Siemens delivers strong Q4, fiscal-year guidance fully achieved in all respects

Joe Kaeser, President and CEO Siemens AG
Ralf P. Thomas, CFO Siemens AG
Analyst Call, November 7, 2019
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, prospectuses, 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 Report on expected developments and associated material opportunities and risks in the Annual Report. Should one or more of these risks or uncertainties materialize, should decisions, assessments or requirements of regulatory authorities deviate from our expectations, or should underlying expectations including future events occur at a later date or not at all 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 the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-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 the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance 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.
Our agenda for today

- Performance FY 2019
- Status Project Powerhouse (Spin off)
- Status execution Vision 2020+
- Outlook FY 2020
**FY 2019 – Initial guidance achieved on all metrics**

### Orders (€bn)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td>91.3</td>
<td></td>
</tr>
<tr>
<td>FY 2019</td>
<td>98.0</td>
<td></td>
</tr>
</tbody>
</table>

- **+6%**\(^1\)

### Revenue (€bn)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td>83.0</td>
<td></td>
</tr>
<tr>
<td>FY 2019</td>
<td>86.8</td>
<td></td>
</tr>
</tbody>
</table>

- **+3%**\(^1\)

**Book-to-bill 1.13**

### Adj. EBITA margin Industrial Business (ex. severance)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td>12.0%</td>
<td></td>
</tr>
<tr>
<td>FY 2019</td>
<td>11.5%</td>
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</tbody>
</table>

- **-50bps**

### Basic Earnings per Share (ex. severance)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td>€6.01(^2)</td>
<td></td>
</tr>
<tr>
<td>FY 2019</td>
<td>€6.93</td>
<td></td>
</tr>
</tbody>
</table>

- **+15%**

**€6.30 - €7.00**

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

2) Excluding Atos + Osram portfolio gains of €1.87
Guidance – Keeping commitments

### Q4 – Strong finish

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
<th>IB Adj. EBITA margin excl. severance</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2%</td>
<td>+6%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EPS excl. severance</th>
<th>Free Cash Flow</th>
<th>Indust. ND/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>€1.90</td>
<td>€5.3bn</td>
<td>0.6x</td>
</tr>
</tbody>
</table>

Orders and Revenue growth comparable

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November 7, 2019

Q4 FY 2019 Analyst Call
Digital Industries (DI)
Excellent Software business with clear market share gains

Orders

€bn

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>4.0</td>
<td></td>
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</tbody>
</table>

Revenue

€bn

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>0.9</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>3.2</td>
<td></td>
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</tbody>
</table>

Adj. EBITA Margin

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<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
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</thead>
<tbody>
<tr>
<td>17.8%</td>
<td>19.5%</td>
<td>18.5%</td>
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</tbody>
</table>

Free Cash Flow

€m

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
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<tbody>
<tr>
<td>762</td>
<td>873</td>
<td></td>
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<tr>
<td>1.11</td>
<td>1.10</td>
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</tbody>
</table>

+190bps 17-23%

Key focus on tight cost control

Software and Process Automation revenue strongly up – discrete automation with clearly weaker demand

FCF up on stringent working capital management

1) Comparable thereby Software x.x% Adj. EBITA margin excl. severance xx Cash Conversion Rate
Ongoing weakness in discrete automation compensated by continued strength in Software and stable Process Automation

### DI revenue share in vertical end markets

<table>
<thead>
<tr>
<th>Vertical End Market</th>
<th>As of Q3/19</th>
<th>As of Q4/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>20%</td>
<td></td>
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<tr>
<td>Machine Tools</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Pharma &amp; Chemicals</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Electronics &amp; Semiconductors</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Aerospace &amp; Defense</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

