

# Another strong quarter – profitable growth continuing

Ralf P. Thomas, Roland Busch  
Press Call Q2, fiscal 2017  
Munich, May 4, 2017

# 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.

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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.

## Q2 FY 2017

### Another strong quarter – profitable growth continuing

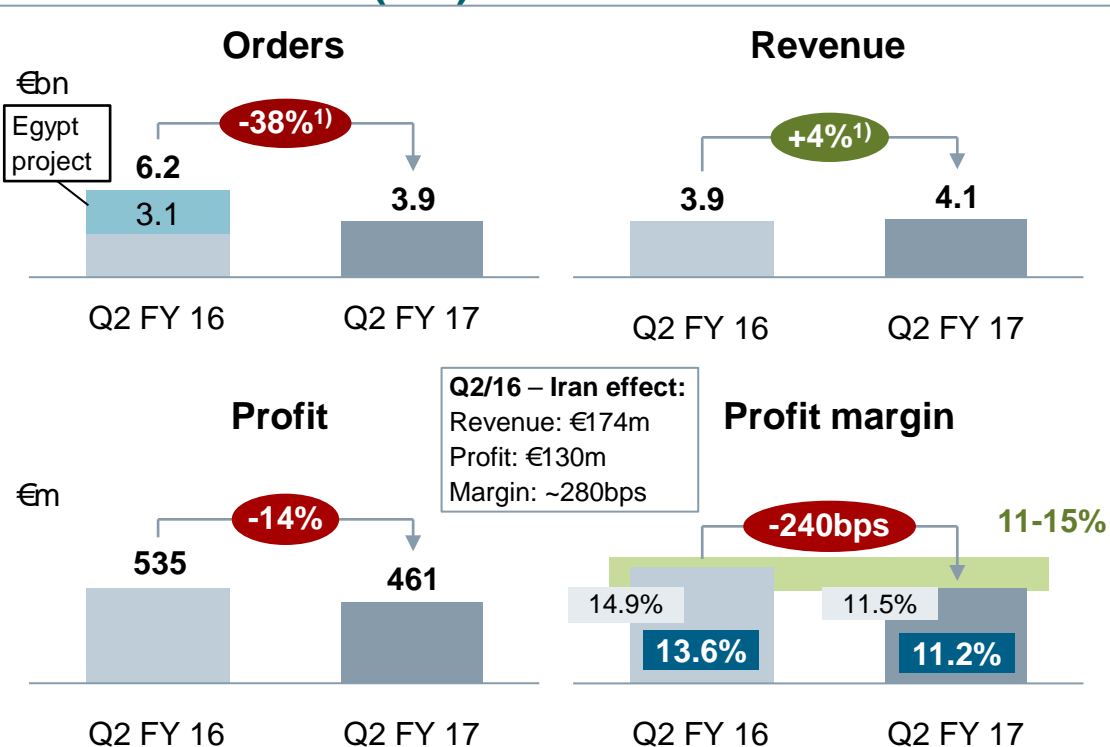


- Successful closing of Siemens Gamesa merger and Mentor acquisition
- Orders +1% at €22.6bn despite tough comps – excluding €3.1bn Egypt orders up 17%
- Accelerated revenue growth to +5% supported by all divisions; book-to-bill at 1.12x
- Strong quarter with 8 out of 9 Divisions in or above target range
- Industrial Business margin expansion to 12.1% (+120bps)
- Net income stable at €1.5bn impacted by higher tax rate – EPS at 1.79€
- Strong Industrial Business free cash flow of €2.0bn, up 32% y-o-y

# PG: Stringent execution in a difficult global market environment

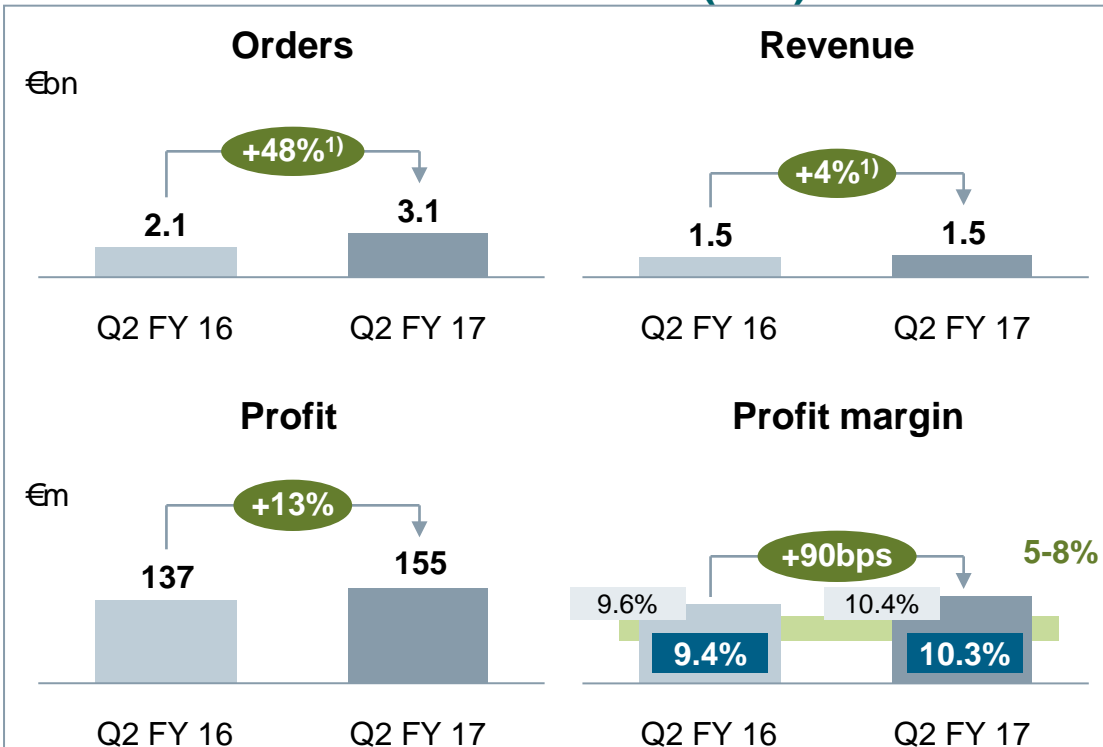
## WP: Capturing growth – excellent margin ahead of merger

