

Joe Kaeser | President and CEO

Disciplined execution of Vision 2020

Commerzbank German Investment Seminar
New York, January 12, 2015

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.

All underlying margins are calculated by adjusting margins for the effects reported for the respective businesses in the relevant period. These effects are provided to assist in the analysis of the businesses’ results year-over-year and may vary from period to period. Underlying margins are not necessarily indicative of future performance. Other companies may calculate similar measures 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 at a glance

Divisional structure (as of Oct 1st, 2014) and Revenue / Profit FY 2014

Industrial Business									Financial Services
Power and Gas	Wind Power and Renewabl.	Power Generation Services	Energy Management	Building Technologies	Mobility	Digital Factory	Process Industries and Drives	Healthcare (separately managed)	
									
€12.7bn	€5.6bn	Part of PG and WP	€10.7bn	€5.6bn	€7.2bn	€9.2bn	€9.6bn	€11.7bn	Assets €22.0bn
€2.2bn 17.4%	€0.0bn 0.1%		-€0.1bn -0.8%	€0.5bn 9.2%	€0.5bn 7.3%	€1.7bn 18.3%	€0.8bn 8.0%	€2.1bn 17.7%	IBIT €0.5bn

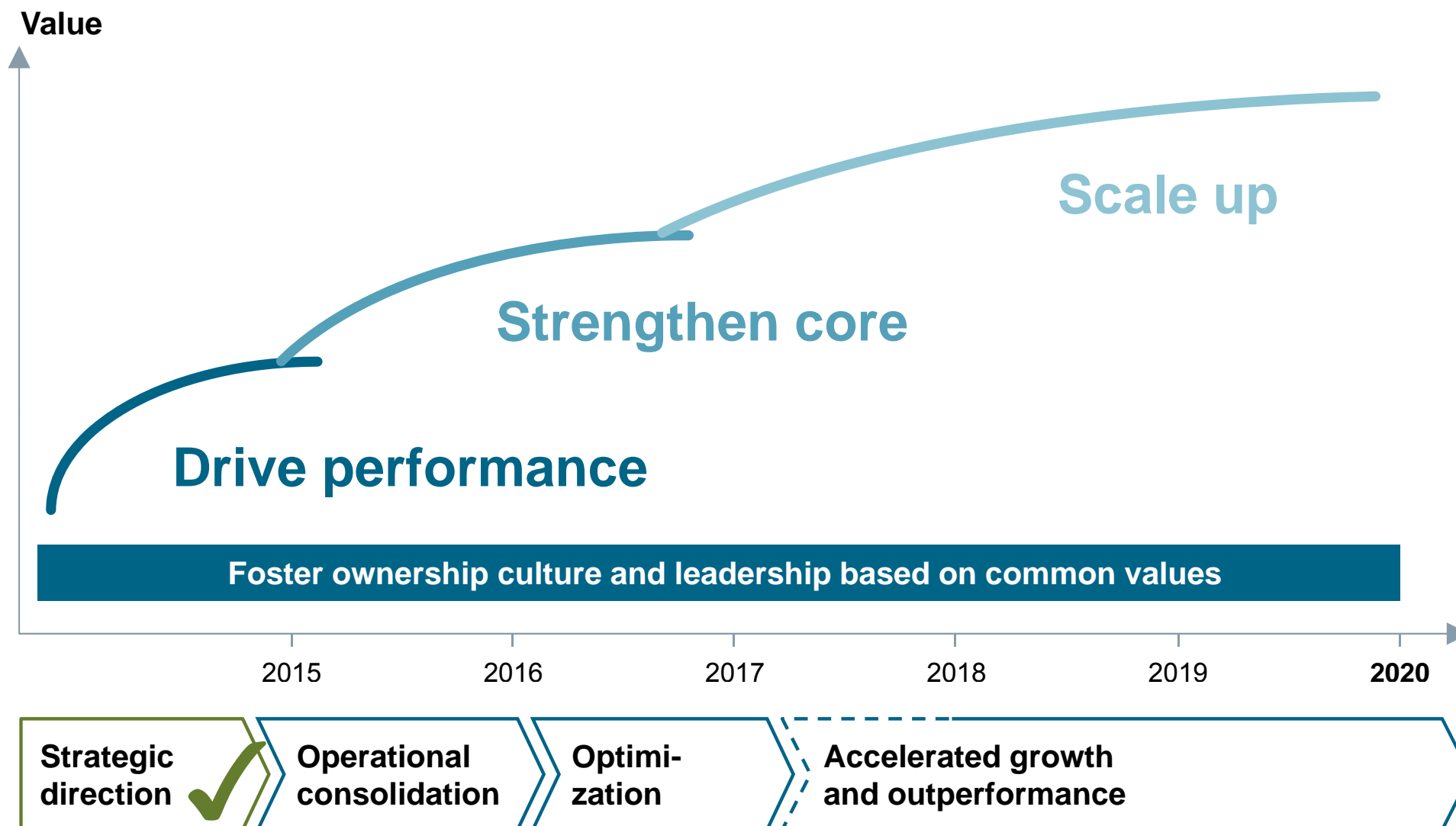
Key Figures in €bn	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenue ¹⁾	65.1	69.6	74.7	73.4	71.9
Net income	3.9	5.9	4.3	4.4	5.5
EPS (basic) in €	4.28	6.55	4.74	5.08	6.37
Free Cash Flow	7.1	5.3	4.7	5.3	5.2

