

Execution of Vision 2020 fully on track

Joe Kaeser, President and CEO

Bernstein Strategic Decisions Conference | New York, June 1, 2016

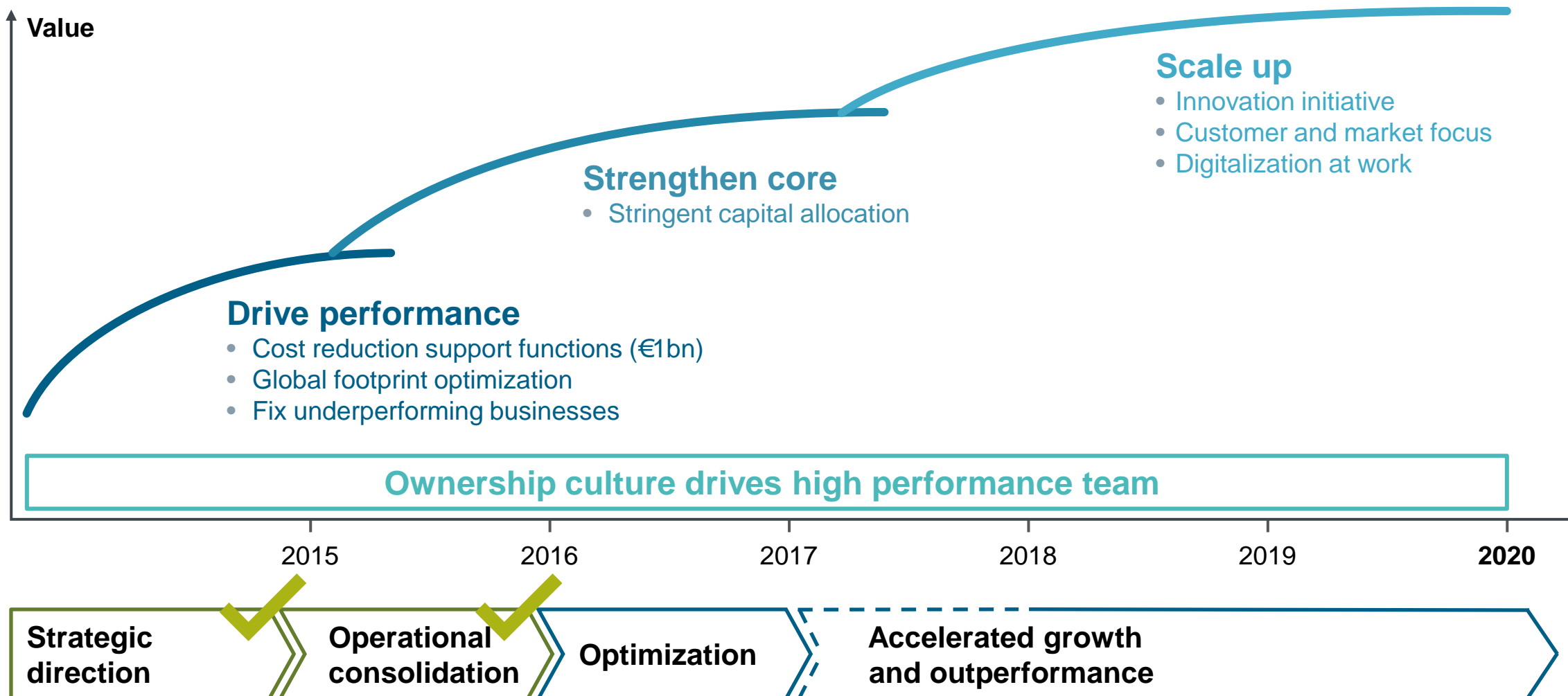
Notes and forward-looking statements

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.

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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 – Stringent execution delivers results



Executing Vision 2020

Capital allocation along strategic imperatives

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April 16

Closing of acquisition of CD-adapco for \$970m to pursue industrial software strategy

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- 1| Areas of growth?
- 2| Potential profit pool?
- 3| Why Siemens?
- 4| Synergetic value?
- 5| Paradigm shifts?

UNIFY

January 16

Closing of divestment to AtoS



January 16

Closing divestment of remaining assets to EQT for €300m

Strategic asset combination



50/50 joint venture for powertrain in E-cars announced

E-A-D: This system matters

Digitalization



Automation



Electrification



Vertical software

~€3.1_{bn}

Revenue FY 2015

Profitability ++

Digital services

~€0.6_{bn}

Revenue FY 2015

Profitability +++

Enhanced automation

~€19_{bn}

Revenue FY 2015

Profitability ++

Classic services

~€15_{bn}

Revenue FY 2015

Profitability +++

Enhanced electrification (~€39bn)

+~16%

- Build on deep **domain know-how**
- Leverage M&A and R&D invest
- **Roll-out of cross-divisional Sinalytics platform**
- >300k connected devices
- 17 Terabytes of data per month

+~9%

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

Hannover Fair 2016 – Not only for golfers!

“Ingenuity for life – Driving the Digital Enterprise“

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Digital Enterprise – Key innovations

1

Enhance Industrial software and automation portfolio

- Integration of CD-adapco flow simulation
- Significant expansion of TIA-Portal and COMOS Software suite

