Strong orders continue into the new fiscal year

Joe Kaeser, President and CEO | Ralf P. Thomas, CFO
Q1 FY 2019 Analyst Call | Munich, January 30, 2019

Notes and forward-looking statements

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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.

Significant customer wins drive strong order growth

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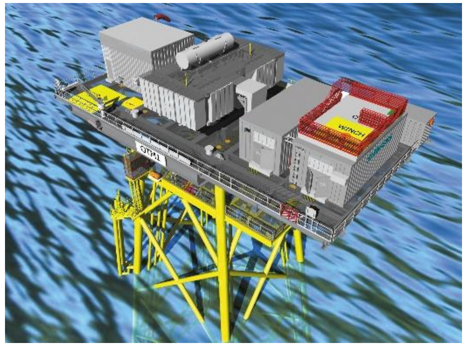
32 train sets
VIA Rail Canada
€0.8bn



Moray East
950 MW offshore grid connection

© Transport for London

Metro trains
London Underground
€1.6bn

© Mubadala Business Forum 2018

First H-class turbine
UAE >600 MW

Impressive order book growth continues – with a few “but’s” below

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Orders

+13%

Revenue

+2%

IB Adj. EBITA margin excl. severance

10.6%

EPS excl. severance

€1.34

IB Cash conversion
seasonally weak

0.25

Indust. ND/EBITDA
Healthy capital structure

0.7x

Orders and Revenue growth comparable

PG: Book-to-bill encouraging, but will remain volatile
EM: Strong customer wins clouded by unsatisfactory execution

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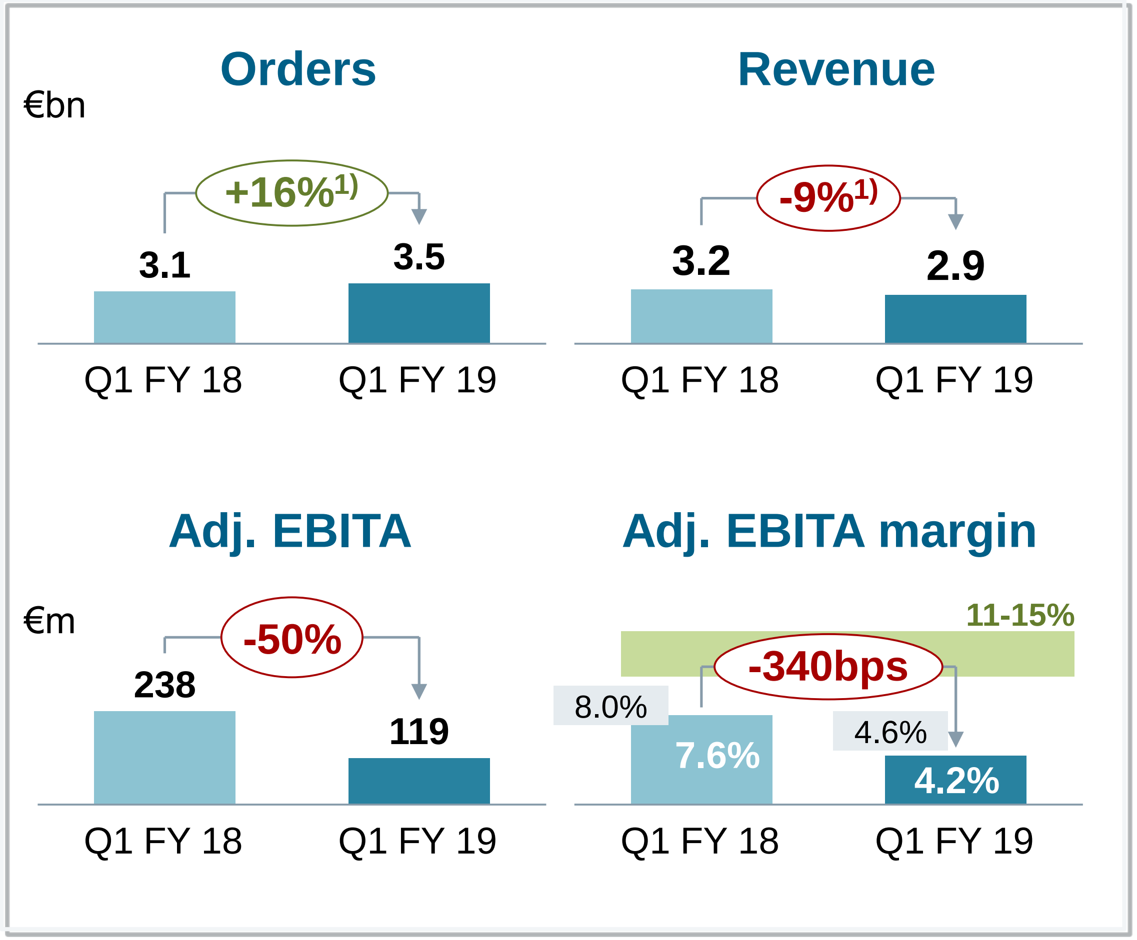
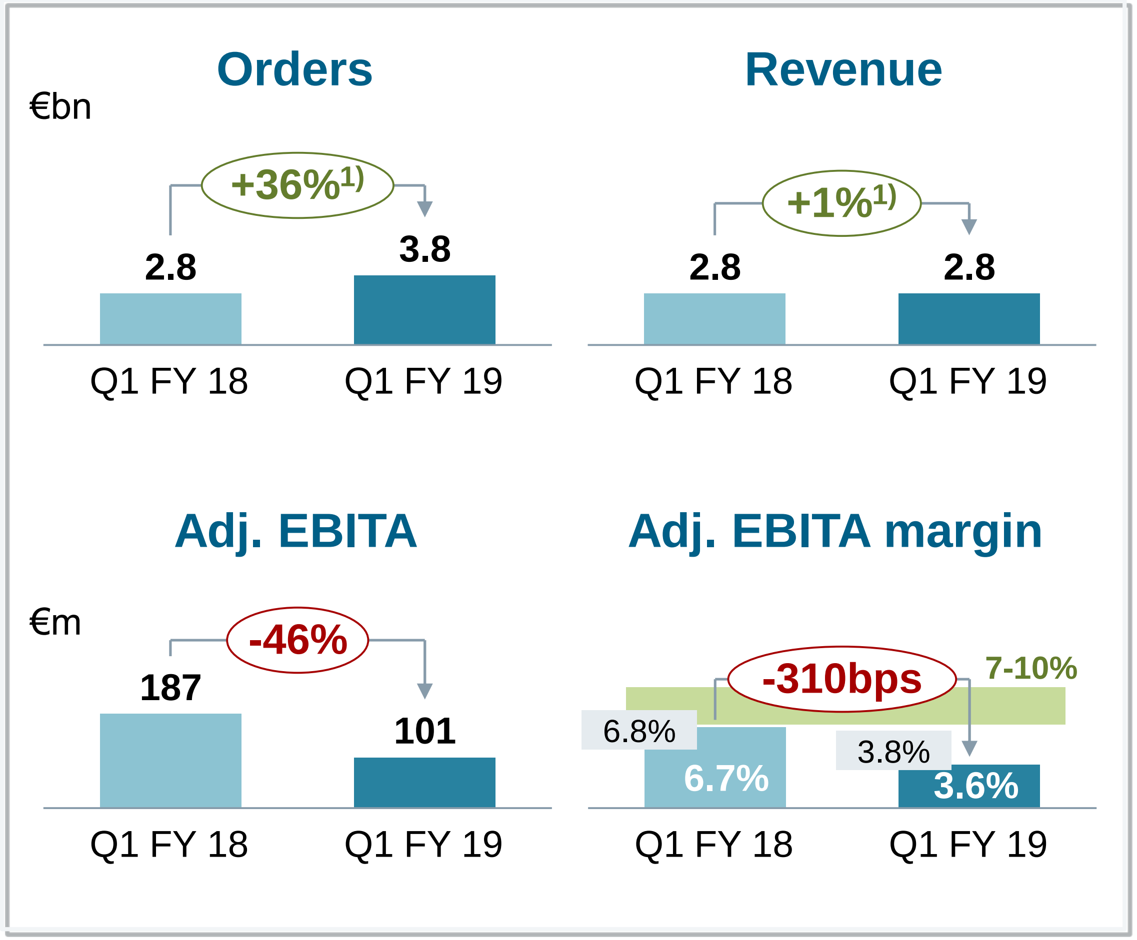
Power and Gas (PG)



