

Siemens Vision 2020 – Focus on profitable growth

Dr. Ralf P. Thomas, CFO

Bank of America Merrill Lynch Conference, London, March 22, 2017

Notes and forward-looking statements

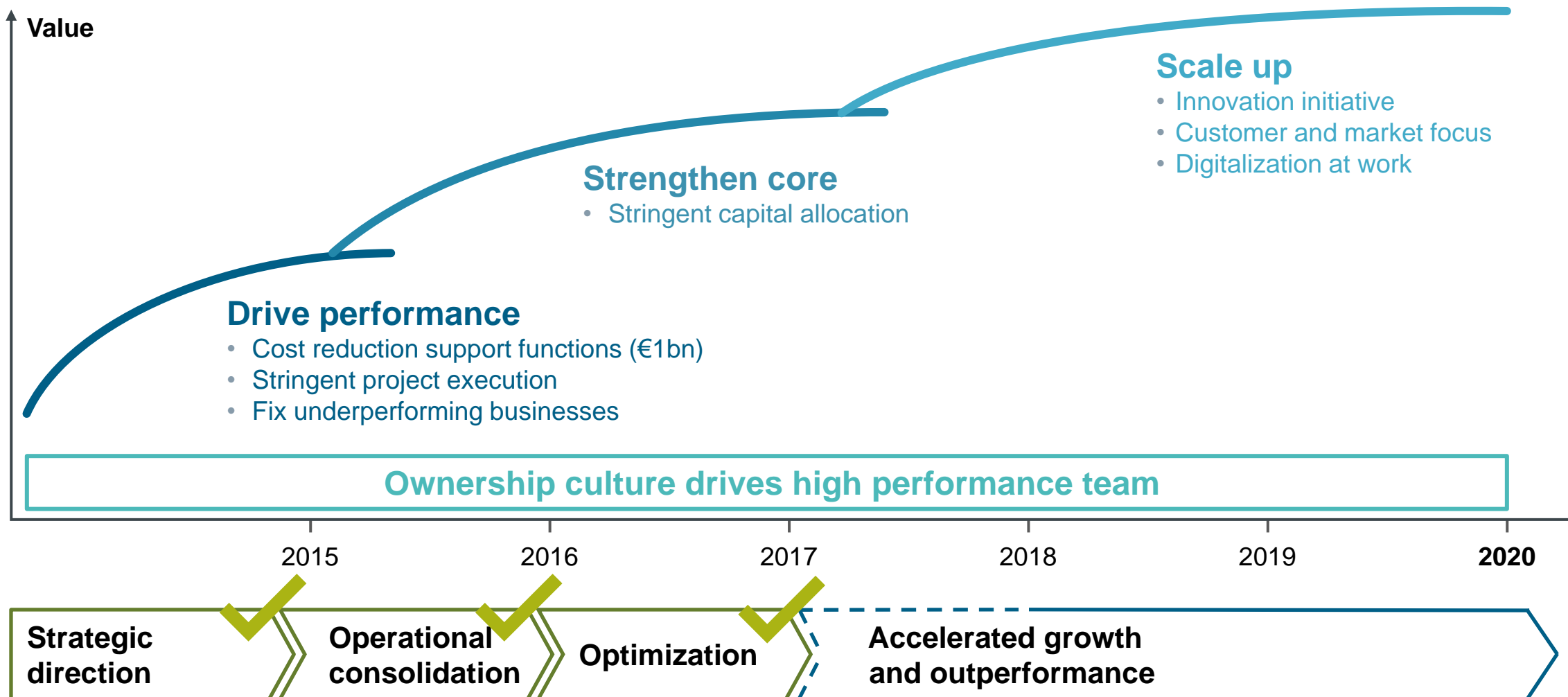
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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

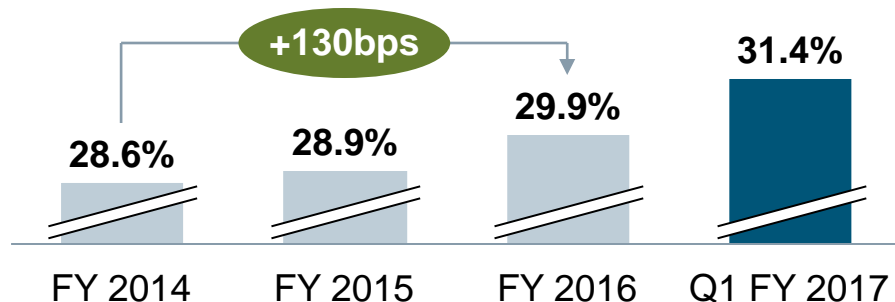
Siemens Vision 2020

A strong foundation to drive profitable growth



Stringent execution of Siemens Vision 2020 delivers results

Gross margin improvement

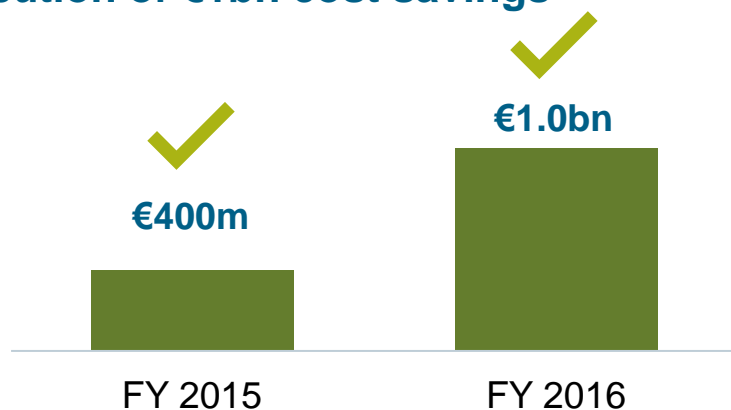


Egypt megaproject on track



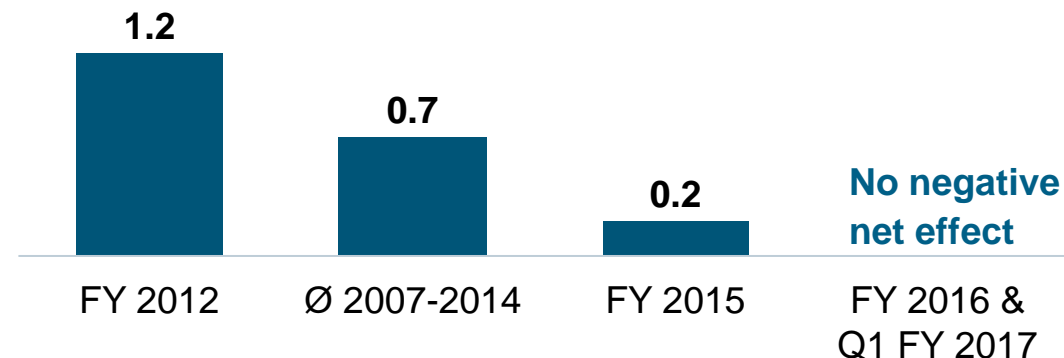
- **June 2015:** Signing of contracts for megaproject
- **January 2017:** Siemens overdelivers on promise - first 4.8 GW of new capacity connected to the grid
- **Until May 2018:** 14.4 GW in combined cycle connected to grid

