

Q2 – Robust performance in complicated times

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Analyst Call, May 8, 2020

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.

Our agenda for today



Covid-19 impact & Executing Vision 2020+



Q2 FY 2020 Financials

Covid-19 update: Operations up and running near normal levels

Successful crisis management – Siemens with proven track record

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Ingenuity for life

Covid-19 - Where we are

- **Priority #1: Employee health & safety**
- **Crisis proven leadership team and highly engaged employees**
- **Reliable partner with strong balance sheet, liquidity & rating**

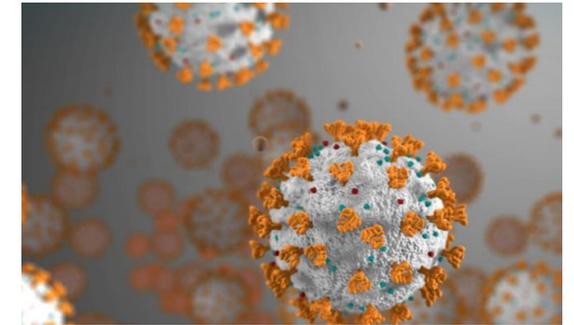
Operations up and running near normal levels

- **Demand highly uncertain**
- **Global supply chains stressed**
- **24 factory sites closed, mainly in India**
- **~7.4k employees in short time work**
- **Further cost out initiated**

We take social responsibility to fight Covid-19



Siemens smart clinic
for Colombia



Covid-19 tests released by **SIEMENS Healthineers**

Siemens **Caring Hands e.V.**



Covid-19 aid fund



Ramp up ventilator
production in UK

Covid-19 impact not yet fully visible in FY Q2

Orders

-9%



Revenue

-1%



IB Adj. EBITA margin

12.1%



EPS

€0.80



Free Cash Flow (IB)

€1.1bn



Indust. ND/EBITDA

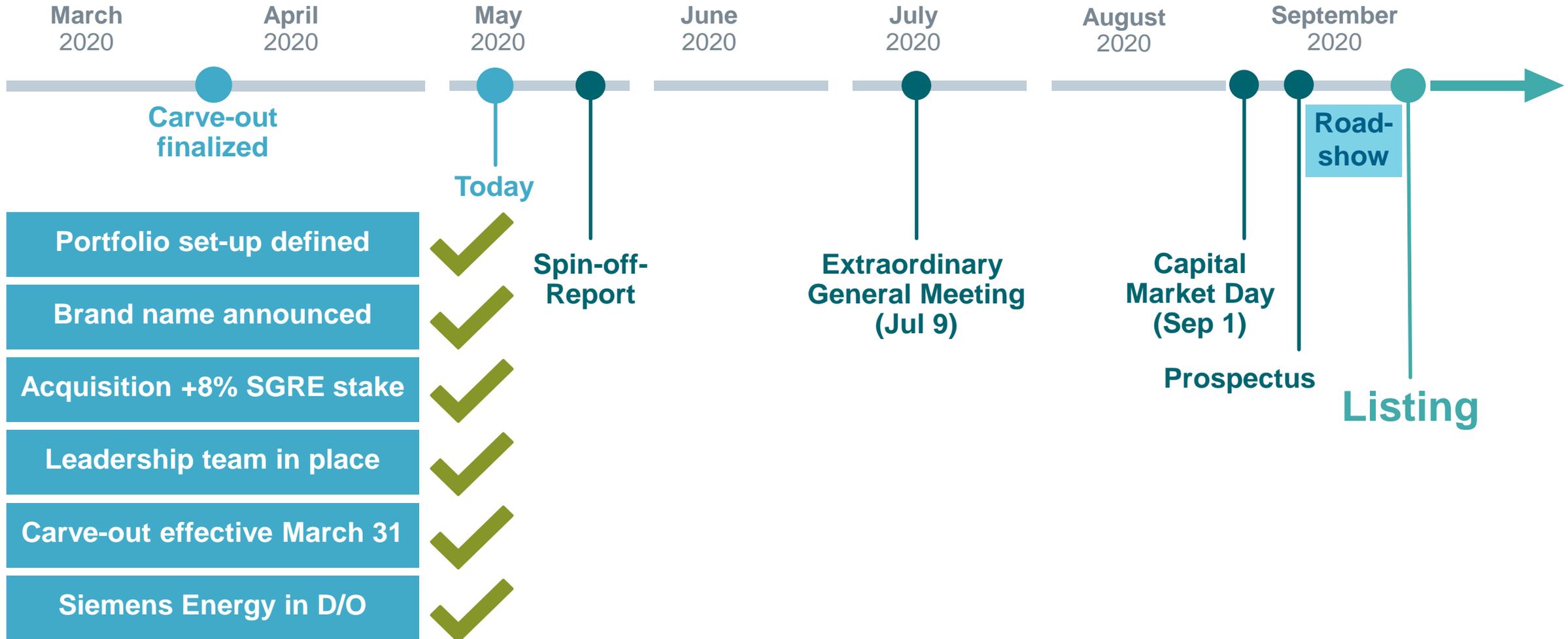
1.8x



Orders and Revenue growth comparable

Unrestricted © Siemens 2020

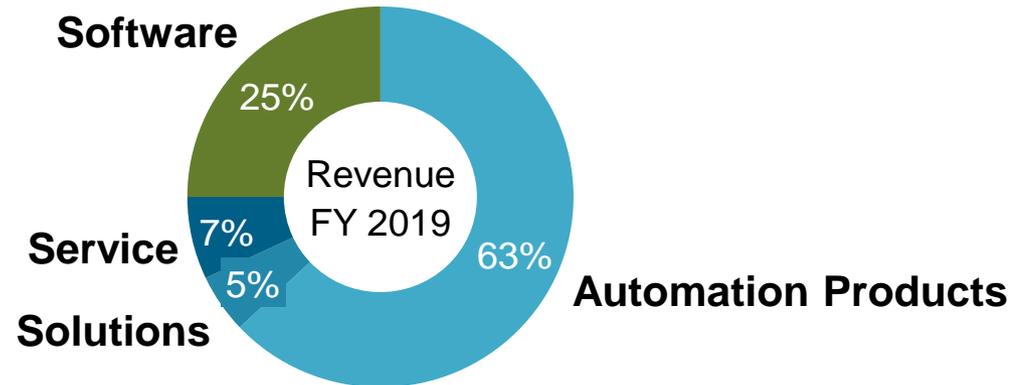
Siemens Energy on track for listing end of September



