SPEECH FOR PRESS CALL

Q3 2022

“STRONG TOP LINE MOMENTUM AND SOLID EXECUTION – OUTSTANDING FREE CASH FLOW”

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Check against delivery.

[Roland Busch]

Ladies and gentlemen,

The recent months have again been very challenging and impacted by significant geopolitical and economic turmoil. However, Siemens' many strengths give me confidence. Our customers' demand for our technologies and our portfolio remains strong. And as a technology leader, we've also captured market opportunities.

We've succeeded in continuing our top line and excellent cash flow momentum.

Looking at the next 12 to 18 months, our teams are working on several scenarios to prepare for managing our challenges in an agile way. Whether it's potential risks relating to gas and energy availability, supply chain constraints due to the pandemic, or the impacts of cost inflation and rising interest rates with knock-on effects on the economy.

We've also thoroughly analyzed the risks our business could face from potential gas shortages. At present, we see only minor direct effects on our manufacturing locations because our production activities are not energy intensive. Direct energy supply accounts for only around 1 percent of our purchasing volume.

Almost 100 percent of our power demand in Europe comes from renewable sources. We've purchased with foresight and hedged longer-term. We only use natural gas in a few sub-sectors in production, and therefore our demand for gas is comparatively low. Take Germany, for example. Of the roughly 280 gigawatt hours of gas Siemens consumed here in 2021, we used 90 percent for heating and only 10 percent in production.

And we've already taken precautionary measures to keep our production operations running in the event of a gas shortage.

In addition, we're doing everything we can in our operational business to offset increased labor and supply costs through pricing actions and measures to enhance productivity. In the months to come, our businesses will keep a tight grip on their operating expenses in order to maintain their margins.

We expect that current developments will have a positive effect on our business in the medium term if, for example, production capacities are reshored or labor shortages increase.

Due to these effects, it’s becoming more urgent for companies and societies to make fundamental changes: more automation, more digitalization, more resource efficiency and more decarbonization.

These are also the key levers to reduce dependence on fossil fuels and become more resilient overall. And this transformation fits perfectly with our strategy. Our portfolio addresses precisely these long-term growth trends.

Ever since its founding 175 years ago, Siemens has been a global company. Its internationality is still reflected in our setup today.

Our value chains are close to our customers in our three largest markets: the U.S., Germany and China. We’ve localized development, procurement, production and services in all these regions.

Our twin factories concept – implemented, for example, at Digital Industries’ locations in Amberg, Germany, and Chengdu, China – enables us to provide digital transparency regarding available capacities and inventories and to distribute production across different locations in an agile and flexible manner. It also means we can actively manage geopolitical risks.

We’re also working on reducing risks in our supply chains. We’re opening up additional sourcing channels and expanding existing partnerships. We’re focusing on mitigating the impact on our customers as much as possible.

Let’s turn now to the operational highlights of Q3. Our customers invested in automation and digital transformation and enhanced their resource and energy efficiency through electrification.

Our book-to-bill ratio was 1.23, and growth momentum was truly outstanding. Orders were up 32 percent at Digital Industries and 26 percent at Smart Infrastructure.

Overall, revenue increased 4 percent. We generated double-digit growth at Digital Industries and Smart Infrastructure, while growth at Healthineers normalized due to a decline in the demand for rapid COVID-19 tests.

As expected, lockdowns in China in April and May impacted production output. In June, our teams did a tremendous job and made substantial progress in catching up. This effort will continue in Q4.

I’m particularly proud of the automation business at Digital Industries – we’ve gained market share here again. Revenue grew 15 percent despite supply chain challenges.

What’s particularly important to me is consistent and strong Free cash flow. It’s now setting us apart from our competitors. As a focused technology company, we’ve made major improvements: In Q3, we achieved outstanding Free cash flow of €2.3 billion. In fiscal 2022, we also expect to again achieve a ratio of Free cash flow to revenue of more than 11 percent.

By early July, we’d received €2.3 billion from the divestment of company units. These proceeds have enabled us to accelerate our share buyback program while providing us with ample liquidity.

At the end of June, we announced a €2.7 billion extraordinary impairment of the carrying amount of our investment in Siemens Energy. For this reason, we’re adjusting our guidance to take account of this purely accounting-driven effect.

