

Joe Kaeser | President and CEO

Disciplined execution of Vision 2020

Bank of America Merrill Lynch Global Industrials & EU Autos Conference
London, March 19, 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.

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

Value creation & Cultural change



Siemens – Vision 2020

Execution milestones until 2017

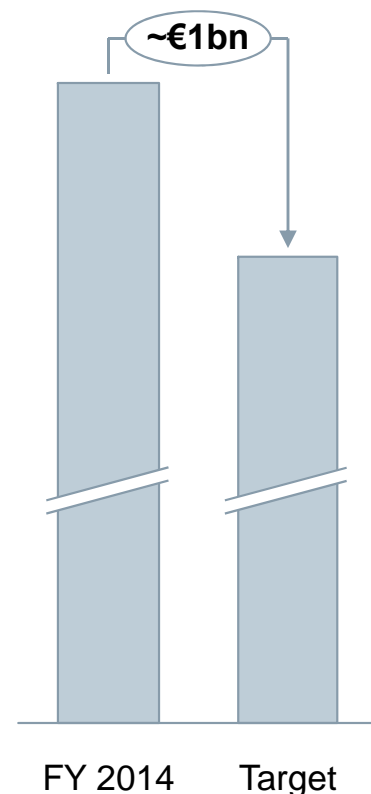
Until	Execution steps	
Q4 2014	Implementation of new and simplified organization by Oct. 1	✓
	Introduction of incentive system 2015	✓
Q2 2015	Stringent portfolio optimization - closing of announced divestments	✓
	Measures for structural optimization defined (governance & support functions)	✓
	Decision on resource allocation for underperforming businesses	
Q4 2015	Update on cost reduction progress	
	Update on measures for growth fields and innovation	
	Share buy-back executed (up to €4bn)	
Q4 2016	Update on execution of further portfolio optimization	
	Progress on cost reduction: Major portion of €1bn savings effective	
Q4 2017	Underperforming business fixed	
	€1bn cost savings fully effective	

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Our target to reduce complexity and achieve cost reduction of ~€1bn is well on track

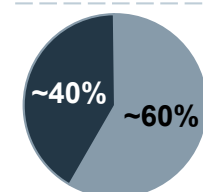
Current status for functional cost reduction

Target for functional cost reduction



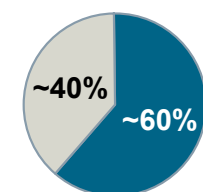
Current status

€1bn of saving potential are backed with **concrete measures**



Support functions
Divisions

- **Significant savings** to be generated by **support functions** (e. g. IT, HR, SCM, Finance)
- **Organization streamlined** in **Divisions**, e.g. by removing organizational layers and combining businesses



Personnel related
Non-personnel related

- Savings to affect **~7,800 jobs worldwide**, thereof **~3,300 in Germany**
- **Non-personnel related savings**, e.g.
 - **IT**: Storage concepts; cloud solutions
 - **SCM**: Digitalize purchase to pay process (increase EDI rate, simplify supplier qualification/evaluation)

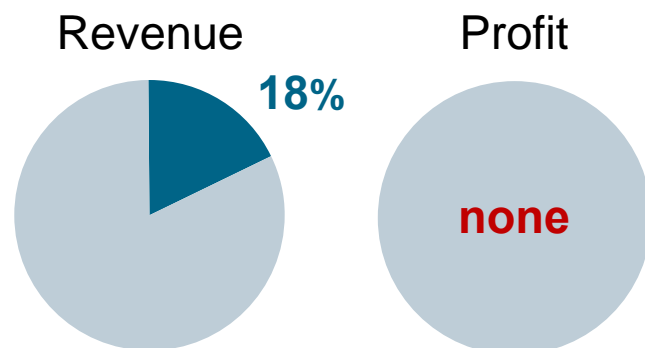
Lion's share of identified savings expected to have P&L impact by FY 2016

Clear progress in fixing underperforming businesses

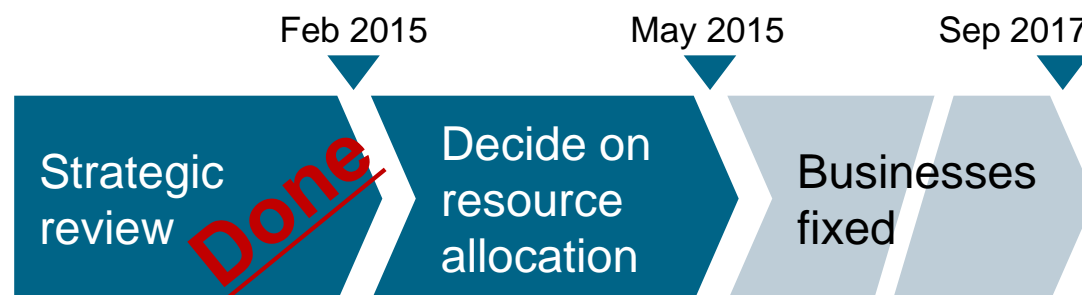
Portfolio analysis



Cluster "underperforming businesses"¹⁾



Execution



Fix ourselves

- Low Voltage and Products

Joint Venture or partner with others

- Metals Technologies

Divest to better owners

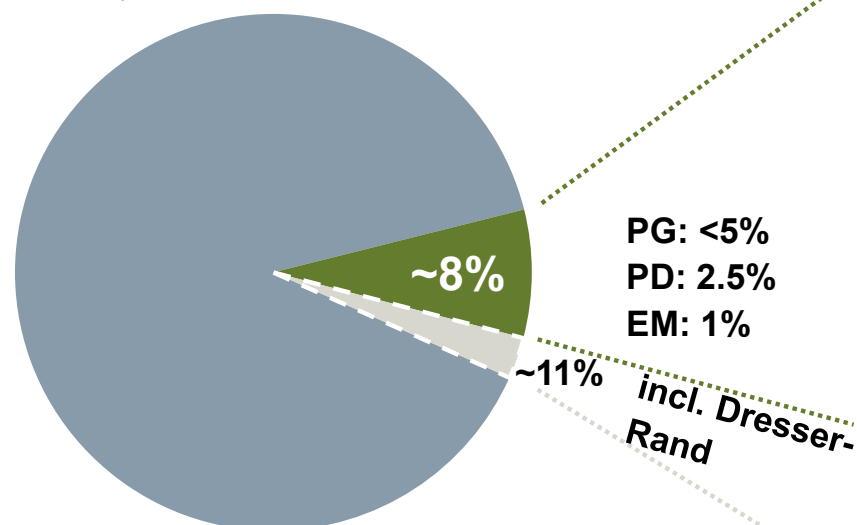
- Healthcare IT
- Water Technologies

1) Internal analysis, May 2014

Oil & Gas exposure still limited - "Secondary impact" could be higher

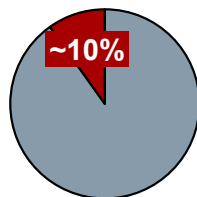
Direct Oil & Gas exposure

(Estimate in % of FY 2014 orders incl. Rolls-Royce pro forma)



