
SIEMENS
Ingenuity for life

# Siemens A/S
# Annual report 2017/2018

**CVR no. 16 99 30 85**

SIEMENS
Danmark
125 år

Borupvang 9, 2750 Ballerup • siemens.dk

Translation Only*

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** This is an unofficial translation of the original Danish text. In the event of disputes or misunderstandings arising from the interpretation of the translation, the Danish language version shall prevail.*

# The year at a glance for the Siemens A/S Group

Overall, the Siemens A/S Group's financial performance in the financial year 2017/2018 was satisfactory.

The order intake was considerably higher than in the previous year because Siemens won a number of major projects in the Mobility division. However, revenue decreased by 5% compared to 2016/2017 due to, among other things, the close-down of the Flow Instruments factory in Sønderborg and the disposal of the Aeration Competence Center in Elsinore.

In the year, the Siemens A/S Group realised profit of DKK 582 million, which is up DKK 407 million on the year before and in line with the expectations expressed in the annual report for 2016/2017. A significant contributor to the increase in profit is a gain from the sale of the shares in Siemens Healthcare A/S (DKK 442 million).

DKK 581 million is expected to be distributed as dividend to the parent company, Siemens International Holding B.V., Den Haag, the Netherlands.

Relative to 2016/17, the Group's selling costs and administrative expenses decreased in line with revenue.

As of 2 October 2017, Siemens A/S sold its activities in Aeration Competence Center in Elsinore to Howden Axial Fans ApS. Moreover, Siemens A/S has sold its equity investments in Siemens Healthcare A/S as part of the stock exchange listing of the Healthcare activities in Germany.

As of 1 August 2018, Siemens A/S sold the property Dybendalsvænget 3 in Taastrup to Stensdal Group A/S.

On 26 September 2017, the Siemens AG Group announced that Siemens plan to merge its Mobility activities with Alstom. The merger still awaits the competition authorities' approval. Siemens A/S has therefore demerged its Mobility activities at 1 October 2018 to Siemens Mobility A/S, which is owned by Siemens International Holding B.V., Den Haag, the Netherlands.

The average number of employees has decreased compared to the financial year 2016/2017, which is primarily attributable to the close-down of the Flow Instruments factory in Sønderborg and the disposal of the activities in Siemens Aeration Competence Center.

Based on the completion of a number of large projects in 2017/2018, the Siemens A/S Group expects a decrease in revenue of up to 5% in 2018/2019.

The Group's profit from ordinary activities in the financial year 2018/2019 is expected to be in line with 2017/2018.

Claus Møller
CEO, Siemens A/S

# Statement by Management

The Executive Board and the Supervisory Board have today discussed and approved the annual report, including the Management's review of Siemens A/S for 2017/2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the Parent Company's financial position at 30 September 2018 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 October 2017 – 30 September 2018.

In our opinion, the Management's review gives a fair review of the matters discussed in the Management's review. We recommend that the annual report be approved at the annual general meeting.

**Ballerup, 19 December 2018**

**Executive Board:**

Claus Møller
*(CEO)*

Jürgen Lippert
*(CFO)*

**Supervisory Board:**

Ulf Gunnar Troedsson
*(Chairman)*

Ann Hald Delcomyn

Antonis Eleftheriou

Matthias Alfred Werner Grossmann

Jürgen Lippert

Claus Møller

Kristian Poulsen

# Independent auditor's report

## To the shareholders of Siemens A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Siemens A/S for the financial year 1 October 2017 – 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 30 September 2018 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 October 2017– 30 September 2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act Management is also responsible for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements and the parent company financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue

# Independent auditor's report

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Statement on the Management's review

Management is responsible for the Management's review.

Our conclusion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 December 2018

Ernst & Young
Godkendt Revisionspartnerselskab

Søren Skov Larsen
State Authorised Public Accountant
MNE-nr.: mne26797

# Company details

**Siemens A/S**
Borupvang 9
2750 Ballerup

CVR no.: 16 99 30 85
Established: 1993
Registered office: Ballerup

**Supervisory Board**
Ulf Gunnar Troedsson, Chairman
Ann Hald Delcomyn
Antonis Eleftheriou
Matthias Alfred Werner Grossmann
Jürgen Lippert
Claus Møller
Kristian Poulsen

**Executive Board**
Claus Møller
Jürgen Lippert

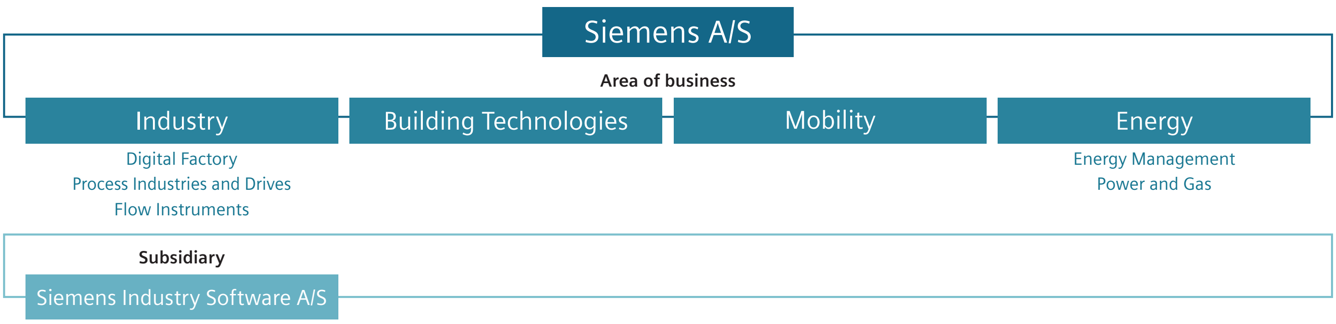
**Auditor**
Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Søren Skov Larsen
*State Authorised Public Accountant*

**Annual general meeting**
The annual general meeting will be held on 19 December 2018.

# Group chart

**Siemens group chart at 30 September 2018**




**Other Siemens activities in Denmark**

The entities are affiliated companies and are not part of the consolidation of Siemens A/S.
- Siemens Gamesa Renewable Energy A/S
- Siemens Healthcare A/S
- Siemens Mobility A/S
- Siemens Aarsleff Konsortium I/S
- Siemens Finans Danmark – branch of Siemens Finans AB
- Mentor Graphics Scandinavia AB, Denmark Branch – Branch of MG Scandinavia AB
- S'PA GmbH Branch Denmark

# 5-year financial highlights for the Siemens A/S Group

**5-year financial highlights for the Siemens A/S Group**

| DKKm | 2017/2018 | 2016/2017 | 2015/2016 | 2014/2015 | 2013/2014 |
|---|---|---|---|---|---|
| Revenue | 3,037 | 3,541 | 3,656 | 3,323 | 3,507 |
| Operating Profit | 611 | 208 | 208 | 191 | 181 |
| Net financials | -1 | -8 | -8 | -5 | -4 |
| **Profit for the year** | **582** | **175** | **153** | **135** | **126** |
| | | | | | |
| **Proposed dividend** | **581** | **137** | **152** | **135** | **322** |
| | | | | | |
| Fixed assets | 34 | 132 | 357 | 430 | 388 |
| Non-fixed assets | 2,181 | 1,601 | 1,412 | 1,229 | 1,381 |
| **Total assets** | **2,215** | **1,733** | **1,769** | **1,659** | **1,769** |
| | | | | | |
| Share capital | 151 | 151 | 151 | 151 | 151 |
| Equity | 864 | 538 | 515 | 497 | 684 |
| | | | | | |
| Cash flows from operating activities | 2 | 195 | 150 | 180 | 47 |
| Cash flows from investing activities | 630 | -3 | -6 | -42 | -260 |
| – portion related to investments in property, plant and equipment | -3 | -5 | -10 | -43 | -37 |
| Cash flows from financing activities | -201 | -129 | -138 | -343 | -115 |
| – portion relating to net dividend distributions | -137 | -125 | -135 | -322 | -103 |
| **Total cash flows** | **431** | **63** | **6** | **-205** | **-328** |
| | | | | | |
| **Average number of employees** | **909** | **1,162** | **1,294** | **1,333** | **1,325** |
| | | | | | |
| Asset turnover | 1.5 | 2.0 | 2.1 | 1.9 | 1.8 |
| Return on equity | 82.9 | 33.2 | 30.2 | 22.9 | 18.7 |
| Profit margin | 20.1 | 5.9 | 5.7 | 5.7 | 5.1 |
| Return on capital employed | 31.0 | 11.9 | 12.2 | 11.1 | 9.1 |
| Equity ratio | 39.0 | 31.1 | 29.1 | 30.0 | 38.7 |

Comparative figures are restated to reflect demergers and mergers.
Comparative figures have not been restated to reflect additions/disposals of business segments.
Comparative figures have not been restated to reflect discontinuing operations.

**Definitions of financial ratios according to the Danish Society of Financial Analysts:**

**Asset turnover**
The year's revenue relative to average operating assets.

**Return on equity**
Profit for the year relative to average equity.

**EBIT margin**
Operating Profit before interest as a percentage of revenue.

**Return on assets**
Operating Profit before interest as a percentage of average operating assets.

**Solvency ratio**
Closing equity as a percentage of total liabilities at year-end.

# Operating review

Siemens A/S has been present in Denmark since the middle of the 19th century when the Group produced telegraphic equipment and the first lighting systems.

The Group was formally incorporated on 24 April 1893 when Technisches Bureau Kopenhagen opened. Since then, Siemens has participated actively in the modernisation of Danish society, supplying state-of-the-art products and solutions and with relentless focus on electrification, automation and – most recently – digitalisation. In 2018, Siemens can celebrate its 125th anniversary in Denmark.

Siemens is closely associated with the electrification of society, which has been – and still is – the prerequisite for the development of a modern society. It is Siemens' strategy to focus its business on the growth potentials inherent in the entire electrical value chain – from production to transmission of electricity to efficient utilisation of electrical energy. The digital revolution is paving the way for new innovative products and solutions that will affect all areas of society, and Siemens therefore focuses on developing digital solutions within all business areas.

The Siemens AG Group is very aware of its social responsibility and bases its business and strategy on the sustainability principles that are described in the UN Global Compact, and the Group contributes actively in promoting the 17 sustainable development goals (SDG) that the UN adopted in 2015. It focuses on the areas in which Siemens with its portfolio can make special efforts. These areas include "Good health and well-being" (SDG 3), "Affordable and clean energy" (SDG 7), "Industry, innovation and infrastructure" (SDG 9), "Sustainable cities and communities" (SDG 11) and "Climate action" (SDG 13).

Based on the Group's strategy, Siemens A/S has developed a sustainability and corporate social responsibility (CSR) policy designed to support Siemens' activities as a responsible Danish business and contribute to driving Denmark in a more sustainable direction.

To Siemens, sustainability is closely related to the business, and the Company's efforts to mitigate climate change are reflected in a large portfolio of products and solutions that contribute to reducing our customers' $CO_2$ emission. As part of these efforts, Siemens AG announced in 2015 that the Group's target is to reduce its own $CO_2$ emission by 50% in the period up to 2020 and to be a completely $CO_2$ neutral business by 2030. These targets also apply to Siemens' activities in Denmark.

As to our employees, we continued our overall focus on health, and our sports club Siemens@ctive contributes to increasing focus on the importance of exercise.

As regards our efforts in respect of society, Siemens prioritises contributing to the interest in natural science educational programmes, in particular the engineering profession, as it is essential to Siemens and the Danish society at large to have access to highly qualified manpower now and in future. In continuation hereof, Siemens supports IDA's Engineer the Future initiative.

As part of the follow-up on our CSR efforts, Siemens has identified a number of KPIs, which are reported on a regular basis in order to follow trends and identify the need of new initiatives. A selection of these KPIs are reflected in the Management's review for this year.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

**The leading entity in the industrial conglomerates**

Since 1999, Siemens AG has been rated by the Dow Jones Sustainability Index and in September 2018 obtained a rating as the leading entity in the industrial conglomerates category.

# Our business – risks and management system

Siemens A/S' Group is organised in four business areas, each of which represents one or more of Siemens AG's divisions.

