

VISION 2020+ Raising the bar

Joe Kaeser, President and CEO
Commerzbank German Investment Seminar
New York, January 15, 2019

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.

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.

FY 2018 - Siemens by the numbers



Revenue
€83.0bn

IB Profit **IB Margin¹**
€8.8bn **11.3%**

Net income **EPS¹**
€6.1bn **€7.88**

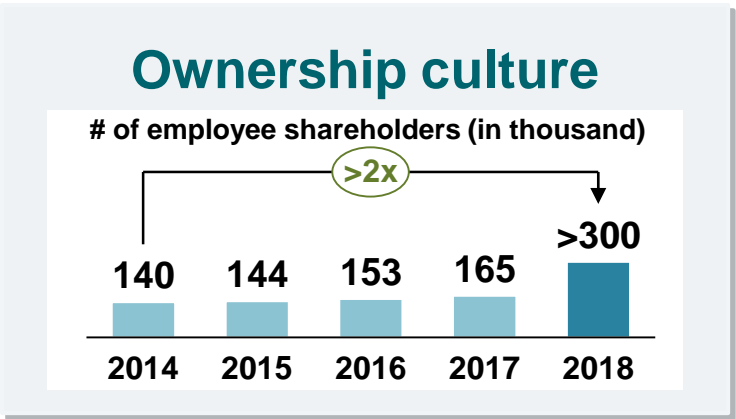
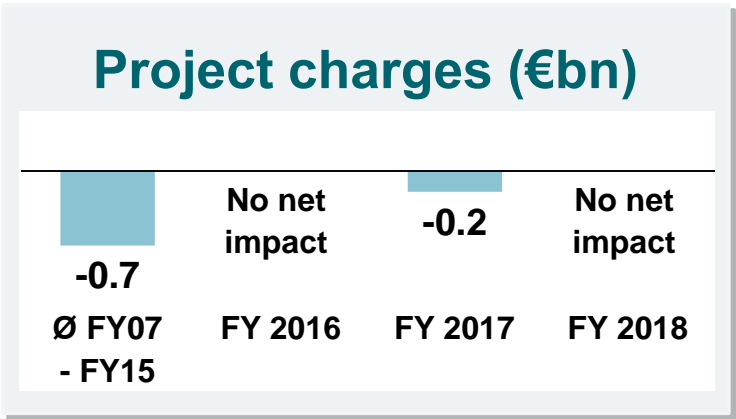
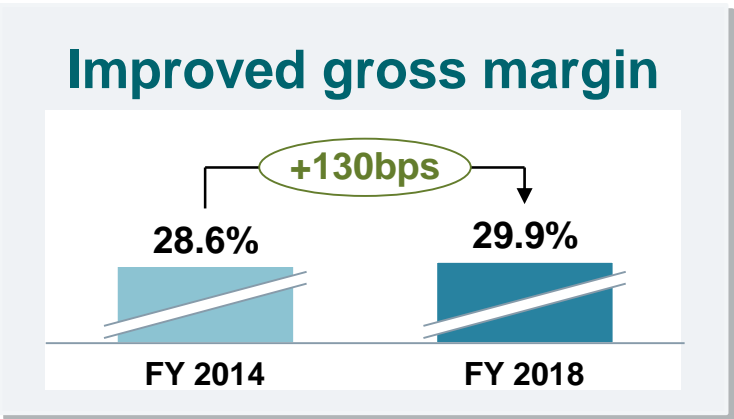
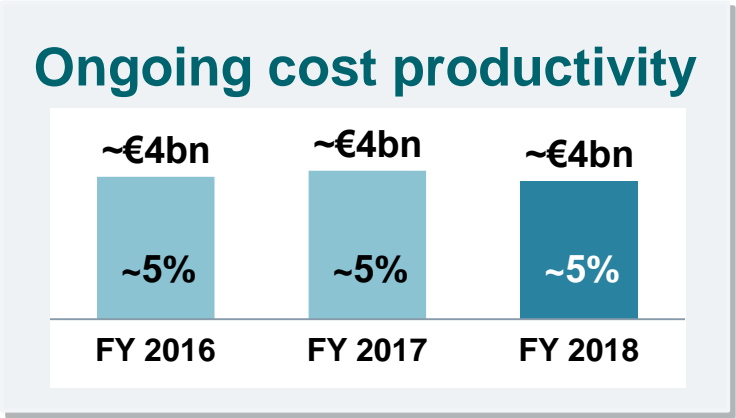
Industrial Business (IB) Revenue | Profit margin



