Siemens Healthineers

Half-Year Financial Report

First half of fiscal year 2020

siemens-healthineers.com

SIEMENS Healthineers

Table of contents

Introduction

Siemens Healthineers AG's Half-Year Financial Report complies with the applicable legal requirements of the German Securities Trading Act ("Wertpapierhandelsgesetz") and comprises condensed half-year consolidated financial statements, an interim group management report and a responsibility statement in accordance with Section 115 of the German Securities Trading Act.

The Half-Year Financial Report should be read in conjunction with the Annual Report for fiscal year 2019.

A. Interim group management report

A.1 Market development

After the first confirmed appearance of SARS-CoV-2 in China at the end of 2019, the virus spread rapidly, resulting in the COVID-19 pandemic in the second quarter of fiscal year 2020. This development is expected to significantly impact economies worldwide. The situation is still volatile and dynamic, especially as long as the duration of the crisis and respective government reactions and measures, including effectiveness of bail-out-programs and changes to regulatory frameworks, are unclear. Therefore, at this point in time it is not possible to reliably quantify the impact on our addressed markets. We evaluate the impact of the COVID-19 pandemic on our addressed markets on an ongoing basis.

Compared to our assumptions in the 2019 annual report, we expect that market developments will change. Given that hospitals have been asked to free up capacities and resources for potential COVID-19 emergencies, routine and elective procedures are expected to further decrease. Overall it can be assumed that, depending on the further development and duration of the pandemic, investments in capital goods and other medical imaging equipment might be postponed to a later date or be canceled. Consequently, a slower recovery should build up more pent-up market demand. On the other hand, markets for medical devices used to fight COVID-19, could see a slight positive effect on fiscal year 2020 and fiscal year 2021 growth. For our addressed Imaging markets, market declines in major modalities, e.g. magnetic resonance systems, are likely. However, we expect an increased interest in equipment and solutions used to diagnose and treat COVID-19, e.g. computed tomography systems, x-ray systems, ultrasound devices and digital solutions, which might counterbalance or outweigh reduced demand for our other Imaging offerings. Within Diagnostics, markets for point-of-care tests to monitor patients and lab tests to detect SARS-CoV-2 and identify antibodies are expected to increase, while at the same time the demand for certain diagnostic reagents, particularly for routine tests, might be reduced as patient volume decreases. Moreover, we expect that the markets for Advanced Therapies will be negatively affected, due to the above mentioned further decrease of routine and elective procedures.

China, being one of our biggest markets and major incremental growth driver, was the first country with a severe SARS-CoV-2 outbreak, leading to a complete shutdown of the country for more than two months. Given that China made rapid progress on fighting COVID-19 due to extensive intervention, it has ended its lockdown phase and is gradually restarting the economy, returning to regular business activity. A certain market recovery, after negative impacts in the second quarter of fiscal year 2020, is therefore possible for this fiscal year, however not necessarily at the previous growth levels.

Many countries globally have not achieved a similar COVID-19 pandemic status yet, and are still in forms of lockdown, amongst them our major markets other than China: U.S., Germany and Japan. The length of lockdowns is a determining factor of how economies and our markets might be impacted.

After Europe was the focus of the COVID-19 pandemic in the middle of the second quarter of fiscal year 2020, the U.S. became the country suffering the most severely from SARS-CoV-2 infections and deaths. It is therefore expected that the U.S. market will see significant slowdowns due to COVID-19 pandemic, at least in the near-term.

Overall, we expect market development in fiscal year 2020 to be more negative compared to what we expected towards the end of fiscal year 2019, with a not unlikely extension even to the next fiscal year. It is yet unclear whether a second wave of COVID-19 pandemic is to be feared.

A.2 Results of operations

A.2.1 Revenue by segment and region

(in millions of €)	2020	First half 2019	%-Change Act.	%-Change Comp.[1]
Siemens Healthineers	**7,272**	**6,807**	**7%**	**4%**
Therein:				
Imaging	4,530	4,157	9%	6%
Diagnostics	2,018	1,982	2%	0%
Advanced Therapies	825	747	10%	7%

[1] Year-over-year on a comparable basis, excluding currency translation and portfolio effects.

Revenue by region (location of customer)

(in millions of €)	2020	First half 2019	%-Change Act.	%-Change Comp.[1]
Europe, Commonwealth of Independent States, Africa, Middle East (EMEA)	2,312	2,174	6%	6%
Therein: Germany	411	422	–2%	–2%
Americas	2,935	2,729	8%	3%
Therein: United States	2,517	2,314	9%	3%
Asia, Australia	2,025	1,903	6%	5%
Therein: China	923	840	10%	9%
Siemens Healthineers	**7,272**	**6,807**	**7%**	**4%**

[1] Year-over-year on a comparable basis, excluding currency translation and portfolio effects.

Siemens Healthineers

Revenue was nominally up by 7% to €7,272 million. On a comparable basis, revenue increased by 4%, due to very strong growth in Advanced Therapies and to strong growth in Imaging. Effects from the COVID-19 pandemic negatively affected comparable revenue growth by 2 percentage points.

Currency translation effects gave revenue growth a 2-percentage-point boost. Compared to the prior fiscal year, portfolio transactions had slight effects on overall revenue development.

Segments

Imaging saw nominal growth in total revenue of 9% to €4,530 million. On a comparable basis, total revenue increased by 6%. In particular, X-Ray Products and Molecular Imaging showed very strong growth. Moreover, Computed Tomography and Magnetic Resonance contributed strongly to comparable growth. From a geographic perspective, comparable total revenue increased in all three regions with significant growth in EMEA, very strong growth in Asia, Australia and moderate growth in the Americas. Effects of COVID-19 pandemic, for example, such as delays in deliveries and installations, negatively affected revenue growth in a percentage range of low single-digits.

Total revenue in Diagnostics increased nominally by 2% to €2,018 million. On a comparable basis, total revenue was on the level of the previous year. A moderate increase in the Americas was offset by a decline in Asia, Australia and EMEA. Effects of the COVID-19 pandemic lowered revenue growth in a percentage range of low single-digits.

Advanced Therapies saw nominal growth in total revenue of 10% to €825 million. On a comparable basis, revenue increased by 7%, supported by all three regions chiefly including a significant increase in Asia, Australia and a very strong increase in the Americas. Effects of the COVID-19 pandemic lowered revenue growth in a percentage range of low to medium single-digits.

Regions

The strongly increased comparable revenue in EMEA was driven particularly by significant growth in Imaging and strong growth in Advanced Therapies, partly offset by a slight decline in Diagnostics. Germany reported a slight comparable revenue decline. Slight growth in Imaging was outweighed by a decline in Diagnostics and Advanced Therapies.

In the Americas comparable revenue growth increased moderately, primarily due to very strong growth in Advanced Therapies, in particular in the United States, and a moderate increase in Imaging and Diagnostics.