### Power and Gas (PG)



- Orders down due to tough comparables
- Revenue growth driven by rapid backlog conversion
- Strong execution & high service contribution

### Wind Power and Renewables (WP)



- Sharply higher volume from large orders
- Revenue growth in onshore and service
- Higher productivity & capacity utilization, strong execution

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

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x.x%

Margin as reported

x.x%

Margin excl. severance (and excl. integration cost D-R for PG only)

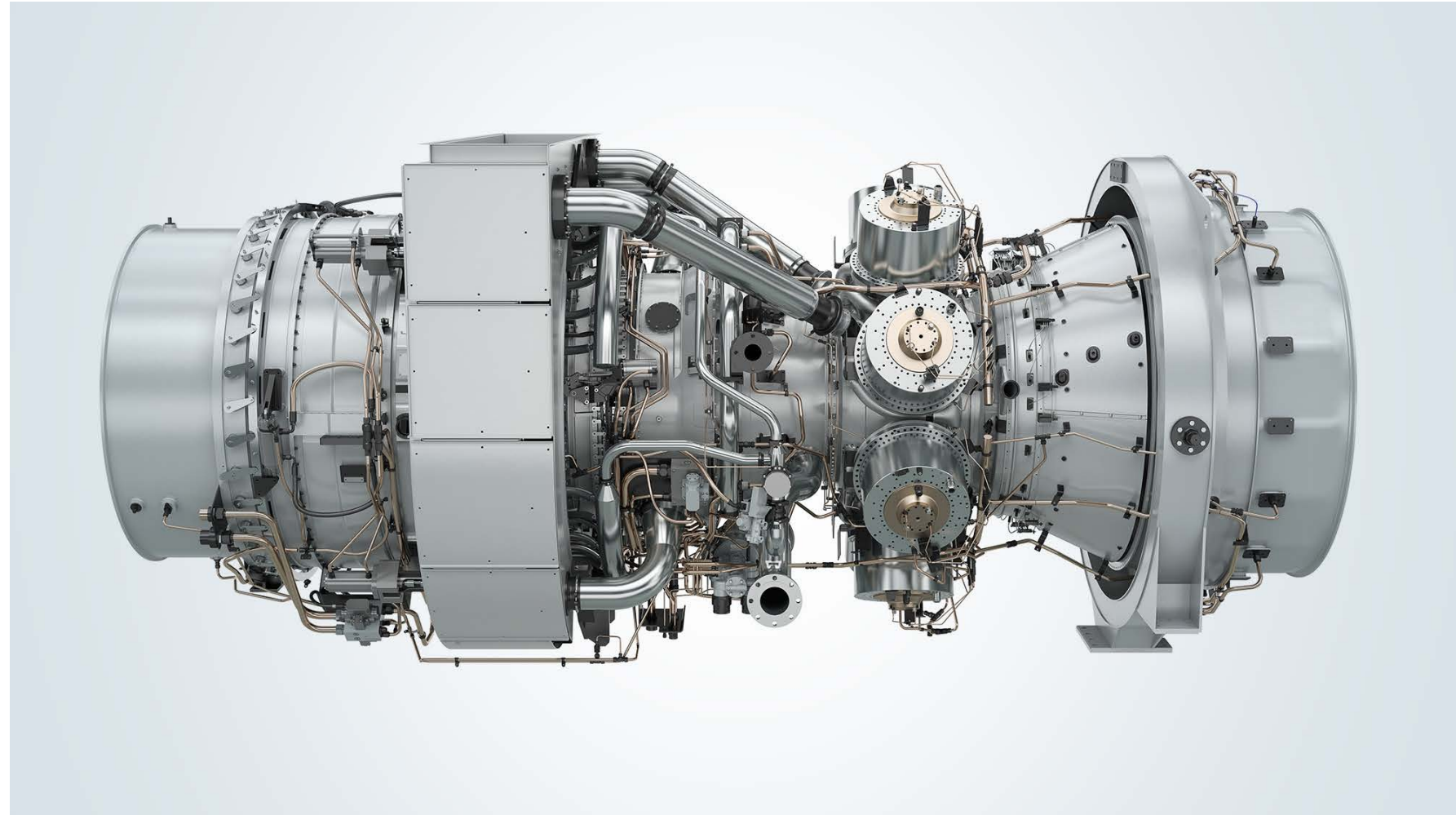
# Major order for Power and Gas in Argentina



## Twelve gas turbines for Argentina

### Power and Gas

- Four turnkey industrial power plants
- Combined capacity of ~690 MW
- Order volume ~\$570m incl. long-term service contract





