Solid Q3 performance, softening market environment

Q3 FY 2015, Combined Press and Analyst Call
Munich, July 30, 2015
Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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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.
Solid performance, softening market environment

- Market environment softens on the back of weaker Chinese markets
- Strong translational tailwind from FX on orders (+8%) & revenue (+9%)
- Moderate organic order decline (-5%) driven by Power and Gas, Wind Power, Process Industries and Drives while other Divisions grow
- Organic revenue slightly lower (-3%) mainly driven by project businesses; strength in Healthcare, Digital Factory and Energy Management
- Restructuring efforts executed according to plan
- Industrial Business margin of 10.4% (incl. €173m severance charges: 9.5%)
- Net Income of €1.4bn; modest increase in basic EPS to €1.65
- Projects ramp up lead to softer Free Cash Flow in Industrial Business
- Share buy back on track – €3.2bn executed
- Closing of Dresser-Rand acquisition on June 30, 2015

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Stringent execution of PG 2020 ongoing
Wind Power turns to profit

### Power and Gas (PG)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
<th>Target margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 14</td>
<td>4.1</td>
<td>3.6</td>
<td>543</td>
<td>17.0%</td>
</tr>
<tr>
<td>Q3 FY 15</td>
<td>-22%¹</td>
<td>-15%¹</td>
<td>289</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

- Orders down due to fewer turnkey projects
- Profit impacted by -€106m project charges, partly offset by effects in other projects
- Continuing challenges expected

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

### Wind Power and Renewables (WP)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
<th>Target margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 14</td>
<td>2.0</td>
<td>0.7</td>
<td>41</td>
<td>2.9%</td>
</tr>
<tr>
<td>Q3 FY 15</td>
<td>-70%¹</td>
<td>-9%¹</td>
<td>51</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

- Extraordinary low level of large orders
- Revenue decline in onshore, growth in offshore and service businesses
- Strong profit contribution from service

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

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Q3 FY 2015, Press and Analyst Call
**Energy Management (EM)**

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q3 FY 14</td>
<td>3.1</td>
</tr>
<tr>
<td>Q3 FY 15</td>
<td>3.5</td>
</tr>
</tbody>
</table>

**Building Technologies (BT)**

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q3 FY 14</td>
<td>1.3</td>
</tr>
<tr>
<td>Q3 FY 15</td>
<td>1.5</td>
</tr>
</tbody>
</table>

**Profit & Margin**

- **Energy Management (EM)**
  - €m: 110
  - Q3 FY 14: -67
  - Q3 FY 15: -67
  - Target margin: 7-10%

- **Building Technologies (BT)**
  - €m: 119
  - Q3 FY 14: 108
  - Q3 FY 15: 119
  - Target margin: 8-11%

---

- Revenues up in all businesses and reporting regions
- Remaining two North Sea grid connection projects handed over to customer
- Order growth driven mainly by the U.S.
- Profit improvement on better mix and higher productivity, only partly offset by impact from Swiss franc appreciation

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

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DF: Strong performance in softer markets
PD: Continued weakness in Commodity markets

Digital Factory (DF)

Orders
€bn
Q3 FY 14 Q3 FY 15

Revenue
€bn
Q3 FY 14 Q3 FY 15

Profit & Margin
€m
Q3 FY 14 Q3 FY 15

Process Industries and Drives (PD)

Orders
€bn
Q3 FY 14 Q3 FY 15

Revenue
€bn
Q3 FY 14 Q3 FY 15

Profit & Margin
€m
Q3 FY 14 Q3 FY 15

• Orders and revenue up in all businesses
• China volume weaker as expected
• Margins impacted by higher R&D and selling expenses to invest in future growth

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

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O&G, Metals, Mining, Cement remain weak
Strong productivity improvements lead to margin recovery q-o-q

Margin as reported
Margin excl. severance

Q3 FY 2015, Press and Analyst Call
**MO: Solid execution continues**

**HC: Leading performance in growth and profitability**

### Mobility (MO)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 14</td>
<td>1.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Q3 FY 15</td>
<td>2.8</td>
<td>1.8</td>
</tr>
</tbody>
</table>

**Orders**

+117%<sup>1)</sup>

**Revenue**

-9%<sup>1)</sup>

### Healthcare (HC)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 14</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Q3 FY 15</td>
<td>3.3</td>
<td>3.2</td>
</tr>
</tbody>
</table>

**Orders**

+4%<sup>1)</sup>

**Revenue**

+5%<sup>1)</sup>

### Profit & Margin (€m)

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY 14</th>
<th>Q3 FY 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>145</td>
<td>105</td>
</tr>
<tr>
<td>Revenue</td>
<td>7.8%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>445</td>
<td>549</td>
</tr>
<tr>
<td>Revenue</td>
<td>16.0%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