Comparable revenue growth was strong in Asia, Australia due to significant growth in Advanced Therapies and a very strong development in Imaging, partly offset by a clear decline in Diagnostics. China showed significant comparable revenue growth with Advanced Therapies in particular growing substantially.

A.2.2 Income

(Adjusted EBIT in millions of €, margin in %)	First half 2020	2019
Adjusted EBIT	**1,143**	1,165
Therein:		
Imaging	914	849
Diagnostics	97	193
Advanced Therapies	156	146
Adjusted EBIT margin	**15.7%**	17.1%
Therein:		
Imaging	20.2%	20.4%
Diagnostics	4.8%	9.7%
Advanced Therapies	18.9%	19.6%

Reconciliation to net income:

(in millions of €)	First half 2020	2019
Adjusted EBIT	**1,143**	1,165
Amortization of intangible assets acquired in business combinations	–87	–65
Acquisition-related transaction costs	–11	-
Severance charges	–34	–24
EBIT	**1,011**	1,076
Financial income, net	–10	–76
Income tax expenses	–282	–274
Net income	**719**	725

Siemens Healthineers

In the first half of fiscal year 2020, adjusted EBIT margin declined by 2% to 15.7%. The decline was mainly due to weak EBIT margin development in Diagnostics. This was offset by slightly positive currency effects in the first half of fiscal year 2020. Negative effects related to the COVID-19 pandemic were mainly offset by lower provisions for personnel costs.

Research and development expenses increased by €39 million, or 6%. Besides a continuous renewal of our portfolio and ongoing improvements of existing products and solutions, the increase is based on activities in the field of artificial intelligence. Currency translation effects had a slightly negative impact.

Selling and general administrative expenses grew by €114 million, or 11%. Among other factors, the increase is due to the implementation of the second phase of the Siemens Healthineers Strategy 2025, the so-called Upgrading phase, as well as to integration costs, in particular in Advanced Therapies due to the acquisition of Corindus Vascular Robotics, Inc. (hereinafter "Corindus"). In addition, currency translation effects had a slightly negative impact.

Segments

Imaging's adjusted EBIT margin was 20.2%, slightly below the prior year. Along with higher volumes, profitability also benefited from positive effects from currency translation; these factors were mainly outweighed by a less favorable business mix. Effects from COVID-19 pandemic on adjusted EBIT margin were insignificant.

In Diagnostics, adjusted EBIT margin of 4.8% was clearly below the prior-year level. This was caused mainly by higher ramp-up costs related to Atellica Solution and only minimal revenue growth. A counterbalancing factor was a higher capitalization of internally generated assets. Effects from COVID-19 pandemic on adjusted EBIT margin were insignificant.

Despite dilutive effects from the acquisition of Corindus, Advanced Therapies' adjusted EBIT margin was at 18.9%. It benefited from positive currency effects and higher volume. Effects from COVID-19 pandemic on adjusted EBIT margin were insignificant.

Reconciliation to net income

Due to the acquisition of ECG Management Consultants (hereinafter "ECG") and Corindus, amortization of intangibles assets acquired in business combinations increased to €87 million. Additionally, acquisition-related transaction costs of €11 million were incurred, mainly through the takeover of Corindus.

Financial income, net, improved by €66 million to negative €10 million. The increase resulted mainly from lower interest expenses, following a restructuring of debt in fiscal year 2019 and interest income related to international tax procedures.

Income tax expenses increased by €9 million. The effective income tax rate increased from 27.4% to 28.2%. For additional information to taxes please see ➔ ***Note 5 Income taxes*** in the notes to the half-year consolidated financial statements.

Based on the effects described above, net income declined by €7 million to €719 million.

Reconciliation to basic earnings per share:

(in €)	First half 2020	2019
Adjusted basic earnings per share	**0.81**	0.78
Amortization of intangible assets acquired in business combinations	–0.06	–0.05
Acquisition-related transaction costs	–0.01	-
Severance charges	–0.02	–0.02
Basic earnings per share	**0.71**	0.72

In the first half of fiscal year 2020, adjusted basic earnings per share grew by 3% to €0.81, based on the results described above.

A.3 Net assets and financial position

A.3.1 Net assets and capital structure

(in millions of €)	Mar 31, 2020	Sept 30, 2019
Short-term financial balance	218	1,243
Operating net working capital	2,715	2,538
Remaining current assets	668	491
Remaining current liabilities	–1,975	–2,097
Total non-current assets	15,359	13,650
Total non-current liabilities	–7,363	–6,043
Total equity	**9,621**	**9,782**

Material developments within net assets and capital structure are described below.

Short-term financial balance

(in millions of €)	Mar 31, 2020	Sept 30, 2019
Cash and cash equivalents	845	920
Receivables from Siemens Group	258	686
Payables to Siemens Group	–885	–364
Short-term financial balance	**218**	**1,243**

The short-term financial balance changes due to income and expenditures within the scope of operations. The reduction in short-term financial balance was caused mainly by the change in net receivables from and payables to Siemens Group. Despite cash inflows from operations, this figure decreased by €950 million to a net payable of €627 million, chiefly due to the dividend payment of €798 million. In addition, payments for the acquisition of ECG were made through the Siemens Group's cash pooling. For further information to the payments made in connection with the acquisition, please refer to ➔ ***Note 3 Acquisitions*** in the notes to the half-year consolidated financial statements.

Operating net working capital

(in millions of €)	Mar 31, 2020	Sept 30, 2019
Trade and other receivables	2,715	2,779
Contract assets	765	839
Inventories	2,389	2,064
Trade payables	–1,375	–1,403
Contract liabilities	–1,778	–1,741
Operating net working capital	**2,715**	**2,538**

Operating net working capital rose by €177 million to €2,715 million despite counterbalancing currency translation effects. This resulted largely from an increase of €325 million in inventories, which was attributable to steps taken to ensure the delivery capability of all segments, particularly in the context of recent economic developments due to COVID-19 pandemic. Inventories of finished goods also increased due to delays in transport and in delivery of products to customers.

Remaining current assets and liabilities

The growth in other current assets arose primarily from higher current income tax assets and an increase in other current financial assets basically due to changes in the value of derivatives.

Remaining current liabilities declined predominantly due to other current liabilities, which decreased by €192 million to €1,044 million. This decline was attributable primarily to bonus payouts for the prior fiscal year. In addition, current income tax liabilities decreased by €86 million to €261 million. In contrast, short-term financial debt and current maturities of long-term financial debt increased by €172 million to €252 million mainly as a consequence of the first-time adoption of IFRS 16, Leases. For additional information regarding the first-time adoption of IFRS 16, please refer to ➔ ***Note 2 Accounting policies*** in the notes to the half-year consolidated financial statements.

