

# Sustainable value generation delivering attractive shareholder returns

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# Notes and forward-looking statements

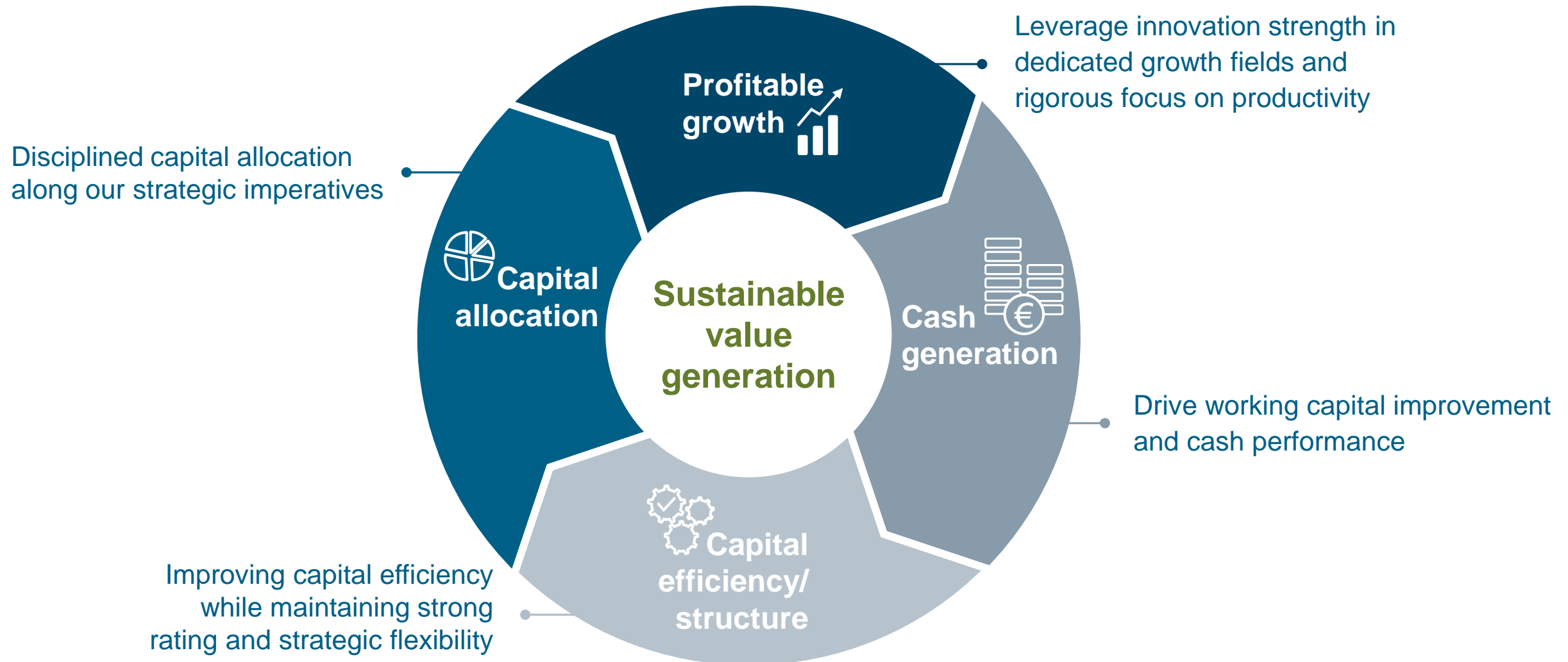


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# Sustainable value generation delivering attractive shareholder returns



