

SIEMENS

Press

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Press Conference First Quarter, Fiscal 2014

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EMBARGOED until 7:30 a.m. CET

Check against delivery.

Sound start into fiscal year 2014

Thank you for making your way to the Olympiahalle at such an early hour. It may still be dark outside, but there's plenty of light in here. Once again we have light and shadow complementing one another with all due harmony – in 2014, too.

We delivered a sound quarter to start our fiscal year. As expected, market conditions were not in our favor. We continue to focus on our productivity program for the year, and on the actions we will take beyond 2014.

We have remained true to our commitment to open communication, and despite some isolated events the company has continued to become calmer. The mood among our employees has improved significantly, and the general sense of motivation to bring the company to the forefront is widely felt. During an ongoing program of restructuring – Siemens 2014 – this is not something that can be taken for granted. The new sales setup in the regions, effective since November 1st, 2013, has taken root and strengthens our customer orientation. As far as the operational business is concerned, we are making satisfactory progress toward the productivity and cost-reduction goals we set for 2014. In cases of doubt, securing business processes and project implementation is given priority over cost reduction. It is pleasing that all Sectors were within their margin bands and that capital efficiency, in other words ROCE, improved noticeably during the first quarter.

As we anticipated, our market environment has not measurably improved. This is particularly true for the profitable short-cycle businesses. Despite the generally positive forecasts for the global economy, we continue to assume that noticeable impulses will first be felt toward the end of the year. In the short term we expect that adverse developments are more likely, as a result of the strength of the euro, which has climbed significantly against all relevant currencies. Hence, there is no alternative in the short-term to a strong focus on cost management and increased productivity.

In addition to implementing short-term measures, we are also working diligently on the medium-term orientation beyond 2014. The design of our corporate management functions, in other words the “corporate core,” is taking shape. I expect this to

result in a marked improvement in the efficiency of our corporate headquarters, and a noticeable streamlining of our corporate management. In this regard, we are also well underway with the “stabilization of internal order” efforts announced last August.

Delisting from New York Stock Exchange

We will not wait until May to implement the steps that result from this process; we will proceed promptly to realize them: Siemens is planning to delist its American Depositary Receipts (ADR) from the New York Stock Exchange (NYSE). In addition, Siemens intends to terminate its reporting obligations (deregistration) to the American Securities and Exchange Commission (SEC).

The goal of the delisting and deregistration is to address the change in the behavior of its investors. Trading volume of Siemens shares in the USA is low, amounting to significantly less than 5 percent of its global trading volume in the year 2013. The trading of Siemens shares is nowadays conducted predominantly in Germany and via electronic trading platforms (‘over-the-counter’).

As a consequence, processes for financial reporting are being simplified and their efficiency is being improved. Mr. Thomas and I can assure you: Independent from the delisting the high standards of transparency in the financial reporting and the first class corporate governance will continue to be top priority at Siemens.

Strong orders from emerging markets

A look at the key figures from the first quarter shows that we can, all in all, be satisfied with developments – even if the new charges related to offshore wind connection projects in the German North Sea at the Energy Transmission Division (E T) serve as a bitter reminder that these “legacy projects” in the North Sea, our train projects, and the power plant Olkiluoto in Finland will likely continue to be latent material charges for years to come. The fact that a competitor is also having problems with offshore connections is small consolation and serves only to distract us from drawing our own conclusions.

An especially welcome development is the strong gain of 12 percent in orders compared to the same quarter last year, adjusted for currency and portfolio effects. We won several large contracts, especially for rail projects and wind farms, which will take several years to be fully executed. 41 percent of our orders came from emerg-

ing markets. This demonstrates that, alongside industrialized nations, our business is no longer conceivable without these growth markets. Our order backlog has again reached a record 102 billion euros.

Revenue was down slightly to 17.3 billion euros, largely due to currency effects. Our book-to-bill ratio – the ratio between new orders and revenue – thus came to 1.20. That is the highest first-quarter figure in six years. Our net income for the quarter was very agreeable, at just under 1.5 billion euros. Part of this figure was provided by the considerably higher disposal gains at Siemens Real Estate (SRE) year-over-year. Free cash flow this quarter was negative because of seasonal out-payments. But it was considerably better than for the same quarter last year.

After a series of disappointments, we can also be pleased that the German Federal Railway Authority has given its approval for our new high-speed trains to be used in Germany. At the end of last calendar year we delivered four Velaro D type ICE trains to Deutsche Bahn. Deutsche Bahn is now using these trains in Germany to transport passengers. We plan to deliver four more ICEs this spring.

All four Sectors have reached EBITDA margin range

Let's now have a look at the individual Sectors. The Energy Sector saw a moderate increase in new orders and a moderate decrease in revenue. Energy contributed the most to Total Sectors profit, with earnings of 506 million euros. In the course of just one week, the Sector landed several pioneering orders from the key U.S. market. Siemens got its largest onshore installation order to date for five wind farms, and an order for two combined-cycle power plant blocks in Pennsylvania, which we will equip with our H class turbines. We have also been chosen as a supplier for the country's first large offshore wind power plant. Orders like these, in a land where competition often limits opportunity, are of course especially gratifying. We are a respected partner in the energy transition "made in the USA", which distinguishes itself from less well executed approaches in other countries by its hitherto disciplined approach.

The Healthcare Sector saw an increase of 4 percent in orders, and a slight gain in revenue. This Sector showed a strong profit of 471 million euros, in spite of the adverse impact of currency effects from the U.S. dollar and the yen. The performance orientation of "Agenda 2013" is an important foundation for 2014, too. The

Healthcare Sector is a leader in Imaging, and has been scoring points on the world market. It has further expanded its technology leadership with its new Somatom Force computed tomography scanner. You can see the new scanner for yourself here in the exhibition area at the shareholders' meeting.

The Industry Sector saw a substantial increase in orders, combined with stable revenue and a moderate decrease in profits to 482 million euros. Its short-cycle markets are showing only few pockets of growth. At present, Industry's new orders are being driven primarily by long-cycle products and the PLM software business. Roughly 100 years ago, Henry Ford introduced the assembly line at his car factories. Today, Siemens is helping customers with the next industrial revolution in production. The situation at VAI Metals remains tense. Here, the implementation of operational measures must improve considerably, in a market environment that remains difficult.

The businesses assembled within the Infrastructure and Cities Sector show considerable progress. The Sector saw a strong gain in new orders, especially thanks to the 1.6-billion-euro contract for a turnkey metro in the Saudi Arabian capital of Riyadh. Our exhibition area here also has a model of the trains we'll be delivering. Despite only a moderate increase in revenue, profits rose substantially to 330 million euros. The decision to focus more strongly on the content and potential of the Divisions in this Sector, rather than defending an additional organizational unit, has had a positive effect on earning power and on discussions within and outside of the company.

Progress with planning for Siemens beyond 2014

We have used the past six months to concretize measures for operational improvements to the organization in 2014, respectively to discuss the setting of priorities and the medium- and long-term planning related to Siemens beyond 2014. Additionally, we have also paid close attention to elements that are important to me personally; elements I identified as short-term priorities when I assumed my position on August 1st: Returning a sense of calm to our company; a stronger focus on proximity to markets and customers in the regions; stabilizing the internal order of the company. We can see progress with each of these elements and goals – and this is just the beginning. Much remains to be done.

But one thing has, without question, already been achieved: our colleagues throughout the company are once again proud to be Siemens, and most are going to work motivated and self-confident again. Even if we can't please everyone all the time, I am more convinced than ever before that, overall, we are doing the right thing. Ralf Thomas and I would now be pleased to answer your questions. Thank you very much.