Disciplined execution of Vision 2020

Bank of America Merrill Lynch Global Industrials & EU Autos Conference
London, March 19, 2015
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
Value creation & Cultural change

Value creation & Cultural change

Scale up

Strengthen core

Drive performance

Foster ownership culture and leadership based on common values

Strategic direction
Operational consolidation
Optimization
Accelerated growth and outperformance

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## Siemens – Vision 2020
### Execution milestones until 2017

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

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

- **Cumulated Profit**
- **Cumulated Revenue**

**Cluster "underperforming businesses"**

- **Revenue**: 18%
- **Profit**: none

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**Execution**

- **Feb 2015**: Strategic review
- **Done**
- **May 2015**: Decide on resource allocation
- **Sep 2017**: Businesses fixed

**Fix ourselves**

- Low Voltage and Products

**Joint Venture or partner with others**

- Metals Technologies

**Divest to better owners**

- Healthcare IT
- Water Technologies

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1) Internal analysis, May 2014

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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)

Exposure along value chain

<table>
<thead>
<tr>
<th></th>
<th>Upstream</th>
<th>Midstream</th>
<th>Downstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG: &lt;5%</td>
<td>~40%</td>
<td>~25%</td>
<td>~35%</td>
</tr>
<tr>
<td>PD: 2.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM: 1%</td>
<td>~11%</td>
<td>incl. Dresser-Rand</td>
<td></td>
</tr>
</tbody>
</table>

"Secondary" effects

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

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)\(^1\)

- 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

"Unconventional" is not material\(^1\)

- 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)

\(^1\) Monthly averages until February 2015:

\(^2\) w/o tight crude ("Unconventional")

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Installed base secures **recurring** service revenues with robust after sales margin

**Combined serviceable fleet** (small turbines and compressors)

<table>
<thead>
<tr>
<th></th>
<th>Small/medium gas turbines</th>
<th>Aero-derivative gas turbines</th>
<th>Steam turbines</th>
<th>Compressors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROLLS-ROYCE</strong></td>
<td></td>
<td>2,500</td>
<td></td>
<td>1,600</td>
</tr>
<tr>
<td><strong>DRESSER-RAND</strong></td>
<td>1,500</td>
<td></td>
<td>62,000</td>
<td>32,500</td>
</tr>
<tr>
<td><strong>SIEMENS</strong></td>
<td>2,250</td>
<td>10,000</td>
<td>10,000</td>
<td></td>
</tr>
</tbody>
</table>

**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

Leadership Behaviors

Ownership culture

Values Equity

People orientation

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

### Growth:
**Siemens > most relevant competitors**

(Comparable revenue growth)

### Capital efficiency
**ROCE**
15-20%

### Capital structure
(Industrial net debt/EBITDA)
up to 1.0x

### Total cost productivity
3-5% p.a.

### Dividend payout ratio
40-60%

### Profit Margin ranges of businesses (excl. PPA)

<table>
<thead>
<tr>
<th>Business</th>
<th>Margin</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</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>

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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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

Orders in €bn
-13% (-11%) Comp. (nom.) +3% (+5%)

Revenue
20.1 18.0 16.6 17.4

Profit Industrial Business (IB)

Orders in €bn
Net Income in €bn
Comp. (nom.) (-11%) +3%
1.8
1.9
18.0
17.4

Profit
1.9 1.8
Margin
11.3% 10.2%

Net Income
1.5 1.1

EPS (“all-in”)

in €
1,70 1,30

-23%

ROCE (“all-in”)

in %
15-20%

18.6% 12.9%

Capital structure1)

≤1

0.3x 0.6x

1) Industrial Net Debt/EBITDA; EBITDA is without the elimination of income or loss from investments accounted for using the equity method
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**Power and Gas (PG)**

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 14</td>
<td>3.5</td>
<td>2.9</td>
<td>536</td>
</tr>
<tr>
<td>Q1 FY 15</td>
<td>3.7</td>
<td>2.9</td>
<td>325</td>
</tr>
</tbody>
</table>

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

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

**Wind Power and Renewables (WP)**

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit &amp; Margin (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 14</td>
<td>2.3</td>
<td>1.3</td>
<td>66</td>
</tr>
<tr>
<td>Q1 FY 15</td>
<td>1.3</td>
<td>1.5</td>
<td>80</td>
</tr>
</tbody>
</table>

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

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EM: Gradual profitability improvement
BT: Solid start, CHF appreciation as short-term impact

Energy Management (EM)

Orders
€bn
Q1 FY 14 | Q1 FY 15
2.6 | 3.1 (+17%)

Revenue
€bn
Q1 FY 14 | Q1 FY 15
2.5 | 2.7 (+3%)

Profit & Margin
€m
Q1 FY 14 | Q1 FY 15
109 | 43 (1.7%)

Target margin
7-10%

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

Building Technologies (BT)

Orders
€bn
Q1 FY 14 | Q1 FY 15
1.3 | 1.4 (+3%)

Revenue
€bn
Q1 FY 14 | Q1 FY 15
1.3 | 1.4 (+0%)

Profit & Margin
€m
Q1 FY 14 | Q1 FY 15
120 | 117

Target margin
8-11%

• 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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Page 18
DF: Broad based growth drives margin
PD: Higher investment in opex weigh on margin