1) excluding severance

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VISION 2020 executed ahead of time

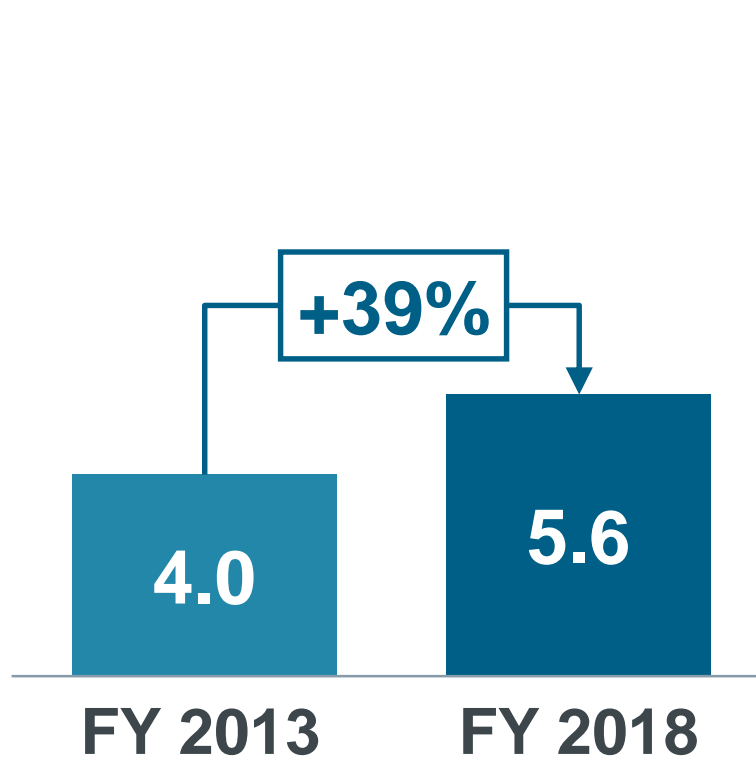


