

Industry Financial Perspectives



The background image shows an industrial environment. On the left, a man in a maroon shirt stands next to a control panel with a screen. In the center, there is a piece of machinery with an 'OptoTech GERMANY' logo. On the right, another man in a maroon shirt is kneeling and working on a large, complex machine. In the foreground, a hand holds a tablet displaying a 3D CAD model of a mechanical part.

Ralf P. Thomas
CFO Industry Sector

Capital Market Day Siemens Industry
Hanover, April 11, 2013

Safe Harbour Statement

This document includes supplemental financial measures that are or may be non-GAAP financial measures. New orders and order backlog; adjusted or organic growth rates of revenue and new orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; cash conversion rate, or CCR; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens' financial condition, results of operations or cash flows 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. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at www.siemens.com/nonGAAP. For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

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 "expects", "looks forward to", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders 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, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect Siemens' operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter "Risks" of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter "Report on risks and opportunities" of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC's website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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.

A clear set of financial priorities...

Ensure continued capital efficiency

Drive structural improvements to deliver 2014 targets

Increase flexibility

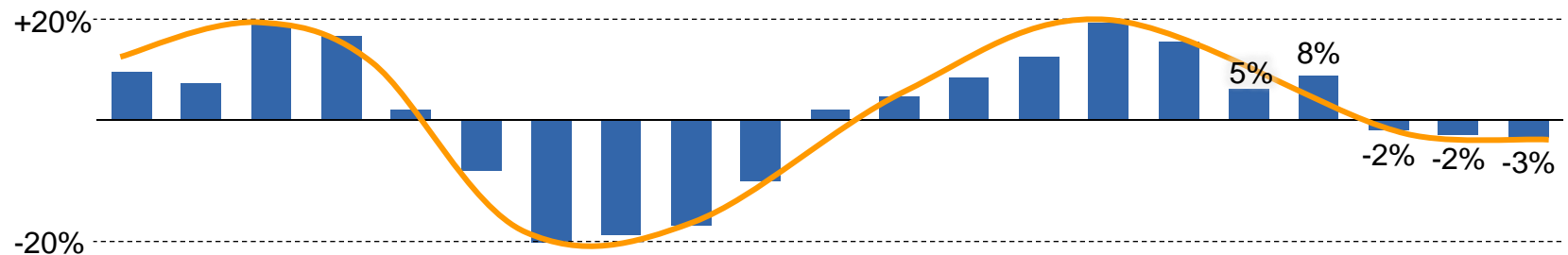
Focus on value-driven capital allocation