# Merger of Siemens Wind Power and Gamesa closed as planned



## Global leader in the wind power industry

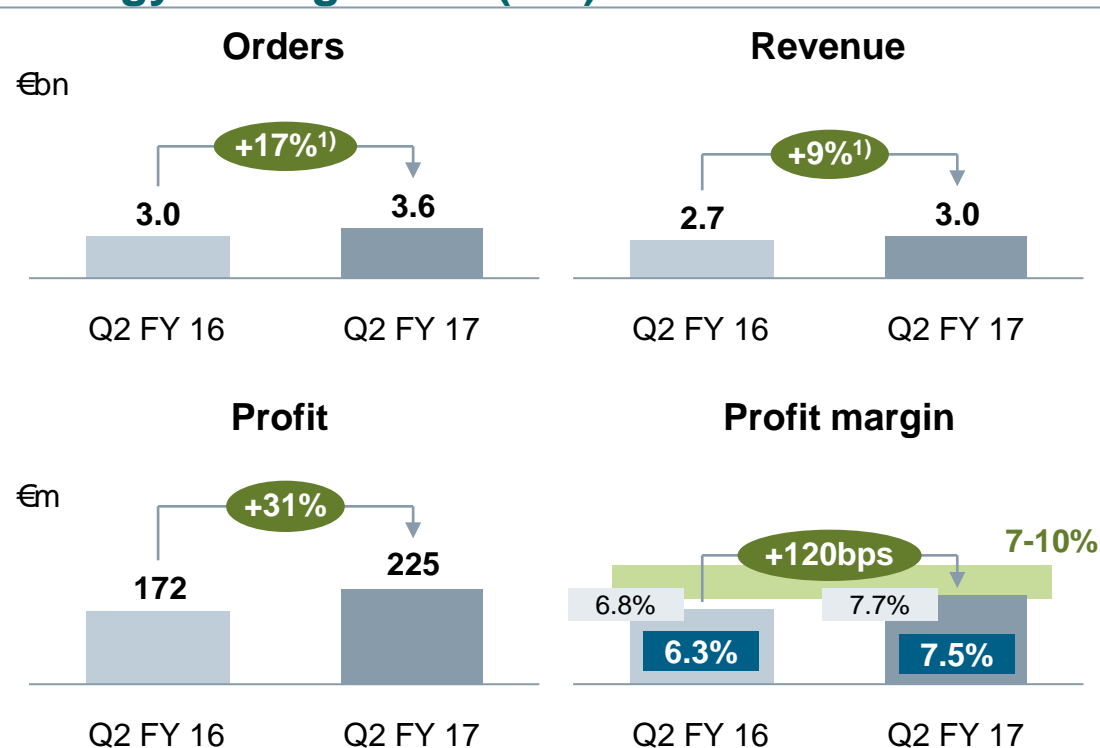
- Merger closed on April 3
- Siemens share of 59%
- Beginning with Q3 FY 17, Siemens is consolidating this company, which is publicly listed in Spain.



# EM: Growth acceleration and margin expansion

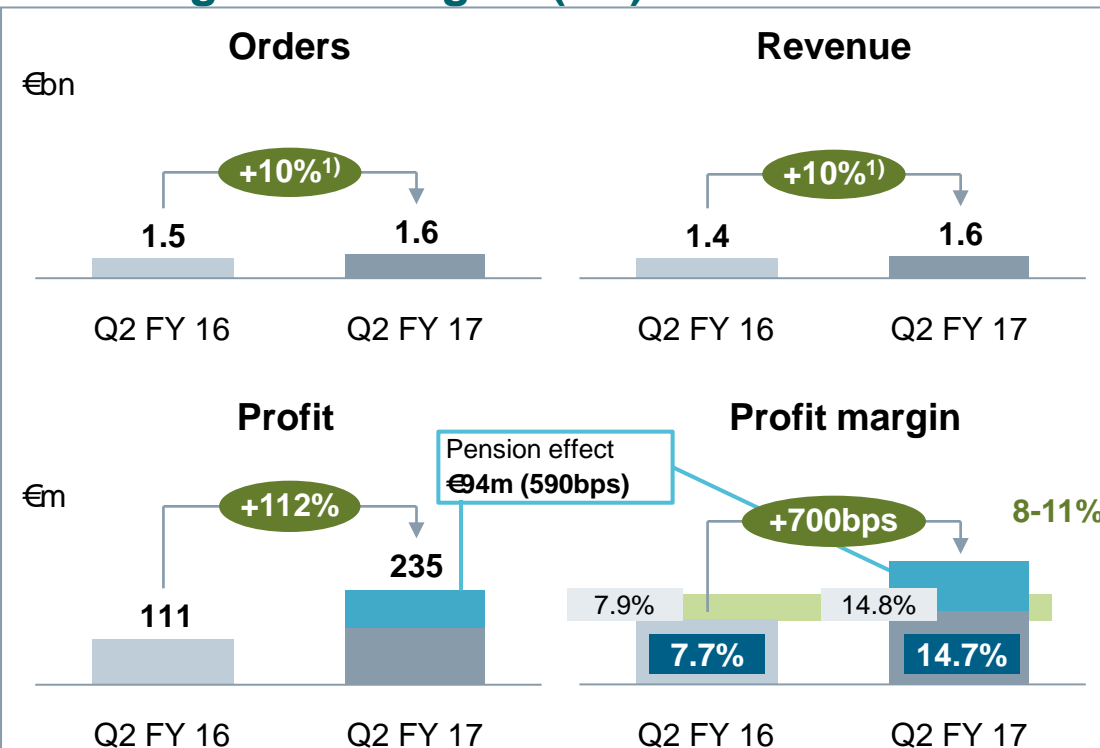
## BT: Continued outstanding performance across all metrics

### Energy Management (EM)



- High volume of large orders
- Global revenue growth, led by transmission
- Profitability up broad based, led by High Voltage Products