Significant investments into Innovation and Go-2-market



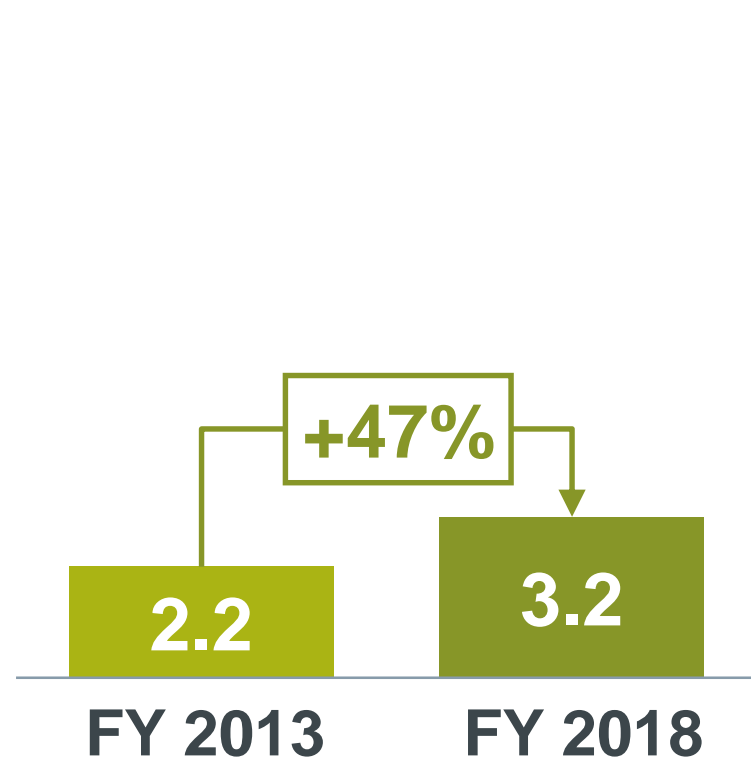
Research & Development

in €bn



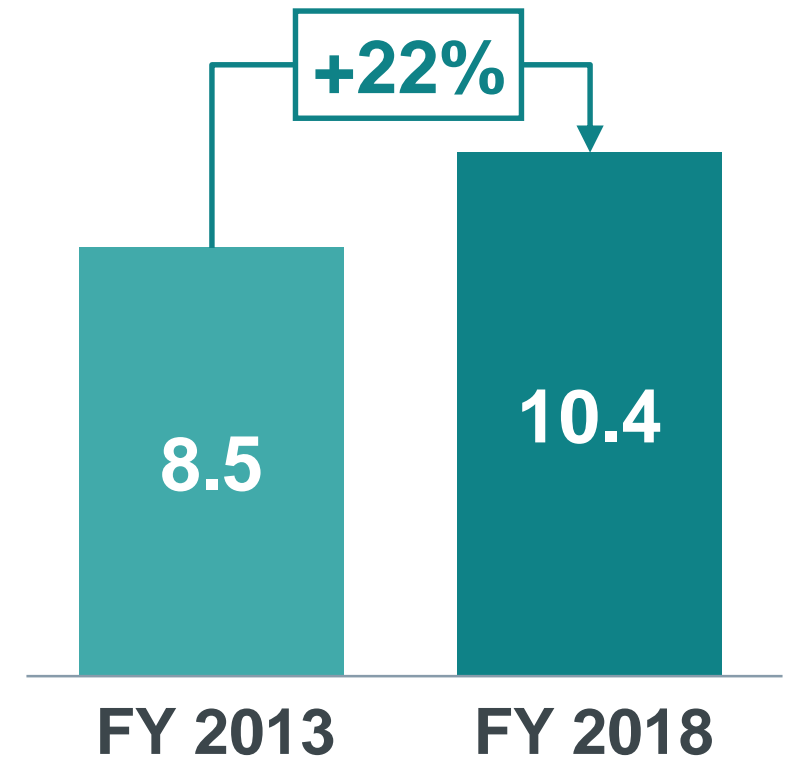
Investments (CAPEX)