# Vision 2020+

## Clear aspiration for accelerated growth and margin expansion



### After significant investments ...

FY 2014 - 2018

**+39%**

Research and development

**+47%**

CAPEX

**+22%**

Sales expenditures

**€14bn**

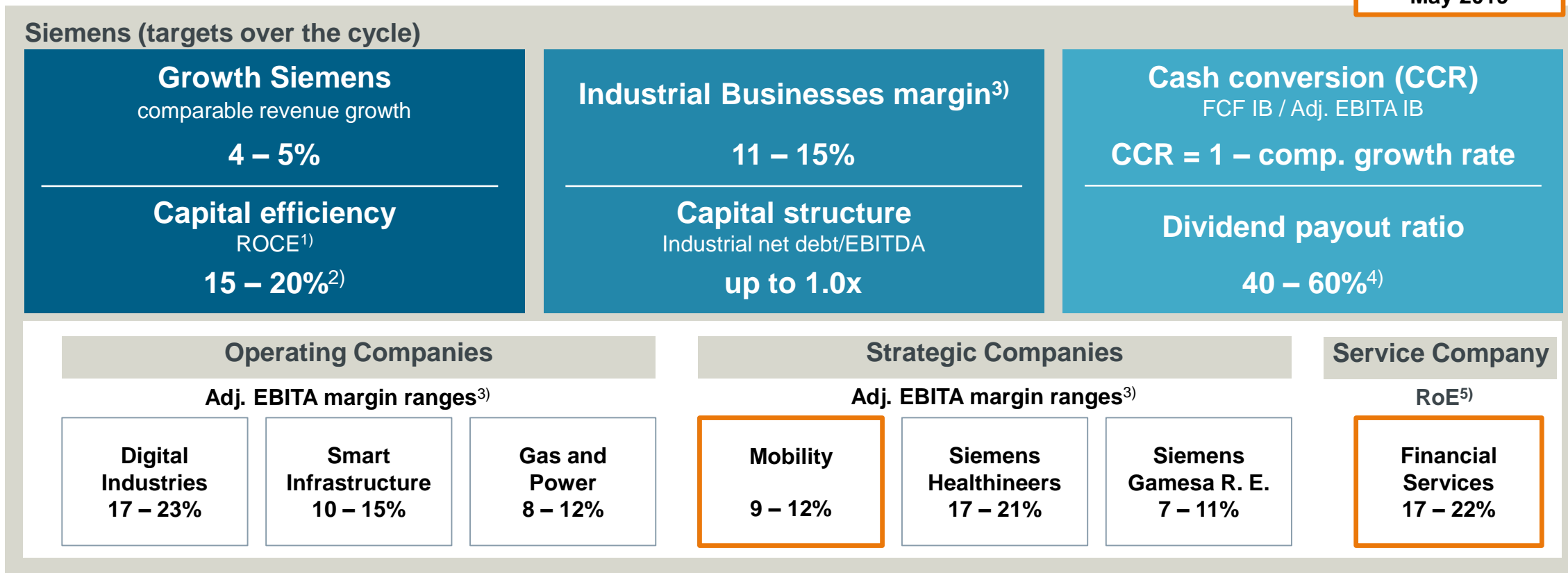
Cash spent on M&A

### ... we raise the bar to a new level

- › Accelerate revenue growth and gain in market shares **+ 2 ppts CAGR**
- › Ambitious Industrial Business margin expansion **+ 2 ppts**
- › Drive EPS growth **> Revenue growth**

# Ambitious targets of Vision 2020+ reflected in updated Financial Framework

Update as of  
May 2019



1) Based on continuing and discontinued operations; 2) Long-term goal; currently ROCE burdened by significant M&A; 3) EBITA adjusted for operating financial income, net and amortization of intangible assets not acquired in business combinations; margin ranges for Siemens Healthineers and Siemens Gamesa R. E. reflect Siemens expectation; 4) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 5) Return on equity after tax

# Leverage key drivers for profitable and capital efficient growth



1) In % of total cost base (sum of cost of sales, R&D and SG&A expenses)

