SIEMENS

Munich, Germany, November 12, 2015

Earnings Release Q4 FY 2015

July 1 to September 30, 2015

Strong finish for fiscal 2015

»We delivered what we promised, and are well positioned to deliver on our plans for the year ahead,« said Joe Kaeser, President and Chief Executive Officer of Siemens AG.

Q4 Fiscal 2015

- Fourth-quarter orders up 15% year-over-year, at €23.7 billion, and revenue 4% higher at €21.3 billion, for a book-to-bill ratio of 1.11
- Volume development includes strong currency translation tailwinds; excluding currency translation and portfolio effects, orders up 6% and revenue down 4%
- Industrial Business profit up 9%, at €2.5 billion; strong improvements in Energy Management, Wind Power and Renewables, Healthcare and Mobility, more than offset substantial declines in Power and Gas and Process Industries and Drives
- Net income lower, at €1.0 billion, due mainly to Centrally managed portfolio activities; basic earnings per share (EPS) of €1.18 compared to €1.72 in Q4 FY 2014
- Free cash flow from continuing and discontinued operations of €4.4 billion, above the high level in the fourth quarter a year ago

Fiscal 2015

- Orders and revenue both up 6% compared to fiscal 2014, at €82.3 billion and €75.6 billion, respectively, for a book-to-bill ratio of 1.09; excluding currency translation and portfolio effects, orders and revenue were flat year-over-year
- Industrial Business profit up 1%, at €7.8 billion; strong profit growth in Energy Management along with increases in other Divisions and Healthcare, offsetting substantial declines in Power and Gas and Process Industries and Drives; Industrial Business profit margin reached 10.1%, within the expected range
- Severance charges totaled €566 million in Industrial Business and €804 million for continuing operations
- Net income of €7.4 billion includes €3.0 billion related to divestments of the hearing aid business and Siemens' stake in BSH Bosch und Siemens Hausgeräte GmbH (BSH); basic earnings per share (EPS) up 39% at €8.84, including €3.66 related to the sale of the hearing aid business and the BSH stake
- Free cash flow from continuing and discontinued operations of €4.7 billion, down from €5.2 billion in fiscal 2014
- Siemens proposes a dividend of €3.50 per share

Siemens

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	23,716	20,549	15%	6%
Revenue	21,328	20,438	4%	(4)%
Profit Industrial Business	2,455	2,255	9%	
therein: severance	*(264)*			
Profit margin Industrial Business	11.3%	10.9%		
excl. severance	*12.5%*			
Income from continuing operations	1,001	1,468	(32)%	
therein: severance	*(343)*			
Net income	1,000	1,498	(33)%	
Basic earnings per share (in €)	1.18	1.72	(32)%	
Free cash flow (continuing and discontinued operations)	4,375	3,450	27%	
ROCE (continuing and discontinued operations)	10.2%	18.4%		

- Volume growth influenced strongly by currency translation tailwinds, which added six percentage points to order and five percentage points to revenue development
- Orders include a €1.2 billion order for an offshore wind-farm and service in Germany
- €110 billion Industrial Business order backlog
- Reported revenue increase driven by double-digit growth in Energy Management and in Power and Gas which made acquisitions between the periods under review; Energy Management, Building Technologies, Healthcare, and Digital Factory grew on a comparable basis
- Profit Industrial Business: strong improvements in Energy Management, Wind Power and Renewables, Healthcare and Mobility; substantial declines in Power and Gas as well as Process Industries and Drives
- Profit development also benefited from positive currency effects, most strongly in Healthcare and Process Industries and Drives
- Income from continuing operations includes €72 million in severance charges in Corporate items; decline due mainly to Centrally managed portfolio activities (CMPA), which included an impairment of €138 million as well as losses from equity investments; Q4 FY 2014 included profit of €72 million related to projects remaining from the Metals Technologies business, and equity investment income of €61 million from Siemens' stake in BSH
- Free cash flow: increase in Industrial Business from an already high level of €3.855 billion in Q4 FY 2014 to €4.963 billion, driven by positive effects from working capital management, particularly in Power and Gas and Energy Management
- ROCE: decline due to lower net income and a substantial increase in average capital employed with the acquisition of Dresser-Rand
- Underfunding of Siemens' pension plans as of September 30, 2015: €9.0 billion (June 30, 2015: €8.9 billion)

