

Joe Kaeser | President and CEO

Disciplined execution of Vision 2020

Siemens Capital Market Day | Berlin, December 9, 2014

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.

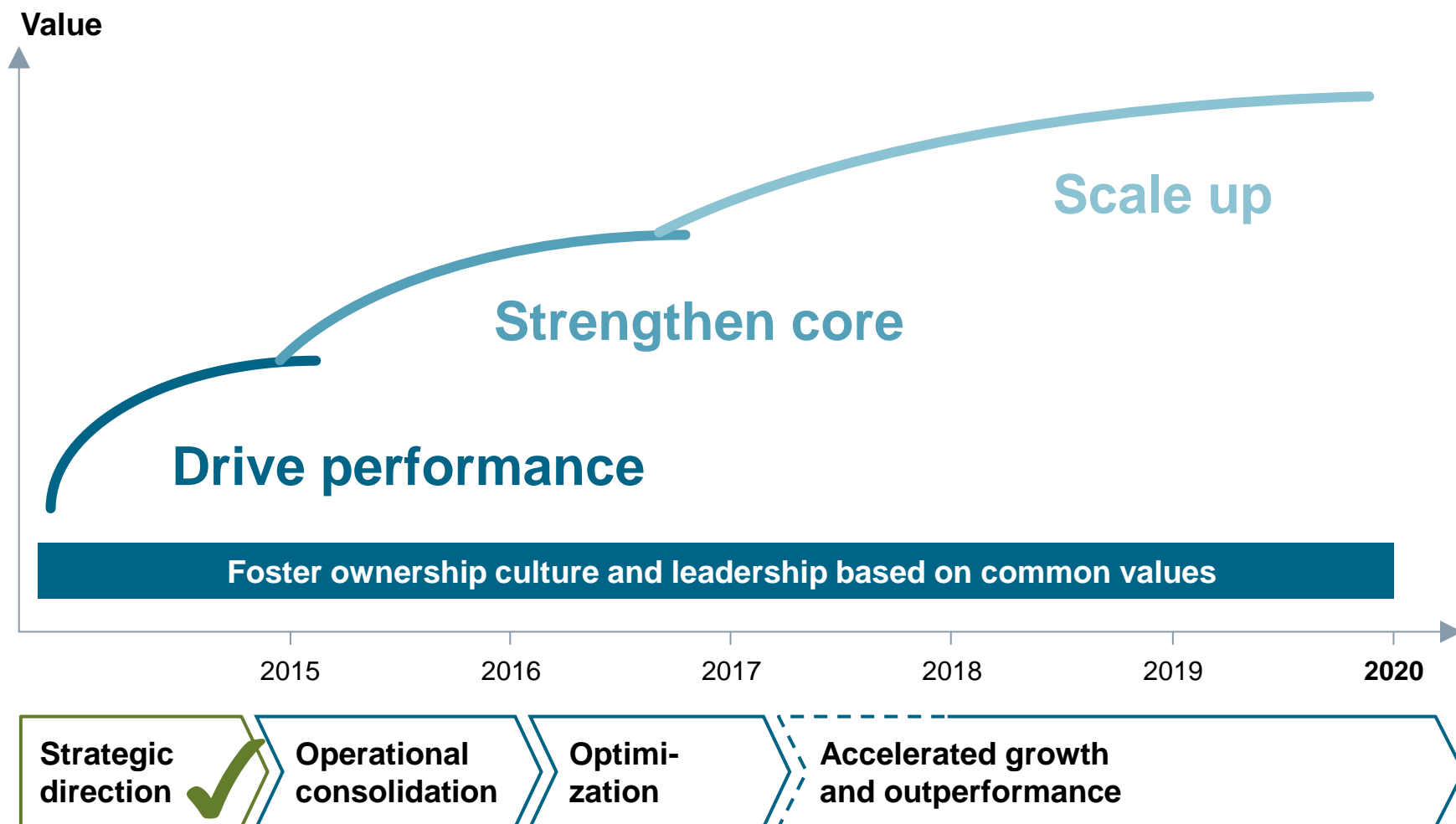
This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations 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.

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.

