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Joe Kaeser, President and CEO
Ralf P. Thomas, CFO

Q2 – Portfolio gains drive income

Q2 FY 2015, Analyst Conference / Press Conference Call
London, May 7, 2015

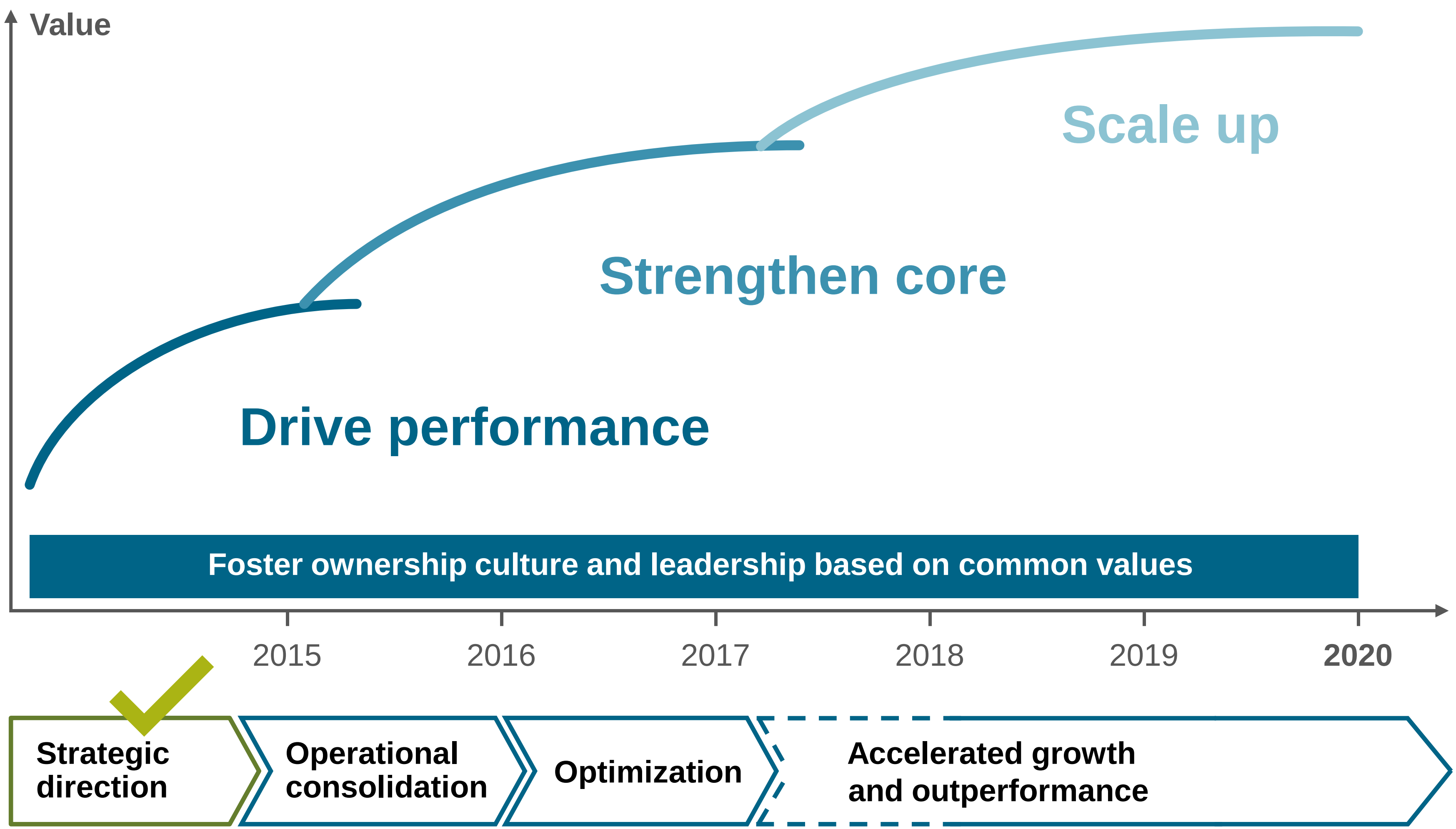
Notes and forward-looking statements

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.

Siemens Vision 2020
Value creation and cultural change



Siemens Vision 2020 on track
Execution milestones until 2017

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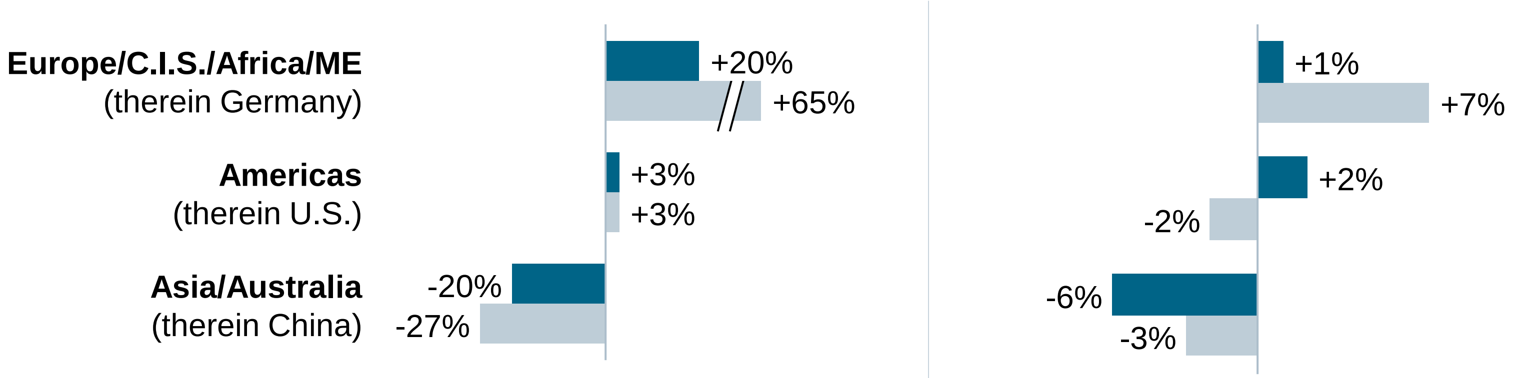
Until	Execution steps	
Q4 2014	Implementation of new and simplified organization by Oct. 1	✓
	Introduction of incentive system 2015	✓
Q2 2015	Stringent portfolio optimization - closing of announced divestments	✓
	Measures for structural optimization defined (governance & support functions)	✓
	Decision on resource allocation for underperforming businesses	✓
Q4 2015	Update on cost reduction progress	
	Update on measures for growth fields and innovation	
	Share buy-back executed (up to €4bn)	
Q4 2016	Update on execution of further portfolio optimization	
	Progress on cost reduction: Major portion of €1bn savings effective	
Q4 2017	Underperforming business fixed	
	€1bn cost savings fully effective	

Q2 FY 2015 - Key developments as expected

- Continued **complex economic, currency** and **market environment**
- **Strong translational tailwind** from **FX** on **orders (+9%)** & **revenue (+8%)**
- **Clear organic order increase (+7%)** driven by large Mobility orders and rebound in Power & Gas and Healthcare; record **backlog** of **€109bn**
- **Flat organic revenues** - decline in Power & Gas (PG) and Process Industries & Drives (PD) compensated by growth in other Divisions
- **Soft Industrial Business margin** of **9.0% as previously indicated** due to adverse mix and weakness in Wind Power; €98m severance charges
- **Net Income of €3.9bn** and **basic EPS of €4.70** driven by disposal gains (BSH, Audiology, Healthcare IT)
- **Weak Free Cash Flow** due to net working capital increase and treasury effects
- **Strategic assessment** of **underperforming businesses**

Significant order wins in Mobility drive growth in Europe

Orders	Q2 FY 15 y-o-y[1)]	Revenues



1) Change is adjusted for currency translation and portfolio effects

Q2 - Key developments

Europe, MEA, CIS:
- **Large Mobility orders** and **Power & Gas** (PG) drive **growth; Healthcare** (HC) a **positive**
- **Energy Management (EM)** with **clear revenue growth**

