

**SIEMENS**

*The combined Analyst and Press Conference is taking place in Berlin on May 7, at 7.45 am BST / 8.45 am CEST / 2.45 am EDT, and will be webcast on [www.siemens.com/investorrelations](http://www.siemens.com/investorrelations) and [www.siemens.com/press](http://www.siemens.com/press)*

# Siemens Q2 FY14 IR Flashlight

# Safe Harbour Statement

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, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information—Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter C.9.3 Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter C.7 Risks and opportunities of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC’s website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

All underlying margins are calculated by adjusting margins for the effects reported for the respective businesses in the relevant period. These effects are provided to assist in the analysis of the businesses’ results year-over-year and may vary from period to period. Underlying margins are not necessarily indicative of future performance. Other companies may calculate similar measures 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.

## Financial Highlights of Q2 FY14

- **FY14 Outlook confirmed**
- **Significant Order decline -10%<sup>1)</sup>** with **Energy -23%** and **IC -12%** due to tough comps, while **Healthcare up +1%** and **Industry +12%**; **Mixed regional picture: China +22%, U.S. +6%, Emerging Markets -3%** and **Germany -38%**
- **Revenue +1%**, driven by **IC +7%, Industry +5%** and **Healthcare +5%**; **Energy -6%** impacted by weak European demand; **Regions supported by China +19%** and **Emerging Markets +7%**, while **Germany -1%** and **U.S. -2%**
- **Total Sectors Profit at €1.6bn** including productivity improvements, however burdened by currency effects; **underlying margin 10.7%**:
  - **Energy margin 4.6% (underlying 8.6%)** impacted by **-€310m project charges at Transmission** mainly related to two HVDC projects in Canada and **-€48m charges at Wind** for replacing defective main bearings in onshore wind turbines; **Power Generation incl. +€73m gain** on sale of turbo fan business and **+€56m effect** from a successful turnkey project completion
  - **Healthcare margin 16.3% (underlying 15.5%)** incl. **+€66m gain** for expected sale of particle therapy installation
  - **Industry margin 10.3% (underlying 13.2%)** despite **-€75m project charges in Metals**; underlying IA 18.1%, underlying DT 9.9%; **continuing stabilization of short-cycle businesses**
  - **IC margin 7.3% (underlying 7.2%)** on improved results across the Sector
- **Income continued operations improved by +19% to €1.2bn**
- **Net income at €1.2bn (+12%)** and **EPS of €1.33 (+11%)**

1) All figures y-o-y on a comparable basis excluding currency translation and portfolio effects

2) Incl. Europe, C.I.S., Africa, Middle East

3) PPA = purchase price allocation

## Portfolio Topics

### ▪ Rolls-Royce ADGT

- Siemens acquires the **Rolls-Royce Energy aero-derivative gas turbine & compressor business** for a **purchase price of £785m - cash and debt free**
- In addition Siemens enters into a **long-term technology partnership** for access to future aero-developments over 25 years for **£200m** paid upfront
- FY13: Revenue £871m; EBIT £72m (8.3% margin); 2,400 employees; installed fleet of ~2,500 turbines; ~£50m synergies in 2017 (~70% of long-term synergies)
- Deal expected to close in Q4 of calendar year 2014, subject to anti-trust approval

### ▪ Metals Technologies (MT)

- JV with Mitsubishi Heavy Industries – Siemens retaining 49% stake - valuation undisclosed
- FY13 (MT): Revenue ~€2bn; ca. 8,900 employees
- Transaction scope: whole business unit MT excl. the service business for Electrics/Automation
- Deal expected to close in Q4 of calendar year 2014

### ▪ Audiology

- Siemens Audiology will be taken public; Audiology has over 4,000 employees worldwide

## Key Items relating to Q2 FY14 (I)

### Energy

- **Sector Level**
  - **Margin:** 4.6%
  - **Underlying margin:** 8.6%
- **Power Generation**
  - **Margin:** 18.4%
  - Incl. +€73m gain on the sale of a turbo fan business
  - Incl. +€56m effect from a successful project completion in the turnkey business
  - **Underlying margin:** 14.4%
- **Wind Power**
  - **Margin:** -4.3%
  - Incl. -€48m charge for inspecting and replacing defective main bearings in onshore wind turbines
  - **Underlying margin:** -0.2%
- **Power Transmission**
  - **Margin:** -24.2%
  - Incl. -€287m charges related to two HVDC projects in Canada, resulting from revised estimates for civil engineering and infrastructure provided by suppliers as well as penalties for associated projects delays
  - Incl. -€23m project charges related mainly to grid connections to offshore wind-farms in Germany
  - **Underlying margin:** 1.1%
  - The division expects continuing challenges in coming quarters