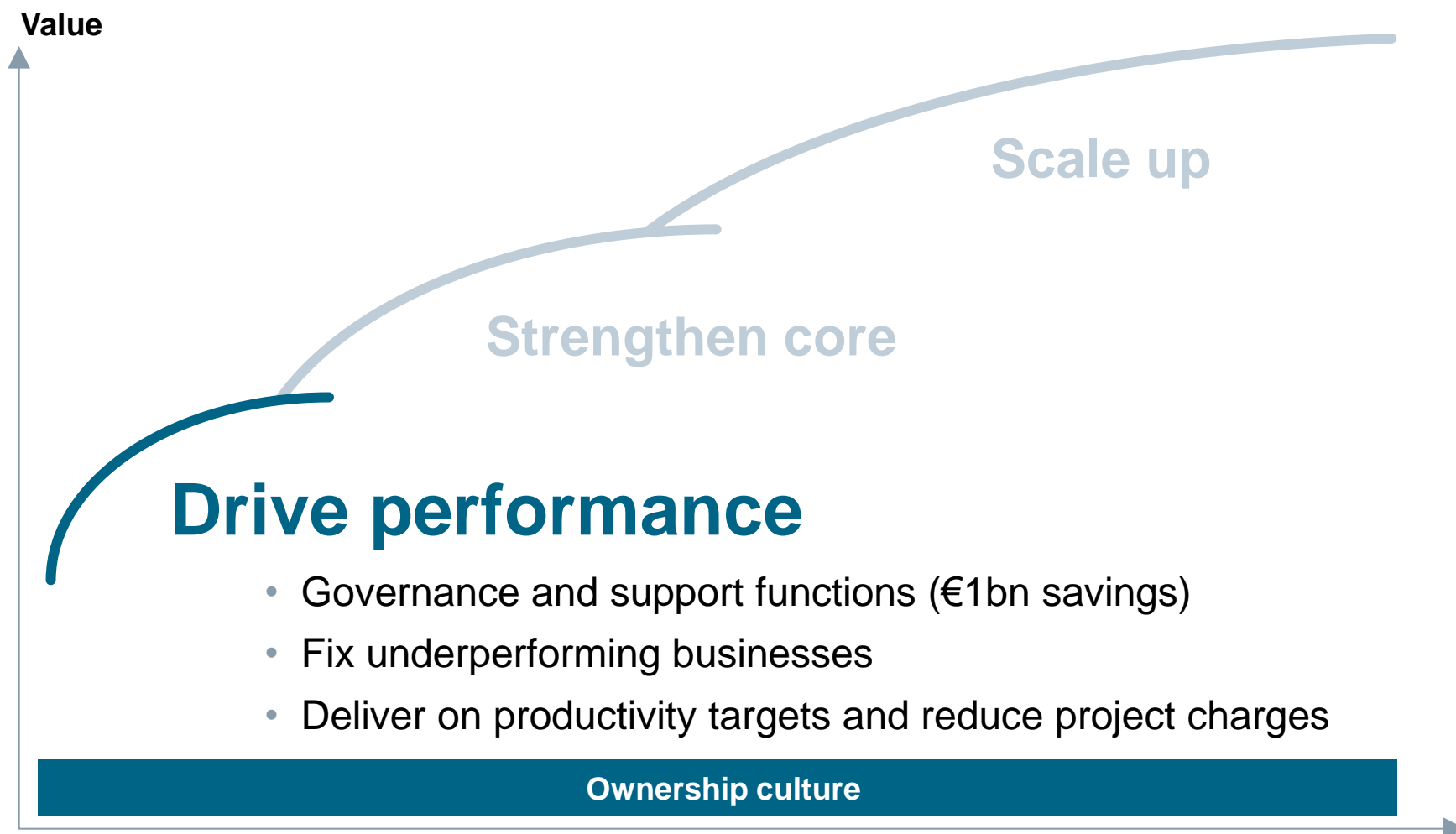
Siemens – Vision 2020

Value creation & Cultural change



Drive performance

For competitive margins



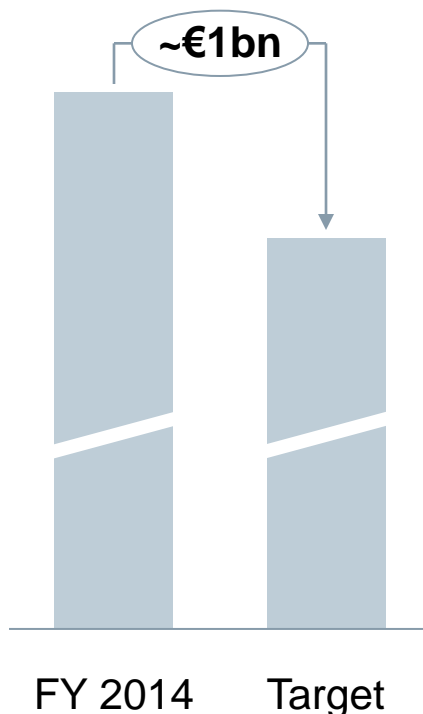
On track to deliver mid-term cost savings of €1bn through simplification



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Target

Functional cost reduction



Key actions

- Remove additional layers (Clusters, Sectors) ✓
- Combine certain Divisions and Businesses ✓
- Stringent management governance through all levels of the organization (Corporate Core) FY 2015
- Optimization and bundling of Corporate Services FY 2015
- Final agreements with key stakeholders Mid 2015



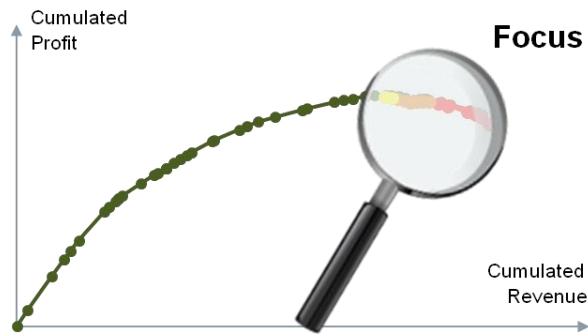
**Positively impacting FY 2016,
fully effective in FY 2017**

Clear progress in fixing underperforming businesses

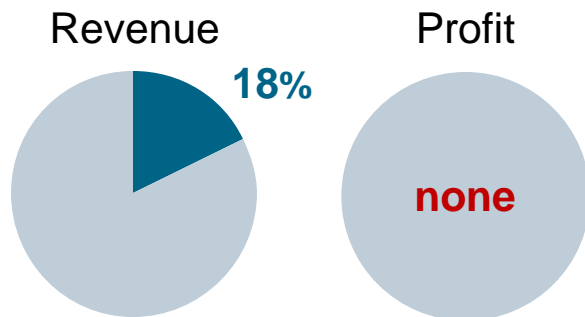


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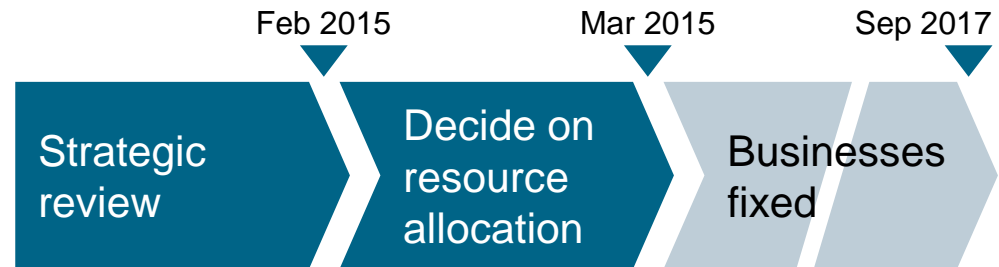
Portfolio analysis



Cluster "underperforming businesses"¹⁾



Execution



Fix ourselves

- Low Voltage and Products

Joint Venture or partner with others

- Metals Technologies

Divest to better owners

- Healthcare IT
- Water Technologies

1) Internal analysis, May 2014

Deliver on base productivity targets and lower charges



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Achieve base productivity – Reinforced business excellence

Regular assessment of competitive positioning via benchmarks –
Complete rollover every 3-4 years



