment obligations towards Siemens Healthcare GmbH in connection with the Domination and Profit and Loss Transfer Agreement (except for those explicitly agreed in the Siemens Contribution Agreement) and (ii) any claims raised by creditors of Siemens Healthcare GmbH against Siemens AG in the context of the termination of the Domination and Profit and Loss Transfer Agreement. In addition, the Company is required to compensate Siemens AG for certain defined tax benefits of Group companies resulting from the contribution of Siemens AG's healthcare business into Siemens Healthcare GmbH and to indemnify and hold harmless Siemens AG and Siemens France Holding S.A.S. from certain tax claims, including claims against Siemens AG and Siemens France Holding S.A.S. arising from certain harmful transactions in relation to the shares in Siemens Healthcare GmbH held by the Company and the shares in Siemens Healthcare S.A.S. held by Siemens Healthcare GmbH. Except for the indemnification described in the preceding sentence and the obligation to compensate Siemens AG for certain tax benefits, the Company's liability towards Siemens AG under the Siemens Contribution Agreement is limited to a maximum amount of €1 billion, which may be decreased in certain cases.
- Under the SBV Contribution Agreement, Siemens Beteiligungsverwaltung GmbH & Co. OHG and the Company, among other things, agree on the exercise of certain tax options by the Company as well as other obligations in the context of tax filings and other tax matters. The Company agrees to indemnify and hold harmless Siemens Beteiligungsverwaltung GmbH & Co. OHG and Siemens AG from any taxes, costs and other disadvantages resulting from a violation of the aforementioned obligations. In addition, the Company agrees to indemnify and hold harmless Siemens Beteiligungsverwaltung GmbH & Co. OHG and its affiliated companies (other than Group companies) from any liabilities and obligations related to or arising from the Group's business. *Vice versa*, Siemens Beteiligungsverwaltung GmbH & Co. OHG agrees to indemnify and hold harmless the Company and its affiliated companies from any liabilities and obligations related to or arising from Siemens Beteiligungsverwaltung GmbH & Co. OHG's business. Liabilities and indemnifications under the SBV Contribution Agreement are limited for each indemnifying party to a maximum amount of €5 billion whereas with regard to specific claims the same liability limitation as under the Siemens Contribution Agreement applies (and with regard to certain claims of Siemens Beteiligungsverwaltung GmbH & Co. OHG, such claims are to be aggregated with claims of Siemens AG under the Siemens Contribution Agreement).

20.1.2.4 Master Agreement on Key Principles

On March 2, 2018, the Company and Siemens AG entered into an agreement that governs certain key principles for the future relationship and cooperation between the Group and the Siemens Group (the "**Agreement on Key Principles**"). Among other things, the parties agree, to the extent legally permitted, to collaborate, cooperate and align on certain matters in order, *inter alia*, to allow Siemens AG (i) to prepare its consolidated financial statements, prospectuses, other mandatory reports, tax returns, forecasts and budget planning, (ii) to ensure compliance with its organizational and compliance duties and (iii) to ensure compliance with its reporting and capital markets related obligations. The collaboration obligations also extend to the alignment of certain external communication, name and trademark use, reporting processes, risk management and corporate social responsibilities. The Company is permitted to request certain information regarding the Siemens Group required for the Company to comply with applicable mandatory laws, including, but not limited to, the rules of any national stock exchange. Further, certain confidentiality standards are set forth as regards the Agreement on Key Principles and its performance, including the information exchange pursuant to the Agreement on Key Principles.

The Agreement on Key Principles shall terminate (i) in case the Company is no longer fully consolidated in any of Siemens AG's quarterly results or consolidated financial statements, (ii) by termination of either party in

case the Company is no longer required to be fully consolidated in Siemens AG's consolidated financial statements, (iii) by written agreement of Siemens AG and the Company or (iv) by termination of either party for good cause (*wichtiger Grund*), whereas in the latter case the termination shall not take effect before the adoption of the last consolidated financial statements of Siemens AG in which the Company needs to be fully consolidated. A termination of the Agreement on Key Principles does not release the Company from providing certain information to Siemens AG required in order to comply with mandatory legal requirements binding on Siemens AG and the Siemens Group.

20.1.2.5 Service Agreements

As a fully-integrated part of the Siemens Group, certain services of the Group (such as services related, for example, to taxes, legal and contract management, information technology, corporate communications, procurement, human resources, internal audit, compliance, accounting, treasury and finance) were historically performed by other companies of the Siemens Group based on approximately 1,200 internal service and service level agreements.

In preparation for the Offering, we evaluated our existing services relationships with the Siemens Group and determined, on a group and local level, our future requirements and needs with respect to such services. We considered whether it would be more beneficial for us from an economic point of view to continue utilizing existing and natural synergies within the Siemens Group after the Offering or to procure the relevant services from third-party providers. In addition, we evaluated which services, particularly for legal, compliance or regulatory reasons, could not be sourced from the Siemens Group but would instead need to be set up within the Group. We also determined whether services that we continue to source from the Siemens Group after the Offering will only be required for a short-term transitional period of up to 12 months or for a longer period of at least 24 months. Depending on the outcome of such determination, we entered into a number of standardized transitional service agreements ("**TSAs**") and largely standardized long-term service agreements ("**LSAs**") with companies of the Siemens Group, as service providers, and companies of the Group, as service recipients. With respect to certain service functions, including, in particular, certain treasury and finance services as well as services provided by Siemens Corporate Technology ("**Siemens CT**"), certain Group companies entered into individually negotiated long-term agreements with companies of the Siemens Group. Under these agreements as well as under the TSAs and the LSAs, the respective Group companies are required to pay fees to the respective service provider. Such service charges and related payment arrangements have been agreed on an arm's-length basis. With respect to certain services, Siemens AG and Siemens Healthcare GmbH have agreed on a minimum service volume commitment, the amount of which has been determined based on the expected service volume requirements of the relevant Group companies for the respective services.

The employees that are allocated to the performance of the respective services under the TSAs and the LSAs generally continue to be employed by the Siemens Group companies that act as service provider. Following expiration or termination of a service, allocated employees as well as personnel related assets and liabilities arising from or in connection with their employment are expected to be transferred from the service provider to the service recipient, either by operation of law or based on a contractual arrangement. To the extent the employees cannot be successfully transferred (due to their objection or otherwise), the respective service recipient will be required to pay to the service provider a certain financial compensation either for the costs arising from the termination of the employment or for the ongoing remanence costs.

Agreements for the supply with portfolio goods and services concluded between Group companies and companies of the Siemens Group on the basis of standardized Siemens-internal terms and conditions continue on such basis. Some provisions of the respective terms and conditions have been amended without changing their commercial substance.

20.1.2.5.1 Transitional Service Agreements (TSAs)

In order to facilitate an orderly transition for certain services that were provided to us by Siemens Group companies prior to the Offering and that, at the time of the Offering, will not yet be provided within the Group, the Siemens Group intends to continue to provide certain services for a transitional period of time following the Offering, and the Group intends to continue to purchase such services from the Siemens Group. The TSAs governing such services relate to an aggregate service volume of approximately €10 million. They become effective as of the first day of the month following the month during which the Offering occurs and have terms of a maximum of twelve months (or such shorter term as agreed between the relevant parties). Each party to the TSAs may terminate the respective TSA in whole or in parts at any time for cause (*i.e.*, in case the other party is in material breach of any obligation under the respective TSA which is not cured). In addition, the service

provider may terminate the respective TSA in whole or in parts at any time in case of a change of control in relation to the respective service recipient.

20.1.2.5.2 Long-term Service Agreements

The LSAs become effective as of the first day of the month following the month during which the Offering occurs and have initial terms at least until March 31, 2020. The LSAs will automatically be extended initially by a six-month period and thereafter by twelve-month periods if not terminated (i) with three months prior notice with effect as of September 30, 2019 (extraordinary one-time termination right) or (ii) with nine months prior notice with effect as of the end of their initial terms, or (iii) with three months prior notice to the end of any extended terms, unless other terms and termination periods are agreed between the relevant parties. Furthermore, each party to the LSAs may terminate the respective LSA in whole or in parts at any time for cause (*i.e.*, in case the other party is in material breach of any obligation under the respective LSA which is not cured). In addition, the service provider may terminate the respective LSA in whole or in parts at any time (i) in case of a change of control in relation to the respective service recipient or (ii) if it becomes unlawful for the service provider to perform any of its obligations under the respective LSA or (iii) if governmental, regulatory or supervisory authorities request or order the cessation of the provision of the service or (v) if the service provider reasonably considers that a relevant risk of a conflict with regulatory rules has developed due to changes in regulatory rules or the revised interpretation of regulatory rules by the supervisory authorities. Service charges and payment arrangements in respect of the services to be provided under the LSAs are on an arm's-length basis. The performance of all such services is monitored by our own governance set-up and by the Group's employees.

Apart from IT and human resources, which, in terms of budgeted costs, are the two largest categories, services covered by LSAs, the LSAs include, but are not limited to, certain tax related services, treasury and finance services, such as management of guarantees and letters of credit (see "*20.1.2.6 Treasury and Finance Arrangements*"), as well as internal audits, accounting, advisory on insurances, advisory on various pension-related aspects, including investment strategy, for the benefit of Siemens Healthcare GmbH and the Siemens Healthineers Trust (as defined below) (see "*20.1.2.9 Pension Liabilities / Pension Schemes*") and services related to share-based compensation (see "*20.1.2.11 Participation in Benefit Programs / Share Based Compensation on Siemens Level*").

(a) IT Services

Our IT infrastructure is highly-integrated with the Siemens Group's IT infrastructure. Siemens AG will therefore continue to provide certain IT services to us such as infrastructure services, license services or application services. For regulatory and compliance reasons, certain IT aspects, such as the management of access entitlements within our IT infrastructure, have been separated from the Siemens Group's infrastructure and are managed separately by us.

(b) Human Resources

We use the support of Siemens AG's human resources ("**HR**") for certain of our HR functions. For most of these services, synergies can only be realized if our HR systems remain to a large extent integrated into the respective Siemens HR landscape. The respective HR-related LSAs cover, for example, HR administration services (including, for example, employee data management, compensation and benefits transactions, maintenance of employee master data, contract data, absences and overtime data including preparation of contracts and service-/product related documents), payroll and pension services (including the preparation and processing of the payroll for all employees as well as relevant payroll accounting activities, post-payroll processing), HR learning services, global mobility services and the provision and management of global and regional HR IT solutions including related infrastructure.

(c) Tax Services

We use the support of Siemens AG's tax department in order to fulfil certain group internal and statutory tax reporting obligations. In addition, Siemens AG provides tax advisory services to companies of the Group on a country level, including external audits, internal reviews and process checks.

20.1.2.5.3 Individual Service Agreements

For various reasons, which require significant deviations from the LSA template agreement, certain service functions, such as for example, R&D and IP services as well as certain procurement services, are governed by individually negotiated service agreements.

(a) R&D Agreement and IP services

Siemens Healthcare GmbH has entered into a framework R&D agreement with Siemens AG, which permits us to continue to use the support of Siemens CT for research and development, in particular in the areas of electronics as well as digitalization (including software development) and automation, on a project basis.

In addition, Siemens CT provides services regarding the operative management of our IP portfolio. We will continue to obtain services from Siemens CT after the Offering based on a framework agreement for IP services.

(b) Joint Pooling Agreement

In order to continue to benefit from joint purchasing and procurement terms in respect of certain direct and indirect materials (*i.e.*, materials that are not directly incorporated in end products), the Company and Siemens AG entered into a joint pooling agreement. Under this agreement, Siemens AG acts for the Group on the procurement markets in respect of certain commodities, such as logistics, travel, fleet and IT indirect materials supplies and plastic parts. This includes, in particular: (i) the analysis of the Group's procurement demands, (ii) the development of an optimizing strategy for each group of materials (including a procurement strategy, a bundling strategy and a supplier strategy), (iii) the development of a realization concept, including planning of public tenders, (iv) the support of bids in public tenders and conduct contract negotiations (including negotiation of prices and conditions of payment) and (v) supply management.

The Company will pay for Siemens' services related to joint pooling activities according to a signed contract under the LSA framework. Other procurement services Siemens AG will continue to provide include, for instance, forwarder performance controlling, freight cost simulation and evidence of export. The joint pooling agreement may be terminated by either party with a notice period of twelve months. After expiry, the Company needs to agree separately upon terms and conditions with the suppliers for its business.

20.1.2.6 Treasury and Finance Arrangements

Our treasury and finance functions are closely interlinked with the Siemens Group's treasury and finance functions. Such relationship is based on various individually negotiated service and other agreements as well as LSAs that Siemens Healthcare GmbH and other Group companies have entered into with Siemens AG and other companies of the Siemens Group. These relationships will automatically terminate or may be terminated, in whole or in part, by the relevant Siemens Group company at any time in case of a change of control in relation to the respective service recipient, among other events. The governance and decision making competencies for the respective services and functions generally rest with the Group's treasury department (which has been established at Siemens Healthcare GmbH).

(i) Cash Management

We historically had access to the Siemens Group's cash management system. Following the Offering, the Group's treasury department will continue to use Siemens bank accounts for external payments (in the medium term we plan to execute and receive payments through own bank accounts – at least for the major currencies) and the central treasury IT application (Finavigate®) through which both internal and external payments are effected. Our Group companies will also continue to participate in the Siemens Group's cashpools (in the medium term we plan to set up own cash pools to (partially) replace the participation in the Siemens Group's cashpools). In addition, the Siemens Group will provide certain regional services for the Group's companies in respect of the administration of the Group's own bank accounts and cash pools.

In preparation for the Offering, Siemens Healthcare GmbH has set up a centralized account structure with internal accounts for most Group companies (with a sub-center for the U.S. companies at Siemens Medical Solutions USA, Inc.) in order to permit the execution of payment transactions within the Group without having to use external bank accounts. In addition, instead of having to route payments between companies of the Siemens Group and companies of the Group via external bank accounts, Siemens Healthcare GmbH serves as the central clearing entity for most payment transactions between companies of the Siemens Group and companies of the Group. In this centralized clearing structure, relevant payment transactions between the Group and the Siemens Group are effected only through Siemens Healthcare GmbH's internal accounts with Siemens AG. This permits us, *inter alia*, to bundle netting effects from intragroup clearing at Siemens Healthcare GmbH level.

(ii) Financing Agreements

Under a facilities agreement entered into between Siemens AG and Siemens Healthcare GmbH, two credit facilities have been made available to the Group by Siemens AG. A multicurrency revolving credit facility in an

amount of up to €1.1 billion and available until January 31, 2020 serves as a working capital and short term loan facility. Additionally, a multicurrency back-up revolving credit facility in an amount of €1.0 billion and available until January 31, 2023 provides funding for back-up purposes. The facilities agreement has been entered into based on Loan Market Association standards, adjusted to reflect the internal setup between Siemens AG and the Group.

In addition, existing term loans in an aggregate volume of up to approximately €3.5 billion equivalent and an average maturity of approximately eleven years remain outstanding between Siemens Group companies and certain companies of the Group. Those loans are denominated predominantly in U.S. dollars and are covered by separate agreements. See "*11.7.1.2 Financing Structure following the Offering*".

(iii) Guarantees and Letters of Support

In order to enhance our credit profile, Siemens AG agreed, under certain conditions, to issue, upon application by certain companies of the Group, guarantees in favor of external creditors of such companies for a limited period of time after the Offering. In addition, certain companies of the Group have entered into guarantee facility agreements with several companies of the Siemens Group to agree on the pricing and handling of and the liability of Group companies *vis-à-vis* Siemens Group companies for guarantees, directly or indirectly issued by such companies of the Siemens Group for liabilities of Group companies, existing as of the Offering.

Siemens Healthcare GmbH and/or other Group companies may apply for Siemens AG's issuance of a letter of support *(Patronatserklärung)* or other security in favor of certain banks, financial institutions or insurance companies in connection with finance-related agreements of Group companies with such counterparties. Under such letter of support (issued in the discretion of Siemens AG), in case the respective Group company is unable to fulfill its payment obligations supported by the letter of support, Siemens AG is entitled, *inter alia,* but excluding political risks, to fulfill the payment obligations directly vis-à-vis the respective beneficiary of the letter of support. Siemens Healthcare GmbH will issue a guarantee for the benefit of Siemens AG for the obligations of the relevant Group company in connection with the letter of support requested by such Group company. The letter of support will be issued and renewed (in the discretion of Siemens AG) on a yearly basis and will be terminated upon the occurrence of certain events (e.g. loss of a company of its status as a Group company).

Under separate LSAs, the Group will continue to use the support of Siemens Group with respect to the management and administration of guarantees as well as letters of credit of Group companies, banks or insurance companies, each issued in favor of creditors of Group companies or with regard to letters of credit on behalf of Group companies.

(iv) Services relating to Credit Risks of Business Partners

Siemens AG entered into several agreements with companies of the Group under which Siemens AG will provide credit assessments and credit limit recommendations with respect to credit risk evaluations of the Group's business partners. Siemens Bank GmbH will provide individual services relating to the credit risk of business partners for the Group on a case-by-case basis.

(v) Spot and Derivatives Agreements for Hedging Purposes

Siemens AG and Siemens Capital Company LLC conclude derivatives agreements relating to foreign currency, interest rate and commodities with Group companies, which allow us to hedge foreign currency risk, interest rate risk and commodities risk positions via the Siemens Group. The hedging agreements are largely based on the ISDA Master Agreement 1992 with certain adjustments in the schedules to reflect our intra-group set-up.

(vi) Supply Chain Financing

Siemens AG offers a supply chain finance program (the "**Siemens SCF Program**") to Siemens Group companies (reverse factoring program). The Siemens SCF Program makes use of third-party financiers via a third-party vehicle which provides receivables financing to those suppliers and sub-contractors. We intend to use the Siemens SCF Program, which allows to grant financial support to the Group's supply chain while benefiting from a positive impact on the Group's net capital employed, after the Offering.

(vii) Asset Finance/Leasing Agreements

Various Group companies have entered into financing agreements with Siemens Group companies, which enable us to offer asset finance arrangements (*e.g.*, leasing, renting, forfaiting) to our customers. These contracts will remain in place after the Offering.

20.1.2.7 Real Estate related Agreements

Several lease and rental agreements as well as real estate related service agreements (covering, among other things, property services and facility and asset management services) exist between companies of the Group as lessee and companies of the Siemens Group as lessor (together the "**Lease Agreements**"). Such agreements relate to real estate required for the Group's business such as premises, partly or entirely occupied by companies of the Group, including the headquarter of Siemens Healthcare GmbH in Erlangen, as well as other real estate assets. In general, lease terms until at least March 31, 2020 have been agreed, for some locations shorter lease terms apply. The agreement for the new headquarter building has an initial term of 10 years with prolongation options. The respective parties to the Lease Agreements have different termination rights. In case of the headquarter in Erlangen there is no contractual termination right during its initial term. Lease payments and service fees payable under the relevant Lease Agreement are on an arm's length basis. Operational expenditure and external costs incurred by a Siemens Group company in connection with a specific Lease Agreement are either included in the monthly lease payment payable under the Lease Agreement or passed-through to the relevant Group company according to a pre-determined contractual distribution key or according to the space occupied by the relevant Group company on a pro rata basis. Certain real estate related services are provided under LSAs.

20.1.2.8 Local Asset Transfer Agreements (LATAs)

In the course of the carve-out of our business from Siemens AG and its regional subsidiary companies LATAs were entered into between the respective local transferring entity of the Siemens Group, as transferor of the assets, and the respective local acquiring company of the Group for each country (see "*3.1.1 Local Asset Transfer Agreements (LATAs)*"). Under the LATAs, none of the transferring Siemens Group companies made any representation or warranty, express or implied, or assumed any responsibility or liability for, or as to, the status of the acquired business or any part thereof. Furthermore, the transferee agreed to indemnify and hold harmless the transferor and other related parties, among others, from any liabilities arising from breaches by the transferee of *e.g.*, any covenant, the transferred business, the conduct of the transferred business, transferor employees not becoming transferee employees and any omission of the transferee to obtain permits or any non-compliance with applicable laws due to a lack of permits. Additional liabilities following the de-merger can apply under applicable local laws.

20.1.2.9 Pension Liabilities / Pension Schemes

In most countries our employees historically participated in the Siemens Group pension plans. For these plans, pension benefits are administered by the Siemens Group, but separated for each legal entity. As a result of the carve-out, most of the pension assets and obligations relating to the Group's current and former employees have been transferred to separate Group pension plans and pension trusts or will be transferred in the near future (for further information on the carve-out see also "*3.1 Carve-out Process*".

In Germany, the Siemens Group provides pension benefits through the following plans: BSAV (*Beitragsorientierte Siemens Altersversorgung*), frozen legacy plans and deferred compensation. Funding for such plans is currently provided via Siemens Pensionsfonds AG, which is sponsored by Siemens AG and Siemens Healthcare GmbH, as well as contractual trust arrangements ("**CTA**"). Siemens AG is the sole trustor of the CTA for the BSAV and the frozen legacy plans, while each participating entity acts as trustor for the deferred compensation plan. In relation to the Group, Siemens Healthcare GmbH has set up a CTA which acts as the pension trust (the "**Siemens Healthineers Trust**") for our German entities. Siemens Healthcare GmbH acts as sole trustor for the BSAV and the frozen legacy plans, while for the deferred compensation plans the participating Group entities are acting as trustor. This CTA has been funded with assets that had a fair value of approximately €780 million as at January 2, 2018. Due to market volatility the fair value of these assets is subject to change. In 2015 and 2016 Siemens Healthcare GmbH assumed pension liabilities from Siemens AG under the LATAs and by way of a spin-off as described in more detail under "*3.4 Transfer of Employees and Pensions*".

In the United States, as part of the carve-out we have also set up a separate defined benefit pension plan as well as other post-employment benefit plans; prior to the setup of the separate pension plan, the Group participated in the Siemens Pension Plan as the pension plan for the Siemens Group. A separate pension trust for our U.S. entities (the "**Siemens Healthineers U.S. Trust**") to which our pension liabilities and related assets will

be transferred from the Siemens trust in the United States (the "**Siemens U.S. Trust**") is expected to be set up on or after May 1, 2018. The Group's U.S. defined benefit pension plan became effective as of January 1, 2018.

The allocation of the U.S. pension assets currently held by the Siemens U.S. Trust for the Siemens Pension Plan to be transferred to the Siemens Healthineers U.S. Trust will be calculated in accordance with Internal Revenue Code Section 414(l). This calculation will result in a slightly different amount of assets to be transferred compared to the asset allocation in IAS 19 accounting valuations. As of December 31, 2017 the Company has recognized plan assets of $942 million on its balance sheet under IAS 19 for the Siemens Pension Plan. The preliminary estimate of the assets to be transferred to the Siemens Healthineers U.S. Trust for this plan amounts to $930 million, which would have meant a decrease of the booked assets for the Siemens Pension Plan as at end of the first fiscal quarter of $12 million. This amount will be affected by capital market development. The physical transfer of assets will take place after the Siemens Healthineers U.S. Trust has been set up.

Further, in the first quarter of fiscal year ending September 30, 2018 it has been decided to perform a partial buy-out of the liabilities in the Siemens pension plan, reducing the defined benefit obligation by approx. €80 million and the assets by approx. €65 million.

It is planned that after the Offering, the Siemens benefits scheme in the United Kingdom (the "**Siemens Benefits Scheme**") will transfer all pension liabilities (defined benefit obligations ("**DBOs**")) and respective plan assets of current and former employees of the Group in the United Kingdom to a Siemens Healthineers scheme in the United Kingdom (the "**Siemens Healthineers Benefits Scheme**"). The transfer is subject to negotiations with the trustees of the Siemens Benefits Scheme. In the course of this process, an additional funding into the Siemens Healthineers Benefits Scheme could be required to increase the amount of plan assets and match the transferred liabilities. To the extent that the trustees do not agree to some or all transfers of the DBOs to the Siemens Healthineers Benefits Scheme, the Siemens Benefits Scheme would have to retain the respective liabilities and assets, and the pension balances would remain on the Siemens AG balance sheet.

As a result of negotiations with the trustees related to the transfer of pension liabilities and plan assets from Siemens Group to Siemens Healthineers in the United Kingdom, pension liabilities in an amount of €579 million and plan assets in an amount of €626 million (both as of November 30, 2017) were transferred back to Siemens Group in the three months ended December 31, 2017. Accordingly, the pension liabilities and plan assets recognized in the Unaudited Combined Interim Financial Statements are lower than in the Combined Financial Statements.

20.1.2.10 Intellectual Property

Transfer and/or use of intellectual property are governed by several agreements, in particular trademark and name use license agreements and the LATAs, as described under "*20.1.2.8 Local Asset Transfer Agreements (LATAS)*".

20.1.2.10.1 Trademarks and Name Use Licenses

Siemens AG has entered into trademark and name use license agreements ("**TLAs**") with various Group companies. Under the TLAs, Siemens AG grants the respective licensee the right to, among other things, use the designation "Siemens" and "Siemens Healthineers" (the "**Licensed Designations**") under observation of certain conditions as product mark, corporate mark and as part of the company name, business designation and domain to operate the respective licensee's business. Such license is non-exclusive and fully paid-up. The TLAs have an indefinite term but can be terminated by both parties with three months' notice and shall automatically expire if the respective licensee ceases to be an affiliate of Siemens AG. Siemens AG is entitled to terminate the licenses granted under the TLA for cause with immediate effect in case of a material breach of any provision of the respective TLA and for certain other reasons. Upon expiration or termination of a TLA, Siemens AG will grant the respective licensee the right to use the granted licenses for certain specified transition periods. The respective licensee has agreed to indemnify and hold harmless Siemens AG and its affiliates from and against all claims, suits and other actions initiated by third parties against Siemens AG and/or its affiliates and the resulting damages, fines, liabilities and which arise as a consequence of the use of the Licensed Designations.

20.1.2.10.2 Transfer of intellectual property under LATAs

(a) Transfer of IP

Under the LATAs, the local Siemens Group and Group entities also agreed on the transfer of certain intellectual property rights, including:

- all patents (as defined in the LATAs, *e.g.* including utility models and design patents) solely applicable to the Group's business and at least partially financed by the Group and specific patents used by both the Siemens Group and the Group; and
- certain trademarks (not containing the Siemens designation); know-how; software and domains (not containing the Siemens designation) (together with the patents, the "**IP**").

Exclusive licenses under and/or the sale of the transferred IP shall not be granted without Siemens' prior written consent.

(b) Cross-licensing

The respective parties to the LATA agreed further on certain cross-licenses, meaning that with effect as of the date of transfer of the IP (other than domains and trademarks), the respective Siemens company retains a non-exclusive, worldwide, non-transferable and fully paid-up use right for any activities within the current and future fields of business of the Siemens Group (including the Group) under the transferred IP.

Furthermore, the respective Group company grants to the respective Siemens Group company a perpetual, irrevocable, non-exclusive, worldwide, non-transferable, fully paid-up license for any activities within the current and future fields of business of the Siemens Group (including the Group) under all patents applied for after the effective date of the carve-out but prior to the respective Group company ceasing to be a Siemens Group company.

In turn, the respective Siemens company grants to the respective Group company a perpetual, world-wide, non-exclusive, fully-paid up and non-transferable license to use (i) non-transferred patents (including patents created after the carve-out date) in the Group's field of business for which use or preparatory actions have been made prior to the local Group company ceasing to be a Siemens Group company as well as (ii) non-transferred know-how and (iii) non-transferred software in each case if used at the carve-out date or if preparatory actions have been made prior to the carve-out date.

The licenses granted by the respective Group and Siemens Group companies comprise the right to grant sublicenses. Granting a sublicense to third parties (other than Siemens Group companies) by the respective Siemens Group company is only permitted in the healthcare field with prior written consent of the respective Group company. The Group may only sublicense the licensed IP to affiliated companies and to third parties under certain conditions, for example, to the extent such sublicense is necessary to allow a customer the use of a product.

20.1.2.11 Participation in Benefit Programs / Share Based Compensation on Siemens Level

Employees (including managers) of the Group have historically been offered by their respective employers to participate in the stock-based long-term incentive and / or employee share purchase programs implemented by Siemens AG for managers and employees of the Siemens Group in certain countries. Following the Offering, employees of the Group will principally keep their entitlements awarded to them in previous tranches of the Siemens share programs until settlement of their respective entitlements by Siemens AG. It is not intended that employees of the Group will be entitled to participate in any further tranches issued under the Siemens share programs following the Offering.

The Company plans to implement similar employee share programs for the Group's employees in certain jurisdictions in the course of the fiscal year ending September 30, 2019. The terms and conditions of such programs shall be largely similar to existing Siemens share programs. Given the know-how and experience with the administration and execution of multi-jurisdictional employee share programs, Siemens AG and the Company have agreed that Siemens AG will also administer the Group's employee share programs.

20.1.3 Relationships with the Siemens Group in the Past

The Group received various services from the Siemens Group in the past, including tax, legal and contract management, treasury and finance, IT, corporate communications, human resources, internal audit, compliance and accounting and the Group has conducted other business with the Siemens Group as described in more detail below.

In the fiscal years ended September 30, 2017, 2016 and 2015 and in the three months ended December 31, 2017 and 2016, supply and delivery agreements existed between the Group and the Siemens Group. The Group has been supplied by the Siemens Group and has delivered to the Siemens Group goods and services on a case by case basis.

Sales of goods and services and other income, as well as purchases of goods and services and other expense from transactions with the Siemens Group in the fiscal years ended September 30, 2017, 2016 and 2015 and in the three months ended December 31, 2017 and 2016 are presented in the following tables. For further information, see Note 25 of the Combined Financial Statements and Note 7 of the Unaudited Combined Interim Financial Statements.

	Sales of goods and services and other income			Purchases of goods and services and other expenses		
	For the fiscal year ended September 30,					
	2017	2016	2015	2017	2016	2015
		(audited)			(audited)	
	Euro (millions)					
Siemens Group	290	275	257	658	679	707

	Sales of goods and services and other income		Purchases of goods and services and other expenses	
	For the three months ended December 31,			
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
	Euro (millions)			
Siemens Group	81	58	152	159

20.1.3.1 Other services

In the fiscal years ended September 30, 2017, 2016 and 2015, Siemens Group has provided the Group with central corporate services, such as tax, legal, IT, corporate communications, HR, accounting, financial services and treasury functions and support in an amount of €496 million, €492 million and €444 million, respectively.

20.1.3.2 Share-based payments

In the fiscal years ended September 30, 2017, 2016 and 2015, the Group's managers and employees have participated in Siemens AG share programs implemented by Siemens AG and offered by the respective employers. Siemens AG has delivered the respective Siemens AG shares in fulfillment of respective grants under the Siemens AG share programs on behalf and on the account of the Group and was reimbursed by the Group (see Note 21 to the Combined Financial Statements).

20.1.3.3 Insurance

In the fiscal years ended September 30, 2017, 2016 and 2015, the Group has been covered by the group insurance of the Siemens Group. Furthermore, there were additional contracts for individual insurance services between entities of the Group and Siemens Group, the costs for which were borne by the Group.

20.1.3.4 Receivables from and Payables to the Siemens Group

As of September 30, 2017, 2016 and 2015 and December 31, 2017, the Group's receivables from and payables to the Siemens Group were as follows:

	Receivables			Payables		
	As of September 30,			As of September 30,		
	2017	2016	2015	2017	2016	2015
		(audited)			(audited)	
	Euro (millions)					
Siemens Group	4,356	3,952	4,056	10,962	11,466	10,493
Thereof from Siemens Credit Warehouse	175	153	230	—	—	—
from financing activities	4,163	3,780	3,799	10,040	10,507	9,644
from other items	17	19	27	922	959	849

	Receivables		Payables	
	As of December 31, 2017	As of September 30, 2017	As of December 31, 2017	As of September 30, 2017
	(unaudited)		(unaudited)	
	Euro (millions)			
Siemens Group	6,370	4,356	13,336	10,962
Thereof from Siemens Credit Warehouse	77	175	—	—
from financing activities	6,240	4,163	12,474	10,040
from other items	53	17	863	922

20.1.3.4.1 Siemens Credit Warehouse

The Group participated in the factoring program called "Siemens Credit Warehouse". Under that program, the Group transferred trade receivables to the Siemens Group, including all relevant collection risks, but remained responsible for the administration of the trade receivables. The participation in the Siemens Credit Warehouse program will not be continued following the Offering.

20.1.3.4.2 Financing

The Group was included in the Siemens Group's cash pooling and cash management system. The Group invested excess short-term liquidity and was granted overdraft facilities for the financing of its operating activities.

The Group had long-term receivables with the Siemens Group amounting to €1,365 million as of September 30, 2017 (September 30, 2016: €0, and September, 30 2015: €0) with maturities in March 2021.

The Siemens Group also provided short- and long-term loans to the Group.

20.1.3.4.3 Domination and Profit and Loss Transfer Agreement

On November 26, 2014, Siemens AG and Siemens Healthcare GmbH concluded the Domination and Profit and Loss Transfer Agreement. The profits transferred in the fiscal years ended September 30, 2017, 2016 and 2015 amounted to €815 million, €909 million and €806 million, respectively. For a description of the termination of the Domination and Profit and Loss Transfer Agreement see above "*20.1.2.2 Domination and Profit and Loss Transfer Agreement*".

20.1.3.5 Hedging

The Group's hedging activities have been performed mainly by Siemens Corporate Treasury. The consideration was based on market rates. The related receivables and payables are mainly disclosed in the line items "other current financial assets" and "other current financial liabilities" in the Combined Financial Statements.

20.1.3.6 Collaterals/global letter of support/guarantees

Siemens Group has issued letters of credit and guarantees in favor of the Group and customers of the Group. The guarantees issued by Siemens Group amounted to €446 million as of September 30, 2017 (September 30, 2016: €494 million and September 30, 2015: €619 million).

20.1.3.7 Transactions with pension schemes and pension entities

In some countries, mainly in Germany, the United Kingdom and the United States, the Group participated in Siemens Group pension plans and trusts. For additional information, see Note 15 to our Combined Financial Statements.

