

Fiscal 2014

## Facts and figures for shareholders



**Joe Kaeser**  
President and Chief Executive Officer  
of Siemens AG

We worked hard, we were highly focused, and we achieved a great deal in fiscal 2014. Despite a complex geopolitical situation, our overall results for the year were very good. We increased profit by 25%, tackled a great many issues and improved our operations, even though in some areas we could have been even more successful. Above all, we gave our Company a new setup based on our Vision 2020 and defined the direction we'll be taking in the years ahead.

For fiscal 2014, we reported net income of €5.5 billion, with revenue totaling €71.9 billion and orders €78.4 billion. We thus reached the targets we'd originally set for the year and exceeded our goal for

profit development while making substantial progress in strengthening our portfolio. These achievements will enable us to propose a dividend of €3.30 to the Annual Shareholders' Meeting. Siemens is and will remain a good investment. We stand for a long-term, reliable and attractive dividend policy and will remain a company with a rock-solid financial basis.

After a year at the helm of this great Company, I assure you that I still feel personally responsible for passing on to the next generation an enterprise that's even better and stronger than today's. "We make real what matters." That's my mission for Siemens. That's my responsibility. That's my promise.



**Dr. Gerhard Cromme**  
Chairman of the Supervisory Board  
of Siemens AG

In fiscal 2014, the Managing Board cooperated with the Supervisory Board closely and regularly in the development of Vision 2020, which defines Siemens' long-term perspective along the electrification value chain, with our strengths in automation and digitalization. The goal is to enhance Siemens' performance in the short term, strengthen its core business in the medium term and return to profitable growth.

The Supervisory Board performed with great diligence the duties assigned to it by law, the Siemens Articles of Association and the Bylaws for the Supervisory Board. We regularly advised the Managing Board on the management of the Company and monitored

the Managing Board's activities. We were directly involved at an early stage in all major decisions regarding the Company. In written and oral reports, the Managing Board regularly provided us with timely and comprehensive information on Company planning and business operations as well as on the strategic development and current state of the Company.

On behalf of the Supervisory Board, I would like to thank the members of the Managing Board as well as the employees and employee representatives of Siemens AG and all Group companies for their outstanding commitment and constructive cooperation in fiscal 2014.

### Fiscal 2014 – Financial summary

We reached most of our goals for fiscal 2014 particularly including 1% organic **revenue growth** and **net income** and basic EPS (net income) growth of well over 15% compared to the prior year. We also achieved a return on capital employed (ROCE) in our target range. Among the primary measures of our economic position, only our capital structure ratio was outside the target range, as we kept our capital structure conservative in fiscal 2014.

During the fiscal year, we finished the remaining measures from the Siemens 2014 program, which helped to increase our cost productivity. Furthermore,

we initiated **Vision 2020**, a long-term and comprehensive concept for sustainable value creation. With this concept we aim to achieve profitable growth through greater customer proximity and accelerated innovation, while further optimizing our portfolio, streamlining our management structures and processes, and fostering an **ownership culture** throughout the Company.

**Revenue** for fiscal 2014 was €71.920 billion, a 2% decline compared to the prior fiscal year. Within the change, Infrastructure & Cities and Industry reported higher revenue while Energy and Healthcare



[www.siemens.com/annual-report](http://www.siemens.com/annual-report)

reported declines. Overall, the decline was due to negative currency translation effects. On an organic basis, excluding currency translation and portfolio effects, revenue was up 1% year-over-year, with three Sectors contributing to the increase and only Energy reporting a decline year-over-year. This fulfilled our expectation that organic revenue would remain near the prior-year level in fiscal 2014.

**Orders** for fiscal 2014 were €78.350 billion, fulfilling our expectation for a book-to-bill ratio above 1, which came in at 1.09. Order development followed the pattern for revenue: while reported orders were 2% lower year-over-year, organic orders were up 1% on increases in three of the four Sectors. Energy and Infrastructure & Cities again won large order volumes from major contract wins, demonstrating the trust that customers place in our ability to execute large projects despite setbacks in certain project businesses in recent years. While Energy's Wind Power Division achieved a strong order increase year-over-year, the volume from large orders at Infrastructure & Cities came in lower than a year earlier, when the Sector won an extraordinarily large contract worth €3.0 billion in the U.K.