"Secondary" effects

Siemens orders FY 2014 in selected Oil exporting countries with strong NOCs (mainly OPEC, Russia, Kazakhstan)



Exposure along value chain

Upstream

Midstream

Downstream

~40%

~25%

~35%

New Unit & Solutions

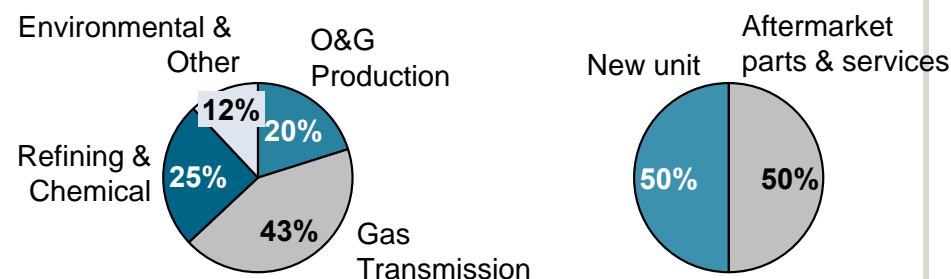
Aftermarket & Service

~60%

~40%

Dresser-Rand:

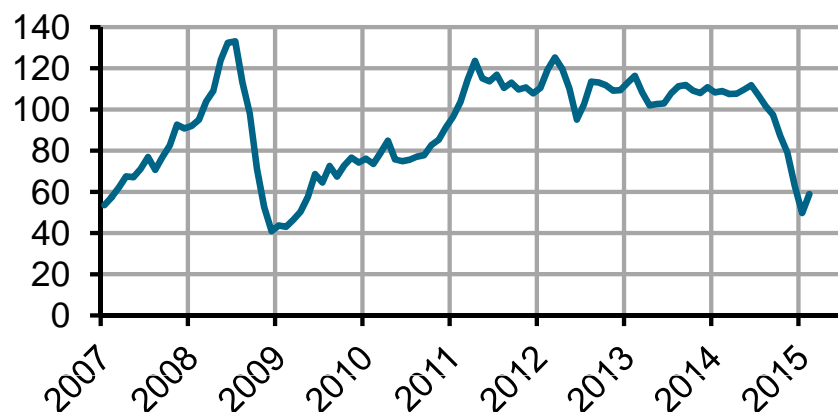
Orders and Revenue FY 2014 of \$2.8bn



Source: Dresser-Rand, 10-K Filing, Annual Report 2014

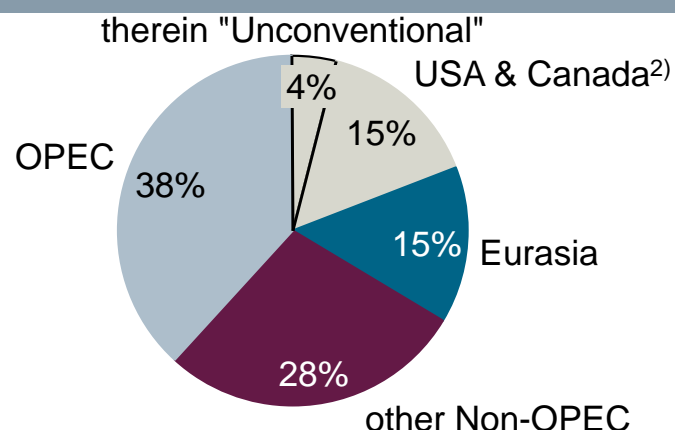
Lower oil price reflects current oversupply, structural demand is intact

Development oil price (in \$/Barrel, Brent)¹⁾



1) Monthly averages until February 2015:

"Unconventional" is not material¹⁾



1) Oil supply 2015e; 2) w/o tight crude ("Unconventional");
Source: OPEC

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Risks



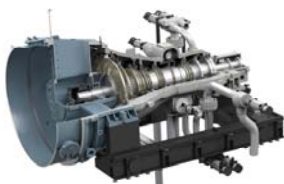


- **Clearly lower investment and project delays in upstream** (Oil companies and oil service companies)
- Impact on **infrastructure investment in oil exporting countries** strongly depending on **financial reserves** and **duration** of lower oil price level

Opportunities

- **Additional infrastructure investment** in emerging markets strongly depending on oil imports (e. g. India, China)
- Lower prices at the pump **support demand** and invest in **automotive industry**
- **Mid term higher demand in downstream** (e. g. Chemicals)

Installed base secures recurring service revenues with robust after sales margin

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
SIEMENS	2,250		10,000	10,000



**Six-fold increase of combined Siemens fleet
Full synergy potential may top current levels**

Siemens – the partner of choice to rapidly increase power generation capacity in Egypt

Strong partnership with Egypt...

Egypt Economic Development Conference
Sharm El-Sheikh, March 13 -15



- Local Siemens presence since 1901
- More than ¼ of current power capacity based on Siemens technology

... leads to agreements of ~€10bn

- **Firm agreement for 4.4 GW Beni Suef power plant**
 - Modular Combined Cycle Power Plants; **8 H-Frame gas turbines, 4 steam turbines** until 2020
 - ~€2bn total volume
- **Firm agreement for 2 GW onshore wind power generation capacity**
 - Build up of rotor blade factory
 - ~€2bn total volume
- Exclusive **Memorandum of Understanding** to plan further **6.6 GW combined cycle power plants** and **10 substations**

Ownership culture drives change



"Always act as if it were your own company"

- Entrepreneurship
- Discipline
- Risk awareness
- Accountability
- Shareholding

Outlook for fiscal 2015 confirmed in a complex global environment

Macroeconomic environment



- **Robust growth** driven by housing, consumption and automotive
- Global strength of US-Dollar starting to **weigh on export opportunities**



- **Sentiment** supported by weak Euro, low oil prices and monetary stimulus (e. g. Germany, UK, Spain)
- **Continued risks** from conflict in Ukraine and uncertainties of “Grexit”



