SIEMENS

SPEECH FOR PRESS CALL

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“OUTSTANDING FISCAL 2026 PERFORMANCE – INDUSTRIAL AI TO DRIVE FUTURE GROWTH”

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Check against delivery.

[Roland Busch]

Ladies and gentlemen,

Good morning everyone and thank you for joining us for today's telephone conference.

Fiscal 2026 was another extraordinarily successful year for Siemens. We delivered outstanding order growth, supported by high structural demand in our key markets.

Revenue growth also accelerated further and reached 8 percent.

Earnings per share before purchase price allocation accounting – or EPS pre PPA – grew even faster, increasing by 14 percent. This growth reflects our strong operational performance.

Free cash flow – the ultimate measure of our performance – was up 12 percent to €12.1 billion.

And once again, we reached our guidance.

We also made progress in our strategic key performance indicators, or KPIs.

Our digital business continued to show strong momentum. Revenue was up 16 percent to €10.9 billion. As a result, this business already accounts for close to 20 percent of Siemens' total revenue – and this is without Siemens Healthineers. We're fully on track to double our digital business revenue by fiscal 2030.

A key catalyst for this rapid growth is the continued strength of the software business at Digital Industries, or DI. Revenue now exceeds €7 billion.

Annual recurring revenue, or ARR, was up 12 percent year-over-year.

Very importantly, artificial intelligence, or AI, is driving growth at DI's software business and beyond even more strongly.

In fiscal 2026, around 5 percent of the revenue generated at DI's software business was already attributable to AI.

But the opportunities created by Industrial AI go well beyond software.

For us, Industrial AI is THE defining growth opportunity. And Siemens is ideally positioned to win in this sector.

Why Siemens?

Because we have a clear head start. For years, our strategy has been to combine the real and the digital worlds. And Industrial AI is making this combination more valuable than ever before.

Industrial AI requires more than powerful models. It requires real-world industrial data. It requires deep domain knowhow: how do engineering, physics and complex systems interact? This is precisely where Siemens is unrivalled.

We have a strong, unmatched portfolio in Industrial AI. Our software enables customers to build the most comprehensive physics-based digital twin of their products and their production processes – all the way down to the simulation of molecules and atoms. We know exactly how things are built in the real world.

WE give AI the context it needs to act in the industrial world. And we do this in business-critical environments. Our customers trust us here.

Our AI agents are already transforming engineering workflows from design to the shopfloor. We have a global footprint covering the industry, infrastructure and mobility markets.

Our Eigen Engineering Agent – the first of its kind – demonstrates how fast we can be.

Since its launch in April, we've expanded the Agent across the entire engineering value chain.

We've broadened its reach across industries such as semiconductors and consumer packaged goods. And most recently, we expanded it into automobile manufacturing.

Customer adoption is very strong.

Because what matters in Industrial AI is not only what technology can do.

What matters is the value our customers create with it.

Take our customer ANDRITZ, for example, a global supplier in the machine building sector to several key industries.

The company has around 30,000 employees at more than 250 locations in over 80 countries. ANDRITZ is already using many products from our automation and software portfolios.

At a company of its size, engineering is performed at a scale of several million hours every year, followed by several million more hours for installation and commissioning.

Improvements enabled by generative AI have the potential here to drive massive gains in productivity, cost efficiency and overall competitiveness.

That's why the Metals unit at ANDRITZ is using our Eigen Engineering Agent. The AI agent has the potential at ANDRITZ Metals to fundamentally change how engineering is done:

Because – today – the information comes to the engineers. They don't have to search for it. And that information is grounded in the company's own real-world industrial data, its standards and engineering knowhow.

Because – today – engineers can generate and refine software for automation interactively. They don't have to write it manually. Every result is checked against the relevant specifications – also by people so that the engineers can trust the AI.

Instead of navigating complex documentation, engineers can ask questions and receive immediate answers.

All this is based on a deep understanding of specifications, drawings of plants and references from other factories, with decades of engineering experience.

At a customer this big, the impact is significant: thanks to our Eigen Engineering Agent, ANDRITZ Metals can now perform the same engineering tasks twice as fast.