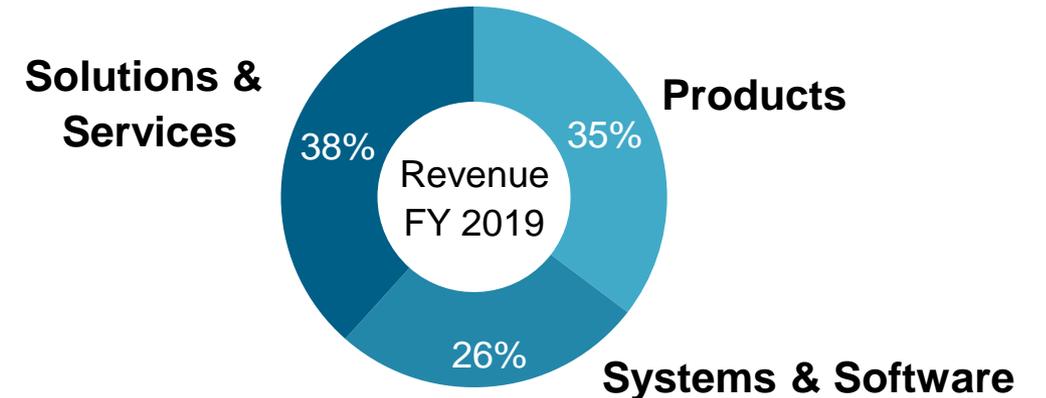
Note: In Q2-20 Siemens booked 3 LGT and 28 small turbines
 Unrestricted © Siemens 2020

Resilient business portfolio – Ability to weather the storm

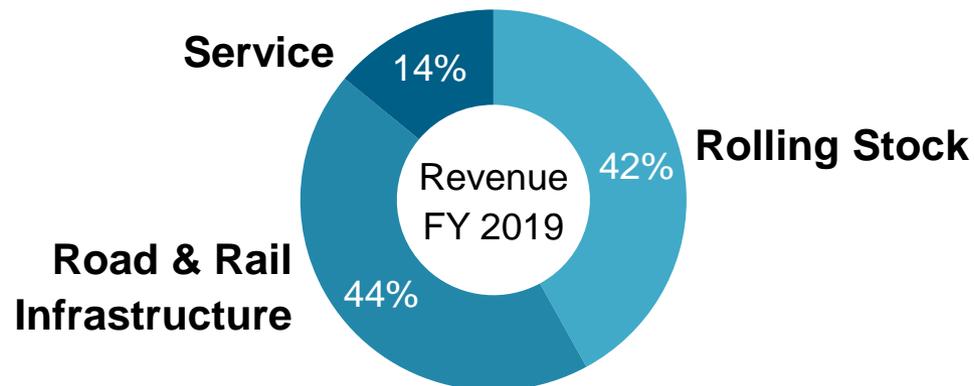
Digital Industries – €16.1bn



Smart Infrastructure – €14.6bn



Mobility – €8.9bn



Resilient business portfolio

- **Healthy short- and long-cycle business mix**
- **Balanced exposure to customer verticals**
- **Leading digital offerings**
- **Growing service and software share**
- **Strong order backlog**

Competitiveness programs accelerated Contingency cost measures expanded



CMD 2019 View

Updated View Q2 FY 20

	Digital Industries	Smart Infrastructure	Digital Industries	Smart Infrastructure
Cost optimization Operating Companies	~ €320 m by FY 2023 ~ €160 m by FY 2021	~ €300 m by FY 2023 ~ €150 m by FY 2021	~ €320 m by FY 2023 ~ €295 m by FY 2021	~ €300 m by FY 2023 ~ €180 m by FY 2021
Global Business Services	€90m by FY 2021		€90m by FY 2021	
Lean and effective governance	~ €500 m by FY 2023 ~ €300 m by FY 2021		~ €500 m by FY 2023 ~ €300 m by FY 2021	

€50m to be delivered by Siemens Energy

A leading vertically-integrated mobility player and integral part of Siemens AG

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Ingenuity for Life

Strategy update in FY Q4

Siemens Mobility

Key figures FY 2019: €12.9bn Orders | €8.9bn Revenue | 11% Adj. EBITA margin | 37k employees | €32bn Backlog (March 31, 2020)

Rolling Stock



Rail & Road Infrastructure



Customer Services



Turnkey



Leading integrated set-up + excellent strategic fit in Siemens

- Vertical market with attractive secular growth trends and profit pool, allowing superior capital efficiency
- Covering entire customer value chain with mutually-reinforcing businesses
- Lead digital transformation, benefitting from Siemens IoT ecosystem and platform

Strong execution continues despite Covid-19 impact

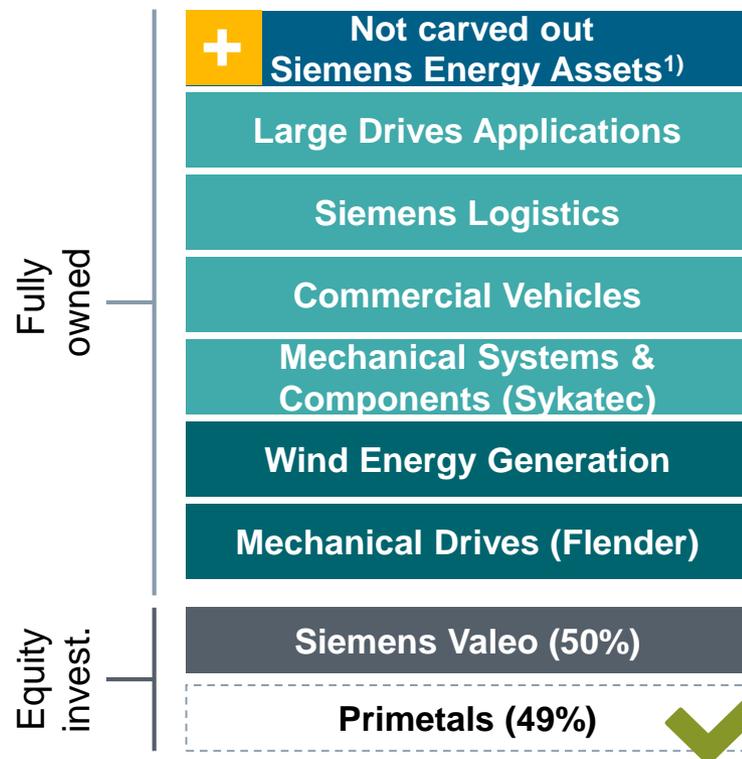
- Resilient performance supported by high order backlog
- Stringent execution despite customer access restrictions
- Delays & shifts of project awards weigh on order growth
- Revenue CAGR > 5% | Adj. EBITA-margin mid-term > 11%
- ROCE accretive to Siemens target

Portfolio Companies: Stringent execution of strategy – Flender spin-off planned

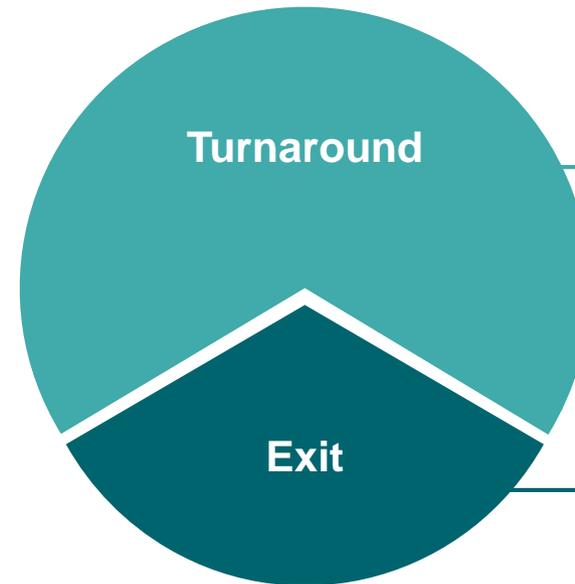
Portfolio Companies (POC)