- Focus on **economic reform** leads to **lower growth momentum**; **overcapacities constrain demand**



- **Oil price, infrastructure projects** and broadening of **economic reform** pose an **opportunity**

Current trading in Q2 FY 2015

- **Clear tailwind** from **FX** on **orders** and **revenue (translational)**
- **Moderate organic revenue decline** driven by **PG** and **PD**
- **Soft Industrial Business profit margin** due to adverse mix and **operational challenges** in **WP** and **PD**



Guidance FY 2015 confirmed

- Book-to-bill >1
- Revenue flat organically
- Industrial Business profit margin 10-11%
- Basic earnings per share (EPS) up by at least 15%

Appendix

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

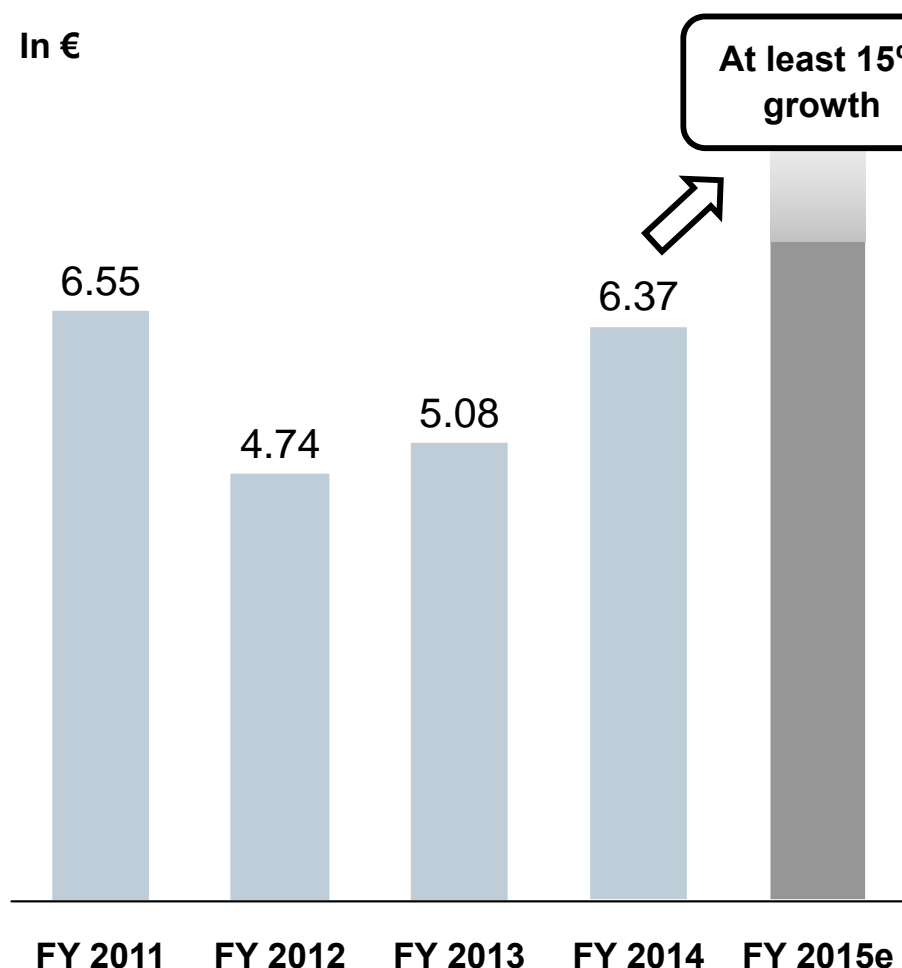
HC
15-19%

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

Outlook Fiscal 2015

Basic earnings per share (Net income)