### Q4 FY 2019 - Key regions Automation (excl. Software)

<table>
<thead>
<tr>
<th>Region</th>
<th>Orders %</th>
<th>Revenue %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>-5%</td>
<td>+8%</td>
</tr>
<tr>
<td>Machine Tools</td>
<td>-5%</td>
<td>+2%</td>
</tr>
<tr>
<td>Pharma &amp; Chemicals</td>
<td>-11%</td>
<td>-6%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>-3%</td>
<td>-2%</td>
</tr>
<tr>
<td>Electronics &amp; Semiconductors</td>
<td>-5%</td>
<td>+8%</td>
</tr>
<tr>
<td>Aerospace &amp; Defense</td>
<td>-5%</td>
<td>+8%</td>
</tr>
</tbody>
</table>

1) Y-o-Y industry revenue development

Note: Orders and revenue growth comparable

Software revenue growth

| FY 2019: +8% | FY 2020: |
## Smart Infrastructure (SI)

### Strong finish across the board

**Orders (€bn)**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.0</td>
<td>4.4</td>
</tr>
</tbody>
</table>

+5%¹)

**Revenue (€bn)**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>2.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

+3%¹)

**Adj. EBITA Margin**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.0%</td>
<td>13.1%</td>
</tr>
<tr>
<td></td>
<td>12.8%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

+10bps

10-15%

**Free Cash Flow (€m)**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>572</td>
<td>958</td>
</tr>
</tbody>
</table>

+67%

¹) Comparable therein Products

### Analysis

**Growth driven by solution and service – slowing product business**

**Strong profit conversion and opex control offset high grid edge invest**

**Extraordinarily strong receivables collection and inventory management**
Gas and Power (GP)
Strong execution in a continued difficult business

Orders

€bn
+9%¹
5.2
5.7
Q4 FY 18
Q4 FY 19

Revenue

+2%¹
4.9
5.1
2.1
2.3
Q4 FY 18
Q4 FY 19

Adj. EBITA Margin

+260bps
5.5%
5.6%
-0.8%
1.8%
Q4 FY 18
Q4 FY 19

Free Cash Flow

+167%
382
1,021
Q4 FY 18
Q4 FY 19

Higher large orders in new-unit business

Strong service contribution for profitable growth

Excellent progress in working capital optimization

¹) Comparable therein Service Adj. EBITA margin excl. severance Cash Conversion Rate

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Q4 FY 2019 Analyst Call
Mobility (MO)
Industry leading margins based on reliable execution

Revenue growth driven by Rolling Stock and Service

Sustainable margin performance

Significant free cash flow swing back

1) Comparable x.x%  Adj. EBITA margin excl. severance  x.x  Cash Conversion Rate
Performance of listed Strategic Companies

**Siemens Healthineers**

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q4 FY 18</td>
<td>4.3</td>
</tr>
<tr>
<td>Q4 FY 19</td>
<td>4.6</td>
</tr>
</tbody>
</table>

**Adj. EBITA Margin**

<table>
<thead>
<tr>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1%</td>
<td>19.0%</td>
</tr>
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</table>

**Free Cash Flow**

<table>
<thead>
<tr>
<th>€m</th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>642</td>
<td>1.01</td>
<td></td>
</tr>
<tr>
<td>787</td>
<td>1.02</td>
<td></td>
</tr>
</tbody>
</table>

**Siemens Gamesa**

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q4 FY 18</td>
<td>2.6</td>
</tr>
<tr>
<td>Q4 FY 19</td>
<td>3.1</td>
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</table>

**Adj. EBITA Margin**

<table>
<thead>
<tr>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4%</td>
<td>4.5%</td>
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</table>

**Free Cash Flow**

<table>
<thead>
<tr>
<th>€m</th>
<th>Q4 FY 18</th>
<th>Q4 FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4</td>
<td>4.33</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>8.09</td>
<td></td>
</tr>
</tbody>
</table>

¹) Comparable Adj. EBITA margin excl. severance x.x% Cash Conversion Rate

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Q4 FY 2019 Analyst Call
Free Cash Flow
A promise delivered – efforts continue

Cash conversion rate (Industrial Businesses)