Excluding this non-operational impairment, our original targets remain intact. This is quite a remarkable achievement in my eyes. Finally, we accelerated the wind-down of our business activities in Russia, resulting in further write-off effects of almost €600 million in Q3.

Looking at the quality of its order backlog, we’re convinced that Mobility is a business that basically has the potential to achieve double-digit margins. But we’ve had to adjust our margin expectations for fiscal 2022 due to the effects of the wind-down of our business activities in Russia, the pandemic and component shortages. Ralf will give you more details in a moment.

We’re particularly pleased with the progress of our strategic initiatives for driving the expansion of our business with digital and sustainable technologies and with how we’re also simplifying our portfolio. I’ll go into more detail on this shortly.

These are all concrete examples of how we deliver even in difficult times. Now let’s turn to the figures.

All-in, operational performance was solid with continuing growth momentum.

At €22 billion, orders in Q3 were impressive, with 1 percent organic growth. At €99 billion, our order backlog was again at a record level – and of a high quality.

Revenue grew 4 percent to almost €18 billion. The largest share of this growth came from North America and South America, which were up 10 percent, and from Asia and Australia, which posted a 7 percent increase. India and Korea led the way in this region, while revenue in China was flattish due to the lockdowns. Growth was weaker in Europe due solely to declining revenue from COVID tests at Siemens Healthineers.

The profit margin at the Industrial Business was 17 percent, including a gain of 440 basis points from the sale of Yunex.

Basic earnings per share from net income before purchase price allocation accounting (EPS pre PPA) came in at €1.52, excluding the impairment from our investment in Siemens Energy. All-in, EPS pre PPA amounted to a negative €1.85.

A core lever for value creation is our goal of growing our digital businesses by around 10 percent a year by 2025.

And we are, in fact, on a strong growth trajectory in this regard. In the first nine months of fiscal 2022, we achieved €4.7 billion, and we're very confident we'll exceed our goal of 10 percent for 2022 as a whole. And we'll manage to do so despite the ongoing transition to software-as-a-service (SaaS) at Digital Industries.

To fuel further high-value growth, Smart Infrastructure acquired Brightly, a U.S.-based market leader focused on software solutions for asset and maintenance management. Brightly is an excellent fit for us and our goals.

This company will boost our revenue by €180 million, mainly in the SaaS business. Its 800 employees serve around 12,000 customers in an attractive market with double-digit growth rates. Combined with our existing portfolio, we're a frontrunner in digital buildings and built infrastructure operations.

The grid software business at Smart Infrastructure has now teamed up with Esri. This California-based company is a market leader in geodata information systems. We'll complement Esri's rich source of data with our grid modeling and simulation software.

This move will allow us to create a holistic digital twin for power grids that will enable these grids to manage the input of even higher volumes of green power. As a result, power grids can be planned and operated even more effectively, thereby enabling us to accelerate the energy transition.

A key component of our strategy is Siemens Xcelerator, our open, digital business platform. We launched this platform together with our customers and partners at the end of June. With this step, we're reinforcing our digital growth goals and enabling even faster innovation.

Because Siemens Xcelerator is enabling us to accelerate the digital transformation of companies of all sizes. This transformation will become easier, faster and scalable for customers in industry, buildings, grids and transportation.

What makes Siemens Xcelerator so unique?

We adhere to four principles: interoperability, flexibility, openness and "as-a-service." The goal is for products to be able to communicate with one another and to be connected modularly and seamlessly. The entry threshold is lower because customers don't buy licenses but can book the solutions individually as-a-service.

The platform comprises three main building blocks.

First, a curated portfolio of IoT-enabled hardware, software and digital services – both from all Siemens businesses and from certified partners. This portfolio covers a rich offering of connected sensors and field devices, edge computing, cloud services, software and apps. Step by step, we'll transform our entire hardware and software portfolio, connect it to the cloud, and use standardized application programming interfaces (APIs).

Our grid software suite and Building X, our AI-based suite for climate-neutral buildings, which we've already launched, are built on these same design principles.

At the upcoming InnoTrans trade fair, Mobility will present a renewed Mobility X software suite and Railigent X for digital services.

