

# **Presse-Telefonkonferenz Geschäftsjahr 2009 – drittes Quartal**

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München, 30. Juli 2009

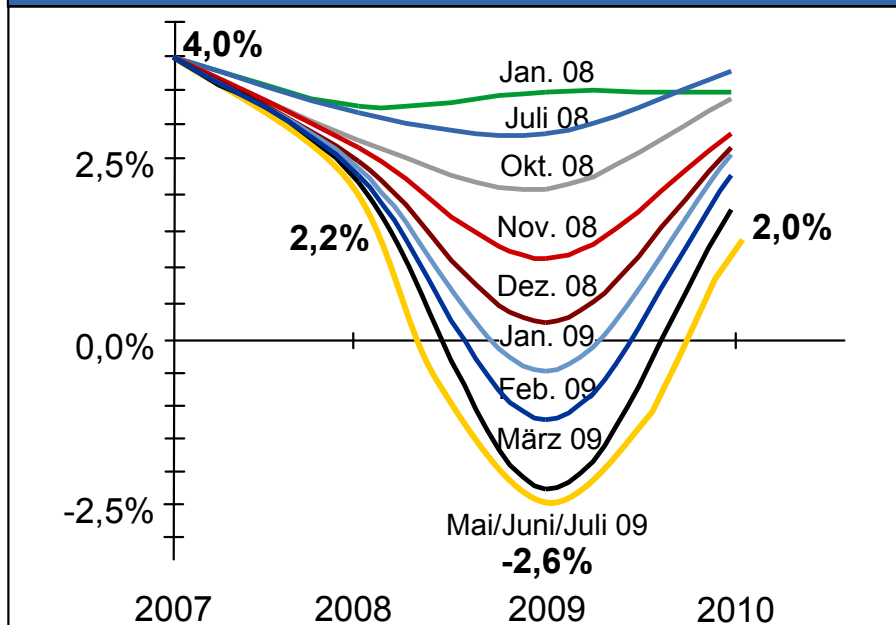
## Haftungsausschlussklärung

Dieses Dokument enthält zukunftsgerichtete Aussagen und Informationen – also Aussagen über Vorgänge, die in der Zukunft, nicht in der Vergangenheit, liegen. Diese zukunftsgerichteten Aussagen sind erkennbar durch Formulierungen wie „erwarten“, „wollen“, „antizipieren“, „beabsichtigen“, „planen“, „glauben“, „anstreben“, „einschätzen“, „werden“ oder ähnliche Begriffe. Solche vorausschauenden Aussagen beruhen auf den heutigen Erwartungen des Siemens Vorstands und bestimmten Annahmen. Sie bergen daher eine Reihe von Risiken und Ungewissheiten. Eine Vielzahl von Faktoren, von denen zahlreiche außerhalb des Einflussbereichs von Siemens liegen, beeinflusst die Geschäftsaktivitäten, den Erfolg, die Geschäftsstrategie und die Ergebnisse von Siemens. Diese Faktoren können dazu führen, dass die tatsächlichen Ergebnisse, Erfolge und Leistungen von Siemens wesentlich von den in den zukunftsgerichteten Aussagen ausdrücklich oder implizit enthaltenen Angaben zu Ergebnissen, Erfolgen oder Leistungen abweichen. Für Siemens ergeben sich solche Ungewissheiten insbesondere aufgrund folgender Faktoren: Änderungen der allgemeinen wirtschaftlichen und geschäftlichen Lage (einschließlich Margenentwicklungen in den wichtigsten Geschäftsbereichen sowie Folgen einer Rezession); der Gefahr, dass es auf Kundenseite zu Verzögerungen oder Stornierungen bei Aufträgen kommt oder dass die Preise durch das anhaltend ungünstige Marktumfeld weiter gedrückt werden, als der Siemens Vorstand derzeit erwartet; der Entwicklung der Finanzmärkte, einschließlich Schwankungen bei Zinssätzen und Währungskursen, der Rohstoffpreise, der Fremd- und Eigenkapitalmargen (credit spreads) sowie der Finanzanlagen im Allgemeinen; der zunehmenden Volatilität und des weiteren Verfalls der Kapitalmärkte; der Verschlechterung der Rahmenbedingungen für das Kreditgeschäft und insbesondere der zunehmenden Unsicherheiten, die aus der Hypotheken-, Finanzmarkt- und Liquiditätskrise entstehen, sowie des zukünftigen wirtschaftlichen Erfolgs der Kerngeschäftsfelder, in denen Siemens tätig ist, zu denen, ohne Einschränkungen, der Industry, Energy und Healthcare Sector gehören; Herausforderungen der Integration wichtiger Akquisitionen und der Implementierung von Joint Ventures und anderer wesentlicher Portfoliomaßnahmen; der Einführung konkurrierender Produkte oder Technologien durch andere Unternehmen; der fehlenden Akzeptanz neuer Produkte und Dienstleistungen seitens der Kundenzielgruppen von Siemens; Änderungen in der Geschäftsstrategie; des Ausgangs von offenen Ermittlungen und anhängigen Rechtsstreitigkeiten, einschließlich der Korruptionsuntersuchungen, denen Siemens derzeit unterliegt, sowie der Maßnahmen, die sich aus den Ergebnissen dieser Ermittlungen ergeben; der potenziellen Auswirkung dieser Untersuchungen und Verfahren auf das laufende Geschäft von Siemens, einschließlich der Beziehungen zu Regierungen und anderen Kunden; der potenziellen Auswirkungen solcher Angelegenheiten auf die Abschlüsse von Siemens sowie verschiedener anderer Faktoren. Detailliertere Informationen über die Siemens betreffenden Risikofaktoren sind diesem Bericht und den Berichten zu entnehmen, die Siemens bei der US-amerikanischen Börsenaufsicht SEC eingereicht hat und die auf der Siemens Website unter [www.siemens.com](http://www.siemens.com) und auf der Website der SEC unter [www.sec.gov](http://www.sec.gov) abrufbar sind. Sollten sich eines oder mehrere dieser Risiken oder Ungewissheiten realisieren oder sollte sich erweisen, dass die zugrunde liegenden Annahmen nicht korrekt waren, können die tatsächlichen Ergebnisse sowohl positiv als auch negativ wesentlich von denjenigen Ergebnissen abweichen, die in der zukunftsgerichteten Aussage als erwartete, antizipierte, beabsichtigte, geplante, geglaubte, angestrebte, projizierte oder geschätzte Ergebnisse genannt worden sind. Siemens übernimmt keine Verpflichtung und beabsichtigt auch nicht, diese zukunftsgerichteten Aussagen zu aktualisieren oder bei einer anderen als der erwarteten Entwicklung zu korrigieren.

