

Siemens Smart Infrastructure – Creating environments that care

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Siemens Capital Market Day | Munich, May 8, 2019

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.

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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.

Decarbonization and decentralization



2x

electricity
consumption
by 2050

>50%

renewable
annual energy
by 2035

Urbanization and sustainability

An isometric illustration of a sustainable city. The scene features a variety of buildings, including high-rise apartment blocks, commercial structures, and industrial facilities like a power plant with a cooling tower. Renewable energy sources are prominent, with several wind turbines and solar panels integrated into the urban landscape. Green spaces with trees and small parks are interspersed among the buildings. The overall color palette is dominated by shades of blue and green, suggesting a clean, eco-friendly environment.

70%

of global
population
will live in
cities by 2050

36%

of energy
consumed by
buildings

Core market for Smart Infrastructure

~€150bn

with ~3% CAGR
2018–2024

High growth fields at the grid edge

Market CAGR 2018–2024 in %

>30% eMobility
Infrastructure

>10% Energy
Storage

~10% Distributed Energy
Systems (DES)

Vision 2020+

Unique position to shape our market

Focus –
on market
opportunities

Accountability –
business driven
setup

Adaptability –
flexibility to drive
new topics

Smart Infrastructure

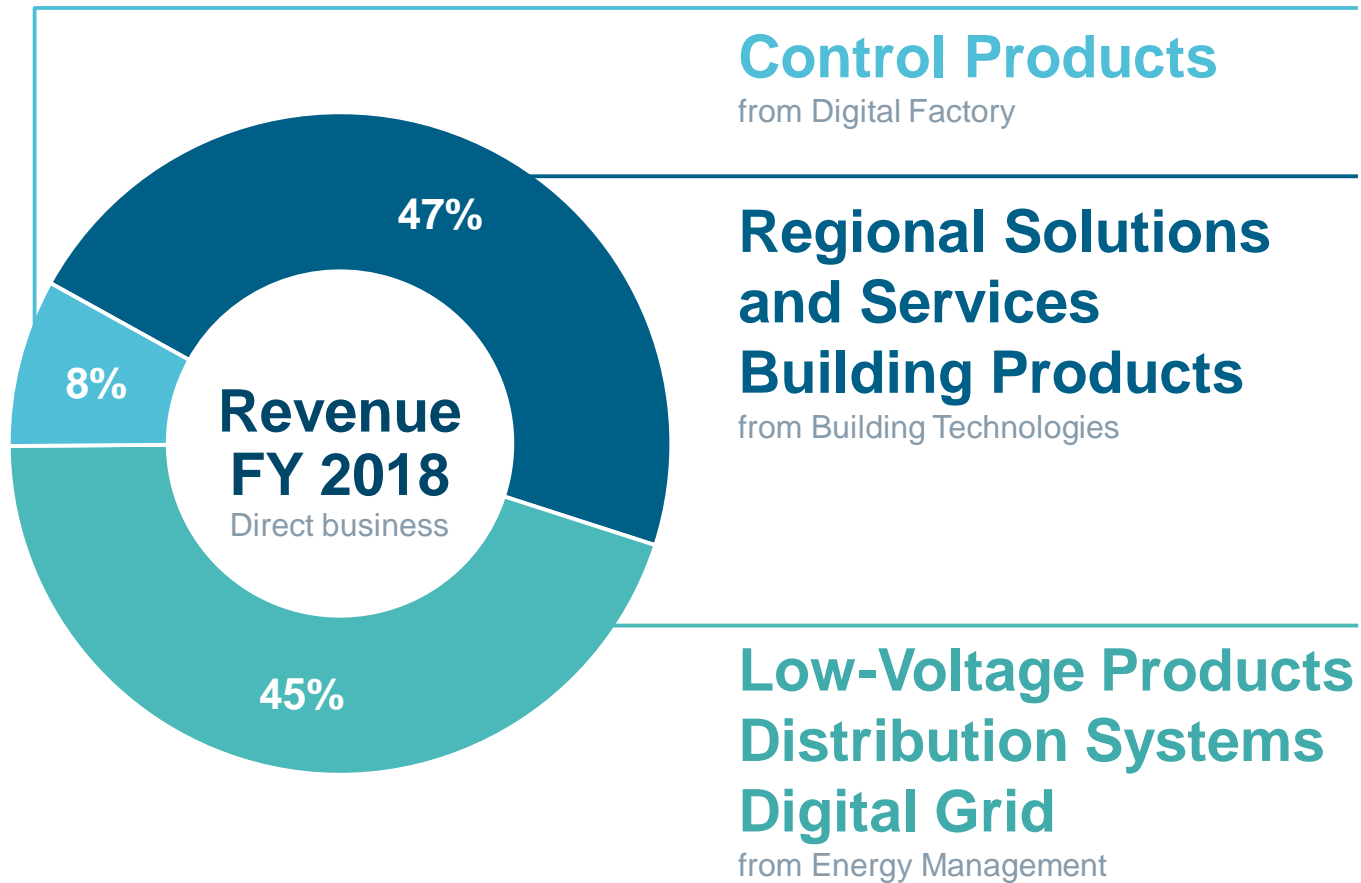
Strengths coming together

SIEMENS
Ingenuity for life



Smart Infrastructure

Combine synergistic assets



Strong track record
CMD 2014 promises

Building Technologies

Growth – Above market



Profitability – Profit margin in target range (8 to 11%)



Value – ROCE above Siemens target range (15 to 20%)



