

# Successful first half sets up strong fiscal year

Q2 FY 2019 Financials | Munich, May 8, 2019

# Notes and forward-looking statements



This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, should decisions, assessments or requirements of regulatory authorities deviate from our expectations, 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 the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-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 the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance 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.

## Q2 FY 2019 – Performance

### Orders

+4%



### Revenue

+2%



### IB Adj. EBITA margin excl. severance

11.7%



### EPS excl. severance

€2.32



### IB Cash conversion

0.43



### Indust. ND/EBITDA

1.1x



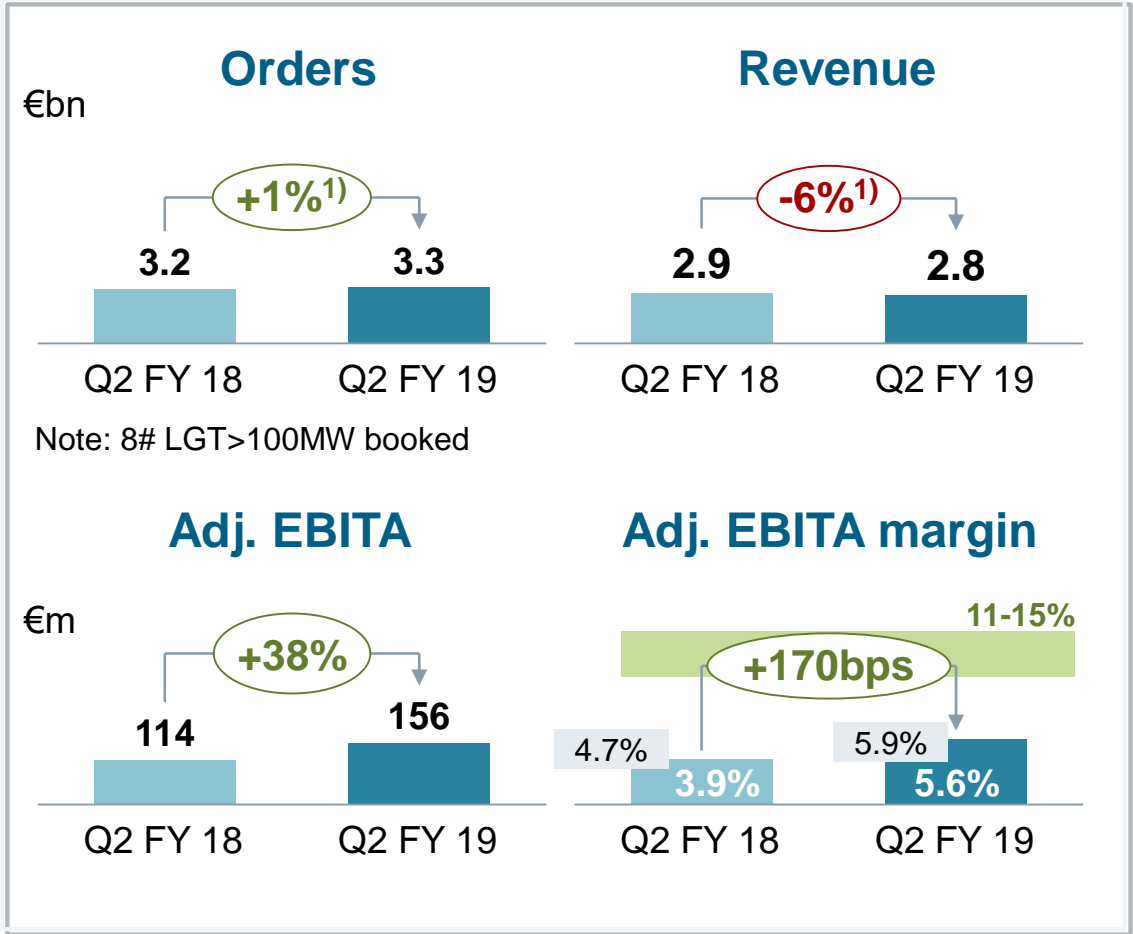
Orders and Revenue growth comparable

Unrestricted © Siemens 2019

# Power and Gas Energy Management



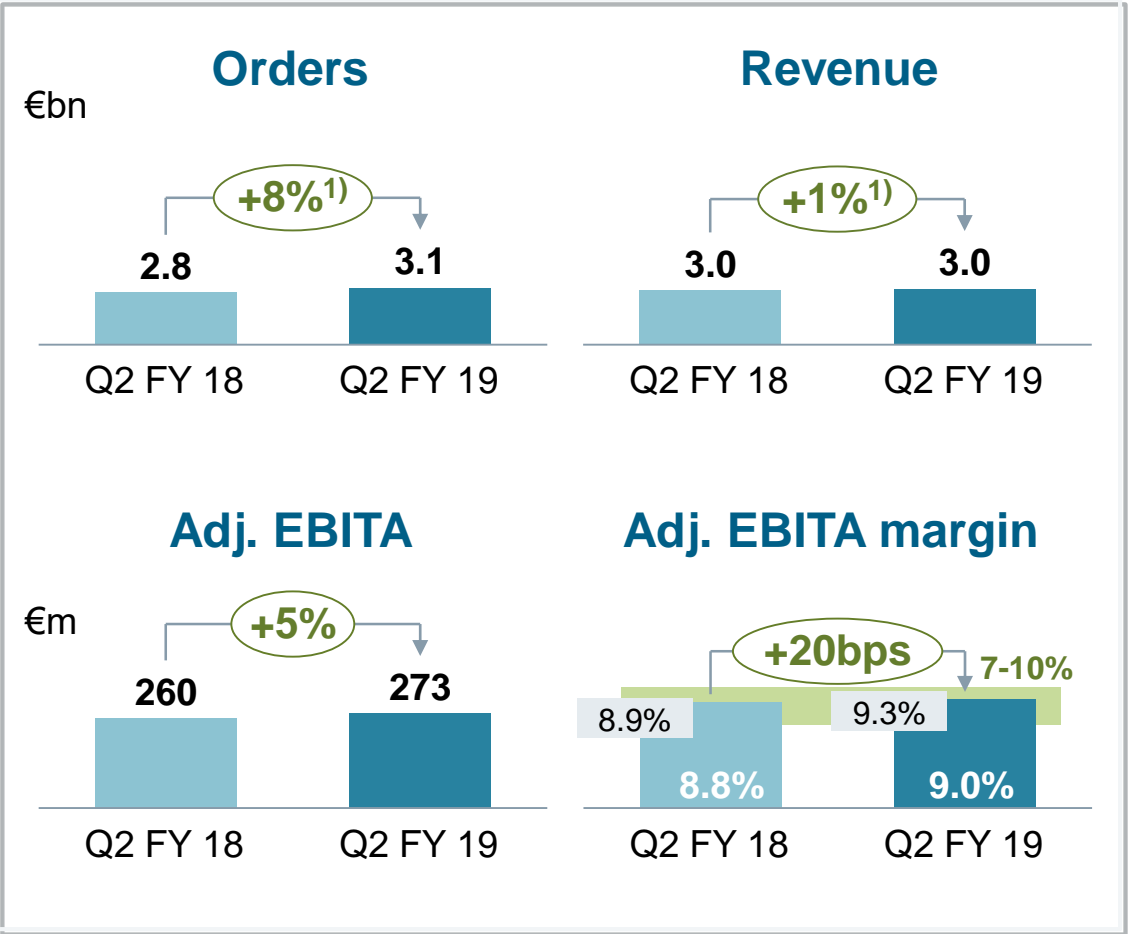
## Power and Gas (PG)