The divisions market Siemens AG's products and solutions to private and public customers in Denmark either directly or through distributors and agents. Cooperation between the divisions is ensured, e.g. through Siemens' Key Account Management, which aims to strengthen Siemens' customers relations. Our targeted efforts in relation to a number of major customers also make Siemens less sensitive to general market fluctuations.

The portfolio is very broad, spanning sale of individual components and products to large, complex projects in which engineering and project management are important elements of the total service delivery. These projects are often long-term, and successful implementation calls for close cooperation with the customer's project organisation.

## Corporate Governance

In addition to applicable legislation, the management processes in Siemens A/S are based on the Company being a subsidiary of the German Siemens Group. Moreover, Siemens A/S strives to comply with applicable corporate governance standards. Among other things, this is reflected in the board's procedures, which largely reflect the recommendations on corporate governance.

## Risks

The Group's most significant operational risks are related to its ability to handle major, complex projects and construction projects in accordance with agreed performance specifications and deadlines. Therefore, Siemens focuses on training and certifying project managers. Moreover, Siemens has issued guidelines for the approval of projects of a certain size and complexity.

A large part of Siemens' business relates to the wind sector, including the supply of components for the wind turbine industry and transmission solutions for offshore wind farms. Consequently, declining activity in the wind sector will have an adverse impact on potential revenue growth in several divisions.

In addition to market decrease and large projects, also the hacking of Siemens' systems, breach of the provisions of the Danish Competition Act and supplier failures expose the business to risk. Siemens continuously focuses on minimising risks, and Siemens' management systems are particularly designed to address these risks.

Siemens' management system is described in the following section, whereas the handling of financial risks, including currency, interest rate and credit risks, is described in the Financial review. Risks regarding areas relating to Siemens' corporate social responsibility (CSR) are described in the section on social matters and staff matters, environment and society in the Management's review.

## Management system

Siemens A/S has an integrated management system, which includes the quality of Siemens' supplies as well as the internal and external environment. The management system is certified in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (work environment), verified by Lloyd's every six months in order to identify deviations and improvement initiatives. The management system is recertified every third year, most recently in February 2016. The next recertification will take place in February 2019.

Siemens Business Conduct Guidelines (BCG) hold Siemens AG's general principles and rules as to how we wish to run our business with due respect to applicable legislation and international and generally recognised conventions regarding human rights protection, anti-corruption, etc. Once engaged, all employees must sign the BCG, which is explained to them in more detail during the introductory period. Furthermore, employees are offered courses on selected topics to ensure that they are up-to-date on statutory requirements and the Group's guidelines. In 2017/2018, 44 employees attended Siemens' basic compliance course. Moreover, all employees have attended mandatory online training in BCG.

Compliance officers have been appointed to disseminate the compliance culture in the Company, and a whistle-blower scheme has been established to allow employees and external parties to report irregularities anonymously. No irregularities were reported in Siemens A/S in the year under review.

Furthermore, Siemens AG has established a comprehensive system to handle risks by means of systematic controls that ensure that Siemens' internal rules are observed and that the financial statements give a true and fair view. RIC (risk and internal control) officers have been appointed to organise the extensive control effort. Export control is another principal focus area, and EC (export control) officers have been appointed to ensure that Siemens observes the export control rules.

Given today's increasing digitalisation, requirements as to protection against unauthorised intrusion into data and communication systems increase. Information security is a focal point to Siemens, and efforts are made to continuously improve preventive controls and to increase the ability to detect hacking attempts. In addition to technical solutions, it is essential that employees are constantly attentive to information security. Therefore, measures such as online training and webinars are carried out – most recently in the summer 2018 where mandatory online training in information security was conducted.

As a result of EU regulation 2016/679 regarding general data protection, a project was initiated in 2017 to ensure that Siemens A/S complies with the new EU requirements for handling personal data that came into force on 25 May 2018. The project has now been completed, and the new requirements have been incorporated in the organisation's processes. However, data protection is still a focus area, and we continuously work on increasing awareness of the processes for the processing of personal data.

## Supplier responsibility

Suppliers make up a significant part of the overall value chain, and Siemens AG considers it part of its responsibility to ensure that the Company's suppliers live up to high standards.

For purposes of elucidating Siemens' principles for good business conduct, the company has prepared a Code of Conduct to be observed by all the company's suppliers. Siemens' "Code of Conduct for Siemens Suppliers" is based on the UN's Global Compact, which lays down principles regarding, for instance, the CSR areas protection of human rights, freedom of association, abolition of child labour and discrimination, protection of the environment and anti-corruption.

When entering into particularly close business relations with Siemens, enterprises and other stakeholders (Business Partners) are furthermore subjected to a compliance due diligence process.

Siemens AG is the principal, single supplier in relation to Siemens A/S. To ensure that the Company's third-party suppliers observe all applicable guidelines, significant suppliers are subjected to an annual quality, supply security, environmental management and working environment. This check contributes to reducing the risk of supplier failure and supply chain compliance issues.

## Customer satisfaction

Customer satisfaction is measured once a year by means of the internationally recognised Net Promoter Score (NPS), which assesses to which extent customers would recommend Siemens to other parties. Based on the results of the survey, measures are taken to improve services and performance in areas pinpointed by our customers.

The latest NPS, which was performed in the spring of 2018, showed that the average customer satisfaction (APS) has increased for the third consecutive year. The progress in 2018 is particularly due to positive developments in the Energy Management and Mobility divisions. The development in the average score is listed in the table below.

**Development in the customers' evaluation of Siemens A/S [1)]**

| Customer satisfaction (APS) [1)] | 2017/2018 | 2016/2017 | 2015/2016 |
|---|---|---|---|
| **Customers' evaluation of Siemens (average on a scale from 1 to 10)** | 8,4 | 8,2 | 7,9 |

[1)] The question asked was: "How likely is it that you would recommend Siemens to a colleague or a business partner?"

In addition to the annual survey, a few of Siemens' divisions regularly measure the level of customer satisfaction in connection with projects and service supplies.

# Siemens' environmental portfolio

## Siemens' environmental portfolio

Global warming poses a challenge to our society, e.g. in the form of rising sea levels in the oceans and extreme weather conditions occurring more frequently such as rain and draught. It is therefore important to reduce the emission of $CO_2$ into the atmosphere, and the Siemens Group has made the UN's sustainable development goal to strengthen efforts to reduce global warming ("Climate action", SDG 13) one of the Group's main priorities.

However, as the world needs more and more energy, it also is important to develop alternatives to fossil fuels and to optimise energy consumption. Siemens makes its contribution through the world's largest portfolio of environmentally friendly solutions and products that help reduce $CO_2$ emissions and thereby reduce global warming. Such solutions include measures to increase energy efficiency in the industry and in power plants, reduce energy consumption in buildings and produce renewable energy based on wind.

According to the latest statement at group level, Siemens AG's environmental portfolio accounted for 46% of total revenue at 30 September 2018, which represents a decrease of one percentage point compared to the year before. According to the same statement, the Group's environmental portfolio also contributed to reducing the customers' $CO_2$ emissions by an accumulated 609 million tons, representing an increase of nearly 7% on the year before.

In Denmark, Siemens' environmental portfolio also contributes to reducing $CO_2$ emissions and improving the environment.

In the year under review, Siemens won new orders for energy optimisation projects, which contributes to reducing energy consumption in the buildings and, hence, $CO_2$ emissions. At the same time, the solutions contribute to better indoor climate and thus a better working environment.

Siemens is in the process, together with Aarsleff Rail A/S, of electrifying the remaining part of Denmark's railway network, which will reduce $CO_2$ emissions from the transport sector. Moreover, Siemens and Aarsleff Rail A/S won the contract to construct the Greater Copenhagen Light Rail along Highway O3, and Siemens will deliver new electric trains to DSB.

Siemens is implementing the order regarding the establishment of the HVDC connection to the Netherlands (COBRA-cable), which strengthens Denmark's connections to the surrounding world and thus contributes to ensuring the basis for the expansion of renewable energy through a coherent transmission network.

Siemens has won a number of orders for the supply of transmission equipment for offshore wind turbine parks near Great Britain. Moreover, in its capacity of subsupplier for the wind power industry, Siemens A/S supplies a major share of the components used in Danish wind turbines.

Siemens A/S' sister company, Siemens Gamesa Renewable Energy A/S, also contributes considerably to the reduction of $CO_2$ emissions by installing wind turbines and has a leading position in the global market for offshore wind turbine parks.

# Siemens A/S – business segments

## Industry

Industry represents Siemens AG's divisions Digital Factory and Process Industries and Drives. Until the end of the financial year 20172018, Siemens' production facilities within Flow Instruments were also part of the Industry activities.

Industrial software activities are handled by the subsidiary Siemens Industry Software A/S.

Despite the intake of new customers, revenue has decreased slightly compared to the previous year, which among other things is attributable to a challenging wind turbine market.

### Digital Factory and Process Industries and Drives

The two divisions' products and solutions range from standard products to system solutions for energy and automation technology. Siemens' products can thus be used in all areas of the industry, since they bridge state-of-the-art process instruments, installation and switching devices as well as the so-called drivetrain solutions, which optimise gear, clutch, motor and frequency converters to achieve lower energy consumption and innovative automation solutions.

As the leading supplier of industry software, Siemens contributes to optimisation and digitalisation of the entire value chain in production companies – from production design and development to sale and services. In this connection, the Group still has strong focus on MindSphere, which is Siemens' open cloud-based IoT (Internet of Things) operating system. MindSphere renders possible intelligent use of the data generated in connection with the companies' production to for instance monitor production in order to carry out preventive maintenance.

The divisions' sales are divided into direct sales to end customers in the industry, sales handled by distributors and certified Solution Partners. A large part of the sale of products and components takes place on-line via Siemens Industry Mail.

### Flow Instruments

In 2017/2018, development and production of electronic gauges based on the Coriolis technology was moved to existing plants abroad, and consequently, the factory in Sønderborg has been closed down. A large part of the workers have found new jobs in the local community, and Lachenmeier Monsun A/S has acquired the building.

### Siemens Industry Software A/S

The subsidiary Siemens Industry Software A/S supplies product design solutions (Product Lifecycle Management, PLM, and Manufacturing Operations Management, MES/MOM) and the software solution COMOS, which is directed at the process industry.

The software products and related services from Siemens Industry Software A/S are a part of Siemens' overall Digital Enterprise portfolio.

In 2017/2018, revenue has decreased slightly compared to 2016/2017 because a large new order has been delayed.

### Virtual Commissioning

As a central part of the overall Digital Enterprise concept, Siemens now focuses on Virtual Commissioning. Via Digital Twins and coherent software concepts, it enables for instance a mechanical engineer to increase quality and reduce the time spent developing and commissioning a machine. The sooner in the engineering process an error is identified, the sooner it can be corrected and at lower costs. Virtual Commissioning should therefore be incorporated in all engineering stages so that optimum value of the Digital Twin is created.
Read more on www.siemens.com/virtual-commissioning

# Siemens A/S – business segments

## Building Technologies

Building Technologies supplies products and solutions for buildings, which save energy, increase comfort and provide security by protecting people and values. Solutions may be supplied individually or as end-to-end solutions comprising management of light, heating and ventilation as well as video surveillance, access control, anti-theft protection and fire detection/fighting.

Siemens is one of the leading suppliers in the market, servicing a broad palette of private and public customers. The combination of a high competence level and a strong portfolio of solutions means that Siemens can meet very specific requirements in projects spanning, e.g., the pharmaceutical industry and preservation-worthy buildings.

As a so-called ESCO supplier (Energy Service Company), Siemens offers energy renovation solutions with guaranteed savings to both public and private customers. In 2017/2018, we saw positive developments in the private market spanning from production industry to malls.

Building Technologies maintained its high revenue level from 2016/2017. A significant contributor to the high revenue is the implementation of a number of large energy optimisation projects, including Hvidovre Hospital, and positive developments in the service activities.


### FRB.C Shopping – voted Denmark's best operated property in 2018

FRB.C Shopping has been thoroughly energy renovated. The project was carried out with Siemens as turnkey contractor and DEAS as building owner adviser all the while the centre was fully operational. Among other things, the project comprised needs-based ventilation, night and remote cooling, radar-controlled escalators and roller conveyors, new pumps and isolation of installations. The annual energy savings amount to approx. DKK 1.2 million.