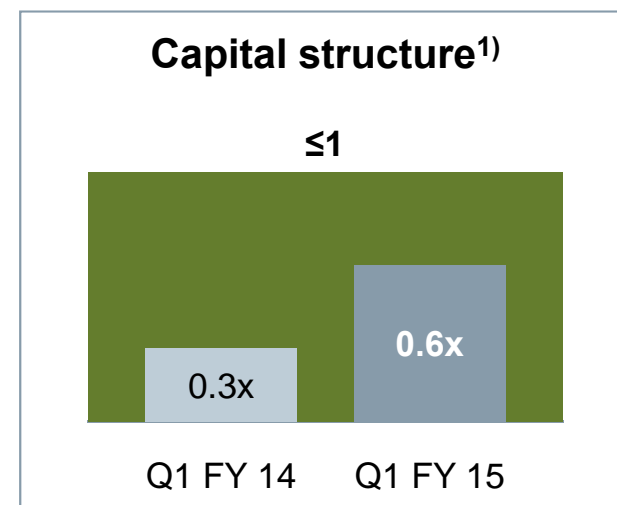
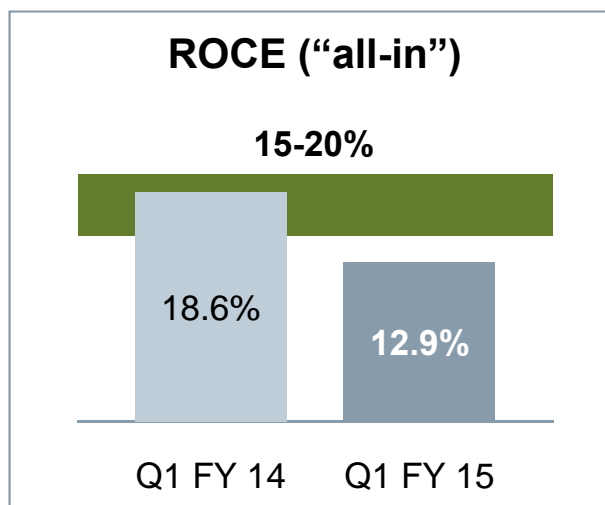
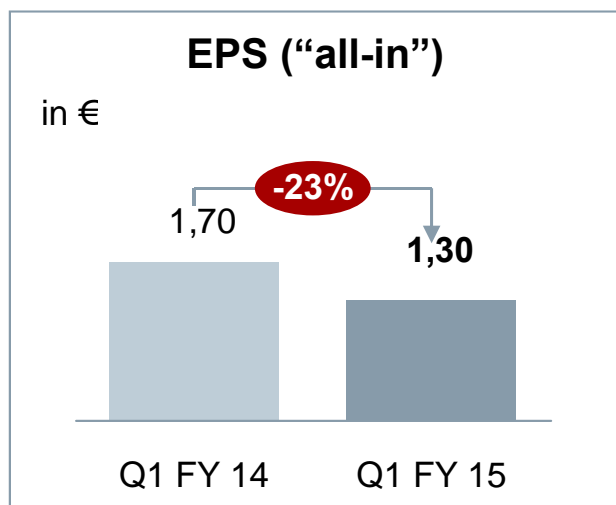
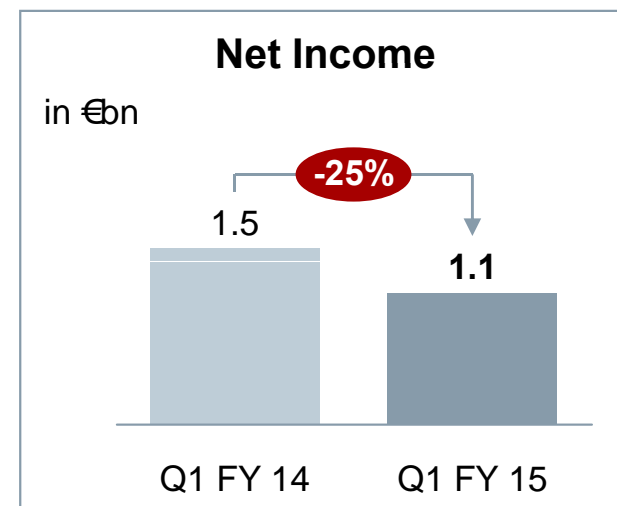
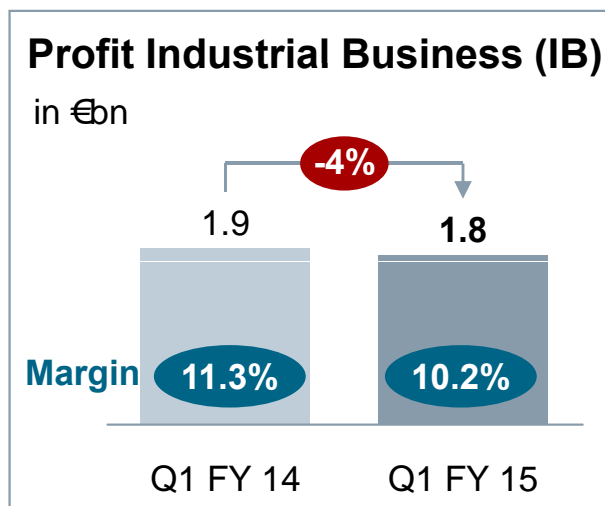
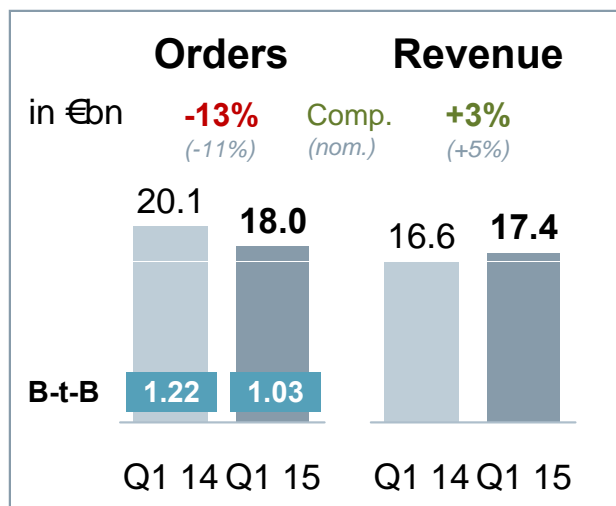
In €



- 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 Cockpit

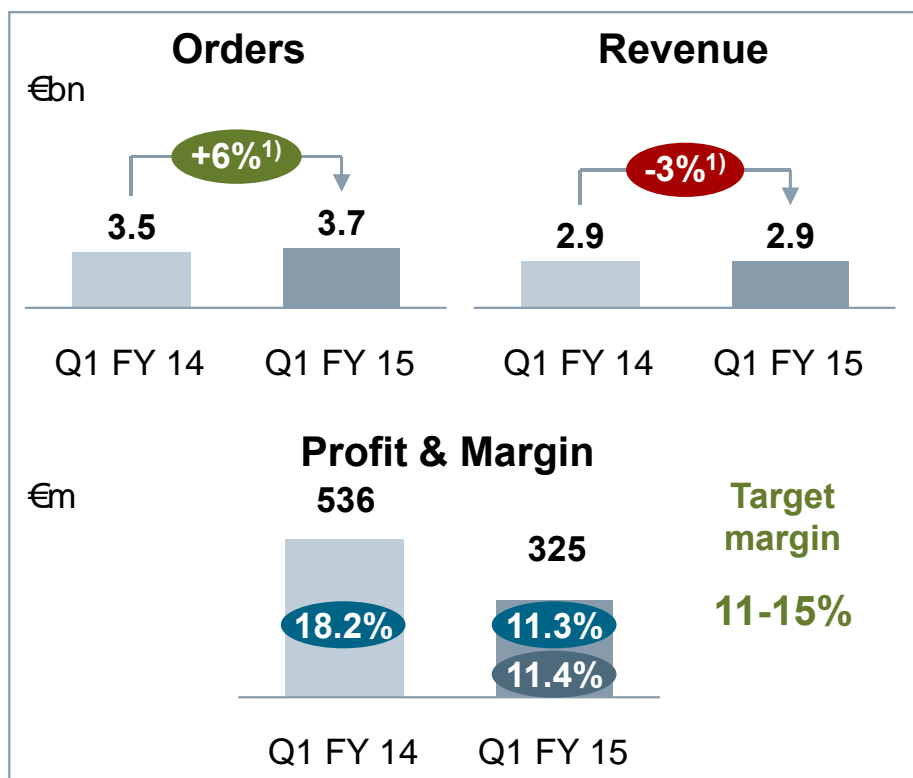


1) Industrial Net Debt/EBITDA; EBITDA is without the elimination of income or loss from investments accounted for using the equity method