<table>
<thead>
<tr>
<th>Year</th>
<th>CCR (as rep.)</th>
<th>CCR target “1-growth”</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>0.96</td>
<td>1.01</td>
</tr>
<tr>
<td>FY 2016</td>
<td>0.86</td>
<td>0.96</td>
</tr>
<tr>
<td>FY 2017</td>
<td>0.79</td>
<td>0.97</td>
</tr>
<tr>
<td>FY 2018</td>
<td>0.80</td>
<td>0.98</td>
</tr>
<tr>
<td>FY 2019</td>
<td>0.89</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Key factors

- Working capital improvement by €1.1bn above CMD target of €1bn
- Capex ratio of 139% to improve footprint
- Senior management bonus incentive: 1/3 of bonus relates to CCR-target

Free cash flow “all-in”

<table>
<thead>
<tr>
<th>Year</th>
<th>€bn</th>
</tr>
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<tbody>
<tr>
<td>FY 2015</td>
<td>4.7</td>
</tr>
<tr>
<td>FY 2016</td>
<td>5.5</td>
</tr>
<tr>
<td>FY 2017</td>
<td>4.8</td>
</tr>
<tr>
<td>FY 2018</td>
<td>5.8</td>
</tr>
<tr>
<td>FY 2019</td>
<td>5.8</td>
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</tbody>
</table>
Sustainable shareholder return
Attractive dividend policy and ongoing share buyback

3.5% average dividend yield

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<tbody>
<tr>
<td>3.0%</td>
<td>€2.70</td>
<td>€3.00</td>
<td>€3.00</td>
<td>€3.00</td>
<td>€3.30</td>
<td>€3.50</td>
<td>€3.60</td>
<td>€3.70</td>
<td>€3.80</td>
<td>€3.90</td>
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5.40\%³)

Dividend payout ratio

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<tbody>
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<td>46%</td>
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<td>50%</td>
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<td>38%</td>
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<td>52%</td>
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<td>49%</td>
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<td>53%</td>
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<tr>
<td>61%</td>
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Share buyback continued

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</thead>
<tbody>
<tr>
<td></td>
<td>2.9</td>
<td>4.0</td>
<td>3.0</td>
<td></td>
<td>1.0</td>
</tr>
</tbody>
</table>

1) Dividend / XETRA closing price at day of AGM
2) Share price of Sep 30, 2019: €98.25
3) Effect of OSRAM stock distribution to shareholders of €2.40 per share, not reflected in dividend payout ratio
Vision 2020+
Execute on transformation

Anticipate markets and trends

Transformation

Ultimate value creation
Leading in all businesses, shaping change

#RaisingTheBar
Focus
Accountability
Adaptability

Key: Foster Ownership Culture and strengthen entrepreneurial focus
Siemens Energy spin off fully on track despite tight time table

- Carve-out concept per country defined
- Leadership team in place
- Brand name announced
- Portfolio set-up defined

Timeline:
- Nov 7 2019: Today
- March / April 2020: Carve-out effectiveness
- May 2020: Spin-off-Report
- June 2020: Extraordinary General Meeting
- July 2020: Capital Market Day Prospectus
- September 2020: Roadshow

Listing
Gas and Power portfolio strengthened

**From Portfolio companies (POC)**

- **Process Solutions**
- **Subsea Business**
- **Voith Hydro (35%)**
- **Ethos Energy (49%)**

FY 2019 comparable

Revenue: €1.0bn
Adj. EBITA: €44m

**Gas and Power**

FY 2019 comparable

Revenue: €19.3bn
Adj. EBITA Margin: 3.8%

**From Smart Infrastructure**

- **Distribution Transformers**

FY 2019 comparable

Revenue: €0.6bn
Adj. EBITA: €35m

**Gas and Power (as reported)**

Revenue: €17.7bn
Adj. EBITA Margin: 3.8%
Digital Industries – Cost optimization program accelerated to sustain profitability in target margin range