## Mobility

Mobility supplies transportation and logistics solutions designed to ensure reliable and environmentally friendly infrastructure for railways, harbours, airports, etc. and solutions designed to handle challenges posed by growing traffic density due to increasing urbanisation. The division thus employs a large number of specialists supplying IT and communication solutions to the Danish transport sector and foreign projects.

Mobility bases its digitalisation strategy within the transport sector on the Railigent® platform. Railigent® makes it possible to optimise the operation of rolling stock to ensure maximum utilisation of the equipment by collecting and analysing data regarding the operation of the train.

Revenue in Mobility decreased in 2017/2018, which is primarily attributable to changed delivery plans on large projects that the division won in recent years, including the new signalling system for the S-railway and the electrification of the rail network. These projects span several years, and revenue will vary year on year depending on the progress of the projects. In respect of the electrification project, Siemens completed its work on the Copenhagen-Køge-Ringsted railway in 2017/2018. It is expected to be put into commercial operation in 2019.

Siemens won a number of major orders in 2017/2018, including the new Greater Copenhagen Light Rail along Highway O3, which was won in a consortium with Aarsleff Rail A/S and Siemens AG, new electric trains in the Vectron class to DSB and a framework agreement with Movia to deliver charging infrastructure for electric busses on Zealand and the islands.

On 26 September 2017, the Siemens AG Group announced that it plans to merge its Mobility activities with Alstom. Siemens AG will maintain the controlling interest in the new company, which will be headquartered in Paris. The new company will be listed on the French stock exchange. The merger awaits the competition authorities’ approval. Siemens A/S has therefore demerged its Mobility activities at 1 October 2018 to Siemens Mobility A/S, which is owned by Siemens International Holding B.V., Den Haag, the Netherlands.


### Siemens delivers charging infrastructure to electric busses

From December 2019, all buses servicing the 2A line in Copenhagen will run on electricity. The buses make a lot less noise and has no local emission when driving in the streets. Siemens Mobility delivers the charging infrastructure.

# Siemens A/S – business segments

## Energy

Energy represents the Siemens AG Group’s Energy Management and Power and Gas divisions, which also include Power Generation Services.

Revenue from the Energy activities decreased in 2017/2018, among other things due to the delay in the HVDC connection to the Netherlands (COBRAcable) and the disposal of the Aeration Competence Center in Elsinore. However, revenue is still at a high level due to the many projects won in recent years.

### Energy Management

Energy Management is engaged in transmission and distribution of energy where Siemens is a leading, global provider of products, systems and solutions for the electricity grid. The portfolio includes low and medium voltage equipment, net stations, high voltage switchgear and transformers as well as a complete portfolio of digital control and protective equipment for electrical distribution and transmission networks.

In Denmark, Energy Management supplies for instance HVDC systems and many components for transformer stations transmitting power from the high-voltage grid to the distribution network and key components for mains supply to offshore wind farms. The primary customers are energy and utility companies as well as major industrial enterprises. Moreover, the division delivers equipment such as transformers and GIS plant to the Danish wind turbine manufacturers – activities that have seen high growth in recent years.

Many of the division’s activities are located outside Denmark, and in recent years, the division has won a number of orders for electrical equipment comprising medium and high-voltage plant for wind farms near Great Britain and the German part of the North Sea as well as the HVDC connection to the Netherlands.

In 2017/2018, the division completed deliveries of electrical equipment to the Racebank, Burbo Bank, Walney Extension and Hornsea 1 offshore wind farms.

### Power and Gas

Power and Gas develops innovative technologies designed to make power production as efficient as possible. The product range includes steam and gas turbines, compressors and large heat pumps as well as plant control, adjustment and monitoring systems. The division further undertakes service and maintenance tasks, including modernisation and upgrading of equipment. The primary customers are power plants, industrial, energy and utility companies and the oil and gas industry.

In 2017/2018, the division completed the deliveries of steam turbines, generators as well as electrical installations and control panels for the new incineration plant on Amager. Moreover, the division won a number of new orders, including delivery of turbine control panels and upgrading of the control panel at the Avedøre Power Station unit 2 to the latest generation, which includes strengthened security measures against hacking.


### District heating is going electric

In cooperation with the trade organisation the Danish Intelligent Energy Alliance and the environmental think tank Green Energy, Siemens has conducted a study showing that, in large parts of the district heating sector, it is favourable for both environmental and business purposes to switch from fossil fuels to electricity by installing large electrically powered heat pumps. Approx. 40% of the energy consumed in the district heating sector stems from fossil fuels, and if Denmark is to achieve its ambition to be fossil-free in 2050, it is necessary to address the Danish district heating sector and the energy mix applied there.

# Employees

## Employees

One of Siemens' key assets is its skilled, creative and highly committed employees. Activities to support employees' skills and commitment are therefore prioritised, and measures are implemented on a current basis to improve employees' health and job satisfaction as well as their professional and personal development.

Siemens has therefore implemented a number of policies to support these measures, including a sickness absence policy, a senior employees' policy, a recruitment and diversity policy as well as a policy against harassment, violence and bullying (including anti-discrimination, etc.). Moreover, Siemens has a well-functioning working environment organisation, which in cooperation with Management monitors developments and initiates initiatives.

In terms of pay, Siemens pays equal wages for equal work (based on qualifications and experience), and the annual equal pay statistics shows that there is no gender differences in terms of pay at Siemens A/S.

With the close-down of Flow Instruments in Sønderborg, there are only a few office workplaces left at Siemens' addresses. In addition, there are activities at client sites in connection with commissioning and assembly as well as service, including transport.

The risk of stress is thus one of the most significant risk factors, and we continuously focus on this area, where both managers and employees are offered training in how to prevent and handle stress in the workplace. In two divisions, the app Howdy has been implemented, enabling employees to continuously monitor their stress level and get help early if needed.

In respect of workplaces outside Siemens, safety is a significant focus area, and we have implemented "safety walk and talk", which means that managers regularly pay inspection visits and discuss safety precautions with employees.

In general, sickness absence and the number of industrial accidents are low, which indicates that the efforts made to increase safety and health in the workplace are effective.

Employee commitment and job satisfaction are therefore gauged every other year in a global employee satisfaction survey forming the basis for dialogue and improvement measures in the entire Company. The most recent survey was carried out in April-May 2017, and 643 employees participated, corresponding to 78% of total employees. The overall commitment score was 83%, and there are no indications that this level have changed significantly either upwards or downwards.

The next survey is expected to be conducted in the coming financial year.

## Diversity

Diversity among our employees is a matter of importance to the workplace.

Siemens AG strives to promote diversity across its global entities as the Company should reflect the local communities. Moreover, diversity is considered a valuable source of innovation and development, and similarly, lack of diversity thus poses a risk of stagnation.

On this basis, and by reference to Act no. 1383 regarding goals and policies for the underrepresented gender, the Supervisory Board of Siemens A/S has set the goal that the ratio of women appointed by the general meeting should be 20% in 2020. At 30 September 2018, there were no women appointed by the general meeting on the Supervisory Board, and the goals has thus not been achieved, even though the composition of the Supervisory board was changed in 2017/2018. The change meant that the Company's CEO and CFO were appointed as members of the Supervisory Board, and it was therefore not possible to achieve the goal to increase the ratio of women appointed by the general meeting on the Supervisory Board.

The three employee representatives on the Supervisory Board includes one woman.

In recent years, Siemens A/S has experienced a decline in the share of female executives, and therefore, an analysis of the conditions and barriers, if any, that can help the Company obtain a larger share of female executives was conducted in 2017. On this basis, the short-term goal is to reverse the trend, and the long-term goals is to reach a share corresponding to the share of female employees (19%).

To achieve this goal, the topic was in focus at an internal management seminar in the autumn 2017, and the share of woman is regularly followed up on in connection with new hires to increase the awareness of the risk of gender bias in recruitment. In the Nordic management development programme, which was launched in 2017, the share of women is 40%, and two of the Danish participants are women.

| Female executives | 2017/2018 | 2016/2017 | 2015/2016 |
|---|---|---|---|
| **No. of women in executive positions** [1)] | 14% | 13% | 15% |

[1)] Comprises the total share of women with management responsibilities.

The figures for 2017/2018 show that the downward trend has stopped, as the share of female managers has increased compared to 2016/2017.

The share of female employees in Siemens A/S is 19%, but in the job functions relating to technical or engineering qualifications (for instance sales, technical service, project management and engineering), the share of women is approx. 10%. As managers are largely recruited from these job functions, it is a considerable challenge achieving the goal of 19%, and consequently, this is a focus area in the recruitment process. It is therefore positive that the share of women among newly hires has increased and amounted to 28% of all new hires in 2017/2018, which is a step in the right direction.

# Employees

## Working environment

Siemens targets high standards for the company's safety and health efforts in order to facilitate an attractive working life and ensure quality and efficiency in the design of solutions.

Siemens targets to reduce the number of work accidents and disease cases to a realistic minimum – beyond current workplace requirements. Siemens encourages its cooperation partners to share this ambition and works with both customers and suppliers to implement ongoing improvements.

As safety and health are an integral part of the business and day-to-day operations, it is important that all employees are allowed to work in a safe environment by providing safe processes and high educational standards and that a working environment organisation that matches the Company's objective has been established. As part of this effort, a company wide occupational health and safety day was arranged for all company work environment representatives.

Siemens A/S is OHSAS 18001-certified and regularly performs analyses of the physical and mental working environment (workplace assessments). The latest workplace assessment took place in June 2016 and showed a generally high level of workplace satisfaction among the employees: 89% were satisfied with their job and 75% were satisfied with the working environment. Based on the survey, it was decided to initiate a number of improvement measures, which have widely been implemented. The next workplace assessment is expected to be carried out in October 2019.

The number of accidents with absence exceeding one day decreased in 2017/2018 and is now below the goal set of a maximum of 3 accidents per million working hours. The sickness absence statistics also show a decrease compared to 2016/2017.

| Accidents and sickness absence | 2017/2018 | 2016/2017 | 2015/2016 |
|---|---|---|---|
| **No. of accidents with absence per million working hours [1]** | 2.5 | 5.7 | 2.4 |
| **Sickness absence as a percentage[2]** | 1,8% | 2,5% | 2,3% |

[1] No. of accidents with absence exceeding one day measured by reference to the total number of prescribed working hours.
[2] No. of hours absent owing to own or child's illness as a percentage of the total number of prescribed working hours.

## Health

Job satisfaction and health are top priorities in Siemens. This is, e.g., demonstrated in the canteens, which are committed to making healthy food. In addition, all employees have access to free fruit, and several locations have their own fitness centres.

All employees are covered by a mandatory insurance programme in case of critical illness as well as a general health insurance programme.

Furthermore, all salaried employees are covered by schemes under which they can be treated for work-related muscle and joint injury by a chiropractor, physiotherapist, zone-therapist or masseur. They can also book a general health check.

The sports club Siemens@ctive provides the employees with various health activities such as running, cycling, fitness and yoga. Each year, Siemens also participates in the "cycle to work" campaign, and this year, 41 teams participated in the annual DHL baton race in Copenhagen, and 11 teams participated in Aarhus.

Siemens planned to carry out an internal certification (healthy@siemens) in 2017/2018 as part of the development of the Company's healthcare offerings. This certification has been postponed and will take place in October-December 2018 instead.

## Competence development

Striving to be an attractive workplace, Siemens prioritises ongoing training of its employees.

Therefore, competence development is a matter of high priority in Siemens. The Performance Management Process (PMP) is a management concept that has been implemented across the global Siemens organisation. The purpose of the PMP is to provide each individual employee with tools and motivation to do his or her best in accordance with the Company's objectives and strategy. As part of the PMP process, each employee's performance in the past financial year as well as his/her potential to undertake new positions in the future are evaluated. Moreover, targets are set for the coming year.

Siemens has its own project manager training programme, which is designed to ensure a high quality of the Company's projects and thereby minimise the risk of loss. All projects generating revenue in excess of EUR 2.5 million must therefore be manned by a certified project manager, and project managers are continuously being trained and certified to ensure that the necessary resources and skills are available at all times to handle the various project categories.

In 2017/2018, another two project managers were certified in Siemens A/S, bringing the total number of certified project managers to 30 at 30 September 2018. In terms of commercial project controllers, we now have 13 certified controllers.