2

Expand Industrial communication portfolio

3

Provide holistic industrial security concept

4

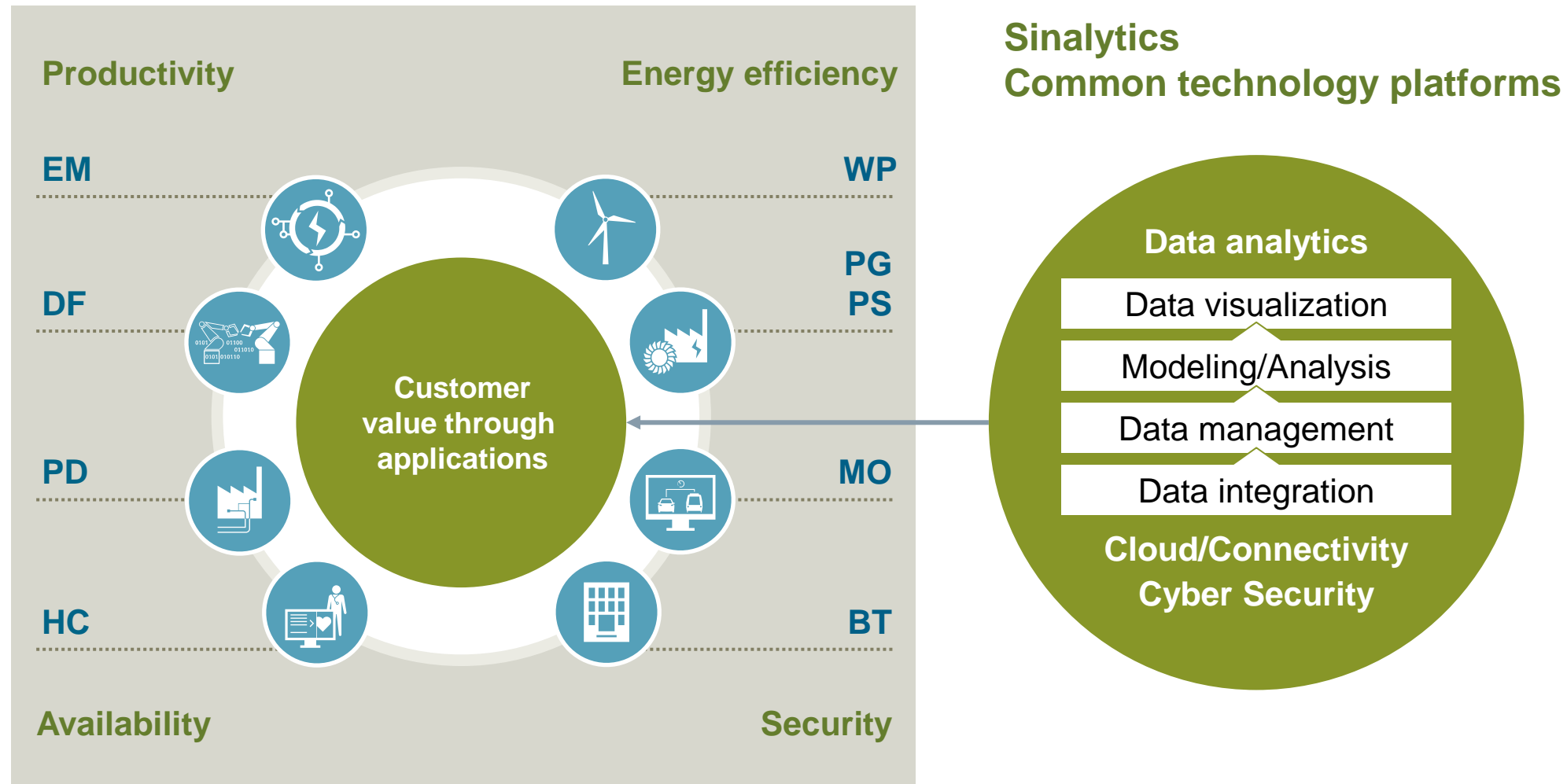
Drive Industrial services

- Launch of Mindsphere platform – the Siemens cloud for Industry

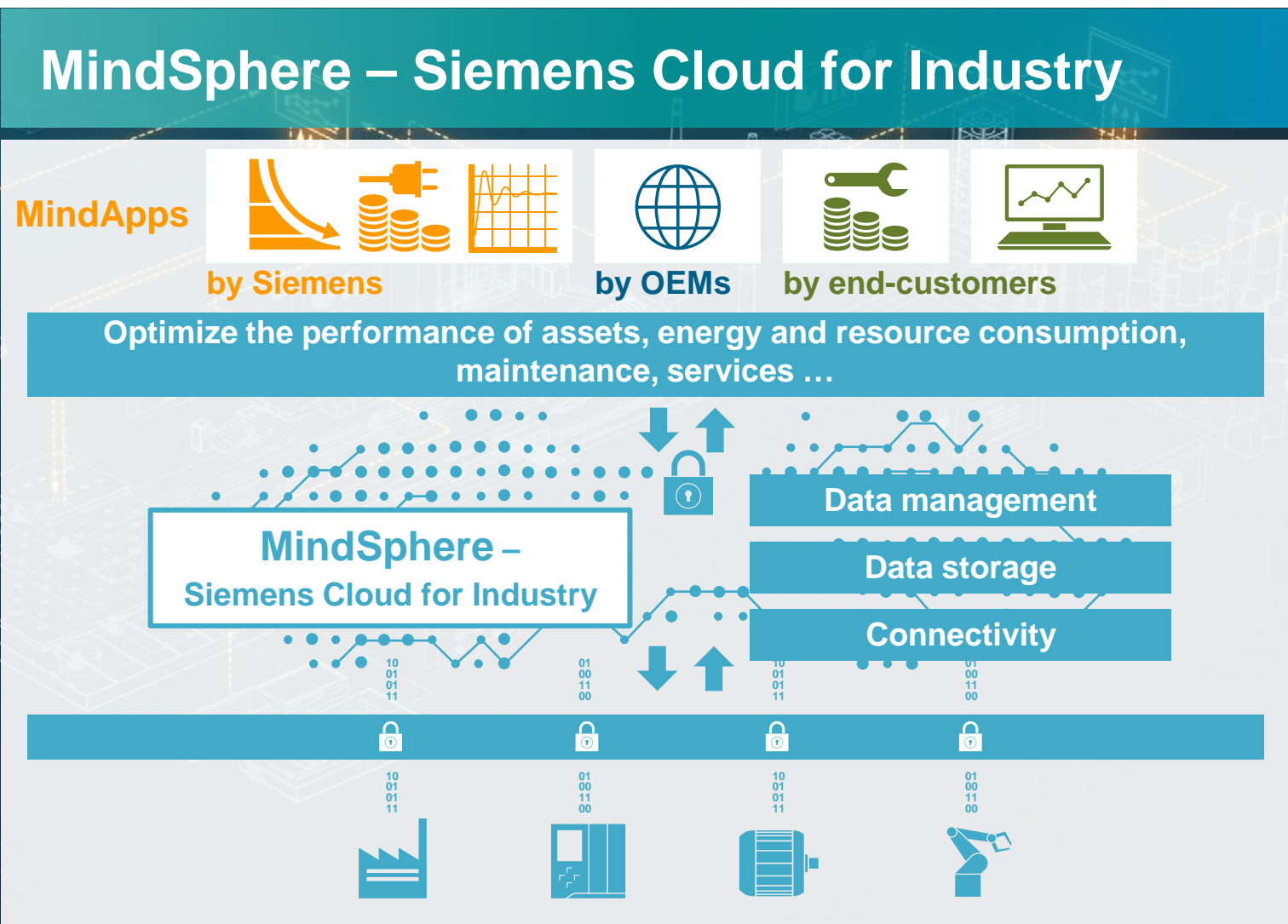
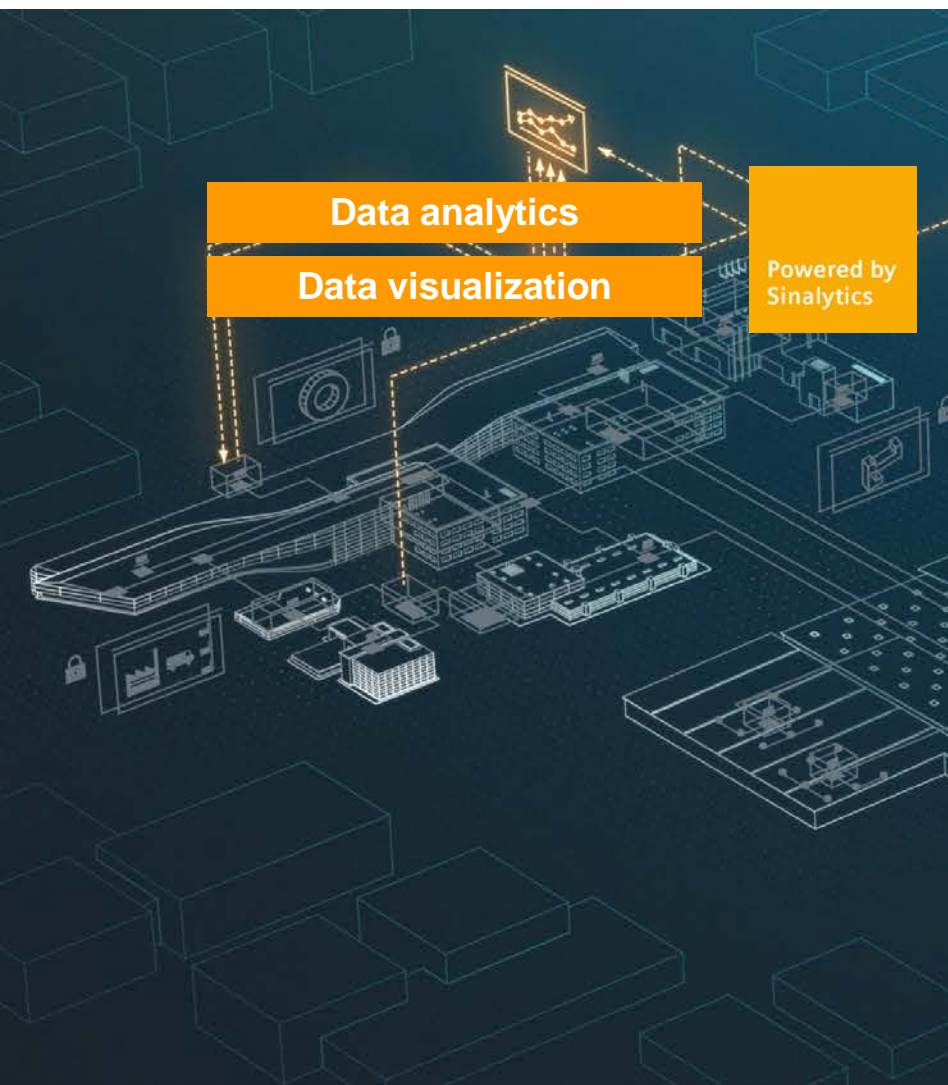
Platforms lead products