Energy Management

Low Voltage, Medium Voltage and Digital Grid

Growth target – 100 bps above market growth



Profitability – in target by FY17 (7 to 10%)



Smart Infrastructure
Strong player to shape our market



€14.4bn

Revenue in FY 2018

10.9%

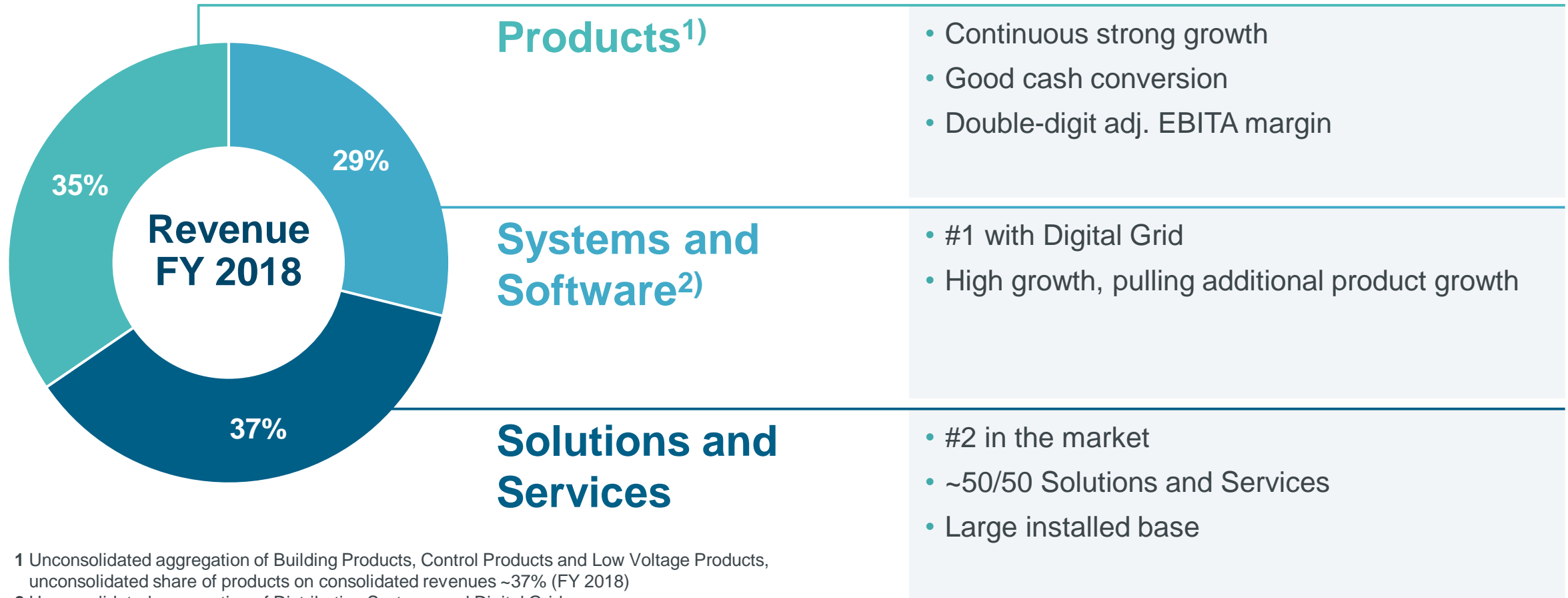
Adjusted EBITA

71k

Employees

Smart Infrastructure

Balanced business mix increases resilience

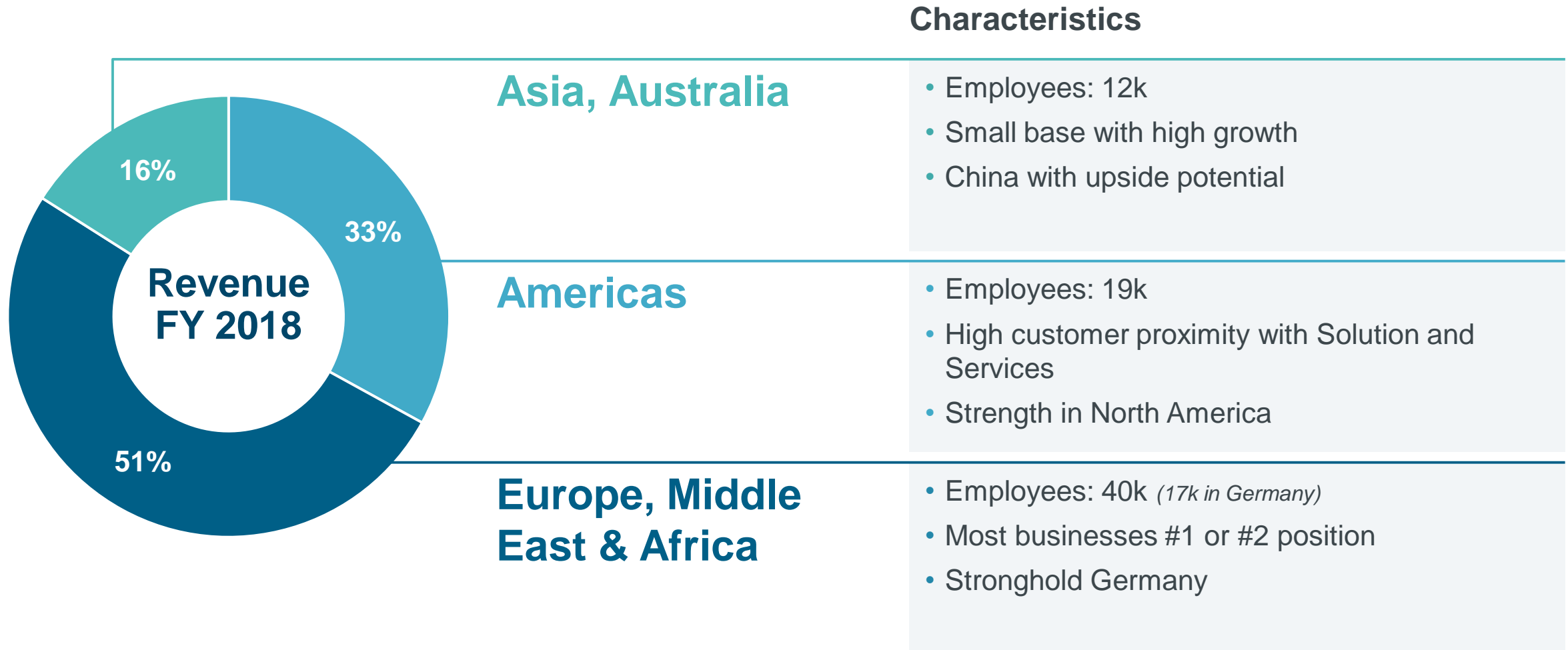