1) Comparable

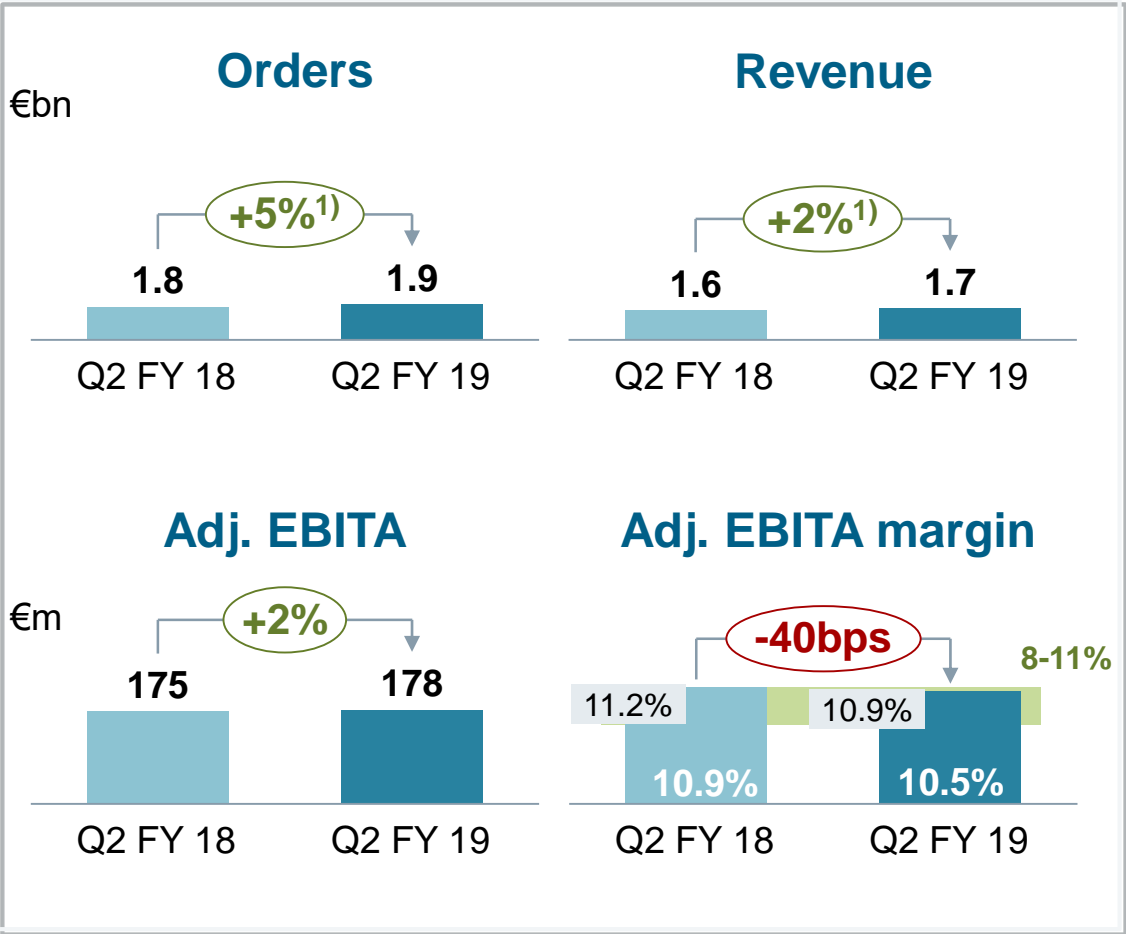
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## Energy Management (EM)