**Total Sectors profit** for fiscal 2014 was €7.335 billion. As expected, this was a substantial increase from €5.842 billion a year earlier, when the Sectors took €1.2 billion in charges for the Siemens 2014 productivity improvement program.

Higher Total Sectors profit was the main driver for **growth in net income** and basic EPS from net income. These primary indicators of our economic performance rose 25% year-over-year to €5.507 billion and €6.37, respectively, which clearly fulfilled our forecast for an increase of basic EPS from net income of at least 15%.

**Total Sectors profit** margin in fiscal 2014 was 10.0%, in the middle of our forecast of 9.5% to 10.5% given in our Annual Report for fiscal 2013. Infrastructure & Cities and Industry were key drivers in meeting this expectation, as both Sectors showed impressive performance improvements in fiscal 2014. Healthcare maintained its profit and profit margin near the high level achieved in the prior fiscal year. In contrast, the performance of the Energy Sector was disappointing. Profit fell significantly and, contrary to our expectation, profit margin also declined year-over-year due mainly to sharply higher project-related charges.

**The Sectors' results** regarding the adjusted EBITDA margin followed the same pattern. Infrastructure & Cities and Industry increased their EBITDA margins significantly year-over-year, with the former re-entering its target range and the latter approaching the top of its target range. Healthcare again achieved an EBITDA margin above its target corridor. Energy fell even further below its EBITDA margin range than it was in fiscal 2013.

**ROCE** is a primary measure of our capital efficiency. As we forecast in our Annual Report for fiscal 2013, ROCE for continuing operations for fiscal 2014 returned to the target range of 15% to 20%. We increased our income compared to a year earlier and decreased our average capital employed slightly year-over-year. As a result, ROCE for continuing operations rose to 17.2% from 13.7% in fiscal 2013.

**Free cash flow** from continuing and discontinued operations for fiscal 2014 came in at €5.201 billion, 2% lower than the high level we achieved a year earlier. While cash inflows from operating activities declined moderately year-over-year, we partly offset this change by reducing cash outflows for investments in intangible assets and property, plant and equipment.

Our primary measure for evaluating our **capital structure** is defined as the ratio of industrial net debt to adjusted EBITDA. Our target for this ratio in fiscal 2014 was 0.5 to 1.0. As the net result of the portfolio measures that we initiated in fiscal 2014 is expected to result in a significant net cash outflow in fiscal 2015, we kept our capital structure in fiscal 2014 more conservative. As a result of a combination of sharply lower industrial net debt and clearly higher EBITDA from continuing operations year-over-year, the ratio declined to 0.15, down from 0.35 a year earlier. Thus we did not fulfill our forecast for the capital structure ratio, which was to approach the lower end of the target range.

Our **Vision 2020** concept mentioned above, which was initiated in fiscal 2014, focuses Siemens on profitable growth along the value chain of electrification. During the year, we announced a number of portfolio changes for this purpose, including the acquisition of two major energy businesses: the Rolls-Royce aero-derivative gas turbine and compressor business and the Dresser-Rand oil and gas equipment business. We have also announced planned divestments of our hearing aid business and our stake in the home appliance business BSH. To streamline our processes, we reduced layers of management by eliminating the Sector structure and reducing the number of our Divisions, effective with the beginning of fiscal 2015. We also streamlined our regional go-to-market structure, with a smaller number of entities that have greater ability to penetrate attractive geographic markets and get closer to our customers. With regard to innovation, we expect to intensify R&D activities, for example, to shorten product development cycles and increase our application of new technologies such as data analytics. To better balance risks and rewards when we take on innovative projects, we intend to explicitly rely on our so-called Corporate Memory as an early-warning system that takes advantage of the experience and expertise we already possess.

