

Jahres-Pressekonferenz Geschäftsjahr 2010

Wachstum bei Siemens gewinnt an Fahrt

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Haftungsausschlusserklärung

Dieses Dokument enthält zukunftsgerichtete Aussagen und Informationen – also Aussagen über Vorgänge, die in der Zukunft, nicht in der Vergangenheit, liegen. Diese zukunftsgerichteten Aussagen sind erkennbar durch Formulierungen wie „erwarten“, „wollen“, „antizipieren“, „beabsichtigen“, „planen“, „glauben“, „anstreben“, „einschätzen“, „werden“, „vorhersagen“ oder ähnliche Begriffe. Solche Aussagen beruhen auf den heutigen Erwartungen und bestimmten Annahmen des Siemens-Vorstands. Sie unterliegen daher einer Reihe von Risiken und Ungewissheiten. Eine Vielzahl von Faktoren, von denen zahlreiche außerhalb des Einflussbereichs von Siemens liegen, beeinflusst die Geschäftsaktivitäten, den Erfolg, die Geschäftsstrategie und die Ergebnisse von Siemens. Diese Faktoren können dazu führen, dass die tatsächlichen Ergebnisse, Erfolge und Leistungen von Siemens wesentlich von den in den zukunftsgerichteten Aussagen ausdrücklich oder implizit enthaltenen Angaben zu Ergebnissen, Erfolgen oder Leistungen abweichen. Siemens ist insbesondere stark von Änderungen der allgemeinen wirtschaftlichen und geschäftlichen Lage betroffen, da diese einen direkten Einfluss auf Prozesse, Kunden und Lieferanten haben. Das kann die Entwicklung unseres Umsatzes und die Realisierung einer besseren Kapazitätsauslastung als Resultat des Wachstums nachteilig verändern. Aufgrund ihrer Unterschiedlichkeit sind nicht alle Geschäftsbereiche bei Siemens gleichermaßen von Veränderungen des wirtschaftlichen Umfelds betroffen; erhebliche Unterschiede bestehen hinsichtlich des Zeitpunktes und des Ausmaßes der Auswirkungen solcher Veränderungen. Dieser Effekt wird durch die Tatsache verstärkt, dass Siemens als ein globales Unternehmen in Ländern mit konjunkturell sehr unterschiedlichen Wachstumsraten aktiv ist. Unsicherheiten ergeben sich unter anderem aus der Gefahr, dass es auf Kundenseite zu Verzögerungen oder Stornierungen bei bereits erteilten Aufträgen kommt oder dass die Preise durch das anhaltend ungünstige Marktumfeld weiter gedrückt werden, als der Vorstand von Siemens es derzeit erwartet oder dass die Funktionskosten in Vorwegnahme eines Wachstums, das nicht wie erwartet eintritt, steigen. Weitere Faktoren, die Ursache für eine Abweichung des Ergebnisses von Siemens von den ursprünglichen Erwartungen sein können, sind Entwicklungen an den Finanzmärkten, einschließlich Schwankungen bei Zinssätzen und Währungskursen (insbesondere im Verhältnis zum U.S.\$), Rohstoffpreisen und Aktienkursen, Kreditrisikozuschläge (credit spreads) sowie der Werte der Finanzanlagen im Allgemeinen. Etwaige Änderungen in den Zinssätzen oder anderen Annahmen, die bei der Berechnung der Pensionsverpflichtungen verwendet werden, können einen Einfluss auf den Anwartschaftsbarwert der leistungsorientierten Pensionsverpflichtungen bei Siemens sowie auf die erwartete Entwicklung des Planvermögens haben, woraus wiederum unerwartete Änderungen des Finanzierungsstatus der Pensionspläne und der Pläne für pensionsähnliche Leistungszusagen resultieren können. Eine zunehmende Volatilität im Markt, ein weiterer Verfall der Kapitalmärkte, eine Verschlechterung der Rahmenbedingungen für das Kreditgeschäft und fortgesetzte Unsicherheit in Bezug auf die Hypotheken-, Finanzmarkt- und Liquiditätskrise, oder Schwankungen des zukünftigen wirtschaftlichen Erfolgs der Kerngeschäftsfelder, in denen Siemens tätig ist, können ebenso unerwartete Auswirkungen auf das Ergebnis von Siemens haben. Des Weiteren ist Siemens Risiken und Unsicherheiten in Zusammenhang mit bestimmten strategischen Neuausrichtungen, der Entwicklung seiner Beteiligungen und der strategischen Allianzen, Herausforderungen in der Integration wichtiger Akquisitionen und der Implementierung von Gemeinschaftsunternehmen und anderer wesentlicher Portfoliomaßnahmen, der Einführung konkurrierender Produkte oder Technologien durch andere Unternehmen, Veränderungen der Wettbewerbsdynamik (vor allem in sich entwickelnden Märkten), dem Risiko, dass neue Produkte und Dienstleistungen seitens der Kundenzielgruppen von Siemens nicht angenommen werden, Änderungen in der Geschäftsstrategie, dem Ausgang von offenen Ermittlungen, anhängigen Rechtsstreitigkeiten sowie den Maßnahmen, die sich aus den Ergebnissen oder auch den Tatbeständen dieser Ermittlungen ergeben, den potenziellen Auswirkungen dieser Untersuchungen und Verfahren auf das Geschäft von Siemens, einschließlich der Beziehungen zu Regierungen und anderen Kunden, den potenziellen Auswirkungen solcher Angelegenheiten auf die Abschlüsse von Siemens und verschiedenen anderen Faktoren, ausgesetzt. Detaillierte Informationen über die Siemens betreffenden Risikofaktoren sind diesem Bericht und den anderen Berichten zu entnehmen, die Siemens bei der US-amerikanischen Börsenaufsicht SEC eingereicht hat und die auf der Siemens-Website unter www.siemens.com und auf der Website der SEC unter www.sec.gov abrufbar sind. Sollten sich eines oder mehrere dieser Risiken oder Ungewissheiten realisieren oder sollte sich erweisen, dass die zugrundeliegenden Annahmen nicht korrekt waren, können die tatsächlichen Ergebnisse wesentlich von denjenigen Ergebnissen abweichen, die in der zukunftsgerichteten Aussage als erwartete, antizipierte, beabsichtigte, geplante, geglaubte, angestrebte, geschätzte oder projizierte Ergebnisse genannt worden sind. Siemens übernimmt keine Verpflichtung und beabsichtigt auch nicht, diese zukunftsgerichteten Aussagen zu aktualisieren oder bei einer anderen als der erwarteten Entwicklung zu korrigieren.

