

Q2 – Continuing growth in orders, revenue and profitability

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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.

Q2 FY 2016 – Continuing growth in orders, revenue and profitability

- **Execution of Vision 2020 fully on track**
- **Further portfolio optimization and cost savings acceleration**
- **Clear order increase of 7% to €22.3bn (excl. FX +10%)**
- **Record backlog of €115bn, book-to-bill at excellent 1.17x**
- **Accelerated revenue growth of 5% (excluding FX +7%)**
- **Industrial Business margin expansion to 10.9% (up 190bps), supported by a positive effect of 60 bps related to Iran business**
- **Net Income of €1.5bn; Earnings per share of €1.78**
- **Strong Free Cash Flow of €0.8bn**

Major bookings in Egypt and Europe

Q2 FY 2016 y-o-y

Orders

Revenue

Europe/C.I.S./Africa/ME
(therein Germany)

-43%



20%

Americas
(therein U.S.)

-16%

-5%

7%

-7%

10%

Asia/Australia
(therein China)

7%

13%

1%

-8%

1) Change is adjusted for currency translation and portfolio effects

Orders

Revenue

**Europe,
MEA, CIS**

- UK & Africa benefitting from large Energy orders
- Short cycle in Germany slow

- UK, Netherlands, Turkey with substantial growth
- Energy related projects drive growth in Middle East

Americas

- Lower large project volume
- Brazil with continued weakness

- Broad based growth in the U.S. despite weak Oil & Gas demand

**Asia,
Australia**

- China orders up mainly on EM
- Industrial demand in China still sluggish

- India with substantial growth driven by PG

Convinced customers – Reliable partner – Good business

Megadeals in Egypt – execution on track

- **€3.1bn orders for Burullus and New Capital** power plants incl. long-term service contract
 - Fast track projects for 9.6 GW (16 H-class turbines)
 - Financial close in March 2016
- **Project execution of Beni Suef – 4 out of 8 H-class** turbines shipped
- **Comprehensive transmission network study** ongoing
- Contract for **six substations signed**
- **Training of 600 engineers and technicians** has started



Major offshore order in Wind Power



7 MW Turbine (SWT-7.0-154)

East Anglia ONE project

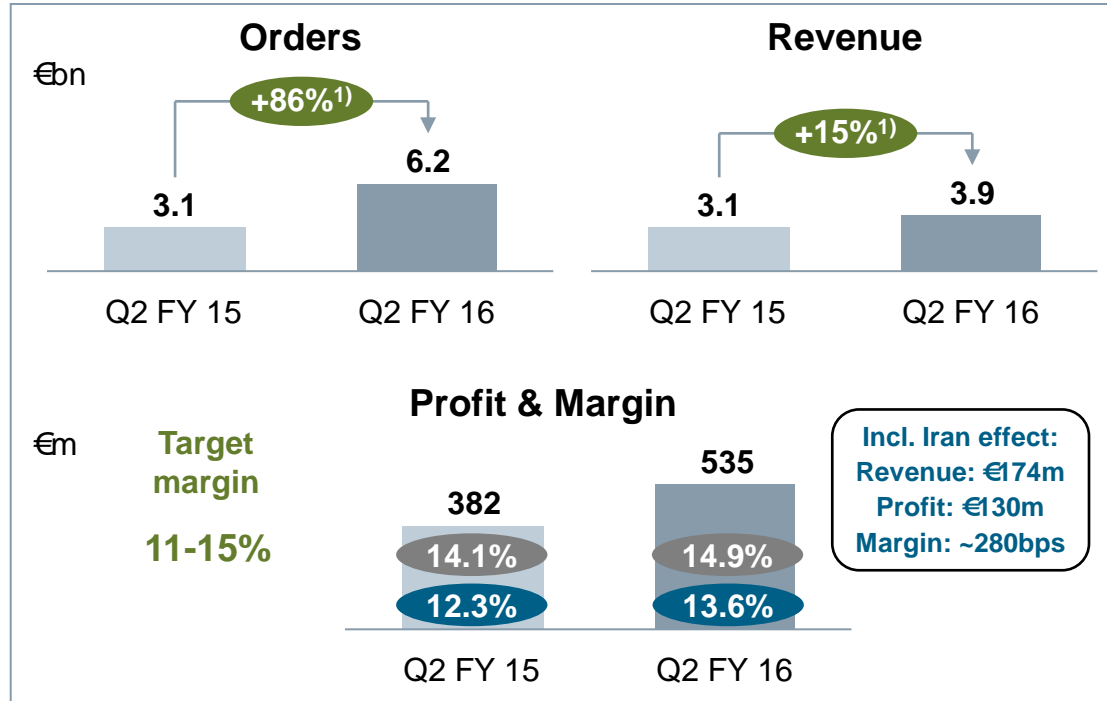
- **Customer:** ScottishPower Renewables
- **714MW** total capacity
- **Largest order** to date for **7MW** direct drive **turbine**
- **Five years service contract**
- **Order volume ~€1.2bn**
- Start of **commercial operation in 2020**
- **Delivery** out of new **Hull and Cuxhaven factories in 2019**

PG: Great performance in a challenging market environment

WP: Exceptionally strong

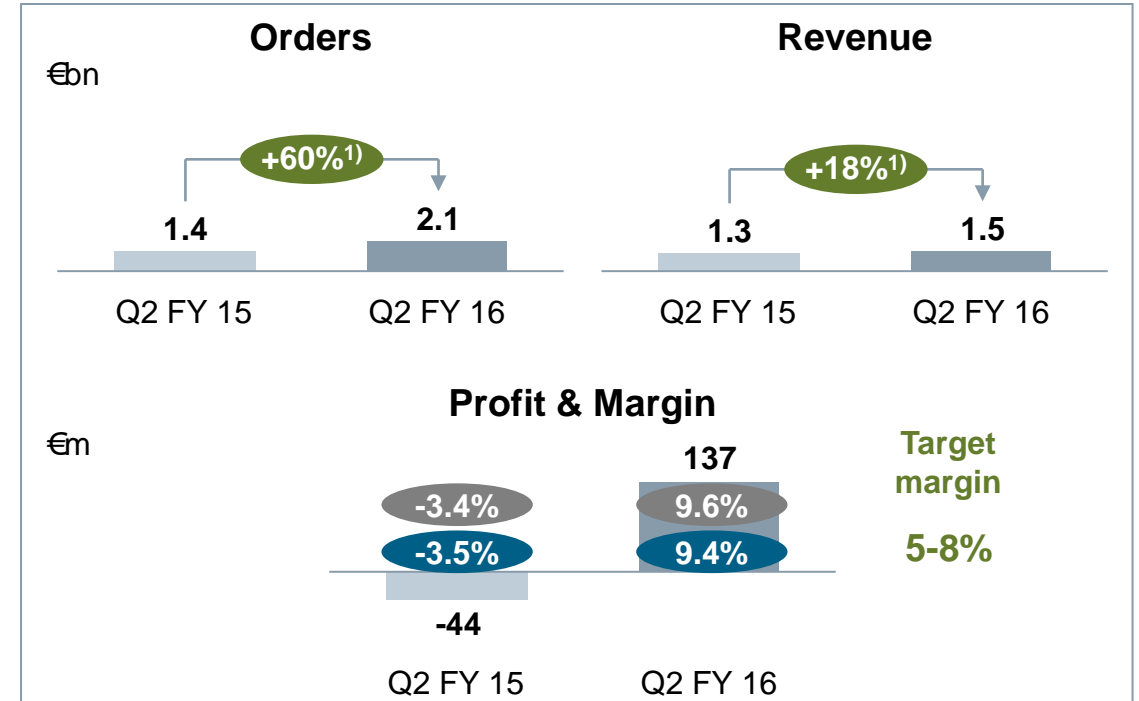
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Power and Gas (PG)



- Ramp up of Egypt orders drive revenue; 16 LGTs shipped
- Positive revenue and profit effects driven by ending or easing of Iran sanctions

Wind Power and Renewables (WP)



- Major offshore order in UK incl. service of ~€1.2bn
- Significant revenue increase on high backlog conversion
- Improved operations drive margin

