

The Siemens logo is displayed in a white rectangular box in the top left corner. The word "SIEMENS" is written in a bold, teal, sans-serif font. Below the logo box, there are two horizontal white lines. The background of the slide is a light blue geometric pattern of triangles and squares.

Joe Kaeser, President and CEO

# Disciplined execution of Vision 2020

JP Morgan European Capital Goods Conference  
London, June 11, 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.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

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.

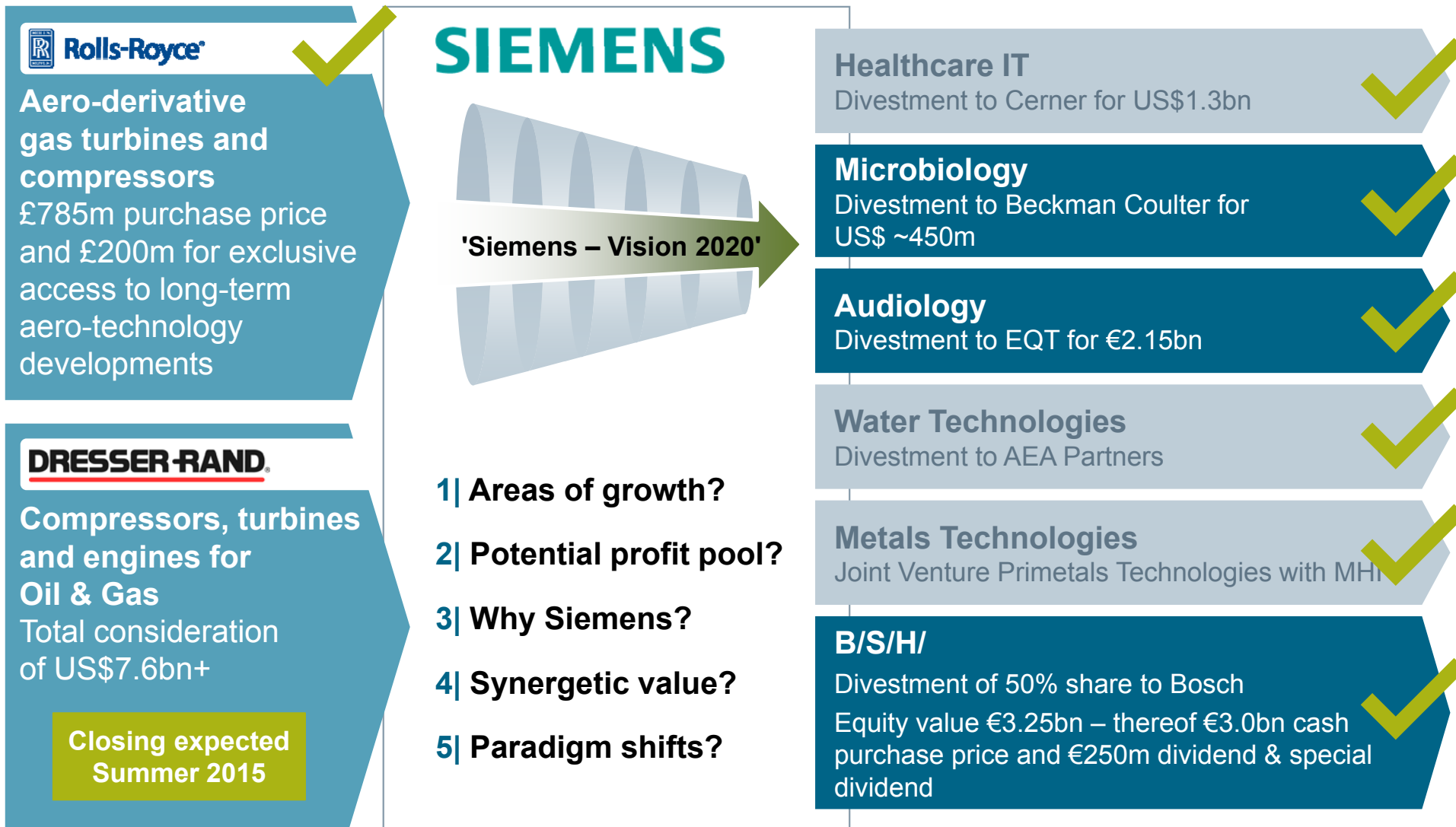
# Siemens Vision 2020

## Value creation and cultural change








# Executing Vision 2020

## Capital allocation along strategic imperatives



# Installed base secures recurring service revenues with robust after sales margin

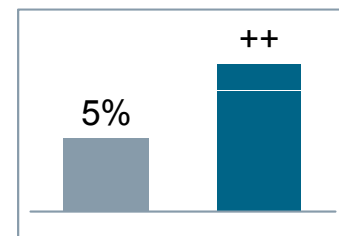
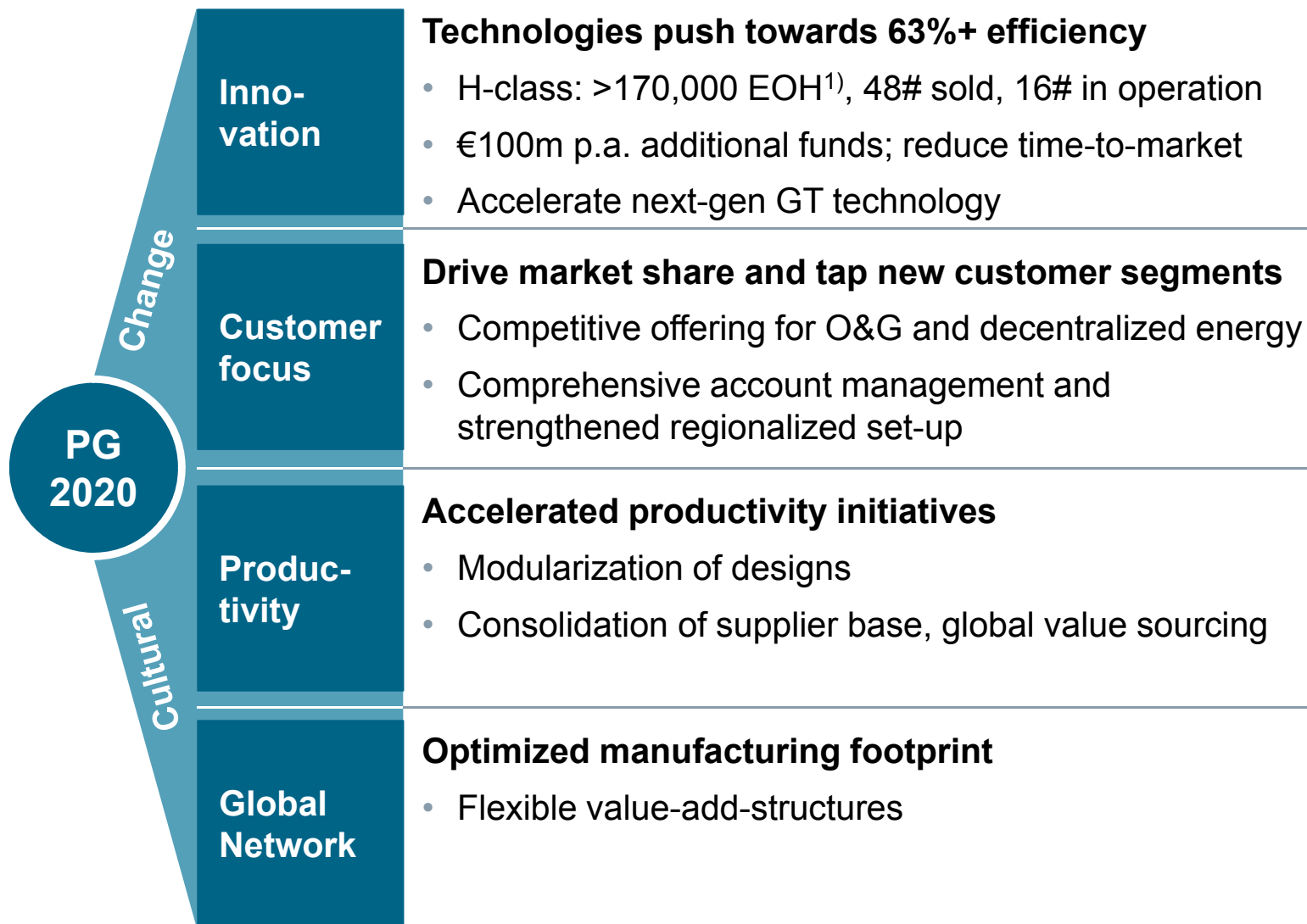
## Combined serviceable fleet (small turbines and compressors)