Auftragseingang, um Währungs- und Portfolioeffekte bereinigte Angaben zu Umsatz und Auftragseingang, das Book-to-Bill-Verhältnis, Return on Equity (ROE), Return on Capital Employed (ROCE), Free Cash Flow, Cash Conversion Rate (CCR), EBITDA (angepasst), EBIT (angepasst), Nettoverschuldung und angepasste industrielle Nettoverschuldung sind oder können sogenannte Non-GAAP-Kennzahlen sein. Für die Beurteilung der Finanz- und Ertragslage von Siemens beziehungsweise für die Beurteilung von Zahlungsströmen sollten diese zusätzlichen Finanzkennzahlen nicht ausschließlich als Alternative zu den im Konzernabschluss dargestellten und in Einklang mit IFRS ermittelten Finanzkennzahlen herangezogen werden. Eine Definition dieser zusätzlichen Finanzkennzahlen, eine Überleitung zu vergleichbaren IFRS-Kennzahlen sowie Informationen zum Nutzen und zu den Grenzen in der Verwendung solcher ergänzenden Finanzkennzahlen finden Sie auf der Investor Relations Website von Siemens unter [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP).

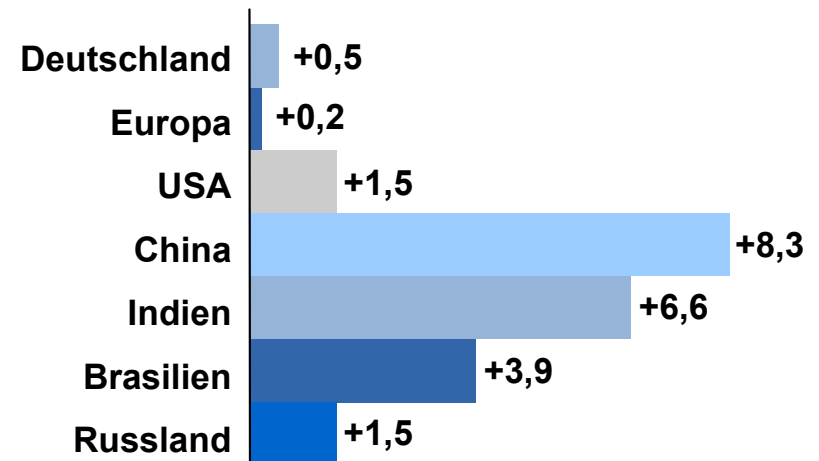
# Siemens für künftiges Wachstum gut positioniert

## Abschwächung der Weltwirtschaft 2009 in %<sup>1</sup>



<sup>1)</sup> Prognosen für reales BIP-Wachstum, Quelle: Global Insight

## Wirtschaftswachstum 2010<sup>2</sup> in %



<sup>2)</sup> Prognosen reales BIP-Wachstum, Quelle: Global Insight

- **Siemens ist in den Schwellenländern seit langem mit lokaler Wertschöpfung fest verwurzelt**
- **Rund ein Drittel des Umsatzes erzielt Siemens in Schwellenländern**
- **Umsatzanteil der Schwellenländer wird sich in Zukunft weiter erhöhen**

