



Ladies and gentlemen, dear shareholders, last Thursday was an eventful day for Siemens. On the day of the quarterly earnings release, CEO Joe Kaeser introduced the updated **strategy program Vision 2020+**. Siemens is setting the course for long-term value creation through accelerated growth and stronger profitability with a simplified and leaner company structure. The main aim of the **Vision 2020+ company strategy** is to give Siemens' individual businesses significantly more entrepreneurial freedom under the strong Siemens brand in order to sharpen their focus on their respective markets. As a result, both the annual revenue growth rate and the profit margin of the company's Industrial Business are expected to increase by two percentage points over the medium term. Basic earnings per share are expected to grow faster than revenue over the medium term. More information on p. 2.

At the same time the **acquisition of mendix** and entry into the IoT Integration Services business was announced. This will enable Siemens to rigorously expand its market leadership in industrial digitalization. More information on p. 4.

During the event CFO Ralf Thomas presented an overview of the **third quarter of fiscal 2018**:

Comparable **orders** were substantially up by 21% with a number of large order wins, especially at Siemens Gamesa, Power and Gas and Mobility. **Revenue** was flat on a comparable basis. The book-to-bill ratio was 1.11 and order backlog reached a record high of €132bn.

Industrial Business profit margin was at 10.7%, an **excellent performance by Digital Factory** and operational improvement by many Divisions was **partly offset by a sharp decrease in profit and profitability at Power and Gas**. Six out of eight Divisions were in or even above the targeted range.

Net income was at €1.2bn, held back by substantially higher income tax expenses and basic **EPS** was at €1.36.

„Our global team delivered a strong quarter, highlighted by outstanding order intake, outperforming the market. We diligently address our opportunities and challenges going forward,“ said Joe Kaeser.

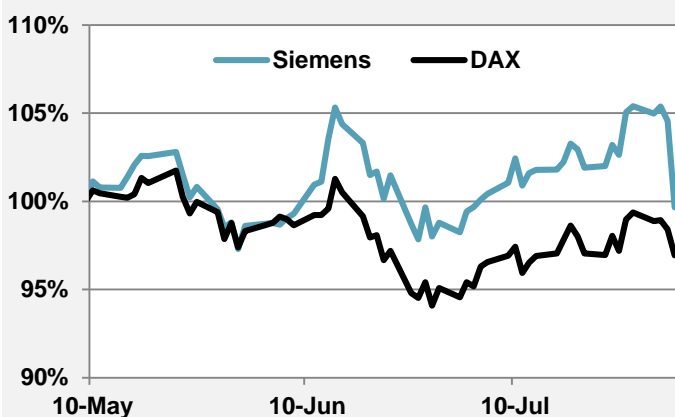
On the day of the announcements, the **Siemens share** closed at €114.20 (-4.7%) underperforming the DAX (-1.5%) and peers in a generally weak market environment. The underperformance was driven by a combination of weaker than expected guidance for Power and Gas as well as cautious comments around short cycle development. While Vision 2020+ strategy was welcomed, at this point of time it is difficult for the market to assess the full mid- and long term impact of Vision 2020+.

Dear shareholders, I want to thank you for your trust and interest and wish you a nice summer break.

Kind regards,

Sabine Reichel, Head of Investor Relations, Siemens AG

Share Performance May 10 – Aug 2, 2018



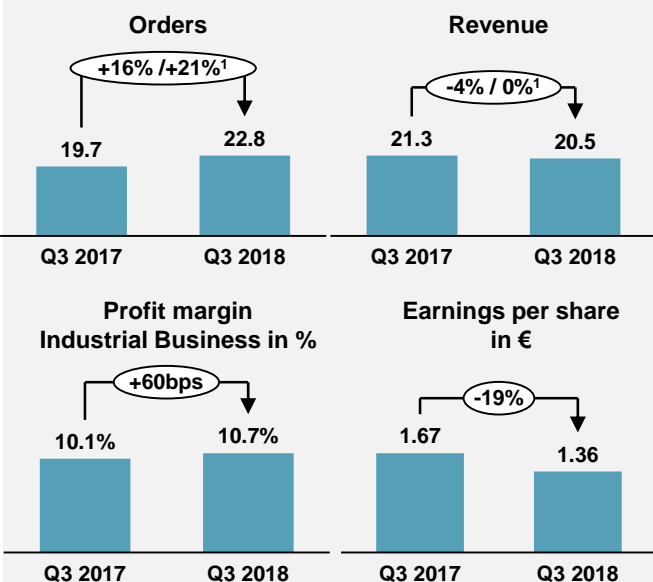
Siemens 0% | DAX -3%

GE -10% | Eaton +7% | ABB -7% | Schneider -10% | MHI +2%

[Link to the Siemens share information](#)