Americas:
- **Soft PG & flat HC orders** in US compensated by **double digit growth** in all other Divisions
- **Strong revenue growth** in **Canada** and **Colombia**

Asia / China:
- **Lower large order volume** in the **region** including **China**
- **HC** with **double digit revenue growth** in **China**

Tailored offerings and customer proximity drive new business

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Megadeals in Egypt

- **Beni Suef, Burullus and New Capital** power plants
  - **Fast track projects** for **13.2 GW**
  - Modular Combined Cycle Power Plants with **H-Frame gas turbines**
- **Firm agreement** for **2 GW** onshore wind power generation capacity
  - Build up of rotor blade factory
  - Execution from late FY 17 planned

Major order in Mobility

- **Largest regional rail transport order** ever won by Siemens in Germany
  - **Customer:** Rhine-Ruhr Metropolitan Region in Germany
  - **82 Desiro HC** electric multiple units
  - **Maintenance services** over a period of **32 years**
  - **> €1.7bn** total order volume

PG: Accelerating innovation and productivity actions
WP: Continued operational challenges impact margin

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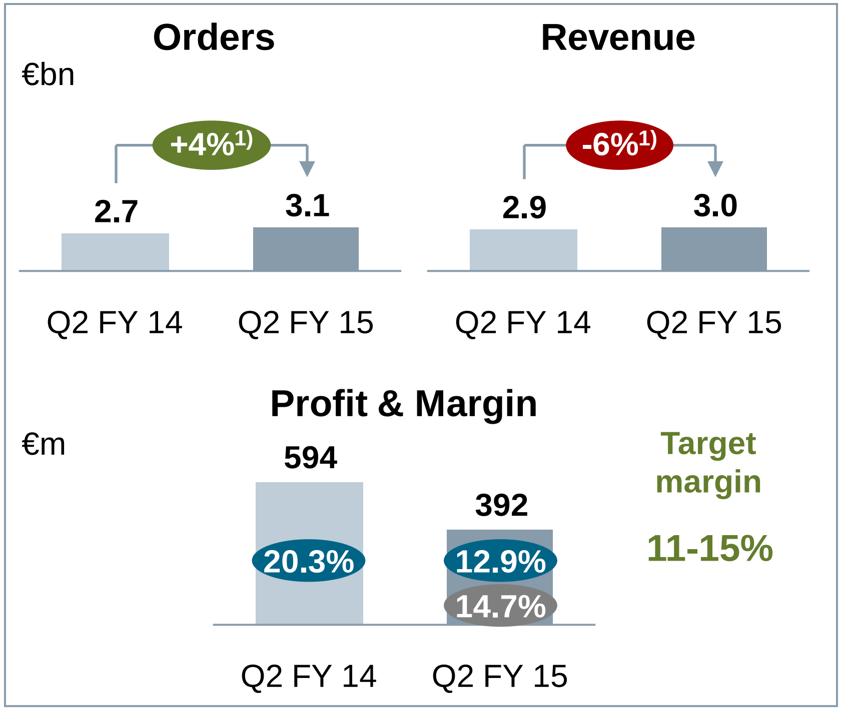
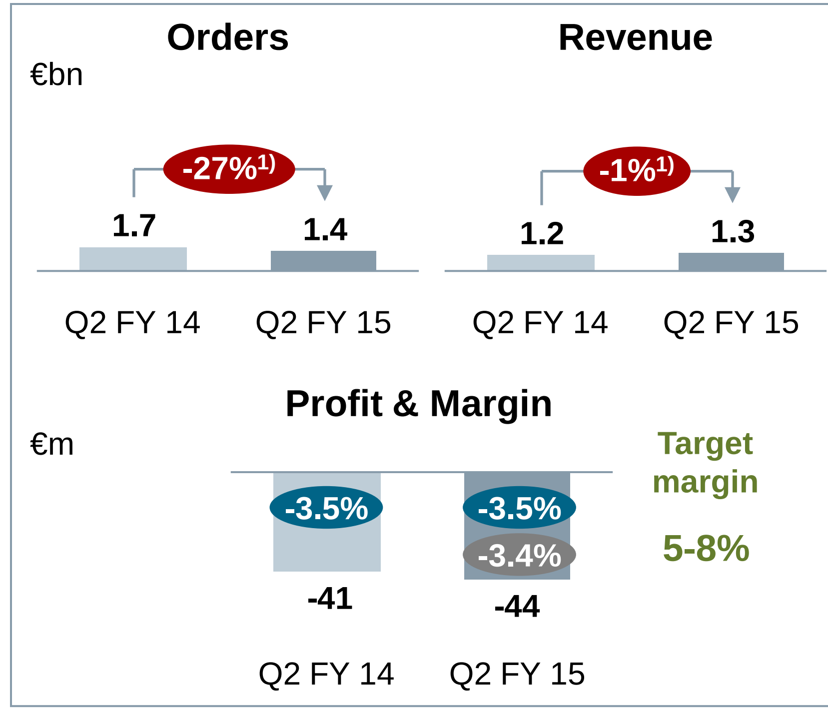
Power and Gas (PG)



- Positive effects by strong project execution
- Higher R&D for innovation push
- Expect operational margins at the lower end of the corridor

Wind Power and Renewables (WP)



- Sharply lower offshore order volume
- Main bearings still a topic
- Ramping up commercial scale production of a new turbine offering

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

x.x% Margin as reported   x.x% Margin excl. severance

EM: Progress in execution of legacy projects
BT: Productivity push to mitigate CHF strength

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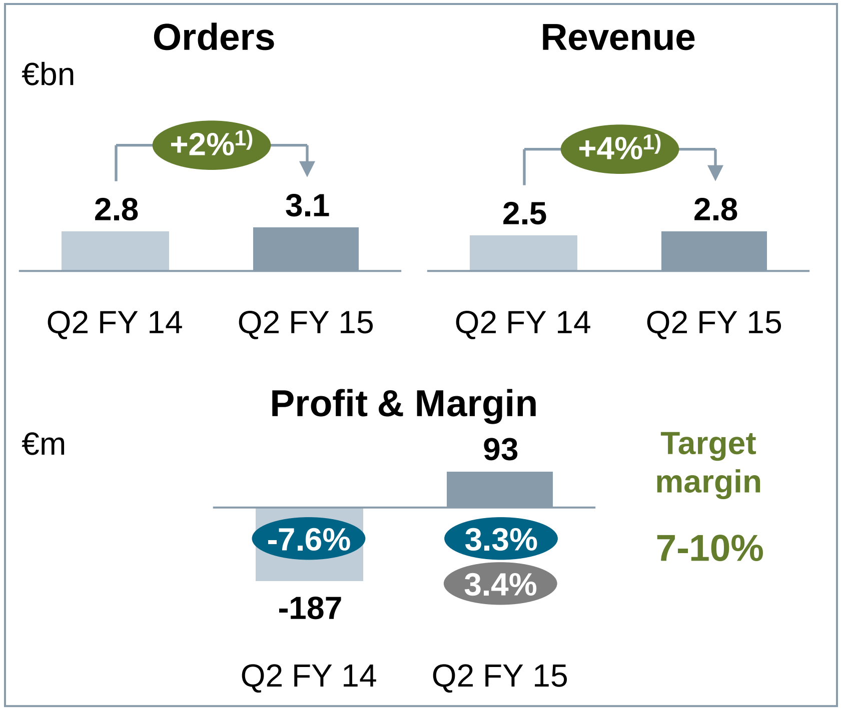
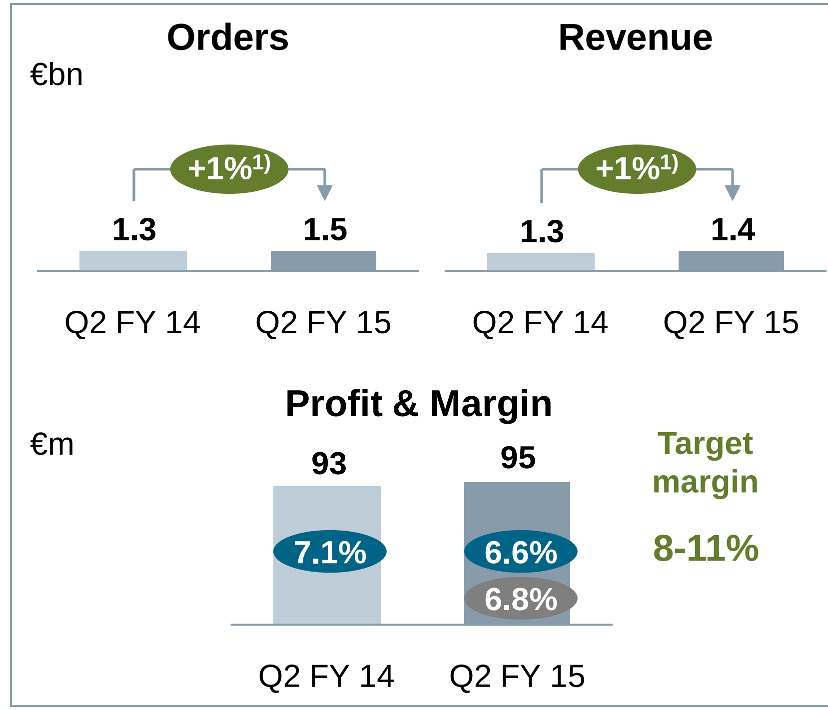
Energy Management (EM)