20.1.3.8 Joint Ventures and Associates

In the fiscal year ended September 30, 2017, the Group purchased goods and services from the Group's joint ventures and associates in an amount of €61 million (fiscal year ended September 30, 2016: €62 million and fiscal year ended September 30, 2015: €72 million).

20.2 Relationship with Members of the Managing Board and Supervisory Board

For an overview regarding the compensation, shareholding and share-based compensation of the members of the Managing Board and the Supervisory Board, see "*19.2.3 Remuneration and Other Benefits of the Members of the Managing Board*" and "*19.3.4 Remuneration and Other Benefits of the Members of the Supervisory Board*", as well as Note 25 to our Combined Financial Statements.

21. UNDERWRITING

21.1 General

On March 5, 2018, the Company, Siemens AG, the Selling Shareholder and the Underwriters entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering (the "**Underwriting Agreement**").

Under the terms of the Underwriting Agreement and subject to certain conditions contained therein, including the execution of a pricing agreement, each Underwriter is obligated to acquire such number of Offer Shares as will be specified in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below next to the relevant Underwriter's name:

Underwriter	Maximum Number of Offer Shares to be underwritten[1]	Share of Maximum Number of Offer Shares to be underwritten (in %)
Deutsche Bank Aktiengesellschaft Mainzer Landstrasse 11-17 60329 Frankfurt am Main Germany	24,705,882	16.47
Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom	24,705,882	16.47
J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom	24,705,882	16.47
BNP Paribas 16 Boulevard des Italiens 75009 Paris France	11,470,589	7.65
Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom	11,470,589	7.65
Citigroup Global Markets Limited Citigroup Centre Canada Square London E14 5LB United Kingdom	11,470,589	7.65
UBS Limited 5 Broadgate London EC2M 2QS United Kingdom	11,470,589	7.65
Joh. Berenberg, Gossler & Co. KG Neuer Jungfernstieg 20 20254 Hamburg Germany	4,285,714	2.86
COMMERZBANK Aktiengesellschaft Kaiserstrasse 16 (Kaiserplatz) 60311 Frankfurt am Main Germany	4,285,714	2.86

Underwriter	Maximum Number of Offer Shares to be underwritten[1]	Share of Maximum Number of Offer Shares to be underwritten (in %)
HSBC Trinkaus & Burkhardt AG Königsallee 21/23 40212 Dusseldorf Germany	4,285,714	2.86
Jefferies International Limited 68 Upper Thames Street London EC4V 3BJ United Kingdom	4,285,714	2.86
Nordea Bank AB (publ) SE-105 71 Stockholm Sweden	4,285,714	2.86
RBC Europe Limited Riverbank House 2 Swan Lane London EC4R 3BF United Kingdom	4,285,714	2.86
UniCredit Bank AG Arabellastrasse 12 81925 Munich Germany	4,285,714	2.86
Total	**150,000,000**	**100.00**

(1) Assuming full exercise of the Greenshoe Option.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may subscribe for Offer Shares in the Offering and in that capacity may retain, purchase or sell such Offer Shares or related investments for its own account and may offer or sell such Offer Shares or other investments outside the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be construed as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps with investors), due to which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

21.2 Underwriting Agreement

In the Underwriting Agreement, the Underwriters agreed to underwrite and purchase the Offer Shares with a view to offering them to investors in the Offering.

The Underwriters further agreed to acquire the Base Shares from the holdings of the Selling Shareholder and to sell such shares as part of the Offering. The Underwriters agreed to remit the purchase price from the sale of the Base Shares (less agreed upon commissions and expenses) to the Selling Shareholder at the time the shares are delivered.

The obligations of the Underwriters under the Underwriting Agreement are subject to various conditions, including (i) the agreement of the Underwriters, Siemens AG, the Selling Shareholder and the Company on the Offer Price and the final volume of Base Shares to be purchased by the Underwriters, (ii) the absence of a material event (*e.g.*, a material adverse change or any development involving a prospective material adverse change in or affecting the condition, business, prospects, financial position, shareholders' equity, or results of operations of the Group, or a suspension or material limitation in trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange or a material adverse change in international financial markets or conditions), (iii) receipt of customary certificates, legal opinions and auditor letters, and (iv) the introduction of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Underwriters have provided, and may in the future provide, services to the Group in the ordinary course of business and may extend credit to, and have regular business dealings with the Group in their respective capacities as financial institutions. For a more detailed description of the interests of the Underwriters in the Offering, see "*4.13 Interests of Parties Participating in the Offering*".

21.3 Commission

In the Underwriting Agreement, the Selling Shareholder has agreed to pay the Underwriters a base fee equal to 0.85% of the gross proceeds from the Offering (the "**Base Fee**"). In addition, the Selling Shareholder may decide to award (i) the Underwriters a discretionary fee of up to 0.40% of the gross proceeds of the Offering (the "**Discretionary Advisory Fee**") and (ii) the Joint Global Coordinators an additional discretionary fee of up to 0.50% of the gross proceeds of the Offering (the "**Discretionary Management Fee**" and, together with the Discretionary Advisory Fee, the "**Discretionary Fees**"). The maximum amounts of the Discretionary Fees (if any) and the portion of the maximum amount of the Discretionary Advisory Fee to be awarded to each individual Underwriter will be determined by Siemens AG and the Selling Shareholder in their sole discretion. The amount of the Discretionary Management Fee, if any, will be split proportionately among the Joint Global Coordinators. Furthermore, Goldman Sachs is granted a structuring fee in the amount of €1 million as consideration for its assistance in the structuring of the corporate reorganization and the Offering.

The Underwriters will withhold the Base Fee from the proceeds from the sale of the Base Shares and Over-Allotment Shares, respectively. The Discretionary Fees, if any, will be paid within 90 calendar days after the commencement of trading. The Selling Shareholder has also agreed to reimburse, in certain scenarios, the Underwriters for certain expenses incurred in connection with the Offering.

21.4 Securities Loan and Greenshoe Option

To cover potential Over-Allotments, the Selling Shareholder has agreed to make available to the Stabilization Manager, acting for the account of the Underwriters, up to 19,565,217 Over-Allotment Shares free of charge in the form of a securities loan. The total number of Over Allotment Shares will not exceed 15% of the final number of Base Shares placed with investors. Moreover, the Selling Shareholder granted the Underwriters an option to acquire a number of the Company's shares equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions ("**Greenshoe Option**"). The Stabilization Manager, acting for the account of the Underwriters, is entitled to exercise the Greenshoe Option to the extent Over-Allotments are made. The Greenshoe Option will terminate not later than 30 calendar days after the commencement of trading of the Company's shares, *i.e.*, on April 15, 2018.

21.5 Termination; Indemnification

The Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and admitted to trading, up to closing of the Offering, in particular, if any of the following has occurred:

- a material adverse change in the economic position or the business of the Company or the Group; and
- an event that has material adverse effects on international financial markets.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, Siemens AG, the Selling Shareholder and the Company have agreed to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

21.6 Selling Restrictions

The distribution of the Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, Siemens AG, the Selling Shareholder or the

Underwriters to permit a public offering of the Offer Shares anywhere other than in Germany and Luxembourg or the transmission or distribution of the Prospectus into any other jurisdiction where action for that purpose may be required.

Accordingly, neither the Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany and Luxembourg, except under circumstances that will result in compliance with applicable laws and regulations. Persons taking possession of the Prospectus are required to inform themselves about, and observe any, such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are QIBs within the meaning of Rule 144A, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act, if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.

In the United Kingdom, the Prospectus is only addressed and directed to Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on the Prospectus or any of its contents.

No offer to the public of any Offer Shares which are the subject of this Offering has been and will be made in any EEA Member State, other than the offers contemplated in the Prospectus in Germany and Luxembourg (once the Prospectus has been approved by BaFin, notified to the CSSF and published in accordance with Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as last amended with effect of July 20, 2017 (the "**Prospectus Directive**") as implemented in Germany and Luxembourg), except that offers to the public of Offer Shares in any EEA Member State are permitted in accordance with the following exceptions under the Prospectus Directive:

- to qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive;
- to fewer than 150 natural or legal persons per EEA Member State (other than qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3 para. 2 of the Prospectus Directive.

For the purposes of the Prospectus, the expression "offer to the public" in relation to any Offer Shares in any EEA Member State means a communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares as such expression may be varied by any measure implementing the Prospectus Directive in that EEA Member State.

21.7 Other Interests of the Underwriters in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company, Siemens AG and the Selling Shareholder.

The Underwriters are acting for the Company, Siemens AG and the Selling Shareholder on the Offering and on coordinating the structuring and execution of the Offering. In addition, the Joint Global Coordinators have been appointed to act as designated sponsors for the Company's shares and Deutsche Bank Aktiengesellschaft has been appointed to act as paying agent. Upon successful implementation of the Offering, the Underwriters will receive a commission and the size of this commission depends on the results of the Offering. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms.

Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with companies of the Group and/or of the remaining Siemens Group, including lending activities, or may perform services for the Company, Siemens AG or the Selling Shareholder in the ordinary course of business.

22. TAXATION IN GERMANY

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany). The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for investors. In particular, this summary does not provide a comprehensive overview on tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. The information is based on the tax laws in force in Germany as of the date of the Prospectus (and their interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change—sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual potential investors. Potential investors are therefore advised to consult their tax advisers regarding the individual tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (Kapitalertragsteuer). Only such advisors are in a position to take the specific tax-relevant circumstances of individual investors into due account.

22.1 Taxation of the Company

As a rule, the taxable profits generated by corporations with their seat or place of management in Germany are subject to corporate income tax (*Körperschaftsteuer*). The rate of the corporate income tax is a standard 15% for both distributed and retained earnings, plus a solidarity surcharge (*Solidaritätszuschlag*) amounting to 5.5% on the corporate income tax liability (*i.e.*, 15.825% in total).

In general, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporations are effectively 95% exempt from corporate income tax (including solidarity surcharge), as 5% of such receipts are treated as a non-deductible business expenses, and are therefore subject to corporate income tax (and solidarity surcharge thereon). However, as an exception to the above, dividends that the Company receives from domestic or foreign corporations, are subject to corporate income tax (including solidarity surcharge thereon), if the Company holds a direct participation of less than 10% in the share capital of such corporation at the beginning of the calendar year (hereinafter in all cases, a "**Portfolio Participation**"—*Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations in the share capital of other corporations which the Company holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the Company only on a *pro rata* basis at the ratio of the interest share of the Company in the assets of the relevant partnership.

The Company's gains from the disposal of shares in a domestic or foreign corporation are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon), regardless of the size of the participation and the holding period. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a rate of 15.825%. Conversely, losses incurred from the disposal of such shares are generally not deductible for corporate income tax purposes. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations.

Additionally, German corporations are also usually subject to trade tax (*Gewerbesteuer*) with respect to their taxable trade profit (*Gewerbeertrag*) generated at their permanent establishments maintained in Germany (*inländische Betriebstätten*). Trade tax generally ranges from approximately 7% to 19.3% of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority (*Hebesatz*). When determining the income of the corporation that is subject to corporate income tax, trade tax may not be deducted as a business expense. In principle, profits derived from the sale of shares in another domestic and foreign corporation are treated in the same way for trade tax purposes as for corporate income tax (as described above). Contrary to this, profit shares derived from domestic and foreign corporations are only effectively 95% exempt from trade tax, if the Company either held an interest of at least 15% in the share capital of the company making the distribution at the beginning of the relevant assessment period or—in the case of foreign corporations—if the Company has held a stake of this size continuously since the beginning of such period (trade tax participation exemption privilege—*gewerbesteuerliches Schachtelprivileg*). If the participation is held in a foreign corporation as per Article 2 of Council Directive 2011/96/EU of November 30, 2011, as amended (the

"**Parent-Subsidiary Directive**") with its registered office in another member state of the European Union, the trade tax participation exemption privilege becomes available, if the Company held at least 10% in the share capital of the foreign corporation at the beginning of the relevant assessment period. Otherwise, the profit shares will be subject to trade tax (at the above mentioned rates) in full. Additional restrictions apply for profit shares originating from foreign corporations which do not fall under Article 2 of the Parent-Subsidiary Directive.

The provisions of the so-called interest barrier (*Zinsschranke*) limit the degree to which interest expenses are deductible from the tax base. Accordingly, as a rule, interest expenses exceeding interest income are deductible in an amount of up to 30% of the EBITDA as determined for tax purposes in a given fiscal year, although there are exceptions to this rule. Non-deductible interest expenses must be carried forward to subsequent fiscal years. EBITDA that has not been fully utilized can, under certain circumstances, be carried forward to subsequent years (for up to five years) and may be deducted subject to the limitations set out above. For trade tax purposes, 25% of the interest expenses deductible after applying the interest barrier are added when calculating the taxable trade profit. Therefore, for trade tax purposes, the amount of deductible interest expenses is only 75% of the interest expenses deductible for purposes of corporate income tax.

Under certain conditions, negative income of the Company that has not been offset by current year positive income can be carried forward or back into other assessment periods. Loss carry-backs to the immediately preceding assessment period are only permissible up to €1,000,000 (€511,500 until 2012) for corporate income tax but not at all for trade tax purposes. Negative income that has not been offset and not carried back can only be carried forward to subsequent assessment periods (tax loss carry-forward). In subsequent periods an amount of up to € 1,000,000 can be offset against positive income for corporate income and trade tax purposes. If the taxable income or the taxable trade profit exceeds this amount, only 60% of the excess amount can be offset by tax loss carry-forwards. The remaining 40% of the taxable income is subject to tax in any case (minimum taxation—*Mindestbesteuerung*). Unused tax loss carry-forwards can, as a rule, be carried forward indefinitely and deducted pursuant to the rules set out regarding future taxable income or trade income. However, if more than 25% or more than 50% of the Company's share capital or voting rights respectively is/are transferred to a purchaser or group of purchasers within five years, directly or indirectly, or if a similar situation arises (harmful share acquisition—*schädlicher Beteiligungserwerb*), the Company's unutilized losses and interest carry-forwards (possibly also EBITDA carry-forwards) will generally be forfeited in part (in case of a participation of more than 25% but no more than 50%) or in full (in case of a participation of more than 50%) and, subject to certain exceptions, may not be offset against future profits. As an exception to the aforementioned principles, unutilized losses are, upon application, not forfeited, if the Company's active business remains unchanged and if the Company proves that an ulterior use of the respective losses is precluded. This exemption applies to harmful share acquisitions (*schädlicher Beteiligungserwerb*) conducted after December 31, 2015. In its ruling dated March 29, 2017, the German Federal Constitutional Court (*Bundesverfassungsgericht*) declared parts of the provisions on the forfeiture of losses as described above unconstitutional. The ruling affects certain harmful share acquisitions (*schädlicher Beteiligungserwerb*) in the years from 2008 until and including 2015. According to the court's decision, the German legislator is obligated to draft new regulations until December 31, 2018, which would apply retroactively to the respective periods. Further cases challenging the loss forfeiture rules to the extent they provide for a full forfeiture as well as in their version as effective since 2016 are currently pending with the German Federal Constitutional Court (*Bundesverfassungsgericht*) and the Federal Fiscal Court (*Bundesfinanzhof*). Therefore, the impact of the loss forfeiture rules on unutilized losses and interest carry-forwards (possibly also EBITDA carry-forwards) is currently unclear.

22.2 Taxation of Shareholders

22.2.1 Income Tax Implications of the Holding, Sale and Transfer of Shares

In terms of the taxation of shareholders of the Company, a distinction must be made between taxation in connection with the holding of shares (*"22.2.2 Taxation of Dividends"* below) and taxation in connection with the sale of shares (*"22.2.3 Taxation of Capital Gains"* below) and taxation in connection with the gratuitous transfer of shares (*"22.2.5 Inheritance and Gift Tax"* below).

22.2.2 Taxation of Dividends

22.2.2.1 Withholding Tax

As a general rule, the dividends distributed to the shareholder are subject to a withholding tax (*Kapitalertragsteuer*) of 25% and a solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the

Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 of the German Corporate Income Tax Act (Körperschaftsteuergesetz*—"**KStG**")); in this case, no withholding tax will be withheld. However these payments will reduce the acquisition costs of the shares and may, consequently, increase a taxable gain upon the disposal of the shares. The assessment basis for the withholding tax is the dividend approved by the general shareholders' meeting.

If shares are admitted for collective custody by a securities custodian bank (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is withheld and passed on for the account of the shareholders (i) by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent, (ii) by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*) or (iii) by the Company itself if and to the extent shares held in collective custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are, however, treated as so called "abgesetzte Bestände" (stock being held separately) (hereinafter in all cases, the "**Dividend Paying Agent**"). The Company does not assume any responsibility for the withholding of taxes on distributions at source, in accordance with the statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source, if it provides evidence that it has not breached its duties intentionally or gross negligently.

In general, the withholding tax must be withheld without regard to whether and to which extent the dividend is exempt from tax at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad.

However, withholding tax on dividends distributed to a company domiciled in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive, may be refunded upon application and subject to further conditions. This also applies to dividends distributed to a permanent establishment of such a parent company in another Member State of the European Union or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. Further requirements for the refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least a 10% of the company's registered share capital for one year and that a respective application is filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel*, An der Küppe 1, 53225 Bonn, Germany).

If, in the case of a holding of at least 10% of the Company's registered share capital, shares held in collective custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "abgesetzte Bestände" (stock being held separately), the German tax authorities will not object when the main paying agent (*Hauptzahlstelle*) of the Company—upon presentation of an exemption certificate (*Freistellungsbescheinigung*) and of a proof that this stock has been held separately—disburses the dividend without deducting withholding tax. An exemption certificate can be granted upon application (using official application forms) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the address specified above)).

With respect to distributions made to other shareholders without a tax domicile in Germany, the withholding tax rate can be reduced in accordance with the double taxation treaty if Germany has entered into a double taxation treaty with the respective shareholder's country of residence and if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax reduction is generally granted by the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the address specified above)) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15%) is refunded by the German Federal Central Tax Office.

Forms for the reimbursement and exemption from the withholding at source procedure are available at the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the address specified above) or online at http://www.bzst.de).

If dividends are distributed to corporations subject to non-resident taxation in Germany, *i.e.*, corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can

generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or the relevant double taxation treaty are fulfilled. The relevant application forms are available at the German Federal Central Tax Office (*Bundeszentralamt für Steuern* at the address specified above).

The aforementioned possibilities for an exemption from or a refund of withholding tax depend on certain other conditions being met (particularly the fulfillment of so-called substance requirements—*Substanzerfordernisse*). In addition, with respect to shares held as private or as business assets by shareholders that are subject to income taxation, the aforementioned relief in accordance with an applicable double taxation treaty may further depend on whether the prerequisites of the special rules on the restriction of withholding tax credit are fulfilled.

Pursuant to the Act to Reform German Investment Taxation (*Investmentsteuerreformgesetz*, BGBl. I 2016, 1730), the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*22.2.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany*" and "*22.2.2.3 Taxation of Dividends of Shareholders without a Tax Domicile in Germany*") is subject to the following three cumulative prerequisites: (i) has been the economic owner of the shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the "**Minimum Holding Period**"; *Mindesthaltedauer*), (ii) has been exposed (if taking into account counter claims and claims against related parties) to at least 70% of the risk resulting from a decrease-in-value of the shares during the Minimum Holding Period (the minimum change-in-value risk; *Mindestwertänderungsrisiko*) and (iii) is not obliged to forward (*vergüten*) these dividends, directly or indirectly, in total or to more than 50% to another person (the tests under (i) to (iii) above are together described as the "**Minimum Risk Test**"). In case that the shareholder does not meet the Minimum Risk Test, three fifth of the withholding tax levied on the dividends is not creditable, but may, upon application, be deducted when determining the shareholder's taxable income. Shareholders who do not meet the Minimum Risk Test but who have, nevertheless, not suffered a withholding tax deduction on the dividends (*e.g.*, due to the presentation of a non-assessment certificate) or have already obtained a refund of the taxes withheld, are obliged to notify their competent tax office thereof and to make the payment of an amount corresponding to the amount which would otherwise be withheld. As an exception to this rule, the Minimum Risk Test (and, if applicable, a corresponding notification and (re)payment obligation) does not apply to an investor if either (i) his or her amount of dividend income on shares (including shares from the Company) and certain profit participation rights (*Genussrechte*) does not exceed an amount of €20,000 in a given tax assessment period or if (ii) he or she has been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year. These rules apply retroactively as from January 1, 2016. Further to the statutory amendments, the German Federal Ministry of Finance published a decree dated July 17, 2017 (*BMF, Schreiben vom 17.7.2017—IV C 1—S 2252/15/10030:05, DOK 2017/0614356*) outlining the treatment of transactions where the statutory Minimum Risk Test is not applicable but in which a credit of withholding tax will nevertheless be denied as an anti-abuse measure.

Prospective holders of the shares are advised to seek their own professional advice in relation to the possibility to obtain a tax credit or refund of withholding tax on dividends.

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for the loss set off (*Verlustverrechnungstöpfe*) to allow for setting off of negative capital income with current and future positive capital income. A set off of negative capital income at a Dividend Paying Agent with positive capital income at a different Dividend Paying Agent is not possible and can only be achieved in the course of the income tax assessment at the level of the respective investor. In this case the taxpayer has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pots for the loss set off exists. The application is irrevocable and has to reach the Dividend Paying Agent until 15th December of the respective year. Otherwise the losses will be carried forward to the following year by the Dividend Paying Agent.

Withholding tax will not be withheld by a Dividend Paying Agent if the taxpayer provides the Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent the capital income does not exceed the annual lump sum allowance (*Sparer-Pauschbetrag*) of € 801 (€1,602 for married couples and registered partners assessed jointly) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the taxpayer provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office of the investor.

22.2.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany

22.2.2.2.1 Shares Held as Non-Business Assets

Dividends distributed to shareholders with a tax domicile in Germany whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is in general satisfied by the withholding tax withheld by the Dividend Paying Agent (flat-rate withholding tax—*Abgeltungsteuer*). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and registered partners assessed jointly). However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income be subject to progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden (*Günstigerprüfung*). This request may only be exercised consistently for all capital investment income and be exercised jointly in case of married couples and registered partners assessed jointly. In this case the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. Pursuant to the current view of the German tax authorities (which has been confirmed by a decision of the German Federal Tax Court (*Bundesfinanzhof*)), income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

Exceptions from the flat rate withholding tax apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and work for the Company in a professional capacity, which enables them to exert significant entrepreneurial influence on the Company's business activities. In this situation, the tax treatment described below under "(2) Sole Proprietors" applies.

An automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the above address)). The church tax payable on the dividend is withheld and passed on by the Dividend Paying Agent. In this case, the church tax for dividends is satisfied by the Dividend Paying Agent withholding such tax. Church tax withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the Dividend Paying Agent may reduce the withholding tax (including the solidarity surcharge) by 26.375% of the church tax to be withheld on the dividends. If the shareholder has filed a blocking notice and no church tax is withheld by a Dividend Paying Agent, a shareholder subject to church tax is obliged to declare the dividends in his income tax return. The church tax on the dividends is then levied by way of a tax assessment.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do—contrary to the above—not form part of the shareholder's taxable income. If the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) exceeds the shareholder's acquisition costs, negative acquisition costs will arise which can result in a higher capital gain in case of the shares' disposal (cf. below). This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Holding**") and (ii) the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) exceeds the acquisition costs of the shares. In such a case of a Qualified Holding, a dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) exceeds the acquisition costs of the shares. In this case, the taxation corresponds with the description in the Section "*22.2.3. Taxation of Capital Gains*" made with regard to shareholders maintaining a Qualified Holding.

22.2.2.2.2 Shares Held as Business Assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will generally be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in the Section "*22.2.3. Taxation of Capital Gains*" made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

(i) **Corporations:** If the shareholder is a corporation with a tax domicile in Germany, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge. 5% of the dividends are treated as a non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a total tax rate of 15.825%. In other respects, business expenses actually incurred in direct relation to the dividends may be deducted. However, dividends that the shareholder receives are no longer exempt from corporate income tax (including solidarity surcharge thereon), if the shareholder only held (or holds) a Portfolio Participation at the beginning of the calendar year. Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. In this latter case, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be non-deductible business expenses (amounting to 5% of the dividend). Trade tax ranges from approximately 7% to 19.3% of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority.

(ii) **Sole Proprietors:** If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5% (plus church tax, if applicable), so-called partial income method (*Teileinkünfteverfahren*). Only 60% of the business expenses economically related to the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deducting business expenses economically related thereto) is not only subject to income tax but is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. In this latter case the net amount of dividends, *i.e.*, after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

(iii) **Partnerships:** If the shareholder is a commercially active or commercially tainted partnership (co-entrepreneurship) with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see *(i)* "*—Corporations*" above). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see *(ii) "—Sole Proprietors*" above). Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the partnership level if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. If the partnership fulfills the prerequisites for the trade tax exemption privilege at the beginning of the relevant assessment period, the dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 15% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under a literal reading of the law, also include corporate partners to whom, on a look-through basis, only Portfolio Participations are attributable) should not be subject to trade tax.

Special rules apply to companies operating in the financial and insurance sectors as well as to pension funds.

22.2.2.3 Taxation of Dividends of Shareholders without a Tax Domicile in Germany

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect, the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see "*22.2.2.2.2 Shares Held as Business Assets*"). The withholding tax (including the solidarity surcharge) withheld and passed on will generally be credited against the income or corporate income tax liability or refunded in the amount of any excess.

In all other cases, any German tax liability for dividends is satisfied by the withholding of the withholding tax by the Dividend Paying Agent. Withholding tax is only reimbursed in the cases and to the extent described above under "*22.2.2.1 Withholding Tax.*"

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) are generally not taxable in Germany.

22.2.3 Taxation of Capital Gains

22.2.3.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

22.2.3.1.1 Shares Held as Non-Business Assets

Gains on the disposal of shares acquired after December 31, 2008 by a shareholder with a tax domicile in Germany and held as non-business assets are generally—regardless of the holding period—subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon, *i.e.*, 26.375% in total plus any church tax if applicable).

The taxable capital gain is computed from the difference between (i) the proceeds of the disposal and (ii) the acquisition costs of the shares and the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) exceed the acquisition costs, negative acquisition costs—which can increase a capital gain—can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as Qualified Holding.

Only an annual lump-sum deduction of €801 (€1,602 for married couples and registered partners assessed jointly) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares may only be offset against gains on the disposal of shares.

If the shares are held in custody or administered by a domestic credit institution, domestic financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (a "**Domestic Paying Agent**"), the tax on the capital gains will in general be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the seller.

However, the shareholder can apply for his total capital investment income together with his other taxable income to be subject to progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability (*Günstigerprüfung*). This request may only be exercised consistently for all capital investment income and be exercised jointly in case of married couples and registered partners assessed jointly. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded; limitations on offsetting losses are applicable. Further, pursuant to the current view of the German tax authorities (which has been confirmed by a decision of the German Federal Tax Court (*Bundesfinanzhof*)), income-related expenses are non-deductible, except for the annual lump-sum deduction. Further, the limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

An automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the above address)) and, church tax on capital gains is withheld by the Domestic Paying Agent and is deemed to have been paid when the tax is deducted. A deduction of the withheld church tax as a special expense is not permissible, but the withholding tax to be withheld (including the solidarity surcharge) is reduced by 26.375% of the church tax to be withheld on the capital gains.

Regardless of the holding period and the time of acquisition, gains from the disposal of shares are not subject to a uniform withholding tax but to progressive income tax in case of a Qualified Holding. In this case the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

22.2.3.1.2 Shares Held as Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to uniform withholding tax. The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) reduce the original acquisition costs. In case of disposal a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

(i) **Corporations:** If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% of the gains are treated as a non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, generally between approximately 7% and 19.3%). As a rule, losses on disposals and other profit reductions in connection with shares (*e.g.*, from a write-down) cannot be deducted as business expenses. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations.

(ii) **Sole Proprietors:** If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5%, and, if applicable, church tax (partial-income method). Only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

(iii) **Partnerships:** If the shareholder is a commercially active or commercially tainted partnership (co-entrepreneurship) with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see *(i)* "*—Corporations*" above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under *(ii) "—Sole Proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of the partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60%

in the context of general limitations if they are attributable to the profit share of an individual. If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Special rules apply to companies operating in the financial and insurance sectors as well as to pension funds.

22.2.3.1.3 Withholding Tax

In case of a Domestic Paying Agent, the gains of the sale of shares held as business assets are in general subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see "*22.2.3.1.1 Shares Held as Non-Business Assets*"). However, the dividend paying agent will not withhold the withholding tax, if (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the Domestic Paying Agent using the designated official form and certain other requirements are met. If withholding tax is nonetheless withheld by a Domestic Paying Agent, the withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or will be refunded in the amount of any excess.

22.2.3.2 Taxation of Capital Gains of Shareholders without a Tax Domicile in Germany

Capital gains derived by shareholders with no tax domicile in Germany are only subject to German tax if the selling shareholder has a Qualified Holding in the Company or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

In case of a Qualified Holding, 5% of the gains on the disposal of the shares are currently in general subject to corporate income tax plus the solidarity surcharge, if the shareholder is a corporation. If the shareholder is a private individual, only 60% of the gains of the disposal of the shares are subject to progressive income tax plus the solidarity surcharge (partial-income method). However, most double taxation treaties provide for exemption from German taxation and assign the right of taxation to the shareholder's country of residence. According to the tax authorities there is no obligation to withhold withholding tax at source in the case of a Qualified Holding if the shareholder submits to the Domestic Paying Agent a certificate of domicile issued by a foreign tax authority.

With regard to gains or losses of the disposal of shares belonging to a domestic permanent establishment or fixed place of business or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply *mutatis mutandis* (see "*22.2.3.1.2 Shares Held as Business Assets*"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

22.2.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. Since January 1, 2017, the aforementioned exclusions of (partial) tax exemptions for corporate income tax and trade tax purposes shall only apply to shares which, in the case of credit institutions and financial services institutions, are to be allocated to the trading portfolio (*Handelsbestand*) within the meaning of the German Commercial Code (*Handelsgesetzbuch*). In case of finance companies, the aforementioned exclusions of (partial) tax exemptions shall only apply to shares held by finance companies where (i) credit institutions or financial services institutions hold, directly or indirectly, a participation of more than 50% in the respective finance company and (ii) where the finance company must disclose the shares as current assets (*Umlaufvermögen*) as of the time they are initially recognized as business assets. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

In addition, relief of withholding tax may be available under an applicable double taxation treaty, subject to certain prerequisites, *e.g.,* substance requirements and holding periods, being met.

22.2.5 Inheritance and Gift Tax

The transfer of shares to another person *mortis causa* or by way of gift is generally subject to German inheritance or gift tax if:

(i) the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany; or

(ii) the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or

(iii) the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

22.2.6 Other Taxes

No German capital transfer taxes, value-added-tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

22.2.7 The Proposed Financial Transaction Tax (FTT)

On February 14, 2013, the European Commission adopted a proposal for a Council Directive on a common financial transaction tax ("**FTT**"). According to the Commission draft, the FTT shall be implemented in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). In 2015, Estonia stated that it will not participate in implementing the proposed FTT.

The proposed FTT has a very broad scope and could, if introduced in the form of the proposal, apply to certain dealings in the shares of the Company in certain circumstances.

Nevertheless, the FTT remains subject to negotiation between the EU Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and be altered prior to its adoption, the timing of which remains unclear. Moreover, once any directive has been adopted (for purposes of this sub-section, the "**Directive**"), it will need to be implemented into the respective domestic laws of the participating EU Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Finally, additional EU Member States may decide to participate in or to dismiss the implementation. The participation of at least nine EU Member States is necessary to enact a Directive without the participation of all EU Member States in the so-called enhanced cooperation legislation procedure.

Prospective shareholders should consult their own tax advisers in relation to the consequences of the FTT.

23. TAXATION IN LUXEMBOURG

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of the Prospectus and is subject to any change in law that may take effect after such date. It does not purport to be a comprehensive description of all tax considerations that might be relevant to an investment decision. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the listing and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Corporate shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, the solidarity surcharge and the net wealth tax invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

23.1 Withholding Taxes

Dividend payments made to shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived therefrom, are not subject to a withholding tax in Luxembourg. Therefore, the Company does not assume liability for withholding taxes at the source.

23.2 Taxation of Dividend Income

Under certain conditions, a corresponding tax credit may be granted to the shareholders of the Company for foreign withholding taxes against Luxembourg income tax due on these dividends, without exceeding in any case Luxembourg tax on such income.

23.2.1 Luxembourg Resident Shareholders

Dividends and other payments derived from the shares of the Company held by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/ business activity, are subject to income tax at the ordinary progressive rates with a current top effective marginal tax rate of 42% (45.78% including the maximum 9% solidarity surcharge), depending on the annual level of income of the shareholders.

Under current Luxembourg tax laws, 50% of the gross amount of dividends received by resident individuals from the Company may however be exempt from income tax, since the Company is a company based in the European Union and covered by Article 2 of the Parent-Subsidiary Directive. In addition, a total lump-sum of €1,500 (doubled for individual taxpayers who are jointly taxable) is deductible from total investment income (dividends and interest) received during the tax year. Also, actual income related expenses (*e.g.*, bank fees) are deducted, provided that they are supported by documents or a lump-sum deduction of €25.00 applies (doubled for individual taxpayers who are jointly taxable).

Dividends derived from the shares of the Company by Luxembourg resident fully taxable companies are subject to income taxes, unless the conditions of the participation exemption regime are satisfied.

