

Stringent execution of Vision 2020

Joe Kaeser, President and CEO

Bank of America Merrill Lynch Conference, London, March 18, 2016

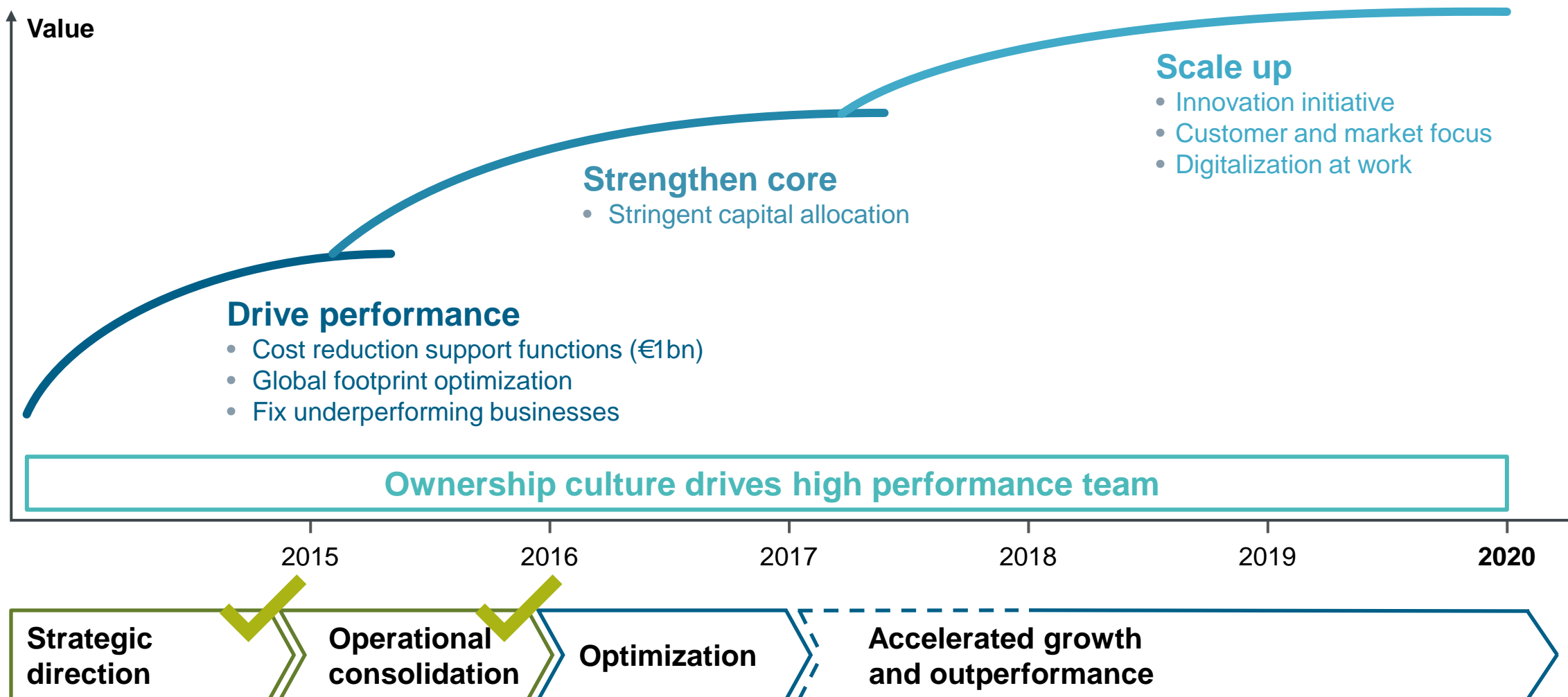
Notes and forward-looking statements

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.

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 – Delivered as promised up to now



Siemens Vision 2020 – The “System” matters

Global trends

Digital transformation

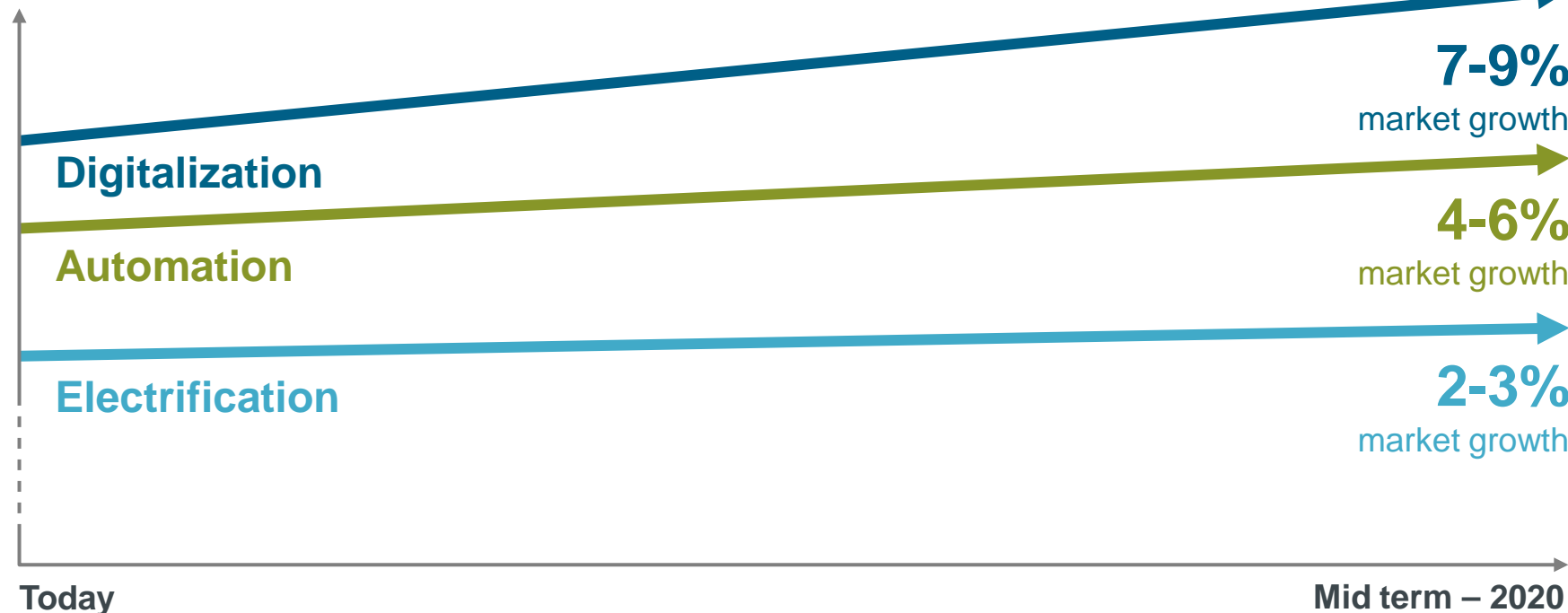
Globalization

Urbanization

Demographic change

Climate change

Market development (illustrative)