- **Substantial order growth in Americas due to large HVDC order**
- **Adverse mix due to large revenue portion with low margins**

Building Technologies (BT)



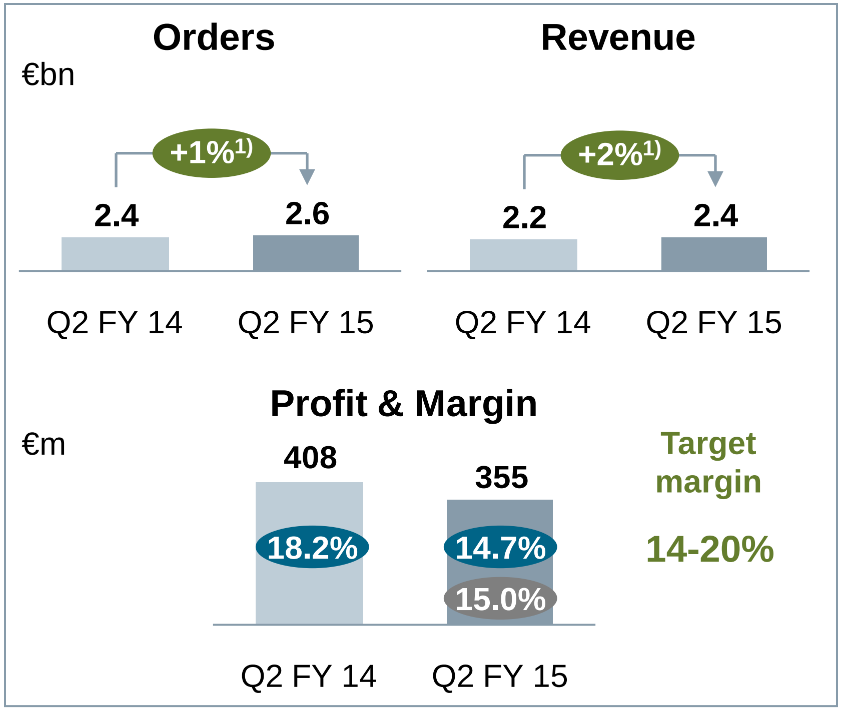
- **Order growth driven by the U. S.**
- **Mid-term productivity measures to compensate for adverse profit impact of CHF appreciation initiated**

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

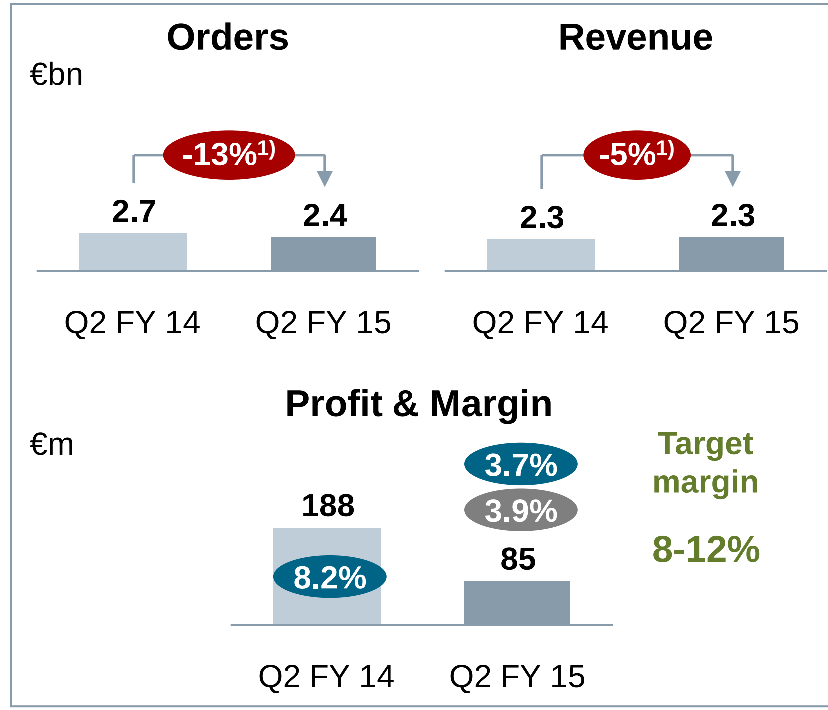
x.x% Margin as reported   x.x% Margin excl. severance

DF: Temporarily softer and stronger outlook
PD: Commodity related weakness weighs on margin

Digital Factory (DF)



Process Industries and Drives (PD)



- **Order growth driven by motion control and industry software (PLM)**
- **Lower revenue share from high margin products and weaker China channels**

- **Weaker demand in commodity related industries (O&G, Metals, Mining, Cement)**
- **Margin impact from operational challenges in O&G/Marine & Large Drives solutions**