Subject to the anti-abuse provisions of Article 166 (2bis) of the Luxembourg Income Tax Law, the participation exemption regime provides that dividends derived from the shares of the Company may be exempt from income tax at the level of the shareholder if cumulatively:

- if at the date on which the income is made available, the shareholder receiving the dividends is either (i) a fully taxable Luxembourg resident company, or (ii) a domestic permanent establishment of a company resident in the European Union falling under Article 2 of the Parent-Subsidiary Directive, or (iii) a domestic permanent establishment of a joint-stock company limited by shares (*société de*

capitaux) that is resident in a state with which Luxembourg has concluded a double taxation treaty, or (iv) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) or of a cooperative company which is a resident of an EEA Member State (other than a member state of the European Union);

- the Company is (i) a Luxembourg resident fully-taxable joint-stock company limited by shares (*société de capitaux*), or (ii) a company covered by Article 2 of the Parent-Subsidiary Directive, or (iii) a non-resident joint-stock company limited by shares (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax at a rate of a minimum of 9% (as from January 1, 2018) ("**Qualified Subsidiary**"); and
- the shareholder of the company directly holds or commits to hold for an uninterrupted period of at least twelve months shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary of an acquisition price of at least €1.2 million, or an equivalent amount in another currency ("**Qualified Shareholding**").

Liquidation proceeds are assimilated to a dividend received and may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity. To the extent that expenses related to the participation in the Company have reduced the relevant shareholder's taxable profits (during the year of receipt of the dividend), the deductions from these related expenses will not be tax deductible.

If the participation exemption does not apply, dividends may benefit from the 50% exemption under the relevant conditions set out above.

Any shareholder of the Company which is a Luxembourg resident entity governed by the Luxembourg Law of December 17, 2010 on undertakings for collective investment, as amended, by the Luxembourg Law of February 13, 2007 on specialized investment funds, as amended, by the Luxembourg Law of May 11, 2007 on the family wealth management company, as amended, or by the Luxembourg Law of July 23, 2016 on reserved alternative investment funds and treated as a specialized investment fund for Luxembourg tax purposes, is not subject to any Luxembourg corporate income taxes in respect of dividends received from the Company.

23.2.2 Non-Resident Shareholders

Shareholders of the Company who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed place of business or a permanent representative in Luxembourg to which the shares are attributable are not liable to any Luxembourg income tax on dividends received from the Company.

Subject to the provisions of double taxation treaties, dividends on the shares received by non-resident shareholders holding the shares through a Luxembourg permanent establishment or through a Luxembourg permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above apply.

23.3 Taxation of Capital Gains

23.3.1 Luxembourg Resident Shareholders

Capital gains realized on the disposal of shares of the Company by individual shareholders resident in Luxembourg, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation ("**Substantial Participation**"). Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shares.

A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company. A shareholder is also deemed to transfer a Substantial Participation if within the five years preceding the transfer he acquired free of charge a participation that constituted a Substantial Participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation are subject to Luxembourg income tax according to the half-global rate method (*i.e.*, the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on a Substantial Participation) and may benefit from an allowance of up to €50,000.00 granted for a ten-year period (doubled for individual taxpayers who are jointly taxable).

Capital gains realized on the disposal of shares of the Company by individual shareholders resident in Luxembourg, who act in the course of their professional/business activity, are subject to income tax at ordinary rates.

Capital gains realized by (i) a Luxembourg fully-taxable resident company or (ii) the Luxembourg permanent establishment of a non-resident foreign company on the shares of the Company are subject to income tax at the maximum global rate of 26.01% (in Luxembourg-City in 2018), unless the conditions of the participation exemption regime, as described above, are satisfied, provided that the acquisition price must amount to at least €6.0 million for capital gain exemption purposes. Shares held through a tax transparent entity are considered as a direct participation holding proportionally to the percentage held in the assets of the transparent entity. To the extent that expenses related to the (exempt) shareholding or write-downs deducted in relation to the participation have reduced the relevant shareholder's taxable profits (during the year of the sale or in prior years), the exempt amount of the capital gain will be reduced by the sum of the excess expenses and capital write-downs which are in direct economic connection with the participation and were deducted over current and previous years.

Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value. Any expenses in excess of the capital gains remain fully tax deductible.

Any shareholder of the Company which is a Luxembourg resident entity governed by the Luxembourg Law of December 17, 2010 on undertakings for collective investment, as amended, by the Luxembourg Law of February 13, 2007 on specialized investment funds, as amended, by the Luxembourg Law of May 11, 2007 on the family wealth management company, as amended, or by the Luxembourg Law of July 23, 2016 on reserved alternative investment funds and treated as a specialized investment fund for Luxembourg tax purposes, is not subject to any Luxembourg corporation taxes in respect of capital gains realized upon disposal of its shares.

23.3.2 Non-Resident Shareholders

Under Luxembourg tax and subject to the provisions of double taxation treaties, capital gains realized on the disposal of shares of the Company by a non-resident shareholder holding the shares through a Luxembourg permanent establishment or through a Luxembourg permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above apply. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

23.4 Net Wealth Tax

Luxembourg resident shareholders of the Company, as well as non-resident shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable, are subject to Luxembourg net wealth tax on their net assets as determined for net wealth tax purposes on the net wealth tax assessment date (January 1 of each year), except if the relevant shareholder is (i) a resident or non-resident individual, or (ii) governed by the Luxembourg Law of May 11, 2007 on family wealth management companies, as amended, (iii) by the Luxembourg Law of December 17, 2010 on undertakings for collective investment, as amended, (iv) by the Luxembourg Law of February 13, 2007 on specialized investment funds, as amended, (v) is a securitization company governed by the Luxembourg Law of March 22, 2004 on securitization, as amended, (vi) a capital company governed by the Luxembourg Law of June 15, 2004 on venture capital vehicles, as amended, (vii) a professional pension institution governed by the Luxembourg Law of July 13, 2005, as amended, or (viii) a reserved alternative investment fund vehicle governed by the Luxembourg Law of July 23, 2016.

Please note, however, that securitization companies governed by the Luxembourg Law of March, 22, 2004 on securitization, as amended, capital companies governed by the Luxembourg Law of June 15, 2004 on venture capital vehicles, as amended, professional pension institutions governed by the Luxembourg Law of July 13, 2005, as amended, or reserved alternative investment funds (treated as venture capital vehicles for Luxembourg tax purposes) governed by the Luxembourg Law of July 23, 2016, remain subject to minimum net wealth tax.

Furthermore, any shareholder of the Company who is (i) a Luxembourg resident fully-taxable collective entity, (ii) a domestic permanent establishment of a company resident in the European Union and covered by Article 2 of the Parent-Subsidiary Directive, (iii) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) that is resident in a state with which Luxembourg has concluded a double tax treaty, or (iv) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) or of a cooperative company which is a resident of an EEA Member State (other than a member state

of the European Union), the shares may be exempt from net wealth tax for any given year, if at the net wealth tax assessment date, the shares represent a participation of at least 10% in the share capital of the Company or a participation of an acquisition price of at least €1.2 million. However, if the relevant shareholder is a vehicle not listed under the exceptions (ii) to (viii) listed above, as from January 1, 2017, it might be subject to a minimum net wealth tax of €4,815.00 if it holds assets (*e.g.*, fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash) in a proportion that exceeds 90% of its total balance sheet value and if the total balance sheet value exceeds €350,000.00, or to a minimum net wealth tax between €535.00 and €32,100.00 based on the total amount of its assets.

23.5 Value Added Tax

There is no Luxembourg VAT payable in respect of payments in consideration for the subscription of the Company's shares or in respect of the payment of dividends or the transfer of the shares.

23.6 Other Taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by shareholders upon the acquisition, holding or disposal of shares in the Company. However, a fixed registration duty of €12.00 may be due in the case of a registration of the shares on a voluntary basis.

Under current Luxembourg tax law, where an individual shareholder of the Company is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the shares are included in his/her taxable basis for inheritance tax purposes. On the contrary, no inheritance taxes are levied on the transfer of the shares upon death of an individual shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax may be due on a gift or donation of the shares if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

24. FINANCIAL INFORMATION

Condensed Combined Interim Financial Statements
for the three months ended
December 31, 2017
in accordance with
International Financial Reporting Standards
(IFRS, as adopted by the EU)
Siemens Healthineers

I. COMBINED STATEMENTS OF INCOME

COMBINED STATEMENTS OF INCOME
FOR THE FIRST THREE MONTHS OF FISCAL 2018 AND 2017 ENDED DECEMBER 31, 2017 AND 2016

	Note	2018	2017[1]
		(in millions of €)	
Revenue	6	3,198	3,327
Cost of sales		(1,870)	(1,913)
Gross profit		**1,328**	**1,414**
Research and development expenses		(306)	(294)
Selling and general administrative expenses		(538)	(536)
Other operating income		16	1
Other operating expenses		(11)	(4)
Income from investments accounted for using the equity method, net		2	3
Interest income		4	4
Interest expenses		(70)	(68)
Other financial income (expenses), net		(4)	1
Income before income taxes		**421**	**521**
Income tax expenses		(111)	(160)
Net income		**310**	**361**
Attributable to:			
Non-controlling interests		3	2
Siemens Group		307	359

1 Adjusted for effects of adopting IFRS 15, see *Note 2 - Significant accounting policies and critical accounting estimates*

II. COMBINED STATEMENTS OF COMPREHENSIVE INCOME

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST THREE MONTHS OF FISCAL 2018 AND 2017 ENDED DECEMBER 31, 2017 AND 2016

	2018	2017[1]
	(in millions of €)	
Net Income	**310**	**361**
Remeasurements of defined benefit plans	(31)	199
Remeasurement - before income taxes	(10)	282
Income tax effects	(21)	(83)
Items that will not be reclassified to profit or loss	**(31)**	**199**
Currency translation differences	39	(196)
Available-for-sale financial assets	—	—
therein: Income tax effects	—	—
Derivative financial instruments	6	(11)
therein: Income tax effects	(3)	4
Items that may be reclassified subsequently to profit or loss	**45**	**(207)**
Other comprehensive income, net of income taxes	**14**	**(8)**
Total comprehensive income	**324**	**353**
Attributable to:		
Non-controlling interests	3	(1)
Siemens Group	321	354

1 Adjusted for effects of adopting IFRS 15, see *Note 2 - Significant accounting policies and critical accounting estimates*

III. COMBINED STATEMENTS OF FINANCIAL POSITION

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 AND SEPTEMBER 30, 2017

	Note	December 31, 2017	September 30, 2017[1]
		(in millions of €)	
Assets			
Cash and cash equivalents		326	184
Trade and other receivables		2,225	2,308
Other current financial assets		94	57
Receivables from Siemens Group	**7**	5,005	2,991
Contract assets		396	294
Inventories		1,740	1,605
Current income tax assets		73	79
Other current assets		274	276
Total current assets		**10,133**	**7,794**
Goodwill		8,046	7,992
Other intangible assets		1,580	1,525
Property, plant and equipment		1,616	1,566
Investments accounted for using the equity method		35	33
Other financial assets		148	162
Other receivables from Siemens Group	**7**	1,365	1,365
Deferred tax assets		433	408
Other assets		263	268
Total non-current assets		**13,486**	**13,319**
Total assets		**23,619**	**21,113**
Liabilities and equity			
Short-term debt and current maturities of long-term debt		56	55
Trade payables		1,070	1,120
Other current financial liabilities		69	72
Payables to Siemens Group	**7**	8,255	5,795
Contract liabilities		1,383	1,406
Current provisions		278	290
Current income tax liabilities		117	122
Other current liabilities		1,134	1,250
Total current liabilities		**12,362**	**10,110**
Long-term debt		17	15
Provisions for pensions and similar obligations		1,769	1,732
Deferred tax liabilities		300	259
Provisions		152	153
Other financial liabilities		41	23
Other liabilities		364	365
Other liabilities to Siemens Group	**7**	5,081	5,167
Total non-current liabilities		**7,724**	**7,714**
Total liabilities		**20,086**	**17,824**
Net assets attributable to Siemens Group		4,242	4,045
Other components of equity		(719)	(764)
Total equity attributable to Siemens Group		3,523	3,281
Non-controlling interests		10	8
Total equity	**3**	**3,533**	**3,289**
Total liabilities and equity		**23,619**	**21,113**

1 Adjusted for effects of adopting IFRS 15, see *Note 2 - Significant accounting policies and critical accounting estimates*

IV. COMBINED STATEMENTS OF CASH FLOWS

COMBINED STATEMENTS OF CASH FLOWS FOR THE FIRST THREE MONTHS OF FISCAL 2018 AND 2017 ENDED DECEMBER 31, 2017 AND 2016

	2018	2017[1]
	(in millions of €)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	310	361
Adjustments to reconcile net income to cash flows from operating activities		
Amortization, depreciation and impairments	124	141
Income tax expenses	111	160
Interest expenses, net	66	64
Income related to investing activities	(1)	—
Other income from investments	(2)	(3)
Other non-cash (income) expenses	7	34
Change in operating net working capital		
Contract assets	(110)	(80)
Inventories	(140)	(128)
Trade and other receivables	144	143
Trade payables	(26)	10
Contract liabilities	(39)	(27)
Change in other assets and liabilities	(176)	(200)
Additions to assets leased to others in operating leases	(50)	(40)
Income taxes paid	(42)	(8)
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	(77)	(94)
Dividends received	1	1
Interest received	4	4
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**104**	**338**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to intangible assets and property, plant and equipment	(95)	(96)
Purchase of investments	—	—
Acquisitions of businesses, net of cash acquired	(226)	(6)
Disposal of investments, intangibles and property, plant and equipment	2	1
CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**(319)**	**(101)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in short-term debt and other financing activities	(1)	(7)
Interest paid	(1)	(2)
Profit and loss transfers with Siemens Group	—	—
Dividends paid to Siemens Group	(230)	(122)
Dividends paid to non-controlling interest holders	(2)	(1)
Interest paid to Siemens Group	(61)	(62)
Other transactions/financing with Siemens Group	651	(43)
CASH FLOWS PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**356**	**(237)**
EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**1**	**—**
CHANGE IN CASH AND CASH EQUIVALENTS	**142**	**1**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**184**	**206**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**326**	**207**

1 Adjusted for effects of adopting IFRS 15, see *Note 2 - Significant accounting policies and critical accounting estimates*

V. COMBINED STATEMENTS OF CHANGES IN EQUITY

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST THREE MONTHS OF FISCAL 2018 AND 2017 ENDED DECEMBER 31, 2017 AND 2016

	Net assets attributable to Siemens Group	Currency translation differences Siemens	Available-for-sale financial assets	Derivative financial instruments	Total equity attributable to Siemens Group	Non-controlling interests	Total equity
				(in millions of €)			
Balance as of October 1, 2016 [1]	**3,239**	**(767)**	**—**	**—**	**2,472**	**33**	**2,505**
Net income	359	—	—	—	359	2	361
Other comprehensive income	199	(193)	—	(11)	(5)	(3)	(8)
Total comprehensive income	558	(193)	—	(11)	354	(1)	353
Profit and loss transfer with Siemens Group	(285)	—	—	—	(285)	—	(285)
Dividends	(122)	—	—	—	(122)	(2)	(124)
Other changes in equity	233	—	—	—	233	(4)	229
Balance as of December 31, 2016	**3,623**	**(960)**	**—**	**(11)**	**2,652**	**26**	**2,678**
Balance as of October 1, 2017	4,045	(762)	—	(2)	3,281	8	3,289
Net income	307	—	—	—	307	3	310
Other comprehensive income	(31)	39	—	6	14	—	14
Total comprehensive income	276	39	—	6	321	3	324
Profit and loss transfer with Siemens Group	(651)	—	—	—	(651)	—	(651)
Dividends	(230)	—	—	—	(230)	(2)	(232)
Other changes in equity	802	—	—	—	802	1	803
Balance as of December 31, 2017	**4,242**	**(723)**	**—**	**4**	**3,523**	**10**	**3,533**

1 Adjusted for effects of adopting IFRS 15, see *Note 2 - Significant accounting policies and critical accounting estimates*

NOTE 1 Basis of preparation

Purpose and content of the Condensed Combined Interim Financial Statements

On August 3, 2017, Siemens AG announced its plans to publicly list the Siemens Healthineers Business in the form of an initial public offering (IPO). The parent company of Siemens Healthineers and thus the issuer of shares for the planned initial public offering will be Siemens Healthineers AG, located in Munich, Germany. Siemens Healthineers AG was established in a notarial foundation deed on December 1, 2017 and is since then included into the scope of combination of Siemens Healthineers.

Siemens Healthineers is to be separated from Siemens AG and its subsidiaries ("Siemens Group") in two steps. In an initial preparatory step, activities that had not been conducted by separate companies have been transferred to separate legal entities. In a second step, all companies comprising the Siemens Healthineers business have been or will be bundled under Siemens Healthineers AG, and its direct and indirect subsidiaries.

According to the European Prospectus Regulation No. 809/2004, as amended ("EPV"), an issuer must present historical financial information covering the latest three fiscal years in its securities prospectus. In addition to the Combined Financial Statements for the fiscal years from October 1, 2016 to September 30, 2017 ("fiscal 2017"), from October 1, 2015 to September 30, 2016 ("fiscal 2016") and from October 1, 2014 to September 30, 2015 ("fiscal 2015"), Siemens Healthineers presents Condensed Combined Interim Financial Statements for the three months ended December 31, 2017. According to the European Prospectus Regulation No. 211/2007 Siemens Healthineers AG, as the issuer, has a "Complex Financial History" as of the share issuance date. The historical financial information represents the Siemens Healthineers business (hereafter referred to as "Siemens Healthineers") under the control of Siemens AG and managed centrally by the Managing Board of Siemens Healthineers.

The Condensed Combined Interim Financial Statements consist of Combined Statements of Income, Combined Statements of Comprehensive Income, Combined Statements of Financial Position, Combined Statements of Cash Flows, Combined Statements of Changes in Equity and Notes to the Condensed Combined Interim Financial Statements for the three months from October 1, 2017 to December 31, 2017 (collectively referred to hereafter as "Condensed Combined Interim Financial Statements").

The Condensed Combined Interim Financial Statements have been prepared and published in million of euro (€ million). Rounding differences may occur in respect of individual amounts or percentages.

For further explanations of Siemens Healthineers and additional information reference is made to the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*. The Condensed Combined Interim Financial Statements should be read in conjunction with these *Combined Financial Statements*.

The Condensed Combined Interim Financial Statements are unaudited and were prepared on January 29, 2018 by the Managing Board of Siemens Healthineers.

Condensed Combined Interim Financial Statements

Siemens Healthineers has prepared the Condensed Combined Interim Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and, in particular, for interim financial information according to International Accounting Standard ("IAS") 34, Interim Financial Reporting.

Since IFRS provides no guidelines for the preparation of Condensed Combined Interim Financial Statements, rules given in IAS 8.12 have been used. IAS 8.12 requires the consideration of the most recent pronouncements of other standard-setting bodies, other financial requirements and recognized industry practices. Consistent with the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*, the predecessor accounting approach has been applied in the Condensed Combined Interim Financial Statements of Siemens Healthineers following IAS 8.12. Furthermore, the same combination rules have been applied as in the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*. The Management of Siemens Healthineers (as defined in *Note 7 – Related party transactions)* uses significant judgment in determining these combination rules. Thus, the Condensed Combined Interim Financial Statements presented here do not necessarily reflect the financial position and results of operations that would have occurred if Siemens Healthineers had existed as a separate group in the periods presented.

Scope of Combination

The scope of combination for the Condensed Combined Interim Financial Statements for the three months from October 1, 2017 to December 31, 2017 was determined on economic principles using the common management approach, i.e. the assets and liabilities which have been managed by the Managing Board of Siemens Healthineers throughout the periods presented were included in the scope of combination. Accordingly, the approach is not based on the legal structure of Siemens Healthineers in the periods presented. However, it is reflective of the target legal structure which will be in place prior to the IPO.

For a list of legal entities fully included in the Condensed Combined Interim Financial Statements as well as legal entities from which assets and liabilities already under the responsibility of the Managing Board of Siemens Healthineers have been included in the Condensed Combined Interim Financial Statements prior to their actual legal transfer, please see *Note 28 – Scope of combination* to the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*. Changes in the scope of combination compared to September 30, 2017, as presented in the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*, primarily consist of the acquisitions described below and the newly founded Siemens Healthineers AG.

The following acquisitions occurred during the periods presented in the Condensed Combined Interim Financial Statements:

Acquisition of Epocal

On October 31, 2017, Siemens Healthineers successfully completed the acquisition of all shares in Epocal, Inc. and selected assets (Epocal) from Alere Inc., due to their divestment of this business in connection with the review by the Federal Trade Commission and the European Commission of Abbott Laboratories agreement to acquire Alere. Epocal develops and provides point-of-care blood diagnostic systems for healthcare enterprises and it allows Siemens Healthineers to complete its blood gas portfolio. The acquired business is integrated in the Diagnostics segment.

The contractually agreed purchase price amounted to US$200 million (€172 million as of the acquisition date) and was paid in cash.

The preliminary purchase price allocation as of the acquisition date resulted in Other intangible assets of €71 million, Property, plant and equipment of €13 million, Other tangible assets of €9 million, Deferred tax liabilities of €16 million and Other liabilities of €1 million. Other intangible assets mainly relate to technology of €47 million and customer-related intangible assets of €24 million. Goodwill of €96 million comprises intangible assets that are not separable such as employee know-how and expected synergy effects. Thereof, €35 million are expected to be deductible for tax purposes.

The purchase price allocation is preliminary as a detailed analysis of the assets and liabilities has not been finalized.

Acquisition of Fast Track Diagnostics ("FTD")

On December 19, 2017 Siemens Healthineers successfully completed the acquisition of all shares in Luxembourg-based FTD Investments S.à r.l. FTD provides globally a broad range of diagnostic tests, covering major disease groups. The acquired business is integrated in the Diagnostics segment and allows Siemens Healthineers to underscore its commitment to molecular diagnostics.

The estimated purchase price amounted to €80 million as of the acquisition date. The closing payment of €60 million was paid in cash. The preliminary difference of €20 million is subject to post-closing adjustments.

The preliminary purchase price allocation as of the acquisition date resulted in Other intangible assets of €27 million, Cash and cash equivalents of €6 million, Other receivables of €2 million and Deferred tax liabilities of €8 million. Goodwill of €53 million comprises intangible assets that are not separable such as employee know-how and expected synergy effects.

The purchase price allocation is preliminary as a detailed analysis of the assets and liabilities has not been finalized.

Pensions and similar obligations

The Condensed Combined Interim Financial Statements of Siemens Healthineers present the pension obligations and corresponding plan assets allocated to Siemens Healthineers. The obligations were measured on the basis of expert actuarial valuations.

The pension obligations for active employees as well as for retirees and deferred vested were legally transferred mainly in line with the individual carve-outs from the Siemens Group to the newly founded Siemens Healthineers entities. Since plan assets are not managed separately for each participating company, they have been allocated to participating entities based on the allocated defined benefit obligation or the plan beneficiaries also taking into consideration any special legal requirements.

Due to the fact that the legal transfer of these plan assets has not yet been completed, the actual amounts of the plan assets to be transferred may differ from the allocated plan assets presented in the Condensed Combined Interim Financial Statements.

As a result of negotiations with the trustees related to the transfer of pension liabilities and plan assets from Siemens Group to Siemens Healthineers in the United Kingdom, it has been agreed that pension liabilities in an amount of €579 million and plan assets in an amount of €626 million (both as of November 30, 2017) are transferred back to Siemens Group. Accordingly, the pension liabilities and plan assets recognized in the Condensed Combined Interim Financial Statements are lower than in the *Combined Financial Statements of fiscal 2017, fiscal 2016 and fiscal 2015*.

Income Taxes and Deferred Taxes

In accordance with IAS 12, Income Taxes, current and deferred income taxes are recognized for the purposes of the Condensed Combined Interim Financial Statements taking into consideration local tax requirements. Income taxes are determined using the separate tax return approach under the assumption that the entities and operations of Siemens Healthineers constitute separate taxable entities.

This assumption implies that current and deferred taxes for all companies and operations and tax groups within Siemens Healthineers are calculated separately. The recoverability of deferred tax assets is assessed on this basis. In the Condensed Combined Interim Financial Statements deferred tax assets from tax loss carryforwards were recognized to the extent it is probable that they can be offset with future taxable income from the respective Siemens Healthineers' entities.

Tax receivables and liabilities as well as deferred tax assets on loss carryforwards of Siemens Healthineers entities and operations that did not constitute a separate tax payer in the periods presented were treated as contributions or transfers from reserves by shareholders, and are not included in the Condensed Combined Interim Financial Statements of Siemens Healthineers.

The Management of Siemens Healthineers deems the approach as appropriate though not necessarily indicative of the tax expense or income that would result for Siemens Healthineers as a separate group. For the purpose of the Condensed Combined Interim Financial Statements, tax expense is based on the current estimated annual effective tax rate of Siemens Healthineers in accordance with IAS 34, Interim Financial Reporting.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act was signed into Law and it includes, among other measures, a reduction of the nationwide federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. As a result, Siemens Healthineers has a net positive impact of the tax position in an amount of €26 million in profit or loss and an expense of €29 million in other comprehensive income in the three months ended December 31, 2017.

Capital Structure

The equity of Siemens Healthineers consists of the net assets attributable to Siemens Healthineers, because Siemens Healthineers does not constitute a legal group during the periods presented.

The equity of Siemens Healthineers as presented in the Condensed Combined Interim Financial Statements has been impacted mainly by the following combination rules:

a) any allocation of assets and liabilities to Siemens Healthineers in addition to those already included in the segment reporting for Healthineers as presented in the Consolidated Financial Statements of Siemens AG and prior to their actual legal transfer, was directly recognized in equity as withdrawal or contribution at the time of the allocation;

b) any consideration given or received in the course of the formation of a group of entities either directly or indirectly controlled by Siemens Healthineers AG, was directly recognized in equity as withdrawal or contribution at the time of the transfer;

c) any taxes paid from Siemens Group and related to Siemens Healthineers operations prior to the carve-out, was directly recognized in equity;

d) any changes in the conversion of receivables and payables to cash related to Siemens Healthineers operations prior to the carve-out, was directly recognized in equity;

c) and d) are necessary because in the Siemens Consolidated Financial Statements cash balances are not allocated to the Siemens Group operating segments, but managed centrally. Additionally, in Siemens Group legal entities tax payments are not assigned to operating segments. Therefore, taxes paid from Siemens Group and related to Siemens Healthineers operations as well as conversions of receivables and payables to cash related to Siemens Healthineers operations prior to the carve-out of Siemens Healthineers operations are presented in equity as deemed contributions and withdrawals.

As the formation of Siemens Healthineers Group has not been finalized as of December 31, 2017, further changes in the capital structure may occur.

Related Party Transactions

Transactions between Siemens Healthineers and the remaining Siemens Group are recognized in accordance with IFRS and classified as related-party transactions.

Condensed Combined Interim Statements of Cash Flows

According to IAS 7, Cash Flow Statements, the Condensed Combined Interim Statements of Cash Flows of Siemens Healthineers contain operating, investing and financing activities. Cash transactions resulting from the central cash management operated by the Siemens Group throughout the periods presented as well as cash transactions with other Siemens Group entities in conjunction with the formation of the group of entities either directly or indirectly controlled by Siemens Healthineers AG, have been included in the line item *Other transaction/ financing with Siemens Group* in the Cash Flows from Financing Activities of the Condensed Combined Interim Statements of Cash Flows.

NOTE 2 Significant accounting policies and critical accounting estimates

The accounting principles applied in the preparation of the Condensed Combined Interim Financial Statements as of and for the three months ended December 31, 2017 are consistent with those used in the preparation of the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*, except for the adoption of IFRS 15 as of October 1, 2017.

Key accounting estimates and judgments – Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the results of operations, financial positions and cash flows of Siemens Healthineers. Critical accounting estimates could also involve estimates where Siemens Healthineers reasonably could have used a different estimate in the current accounting period. Siemens Healthineers cautions that future events often vary from forecasts and that estimates routinely require adjustment. Estimates and assumptions are reviewed on an on-going basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes.

From October 1, 2017, the useful life of instruments leased to customers in an operating lease in the segment Diagnostics, has been increased from five to seven years to reflect the updated expected utility of these assets to Siemens Healthineers.

The estimates in accordance with the basis of preparation made in these Condensed Combined Interim Financial Statements are consistent with estimates made for the same date in accordance with the reporting requirements under IFRS as part of the consolidation group of Siemens AG, unless there is objective evidence that those estimates are not a faithful representation on a stand-alone basis.

Recently adopted accounting pronouncements

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which Siemens Healthineers expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted. Siemens Healthineers has adopted the standard for the fiscal year beginning as of October 1, 2017 retrospectively, i.e. the comparable period is presented in accordance with IFRS 15.

The application of IFRS 15 as of October 1, 2017 and the preparation of the comparable period for fiscal 2017 confirmed that there are no significant impacts on Siemens Healthineers' Financial Statements. Retained earnings as of October 1, 2016 increased by €98 million. The increase mainly arises from an earlier recognition of variable consideration components and as transfer of control may occur before the transfer of significant risks and rewards for certain goods.

According to IFRS 15, once either party to an existing contract (i.e. the customer or Siemens Healthineers) has performed, the contract is presented in the financial statements as a *Contract asset* or a *Contract liability*, depending on the relationship between Siemens Healthineers' performance and the customer's payment.

Therefore mainly two effects from IFRS 15 are reflected in the Combined Statement of Financial Position of Siemens Healthineers:

- Reclassifications due to the newly introduced balance sheet line items *Contract assets* and *Contract liabilities*, such as the reclassification of *advance payments received* from the line item *Inventories* to the line item *Contract liabilities* or the reclassification of *customer advances for service business* from the line item *Other current liabilities* to the line item *Contract liabilities*.
- An increase of *Contract assets* and a decrease of *Contract liabilities* resulting from the earlier revenue recognition under IFRS 15.

Please see for further details also *Note 26 – Effects from the adoption of IFRS 15* to the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015.*

NOTE 3 Equity

As stated in *Note 1 – Basis of preparation*, Siemens Healthineers was not a legal group for Consolidated Financial Statements reporting purposes in accordance with IFRS 10, Consolidated Financial Statements, in the periods presented. The equity was presented on the basis of the aggregation of the net assets of the Siemens Healthineers business under the control of Siemens AG and centrally managed by the Managing Board of Siemens Healthineers.

Since Siemens Healthineers does not constitute a legal group in the periods presented, a presentation of earnings per share in accordance with IAS 33, Earnings per share, is not applicable.

Capital Management

Capital Management for Siemens Healthineers was performed by Siemens Group and includes the consideration of legal requirements relating to the equity and liquidity requirements of Siemens AG and Siemens Group during the periods presented.

Other changes in equity

During the periods presented in the Condensed Combined Interim Financial Statements, the line item *Other changes in equity* as included in the Condensed Combined Interim Statements of Changes in Equity mainly contains specifics in relation to the combination rules described in *Note 1 – Basis of preparation*. In particular, in the three months ended December 31, 2017, the line item *Other changes in equity* was mainly impacted by transactions with Siemens Group in connection with the formation as well as the future funding of the Siemens Healthineers Group. These transactions are also reflected in the increased receivables from and payables to Siemens Group.

NOTE 4 Financial instruments

The following table discloses the carrying amounts of each category of financial assets and financial liabilities:

		Category of financial assets and financial liabilities	Measurement/ Fair Value hierarchy	December 31, 2017 Carrying amount	September 30, 2017 Carrying amount
				(in millions of €)	
Loans and receivables	1)	LaR	Amortized cost	2,401	2,468
Cash and cash equivalents		n.a.	—	326	184
Derivatives designated in a hedge accounting relationship		n.a.	Level 2	8	4
Derivatives not designated in a hedge accounting relationship		FAHfT	Level 2	9	7
Available-for-sale financial assets	2)	AfS	At cost / Level 1	49	50
Receivables and other receivables from Siemens Group		LaR	Amortized cost	6,370	4,356
Financial assets				**9,164**	**7,068**
Financial liabilities measured at amortized costs	3)	FLaC	Amortized cost	1,239	1,273
Derivatives designated in a hedge accounting relationship		n.a.	Level 2	2	6
Derivatives not designated in a hedge accounting relationship		FLHfT	Level 2	12	6
Payables and other liabilities to Siemens Group		FLaC	Amortized cost	13,336	10,962
Financial liabilities				**14,590**	**12,248**

Categories of financial assets and financial liabilities:

LaR = Loans and receivables, FAHfT = Financial assets held-for-trading, AfS = Available-for-sale; FLaC = Financial liabilities measured at amortized cost; FLHfT = Financial liabilities held–for-trading

The levels of the fair value hierarchy and its application to the financial assets and financial liabilities are described below:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

1) Reported in the following line items: Trade and other receivables, Other current financial assets, Other financial assets—except for separately disclosed derivative financial instruments and available-for-sale financial assets

2) Thereof including equity instruments classified as available-for-sale, for which a fair value could not be reliably measured and which are recognized at cost (December 31, 2017: € 41 million, September 30, 2017: €42 million). In addition, the fair value (Level 1) of available-for-sales financial assets as of December 31, 2017 and September 30, 2017 amounting to €8 million and €8 million, respectively

3) Reported in the following line items: Short-term debt and current maturities of long-term debt, Trade payables, Other current financial liabilities, Long-term debt, Other financial liabilities—except for separately disclosed derivative financial instruments

The carrying amount of the other liabilities to Siemens Group (residual term > 1year) which related to Siemens Healthineers' business in the United States was €4,973 million and €5,052 million as of December 31, 2017 and September 30, 2017, respectively, while the fair values amounted to €4,802 million and €4,883 million, respectively which are based on prices provided by price service agencies at the period-end date (Level 2). The fair value of the remaining long-term loans to Siemens Healthineers provided by Siemens Group approximate the carrying amount as the interest rates approximate market rates.