Power and Gas

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	5,275	3,735	41%	13%
Revenue	4,050	3,661	11%	(17)%
Profit	420	543	(23)%	
therein: severance	*(91)*			
therein: integration costs Dresser-Rand	*(19)*			
Profit margin	10.4%	14.8%		
excl. severance and integration costs	*13.1%*			

- Acquisition of Dresser-Rand and the Rolls-Royce Energy aero-derivative gas turbine and compressor business added 21 percentage points to order growth and 22 percentage points to revenue development
- Comparable revenue down significantly due mainly to weaker order intake in prior periods, in particular for large gas turbines
- Severance charges and lower margins particularly in the large gas turbine and solutions businesses; positive effect of €55 million related to a project settlement; solid profit from Dresser-Rand and continued strong profit contribution from the service business
- Overcapacities and continuing challenges resulting in increased price pressure

Wind Power and Renewables

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	2,716	1,810	50%	45%
Revenue	1,504	1,636	(8)%	(10)%
Profit	72	(60)	n/a	
therein: severance	*(3)*			
Profit margin	4.8%	(3.7)%		
excl. severance	*5.0%*			

- Higher volume from large orders; €1.2 billion order for an offshore wind-farm and service in Germany and several large orders in the onshore business
- Revenue decline in the onshore business; revenue growth in the service business
- Profitability reflects the revenue decline as well as reduction in offshore margins due in part to increased competition; Q4 FY 2014 included charges of €223 million related to inspecting, replacing and repairing wind turbine components

Energy Management

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	3,290	2,731	20%	16%
Revenue	3,473	3,120	11%	7%
Profit	259	125	108%	
therein: severance	*(51)*			
Profit margin	7.5%	4.0%		
excl. severance	*8.9%*			

- Substantial order growth in all three reporting regions due largely to the solutions and transformer businesses, including a €0.3 billion high voltage direct current transmission contract in Europe
- Revenue up in all three reporting regions; strong revenue performance in the transformer and smart grid solutions and services businesses
- Profit increase due mainly to higher revenue and stronger profit contributions from projects in the solutions business; Q4 FY 2014 included charges of €41 million from project execution challenges

Building Technologies

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	1,662	1,564	6%	0%
Revenue	1,679	1,544	9%	3%
Profit	222	190	16%	
therein: severance	*(7)*			
Profit margin	13.2%	12.3%		
excl. severance	*13.6%*			

- Order growth in the Americas and the region comprising Europe, the Commonwealth of Independent States, Africa and the Middle East (Europe/CAME) due mostly to currency translation effects
- Revenue growth due to the service and product businesses, partly held back by a decline in the solution business
- In a typically robust fiscal year-end quarter, profit development benefited from a larger share of higher-margin service and product businesses

Mobility

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	2,387	2,734	(13)%	(17)%
Revenue	1,998	2,109	(5)%	(10)%
Profit	171	124	38%	
therein: severance	*(34)*			
Profit margin	8.6%	5.9%		
excl. severance	*10.2%*			

- Lower volume from large orders; Q4 FY 2014 included large orders for light rail vehicles in the U.S. and for commuter and regional trains in the U.K. totaling €0.8 billion
- Revenue growth in the infrastructure business; as expected, lower revenue overall due to timing of large rail projects
- Profitability improved as planned and benefited from a more favorable revenue mix due to a larger share of higher-margin infrastructure business

Digital Factory

(in millions of €)	Q4 FY 2015	Q4 FY 2014	% Change Actual	% Change Comp.
Orders	2,520	2,311	9%	5%
Revenue	2,654	2,526	5%	1%
Profit	483	482	0%	
therein: severance	*(28)*			
Profit margin	18.2%	19.1%		
excl. severance	*19.3%*			

- Order growth led by industry software business; increases in all three reporting regions, including positive currency translation effects
- Strong revenue growth in industry software business; on a regional basis, decline in China, including the high-margin factory automation business due primarily to the industrial deceleration in the country, as well as lower revenue in Germany
- Margin expansion in industry software business due mainly to increased demand in digitalization

