

# Q3 FY 2017

## Fully on track for another strong year

Ralf P. Thomas, CFO | Michael Sen, Member of the Managing Board  
Q3 FY 2017 Analyst Call | Munich, August 3, 2017

# 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.

## Q3 FY 2017

### Fully on track for another strong year



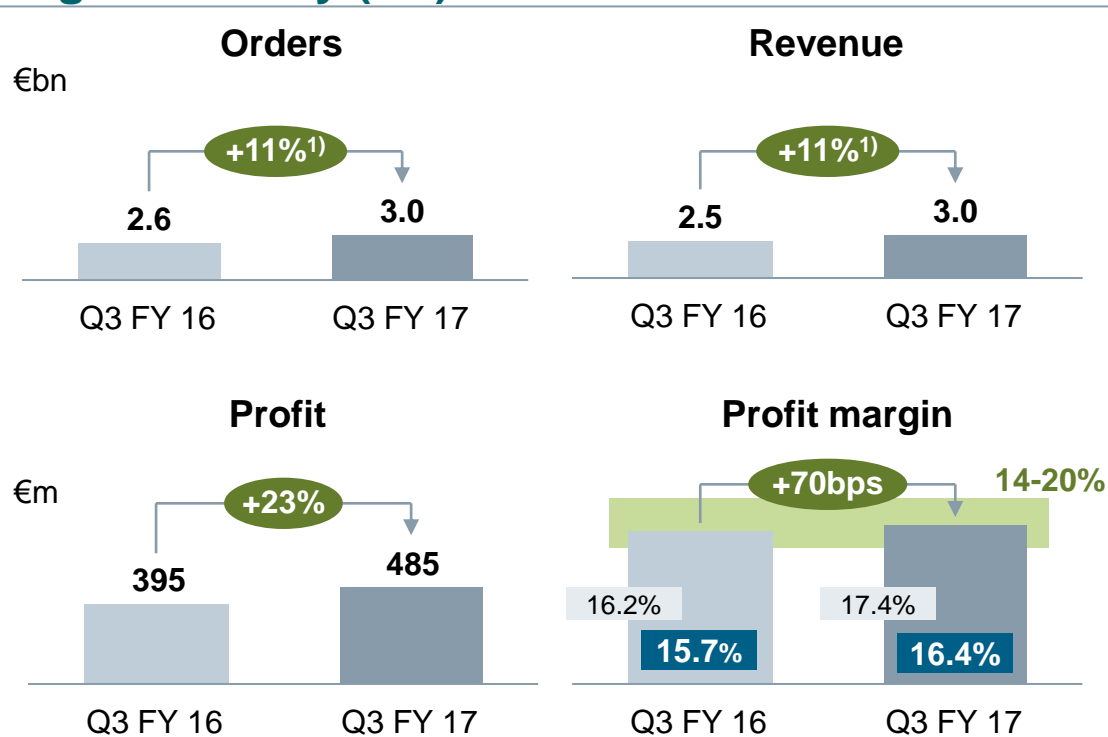
- **Strong net income up 7% at €1.5bn – EPS at €1.74 up 6%**
- **Industrial Business margin at 10.4% (-40bps), impacted by M&A related effects to Gamesa and Mentor Graphics of 60bps**
- **Revenue rose 8% driven by SGRE, Mobility and Digital Factory; +3% comparable**
- **Orders -6% due to sharply lower large orders in PG and SGRE; -9% comparable; smaller orders significantly up, continued strong short-cycle business**
- **Solid free cash flow of €0.9bn**
- **Further steps taken to strengthen leadership position in digitalization – MindSphere gains traction**