Execution of €1bn cost savings



Significant net project charges reduction

Industrial Business, in € bn



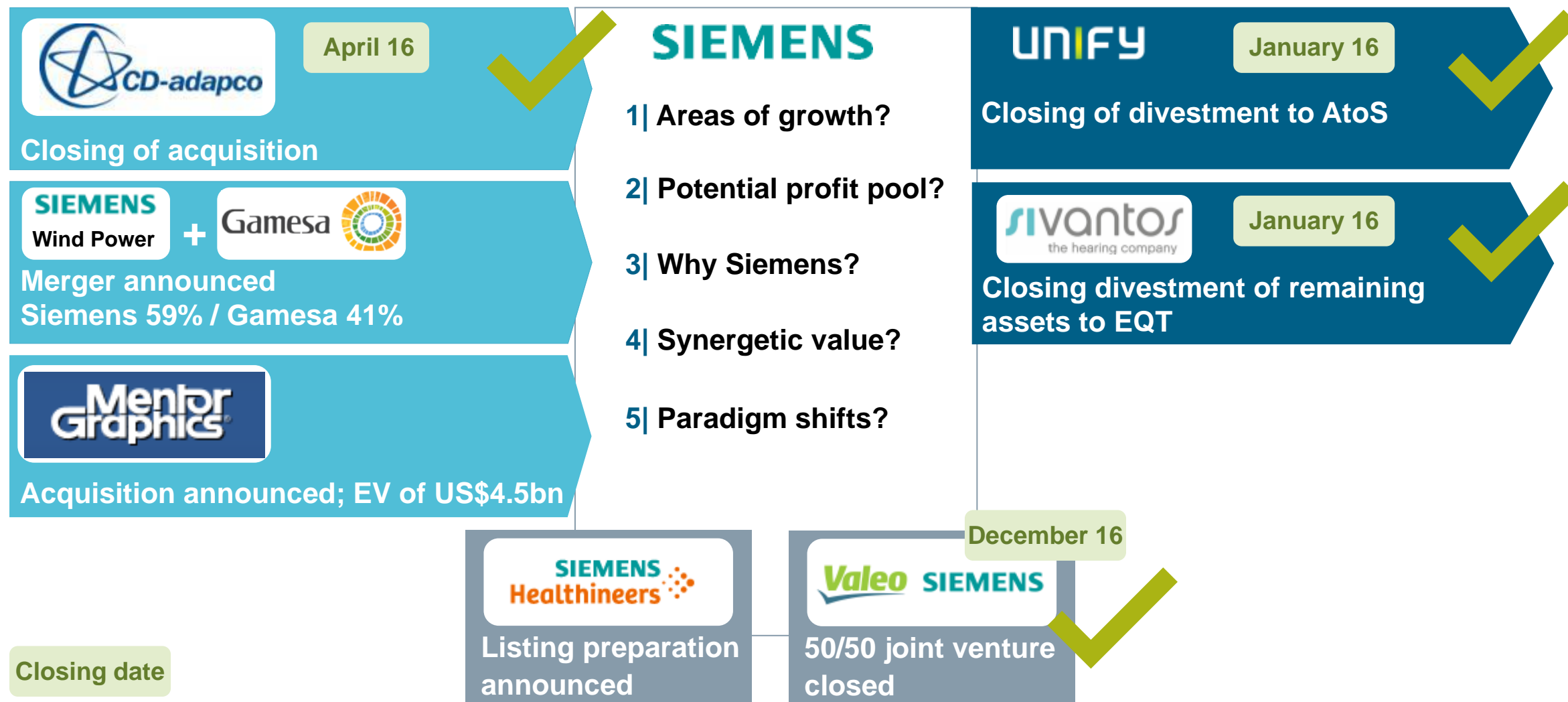
Executing Vision 2020

Underperforming businesses on clear improvement trajectory

Underperforming businesses (~€14.5bn revenue in FY 2016)

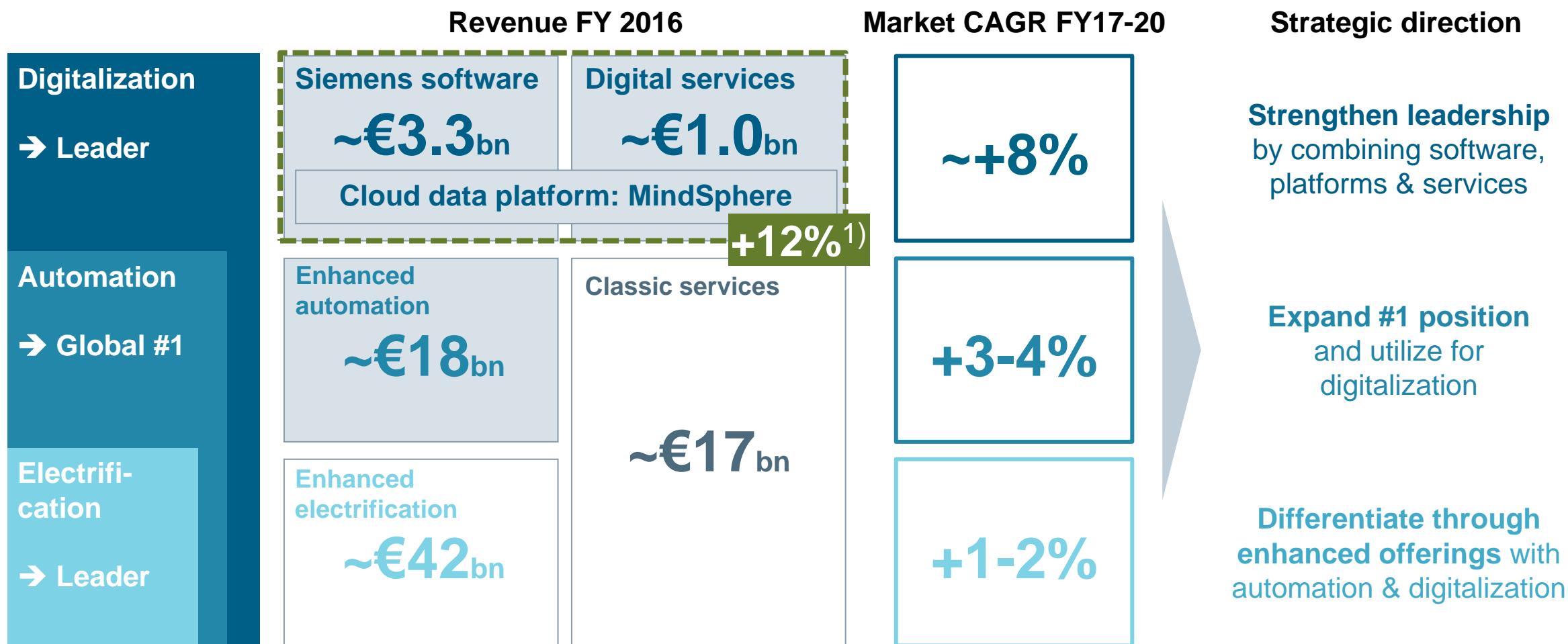


Executing Vision 2020 – Strengthening of portfolio continues along our strategic imperatives



Executing Vision 2020

Early focus on digitalization drives value and growth

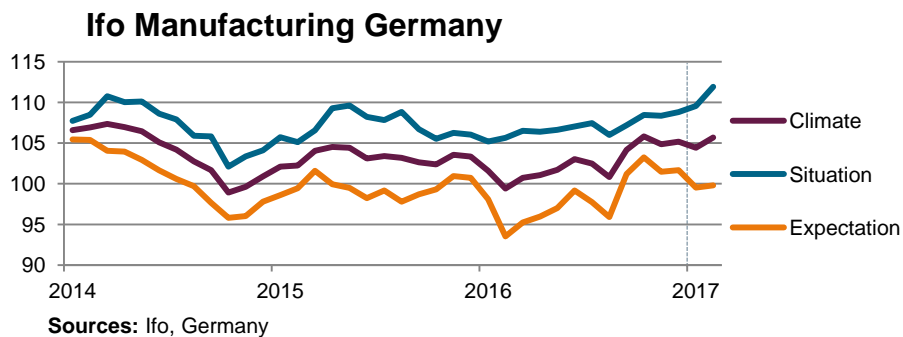
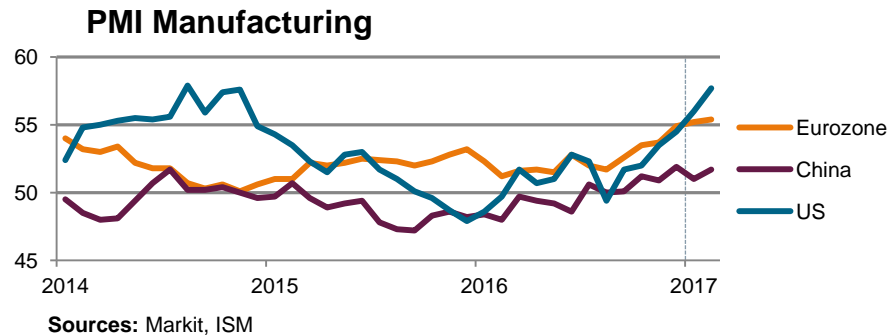


Note: Figures based on Industrial Business 1) Growth FY15 to FY16, rebased

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Improved short cycle sentiment supports growth ambition in a difficult geopolitical environment

Improved sentiment in manufacturing



Macroeconomic environment



- Moderate growth driven by construction and consumption
- Fiscal stimulus and infrastructure investment as potential mid-term positive, however uncertainty around political framework



- Weak Euro continues to support export industry, modest but steady recovery helped by consumption and higher employment
- Uncertainty around Brexit and future EU development remains



- Ongoing economic rebalancing weighs on growth in heavy industries
- Consumption & Automotive support strong short cycle growth



- Stabilizing demand from raw material exporting emerging countries, bottoming in Brazil & Russia after strong decline