H1 FY 20: Revenue: €2.7bn

Adj. EBITA margin: 0.4%



PE / Value creation approach



Turnaround

- Execute **full potential plans** FY19-FY22
- **Master Covid-19 challenges**
- Target FY22: **>5% Adj. EBITA**

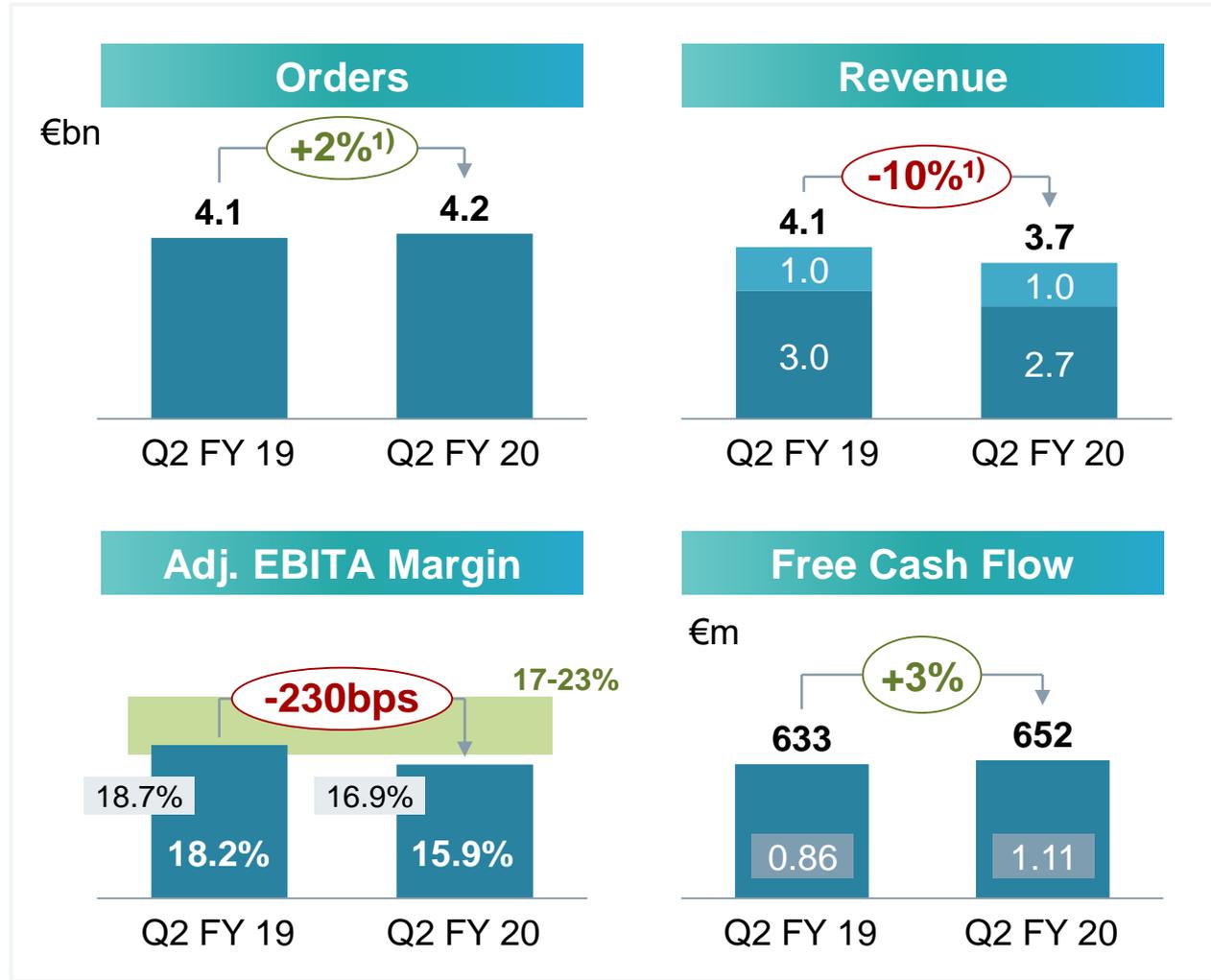
Exit

- **Integration of Wind Energy Generation into Flender** planned
- **Spin-off and listing of Flender:** Decision by SAG AGM on Feb 3, 2021 – preparation started

1) Siemens Energy Assets (SEA) transferred into POC during Q2 FY20, containing certain remaining regional business activities of Gas and Power, which were not carved out to Siemens Energy due to country-specific regulatory restrictions or economic considerations

Digital Industries (DI)

Holding up in Q2, further decline expected in Q3 FY 20



Orders:

Up on safety stocking & larger contract wins

Revenue:

Short cycle significantly down
Software moderately lower



Margin:

Holding up, stringent execution of cost measures



Free cash flow:

Effective working capital management

¹⁾ Comparable therein Software x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate
Unrestricted © Siemens 2020

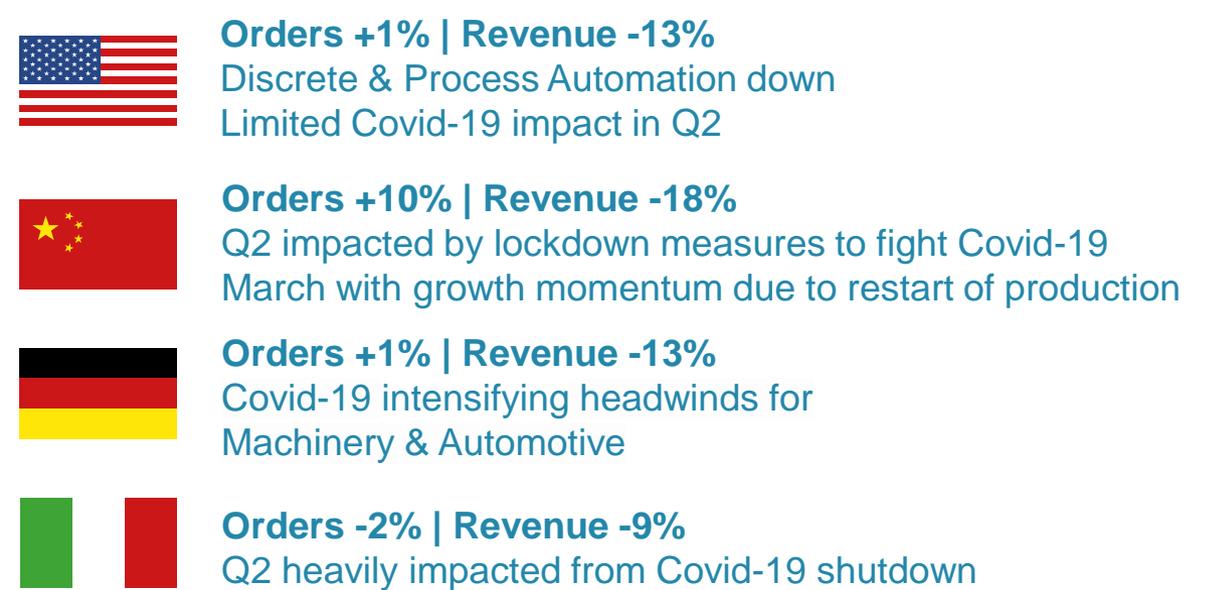
Covid-19 putting additional headwinds on challenging economic environment