### Building Technologies (BT)



- Excellent top-line growth across all regions drives profitability

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

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x.x%

Margin as reported

x.x%

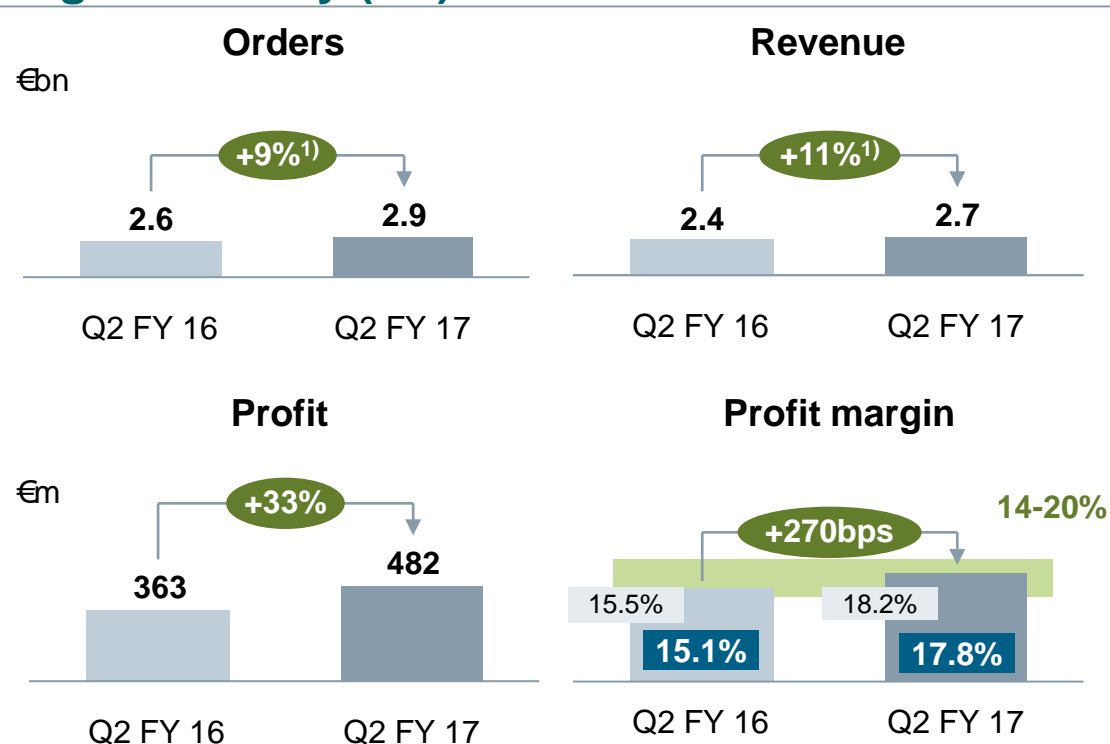
Margin excl. severance

# DF: Very strong short cycle momentum – clear market share gains

## PD: Operational progress – realignment continues

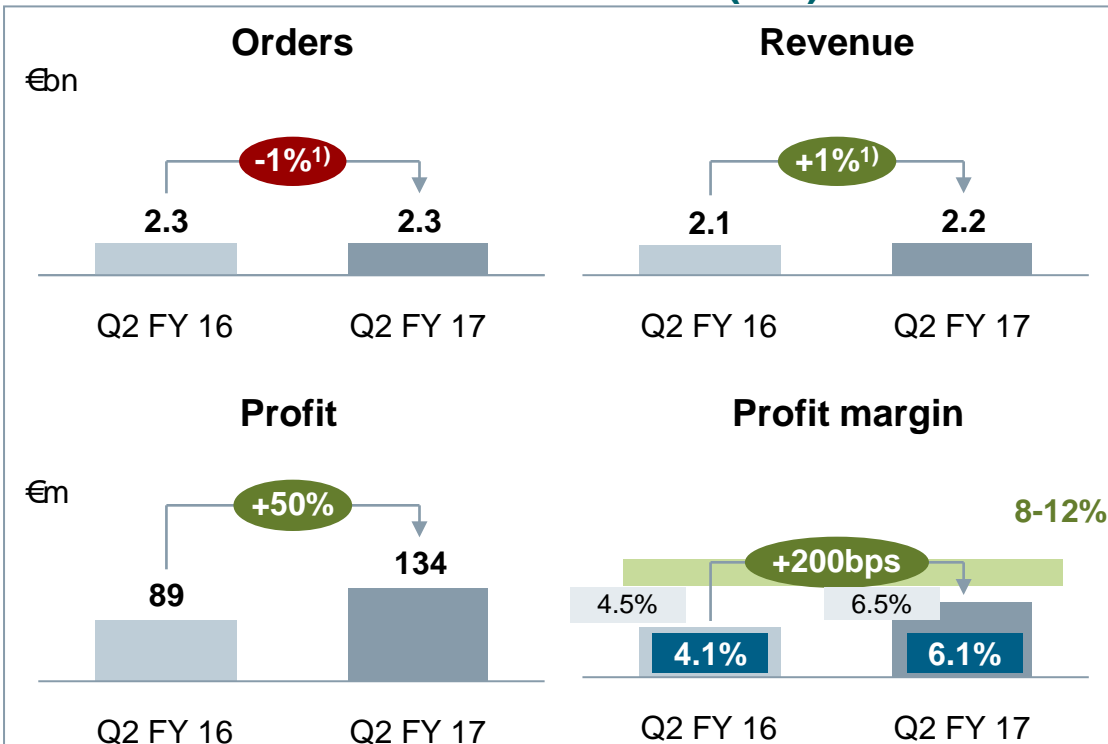


### Digital Factory (DF)



- Strong top-line growth and margin expansion driven by short cycle demand from automotive & machine building
- Top-line growth particularly in China and Europe

### Process Industries and Drives (PD)



- Growth in Process Automation offset by decline in commodity related businesses
- Higher margin Process Automation drives profitability