Main levers

Integration synergies from Vision 2020+
- Two Divisions into one Operating Company
- Corporate functions shifted to Digital Industries
- BU SW Synergies from integration

DI Internal Process improvements
- Optimization of internal regional structure
- Optimization of order management, logistic and controlling processes
- Structural optimization cross Digital Industry

Internal digitalization
- Leveraging industrial software and automation methodologies to drive additional efficiency by utilizing digital enterprise suite
- Increased and optimized degree of automation in factories
- Comprehensively digitalized end to end PLM processes
- Comprehensive and optimized use of MindSphere

Impact cost optimization

€40m

€130m

€150m

Base productivity 3 – 5% p. a.
**Smart Infrastructure – Commitment to stay in target margin range in FY 2020**

**FY 2020 Framework**

<table>
<thead>
<tr>
<th>Revenue growth above market growth</th>
<th>Adj. EBITA in target margin range</th>
<th>Cash conversion rate 1 - growth</th>
</tr>
</thead>
</table>

- **Annual adj. EBITA improvement (CMD view confirmed)**
  - Business mix
  - Product and system business
  - Lean setup

<table>
<thead>
<tr>
<th>Base productivity 3-5%</th>
<th>€200m</th>
<th>€400m</th>
</tr>
</thead>
<tbody>
<tr>
<td>by FY 2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>by FY 2023</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Stringent implementation – examples**

- **Reduction of 2k jobs communicated to European workers councils** (thereof 1.2k in Germany) | **Further measure detailing ongoing**
  - **Business mix** – Focus on €2bn less synergetic or low margin portfolio | **Distribution Transformers (~€600m) transferred to Siemens Energy** | **First divest activities kicked off**
  - **Product and system business** – Streamlining of manufacturing landscape started, first factory closed
  - **Lean setup** – Process offshoring and automation | **Central team** with expertise in process automation and analysis established to **drive optimization** | **1st wave in US**, other regions following

---

1 based on market growth of ~3% CAGR18-24

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## Mobility - Attractive long-term growth opportunities

### Industry leading margins

**Excellent resilient performance**

<table>
<thead>
<tr>
<th>Book-to-bill</th>
<th>1.01</th>
<th>1.11</th>
<th>1.25</th>
<th>1.45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue in €bn</td>
<td>+6%</td>
<td>+6%</td>
<td>+11%</td>
<td>+0%</td>
</tr>
<tr>
<td>Comp. growth</td>
<td>FY 2016</td>
<td>FY 2017</td>
<td>FY 2018</td>
<td>FY 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CCR</th>
<th>0.75</th>
<th>1.36</th>
<th>1.04</th>
<th>0.92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITA margin</td>
<td>9.4%</td>
<td>10.0%</td>
<td>10.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>FY 2017</td>
<td>FY 2018</td>
<td>FY 2019</td>
<td></td>
</tr>
</tbody>
</table>

**Strategic priorities, FY 2020 framework**

- Healthy order backlog of €33bn
- Favorable market environment
- Sustain leading margin position through reliable execution, operational excellence, footprint optimization
- Expand technology leadership through digitalization
- Rail Infrastructure
  - Transform portfolio from proprietary hardware to cloud
- Rolling Stock
  - Lead cost offerings enabling growth, i.e., turnkey markets
- Customer Services
  - Life cycle approach and scaling digital services

Note: FY 2016 including Traction Drives business

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Q4 FY 2019 Analyst Call
Stringent execution of lean governance and efficient corporate operations

Support functions, CMD view 05/2019

Current status

- €500m savings target until FY 2023 confirmed
- Cost reduction FY 2019 €50m achieved
- Implementation of measures ongoing
- Transfer of functions in scope to Siemens Energy concluded till 03/2020

12,500
>20% reductions
Support Functions in scope:
Savings: €500m until FY23,
(60% until FY21)