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

x.x% Margin as reported   x.x% Margin excl. severance

MO: Stringent project execution
HC: Higher growth and solid margin

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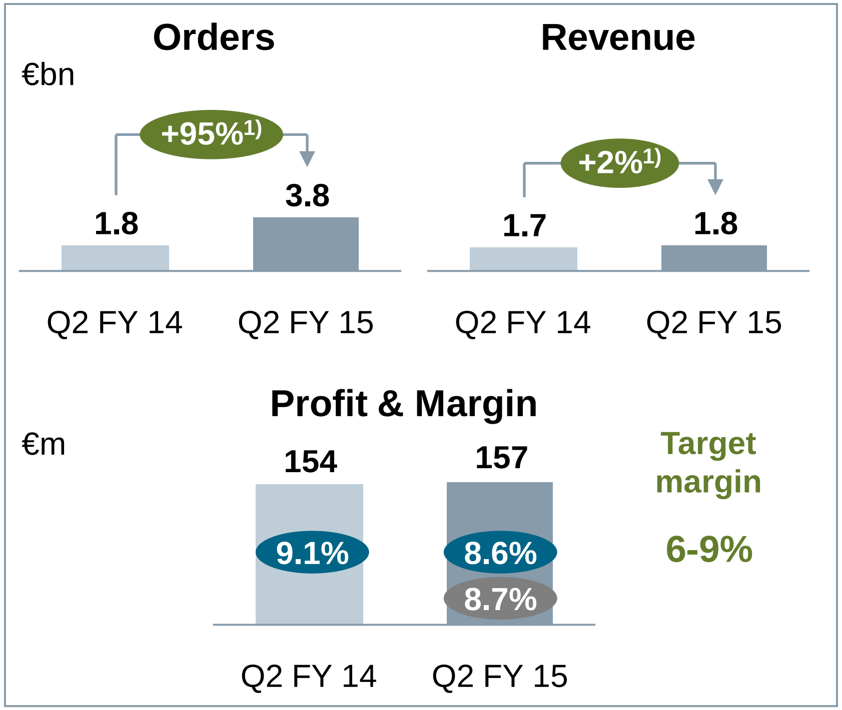
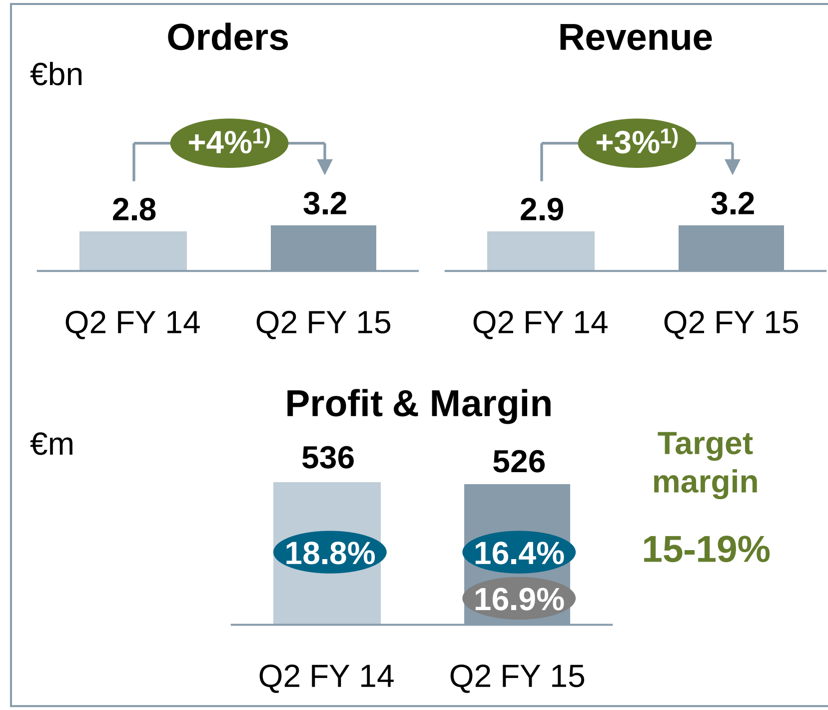
Mobility (MO)



- Revenue growth driven by execution of turnkey projects & rail infrastructure bus.
- Higher revenue and net positive effects related to high speed trains foster margin

Healthcare (HC)



- Revenue strong in Europe and good in China, US flat
- Includes €61m gain on sale of Microbiology business

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

x.x% Margin as reported   x.x% Margin excl. severance

Below Industrial Business materially benefitting from disposal gains

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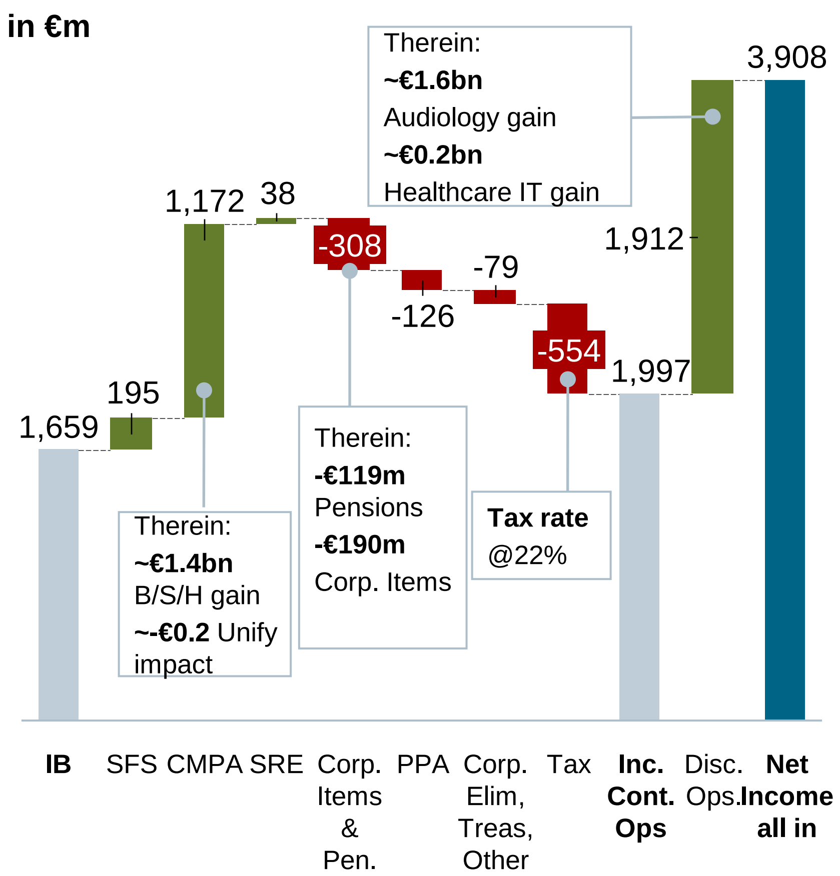
Below Industrial Business (Q2 FY 2015)



Expectations for H2 FY 2015

- **SFS**: H2 in line with prior year
- **CMPA**:
  - B/S/H closed, no further equity income
  - Negative impact from other portfolio elements (e.g. Unify, Postal & Baggage Handling, Metals) & M&A related costs
- **SRE**: Lower than prior year, dependent on disposal gains
- **Corporate Items**: H2 > H1; volatility related to warrants, among others
- **Pension**: ~-€125m per quarter
- **Treasury**: Volatility depending on interest rates
- **PPA**: Quarterly run-rate to increase by mid-to-high double digit €m after Dresser-Rand closing
- **Discont. Operations**: Limited impact in H2

Weak Free Cash Flow in Q2 mainly due to build up of net operating working capital and treasury effects

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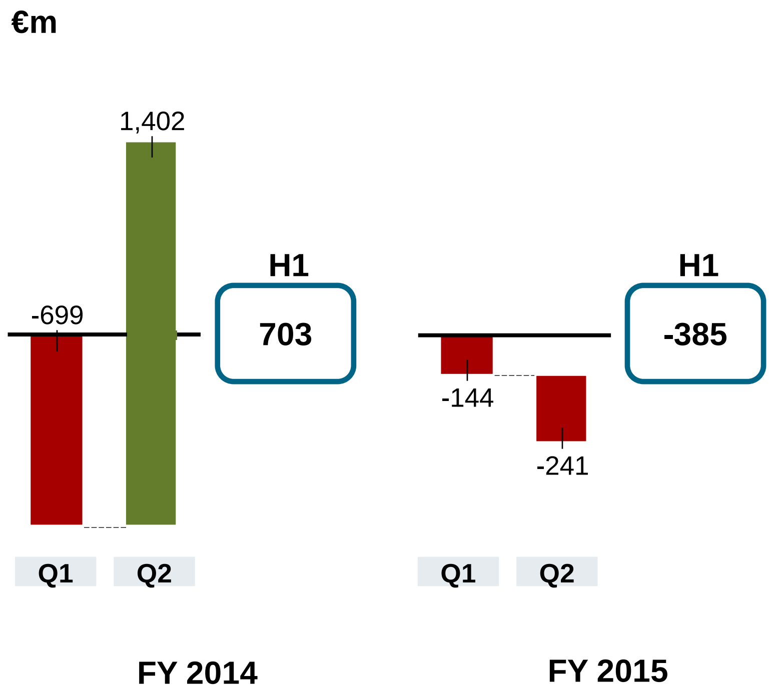
Quarterly free cash flow ("all-in")



Key drivers free cash flow

IB – Net Operating Working Capital turns[1)]

1) Fiscal 2012 and 2013: Total Sectors

- Higher **operating working capital,** mainly
  - **Power & Gas** (inventories, Rolls-Royce integration)
  - **Wind Power** (lower advances and billings in excess)
- **Negative Treasury impact** mainly due to settlements of hedging instruments

Free Cash Flow for Industrial Business with significant improvement over H1 expected

Weaker Euro with limited windfall for H1 profitability, acceleration expected in H2 FY 2015