### Healthcare

- **Sector Level**
  - **Margin:** 16.3%
  - Incl. +€66m positive effect related to the expected sale of a particle therapy installation
  - Incl. PPA<sup>1)</sup> -€41m from Diagnostics
  - **Underlying margin:** 15.5%
- **Diagnostics**
  - **Margin:** 10.8%
  - Incl. PPA<sup>1)</sup> -€41m
  - **Underlying margin:** 15.2%

1) PPA = purchase price allocation

## Key Items relating to Q2 FY14 (II)

### Industry

- **Sector Level**
    - **Margin:** 10.3%
    - **Underlying margin:** 13.2%
  - **Industry Automation**
    - **Margin:** 15.8%
    - Incl. PPA<sup>1)</sup> -€35m related to UGS
    - Incl. PPA<sup>1)</sup> -€11m related to LMS
    - **Underlying margin:** 18.1%
  - **Drive Technologies**
    - **Margin:** 9.5%
    - Incl. PPA<sup>1)</sup> -€7m related to Flender
    - **Underlying margin:** 9.9%
- 
- **Sector managed:**
  - **Metals Technologies**
    - Incl. -€75m charges related to a project in the U.S.

### Infrastructure & Cities

- **Sector Level**
  - **Margin:** 7.3%
  - Incl. +€30m net effect due to release of accruals related to 'Siemens 2014'
  - **Underlying margin:** 7.2%
- **Transportation & Logistics**
  - **Margin:** 7.0%
  - Incl. PPA<sup>1)</sup> -€13m and -€9m integration costs related to Invensys Rail
  - **Underlying margin:** 8.3%
- **Power Grid Solutions & Products**
  - **Margin:** 8.2%
- **Building Technologies**
  - **Margin:** 6.9%

1) PPA = purchase price allocation

## Key Items relating to Q2 FY14 (III)

### Below Sector

- **Equity Investments**
  - Profit: +€123m
  - Beginning with Q2 FY14 we report results related to our stake in BSH (Bosch Siemens Hausgeräte GmbH) in phase with results of Siemens, rather than with the lag of one quarter; therefore profit for this quarter includes results related to BSH from both the current and the previous quarter
- **Financial Services (SFS)**
  - Profit: +€114m
  - Total assets: €19.4bn
- **Corporate Items & Pensions -€249m**
  - Corporate items -€151m
  - Pensions -€97m
- **Siemens Real Estate (SRE)**
  - Income of +€18m (before income tax)
- **Eliminations, Corporate Treasury and other reconciling items**
  - Income of +€3m (before income tax)

### Discontinued Operations

- **Discontinued operations: Total -€10m**

# Orders

€m	Q2 FY13	Q1 FY14	Q2 FY14	Y-o-Y Q2 FY13 - Q2 FY14 (nominal)	Y-o-Y Q2 FY13 - Q2 FY14 (comparable) <sup>1)</sup>	Q-o-Q Q1 FY14 - Q2 FY14 (nominal)
<b>Energy Sector</b>	<b>8,464</b>	<b>7,217</b>	<b>6,105</b>	<b>-28%</b>	<b>-23%</b>	<b>-15%</b>
Power Generation	3,785	3,825	3,031	-20%	-14%	-21%
Wind Power	3,289	2,258	1,679	-49%	-46%	-26%
Power Transmission	1,421	1,189	1,445	2%	7%	22%
<b>Healthcare Sector</b>	<b>3,330</b>	<b>3,199</b>	<b>3,196</b>	<b>-4%</b>	<b>1%</b>	<b>0%</b>
Diagnostics	963	909	937	-3%	3%	3%
<b>Industry Sector</b>	<b>4,402</b>	<b>4,611</b>	<b>4,783</b>	<b>9%</b>	<b>12%</b>	<b>4%</b>
Industry Automation	2,021	2,102	2,174	8%	11%	3%
Drive Technologies	2,230	2,321	2,472	11%	14%	7%
<b>Infrastructure &amp; Cities Sector</b>	<b>5,210</b>	<b>6,323</b>	<b>4,662</b>	<b>-11%</b>	<b>-12%</b>	<b>-26%</b>
Transportation & Logistics	2,356	3,233	1,888	-20%	-29%	-42%
Power Grid Solutions & Products	1,460	1,820	1,498	3%	9%	-18%
Building Technologies	1,455	1,347	1,337	-8%	-6%	-1%
<b>Total Sectors</b>	<b>21,406</b>	<b>21,350</b>	<b>18,746</b>	<b>-12%</b>	<b>-10%</b>	<b>-12%</b>
Equity Investments						
SFS	236	226	236			
<b>Reconciliations</b>						
CMPA	102	61	55			
SRE	622	587	602			
Corp. Items & Pensions	132	83	91			
Elim., CT & Other recon.	-1,264	-1,472	-1,301			
<b>Siemens (Cont. Ops.)</b>	<b>21,235</b>	<b>20,836</b>	<b>18,430</b>	<b>-13%</b>	<b>-10%</b>	<b>-12%</b>