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

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x.x%

Margin as reported

x.x%

Margin excl. severance

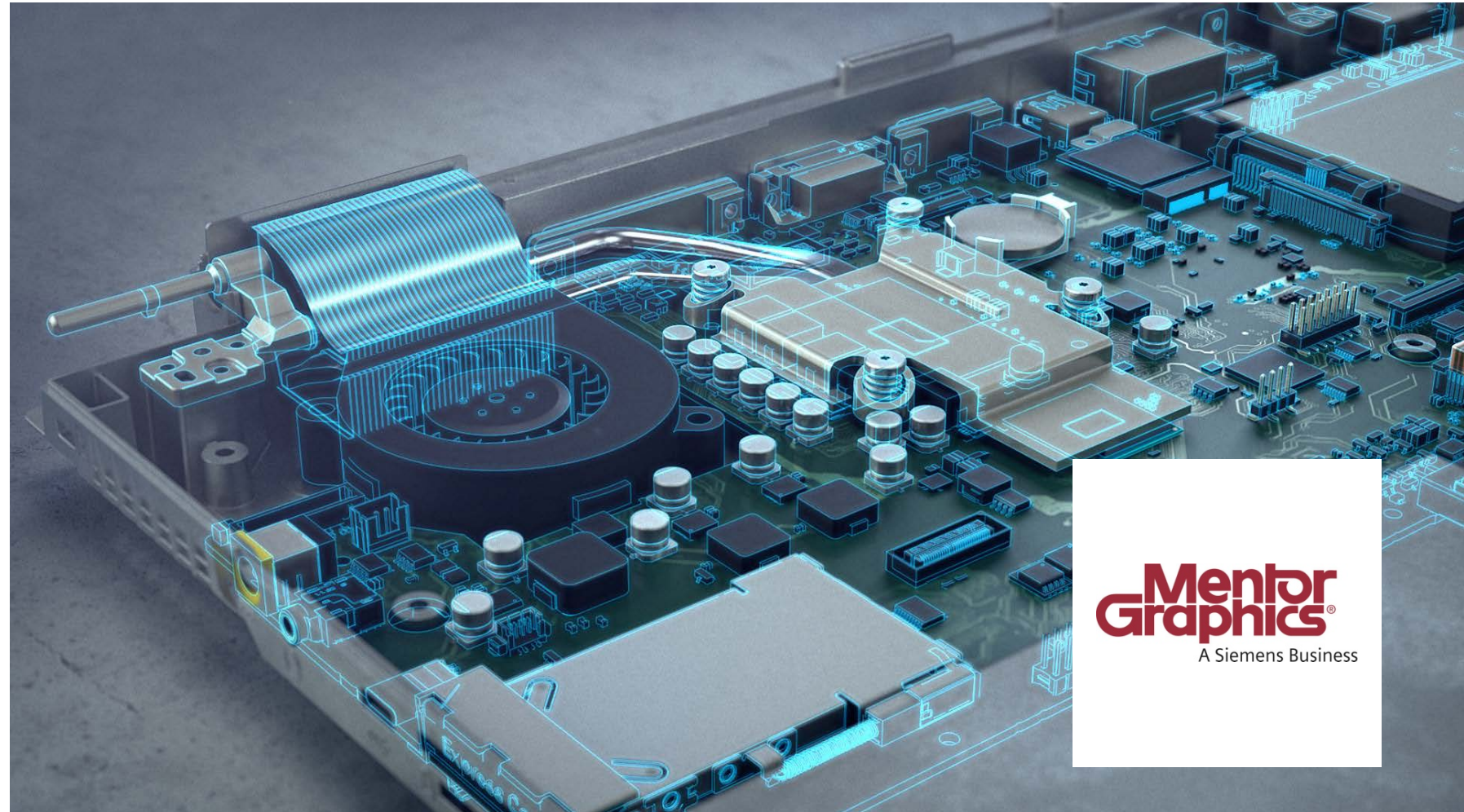


# Siemens further strengthens its unique expertise in industrial software

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## Design and simulation of electronic systems

- Closing of acquisition
- Purchase price \$4.5bn
- Integration in full swing



**Mentor  
Graphics®**  
A Siemens Business

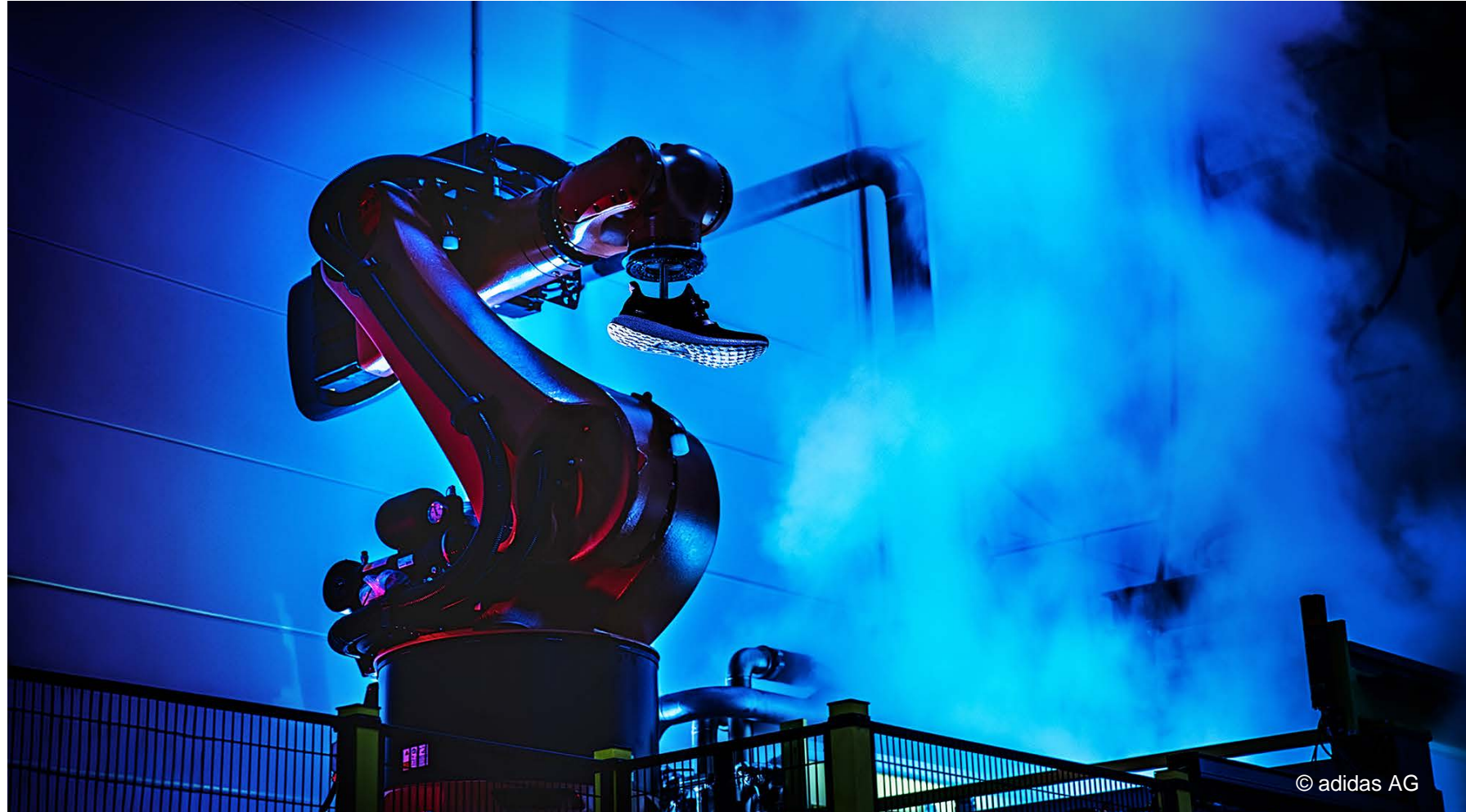
# Siemens and adidas collaborate in the digital production of sporting goods



