

Vision 2020: Clear strategy – Strong execution

Joe Kaeser, President and CEO

JP Morgan European Capital Goods CEO Conference | Pennyhill Park, June 16, 2017

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.

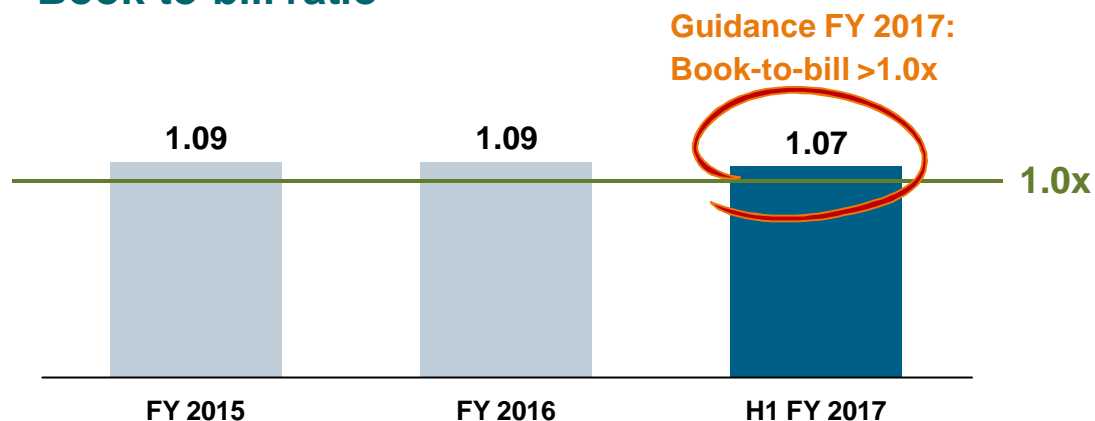
Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Siemens by the numbers

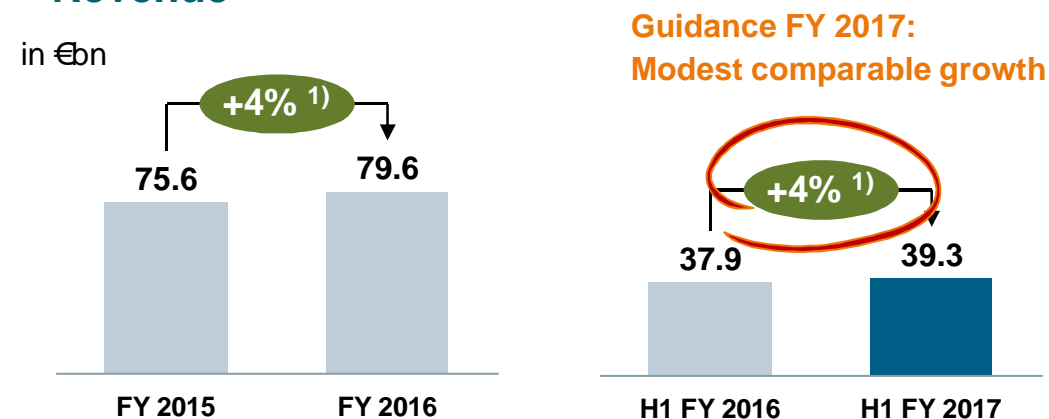
Delivering sustainable profitable growth



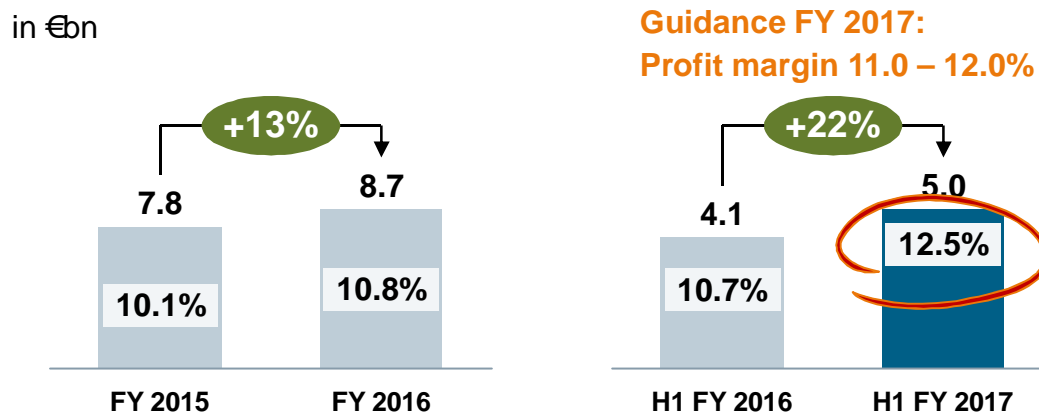
Book-to-bill ratio



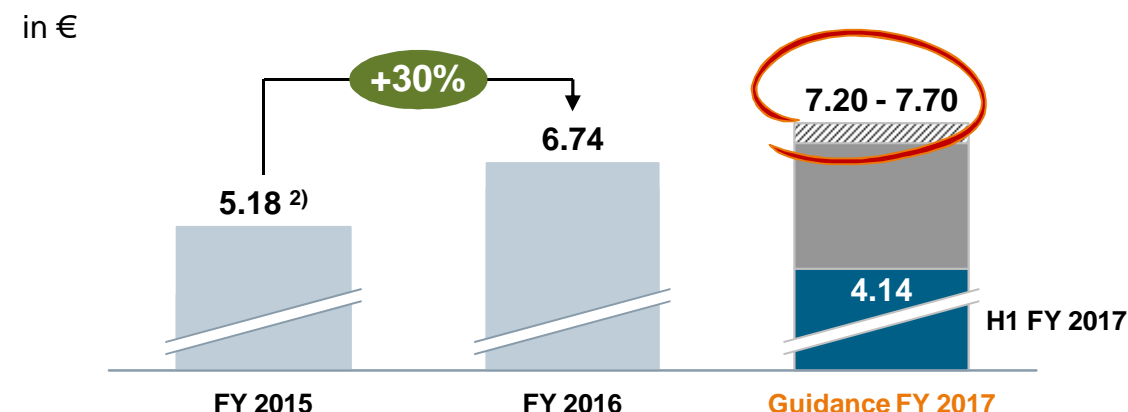
Revenue



Industrial Business – Profit & Profit margin



Earnings per share



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

2) Excluding €3.66 per share in portfolio gains from the divestments of the hearing aid business and our stake in BSH

Strong operational execution continues

Targeted efficiency improvements announced



Macroeconomic environment



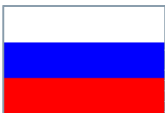
Moderate growth pattern continues; waiting for tangible news on **Infra-invest**



Recovery momentum continues on broader scale



Consumption supports **short cycle growth**
O-B-O-R¹⁾ provides investment inflection



Russia: Upside in **Gas** and **Petrochemical**



Brazil: Another year **wasted** – **Momentum** shifts to **Argentina**



India: **Opportunities all over** – could be enhanced with more stringent **reforms in infrastructure**

1) O-B-O-R: One Belt One Road

Siemens perspective on H2 FY 2017

PG:

- **Very competitive** environment in **contracting markets** needs very focused go-to-market
- **Revenue clearly below prior year** with subsequent impact on **profitability**

DF:

- **Leadership** in continued strong short cycle business drives **market share gains**
- **Mentor integration** and **MindSphere** rollout weigh on margin; underlying levels OK

PD:

- **Sector weakness** and shift of resource allocation require **structural changes**

Why to own Siemens shares?