Total non-current assets

The increase in non-current assets resulted largely from a rise in goodwill by €871 million to €9,461 million and in other intangible assets by €458 million to €2,034 million. These developments were caused most notably by the acquisitions of Corindus and ECG. Currency translation effects had a counterbalancing impact on goodwill. For additional information to the acquisitions, please refer to ➔ ***Note 3 Acquisitions*** in the notes to the half-year consolidated financial statements.

In addition, property, plant and equipment was up by €395 million, at €2,713 million, mainly because of the first-time adoption of IFRS 16. The increase in other financial assets by €173 million to €511 million resulted mainly from the change in value of hedging instruments for U.S. dollar loans to the Siemens Group.

A reduction arose from a reclassification of deferred tax assets to current income tax receivables due to a change in tax law in the U.S.

Total non-current liabilities

Higher non-current liabilities are primarily a consequence of an increase in other liabilities to Siemens Group by €1,025 million to €5,055 million. This increase was caused chiefly by a loan from the Siemens Group in connection with the acquisition of Corindus amounting to €1.0 billion and maturing end of fiscal year 2021. For additional information to financial debt, please refer to ➔ ***Note 7 Financial instruments*** in the notes to the half-year consolidated financial statements.

In addition, long-term financial debt increased by €201 million to €263 million mainly due to the first-time adoption of IFRS 16. Deferred tax liabilities increased by €199 million to €574 million. Here, deferred tax liabilities recognized in the first-time consolidation of Corindus and ECG had an impact.

Total equity

Equity declined by €161 million primarily due to a decrease in retained earnings, mainly as a result of the following developments: Dividends of €798 million were paid. Besides, written put options on non-controlling interests of ECG reduced retained earnings by €66 million because as of March 31, 2020, the exercise of the options was assumed and treated as a transaction between shareholders. In contrast, net income attributable to shareholders of Siemens Healthineers AG of €712 million increased the retained earnings.

For further details to equity, especially to the development of treasury shares, please see ➔ ***Note 6 Equity*** in the notes to the half-year consolidated financial statements.

Credit facilities

The multicurrency revolving credit facility of up to €1.1 billion (September 30, 2019: €1.0 billion) granted by the Siemens Group, which serves as short-term loan facility and to finance net working capital, was extended until January 31, 2023. As of March 31, 2020, it was utilized in the amount of €0.8 billion (September 30, 2019: €0.0 billion).

A.3.2 Cash flows

		First half
(in millions of €)	**2020**	**2019**
Cash flows from:		
Operating activities	572	465
Investing activities	–1,597	–291
Financing activities	962	71

		First half
(in millions of €)	**2020**	**2019**
Cash flows from operating activities	**572**	**465**
Additions to intangible assets and property, plant and equipment	–245	–285
Free cash flow	**327**	**179**

Operating activities

Cash flows from operating activities grew by €107 million to €572 million. Thereby, the initial application of IFRS 16, Leases, resulted in an increase in reported cash flows from operating activities in the mid double-digit million range with a corresponding decrease in reported cash flows from financing activities. For additional information regarding the first-time adoption of IFRS 16, please refer to ➔ ***Note 2 Accounting policies*** in the notes to the half-year consolidated financial statements.

Cash outflows for the described buildup of inventories rose by €114 million to €342 million. They were counterbalanced by higher cash inflows from asset reductions, including €86 million in contract assets and €68 million in trade and other receivables. In total, cash outflows from the buildup of operating net working capital remained level.

Investing activities

Cash flows from investing activities decreased by €1,306 million to a cash outflow of €1,597 million. This was primarily the result of cash outflows for acquisitions of businesses, net of cash acquired, of €1,349 million, chiefly related to the acquisitions of Corindus and ECG.

Financing activities

Cash flows from financing activities grew by €891 million to a cash inflow of €962 million. Cash inflows from other transactions/financing with Siemens Group increased by €1,066 million to €1,919 million largely due to a loan from the Siemens Group of €1.0 billion in connection with the acquisition of Corindus.

Counterbalancing effects arose from higher cash outflow of €99 million related to dividends paid to shareholders of Siemens Healthineers AG.

The described shift due to the first-time application of IFRS 16 mainly led to €58 million higher cash outflows from a change in short-term debt and other financing activities.

A.4 Outlook

Due to the COVID-19 pandemic, the assumptions underlying our original forecast for fiscal year 2020 are to a large extent no longer applicable. This applies to both the segments and Siemens Healthineers. Accordingly, the growth targets we originally communicated for comparable revenue growth and adjusted EBIT of the segments and comparable revenue growth and adjusted basic earnings per share of Siemens Healthineers are no longer valid from today’s perspective, and are not likely to be achieved.

There are no reliable forecasts for the duration or intensity of the COVID-19 pandemic, or for the associated opportunities and risks. Consequently, from today’s point of view, it is not possible to make assumptions related to business development with certainty. For the time being, we will therefore not communicate any specific expectations regarding the development of Siemens Healthineers and its segments for fiscal year 2020.

A.5 Risks and opportunities

In our annual report for fiscal year 2019 we described certain risks, which could have a material adverse effect on our business, net assets, financial position and results of operations and reputation. In addition, we described our most significant opportunities as well as the design of our risk management system.

Beside the risks and opportunities that we presented in our annual report for fiscal year 2019 we identified the impact of the COVID-19 pandemic as a new significant risk during the reporting period. The highly volatile situation and its consequences might expose us to the risk of various negative impacts on our company. Some of the potential key impacts include harm to our employees' health and safety, business interruptions in the form of loss of production due to partial or full closure of sites (such as from delivery delays, supply shortages, delivery limitations or local restrictions), disruption of our outbound logistics (such as from limited logistics capacities), delays in our time to market for certain products or product lifecycles, or changes in installation and service capacities. Other potential key impacts include, but are not limited to, revenue shortfalls for example due to investment shifts, reduced reagent demand in the Diagnostics business, shifts in public funding or financial difficulties of customers. Investment shifts could particularly affect medical imaging equipment. Furthermore, unforeseen expenses could adversely impact our financial position. In order to ensure business operations and reduce business impacts, we initiated a broad spectrum of measures. These include among others protecting our workforce (such as by travel restrictions, home office, staggered work times to enable social distancing, and provision of personal protective equipment), setting up dedicated task forces and a crisis management team led by the managing board, coordinating local response plans, ensuring close coordination with suppliers, securing logistic capacities. At the same time, we utilize, advance and expand our offerings, for example critical diagnostic tests (especially a laboratory-based total antibody test), computed tomography systems, and digital infrastructure solutions (such as remote scanning assistance) to support healthcare providers in treating COVID-19. We continue to observe developments including the easing of pandemic-related restrictions on an ongoing basis in order to quickly identify changes, evaluate potential impacts, assess risks and make adjustments where necessary.

Considering the aspects mentioned above, the most significant risks compared to our 2019 annual report now include the impact of the COVID-19 pandemic, Cybersecurity and Changes in regulations, laws and policies.

