

The background of the slide is a photograph of a modern office interior. It features a large glass wall on the right side, through which an 'EXIT' sign is visible. Several people in business attire are walking through the space, which includes a curved glass structure. The Siemens logo is positioned in the top left corner.

**SIEMENS**

Peter Löscher, President and CEO

# Executing on 'Siemens 2014' is key priority

JP Morgan Pan European Capital Goods Conference  
London, June 13, 2013

# Safe Harbour Statement

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 “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders 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, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information—Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter “Risks” of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter “Report on risks and opportunities” of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC’s website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

All underlying margins are calculated by adjusting margins for the effects reported for the respective businesses in the relevant period. These effects are provided to assist in the analysis of the businesses’ results year-over-year and may vary from period to period. Underlying margins are not necessarily indicative of future performance. Other companies may calculate similar measures 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.

# Why to buy Siemens?

Climate change

Urbanization

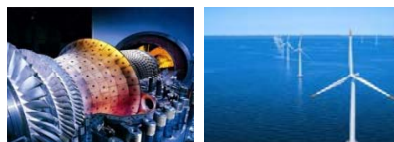
Globalization

Demographic change

Attractive markets driven by megatrends

Siemens is strong in markets with secular growth dynamics (examples)

## Energy



- **Efficient, clean power generation** and grid infrastructure
- **Dual home markets** and **strong presence** in emerging markets

## Infrastructure & Cities



- Lasting **energy savings** by **building automation**
- **Optimizing traffic flows** through **automated rail infrastructure** and **intelligent traffic solutions**

## Industry



- **Integration** of the **entire product development** and **production processes** with innovative **software**
- **Competitiveness** through **resource efficiency** and **increased productivity**

## Healthcare



- **Access** to a **basic healthcare** system in **emerging countries**
- **Increasing value** of **diagnostics** in **preventive care** and **therapy guidance**

# Full commitment to deliver on 'Siemens 2014' throughout the organisation

## Target 'Siemens 2014' confirmed

Total Sector  
Profit Margin<sup>1)</sup>

9.2%

≥ 12%

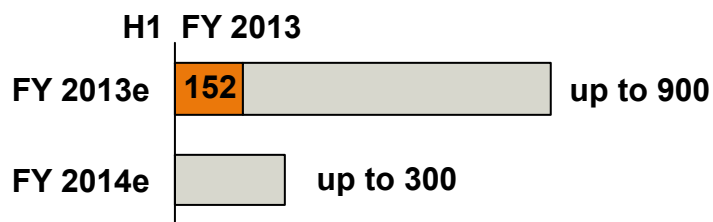
Total Sector  
Profit<sup>1)</sup>  
€m

7,284

FY 2012

Target FY 2014

### Transformation Cost (in €m)



### Cost Reduction

- **Procurement** (Design to Cost, integration of SCM)
- Optimizing **global capacity** and **footprint**
- **Process efficiency** and quality

### Strengthen core activities

- **Strengthen leading businesses** (e. g. Invensys)
- **Sustainable solutions** for underperforming assets

### Go-to-market

- Optimize **business specific** go-to-market approach
- Improve **local sales** and **service set-up**