1) Adjusted for currency translation and portfolio effects



## Revenue

€m	Q2 FY13	Q1 FY14	Q2 FY14	Y-o-Y Q2 FY13 - Q2 FY14 (nominal)	Y-o-Y Q2 FY13 - Q2 FY14 (comparable) <sup>1)</sup>	Q-o-Q Q1 FY14 - Q2 FY14 (nominal)
<b>Energy Sector</b>	<b>6,260</b>	<b>5,782</b>	<b>5,600</b>	<b>-11%</b>	<b>-6%</b>	<b>-3%</b>
Power Generation	3,674	3,224	3,220	-12%	-8%	0%
Wind Power	1,046	1,310	1,156	11%	13%	-12%
Power Transmission	1,507	1,267	1,228	-19%	-14%	-3%
<b>Healthcare Sector</b>	<b>3,278</b>	<b>3,094</b>	<b>3,256</b>	<b>-1%</b>	<b>5%</b>	<b>5%</b>
Diagnostics	963	909	937	-3%	3%	3%
<b>Industry Sector</b>	<b>4,385</b>	<b>4,319</b>	<b>4,430</b>	<b>1%</b>	<b>5%</b>	<b>3%</b>
Industry Automation	1,946	2,017	2,000	3%	6%	-1%
Drive Technologies	2,186	2,044	2,203	1%	5%	8%
<b>Infrastructure &amp; Cities Sector</b>	<b>4,062</b>	<b>4,364</b>	<b>4,422</b>	<b>9%</b>	<b>7%</b>	<b>1%</b>
Transportation & Logistics	1,317	1,672	1,791	36%	21%	7%
Power Grid Solutions & Products	1,442	1,408	1,363	-6%	1%	-3%
Building Technologies	1,375	1,340	1,326	-4%	-1%	-1%
<b>Total Sectors</b>	<b>17,984</b>	<b>17,559</b>	<b>17,708</b>	<b>-2%</b>	<b>1%</b>	<b>1%</b>
Equity Investments						
SFS	236	226	236			
<b>Reconciliations</b>						
CMPA	68	61	59			
SRE	622	587	602			
Corp. Items & Pensions	133	83	93			
Elim., CT & Other recon.	-1,264	-1,192	-1,249			
<b>Siemens (Cont. Ops.)</b>	<b>17,779</b>	<b>17,325</b>	<b>17,449</b>	<b>-2%</b>	<b>1%</b>	<b>1%</b>

