SIEMENS

Ingenuity for life

Facts and figures
Fiscal 2019

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Dear Shareholders,

Siemens can look back on a successful fiscal 2019. We fully achieved our guidance in all aspects, although the weakening of the global economy accelerated considerably during the fiscal year.

Joe Kaeser

President and Chief Executive Officer
of Siemens AG

Once again, Siemens showed its ability to deliver on the performance goals. As a shareholder, you profit from our success through reliable and sustainable dividend yields. At the Annual Shareholders' Meeting on February 5, 2020, the Managing Board will propose a dividend of €3.90 for fiscal 2019 – our sixth dividend increase in a row.

We're implementing our share buyback programs as planned. Between 2012 and 2018, Siemens repurchased shares with a total value of about €10 billion. We've now set up another program, with a volume of up to €3 billion, to run until November 2021. We've already invested more than €1 billion of that amount in share buybacks – so we're fully on track with the latest program as well.

In fiscal 2019, Siemens remained on a growth trajectory. Adjusted for currency translation and portfolio effects, orders increased by a strong six percent year-over-year. At the end of the fiscal year, our order backlog – which is also comfortable in terms of margin quality – was €146 billion, setting another record.

Revenue grew a moderate three percent to €87 billion year-over-year. As a result, the book-to-bill ratio – that is, the ratio of orders to revenue – was a robust 1.13.

Profitability was also at a high level in fiscal 2019. This has not always been the case. Our Vision 2020 strategy program enabled us to close the profitability gap to our competitors and outperform the company to which we've been compared for decades. Excluding severance charges, our Industrial Businesses achieved an Adjusted EBITA margin of 11.5 percent, placing us right in the middle of our guidance range of 11 percent to 12 percent. Excluding severance charges, basic earnings per share were €6.93 and thus at the upper end of our forecast. Siemens has now met or exceeded its guidance for the sixth year in a row, even when we raised the guidance during the year – as we did from 2016 to 2018.

We can be satisfied with this success given the circumstances. It was the result of an impressive and concerted team effort, for which I'd like to cordially thank the more than 385,000 Siemens employees worldwide!

Parallel to the reliable management of our operating business, we've worked on the biggest transformation in Siemens' 172-year history. During fiscal 2019, we further refined our "Vision 2020+" concept in order to prepare our Company for the transformation of our next-generation markets.

In the future, Siemens will no longer be a conglomerate of conventional nature. Instead, it will comprise three companies, each focused on its own market. One company is the Industrial Siemens, consisting of Digital Industries, Smart Infrastructure and Mobility. The second is Siemens Healthineers, a company that's already been successfully listed on the stock market, where it will be followed, in the near future, by the third: Siemens Energy – a unique one-stop supplier in the areas of power generation, oil and gas, and power transmission. Looking ahead, these three focused and transparent companies will form an ecosystem tied together by the values of the strong Siemens brand and supported by mutual interests.

Fiscal 2019 was an intensive year. We launched the next-generation Siemens while staying focused on our ongoing business and fully achieving our operating targets. Not many companies in our market have this capability.

For the Managing Board

Sincerely yours,

Dear Shareholders,

**Siemens can look back on another successful fiscal year.
In a difficult geo-economic environment, the Company reached its announced targets in every respect.**

Jim Hagemann Snabe

Chairman of the Supervisory Board
of Siemens AG

The operating strength that enabled us to achieve this result is due, not least, to the rigorous development of the Company that the Supervisory and Managing Boards have been driving for the last few years. In fiscal 2019, the Supervisory Board's top priority was to further foster and support Siemens' reinvention from a position of strength. Strategy, structures and management personnel – in exactly that order – were at the forefront.

Regarding the first step, strategy: Vision 2020 enabled Siemens to enhance its operating performance, innovative power and customer satisfaction across its business fields. The Managing Board recognized and leveraged this accomplishment to further develop the Company through the ambitious "Vision 2020+" strategy, which aims to create focused Siemens companies that will be leaders in the future markets of industry, mobility, healthcare and energy in the medium and long term. These companies will have the freedom they need to act more rapidly, seize market opportunities and achieve profitable growth.