	 Small/medium gas turbines	 Aero-derivative gas turbines	 Steam turbines	 Compressors
 <b>Rolls-Royce</b>		2,500		1,600
<b>DRESSER-RAND</b>	1,500		62,000	32,500
<b>SIEMENS</b>	2,250		10,000	10,000



**Six-fold increase of combined Siemens fleet  
Synergy potential close to €200m confirmed**

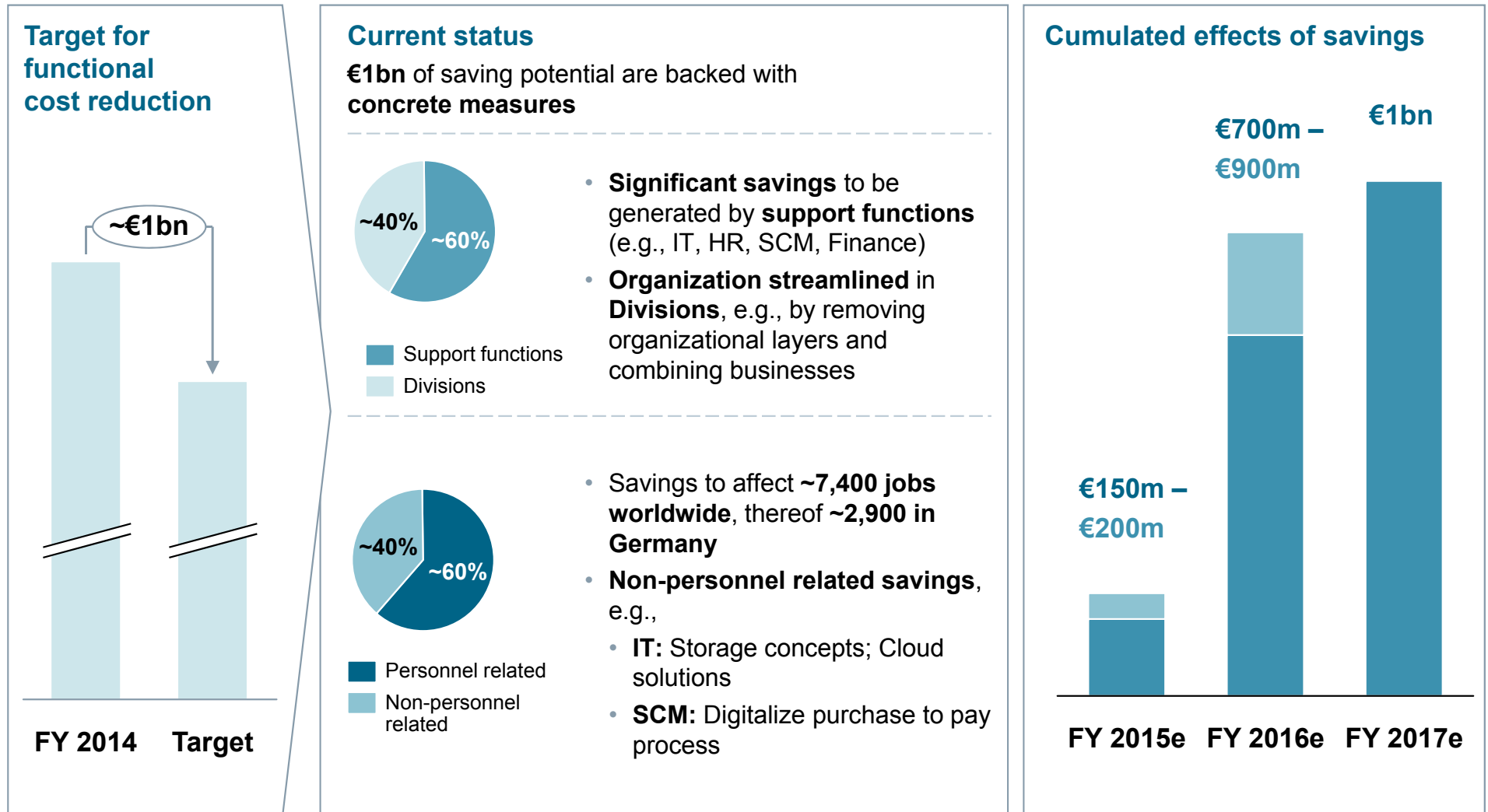
# Value creation through execution of PG 2020



1) Equivalent operating hours

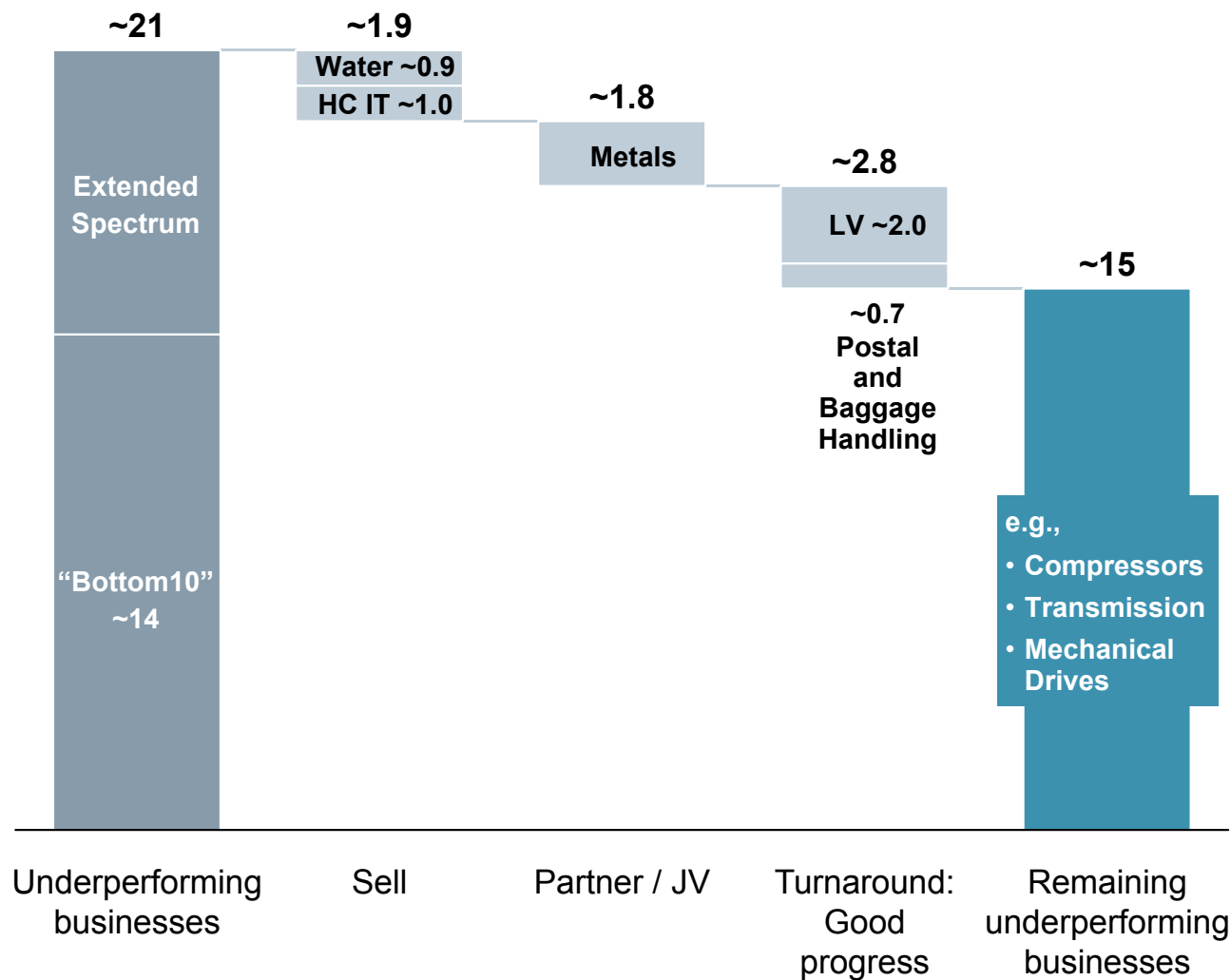
# Our target to reduce complexity and achieve cost reduction of ~€1bn is on track

