

The Siemens logo, consisting of the word "SIEMENS" in a bold, teal, sans-serif font, is positioned in the top left corner of the slide. The background of the slide is a complex geometric pattern of overlapping triangles in various shades of blue and teal, creating a textured, crystalline effect.

**SIEMENS**

Ralf P. Thomas, CFO

# Disciplined execution of Vision 2020

Exane European CEO Conference  
Paris, June 10, 2015

# Notes and forward-looking statements

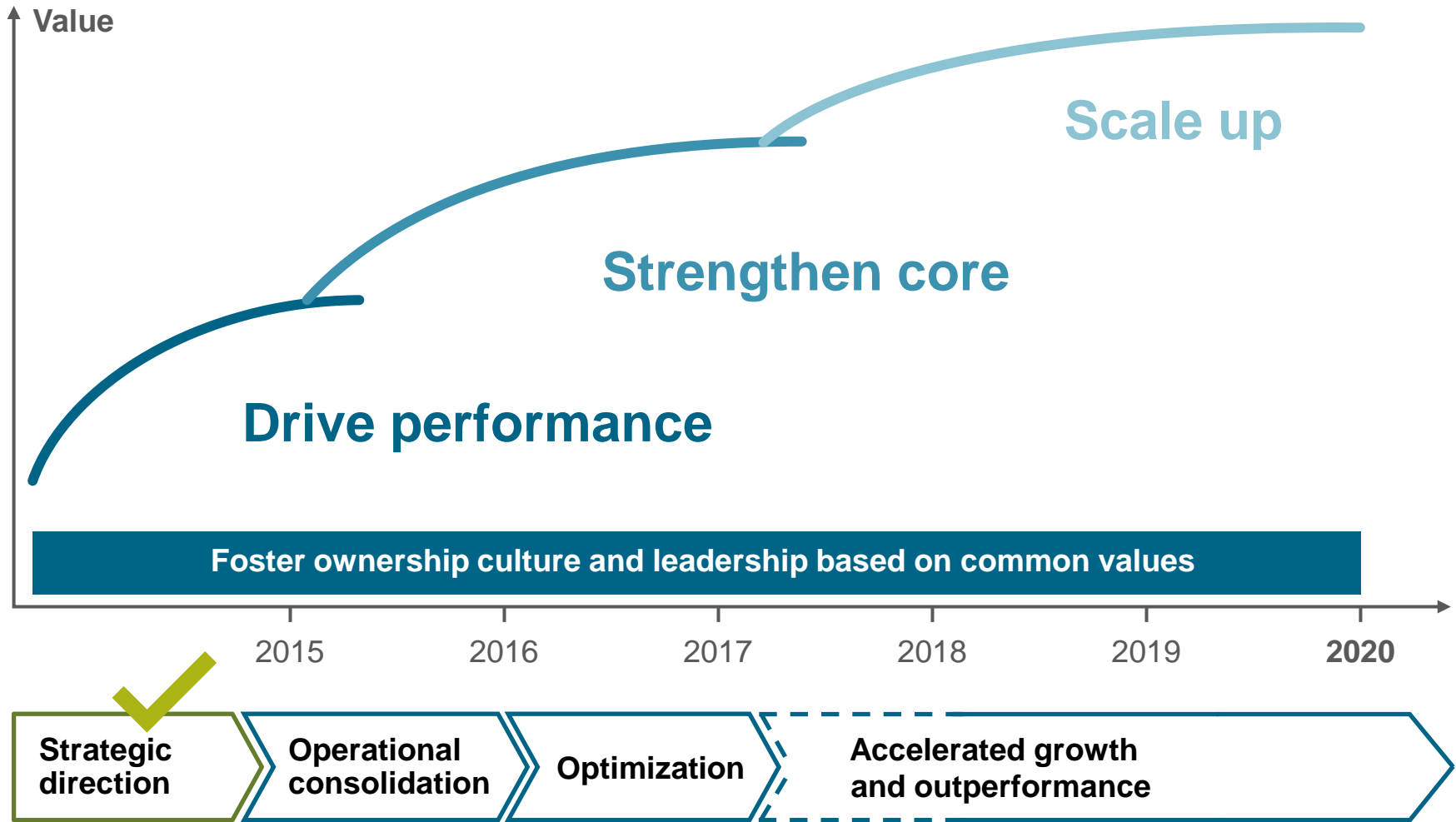
This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “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.

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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

## Value creation and cultural change



# Siemens leverages digitalization technologies to create new business opportunities

## Major digitalization technologies ...



## ... leveraged along our entire portfolio ...



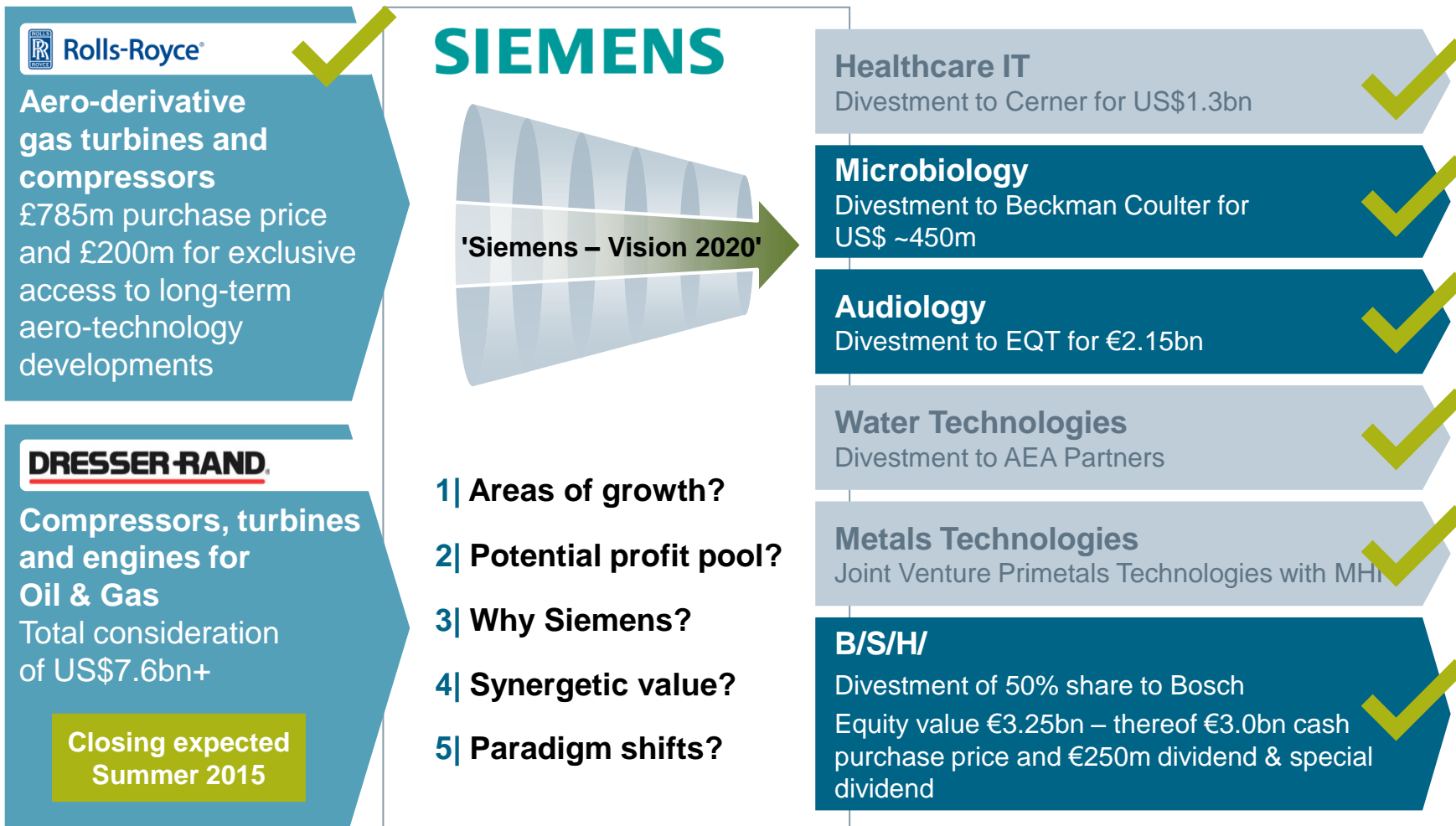
## ... to create attractive business opportunities