Sinalytics connects more than 300,000 devices

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MindSphere with “MindApps powered by Sinalytics” offers our customers a strong foundation for new, data-based business models



Guidance FY 2016 – Outlook confirmed

We **confirm** our **financial guidance** for **fiscal 2016**, although the **market environment** for our **high margin short cycle business** may not pick up materially in the **second half**.

We still 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%**.

We expect basic EPS from net income in the range of **€6.00 to €6.40**.

Additionally, it excludes charges related to legal and regulatory matters.



One Siemens Financial Framework

Clear targets to measure success and accountability

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One Siemens Financial Framework

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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%

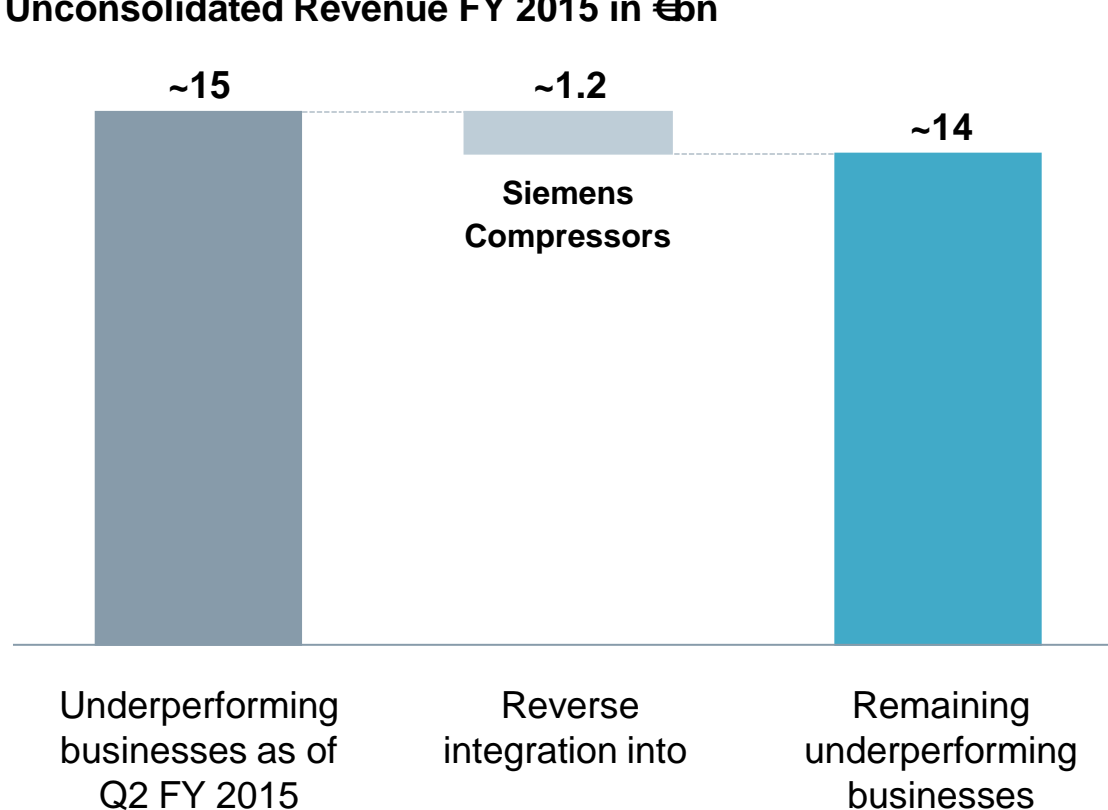
1) ABB, GE, Rockwell, Schneider, Toshiba, weighted; 2) Based on continuing and discontinued operations; 3) Productivity measures divided by functional costs (cost of sales, R&D, SG&A expenses) of the group; 4) Of net income excluding exceptional non-cash items; 5) Excl. acquisition related amortization on intangibles; 6) SFS based on return on equity after tax

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Underperforming businesses show improvement

Underperforming businesses

Unconsolidated Revenue FY 2015 in €bn



Fiscal Year	2016e ~3%				
	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

Measures for ongoing productivity improvement of 3 - 5% per annum

Example: Supply chain management

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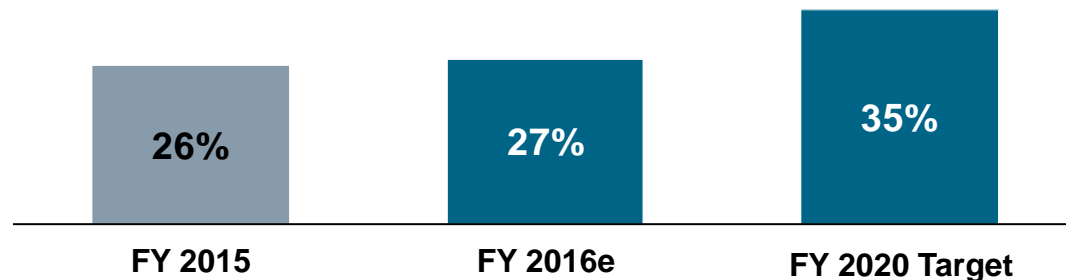
Supply chain management - BOLD moves program 2020

'Traditional' procurement levers

- Contract management & pooling
- Negotiations excellence
- Digitalization – analytics & process optimization
- **Global value sourcing (GVS)**

GVS share of total purchasing volume (~€39bn)

Target: GVS share >1/3

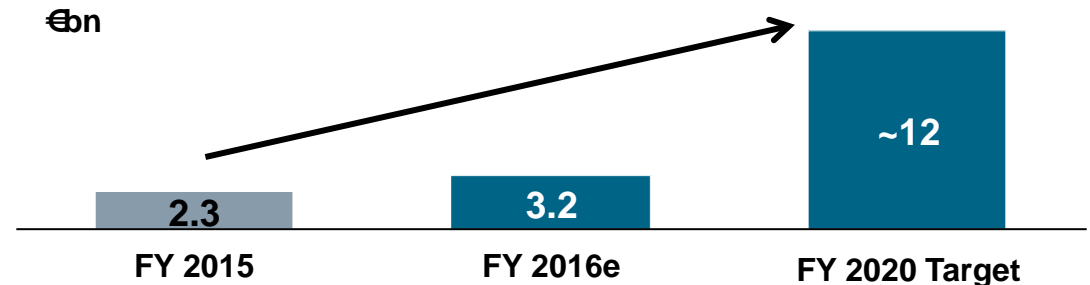


Cross-functional levers

- Demand/spend management
- Core/non-core and footprint
- Supplier innovation & optimization
- **Cost & value engineering¹⁾ (CVE)** incl. design-to-cost