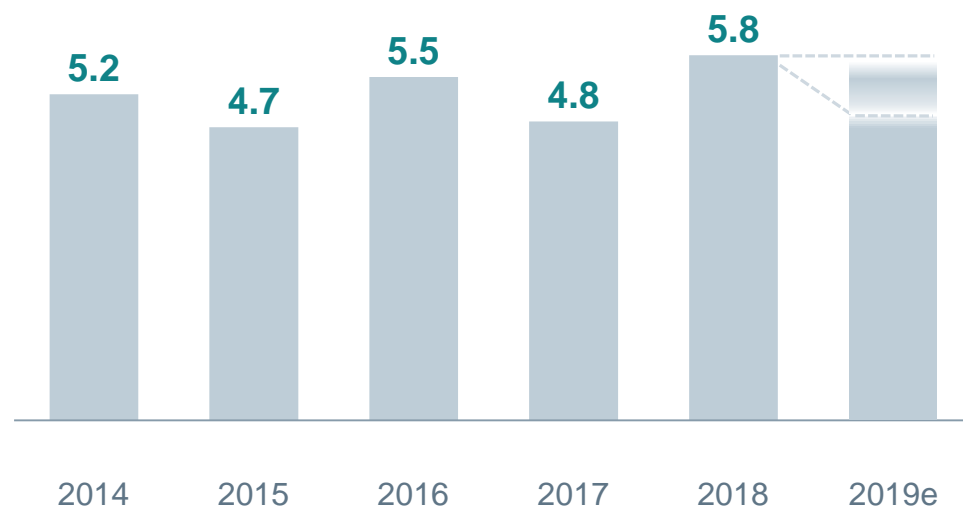




# Cash generation impacted by investments and market developments, but ...

## Free cash flow (all-in)

€bn | FY



## Impacts on cash flow

### High level of **dedicated investments**

(e.g. Capex Ratio >130% in FY 2016 – 2018)

### Continuing market trend of **lower advance payments** in project business

(mainly PG -0.7bn in FY 2018 vs. FY 2015)

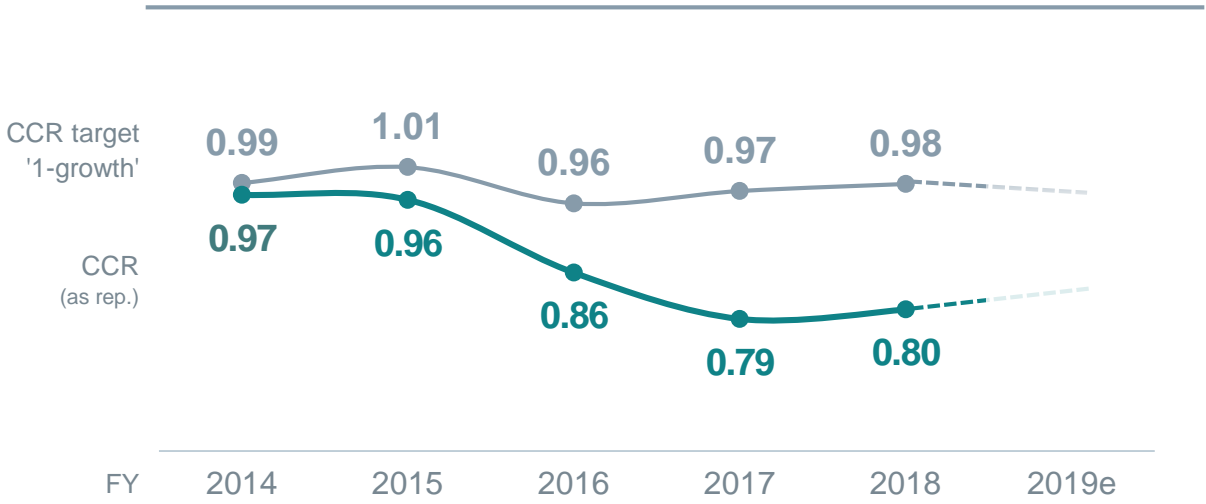
### Ongoing **contraction in PG markets**

(~50% market decline for large gas turbines in FY 2018 vs. FY 2015)



# ... operational cash conversion not yet satisfying

## Cash conversion rate (Ind. Bus.)

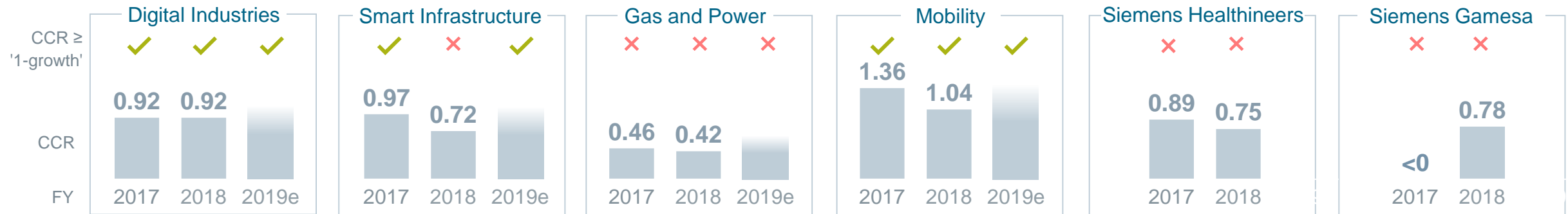


## Key levers for improvement

Dedicated programs for **working capital management** on all levels  
(up to €1bn improvement until end of FY 2019)

