

**SPEECH FOR PRESS CALL
Q3 2024**

**“PROFITABLE GROWTH IN THIRD
QUARTER – OUTLOOK CONFIRMED”**

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Check against delivery.

[Roland Busch]

Ladies and gentlemen,

Thank you for taking time for us today.

Despite a muted macroeconomic environment, we delivered healthy growth and expanded our profit margin in the third quarter. As always, let's begin with an overview.

We have robust topline momentum. Demand from our customers remains strong. We're making them more digital and more ecofriendly – we're supporting their transformations.

Our book-to-bill ratio reached a positive level of 1.05, driven by Smart Infrastructure and Siemens Healthineers. Our order backlog stands at a strong €113 billion. As a result, we'll continue to grow and, what's more, grow profitably.

Smart Infrastructure, in particular, delivered an excellent quarter. Orders rose to €6 billion – a double-digit increase.

Digital Industries was up sequentially, driven by our exceptionally strong software business, in which we very successfully executed on our rich sales funnel. We recorded several large license contract wins. Orders in the automation business came in slightly lower than in Q3 2023.

The economic situation in China and Europe remained difficult. Investment sentiment was weak in core markets such as machine building and automotive. Recent macro indicators point to continuing challenging conditions for industrial demand. As a result, we expect demand to develop more slowly than previously anticipated.

We've executed rigorously on our order backlog. As a result, revenue grew 5 percent to €18.9 billion overall. The largest growth contribution came from Smart Infrastructure, which was up 10 percent. Siemens Healthineers grew 4 percent.

Revenue at Digital Industries was on a par with the prior year, with development varying greatly from business to business.

The order backlog's contribution to revenue at the automation business declined, and demand for short-cycle products remained at a low level.

This decline was offset by exceptional revenue growth of 82 percent in software. In this area, we secured some large license contracts in our product lifecycle management, or PLM, business and in electronic design automation, or EDA. However, it won't be possible to repeat these wins to the same extent.

Once again, I'd like to highlight the electrification business at Smart Infrastructure. It grew by an excellent 21 percent, showing great competitive strength.

We're benefiting from the boom in artificial intelligence, or AI, and the accelerated energy transition. On the one hand, many new data centers are being built and, on the other, power grids are being expanded to accommodate more renewable energies.

Profit Industrial Business totaled more than €3 billion – equaling 110 basis points of margin expansion compared to Q3 2023. All businesses improved their profitability, with the largest contributions coming from Smart Infrastructure and Siemens Healthineers.

We also achieved consistent free cash flow performance of €2.5 billion at our Industrial Business. Therefore, we delivered robust performance in the first nine months of fiscal 2024. We'll continue to rigorously execute on our order backlog.

We'll also continue to drive sales efforts, targeted product development and rigorous cost management at our short-cycle automation businesses. As a result, we confirm our Group outlook for fiscal 2024. Ralf will give you further details on the individual businesses in a moment.

We also delivered operationally and continued to successfully drive our long-term strategic priorities. Our Smart Infrastructure offering is hugely important for sustainable infrastructure transformation. For this reason, we'll make targeted investments to foster further organic growth. We're expanding our production capacities and bringing additional experts to Siemens.

I'll come back to sustainability and software as a service in more detail in a moment.

I'm very pleased that Team Siemens delivered strong financial performance across all metrics. The decline in orders was predominantly due to Mobility's prior-year record-high order intake.

The macroeconomic situation and exceptional software license wins were also reflected in the regional distribution of our revenue growth.

The Americas were strong with 11 percent revenue growth driven by the U.S., while Europe, the Middle East and Africa, or EMEA, was down 3 percent on weakness in Germany. The Asia and Australia region increased 12 percent. Earnings per share before purchase price allocation accounting, or EPS pre PPA, came in at a healthy €2.66.

I've already mentioned the long-term trends in electrification and decarbonization. Demand for electrical power will triple by 2050. Because many areas will be electrified: mobility, heating and many industrial sectors. This means that aging power grids will have to be urgently modernized in order to accommodate the enormous growth in renewable energies.