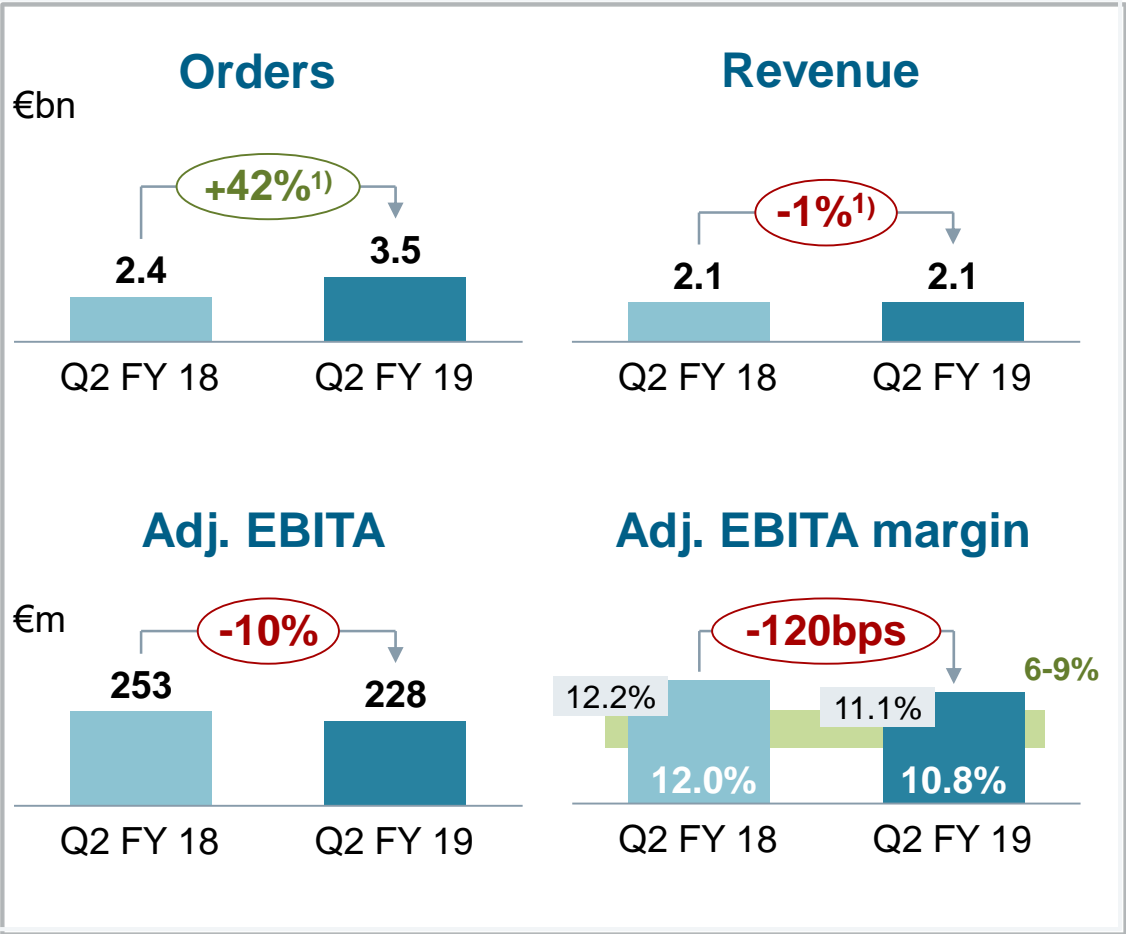


x.x% Adj. EBITA margin excl. severance

Building Technologies (BT)



Mobility (MO)



