Strong finish for fiscal 2015

Annual Press Conference | Berlin, November 12, 2015

Joe Kaeser, President and CEO, Siemens AG

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.

Our agenda for today

Key financials Fiscal 2015

Guidance delivered

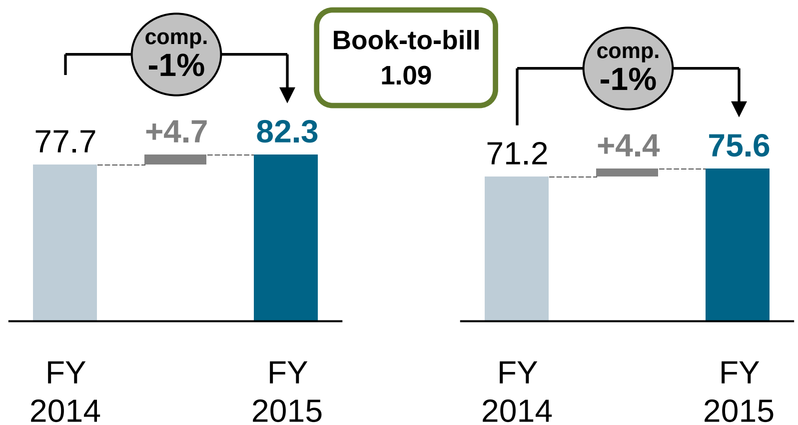
Execution of “Siemens Vision 2020” on track

Outlook for Fiscal 2016

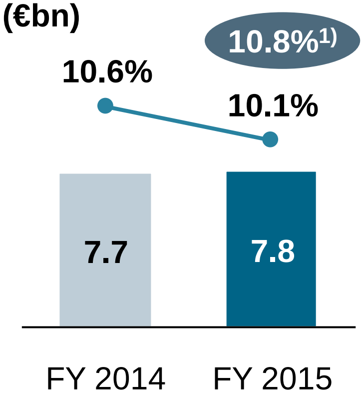
Key figures FY 2015

Performance in FY 2015

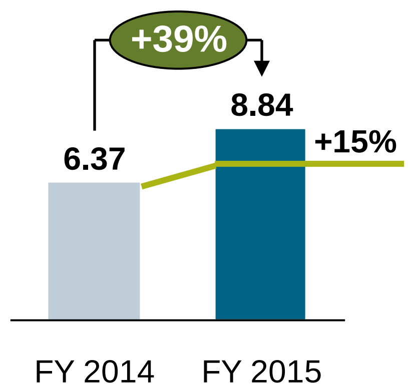
Orders (€bn) **Revenue (€bn)**



Profit Industrial Business (€bn)



Basic Earnings per Share (€)



- **Orders** are up 6%, due to currency translation and portfolio effects; strong divisions Energy Management, Mobility and Digital Factory
- Industrial Business **order backlog** at €110bn[2], thereof ca. 50% from fossil and renewable power generation
- **Revenue increase,** esp. in Energy Management, Digital Factory and Healthcare
- **Industrial Business**: **Revenue up** in 6 out of 8 divisions compared to previous year

1) Margin excl. severance
2) As of September 30, 2015

Guidance for FY 2015 delivered

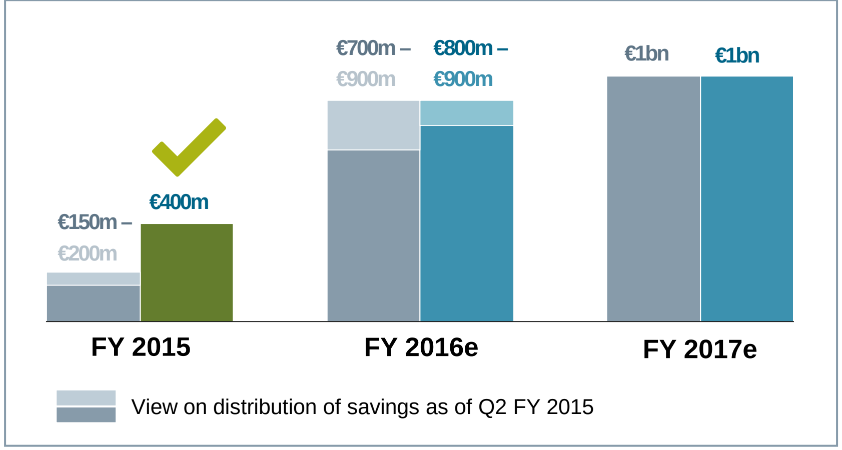
FY 2015 Outlook

- 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.