Additional risks and opportunities not known to us or that we currently consider immaterial could also affect our business operations. At present, no risks have been identified that in their known form either individually or in combination with other risks could endanger our ability to continue as a going concern. Please take note of ➔ ***C.3 Notes and forward-looking statements***.

B. Half-year consolidated financial statements

B.1 Consolidated statements of income

(in millions of €, earnings per share in €)	Note	First half 2020	First half 2019
Revenue		7,272	6,807
Cost of sales		–4,404	–4,033
Gross profit		**2,869**	**2,773**
Research and development expenses		–673	–634
Selling and general administrative expenses		–1,186	–1,072
Other operating income		12	17
Other operating expenses		–13	–10
Income from investments accounted for using the equity method, net		3	1
Earnings before interest and taxes		**1,011**	**1,076**
Interest income	4	37	13
Interest expenses	10	–40	–76
Other financial income, net		–7	–13
Income before income taxes		**1,001**	**999**
Income tax expenses	5	–282	–274
Net income		**719**	**725**
Thereof attributable to:			
Non-controlling interests		6	8
Shareholders of Siemens Healthineers AG		712	717
Basic earnings per share		**0.71**	**0.72**
Diluted earnings per share		**0.71**	**0.72**

B.2 Consolidated statements of comprehensive income

(in millions of €)	**First half 2020**	**First half 2019**
Net income	**719**	725
Remeasurements of defined benefit plans	22	–119
Therein: Income tax effects	–24	48
Other comprehensive income that will not be reclassified to profit or loss	**22**	**–119**
Currency translation differences	–151	194
Cash flow hedges	24	–25
Therein: Income tax effects	–8	12
Cost/Income from hedging	112	-
Therein: Income tax effects	–40	-
Other comprehensive income that may be reclassified subsequently to profit or loss	**–15**	169
Other comprehensive income, net of taxes	**7**	50
Comprehensive income	**726**	775
Thereof attributable to:		
Non-controlling interests	5	8
Shareholders of Siemens Healthineers AG	721	767

B.3 Consolidated statements of financial position

(in millions of €)	Note	Mar 31, 2020	Sept 30, 2019
Cash and cash equivalents	7	845	920
Trade and other receivables	7	2,715	2,779
Other current financial assets	7	131	78
Receivables from Siemens Group	7, 10	258	686
Contract assets		765	839
Inventories		2,389	2,064
Current income tax assets		191	92
Other current assets		346	321
Total current assets		**7,639**	**7,779**
Goodwill	3	9,461	8,590
Other intangible assets	3	2,034	1,576
Property, plant and equipment	2	2,713	2,318
Investments accounted for using the equity method		43	45
Other financial assets	7	511	339
Deferred tax assets		301	462
Other assets		297	320
Total non-current assets		**15,359**	**13,650**
Total assets		**22,999**	**21,429**
Short-term financial debt and current maturities of long-term financial debt	7	252	80
Trade payables	7	1,375	1,403
Other current financial liabilities	7	163	152
Payables to Siemens Group	7, 10	885	364
Contract liabilities		1,778	1,741
Current provisions		256	282
Current income tax liabilities		261	346
Other current liabilities		1,044	1,236
Total current liabilities		**6,014**	**5,605**
Long-term financial debt	7	263	62
Provisions for pensions and similar obligations		1,005	1,045
Deferred tax liabilities		574	375
Provisions		140	147
Other financial liabilities	7	12	16
Other liabilities		315	368
Other liabilities to Siemens Group	7, 10	5,055	4,030
Total non-current liabilities		**7,363**	**6,043**
Total liabilities		**13,378**	**11,648**
Issued capital		1,000	1,000
Capital reserve		10,823	10,801
Retained earnings		–1,989	–1,859
Other components of equity		–218	–174
Total equity attributable to shareholders of Siemens Healthineers AG		**9,616**	**9,769**
Non-controlling interests		5	13
Total equity	6	**9,621**	**9,782**
Total liabilities and equity		**22,999**	**21,429**

B.4 Consolidated statements of cash flows

(in millions of €)	First half 2020	First half 2019
Net income	**719**	725
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	391	290
Income tax expenses	282	274
Interest income/expenses, net	3	63
Income related to investing activities	–1	–3
Other non-cash income/expenses, net	74	13
Change in operating net working capital		
Contract assets	62	–24
Inventories	–342	–228
Trade and other receivables	17	–51
Trade payables	–13	12
Contract liabilities	76	90
Change in other assets and liabilities	–292	–309
Additions to equipment leased to others in operating leases	–142	–159
Income taxes paid	–278	–239
Dividends received	1	1
Interest received	14	11
Cash flows from operating activities	**572**	**465**
Additions to intangible assets and property, plant and equipment	–245	–285
Purchase of investments and financial assets for investment purposes	–5	–3
Acquisitions of businesses, net of cash acquired	–1,349	–8
Disposal of investments, intangible assets and property, plant and equipment	2	3
Disposal of businesses, net of cash disposed	-	2
Cash flows from investing activities	**–1,597**	**–291**
Purchase of treasury shares	–67	–45
Change in short-term financial debt and other financing activities	–14	43
Interest paid	–8	–2
Dividends paid to shareholders of Siemens Healthineers AG	–798	–699
Dividends paid to non-controlling interests	–15	–15
Interest paid to Siemens Group	–54	–64
Other transactions/financing with Siemens Group	1,919	853
Cash flows from financing activities	**962**	**71**
Effect of changes in exchange rates on cash and cash equivalents	–12	13
Change in cash and cash equivalents	**–75**	**258**
Cash and cash equivalents at beginning of period	**920**	**519**
Cash and cash equivalents at end of period	**845**	**777**