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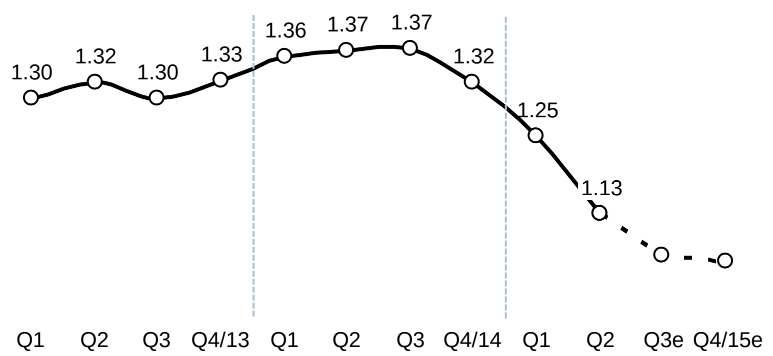
FX impact in FY 2015

Quarterly average EUR/USD rates



FX impact

	Q2/15	H1/15	H2/15e
Revenue	**+8%**	**+5%**	**high single digit**
Profitability	-10bps	+10bps	~+90bps

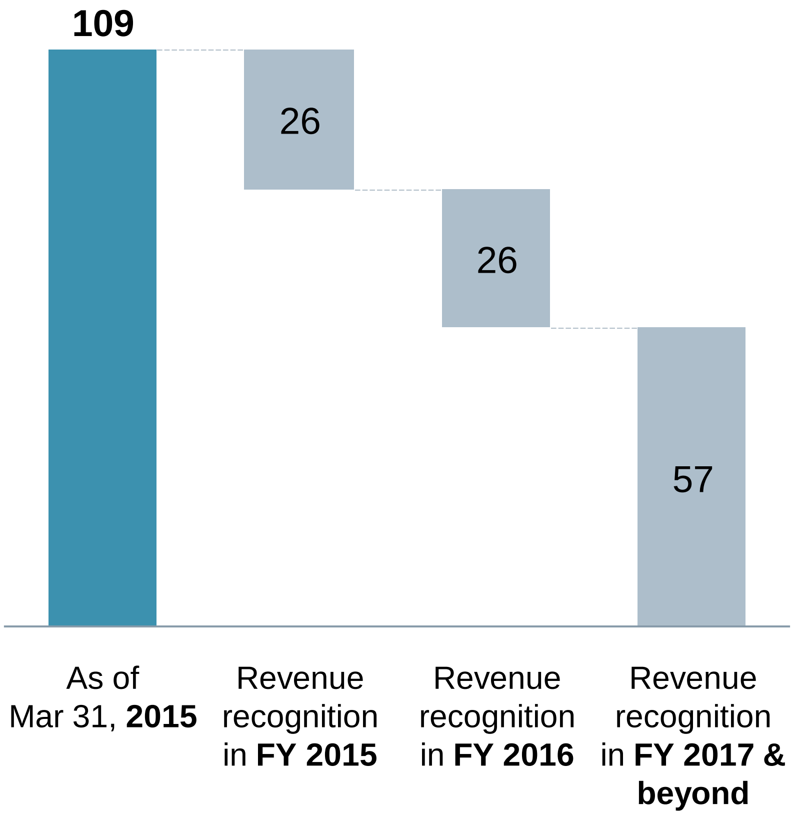
Hedging strategy and effects

- **Limited impact on profitability in H1** due to consistent hedging policy:
  - ≥75% of product business exposure at least three months in advance
  - Large project businesses fully hedged at time of order booking
- **Margin windfall in H2** as favorable hedging rates take effect
- **Medium term some positive structural effects** from weaker Euro against major currencies (USD, CNY, GBP, INR, among others)
- Strong focus on **natural hedging** to mitigate risk from currency volatility

Clear progress in executing legacy projects – reduced project charges on better backlog quality

Order backlog revenue recognition

in €bn (Industrial Business)



Progress in project execution

- Implementation of **"corporate memory"** supports improvement in **backlog quality** and **risk mitigation**
- **H1 FY 2015** with **stringent project execution**
- **Three** North Sea **offshore grid connection projects** in **commercial operation** as of **April 2015**

Restructuring and operational consolidation in FY 2015 is financed by disposal gains

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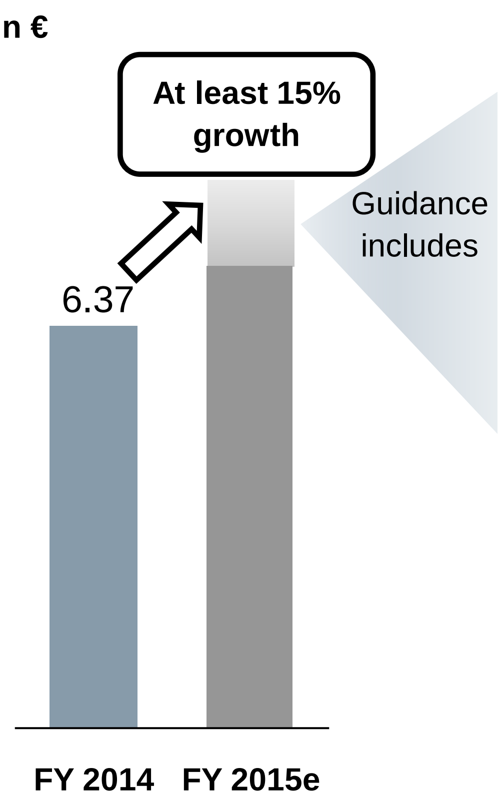
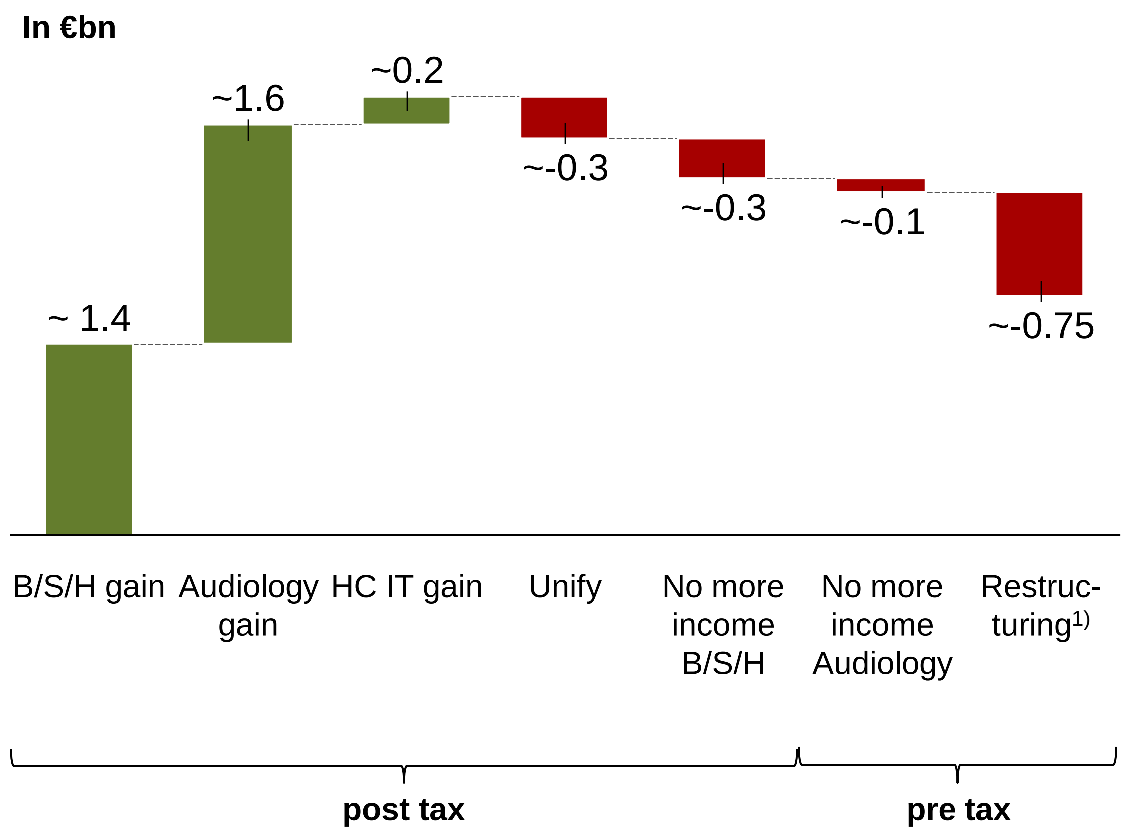
Basic earnings per share (Net income)