## Siemens entwickelt sich im dritten Quartal wie erwartet

In Mio. EUR (fortgeführte Aktivitäten)	Q3 GJ08	Q3 GJ09	Veränderung
Auftragseingang <sup>1</sup>	23.677	<b>17.160</b>	-27%
Umsatz <sup>1</sup>	19.182	<b>18.348</b>	-4%
Ergebnis Summe Sektoren	2.103	<b>1.667</b>	-21%
Gewinn (nach Steuern) <sup>2</sup>	1.419	<b>1.317</b>	-7%
Ergebnis je Aktie (unverwässert) <sup>2</sup> , in EUR	1,55	<b>1,45</b>	-0,10
Free Cash Flow	1.547	<b>1.064</b>	-31%

<sup>1</sup>) Veränderung gegenüber Vorjahresquartal bereinigt um Währungs- und Portfolioeffekte

<sup>2</sup>) einschließlich nicht fortgeführter Aktivitäten

# Solide Profitabilität in schwierigem Marktumfeld

## Q3 GJ09 Auftragseingang ggü. Vorjahr<sup>1</sup>

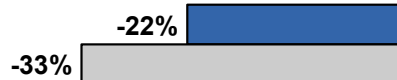
**Europa/G.U.S./Afrika/NMO<sup>2</sup>**  
(darin Deutschland)



**Amerika**  
(darin USA)

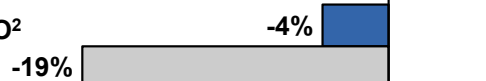


**Asien/Australien**  
(darin China)



## Q3 GJ09 Umsatz ggü. Vorjahr<sup>1</sup>

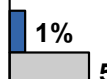
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(darin Deutschland)



**Amerika**  
(darin USA)



**Asien/Australien**  
(darin China)



## Q3 GJ09

	Auftragseingang Veränderung <sup>1</sup>	Umsatz Veränderung <sup>1</sup>	Ergebnis- marge
<b>Siemens</b>	- 27%	- 4%	
<b>Industry</b>	- 42%	- 14%	<b>6,6%</b>
Industry Automation	-29%	-27%	5,4%
Drive Technologies	-42%	-22%	10,1%
Building Technologies	-14%	-7%	6,0%
Osram	-18%	-18%	0,9%
Industry Solutions	-44%	-12%	5,8%
Mobility	-70%	12%	6,2%
<b>Energy</b>	- 14%	<b>9%</b>	<b>13,4%</b>
Fossil	14%	11%	14,5%
Renewable Energy	-9%	18%	13,1%
Oil & Gas	-47%	11%	12,0%
Power Transmission	-22%	9%	11,9%
Power Distribution	-17%	-1%	12,6%
<b>Healthcare</b>	- 6%	<b>2%</b>	<b>9,4%</b> <sup>3</sup>
Imaging & IT	-11%	2%	16,4%
Workflow & Solutions	-3%	-11%	-32,1% <sup>4</sup>
Diagnostics	2%	2%	11,7% <sup>5</sup>
<b>Summe Sektoren</b>	- 28%	- 4%	<b>9,6%</b>

1) Veränderung gegenüber Vorjahresquartal bereinigt um Währungs- und Portfolioeffekte