Strengthen core business

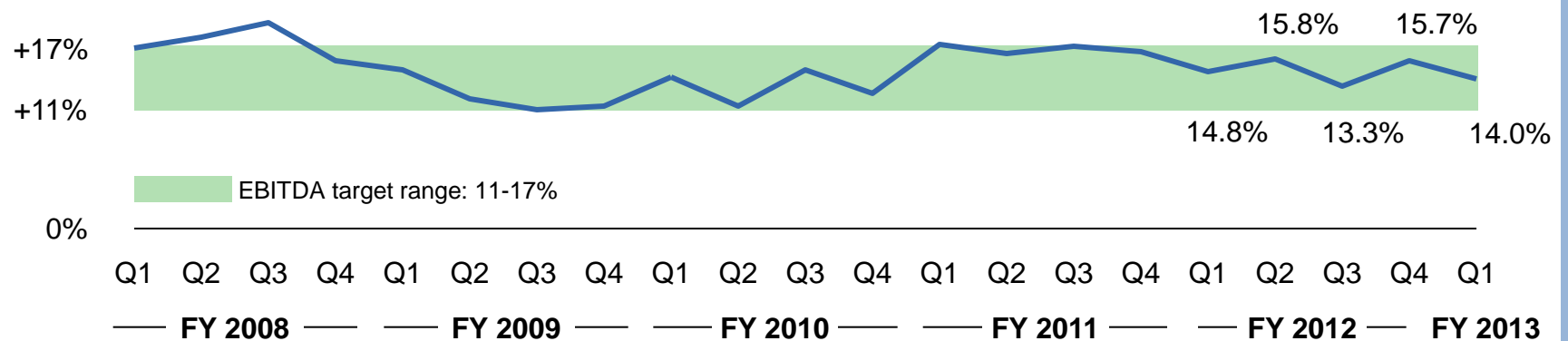
...to drive Industry's value

Consistent margin delivery despite cyclical development

Long-term comp. revenue growth ¹⁾

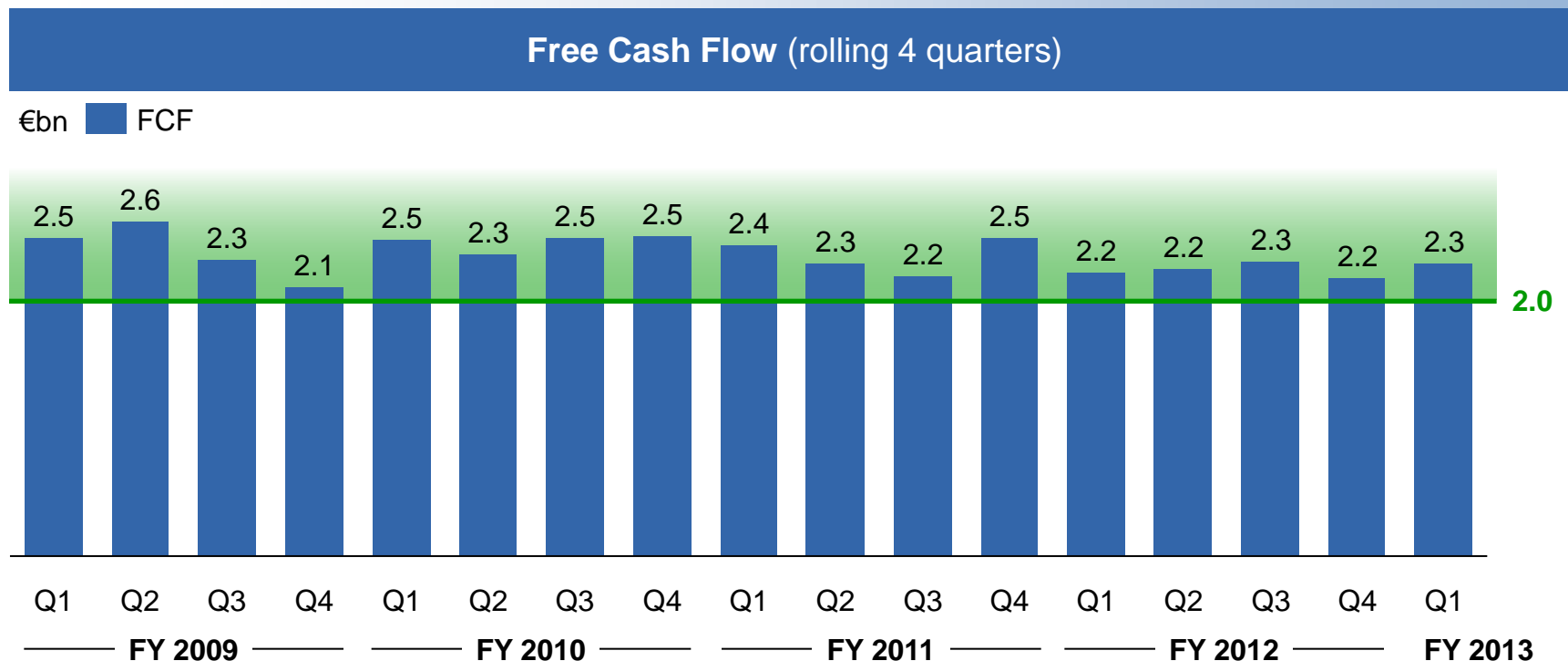


Long-term EBITDA margin development



1) Year-on-year on a comparable basis, i.e. excluding currency translation and portfolio effects; Financials prior to FY 2010 are based on a simplified comparability approach (addition IA, DT and IS ./. transfers)

Strong, consistent cash generation



Continued focus on asset management improvements

Enhance supply chain flexibility

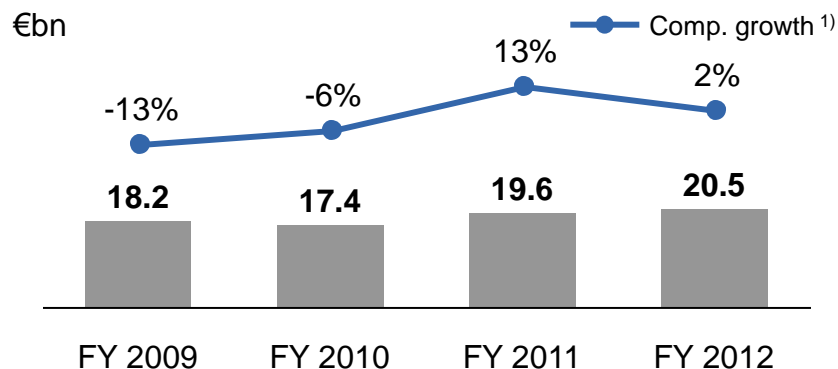
Strict payment and collection discipline

Improved distributor management

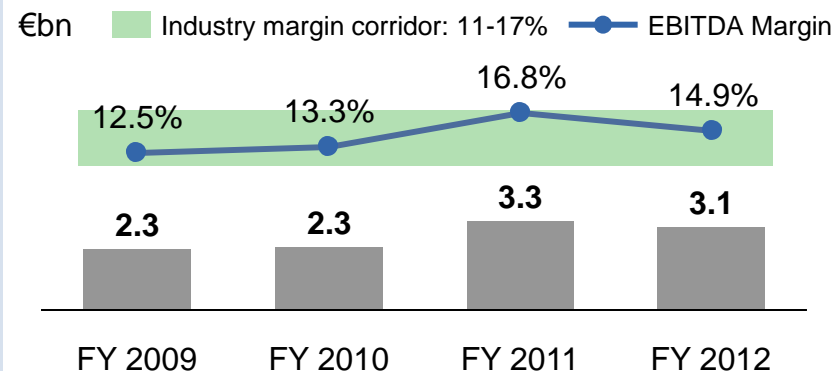
Financials prior to FY 2010 are based on a simplified comparability approach (addition IA, DT and IS ./ transfers)

A solid track record of capital efficiency

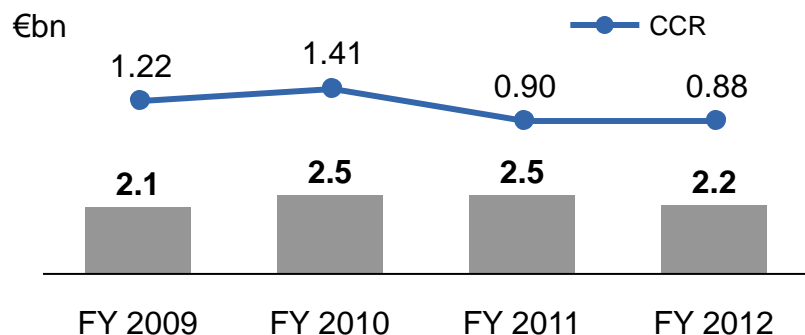
Revenue



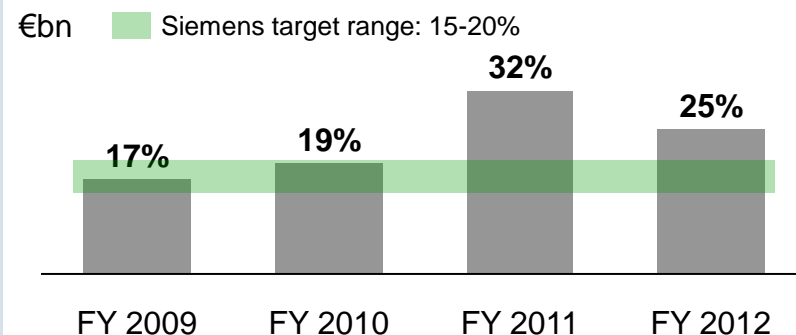
EBITDA



Free Cash Flow



ROCE

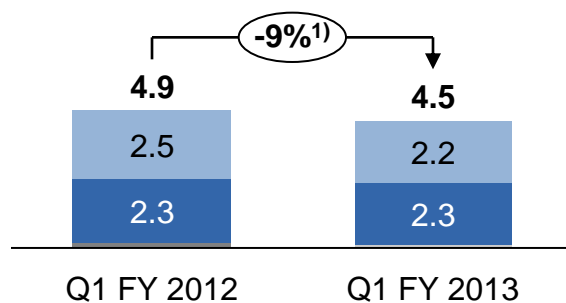


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Challenging markets impact volume and profit