Selected Key Figures

(in € billion, except where otherwise stated)



1) Changes are adjusted for currency translation and portfolio effects

Our Industrial Business in Q3 2018

Power and Gas



Revenue: €3.0bn Profit: €164m

Profit Margin: 5.4%

[Press Releases](#)

[Division Overview](#)

Energy Management



Revenue: €3.1bn Profit: €233m

Profit Margin: 7.6%

[Press Releases](#)

[Division Overview](#)

Building Technologies



Revenue: €1.6bn Profit: €177m

Profit Margin: 11.0%

[Press Releases](#)

[Division Overview](#)

Mobility



Revenue: €2.1bn Profit: €177m

Profit Margin: 8.3%

[Press Releases](#)

[Division Overview](#)

Digital Factory



Revenue: €3.3bn Profit: €681m

Profit Margin: 20.9%

[Press Releases](#)

[Division Overview](#)

Process Industries and Drives



Revenue: €2.2bn Profit: €147m

Profit Margin: 6.6%

[Press Releases](#)

[Division Overview](#)

Siemens Healthineers



Revenue: €3.3bn Profit: €515m

Profit Margin: 15.6%

[Press Releases](#)

[Company Overview](#)

Siemens Gamesa Renewable Energy



Revenue: €2.1bn Profit: €115m

Profit Margin: 5.4%

[Press Releases](#)

[Company Overview](#)

Vision 2020+

Why now?

Goals of Vision 2020
have been largely achieved –
Siemens in a strong position

The best time to reinvent yourself
is when you're strong

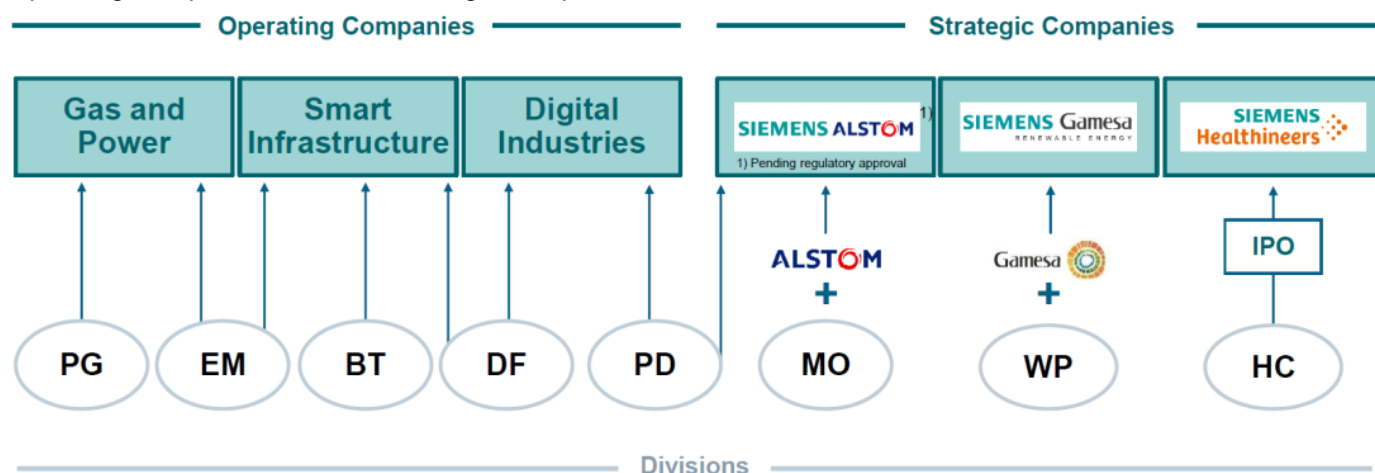
Adaptability is a key prerequisite in
the digital age

Vision 2020+

Joe Kaeser is convinced that Vision 2020+ will unite the interests of all stakeholders: “We’ll be even faster and more expert in supporting and advising our customers in achieving their goals – and not just in digitalization. For our employees, the Siemens of the next generation means greater personal and creative freedom and more opportunities to take responsibility. Our investors will also profit because we’ll give our businesses all the tools they need to be the best in their particular market environments. And an even stronger Siemens will be in a better position to meet its social responsibilities,” he added.