As a result, more will be invested in hardware, and – at the same time – power grids and buildings will become more digital – therefore, more software, more digital services. Our customers want to leverage their data and optimize their systems through AI-supported analytics. And that's why they're investing.

The boom in AI is acting as a supercharger, which requires more and more computing power and corresponding data centers.

Smart Infrastructure is perfectly geared for these secular trends. Around 60 percent of its portfolio is in power grids and around 40 percent in buildings. As a result, we're ideally positioned to seize these long-term growth opportunities. This strength is impressively demonstrated by our book-to-bill ratio, which is consistently well above 1. For this reason, we'll continue to make further investments to match rising demand.

You're already familiar with our significant investments in the U.S. to increase our electrical equipment capacities. Production will start in the U.S. in the next few quarters. But we're also investing in Germany and again further expanding our switchgear factory in Frankfurt.

We're focusing on maximum automation and digitalization to ramp up production capacity for our climate-friendly medium-voltage switchgear.

We already have Centers of Competence for data centers in the Netherlands and the United States. Now, we're opening a third center in India for the Asia-Pacific region, where demand is particularly high. This move will bring our technologies and expertise closer to our customers.

More than 200 experts will work in India. They'll develop scalable and modular solutions for the power distribution and automation of data centers. Our aim is to reduce the time required for installation and commissioning by up to 60 percent.

More than 90 percent of our business helps our customers become more sustainable. Our collaboration with BASF is a great example of how we're driving the circular economy.

We wanted to use climate-friendly plastic for the housing of our Sirius circuit-breakers. BASF makes this plastic for us. Biomethane is used instead of fossil raw materials. This new material enables us to reduce our carbon footprint. By itself, this product, which is part of our EcoTech portfolio, avoids 270 tons of carbon dioxide equivalents every year.

BASF, in turn, needs these circuit-breakers to operate its plants – a classic win-win situation. We're now doing the same with other products, thereby helping our customers emit less CO₂.

In June, we held the groundbreaking ceremony for Siemensstadt Square. We're investing €750 million, right in the heart of Berlin. With partners, the total investment will come to €4 billion.

The project will resonate much further than Berlin. A completely digitally planned, climate-neutral urban district – within the perimeter of a more than 100-year-old neighborhood. We're turning an old industrial site into the city of the future – digital, sustainable and competitive.

To implement the project, we're using technologies from our Siemens Xcelerator platform, such as digital twins and AI, combined with our intelligent hardware solutions. As a result, productivity will be boosted, and the project will be completely climate-friendly.

I'm particularly proud of the platinum medal we received from EcoVadis – an organization that assesses sustainability. EcoVadis ranks us among the world's best for sustainability – in the top one percent of 73,000 companies.

I'd like to mention three compelling examples of how we've leveraged our knowhow and technologies to create customer value. In April, we helped LG Energy Solution, a leader in the battery market, ramp up mass production quickly and smoothly.

The launch took place at the Ultium Cells factory in Tennessee, where millions of battery cells are produced for General Motors electric cars. This is one of LG's first factories to run entirely with our automation technology – such as programmable logic controllers, or PLCs, servo motors, control panels and communications – all configured with our Totally Integrated Automation, or TIA, Portal.

Let's move on now to our second example. Our switchgear – which works without the extremely climate-damaging gas SF₆ – is gaining traction on the market.

Norwegian grid operator Norgesnett will be the first to deploy this switchgear across its entire grid in order to achieve its sustainability goals. And we'll also support customers in Switzerland with this technology.

And, finally, Mobility. The largest order in the quarter came from Berlin, where the first two metro lines will be equipped with our communications-based train control, or CBTC, system. In concrete terms, this means that we're helping Berlin's mass transit operator BVG implement its plan to increase capacity by 30 percent. And this technology is future-proof if even more people travel by subway in the German capital in the future.

