Fully on track for another strong year

Joe Kaeser, Ralf P. Thomas, Michael Sen
Press Call Q3, fiscal 2017
Munich, August 3, 2017
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.
Q3 FY 2017
Fully on track for another strong year

• Strong net income up 7% at €1.5bn; EPS at €1.74 up 6%

• Industrial Business margin at 10.4% (-40bps), impacted by M&A effects related to Gamesa and Mentor Graphics (-60bps)

• Revenue rose 8% driven by SGRE, Mobility and Digital Factory; +3% comparable

• Orders -6% due to sharply lower large orders in PG and SGRE; -9% comparable; smaller orders significantly up; continued strong short-cycle business

• Solid free cash flow of €0.9bn

• Further steps taken to strengthen leadership position in digitalization – MindSphere gains traction
DF: Very strong short-cycle and software business momentum
PD: Selected pick up in orders, structural realignment continues

Digital Factory (DF)

- Strong top-line growth and margin expansion driven by excellent short-cycle and software business
- M&A effects of ~260bps and MindSphere of ~100bps

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
<th>Profit</th>
<th>Profit margin</th>
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<tbody>
<tr>
<td>€bn</td>
<td>€bn</td>
<td>€m</td>
<td>x.x%</td>
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<tr>
<td>Q3 FY 16</td>
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Process Industries and Drives (PD)

- Large solution orders and strong demand in China
- Operational challenges particularly in Large Drives

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1) Comparable, i.e. adjusted for currency translation and portfolio effects
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Q3 FY 2017 Press Call
BT: Excellent performance continues
MO: Impressive customer wins and convincing performance

### Building Technologies (BT)

<table>
<thead>
<tr>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit (€m)</th>
<th>Profit margin (%)</th>
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</thead>
<tbody>
<tr>
<td>Q3 FY 16</td>
<td>1.7</td>
<td>140</td>
<td>9.3%</td>
</tr>
<tr>
<td>Q3 FY 17</td>
<td>1.7</td>
<td>165</td>
<td>10.5%</td>
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- U.S. and Germany drive order growth
- Revenue up on strong product and service business
- Growth and strong execution lead to margin expansion

### Mobility (MO)

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<tr>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit (€m)</th>
<th>Profit margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 16</td>
<td>1.1</td>
<td>158</td>
<td>9.1%</td>
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<tr>
<td>Q3 FY 17</td>
<td>2.3</td>
<td>178</td>
<td>8.7%</td>
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- Orders up across all businesses and regions
- Broad-based revenue growth driven by rolling stock, incl. execution of large projects & locomotive shipments

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Mobility – new orders

- Large order for Mireo from DB Regio for Rhein-Neckar-Bahn
- Order for another 30 light rail vehicles from Seattle’s Sound Transit; total is now 152
**Power and Gas (PG)**

- Strategic partnership with Duke Energy
- Revenue decline mainly in LGT and compression business
- Continued price pressure due to overcapacities

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<td>Q3 FY 16</td>
<td>4.5</td>
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<td>Q3 FY 17</td>
<td>2.7</td>
<td>3.8</td>
<td>369</td>
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-11%¹

-41%¹

-23%

-140bps

11-15%

**Energy Management (EM)**

- Order growth except for transformer business
- Revenue growth in Europe and Asia
- Business mix weighs on margin

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<th>Profit (€m)</th>
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<td>Q3 FY 16</td>
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<tr>
<td>Q3 FY 17</td>
<td>3.0</td>
<td>3.0</td>
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-3%¹

+5%¹

-14%

-150bps

7-10%

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

x.x% Margin as reported  

x.x% Margin excl. severance (and excl. integration costs D-R for PG only)

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Power and Gas – cooperation with Duke Energy

HL-class turbine

• Efficiency rating of 63 percent in near term, 65 percent in medium term
• Efficiency increase of 25 percent compared to turbines currently installed at customer location
SGRE: Integration on track
HC: Decent performance driven by Diagnostic Imaging

Siemens Gamesa Renewable Energy (SGRE)

- Orders down on shift towards auction system in India and volatile offshore tenders
- Integration costs weigh on margin

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<td>Q3 FY 16</td>
<td>2.7</td>
<td>1.7</td>
<td>143</td>
<td>8.3%</td>
</tr>
<tr>
<td>Q3 FY 17</td>
<td>1.4</td>
<td>2.7</td>
<td>164</td>
<td>6.1%</td>
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Healthineers (HC)

- Order growth driven by Europe and Asia
- Revenue up double digit in China
- Diagnostic Imaging with excellent profitability

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<tbody>
<tr>
<td>Q3 FY 16</td>
<td>3.4</td>
<td>3.2</td>
<td>534</td>
<td>16.9%</td>
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<tr>
<td>Q3 FY 17</td>
<td>3.5</td>
<td>3.4</td>
<td>579</td>
<td>16.5%</td>
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Siemens Healthineers

- Annual revenue of about €14 billion
- More than 47,000 employees worldwide
- Annual R&D spending of more than €1 billion
“Healthineers Strategy 2025” to secure market leadership beyond 2025

Strategic posture
- Deliver on core business – growth fundamentals and productivity

Mid-term
- Reinforcing
- Substantial next generation product and platform launches are gaining traction in the market, e.g.,
  - CT SOMATOM go, Artis Pheno, MR MAGNETOM Vida
  - Atellica Solution and Atellica 360
  - Teamplay and Digital Ecosystem
  - Execute on productivity initiative (>4% productivity increase p.a.)

Upgrading
- New growth
- Mid-term and beyond

2017-19

Strategic priorities
-Tap into adjacent growth markets
- “Market leadership 2025”

Mid-term
- Precision Medicine
- Therapy of Tomorrow
- Patient Journey Steward
- Technology Enabled Services

… move into
Clear path for Siemens Healthineers IPO

- Decision to go public (Q4 FY 2016)
- Healthineers Strategy 2025 and stringent execution roadmap launched (08/2017)
- Significant new product launches gain traction in the market
- Atellica Solution entering the market (Q4 FY 2017)
- Combined financial statements and prospectus preparation
- Intention to float announcement
- Siemens Healthineers IPO (H1 CY 2018)
Siemens Gamesa Renewable Energy

• New management team with clear focus on driving down costs
  • Announced synergies are now the minimum goal and likely to be achieved earlier
  • Regional footprint to be optimized
  • “Best of two worlds” is criterion for portfolio decisions
Guidance FY 2017 confirmed

We confirm our expectations for fiscal 2017 presented with our results for Q2 FY 2017.

We continue to expect modest growth in revenue, net of effects from currency translation and portfolio transactions, and anticipate that orders will exceed revenue for a book-to-bill ratio above 1.

We expect the profit margin of our Industrial Business in the range of 11.0% to 12.0%, and basic EPS from net income in the range of €7.20 to €7.70.

This outlook includes portfolio changes already closed in the first nine months of fiscal 2017, particularly the acquisition of Mentor Graphics and the Gamesa merger, which burden Industrial Business profit margin and basic EPS from net income in fiscal 2017.

The outlook continues to exclude charges related to legal and regulatory matters as well as potential burdens associated with pending portfolio matters.
### Siemens press contacts

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