2,500
Pooled but "demand-based", e.g.
- Legal
- Finance
- HR
- SCM

1,400 until FY21
1,100 until FY23

7,500
Lean Governance

~2,500
"Corporate Operations"
Portfolio Companies (POC) – Clear progress to deliver on commitments, equity investments remain negative and volatile

POC FY19
Revenue €5.5bn
Adj. EBITA margin -1.3%

Siemens Logistics
Large Drives Applications
Mechanical Drives (Flender)
Other smaller businesses
Process Solutions
Subsea Business
Voith Hydro (35%)
Ethos Energy (49%)
Primetals (49%)
Valeo Siemens (50%)

POC FY 19
comparable
Revenue €4.6bn
Adj. EBITA margin -2.5%

Process Solutions
Subsea Business
Voith Hydro (35%)
Ethos Energy (49%)

Transferred to Gas and Power
Revenue €1.0bn
Adj. EBITA margin 4.5%

Siemens Logistics
Large Drives Applications
Mechanical Drives (Flender)
Other smaller businesses
Valeo Siemens (50%)

POC targets confirmed
1) Break even FY2020
2) Target FY 2022
>5% Adj. EBITA margin

Divestment to MHMM 1)
Closing FY 2020e

Primetals (49%)

1) Mitsubishi-Hitachi Metals Machinery

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Q4 FY 2019 Analyst Call
R&D investment with clear focus on software, digital services and vertical applications

High level of R&D investment...

- **Digital Industries**
  - Expand Digital Enterprise portfolio – AI, Edge, 5G, cloudification of SW
  - Enhance Process Control System PCS neo

- **Smart Infrastructure**
  - ~50% of R&D Software related
  - Digital smart building offerings
  - Leverage capabilities of acquisitions

- **Core Technologies, e. g.**
  - Applying data analytics & digital twin
  - Cyber Security concepts
  - Energy efficient power electronics

... to stay ahead of the curve
### Guiding assumptions for FY 2020

#### Business environment
- **Global macroeconomic development** expected to remain **subdued**
- Risks related to **geopolitical and geoeconomic uncertainties**, particularly for **short-cycle businesses**

#### Opex and Capex
- Maintain high levels of **investment in R&D (Software, Cloud, IoT)**, **go-to-market** and **Capex**
- **Stringent focus on resource allocation**

#### Severance
- **Siemens Group**: ~ prior year level

#### Foreign exchange
- **Modest negative topline effects**
- **No material impact on bottom line**
Below Industrial Business
FY 2020 framework

Below Industrial Business – FY 2019

\[
\begin{array}{cccccc}
\text{€m} & \text{IB} & \text{SFS} & \text{POC} & \text{SRE} & \text{Corporation Items, Pensions} & \text{PPA} & \text{Tax} & \text{Inc. Cont. Ops} & \text{Disc. Ops. Income} & \text{Net Income} \\
8,986 & 632 & -71 & 145 & -825 & -1,133 & -215 & -1,872 & 5,646 & 3 & 5,648 \\
\end{array}
\]

therein:
-€264m Pensions
-€562m Corporation Items

Minorities
-€474m

Tax Rate @ 24.9%

Expectations for FY 2020

- **SFS:** ~ FY 2019 level
- **POC:** Fully consolidated businesses profitable; equity investments remain negative and volatile
- **SRE:** dependent on disposal gains
- **Corporate Items & Pensions:** ~€1.2bn – €1.4bn for FY 2020 incl. Siemens Energy carve-out cost; H2>H1
- **PPA:** ~ FY 2019 level
- **Eliminat., Corp. Treasury, Others:** ~ FY 2019 level
- **Tax rate:** expect range of **35% to 39%** impacted by Siemens Energy carve out
- **Discontinued Operations (D/O):** Substantial gain at spin-off expected

**Assumption:** Positive effects in D/O will offset carve-out costs and tax expenses related to the Siemens Energy spin off and Group-wide severance charges for FY 2020
Outlook FY 2020

