

Joe Kaeser, President and CEO  
Ralf P. Thomas, CFO

# **Q1 – Overall performance as expected**

Q1 FY 2015, Analyst Call  
Munich, January 27, 2015

# 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, 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.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

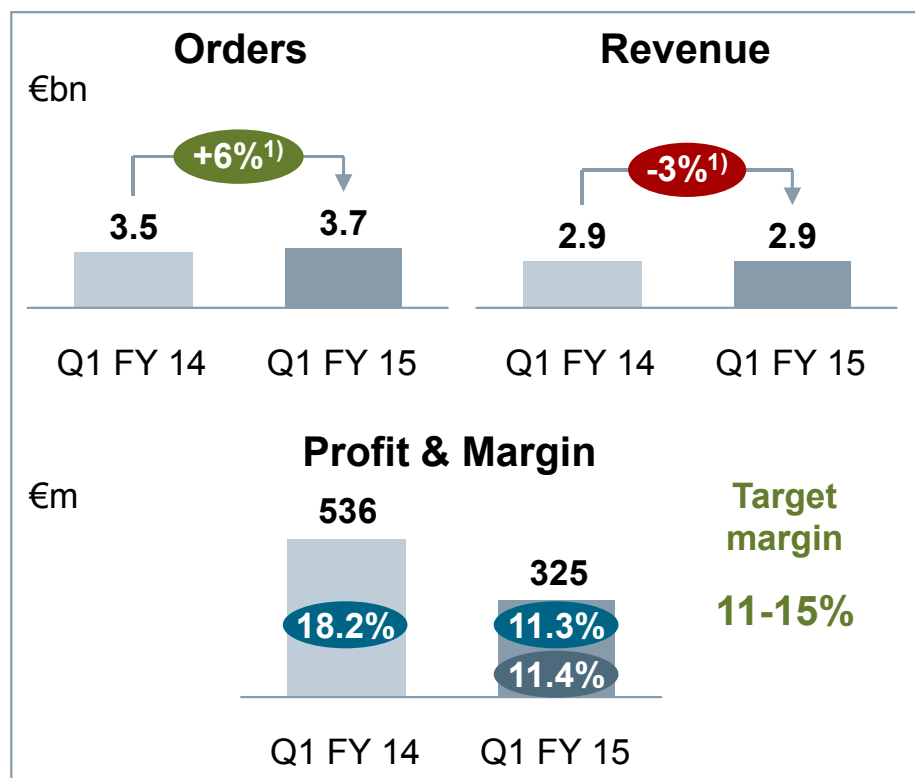
Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## Key developments

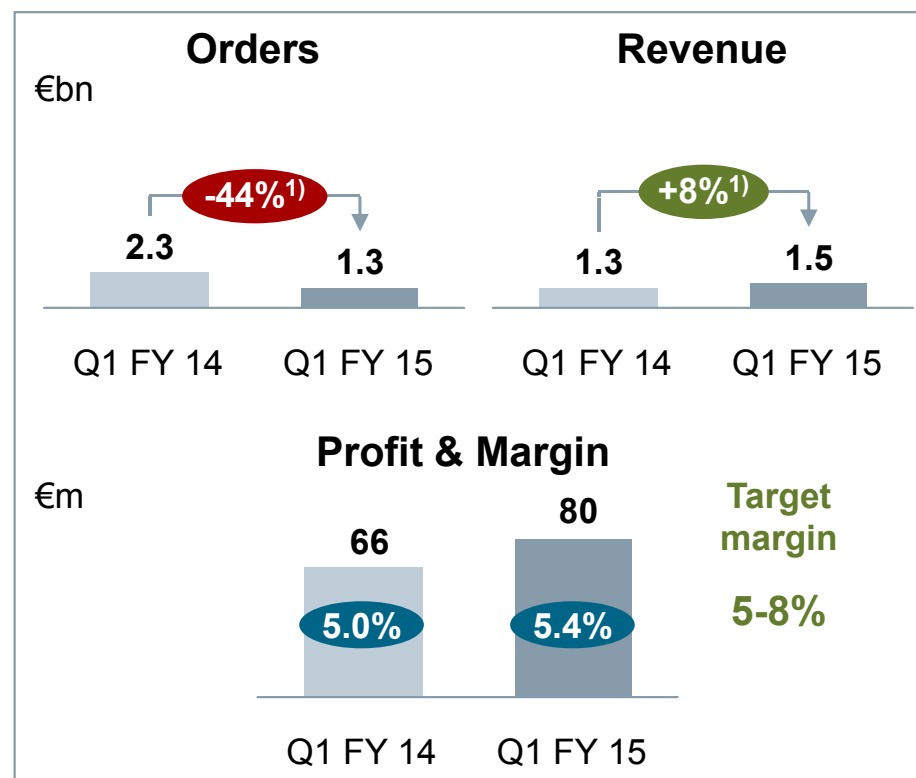
- Continued **volatile economic and market environment**
- **Orders below prior year (-13%)** due to **tough comps in large orders**
- **Moderate organic revenue growth (+3%)** driven by Mobility, Wind Power and Digital Factory
- **Industrial business margin with 10.2% within expected range**
- **Net Income of €1.1bn (-25%)** and **basic EPS of €1.30** burdened by factors outside Industrial Business mainly due to lower interest rate environment
- **Strong Free Cash Flow** from Industrial Business
- **Significant progress on portfolio optimization:** Closing of Rolls-Royce acquisition and divestment of BSH and Audiology, Primetals Technologies joint venture starts operation