For further information related to the fair values of financial assets and liabilities, please see *Note 19 – Financial instruments and hedging activities* to the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015.*

NOTE 5 Segment information

	External Revenue		Intersegment Revenue		Total Revenue		Profit	
	Three months ended December 31,		Three months ended December 31,		Three months ended December 31,		Three months ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
	(in millions of €)							
Imaging	1,878	1,922	66	60	1,943	1,983	371	415
Diagnostics	929	1,007	—	—	929	1,007	99	135
Advanced Therapies	364	359	4	2	368	361	82	89
Total Segments	**3,171**	**3,289**	**70**	**62**	**3,241**	**3,351**	**552**	**639**
Reconciliation	27	38	(70)	(62)	(42)	(24)	(132)	(118)
Siemens Healthineers	**3,198**	**3,327**	**—**	**—**	**3,198**	**3,327**	**421**	**521**

	Assets		Free Cash Flow		Additions to intangible assets and property, plant and equipment and additions to assets leased to others in operating leases		Amortization, depreciation & impairments	
	Dec 31,	Sep 30,	Three months ended December 31,		Three months ended December 31,		Three months ended December 31,	
	2017	2017	2017	2016	2017	2016	2017	2016
			(in millions of €)					
Imaging	6,093	6,041	251	326	26	23	33	31
Diagnostics	4,324	3,915	(100)	(1)	91	88	46	57
Advanced Therapies	888	879	54	67	2	1	2	2
Total Segments	**11,305**	**10,835**	**205**	**392**	**120**	**113**	**81**	**90**
Reconciliation	12,314	10,278	(197)	(149)	29	23	42	50
Siemens Healthineers	**23,619**	**21,113**	**9**	**243**	**148**	**135**	**124**	**141**

Description of reportable segments

Siemens Healthineers defined three reportable segments as outlined below based on the announced new reporting structure.

For purposes of preparing these Condensed Combined Interim Financial Statements, the segment reporting as implemented is retrospectively applied to the periods presented:

- Imaging, which offers diagnostic imaging products and a broad portfolio of advanced imaging and ultrasound systems and solutions;
- Diagnostics offers products, services and solutions, including a broad array of testing applications, in the areas of laboratory, point of care and molecular diagnostics;
- Advanced Therapies is a supplier of advanced therapy products, services and solutions to the therapy departments of healthcare providers.

Accounting policies and segment measurement principles are the same as those described in *Note 23 – Segment information* in the *Combined Financial Statements for fiscal 2017, fiscal 2016 and fiscal 2015*.

Siemens Healthineers' Revenues include revenues from lease contracts in the amount of €36 million and €44 million in the three months ended December 31, 2017 and 2016, respectively.

For each of the segments, revenue mainly results from performance obligations satisfied at a point in time, especially resulting from the sale of products across all segments including consumables and reagents in the Diagnostics segment.

The performance obligations related to maintenance contracts for products sold are generally satisfied over-time with revenue recognized on a straight-line basis.

Reconciliation to Condensed Combined Interim Financial Statements

Profit

	Three months ended December 31,	
	2017	2016
	(in millions of €)	
Total Segments	**552**	**639**
Centrally carried pension expense	(15)	(14)
Amortization of Intangible assets acquired in business combinations	(33)	(41)
Eliminations, Corporate Treasury, Corporate Items, other items	(84)	(64)
Reconciliation to Condensed Combined Interim Financial Statements	**(132)**	**(118)**
Siemens Healthineers—Income before income taxes	**421**	**521**

In the three months ended December 31, 2017 and 2016, Corporate Treasury includes interest expense of €61 million and €62 million respectively, related to loans with Siemens Group.

Assets

	Dec. 31, 2017	Sep. 30, 2017
	(in millions of €)	
Total Segments	**11,305**	**10,835**
Assets pensions	20	24
Assets Real Estate	566	578
Asset-based adjustments		
Receivables from Siemens Group	6,370	4,356
Tax-related assets	506	485
Liability-based adjustments		
Payables and other liabilities to Siemens Group	13,336	10,962
Tax-related liabilities	417	487
Eliminations, Corporate Treasury, Corporate Items, other items	(8,901)	(6,613)
Reconciliation to Condensed Combined Interim Financial Statements	**12,314**	**10,278**
Siemens Healthineers—Total assets	**23,619**	**21,113**

Free Cash Flow

	Three months ended December 31,	
	2017	2016
	(in millions of €)	
Total Segments	**205**	**392**
Central Items	(78)	(47)
Tax-related Cash Flows	(119)	(101)
Other items	—	(2)
Siemens Healthineers—Free Cash Flow	**9**	**243**
Remaining Cash Flows from investing activities[1]	(224)	(5)
Cash Flows from financing activities	356	(237)
Effect of foreign exchange rates on cash and cash equivalents	1	—
Changes in cash and cash equivalents	**142**	**1**

1 excluding additions to intangible assets and property, plant and equipment

NOTE 6 Information about geographies

The following table discloses the revenue by location of customers:

	Three months ended December 31,	
	2017	2016
	(in millions of €)	
Europe, C.I.S., Africa, Middle East	1,079	1,044
Americas	1,234	1,400
Asia, Australia	885	883
Siemens Healthineers	**3,198**	**3,327**
thereof Germany	*213*	*229*
thereof foreign countries	*2,985*	*3,098*
therein U.S.	*1,033*	*1,190*

NOTE 7 Related party transactions

Siemens Healthineers maintains business relations with Siemens Group and with associates of both Siemens Group and Siemens Healthineers. The Siemens Group is a related party, as Siemens AG controls Siemens Healthineers.

Transactions with Siemens Group

Sales of goods and services and other income, as well as purchases of goods and services and other expense from transactions with the Siemens Group in the three months ended December 31, 2017 and 2016, are presented in the following table:

	Sales of goods and services and other income		Purchases of goods and services and other expenses	
	Three months ended December 31,		Three months ended December 31,	
	2017	2016	2017	2016
	(in millions of €)			
Siemens Group	81	58	152	159

Sales to and purchases from Siemens Group

Supply and delivery agreements exist between Siemens Healthineers and Siemens Group. Siemens Healthineers is supplied by Siemens Group and delivers to Siemens Group goods and services on a case by case basis.

Other expenses

Siemens Group provides Siemens Healthineers with central corporate services, such as tax and legal, IT, corporate communications, HR, accounting, financial services and treasury in an amount of €115 million and €121 million in the three months ended December 31, 2017 and 2016.

Receivables from and payables to Siemens Group

Siemens Healthineers' receivables from and payables to Siemens Group are as follows:

	Receivables		Payables	
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2017	Sep 30, 2017
	(in millions of €)			
Siemens Group	6,370	4,356	13,336	10,962
therein				
from Siemens Credit Warehouse	*77*	*175*	*—*	*—*
from financing activities	*6,240*	*4,163*	*12,474*	*10,040*
from other items	*53*	*17*	*863*	*922*

Siemens Credit Warehouse

In the past Siemens Healthineers participated in the factoring program called "Siemens Credit Warehouse". Siemens Healthineers transferred trade receivables to Siemens Group including all relevant collection risks, but was still responsible for the administration of the trade receivables. Due to the planned termination of the participation in the Siemens Group factoring program, the transfer of trade receivables from Siemens Healthineers to Siemens Group was stopped in December 2017.

Financing

Siemens Healthineers is included in Siemens Group's cash pooling and cash management. Siemens Healthineers invests excess short-term liquidity and is granted overdraft facilities for financing its operating activities.

The increase in the receivables from as well as the increase in the payables to Siemens Group from financing activities is mainly related to several transactions between Siemens Healthineers and Siemens Group in connection with the formation and the future funding of the Siemens Healthineers Group.

Other items

On November 26, 2014, Siemens AG and Siemens Healthcare GmbH concluded a domination and profit and loss transfer agreement ("Beherrschungs- und Gewinnabführungsvertrag"). In anticipation of the profit to be transferred to Siemens AG for the three months ended December 31, 2017, a liability to Siemens Group has been recognized in an amount of €651 million. The profit of Siemens Healthcare GmbH for the three months ended December 31, 2017, includes positive one-time effects of €414 million related to transactions in connection with the formation and the future funding of the Siemens Healthineers Group.

IPO costs

On December 22, 2017, Siemens AG and Siemens Healthcare GmbH, as the holding company for major parts of Siemens Healthineers, entered into an agreement pursuant to which Siemens AG agreed to provide certain services to Siemens Healthcare GmbH in order to support Siemens Healthcare GmbH in preparing the IPO. As consideration for the provision of the relevant services, Siemens Healthcare GmbH agreed to pay to Siemens AG a reasonable compensation, covering, in particular, the fees payable to third parties instructed (such as, for example, underwriters, legal counsels or auditors) or costs otherwise arising in the context of the IPO. In the three months ended December 31, 2017, a consideration in an amount of €8 million was paid by Siemens Healthcare GmbH to Siemens AG and is included in line item *Other operating expenses*.

Other material relationships with Siemens Group are described in the following:

Hedging

Siemens Healthineers' hedging activities are performed mainly via Siemens Corporate Treasury of Siemens AG. The consideration is based on market rates. The related receivables and payables are mainly disclosed in the line item *Other current financial assets* and *Other current financial liabilities* in the Condensed Combined Interim Financial Statements.

Collaterals/global letters of support/guarantees

Siemens Group issues collaterals and credit letters in favor of Siemens Healthineers. The guarantees issued by Siemens Group amount to €448 million as of December 31, 2017 (September 30, 2017: €446 million).

Transactions with pension schemes and pension entities

In some countries, mainly in the U.K. and U.S., Siemens Healthineers participates in Siemens Group pension plans and trusts.

Joint Ventures and Associates

In the three months ended December 31, 2017, Siemens Healthineers purchased goods and services from Siemens Healthineers joint ventures and associates in an amount of €17 million (three months ended December 31, 2016: €17 million).

Related individuals

In the periods presented, Siemens Healthineers had no parent company and was not a legal group for Consolidated Financial Statement reporting purposes in accordance with IFRS 10. The key management of Siemens Healthineers is therefore defined as those persons responsible for the worldwide operating business of Siemens Healthineers, based on their function within Siemens Healthineers. These are the members of Managing Board and the Supervisory Board of Siemens Healthcare GmbH.

In addition, Siemens Healthineers is controlled by the ultimate parent, Siemens AG. Therefore, Siemens AG's Management Board and Supervisory Board are deemed key management. Information related to Siemens AG's Management Board and Supervisory Board can be found in Siemens AG's publicly available financial statements.

There was no significant change in the nature and extent of the remuneration of the members of the Managing Board and the Supervisory Board of Siemens Healthcare GmbH.

NOTE 8 Subsequent events

In the period after the reporting date but prior to the issuance of the Condensed Combined Interim Financial Statements, further transactions have occurred in connection with the formation as well as the future funding of the Siemens Healthineers Group. This process is still ongoing as of the issuance date of the Condensed Combined Interim Financial Statements.

Munich, January 29, 2018

Siemens Healthineers

Dr. Bernd Montag CEO	Dr. Jochen Schmitz CFO

Combined Financial Statements
for the fiscal years ended September 30, 2017, 2016 and 2015
in accordance with
International Financial Reporting Standards
(IFRS, as adopted by the EU)
Siemens Healthineers

I. COMBINED STATEMENTS OF INCOME

COMBINED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED SEPTEMBER, 30, 2017, 2016 AND 2015

	Note	2017	2016	2015
		(in millions of €)		
Revenue		13,796	13,547	12,936
Cost of sales		(8,034)	(8,080)	(7,867)
Gross profit		**5,762**	**5,467**	**5,069**
Research and development expenses		(1,253)	(1,145)	(1,055)
Selling and general administrative expenses		(2,222)	(2,206)	(2,109)
Other operating income		22	19	79
Other operating expenses		(19)	(18)	(21)
Income from investments accounted for using the equity method, net		9	6	9
Interest income		12	14	19
Interest expenses		(267)	(216)	(117)
Other financial income (expenses), net		—	(3)	2
Income before income taxes		**2,044**	**1,918**	**1,876**
Income tax expenses	**3**	(600)	(590)	(584)
Net income		**1,444**	**1,328**	**1,292**
Attributable to:				
Non-controlling interests		17	17	15
Siemens Group		1,427	1,311	1,277

II. COMBINED STATEMENTS OF COMPREHENSIVE INCOME

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017, 2016 AND 2015

	Note	2017	2016	2015
		(in millions of €)		
Net Income		**1,444**	**1,328**	**1,292**
Remeasurements of defined benefit plans		277	(306)	(29)
Remeasurement—before income taxes	**15**	396	(426)	(59)
Income tax effects		(119)	120	29
Items that will not be reclassified to profit or loss		**277**	**(306)**	**(29)**
Currency translation differences		9	(59)	(402)
Available-for-sale financial assets		—	(1)	1
therein: Income tax effects		—	—	—
Derivative financial instruments		(2)	(6)	28
therein: Income tax effects		—	5	(14)
Items that may be reclassified subsequently to profit or loss		**7**	**(66)**	**(373)**
Other comprehensive income, net of income taxes		**284**	**(372)**	**(402)**
Total comprehensive income		**1,728**	**956**	**890**
Attributable to:				
Non-controlling interests		18	22	16
Siemens Group		1,710	934	874

III. COMBINED STATEMENTS OF FINANCIAL POSITION

COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2017, 2016 AND 2015

	Note	2017	2016	2015
		(in millions of €)		
Assets				
Cash and cash equivalents		184	206	73
Trade and other receivables	**4**	2,200	2,080	1,875
Other current financial assets	**5**	57	70	78
Receivables from Siemens Group	**25**	2,991	3,952	4,056
Inventories	**7**	1,323	1,308	1,259
Current income tax assets	**3**	79	70	29
Other current assets	**6**	276	236	183
Total current assets		**7,110**	**7,922**	**7,553**
Goodwill	**8**	7,992	8,301	8,273
Other intangible assets	**9**	1,525	1,585	1,599
Property, plant and equipment	**9**	1,566	1,524	1,305
Investments accounted for using the equity method		33	35	37
Other financial assets	**10**	162	151	147
Other receivables from Siemens Group	**25**	1,365	—	—
Deferred tax assets		419	524	299
Other assets	**11**	268	253	244
Total non-current assets		**13,330**	**12,373**	**11,904**
Total assets		**20,440**	**20,295**	**19,457**
Liabilities and equity				
Short-term debt and current maturities of long-term debt	**14**	55	45	8
Trade payables		1,120	996	942
Other current financial liabilities		72	105	94
Payables to Siemens Group	**25**	5,795	5,982	10,480
Current provisions	**16**	314	318	294
Current income tax liabilities	**3**	122	113	137
Other current liabilities	**12**	1,797	1,745	1,690
Total current liabilities		**9,275**	**9,304**	**13,645**
Long-term debt	**14**	15	14	14
Provisions for pensions and similar obligations	**15**	1,732	2,132	1,245
Deferred tax liabilities		243	197	159
Provisions	**16**	153	148	145
Other financial liabilities		23	17	13
Other liabilities	**13**	590	591	495
Other liabilities to Siemens Group	**25**	5,167	5,485	13
Total non-current liabilities		**7,923**	**8,584**	**2,084**
Total liabilities		**17,198**	**17,888**	**15,729**
Net assets attributable to Siemens Group		3,995	3,141	4,385
Other components of equity		(761)	(767)	(696)
Total equity attributable to Siemens Group		3,234	2,374	3,689
Non-controlling interests		8	33	39
Total equity	**17**	**3,242**	**2,407**	**3,728**
Total liabilities and equity		**20,440**	**20,295**	**19,457**

IV. COMBINED STATEMENTS OF CASH FLOWS

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017, 2016 AND 2015

	2017	2016	2015
	(in millions of €)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	1,444	1,328	1,292
Adjustments to reconcile net income to cash flows from operating activities			
Amortization, depreciation and impairments	572	591	563
Income tax expenses	600	590	584
Interest expenses, net	255	202	99
Income related to investing activities	(12)	—	(69)
Other income from investments	(9)	(6)	(7)
Other non-cash (income) expenses	45	(2)	32
Change in current assets and liabilities	(123)	(49)	122
Change in other assets and liabilities	(34)	75	(40)
Additions to assets leased to others in operating leases	(220)	(216)	(190)
Income taxes paid	(192)	(264)	(143)
Income taxes paid by Siemens Group on behalf of Siemens Healthineers	(375)	(422)	(362)
Dividends received	9	7	6
Interest received	15	15	14
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**1,975**	**1,849**	**1,901**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets and property, plant and equipment	(466)	(424)	(356)
Purchase of investments	—	(4)	(2)
Acquisitions of businesses, net of cash acquired	(6)	(15)	—
Disposal of investments, intangibles and property, plant and equipment	19	7	6
Disposal of businesses, net of cash disposed	—	—	363
CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**(453)**	**(436)**	**11**
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in short-term debt and other financing activities	6	22	(8)
Interest paid	(5)	(2)	(4)
Profit and loss transfers with Siemens Group	(815)	(909)	(806)
Dividends paid to Siemens Group	(352)	(377)	(148)
Dividends paid to non-controlling interest holders	(3)	(3)	(3)
Interest paid to Siemens Group	(245)	(177)	(82)
Other transactions/financing with Siemens Group	(118)	167	(802)
CASH FLOWS PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**(1,532)**	**(1,279)**	**(1,853)**
EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(12)**	**(1)**	**(5)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(22)**	**133**	**54**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**206**	**73**	**19**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**184**	**206**	**73**

V. COMBINED STATEMENTS OF CHANGES IN EQUITY

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017, 2016 AND 2015

	Net assets attributable to Siemens Group	Currency translation differences Siemens	Available-for-sale financial assets	Derivative financial instruments	Total equity attributable to Siemens Group	Non-controlling interests	Total equity
				(in millions of €)			
Balance as of October 1, 2014	**5,629**	**(300)**	**—**	**(22)**	**5,307**	**47**	**5,354**
Net income	1,277	—	—	—	1,277	15	1,292
Other comprehensive income	(29)	(403)	1	28	(403)	1	(402)
Total comprehensive income	1,248	(403)	1	28	874	16	890
Profit and loss transfer with Siemens Group	(806)	—	—	—	(806)	—	(806)
Dividends	(148)	—	—	—	(148)	(3)	(151)
Transfer of pension liabilities, net of tax	—	—	—	—	—	—	—
Other changes in equity	(1,538)	—	—	—	(1,538)	(21)	(1,559)
Balance as of September 30, 2015	**4,385**	**(703)**	**1**	**6**	**3,689**	**39**	**3,728**
Balance as of October 1, 2015	4,385	(703)	1	6	3,689	39	3,728
Net income	1,311	—	—	—	1,311	17	1,328
Other comprehensive income	(306)	(64)	(1)	(6)	(377)	5	(372)
Total comprehensive income	1,005	(64)	(1)	(6)	934	22	956
Profit and loss transfer with Siemens Group	(909)	—	—	—	(909)	—	(909)
Dividends	(377)	—	—	—	(377)	(3)	(380)
Transfer of pension liabilities, net of tax	(319)	—	—	—	(319)	—	(319)
Other changes in equity	(644)	—	—	—	(644)	(25)	(669)
Balance as of September 30, 2016	**3,141**	**(767)**	**—**	**—**	**2,374**	**33**	**2,407**
Balance as of October 1, 2016	3,141	(767)	—	—	2,374	33	2,407
Net income	1,427	—	—	—	1,427	17	1,444
Other comprehensive income	277	8	—	(2)	283	1	284
Total comprehensive income	1,704	8	—	(2)	1,710	18	1,728
Profit and loss transfer with Siemens Group	(815)	—	—	—	(815)	—	(815)
Dividends	(352)	—	—	—	(352)	(3)	(355)
Transfer of pension liabilities, net of tax	—	—	—	—	—	—	—
Other changes in equity	317	—	—	—	317	(40)	277
Balance as of September 30, 2017	**3,995**	**(759)**	**—**	**(2)**	**3,234**	**8**	**3,242**

NOTE 1 Basis of preparation

Purpose and content of the Combined Financial Statements

On August 3, 2017, Siemens AG announced its plans to publicly list the Siemens Healthineers business in the form of an initial public offering ("IPO"). The parent company of Siemens Healthineers and thus the issuer of shares for the planned initial public offering will be Siemens Healthineers AG, located in Munich, Germany, a company which was established prior to the issuance of the Combined Financial Statements, but had not been established by September 30, 2017.

Siemens Healthineers is to be separated from Siemens AG and its subsidiaries ("Siemens Group") in two steps. In an initial preparatory step, activities that had not been conducted by separate companies have been transferred to separate legal entities. In a second step, all companies comprising the Siemens Healthineers business have been or will be bundled under Siemens Healthineers AG, and its direct and indirect subsidiaries.

According to the European Prospectus Regulation No. 809/2004, as amended ("EPV"), an issuer must present historical financial information covering the latest three fiscal years in its securities prospectus. Therefore, Siemens Healthineers presents historical financial information for the fiscal years from October 1, 2016 to September 30, 2017 ("fiscal 2017"), from October 1, 2015 to September 30, 2016 ("fiscal 2016") and from October 1, 2014 to September 30, 2015 ("fiscal 2015"). According to the European Prospectus Regulation No. 211/2007 Siemens Healthineers AG, as the issuer, has a "Complex Financial History" as of the share issuance date. The historical financial information represents the Siemens Healthineers business (hereafter referred to as "Siemens Healthineers") under the control of Siemens AG and managed centrally by the Managing Board of Siemens Healthineers.

The Combined Financial Statements consist of Combined Statements of Income, Combined Statements of Comprehensive Income, Combined Statements of Financial Position, Combined Statements of Cash Flows, Combined Statements of Changes in Equity and Notes to the Combined Financial Statements for the fiscal years ended September 30, 2017, 2016 and 2015 (collectively referred to hereafter as "Combined Financial Statements").

The Combined Financial Statements have been prepared and published in millions of euro (€ million). Rounding differences may occur in respect of individual amounts or percentages.

The Combined Financial Statements were prepared on January 8, 2018 by the Managing Board of Siemens Healthineers.

Definition of Siemens Healthineers

Siemens Healthineers is one of the world´s largest suppliers of technology to the healthcare industry and a leader in diagnostic imaging and laboratory diagnostics. It provides medical technology and software solutions as well as clinical consulting services, supported by a complete set of training and service offerings. This comprehensive portfolio supports customers along the continuum of care—from prevention and early detection to diagnosis, treatment and follow-up care.

Siemens Healthineers' operations include:

- Imaging, which offers diagnostic imaging products and a broad portfolio of advanced imaging and ultrasound systems and solutions;
- Diagnostics offers products, services and solutions, including a broad array of testing applications, in the areas of laboratory, point of care and molecular diagnostics;
- Advanced Therapies is a supplier of advanced therapy products, services and solutions to the therapy departments of healthcare providers.

Combined Financial Statements

Siemens Healthineers has prepared these Combined Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Since IFRS provides no guidelines for the preparation of Combined Financial Statements, rules given in IAS 8.12 have been used. IAS 8.12 requires the consideration of the most recent pronouncements of other standard-setting bodies, other financial requirements and recognized industry practices.

Following IAS 8.12, the predecessor accounting approach has been applied in the Combined Financial Statements of Siemens Healthineers. The Combined Financial Statements of Siemens Healthineers reflect the Siemens Healthineers entities and the operations assigned to Siemens Healthineers as historically included in the IFRS Consolidated Financial Statement of Siemens AG. Siemens Healthineers applies the same accounting policies and measurement principles in preparing the Combined Financial Statements as used by the Siemens Healthineers entities and operations in preparing their financial information for inclusion in the IFRS Consolidated Financial Statements of Siemens AG.

The Combined Financial Statements for Siemens Healthineers are derived from the segment reporting for Healthineers as presented in the Consolidated Financial Statements of Siemens AG. This segment reporting included certain cost allocations for centrally managed functions prior to the legal separation which afterwards are regulated by service level agreements. In addition, in order to reflect the assets, liabilities, income and expenses that fall within the scope of Siemens Healthineers, the following combination rules have been applied. The Management of Siemens Healthineers (as defined in *Note 25—Related party transactions)* uses significant judgment in determining these combination rules. Thus, the Combined Financial Statements presented here do not necessarily reflect the financial position and results of operations that would have occurred if Siemens Healthineers had existed as a separate group in the periods presented.

Scope of combination

The scope of combination for the Combined Financial Statements of Siemens Healthineers for the fiscal years ended September 30, 2017, September 30, 2016 and September 30, 2015 was determined on economic principles using the common management approach, i.e. the assets and liabilities which have been managed by the Managing Board of Siemens Healthineers throughout the periods presented were included in the scope of combination. Accordingly, the approach is not based on the legal structure of Siemens Healthineers in the periods presented. However, it is reflective of the target legal structure which will be in place prior to the IPO. Consequently, business operations classified as discontinued operations in the Consolidated Financial Statements of Siemens AG during the periods presented and related to the Siemens Healthineers business have been excluded from the scope of combination for all periods presented. This refers to the assets, liabilities and contingent liabilities as well as the proceeds from the sale of the customer health service business unit to the US-based company Cerner Corp in 2014 and from the sale of the hearing aids business to the investment company EQT in 2015.

For a list of legal entities fully included in the Combined Financial Statements as well as legal entities from which assets and liabilities already under the responsibility of the Managing Board of Siemens Healthineers have been included in the Combined Financial Statements prior to their actual legal transfer, please refer to *Note 27—Scope of combination.*

During the period presented in the Combined Financial Statements, the following acquisitions and disposals occurred:

Acquisitions

Siemens Healthineers acquired the following businesses which were not material, either individually or in aggregate, and included them in the Combined Financial Statements:

- In March 2016, all shares of Neo New Oncology AG (“NEO”) were acquired. NEO provides a platform based on hybrid capture-based next generation sequencing (NGS) technology, which facilitates analysis of tumor and therapy-relevant gene segments in an efficient and time-saving multiplex procedure.
- In October 2016, all shares of Conworx Technology GmbH (“Conworx”) were acquired. Conworx offers a complete point-of-care device network along with all associated data management.
- In June 2017, Medicalis Corporation (“Medicalis”), a health care information technology company that provides clinical workflow and decision support solution, was acquired.

Disposals

In January 2015, Siemens Healthineers sold its microbiology business to Beckman Coulter Inc., a wholly owned subsidiary of Danaher Corporation. The activities of the microbiology business include systems for the identification and antibiotic susceptibility testing of microorganisms. The sale resulted in a gain of €64 million which was recognized in the line item *Other operating income*. The microbiology assets and liabilities were previously classified as held-for-sale.

Pensions and similar obligations

The Combined Financial Statements of Siemens Healthineers present the pension obligations and corresponding plan assets allocated to Siemens Healthineers. The obligations were measured on the basis of expert actuarial valuations.

The pension obligations for active employees as well as for retirees were legally transferred mainly in line with the individual carve-outs from the Siemens Group to the newly founded Siemens Healthineers entities. Therefore, the majority of pension liabilities had legally been transferred either during fiscal 2015 or at the beginning of fiscal 2016. To ensure comparability throughout all periods presented in the Combined Financial Statements, pension obligations have retrospectively been allocated to Siemens Healthineers for the period prior to the legal carve-outs. This allocation has been performed based on an allocation key derived from the first actuarial reports after the carve-out. Pension obligations for retirees in Germany which were transferred to Siemens Healthineers in fiscal 2016 are included in the Combined Financial Statements from the legal transfer date onwards.

Plan assets have been allocated by taking into consideration specific legal requirements for the major relevant countries. Where the respective employee has a right to claim a minimal funding or the plan assets were already allocated to individual employee accounts, plan assets have been retrospectively allocated to Siemens Healthineers for the period prior to the legal transfer of the assets. Due to the fact that the legal transfer of these plan assets has not yet been completed, the actual amounts of the plan assets to be transferred may differ from the plan assets presented in the Combined Financial Statements.

For further details please also refer to *Note 15—Provisions for pensions and similar obligations.*

Income Taxes and Deferred Taxes

In accordance with IAS 12, “Income Taxes”, current and deferred income taxes are recognized for the purposes of the Combined Financial Statements taking into consideration local tax requirements. Income taxes are determined using the separate tax return approach under the assumption that the entities and operations of Siemens Healthineers constitute separate taxable entities.

This assumption implies that current and deferred taxes for all companies and operations and tax groups within Siemens Healthineers are calculated separately. The recoverability of deferred tax assets is assessed on this basis. In the Combined Financial Statements deferred tax assets from tax loss carryforwards were recognized to extent it is probable that they can be offset with future taxable income from the respective Siemens Healthineers’ entities.

Tax receivables and liabilities as well as deferred tax assets on loss carryforwards of Siemens Healthineers entities and operations that did not constitute a separate tax payer in previous years were treated as contributions or transfers from reserves by shareholders, and are not included in the Combined Financial Statements of Siemens Healthineers.

The Management of Siemens Healthineers deems the approach as appropriate though not necessarily indicative of the tax expenses or income that would result for Siemens Healthineers as a separate group.

For further details please also refer to *Note 3—Income taxes.*

Real Estate Assets

Assets that have been leased from Siemens Real Estate and transferred to Siemens Healthineers in line with the legal reorganization have been included in the Combined Financial Statement from the occurrence of their legal transfer.

Capital Structure

The equity of Siemens Healthineers consists of the net assets attributable to Siemens Healthineers. The Combined Financial Statements do not show any subscribed capital, because Siemens Healthineers does not constitute a legal group during the periods presented.

The equity of Siemens Healthineers as presented in the Combined Financial Statements has been impacted mainly by the following combination rules:

a) any allocation of assets and liabilities to Siemens Healthineers in addition to those already included in the segment reporting for Healthineers as presented in the Consolidated Financial Statements of Siemens AG and prior to their actual legal transfer, was directly recognized in equity as withdrawal or contribution at the time of the allocation;

b) any consideration given or received in the course of the formation of a group of entities either directly or indirectly controlled by Siemens Healthineers AG, was directly recognized in equity as withdrawal or contribution at the time of the transfer;

c) any taxes paid from Siemens Group and related to Siemens Healthineers operations prior to the carve-out, were directly recognized in equity;

d) any changes in the conversion of receivables and payables to cash related to Siemens Healthineers operations prior to the carve-out, were directly recognized in equity;

c) and d) are necessary because in the Consolidated Financial Statements of Siemens AG cash balances are not allocated to the Siemens Group operating segments, but managed centrally. Additionally, in Siemens Group legal entities tax payments are not assigned to operating segments. Therefore, taxes paid from Siemens Group and related to Siemens Healthineers operations as well as conversions of receivables and payables to cash related to Siemens Healthineers operations prior to the carve-out of Siemens Healthineers operations are presented in equity as deemed contributions or withdrawals.

As the formation of Siemens Healthineers Group has not been finalized as of September 30, 2017, further changes in the capital structure may occur.

Related Party Transactions

Transactions between Siemens Healthineers and the remaining Siemens Group are recognized in accordance with IFRS and classified as related party transactions.

For further details please also refer to *Note 25—Related party transactions.*

Combined Statements of Cash Flows

According to IAS 7, Cash Flow Statements, the Combined Statements of Cash Flows of Siemens Healthineers contain operating, investing and financing activities. Cash transactions resulting from the central cash management operated by the Siemens Group throughout the period presented as well as cash transactions with other Siemens Group entities in conjunction with the formation of the group of entities either directly or indirectly controlled by Siemens Healthineers AG, have been included in the line item *Other transactions/ financing with Siemens Group* in the Cash Flows from Financing Activities of the Combined Statements of Cash Flows.

NOTE 2 Significant accounting policies and critical accounting estimates

The accounting principles set out below have, unless stated otherwise, been applied consistently for all periods presented in these Combined Financial Statements.

Key accounting estimates and judgments—Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the results of operations, financial positions and cash flows of Siemens Healthineers. Critical accounting estimates could also involve estimates where Siemens Healthineers reasonably could have used a different estimate in the current accounting period. Siemens Healthineers cautions that future events often vary from forecasts and that estimates routinely require adjustment. Estimates and assumptions are reviewed on an on-going basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes.

The estimates in accordance with the basis of preparation made in these Combined Financial Statements are consistent with estimates made for the same date in accordance with the reporting requirements under IFRS as part of the consolidation group of Siemens AG, unless there is objective evidence that those estimates are not in accordance with IFRS on a stand-alone basis. The areas involving a high degree of judgment and where estimates and assumptions are significant to the Combined Financial Statements are disclosed.

Business combinations—Cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Foreign currency translation—Assets and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the reporting period, while the Combined Statements of Income are translated using average exchange rates of the respective periods. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign operation is recognized. The Combined Statements of Cash Flows are translated at average exchange rates of the respective periods, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

Foreign currency transaction—Transactions that are denominated in a currency other than the functional currency of an entity, are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are revalued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognized in net income. Those foreign currency-denominated transactions which are classified as non-monetary are remeasured using the historical spot exchange rate.

Revenue recognition—Under the condition that persuasive evidence of an arrangement exists, revenue is recognized to the extent that it is probable that the economic benefits will flow to Siemens Healthineers and the revenue can be reliably measured, regardless of when the payment is being made. In cases where the inflow of economic benefits is not probable due to customer related credit risks, the revenue recognized is subject to the amount of payments irrevocably received.

Sale of goods: Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services: Revenue from services arises mainly from long-term service contracts recognized on a straight-line basis over the term of the contract.

Sales from multiple element arrangements: Sales of goods and services as well as software arrangements often involve the provision of multiple elements. In these cases Siemens Healthineers determines whether the contract or arrangement contains more than one unit of accounting. If certain criteria are met, foremost if the delivered element(s) has (have) value to the customer on a stand-alone basis, the arrangement is separated and the appropriate revenue recognition convention is then applied to each separate unit of accounting. Generally, the total arrangement consideration is allocated to the separate units of accounting based on their relative fair values. If the criteria for the separation of units of accounting are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered.

Income from interest: Interest is recognized using the effective interest method.

Income from leases: Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. Receivables from finance leases, in which Siemens Healthineers as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method.

Functional costs—In general, operating expenses by types are assigned to the functions following the functional area of the corresponding profit and cost centers. Amortization, depreciation and impairment of intangible assets and property, plant and equipment are included in functional costs depending on the use of the assets.

Product-related expenses—Provisions for estimated costs related to product warranties are recorded in line item Cost of sales at the time the related sale is recognized.

