

*The combined Analyst and Press Conference Call is being held on July 31, at 8.00 am BST / 9.00 am CEST / 3.00 am EDT, and will be webcast on [www.siemens.com/investorrelations](http://www.siemens.com/investorrelations) and [www.siemens.com/press](http://www.siemens.com/press)*

# Siemens Q3 FY14 IR Flashlight

# Safe Harbour Statement

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, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information—Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter Risks and opportunities of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC’s website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

All underlying margins are calculated by adjusting margins for the effects reported for the respective businesses in the relevant period. These effects are provided to assist in the analysis of the businesses’ results year-over-year and may vary from period to period. Underlying margins are not necessarily indicative of future performance. Other companies may calculate similar measures 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.

## Financial Highlights of Q3 FY14

- **FY14 Outlook confirmed**
- **Orders flat<sup>1)</sup>: Energy +61% due to large order wins (incl. €1.6bn offshore wind order), Industry +5%, Healthcare up +2% offset by IC -43% due to tough comps; Regions: Emerging Markets +16%, China +6%, US +6% while Europe<sup>2)</sup> -8% (mainly large UK rail order in PYQ)**
- **Revenue +1%, driven by IC +8% with execution of large contracts, Industry +3% while Healthcare -1% and Energy -2%; Regions mixed with China +14%, Emerging Markets +5% and US +2% while Germany -1%**
- **Total Sectors Profit at €1.7bn up 37% on strong improvements in IC and Industry; underlying margin 10.6%:**
  - **Energy margin 6.6% (underlying 8.7%) impacted by -€155m project charges at Transmission** mainly related to offshore wind grid connection (-€128m) and a UK HVDC project (-€27m); **Power Generation margin of 15.5% incl. +€26m gain** on sale of an engineering business; **ongoing profitability challenges** across the Sector remain
  - **Healthcare margin 13.7% (underlying 14.9%) impacted by unfavorable currency effects**
  - **Industry margin 12.9% (underlying 13.8%) due to improvements in short-cycle businesses more than offsetting unfavorable currency effects; IA margin 16.2% on better product mix, DT margin 9.4%**
  - **IC margin 7.4% (underlying 7.1%) on higher profit across all divisions due to solid execution and “Siemens 2014” productivity improvements**
- **Net income at €1.4bn (+27%) and EPS of €1.62 (+28%)**
- **FCF from continuing operations increased 13% to €1.1bn, ROCE at 16.9% in target range**

1) All figures y-o-y on a comparable basis excluding currency translation and portfolio effects

2) Incl. Europe, C.I.S., Africa, Middle East

3) PPA = purchase price allocation

## Key Items relating to Q3 FY14 (I)

### Energy

- **Sector Level**
  - **Margin:** 6.6%
  - **Underlying margin:** 8.7%
  - Ongoing profitability challenges across the Sector remain
- **Power Generation**
  - **Margin:** 15.5%
  - Incl. +€26m gain on the sale of an engineering business
  - **Underlying margin:** 14.7%
  - Division expects ongoing challenges in the gas turbine market
- **Wind Power**
  - **Margin:** 2.7%
- **Power Transmission**
  - **Margin:** -14.8%
  - Incl. -€128 project charges mainly related to grid connections to offshore wind-farms resulting primarily from increased transportation, installation and commissioning costs
  - Incl. -€27m charges related to an HVDC transmission project in the UK resulting from project delays and associated penalties
  - **Underlying margin:** -2.6%
  - Division expects continuing challenges in coming quarters

### Healthcare

- **Sector Level**
  - **Margin:** 13.7%
  - Incl. PPA<sup>1)</sup> -€41m from Diagnostics
  - **Underlying margin:** 14.9%
- **Diagnostics**
  - **Margin:** 11.0%
  - Incl. PPA<sup>1)</sup> -€41m
  - **Underlying margin:** 15.4%