Power Generation

Power transmission, distribution, and smart grid

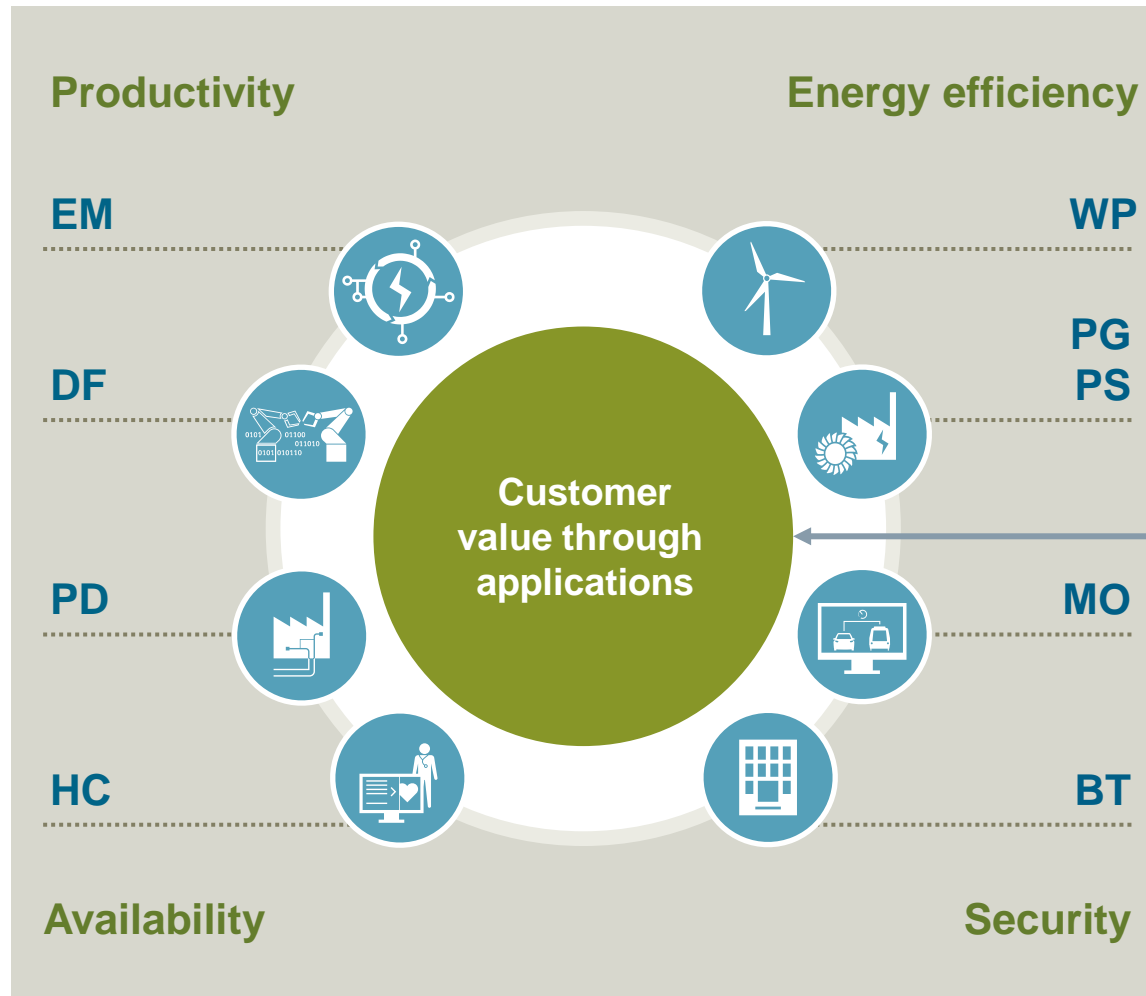
Efficient energy application

Imaging and in-vitro diagnostics

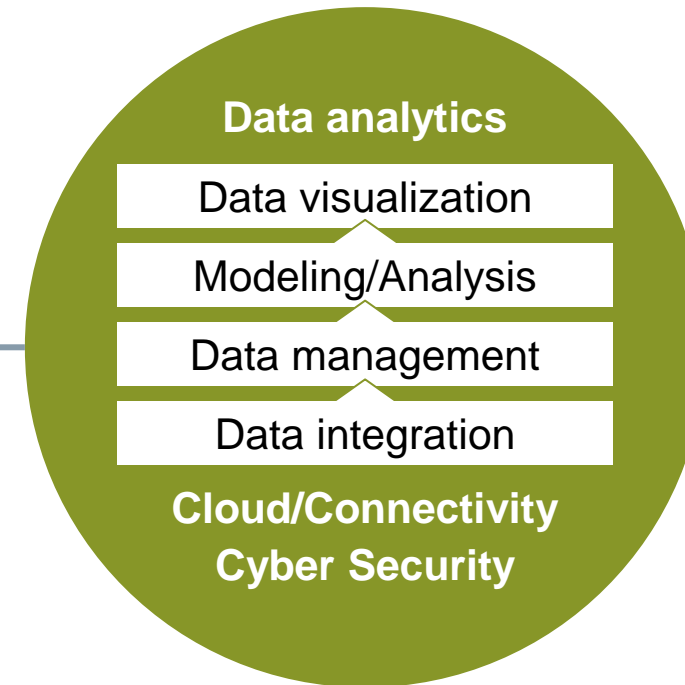
Platforms lead products

Sinalytics connects more than 300,000 devices

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Sinalytics Common technology platforms



Example please see page 11

The E-A-D system

Vertical Software and Digital Services key drivers for profitable growth

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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)

