

# SIEMENS

*Ingenuity for life*

Munich, Germany, May 9, 2018

# Earnings Release

## Q2 FY 2018

January 1 to March 31, 2018

## Investments in digital industry making an impact

»Most of our businesses, primarily our digital offerings, showed impressive performance and operationally more than offset structural challenges in fossil power generation. By raising our guidance, we demonstrate our commitment to the company's capability to master structural change and shape digital industry,« said Joe Kaeser, President and Chief Executive Officer of Siemens AG.

- Revenue was €20.1 billion, nearly unchanged from Q2 FY 2017, and orders were also strong at €22.3 billion, 2% below the high basis of comparison a year earlier which included a substantially higher volume from large orders; the book-to-bill ratio was 1.11
- On a comparable basis, excluding currency translation and portfolio effects, revenue was level and orders declined by 1%
- Industrial Business profit of €2.3 billion and Industrial Business profit margin of 11.0%; strong performance led by Digital Factory, held back by a sharp decrease in profit and profitability at Power and Gas
- Net income of €2.0 billion included a €0.7 billion profit from Centrally managed portfolio activities; basic earnings per share (EPS) increased to €2.39, up from €1.75 in Q2 FY 2017
- The successful initial public offering (IPO) of Siemens Healthineers AG included the float of a 15% interest in the business

## Siemens

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	22,318	22,746	(2)%	(1)%
Revenue	20,141	20,135	0%	0%
Profit				
Industrial Business	2,254	2,458	(8)%	
<i>therein: severance</i>	(130)	(55)		
Profit margin				
Industrial Business	11.0%	12.0%		
<i>excl. severance</i>	11.7%	12.3%		
Income from continuing operations	1,974	1,429	38%	
<i>therein: severance</i>	(161)	(72)		
Net income	2,018	1,454	39%	
Basic earnings per share (in €)	2.39	1.75	36%	
Free cash flow (continuing and discontinued operations)	791	738	7%	
ROCE (continuing and discontinued operations)	16.6%	13.0%		

- Strong order intake, only slightly below the high basis of comparison in Q2 FY 2017; lower volume from large orders, particularly in Siemens Gamesa Renewable Energy (SGRE), which was formed via merger between the periods under review, in Energy Management and in Power and Gas; orders rose clearly excluding the change in large order volume
- Order backlog rose to €129 billion
- Revenue includes a sharp increase at SGRE due to the merger and double-digit growth in Digital Factory; as expected, continuing substantial revenue decline for Power and Gas in contracting markets
- Negative currency translation effects took seven percentage points from order and six percentage points from revenue development; portfolio transactions added six percentage points each to order and revenue development
- Profit Industrial Business declined due predominantly to Power and Gas where market forces drove a €325 million reduction in profit year-over-year; continued strong performance in a majority of the other industrial businesses, most prominently in Digital Factory, which sharply increased its profit on strength in its short-cycle and product lifecycle management software businesses; Mobility surpassed the high profitability it achieved in Q2 FY 2017; Building Technologies and Siemens Healthineers again made strong profit contributions, but reported declines due to a €94 million gain related to amendments of pension plans for Building Technologies in Q2 FY 2017 (total effect for Industrial Business: €138 million) and negative currency effects for Siemens Healthineers
- Outside Industrial Business, Centrally managed portfolio activities (CMPA) recognized a €900 million gain related to Siemens' investment in Atos SE, as a result of transferring Siemens' Atos shares to Siemens Pension-Trust e.V.; this was partly offset by a €154 million impairment loss related to an equity investment, also within CMPA. While costs within Corporate items came in lower, this was largely offset by higher amortization of intangible assets acquired in business combinations resulting mainly from the SGRE merger and the acquisition of Mentor Graphics
- Income from continuing operations and net income benefited from a lower income tax rate year-over-year due to effects from release of tax provisions and the largely tax-free gain from the above-mentioned transfer of shares in Atos SE; these factors more than offset negative income tax effects related to establishing the Siemens Healthineers Group
- The successful IPO of Siemens Healthineers in March 2018 with a total placement volume of €4.2 billion resulted in cash inflows (net of transaction costs) of €3.6 billion in the current quarter and €0.5 billion at beginning of Q3 FY 2018; these cash inflows are not part of Free cash flow
- ROCE benefited from higher net income in the current quarter that more than offset an increase in average capital employed due primarily to the SGRE merger and the acquisition of Mentor Graphics
- Contributions totaling €1.8 billion strengthen Siemens' pension assets and further safeguard the post-employment benefits of employees in Germany; substantial decrease in provisions for pensions and similar obligations, to €8.1 billion as of March 31, 2018 (December 31, 2017: €9.7 billion)

## Power and Gas

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	3,171	3,795	(16)%	(7)%
Revenue	2,933	4,064	(28)%	(21)%
Profit	114	438	(74)%	
<i>therein: severance</i>	(25)	(4)		
Profit margin	3.9%	10.8%		
<i>excl. severance</i>	4.7%	10.9%		

