Strong start into the fiscal year – earnings outlook raised
Press Conference | Munich, January 26, 2016
Joe Kaeser, President and CEO
Ralf P. Thomas, CFO
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 IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial 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 IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial 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.
Pursuing our industrial software strategy
Unmatched offering for design, simulation & testing

<table>
<thead>
<tr>
<th>Year of acquisition</th>
<th>CAD Software NX Design, Nastran and PLM Software Teamcenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>§ Streamlines and accelerates the <strong>product development</strong> process in a collaborative environment&lt;br&gt;§ Includes a modern, <strong>multi-discipline CAE</strong> environment&lt;br&gt;§ Teamcenter as collaboration platform enables <strong>consistent data management</strong> throughout the whole value chain</td>
</tr>
<tr>
<td>2012</td>
<td>Simulation &amp; Testing: LMS Virtual.Lab, Imagine.Lab, Test.Lab&lt;br&gt;§ <strong>Behavioral simulation</strong>: 1D cross-discipline simulation, like mechanical and electrics, e.g. fuel economy &amp; range simulation for hybrid vehicles&lt;br&gt;§ <strong>3D mechanical simulation</strong>: e.g. stiffness, noise, vibration&lt;br&gt;§ <strong>Testing</strong>: Solutions for prototype testing (stationary &amp; mobile)</td>
</tr>
<tr>
<td>2016</td>
<td><strong>Multidisciplinary Design Exploration</strong>: STAR-CCM+ and others&lt;br&gt;§ <strong>Multidisciplinary Engineering Simulation</strong>: primarily computational fluid dynamics (CFD) for analysis of fluid flow, heat transfer, and fluid-structure interaction&lt;br&gt;§ <strong>Design Exploration</strong>: Engineering simulation workflows and design optimization algorithms to automatically drive product design, e.g. for reduction of weight &amp; cost</td>
</tr>
</tbody>
</table>
CD-adapco – acquisition of a software technology leader in a fast growing industry

Company description and strategic rationale

- **CD-adapco** is a leading provider of *Computational Fluid Dynamics (CFD) simulation software*, a sub-market of CAE, reducing time-to-market by up to 35%
- **Fast growing market; CD-adapco grew revenues by >12% CAGR** (constant currency) over last three years
- **Profitability** is SW-typical double digit
- **Modern SW-architecture and strong customer base**
- **Founder-led** and **privately held**, established 1980, **headquarters** in Melville, NY, US

Key figures

- **Enterprise Value** $970m
- **Revenues** ~$200m (thereof >80% recurring)
- **Synergies** Mid-double digit €m in year 5
- **Employees** ~900 (therein ~280 in R&D)
- **Customers** ~3,200
- **Users** ~19,000
- **Expected closing** H2 FY 2016

Key customer industries (% of billings FY 2015)

- **Ground Transportation** (52%)
  - 14 of top 15
- **Energy** (9%)
  - 9 of top 10
- **Aerospace & Defence** (9%)
  - All top 10
- **Marine** (7%)
  - 9 of top 10

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Page 4 Munich, January 26, 2016

Q1 FY 2016, Press Conference

1) Number of industry leaders using CD-adapco software
Q1 – Strong start into the fiscal year

- Stringent execution of Vision 2020 and further portfolio optimization
  - Acquisition of CD-adapco announced
  - Closing of Unify and disposal of Sivantos assets in January
- Strong order increase of 27% to €22.8bn (excluding FX up by 22%)
- Backlog at €114bn; book to bill at healthy 1.21x
- Revenue up 8% at €18.9bn (excluding FX 4% higher)
- Solid Industrial Business margin of 10.4% (up 20bps)
- Net Income of €1.6bn (+42%)
PG: Strong orders point to market wins
WP: Strong orders boost backlog

### Power and Gas (PG)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>3.8</td>
<td>2.9</td>
<td>331</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>5.5</td>
<td>3.7</td>
<td>349</td>
</tr>
<tr>
<td></td>
<td>+28%¹</td>
<td>-3%¹</td>
<td>Target margin 11-15%</td>
</tr>
<tr>
<td></td>
<td>11.3%</td>
<td>9.5%</td>
<td></td>
</tr>
</tbody>
</table>

- 20 Large Gas Turbines booked; €1.6bn Egypt order incl. service
- Margin decline on weaker solution and distributed generation business, strong service contribution