Subsequent improvement programs
on business level



Supported by
comprehensive tool box,
trainings and experts



3-5% productivity target

Significant reduction of one-off impacts & project charges

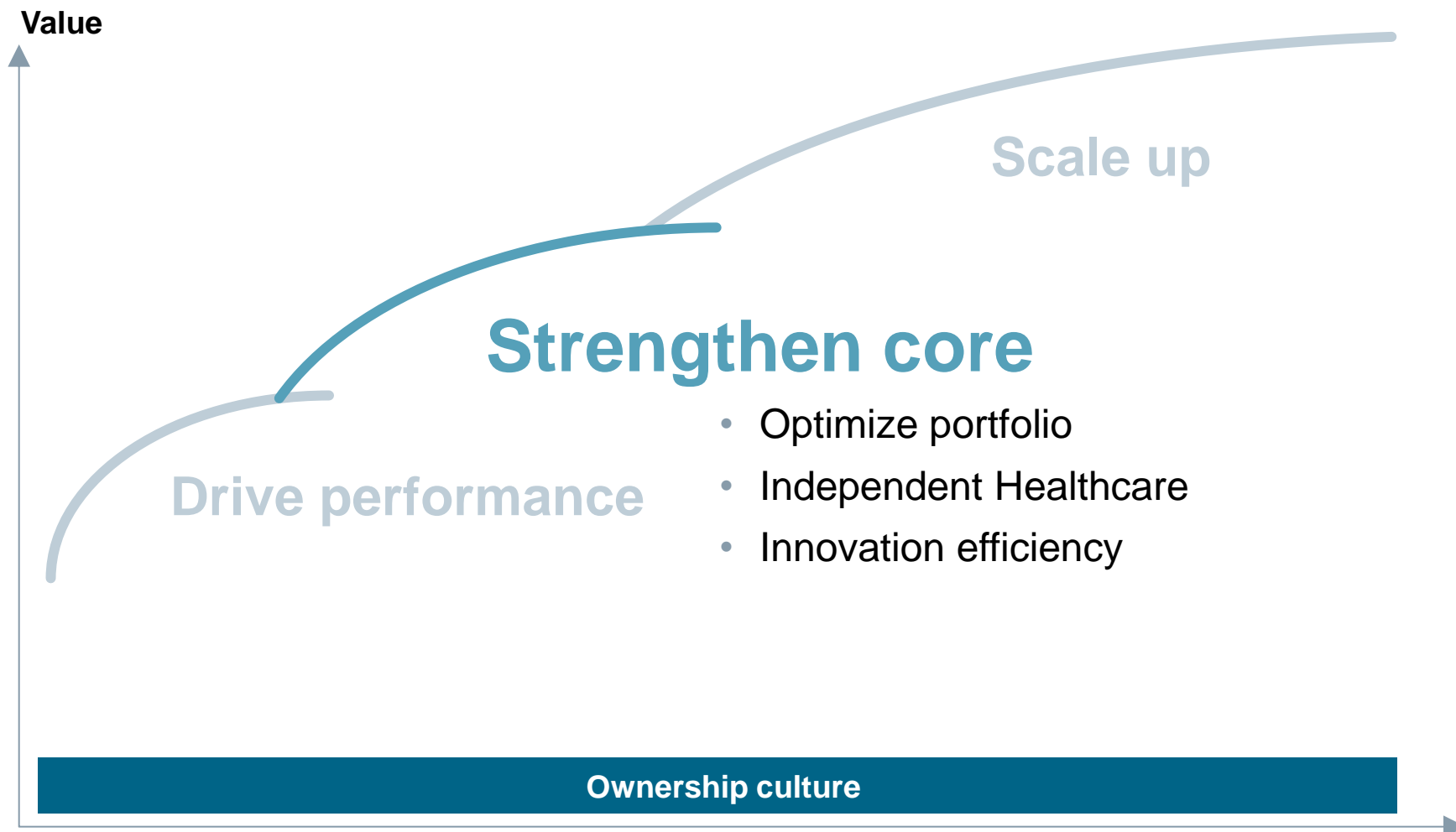
- Strengthened risk and project management
- Assessment in early sales phase
- Management proximity to the business
- Project selectivity (e.g., risk sharing, own content, complexity)
- Increased accountability



Improvements visible

Strengthen core

Focus on synergetic value



Executing Vision 2020

Capital allocation along strategic imperatives



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Aero-derivative gas turbines and compressors

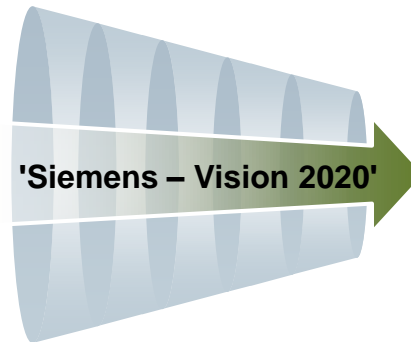
£785m purchase price and £200m for exclusive access to long-term aero-technology developments



Compressors, turbines and engines for Oil & Gas

US\$83 per share, total consideration of US\$7.6bn

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- 1| Areas of growth?
- 2| Potential profit pool?
- 3| Why Siemens?
- 4| Synergetic value?
- 5| Paradigm shifts?

Healthcare IT

Divestment to Cerner for US\$1.3bn announced

Microbiology

Divestment to Beckman Coulter for US\$ ~450m announced

Audiology

Divestment to EQT for €2.15bn announced

Water Technologies

Divestment to AEA Partners

Metals Technologies

Joint Venture: Mitsubishi-Hitachi Heavy Machinery

B/S/H/

Divestment of 50% share to Bosch planned
Equity value €3.25bn – thereof €3.0bn cash purchase price and €250m dividend & special dividend

Next Generation Healthcare

Independent setup addresses paradigm shifts



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Siemens Healthcare is a great business:

Market attractiveness ✓✓

Growth ✓

Profit ✓✓

Cash ✓✓

**Healthcare of Tomorrow
can be even GREATER**

Healthcare of Tomorrow

Optimized organization

- 1| Go-to-market**
- 2| Research and innovation**
- 3| Management model**



**"Company within the company" model
drives growth and performance**

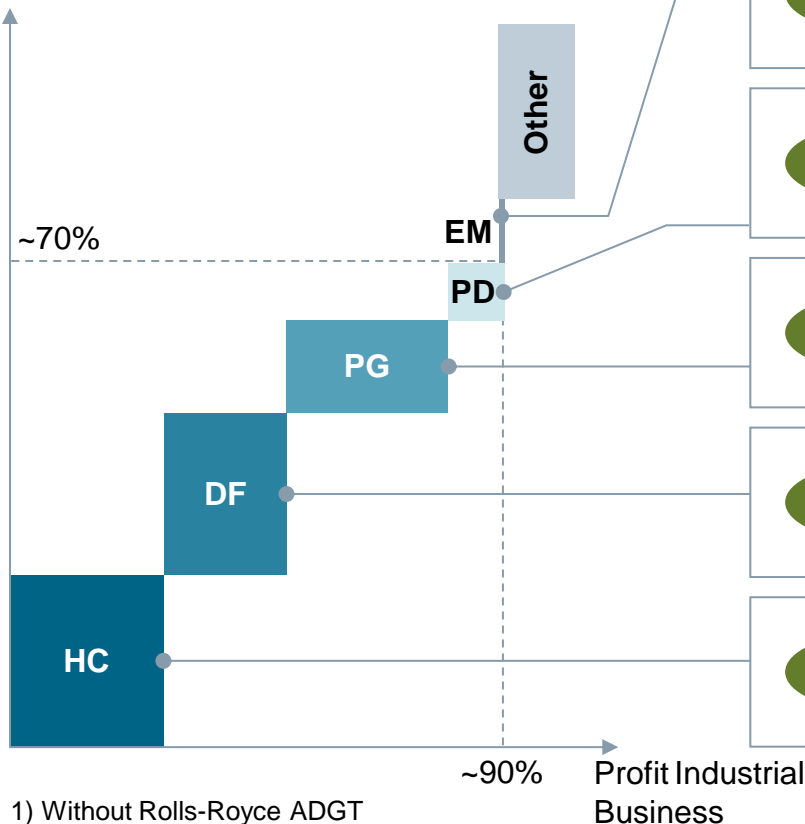
R&D focus on innovation in growth areas and profit strongholds