Objectives achieved

Accelerated execution of functional cost reduction

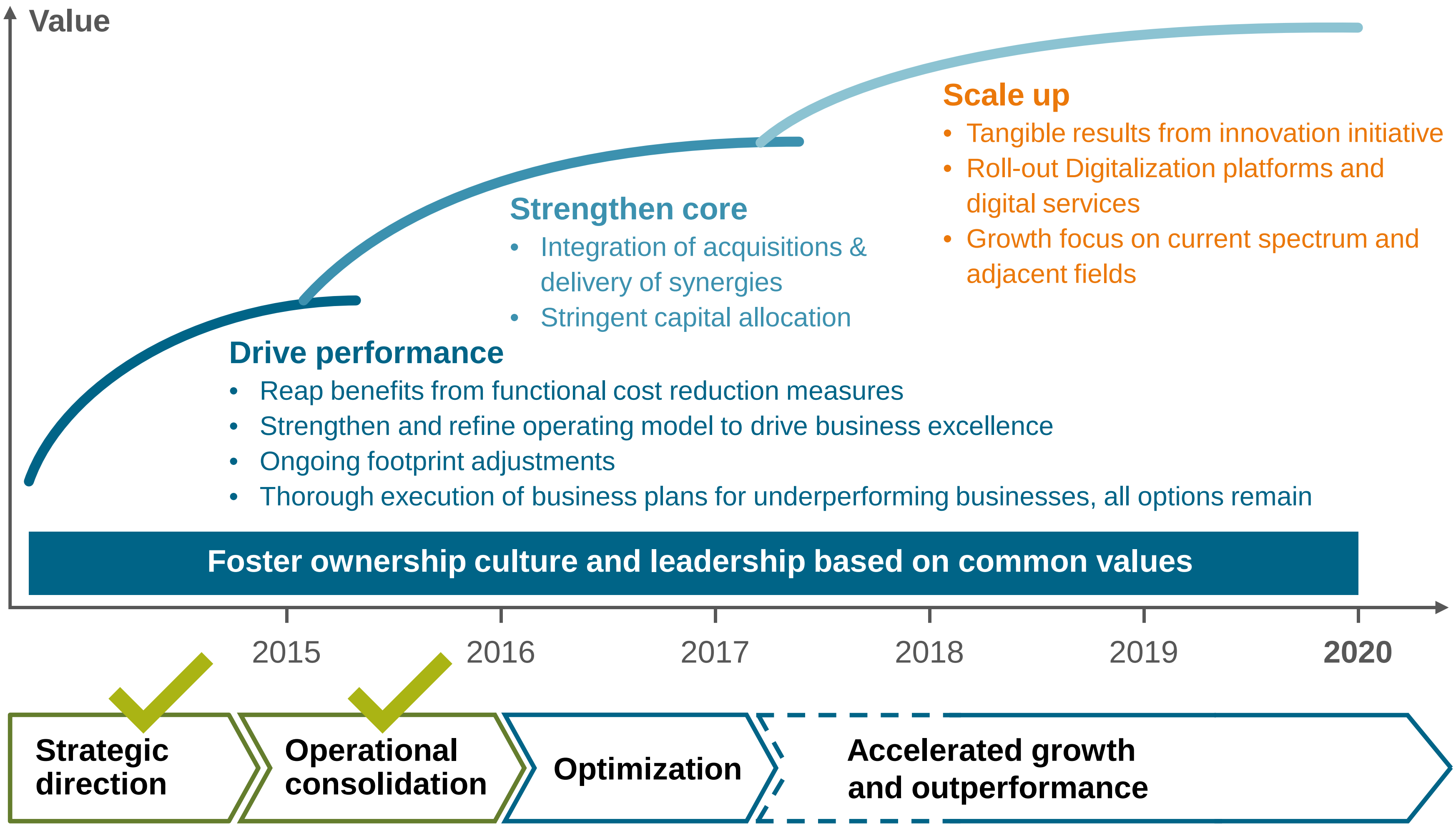


Underperforming businesses show improvement

Fiscal Year	2013	2014	2015	2017e	2020e
Margin	-4%	-3%	+1%	~6%	>8%

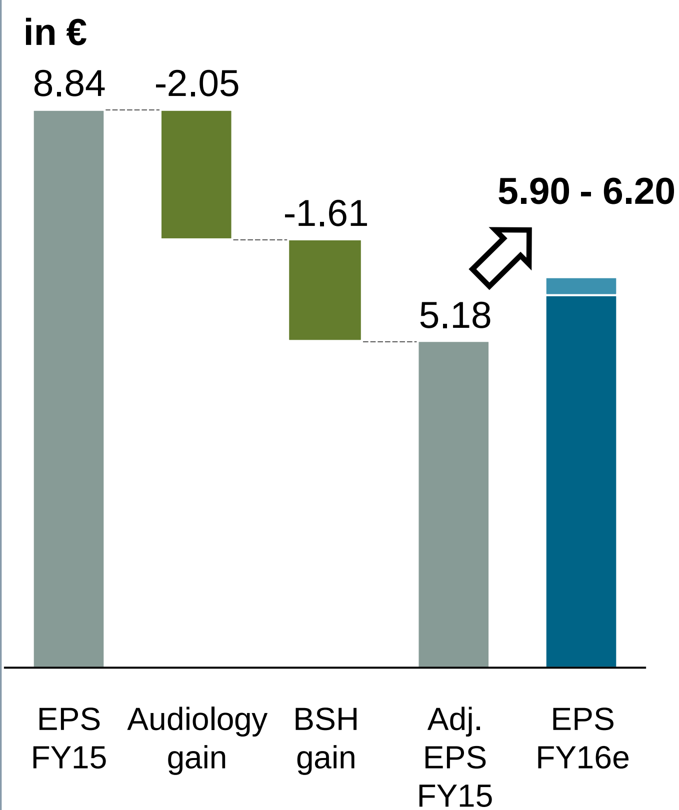
High employee engagement

Siemens Vision 2020 – Optimization
Leadership priorities for fiscal 2016



Guidance FY 2016

Rebased EPS[1)] ("all-in")



Guidance

We anticipate **further softening** in the **macroeconomic environment** and **continuing complexity** in the **geopolitical environment in fiscal 2016.**

Nevertheless, we expect **moderate revenue growth**, **net of effects from currency translation**. We anticipate that **orders will materially exceed revenue** for a **book-to-bill ratio clearly above 1.**

For our **Industrial Business**, we expect a **profit margin of 10% to 11%.** Furthermore, we expect **basic EPS from net income** in the **range of €5.90 to €6.20** as compared to €5.18, which we achieved in fiscal 2015 excluding €3.66 per share in portfolio gains from the divestments of the hearing aid business and our stake in BSH.

This outlook assumes that **momentum in the market environment for our high-margin short-cycle businesses will pick up** in the **second half of fiscal 2016**. Additionally, it excludes charges related to legal and regulatory matters.

1) FY15 weighted average number of shares of 823m

» In order to achieve a joyful, self-motivated cooperation among all employees, it seemed necessary to me to give all members of the company a share of the profit in accordance with their accomplishments.«

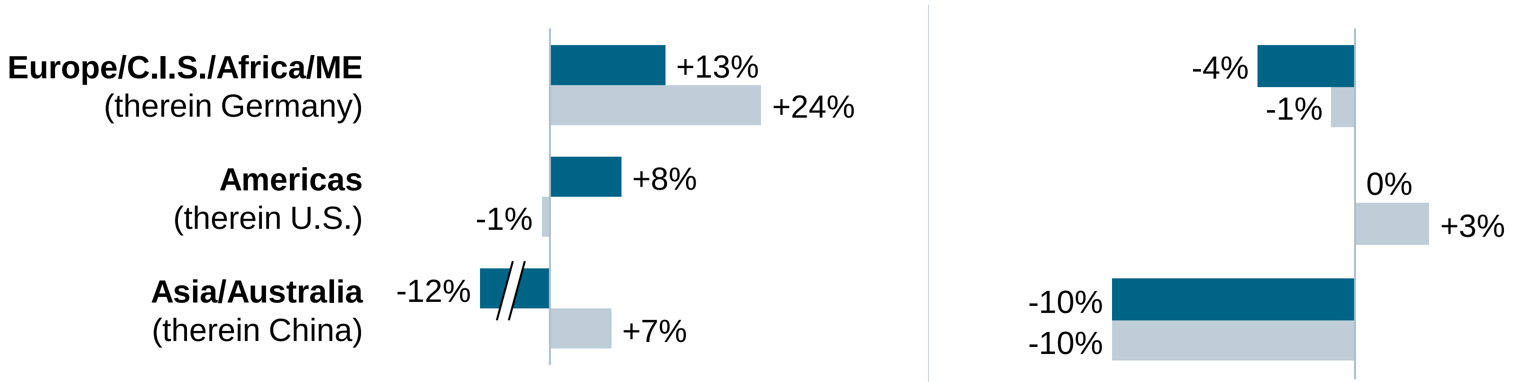
Appendix

Q4 - Strong finish of fiscal 2015 in a challenging environment

- **Strong order increase to €23.7bn (+15%; organic +6%); backlog** of **€110bn**
- **Revenue up 4% at €21.3bn; organically lower as expected (-4%)**
- **Translational tailwind** from **FX** on **orders (+6%)** & **revenue (+5%)**
- **Convincing Industrial Business margin** of **11.3%; 12.5% excl. severance**
- **Net Income** of **€1.0bn (-33%)** also affected by one-offs below Industrial Business
- **Excellent Free Cash Flow** of **€4.4bn**
- **€4bn share buyback completed**
- **Dividend** of **€3.50 proposed**
- **Disposal** of **49% share** in **Unify to Atos announced**

Landmark wins in energy businesses drive orders

Orders | **Q4 FY 15 y-o-y[1)]** | **Revenues**



1) Change is adjusted for currency translation and portfolio effects

Q4 - Key developments

Europe / MEA / CIS:
- **Large energy related orders (Offshore Wind, Power & Gas, HVDC link)**
- **Stable conditions** in a **low growth environment; rev. in Germany down in short cycle**

Americas:
- **Significant increase in energy orders bridge softer Mobility and Healthcare**
- **Strong revenue growth in Mexico and Brazil; US strength broad based**

Asia / AUS:
- **Strong Order intake (India, Japan, China) offset by tough comps in Korea business**
- **Broad based revenue decline on the back of past order weakness**