Energy Management (EM)



1) Comparable

x.x% Adj. EBITA margin excl. severance

BT: On the lighter side mainly due to additional opex spend
MO: Another great quarter on industry benchmark levels

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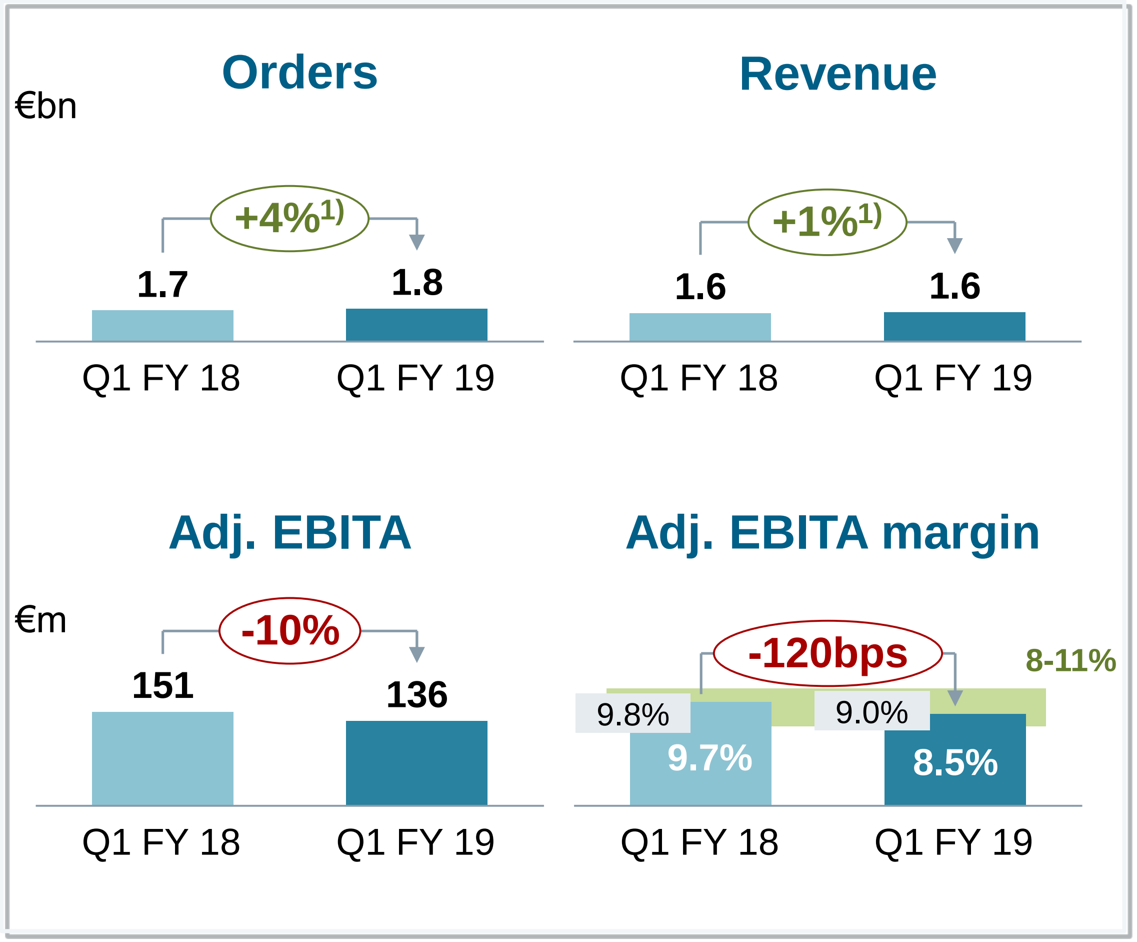
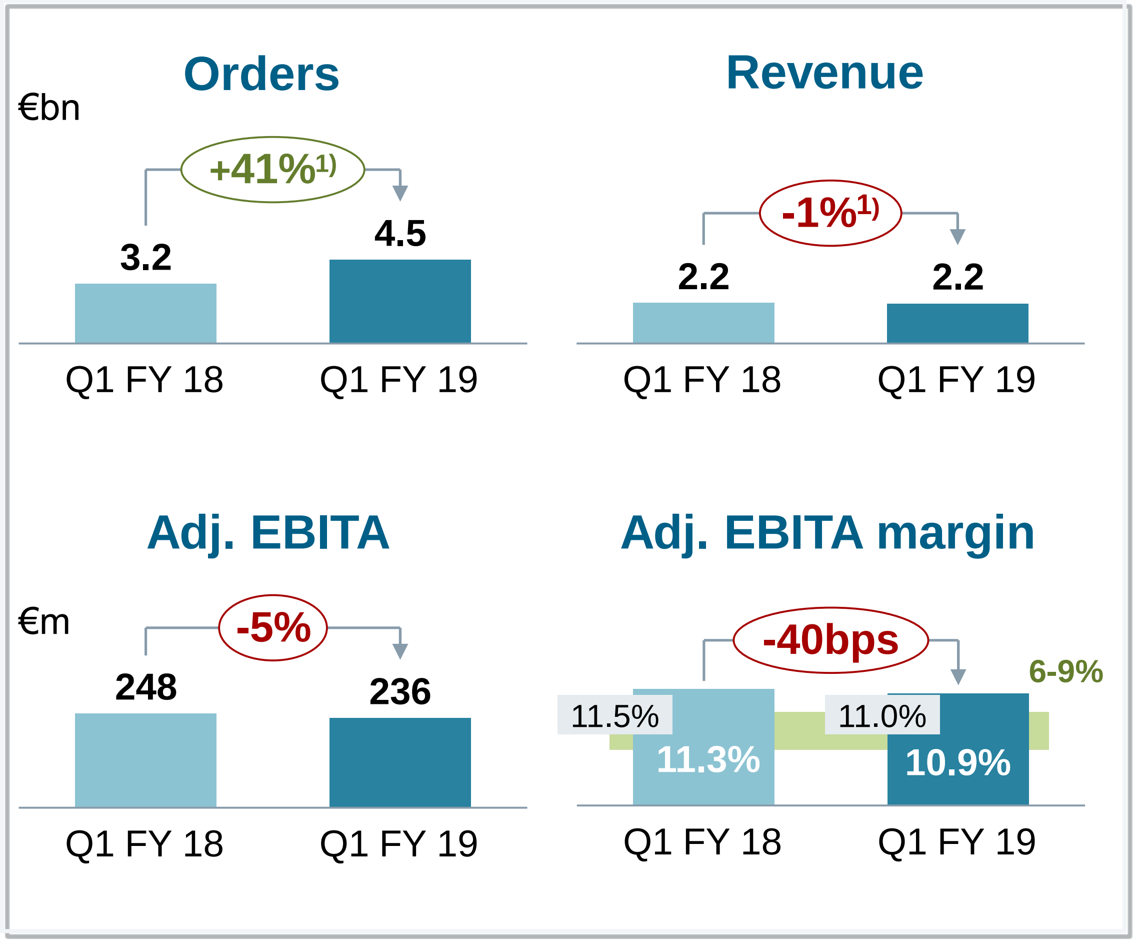
Building Technologies (BT)