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Research & Development allocation (FY 2014)

€4.0bn
R&D



R&D growth and focus topics for selected businesses

+8%

- Intelligent distribution grid to integrate decentralized generation and stabilize grid

+7%

- Enhanced process control system for targeted verticals

+11%¹⁾

- Increase efficiency of large gas turbines
- Harmonize small and medium GT portfolio
- Remote service and advanced diagnostics

+8%

- SIMATIC TIA Portal – Motion integration
- Digital Enterprise Architecture

+5%

- Next-Gen Diagnostics
- Extend entry level imaging portfolio
- Combine multi-modality applications

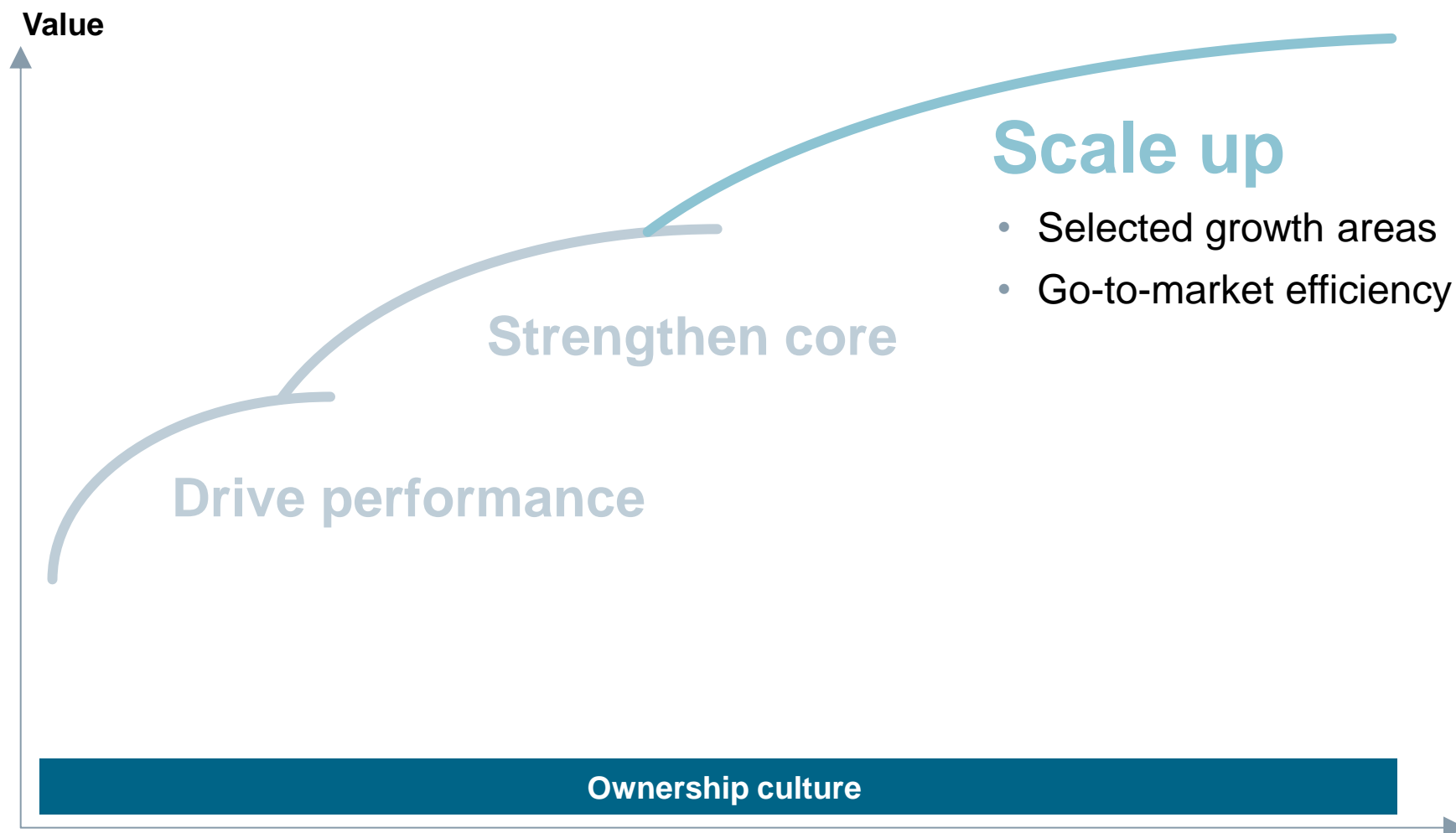
1) Without Rolls-Royce ADGT

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x% Est. R&D growth FY 2014 – FY 2015
(subject to FX development)