**PG: Margin decline as expected, actions in place**  
**WP: Focus on execution to strengthen profitability**

**Power and Gas (PG)**



**Wind Power and Renewables (WP)**



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

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

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

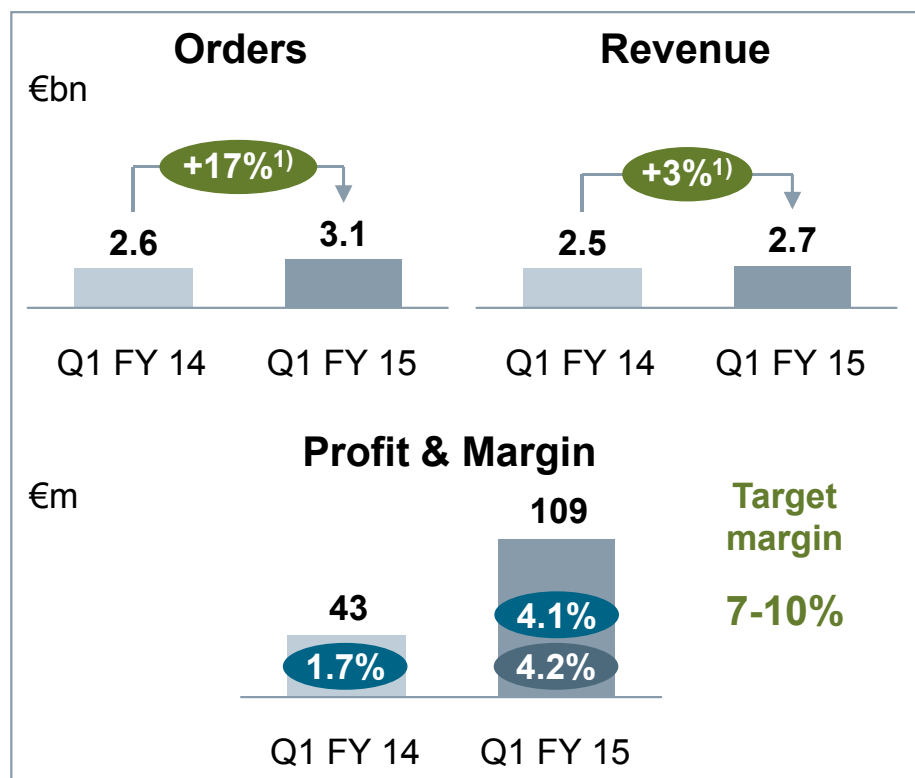
x.x% Margin as reported

x.x% Margin excl. severance

# EM: Gradual profitability improvement

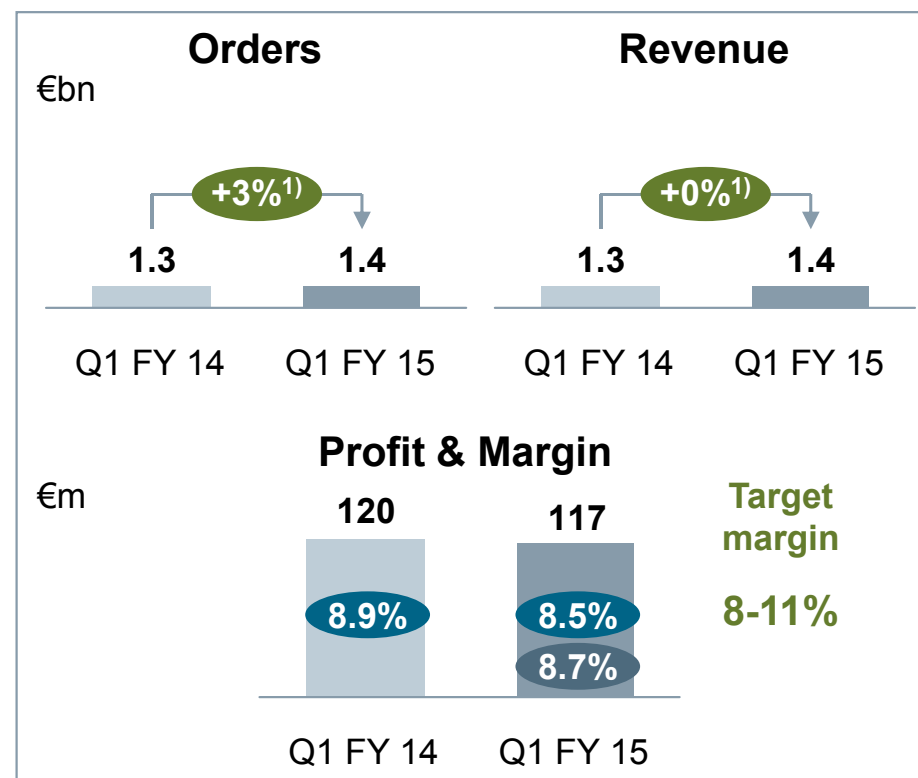
# BT: Solid start, CHF appreciation as short-term impact

