

Q3 - Strong order growth highlights successful third quarter

Ralf P. Thomas, CFO

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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 the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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.

Q3 FY 2018

Strong order growth highlights successful third quarter



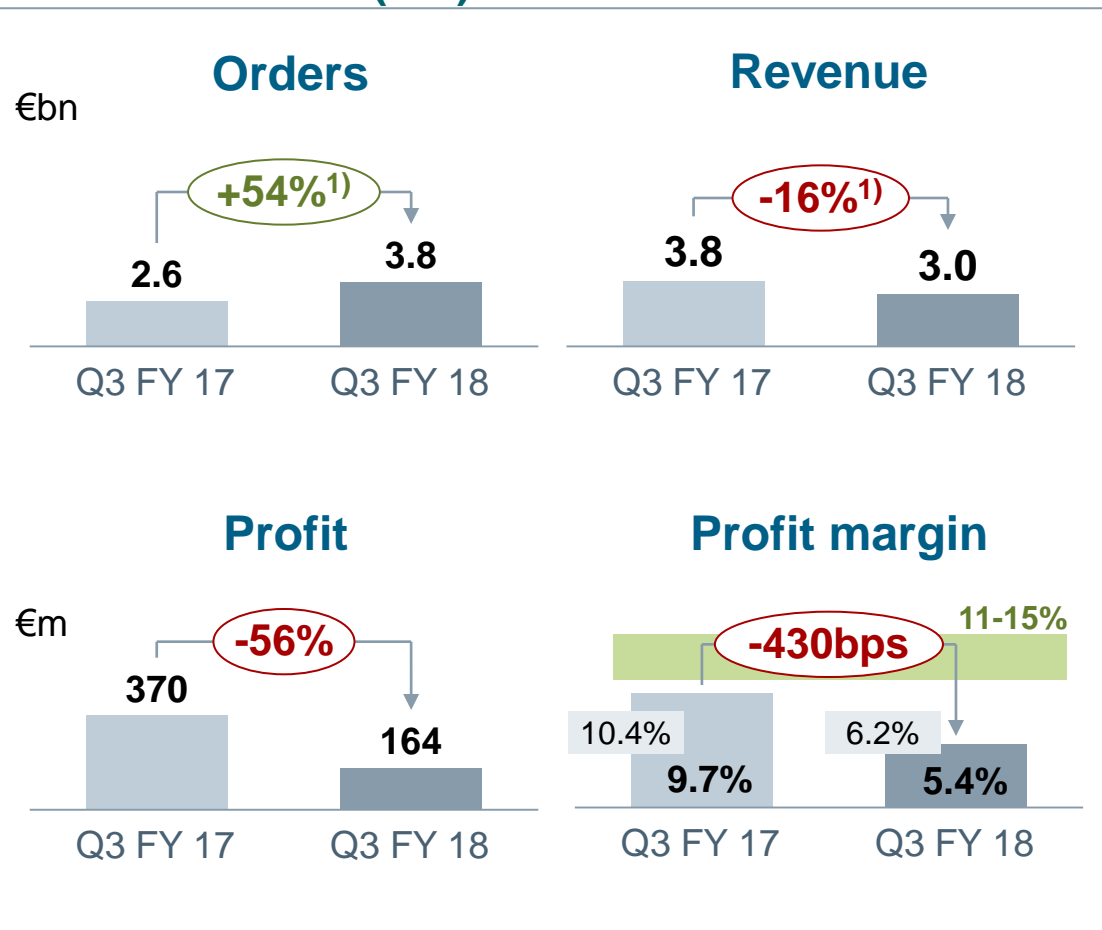
- ❑ **Excellent order growth of 21%; book-to-bill at 1.11x**
- ❑ **Solid revenue growth in most businesses offsetting weakness in PG & SGRE**
- ❑ **Substantial burden from FX on top and bottom line**
- ❑ **IB profit margin up +60bps at 10.7% driven by outstanding DF**
- ❑ **Net income at €1.2bn; EPS at €1.36**
- ❑ **Substantial increase of IB free cash flow to €1.8bn**
- ❑ **Further pension deficit reduction to €7.6bn**

PG: Significant order wins – ongoing challenges weigh on profit

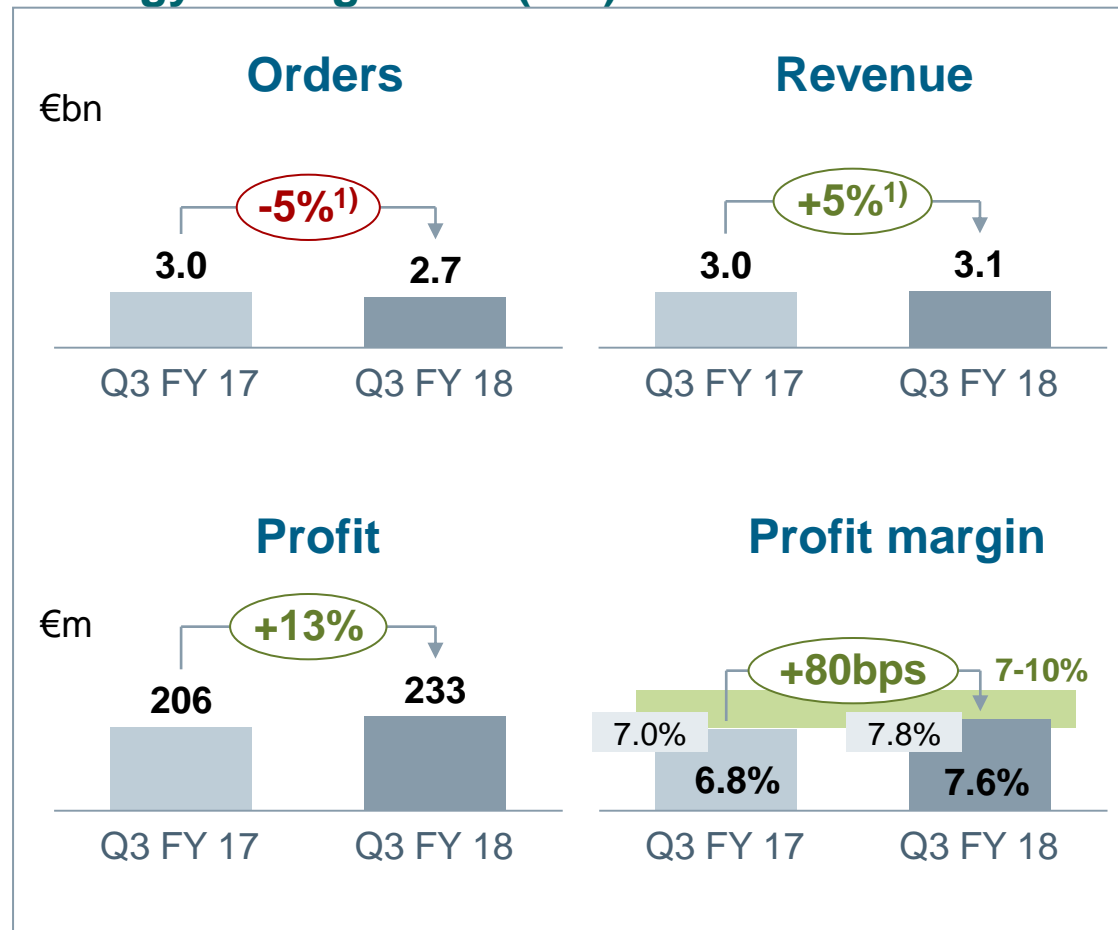
EM: Short cycle products drive margins despite FX headwind