<b>Vertical software</b> <b>€2.4<sup>bn</sup></b> Revenue FY 2014 Profitability <b>++</b> <b>+9%</b> Market growth	<b>Digital services</b> <b>€0.5<sup>bn</sup></b> Revenue FY 2014 Profitability <b>+++</b> <b>+15%</b> Market growth
<b>Enhanced automation</b> <b>€19<sup>bn</sup></b> Revenue FY 2014 Profitability <b>++</b> <b>+6%</b> Market growth	<b>Classic services</b> <b>€14<sup>bn</sup></b> Revenue FY 2014 Profitability <b>+++</b> <b>+3%</b> Market growth
<b>Enhanced electrification (~€37bn)</b>	

Note: Figures Industrial Business  
 © Siemens AG 2015

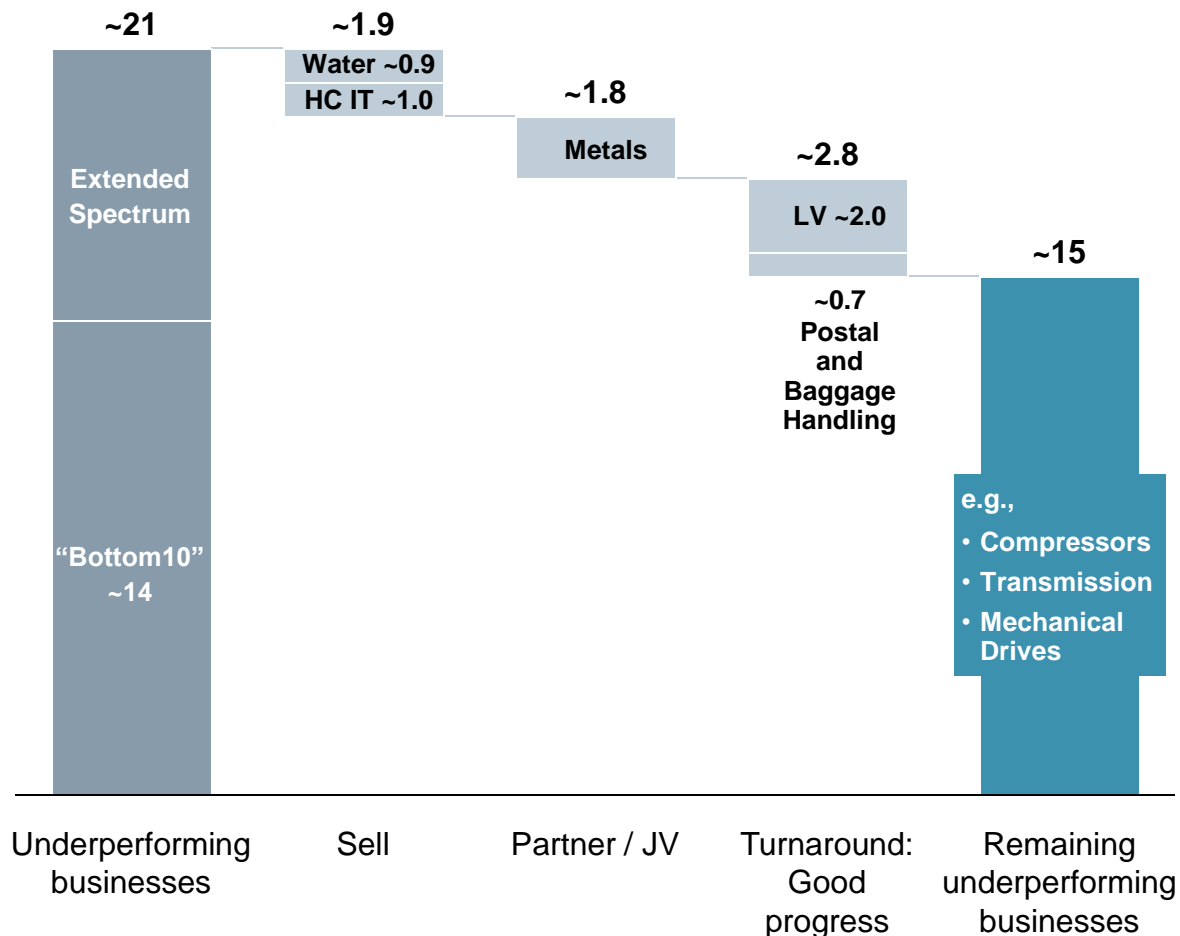
# Executing Vision 2020

## Capital allocation along strategic imperatives



# Fixing remaining underperforming businesses is key priority – other options remain

Revenue FY 2013 in €bn

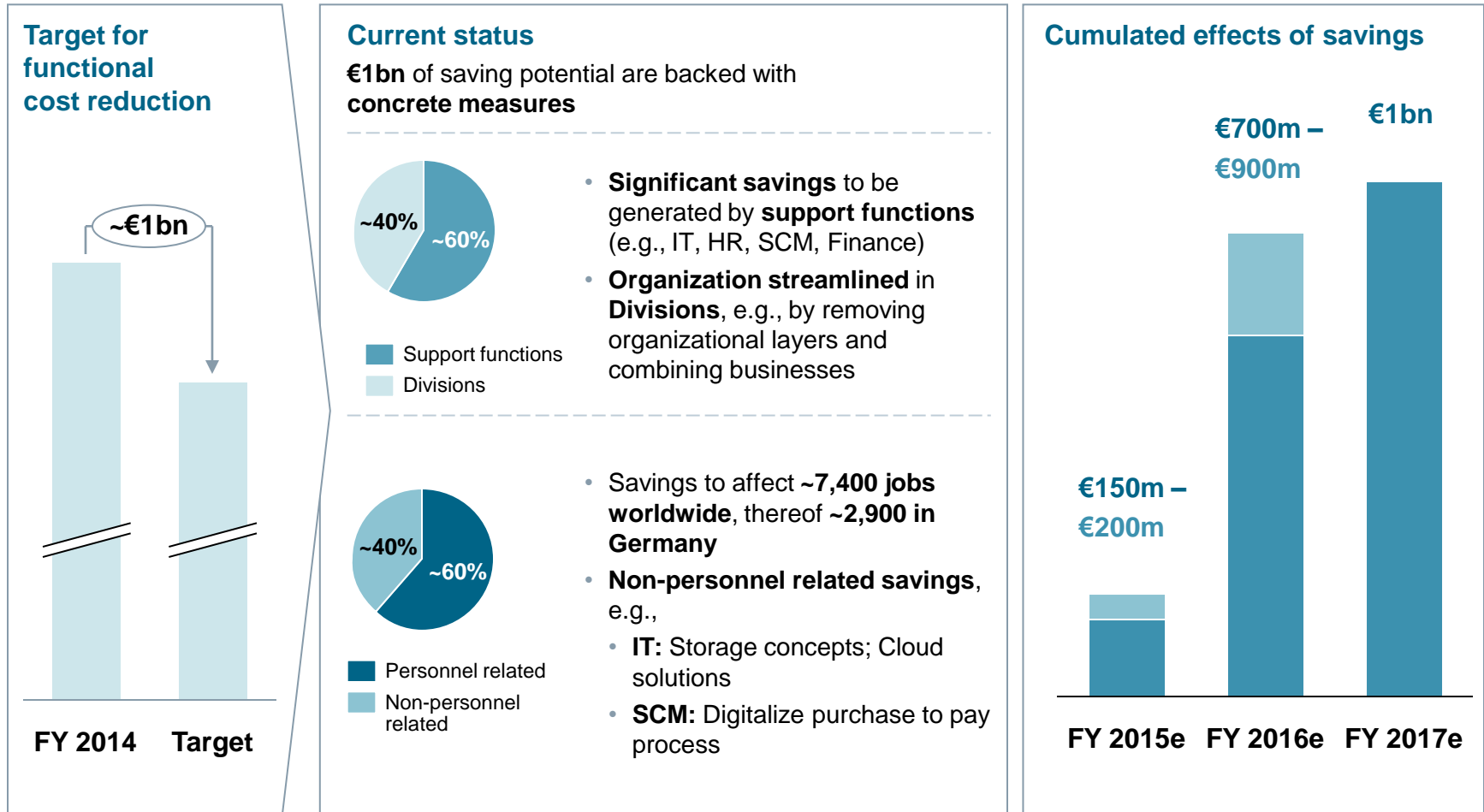


- Footprint optimization
- Reverse integration
- Partnering
- Tight Managing Board control

FY	13	14	15e	17e	20e
Margin	-4%	-3%	+1%	~6%	>8%

# Our target to reduce complexity and achieve cost reduction of ~€1bn is on track

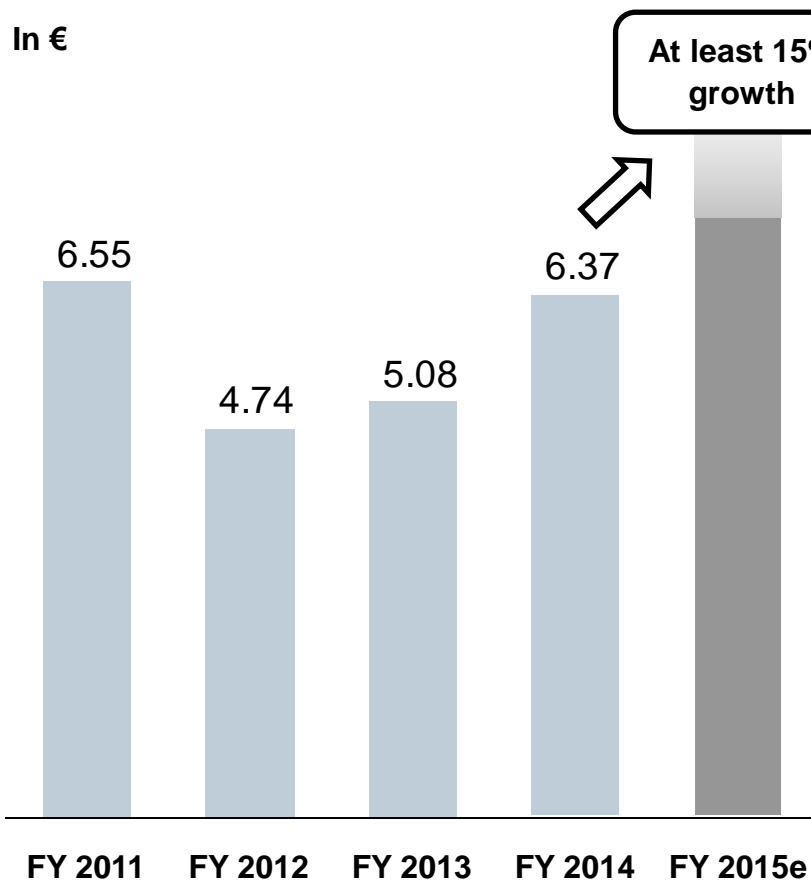
## Current status of functional cost reduction



# Outlook Fiscal 2015 confirmed despite weakening indicators

## Basic earnings per share (Net income)

In €



- We believe that our business **environment will be complex in fiscal 2015**, among other things due to **geopolitical tensions**.
- We expect **revenue** on an **organic basis** to remain **flat year-over-year**, and orders to exceed revenue for a **book-to-bill ratio above 1**.
- Furthermore, we expect that **gains from divestments** will enable us to **increase basic earnings per share (EPS) from net income by at least 15% from €6.37 in fiscal 2014**.
- For our **Industrial Business**, we expect a profit **margin\* of 10–11%**.
- This outlook excludes impacts from legal and regulatory matters.

*\*Effective with fiscal 2015, our enhanced profit definition excludes amortization of intangible assets acquired in business combinations.*



# Appendix

# One Siemens Financial Framework – Clear targets to measure success & 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%**