# DF: Very strong short-cycle & software business momentum

## PD: Selected pick-up in orders, structural realignment continues

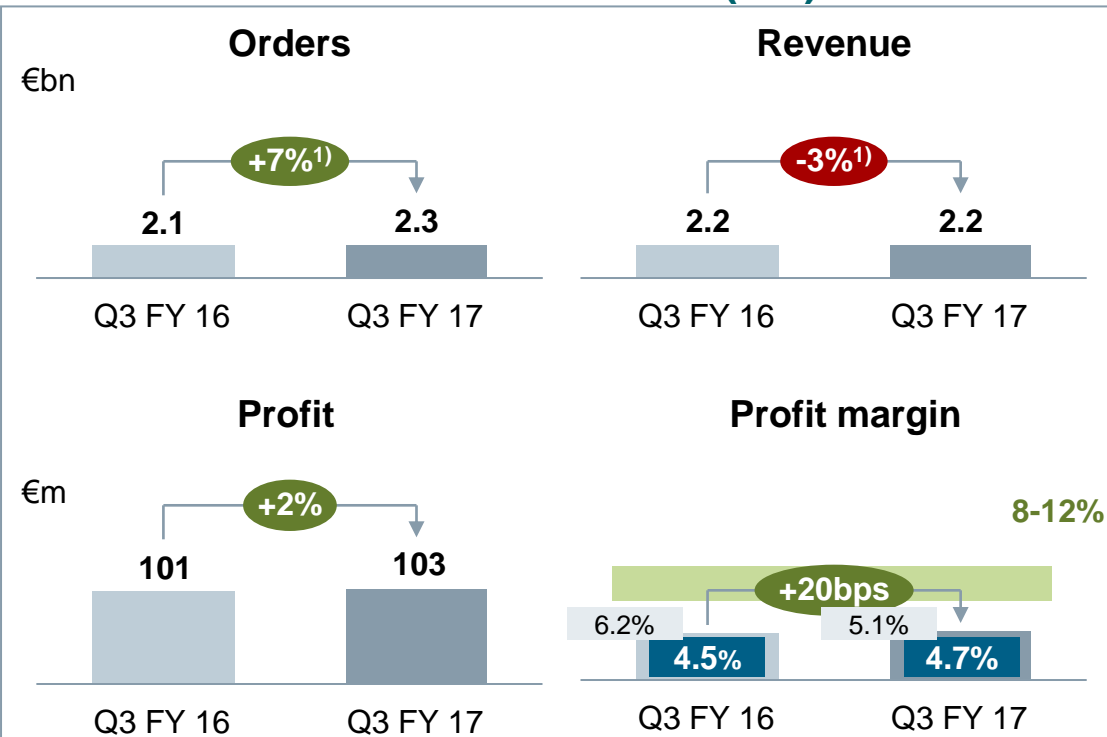


### Digital Factory (DF)



- Strong top-line growth and margin expansion driven by excellent short-cycle and software business
- M&A effects of ~-260bps & MindSphere of ~-100bps

### Process Industries and Drives (PD)



- Large solution orders and strong demand in China
- Operational challenges particularly in Large Drives

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

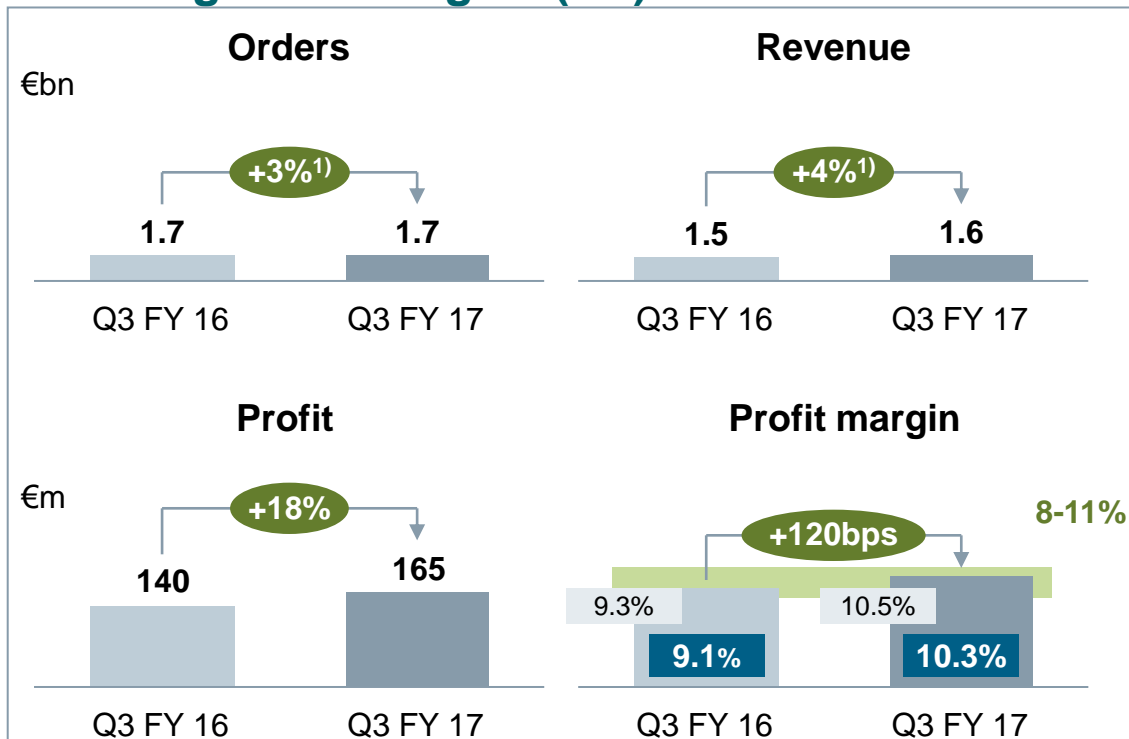
x.x% Margin as reported    x.x% Margin excl. severance