B.5 Consolidated statements of changes in equity

				Other components of equity							
(in millions of €)	**Issued capital**	**Capital reserve**	**Retained earnings/ Net assets**	**Currency translation differences**	**Reserve of equity instruments measured at fair value through other comprehensive income**	**Cash flow hedges reserve**	**Cost of hedging reserve**	**Treasury shares at cost**	**Total equity attributable to shareholders of Siemens Healthineers AG**	**Non-controlling interests**	**Total equity**
Balance as of September 30, 2018	**1,000**	**11,174**	**–3,019**	**–493**	**1**	**2**	**-**	**–10**	**8,656**	**20**	**8,675**
Effect of retrospectively adopting IFRS 9, Financial Instruments	-	-	39	-	–35	-	-	-	4	-	4
Balance as of October 1, 2018	**1,000**	**11,174**	**–2,980**	**–493**	**–34**	**2**	**-**	**–10**	**8,659**	**20**	**8,679**
Net income	-	-	717	-	-	-	-	-	717	8	725
Other comprehensive income, net of taxes	-	-	–119	194	-	–25	-	-	50	-	50
Dividends	-	-	–699	-	-	-	-	-	–699	–15	–714
Share-based payment	-	7	–2	-	-	-	-	-	5	-	5
Purchase of treasury shares	-	-	-	-	-	-	-	–45	–45	-	–45
Reissuance of treasury shares	-	-	-	-	-	-	-	22	22	-	22
Other changes in equity	-	–390	390	-	-	-	-	-	-	-	-
Balance as of March 31, 2019	**1,000**	**10,791**	**–2,693**	**–299**	**–34**	**–23**	**-**	**–33**	**8,709**	**13**	**8,722**
Balance as of October 1, 2019[1]	**1,000**	**10,801**	**–1,859**	**–95**	**–33**	**–24**	**3**	**–24**	**9,769**	**13**	**9,782**
Net income	-	-	712	-	-	-	-	-	712	6	719
Other comprehensive income, net of taxes	-	-	22	–150	-	24	112	-	8	–1	7
Dividends	-	-	–798	-	-	-	-	-	–798	–15	–814
Share-based payment	-	21	-	-	-	-	-	-	21	-	21
Purchase of treasury shares	-	-	-	-	-	-	-	–64	–64	-	–64
Reissuance of treasury shares	-	1	–1	-	-	-	-	33	33	-	33
Other changes in equity	-	-	–66	-	-	-	-	-	–66	3	–63
Balance as of March 31, 2020	**1,000**	**10,823**	**–1,989**	**–245**	**–33**	**1**	**115**	**–55**	**9,616**	**5**	**9,621**

[1] The balance as of September 30, 2019 corresponds to the balance as of October 1, 2019. The first-time adoption of IFRS 16, Leases, does not lead to a change in the reported amounts, please refer to → ***Note 2 Accounting policies*** in the notes to the half-year consolidated financial statements.

B.6 Notes to half-year consolidated financial statements

Note 1 Basis of presentation

The condensed half-year consolidated financial statements as of March 31, 2020, present the operations of Siemens Healthineers AG and its subsidiaries (hereinafter, collectively, “Group” or “Siemens Healthineers”). The half-year consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), in particular in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The half-year consolidated financial statements were prepared and published in millions of euros (€ million).

The results achieved in the interim reporting period are not necessarily indicative of future results. The COVID-19 pandemic and associated significant uncertainties have been considered, where relevant, in accounting estimates and judgments. There is currently no significant risk that the COVID-19 pandemic will lead to material adjustments to the carrying amounts of recognized assets and liabilities in the second half of fiscal year 2020. For further information on impacts from the COVID-19 pandemic, on disaggregation of revenue and on segment information, see disclosures in the interim group management report.

The half-year consolidated financial statements are unaudited. They were authorized for issue by the Managing Board of Siemens Healthineers AG on April 29, 2020.

Note 2 Accounting policies

The accounting policies applied for the preparation of the half-year consolidated financial statements are substantially consistent with those accounting policies applied for the preparation of the consolidated financial statements for fiscal year 2019, with the exception of accounting policies which are relevant or applicable for the first time in fiscal year 2020. Income tax expenses are determined in interim reporting periods on the basis of the current estimated annual effective tax rate of Siemens Healthineers for the overall year.

Business combinations

With the acquisition of ECG Management Consultants (hereinafter “ECG”), Siemens Healthineers became a writer of a put option on non-controlling interests. As such, Siemens Healthineers assesses whether the prerequisites for the transfer of present ownership interests are fulfilled at the balance sheet date. If Siemens Healthineers is not the beneficial owner of the shares underlying the put option, the exercise of the put option will be assumed at each balance sheet date and treated as a transaction between shareholders with the corresponding recognition of a purchase liability at the respective exercise price. The non-controlling interests participate in profits and losses during the reporting period.

Recently adopted accounting pronouncements

IFRS 16, Leases, was adopted for the first time as of October 1, 2019, by applying the modified retrospective approach (using practical and transitional expedients), that is, comparative figures for the preceding year were not adjusted. IFRS 16 introduced a single lessee accounting model (so-called right-of-use model) requiring lessees to recognize right-of-use assets and lease liabilities. The recognition exemptions for not applying the right-of-use model for leases with a term of twelve months or less or for low-value assets have been exercised. The majority of the transition effect was related to real estate leased by Siemens Healthineers. As of October 1, 2019, additional right-of-use assets of €435 million were recognized in property, plant and equipment, generally measured at the amount of the lease liability adjusted by any prepaid or accrued lease payments. In addition, the right-of-use asset was derecognized if the leased asset was subleased under a finance lease to customers. The transition to IFRS 16 had nearly no effect on retained earnings. For the first half of fiscal year 2020, the initial application resulted in an improvement in cash flows from operating activities in the mid double-digit million range with a corresponding deterioration in cash flows from financing activities and a corresponding increase in free cash flow. Future payment obligations under operating leases as of September 30, 2019 reconcile to the lease liability as of October 1, 2019, as follows:

(in millions of €)	
Future minimum lease payments from operating leases as of September 30, 2019 (gross)	**475**
Future minimum lease payments from finance leases as of September 30, 2019 (gross)	34
Practical relief non-separation of lease components and non-lease components	7
Recognition exemption for low value assets: Former finance leases which lead to off-balance reporting	–19
Others	–3
Future minimum lease payments from leases under the right-of-use model as of October 1, 2019 (gross)	**494**
Discounted using incremental borrowing rates (weighted average incremental borrowing rate as of October 1, 2019: 1.9%)	–24
Lease liabilities as of October 1, 2019 (therein current: €132 million)	**470**

The lease liabilities as of October 1, 2019, amounting to €470 million exceeded by €438 million the lease liabilities from finance leases as of September 30, 2019, amounting to €32 million.

Note 3 Acquisitions

Acquisition of Corindus

On October 29, 2019, Siemens Healthineers completed the acquisition of all shares in Corindus Vascular Robotics, Inc. (hereinafter "Corindus"). Corindus develops and provides robotic systems for minimally invasive endovascular procedures. By combining Siemens Healthineers' cardiovascular and neuro-interventional therapy systems with Corindus' innovative technology, Siemens Healthineers is able to drive optimization of procedures for image-based minimally invasive therapies. The business has been integrated into the Advanced Therapies segment.

The purchase price amounted to US$1.1 billion (€1.0 billion as of the acquisition date) and was paid in cash. The preliminary purchase price allocation as of the acquisition date resulted in the following assets and liabilities:

(in millions of €)	
Cash and cash equivalents	13
Goodwill	763
Other intangible assets	306
Miscellaneous assets	7
Total assets	**1,089**
Other current financial liabilities	25
Long-term financial debt	8
Deferred tax liabilities	48
Miscellaneous liabilities	11
Total liabilities	**92**

The goodwill of €763 million comprised intangible assets that were not separable, such as employee know-how and expected synergy effects. Synergies are mainly expected from offering Corindus' products through the Siemens Healthineers' sales network, and also from the combination of Corindus' robotic systems with Siemens Healthineers' therapy systems and solutions in the fields of digitalization and artificial intelligence. The intangible assets of €306 million contain especially acquired technologies.