1) Continuing operations

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Siemens – Vision 2020

Value creation & Cultural change

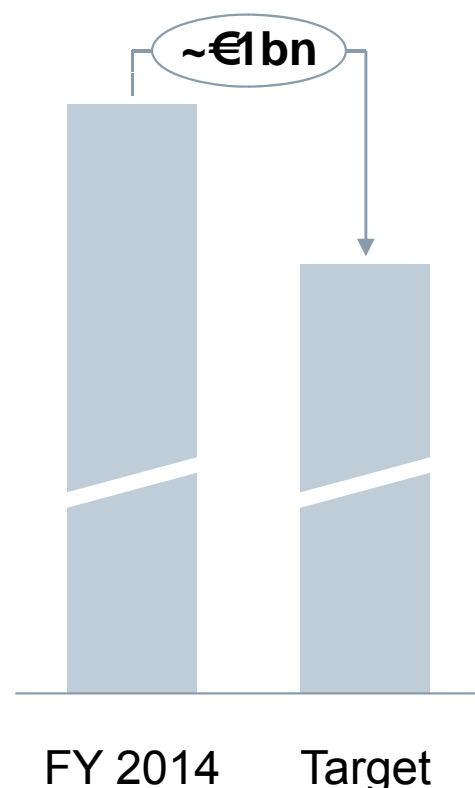


On track to deliver mid-term cost savings of €1bn through simplification

Target

Key actions

Functional cost reduction



- Remove additional layers (Clusters, Sectors)
- Combine certain Divisions and Businesses
- Stringent management governance through all levels of the organization (Corporate Core)
- Optimization and bundling of Corporate Services
- Final agreements with key stakeholders



FY 2015

FY 2015

Mid 2015



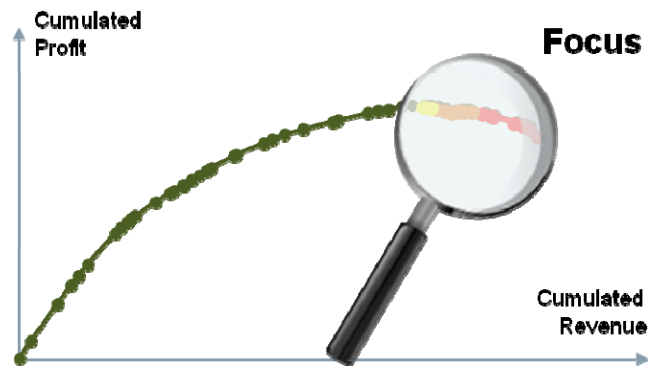
**Positively impacting FY 2016,
fully effective in FY 2017**

Clear progress in fixing underperforming businesses

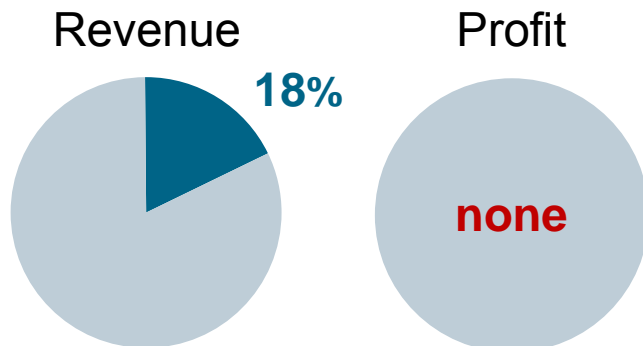


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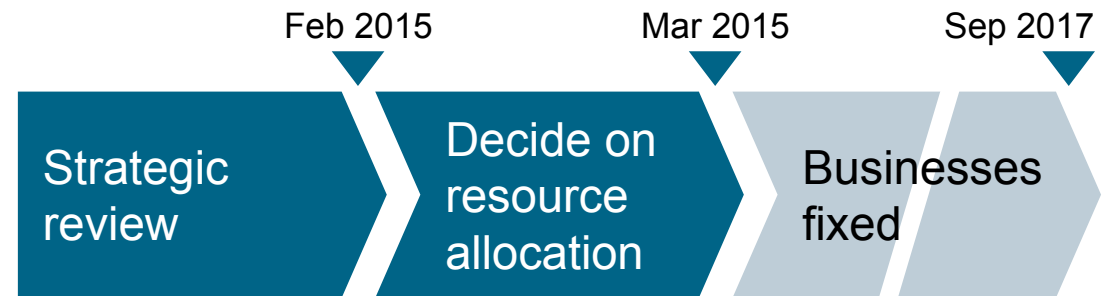
Portfolio analysis