PG: Margin decline as expected, actions in place

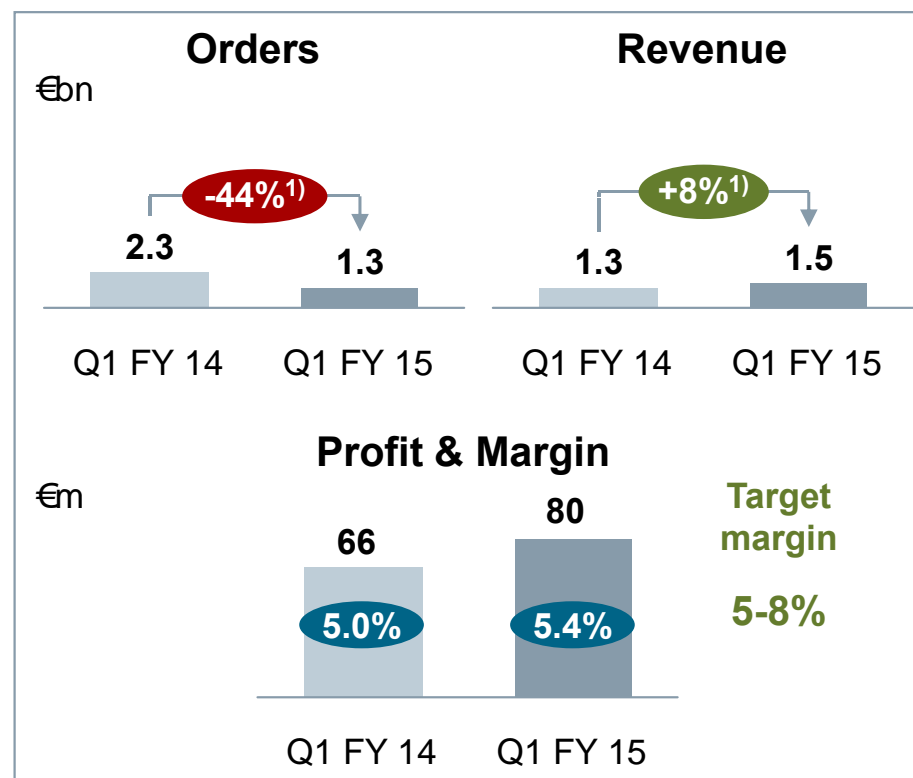
WP: Focus on execution to strengthen profitability

Power and Gas (PG)



- Lower margins across the businesses, higher OPEX & lower service contribution
- Continuing challenges resulting in price pressure and overcapacities

Wind Power and Renewables (WP)



- Sharply lower large order volume in Germany and the U.S.
- Increased profit contribution from service
- Expenses for new turbine offering ramp up

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

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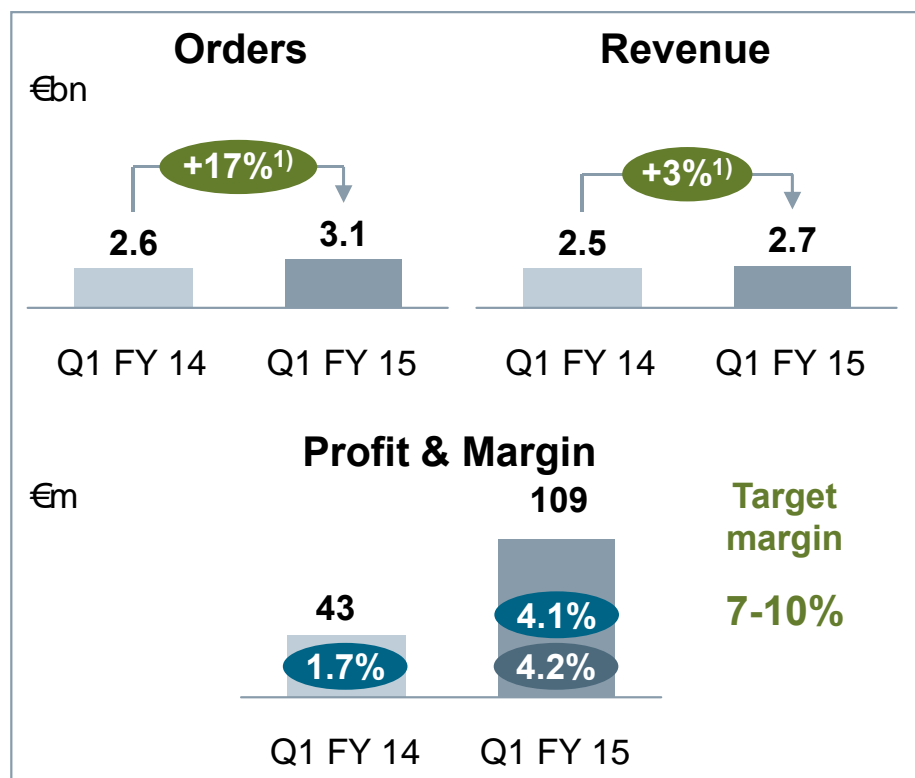
x.x% Margin as reported

x.x% Margin excl. severance

EM: Gradual profitability improvement

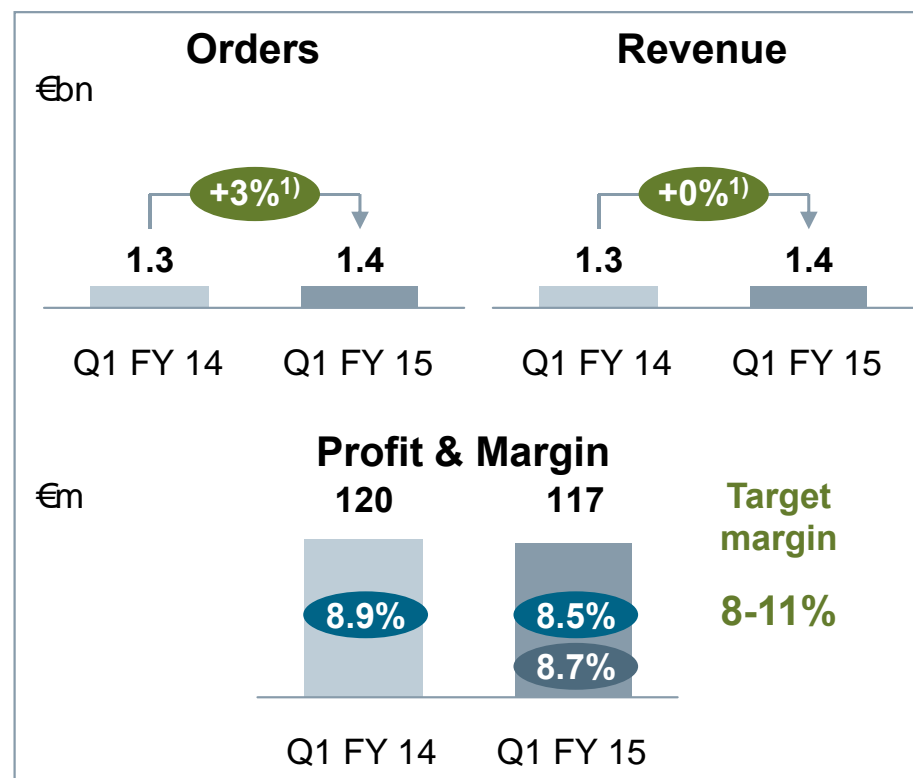
BT: Solid start, CHF appreciation as short-term impact