- Lower volume from large orders in contracting markets; current quarter includes a €0.4 billion order from Russia for a combined cycle power plant; order declines in all three reporting regions
- Substantial revenue decline, particularly in the solutions business which in Q2 FY 2017 recorded higher revenue from large orders in Egypt
- Despite continuing strong contribution from the service business, profit down sharply on lower revenue, price declines, reduced capacity utilization and net negative effects related to project execution
- Global energy trends continue to structurally reduce overall demand in markets for the Division's offerings, resulting in declining new-unit large turbine business and corresponding price pressure due to current overcapacities and aggressive competitive behavior; as a consequence, the Division expects substantial severance charges in the second half of the fiscal year

## Energy Management

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	2,834	3,558	(20)%	(14)%
Revenue	2,958	2,992	(1)%	6%
Profit	260	224	16%	
<i>therein: severance</i>	(5)	(6)		
Profit margin	8.8%	7.5%		
<i>excl. severance</i>	8.9%	7.7%		

- Lower volume from large orders, which in Q2 FY 2017 included a €0.6 billion order in the solutions business in Qatar and a €0.4 billion high-voltage direct current (HVDC) order in India
- Revenue growth on a comparable basis primarily due to increases in the transmission solutions, medium voltage and systems, as well as low voltage and product businesses; revenue development held back by negative currency translation effects
- Higher contributions to profit from a majority of the Division's businesses despite negative currency effects

## Building Technologies

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	1,793	1,826	(2)%	5%
Revenue	1,609	1,604	0%	8%
Profit	175	235	(26)%	
<i>therein: severance</i>	(5)	(2)		
Profit margin	10.9%	14.7%		
<i>excl. severance</i>	11.2%	14.8%		

- Clear order and revenue growth driven by the solution and service business was offset by negative currency translation effects, mainly from the US\$
- Strong profit and profit margin included productivity improvements; Q2 FY 2017 included a €94 million gain related to pension plan amendments

## Mobility

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	2,416	2,133	13%	17%
Revenue	2,100	2,014	4%	9%
Profit	233	212	10%	
<i>therein: severance</i>	(4)	(6)		
Profit margin	11.1%	10.5%		
<i>excl. severance</i>	11.3%	10.8%		

- Significant order growth due mainly to a sharply higher volume from large orders, including an order worth €0.3 billion for high-speed trains including maintenance in Turkey
- Broad-based revenue growth and increased profit and profitability on successful execution of large projects; profit in Q2 FY 2017 included a €28 million gain related to pension plan amendments
- In March 2018, Siemens and Alstom SA signed the Business Combination Agreement regarding the proposed combination of Siemens' mobility business, including its rail traction drive business, with Alstom

## Digital Factory

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	3,400	2,859	19%	11%
Revenue	3,262	2,710	20%	13%
Profit	682	487	40%	
<i>therein: severance</i>	(8)	(11)		
Profit margin	20.9%	18.0%		
<i>excl. severance</i>	21.2%	18.4%		

- Strong volume growth with increases in all businesses; excellent development in the short-cycle businesses, which again outperformed the market; the product lifecycle management (PLM) software business grew sharply due to strong demand combined with new volume from the acquisition of Mentor Graphics in Q2 FY 2017
- On a geographic basis, volume increased in all reporting regions, including substantial growth in China
- Profit and profitability rose in all businesses, with the strongest growth contributions from the PLM software and factory automation businesses; overall profit and profitability impacted by ongoing expenses related to Siemens' MindSphere platform investments

## Process Industries and Drives

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	2,319	2,299	1%	6%
Revenue	2,113	2,185	(3)%	1%
Profit	143	134	7%	
<i>therein: severance</i>	(10)	(9)		
Profit margin	6.7%	6.1%		
<i>excl. severance</i>	7.2%	6.5%		

- Orders rose as commodity markets continued to stabilize, more than offsetting strong currency translation headwinds while demand for the Division's mechanical components again fell substantially year-over-year; on a geographic basis, strong growth contribution from China
- Revenue growth in the large drives and process automation businesses offset by declines in other businesses; overall revenue development held back by negative currency translation effects
- Broad-based profit and profitability improvements despite negative currency effects

## Siemens Healthineers

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	3,337	3,375	(1)%	8%
Revenue	3,226	3,405	(5)%	3%
Profit	531	572	(7)%	
<i>therein: severance</i>	(18)	(14)		
Profit margin	16.5%	16.8%		
<i>excl. severance</i>	17.0%	17.2%		

- Volume development burdened strongly by currency translation effects
- Comparable revenue growth led by the imaging business; on a geographic basis, growth mainly in China
- Profit held back by significant currency headwinds and lower profitability in the advanced therapies business
- Successful IPO on March 16, 2018; of the transaction costs related to the IPO, €13 million were included in profit and €73 million were deducted from equity

## Siemens Gamesa Renewable Energy

(in millions of €)	Q2		% Change	
	FY 2018	FY 2017	Actual	Comp.
Orders	3,044	3,142	(3)%	(32)%
Revenue	2,241	1,516	48%	(9)%
Profit	117	155	(25)%	
<i>therein: severance</i>	(55)	(2)		
Profit margin	5.2%	10.3%		
<i>excl. severance</i>	7.7%	10.4%		

