



**Strong order growth highlights successful first quarter**

Joe Kaeser, President and CEO | Ralf P. Thomas, CFO  
Q1 FY 2018 Analyst Call | Munich, January 31, 2018

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## Q1 FY 2018

### Strong order growth highlights successful quarter



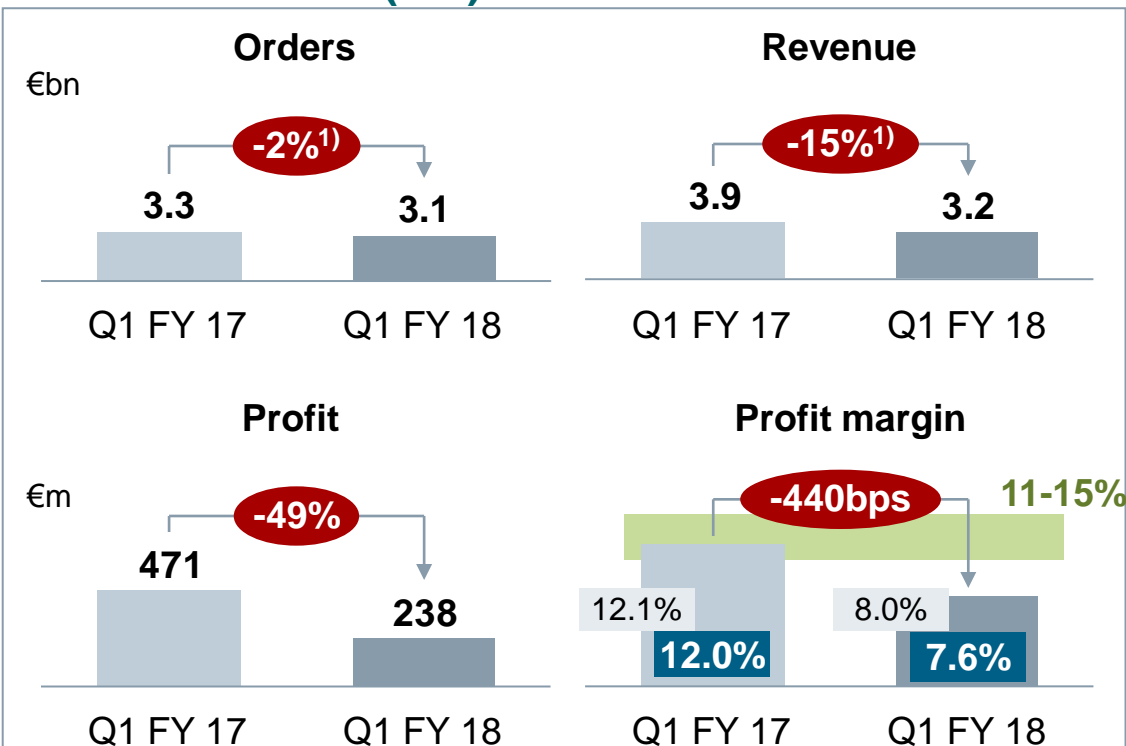
- ❑ **Clear organic order growth +7% stands out**
- ❑ **Compelling book-to-bill at 1.13x**
- ❑ **Like for like revenues up 1% despite significant decline in Power businesses**
- ❑ **Solid IB margin at 11.0% despite significant FX headwinds and PG decline**
- ❑ **Net income up 12% to €2.2bn supported by one-off gains**
- ❑ **EPS at €2.68, up +11%**
- ❑ **Strong Free Cash Flow up 22% to €0.9bn highlights earnings quality**

# PG: Further market contraction impacts top and bottom line

## EM: Solid project execution stands out

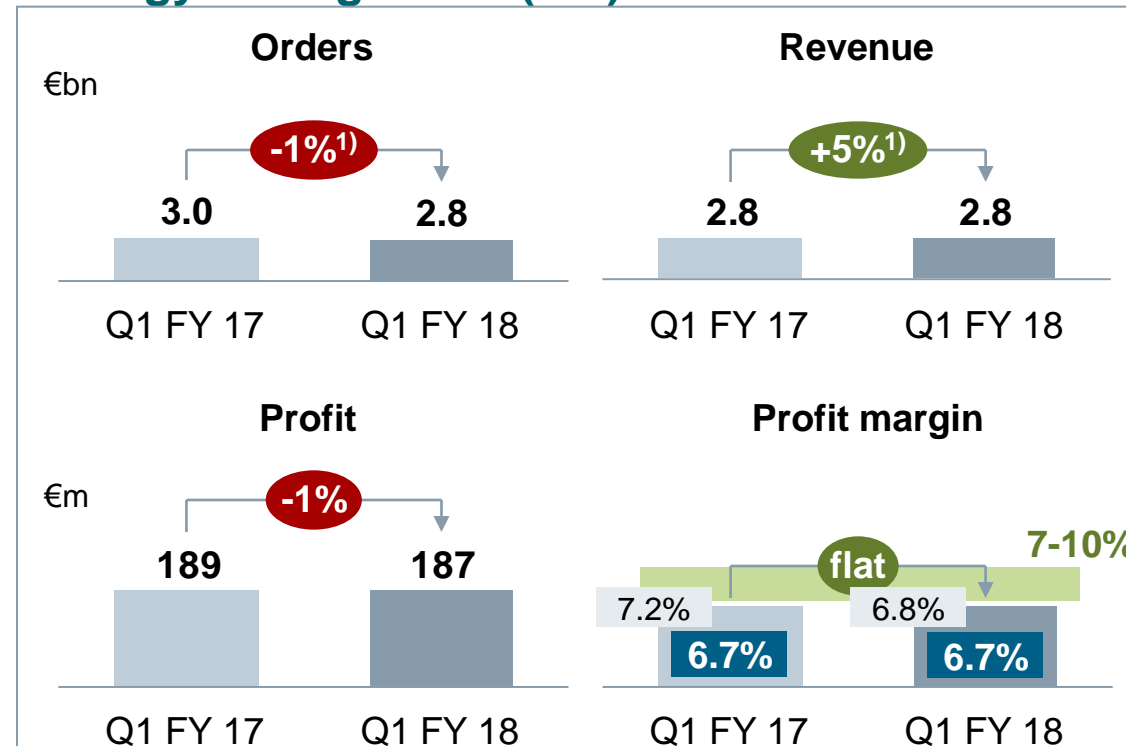


### Power and Gas (PG)



- Declining new unit business and ongoing price pressure
- Service remains a stable contributor

### Energy Management (EM)



- Solid revenue growth driven by LV & MV product biz
- Adverse FX holds back earnings conversion