Research and development costs—Costs of research activities are expensed as incurred. Costs of development activities are capitalized when the recognition criteria in IAS 38 are met. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to 13 years.

Goodwill—Goodwill is not amortized, instead, goodwill is tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units, represented by a segment. This is the lowest level at which goodwill is monitored for internal management purposes. During the periods presented, goodwill was tested for impairment based on the cash-generating unit structure used at that time by Siemens Group to monitor goodwill as Siemens Healthineers and the new reporting structure did not exist in the past.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or the group of cash-generating units that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit or the group of cash-generating units, to which the goodwill is allocated, exceeds its recoverable amount, an impairment loss on goodwill allocated to this cash-generating unit or this group of cash-generating units is recognized. The recoverable amount is the higher of the cash-generating unit's or the group of cash-generating units' fair value less costs to sell and its value in use. If either of these values exceeds the carrying amount, it is not always necessary to determine both values. These values are generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods.

The determination of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated involves the use of estimates by management. The outcome predicted by these estimates is influenced e.g. by the successful integration of acquired entities, volatility of capital markets, interest rate developments, foreign exchange rate fluctuations and the outlook on economic trends. In determining recoverable amounts, discounted cash flow calculations use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates and weighted average cost of capital. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

Other intangible assets—Siemens Healthineers amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives. Estimated useful lives for patents, licenses and other similar rights generally range from three to five years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations primarily consist of customer relationships and trademarks as well as technology. Useful lives in specific acquisitions range from four to 15 years for customer relationships and trademarks and from five to 16 years for technology.

Property, plant and equipment—is valued at cost less accumulated depreciation and impairment losses. Depreciation expense is recognized using the straight-line method. The following useful lives are assumed:

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical machinery & equipment	5 to 10 years
Furniture & office equipment	generally 5 years
Equipment leased to others	generally 5 to 8 years

Impairment of property, plant and equipment and other intangible assets—Siemens Healthineers reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets not yet available for use are subject to an annual impairment test. Impairment testing of property, plant and equipment and other intangible assets involves the use of estimates in determining the assets' recoverable amount which can have a material impact on the respective values and ultimately the amount of any impairment.

Income taxes—Tax positions under respective local tax laws and tax authorities' views can be complex and subject to different interpretations of tax payers and local tax authorities. Different interpretations of tax laws may result in additional tax payments for prior years and are taken into account based on management's considerations. Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date in the respective jurisdiction. Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, Siemens Healthineers evaluates the recoverability of deferred tax assets, based on projected future taxable profits. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Siemens Healthineers believes it is probable to realize the benefits of these deductible differences. As future developments are uncertain and partly beyond Siemens Healthineers' control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

Inventories—Inventories are valued at the lower of acquisition or production costs and net realizable value, costs being generally determined on the basis of an average or first-in, first-out method.

Defined benefit plans—Siemens Healthineers measures the entitlements by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (DBO)), the expected rates of future salary increase and expected rates of future pension progression are considered. The assumptions used for the calculation of the DBO as of the period-end of the preceding fiscal year are used to determine the calculation of service cost and interest income and expense of the following year. The net interest income or expense for the fiscal year will be based on the discount rates for the respective year multiplied by the net defined benefit liability (asset) at the preceding fiscal year's period-end date.

Service cost, past service cost and settlement gains (losses) for pensions and similar obligations as well as administration costs unrelated to the management of plan assets are allocated among functional costs. Past service cost and settlement gains (losses) are recognized immediately in profit or loss. For unfunded plans, the amount of the line item *Provisions for pensions and similar obligations* equals the DBO. For funded plans, Siemens Healthineers offsets the fair value of the plan assets with the DBO. Siemens Healthineers recognizes the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements comprise actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability (asset). They are recognized in the line item *Other comprehensive income, net of income taxes*.

Actuarial valuations rely on key assumptions including discount rates, expected compensation increases, rate of pension progression and mortality rates. Discount rates used are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bond yields. Due to changing market, economic and social conditions, the underlying key assumptions may differ from actual developments.

Provisions—A provision is recognized in the Statement of Financial Position when it is probable that Siemens Healthineers has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision.

Significant estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations, legal and regulatory proceedings as well as governmental investigations (Legal Proceedings). Siemens Healthineers records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue.

Legal Proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a Legal Proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Internal and external counsels are generally part of the determination process. Due to new developments, it may be necessary, to record a provision for an ongoing Legal Proceeding or to adjust the amount of a previously recognized provision. Upon resolution of a Legal Proceeding, Siemens Healthineers may incur charges in excess of the recorded provisions for such matters. The outcome of Legal Proceedings may have a material effect on Siemens Healthineers' financial position, its results of operations and/or its cash flows.

Termination benefits—Termination benefits are provided as a result of an entity's offer made in order to encourage voluntary redundancy before the normal retirement date or from an entity's decision to terminate the employment. Termination benefits in accordance with IAS 19, Employee Benefits, are recognized as a liability and an expense when the entity can no longer withdraw the offer of those benefits.

Financial instruments—A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Siemens Healthineers does not use the category held-to-maturity and does not use the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases. Regular way sales of financial assets are accounted for at the trade date. Initially, financial instruments are recognized at their fair value. Transaction costs are only included in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned—cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading.

Cash and cash equivalents—Siemens Healthineers considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

Loans and receivables—Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognized using separate allowance accounts. The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis. For the determination of the country-specific component of the individual allowance, Siemens Healthineers also considers country credit ratings, which are based on information from external rating agencies. Regarding the determination of the valuation allowance derived from a portfolio-based analysis of historical bad debts, a decline of receivables in volume results in a corresponding reduction of such provisions and vice versa.

Financial liabilities—Siemens Healthineers measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

Derivative financial instruments—Derivative financial instruments, such as foreign currency exchange contracts are measured at fair value and classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized either in net income or, in the case of a cash flow hedge, in line item *Other comprehensive income, net of income taxes* (applicable deferred income tax).

Cash flow hedges: The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized in line item *Other comprehensive income, net of income taxes* (applicable deferred income tax), and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

Share-based payment—Share-based payment awards at Siemens Healthineers are predominately classified as cash-settled to fulfill the specific requirements for share-based payment transactions among group entities. Fair value is measured at grant date, updated each quarter and expensed over the vesting period. Fair value is determined as the market price of Siemens AG shares, considering dividends during the vesting period the grantees are not entitled to and market conditions and non-vesting conditions, if applicable.

Expenses related to share-based payment awards for Siemens Healthineers employees, which were granted by a Siemens Group entity and for which the contractual obligation to settle the shared-based payment liability has not been transferred to Siemens Healthineers, are included in the Combined Financial Statements as equity-settled awards.

Recent accounting pronouncements, not yet adopted

The following pronouncements, issued by the International Accounting Standards Board ("IASB"), are not yet effective and have not yet been adopted by Siemens Healthineers:

In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018. Siemens Healthineers will adopt IFRS 9 for the fiscal year beginning as of October 1, 2018 and will not adjust comparative figures for the preceding fiscal year, in accordance with IFRS 9 transitional provisions. Siemens Healthineers is currently assessing the effects of the adoption of IFRS 9 and expects only limited impact on the financial statements. Siemens Healthineers will adopt the IFRS 9 hedge accounting rules prospectively from October 1, 2018. It is expected that all existing hedge accounting relationships will also meet the hedge accounting requirements under IFRS 9.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. For further details please refer to *Note 26—Effects from the adoption of IFRS 15.*

In January 2016, the IASB issued IFRS 16, Leases. IFRS 16 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Siemens Healthineers will adopt the standard for the fiscal year beginning as of October 1, 2019, presumably by applying the modified retrospective approach, i.e. comparative figures for the preceding year would not be adjusted. Currently, it is expected that the majority of the transition effect relates to real estate leased by Siemens Healthineers. Siemens Healthineers is currently assessing the impact of adopting IFRS 16 on the financial statements.

In May 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments. The interpretation clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the

uncertain tax treatment. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, while earlier application is permitted. Siemens Healthineers is currently assessing the impacts of adopting the interpretation on the financial statements.

In addition to the standards presented above in detail, the IASB has issued further standards, interpretations and amendments to standards and interpretations whose application is also not yet mandatory and which in part require EU endorsement before they can be applied. Siemens Healthineers currently assumes that the application of these standards, interpretations and amendments will not have a material impact on the presentation of the financial statements.

NOTE 3 Income taxes

Income tax expense consists of the following:

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Current tax	567	584	561
Deferred tax	33	6	23
Income tax expenses	**600**	**590**	**584**

The current income tax expenses in fiscal 2017, 2016 and 2015 include adjustments recognized for current tax of prior years in the amount of €62 million, €38 million and €(18) million, respectively. The deferred tax expense (benefit) in fiscal 2017, 2016 and 2015 includes tax effects of the origination and reversal of temporary differences of €49 million, €6 million and €(7) million, respectively.

In Germany, the calculation of current tax is based on a combined tax rate of 31%, consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and an average trade tax rate of 15%. For foreign subsidiaries, current taxes are calculated based on the local tax laws and applicable tax rates in the individual foreign countries. Deferred tax assets and liabilities in Germany and abroad are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Income tax expense (current and deferred) differs from the amounts computed by applying a combined statutory German income tax rate of 31% as follows:

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Expected income tax expenses	634	595	581
Increase (decrease) in income taxes resulting from:			
Non-deductible losses and expenses	21	15	92
Tax-free income	(23)	(27)	(35)
Taxes for prior years	43	67	(14)
Change in realizability of deferred tax assets and tax credits	(7)	(8)	(5)
Change in tax rates	2	7	(7)
Foreign tax rate differential	(68)	(60)	(36)
Other, net	(2)	1	8
Actual income tax expenses	**600**	**590**	**584**

Deferred income tax assets and liabilities on a gross basis are summarized as follows:

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Assets			
Non-current and current assets	416	411	404
Liabilities and Post-employment benefits	757	851	702
Other	60	65	63
Tax loss and credit carryforward	88	70	62
Deferred tax assets	**1,321**	**1,397**	**1,231**
Liabilities			
Non-current and current assets	996	937	967
Liabilities	145	132	123
Other	3	1	1
Deferred tax liabilities	**1,145**	**1,071**	**1,091**
Total deferred tax assets, net	**176**	**327**	**140**

Deferred tax assets have not been recognized with respect of the following items (gross amounts):

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Deductible temporary differences	260	—	—
Tax loss carryforward	124	8	9
	384	**8**	**9**

As of September 30, 2017, 2016 and 2015, €8 million, €5 million and €6 million of the unrecognized tax loss carryforwards expire over the periods to 2026.

Siemens Healthineers has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of €3,003 million, €3,057 million and €2,614 million, respectively in fiscal 2017, 2016 and 2015 because the earnings are intended to be permanently reinvested in the subsidiaries.

Income taxes included in the Combined Statements of Income and recognized directly in equity are as follows:

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Income tax expenses	600	590	584
(Income) expenses recognized directly in equity	114	(234)	(15)
	714	**356**	**569**

NOTE 4 Trade and other receivables

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Trade receivables from the sale of goods and services	2,174	2,050	1,845
Receivables from finance leases	26	29	30
	2,200	**2,080**	**1,875**

In fiscal 2017, 2016 and 2015, the long-term portion of receivables from finance leases is reported in line item *Other financial assets* amounting to €99 million, €83 million and €88 million, respectively.

Changes to the valuation allowance of current and non-current trade and other receivables which belong to the class of financial assets measured at (amortized) costs are as follows:

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Valuation allowance as of beginning of fiscal year	110	101	114
Increase in valuation allowances	31	24	25
Write-offs charged against the allowance	(15)	(16)	(39)
Recoveries of amounts previously written-off	1	1	2
Foreign exchange translation differences	(9)	(1)	—
Valuation allowance as of fiscal year-end	**117**	**110**	**101**

Minimum future lease payments from finance lease to be received are as follows:

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Within one year	28	33	34
After one year but not more than five years	92	83	87
More than five years	32	18	23
	151	**135**	**143**

The following table shows a reconciliation of minimum future lease payments to the gross and net investment in leases and to the present value of the minimum future lease payments receivable:

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Minimum future lease payments	151	135	143
Less: Unearned finance income	(25)	(22)	(25)
Net investment in leases	126	113	118
Less: Allowance for doubtful accounts	—	(1)	—
Present value of minimum future lease payments receivable	**126**	**112**	**118**

The present values of minimum future lease payments receivable are due as follows:

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Within one year	26	29	30
After one year but not more than five years	74	68	70
More than five years	26	15	19
	126	**112**	**118**

Investments in finance leases predominantly relate to diagnostic imaging equipment. Actual cash flows will vary from contractual maturities due to future sales of finance receivables, prepayments and write-offs.

NOTE 5 Other current financial assets

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Derivative financial instruments	11	17	37
Receivables from employees	20	20	14
Other	27	33	27
	57	**70**	**78**

NOTE 6 Other current assets

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Miscellaneous tax receivables	222	182	133
Prepaid expenses	46	45	39
Other	8	9	11
	276	**236**	**183**

As of September 30, 2017 miscellaneous tax receivables mainly consist of sales tax receivables amounting to €213 million (September 30, 2016: €172 million, September 30, 2015: €126 million).

NOTE 7 Inventories

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Raw materials and supplies	378	357	367
Work in progress	381	365	359
Costs of unbilled contracts	172	239	241
Finished goods and products held for resale	686	686	660
Advances to suppliers	28	24	18
	1,645	**1,671**	**1,645**
Advance payments received	(321)	(363)	(386)
	1,323	**1,308**	**1,259**

Cost of sales includes inventories recognized as expense amounting to €7,842 million in fiscal 2017 (€7,850 million in fiscal 2016, €7,588 million in fiscal 2015). Compared to prior year, write-downs increased (decreased) by €(58) million as of September 30, 2017 (€(11) million as of September 30, 2016 and €19 million as of September 30, 2015).

NOTE 8 Goodwill

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Cost			
Balance at beginning of year	9,593	9,560	8,898
Translation differences and other	(403)	18	659
Acquisitions and purchase accounting adjustments	41	15	3
Balance at year-end	**9,231**	**9,593**	**9,560**
Accumulated impairment losses and other changes			
Balance at beginning of year	(1,292)	(1,287)	(1,181)
Translation differences and other	53	(5)	(106)
Balance at year-end	**(1,239)**	**(1,292)**	**(1,287)**
Carrying amount			
Balance at beginning of year	8,301	8,273	7,717
Balance at year-end	**7,992**	**8,301**	**8,273**

The goodwill included in the Combined Financial Statements is based on the goodwill attributable to the companies or businesses that were transferred to Siemens Healthineers during the legal reorganization. Total amounts correspond to the historically reported amounts in the IFRS Consolidated Financial Statements of Siemens (predecessor values). During the periods presented, goodwill was tested for impairment based on the cash-generating unit structure used at that time by Siemens to monitor goodwill as the new reporting structure did not exist in the past. No goodwill impairment was recognized.

Siemens Healthineers defined operating segments based on the announced new reporting structure. As a cash-generating unit or a group of cash-generating units cannot be larger than an operating segment goodwill has

been reallocated to the reorganized reporting structure based on relative values. Accordingly, the reallocation did not result in any goodwill impairments. Siemens Healthineers' groups of cash-generating units to which goodwill is allocated are represented by a segment – see *Note 23 – Segment information*.

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Imaging	5,651	5,870	5,850
Diagnostics	1,463	1,519	1,514
Advanced Therapies	878	912	909

NOTE 9 Other intangible assets and property, plant and equipment

	Gross carrying amount 10/01/2014	Transfer from Siemens Group	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Gross Carrying amount 09/30/2015	Accumulated depreciation/ amortization and impairment[1]	Carrying amount 09/30/2015	Depreciation/ amortization and impairment in fiscal 2015
	(in millions of €)										
Internally generated technology	778	—	36	—	172	—	(8)	977	(296)	681	(51)
Acquired technology including patents, licenses and similar rights	364	2	24	—	21	—	(6)	406	(291)	115	(36)
Customer relationships and trademarks	2,098	—	163	—	—	—	(6)	2,255	(1,452)	803	(165)
Other intangible assets	**3,240**	**2**	**222**	**—**	**192**	**—**	**(19)**	**3,638**	**(2,039)**	**1,599**	**(252)**
Land and buildings	570	180	54	—	13	26	(17)	825	(383)	443	(20)
Technical machinery and equipment	637	8	45	—	29	20	(21)	717	(508)	210	(41)
Furniture and office equipment	714	11	35	1	86	20	(86)	781	(588)	193	(87)
Equipment leased to others	1,423	—	6	—	190	(2)	(179)	1,438	(1,051)	387	(163)
Advances to suppliers and construction in progress	80	4	10	—	45	(64)	(3)	73	—	73	—
Property, plant and equipment	**3,424**	**203**	**150**	**1**	**364**	**—**	**(306)**	**3,835**	**(2,530)**	**1,305**	**(312)**

[1] The accumulated depreciation related to asset transfers from Siemens Group amounts to €110 million

	Gross carrying amount 10/01/2015	Transfer from Siemens Group	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Gross Carrying amount 09/30/2016	Accumulated depreciation/ Amortization and impairment[1]	Carrying amount 09/30/2016	Depreciation/ amortization and impairment in fiscal 2016
						(in millions of €)					
Internally generated technology	977	2	2	—	202	—	(4)	1.178	(351)	827	(56)
Acquired technology including patents, licenses and similar rights	406	—	6	14	19	—	(20)	423	(312)	111	(38)
Customer relationships and trademarks	2,255	—	10	—	—	—	—	2,265	(1,618)	646	(165)
Other intangible assets	**3,638**	**2**	**17**	**14**	**220**	**—**	**(25)**	**3,866**	**(2,282)**	**1,585**	**(259)**
Land and buildings	825	208	(6)	—	34	46	2	1,110	(542)	568	(29)
Technical machinery and equipment	717	10	(10)	—	27	22	(20)	746	(535)	212	(43)
Furniture and office equipment	781	17	(2)	2	104	25	(64)	862	(641)	222	(100)
Equipment leased to others	1,438	—	(2)	—	216	1	(150)	1,503	(1,076)	427	(160)
Advances to suppliers and construction in progress	73	61	(1)	—	58	(94)	(1)	95	—	95	—
Property, plant and equipment	**3,835**	**295**	**(21)**	**2**	**439**	**—**	**(232)**	**4.317**	**(2,793)**	**1,524**	**(332)**

1 The accumulated depreciation related to asset transfers from Siemens Group amounts to €152 million

	Gross carrying amount 10/01/2016	Transfer from Siemens Group	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Gross Carrying amount 09/30/2017	Accumulated depreciation/ amortization and impairment[1]	Carrying amount 09/30/2017	Depreciation/ amortization and impairment in fiscal 2017
						(in millions of €)					
Internally generated technology	1,178	—	(39)	—	189	—	(18)	1,310	(383)	927	(61)
Acquired technology including patents, licenses and similar rights	423	—	(16)	3	30	—	(17)	422	(305)	118	(37)
Customer relationships and trademarks	2,265	—	(101)	3	—	—	—	2,166	(1,685)	481	(132)
Other intangible assets	**3,866**	**—**	**(157)**	**5**	**219**	**—**	**(36)**	**3,898**	**(2,373)**	**1,525**	**(230)**
Land and buildings	1,110	—	(36)	—	10	3	(3)	1,083	(551)	532	(35)
Technical machinery and equipment	746	—	(28)	—	23	26	(23)	745	(538)	207	(43)
Furniture and office equipment	863	1	(33)	—	106	23	(51)	909	(673)	237	(104)
Equipment leased to others	1,503	—	(43)	—	220	8	(175)	1,513	(1,064)	448	(160)
Advances to suppliers and construction in progress	95	—	(5)	—	117	(60)	(3)	143	—	143	—
Property, plant and equipment	**4,317**	**1**	**(145)**	**—**	**476**	**—**	**(256)**	**4,393**	**(2,827)**	**1,566**	**(342)**

1 The accumulated depreciation related to asset transfers from Siemens Group amounts to €1 million

Minimum future lease payments under operating leases to be received are:

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Within 1 year	28	24	23
Between 1 and 5 years	64	77	49
After 5 years	2	6	2
	93	**107**	**73**

In fiscal 2017, 2016 and 2015, the contingent rents amounted to €138 million, €129 million and €140 million, respectively.

NOTE 10 Other financial assets

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Receivables from finance leases	99	83	88
Available-for-sale financial assets	42	44	40
Other	21	25	19
	162	**151**	**147**

NOTE 11 Other assets

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Deferred compensation assets	225	227	226
Prepaid expenses	31	16	16
Other	12	10	2
	268	**253**	**244**

Deferred compensation assets mainly relate to a deferred compensation plan in the U.S., see also *Note 13—Other liabilities*.

NOTE 12 Other current liabilities

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Employee related accruals	297	235	207
Payroll obligations and other liabilities to employees	599	598	572
Sales and other taxes	203	210	227
Deferred income	551	551	531
Other	147	151	152
	1,797	**1,745**	**1,690**

Employee related accruals primarily include accruals for vacation entitlements.

Sales and other taxes mainly comprise sales tax liabilities as of September 30, 2017 amounting to €162 million (September 30, 2016: €166 million, September 30, 2015: €183 million).

Deferred income comprises prepayments with a remaining term of less than one year from leases and service business.

NOTE 13 Other liabilities

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Employee related accruals	119	119	89
Deferred compensation liabilities	227	223	225
Deferred income	226	218	152
Other	18	30	29
	590	**591**	**495**

Employee related accruals primarily include accruals for share-based compensation and jubilees shares.

Deferred compensation liabilities mainly relate to a deferred compensation plan in the U.S., see also *Note 11—Other assets*.

Deferred income comprises prepayments with a remaining term of more than one year from leases and service business

NOTE 14 Debt

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Debt portion of payables to Siemens Group (residual term < 1 year)	3,990	4,070	8,484
Loans from banks	47	38	1
Obligations under finance leases (residual term < 1 year)	8	7	7
Total short-term debt	**4,045**	**4,115**	**8,492**
Other liabilities to Siemens Group (residual term > 1 year)	5,167	5,485	13
Obligations under finance leases (residual term > 1 year)	15	14	14
Total long-term debt	**5,182**	**5,499**	**26**
Total debt	**9,227**	**9,614**	**8,519**

Siemens Group provides short-term loans to Siemens Healthineers, amounting to €3,990 million as of September 30, 2017 (September 30, 2016: €4,070 million, September 30, 2015: €8,484 million). In September 2016, short-terms loans which related to Siemens Healthineers business in the United States have been converted to a series of six long-term loans with Siemens Group and with a maturity of 3 to 30 years. As of September 30, 2017 these long-term loans amounted to €5,052 million (September 30, 2016: €5,343 million, September 30, 2015: €0). The interest range for fiscal 2017 was 1.47% to 3.44% (fiscal 2016: 1.11% to 3.44%, fiscal 2015: 0.74% to 0.94%).

Further long-term loans to Siemens Healthineers are provided by Siemens Group amounting to €115 million as of September 30, 2017 (September 30, 2016: €142 million, September 30, 2015: €13 million).

NOTE 15 Provisions for pensions and similar obligations

Siemens Healthineers provides post-employment plans, which are accounted for either as defined benefit plans or defined contribution plans, to almost all of the German employees and the majority of the foreign employees.

Defined benefit plans

The defined benefit plans open to new entrants are based predominantly on contributions made by Siemens Healthineers. Only to a certain extent, those plans are affected by longevity, inflation and compensation increases and take into account country specific differences. Siemens Healthineers' major plans are funded with assets in segregated entities. In accordance with local laws and bilateral agreements with benefit trusts (trust agreement) those plans are managed in the interest of the beneficiaries. The defined benefit plans cover 48,000 participants, including 25,000 active employees, 10,500 former employees with vested benefits and 12,500 retirees and surviving dependents in 36 countries.

Where Siemens Healthineers employees participate in Siemens Group's pension plans and the respective pension trusts, Siemens Healthineers and Siemens Group bear the financial impact individually from pension obligations related to the respective employees. As the majority of the Siemens Healthineers' pension liabilities derive from four countries (ca. 95% in fiscal 2017), the pension landscape in these countries are described detailed below.

Germany:

In Germany, Siemens Healthineers provides pension benefits through the following plans: BSAV (Beitragsorientierte Siemens Altersversorgung), frozen legacy plans and deferred compensation plans. The majority of Siemens Healthineers' active employees participates in the BSAV. Those benefits are predominantly

based on contributions made by Siemens Healthineers and returns earned on such contributions, subject to a minimum return guaranteed by Siemens Healthineers. In connection with the implementation of the BSAV, benefits provided under the frozen legacy plans were modified to substantially eliminate the effects of compensation increases. However, these frozen plans still expose Siemens Healthineers to investment risk, interest rate risk and longevity risk. In general, no legal or regulatory minimum funding requirements apply in Germany.

The BSAV as well as most of the frozen legacy plans are currently funded via contractual trust arrangements (CTA) whose sole trustor is Siemens AG. For parts of the frozen legacy plans (Siemens Pensionsfonds AG) and the deferred compensation plans, plan assets have been allocated to Siemens Healthineers and are therefore included in the numbers below. However, no plan assets have been allocated to Siemens Healthineers for the BSAV and the majority of the frozen legacy plans.

U.S.:

U.S. Siemens Healthineers currently participate in the defined benefit and defined contribution plans sponsored by Siemens Corporation. The defined benefit plans sponsored by Siemens Corporation have been frozen to new entrants and to future benefit accruals, except for interest credits on cash balance accounts. The pension plans are subject to the funding requirements under the Employee Retirement Income Security Act of 1974 as amended, (ERISA). There is a regulatory requirement to maintain a minimum funding level of 80% in defined benefit plans in order to avoid benefit restrictions. At their discretion, the sponsoring employers may contribute in excess of this regulatory requirement. Annual contributions are calculated by independent actuaries. For all funded U.S. pension plans, plan assets have been allocated to Siemens Healthineers.

U.K.:

Presently Siemens Healthineers offers defined benefit and defined contribution benefits through the Siemens Benefit Scheme for which, until the start of retirement, an inflation increase of the majority of accrued (deferred and in payment) defined benefits is mandatory. Siemens Healthineers is currently a participating employer in this pension trust established by Siemens plc. The required annual funding of the defined benefit sections is determined by a funding valuation carried out at least every third year based on legal requirements. For the Siemens Benefit Scheme as well as the smaller pension plans in U.K., plan assets have been allocated to Siemens Healthineers.

Switzerland:

Following the Swiss law of occupational benefits (BVG) each employer has to grant post-employment benefits for qualifying employees. Accordingly Siemens Healthineers in Switzerland sponsors several cash balance plans. These plans are administered by external foundations. The board of the foundation is responsible for investment policy and the asset management, as well as for any changes in the plan rules and the determination of contributions to finance the benefits. Siemens Healthineers is required to make total contributions at least as high as the sum of the employee contributions set out in the plan rules. In case of an underfunded plan the participating companies together with the employees may be asked to pay supplementary contributions according to a well-defined framework of recovery measures.

Basis for allocation of Siemens Healthineers' pension plans administrated by Siemens Group

During the periods presented, Siemens Healthineers employees in most countries participated in Siemens Group's pension plans and the respective pension trusts. For these plans, pension benefits are administrated by Siemens Group, but separated for each legal entity.

The determination of defined benefit obligation at fiscal year-end of the respective carve-outs is based on the service of the employees under the respective plan. This defined benefit obligation is also the basis for the proportional split of the defined benefit obligation between Siemens Group and Siemens Healthineers for fiscal years prior to the respective carve outs.

Plan assets are not managed separately for each participating entities and are allocated to participating entities based on the allocated defined benefit obligation or the plan beneficiaries.

The service costs are based on the service of the employees under the respective plans. The interest costs and interest income are based on the allocated DBO and plan assets respectively.

The legal separation of the majority of the respective plan assets will take place during fiscal 2018 taking into account legal requirements and therefore, might be different to the allocation applied in the Combined Financial Statements.

Development of the defined benefit plans

	Defined benefit obligation (DBO) (I) Fiscal year			Fair value of plan assets (II) Fiscal year			Effects of asset ceiling (III) Fiscal year			Net defined benefit balance (I – II + III) Fiscal year		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
	(in millions of €)											
Balance at begin of fiscal year	**4,558**	**3,258**	**3,032**	**2,436**	**2,027**	**1,927**	**9**	**11**	**12**	**2,131**	**1,243**	**1,116**
Current service cost	66	54	55	—	—	—	—	—	—	66	54	55
Interest expenses	91	133	121	—	—	—	—	1	1	92	133	121
Interest income	—	—	—	60	83	89	—	—	—	(60)	(83)	(89)
Other[1]	(4)	(6)	(6)	(8)	(6)	(5)	—	—	—	4	—	(1)
Components of defined benefit costs recognized in the Combined Statements of income	**154**	**181**	**170**	**52**	**78**	**84**	**0**	**1**	**1**	**102**	**104**	**86**
Return on plan assets excluding amounts included in net interest income and net interest expenses	—	—	—	18	265	(1)	—	—	—	(18)	(265)	1
Actuarial (gains) losses	(381)	692	59	—	—	—	—	—	—	(381)	692	59
Effects of asset ceiling	—	—	—	—	—	—	3	(2)	(2)	3	(2)	(2)
Remeasurements recognized in the Combined Statements of Comprehensive Income	**(381)**	**692**	**59**	**18**	**265**	**(1)**	**3**	**(2)**	**(2)**	**(396)**	**426**	**59**
Employer contributions	—	—	—	81	44	20	—	—	—	(81)	(44)	(20)
Plan participants' contributions	8	9	10	8	9	10	—	—	—	—	—	—
Benefits paid	(194)	(166)	(123)	(173)	(141)	(106)	—	—	—	(22)	(25)	(17)
Settlement payments	(3)	(2)	(44)	(3)	(2)	(44)	—	—	—	—	—	—
Business combinations, disposals and other	24	708	(20)	21	283	(14)	—	—	—	3	426	(6)
Foreign currency translation effects	(98)	(124)	175	(76)	(127)	151	—	(1)	—	(22)	2	25
Other reconciling items	**(263)**	**426**	**(2)**	**(141)**	**66**	**16**	**—**	**(1)**	**—**	**(122)**	**358**	**(18)**
Balance at fiscal year-end	**4,067**	**4,558**	**3,258**	**2,364**	**2,436**	**2,027**	**12**	**9**	**11**	**1,715**	**2,131**	**1,243**
thereof:												
Germany	*1,722*	*1,966*	*866*	*339*	*357*	*64*	—	—	—	*1,383*	*1,609*	*803*
U.S.	*1,116*	*1,270*	*1,214*	*865*	*932*	*884*	—	—	—	*251*	*338*	*329*
U.K.	*928*	*984*	*894*	*952*	*953*	*903*	*12*	*9*	*11*	*(13)*	*39*	*2*
CH	*87*	*103*	*92*	*79*	*78*	*73*	—	—	—	*8*	*25*	*19*
Other countries	*215*	*235*	*192*	*129*	*115*	*103*	—	—	*1*	*85*	*120*	*90*
Total	**4,067**	**4,558**	**3,258**	**2,364**	**2,436**	**2,027**	**12**	**9**	**11**	**1,715**	**2,131**	**1,243**
thereof provisions for pensions and similar obligations										*1,732*	*2,132*	*1,245*
thereof net defined benefit assets (presented in Other assets)										*17*	*1*	*2*

1 Includes past service benefit/costs, settlement gains/losses and administration costs related to liabilities

Net interest expenses related to provisions for pensions and similar obligations amounted to €31 million, €50 million and €32 million, respectively, in fiscal 2017, 2016 and 2015. The DBO is attributable to active employees 40%, 42% and 50%, to former employees with vested rights 19%, 20% and 22%, to retirees and surviving dependents 41%, 38% and 28% respectively, in fiscal 2017, 2016 and 2015.

The position "business combinations, disposals and other" include a transfer of deferred plan members and retirees in Germany in fiscal 2016 of DBO €704 million and plan assets of €281 million from Siemens AG to Siemens Healthcare GmbH decided on the Siemens annual shareholder meeting January 26, 2016, effective of October 1, 2015.

The remeasurements comprise actuarial (gains) and losses resulting from:

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Changes in demographic assumptions	(20)	(23)	14
Changes in financial assumptions	(361)	729	55
Experience (gains) losses	(1)	(13)	(10)
Total	**(381)**	**692**	**59**

Actuarial assumptions

The weighted-average discount rate used for the actuarial valuation of the DBO at period-end was as follows:

	Sep, 30		
	2017	2016	2015
Discount rate	2.8%	2.2%	3.7%
EUR	2.1%	1.0%	2.7%
USD	3.8%	3.6%	4.3%
GBP	2.8%	2.4%	3.9%
CHF	0.8%	0.4%	1.0%

The discount rate was derived from high-quality corporate bonds with an issuing volume of more than 100 million units in the respective currency zones, which have been awarded an AA rating (or equivalent) by at least one of the three rating agencies Moody's Investor Service, Standard & Poor's Rating Services or Fitch Ratings.

Applied mortality tables are:

Mortality table	2017	2016	2015
Germany	Heubeck Richttafeln 2005G (modified)	Heubeck Richttafeln 2005G (modified)	Heubeck Richttafeln 2005G (modified)
U.S.	RP-2016 with generational projection from the US Social Security Administration's Long Range Demographic Assumptions	RP-2015 mortality table with MP-2015 generational projection	RP2014 mortality table with MP2014 generational projection
U.K.	SAPS S2 (Standard mortality tables for Self Administered Pension Schemes with allowance for future mortality improvements)	SAPS S2 (Standard mortality tables for Self Administered Pension Schemes with allowance for future mortality improvements)	SAPS S2 (Standard mortality tables for Self Administered Pension Schemes with allowance for future mortality improvements)
CH	BVG 2015G	BVG 2015G	BVG 2010G

The rates of compensation increase and pension progression for countries with significant effects are shown in the following table. Inflation effects, if applicable, are included in the assumptions below:

	Sep 30,		
	2017	2016	2015
Compensation increase			
U.K.	3.7%	3.6%	3.6%
CH	1.5%	1.5%	1.5%
Pension progression			
Germany	1.4%	1.4%	1.7%
U.K.	3.0%	2.9%	2.9%

Sensitivity analysis

An one-half-percentage-point change of the above assumptions would result in the following increase (decrease) of the DBO:

	Effect on DBO due to a one-half percentage-point					
	increase	decrease	increase	decrease	increase	decrease
	Sep 30, 2017		Sep 30, 2016		Sep 30, 2015	
	(in millions of €)					
Discount rate	(261)	293	(318)	366	(198)	225
Rate of compensation increase	14	(13)	18	(17)	12	(11)
Rate of pension progression	174	(165)	217	(204)	138	(112)

The DBO effect of a 10% reduction in mortality rates for all beneficiaries would be an increase of €105 million, €134 million and €65 million as of September 30, 2017, 2016 and 2015, respectively.