Scale up

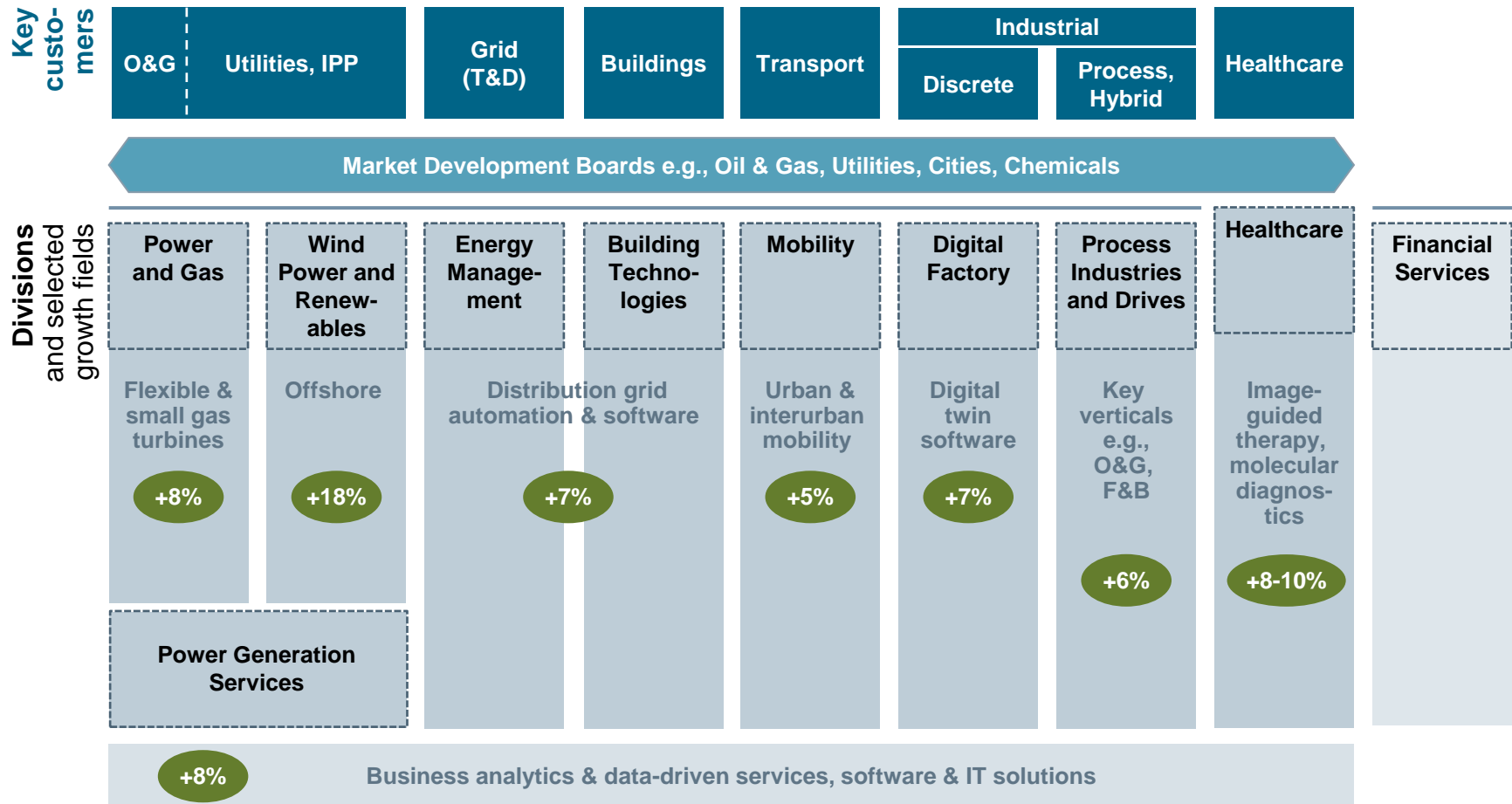
Ensuring capital efficient growth



Siemens operates in attractive markets and has a clear customer driven setup



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Siemens overall market ~€520bn with annual growth of 3-4% until 2020

IPP = Independent Power Producer

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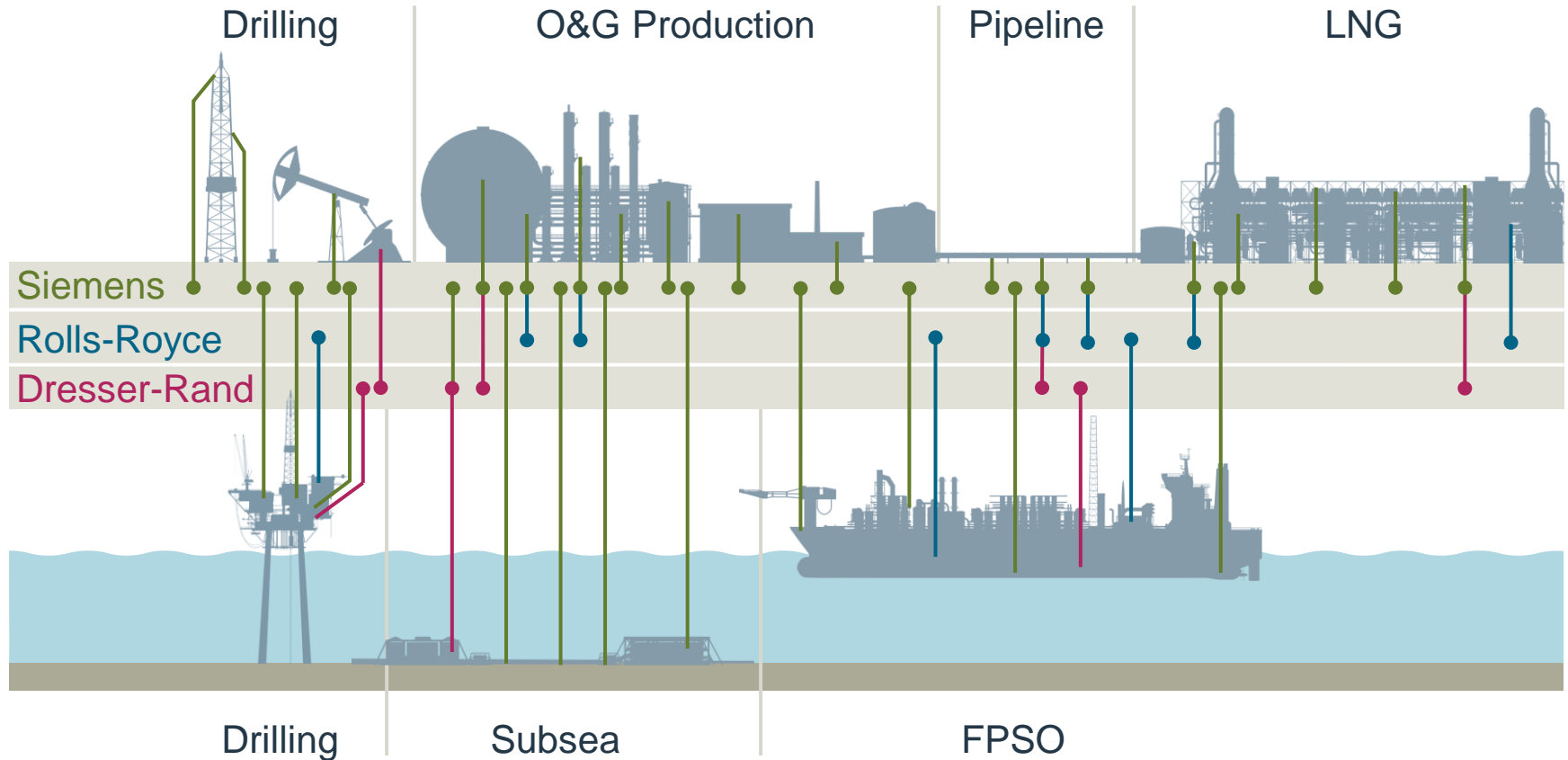
x% Est. market growth (CAGR) in selected growth fields

