

A blurred photograph of a modern office hallway with large glass windows and a central revolving door. Several people in business attire are walking through the hallway, their figures slightly out of focus to convey a sense of movement and activity.

**SIEMENS**

Joe Kaeser, President and CEO – Ralf P. Thomas, CFO

# Siemens – Vision 2020

Q2 FY 2014, Analyst and Press Conference  
Berlin, May 7, 2014

# 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 “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, 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 C.9.3 Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter C.7 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.

The financial measures identified in this document are in part transitional figures attained by comparison, classification, appreciation and rounding of historical financial measures; these financial measures and their transitional basis must be regarded as preliminary.

## Q2 FY 2014 – Key figures

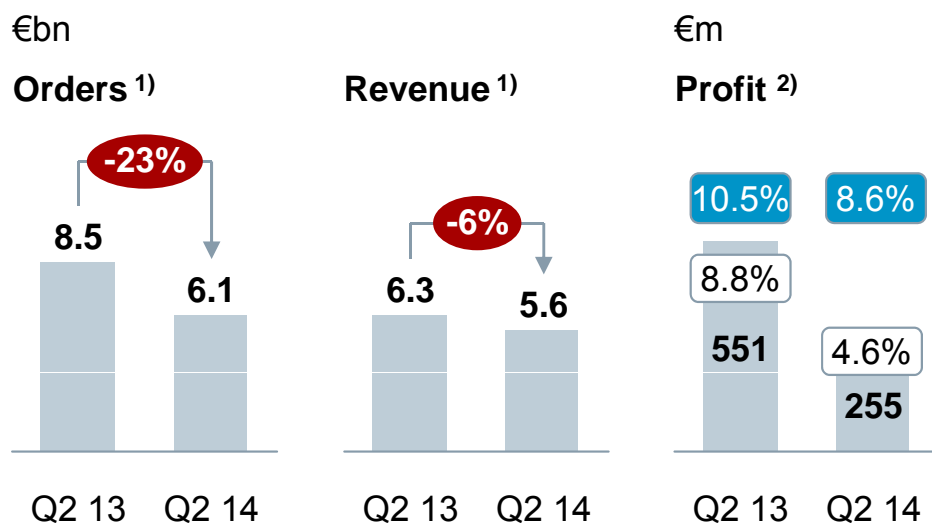
Siemens (continuing operations, in €m)	Q2 FY 13	Q2 FY 14	Change
<b>Orders</b>	21,235	<b>18,430</b>	<b>-10%<sup>1)</sup></b>
<b>Revenue</b>	17,779	<b>17,449</b>	<b>1%<sup>1)</sup></b>
<b>Book-to-bill ratio</b>	1.19x	<b>1.06x</b>	
<b>Total Sectors profit</b>	1,348	<b>1,566</b>	<b>16%</b>
<b>Net income</b>	1,030	<b>1,153</b>	<b>12%</b>
<b>Basic earnings per share net income (in €)</b>	1.20	<b>1.33</b>	<b>11%</b>
<b>Free cash flow</b>	1,360	<b>1,390</b>	<b>2%</b>

1) Change is adjusted for portfolio and currency translation effects

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# Energy – Performance held back by lower revenues and execution challenges

## Key Figures Energy



Division	Orders y-o-y <sup>1)</sup>	Revenue y-o-y <sup>1)</sup>	Profit margin	Underl. profit margin
Power Generation	-14%	-8%	18.4%	14.4%
Wind Power	-46%	13%	-4.3%	-0.2%
Power Transmission	7%	-14%	-24.2%	1.1%

## Main developments in Q2

- **Book-to-bill** at **1.09** despite sharp order decline in Europe/CAME region
- **Market** environment remains challenging
- **Power Generation** – Positive gains overcompensate lower contribution due to decreasing revenue mainly from gas turbine business
- **Wind** – Significantly lower contribution from offshore business and charges related to defective components
- **Transmission** – Substantial execution challenges at two Canadian turnkey projects result in charges of €287m; further low margin projects

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

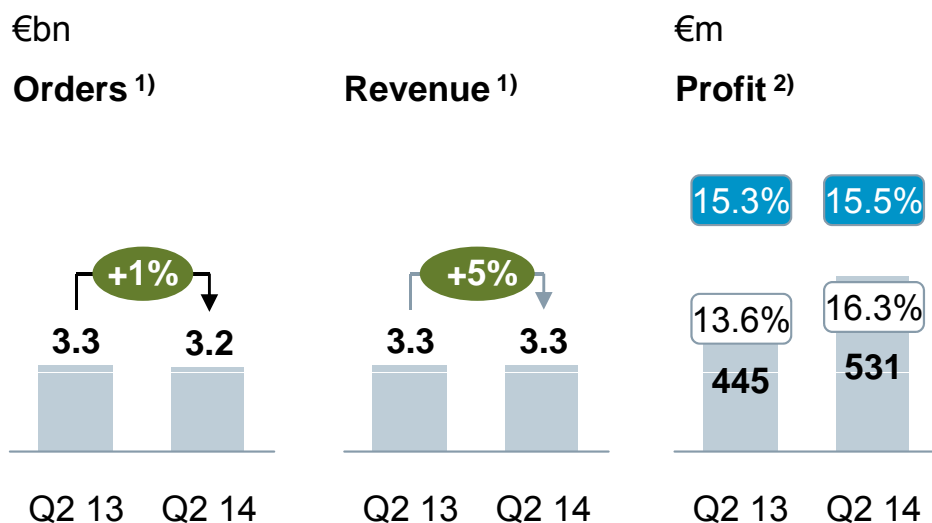
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% Profit margin % Underlying Profit margin

2) for underlying margin calculation please refer to Flashlight document

# Healthcare – Continued excellent performance on high level despite currency headwinds

## Key Figures Healthcare



Division	Orders y-o-y <sup>1)</sup>	Revenue y-o-y <sup>1)</sup>	Profit margin	Underl. profit margin
Diagnostics	3%	3%	10.8%	15.2%

## Main developments in Q2

- **Order growth** supported by strong service business and improvement in Europe while revenue growth is broad based
- **Strong profit margin** – **€66m gain** from **expected sale of particle therapy installation** compensates for strongly **adverse FX** effects
- **Diagnostics** – Solid growth and profit development

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

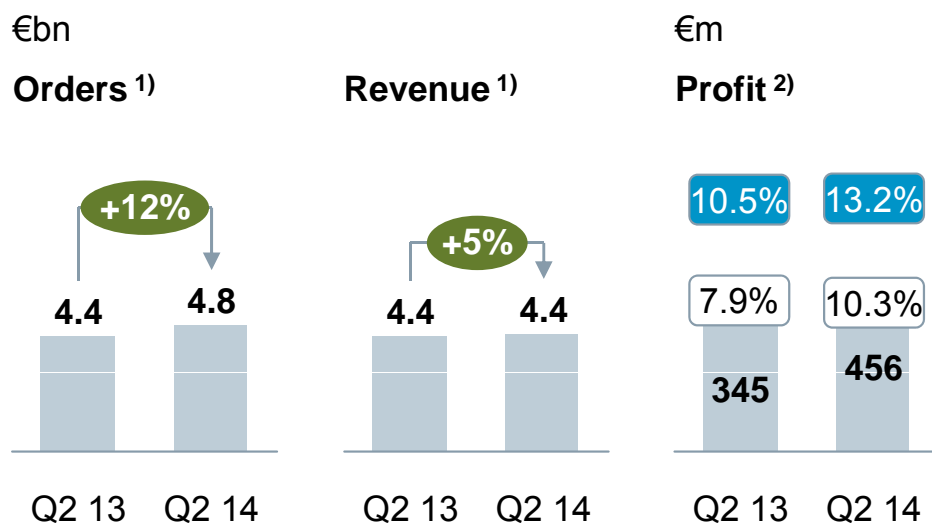
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% Profit margin % Underlying Profit margin

2) for underlying margin calculation please refer to Flashlight document

# Industry – Profit climbs as short cycle businesses continue stabilizing

## Key Figures Industry



Division	Orders y-o-y <sup>1)</sup>	Revenue y-o-y <sup>1)</sup>	Profit margin	Underl. profit margin
Industry Automation	11%	6%	15.8%	18.1%
Drive Technologies	14%	5%	9.5%	9.9%

## Main developments in Q2

- **Short cycle** markets show continuing stabilization, with positive order growth particularly in **Germany** and **China**
- **Industry Automation** – Margin improvement due to higher capacity utilization
- **Drive Technologies** – Improved cost position and volume growth support gross margins
- **Metals Technologies** burdened by a project in the US; **Joint venture with Mitsubishi-Hitachi Heavy Machinery** signed

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

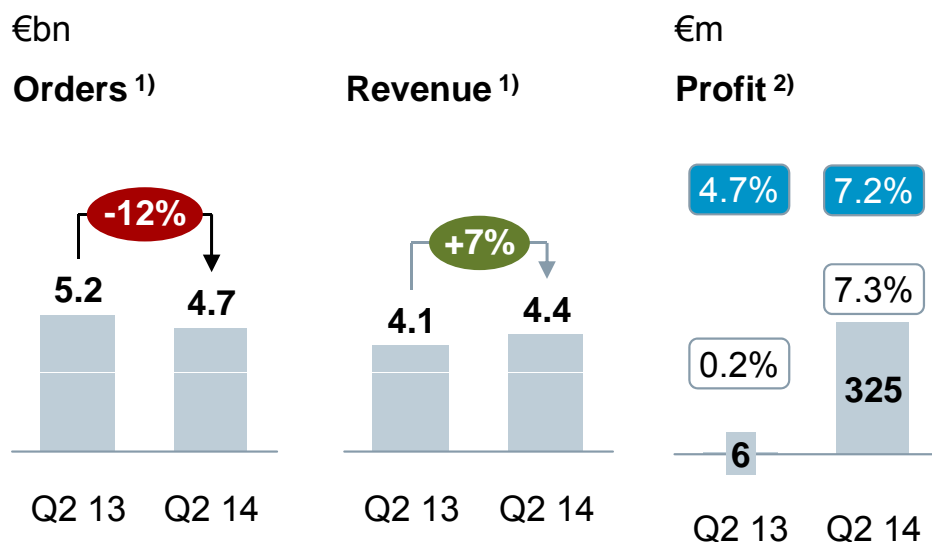
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% Profit margin % Underlying Profit margin

2) for underlying margin calculation please refer to Flashlight document

# Infrastructure & Cities – Higher profit on improvements in execution, mix and productivity

## Key Figures Infrastructure & Cities



Division	Orders y-o-y <sup>1)</sup>	Revenue y-o-y <sup>1)</sup>	Profit margin	Underl. profit margin
Transportation & Logistics	-29%	21%	7.0%	8.3%
Power Grid Solutions & Products	9%	1%	8.2%	8.2%
Building Technologies	-6%	-1%	6.9%	6.9%

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

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## Main developments in Q2

- **Positive book-to-bill of 1.05 on tough comps** due to major rail orders
- **Transportation & Logistics** – Improved project execution of large rolling stock orders
- **Power Grid Solutions & Products** – Mainly benefitting from favourable mix and ‘Siemens 2014’ related productivity improvements
- **Building Technologies** – Continued improvement from successful implementation of ‘Siemens 2014’ measures