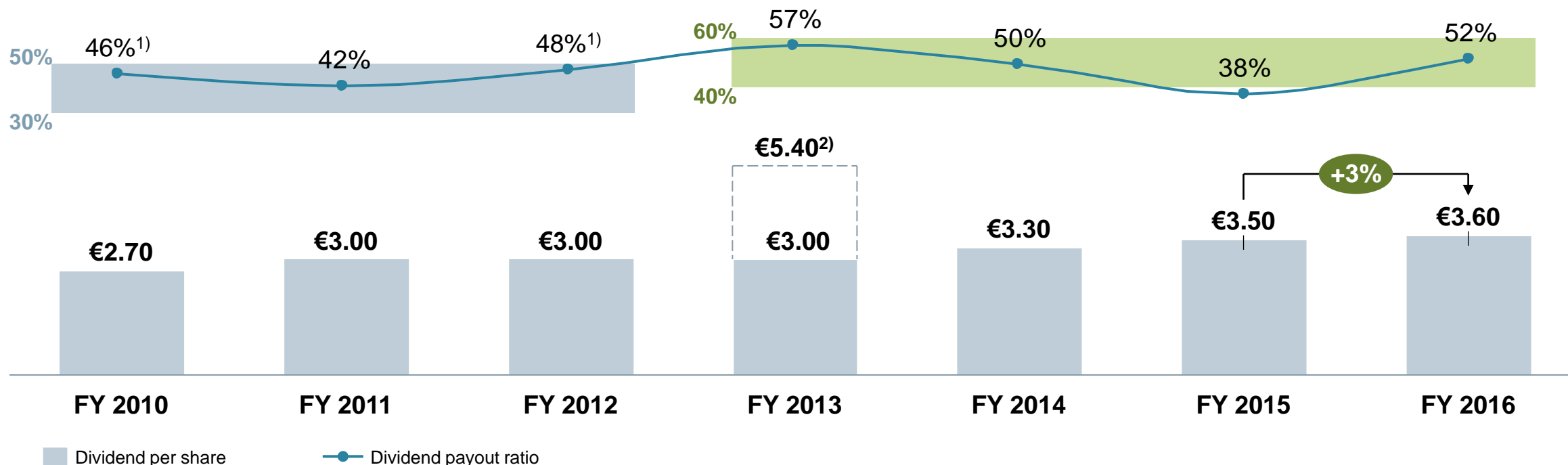
- India reform agenda supports infrastructure investments - strongest GDP-growth of all BRIC >7%



Strong history of sustainable shareholder return

Attractive dividend yield of ~3% in FY 2016

Dividend development



Second endowment to Siemens Profit Sharing Pool of €100m

Ongoing share buyback execution of up to €3bn over up to 36 months (until November 2018)

1) Adjusted for exceptional non-cash items: 2010: impairments at DX; 2012: impairments at Solar and NSN restructuring

2) Effect of OSRAM stock distribution to shareholders of €2.40 per share; not reflected in dividend payout ratio

Appendix

One Siemens Financial Framework

Clear targets to measure success and accountability

One Siemens Financial Framework

Siemens

Growth:
**Siemens > most
relevant competitors¹⁾**

(Comparable revenue growth)

Capital efficiency
(ROCE²⁾)

15 – 20%

Total cost productivity³⁾
3 – 5% p.a.

Capital structure
(Industrial net debt/EBITDA)

up to 1.0x

Dividend payout ratio
40 – 60%⁴⁾

Profit Margin ranges of businesses (excl. PPA)⁵⁾

PG
11 – 15%

EM
7 – 10%

MO
6 – 9%

PD
8 – 12%

SFS⁶⁾
15 – 20%

WP
5 – 8%

BT
8 – 11%

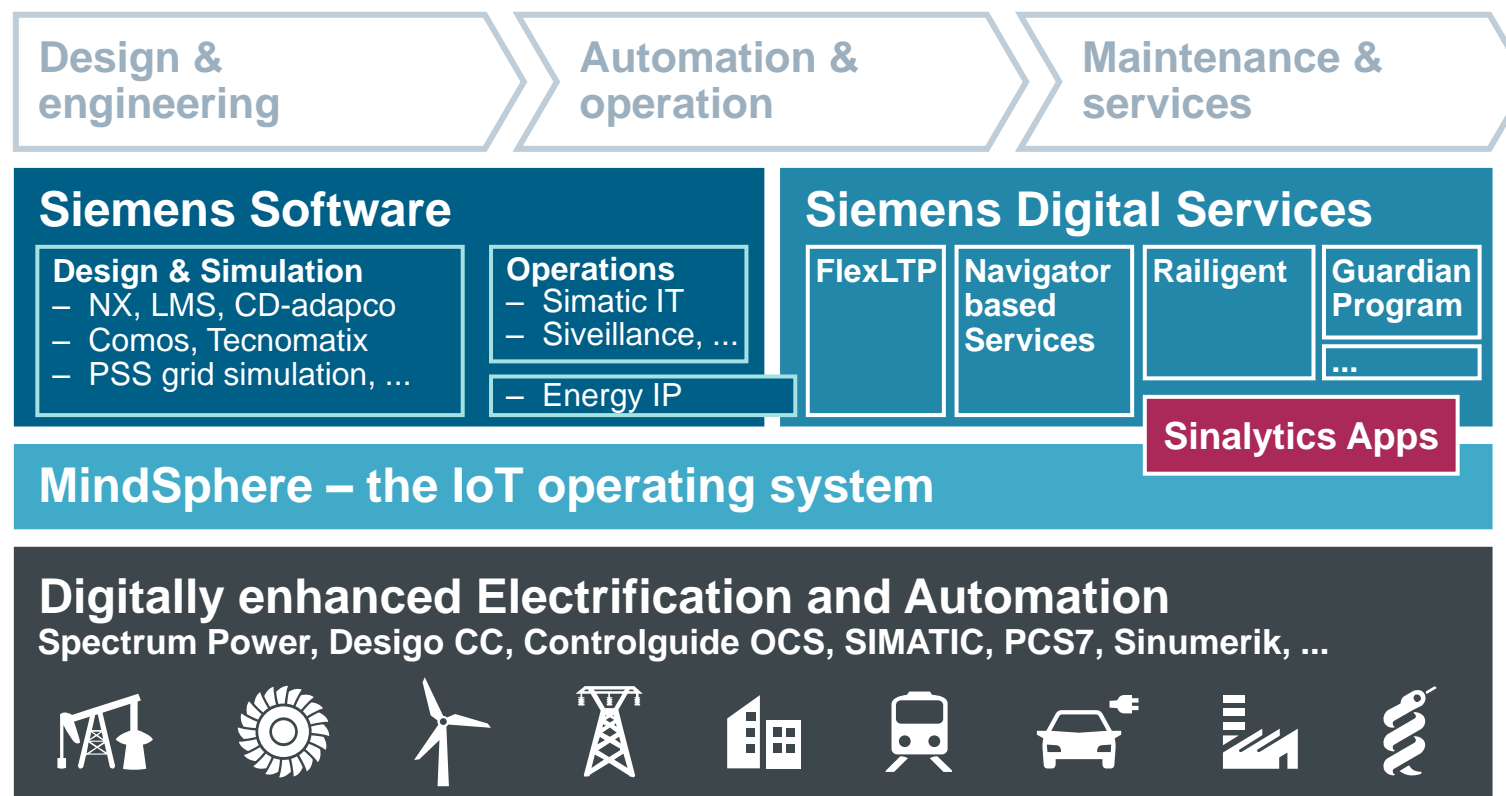
DF
14 – 20%

HC
15 – 19%

1) ABB, GE, Rockwell, Schneider, Toshiba, weighted; 2) Based on continuing and discontinued operations; 3) Productivity measures divided by functional costs (cost of sales, R&D, SG&A expenses) of the group; 4) Of net income excluding exceptional non-cash items; 5) Excl. acquisition related amortization on intangibles; 6) SFS based on return on equity after tax

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Electrification – Automation – Digitalization: a strong and complete offering for our customers



Siemens will be the first provider of a fully integrated Digital Enterprise Suite



Acquisitions



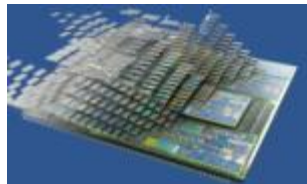
Bringing together the **virtual world** of product development (mechanical) with the **real world** of production automation



Integrating **3D simulation** and **test** to create the **digital twin** of products to **predict performance**

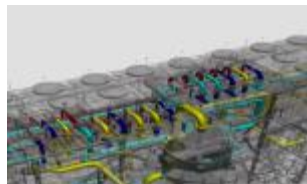


Simulating all the **physics** (e.g. **fluid design**) for a more precise “**Digital Twin**” of products



Creating the “**System of Systems**” view of the **Digital Enterprise** with **Electronic Design Automation** and **Embedded Software**

Cooperation



Complementing 3D-modelling Software for planning, construction and operation of **infrastructure facilities**

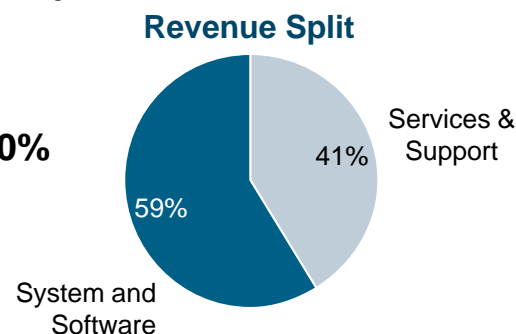
Mentor Graphics will significantly increase our Siemens Software revenue