1) Midpoint of range of mid to high three digit million Euro assumed

Our target to reduce complexity and achieve cost reduction of ~€1bn is on track

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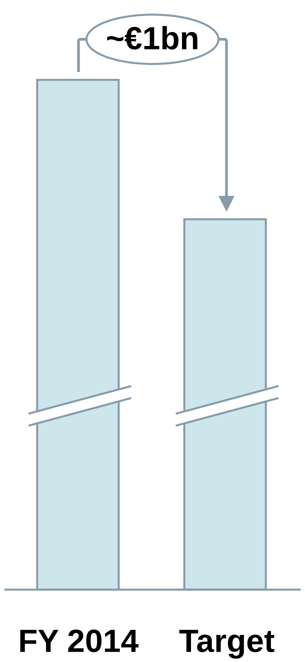
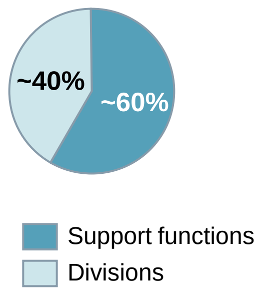
Current status for functional cost reduction

Target for functional cost reduction

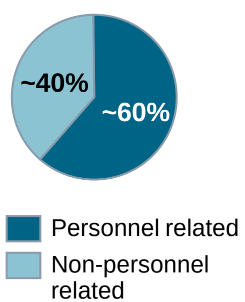


Current status

€1bn of saving potential are backed with **concrete measures**

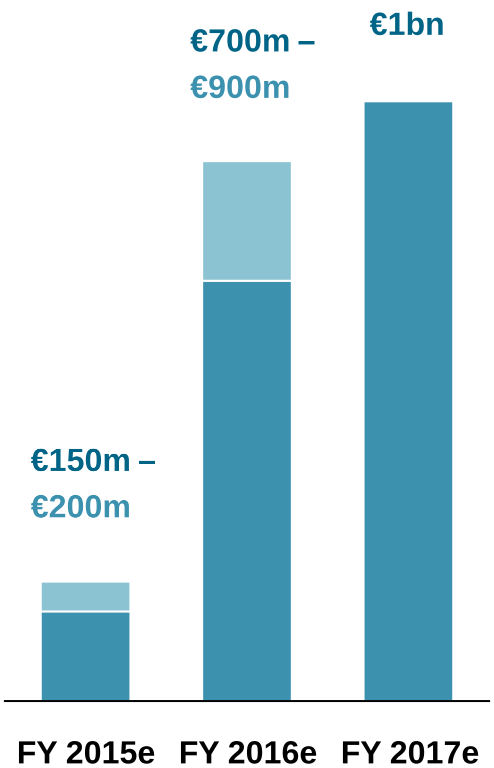


- **Significant savings** to be generated by **support functions** (e.g., IT, HR, SCM, Finance)
- **Organization streamlined** in **Divisions**, e.g., by removing organizational layers and combining businesses



- Savings to affect **~7,800 jobs worldwide**, thereof **~3,300 in Germany**
- **Non-personnel related savings**, e.g.,
  - **IT:** Storage concepts; Cloud solutions
  - **SCM:** Digitalize purchase to pay process

Cumulated effects of savings



Fixing remaining underperforming businesses is key priority – other options remain

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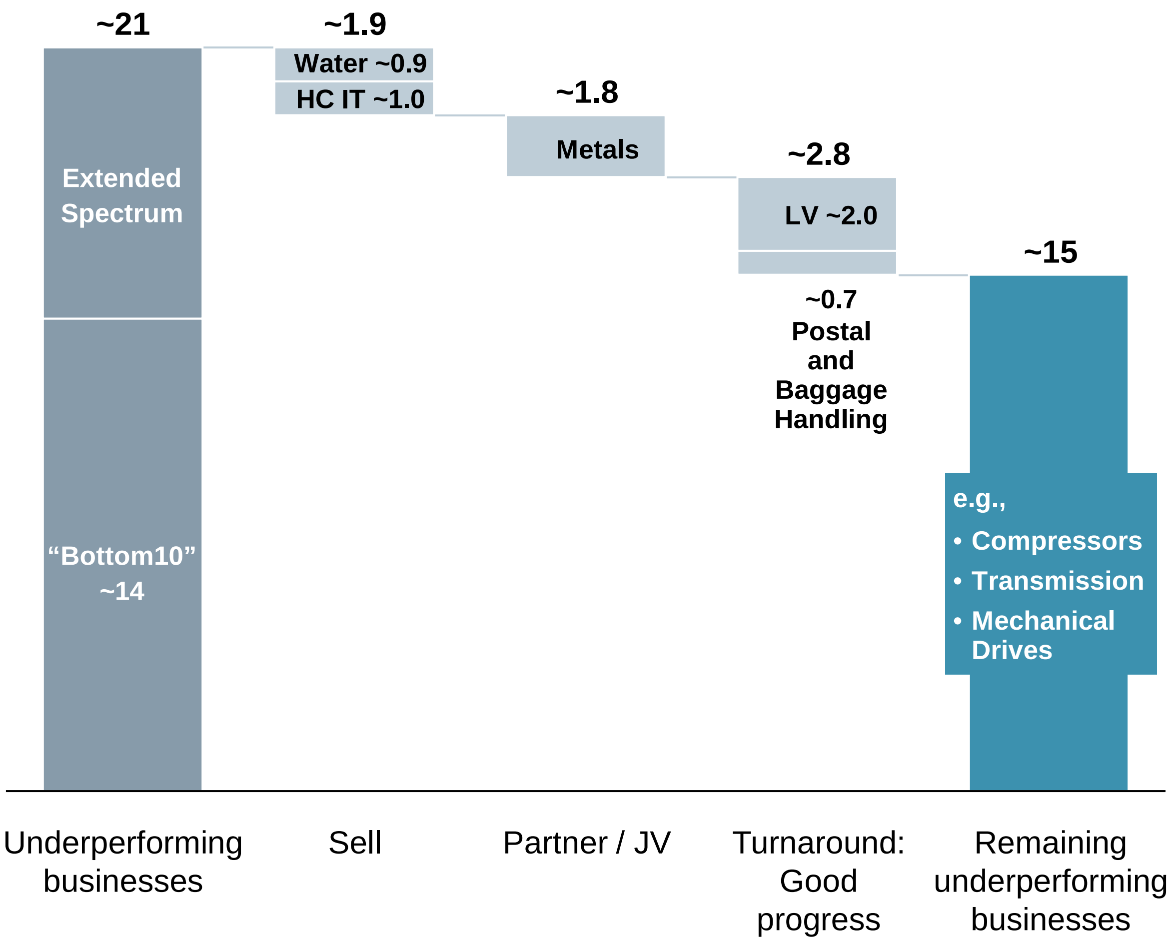
Revenue FY 2013 in €bn



- **Footprint optimization**
- **Reverse integration**
- **Partnering**
- **Tight Managing Board control**