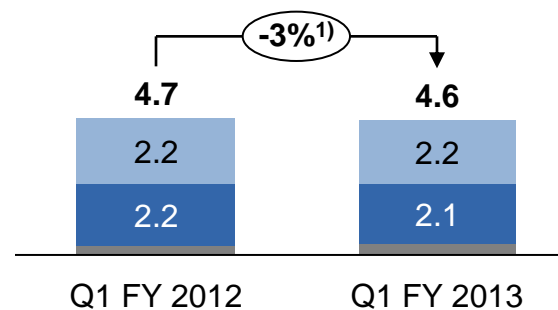
New Orders

€bn



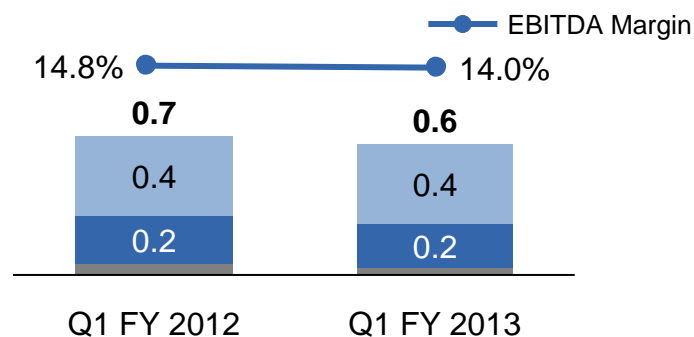
Revenue

€bn



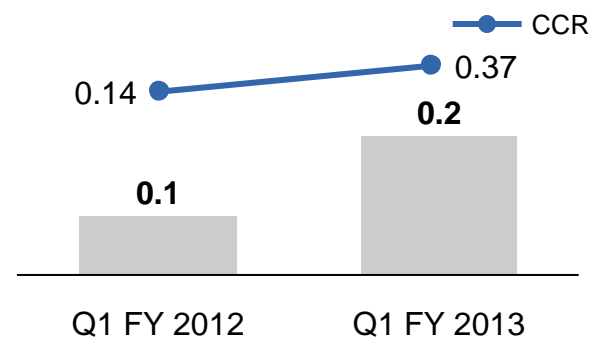
EBITDA

€bn



Free Cash Flow

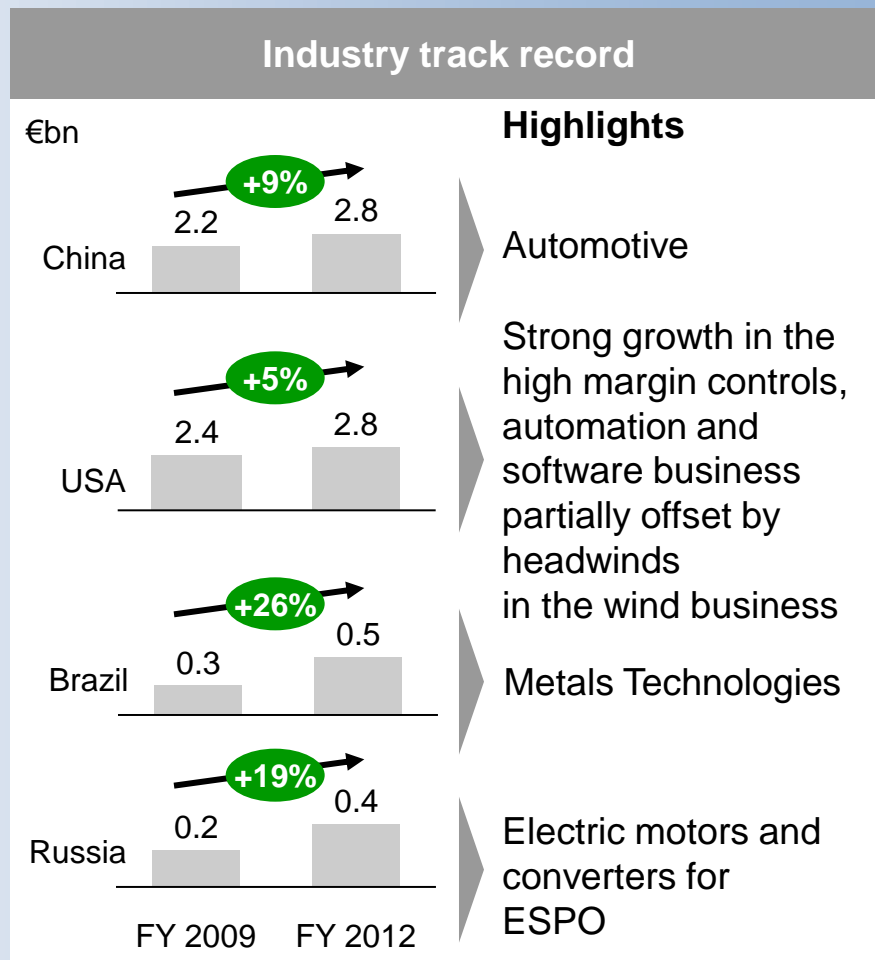
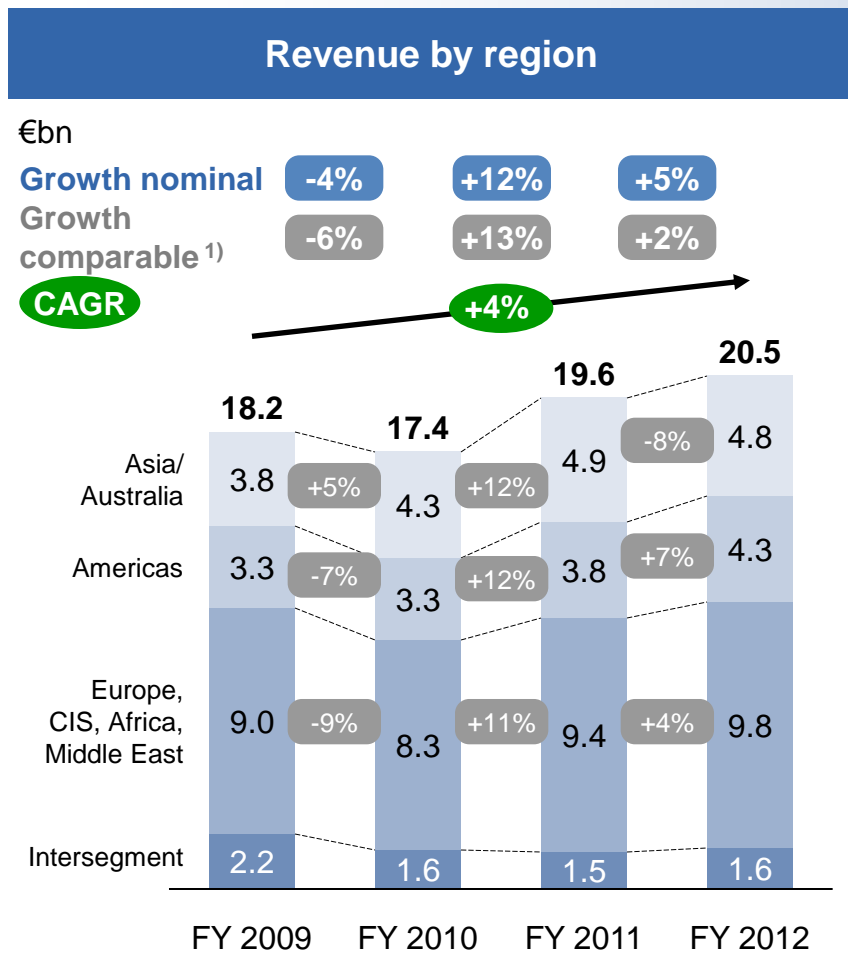
€bn