Similarly, Siemens has its own training programme for key account managers, who may become certified. This ensures high and uniform standards in relation to Siemens' advisory services and sales to the largest customers. The programme also allows each individual key account manager to improve his or her competences in areas such as strategic sales, finance, management, cooperation, etc.

We did not have any new certified key account managers in 2017/2018.

# Environment

## Environment

Siemens' vision in the environmental area is to be known as a green company with targeted efforts to protect the environment who includes environmental considerations in its decision-making. Certified according to ISO 14001, Siemens A/S has thus laid down general environmental impact reduction goals. Key parameters in this connection are the consumption of electricity, heating and water, $CO_2$ emissions from company cars and transportation and waste volumes where specific targets have been set.

The development in consumption and emissions is monitored continuously to assess the possibility to reduce the environmental impact to the widest extent possible. For instance, the car policy includes limits for the $CO_2$ emissions of company cars, and employees are using modern communication technologies to limit travelling.

Moreover, the Siemens AG Group aims at halving the Group's $CO_2$ emissions in 2020 compared to 2015 and at being carbon-neutral in 2030. These group targets also apply to Siemens A/S.

The environmental risks associated with Siemens A/S' activities in Denmark are relatively small, as Siemens A/S does not have production facilities and thus only handles environmentally hazardous waste to a limited extent.

Siemens A/S' headquarters at Borupvang 9 are certified in accordance with the so-called LEED Gold standard (Leadership in Energy and Environment Design), which ensures optimum energy utilisation and sound indoor climate.

The below overview shows the trend in the financial ratios of the building.

| Waste and consumption of electricity, water and heating [1] | 2017/2018 | 2016/2017 | 2015/2016 |
|---|---|---|---|
| **Total volume waste in tons** | 119.6 | 117.5 | 124.0 |
| *– hereof portion to be recycled as a percentage (target: 60 %)* | 59% | 55% | 54% |
| **Consumption of electricity in kWH per m²** *(LEED target: 82.45)* | 76.6 | 73.4 | 75.0 |
| **Consumption of heating in kWH per m²** *(LEED target: 77.7)* | 31.1 | 29.5 | 36.0 |
| **Consumption of water in litres per m²** *(LEED target: 397.4)* | 361.2 | 362.0 | 389.2 |

[1] At the address Borupvang 9.

The total waste volume shows a minor increase of just under 2% in 2017/2018. At the same time, the share of waste being repurposed has increased to 59% and is thus close to the target of 60%.

The consumption of electricity and heating has increased, while water consumption remains largely unchanged compared to last year. The consumption of electricity, heating and water is still below the set targets.

Siemens A/S meets its annual consumption of electricity via Ørsted with renewable energy certificates from the Anholt wind farm. By purchasing certificates, Siemens A/S ensures that the Company contributes to more renewable energy production in Denmark. Ørsted and independent auditors guarantee that an amount corresponding to the supplier's net income is reinvested or donated to promote the development of or research into the production of renewable energy in Denmark.

An important source of $CO_2$ emissions is company cars. As part of the goal to halve the Group's $CO_2$ emissions, Siemens AG aims to reduce the emissions from company cars significantly.

The table below shows the trend in $CO_2$ emissions from company cars owned by Siemens A/S.

| $CO_2$ emissions from company cars [1] | 2017/2018 | 2016/2017 | 2015/2016 |
|---|---|---|---|
| *Standard emissions (g/km)* | 117.0 | 118.1 | 120.8 |
| *Actual emissions (g/km)* | 168.1 | 171.9 | 171.1 |

[1] The survey shows emissions from the total portfolio of company cars with white licence plates in the respective financial years.

The standard figure for the total portfolio of company cars at 30 September 2018 was 117.4 g/km, which is bit below the level of last year. The actual emission also decreased but is still significantly above standard.

As from 1 September 2017, EU replaced the previous test procedure for measuring the $CO_2$ emission of new cars with a more realistic model. The related consequences for the Siemens AG Group's car policy have not yet been clarified.

As for other transportation, Siemens has entered into an agreement with DriveNow in 2018 making it easier for employees to choose sustainable transportation in connection with meetings in the Greater Copenhagen Area and selected European locations.

# Society

## Society

Siemens' strategy is based on a general understanding of the Company's role in society that entails that the Company must create value – not only to shareholders but to the societies in which the Company operates. The Company's activities must serve a purpose that involves more than just making money but also contributes to solving some of our considerable challenges, such as global warming.

Siemens takes an active part in its communities, both nationally and locally, by contributing to its local communities. The support for activities in the local communities primarily relates to education where Siemens want to contribute to increase the interest in science and technology for both genders. Arts and culture as well as social matters are also supported to a certain extent. Moreover, Siemens is an active player in the annual People's Political Festival on Bornholm, where the management team participates in a number of debates.

The risk of carrying on business in Denmark in respect of corruption and bribery as well as compliance with basic human and labour rights is limited as Denmark is listed as one of the least corrupt countries in the world on Transparency International's index year after year. At the same time, Siemens' internal control systems contribute to minimising the risk of non-compliance with legislation as described in detail above in the section on the management system.

## Protection of human rights

Siemens' Business Conduct Guidelines contain the basic principles and rules on how Siemens' employees are expected to act towards each other, external business partners and the general public. The requirement to comply with applicable rule of law, respect people of various ethnic origin, culture, religion, sexual orientation, gender, etc., and managers' special responsibility to meet their organisational and supervisory duties are emphasised.

These principles imply that Siemens tolerates neither discrimination based on the above-mentioned differences nor offensive behaviour, sexual harassment or other types of abuse. These principles are also reflected in the requirements of Siemens' suppliers, which are described in the section on activities above.

## Research and education

Siemens has historically worked with the best educational institutions, including institutions of higher education and universities. The purpose of this cooperation is to establish direct contact to talented students who may one day wish to become part of the Company's staff.

DTU is an important business partner with Principal Partner University status – a partnership that comprises 17 leading universities across the world. The research cooperation with Siemens particularly comprises Siemens Gamesa Renewable Energy focusing on optimising the utilisation of wind energy, including storage technology, etc.

Siemens A/S is involved in the newly established education programme at CBS – Copenhagen School of Energy Infrastructure, whose purpose is to contribute to finding solutions to a number of considerable challenges in the energy infrastructure in relation to pricing, digitalisation, etc.

The Siemens Foundation was established in 1964 for the purpose of supporting research and educational projects primarily within the technical-scientific area, and the Foundation receives an annual payment from Siemens A/S. In the financial year 2017/2018, the Foundation donated DKK 313 thousand to 17 projects, of which the main part was awarded to Danish university students' final theses. Moreover, support was granted to activities helping to increase kids' and young people's interest in technology.

Siemens is co-sponsor of the Danish Association of Engineers "Engineer the Future" campaign, whose purpose is to attract more young people to the engineering profession.

In addition, Siemens sponsored local FIRST LEGO League activities at DTU in Ballerup, the RoboCup event at DTU, the Danish Union for Electricians' event "Boost din elektrikeruddannelse" as well as a trip to CERN in Geneva for students at the Copenhagen School of Marine Engineering and Technology Management. The purpose of all these activities is to support the youths' interest in science and technology.

Moreover, Siemens supports Denmark's Energy Museum in Tange.

## Charity

Siemens has for many years chosen not to give customers and business partners Christmas presents. Instead, the Company donates an annual amount or a product to charity.

Since 2013, donations have been given to SOS Children's Villages on Zanzibar to whom Siemens has donated an ultrasound scanner and contributed to implementing a number of measures for energy and climate retrofitting in cooperation with Solar A/S and Engineers Without Borders. In 2017/2018, Siemens chose to support the education of a number of young people.

For a number of years, Siemens has been the main sponsor of the Copenhagen Royal Library's classical music ensemble "DiamantEnsemblet", which has enabled the ensemble to give a number of concerts. As the Copenhagen Royal Library chose to close down DiamantEnsemblet in 2018, Siemens' sponsorship has ended.

In 2017/2018, Siemens provided support to a Bamberg Symphony concert in DR's concert hall to celebrate the anniversary of the reunification of Germany. The concert was organised by the German embassy in Denmark.

### Siemens charity in 2018

Through SOS Children's Villages' youth centre in Stone Town on Zanzibar, 11 vulnerable youths receive support and guidance on choice of education through company funds from Siemens in 2018 and an amount collected in connection with the sale of promotional gifts to employees, totalling DKK 275 thousand. Thus, Siemens supports sustainable development locally where young people over time will be able to contribute positively to the social and economic development of their communities.

# Financial review – Siemens Group

In the year under review, consolidated revenue decreased by DKK 504 million from DKK 3,541 million last year to DKK 3,037 million this year. A large part of the decrease (DKK 336 million) is attributable to the demerger of the Mobility division, which is shown as a discontinued operation. The remainder of the decrease amounts to 5% and is attributable to all business areas.

Relative to 2016/17, the Group's selling costs and administrative expenses decreased in line with revenue.

In the year, the Siemens A/S Group realised a profit of DKK 582 million, which is up DKK 407 million on the year before and in line with the expectations expressed in the annual report for 2016/2017. A significant contributor to the increase in profit is a gain from the sale of the shares in Siemens Healthcare A/S (DKK 442 million).

Profit for the year amounts to DKK 582 million, and DKK 581 million is expected to be distributed as dividend to the parent company, Siemens International Holding B.V., Den Haag, the Netherlands.

## Balance sheet

Total assets increased by DKK 482 million on last year. The increase is primarily attributable to an increase in trade receivables and financial receivables from group entities as well as a decrease in fixed assets and construction contracts, net.

## Cash flows

Cash flows from operating activities decreased from DKK 195 million to DKK 2 million, mainly due to a decrease in cash flows from operating activities.

## Investments

During the year, investments totalling DKK 3 million were made in property, plant and equipment. This is below the investment level last year. The investments made in the year comprise operating equipment, fixtures and fittings.

## Outlook

Based on a decreased order backlog at the end of the financial year 2017/2018, the Siemens A/S Group expects a decrease in revenue of up to 5% in the coming financial year.

The Group's profit from ordinary activities in the financial year 2018/2019 is expected to be in line with 2017/2018.

## Ownership

Siemens A/S is a wholly-owned subsidiary of Siemens International Holding B.V, Den Haag, the Netherlands.

## Special risks

### Financial risks

Due to its operations and financing, the Group is exposed to changes in exchange rates and interest rates to a relatively low degree. It is the Group's policy not to engage in active speculation in financial risks. Thus, the Group's financial management activities are aimed only at managing risks already assumed.

### Currency risks

The Group's activities are affected by exchange rate fluctuations, as revenue is generated, in all material respects, in Danish kroner, whereas purchases of products are primarily effected in foreign currencies. The Group's exchange rate risks are primarily hedged through derivative financial instruments. It is the Group's currency policy to hedge projects with a net exposure of more than EUR 1 million.

The product business is hedged for 3-month periods at a time based on expected sales/purchases.

Furthermore, the Group hedges minimum 75% of its net currency positions, and net positions EUR 1 million are not hedged.

### Interest rate risks

The Group's interest-bearing debt primarily consists in financial debt to group entities. It is not the Siemens Group's policy to hedge interest rate risks relating to intra-group balances. An increase of 1 percentage point in the general interest rate level will imply an increase in the Group's annual interest expenses of DKK 5 million.

### Credit risks

The Group is not exposed to any significant risks relating to any particular customer or business partner. The Group's policy in respect of credit risks implies that all major customers and other cooperators are credit rated on an ongoing basis.

## Incentive plans

The Siemens AG Group has established a stock award plan according to which key executives may be granted stock awards in Siemens AG.

Settlement takes place on exercise. In this connection, an amount of DKK 1 million was expensed in the income statement for the parent company and in the Siemens A/S Group for 2017/2018.

Furthermore, the Siemens AG Group has established a programme for all employees, allowing them to acquire shares with an option to acquire extra shares after 3 years' ownership.

In this connection, an amount of DKK 3 million was expensed in the income statement for Siemens A/S for 2017/2018.