Auftragseingang und Auftragsbestand, um Währungsumrechnungs- und Portfolioeffekte bereinigte Angaben zu Umsatz und Auftragseingang, Book-to-Bill-Verhältnis, Ergebnis Summe Sektoren, Return on Equity (ROE), Return on Capital Employed (ROCE), Free Cash Flow, Cash Conversion Rate (CCR), angepasstes EBITDA, angepasstes EBIT, Effekte aus der Kaufpreisallokation (PPA-Effekte) sowie Integrationskosten, Nettoverschuldung und angepasste industrielle Nettoverschuldung sind oder können sogenannte Non-GAAP-Kennzahlen sein. Für die Beurteilung der Finanz- und Ertragslage von Siemens beziehungsweise für die Beurteilung von Zahlungsströmen sollten diese zusätzlichen Finanzkennzahlen nicht ausschließlich als Alternative zu den im Konzernabschluss dargestellten und im Einklang mit IFRS ermittelten Finanzkennzahlen herangezogen werden. Andere Unternehmen, die Finanzkennzahlen mit einer ähnlichen Bezeichnung darstellen oder berichten, können diese anders berechnen. Definitionen dieser zusätzlichen Finanzkennzahlen, eine Diskussion vergleichbarer IFRS-Kennzahlen, Informationen zum Nutzen und zu den Grenzen in der Verwendung solcher ergänzenden Finanzkennzahlen sowie eine Überleitung zu vergleichbaren IFRS-Kennzahlen finden Sie auf unserer Investor-Relations-Website unter www.siemens.com/nonGAAP. Weitere Informationen enthalten die Form 20-F von Siemens unter „Supplemental financial measures“. Die Form 20-F finden Sie auf der Investor Relations Website von Siemens oder über das EDGAR-System auf der Website der US-Börsenaufsichtsbehörde.

Weltwirtschaft hat sich stabilisiert

Reales Wirtschaftswachstum (in Prozent)		2009	2010
Welt		-1,8	+3,8
USA		-2,6	+2,6
Deutschland		-4,7	+3,3
China		+9,1	+10,3
Brasilien		-0,2	+7,4
Indien		+6,8	+8,2
Russland		-7,9	+4,2

Wachstumsperspektiven
<ul style="list-style-type: none"> ▪ Erholung des Weltwirtschaftswachstums schneller und kraftvoller als erwartet. ▪ Hohe Wachstumsdynamik dürfte sich in kommenden Monaten etwas abschwächen. ▪ Weltwirtschaft wird 2011 aber voraussichtlich immer noch um mehr als drei Prozent zulegen. ▪ Schwellenländer wachsen schneller als Industrieländer. ▪ Wachstum in zwei Geschwindigkeiten dürfte in kommenden Jahren anhalten.

Quelle: IHS Global Insight, Oktober 2010

Ergebnis der Sektoren zum zweiten Mal in Folge auf Rekordniveau

Fortgeführte Aktivitäten in Mio. Euro	GJ 2009	GJ 2010	Veränderung
Auftragseingang	78.991	81.163	+3% ¹⁾
Umsatz	76.651	75.978	-1% ¹⁾
Ergebnis der Sektoren	7.466	7.789 ²⁾	+4% ²⁾
Konzerngewinn ³⁾	2.497	4.068	+63%
Dividende in Euro	1,60	2,70 ⁴⁾	

1) Bereinigt um Währungs- und Portfolioeffekte stieg der Auftragseingang um ein Prozent, und der Umsatz sank um drei Prozent.

2) Einschließlich Wertminderungen von 1,204 Mrd. Euro auf das Diagnostikgeschäft des Healthcare-Sektors, ohne die Wertminderungen wäre das Ergebnis der Sektoren um 20 Prozent gestiegen.

3) Gewinn (nach Steuern), inklusive nicht fortgeführter Aktivitäten

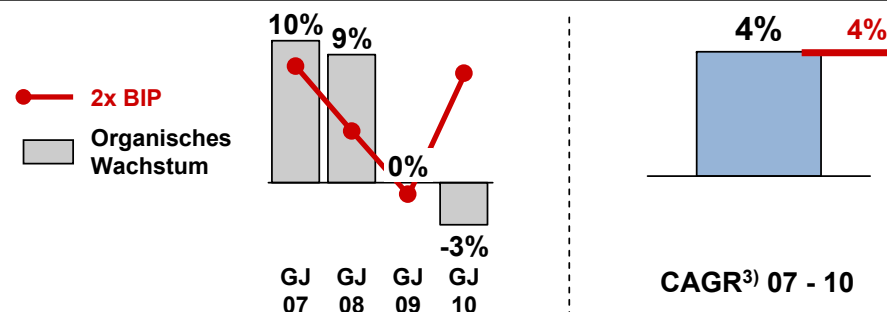
4) Vorschlag von Aufsichtsrat und Vorstand an die Siemens-Hauptversammlung

Fit 4 2010 – Unternehmensprogramm erfolgreich abgeschlossen

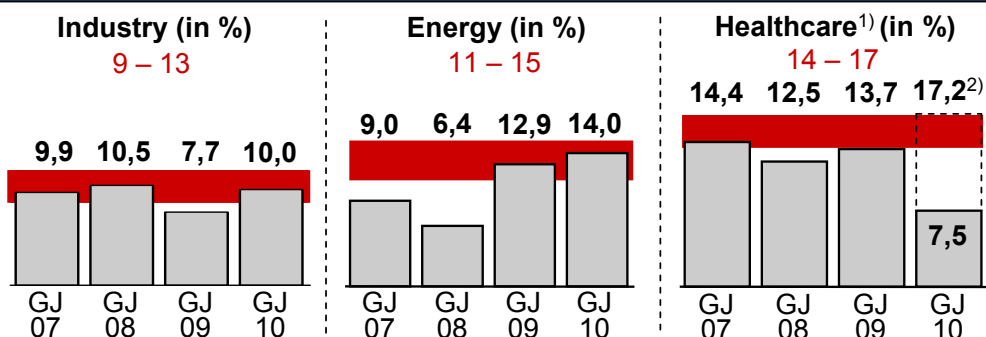
Portfolio auf Kerngeschäfte konzentriert

- Klare **Fokussierung auf drei Sektoren:** Industry, Energy und Healthcare.
- Verstärkung bei **zukunftsweisenden umweltfreundlichen Technologien.**
- **Bereinigung der Sonstigen operativen Aktivitäten**
Verkauf von rund 200 Randaktivitäten, endgültiger Ausstieg aus dem Telekommunikationsgeschäft.