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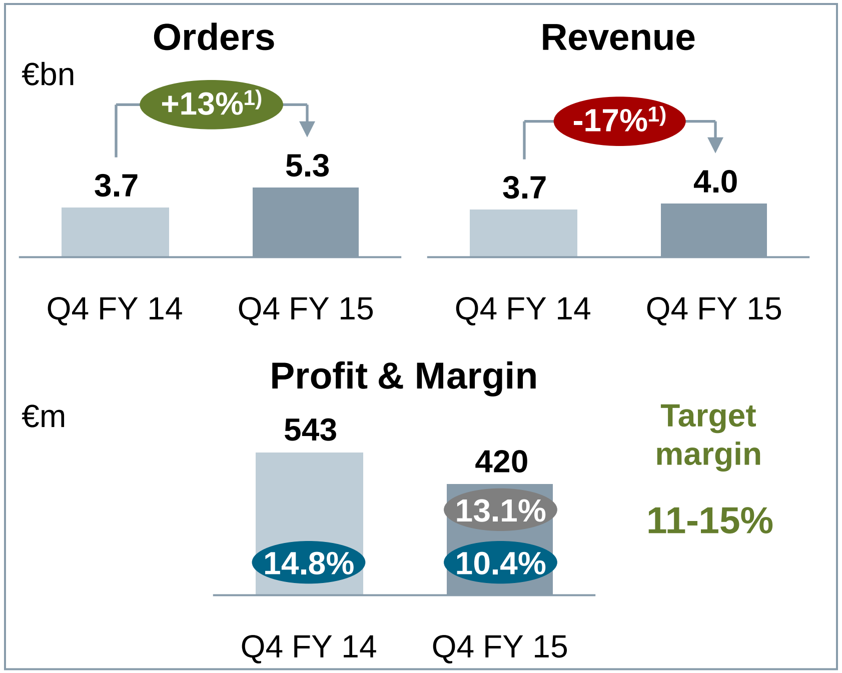
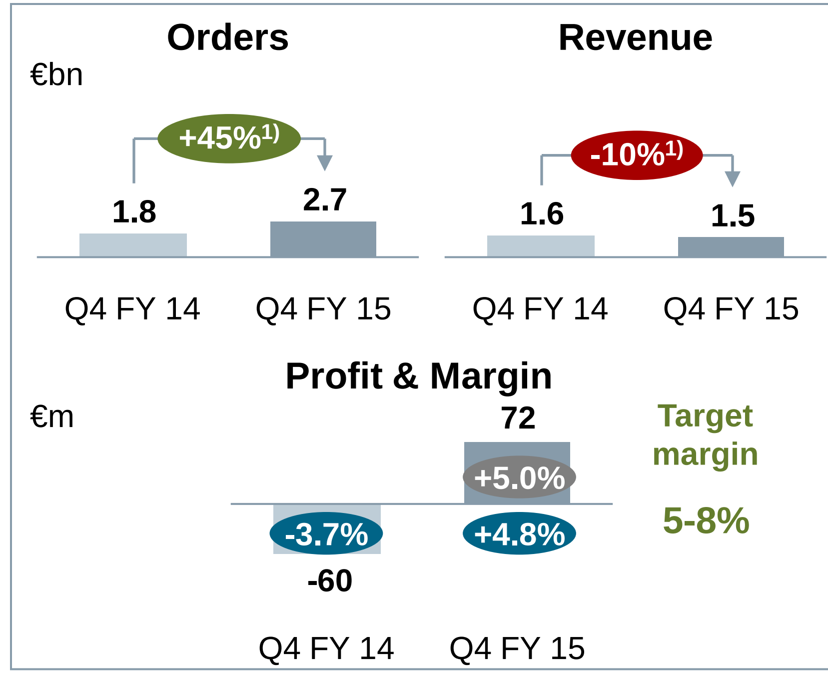
PG: Convincing order growth in a tough market
WP: Strong orders and turnaround in profits

Power and Gas (PG)



- **Market wins with ten Large Gas Turbines**
- **Positive project settlement and strong service on weaker project mix & lower LGT-margins**
- **Dresser-Rand (D-R) with solid contribution**

Wind Power and Renewables (WP)



- **Order strength in onshore and service**
- **Onshore revenues down, services up**
- **Increased competition in offshore**

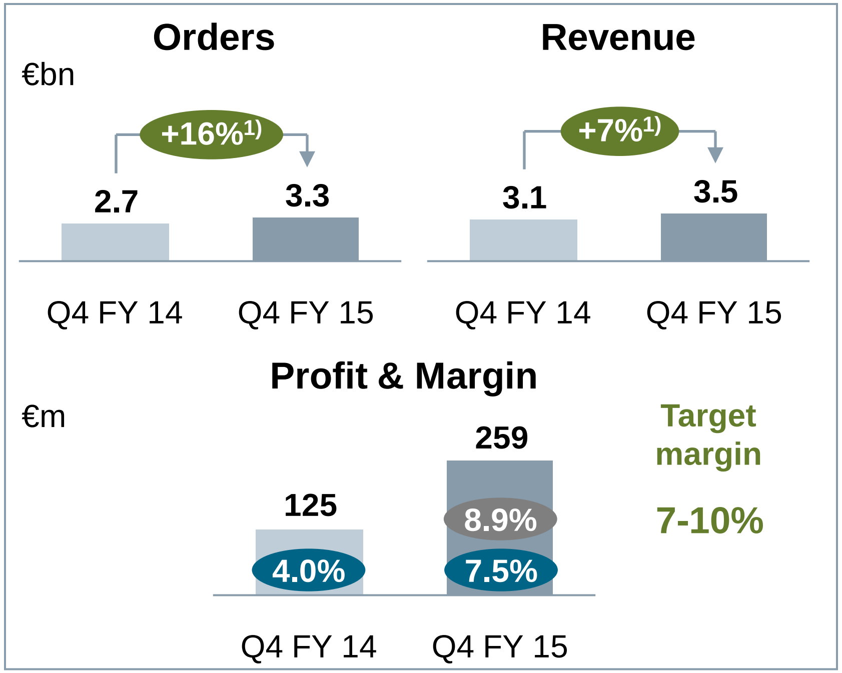
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x% Margin as reported

x.x% Margin excl. severance and Integration cost D-R (only PG)

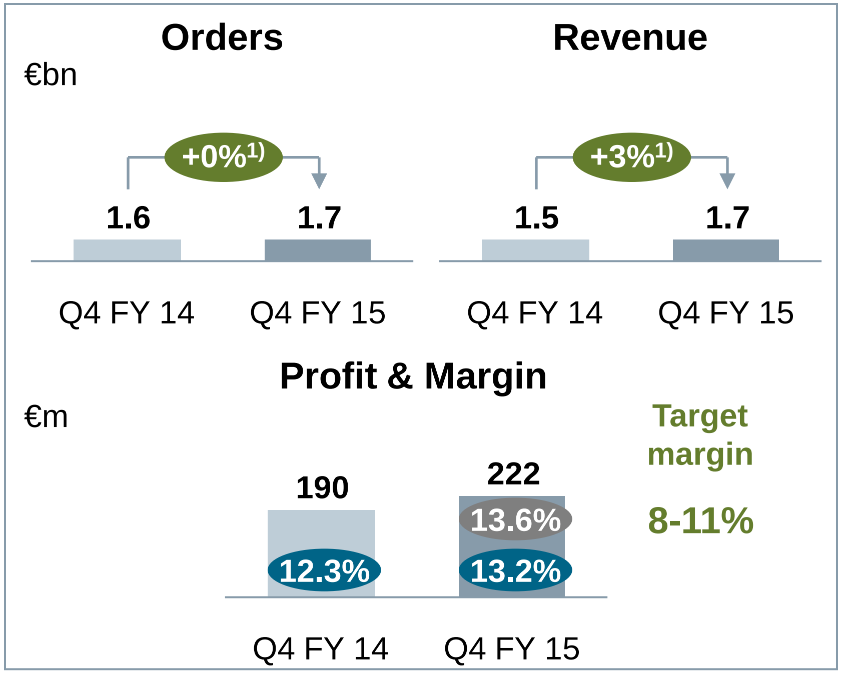
EM: Excellent performance in all aspects
BT: Consistent delivery in a seasonally strong Q4