Siemens unique digital value proposition in Oil & Gas – Applying E-A-D competence and experience

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Domain know-how



Application know-how



Analytics know-how



Unique Digital O&G Value Proposition



**Driving Increased
HSSE¹⁾ Requirements**



**Increased
Productivity**



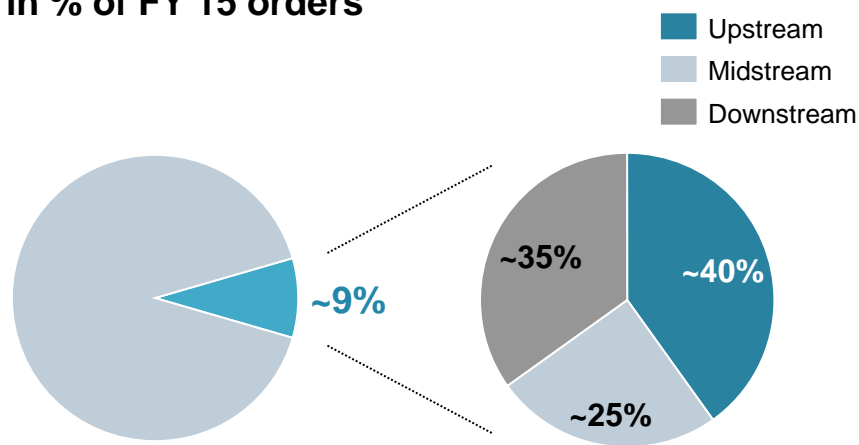
**Improved Value for
Capital Expenditure**

1) HSSE – Health, Safety, Security and Environment

Siemens creates customer value by providing efficient solutions

Siemens Oil & Gas exposure

in % of FY 15 orders



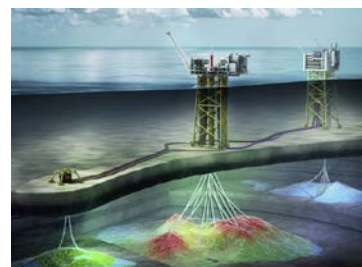
Priorities

- **Footprint optimization** across all Oil & Gas related businesses
- **Focused invest** in enhancing digitalization & automation offering



Chevron El Segundo Refinery

- **Operations intelligence platform XHQ**
- **Real-time management** of operations
- **8% reduction** in operating expenses
- **18% less** environmental incidents



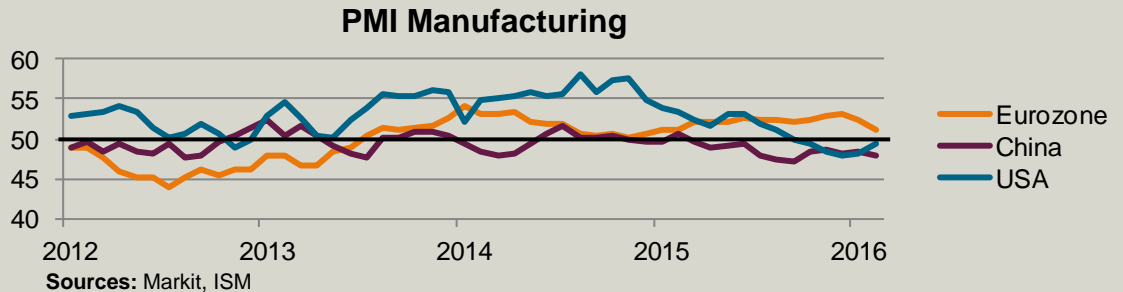
Det Norske Ivar Asen offshore platform

- **Operating offshore platform real time** from onshore
- **Integrated E-A-D solution**
- **Maximize production** with **60 – 70% less** offshore operators required

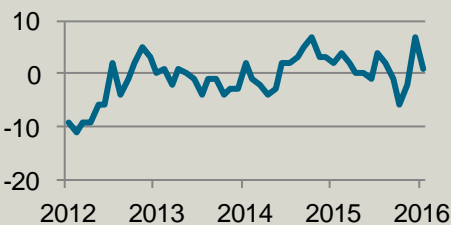
Balanced end market exposure supports growth ambition in a difficult macro and geopolitical environment

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Sluggish development in global manufacturing

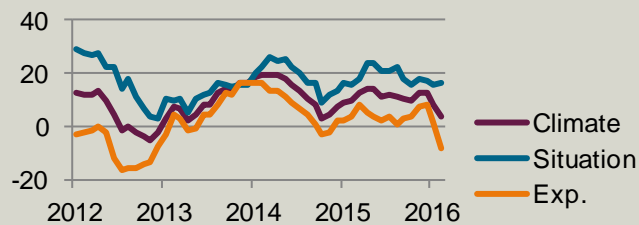


VDMA machinery orders¹⁾



1) German machinery manufacturing, new orders, 3 Month Rolling Change Y/Y, constant prices in %

IFO Manufacturing



Opportunities in selected Siemens end markets, e. g.



Automotive



Construction



Healthcare



Rail



- **Moderate market growth** driven by **construction**, **automotive** and **consumption**
- **Wind** benefitting from **five year PTC extension**
- Ongoing **weakness** in **commodities** and **export driven industries**



- **Export industry** supported by weak Euro and consumption benefitting from low oil prices
- **Continued risks** due to “**Brexit**” concerns and refugee situation



- Ongoing **economic reform/restructuring** weighs on growth
- Selected **infrastructure investments**



- **Soft demand** from **oil exporting emerging countries**, **weakness** in **Russia & Brazil**