Second, Siemens Xcelerator offers a strong and growing ecosystem that builds on partnerships with IT companies, such as Accenture, Atos, AWS, Bentley, Microsoft and SAP. This building block also includes industrial partners and smaller and medium-sized companies. In a first step, more than 50 partners were certified, and our network is growing fast.

Third is a marketplace, which will evolve over time and on which customers, partners and developers can interact.

With Siemens Xcelerator, we’re breaking down boundaries and opening up completely new opportunities for collaboration. One example is our partnership with NVIDIA: together we want to build the industrial metaverse, and we’ve already started.

I met Jensen Huang, CEO of NVIDIA, last fall in the U.S. At our meeting, it quickly became clear that both our companies have a lot in common and that they can complement each other wonderfully. We immediately created a team that developed a concept and a plan in just a few months.

Jensen Huang was here in Munich for the Siemens Xcelerator launch. We spoke – together with Milan Nedeljković, the member of the Board of Management of BMW AG responsible for production – about how our technologies decisively advance the manufacturing industry.

We’ll combine our digital twin, which is based on real physical data and empirical values, with NVIDIA’s photorealistic visualization and AI competence. This expertise will be used to create digital twins that we can fully immerse ourselves in and that can react to changes in real time. Multiple specialists – no matter where they are – can collaborate in the industrial metaverse as if they were really in the same room. Such a team can solve very real problems in the virtual world – such as variances or even downtimes in production.

Their decisions will be faster and better, increasing productivity and making the entire lifecycle of a product sustainable.

Together with BMW and NVIDIA, we plan to implement the industrial metaverse for the first time at a new BMW manufacturing location in Hungary.

Another building block of our digitalization strategy: our product lifecycle management (PLM) business at Digital Industries is making good progress in its transition to software-as-a-service.

Customers are happy to switch to the new SaaS model. In the first nine months of the fiscal year, around 2,350 customers subscribed to this model. To date, 70 percent of these customers have been small and medium-sized businesses. Many are also new customers, so we’re broadening our customer base as planned. In Q3, 76 percent of PLM contract renewals were based on the SaaS model. These renewed contracts now account for almost 80 percent of our total contract volume.

As a result, annual recurring revenue (ARR) was up 13 percent compared to Q3 2021, while ARR in the cloud business is now at 12 percent, again three percentage points higher than in Q3 2021.

More ARR also meant lower revenue and profitability for the PLM business in Q3.

Sustainability – just like digitalization – is a really important motivation for our customers' investment decisions.

A landmark example is the new, 2,000-kilometer rail system in Egypt.

This €8.1 billion contract comprises a fully integrated system of rolling stock and infrastructure – high-speed, commuter and freight trains. The project will sustainably transform Egypt's economy with safe, quicker and reliable transport.

Compared to today's passenger and freight traffic, the new system will cut CO2 emissions by more than 1 million tons a year. In addition, 40,000 new jobs will be created and local training programs established.

To date, we've booked around €300 million in orders and advance payments relating to the project. We expect the financing to be completed in fiscal 2023. Then we'll see more clearly how further order intake will be booked.

We've got many good examples of how we're helping our customers with the sustainable and digital transformation of their businesses.

The company Skeleton is building a new factory for its next generation of supercapacitor cells (supercaps). Supercaps are particularly efficient energy storage systems – in other words, crucial components for reducing emissions in transportation. Our team at Digital Industries is providing support by implementing a holistic automation and digitalization approach. There's even more potential in this strategic partnership.

In addition, the team from Senseye – a new acquisition – is enabling us to enhance our offering for the AI-based predictive maintenance of machines in the manufacturing industry. As a result, customers have less downtime and can optimize their efficiency.

The education sector is a crucial vertical for Smart Infrastructure. I'd like to highlight our partnership with the University of East London. The university aims to be carbon-neutral by 2030. We're supporting this goal by providing an infrastructure for renewable energies and by improving efficiency.

Together with Volkswagen, Siemens Financial Services has invested in the expansion of North America's public charging network. By 2026, Electrify America intends to double its offering to 10,000 ultra-fast charging stations. With our charging stations and Smart Infrastructure's grid management software portfolio, we're well suited to be a technology partner for Electrify America.

I'd like to highlight two projects at Mobility.

First, we've opened the Elizabeth Line in London, marking the conclusion of a multiyear infrastructure project. We've also received the first order for our fuel-cell-powered trains. This order marks a milestone in the transformation of transportation: emission-free trains can run on tracks where diesel-powered trains run today.