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

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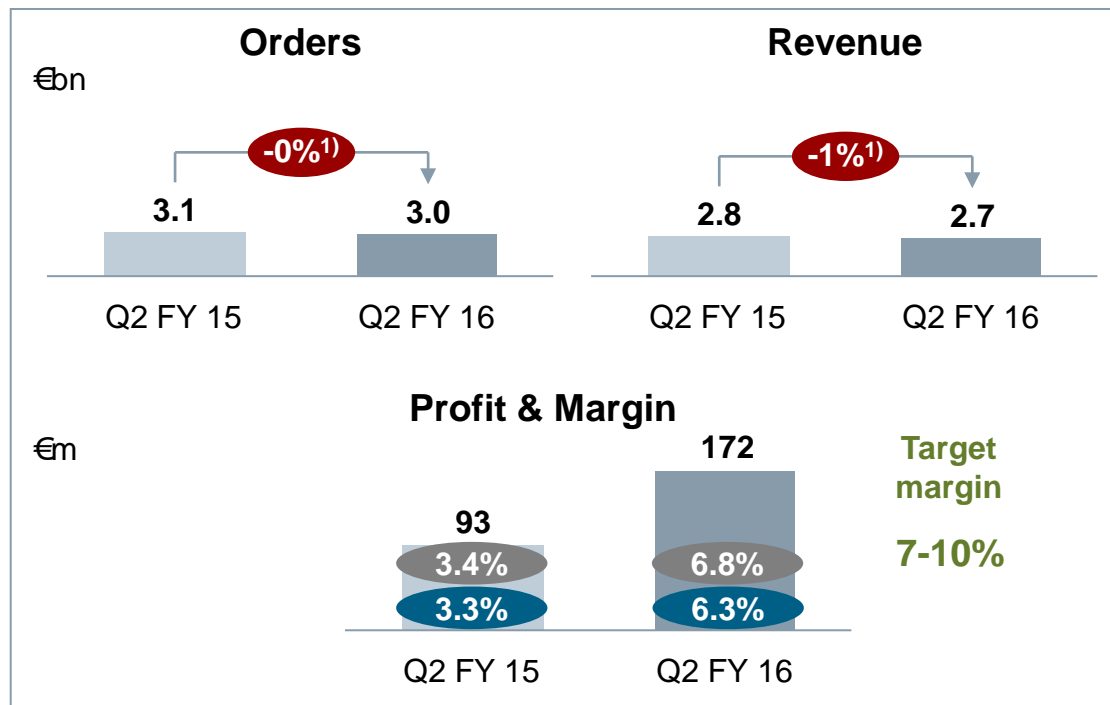
x.x% Margin as reported

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

EM: Impressive turnaround through stringent execution BT: Solid performance and great leadership

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Energy Management (EM)

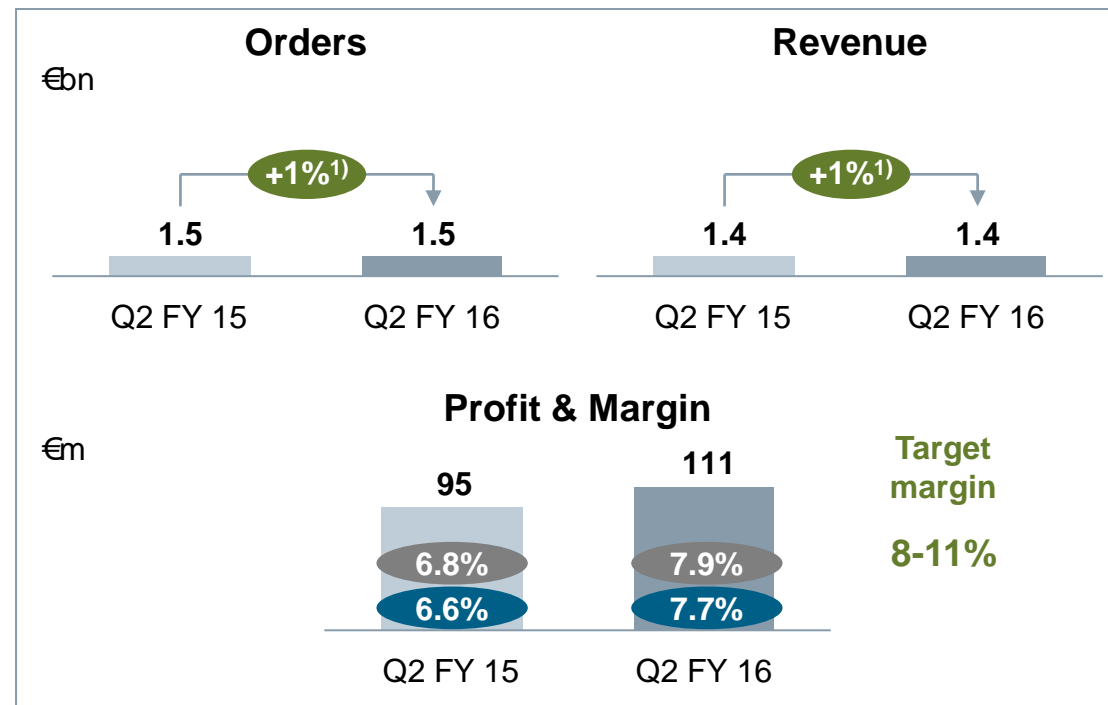


- Double digit order growth in Europe/CAME and Asia/ Australia offset by Americas due to tough comparables
- Profitability improvements in solutions, transformer and high voltage products

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

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Building Technologies (BT)



- Order growth in Germany and Middle East, weaker demand from China
- Larger share of high margin product and service business