Oil & Gas – Recent acquisitions leverage attractive offerings and market access



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Onshore

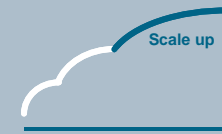


Offshore

FPSO = Floating, Production, Storage and Offloading; LNG = Liquefied Natural Gas

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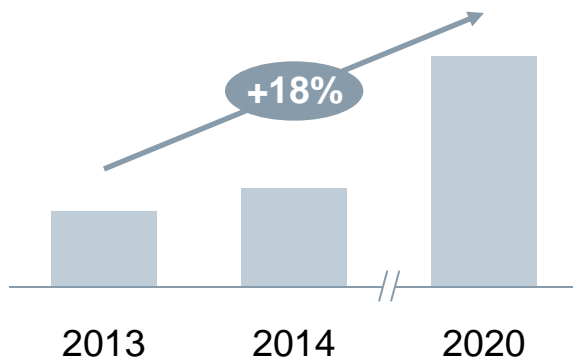
Wind Power – Reduce cost of electricity for offshore



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Fast growing market

Offshore wind market, in €
(based on orders placed)

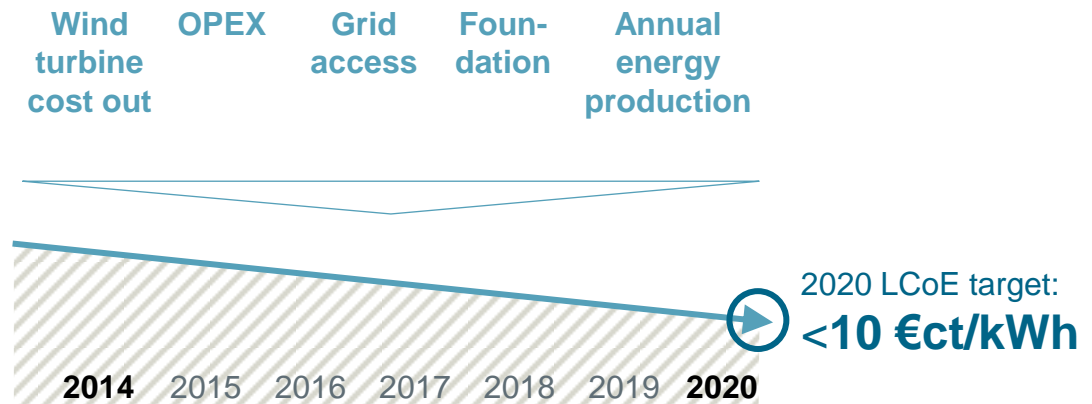


Wind is an **integral part** of the current **energy mix** and a natural hedge against fuel price volatility

Deliver on opportunities in offshore business

- **Leader in offshore** with clear #1 position (~80% of newly installed capacity in H1 CY 2014, in total ~4.7 GW out of ~7 GW installed)
- Execute **largest order backlog** in the industry (5.4 GW)

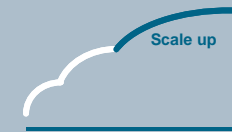
LCoE development over time and key innovative concepts to meet target



LCoE = Levelized Cost of Electricity

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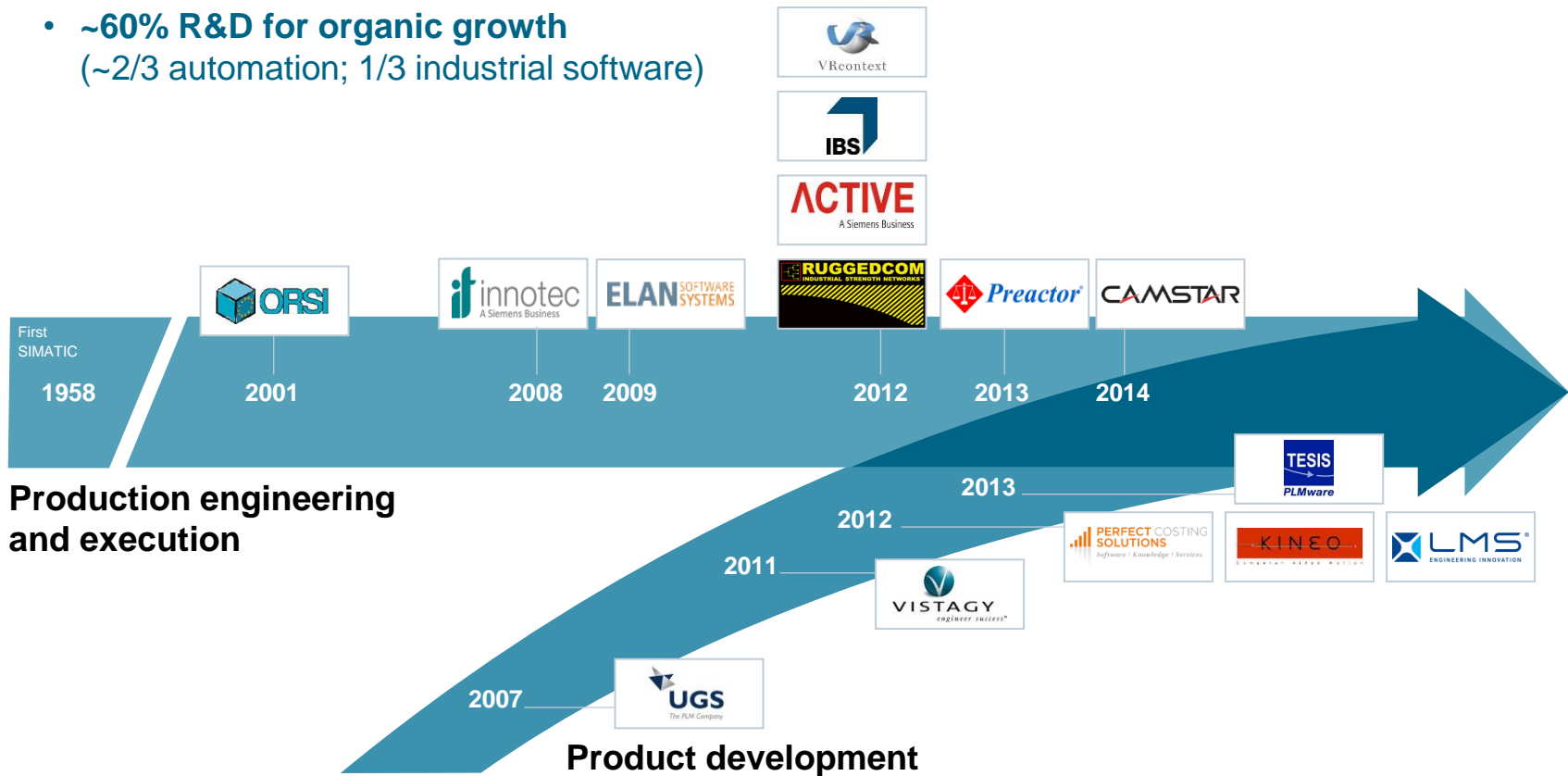
Digital Factory – Shaping our customers' industrial future