Company description

- Leading provider and pioneer of EDA
- Product portfolio for electronics design software addresses all levels from components to systems
- Large, diverse customer base of systems and IC/semiconductors companies with ~14,000 accounts
- Established 1981, HQ in Wilsonville, US
- Nasdaq listed

Mentor Graphics Key figures FY16

- Revenue: \$1.2bn
- EBIT margin adjusted¹: 20%
- Employees: ~5,700



Transaction structure

- Acquisition of 100% of Mentor Graphics shares outstanding
- Offer price of \$37.25 per share; 21% premium to Nov 11, 2016 close
- Enterprise Value \$4.5bn (~€4.2bn)
- Revenue multiple² 3.5x; EBITDA multiple² 14.5x
- Friendly transaction
- EPS accretive in year 3 post-closing
- Synergies of > €100m in year 4 post-closing
- Expected Closing Q3 FY17 (subject to Mentor Graphics shareholder approval and regulatory approvals)

Mentor Graphics FY16 ended 31-Jan-16; EUR/USD 1.09; (1) Mentor Graphics non-GAAP operating income as disclosed in SEC filings (2) based on FY18 Factset consensus

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Perfect fit to expand our leadership in the Digital Enterprise

Vision 2020

Rationale for acquiring Mentor Graphics

Area of growth

- **Fast growing EDA segment: CAGR 7.3% until 2020**
- **Unique combination of Electrical Design Automation software (EDA) and PLM** accelerate growth opportunities across multiple industries



Potential profit pool

- **Software-typical double-digit margin profile**



Why Siemens

- **Siemens will be the first company to provide a fully integrated design suite in PLM**
- **Offering mechanical, electrical and software design capabilities on a single integrated platform**



Synergetic value

- **Offering a unique suite of integrated multi-domain capabilities across Siemens and Mentor Graphics customer segments**
- **Savings from G&A and aligned go-to-market & R&D**



Paradigm shifts

- **Increasingly complex product design and seamless design adjustments of multi-functional products**
- **Unique customer value through simultaneous mechatronics design and engineering across all domains**



MindSphere – the cloud-based, open IoT operating system from Siemens



MindApps

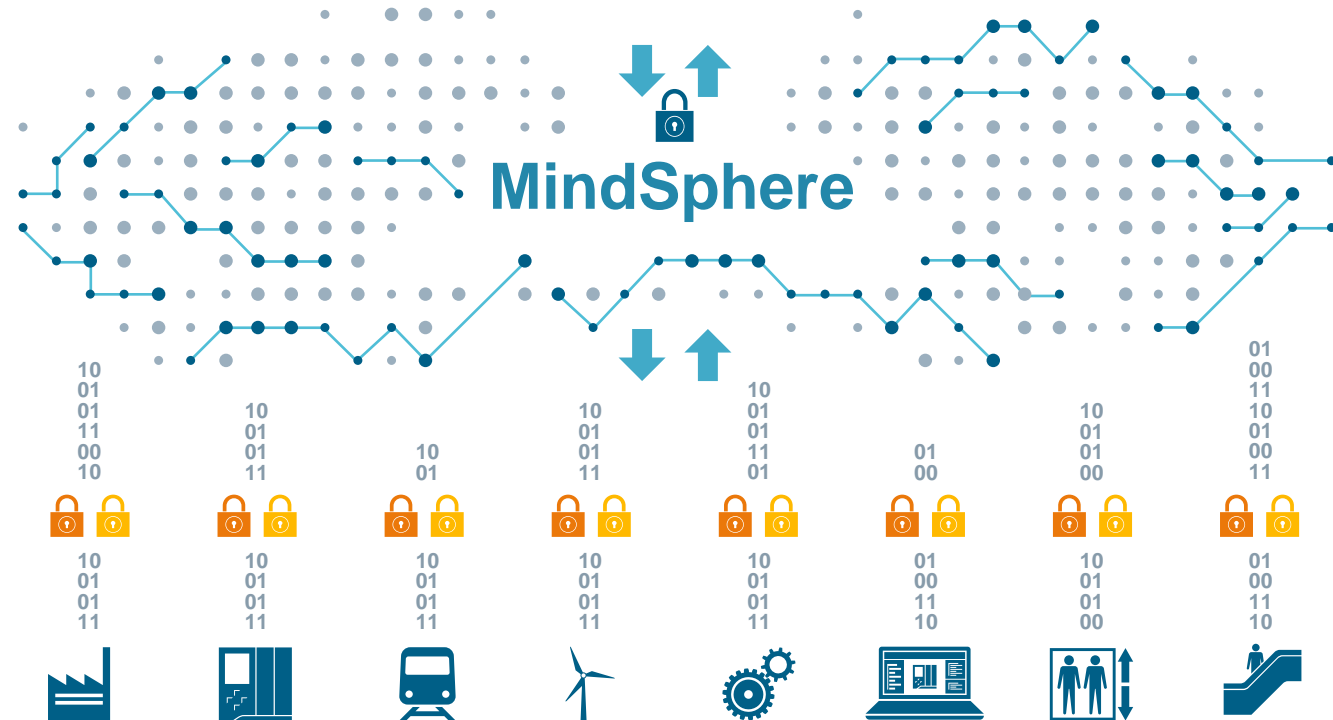
Developed by Siemens, OEMs, end customers and App developers



Optimized performance of assets, energy and resource consumption, maintenance, services ...

MindSphere

Various cloud infrastructures:
Public, private or on-premise



MindConnect

Secure plug and play connection
of Siemens products

Merger of Siemens WP with Gamesa: Creating a leading wind player with substantial growth potential and highly complementary strength

Transaction description & rationale

- **Merger** of the entire **Siemens Wind** business incl. Service with **Gamesa** to create a **leading wind player**
- Combination of two major, **highly complementary global wind players** with a **well balanced geographic footprint**
- **Ownership:**
 - **Siemens 59%**, Iberdrola ~8%, free float ~33%
- **Global HQ and listing in Spain**
- Siemens to **fully consolidate** the combined and listed entity
- **Key achievements since deal announcement:**
 - **Gamesa shareholder approval** obtained in Extraordinary General Meeting with **99.75% of votes** ✓
 - Spanish Stock Market Regulator **CNMV granted waiver from mandatory offer** ✓
 - **Unconditional Antitrust approvals received** ✓
- **Closing expected early April, 2017**

Key figures (pro forma, LTM Dec 2016)

(Due to rounding, numbers may not add up precisely and percentages may not precisely reflect absolute figures)

	Combined business¹⁾	Siemens WP scope	Gamesa²⁾
Installed Base	75 GW	~36 GW	~40 GW
Backlog	€20.9bn	€15.2bn	€5.7bn
Revenue	€11.0bn	€6.2bn	€4.9bn
LTM recurrent EBIT	€1.06bn	€623m ³⁾	€436m
LTM recurrent EBIT Margin	9.6%	10.1%	9.0%
Synergies	€230m EBIT full impact in year 4 post closing		

1) Excluding transaction adjustments (e.g. effects from purchase accounting)

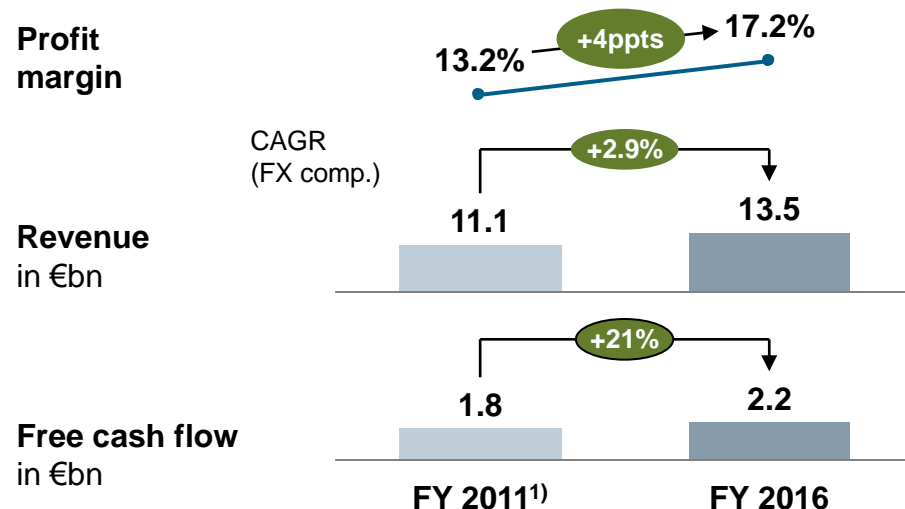
2) Incl. Adwen

3) EBIT adjusted for normalization items (-€6m) and stand-alone effects (+€121m), excluding synergies

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Siemens Healthineers: From Good – to Great – to Fascinating

Leading position in key markets and resilient performance



1) FY2011 financials excluding Audiology and Hospital Information Systems business

Distinct trends at work

Transformation of Healthcare providers continues:

Industrialization
Consolidation
Health management

Providers today seek relevant suppliers/partners

- that understand challenges in a changing Healthcare market and
- are able to address broad issues in multi-hospital provider systems

Growth fields: We will further strengthen our attractive business

Molecular Diagnostics

Build up molecular diagnostics portfolio utilizing our global presence and strong customer partnerships

Advanced Therapies

Grow rapidly into therapy: build upon our expertise in hybrid ORs and core imaging

Services

Build new services portfolio to solve system wide hospital challenges incl. clinical data analytics capabilities

Strengthen our leading position by preparing listing of Siemens Healthineers

Transformation in the healthcare market continues...