Energy Management (EM)



- Solutions and Transformers drive broad based regional order growth
- Completion effects of legacy projects leading to tough comps going forward

Building Technologies (BT)



- Order growth driven by Europe
- Revenue and profit growth due to high margin service and product business
- Negative FX (CHF-appreciation) remains a challenge

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

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

DF: Strong showing in a weakening environment
PD: Sector related weakness impacts the business

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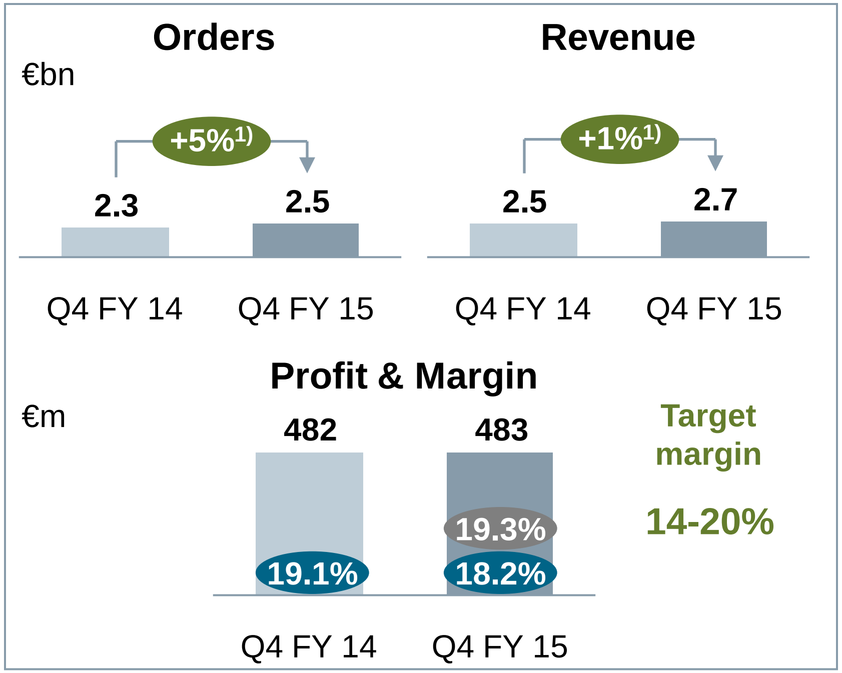
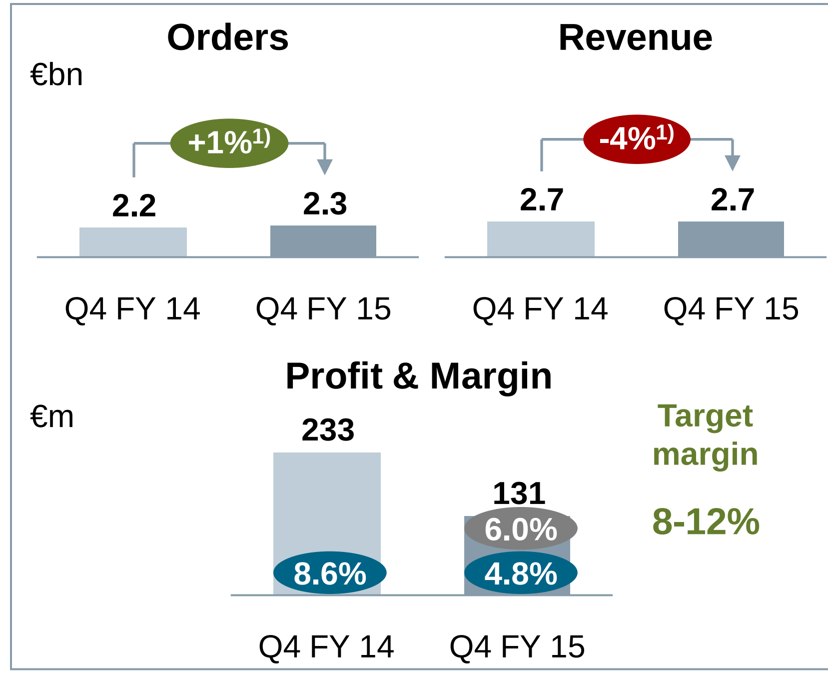
Digital Factory (DF)



- **Order and revenue growth driven by industry software (PLM)**
- **High margin factory automation business declines primarily due to China**
- **Margin expansion in industry software**

Process Industries and Drives (PD)



- **Continued weak demand in commodity related industries**
- **Revenue growth in Process Automation offset by declines in other businesses**
- **€90m warranty charge weighs on margin**

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

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

MO: Great margins supported by infrastructure mix
HC: Excellent margin expansion on modest growth

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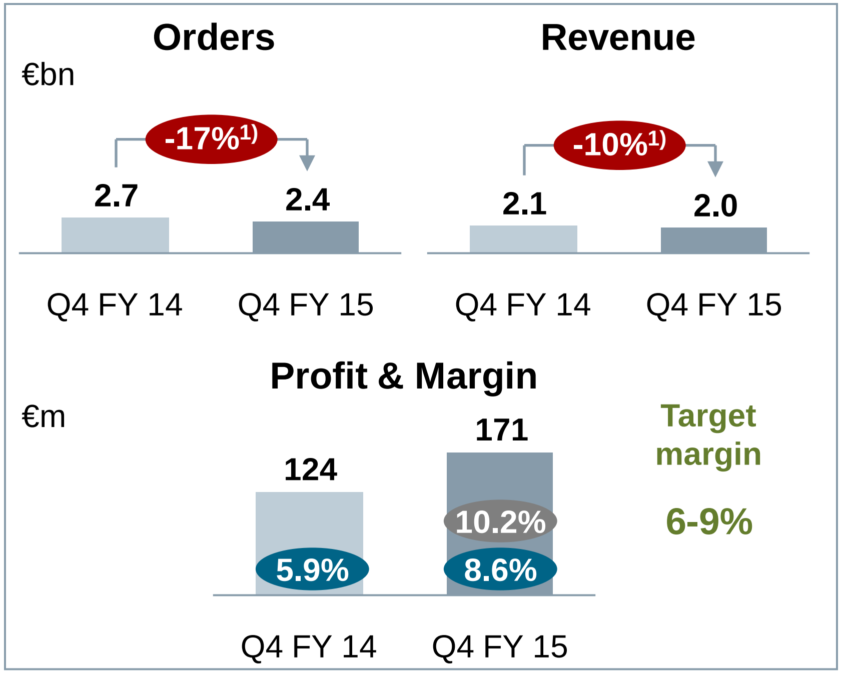
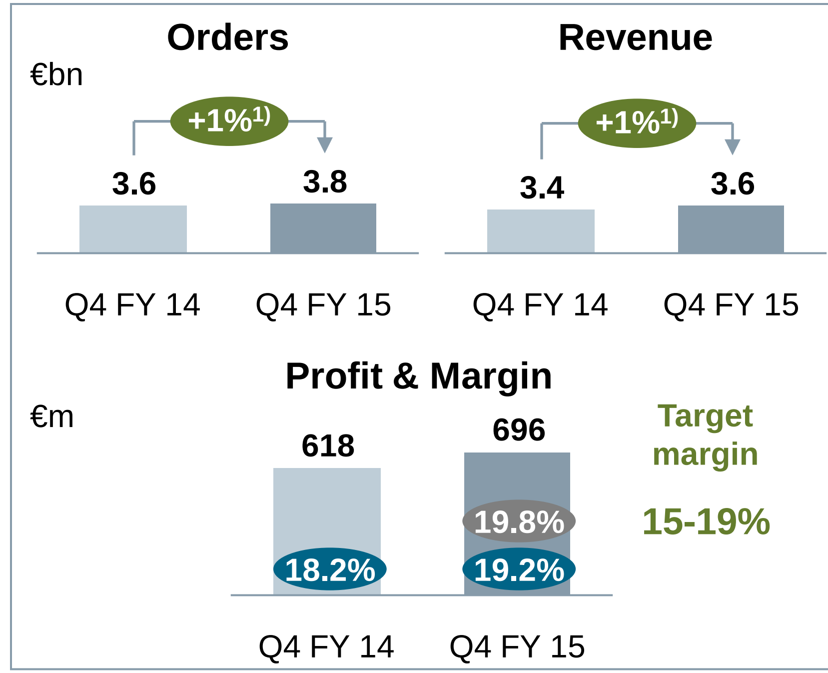
Mobility (MO)