## Current status of functional cost reduction



# Fixing remaining underperforming businesses is key priority – other options remain

Revenue FY 2013 in €bn



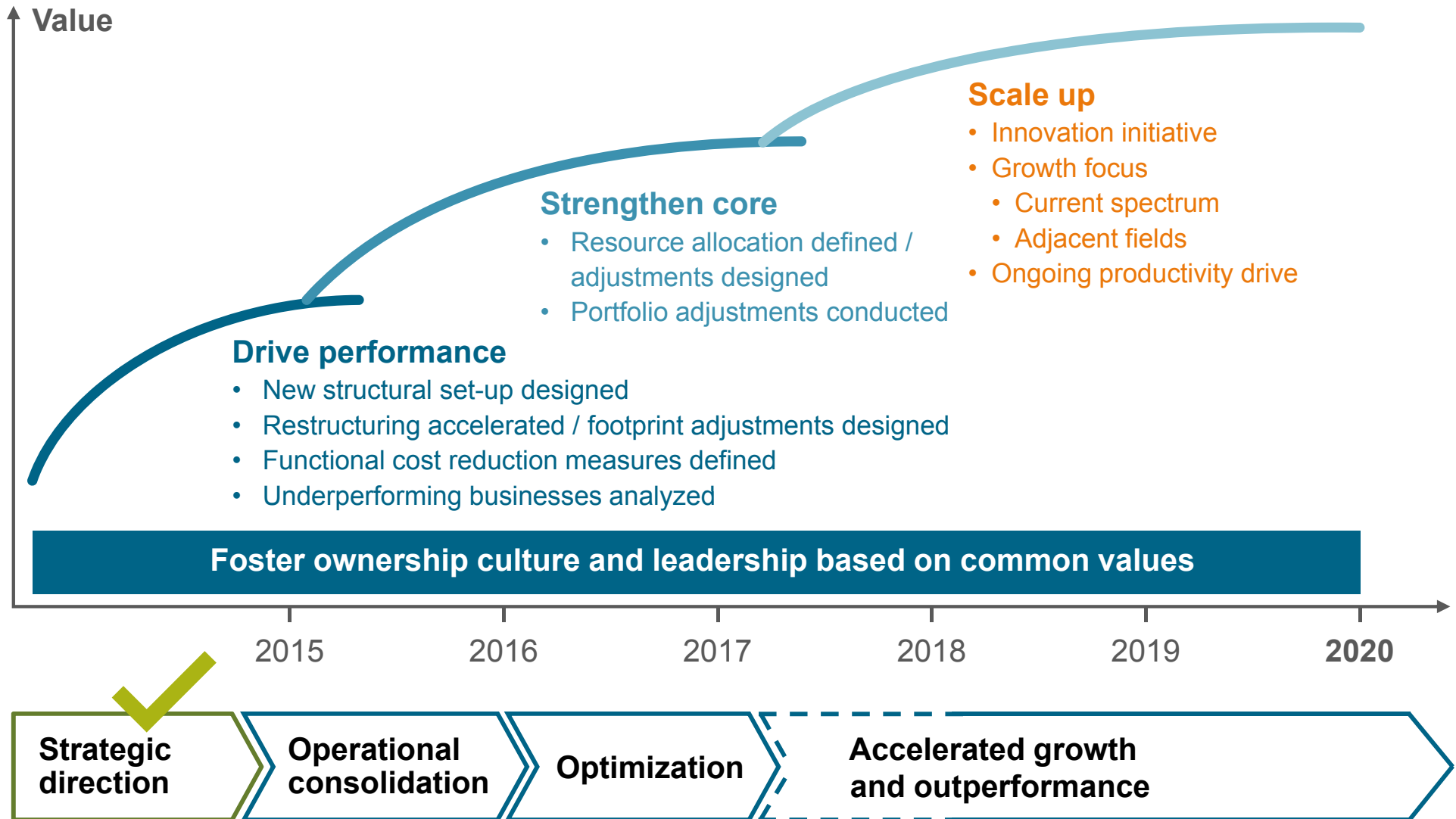
- Footprint optimization
- Reverse integration
- Partnering
- Tight Managing Board control