During the periods presented, sensitivity determinations apply the same methodology as applied for the determination of the post-employment benefit obligation. Sensitivities reflect changes in the DBO solely for the assumption changed.

Asset Liability Matching Strategies

A decline in the plans' funded status due to adverse developments of plan assets and/or defined benefit obligations resulting from changing parameters is considered as a significant risk. Accordingly, a risk management concept aligned with the defined benefit obligations (Asset Liability Matching) has been implemented. Risk management is based on a worldwide defined risk threshold (Value-at-Risk). The concept, the Value-at-Risk and the asset development including the investment strategy are monitored and adjusted on an ongoing basis under consultation of senior external experts. Independent asset managers are selected based on quantitative and qualitative analysis, which includes their performance and risk evaluation. Derivatives are used to reduce risks as part of risk management.

Disaggregation of plan assets

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Equity securities	517	557	495
Fixed income securities	1,453	1,530	1,344
Government bonds	*613*	*575*	*526*
Corporate bonds	*840*	*955*	*817*
Alternative investments	187	123	87
Multi strategy funds	76	58	—
Derivatives	10	8	9
Cash and cash equivalents	44	54	24
Other assets	77	104	68
Total	**2,364**	**2,436**	**2,027**

As plan assets are not separately managed for participating entities, for each plan the respective plan assets have been allocated to the different asset classes proportionally to the plan assets allocation of Siemens AG.

Virtually all equity securities have quoted prices in active markets. The fair value of fixed income securities is based on prices provided by price service agencies. The fixed income securities are traded in highly liquid markets and almost all fixed income securities are investment grade. Alternative investments mostly include hedge funds; additionally, private equity and real estate investments are included. Multi strategy funds comprise absolute return funds and diversified growth funds that invest in various asset classes within a single fund and aim to stabilize return and reduce volatility. Derivatives predominantly consist of financial instruments for hedging interest rate risk.

Future cash flows

Employer contributions expected to be paid to defined benefit plans in fiscal 2018 are €92 million. Over the next ten fiscal years, average annual benefit payments of €190 million, €200 million and €146 million, respectively, are expected as of September 30, 2017, 2016 and 2015. The weighted average duration of the DBO for Siemens Healthineers defined benefit plans was 14 years as of September 30, 2017, 15 years as of September 30, 2016 and 13 years as of September 30, 2015.

Defined contribution plans and state plans

The amount recognized as expense for defined contribution plans amounts to €150 million, €153 million and €141 million in fiscal 2017, 2016, and 2015 respectively. Contributions to state plans amount to €244 million, €241 million and €243 million in fiscal 2017, 2016 and 2015, respectively.

NOTE 16 Provisions

	Warranties	Order related losses and risks	Other	Total
		(in millions of €)		
Balance as of October 1, 2014	**242**	**120**	**87**	**449**
Thereof non-current	*28*	*82*	*34*	*145*
Additions	197	19	28	243
Usage	(150)	(28)	(20)	(198)
Reversals	(44)	(33)	(15)	(92)
Translation differences	7	7	2	15
Transfer from Siemens Group	—	—	7	7
Other changes	7	3	6	15
Balance as of September 30, 2015	**258**	**87**	**94**	**439**
Thereof non-current	*32*	*68*	*46*	*145*

	Warranties	Order related losses and risks	Other	Total
		(in millions of €)		
Balance as of October 1, 2015	**258**	**87**	**94**	**439**
Thereof non-current	*32*	*68*	*46*	*145*
Additions	200	12	25	236
Usage	(150)	(10)	(13)	(173)
Reversals	(34)	(3)	(10)	(47)
Translation differences	2	(1)	1	2
Transfer from Siemens Group	—	—	4	4
Other changes	—	2	3	5
Balance as of September 30, 2016	**276**	**88**	**102**	**466**
Thereof non-current	*30*	*61*	*57*	*148*

	Warranties	Order related losses and risks	Other	Total
		(in millions of €)		
Balance as of October 1, 2016	**276**	**88**	**102**	**466**
Thereof non-current	*30*	*61*	*57*	*148*
Additions	211	31	28	270
Usage	(175)	(11)	(7)	(193)
Reversals	(51)	(5)	(11)	(66)
Translation differences	(7)	(11)	(4)	(22)
Transfer from Siemens Group	—	—	13	13
Other changes	—	(1)	—	(1)
Balance as of September 30, 2017	**253**	**91**	**122**	**467**
Thereof non-current	*30*	*62*	*61*	*153*

The majority of the Siemens Healthineers' provisions are expected to result in cash outflows during the next one to 15 years.

Warranties relate to products sold. Order related losses and risks are primarily provided for contracts in which the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under it. Other provisions include various types of provisions, such as provisions for asset retirement obligations related to certain items of property, plant and equipment as well as provisions for legal proceedings.

Siemens Healthineers is in the course of its normal business operations involved in Legal Proceedings in various jurisdictions. At present, Siemens Healthineers does not expect any matters to have material effects on its financial position, the results of its operations and/or its cash flows.

NOTE 17 Equity

As stated in *Note 1—Basis of preparation*, Siemens Healthineers was not a legal group for Consolidated Financial Statements reporting purposes in accordance with IFRS 10, Consolidated Financial Statements, in the periods presented. The equity was presented on the basis of the aggregation of the net assets of the Siemens Healthineers business under the control of Siemens AG and centrally managed by the Managing Board of Siemens Healthineers.

Since the combined group does not show any subscribed capital, a presentation of earnings per share in accordance with IAS 33, Earnings per share, is not applicable.

Capital Management

Capital Management for Siemens Healthineers was performed by Siemens Group and includes the consideration of legal requirements relating to the equity and liquidity requirements of Siemens AG and Siemens Group during the periods presented.

Other changes in equity

During the periods presented in the Combined Financial Statements, the line item *Other changes in equity* as included in the Combined Statements of Changes in Equity mainly contains specifics in relation to the combination rules described in *Note 1—Basis of preparation*.

NOTE 18 Commitments and other financial obligations

Guarantees and other contingent liabilities

Guarantees issued by Siemens Healthineers' entities were centrally managed by Siemens Group. Guarantees issued under these agreements on behalf of Siemens Healthineers' entities and other contingent liabilities are deemed immaterial for fiscal 2017, 2016 and 2015.

Other financial obligations

Other financial obligations arose from operating leases. The maturity of the corresponding non-discounted minimum lease payments are presented in the following table.

Future payment obligations under non-cancellable operating leases are:

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Within 1 year	111	97	88
Between 1 and 5 years	206	156	125
After 5 years	93	45	35
	410	**298**	**248**

Total operating rental expenses for the fiscal years ended September 30, 2017, 2016 and 2015 were €272 million, €287 million and €320 million, respectively.

NOTE 19 Financial instruments and hedging activities

Financial instruments

The following table discloses the carrying amounts of each category of financial assets and financial liabilities:

		Category of financial assets and financial liabilities	Measurement/ Fair Value hierarchy	Sep 30, 2017 Carrying amount	Sep 30, 2016 Carrying amount	Sep 30, 2015 Carrying amount
				(in millions of €)		
Loans and receivables	1)	LaR	Amortized cost	2,359	2,233	2,018
Cash and cash equivalents		n.a.	—	184	206	73
Derivatives designated in a hedge accounting relationship		n.a.	Level 2	4	11	19
Derivatives not designated in a hedge accounting relationship		FAHfT	Level 2	7	7	18
Available-for-sale financial assets	2)	AfS	At cost / Level 1	50	50	46
Receivables and other receivables from Siemens Group		LaR	Amortized cost	4,356	3,952	4,056
Financial assets				**6,959**	**6,459**	**6,229**
Financial liabilities measured at amortized costs	3)	FLaC	Amortized cost	1,273	1,153	1,049
Derivatives designated in a hedge accounting relationship		n.a.	Level 2	6	11	9
Derivatives not designated in a hedge accounting relationship		FLHfT	Level 2	6	14	14
Payables and other liabilities to Siemens Group		FLaC	Amortized cost	10,962	11,466	10,493
Financial liabilities				**12,247**	**12,644**	**11,565**

Categories of financial assets and financial liabilities:

LaR = Loans and receivables, FAHfT = Financial assets held-for-trading, AfS = Available-for-sale; FLaC = Financial liabilities measured at amortized cost; FLHfT = Financial liabilities held–for-trading

1) Reported in the following line items: Trade and other receivables, Other current financial assets, Other financial assets—except for separately disclosed derivative financial instruments and available-for-sale financial assets; including trade receivables from the sale of goods and services and other trade receivables as of 2017, 2016 and 2015 amounting to €2,174 million, €2,050 million and €1,845 million

2) Thereof including equity instruments classified as available-for-sale, for which a fair value could not be reliably measured and which are recognized at cost (2017: €42 million, 2016: €44 million and 2015: €40 million). In addition, the fair value (Level 1) of available-for-sales financial assets as of September 30, 2017, 2016 and 2015 amounting to €8 million, €6 million and €6 million

3) Reported in the following line items: Short-term debt and current maturities of long-term debt, Trade payables, Other current financial liabilities, Long-term debt, Other financial liabilities—except for separately disclosed derivative financial instruments; including obligations under finance lease as of 2017, 2016 and 2015 amounting to €24 million, €22 million and €22 million

The loans and receivables and the financial liabilities measured at amortized costs also include receivables and liabilities under finance leases in which Siemens Healthineers is the lessor or lessee and which therefore are accounted in accordance with IAS 17.

The fair values of cash and cash equivalents, trade and other receivables (all short-term), loans from banks, trade payables (all short-term), short-term payables to Siemens Group as well as other current financial assets and other current financial liabilities approximate their carrying amount due to short-term maturities of these instruments.

The carrying amount of the other liabilities to Siemens Group (residual term > 1 year) which related to Siemens Healthineers' business in the United States was €5,052 million and €5,343 million as of September 30, 2017 and 2016, respectively, *(see Note 14—Debt)* while the fair values amounted to €4,883 million and €5,327 million, respectively which are based on prices provided by price service agencies at the period-end date (Level 2). The fair value of the remaining long-term loans to Siemens Healthineers provided by Siemens Group approximate the carrying amount as the interest rates approximate market rates.

The fair values of obligations under finance lease as well as other financial liabilities are estimated by discounting future cash flows using market rates. The fair values approximate the carrying amount because these obligations are mainly short-term.

Long-term receivables are evaluated by Siemens Healthineers based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer. Based on this evaluation, allowances for these receivables are taken into account. The carrying amounts of such receivables, net of allowances, approximate the fair value.

Siemens Healthineers enters into derivative contracts with Siemens Corporate Treasury in accordance with Siemens Group policies. The fair values of derivative financial instruments depend on the specific type of instrument.

The fair value of foreign currency exchange contracts is based on forward exchange rates. Options are generally valued based on quoted market prices or based on option pricing models. In determining the fair values of the derivative financial instruments, no compensating effects from underlying transactions are taken into consideration.

The levels of the fair value hierarchy and its application to the financial assets and financial liabilities are described below:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

Derivative financial instruments and hedging activities

As part of Siemens Healthineers' risk management approach, derivative financial instruments are used to reduce the risks resulting primarily from fluctuations in foreign currency exchange rates.

In fiscal 2017, 2016 and 2015, Siemens Healthineers does not have any material derivative financial instruments relating to interest rate or commodity prices. Siemens Healthineers is mainly financed by Siemens Corporate Treasury of Siemens AG which is also actively managing the interest rate risks.

For additional information regarding Siemens Healthineers' risk management please refer to *Note 20—Financial Risk Management*.

Foreign currency exchange rate risk management

Derivative financial instruments not designated in a hedging relationship

Risks associated with fluctuations in foreign currency denominated receivables, payables, debt, firm commitments and forecast transactions were centrally managed by Siemens Corporate Treasury of Siemens AG in favor of Siemens Healthineers.

Under this approach the risks are aggregated centrally, and various derivative financial instruments, primarily foreign currency exchange contracts, foreign currency swaps and options, are utilized to minimize such risks. Such a strategy does not qualify for hedge accounting treatment.

Cash flow hedges

Siemens Healthineers' operating units apply hedge accounting for certain significant transactions and firm commitments denominated in foreign currencies. In particular, Siemens Healthineers has entered into foreign currency exchange contracts to reduce the risk of variability of future cash flows resulting from forecast sales and purchases as well as firm commitments.

As of September 30, 2017, 2016 and 2015, the maximum maturity of the main portion of derivative financial instruments which are used to hedge future cash flows is 12 months.

Changes in fair value of foreign exchange contracts that were designated as hedging instruments in foreign-currency cash flow hedges are recorded in line item *Other comprehensive income, net of income taxes*.

NOTE 20 Financial risk management

Siemens Healthineers is managed centrally by the Managing Board, which is responsible for the operating business of Siemens Healthineers. It manages and controls its financial risks in accordance with Siemens Group policies. During the periods presented, Siemens Healthineers delegated responsibilities to central functions of Siemens Group.

Market risks

Increasing market fluctuations may result in significant earnings and cash flow volatility risk for Siemens Healthineers. Its worldwide operating business as well as its investment and financing activities are affected particularly by changes in foreign exchange rates and interest rates.

In order to optimize the allocation of the financial resources across its segments and entities, as well as to achieve its aims, Siemens Healthineers identifies, analyzes and manages the associated market risks. Siemens Healthineers seeks to manage and control these risks primarily through its regular operating and financing activities, and uses derivative financial instruments when deemed appropriate. Regarding financing activities monitoring and control was performed by Siemens AG in the reporting period.

The management of financial market risk is a priority for Siemens Healthineers' management. As a member of management, the Chief Financial Officer has specific responsibility for this part of the overall risk management system. For practical business purposes, management delegates responsibilities to central functions, like the Siemens Corporate Treasury department, and to individual Siemens Healthineers' entities.

In order to quantify market risks Siemens Healthineers has implemented a system based on parametric variance-covariance Value at Risk (VaR). The concept of VaR is also used for internal management of the treasury activities of Siemens Group. The VaR figures are calculated based on historical volatilities and correlations of various risk factors, a ten day holding period, and a 99.5% confidence level.

Actual results that are included in the Combined Statements of Income or Combined Statements of Comprehensive Income may differ substantially from VaR figures due to fundamental conceptual differences. While the Combined Statements of Income and Combined Statements of Comprehensive Income are prepared in accordance with IFRS, the VaR figures are the output of a model with a purely financial perspective and represent the potential financial loss which will not be exceeded within ten days with a probability of 99.5%.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations including the following. A ten day holding period assumes that it is possible to

dispose of the underlying positions within this period. This may not be valid during continuing periods of illiquid markets. A 99.5% confidence level means, that there is a 0.5% statistical probability that losses could exceed the calculated VaR. The use of historical data as a basis for estimating the statistic behavior of the relevant markets and finally determining the possible range of the future outcomes on the basis of this statistic behavior may not always cover all possible scenarios, especially those of an exceptional nature.

Any market sensitive instruments, including equity and interest bearing investments, that Siemens Healthineers' pension plans hold are not included in the following quantitative and qualitative disclosures.

Foreign currency exchange rate risk

Transaction risk

Each Siemens Healthineers entity conducting businesses with international counterparties leading to future cash flows denominated in a currency other than its functional currency is exposed to risks from changes in foreign currency exchange rates. In the ordinary course of business Siemens Healthineers' entities are exposed to foreign currency exchange rate fluctuations, particularly between the U.S. dollar and the euro.

Siemens Healthineers defines foreign exchange rate exposure as the net amount of foreign currency denominated monetary items of the Combined Statements of Financial Position in addition to foreign currency denominated cash inflows and cash outflows from anticipated transactions at least for the following three months. This foreign currency exposure is determined based on the respective functional currencies of the exposed Siemens Healthineers entities.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies as well as production activities and other contributions along the value chain in the local markets.

Siemens Healthineers' entities are prohibited from borrowing or investing in foreign currencies on a speculative basis. Financing from Siemens Group or investments of operating units are preferably carried out in their functional currency.

Siemens Healthineers' entities are bound by a foreign exchange risk management system established within the Siemens Group. Each Siemens Healthineers' entity is responsible for recording, assessing and monitoring its foreign currency transaction exposure.

The binding guideline provides the concept for the identification and determination of the single net currency position and commits the entities to hedge at least 75% but no more than 100% of their net foreign currency exposure. Hedging transactions are carried out primarily with the Siemens Corporate Treasury of Siemens Group as counterparty.

As of September 30, 2017, 2016 and 2015 the VaR relating to foreign currency exchange rates was €94 million, €64 million and €119 million.

This VaR was calculated under consideration of items of the Combined Statements of Financial Position in addition to firm commitments which are denominated in foreign currencies, as well as foreign currency denominated cash flows from forecast transactions for the following twelve months.

Translation risk

Many Siemens Healthineers' entities are located outside the euro zone. Since the financial reporting currency of Siemens Healthineers is the euro, the financial statements of these entities are translated into euro for the preparation of the Combined Financial Statements. To consider the effects of foreign currency translation in the risk management, the general assumption is that investments in foreign-based operations are permanent and that reinvestment is continuous. Effects from foreign currency exchange rate fluctuations on the translation of net asset amounts into euro are reflected in the Siemens Healthineers' combined equity position.

Interest rate risk

Siemens Healthineers' exposure to the risk of changes in market interest rates relates to short-term bank loans and money market borrowings and investments at Siemens Financial Services ("SFS"), mainly with fixed rates of interest. Long-term liabilities mainly relate to loans with Siemens Group.

Siemens Healthineers is mainly financed by Siemens Group through SFS and interest rate risk management is performed at the level of Siemens AG. Consequently, until the end of fiscal 2017, Siemens Healthineers did not actively manage its interest rate risk. As of September 30, 2017, 2016 and 2015 the VaR relating to interest rates was €2 million, €1 million and €1 million.

Liquidity risk

Liquidity risk results from Siemens Healthineers' inability to meet its financial liabilities. In the periods presented Siemens Healthineers was therefore largely financed by Siemens Group through SFS and invested excess liquidity using Siemens AG's cash pooling and cash management systems.

In addition, Siemens Healthineers has implemented an effective working capital and cash management.

The Siemens Healthineers' liquidity reserve as of September 30, 2017, 2016 and 2015 of cash and cash equivalents amounts to €184 million, €206 million and €73 million, respectively.

The following table reflects the contractually fixed pay-offs for settlement, repayments and interest. The disclosed expected undiscounted net cash outflows from derivative financial liabilities are determined based on each particular settlement date of an instrument and based on the earliest date on which Siemens Healthineers could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing as of September 30, 2017.

	Fiscal year			
	2018	2019	2020 to 2022	2023 and thereafter
Non-derivative financial liabilities				
Loans from banks	47	—	—	—
Obligations under finance leases	8	8	8	—
Trade payables	1,120	—	—	—
Other financial liabilities	72	8	12	2
Payables and other liabilities to Siemens Group	5,918	1,347	1,314	3,713
Derivative financial liabilities	13	—	—	—

The risk implied from the values shown in the table above, reflects the one-sided scenario of cash outflows only. Obligations under trade payables and other financial liabilities including finance leases, mainly originate from the financing of assets used in Siemens Healthineers' ongoing operations such as property, plant, equipment and investments in working capital—e.g. inventories and trade receivables.

These assets are considered in Siemens Healthineers' overall liquidity risk management. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Siemens Healthineers participates in a comprehensive risk reporting established by Siemens Group, which covers its worldwide business.

Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time or if the value of collateral declines.

The effective monitoring and controlling of credit risk through credit evaluations and ratings is a core competency of Siemens Healthineers' risk management system. Siemens Healthineers is bound to the credit policy implemented by Siemens Group. In principle, each Siemens Healthineers' entity is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the level of credit risk, additional credit risk monitoring and controls are performed both by each entity and by Siemens Group which can perform further credit evaluations and ratings, if applicable. Ratings and individually defined credit limits are mainly based on generally accepted rating methodologies, with the input consisting of information obtained from the customer, external rating agencies, data service providers and credit default experiences. Ratings and credit limits are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers by Siemens Healthineers.

For analysis and monitoring of the credit risk Siemens Healthineers applies different systems and processes developed by Siemens Group. A central IT application is available that processes data from the operating units

together with rating and default information and calculates an estimate which may be used as a basis for individual bad debt provisions. In addition to this automated process, qualitative information is considered in particular to incorporate the latest developments.

Certain operating entities of Siemens Healthineers transferred their current trade receivables along with the inherent credit risk to the Siemens Credit Warehouse, but are still responsible for the administration of the trade receivables. The Siemens Credit Warehouse actively identifies, quantifies and manages the credit risk in its portfolio, such as by selling or hedging exposure to specific customers, countries and industries.

There were no significant concentrations of credit risk as of September 30, 2017, 2016 and 2015.

The maximum exposure to credit risk of financial assets, without taking account of any collateral, is represented by their carrying amount.

As of September 30, 2017, 2016 and 2015 the collateral held for financial instruments classified as financial assets measured at amortized costs amounted to €72 million, €51 million and €69 million, respectively.

Concerning trade receivables and other receivables, as well as loans or receivables which are neither impaired nor past due, there were no indications that defaults in payment obligations will occur, lead to a decrease in the net assets. Overdue financial instruments are generally impaired on a portfolio basis in order to reflect losses incurred within the respective portfolios. When substantial expected payment delays become evident, overdue financial instruments are assessed individually for additional impairment and are further allowed for as appropriate.

NOTE 21 Share-based payments

Share-based payment awards may be settled in newly issued shares of capital stock of Siemens AG, in treasury shares or in cash. Share-based payment awards may forfeit if the employment of the beneficiary terminates prior to the expiration of the vesting period. At Siemens Group level, these share-based payment plans are predominantly designed and accounted for as equity-settled plans and to a limited extent as cash-settled plans.

In the Combined Financial Statements of Siemens Healthineers the classification of share-based payment plans has been adjusted to fulfill the specific requirements for share-based payment transactions among group entities. In the majority of the cases, Siemens Healthineers carries the contractual obligation against its employees to settle the share-based payment transactions at the end of the vesting period. Consequently, Siemens Healthineers accounts for these share-based payment plans as cash-settled plans.

The carrying amount of liabilities from share-based payment transactions, included in the line item *Other liabilities* and *Other current liabilities* in the Combined Financial Statements, is €143 million as of September 30, 2017 (€92 million and €50 million for the years ended September 30, 2016 and 2015, respectively). Total pretax expense for share-based payment amounted to €81 million for the year ended September 30, 2017 (€67 million and €18 million for the years ended September 30, 2016 and 2015, respectively).

Stock Awards

Siemens Healthineers grants stock awards to members of the senior management, and other eligible employees. Stock awards are subject to a restriction period of about four years and entitle the beneficiary to receive Siemens AG shares without payment of consideration following the restriction period.

Stock awards are tied to performance criteria of Siemens AG. The annual target amount for stock awards can be bound to the average of earnings per share (EPS, basic) of the past three fiscal years and/or to the share price performance of Siemens AG relative to the share price performance of five important competitors (SPAC) during the four-year restriction period. The target attainment for the performance criteria SPAC ranges between 0% and 200%. If the target attainment of the prospective performance-based target of Siemens AG stock relative to five competitors exceeds 100%, an additional cash payment results corresponding to the outperformance. The vesting period is four years.

In fiscal 2017, 289,246 stock awards were granted contingent upon attaining the prospective performance-based target of Siemens AG stock relative to five competitors (247,848 stock awards and 133,723 stock awards

in fiscal 2016 and fiscal 2015, respectively). The fair value of these stock awards amounting to €19 million in fiscal 2017 (€14 million and €7 million in fiscal 2016 and fiscal 2015, respectively), was calculated by applying a valuation model. In fiscal 2017 inputs to that model include an expected weighted volatility of Siemens AG shares of 22.79% (22% and 22% in fiscal 2016 and fiscal 2015, respectively) and a market price of €107.95 per Siemens AG share (€92.86 and €88.03 in fiscal 2016 and fiscal 2015, respectively). Expected volatility was determined by reference to historic volatilities. The model applies a risk-free interest rate of up to 0.03% in fiscal 2017 (up to 0.1% and up to 0.3% in fiscal 2016 and fiscal 2015, respectively) and an expected dividend yield of 3.33% in fiscal 2017 (3.8% and 3.8% in fiscal 2016 and fiscal 2015, respectively). Assumptions concerning share price correlations were determined by reference to historic correlations.

Furthermore during fiscal 2017, 47,090 stock awards were granted to members of the senior management, and other eligible employees for extraordinary achievements based on a special allocation from the CEO of the Siemens Group (58,470 stock awards and 35,638 stock awards in fiscal 2016 and fiscal 2015, respectively). These stock awards are only subject to a restriction period of about four years. The fair value amounts to €5 million in fiscal 2017 (€4 million and €3 million in fiscal 2016 and fiscal 2015, respectively).

Changes in the number of stock awards held by members of the senior management, and other eligible employees are:

	Fiscal year		
	2017	2016	2015
Non-vested, beginning of period	860,751	802,261	630,673
Granted	336,336	306,318	212,367
Vested and fulfilled	(189,957)	(109,557)	—
Forfeited	(46,267)	(133,931)	(20,164)
Settled	(63)	(4,340)	(20,615)
Non-vested, end of period	**960,800**	**860,751**	**802,261**

Share Matching Program and its underlying plans

In fiscal 2017, Siemens AG issued a new tranche under each of the plans of the Share Matching Program.

Share Matching Plan

Under the Share Matching Plan senior managers may invest a specified part of their variable compensation in Siemens AG shares (investment shares). The shares are purchased at the market price at a predetermined date in the second quarter. Plan participants receive the right to receive one Siemens AG share without payment of consideration (matching share) for every three investment shares continuously held over a period of about three years (vesting period) provided the plan participant has been continuously employed by Siemens Group including Siemens Healthineers until the end of the vesting period.

Monthly Investment Plan

Under the Monthly Investment Plan employees other than senior managers may invest a specified part of their compensation in Siemens AG shares on a monthly basis over a period of twelve months. Shares are purchased at market price at a predetermined date once a month. If the Managing Board of Siemens AG decides that shares acquired under the Monthly Investment Plan are transferred to the Share Matching Plan, plan participants will receive the right to matching shares under the same conditions applying to the Share Matching Plan described above with a vesting period of about two years since fiscal 2016 (in fiscal 2015 about three years). The Managing Board of Siemens AG decided that shares acquired under the tranches issued in fiscal 2016, 2015 and 2014 are transferred to the Share Matching Plan as of February 2017, February 2016 and February 2015, respectively.

Base Share Program

Under the Base Share Program employees of participating Siemens Healthineers companies may invest a fixed amount of their compensation in Siemens AG shares. The shares are bought at market price at a

predetermined date in the second quarter and grant the right to receive matching shares under the same conditions applying to the Share Matching Plan described above. The fair value of the Base Share Program amounted to €4 million in fiscal 2017 (€4 million and €4 million in fiscal 2016 and 2015, respectively).

Resulting Matching Shares

	Fiscal year		
	2017	2016	2015
Outstanding, beginning of period	230,810	219,521	239,845
Granted	94,914	102,064	75,532
Vested and fulfilled	(63,963)	(73,641)	(70,652)
Forfeited	(11,850)	(10,545)	(9,638)
Settled	(5,152)	(6,589)	(15,566)
Outstanding, end of period	**244,759**	**230,810**	**219,521**

The weighted average fair value of matching shares granted in fiscal 2017 amounting to €92.60 per share (€65.78 and €69.43 per share in fiscal 2016 and fiscal 2015, respectively) was determined as the market price of Siemens AG shares less the present value of expected dividends taking into account non-vesting conditions.

Siemens Profit Sharing

The Managing Board of Siemens AG decides annually on the issuance of a new Siemens Profit Sharing tranche and determines the targets to be met for the current fiscal year. At fiscal year-end, based on the actual target achievement, the Managing Board of Siemens AG decides in its discretion on the amount to be transferred to the Profit-Sharing-Pool; this transfer is limited to a maximum of €400 million annually. If the Pool amounts to a minimum of €400 million after one or more fiscal years, it will be transferred to eligible employees below senior management in full or partially through the grant of free Siemens AG shares. As of September 30, 2017, €300 million are in the Profit-Sharing-Pool, thereof €46 million have been allocated to Siemens Healthineers. Expense is recognized pro rata over the estimated vesting period.

In November 2017, €100 million were transferred to the Profit-Sharing-Pool, thereof €15 million allocated to Siemens Healthineers; it was decided that the Pool amounting to €400 million will be transferred to eligible Siemens Group and Siemens Healthineers' employees in March 2018.

Jubilee Share Program

For their 25th and 40th service anniversary, eligible employees receive jubilee shares. There were 432 thousand entitlements to jubilee shares outstanding for Siemens Healthineers employees in Germany as of September 30, 2017 (417 thousand and 412 thousand as of September 30, 2016 and 2015, respectively).

NOTE 22 Personnel costs

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Wages and salaries	3,729	3,558	3,331
Statutory social welfare contributions and expenses for optional support	560	535	518
Expenses relating to post-employment benefits	240	221	210
Personnel costs	**4,529**	**4,314**	**4,059**

Severance charges amount to €57 million in fiscal 2017 (€61 million in fiscal 2016 and €62 million in fiscal 2015), respectively. Item Expenses relating to post-employment benefits includes service costs for the period.

Employees were engaged in (averages; part time employees are included proportionally):

	Fiscal year		
	2017	2016	2015
	(in thousands)		
Manufacturing and services	27	26	26
Sales and marketing	10	10	10
Research and development	8	8	6
Administration and general services	2	2	1
	47	**46**	**44**

NOTE 23 Segment information

	External Revenue			Intersegment Revenue			Total Revenue			Profit		
	Fiscal year			Fiscal year			Fiscal year			Fiscal year		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
	(in millions of €)											
Imaging	7,976	7,767	7,185	240	240	197	8,216	8,007	7,382	1,624	1,571	1,298
Diagnostics	4,161	4,138	4,138	—	—	—	4,162	4,138	4,138	562	514	621
Advanced Therapies	1,508	1,449	1,433	10	11	14	1,519	1,460	1,447	335	286	269
Total Segments	**13,646**	**13,355**	**12,756**	**250**	**251**	**211**	**13,896**	**13,606**	**12,967**	**2,521**	**2,371**	**2,187**
Reconciliation to Combined Financial Statements	150	192	181	(250)	(251)	(211)	(100)	(59)	(30)	(477)	(453)	(311)
Siemens Healthineers	**13,796**	**13,547**	**12,936**	**—**	**—**	**—**	**13,796**	**13,547**	**12,936**	**2,044**	**1,918**	**1,876**

	Assets			Free Cash Flow			Additions to intangible assets and property, plant and equipment and additions to assets leased to others in operating leases			Amortization, depreciation & impairments		
	Sep 30,			Fiscal year			Fiscal year			Fiscal year		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
	(in millions of €)											
Imaging	6,025	6,253	6,201	1,596	1,599	1,484	125	122	91	137	140	128
Diagnostics	3,858	4,059	4,077	329	341	337	450	430	420	235	226	217
Advanced Therapies	879	873	959	298	323	281	10	10	10	10	10	12
Total Segments	**10,761**	**11,185**	**11,238**	**2,222**	**2,263**	**2,103**	**585**	**562**	**521**	**383**	**376**	**358**
Reconciliation to Combined Financial Statements	9,679	9,110	8,219	(713)	(838)	(558)	110	97	35	189	215	205
Siemens Healthineers	**20,440**	**20,295**	**19,457**	**1,509**	**1,425**	**1,545**	**695**	**659**	**556**	**572**	**591**	**563**

Description of reportable segments

Siemens Healthineers manages its business through three reportable segments as outlined below. For purposes of preparing these Combined Financial Statements, the segment reporting as implemented is retrospectively applied to the periods presented:

- Imaging, which offers diagnostic imaging products and a broad portfolio of advanced imaging and ultrasound systems and solutions;
- Diagnostics offers products, services and solutions, including a broad array of testing applications, in the areas of laboratory, point of care and molecular diagnostics;

- Advanced Therapies is a supplier of advanced therapy products, services and solutions to the therapy departments of healthcare providers.

Reconciliation to Combined Financial Statements

Pensions—includes the centrally carried income (expense) related to pension obligations not allocated to the segments as well as the centrally managed pension assets and liabilities.

Siemens Healthineers Real Estate—Siemens Healthineers Real Estate manages Siemens Healthineers' entire real estate business portfolio, operates the properties, and is responsible for building projects and the purchase and sale of real estate.

Eliminations, Corporate Treasury, Corporate Items, and other items—comprise consolidation of transactions between the segments, certain reconciliation and reclassification items and the activities of the Corporate Treasury. Corporate items includes corporate costs, such as group managing costs, corporate projects, the amortization of intangible assets acquired in previous business combinations. In addition, it includes the business activities and special topics which are not allocated directly to a Segment, because the Managing Board does not consider them to be indicative of the Segment's performance. It also includes interest income and expense, such as, for example, interest not allocated to segments (referred to as financing interest), interest related to Corporate Treasury activities or resulting consolidation and reconciliation effects on interest.