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Invested ~€10bn since 2007, thereof

- ~40% decisive M&A
- ~60% R&D for organic growth
(~2/3 automation; 1/3 industrial software)



Siemens leverages digitalization technologies to create new business opportunities



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Major digitalization technologies ...



... leveraged along our entire portfolio ...

Digitalization



Automation



Electrification



... to create attractive business opportunities

Vertical software

€2.4^{bn}
Revenue FY 2014
Profitability ++

+9%
Market growth

Digital services

€0.5^{bn}
Revenue FY 2014
Profitability +++

+15%
Market growth

Enhanced automation

€19^{bn}
Revenue FY 2014
Profitability ++

+6%
Market growth

Classic services

€14^{bn}
Revenue FY 2014
Profitability +++

+3%
Market growth

Enhanced electrification (~€37bn)

Note: Figures Industrial Business
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Services drive customer proximity and value creation



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Siemens service bus.

in €bn

Market growth

CAGR
FY 2014-20

Digital/
services

~0.5

+15%

Classic
services

~14

+3%

FY 2014



Key priorities in service business

- Push **analytics based services** to **enhance classic services** (e.g., prediction of service needs)
- Expand **remote services** (already 280k connected devices)
- Drive **profitable performance-based contracts**
- Optimize **delivery** to **drive service margin**



Leverage strengths of our global installed base



~120,000
Gas & steam
turbines and
compressors¹⁾



~530,000
Healthcare
systems
in vivo/vitro



~283,000
Mobility
systems

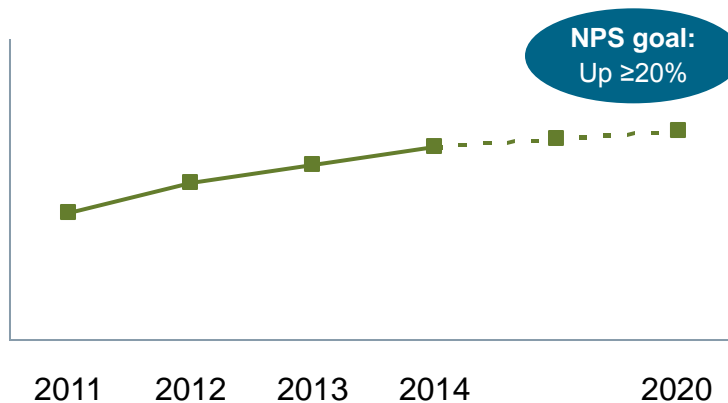
1) Incl. Dresser-Rand and Rolls-Royce

Organizational setup strengthens customer focus



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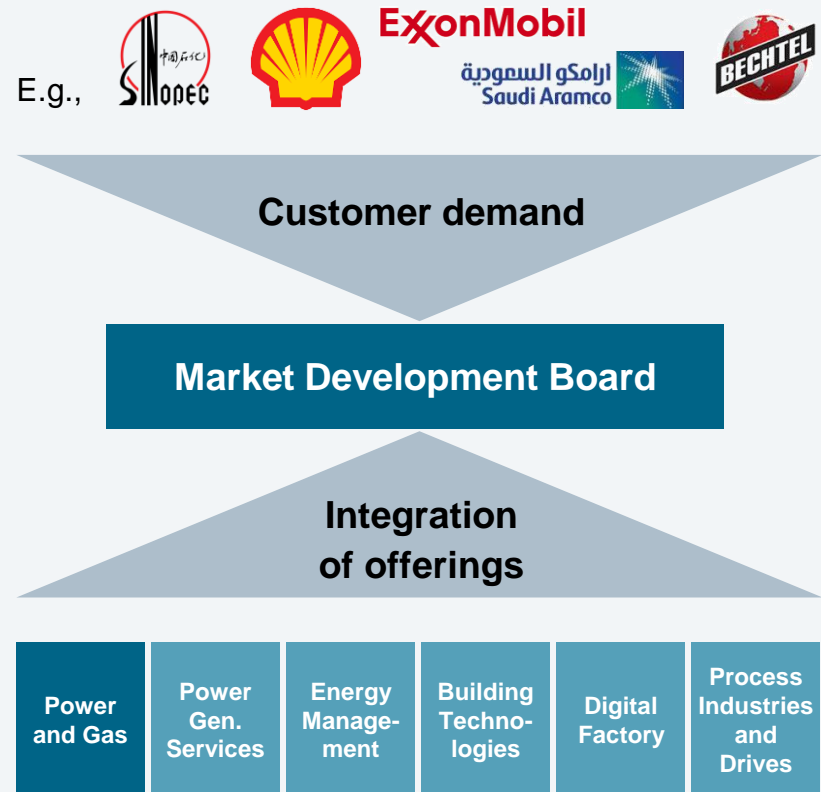
Net promoter score development in %



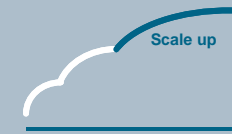
Measures

- Managing Board members with regional responsibility
- Implementation of lead country concept
- **Strengthened Market Development Boards and key account management**
- Leaner processes in sales increase face time to customers