All these examples demonstrate the importance of sustainability for our business. But we've also made further progress in implementing the goals of our DEGREE framework.

I'd just like to mention two highlights:

In the latest EcoVadis rating, which assesses the sustainability of suppliers in global supply chains, we've made significant progress compared to 2021: we're now in the top 4 percent of our peer group.

What's even more important for me: the latest global survey, in which more than 150,000 colleagues recently participated, has shown the outstanding bond our people have with Siemens and our values. Our colleagues were asked how highly they would recommend Siemens as an employer. The Net Promoter Score from this question was 37. A score of more than 30 is already considered outstanding.

This achievement is more than just a good reason to thank everyone for their motivation and dedicated efforts in Q3. Without them, this operational success would not have been possible!

Before I hand over to Ralf Thomas, I'd like to say a brief word about the progress we've made in optimizing our portfolio. As you know, when it comes to divestments, we always want to find the most suitable owner – one who'll develop a business and create value better than we can.

At Large Drives Applications, we're fully on track with the spin-off. Another example is the recent divestment of our low-voltage NEMA motors business to ABB.

With Sqills and Brightly and several smaller acquisitions, we've strengthened our software and digital service offerings. We plan to continue making such acquisitions, which will have a direct impact on our business also in the future.

It wasn't an easy quarter, but we've mastered its many challenges extremely well. What makes me very optimistic is that we have the right portfolio for our customers' major requirements – digitalization and sustainability. All our markets have a long-term growth trend. We have the right strategy to benefit from this growth. And of course, we also have the right team.

Thank you!

[Ralf P. Thomas]

Ladies and gentlemen,

As always, I would like to begin by referring you to our Earnings Release, where you will find the results for all businesses, including the figures for Siemens Healthineers, which have already been announced.

That said, we will now turn directly to a detailed look at our performance in what was once again a very eventful third quarter. One brief note: All volume changes to follow that are expressed as a percentage have been adjusted for currency translation and portfolio effects.

We will begin with the results for Digital Industries.Our key markets, such as automotive, machine building and electronics, showed continued underlying growth momentum with signs of a certain normalization.

Overall, the book-to-bill ratio was at a remarkable level of 1.33, which further boosted our backlog at Digital Industries to more than €13 billion. Customer cancellations were at a level close to zero and did not play a material role. As a result, we have relatively good visibility for the fourth quarter and beyond.

All automation businesses showed massive order growth, up by 35 percent overall.

In the software business, orders were up around 20 percent, with several larger deals in the electronic design automation business, or EDA for short.

We are very pleased that revenue in the automation businesses rose 15 percent. The strongest contributions to this rise came from the motion control and factory automation businesses.

The Digital Industries team did an excellent job of containing the impact from lockdowns in China. In addition, our pricing adjustments contributed almost 5 percent to revenue growth in the automation businesses. In the third quarter, we saw some component shortages for high-margin electronics products. Our teams worked hard to minimize the impact of these shortages.

Yet, we expect the situation to ease only gradually and remain challenging beyond fiscal 2022.

Revenue in discrete automation was up 16 percent. Process automation is on a steady upward path and achieved 8 percent revenue growth.

Revenue in the software business was up 3 percent. Growth of 20 percent in the EDA business had a positive impact here. Impact in the opposite direction came from ongoing momentum in our transition to software-as-a-service in our product lifecycle management – or PLM – business. As a result, PLM revenue was 6 percent lower year-over-year.

This decline came because of the general principle at work here: The faster and more successful we are in our SaaS transition, the higher the negative impact on our revenue recognition due to the corresponding accounting differences.

The profit margin for Digital Industries was, at 18.3 percent, somewhat below our expectations, mainly because of the component shortages for high-margin products that I mentioned earlier. These shortages led to a less favorable revenue mix. In addition, we made focused investments, as previously announced.

Restructuring charges of €27 million, with a negative margin impact of 50 basis points, were mostly related to winding down business activities in Russia.

Ongoing investments of €76 million in cloud technologies accounted for around 150 basis points of negative impact on the Digital Industries margin. These expenditures will, as expected, continue to increase in the fourth quarter.