# BT: Excellent performance continues

## MO: Impressive customer wins and convincing performance

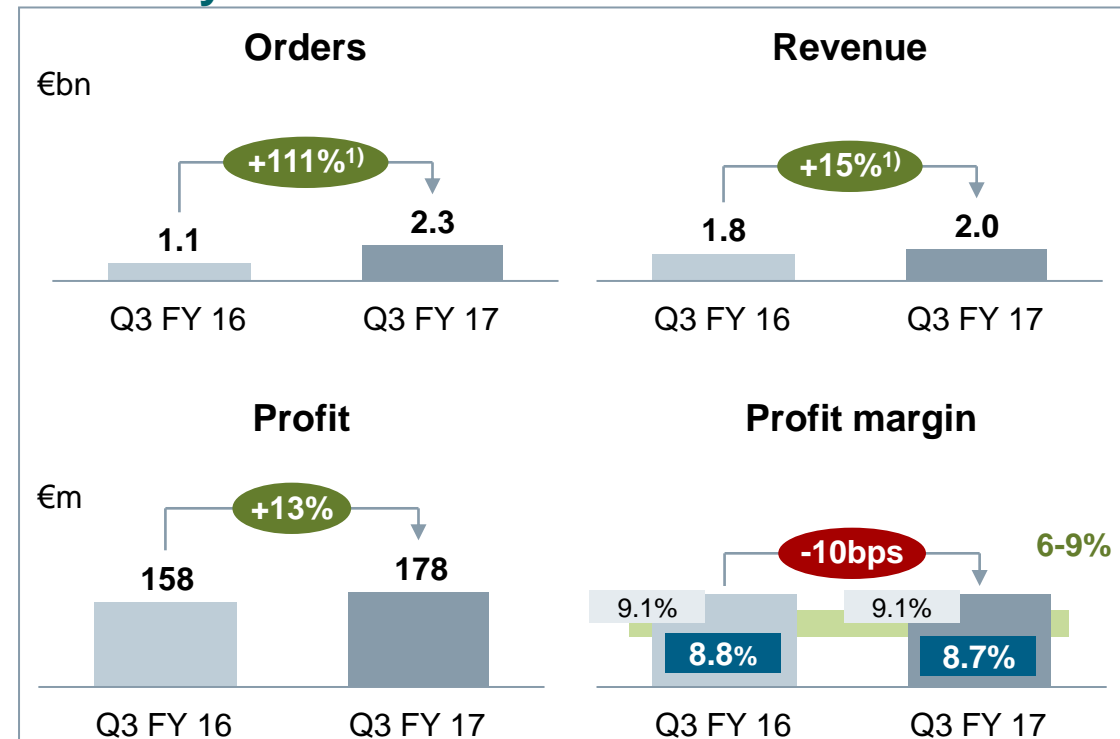


### Building Technologies (BT)



- U.S. and Germany drive order growth
- Revenue up on strong product and service business
- Growth and strong execution lead to margin expansion

### Mobility



- Orders up across all businesses and regions
- Broad-based revenue growth driven by rolling stock, incl. execution of large projects & locomotive shipments