**Strengthening awareness** throughout the organization – senior management incentivized for 1/3 on CCR

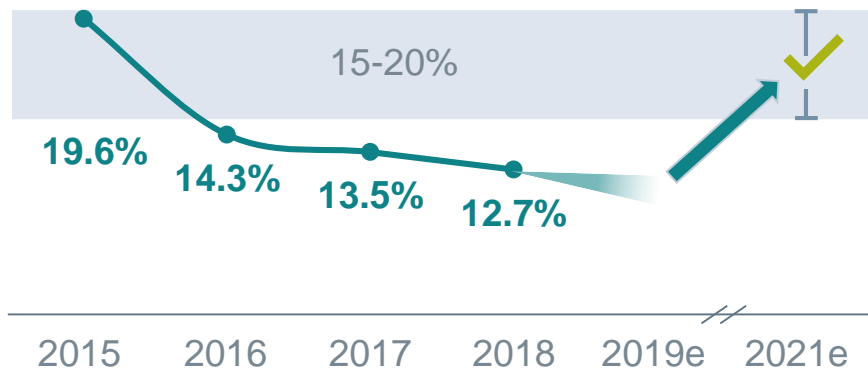
## Top management monitoring



DI, SI and MO target to reach CCR '1-growth' in FY 2019, GP by FY 2021

# Acquisitions and structural GP challenges weighing on ROCE – GP portfolio measure drives return to target range by 2021

## ROCE development and major impacts



- ✓ **Acquisitions for Digital Enterprise offering** (e.g. CD-adapco, Mentor)
- ✓ **Merger with Gamesa**
- ! **Gas and Power** including Dresser-Rand

## Key levers for improvement

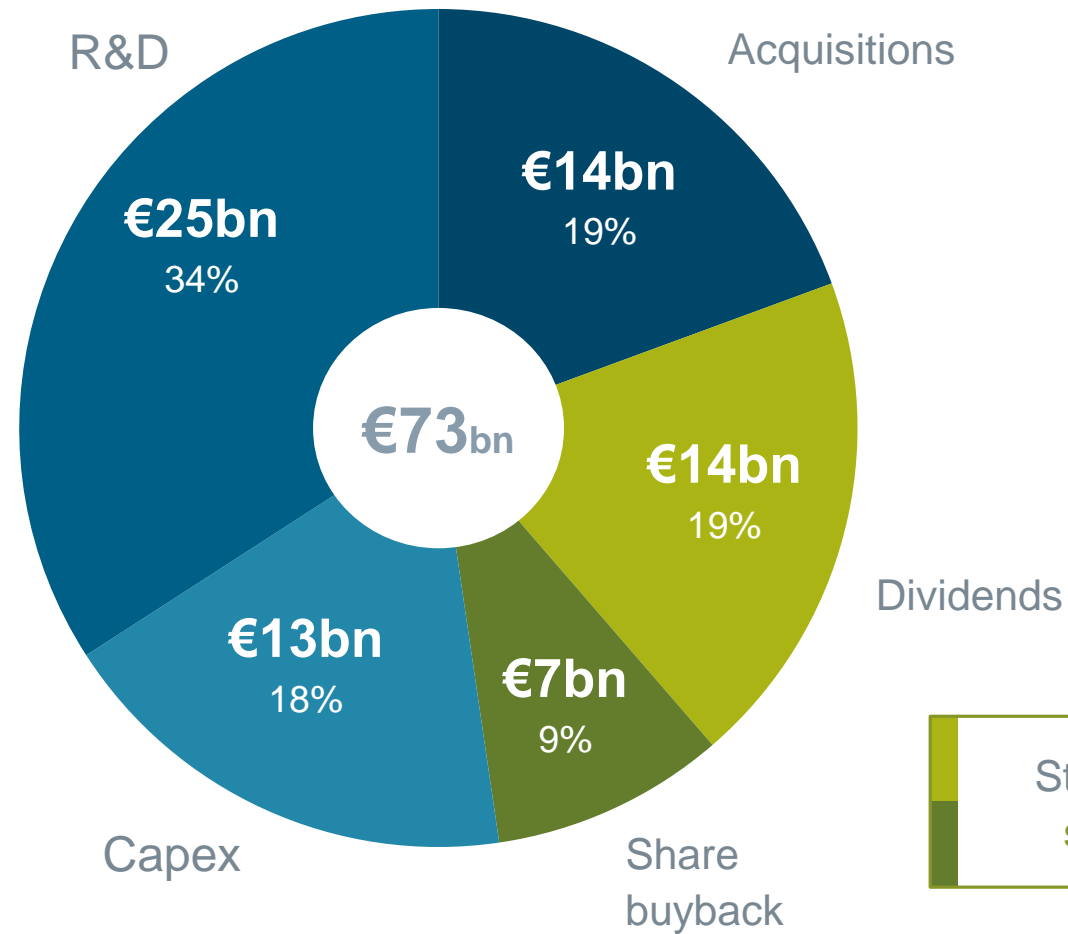
- Increase **operational profitability**
- Reduce capital employed by **stringent working capital management**
- **Continue to deliver on** business plans of **acquisitions** for digital leadership
- **Execute on** Operating and Strategic Company **plans**
- **Active portfolio management** incl. divestments