1 Unconsolidated aggregation of Building Products, Control Products and Low Voltage Products, unconsolidated share of products on consolidated revenues ~37% (FY 2018)

2 Unconsolidated aggregation of Distribution Systems and Digital Grid

Smart Infrastructure

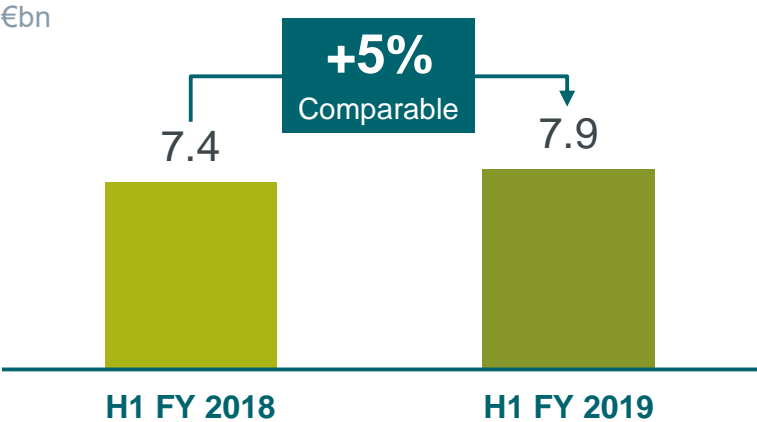
Strong footprint in Europe, upside potential in Asia



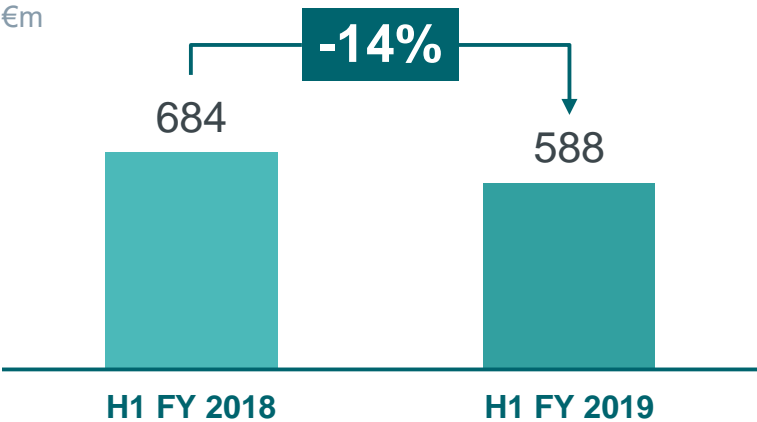
Smart Infrastructure Financial performance



