

# Siemens continues to grow despite significant headwinds in key markets

Roland Busch, COO and CTO Siemens AG

Klaus Helmrich, CEO Siemens Digital Industries

Ralf P. Thomas, CFO Siemens AG

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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.

# Leading technologies as foundation for future success



## Advance digital manufacturing



## Future pact for Goerlitz



## Siemens IoT Platform

- Competitive technology stack
- Domain know how & customer proximity
- High volume industrial apps
- Powerful ecosystem

**Additive  
manufacturing  
alliance with HP**

**Innovation campus &  
hydrogen laboratory**

**Ready  
for scale up**

# Net Promoter Score up by 11%

## Substantial customer wins in challenging market environment



### Q3 FY 19 - Order highlights



**MO – Russia**  
**13 High-speed trains**  
**€1.2bn**



**SGRE – Taiwan**  
**Two offshore projects**  
**€2.3bn**



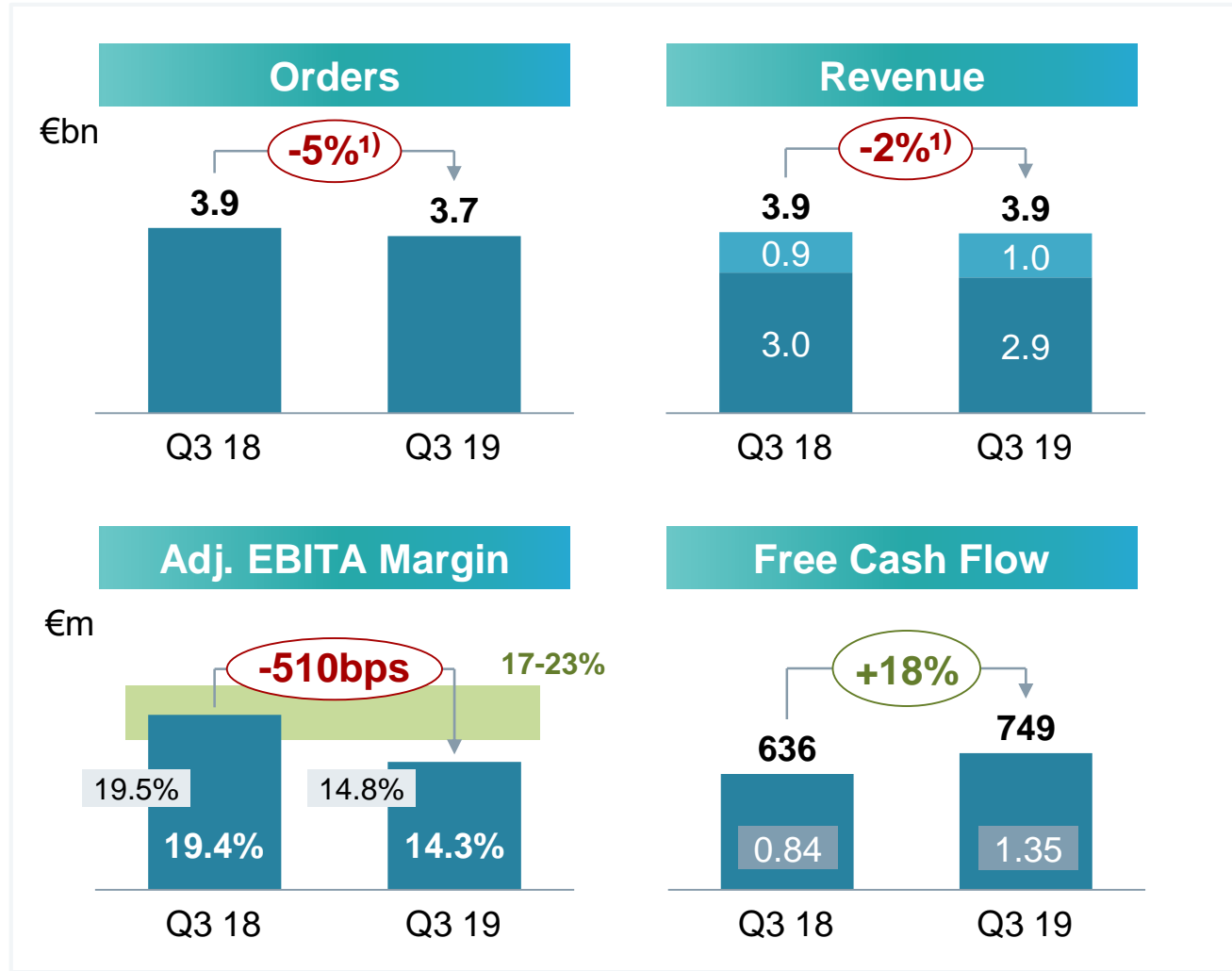
**GP – Iraq**  
**Maisan power plant**  
**€0.2bn**

Note: Net Promoter Score compared to baseline FY 2017

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# Digital Industries (DI)

## Short cycle impacted by macro headwind



Discrete Automation orders clearly weaker, Software and Process continue to grow



Margin impacted by volume, unfavorable mix, Opex invest, Bentley revaluation



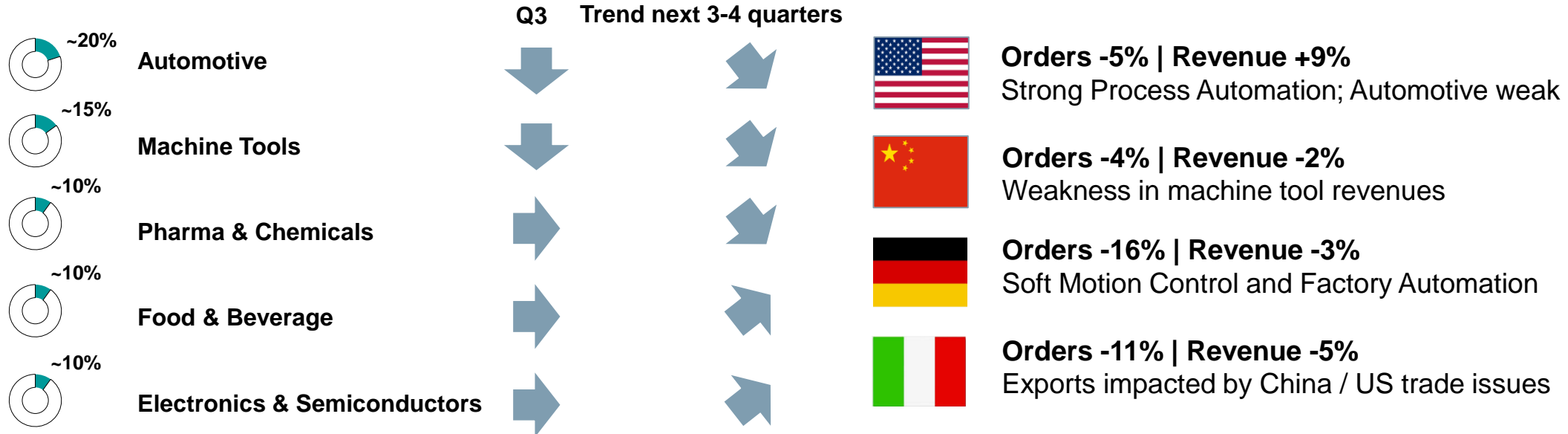
FCF up on stringent working capital management