### Optimized infrastructure

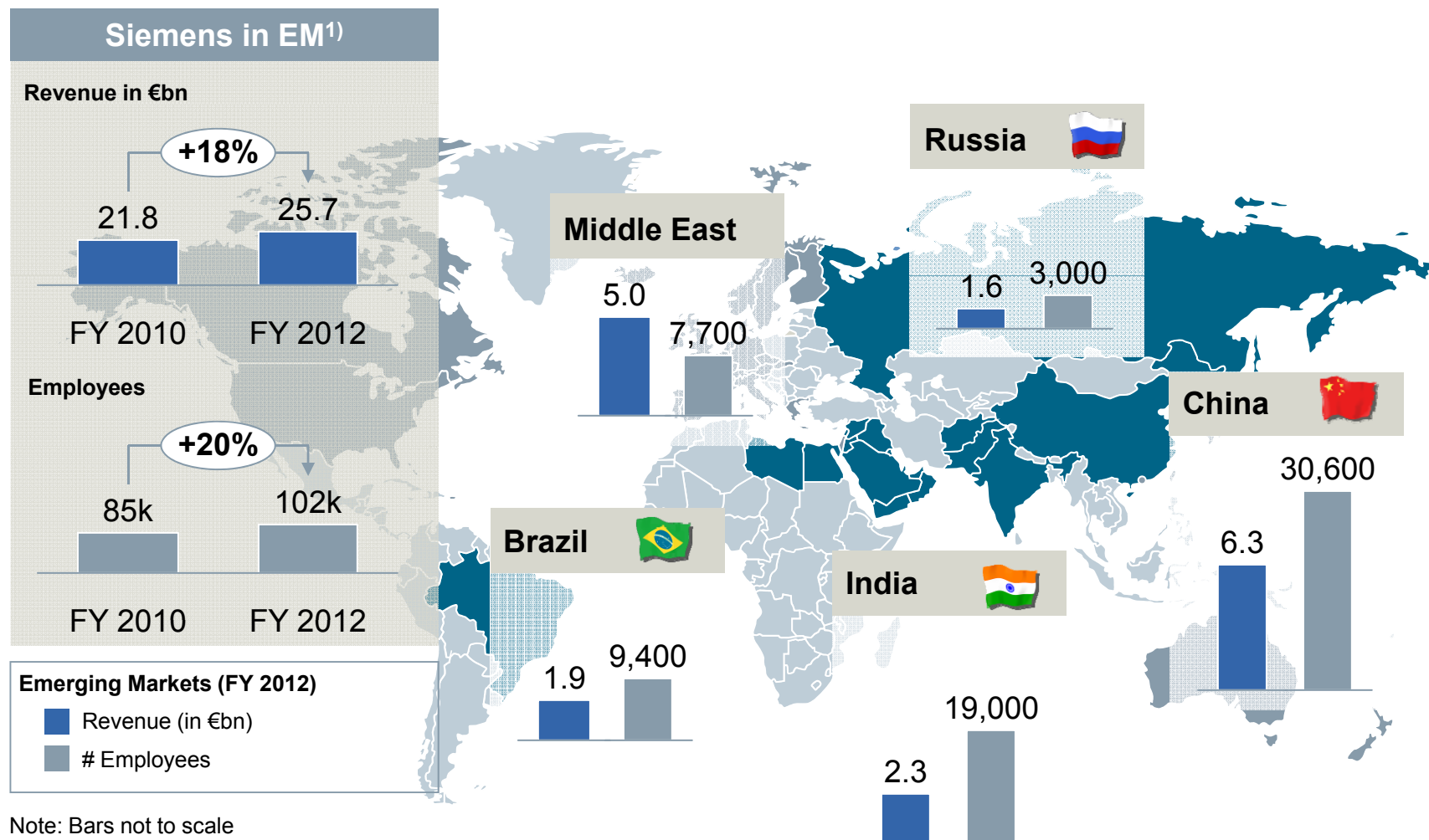
- Optimize **set-up** of **regional support functions**, **global shared services** and **infrastructure hubs**

### Simplified governance

- Strengthen **entrepreneurial responsibility**
- **Re-design** of **selected governance functions**

1) Incl. Solar

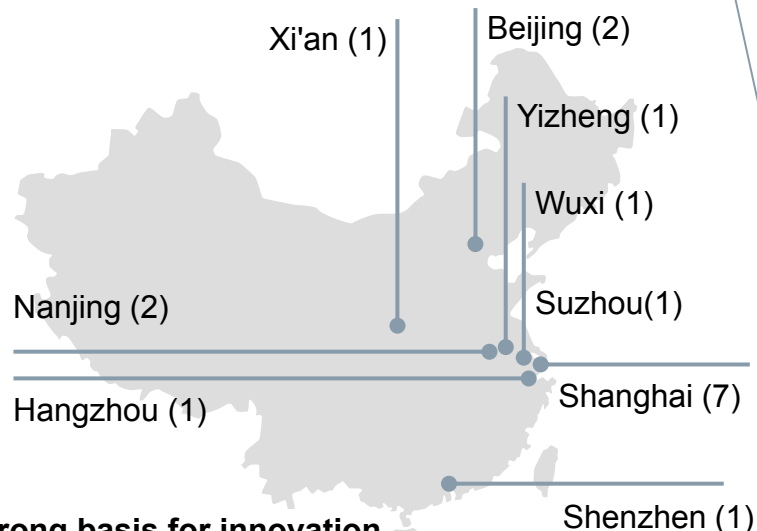
# Significant local investments drive value creation in Emerging Markets