Energy Management (EM)



- Broad based regional order growth; large HVDC-order in Canada
- Execution of legacy projects as planned

Building Technologies (BT)



- Order growth driven by the U.S. and the Middle East
- Adverse impact of significant Swiss Franc appreciation expected

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

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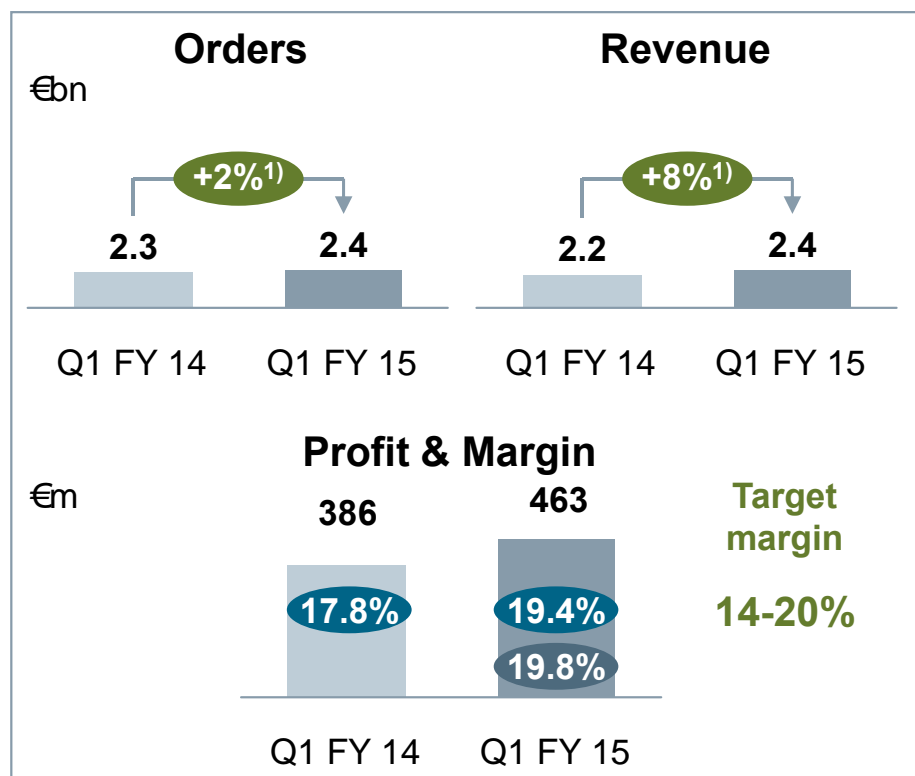
x.x% Margin as reported

x.x% Margin excl. severance

DF: Broad based growth drives margin

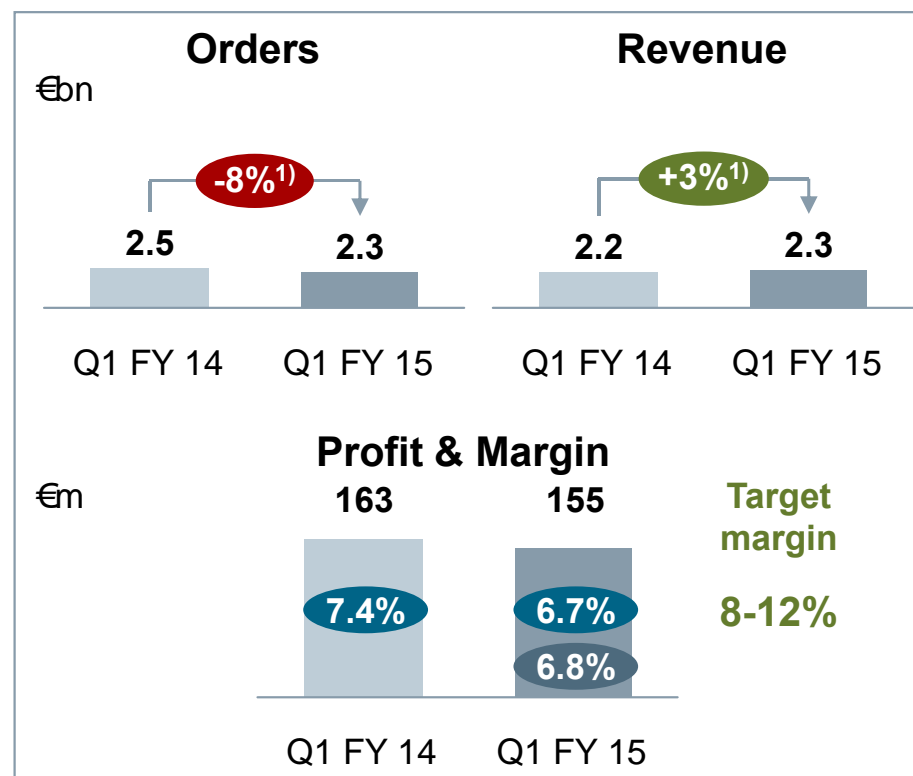
PD: Higher investment in opex weigh on margin

Digital Factory (DF)



- Revenue growth led by China and the U.S.
- Volume driven margin expansion on strong product and industrial software business

Process Industries and Drives (PD)



- Lower large order volume and weaker demand from commodity related industries
- Higher R&D and selling expenses