FY20 Framework Siemens Group
- Book-to-bill > 1
- Moderate comp. revenue growth

EPS as reported FY 2019: 6.41
EPS as reported FY 2020e: 7.00
Mid point growth + 4%

FY20 Framework Siemens non-listed Companies

<table>
<thead>
<tr>
<th></th>
<th>Comparable revenue growth</th>
<th>Adj. EBITA margin expectation(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Industries</td>
<td>Flat</td>
<td>17 - 18%</td>
</tr>
<tr>
<td>Smart Infrastructure</td>
<td>Moderate</td>
<td>10 - 11%</td>
</tr>
<tr>
<td>Mobility</td>
<td>Mid-single digit</td>
<td>10 - 11%</td>
</tr>
<tr>
<td>Gas and Power</td>
<td>Moderate</td>
<td>2 - 5%</td>
</tr>
</tbody>
</table>

\(^1\) as reported
Stringent milestones for execution (as of May 2019, CMD)

- New company structure operational as of April 1, 2019
- First update on Corporate efficiency measures Q4 FY19, ongoing quarterly
- GP carve out effective by April 2020
- GP partial spin-off by September 2020
- Update on Mobility by Q2 FY20
- GBS efficiency target achieved: 10% by Q4 FY20, 20% by Q4 FY21
- Portfolio Companies target 5% adj. EBITA margin achieved by FY22
Siemens Financial Framework

Siemens (targets over the cycle)

**Growth Siemens**
- comparable revenue growth
  - 4 – 5%

**Capital efficiency**
- ROCE\(^1\)
  - 15 – 20\(^2\)%

**Industrial Businesses margin\(^3\)**
- 11 – 15%

**Cash conversion (CCR)**
- FCF IB / Adj. EBITA IB
  - \( CCR = 1 – \text{comp. growth rate} \)

**Capital structure**
- Industrial net debt/EBITDA
  - up to 1.0x

**Dividend payout ratio**
- 40 – 60\(^4\)%

### Operating Companies

<table>
<thead>
<tr>
<th>Adj. EBITA margin ranges(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Industries</td>
</tr>
<tr>
<td>17 – 23%</td>
</tr>
<tr>
<td>Smart Infrastructure</td>
</tr>
<tr>
<td>10 – 15%</td>
</tr>
<tr>
<td>Gas and Power</td>
</tr>
<tr>
<td>8 – 12%</td>
</tr>
</tbody>
</table>

### Strategic Companies

<table>
<thead>
<tr>
<th>Adj. EBITA margin ranges(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility</td>
</tr>
<tr>
<td>9 – 12%</td>
</tr>
<tr>
<td>Siemens Healthineers</td>
</tr>
<tr>
<td>17 – 21%</td>
</tr>
<tr>
<td>Siemens Gamesa R. E.</td>
</tr>
<tr>
<td>7 – 11%</td>
</tr>
</tbody>
</table>

### Service Company

<table>
<thead>
<tr>
<th>RoE(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
</tr>
<tr>
<td>17 – 22%</td>
</tr>
</tbody>
</table>

---

1) Based on continuing and discontinued operations; 2) Long-term goal; currently ROCE burdened by significant M&A; 3) EBITA adjusted for operating financial income, net and amortization of intangible assets not acquired in business combinations; margin ranges for Siemens Healthineers and Siemens Gamesa R. E. reflect Siemens expectation; 4) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 5) Return on equity after tax
Siemens structure – entrepreneurial freedom for businesses

Vision 2020+ structure as of April 1, 2019

Operating Companies
- POC
- DI
- SI
- GP

Strategic Companies
- MO
- SHS
- SGRE

Service Companies
- Global Business Services
- Real Estate Services
- Financial Services

Corporate Development & Governance

Mid-term target

Accelerated comp. revenue growth + 2 ppts. CAGR

Margin lift at Industrial Business + 2 ppts.