- Lower volume from large orders which in Q2 FY 2017 included a €1.4 billion contract win for an offshore wind-farm, including service, in Germany
- Revenue increase due to the merger with Gamesa
- Profitability held back by higher severance charges and integration costs

## Financial Services

(in millions of €)	Q2	
	FY 2018	FY 2017
Income before income taxes	189	207
therein: severance	(1)	–
ROE (after taxes)	23.7%	26.3%

  

(in millions of €)	Mar 31,	Sep 30,
	2018	2017
Total assets	26,320	26,474

- Continued strong earnings contribution from the equity business; Q2 FY 2017 included a gain from the sale of SFS's stake in an offshore wind-farm project
- Development of total assets influenced by negative currency translation effects

## Reconciliation to Consolidated Financial Statements

(in millions of €)	Q2	
	FY 2018	FY 2017
Centrally managed portfolio activities	731	3
Siemens Real Estate	5	18
Corporate items	(29)	(181)
Centrally carried pension expense	(165)	(100)
Amortization of intangible assets acquired in business combinations	(287)	(168)
Eliminations, Corporate Treasury and other reconciling items	(31)	(75)
<b>Reconciliation to Consolidated Financial Statements</b>	<b>223</b>	<b>(503)</b>

- CMPA recognized a gain of €900 million resulting from the transfer of Siemens' shares in Atos SE to Siemens Pension-Trust e.V. in Germany to fund pension plans, partly offset by an impairment loss of €154 million related to an equity investment
- Results of CMPA are expected to remain volatile in coming quarters
- Amortization of intangible assets acquired in business combinations: increase of €119 million related mainly to the SGRE merger and acquisition of Mentor Graphics

## Outlook

We continue to expect geopolitical uncertainties such as trade restrictions that may affect investment sentiment.

Following the strong results achieved in the first half of fiscal 2018, we raise our outlook for basic EPS from net income to the range of €7.70 to €8.00, excluding severance charges, up from the range of €7.20 to €7.70. Furthermore we confirm our expectation of modest growth in revenue, net of effects from currency translation and portfolio transactions, and continue to anticipate that orders will exceed revenue for a book-to-bill ratio above 1 for the full fiscal year. We continue to expect a profit margin of 11.0% to 12.0% for our Industrial Business also excluding severance charges.

This outlook excludes charges related to legal and regulatory matters and potential effects which may follow the introduction of a new strategic program.

## Notes and forward-looking statements

Starting today at 07:45 a.m. CEST, the conference call for journalists at which Siemens CFO Dr. Ralf P. Thomas and Siemens Managing Board Member Lisa Davis discuss the quarterly figures will be broadcast live at [www.siemens.com/conferencecall](http://www.siemens.com/conferencecall).

Starting today at 09:00 a.m. CEST, the conference call for analysts and investors with Dr. Ralf P. Thomas and Lisa Davis can be followed live at [www.siemens.com/analystcall](http://www.siemens.com/analystcall).

Recordings of the conference call for journalists and the conference call for analysts and investors will subsequently be made available as well.

Financial publications are available for download at: [www.siemens.com/ir](http://www.siemens.com/ir).

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, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-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 the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them 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.

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# Financial Results

Second Quarter and First Half of Fiscal 2018



## Key figures

(in millions of €, except where otherwise stated)

### | Volume

	Q2		% Change		First half		% Change	
	FY 2018	FY 2017	Actual	Comp. <sup>1</sup>	FY 2018	FY 2017	Actual	Comp. <sup>1</sup>
Orders	22,318	22,746	(2)%	(1)%	44,794	42,451	6%	3%
Revenue	20,141	20,135	0%	0%	39,964	39,348	2%	1%
Book-to-bill ratio	1.11				1.12			
Order backlog (in billions of €)	129				129			

### | Profitability and Capital efficiency

	Q2		% Change		First half		% Change	
	FY 2018	FY 2017			FY 2018	FY 2017		
<b>Industrial Business</b>								
Profit	2,254	2,458		(8)%	4,462	5,026		(11)%
Profit margin	11.0%	12.0%			11.0%	12.6%		
<b>Continuing operations</b>								
EBITDA	2,478	2,815		(12)%	4,981	5,813		(14)%
Income from continuing operations	1,974	1,429		38%	4,173	3,397		23%
Basic earnings per share (in €) <sup>2</sup>	2.34	1.72		36%	5.00	4.11		22%
<b>Continuing and discontinued operations</b>								
Net income	2,018	1,454		39%	4,229	3,434		23%
Basic earnings per share (in €) <sup>2</sup>	2.39	1.75		36%	5.07	4.16		22%
Return on capital employed (ROCE)	16.6%	13.0%			17.2%	15.9%		

### | Capital structure and Liquidity

	Mar 31, 2018	Sep 30, 2017
Total equity	46,098	44,619
Industrial net debt	6,029	9,876
Industrial net debt / EBITDA <sup>3</sup>	0.6	0.9

	Q2 FY 2018	Q2 FY 2017	First half FY 2018	First half FY 2017
<b>Free cash flow</b>				
Continuing operations	799	757	1,638	1,479
Continuing and discontinued operations	791	738	1,662	1,452

### | Employees

	Mar 31, 2018	Sep 30, 2017
<b>Number of employees (in thousands)</b>	376	377
Germany	118	118
Outside Germany	259	259

<sup>1</sup> Throughout excluding currency translation and portfolio effects.