Process Industries and Drives

	Q4		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Orders	2,321	2,223	4%	1%
Revenue	2,728	2,716	0%	(4)%
Profit	131	233	(44)%	
therein: severance	*(32)*			
Profit margin	4.8%	8.6%		
excl. severance	*6.0%*			

- Continued weak demand in the oil and gas industries resulting from low oil prices
- Clear revenue growth in process automation business; declines from commodity-related industries
- Profit benefited from currency tailwinds; lower profitability due mainly to a warranty charge of €90 million in the large drives business and also to continuing operational challenges in the large drives and oil & gas and marine businesses

Healthcare

	Q4		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Orders	3,823	3,589	7%	1%
Revenue	3,622	3,400	7%	1%
Profit	696	618	13%	
therein: severance	*(19)*			
Profit margin	19.2%	18.2%		
excl. severance	*19.8%*			

- Orders and revenue up in all businesses, benefiting from currency translation tailwinds
- All regions contributed to volume growth except Europe/CAME with regard to a slight decline in orders
- Profit growth driven by the imaging and therapy systems business, which continued to account for the largest share of Healthcare profit overall; profit also benefited from currency tailwinds

Financial Services

	Q4	
(in millions of €)	FY 2015	FY 2014
Income before income taxes	144	121
therein: severance	*(2)*	
ROE (after taxes)	19.3%	18.3%

(in millions of €)	Sep 30, 2015	Sep 30, 2014
Total assets	24,970	21,970

- Focus on prudent risk management and profitable business in the Siemens domains successfully contributed to profit and asset growth
- Higher contribution from the equity business and higher interest results associated with growth in total assets partly offset by a higher level of credit hits mainly from China
- Despite substantial early terminations of financings, total assets have increased since the end of fiscal 2014, including positive currency translation effects

Reconciliation to Consolidated Financial Statements

Profit

	Q4	
(in millions of €)	FY 2015	FY 2014
Centrally managed portfolio activities	(342)	84
Siemens Real Estate	9	26
Corporate items	(367)	(277)
Centrally carried pension expense	(105)	(96)
Amortization of intangible assets acquired in business combinations	(168)	(108)
Eliminations, Corporate Treasury and other reconciling items	(80)	4
Reconciliation to Consolidated Financial Statements	**(1,053)**	**(368)**

- CMPA: impairment of €138 million related to Siemens' stake in Primetals Technologies Ltd.; Q4 FY 2014 included profit of €72 million related to projects remaining from the Metals Technologies business, and equity investment income of €61 million from Siemens' stake in BSH which was divested between the periods under review
- Results of CMPA may be volatile in coming quarters
- Corporate items included severance charges of €72 million for corporate reorganization of support functions
- Eliminations, Corporate Treasury and other reconciling items: higher interest expenses on increased debt

Outlook

We anticipate further softening in the macroeconomic environment and continuing complexity in the geopolitical environment in fiscal 2016. Nevertheless, we expect moderate revenue growth, net of effects from currency translation. We anticipate that orders will materially exceed revenue for a book-to-bill ratio clearly above 1. For our Industrial Business, we expect a profit margin of 10% to 11%. Furthermore, we expect basic EPS from net income in the range of €5.90 to €6.20 as compared to €5.18, which we achieved in fiscal 2015 excluding €3.66 per share in portfolio gains from the divestments of the hearing aid business and our stake in BSH.

This outlook assumes that momentum in the market environment for our high-margin short-cycle businesses will pick up in the second half of fiscal 2016. Additionally, it excludes charges related to legal and regulatory matters.

Notes and forward-looking statements

Starting today at 9:00 a.m. CET, the press conference at which Siemens CEO Joe Kaeser and Siemens CFO Ralf P. Thomas discuss the quarterly figures will be broadcast live at www.siemens.com/pressconference.

Starting today at 11:00 a.m. CET, Joe Kaeser and Ralf P. Thomas will hold a telephone conference in English for analysts and investors, which can be followed live at www.siemens.com/analystcall.

Recordings of the press conference and the analysts and investors conference will subsequently be made available as well.

Financial publications are available for download at: www.siemens.com/ir.

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.

All information is preliminary.

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