- 1 We execute and deliver now & in the future**
- 2 We are attractively valued**
- 3 We offer good return**
- 4 We have a compelling strategy**
- 5 We have a strong ownership culture**

1. We execute and deliver now & in the future

Vision 2020 Milestones



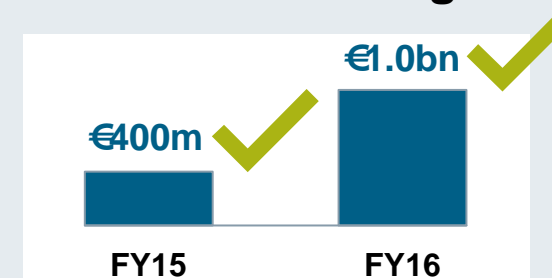
More details on pg. 13/14

Guidance to market



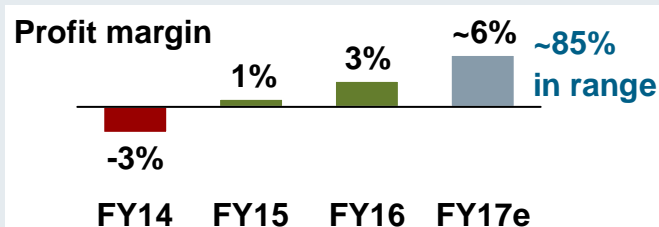
More details on pg. 15

€1bn cost savings



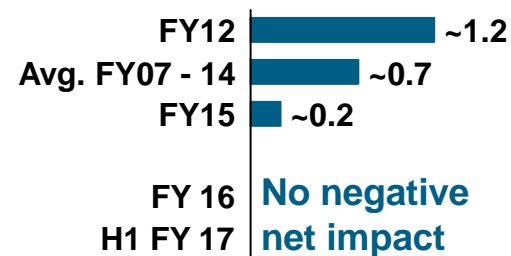
More details on pg. 16

Underperforming businesses



More details on pg. 17

Project charges (€bn)



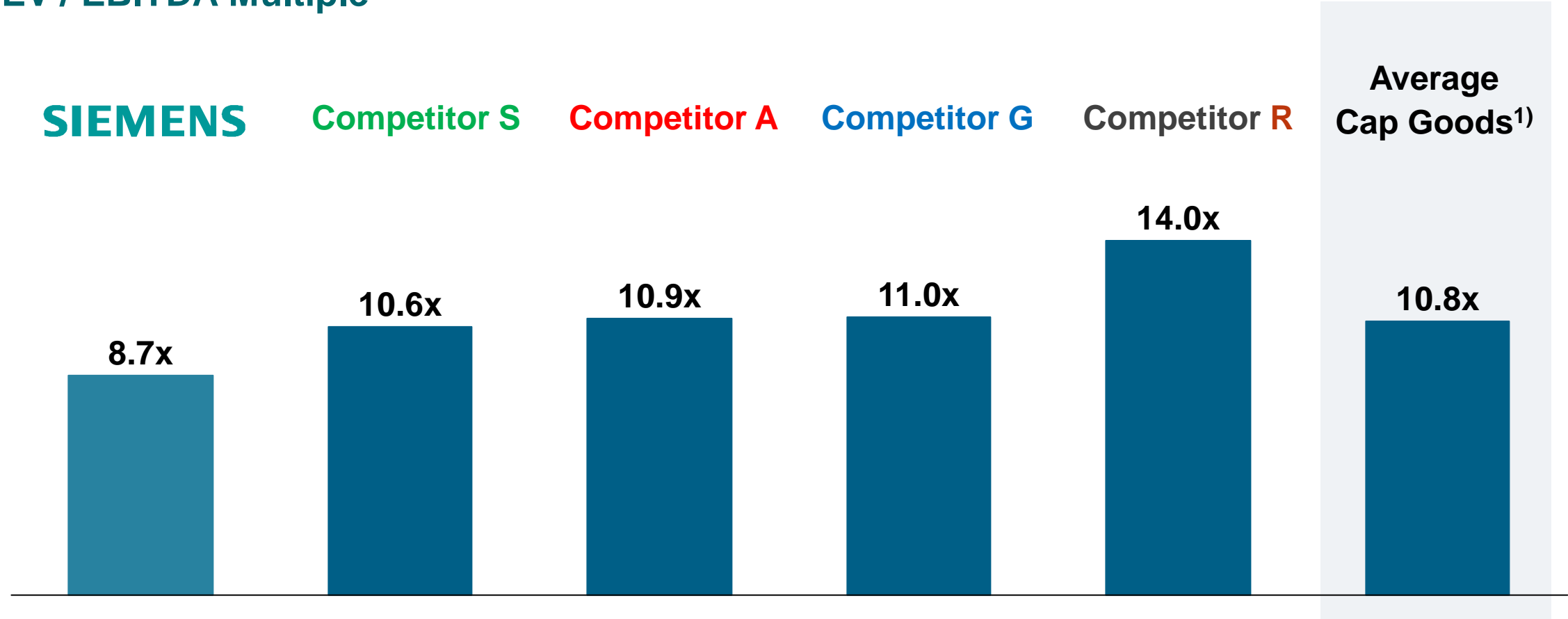
The future in mind

- Management development
- Next generation organizational efficiency ("Fleet of ships")
- Value chain disruption as an opportunity

2. We are attractively valued



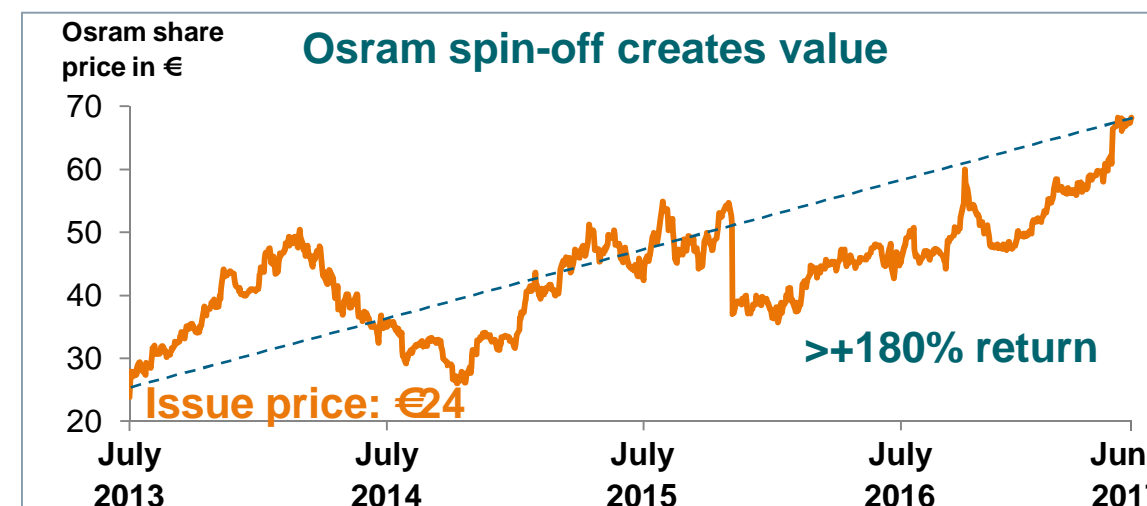
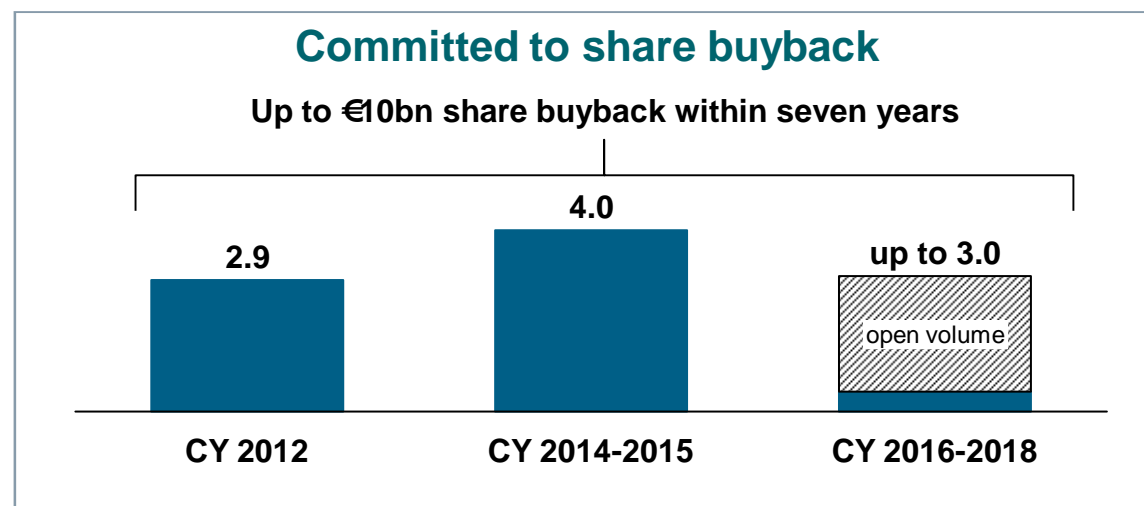
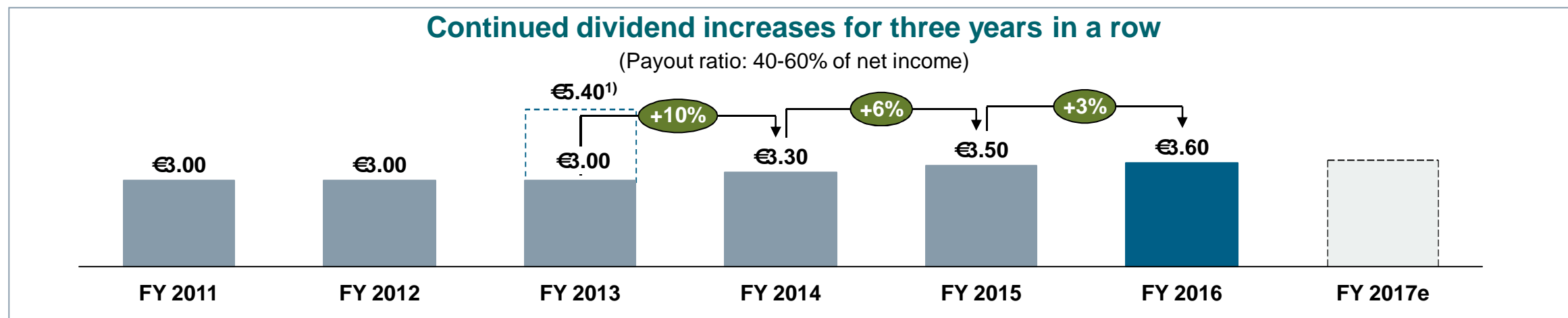
EV / EBITDA Multiple