# Income statement

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| | | Group | | Parent | |
|---|---|---|---|---|---|
| DKK'000 | Note | 2017/2018 | 2016/2017 | 2017/2018 | 2016/2017 |
| Revenue | 3 | 3,036,673 | 3,541,194 | 2,907,926 | 3,402,035 |
| Production costs | | -2,582,976 | -3,082,083 | -2,477,168 | -2,978,294 |
| **Gross profit** | | **453,697** | **459,111** | **430,758** | **423,741** |
| Distribution costs | | -301,563 | -338,868 | -283,329 | -309,290 |
| Administrative expenses | | -9,431 | -40,254 | -6,441 | -39,339 |
| **Profit before other operating income** | | **142,703** | **79,989** | **140,988** | **75,112** |
| Other operating expenses | 4 | -25,990 | -190 | -25,990 | -190 |
| Other operating income | 5 | 494,096 | 128,560 | 495,427 | 133,824 |
| **Profit before net financials** | | **610,809** | **208,359** | **610,425** | **208,746** |
| Profit after tax in subsidiaries | | 0 | 0 | 275 | -350 |
| Financial income | 6 | 847 | 147 | 777 | 84 |
| Financial expenses | 7 | -2,036 | -7,768 | -1,951 | -7,672 |
| **Profit from ordinary activities** | | **609,620** | **200,738** | **609,526** | **200,808** |
| Tax on profit from ordinary activities | 8 | -44,547 | -47,320 | -44,453 | -47,390 |
| **Profit for the year from continuing operations** | | **565,073** | **153,418** | **565,073** | **153,418** |
| Profit after tax from discontinued operations | 9 | 16,530 | 21,680 | 16,530 | 21,680 |
| **Profit for the year** | | **581,603** | **175,098** | **581,603** | **175,098** |

# Balance sheet

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| Assets | | Group | | Parent | |
|---|---|---|---|---|---|
| DKK'000 | Note | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **Fixed assets** | | | | | |
| **Intangible assets** | 10 | | | | |
| Goodwill | | 0 | 0 | 0 | 0 |
| **Total intangible assets** | | **0** | **0** | **0** | **0** |
| | | | | | |
| **Property, plant and equipment** | 11 | | | | |
| Land and buildings | | 13,288 | 89,066 | 13,288 | 89,066 |
| Leasehold improvements | | 16,411 | 22,356 | 16,411 | 22,356 |
| Plant and machinery | | 4,674 | 20,085 | 4,407 | 19,932 |
| Plant under construction | | 0 | 344 | 0 | 344 |
| **Total property, plant and equipment** | | **34,373** | **131,851** | **34,106** | **131,698** |
| | | | | | |
| **Investments** | | | | | |
| Equity investments in subsidiaries | 12 | 0 | 0 | -2,479 | -1,494 |
| Other securities | 13 | 0 | 100 | 0 | 100 |
| **Total investments** | | **0** | **100** | **-2,479** | **-1,394** |
| | | | | | |
| **Total fixed assets** | | **34,373** | **131,951** | **31,627** | **130,304** |
| | | | | | |
| **Non-fixed assets** | | | | | |
| **Inventories** | | **28,303** | **36,409** | **28,303** | **36,409** |
| | | | | | |
| **Receivables** | 14 | | | | |
| Trade receivables | | 636,289 | 657,513 | 602,525 | 622,826 |
| Receivables from group entities | | 504,469 | 46,744 | 490,788 | 39,867 |
| Construction contracts, net | 15 | 61,973 | 386,809 | 55,883 | 384,979 |
| Deferred tax asset | 16 | 0 | 11,991 | 0 | 11,840 |
| Financial receivable from group entities | | 603,035 | 117,175 | 603,035 | 117,175 |
| Other receivables | | 26,978 | 37,276 | 26,978 | 37,275 |
| Prepayments | 17 | 5,129 | 5,378 | 5,129 | 5,376 |
| **Total receivables** | | **1,837,873** | **1,262,886** | **1,784,338** | **1,219,338** |
| | | | | | |
| **Cash** | | **4,626** | **2,333** | **4,626** | **2,333** |
| | | | | | |
| **Assets relating to discontinued operations** | | **309,381** | **299,404** | **309,381** | **103,953** |
| | | | | | |
| **Total non-fixed assets** | | **2,180,183** | **1,601,032** | **2,126,648** | **1,362,033** |
| | | | | | |
| **Total assets** | | **2,214,556** | **1,732,983** | **2,158,275** | **1,492,337** |

## Consolidated financial statements and parent company financial statements 1 October – 30 September

### Equity and liabilities

| DKK'000 | Note | Group 2017/2018 | Group 2016/2017 | Parent 2017/2018 | Parent 2016/2017 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | | 151,000 | 151,000 | 151,000 | 151,000 |
| Retained earnings | | 713,430 | 387,411 | 132,430 | 250,411 |
| Proposed dividend | | 0 | 0 | 581,000 | 137,000 |
| **Total equity** | | **864,430** | **538,411** | **864,430** | **538,411** |
| | | | | | |
| **Provisions** | | | | | |
| Warranty commitments | 18 | 38,950 | 45,269 | 38,950 | 45,269 |
| Deferred tax | 19 | 1,810 | 0 | 1,971 | 0 |
| Other provisions | 20 | 17,160 | 15,433 | 14,131 | 15,433 |
| **Total provisions** | | **57,920** | **60,702** | **55,052** | **60,702** |
| | | | | | |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Lease obligations | 21 | 0 | 59,211 | 0 | 59,211 |
| | | | | | |
| **Current liabilities** | | | | | |
| Short-term portion of lease obligation | 21 | 0 | 4,607 | 0 | 4,607 |
| Financial debt to group entities | | 41,841 | 12,945 | 4,945 | 0 |
| Prepayments received from customers | | 62,109 | 138,486 | 62,109 | 138,486 |
| Trade payables | | 92,975 | 142,866 | 90,314 | 134,326 |
| Payables to group entities | | 0 | 0 | 439 | 0 |
| Corporation tax payable | | 567,051 | 206,694 | 567,051 | 206,693 |
| Other payables | | 213,594 | 365,071 | 200,744 | 345,950 |
| Deferred income | 22 | 5,255 | 8,539 | 3,810 | 3,951 |
| Liabilities relating to discontinued operations | 9 | 309,381 | 195,451 | 309,381 | 0 |
| **Total short-term liabilities** | | **1,292,206** | **1,074,659** | **1,238,793** | **834,013** |
| | | | | | |
| **Total liabilities** | | **1,292,206** | **1,133,870** | **1,238,793** | **893,224** |
| | | | | | |
| **Total equity and liabilities** | | **2,214,556** | **1,732,983** | **2,158,275** | **1,492,337** |
| | | | | | |
| **Events after the balance sheet date** | 2 | | | | |
| **Contingent liabilities** | 23 | | | | |
| **Staff costs** | 26 | | | | |
| **Fees paid to auditor appointed at the annual general meeting** | 27 | | | | |
| **Distribution of Profit** | 28 | | | | |
| **Use of derivative financial instruments** | 29 | | | | |
| **Related parties and related party transactions.** | 30 | | | | |
| **Permanent establishments** | 31 | | | | |
| **Pending legal actions** | 32 | | | | |

# Statement of changes in equity

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| | Group | | | |
|---|---|---|---|---|
| DKK'000 | Share capital | Retained earnings | Proposed dividend | Total |
| Equity at 30 September 2016 | 151,000 | 364,313 | 0 | 515,313 |
| Dividends paid | 0 | -152,000 | 0 | -152,000 |
| Profit for the year | 0 | 175,098 | 0 | 175,098 |
| **Equity at 30 September 2017** | **151,000** | **387,411** | **0** | **538,411** |
| | | | | |
| Dividends paid | 0 | -137,000 | 0 | -137,000 |
| Value adjustment of hedging instruments, year end | 0 | -134 | 0 | -134 |
| Transfer to liabilities relating to discontinued operations | 0 | -118,450 | 0 | -118,450 |
| Profit for the year | 0 | 581,603 | 0 | 581,603 |
| **Equity at 30 September 2018** | **151,000** | **713,430** | **0** | **864,430** |

| | Parent | | | |
|---|---|---|---|---|
| | Share capital | Retained earnings | Proposed dividend | Total |
| Equity at 30 September 2016 | 151,000 | 212,313 | 152,000 | 515,313 |
| Dividends paid | 0 | 0 | -152,000 | -152,000 |
| Profit for the year | 0 | 38,098 | 137,000 | 175,098 |
| **Equity at 30 September 2017** | **151,000** | **250,411** | **137,000** | **538,411** |
| | | | | |
| Dividends paid | 0 | 0 | -137,000 | -137,000 |
| Transfer to liabilities relating to discontinued operations | 0 | -118,450 | 0 | -118,450 |
| Value adjustment of hedging instruments, year end | 0 | -134 | 0 | - 134 |
| Profit for the year | 0 | 603 | 581,000 | 581,603 |
| **Equity at 30 September 2018** | **151,000** | **132,430** | **581,000** | **864,430** |

The share capital consists of 1,510,000 shares of DKK 100 each. The share capital has not changed in the past five years.

# Cash flow statement

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| | | Group | |
|---|---|---|---|
| DKK'000 | Note | 2017/2018 | 2016/2017 |
| Revenue | | 3,036,673 | 3,541,194 |
| Costs and other operating income | | -2,425,864 | -3,332,835 |
| Adjustments | 24 | -554,331 | 118,795 |
| **Cash generated from operating activities before changes in working capital** | | **56,478** | **327,154** |
| | | | |
| Changes in working capital | 25 | 90,776 | -98,734 |
| Financial income and expenses, net | | -1,189 | -7,621 |
| Corporation tax paid and prior-year adjustments | | -144,311 | -25,839 |
| **Cash flows from operating activities** | | **1,754** | **194,960** |
| | | | |
| Acquisition of property, plant and equipment | | -2,759 | -5,195 |
| Disposal of property, plant and equipment | | 61,683 | 2,413 |
| Disposal of activities | | 571,262 | 0 |
| **Cash flows from investing activities** | | **630,186** | **-2,782** |
| | | | |
| Change in non-current liabilities | | -63,818 | -4,247 |
| Change in bank debt | | 0 | -1 |
| Distributed dividends | | -137,000 | -125,000 |
| **Cash flows from financing activities** | | **-200,818** | **-129,248** |
| | | | |
| **Cash flows from operating, investing and financing activities for the year** | | **431,122** | **62,930** |
| **Transferred to discontinued operation** | | 0 | -15,169 |
| Cash and cash equivalents at 1 October | | 36,132 | -11,629 |
| **Cash and cash equivalents at 30 September** | | **467,254** | **36,132** |
| | | | |
| Cash and cash equivalents can be specified as follows: | | | |
| Receivables from group entities (Siemens Financial Services) | | 504,469 | 46,744 |
| Financial debt to group entities | | -41,841 | -12,945 |
| Other cash funds | | 4,626 | 2,333 |
| | | **467,254** | **36,132** |

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

# Notes

## Consolidated financial statements and parent company financial statements 1 October – 30 September

### 1 - Accounting policies

The consolidated financial statements and the parent company financial statements of Siemens A/S have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The pooling-of-interests method is applied to mergers of or demergers into group entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The financial statements are presented in Danish kroner (DKK).

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is made up as the original cost less instalments, if any, and plus or minus the accumulated amortisation of the difference between the cost and the nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account. Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost.

Equally, costs incurred to generate the year’s earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

### Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction. Receivables and payables denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement under cost of sales and financial income and expenses relating to foreign-currency loans, respectively. Exchange gains and losses related to hedging transactions where the hedged item is not included in the balance sheet, are, however, measured in the balance sheet as cut-off items once the hedged item is realised.

### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of the fair value of a recognised asset or liability are recognised in the income statement together with value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

## Consolidated financial statements and parent company financial statements 1 October – 30 September

### Consolidated financial statements

The consolidated financial statements comprise the parent, Siemens A/S, and subsidiaries in which Siemens A/S – directly or indirectly – holds more than 50% of the voting rights or otherwise has a controlling interest.

The consolidated financial statements are prepared as a consolidation of the parent's and the individual subsidiaries' audited financial statements all of which are presented in accordance with the Siemens Group's accounting policies.

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated. Investments in subsidiaries are set off against the proportionate share of the subsidiaries' net asset value at the time of acquisition (the past equity method).

Entities acquired or established during the year are recognised in the consolidated financial statements from the date of acquisition, and divested entities are recognised until the time of sale. Comparative figures are not restated in respect of recently acquired or sold entities.