FY	13	14	15e	17e	20e
Margin	-4%	-3%	+1%	~6%	>8%



# Cornerstones for Vision 2020

## Future focus on growth, innovation and productivity

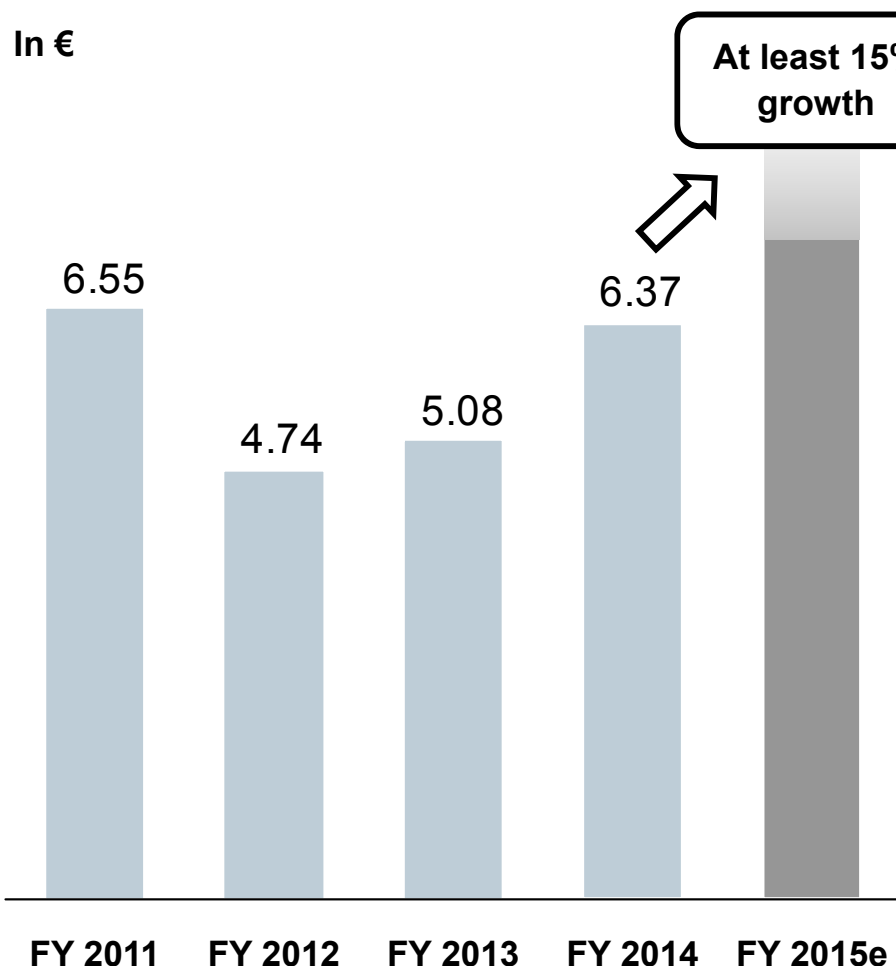


# Appendix

# Outlook Fiscal 2015 confirmed despite weakening indicators

## Basic earnings per share (Net income)

In €

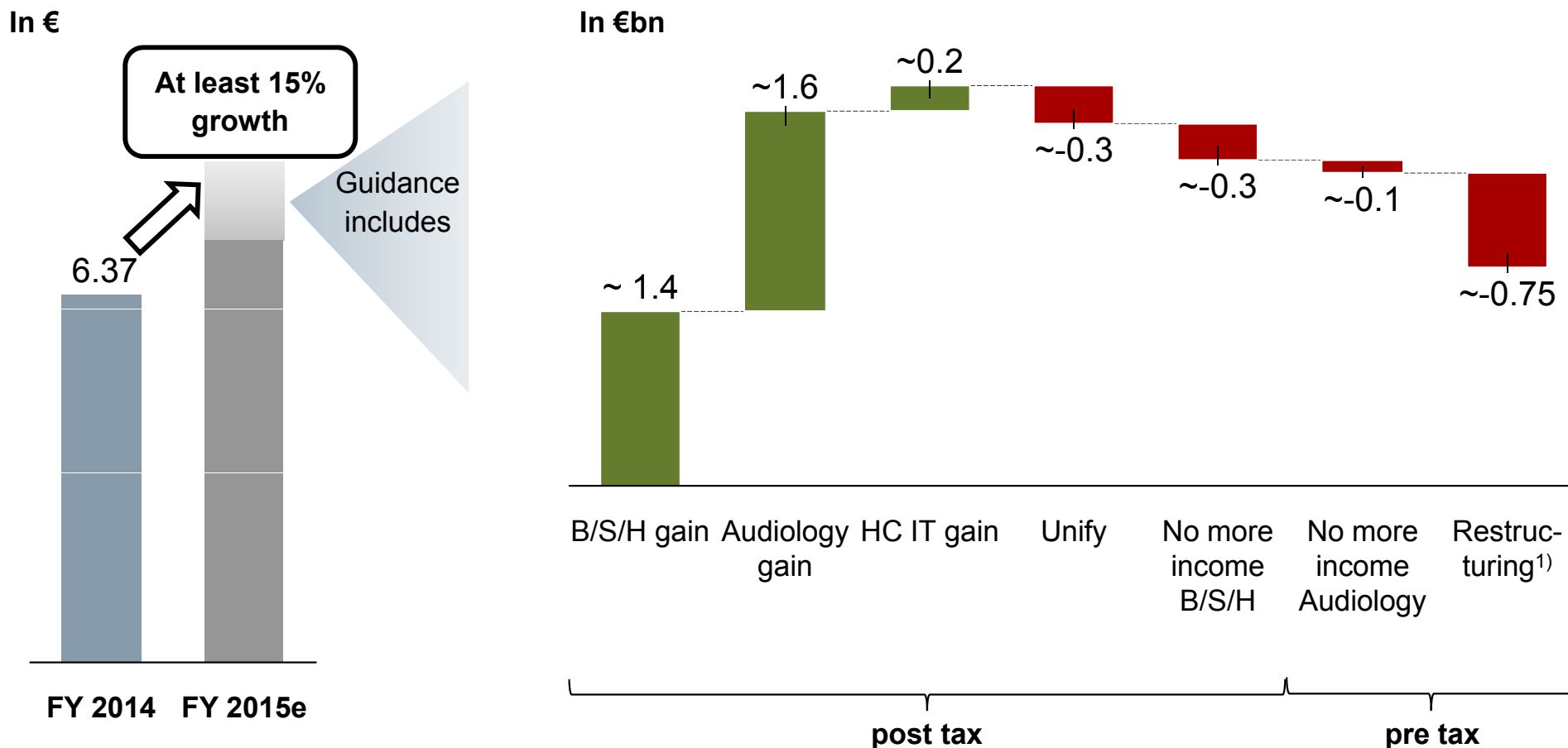


- We believe that our business **environment will be complex in fiscal 2015**, among other things due to **geopolitical tensions**.
- We expect **revenue on an organic basis** to remain **flat year-over-year**, and orders to exceed revenue for a **book-to-bill ratio above 1**.
- Furthermore, we expect 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.*

# Restructuring and operational consolidation in FY 2015 is financed by disposal gains

## Basic earnings per share (Net income)



1) Midpoint of range of mid to high three digit million Euro assumed

# Siemens Vision 2020 on track

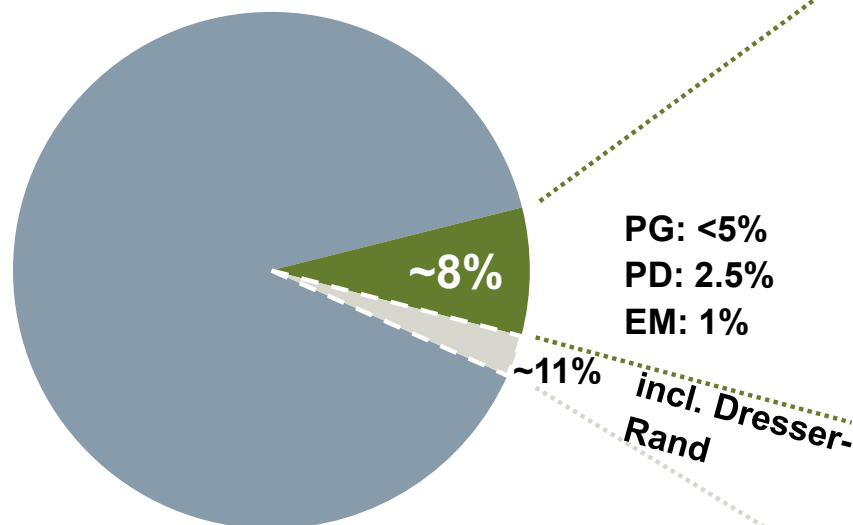
## Execution milestones until 2017

Until	Execution steps	
Q4 2014	Implementation of new and simplified organization by Oct. 1	✓
	Introduction of incentive system 2015	✓
Q2 2015	Stringent portfolio optimization - closing of announced divestments	✓
	Measures for structural optimization defined (governance & support functions)	✓
	Decision on resource allocation for underperforming businesses	✓
Q4 2015	Update on cost reduction progress	
	Update on measures for growth fields and innovation	
	Share buy-back executed (up to €4bn)	
Q4 2016	Update on execution of further portfolio optimization	
	Progress on cost reduction: Major portion of €1bn savings effective	
Q4 2017	Underperforming business fixed	
	€1bn cost savings fully effective	

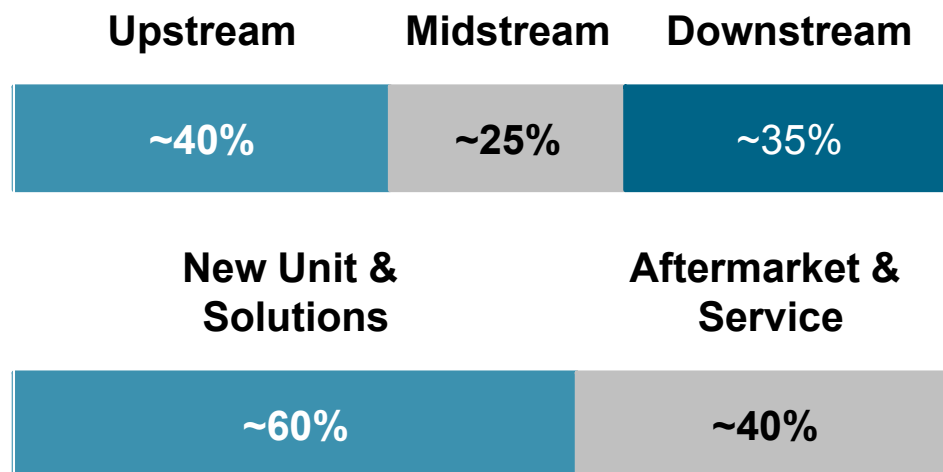
# Oil & Gas exposure still limited - "Secondary impact" could be higher

## Direct Oil & Gas exposure

(Estimate in % of FY 2014 orders incl. Rolls-Royce pro forma)

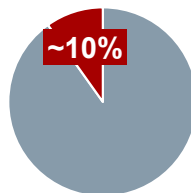


## Exposure along value chain



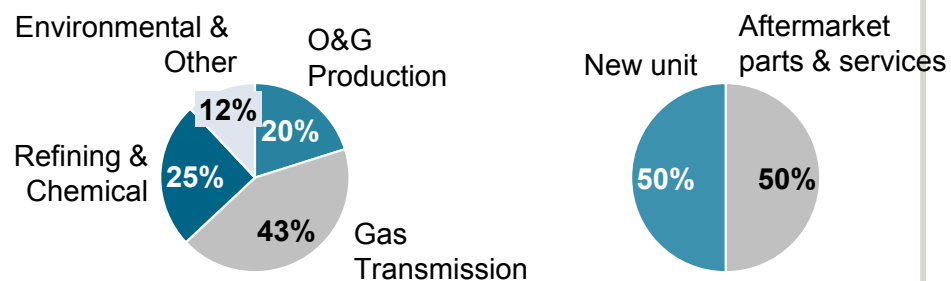
## "Secondary" effects

Siemens orders FY 2014 in selected Oil exporting countries with strong NOCs (mainly OPEC, Russia, Kazakhstan)