Digital Factory (DF)

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q1 FY 14</td>
<td>2.3</td>
</tr>
<tr>
<td>Q1 FY 14</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Profit & Margin

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1 FY 14</th>
<th>Q1 FY 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>386</td>
<td>17.8%</td>
<td>19.4%</td>
</tr>
<tr>
<td>463</td>
<td>19.8%</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

Target margin

14-20%

Process Industries and Drives (PD)

<table>
<thead>
<tr>
<th>Orders</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>Q1 FY 14</td>
<td>2.5</td>
</tr>
<tr>
<td>Q1 FY 14</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Profit & Margin

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1 FY 14</th>
<th>Q1 FY 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>163</td>
<td>7.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>155</td>
<td>6.8%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Target margin

8-12%

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

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

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Profit & Margin

Margin as reported

Margin excl. severance
MO: Positive mix effects drive margin expansion
HC: Unfavorable mix with negative margin impact

**Mobility (MO)**

<table>
<thead>
<tr>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 14</td>
<td>Q1 FY 15</td>
</tr>
<tr>
<td>3.4</td>
<td>1.3</td>
</tr>
<tr>
<td>-64%</td>
<td>+15%</td>
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</tbody>
</table>

**Healthcare (HC)**

<table>
<thead>
<tr>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 14</td>
<td>Q1 FY 15</td>
</tr>
<tr>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>+2%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

**Profit & Margin (€m)**

<table>
<thead>
<tr>
<th>Mobility (MO)</th>
<th>Healthcare (HC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY 14</td>
<td>Q1 FY 15</td>
</tr>
<tr>
<td>109</td>
<td>473</td>
</tr>
<tr>
<td>6.9%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

**Margin (x.x%)**

- MO: Positive mix effect from high margin business
- HC: 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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Executing Vision 2020
Capital allocation along strategic imperatives

Aero-derivative gas turbines and compressors
£785m purchase price and £200m for exclusive access to long-term aero-technology developments

Healthcare IT
Divestment to Cerner for US$1.3bn

Microbiology
Divestment to Beckman Coulter for US$ ~450m

Audiology
Divestment to EQT for €2.15bn

Water Technologies
Divestment to AEA Partners

Metals Technologies
Joint Venture Primetals Technologies with MHI

B/S/H/
Divestment of 50% share to Bosch
Equity value €3.25bn – thereof €3.0bn cash purchase price and €250m dividend & special dividend

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

Closing expected in summer 2015

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

Onshore
- Drilling
- O&G Production
- Pipeline
- LNG

Offshore
- Drilling
- Subsea
- FPSO

Siemens
Rolls-Royce
Dresser-Rand

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

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### Digitalization – From data to business

**Major digitalization technologies ...**

- Mobile and collaboration
- Connectivity and Internet of Things
- Cloud technologies
- Big data and analytics

**... leveraged along our entire portfolio ...**

- Digitalization
- Automation
- Electrification

**... to create attractive business opportunities**

<table>
<thead>
<tr>
<th>Vertical software</th>
<th>Digital services</th>
</tr>
</thead>
<tbody>
<tr>
<td>€2.4bn Revenue FY 2014</td>
<td>€0.5bn Revenue FY 2014</td>
</tr>
<tr>
<td>Profitability ++</td>
<td>Profitability +++</td>
</tr>
<tr>
<td>+9% Market growth</td>
<td>+15% Market growth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enhanced automation</th>
<th>Classic services</th>
</tr>
</thead>
<tbody>
<tr>
<td>€19bn Revenue FY 2014</td>
<td>€14bn Revenue FY 2014</td>
</tr>
<tr>
<td>Profitability ++</td>
<td>Profitability +++</td>
</tr>
<tr>
<td>+6% Market growth</td>
<td>+3% Market growth</td>
</tr>
</tbody>
</table>

**Enhanced electrification (~€37bn)**

Note: Figures Industrial Business

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<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March / April</td>
<td>March 19, 2015</td>
<td>Bank of America Merrill Lynch Conference (London)</td>
</tr>
<tr>
<td>May</td>
<td>May 7, 2015</td>
<td>Q2 Earnings Release and Analyst Conference (London)</td>
</tr>
<tr>
<td></td>
<td>May 27, 2015</td>
<td>Bernstein Strategic Decision Conference (New York)</td>
</tr>
<tr>
<td>June</td>
<td>June 10, 2015</td>
<td>Exane European CEO Conference (Paris)</td>
</tr>
<tr>
<td></td>
<td>June 17, 2015</td>
<td>Deutsche Bank German, Swiss and Austrian Conference (Berlin)</td>
</tr>
</tbody>
</table>
Siemens Investor Relations contacts

<table>
<thead>
<tr>
<th>Investor Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet:</td>
</tr>
<tr>
<td><a href="http://www.siemens.com/investorrelations">www.siemens.com/investorrelations</a></td>
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<td>Email:</td>
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<tr>
<td><a href="mailto:investorrelations@siemens.com">investorrelations@siemens.com</a></td>
</tr>
<tr>
<td>IR-Hotline:</td>
</tr>
<tr>
<td>+49 89 636-32474</td>
</tr>
<tr>
<td>Fax:</td>
</tr>
<tr>
<td>+49 89 636-32830</td>
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