Power and Gas (PG)



Energy Management (EM)



1) Comparable, i.e. adjusted for currency translation and portfolio effects

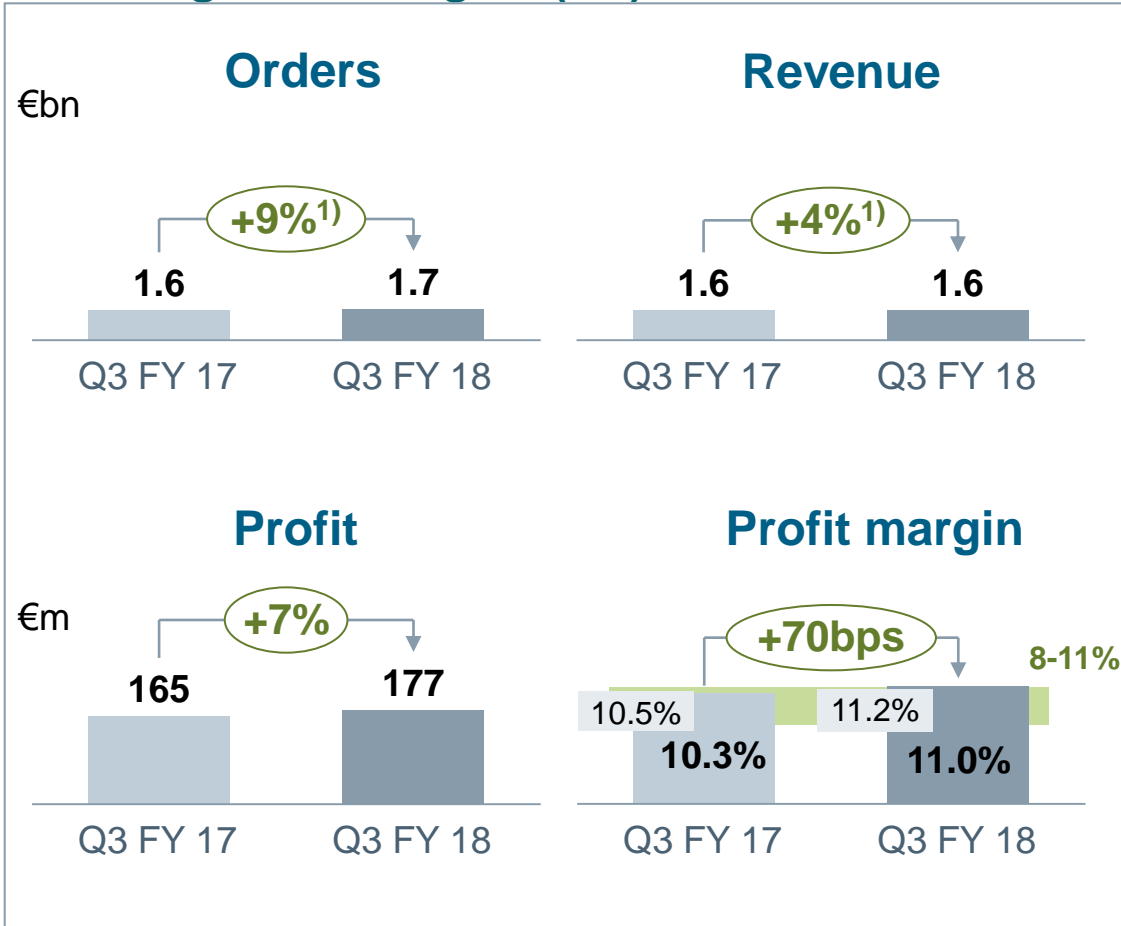
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x.x% Margin excl. severance

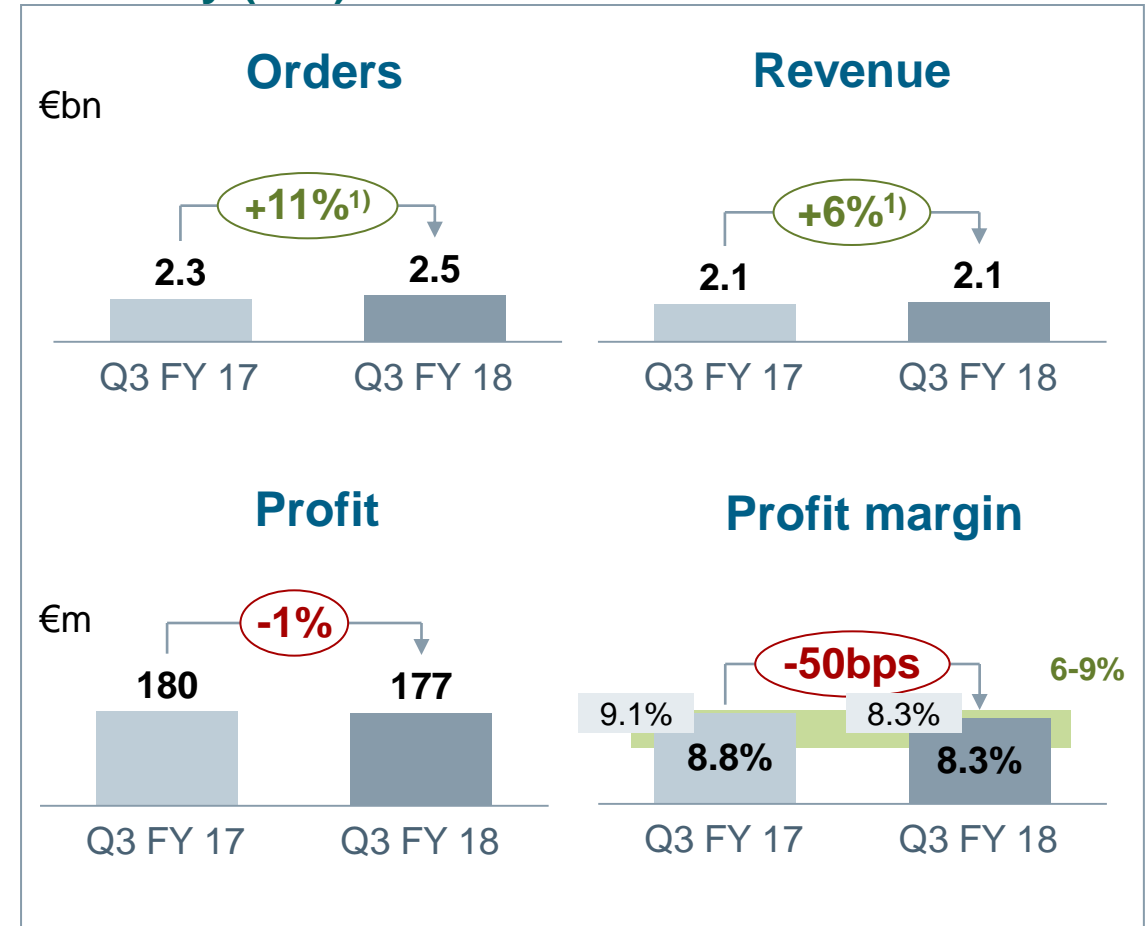
BT: Margin expansion continues – digital capabilities enhanced MO: Strong order momentum – margin well in target range