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

x.x%

Margin as reported

x.x%

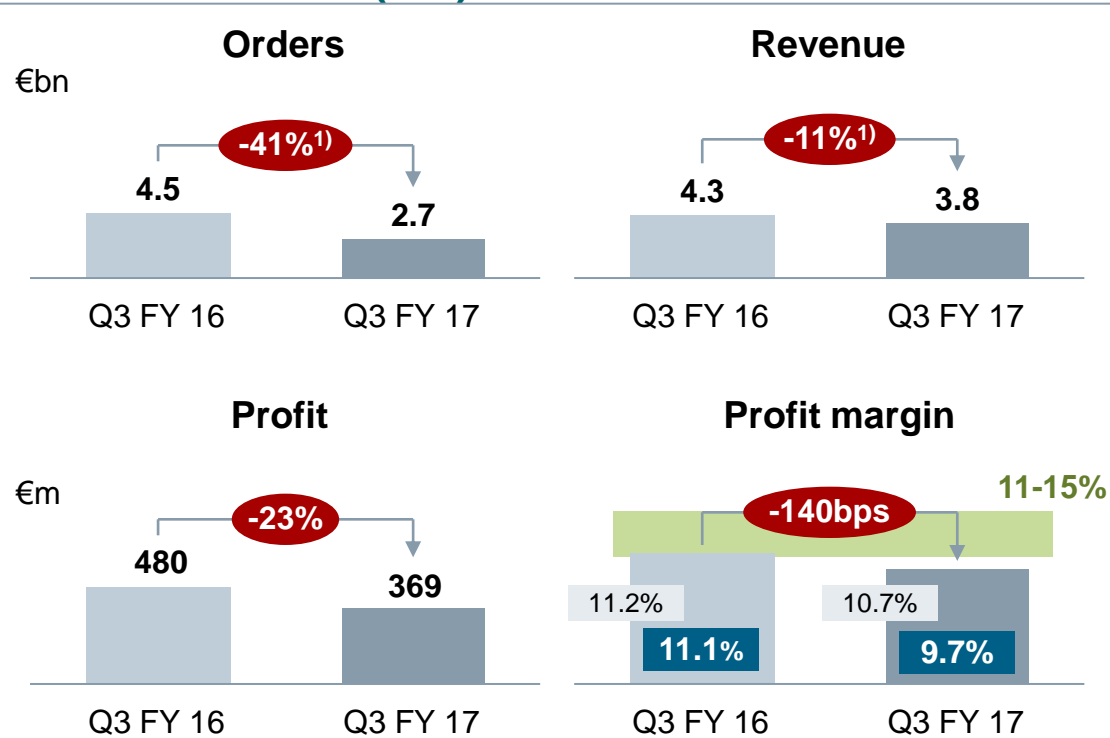
Margin excl. severance

# PG: Market contraction impacts top and bottom line

## EM: Revenue growth continues, less favorable business mix

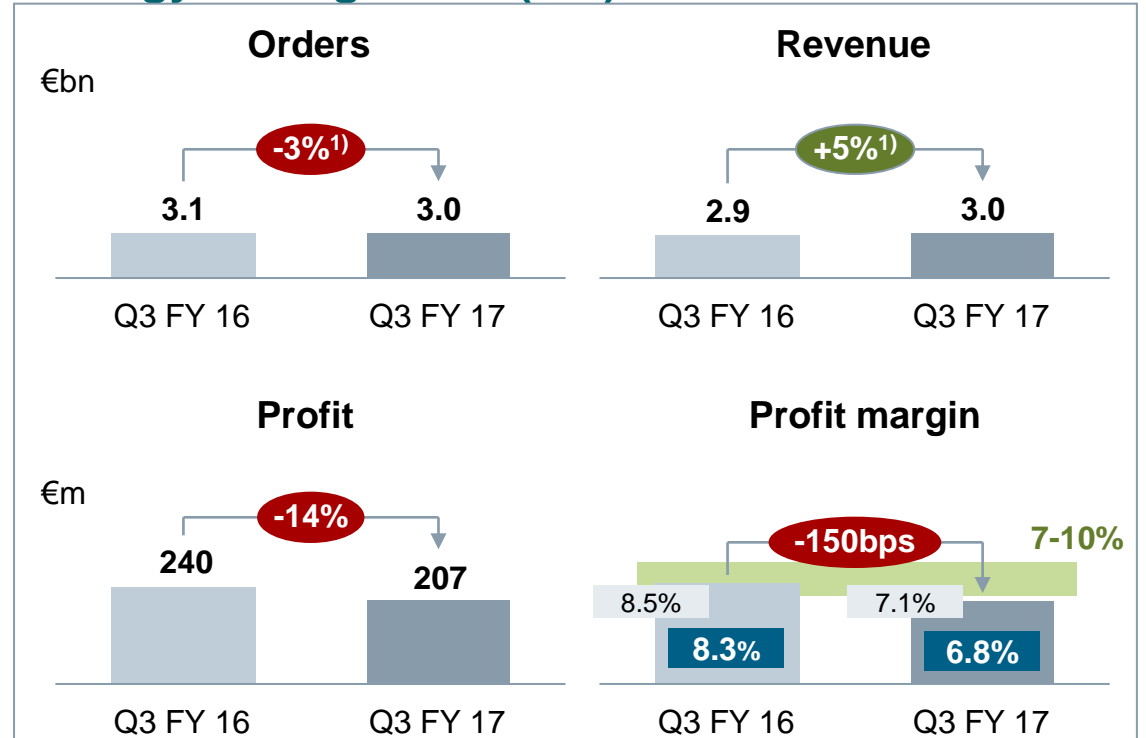


### Power and Gas (PG)



- Strategic partnership with Duke Energy
- Revenue decline mainly in LGT and compression business