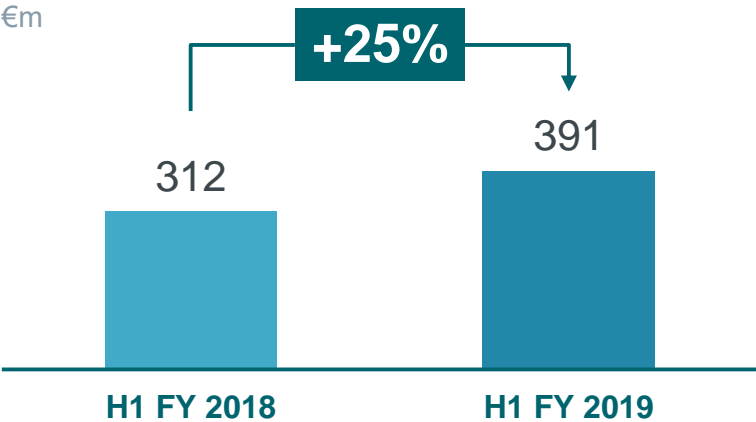
Orders



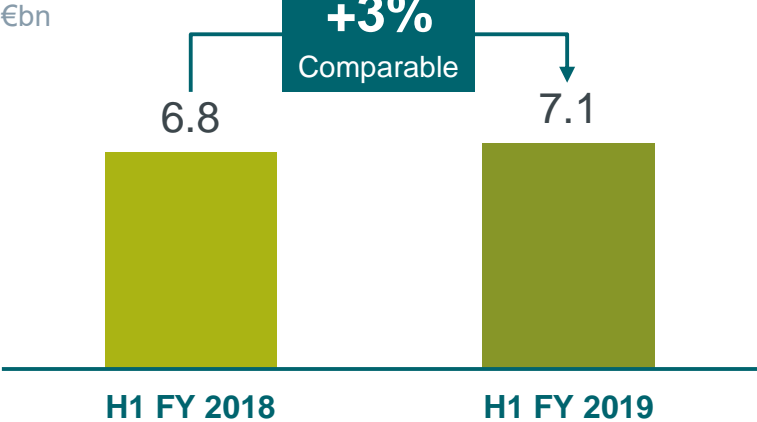
Adj. EBITA



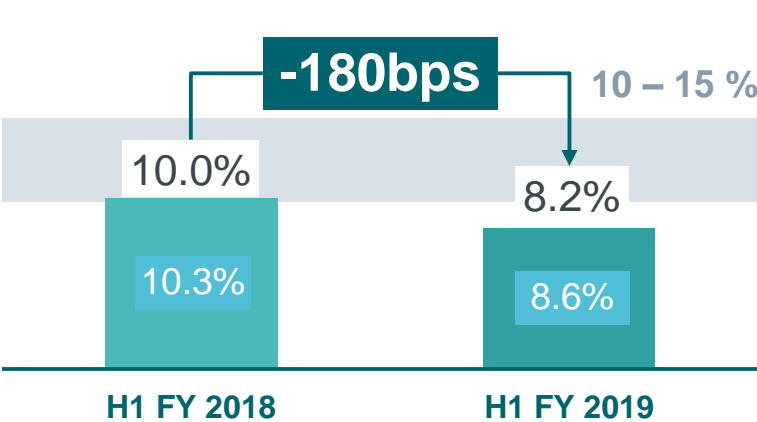
Free cash flow



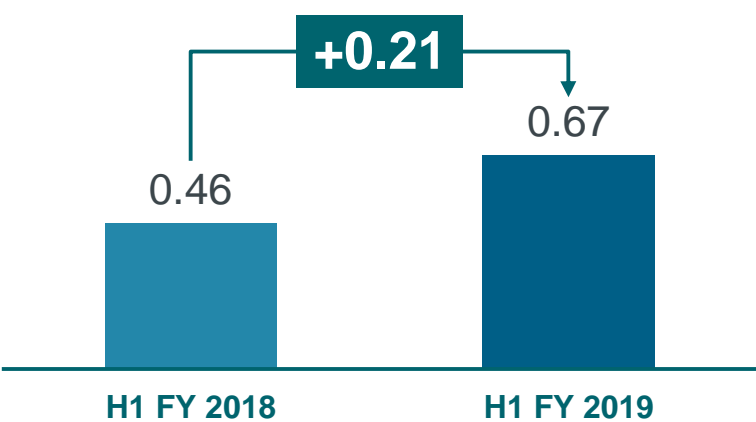
Revenue

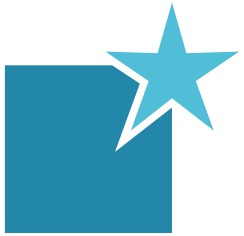


Adj. EBITA margin



Cash conversion rate





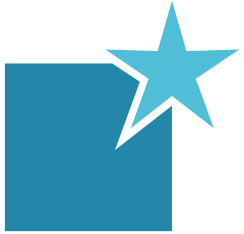
Secure



Leverage



Expand



Secure

-
- Further grow product business
 - Continue focus on Asia



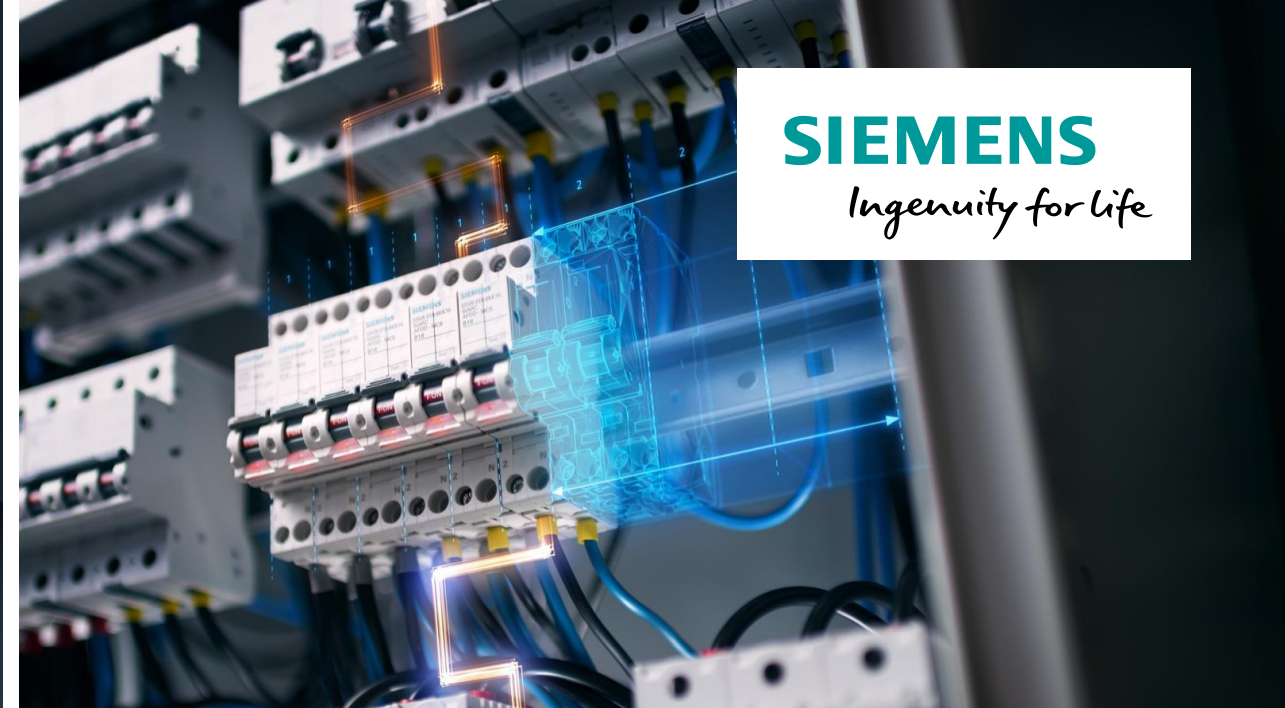
Leverage



Expand



Secure Strong product business



~ 1/3

of our market is
product business

> €5bn

product business
in FY 2018

Double-
digit
adj. EBITA margin



Project reference
Zhongyeda, China

Successful collaboration
with large, traditional
distributor increased
channel coverage

Our strengths

- **Profitable, high growth in recent years**
- **Strong position in EMEA and North America**
- **Innovative portfolio**

Next level

Keep focus on Asian growth markets:

- **Joint go-to-market addressing all channels**
- **Continue to invest in sales and localization**

**Revenue
impact**

2x market growth in Asia



Secure



Leverage

- Grow with focus on verticals
- Extend service scope



Expand



Leverage

Joint approach to vertical markets

SIEMENS

Ingenuity for life

**Strong
growth**
in specific verticals

2x
rack density in data
centers by 2023

>20% CAGR
order intake growth
for data centers
since FY 2012

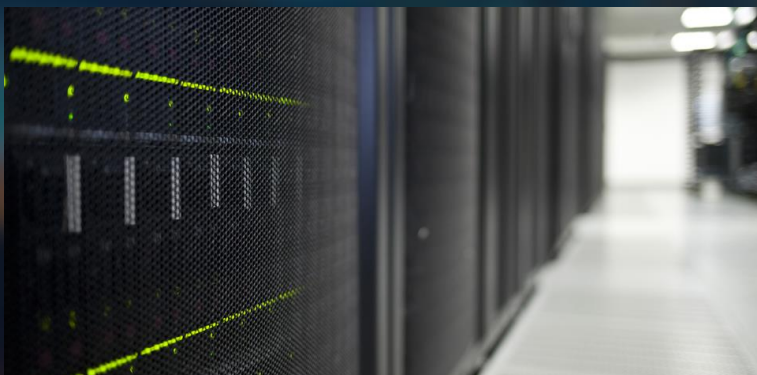


Leverage

Joint approach to vertical markets

SIEMENS

Ingenuity for life



Project reference – data center
Leading U.S. internet player

Early involvement and
strong execution led to
repeat business across
several sites

Our strengths

- **Joint electrification and building account management**
- **Deep customer insights**
- **Global delivery and standards**

Next level

Replicate approach

- **Pharma / Life Sciences**
- **Food & Beverage**
- **Airports**
- **Healthcare**

**Revenue
impact**

Double digit growth in focus verticals



Leverage

Resilient, profitable service business

SIEMENS

Ingenuity for life



80%

of total building
lifecycle cost in
operations phase

10,000

service technicians
for buildings

6x

€6 service business
