Vision 2020+
Execution and next steps
Joe Kaeser, President and CEO
Capital Market Day I Munich, May 08, 2019
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, should decisions, assessments or requirements of regulatory authorities deviate from our expectations, 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.

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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.
Vision 2020+
Raising the bar

#RaisingTheBar

Transforming
Anticipate markets and trends

Ultimate value creation
Leading in all businesses

Focus
Accountability
Adaptability

Key: Foster Ownership Culture and strengthen entrepreneurial focus
New structure in place – entrepreneurial freedom for businesses

Vision 2020+ new structure

<table>
<thead>
<tr>
<th>Operating Companies</th>
<th>Strategic Companies</th>
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<tbody>
<tr>
<td>POC</td>
<td>MO</td>
</tr>
<tr>
<td>DI</td>
<td>SHS</td>
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<tr>
<td>SI</td>
<td>SGRE</td>
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<td>GP</td>
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Mid-term target

- **Accelerated comp. revenue growth**: + 2 ppts. CAGR
- **Margin lift at Industrial Business**: + 2 ppts.
- **EPS growth**\(^1\)**: > revenue growth

\(^1\) on constant minority shareholdings

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Page 4 | Munich, May 8, 2019
Strategic Company Mobility: Ideally positioned to create value

Most diversified & integrated mobility business

- Strong management team in place
- Geared for sustainable growth driving backlog of €33bn
- Delivering industry leading margins in attractive growth market
- Benefits from excellent Siemens position in digitalization and global reach
- Focused and independent set-up creates optionality

1) As reported (excl. Traction Drives business) – not comparable to FY17-FY19

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2018</th>
<th>H1/FY2019</th>
<th>FY2019e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders in €bn</td>
<td>7.8%</td>
<td>10.9%</td>
<td>10.8%</td>
<td>11.5% to 11.0%</td>
</tr>
<tr>
<td>Adj. EBITA Margin</td>
<td>10.3%</td>
<td>11.0% +310bps</td>
<td>8.1</td>
<td>13.0 to 14.0</td>
</tr>
</tbody>
</table>

- Rolling Stock
- Rail Infrastructure
- Road Infrastructure
- Customer Service
- Intermodal Solutions
- Turnkey Projects
Siemens Healthineers (SHS) – Ideally positioned to shape the future of healthcare

1. Convincing "Strategy 2025"

- **Strategic posture**: Drive profitable growth in core business
- **Strategic priorities**:
  - Significant next generation product and platform launches (e.g., Atellica)
  - Structural cost savings

Reinforcing

Upgrading

Tap into adjacent growth markets

"Market leadership 2025"

2. Creating value for shareholders (Share Price)

- **Issue Price**: €28.00
- **Note**: Share price as of May 2, 2019

**FY19 guidance**

- **Comp. Revenue growth**: 4 - 5%
- **Mid-Term**: 4 - 6%

**Siemens expectation:**

- **Adj. profit margin**: 17.5 - 18.5%
- **17 - 21%**

- **Siemens holdings**: 85% < 85%

**Siemens expectations:**

- Successful Atellica roll-out
- Expand **lead in Imaging, Advanced Therapies and Digital Data / AI**
- Continue to **create shareholder return**

Note: Share price as of May 2, 2019
Portfolio Companies: Expect focus and accountability
Margin expansion to >5% already in 2022

Improvement plan FY 2019 – 2022

FY2018: Revenue €5bn | Adj. EBITA margin -6%

Operational Priorities
- Fix business with longer term PE approach
- "Full potential" plans
- Management incentives fully aligned with value creation

Turn-around

Exit

Near term partnership or exit to suitable owner

1. Break even FY2020
2. Target FY2023
3. > 5% Adj. EBITA margin

Clear ownership structures expected

Transformation program for clear ownership

Portfolio Companies (POC)

- Siemens Postal, Parcel & Airport Logistics (SPPAL)
- PD Mechanical Drives (Flender)
- PD Solutions
- PD Large Drives (partially)
- EM Subsea Business

Equity Investments

- Valeo Siemens (50%)
- Primetals (49%)
- EthosEnergy (49%)
- Voith Hydro (35%) …etc.
Creating a unique Energy and Power company – focused resource allocation offers attractive opportunities

1. **Focus:**
   Optimize resource allocation

2. **Accountability:**
   Capital Market and anchor investors with Energy and Power

3. **Adaptability:**
   Unique offering in both conventional and renewable energy

4. **Transformation:**
   Deconsolidation, >25% to <50% remaining and transfer of all SGRE shares

5. **Value creation:**
   - Revenue growth: 2018: -8% 2023e: 2-3%
   - Adj. EBITA Margin: 2018: ~4% 2023e: 8-12%

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**NewCo**

- ~30bn Orders
- ~4% Adj. EBITA Margin
- ~70bn Order backlog
- ~27bn Revenue
- ~88,000 Employees

**Vertical revenue split**

- **Conventional Generation:** 35%
- **Oil & Gas:** 11%
- **Grid:** 21%
- **Renewable Energy SGRE:** 33%

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**Transfer of all SGRE shares to NewCo:**