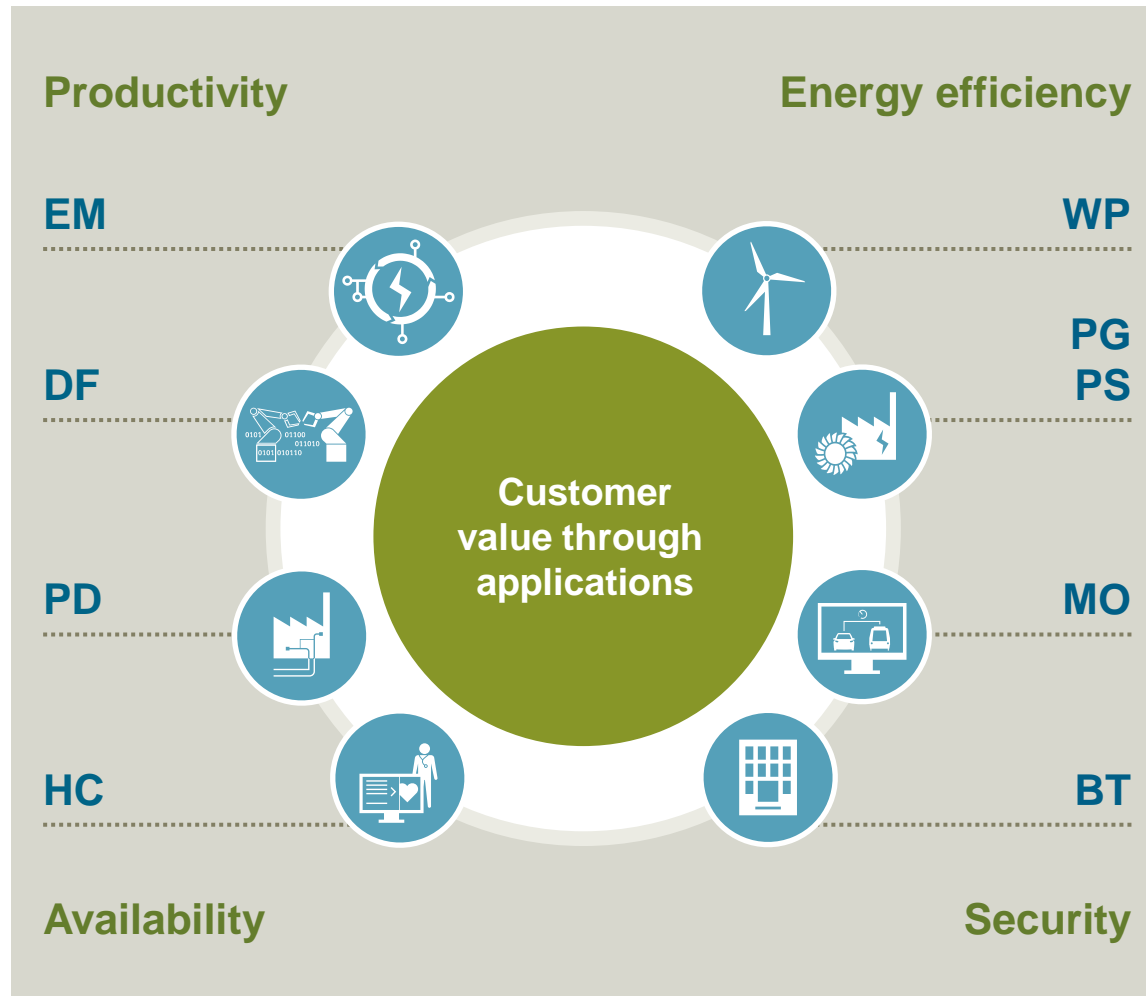
- **India** – strongest GDP-growth of all BRIC ~7%, **reform agenda** and **lower commodity bill** will **drive infrastructure investments**



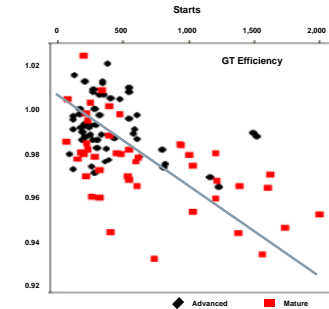
- **Iran** with **significant investment needs** for **infrastructure and energy**

Digital Services powered by Sinalytics provide customer value and attractive business cases

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Power Generation Digital Services



Remote diagnostics and prediction of service needs

Fleet statistics, benchmarking

Spare parts analytics and additive manufacturing

Asset availability and flexibility

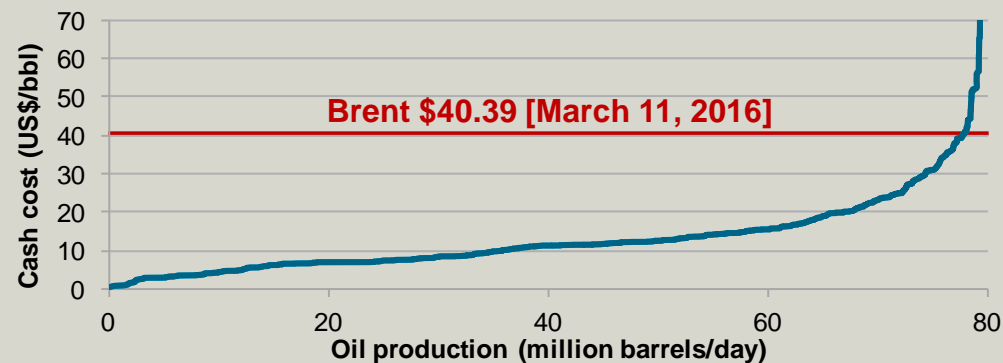
Operating efficiency

Optimized service delivery

- **> 40 Flex LTP-contracts** sold
- **Attractive customer value** from performance based contracts
- **Delivery** and **life cycle optimization**

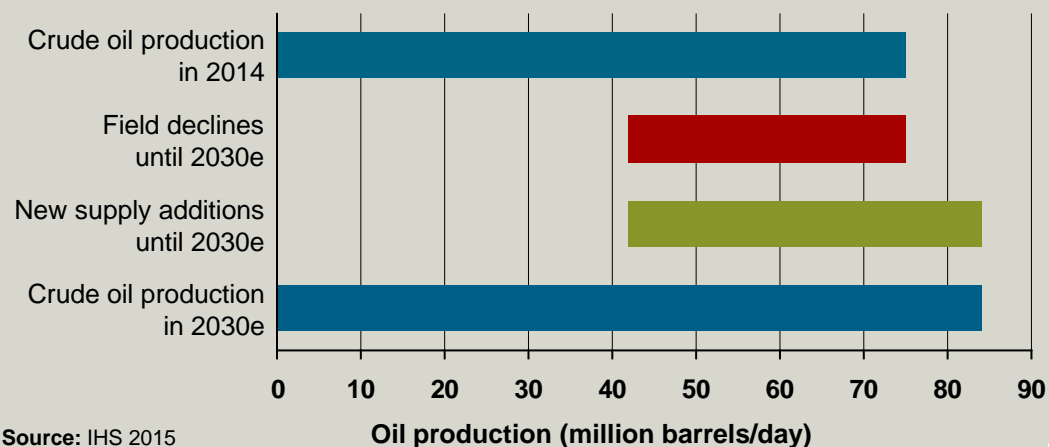
Customers focus on efficiency and productivity in a low oil price world