CVE coverage of total cost base

Target: Significant increase of CVE-Coverage

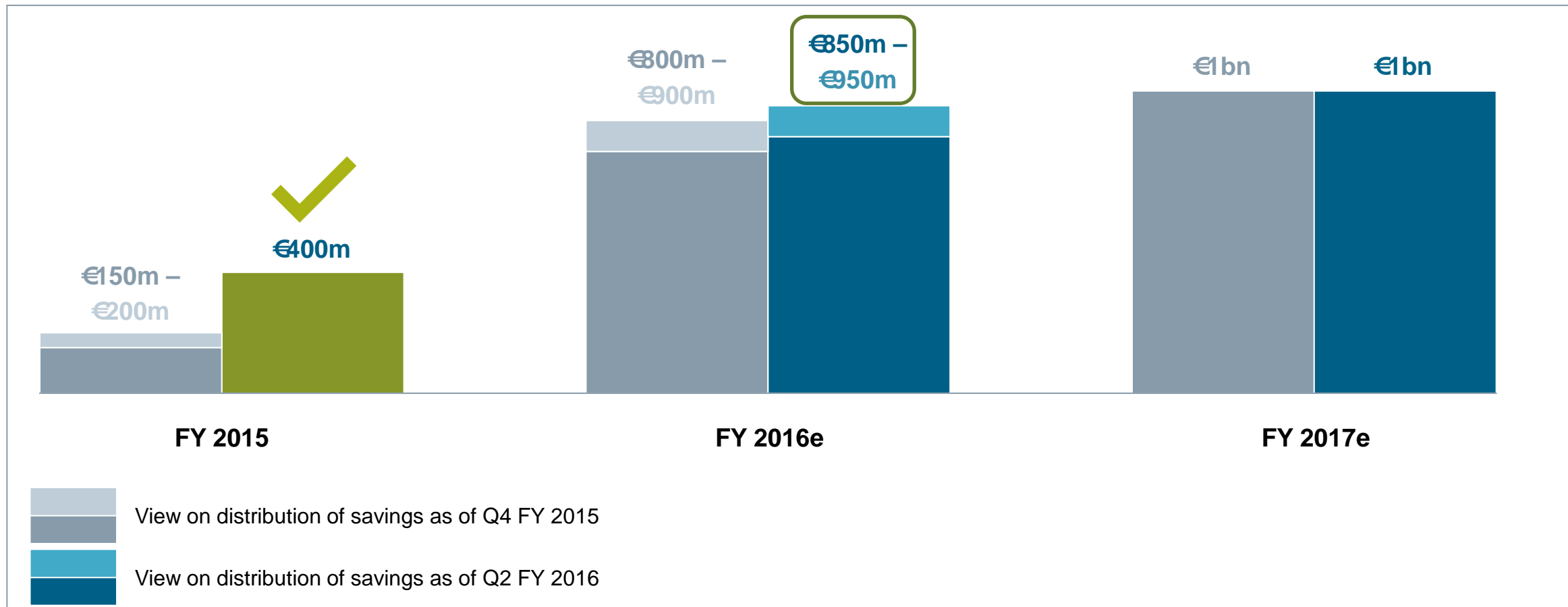


Accelerated execution of cost reduction measures

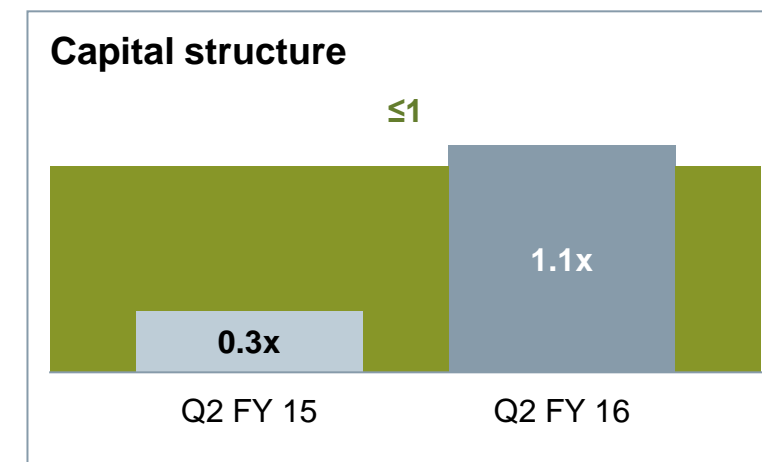
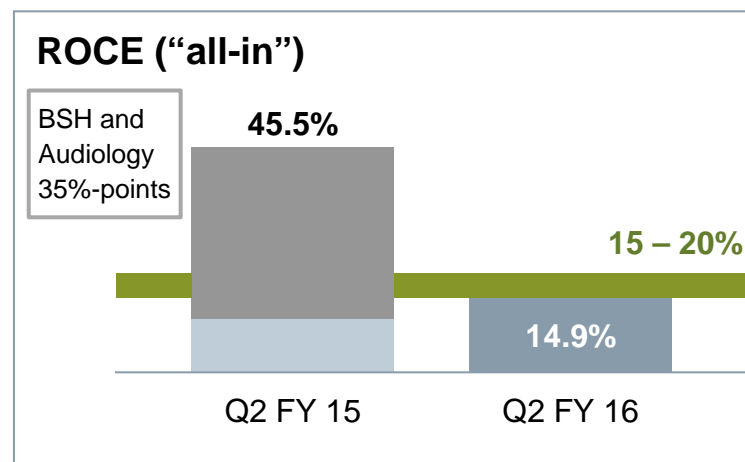
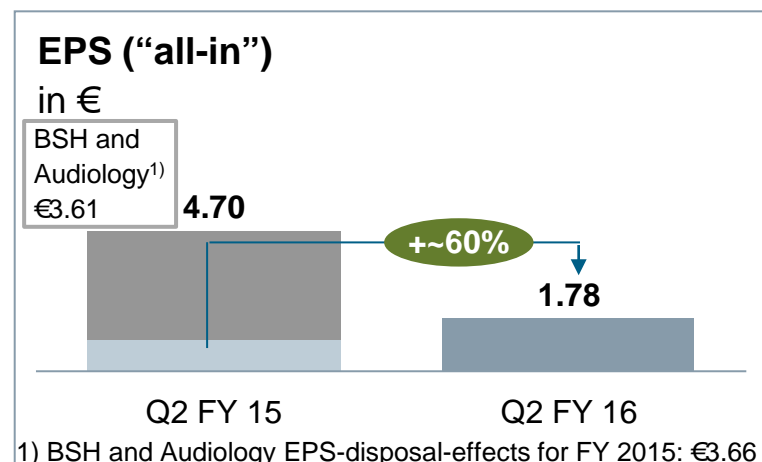
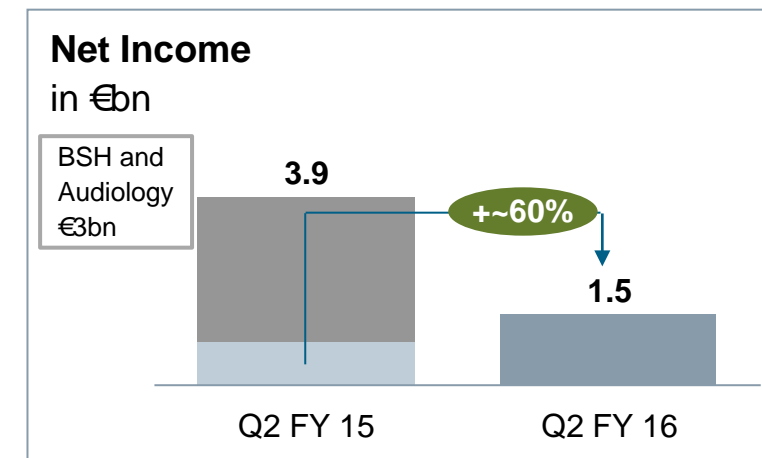
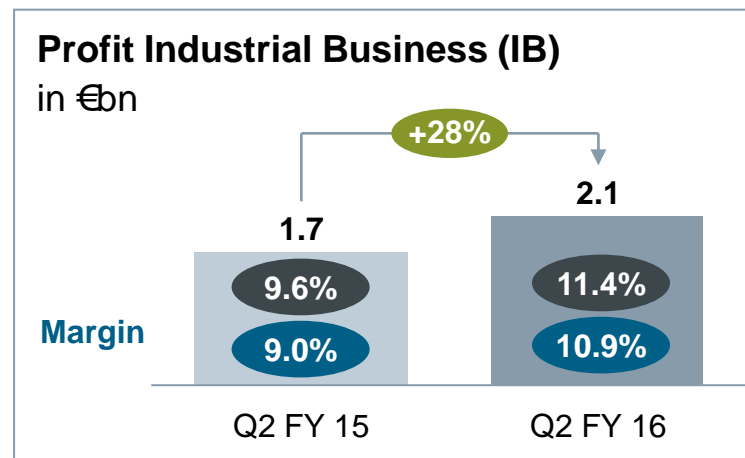
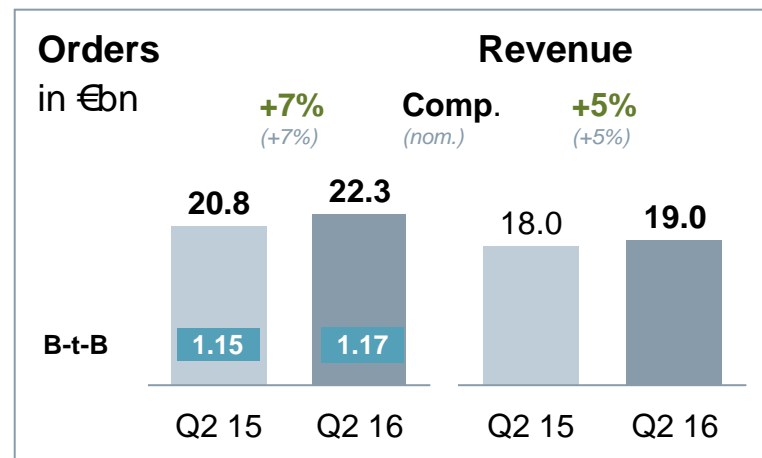
Target achievement of ~€1bn well on track

