Stringent execution of Vision 2020

Joe Kaeser, President and CEO
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

Ownership culture drives high performance team

Drive performance
• Cost reduction support functions (€1bn)
• Global footprint optimization
• Fix underperforming businesses

Strengthen core
• Stringent capital allocation

Scale up
• Innovation initiative
• Customer and market focus
• Digitalization at work

Strategic direction
Operational consolidation
Optimization
Accelerated growth and outperformance
Siemens Vision 2020 – The “System” matters

Global trends
- Digital transformation
- Globalization
- Urbanization
- Demographic change
- Climate change

Market development (illustrative)

- Digitalization
- Automation
- Electrification

Today

Mid term – 2020

- 7-9% market growth
- 4-6% market growth
- 2-3% market growth

Market development:
- Power Generation
- Power transmission, distribution, and smart grid
- Efficient energy application
- Imaging and in-vitro diagnostics

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Bank of America Merrill Lynch Conference

London, March 18, 2016
Platforms lead products
Sinalytics connects more than 300,000 devices

Customer value through applications

Sinalytics
Common technology platforms

Data analytics
- Data visualization
- Modeling/Analysis
- Data management
- Data integration

Cloud/Connectivity
Cyber Security

Example please see page 11
The E-A-D system
Vertical Software and Digital Services key drivers for profitable growth

Digitalization
Automation
Electrification

Vertical software
~€3.1bn
Revenue FY 2015
Profitability ++

Digital services
~€0.6bn
Revenue FY 2015
Profitability +++

Enhanced automation
~€19bn
Revenue FY 2015
Profitability ++

Classic services
~€15bn
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

Domain know-how

Application know-how

Analytics know-how

Driving Increased HSSE\(^1\) 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

- Upstream: ~9%
- Midstream: ~35%
- Downstream: ~40%
- ~25%

**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

- 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

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

Customer value through applications

- Productivity
- Energy efficiency
- Availability
- Security

- EM
- WP
- DF
- PG
- PS
- PD
- MO
- HC
- BT

Remote diagnostics and prediction of service needs
- Asset availability and flexibility
- Fleet statistics, benchmarking
- Operating efficiency
- Spare parts analytics and additive manufacturing
- 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

Main customer requirements in Oil & Gas industry

- Higher productivity
- Optimized capital efficiency
- Faster time to production
- Improved reliability and availability
- Modularization & standardization
- Increased recovery rates
- Increased health, safety and security requirements
- Strict environmental standards

Cash costs mostly covered by current oil price

- Brent $40.39 [March 11, 2016]

Significant investment need until 2030

- Crude oil production in 2014
- Field declines until 2030e
- New supply additions until 2030e
- Crude oil production in 2030e

Source: Wood Mackenzie

Source: IHS 2015
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
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

<table>
<thead>
<tr>
<th>Siemens Financial Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth:</strong> Siemens &gt; most relevant competitors(^1)</td>
</tr>
<tr>
<td>(Comparable revenue growth)</td>
</tr>
<tr>
<td><strong>Capital efficiency</strong> (ROCE(^2))</td>
</tr>
<tr>
<td>15 – 20%</td>
</tr>
<tr>
<td><strong>Total cost productivity</strong> (^3)</td>
</tr>
<tr>
<td>3 – 5% p.a.</td>
</tr>
<tr>
<td><strong>Capital structure</strong> (Industrial net debt/EBITDA)</td>
</tr>
<tr>
<td>up to 1.0x</td>
</tr>
<tr>
<td><strong>Dividend payout ratio</strong></td>
</tr>
<tr>
<td>40 – 60% (^4)</td>
</tr>
</tbody>
</table>

**Profit Margin ranges of businesses (excl. PPA)\(^5\)**

| PG | 11 – 15% |
| EM | 7 – 10% |
| WP | 5 – 8% |
| BT | 8 – 11% |
| MO | 6 – 9% |
| DF | 14 – 20% |
| PD | 8 – 12% |
| HC | 15 – 19% |
| SFS | 15 – 20% |

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.
Financial Cockpit

Orders in €bn
- Q1 FY 15: 1.03
- Q1 FY 16: 1.21

Revenue
- Q1 FY 15: 18.0
- Q1 FY 16: 22.8

EPS (“all-in”) in €
- Q1 FY 15: 1.30
- Q1 FY 16: 1.89

Profit Industrial Business (IB) in €bn
- Q1 FY 15: 1.8
  - Margin: 10.4%
  - ROCE: 15 – 20%
- Q1 FY 16: 2.0
  - Margin: 10.7%
  - ROCE: 15 – 20%