in €bn



Sales expenditures

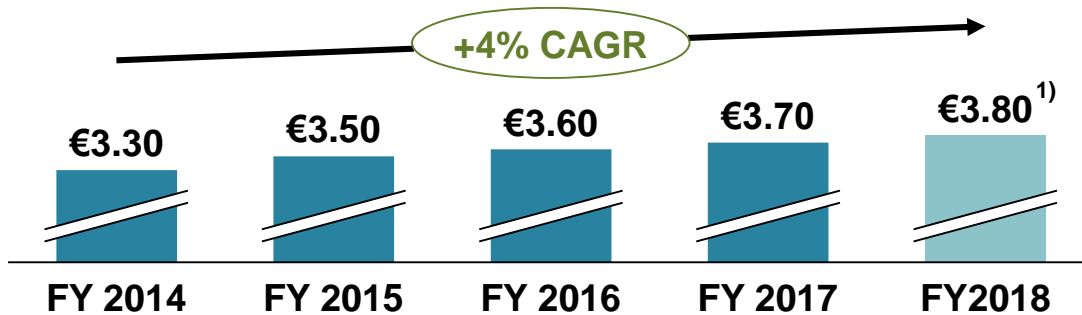
in €bn



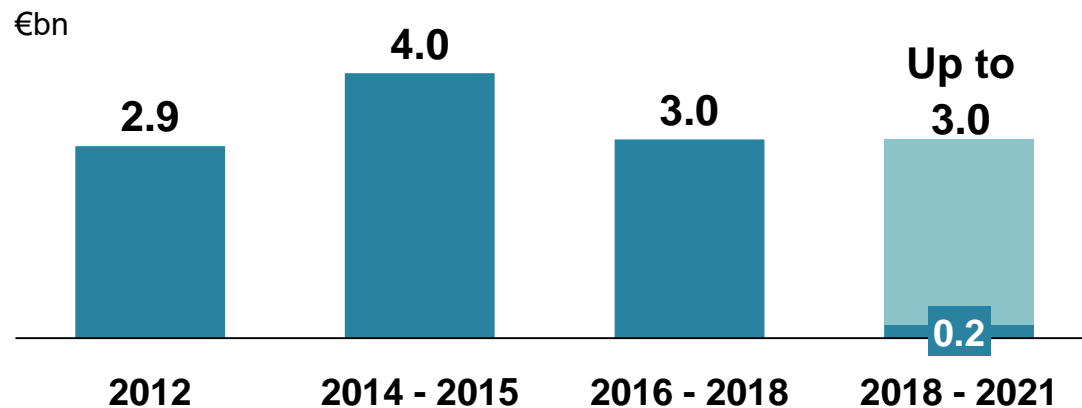
VISION 2020 delivered reliable shareholder returns