## Energy Management (EM)



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

## Building Technologies (BT)



- 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

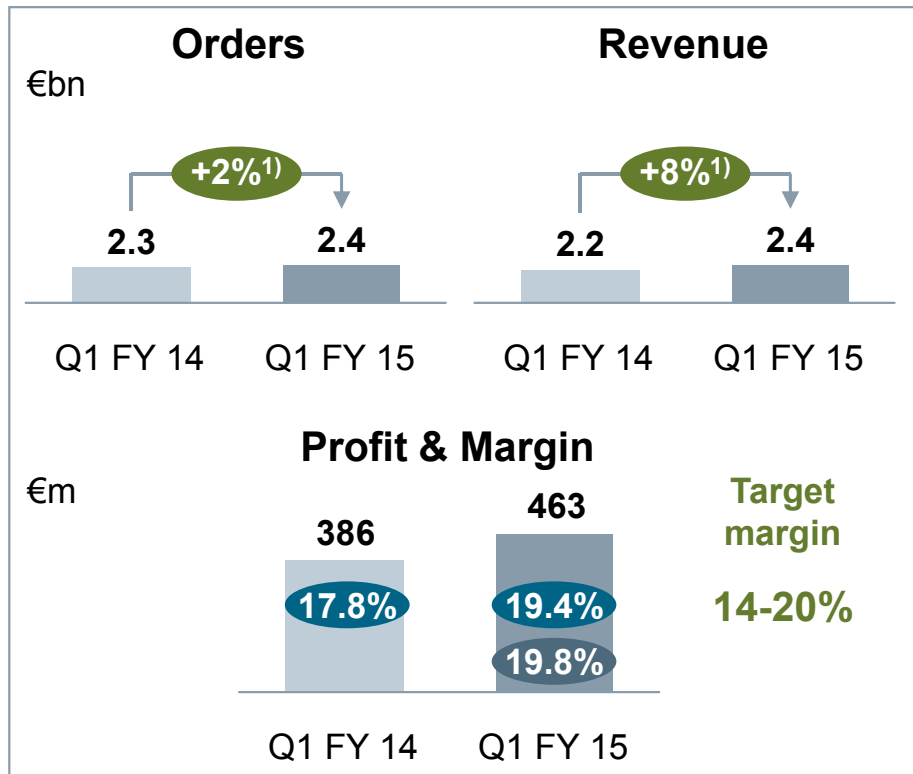
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# DF: Broad based growth drives margin

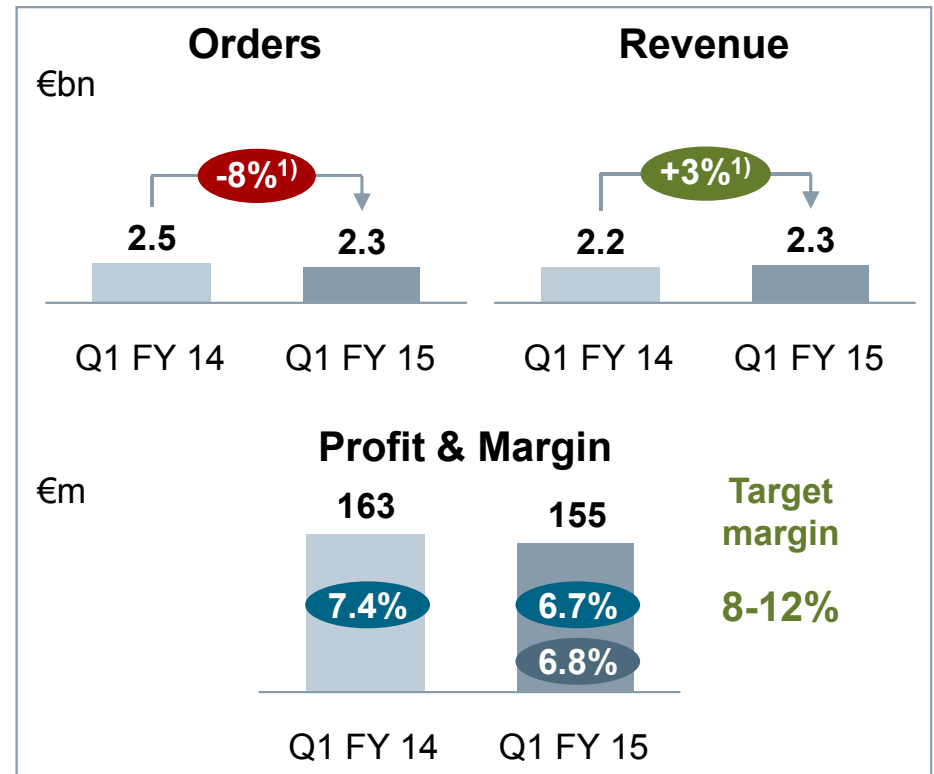
# PD: Higher investment in opex weigh on margin

## Digital Factory (DF)



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

## Process Industries and Drives (PD)



- Lower large order volume and weaker demand from commodity related industries
- Higher R&D and selling expenses

