Vision 2020: Clear strategy – Strong execution

Joe Kaeser, President and CEO
JP Morgan European Capital Goods CEO Conference | Pennyhill Park, June 16, 2017
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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 by the numbers
Delivering sustainable profitable growth

**Book-to-bill ratio**

- FY 2015: 1.09
- FY 2016: 1.09
- H1 FY 2017: 1.07

Guidance FY 2017: Book-to-bill >1.0x

**Revenue**

- FY 2015: 75.6
- FY 2016: 79.6

Guidance FY 2017: Modest comparable growth

- FY 2016: 8.7
- FY 2015: 7.8

+13%

**Industrial Business – Profit & Profit margin**

- FY 2016: 4.1
- FY 2015: 10.1%

+22%

- H1 FY 2017: 5.0
- H1 FY 2016: 4.1

Guidance FY 2017: Profit margin 11.0 – 12.0%

**Earnings per share**

- FY 2015: 5.18
- FY 2016: 6.74

Guidance FY 2017: 7.20 - 7.70

- H1 FY 2017: 4.14
- H1 FY 2016: 5.0

+30%

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

2) Excluding €3.66 per share in portfolio gains from the divestments of the hearing aid business and our stake in BSH
Strong operational execution continues
Targeted efficiency improvements announced

Macroeconomic environment

- **Moderate growth** pattern continues; waiting for tangible news on **Infra-invest**
- **Recovery momentum** continues on broader scale
- **Consumption** supports **short cycle growth**
  - O-B-O-R\(^1\) provides investment inflection
- **Russia**: Upside in **Gas** and **Petrochemical**
- **Brazil**: Another year wasted – **Momentum** shifts to **Argentina**
- **India**: Opportunities all over – could be enhanced with more stringent **reforms in infrastructure**

Siemens perspective on H2 FY 2017

**PG:**
- Very competitive environment in **contracting markets** needs very focused go-to-market
- Revenue clearly below prior year with subsequent impact on profitability

**DF:**
- Leadership in continued strong short cycle business drives **market share gains**
- Mentor integration and **MindSphere rollout** weigh on margin; underlying levels OK

**PD:**
- Sector weakness and shift of resource allocation require **structural changes**

1) O-B-O-R: One Belt One Road

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Why to own Siemens shares?

1. We execute and deliver now & in the future
2. We are attractively valued
3. We offer good return
4. We have a compelling strategy
5. We have a strong ownership culture
1. We execute and deliver now & in the future

Vision 2020 Milestones

Guidance to market

€1bn cost savings

Underperforming businesses

Project charges (€bn)

The future in mind

- Management development
- Next generation organizational efficiency ("Fleet of ships")
- Value chain disruption as an opportunity
2. We are attractively valued

EV / EBITDA Multiple

<table>
<thead>
<tr>
<th>Company</th>
<th>Competitor S</th>
<th>Competitor A</th>
<th>Competitor G</th>
<th>Competitor R</th>
<th>Average Cap Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siemens</td>
<td>8.7x</td>
<td>10.6x</td>
<td>10.9x</td>
<td>11.0x</td>
<td>10.8x</td>
</tr>
<tr>
<td>Competitor S</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitor A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitor G</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Competitor R</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Thomson Reuters; Next twelve months multiple as of June 8, Siemens and GE adjusted for SFS / GE Capital

1) Average Cap Goods contains GE, ABB, Rockwell, Schneider, Toshiba, Alstom, Philips, Bombardier, Dassault Systèmes, Emerson, Honeywell, Roche and Vestas
3. We offer good return

Continued dividend increases for three years in a row
(Payout ratio: 40-60% of net income)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>€3.00</td>
<td></td>
</tr>
<tr>
<td>FY 2012</td>
<td>€3.00</td>
<td></td>
</tr>
<tr>
<td>FY 2013</td>
<td>€3.00</td>
<td>+10%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>€3.30</td>
<td>+6%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>€3.50</td>
<td>+3%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>€3.60</td>
<td></td>
</tr>
<tr>
<td>FY 2017e</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Continued dividend increases for three years in a row (Payout ratio: 40-60% of net income)