EPS growth\(^1\) > revenue growth

\(^1\) on constant minority shareholdings
Q4 FY 2019 – Net debt bridge

Operating Activities

Net Debt Q3 2019

Net Debt Q4 2019

Cash & cash equiv. €9.3

Cash & cash equiv. €13.7

Ind. Net Debt/EBITDA (c/o) 0.6x (Q3 FY19: 1.2x)

Cash flows from operating activities (w/o ∆ working capital)

Cash flows from investing activities

Financing and other topics

Net Debt adjustments

Ind. Net Debt Q4 2019

Net Debt Q4 2019

-1.6

-0.7

in €bn

26.5

3.7

2.4

16.3

6.4

22.7

22.7

1) Including current interest-bearing debt securities formerly shown as current available-for-sale financial assets.

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Q4 FY 2019 Analyst Call
Provisions increased in Q4 mainly due to lower discount rate

Q4 FY 2019 – Pensions and similar obligations

<table>
<thead>
<tr>
<th>in €bn¹</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Q1 FY 2019</th>
<th>Q2 FY 2019</th>
<th>Q3 FY 2019</th>
<th>Q4 FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation (DBO)²</td>
<td>-42.2</td>
<td>-36.9</td>
<td>-35.9</td>
<td>-36.4</td>
<td>-38.4</td>
<td>-39.0</td>
<td>-40.3</td>
</tr>
<tr>
<td>Fair value of plan assets²</td>
<td>28.7</td>
<td>27.6</td>
<td>28.7</td>
<td>27.7</td>
<td>29.5</td>
<td>30.1</td>
<td>31.3</td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>-13.7</td>
<td>-9.6</td>
<td>-7.7</td>
<td>-9.2</td>
<td>-9.4</td>
<td>-9.5</td>
<td>-9.9</td>
</tr>
<tr>
<td>Discount rate</td>
<td>1.7%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>1.9%</td>
<td>1.7%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Interest income</td>
<td>0.8</td>
<td>0.5</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>3.3</td>
<td>0.3</td>
<td>0.4</td>
<td>-0.7</td>
<td>1.7</td>
<td>1.0</td>
<td>1.2</td>
</tr>
</tbody>
</table>

1) All figures are reported on a continuing basis
2) Difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q4 2019: +€0.9bn); defined benefit obligation (DBO), including other post-employment benefit plans (OPEB) of -€0.6bn
Q4 FY19 Profit Bridge from SHS disclosure to SAG disclosure
Different profit definitions at SHS and SAG to be considered in models

<table>
<thead>
<tr>
<th></th>
<th>Profit (as reported)</th>
<th>Profit (adjusted)</th>
<th>Severance</th>
<th>Adj. EBITA (as reported)</th>
<th>Adj. EBITA (excl. severance)</th>
<th>Severance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov 4, 2019</td>
<td>791</td>
<td></td>
<td>-18</td>
<td>773</td>
<td></td>
<td>-3</td>
</tr>
<tr>
<td>Nov 7, 2019</td>
<td>771</td>
<td></td>
<td>18</td>
<td>788</td>
<td></td>
<td>18</td>
</tr>
</tbody>
</table>

Margin

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 4, 2019</td>
<td>19.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov 7, 2019</td>
<td>19.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Outlook for FY 2020

Comparable revenue growth\(^1\)

- Manifesting new growth level of 5 - 6% after strong FY19
- Imaging to continue attractive growth, growth rate below the very strong growth in FY19 within group outlook
- Diagnostics to accelerate growth, yet below group outlook
- Advanced Therapies to continue attractive growth clearly within group outlook

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>5.8%</td>
<td>5 - 6%</td>
</tr>
</tbody>
</table>

Adj. EPS growth\(^2\)

- Adj. EBIT margin\(^2\) for the group expected at 17 - 18%
- Imaging to continue to expand margins like in prior year
- Diagnostics margin to slightly decrease
- Advanced Therapies margin to significantly decrease due to acquisition of Corindus Robotics
- Interest expenses expected between €60 - 80 mio.
- Tax rate expected at 27 - 30%