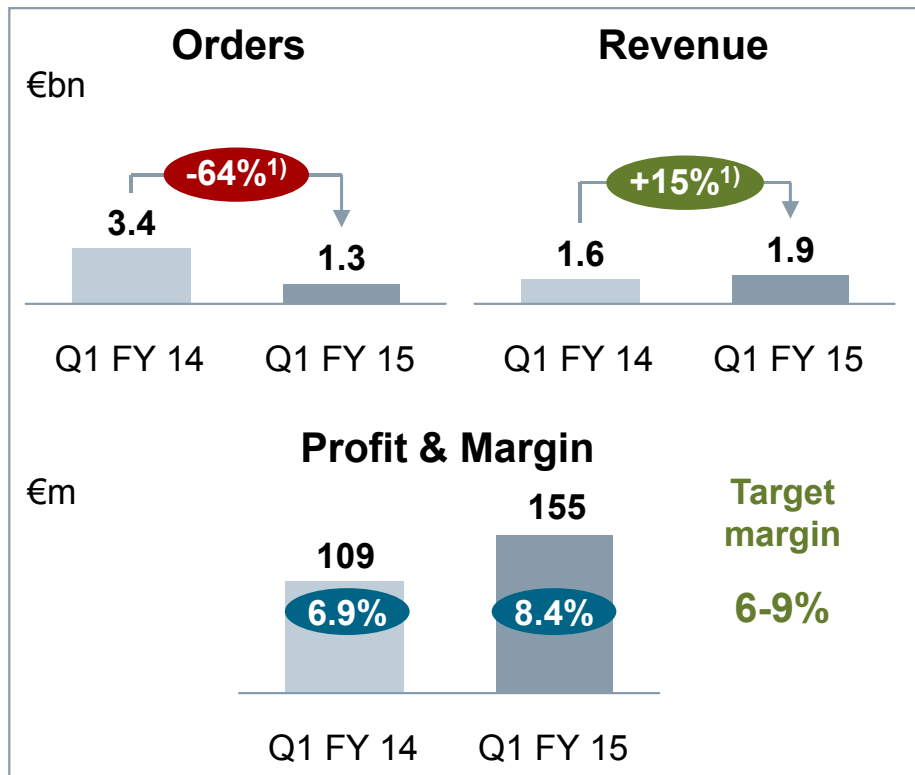
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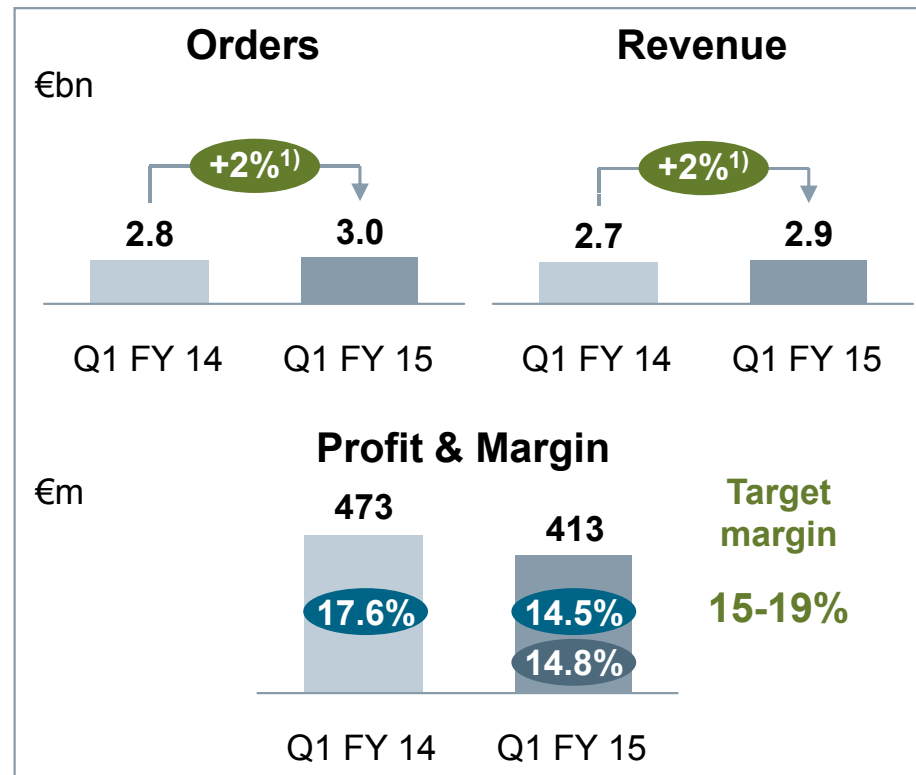
# MO: Positive mix effects drive margin expansion HC: Unfavourable mix with negative margin impact

## Mobility (MO)



- Lower order volume on tough comparables
- Positive mix effect from high margin business