Measurement—Segments

Accounting policies for segment information are generally the same as those used for the Combined Financial Statements. Intersegment transactions are based on market prices.

Profit

Siemens Healthineers' Managing Board is responsible for assessing the performance of the segments (chief operating decision maker). Siemens Healthineers' profitability measure of the segments is income before income taxes, financing interest, certain pension costs and amortization expenses of intangible assets acquired in business combinations as determined by the chief operating decision maker (Profit). The major categories of items excluded from Profit are presented below.

Decisions on essential pension items are made centrally. Accordingly, Profit primarily includes amounts related to service cost of pension plans only, while all other regularly recurring pension related costs are included in reconciliations in the line item *Centrally carried pension expense*.

Financing interest, excluded from Profit, is any interest income or expense other than interest income related to receivables from customers, from cash allocated to the segments and interest expenses on payables to suppliers. Financing interest is excluded from Profit because decision-making regarding financing is typically made at the corporate level.

Amortization expenses of other intangible assets acquired in business combinations are not part of Profit. Furthermore, income taxes are excluded from Profit since income tax is subject to legal structures, which typically do not correspond to the structure of the segments. This may also be the case for items that refer to more than one reportable segment, Siemens Healthineers Real Estate and (or) have a corporate or central character. Costs for support functions are primarily allocated to the segments.

Assets

Management determined Assets (Net capital employed) as a measure to assess capital intensity of the segments. Its definition corresponds to the Profit measure except for amortization expenses of intangible assets acquired in business combinations which are not part of Profit; however, the related intangible assets are included in the segments' Assets. Segment Assets is based on Total assets of the Combined Statements of Financial Position, primarily excluding financing receivables from Siemens Group and tax related assets, since the corresponding positions are excluded from Profit. The remaining assets are reduced by non-interest-bearing liabilities other than tax related liabilities, e.g. trade payables, to derive Assets.

Free cash flow

Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. Free Cash Flow on segment level, further excludes financing interest and income tax as well as certain other payments and proceeds.

Amortization, depreciation and impairments

Amortization, depreciation and impairments includes depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets each net of reversals of impairment.

Reconciliation to Combined Financial Statements

Profit

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Total Segments	**2,521**	**2,371**	**2,187**
Centrally carried pension expense	(57)	(63)	(46)
Amortization of other intangible assets acquired in business combinations	(147)	(179)	(180)
Eliminations, Corporate Treasury, Corporate Items, other items	(274)	(210)	(85)
Reconciliation to Combined Financial Statements	**(477)**	**(453)**	**(311)**
Siemens Healthineers—Income before income taxes	**2,044**	**1,918**	**1,876**

In fiscal 2017, 2016 and 2015, Corporate Treasury includes interest expense of €246 million, €177 million and €82 million, respectively, related to loans with Siemens Group.

Assets

	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Total Segments	**10,761**	**11,185**	**11,238**
Assets pensions	24	2	2
Assets Real Estate	578	615	449
Asset-based adjustments			
Receivables from Siemens Group	4,356	3,952	4,056
Tax-related assets	498	594	328
Liability-based adjustments			
Payables and other liabilities to Siemens Group	10,962	11,467	10,493
Tax-related liabilities	365	310	296
Eliminations, Corporate Treasury, Corporate Items, other items	(7,104)	(7,830)	(7,405)
Reconciliation to Combined Financial Statements	**9,679**	**9,110**	**8,219**
Siemens Healthineers—Total assets	**20,440**	**20,295**	**19,457**

Free Cash Flow

	Fiscal year		
	2017	2016	2015
	(in millions of €)		
Total Segments	**2,222**	**2,263**	**2,103**
Central Items	(136)	(155)	(48)
Tax-related Cash Flows	(567)	(686)	(505)
Other items	(10)	2	(5)
Siemens Healthineers—Free Cash Flow	**1,509**	**1,425**	**1,545**
Remaining Cash Flows from investing activities[1]	13	(12)	367
Cash Flows from financing activities	(1,532)	(1,279)	(1,853)
Effect of foreign exchange rates on cash and cash equivalents	(12)	(1)	(5)
Change in cash and cash equivalents	**(22)**	**133**	**54**

1 excluding additions to intangible assets and property, plant and equipment

NOTE 24 Information about geographies

	Revenue by location of customers			Revenue by location of companies		
	Fiscal year			Fiscal year		
	2017	2016	2015	2017	2016	2015
	(in millions of €)					
Europe, C.I.S., Africa, Middle East	4,380	4,423	4,366	5,034	5,046	4,996
Americas	5,599	5,496	5,184	5,572	5,462	5,141
Asia, Australia	3,817	3,628	3,386	3,191	3,039	2,799
Siemens Healthineers	**13,796**	**13,547**	**12,936**	**13,796**	**13,547**	**12,936**
thereof Germany	*885*	*859*	*848*	*1,727*	*1,713*	*1,703*
thereof foreign countries	*12,911*	*12,688*	*12,088*	*12,069*	*11,834*	*11,233*
therein U.S.	*4,687*	*4,656*	*4,276*	*4,709*	*4,681*	*4,311*

	Non-current assets		
	Sep 30,		
	2017	2016	2015
	(in millions of €)		
Europe, C.I.S., Africa, Middle East	3,504	3,525	3,383
Americas	6,883	7,149	7,109
Asia, Australia	697	735	684
Siemens Healthineers	**11,083**	**11,409**	**11,177**
thereof Germany	*1,655*	*1,618*	*1,423*
thereof foreign countries	*9,429*	*9,791*	*9,754*
therein U.S.	*6,381*	*6,635*	*6,615*

Non-current assets consist of property, plant and equipment, goodwill and other intangible assets.

NOTE 25 Related party transactions

Siemens Healthineers maintains business relations with Siemens Group and with associates of both Siemens Group and Siemens Healthineers. The Siemens Group is a related party, as Siemens AG controls Siemens Healthineers.

Transactions with Siemens Group

Sales of goods and services and other income, as well as purchases of goods and services and other expense from transactions with the Siemens Group in fiscal 2017, 2016 and 2015 are presented in the following table:

	Sales of goods and services and other income			Purchases of goods and services and other expenses		
	Fiscal year			Fiscal year		
	2017	2016	2015	2017	2016	2015
	(in millions of €)					
Siemens Group	290	275	257	658	679	707

Sales to and purchases from Siemens Group

Supply and delivery agreements exist between Siemens Healthineers and Siemens Group. Siemens Healthineers is supplied by Siemens Group and delivers to Siemens Group goods and services on a case by case basis. The sale of goods and services to Siemens Group mainly includes sale of equipment from Siemens Healthineers to SFS, who leases this equipment to external customers under a finance lease agreement.

Other expenses

Siemens Group provides Siemens Healthineers with central corporate services, such as tax and legal, IT, corporate communications, HR, accounting, financial services and treasury in the amount of €496 million, €492 million and €444 million in fiscal 2017, 2016 and 2015.

Share-based payments

Siemens Healthineers' employees participate in share-based payment awards implemented by Siemens AG. Siemens AG delivers the respective shares on behalf of Siemens Healthineers and is reimbursed by Siemens Healthineers (see *Note 21—Share-based payments*).

Insurances

Siemens Healthineers is covered by the group insurance of Siemens Group. Furthermore, there are additional contracts for individual insurance services between entities of Siemens Healthineers and Siemens Group, the costs for which are borne by Siemens Healthineers.

Receivables from and payables to Siemens Group

Siemens Healthineers' receivables from and payables to Siemens Group are as follows:

	Receivables			Payables		
	Sep 30,			Sep 30,		
	2017	2016	2015	2017	2016	2015
	(in millions of €)					
Siemens Group	4,356	3,952	4,056	10,962	11,466	10,493
therein						
from Siemens Credit Warehouse	*175*	*153*	*230*	—	—	—
from financing activities	*4,163*	*3,780*	*3,799*	*10,040*	*10,507*	*9,644*
from other items	*17*	*19*	*27*	*922*	*959*	*849*

Siemens Credit Warehouse

Siemens Healthineers participates in the factoring program called "Siemens Credit Warehouse". Siemens Healthineers transfers trade receivables to Siemens Group including all relevant collection risks, but is still responsible for the administration of the trade receivables.

Financing

Siemens Healthineers is included in Siemens Group's cash pooling and cash management. Siemens Healthineers invests excess short-term liquidity and is granted overdraft facilities for financing its operating activities.

Siemens Healthineers has long-term receivables with Siemens Group amounting to €1,365 million as of September 30, 2017 (September 30, 2016: €0, and September, 30 2015: €0) with maturities in March 2021.

Siemens Group provides short- and long-term loans to Siemens Healthineers. For additional information, see *Note 14—Debt*.

Other items

On November 26, 2014, Siemens AG and Siemens Healthcare GmbH concluded a domination and profit and loss transfer agreement ("Beherrschungs- und Gewinnabführungsvertrag"). Other items include the payable in relation to this profit and loss transfer in fiscal 2017, 2016 and 2015. The profits transferred in fiscal 2017, 2016 and 2015 amounted to €815 million, €909 million and €806 million, respectively.

Other material relationships with Siemens Group are described in the following:

Leasing

Siemens Healthineers has entered into leasing transactions with Siemens Group mainly relating to IT equipment. As of September 30, 2017, the outstanding minimum lease payments are €6 million (September 30, 2016: €5 million, and September, 30 2015: €4 million). The average weighted interest rate in fiscal 2017 is 5.0% (fiscal 2016: 5.0% and fiscal 2015: 4.5%). In addition, several operating lease agreements exist between Siemens Healthineers and Siemens Group, in particular with respect to real estate.

Hedging

Siemens Healthineers' hedging activities are performed mainly via Siemens Corporate Treasury of Siemens AG. The consideration is based on market rates. The related receivables and payables are mainly disclosed in the line item *Other current financial assets* and *Other current financial liabilities* in the Combined Financial Statements.

Collaterals/global letters of support/guarantees

Siemens Group issues collaterals and credit letters in favor of Siemens Healthineers. The guarantees issued by Siemens Group amount to €446 million as of September 30, 2017 (September 30, 2016: €494 million and September 30, 2015: €619 million).

Transactions with pension schemes and pension entities

In some countries, mainly in the U.K. and U.S., Siemens Healthineers participates in Siemens Group pension plans and trusts.

For additional information, see *Note 15—Provisions for pensions and similar obligations*.

Dividends proposed or declared

Dividends to the Siemens Group in an amount of €211 million are proposed or declared before the issuance of the Combined Financial Statements, but not yet recognized as a distribution to owners in the Combined Financials Statements in the periods presented.

Joint Ventures and Associates

In fiscal 2017 Siemens Healthineers purchased goods and services from Siemens Healthineers joint ventures and associates in an amount of €61 million (fiscal 2016: €62 million and fiscal 2015: €72 million).

Related individuals

In the periods presented, Siemens Healthineers had no parent company and was not a legal group for Consolidated Financial Statement reporting purposes in accordance with IFRS 10. The key management of Siemens Healthineers is therefore defined as those persons responsible for the worldwide operating business of Siemens Healthineers, based on their function within Siemens Healthineers. These are the members of Managing Board and the Supervisory Board of Siemens Healthcare GmbH.

In addition, Siemens Healthineers is controlled by the ultimate parent, Siemens AG. Therefore, Siemens AG's Management Board and Supervisory Board are deemed key management. Information related to Siemens AG's Management Board and Supervisory Board can be found in Siemens AG's publicly available financial statements.

In fiscal 2017, the members of the Managing Board of Siemens Healthineers received cash compensation of €4.3 million (fiscal 2016: €4.1 million and fiscal 2015 €4.2 million). The fair value of stock-based compensation amounts to €1.3 million in fiscal 2017 (fiscal 2016: €1.3 million and fiscal 2015: €0.7 million). In fiscal 2017, contributions under the BSAV are granted to members of the Managing Board totaling €0.6 million (fiscal 2016: €0.6 million and fiscal 2015: €0.7 million).

Therefore, the total compensation and benefits attributable to the Managing Board of Siemens Healthineers amount to €6.2 million in fiscal 2017 (fiscal 2016: €6.0 million and fiscal 2015 €5.6 million).

In fiscal 2017, expense related to share-based payments amounts to €2.2 million (fiscal 2016: €2.7 million and fiscal 2015: €0.7 million).

The Supervisory Board of Siemens Healthcare GmbH consists of 16 members as of September 30, 2017, thereof 8 employees' representatives. In fiscal 2017, the remuneration of the Supervisory Board members amounts to €0.1 million (fiscal 2016: €0.1 million and fiscal 2015 €0.0 million), whereby most of the shareholder's representatives in the Supervisory Board waive their right to compensation for their activities as members of the Supervisory Board in the periods presented. The employees' representatives on the Supervisory Board (with the exception of those members who are nominated by the labor union) have labor contracts with the respective Siemens Healthineers' entities.

Siemens Group maintains a directors and officers insurance ("D&O") for the members of the Managing Board of Siemens Healthineers. The insurance policy covers the personal liability risk, in the event that a claim for pecuniary damages is made against a member of the Managing Board of Siemens Healthineers in conjunction with his or her performance of duties. The related costs are charged by Siemens Group to Siemens Healthineers.

In fiscal 2017, 2016 and 2015, no other major transactions took place between Siemens Healthineers and members of the Managing Board of Siemens Healthineers or between Siemens Healthineers and members of the Supervisory Board of Siemens Healthcare GmbH.

Some of the board members hold, or in the last years have held, positions of significant responsibility with other entities. Siemens Healthineers has relationships with almost all of these entities in the ordinary course of business.

NOTE 26 Effects from the adoption of IFRS 15

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which Siemens Healthineers expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted. Siemens Healthineers will adopt the standard for the fiscal year beginning as of October 1, 2017 retrospectively, i.e. the comparable period will be presented in accordance with IFRS 15.

The adoption of IFRS 15 as of October 1, 2017 and the preparation of the comparable period for fiscal 2017 confirmed that there will be no significant impacts on Siemens Healthineers' Financial Statements. Retained earnings as of October 1, 2016 will increase by €98 million. The increase mainly arises from an earlier recognition of variable consideration components and as transfer of control may occur before the transfer of significant risks and rewards for certain goods. As illustrated below, changes in the total amount of revenue to be recognized for a customer contract are very limited. Besides, there will be changes to the Statement of Financial

Position, e.g. separate line items for contract assets and contract liabilities are required, and quantitative and qualitative disclosures are added.

The following table illustrates the effects of IFRS 15 to the Combined Statements of Income, if the standard would have already been applied in fiscal 2017:

	Fiscal year 2017		
	Pre-adjustment	Adjustment	Post-adjustment
	(in millions of €)		
Revenue	13,796	(119)	13,677
Cost of sales	(8,034)	52	(7,982)
Gross profit	**5,762**	**(67)**	**5,695**
Research and development expenses	(1,253)	—	(1,253)
Selling and general administrative expenses	(2,222)	—	(2,222)
Other operating income	22	—	22
Other operating expenses	(19)	—	(19)
Income from investments accounted for using the equity method, net	9	—	9
Interest income	12	—	12
Interest expenses	(267)	—	(267)
Other financial income (expenses), net	—	—	—
Income before income taxes	**2,044**	**(67)**	**1,977**
Income tax expenses	(600)	19	(581)
Net income	**1,444**	**(48)**	**1,396**

Under IFRS 15 revenue is generally recognized earlier compared to legacy regulations as indicated by the increase of retained earnings as of October 1, 2016. However, the effect from revenue acceleration in fiscal year 2017 under IFRS 15 would have been overcompensated by a higher effect from revenue acceleration as of October 1, 2016. The difference in revenue of €119 million would have been assigned to periods prior to fiscal 2017.

The following table illustrates the effects of IFRS 15 to the Combined Statements of Financial Position, if the standard would have already been applied in fiscal 2017:

	Sep 30, 2017		
	Pre-adjustment	Adjustment	Post-adjustment
	(in millions of €)		
Assets			
Cash and cash equivalents	184	—	184
Trade and other receivables	2,200	108	2,308
Other current financial assets	57	—	57
Receivables from Siemens Group	2,991	—	2,991
Contract assets	—	294	294
Inventories	1,323	282	1,605
Current income tax assets	79	—	79
Other current assets	276	—	276
Total current assets	**7,110**	**684**	**7,794**
Goodwill	7,992	—	7,992
Other intangible assets	1,525	—	1,525
Property, plant and equipment	1,566	—	1,566
Investments accounted for using the equity method	33	—	33
Other financial assets	162	—	162
Other receivables from Siemens Group	1,365	—	1,365
Deferred tax assets	419	(11)	408
Other assets	268	—	268
Total non-current assets	**13,330**	**(11)**	**13,319**
Total assets	**20,440**	**673**	**21,113**
Liabilities and equity			
Short-term debt and current maturities of long-term debt	55	—	55
Trade payables	1,120	—	1,120
Other current financial liabilities	72	—	72
Payables to Siemens Group	5,795	—	5,795
Contract liabilities	—	1,406	1,406
Current provisions	314	(24)	290
Current income tax liabilities	122	—	122
Other current liabilities	1,797	(547)	1,250
Total current liabilities	**9,275**	**835**	**10,110**
Long-term debt	15	—	15
Provisions for pensions and similar obligations	1,732	—	1,732
Deferred tax liabilities	243	16	259
Provisions	153	—	153
Other financial liabilities	23	—	23
Other liabilities	590	(225)	365
Other liabilities to Siemens Group	5,167	—	5,167
Total non-current liabilities	**7,923**	**(209)**	**7,714**
Total liabilities	**17,198**	**626**	**17,824**
Total equity	**3,242**	**47**	**3,289**
Total liabilities and equity	**20,440**	**673**	**21,113**

According to IFRS 15, once either party to an existing contract (i.e. the customer or Siemens Healthineers) has performed, the contract is presented in the financial statements as a *Contract asset* or a *Contract liability*, depending on the relationship between Siemens Healthineers' performance and the customer's payment.

Therefore mainly two effects from IFRS 15 would have been reflected in the Combined Statements of Financial Position of Siemens Healthineers as of September 30, 2017:

- Reclassifications due to the newly introduced balance sheet line items *Contract assets* and *Contract liabilities*, such as the reclassification of *advance payments received* from the line item *Inventories* to the line item *Contract liabilities* or the reclassification of *customer advances for service business* from the line item *Other current liabilities* to the line item *Contract liabilities*.
- An increase of *Contract assets* and a decrease of *Contract liabilities* resulting from the earlier revenue recognition under IFRS 15.

NOTE 27 Subsequent events

On October 31, 2017, Siemens Healthineers successfully completed the acquisition of Epocal, Inc. (U.S.) from Abbott Laboratories. Epocal develops and provides point-of-care blood diagnostic systems for healthcare enterprises and it allows Siemens Healthineers to complete its blood gas portfolio. Epocal will be integrated in the Diagnostics segment. Because the process of fair valuing the Epocal business has not been completed as of the date of issuance of these Combined Financial Statements, the initial accounting for the business combination is incomplete.

On December 19, 2017, Siemens Healthineers successfully completed the acquisition of all shares in Luxembourg-based FTD Investments S.à r.l. Fast Track Diagnostics (FTD) provides globally a broad range of diagnostic tests, covering major disease groups.

On December 22, 2017, the U.S. tax reform (the „Tax Cuts and Jobs Act") was passed into Law. Siemens Healthineers expects that it will have a significant one-time impact on the valuation of deferred taxes.

In the period after the reporting date but prior to the issuance of the Combined Financial Statements, further transactions have occurred in connection with the formation as well as the future funding of the Siemens Healthineers Group. This process is still ongoing as of the issuance date of the Combined Financial Statements.

NOTE 28 Scope of combination

a) List of legal entities fully included in the scope of combination

The shown shareholding in percentage refers to Siemens Healthineers.

	Equity interest in %		
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
Germany (Status as of 30.09.2017: 10 companies)			
Dade Behring Beteiligungs GmbH, Eschborn	—	100	100
Dade Behring Grundstücks GmbH, Marburg	100	100	100
NEO New Oncology GmbH, Cologne	100	100	—
Siemens Healthcare Diagnostics GmbH, Eschborn	100	100	100
Siemens Healthcare Diagnostics Holding GmbH, Eschborn	100	100	100
Siemens Healthcare Diagnostics Products GmbH, Marburg	100	100	100
Siemens Healthcare GmbH, Erlangen	100	100	100
Siemens Medical Solutions Health Services GmbH, Grünwald	100	100	100
Siemens Real Estate GmbH & Co. KG, Grünwald	94	94	—
Siemens Real Estate Management GmbH, Grünwald	94[1]	94[1]	—
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (Status as of 30.09.2017: 52 companies)			
Conworx Medical IT Ltd., Marlow, Buckinghamshire/United Kingdom	100	—	—
ITH icoserve technology for healthcare GmbH, Innsbruck/Austria	69	69	69
Petnet Soluciones, S.L., Sociedad Unipersonal, Madrid/Spain	—	—	100
PETNET Solutions SAS, Lisses/France	100	100	100
SCIENTIFIC MEDICAL SOLUTION DIAGNOSTICS S.A.R.L., Casablanca/Morocco	—	100	100
Siemens Diagnostics Holding II B.V., The Hague/Netherlands	100	100	100
Siemens Healthcare (Private) Limited, Lahore/Pakistan	100	100	—
Siemens Healthcare A/S, Ballerup/Denmark	100	100	100
Siemens Healthcare AB, Stockholm/Sweden	100	100	100
Siemens Healthcare AG, Zurich/Switzerland	100	100	100
Siemens Healthcare AS, Oslo/Norway	100	100	100
Siemens Healthcare d.o.o, Ljubljana/Slovenia	100	100	100
Siemens Healthcare d.o.o., Zagreb/Croatia	100	100	—
Siemens Healthcare d.o.o. Beograd, Belgrade/Serbia	100	100	—
Siemens Healthcare Diagnostics (Pty.) Limited, Isando/South Africa	—	—	100
Siemens Healthcare Diagnostics GmbH, Vienna/Austria	100	100	100
Siemens Healthcare Diagnostics GmbH, Zurich/Switzerland	100	100	100
Siemens Healthcare Diagnostics Ltd., Frimley, Surrey/United Kingdom	100	100	100
Siemens Healthcare Diagnostics Manufacturing Ltd., Frimley, Surrey/United Kingdom	100	100	100
Siemens Healthcare Diagnostics Products Ltd., Frimley, Surrey/United Kingdom	100	100	100
Siemens Healthcare EOOD, Sofia/Bulgaria	100	100	100
Siemens Healthcare FZ LLC, Dubai/United Arab Emirates	100	100	—
Siemens Healthcare Industrial and Commercial Société Anonyme, Athens/Greece	100	100	100
Siemens Healthcare Kft., Budapest/Hungary	100	100	100
Siemens Healthcare L.L.C., Dubai/United Arab Emirates	49[2]	49[2]	—

1 Not consolidated due to immateriality.

2 Control due to rights to appoint, reassign or remove members of the key management personnel.

3 Not used.

4 Control due to a majority of voting rights.

5 Not accounted for using the equity method due to immateriality.

6 No significant influence due to contractual arrangements or legal circumstances.

	Equity interest in %		
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
Siemens Healthcare Limited, Riyadh/Saudi Arabia	51	—	—
Siemens Healthcare Limited, Frimley, Surrey/United Kingdom	100	100	100[1]
Siemens Healthcare Limited Liability Company, Kiev/Ukraine	100	100	—
Siemens Healthcare Limited Liability Company, Moscow/Russian Federation	100	100	100[1]
Siemens Healthcare Limited Liability Partnership, Almaty/Kazakhstan	100	100	100[1]
Siemens Healthcare Ltd., Rosh Ha'ayin/Israel	100	100	—
Siemens Healthcare Medical Solutions Limited, Swords, County Dublin/Ireland	100	100	100[1]
Siemens Healthcare Nederland B.V., The Hague/Netherlands	100	100	100
Siemens Healthcare Oy, Espoo/Finland	100	100	100
Siemens Healthcare Proprietary Limited, Halfway House/South Africa	100	100	100
Siemens Healthcare S.A.E., Cairo/Egypt	100	100	100
Siemens Healthcare S.r.l., Bucharest/Romania	100	100	—
Siemens Healthcare S.r.l., Milan/Italy	100	100	100
Siemens Healthcare s.r.o., Bratislava/Slovakia	100	100	100
Siemens Healthcare SA/NV, Beersel/Belgium	100	100	100
Siemens Healthcare Saglik Anonim Sirketi, Istanbul/Turkey	100	100	100[1]
Siemens Healthcare SARL, Casablanca/Morocco	100	100[1]	—
Siemens Healthcare SAS, Saint-Denis/France	100	100	100
Siemens Healthcare Sp. z o.o., Warsaw/Poland	100	100	100
Siemens Healthcare, Lda., Amadora/Portugal	100	100	100
SIEMENS HEALTHCARE, S.L.U., Getafe/Spain	100	100	100
Siemens Healthcare, s.r.o., Prague/Czech Republic	100	100	100
Siemens Healthineers Holding III B.V., The Hague/Netherlands	100	—	—
Siemens Medical Solutions Diagnostics Holding I B.V., The Hague/Netherlands	100	100	100
Siemens Medicina d.o.o, Sarajevo/Bosnia and Herzegovina	100	100	100
Siemens Limited for Trading, Cairo/Egypt	100	100	100
Steiermärkische Medizinarchiv GesmbH, Graz/Austria	52	52	52
Americas (Status as of 30.09.2017: 27 companies)			
10367079 CANADA INC., Oakville/Canada	100	—	—
Dade Behring Hong Kong Holdings Corporation, Tortola/Virgin Islands, British	100	100	100
Dade Behring, S.A. de C.V., México, D.F./Mexico	—	—	100
Dedicated2Imaging LLC, Wilmington, DE/United States of America	80	—	—
P.E.T.NET Houston, LLC, Austin, TX/United States of America	51	51	51
PETNET Indiana LLC, Indianapolis, IN/United States of America	50[4]	50[4]	50[4]
PETNET Solutions Cleveland, LLC, Wilmington, DE/United States of America	63	63	63
PETNET Solutions, Inc., Knoxville, TN/United States of America	100	100	100
Siemens Healthcare Diagnósticos Ltda., São Paulo/Brazil	100	100	100
SIEMENS HEALTHCARE DIAGNOSTICS GUATEMALA, S.A., Guatemala/ Guatemala	99	99	99
Siemens Healthcare Diagnostics Inc., Los Angeles, CA/United States of America	100	100	100
Siemens Healthcare Diagnostics Manufacturing Limited, Grand Cayman/Cayman Islands	100	100	100
Siemens Healthcare Diagnostics Panama, S.A., Panama City/Panama	100	100	100
Siemens Healthcare Diagnostics S.A., San José/Costa Rica	100	100	100
Siemens Healthcare Diagnostics, S. de R.L. de C.V., Mexico City/Mexico	100	100	100
Siemens Healthcare Equipos Médicos Sociedad por Acciones, Santiago de Chile/Chile	100	100	100[1]
Siemens Healthcare Laboratory, LLC, Wilmington/United States of America	100	—	—
Siemens Healthcare Limited, Oakville/Canada	100	100	100[1]
Siemens Healthcare S.A., Buenos Aires/Argentina	100	100	100[1]
Siemens Healthcare S.A., Caracas/Venezuela	100[1]	100[1]	100[1]

1 Not consolidated due to immateriality.

2 Control due to rights to appoint, reassign or remove members of the key management personnel.

3 Not used.

4 Control due to a majority of voting rights.

5 Not accounted for using the equity method due to immateriality.

6 No significant influence due to contractual arrangements or legal circumstances.

	Equity interest in %		
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
Siemens Healthcare S.A.C., Surquillo/Peru	100	100	100[1]
Siemens Healthcare S.A.S., Tenjo/Colombia	100	100	—
Siemens Healthcare Servicios S. de R.L. de C.V., Mexico City/Mexico	100	100	100[1]
Siemens Healthcare, Sociedad Anónima, Antiguo Cuscatlán/El Salvador	100	100	100[1]
Siemens Medical Solutions USA, Inc., Wilmington, DE/United States of America	100	100	100
Siemens Molecular Imaging, Inc., Wilmington, DE/United States of America	100	100	100
Siemens-Healthcare Cia. Ltda., Quito/Ecuador	100	100[1]	—
Asia, Australia (Status as of 30.09.2017: 24 companies)			
Acrorad Co., Ltd., Okinawa/Japan	63	63	57
DPC (Tianjin) Co., Ltd., Tianjin/China	100	100	100
PETNET Radiopharmaceutical Solutions Pvt. Ltd., New Delhi/India	100	100	100
Siemens Healthcare Diagnostics (Shanghai) Co. Ltd., Shanghai/China	100	100	100
Siemens Healthcare Diagnostics K.K., Tokyo/Japan	100	100	100
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai/China	100[1]	—	—
Siemens Healthcare Inc., Manila/Philippines	100	100	100[1]
Siemens Healthcare K.K., Tokyo/Japan	100	100	—
Siemens Healthcare Limited, Auckland/New Zealand	100	100	100
Siemens Healthcare Limited, Bangkok/Thailand	100	100	100
Siemens Healthcare Limited, Ho Chi Minh City/Viet Nam	100	100	100[1]
Siemens Healthcare Limited, Hong Kong/Hong Kong, China	100	100	100
Siemens Healthcare Limited, Seoul/South Korea[3]	100	100	—
Siemens Healthcare Limited, Taipei/Taiwan, Province of China	100	100	100
Siemens Healthcare Ltd., Dhaka/Bangladesh	100	100[1]	—
Siemens Healthcare Ltd., Shanghai/China	100	100	—
Siemens Healthcare Private Limited, Mumbai/India	100	100	100[1]
Siemens Healthcare Pte. Ltd., Singapore/Singapore	100	100	100
Siemens Healthcare Pty. Ltd., Melbourne/Australia	100	100	100
Siemens Healthcare Sdn. Bhd., Petaling Jaya/Malaysia	100	100	100
Siemens Shanghai Medical Equipment Ltd., Shanghai/China	100	100	100
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen/China	100	100	100
Siemens Technology Development Co., Ltd. of Beijing, Beijing/China	90	90	90
Siemens X-Ray Vacuum Technology Ltd., Wuxi, Wuxi/China	100	100	100

b) List of associates, joint ventures and other investments included in the scope of combination.

The shown shareholding in percentage refers to Siemens Healthineers.

	Equity interest in %		
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
ASSOCIATED COMPANIES AND JOINT VENTURES			
Germany (Status as of 30.09.2017: 2 companies)			
MeVis BreastCare GmbH & Co. KG, Bremen	49	49	49
MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen	49[5]	49[5]	49[5]
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (Status as of 30.09.2017: 3 companies)			
Impilo Consortium (Pty.) Ltd., La Lucia/South Africa	31	31	31
Meomed s.r.o., Prerov/Czech Republic	47[5]	47[5]	47[5]
TRIXELL SAS, Moirans/France	25	25	25

1 Not consolidated due to immateriality.

2 Control due to rights to appoint, reassign or remove members of the key management personnel.

3 Not used.

4 Control due to a majority of voting rights.

5 Not accounted for using the equity method due to immateriality.

6 No significant influence due to contractual arrangements or legal circumstances.

	Equity interest in %		
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
Americas (Status as of 30.09.2017: 2 companies)			
PhSiTh LLC, New Castle, DE/United States of America	33	33	33
USARAD Holdings, Inc., Fort Lauderdale, FL/United States of America	30[5]	30[5]	25[5]
Asia, Australia (Status as of 30.09.2017: 1 company)			
Xi'An X-Ray Target Ltd., Xi'an/China	43	43	43
OTHER INVESTMENTS			
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (Status as of 30.09.2017: 2 companies)			
STAT Diagnostica & Innovation, S.L., Barcelona/Spain	6	—	—
Medical Systems S.p.A., Genoa/Italy	45[6]	45[6]	45[6]
Americas (Status as of 30.09.2017: 2 companies)			
Adarza BioSystems, Inc., West Henrietta, NY/United States of America	18	19	16
Seventh Sense Biosystems, Inc., Cambridge, MA/United States of America	5	6	5

c) List of legal entities partially included in the scope of combination with material Siemens Healthineers business

The illustrated crosses mark those years, in which there has been material Healthineers business in the respective entities.