1) PPA = purchase price allocation

## Key Items relating to Q3 FY14 (II)

### Industry

- **Sector Level**
    - **Margin:** 12.9%
    - **Underlying margin:** 13.8%
  - **Industry Automation**
    - **Margin:** 16.2%
    - Incl. PPA<sup>1)</sup> -€17m related to UGS (versus -€35m in Q2 2014)
    - Incl. PPA<sup>1)</sup> -€11m related to LMS
    - **Underlying margin:** 17.6%
  - **Drive Technologies**
    - **Margin:** 9.4%
    - Incl. PPA<sup>1)</sup> -€7m related to Flender
    - **Underlying margin:** 9.7%
- 
- **Sector managed:**
    - During the third quarter, Siemens classified as discontinued operations nearly all the activities of the Metals Technologies business, formerly included in the Industry Sector. These activities are to become part of a joint venture with Mitsubishi-Hitachi Metals Machinery Inc. in which Siemens will hold a 49% stake. The joint venture transaction is subject to approval by regulatory authorities. Closing is expected in the first quarter of fiscal 2015

### Infrastructure & Cities

- **Sector Level**
  - **Margin:** 7.4%
  - **Underlying margin:** 7.1%
- **Transportation & Logistics**
  - **Margin:** 6.2%
  - Incl. PPA<sup>1)</sup> -€13m related to Invensys Rail
  - Incl. €27m positive effect from changed risk assessment for a rail project
  - **Underlying margin:** 5.5%
- **Power Grid Solutions & Products**
  - **Margin:** 8.4%
- **Building Technologies**
  - **Margin:** 7.6%

1) PPA = purchase price allocation

## Key Items relating to Q3 FY14 (III)

### Below Sector

- **Equity Investments**
  - Profit: +€59m
- **Financial Services (SFS)**
  - Profit: +€121m
  - Total assets: €20.1bn
- **Corporate Items & Pensions -€65m**
  - Corporate items +€38m main factor was income resulting from changes in the fair value of warrants issued together with US\$3 billion in bonds in fiscal 2012, partly offset by negative effects related to legal and regulatory matters. The fair value of the warrants depends on the underlying Siemens and OSRAM share prices as well as their respective volatilities. Results for Corporate items are expected to remain variable in coming quarters
  - Pensions -€103m
- **Siemens Real Estate (SRE)**
  - Income of +€67m (before income tax)
- **Eliminations, Corporate Treasury and other reconciling items**
  - Income of -€87m (before income tax)

### Discontinued Operations

- **Discontinued operations: +€28m**

# Orders

€m	Q3 FY13	Q2 FY14	Q3 FY14	Y-o-Y Q3 FY13 - Q3 FY14 (nominal)	Y-o-Y Q3 FY13 - Q3 FY14 (comparable) <sup>1)</sup>	Q-o-Q Q2 FY14 - Q3 FY14 (nominal)
<b>Energy Sector</b>	<b>5,353</b>	<b>6,105</b>	<b>8,228</b>	<b>54%</b>	<b>61%</b>	<b>35%</b>
Power Generation	3,397	3,031	4,628	36%	45%	53%
Wind Power	631	1,679	2,006	218%	219%	19%
Power Transmission	1,361	1,445	1,631	20%	25%	13%
<b>Healthcare Sector</b>	<b>3,274</b>	<b>3,196</b>	<b>3,199</b>	<b>-2%</b>	<b>2%</b>	<b>0%</b>
Diagnostics	992	937	951	-4%	1%	1%
<b>Industry Sector</b>	<b>4,085</b>	<b>4,534</b>	<b>4,145</b>	<b>1%</b>	<b>5%</b>	<b>-9%</b>
Industry Automation	2,071	2,174	2,022	-2%	1%	-7%
Drive Technologies	2,131	2,472	2,244	5%	9%	-9%
<b>Infrastructure &amp; Cities Sector</b>	<b>7,505</b>	<b>4,662</b>	<b>4,154</b>	<b>-45%</b>	<b>-43%</b>	<b>-11%</b>
Transportation & Logistics	4,575	1,888	1,305	-71%	-72%	-31%
Power Grid Solutions & Products	1,584	1,498	1,572	-1%	5%	5%
Building Technologies	1,422	1,337	1,338	-6%	-3%	0%
<b>Total Sectors</b>	<b>20,215</b>	<b>18,497</b>	<b>19,725</b>	<b>-2%</b>	<b>2%</b>	<b>7%</b>
Equity Investments						
SFS	286	236	243			
<b>Reconciliations</b>						
CMPA	51	91	57			
SRE	626	598	594			
Corp. Items & Pensions	116	91	84			
Elim., CT & Other recon.	-1,181	-1,286	-1,292			
<b>Siemens (Cont. Ops.)</b>	<b>20,113</b>	<b>18,228</b>	<b>19,411</b>	<b>-3%</b>	<b>0%</b>	<b>6%</b>