In the second step, structures have been derived from this strategy. At a time of ever-faster market developments, complexity poses challenges for conglomerates of conventional type. In the past, the decisive competitive advantage was size. Today, it's speed. For this reason, Siemens will now comprise three companies that have the necessary speed – but also the necessary size – to lead the transformation within their respective markets. The first company is Siemens' industrial core, which consists of Digital Industries, Smart Infrastructure and Mobility. The second is the healthcare technology provider Siemens Healthineers. And the third is the future energy company Siemens Energy. In fiscal 2019, the Supervisory Board intensively supported the landmark decision to spin off and publicly list Siemens Energy as an independent company that can shape and drive the energy transition worldwide.

The aim of the third step is to find the right leaders to fill our strategy and structures with life and take responsibility for their successful implementation. The first key decisions regarding the future managers of Siemens' three companies were made near the end of fiscal 2019. The Supervisory Board appointed Roland Busch as Deputy CEO of Siemens AG. Michael Sen is to be proposed as CEO of Siemens Energy. He was also appointed Co-CEO of Siemens' Gas and Power Operating Company, together with Lisa Davis. Until the ordinary Annual Shareholders' Meeting in 2020, Lisa Davis will ensure an orderly handover of her leadership responsibilities to Michael Sen. A decision on the successor to the President and CEO of Siemens AG and on the date of succession is planned for the summer of 2020.

For the benefit of you, the shareholders of Siemens, the Supervisory Board supported the Company's further development in all three areas – strategy, structures and management personnel – and closely assisted, advised and monitored the Managing Board in the implementation of "Vision 2020+" throughout the past fiscal year.

On behalf of the Supervisory Board, I would like to thank the members of the Managing Board and all the employees and employee representatives of Siemens AG and all Group companies for their outstanding commitment and constructive cooperation in fiscal 2019. The will and the courage to further accelerate the Company's transformation at a time of success deserves the greatest respect.

For the Supervisory Board

Fiscal 2019 – Financial summary

In fiscal 2019, as part of our new **"Vision 2020+"** company strategy, we set Siemens' future course by introducing a new organizational structure consisting of three Operating Companies – **Digital Industries, Smart Infrastructure** and **Gas and Power** – and three Strategic Companies: **Mobility, Siemens Healthineers** and **Siemens Gamesa Renewable Energy (SGRE)**. With this new setup, we are deepening our ownership culture and giving our businesses considerably more entrepreneurial freedom and responsibility under the strong Siemens brand. "Vision 2020+" is primarily a strategic growth concept aimed at further improving the profitability of Siemens' Companies through innovation and efficiency gains. As part of "Vision 2020+," we have set ourselves even more ambitious targets for revenue growth and the Adjusted EBITA margin ranges of our Companies. With "Vision 2020+," we also intend to further strengthen our portfolio through investments in new growth fields such as IoT integration services, distributed energy management and solutions for electric mobility infrastructure. As part of this strategy, we made several acquisitions during the fiscal year, the most important being Mendix, a pioneer and leader in cloud-native low-code application development. The acquisition of Mendix and our entry into the IoT integration services business is enabling us to further expand our market leadership in industrial digitalization. As a next step of "Vision 2020+," we announced our plan to carve out Gas and Power and to publicly list the business under the name Siemens Energy by the end of fiscal 2020, to give it even more independence and entrepreneurial freedom in a rapidly changing market environment. As part of this transaction, Siemens plans to contribute its stake in SGRE to Siemens Energy. As a result, the next generation of Siemens will be made up of three Siemens companies: the industrial Siemens, comprising Digital Industries, Smart Infrastructure and Mobility; Siemens Healthineers, which we successfully listed publicly in fiscal 2018; and Siemens Energy.

Despite increasing macroeconomic headwinds in the course of the fiscal year, particularly for our short-cycle businesses, we again achieved strong results – also in most of our industrial businesses and in Financial Services – and reached all the **targets set for our primary measures** for fiscal 2019. We achieved revenue growth of 3% net of currency translation and portfolio effects. We delivered basic earnings per share (EPS) from net income of €6.41, which included impacts from severance charges amounting to (€0.52) per share. At 11.1%, return on capital employed (ROCE) was in the double-digit range; and our capital structure ratio came in at 0.6.