Wachstum



Profitabilität



Vielfalt und Integrität vorangetrieben

- Im **Siemens-Vorstand** sind **vier Nationalitäten** vertreten.
- Der **Anteil der weiblichen Manager** hat sich in den letzten sieben Jahren **mehr als verdoppelt**, im Vorstand sind **zwei Frauen** vertreten.
- Siemens ist 2010 zum **zweiten Mal Branchenführer** im **Dow Jones Sustainability Index**.

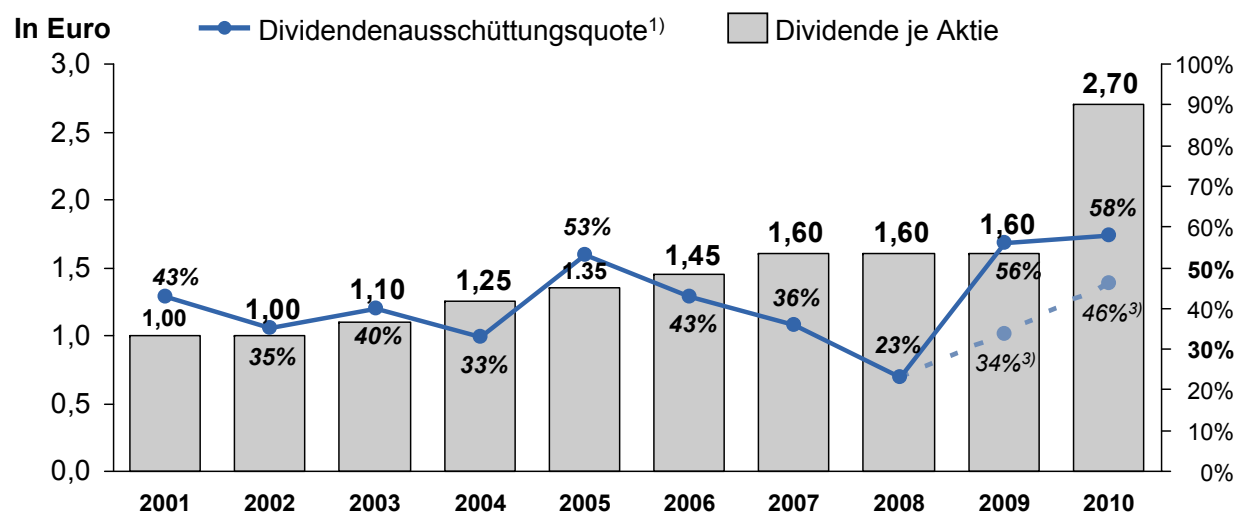
1) Ohne Kaufpreisallokation / PPA bei Diagnostics (DX)

2) Ohne Wertminderungen und PPA bei DX in Q4

3) Durchschnittliche jährliche Wachstumsrate

Siemens strebt neues Dividenniveau an

Dividendenzahlungen und Aktienrückkauf



Dividende in Mio. Euro	888	896	978	1.112	1.201	1.292	1.462	1.380	1.388	2.349
Rendite²⁾	1,37%	2,49%	1,62%	1,97%	1,78%	1,76%	1,89%	3,57%	2,36%	3,2% ⁴⁾

1) Dividendenausschüttungsquote bezogen auf Gewinn nach Steuern

2) Berechnung basiert auf Aktienkurs am Tag der Hauptversammlung

3) Bereinigt um außerordentliche, nicht zahlungswirksame Faktoren; Wertminderungen bei NSN (2009) und DX (2010)

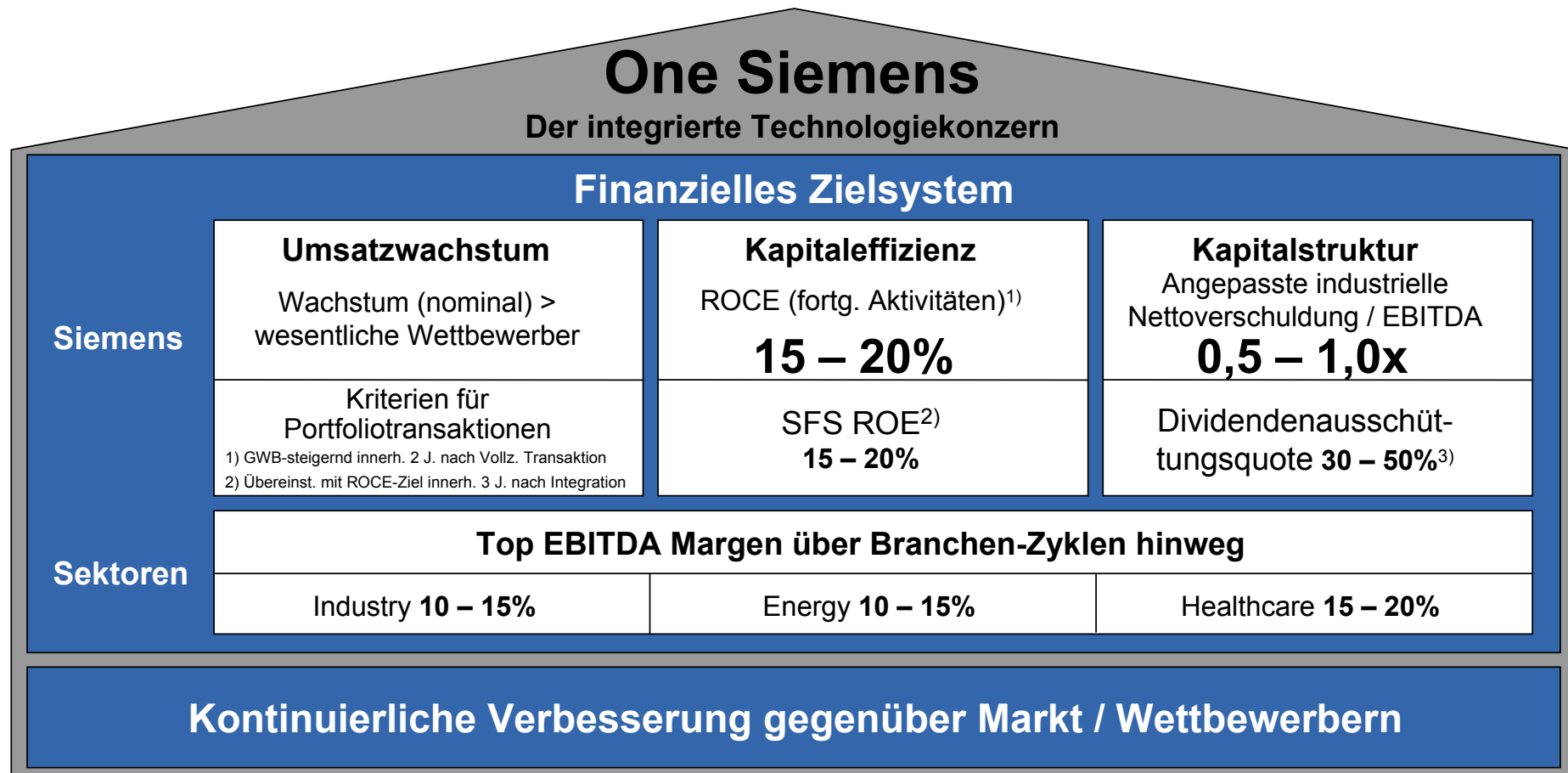
4) Berechnung basiert auf dem Schlusskurs der Siemens-Aktie vom 8. November 2010 (85,10 Euro)