Lastly, let's turn to software as a service, the cloud software business of Digital Industries. We're maintaining our momentum here. Growth in annual recurring revenue, or ARR, again reached a very healthy 15 percent year-over-year.

The cloud ARR portion now stands at €1.7 billion – an amount equivalent to 39 percent of our total ARR. As a result, we're already close to our 40 percent target.

All indicators are pointing in the right direction – including the fact that more than 16,500 customers have now opted for this business model. A consistent 85 percent share comes from small and medium-sized enterprises.

And with that, I'll hand over to Ralf Thomas, who'll provide you with more details.

Thank you!

[Ralf P. Thomas]

Ladies and gentlemen,

good morning, everyone. A warm welcome to our press call from me, as well. I am now pleased to share further details with you on our third quarter and our expectations for the rest of fiscal 2024.

Let's begin with Digital Industries, or DI. Orders for DI, at €4.5 billion in total, were up compared to the third quarter of fiscal 2023 and increased 21 percent year-over-year.

As indicated, DI's software business delivered an exceptionally strong quarter characterized by winning several large software-license contracts. This achievement will not repeat itself in the near-term on this level. These contract wins led to an extraordinary increase in orders, revenue and profitability.

DI's automation business, on the other hand, was slightly softer than in the prior quarter and slightly below the level of the prior-year quarter. However, as expected, orders remained above the trough levels of Q4 fiscal 2023.

As Roland mentioned, the market environment remained challenging, with subdued production output in many of our customer industries and with soft investment sentiment in key regions, such as Europe and China.

Destocking at distributors and customers – which was still slow, particularly in China – reduced demand. Our order backlog at Digital Industries further decreased to €9.7 billion, with the software business accounting for €5.4 billion of this backlog.

In DI's automation business, the backlog stood at €4.3 billion, which is now nearly at pre-pandemic levels. Let's turn now to DI's revenue, which was flat year-over-year.

In this area, DI's software business showed stellar growth of 82 percent, driven by a series of large contract wins for licensed software in the product lifecycle management, or PLM, business as well as in the electronic design automation, or EDA, business. On the other hand, DI's automation business was down 25 percent vis à vis a strong quarter for this business in the third quarter of fiscal 2023.

This decline impacted discrete automation, which was down 28 percent, and process automation, which was down 13 percent. Lower contributions from fast-turning book-and-bill orders impacted both of these businesses.

DI's profit margin rose to 22.9 percent, which – as mentioned – was up on a sharp increase due to extraordinary conversion in its software license business. The previously announced sale of the gas chromatography business supported the margin with 140 basis points, as well.

The profit margin in DI's automation business saw a material decline driven by reduced capacity utilization. The broad-based contingency measures, which we ramped up further in the third quarter, did not outweigh this development.

Our cloud-technology investments of €60 million in Q3 accounted for 120 basis points of impact on DI's margin, in line with our expectations.

Digital Industries achieved a solid cash conversion rate of 0.85, yet below the prior year due to higher receivables, mainly related to the previously mentioned large software-license contracts.

Now, let me give you the regional perspective: As indicated before, the rebound of orders in DI's automation business has been slower than expected due to ongoing subdued industrial activity in our key regions and to elevated inventory levels.

The speed of destocking is sluggish, weighing on the top line. This situation continues to be most visible in China, where – from today's perspective – destocking effects are likely to continue well into fiscal 2025.

On the other hand, orders in China stabilized, and – with customer demand picking up slowly – they were up compared to the very weak prior-year quarter. However, the pricing environment was significantly more challenging due to competitive pressure.

In the other key regions – Europe and the U.S. – we continue to see stock levels mostly coming back to normal by the end of fiscal 2024.

In line with muted fast-turning orders in the automation business and further backlog normalization, revenue in our key regions has materially moderated from the prior-year quarter's high levels. This moderation was most pronounced in our home market of Europe.

Looking at our key vertical end-markets for the next quarters, official sources continue to expect muted growth momentum for production output at many of our end customers. This situation is most pronounced in export-driven industries such as machinery and automotive.