DI revenue share in vertical end markets



Q2 FY 2020 - Key regions Automation (excl. Software)

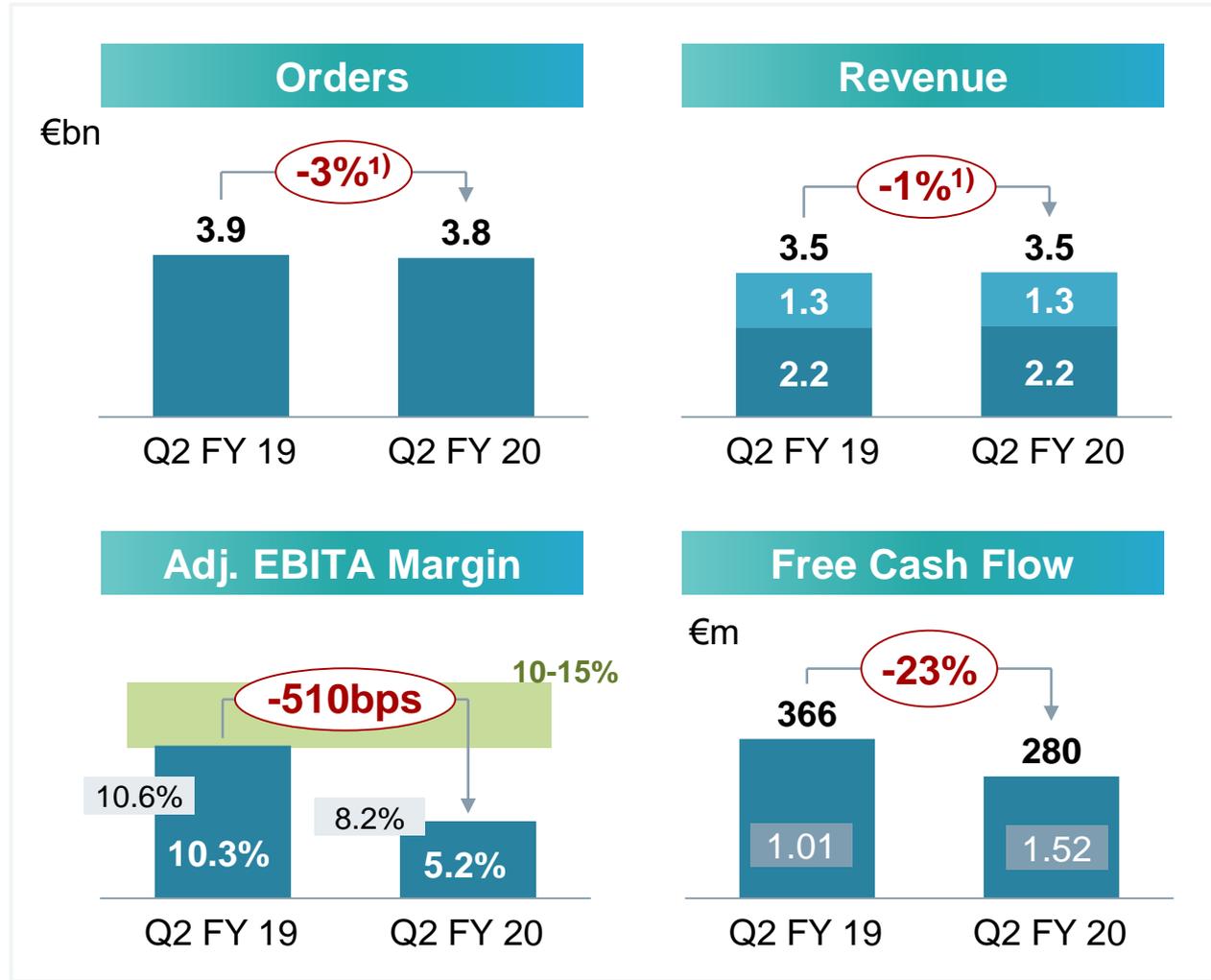


Q2 FY 2020 - Software



Smart Infrastructure (SI)