### Wind Power and Renewables (WP)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>1.3</td>
<td>1.5</td>
<td>80</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>1.9</td>
<td>1.2</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>+36%¹</td>
<td>-20%¹</td>
<td>Target margin 5-8%</td>
</tr>
<tr>
<td></td>
<td>5.4%</td>
<td>4.3%</td>
<td></td>
</tr>
</tbody>
</table>

- Major offshore order incl. service in UK
- Revenue down due to timing effects related to project execution

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

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Q1 FY 2016, Press Conference
EM: Turnaround continues – margins up
BT: Accelerated growth supports strong profitability

Energy Management (EM)

Orders
€bn
Q1 FY 15: 3.1
Q1 FY 16: 3.5
+9%¹

Revenue
€bn
Q1 FY 15: 2.7
Q1 FY 16: 2.8
+0%¹

Profit & Margin
€m
Q1 FY 15: 109
4.2%
4.1%
Q1 FY 16: 183
6.6%
6.6%
Target margin: 7-10%

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

Large orders in solution business driven by HVDC project in Africa
Strong profit contribution from high voltage products and transmission solution business

Building Technologies (BT)

Orders
€bn
Q1 FY 15: 1.4
Q1 FY 16: 1.5
+3%¹

Revenue
€bn
Q1 FY 15: 1.4
Q1 FY 16: 1.5
+3%¹

Profit & Margin
€m
Q1 FY 15: 117
8.7%
8.5%
Q1 FY 16: 131
8.9%
8.9%
Target margin: 8-11%

Order and revenue growth driven mainly by the Americas
Larger share from higher margin service business

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

Margin as reported
Margin excl. severance

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Page 7 Munich, January 26, 2016
Q1 FY 2016, Press Conference
DF: Software shines - short cycle biz slow
PD: Structural weakness impacts business

**Digital Factory (DF)**

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q1 FY 15</td>
<td>2.4</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>2.5</td>
</tr>
</tbody>
</table>

- Strong orders in Europe offset weak demand in China
- Strong volume growth and profit contribution from PLM Software

**Process Industries and Drives (PD)**

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q1 FY 15</td>
<td>2.2</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>2.3</td>
</tr>
</tbody>
</table>

- Strength in wind power-related business offset by continued weak demand in commodity-related industries
- Structural challenges weigh on profit

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

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Q1 FY 2016, Press Conference
MO: Excellent performance driven by Infrastructure
HC: Margin expansion on exceptional growth

**Mobility (MO)**

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>Orders</th>
<th>Profit &amp; Margin</th>
<th>Target margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>1.3</td>
<td>1.9</td>
<td>8.4%</td>
<td>6-9%</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>2.7</td>
<td>2.0</td>
<td>9.4%</td>
<td></td>
</tr>
</tbody>
</table>

+108%\(^1\) \(\Delta\)

- Big projects boost orders
- Broad based revenue increase
- Strong profit contribution from infrastructure business

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**Healthcare (HC)**

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>Orders</th>
<th>Profit &amp; Margin</th>
<th>Target margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>3.0</td>
<td>2.9</td>
<td>14.5%</td>
<td>15-19%</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>3.4</td>
<td>3.3</td>
<td>16.5%</td>
<td></td>
</tr>
</tbody>
</table>

+8%\(^1\) \(\Delta\)

- Strong order and revenue increase in China on easy comps
- Diagnostic imaging business drives volume and profitability

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

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We 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%. After a strong start into the fiscal year, we raise our previous expectation for basic EPS from net income in the range of €5.90 to €6.20 to the range of €6.00 to €6.40.

This outlook assumes that momentum in the market environment for our high-margin short-cycle businesses will pick up in the second half of fiscal 2016.

