Execution of Vision 2020 fully on track

Joe Kaeser, President and CEO
Bernstein Strategic Decisions Conference | New York, June 1, 2016
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.
Siemens Vision 2020 – Stringent execution delivers results

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

Value

Executing Vision 2020
Capital allocation along strategic imperatives

1 | Areas of growth?
2 | Potential profit pool?
3 | Why Siemens?
4 | Synergetic value?
5 | Paradigm shifts?

Strategic asset combination

Closing of acquisition of CD-adapco for $970m to pursue industrial software strategy
(4/16)

Closing of divestment to AtoS
(1/16)

Closing divestment of remaining assets to EQT for €300m
(1/16)

50/50 joint venture for powertrain in E-cars announced
E-A-D: This system matters

Digitalization

Automation

Electrification

- Enhanced electrification (~€39bn)
- Enhanced automation
- Classic services

Digital services

- Vertical software
  - Revenue FY 2015: ~€3.1bn
  - Profitability: ++
- Digital services
  - Revenue FY 2015: ~€0.6bn
  - Profitability: +++

Enhanced automation

- Revenue FY 2015: ~€19bn
- Profitability: ++

Classic services

- Revenue FY 2015: ~€15bn
- Profitability: +++

Note: Figures based on Industrial Business (Growth FY 2015 vs. FY 2014 rebased)

+~16%

- Build on deep domain know-how
- Leverage M&A and R&D investments
- Roll-out of cross-divisional Sinalytics platform
- >300k connected devices
- 17 Terabytes of data per month

+~9%

Unrestricted © Siemens AG 2016
Page 5 New York, June 1, 2016
Hannover Fair 2016 – Not only for golfers!
“Ingenuity for life – Driving the Digital Enterprise“

Digital Enterprise – Key innovations

1. Enhance Industrial software and automation portfolio
   - Integration of CD-adapco flow simulation
   - Significant expansion of TIA-Portal and COMOS Software suite

2. Expand Industrial communication portfolio

3. Provide holistic industrial security concept

4. Drive Industrial services
   - Launch of Mindsphere platform – the Siemens cloud for Industry
Platforms lead products
Sinalytics connects more than 300,000 devices

Productivity
EM
DF
PD
HC

Energy efficiency
WP
PG
PS
MO
BT

Customer value through applications

Sinalytics
Common technology platforms

Data analytics
Data visualization
Modeling/Analysis
Data management
Data integration

Cloud/Connectivity
Cyber Security

Availability
Security
MindSphere with “MindApps powered by Sinalytics” offers our customers a strong foundation for new, data-based business models.

MindSphere – Siemens Cloud for Industry

Optimize the performance of assets, energy and resource consumption, maintenance, services ...

MindApps

by Siemens
by OEMs
by end-customers

Data analytics
Data visualization

Data management
Data storage
Connectivity
We confirm our financial guidance for fiscal 2016, although the market environment for our high margin short cycle business may not pick up materially in the second half.

We still 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%. We expect basic EPS from net income in the range of €6.00 to €6.40.

Additionally, it excludes charges related to legal and regulatory matters.
## One Siemens Financial Framework

### Clear targets to measure success and accountability

1. **Growth:** Siemens > most relevant competitors

   (Comparable revenue growth)

2. **Capital efficiency** (ROCE$^2$)

   15 – 20%

3. **Total cost productivity**

   3 – 5% p.a.

4. **Capital structure** (Industrial net debt/EBITDA)

   up to 1.0x

5. **Dividend payout ratio**

   40 – 60%$^4$

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

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

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$^1$ 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
Underperforming businesses show improvement

### Underperforming businesses

#### Unconsolidated Revenue FY 2015 in €bn

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2013</th>
<th>Fiscal Year 2014</th>
<th>Fiscal Year 2015</th>
<th>Fiscal Year 2017e</th>
<th>Fiscal Year 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
Measures for ongoing productivity improvement of 3 - 5% per annum

Example: Supply chain management

Supply chain management - BOLD moves program 2020

<table>
<thead>
<tr>
<th>'Traditional' procurement levers</th>
<th>Cross-functional levers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract management &amp; pooling</td>
<td>Demand/spend management</td>
</tr>
<tr>
<td>Negotiations excellence</td>
<td>Core/non-core and footprint</td>
</tr>
<tr>
<td>Digitalization – analytics &amp; process optimization</td>
<td>Supplier innovation &amp; optimization</td>
</tr>
<tr>
<td>Global value sourcing (GVS)</td>
<td>Cost &amp; value engineering(^1) (CVE) incl. design-to-cost</td>
</tr>
</tbody>
</table>