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

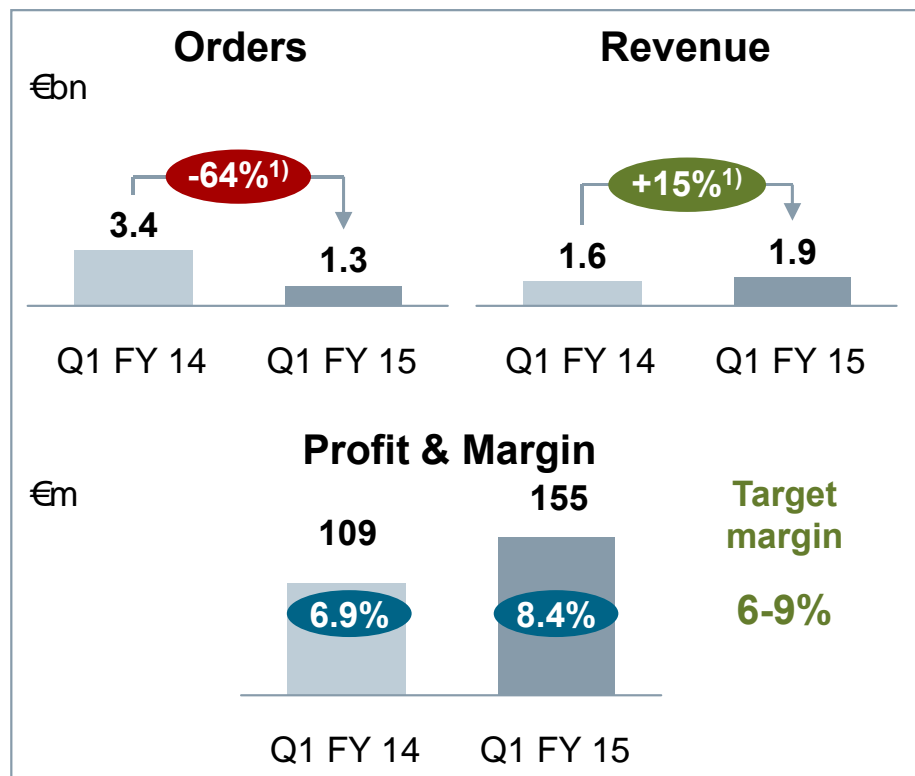
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x.x% Margin as reported

x.x% Margin excl. severance

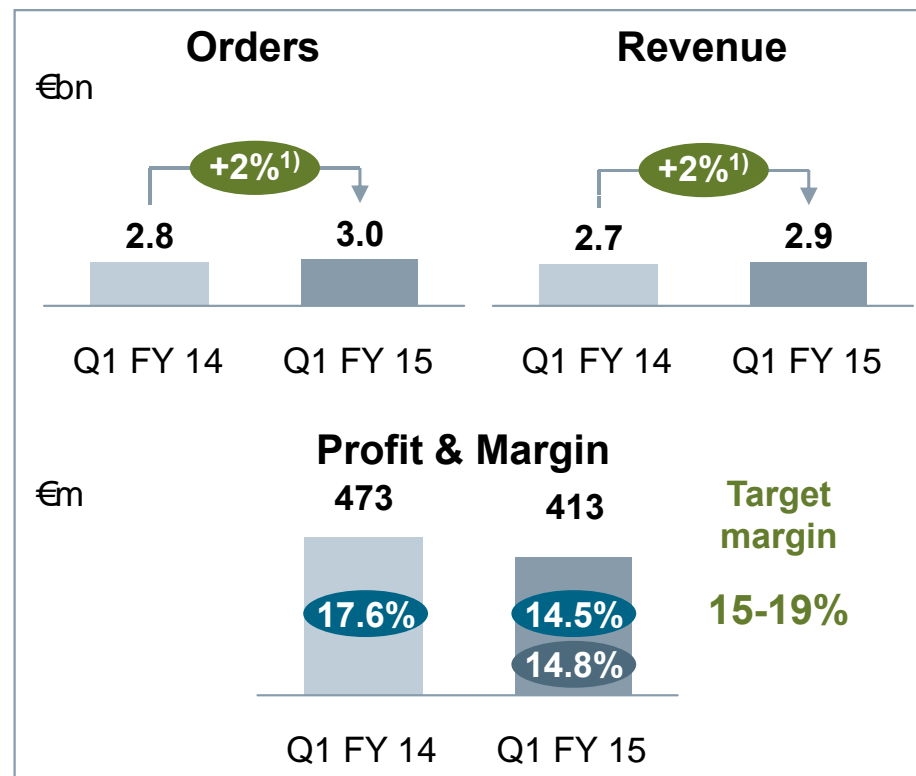
MO: Positive mix effects drive margin expansion HC: Unfavourable mix with negative margin impact

Mobility (MO)



- Lower order volume on tough comparables
- Positive mix effect from high margin business

Healthcare (HC)



- Strong orders in Europe & US, Asia weak
- Unfavorable business mix in Imaging & Therapy and FX tailwinds not yet evident