Committed to share buyback
Up to €10bn share buyback within seven years

- CY 2012: 2.9
- CY 2014-2015: 4.0
- CY 2016-2018: up to 3.0

Osram spin-off creates value

<table>
<thead>
<tr>
<th>Year</th>
<th>Issue price</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2013</td>
<td>€24</td>
<td></td>
</tr>
<tr>
<td>July 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2017</td>
<td></td>
<td>+180%</td>
</tr>
</tbody>
</table>

1) Effect of OSRAM stock distribution to shareholders of €2.40 per share

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4. We have a compelling strategy

Siemens – the **REAL Digital Enterprise**
- Comprehensive
- Integrated
- Unique
5. We have a strong ownership culture

- >165,000 employees own Siemens shares
- Mandatory share ownership for Top Management
- Attractive share matching for employees
- Compelling management incentive plan fully aligned with capital market forces
- “Open” performance reviews based on WHAT and HOW including 360° feedback

“Always act as if it was your own company“
One Siemens Financial Framework
Clear targets to measure success and accountability

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### Siemens Financial Framework

#### Growth:
- Siemens > most relevant competitors<sup>1)</sup>
- Comparable revenue growth

#### Capital efficiency
- (ROCE<sup>2)</sup>:
  - 15 – 20%
- Total cost productivity<sup>3)</sup>:
  - 3 – 5% p.a.

#### Capital structure
- (Industrial net debt/EBITDA):
  - up to 1.0x
- Dividend payout ratio:
  - 40 – 60%<sup>4)</sup>

#### Profit Margin ranges of businesses (excl. PPA)<sup>5)</sup>

<table>
<thead>
<tr>
<th>Business</th>
<th>Margin Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG</td>
<td>11 – 15%</td>
</tr>
<tr>
<td>EM</td>
<td>7 – 10%</td>
</tr>
<tr>
<td>MO</td>
<td>6 – 9%</td>
</tr>
<tr>
<td>PD</td>
<td>8 – 12%</td>
</tr>
<tr>
<td>SFS&lt;sup&gt;6)&lt;/sup&gt;</td>
<td>15 – 20%</td>
</tr>
<tr>
<td>WP</td>
<td>5 – 8%</td>
</tr>
<tr>
<td>BT</td>
<td>8 – 11%</td>
</tr>
<tr>
<td>DF</td>
<td>14 – 20%</td>
</tr>
<tr>
<td>HC</td>
<td>15 – 19%</td>
</tr>
</tbody>
</table>

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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
Siemens Vision 2020
A strong foundation to drive profitable growth

Ownership culture drives high performance team

Drive performance
- Continuous productivity improvement
- Stringent project execution
- Fix underperforming businesses

Strengthen core
- Stringent capital allocation

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

Operational consolidation
Optimization
Accelerated growth and outperformance
## Siemens Vision 2020
### Clear intents for our seven overarching goals

<table>
<thead>
<tr>
<th>GOAL</th>
<th>INTENT</th>
<th>KPI</th>
</tr>
</thead>
</table>
| 1 Implement stringent company governance with effective support functions | Live lean governance and drive continuous optimization | €1bn cost savings by FY 2016 achieved  
Continued productivity of 3-5% |
| 2 Strengthen portfolio | Sharpen our business focus in electrification, automation, and digitalization | Tap growth fields  
> 8% margin in underperforming businesses |
| 3 Execute financial target system | Grow our company value | 15-20% ROCE  
Growth > most relevant competitors |
| 4 Expand global management | Get closer to our customers and markets | > 30% of Division and BU management outside Germany |
| 5 Be a partner of choice for our customers | Foster an intimate and trusting partnership with our customers | ≥ 20% improvement in Net Promoter Score |
| 6 Be an employer of choice | Unleash the full potential of our people | > 75% approval rating in leadership and diversity in SGES |
| 7 Foster Ownership Culture | Ignite pride and passion for Siemens, through a new mindset and equity ownership | ≥ 50% increase in number of employee shareholders |
Guidance FY 2017

Guidance Update

We confirm our expectations for fiscal 2017 presented with our results for Q1 FY 2017.