### Dresser-Rand:

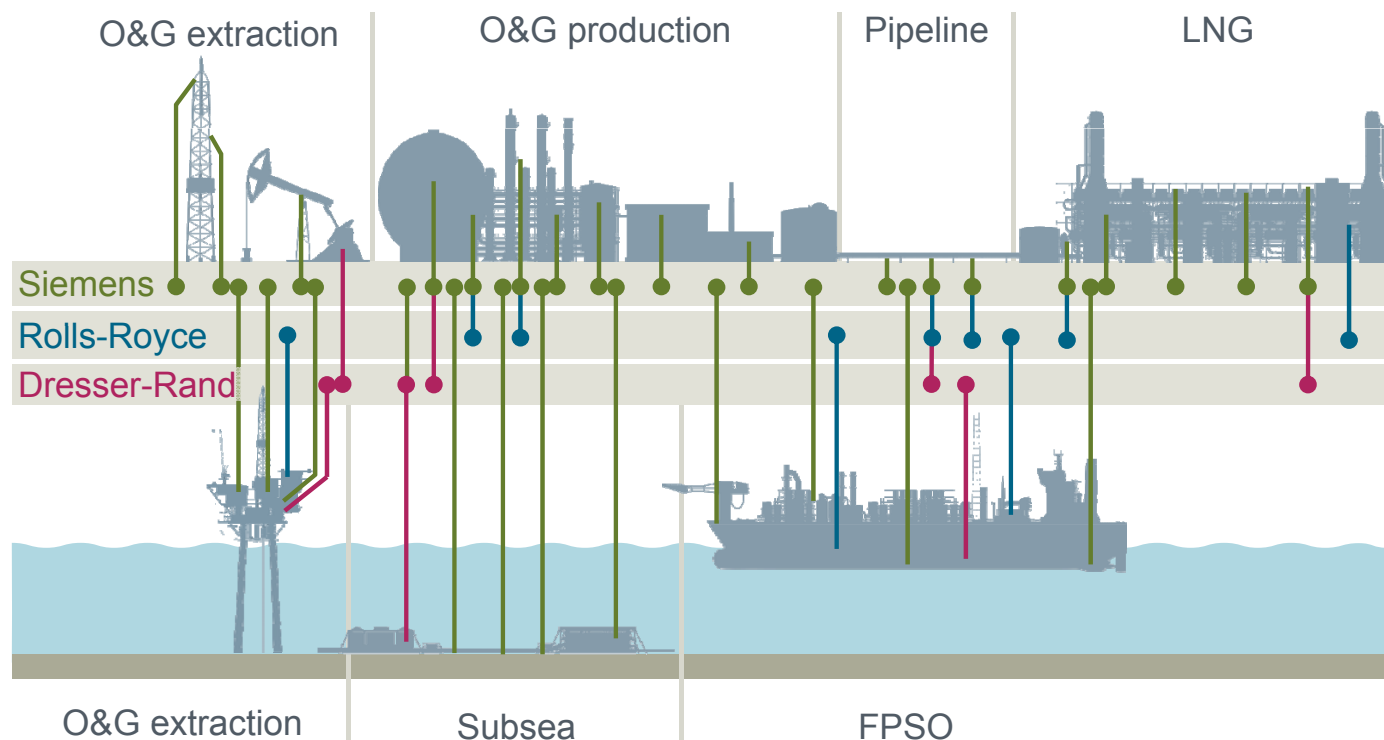
Orders and Revenue FY 2014 of \$2.8bn



Source: Dresser-Rand, 10-K Filing, Annual Report 2014

# Oil & Gas – Recent acquisitions leverage attractive offerings and market access

## Onshore



### Portfolio and growth synergies

- **Advanced offering from drives to solutions**, e.g. compressor train with Siemens turbines
- **Efficient service for joint installed base and pull through of additional offerings**
- **Improved market access together with other divisions**

## Offshore

FPSO = Floating, Production, Storage and Offloading; LNG = Liquefied Natural Gas

# One Siemens Financial Framework – Clear targets to measure success & accountability

## One Siemens Financial Framework

Siemens

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

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

**15-20%**

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

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

**up to 1.0x**

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

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

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

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

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

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

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

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

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

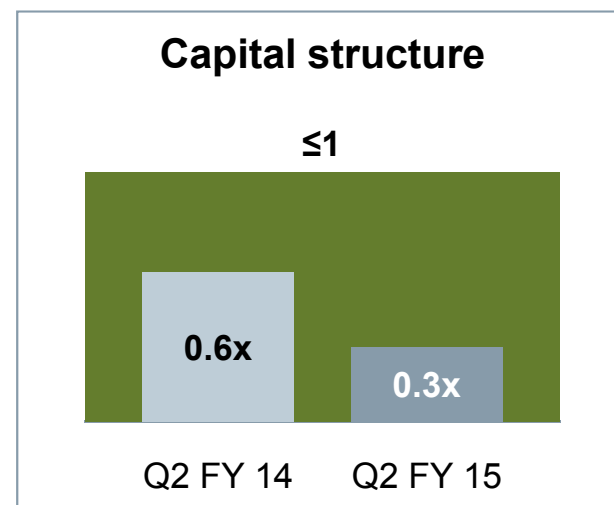
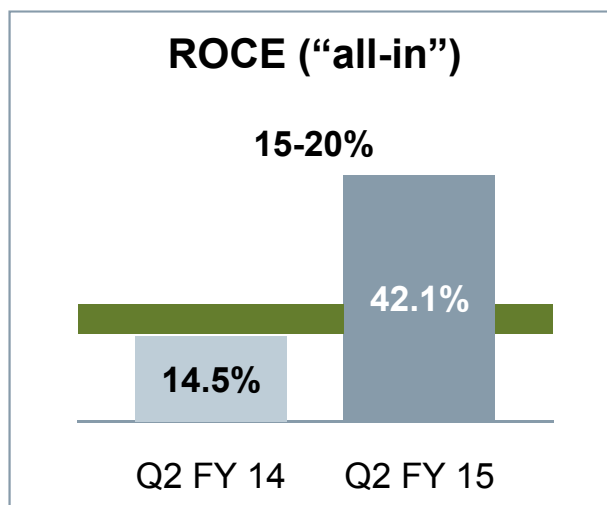
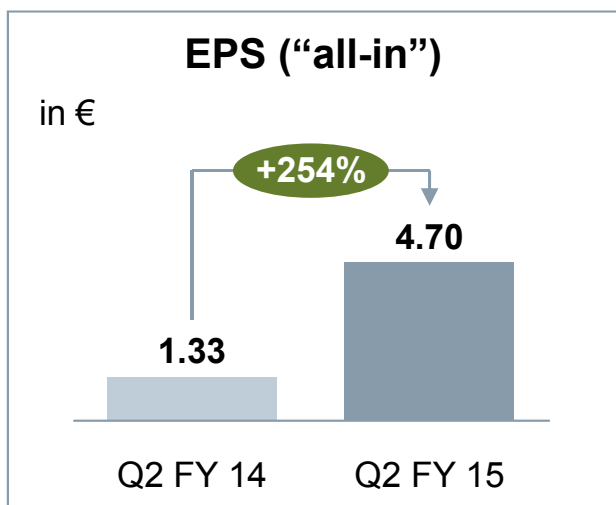
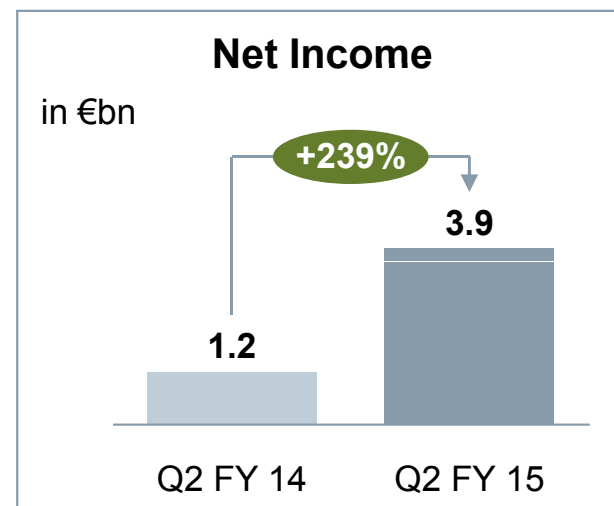
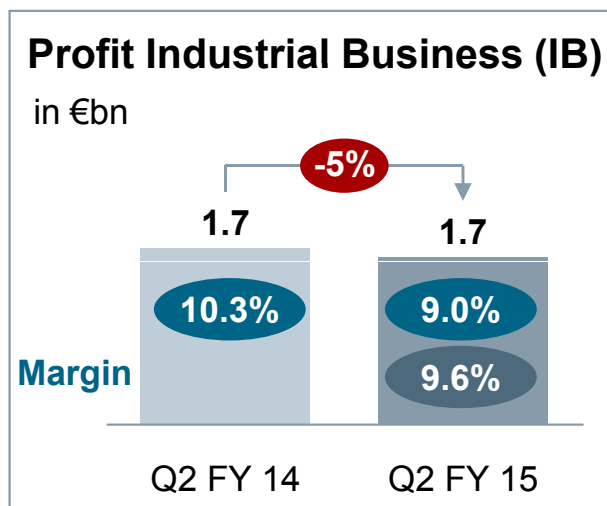
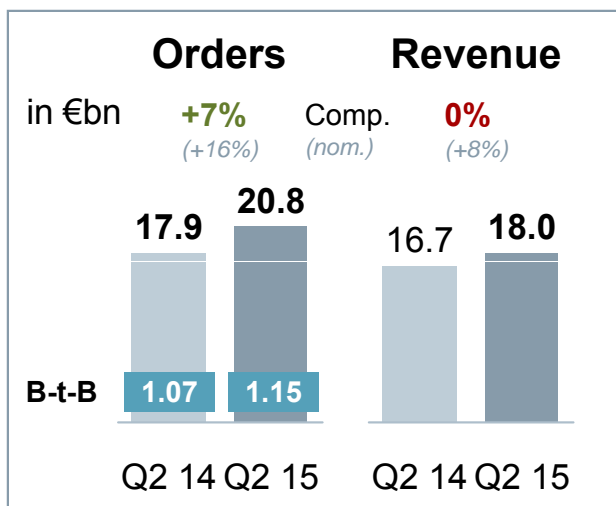
**DF**  
**14-20%**