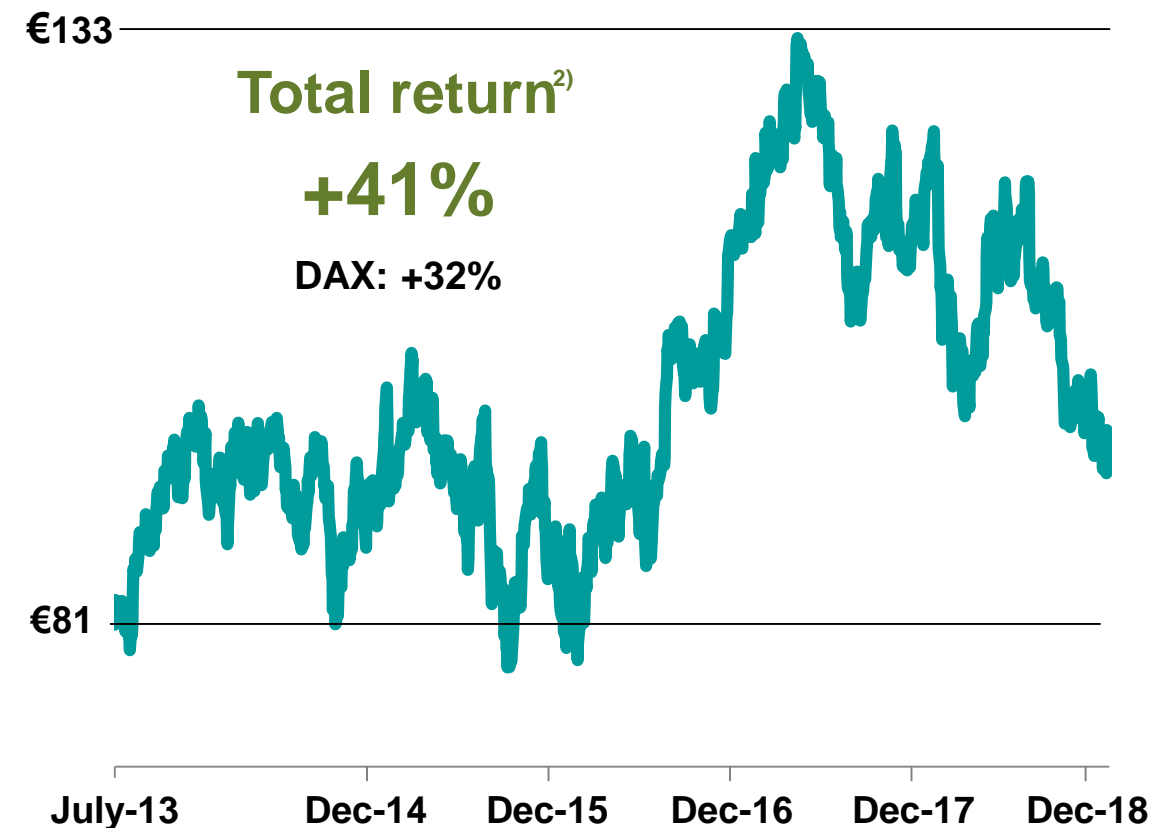
Continued dividend increase



Successful share buyback continued



Outperforming DAX



VISION 2020+ raises the bar in aspiration and performance

New Siemens Financial Framework as of April 1, 2019



Siemens (targets over the cycle)						
Growth Siemens comparable revenue growth 4 – 5%			Industrial Businesses margin³⁾ 11 – 15%		Cash conversion Cash conversion rate (CCR) CCR = 1 – growth rate⁴⁾	
Capital efficiency ROCE ¹⁾ 15 – 20%²⁾			Capital structure Industrial net debt/EBITDA up to 1.0x		Dividend payout ratio 40 – 60%⁵⁾	
Operating Companies			Strategic Companies			Service Company
Adj. EBITA margin ranges ³⁾			Adj. EBITA margin ranges ³⁾ – Siemens expectation			RoE ⁷⁾
Gas and Power 8 – 12%	Smart Infrastructure 10 – 15%	Digital Industries 17 – 23%	Siemens Healthineers 17 – 21%	Siemens Gamesa R. E. 7 – 11%	Siemens Alstom⁶⁾ 8 – 12%	Financial Services 15 – 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; 4) Based on Industrial Businesses and comparable revenue growth; 5) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 6) Siemens Alstom closing pending; 7) Return on equity after tax

Focus

Embrace entrepreneurial freedom - **best in industry**

Support functions part of **Operating Companies**

Transactional services **bundled in Global Business Services**

Accountability

Dedicated responsibility and accountability

Clearly defined impact and **ambitious financial targets**

Adaptability

From a “**one size fits all**” to a **purpose-driven** and **market-focused approach**

“**Impact over policy**” – **lean governance**

What's on the CEO's mind for 2019?