<sup>2</sup> Basic earnings per share – attributable to shareholders of Siemens AG. For fiscal 2018 and 2017 weighted average shares outstanding (basic) (in thousands) for the second quarter amounted to 816,593 and 810,156 and for the first half to 816,601 and 809,595 shares, respectively.

<sup>3</sup> Accumulative EBITDA of the previous four quarters until the reporting date.

## Consolidated Statements of Income

(in millions of €, per share amounts in €)	Q2		First half	
	FY 2018	FY 2017	FY 2018	FY 2017
Revenue	20,141	20,135	39,964	39,348
Cost of sales	(13,835)	(13,605)	(27,698)	(26,733)
Gross profit	6,305	6,531	12,266	12,615
Research and development expenses	(1,395)	(1,214)	(2,619)	(2,341)
Selling and general administrative expenses	(3,067)	(2,940)	(6,206)	(5,843)
Other operating income	31	64	199	395
Other operating expenses	(165)	(167)	(325)	(262)
Income (loss) from investments accounted for using the equity method, net	(68)	(127)	(26)	(81)
Interest income	356	372	721	732
Interest expenses	(266)	(242)	(544)	(486)
Other financial income (expenses), net	935	(114)	1,545	127
<b>Income from continuing operations before income taxes</b>	<b>2,667</b>	<b>2,162</b>	<b>5,012</b>	<b>4,857</b>
Income tax expenses	(692)	(733)	(839)	(1,460)
<b>Income from continuing operations</b>	<b>1,974</b>	<b>1,429</b>	<b>4,173</b>	<b>3,397</b>
Income from discontinued operations, net of income taxes	44	25	56	37
<b>Net income</b>	<b>2,018</b>	<b>1,454</b>	<b>4,229</b>	<b>3,434</b>
Attributable to:				
Non-controlling interests	66	35	87	68
Shareholders of Siemens AG	1,953	1,420	4,142	3,366
<b>Basic earnings per share</b>				
Income from continuing operations	2.34	1.72	5.00	4.11
Income from discontinued operations	0.05	0.03	0.07	0.05
<b>Net income</b>	<b>2.39</b>	<b>1.75</b>	<b>5.07</b>	<b>4.16</b>
<b>Diluted earnings per share</b>				
Income from continuing operations	2.30	1.69	4.92	4.03
Income from discontinued operations	0.05	0.03	0.07	0.04
<b>Net income</b>	<b>2.36</b>	<b>1.72</b>	<b>4.99</b>	<b>4.08</b>

## Consolidated Statements of Comprehensive Income

(in millions of €)	Q2		First half	
	FY 2018	FY 2017	FY 2018	FY 2017
Net income	2,018	1,454	4,229	3,434
Remeasurements of defined benefit plans	(342)	296	(501)	2,261
<i>therein: Income tax effects</i>	(265)	(142)	(274)	(861)
Income (loss) from investments accounted for using the equity method, net	–	–	2	(2)
<b>Items that will not be reclassified to profit or loss</b>	<b>(343)</b>	<b>296</b>	<b>(499)</b>	<b>2,259</b>
Currency translation differences	(499)	(11)	(721)	447
Available-for-sale financial assets	(1,019)	355	(1,825)	358
<i>therein: Income tax effects</i>	16	(6)	28	(5)
Derivative financial instruments	(40)	62	(15)	37
<i>therein: Income tax effects</i>	13	(22)	12	(20)
Income (loss) from investments accounted for using the equity method, net	(13)	(17)	(30)	48
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>(1,570)</b>	<b>390</b>	<b>(2,592)</b>	<b>891</b>
<b>Other comprehensive income, net of income taxes</b>	<b>(1,913)</b>	<b>685</b>	<b>(3,091)</b>	<b>3,150</b>
<b>Total comprehensive income</b>	<b>105</b>	<b>2,140</b>	<b>1,138</b>	<b>6,584</b>
Attributable to:				
Non-controlling interests	14	41	24	89
Shareholders of Siemens AG	91	2,098	1,114	6,494