Direkte Beteiligung am Erfolg

- **Bandbreite für Dividendenzahlungen soll künftig 30 bis 50 Prozent vom Gewinn nach Steuern^{*)} betragen.**
- **Vorstand und Aufsichtsrat der Siemens AG schlagen für das Geschäftsjahr 2010 eine Dividende von 2,70 Euro je Aktie vor.**
- **120.000 Siemens-Mitarbeiter, die am Belegschaftsaktienprogramm teilnehmen, profitieren als Miteigentümer von Siemens vom Unternehmenserfolg.**

^{*)} Bereinigt um außerordentliche, nicht zahlungswirksame Faktoren

„One Siemens“ – Neues Zielsystem zur nachhaltigen Weiterentwicklung

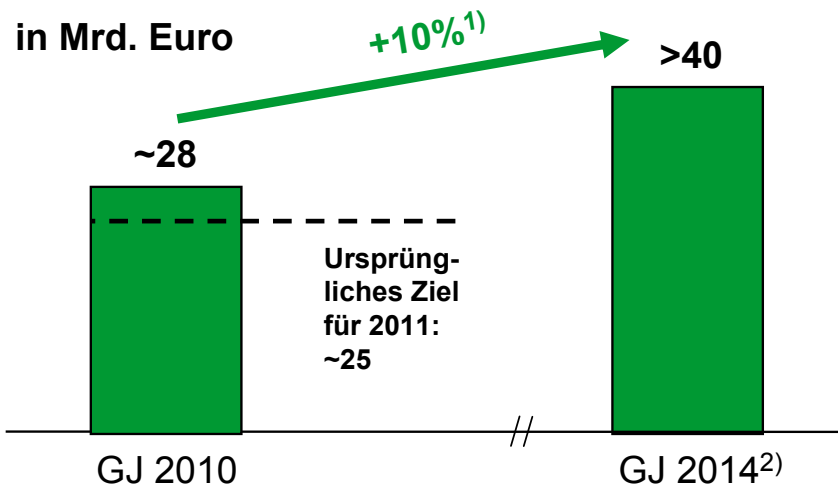


1) nach Steuern, angepasst i. W. um SFS Finanzschulden, Pensionen und ähnliche Verpflichtungen, Effekte aus der Bilanzierung von Fair Value Hedges

2) nach Steuern 3) vom Gewinn nach Steuern exkl. nicht zahlungswirksame Sondereffekte

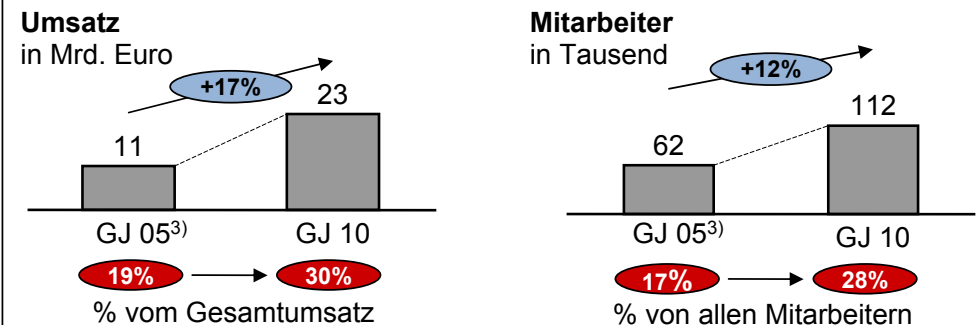
Konzentration auf wesentliche Wachstumstreiber ...

Umweltportfolio weiter ausbauen



- Unsere Kunden haben mit grünen **Siemens-Produkten** 2010 rund **270 Millionen Tonnen CO₂ eingespart.**

Siemens-Anteil in Schwellenländern



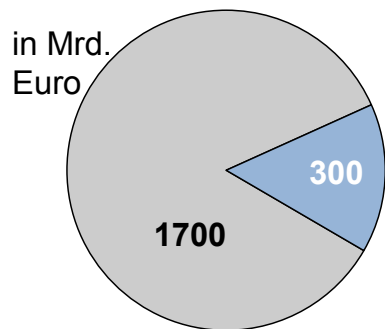
Ausbau des Service-Geschäfts

- **Breite installierte Basis** bietet **gute Ausgangsposition** für den Ausbau des Service-Geschäfts. Siemens hat weltweit die meisten Computer- und Magnetresonanztomografen im Einsatz.
- **Ausweitung der Beratungsdienstleistungen**, um bei unseren Kunden Arbeitsabläufe zu optimieren oder die Energieeffizienz zu erhöhen.