We continue to expect modest growth in revenue, net of effects from currency translation and portfolio transactions, and anticipate that orders will exceed revenue for a book-to-bill ratio above 1.

We expect the profit margin of our Industrial Business in the range of 11.0% to 12.0%, and basic EPS from net income in the range of €7.20 to €7.70.

This outlook now includes portfolio changes already closed by the middle of fiscal 2017, particularly the acquisition of Mentor Graphics and the Gamesa merger, which are expected to burden Industrial Business profit margin and basic EPS from net income in fiscal 2017.

The outlook continues to exclude charges related to legal and regulatory matters as well as potential burdens associated with pending portfolio matters.
Continuous productivity drives operational performance
Siemens Operating Model key to ensure culture of adaptability

Gross margin improvement on track

H1 FY 17

31.8%

FY 2014

28.6%

FY 2015

28.9%

FY 2016

29.9%

+120bps y-o-y

Ongoing rigorous total cost productivity
in % of total cost base\(^1\)

FY 2015

~€3bn

~4%

FY 2016

~€4bn

~5%

FY 2017e

At least 4% of total cost base

Divisional productivity programs

Functional productivity initiatives

Siemens Operating Model drives change towards a fast learning, innovative and agile company

1) Total cost base: Sum of cost of sales, R&D and SG&A expenses

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Executing Vision 2020
Underperforming businesses on track to meet FY 17 expectations

Underperforming businesses (~€14.5bn revenue in FY 2016)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017e</th>
<th>2020e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Margin</td>
<td>-4%</td>
<td>-3%</td>
<td>+1%</td>
<td>+3%</td>
<td>~6%</td>
<td>&gt;8%</td>
</tr>
</tbody>
</table>

Fiscal 2017 expectations:
- In 6% range
- Under special management attention

FY 2017 Priorities:
- Clear accountability and tight monitoring
- Rigorous execution of business plans with focus on sustainable competitiveness; e.g. set up of Mechanical Drives business as standalone company within Siemens
- Partnering and divestitures remain an option

Footprint adjustments ongoing
Sharpened scope
Executing Vision 2020
Portfolio strengthening continues along our strategic imperatives

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

Closing of acquisition
April 16

Closing divestment to AtoS
January 16

Strategic alliance agreement
November 16

Closing divestment of remaining assets to EQT
January 16

Closing of acquisition
March 17

Closing of acquisition
Siemens 59% / Gamesa 41%
April 17

Closing of merger
Siemens Turbomachinery Equipment GmbH
April 16

Closing date

Closing of acquisition
Siemens 59% / Gamesa 41%
March 17

Closing of merger
Siemens Turbomachinery Equipment GmbH
April 17

Closing of merger
Siemens Healthineers
Listing preparation announced
December 16

Closing of 50/50 joint venture

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Early focus on digitalization drives value and growth

Revenue FY 2016

- Siemens software: ~€3.3bn
- Digital services: ~€1.0bn
  - IoT operating system MindSphere: +12%<sup>1)</sup>
- Enhanced automation: ~€18bn
- Classic services: ~€17bn
- Enhanced electrification: ~€42bn

Market CAGR FY17-20

- +8%
- +3-4%
- +1-2%

Strategic direction

- Strengthen leadership by combining software, platforms & services
- Expand #1 position and utilize for digitalization
- Differentiate through enhanced offerings with automation & digitalization

Note: Figures based on Industrial Business 1) Growth FY15 to FY16, rebased

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Siemens will be the first provider of a fully integrated Digital Enterprise Suite

**Acquisitions**

**2007**  
Siemens

Bringing together the virtual world of product development with the real world of production automation

**2012**  
LMS

Integrating 3D simulation and test to create the digital twin of products to predict performance