x.x% Margin as reported

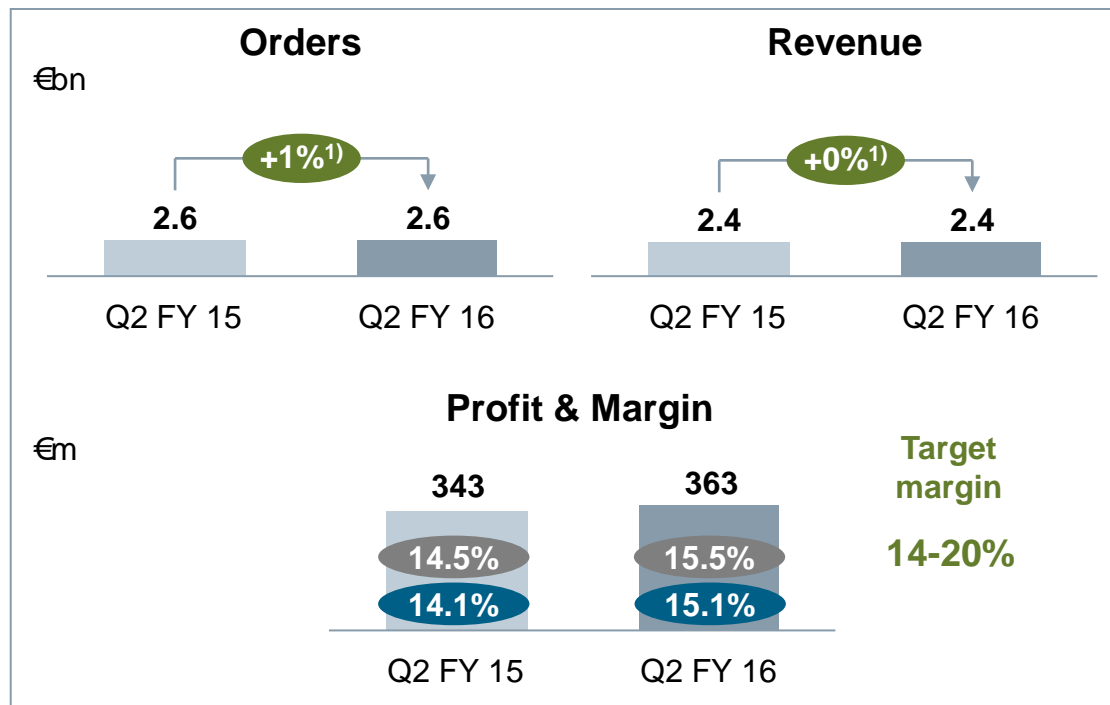
x.x% Margin excl. severance

DF: Top line flat – Bottom line top

PD: Structural challenges addressed for long term recovery

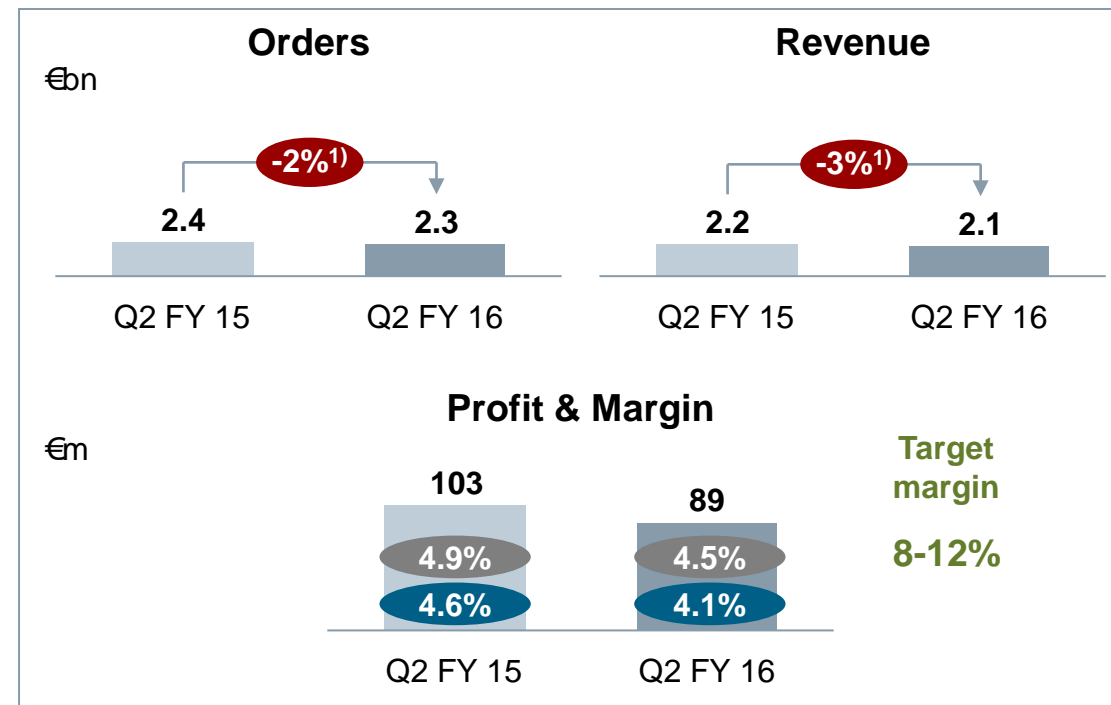
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Digital Factory (DF)



- Top line growth in the U. S. more than offset by lower volume in China and Germany
- Profit increase mainly driven by Factory Automation

Process Industries and Drives (PD)



- Ongoing weak demand in commodity-related industries
- Growth in wind power component business
- Structural challenges weigh on profit

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

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x.x% Margin as reported

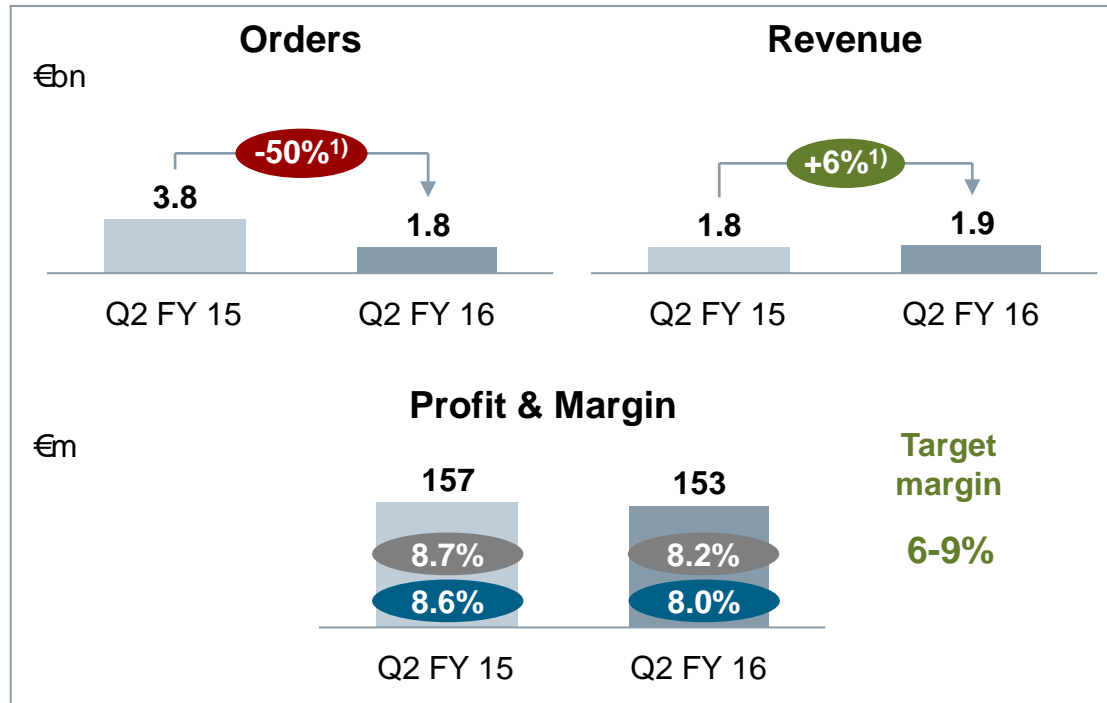
x.x% Margin excl. severance

MO: Stringent execution secures leading margins in the sector

HC: Consistently strong performer in the market

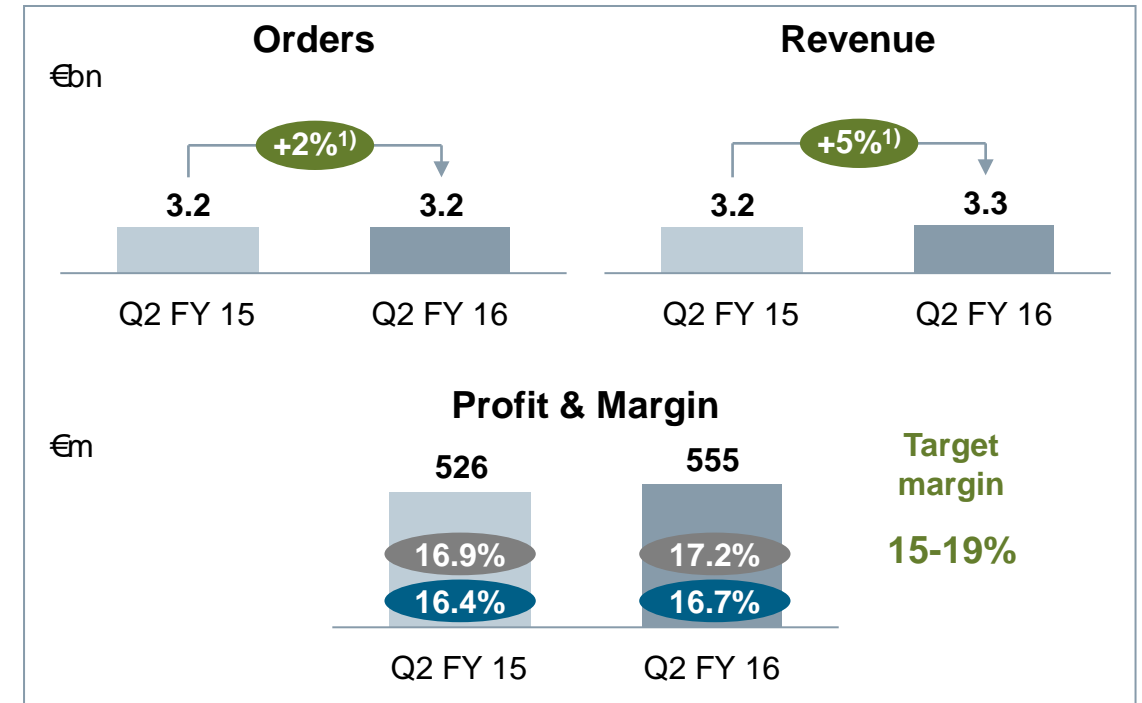
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Mobility (MO)



- Orders down on tough comparables
- Profitable revenue growth driven by stringent backlog execution of large projects

Healthcare (HC)



- Clear order and revenue growth in the U.S.
- Revenue increase and strong earnings mainly driven by Diagnostic Imaging