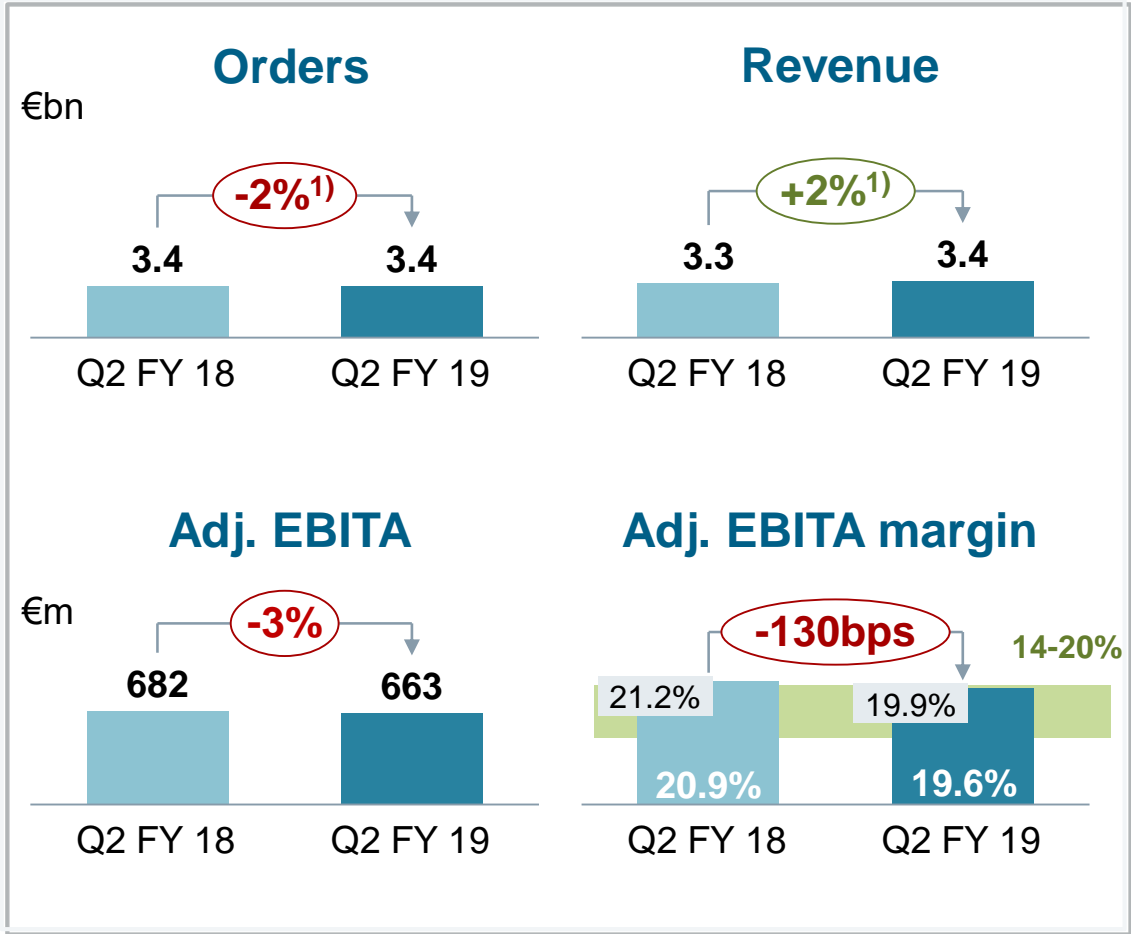
1) Comparable

x.x% Adj. EBITA margin excl. severance

# Digital Factory Process Industries and Drives

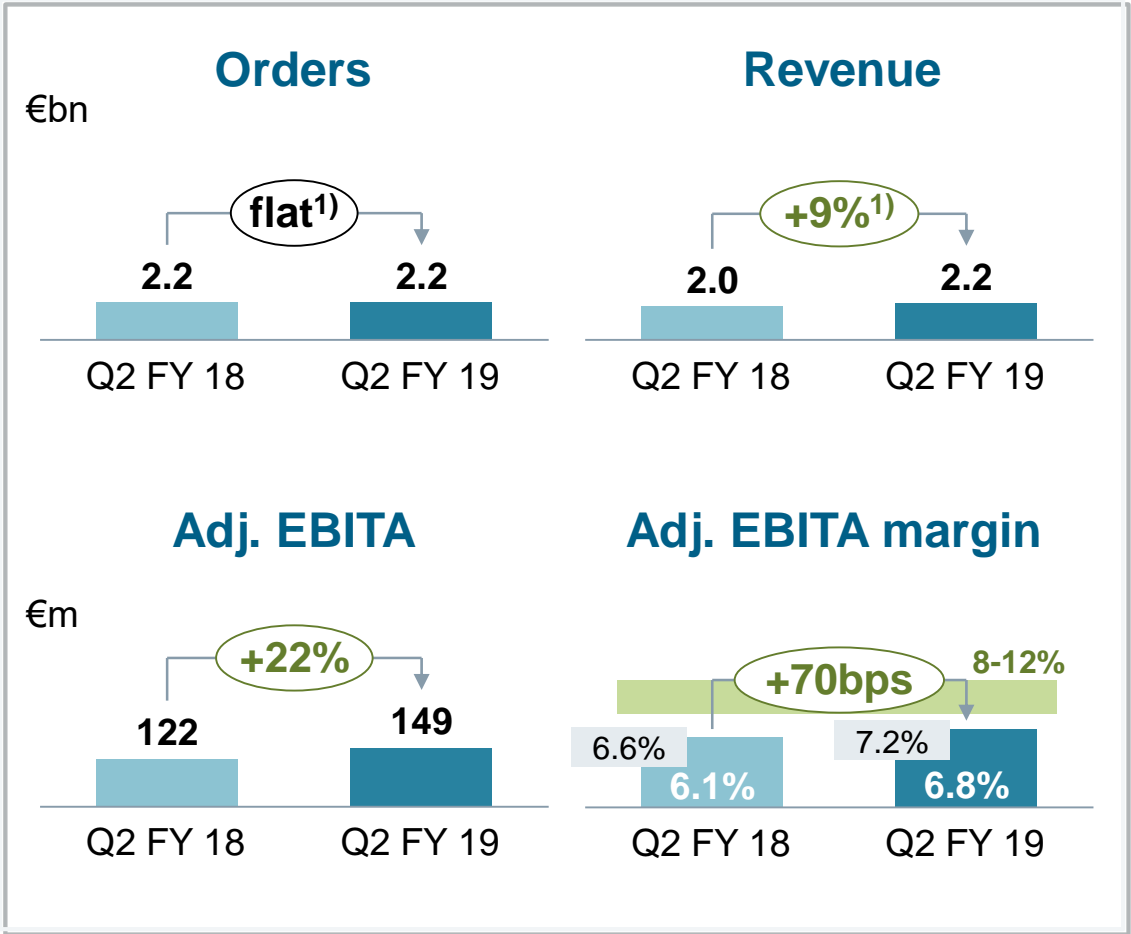


## Digital Factory (DF)



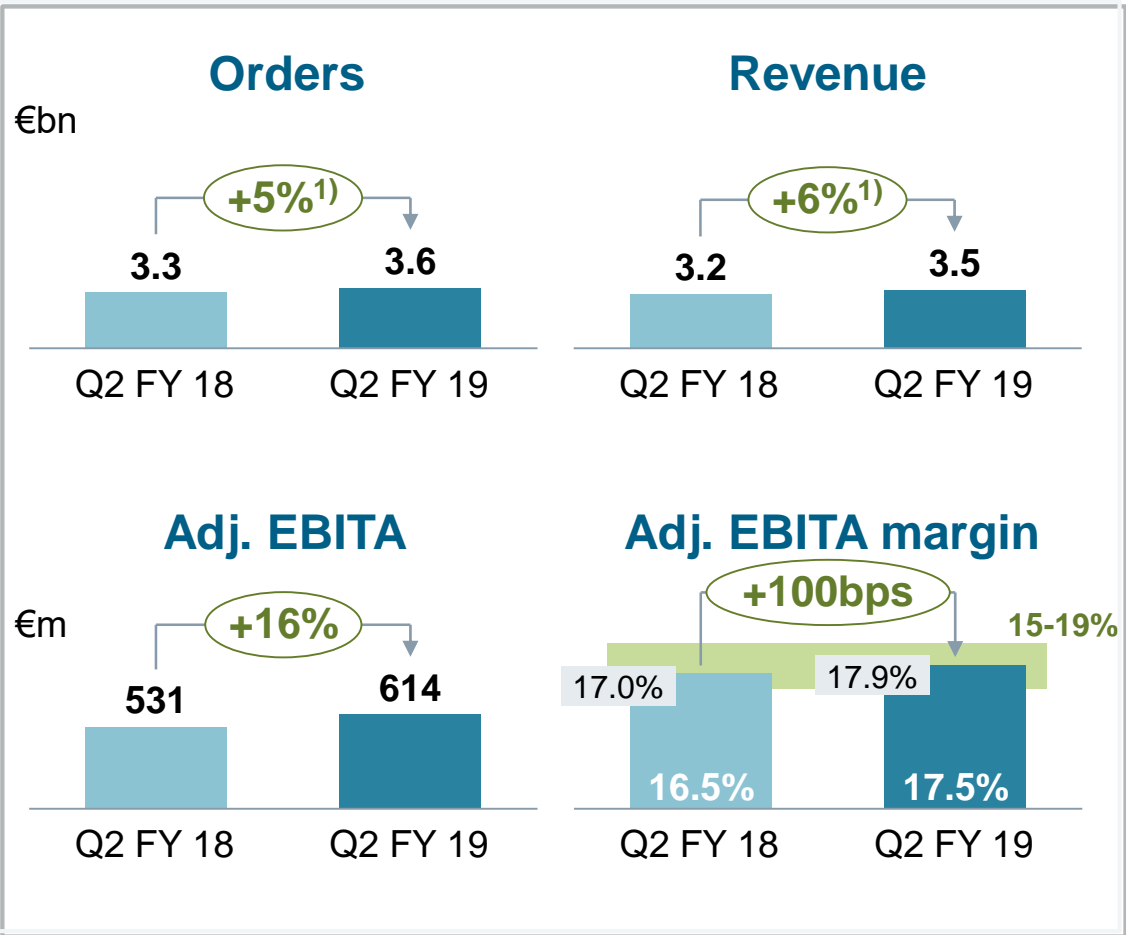
1) Comparable  
Unrestricted © Siemens 2019