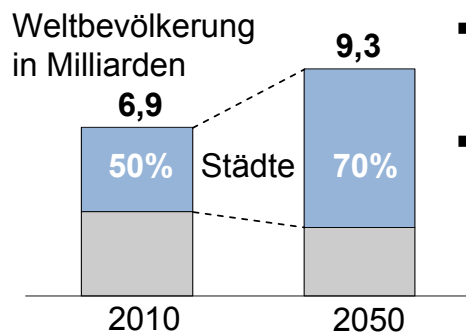
1) Durchschnittliche jährliche Wachstumsrate 2) Ziel für 2014 3) Vergleichbar, ohne COM, SV, SIS SDE

... und künftige Wachstumsmärkte sowie Kunden

Städte bieten Siemens großes Marktpotenzial



- **Infrastrukturausgaben** weltweit rund zwei Billionen Euro.
- Von Siemens **adressierbarer Markt** rund 300 Milliarden Euro.



- **Städte wachsen überdurchschnittlich.**
- Im Jahr **2050** werden rund **70 Prozent** der Weltbevölkerung **in Städten** leben.

Berechnungen basieren auf Angaben der OECD, „Infrastructure 2030“

Siemens baut die grüne Stadt der Zukunft mit

- **Abu Dhabi und Siemens** erweitern Allianz durch **strategische Partnerschaft mit Masdar.**
- Aufbau eines **Smart Grids** in Masdar City.
- Installation **intelligenter Gebäudetechnik.**
- Erforschung von **CO₂-Abscheidung und CO₂-Speicherung.**



Ausblick für das Geschäftsjahr 2011

- Mit einer anhaltenden Verbesserung in den Märkten von Siemens rechnen wir mit einem organisch deutlich steigenden Auftragseingang im Vergleich zum Geschäftsjahr 2010.
- Gestützt von unserem bereits starken Auftragsbestand, erwarten wir eine Rückkehr zu einem moderaten organischen Umsatzwachstum.
- Wir rechnen damit, dass das Ergebnis der fortgeführten Aktivitäten den Wert des Geschäftsjahres 2010 um mindestens 25 bis 35 Prozent übertreffen wird.



Von dieser Prognose ausgenommen sind Effekte, die sich aus rechtlichen und regulatorischen Angelegenheiten ergeben könnten.

Überleitungen und Definitionen

Non-GAAP Measures (I)



To supplement Siemens' Consolidated Financial Statements presented in accordance with International Financial Reporting Standards, or IFRS, Siemens presents the following supplemental financial measures:

- New orders and order backlog;
- Adjusted or organic growth rates of Revenue and new orders;
- Book-to-bill ratio;
- Total Sectors Profit;
- Return on equity, or ROE;
- Return on capital employed, or ROCE;
- Return on capital employed (adjusted), or ROCE (adjusted)
- Free cash flow and cash conversion rate, or CCR;
- Adjusted EBITDA and adjusted EBIT;
- Earnings effect from purchase price allocation (PPA effects) and integration costs;
- Net debt; and
- Adjusted industrial net debt.

These supplemental financial measures are or may be "non-GAAP financial measures," as defined in the rules of the U.S. Securities and Exchange Commission (SEC). They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with IFRS, and their usefulness is therefore subject to limitations, which are described below under "Limitations on the usefulness of Siemens' supplemental financial measures." Accordingly, they should not be viewed in isolation or as alternatives to the most directly comparable financial measures calculated in accordance with IFRS, as identified in the following discussion, and they should be considered in conjunction with Siemens' Consolidated Financial Statements presented in accordance with IFRS and the Notes thereto. Siemens' most recent Consolidated Financial Statements at any given time (the "Annual Financial Statements") can be found in the most recent Annual Report on Form 20-F filed with the SEC (the "Annual Report"), which can be accessed at www.siemens.com/annual-report. Siemens' most recent interim Consolidated Financial Statements (the "Interim Financial Statements") at any given time can be found in the most recent Interim Report on Form 6-K furnished with the SEC (the "Interim Report"), which can be accessed at www.siemens.com/quarterly-reports. Alternatively, the reports can be also found at www.siemens.com/investors under the heading "Financials".

In addition, in considering these supplemental financial measures, investors should bear in mind that other companies that report or describe similarly titled financial measures may calculate them differently. Accordingly, investors should exercise appropriate caution in comparing these supplemental financial measures to similarly titled financial measures reported by other companies.

Definitions, most directly comparable IFRS financial measures and usefulness of Siemens' supplemental financial measures

Siemens' supplemental financial measures are designed to measure growth, capital efficiency, cash and profit generation and optimization of Siemens' capital structure and therefore are used to formulate targets for Siemens. The following discussion provides definitions of these supplemental financial measures, the most directly comparable IFRS financial measures and information regarding the usefulness of these supplemental financial measures.

New orders and order backlog

Under its policy for the recognition of new orders, Siemens generally recognizes a new order when we enter into a contract that we consider "legally effective and binding" based on a number of different criteria. In general, if a contract is considered legally effective and binding, Siemens recognizes the total contract value. The contract value is the agreed price or fee for that portion of the contract for which the delivery of goods and/or the provision of services is irrevocably agreed. Future revenues from service, maintenance and outsourcing contracts are recognized as new orders in the amount of the total contract value only if there is adequate assurance that the contract will remain in effect for its entire duration (e.g., due to high exit barriers for the customer).

Überleitungen und Definitionen

Non-GAAP Measures (II)



New orders and order backlog (continued)

New orders are generally recognized immediately when the relevant contract becomes legally effective and binding. The only exceptions are orders with short overall contract terms. In this case, a separate reporting of new orders would provide no significant additional information regarding our performance. For orders of this type the recognition of new orders thus occurs when the underlying revenue is recognized.

Order backlog represents the future revenues of our Company resulting from already recognized new orders. Order backlog is calculated by adding the new orders of the current fiscal year to the balance of the order backlog from the prior fiscal year and subtracting the revenue recognized in the current fiscal year. If an order from the current fiscal year is cancelled or its amount is modified, Siemens adjusts its new order total for the current quarter accordingly, but do not retroactively adjust previously published new order totals. However, if an order from a previous fiscal year is cancelled, new orders of the current quarter and accordingly the current fiscal year are generally not adjusted, instead, if the adjustment exceeds a certain threshold, the existing order backlog is revised. Aside from cancellations, the order backlog is also subject to changes in the consolidation group and to currency translation effects.