Orders rose 7% year-over-year to €98.0 billion, for a book-to-bill-ratio of 1.13, thus fulfilling our expectation of a ratio above 1. Five of our six industrial businesses increased orders year-over-year. These increases were led by double-digit growth at Mobility, which again won significant contracts, such as for the new generation of trains for the London Tube and for Velaro RUS high-speed trains, including services, in Russia, and recorded its highest order intake ever. Order growth in Gas and Power was driven by the new-unit business and included significantly higher volume from large orders year-over-year. Siemens Healthineers and Smart Infrastructure achieved broad-based order growth, the former including particularly strong demand for its imaging solutions, the latter including large contract wins in its solutions and services business. Orders in Digital Industries came in slightly lower year-over-year due mainly to increasingly adverse market conditions in key manufacturing industries. Excluding currency translation and portfolio effects, orders for Siemens rose 6%.

Revenue also was higher in five of our industrial businesses and rose to €86.8 billion, up 5% year-over-year. The strongest increase came from SGRE, which posted double-digit growth, driven by its offshore and service businesses. Siemens Healthineers achieved clear revenue growth on increases in all businesses, particularly in its imaging business. Following weak order intake in prior years, revenue at Gas and Power came in moderately lower. Excluding currency translation and portfolio effects, revenue for Siemens grew 3%. For fiscal 2019, we had forecast moderate growth in revenue, net of currency translation and portfolio effects.

Adjusted EBITA Industrial Businesses rose slightly to €9.0 billion, due mainly to double-digit growth in Siemens Healthineers on the strength of its imaging and advanced therapies businesses and to a lesser extent to a moderate increase in Mobility. These increases were partly offset by declines in Gas and Power, due mainly to lower capacity utilization and price declines, and in Smart Infrastructure, due mainly to negative effects related to grid control projects at the beginning of fiscal 2019. Adjusted EBITA in Digital Industries came in close to the strong prior-year-level, despite increasing headwinds in the markets for its short-cycle businesses in the course of the fiscal year. Overall, Adjusted EBITA Industrial Businesses was burdened by severance charges of €0.5 billion, substantially lower than a year earlier. Approximately half of these severance charges were booked at Gas and Power. As planned, we further increased R&D expenses in our industrial businesses, in order to strengthen our capacity for innovation.

The **Adjusted EBITA margin of our Industrial Businesses** was 10.9%, down from 11.1% in fiscal 2018. Four of our six industrial businesses were within their margin range or – as in the case of Smart Infrastructure – close to it. Excluding severance charges, Adjusted EBITA margin Industrial Businesses was 11.5%, clearly in the range of 11% to 12%, which we had expected it to reach. Financial Services, which is reported outside our Industrial Businesses, concluded another strong fiscal year with a return on equity after tax of 19.1%, which was within its margin range.

The loss outside the Industrial Businesses came in substantially higher year-over-year despite a number of positive developments, including a positive effect related to the measurement of a major asset retirement obligation, a lower loss at Portfolio Companies, lower Centrally carried pension expenses and higher income from Corporate Treasury activities. However, the positive factors were substantially larger in fiscal 2018, most notably a €0.9 billion gain related to the transfer of Siemens' shares in Atos SE to Siemens Pension-Trust e.V. and a €0.7 billion gain from the sale of shares in OSRAM Licht AG.

Net income was €5.6 billion, down 8% year-over-year, and basic EPS from net income declined by €0.71 to €6.41. These declines were due mainly to the aforementioned largely tax-free portfolio gains, which contributed €1.87 per share to basic EPS from net income in fiscal 2018. Basic EPS from net income in fiscal 2019 was burdened by severance charges amounting to €0.52 per share. With basic EPS from net income excluding severance charges of €6.93, we thus met our forecast, which was to achieve basic EPS from net income excluding severance charges in the range of €6.30 to €7.00.

ROCE for fiscal 2019 was 11.1%, down from 12.6% in fiscal 2018. This decline was due to a combination of lower net income and an increase in average capital employed, with the latter being impacted by recent acquisitions, among them Mendix. We thus met our forecast, which was to achieve a double-digit result but to come in below the lower end of our long-term goal of 15% to 20%.

We evaluate our **capital structure** using the ratio of industrial net debt to EBITDA. For fiscal 2019, this ratio was 0.6, compared to 0.4 in fiscal 2018. We thus reached our forecast, which was to achieve a ratio of up to 1.0.

Free cash flow from continuing and discontinued operations for fiscal 2019 was €5.8 billion, level with the prior year.

We intend to continue providing an attractive return to shareholders. The Siemens Managing Board, in agreement with the Supervisory Board, proposes a **dividend** of €3.90 per share, up from €3.80 a year earlier.