FY	13	14	15e	17e	20e
Margin	-4%	-3%	+1%	~6%	>8%

Outlook Fiscal 2015 confirmed despite weakening indicators

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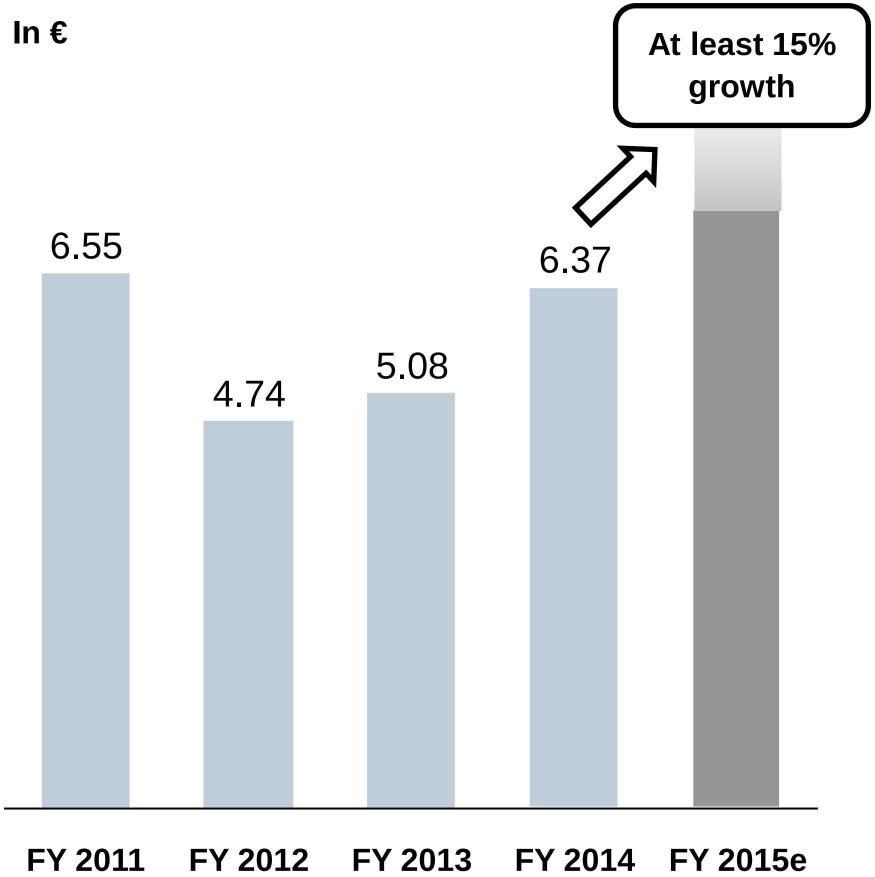
Basic earnings per share (Net income)

In €



- We believe that our business **environment will be complex in fiscal 2015**, among other things due to **geopolitical tensions**.
- We expect **revenue** on an **organic basis** to remain **flat year-over-year**, and orders to exceed revenue for a **book-to-bill** ratio **above 1.**
- Furthermore, we expect that **gains from divestments** will enable us to **increase basic earnings per share (EPS)** from **net income** by **at least 15% from €6.37 in fiscal 2014.**
- For our **Industrial Business**, we expect a profit **margin* of 10–11%.**
- This outlook excludes impacts from legal and regulatory matters.

**Effective with fiscal 2015, our enhanced profit definition excludes amortization of intangible assets acquired in business combinations.*

Appendix

One Siemens Financial Framework – Clear targets to measure success & accountability

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One Siemens Financial Framework

Siemens

Growth: Siemens > most relevant competitors[1)]
(Comparable revenue growth)

Capital efficiency
(ROCE[2)])
15-20%

Total cost productivity[3)]
3-5% p.a.

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

Dividend payout ratio
40-60%[4)]

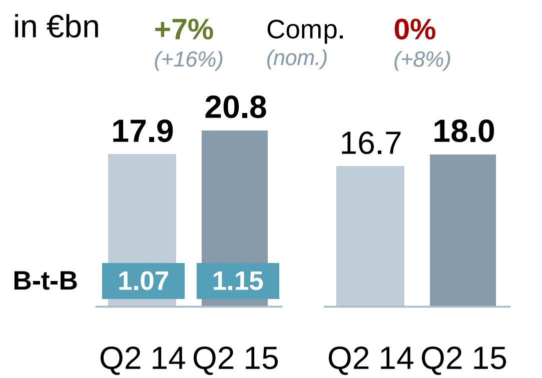
Profit Margin ranges of businesses (excl. PPA)[5)]

PG 11-15%	**EM** 7-10%	**MO** 6-9%	**PD** 8-12%	**SFS**[6)] 15-20%
WP 5-8%	**BT** 8-11%	**DF** 14-20%	**HC** 15-19%	

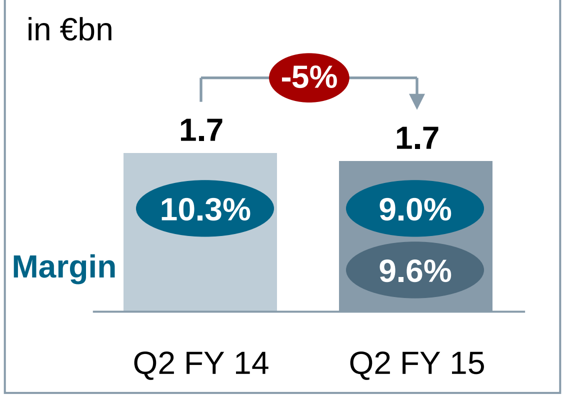
1) ABB, GE, Rockwell, Schneider, Toshiba, weighted; 2) Based on continuing and discontinued operations; 3) Productivity measures divided by functional costs (cost of sales, R&D, SG&A expenses) of the group; 4) Of net income excluding exceptional non-cash items; 5) Excl. acquisition related amortization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

Financial Cockpit

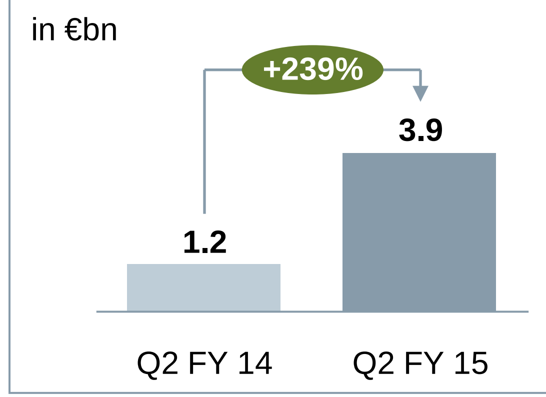
Orders Revenue



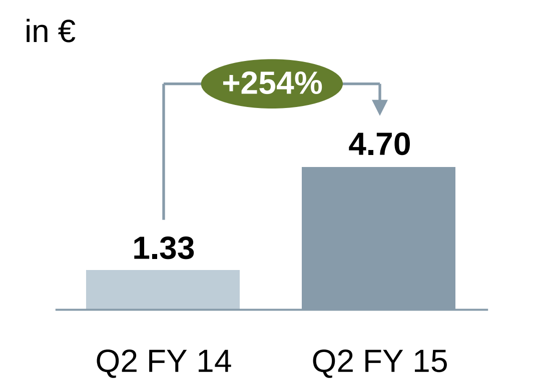
Profit Industrial Business (IB)



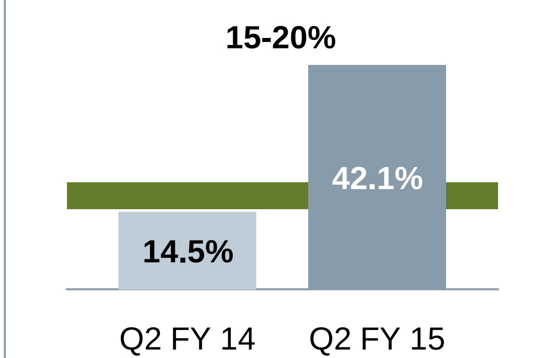
Net Income



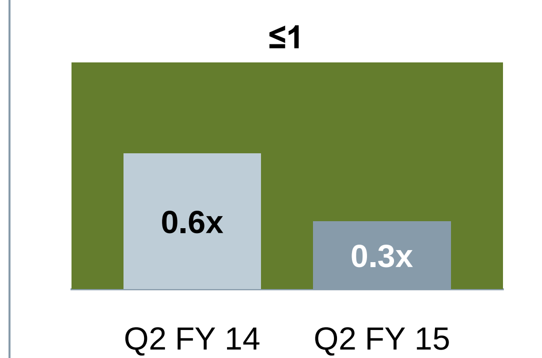
EPS ("all-in")