Stringent implementation of competitiveness program



Orders:
Negative impact, mainly in solutions & services

Revenue:
Product business down in short-cycle industries



Margin:
Severance (300bps) & grid edge investments continuing

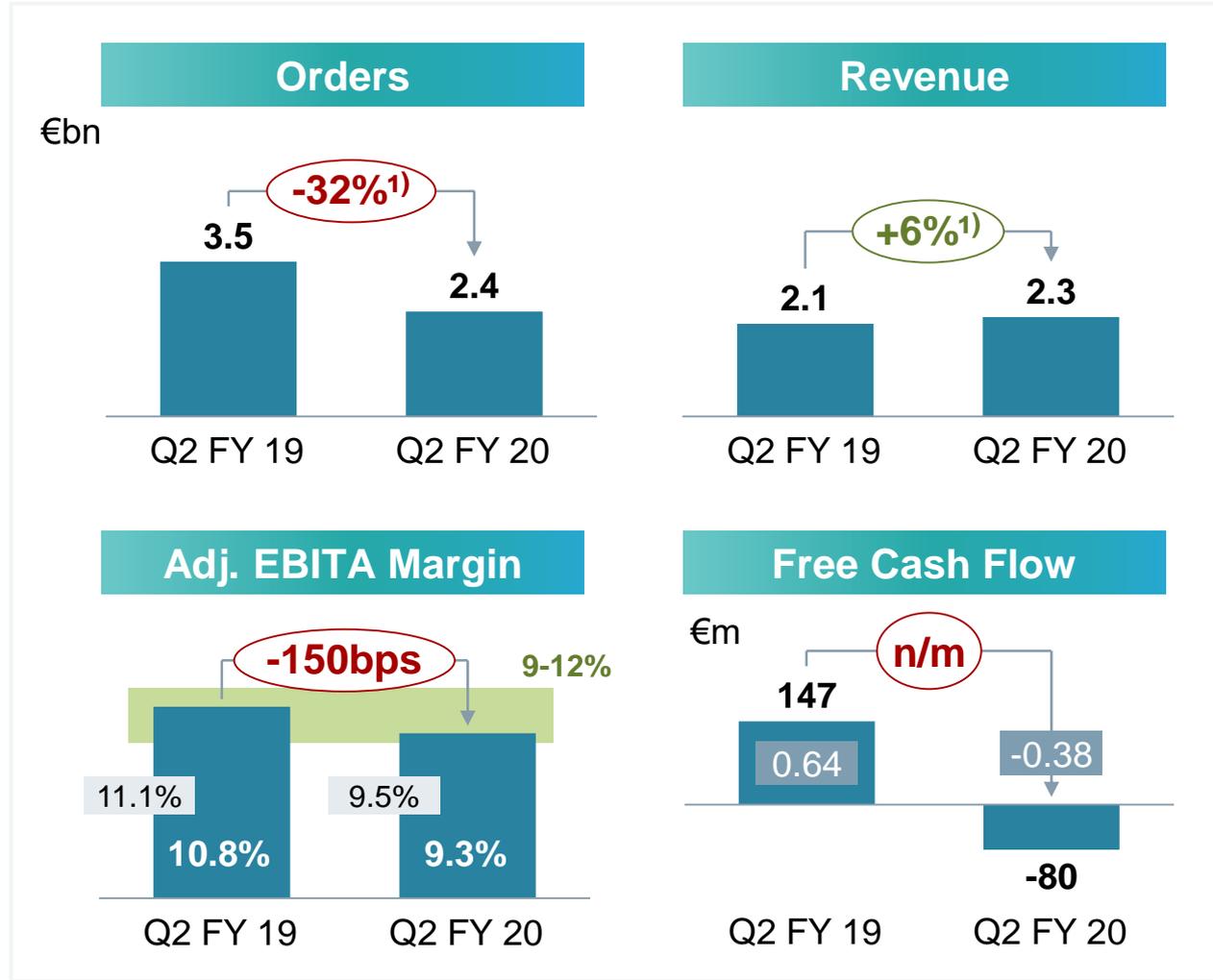


Free cash flow:
Stringent working capital management in difficult environment

¹⁾ Comparable therein Products x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate Unrestricted © Siemens 2020

Siemens Mobility (MO)

Resilient performance despite Covid-19 headwinds



Orders:

Down on tough comps due to large orders in prior year

Revenue:

Growth on ramp up of large projects



Margin:

Strong profitability continuing



Free cash flow:

As expected, less payments on unfavorable milestone timing and lower orders

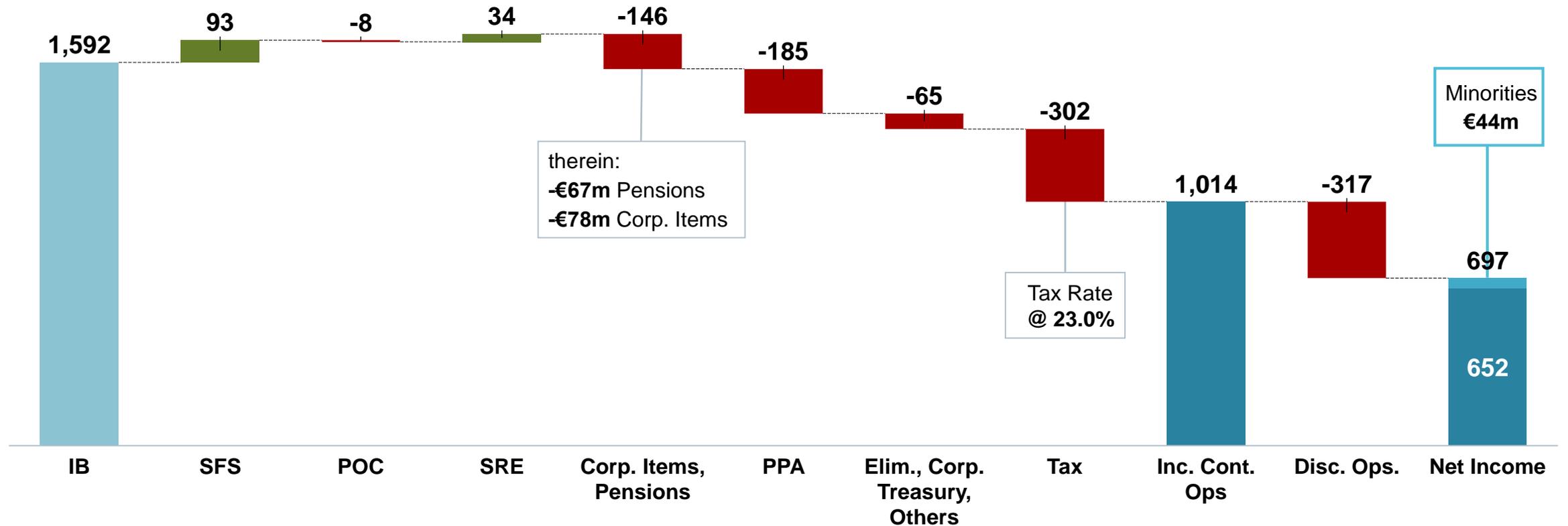
¹⁾ Comparable x.x% Adj. EBITA margin excl. severance x.x Cash Conversion Rate