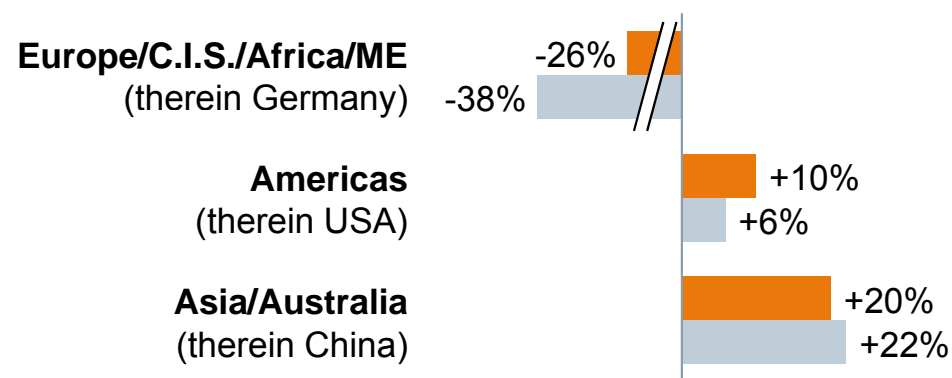
% Profit margin      % Underlying Profit margin

2) for underlying margin calculation please refer to Flashlight document

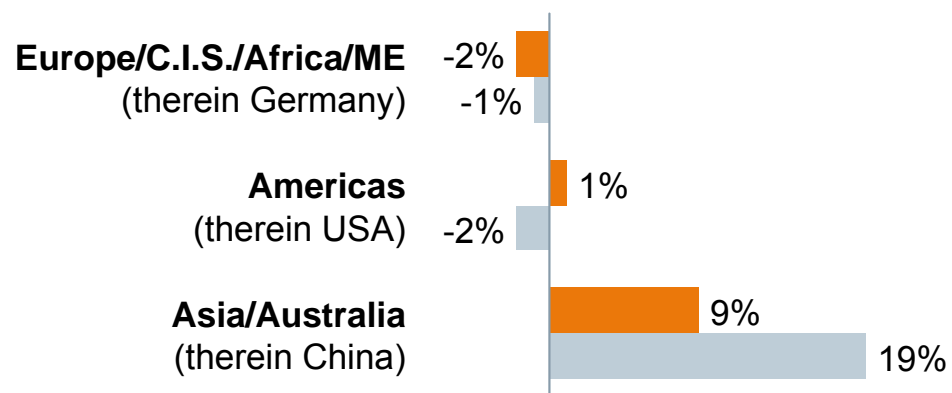
# Lower volume from large orders in Europe while China shows strength

## Regional business split

### Q2 FY 14 Order growth y-o-y<sup>1)</sup>

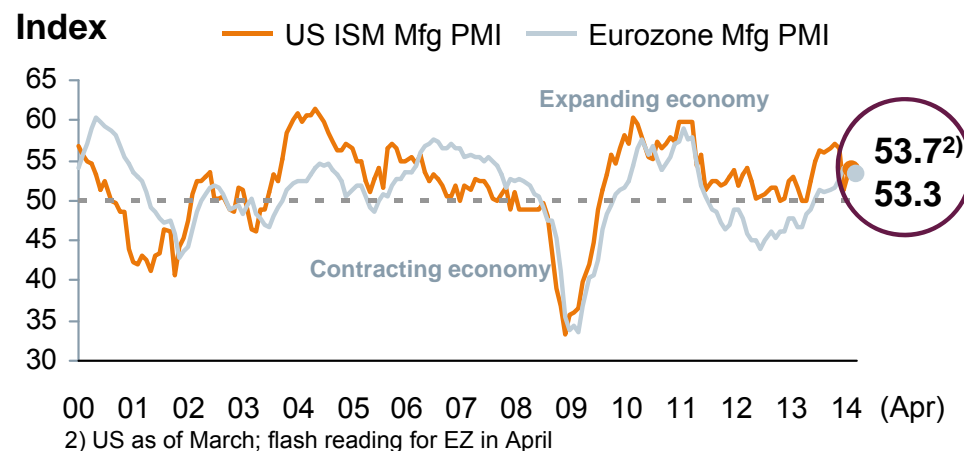


### Q2 FY 14 Revenue growth y-o-y<sup>1)</sup>

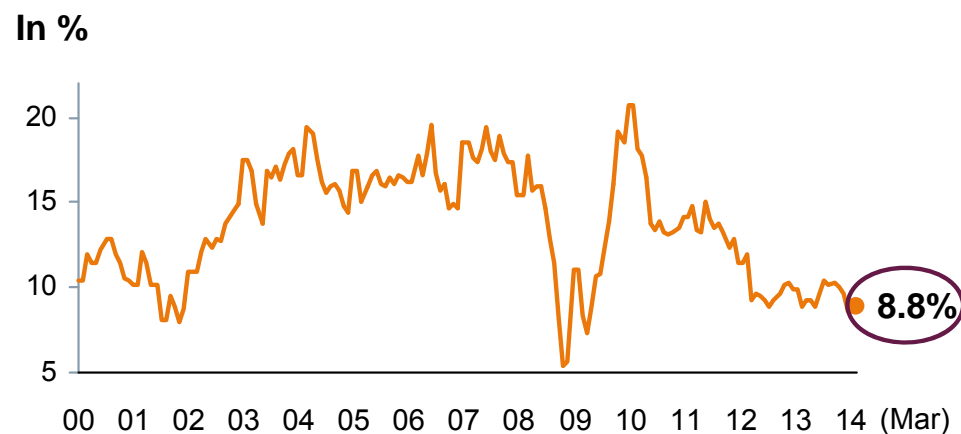


1) Change is adjusted for currency translation and portfolio effects

## Purchasing Managers Index



## China Industry Value Added

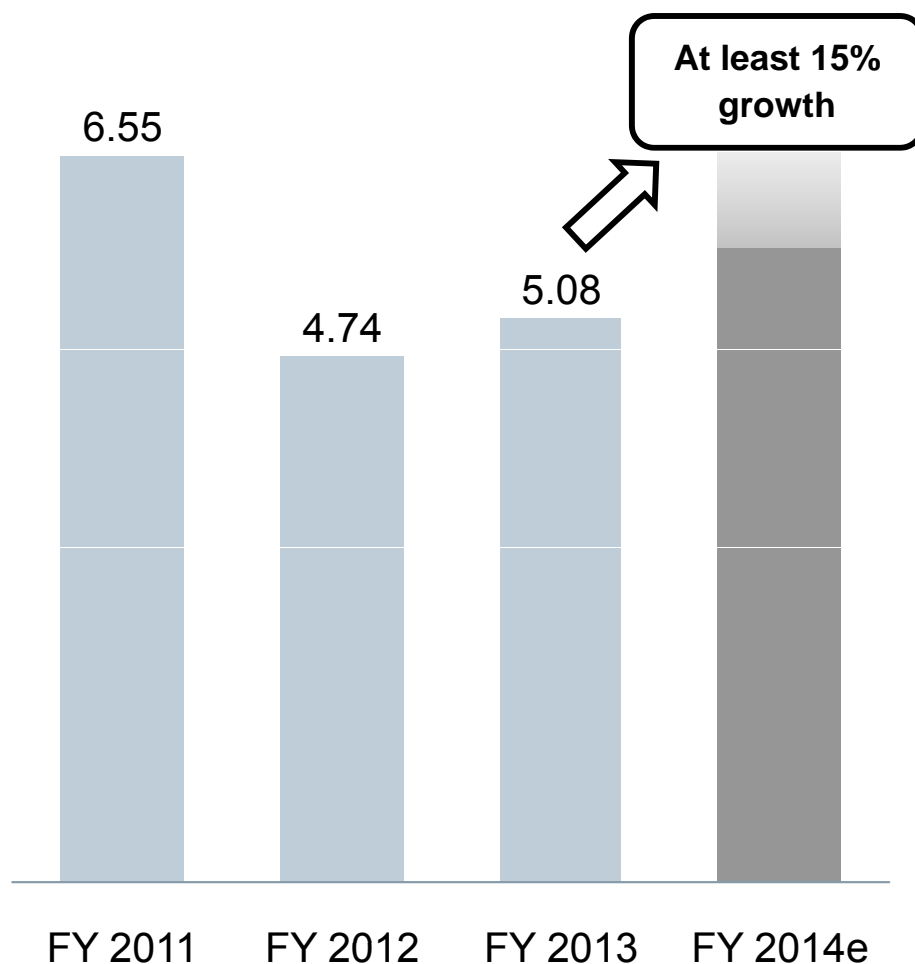




## Outlook Fiscal 2014

### Basic earnings per share (Net income)

In €



- We expect our **markets to remain challenging** in Fiscal 2014
- Our **short cycle businesses are not anticipating a sustainable recovery until late** in the fiscal year
- We expect orders to exceed revenue, for a **book-to-bill ratio above 1**
- Assuming that **revenue on an organic basis remains level year-over-year**, we expect **basic earnings per share (Net Income) for Fiscal 2014 to grow by at least 15% from €5.08** in Fiscal 2013
- This outlook is based on **shares outstanding of 843 million** as of September 30, 2013
- Furthermore it excludes impacts related to legal and regulatory matters