- **Paradigm shifts visible: Transition** from
 - (i) **product business to solving hospital system wide challenges**
 - (ii) **fee for service to managing outcome based health**
- **Race for customer relevance intensified**
- **Competitor & provider consolidation ongoing**
- **Investments required to respond to paradigm shifts**

... listing best suited to manage transition

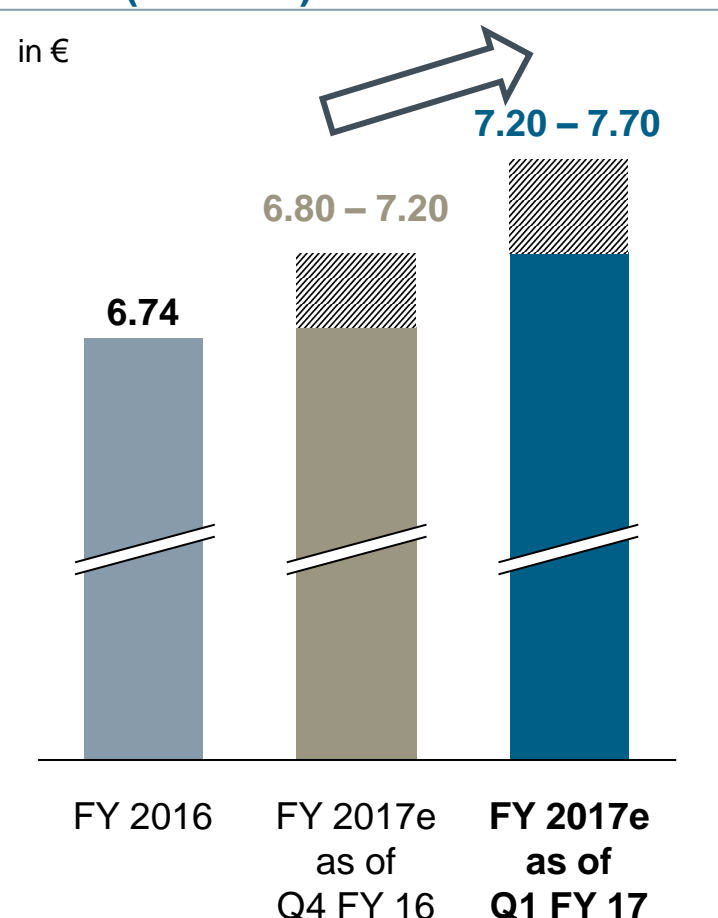
- **Strengthen and build position in identified growth fields**
- **High strategic flexibility and capital allocation in light of changing healthcare market**
- **Focus on key success factors continues**



**STRENGTHEN THE HEALTHINEERS BUSINESS
IN SIEMENS**

Guidance FY 2017

EPS (“all-in”)



Note: FY 2016 weighted average number of shares of 809m

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Guidance

We anticipate increasing headwinds for macroeconomic growth and investment sentiment in our markets due to the complex geopolitical environment.

Therefore, we continue to expect modest growth in revenue, net of effects from currency translation and portfolio transactions. We further continue to anticipate that orders will exceed revenue for a book-to-bill ratio above 1.

After a strong start into the fiscal year, we raise our previous expectation for profit and EPS for fiscal 2017. We raise our previous expectation for the profit margin of our Industrial Business in the range of 10.5% to 11.5% to the range of 11.0% to 12.0%.

Furthermore, we raise our previous expectation for basic EPS from net income in the range of €6.80 to €7.20 to the range of €7.20 to €7.70.

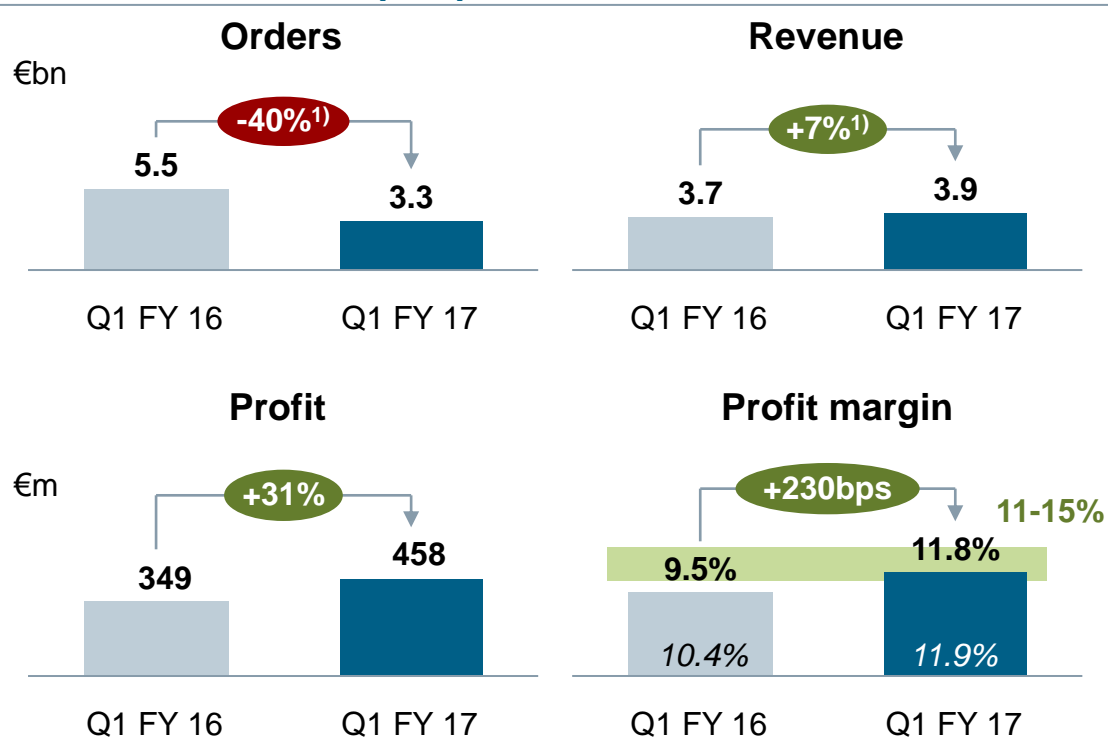
This outlook assumes continuing stabilization in the market environment for our high-margin short-cycle businesses.

It further excludes charges related to legal and regulatory matters as well as potential burdens associated with pending portfolio matters.

PG: Stringent execution, however market remains tough

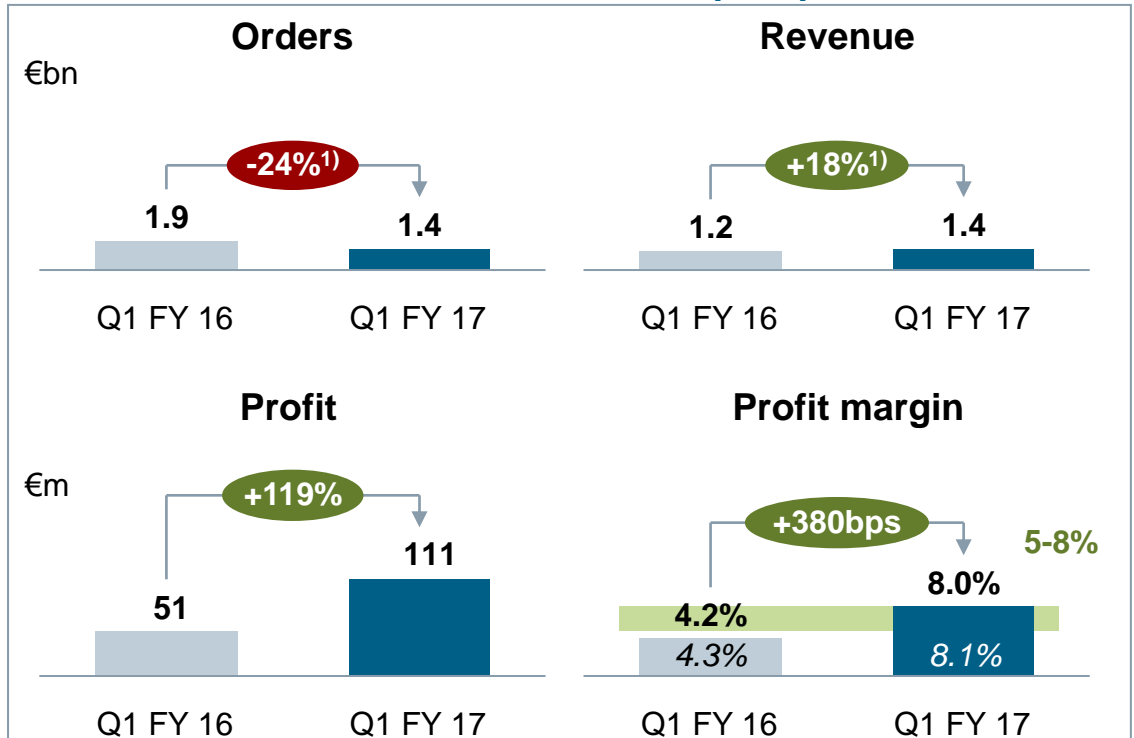
WP: Excellent performance ahead of planned merger