Q2 FY 2020 - Below Industrial Businesses



Performance Q2 FY 2020

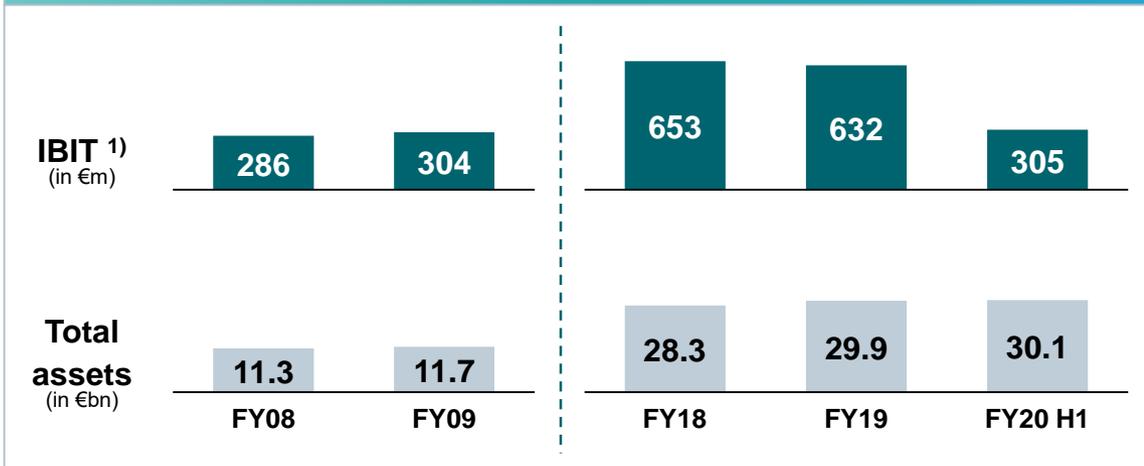
€m



SFS with strong track record and highly diversified portfolio



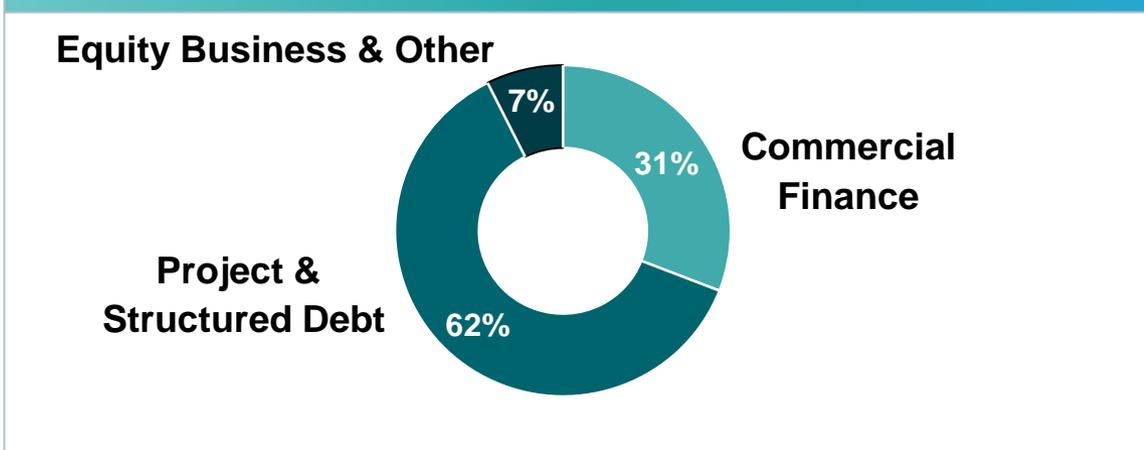
Key figures



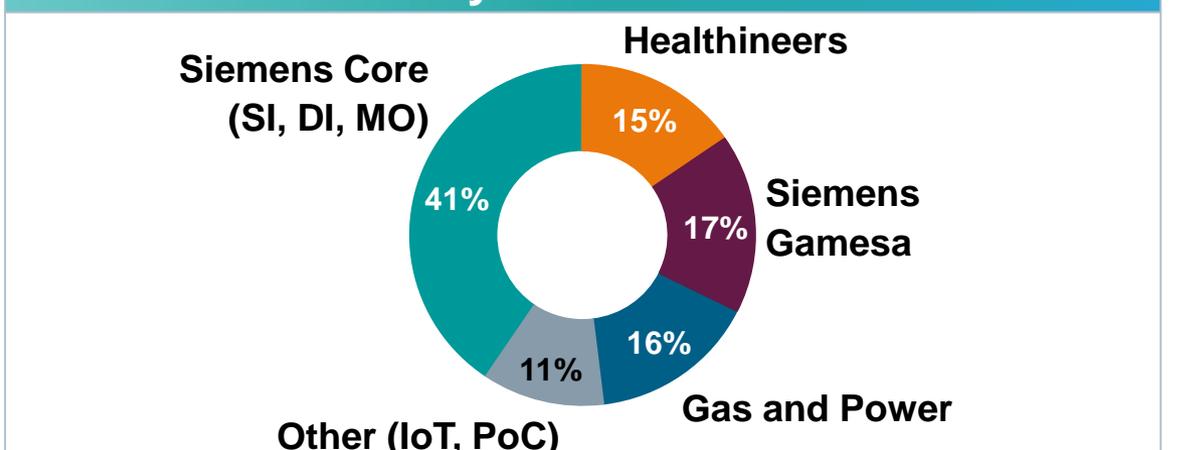
Consistent execution of strategy

- Focus on Siemens domains - **combine financial and industrial expertise**
- **Well diversified portfolio** with a strong regional footprint in North America and Europe
- **Risk management culture at strict arms-length**
- **“Hold to maturity” investor** – no credit trading
- **Matched funding approach limiting risks**

Product diversification²⁾

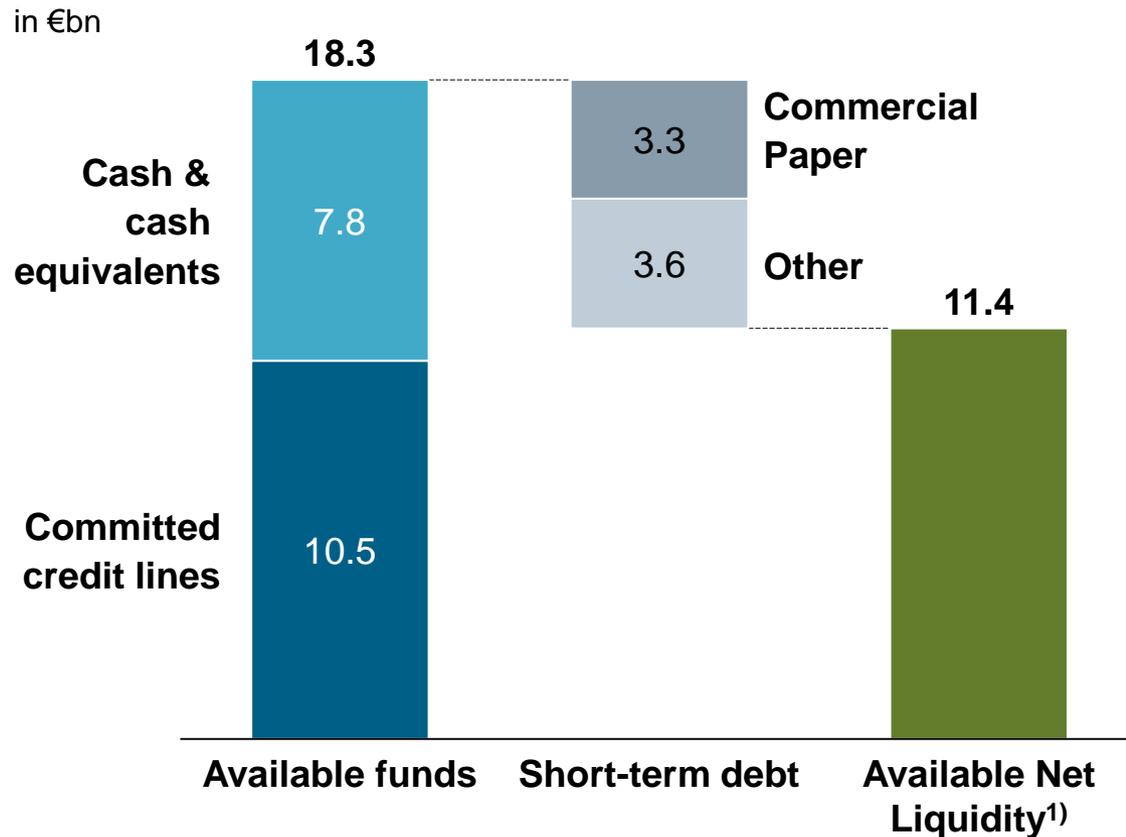


Industry diversification³⁾



Strong balance sheet, access to liquidity secured

Strong liquidity position (March 31, 2020)



Liquidity actively managed

- **Strong credit rating: A1 (Moody's), A+ (S&P)**
- **€5bn equivalent bond issuance executed in February** at highly attractive terms
- **New €3bn undrawn credit facility, adding to existing €7.5bn undrawn credit lines**
- **US Commercial Paper market substantially improved**, further source for liquidity under existing US\$9bn program
- **US\$1.4bn maturities** in remainder of FY 2020

Note: excluding Discontinued Operations Energy 1) excludes current interest bearing debt securities of €1.3bn

FY 2020: Top line guidance revised, EPS guidance suspended

FY 2020 Siemens Group

in €bn

58.5¹⁾



Revenue
FY 2019

- **Book-to-bill > 1**
- **Moderate comparable revenue decline**

1) Comparable revenue reflecting reclassification of Gas & Power & Siemens Gamesa Renewable Energy to Discontinued Operations