## Siemens – Vision 2020: Strategic focus

**1**

**Long-term growth agenda in attractive fields**

**2**

**Align portfolio along strategic imperatives**

**3**

**Cost reduction and business excellence**

**Ownership culture and leadership based on common values**

# Siemens – Innovating the Electrical World

## Global trends

### Digital transformation

Networked world of complex and heterogeneous systems

### Globalization

Global competition driving productivity & localization

### Urbanization

Infrastructure investment needs of urban agglomerations

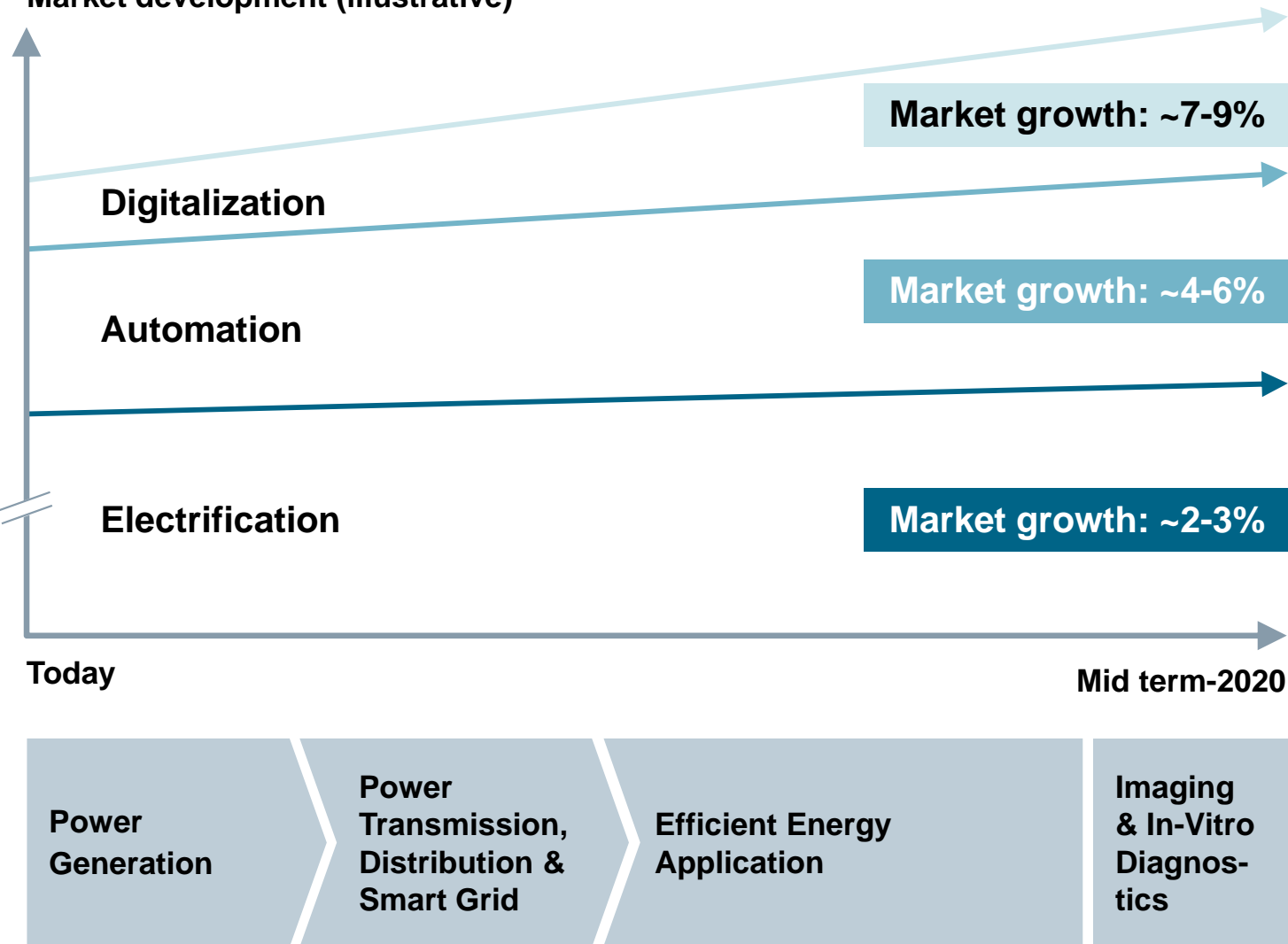
### Demographic change

Decentralized demand of a growing and aging population

### Climate change

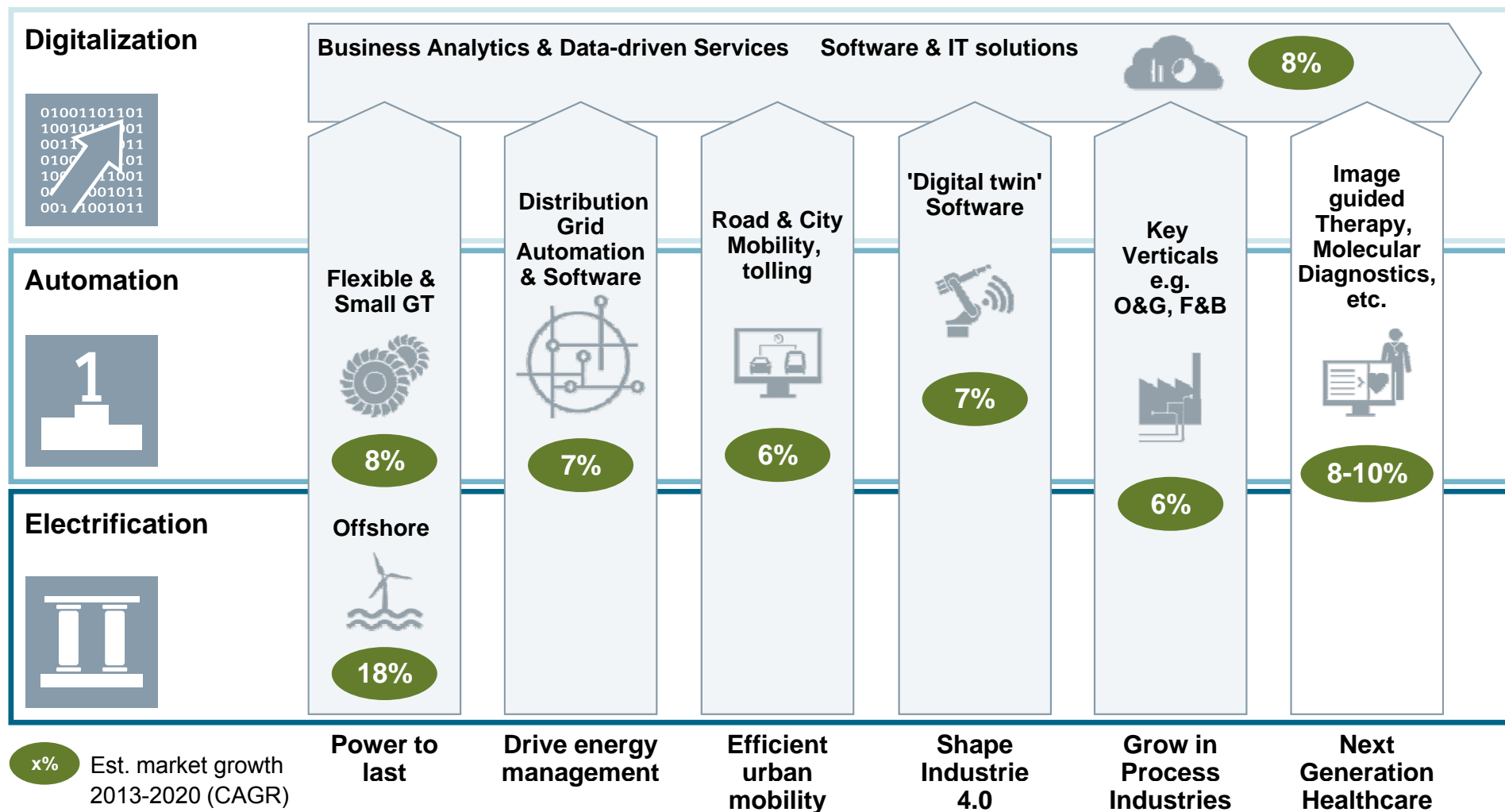
Higher resource efficiency in an all-electric world

## Market development (illustrative)



# Stringent resource allocation for growth fields in Electrification, Automation and Digitalization

Selected growth fields



# Acquisition of Rolls-Royce's Aero Derivative Gas Turbine business offers great value

## Transaction scope

- Acquisition of **100% of Rolls-Royce's aero-derivative gas turbine (ADGT) and compressor business** including related **services business**
- Only **part** of Rolls-Royce's Energy Business



*ADGT's are an attractive power supply option e.g. for offshore oil & gas and for decentralized power generation*

## Transaction rationale <sup>3)</sup>

- 1 **Excellent fit – complementary technologies**
- 2 **Strengthens focus area Oil & Gas and Decentralized Power**
- 3 **Innovation leader** with "best in breed" gas turbines supported by **access to aero-technology**
- 4 **World-class global service platform**
- 5 **Significant synergies and enabling business**

## Transaction facts

- **Purchase price of £785m <sup>1)</sup>**
- Additional **£200m** for 25 years **exclusive** access to future Rolls-Royce **aero-technology developments** and **preferred access to supply and engineering services**
- **Ramp up to £50m+** annual gross **cost synergies** until FY2017 <sup>2)</sup> (~2/3 of long-term run-rate gross cost synergies)
- **EVA accretive in FY2020**
- **Closing** expected by **end of December 2014** subject to regulatory approvals

## Selected Rolls-Royce ADGT business financials (2013)

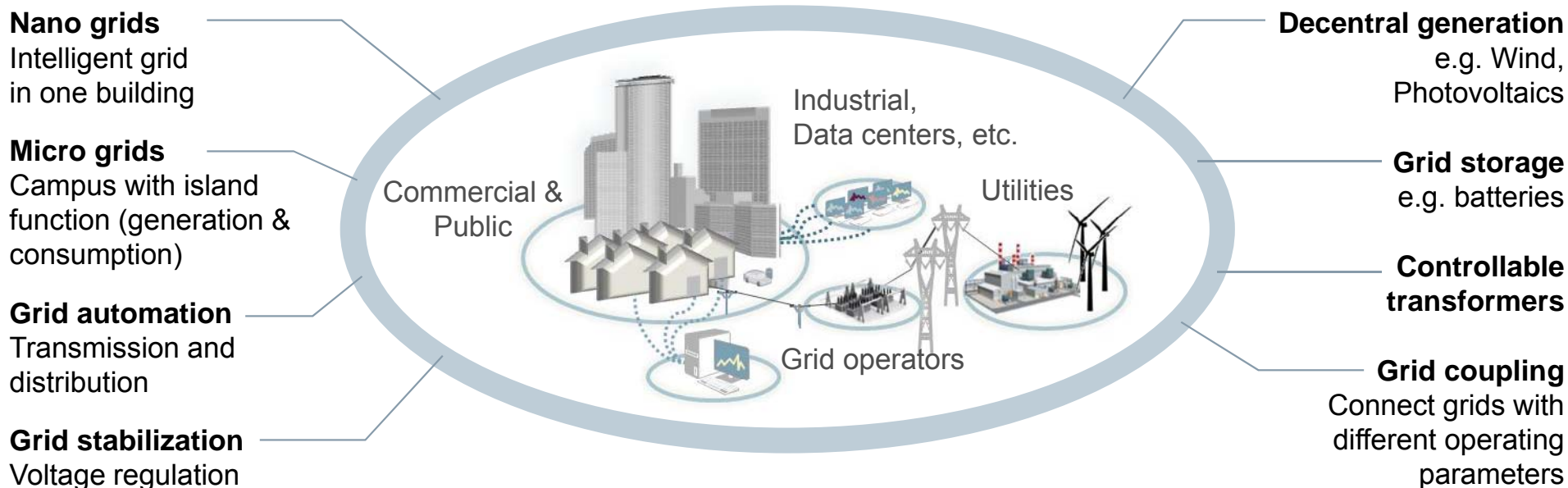
- **Sales:** **£871m**, thereof **~60% service**
- **Installed fleet:** **~2,500 ADGT**
- **EBIT:** **£72m (~8.3% EBIT margin)**
- **Employees:** **~2,400**

**Portfolio completion with key aero-derivative gas turbine technology for growth in the oil & gas industry and in decentralized power supply**

1) On a cash-and-debt-free basis; 2) Pre integration & transformation cost 3) Transaction rationale details – see slides in appendix

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## Automation is key to success



**While power electronics is a key enabler, integration and automation make the difference**

- Integration of renewables such as PV, Wind and storage systems
- Mitigation of negative effects on power quality by mass renewable integration
- Enabling semi/full autonomous prosumers ranging from large campuses to buildings
- Better utilization of existing power grid infrastructure

# Digitalization: From data to business

Digitalization

Automation

Electrification

### Attractive market in Siemens verticals

Market (€bn)<sup>1</sup>

Software & Vertical IT Solutions

Year	Market (€bn)
2012	56
2020	100

### Innovative business models

Business model innovation

- **Meter data management in the cloud**
- **Data Analytics** enriched plant control
- **Siemens remote service platform** across divisions

### Substantial profit margins achievable

IT enhanced Services	<b>&gt;30%</b>
Software products	<b>&gt;20%</b>
Combined SW & HW solutions	<b>&gt;15%</b>