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

1) ABB, 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



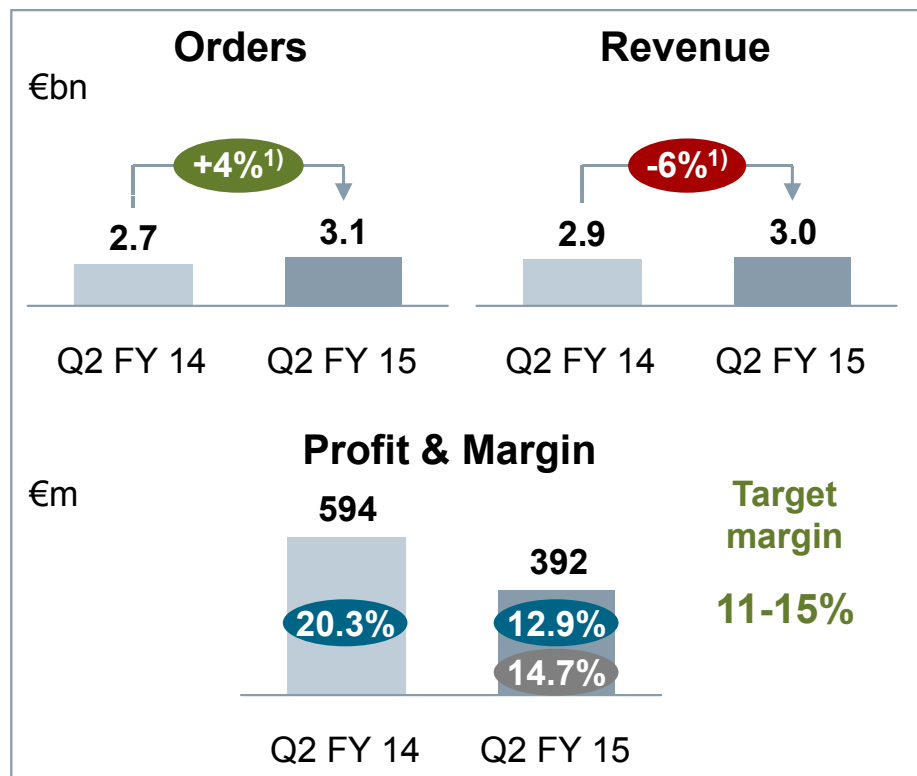
# Financial Cockpit



**x.x%** Margin as reported      **x.x%** Margin excl. severance

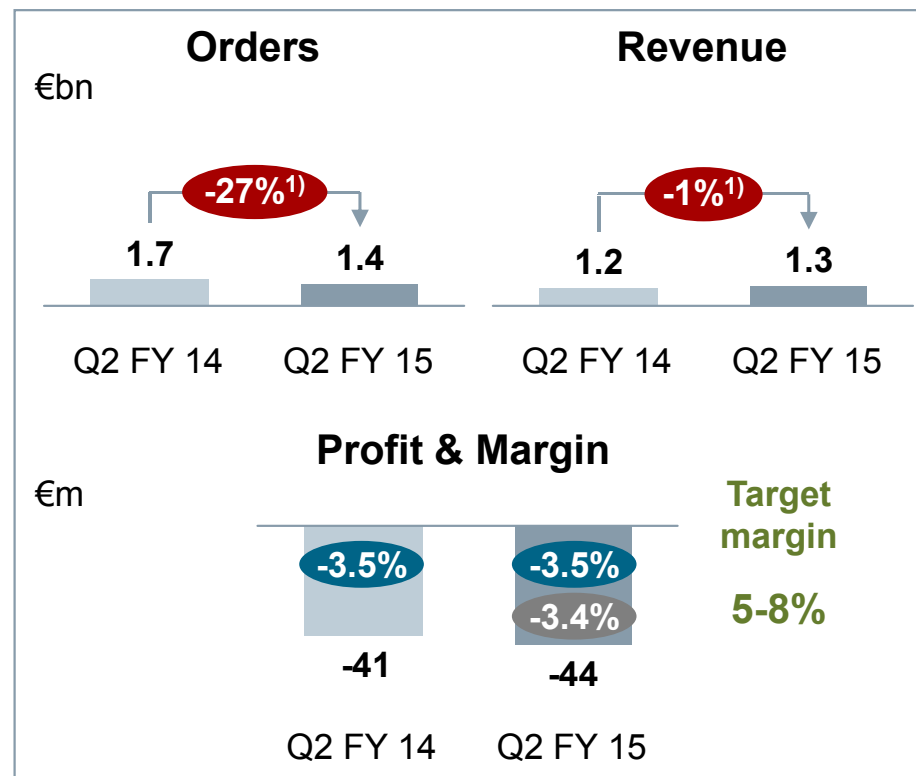
# PG: Accelerating innovation and productivity actions WP: Continued operational challenges impact margin

## Power and Gas (PG)



- Positive effects by strong project execution
- Higher R&D for innovation push
- Expect operational margins at the lower end of the corridor