Healthcare (HC)



- **Revenue growth in infrastructure business more than offset by temporary timing effects of rolling stock projects**
- **Stringent project execution and favorable mix supports margin expansion**

- **Orders driven by China & India growth, flat U.S. and a weaker Europe**
- **Excellent profitability driven by Imaging business and support from FX (80bps)**

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

x.x% Margin as reported

x.x% Margin excl. severance

Below-the-Line materially impacted by Corporate Items & One offs in CMPA and helped by a solid SFS

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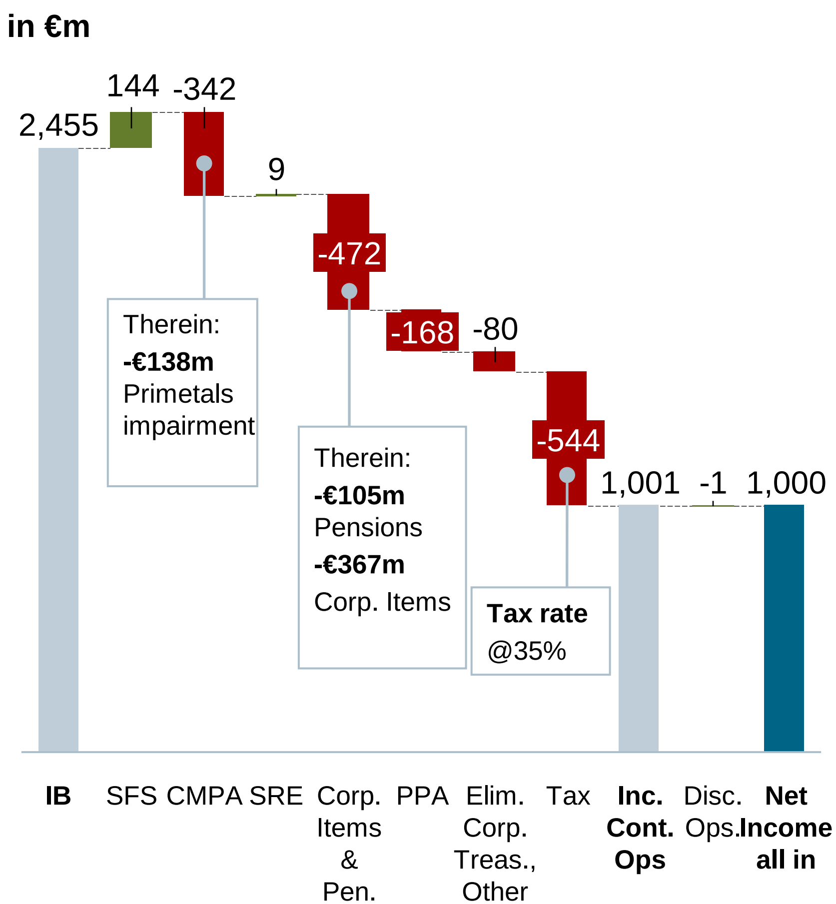
Below Industrial Business - Q4 FY 2015



Expectations for FY 2016

- **SFS**: Operationally in line with FY 2015
- **CMPA**: includes other portfolio elements (e. g. Postal & Baggage Handling, Metals-JV, Solar, post closing topics); negative profit impact and volatility during the year
- **SRE**: Lower than PY, dependent on disposal gains
- **Corporate Items**: ~€100 - €150m per quarter; H2>H1
- **Pension**: ~€125m per quarter
- **PPA**: Q4 FY 15 level as new quarterly run rate
- **Elimination, Corporate Treasury, Other**: overall in line with prior year, including higher interest expenses
- **Tax**: Expect 26 - 30% - Higher end is safe
- **Discont. Operations**: Limited impact

Extraordinary strong free cash flow in Q4 driven by operating net working capital improvements

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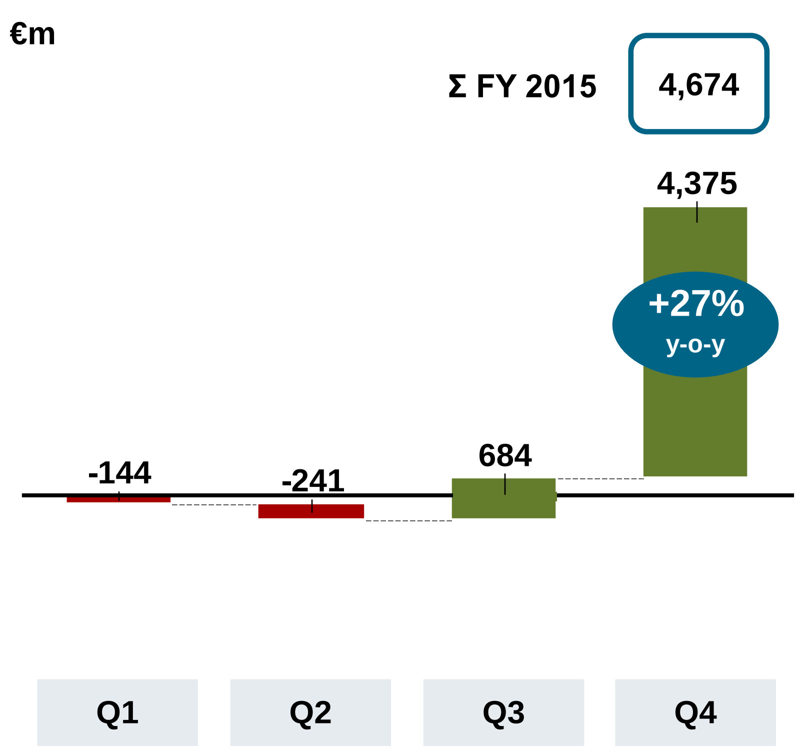
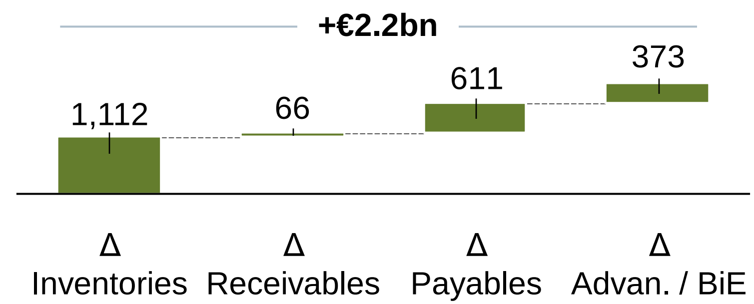
Quarterly free cash flow ("all-in")



Key drivers free cash flow

Free cash flow effect from change in Operating Net Working Capital Q4 FY15



- **Significant net operating working capital improvement** at PG, EM and WP
- **Improvements** mainly driven by **inventory reductions**
- **Project orders** resulting in **higher advances**

Sustainable value generation delivers attractive shareholder returns and enables profit sharing