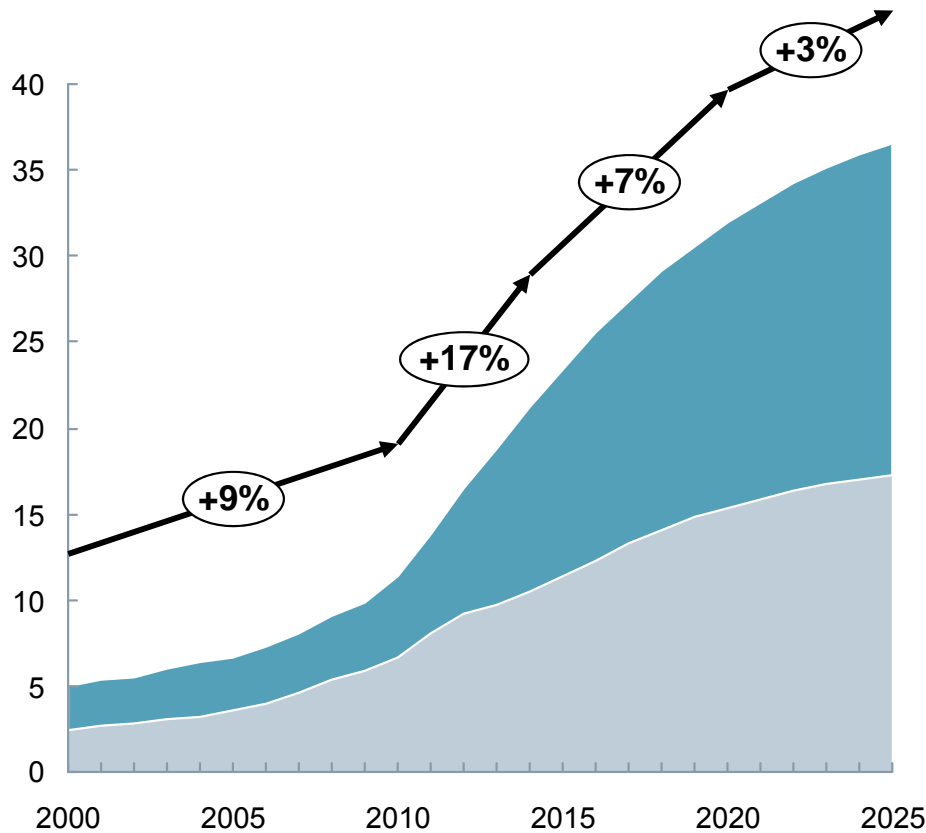
### Key enablers

- **Cloud strategy**
- **Data analytics platform**
- **Applications on top of platforms**
- **Strong partnerships**

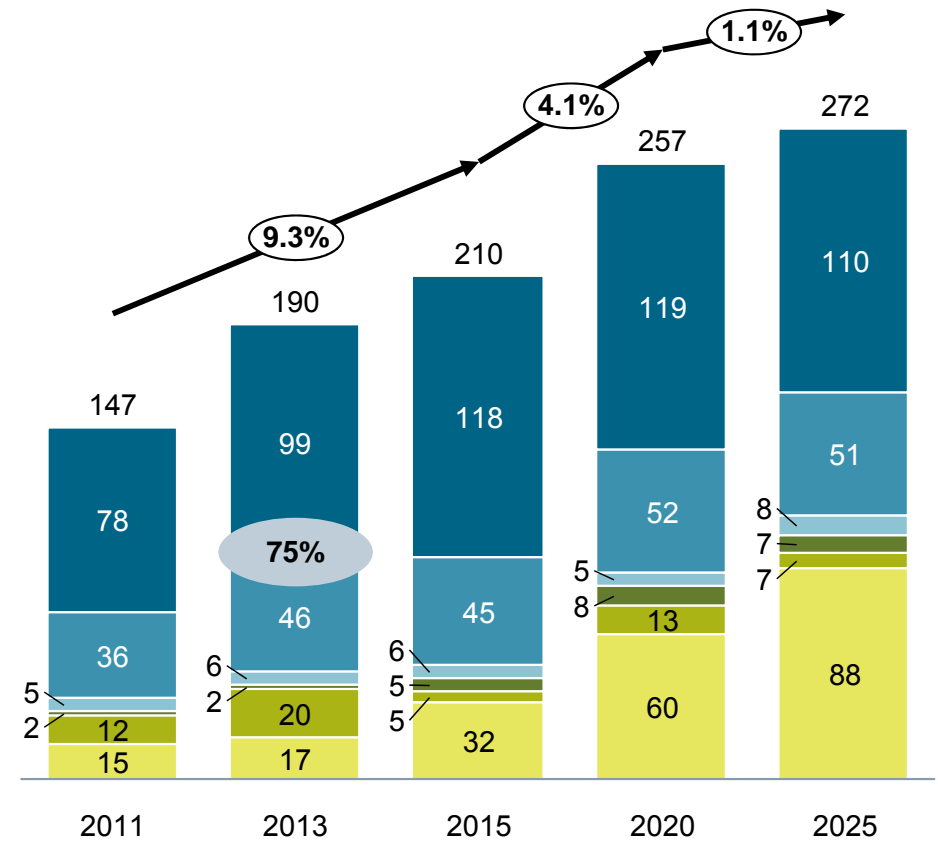
1) Source internal: Siemens market for vertical IT

# Unconventional Oil & Gas opportunities in North America remain very attractive

Global unconventional O&G supply development  
Production, in Mbbbl/d



Regional capex split for unconventionals,  
top 5 countries in 2025, USD billion



- United States
- China
- Australia
- Canada
- Venezuela
- Sum Others

■ Unconventional liquids ■ Unconventional gas

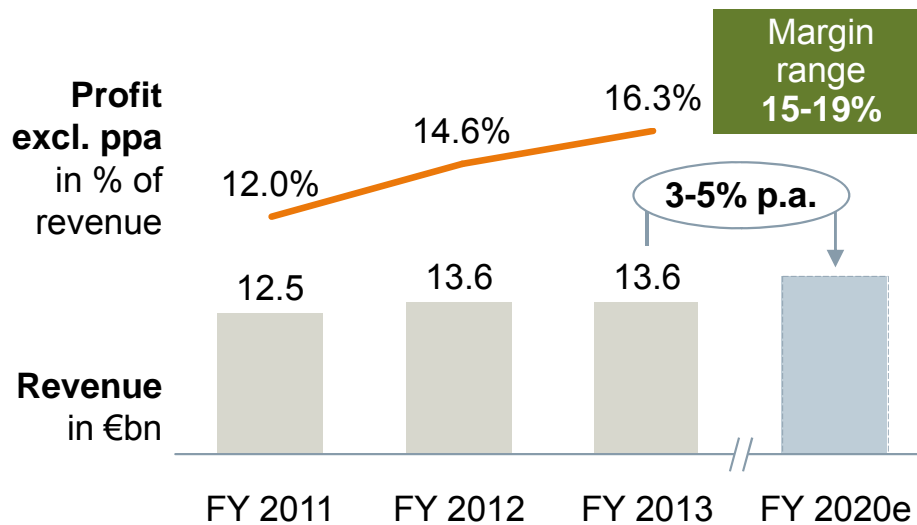
Source: Rystad Ucube 2014

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# Healthcare with higher entrepreneurial flexibility – separately managed under the Siemens umbrella

## Strong position, resilient performance



## Distinct trends at work

- Customer & market structures in transition (e.g. value-based reimbursement, convergence of diagnosis & therapy)
- Long-term paradigm shifts:
  - Potential disruptive technological changes (e.g. Big data analytics, knowledge based HC, molecular DX)
  - Point of Care/Mobile HC



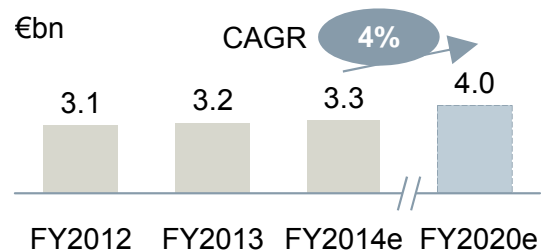
## Healthcare with individual set-up to succeed in changing environment

- Focus flexibly on market requirements
- Invest in growth opportunities to respond to paradigm shifts in the system
- Focus resource allocation to address distinct Healthcare industry characteristics
- Going public of Audiology

# Going public of Hearing Aids business creates an opportunity



## Attractive market



## Profit Pool 17-22% EBIT

Main competitors		Revenue reported <sup>1)</sup>
1	Sonova	CHF 1.8bn ≈ €1.5bn
2	WDH	DKK 7.9bn ≈ €1.0bn
3	GN Resound	DKK 4.2bn ≈ €0.6bn

- **Attractive market:**  
Secular growth, good margins
- **Strong Siemens performance**
  - Competitive technological basis
  - Highly respected brand
- However, **no synergetic value** – business can better realize full industry potential outside of Siemens
  - Distinct customers and go-to-market
  - Hearing aids growth areas far from Siemens core: Implants, retail, consumer electronics
- **Independently listed company**
  - **Build on strengths** of the business
  - **Focus management** attention
  - Raise **capital dedicated** to build business

## Success factors in place

- **Timing is right:** ✓  
Receptive stock markets, competitive position
- **Story is right:** ✓  
Leading global pure-play hearing aids player
- **Execution is right:** ✓  
Siemens experience, determined to succeed

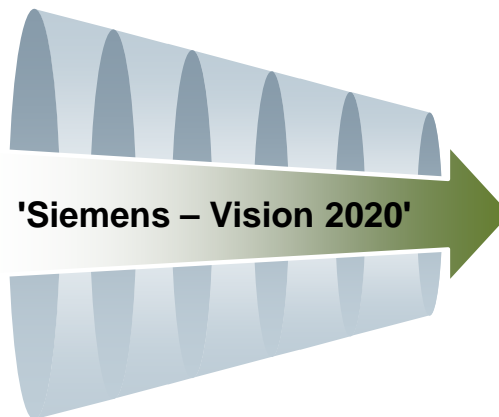
1) WDH and GN ReSound-Hearing Aids CY2013; Sonova as of FY12/13

# In depth analysis of businesses has led to specific conclusions

## Portfolio analysis



1. Areas of growth?
2. Potential profit pool?
3. Why Siemens?
4. Synergetic value?
5. Paradigm shifts in technology/markets?