Source: Thomson Reuters; Next twelve months multiple as of June 8, Siemens and GE adjusted for SFS / GE Capital

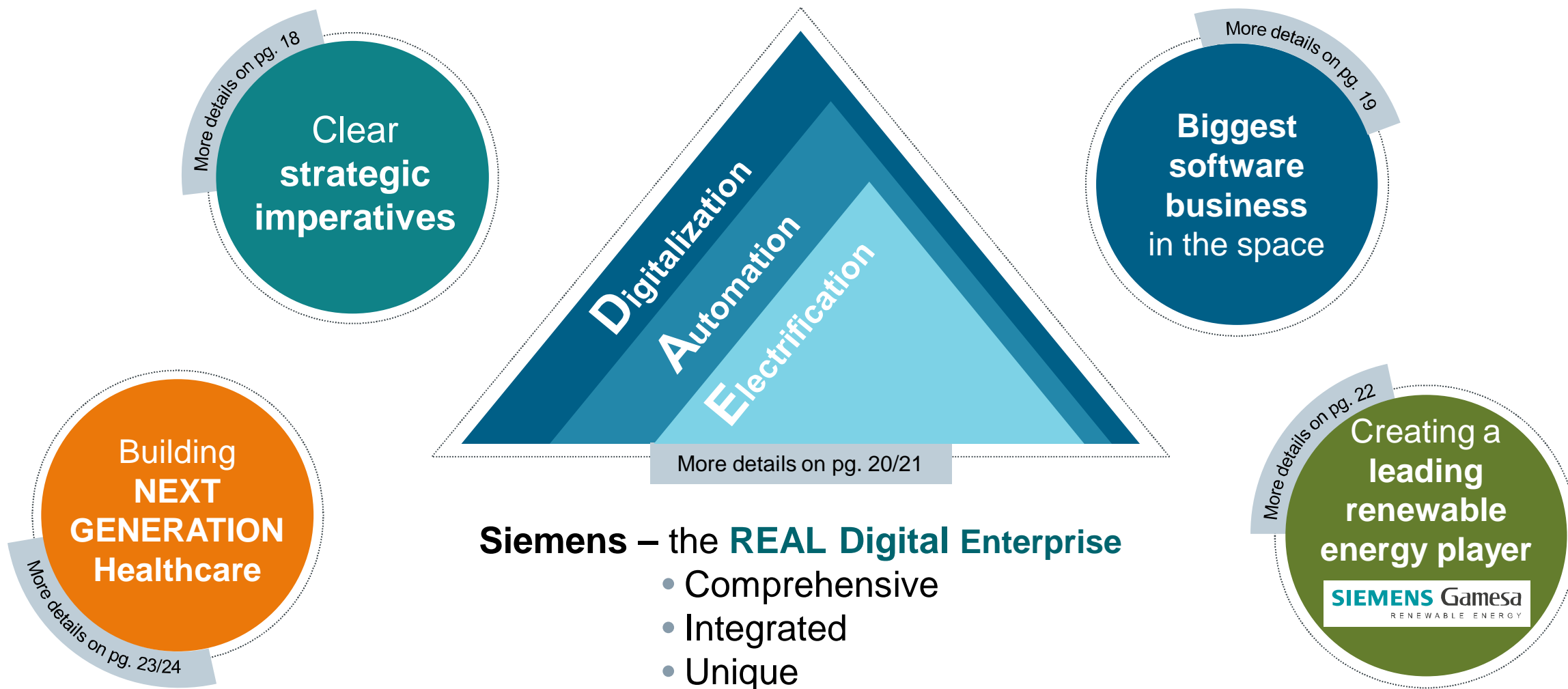
1) Average Cap Goods contains GE, ABB, Rockwell, Schneider, Toshiba, Alstom, Philips, Bombardier, Dassault Systèmes, Emerson, Honeywell, Roche and Vestas

3. We offer good return



1) Effect of OSRAM stock distribution to shareholders of €2.40 per share

4. We have a compelling strategy



5. We have a strong ownership culture



More details on page 25

- >165,000 employees own Siemens shares
- Mandatory share ownership for Top Management
- Attractive share matching for employees
- Compelling management incentive plan fully aligned with capital market forces
- “Open” performance reviews based on WHAT and HOW including 360° feedback

“Always act as if it was your own company”

Appendix



One Siemens Financial Framework

Clear targets to measure success and accountability



One Siemens Financial Framework

Siemens

Growth:
Siemens > most relevant competitors¹⁾

(Comparable revenue growth)

Capital efficiency
(ROCE²⁾)