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Cumulated effects of savings



Continuing growth in orders, revenue and profitability



x.x% Margin as reported

x.x% Margin excl. severance

Convinced customers – Reliable partner – Good business

Megadeals in Egypt – execution on track

- **€3.1bn orders for Burullus and New Capital** power plants incl. long-term service contract
 - Fast track projects for 9.6 GW (16 H-class turbines)
 - Financial close in March 2016
- **Project execution of Beni Suef – 4 out of 8 H-class** turbines shipped
- **Comprehensive transmission network study** ongoing
- Contract for **six substations signed**
- **Training of 600 engineers and technicians** has started



Major offshore order in Wind Power



7 MW Turbine (SWT-7.0-154)

East Anglia ONE project

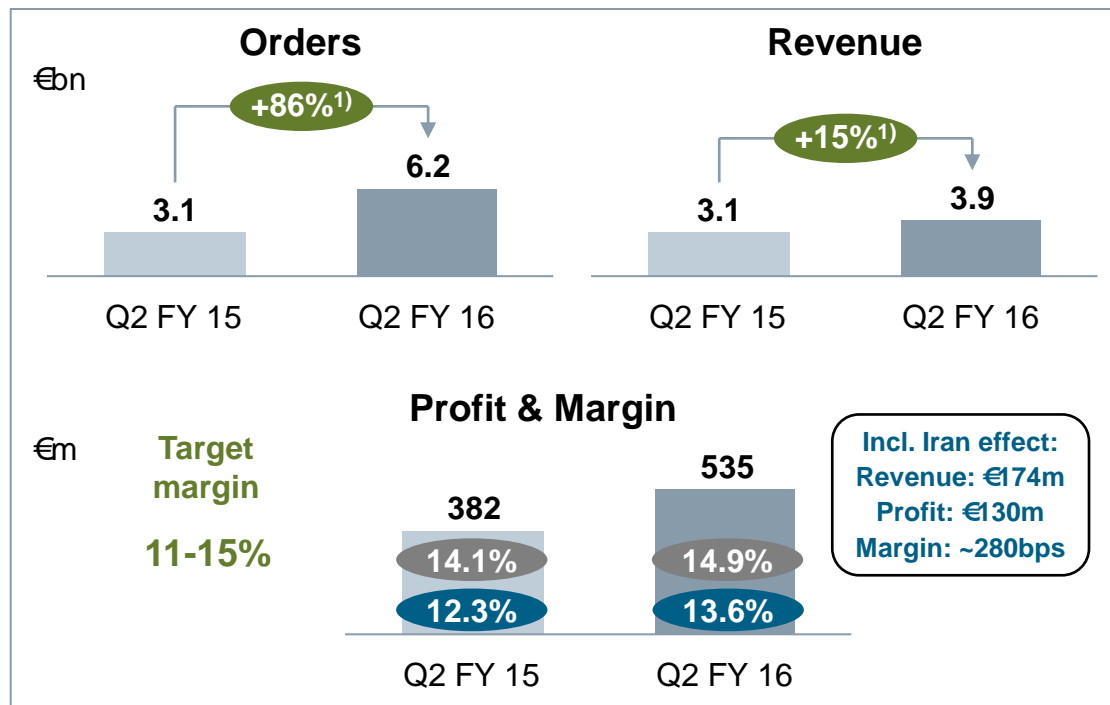
- **Customer:** ScottishPower Renewables
- **714MW** total capacity
- **Largest order** to date for **7MW** direct drive **turbine**
- **Five years service contract**
- **Order volume ~€1.2bn**
- Start of **commercial operation in 2020**
- **Delivery** out of new **Hull and Cuxhaven factories in 2019**

PG: Great performance in a challenging market environment

WP: Exceptionally strong

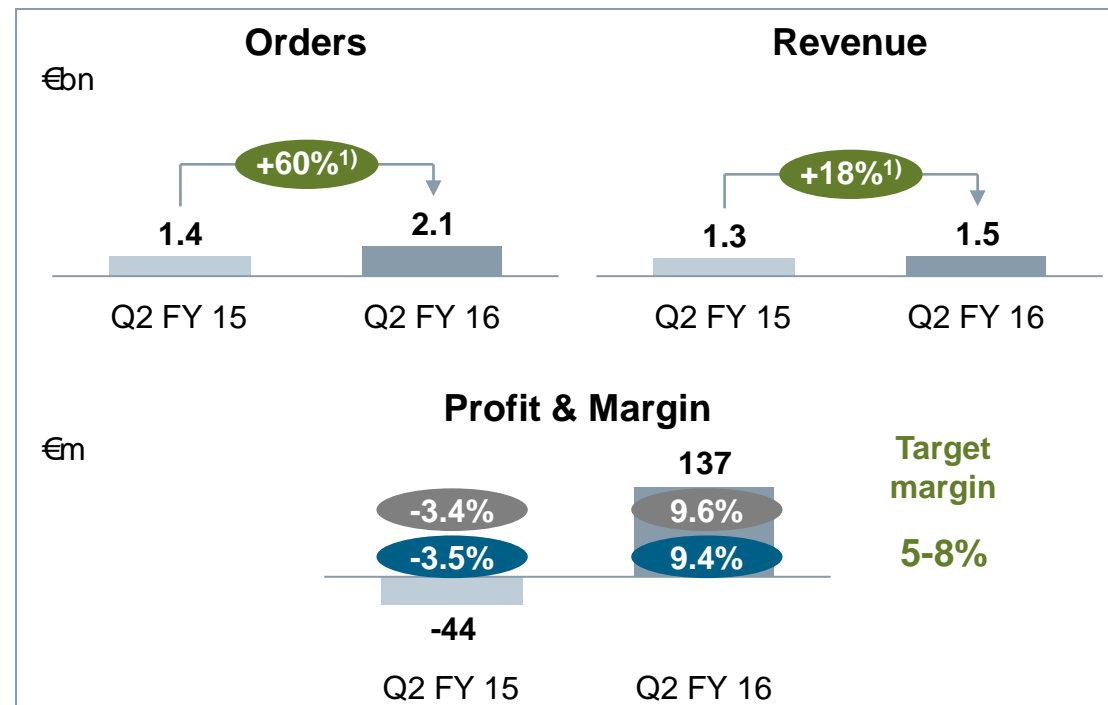
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Power and Gas (PG)