# Our local R&D hubs are a backbone of global product development (example China)

## 17 R&D hubs...



### Strong basis for innovation

- >4.700 R&D experts and engineers
- >8.200 patents & patent applications
- 3 new patent applications every day

### Stringent patent strategy

- Patent protection for core technologies
- Build second line of defense with peripheral patents
- Continuous screening for patent infringements

## ... develop new products for all Sectors



Multix Select DR



Multix Fusion (VA20/30)



Luminos Select



Luminos Fusion FD



SINUMERIK 808D



SMART LINE V2



S7-200 SMART PLC



SINAMICS V20 Inverter



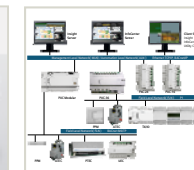
SMART Device



SIMOSEC



Ball valve



Apogee SYS



Transformers



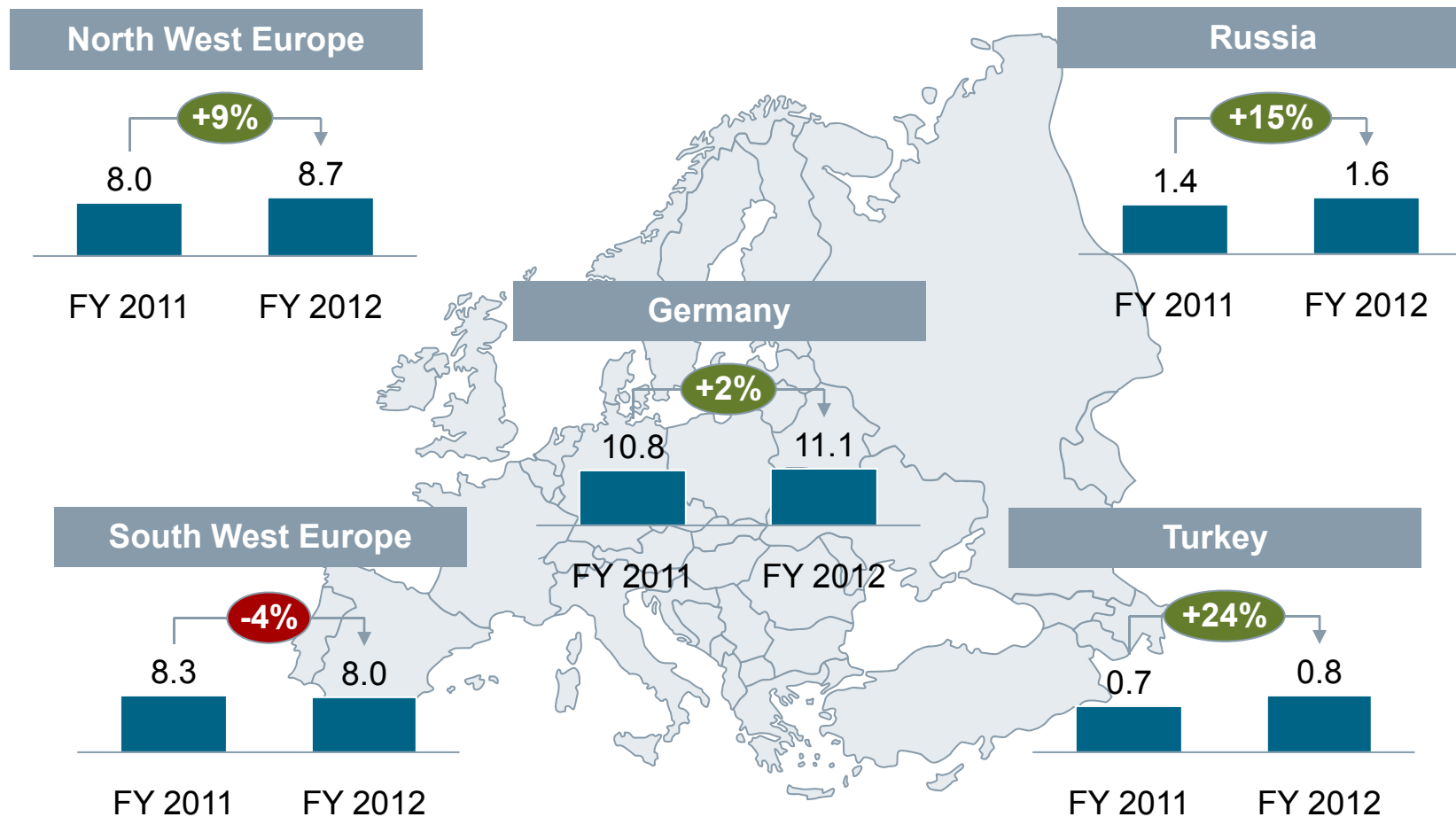
SWT 2.5



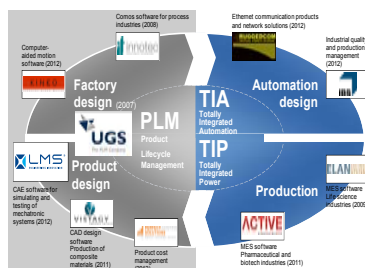
SST-400

Ongoing cost down for systems portfolio

## Europe is more than €-zone and debt crisis



**R&D Intensity**  
(€bn/% of sales)



- **6MW direct drive off-shore wind turbine - pilot**  
installed in less than 24h at **Gunfleet Sands**
- **Frame agreement with Dong Energy for 300**  
**turbines totalling 1.8GW for UK round 3 projects**
- **2.4 GW installed offshore wind capacity in the UK**

- **Integrated product development and production processes** to accelerate time-to-market
- **Common product platforms** combined with **expertise for vertical markets** (e.g. Automotive, F&B)
- **70.000 customers** with **7.5m licenses** for **PLM-SW**

- **Rail automation control** and communication systems provided by **Siemens** and **Invensys Rail** for **London's Crossrail tunnel** (~€100m order volume)