15 – 20%

Total cost productivity³⁾
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%

SFS⁶⁾
15 – 20%

WP
5 – 8%

BT
8 – 11%

DF
14 – 20%

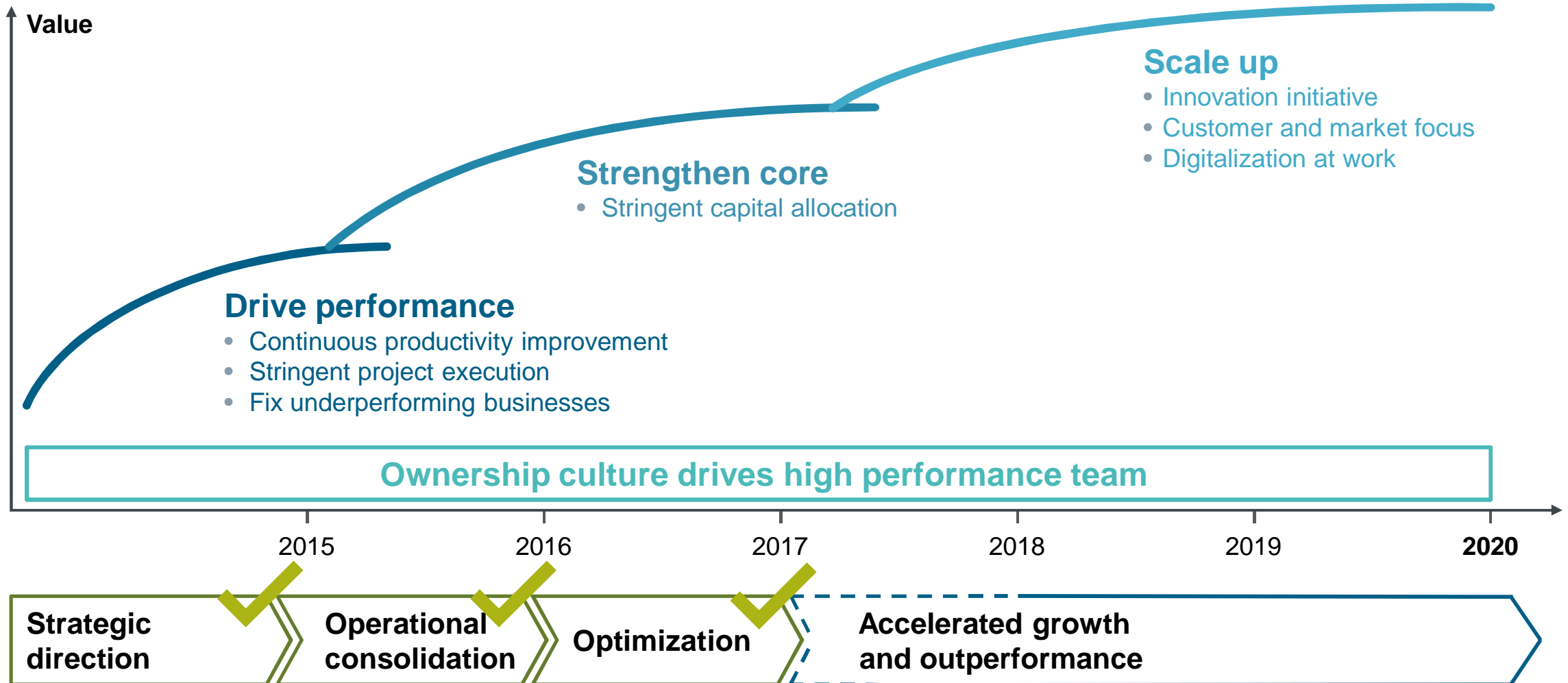
HC
15 – 19%

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

Siemens Vision 2020

A strong foundation to drive profitable growth








SIEMENS
Ingenuity for life



Siemens Vision 2020

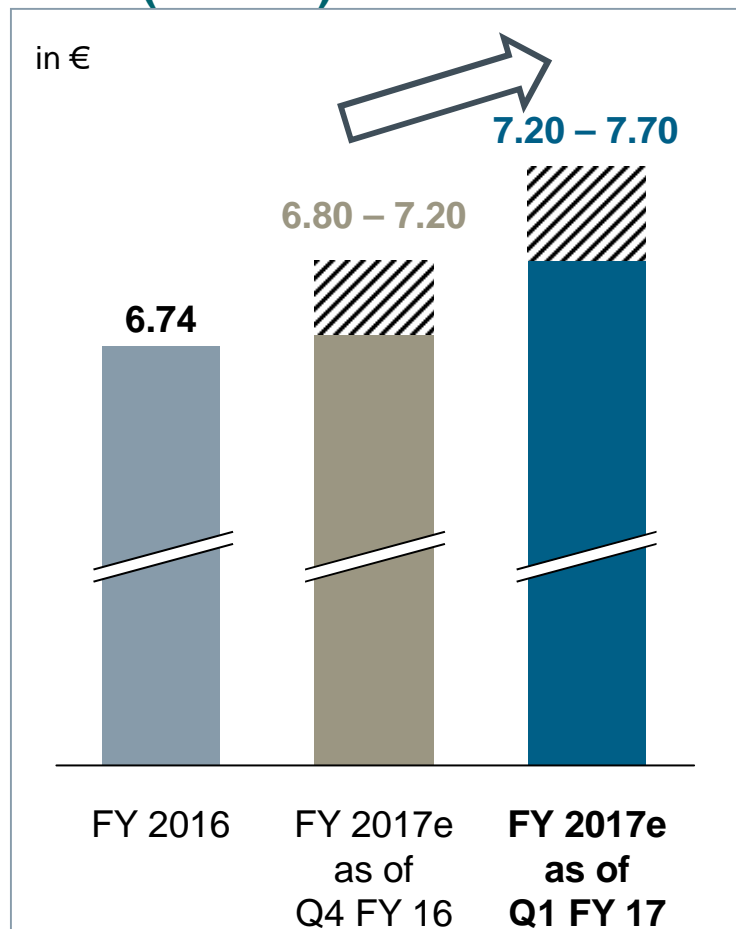
Clear intents for our seven overarching goals



GOAL	INTENT	KPI
1 Implement stringent company governance with effective support functions	Live lean governance and drive continuous optimization	 €1bn cost savings by FY 2016 achieved Continued productivity of 3-5%
2 Strengthen portfolio	Sharpen our business focus in electrification, automation, and digitalization	 Tap growth fields > 8% margin in underperforming businesses
3 Execute financial target system	Grow our company value	 15-20% ROCE Growth > most relevant competitors
4 Expand global management	Get closer to our customers and markets	 > 30% of Division and BU management outside Germany
5 Be a partner of choice for our customers	Foster an intimate and trusting partnership with our customers	 ≥ 20% improvement in Net Promoter Score
6 Be an employer of choice	Unleash the full potential of our people	 > 75% approval rating in leadership and diversity in SGES
7 Foster Ownership Culture	Ignite pride and passion for Siemens, through a new mindset and equity ownership	 ≥ 50% increase in number of employee shareholders

Guidance FY 2017

EPS (“all-in”)



Note: FY 2016 weighted average number of shares of 809m

Unrestricted © Siemens AG 2017

Guidance Update

We **confirm our expectations** for **fiscal 2017** presented with our results for Q1 FY 2017.

We continue to expect **modest growth in revenue, net of effects from currency translation and portfolio transactions**, and anticipate that **orders will exceed revenue for a book-to-bill ratio above 1**.

We expect the **profit margin** of our **Industrial Business** in the **range of 11.0% to 12.0%**, and **basic EPS from net income** in the **range of €7.20 to €7.70**.

This outlook now **includes portfolio changes already closed by the middle of fiscal 2017**, particularly the **acquisition of Mentor Graphics** and the **Gamesa merger**, which are **expected to burden Industrial Business profit margin and basic EPS from net income in fiscal 2017**.

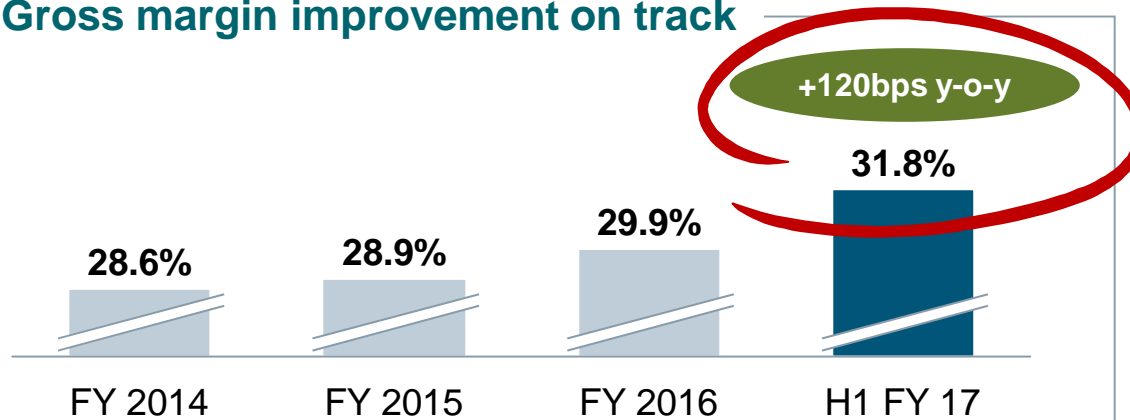
The outlook continues to exclude charges related to legal and regulatory matters as well as potential burdens associated with pending portfolio matters.