- Ramp up of Egypt orders drive revenue; 16 LGTs shipped
- Positive revenue and profit effects driven by ending or easing of Iran sanctions

Wind Power and Renewables (WP)



- Major offshore order in UK incl. service of ~€1.2bn
- Significant revenue increase on high backlog conversion
- Improved operations drive margin

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

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x.x% Margin as reported

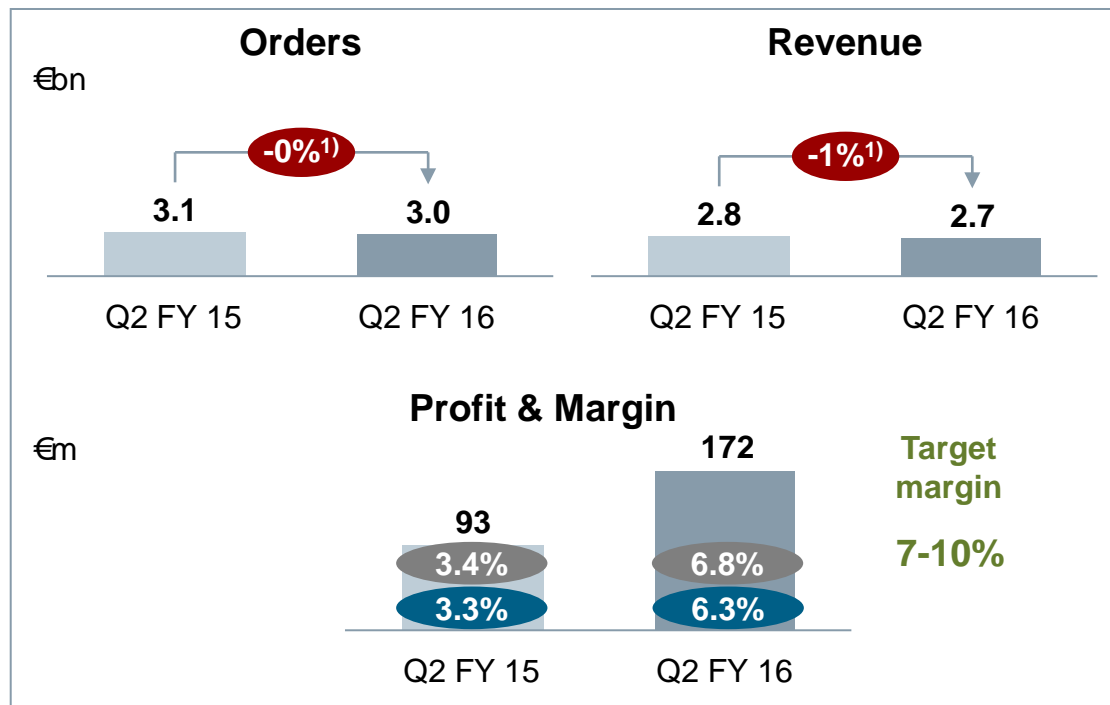
x.x% Margin excl. severance (and excl. integration cost D-R for PG only)

EM: Impressive turnaround through stringent execution

BT: Solid performance and great leadership

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Energy Management (EM)

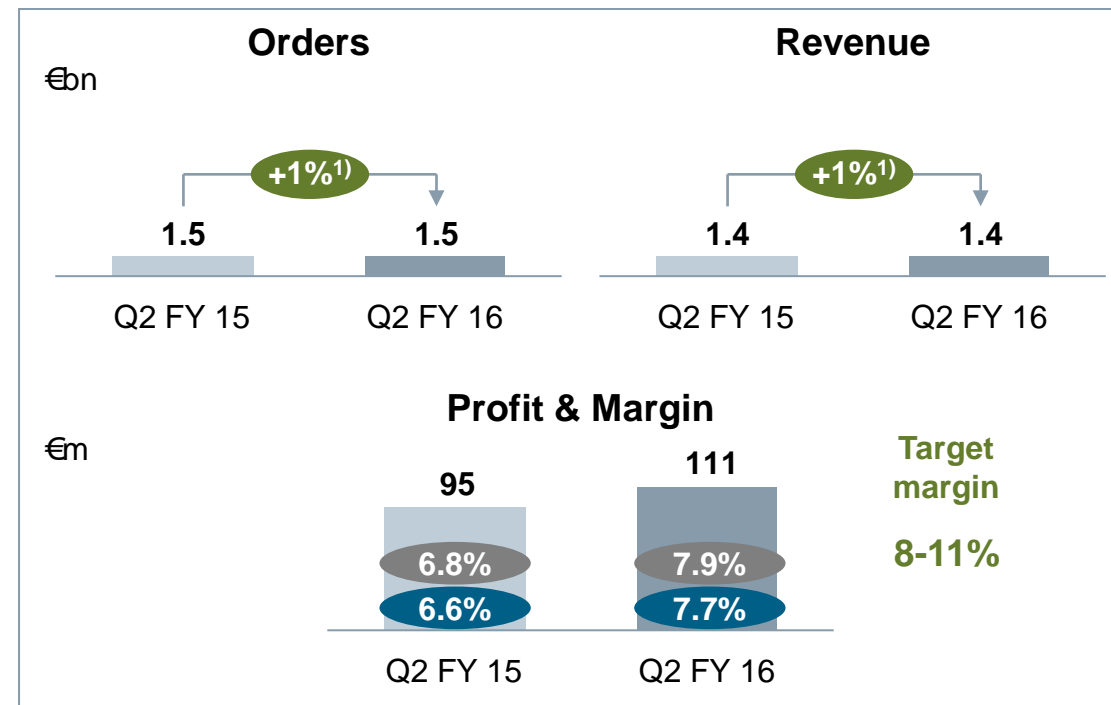


- Double digit order growth in Europe/CAME and Asia/ Australia offset by Americas due to tough comparables
- Profitability improvements in solutions, transformer and high voltage products

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

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Building Technologies (BT)