Building Technologies (BT)



Mobility (MO)



1) Comparable, i.e. adjusted for currency translation and portfolio effects

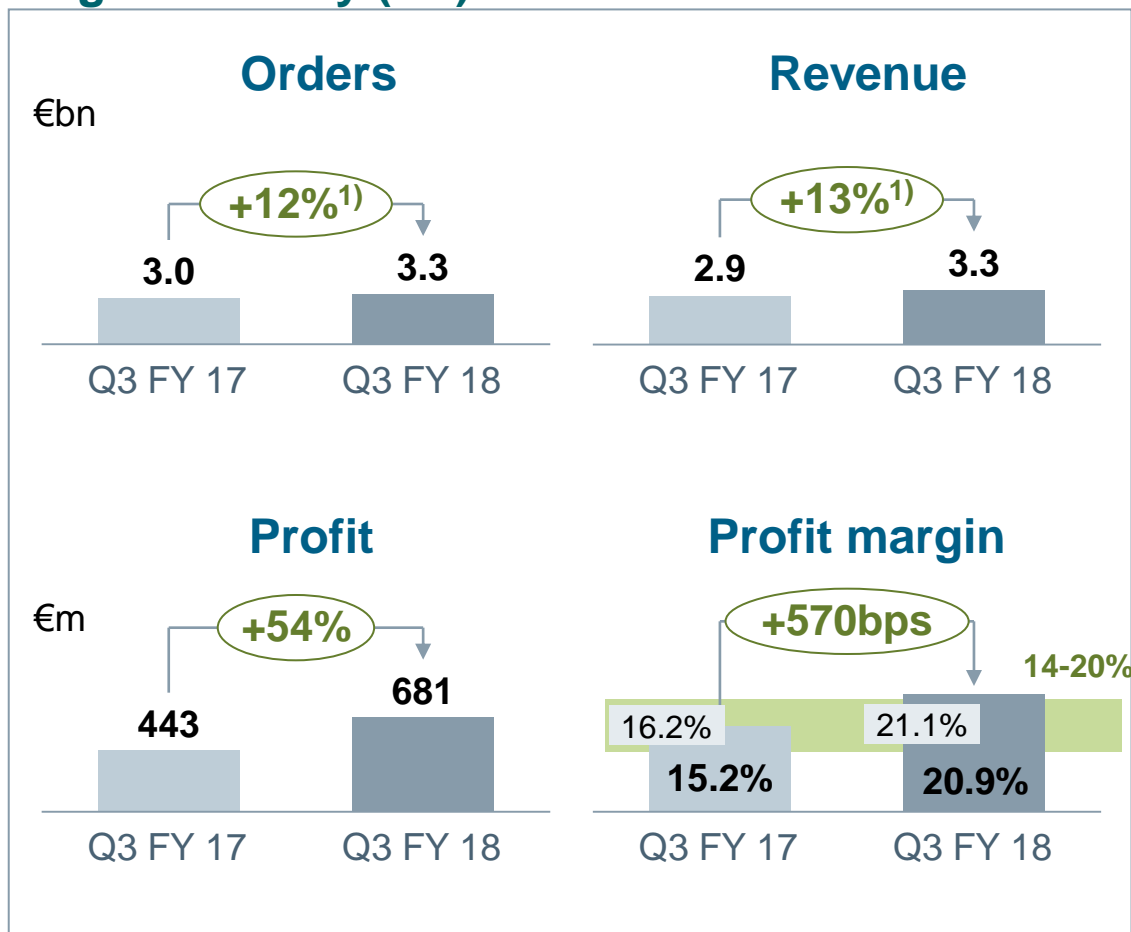
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x.x% Margin excl. severance

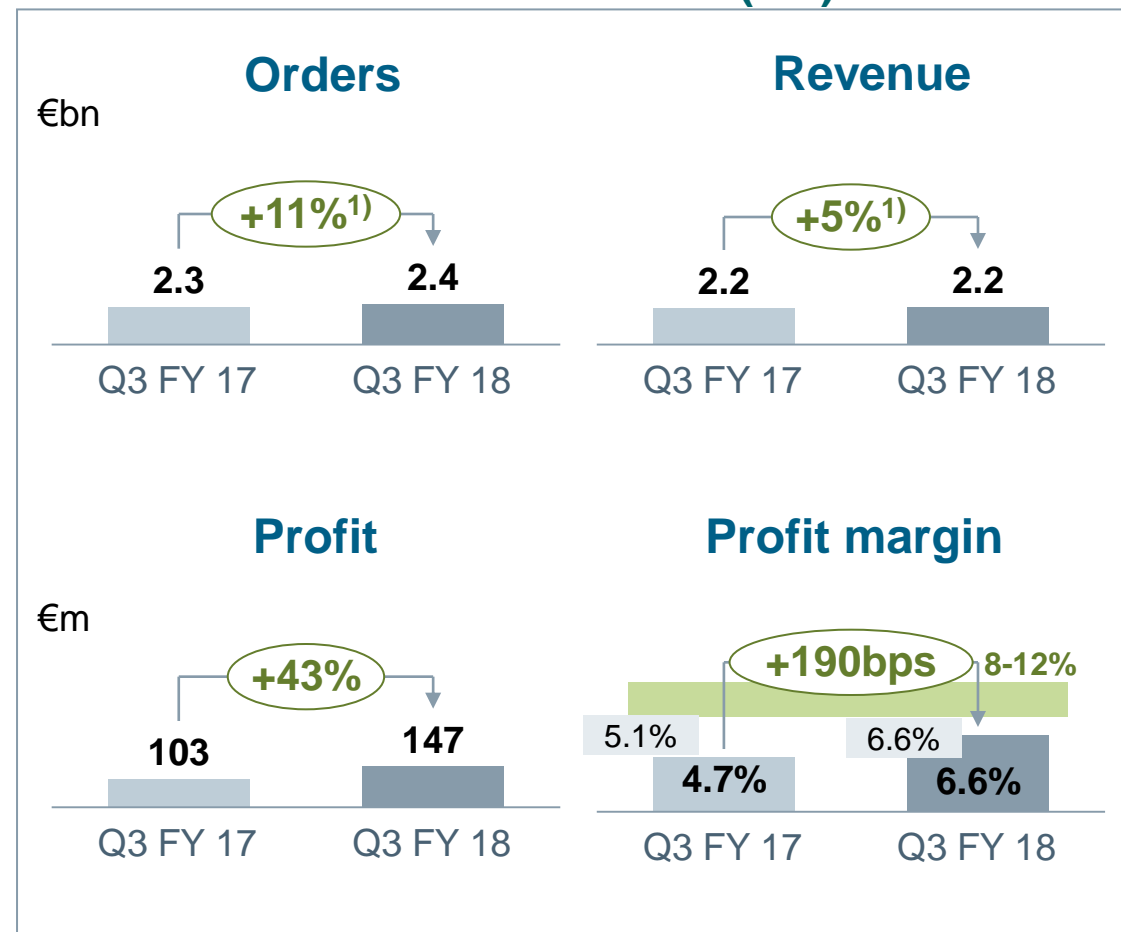
DF: Another quarter of world class performance