Comparative figures are restated to reflect split-offs and mergers. On the acquisition of entities, the acquired assets and liabilities are made up at market value at the time of acquisition, and a provision is made for expenses related to adopted and published restructurings in the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the acquisition cost over the fair value of the assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 15 years.

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and invoicing have taken place before year end and that the income can be measured reliably and is expected to be received.

Major construction contracts are recognised in revenue using the percentage-of-completion method. Consequently, income from and gains on contract work are recognised as production is carried through, implying that revenue corresponds to the market value of contracts completed in the year.

Other construction contracts are recognised in revenue once delivery and invoicing have taken place.

Income from service contracts is accrued and recognised in the income statement in the period to which it relates. Pre-invoiced services are measured as prepayments.

### Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year.

### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

### Administrative expenses

Administrative expenses comprise expenses paid in the year to manage and administer the Company, including expenses related to administrative staff, office expenses and amortisation and depreciation.

### Other operating income

Other operating income comprises items of a secondary nature relative to the Company's primary objective, including net income from property leasing and gains/losses on the sale of fixed assets and activities.

### Income from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

### Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses, foreign-currency payables and transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the advance-payment-of-tax scheme, etc.

# Notes

## Consolidated financial statements and parent company financial statements 1 October – 30 September

**Tax for the year**

The Company is subject to the Danish rules on joint taxation of the Siemens Group's Danish activities.

The Company is the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities.

The current Danish corporation tax is allocated by settling the joint taxation contributions between the jointly taxed entities in proportion to their taxable income. Loss-making entities receive joint taxation contributions from entities which have been able to apply the loss to reduce their own taxable income.

Tax for the year comprises current corporation tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the Profit for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

### Balance sheet

**Intangible assets**

**Goodwill**

Goodwill is measured at the lower of cost, less accumulated amortisation, and the recoverable amount.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. The maximum depreciation period is 15 years, longest for strategically acquired entities with strong market positions and long-term earnings profiles.

The carrying amount of goodwill is tested for impairment and any impairment losses are taken to the income statement in cases where the carrying amount exceeds the expected future net income from the business or the activity to which the goodwill relates.

The accounting treatment of disposal of activities or entities to which goodwill is related is described under 'Consolidation'.

**Rights and software acquired**

Rights and software acquired are measured at the lower of cost, less accumulated amortisation, and the recoverable amount.

Rights and software acquired are amortised over the estimated economic life, however maximum 3 years. The carrying amount of rights and software acquired is tested for impairment on an ongoing basis, and any impairment losses are taken to the income statement when the carrying amount exceeds the expected future net income from the business or the activity to which the rights and software acquired relate.

Gains and losses on the disposal of rights and software acquired are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement.

**Property, plant and equipment**

Land and buildings, leasehold improvements, plant and machinery and plant under construction are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Borrowing costs are not recognised in the cost.

Depreciation is provided on a straight-line basis over the expected useful life of the assets. The depreciation periods are:

| | |
|---|---|
| Buildings | 25-50 years |
| Leasehold improvements | Lease term |
| Fixtures and fittings, tools and equipment | 3-10 years |

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as "Production costs", "Distribution costs" and "Administrative expenses", respectively.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains or losses are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively.

## Consolidated financial statements and parent company financial statements 1 October – 30 September

**Leases**

Leases concerning property, plant and equipment in respect of which the Company bears all significant risks and enjoys all significant benefits associated with the title to such assets (finance leases) are recognised in the balance sheet at the fair value of the leased asset if such a value exists. If the present value of future lease payments is lower at the acquisition date, the asset is recognised at this value. In calculating the present value, the discount factor is the interest rate implicit in the lease or an approximation thereof.

Assets held under finance leases are depreciated and impaired as the Company's other items of property, plant and equipment.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement on an ongoing basis over the term of the lease.

Leases in respect of which the lessor bears all significant risks and enjoys all significant benefits associated with the title to such equipment are classified as operating leases. Payments under operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

**Equity investments in subsidiaries**

Investments in subsidiaries are measured, based on the parent's accounting policies, at the Company's proportionate share of the subsidiaries' net asset value minus or plus unrealised intra-group gains and losses.

Subsidiaries with a negative net asset value are measured at DKK 0, and any receivable is written down by the Parent Company's share of the negative net asset value insofar as it is considered irrecoverable. If the negative equity value exceeds the receivable the balance is recognised under 'Provisions' insofar as the Parent Company has a legal or constructive obligation to cover a deficit in the subsidiary.

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method to the extent the carrying amount exceeds the cost.

Additions of subsidiaries are accounted for using the purchase method of accounting, see the description above under 'Consolidated financial statements'.

**Impairment of assets**

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

**Other securities**

Securities are measured at the lower of cost and market value.

**Inventories**

Inventories are measured at cost based on weighted average. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production overheads. Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

**Receivables**

Receivables are measured at amortised cost. Write-down is made for expected losses.

# Notes

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

**Construction contracts**

Major construction contracts are measured at the market value by reference to the stage of completion. The market value is measured according to the stage of completion at the balance sheet date and the expected, aggregate income from the individual construction contracts.

Other construction contracts are measured at cost, including materials, wages/salaries and indirect production overheads.

Each construction contract is recognised in the balance sheet under 'Receivables' or 'Payables', depending on whether the net value of the order less amounts invoiced on account and prepayments is positive or negative.

When it is probable that the total contract costs will exceed the total contract revenue, a provision is made for the anticipated loss on the contract. The provision is expensed under production costs.

**Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

**Equity**

Proposed dividend expected to be distributed for the year is recognised as a liability at the date of adoption and is presented as a separate line item in equity.

**Provisions**

Provisions comprise expected expenses relating to warranty commitments, losses on construction contracts, reconstruction, etc. Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 0-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work.

**Corporation tax and deferred tax**

The Company and all its Danish group entities are jointly taxed.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet under "Balances with group entities".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either Profit for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

**Liabilities**

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease commitment in respect of finance leases. Other liabilities are measured at amortised cost.

**Deferred income**

Deferred income comprises payments received concerning income in subsequent years.

**Presentation of discontinued operations**

Discontinued operations comprise a separate, major line of business whose activities and cash flows are clearly distinguishable, operationally and for financial reporting purposes, from the Company's other lines of business and where the line of business has either been disposed of or separated as held for sale and the sale is expected to be effected within one year in accordance with a formal plan. Discontinued operations also include entities which are classified as "held for sale" in connection with the acquisition.

The Profit from discontinued operations and value adjustments after tax of related assets and liabilities and gains and losses on disposal are presented as a separate line item in the income statement, and comparative figures are restated accordingly. Revenue, expenses, value adjustments and tax relating to discontinued operations are disclosed in the notes. Assets and relating liabilities in respect of discontinued operations are presented as separate line items in the balance sheet without restatement of comparative figures, and the main items are specified in the notes.

## Consolidated financial statements and parent company financial statements 1 October – 30 September

**Cash flow statement**

The cash flow statement shows the Group's net cash flow for the year, broken down by operating, investing and financing activities, and the Group's cash and cash equivalents at the beginning and the end of the year. The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

**Cash flows from operating activities**
Cash flows from operating activities are presented using the indirect method and are made up as the net profit or loss for the year, less operating expenses and adjusted for non-cash operating items, changes in working capital, paid net financials and extraordinary items and paid corporation taxes.

**Cash flows from investing activities**
Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, property, plant and equipment and securities related to investing activities.

**Cash flows from financing activities**
Cash flows from financing activities comprise payments derived from changes in the size or composition of the company's share capital, dividend distributed as well as the raising and repayment of mortgage debt, other long-term liabilities and short-term bank debt.

**Cash**

Cash comprises cash, intra-group receivables and payables as well as short-term securities with a term of three months or less and which are readily convertible into cash and which are subject to only minor risks of changes in value.

# Notes

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

**2 - Events after the balance sheet date**

As of 1 October 2018, Siemens A/S has demerged its activities in the Mobility division to Siemens Mobility A/S, which is owned by Siemens International Holding B.V., Den Haag, the Netherlands. The demerger is part of a planned merger with Alstom.

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | 2017/2018 | 2016/2017 | 2017/2018 | 2016/2017 |
| **3 - Revenue** | | | | |
| *Geographic split* | | | | |
| Sale of goods, national | 2,902,503 | 3,541,314 | 2,782,511 | 2,836,040 |
| Sale of goods, international | 470,514 | 585,104 | 461,759 | 565,995 |
| Transferred to Profit after tax from discontinued operations | -336,344 | -585,224 | -336,344 | 0 |
| **Revenue total** | **3,036,673** | **3,541,194** | **2,907,926** | **3,402,035** |
| | | | | |
| *Segment information* | | | | |
| Industry | 1,195,681 | 1,275,866 | 1,066,933 | 1,136,707 |
| Energy | 1,258,379 | 1,322,849 | 1,258,379 | 1,322,849 |
| Mobility | 0 | 357,909 | 0 | 357,909 |
| Building Technologies | 582,613 | 584,570 | 582,614 | 584,570 |
| **Revenue total** | **3,036,673** | **3,541,194** | **2,907,926** | **3,402,035** |
| | | | | |
| **4 - Other operating expenses** | | | | |
| Loss on disposal of fixed assets | 25,990 | 190 | 25,990 | 190 |
| **Other operating expenses total** | **25,990** | **190** | **25,990** | **190** |
| | | | | |
| **5 - Other operating income** | | | | |
| Gain on disposal of fixed assets | 2,196 | 3,821 | 2,196 | 332 |
| Gain on disposal of activity | 26,944 | 0 | 26,944 | 0 |
| Gain on disposal of discontinued operations/shares in subsidiaries | 441,746 | 0 | 441,746 | 0 |
| Gain on disposal of inventories | 2,258 | 0 | 2,258 | 0 |
| Non-recurring rental income following lessee's termination of lease | 0 | 107,826 | 0 | 107,826 |
| Rental income | 20,952 | 20,402 | 22,283 | 25,666 |
| Transferred to Profit after tax from discontinued operations | 0 | -3,489 | 0 | 0 |
| **Other operating income total** | **494,096** | **128,560** | **495,427** | **133,824** |
| | | | | |
| **6 - Financial income** | | | | |
| Interest receivable, other group entities | 847 | 148 | 777 | 84 |
| Other interest income | 0 | 4 | 0 | 0 |
| Transferred to Profit after tax from discontinued operations | 0 | -5 | 0 | 0 |
| **Financial income total** | **847** | **147** | **777** | **84** |
| | | | | |
| **7 - Financial expenses** | | | | |
| Interest payable, other group entities | 80 | 803 | 1 | 137 |
| nterest payable, bank debt and securities | 6 | 75 | 0 | 0 |
| Guarantee commission | 3,453 | 4,208 | 3,453 | 3,955 |
| Other interest expenses and warranty commitments | 1,284 | 3,477 | 1,284 | 3,580 |
| Transferred to Profit after tax from discontinued operations | -2,787 | -795 | -2,787 | 0 |
| **Financial expenses total** | **2,036** | **7,768** | **1,951** | **7,672** |
| | | | | |
| **8 - Tax on profit from ordinary activities** | | | | |
| **Tax for the year** | **44,547** | **47,320** | **44,453** | **47,390** |
| *Specified as follows:* | | | | |
| Tax on the taxable income for the year | 31,479 | 86,069 | 31,371 | 77,983 |
| Prior-year adjustments | 312 | 54 | 311 | 32 |
| Adjustment of deferred tax | 17,418 | -27,610 | 17,433 | -30,625 |
| Transferred to Profit after tax from discontinued operations | -4,662 | -11,193 | -4,662 | 0 |
| **Tax on profit from ordinary activities total** | **44,547** | **47,320** | **44,453** | **47,390** |

## Consolidated financial statements and parent company financial statements 1 October – 30 September

### 9 - Discontinued operations

As of 1 October 2018, Siemens A/S has demerged its activities in the Mobility division to Siemens Mobility A/S. Siemens Mobility A/S is wholly-owned by Siemens International Holding B.V, Den Haag, the Netherlands. The demerger is part of a planned merger with Alstom.

The Profit after tax from the Mobility division is presented as a separate line item in the income statement as "Profit after tax from discontinued operations" and totals DKK 16,530 thousand for 2017/2018.

Comparative figures for 2016/2017 have not been restated to reflect discontinuing operations (Mobility).