- **Dynamic switchover** between **three control systems**, **smooth integration** of the **differing lines**



# Siemens answers through optimizing the value chain

## Integrated global set-up MR - MAGNETOM Spectra



- **Premium quality 3T-MRI in a cost sensitive environment**
- **Globally optimized manufacturing, logistics and R&D**
- **Product ownership in Shenzhen, magnets from Oxford (UK) and production depending on customer location either in Brazil, China, or Germany**

## Shift of value add DT – Standard Motors



- **Transfer of value add for standard motors (frame size 63-200) from Bad Neustadt to Mohelnice**
- **Project Euromotor** started in Februar 2010 and **completed in September 2012**
- **Shift of approx. 600 jobs in manufacturing from Germany to the Czech Republic**

## Strengthening local footprint - Turkey



*Istanbul - Kartal Plant*



*Istanbul - Gebze Plant*

- **Intensified local R&D and manufacturing with ~1,500 employees**
- **Kartal plant: Lead factory for parts of High Voltage Products portfolio incl. engineering**
- **Gebze Campus one of most modern facilities with €100m investment; global responsibility for parts of Air Insulated switchgear portfolio**

## Current leadership priorities: Focus on self help potential

- Stringent **execution** of **transformation program 'Siemens 2014'** to achieve at least **12% Total Sector Profit Margin** on a sustainable level
  - **Structural changes** to improve **competitiveness** and **reduce complexity**
  - **Strengthen integration** across functions to achieve **productivity gains**
  - **Strengthen the core** by continuous **portfolio optimization**
- **Get legacy projects done**