Cluster "underperforming businesses"¹⁾



Execution



Fix ourselves

- Low Voltage and Products

Joint Venture or partner with others

- Metals Technologies

Divest to better owners

- Healthcare IT
- Water Technologies

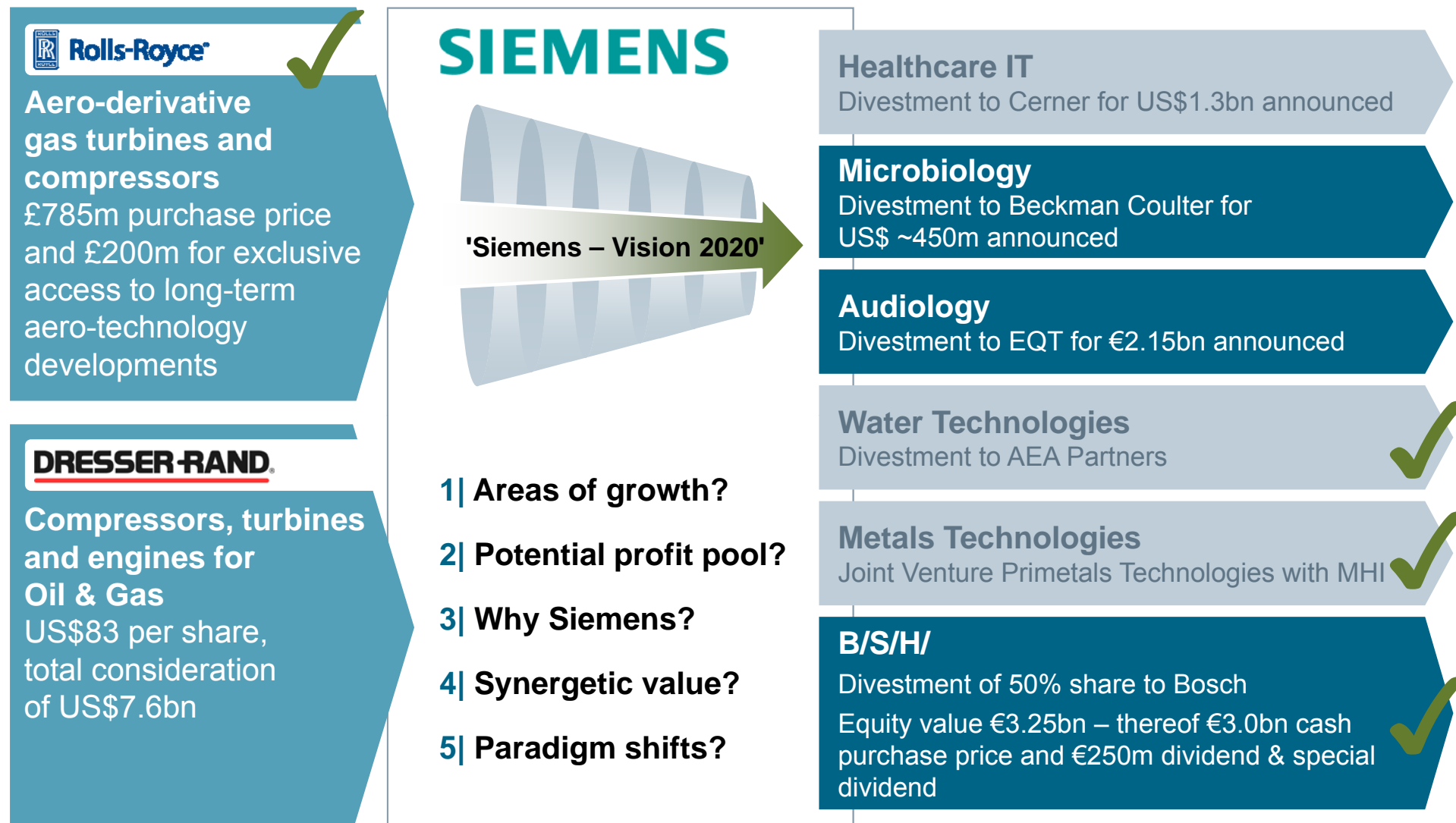
¹⁾ Internal analysis, May 2014

Executing Vision 2020

Capital allocation along strategic imperatives



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Acquisitions on track – Synergies exceed initial targets



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Rolls-Royce

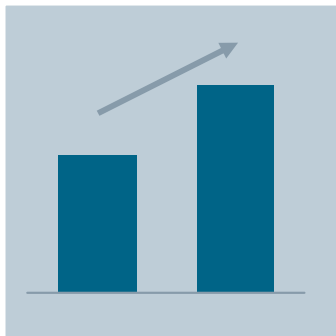
DRESSER-RAND

Targets are a perfect fit



- Complementary ADGT and compressor portfolio and geographic footprint
 - Oil & Gas brand strength, customer pull and references
 - Large installed fleet with secured service revenues
- **Step up in Oil & Gas business**
- **Drive decentralized energy focus**