## Consolidated Statements of Financial Position

(in millions of €)	Mar 31, 2018	Sep 30, 2017
<b>Assets</b>		
Cash and cash equivalents	9,581	8,375
Available-for-sale financial assets	1,171	1,242
Trade and other receivables	16,724	16,754
Other current financial assets	8,300	7,664
Contract assets	8,247	8,781
Inventories	14,414	13,885
Current income tax assets	786	1,098
Other current assets	1,685	1,466
Assets classified as held for disposal	254	1,484
<b>Total current assets</b>	<b>61,162</b>	<b>60,750</b>
Goodwill	27,437	27,906
Other intangible assets	10,257	10,926
Property, plant and equipment	10,877	10,977
Investments accounted for using the equity method	2,643	2,727
Other financial assets	16,636	19,044
Deferred tax assets	2,522	2,283
Other assets	1,841	1,498
<b>Total non-current assets</b>	<b>72,213</b>	<b>75,361</b>
<b>Total assets</b>	<b>133,375</b>	<b>136,111</b>
<b>Liabilities and equity</b>		
Short-term debt and current maturities of long-term debt	5,663	5,447
Trade payables	8,938	9,756
Other current financial liabilities	1,469	1,444
Contract liabilities	14,924	14,228
Current provisions	3,842	4,077
Current income tax liabilities	2,773	2,355
Other current liabilities	7,783	8,671
Liabilities associated with assets classified as held for disposal	3	99
<b>Total current liabilities</b>	<b>45,396</b>	<b>46,077</b>
Long-term debt	25,259	26,777
Provisions for pensions and similar obligations	8,115	9,582
Deferred tax liabilities	1,388	1,635
Provisions	4,384	4,366
Other financial liabilities	708	902
Other liabilities	2,027	2,153
<b>Total non-current liabilities</b>	<b>41,881</b>	<b>45,415</b>
<b>Total liabilities</b>	<b>87,277</b>	<b>91,492</b>
Equity		
Issued capital	2,550	2,550
Capital reserve	6,074	6,368
Retained earnings	39,216	35,794
Other components of equity	(775)	1,665
Treasury shares, at cost	(3,392)	(3,196)
<b>Total equity attributable to shareholders of Siemens AG</b>	<b>43,672</b>	<b>43,181</b>
Non-controlling interests	2,426	1,438
<b>Total equity</b>	<b>46,098</b>	<b>44,619</b>
<b>Total liabilities and equity</b>	<b>133,375</b>	<b>136,111</b>

## Consolidated Statements of Cash Flows

(in millions of €)	Q2	
	FY 2018	FY 2017
<b>Cash flows from operating activities</b>		
Net income	2,018	1,454
Adjustments to reconcile net income to cash flows from operating activities - continuing operations		
Income from discontinued operations, net of income taxes	(44)	(25)
Amortization, depreciation and impairments	837	669
Income tax expenses	692	733
Interest (income) expenses, net	(90)	(129)
(Income) loss related to investing activities	(833)	71
Other non-cash (income) expenses	141	68
Change in operating net working capital from		
Contract assets	(467)	(381)
Inventories	(207)	(380)
Trade and other receivables	294	74
Trade payables	68	445
Contract liabilities	(116)	211
Additions to assets leased to others in operating leases	(154)	(138)
Change in other assets and liabilities	(509)	(1,120)
Income taxes paid	(690)	(747)
Dividends received	61	64
Interest received	337	363
<b>Cash flows from operating activities - continuing operations</b>	<b>1,340</b>	<b>1,232</b>
Cash flows from operating activities - discontinued operations	(8)	(19)
<b>Cash flows from operating activities - continuing and discontinued operations</b>	<b>1,332</b>	<b>1,213</b>
<b>Cash flows from investing activities</b>		
Additions to intangible assets and property, plant and equipment	(541)	(475)
Acquisitions of businesses, net of cash acquired	(80)	(3,468)
Purchase of investments	(310)	(154)
Purchase of current available-for-sale financial assets	(205)	(224)
Change in receivables from financing activities	(299)	(81)
Disposal of investments, intangibles and property, plant and equipment	89	181
Disposal of businesses, net of cash disposed	(1)	8
Disposal of current available-for-sale financial assets	184	238
<b>Cash flows from investing activities - continuing operations</b>	<b>(1,164)</b>	<b>(3,975)</b>
Cash flows from investing activities - discontinued operations	(2)	(1)
<b>Cash flows from investing activities - continuing and discontinued operations</b>	<b>(1,166)</b>	<b>(3,975)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(551)	(144)
Re-issuance of treasury shares and other transactions with owners	3,618	25
Issuance of long-term debt	-	6,958
Repayment of long-term debt (including current maturities of long-term debt)	(407)	(1,989)
Change in short-term debt and other financing activities	126	1,452
Interest paid	(294)	(233)
Dividends paid to shareholders of Siemens AG	(3,011)	(2,914)
Dividends attributable to non-controlling interests	(51)	(72)
<b>Cash flows from financing activities - continuing operations</b>	<b>(570)</b>	<b>3,082</b>
Cash flows from financing activities - discontinued operations	-	-
<b>Cash flows from financing activities - continuing and discontinued operations</b>	<b>(570)</b>	<b>3,082</b>
Effect of changes in exchange rates on cash and cash equivalents	(11)	34
Change in cash and cash equivalents	(415)	354
Cash and cash equivalents at beginning of period	9,997	9,528
Cash and cash equivalents at end of period	9,581	9,881
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	-	-
<b>Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)</b>	<b>9,581</b>	<b>9,881</b>