GVS share of total purchasing volume (~€39bn)

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016e</th>
<th>FY 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target: GVS share</td>
<td>26%</td>
<td>27%</td>
<td>35%</td>
</tr>
</tbody>
</table>

CVE coverage of total cost base

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016e</th>
<th>FY 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target: Significant increase of CVE-Coverage</td>
<td>2.3</td>
<td>3.2</td>
<td>~12</td>
</tr>
</tbody>
</table>

\(^1\) Cost and Value Engineering: Cost optimized design solutions in early phase including cost transparency along entire value chain.
Accelerated execution of cost reduction measures
Target achievement of ~€1bn well on track

Cumulated effects of savings

<table>
<thead>
<tr>
<th>FY 2015</th>
<th>FY 2016e</th>
<th>FY 2017e</th>
</tr>
</thead>
<tbody>
<tr>
<td>€150m – €200m</td>
<td>€850m – €950m</td>
<td>€1bn</td>
</tr>
</tbody>
</table>

View on distribution of savings as of Q4 FY 2015
View on distribution of savings as of Q2 FY 2016

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Continuing growth in orders, revenue and profitability

<table>
<thead>
<tr>
<th>Orders in €bn</th>
<th>Revenue Comp. (nom.)</th>
<th>Profit Industrial Business (IB) in €bn</th>
<th>Net Income in €bn</th>
<th>Capital structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 15</td>
<td>Q2 16</td>
<td>Q2 15</td>
<td>Q2 FY 15</td>
<td>Q2 FY 16</td>
</tr>
<tr>
<td>20.8</td>
<td>22.3</td>
<td>18.0</td>
<td>1.7</td>
<td>3.9</td>
</tr>
<tr>
<td>+7% (+7%)</td>
<td>+5%</td>
<td>+28%</td>
<td>9.6%</td>
<td>+~60%</td>
</tr>
<tr>
<td>B-t-B</td>
<td>Margin</td>
<td>Net Income</td>
<td>BSH and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Audiology</td>
<td></td>
</tr>
<tr>
<td>1.15</td>
<td>1.17</td>
<td>14.9%</td>
<td>€3bn</td>
<td></td>
</tr>
</tbody>
</table>

EPS (“all-in”) in €

<table>
<thead>
<tr>
<th>Q2 FY 15</th>
<th>Q2 FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.70</td>
<td>1.78</td>
</tr>
</tbody>
</table>

1) BSH and Audiology EPS-disposal-effects for FY 2015: €3.66

ROCE (“all-in”)

<table>
<thead>
<tr>
<th>Q2 FY 15</th>
<th>Q2 FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.5%</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

Capital structure

<table>
<thead>
<tr>
<th>Q2 FY 15</th>
<th>Q2 FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3x</td>
<td>1.1x</td>
</tr>
</tbody>
</table>

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New York, June 1, 2016
Convinced customers – Reliable partner – Good business

Megadeals in Egypt – execution on track

- €3.1bn orders for Burullus and New Capital power plants incl. long-term service contract
  - Fast track projects for 9.6 GW (16 H-class turbines)
  - Financial close in March 2016
- Project execution of Beni Suef – 4 out of 8 H-class turbines shipped
- Comprehensive transmission network study ongoing
- Contract for six substations signed
- Training of 600 engineers and technicians has started

East Anglia ONE project

- Customer: ScottishPower Renewables
- 714MW total capacity
- Largest order to date for 7MW direct drive turbine
- Five years service contract
- Order volume ~€1.2bn
- Start of commercial operation in 2020
- Delivery out of new Hull and Cuxhaven factories in 2019

Major offshore order in Wind Power

- Customer: ScottishPower Renewables
- 714MW total capacity
- Largest order to date for 7MW direct drive turbine
- Five years service contract
- Order volume ~€1.2bn
- Start of commercial operation in 2020
- Delivery out of new Hull and Cuxhaven factories in 2019

7 MW Turbine (SWT-7.0-154)
PG: Great performance in a challenging market environment
WP: Exceptionally strong

Power and Gas (PG)

- Ramp up of Egypt orders drive revenue; 16 LGTs shipped
- Positive revenue and profit effects driven by ending or easing of Iran sanctions