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

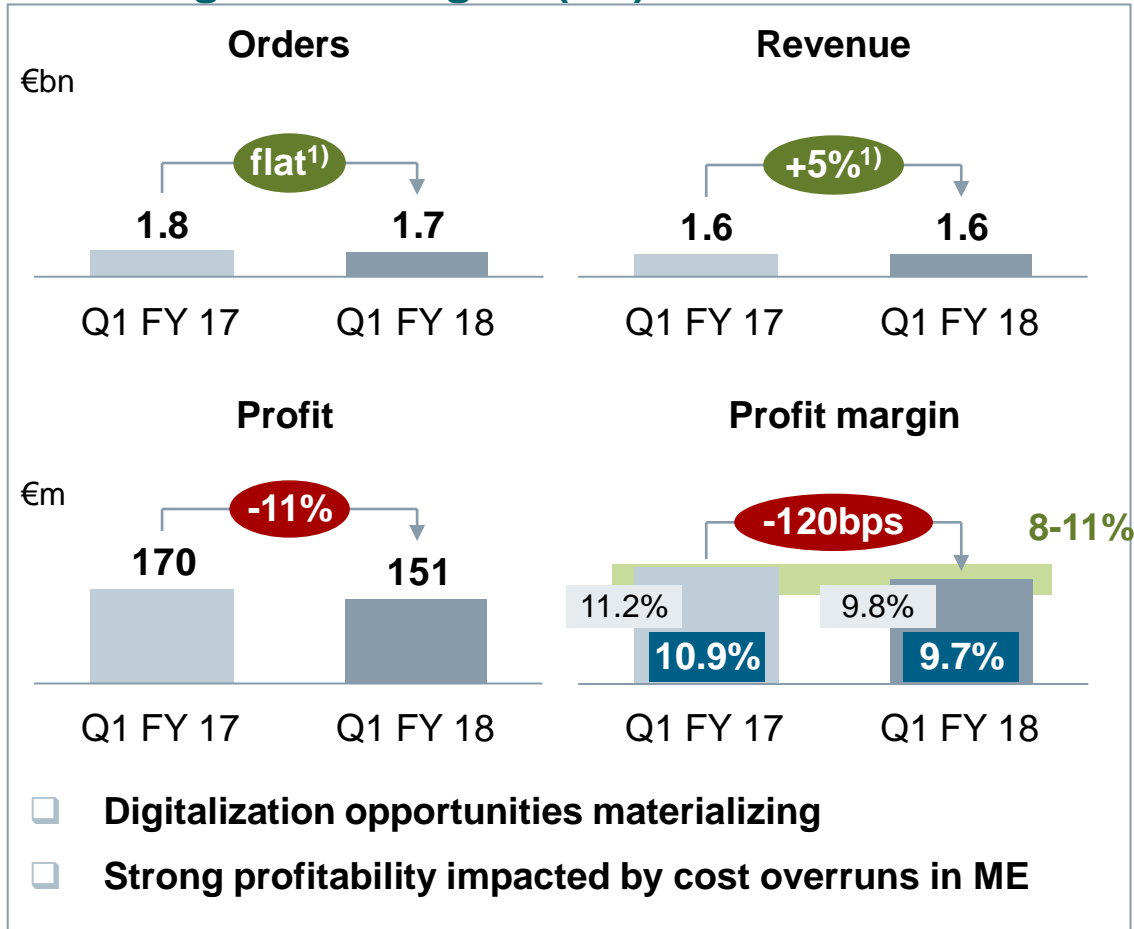
x.x%

Margin as reported x.x% Margin excl. severance

# BT: Strong performance on tough comps MO: Impressive top-line growth at industry leading margins

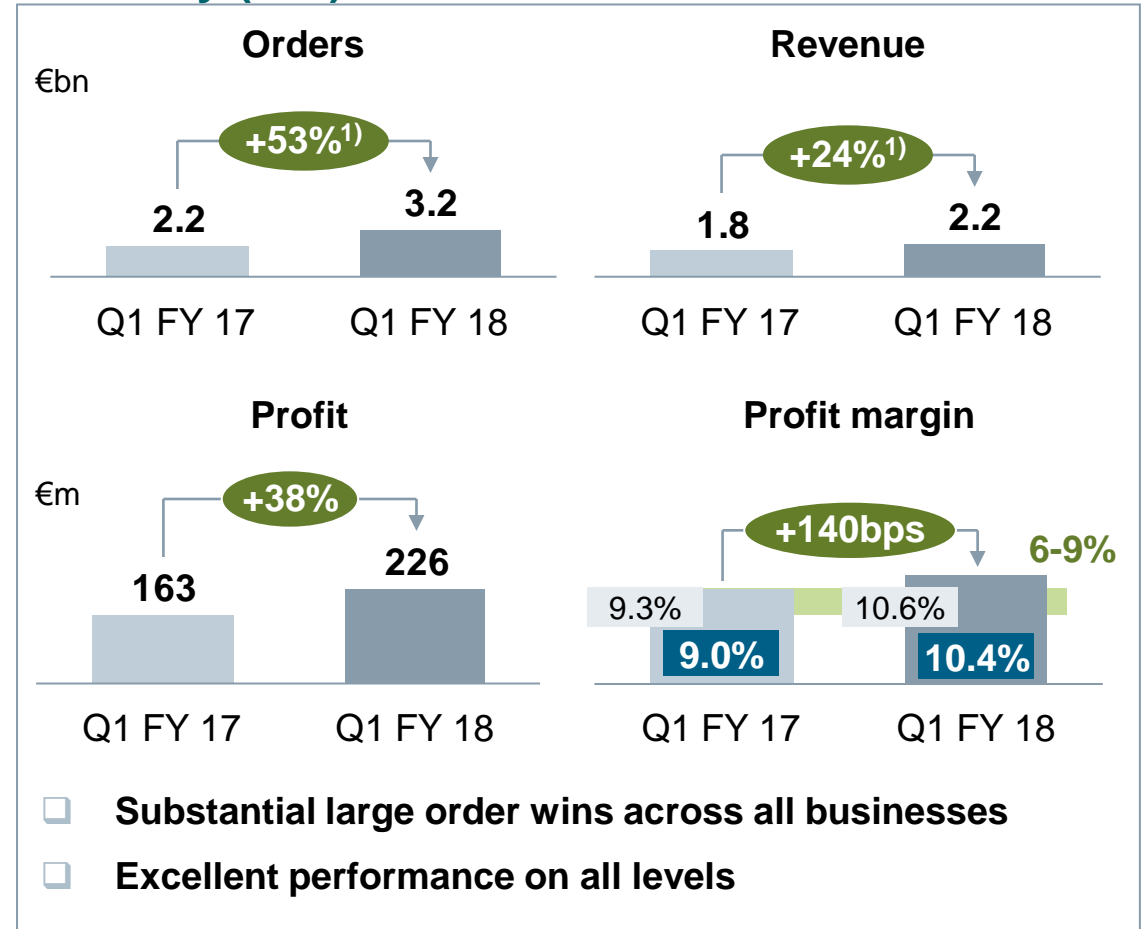


## Building Technologies (BT)



- Digitalization opportunities materializing
- Strong profitability impacted by cost overruns in ME

## Mobility (MO)



- Substantial large order wins across all businesses
- Excellent performance on all levels