Mobility (MO)



1) Comparable

x.x% Adj. EBITA margin excl. severance

DF: Robust performance in a leading position
PD: Strong top line, structural improvements paying off

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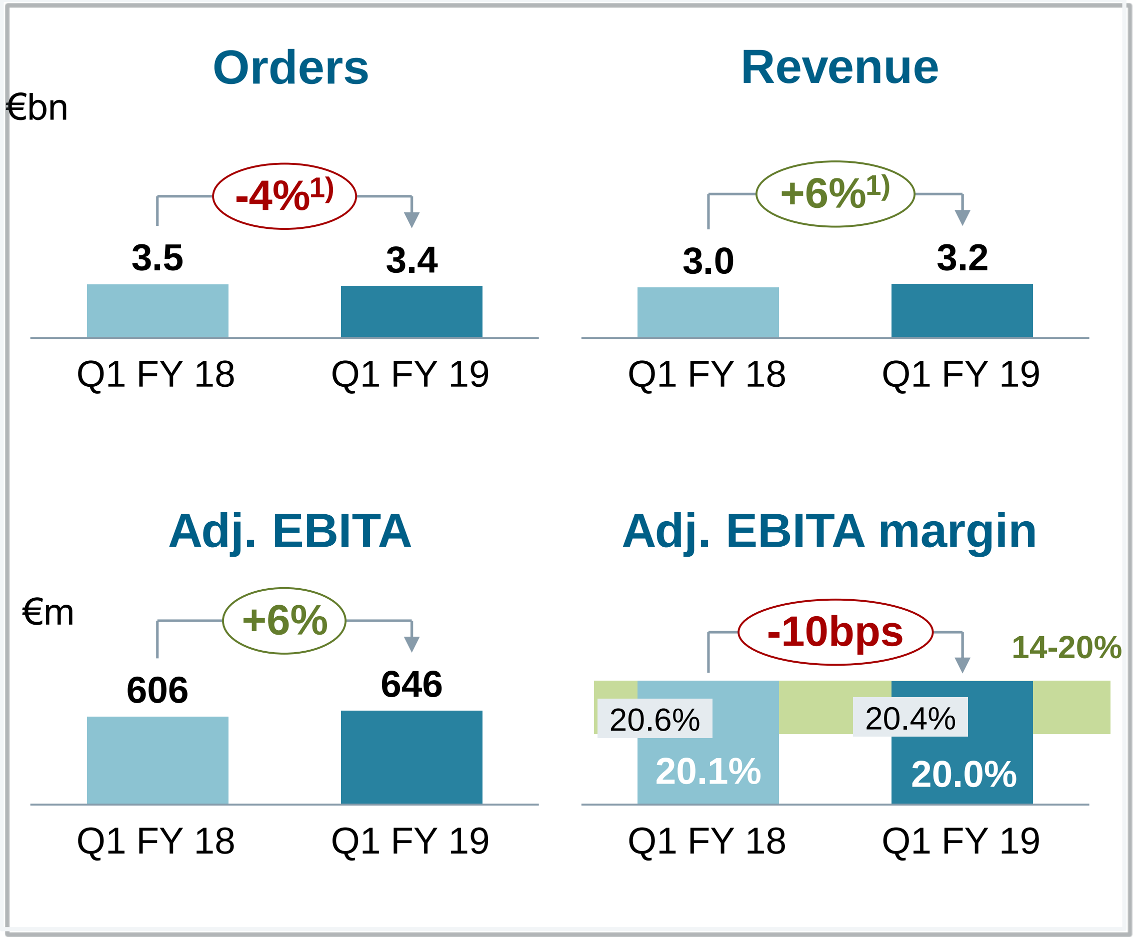
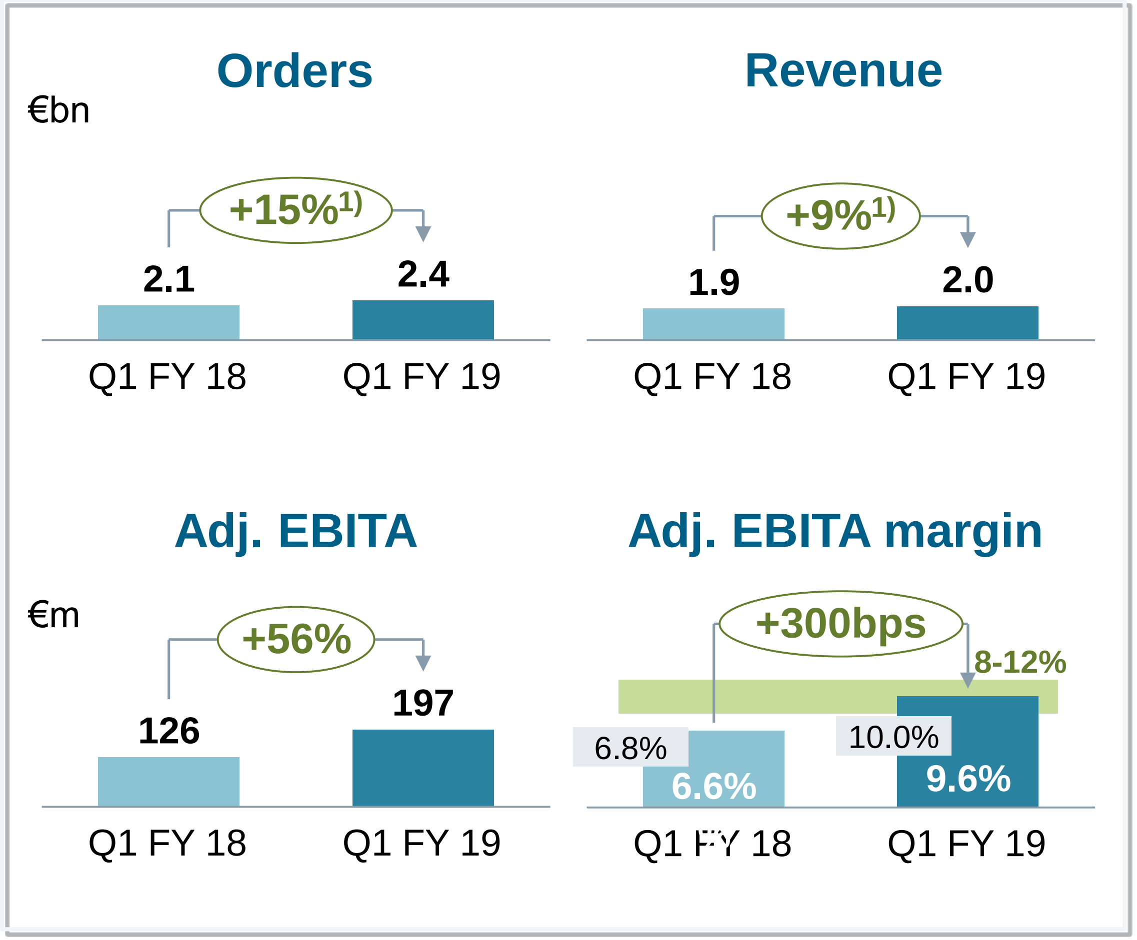
Digital Factory (DF)