ROCE ("all-in")

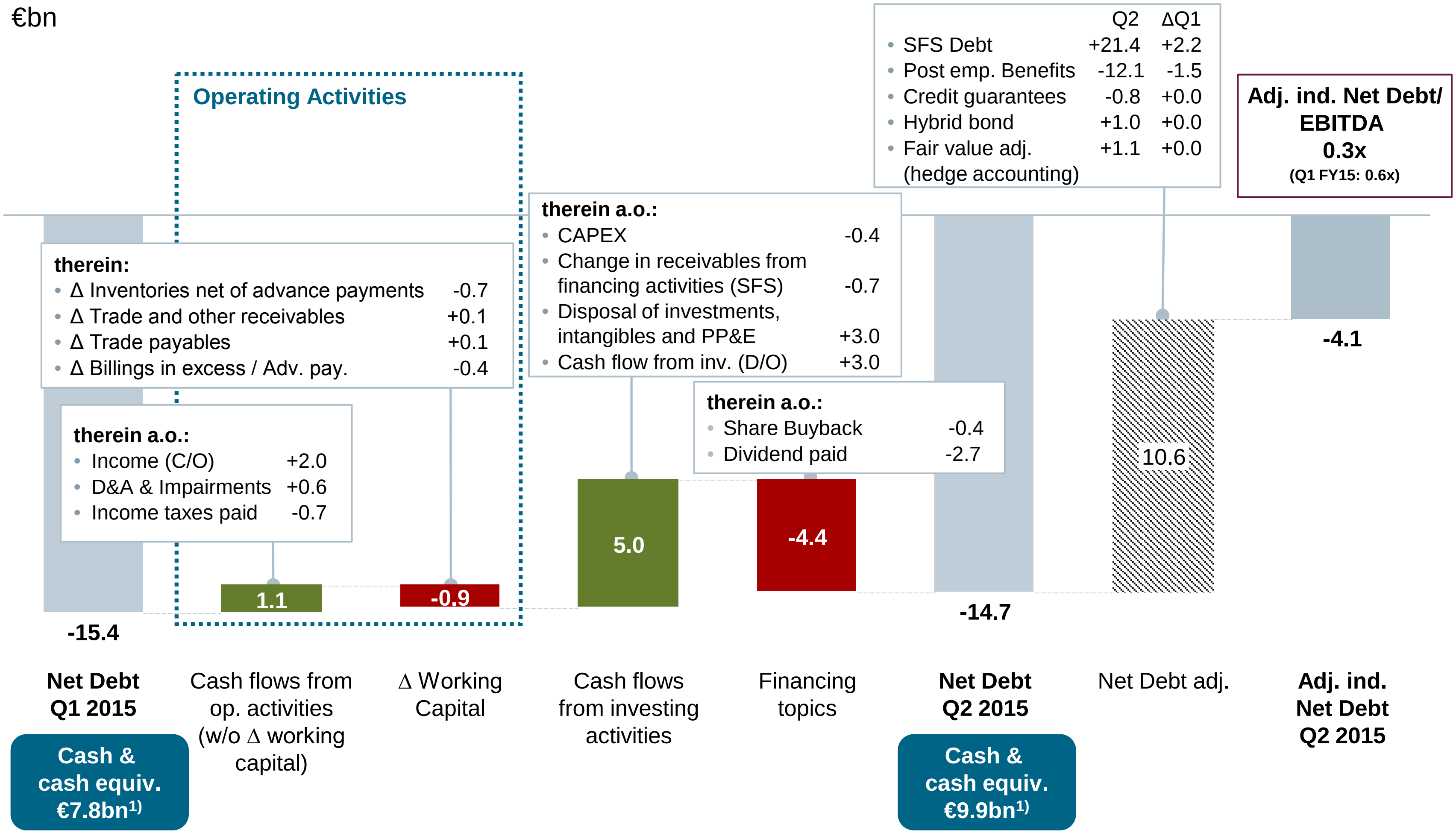


Capital structure



x.x% Margin as reported   x.x% Margin excl. severance

Net Debt Bridge as of Q2 FY 2015



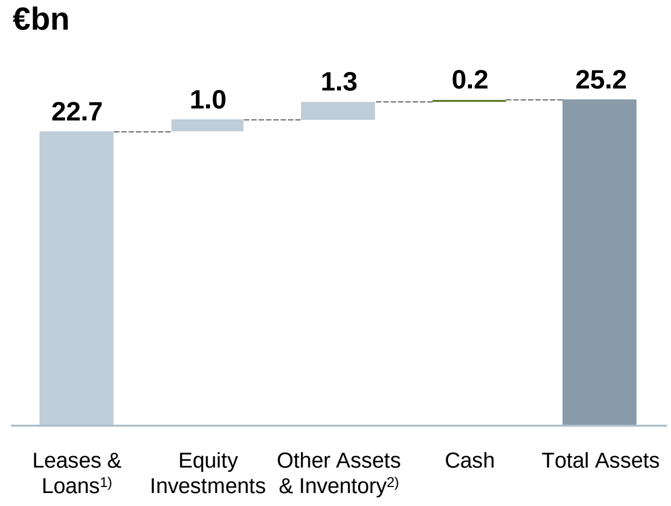
1) Including available-for-sale financial assets

SFS Key Figures Q2 FY15

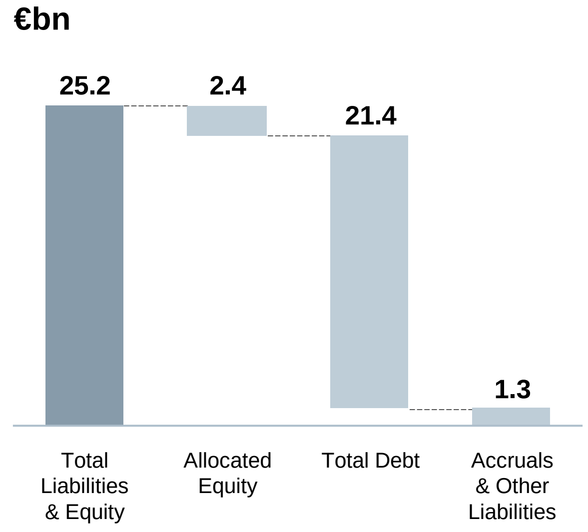
Key Financial Data SFS

Assets	€25.2bn
Profit before Tax	€195m
Return on Equity after tax	28.0%
Operating and Investing Cash Flow	- €393m

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

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Pension underfunding increased to -€11.0bn in Q2

Deficit for Siemens' pension plans increased in Q2, mainly due to decreased discount rate assumptions

in €bn[1)]	FY 2012	FY 2013	FY 2014	Q1 2015	Q2 2015
Defined benefit obligation (DBO) on pension benefit plans	(33.0)	(32.6)	(35.0)	(36.8)	(40.8)
Fair value of plan assets	24.1	24.1	26.5	27.3	29.8
Funded status of pension plans	**(8.9)**	**(8.5)**	**(8.5)**	**(9.6)**	**(11.0)**
DBO on other post-employment benefit plans (mainly unfunded)	0.7	0.6	0.5	0.6	0.6
Discount rate[2)]	3.2%	3.4%	3.0%	2.6%	2.1%
Interest Income[2)]	0.9	0.8	0.8	0.2	0.2
Actual return on plan assets[2)]	3.2	1.3	2.9	0.8	1.6

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

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May

May 7, 2015

Q2 Earnings Release and Analyst Conference (London)

May 27, 2015

Bernstein Strategic Decisions Conference (New York)

May 28, 2015

Canada Roadshow (Toronto)

June

June 10, 2015

Exane European CEO Conference (Paris)

June 11, 2015

JP Morgan European Capital Goods Conference (London)

June 17, 2015

Deutsche Bank German, Swiss & Austrian Conference (Berlin)

July

July 30, 2015

Q3 Earnings Release and Analyst Call

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