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

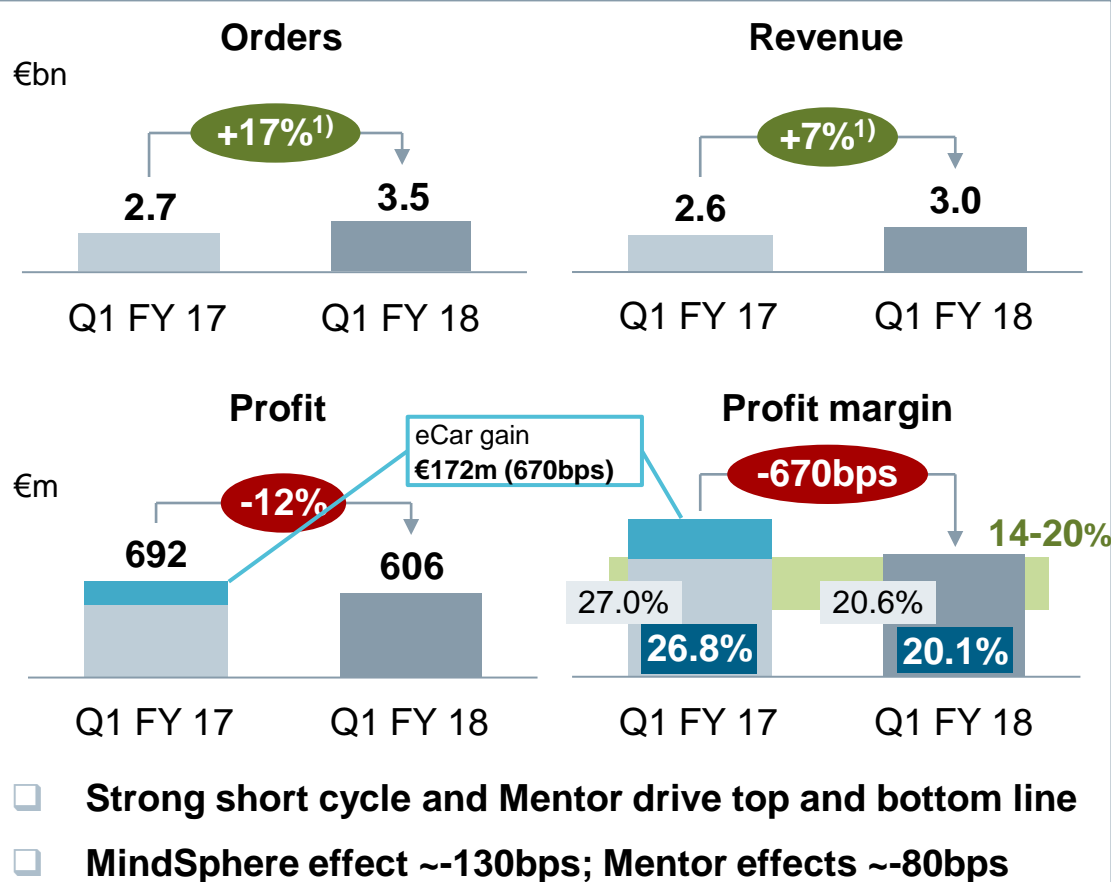
x.x% Margin as reported x.x% Margin excl. severance

# DF: Digital powerhouse with further market share gains

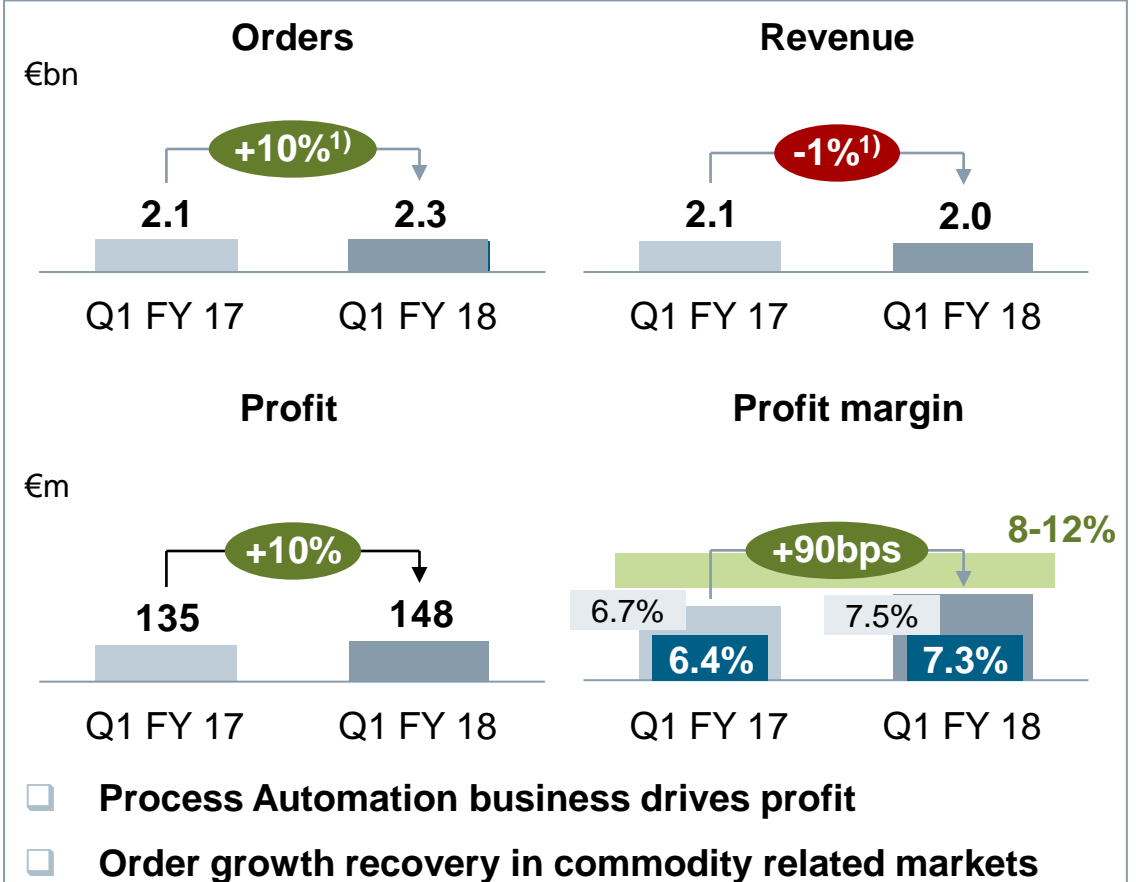
## PD: Order growth and margin expansion highlights in recovery