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

**Capital structure**  
 (Industrial net debt/EBITDA)  
**up to 1.0x**

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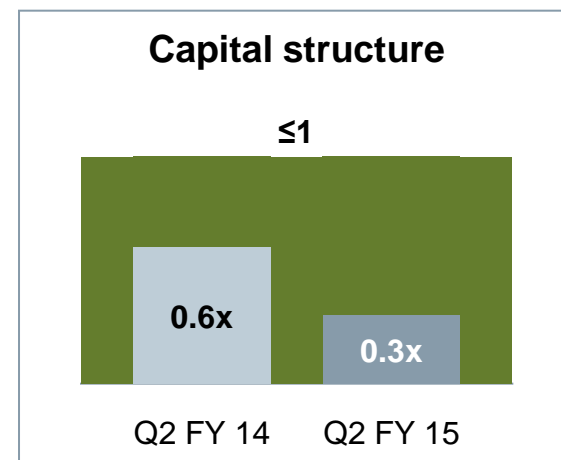
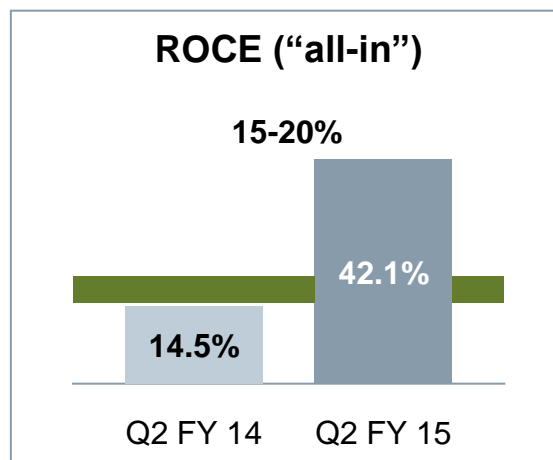
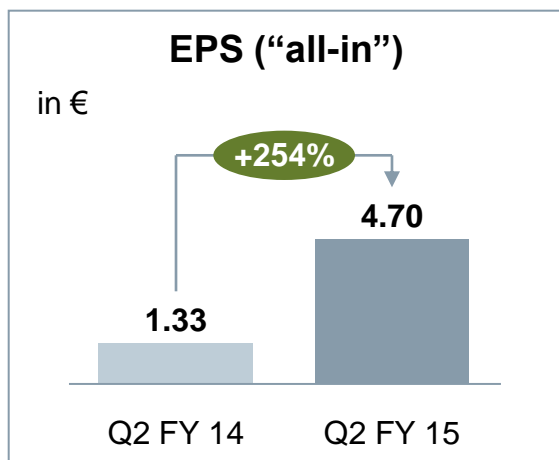
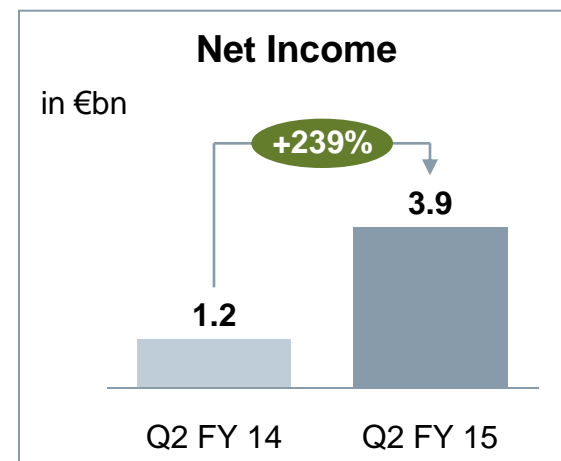
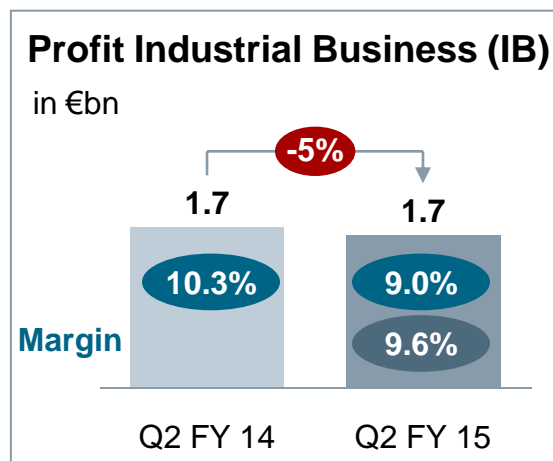
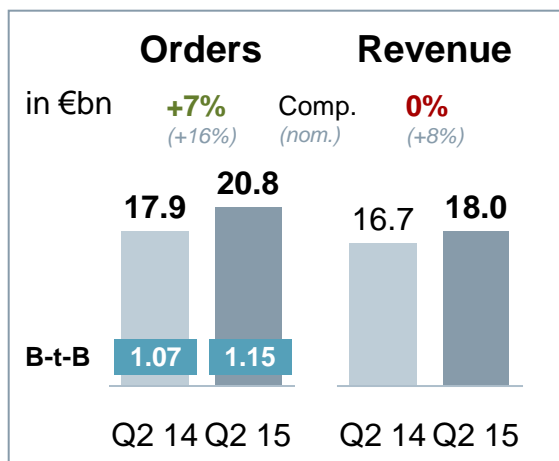
**Dividend payout ratio**  
**40-60%<sup>4)</sup>**

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

<b>PG</b> 11-15%	<b>EM</b> 7-10%	<b>MO</b> 6-9%	<b>PD</b> 8-12%	<b>SFS<sup>6)</sup></b> 15-20%
<b>WP</b> 5-8%	<b>BT</b> 8-11%	<b>DF</b> 14-20%	<b>HC</b> 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

# Financial Cockpit

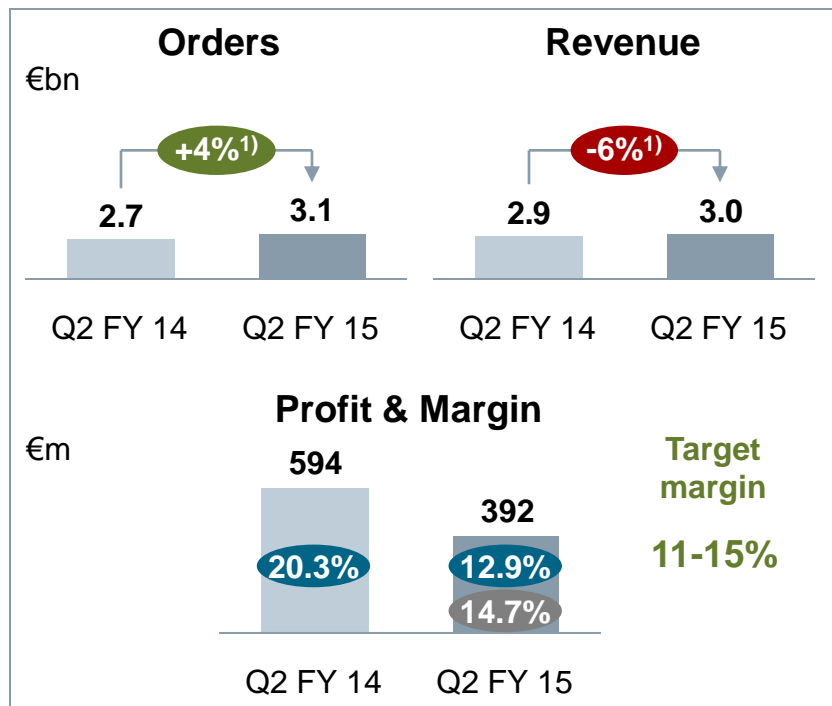


**x.x%** Margin as reported

**x.x%** Margin excl. severance

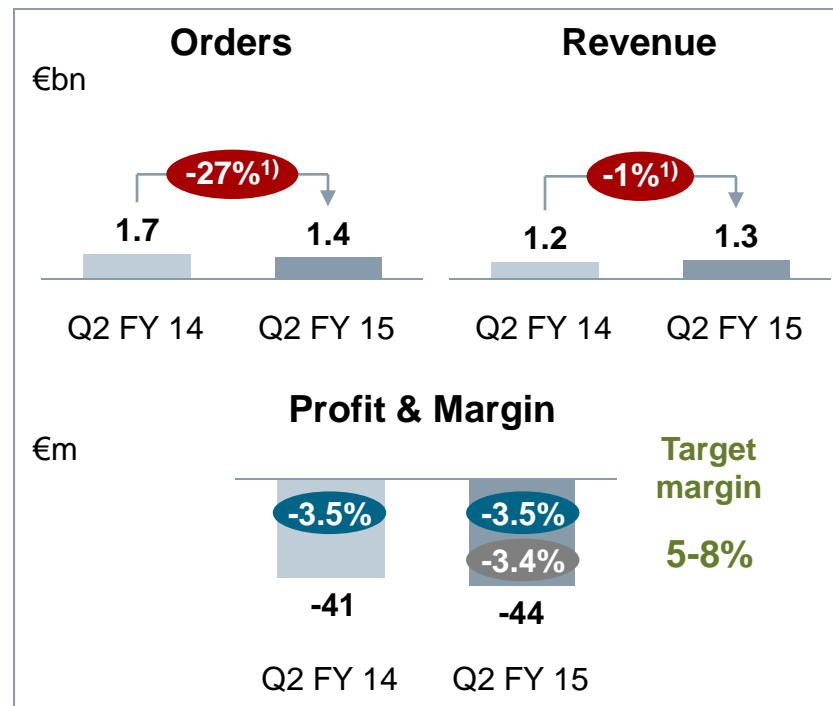
# PG: Accelerating innovation and productivity actions WP: Continued operational challenges impact margin