## “Digital twin” for adidas Speedfactory

### Digital Factory

- Virtual simulation of the production process
- Greater flexibility and improved manufacturing quality



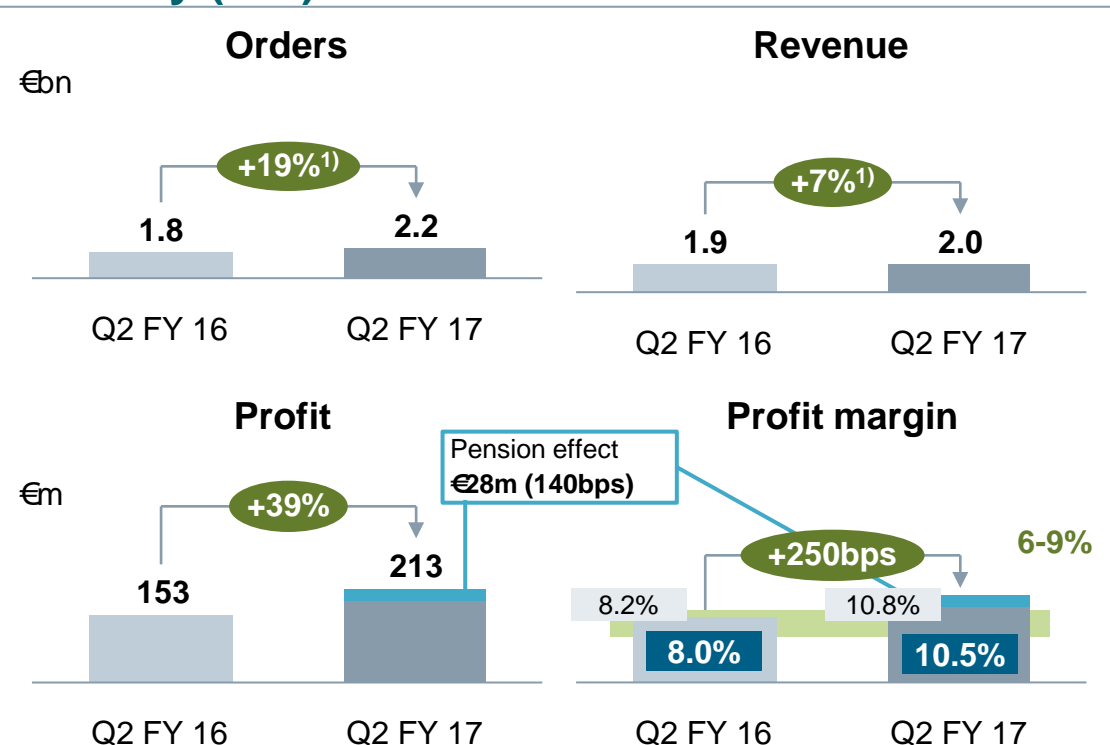
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# MO: Stringent execution and resumption of top-line growth

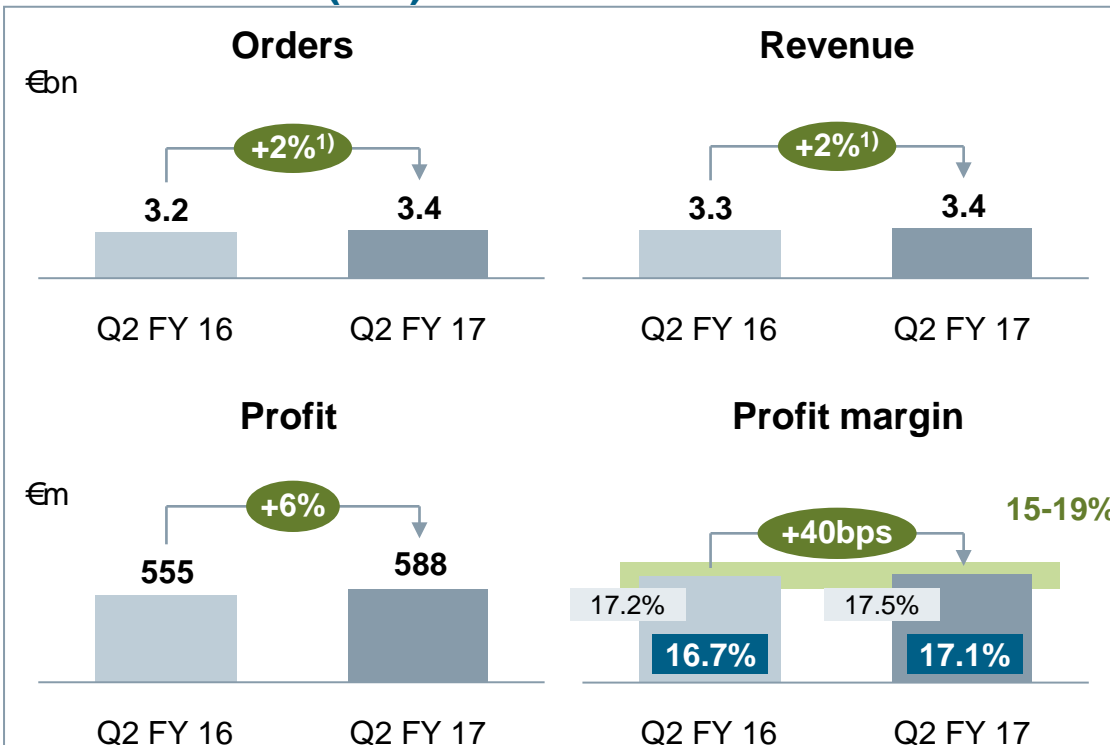
## HC: Solid performance with strength in Asia