Cash costs mostly covered by current oil price



Source: Wood Mackenzie

Significant investment need until 2030



Source: IHS 2015

Main customer requirements in Oil & Gas industry



- Higher productivity
- Improved reliability and availability
- Increased recovery rates



- Optimized capital efficiency
- Modularization & standardization
- Faster time to production



- Increased health, safety and security requirements
- Strict environmental standards

Structural changes at Process Industries and Drives require adjustments

Structural and technological changes in Process Industries and Drives

- **Increasing competitive intensity** in the Oil & Gas, Metals and Mining sectors
- **Significantly lower demand** in commodity related markets resulting in overcapacity



Industrial transformation

- **Realignment of capacities** in **Large Drives** and **Process Solutions** business
- **~2,500 jobs**, thereof **~2,000 in Germany** affected
- **Consolidation** and **bundling** of **activities** at **individual manufacturing locations**
- **Optimize size** of **European manufacturing footprint**

Material investment in R&D, sales and productivity to drive digital transformation

Guidance FY 2016

We 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%**. **After a strong start** into the **fiscal year**, we **raise** our previous expectation for **basic EPS from net income** in the range of €5.90 to €6.20 to the range of **€6.00 to €6.40**.

This outlook assumes that **momentum in the market environment** for our **high-margin short-cycle businesses** will **pick up** in the **second half of fiscal 2016**.

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%

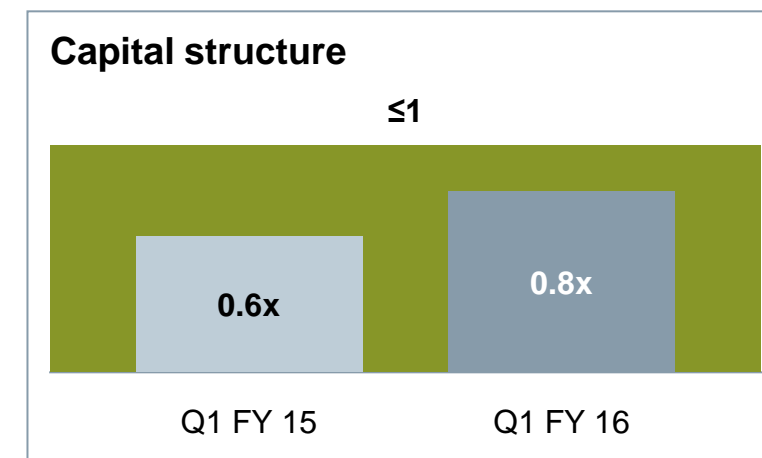
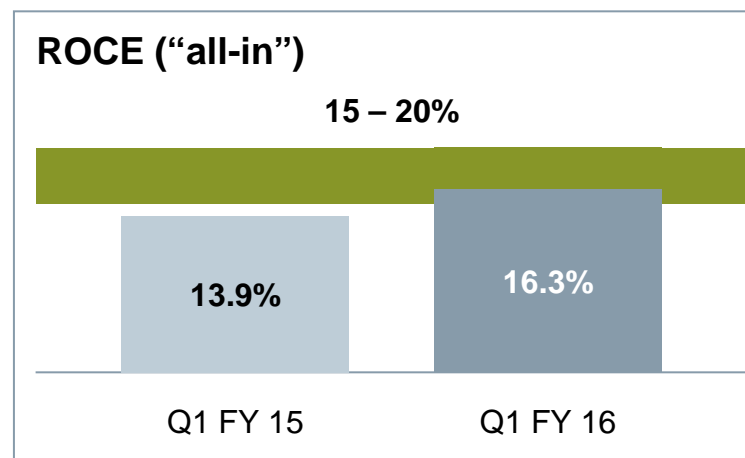
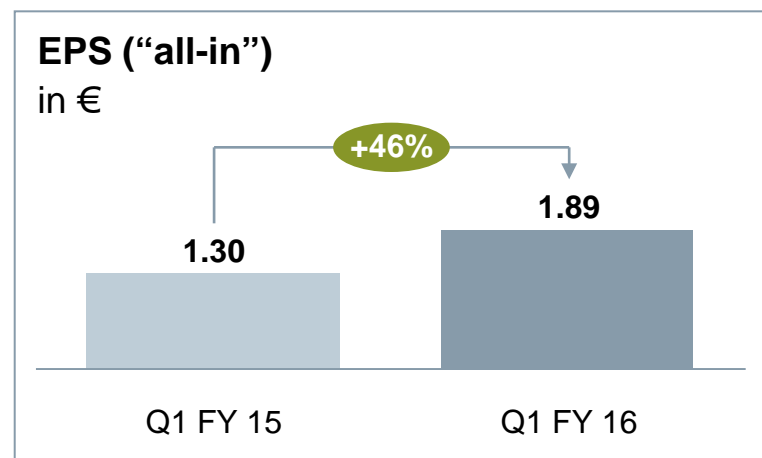
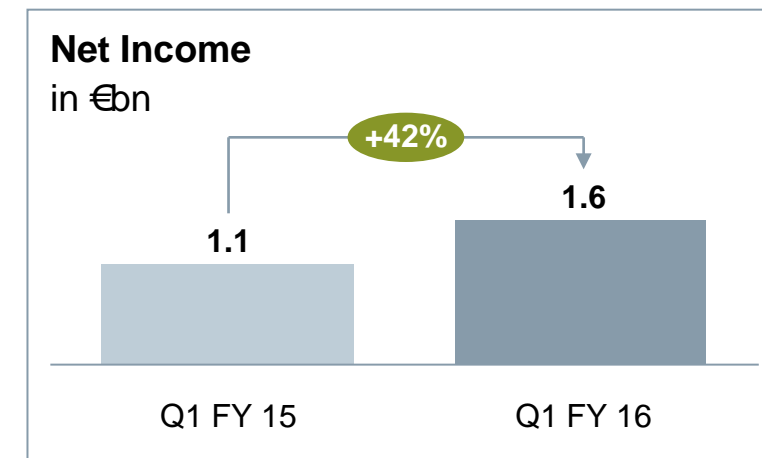
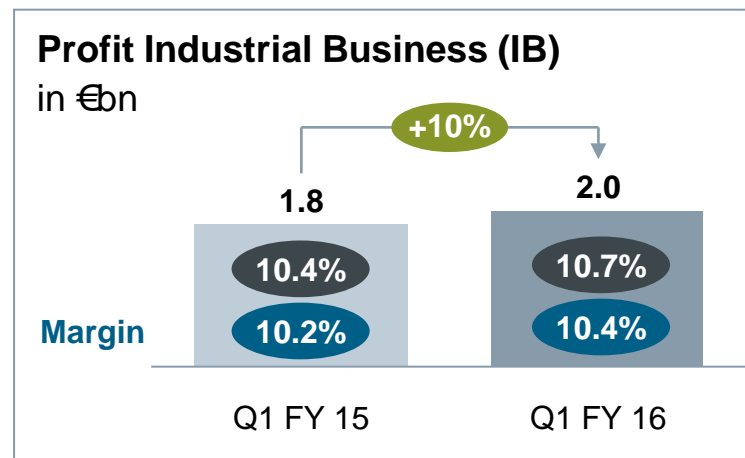
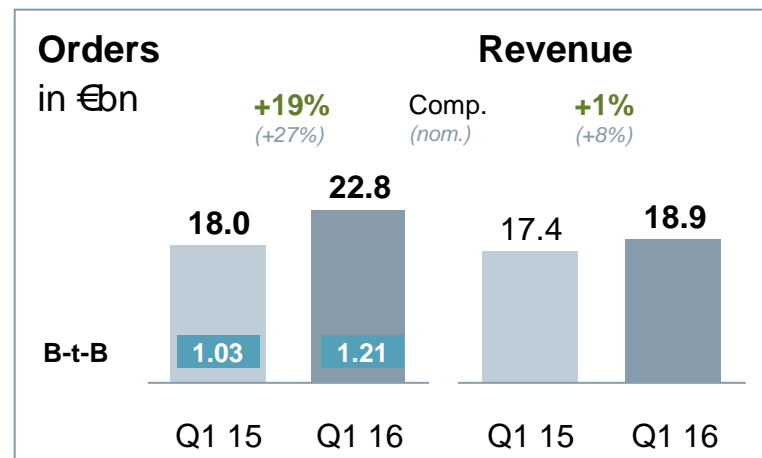
DF
14 – 20%