Assumptions

- **COVID-19 pandemic** began to impact financial results in FY Q2
- Expect **even stronger impacts** from **pandemic** in FY Q3
- Beyond FY Q3, **macroeconomic developments** and **influence on Siemens** cannot be reliably assessed – **original guidance for FY 2020 no longer confirmed**
- Expect **FY 2020 moderate comparable revenue decline**, with **b-t-b >1**. **Decline in demand most strongly affects DI and SI.**
- **Completion of spin-off and public listing of Siemens Energy before end of FY 2020**
- Expect **spin-off gain** within **D/O**, amount **cannot yet be reliably forecast**
- Expect **material impacts on Net income** from **spin-off costs** and **tax expenses** related to **carve-out of Siemens Energy**
- **Guidance Basic EPS** from Net income for **FY 2020 suspended**

Appendix



DI: Covid-19 putting heavy headwinds on end markets

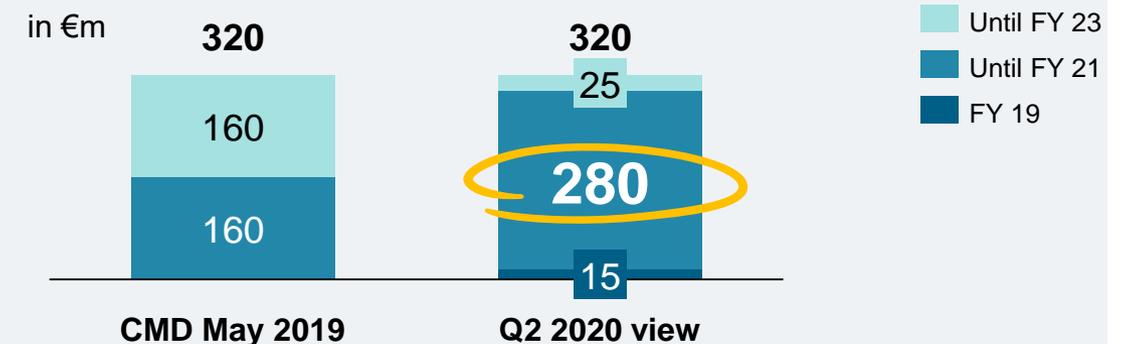
Cost-out accelerated, contingency measures intensified

Current situation

- Decline in key customer industries intensified in March, full impact in FY Q3 expected
- China in recovery, US & Europe still to see worse
- Key factories run close to normal capacity levels
- Daily review of SCM activities to ensure availability of components & transportation
- SW-Development centers impacted by local shutdowns in U.S. and India
- Best practice sharing with China to bring back white collar employees

Key mitigating actions

1 Acceleration of cost optimization program



2 Contingency measures intensified

- Accelerate digitalization (commissioning, service)
- Short-time-work implemented across all businesses
- Flexible time frames to reduce overtime & capacity
- Cutbacks in discretionary spending
- Capex – Re-prioritization of projects
- Close management of receivables & payment terms

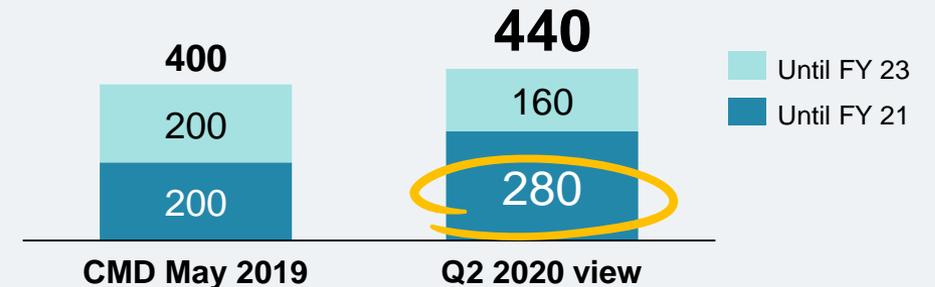
SI: Competitiveness program accelerated Execution of Vision 2020+ on track

Current situation

- **Heterogeneous** development in **vertical markets**
 - + Healthcare, critical infrastructure
 - Hospitality, education
- **Countries with different dynamics**
China recovering, U.S. and Europe challenging
- Out of **70 factories, 8 closed**, mainly in India
- **Solutions:** Many customer sites closed, expect strong negative Q3 impact
- **Service:** Promotion of new, remote & digital services
- **Products/Systems:** Order decline becomes visible

Key mitigating actions

1 Competitiveness program enhanced & accelerated



Therein

business mix €100m

€140m

2 Additional contingency measures

- **Short-time work** & mandatory paid time off
- **Cost cutting** measures, e.g. delay of events and of non-critical IT-projects
- **Securing customer** & ensuring **supplier payments**
- **Prioritize** planned **Capex spending**

Siemens Mobility – a valid contributor to Siemens’ aspirations



Mobility achievements

Mobility mid-term ambition

Siemens mid-term

Revenue Growth



4% CAGR over last 5 years

> 5%

- **Resilient market** with >3% growth supported by megatrends
- Enhancing **growth momentum**: metro, digitalization, service, growth regions

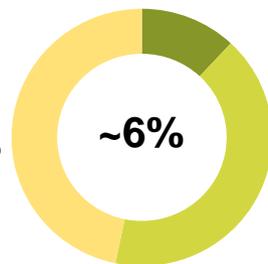
4 - 5%



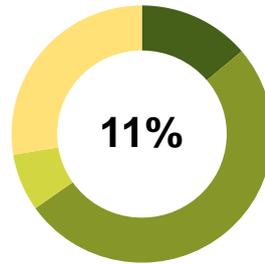
Adj. EBITA Margin

Profitability of portfolio

> 11%



FY 2009



FY 2019

- **Portfolio shift to higher margin & recurring revenue** business: components, products, platforms, digital services, signalling in the cloud
- **Selective margin accretive portfolio moves**
- **Digitalization in own operations**