Wind Power and Renewables (WP)

- Major offshore order in UK incl. service of ~€1.2bn
- Significant revenue increase on high backlog conversion
- Improved operations drive margin

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

Unrestricted © Siemens AG 2016
EM: Impressive turnaround through stringent execution
BT: Solid performance and great leadership

**Energy Management (EM)**

- Orders: €bn
  - Q2 FY 15: 3.1
  - Q2 FY 16: 3.0 (-0%)

- Revenue: €bn
  - Q2 FY 15: 2.8
  - Q2 FY 16: 2.7 (-1%)

- Profit & Margin: €m
  - Q2 FY 15: 93 (3.3%)
  - Q2 FY 16: 172 (6.3%)

- Double digit order growth in Europe/CAME and Asia/Australia offset by Americas due to tough comparables
- Profitability improvements in solutions, transformer and high voltage products

**Building Technologies (BT)**

- Orders: €bn
  - Q2 FY 15: 1.5
  - Q2 FY 16: 1.5 (+1%)

- Revenue: €bn
  - Q2 FY 15: 1.4
  - Q2 FY 16: 1.4 (+1%)

- Profit & Margin: €m
  - Q2 FY 15: 95 (6.8%)
  - Q2 FY 16: 111 (7.9%)

- Order growth in Germany and Middle East, weaker demand from China
- Larger share of high margin product and service business

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

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Digital Factory (DF)

- Top line growth in the U. S. more than offset by lower volume in China and Germany
- Profit increase mainly driven by Factory Automation

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td>€bn</td>
</tr>
<tr>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td>2.4</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Profit & Margin

- Target margin 14-20%

<table>
<thead>
<tr>
<th>€m</th>
<th>Target margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>343</td>
<td>14.5%</td>
</tr>
<tr>
<td>363</td>
<td>15.5%</td>
</tr>
<tr>
<td>14.1%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Process Industries and Drives (PD)

- Ongoing weak demand in commodity-related industries
- Growth in wind power component business
- Structural challenges weigh on profit

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td>€bn</td>
</tr>
<tr>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td>2.2</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Profit & Margin

- Target margin 8-12%

<table>
<thead>
<tr>
<th>€m</th>
<th>Target margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>103</td>
<td>4.9%</td>
</tr>
<tr>
<td>89</td>
<td>4.5%</td>
</tr>
<tr>
<td>4.6%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

1) Comparable, i.e. adjusted for currency translation and portfolio effects
MO: Stringent execution secures leading margins in the sector
HC: Consistently strong performer in the market

### Mobility (MO)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 FY 15</td>
<td>3.8</td>
<td>1.8</td>
<td>157</td>
</tr>
<tr>
<td>Q2 FY 16</td>
<td>1.8</td>
<td>1.9</td>
<td>153</td>
</tr>
</tbody>
</table>

- Orders down on tough comparables
- Profitable revenue growth driven by stringent backlog execution of large projects

### Healthcare (HC)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 FY 15</td>
<td>3.2</td>
<td>3.2</td>
<td>526</td>
</tr>
<tr>
<td>Q2 FY 16</td>
<td>3.3</td>
<td>3.3</td>
<td>555</td>
</tr>
</tbody>
</table>

- Clear order and revenue growth in the U.S.
- Revenue increase and strong earnings mainly driven by Diagnostic Imaging

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

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Below Industrial Business: Strong results from SFS, D/O-gain from sale of remaining financial assets from hearing aid business

Below Industrial Business (Q2 FY 2016)

- **SFS**: H2 in line with prior year
- **CMPA**: Negative impact H2 smaller than prior year, however, volatility remains
- **SRE**: H2 in line with prior year dependent on disposal gains
- **Corporate Items**: H2 in line with prior year
- **Pension**: ~€125m per quarter
- **PPA**: H2 in line with H1
- **Elimination, Corporate Treasury, Other**: H2 in line with prior year, including higher interest expenses
- **Tax**: Expect 26 - 30% for FY 2016
- **Discont. Operations**: Limited impact in H2
Financial calendar

June

- June 1, 2016
  Bernstein Conference (New York)
- June 9, 2016
  JP Morgan Conference (London)
- June 14, 2016
  Exane Conference (Paris)
- June 28 – 29, 2016
  Capital Market Day “Energy and Oil & Gas” (Houston)

July / August

- August 4, 2016
  Q3-Earnings Release
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