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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Financial Cockpit

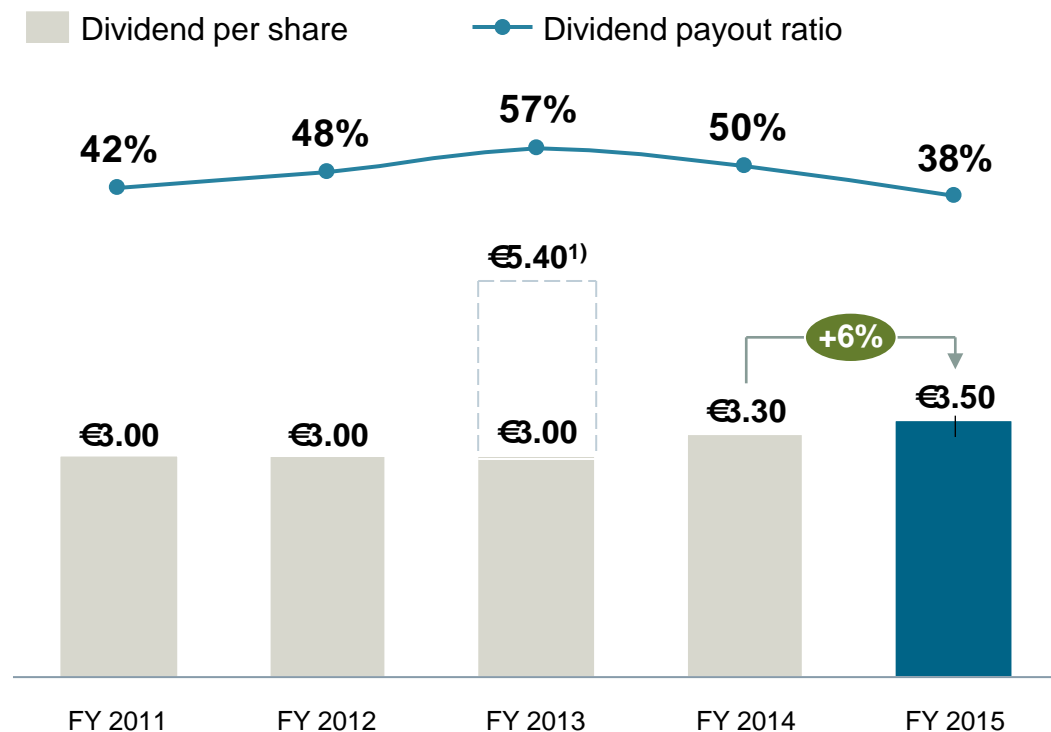


x.x% Margin as reported

x.x% Margin excl. severance

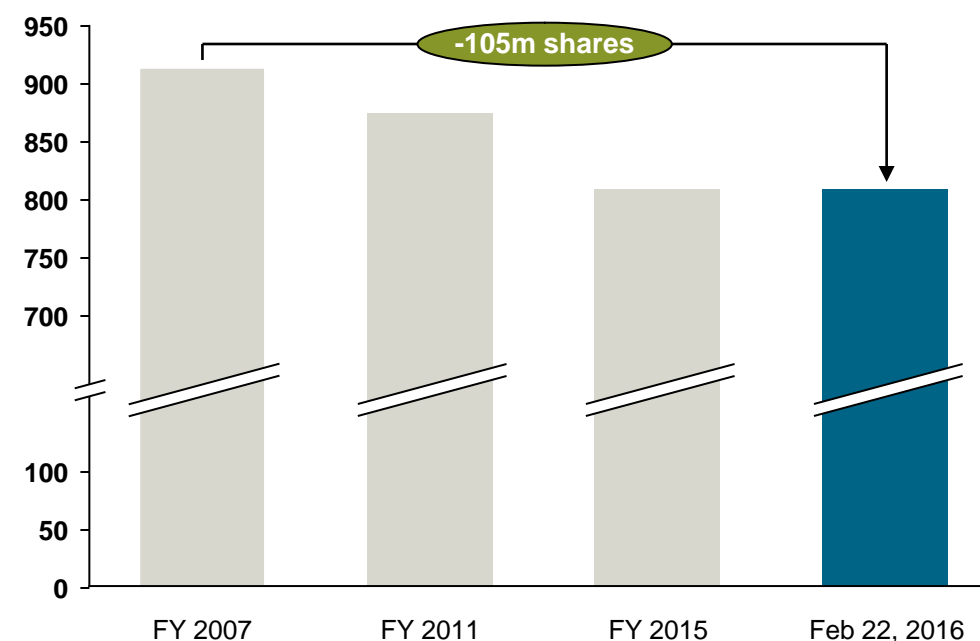
Substantial shareholder return through dividends and share buybacks

Dividend and payout ratio



Attractive dividend yield of 3.9% in FY 2015

Outstanding shares (in million)



