

### Healthcare Sector

Munich, Germany, September 29, 2009

#### **Siemens maintains leading position in the global healthcare market**

Market-oriented innovations and rigorous cost management strengthen competitiveness

Start of next integration phase in laboratory diagnostics business yields additional synergies

**Siemens' Healthcare Sector has done extremely well in the crisis, particularly compared to its competitors. "We have the best product, service and solutions portfolio in the healthcare market and an unparalleled understanding of the needs of our customers. This as well as our rigorous cost management and market-oriented innovations have made us a leading company in the healthcare industry," said Hermann Requardt, CEO of Siemens' Healthcare Sector at the Siemens Healthcare Capital Market Day in London. "We are now in an excellent position to reap above-average profits from the future worldwide growth of healthcare markets," added Requardt. The Healthcare Sector's program to reduce sales and administrative costs is right on schedule. "We've made major progress in reducing complexity and costs," said Michael Sen, CFO of the Healthcare Sector. The focus will now be on increasing capital efficiency and on higher cash generation. Siemens Healthcare is expecting additional synergies in its laboratory diagnostics business.**

In the last few years, Siemens' Healthcare Sector has rigorously oriented its portfolio toward future growth markets. In the area of imaging devices – such as X-ray units, computed tomography scanners and magnetic resonance imaging systems – and in the field of laboratory devices for clinical diagnostics, Siemens has the world's largest installed base, giving it a solid foundation for future growth stemming from recurring sales in the service and reagent businesses, for example. Such businesses account for about half of Siemens Healthcare's total revenue and, even, for more than 85 percent of the revenue of its Diagnostics Division.

Siemens Healthcare aims to strengthen its competitiveness through rigorous cost management. Plans call for reducing consultant costs by 39 percent by the end of fiscal 2010 compared to fiscal 2008 and cutting IT costs by 11 percent over the same period. The Healthcare Sector also intends to substantially reduce its complexity. The number of legal entities is slated to be cut by slightly

more than a third by the end of fiscal 2010 compared to fiscal 2008 and the number of suppliers by more than a quarter.

The integration of the three diagnostics companies acquired over the last few years – Diagnostic Products Corp. (DPC), Bayer Diagnostics and Dade Behring – is well under way. Siemens Healthcare has already achieved about two thirds of the €500 million in cost savings that this move was intended to generate by the end of fiscal 2010. The last third is expected to be realized by the end of fiscal 2010. Siemens Healthcare is also anticipating further savings of around €100 million by fiscal 2011. The company assumes that the implementation of the second phase of the integration will result in restructuring charges of up to €100 million in fiscal 2010.

Some 30 percent of Siemens Healthcare's research and development capacities are now located in high-growth markets in order to develop products tailored to local requirements. Last fiscal year, Siemens Healthcare sourced about 14 percent of its purchasing volume from low-cost countries. In fiscal 2010, this figure is expected to be 17 percent. In the last two fiscal years, Siemens Healthcare generated annual organic revenue growth of more than ten percent in Brazil, China and India alone – among other things, with products based on its SMART approach (**S**imple, **M**aintenance friendly, **A**ffordable, **R**eliable and robust, **T**imely to market). Oriented toward specific market requirements, these economical products are notable for their easy handling, maintenance-friendliness and reliability. Developed and produced in emerging countries, a large proportion of these devices are now also exported.

The **Siemens Healthcare Sector** is one of the world's largest suppliers to the healthcare industry and a trendsetter in medical imaging, laboratory diagnostics, medical information technology and hearing aids. Siemens offers customers products and solutions for the entire range of patient care from a single source – from prevention and early detection to diagnosis, and on to treatment and aftercare. By optimizing clinical workflows for the most common diseases, Siemens also makes healthcare faster, better and more cost-effective. Siemens Healthcare employs some 49,000 employees worldwide and operates in over 130 countries. In fiscal year 2008 (to September 30), the Sector posted revenue of 11.2 billion euros and profit of 1.2 billion euros. For further information please visit: [www.siemens.com/healthcare](http://www.siemens.com/healthcare).

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