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

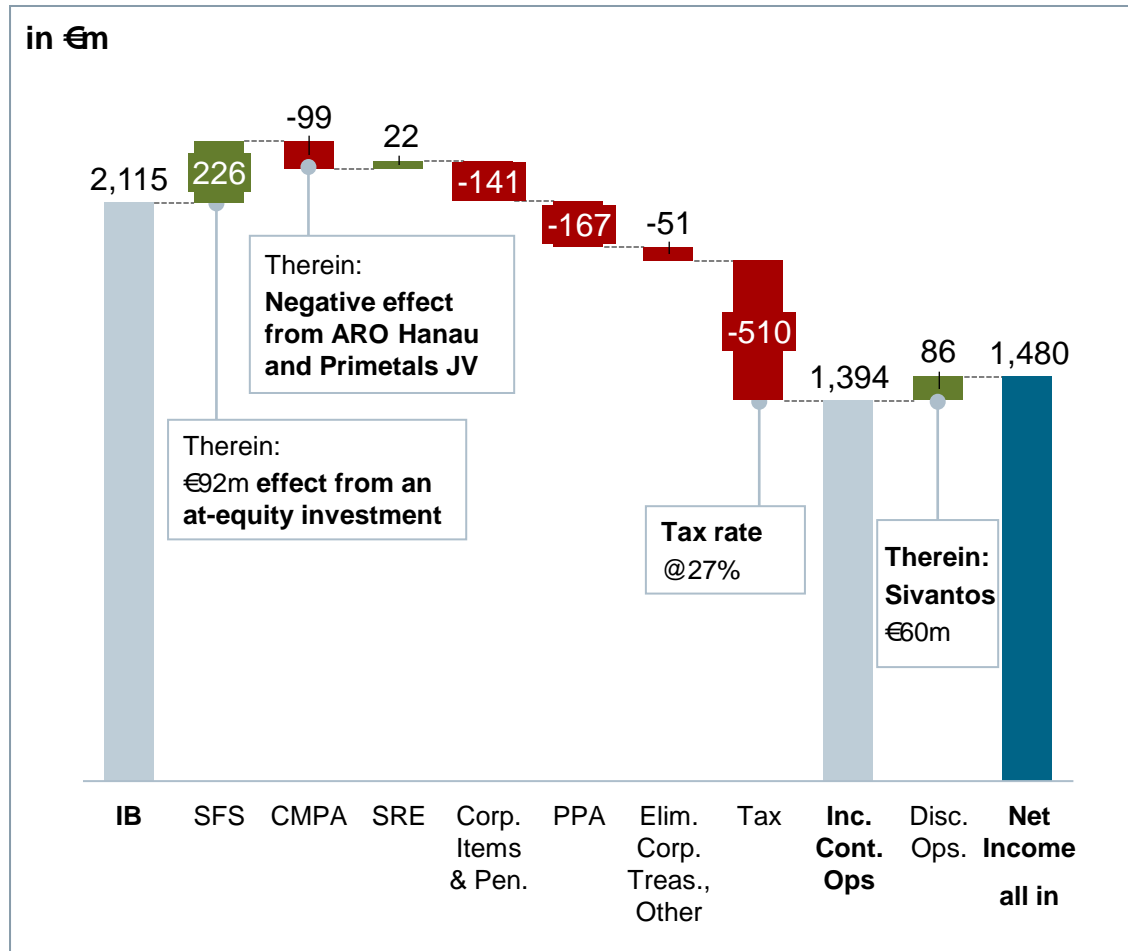
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x.x% Margin as reported

x.x% Margin excl. severance

Below Industrial Business: Strong results from SFS, D/O-gain from sale of remaining financial assets from hearing aid business

Below Industrial Business (Q2 FY 2016)