2) G.U.S.: Gemeinschaft unabhängiger Staaten; NMO: Naher und Mittlerer Osten

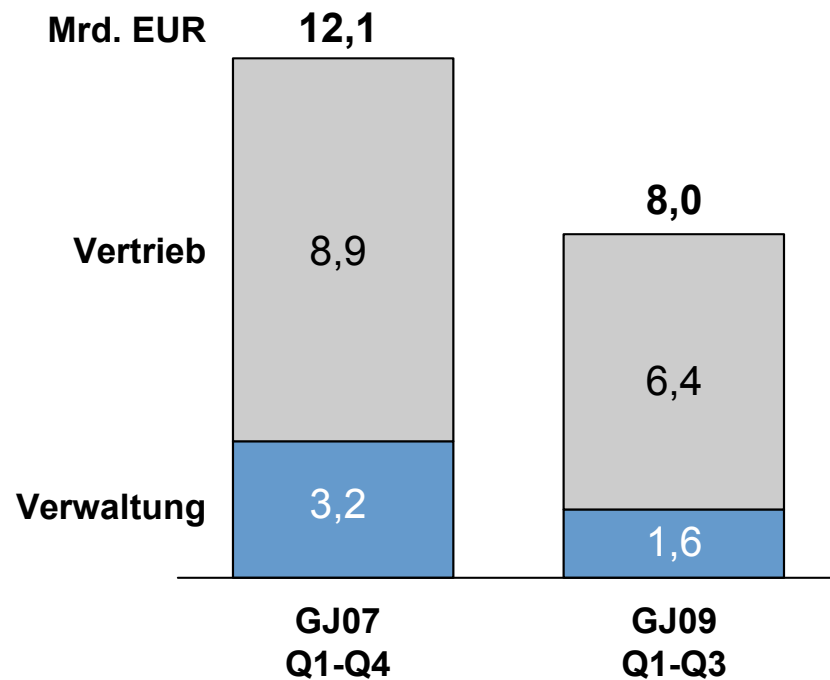
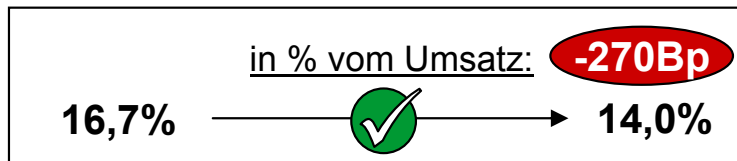
3) Marge ohne PPA-Effekte, Einmalbelastungen und Belastung von 128 Mio. EUR im Zusammenhang mit Partikeltherapieverträgen = 15,7 %

4) einschließlich einer Belastung von 128 Mio. EUR im Zusammenhang mit Partikeltherapieverträgen

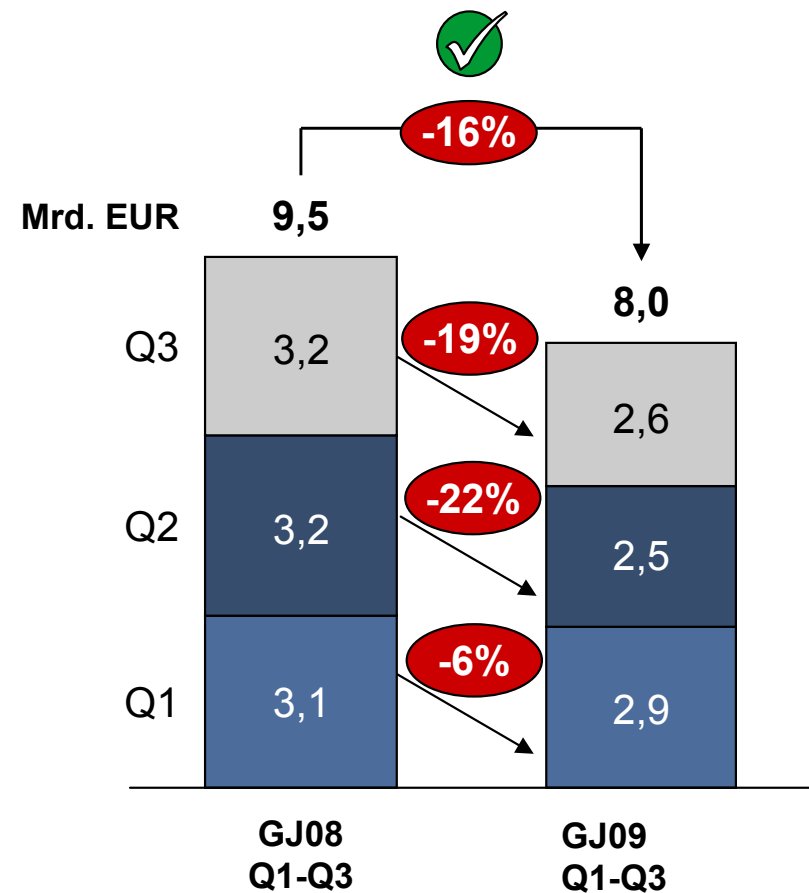
5) Marge ohne PPA-Effekte und Einmalbelastungen = 17,6 %

# Verschlankung der Verwaltung konsequent umgesetzt

## Relative Kostenentwicklung



## Vertriebs- und Verwaltungskosten



# Weltweit erste oberleitungsfreie Straßenbahn mit Energiespeicher

SIEMENS

## Energieeffiziente Straßenbahnen



### Marktpotenzial

- Hybrid-Energiespeichersystem ermöglicht Fahrbetrieb bis 2,5 km ohne Oberleitung
- Erster Fahrgastbetrieb zwischen den Städten Almada und Seixal (südlich von Lissabon)
- Günstig nachrüstbar und damit für alle Neu- und Bestandskunden geeignet

## Siemens setzt neue Trends

### Anforderungen von Kunden:

- Senkung Energieverbrauch
- Senkung Elektrifizierungskosten
- Oberleitungsloses Fahren bei schwierigen baulichen Gegebenheiten oder historischer Architektur