Process Industries and Drives (PD)



1) Comparable

x.x% Adj. EBITA margin excl. severance

Outlook FY 2019 confirmed

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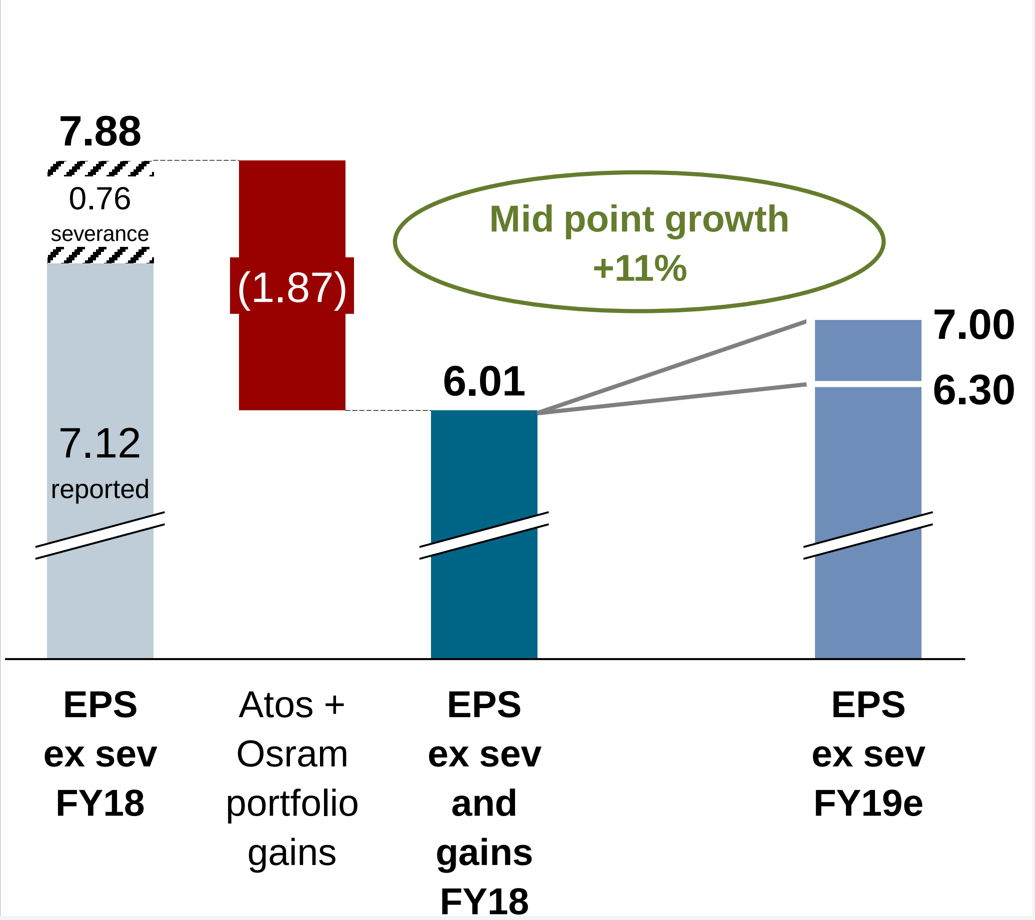

We assume a **continued favorable market environment**, **particularly for our short-cycle businesses**, with **limited risks related to geopolitical uncertainties**.

For fiscal 2019, we expect **moderate growth in revenue**, net of currency translation and portfolio effects. We further anticipate that orders will exceed revenue for a **book-to-bill ratio above 1**.

We expect a **profit margin of 11.0% to 12.0%** for our Industrial Business **based on our current organizational structure, excluding severance charges**.

Furthermore we **expect basic EPS from net income in the range of €6.30 to €7.00 also excluding severance charges**.

This outlook excludes charges related to legal and regulatory matters and post-closing results from combining our mobility business with Alstom SA, which we expect to close in the first half of calendar 2019.

Appendix

Q1 FY 2019 – Financial cockpit

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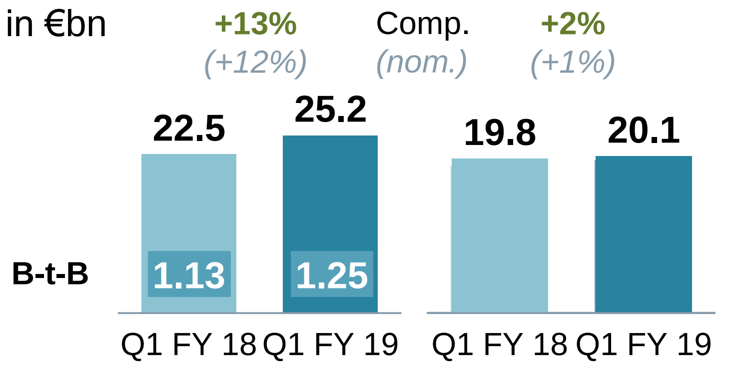
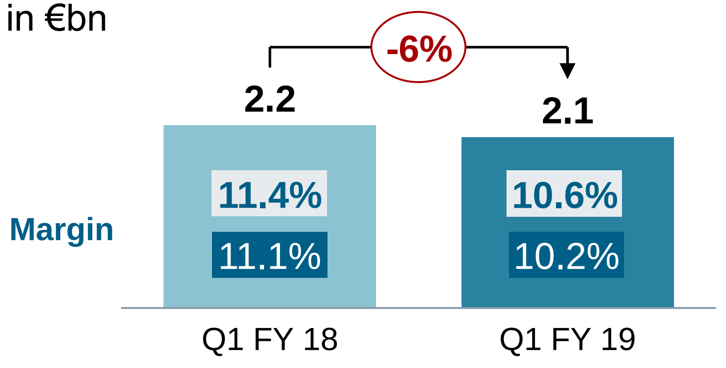
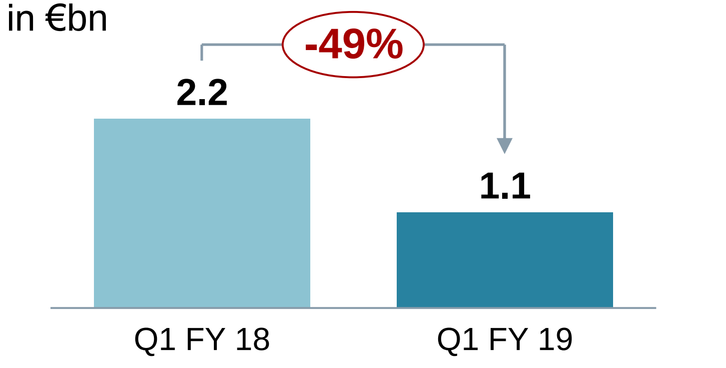
Orders / Revenue
in €bn



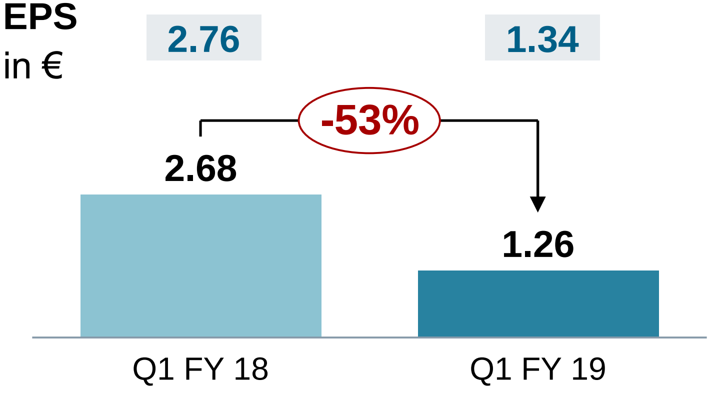
Adj. EBITA Industrial Business (IB)
in €bn