## Consolidated Statements of Cash Flows

(in millions of €)	First half	
	FY 2018	FY 2017
<b>Cash flows from operating activities</b>		
Net income	4,229	3,434
Adjustments to reconcile net income to cash flows from operating activities - continuing operations		
Income from discontinued operations, net of income taxes	(56)	(37)
Amortization, depreciation and impairments	1,692	1,330
Income tax expenses	839	1,460
Interest (income) expenses, net	(177)	(246)
(Income) loss related to investing activities	(1,683)	(191)
Other non-cash (income) expenses	308	174
Change in operating net working capital from		
Contract assets	379	(220)
Inventories	(822)	(1,117)
Trade and other receivables	(157)	274
Trade payables	(737)	(205)
Contract liabilities	696	573
Additions to assets leased to others in operating leases	(260)	(232)
Change in other assets and liabilities	(1,507)	(2,423)
Income taxes paid	(849)	(1,063)
Dividends received	116	184
Interest received	673	681
<b>Cash flows from operating activities - continuing operations</b>	<b>2,681</b>	<b>2,375</b>
Cash flows from operating activities - discontinued operations	25	(27)
<b>Cash flows from operating activities - continuing and discontinued operations</b>	<b>2,706</b>	<b>2,348</b>
<b>Cash flows from investing activities</b>		
Additions to intangible assets and property, plant and equipment	(1,043)	(896)
Acquisitions of businesses, net of cash acquired	(350)	(3,469)
Purchase of investments	(628)	(279)
Purchase of current available-for-sale financial assets	(245)	(392)
Change in receivables from financing activities	(257)	25
Disposal of investments, intangibles and property, plant and equipment	1,400	341
Disposal of businesses, net of cash disposed	194	(27)
Disposal of current available-for-sale financial assets	310	410
<b>Cash flows from investing activities - continuing operations</b>	<b>(619)</b>	<b>(4,288)</b>
Cash flows from investing activities - discontinued operations	(19)	(3)
<b>Cash flows from investing activities - continuing and discontinued operations</b>	<b>(638)</b>	<b>(4,290)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(836)	(144)
Re-issuance of treasury shares and other transactions with owners	3,618	27
Issuance of long-term debt	-	6,958
Repayment of long-term debt (including current maturities of long-term debt)	(414)	(3,581)
Change in short-term debt and other financing activities	275	1,311
Interest paid	(459)	(423)
Dividends paid to shareholders of Siemens AG	(3,011)	(2,914)
Dividends attributable to non-controlling interests	(82)	(115)
<b>Cash flows from financing activities - continuing operations</b>	<b>(909)</b>	<b>1,119</b>
Cash flows from financing activities - discontinued operations	-	-
<b>Cash flows from financing activities - continuing and discontinued operations</b>	<b>(909)</b>	<b>1,119</b>
Effect of changes in exchange rates on cash and cash equivalents	33	88
Change in cash and cash equivalents	1,192	(736)
Cash and cash equivalents at beginning of period	8,389	10,618
Cash and cash equivalents at end of period	9,581	9,881
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	-	-
<b>Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)</b>	<b>9,581</b>	<b>9,881</b>

## Overview of Segment figures

(in millions of €)	Orders				Revenue				Profit		Profit margin / SFS: ROE		Net capital employed / SFS: Total assets		Free cash flow	
	Q2		Actual	% Change Comp.	Q2		Actual	% Change Comp.	Q2		Q2		Mar 31, 2018	Sep 30, 2017	Q2	
	FY 2018	FY 2017			FY 2018	FY 2017			FY 2018	FY 2017	FY 2018	FY 2017			FY 2018	FY 2017
Power and Gas	3,171	3,795	(16)%	(7)%	2,933	4,064	(28)%	(21)%	114	438	3.9%	10.8%	10,299	9,964	(136)	508
Energy Management	2,834	3,558	(20)%	(14)%	2,958	2,992	(1)%	6%	260	224	8.8%	7.5%	4,541	4,177	(26)	(65)
Building Technologies	1,793	1,826	(2)%	5%	1,609	1,604	0%	8%	175	235	10.9%	14.7%	1,314	1,241	220	329
Mobility	2,416	2,133	13%	17%	2,100	2,014	4%	9%	233	212	11.1%	10.5%	2,726	2,727	(427)	178
Digital Factory	3,400	2,859	19%	11%	3,262	2,710	20%	13%	682	487	20.9%	18.0%	9,189	9,304	663	501
Process Industries and Drives	2,319	2,299	1%	6%	2,113	2,185	(3)%	1%	143	134	6.7%	6.1%	2,343	2,003	25	50
Siemens Healthineers	3,337	3,375	(1)%	8%	3,226	3,405	(5)%	3%	531	572	16.5%	16.8%	12,017	11,047	368	475
Siemens Gamesa Renewable Energy	3,044	3,142	(3)%	(32)%	2,241	1,516	48%	(9)%	117	155	5.2%	10.3%	4,418	4,663	(155)	(25)
<b>Industrial Business</b>	<b>22,314</b>	<b>22,987</b>	<b>(3)%</b>	<b>(3)%</b>	<b>20,442</b>	<b>20,492</b>	<b>0%</b>	<b>0%</b>	<b>2,254</b>	<b>2,458</b>	<b>11.0%</b>	<b>12.0%</b>	<b>46,848</b>	<b>45,126</b>	<b>531</b>	<b>1,951</b>
Financial Services (SFS)	255	244	–	–	255	244	–	–	189	207	23.7%	26.3%	26,320	26,474	174	219
Reconciliation to Consolidated Financial Statements	(251)	(485)	–	–	(557)	(600)	–	–	223	(503)	–	–	60,207	64,512	93	(1,413)
<b>Siemens (continuing operations)</b>	<b>22,318</b>	<b>22,746</b>	<b>(2)%</b>	<b>(1)%</b>	<b>20,141</b>	<b>20,135</b>	<b>0%</b>	<b>0%</b>	<b>2,667</b>	<b>2,162</b>	<b>–</b>	<b>–</b>	<b>133,375</b>	<b>136,111</b>	<b>799</b>	<b>757</b>