## Wind Power and Renewables (WP)



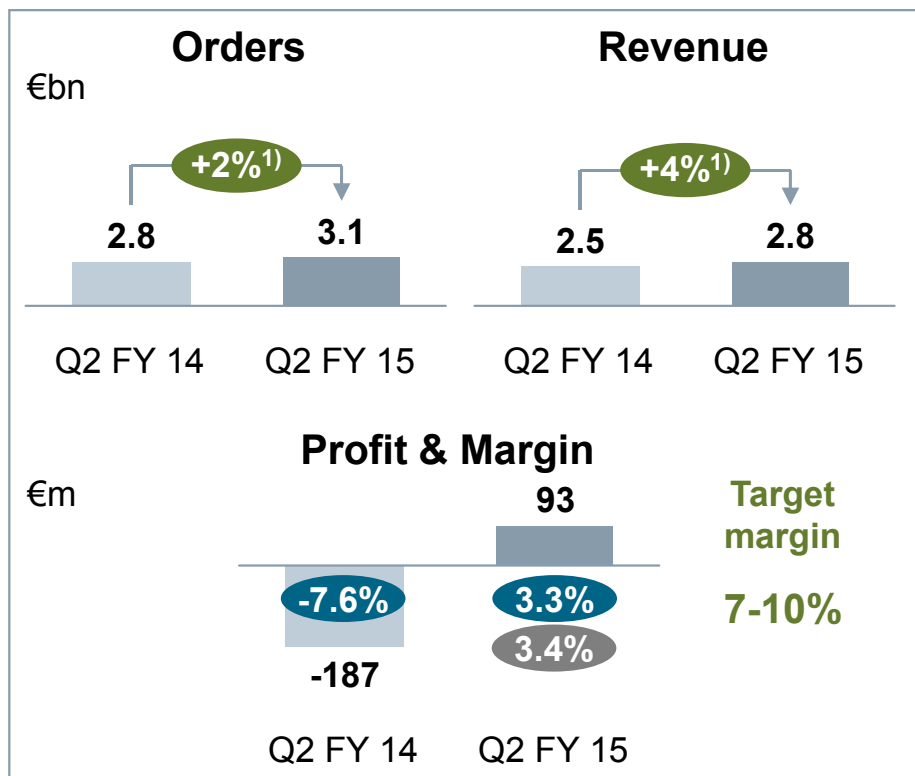
- Sharply lower offshore order volume
- Main bearings still a topic
- Ramping up commercial scale production of a new turbine offering

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

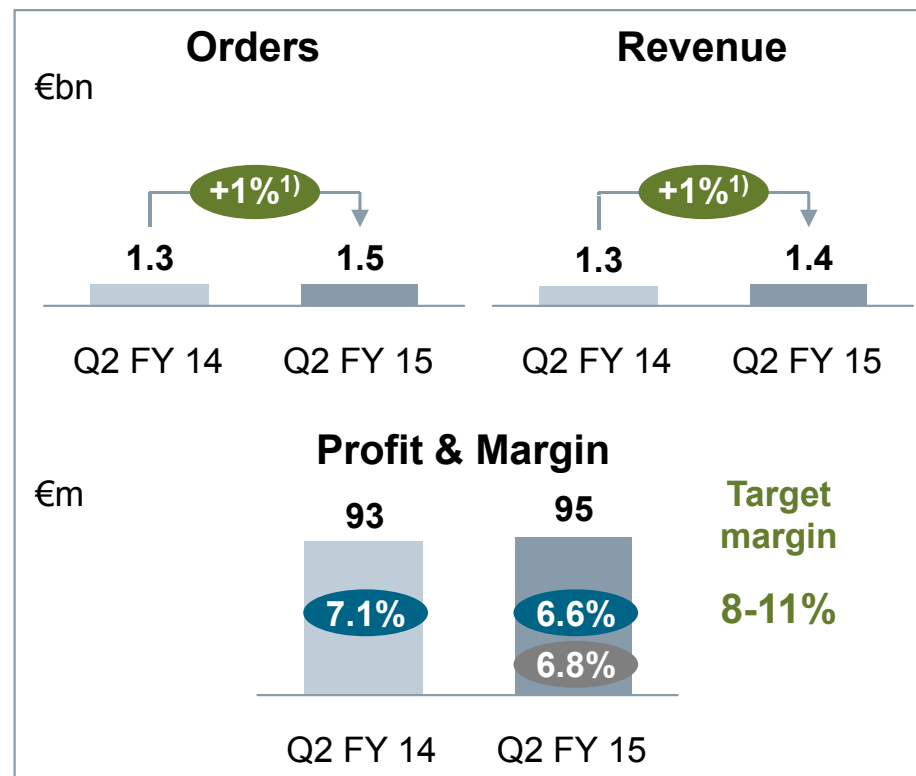
x.x% Margin as reported      x.x% Margin excl. severance

# EM: Progress in execution of legacy projects BT: Productivity push to mitigate CHF strength

## Energy Management (EM)



## Building Technologies (BT)



- Substantial order growth in Americas due to large HVDC order
- Adverse mix due to large revenue portion with low margins

- Order growth driven by the U. S.
- Mid-term productivity measures to compensate for adverse profit impact of CHF appreciation initiated

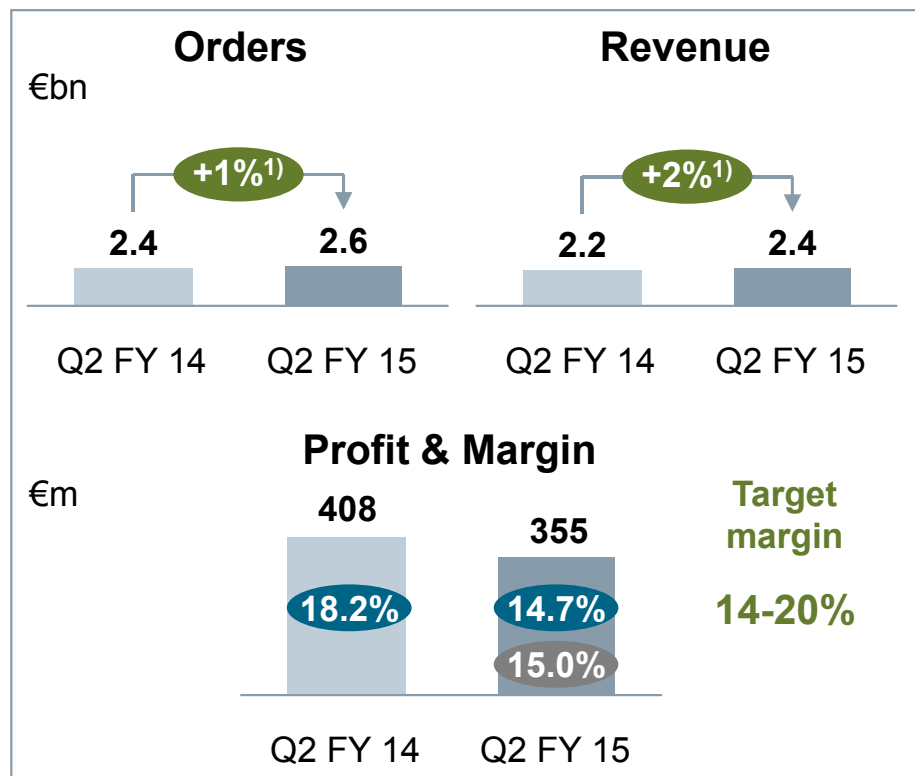
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x% Margin as reported      x.x% Margin excl. severance

# DF: Temporarily softer and stronger outlook

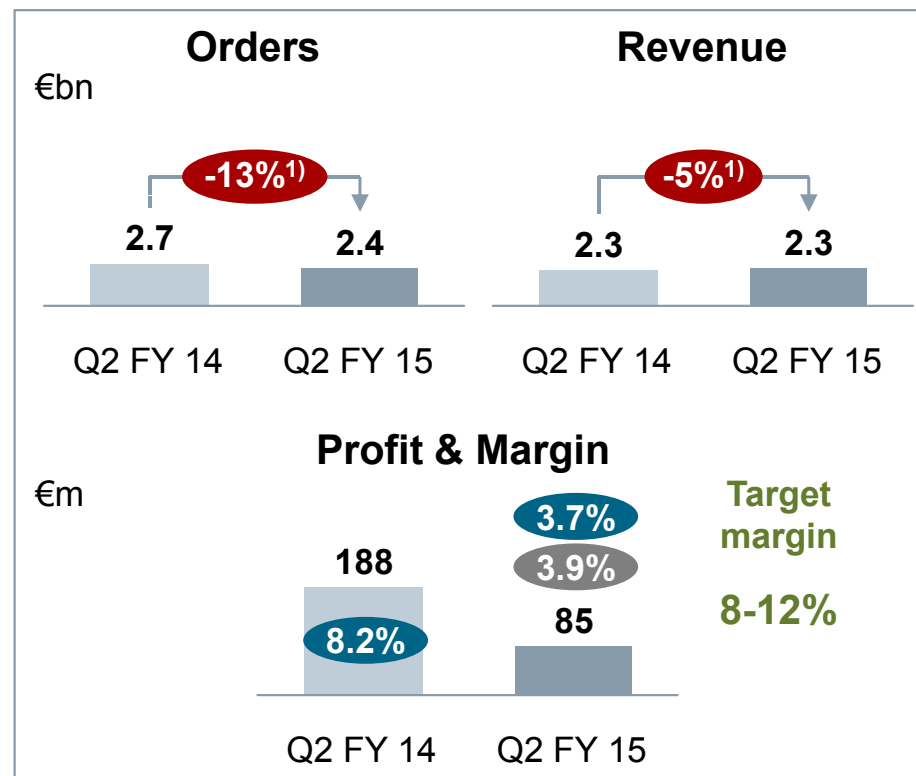
## PD: Commodity related weakness weighs on margin