We intend to continue providing an attractive return to shareholders. As in the past, we intend to fund the dividend payout from free cash flow. The Siemens Managing Board, in agreement with the Supervisory Board, proposes a **dividend** of €3.30 per share, up from €3.00 a year earlier.

## Financial calendar<sup>1</sup>

						
<b>27</b>   January 2015	<b>27</b>   January 2015	<b>28</b>   January 2015	<b>7</b>   May 2015	<b>30</b>   July 2015	<b>12</b>   November 2015	<b>26</b>   January 2016
First-quarter financial report	Annual Shareholders' Meeting for fiscal 2014	Ex-dividend date	Second-quarter financial report	Third-quarter financial report	Preliminary figures for fiscal 2015	Annual Shareholders' Meeting for fiscal 2015

<sup>1</sup> Provisional. Updates will be published at: [WWW.SIEMENS.COM/FINANCIAL-CALENDAR](http://WWW.SIEMENS.COM/FINANCIAL-CALENDAR)

## Key figures fiscal 2014<sup>1</sup>

### Volume

		FY 2014	FY 2013	Actual	% Change Comparable <sup>2</sup>
<b>Continuing operations</b>					
Orders	in millions of €	<b>78,350</b>	79,755	(2)%	1%
Revenue	in millions of €	<b>71,920</b>	73,445	(2)%	1%

### Profitability and Capital efficiency

		FY 2014	FY 2013	% Change
<b>Total Sectors</b>				
Adjusted EBITDA	in millions of €	<b>9,103</b>	8,131	12%
Total Sectors profit	in millions of €	<b>7,335</b>	5,842	26%
in % of revenue (Total Sectors)	in %	<b>10.0</b>	7.9	
<b>Continuing operations</b>				
Adjusted EBITDA	in millions of €	<b>9,139</b>	8,097	13%
Income from continuing operations	in millions of €	<b>5,400</b>	4,179	29%
Basic earnings per share <sup>3</sup>	in €	<b>6.24</b>	4.81	30%
Return on capital employed (ROCE)	in %	<b>17.2</b>	13.7	
<b>Continuing and discontinued operations</b>				
Net income	in millions of €	<b>5,507</b>	4,409	25%
Basic earnings per share <sup>3</sup>	in €	<b>6.37</b>	5.08	25%
Return on capital employed (ROCE)	in %	<b>17.3</b>	13.5	

### Capital structure and Liquidity

		September 30, 2014	September 30, 2013
Cash and cash equivalents	in millions of €	<b>8,013</b>	9,190
Total equity (Shareholders of Siemens AG)	in millions of €	<b>30,954</b>	28,111
Industrial net debt	in millions of €	<b>1,390</b>	2,805
Industrial net debt/ adjusted EBITDA (continuing operations)		<b>0.15</b>	0.35
		FY 2014	FY 2013
<b>Continuing operations</b>			
Free cash flow	in millions of €	<b>5,399</b>	5,378
<b>Continuing and discontinued operations</b>			
Free cash flow	in millions of €	<b>5,201</b>	5,328

### Employees

		September 30, 2014		September 30, 2013	
		Continuing operations	Total <sup>4</sup>	Continuing operations	Total <sup>4</sup>
<b>Employees</b>	in thousands	<b>343</b>	<b>357</b>	348	367
Germany	in thousands	<b>115</b>	<b>116</b>	117	119
Outside Germany	in thousands	<b>229</b>	<b>240</b>	231	248

<sup>1</sup> October 1, 2013 – September 30, 2014.

<sup>2</sup> Excluding currency translation and portfolio effects.