## Conclusions

- **Fix underperforming businesses** starting with 'bottom 10' businesses
- **Decide along the Strategic Imperatives**
  - **Organic structural realignment**
  - **Strategic partnerships**
  - **Divestment** (best owner concept)
- Stringent resource allocation supported by **performance culture** and **One Siemens framework**

# JV with Mitsubishi-Hitachi Heavy Machinery creates a global prime supplier of metals technologies

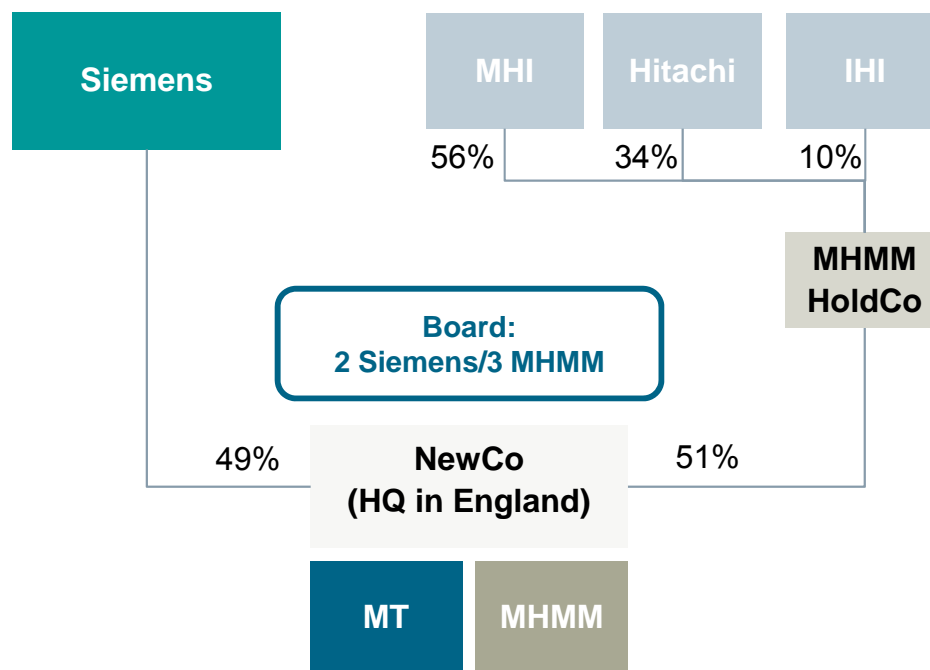
## Siemens Metals Technologies

- One of the world's **leading life-cycle partners to the metallurgical industry**, headquartered in Linz (Austria)
- FY 2013 **revenues of €2bn** and **~8,900 employees**
- Business mainly acquired by Siemens as part of VA Technologie AG in 2005
- Siemens contributes **whole business unit MT** excl. the services business for Electrics/Automation

## The Joint Venture

- **Mitsubishi Heavy Industry (MHI), Hitachi and IHI Metaltech** contribute their metals machinery JV **MHMM**
- MHMM focuses on the **hot and cold rolling mills** and **processing lines metals machinery** business with **revenues of ~€550m** in 2013
- MT and MHMM with **complementary regional footprint and product portfolio**
- The JV will become a **full-line supplier of metals technologies products and services** on a global scale
- **Strategic supply agreements** between JV and Siemens (e.g. Components, automation)

## Transaction Structure

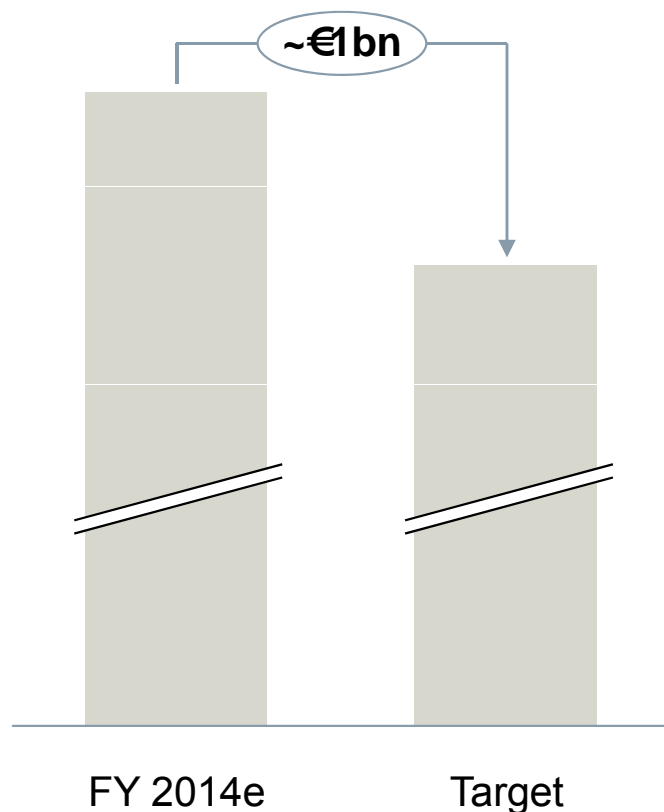


- **Siemens** to receive **49% ownership in the JV**
- 51% of the JV shares to be held by the HoldCo MHMM
- **Closing** expected by the **end of calendar year 2014**

# Simplification leads to reduction of overhead and support function cost by ~€1bn

## Target

### Functional cost reduction

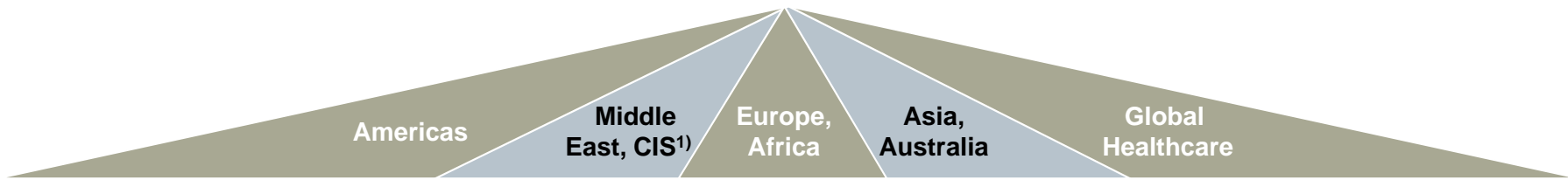


## Key actions

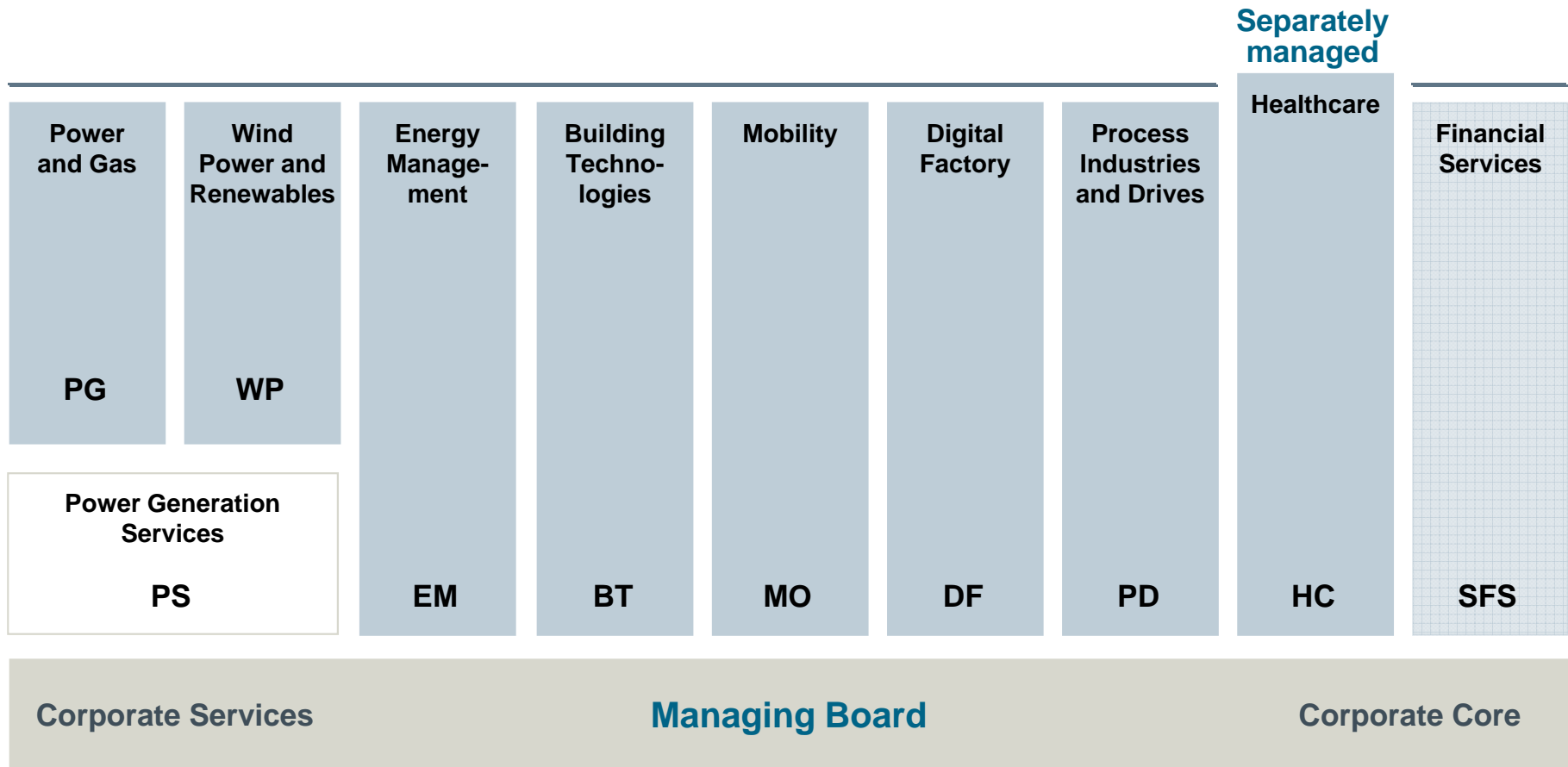
- Remove additional layers (Cluster, Sectors)
- Combine certain Divisions and Businesses
- Stringent management governance through all levels of the organization (Corporate Core)
- Optimization of Corporate Services on highest possible level
- Full savings to mainly materialize in FY 2016

# Flat and market driven organization along the value chain will capture growth opportunities

Go-to-market



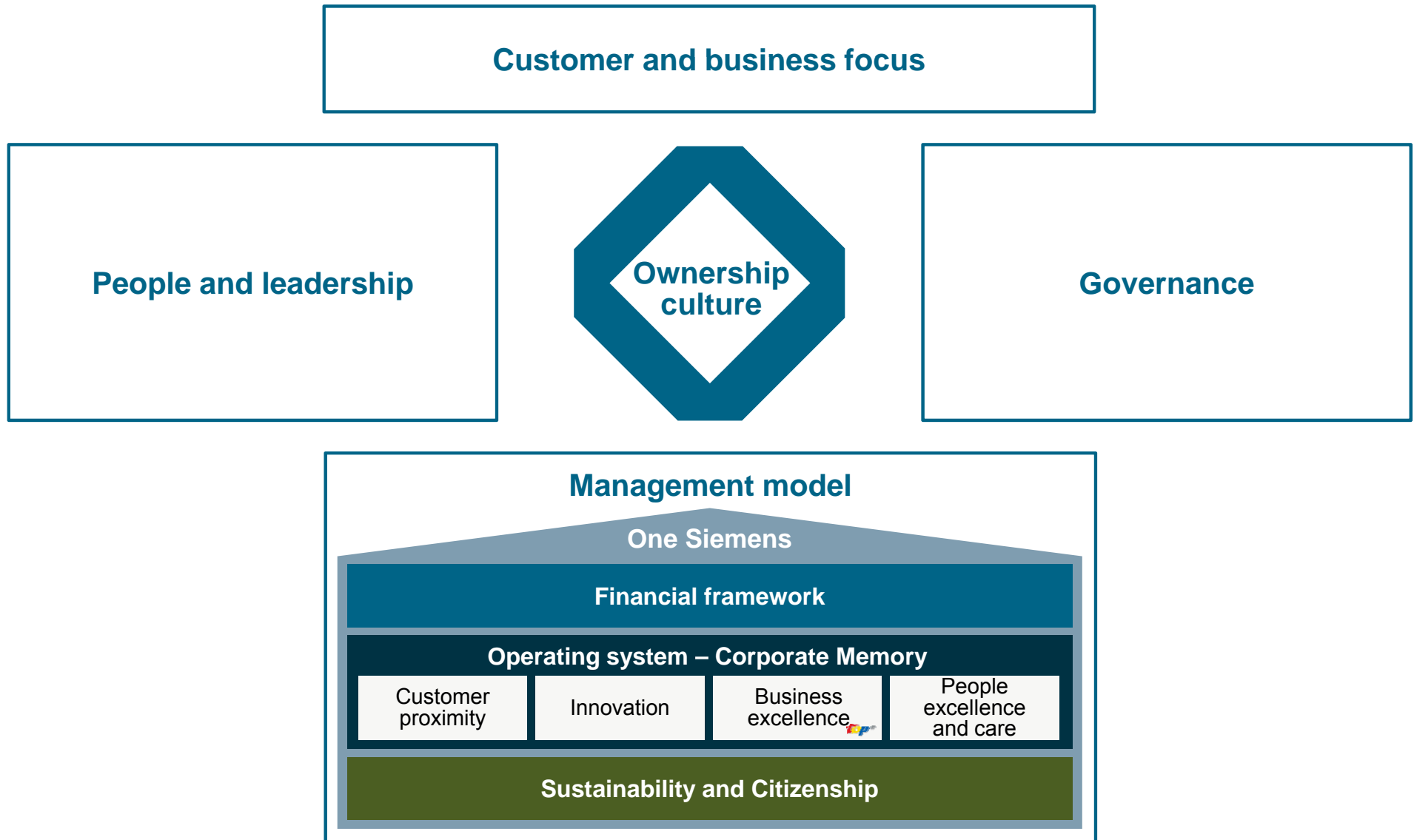
Divisions (Global P&L)