Deliver on our promises – despite geopolitical volatility



Focus the company to create stakeholder value



Shape the opportunities of the new industrial world



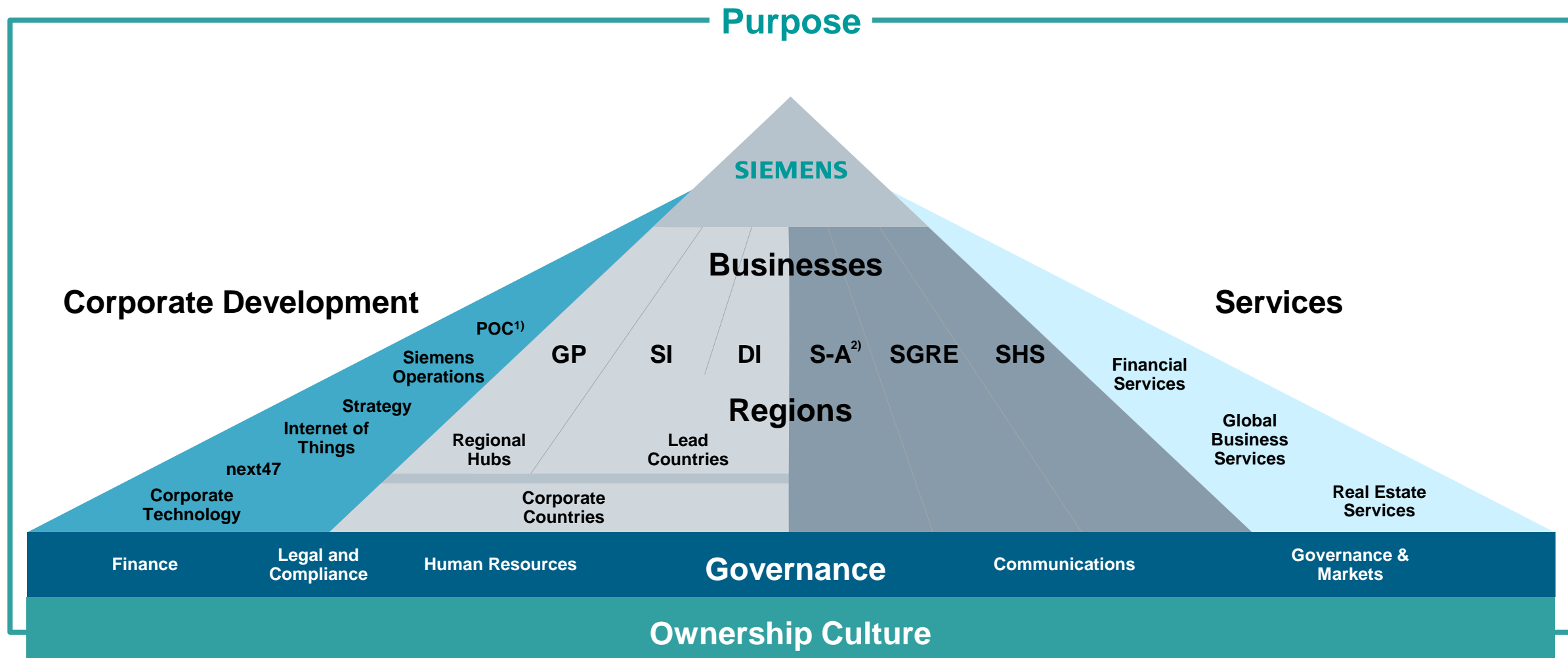
Create a purpose driven organization

Appendix



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Operating model based on purpose and ownership culture



1) Portfolio Companies 2) Depending on anti-trust approval

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Focus and growth drive value creation



Drivers

- **Core markets: business focus** leads to **market share gains**
- **Adjacent markets:** tapping **growth fields** driving structural growth
- Enhancing **business mix** drives **margin quality**
- **Operating Companies** drive **support function** optimization
- **New performance levels at Strategic Companies**
- **Fix POC** businesses
- **Optimization of Service Companies**
- **Corporate Development** will be impact-driven
- **Lean Corporate governance** sets the frame

Mid-term impact

Accelerated comp. revenue growth	+ 2 ppts CAGR
Margin lift at Industrial Businesses	+ 2 ppts
EPS growth ¹⁾	> revenue growth