11-15%



ROCE

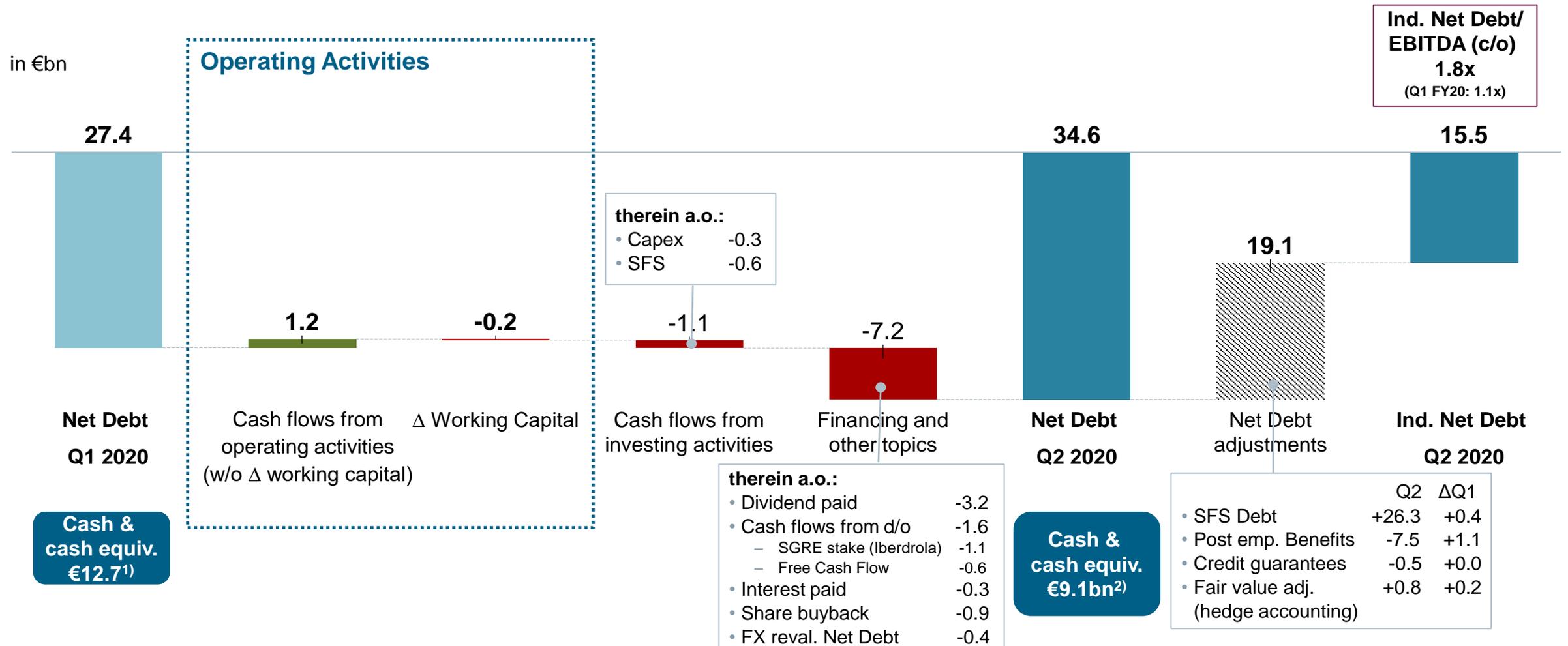
Accretive to Siemens target

Accretive to Siemens target

15-20%



Q2 FY 2020 Net debt bridge



**Ind. Net Debt/
EBITDA (c/o)**
1.8x
(Q1 FY20: 1.1x)

1) Sum Cash & cash equivalents of €11.4bn and current interest bearing debt securities of €1.4bn

2) Sum Cash & cash equivalents of €7.8bn and current interest bearing debt securities of €1.3bn

Provisions decreased in Q2 mainly due to increased discount rate and D/O of Siemens Energy, partially offset by actual return on plan assets



Q2 FY 2020 – Pensions and similar obligations

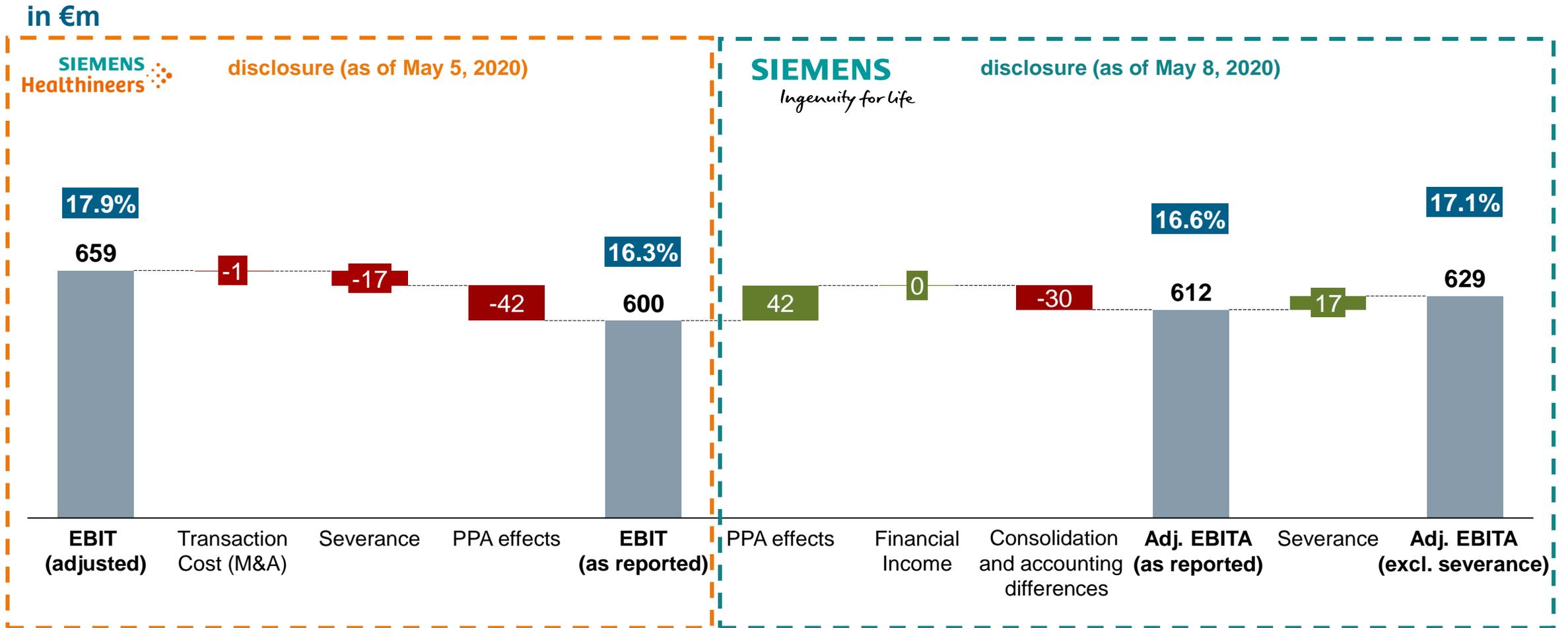
in €bn ¹	FY 2018	FY 2019	Q1 FY 2020	Q2 FY 2020	D/O S' Energy
Defined benefit obligation (DBO) ²	-35.9	-40.3	-39.2	-33.4	-3.1
Fair value of plan assets ²	28.7	31.3	31.2	26.7	2.2
Provisions for pensions and similar obligations	-7.7	-9.9	-8.6	-7.5	-1.0
Discount rate	2.4%	1.3%	1.5%	1.8%	
Interest income	0.5	0.6	0.1	0.1	
Actual return on plan assets	0.4	3.2	-0.5	-1.6	

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 (Q2 2020: +€0.8bn); defined benefit obligation (DBO), including other post-employment benefit plans (OPEB) of -€0.4bn

Q2 FY20 Profit Bridge from SHS disclosure to SAG disclosure

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



x.x% Margin

Financial calendar



May 8, 2020

Q2 Release

Jul 9, 2020

Extraordinary
AGM

Aug 6, 2020

Q3 Release

Sep 1, 2020

CMD Siemens
Energy

Nov 12, 2020

Q4 Release

Jun 12, 2020

JPM Conference
virtual

Sep 10, 2020

MS Conference
London



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