## Questions and Answers

**Thank you for your attention –  
your questions, please!**

## Financial calendar

### June

**June 13, 2013**

JP Morgan Conference (London)

**June 14, 2013**

Exane Conference (Paris)

**June 24 – Early July**

Osram Roadshow

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### July

**July 8, 2013 (planned)**

Listing Osram

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### August

**August 1, 2013**

Q3 Earnings Release

**August 5 – 9, 2013**

US Roadshow

## Siemens Investor Relations contact data



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# One Siemens financial framework sets the aspiration

## One Siemens

The integrated technology company

### Financial target system

Siemens	<b>Outperforming revenue growth</b> Growth (nominal) > most relevant competitors	<b>Capital efficiency</b> ROCE (cont. ops.) <sup>1)</sup> <b>15 - 20%</b>	<b>Capital structure</b> Adjusted industrial net debt / EBITDA <b>0.5 - 1.0x</b>	
	<b>M&amp;A hurdle rates</b> 1) EVA accretive within 3 years after integration 2) 15 percent cash return within 5 years after closing <sup>3)</sup>	<b>SFS ROE <sup>2)</sup></b> <b>15 - 20%</b>	<b>Payout ratio</b> (Dividend + Share buyback) <b>40 - 60% <sup>4)</sup></b>	
	Top EBITDA margins of respective markets throughout business cycles			
Sectors	Energy <b>10 – 15%</b>	Healthcare <b>15 – 20%</b>	Industry <b>11 – 17%</b>	Infrastructure & Cities <b>8 – 12%</b>

**Continuous improvement relative to market / competitors**

1) After tax, adjusted primarily for SFS debt, pension plans and similar commitments, hedge accounting of bonds 2) After tax

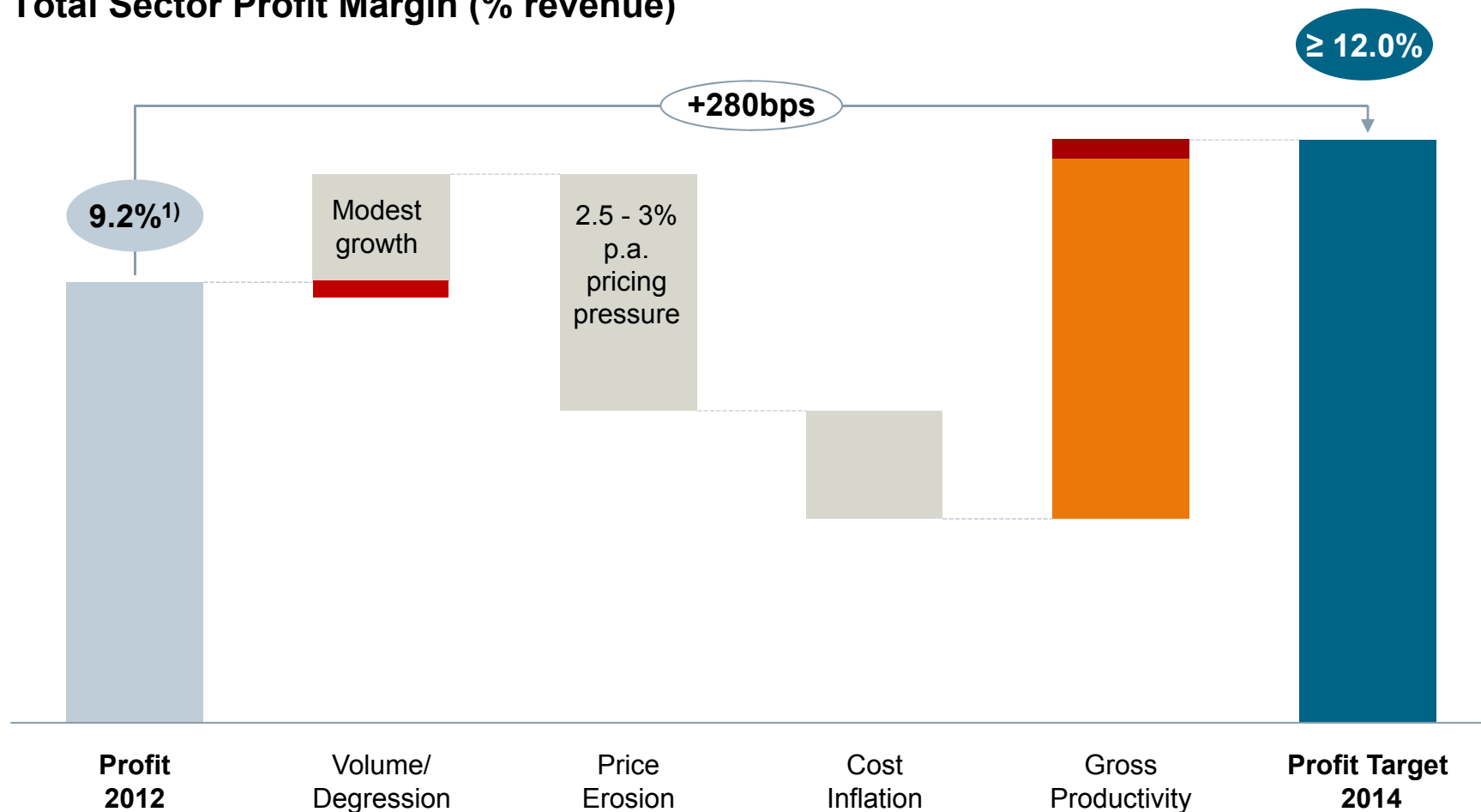
3) Cash return: Free cash flow divided by average capital employed 4) Of net income excluding exceptional non-cash items