And because the customer's individual engineering rules are captured and reused, the capacity for these processes grows without adding headcount. For us, that's scaling at its best.

Machine building is a key sector for other growth verticals like semiconductors, aerospace, defense and robotics. For us, this is another opportunity to scale:

We use digital twins, data, networked automation and Industrial AI in order to further increase the value we deliver to customers and in order to grow with them.

In short: we scale Industrial AI by combining the real and the digital worlds.

ANDRITZ, our customer reference, illustrates the power of our ONE Tech Company program.

We're accelerating our profitable growth with five growth levers – all supported by our highly synergistic portfolio of hardware, software and services and by stringent investments.

We're turning our strength in digitalization and AI into growth in attractive verticals and regions. And our strategic growth levers are reinforcing each other.

Lever 1: Grow AI.

AI in operations has now moved from piloting at our customers to scaling.

The semiconductor sector is rapidly expanding its capacities. Customer demand for digitally enabled manufacturing and AI-driven productivity in facilities and operations is enormous.

GlobalFoundries is one example. Our partnership for this company's new AI-enabled control center in Singapore proves why customers trust Siemens in critical operations.

We combine GlobalFoundries' semiconductor manufacturing expertise with our strengths in industrial digitalization.

The AI-enabled control center will, upon full deployment, integrate more than one million critical data points to support capabilities such as AI-driven predictive maintenance.

The customer detects potential issues earlier, reduces unplanned downtime and can respond faster.

Lever 2: Grow Digital.

This week we signed an agreement to acquire Lauterbach, a leading supplier of debugging and tracing solutions for embedded software and system-on-chip architectures.

We want to combine Lauterbach's industry-leading debugging technology with our hardware-supported verification solutions – and thus further expand our competitive advantage.

This combination will enable customers to develop and test their embedded software earlier – even before the real chip exists.

The planned acquisition is another key step in the growth of our digital business.

And the acquisition of Altair and Dotmatics is also accelerating our growth in this area. It's enabling us to accelerate our transformation into an AI-powered technology company.

Altair and Dotmatics are both developing very successfully. Their integration is fully on track.

At Altair, we've met our ambitious revenue targets for fiscal 2026 and are realizing the first revenue synergies.

The combined organization is operating as ONE team. We're leading the way in AI-powered simulations – through Physical AI.

At Dotmatics, we're also seeing strong momentum and a robust synergy pipeline. Revenue is developing as planned, and profitability is even exceeding expectations.

Lever 3: Grow Verticals.

Our data center team is a prime example of how much impact a ONE Tech approach can have. In fiscal 2026, orders grew by triple digits to more than €8.5 billion, while revenue was up around 60 percent to €4.6 billion.

Growth in this sector is super-fast, and we're innovating just as fast – through R&D and partnerships. Just last quarter, we announced that we're teaming up with strong partners to develop solid-state transformers and supercapacitors.

Why did a key company in the semiconductor industry choose Siemens to design next-generation AI factories?

Because we're leaders in direct-current switching. Because we're masters of industrial automation. And because we're the only company that can deliver the full digital thread for these factories.

Lever 4: Grow Regions.

Our customers think globally. So do we.

Every market is different. But the winning formula is the same everywhere: technology wins, speed wins, resilience wins.

The U.S. remains a key growth market in automation. We're differentiating ourselves through software-defined automation, industrial edge, integrated hardware and software offerings and our strength in large-scale greenfield projects.

Our U.S. automation business grew 12 percent in fiscal 2026, and we expect even faster growth in fiscal 2027.

I said “speed wins.” This aspect is of utmost importance in China. Our Chinese customers are fully embracing Siemens Xcelerator and Industrial AI. Our local-for-local portfolio in automation is proving the power of speed: faster innovations and development, lower costs and strong customer adoption.

In China, revenue with this portfolio grew more than 25 percent in fiscal 2026, and we keep launching new products.

Now, we’re seizing the opportunity: we’re going global with selected products to grow faster.

All this is ONE Tech at work.

Finally, our fifth growth lever: The people in our company.

They remain our strongest growth driver.

That’s why we’re fostering their expertise and leadership abilities and developing our organization further: so that they can actively drive growth and convert the potential of Industrial AI into value-added.