### Digital Factory (DF)



### Process Industries and Drives (PD)



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

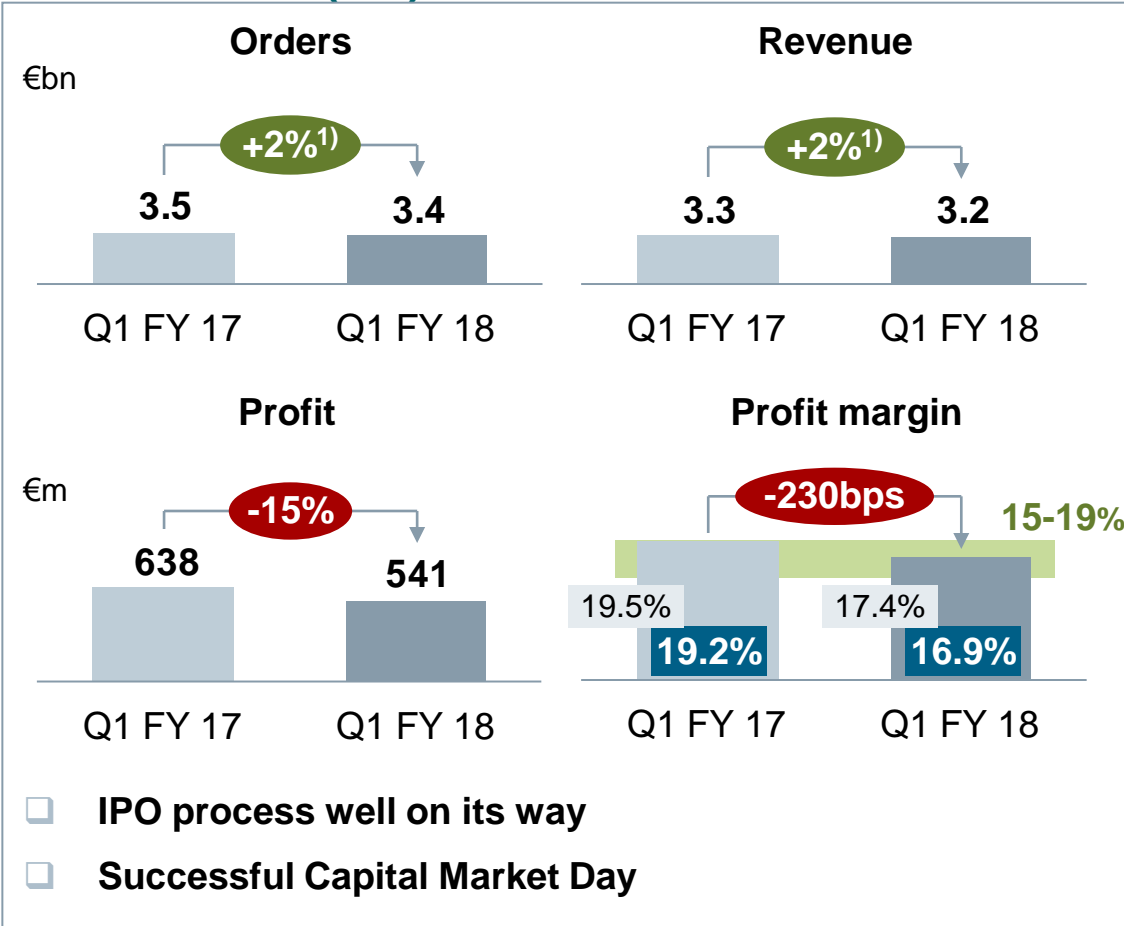
x.x% Margin as reported x.x% Margin excl. severance

# HC: FX headwind and mix weigh on good execution

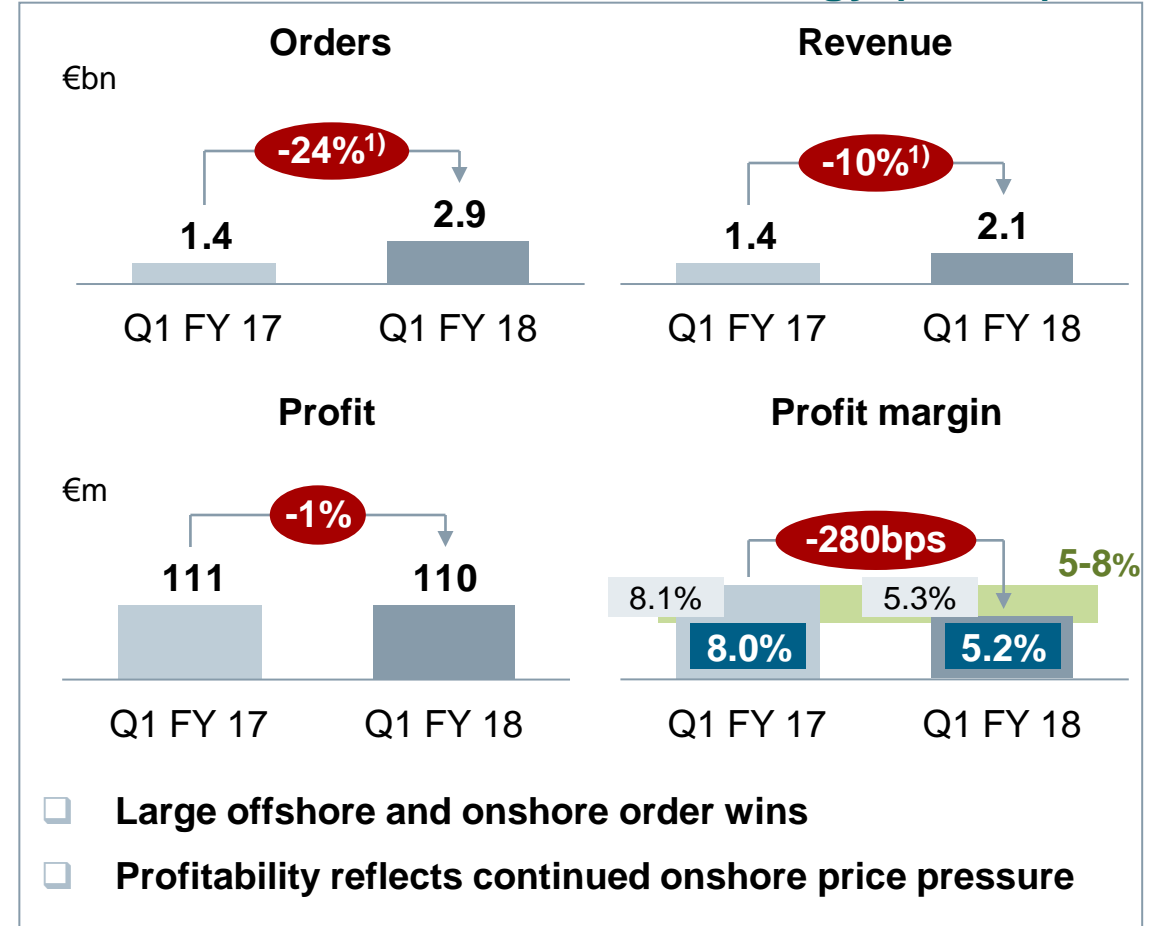
## SGRE: Integration ongoing – right decisions taken