Synergies to exceed initial estimates



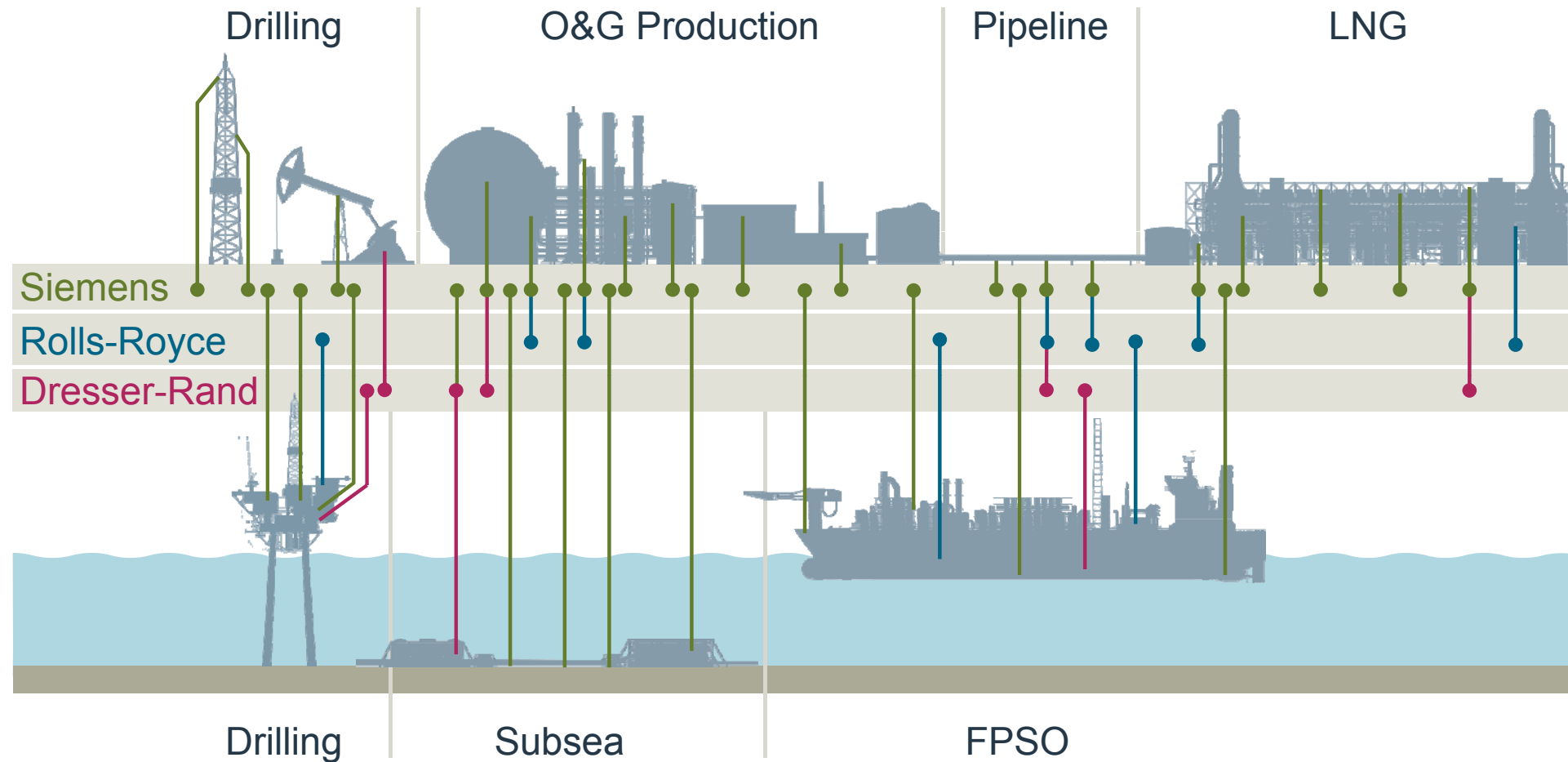
- Synergy drivers include sales, manufacturing, supply chain and technology
 - Cross synergies: Global manufacturing and packaging optimization
 - Additional pull-through of respective sales channels push customer penetration
- ✓ **Rolls-Royce: Synergies on plan and schedule**
- ✓ **Dresser-Rand: Targeting synergies 30% greater than announced**

Oil & Gas – Recent acquisitions leverage attractive offerings and market access



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Onshore



Offshore

FPSO = Floating, Production, Storage and Offloading; LNG = Liquefied Natural Gas







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New installed base secures recurring service revenues with robust after sales margin



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Combined serviceable fleet (small turbines and compressors)

	 Small/medium gas turbines	 Aero-derivative gas turbines	 Steam turbines	 Compressors
 Rolls-Royce		2,500		1,600
 DRESSER-RAND	1,500		62,000	32,500
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**Six-fold increase of combined Siemens fleet
from ~22,250 to >120,000**

Next Generation Healthcare

Independent setup addresses paradigm shifts



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Siemens Healthcare is a great business:

Market attractiveness ✓✓

Growth ✓

Profit ✓✓

Cash ✓✓

Healthcare of Tomorrow
can be even GREATER

Healthcare of Tomorrow

Optimized organization

- 1| Go-to-market
- 2| Research and innovation
- 3| Management model



**"Company within the company" model
drives growth and performance**



Digitalization – From data to business

Major digitalization technologies ...



... leveraged along our entire portfolio ...