1) Adjusted for currency translation and portfolio effects

# Revenue

€m	Q3 FY13	Q2 FY14	Q3 FY14	Y-o-Y Q3 FY13 - Q3 FY14 (nominal)	Y-o-Y Q3 FY13 - Q3 FY14 (comparable) <sup>1)</sup>	Q-o-Q Q2 FY14 - Q3 FY14 (nominal)
<b>Energy Sector</b>	<b>6,639</b>	<b>5,600</b>	<b>6,111</b>	<b>-8%</b>	<b>-2%</b>	<b>9%</b>
Power Generation	3,696	3,220	3,474	-6%	1%	8%
Wind Power	1,373	1,156	1,415	3%	7%	22%
Power Transmission	1,527	1,228	1,264	-17%	-13%	3%
<b>Healthcare Sector</b>	<b>3,367</b>	<b>3,256</b>	<b>3,192</b>	<b>-5%</b>	<b>-1%</b>	<b>-2%</b>
Diagnostics	992	937	951	-4%	1%	1%
<b>Industry Sector</b>	<b>4,279</b>	<b>4,085</b>	<b>4,231</b>	<b>-1%</b>	<b>3%</b>	<b>4%</b>
Industry Automation	2,054	2,000	2,045	0%	3%	2%
Drive Technologies	2,357	2,203	2,317	-2%	2%	5%
<b>Infrastructure &amp; Cities Sector</b>	<b>4,456</b>	<b>4,422</b>	<b>4,712</b>	<b>6%</b>	<b>8%</b>	<b>7%</b>
Transportation & Logistics	1,647	1,791	1,957	19%	17%	9%
Power Grid Solutions & Products	1,491	1,363	1,455	-2%	3%	7%
Building Technologies	1,381	1,326	1,359	-2%	1%	2%
<b>Total Sectors</b>	<b>18,741</b>	<b>17,363</b>	<b>18,245</b>	<b>-3%</b>	<b>2%</b>	<b>5%</b>
Equity Investments						
SFS	286	236	243			
<b>Reconciliations</b>						
CMPA	109	39	71			
SRE	627	598	594			
Corp. Items & Pensions	116	93	86			
Elim., CT & Other recon.	-1,268	-1,231	-1,318			
<b>Siemens (Cont. Ops.)</b>	<b>18,611</b>	<b>17,097</b>	<b>17,921</b>	<b>-4%</b>	<b>1%</b>	<b>5%</b>