1) Commonwealth of Independent States

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# The Management model drives resource allocation and Ownership culture makes the difference



# One Siemens Financial Framework sets the aspiration

## One Siemens Financial Framework

Siemens

**Growth:**  
**Siemens > most relevant competitors<sup>1)</sup>**  
 (Comparable revenue growth)

**Capital efficiency**  
 (ROCE<sup>2)</sup>)

**15-20%**

**Total cost productivity<sup>3)</sup>**  
**3-5% p.a.**

**Capital structure**  
 (Industrial net debt/EBITDA)

**up to 1.0x**

**Dividend payout ratio**  
**40-60%<sup>4)</sup>**

Profit Margin ranges of businesses (excl. PPA)<sup>5)</sup>

**PG**  
**11-15%**

**EM**  
**7-10%**

**MO**  
**6-9%**

**PD**  
**8-12%**

**SFS<sup>6)</sup>**  
**15-20%**

**WP**  
**5-8%**

**BT**  
**8-11%**

**DF**  
**14-20%**

**HC**  
**15-19%**

1) ABB, ALSTOM, GE, Rockwell and Schneider, weighted 2) Based on continuing and discontinued operations 3) Productivity measures divided by functional costs (cost of sales, R&D-, SG&A-expenses) of the group 4) Of net income excluding exceptional non-cash items 5) excl. acquisition related amortization on intangibles 6) SFS based on Return on equity after tax



# Rigorous Operating System reinforces business excellence

## Enabler

**Customer proximity**

**Innovation**

**Business excellence**

**People excellence  
and care**

## Priorities & Results (by metrics)

- Key account management
- Market development boards
- Software architecture and platforms
- New technology driven growth areas
- Mandatory elements of *top+* framework (Benchmarking, productivity programs)
- Lean management
- Project risk management
- Service platforms
- Ownership culture
- Continuous development & learning, employability
- Integrity & compliance

# Corporate Memory for Project Management

## Lessons learned from legacy projects



High Speed Trains



Offshore Grid conn.



Particle Therapy

## Actions for project bid & execution phase

Typical risks and root causes identified

Early warning mechanisms defined

Mitigation measures identified

Concept for Corporate Memory

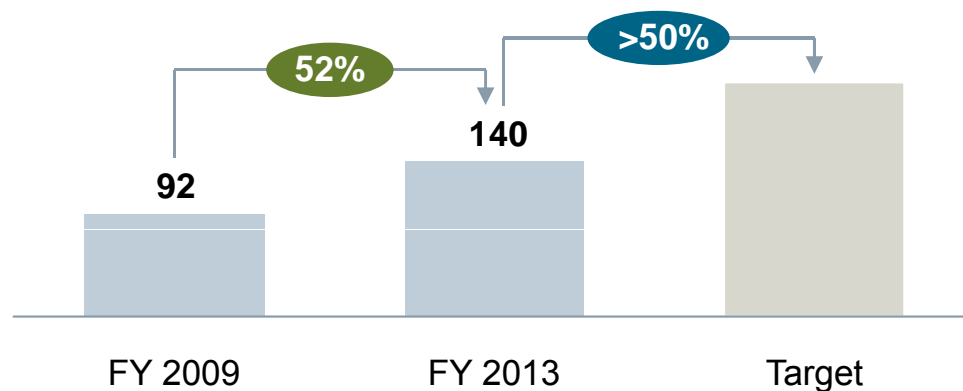
## Learnings applied: BORWIN 3 Offshore grid-connection platform

- **Extended project duration (5 years)**
- **Focus on HVDC grid – not a steel platform**
- **Partner accountable for platform; cable separately tendered**
- **Experience based pricing and contract design**
- **Avoid the 'resource trap'**

# Foster ownership culture through equity ownership and leadership based on shared values

## Foster equity ownership

Employees owning shares from Siemens Share plans (in thousand)



- >3% of shares are held by current **employees**
- ~107k **employees participated** in share matching plan 2014, up 5% from 2013

**Broad implementation of a Siemens Profit Sharing Pool (share based) planned**

**Ownership culture**

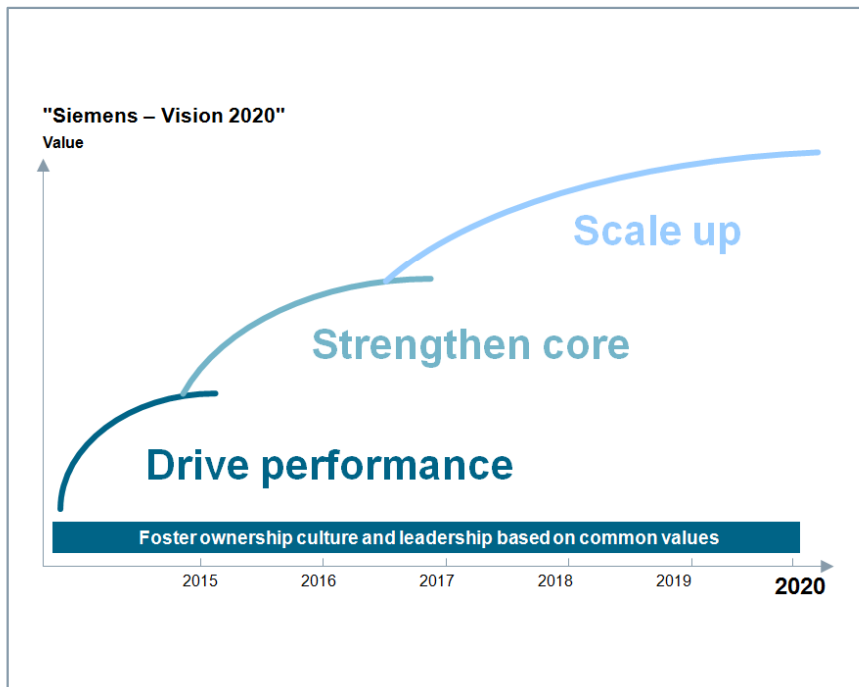
## Leadership based on shared values

**"It is not the strategy which makes the difference, but the culture of a company, its values and what it stands for"**

**"Always act as if it were your own company"**

# Siemens – Vision 2020

## Value creation & Cultural change



### Siemens – Vision 2020

1. Stringent company governance with effective support functions (cost reduction ~€1bn)
2. 'Underperforming' businesses fixed
3. Solid execution of our financial target system
  - Capital efficiency: ROCE 15-20%
  - Growth > most relevant competitors
4. Global and decentralized management structures: more than 30% of Division and BU management outside Germany
5. Partner of choice for customers (NPS up  $\geq 20\%$ )
6. Employer of choice (Siemens Engagement Survey: Employee Engagement Index, Leadership and Diversity Index: >75%)
7. Ownership culture: Increase number of employee shareholders by at least 50%

### Innovating the electrical world

NPS: Net Promoter Score

# Siemens – Vision 2020

## Clear milestones until 2016

Until	Execution steps
<b>Q4 2014</b>	Execution of 'Siemens 2014' measures
	Implementation of new organization, start in new structure on Oct 1
	Introduction of Incentive System 2015
	Sharpening brand message starting in Oct 2014
<b>Q2 2015</b>	Update on cost reduction (stringent governance, efficient support functions)
	Progress update on portfolio optimization
<b>Q4 2015</b>	Update on cost reduction (stringent governance, efficient support functions)
	Update on performance in growth fields
	Share buy-back executed (up to €4bn)
<b>Q4 2016</b>	Update on portfolio optimization and cost reduction

# Appendix

# Overview of businesses (I)

~€14bn<sup>1)</sup>

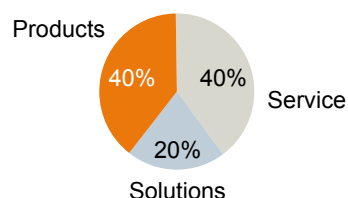
## Power and Gas



CEO: Roland Fischer

Strongly positioned in core markets:

**Gas Turbines, Generators, Steam Turbines, Solutions, Compressors, Instrumentation & Electrical**



(Split estimated based on FY 2013 revenues)

### Priorities

- Maintain **leading position** with **superior business model**
- **Strengthen competitiveness** through **operational excellence** and **cost out programs**
- **Technology leadership** throughout **portfolio** via **focused innovation** and **selective M&A**
- **Strong local presence** to secure **market proximity** and **customer care**
- **High market share** and **solid profit margin**

~€5bn<sup>1)</sup>

## Wind Power and Renewables



CEO: Markus Tacke

Unique competitive position:

**Clear #1 position in fast growing Offshore Wind Onshore Wind with selective approach on profitable projects**

### Priorities

- Remain world **leader** in sustainable **offshore** business through **innovation** and **industrialization** (e.g., new offshore facility in Hull/GB)
- In offshore further **drive down Levelized Cost of Energy (LCoE)** to reach <0.1 EUR/kWh by 2020; **onshore** to reach **grid parity**
- Onshore: **Margin improvement** and **consecutive growth**
- Manage **backlog execution** thoroughly across value chain

1) Estimated revenue based on FY 2013 financials (incl. Service)

## Overview of businesses (II)

~€12bn<sup>1)</sup>

### Power Generation Service



CEO: Randy Zwirn

**High margin/constant flow of revenue:**

**Service, modernization and upgrades of Large Gas Turbines, Large Steam Turbines, Generators, Industrial Turbines (e.g. Oil&Gas) and Wind Turbines (onshore/offshore)**

#### Priorities

- Continuously building up **highly profitable backlog** by strong increase in **growth regions** (e.g., Middle East, South Korea)
- Grow footprint in **Oil & Gas** industry
- **R&D investment** to make **fleet more valuable for customers** (e. g., condition based maintenance through data analytics)
- Expand **flexible value added service portfolio for Wind Power**