IA DT Others Industry

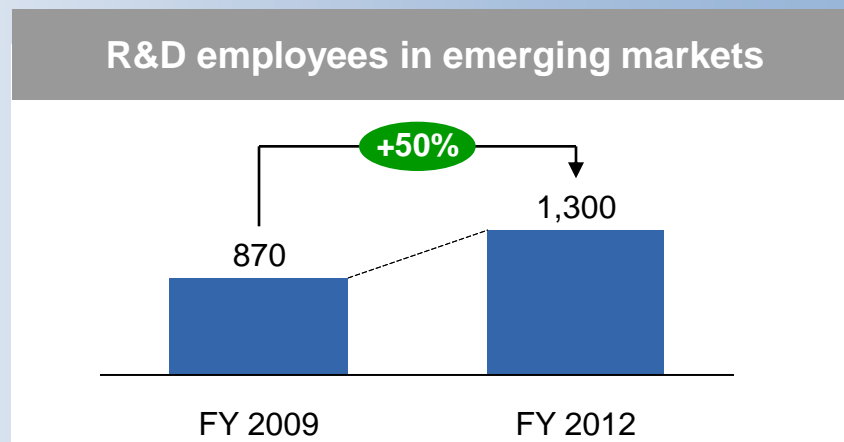
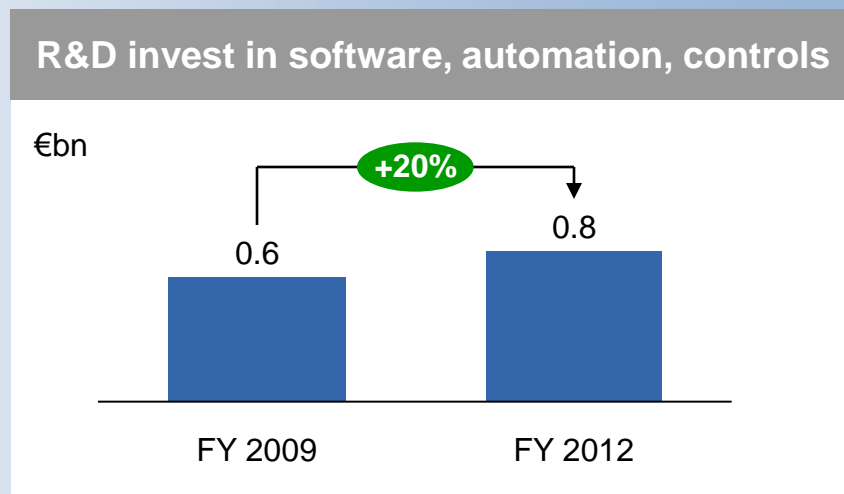
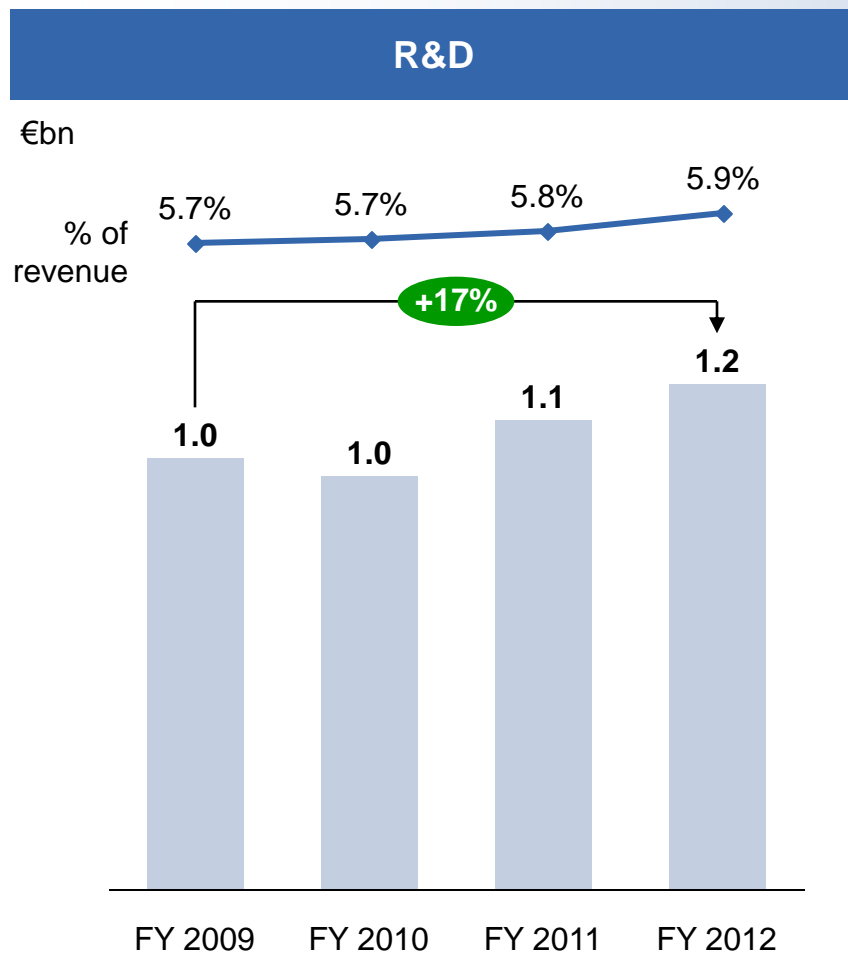
1) Year-on-year on a comparable basis, i.e. excluding currency translation and portfolio effects