## Overview of Segment figures

(in millions of €)	Orders				Revenue				Profit		Profit margin / SFS: ROE		Net capital employed / SFS: Total assets		Free cash flow	
	First half		Actual	% Change Comp.	First half		Actual	% Change Comp.	First half		First half		Mar 31, 2018	Sep 30, 2017	First half	
	FY 2018	FY 2017			FY 2018	FY 2017			FY 2018	FY 2017	FY 2018	FY 2017			FY 2018	FY 2017
Power and Gas	6,236	7,121	(12)%	(4)%	6,085	7,980	(24)%	(18)%	352	910	5.8%	11.4%	10,299	9,964	(144)	234
Energy Management	5,639	6,548	(14)%	(8)%	5,774	5,801	0%	6%	447	413	7.7%	7.1%	4,541	4,177	37	203
Building Technologies	3,481	3,597	(3)%	2%	3,164	3,156	0%	6%	325	405	10.3%	12.8%	1,314	1,241	231	371
Mobility	5,635	4,295	31%	35%	4,280	3,821	12%	16%	459	376	10.7%	9.8%	2,726	2,727	430	311
Digital Factory	6,925	5,549	25%	14%	6,275	5,296	18%	10%	1,289	1,179	20.5%	22.3%	9,189	9,304	1,128	896
Process Industries and Drives	4,580	4,431	3%	8%	4,139	4,305	(4)%	0%	291	268	7.0%	6.2%	2,343	2,003	95	103
Siemens Healthineers	6,693	6,896	(3)%	5%	6,422	6,731	(5)%	3%	1,072	1,210	16.7%	18.0%	12,017	11,047	548	820
Siemens Gamesa Renewable Energy	5,956	4,578	30%	(29)%	4,368	2,900	51%	(9)%	227	266	5.2%	9.2%	4,418	4,663	(206)	299
<b>Industrial Business</b>	<b>45,145</b>	<b>43,015</b>	<b>5%</b>	<b>2%</b>	<b>40,505</b>	<b>39,990</b>	<b>1%</b>	<b>0%</b>	<b>4,462</b>	<b>5,026</b>	<b>11.0%</b>	<b>12.6%</b>	<b>46,848</b>	<b>45,126</b>	<b>2,118</b>	<b>3,237</b>
Financial Services (SFS)	479	471	–	–	479	471	–	–	363	347	22.7%	22.1%	26,320	26,474	371	460
Reconciliation to Consolidated Financial Statements	(830)	(1,035)	–	–	(1,021)	(1,113)	–	–	187	(516)	–	–	60,207	64,512	(852)	(2,217)
<b>Siemens (continuing operations)</b>	<b>44,794</b>	<b>42,451</b>	<b>6%</b>	<b>3%</b>	<b>39,964</b>	<b>39,348</b>	<b>2%</b>	<b>1%</b>	<b>5,012</b>	<b>4,857</b>	<b>–</b>	<b>–</b>	<b>133,375</b>	<b>136,111</b>	<b>1,638</b>	<b>1,479</b>

## EBITDA Reconciliation

(in millions of €)	Profit		Amortization of intangible assets acquired in business combinations		Financial income (expenses), net		EBIT		Amortization, depreciation and impairments		EBITDA	
	Q2		Q2		Q2		Q2		Q2		Q2	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Power and Gas	114	438	(55)	(67)	7	2	52	370	134	134	186	503
Energy Management	260	224	(4)	(5)	1	(1)	254	220	52	53	306	273
Building Technologies	175	235	(3)	(3)	–	(1)	172	234	19	21	191	255
Mobility	233	212	(19)	(15)	2	3	211	195	40	31	251	226
Digital Factory	682	487	(97)	(33)	–	–	585	454	148	77	733	531
Process Industries and Drives	143	134	(2)	(7)	1	–	139	127	47	51	186	178
Siemens Healthineers	531	572	(32)	(37)	2	5	497	530	124	134	622	664
Siemens Gamesa Renewable Energy	117	155	(75)	(2)	(4)	4	46	150	157	44	203	194
<b>Industrial Business</b>	<b>2,254</b>	<b>2,458</b>	<b>(286)</b>	<b>(167)</b>	<b>10</b>	<b>12</b>	<b>1,957</b>	<b>2,279</b>	<b>721</b>	<b>544</b>	<b>2,678</b>	<b>2,823</b>
Financial Services (SFS)	189	207	–	–	172	173	17	34	52	53	69	87
Reconciliation to Consolidated Financial Statements	223	(503)	287	168	843	(169)	(333)	(166)	64	72	(269)	(95)
<b>Siemens (continuing operations)</b>	<b>2,667</b>	<b>2,162</b>	<b>–</b>	<b>–</b>	<b>1,025</b>	<b>16</b>	<b>1,641</b>	<b>2,146</b>	<b>837</b>	<b>669</b>	<b>2,478</b>	<b>2,815</b>