¹) Comparable therein Software x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate  
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# Moderation predominantly in high margin discrete automation businesses, counter measures identified to adjust cost base

## Vertical end markets (share of DI revenue)

## Q3 FY 2019 - Key regions Automation (excl. Software)



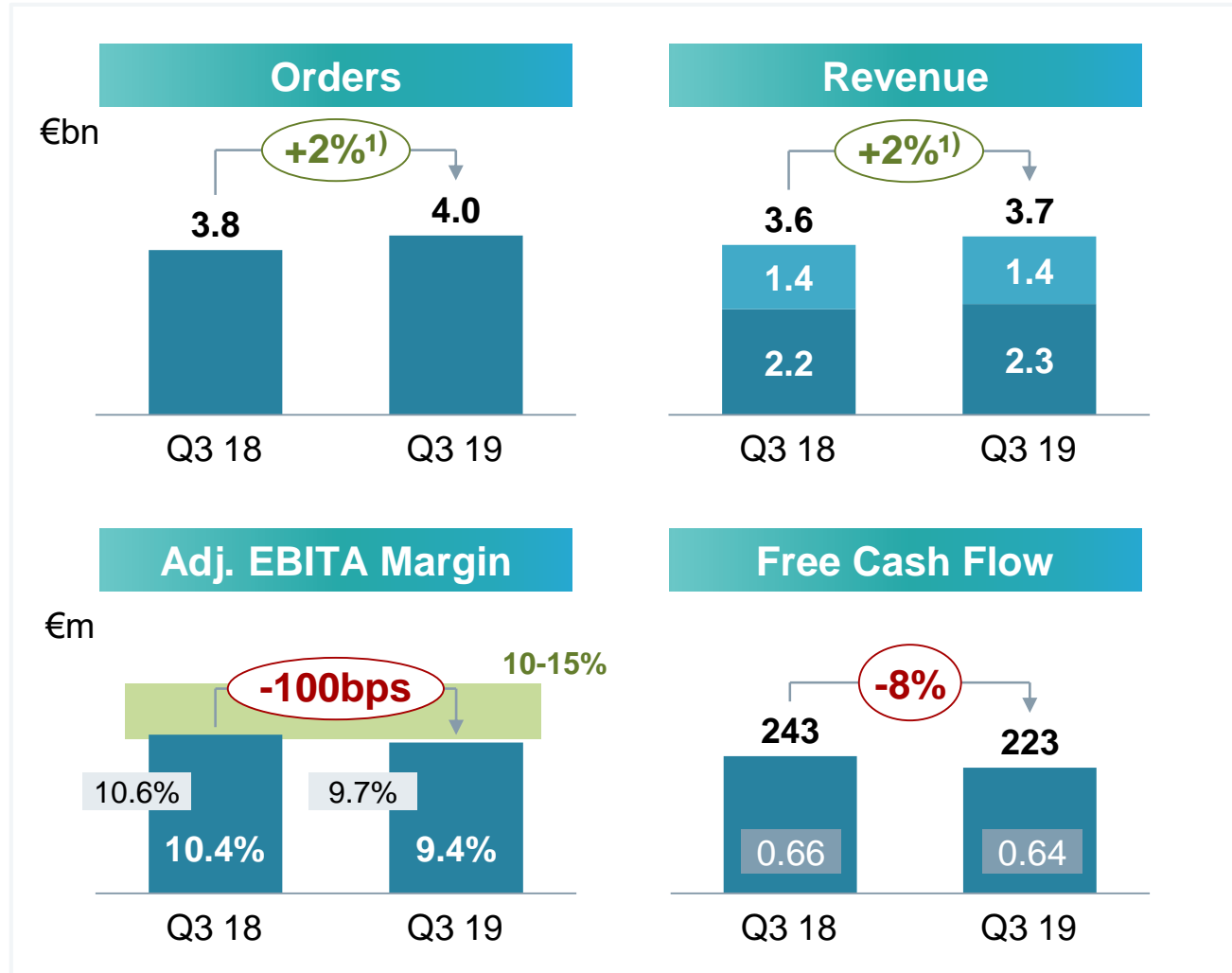
## Measures to improve current performance and drive global competitiveness



- Stringent monitoring of all **discretionary spendings**
- **Focused resource allocation** and reduction of **temporary contracts**
- **Digital transformation** and **structural optimization** across all core processes, regional set-up and support functions
- **Asset Excellence Initiative** in place to focus on strict cash and working capital management