First positive signals are coming from the chemicals industry. Since chemicals are a very early-cycle industry, this development indicates the start of a recovery.

Our DI teams continue to see this development, which is currently still rather sluggish overall, as transitional. However, it will take longer than initially anticipated for stock levels to fully normalize and for us to see a broader recovery of investment sentiment among our customers. In addition, the systematic easing of interest rates, which is obviously later than originally expected, is weighing on the investment climate, as well.

Nevertheless, the fundamental trend toward automation and digitalization in industry is fully intact, and our offerings are essential to drive sustainability and mitigate shortages in skilled labor.

For fiscal 2024, we expect Digital Industries' revenue to come in 8 percent to 4 percent below the prior-year level. For the fourth quarter, we continue to see limited growth momentum in DI's automation business.

Since the large-scale software-license contracts mentioned earlier materialized mostly in the third quarter, DI's software business will see softer performance in the fourth quarter compared to the strong prior-year quarter. Q4 fiscal 2023 had benefited from several large and highly attractive EDA-license wins. With regard to the full fiscal 2024 year, DI's software business will deliver very strong performance in both the EDA business and the PLM business.

In the fourth quarter, the lower capacity utilization in DI's automation business and a less favorable product mix will weigh on margins. The contribution from the software business will be below the prior-year level, in line with a lower top line.

For fiscal 2024, we expect the profit margin for Digital Industries to be at the lower end of the range of 18 percent to 21 percent.

Now let's turn to Smart Infrastructure, or SI, which again delivered outstanding performance in Q3 of fiscal 2024.

The SI team's excellent work paid off again. Smart Infrastructure achieved double-digit growth in orders and revenue and improved its operating profit margin year-over-year for the 15th quarter in a row.

In total, SI's orders were up 11 percent on contributions from all businesses, leading to a very healthy book-to-bill ratio of 1.11. A major growth engine in this connection was the electrification business, which was up 14 percent.

This business, together with the electrical products business, scored major order wins for data centers, particularly in the U.S., on dynamic capacity build-out driven by artificial intelligence, or AI.

Our SI teams were successful again in a highly competitive environment, even winning new customers over from relevant competitors. We expect to grow SI's data center business more than 50 percent in orders and around 30 percent in revenue in fiscal 2024. Orders grew in the buildings business, too, where they were up a strong 12 percent.

SI's order backlog increased further to €18.6 billion, which is a new record. Revenue growth at Smart Infrastructure reached 10 percent, with the largest contribution coming from the electrification business, up an outstanding 21 percent.

The electrical products business, too, continued its growth trajectory with 7 percent. The buildings business was up 5 percent on strong service business. SI's operating profit margin reached a record level of 17 percent, benefiting from economies of scale from higher revenue and increased capacity utilization.

The "economic equation" for SI remained clearly positive, supported by prior pricing actions and ongoing productivity improvement. SI's free cash flow exceeded the €1 billion mark, and its cash conversion rate, at 1.09, was consistently strong on a high level. We expect this cash-generation performance to continue.

Looking at SI's regional development, we saw Europe, excluding Germany, standing out with major wins for data centers and for projects in the area of electrification.

The U.S. continued its growth path with 4 percent order growth compared to the very high levels of the prior-year quarter. This strong development was driven by large data center wins, primarily from hyperscalers.

From a regional perspective, SI's strongest growth engine for revenue was the U.S., up 19 percent on stringent backlog execution. Revenue in Europe was driven by the electrification and buildings businesses, offsetting a softer development in the electrical products business.

The service business showed broad-based revenue growth across regions, primarily in Asia, which was up in the low teens, but it also saw high-single-digit growth in Europe.

Business in China continued to show softness on muted demand, especially in the market for commercial real estate.

A next step in portfolio optimization is the divestment of our wiring accessories business in China to ABB. After the contract signing in May of this year, the transaction is expected to close within 12 months.