Power and Gas (PG)



- Orders down on tough comps
- Revenue driven by strong backlog conversion
- Stringent project execution & strong service contribution

Wind Power and Renewables (WP)



- Lower volume from large orders
- Productivity and operational excellence drive margin

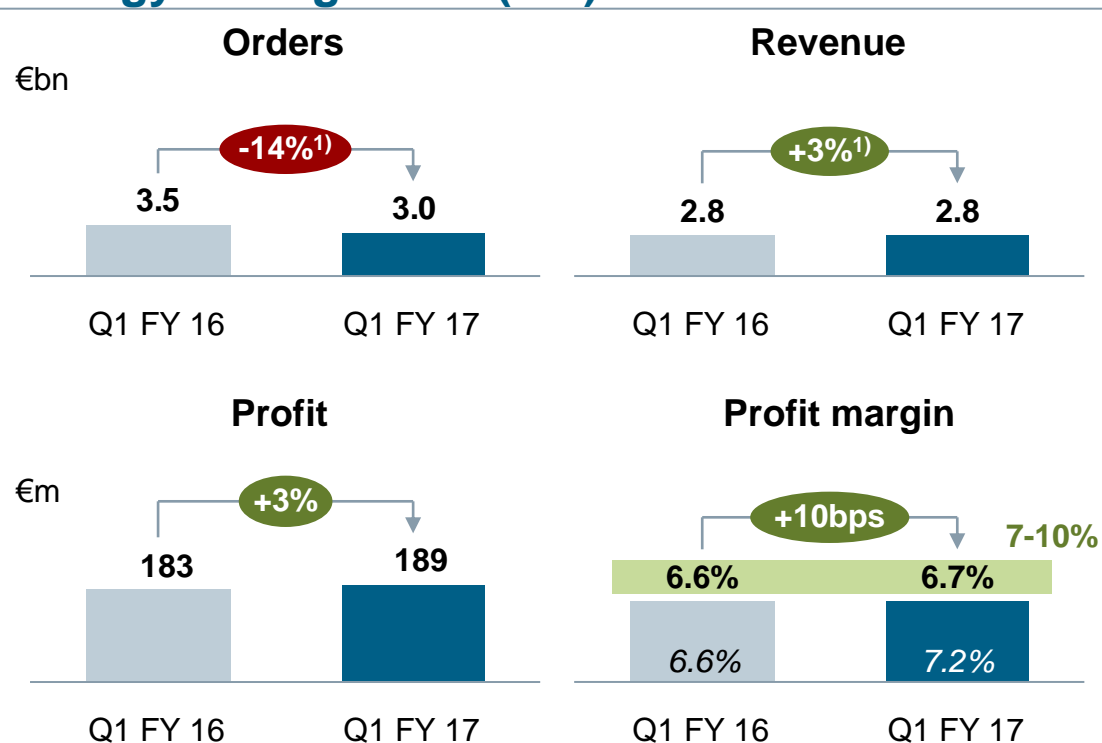
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x%: Margin excl. severance (and excl. integration cost D-R for PG only)

EM: Consistent improvement continues

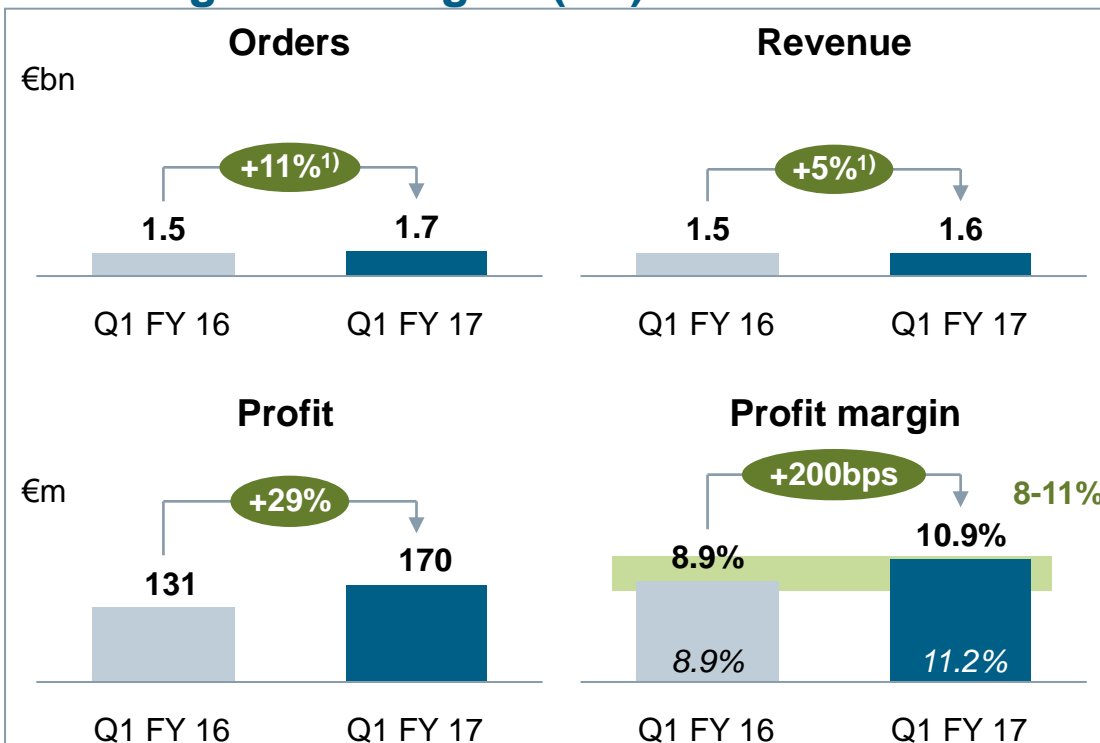
BT: Outstanding performance across all metrics

Energy Management (EM)



- Double digit revenue growth in Asia, Australia
- Higher profit in majority of businesses led by High Voltage Products and Transmission Solutions

Building Technologies (BT)



- Strong order growth across all regions
- Profit driven by revenue growth and productivity gains

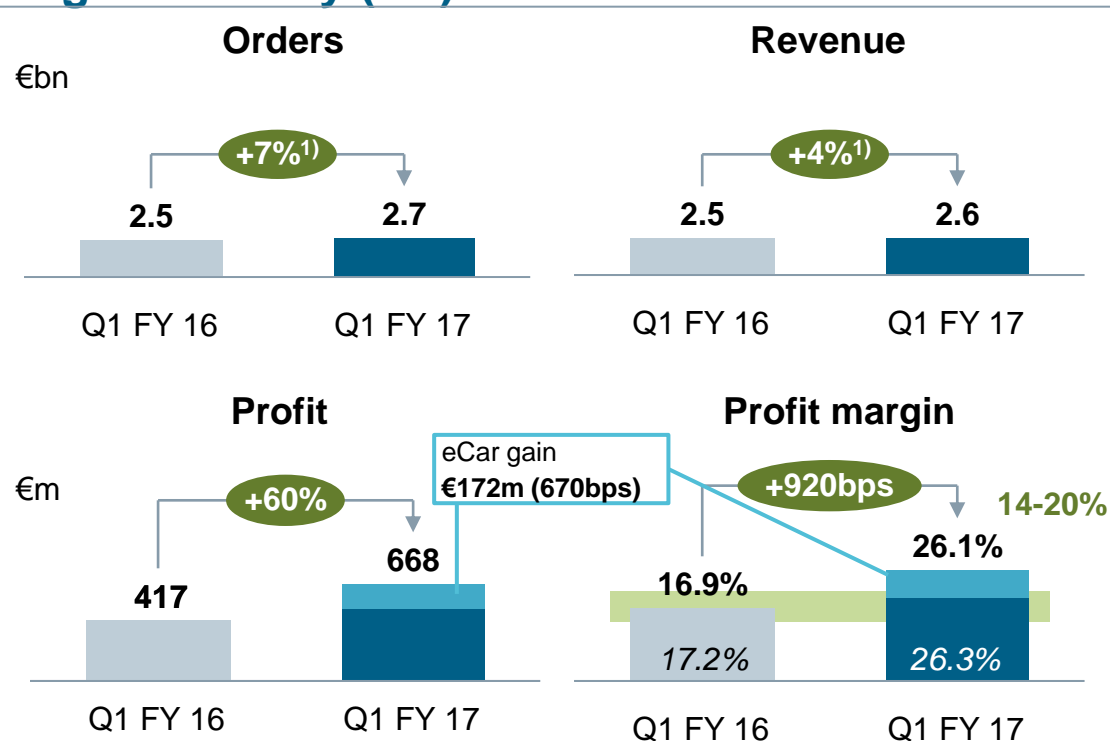
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x%: Profit margin excluding severance