generated per €1
spend in solutions



Leverage

Service innovation drives efficiency and customer value

SIEMENS

Ingenuity for life

Digitalization / Connectivity

Customer



Data capture



iBase



Assets



Performance



- **Transparency**

- **New digital services**

- **Remote operation**

- **Productivity gains**

50%

fewer



Productization of services

Software tool enables optimal field service management



45 min

faster





Leverage

Resilient, profitable service business

SIEMENS

Ingenuity for life



Project reference

Southern Methodist University, U.S.

Initial project demonstrated significant savings potential and led to largest contract in history

Our strengths

- **“Land and Expand” capability**
- **Large and highly efficient service organization**
- **Broad installed base**

Next level

- **Extend service beyond buildings to electrification**
- **Use complementary footprint for regional expansion**
- **Increase connectivity to offer new data-driven services**

**Revenue
impact**

Additional €400m by FY 2023



Secure



Leverage



Expand

- Energy & performance services including distributed energy systems
- Grid edge portfolio including eMobility, storage, power electronics



Expand

Distributed energy systems fuel growth

SIEMENS

Ingenuity for life

€3.4bn

energy savings
contracted

14m tons

CO₂ savings
enabled

~10%

market growth in
distributed energy
systems



Expand Innovative grid edge portfolio

SIEMENS
Ingenuity for life

Innovation
eMobility portfolio
>40k chargers sold



Unrestricted © Siemens 2019

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Munich, May 8, 2019

Acquisition
Power electronics
10GW installed capacity

KACO



Partnering
Energy storage JV
#1 in energy storage

FLUENCE
A Siemens and AES Company



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Expand

Scaling into new growth markets



Project reference

Gewobag, Germany

Cooperation agreement
for energy, mobility and
virtual & physical
infrastructure

Our strengths

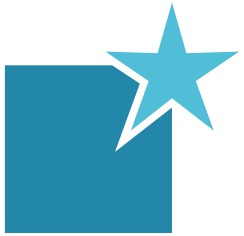
- **Leading in energy and asset efficiency**
- **Strong delivery capabilities and customer access**
- **Innovative grid edge portfolio**