## Power and Gas (PG)



- Positive effects by strong project execution
- Higher R&D for innovation push
- Expect operational margins at the lower end of the corridor

## Wind Power and Renewables (WP)



- Sharply lower offshore order volume
- Main bearings still a topic
- Ramping up commercial scale production of a new turbine offering

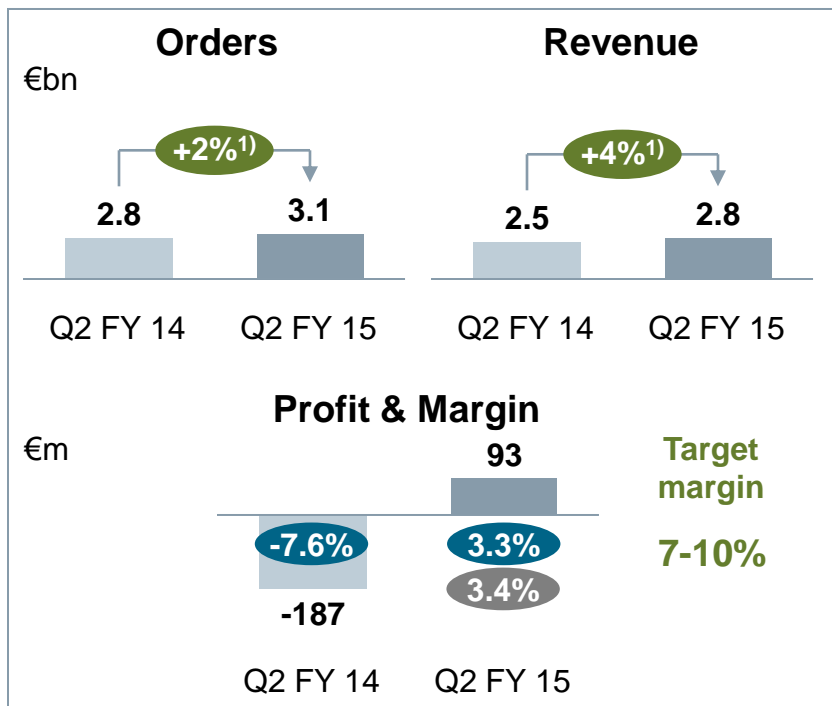
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x% Margin as reported

x.x% Margin excl. severance

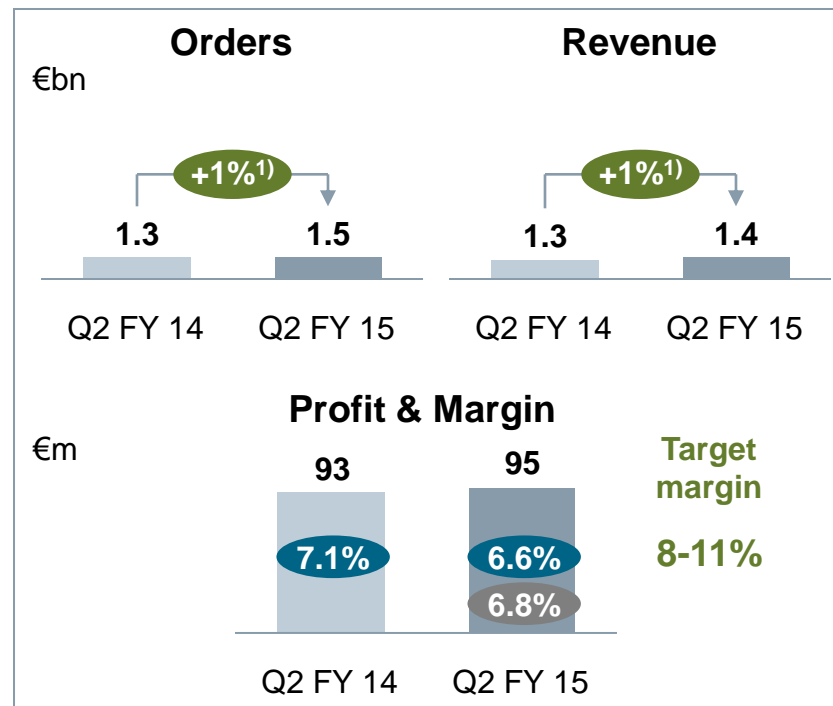
# EM: Progress in execution of legacy projects BT: Productivity push to mitigate CHF strength

## Energy Management (EM)



- Substantial order growth in Americas due to large HVDC order
- Adverse mix due to large revenue portion with low margins

## Building Technologies (BT)



- Order growth driven by the U. S.
- Mid-term productivity measures to compensate for adverse profit impact of CHF appreciation initiated

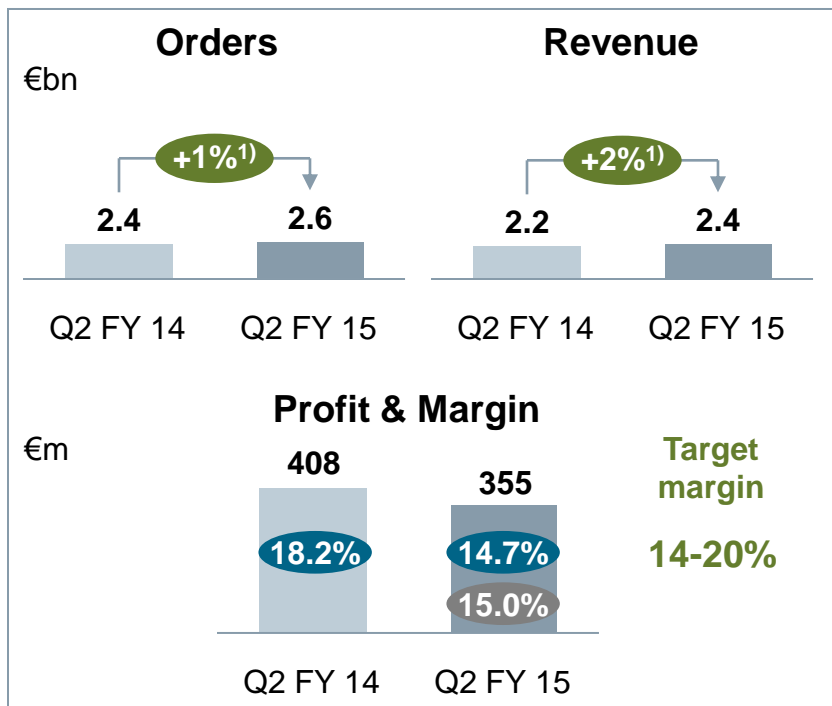
1) Comparable, i.e. adjusted for currency translation and portfolio effects