There is no standard system for compiling and calculating new orders and order backlog information that applies across companies. Accordingly, its new orders and order backlog may not be comparable with new orders and order backlog reported by other companies. Siemens subjects its new orders and its order backlog to internal documentation and review requirements. Siemens may change its policies for recognizing new orders and order backlog in the future without previous notice.

Adjusted or organic growth rates of Revenue and new orders

Siemens presents, on a worldwide basis and for each Sector and Cross-Sector Business, the percentage change from period to period in Revenue and new orders as adjusted for currency translation effects and portfolio effects. The adjusted percentage changes are called adjusted or organic rates of growth. The IFRS financial measure most directly comparable to adjusted or organic growth rate of Revenue is the unadjusted growth rate calculated based on the actual Revenue figures presented in the Consolidated Income Statement. There is no comparable IFRS financial measure for the adjusted or organic growth rate of new orders because, as discussed above, new orders is not an IFRS financial measure.

Siemens presents its Consolidated Financial Statements in Euros; however, a significant proportion of the operations of its Sectors, Divisions and Cross-Sector Businesses takes place in a functional currency other than the Euro, particularly the U.S. dollar, and is therefore subject to foreign currency translation effects. Converting figures from these currencies into Euros affects the comparability of Siemens' results and financial position when the exchange rates for these currencies fluctuate. Some Divisions are significantly affected due to the large proportion of international operations, particularly in the U.S. In addition, the effect of acquisitions and dispositions on Siemens' consolidated revenues and expenses affects the comparability of the Consolidated Financial Statements between different periods.

The adjusted or organic growth rates of Revenue and new orders are calculated by subtracting currency translation effects and portfolio effects from the relevant actual growth rates. The currency translation effect is calculated as (1) (a) Revenues or new orders, as the case may be, for the current period, based on the currency exchange rate of the current period minus (b) Revenues or new orders for the current period, based on the currency exchange rate of the previous period, divided by (2) Revenues or new orders for the previous period, based on the currency exchange rate of the previous period. The portfolio effect is calculated, in the case of acquisitions, as the percentage change in Revenues or new orders, as the case may be, attributable to the acquired business and, in the case of dispositions, as the percentage change in Revenues or new orders on the assumption that the disposed business had not been part of Siemens in the previous period. Adjusted growth rates of Revenue and new orders are always calculated for a period of twelve months. Siemens is making portfolio adjustments for certain transactions, including the carve-outs of Siemens Home and Office Communication Devices GmbH & Co. KG and the Wireless Modules business in fiscal 2008, as well as for other minor transactions in the Sectors, Cross-Sector Businesses and Centrally managed portfolio activities. For further information regarding major acquisitions and dispositions, see "Notes to Consolidated Financial Statements" in the Annual Report or Interim Report.

Siemens believes that the presentation of an adjusted or organic growth rate of Revenue and new orders provides useful information to investors because a meaningful analysis of trends in Revenue and new orders from one period to the next requires comparable data and therefore an understanding of the developments in the operational business net of the impact of currency translation and portfolio effects. Siemens' management considers adjusted or organic rates of growth in its management of Siemens' business. For this reason, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

Book-to-bill ratio

The book-to-bill ratio measures the relationship between orders received and the amount of products and services shipped and billed. A book-to-bill ratio of above 1 indicates that more orders were received than billed, indicating stronger demand, whereas a book-to-bill ratio of below 1 points to weaker demand. The book-to-bill ratio is not required or defined by IFRS.

Überleitungen und Definitionen

Non-GAAP Measures (III)



Total Sectors Profit

Siemens uses Total Sectors Profit to measure the sum of Profit of the three Sectors Industry, Energy and Healthcare. Profit of the Sectors is earnings before financing interest, certain pension costs and income taxes. Certain other items not considered performance indicative by Management may be excluded. Profit or loss for each reportable segment is the measure reviewed by the chief operating decision maker in accordance with IFRS 8, "Operating Segments." The IFRS financial measure most directly comparable to Total Sectors Profit is Income from continuing operations.

Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of Total Sectors Profit as a measure of the operational performance of the three Sectors representing the core industrial activities of Siemens.

Return on equity, or ROE

In line with common practice in the financial services industry, Siemens Financial Services (SFS) uses return on equity, or ROE, as one of its key profitability measures. Siemens defines ROE as annualized Income before income taxes of SFS divided by the average allocated equity for SFS. The allocated equity for SFS is determined and influenced by the size and quality of its portfolio of commercial finance assets (primarily leases) and equity investments. This allocation is designed to cover the risks of the underlying business and is in line with common credit risk management standards in banking. The actual risk portfolio of the SFS portfolio is evaluated and controlled monthly and is reflected in the quarterly (commercial finance) and annual (equity investments) adjustments of allocated equity.

Return on equity is reported only for the SFS segment. Siemens believes that the presentation of ROE and average allocated equity provides useful information to investors because management uses ROE as a supplement to Siemens' Consolidated Financial Statements in evaluating the business performance of SFS, and therefore the measure assists investors in assessing Siemens' overall performance.

Return on capital employed, or ROCE

Return on capital employed, or ROCE, is Siemens' measure of capital efficiency. Siemens uses this financial performance ratio in order to assess its income generation from the point of view of its shareholders and creditors, who provide Siemens with equity and debt. The different methods of calculation are detailed below. Siemens believes that the presentation of ROCE and the various supplemental financial measures involved in its calculation provides useful information to investors because ROCE can be used to determine whether capital invested in the Company and the Sectors yields competitive returns. In addition, achievement of predetermined targets relating to ROCE is one of the factors Siemens takes into account in determining the amount of performance-based or variable compensation received by its management.

ROCE at the Siemens group level

Siemens defines group ROCE as net income (before interest) divided by average capital employed, or average CE.

Net income (before interest), the numerator in the ROCE calculation, is defined as Net income excluding Other interest income (expense), net and taxes thereon. Taxes on Other interest (expense), net are calculated in a simplified form by applying the current tax rate, which can be derived from the Consolidated Statements of Income, to Other interest income (expense), net.

Capital employed, or CE, the denominator in the ROCE calculation, is defined as Total equity plus Long-term debt plus Short-term debt and current maturities of long-term debt minus Cash and cash equivalents. For information on how average capital employed is calculated, refer to "Compensation for limitations associated with Siemens' supplemental financial measures." Each of the components of capital employed appears on the face of the Consolidated Statements of Financial Position in the Annual Report or Interim Report.