Next level

- **Regional expansion**
- **Additional innovative services and financing**
- **Scale up in utilities and commercial & industrial**

**Revenue
impact**

Additional €1bn by FY 2023



Secure



Leverage



Expand

Competitiveness Program launched to finance growth



Cornerstones

Mid- and long-term EBITA increase

All business areas in scope

Both cost and top-line optimization

Key axes



Business mix

~25%



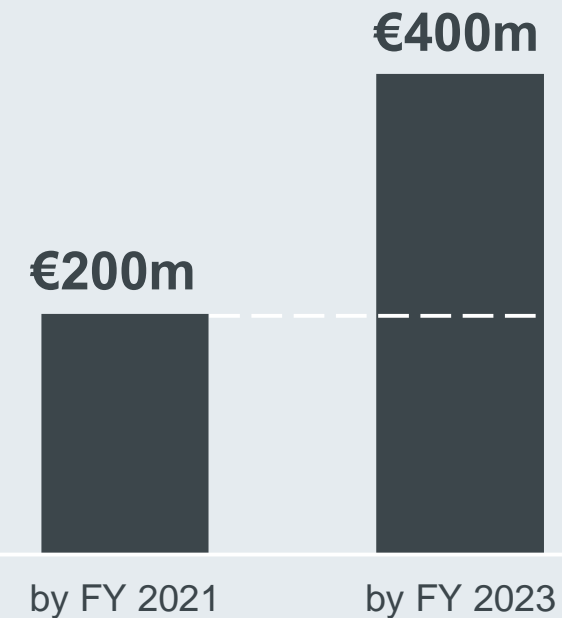
Product and system business

~75%



Lean setup

Annual adj. EBITA improvement
on top of base productivity



Base productivity 3-5%

Business mix

Example – optimize business mix

Status

Portfolio

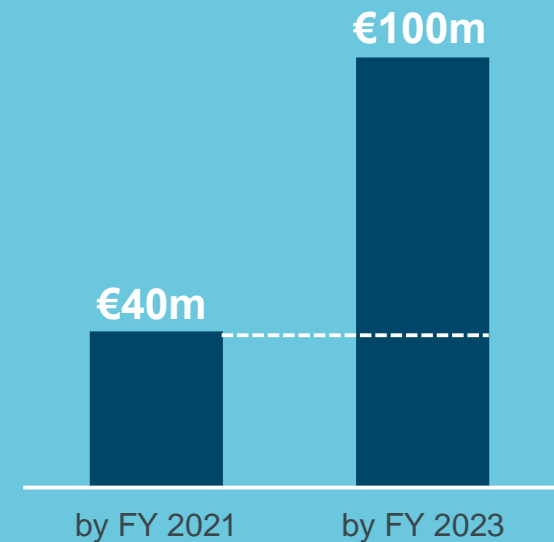
Way forward

Fix, sell or discontinue – focus on €2bn less synergetic or low margin portfolio

Service

€400m additional service by FY 2023 to drive long-term bottom-line improvement

Target – accumulated yearly impact



Product / systems business

Example – optimize manufacturing value chain depth

Status

79

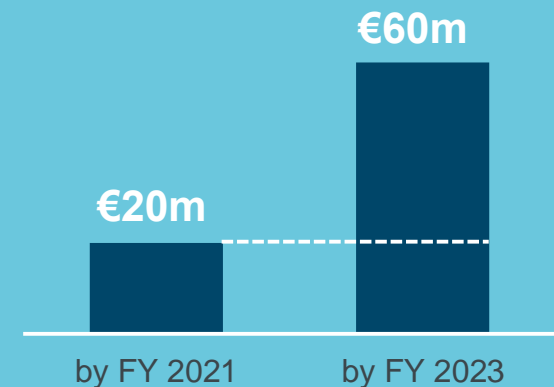
factory and
assembly
sites today

Way forward

Streamline footprint in manufacturing landscape

- Outsource to optimize depth of value chain
- Transfer operations to partners with complementary strengths
- Consolidate subcritical factories and assemblies

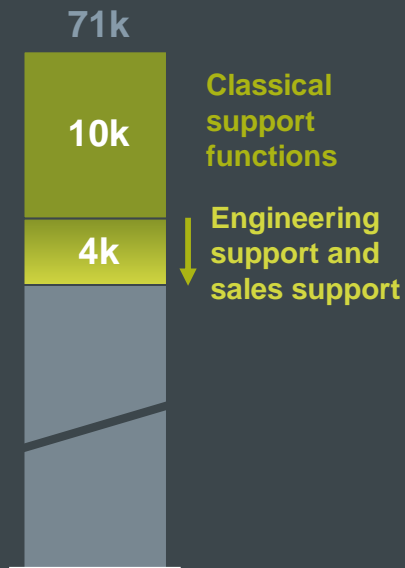
Target – accumulated yearly impact



Lean setup

Example – optimize support functions

Status (headcount)