PD: Top line growth returned

Digital Factory (DF)



Process Industries and Drives (PD)



1) Comparable, i.e. adjusted for currency translation and portfolio effects

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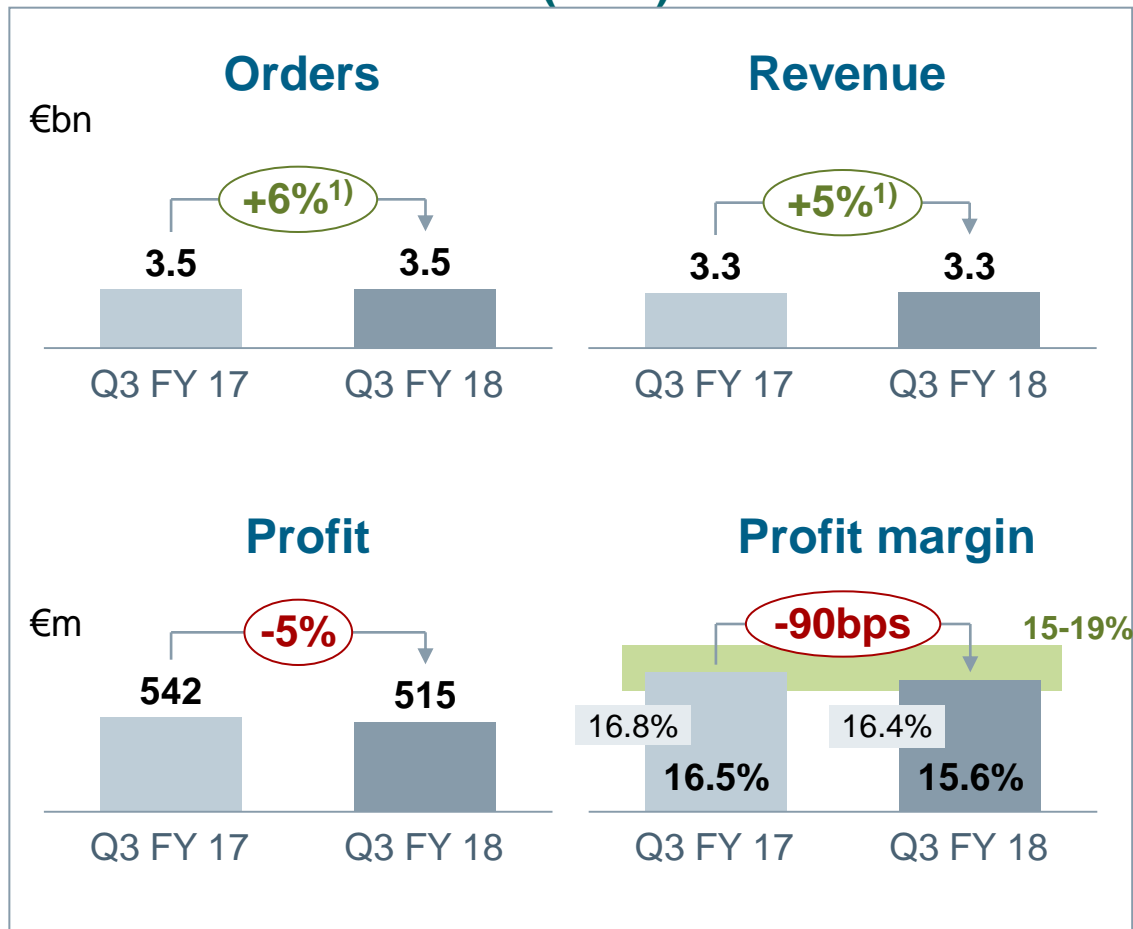
x.x% Margin excl. severance