**Margin**

- **7.4%** Margin as reported
- **17.4%** Margin excl. severance

### Key Highlights

- **Order growth driven by €1.6bn long-term maintenance order in Russia**
- **Lower revenue due to timing of projects**
- **Margin effect from improved revenue mix**

<sup>1)</sup> Comparable, i.e. adjusted for currency translation and portfolio effects

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Outlook Fiscal 2015 confirmed despite weakening indicators

Basic earnings per share (Net income)

In €

- We believe that our business environment will be complex in fiscal 2015, among other things due to geopolitical tensions.

- We expect revenue on an organic basis to remain flat year-over-year, and orders to exceed revenue for a book-to-bill ratio above 1.

- Furthermore, we expect that gains from divestments will enable us to increase basic earnings per share (EPS) from net income by at least 15% from €6.37 in fiscal 2014.

- For our Industrial Business, we expect a profit margin* of 10–11%.

- This outlook excludes impacts from legal and regulatory matters.

*Effective with fiscal 2015, our enhanced profit definition excludes amortization of intangible assets acquired in business combinations.
One Siemens Financial Framework – Clear targets to measure success & accountability

Growth:
Siemens > most relevant competitors
(Comparable revenue growth)

Capital efficiency
(ROCE)
15-20%

Capital structure
(Industrial net debt/EBITDA)
up to 1.0x

Total cost productivity
3-5% p.a.

Dividend payout ratio
40-60%

Profit Margin ranges of businesses (excl. PPA)

<table>
<thead>
<tr>
<th>PG</th>
<th>EM</th>
<th>MO</th>
<th>PD</th>
<th>SFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-15%</td>
<td>7-10%</td>
<td>6-9%</td>
<td>8-12%</td>
<td>15-20%</td>
</tr>
<tr>
<td>WP</td>
<td>BT</td>
<td>DF</td>
<td>HC</td>
<td></td>
</tr>
<tr>
<td>5-8%</td>
<td>8-11%</td>
<td>14-20%</td>
<td>15-19%</td>
<td></td>
</tr>
</tbody>
</table>

1) ABB, GE, Rockwell, Schneider, Toshiba, 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

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Financial Cockpit

Orders
in €bn
-5% (+4%)
19.1 19.9
Comp. (-3%) (+8%)
17.5 18.8
B-t-B Q3 14 Q3 15 Q3 14 Q3 15

Revenue

Profit Industrial Business (IB)
in €bn
+1%
1.8 1.8
Margin
10.1% 9.5%
Q3 FY 14 Q3 FY 15

Net Income
in €bn
-2%
1.4 1.4
Q3 FY 14 Q3 FY 15

EPS (“all-in”)
in €
+2%
1.62 1.65
Q3 FY 14 Q3 FY 15

ROCE (“all-in”)
15-20%
17.2% 14.0%
Q3 FY 14 Q3 FY 15

Capital structure
≤1
0.6x 1.2x
Q3 FY 14 Q3 FY 15

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Page 11 Q3 FY 2015, Press and Analyst Call
Americas show favourable development while other regions are softer

Orders Q3 FY 15 y-o-y\(^1\)

Europe/C.I.S./Africa/ME (therein Germany)  
-14\%  
-4\%

Americas (therein U.S.)  
-16\%

Asia/Australia (therein China)  
-2\%  
-2\%

Revenue Q3 FY 2015 y-o-y\(^1\)

Europe/C.I.S./Africa/ME (therein Germany)  
-5\%  
+4\%

Americas (therein U.S.)  
+2\%  
+1\%

Asia/Australia (therein China)  
-8\%  
-2\%

1) Change is adjusted for currency translation and portfolio effects

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Q3 FY 2015, Press and Analyst Call
Net Debt Bridge as of Q3 FY 2015

€bn

Operating Activities

therein:
- Δ Inventories net of advance payments -0.7
- Δ Trade and other receivables -0.9
- Δ Trade payables +0.1
- Δ Billings in excess / Adv. pay. +0.2

therein a.o.:
- Income (C/O) +1.2
- D&A & Impairments +0.6
- Δ other assets/ liab. +0.8
- Income taxes paid -0.7

Series

-14.7

2.5

-1.3

Q3 ∆Q2
- SFS Debt 21.2 -0.2
- Post emp. Benefits -9.7 +2.4
- Credit guarantees -0.9 -0.1
- Hybrid bond +1.0 +0.0
- Fair value adj. +1.0 -0.1
(hedge accounting)