With the closing of the acquisition of Corindus, Siemens provided Siemens Healthineers with an additional financing of €1.0 billion in the first quarter of fiscal year 2020.

The acquired business contributed revenue of €6 million and a net loss of €21 million to Siemens Healthineers for the period from the acquisition date to March 31, 2020, including earnings effects from purchase price allocation and integration costs. If Corindus had been included in the consolidated financial statements as of October 1, 2019, revenue and net income of the combined entity would have been €7,273 million and €715 million, respectively, in the first half of fiscal year 2020.

Acquisition of ECG

On November 1, 2019, Siemens Healthineers completed the acquisition of 75% of the ownership interest of ECG Management Consultants. ECG is a leading consulting company based in the United States specialized in healthcare and providing a comprehensive suite of advisory services for meeting the strategic, financial, operational and technology-related challenges facing healthcare providers today. The business is part of the Imaging segment and allows Siemens Healthineers to tap into adjacent growth markets.

The purchase price paid in cash amounted to US$219 million (€196 million as of the acquisition date), including subsequent adjustments. In addition, financial liabilities of ECG amounting to US$143 million (€129 million as of the acquisition date) were redeemed by Siemens Healthineers. The preliminary purchase price allocation as of the acquisition date resulted in the following assets and liabilities:

(in millions of €)	
Cash and cash equivalents	25
Trade and other receivables	34
Goodwill	189
Other intangible assets	112
Deferred tax assets	20
Miscellaneous assets	17
Total assets	**397**
Short-term financial debt	132
Other current liabilities	33
Deferred tax liabilities	22
Miscellaneous liabilities	11
Total liabilities	**197**
Non-controlling interests	*3*

The goodwill of €189 million comprised intangible assets that were not separable, such as employee know-how and expected synergy effects. Some employees are affected by a non-compete agreement, which was classified as a separate transaction and recognized as an intangible asset measured at €19 million. The non-controlling interests of 25% were measured with the corresponding proportion of the amount of the acquired net assets.

For both acquisitions, the purchase price allocation is preliminary as the detailed analysis of the assets and liabilities has not yet been finalized.

Note 4 Interest income

In the first half of fiscal year 2020, interest on tax receivables in the amount of €18 million was recognized as interest income. This relates to tax benefits from international procedures on the avoidance of double taxation for the years 2002 to 2007.

Note 5 Income taxes

In the first half of fiscal year 2020, the tax rate of 28.2% was above the tax rate for the first half of fiscal year 2019, which was 27.4%. This resulted mainly from tax benefits of €29 million from international procedures on the avoidance of double taxation, which were recognized in the first half of fiscal year 2019.

Note 6 Equity

In the first half of fiscal year 2020, Siemens Healthineers repurchased 1,550,474 (first half of fiscal year 2019: 1,205,012) shares utilizing the authorization granted by the extraordinary Shareholders' Meeting held on February 19, 2018, and transferred 844,309 (first half of fiscal year 2019: 584,698) treasury shares in conjunction with share-based payment plans.

In the second quarter of fiscal year 2020, a dividend of €0.80 per share was paid.

Note 7 Financial instruments

The following tables show the carrying amounts and measurement details of each category of financial assets and liabilities:

Carrying amounts as of Mar 31, 2020

(in millions of €)	Category of financial assets and liabilities (IFRS 9)[1]	In scope of IFRS 9				Not in scope of IFRS 9	Total
		Measured at amortized cost	Measured at fair value				
			Level 1	Level 2	Level 3		
Cash and cash equivalents	AC	845	-	-	-	-	845
Trade receivables[2]	AC	2,675	-	-	-	-	2,675
Receivables from finance leases[3]	n.a.	-	-	-	-	195	195
Receivables from Siemens Group	AC	258	-	-	-	-	258
Other current and non-current financial assets[2]							
Derivatives included in hedge accounting	n.a.	-	-	282	-	-	282
Derivatives not included in hedge accounting	FVtPL	-	-	54	-	-	54
Equity instruments and fund shares measured at fair value through profit or loss	FVtPL	-	4	8	11	-	23
Equity instruments measured at fair value through other comprehensive income	FVtOCI	-	-	-	44	-	44
Other	AC	84	-	-	-	-	84
Total financial assets		**3,862**	**4**	**344**	**55**	**195**	**4,460**
Short-term and current maturities of long-term financial debt as well as long-term financial debt[4]	AC	146	-	-	-	-	146
Trade payables	AC	1,375	-	-	-	-	1,375
Lease liabilities[5]	n.a.	-	-	-	-	448	448
Payables and other liabilities to Siemens Group[4]	AC	5,861	-	-	-	-	5,861
Other current and non-current financial liabilities							
Derivatives included in hedge accounting	n.a.	-	-	21	-	-	21
Derivatives not included in hedge accounting	FVtPL	-	-	21	-	-	21
Contingent consideration	FVtPL	-	-	-	11	-	11
Liabilities from written put options on non-controlling interests	n.a.	-	-	-	-	75	75
Other	AC	47	-	-	-	-	47
Total financial liabilities		**7,429**	**-**	**42**	**11**	**523**	**8,005**

[1] AC = Financial Assets/Liabilities at Amortized Cost;
FVtPL = Financial Assets/Liabilities at Fair Value through Profit or Loss;
FVtOCI = Financial Assets at Fair Value through Other Comprehensive Income;
n.a. = not applicable.
[2] Excluding separately disclosed receivables from finance leases.
[3] Reported in the line items trade and other receivables as well as other financial assets.
[4] Excluding separately disclosed lease liabilities.
[5] Reported in the line items short-term financial debt and current maturities of long-term financial debt, long-term financial debt, payables to Siemens Group and other liabilities to Siemens Group.

Carrying amounts as of Sept 30, 2019

(in millions of €)	Category of financial assets and liabilities (IFRS 9)[1]	In scope of IFRS 9				Not in scope of IFRS 9	Total
		Measured at amortized cost	Measured at fair value				
			Level 1	Level 2	Level 3		
Cash and cash equivalents	AC	920	-	-	-	-	920
Trade receivables[2]	AC	2,744	-	-	-	-	2,744
Receivables from finance leases[3]	n.a.	-	-	-	-	179	179
Receivables from Siemens Group	AC	686	-	-	-	-	686
Other current and non-current financial assets[2]							
Derivatives included in hedge accounting	n.a.	-	-	113	-	-	113
Derivatives not included in hedge accounting	FVtPL	-	-	16	-	-	16
Equity instruments and fund shares measured at fair value through profit or loss	FVtPL	-	7	8	7	-	22
Equity instruments measured at fair value through other comprehensive income	FVtOCI	-	-	-	44	-	44
Other	AC	77	-	-	-	-	77
Total financial assets		**4,427**	**7**	**137**	**51**	**179**	**4,801**
Short-term and current maturities of long-term financial debt as well as long-term financial debt[4]	AC	109	-	-	-	-	109
Trade payables	AC	1,403	-	-	-	-	1,403
Obligations under finance leases[5]	n.a.	-	-	-	-	32	32
Payables and other liabilities to Siemens Group[4]	AC	4,394	-	-	-	-	4,394
Other current and non-current financial liabilities							
Derivatives included in hedge accounting	n.a.	-	-	49	-	-	49
Derivatives not included in hedge accounting	FVtPL	-	-	13	-	-	13
Contingent consideration	FVtPL	-	-	-	27	-	27
Liabilities from written put options on non-controlling interests	n.a.	-	-	-	-	17	17
Other	AC	61	-	-	-	-	61
Total financial liabilities		**5,967**	**-**	**62**	**27**	**49**	**6,105**