	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
Germany (Status as of 30.09.2017: 1 company)			
Siemens AG—Sector Healthcare, Erlangen/Germany	—	—	X
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (Status as of 30.09.2017: 31 companies)			
Siemens Ltd., Riad/Saudi Arabia	X	X	X
Siemens LLC, Abu Dhabi/United Arab Emirates	—	X	X
Siemens S.A., Casablanca/Morocco	—	—	X
Siemens Israel Ltd., Rosh Ha'ayin/Israel	—	X	X
Siemens S.A./N.V., Beersel/Belgium	—	—	X
Siemens A/S, Ballerup/Denmark	—	—	X
Siemens Osakeyhtiö, Espoo/Finland	—	—	X
Siemens A.E., Elektrotechnische Projekte und Erzeugnisse, Athens/Greece	—	X	X
Siemens plc, Frimley, Surrey/United Kingdom	—	—	X
Siemens Limited, Dublin/Ireland	—	—	X
Siemens S.p.A., Milan/Italy	—	—	X
Siemens Nederland N.V., The Hague/Netherlands	—	—	X
Siemens AS, Oslo/Norway	—	—	X
Siemens Aktiengesellschaft Österreich, Vienna/Austria	—	X	X
Siemens S.A., Amadora/Portugal	—	X	X
Siemens AB, Upplands Väsby/Sweden	—	X	X
Siemens d.d., Zagreb/Croatia	—	X	X
Siemens S.A., Madrid/Spain	—	—	X
Siemens Sanayi ve Ticaret A.S., Istanbul/Turkey	—	X	X
OOO Siemens, Moscow/Russian Federation	X	X	X
Siemens Technologies S.A.E., Cairo/Egypt	X	X	X
Siemens Proprietary Limited, Midrand/South Africa	—	—	X
Siemens S.R.L., Bucharest/Romania	—	X	X
Siemens, s.r.o., Prague/Czech Republic	—	—	X

1 Not consolidated due to immateriality.

2 Control due to rights to appoint, reassign or remove members of the key management personnel.

3 Not used.

4 Control due to a majority of voting rights.

5 Not accounted for using the equity method due to immateriality.

6 No significant influence due to contractual arrangements or legal circumstances.

	Sep 30, 2017	Sep 30, 2016	Sep 30, 2015
Siemens W.L.L., Manama/Bahrain	—	—	X
Siemens Middle East Limited, Masdar City/United Arab Emirates	—	X	X
Siemens SAS, Saint-Denis/France	—	—	X
Siemens Schweiz AG, Zurich/Switzerland	—	—	X
Siemens Zrt., Budapest/Hungary	—	—	X
Siemens s.r.o., Bratislava/Slovakia	—	—	X
Siemens Sp. z o.o., Warsaw/Poland	—	—	X
Americas (Status as of 30.09.2017: 12 companies)			
Siemens S.A.C., Lima/Peru	—	X	X
Siemens S.A., Santiago de Chile/Chile	—	X	X
Siemens S.A., Buenos Aires/Argentina	—	—	X
Siemens S.A., San José/Costa Rica	—	X	X
Siemens S.A., Antiguo Cuscatlán/El Salvador	—	X	X
Siemens Canada Limited, Oakville/Canada	—	—	X
Siemens S.A., Tenjo/Colombia	—	X	X
Siemens, S.A. de C.V., Mexico City/Mexico	—	X	X
Siemens S.A., Caracas/Venezuela	—	X	X
Siemens S.A., Quito/Ecuador	—	X	X
Siemens S.A., Montevideo/Uruguay	X	X	X
Siemens Ltda., São Paulo/Brazil	—	X	X
Asia, Australia (Status as of 30.09.2017: 16 companies)			
Siemens International Trading Ltd., Shanghai, Shanghai/China	—	X	X
Siemens, Inc., Manila/Philippines	—	X	X
Siemens Ltd., China, Beijing/China	—	X	X
Siemens Bangladesh Ltd., Dhaka/Bangladesh	—	X	X
Siemens Ltd., Mumbai/India	—	X	X
P.T. Siemens Indonesia, Jakarta/Indonesia	X	X	X
Siemens Healthcare K.K., Tokyo/Japan	—	—	X
Siemens Ltd. Seoul, Seoul/South Korea	—	—	X
Siemens Ltd., Taipei/Taiwan	—	X	X
Siemens Ltd., Ho Chi Minh City/Viet Nam	—	—	X
Siemens Limited, Bangkok/Thailand	—	—	X
Siemens Ltd., Hong Kong/Hong Kong	—	—	X
Siemens Malaysia Sdn. Bhd., Petaling Jaya/Malaysia	—	—	X
Siemens Ltd., Bayswater/Australia	—	—	X
Siemens Pte. Ltd., Singapore/Singapore	—	—	X
Siemens (N.Z.) Limited, Auckland/New Zealand	—	—	X

1 Not consolidated due to immateriality.

2 Control due to rights to appoint, reassign or remove members of the key management personnel.

3 Not used.

4 Control due to a majority of voting rights.

5 Not accounted for using the equity method due to immateriality.

6 No significant influence due to contractual arrangements or legal circumstances.

Munich, January 8, 2018

Siemens Healthineers

Dr. Bernd Montag
CEO

Dr. Jochen Schmitz
CFO

INDEPENDENT AUDITOR'S REPORT

To Siemens Healthcare GmbH

Opinion

We have audited the combined financial statements of the Siemens Healthineers business (entirety of entities included in the combined financial statements, together "Siemens Healthineers"), which comprise the combined statements of income, combined statements of comprehensive income, combined statements of financial position, combined statements of cash flows, combined statements of changes in equity and the notes to the combined financial statements, for the fiscal years from October 1, 2016 to September 30, 2017, October 1, 2015 to September 30, 2016 and October 1, 2014 to September 30, 2015.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying combined financial statements comply, in all material respects, with International Financial Reporting Standards (IFRSs) as adopted by the EU and, in compliance with these requirements, give a true and fair view of the assets and liabilities and financial position of the entirety of entities included in the combined financial statements as of September 30, 2017, September 30, 2016 and September 30, 2015 and their financial performance for the fiscal years from October 1, 2016 to September 30, 2017, October 1, 2015 to September 30, 2016 and October 1, 2014 to September 30, 2015.

Pursuant to Sec. 322 (3) Sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the combined financial statements.

Basis for the opinion

We conducted our audit of the combined financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the combined financial statements" section of our auditor's report. We are independent of the entirety of entities included in the combined financial statements in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the combined financial statements.

Responsibilities of the executive directors for the combined financial statements

The executive directors are responsible for the preparation of the combined financial statements that comply, in all material respects, with IFRSs as adopted by the EU and that the combined financial statements, in compliance with these requirements, give a true and fair view of the assets and liabilities, financial position and financial performance of the entirety of entities included in the combined financial statements. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the executive directors are responsible for assessing Siemens Healthineers' ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate Siemens Healthineers or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the combined financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB as well as German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Siemens Healthineers' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Siemens Healthineers to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements present the underlying transactions and events in a manner that the combined financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the entirety of entities included in the combined financial statements in compliance with IFRSs as adopted by the EU.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Siemens Healthineers to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, January 8, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Tropschug	Esche
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Interim Financial Statements of Siemens Healthineers AG (prepared in accordance with IFRS as adopted by the EU) for the period from December 1, 2017 to December 31, 2017

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM DECEMBER 1, 2017 TO DECEMBER 31, 2017

	Note	December 1 to December 31, 2017
		(in thousands of €)
Other operating expenses	6	(3)
Loss before income taxes		**(3)**
Income tax income	4	**1**
Net loss		**(2)**
Other comprehensive income		**(0)**
Total comprehensive loss		**(2)**

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 AND DECEMBER 1, 2017

	Note	December 31, 2017	December 1, 2017
		(in thousands of €)	
Assets			
Cash and cash equivalents	**3**	50	—
Receivables from Siemens Group	**7**	1	50
Total current assets		**51**	**50**
Deferred tax assets	**4**	1	—
Total non-current assets		**1**	**—**
Total assets		**52**	**50**
Liabilities and equity			
Other current liabilities	**6**	4	—
Total current liabilities		**4**	**—**
Total liabilities		**4**	**—**
Share capital	**5**	50	50
Retained earnings		(2)	—
Total equity		**48**	**50**
Total liabilities and equity		**52**	**50**

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM DECEMBER 1, 2017 TO DECEMBER 31, 2017

	December 1 to December 31, 2017
	(in thousands of €)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	(2)
Adjustments to reconcile net loss to cash flows from operating activities	
Income tax income	(1)
Change in current assets and liabilities	3
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**0**
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	**—**
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contribution by Siemens AG	50
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**50**
CHANGE IN CASH AND CASH EQUIVALENTS	**50**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**0**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**50**

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM DECEMBER 1, 2017 TO DECEMBER 31, 2017

	Issued capital	Retained earnings	Total equity
		(in thousands of €)	
Balance as of December 1, 2017	**50**	**—**	**50**
Net loss	—	(2)	(2)
Other comprehensive income	—	—	—
Total comprehensive loss	—	(2)	(2)
Balance as of December 31, 2017	**50**	**(2)**	**48**

NOTE 1 General information

The interim financial statements of Siemens Healthineers AG, Munich, Germany, for the period from December 1, 2017 to December 31, 2017 were prepared according to the International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The company was established in a notarial foundation deed on December 1, 2017. The legal foundation of the company has been finalized on December 12, 2017 with the registration at the Commercial Register of Munich (registry number HRB 237558). The opening statement of financial position as of December 1, 2017 presents also the opening IFRS statement of financial position according to IFRS 1 (First-time Adoption of International Financial Reporting Standards). The financial statements of Siemens Healthineers AG have been prepared for interim financial information according to International Accounting Standard ("IAS") 34, Interim Financial Reporting. The company's fiscal year ends on September 30 of each calendar year.

Siemens Healthineers AG is planned to be the issuer of the shares and the future parent company of a group of companies and entities comprising the healthcare business of Siemens Group ("Siemens Healthineers Group"). According to Section 2 of the Articles of Association, the purpose of the company is heading a group of enterprises, which are active in the following areas: the development, the production, sale, supply, the installation and maintenance of medical devices, systems and solutions of all kind as well as the research, development, production, sale, supply and maintenance of diagnostic products and systems of all kinds.

Siemens Healthineers AG prepares and reports its financial statements in thousands of euros (€ thousand). Rounding differences may occur in respect of individual amounts or percentages.

Siemens Healthineers AG is a subsidiary of Siemens AG, located in Berlin and Munich (ultimate parent) and will be included in its consolidated financial statements. The registered office of Siemens AG is at Werner-von-Siemens-Straße 1, 80333 Munich, Germany. The registered office of Siemens Healthineers AG is at Henkestraße 127, 91052 Erlangen, Germany.

The financial statements were prepared on January 29, 2018 by the Managing Board of Siemens Healthineers AG.

NOTE 2 Significant accounting policies and critical accounting estimates

The accounting principles set out below have been applied consistently for the period presented in these financial statements. The financial statements are prepared according to the principle of historical costs. Assets and liabilities are classified by maturity. They are regarded as current, if they mature within one year.

Key accounting estimates and judgments – Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the results of operations, financial positions and cash flows of Siemens Healthineers AG. Critical accounting estimates could also involve estimates where Siemens Healthineers AG reasonably could have used a different estimate in the current accounting period. Siemens Healthineers AG cautions that future events often vary from forecasts and that estimates routinely require adjustment. Estimates and assumptions are reviewed on an on-going basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes.

Income taxes

Tax positions under respective local tax laws and tax authorities' views can be complex and subject to different interpretations of tax payers and local tax authorities. Different interpretations of tax laws may result in additional tax payments for prior years and are taken into account based on management's considerations. Deferred tax assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date in the respective jurisdiction.

Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings and established tax planning opportunities. As of each period-end, Siemens Healthineers AG evaluates the recoverability of deferred tax assets, based on projected future taxable profits.

Based upon projections for future taxable income, Siemens Healthineers AG believes it is probable that sufficient taxable profit will be available against which the unused tax losses can be utilized. As future developments are uncertain and partly beyond Siemens Healthineers AG's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

Cash and cash equivalents

Cash and cash equivalents comprises cash in banks.

Receivables from Siemens Group

Receivables from Siemens Group are measured at amortized costs using the effective interest method.

Other current liabilities

Other current liabilities comprise accruals for outstanding invoices as well as other liabilities and are measured at amortized costs using the effective interest method.

NOTE 3 Cash and cash equivalents

Cash and cash equivalents comprises cash in banks amounting to €50 thousand and result from the cash contribution by Siemens AG relating to the establishment of Siemens Healthineers AG. The amount is paid in as share capital.

NOTE 4 Income taxes

Deferred tax assets of €1 thousand were recognized as of December 31, 2017 arising from the carryforward of unused tax losses. The unused tax losses are expected to be usable within the next twelve months. The effective tax rate as of December 31, 2017 was 31 %.

NOTE 5 Equity

Share capital

The share capital of the company amounts to €50 thousand and is divided into 50 thousand ordinary registered shares with no par value. The share capital has been fully paid in by Siemens AG by contribution in cash during the period presented.

Capital management

Capital management for the Siemens Healthineers AG is currently performed by Siemens AG.

Earnings per share

(shares in thousands, earning per share in €)	2017
Net loss	**(2)**
Weighted average shares outstanding – basic	50
Dilutive potential ordinary shares	—
Basic earnings per share	**(0.04)**
Diluted earnings per share	**(0.04)**

NOTE 6 Other current liabilities

Other current liabilities amounting to €4 thousand comprise liabilities and accruals for outstanding invoices, both related to the incorporation of Siemens Healthineers AG. The remaining term of other current liabilities is less than one year.

NOTE 7 Related parties

Related parties as defined in IAS 24 (Related Party Disclosures) are those legal entities and natural persons that are able to exert influence on Siemens Healthineers AG or over which Siemens Healthineers AG exercise control or joint control or have a significant influence.

They include, in particular, companies of the Siemens Group (Siemens AG and its direct and indirect subsidiaries), since Siemens Healthineers AG is controlled by Siemens AG. Related parties also include non consolidated Siemens AG subsidiaries, joint ventures, associates, post-employment benefit plans as well as the Managing Board and Supervisory Board of Siemens Healthineers AG. No employees were engaged during the period presented in these financial statements.

Receivables from Siemens Group in an amount of €50 thousand as of December 1, 2017 are related to the capital contribution by Siemens AG. In the course of the establishment of Siemens Healthineers AG, Siemens AG has contributed this capital contribution in an amount of €50 thousand to Siemens Healthineers AG as of December 6, 2017.

Receivables from Siemens Group in an amount of €1 thousand as of December 31, 2017 are related to post formation costs that will be reimbursed by Siemens AG.

Munich, January 29, 2018

Siemens Healthineers AG
– Managing Board –

Carina Schätzl	Wolfgang Seltmann

This is a convenience translation of the text of the original German-language report.

INDEPENDENT AUDITOR'S REPORT

To Siemens Healthineers AG

Opinion

We have audited the interim financial statements of Siemens Healthineers AG, Munich, which comprise the statement of comprehensive income for the period from December 1, 2017 to December 31, 2017, the statement of financial position as of December 31, 2017 as well as the statement of cash flows and statement of changes in equity for the period from December 1, 2017 to December 31, 2017 and the notes to the interim financial statements for the period from December 1, 2017 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying interim financial statements comply, in all material respects, with International Financial Reporting Standards (IFRSs) as adopted by the EU and, in compliance with these requirements, give a true and fair view of the assets and liabilities and financial position of the Company as of December 31, 2017 and the financial performance for the period from December 1, 2017 to December 31, 2017.

Pursuant to Sec. 322 (3) Sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the interim financial statements.

Basis for the opinion

We conducted our audit of the interim financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the interim financial statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the interim financial statements.

Responsibilities of the executive directors for the interim financial statements

The executive directors are responsible for the preparation of the interim financial statements that comply, in all material respects, with IFRSs as adopted by the EU and that the interim financial statements, in compliance with these requirements, give a true and fair view of the assets and liabilities, financial position and financial performance of the Company. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the interim financial statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the interim financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB as well as German Generally Accepted Standards on Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements present the underlying transactions and events in a manner that the interim financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the Company in compliance with IFRSs as adopted by the EU.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, January 29, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Tropschug	Esche
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

25. GLOSSARY

510(k)	refers to FDA clearance under Section 510(k) of the FDCA.
ACOs	in the United States, Accountable Care Organizations.
Acrorad	Acrorad Co. Ltd.
Advanced economies	refers to Andorra, Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Holy See (Vatican), Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Macao, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, Puerto Rico, San Marino, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Kingdom and the United States of America.
AktG	German Stock Corporation Act (*Aktiengesetz*).
Albumin	refers to the main protein in human blood.
Angiography or Angio	refers to a medical imaging technique used to visualize the inside of blood vessels and organs of the body, with particular interest in the arteries, veins and the heart chambers.
Anticoagulation	refers to the process of hindering the clotting of blood.
Antigen	refers to a molecule capable of inducing an immune response (to produce an antibody) in the host organism.
Arrhythmia	refers to a problem with the rate or rhythm of the heartbeat.
Asia-Pacific	refers to Asia, Australia as presented in the Combined Financial Statements and the Unaudited Combined Interim Financial Statements.
Assay	refers to an investigative (analytic) procedure in laboratory medicine, pharmacology, environmental biology and molecular biology for qualitatively assessing or quantitatively measuring the presence, amount, or functional activity of a substance.
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Bacteriology	refers to a science that deals with bacteria and their relations to medicine, industry and agriculture.
Berenberg	Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany. Berenberg is acting as one of the Co-Lead Managers.
BNP PARIBAS	BNP Paribas, Paris, France. BNP is acting as one of the Joint Bookrunners.
BofA Merrill Lynch	Merrill Lynch International, London, United Kingdom. BofA Merrill Lynch is acting as one of the Joint Bookrunners.
Citigroup	Citigroup Global Markets Limited, London, United Kingdom. Citigroup is acting as one of the Joint Bookrunners.
C-reactive protein	refers to a protein that rises in the blood with the inflammation from certain conditions.
CAGR	refers to compound annual growth rate.
Cardiology	refers to the branch of medicine dealing with disorders of the heart as well as parts of the circulatory system.
Cardiovascular	refers to relating to the heart and blood vessels.

CE mark or CE marking	refers to a certification mark that indicates conformity with health, safety, and environmental protections standards for products sold within the European Economic Area.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
CFDA	China Food and Drug Administration.
China	People's Republic of China.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
CLIA	United States Clinical Laboratory Improvement Amendments of 1988.
Clinical chemistry	refers to the area of chemistry that is generally concerned with analysis of bodily fluids for diagnostic and therapeutic purposes.
Clinical Evaluation	refers to the clinical evaluation through which the German Medical Devices Act requires that evidence of the suitability of general medical devices for the specified intended purpose shall be provided based on existing clinical data, unless, in exceptional cases with good reason, other data are sufficient.
Clinical Investigation	refers to clinical investigations that Class III devices require to be performed to generate new clinical data unless it is duly justified to rely on existing clinical data.
CMS	Centers for Medicare and Medicaid Services.
Coagulation	refers to the process by which blood changes from a liquid to a gel, forming a blood clot.
Computed tomography	refers to pictures of structures within the body created by computing resources that take the data from multiple x-ray images and turns them into pictures.
COMMERZBANK	COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany. COMMERZBANK is acting as one of the Co-Lead Managers.
Conworx	Conworx Technology GmbH.
CSSF	Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*).
CT	refers to computed tomography.
CTA	refers to contractual trust arrangements.
Cures Act	U.S. 21st Century Cures Act.
CV	refers to the Company's components and vacuum technology business.
DBO or DBOs	refers to defined benefit obligation(s).
Deutsche Bank	Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany. Deutsche Bank is acting as one of the Joint Global Coordinators and Joint Bookrunners.
Diabetes	refers to a chronic disease associated with abnormally high levels of sugar glucose in the blood.
Diagnostics	refers to *in-vitro* diagnostics.
Doppler	refers to a diagnostic instrument that emits an ultrasonic beam into the body; the ultrasound reflected from moving structures changes its frequency (Doppler effect).
EBITDA	refers to earnings before interest, taxes, depreciation and amortization.

Echocardiography	refers to a test that uses sound waves to create moving pictures of the heart.
EEA	European Economic Area (encompassing all of the members of the European Union and the European Free Trade Association).
ecoline	refers to refurbished imaging systems.
Elastography	refers to a medical imaging modality that maps the elastic properties and stiffness of soft tissue.
Electrophysiology	refers to the branch of physiology that deals with the electrical phenomena associated with nervous and other bodily activity.
EMEA	refers to Europe, the Commonwealth of Independent States, Africa and the Middle East as presented in the Combined Financial Statements and the Unaudited Combined Interim Financial Statements.
Emerging markets	refers to Afghanistan, Albania, Algeria, Angola, Antigua, Argentina, Armenia, Aruba, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Barbuda, Belarus, Belize, Benin, Bermuda, Bhutan, Bolivia, Bonaire, St. Eust & Saba, Bosnia-Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Cayman Islands, Central African Republic, Chad, Chile, China, Christmas Island, Colombia, Comoros, Democratic Republic Congo, Republic of Congo, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Curaçao, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Faroe Islands, Fiji, French Guiana, French Polynesia, Gabon, Gambia, Georgia, Ghana, Gibraltar, Greenland, Grenada, Guadeloupe, Guam, Guatemala, Guernsey, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jersey, Jordan, Kazakhstan, Kenya, Democratic Republic of Korea, Kosovo, Kuwait, Kyrgyzstan, Lao Democratic Republic, Lebanon, Lesotho, Liberia, Libya, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Martinique, Mauritania, Mauritius, Mayotte, Mexico, Micronesia, Republic of Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, New Caledonia, Nicaragua, Niger, Nigeria, Norfolk Island, Oman, Pakistan, Palestine, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Qatar, Réunion, Romania, Russian Federation, Rwanda, Saint Pierre & Miquelon, Saint Vincent/Grenadines, Saint Helena, Saint Lucia, Saudi Arabia, Senegal, Serbia, Sierra Leone, Sint Maarten, Somalia, South Africa, South Sudan, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Turks & Caicos Islands, Uganda, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Venezuela, Vietnam, Yemen, Zambia and Zimbabwe.
EMS	refers to electronic manufacturing services.
Endoscopy	refers to the examination of the inside of the body by using a lighted, flexible instrument called an endoscope.
Epocal	Epocal Inc., a Canada-based developer and manufacturer of point of care diagnostics systems.
EU	refers to the European Union.
Euro, EUR or €	refers to the single currency of the participating member states in the third stage of the European Economic Union pursuant to the Treaty Establishing the European Community.
Euroclear	refers to Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium.

EY	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office.
FDA	U.S. Food and Drug Administration.
FDASIA	Food and Drug Administration Safety and Innovation Act.
FDCA	U.S. Federal Food, Drug and Cosmetic Act.
Fluoroscopy	refers to an x-ray procedure that makes it possible to see internal organs in motion.
FTC	U.S. Federal Trade Commission.
FTD	refers to Fast Track Diagnostics, a Luxembourg-based provider of a broad range of diagnostic tests, covering major disease groups.
FTE	Full-time equivalents.
FTT	Proposed Financial Transaction Tax.
Gamma camera	refers to a camera that detects the radiation from a radioactive tracer injected into the body and is used especially in medical diagnostic scanning.
General Data Protection Regulation	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
German GAAP	German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*).
Glycemic control	refers to the typical levels of blood sugar (glucose) in a person with diabetes.
Goldman Sachs	Goldman Sachs International, London, United Kingdom. Goldman Sachs is acting as one of the Joint Global Coordinators and Joint Bookrunners.
Greenshoe Option	refers to the option granted by the Selling Shareholder to the Underwriters to acquire a number of shares in the Company equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions.
Gynecology	refers to the medical practice dealing with the health of the female reproductive systems and the breasts.
HbA1c	refers to diabetes.
HCV	refers to Hepatitis C virus.
Helium	refers to an inert, gaseous element present in the sun's atmosphere and in natural gas, and also occurring as a radioactive decomposition product.
Hematology	refers to the branch of medicine concerned with the study of the cause, diagnosis, treatment, and prevention of diseases related to blood.
Hemoglobin	refers to the oxygen-carrying pigment and predominant protein in the red blood cells.
Hepatitis C	refers to an infectious disease caused by the hepatitis C virus (HCV) that primarily affects the liver.
HGB	German Commercial Code (*Handelsgesetzbuch*).
HR	refers to Siemens AG's human resources.
HSBC	HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany. HSBC is acting as one of the Co-Lead Managers.

Hybrid operating room	refers to a surgical theatre that is equipped with advanced medical imaging devices.
IASB	International Accounting Standards Board.
IDE	Investigational Device Exemption.
IDW	Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*).
IFRS	refers to the International Financial Reporting Standards as adopted by the European Union, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB).
Imaging	refers to the imaging market.
Immunoassay	refers to a biochemical test or procedure for detecting the presence of or measuring the concentration of specific proteins or other substances or molecules.
Immunochemistry	refers to a branch of chemistry that involves the study of the molecular mechanisms underlying the function of the immune system, especially the nature of antibodies, antigens and their interactions.
International normalized ratio	refers to a calculation based on results of a prothrombin time that is used to monitor treatment with the blood-thinning medication warfarin.
Interventional radiology	refers to a medical specialty which provides minimally invasive image-guided diagnosis and treatment of disease.
Intracardiac	refers to situated or occurring within or introduced or involving entry into the heart.
In vitro diagnostic	refers to any device, reagent, material or system designed for use in the laboratory diagnosis of disease or health status.
IP	Intellectual Property.
IPR	refers to intellectual property rights.
IRB	Institutional Review Board.
IT	refers to information technology.
IVD	refers to in vitro diagnostic.
Jefferies	Jefferies International Limited, London, United Kingdom. Jefferies is acting as one of the Co-Lead Managers.
J.P. Morgan	J.P. Morgan Securities plc, London, United Kingdom. J.P. Morgan is acting as one of the Joint Global Coordinators and Joint Bookrunners.
KStG	German Corporate Income Tax Act (*Köperschaftsteuergesetz*).
LATAs	refers to local asset transfer agreements.
LD	refers to laboratory diagnostics.
LDTs	CLIA laboratory-developed tests.
Lesion	refers to any abnormal damage or change in the tissue of an organism, usually caused by disease or trauma.
LiPA	refers to line probe assay.
LSAs	refers to long-term service agreements.
Lymphoid cell	refers to any of the cells responsible for the production of immunity mediated by cells or antibodies.
MACRA	U.S. Medicare Access and CHIP Reauthorization Act of 2015.

Magnetic resonance imaging	refers to an imaging technique used in radiology to form pictures of the anatomy and the physiological processes of the body.
Mammography	refers to the process of using low-dose x-rays to examine the human breast for diagnosis and screening.
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation).
MDX	refers to molecular diagnostics and includes a set of diagnostic techniques that involve the detection and analysis of nucleic acid molecules for the diagnosis and monitoring of disease.
Medical Device Directives	EU's Council Directive 93/42/EEC concerning medical devices and Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices.
Medicare	refers to a U.S. government program of hospitalization insurance and voluntary medical insurance for persons aged 65 and over and fort certain disabled persons under 65.
MI	refers to molecular imaging.
MRI	refers to magnetic resonance imaging.
MSV	Molecular Diagnostics.
M&S	marketing and sales operations.
NCDs	non-communicable diseases.
NGS	Next Generation Sequencing.
Neurology	refers to the branch of medicine dealing with disorders of the nervous system.
Neuroradiology	refers to the field within radiology that specializes in the use of radioactive substances, x-rays and scanning devices for the diagnosis and treatment of diseases of the nervous system.
Next generation sequencing	refers to a high-throughput method used to determine a portion of nucleotide sequence of an individual's genome.
Nordea	Nordea Bank AB (publ), Stockholm, Sweden. Nordea is acting as one of the Co-Lead Managers.
Obstetrics	refers to the field of study concentrated on pregnancy, childbirth, and the postpartum period.
OECD	Organisation for Economic Co-operation and Development.
OEM	Original Equipment Manufacturer.
Oncology	refers to the branch of medicine that deals with the prevention, diagnosis, and treatment of cancer.
Orthopedics	refers to a branch of medicine concerned with the correction or prevention of deformities, disorders or injuries of the skeleton and associated structures (such as tendons and ligaments).
PAI	Productivity Acceleration Initiative.
Pediatrics	refers to the branch of medicine that involves the medical care of infants, children, and adolescents.
PCR	polymerase chain reaction.
PET	Positron Emission Tomography.
Percutaneous coronary intervention	refers to a non-surgical procedure used to treat narrowing of the coronary arteries of the heart found in coronary heart disease.
PMA	Premarket Approval Application.

POC	Point of Care Diagnostics.
Positron emission tomography	refers to a nuclear medicine functional imaging technique that is used to observe metabolic processes in the body.
Prothrombin	refers to a protein present in blood plasma which is converted into active thrombin during coagulation.
Prothrombin time	refers to a test used to help diagnose bleeding or clotting disorders.
Proton therapy	refers to a type of particle therapy that uses a beam of protons to irradiate diseased tissue, most often in the treatment of cancer.
PT/INR	refers to prothrombin time/international normalized ratio.
PTR	Product Technical Requirement.
PVO	total purchasing volume.
QIBs	Qualified Institutional Buyers, as defined in Rule 144A.
QMS	refers to quality management systems.
QSR	Quality System Regulation.
Radiation oncology	refers to the medical specialty that is involved in the use of radiation to treat cancer.
Radiography	refers to an imaging technique using x-rays to view the internal structure of an object.
Radiology	refers to the branch of medicine concerned with the use of radiant energy (such as x-rays) or radioactive material in the diagnosis and treatment of disease.
Radiosurgery	refers to surgery using radiation, that is, the destruction of precisely selected areas of tissue using ionizing radiation rather than excision with a blade.
RBC or **RBC Capital Markets**	RBC Europe Limited, London, United Kingdom. RBC is acting as one of the Co-Lead Managers.
R&D	research and development.
Reagent	refers to a substance or compound added to a system to cause a chemical reaction, or added to test if a reaction occurs.
Regulation S	Regulation S under the United States Securities Act of 1933, as amended.
RoHS Directive	refers to the EU's Restriction of Hazardous Substances Directive.
REACH Regulation	Regulation (EC) No 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC.
Rule 144A	Rule 144A under the Securities Act.
Securities Act	United States Securities Act of 1933, as amended.
Siemens CT	Siemens Corporate Technology.
Single photon emission-computed tomography	refers to a medical imaging technique that is based on conventional nuclear medicine imaging and tomographic reconstruction.
SPECT	refers to single photon emission-computed tomography.
syngo	refers to the multi-modality reading and reporting IT product syngo.

Tesla (T)	refers to the derived unit of magnetic flux density (informally, magnetic field strength) in the international system of units.
TLAs	refers to trademark and name use license agreements.
Tomography	refers to a technique for displaying a representation of a cross section through a human body or other solid object using x-rays or ultrasound.
Tomosynthesis	refers to a digital tomographic imaging technique in which multiple x-rays are used to create a 3-D image, used especially for imaging of the breast.
Transesophageal	refers to passing through or performed by way of the esophagus.
Transthoracic	refers to passing through the thoracic cavity or across the chest wall.
Troponin	refers to a globular protein complex involved in muscle contraction.
TSAs	transitional service agreements.
TSR	Company's total shareholder return.
QSR	Quality System Regulation.
UBS	UBS Limited, London, United Kingdom. UBS is acting as one of the Joint Bookrunners.
Underwriting Agreement	refers to the underwriting agreement, entered into between the Company, Siemens AG, the Selling Shareholder and the Underwriters on March 5, 2018.
UniCredit	UniCredit Bank AG, Munich, Germany. UniCredit is acting as one of the Co-Lead Managers.
Ultrasound	refers to the use of ultrasonic waves for diagnostic or therapeutic purposes, specifically to image an internal body structure.
Urology	refers to the branch of medicine that focuses on surgical and medical diseases of the male and female urinary-tract system and the male reproductive organs.
United States or **U.S.**	refers to United States of America.
U.S. dollar, USD or **$**	refers to the currency of the United States of America.
VaR	value at risk.
VAT	value added tax.
Virology	refers to the branch of science that deals with the study of viruses.
Warfarin	refers to an anticoagulant drug taken to prevent the blood from clotting and to treat blood clots and overly thick blood.
Warning Letter	refers to a warning letter issued by the FDA.
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpPG	German Securities Prospectus Act (*Wertpapierprospektgesetz*).
X-rays	refers to electromagnetic radiation that differentially penetrates structures within the body and creates images of these structures on photographic film or a fluorescent screen.

26. RECENT DEVELOPMENTS AND OUTLOOK

26.1 Recent Developments

On February 2, 2018, the Company's extraordinary shareholders' meeting resolved to increase the Company's share capital from €50,000.00 to €1,000,000,000.00 by issuing 999,950,000 new shares in the Capital Increase. In addition, pension plan assets with a fair value of approximately €780 million as at January 2, 2018 were transferred from the existing Siemens AG pension trusts to the Group's new pension trust, Siemens Healthineers Trust, reducing the net defined benefit balance (liability) of the Group, which had amounted to €1,715 million as of September 30, 2017, accordingly.

Except as described above, between December 31, 2017 and the date of the Prospectus, there have been no significant changes in our financial condition and operating results.

26.2 Outlook

On the basis of developments in the fiscal year ended September 30, 2017, we currently expect comparable revenue growth to be in the range of 3% to 4% (lower and upper case) for the fiscal year ending September 30, 2018 compared to the fiscal year ended September 30, 2017. We expect our Adjusted Profit Margin (calculated by dividing the Adjusted Profit by revenue) for the fiscal year ending September 30, 2018 to be in the range of 17% to 18% (lower and upper case) and that we will incur non-operational financial expenses, net in the range of €140 million and €170 million (lower and upper case) for the fiscal year ending September 30, 2018. Furthermore, we expect our effective income tax rate to be in a range of 28%-30% for the fiscal year ending September 30, 2018. For additional information, see "*12. Profit Forecast*".

In the medium term (*i.e.*, in three to four years), we currently target annual comparable revenue growth of 4-6%, driven primarily by the planned launch of new platforms in our Imaging segment, anticipated image-guided procedure growth in our Advanced Therapies segment and the expected positive impact in our Diagnostics segment from the rollout of our Atellica Solution and other new product introductions, in each case supported by our strategy of increasing our range of digital and technology-enabled products and services. Together with our modular and scalable product architecture and our identified cost savings and productivity improvement measures and initiatives, we aim to achieve medium-term Adjusted Profit Margins in our Imaging, Advanced Therapies and Diagnostics segments of 20-22%, 20-22% and 16-19%, respectively.

In preparing the targets described above, we have generally assumed that there will be no significant changes in existing political, legal, fiscal, market or economic conditions, or in applicable legislation, regulations or rules (including, but not limited to, accounting policies, accounting treatments and tax rules and interpretative guidance) and that foreign exchange rates will not change materially, in each case except as described in the Prospectus; and that we will not become party to any litigation or administrative proceeding or proceedings that might have a material impact on us of which we are not currently aware.

In preparing our medium-term targets we have assumed, among other things, that we will be able to:

- maintain or grow our market share in our market segments;
- maintain our technology leadership and adapt to industry and technological changes, including the introduction of new product innovations;
- realize systems sales growth, including a volume increase in China and with respect to the ongoing rollout of our Atellica Solution;
- continue to expand into adjacent markets, including, in particular, the innovative fields of digitalization data-intensive products and services and AI; and
- implement, or continue to implement, our strategies.

Certain statements in this section, including, in particular, the targets described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*2.3 Forward-looking Statements*" and "*1. Risk Factors*". Investors are urged not to place undue reliance on any of the statements set forth above.