# Smart Infrastructure (SI)

## Softer performance with ongoing innovation invest



Solid solution and service business; product business challenging

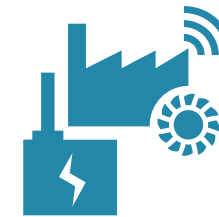
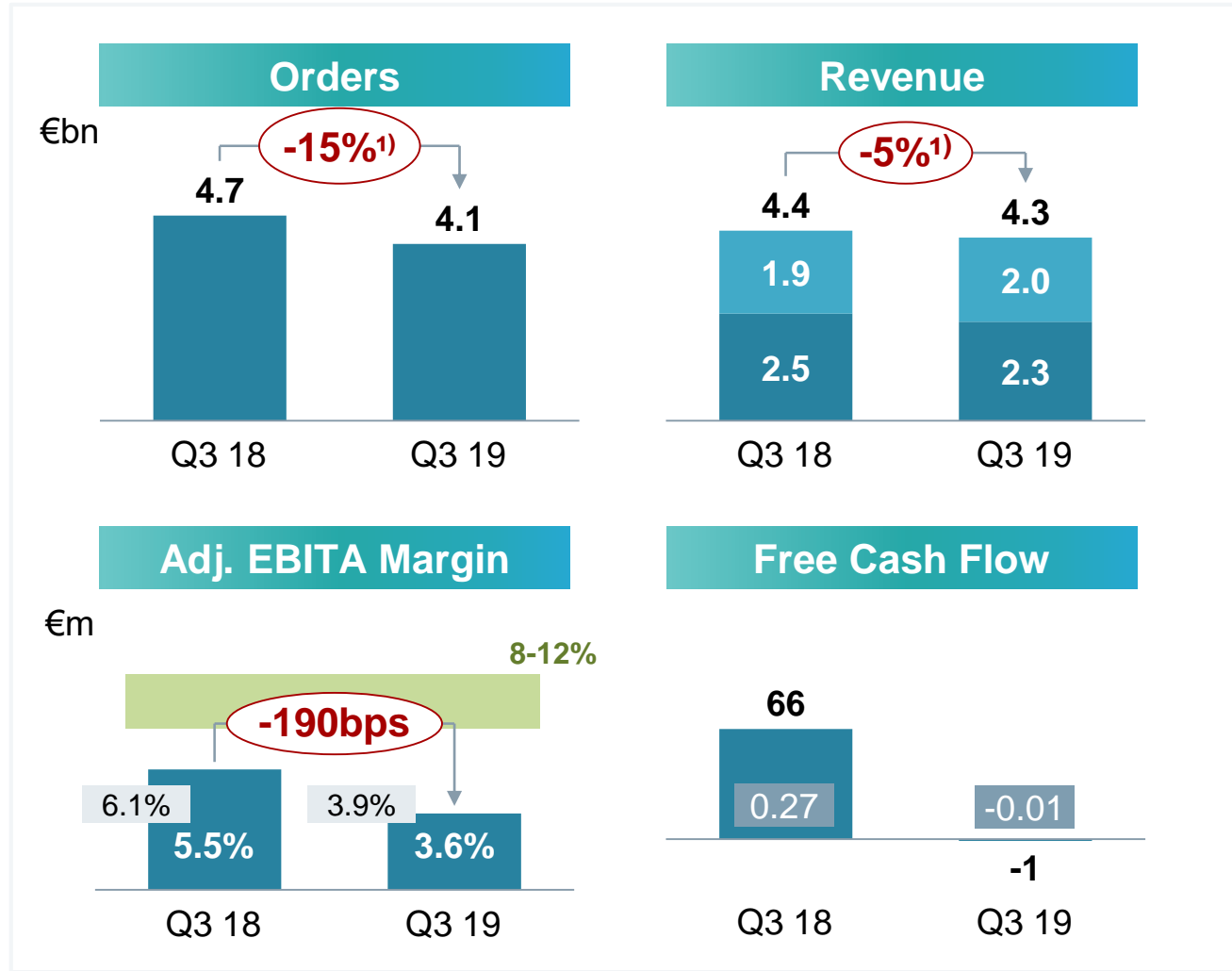


Invest in building and grid IoT



Working capital improvement measures in implementation

# Gas and Power (GP) Spinoff preparation on track



Lower volume from large orders



Lower revenue in solution, stable service



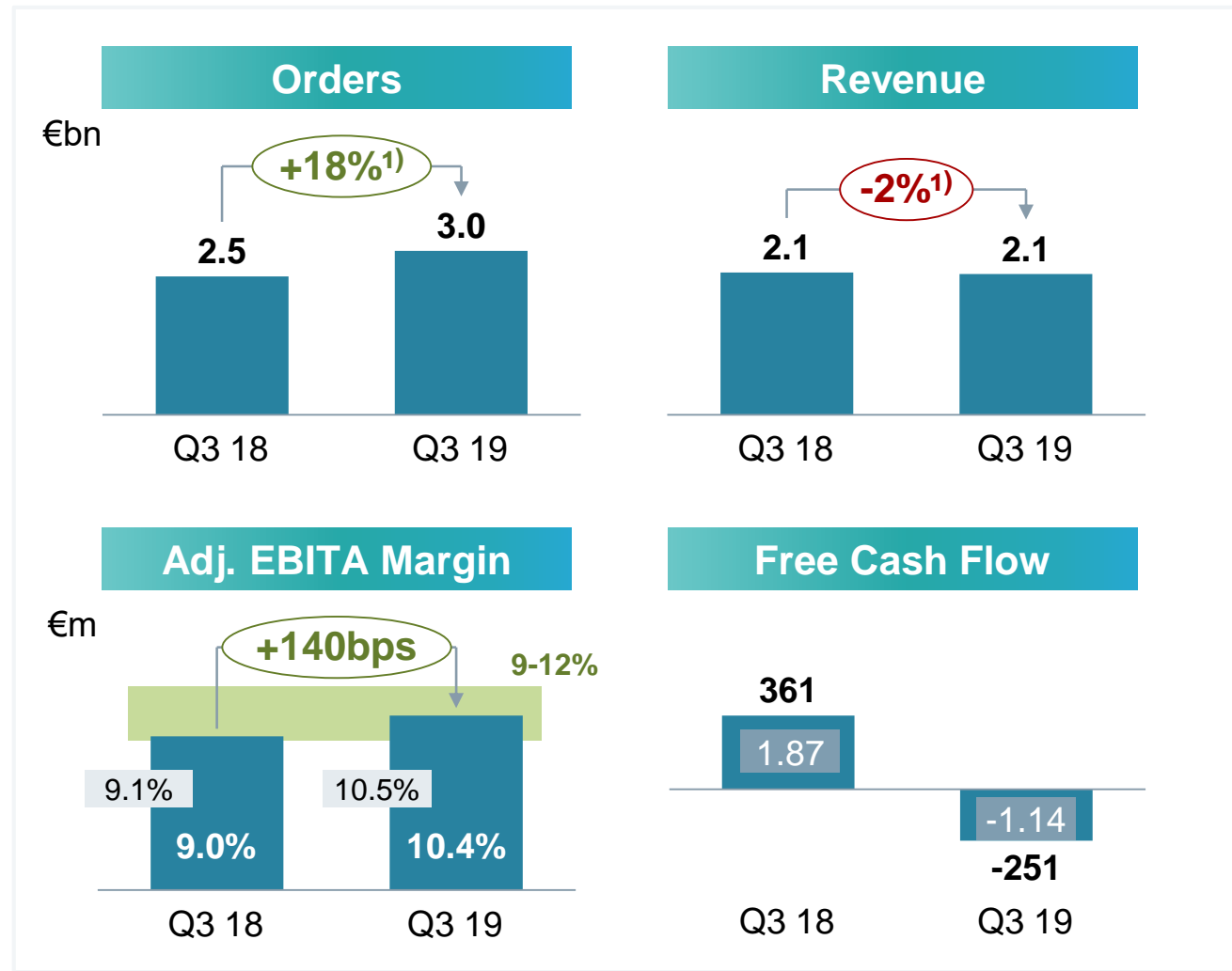
Measures initiated to optimize competitiveness and improve working capital management

<sup>1)</sup> Comparable   therein Service   x.x% Adj. EBITA margin excl. severance   x.x Cash Conversion Rate  
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# Mobility (MO)