Digitalization



Automation



Electrification



... to create attractive business opportunities

Vertical software

€2.4^{bn}
Revenue FY 2014

Profitability **++**

+9%
Market growth

Digital services

€0.5^{bn}
Revenue FY 2014

Profitability **+++**

+15%
Market growth

Enhanced automation

€19^{bn}
Revenue FY 2014

Profitability **++**

+6%
Market growth

Classic services

€14^{bn}
Revenue FY 2014

Profitability **+++**

+3%
Market growth

Enhanced electrification (~€37bn)

Note: Figures Industrial Business

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Ownership culture drives change

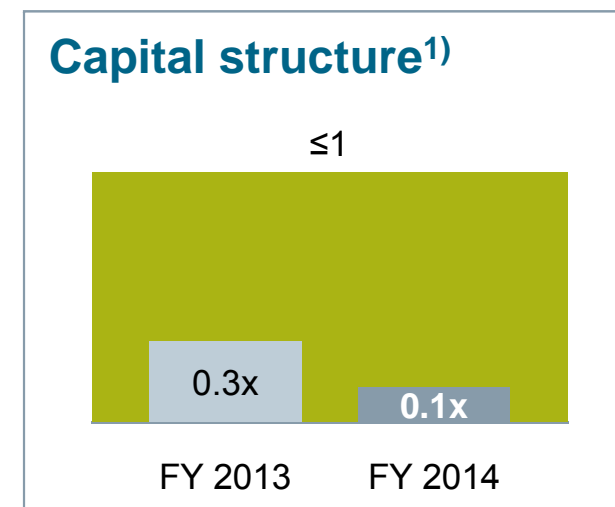
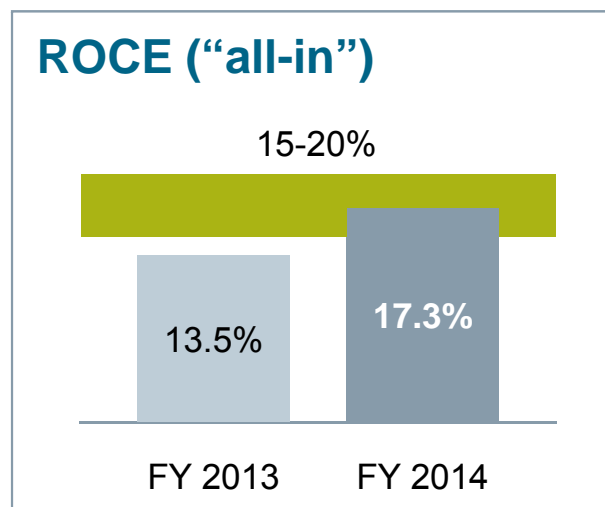
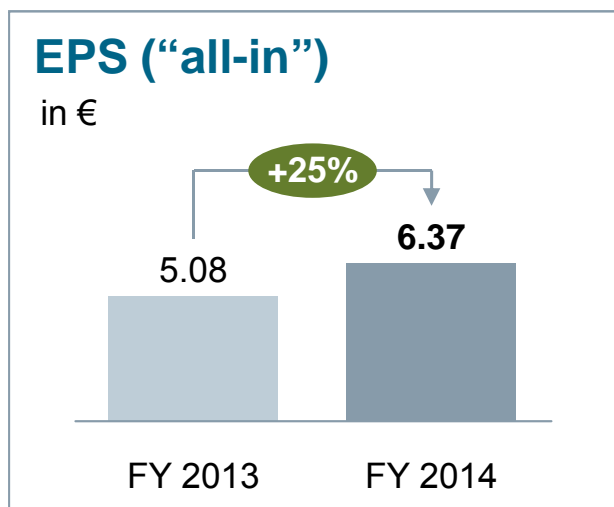
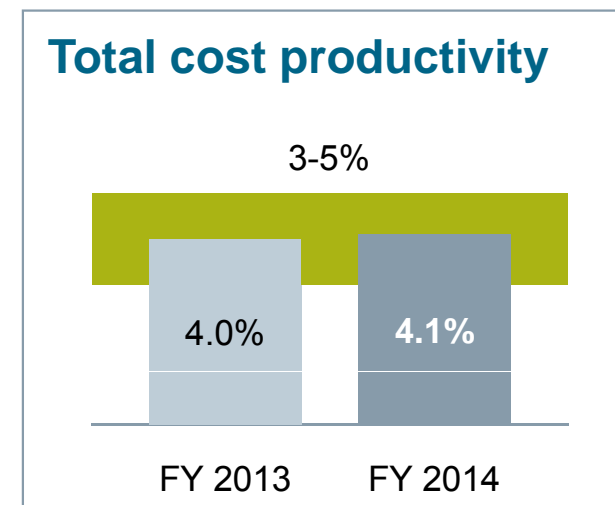
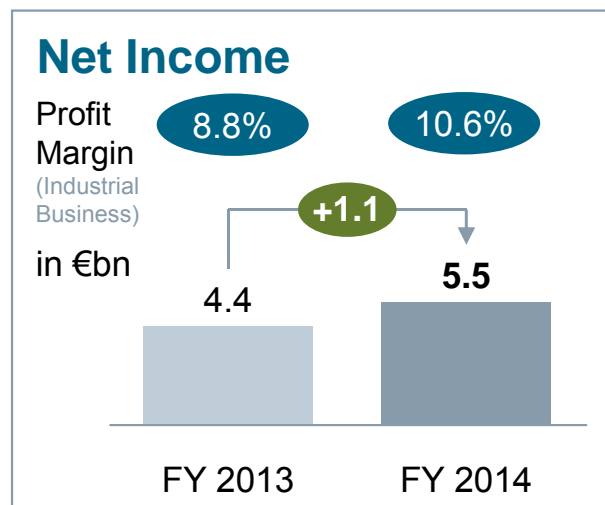
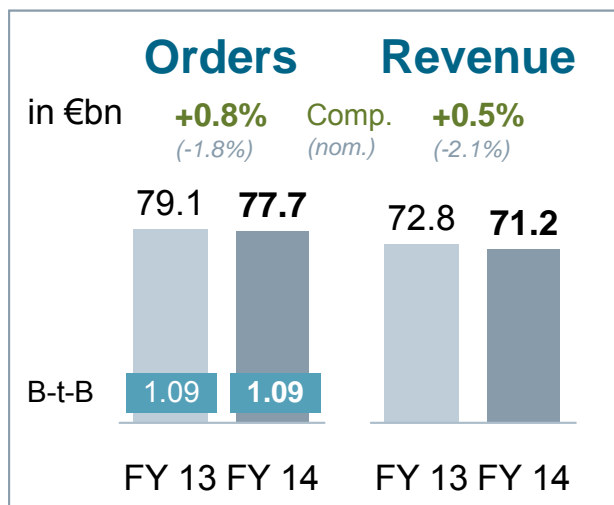