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

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x.x% Margin as reported

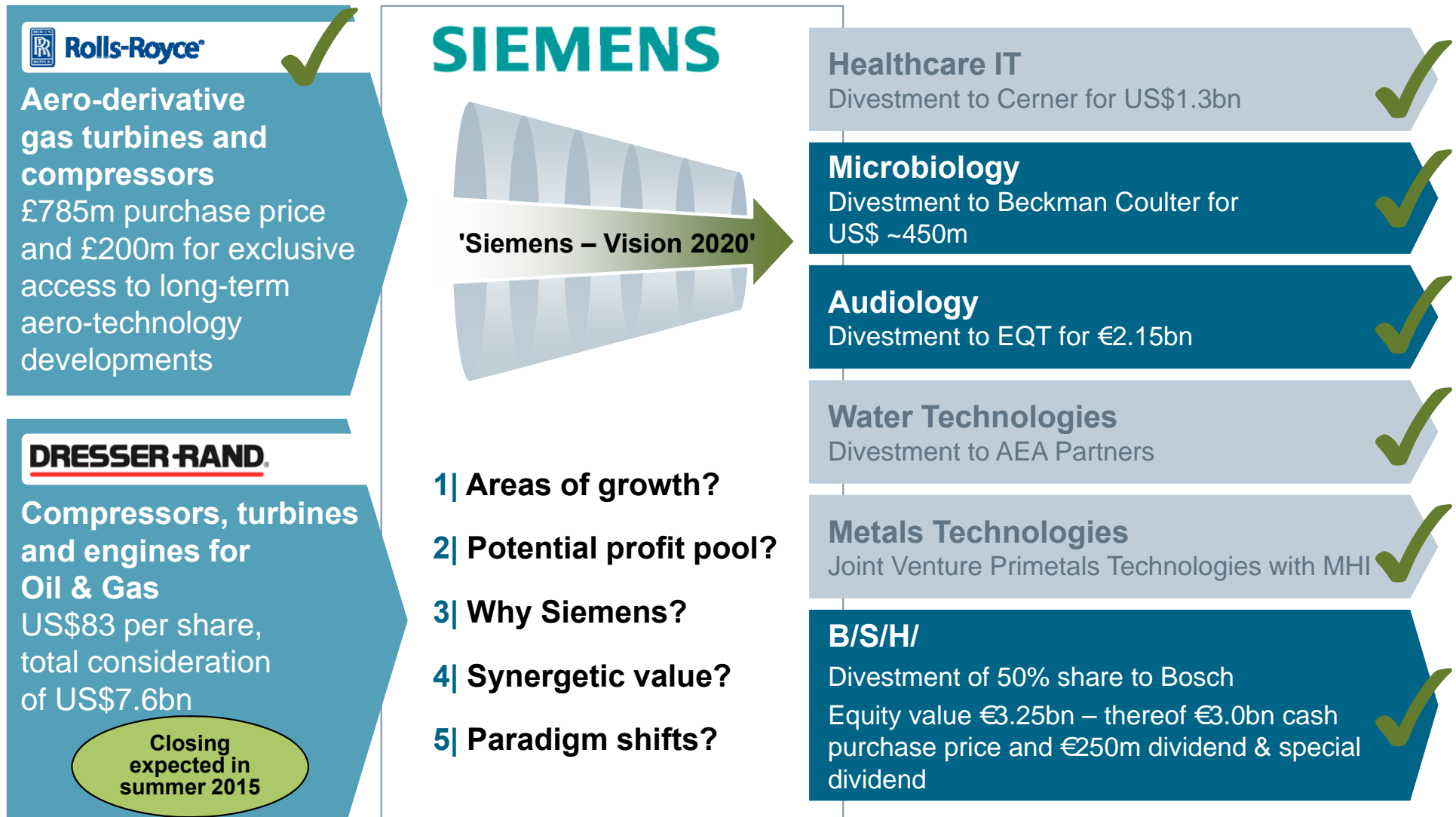
x.x% Margin excl. severance

Executing Vision 2020

Capital allocation along strategic imperatives



SIEMENS

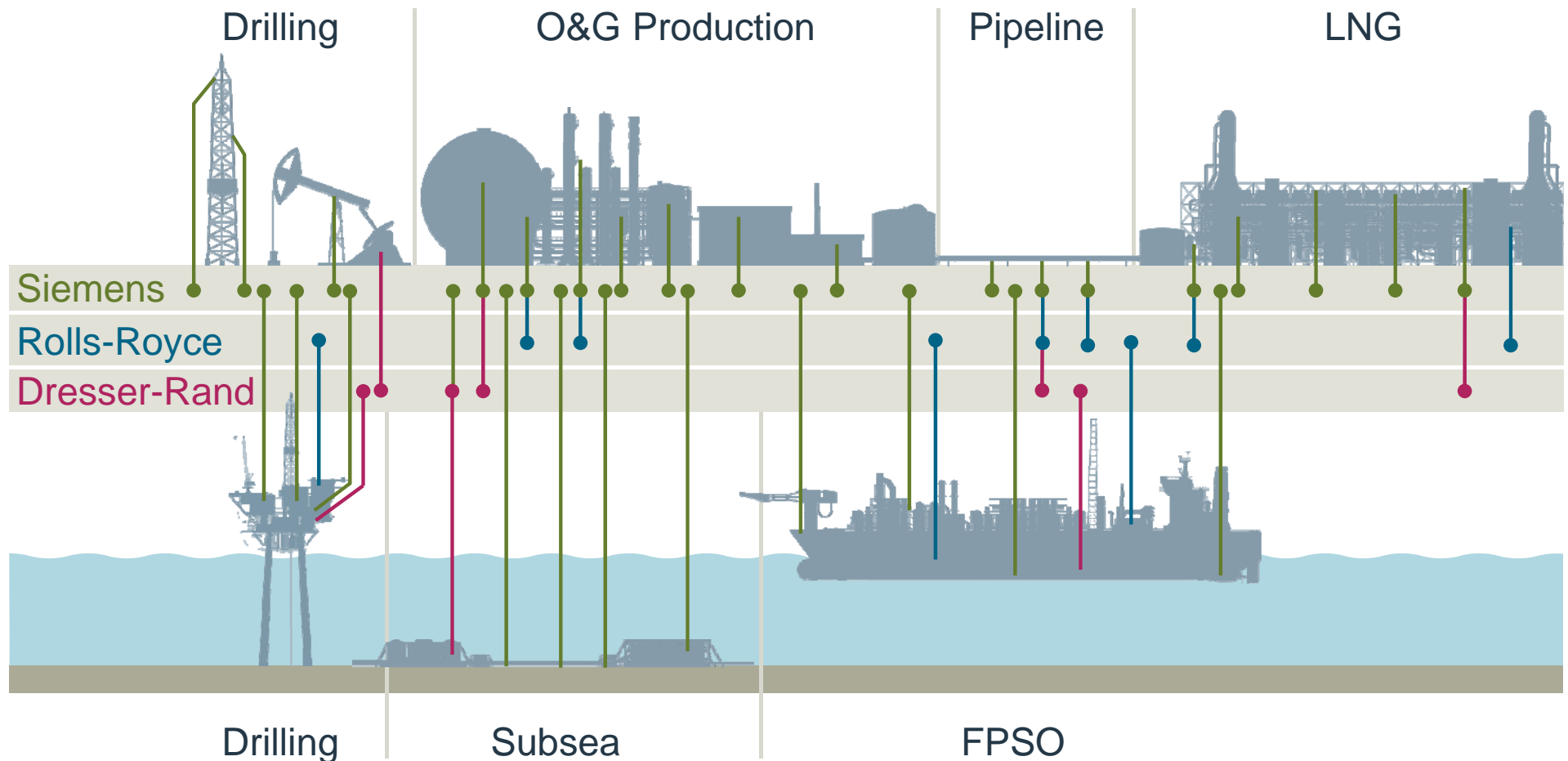


Oil & Gas – Recent acquisitions leverage attractive offerings and market access



SIEMENS

Onshore



Offshore

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

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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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Financial calendar

**March /
April**

March 19, 2015

Bank of America Merrill Lynch Conference (London)

May

May 7, 2015

Q2 Earnings Release and Analyst Conference (London)

May 27, 2015

Bernstein Strategic Decision Conference (New York)

June

June 10, 2015

Exane European CEO Conference (Paris)

June 11, 2015

JP Morgan Capital Goods CEO Conference (London)

June 17, 2015

Deutsche Bank German, Swiss and Austrian Conference (Berlin)

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