Continuous productivity drives operational performance

Siemens Operating Model key to ensure culture of adaptability

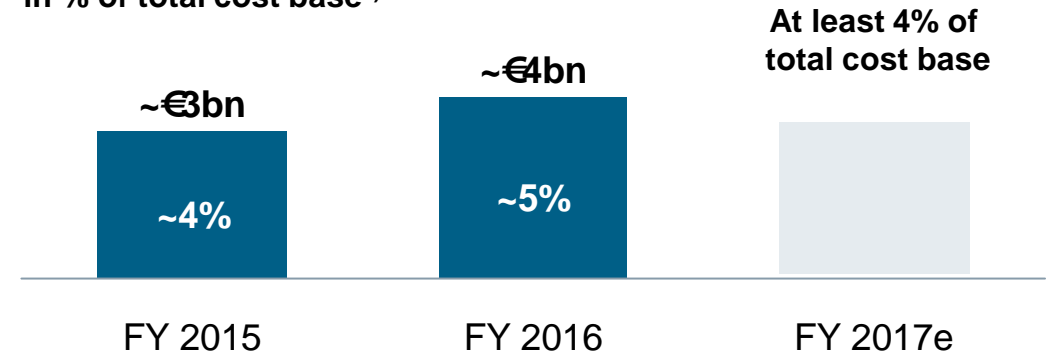


Gross margin improvement on track



Ongoing rigorous total cost productivity

in % of total cost base¹⁾



Divisional productivity programs + Functional productivity initiatives

Siemens Operating Model drives change towards a fast learning, innovative and agile company



Sales
Excellence



PLM and
Innovation



Production
and Logistics



Project
Business



Service
Business

1) Total cost base: Sum of cost of sales, R&D and SG&A expenses

Executing Vision 2020

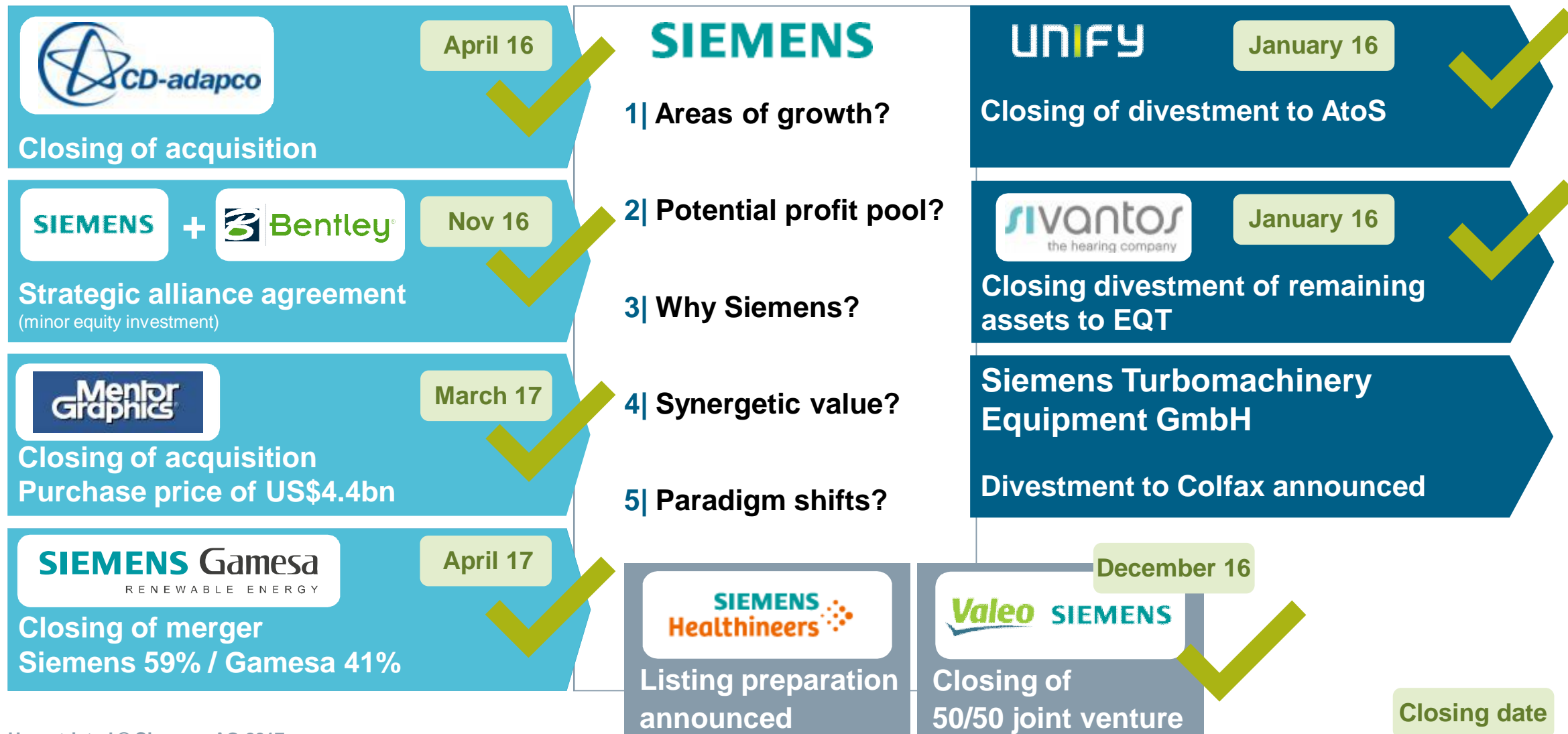
Underperforming businesses on track to meet FY 17 expectations

Underperforming businesses (~€14.5bn revenue in FY 2016)



Executing Vision 2020

Portfolio strengthening continues along our strategic imperatives



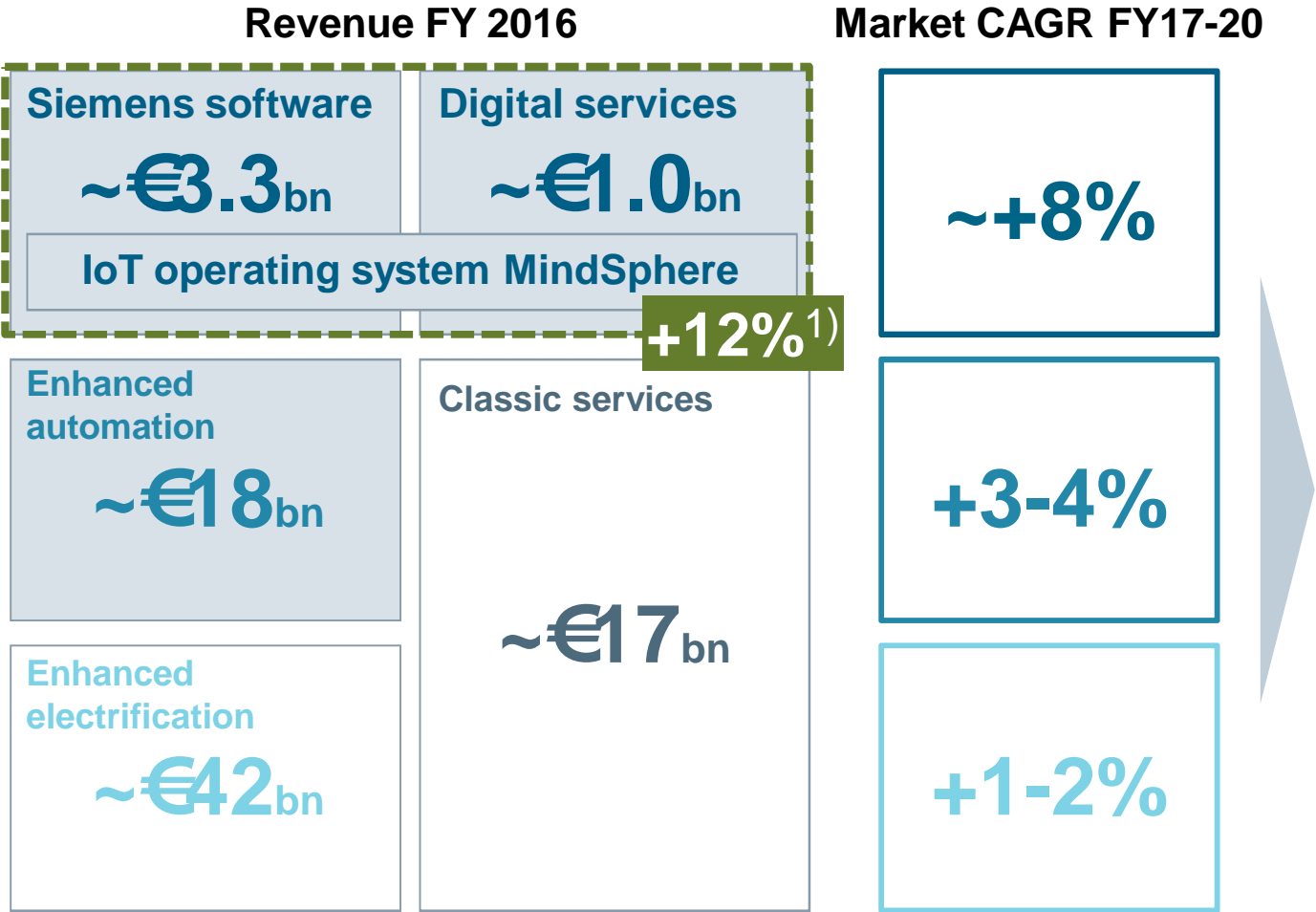
Early focus on digitalization drives value and growth