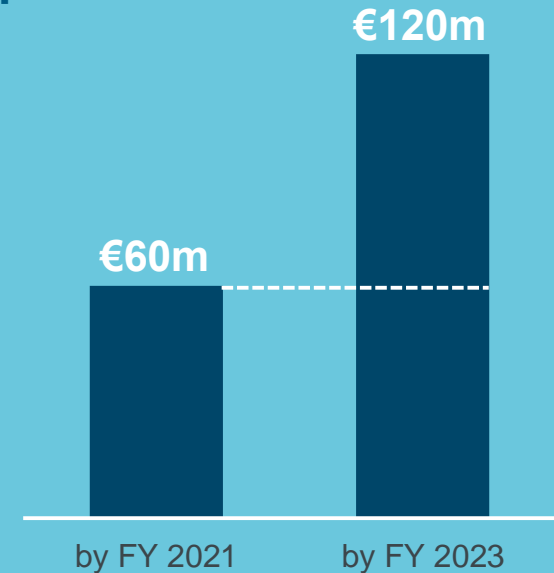


Way forward

Streamlined processes and setup

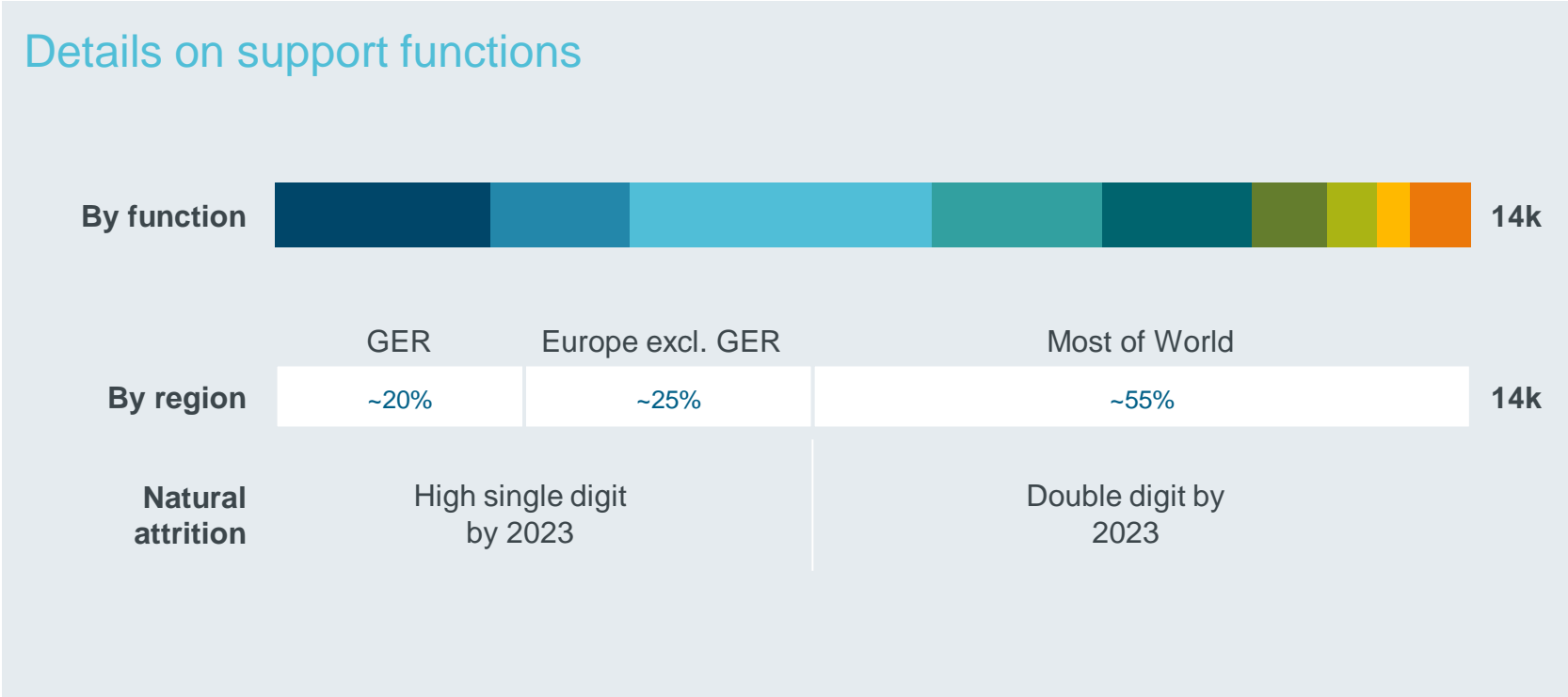
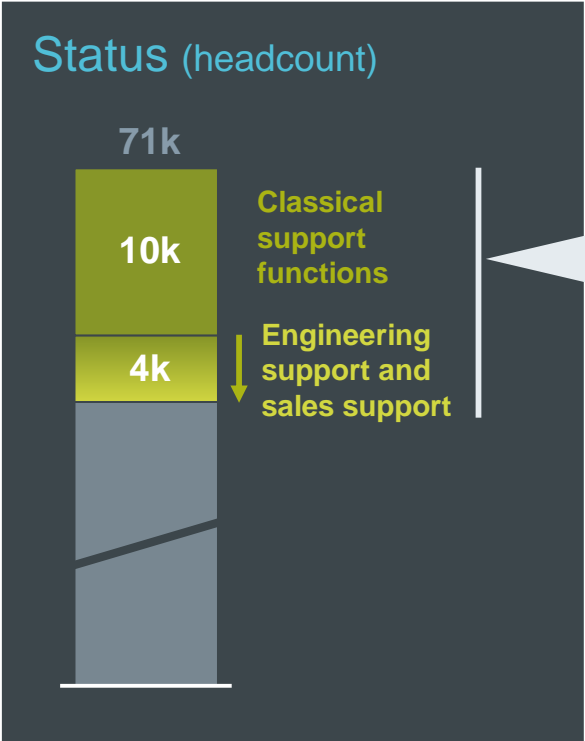
- Lean culture – replicate BT empowerment with accountability
- Bundle resources and offshore to low-cost countries
- Digitalize heavy processes with robotic process automation