Partial GP spin-off until Sept. 2020

**Focus**

- Simplification
- Resource allocation

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1) Figures FY18 pro forma
2) Comparable growth FY17-FY18
3) CAGR FY19-FY23
Gas & Power / SGRE: Timeline

- Carve-out concept per country
- Local Asset Transfer Agreement signed
  - GP Carve-out effectiveness; Transfer of all SGRE shares
- Preparation IFRS Audit
- Spin-off Agreement and Report
- Preparation of Equity Story
- Preparation of Prospectus
- Extraordinary General Meeting
- Listing

Today: Carve-out
April 2020: Preparation IFRS Audit, Preparation of Prospectus
June 2020: Local Asset Transfer Agreement signed
Sept. 2020: Extraordinary General Meeting
Innovation is key for organic value creation

Increased research and development
R&D investment, in €bn

<table>
<thead>
<tr>
<th>Year</th>
<th>SHS</th>
<th>Others(^2)</th>
<th>CT</th>
<th>SI</th>
<th>DI</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>1.3</td>
<td>2.0</td>
<td>0.6</td>
<td>1.5</td>
<td>5.6</td>
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<tr>
<td>FY2018</td>
<td>1.5</td>
<td>0.2</td>
<td>0.6</td>
<td>1.3</td>
<td>5.6</td>
</tr>
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+39% increase

Research & Predevelopment: 14 Company Core Technologies (CCTs)

Key areas of R&D
Digital Industries
- Digital Twin (Product, Production, Performance)
- MindSphere & SaaS

Smart Infrastructure
- Distributed Energy Systems
- Grid Edge
- Smart Building

Siemens Healthineers
- AI-assisted diagnostics
- Remote diagnostics support

Company Core Technologies
- Artificial Intelligence
- Cyber Security
- Connectivity / Edge Devices

Leading in inventions and patents
Siemens top patent applicant in Europe (2018)\(^3\)

Innovation power of Siemens
- 3,850 Patent applications\(^1\)
- 7,300 Inventions\(^1\)

1) Global, in FY 2018; continuing operations
2) e.g. Gas and Power, SGRE, Mobility, Portfolio Companies
3) European Patent Office
Global Business Services – A competitive, highly efficient service business

From
Function-oriented setup with constant captive demand (e.g. HR, Finance, SCM…)

To
End-to-end setup, open for third party business

- ~6,000 employees and €430m service volume
- Flexible to meet demand of Operating and Strategic Companies at market prices
- Enabling higher efficiency on service volume, driven by savings and growth:
  - 10% when fully operational (FY20)
  - 20% when fully optimized (FY21)
- Potential to act as transformation machine for Siemens
Vision 2020+ improves transparency and creates accountability & efficiency

Headcount

~40,000

~6,500

~1,500

~7,500

~3,000

~3,000

~6,000

Nucleus for new business

>20% reductions
Support Functions in scope:
Savings:
€500m until FY23,
(60% until FY21)

Pooled but "demand-based", e.g.
- Legal
- Finance
- HR
- SCM

Corporate Core and Services before Vision 2020+

Operating Companies

Corporate Technology R&D

IoT

Portfolio Companies

Real Estate Services

Global Business Services

Governance and Support Functions in scope
(As of April FY19)

Reductions

"Corporate Operations"

Lean Governance

1,400 until FY21

1,100 until FY23

~12,500

~2,500

~7,500

~6,000

10% / 20% service efficiency

~2,500

~1,100

~1,400

~12,500

~6,000

~3,000

~3,000

~1,500

~7,500

~6,500

~40,000

~6,500

~1,500
Further transformation on the path to ultimate value creation

Performance | Mid-term target 2021 | Long-term target
---|---|---
Comp. Revenue Growth | 1.6% | 4 - 5% |
Adj. IB EBITA Margin | 10.6% | 11 - 15% | 14 - 18% |
ROCE | 13.3% | 15 - 20% |
EPS | €6.30 - €7.00 | ∆EPS > Growth |

1) Ø5 yr. 2) w/o gains FY15 Audiology, BSH; FY18 Osram, Atos
Why to invest in Siemens: Clear roadmap to ultimate value creation

I. Accountable – New structure, entrepreneurial freedom, growth acceleration and margin expansion

II. Adaptable – Optionality for Mobility; Healthineers well positioned to shape their markets

III. Stringent – PE like operational improvement for Portfolio Companies

IV. Focused – Carve-out and partial spin of GP, transfer of all SGRE shares: Simplification of Siemens portfolio – strategic flexibility for GP

V. Innovative – Continued invest to shape future technologies

VI. Lean – Optimized governance and support functions

VII. Ambitious – Transformation leads to higher performance level
Stringent milestones for execution

- New company structure operational as of April 1, 2019
- First update on Corporate efficiency measures Q4 FY19, ongoing quarterly
- GP carve out effective by April 2020
- GP partial spin-off by September 2020
- Update on Mobility by Q2 FY20
- GBS efficiency target achieved: 10% by Q4 FY20, 20% by Q4 FY21
- Portfolio Companies target 5% adj. EBITA margin achieved by FY22