### Healthineers (HC)



### Siemens Gamesa Renewable Energy (SGRE)



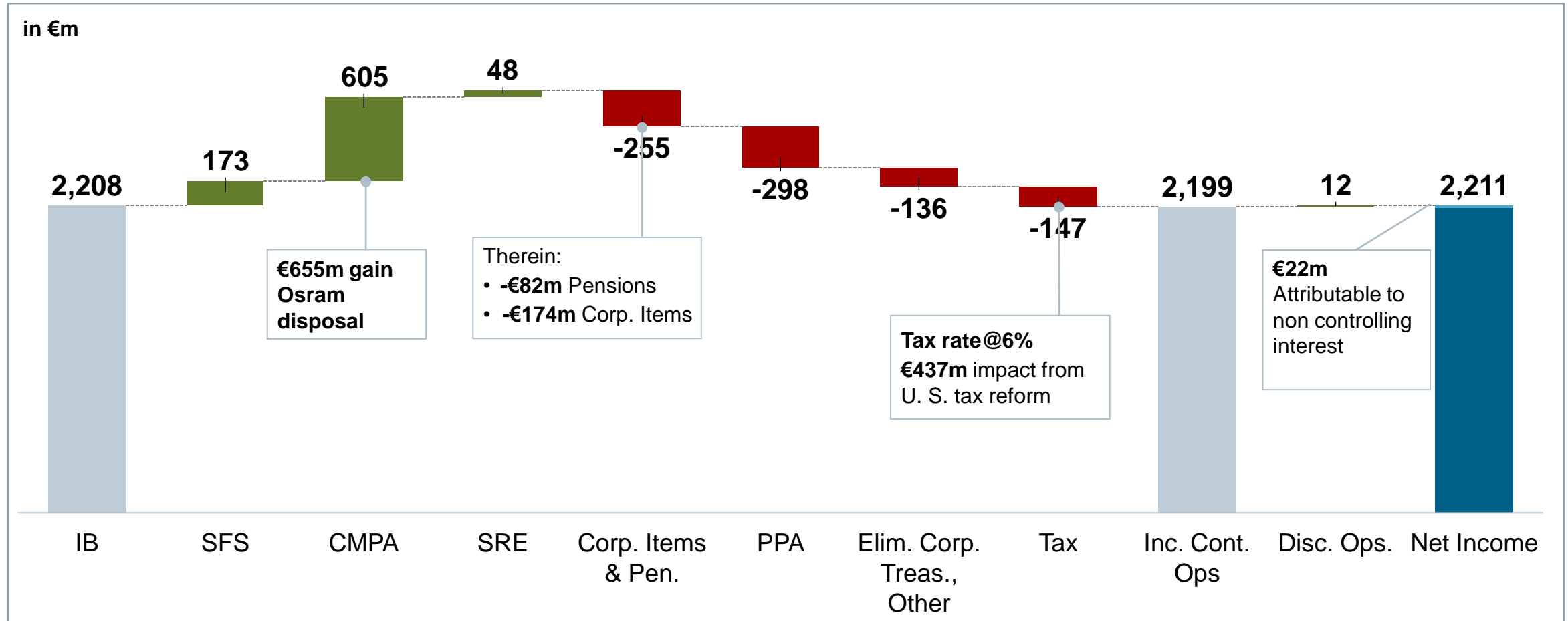
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x%

Margin as reported x.x% Margin excl. severance

# Below IB benefits from Osram gain and U. S. tax reform

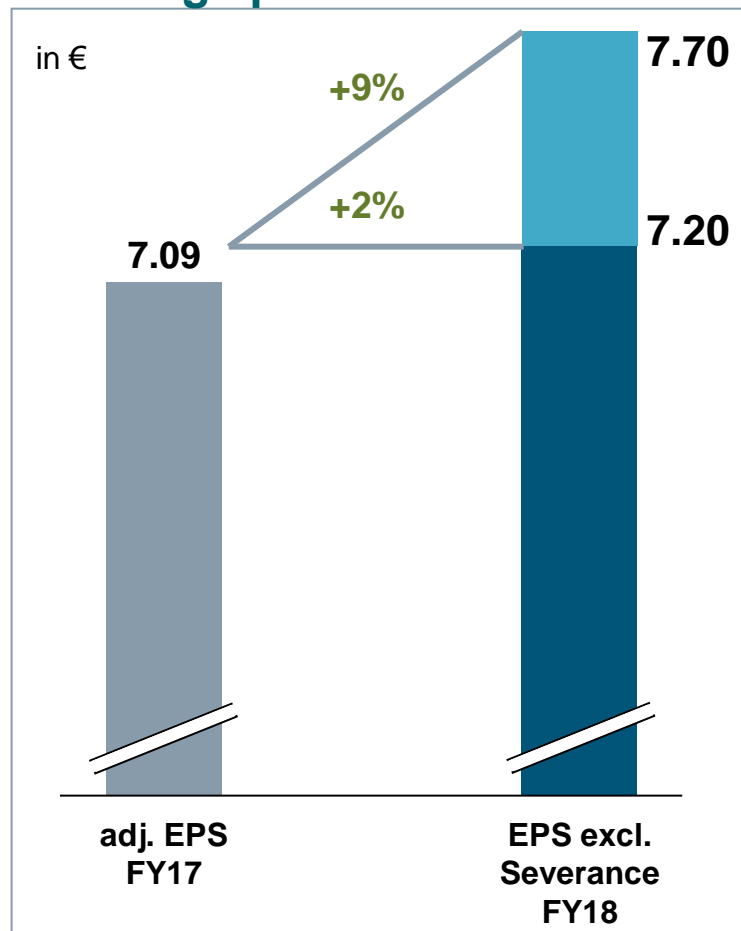
## Below Industrial Business – Q1 FY 2018





# Guidance FY 2018 confirmed

## Earnings per share



Note: FY 2017 weighted average number of shares of ~812.2m

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## Outlook

We expect a **mixed picture in our market environment** in fiscal 2018, ranging from **strong markets** for our **short-cycle businesses** to **unfavorable dynamics** in our **energy generation markets**, as well as **geopolitical uncertainties** that may restrict investment sentiment.

For fiscal 2018 we expect **modest growth in revenue**, net of effects from currency translation and portfolio transactions, and anticipate that **orders will exceed revenue** for a **book-to-bill ratio above 1**.

We expect a **profit margin of 11.0% to 12.0%** for our **Industrial Business** and **basic EPS from net income** in the **range of €7.20 to €7.70**, both **excluding severance charges**.

This outlook **excludes charges related to legal and regulatory matters**, **effects on EPS** associated with **minorities holding shares in Healthineers following the planned IPO**, and **potential effects** which may follow the introduction of a **new strategic program**.