Digitalization
→ Leader

Automation
→ Global #1

Electrification
→ Leader



- Strategic direction**
- Strengthen leadership by combining software, platforms & services
 - Expand #1 position and utilize for digitalization
 - Differentiate through enhanced offerings with automation & digitalization

Note: Figures based on Industrial Business 1) Growth FY15 to FY16, rebased

Siemens will be the first provider of a fully integrated Digital Enterprise Suite



Acquisitions



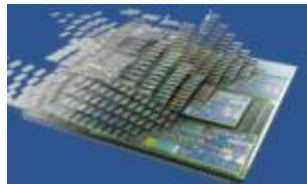
Bringing together the virtual world of product development with the real world of production automation



Integrating 3D simulation and test to create the digital twin of products to predict performance

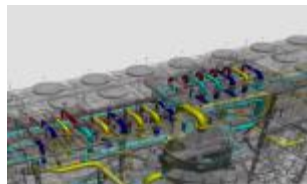


Simulating all the physics for a more precise digital twin of products



Creating the “System of Systems” view of the Digital Enterprise with Electronic Design Automation and Embedded Software

Cooperation



Complementing 3D-modelling Software for planning, construction and operation of infrastructure facilities

MindSphere – the cloud-based, open IoT operating system from Siemens

SIEMENS
Ingenuity for life



MindApps

- ✓ Open ecosystem of applications
- ✓ Apps from Siemens, manufacturers, operators and app developers

MindSphere

- ✓ Various cloud infrastructures: Public, private or on-premise
- ✓ Operational data integrated with the Digital Twin to optimize simulation and engineering (model-based analytics)

MindConnect

- ✓ Installed base of millions of devices
- ✓ Open standards (e.g. OPC UA) for connectivity
- ✓ Secure plug-and-play connection of Siemens and 3rd party products


Merger of Siemens Wind Power and Gamesa closed as planned



Transaction description & rationale

- **Merger** of the entire **Siemens Wind Power** business incl. Service with **Gamesa** closed on **April 3, 2017**
- Creation of a global **leader in the wind power industry** with a **well balanced geographic footprint** and a **large installed base**
- **New management team appointed** with **Markus Tacke** as **CEO** and **Andrew Hall** as **CFO**
- **Announcement of Rosa García as non-executive Chairwoman** of the combined company's Board of Directors
- **New company brand** reflects strengths of united company
- **Ownership: Siemens 59%**, Iberdrola ~8%, free float ~33%
- **Global HQ and listing in Spain**
- Siemens to **fully consolidate** the combined and listed entity **as of Q3 FY17**

Key figures (pro forma, LTM Mar 2017; source SGRE Q1 17)

	 Combined business¹⁾
Installed Base	76 GW
Backlog	€22.2bn
Revenue	€11.7bn
LTM recurrent EBIT	€1.2bn
LTM recurrent EBIT Margin	9.9%
Synergies	€230m EBIT full impact in year 4 post closing

1) Excluding transaction adjustments (e.g. effects from purchase accounting), incl. full consolidation of Adwen, stand-alone savings and normalization adjustments

Siemens Healthineers

From Good – to Great – to Fascinating



Leading position in key markets and resilient performance

Profit margin

13.2% → +4ppts → 17.2%

CAGR
(FX comp.)

+2.9%

Revenue
in €bn

11.1

13.5

Free cash flow
in €bn

1.8

2.2

FY 2011¹⁾

FY 2016

1) FY2011 financials excluding Audiology and Hospital Information Systems business

Distinct trends at work

Transformation of Healthcare providers continues:

Industrialization

Consolidation

Health management

Providers today seek relevant suppliers/partners

- that understand challenges in a changing Healthcare market and
- are able to address broad issues in multi-hospital provider systems

Growth fields: We will further strengthen our attractive business

Molecular Diagnostics

Build up molecular diagnostics portfolio utilizing our global presence and strong customer partnerships

Advanced Therapies

Grow rapidly into therapy: build upon our expertise in hybrid ORs and core imaging

Services

Build new services portfolio to solve system wide hospital challenges incl. clinical data analytics capabilities

Strengthen our leading position by preparing listing of Siemens Healthineers

Transformation in the healthcare market continues...

- **Paradigm shifts visible: Transition** from
 - (i) **product business to solving hospital system wide challenges**
 - (ii) **fee for service to managing outcome based health**
- **Race for customer relevance intensified**
- **Competitor & provider consolidation ongoing**
- **Investments required to respond to paradigm shifts**

... listing best suited to manage transition

- **Strengthen and build position in identified growth fields**
- **High strategic flexibility and capital allocation in light of changing healthcare market**
- **Focus on key success factors continues**

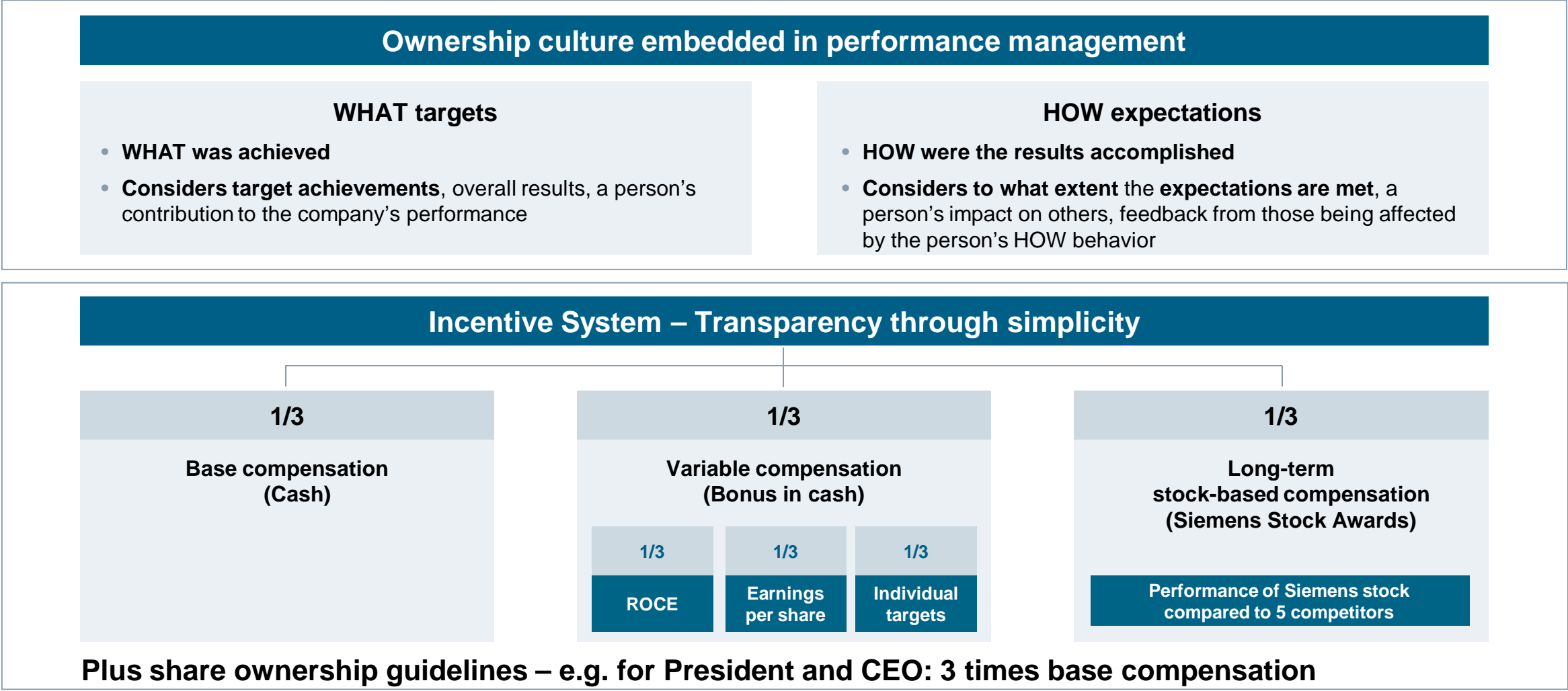


**STRENGTHEN THE HEALTHINEERS BUSINESS
IN SIEMENS**

Ownership Culture is the cornerstone for performance management and it is reflected in our incentive system