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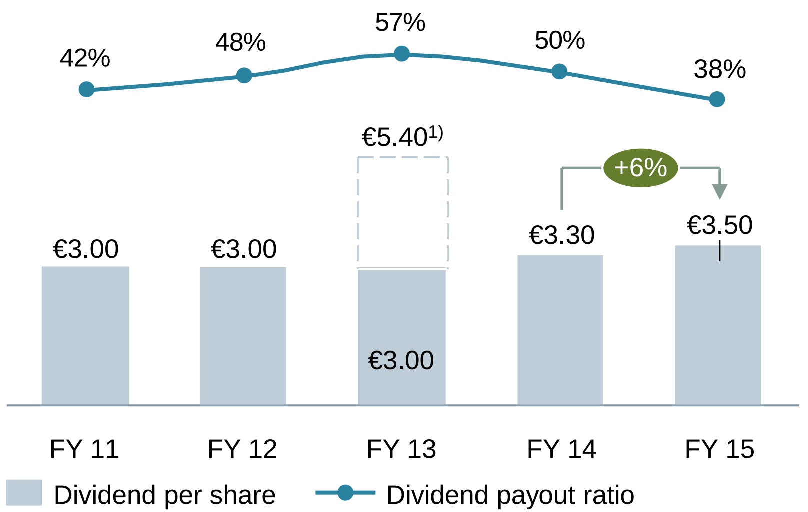
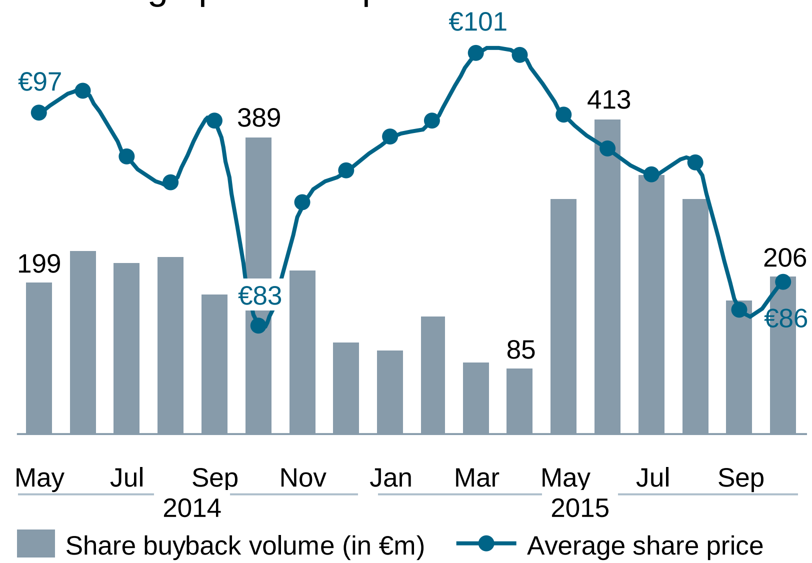
Attractive dividend yield

- Dividend increase to **€3.50** resulting in an attractive 4.4% dividend yield[2)]



Share buyback finalized

- €4bn from May 2014 until October 2015
- 43m shares repurchased
- Average purchase price: €92.73[3)]



First endowment to Siemens Profit Sharing Pool of €200m

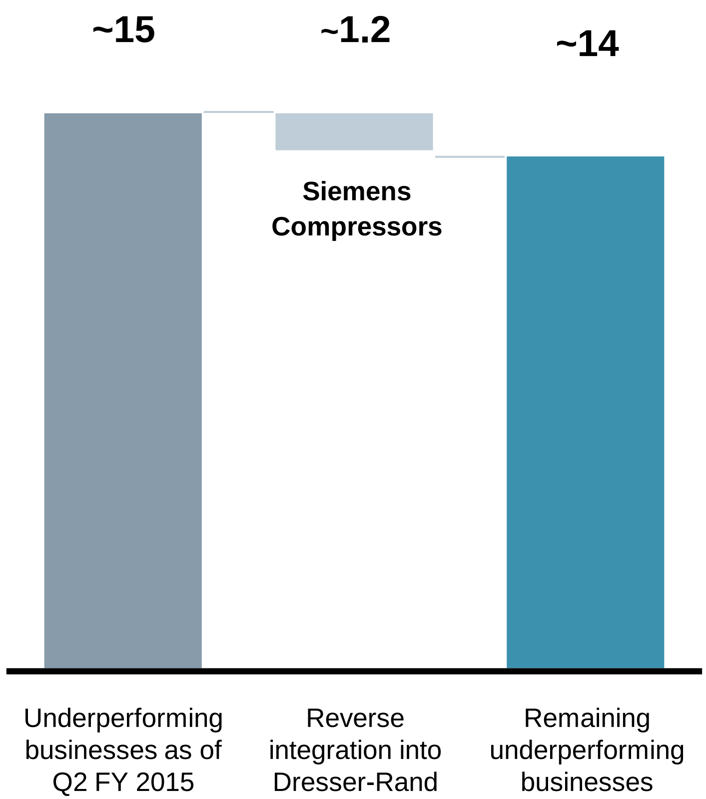
New share buyback of up to €3.0bn over up to 36 months

1) Effect of OSRAM stock distribution to shareholders of €2.40 per share; not reflected in dividend payout ratio; 2) Assumes 808m shares outstanding at AGM, Share price Sept. 30, 2015 of €79.94; 3) Rounded average price per share including a final payment financially to be treated as purchase price adjustment

Underperforming businesses show improvement

Underperforming businesses

Unconsolidated Revenue FY 2015 in €bn



Fiscal Year	2013	2014	2015	2017e	2020e
Margin	-4%	-3%	+1%	~6%	>8%

- **Tight monitoring of business plans**
- **Footprint optimization**
- **Sharpening business scope**
- **Partnering and divestitures an option**

Dresser-Rand integration is progressing well

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Dresser-Rand Business (combined Dresser-Rand & Siemens compressor business)

	Q4 FY 2015 comparable
Orders	€ 0.8bn
Revenues	€ 0.9bn
Service share	~40%
Profit margin all-in	6.5%
Integration cost	€ 19m
PPA	€ 44m

Strategy works

18 year service contract awarded by Dolphin Energy (Abu Dhabi):

9 ADGT's from **ex-Rolls-Royce Energy** and the **related 9 Dresser-Rand compressors**

Synergies confirmed

Synergies ~€200m in FY 2019 confirmed; additional savings under review

- ~**60% cost / 40% revenue** synergies
- ~**25%** of total in **FY 2016**

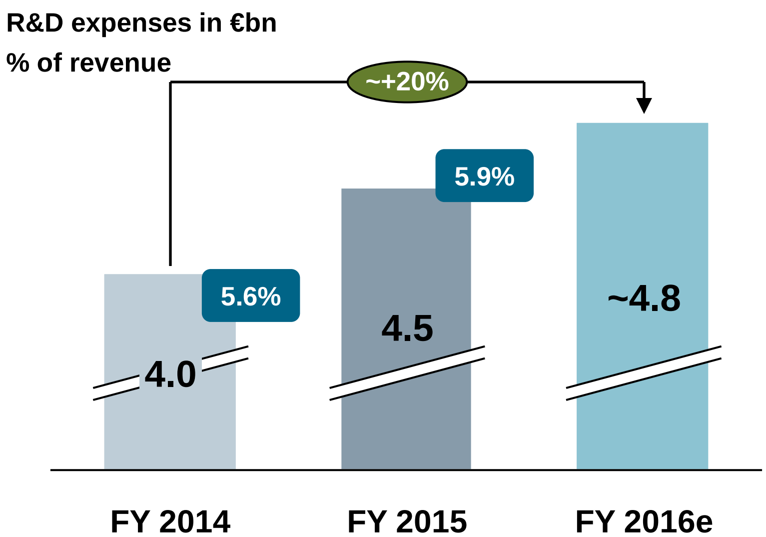
Performance improving

Outlook FY 2016

- Orders stabilizing, but book-to-bill<1
- Revenue ~€3.4bn - €3.7bn
- Margin in high single digits, excl. transformation cost; focus on cost reduction
- Integration & transformation cost ~€ 120m; PPA ~€200m