[1] AC = Financial Assets/Liabilities at Amortized Cost;
FVtPL = Financial Assets/Liabilities at Fair Value through Profit or Loss;
FVtOCI = Financial Assets at Fair Value through Other Comprehensive Income;
n.a. = not applicable.
[2] Excluding separately disclosed receivables from finance leases.
[3] Reported in the line items trade and other receivables as well as other financial assets.
[4] Excluding separately disclosed obligations under finance leases.
[5] Reported in the line items short-term financial debt and current maturities of long-term financial debt as well as long-term financial debt.

The carrying amount of other liabilities to Siemens Group from U.S. dollar denominated long-term loans was €3,907 million as of March 31, 2020 (September 30, 2019: €3,932 million). The fair value of these liabilities, which is based on prices provided by price service agencies (level 2), also amounted to €3,907 million as of March 31, 2020 (September 30, 2019: €3,928 million). The carrying amounts of the remaining financial assets and liabilities measured at amortized cost approximated their fair value.

The determination of the fair values of derivatives depended on the specific type of instrument. The fair values of forward exchange contracts were based on forward exchange rates (level 2).

Except for a publicly listed investment for which a quoted price in an active market exists (level 1), the fair values of equity instruments were derived primarily from a discounted cash flow valuation (level 3). Expected cash flows are subject to future market and business developments as well as price volatility. The discount rates applied take into account respective risk-adjusted capital costs. The fair value measurement of fund shares was based on their net asset values (level 2).

The fair values of contingent considerations were derived from probability-weighted future payments, which mainly depend on the achievement of technical and commercial milestones as well as on the achievement of sales targets (level 3).

Liabilities from written put options on non-controlling interests were measured at fair value, which is based on the present value of the exercise price of the options (level 3). The exercise price is generally derived from the proportionate enterprise value. The increase in liabilities resulted mainly from the addition of written put options amounting to €58 million in connection with the acquisition of ECG (please also see ➔ ***Note 3 Acquisitions***). The enterprise value of ECG is calculated by an independent appraiser in accordance with a contractually agreed methodology and serves as a basis for the exercise price per share, which is determined at least once a year. The most significant unobservable input used to determine the fair value is financial information from the five-year business plan, which is mainly subject to expected business and market developments. In addition, weighted revenue and earnings multiples are considered.

The following table shows the composition of Siemens Healthineers' financial debt:

(in millions of €)	Mar 31, 2020	Sept 30, 2019
Short-term financial debt and current maturities of long-term financial debt	252	80
Thereof:		
Loans from banks	146	70
Lease liabilities[1]	106	10
Payables to Siemens Group from financing activities	879	359
Therein: Lease liabilities	24	-
Total current financial debt	**1,131**	**439**
Long-term financial debt	263	62
Thereof:		
Loans from banks	-	39
Lease liabilities[1]	263	22
Other liabilities to Siemens Group from financing activities	5,055	4,030
Therein: Lease liabilities	55	-
Total non-current financial debt	**5,317**	**4,092**
Total financial debt	**6,449**	**4,531**

[1] Obligations under finance leases as of September 30, 2019.

The increase in financial debt resulted mainly from a variable interest loan, amounting to €1.0 billion and maturing in fiscal year 2021, in connection with the acquisition of Corindus, the payment for the acquisition of ECG (please also see ➔ ***Note 3 Acquisitions***) and from the first-time adoption of IFRS 16, Leases.

Note 8 Share-based payment

In the first half of fiscal year 2020, Siemens Healthineers again granted Siemens Healthineers' stock awards to members of the Managing Board, members of senior management and other eligible employees. Beginning with the 2020 tranche, a portion of the Siemens Healthineers' stock awards granted to members of senior management and other eligible employees is no longer linked to the development of the total shareholder return in comparison to that of established competitors during the vesting period, but depends solely on fulfillment of the employee's respective service condition. These stock awards will vest pro rata over a period of one to four years, i.e. provided that a beneficiary remains in the company, one quarter of the stock awards granted will be fulfilled each year. In the first half of fiscal year 2020, a total of 1,139,879 Siemens Healthineers' stock awards were granted.

Note 9 Segment information

	External revenue		Intersegment revenue		Total revenue		Adjusted EBIT[1]		Assets		Free cash flow[2]		Additions to other intangible assets and property, plant and equipment		Amortization, depreciation and impairments	
		First half		First half		First half		First half	Mar 31,	Sept 30,		First half		First half		First half
(in millions of €)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Imaging	4,379	4,016	151	142	4,530	4,157	914	849	7,500	6,840	679	551	217	64	79	71
Diagnostics	2,018	1,982	-	-	2,018	1,982	97	193	5,398	5,499	–122	–155	259	314	128	114
Advanced Therapies	823	745	2	2	825	747	156	146	2,134	997	44	97	316	10	9	6
Total segments	**7,219**	6,742	**153**	144	**7,372**	6,886	**1,166**	1,188	**15,032**	13,336	**601**	493	**793**	388	**217**	192
Reconciliation to consolidated financial statements	53	64	–153	–144	–100	–80	–165	–189	7,967	8,093	–274	–314	103	67	175	98
Siemens Healthineers	**7,272**	6,807	**-**	-	**7,272**	6,807	**1,001**	999	**22,999**	21,429	**327**	179	**896**	456	**391**	290

[1] Siemens Healthineers: Income before income taxes.
[2] First half 2019: On segment level adjusted according to the definition of the adjusted EBIT.

Accounting policies for segment information are generally the same as those described in the annual report for fiscal year 2019. Starting in fiscal year 2020, adjusted EBIT margin is used to manage the operating performance of our segments. Adjusted EBIT is defined as income before income taxes, interest income and expenses and other financial income, net, adjusted for amortization of intangible assets acquired in business combinations, severance charges, acquisition-related transaction costs and centrally carried pension service and administration expenses. With the application of the adjusted EBIT margin as the new performance measure, the calculation of free cash flow changed accordingly, which means that the operating interest is no longer part of the segments' free cash flow.