Strong revenue growth in emerging countries



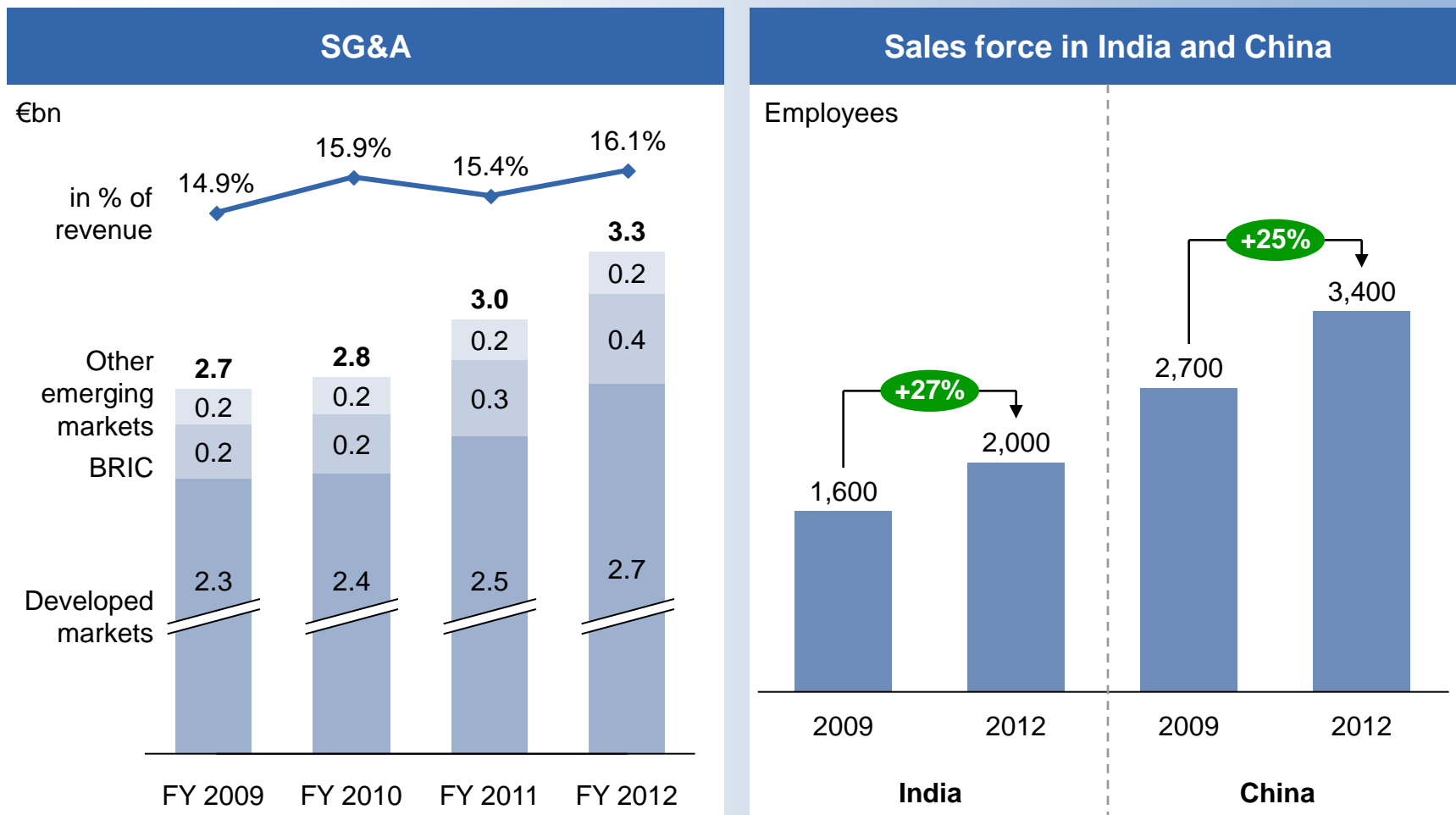
1) Year-on-year on a comparable basis, i.e. excluding currency translation and portfolio effects; resp. w/o currency translation effects on regional level; Financials prior to FY10 are based on a simplified comparability approach (addition IA, DT and IS ./ transfers)