Let me bring all this together.

Our ONE Tech Company program is now in full swing.

Industrial AI is at the heart of our strategy. We scale Industrial AI by combining the real and the digital worlds. For our customers. For Siemens. For our shareholders.

The targets of our ONE Tech Company program remain unchanged: stronger customer focus, faster innovations and, ultimately, higher profitable growth.

We’re entering this next phase of our transformation from a position of strength.

And the planned spin-off of Siemens Healthineers is fully on track. It’s a decisive step to reinforce Siemens’ leading role in Industrial AI.

We see major opportunities ahead for our business. We see powerful growth trends and strong key markets. That’s why we’re raising our mid-term targets.

We now expect comparable revenue growth of 7 percent to 11 percent – up from the previous 6 percent to 9 percent.

For earnings per share, or EPS, we're raising our growth target to "double digits."

We've started the new fiscal year with strong momentum and a clear plan that we can build on.

Based on our record backlog, structural demand for AI and digital infrastructure, public investment programs and a further pickup in our industrial markets, we expect comparable revenue growth of 9 percent to 11 percent in fiscal 2027.

And we expect EPS pre PPA in the range of €10.20 to €10.80, up 13 percent at the midpoint. This guidance excludes Siemens Healthineers.

With that, let me hand over now to Veronika.

[Veronika Bienert]

Ladies and gentlemen,

And good morning, everyone. Allow me to jump right into the details of our fourth quarter and into our outlook for fiscal 2027.

We closed fiscal 2026 with an outstanding quarter, setting records across multiple key metrics.

Orders reached an all-time high of €34.8 billion, driven by outstanding business momentum at both Smart Infrastructure and Mobility. Digital Industries finished the year on a strong note as well.

Revenue growth accelerated to 10 percent, with healthy growth across all businesses, led by Smart Infrastructure.

Strong top-line performance translated into record profit of €3.9 billion in our Industrial Business, reaching a profit margin of 16.8 percent.

Free cash flow was another highlight in the fourth quarter, coming in at €5.6 billion. This result once again demonstrates the strong cash-generation power of our businesses.

Let’s now walk through the key drivers behind these results. In the appendix to the presentation, you will find the full set of financial details in the familiar format.

With strong order bookings at the end of the fiscal year – in both automation and software business – order growth at Digital Industries, or DI, accelerated to 15 percent and exceeded our expectations.

Orders in DI’s automation business were up 16 percent, with a book-to-bill ratio of 1.02.

Growth in discrete automation continued, supported by the aerospace and defense industry and by the electronics industry. Increasing investments in AI infrastructure and in semiconductors also drove additional industrial demand in machinery.

From a regional perspective, the U.S. showed particularly strong momentum. Driven by project business, orders in the automation business were up 61 percent.

Also, Germany benefited from larger orders – for example, in life sciences. Germany also saw improving investment sentiment in export-driven industries. These factors contributed to overall order growth of 19 percent.

In China, order intake rose 8 percent. Following strong momentum in July and August, growth in order intake in DI’s automation business in China softened in September. This slowdown partly reflected order shifts into October.

In addition, in October, we saw strong customer activity ahead of announced price increases.

Roland already highlighted the continued strength in DI’s software business.

Q4 marked an exceptionally strong finish to a successful fiscal 2026 overall. With orders of €2.9 billion, DI set a quarterly record.

Several larger orders booked in product lifecycle management, or PLM, and in electronic design automation, or EDA, drove this performance.

In addition, we successfully converted projects from our sales pipeline into orders, including early renewals with significant upselling.

Major wins included high-profile customers across semiconductors, electronics and industrial end markets, such as aerospace and defense.

Both the automation and the software businesses at DI successfully converted strong demand into revenue, exceeding our expectations.

Automation business grew 8 percent, led by the short-cycle businesses in China and the U.S.

Both revenue in software business and annual recurring revenue, or ARR for short, increased 12 percent at DI.

Digital Industries' profit margin improved 540 basis points year-over-year. Excluding severance charges, its profit margin increased 200 basis points. Higher volumes in automation business and a better-than-expected business mix drove this improvement.