€11bn share buybacks since 2008, up to €14bn until 2018

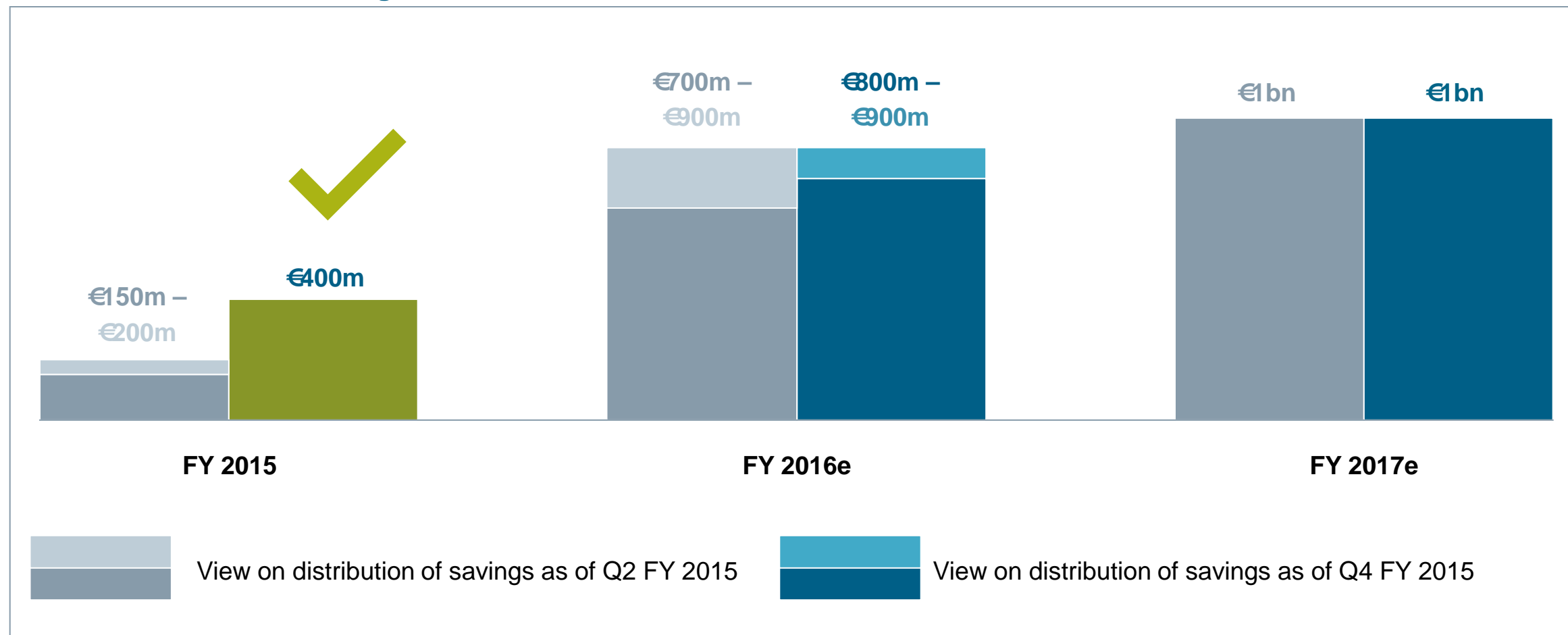
1) Effect of OSRAM stock distribution to shareholders of €2.40 per share; not reflected in dividend payout ratio

Accelerated execution of functional cost reduction measures

Target achievement of ~€1bn is on track

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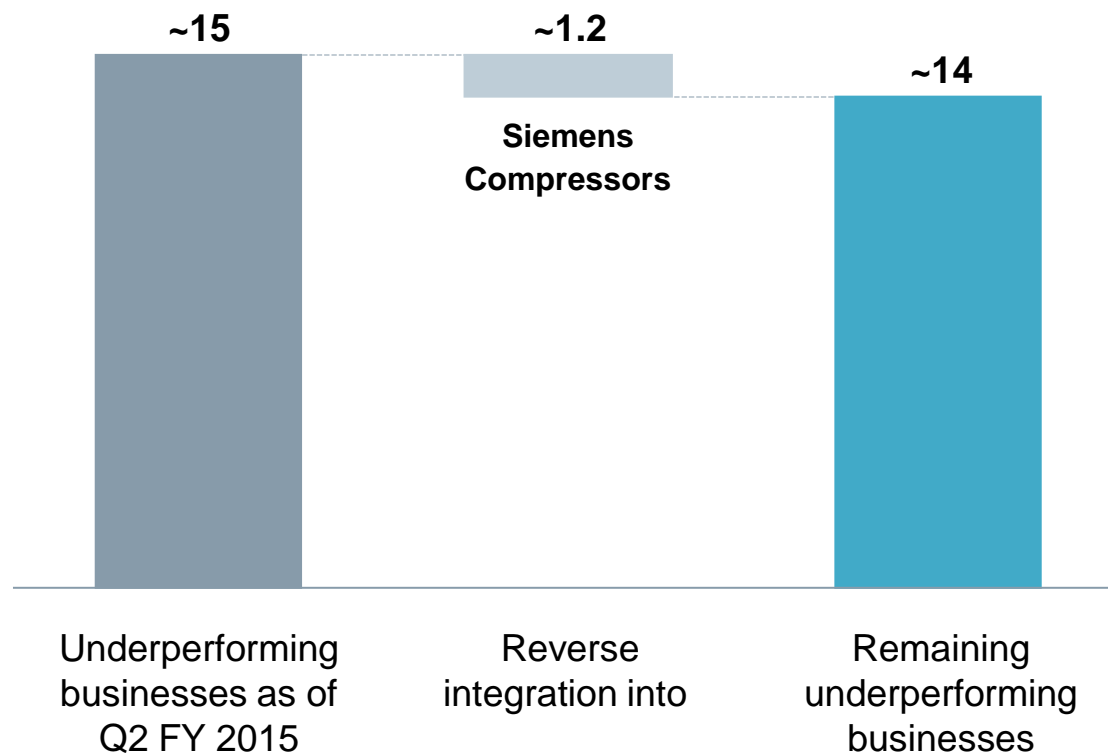
Cumulated effects of savings