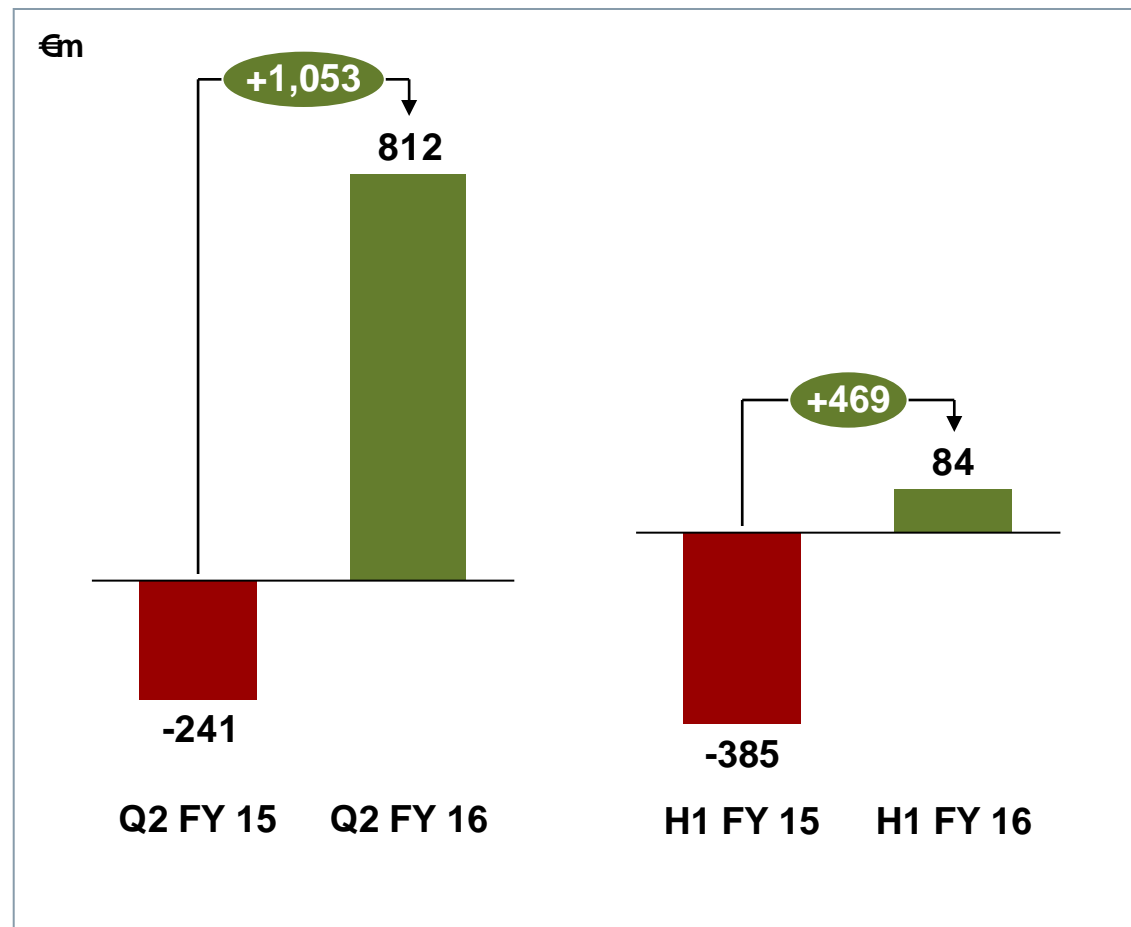


Expectations for H2 FY 2016

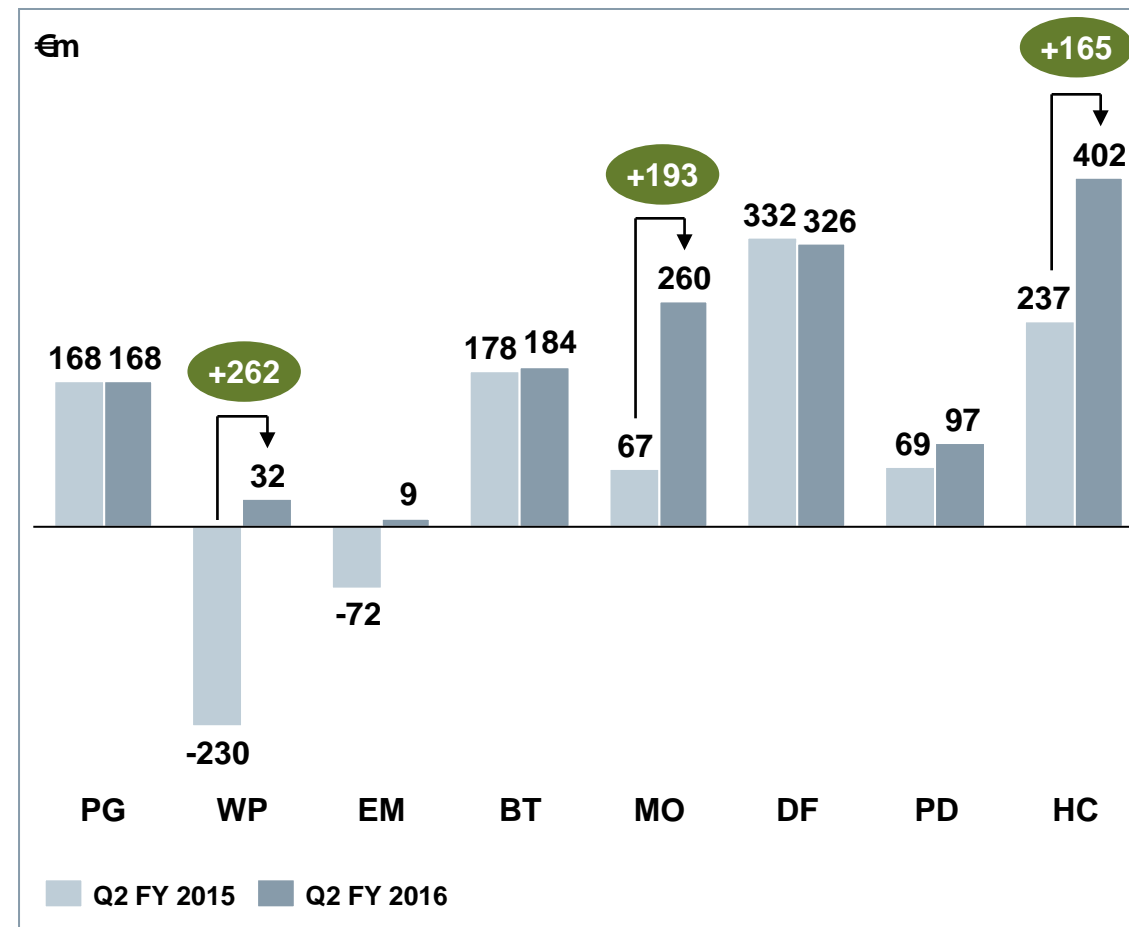
- **SFS:** H2 in line with prior year
- **CMPA:** Negative impact H2 smaller than prior year, however, volatility remains
- **SRE:** H2 in line with prior year dependent on disposal gains
- **Corporate Items:** H2 in line with prior year
- **Pension:** ~-€125m per quarter
- **PPA:** H2 in line with H1
- **Elimination, Corporate Treasury, Other:** H2 in line with prior year, including higher interest expenses
- **Tax:** Expect 26 - 30% for FY 2016
- **Discont. Operations:** Limited impact in H2

Broad based improvements of free cash flow

Free cash flow ("all-in")



Divisional free cash flow in Q2 FY 16

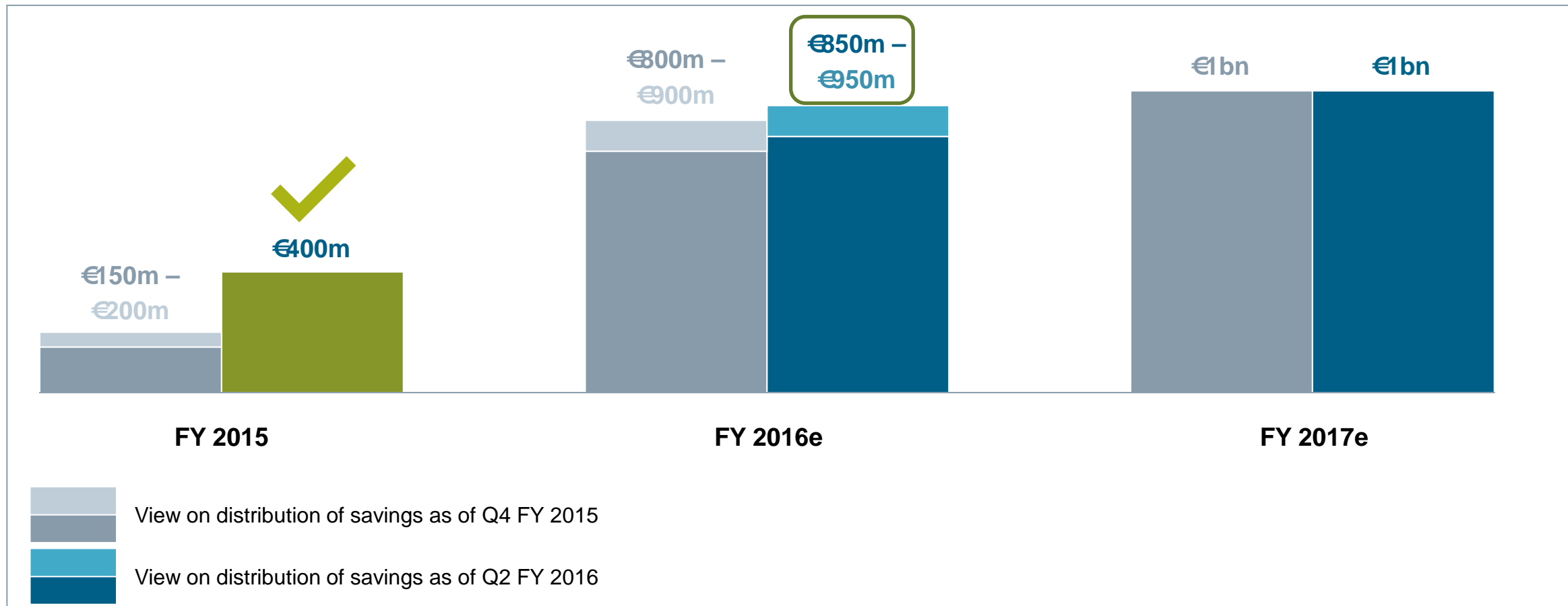


Accelerated execution of cost reduction measures

Target achievement of ~€1bn well on track

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Cumulated effects of savings



Measures for ongoing productivity improvement of 3 - 5% per annum

Example: Supply chain management

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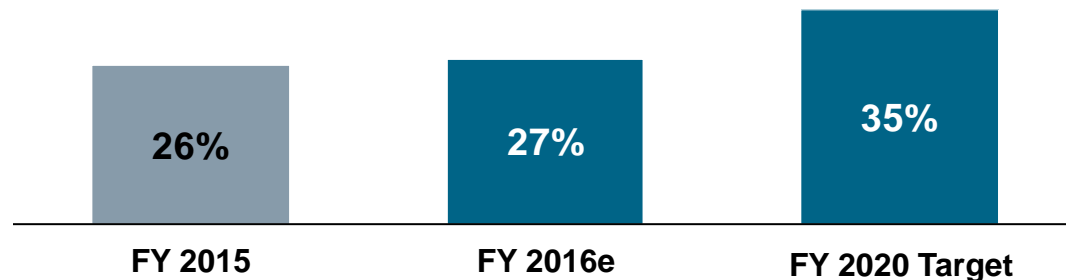
Supply chain management - BOLD moves program 2020

'Traditional' procurement levers

- Contract management & pooling
- Negotiations excellence
- Digitalization – analytics & process optimization
- **Global value sourcing (GVS)**

GVS share of total purchasing volume (~€39bn)

Target: GVS share >1/3

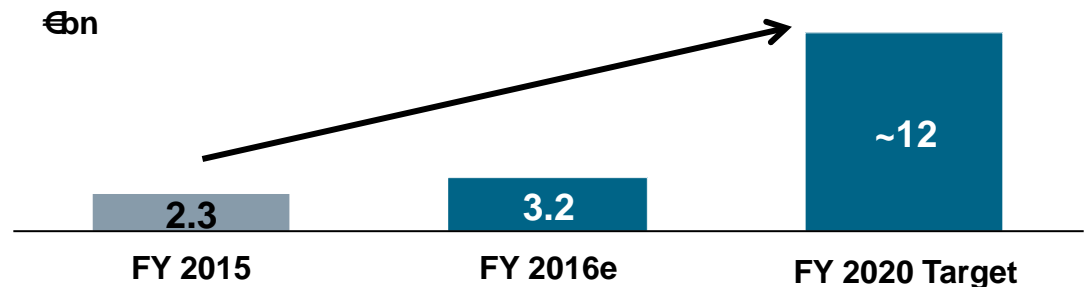


Cross-functional levers

- Demand/spend management
- Core/non-core and footprint
- Supplier innovation & optimization
- **Cost & value engineering¹⁾ (CVE)** incl. design-to-cost

CVE coverage of total cost base


Target: Significant increase of CVE-Coverage



Executing Vision 2020

Capital allocation along strategic imperatives continues

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April 16

Closing of acquisition of CD-adapco for \$970m to pursue industrial software strategy

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- 1| Areas of growth?
- 2| Potential profit pool?
- 3| Why Siemens?
- 4| Synergetic value?
- 5| Paradigm shifts?