## Process Industries and Drives (PD)

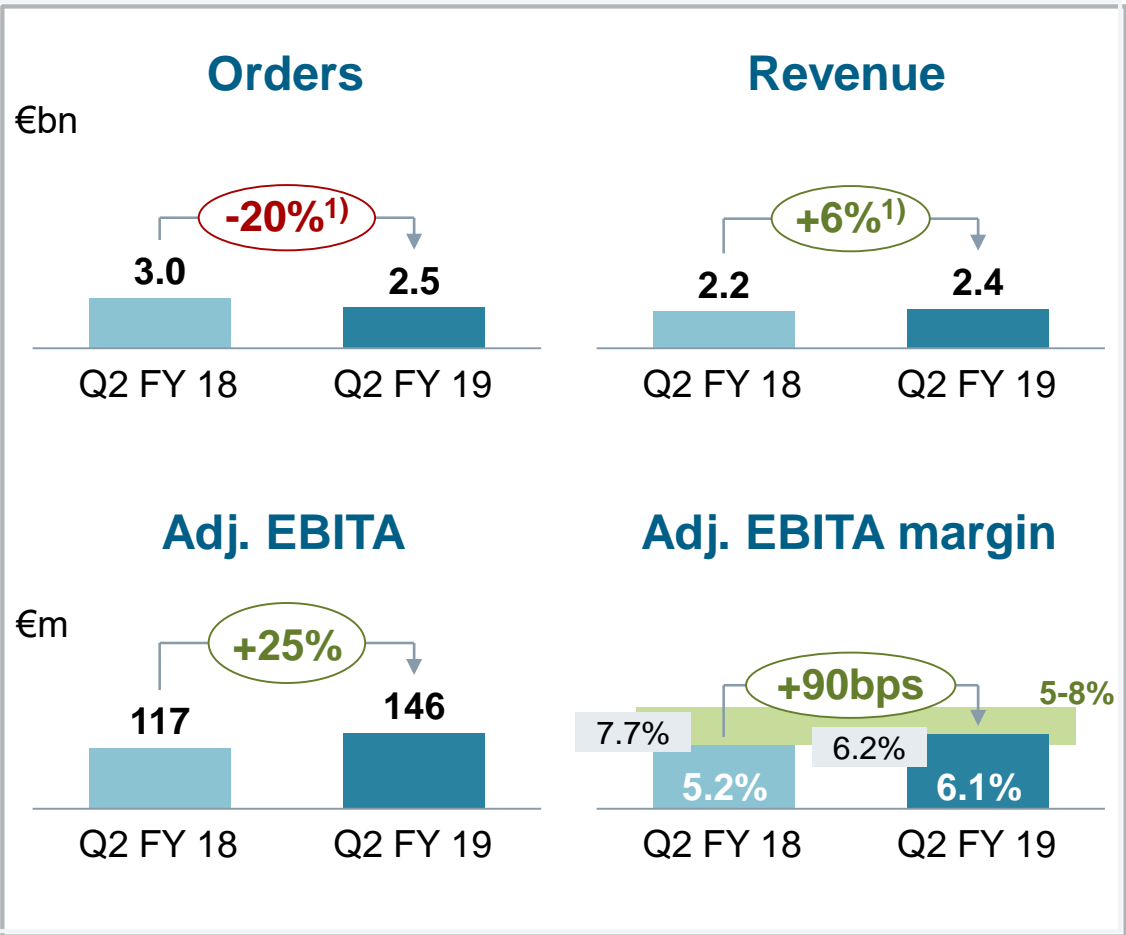


x.x%    Adj. EBITA margin excl. severance

Siemens Healthineers (SHS)



Siemens Gamesa Renewable Energy (SGRE)