Adj. ind. Net Debt/ EBITDA 1.2x
(Q2 FY15: 0.3x)

Cash flows from op. activities +2.5 +1.0
Δ Working Capital +0.1 +0.2
Cash flows from investing activities -7.5 -0.7
Financing topics
- CAPEX -0.4
- Acquisition of businesses net of cash acquired -6.8
- Post emp. Benefits -9.7 +2.4
- Credit guarantees -0.9 -0.1
- Hybrid bond +1.0 +0.0
- Fair value adj. +1.0 -0.1
(hedge accounting)

Net Debt Q2 2015
Cash &
cash equiv.
€9.9bn1)

Net Debt Q3 2015
Cash &
cash equiv.
€9.3bn1)

Net Debt adj.
Adj. ind.
Net Debt Q3 2015

1) Including available-for-sale financial assets

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Q3 FY 2015, Press and Analyst Call
SFS Key Figures Q3 FY15

Key Financial Data SFS

- **Assets**: €25.0bn
- **Income before income taxes**: €116m
- **Return on Equity after tax**: 15.7%
- **Operating and Investing Cash Flow**: -€124m

**Assets**

<table>
<thead>
<tr>
<th>Category</th>
<th>€bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases &amp; Loans(^1)</td>
<td>22.2</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>1.1</td>
</tr>
<tr>
<td>Other Assets &amp; Inventory(^2)</td>
<td>1.5</td>
</tr>
<tr>
<td>Cash</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>25.0</td>
</tr>
</tbody>
</table>

**Liabilities and Equity**

<table>
<thead>
<tr>
<th>Category</th>
<th>€bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>25.0</td>
</tr>
<tr>
<td>Allocated Equity</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td>21.2</td>
</tr>
<tr>
<td>Accruals &amp; Other Liabilities</td>
<td>1.3</td>
</tr>
</tbody>
</table>

1) Operating and finance leases, loans, asset-based lending loans, factoring and forfeiting receivables
2) Intercompany receivables, securities, (positive) fair values of derivatives, tax receivables, fixed assets, intangible assets, land and building, prepaid expenses and inventories

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Pension underfunding decreased to €-8.9bn in Q3

Deficit for Siemens’ pension plans decreased in Q3, mainly due to increased discount rate assumption

<table>
<thead>
<tr>
<th>in €bn(^1)</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Q1 FY 2015</th>
<th>Q2 FY 2015</th>
<th>Q3 FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation (DBO) on pension benefit plans</td>
<td>(33.0)</td>
<td>(32.6)</td>
<td>(35.0)</td>
<td>(36.8)</td>
<td>(40.8)</td>
<td>(37.3)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>24.1</td>
<td>24.1</td>
<td>26.5</td>
<td>27.3</td>
<td>29.8</td>
<td>28.4</td>
</tr>
<tr>
<td>Funded status of pension plans</td>
<td>(8.9)</td>
<td>(8.5)</td>
<td>(8.5)</td>
<td>(9.6)</td>
<td>(11.0)</td>
<td>(8.9)</td>
</tr>
<tr>
<td>DBO on other post-employment benefit plans (mainly unfunded)</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Discount rate(^2)</td>
<td>3.2%</td>
<td>3.4%</td>
<td>3.0%</td>
<td>2.6%</td>
<td>2.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Interest Income(^2)</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Actual return on plan assets(^2)</td>
<td>3.2</td>
<td>1.3</td>
<td>2.9</td>
<td>0.8</td>
<td>1.6</td>
<td>-1.5</td>
</tr>
</tbody>
</table>

1) All figures are reported on a continuing basis and according to IAS 19 (revised 2011).
2) All figures are based on the post-employment benefits in total.
## Financial calendar

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>July 30, 2015</td>
<td>Q3 Earnings Release and Analyst Call (Munich)</td>
</tr>
<tr>
<td>August</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>September 10, 2015</td>
<td>Morgan Stanley Industrial Conference (London)</td>
</tr>
</tbody>
</table>
### Siemens Investor Relations contacts

<table>
<thead>
<tr>
<th>Investor Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet:</td>
</tr>
<tr>
<td>Email:</td>
</tr>
<tr>
<td>IR-Hotline:</td>
</tr>
<tr>
<td>Fax:</td>
</tr>
</tbody>
</table>
Siemens Press contacts

<table>
<thead>
<tr>
<th>Business and financial press</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dennis Hofmann</td>
</tr>
<tr>
<td>Alexander Becker</td>
</tr>
<tr>
<td>Wolfram Trost</td>
</tr>
<tr>
<td>Yashar N. Azad</td>
</tr>
</tbody>
</table>

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