January 16

Closing of divestment to AtoS



January 16

Closing divestment of remaining assets to EQT for €300m

Strategic asset combination



50/50 joint venture for powertrain in E-cars announced

The future in mind

Joining forces with Airbus for breakthrough innovation

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Cooperation in field of Hybrid Electric Propulsion Systems

- Launch of joint long-term project to electrify aviation
- Demonstrate technical feasibility by 2020
- Develop prototypes for various propulsion systems & power classes
- Significant joint mid three digit €million R&D investment
- Joint development team of ~200 employees



- Drastic reduction of CO₂-emissions
- Establish hybrid electric propulsion systems as future business

Hannover Fair 2016 - Not only for golfers!

“Ingenuity for life – Driving the Digital Enterprise“

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Digital Enterprise – Key innovations

1

Enhance Industrial software and automation portfolio

- Integration of CD-adapco flow simulation
- Significant expansion of TIA-Portal and COMOS Software suite

2

Expand Industrial communication portfolio

3

Provide holistic industrial security concept

4

Drive Industrial services

- Launch of Mindsphere platform – the Siemens cloud for Industry

Guidance FY 2016 – Outlook confirmed

We **confirm** our **financial guidance** for **fiscal 2016**, although the **market environment** for our **high margin short cycle business** may not pick up materially in the **second half**.

We still anticipate **further softening** in the **macroeconomic environment** and **continuing complexity** in the **geopolitical environment** in **fiscal 2016**.

Nevertheless, we expect **moderate revenue growth**, net of **effects from currency translation**. We anticipate that **orders will materially exceed revenue** for a **book-to-bill ratio** clearly above 1.

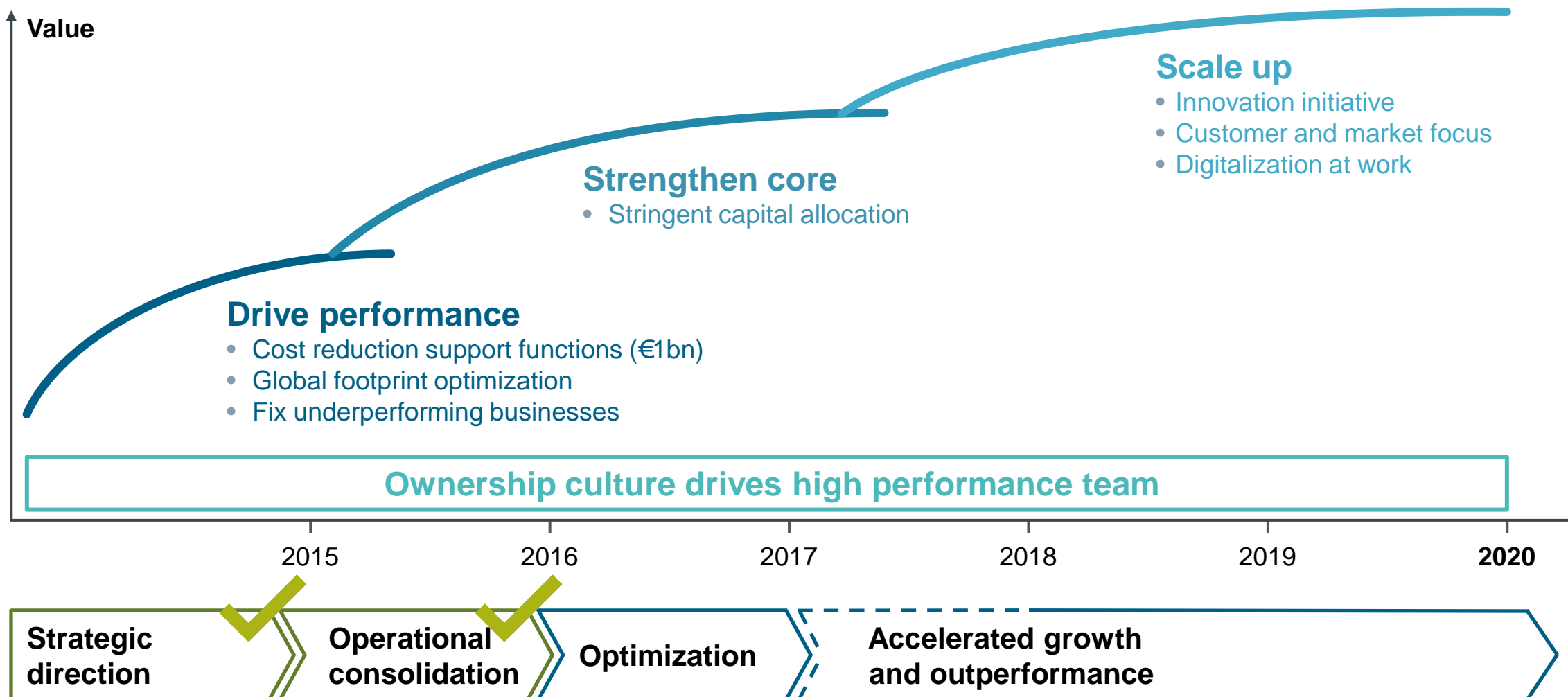
For our **Industrial Business**, we expect a **profit margin** of **10% to 11%**.

We expect basic EPS from net income in the range of **€6.00 to €6.40**.

Additionally, it excludes charges related to legal and regulatory matters.



Siemens Vision 2020 – Stringent execution delivers results



One Siemens Financial Framework

Clear targets to measure success and accountability

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One Siemens Financial Framework

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Growth:
**Siemens > most
relevant competitors¹⁾**

(Comparable revenue growth)

Capital efficiency
(ROCE²⁾)

15 – 20%

Total cost productivity³⁾
3 – 5% p.a.

Capital structure
(Industrial net debt/EBITDA)