- Order growth in Germany and Middle East, weaker demand from China
- Larger share of high margin product and service business

x.x% Margin as reported

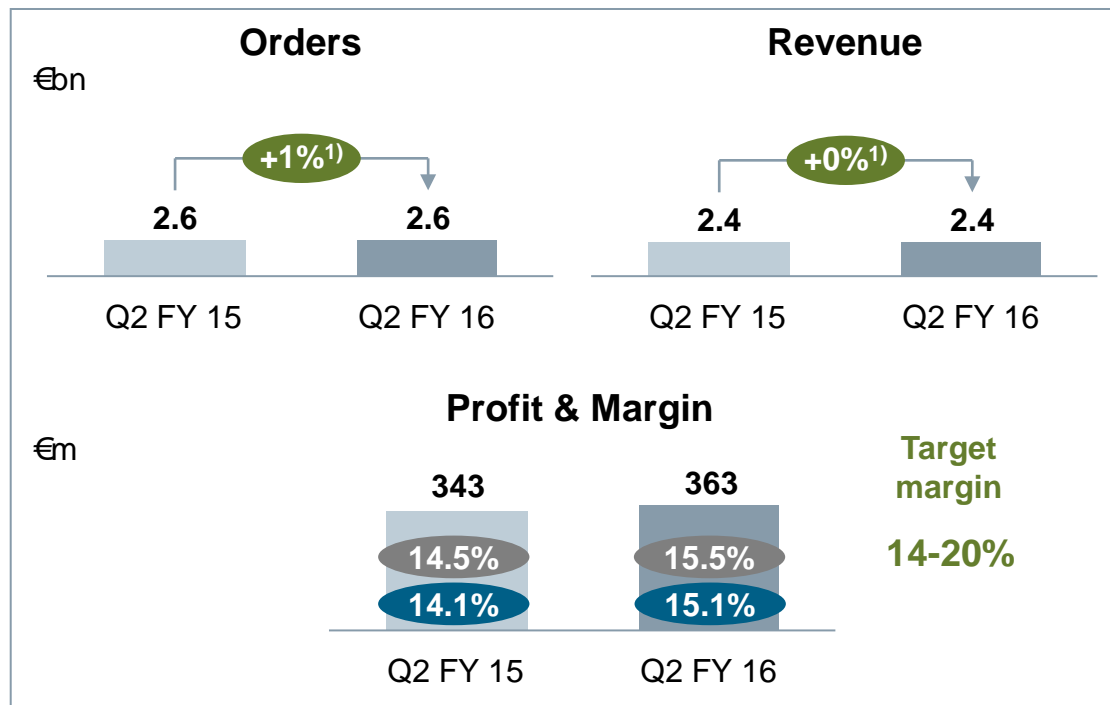
x.x% Margin excl. severance

DF: Top line flat – Bottom line top

PD: Structural challenges addressed for long term recovery

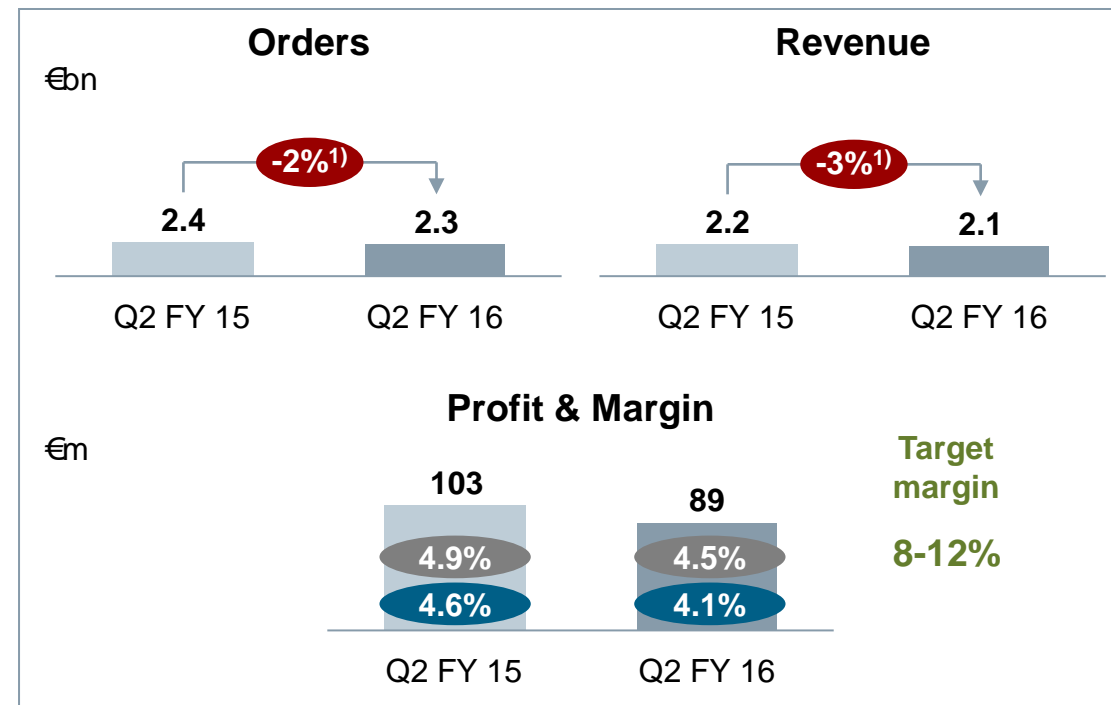
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Digital Factory (DF)



- Top line growth in the U. S. more than offset by lower volume in China and Germany
- Profit increase mainly driven by Factory Automation

Process Industries and Drives (PD)



- Ongoing weak demand in commodity-related industries
- Growth in wind power component business
- Structural challenges weigh on profit