In SI's main verticals, we continue to see resilient growth in real terms, based on the key drivers, as Roland discussed earlier. As I mentioned, with stellar revenue growth, the data center vertical – driven by digitalization and AI – continues to quickly gain significance within Smart Infrastructure.

After a strong first nine months, we confirm our full-year guidance for comparable revenue growth in a range of 8 percent to 10 percent at SI. For SI's profit margin, we expect to achieve the upper end of the guidance range of 16 percent to 17 percent in fiscal 2024.

Now let's turn to Mobility. Mobility improved its bottom line in the third quarter, despite revenue being held back by a temporary decline in its rolling stock business.

Mobility recorded orders of €2.4 billion. The basis of comparison from the prior-year quarter was very high. In Q3 of fiscal 2024, however, Mobility primarily posted a whole series of smaller and mid-sized orders with attractive gross margins.

After a series of quarters with order intake driven by large contracts, Mobility's book-to-bill ratio of 0.92 is only a temporary picture. And we see a well-structured and attractive sales funnel ahead.

The order backlog at Mobility stands at €48 billion. Mobility's revenue in Q3 was up just 2 percent, which was below our expectations.

Mid-single-digit revenue growth in the rail infrastructure business as well as the considerable growth in the service business were largely offset by a moderate revenue decline in the rolling stock business, which was impacted by temporary production slow-downs resulting from supplier quality issues. Yet there is good news in this regard: Production has since resumed on the corresponding production lines.

Profitability improved in most of Mobility's businesses in Q3, led by rail infrastructure. Overall, Mobility's profit margin improved by 60 basis points to 8.7 percent on a more favorable business and project mix.

Mobility recorded weak free-cash-flow performance in the third quarter, which was caused by a low level of milestone payments and down payments and by inventory build-up.

As indicated, we expect a material catch-up in Mobility's cash generation in the fourth quarter, with foreseeable major payments from customers.

For Mobility, we are expecting a very strong finish to fiscal 2024 with stringent project execution and a catch-up in deliveries. For this reason – although the top line was weaker than expected in Q3 – we maintain our full-year guidance of 8 percent to 11 percent for comparable revenue growth.

In addition, we confirm our fiscal 2024 guidance for Mobility's profit margin to be within the range of 8 percent to 10 percent.

Let me keep the perspective crisp on activities below our Industrial Businesses, where we simplified the reporting in line with portfolio optimization.

In the third quarter, Innomotics was moved to “discontinued operations.” Effective immediately, the remaining Portfolio Companies activities, which are less important in terms of their size, are part of the “Financing, elimination and other items” position.

The preparations for closing the Innomotics sale are progressing in an ideal fashion, and we now expect the transaction to close as early as the first quarter of fiscal 2025.

Siemens Financial Services achieved a solid earnings contribution, with strong performance of its debt-business on lower credit-risk provisions, reflecting the well-balanced profile of our investment portfolio.

Free cash flow performance in the first nine months of the fiscal year was at a solid level, although the third quarter was affected by a sharply lower volume from advance payments from customers at Mobility, and tax payments were €0.5 billion higher year-over-year.

Our entire team places a strong focus on free cash flow and is working hard to achieve – for the fifth year in a row – a double-digit cash return on revenue.

In addition, we continued our path of shareholder-friendly capital allocation by accelerating our current share buyback program. Since its inception in February of this year, a volume of almost €700 million has been repurchased.

Let me conclude with our Group-level outlook: We confirm our guidance for fiscal 2024 with comparable revenue growth for the Siemens Group expected at the lower end of the respective range of 4 percent to 8 percent and a book-to-bill ratio above 1.

We expect profitable growth of our Industrial Business overall to drive an increase in basic earnings per share from net income before purchase-price-allocation accounting to a range of €10.40 to €11.00 in fiscal 2024, excluding the Siemens Energy Investment. As always, this outlook excludes burdens from legal and regulatory matters as well as material impairments.

Despite persisting macroeconomic headwinds, our priorities are clear: We will continue to create value through profitable growth and resilient generate high free-cash flows.

Thank you for your attention and your interest in our company!

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