1) Adjusted for currency translation and portfolio effects

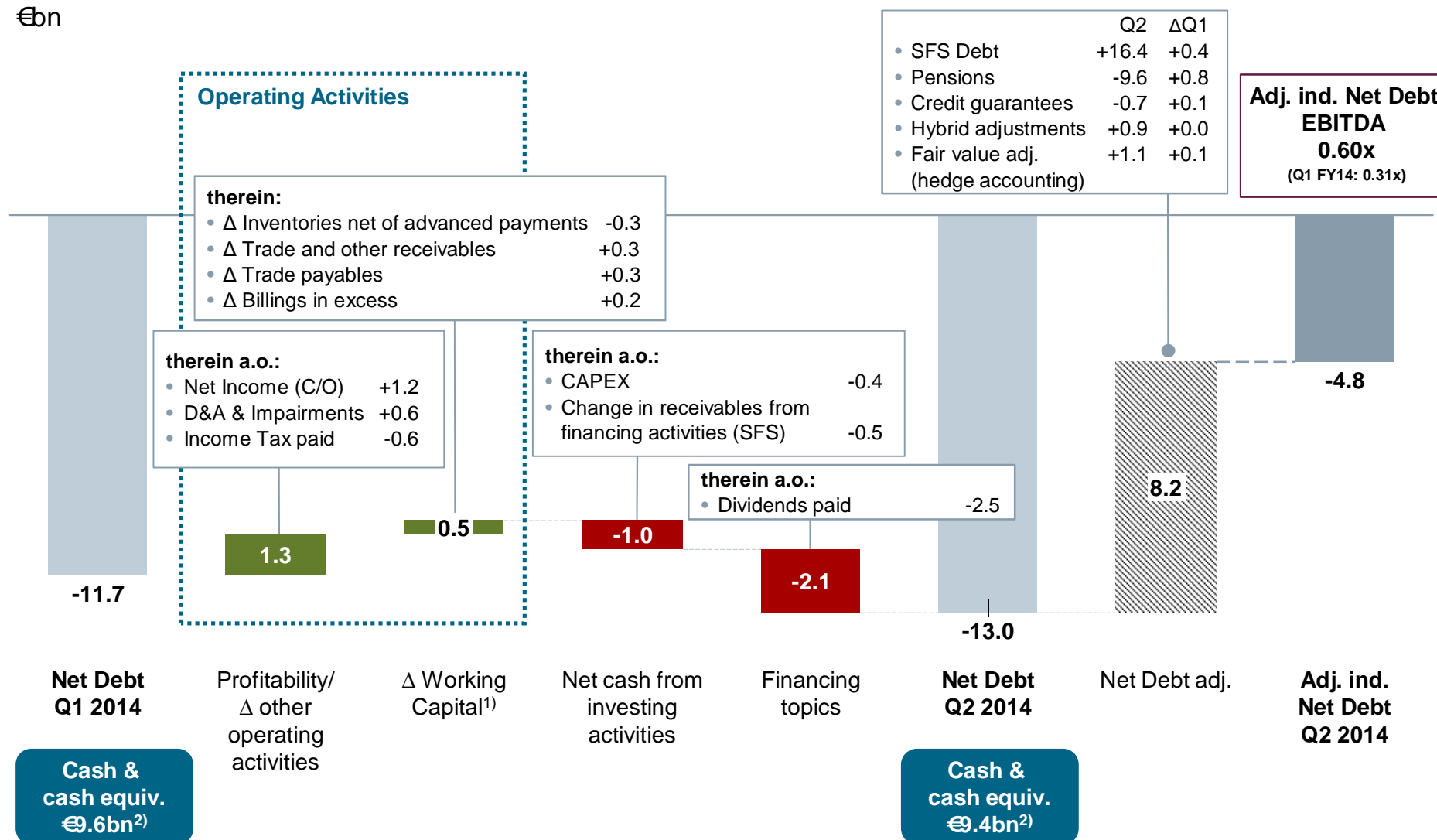
# Profit & Margins

€m	Q2 FY13	Q1 FY14	Q2 FY14	Margin Q2 FY13	Margin Q1 FY14	Margin Q2 FY14	EBITDA Margin Q2 FY14
<b>Energy Sector</b>	<b>551</b>	<b>506</b>	<b>255</b>	<b>8.8%</b>	<b>8.8%</b>	<b>4.6%</b>	<b>6.4%</b>
Power Generation	555	536	592	15.1%	16.6%	18.4%	
Wind Power	53	63	-50	5.1%	4.8%	-4.3%	
Power Transmission	-49	-84	-297	-3.2%	-6.6%	-24.2%	
<b>Healthcare Sector</b>	<b>445</b>	<b>471</b>	<b>531</b>	<b>13.6%</b>	<b>15.2%</b>	<b>16.3%</b>	<b>20.5%</b>
Diagnostics	84	100	101	8.7%	11.0%	10.8%	
<b>Industry Sector</b>	<b>345</b>	<b>482</b>	<b>456</b>	<b>7.9%</b>	<b>11.2%</b>	<b>10.3%</b>	<b>13.4%</b>
Industry Automation	197	338	316	10.1%	16.8%	15.8%	
Drive Technologies	147	133	210	6.7%	6.5%	9.5%	
<b>Infrastructure &amp; Cities Sector</b>	<b>6</b>	<b>330</b>	<b>325</b>	<b>0.2%</b>	<b>7.6%</b>	<b>7.3%</b>	<b>8.9%</b>
Transportation & Logistics	-156	83	126	-11.9%	5.0%	7.0%	
Power Grid Solutions & Products	98	127	112	6.8%	9.0%	8.2%	
Building Technologies	59	115	91	4.3%	8.6%	6.9%	
<b>Total Sectors</b>	<b>1,348</b>	<b>1,789</b>	<b>1,566</b>	<b>7.5%</b>	<b>10.2%</b>	<b>8.8%</b>	
Equity Investments	29	81	123				
SFS	113	110	114	18.7% <sup>1)</sup>	18.1% <sup>1)</sup>	18.1% <sup>1)</sup>	
<b>Reconciliations</b>							
CMPA	21	10	35				
SRE	-2	132	18				
Corporate Items and Pensions	-152	-186	-249				
Elim., CT & Other recon.	-25	32	3				
<b>Siemens Pre-Tax Profit (Cont. Ops.)</b>	<b>1,333</b>	<b>1,967</b>	<b>1,609</b>				
Taxes	-352	-581	-446				
<b>Income from Cont. Ops.</b>	<b>980</b>	<b>1,386</b>	<b>1,163</b>				
Income from discontinued operations	49	71	-10				
<b>Net Income (All-In)</b>	<b>1,030</b>	<b>1,457</b>	<b>1,153</b>				
therein Minority interest	20	25	29				