## Sustainable industry margin leadership

**SIEMENS**  
*Ingenuity for life*



Continuously strong order momentum, healthy backlog €33bn



Sustainable margin performance for 23 quarters in a row

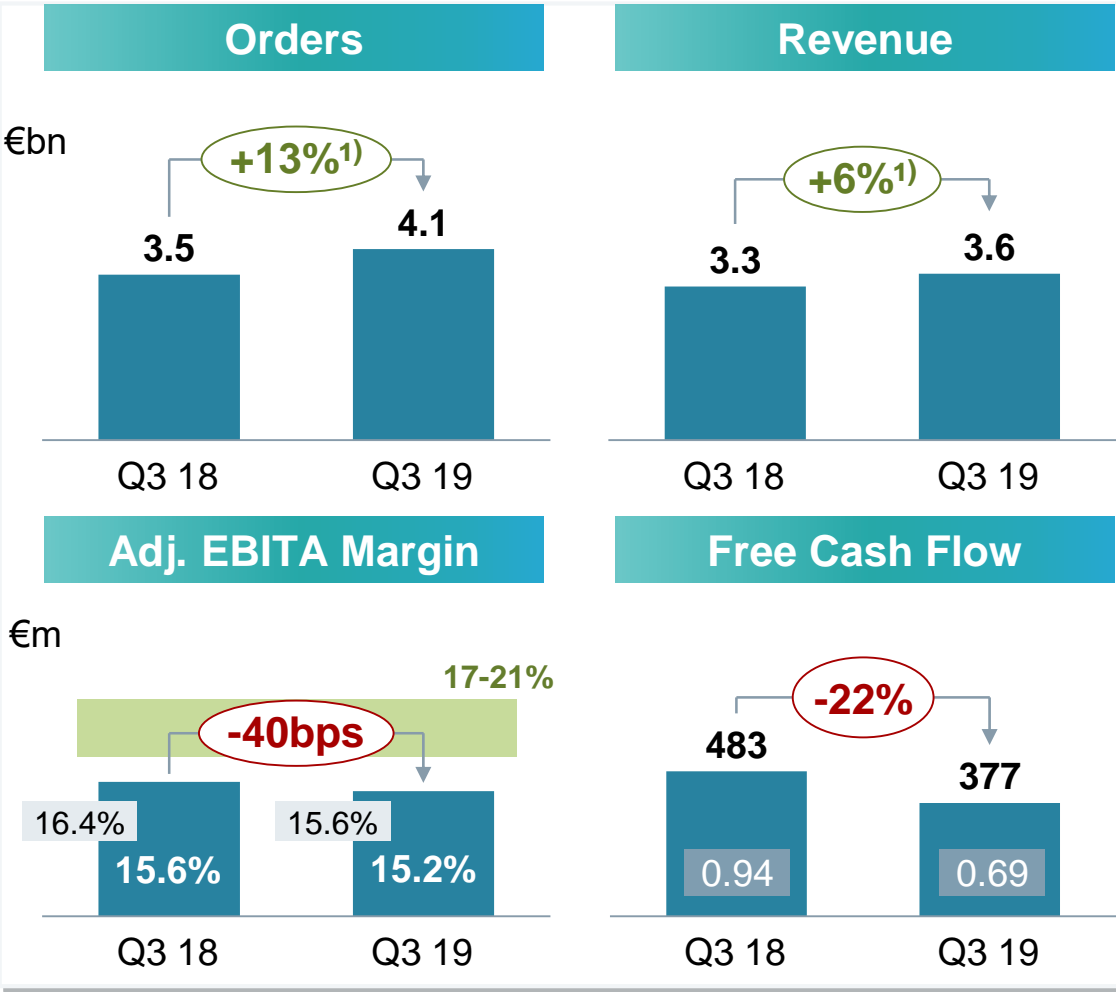


Free cash flow to swing back in Q4

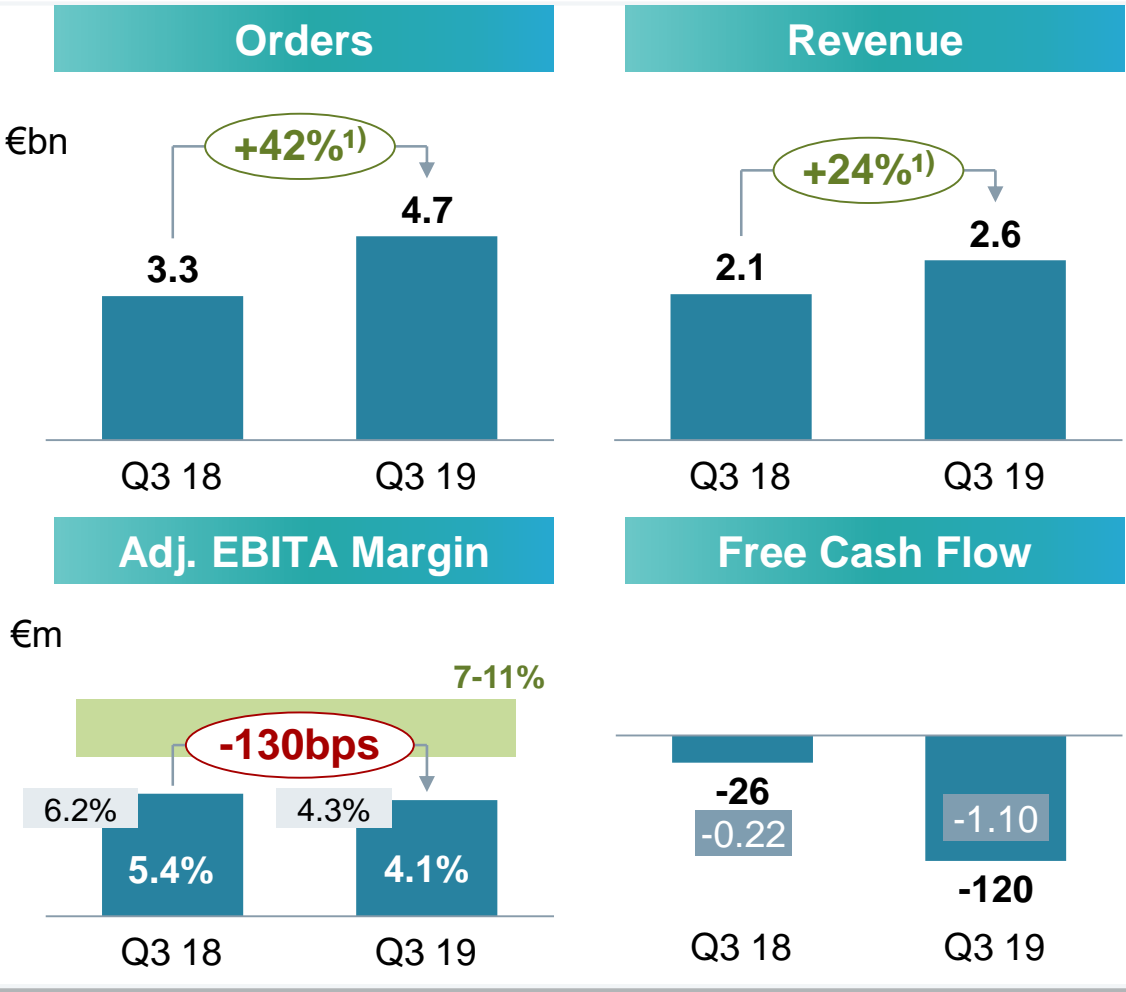
<sup>1)</sup> Comparable x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate

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# Performance of listed Strategic Companies

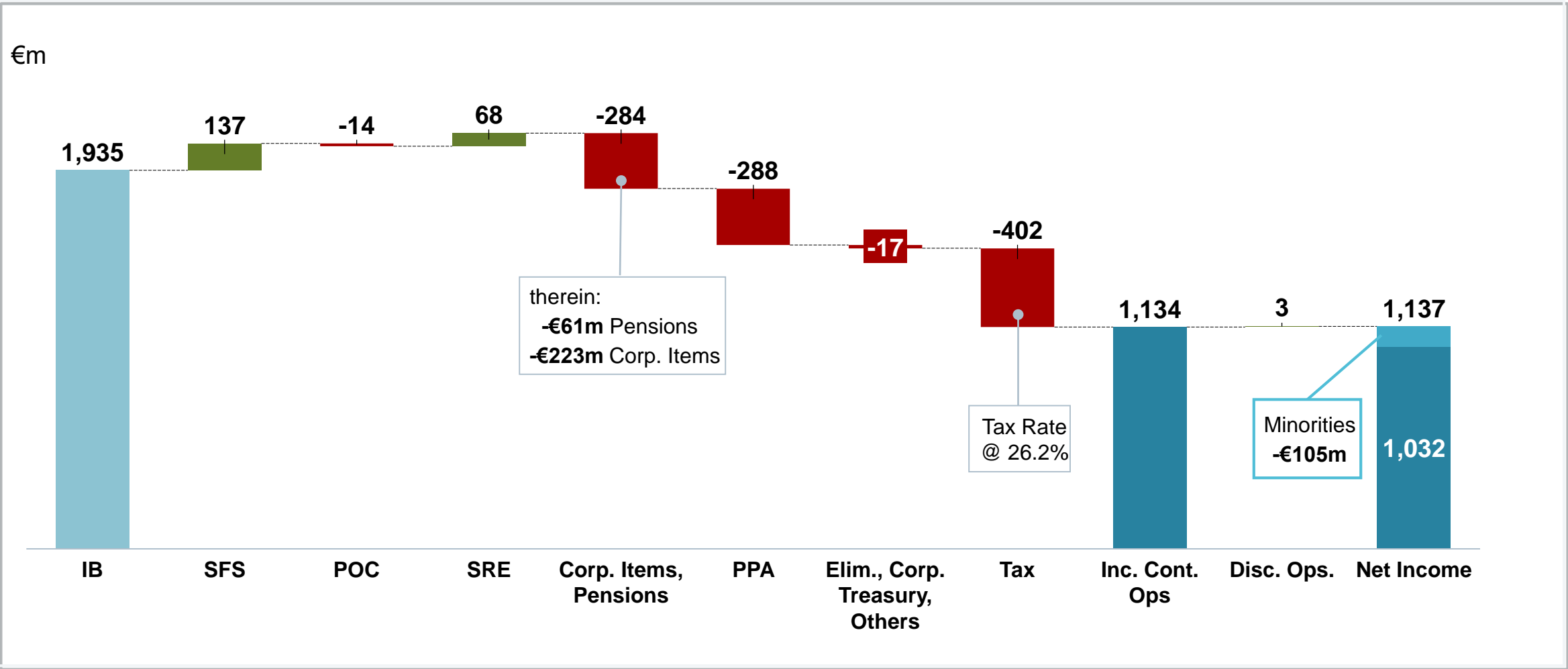


<sup>1)</sup> Comparable x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate  
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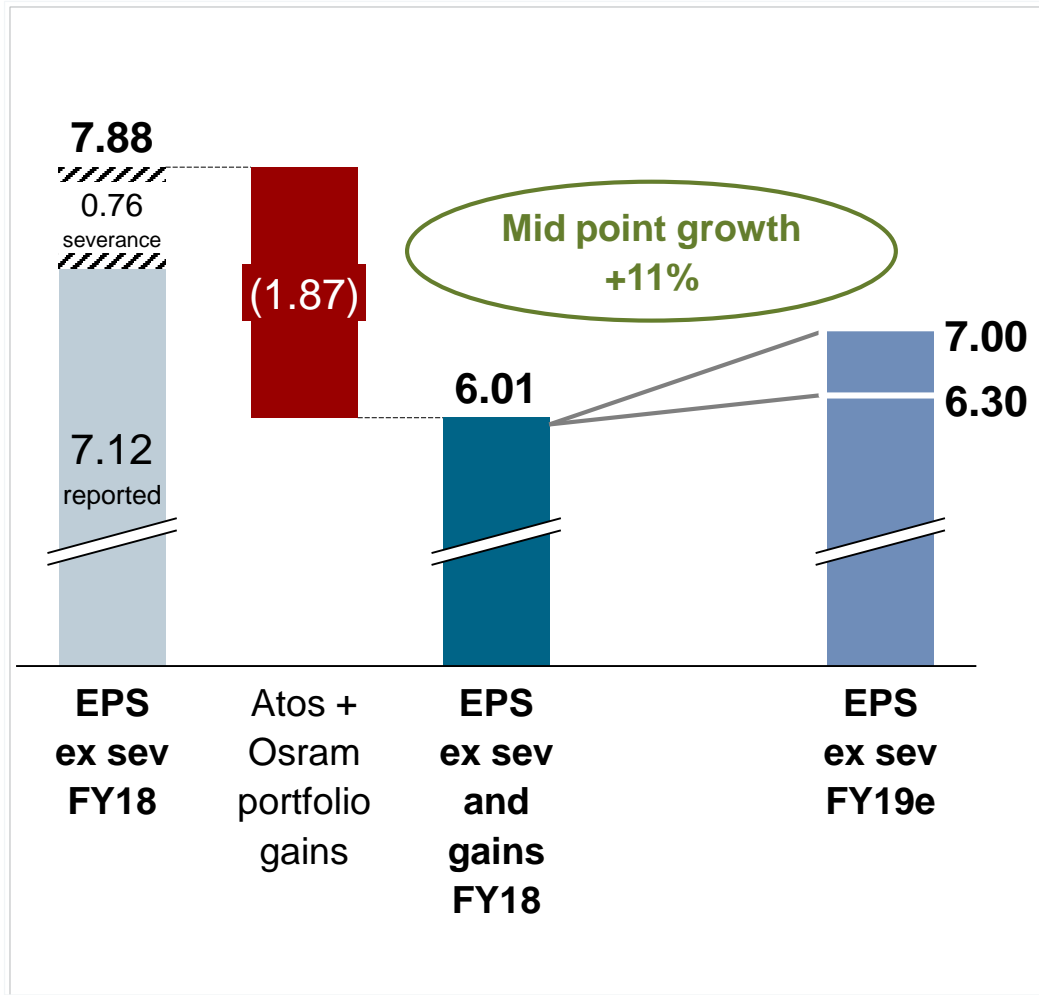


<sup>1)</sup> Comparable x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate

# Below Industrial Business performance



# Outlook FY 2019 confirmed



The **favorable market environment for our short cycle businesses**, which was a material basis for our outlook, has **significantly deteriorated** in the second half of the fiscal year. Nevertheless, we **confirm our financial expectations for fiscal 2019**, even though it becomes **more challenging** to achieve our expectation of **moderate growth in revenue**, net of currency translation and portfolio effects.