"Always act as if it were your own company"

- Entrepreneurship
- Discipline
- Risk awareness
- Accountability
- Shareholding

Appendix

Profit Margin and ROCE increase in low growth environment

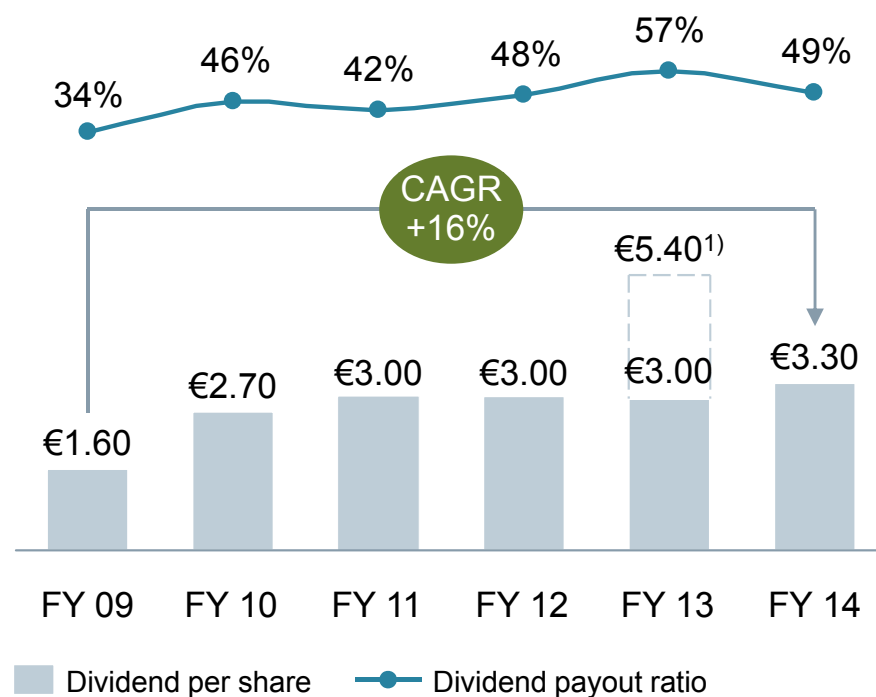


1) Industrial Net Debt/EBITDA; EBITDA is without the elimination of income or loss from investments accounted for using the equity method

Sustainable value generation delivers attractive shareholder returns

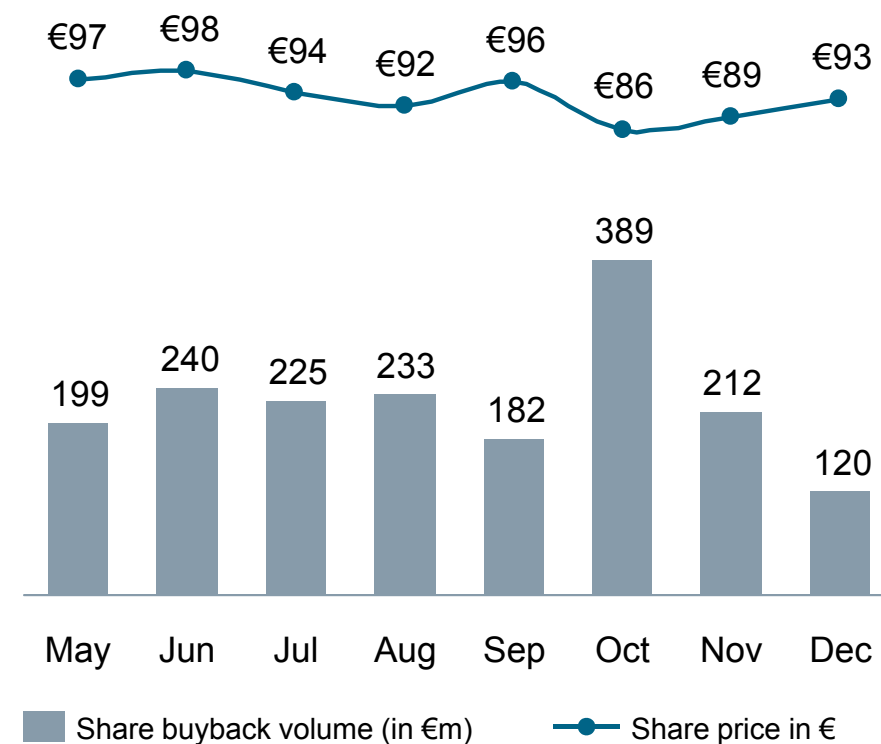
Attractive dividend yield

- Dividend increase by 10% to €3.30
- Payout ratio of 40-60% at high dividend yield