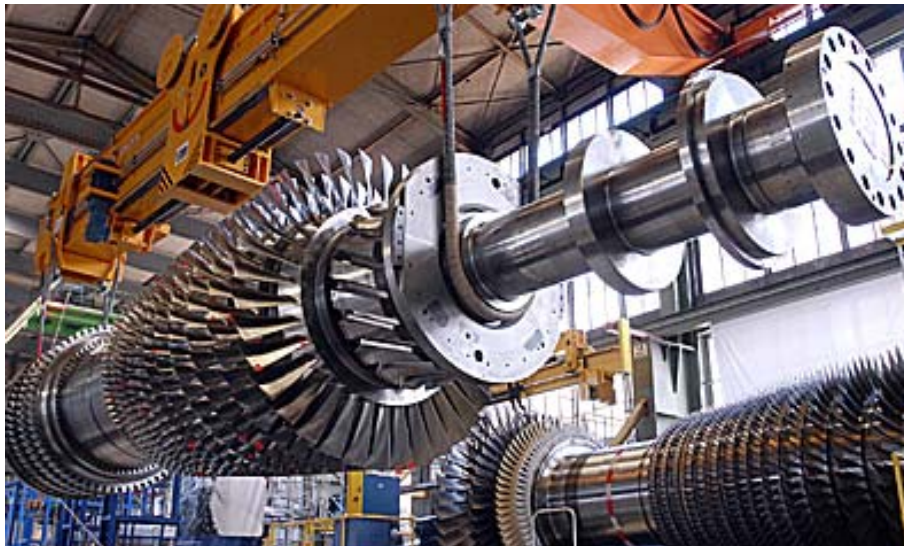
### Innovation von Siemens Industry:

- Weltweit erste oberleitungsfreie Straßenbahn mit Energiespeicher
- Neues System erlaubt die Speicherung und Rückführung von Bremsenergie
  - ▶ bis zu 30 % weniger Energieverbrauch
  - ▶ jährlich bis zu 80 Tonnen weniger CO<sub>2</sub>-Emissionen pro Straßenbahn



## Neue Gasturbine geht in kommerziellen Betrieb über

### Stärkste Gasturbine der Welt



#### Marktpotenzial

- Verhandlungen mit diversen internationalen Kunden laufen bereits
- Maschine für 60-Hertz-Markt (z. B. USA, Kanada, Korea) in Entwicklung
- Marktpotenzial mittelfristig 6-11 Gigawatt/Jahr

### Siemens sorgt für Spitzen-Effizienz

#### Anforderungen der Kunden:

- Höchst möglicher Wirkungsgrad
- Geringere Emissionen
- Flexibel einsetzbar
- Niedrige Kosten über die gesamte Lebensdauer

#### Innovation von Siemens Energy:

- 2005 – Vorstellung der leistungsstärksten Gasturbine der Welt
- Spitzen-Wirkungsgrad von mehr als 60 Prozent<sup>1</sup>
- CO<sub>2</sub>-Einsparung von 40.000 Tonnen jährlich<sup>2</sup>
- Leistungsfähigkeit in der 400-Megawatt-Klasse bereits unter Beweis gestellt
- Testphase endet im August 2009 – Ergebnisse übertreffen bereits Erwartungen

1) im kombinierten Gas- und Dampfturbinenbetrieb

2) gegenüber einer herkömmlichen Gasturbine mit einem um zwei Prozentpunkte geringeren Wirkungsgrad



## Schnellster und strahlungsärmster CT der Welt

### Schnellster Computertomograph (CT)



#### Marktpotenzial

- **Somatom Definition**  
Seit 2005 bereits über 500 Mal installiert
- **Somatom Definition Flash**  
Bis Jahresende 100 Installationen geplant  
Großer Erfolg im schwierigen Marktumfeld

### Siemens reduziert Strahlendosis

#### Anforderungen von Ärzten und Patienten:

- Höhere Scangeschwindigkeit
- Geringere Strahlendosis

#### CT-Innovationen von Siemens Healthcare:

- 2005 – Somatom Definition:  
Weltweit erster CT mit zwei Röntgenröhren
  - Scangeschwindigkeit verdoppelt
  - Herz-CT ohne Beta-Blocker möglich
  - Strahlendosis halbiert
- 2009 – Somatom Definition Flash:  
Weltweit schnellster und strahlungsärmster CT
  - Lungen-CT, ohne den Atem anzuhalten
  - Strahlendosis weiter reduziert
- Siemens ist nach wie vor das einzige Unternehmen, das CTs mit zwei Röntgenröhren herstellen kann

## Ausblick für das Geschäftsjahr 2009

### Siemens ist voll auf Kurs

- **Wachstumsziel bleibt unverändert:  
2x Welt-Bruttoinlandsprodukt<sup>1</sup>**
- **Ergebnis der Sektoren soll Vorjahreswert  
von 6,6 Mrd. EUR übertreffen**
- **Das Ergebnis aus fortgeführten Aktivitäten  
soll stärker wachsen als das Ergebnis der  
Sektoren**

Dieser Ausblick berücksichtigt keine Portfolioeffekte sowie Einflüsse, die aus rechtlichen und regulatorischen Themen entstehen könnten.