### Mobility (MO)



- Broad based order growth with strong U.S. contribution
- Profit up on increased revenue and larger share from high margin rail infrastructure business

### Healthineers (HC)



- Double digit order growth in China
- Revenue growth driven by Diagnostic Imaging
- Final U.S. FDA clearance for Atellica™ Solution

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

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x.x%

Margin as reported

x.x%

Margin excl. severance

# Siemens acquires HaCon – a leading software provider for public transportation, mobility and logistics



- Offering will be expanded with industry-specific software in the transport sector
- Timetable information system informs millions of passengers in over 25 countries
- Siemens is the complete provider of an intermodal, digital, mobility offering





# Siemens is driving digitalization

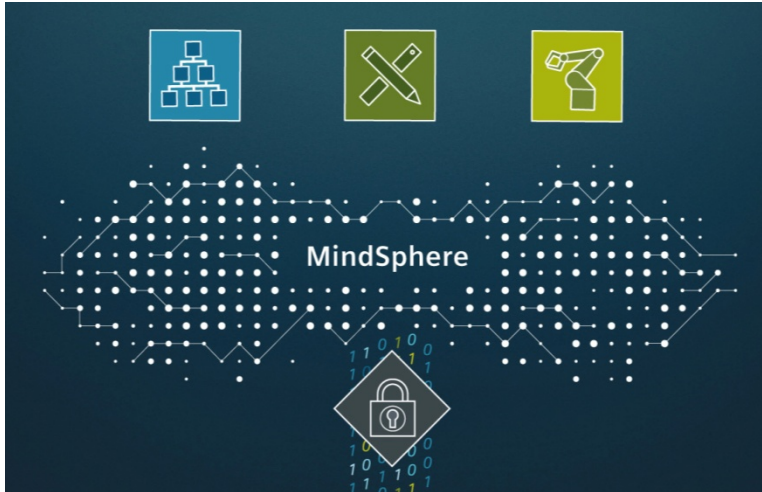


- Siemens is one of the world's 10 largest software companies measured by revenue
- Digitalization is the key growth driver for our businesses
- Unique portfolio: Software, digital services, MindSphere



# In the field of digitalization, we work in networks and in partnerships

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## Ecosystem for MindSphere:

New partnerships in the areas of infrastructure, applications and integration



## Partnership with Atos:

- €1.9 billion in joint business over five years
- €230 million funding for research and development



## Reseller agreement with SAP:

- Integration of EnergyIP in SAP software offering
- Together, reaching a broader customer base



# Hannover Messe – For Industrie 4.0, there's no getting around Siemens

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- Record trade fair presence: 3,500 m<sup>2</sup> stand, 100,000 visitors, nearly every tenth a lead
- Future of industry being shaped by digital twins, networking, artificial intelligence, autonomous machines and 3D printing





# Expo 2020 in Dubai: Technology partner first, later headquarters for the logistics business

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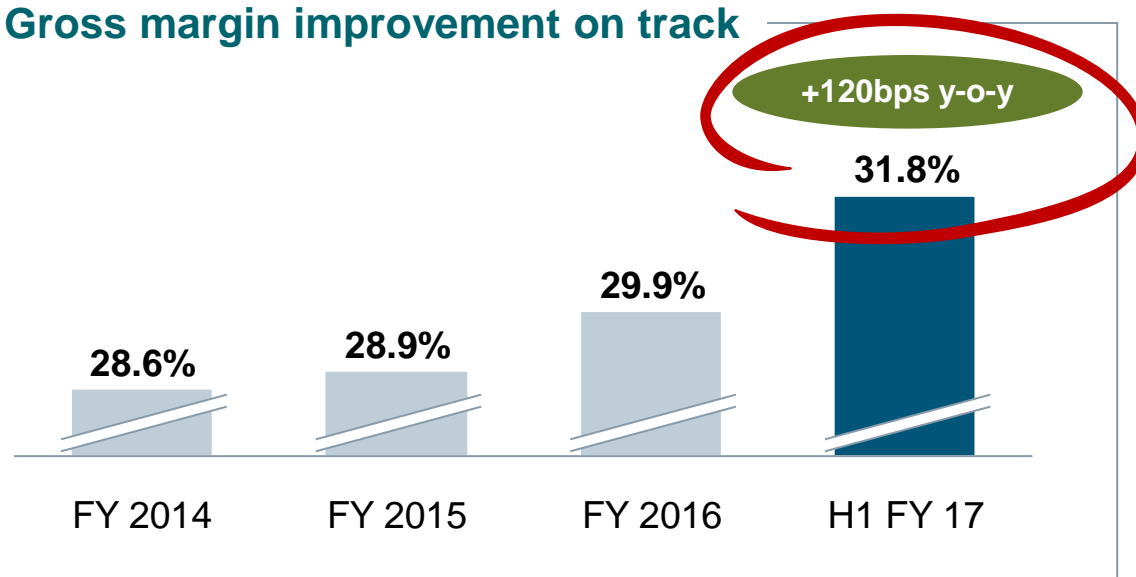
- Technology partner: MindSphere enables the operation of energy and building infrastructure
- Energy concept: Innovative energy storage system converts electrical power into hydrogen
- Following the Expo, part of the building will be used as the headquarters for the business with airports, cargo infrastructure and ports