## Healthcare (HC)

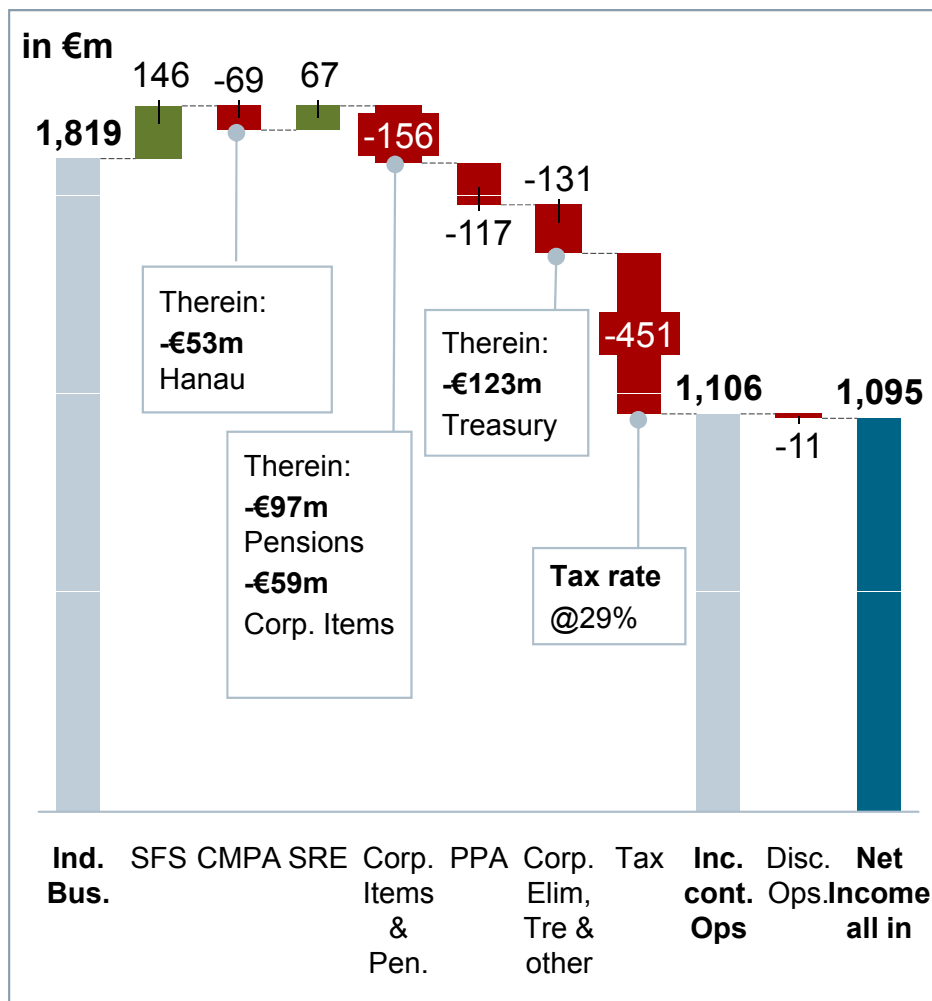


- Strong orders in Europe & US, Asia weak
- Unfavorable business mix in Imaging & Therapy and FX tailwinds not yet evident

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

# Below Industrial Business negatively impacted by unfavourable interest rate development

## Below Industrial Business (Q1 FY 2015)



### Key topics

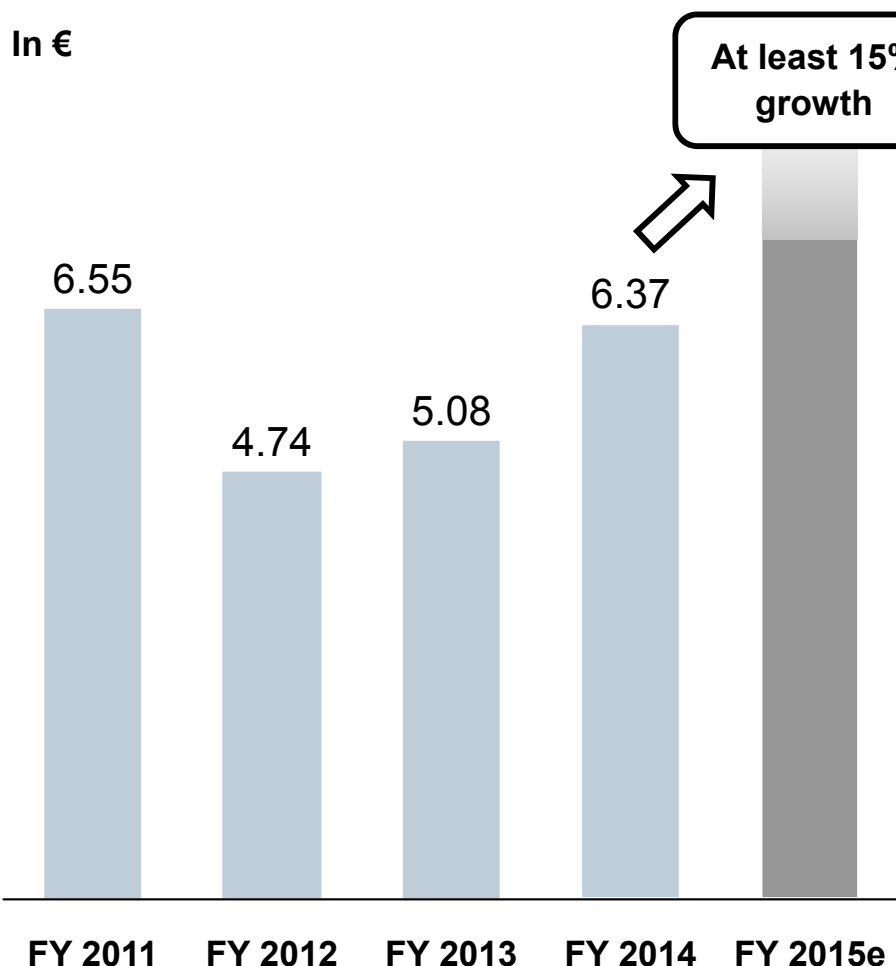
- **CMPA:**
  - **Q1:** Missing BSH equity income and impact from revaluation of Hanau obligation due to lower interest rates
  - **Q2e:** Gain from BSH divestment (~€1.4bn pre tax) and negative impact related to Unify of close to €300m
- **Corporate Treasury:** Substantial negative effect from derivatives not qualifying for hedge accounting
- **Discontinued Operations:**
  - **Q1:** Loss of €56m due to Metals Technologies
  - **Q2e:** Gain from divestment of Audiology (~€1.6bn pre tax)



# Outlook Fiscal 2015

## Basic earnings per share (Net income)

In €



- 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.