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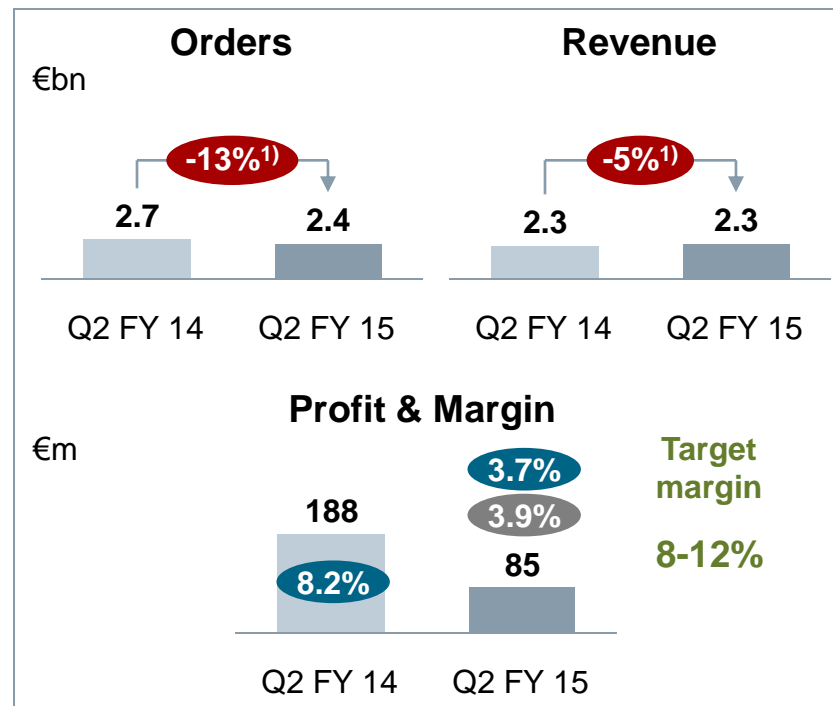
# DF: Temporarily softer and stronger outlook PD: Commodity related weakness weighs on margin

## Digital Factory (DF)



- Order growth driven by motion control and industry software (PLM)
- Lower revenue share from high margin products and weaker China channels

## Process Industries and Drives (PD)



- Weaker demand in commodity related industries (O&G, Metals, Mining, Cement)
- Margin impact from operational challenges in O&G/Marine & Large Drives solutions

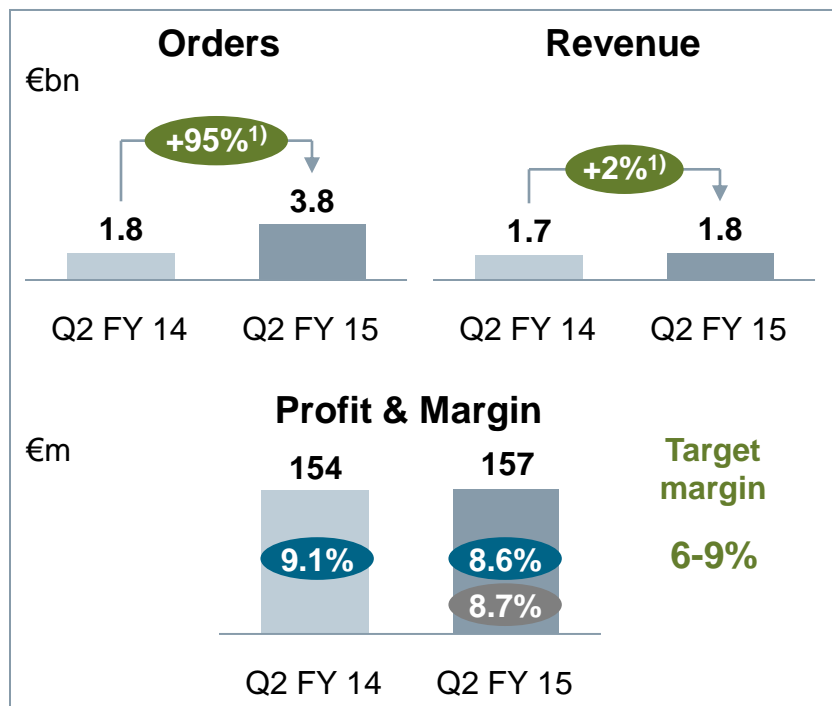
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x% Margin as reported

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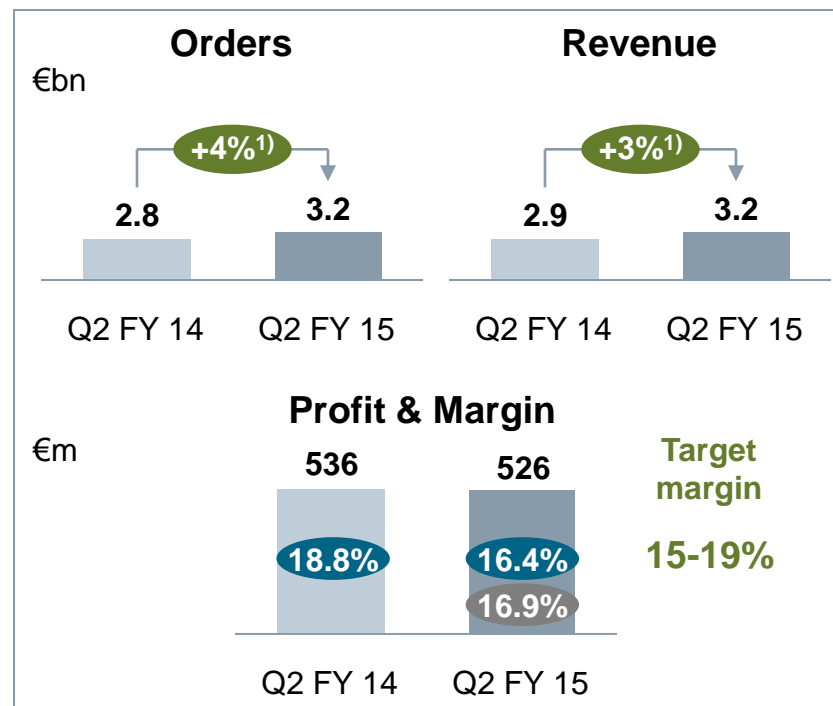
# MO: Stringent project execution HC: Higher growth and solid margin

## Mobility (MO)



- Revenue growth driven by execution of turnkey projects & rail infrastructure bus.
- Higher revenue and net positive effects related to high speed trains foster margin