**2016**  
CD-adapco

Simulating all the physics for a more precise digital twin of products

**2017**  
Mentor Graphics

Creating the “System of Systems” view of the Digital Enterprise with Electronic Design Automation and Embedded Software

**Cooperation**

**2016**  
Bentley

Complementing 3D-modelling Software for planning, construction and operation of infrastructure facilities
MindSphere – the cloud-based, open IoT operating system from Siemens

- **MindApps**
  - Open ecosystem of applications
  - Apps from Siemens, manufacturers, operators and app developers

- **MindSphere**
  - Various cloud infrastructures: Public, private or on-premise
  - Operational data integrated with the Digital Twin to optimize simulation and engineering (model-based analytics)

- **MindConnect**
  - Installed base of millions of devices
  - Open standards (e.g. OPC UA) for connectivity
  - Secure plug-and-play connection of Siemens and 3rd party products
Merger of Siemens Wind Power and Gamesa closed as planned

Transaction description & rationale

- **Merger** of the entire Siemens Wind Power business incl. Service with Gamesa closed on April 3, 2017
- Creation of a global leader in the wind power industry with a well balanced geographic footprint and a large installed base
- New management team appointed with Markus Tacke as CEO and Andrew Hall as CFO
- Announcement of Rosa García as non-executive Chairwoman of the combined company’s Board of Directors
- New company brand reflects strengths of united company
- Ownership: Siemens 59%, Iberdrola ~8%, free float ~33%
- Global HQ and listing in Spain
- Siemens to fully consolidate the combined and listed entity as of Q3 FY17

Key figures (pro forma, LTM Mar 2017; source SGRE Q1 17)

<table>
<thead>
<tr>
<th>SIEMENS Gamesa Rénewable Energy</th>
<th>Combined business¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed Base</td>
<td>76 GW</td>
</tr>
<tr>
<td>Backlog</td>
<td>€22.2bn</td>
</tr>
<tr>
<td>Revenue</td>
<td>€11.7bn</td>
</tr>
<tr>
<td>LTM recurrent EBIT</td>
<td>€1.2bn</td>
</tr>
<tr>
<td>LTM recurrent EBIT Margin</td>
<td>9.9%</td>
</tr>
<tr>
<td>Synergies</td>
<td>€230m EBIT full impact in year 4 post closing</td>
</tr>
</tbody>
</table>

¹) Excluding transaction adjustments (e.g. effects from purchase accounting), incl. full consolidation of Adwen, stand-alone savings and normalization adjustments
Siemens Healthineers
From Good – to Great – to Fascinating

Leading position in key markets and resilient performance

- **Profit margin**: 13.2% to 17.2% (+4pts)
- **Revenue in €bn**: 11.1 vs 13.5 (+21%)
- **Free cash flow in €bn**: 1.8 vs 2.2 (+21%)

Distinct trends at work

Transformation of Healthcare providers continues:

- Industrialization
- Consolidation
- Health management

Providers today seek relevant suppliers/partners:

- that understand challenges in a changing Healthcare market and
- are able to address broad issues in multi-hospital provider systems

Growth fields: We will further strengthen our attractive business

- **Molecular Diagnostics**: Build up molecular diagnostics portfolio utilizing our global presence and strong customer partnerships
- **Advanced Therapies**: Grow rapidly into therapy: build upon our expertise in hybrid ORs and core imaging
- **Services**: Build new services portfolio to solve system wide hospital challenges incl. clinical data analytics capabilities

1) FY2011 financials excluding Audiology and Hospital Information Systems business
Strengthen our leading position by preparing listing of Siemens Healthineers

**Transformation in the healthcare market continues...**

- Paradigm shifts visible: Transition from
  - (i) product business to solving hospital system wide challenges
  - (ii) fee for service to managing outcome based health
- Race for customer relevance intensified
- Competitor & provider consolidation ongoing
- Investments required to respond to paradigm shifts

**... listing best suited to manage transition**

- Strengthen and build position in identified growth fields
- High strategic flexibility and capital allocation in light of changing healthcare market
- Focus on key success factors continues

**STRENGTHEN THE HEALTHINEERS BUSINESS IN SIEMENS**
Ownership Culture is the cornerstone for performance management and it is reflected in our incentive system.