A clearly net-positive "economic equation" also supported Digital Industries' profit margin, alongside some slight currency tailwinds.

In its software business, Digital Industries continued to benefit from the smooth and successful integration of Altair and Dotmatics.

Integration-related costs weighed on Digital Industries' profit margin by 60 basis points, in line with our expectations.

Digital Industries enters fiscal 2027 on a strong foundation with confidence in its trajectory to seize growth opportunities in a solid market environment.

Therefore, for Digital Industries, we expect comparable revenue growth in the range of 8 percent to 12 percent. Double-digit growth in DI's software business and accelerated growth in its automation business will drive this increase.

We are building on our leading portfolio, enhanced by AI and by our optimized sales setup.

At the same time, industry-wide pricing actions in the automation business may lead to some volatility in customer order phasing.

For Digital Industries, we expect a profit margin for fiscal 2027 between 20 percent and 22 percent.

In DI's automation business, we will see benefits from higher volume, while we diligently offset cost headwinds with productivity measures and adequate pricing.

In DI’s software business, the transition to the software-as-a-service, or SaaS, model has now been completed.

Furthermore, we expect increasing contributions from Altair and Dotmatics, also supported by fading integration-related costs.

DI’s software business continues to execute fully in line with our business plan and will strongly contribute to fiscal 2027 profit margin improvement.

One important point on phasing: Fiscal 2027 is a strong renewal year for our EDA business, with the sales funnel again concentrated in Q4.

For Q1, we expect Digital Industries’ revenue growth to be in line with our full-year guidance, primarily driven by its automation business, while we expect its software business to grow moderately.

We expect the Q1 profit margin for Digital Industries to be around 20 percent in fiscal 2027.

Now, let’s turn to Smart Infrastructure, or SI, where the team once again delivered an outstanding performance. With growth of 39 percent, Smart Infrastructure reached record orders of €8.7 billion.

This increase was mainly due to sharp growth of 62 percent in the electrification business and 45 percent in the electrical products business.

Both businesses benefited from data center orders, which again achieved triple-digit growth, driven by the U.S. and Europe. In addition, the buildings business posted double-digit growth in orders.

In the fourth quarter, Smart Infrastructure’s revenue growth accelerated to 15 percent, reflecting the successful ramp-up of production capacities and extension of our supply chains.

Both electrification businesses executed flawlessly, growing by around 20 percent.

All three businesses contributed to further operational margin expansion.

The electrification and the electrical products businesses benefited from economies of scale and continued to operate at benchmark levels.

The buildings business again increased its profit margin, supported by stringent cost management and a strong product business.

Smart Infrastructure’s profit margin of 20.3 percent included a positive effect of 50 basis points from U.S. tariff refunds.

Looking ahead, we continue to expect healthy demand in SI’s end markets. Data centers and power utilities are, and will remain, key growth drivers.

Data centers are now Smart Infrastructures’ second largest vertical, accounting for around 20 percent of revenue.

At more than €25 billion, our order backlog at Smart Infrastructure provides excellent visibility.

For fiscal 2027, we expect comparable revenue growth in the range of 11 percent to 13 percent.

We expect the buildings business, which accounts for roughly 35 percent of Smart Infrastructure’s revenue, to grow at a rate in the mid-single-digit range. The focus in this business will continue to be on selectivity with regard to orders and on expanding the profit margin.

Meanwhile, we expect SI’s electrical products and electrification businesses to grow by rates in the mid and high teens, respectively.

Both businesses are further expanding capacity globally and are executing backlog rigorously, especially in business with data centers.

For fiscal 2027, we expect a further increase in profitability for Smart Infrastructure, with a profit margin in the range of 19.5 percent to 20.5 percent.

Key drivers will be economies of scale and a net-positive economic equation. At the same time, we continue to invest in additional capacity across our low- and medium-voltage businesses.

For Q1, Smart Infrastructure expects revenue growth around the upper end of its guidance range for fiscal 2027, supported by a low basis of comparison for the electrical products business from Q1 of fiscal 2026.

We expect Smart Infrastructure's Q1 profit margin to be in the lower half of its fiscal-year guidance range, in line with seasonal patterns.