# Continuous productivity drives operational performance – Siemens Operating Model key to ensure culture of adaptability

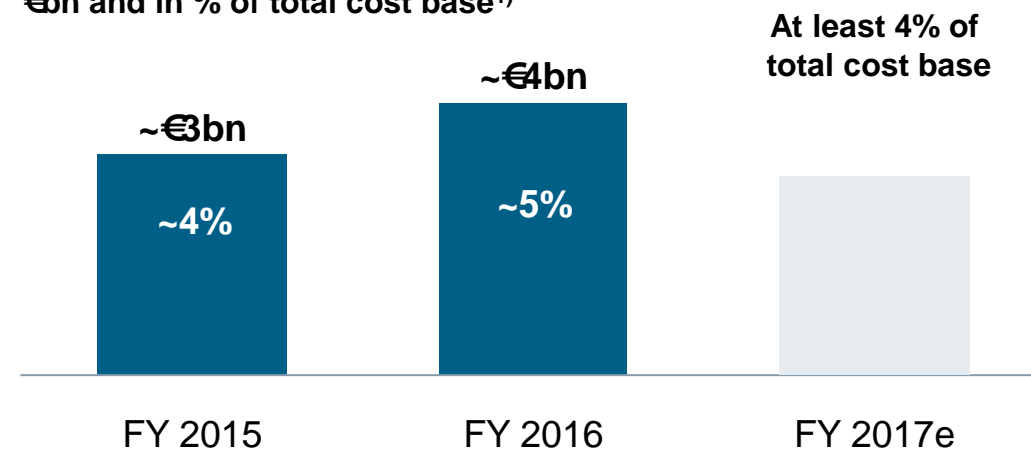


## Gross margin improvement on track



## Ongoing rigorous total cost productivity

€bn and in % of total cost base<sup>1)</sup>

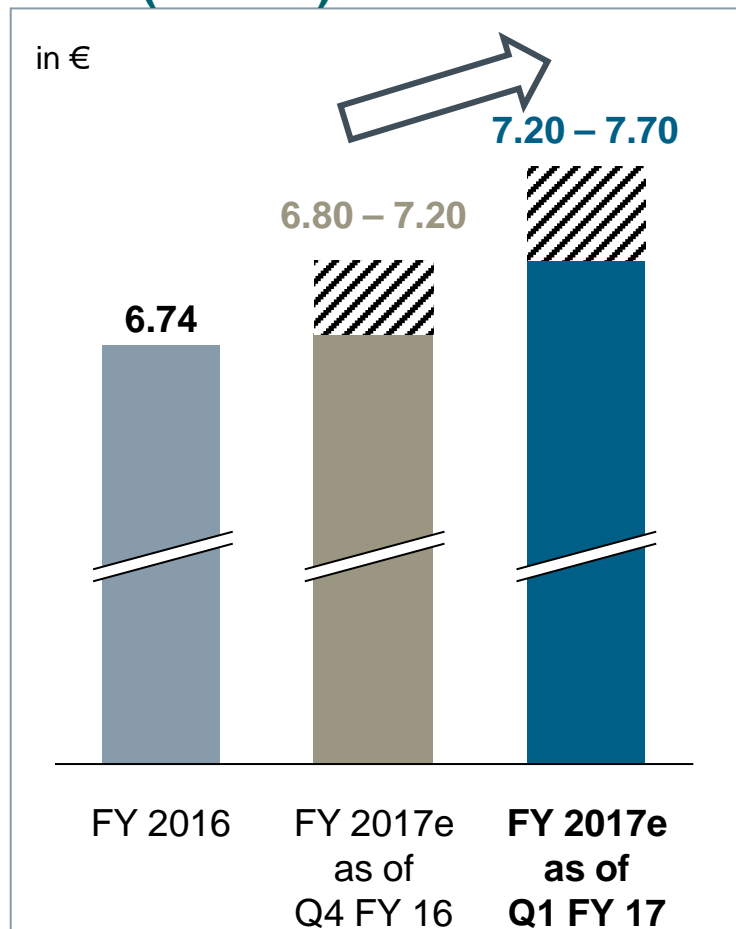


Divisional productivity programs + Functional productivity initiatives

1) Total cost base: Sum of cost of sales, R&D and SG&A expenses

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

## EPS (“all-in”)



Note: FY 2016 weighted average number of shares of 809m  
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## Guidance Update

We **confirm our expectations** for **fiscal 2017** presented with our results for Q1 FY 2017.

We continue to expect **modest growth in revenue, net of effects from currency translation and portfolio transactions**, and anticipate that **orders will exceed revenue for a book-to-bill ratio above 1**.

We expect the **profit margin** of our **Industrial Business** in the **range of 11.0% to 12.0%**, and **basic EPS from net income** in the **range of €7.20 to €7.70**.

This outlook now **includes portfolio changes already closed by the middle of fiscal 2017**, particularly the **acquisition of Mentor Graphics** and the **Gamesa merger**, which are **expected to burden Industrial Business profit margin and basic EPS from net income in fiscal 2017**.

The outlook continues to exclude charges related to legal and regulatory matters as well as potential burdens associated with pending portfolio matters.



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