SHS: Imaging drives revenue growth - material FX headwinds

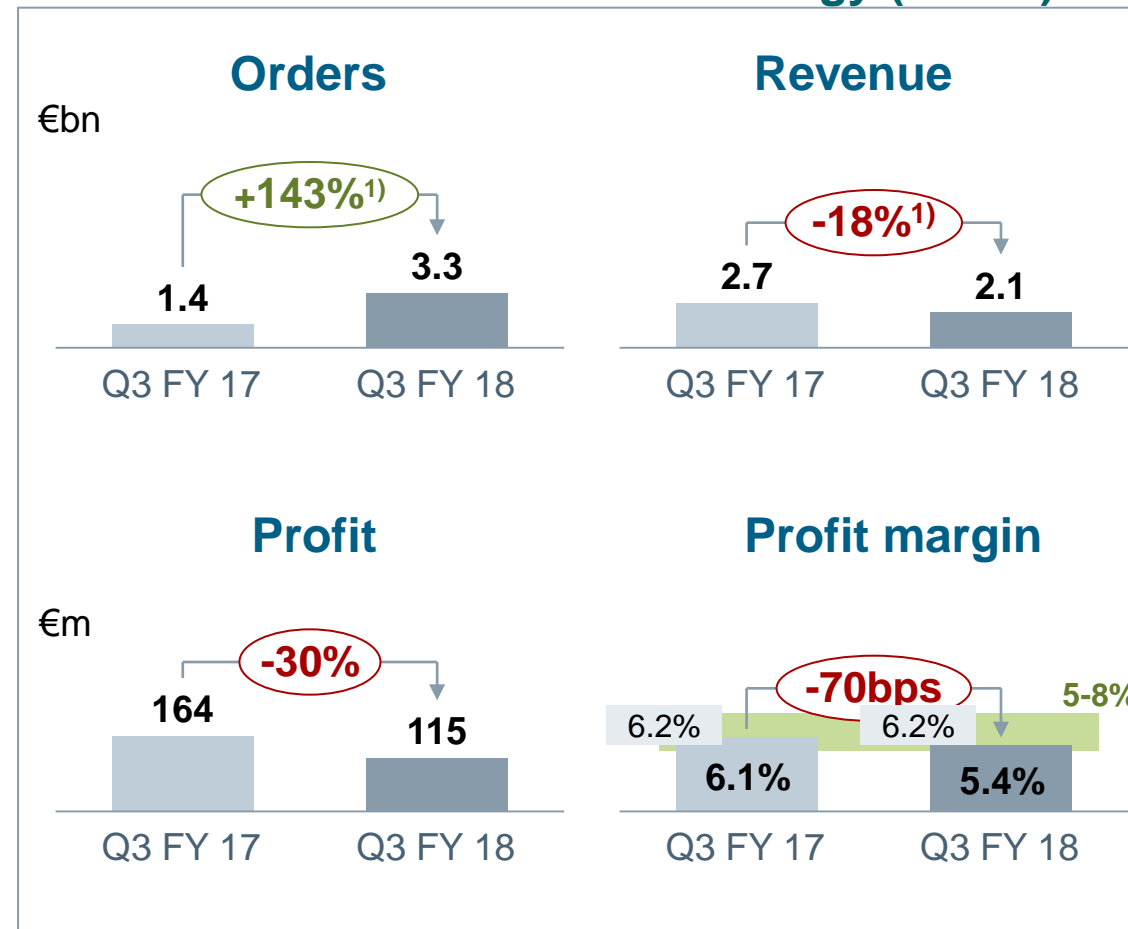
SGRE: Large orders across the globe



Siemens Healthineers (SHS)



Siemens Gamesa Renewable Energy (SGRE)



1) Comparable, i.e. adjusted for currency translation and portfolio effects

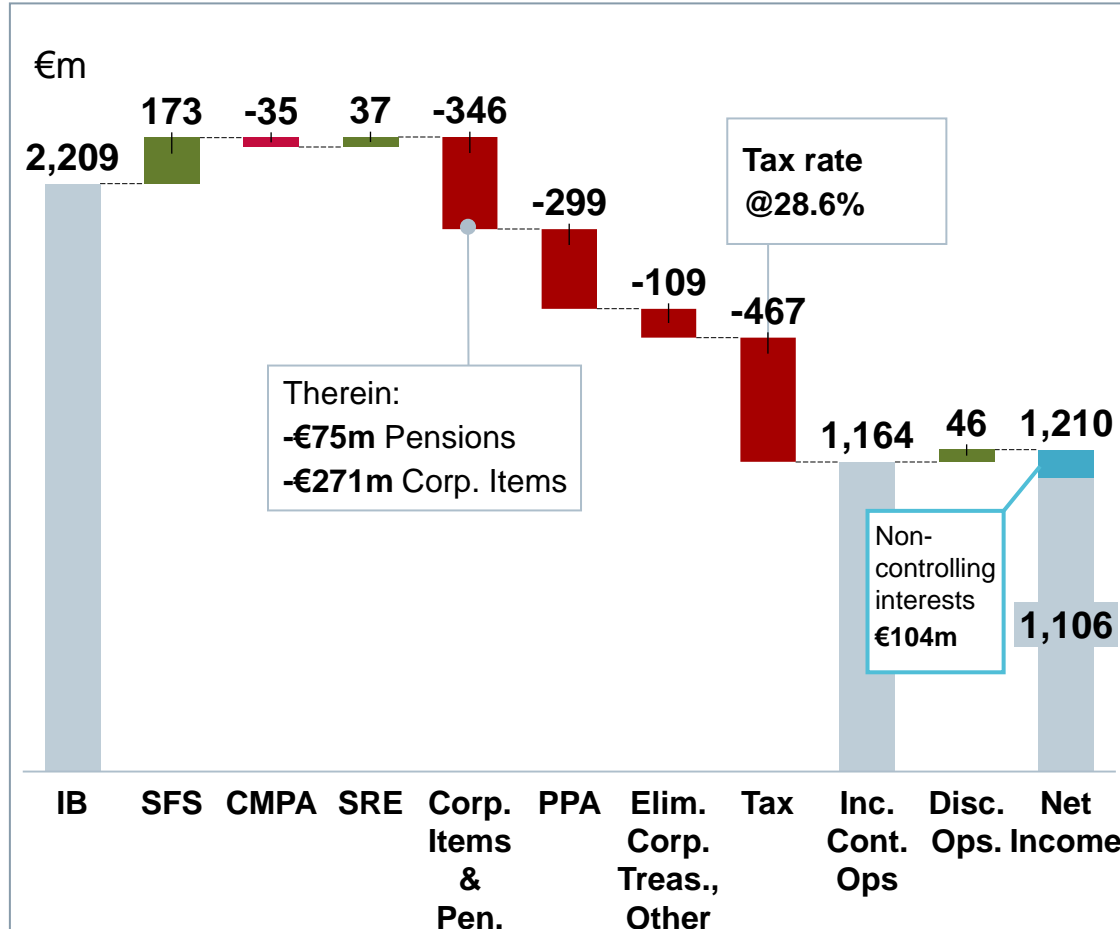
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x.x% Margin excl. severance

Q3 FY 18

Ramp up of corporate items on higher innovation invest

Below Industrial Business – Q3 FY 2018

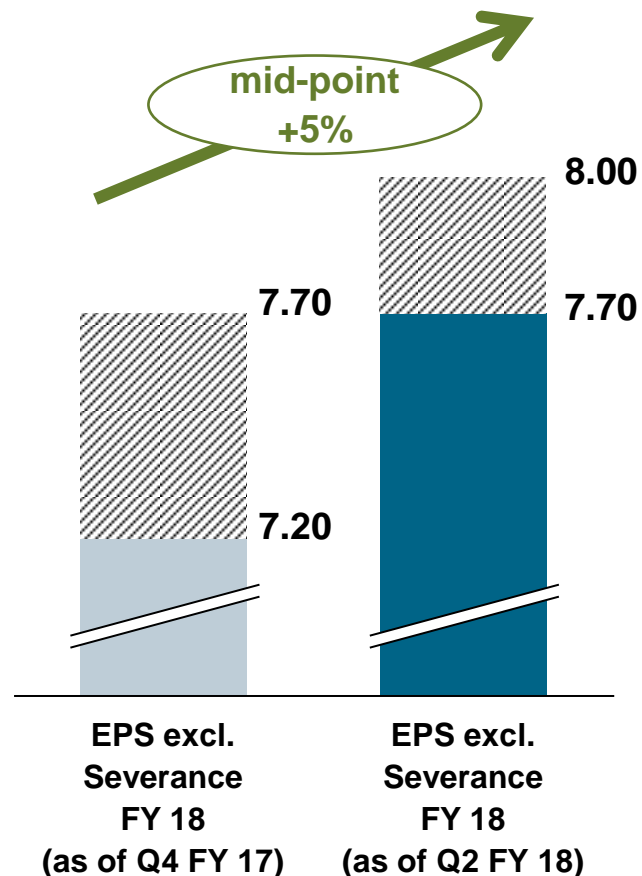


Expectations for Q4 FY 2018

- **CMPA:**
Q4 negative impact by Mobility carve out related costs
- **Corporate Items:**
Q4 significantly higher y-o-y on central innovation invest, IT transformation and related restructuring costs
- **Tax:**
Q4 higher tax rate will be impacted by Mobility carve out, FY 18 expect 24% – 29%
- **Non controlling interests:**
>FY 17 due to Siemens Healthineers