Net Income in €bn
- Q1 FY 15: 1.1
- Q1 FY 16: 1.6

ROCE (“all-in”) in %
- Q1 FY 15: 13.9%
- Q1 FY 16: 16.3%

Capital structure
- Q1 FY 15: 0.6x
- Q1 FY 16: 0.8x

Notes:
- Margin as reported
- Margin excl. severance

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Substantial shareholder return through dividends and share buybacks

Dividend and payout ratio

- Dividends per share:
  - FY 2011: €3.00
  - FY 2012: €3.00
  - FY 2013: €3.00
  - FY 2014: €3.30
  - FY 2015: €3.50

- Dividend payout ratio:
  - FY 2011: 42%
  - FY 2012: 48%
  - FY 2013: 57%
  - FY 2014: 50%
  - FY 2015: 38%

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

Attractive dividend yield of 3.9% in FY 2015

Outstanding shares (in million)

- FY 2007: 950m
- FY 2011: 900m
- FY 2015: 850m
- Feb 22, 2016: 700m

-105m shares

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

- FY 2012: €3.00
- FY 2011: €3.00
- FY 2013: €5.40
- FY 2014: €3.30
- FY 2015: €3.50
- Feb 22, 2016: €3.50

-6%
Accelerated execution of functional cost reduction measures
Target achievement of ~€1bn is on track

Cumulated effects of savings

View on distribution of savings as of Q2 FY 2015

View on distribution of savings as of Q4 FY 2015
Underperforming businesses show improvement

**Underperforming businesses**

<table>
<thead>
<tr>
<th>Unconsolidated Revenue FY 2015 in €bn</th>
<th>Siemens Compressors</th>
<th>Remaining underperforming businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>~15</td>
<td>~1.2</td>
<td>~14</td>
</tr>
</tbody>
</table>

**Fiscal Year**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2017e</th>
<th>2020e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>-4%</td>
<td>-3%</td>
<td>+1%</td>
<td>~6%</td>
<td>&gt;8%</td>
</tr>
</tbody>
</table>

- 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

Year of acquisition

<table>
<thead>
<tr>
<th>Year</th>
<th>3D Design</th>
<th>Simulation &amp; Testing: LMS Virtual.Lab, Imagine.Lab, Test.Lab</th>
<th>Multidisciplinary Design Exploration: STAR-CCM+ and others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>CAD Software NX Design, Nastran and PLM Software Teamcenter</td>
<td>Behavioral simulation: 1D cross-discipline simulation, like mechanical and electrics, e.g. fuel economy &amp; range simulation for hybrid vehicles</td>
<td>Multidisciplinary Engineering Simulation: Primarily Computational Fluid Dynamics (CFD) for analysis of fluid flow, heat transfer, and fluid-structure interaction</td>
</tr>
<tr>
<td></td>
<td>• Streamlines and accelerates the product development process in a collaborative environment</td>
<td>• 3D mechanical simulation: E.g. stiffness, noise, vibration</td>
<td>• Design Exploration: Engineering simulation workflows and design optimization algorithms to automatically drive product design, e.g. for reduction of weight and cost</td>
</tr>
<tr>
<td></td>
<td>• Includes a modern, multi-discipline CAE environment</td>
<td>• Testing: Solutions for prototype testing (stationary &amp; mobile)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Teamcenter as collaboration platform enables consistent data management throughout the whole value chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Closed loop Performance analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Leading Portfolio</td>
<td></td>
<td></td>
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</table>
CD-adapco
Acquisition of a software technology leader in a fast growing industry

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Value</td>
<td>$970m</td>
</tr>
<tr>
<td>Revenues</td>
<td>~$200m (thereof &gt;80% recurring)</td>
</tr>
<tr>
<td>Synergies</td>
<td>Mid-double digit €m in year 5</td>
</tr>
<tr>
<td>Employees</td>
<td>~900 (therein ~280 in R&amp;D)</td>
</tr>
<tr>
<td>Customers</td>
<td>~3,200</td>
</tr>
<tr>
<td>Users</td>
<td>~19,000</td>
</tr>
<tr>
<td>Expected closing</td>
<td>H2 FY 2016</td>
</tr>
</tbody>
</table>

Key customer industries (% of billings FY 2015)

- **Ground Transportation** (52%)  
  14 of top 15

- **Energy** (9%)  
  9 of top 10

- **Aerospace & Defence** (9%)  
  All top 10

- **Marine** (7%)  
  9 of top 10

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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