SIEMENS

Ingenuity for life



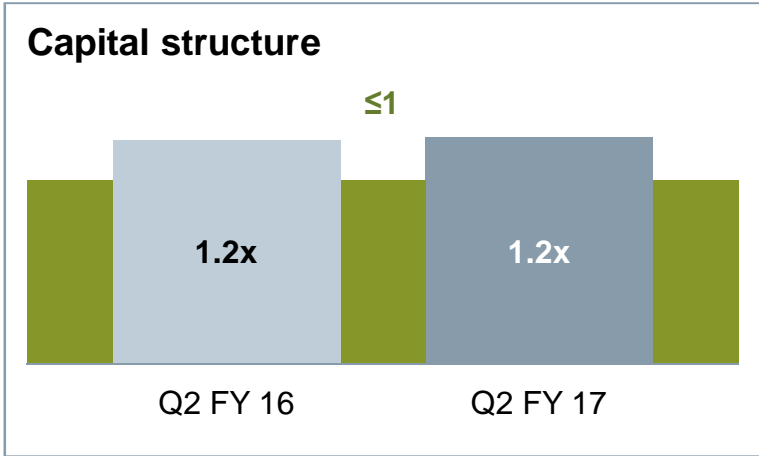
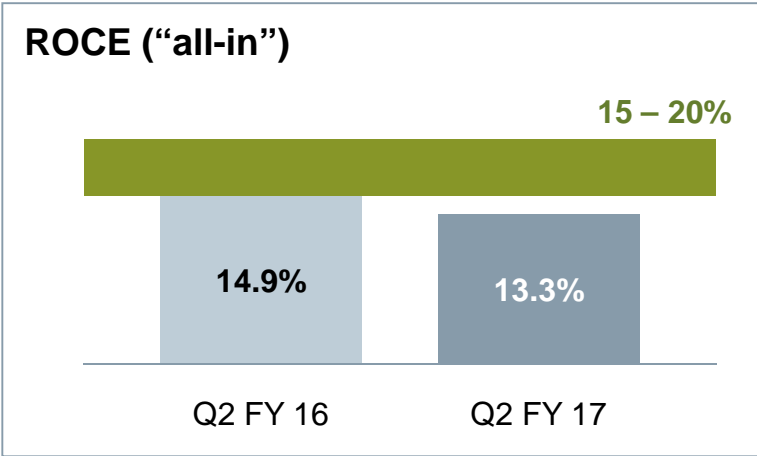
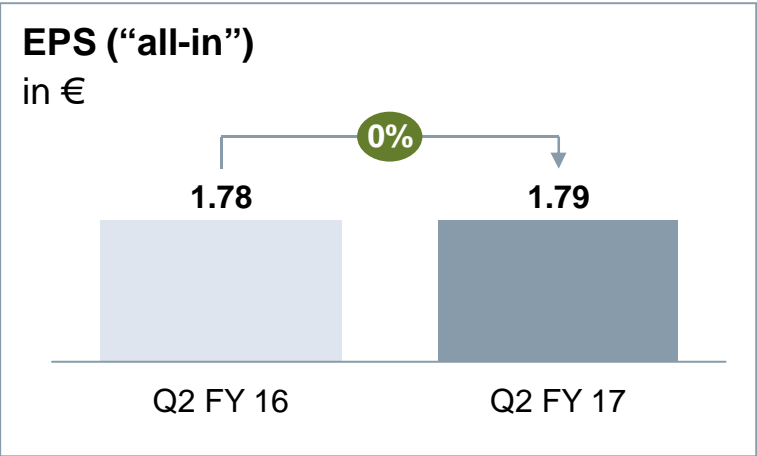
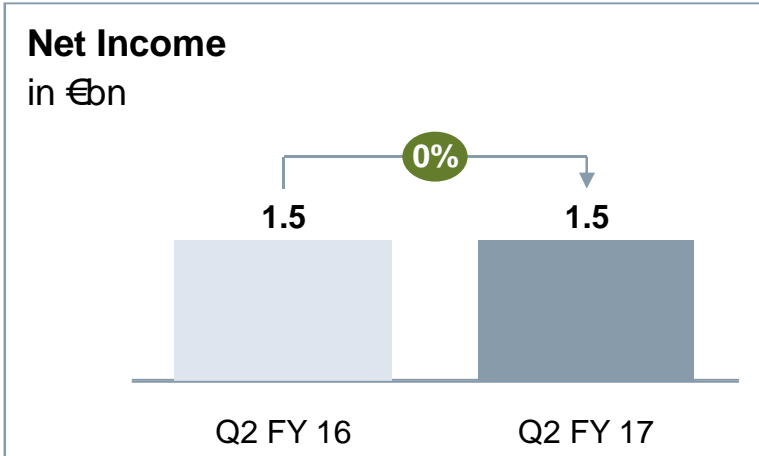
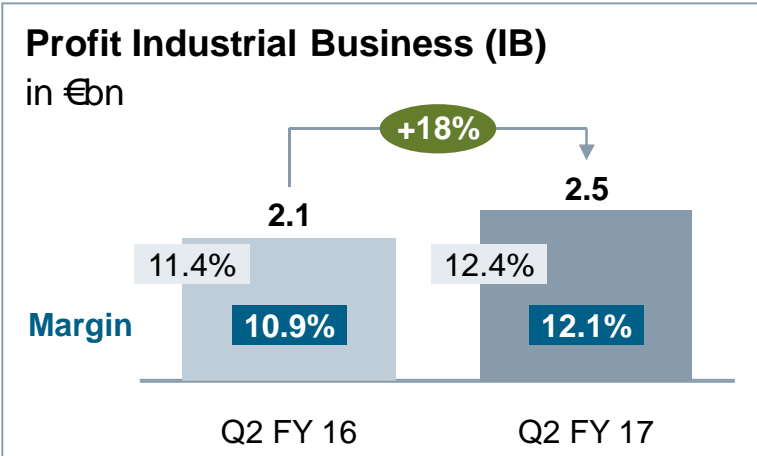
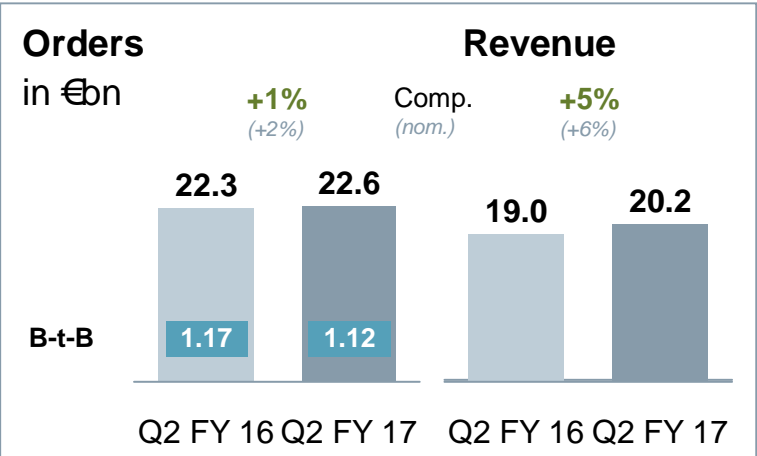
Q2 FY 2017