**Improving capital efficiency while maintaining strong investment grade rating and strategic flexibility**

# Capital allocation balancing investments and shareholder returns



<b>Strategic imperatives</b>	1) Areas of growth?
	2) Potential profit pool?
	3) Why Siemens?
	4) Synergetic value?
	5) Paradigm shifts?



Strong and sustainable **shareholder return**

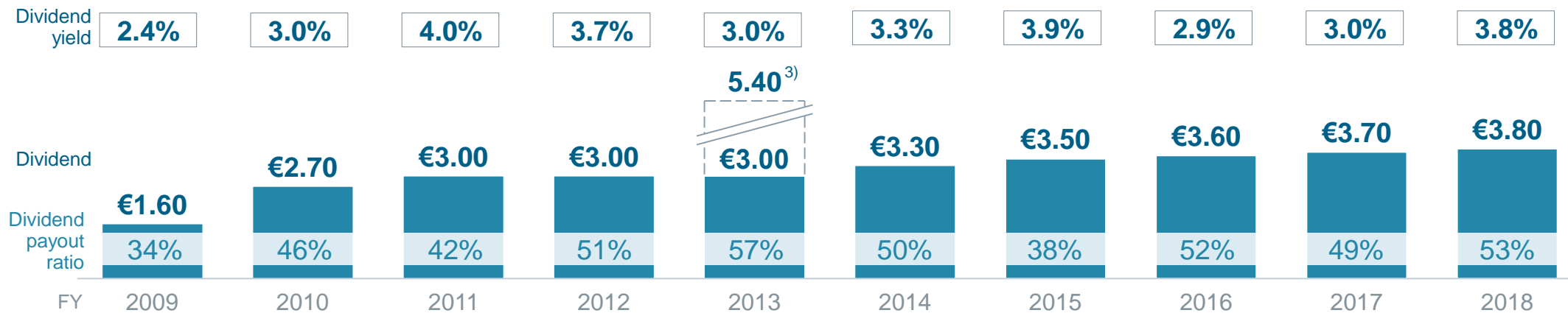
FY 2014 - 2018

# Siemens dividend policy and share performance offering sustainable shareholder returns

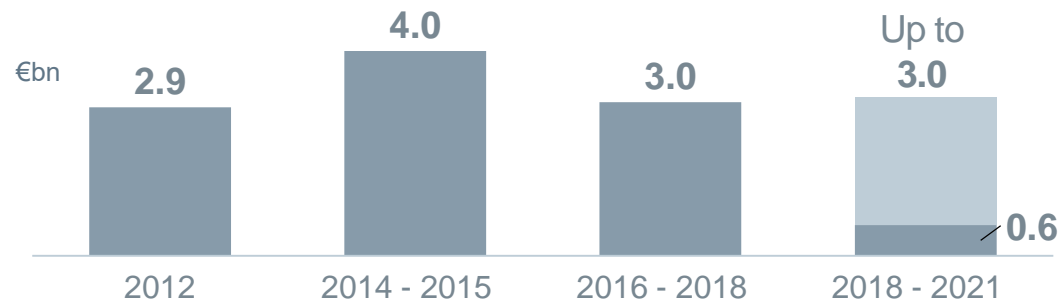