# Appendix



# One Siemens Financial Framework

## Clear targets to measure success and accountability



### One Siemens Financial Framework

Siemens

**Growth:**  
Siemens > most relevant competitors<sup>1)</sup>

(Comparable revenue growth)

**Capital efficiency**  
(ROCE<sup>2)</sup>)

15 – 20%

**Total cost productivity<sup>3)</sup>**  
3 – 5% p.a.

**Capital structure**  
(Industrial net debt/EBITDA)

up to 1.0x

**Dividend payout ratio**  
40 – 60%<sup>4)</sup>

Profit Margin ranges of businesses (excl. PPA)<sup>5)</sup>

**PG**  
11 – 15%

**EM**  
7 – 10%

**MO**  
6 – 9%

**PD**  
8 – 12%

**SFS<sup>6)</sup>**  
15 – 20%

**SGRE**  
5 – 8%

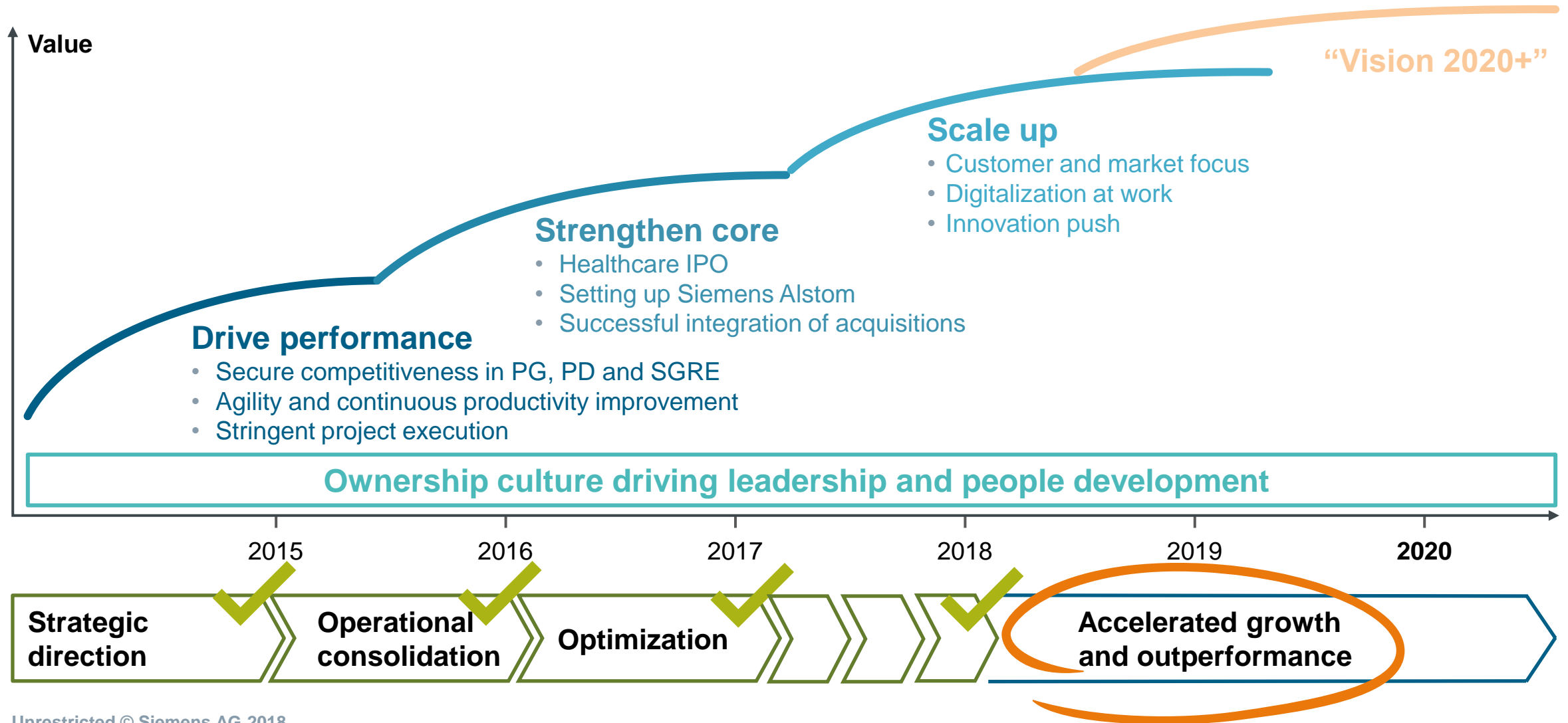
**BT**  
8 – 11%

**DF**  
14 – 20%

**HC**  
15 – 19%















1) ABB, GE, Schneider, MHI, Eaton, 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