Share buyback

- Up to €4bn over 2 years
- Total buyback volume €1.8bn until Jan 2, 2015



1) Effect of OSRAM stock distribution to shareholders of €2.40 per share; not reflected in CAGR or dividend payout ratio

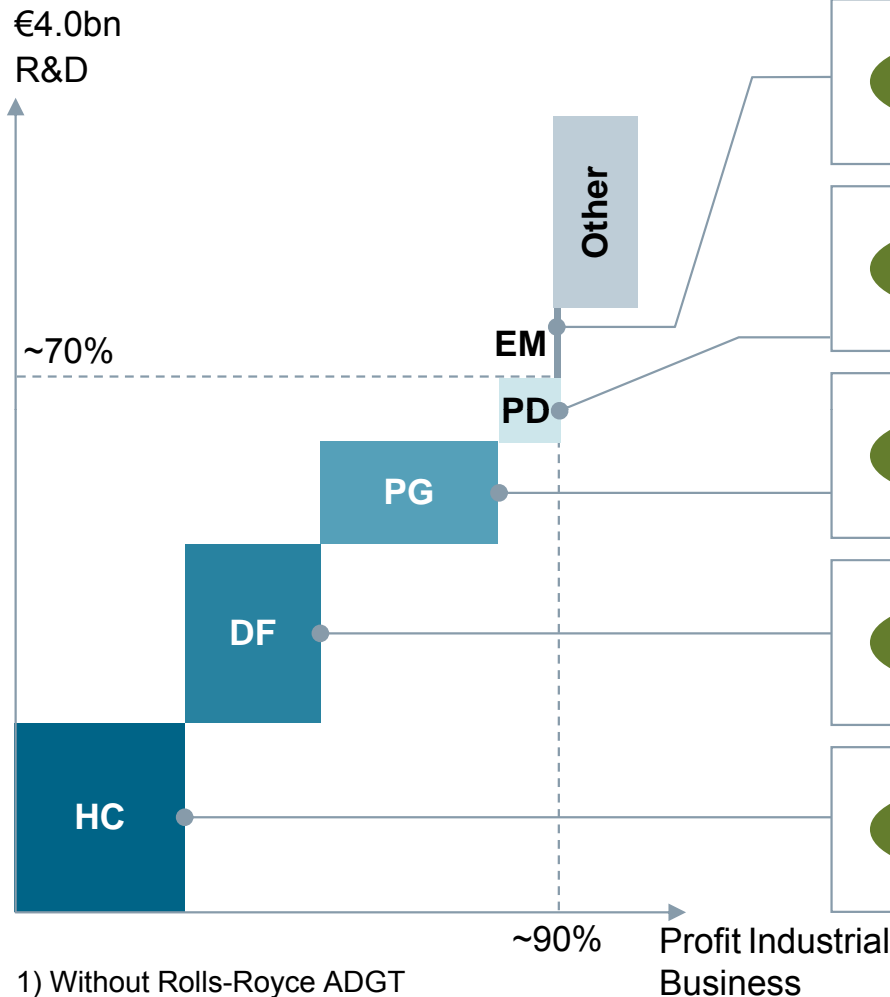
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R&D focus on innovation in growth areas and profit strongholds



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Research & Development allocation (FY 2014)



R&D growth and focus topics for selected businesses

+8%	<ul style="list-style-type: none"> Intelligent distribution grid to integrate decentralized generation and stabilize grid
+7%	<ul style="list-style-type: none"> Enhanced process control system for targeted verticals
+11% ¹⁾	<ul style="list-style-type: none"> Increase efficiency of large gas turbines Harmonize small and medium GT portfolio Remote service and advanced diagnostics
+8%	<ul style="list-style-type: none"> SIMATIC TIA Portal – Motion integration Digital Enterprise Architecture
+5%	<ul style="list-style-type: none"> Next-Gen Diagnostics Extend entry level imaging portfolio Combine multi-modality applications