<sup>1)</sup> Falls das Wachstum des Welt-BIP negativ ist, entspricht das Siemens-Wachstumsziel weniger als dem halben Wert (Beispiel: Bei einem Rückgang des Welt-BIP von 2 % soll der Siemens-Umsatz nicht stärker als 1 % sinken).

# Reconciliation and Definitions for Non-GAAP Measures (I)



**The United States (U.S.) Securities and Exchange Commission requires to reconcile financial measures, that are not compliant with International Financial Reporting Standards (IFRS) and that are targeted to U.S. investors to the closest comparable IFRS financial measures.**

To supplement Siemens' Consolidated Financial Statements presented in accordance with International Financial Reporting Standards, or IFRS, Siemens presents the following supplemental financial measures:

- New orders;
- Adjusted or organic growth rates of Revenue and new orders;
- Book-to-bill ratio;
- Return on equity, or ROE;
- Return on capital employed, or ROCE;
- Free cash flow and cash conversion rate, or CCR;
- EBITDA (adjusted) and EBIT (adjusted);
- Net debt; and
- Adjusted industrial net debt.

These supplemental financial measures are or may be “non-GAAP financial measures,” as defined in the rules of the U.S. Securities and Exchange Commission (SEC). They exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with IFRS, and their usefulness is therefore subject to limitations, which are described below under “Limitations Associated with Siemens' Supplemental Financial Measures.” Accordingly, they should not be viewed in isolation as alternatives to the most directly comparable financial measures calculated in accordance with IFRS, as identified in the following discussion, and they should be considered in conjunction with Siemens' Consolidated Financial Statements presented in accordance with IFRS and the Notes thereto. Siemens' most recent Consolidated Financial Statements at any given time (the “Annual Financial Statements”) can be found in the most recent Annual Report of Siemens (the “Annual Report”), which can be accessed at [www.siemens.com/annual-report](http://www.siemens.com/annual-report). Siemens' most recent interim Consolidated Financial Statements (the “Interim Financial Statements”) at any given time can be found at [www.siemens.com/investors](http://www.siemens.com/investors) under the heading “Publications” – “Financial Publications” – “Financial Statements” or in the most recent Quarterly Report of Siemens (the “Quarterly Reports”), which can be accessed at [www.siemens.com/quarterly-reports](http://www.siemens.com/quarterly-reports).

In addition, in considering these supplemental financial measures, investors should bear in mind that other companies that report similarly titled financial measures may calculate them differently. Accordingly, investors should exercise appropriate caution in comparing these supplemental financial measures to similarly titled financial measures reported by other companies.

## **Definitions, most directly comparable IFRS financial measures and usefulness of Siemens' supplemental financial measures**

Siemens' supplemental financial measures are designed to measure growth, capital efficiency, cash generation and optimization of Siemens' capital structure and therefore are used to formulate targets for Siemens. The following discussion provides definitions of these supplemental financial measures, the most directly comparable IFRS financial measures and information regarding the usefulness of these supplemental financial measures.

### **New orders**

Under its policy for the recognition of new orders, Siemens generally recognizes a new order when it enters into a contract that it considers “effective and binding” based on its review of a number of criteria. In general, if a contract is considered effective and binding, Siemens recognizes the total contract value as an order. The value of a contract is defined as the agreed price or fee of the irrevocable portion of the contract. New orders is not required or defined by IFRS.

# Reconciliation and Definitions for Non-GAAP Measures (II)



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## Adjusted or organic growth rates of Revenue and new orders

In its financial reports, Siemens presents, on a worldwide basis and for each Sector and Cross-Sector Business, the percentage change from period to period in Revenue and new orders as adjusted for currency translation effects and portfolio effects, i.e., the effects of acquisitions and dispositions. The adjusted percentage changes are called adjusted or organic rates of growth. The IFRS financial measure most directly comparable to adjusted or organic growth rate of Revenue is the unadjusted growth rate calculated based on the actual Revenue figures presented in the Consolidated Income Statement. There is no comparable IFRS financial measure for the adjusted or organic growth rate of new orders because, as discussed above, new orders is itself not an IFRS financial measure. Siemens believes that the presentation of an adjusted or organic growth rate of Revenue and new orders provides useful information to investors because a meaningful analysis of trends in Revenue and new orders from one period to the next requires an understanding of the developments in the operational business net of the impact of currency translation and portfolio effects. Siemens management considers adjusted or organic rates of growth in its management of Siemens' business. For this reason, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

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## Book-to-bill ratio

The book-to-bill ratio measures the relationship between orders received and the amount of products and services shipped and billed. A book-to-bill ratio of above 1 indicates that more orders were received than billed, indicating stronger demand, whereas a book-to-bill ratio of below 1 points to weaker demand. The book-to-bill ratio is not required or defined by IFRS.