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

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x.x% Margin as reported

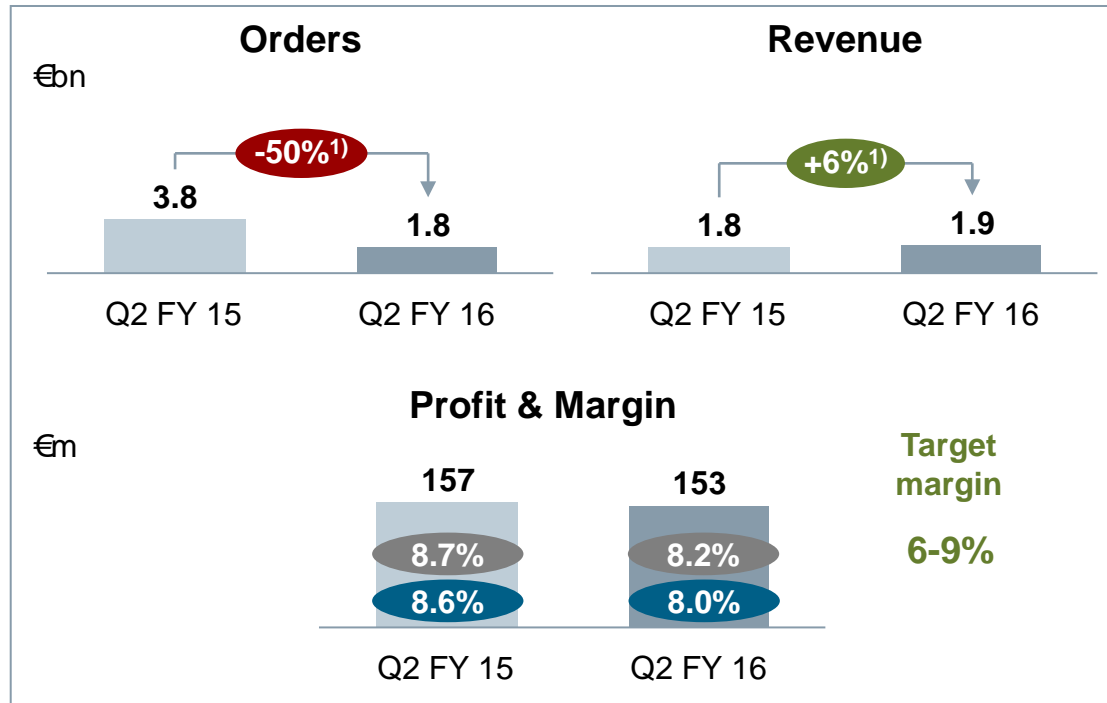
x.x% Margin excl. severance

MO: Stringent execution secures leading margins in the sector

HC: Consistently strong performer in the market

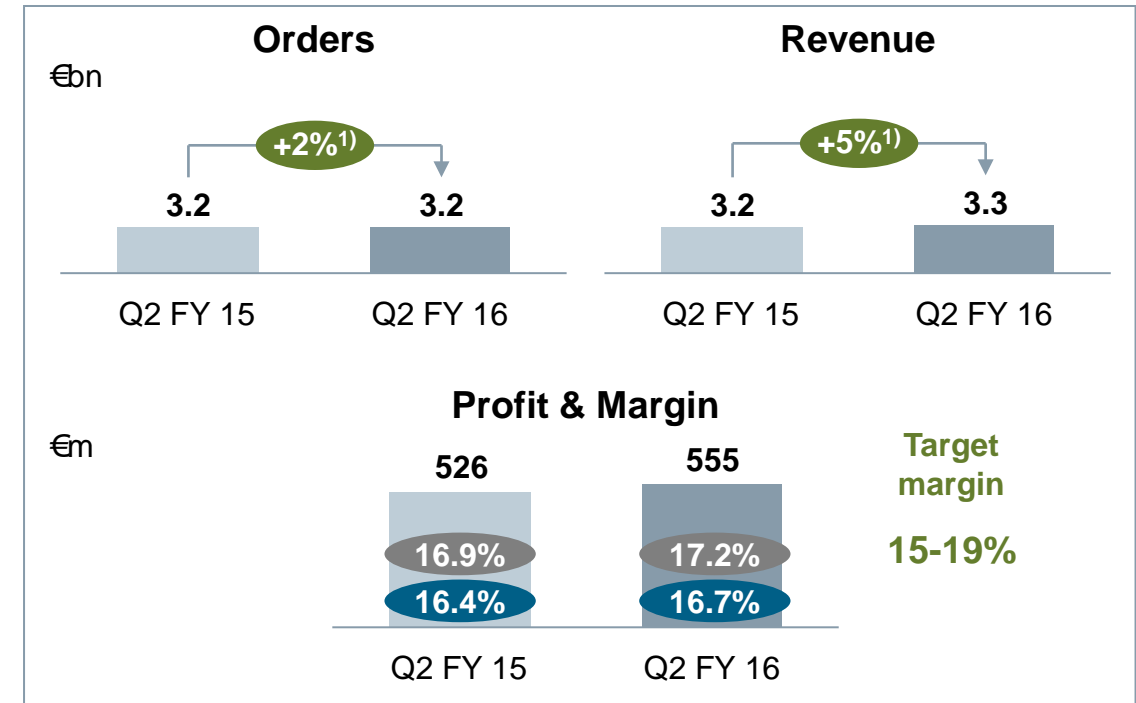
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Mobility (MO)



- Orders down on tough comparables
- Profitable revenue growth driven by stringent backlog execution of large projects

Healthcare (HC)

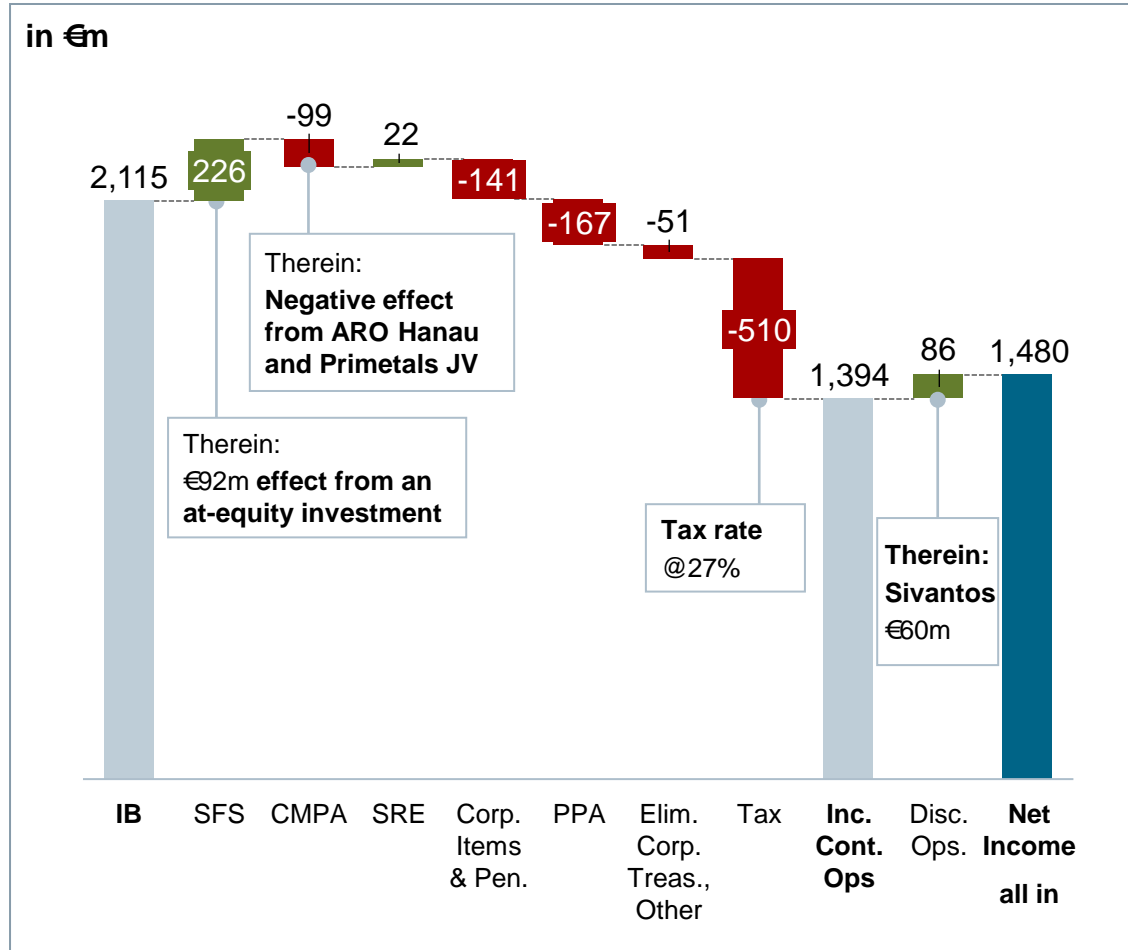


- Clear order and revenue growth in the U.S.
- Revenue increase and strong earnings mainly driven by Diagnostic Imaging

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

Below Industrial Business: Strong results from SFS, D/O-gain from sale of remaining financial assets from hearing aid business

Below Industrial Business (Q2 FY 2016)



Expectations for H2 FY 2016

- **SFS:** H2 in line with prior year
- **CMPA:** Negative impact H2 smaller than prior year, however, volatility remains
- **SRE:** H2 in line with prior year dependent on disposal gains
- **Corporate Items:** H2 in line with prior year
- **Pension:** ~-€125m per quarter
- **PPA:** H2 in line with H1
- **Elimination, Corporate Treasury, Other:** H2 in line with prior year, including higher interest expenses
- **Tax:** Expect 26 - 30% for FY 2016
- **Discont. Operations:** Limited impact in H2

Financial calendar

June

June 1, 2016

Bernstein Conference (New York)

June 9, 2016

JP Morgan Conference (London)

June 14, 2016

Exane Conference (Paris)

June 28 – 29, 2016

Capital Market Day “Energy and Oil & Gas” (Houston)

July / August

August 4, 2016

Q3-Earnings Release

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