1) Adjusted for currency translation and portfolio effects



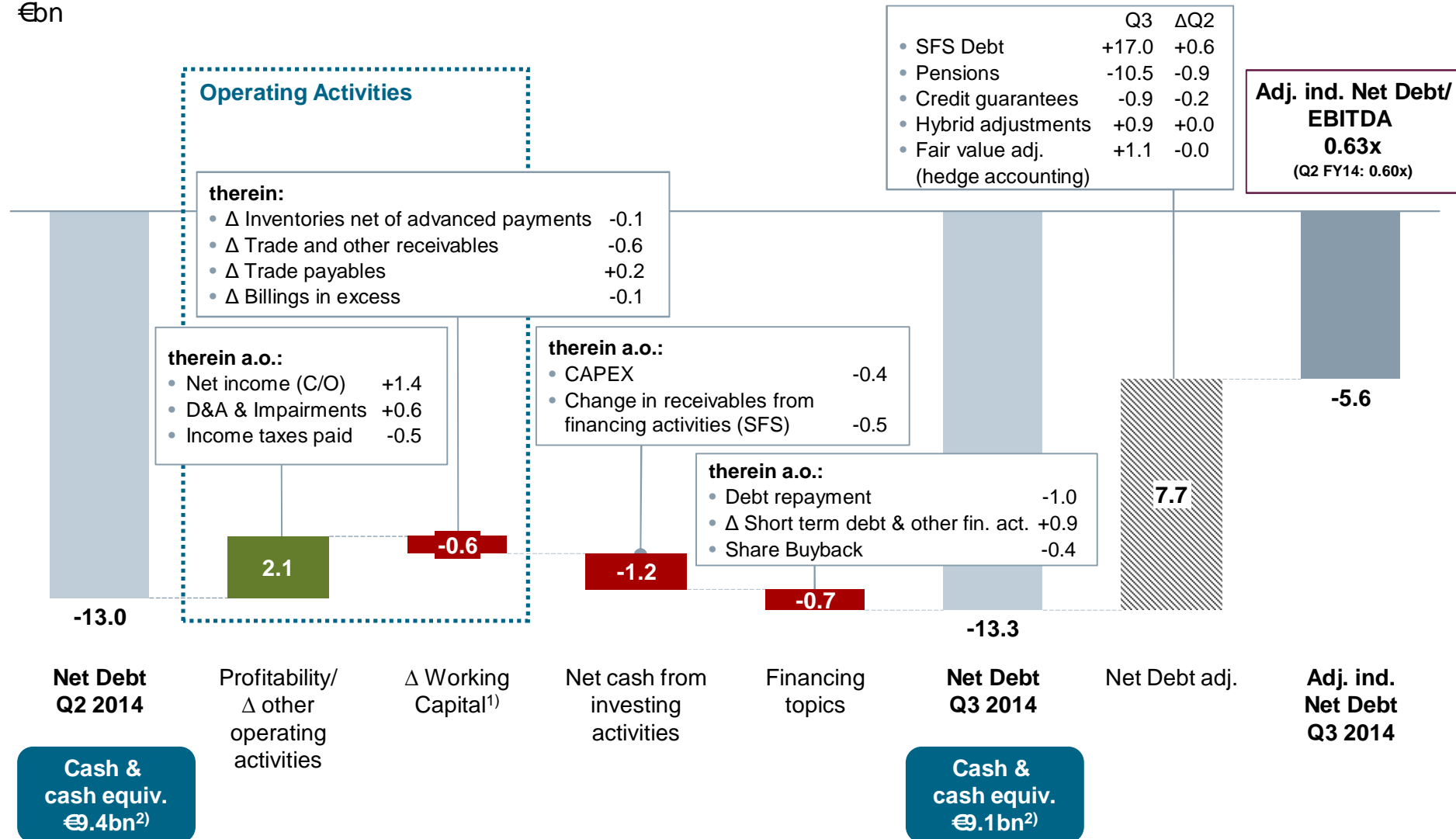
# Profit & Margins

€m	Q3 FY13	Q2 FY14	Q3 FY14	Margin Q3 FY13	Margin Q2 FY14	Margin Q3 FY14	EBITDA Margin Q3 FY14
<b>Energy Sector</b>	<b>430</b>	<b>255</b>	<b>405</b>	<b>6.5%</b>	<b>4.6%</b>	<b>6.6%</b>	<b>8.7%</b>
Power Generation	501	592	538	13.6%	18.4%	15.5%	
Wind Power	21	-50	38	1.6%	-4.3%	2.7%	
Power Transmission	-49	-297	-188	-3.2%	-24.2%	-14.8%	
<b>Healthcare Sector</b>	<b>499</b>	<b>531</b>	<b>436</b>	<b>14.8%</b>	<b>16.3%</b>	<b>13.7%</b>	<b>18.3%</b>
Diagnostics	72	101	105	7.3%	10.8%	11.0%	
<b>Industry Sector</b>	<b>363</b>	<b>530</b>	<b>548</b>	<b>8.5%</b>	<b>13.0%</b>	<b>12.9%</b>	<b>16.1%</b>
Industry Automation	238	316	332	11.6%	15.8%	16.2%	
Drive Technologies	127	210	217	5.4%	9.5%	9.4%	
<b>Infrastructure &amp; Cities Sector</b>	<b>-23</b>	<b>325</b>	<b>350</b>	<b>-0.5%</b>	<b>7.3%</b>	<b>7.4%</b>	<b>8.9%</b>
Transportation & Logistics	-160	126	122	-9.7%	7.0%	6.2%	
Power Grid Solutions & Products	102	112	122	6.8%	8.2%	8.4%	
Building Technologies	31	91	103	2.3%	6.9%	7.6%	
<b>Total Sectors</b>	<b>1,269</b>	<b>1,640</b>	<b>1,739</b>	<b>6.8%</b>	<b>9.4%</b>	<b>9.5%</b>	
Equity Investments	151	123	59				
SFS	73	114	121	12.5% <sup>1)</sup>	18.1% <sup>1)</sup>	18.4% <sup>1)</sup>	
<b>Reconciliations</b>							
CMPA	3	-41	6				
SRE	14	17	67				
Corporate Items and Pensions	-125	-248	-65				
Elim., CT & Other recon.	-27	3	-87				
<b>Siemens Pre-Tax Profit (Cont. Ops.)</b>	<b>1,358</b>	<b>1,608</b>	<b>1,840</b>				
Taxes	-352	-448	-470				
<b>Income from Cont. Ops.</b>	<b>1,006</b>	<b>1,160</b>	<b>1,371</b>				