ROCE at the Siemens group level, on a continuing operations basis

Siemens also presents group ROCE on a continuing operations basis. For this purpose, the numerator is Income from continuing operations excluding Other interest income (expense), net and taxes thereon and the denominator is average CE, less Assets classified as held for disposal presented as discontinued operations, net of Liabilities associated with assets held for disposal presented as discontinued operations. For information on how average capital employed (continuing operations) is calculated, refer to "Compensation for limitations associated with Siemens' supplemental financial measures."

ROCE at the Sector level

For the Sectors, ROCE is defined as Profit divided by average Assets. Profit for each Sector is defined as earnings before financing interest, certain pension costs and income taxes; certain items not considered performance-indicative by management may be excluded. Assets for each Sector are defined as Total assets less intragroup financing receivables and investments, less income tax assets, less non-interest-bearing liabilities/provisions other than tax liabilities.

Überleitungen und Definitionen

Non-GAAP Measures (IV)



ROCE (adjusted)

Starting fiscal 2011, Siemens is adjusting the ROCE definition.

Net income (before interest), the numerator in the ROCE calculation, is defined as Net income excluding Other interest income (expense), net (excluding SFS), and excluding interest cost on Pension plans and similar commitments and taxes thereon. Interest cost on Pension plans and similar commitments are calculated in a simplified form by applying a respective weighted-average discount rate to Pension plans and similar commitments as reported in the Consolidated Statements of Financial Position as of September 30 of the previous fiscal year. Pension plans and similar commitments primarily represents the funded status of pension plans and of other post-employment benefits as well as the liabilities for other long-term post-employment benefits and for deferred compensation. Taxes on Other interest income (expense), net (excluding SFS) and on interest cost of pension plans and similar commitments are calculated in a simplified form by applying the current tax rate, which can be derived from the Consolidated Statements of Income, to these interest adjustments.

Average capital employed, or CE, the denominator in the ROCE calculation, is defined as Total equity plus Long-term debt, plus Short-term debt and current maturities of long-term debt, less Cash and cash equivalents, plus Pension plans and similar commitments, less SFS Debt and less Fair value hedge accounting adjustment. Each of the components of capital employed appears on the face of the Consolidated Balance Sheet or in the "Notes to Consolidated Financial Statements" or in the relevant tables of Item 5: "Operating and financial review and prospects".

Siemens is adjusting the ROCE definition, primarily to consider pension underfunding as financing, to increase comparability of the metric with competitors and to align our ROCE definition with the definition of adjusted industrial net debt.

Free cash flow and cash conversion rate

Siemens defines Free cash flow as Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment. The IFRS financial measure most directly comparable to Free cash flow is Net cash provided by (used in) operating activities.

Siemens believes that the presentation of Free cash flow provides useful information to investors because it gives an indication of the long-term cash generating ability of our business. In addition, because Free cash flow is not impacted by portfolio activities, it is less volatile than the total of Net cash provided by (used in) operating activities and Net cash provided by (used in) investing activities. For this reason, Free cash flow is reported on a regular basis to Siemens' management, who uses it to assess and manage cash generation among the various reportable segments of Siemens and for the worldwide Siemens group. Achievement of predetermined targets relating to Free cash flow generation is one of the factors Siemens takes into account in determining the amount of performance-based or variable compensation received by its management, both at the level of the worldwide Siemens group and at the level of individual reportable segments.

Cash conversion rate, or CCR, is defined as Free cash flow divided by Net income. Siemens believes that the presentation of the CCR provides useful information to investors because it is an operational performance measure that shows how much of its income Siemens converts to Free cash flow. CCR is reported on a regular basis to Siemens' management.

Adjusted EBITDA and adjusted EBIT

Adjusted EBITDA and adjusted EBIT at the Siemens group level

Siemens defines adjusted EBITDA as adjusted EBIT before amortization (which in turn is defined as Amortization and impairments of intangible assets other than goodwill) and Depreciation and impairment of property, plant and equipment and goodwill. Siemens defines adjusted EBIT as Income from continuing operations before income taxes less Other financial income (expense), less Interest expense, less Interest income and less Income (loss) from investments accounted for using the equity method, net. Each of the components of adjusted EBIT appears on the face of the Consolidated Financial Statements, and each of the additional components of adjusted EBITDA appears in the Consolidated Financial Statements, in Item 5: "Operating and financial review and prospects" in the Annual Report, or in "Interim group management report" in the Interim Report. The IFRS financial measure most directly comparable to adjusted EBIT and adjusted EBITDA is Net income.

Siemens believes that the presentation of adjusted EBITDA and adjusted EBIT as a performance measure provides useful information to investors. In addition, adjusted EBITDA is included in the ratio of adjusted industrial net debt to adjusted EBITDA, a measure of our capital structure. Measures similar to adjusted EBITDA and adjusted EBIT are also broadly used by analysts, rating agencies and investors to assess the performance of a company. For further information regarding the ratio of adjusted industrial net debt to adjusted EBITDA, see "Adjusted industrial net debt."

Überleitungen und Definitionen

Non-GAAP Measures (V)



Adjusted EBITDA and adjusted EBIT at the Sector level

Siemens also presents adjusted EBITDA and adjusted EBIT on the Sector level. Siemens defines adjusted EBITDA on the Sector level as adjusted EBIT before amortization (which in turn is defined as Amortization and impairments of intangible assets other than goodwill) and Depreciation and impairment of property, plant and equipment and goodwill on the Sector level. Siemens defines adjusted EBIT on the Sector level as Profit as presented in the Segment Information less financial income (expense), net and less Income (loss) from investments accounted for using the equity method, net. Each of the components of adjusted EBITDA and adjusted EBIT on the level of each Sector, respectively, is presented in the table "Reconciliation to adjusted EBITDA" in "Reconciliation to adjusted EBITDA (continuing operations)" in Item 5 in the Annual Report or in the Interim Report. The IFRS financial measure in a manner similar to and most directly comparable to adjusted EBITDA and adjusted EBIT on the Sector level is Profit of the relevant Sector as presented in the "Notes to Consolidated Financial Statements" in the Annual Report or Interim Report. Reporting adjusted EBITDA and adjusted EBIT on a segment level enhances the ability of investors to compare performance across segments.