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# Incremental savings of ~€300m targeted to compensate for adverse effect from more conservative growth expectation

## Total Sector Profit Margin (% revenue)



1) Incl. reclassification Solar

# Key enabler 'Cost reduction' and 'Focus on core activities' with the highest impact expected

## ① Cost reduction

- ~ €3bn in procurement e.g. by stepping up **design-to-cost effectiveness** and **material productivity** of operational key processes (Engineering, Development and Manufacturing) by further integration of SCM
- ~ €1bn by optimizing **global capacity** and **footprint** (Manufacturing, Development)
- ~ €1bn by increasing systematically **process efficiency** and **quality**

## ② Strengthen core activities

- **Focus on core activities** – strengthen leading businesses, find **sustainable solutions** for underperforming businesses

## ③ Go-to-market

- **Optimize business specific go-to-market approach** (e.g. key account vs. mass market, direct vs. indirect channels)
- Improve **local sales** and **service setup** of **countries** based on current and future **market potential**

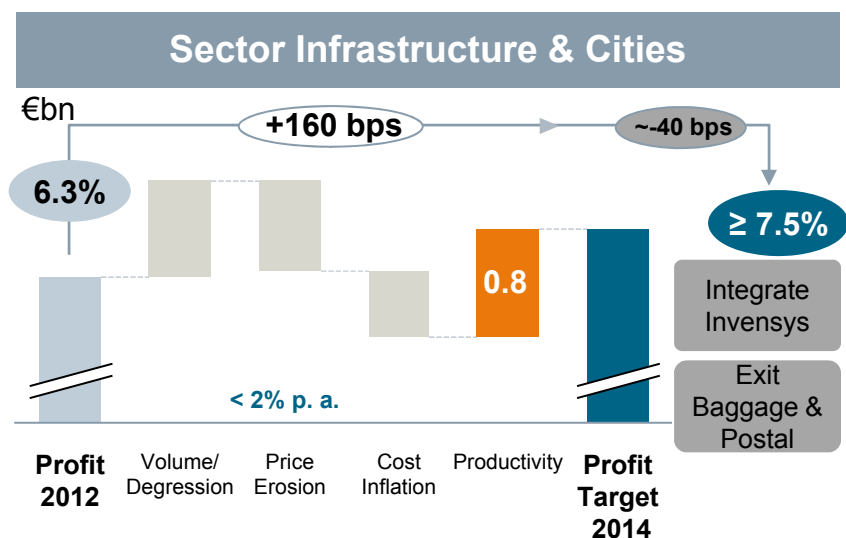
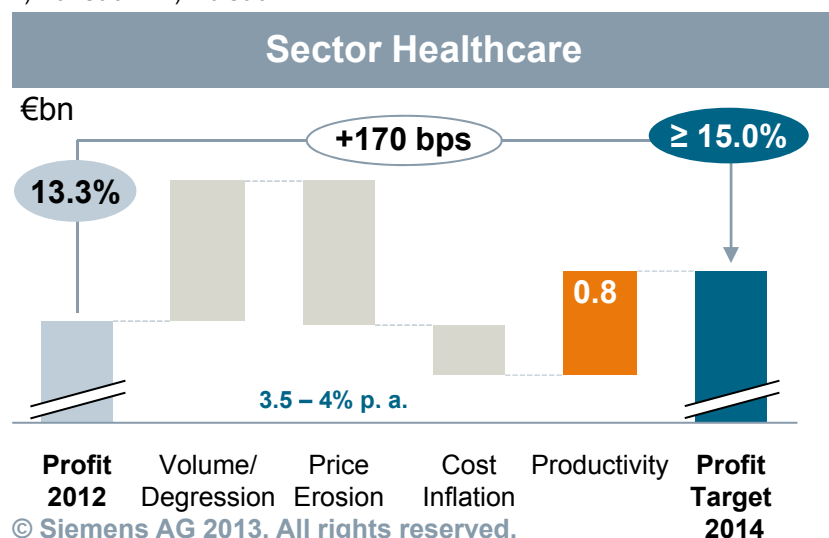
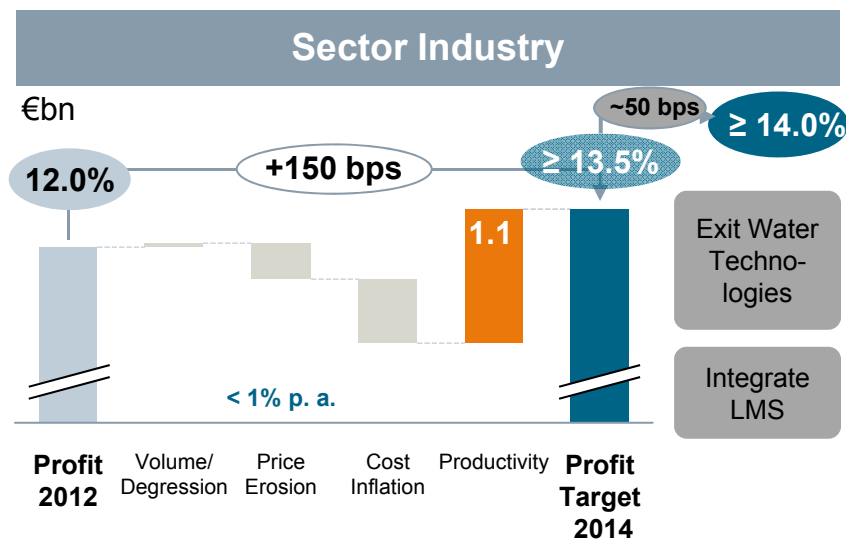
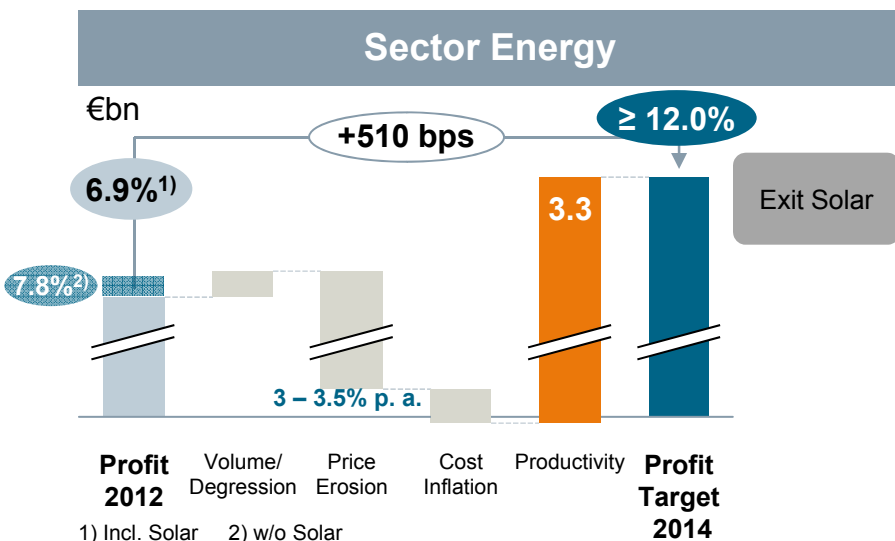
## ④ Optimized infrastructure