Revenue

Siemens Healthineers' revenue included revenue from contracts with customers and revenue from leases. In the first half of fiscal year 2020, revenue from leases amounted to €156 million (first half of fiscal year 2019: €96 million).

For each of the segments, revenue results mainly from performance obligations satisfied at a point in time, especially in the case of the sale of goods, including reagents and consumables in the Diagnostics segment. However, the performance obligations related to maintenance contracts for equipment sold are generally satisfied over time with revenue recognized on a straight-line basis.

Adjusted EBIT

(in millions of €)	2020	First half 2019
Total segments' adjusted EBIT	**1,166**	1,188
Centrally carried pension service and administration expenses	–9	–6
Amortization of intangible assets acquired in business combinations	–87	–65
Acquisition-related transaction costs	–11	-
Severance charges	–34	–24
Financial income, net	–10	–76
Corporate Items	–26	–21
Corporate treasury, Siemens Healthineers Real Estate, eliminations and other items	12	3
Total reconciliation to consolidated financial statements	**–165**	–189
Siemens Healthineers' income before income taxes	**1,001**	999

Assets

(in millions of €)	Mar 31, 2020	Sept 30, 2019
Total segments' assets	**15,032**	13,336
Asset-based adjustments	2,962	2,768
Therein:	-	-
Assets corporate treasury	970	994
Assets Siemens Healthineers Real Estate	927	627
Receivables from Siemens Group from financing activities	255	683
Current income tax assets and deferred tax assets	492	554
Liability-based adjustments	5,005	5,325
Total reconciliation to consolidated financial statements	**7,967**	8,093
Siemens Healthineers' total assets	**22,999**	21,429

Free cash flow[1]

(in millions of €)	2020	First half 2019
Total segments' free cash flow	**601**	493
Tax-related cash flow	–278	–239
Corporate items and other	4	–75
Total reconciliation to consolidated financial statements	**–274**	–314
Siemens Healthineers' free cash flow	**327**	179

[1] First half 2019: On segment level adjusted according to the definition of the adjusted EBIT.

Note 10 Related party transactions

In the following, Siemens Healthineers' relationships maintained with the Siemens Group, that is with Siemens AG and its subsidiaries, are presented.

Transactions with the Siemens Group

Sales of goods and services and other income and purchases of goods and services and other expenses from transactions with the Siemens Group are shown in the following table:

	Sales of goods and services and other income		Purchases of goods and services and other expenses	
(in millions of €)	2020	First half 2019	2020	First half 2019
Siemens AG	2	3	125	119
Other Siemens Group entities	161	130	110	110
Total	**163**	133	**235**	229

In the first half of fiscal year 2020, Siemens Healthineers received support from the Siemens Group for central corporate services resulting in expenses of €161 million (first half of fiscal year 2019: €168 million).

Receivables from and payables to the Siemens Group

Receivables from and payables to the Siemens Group were as follows:

	Receivables from Siemens Group		Payables and other payables to Siemens Group	
(in millions of €)	Mar 31, 2020	Sept 30, 2019	Mar 31, 2020	Sept 30, 2019
Siemens AG	7	596	1,957	425
Other Siemens Group entities	250	91	3,982	3,969
Total	**258**	687	**5,940**	4,394

In connection with financing of operating activities through participation in the Siemens Group's cash pooling and cash management, the balance of current receivables from and current payables to the Siemens Group decreased in the first half of fiscal year 2020. This development was caused mainly by the dividend payout and payments made in the context of the acquisition of ECG. Other liabilities to Siemens AG increased primarily due to an additional financing of €1.0 billion for the acquisition of Corindus.

In December 2019, a multicurrency revolving credit facility of up to €1.1 billion (September 30, 2019: €1.0 billion) granted by Siemens AG, which serves as a short-term loan facility and to finance net working capital, was extended until January 31, 2023.

In the first half of fiscal year 2020, interest expenses from financing arrangements with the Siemens Group amounted to €24 million (first half of fiscal year 2019: €68 million). The decrease was primarily due to a restructuring of non-current financial liabilities to the Siemens Group in the second half of fiscal year 2019.

Hedging with the Siemens Group

As of March 31, 2020, other current and other non-current financial assets resulting from hedging activities with the Siemens Group as counterparty amounted to €290 million (September 30, 2019: €116 million). The increase resulted mainly from the change in value of hedging instruments for U.S. dollar loans existing at German entities. As of March 31, 2020, other current and other non-current financial liabilities from hedging activities amounted to €22 million (September 30, 2019: €45 million).

C. Additional information

C.1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the half-year consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Munich, April 29, 2020

Siemens Healthineers AG
The Managing Board

Dr. Bernhard Montag

Dr. Jochen Schmitz

Dr. Christoph Zindel

C.2 Review report

To Siemens Healthineers AG, Munich

We have reviewed the half-year consolidated financial statements comprising the consolidated statements of income, comprehensive income, financial position, cash flows and changes in equity, and notes to half-year consolidated financial statements, and the interim group management report, of Siemens Healthineers Aktiengesellschaft, Munich for the period from October 1, 2019 to March 31, 2020 which are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The Company's management is responsible for the preparation of the half-year consolidated financial statements in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the half-year consolidated financial statements and the interim group management report based on our review.

We conducted our review of the half-year consolidated financial statements and the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany) and in supplementary compliance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review nothing has come to our attention that causes us to believe that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, April 29, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Spannagl
Wirtschaftsprüfer
[German Public Auditor]

Tropschug
Wirtschaftsprüferin
[German Public Auditor]

C.3 Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Healthineers that may constitute forward-looking statements. These statements may be identified by words such as "expect", "forecast", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will", "target" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens Healthineers' management, of which many are beyond Siemens Healthineers' control. As they relate to future events or developments, these statements are subject to various risks, uncertainties and factors, including but not limited to those described in the respective disclosures. Should one or more of these risks, uncertainties or factors materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens Healthineers may (negatively or positively) vary materially from those described explicitly or implicitly in the forward-looking statement. All forward-looking statements only speak as of the date when they were made and Siemens Healthineers neither intends nor assumes any obligation, unless required by law, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes, in the applicable financial reporting framework not clearly defined, supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures may have limitations as analytical tools and should not be viewed in isolation or as alternatives to measures of Siemens Healthineers' net assets, financial position and results of operations as presented in accordance with the applicable financial reporting framework in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently, which may therefore not be comparable.

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

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences in formatting between the accounting records appearing in this document and those published pursuant to legal requirements.

For reasons of readability, the male form is predominantly chosen in this Half-Year Financial Report. The information refers nevertheless to persons of any gender.

Internet: ***siemens-healthineers.com***

Press: ***siemens-healthineers.com/press-room***

Investor Relations: ***corporate.siemens-healthineers.com/investor-relations***

Siemens Healthineers AG
Henkestr. 127
91052 Erlangen, Germany
Phone: +49 9131 84-0
siemens-healthineers.com