up to 1.0x

Dividend payout ratio
40 – 60%⁴⁾

Profit Margin ranges of businesses (excl. PPA)⁵⁾

PG
11 – 15%

EM
7 – 10%

MO
6 – 9%

PD
8 – 12%

SFS⁶⁾
15 – 20%

WP
5 – 8%

BT
8 – 11%

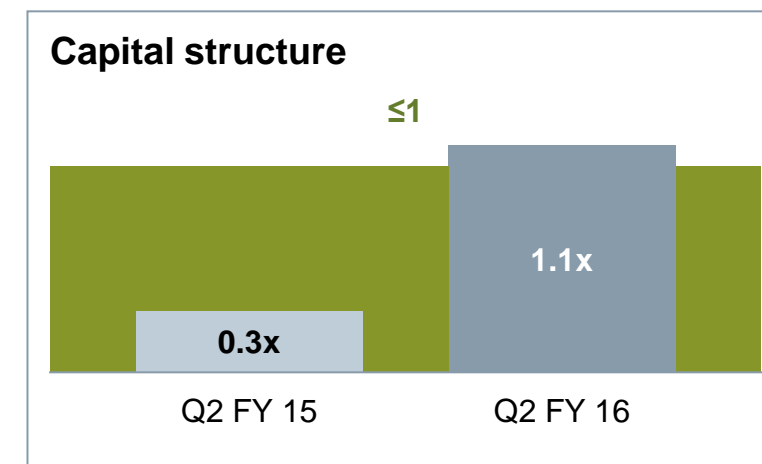
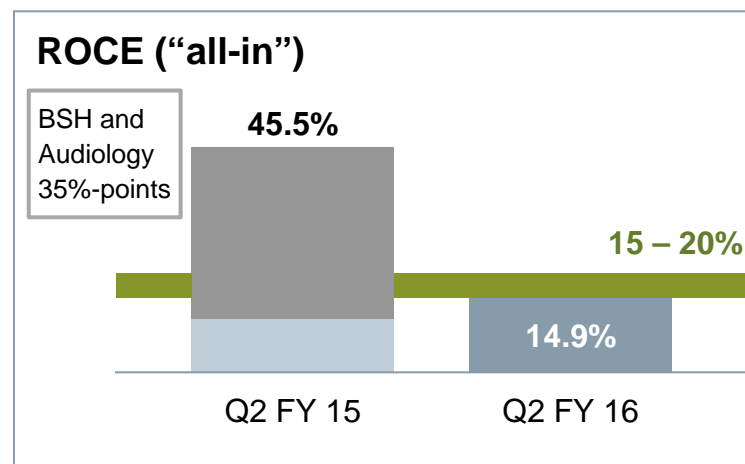
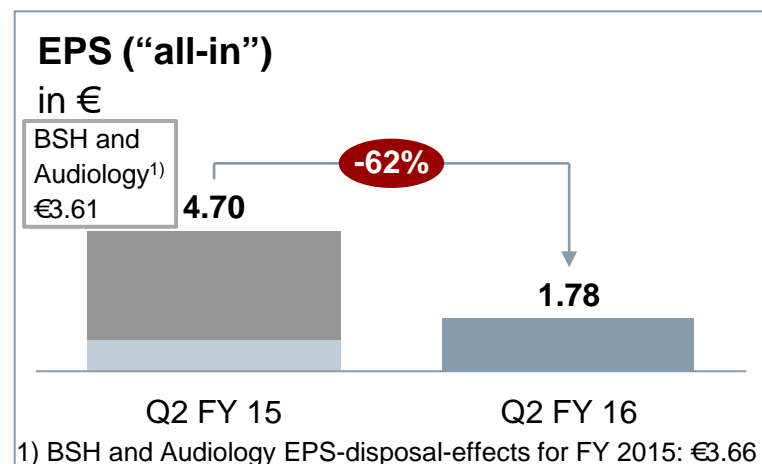
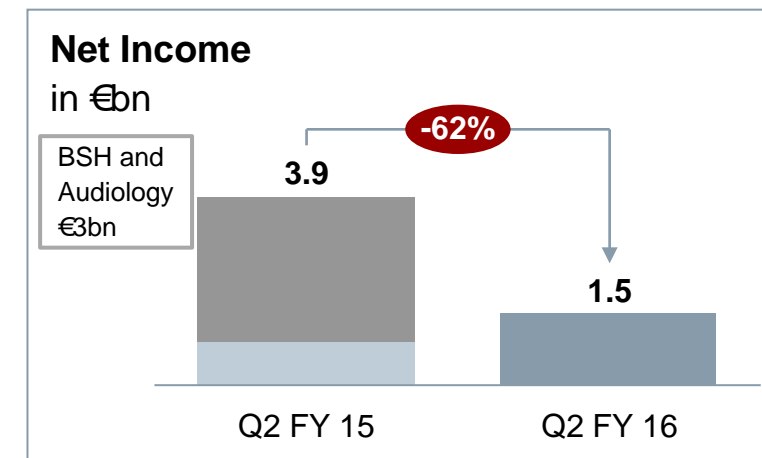
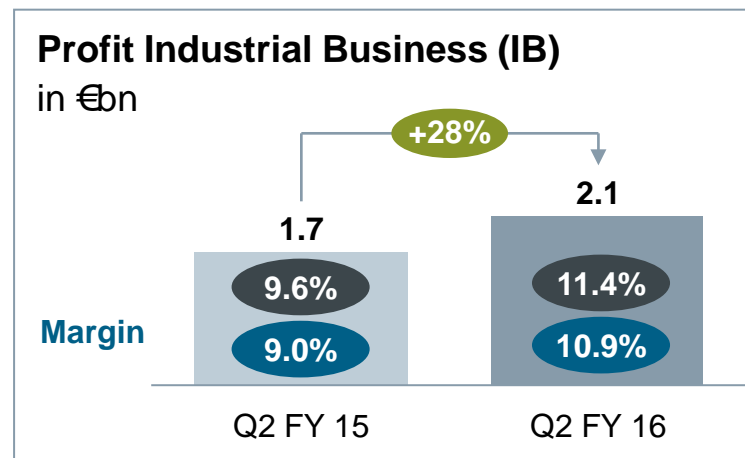
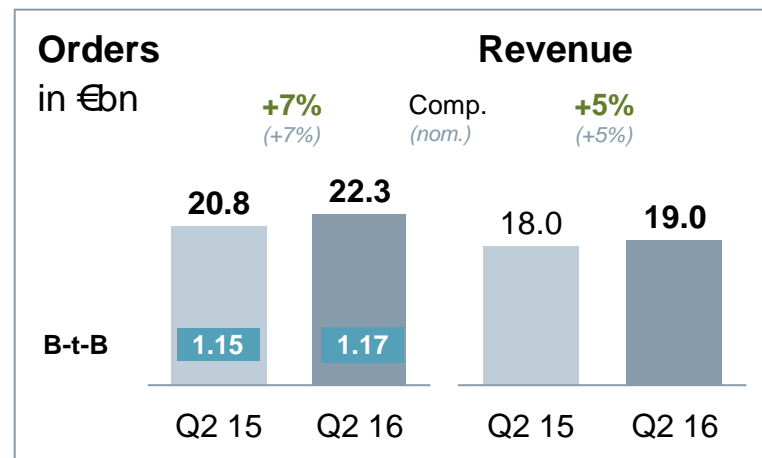
DF
14 – 20%

HC
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

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Financial Cockpit – Q2 FY 2016