We are excited that Digital Industries achieved a new all-time high Free cash flow of more than €1.2 billion, which also led to an excellent cash conversion rate of 1.38.

In the automation business, we had to build up higher inventories to ensure our ability to deliver. This buildup's negative effect on Free cash flow was more than compensated by the continuing high level of advance payments, mainly in China, and by stringent management of payables.

Of course, we expect the level of the advance payments that we receive to normalize once we work through the backlog. Looking at the most important of our vertical end markets for the next quarters, we expect continuing growth momentum that will also be clearly influenced by price inflation. Here, we watch the underlying real investment sentiment very closely. So far, this sentiment looks positive for capital goods.

These statements are based on current market data. We will, of course, remain vigilant in tracking the macroeconomic situation. And, as Roland said, we remain agile to react swiftly with prepared, concrete measures for cost management if need be.

Now, let me give you the regional perspective on our very dynamic growth in orders and revenue in the automation business:

All regions showed order growth above 20 percent, with China soaring by 32 percent due to continued very strong demand. Europe also recorded strong top line momentum – with Germany up 22 percent and Italy even growing by 35 percent.

For the future, we expect a sequential normalization of demand for the fourth quarter and a gradual reduction of order backlog in fiscal 2023.

Revenue growth in the automation business was broad based. After the COVID lockdowns, China delivered an impressive catch-up race with an all-time high revenue level, up by 14 percent. In Germany, revenue grew 11 percent. The main driver here was the motion control business. Italy showed 17 percent revenue growth across all businesses. In the U.S., the motion control and process automation businesses each increased by double digits.

Although order backlog is at a record level, the outlook for the fourth quarter again depends largely on global availability of components, on logistic constraints and on a still fragile situation in China with its zero-COVID policy.

From today's perspective, we assume high single-digit revenue growth on a comparable basis for Digital Industries, based on a double-digit contribution from the automation business and a flattish development in the software business due to the SaaS transition.

We expect a profit margin of around 20 percent. The margin will be highly dependent on the business mix for revenue and on the speed of our SaaS transition.

Our pricing will more than compensate for cost inflation in the fourth quarter and will make a higher contribution to the results than in the third quarter.

In a nutshell: we are sticking to our annual guidance for Digital Industries.

Let’s turn now to Smart Infrastructure, or SI. The SI team continues to deliver, and it achieved a very strong third-quarter performance.

Growth in orders and revenue was excellent in still favorable end markets.

Margins were up and also benefited from a gain on the divestment of SGS, the Austrian company Siemens Gebäudemanagement und -Services GmbH, or SGS for short.

In total, orders were up 26 percent, driven most notably by more than 40 percent growth in the electrical products business and 38 percent growth in the electrification business.

Both businesses benefited from major orders from leading social media and software companies to further expand their data center infrastructure. The buildings business was up 11 percent on balanced growth in products, solutions, and the service business.

Revenue growth reached 10 percent in total, with the largest contribution coming from the electrical products business, up 18 percent.

The SI team again successfully managed larger constraints in the supply chain.

In addition, close to 5 percentage points of revenue growth at SI is attributable to price increases.

The profit margin of 12.9 percent was up 150 basis points year-over-year. It benefited from the mentioned divestment gain and from higher capacity utilization as well as from structural improvements from rigorous execution of our competitiveness program, which is fully on track.

Headwinds from commodity hedging as well as from inflation of component and logistics costs were, to a large degree, mitigated by pricing actions.

Smart Infrastructure's Free cash flow was solid overall, although inventories were intentionally increased to secure production amid tight supply chains. We are keeping a very close eye on this situation, and it is likely to normalize in the coming quarters.

Looking at the regional top-line development, we saw strong order momentum in all regions except China. This momentum was led by the U.S. with a notable 48 percent increase.

Growth in revenue was also led by the U.S., which saw an impressive increase of 12 percent. Revenue, too, increased in all regions, except for China.

We assume that China will continue to recover in the fourth quarter because the key production sites and important distributors in the Shanghai region have already begun making up for lockdown-related shortfalls in April and May.

The service business delivered 6 percent growth in total, led by a clear increase in Europe and the Americas.

As in Digital Industries' end markets, we see nominal growth in all key verticals. Here again, this momentum is driven by price inflation. We watch underlying demand closely, particularly in commercial buildings.