Target – accumulated yearly impact



Lean setup

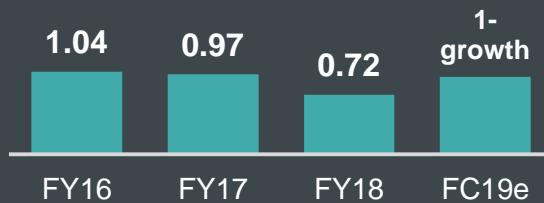
Example – optimize support functions



Cash

Clear commitment to 1-growth cash conversion rate

Legacy



- Historically good track record
- Dip in H2 FY18 resulting in a shortfall of €300m
- Lost focus on collecting receivables, built up safety stock in product & systems businesses

Way forward

- Operating company-wide cash program launched
- Recovery 50% complete by Q2 FY 2019
- Immediate actions to improve inventory turns, recovery of overdue receivables
- Senior management incentivized 1/3 on cash

Target

Back to 1-growth cash conversion rate in 2019



Smart Infrastructure

Our commitment



Top-line annual revenue growth of 4-5%¹⁾

Adj. EBITA margin 11-13% by FY 2021, 13-15% by FY 2023

Cash conversion rate 1 - growth in FY 2019



Secure

- Further grow product business
- Continue focus on Asia



Leverage

- Grow with focus on verticals
- Extend service scope



Expand

- Energy & performance services
- Grid edge portfolio

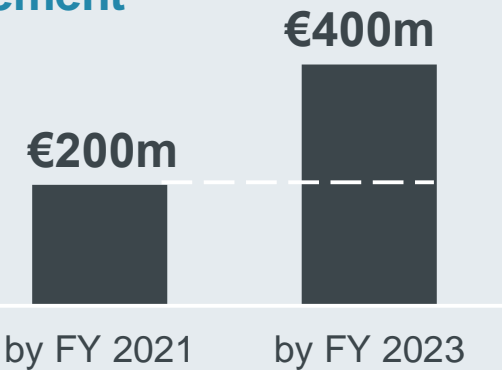
Accumulated headcount organic ramp-up of ~6,000 by FY 2023 (~3,000 by FY 2021)

Annual adj. EBITA improvement

Business mix

Product and system business

Lean setup



+ base productivity 3-5%

~3,000 fewer headcount resulting from measures, restructuring cost €300m accumulated²⁾ by FY 2023

¹ based on market growth of ~3% CAGR18-24 ² excluding normal annual restructuring costs (€50m p.a.)

Imagine the possibilities

Creating environments that care

Smart Infrastructure – our commitment



Top-line annual
growth of 4-5%¹⁾



Adj. EBITA margin
11-13% by FY 2021,
13-15% by FY 2023



Cash conversion rate
equals 1- growth in
FY 2019



¹ Based on market growth of ~3% CAGR18-24

Backup

Smart Infrastructure

Our broad offering



Key figures FY18: €14.4bn Revenue | 10.9% Adj. EBITA margin | 71k Employees



Control Products

- Contactors, overload relays and motor starter protectors
- Hybrid starting including soft starters
- Push buttons and pilot lights
- Functional relays, safety relays and monitoring devices



Low Voltage Products

- Low-voltage protection, switching, measuring and monitoring devices
- Low-voltage distribution boards and systems UL
- Medium-voltage vacuum circuit breakers
- Medium-voltage contactors and interrupters
- Electric vehicle charging and storage for residential



Building Products

- Integrated building management software
- Building automation and control systems
- Room automation and lighting control
- Sensors, valves & actuators
- HVAC¹ OEM controls
- Fire safety products & systems
- Cloud applications and gateways



Distribution Systems

- Medium-voltage primary and secondary switchgear (in- & outdoor)
- Low-voltage switchboards, motor control center
- Distribution and traction transformers
- Energy storage systems
- PV² inverter systems
- eMobility charging infrastructure
- Distribution solutions



Digital Grid

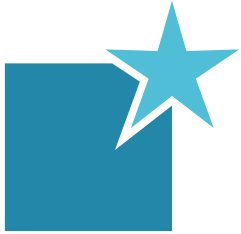
- Substation automation, protection, metering and communications
- Grid operation and control
- Smart grid applications, analytics / IoT offerings and managed services
- Grid planning and simulation
- Power system consulting and energy business advisory



Regional Solutions and Services

- Solutions and Services for building automation, fire safety, security and other domains
- Energy performance services, including digital services and distributed energy systems
- Vertical markets specific offerings (data centers, life sciences, smart spaces)

¹ Heating, Ventilation, Air Conditioning ² Photovoltaics



Secure

Secure the base business, continue to execute on successful strategies and defend strongholds in regions and businesses



Leverage

Leverage the combination of strengths for growth in regions, verticals and businesses, and improve competitive position



Expand

Expand in the high growth fields at the grid edge including storage or eMobility, building on our unique position combining supply and demand side