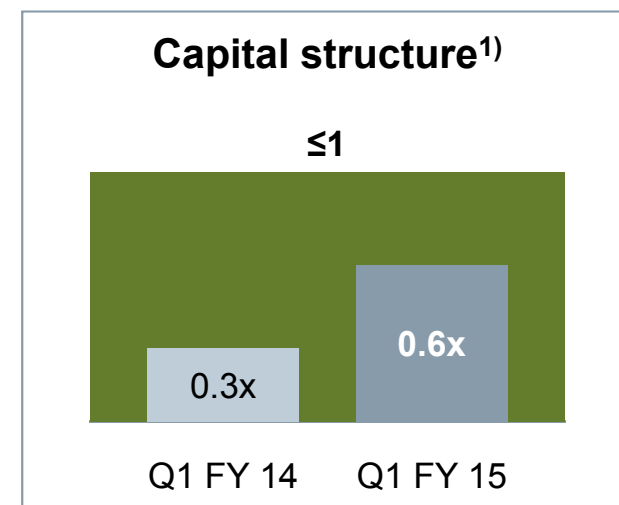
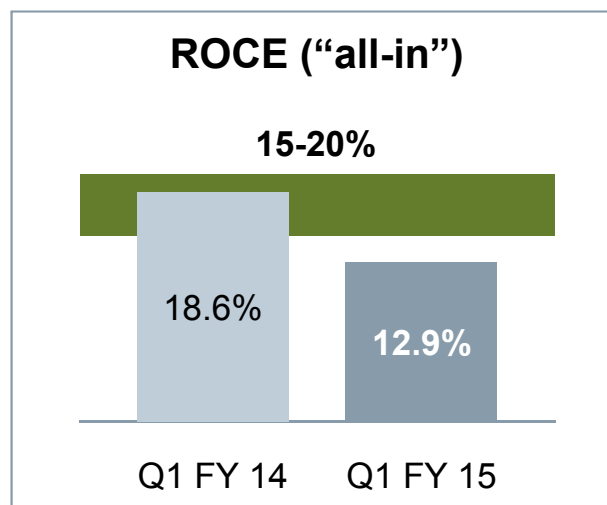
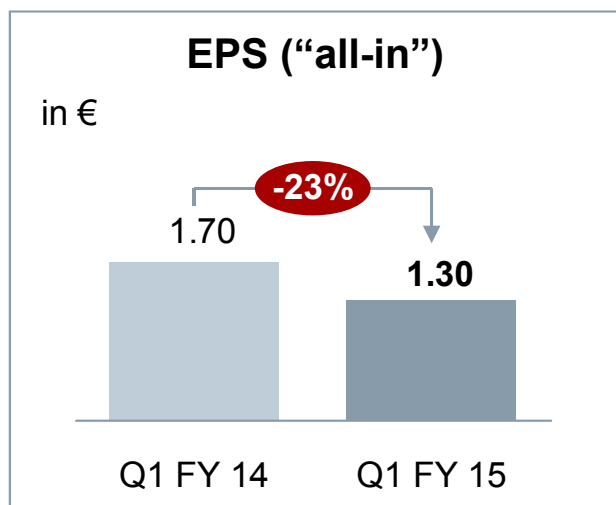
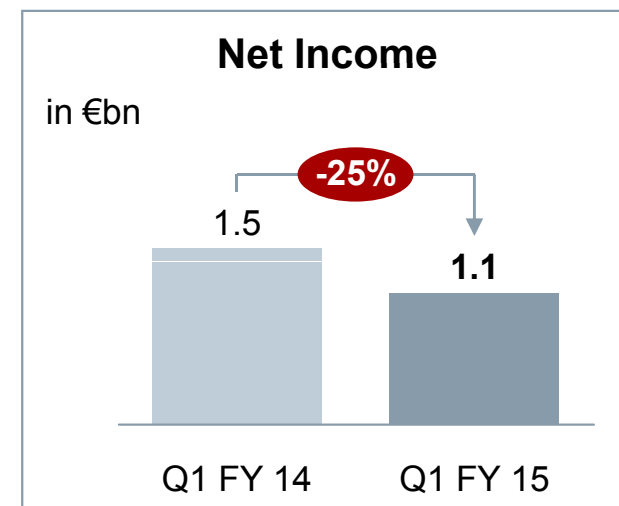
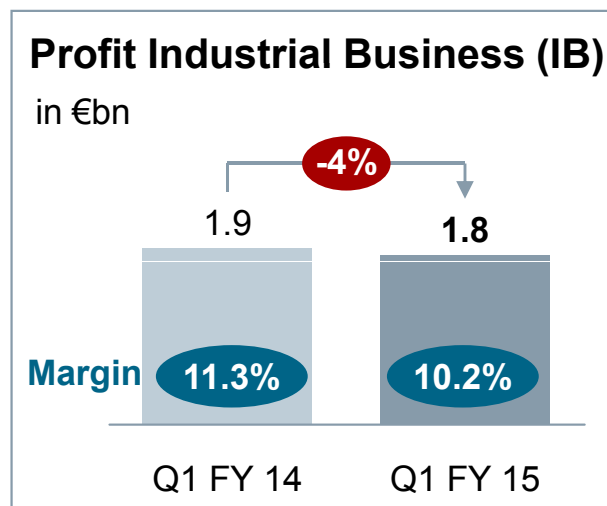
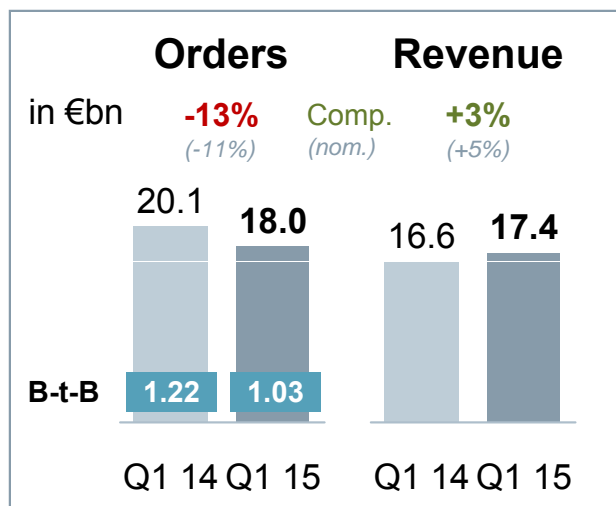
*\*Effective with fiscal 2015, our enhanced profit definition excludes amortization of intangible assets acquired in business combinations.*