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## Return on equity, or ROE

In line with common practice in the financial services industry, Siemens Financial Services (SFS) uses return on equity, or ROE, as one of its key profitability measures. Siemens defines ROE as annualized Income before income taxes of SFS divided by the average allocated equity for SFS. The allocated equity for SFS is determined and influenced by the size and quality of its portfolio of commercial finance assets (primarily leases) and equity investments. This allocation is designed to cover the risks of the underlying business and is in line with common credit risk management standards in banking. The actual risk portfolio of the SFS portfolio is evaluated and controlled monthly and is reflected in the quarterly (commercial finance) and annual (equity investments) adjustments of allocated equity. Return on equity is reported only for the SFS segment. Siemens believes that the presentation of ROE and average allocated equity provides useful information to investors because management uses ROE as a supplement to Siemens' Consolidated Financial Statements in evaluating the business performance of SFS, and therefore the measure assists investors in assessing Siemens' overall performance.

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## Return on Capital Employed, or ROCE

Return on capital employed, or ROCE, is Siemens' measure of capital efficiency. Siemens uses this financial performance ratio in order to assess its income generation from the point of view of its shareholders and creditors, who provide Siemens with equity and debt. The different methods of calculation are detailed below. Siemens believes that the presentation of ROCE and the various non GAAP financial measures involved in its calculation provides useful information to investors because ROCE can be used to determine whether capital invested in the Company and the Sectors yields competitive returns. In addition, achievement of predetermined targets relating to ROCE is one of the factors Siemens takes into account in determining the amount of performance-based or variable compensation received by its management.

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## ROCE at the Siemens group level

Siemens defines group ROCE as Net income (before interest) divided by average capital employed, or CE.

Net income (before interest), the numerator in the ROCE calculation, is defined as Net income excluding Other interest income (expense), net and taxes thereon. Taxes on Other interest (expense), net are calculated in a simplified form by applying the current tax rate, which can be derived from the Consolidated Statements of Income, to Other interest income (expense), net.

Capital employed, or CE, the denominator in the ROCE calculation, is defined as Total equity plus Long-term debt plus Short-term debt and current maturities of long-term debt minus Cash and cash equivalents. Each of the components of capital employed appears on the face of the Consolidated Balance Sheet.

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# Reconciliation and Definitions for Non-GAAP Measures (III)



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## **ROCE at the Siemens group level, on a continuing operations basis**

Siemens also presents group ROCE on a continuing operations basis. For this purpose, the numerator is Income from continuing operations and the denominator is CE, less Assets classified as held for disposal presented as discontinued operations net of Liabilities associated with assets held for disposal presented as discontinued operations.

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## **ROCE at the Sector level**

For the Sectors, ROCE is defined as Profit divided by average Assets. Profit for each Sector is defined as earnings before financing interest, certain pension costs and income taxes; certain items not considered performance-indicative by management may be excluded. Assets for each Sector are defined as Total assets less intragroup financing receivables and investments, less income tax assets, less non-interest-bearing liabilities/provisions other than tax liabilities.

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## **Free cash flow and cash conversion rate**

Siemens defines free cash flow as Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment. The IFRS financial measure most directly comparable to free cash flow is Net cash provided by (used in) operating activities.

Siemens believes that the presentation of free cash flow provides useful information to investors because it is a cash measure that is not impacted by cash flows related to portfolio activities and thus is less volatile than the total of Net cash provided by (used in) operating activities and Net cash provided by (used in) investing activities. For this reason, free cash flow is reported on a regular basis to Siemens' management, who uses it to assess and manage cash generation among the various reportable segments of Siemens and for the worldwide Siemens group. Achievement of predetermined targets relating to free cash flow generation is one of the factors Siemens takes into account in determining the amount of performance-based or variable compensation received by its management, both at the level of the worldwide Siemens group and at the level of individual reportable segments. Cash conversion rate, or CCR, is defined as free cash flow divided by net income. Siemens believes that the presentation of the CCR provides useful information to investors because it is an operational performance measure that shows how much of its income Siemens converts to free cash flow. CCR is reported on a regular basis to Siemens' management.

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## **EBITDA (adjusted) and EBIT (adjusted)**

Siemens defines EBITDA (adjusted) as EBIT (adjusted) before amortization (which in turn is defined as Amortization and impairments of intangible assets other than goodwill) and Depreciation and impairment of property, plant and equipment and goodwill. Siemens defines EBIT (adjusted) as Income from continuing operations before income taxes less Financial income (expense), net and Income (loss) from investments accounted for using the equity method, net. Each of the components of EBIT (adjusted) appears on the face of the Consolidated Financial Statements, and each of the additional components of EBITDA (adjusted) appears in the Consolidated Financial Statements or the MD&A thereto, which may be found in the relevant annual or quarterly report filed with the SEC. The IFRS financial measure most directly comparable to EBIT (adjusted) and EBITDA (adjusted) is Income from continuing operations before income taxes.