## Healthcare (HC)

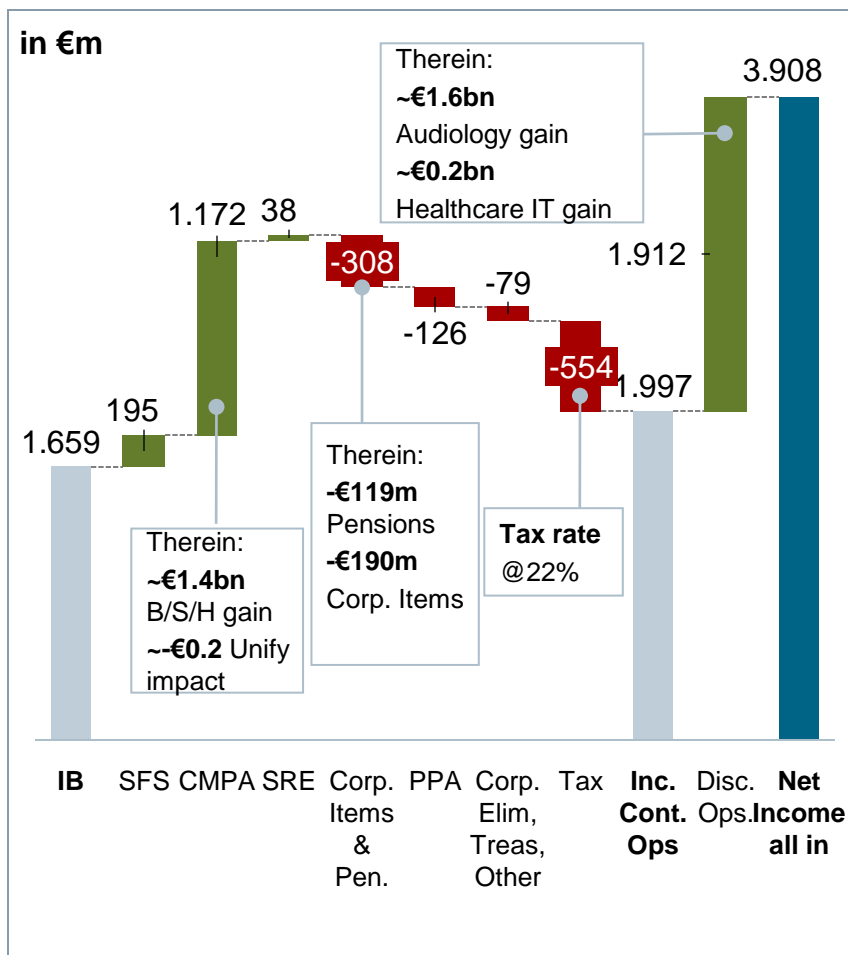


- Revenue strong in Europe and good in China, US flat
- Includes €61m gain on sale of Microbiology business

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

# Below Industrial Business materially benefitting from disposal gains

## Below Industrial Business (Q2 FY 2015)



### Expectations for H2 FY 2015

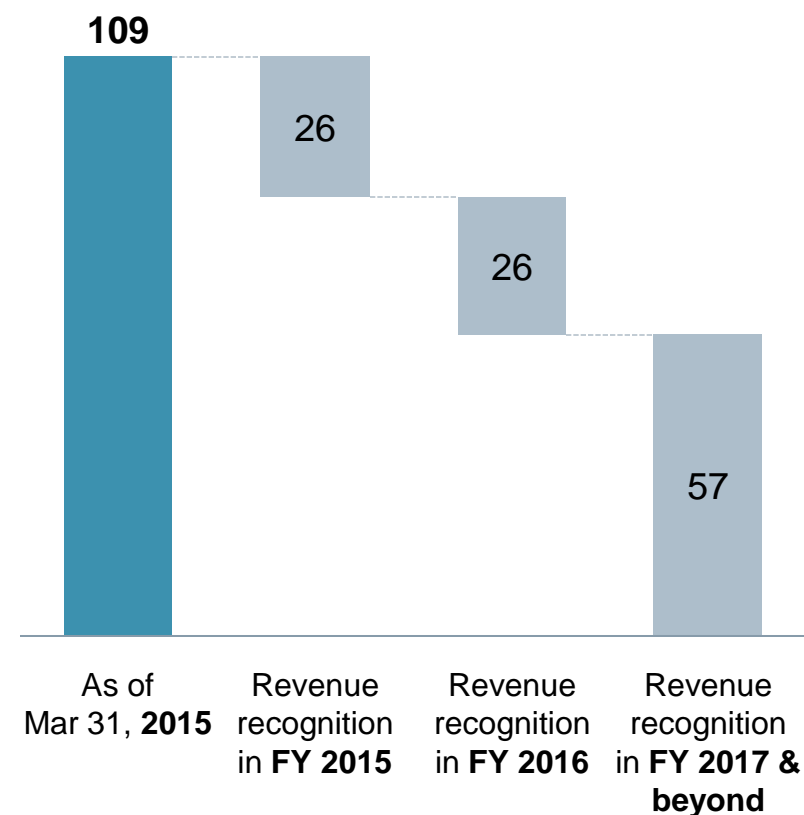
- **SFS:** H2 in line with prior year
- **CMPA:**
  - B/S/H closed, no further equity income
  - Negative impact from other portfolio elements (e.g. Unify, Postal & Baggage Handling, Metals) & M&A related costs
- **SRE:** Lower than prior year, dependent on disposal gains
- **Corporate Items:** H2 > H1; volatility related to warrants, among others
- **Pension:** ~€125m per quarter
- **Treasury:** Volatility depending on interest rates
- **PPA:** Quarterly run-rate to increase by mid-to-high double digit €m after Dresser-Rand closing
- **Discont. Operations:** Limited impact in H2



# Clear progress in executing legacy projects – reduced project charges on better backlog quality

## Order backlog revenue recognition

in €bn (Industrial Business)



## Progress in project execution

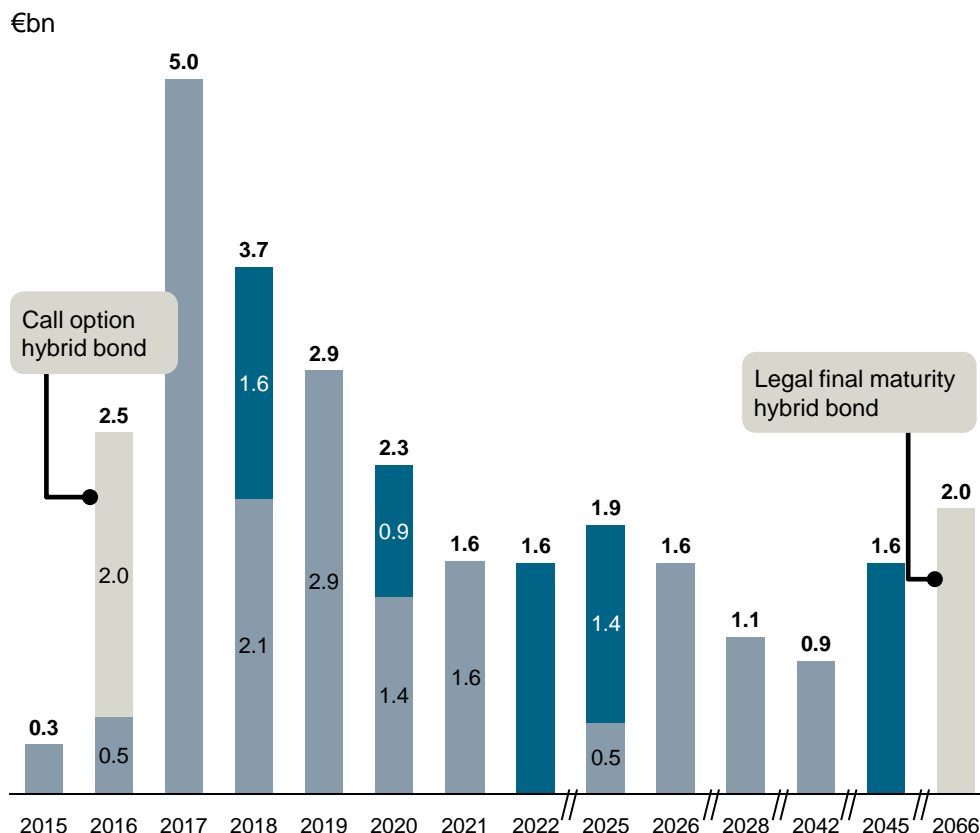
- Implementation of “**corporate memory**” supports improvement in **backlog quality** and **risk mitigation**
- **H1 FY 2015** with **stringent project execution**
- **Three North Sea offshore grid connection projects** in **commercial operation** as of **April 2015**