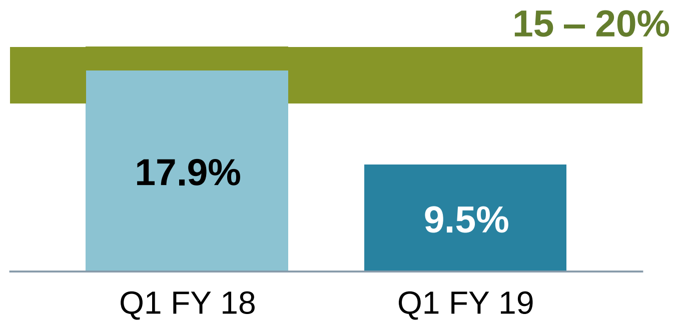
Net Income
in €bn



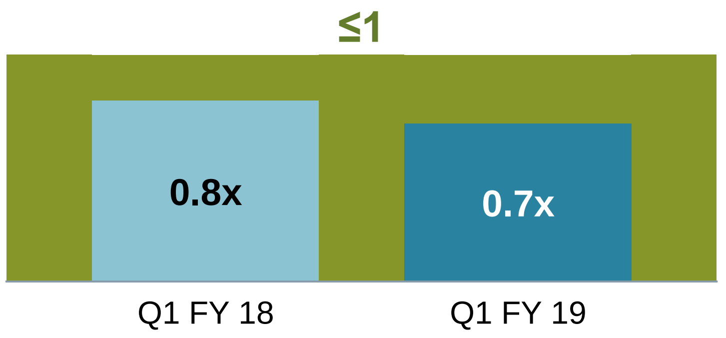
EPS
in €



ROCE (“all-in”)



Capital structure



x.xx EPS excl. severance

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

Q1 FY 2019 – Below Industrial Business

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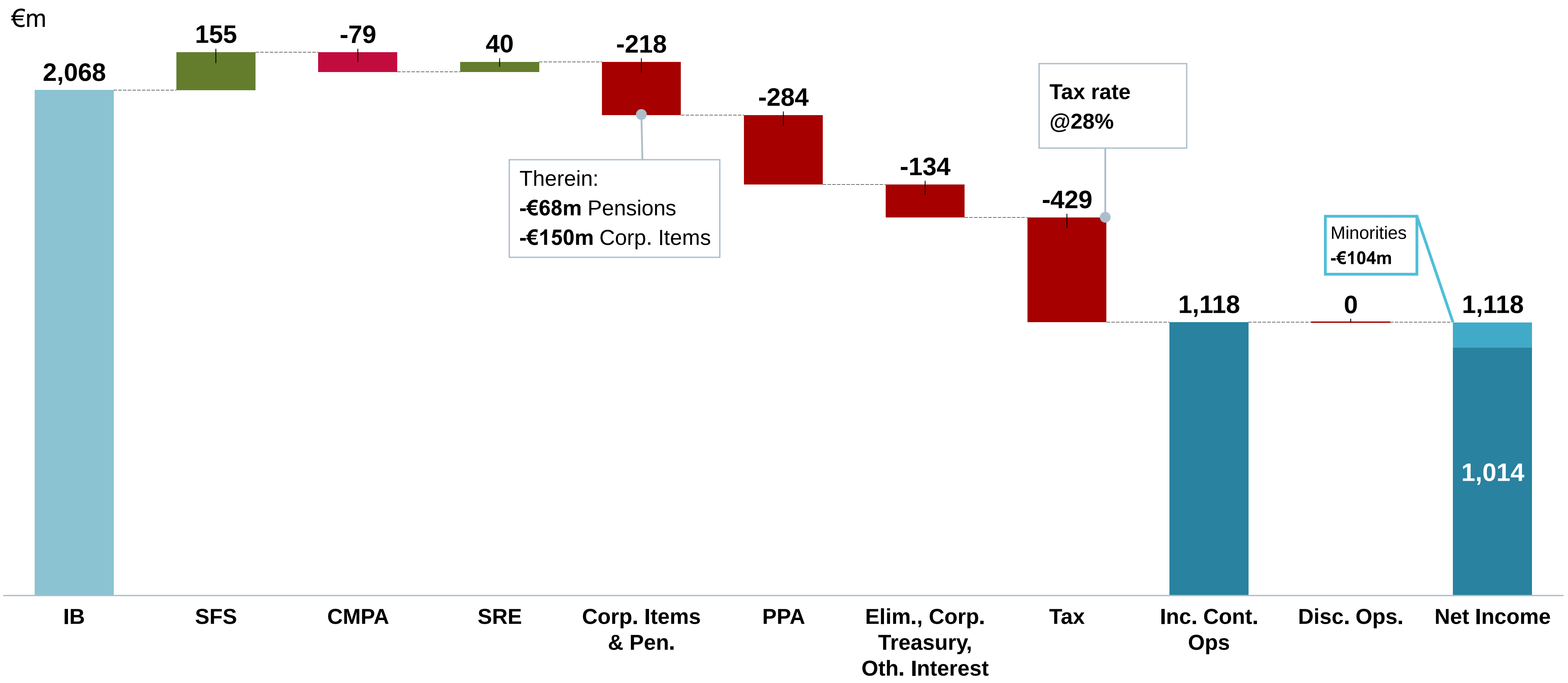

Q1 FY 2019 – Net debt bridge

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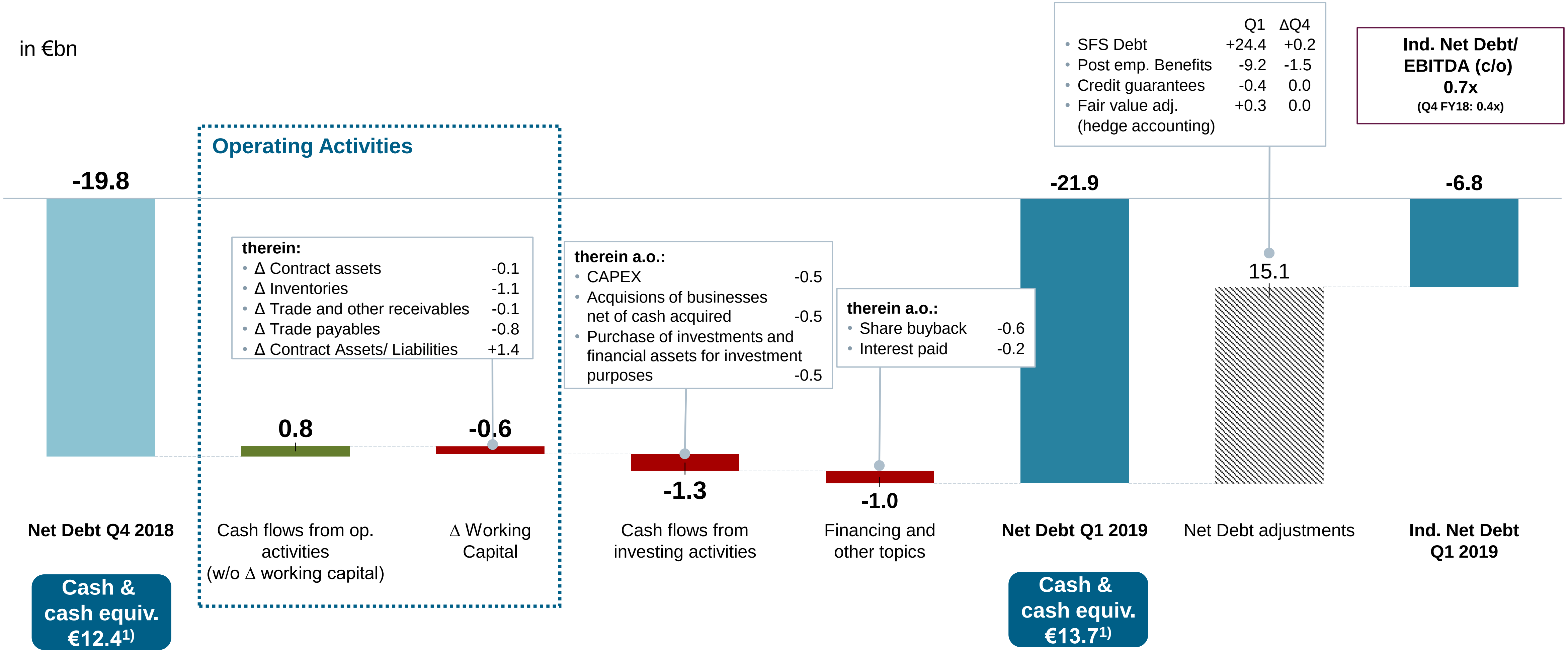