1) Without Rolls-Royce ADGT

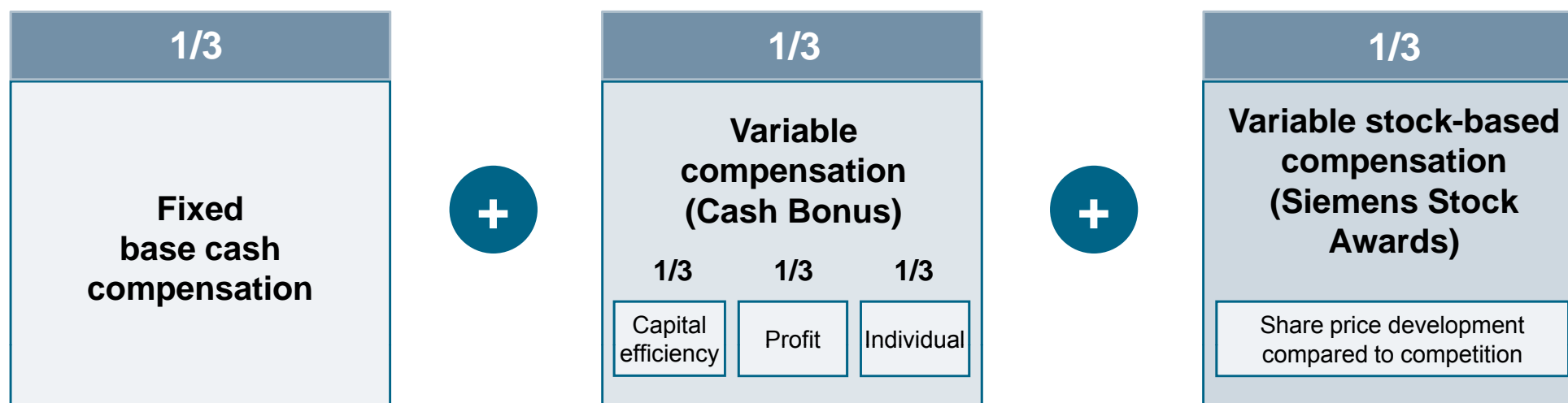
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x% Est. R&D growth FY 2014 – FY 2015
(subject to FX development)

Executing Siemens – Vision 2020

Simplified and fully integrated compensation system

Compensation system for Managing Board as of FY 2015



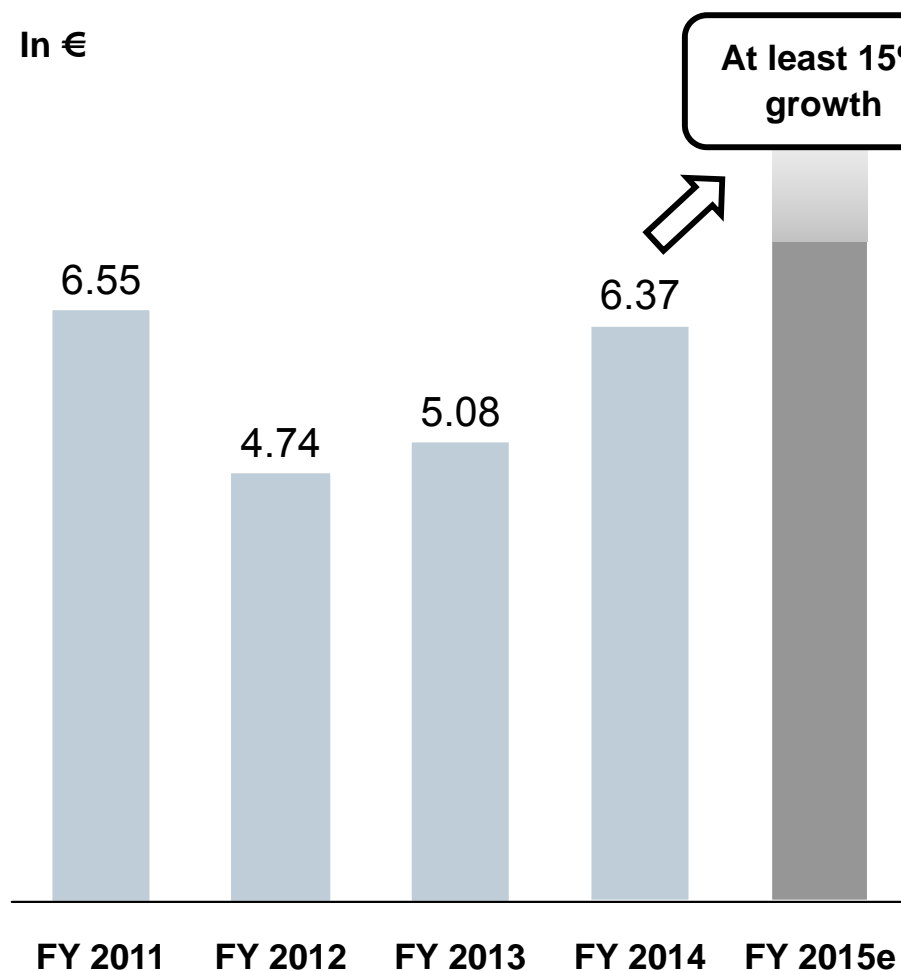
Key imperatives for setting up the system

- **Transparency** through **simplicity**
- **Performance** related incentives based on **internal** and **external benchmarks**
- Emphasis on **sustainability** through **share ownership guidelines** and **long-term stock-based compensation** component
- **System** is **consistent** with next management levels

Outlook Fiscal 2015

Basic earnings per share (Net income)

In €



- 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.

**Effective with fiscal 2015, our enhanced profit definition excludes amortization of intangible assets acquired in business combinations.*

Financial calendar

January

January 12, 2015

Commerzbank German Investment Seminar (New York)

January 27, 2015

Q1 Earnings Release; Annual General Meeting

February

March

March 11, 2015

Citi West Coast Symposium (San Francisco)

March 19, 2015

Bank of America Merrill Lynch Conference (London)

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