Income from discontinued operations	92	-7	28				
<b>Net Income (All-In)</b>	<b>1,098</b>	<b>1,153</b>	<b>1,399</b>				
<i>therein</i> Minority interest	27	29	28				
Basic EPS from Cont. Ops. (in €)	1.16	1.34	1.59				
Basic EPS from Net income All-in (in €)	1.27	1.33	1.62				

1) SFS: RoE after tax

# Net Debt Bridge as of Q3 FY14

€bn



1) Includes net cash used in inventories less advanced payments received, net cash provided by trade and other receivables, net cash provided by trade payables and net cash used in billings in excess of cost and in estimated earnings on uncompleted contracts and related advances (included in the consolidated statements of cash flow in change in other assets and liabilities)

2) Including available-for-sale financial assets

## Pension underfunding increased to -€9.7bn

### Pension deficit increase mainly due to decreased discount rate level

in €bn	FY 2012 <sup>1)2)</sup>	FY 2013 <sup>2)3)</sup>	Q1 FY 2014 <sup>3)</sup>	Q2 FY 2014 <sup>3)</sup>	Q3 FY 2014 <sup>3)4)</sup>
Defined benefit obligation (DBO) on pension benefits	33.0	32.6	32.3	33.7	35.3
Fair value of plan assets	24.1	24.1	24.2	24.8	25.6
<b>Funded status of pension benefits</b>	<b>(8.9)</b>	<b>(8.5)</b>	<b>(8.0)</b>	<b>(8.9)</b>	<b>(9.7)</b>
DBO on other post-employment benefits (mainly unfunded)	0.7	0.6	0.6	0.6	0.6
Discount rate	3.2%	3.4%	3.5%	3.1%	2.7%
Interest Income	0.9	0.8	0.2	0.2	0.2
Actual return on plan assets	3.2	1.3	0.4	0.8	0.9

1) IAS 19R (revised) has been adopted as of beginning of FY 2013 (leading to interest income based on a "high-quality corporate bond" rate). Therefore, FY 2012 information have been adjusted accordingly.