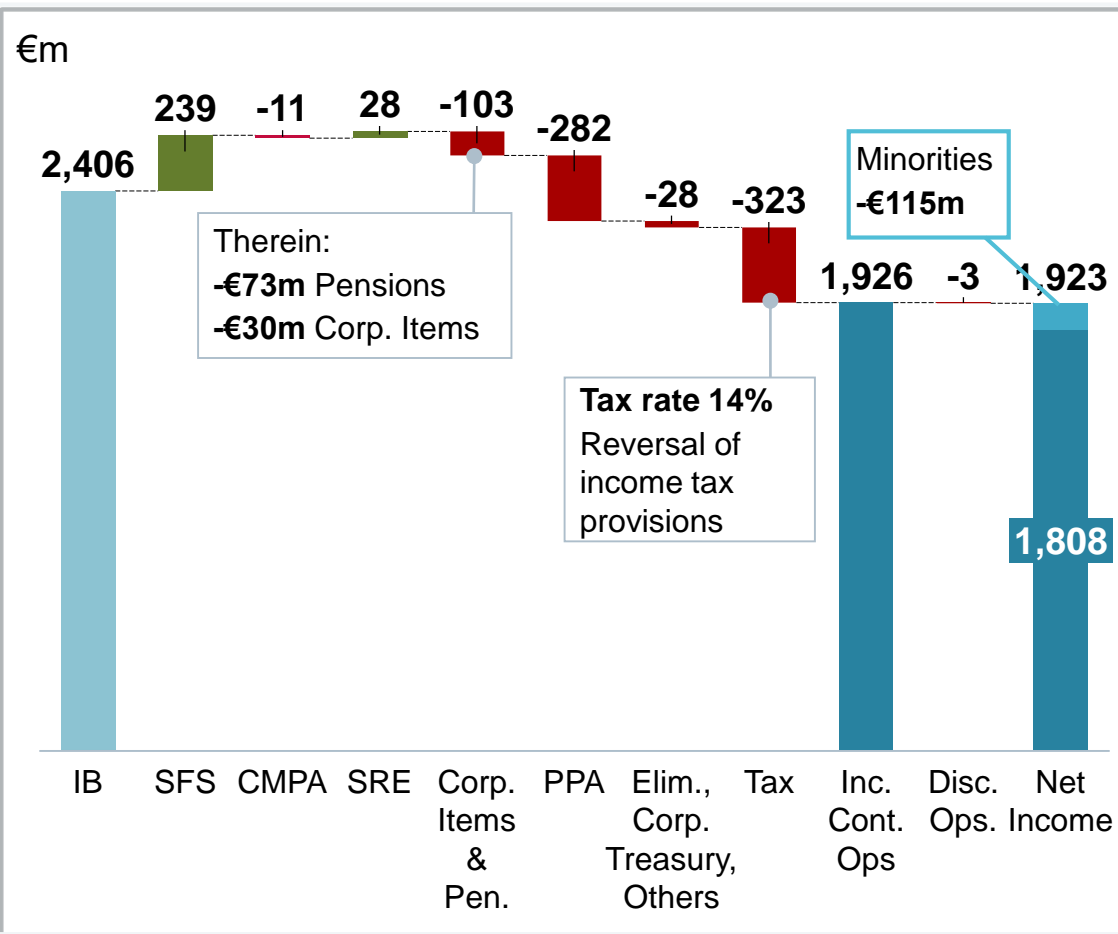


1) Comparable  
Unrestricted © Siemens 2019

x.x% Adj. EBITA margin excl. severance

## Below Industrial Business – Tax rate expectation for FY 2019 lowered to 24 – 28%

### Below Industrial Business – Q2 FY 2019

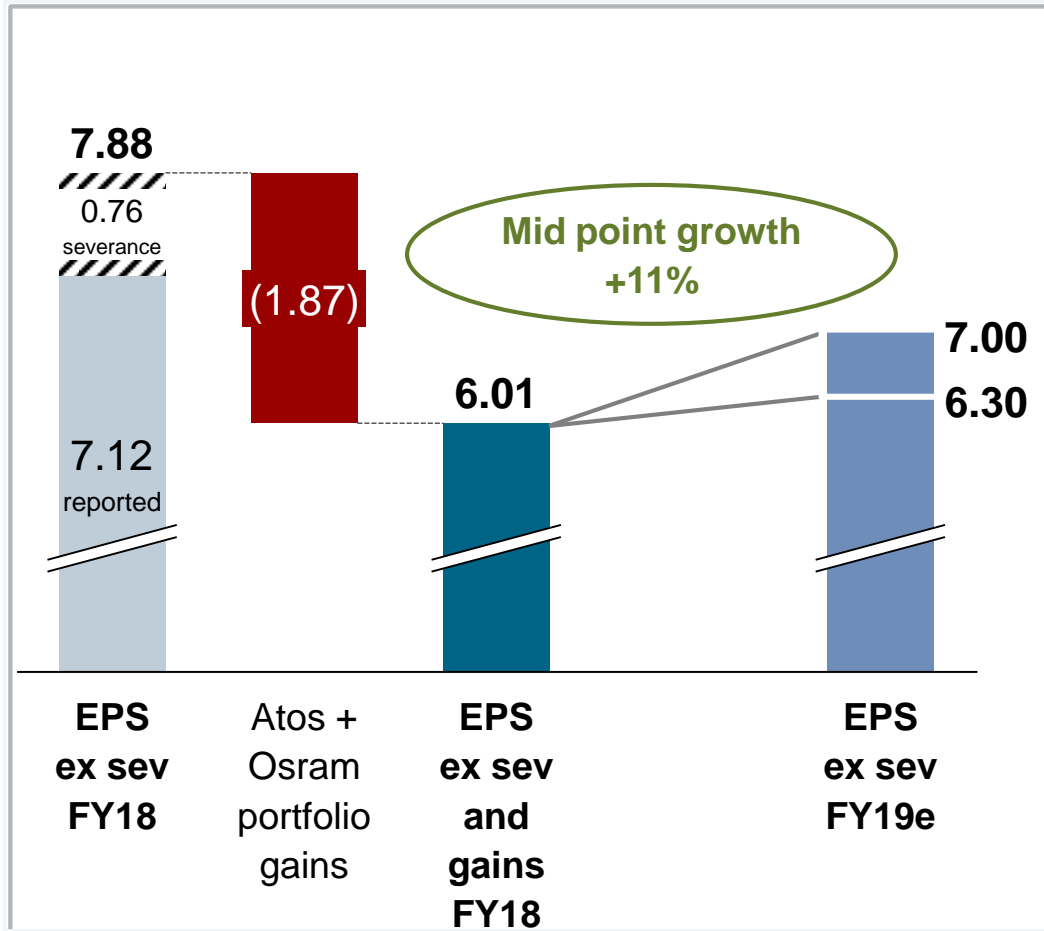


### Expectations for FY 2019

- **SFS:** ~ FY 2018 level
- **CMPA:** volatile, negative, no material divestment gains expected
- **SRE:** dependent on disposal gains
- **Corporate Items & Pensions:** ~€250m per quarter, H2 > H1
- **PPA:** ~ FY 2018 level
- **Eliminations, Corp. Treasury, Others:** ~ FY 2018 level
- **Tax rate:** 24% - 28%
- **Minorities:** significant increase due to full year Healthineers
- **Discontinued Operations:** immaterial impact



# Outlook FY 2019 confirmed



We **confirm** our financial expectations for fiscal 2019.

We assume a **continued favorable market environment**, particularly for our short- cycle businesses, with **limited risks** related to **geopolitical uncertainties**.

For fiscal 2019, we expect **moderate growth** in revenue, net of **currency translation and portfolio effects**.

We further anticipate that **orders will exceed revenue** for a **book-to-bill ratio above 1**.