Other important end markets – such as power distribution, electronics, data centers, and healthcare – show rather robust growth.

On this basis, our expectation for the fourth quarter is that the comparable revenue growth rate will be towards the upper end of the target range for our full-year growth guidance. We assume that the fourth-quarter profit margin for SI will be seasonally strong in the range of 13 percent to 14 percent. These expectations are under the assumption of largely stable supply chains.

We expect the so-called economic equation – which is the economic balance of inflation in the costs of material and of labor on the one hand and productivity gains and increases in our own prices on the other – to turn clearly positive in the fourth quarter.

Again, in a nutshell, as with Digital Industries: Smart Infrastructure confirms its annual guidance despite the current challenges.

As Roland mentioned, Mobility's financials in the third quarter saw several extraordinary effects.

Orders were, at 2.8 billion, very solid but lower than the exceptionally strong prior-year quarter, in which Mobility had booked its largest-ever rolling stock contract in the U.S.

Nevertheless, we again acquired orders in the U.S. and in Europe, primarily for our market-leading locomotives. In total, we have now sold more than 1,500 Vectron locomotives in Europe.

The rail infrastructure business showed moderate growth that, overall, resulted in a solid book-to-bill ratio of 1.12.

The order backlog stands at €36 billion, with consistently healthy gross margins.

And we are pleased that our sales funnel continues to look very promising, especially for fiscal 2023.

Revenue was up 4 percent on broad-based growth.

However, two factors held revenue recognition back: As one aspect, there were still supplier delays in delivering materials and components – which, unfortunately, was particularly the case for high-margin business activities. As another aspect, there were pandemic-related effects – in particular, higher absence rates within our production workforce due to illnesses.

Correspondingly, these effects trickled down to the bottom line.

In addition, the reported profit margin of 28.7 percent contains three major one-off effects:

First, a €739 million divestment gain from the sale of Yunex Traffic supported the profit margin with 30.1 percentage points.

Second, this positive impact was countered by –mostly non-cash – negative effects from the wind down of the business activities in Russia amounting to around minus 360 basis points.

And third, an impairment on intangible assets weighed on profitability with minus 180 basis points.

Free cash flow was at €47 million in the third quarter. Since Mobility saw some customer payments shift to the fourth quarter, we expect a significant catch-up effect in that period.

At this point, I want to highlight that proceeds of around €900 million from the Yunex Traffic divestment strengthened our liquidity outside Free cash flow, as previously announced.

Our assumption for revenue growth for Mobility's fourth quarter is flattish, which is still largely due to missing revenue from Russian projects and to constraints in the supply chain.

Under the assumption of gradually easing material supply strains and logistic challenges, we expect the fourth-quarter profit margin to be in the mid to high single digits.

In this connection, we expect that the productivity of our factories in the fourth quarter will not yet fully reach the levels they had before the coronavirus pandemic.

On this basis, we now expect Mobility to reach a profit margin between 7.5 percent and 8.5 percent for fiscal 2022.

Siemens Financial Services, or SFS, delivered an impressive performance in the third quarter. The performance was strongly influenced by Russia-related charges totaling €123 million, mainly resulting from impairments on the Siemens leasing business in Russia.

Higher credit-risk provisions also weighed on profit. These effects were compensated by an outstanding contribution of €128 million from the equity business, which was mainly driven by gains from the revaluation and selling of stakes in investments, which happened as planned at the beginning of the fiscal year.

Despite the material negative impact from Russia, from today's perspective, we expect SFS' return on equity to be at the lower end of the target range of 15 percent to 20 percent for the full fiscal year.

Here, I will keep the presentation of the other results from outside our Industrial Businesses crisp: We continue to pursue our goal of creating sustainable value within our Portfolio Companies with great vigor and very successfully.

Early in the fourth quarter, we recorded a post-tax gain of around €900 million from the sale of Siemens Logistics' mail and parcel business.

Our at-equity stake in Siemens Energy resulted in a very heavy non-cash burden of almost €2.9 billion in the third quarter.

Since the Siemens Energy share price had declined significantly during the third quarter, we had to take non-cash impairment amounting to €2.7 billion on our 35 percent stake in the company.

Technically, prior to the impairment, the stake's book value had already been reduced by €152 million in the third quarter as a result of the at-equity loss and effects from the purchase-price allocation accounting.