1) Including current interest-bearing debt securities formerly shown as current available-for-sale financial assets .

Provisions increase due to negative return on plan assets and a decrease in discount rate

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Q1 FY 2019 – Pensions and similar obligations

in €bn[1)]	FY 2016	FY 2017	FY 2018	Q1 FY 2019
Defined benefit obligation (DBO)[2)]	(42.2)	(36.9)	(35.9)	(36.4)
Fair value of plan assets[2)]	28.7	27.6	28.7	27.7
Provisions for pensions and similar obligations	**(13.7)**	**(9.6)**	**(7.7)**	**(9.2)**
Discount rate	1.7%	2.4%	2.4%	2.2%
Interest Income	0.8	0.5	0.5	0.1
Actual return on plan assets	3.3	0.3	0.4	-0.7

1) All figures are reported on a continuing basis.
2) Difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q1 2019: +€0.5bn); fair value of plan assets including effects from asset ceiling (Q1 2019: -€0.1bn); Defined Benefit Obligation (DBO), including other post-employment benefit plans (OPEB) of -€0.6bn

Q1 FY 2019 – Strategic Companies

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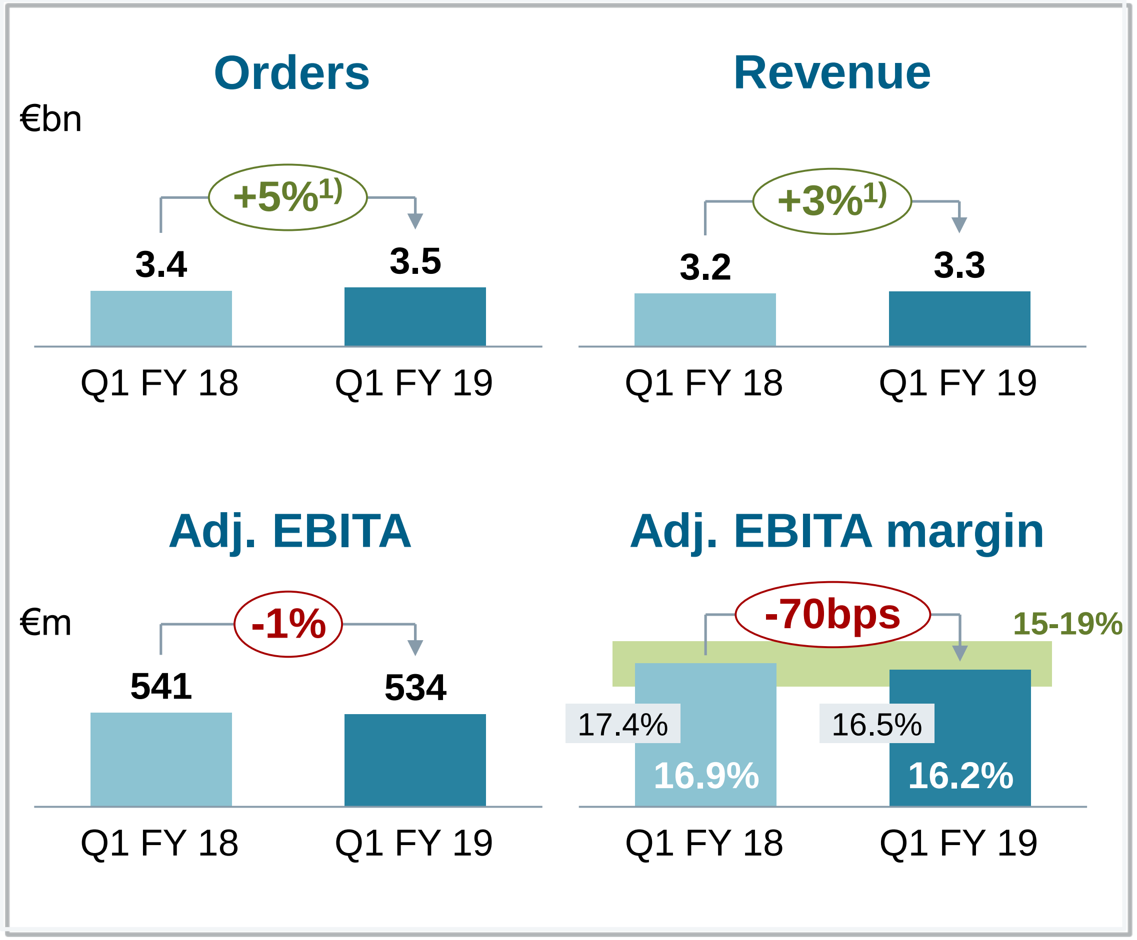
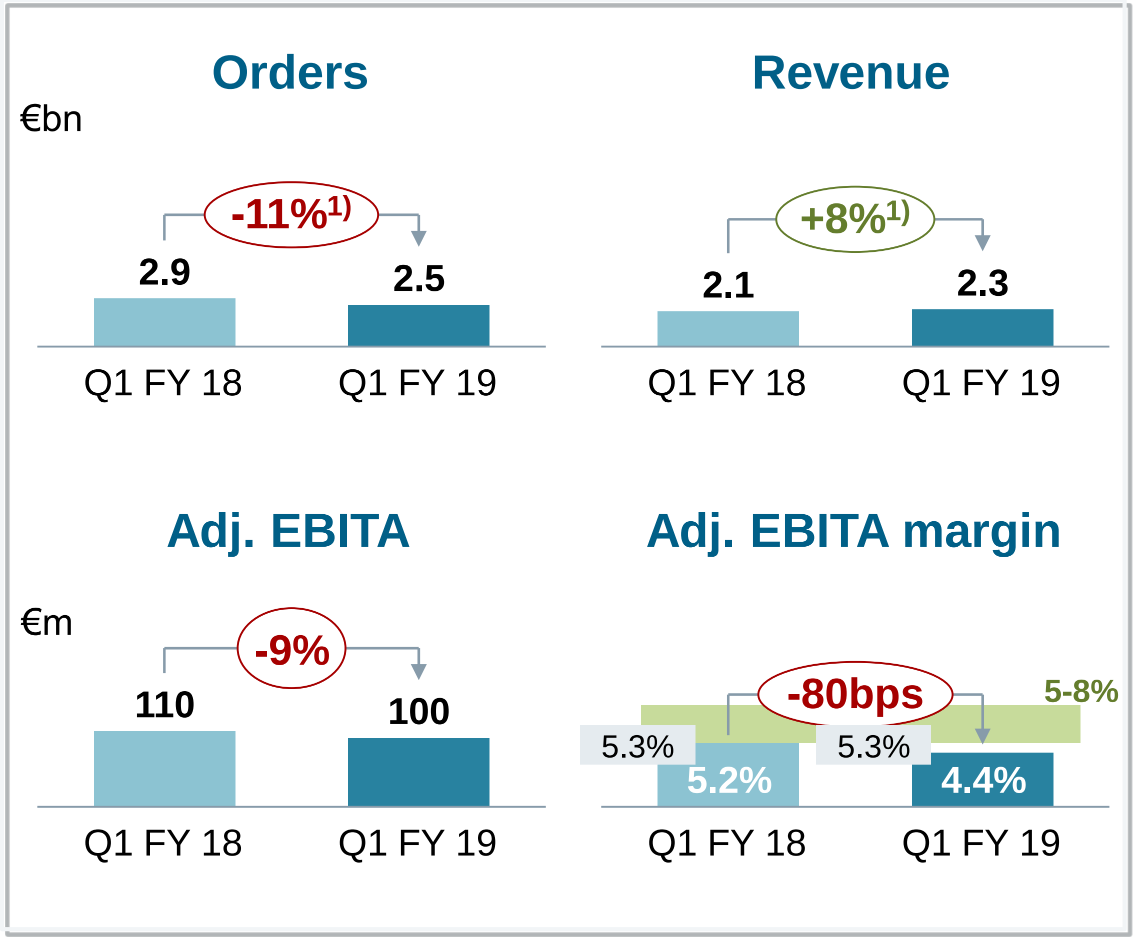
Siemens Healthineers (SHS)