Let's now look at Mobility. Mobility achieved record orders exceeding €10 billion and secured several major contracts in the rolling stock business. Attractive long-term service agreements accounted for more than €4 billion.

In the fourth quarter, Mobility's revenue grew 9 percent, supported by strong backlog execution in the rolling stock and customer services businesses. A favorable business mix drove the profit margin to 9.5 percent.

As expected, Mobility delivered a material catch-up in free cash flow, reaching €1.4 billion in Q4. This development resulted in an excellent cash conversion rate of 1.03 for the full fiscal-2026 year.

In early November, Mobility successfully closed the acquisition of key businesses of the MERMEC Group. This transaction further strengthened Mobility's rail portfolio, particularly in diagnostics and measurement technologies.

We expect MERMEC to contribute around 3 percentage points to nominal revenue growth in fiscal 2027.

Looking ahead, we see attractive market opportunities arising from decarbonization, digitalization and modernization efforts on the part of rail operators.

Mobility's project pipeline remains healthy. We expect a book-to-bill ratio well above 1 again.

Mobility's order backlog stands at more than €65 billion, again with an improved gross margin.

Due to the long-term nature of many projects, revenue conversion will occur progressively over an extended execution period. Many of the recently booked projects will only start converting beyond fiscal 2028. And revenue recognition in the service business will start even later.

For fiscal 2027, we expect comparable revenue growth in the range of 6 percent to 8 percent for Mobility.

Furthermore, we expect Mobility's profit margin to be between 8 percent and 10 percent. While we assume operational progress, the profit margin will be held back by integration-related costs for MERMEC and higher severance costs. At the same time, we are optimizing our business structures and making them more efficient.

For the first quarter, we expect Mobility's revenue to increase at a mid-single-digit rate.

We also anticipate that the profit margin will be in line with Mobility's full-year guidance.

As Roland mentioned, a key highlight for the full fiscal-2026 year was our record-high free cash flow at the group level.

We achieved a free cash flow margin of 14.5 percent. In this way, we again demonstrated the cash-generating strength of our businesses.

We have now delivered double-digit cash flow returns for seven consecutive years.

Our current share-buyback program is also running very successfully. Since its start in July, we have already bought back €1.7 billion worth of shares.

Our rock-solid balance sheet enables us to return substantial cash to our shareholders.

In line with our progressive dividend policy, we will propose to our Annual Shareholders' Meeting a dividend of €5.50 per share for fiscal 2026, up 15 euro cents year-over-year.

One thing is clear in this regard: even after the Siemens Healthineers spin-off, we will – on the basis of our current dividend proposal – remain firmly committed to our progressive dividend policy.

Let me also give you a brief update on the planned Siemens Healthineers spin-off. We plan to transfer a 34.1 percent stake in Siemens Healthineers to Siemens AG shareholders at an allocation ratio of one Siemens Healthineers share for every two Siemens shares.

On December 10, 2026, we will publish the comprehensive Joint Spin-off Report in conjunction with our Notice of Annual Shareholders' Meeting.

Comparable key figures for Siemens AG reflecting the classification of Siemens Healthineers as "discontinued operations" will follow soon thereafter.

We expect that, after the Annual Shareholders' Meetings of both Siemens and Siemens Healthineers in February 2027, the spin-off will take effect in the late spring – subject to the necessary filing and registration process.

We plan to report Siemens Healthineers as "discontinued operations" starting with the results for the first quarter of fiscal 2027.

Once the spin-off has taken effect and deconsolidation has taken place, our remaining stake will be accounted for using the "at equity" method.

In the medium term, we intend to reduce our shareholding in this company to being solely a financial asset.

Roland already outlined our ambitious group outlook for fiscal 2027.

As usual, the appendix to the presentation includes the details on our assumptions for this outlook.

Targeted investments in research and development and in expanding our capacities are creating the prerequisites for scaling industrial AI and executing our growth plans. At the same time, we will stay focused on rigorously driving productivity efforts across our businesses and functions.

As a result, Siemens is well positioned for the next phase of accelerated profitable growth while maintaining strong cash generation.

Thank you for your attention. We're now looking forward to your questions.

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