DF: Excellence across all businesses, short cycle a key driver

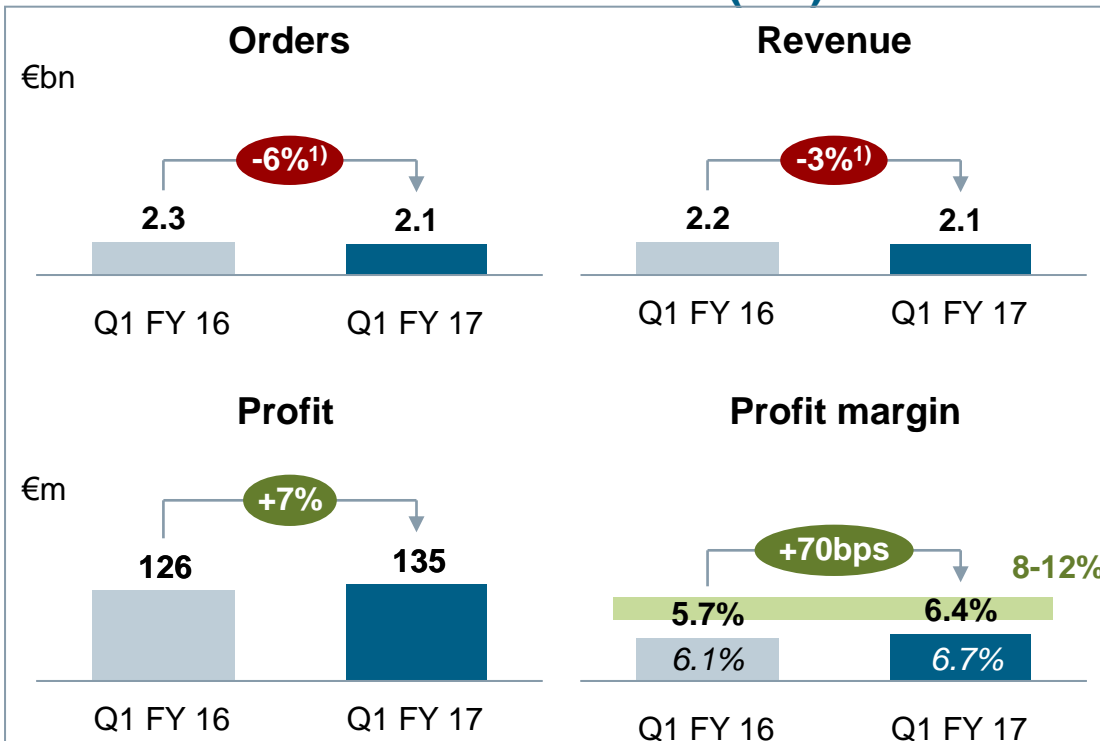
PD: Realignment continues

Digital Factory (DF)



- Broad based order and revenue growth with particular strength in China
- High margin short cycle businesses drive margin

Process Industries and Drives (PD)



- Ongoing weak demand in commodity related industries, strong demand for wind power components
- Continued execution of structural measures

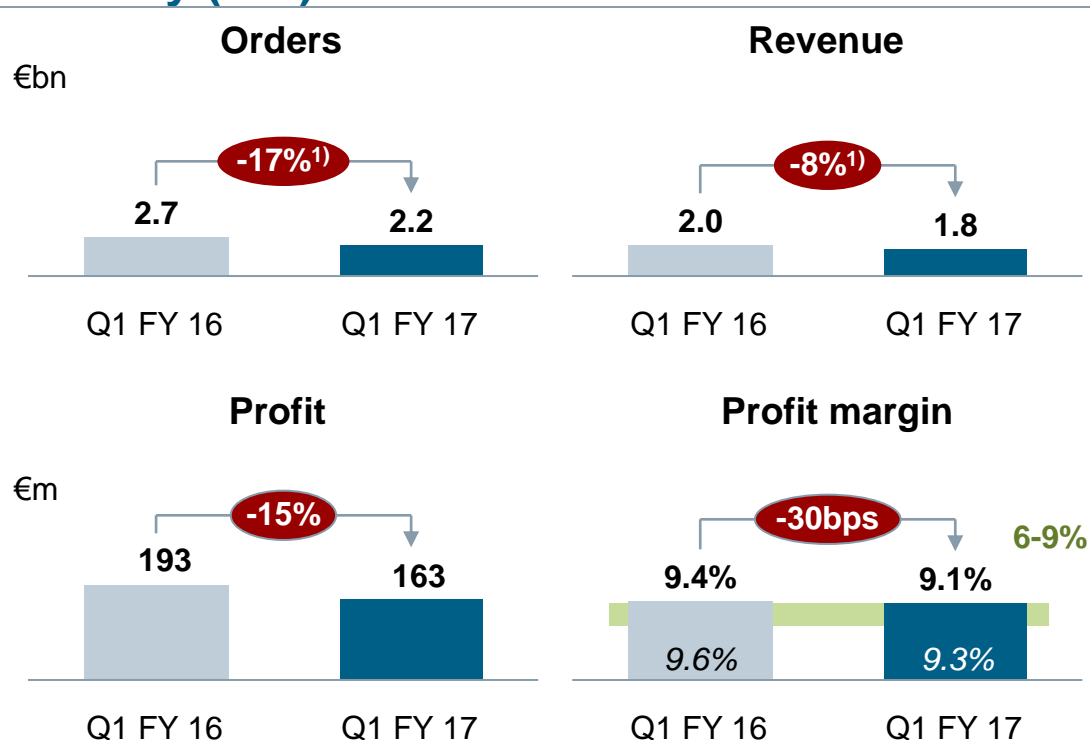
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x%: Profit margin excluding severance

MO: Stringent execution drives best in class margins

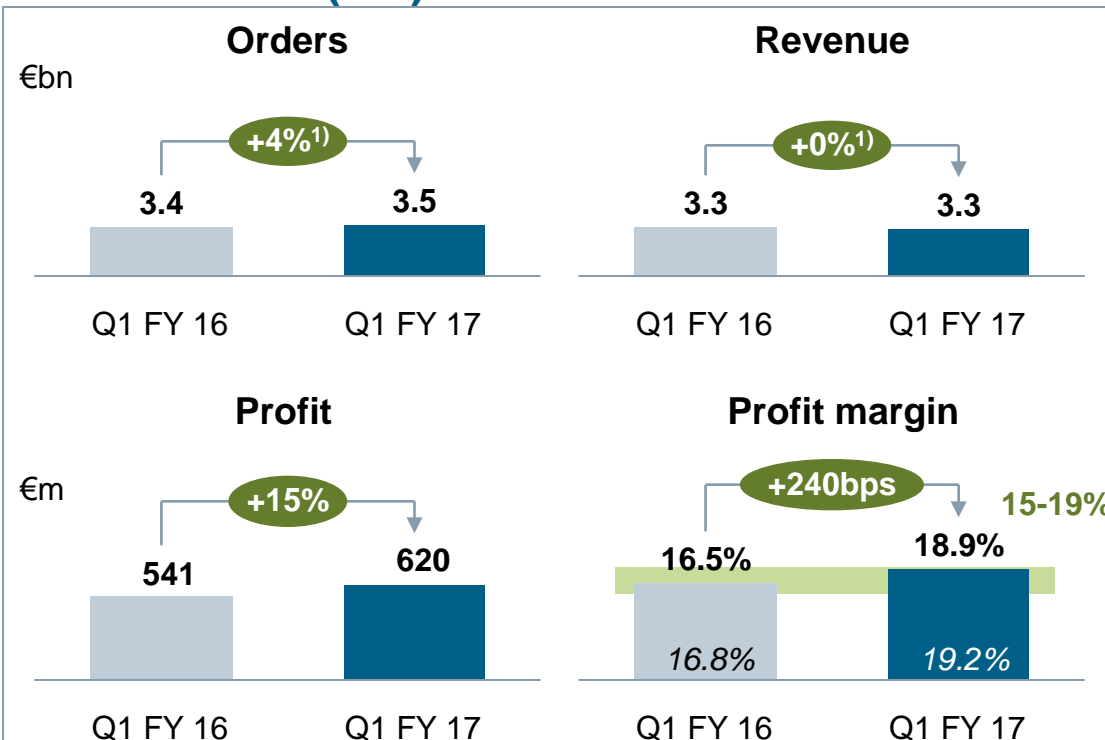
HC: Excellent top and bottom line performance