R&D commitment for our innovative edge



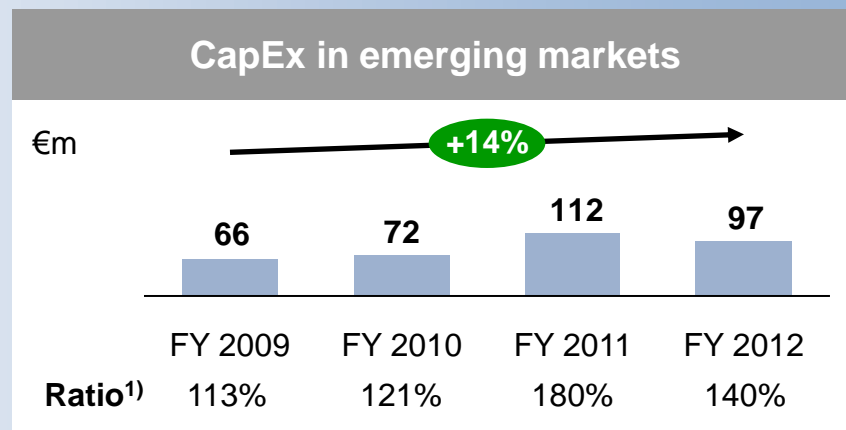
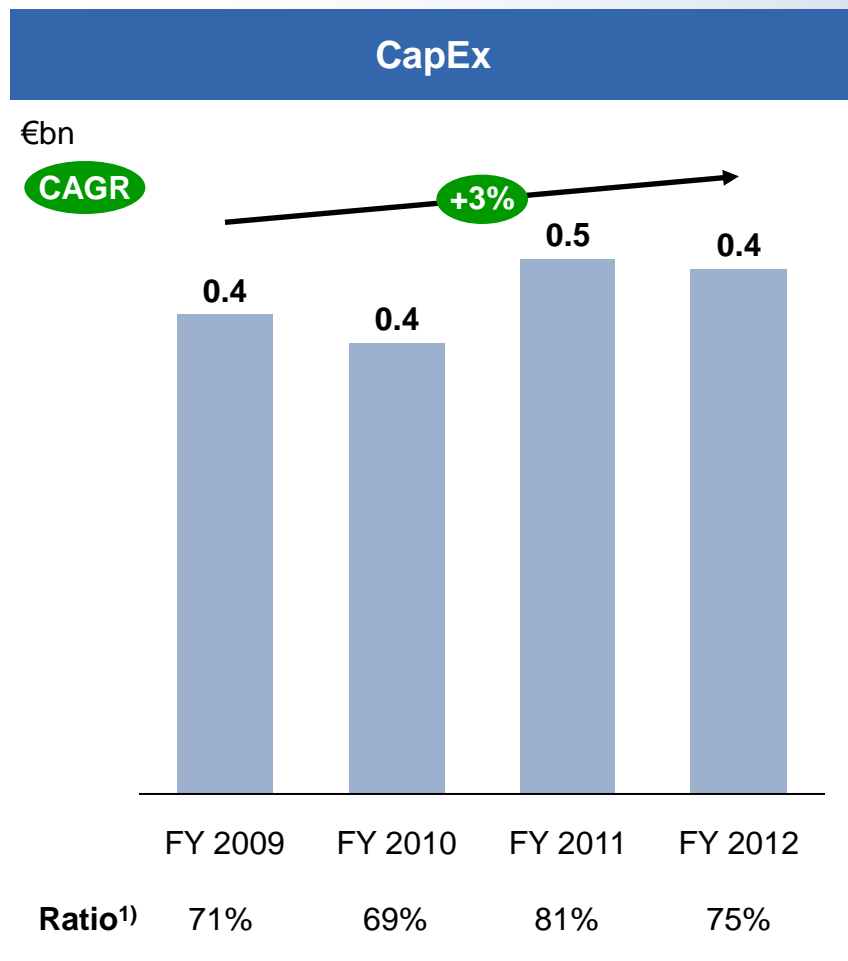
Financials prior to FY 2010 are based on a simplified comparability approach (addition IA, DT and IS ./ transfers)

Targeted investments in marketing and selling activities



Financials prior to FY 2010 are based on a simplified comparability approach (addition IA, DT and IS ./ transfers)

CapEx spending focused on fastest growth



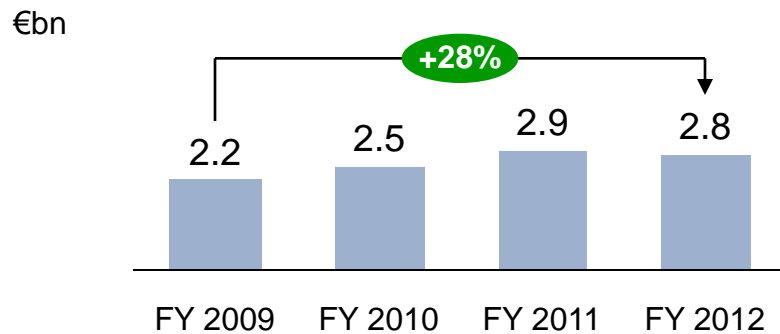
- Investment areas**
- **Portfolio extension**
 - ⇒ Best-in-class lead factories, e.g. Amberg, Erlangen
 - **Capacity extension**
 - ⇒ Twin factories in emerging countries, e.g. Chengdu, Nanjing, Tianjin, Suzhou
 - **Leading and capital-efficient technologies**
 - ⇒ Primarily automation and controls

Financials prior to FY 2010 are based on a simplified comparability approach (addition IA, DT and IS ./ transfers)

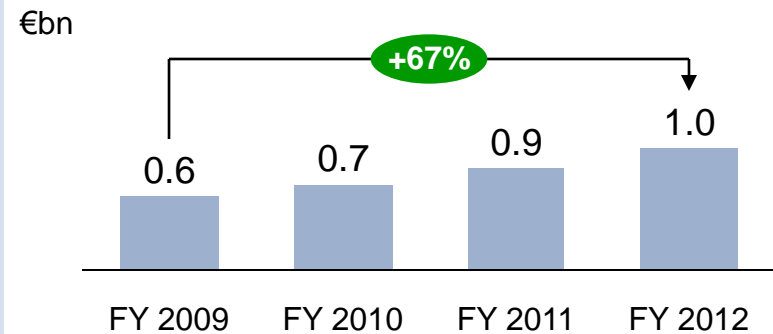
1) CapEx depreciation ratio incl. pp&e + intangible assets