Basic EPS from Cont. Ops. (in €)	1.14	1.61	1.34				
Basic EPS from Net income All-in (in €)	1.20	1.70	1.33				

1) SFS: RoE after tax

# Net Debt Bridge as of Q2 FY14

€bn



1) Includes net cash used in inventories less advanced payments received, net cash provided by trade and other receivables, net cash provided by trade payables and net cash used in billings in excess of cost and in estimated earnings on uncompleted contracts and related advances (included in the consolidated statements of cash flow in change in other assets and liabilities)

2) Including available-for-sale financial assets

## Pension Underfunding increased to -€8.9bn in Q2

- **Pension deficit** for pensions increased in Q2, mainly due to decreased discount rate level
- Increase in DBO, mainly due to **decrease in the discount rate**

in €bn	FY 2012 <sup>1)2)</sup>	FY 2013 <sup>2)3)</sup>	Q1 FY 2014 <sup>3)</sup>	Q2 FY 2014 <sup>3)</sup>
<b>Defined benefit obligation (DBO) on pension benefits</b>	33.0	32.6	32.3	33.7
<b>Fair value of plan assets</b>	24.1	24.1	24.2	24.8
<b>Funded status of pension benefits</b>	<b>(8.9)</b>	<b>(8.5)</b>	<b>(8.0)</b>	<b>(8.9)</b>
<b>DBO on other post-employment benefits (mainly unfunded)</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Discount rate</b>	3.2%	3.4%	3.5%	3.1%
<b>Interest Income</b>	0.9	0.2	0.2	0.2
<b>Actual return on plan assets</b>	3.2	0.5	0.4	0.8

1) IAS 19R (revised) has been adopted as of beginning of FY 2013 (leading to interest income based on a "high-quality corporate bond" rate). Therefore, FY 2012 information have been adjusted accordingly.

2) Figures exclude Osram which is classified as "discontinued operations".

3) Figures exclude Water Business which is classified as "discontinued operations" (since January 2014 due to delayed transfer in UK and USA).