Mobility (MO)



- Book-to-bill clearly above 1 despite lower large orders
- Revenue decline due to timing factors of large projects
- Solid execution on high profitability

Healthineers (HC)



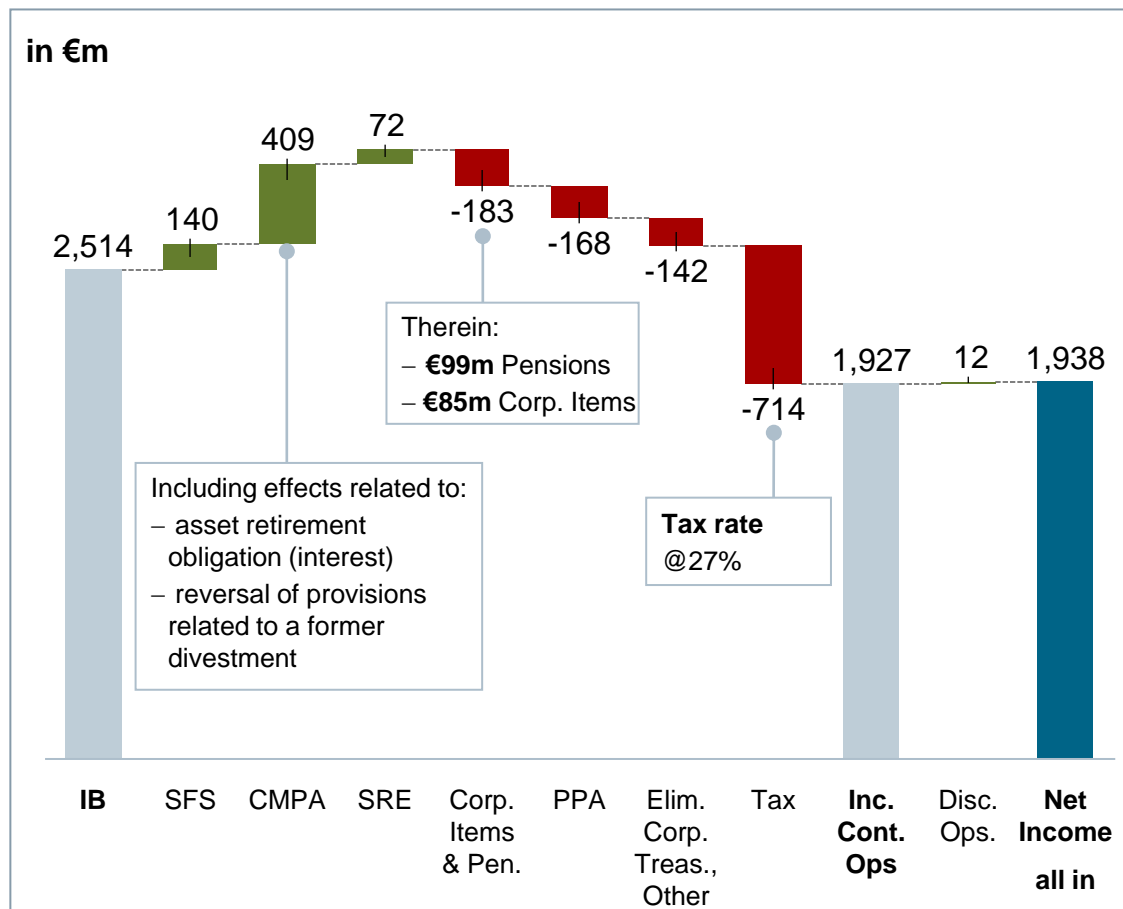
- Clear order growth in Asia, Australia, particularly China
- Broad based profitability improvement

1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x%: Profit margin excluding severance

CMPA with profit of €0.4bn, high volatility as expected

Below Industrial Business – Q1 FY 2017

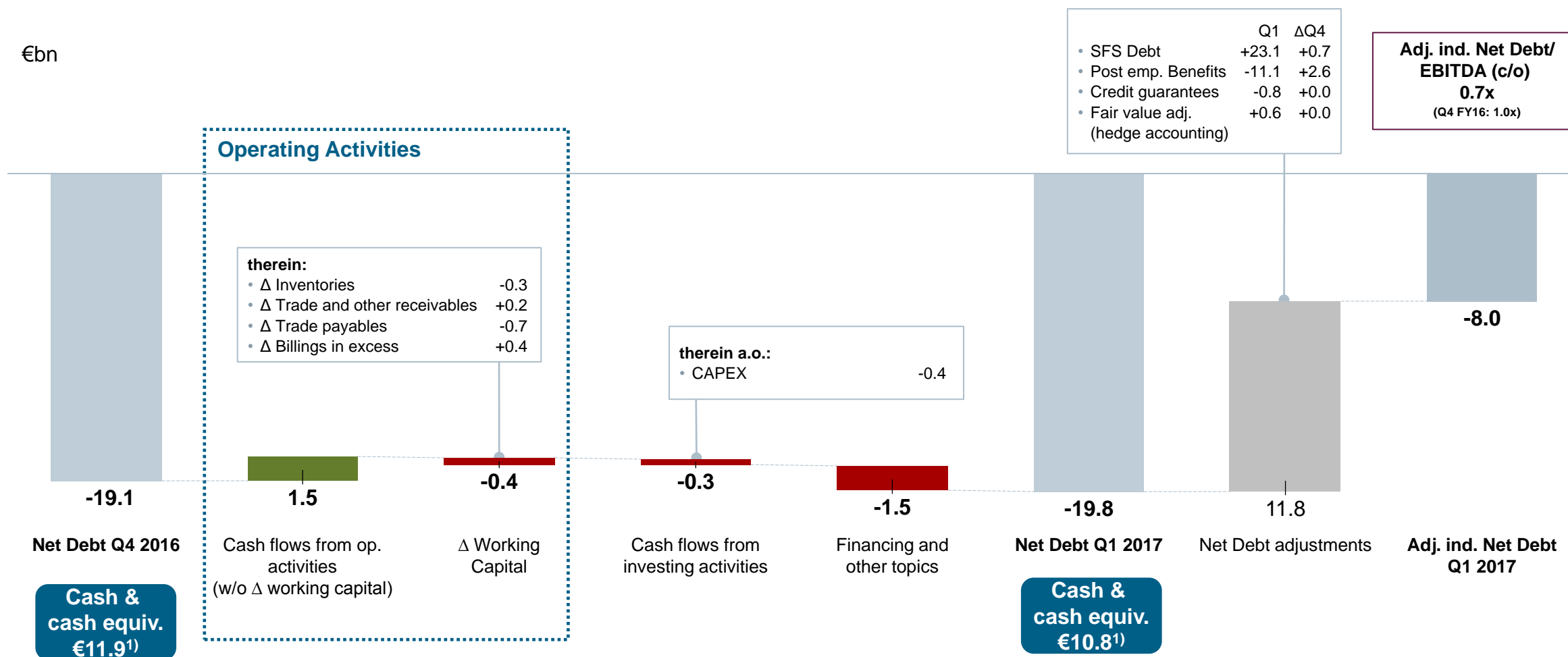


Expectations for FY 2017 unchanged

- **SFS:** “operationally” in line with FY 2016
- **CMPA:** includes other portfolio elements; volatility remains in FY 2017
- **SRE:** in line with prior year, dependent on disposal gains
- **Corporate Items:** ~€150m per quarter on higher central innovation invest; H2>H1
- **Pension:** ~€125m per quarter
- **PPA:** in line with FY 2016
- **Elimination, Corporate Treasury, Other:** in line with FY 2016
- **Tax:** expect 26 – 30%
- **Discontinued Operations:** immaterial

Net debt bridge – Q1 FY 2017

€bn



1) Including current available-for-sale financial assets

Financial calendar

<p>March</p>	<p>March 22, 2017 Bank of America Merrill Lynch Conference (London)</p> <p>March 27, 2017 Siemens U.S. Innovation Day (Princeton)</p>
<p>May</p>	<p>May 4, 2017 Q2 Earnings Release</p> <p>May 5, 2017 Roadshow UK (London)</p> <p>May 8, 2017 Roadshow Germany (Frankfurt)</p> <p>May 30, 2017 Roadshow Canada (Toronto)</p>
<p>June</p>	<p>June 16, 2017 JP Morgan Capital Goods Conference (London)</p>

Investor Relations contacts



Investor Relations

Internet: www.siemens.com/investorrelations

Email: investorrelations@siemens.com

IR-Hotline: +49 89 636-32474

Fax: +49 89 636-32830