Guidance FY 18 confirmed

Earnings per share (in €)



Guidance

We continue to expect **basic EPS from net income** in the **range of €7.70 to €8.00, excluding severance charges.**

Furthermore we confirm our expectation of **modest growth in revenue**, net of effects from currency translation and portfolio transactions, and continue to anticipate that **orders will exceed revenue** for a **book-to-bill ratio above 1** for the full fiscal year.

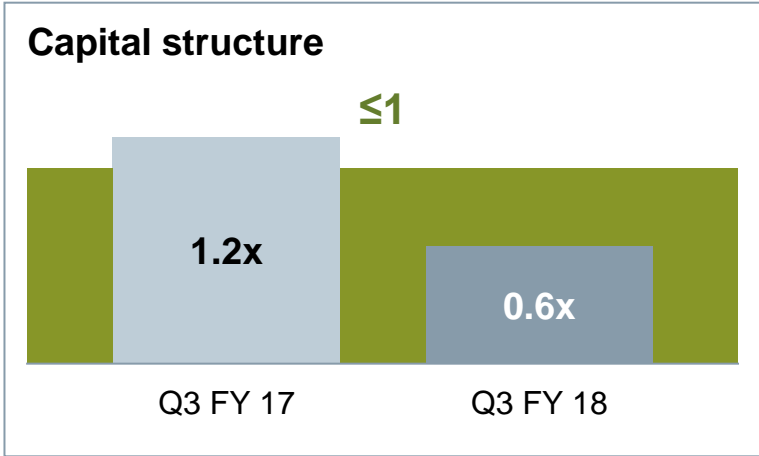
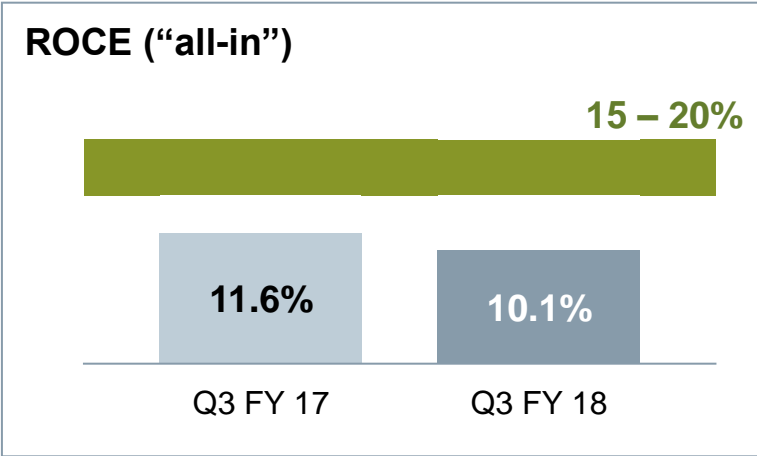
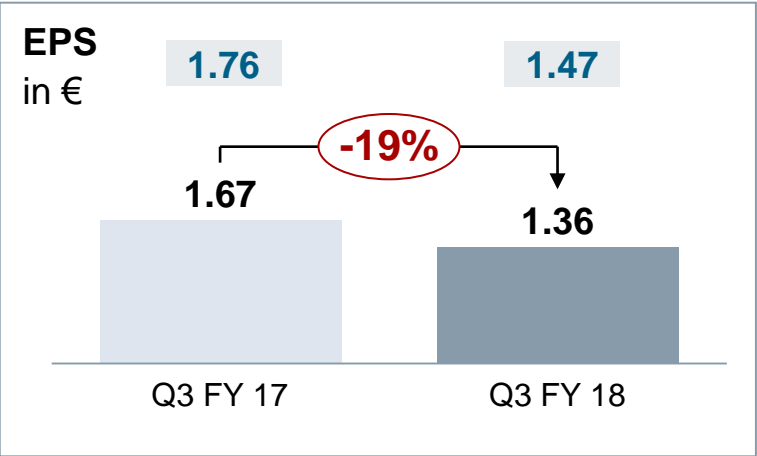
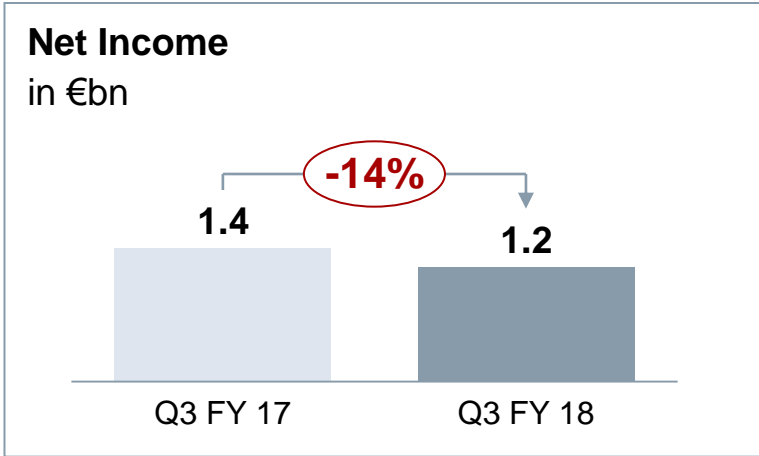
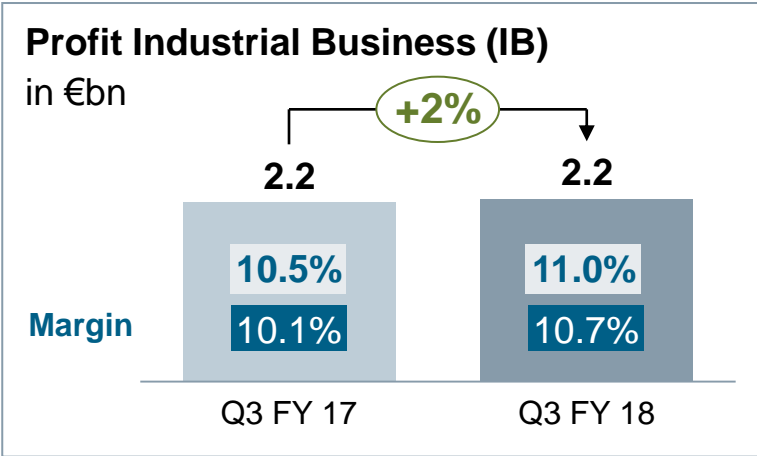
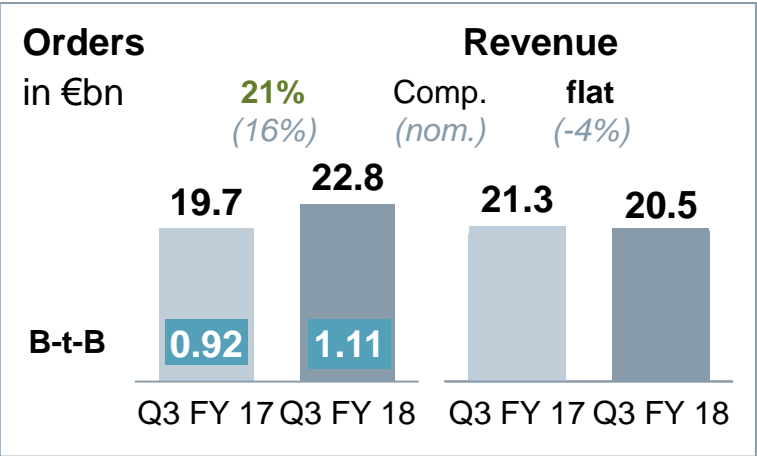
We continue to expect a **profit margin of 11.0% to 12.0% for our Industrial Business** also **excluding severance charges.**