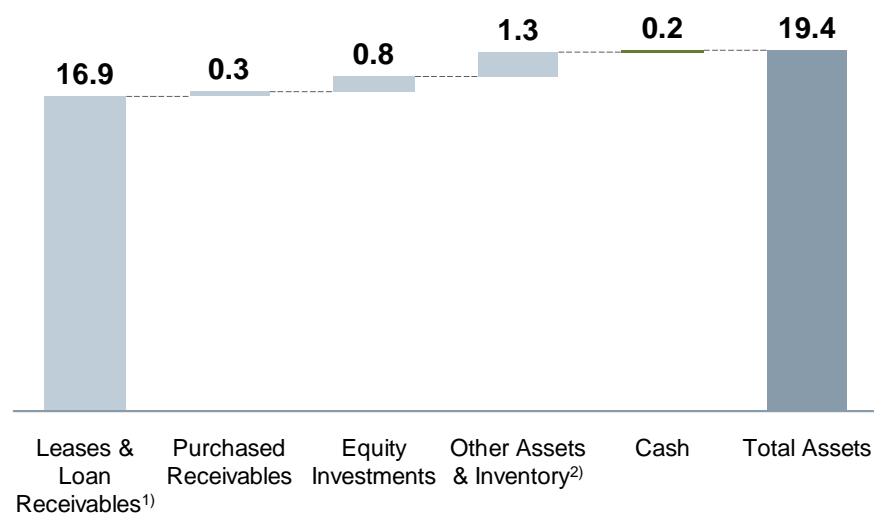
# SFS Key Figures Q2 FY14

## Key Financial Data SFS

- **Assets** €19.4bn
- **Profit before Tax** €114m
- **Return on Equity after tax** 18.1%
- **Operating and Investing Cash Flow** - €371m

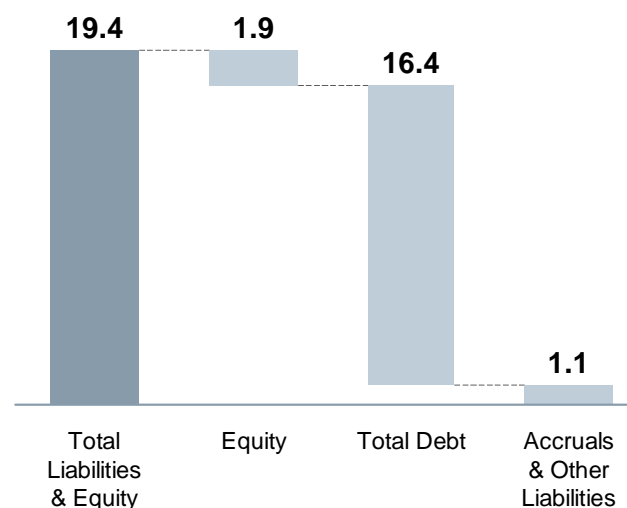
## Assets

€bn



## Liabilities and Equity

€bn

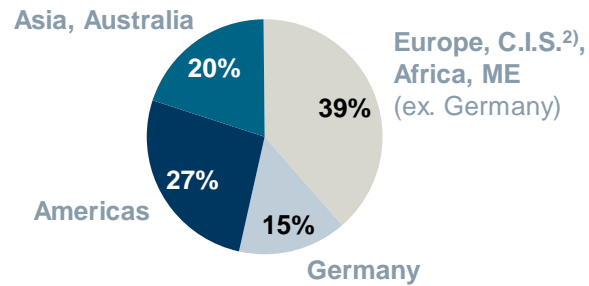


1) Operating and finance leases, originated and purchased loans as well as asset-based lending loans

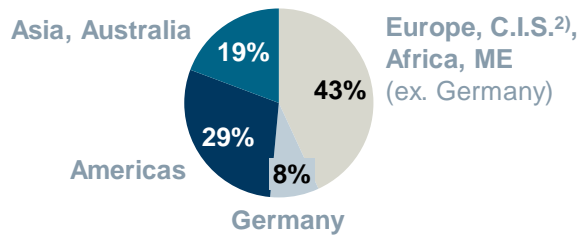
2) Intercompany receivables, securities, (positive) fair values of derivatives, tax receivables, fixed assets, intangible assets, land and building, prepaid expenses and inventories

# External Revenue by Regions<sup>1)</sup> for H1 FY14

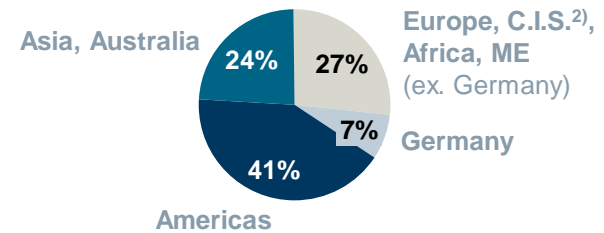
## Siemens Revenue (€34.8bn)



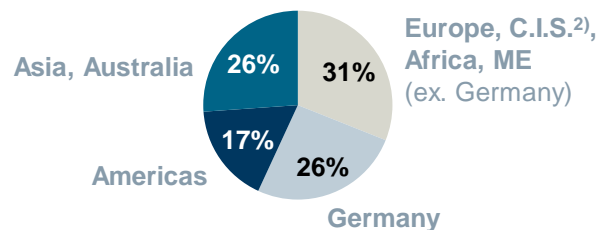
## Energy Revenue (€11.3bn)