Additionally, it excludes charges related to legal and regulatory matters.
One Siemens Financial Framework – Clear targets to measure success & accountability

### Siemens

#### Growth:
Siemens > most relevant competitors<sup>1</sup>
(Comparable revenue growth)

#### Capital efficiency
(ROCE<sup>2</sup>)
15-20%

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

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

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

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

<table>
<thead>
<tr>
<th>Business Abbreviation</th>
<th>Margin Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG</td>
<td>11-15%</td>
</tr>
<tr>
<td>EM</td>
<td>7-10%</td>
</tr>
<tr>
<td>MO</td>
<td>6-9%</td>
</tr>
<tr>
<td>PD</td>
<td>8-12%</td>
</tr>
<tr>
<td>SFS&lt;sup&gt;6&lt;/sup&gt;</td>
<td>15-20%</td>
</tr>
<tr>
<td>WP</td>
<td>5-8%</td>
</tr>
<tr>
<td>BT</td>
<td>8-11%</td>
</tr>
<tr>
<td>DF</td>
<td>14-20%</td>
</tr>
<tr>
<td>HC</td>
<td>15-19%</td>
</tr>
</tbody>
</table>

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<sup>1</sup> ABB, GE, Rockwell, Schneider, Toshiba, weighted;  
<sup>2</sup> Based on continuing and discontinued operations;  
<sup>3</sup> Productivity measures divided by functional costs (cost of sales, R&D, SG&A expenses) of the group;  
<sup>4</sup> Of net income excluding exceptional non-cash items;  
<sup>5</sup> Excl. acquisition related amortization on intangibles;  
<sup>6</sup> SFS based on return on equity after tax

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# Financial Cockpit

## Orders and Revenue

<table>
<thead>
<tr>
<th></th>
<th>Orders in €bn</th>
<th>Revenue in €bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-t-B</td>
<td>Q1 15: 1.03</td>
<td>Q1 16: 1.21</td>
</tr>
<tr>
<td></td>
<td>+19% (+27%)</td>
<td>+1% (+8%)</td>
</tr>
<tr>
<td>Q1 15</td>
<td>18.0</td>
<td>17.4</td>
</tr>
<tr>
<td>Q1 16</td>
<td>22.8</td>
<td>18.9</td>
</tr>
</tbody>
</table>

## Profit Industrial Business (IB)

<table>
<thead>
<tr>
<th></th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>10.4% (10.2%)</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>10.7% (10.4%)</td>
</tr>
</tbody>
</table>

## EPS (“all-in”)

<table>
<thead>
<tr>
<th></th>
<th>in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>1.30</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>1.89</td>
</tr>
</tbody>
</table>

## ROCE (“all-in”)

<table>
<thead>
<tr>
<th></th>
<th>15-20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>13.9%</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

## Net Income

<table>
<thead>
<tr>
<th></th>
<th>in €bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>1.1</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>1.6</td>
</tr>
</tbody>
</table>

## Capital structure

<table>
<thead>
<tr>
<th></th>
<th>≤1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 15</td>
<td>0.6x</td>
</tr>
<tr>
<td>Q1 FY 16</td>
<td>0.8x</td>
</tr>
</tbody>
</table>

x.x% Margin as reported  
x.x% Margin excl. severance
Net Debt Bridge as of Q1 FY 2016

€bn

Operating Activities

therein:
- Δ Inventories -0.8
- Δ Trade payables -0.7
- Δ Billings in excess +0.7
- Δ Trade and other receivables -0.3

therein a.o.:
- Net Income +1.6
- D&A & Impairments +0.7
- Income taxes paid -0.4

Cash flows from investing activities
-0.3

Cash flows from op. activities (w/o Δ working capital)
-18.5

Δ Working Capital
-1.2

Cash flows from investing activities
-0.3

Financing topics

Net Debt Q1 2016

Net Debt adjustments

Net Debt Q4 2015

Cash & cash equiv. €11.1

1) Including current available-for-sale financial assets

Adj. ind. Net Debt/EBITDA (c/o) 0.8x
(Q4 FY15: 0.7x)

Q1 ΔQ4
- SFS Debt +21.5 +0.3
- Post emp. Benefits -10.1 -0.3
- Credit guarantees -0.9 -0.0
- Hybrid bond +1.0 +0.0
- Fair value adj. (hedge accounting) +0.9 -0.1

Cash & cash equiv. €11.7

Share Buyback -0.2
Interest paid -0.2

Change in receivables from financing activities (SFS) +0.1
Purchase of current available-for-sale financial assets -0.2

CAPEX -0.4

Change in receivables from financing activities (SFS) +0.1
Purchase of current available-for-sale financial assets -0.2