## EBITDA Reconciliation

(in millions of €)	Profit		Amortization of intangible assets acquired in business combinations		Financial income (expenses), net		EBIT		Amortization, depreciation and impairments		EBITDA	
	First half		First half		First half		First half		First half		First half	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Power and Gas	352	910	(114)	(129)	12	3	226	777	285	256	511	1,033
Energy Management	447	413	(9)	(10)	1	(1)	437	404	102	104	539	509
Building Technologies	325	405	(5)	(6)	1	(1)	319	400	37	45	356	444
Mobility	459	376	(34)	(29)	6	5	419	341	73	64	492	405
Digital Factory	1,289	1,179	(194)	(66)	6	1	1,089	1,112	295	151	1,384	1,263
Process Industries and Drives	291	268	(5)	(13)	1	1	285	255	92	102	377	357
Siemens Healthineers	1,072	1,210	(64)	(77)	2	12	1,005	1,120	241	266	1,246	1,387
Siemens Gamesa Renewable Energy	227	266	(158)	(3)	(14)	10	83	253	317	83	401	336
<b>Industrial Business</b>	<b>4,462</b>	<b>5,026</b>	<b>(583)</b>	<b>(335)</b>	<b>14</b>	<b>29</b>	<b>3,864</b>	<b>4,662</b>	<b>1,442</b>	<b>1,071</b>	<b>5,306</b>	<b>5,733</b>
Financial Services (SFS)	363	347	(1)	(1)	351	315	11	32	104	105	115	137
Reconciliation to Consolidated Financial Statements	187	(516)	584	335	1,358	30	(586)	(210)	146	154	(440)	(57)
<b>Siemens (continuing operations)</b>	<b>5,012</b>	<b>4,857</b>	<b>-</b>	<b>-</b>	<b>1,723</b>	<b>373</b>	<b>3,289</b>	<b>4,484</b>	<b>1,692</b>	<b>1,330</b>	<b>4,981</b>	<b>5,813</b>

## Orders & Revenue by region

(in millions of €)	Q2		Actual	Orders	Q2		Actual	Revenue
	FY 2018	FY 2017		% Change Comp.	FY 2018	FY 2017		% Change Comp.
Europe, C.I.S., Africa, Middle East	11,706	12,687	(8)%	(8)%	10,279	10,385	(1)%	(1)%
<i>therein: Germany</i>	2,858	4,508	(37)%	(37)%	2,960	2,469	20%	20%
Americas	5,911	5,684	4%	13%	5,356	5,822	(8)%	(3)%
<i>therein: U.S.</i>	4,060	3,937	3%	13%	3,901	4,188	(7)%	2%
Asia, Australia	4,701	4,375	7%	(1)%	4,505	3,928	15%	9%
<i>therein: China</i>	1,945	1,758	11%	15%	1,863	1,591	17%	21%
<b>Siemens (continuing operations)</b>	<b>22,318</b>	<b>22,746</b>	<b>(2)%</b>	<b>(1)%</b>	<b>20,141</b>	<b>20,135</b>	<b>0%</b>	<b>0%</b>
<i>therein: Emerging markets</i>	7,746	7,424	4%	4%	6,682	6,725	(1)%	(3)%

(in millions of €)	First half		Actual	Orders	First half		Actual	Revenue
	FY 2018	FY 2017		% Change Comp.	FY 2018	FY 2017		% Change Comp.
Europe, C.I.S., Africa, Middle East	22,960	22,932	0%	(2)%	20,386	20,551	(1)%	(1)%
<i>therein: Germany</i>	5,452	7,313	(25)%	(26)%	5,369	5,147	4%	4%
Americas	12,124	10,913	11%	13%	10,771	11,292	(5)%	(3)%
<i>therein: U.S.</i>	8,439	7,794	8%	11%	7,634	8,207	(7)%	(1)%
Asia, Australia	9,711	8,607	13%	1%	8,806	7,504	17%	12%
<i>therein: China</i>	3,987	3,480	15%	18%	3,812	3,224	18%	21%
<b>Siemens (continuing operations)</b>	<b>44,794</b>	<b>42,451</b>	<b>6%</b>	<b>3%</b>	<b>39,964</b>	<b>39,348</b>	<b>2%</b>	<b>1%</b>
<i>therein: Emerging markets</i>	15,722	13,310	18%	11%	13,657	13,326	2%	(2)%