This outlook **excludes charges related to legal and regulatory matters** and **potential effects** which may follow the introduction of a **new strategic program.**

Appendix



Financial cockpit – Q3 FY 2018



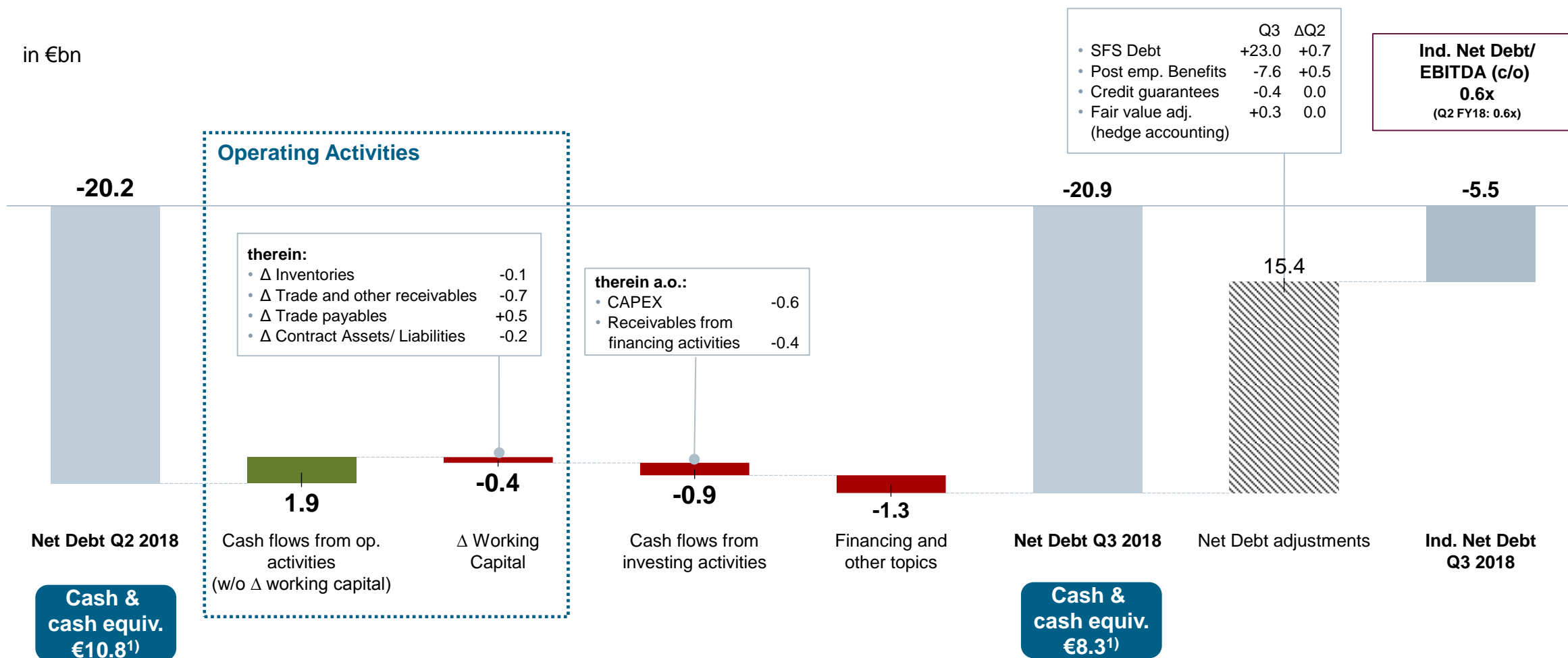
x.xx EPS excl. severance

x.x% as reported

x.x% excl. severance

Net debt bridge – Q3 FY 2018

in €bn



1) Including current available-for-sale financial assets

Provisions for pensions improved, mainly due to extraordinary fundings in USA

Q3 FY 2018 – Pensions and similar obligations

in €bn ¹⁾	FY 2015	FY 2016	FY 2017	Q1 FY 2018	Q2 FY 2018	Q3 FY 2018
Defined benefit obligation (DBO)²⁾	(36.8)	(42.2)	(36.9)	(36.9)	(36.5)	(36.2)
Fair value of plan assets²⁾	27.1	28.7	27.6	27.7	28.9	29.1
Provisions for pensions and similar obligations	(9.8)	(13.7)	(9.6)	(9.7)	(8.1)	(7.6)
Discount rate	3.0%	1.7%	2.4%	2.2%	2.3%	2.3%
Interest Income	0.8	0.8	0.5	0.1	0.1	0.1
Actual return on plan assets	0.6	3.3	0.3	0.7	-0.1	0.0

1) All figures are reported on a continuing basis.