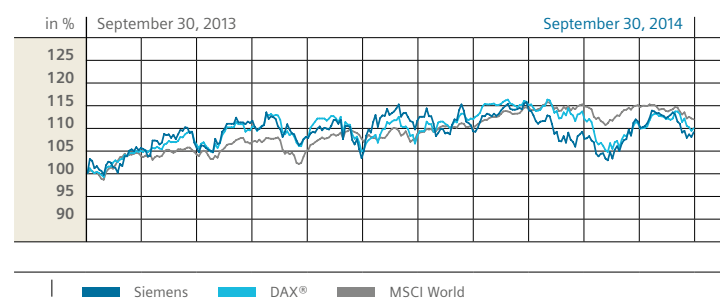
<sup>3</sup> Basic earnings per share – attributable to shareholders of Siemens AG. For fiscal 2014 and 2013

weighted average shares outstanding (basic) (in thousands) amounted to 843,449 and 843,819 shares, respectively.

<sup>4</sup> Continuing and discontinued operations.

# || | The Siemens Share/Investor Relations

## Change in the value of an investment in Siemens shares in fiscal 2014 (with dividends reinvested; indexed)



**Stock performance.** Over the entire fiscal year, Siemens stock performed well in the market environment, closing at €94.37 per share on September 30, 2014. For shareholders who reinvested their dividends, this amounted to a gain of 9.3% (fiscal 2013: a gain of 22.8%, including the proceeds from the OSRAM spinoff) compared to the price on September 30, 2013. The development of the Siemens share price was slightly below the performance of the leading German stock exchange index, the DAX (which rose 10.2%), and the leading international index, MSCI World (which advanced 12.2%).

The strength of the Siemens share is also illustrated by a long-term comparison: the assets of an investor who acquired Siemens stock worth €1,000 at the beginning of fiscal 2005 and reinvested the dividends and the corresponding value of the OSRAM spinoff in additional Siemens shares would have increased to €2,147 by the end of fiscal 2014. This annual return of 7.9% is above the results for MSCI World (7.1%) but below those for the DAX 30 (9.3%).

## | Stock market information

		FY 2014 <sup>1</sup>	FY 2013 <sup>1</sup>
<b>Siemens stock price</b> (Xetra closing price)			
High	in €	101.35	90.33
Low	in €	88.71	76.00
Fiscal year-end	in €	94.37	89.06
Number of shares issued (September 30)	in millions	881	881
Market capitalization <sup>2</sup>	in millions of €	78,823	75,078
Basic earnings per share <sup>3</sup>	in €	6.37	5.08
Diluted earnings per share <sup>3</sup>	in €	6.31	5.03
Dividend per share	in €	3.30 <sup>4</sup>	3.00

<sup>1</sup> Fiscal year from October 1 to September 30.

<sup>2</sup> On the basis of outstanding shares.

<sup>3</sup> Continuing and discontinued operations.

<sup>4</sup> To be proposed to the Annual Shareholders' Meeting.

**Siemens on the capital market.** We take our responsibility to maintain an intensive dialogue with the capital market very seriously. Cultivating close contacts with our shareholders, we keep them informed of all major developments throughout Siemens.

As part of our investor relations work, we provide information on our Company's development in quarterly, semiannual and annual reports. Our CEO and CFO also maintain close contact with investors through roadshows and conferences. In addition, Siemens holds Capital Market Days, at which Company management informs investors and analysts about our business strategy and market environment.

Quarterly, semiannual and annual reports, analyst presentations and press releases are also published online at [WWW.SIEMENS.COM/INVESTORS](http://WWW.SIEMENS.COM/INVESTORS). Our financial calendar, which includes all major publication dates for the current year, is available at [→ FINANCIAL CALENDAR ON THE MIDDLE PAGE](#).

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Additional information is available in the Siemens Annual Report 2014, which can be downloaded at:

[WWW.SIEMENS.COM/ANNUAL-REPORT](http://WWW.SIEMENS.COM/ANNUAL-REPORT) (English)  
[WWW.SIEMENS.COM/JAHRESBERICHT](http://WWW.SIEMENS.COM/JAHRESBERICHT) (German)

**Copies of the Annual Report can be ordered free of charge at:**

[WWW.SIEMENS.COM/ORDER-ANNUALREPORT](http://WWW.SIEMENS.COM/ORDER-ANNUALREPORT)  
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## || | Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant

forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.