**+64%**

Total return<sup>1)</sup>

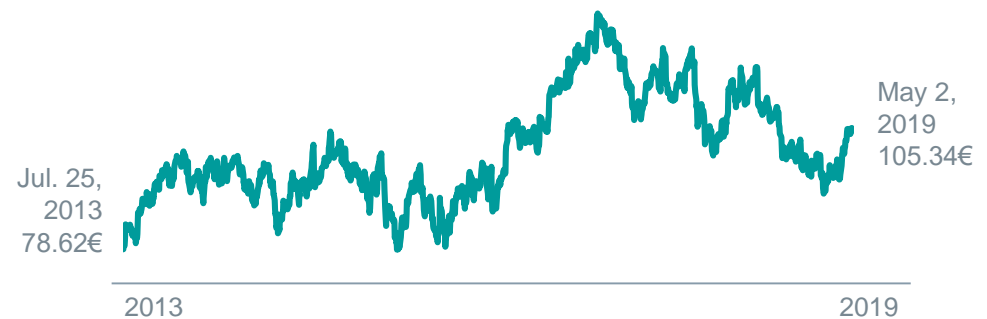
**3.3%** average dividend yield<sup>2)</sup>



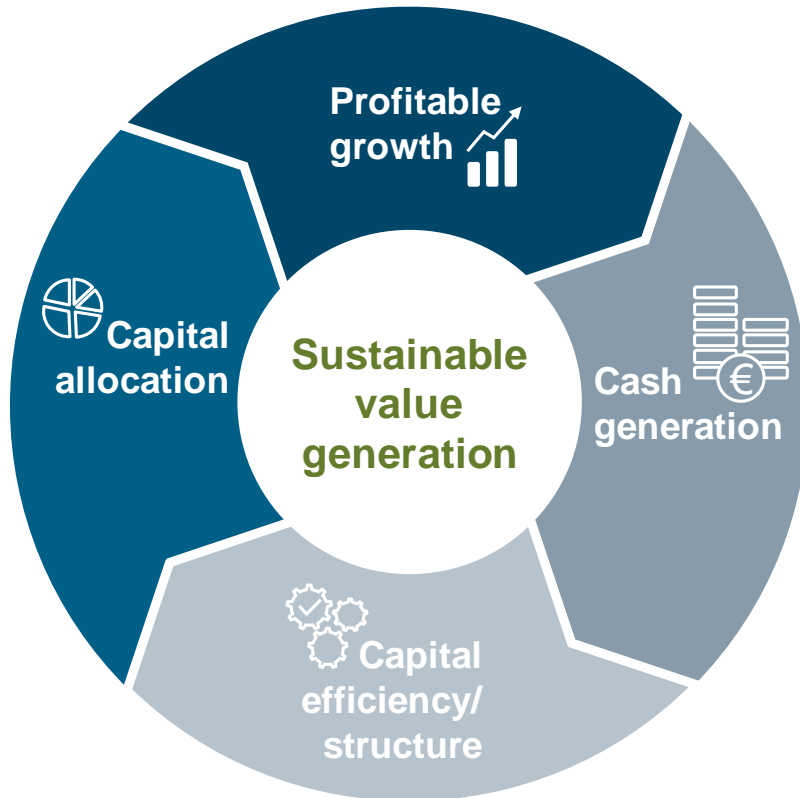
## Share buyback continued



## Share price development



# We are fully committed to sustainable value generation



**1** Deliver on our promises on profitable growth

**2** Drive working capital improvement and cash performance

**3** Improving capital efficiency

**4** Continue stringent capital allocation