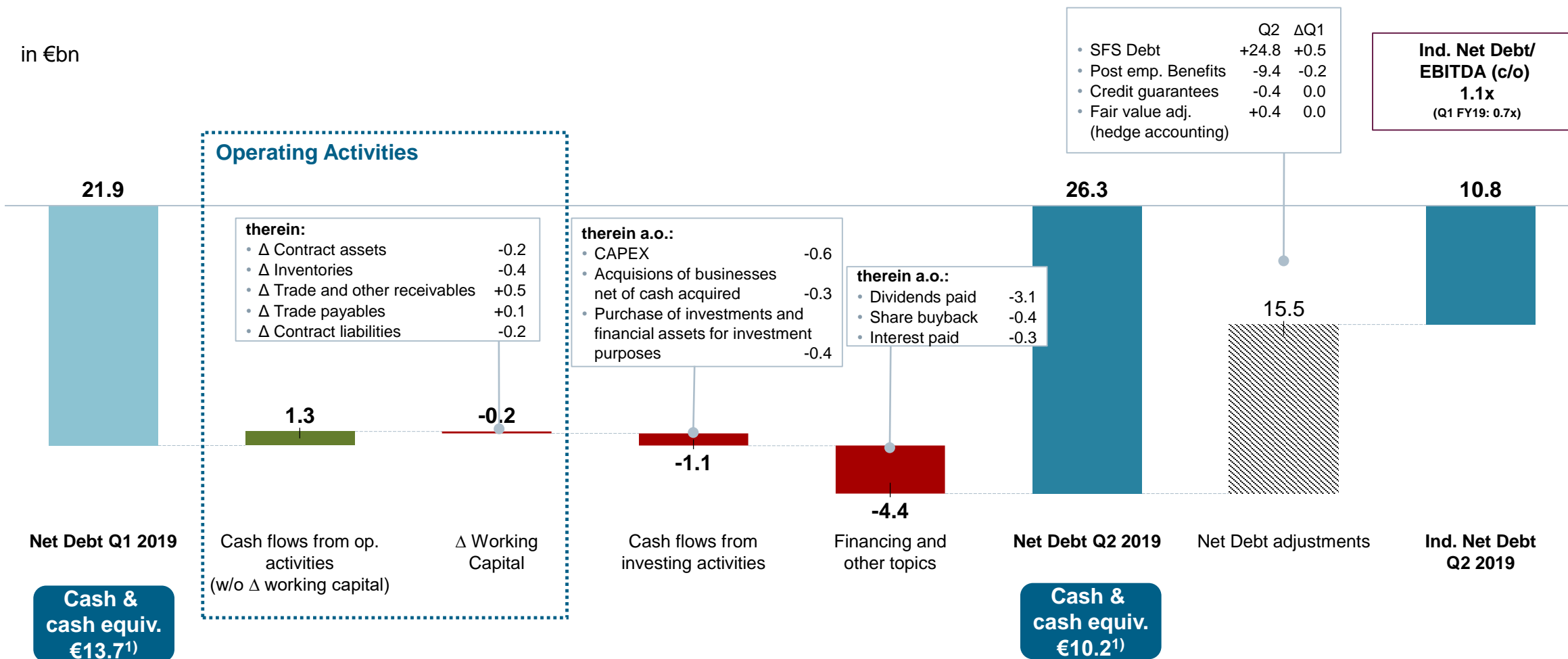
We expect a **profit margin of 11.0% to 12.0%** for our **Industrial Business** based on our **current organizational structure**, **excluding severance charges**.

Furthermore we expect **basic EPS from net income** in the **range of €6.30 to €7.00** also **excluding severance charges**.

This outlook excludes charges related to legal and regulatory matters.

# Q2 FY 2019 – Net debt bridge

in €bn



1) Including current interest-bearing debt securities formerly shown as current available-for-sale financial assets .

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# Provisions increase due to a lower discount rate, partially offset by asset performance

## Q2 FY 2019 – Pensions and similar obligations

in €bn <sup>1)</sup>	FY 2016	FY 2017	FY 2018	Q1 FY 2019	Q2 FY 2019
<b>Defined benefit obligation (DBO)<sup>2)</sup></b>	(42.2)	(36.9)	(35.9)	(36.4)	(38.4)
<b>Fair value of plan assets<sup>2)</sup></b>	28.7	27.6	28.7	27.7	29.5
<b>Provisions for pensions and similar obligations</b>	<b>(13.7)</b>	<b>(9.6)</b>	<b>(7.7)</b>	<b>(9.2)</b>	<b>(9.4)</b>
<b>Discount rate</b>	1.7%	2.4%	2.4%	2.2%	1.9%
<b>Interest Income</b>	0.8	0.5	0.5	0.1	0.1
<b>Actual return on plan assets</b>	3.3	0.3	0.4	-0.7	1.7

1) All figures are reported on a continuing basis.

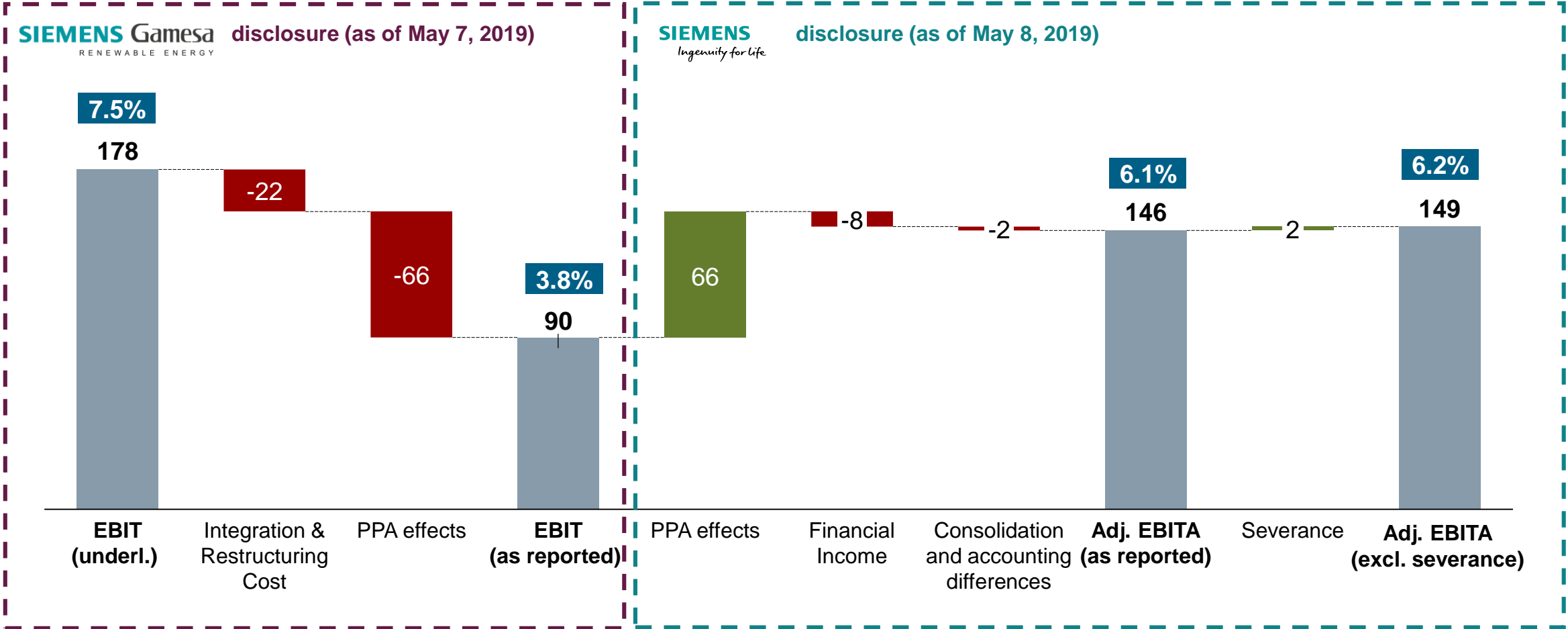
2) Difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q2 2019: +€0.5bn); fair value of plan assets including effects from asset ceiling (Q2 2019: -€0.1bn); Defined Benefit Obligation (DBO), including other post-employment benefit plans (OPEB) of -€0.6bn