### Energy Management



CEO: Ralf Christian, Jan Mrosik

**Seamless offering**

**Transmission** (High Voltage Products, Solutions) (T)  
**Transformers** (T)  
**Low and Medium Voltage** (LMV)  
**Energy Automation** (SG)  
**Software Solutions & Services** (SG)

#### Priorities

- **Optimized go-to-market** addressing all types of customers **seamlessly**
- Extend leadership in **digitalization**
- **'Transform to win'** productivity program until 2015: Stabilize execution of legacy projects
- Continue **optimization** of **LMV**
- **Expand power electronics** business to distribution grid applications

1) Estimated revenue based on FY 2013 financials

( ) Organizational home division of business until Sep 2014



## Overview of businesses (III)

~€6bn<sup>1)</sup>

### Building Technologies



CEO: Johannes Milde

**Strong technology base and integrated solutions**

**Products & Systems  
Solutions & Services  
Building Performance & Business Continuity**

#### Priorities

- **Selective country approach** (products in emerging countries to solutions/services in mature markets)
- **Focus on organic growth in China**
- **Advanced Services** through IT and SW-based analytics
- Expand joint **go-to-market** with Energy Management (e.g., LMV for Data Centers)

1) Estimated revenue based on FY 2013 financials

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~€7bn<sup>1)</sup>

### Mobility



CEO: Jochen Eickholt

**Strengthened portfolio**

**Mobility Management** (Rail Automation, Road and City Mobility) (MOL)  
**Turnkey Projects** (MOL) and **Electrification** (SG)  
**Mainline Transport** (High Speed, Commuter Rail, Locomotives) (RL)  
**Urban Transport** (RL)

#### Priorities

- Ensure **stringent project execution of order backlog**
- Expand on **market leadership in Rail Automation**, deliver on synergies of €100m until 2018
- **Integrated turnkey projects** with high Siemens product content
- **Grow services** e.g., remote monitoring

( ) Organizational home division of business until Sep 2014

# Overview of businesses (IV)

~€9bn<sup>1)</sup>

## Digital Factory



CEO: Anton Huber

### Shaping future of manufacturing

**Factory Automation (IA)**  
**Motion Control (DT)**  
**Product Life-cycle Management (IA)**  
**Services (CS)**

#### Priorities

- **Digital Revolution** changes product development and manufacturing process ('Industrie 4.0')
- Secure customer retention by **leveraging PLM software and automation product** offering
- **Ongoing expansion** of the product portfolio and installed base
- Develop business in **data-driven services**

1) Estimated revenue based on FY 2013 financials

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~€11bn<sup>1)</sup>

## Process Industries and Drives



CEO: Peter Herweck

### Bundling process know-how

**Large Drives, Mechanical Drives (DT)**  
**Process Automation (IA)**  
**Upstream and Midstream (P)**  
**Metals Technologies (MT)**  
**Services (CS)**

#### Priorities

- Growth momentum due to **focused approach** on **strong growing key verticals** such as O&G, F&B, chemicals
- Invest in growth with **life-cycle business** – service capabilities and local set-up
- **Expand software offering** for digital engineering and operations
- Further optimize **efficiency and cost position** (field devices and drive train)

( ) Organizational home division of business until Sep 2014

# Overview of businesses (V)

~€13.6bn<sup>1)</sup>

## Healthcare



CEO: Hermann Requardt

### Personalized and affordable Healthcare

Imaging  
Clinical Products  
Diagnostics  
Customer Solutions  
Audiology

#### Priorities

- **Individual set-up** to succeed in **changing environment**
  - **React more flexibly to customers' requirements** and improve market penetration
  - Invest in **growth opportunities** to respond to **paradigm shifts**
  - Focus **resource allocation** to address **distinct Healthcare industry characteristics**
- **Going public of Audiology**

€18.7bn<sup>2)</sup>

## Financial Services



CEO: Roland Chalons-Browne

### Combine industrial and financial logic

Commercial Finance  
Project & Structured Finance  
Insurance  
Financing & Investment Management  
Venture Capital  
Treasury

#### Priorities

- **Financing as strategic differentiator** and **earnings contributor**
- Close **alignment** with **Divisions** to offer a **joint customer and market approach**
- Sound **financial risk management** and **portfolio diversity**
- **Respected partner** to the **financial markets**

1) Revenue FY 2013; 2) Total Assets Sep 30, 2013

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( ) Organizational home division of business until Sep 2014

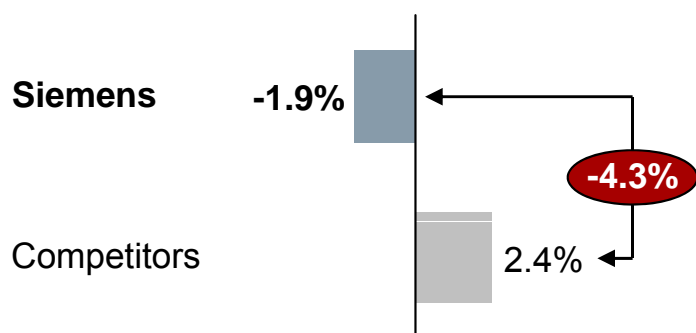
# One Siemens cockpit – H1 FY 2014

ROCE in target corridor despite impact on Energy margins

## Financial target system

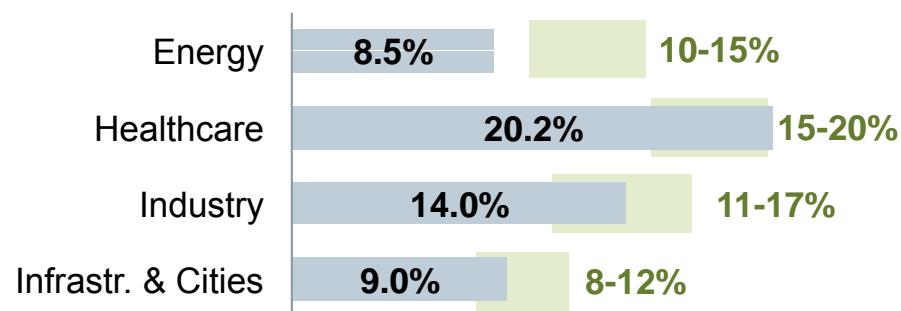
### Growth<sup>1)</sup>

Revenue growth (rolling 4 quarters Q2 FY 14)



### Margins compared to industry benchmarks

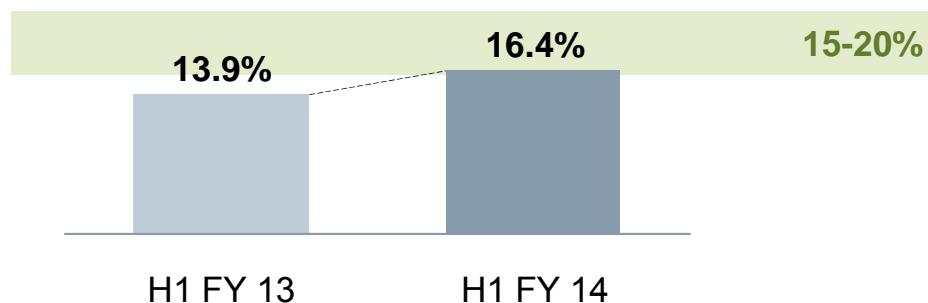
EBITDA Margins (H1 FY 2014)



EBITDA margins of respective markets throughout business cycles

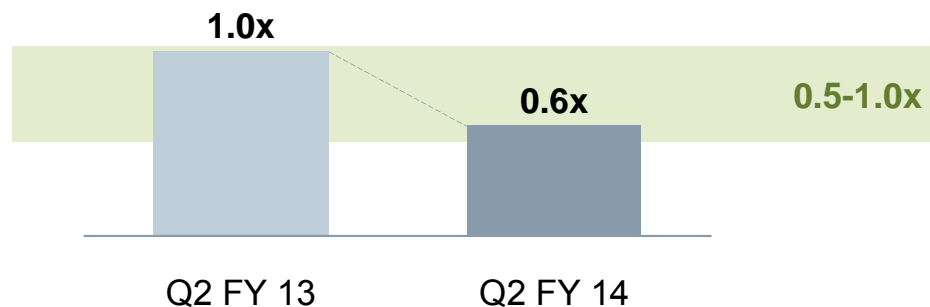
### Capital efficiency

ROCE adjusted (continuing operations)



### Capital structure

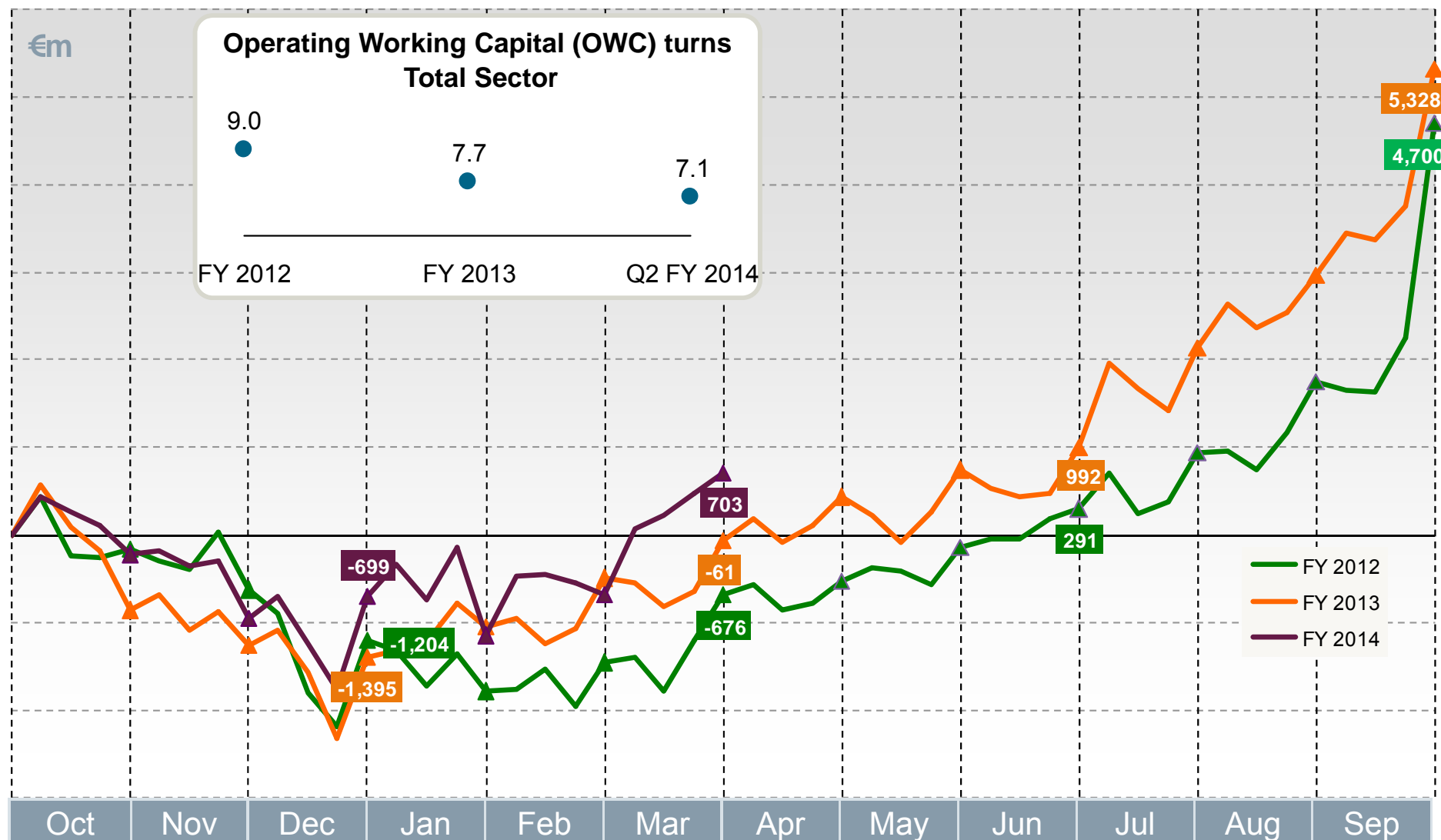
Adjusted industrial net debt/EBITDA



1) As reported

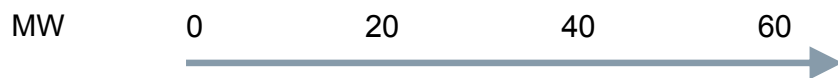
# Free Cash Flow

Decent performance in Q2 after a weak start in Q1



# 1 Excellent fit – complementary technologies

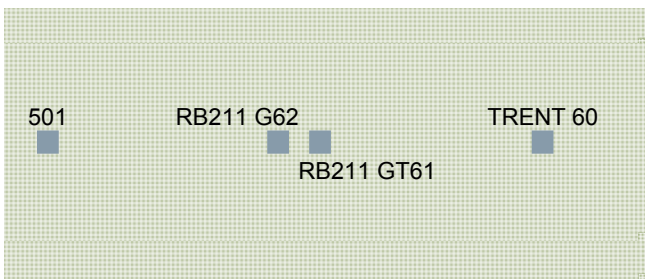
## Product portfolio with full power output range for both technologies