2) Figures exclude Osram which is classified as "discontinued operations".

3) Figures exclude "Water" Business (since January 2014 due to delayed transfer in UK and USA) which is classified as "discontinued operation".

4) Figures exclude "Metal" and "Microbiology" Businesses which are classified as "discontinued operation" re "liability held for sale".

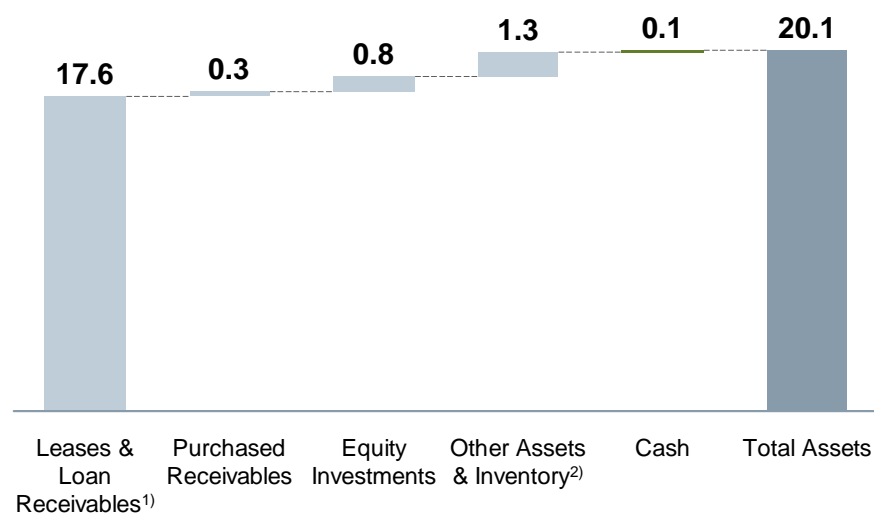
# SFS Key Figures Q3 FY14

## Key Financial Data SFS

- **Assets** €20.1bn
- **Profit before Tax** €121m
- **Return on Equity after tax** 18.4%
- **Operating and Investing Cash Flow** - €516m