# Q2 FY19 Profit Bridge from SGRE to SAG disclosure

Different profit definitions at SGRE and SAG to be considered in models



in €m



## Guidance FY 19

	H1 19	FY 19 E <sup>1</sup>
Revenue (in €m)	4,651	10,000 - 11,000
EBIT margin pre PPA and I&R costs (in %)	6.8%	7.0% - 8.5%

## Comments

- FY 19 revenue coverage of 96%<sup>2</sup>, 100% of low end of range
- Additional synergies of 1.2% of revenues by end of FY 19 included in margin expectations. Estimated FY 19 impact of:
  - PPA amortization of intangible fair value: €250m (€133m in H1 19)
  - Integration and restructuring costs: €160m (€54m in H1 19) vs. initial expectations of €130m, on the back of an acceleration of the transformation measures
- Strong seasonality expected with a stronger second half driven by project execution timing and cost optimization programs
- Margin guidance range driven by:
  - FY 19 headwinds incl. commodity pricing, emerging market volatility and macro factors
  - Productivity measures and speed on the execution of the transformation program



**FY 19 guidance confirmed** based on planned back-end loaded project execution

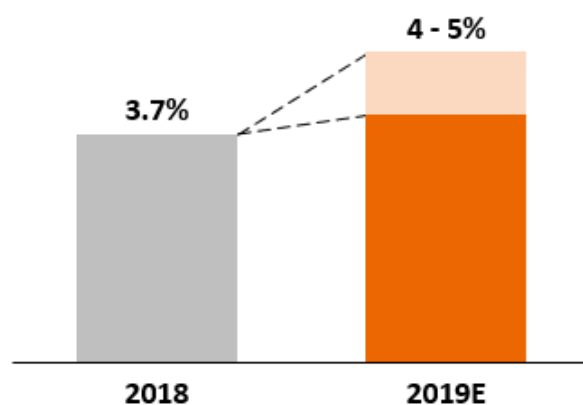
1) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates.

2) Revenue coverage: H1 19 revenue plus order backlog (€) as of March 19 for FY 19 sales activity divided by FY 19 revenue guidance range of €10bn to €11bn.

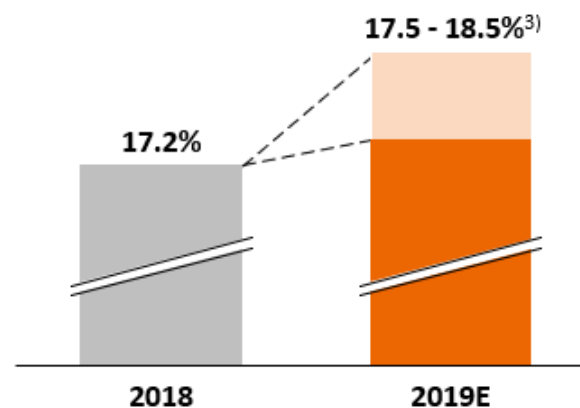
# Outlook – full year guidance confirmed

As disclosed  
on May 2, 2019

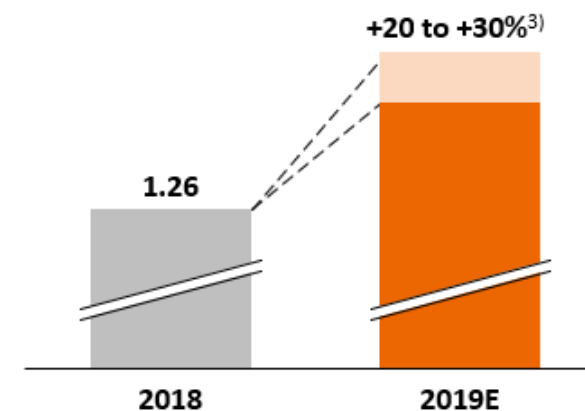
Comparable revenue growth<sup>1)</sup>



Adj. profit margin<sup>2)</sup>



Earnings per share (in €)



1) Comparable growth excluding currency translation and portfolio effects

2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs

3) The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019

# New Siemens Financial Framework (as of April 1, 2019)

## Ambitious financial goals based on benchmarks



Update as of May 2019

### Siemens (targets over the cycle)

#### Growth Siemens

comparable revenue growth

4 – 5%

#### Capital efficiency

ROCE<sup>1)</sup>

15 – 20%<sup>2)</sup>

#### Industrial Businesses margin<sup>3)</sup>

11 – 15%

#### Capital structure

Industrial net debt/EBITDA

up to 1.0x

#### Cash conversion (CCR)

FCF IB / Adj. EBITA IB

CCR = 1 – comp. growth rate

#### Dividend payout ratio

40 – 60%<sup>4)</sup>

### Operating Companies

#### Adj. EBITA margin ranges<sup>3)</sup>

**Digital Industries**  
17 – 23%

**Smart Infrastructure**  
10 – 15%

**Gas and Power**  
8 – 12%

### Strategic Companies

#### Adj. EBITA margin ranges<sup>3)</sup>

**Mobility**  
9 – 12%

**Siemens Healthineers**  
17 – 21%

**Siemens Gamesa R. E.**  
7 – 11%

### Service Company

#### RoE<sup>5)</sup>

**Financial Services**  
17 – 22%

1) Based on continuing and discontinued operations; 2) Long-term goal; currently ROCE burdened by significant M&A; 3) EBITA adjusted for operating financial income, net and amortization of intangible assets not acquired in business combinations; margin ranges for Siemens Healthineers and Siemens Gamesa R. E. reflect Siemens expectation; 4) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 5) Return on equity after tax

# Financial calendar

**May  
2019**

**May 13 - 14, 2019**

Roadshow (Frankfurt / Paris)

**May 20, 2019**

Electrical Products Group Conference (Miami)

**June / July  
2019**

**June 5, 2019**

Roadshow (Zurich)

**June 13, 2019**

JPM Conference (London)

**August  
2019**

**August 1, 2019**

Q3 Earnings Release





# Investor Relations contacts

## Investor Relations

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