Siemens A/S has sold its equity investments in Siemens Healthcare A/S. The sale is part of the planned independent listing of the Healthcare activities.

The Profit after tax from Healthcare A/S for 2016/2017 is presented as a separate line item in the income statement as "Profit after tax from discontinued operations" and totals DKK 21,680 thousand.

Profit from discontinued operations is broken down as follows:

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| Revenue | 336,344 | 586,825 | 336,344 | 0 |
| Production costs | -271,236 | -493,733 | -271,236 | 0 |
| **Gross profit** | **65,108** | **93,092** | **65,108** | **0** |
| Distribution costs | -39,303 | -57,444 | -39,303 | 0 |
| Administrative expenses | -1,826 | -5,474 | -1,826 | 0 |
| **Profit before other operating income** | **23,979** | **30,174** | **23,979** | **0** |
| Other operating income | 0 | 3,489 | 0 | 0 |
| **Profit before net financials** | **23,979** | **33,663** | **23,979** | **0** |
| Profit after tax in subsidiaries | 0 | 0 | 0 | 21,680 |
| Financial income | 0 | 5 | 0 | 0 |
| Financial expenses | -2,787 | -795 | -2,787 | 0 |
| **Profit from ordinary activities** | **21,192** | **32,873** | **21,192** | **21,680** |
| Tax on profit from ordinary activities | -4,662 | -11,193 | -4,662 | 0 |
| **Profit for the year** | **16,530** | **21,680** | **16,530** | **21,680** |

### Assets and liabilities regarding discontinued operations

As the transaction had not been closed at the balance sheet date, the net assets to be demerged are still recognised in the balance sheet as discontinued operations.

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **Assets relating to discontinued operations** | | | | |
| Goodwill | 0 | 34,290 | 0 | 0 |
| Acquired rights | 0 | 28,193 | 0 | 0 |
| Plant and machinery | 2,309 | 4,408 | 2,309 | 0 |
| Equity investments in subsidiaries | 0 | 0 | 0 | 103,953 |
| Inventories | 6,544 | 33,992 | 6,544 | 0 |
| Trade receivables | 27,232 | 128,795 | 27,232 | 0 |
| Contract work in progress, net | 271,724 | 0 | 271,724 | 0 |
| Receivables from group entities | 0 | 63,233 | 0 | 0 |
| Other receivables | 1,286 | 3,068 | 1,286 | 0 |
| Prepayments | 286 | 3,425 | 286 | 0 |
| **Total assets relating to discontinued operations** | **309,381** | **299,404** | **309,381** | **103,953** |
| | | | | |
| **Liabilities relating to discontinued operations** | | | | |
| Equity | 118,450 | 0 | 118,450 | 0 |
| Warranty commitments | 9,667 | 14,490 | 9,667 | 0 |
| Deferred tax | 16,600 | 3,161 | 16,600 | 0 |
| Other provisions | 5 | 7,565 | 5 | 0 |
| Financial debt to group entities | 0 | 12,888 | 0 | 0 |
| Prepayments received from customers | 60,179 | 24,625 | 60,179 | 0 |
| Trade payables | 11,355 | 14,046 | 11,355 | 0 |
| Payables to group entities | 0 | 232 | 0 | 0 |
| Other payables | 93,125 | 57,546 | 93,125 | 0 |
| Prepayments | 0 | 60,898 | 0 | 0 |
| **Total liabilities relating to discontinued operations** | **309,381** | **195,451** | **309,381** | **0** |
| | | | | |
| **Total net assets relating to discontinued operations** | **0** | **103,953** | **0** | **103,953** |

# Notes

### Consolidated financial statements and parent company financial statements 1 October – 30 September

| | Group | | |
|---|---|---|---|
| DKK'000 | Goodwill | Software | Total |
| **10 - Intangible assetser** | | | |
| Cost at 1 October 2017 | 238,812 | 49 | 238,861 |
| Disposals for the year | 0 | -49 | - 49 |
| **Cost at 30 September 2018** | **238,812** | **0** | **238,812** |
| | | | |
| Amortisation at 1 October 2017 | -238,812 | -49 | -238,861 |
| Disposals for the year | 0 | 49 | 49 |
| **Amortisation at 30 September 2018** | **-238,812** | **0** | **-238,812** |
| | | | |
| **Carrying amount at 30 September 2018** | **0** | **0** | **0** |
| | | | |
| **Carrying amount at 30 September 2017** | **0** | **0** | **0** |
| | | | |
| **Amortised over** | Max. 15 years | 3 years | |

| | Parent | | |
|---|---|---|---|
| | Goodwill | Software | Total |
| Cost at 1 October 2017 | 204,079 | 49 | 204,128 |
| Disposals for the year | 0 | -49 | - 49 |
| **Cost at 30 September 2018** | **204,079** | **0** | **204,079** |
| | | | |
| Amortisation at 1 October 2017 | -204,079 | -49 | -204,128 |
| Disposals for the year | 0 | 49 | 49 |
| **Amortisation at 30 September 2018** | **-204,079** | **0** | **-204,079** |
| | | | |
| **Carrying amount at 30 September 2018** | **0** | **0** | **0** |
| | | | |
| **Carrying amount at 30 September 2017** | **0** | **0** | **0** |
| | | | |
| **Amortised over** | Max. 7 years | 3 years | |

## Consolidated financial statements and parent company financial statements 1 October – 30 September

Group

| DKK'000 | Land and buildings | Leasehold Improvements | Fixtures and operating equipment | Operating equipment under construction | Total |
|---|---|---|---|---|---|
| **11 - Property, plant and equipment** | | | | | |
| Cost at 1 October 2017 | 250,324 | 48,756 | 137,742 | 606 | 437,428 |
| Additions for the year | 1,697 | 169 | 3,202 | 0 | 5,068 |
| Disposals for the year | -204,769 | -16,436 | -115,801 | -97 | -337,103 |
| Reclassification | 24 | 0 | 485 | -509 | 0 |
| Transferred to assets relating to discontinued operations | 0 | 0 | -4,464 | 0 | -4,464 |
| **Cost at 30 September 2018** | **47,276** | **32,489** | **21,164** | **0** | **100,929** |
| | | | | | |
| Depreciation at 1 October 2017 | -161,258 | -26,400 | -117,657 | -262 | -305,577 |
| Depreciation for the year | -3,440 | -3,344 | -7,976 | 0 | -14,760 |
| Disposals for the year | 130,710 | 13,666 | 107,250 | 0 | 251,626 |
| Reclassification | 0 | 0 | -262 | 262 | 0 |
| Transferred to assets relating to discontinued operations | 0 | 0 | 2,155 | 0 | 2,155 |
| **Depreciation at 30 September 2018** | **-33,988** | **-16,078** | **-16,490** | **0** | **66,556** |
| | | | | | |
| **Carrying amount at 30 September 2018** | **13,288** | **16,411** | **4,674** | **0** | **34,373** |
| | | | | | |
| **Carrying amount at 30 September 2017** | **89,066** | **22,356** | **20,085** | **344** | **131,851** |
| | | | | | |
| Depreciated over | 25-50 years | Lease term | 3-10 years | | |
| | | | | | |
| Portion related to assets held under finance leases | 0 | 0 | 0 | 0 | 0 |
| Portion related to leased assets | 0 | 0 | 0 | 0 | 0 |

Parent

| | Land and buildings | Leasehold Improvements | Fixtures and operating equipment | Operating equipment under construction | Total |
|---|---|---|---|---|---|
| Cost at 1 October 2017 | 250,324 | 48,756 | 147,450 | 606 | 447,136 |
| Additions for the year | 1,697 | 169 | 3,009 | 0 | 4,875 |
| Disposals for the year | -204,769 | -16,436 | -115,801 | -97 | -337,103 |
| Reclassification | 24 | 0 | 485 | -509 | 0 |
| Transferred to assets relating to discontinued operations | 0 | 0 | -4,464 | 0 | -4,464 |
| **Cost at 30 September 2018** | **47,276** | **32,489** | **30,679** | **0** | **110,444** |
| | | | | | |
| Depreciation at 1 October 2017 | -161,258 | -26,400 | -127,518 | -262 | -315,438 |
| Depreciation for the year | -3,440 | -3,344 | -7,897 | 0 | -14,681 |
| Disposals for the year | 130,710 | 13,666 | 107,250 | 0 | 251,626 |
| Reclassification | 0 | 0 | -262 | 262 | 0 |
| Transferred to assets relating to discontinued operations | 0 | 0 | 2,155 | 0 | 2,155 |
| **Depreciation at 30 September 2018** | **-33,988** | **-16,078** | **-26,272** | **0** | **-76,338** |
| | | | | | |
| **Carrying amount at 30 September 2018** | **13,288** | **16,411** | **4,407** | **0** | **34,106** |
| | | | | | |
| **Carrying amount at 30 September 2017** | **89,066** | **22,356** | **19,932** | **344** | **131,698** |
| | | | | | |
| Depreciated over | 25-50 years | Lease term | 3-10 years | | |
| | | | | | |
| Portion related to assets held under finance leases | 0 | 0 | 0 | 0 | 0 |
| Portion related to leased assets | 0 | 0 | 0 | 0 | 0 |

# Notes

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| | Parent | |
|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 |
| **12 - Equity investments in subsidiarieser** | | |
| **Cost at 1 October** | **46,470** | **194,265** |
| Transferred to assets relating to discontinued operations | 0 | -147,795 |
| **Acquisition cost at 30 September** | **46,470** | **46,470** |
| | | |
| **Adjustments at 1 October** | **-47,964** | **-87,396** |
| Profit from ownership interests | 275 | 21,330 |
| Dividends received | 0 | -27,000 |
| Balance with subsidiary | -1,260 | 1,260 |
| Transferred to assets relating to discontinued operations | 0 | 43,842 |
| **Adjustments at 30 September** | **-48,949** | **-47,964** |
| | | |
| **Carrying amount at 30 September** | **-2,479** | **-1,494** |

| Name | Registered office | Share capital | Equity investment | Profit after tax |
|---|---|---|---|---|
| Siemens Industry Software A/S | Ballerup | 500 | -2,479 | 275 |
| | | | | |

The company is wholly-owned by Siemens A/S.

| | Group | | Parent | |
|---|---|---|---|---|
| | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **13 - Other securitieser** | | | | |
| Cost at 1 October | 100 | 100 | 100 | 100 |
| Disposals for the year | -100 | 0 | -100 | 0 |
| **Carrying amount at 30 September** | **0** | **100** | **0** | **100** |

**14 - Receivables**

Of total receivables, long-term borrowing totals DKK 0 thousand (2016/2017: DKK 0 thousand)

| | Group | | Parent | |
|---|---|---|---|---|
| | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **15 - Construction contracts, net** | | | | |
| Construction contracts | 2,887,961 | 2,936,121 | 2,881,871 | 2,934,291 |
| Prepayments received from customers | -2,676,552 | -2,712,423 | -2,676,552 | -2,687,798 |
| Transfer to liabilities relating to discontinued operations | -211,545 | 24,625 | -211,545 | 0 |
| **Construction contracts, net total** | **-136** | **248,323** | **-6,226** | **246,493** |
| | | | | |
| *Distributed as follows in the balance sheet:* | | | | |
| Construction contracts, net | 61,973 | 386,809 | 55,883 | 384,979 |
| Prepayments received from customers, net | -62,109 | -138,486 | -62,109 | -138,486 |
| **Construction contracts, net total** | **-136** | **248,323** | **-6,226** | **246,493** |
| | | | | |
| **16 - Deferred tax asset** | | | | |
| Deferred tax asset at 1 October | 11,991 | 0 | 11,840 | 0 |
| Changes in deferred tax for the year | -11,991 | 8,830 | -11,840 | 11,840 |
| Transfer to liabilities relating to discontinued operations | 0 | 3,161 | 0 | 0 |
| **Deferred tax asset at 30 September** | **0** | **11,991** | **0** | **11,840** |
| | | | | |
| *The deferred tax asset relates to:* | | | | |
| Intangible assets | 0 | 162 | 0 | 162 |
| Property, plant and equipment | 0 | 2,516 | 0 | 2,446 |
| Non-fixed assets | 0 | -22,484 | 0 | -22,484 |
| Provisions and liabilities | 0 | 31,797 | 0 | 31,716 |
| **Deferred tax assets total** | **0** | **11,991** | **0** | **11,840** |