# Siemens Vision 2020 execution well advanced FY 2018 – Setting direction for next strategic level

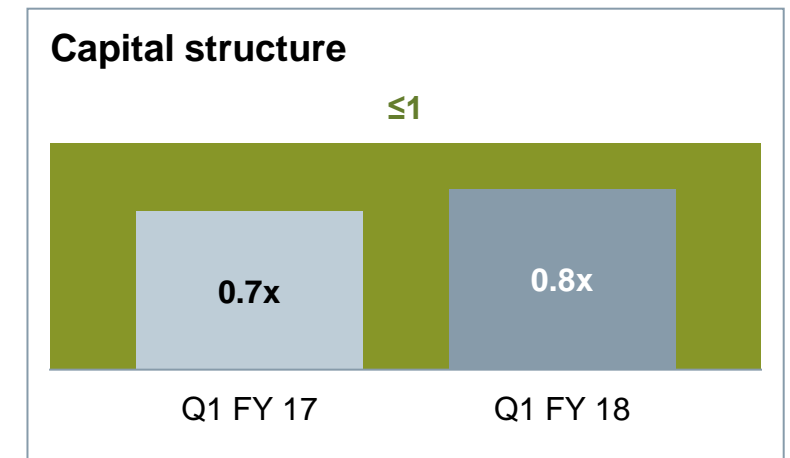
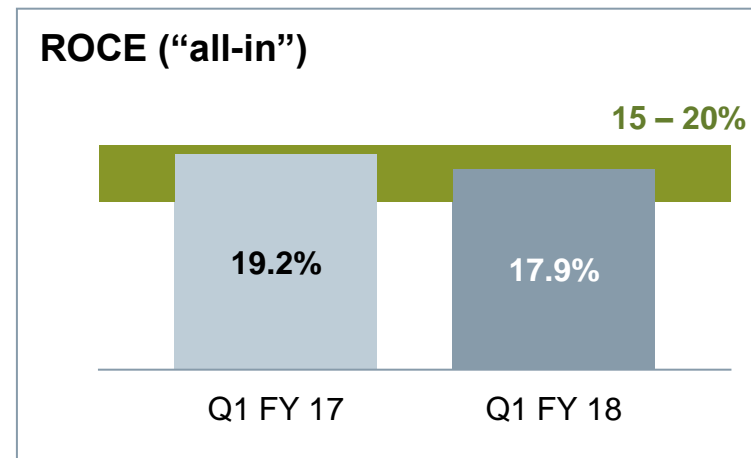
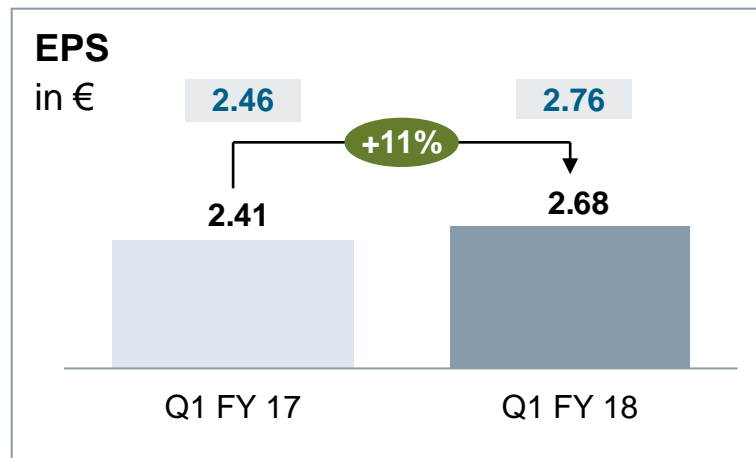
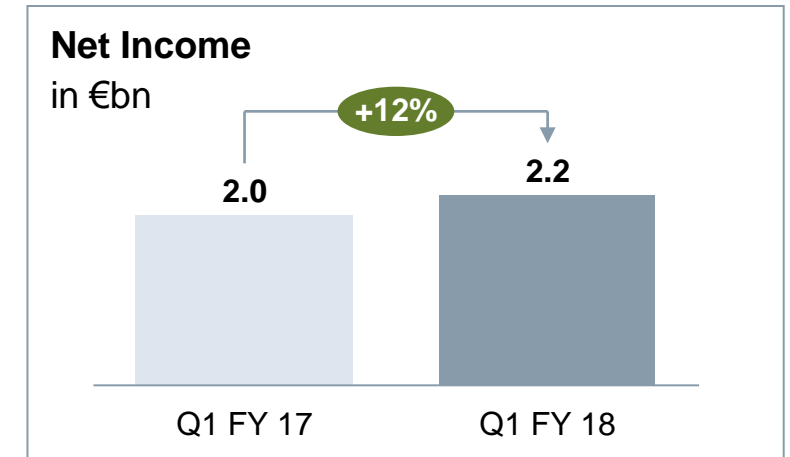
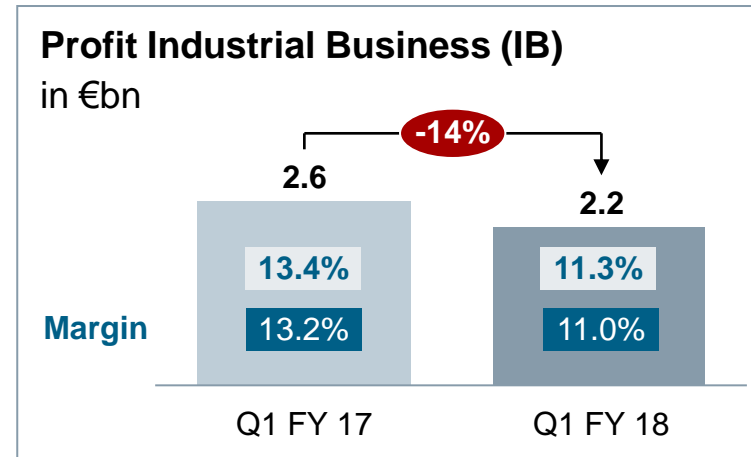
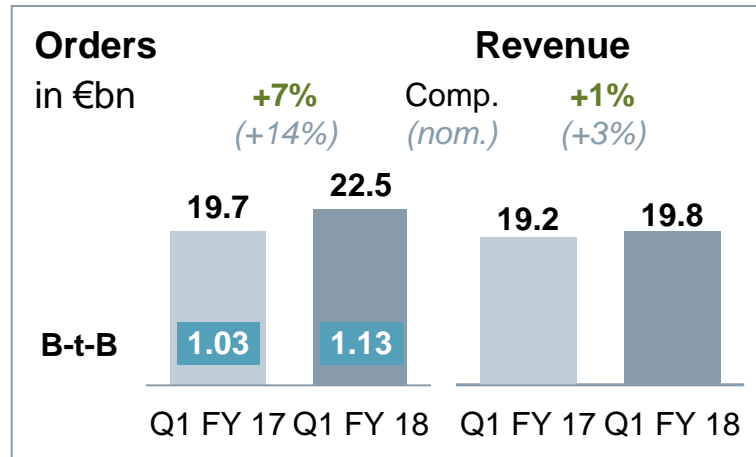


# Siemens Vision 2020 - Execution well underway, most targets already achieved by FY 2017



GOAL	INTENT	KPI	
<b>1</b> Implement stringent company governance with effective support functions	Live lean governance and drive continuous optimization	 €1bn cost savings by FY 2016 achieved	
<b>2</b> Strengthen portfolio	Sharpen our business focus in electrification, automation, and digitalization	 Tap growth fields > 8% margin in underperforming businesses	
<b>3</b> Execute financial target system	Grow our company value	 15-20% ROCE Growth > most relevant competitors	
<b>4</b> Expand global management	Get closer to our customers and markets	 > 30% of Division and Business Unit management outside Germany	
<b>5</b> Be a partner of choice for our customers	Foster an intimate and trusting partnership with our customers	 ≥ 20% improvement in Net Promoter Score	
<b>6</b> Be an employer of choice	Unleash the full potential of our people	 > 75% approval rating in leadership and diversity in global employee survey	
<b>7</b> Foster Ownership Culture	Ignite pride and passion for Siemens, through a new mindset and equity ownership	 ≥ 50% increase in number of employee shareholders	