Net Income +1.6
D&A & Impairments +0.7
Income taxes paid -0.4

-20.1

-12.3

-7.8

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SFS Key Figures Q1 FY 2016

Key Financial Data SFS

- **Assets** €25.6bn
- **Income before income taxes** €168m
- **Return on Equity after tax** 21.9%
- **Operating and Investing Cash Flow** €445m

### Assets

<table>
<thead>
<tr>
<th>€bn</th>
<th>Leases &amp; Loans&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Equity Investments</th>
<th>Other Assets &amp; Inventory&lt;sup&gt;2)&lt;/sup&gt;</th>
<th>Cash</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.4</td>
<td>1.3</td>
<td>1.7</td>
<td>0.2</td>
<td></td>
<td>25.6</td>
</tr>
</tbody>
</table>

### Liabilities and Equity

<table>
<thead>
<tr>
<th>€bn</th>
<th>Total Liabilities &amp; Equity</th>
<th>Allocated Equity</th>
<th>Total Debt</th>
<th>Accruals &amp; Other Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.6</td>
<td></td>
<td>2.5</td>
<td>21.5</td>
<td>1.6</td>
</tr>
</tbody>
</table>

<sup>1</sup> Operating and finance leases, loans, asset-based lending loans, factoring and forfeiting receivables

<sup>2</sup> Intercompany receivables, securities, (positive) fair values of derivatives, tax receivables, fixed assets, intangible assets, land and building, prepaid expenses and inventories
Funding deficit for Siemens’ pension plans increased in Q1, mainly due to slightly decreased discount rate assumption

<table>
<thead>
<tr>
<th>in €bn(^1)</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Q1 FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation (DBO) on pension benefit plans</td>
<td>(32.6)</td>
<td>(35.0)</td>
<td>(36.3)</td>
<td>(36.7)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>24.1</td>
<td>26.5</td>
<td>27.3</td>
<td>27.4</td>
</tr>
<tr>
<td>Funded status of pension plans</td>
<td>(8.5)</td>
<td>(8.5)</td>
<td>(9.0)</td>
<td>(9.3)</td>
</tr>
<tr>
<td>DBO on other post-employment benefit plans (mainly unfunded)</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Discount rate(^2)</td>
<td>3.4%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Interest Income(^2)</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Actual return on plan assets(^2)</td>
<td>1.3</td>
<td>2.9</td>
<td>0.5</td>
<td>0.2</td>
</tr>
</tbody>
</table>

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.
### Strategic transaction rationale

An attractive business in an attractive market

<table>
<thead>
<tr>
<th>Vision 2020</th>
<th>Rationale for acquiring CD-adapco</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area of growth?</strong></td>
<td>• <strong>Attractive growth rates</strong> in Computer Aided Engineering (CAE) and related disciplines (above PLM market growth of 8%)</td>
</tr>
<tr>
<td></td>
<td>• Only 3% of engineers worldwide use Computer Fluid Dynamics (CFD) today, implying significant whitespace</td>
</tr>
<tr>
<td><strong>Potential profit pool?</strong></td>
<td>• <strong>Software-typical double-digit margin profile</strong></td>
</tr>
<tr>
<td></td>
<td>• Sustainability of earnings supported by <strong>high-value added engineering services</strong></td>
</tr>
<tr>
<td></td>
<td>• &gt;80% of Revenues are recurring</td>
</tr>
<tr>
<td><strong>Why Siemens?</strong></td>
<td>• Siemens setup allows for <strong>global scale across industries</strong></td>
</tr>
<tr>
<td></td>
<td>• Enhancing Siemens’ mechanical simulation strength by fluid simulation</td>
</tr>
<tr>
<td><strong>Synergetic value?</strong></td>
<td>• <strong>Enhances existing Siemens PL portfolio (NX CAE, LMS)</strong> with critical simulation capabilities for multi-domain optimization</td>
</tr>
<tr>
<td></td>
<td>• <strong>Significant growth potential</strong> fueled by integration of product design, engineering, simulation and test</td>
</tr>
<tr>
<td><strong>Paradigm shift</strong></td>
<td>• Siemens driving digitalization trends with its <strong>Digital Enterprise</strong> suite</td>
</tr>
</tbody>
</table>

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Page 17  Munich, January 26, 2016  Q1 FY 2016, Press Conference
### Siemens Press contacts

**Business and financial press**

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone number</th>
</tr>
</thead>
<tbody>
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</tbody>
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