Industry is well positioned in China

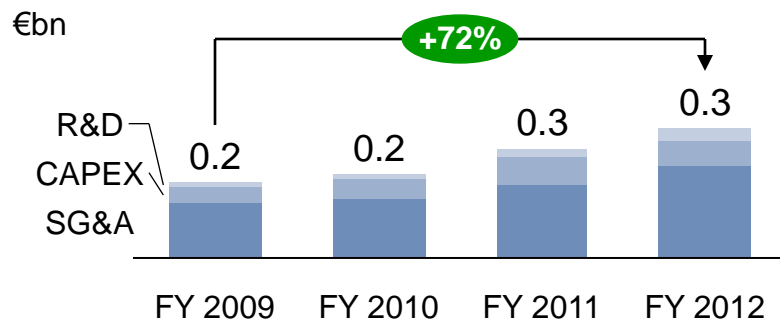
Revenue



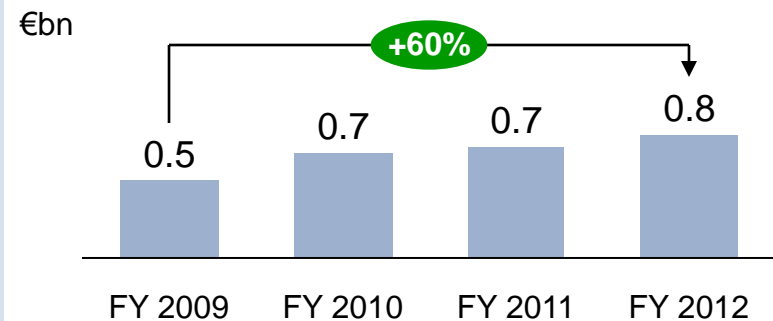
Factory output



Investments



Sourcing¹⁾



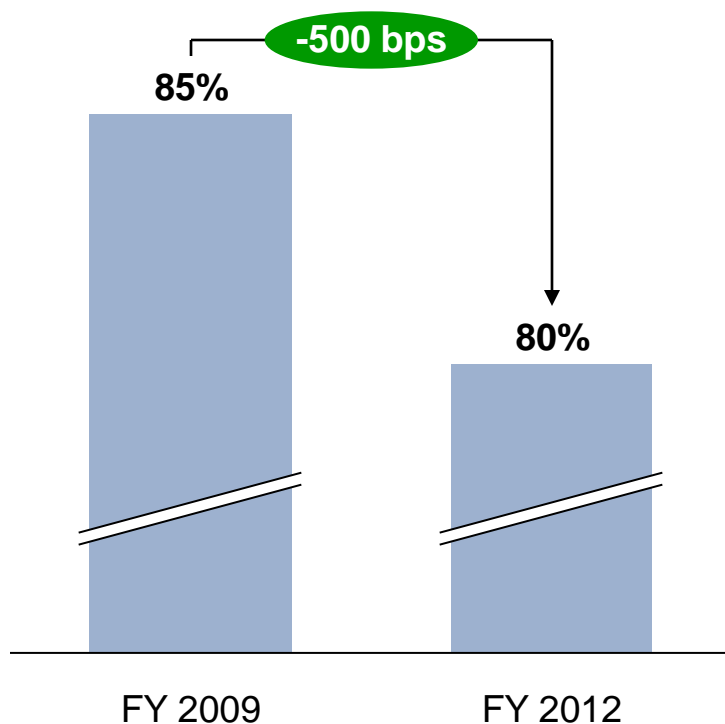
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1) 3rd party purchase volume in Chinese locations

Margin protection through cost flexibility

Cost flexibility

Moving down the break-even point ¹⁾



Main levers 2009-2012

- Reduction of headcount (~8,300)
- Selective headcount increase in countries with high flexibility (e.g. China ~3,000)
- Improved productivity in fixed assets

Going forward

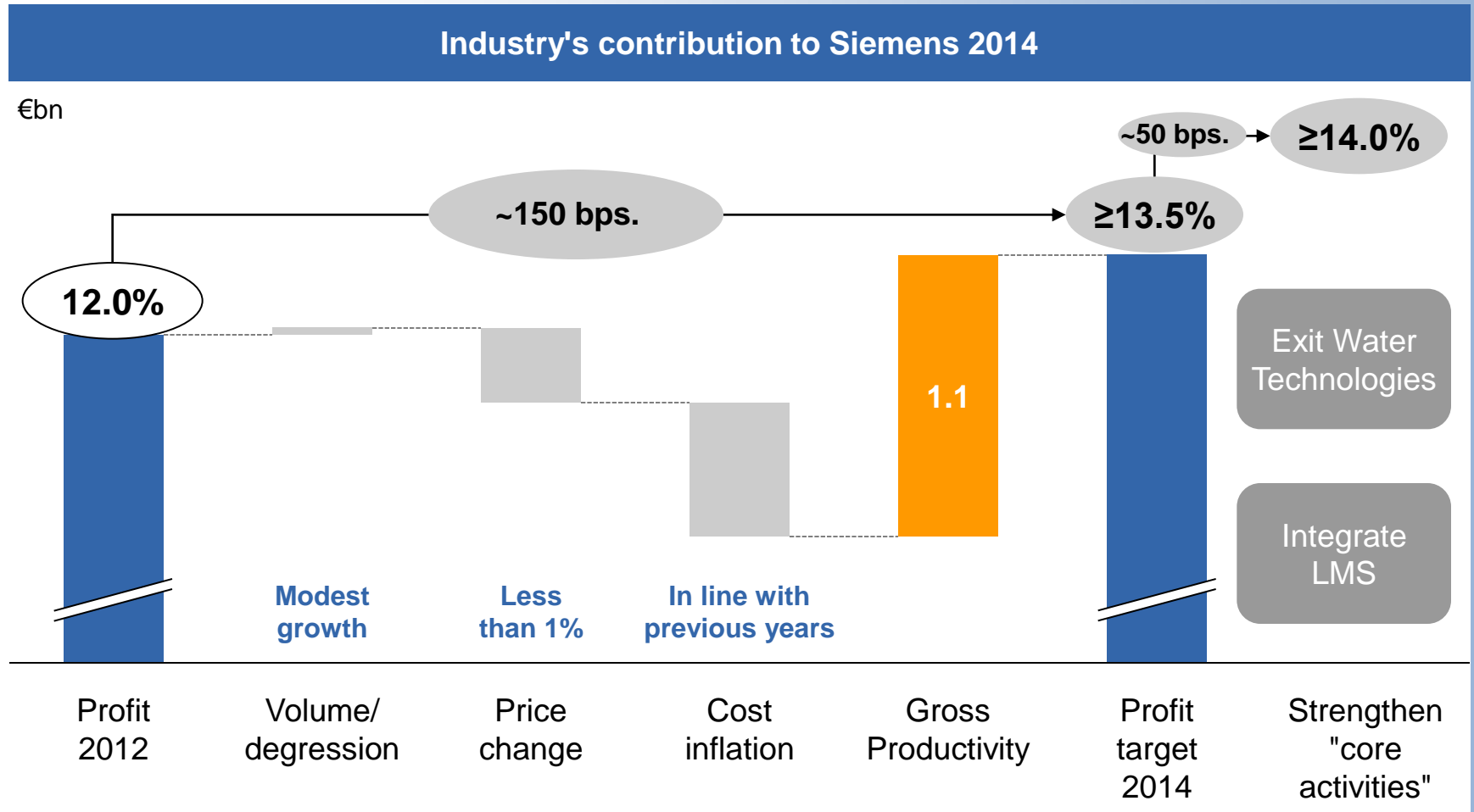
- **Focus on core competencies and streamline value chain**
 - ⇒ Foundry Wittgensdorf ready for sale
 - ⇒ Logistic Center Nuremberg outsourced
- **Optimize Industry sales setup**
 - ⇒ Efficiency programs in large countries
 - ⇒ Partners in small countries
- **Exploit process optimization potentials**
 - ⇒ Support functions
 - ⇒ Governance