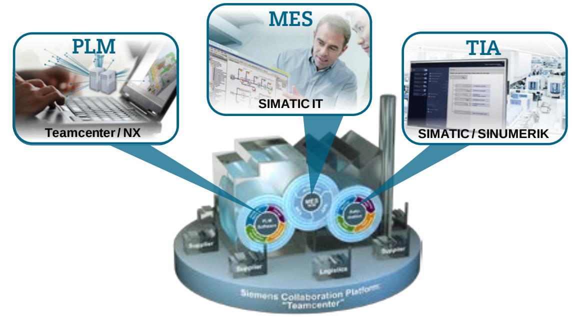
Innovation strength drives customer attention, competitiveness and future growth

Priorities for innovation (Examples)

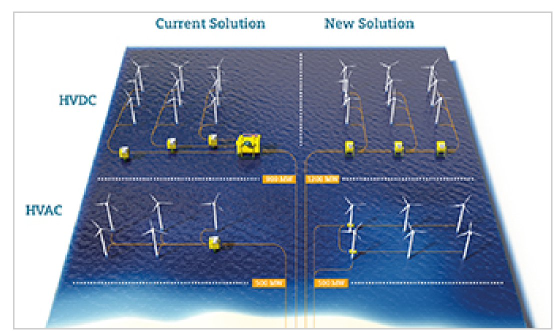


- Digitalization platforms and analytics
- Digital Enterprise Architecture
- Enhanced Process Control System
- Decentralized energy systems
- Upgrade Gas Turbine portfolio
- Next generation Diagnostics

Outcomes



Digital Factory: Integrated software suite for the Digital Enterprise (Hanover fair 2016)



Energy Management: Step change for offshore grid solutions (30% cost reduction)

Vertical Software and Digital Services are key driver for our growth dynamics

Digitalization

Automation

Electrifi-cation

Vertical software	**Digital services**
~€3.1bn	**~€0.6bn**
Revenue FY 2015	Revenue FY 2015
Profitability ++	Profitability +++

Enhanced automation	**Classic services**
~€19bn	**~€15bn**
Revenue FY 2015	Revenue FY 2015
Profitability ++	Profitability +++

Enhanced electrification (~€39bn)

+~16%

- **Build on deep domain know-how**
- **Leverage M&A and R&D invest**
- **Roll-out of cross-divisional analytics platform**
- **>300k connected devices; expand common remote service platform**

+~9%

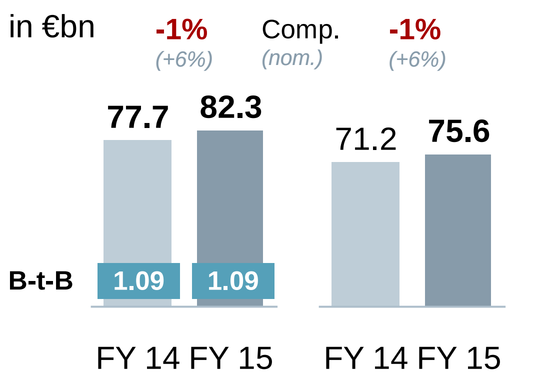
Note: Figures based on Industrial Business (Growth FY 2015 vs. FY 2014 rebased)

Assumptions for FY 2016, we build our guidance on

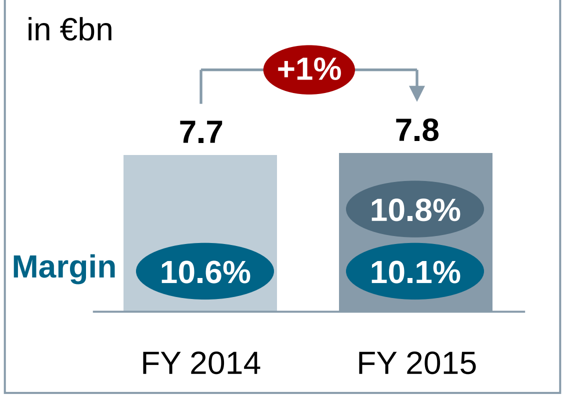
Macroeconomic environment	• **Weakening macros for the sector in first half and rebound of short cycles in second half of the year; no worse geopolitics**
Pricing	• **Pricing pressure** around **2% of revenue**
Personnel cost inflation	• **3 – 4% increase**
Productivity	• **3 – 4% of cost base**
Opex	• **Continued invest in R&D and selling** • **G&A down due to 1by16 savings**
Capex	• **Substantial increase** in industrial business over FY 2015 levels
Foreign exchange	• **Minimal impact on top line in both, orders and revenue** • **Modest positive effect** on Industrial Business margin

Financial Cockpit

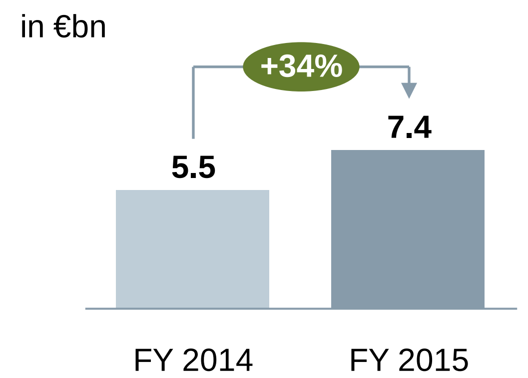
Orders / Revenue



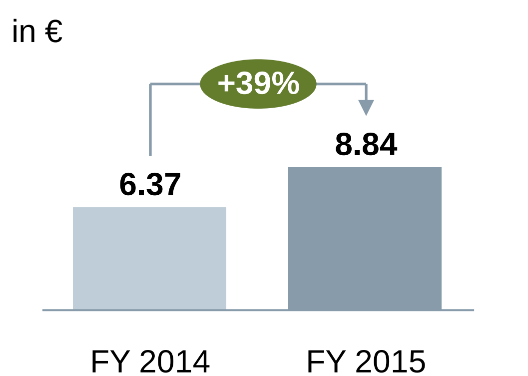
Profit Industrial Business (IB)



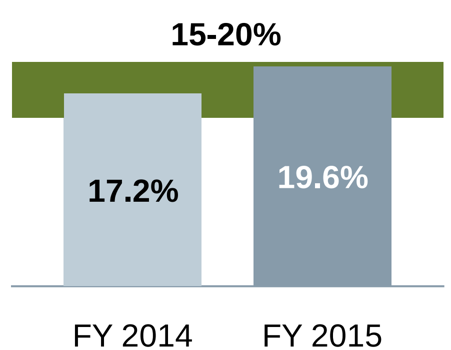
Net Income



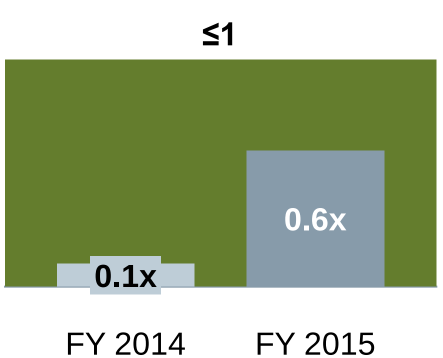
EPS ("all-in")



ROCE ("all-in")



Capital structure



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

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

One Siemens Financial Framework

Siemens

Growth: Siemens > most relevant competitors[1)]
(Comparable revenue growth)

Capital efficiency
(ROCE[2)])
15-20%

Total cost productivity[3)]
3-5% p.a.