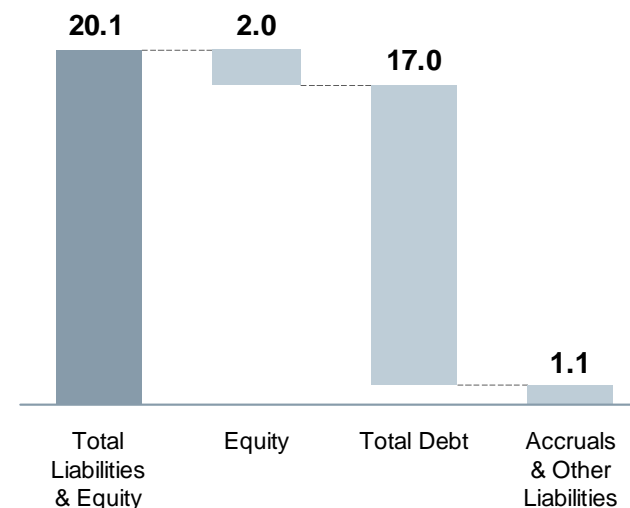
## Assets

€bn



## Liabilities and Equity

€bn



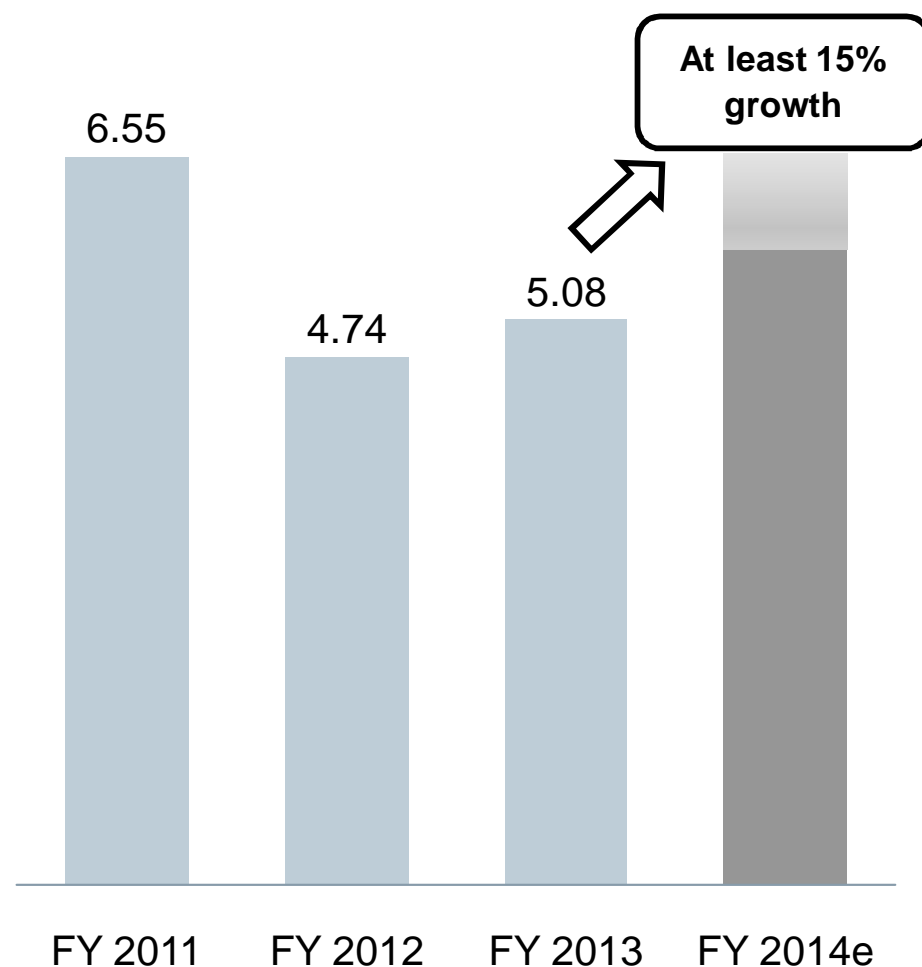
1) Operating and finance leases, originated and purchased loans as well as asset-based lending loans

2) Intercompany receivables, securities, (positive) fair values of derivatives, tax receivables, fixed assets, intangible assets, land and building, prepaid expenses and inventories

## Outlook Fiscal 2014 confirmed

### Basic earnings per share (Net income)

In €



- We expect **revenue** on an **organic basis** to **remain level year-over-year**, and orders to exceed revenue for a **book-to-bill ratio above 1**.
- Given these developments and financial results for the first nine months, we expect **basic earnings per share (Net Income)** for fiscal 2014 to **grow by at least 15% from €5.08** in fiscal 2013.
- This outlook is based on shares outstanding of 843 million as of September 30, 2013.
- Furthermore, it excludes impacts related to legal and regulatory matters.

## Siemens Investor Relations Contact Data



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# Reconciliation and Definitions for Non-GAAP Measures

This document includes supplemental financial measures that are or may be non-GAAP financial measures.

Orders and order backlog; adjusted or organic growth rates of revenue and orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial 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 IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP). For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.