New structure: More entrepreneurial freedom – less centralized governance

The goal of the new company structure is to provide Siemens’ individual businesses with greater entrepreneurial freedom. As a result, the organizational level of the current Divisions will be eliminated, the regional organization realigned to further increase its customer orientation, and company headquarters streamlined. “By further developing our strategy, we’re building the next-generation Siemens. Less management from headquarters and more freedom for our businesses will make us stronger and more flexible,” said Kaeser. Below the Group level, there will be three Operating Companies and three Strategic Companies.



The new structure will go into effect at the start of the new fiscal year on October 1, 2018. Implementation will proceed step-by-step and is to be completed by March 31, 2019. The company’s Building Technologies Division (BT), Energy Management Division (EM), Power and Gas Division (PG), Digital Factory Division (DF) and large parts of its Process Industries and Drives Division (PD) will be combined to form **three new Operating Companies**. The Business Units of the company will also be set up newly in a more focused manner and integrated into the three Operating Companies.

The **Strategic Companies** will include Siemens Healthineers and Siemens Gamesa Renewable Energy, two fully consolidated companies in which Siemens holds a majority stake. Until the completion of its planned combination with Alstom, they will also include Siemens’ mobility business.

In the future, **Company Headquarters** will be considerably leaner, and some of its tasks and employees will be transferred to other units. Headquarters will focus on core tasks (Finance, Governance & Markets, Legal and Compliance, Human Resources and Communications).

Mid-term impact

Accelerated comp. revenue growth + 2 ppts CAGR

Margin lift at Industrial Businesses + 2 ppts

EPS growth¹⁾ > revenue growth

1) on constant minority shareholdings



“The Supervisory Board supports the company’s further strategic development and is convinced that Vision 2020+ is an outstanding plan for accelerating the transformation and strengthening Siemens for the next decade from a position of strength,” said Siemens Super-isory Board Chairman Jim Hagemann Snabe. [further information](#)

Information Corner – mendix acquisition

About mendix:

The US company is a leader in cloud native low code application development. mendix was founded in 2005 in Rotterdam and is headquartered in Boston. The company has over 400 employees and its software-as-a-service business model results in over 90 percent of sales being recurring.

How does mendix fit into the Siemens strategy?

As more enterprises invest to digitalize their operations, demand for business applications is growing significantly faster than the capacity of IT organizations to deliver them. Low code application development platforms provide features for rapid development, deployment and execution of applications in the cloud.

Where will it be reported within Siemens?

mendix will be part of the software business of Siemens' Digital Factory (DF) Division, with the mendix platform also deployed across other Siemens businesses.

[further information](#)

Financial Calendar



Nov. 8, 2018 4th quarter 2018 financial results

Jan. 30, 2019 1st quarter 2019 financial results and expected AGM

For further information, please click [here](#)

Contact



Investor Relations

+49 (89) 636 32474

investorrelations@siemens.com

<http://www.siemens.com/ir>

Siemens AG

Werner-von-Siemens-Str. 1

80333 Munich

Germany

How does Siemens assess the further course of fiscal 2018?

We continue to expect basic EPS from net income in the range of €7.70 to €8.00, excluding severance charges. Furthermore we confirm our expectation of modest growth in revenue, net of effects from currency translation and portfolio transactions, and continue to anticipate that orders will exceed revenue for a book-to-bill ratio above 1 for the full fiscal year. We continue to expect a profit margin of 11.0% to 12.0% for our Industrial Business also excluding severance charges.

This outlook excludes charges related to legal and regulatory matters and potential effects which may follow the introduction of a new strategic program.

Notes and Forward-Looking Statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” 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' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, 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 should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or 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.

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.