Earnings effect from purchase price allocation (PPA effects) and integration costs

The purchase price paid for an acquired business is allocated to the assets, liabilities and contingent liabilities acquired based on their fair values. The fair value step-ups result in an earnings effect over time, e.g. additional amortization of fair value step-ups of intangible assets, which is defined as a PPA effect. Integration costs are internal or external costs that arise after the signing of an acquisition in connection with the integration of the acquired business, e.g. costs in connection with the adoption of Siemens' guidelines and policies. Siemens believes that the presentation of PPA effects and integration cost effects provides useful information to investors as it allows investors to consider earnings impacts related to business combination accounting in the performance analysis.

Net debt

Siemens defines net debt as total debt less total liquidity. Total debt is defined as Short-term debt and current maturities of long-term debt plus Long-term debt. Total liquidity is defined as Cash and cash equivalents plus current Available-for-sale financial assets. Each of these components appears in the Consolidated Statements of Financial Position. The IFRS financial measure most directly comparable to net debt is total debt as reported in the Notes to Consolidated Financial Statements.

Siemens believes that the presentation of net debt provides useful information to investors because its management reviews net debt as part of its management of Siemens' overall liquidity, financial flexibility, capital structure and leverage. In particular, net debt is an important component of adjusted industrial net debt. Furthermore, certain debt rating agencies, creditors and credit analysts monitor Siemens' net debt as part of their assessments of Siemens' business.

Adjusted industrial net debt

Siemens manages adjusted industrial net debt as one component of its capital. Siemens defines adjusted industrial net debt as net debt less SFS debt; less 50% of the nominal amount of our hybrid bond ; plus the Funded Status of principal pension benefit plans; plus the Funded Status of principal other post-employment benefit plans; plus credit guarantees; and fair value hedge accounting adjustments. The adjustment for our hybrid bond considers the calculation of this financial ratio applied by rating agencies to classify 50% of our hybrid bond as equity and 50% as debt. This assignment follows the characteristics of our hybrid bond such as a long maturity date or subordination to all senior and debt obligations. The fair value hedge accounting adjustment represents the change in the fair value of derivatives relating to fixed-rate long-term debt attributable to the interest rate risk being hedged. We believe that deducting the fair value hedge accounting adjustment from net debt in addition to the adjustments presented above provides investors more meaningful information on our scheduled debt service obligations. Further information concerning adjusted industrial net debt can be found in Item 5: "Operating and financial review and prospects – Liquidity and capital resources – Capital structure" in the Annual Report or in "Liquidity, capital resources and requirements" in the Interim Report.

A key consideration in managing our capital structure is the maintenance of ready access to the capital markets through various debt products and the preservation of our ability to repay and service our debt obligations over time. Siemens has therefore set a capital structure goal that is measured by adjusted industrial net debt divided by Earnings before interest taxes depreciation and amortization (EBITDA) as adjusted.

Siemens believes that using the ratio of adjusted industrial net debt to adjusted EBITDA as a measure of its capital structure provides useful information to investors because management uses it to manage our debt-equity ratio in order to promote access to debt financing instruments in the capital markets and our ability to meet scheduled debt service obligations.

Überleitungen und Definitionen

Non-GAAP Measures (VI)



Limitations Associated with Siemens' Supplemental Financial Measures (continued)

The supplemental financial measures reported by Siemens may be subject to limitations as analytical tools. In particular:

- With respect to new orders and order backlog: In particular, new order reporting for the current period may include adjustments to new orders added in previous quarters of the current fiscal year and prior years (except for cancellations). Order backlog is based on firm commitments which may be cancelled in future periods.
- With respect to adjusted or organic growth rates of Revenue and new orders: These measures are not adjusted for other effects, such as increases or decreases in prices or quantity/volume.
- With respect to book-to-bill ratio: The use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute number of orders received by Siemens or the absolute amount of products and services shipped and billed by it.
- With respect to Total Sectors Profit: Profit of Equity Investments, Cross-Sector Businesses, Centrally managed portfolio activities, Siemens Real Estate, Corporate items and pensions as well as of Eliminations, Corporate Treasury and other reconciling items can have a material impact on Siemens' Income from continuing operations in any given period. In addition, Total Sectors Profit does not eliminate profit earned by one Sector on intragroup transactions with another Sector.
- With respect to return on equity, or ROE: This measure is not adjusted for special items, such as the disposition of equity investments (allocated to SFS) or impairments, and therefore it has been volatile over prior year periods. In addition, the use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of Siemens' income.
- With respect to return on capital employed, or ROCE: The use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of Siemens' income.
- With respect to Free cash flow and cash conversion rate: Free cash flow is not a measure of cash generated by operations that is available exclusively for discretionary expenditures. This is, because in addition to capital expenditures needed to maintain or grow its business, Siemens requires cash for a wide variety of non-discretionary expenditures, such as interest and principal payments on outstanding debt, dividend payments or other operating expenses. In addition, the use of cash conversion rate is inherently limited by the fact that it is a ratio and thus does not provide information about the amount of Siemens' Free cash flow.
- With respect to adjusted EBITDA and adjusted EBIT: As adjusted EBITDA excludes non-cash items such as depreciation, amortization and impairment, it does not reflect the expense associated with, and accordingly the full economic effect of, the loss in value of Siemens' assets over time. Similarly, neither adjusted EBITDA nor adjusted EBIT reflects the impact of financial income and taxes, which are significant cash expenses that may reduce the amount of cash available for distribution to shareholders or reinvestment in the business.
- With respect to earnings effects from purchase price allocation (PPA effects) and integration costs: The fact that the profit margin is adjusted for these effects does not mean that they do not impact profit of the relevant segment in the Consolidated Financial Statements.
- With respect to net debt and the ratio of adjusted industrial net debt to adjusted EBITDA: Siemens typically uses a considerable portion of its cash, cash equivalents and available-for-sale financial assets at any given time for purposes other than debt reduction. Therefore, the fact that these items are excluded from net debt does not mean that they are used exclusively for debt repayment. The use of the ratio adjusted industrial net debt to adjusted EBITDA is inherently limited by the fact that it is a ratio.

Compensation for limitations associated with Siemens' supplemental financial measures

Siemens provides a quantitative reconciliation of each supplemental financial measure to the most directly comparable IFRS financial measures and Siemens encourages investors to review those reconciliations carefully.

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