We continue to anticipate that orders will exceed revenue for a **book-to-bill ratio above 1**.

We expect that **Adjusted EBITA margin for our Industrial Businesses** will reach the **lower half of the range of 11.0% to 12.0% excluding severance charges**.

Finally, we confirm our expectation of **basic EPS from net income in the range of €6.30 to €7.00 excluding severance charges**.

This outlook excludes charges related to legal and regulatory matters.

# Appendix



## Q3 FY 2019 – Financial performance



### Orders

+6%



### Revenue

+2%



### IB Adj. EBITA margin excl. severance

9.9%



### EPS excl. severance

€1.37



### IB Cash conversion

0.51



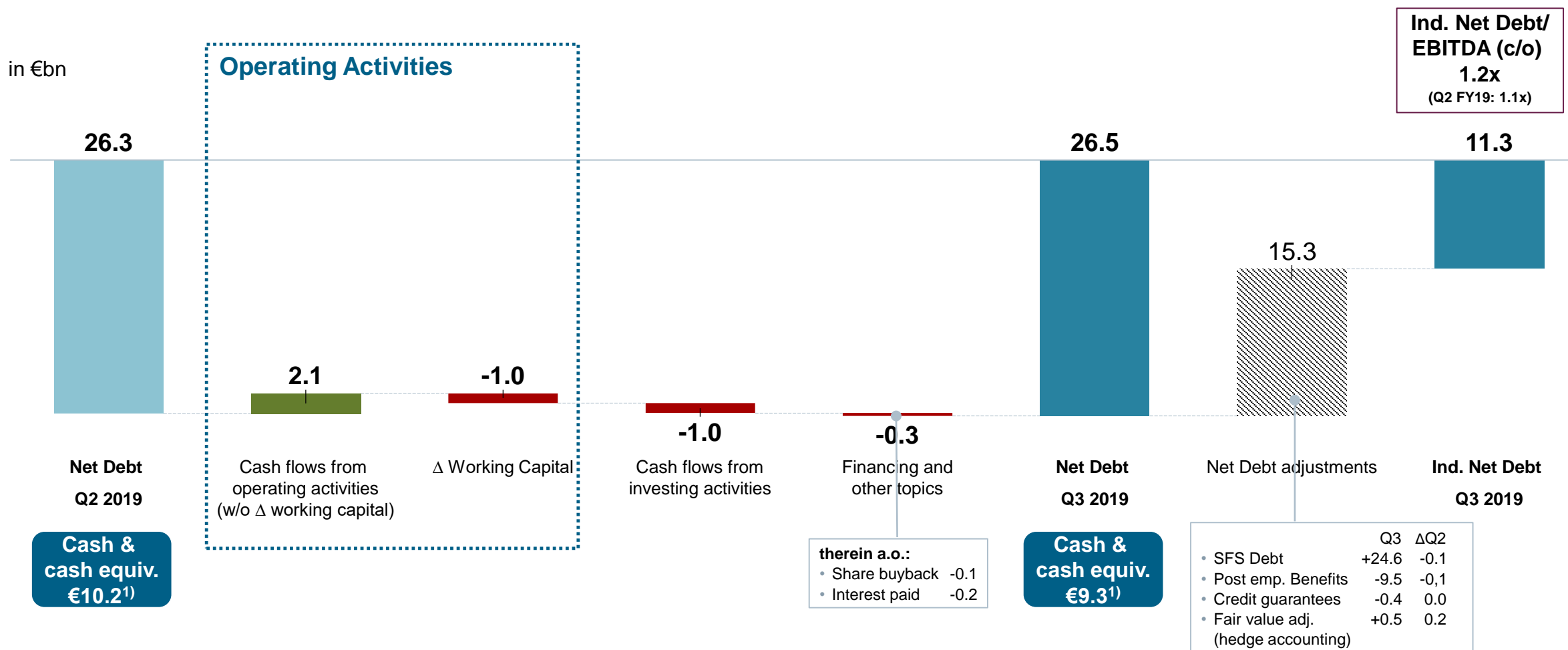
### Indust. ND/EBITDA

1.2x



Orders and Revenue growth comparable  
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# Q3 FY 2019 – Net debt bridge



1) Including current interest-bearing debt securities formerly shown as current available-for-sale financial assets .