## Questions and Answers

**Thank you for your attention –  
your questions, please!**

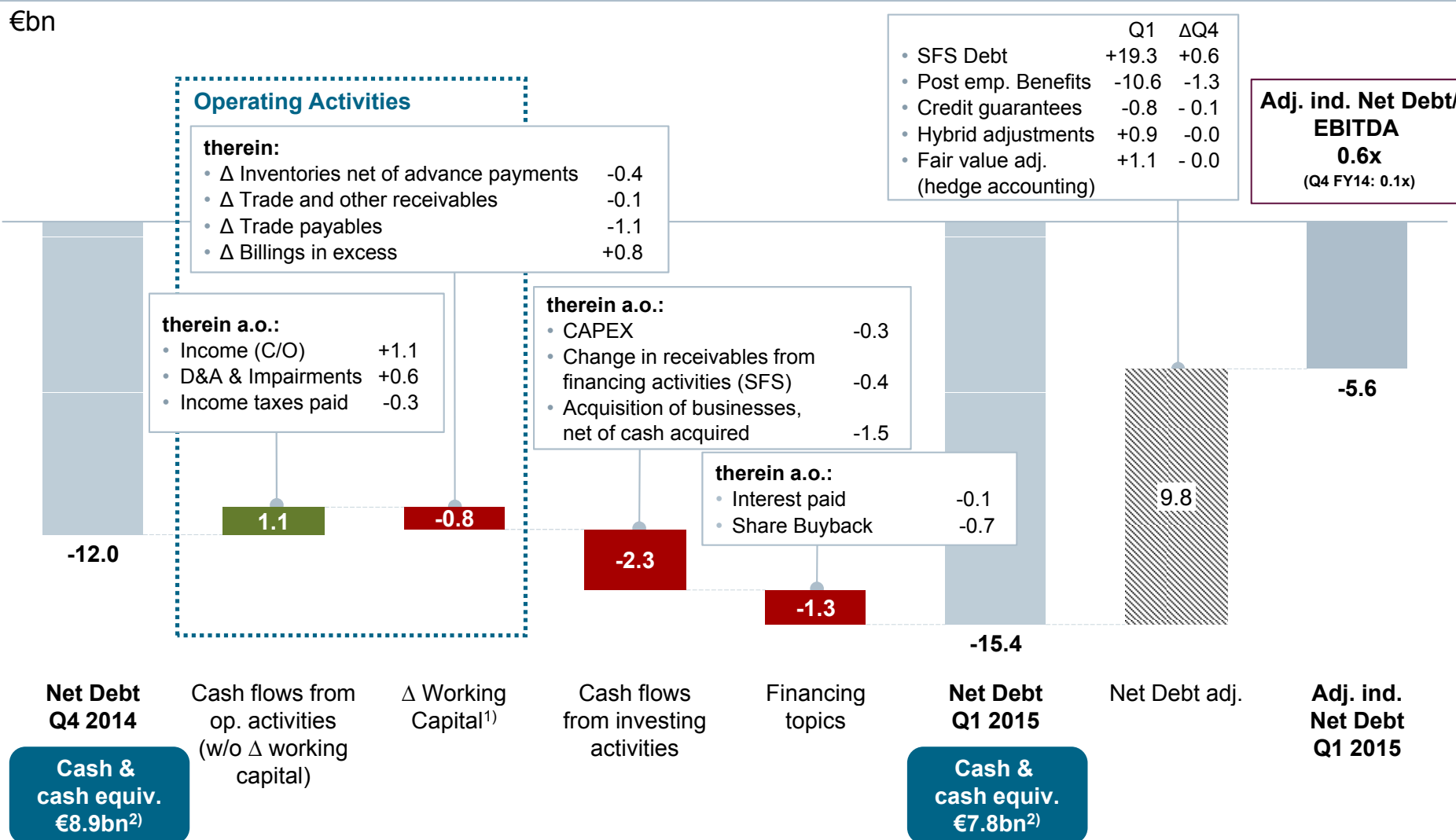
# Appendix

# Financial Cockpit



1) Industrial Net Debt/EBITDA; EBITDA is without the elimination of income or loss from investments accounted for using the equity method