Another strong quarter – profitable growth continuing



- **Successful closing of Siemens Gamesa merger and Mentor acquisition**
- **Orders +1% at €22.6bn despite tough comps - excluding €3.1bn Egypt orders up +17%
Substantial volume from large orders and base orders clearly up**
- **Accelerated revenue growth to +5% supported by all Divisions; book-to-bill at 1.12x**
- **Strong quarter with 8 out of 9 Divisions in or above target range**
- **Industrial Business margin expansion to 12.1% (+120bps) driven by strong operational execution**
- **Net income stable at €1.5bn impacted by higher tax rate – EPS at 1.79€**
- **Strong Industrial Business free cash flow of €2.0bn, up 32% y-o-y**

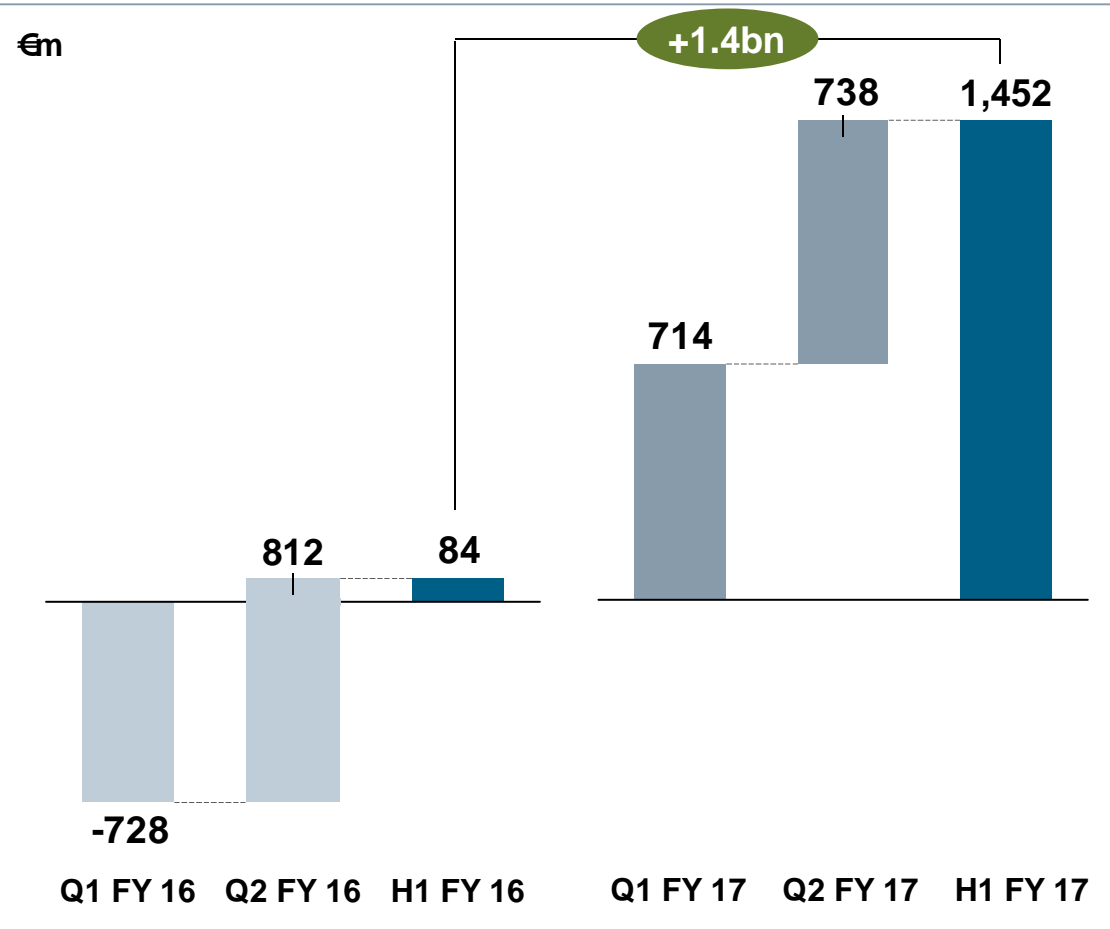
Financial cockpit – Q2 FY 2017



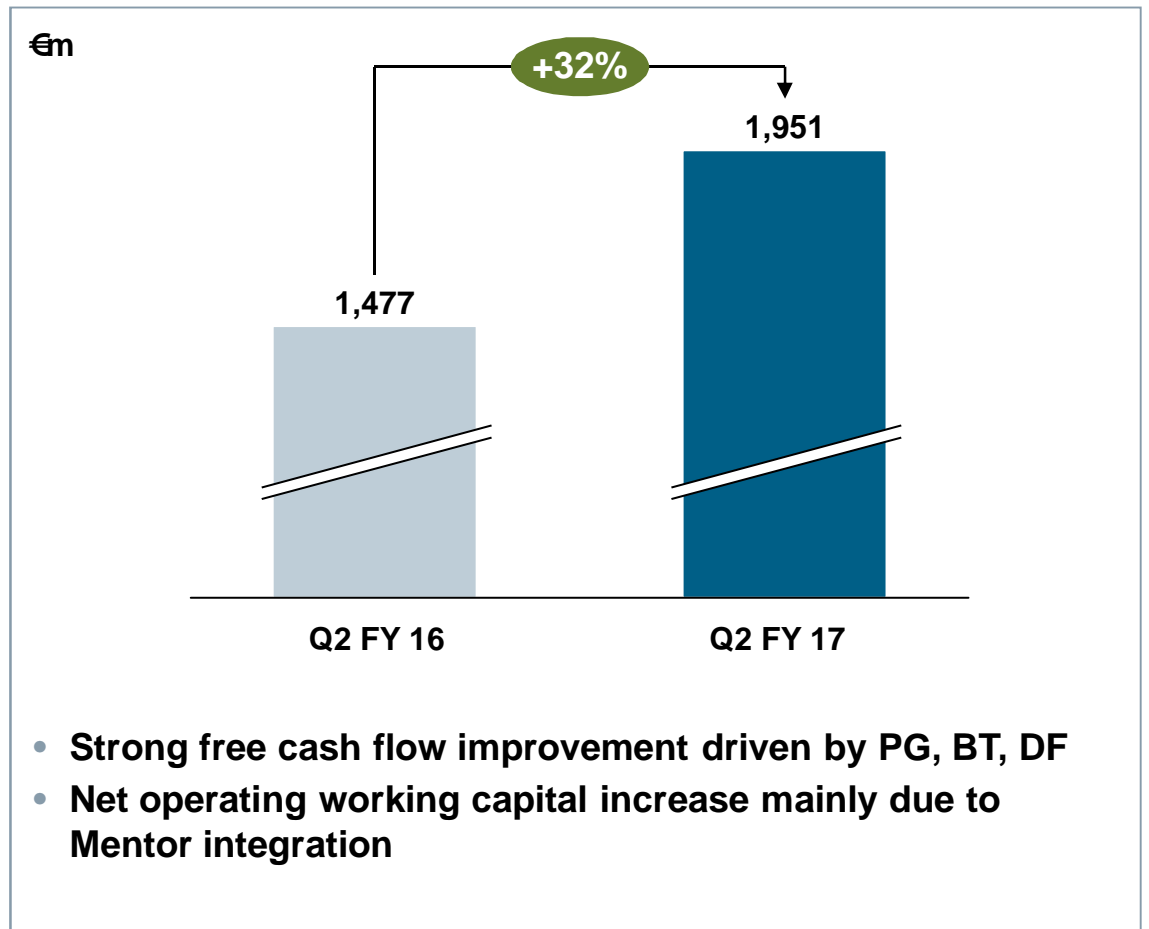
x.x% Margin as reported x.x% Margin excl. severance

Significant operational free cash flow improvement – Overall more balanced development

Free cash flow



Industrial Business free cash flow



Financial calendar

August

August 3, 2017
Q3 Earnings Release

September

September 8, 2017
Morgan Stanley Industrials & Natural Resources conference (London)

November

November 9, 2017
Q4 Earnings Release





Investor Relations

Internet: www.siemens.com/investorrelations

Email: investorrelations@siemens.com

IR-Hotline: +49 89 636-32474

Fax: +49 89 636-1332474