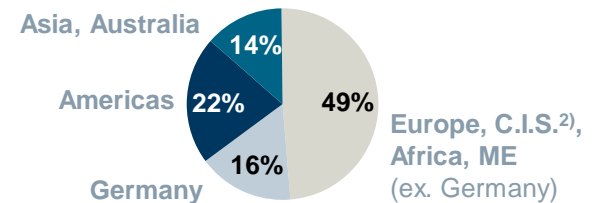
## Healthcare Revenue (€6.3bn)



## Industry Revenue (€8.0bn)



## Infrastructure & Cities Revenue (€8.5bn)

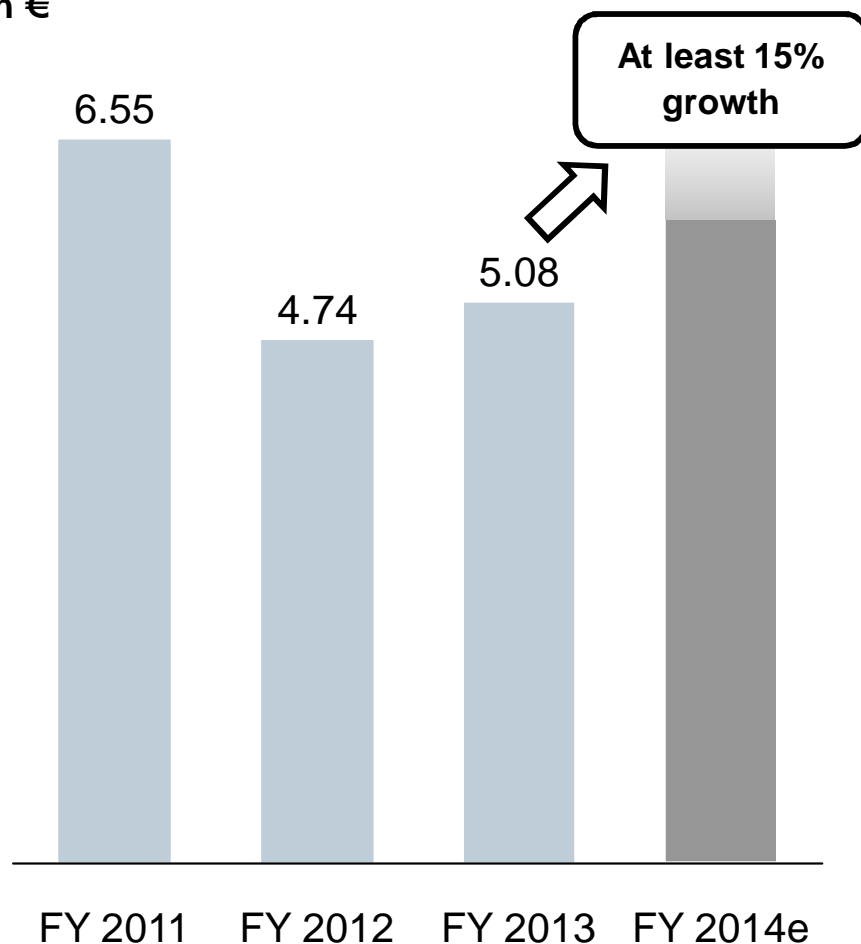


1) External revenue by location of customer 2) Commonwealth of Independent States

## Outlook Fiscal 2014

### Basic earnings per share (Net income)

In €



- We expect our **markets** to remain **challenging** in Fiscal 2014.
- Our **short-cycle businesses** are **not anticipating a sustainable recovery until late** in the fiscal year.
- We expect orders to exceed revenue, for a **book-to-bill ratio above 1**.
- Assuming that **revenue** on an **organic basis remains level year-over-year**, we expect **basic earnings per share (Net Income)** for **Fiscal 2014 to grow by at least 15% from €5.08** in Fiscal 2013.
- This outlook is based on **shares outstanding of 843 million** as of September 30, 2013.
- Furthermore it excludes impacts related to legal and regulatory matters.

## Siemens Investor Relations Contact Data



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# Reconciliation and Definitions for Non-GAAP Measures

This document includes supplemental financial measures that are or may be non-GAAP financial measures.

Orders and order backlog; adjusted or organic growth rates of revenue and orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such 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.

Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP). For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.