- **Optimize set-up of regional support functions in accordance with #3**, leverage **global shared services** and **infrastructure hubs**
- **Optimize regional SRE set-up** by moving closer to the 'internal' customer (REady)

## ⑤ Simplified governance

- **Strengthen entrepreneurial responsibility** by driving a **risk focused governance** approach
- **Re-design of selected governance functions and processes**

# Assumptions and goals for 'Siemens 2014' are aligned and cascaded down into the Sectors



# Outlook

- In fiscal 2013, Siemens is implementing '**Siemens 2014**', a company-wide program **supporting** our **One Siemens framework** for sustainable value creation.
- The **goal** of the program is to raise our **Total Sectors profit** margin to **at least 12% by fiscal 2014**.
- For fiscal 2013, we confirm our expectations of **moderate organic order growth**.
- With continuing challenges for our businesses whose results react strongly to short-term changes in the economic environment, we now anticipate a **moderate decline in revenue** on an organic basis compared to the prior year.
- **Charges** associated with the '**Siemens 2014**' program in the Sectors are expected to total **up to €0.9 billion** for the **full fiscal year**.
- Given these developments and financial results for the first half, we expect **income from continuing operations** in **fiscal 2013 to approach the low end** of our original expectation, **€4.5 billion, before impacts** related to **legal** and **regulatory matters** and **significant portfolio effects** which we expect to **burden** income by **up to €0.5 billion** due primarily to the **solar business**.

# Reconciliation and Definitions for Non-GAAP Measures

This document includes supplemental financial measures that are or may be non-GAAP financial measures.

Orders and order backlog; adjusted or organic growth rates of revenue and orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; cash conversion rate, or CCR; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures.

These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens' financial condition, results of operations or cash flows 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.

Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP). For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission. Revenue growth - Performance against competition

## Revenue growth - Performance against competition

To illustrate management's perspective on the Company's performance against competition, Siemens compares its own revenue growth rate with the weighted average revenue growth rate of its Sectors' most relevant competitors, including, among others, ABB, GE, Philips, Rockwell and Schneider. Revenue growth for Siemens and its competitors is calculated as the actual growth rate over a rolling four quarter period compared to the same period a year earlier. Siemens competitors revenue growth is derived as the weighted average growth rate of dedicated competitor baskets defined for each Siemens Sector. Each Sector basket's growth rate is based upon the most recent reported competitor revenues publicly available at the time of calculation. The Sector competitor baskets revenue growth rates are weighted by the revenue of the respective Siemens Sector.

This measure may provide useful information to investors with respect to management's view on Siemens' growth compared to competitor growth. However, we caution investors, that this measure is subject to certain limitations, which include the following: The metric is defined by Siemens and, as such, is not based on a generally accepted framework that is also relevant for other companies; accordingly, other companies may define a similarly titled measure differently. In calculating this measure, Siemens relies on data published by its competitors for which Siemens assumes no responsibility. In addition, the data may not be directly comparable as a result of differing presentation currencies and reporting standards being used by our competitors in the data's presentation. Furthermore, subject to limited exceptions, no adjustments are made for currency translation effects, portfolio changes and changes in reporting structure for either the Siemens or the competitor data. Because the public availability of relevant competitors' data at the time of calculation may not coincide with the availability of Siemens' data, some competitor data used may relate to a different time period than the Siemens data.