1) on constant minority shareholdings

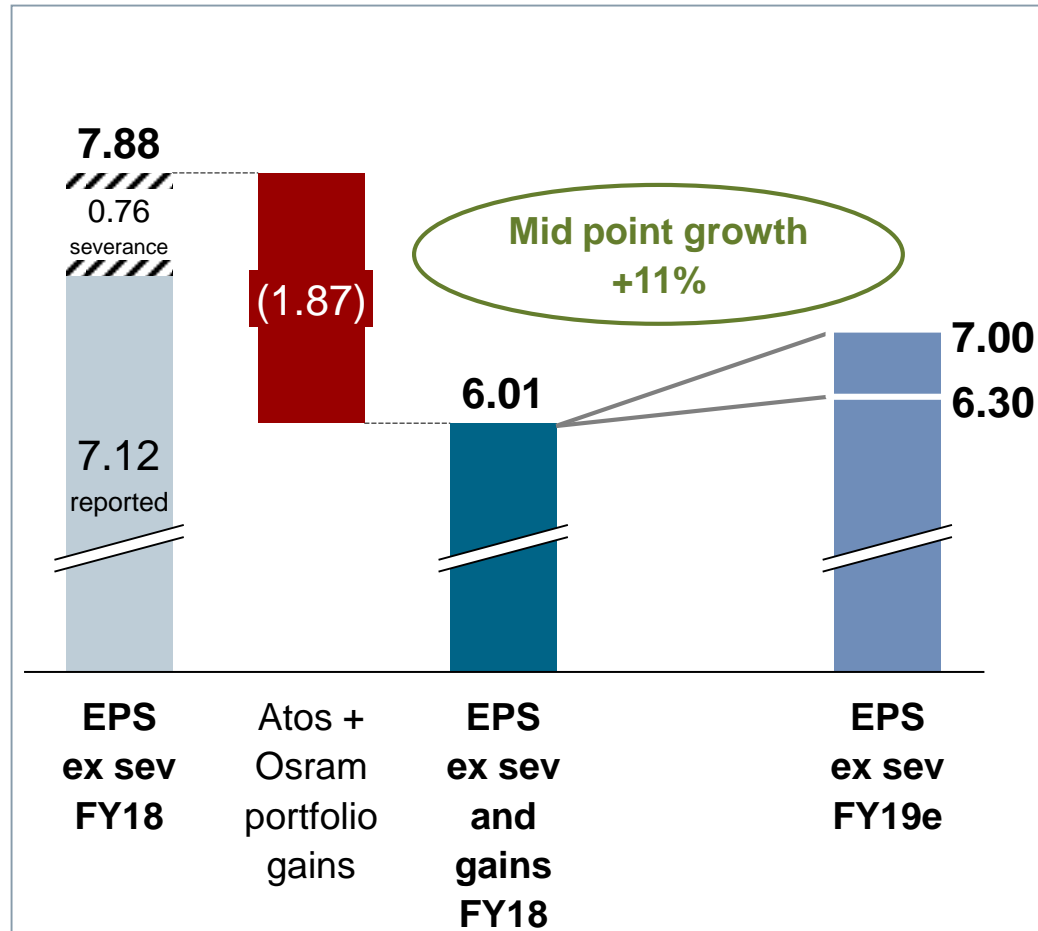
Tangible KPIs will define success



GOAL	KPI
1 Grow company value	<ul style="list-style-type: none">• Margin lift at Industrial Businesses + 2 pts• EPS growth > revenue growth¹⁾
2 Sharpen business focus in E-A-D	<ul style="list-style-type: none">• Accelerated comparable revenue growth + 2 pts CAGR
3 Be a partner of choice for our customers	<ul style="list-style-type: none">• > 20% improvement in customer satisfaction index
4 Get closer to our markets	<ul style="list-style-type: none">• > 50% of business HQs outside Germany
5 Live lean governance and drive continuous optimization	<ul style="list-style-type: none">• >20% efficiency improvement of support functions in scope• Global Business Services efficiency: +10-20% (fully operable)
6 Be an employer of choice	<ul style="list-style-type: none">• Approval rating in employee surveys for specific topics (e.g. diversity)
7 Ignite pride and passion for Siemens through Ownership Culture	<ul style="list-style-type: none">• Approval rating in employee surveys for specific topics (e.g. leadership)

1) on constant minority shareholdings

Outlook FY 2019



We expect a **continued favorable market environment, particularly for our short-cycle businesses**, with **limited risks related to geopolitical uncertainties**.

For fiscal 2019, we expect **moderate growth in revenue**, net of currency translation and portfolio effects. We further 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 **based on our current organizational structure, excluding severance charges**.

Furthermore we **expect basic EPS from net income in the range of €6.30 to €7.00 also excluding severance charges**.

This outlook excludes charges related to legal and regulatory matters and post-closing results from combining our mobility business with Alstom SA, which we expect to close in the first half of calendar 2019.

Financial calendar



**January
2019**

January 15, 2019
Commerzbank German Investment Seminar (New York)
January 30, 2019
Q1 Earnings Release and AGM

**February
2019**

**March
2019**

March 20, 2019
Bank of America Merrill Lynch Conference (London)



Investor Relations contacts



Investor Relations

Internet:	www.siemens.com/investorrelations
E-Mail:	investorrelations@siemens.com
Telefon:	+49 89 636-32474
Fax:	+49 89 636-1332474