
Siemens Healthineers Accelerating Growth & Launching “New Ambition” – Third Phase of Strategy 2025



-
- Second strategy phase “Upgrading” completed one year ahead of schedule
 - New Ambition addresses the greatest opportunities in healthcare: fighting the most threatening diseases, enabling efficient operations, expanding access to care
 - Comparable revenue growth of 6 to 8 percent p.a. and adjusted EPS growth of 12 to 15 percent p.a. for fiscal years 2023 to 2025
 - In the Varian segment, total synergies of more than EUR 350 million and a margin of well above 20 percent planned until 2025
 - Consistent financial framework with four priorities: innovation & growth, fostering profitability, strengthening financial soundness, focused capital allocation
 - Clear commitment to sustainability with ambitious ESG goals

“With fiscal year 2022 we started the next chapter of strategy 2025. We call this chapter New Ambition, and it will be about an ever-accelerating stream of breakthrough innovations and of accelerated growth. At the core of New Ambition are our unique capabilities which we keep strengthening every day: Patient Twinning, Precision Therapy and Digital, Data and AI. These capabilities will enable us of transforming healthcare for the better in fighting the most threatening diseases, enabling efficient operations and expanding access to care. We pioneer breakthroughs in healthcare. For everyone. Everywhere! That is our purpose,” said Bernd Montag, CEO of Siemens Healthineers AG.

“We have a consistent financial framework for New Ambition with clear priorities to support innovation and growth, foster profitability, strengthen the financial soundness and allocate capital in a focused manner. We execute our accelerated profitable growth agenda building upon the successful combination with Varian. This will lead to attractive returns for our shareholders, based on sustainable value creation,” said Jochen Schmitz, Chief Financial Officer of Siemens Healthineers AG.

“Building a strong and shared culture is a critical success factor to achieve our business ambitions. Our commitment to sustainability is firmly anchored in clearly defined goals and goes hand in hand with the value added that we create for all stakeholders,” said Darleen Caron, Member of the Managing Board and Chief Human Resources Officer (CHRO) of Siemens Healthineers AG.

Siemens Healthineers launched the third phase of its Strategy 2025 with the beginning of fiscal year 2022. New Ambition will build upon the results of the Upgrading phase and outlines the next steps in the evolution of Siemens Healthineers – with regard to culture as well as to strategic and financial goals. At a virtual Capital Market Day with the new corporate purpose “We pioneer breakthroughs in healthcare. For everyone.

Everywhere.” the management explained the goals for New Ambition. Based on gaining further market shares and making new markets, Siemens Healthineers envisions an accelerated comparable revenue growth of 6 to 8 percent p.a. for fiscal years 2023 to 2025. Over the same period, the adjusted EPS growth is to be at 12 to 15 percent p.a. based on broad-based margin expansion.

New Ambition growth vectors address the greatest opportunities in healthcare

At the heart of New Ambition are the unique capabilities that Siemens Healthineers has systematically built up over the past few years: “**patient twinning**”, “**precision therapy**” and “**digital, data and artificial intelligence (AI)**”. The ever-stronger link between these three capabilities is the prerequisite for the company to take advantage of the numerous opportunities in the healthcare sector. The corresponding growth vectors are geared towards achieving the targets for the New Ambition phase. The first of these growth vectors is the **fighting the most threatening diseases**, such as cancer and cardiovascular and neurovascular diseases. The goal is to continue to grow along the diagnostic and therapeutic treatment path in cancer therapy. At the same time, the company’s leading positions in image guidance and robotics is to be leveraged to expand the impact in cardiovascular and neurovascular care. Another untapped potential is to improve efficiency by **enabling efficient**

© For personal and private use only. Reproduction must be permitted by the copyright holder. Email to copyright@mindbyte.eu.

operations. Siemens Healthineers is supporting healthcare providers to offer better care to more patients, for example by automating workflows or offering digital services. Closely related to this, is the third direction of growth, **expanding access to care**: Around three billion people worldwide do not have access to high-quality healthcare. Siemens Healthineers aims to enable access to quality care to all people everywhere in the world to the greatest extent possible.

Clear commitment to sustainability with ambitious ESG goals

Siemens Healthineers underscores its commitment to sustainability with clearly defined and measurable ESG goals. With its portfolio the company contributes to improving quality of life through access to healthcare and innovation. Patient touchpoints in underserved countries are to be increased by more than one quarter by 2025. Siemens Healthineers is also strengthening its ongoing activities for decarbonization along the entire value chain and is thus contributing to a regenerative and healthy environment. The ESG goals also include promoting diversity, inclusion and employee engagement. It is a set goal to increase the percentage of women in senior management to 26 percent by 2025.

Consistent financial framework

Siemens Healthineers defined a consistent financial framework to achieve its strategic goals; this framework has four priorities: **Driving innovation and growth** by industry leading R&D intensity with 8 to 9 percent of revenue to foster the company's innovation leadership position and SG&A intensity with 15 to 17 percent to drive further market share gains and new market opportunities. Furthermore, **fostering profitability** and strengthening the industry leading margin positions by further leveraging scale advantages, pricing excellence and strong productivity culture. The goal is to generate between 4 to 5 percent total cost productivity p.a.

Additionally **strengthening financial soundness** by emphasizing on recurring revenue streams which represent about 55 percent of total revenue and strong free cash flow generation with a cash conversion rate between 0.7 to 0.9 pretax. And **focused capital allocation** with transparent M&A principles according to strategic fit and financial accretion, an unchanged dividend policy to distribute 50 to 60 percent of net income and to stay in "solid investment grade rating"-like territory as a minimum.

Synergy targets raised to more than EUR 350 million

Total synergy targets from the combination with Varian will be raised to more than EUR 350 million by 2025. Thereof more than EUR 150 million will come from cost synergies, which arise earlier than the majority of revenue synergies of more than EUR 200 million. In the earlier years of New Ambition cost synergies will be partially reinvested to generate future revenue synergies which will be P&L effective primarily in the fiscal years 2024 and 2025.

Mid-term guidance for segments for the fiscal years 2023 to 2025

Siemens Healthineers has defined clear priorities and goals for its segments including the synergies from the Varian combination. At **Imaging** comparable revenue growth is expected between 5 to 8 percent p.a. and margins will expand by 20 to 80 base points p.a. At **Diagnostics** comparable revenue growth and margins will be progressing towards 4 to 6 percent p.a. and mid-teens respectively until fiscal 2025. **Varian's** fully synergized plan will show comparable revenue growth between 9 to 12 percent p.a. and margin will be progressing to well above 20 percent in fiscal year 2025. At **Advanced Therapies** comparable revenue growth is expected between 5 to 8 percent p.a. and margins will be progressing towards 20 percent in fiscal year 2025.

Source & Image Credit: [Siemens Healthineers](#)

Published on : Fri, 3 Dec 2021