# Net Debt Bridge as of Q1 FY 2015



1) Includes cash flows from inventories net of advanced payments received, cash flows provided by trade and other receivables, cash flows provided by trade payables and cash flows used in billings in excess of cost and in estimated earnings on uncompleted contracts and related advances  
 2) Including available-for-sale financial assets

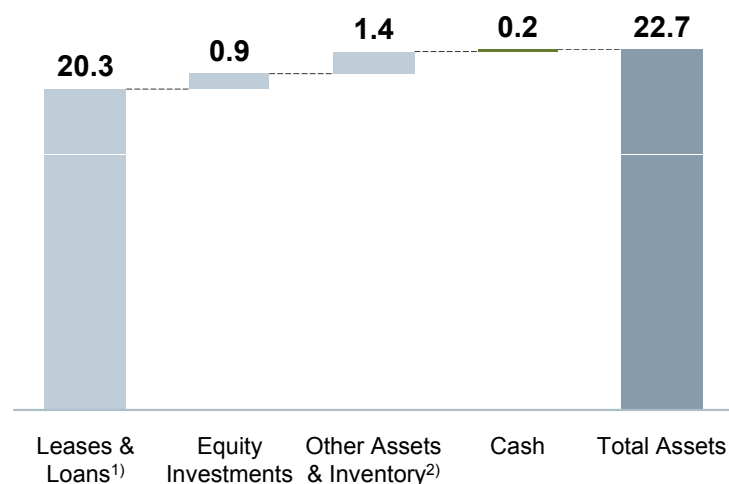
# SFS Key Figures Q1 FY15

## Key Financial Data SFS

- **Assets** €22.7bn
- **Profit before Tax** €146m
- **Return on Equity after tax** 20.5%
- **Operating and Investing Cash Flow** -€178m

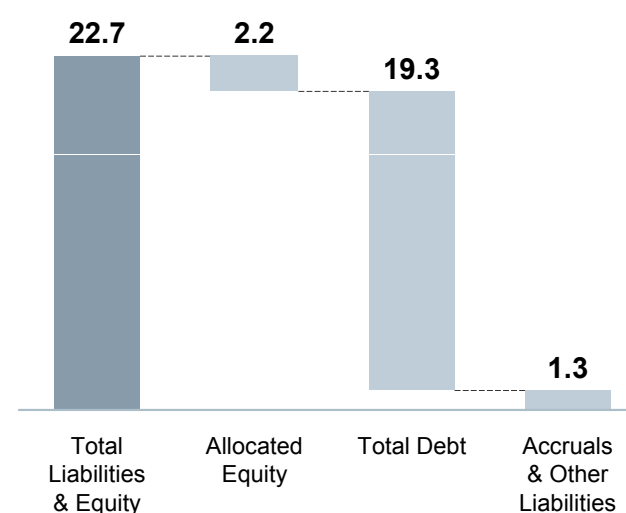
## Assets

€bn



## Liabilities and Equity

€bn



1) Operating and finance leases, loans, asset-based lending loans, factoring and forfeiting receivables

2) Intercompany receivables, securities, (positive) fair values of derivatives, tax receivables, fixed assets, intangible assets, land and building, prepaid expenses and inventories

# Underfunding for Siemens' pension plans increased to € -9.6 bn in Q1

Deficit for Siemens pension plans increased in Q1, mainly due to decreased discount rate assumptions.

in €bn <sup>1)</sup>	FY 2012	FY 2013	FY 2014	Q1 FY 2015
Defined benefit obligation (DBO) on pension benefit plans	-33.0	-32.6	-35.0	-36.8
Fair value of plan assets	24.1	24.1	26.5	27.3
<b>Funded status of pension benefits</b>	<b>-8.9</b>	<b>-8.5</b>	<b>-8.5</b>	<b>-9.6</b>
DBO on other post-employment benefit plans (mainly unfunded)	0.7	0.6	0.5	0.6
Discount rate <sup>2)</sup>	3.2%	3.4%	3.0%	2.6%
Interest Income <sup>2)</sup>	0.9	0.8	0.8	0.2
Actual return on plan assets <sup>2)</sup>	3.2	1.3	2.9	0.8

1) All figures are reported on a continuing basis and according to IAS 19 (revised 2011)

2) As of Q1 FY2015 figures are based on total post-employment benefits

## Financial calendar

### January

**January 27, 2015**

Q1 Earnings Release; Annual General Meeting

### February

### March

**March 11, 2015**

Citi West Coast Symposium (San Francisco)

**March 19, 2015**

Bank of America Merrill Lynch Conference (London)



# Siemens Investor Relations contacts



## Investor Relations

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