# Provisions slightly increased in Q3 due to lower discount rate, nearly offset by positive asset performance



## Q3 FY 2019 – Pensions and similar obligations

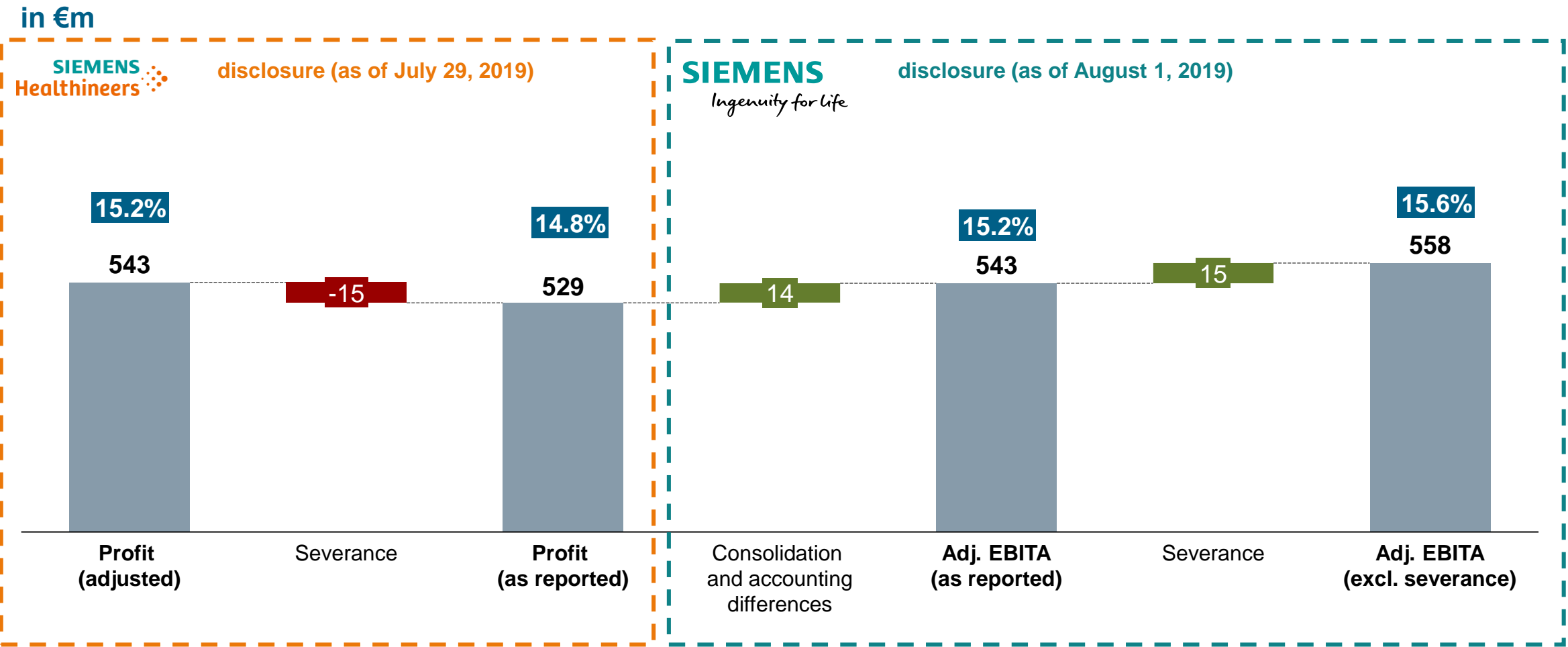
in €bn <sup>1</sup>	FY 2016	FY 2017	FY 2018	Q1 FY 2019	Q2 FY 2019	Q3 FY 2019
Defined benefit obligation (DBO) <sup>2</sup>	-42.2	-36.9	-35.9	-36.4	-38.4	<b>-39.0</b>
Fair value of plan assets <sup>2</sup>	28.7	27.6	28.7	27.7	29.5	<b>30.1</b>
Provisions for pensions and similar obligations	-13.7	-9.6	-7.7	-9.2	-9.4	<b>-9.5</b>
Discount rate	1.7%	2.4%	2.4%	2.2%	1.9%	<b>1.7%</b>
Interest income	0.8	0.5	0.5	0.1	0.1	<b>0.1</b>
Actual return on plan assets	3.3	0.3	0.4	-0.7	1.7	<b>1.0</b>

1) All figures are reported on a continuing basis

2) Difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q3 2019: +€0.6bn); defined benefit obligation (DBO), including other post-employment benefit plans (OPEB) of -€0.6bn

# Q3 FY19 Profit Bridge from SHS disclosure to SAG disclosure

Different profit definitions at SHS and SAG to be considered in models

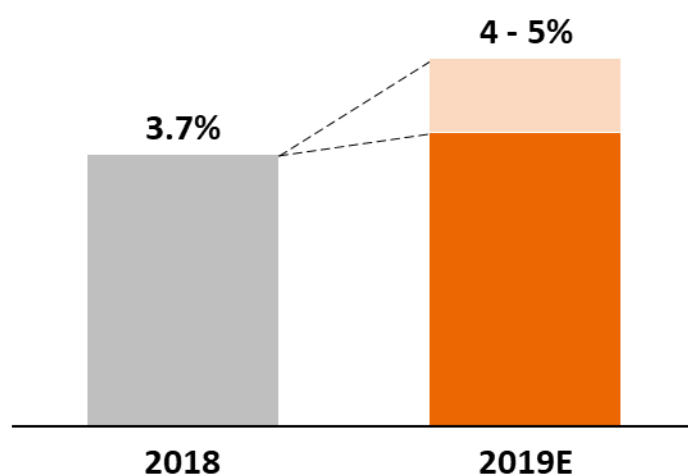


x.x% Margin

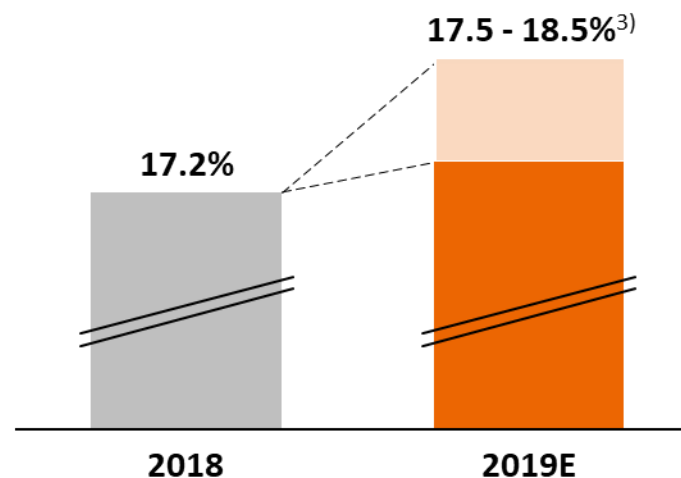
# Outlook – full year guidance confirmed

As disclosed  
on July 29, 2019

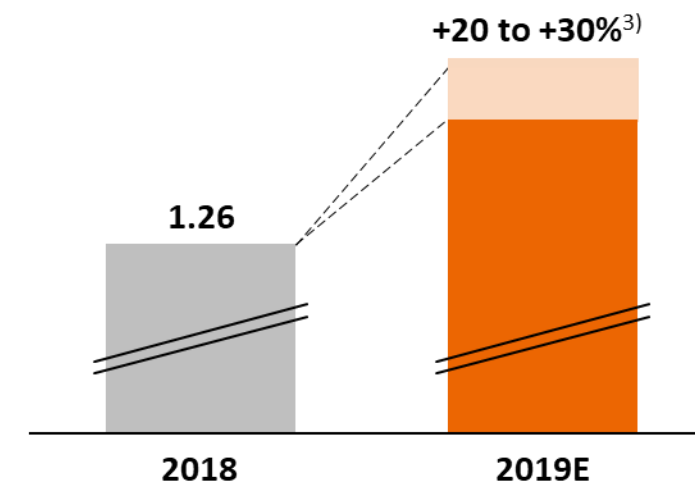
Comparable revenue growth<sup>1)</sup>



Adj. profit margin<sup>2)</sup>



Earnings per share (in €)