### Digital Factory (DF)



- Order growth driven by motion control and industry software (PLM)
- Lower revenue share from high margin products and weaker China channels

### Process Industries and Drives (PD)



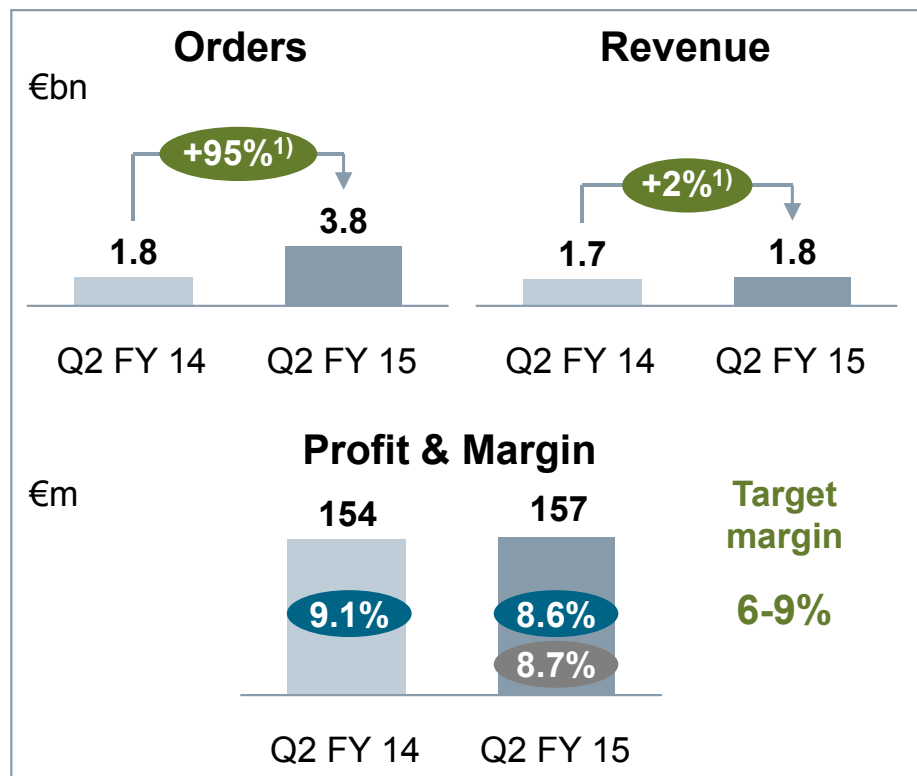
- Weaker demand in commodity related industries (O&G, Metals, Mining, Cement)
- Margin impact from operational challenges in O&G/Marine & Large Drives solutions

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

x.x% Margin as reported      x.x% Margin excl. severance

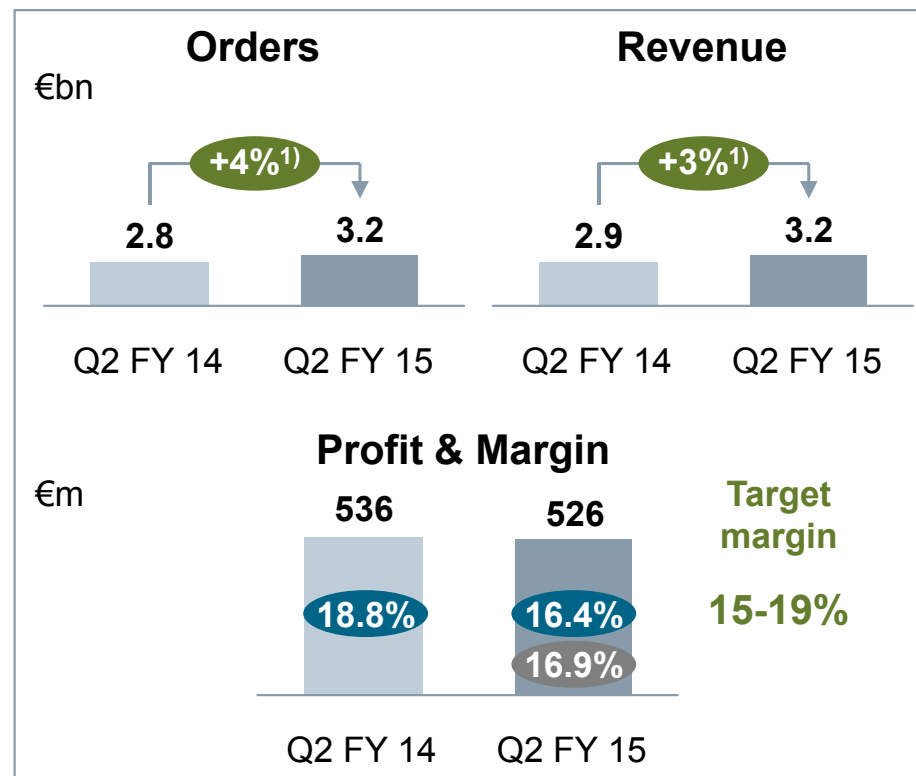
# MO: Stringent project execution HC: Higher growth and solid margin

## Mobility (MO)



- Revenue growth driven by execution of turnkey projects & rail infrastructure bus.
- Higher revenue and net positive effects related to high speed trains foster margin

## Healthcare (HC)



- Revenue strong in Europe and good in China, US flat
- Includes €61m gain on sale of Microbiology business

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

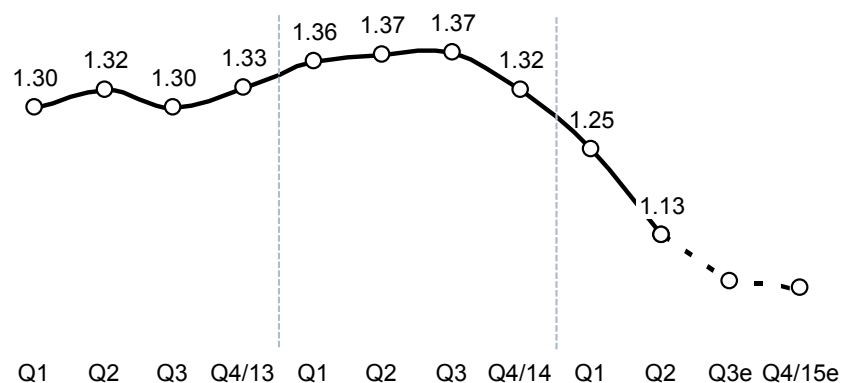
x.x% Margin as reported

x.x% Margin excl. severance

# Weaker Euro with limited windfall for H1 profitability, acceleration expected in H2 FY 2015

## FX impact in FY 2015

### Quarterly average EUR/USD rates



### FX impact

	Q2/15	H1/15	H2/15e
Revenue	+8%	+5%	high single digit
Profitability	-10bps	+10bps	~+90bps

## Hedging strategy and effects

- **Limited impact on profitability in H1** due to consistent hedging policy:
  - ≥75% of product business exposure at least three months in advance
  - Large project businesses fully hedged at time of order booking
- **Margin windfall in H2** as favorable hedging rates take effect
- **Medium term some positive structural effects** from weaker Euro against major currencies (USD, CNY, GBP, INR, among others)
- Strong focus on **natural hedging** to mitigate risk from currency volatility

## Financial calendar

### June

**June 11, 2015**

JP Morgan European Capital Goods Conference (London)

**June 17, 2015**

Deutsche Bank German, Swiss & Austrian Conference (Berlin)

### July

**July 30, 2015**

Q3 Earnings Release and Analyst Call

### August

# Siemens Investor Relations contacts



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## Investor Relations

Internet: [www.siemens.com/investorrelations](http://www.siemens.com/investorrelations)

Email: [investorrelations@siemens.com](mailto:investorrelations@siemens.com)

IR-  
Hotline: +49 89 636-32474

Fax: +49 89 636-32830