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1) Break-even revenue in % of total revenue

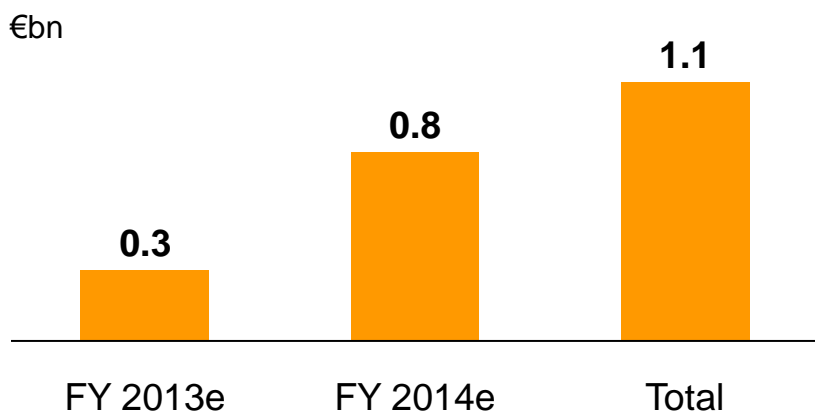
Industry 2014

€1.1bn productivity to support Siemens' profit target

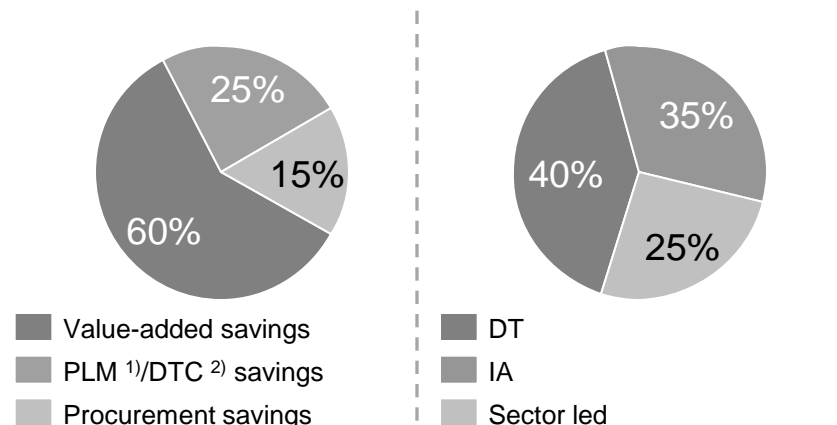


Clear targets and responsibilities set throughout Sector

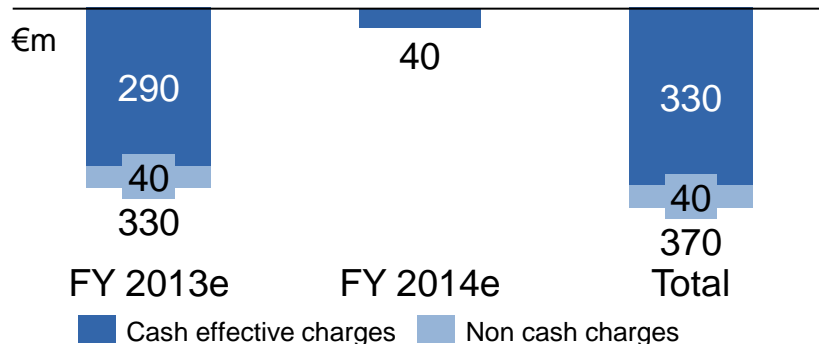
Gross Productivity FY 2013-2014



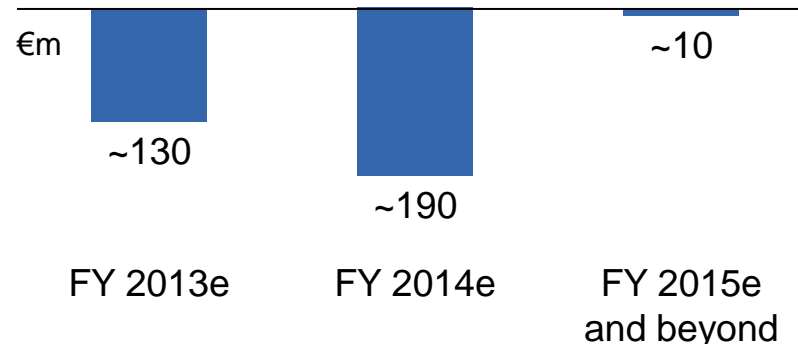
Productivity FY 2013-2014 by Division/Lever



Transformation charges



Cash flow impact from charges



1) Product Lifecycle Management processes

2) Design to Cost

My focus areas

Delivering for 2014 and beyond

SIEMENS

High performance over the complete cycle

- Increasing flexibility
- Value-driven capital allocation

"Industry 2014" drives profitability improvements

- €1.1bn gross productivity with clear targets and commitments
- Driving profit margin to $\geq 14.0\%$ ¹⁾ in FY 2014

Industry continues to be a reliable value and cash generator

1) Including planned divestiture of Water Treatment business

Reconciliation and Definitions for Non-GAAP Measures



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