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

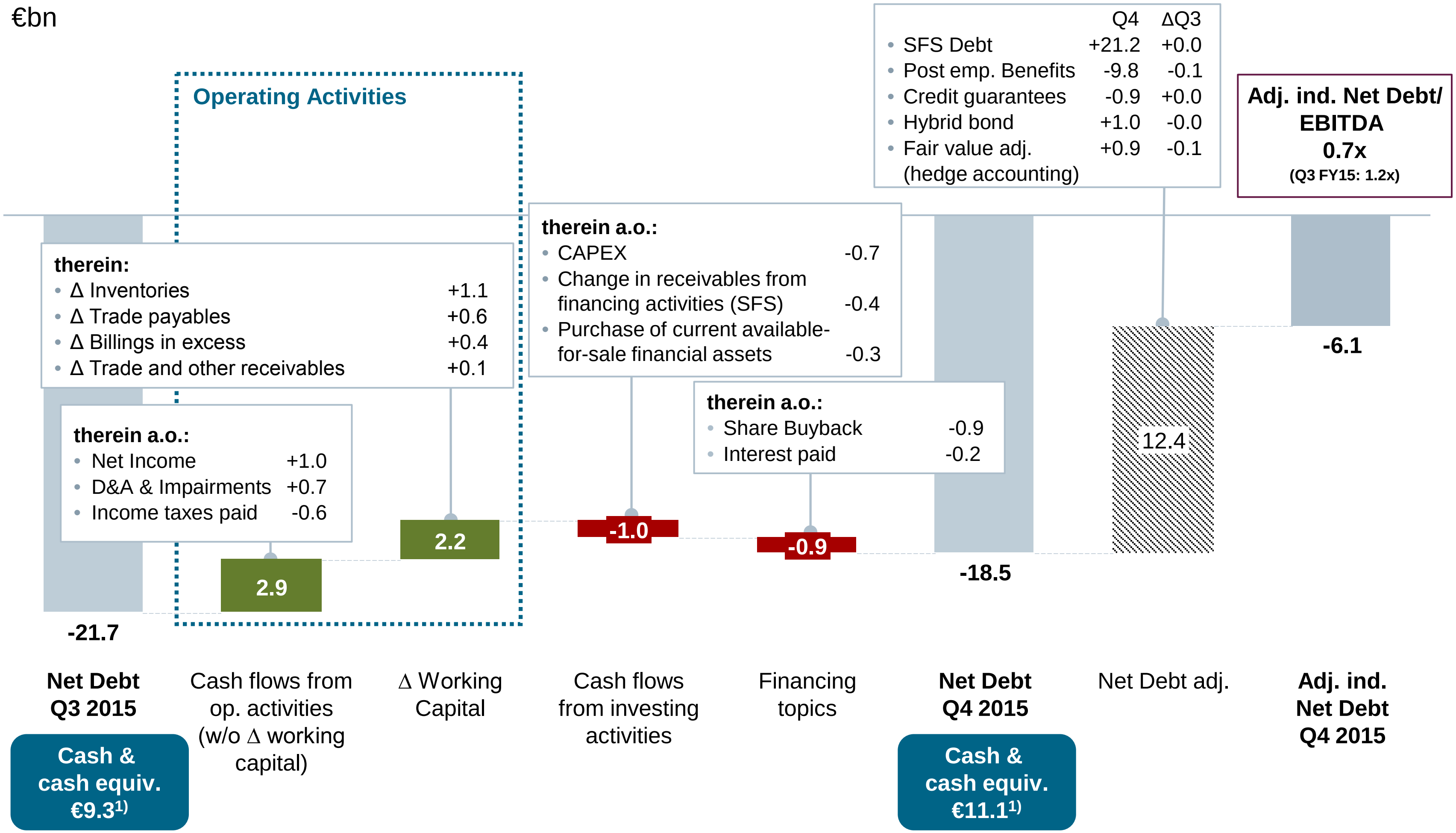
Dividend payout ratio
40-60%[4)]

Profit Margin ranges of businesses (excl. PPA)[5)]

PG 11-15%	**EM** 7-10%	**MO** 6-9%	**PD** 8-12%	**SFS[6)]** 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

Net Debt Bridge as of Q4 FY 2015



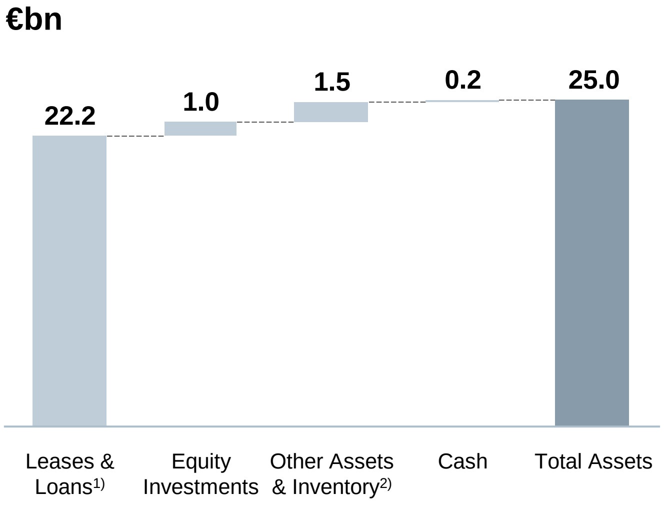
1) Including current available-for-sale financial assets

SFS Key Figures Q4 FY 2015

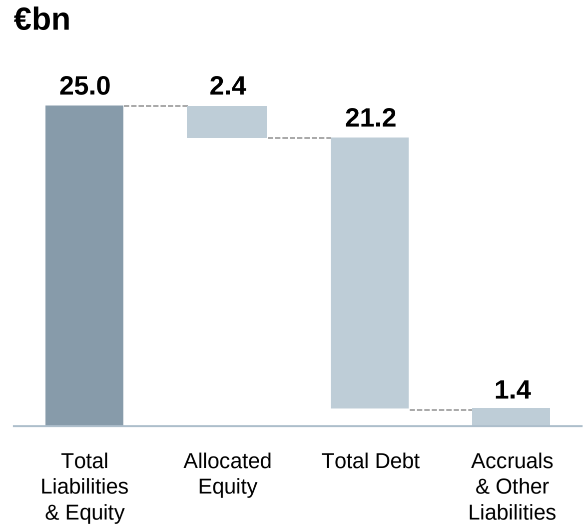
Key Financial Data SFS

- **Assets** €25.0bn
- **Income before income taxes** €144m
- **Return on Equity after tax** 19.3%
- **Operating and Investing Cash Flow** - €208m

Assets



Liabilities and Equity



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

Underfunding for Siemens' pension plans remained largely unchanged at €-9.0bn in Q4 FY 2015

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Funded status for Siemens' pension plans remained largely unchanged in Q4

in €bn[1)]	FY 2012	FY 2013	FY 2014	Q1 FY 2015	Q2 FY 2015	Q3 FY 2015	Q4 FY 2015
Defined benefit obligation (DBO) on pension benefit plans	(33.0)	(32.6)	(35.0)	(36.8)	(40.8)	(37.3)	(36.3)
Fair value of plan assets	24.1	24.1	26.5	27.3	29.8	28.4	27.3
Funded status of pension plans	**(8.9)**	**(8.5)**	**(8.5)**	**(9.6)**	**(11.0)**	**(8.9)**	**(9.0)**
DBO on other post-employment benefit plans (mainly unfunded)	0.7	0.6	0.5	0.6	0.6	0.5	0.5
Discount rate[2)]	3.2%	3.4%	3.0%	2.6%	2.1%	2.9%	3.0%
Interest Income[2)]	0.9	0.8	0.8	0.2	0.2	0.2	0.2
Actual return on plan assets[2)]	3.2	1.3	2.9	0.8	1.6	-1.5	-0.4

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.

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