Underperforming businesses show improvement

Underperforming businesses

Unconsolidated Revenue FY 2015 in €bn



Fiscal Year	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

Pursuing our industrial software strategy

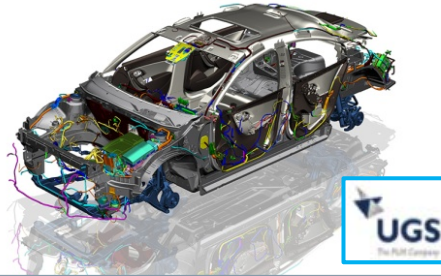
Unmatched offering for design, simulation and testing

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Year of acquisition

2007

3D Design

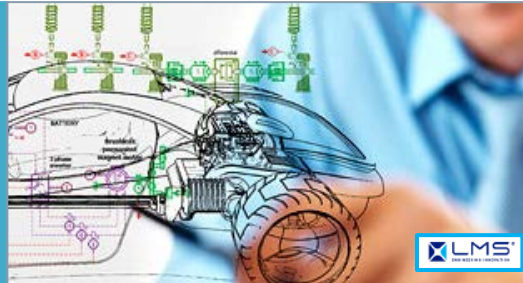


CAD Software NX Design, Nastran and PLM Software Teamcenter

- Streamlines and accelerates the **product development** process in a **collaborative environment**
- Includes a modern, **multi-discipline CAE** environment
- Teamcenter as collaboration platform enables **consistent data management** throughout the whole value chain

2012

Closed loop Performance analysis

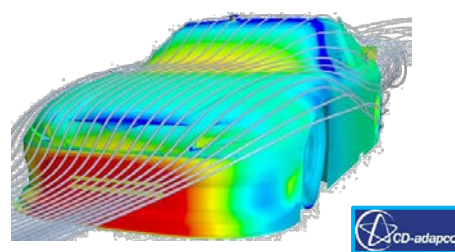


Simulation & Testing: LMS Virtual.Lab, Imagine.Lab, Test.Lab

- **Behavioral simulation:** 1D cross-discipline simulation, like mechanical and electrics, e.g. fuel economy & range simulation for hybrid vehicles
- **3D mechanical simulation:** E.g. stiffness, noise, vibration
- **Testing:** Solutions for prototype testing (stationary & mobile)

2016

Leading Portfolio



Multidisciplinary Design Exploration: STAR-CCM+ and others

- **Multidisciplinary Engineering Simulation:** Primarily **Computational Fluid Dynamics (CFD)** for analysis of fluid flow, heat transfer, and fluid-structure **interaction**
- **Design Exploration:** Engineering simulation workflows and design optimization algorithms to automatically drive product design, e.g. for reduction of weight and cost

CD-adapco

Acquisition of a software technology leader in a fast growing industry

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Company description and strategic rationale

- CD-adapco is a leading provider of **Computational Fluid Dynamics (CFD) simulation software**, a sub-market of CAE, reducing time-to-market by up to 35%
- **Fast growing market; CD-adapco grew revenues by >12% CAGR** (constant currency) over last three years
- **Profitability is SW-typical double digit**
- **Modern SW-architecture and strong customer base**
- **Founder-led and privately held, established 1980, headquarters in Melville, NY, US**

Key figures

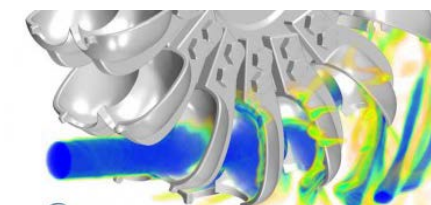
Enterprise Value	\$970m
Revenues	~\$200m (thereof >80% recurring)
Synergies	Mid-double digit €m in year 5
Employees	~900 (therein ~280 in R&D)
Customers	~3,200
Users	~19,000
Expected closing	H2 FY 2016

Key customer industries (% of billings FY 2015)

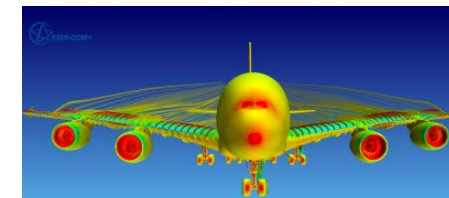
Ground
Transportation
(52%)
14 of top 15¹⁾



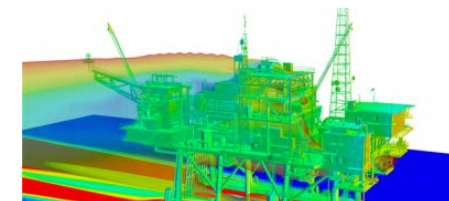
Energy
(9%)
9 of top 10¹⁾



Aerospace &
Defence
(9%)
All top 10¹⁾



Marine
(7%)
9 of top 10¹⁾



1) Number of industry leaders using CD-adapco software

Financial calendar

March

March 18, 2016

Bank of America Merrill Lynch Conference (London)

April

May

May 4, 2016

Q2-Earnings Release and Roadshow UK (London)

May 9, 2016

Roadshow Germany (Frankfurt)

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