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>1.70</td>
<td>+8 to +14%(^3) ex acquisitions(^3)</td>
</tr>
</tbody>
</table>

---

\(^1\) Y-o-y on a comparable basis, excluding translation and portfolio effects
\(^2\) Adjusted for PPA, severance charges and acquisition-related transaction costs, for EPS net of tax
\(^3\) The outlook is based on current foreign exchange rate assumptions and on the current portfolio (incl. signed or closed M&A transactions)
\(^4\) excluding effects from acquisition of Corindus Robotics, ECG Management Consultants and MiniCare
Q4 FY19 Profit Bridge from SGRE to SAG disclosure
Different profit definitions at SGRE and SAG to be considered in models

in €m

SIEMENS Gamesa disclosure (as of November 5, 2019)

- 8.5%
- 250
- -116
- -67
- 67

EBIT (underl.)
Integration & Restructuring Cost
PPA effects
EBIT (as reported)

SIEMENS Gamesa disclosure (as of November 7, 2019)

- 4.3%
- 4.5%
- 134
- 127
- 7
- 7

PPA effects
Financial Income
Consolidation and accounting differences
Adj. EBITA (as reported)
Severance
Adj. EBITA (excl. severance)

EBIT (as reported)

8.5%
-116
-67
67

4.3%
-7
0
127
7

4.5%

Margin

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Page 35
November 7, 2019
Q4 FY 2019 Analyst Call
Outlook for FY 2020

Market headwinds continue impacting FY 20 performance in a transition year but top line growth is secured

<table>
<thead>
<tr>
<th>Guidance¹</th>
<th>FY 19</th>
<th>FY 20E²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (in €m)</td>
<td>10,227</td>
<td>10,200 - 10,600</td>
</tr>
<tr>
<td>EBIT margin pre PPA and I&amp;R costs (in %)</td>
<td>7.1%</td>
<td>5.5% - 7.0%</td>
</tr>
</tbody>
</table>

- **Strong top line visibility** with FY 20 revenue coverage of 90%, 10 p.p. above FY 19 coverage as of September 30, 2018
- **Margin guidance** reflects ongoing industry transition, specific company developments and external headwinds
- Back-end loaded activity expected
- PPA impact of €260m and I&R costs of €200m

**Other targets**
- **CAPEX to sales target:** c. 6% to accommodate strong growth in Offshore beyond 2020 (investments in France and Taiwan) and investments in new Onshore technology

---

1) Guidance excludes the impact of the acquisition of selected assets of Servion and any impact from the change in the composition of SGRE shareholder base.
2) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates.
3) Revenue coverage: order backlog (€) as of September 30, 2019 for FY 20 sales activity divided by the FY 20 revenue guidance range of €10.2bn to €10.6bn.
Financial calendar

November 2019

- November 7, 2019
  Q4 Earnings Release
- November 7 - 8, 2019
  Roadshow London
- November 12 - 14, 2019
  Roadshow New York, Boston, Toronto
- November 14, 2019
  Roadshow Frankfurt
- November 15, 2019
  Roadshow Paris

January 2020

- January 13, 2020
  Commerzbank Conference

February 2020

- February 5, 2020
  Q1 Earnings Release, Annual General Meeting
Investor Relations contacts

<table>
<thead>
<tr>
<th>Internet:</th>
<th><a href="http://www.siemens.com/investorrelations">www.siemens.com/investorrelations</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Mail:</td>
<td><a href="mailto:investorrelations@siemens.com">investorrelations@siemens.com</a></td>
</tr>
<tr>
<td>Telefon:</td>
<td>+49 89 636-32474</td>
</tr>
<tr>
<td>Fax:</td>
<td>+49 89 636-1332474</td>
</tr>
</tbody>
</table>

Investor Relations