# Financial cockpit – Q1 FY 2018

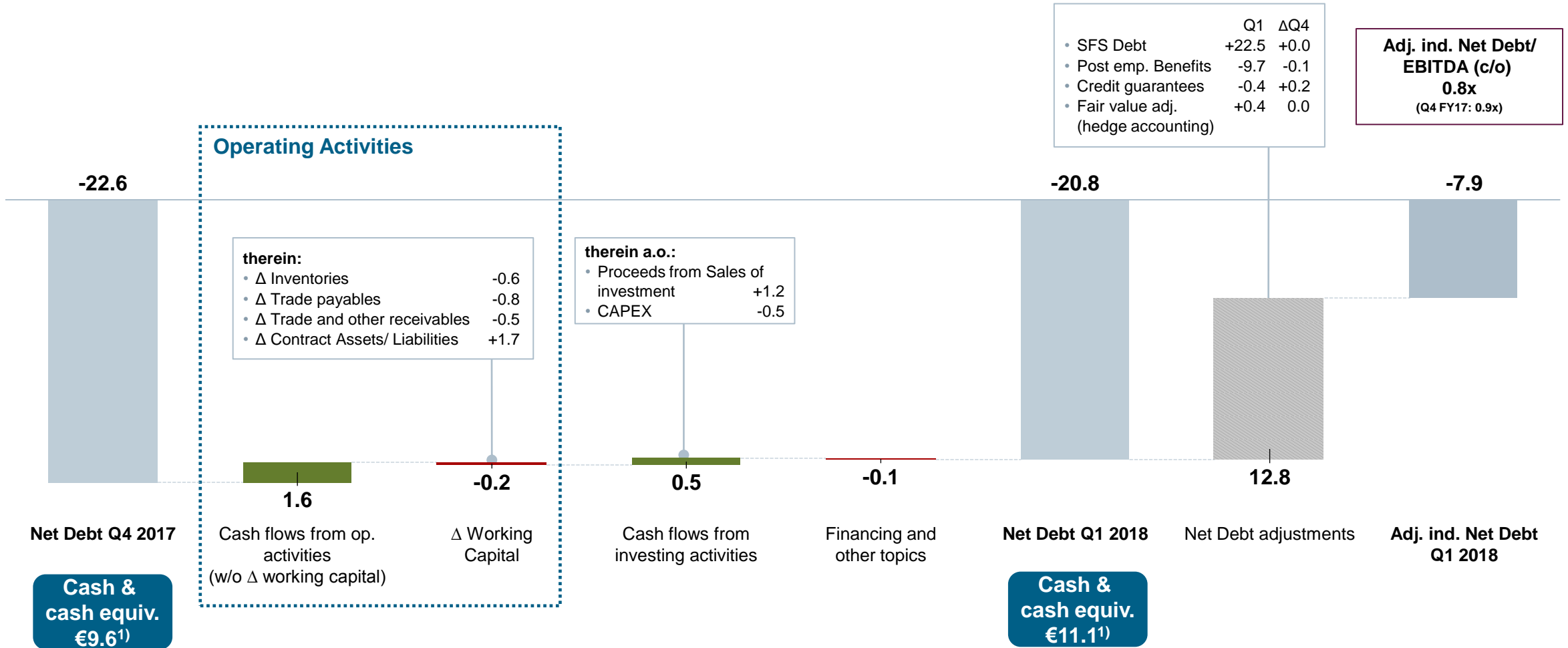


x.xx EPS excl. severance

x.x% as reported

x.x% excl. severance

# Net debt bridge – Q1 FY 2018



1) Including current available-for-sale financial assets

Provisions increased slightly, mainly due to decrease in discount rate assumptions, almost compensated by strong return on plan assets



## Q1 FY 2018 Key financials – Pensions and similar obligations

in €bn <sup>1)</sup>	FY 2015	FY 2016	FY 2017	Q1 FY 2018
<b>Defined benefit obligation (DBO)<sup>2)</sup></b>	(36.8)	(42.2)	(36.9)	(36.9)
<b>Fair value of plan assets<sup>2)</sup></b>	27.1	28.7	27.6	27.7
<b>Provisions for pensions and similar obligations</b>	<b>(9.8)</b>	<b>(13.7)</b>	<b>(9.6)</b>	<b>(9.7)</b>
<b>Discount rate</b>	3.0%	1.7%	2.4%	2.2%
<b>Interest Income</b>	0.8	0.8	0.5	0.1
<b>Actual return on plan assets</b>	0.6	3.3	0.3	0.7

1) All figures are reported on a continuing basis.

2) Fair value of plan assets including effects from asset ceiling (Q1 2018: €-0.1bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q1 FY 2018: €+0.4bn); Defined Benefit Obligation (DBO), including other post-employment benefit plans (OPEB) of –€0.5bn

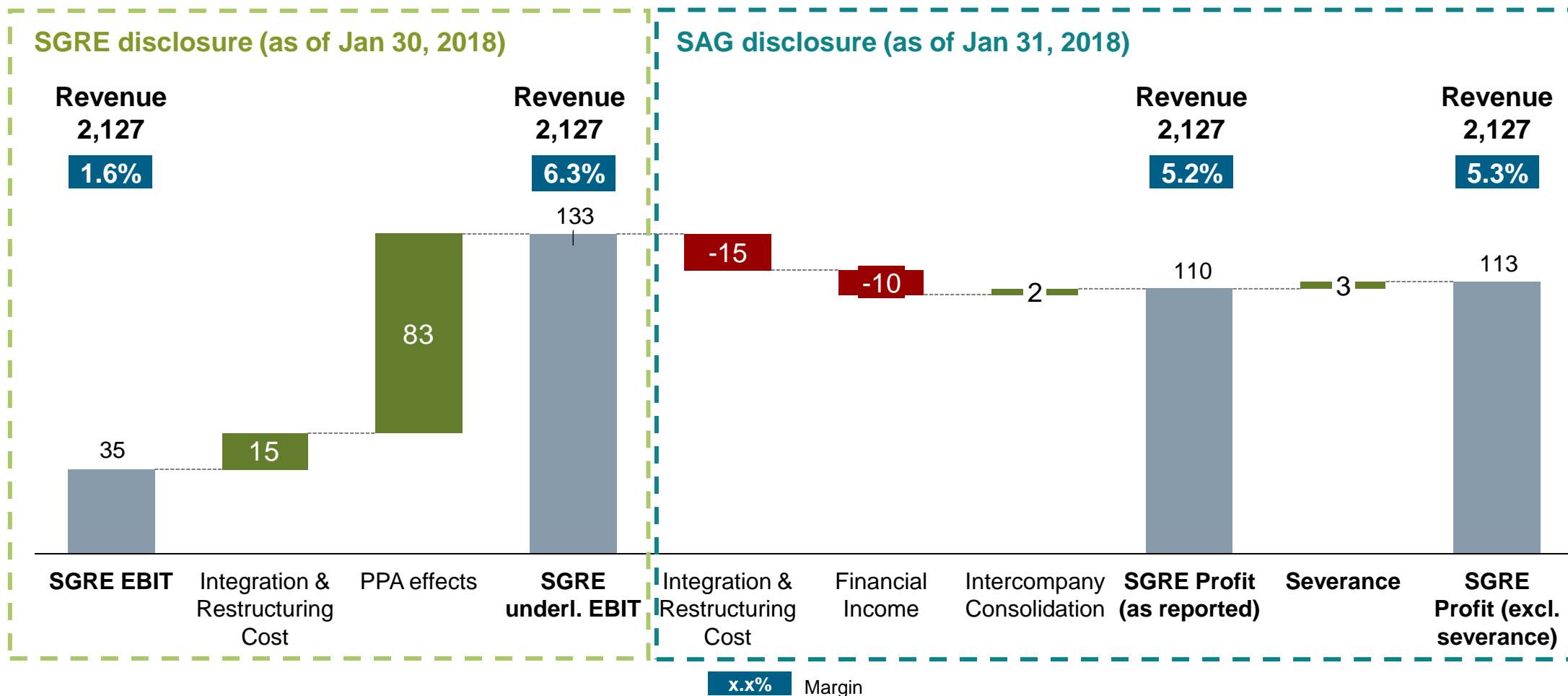


# Q1 FY18 Profit Bridge from SGRE disclosure to SAG Profit disclosure

Explanation of different profit definitions at SGRE and SAG to be considered in models



## Q1 FY18 Profit Bridge (in €m)



# Financial calendar

## January

**January 31, 2018**

Annual General Meeting + Q1 Analyst call (Munich, Germany)

## February

**February 21, 2018**

Roadshow UK (Edinburgh)

**February 22, 2018**

Roadshow Switzerland (Zurich)

## March

**March 21/22, 2018**

Bank of America Merrill Lynch Conference (London)



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