In the line item "Financing, eliminations and other items," we recorded significant Russia-related impacts at Corporate Treasury totaling €442 million, resulting mainly from funding Siemens' financing and leasing business.

In addition, we booked a non-cash revaluation loss of €125 million on our stake in Thoughtworks.

For the full fiscal year 2022, we now expect a negative amount of between €500 million and €600 million for the line item "Financing, eliminations and other items."

Since the net loss was mainly driven by a non-tax-deductible impairment on the Siemens Energy stake, the tax rate came in at a mathematically negative 67 percent. Due to this technical effect, we now expect, for the full year, a tax rate between 35 percent and 40 percent.

Let's turn now to our excellent Free cash flow performance in the third quarter, which again highlights our ability to deliver strong and consistent Free cash flow throughout the year on stringent working capital management across all businesses.

In particular at a time when, as has now happened, impairments influence our income statement, Free cash flow is an extremely important and reliable indicator of our actual operational strength.

We are very confident that we will be able to continue this successful path, despite the existing supply chain constraints and an already very high level of advance payments from customers.

I want to point out clearly here that €2.3 billion of cash inflows from divestments of parts of the company are not part of Free cash flow and are additionally strengthening our liquidity in the second half of fiscal 2022.

This situation, combined with the current low share price, has been giving us room to accelerate our share buyback program sharply. In the third quarter alone, the buyback volume was more than €650 million. This amount now brings the total since the start of the program to €1.1 billion.

The non-cash impairment’s impact on net income also weighed on the industrial net debt over EBITDA ratio, which nevertheless remained stable at 1.6 times.

Since Free cash flow and divestment proceeds continue to remain outstanding, our balance sheet is very strong.

We will continue deleveraging as promised while still offering our shareholders a very attractive total shareholder return again in this fiscal year.

After an eventful quarter, let me briefly summarize our guidance for “EPS pre PPA,” which is our basic earnings per share prior to effects from purchase-price allocation accounting.

In our original guidance at the beginning of fiscal 2022, we started with the assumption that our EPS pre PPA would be in the range of €8.70 to €9.10. This guidance included an expectation of around €1.5 billion in portfolio gains.

From today’s perspective, we expect to record portfolio gains from divestments of around €2.2 billion, which is around €700 million ahead of original expectations.

What we could not foresee at the beginning of fiscal 2022 were the negative – mostly non-cash –wind-down effects in connection with the exit from the business activities in Russia. The impact on net income amounted to €572 million in the second quarter and €558 million in the third quarter. So far, therefore, we have recorded a negative impact of €1.1 billion on net income from these effects.

Our portfolio gains, which are higher than originally expected, as well as the strong and profitable growth in our Industrial Business, will help compensate for these negative “Russia effects.”

To this extent, our guidance only needs to be adjusted for the non-cash impact from the impairment of €2.7 billion of our stake in Siemens Energy AG. This amount corresponds to negative impact on earnings of €3.37 per share, which leads to a range of €5.33 to €5.73 for the EPS pre PPA.

This range corresponds to our original guidance for EPS pre PPA of €8.70 to €9.10, without considering the impairment of our stake in Siemens Energy.

Let me now close, ladies and gentlemen, with a look at the other key performance indicators in our outlook.

For the Siemens Group, we continue to expect growth of 6 percent to 8 percent in comparable revenue, and a book-to-bill ratio above 1. Digital Industries continues to expect to achieve comparable revenue growth of 9 percent to 12 percent for fiscal 2022.

The expectation for the profit margin of 19 percent to 21 percent is also unchanged, including an expected reduction of up to 2 percentage points from fast ramp-up of the strategic transition to software-as-a-service.

Smart Infrastructure continues to expect comparable revenue growth in the range of 6 percent to 9 percent and a profit margin of 12 percent to 13 percent.

Mobility continues to expect revenue on the prior-year level. The profit margin is now anticipated to be in the range of 7.5 percent to 8.5 percent.

As always, this outlook excludes burdens from legal and regulatory matters.

And now, ladies and gentlemen, we have come to the end of our report on a very eventful third quarter – a quarter with strong top line momentum, outstanding Free cash flow once again, and a great performance on the part of the entire Siemens team in challenging times.

Thank you!

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