Key figures fiscal 2019

Volume

		FY 2019	FY 2018	% Change Actual	% Change Comp.[1]
Orders	in millions of €	**97,999**	91,296	7%	6%
Revenue	in millions of €	**86,849**	83,044	5%	3%
Book-to-bill ratio		**1.13**			
Order backlog	in billions of €	**146**			

Profitability and Capital efficiency

		FY 2019	FY 2018	% Change
Industrial Businesses				
Adjusted EBITA	in millions of €	**8,986**	8,857	1%
Adjusted EBITA margin	in %	**10.9**	11.1	
Continuing operations				
EBITDA	in millions of €	**10,582**	9,602	10%
Income from continuing operations	in millions of €	**5,646**	5,996	(6)%
Basic earnings per share[2]	in €	**6.41**	6.97	(8)%
Continuing and discontinued operations				
Net income	in millions of €	**5,648**	6,120	(8)%
Basic earnings per share[2]	in €	**6.41**	7.12	(10)%
Return on capital employed (ROCE)	in %	**11.1**	12.6	

Capital structure and Liquidity

		September 30, 2019	September 30, 2018
Total equity	in millions of €	**50,984**	48,046
Industrial net debt	in millions of €	**6,404**	3,548
Industrial net debt/EBITDA		**0.6**	0.4
		FY 2019	**FY 2018**
Free cash flow			
Continuing operations	in millions of €	**5,872**	5,814
Continuing and discontinued operations	in millions of €	**5,845**	5,824
Cash conversion rate			
Industrial Businesses		**0.89**	0.80

Employees

		September 30, 2019	September 30, 2018
Total	in thousands	**385**	379
Germany	in thousands	**116**	117
Outside Germany	in thousands	**269**	262

1 Throughout excluding currency translation and portfolio effects.

2 Basic earnings per share – attributable to shareholders of Siemens AG. For fiscal 2019 and 2018 weighted average shares outstanding (basic) (in thousands) amounted to 807,273 and 815,063 shares, respectively.

The Siemens Share/Investor Relations

Change in the value of an investment in Siemens shares in fiscal 2019
(with dividends reinvested; indexed)

Stock performance. The strength of the Siemens share is illustrated by a long-term comparison: The assets of an investor who acquired Siemens stock worth €1,000 at the beginning of fiscal 2010 and reinvested the dividends and the corresponding value of the OSRAM spin-off in Siemens shares would have increased to €2,370 by the end of fiscal 2019. This annual return of 9.0% (on a comparable basis) is above the results of the leading German stock exchange index, the DAX (+8.2%) and in-line with the leading international index MSCI World (+9.0%).

Over the last fiscal year, Siemens stock was also impacted by the volatile market environment. At the end of the fiscal year (September 30, 2019), the Siemens share closed at €98.25. For shareholders who reinvested their dividends, this amounted to a loss of 7.4%. In the same period the DAX advanced 1.5% and the MSCI World advanced 1.8% (with dividends reinvested).

Stock market information

		FY 2019[1]	FY 2018[1]
Siemens stock price (Xetra closing price)			
High	in €	**110.34**	125.20
Low	in €	**85.00**	100.38
Fiscal year-end	in €	**98.25**	110.34
Number of shares issued (September 30)	in millions	**850**	850
Market capitalization[2] (September 30)	in millions of €	**79,854**	89,381
Basic earnings per share[3]	in €	**6.41**	7.12
Diluted earnings per share[3]	in €	**6.32**	7.01
Dividend per share	in €	**3.90**[4]	3.80

1 Fiscal year from October 1 to September 30.
2 On the basis of outstanding shares.
3 Continuing and discontinued operations.
4 To be proposed to the Annual Shareholders' Meeting.

Siemens on the capital market. An intensive dialogue with the capital market is of great importance to us. Cultivating close contacts with our shareholders, we keep them informed of all major developments throughout Siemens. As part of our investor relations work, we provide information on our Company's development in earnings releases and half-year and annual reports. Our CEO and CFO also support our continuous dialogue with investors by participating in roadshows and conferences. At Capital Market Days, Company management informs investors and analysts about our business strategy and market environment.

Our investors have fast and direct online access to our financial calendar, half-year and annual reports, earnings releases, ad hoc announcements, analyst presentations, shareholder letters, equity story and press releases at
WWW.SIEMENS.COM/INVESTOR/EN.

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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, 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.