**Ownership culture embedded in performance management**

**WHAT targets**
- WHAT was achieved
- Considers target achievements, overall results, a person’s contribution to the company’s performance

**HOW expectations**
- HOW were the results accomplished
- Considers to what extent the expectations are met, a person’s impact on others, feedback from those being affected by the person’s HOW behavior

**Incentive System – Transparency through simplicity**

<table>
<thead>
<tr>
<th>1/3</th>
<th>1/3</th>
<th>1/3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base compensation</strong> (Cash)</td>
<td><strong>Variable compensation</strong> (Bonus in cash)</td>
<td><strong>Long-term stock-based compensation</strong> (Siemens Stock Awards)</td>
</tr>
<tr>
<td></td>
<td>1/3</td>
<td>1/3</td>
</tr>
<tr>
<td></td>
<td>ROCE</td>
<td>Earnings per share</td>
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</tbody>
</table>

Plus share ownership guidelines – e.g. for President and CEO: 3 times base compensation.
Q2 FY 2017
Another strong quarter – profitable growth continuing

- Successful closing of Siemens Gamesa merger and Mentor acquisition
- Orders +1% at €22.6bn despite tough comps - excluding €3.1bn Egypt orders up +17%
  Substantial volume from large orders and base orders clearly up
- Accelerated revenue growth to +5% supported by all Divisions; book-to-bill at 1.12x
- Strong quarter with 8 out of 9 Divisions in or above target range
- Industrial Business margin expansion to 12.1% (+120bps) driven by strong operational execution
- Net income stable at €1.5bn impacted by higher tax rate – EPS at 1.79€
- Strong Industrial Business free cash flow of €2.0bn, up 32% y-o-y
Financial cockpit – Q2 FY 2017

Orders in €bn
- B-t-B: Q2 FY 16 = 1.17, Q2 FY 17 = 1.17
- Total: Q2 FY 16 = 22.3, Q2 FY 17 = 22.6

Revenue
- Comp. (nom.): Q2 FY 16 = 1.12, Q2 FY 17 = 1.12
- Total: Q2 FY 16 = 19.0, Q2 FY 17 = 20.2

Profit Industrial Business (IB) in €bn
- Margin: Q2 FY 16 = 11.4%, Q2 FY 17 = 12.4%
- ROCE: Q2 FY 16 = 10.9%, Q2 FY 17 = 12.1%

Net Income in €bn
- Q2 FY 16 = 1.5
- Q2 FY 17 = 1.5

EPS (“all-in”) in €
- Q2 FY 16 = 1.78
- Q2 FY 17 = 1.79

ROCE (“all-in”)
- Q2 FY 16 = 14.9%
- Q2 FY 17 = 13.3%

Capital structure
- Q2 FY 16 = 1.2x
- Q2 FY 17 = 1.2x

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Significant operational free cash flow improvement – Overall more balanced development

Free cash flow

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1 FY 16</th>
<th>Q2 FY 16</th>
<th>H1 FY 16</th>
<th>Q1 FY 17</th>
<th>Q2 FY 17</th>
<th>H1 FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>-728</td>
<td>812</td>
<td>84</td>
<td>738</td>
<td>1,452</td>
<td>714</td>
<td>84</td>
</tr>
</tbody>
</table>

+1.4bn

Industrial Business free cash flow

<table>
<thead>
<tr>
<th>€m</th>
<th>Q2 FY 16</th>
<th>Q2 FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,477</td>
<td>1,951</td>
<td></td>
</tr>
</tbody>
</table>

+32%

- Strong free cash flow improvement driven by PG, BT, DF
- Net operating working capital increase mainly due to Mentor integration
Financial calendar

August

- August 3, 2017
  Q3 Earnings Release

September

- September 8, 2017
  Morgan Stanley Industrials & Natural Resources conference (London)

November

- November 9, 2017
  Q4 Earnings Release
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