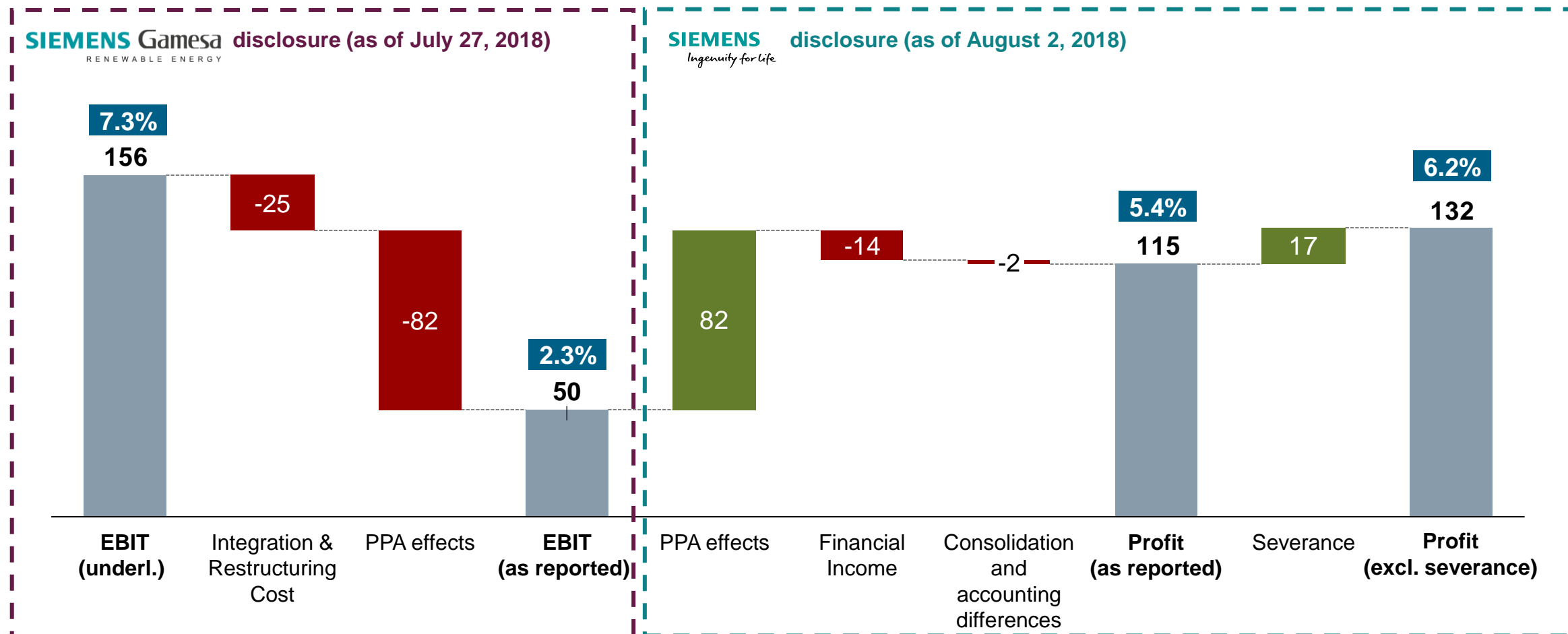
2) Fair value of plan assets including effects from asset ceiling (Q3 2018: -€0.1bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q3 FY 2018: +€0.5bn); Defined Benefit Obligation (DBO), including other post-employment benefit plans (OPEB) of ~€0.6bn

Q3 FY18 Profit Bridge from SGRE disclosure to SAG disclosure

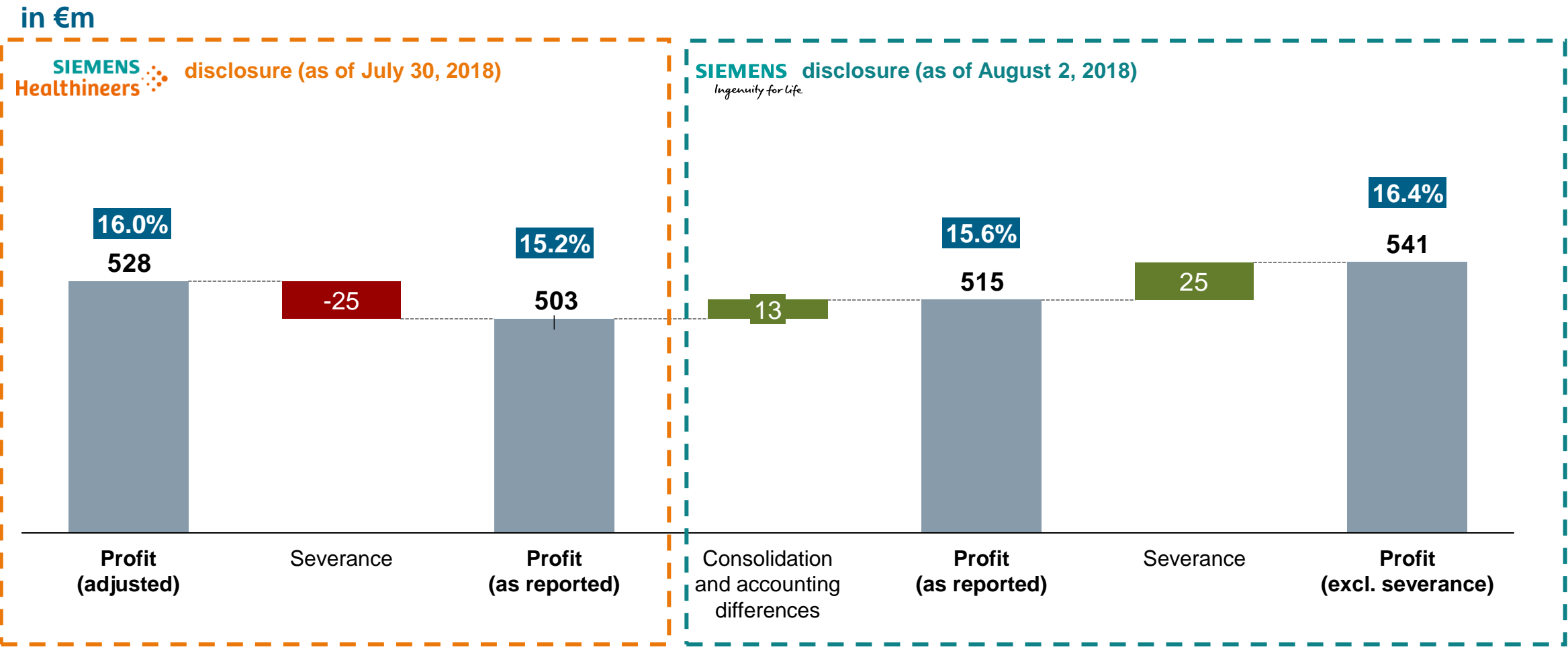
Different profit definitions at SGRE and SAG to be considered in models



in €m



Q3 FY18 Profit Bridge from Siemens Healthineers disclosure to SAG disclosure
Different profit definitions at Siemens Healthineers and SAG to be considered in models



x.x% Margin

Financial calendar

August

August 2, 2018

Q3 Earnings Release

August 2-3, 2018

Roadshow UK (London)

August 6, 2018

Roadshow Germany (Frankfurt)

August 7-8, 2018

Roadshow US (East Coast)

September

September 7, 2018

Morgan Stanley Conference (London)

November

November 8, 2018

Q4 Earnings Release



Investor Relations contacts



Investor Relations

Internet:	www.siemens.com/investorrelations
E-Mail:	investorrelations@siemens.com
Telefon:	+49 89 636-32474
Fax:	+49 89 636-1332474