Siemens Gamesa Renewable Energy (SGRE)

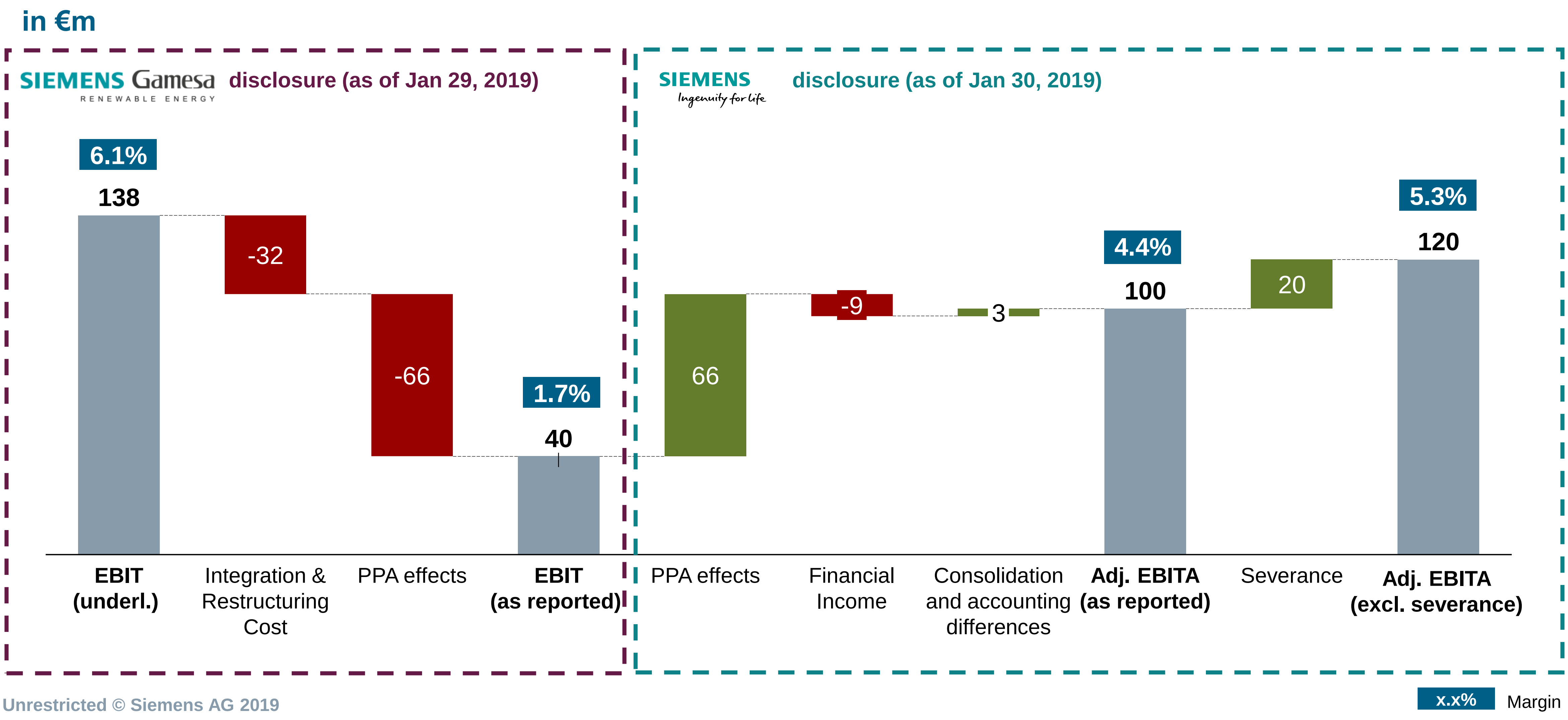


1) Comparable

x.x% Adj. EBITA margin excl. severance

Q1 FY19 Profit Bridge from SGRE to SAG disclosure

Different profit definitions at SGRE and SAG to be considered in models



Outlook for FY 2019 confirmed

As disclosed
on Jan. 29, 2019

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Guidance FY 19

	Q1 19	FY 19 E[1]
Revenue (in €m)	2,262	10,000 - 11,000
EBIT margin pre PPA and I&R costs (in %)	6.1%	7% - 8.5%