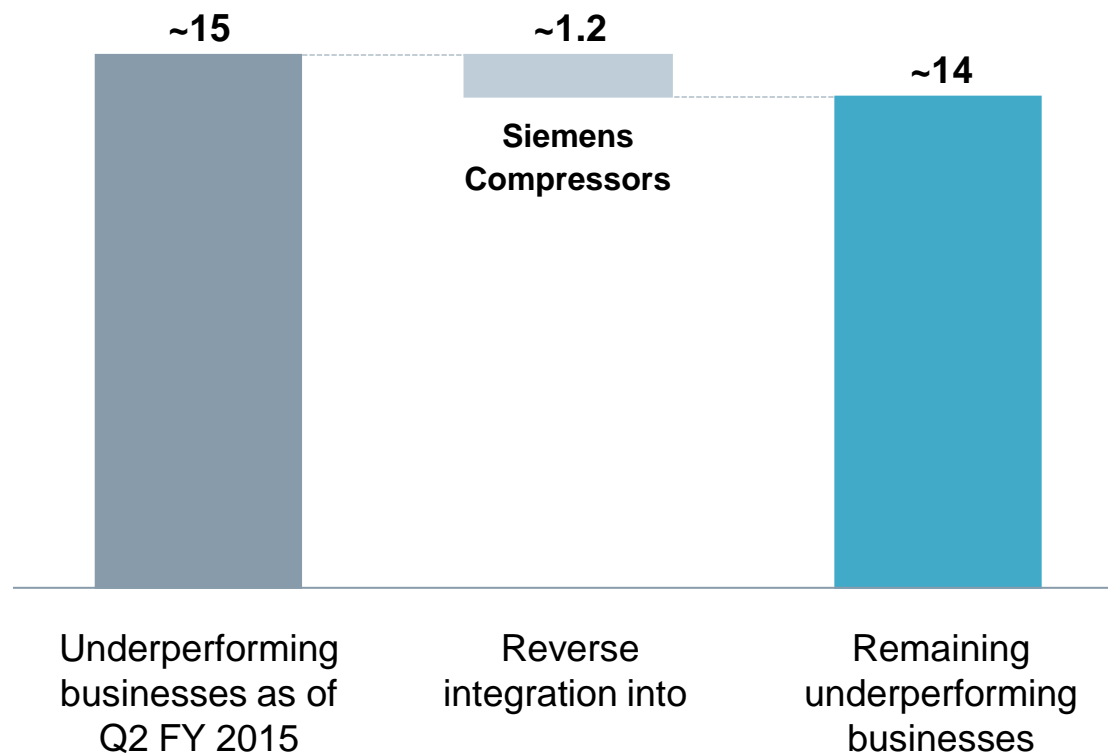
x.x% Margin as reported

x.x% Margin excl. severance

Underperforming businesses show improvement

Underperforming businesses

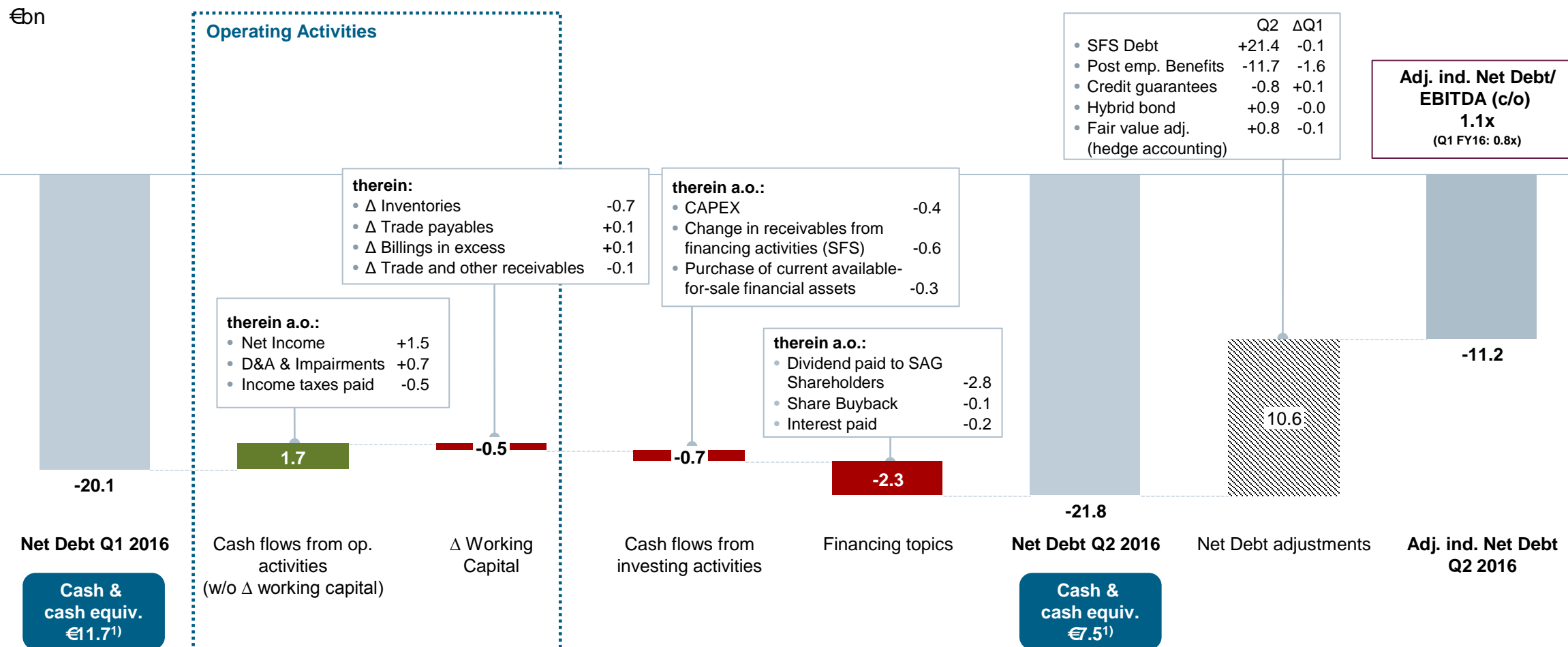
Unconsolidated Revenue FY 2015 in €bn



Fiscal Year	2013	2014	2015	2017e	2020e
Margin	-4%	-3%	+1%	~6%	>8%

- Tight monitoring of business plans
- Footprint optimization
- Sharpening business scope
- Partnering and divestitures an option

Net Debt Bridge – Q2 FY 2016



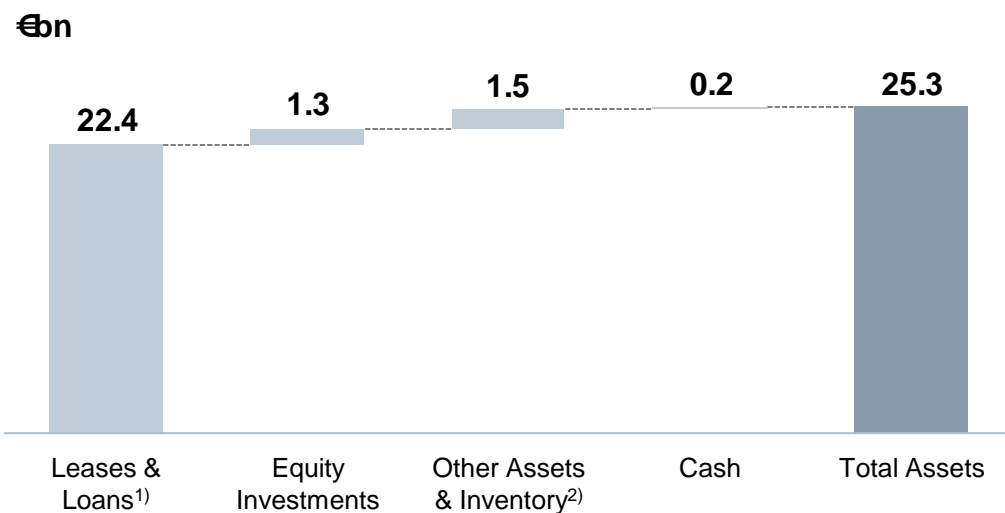
1) Including current available-for-sale financial assets

SFS Key Figures – Q2 FY 2016

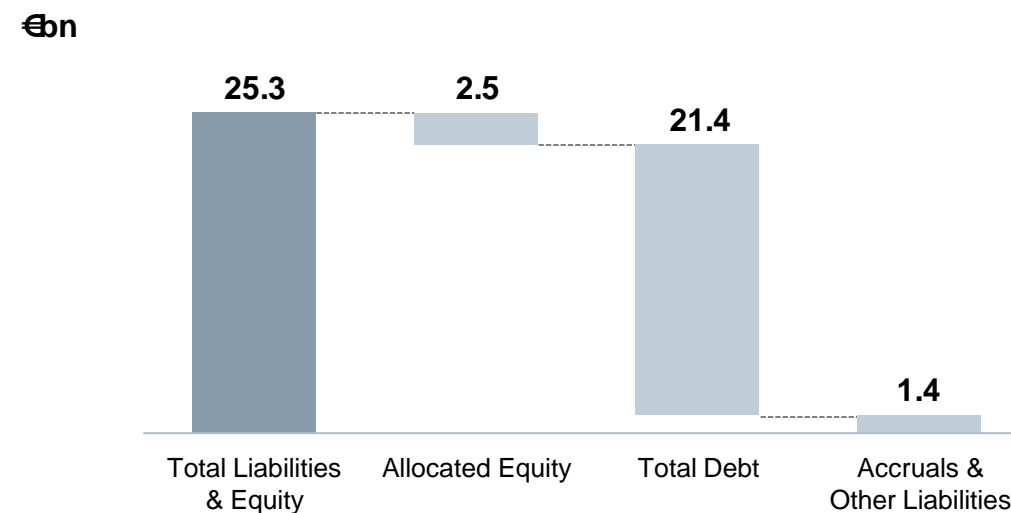
Key Financial Data SFS

- **Assets** €25.3bn
- **Income before income taxes** €226m
- **Return on Equity after tax** 31,8%
- **Operating and Investing Cash Flow** - €678m

Assets



Liabilities and Equity



1) Operating and finance leases, loans, asset-based lending loans, factoring and forfeiting receivables

2) Intercompany receivables, securities, (positive) fair values of derivatives, tax receivables, fixed assets, intangible assets, land and building, prepaid expenses and inventories

Underfunding for Siemens' pension plans increased to -€10.9bn in Q2 FY 2016

Funded status for Siemens' pension plans increased in Q2, mainly due to decreased discount rate assumption

in €bn ¹⁾	FY 2013	FY 2014	FY 2015	Q1 FY 2016	Q2 FY 2016
Defined benefit obligation (DBO) on pension benefit plans	(32.6)	(35.0)	(36.3)	(36.7)	(38.4)
Fair value of plan assets	24.1	26.5	27.3	27.4	27.5
Funded status of pension plans	(8.5)	(8.5)	(9.0)	(9.3)	(10.9)
DBO on other post-employment benefit plans (mainly unfunded)	0.6	0.5	0.5	0.5	0.5
Discount rate²⁾	3.4%	3.0%	3.0%	3.0%	2.4%
Interest Income²⁾	0.8	0.8	0.8	0.2	0.2
Actual return on plan assets²⁾	1.3	2.9	0.5	0.2	0.9

1) All figures are reported on a continuing basis and according to IAS 19 (revised 2011).

2) All figures are based on the post-employment benefits in total.

Financial calendar

May

May 4, 2016

Q2-Earnings Release and Roadshow UK (London)

May 9, 2016

Roadshow Germany (Frankfurt)

June

June 1, 2016

Bernstein Conference (New York)

June 9, 2016

JP Morgan Conference (London)

June 14, 2016

Exane Conference (Paris)

June 28 – 29, 2016

Capital Market Day “Energy and Oil & Gas” (Houston)

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