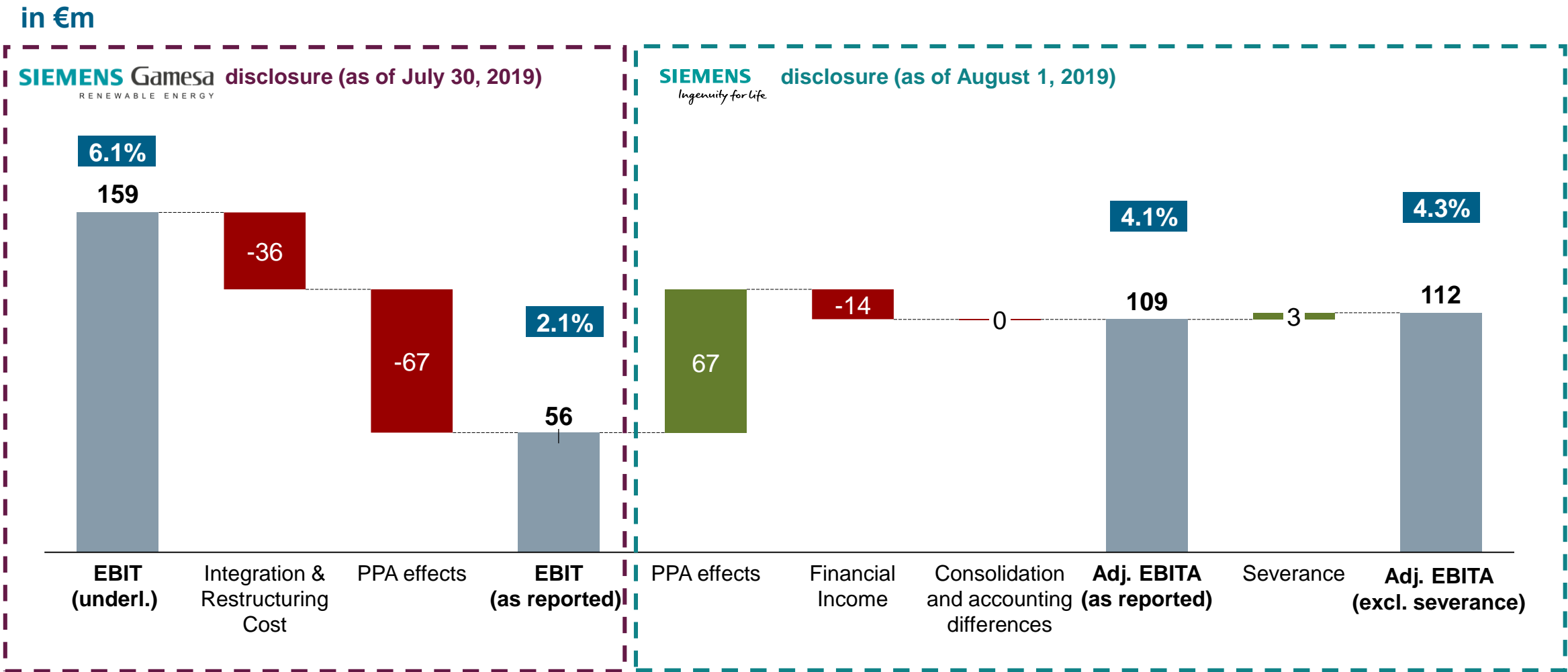
1) Y-o-y on a comparable basis, excluding translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

3) The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019

# Q3 FY19 Profit Bridge from SGRE to SAG disclosure

Different profit definitions at SGRE and SAG to be considered in models



**As disclosed  
on July 30, 2019**

9M 19 performance in line with FY 19 guidance range; Q3 19 results impacted by emerging market volatility and Onshore execution challenges

Guidance FY 19	9M 19	FY 19 E <sup>1</sup>
<b>Revenue</b> (in €m)	7,283	10,000 - 11,000
<b>EBIT margin pre PPA and I&amp;R costs</b> (in %)	6.5%	7.0% - 8.5%

**FY 19 guidance range confirmed, with current expectations being in the first half of guidance for revenues and the low end of guidance for EBIT margin pre PPA and I&R costs**

- **FY 19 revenue** coverage of 98%<sup>2</sup>, or c. €10,300m impacted by market volatility in India
- **FY 19 EBIT margin pre PPA and I&R costs** impacted by: execution challenges in Onshore Northern Europe and India in Q3 19, the increase in import duties on Chinese components in the US and market volatility in emerging markets leading to lower sales activity. Short term impact from later factors likely to continue
- **Upside and downside risks** remain balanced; focus is on flawless execution
- **Transformation program** during the first 9M in line with annual expectations, including annual synergies of 1.2% of revenues by the end of FY 19

1) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates.

2) Revenue coverage: 9M 19 revenue plus order backlog (€) as of June 19 for FY 19 sales activity divided by the FY 19 revenue guidance range of €10bn to €11bn.

# Siemens Financial Framework



## Siemens (targets over the cycle)

### Growth Siemens

comparable revenue growth

4 – 5%

### Capital efficiency

ROCE<sup>1)</sup>

15 – 20%<sup>2)</sup>

### Industrial Businesses margin<sup>3)</sup>

11 – 15%

### Capital structure

Industrial net debt/EBITDA

up to 1.0x

### Cash conversion (CCR)

FCF IB / Adj. EBITA IB

CCR = 1 – comp. growth rate

### Dividend payout ratio

40 – 60%<sup>4)</sup>

## Operating Companies

### Adj. EBITA margin ranges<sup>3)</sup>

**Digital  
Industries**  
17 – 23%

**Smart  
Infrastructure**  
10 – 15%

**Gas and  
Power**  
8 – 12%

## Strategic Companies

### Adj. EBITA margin ranges<sup>3)</sup>

**Mobility**  
9 – 12%

**Siemens  
Healthineers**  
17 – 21%

**Siemens  
Gamesa R. E.**  
7 – 11%

## Service Company

### RoE<sup>5)</sup>

**Financial  
Services**  
17 – 22%

1) Based on continuing and discontinued operations; 2) Long-term goal; currently ROCE burdened by significant M&A; 3) EBITA adjusted for operating financial income, net and amortization of intangible assets not acquired in business combinations; margin ranges for Siemens Healthineers and Siemens Gamesa R. E. reflect Siemens expectation; 4) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 5) Return on equity after tax

# Financial calendar

**September  
2019**

**September 5, 2019**  
Morgan Stanley Conference (London)

**October /  
November  
2019**

**November 7, 2019**  
Q4 Earnings Release  
**November 7 - 8, 2019**  
Roadshow London  
**November 12, 2019**  
Roadshow Frankfurt  
**November 13, 2019**  
Roadshow Paris  
**November 12 - 13, 2019**  
Roadshow New York, Boston



# Investor Relations contacts

## Investor Relations

Internet:	<a href="http://www.siemens.com/investorrelations">www.siemens.com/investorrelations</a>
E-Mail:	<a href="mailto:investorrelations@siemens.com">investorrelations@siemens.com</a>
Telefon:	+49 89 636-32474
Fax:	+49 89 636-1332474