Integrated approach for Oil & Gas



Economic development cycles drive opportunities

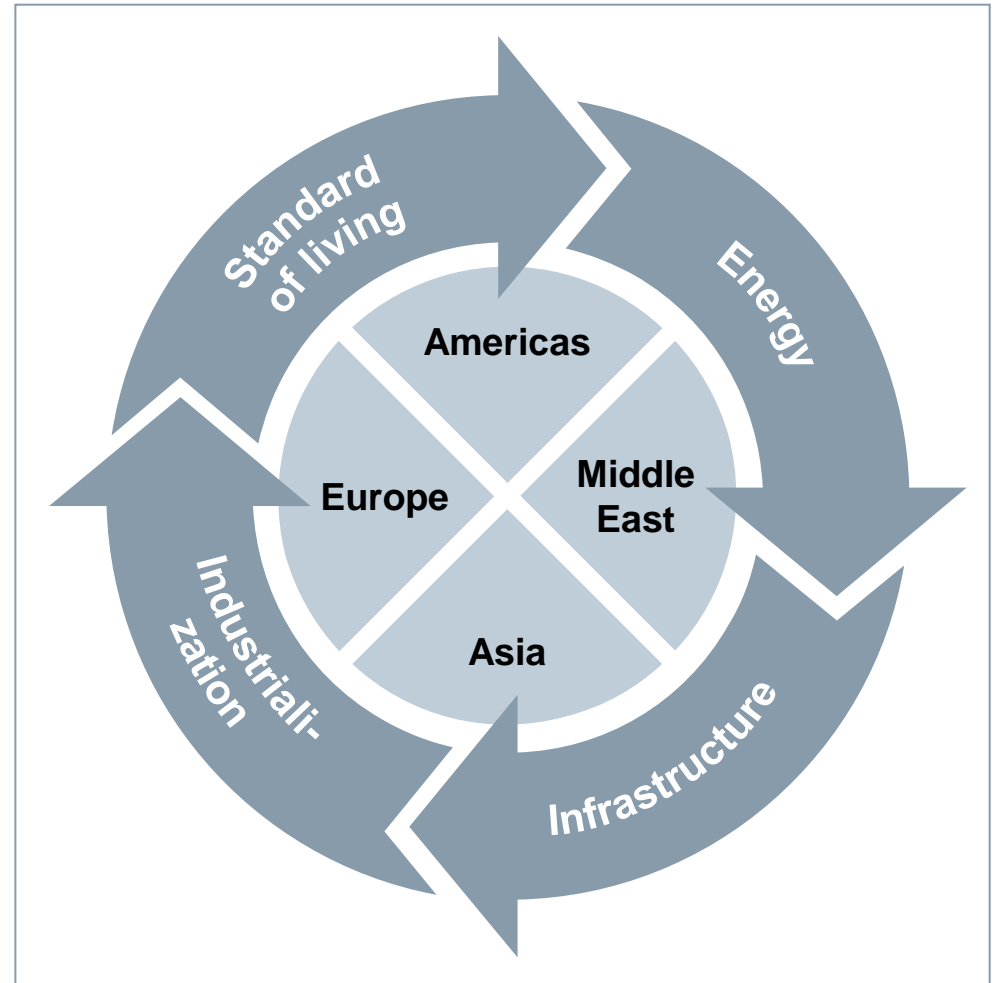
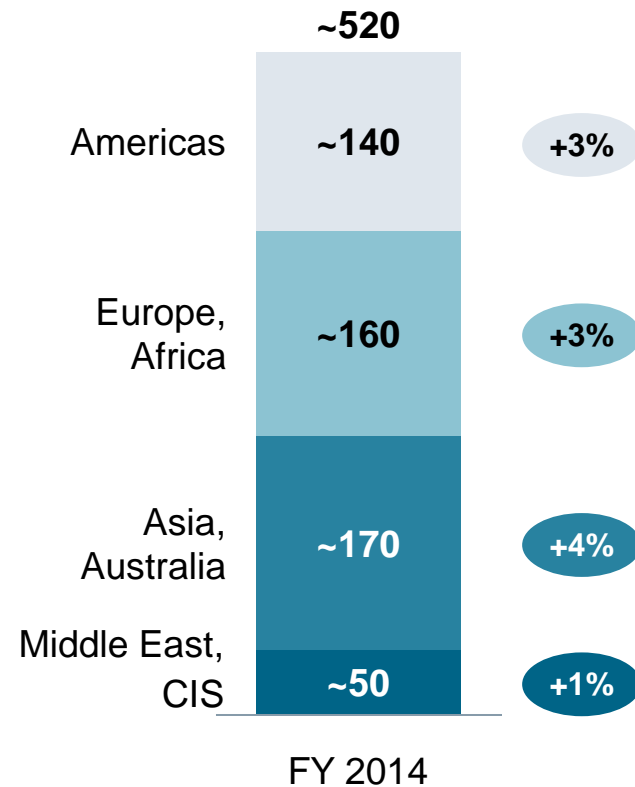


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Siemens regional markets

in €bn

CAGR
FY 2014-20



CIS = Commonwealth of Independent States

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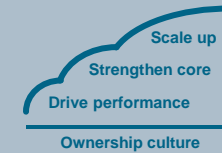
Ownership culture drives change



"Always act as if it were your own company"

- Entrepreneurship
- Discipline
- Risk awareness
- Accountability
- Shareholding

Strong management team for a disciplined execution



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Siemens AG Managing Board

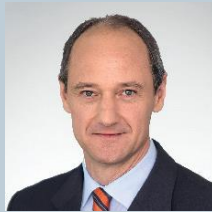
**Siegfried
Russwurm**
CTO



Lisa Davis



Roland Busch



Joe Kaeser
CEO



Klaus Helmrich



**Hermann
Requardt**



Ralf P. Thomas
CFO



Divisions

Power and Gas



**Roland
Fischer**
CEO

Wind Power and Renewables



**Markus
Tacke**
CEO

Power Generation Services



Randy Zwirn
CEO

Energy Manage- ment



Ralf Christian
CEO



Jan Mrosik
CEO

Building Tech- nologies



**Johannes
Milde**
CEO
(until Dec 31, 14)



**Matthias
Rebellius**
CEO
(from Jan 1, 15)

Mobility



**Jochen
Eickholt**
CEO

Digital Factory



Anton Huber
CEO

Process Industries and Drives



**Peter
Herweck**
CEO

Healthcare (separately managed)



**Hermann
Requardt**
CEO

Financial Services



**Roland
Chalons-
Browne**
CEO

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



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One Siemens Financial Framework

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Growth:
Siemens > most relevant competitors¹⁾
(Comparable revenue growth)

Capital efficiency
(ROCE²⁾)
15-20%

Total cost productivity³⁾
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%

SFS⁶⁾
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

Siemens – Vision 2020

Value creation & Cultural change