Siemens believes that the presentation of EBITDA (adjusted) and EBIT (adjusted) as a cash earnings measure provides useful information to investors. Therefore EBITDA (adjusted) and EBIT (adjusted) are also broadly used by analysts, rating agencies and investors to assess the performance of a company.

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## **Net debt**

Siemens defines net debt as total debt less total liquidity. Total debt is defined as Short-term debt plus current maturities of long-term debt plus Long-term debt. Total liquidity is defined as Cash and cash equivalents plus current Available-for-sale financial assets. Each of these components appears in the Consolidated Balance Sheet. The IFRS financial measure most directly comparable to net debt is total debt as reported in the Notes to the Annual Financial Statements.

Siemens believes that the presentation of net debt provides useful information to investors because its management reviews net debt regularly as part of its management of Siemens' overall liquidity, financial flexibility, capital structure and leverage. Furthermore, certain debt rating agencies, creditors and credit analysts monitor Siemens' net debt as part of their assessments of Siemens' business.

# Reconciliation and Definitions for Non-GAAP Measures (IV)



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## Adjusted industrial net debt

Siemens defines adjusted industrial net debt as net debt less (1) SFS debt excluding SFS internally purchased receivables; less (2) 50% of the nominal amount of our hybrid bond; plus (3) the funded status of pension benefits; plus (4) the funded status of other post-employment benefits; and plus (5) credit guarantees. Further information concerning adjusted industrial net debt can be found in the Annual Report under the heading “Management’s discussion and analysis – Liquidity and capital resources – Capital structure.” Siemens believes that the presentation of our capital structure measure as the ratio of “adjusted industrial net debt” to “EBITDA (adjusted)” provides useful information to investors because management uses it to manage its debt-equity ratio with the goal of ensuring both unrestricted access to debt financing instruments in the capital markets and its ability to meet scheduled debt service obligations.

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## Limitations Associated with Siemens’ Supplemental Financial Measures

The supplemental financial measures reported by Siemens may be subject to limitations as analytical tools. In particular:

- With respect to adjusted or organic growth rates of Revenue and new orders: These measures are not adjusted for other effects, such as increases or decreases in prices or quantity/volume.
- With respect to book-to-bill ratio: The use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute number of orders received by Siemens or the absolute amount of products and services shipped and billed by it.
- With respect to return on equity, or ROE: This measure is not adjusted for special items, such as the disposition of equity investments (allocated to SFS) or impairments, and therefore it has been volatile over prior year periods. In addition, the use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of Siemens’ income.
- With respect to return on capital employed, or ROCE: The use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of Siemens’ income.
- With respect to free cash flow and cash conversion rate: Free cash flow is not a measure of cash generated by operations that is available exclusively for discretionary expenditures. This is, because in addition to capital expenditures needed to maintain or grow its business, Siemens requires cash for a wide variety of non-discretionary expenditures, such as interest and principal payments on outstanding debt, dividend payments or other operating expenses. In addition, the use of cash conversion rate is inherently limited by the fact that it is a ratio and thus does not provide information about the amount of Siemens’ free cash flow.
- With respect to EBITDA (adjusted) and EBIT (adjusted): EBITDA (adjusted) excludes non-cash items such as depreciation, amortization and impairment, it does not reflect the expense associated with, and accordingly the full economic effect of, the loss in value of Siemens’ assets over time. Similarly, neither EBITDA (adjusted) nor EBIT (adjusted) reflect the impact of financial income and taxes, which are significant cash expenses that may reduce the amount of cash available for distribution to shareholders or reinvestment in the business.
- With respect to net debt: Siemens typically uses a considerable portion of its cash, cash equivalents and available-for-sale financial assets at any given time for purposes other than debt reduction. Therefore, the fact that these items are excluded from net debt does not mean that they are used exclusively for debt repayment.
- With respect to the ratio adjusted industrial net debt to EBITDA (adjusted): The use of this measure is inherently limited by the fact that it is a ratio.

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## Compensation for Limitations Associated with Siemens’ Supplemental Financial Measure

Siemens provides a quantitative reconciliation of each supplemental financial measure to the most directly comparable IFRS financial measure on the Investor Relations website at [www.siemens.com/nongAAP](http://www.siemens.com/nongAAP), in the Notes to Consolidated Financial Statements or in the Annual Reports and Quarterly Reports under the heading “Management’s discussion and analysis,” and Siemens encourages investors to review those reconciliations carefully.

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