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

**17 - Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **18 - Warranty commitments** | | | | |
| Warranty commitments at 1 October | 45,269 | 65,723 | 45,269 | 48,167 |
| Used during the year | -9,785 | -10,175 | -2,131 | -3,051 |
| Release of unused warranty commitments | -2,131 | -28,766 | -9,785 | -21,645 |
| Provision for the year | 15,264 | 32,977 | 15,264 | 21,798 |
| Transfer to liabilities relating to discontinued operations | -9,667 | -14,490 | -9,667 | 0 |
| **Warranty commitments at 30 September** | **38,950** | **45,269** | **38,950** | **45,269** |
| | | | | |
| *Expected maturities for warranty commitments:* | | | | |
| 0-1 year | 7,644 | 3,988 | 7,644 | 3,988 |
| 1-5 years | 21,900 | 27,388 | 21,900 | 27,388 |
| > 5 years | 9,406 | 13,893 | 9,406 | 13,893 |
| **Warranty commitments 30. september** | **38,950** | **45,269** | **38,950** | **45,269** |
| | | | | |
| **19 - Deferred tax** | | | | |
| Deferred tax at 1 October | 0 | 18,767 | 0 | 19,134 |
| Prior-year adjustments | 12,983 | 13 | 1,138 | -349 |
| Adjustments of deferred tax in the year | 5,427 | -18,780 | 17,433 | -18,785 |
| Transfer to liabilities relating to discontinued operations | -16,600 | 0 | -16,600 | 0 |
| **Deferred tax at 30 September** | **1,810** | **0** | **1,971** | **0** |
| | | | | |
| *Deferred tax relates to:* | | | | |
| Intangible assets | -122 | 0 | -122 | 0 |
| Property, plant and equipment | -7,157 | 0 | -7,083 | 0 |
| Non-fixed assets | 20,886 | 0 | 20,951 | 0 |
| **Provisions and liabilities** | -11,797 | 0 | -11,775 | 0 |
| **Deferred tax at 30 September** | **1,810** | **0** | **1,971** | **0** |
| | | | | |
| **20 - Other provisions** | | | | |
| Other provisions at 1 October | 21,144 | 32,920 | 15,433 | 20,105 |
| Used during the year | -8,352 | -36,409 | -8,352 | -16,931 |
| Release of unused warranty commitments | -11,657 | -15,101 | -6,608 | -7,581 |
| Provision for the year | 16,030 | 47,299 | 13,663 | 19,840 |
| Transfer to liabilities relating to discontinued operations | -5 | -7,565 | -5 | 0 |
| **Other provisions at 30 September** | **17,160** | **21,144** | **14,131** | **15,433** |
| | | | | |
| *Expected maturities for other provisions:* | | | | |
| 0-1 year | 15,396 | 12,247 | 12,367 | 6,536 |
| 1-5 years | 289 | 8,897 | 289 | 8,897 |
| > 5 years | 1,475 | 0 | 1,475 | 0 |
| **Other provisions at 30 September** | **17,160** | **21,144** | **14,131** | **15,433** |
| | | | | |
| **21 - Lease obligations** | | | | |
| Lease obligations | 0 | 63,818 | 0 | 63,818 |
| Current portion thereof | 0 | 4,607 | 0 | 4,607 |
| Lease liability falling due for payment after five years | 0 | 37,295 | 0 | 37,295 |

**22 - Deferred income**

Deferred income comprises payments received concerning income in subsequent years.

# Notes

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **23 - Contingent liabilities** | | | | |
| Performance bonds vis-à-vis third party | 285,283 | 1,542,200 | 285,283 | 1,542,200 |
| Hereof guaranteed by group entity | 103,003 | 197,138 | 103,003 | 197,138 |
| Rent obligations | 131,458 | 151,184 | 131,458 | 151,184 |
| Other lease liabilities | 28,195 | 37,034 | 26,063 | 35,209 |
| The Company is jointly and severally liable with other jointly taxed group entities for payment of corporation taxes for the income years after 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities. | | | | |
| | | | | |
| **24 - Cash flow statement – adjustments** | | | | |
| Adjustments | 14,760 | 162,052 | | |
| Depreciation/amortisation | 23,794 | -3,347 | | |
| Gain on the disposal of fixed assets | -6,319 | -5,964 | | |
| Change in warranty provisions | -3,984 | -9,922 | | |
| Change in other provisions | -468,690 | 0 | | |
| Miscellaneous adjustments | 0 | 1 | | |
| Adjustments relating to discontinued operations | -113,892 | -24,025 | | |
| **-Cash flow statement – adjustments total** | **-554,331** | **118,795** | | |
| | | | | |
| **25 - Changes in working capital** | | | | |
| Changes in inventories | 1,562 | 9,460 | | |
| Changes in receivables | 57,460 | -2,284 | | |
| Change in trade payables, etc. | -110,659 | -88,143 | | |
| Adjustments relating to discontinued operations | 142,413 | -17,767 | | |
| **Changes in working capital total** | **90,776** | **-98,734** | | |

# Notes without reference

**Consolidated financial statements and parent company financial statements 1 October – 30 September**

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **26 - Staff costs** | | | | |
| Fees to the parent company's Supervisory Board | 660 | 680 | 660 | 680 |
| Remuneration to the parent company's Executive Board | 8,006 | 19,053 | 8,006 | 19,053 |
| Wages and salaries, total | 612,974 | 799,001 | 582,006 | 677,386 |
| Pensions | 58,547 | 76,240 | 56,021 | 64,902 |
| Other social security costs | 8,809 | 10,713 | 8,737 | 9,849 |
| Other staff costs | 0 | 1,170 | 0 | 0 |
| Transferred to Profit after tax from discontinued operations | -133,964 | -104,494 | -133,964 | 0 |
| **Staff costs total** | **555,032** | **802,363** | **521,466** | **771,870** |
| | | | | |
| Average number of employees | 909 | 1,162 | 876 | 1,000 |
| Adjustments relating to discontinued operations | -171 | -131 | -171 | 0 |
| **Average number of employees total** | **738** | **1,031** | **705** | **1,000** |
| | | | | |
| **27 - Fees paid to auditor appointed at the annual general meeting** | | | | |
| Total fees | 830 | 1,106 | 737 | 734 |
| Adjustments relating to discontinued operations | 0 | -294 | 0 | 0 |
| **Fees paid to auditor appointed at the annual general meeting total** | **830** | **812** | **737** | **734** |
| | | | | |
| *Specified as follows:* | | | | |
| Fee for statutory audit | 762 | 792 | 687 | 714 |
| Fee for other assurance assistance | 30 | 0 | 30 | 0 |
| Fee for non-audit services | 38 | 20 | 20 | 20 |
| **Fees paid to auditor appointed at the annual general meeting total** | **830** | **812** | **737** | **734** |
| | | | | |
| **28 - Distribution of Profit** | | | | |
| Proposed distribution of Profit | | | | |
| Proposed dividend | | | 581,000 | 137,000 |
| Retained earnings | | | 603 | 38,098 |
| **Profit for the year** | | | **581,603** | **175,098** |

**29 - Use of derivative financial instruments**

As part of its hedging of recognised and non-recognised transactions, Siemens A/S makes use of forward exchange contracts.

**Recognised transactions**

Hedging of recognised transactions includes the most significant receivables and payables.

| Valuta | Payment/maturity | Receivables | Liabilities | Hedged through forward exchange contracts | Net position |
|---|---|---|---|---|---|
| USD | <1 år | 467 | 0 | 0 | 467 |
| EUR | <1 år | 310,686 | -47,072 | -508,408 | -244,794 |
| NOK | <1 år | 144 | 0 | -38 | 106 |
| GBP | <1 år | 4,603 | -1,184 | -1,653 | 1,766 |
| CHF | <1 år | 117 | 0 | 0 | 117 |
| SEK | <1 år | 346 | -139 | 197 | 404 |
| PLN | <1 år | 131 | 0 | 0 | 131 |
| **Total** | | **316,494** | **-48,395** | **-509,902** | **-241,803** |

At 30 September 2018, unrealised net losses on derivative financial instruments entered into for foreign currency hedging purposes totalled DKK 378 thousand, which has been recognised in the income statement.

# Notes without reference

## Consolidated financial statements and parent company financial statements 1 October – 30 September

### 30 - Related parties and related party transactions

The Company's related parties include the Supervisory Board, the Executive Board, executive officers and their family members. Related parties further include entities in the Siemens AG Group.

Siemens A/S' ultimate parent is Siemens AG, Wittelbacherplatz 2, Munich, Germany. The consolidated financial statements of Siemens AG may be obtained from the company.

| | Group | | Parent | |
|---|---|---|---|---|
| DKK'000 | **2017/2018** | 2016/2017 | **2017/2018** | 2016/2017 |
| **Related party transactions** | | | | |
| Acquisition of goods and services from related parties | 1,912,506 | 2,088,626 | 1,912,506 | 2,088,626 |
| Sale of goods and services to related parties | 244,149 | 476,428 | 223,398 | 424,225 |

Apart from distribution of dividend, no other transactions were carried through with shareholders in the year.

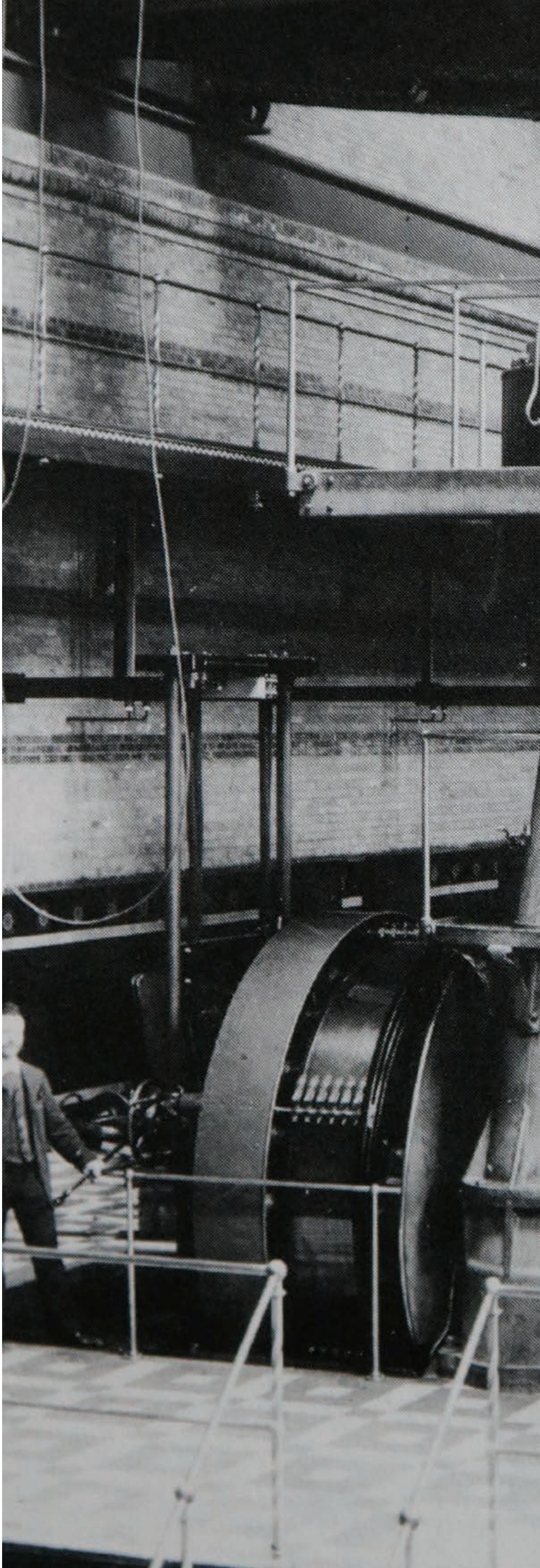
For information on transactions with the Supervisory Board and the Executive Board, reference is made to the note on staff costs. For information on financial transactions, reference is made to the notes on financial income and financial expenses. Balances with related parties are specified in the balance sheet.

### 31 - Permanent establishments

The Company has a permanent establishment in the UK.

### 32 - Pending legal actions

The Company is not a party to any significant pending legal actions.



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