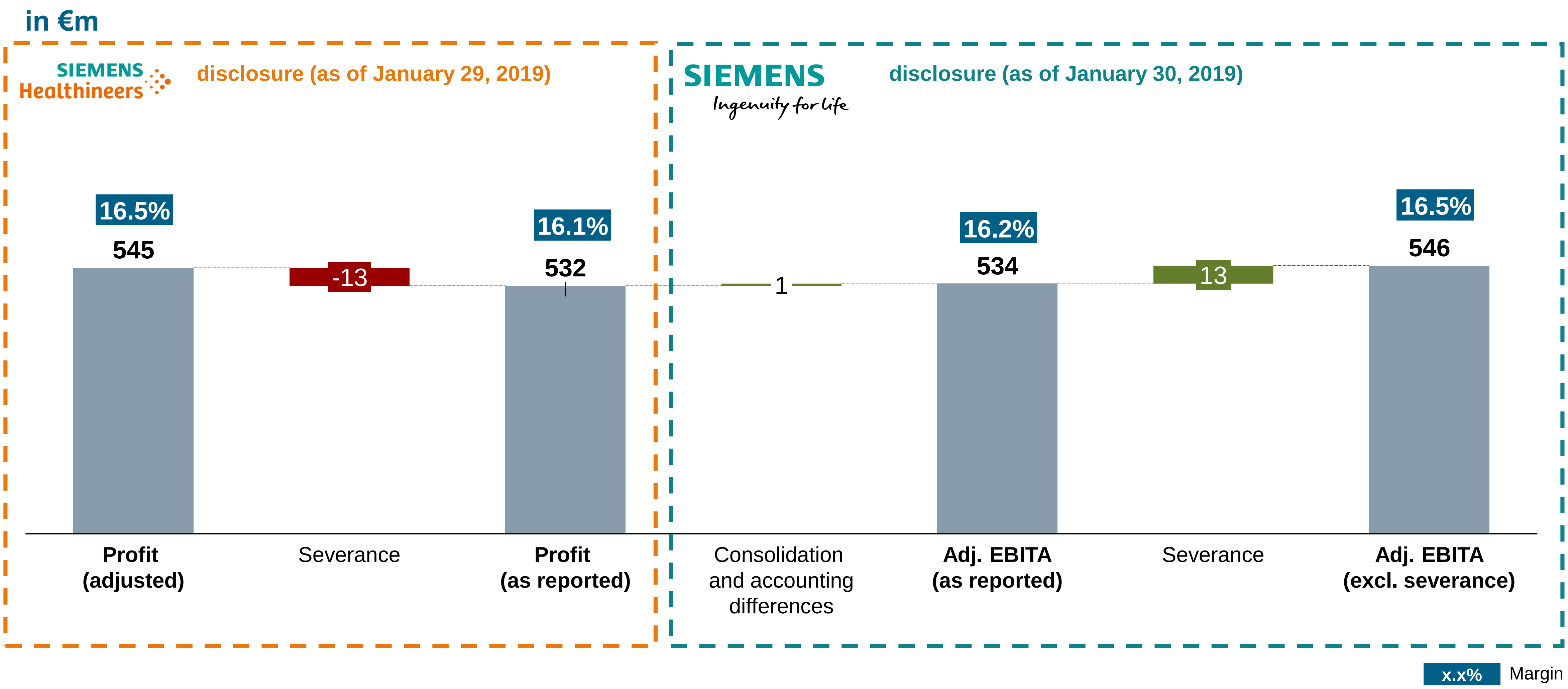
- FY 19 revenue coverage of 92%[2]
- Additional synergies of 1.2% of revenues by end of FY 19 included in margin expectations. Estimated FY 19 impact of:
  - PPA amortization of intangible fair value: €250m (€66m in Q1 19)
  - Integration and restructuring costs: €130m (€32m in Q1 19)
- Strong seasonality expected with a stronger second half driven by project execution timing and cost optimization programs
- Margin guidance range driven by
  - FY 19 headwinds incl. commodity pricing and emerging market volatility
  - Productivity measures and speed on the execution of the transformation program

FY 19 guidance confirmed based on planned back-end loaded project execution

1) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates.
2) Revenue coverage: order backlog (€) for FY 19 activity divided by the average point of FY 19 revenue guidance range: €10bn - €11bn.

Q1 FY19 Profit Bridge from SHS disclosure to SAG disclosure

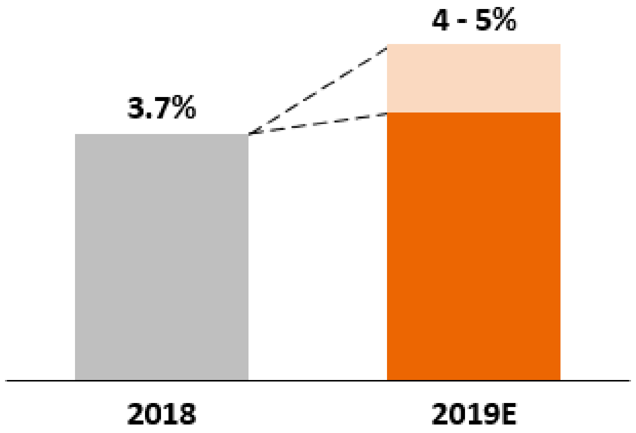
Different profit definitions at SHS and SAG to be considered in models



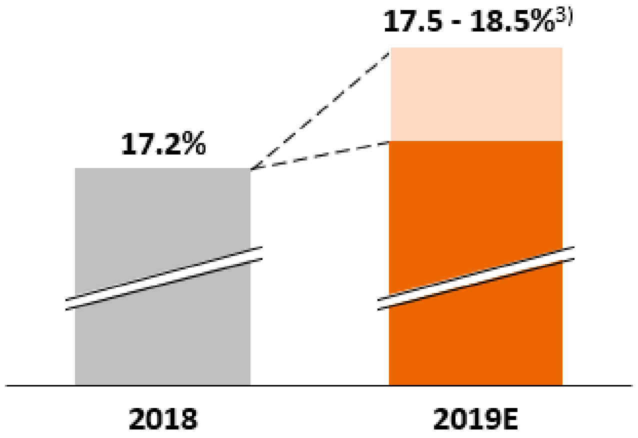
Outlook – full year guidance confirmed

As disclosed
on Jan. 29, 2019

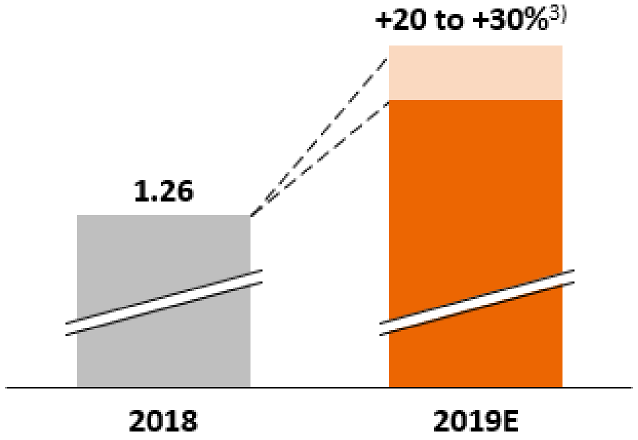
Comparable revenue growth[1)]



Adj. profit margin[2)]



Earnings per share (in €)



1) Comparable growth excluding currency translation and portfolio effects
2) Adjusted for severance charges, in fiscal year 2018 additionally for IPO costs
3) The outlook assumes that current foreign exchange rates persist for all of the remaining fiscal year 2019

New Siemens Financial Framework (as of April 1, 2019)
Ambitious financial goals based on benchmarks

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Siemens (targets over the cycle)

Growth Siemens comparable revenue growth 4 – 5%	Industrial Businesses margin[3)] 11 – 15%	Cash conversion (CCR) FCF IB / Adj. EBITA IB CCR = 1 – comp. growth rate
Capital efficiency ROCE[1)] 15 – 20%[2)]	Capital structure Industrial net debt/EBITDA up to 1.0x	Dividend payout ratio 40 – 60%[4)]

Operating Companies

Adj. EBITA margin ranges[3)]

Gas and Power	Smart Infrastructure	Digital Industries
8 – 12%	10 –15%	17 – 23%

Strategic Companies

Adj. EBITA margin ranges[3)] – Siemens expectation

Siemens Healthineers	Siemens Gamesa R. E.	Siemens Alstom[5)]
17 – 21%	7 – 11%	8 – 12%

Service Company

RoE[6)]

Financial Services
15 – 22%

1) Based on continuing and discontinued operations; 2) Long-term goal; currently ROCE burdened by significant M&A; 3) EBITA adjusted for operating financial income, net and amortization of intangible assets not acquired in business combinations; 4) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 5) Siemens Alstom closing pending; 6) Return on equity after tax

Financial calendar

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January 2019	**January 30, 2019** Q1 Earnings Release and AGM
February 2019	
March 2019	**March 20, 2019** Bank of America Merrill Lynch Conference (London)

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