IGT (Siemens)



ADGT (Rolls-Royce)



## Complementary technology strengths

- ✓ Only on-site service possible
  - ✓ Good gas fuel flexibility
  - ✓ Stable proven DLE systems
  - ✓ Designed for efficient combined cycle power plants
- 
- ✓ Light cores and fast core change for service (changeable within 24h)
  - ✓ Quality level inherited from aero engines
  - ✓ Designed for high number of cycles with high efficiency



Main application:  
Industrial power generation



Main application:  
Offshore production platforms

- Customers can choose from different technologies in the full output range
- Joint portfolio will be strong alternative for customers compared to other players in the sector

DLE = Dry Low Emissions: Emissions combustion system to minimize the emissions to atmosphere

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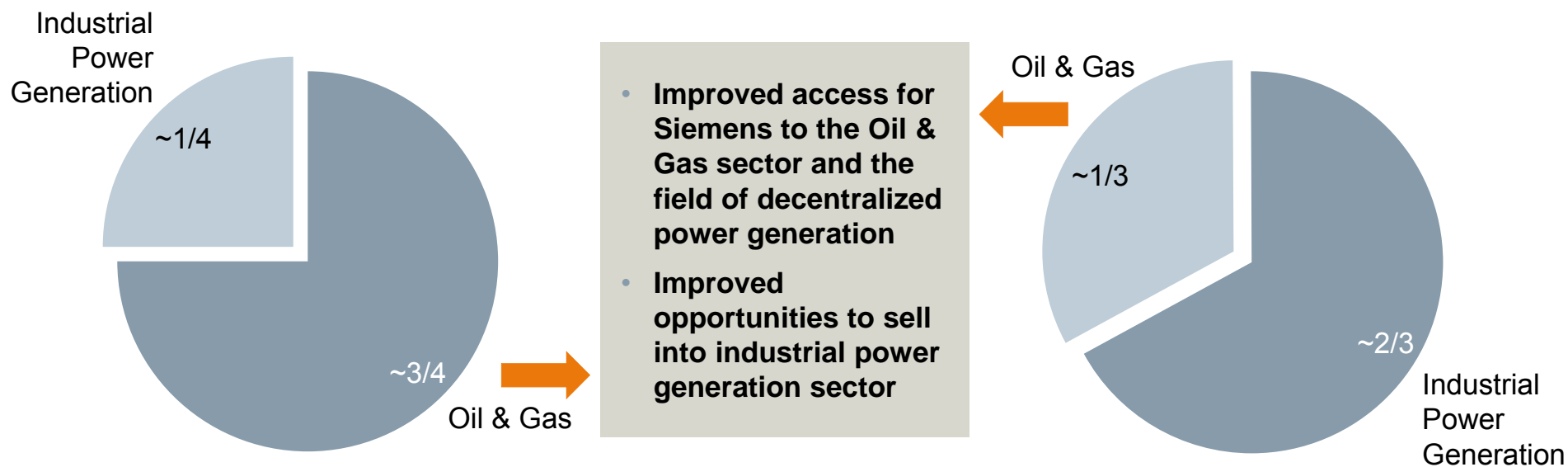
## 2 Strengthens focus area Oil & Gas and Decentralized Power

### Rolls-Royce ADGT Business

### Siemens

Rolls-Royce ADGT Business' new equipment<sup>1)</sup> revenue by sector

Siemens new equipment revenue by sector



➔ Rolls-Royce acting mainly in the Oil & Gas sector

➔ Siemens acting mainly in the IPG sector

- Complementary strengths in different sectors
- Improved coverage to both Oil & Gas and industrial power generation sectors

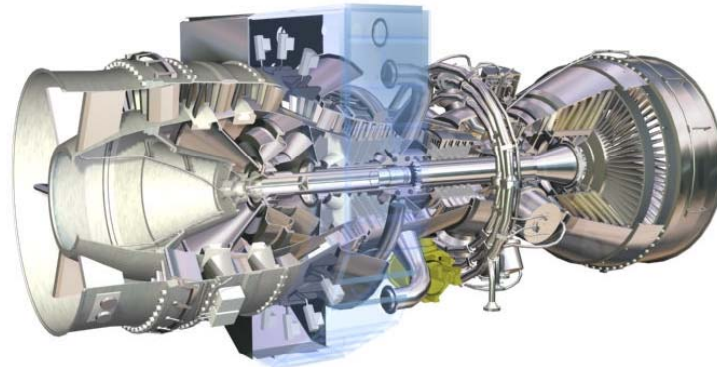
1) Excluding aftermarket services business

### 3 Innovation leader with "best in breed" gas turbines supported by access to aero technology

#### Rolls-Royce: ADGTs

##### Industrialisation of ADGTs:

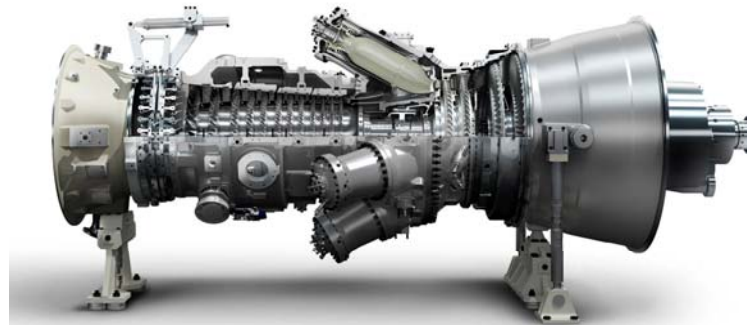
Improved competitiveness through industrial instead of aero parts



#### Siemens: IGTs

##### Application of aero technology to IGTs:

Improved competitiveness through increased efficiency



**Significant innovation potential through combined technology know-how to develop 'best in breed' hybrid gas turbines**

**Access to aero derivative technology for Siemens and significant innovation potential of combining leading technologies**

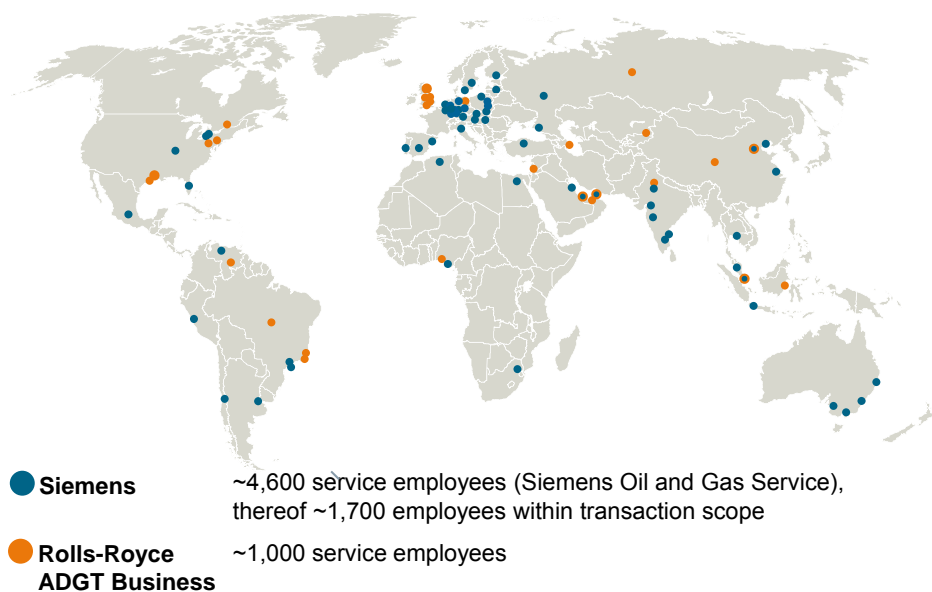


# 4 World-class global service platform

## Strong combined service platform

Sites over 5 FTEs

~5,600 employees in total



## Large installed fleet

Small & medium industrial gas turbines

~2,250 units



Siemens fleet

Compressors

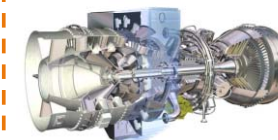
>10,000 units

>1,700 units



Aero derivative gas turbines

~2,500 units



Rolls-Royce fleet

- Transaction strongly utilizes Siemens' world-class sales and service organization
- Customers benefit from powerful global platform with further improved customer proximity
- Focus on long-term relationship with customers regarding service benefits both customers and service business

## 5 Significant synergies and enabling business

### Cost synergies

- Purchasing synergies: Savings through higher purchase volume and broader supplier base
- Process optimisation & design to cost: Industrialisation of ADGT parts
- Manufacturing synergies: Implementing operational excellence
- Integration of sales force and service sites

### Sales synergies

- Siemens' sales force and industrial power generation sector access to place ADGT products
- Siemens to improve access to Oil & Gas sector through comprehensive product range and the Rolls-Royce ADGT Business' sector access
- New equipment sales synergies will drive corresponding service synergies

**£50m+ annual gross cost synergies in FY2017 with further upside thereafter <sup>1)</sup>**

(in FY2017 ~2/3 of long-term run-rate gross cost synergies reached)

**Significant additional upside from sales synergies**

The scope and scale of Siemens' Energy business will enable the acquired business to realize significant profit potential

1) Pre integration & transformation cost, synergy investments and allocations

## Financial calendar

### May

**May 7, 2014**

Q2 Earnings Release and Strategy Update (Berlin)

**May 21, 2014**

Roadshow France (Paris)

**May 22, 2014**

Roadshow Germany (Frankfurt)

**May 28, 2014**

Roadshow Canada (Montreal)

**May 29, 2014**

Bernstein Conference (New York)

### June

**June 12, 2014**

JP Morgan Conference (London)

### July

**July 31, 2014**

Q3 Earnings Release and Analyst Call

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# 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; 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 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.

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 (Fiscal 2014)

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.