# Successful US\$7.75bn transaction completed

## Strong balance sheet & well balanced maturity profile

### Balanced Maturity Profile<sup>1)</sup>



1) Based on financial year; FX rates as of May 27, 2015: €/US\$ = 1.09 € / £ = 0.71 € / CA\$ = 1.35

■ US\$ 7.75bn Transaction

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### Transaction details (US\$)

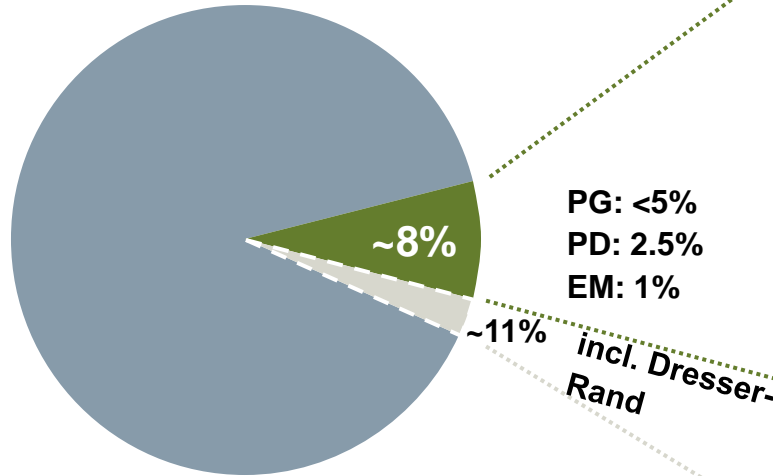
- 1.25bn, 3 year fixed at 1.45%
- 0.5bn, 3 year floating at LIBOR + 28bps
- 1.0bn, 5 year fixed at 2.15%
- 1.75bn, 7 year fixed at 2.9%
- 1.5bn, 10 year fixed at 3.25%
- 1.75bn, 30 year fixed at 4.4%

- **US\$7.75 bn bond issuance with balanced maturities and attractive rates**
- **A+ / A1 Rating Confirmed**

# Oil & Gas exposure still limited - "Secondary impact" could be higher

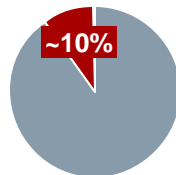
## Direct Oil & Gas exposure

(Estimate in % of FY 2014 orders incl. Rolls-Royce pro forma)

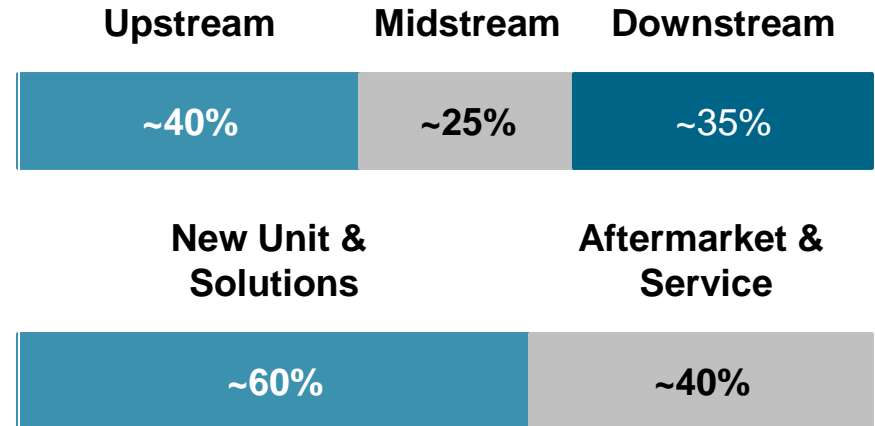


## "Secondary" effects

Siemens orders FY 2014 in selected Oil exporting countries with strong NOCs (mainly OPEC, Russia, Kazakhstan)

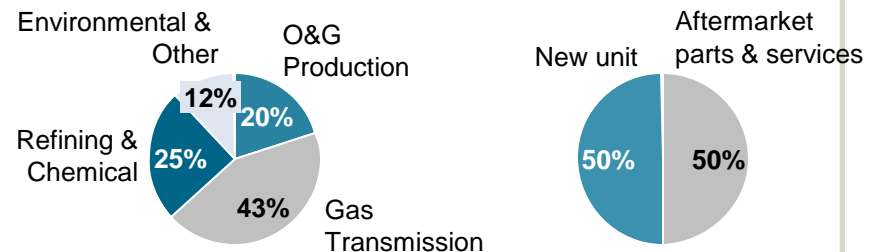


## Exposure along value chain



### Dresser-Rand:


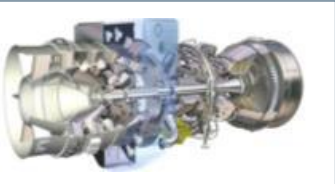
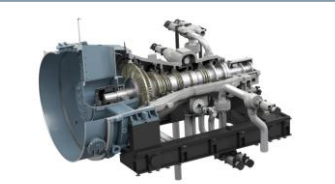


Orders and Revenue FY 2014 of \$2.8bn



Source: Dresser-Rand, 10-K Filing, Annual Report 2014

# Installed base secures recurring service revenues with robust after sales margin

## Combined serviceable fleet (small turbines and compressors)

	 Small/medium gas turbines	 Aero-derivative gas turbines	 Steam turbines	 Compressors
 <b>Rolls-Royce®</b>		2,500		1,600
<b>DRESSER-RAND</b>	1,500		62,000	32,500
<b>SIEMENS</b>	2,250		10,000	10,000



**Six-fold increase of combined Siemens fleet  
Synergy potential close to €200m confirmed**

## Financial calendar

### June

**June 10, 2015**

Exane European CEO Conference (Paris)

**June 11, 2015**

JP Morgan European Capital Goods Conference (London)

**June 17, 2015**

Deutsche Bank German, Swiss & Austrian Conference (Berlin)

### July

**July 30, 2015**

Q3 Earnings Release and Analyst Call

### August

# Siemens Investor Relations contacts



## Investor Relations

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