- Continued price pressure due to overcapacities

### Energy Management (EM)



- Order growth except for transformer business
- Revenue growth in Europe and Asia
- Business mix weighs on margin

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

x.x%

Margin as reported

x.x%

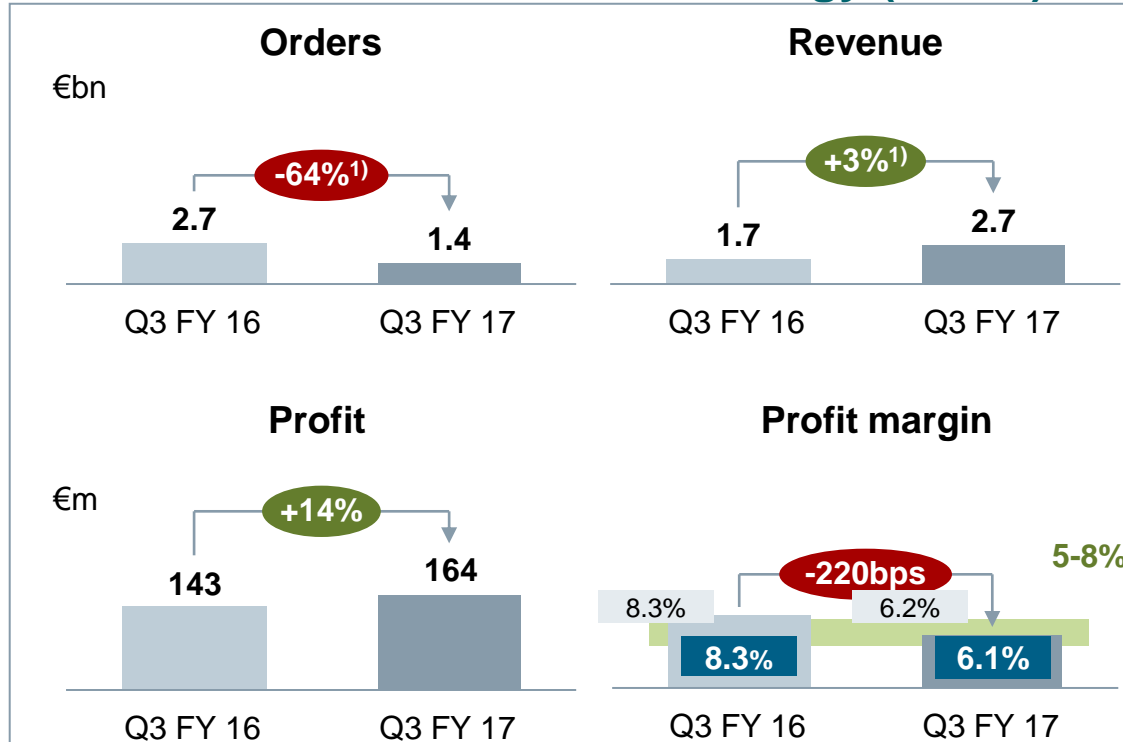
Margin excl. severance (and excl. integration costs D-R for PG only)

# SGRE: Integration on track

## HC: Decent performance driven by Diagnostic Imaging

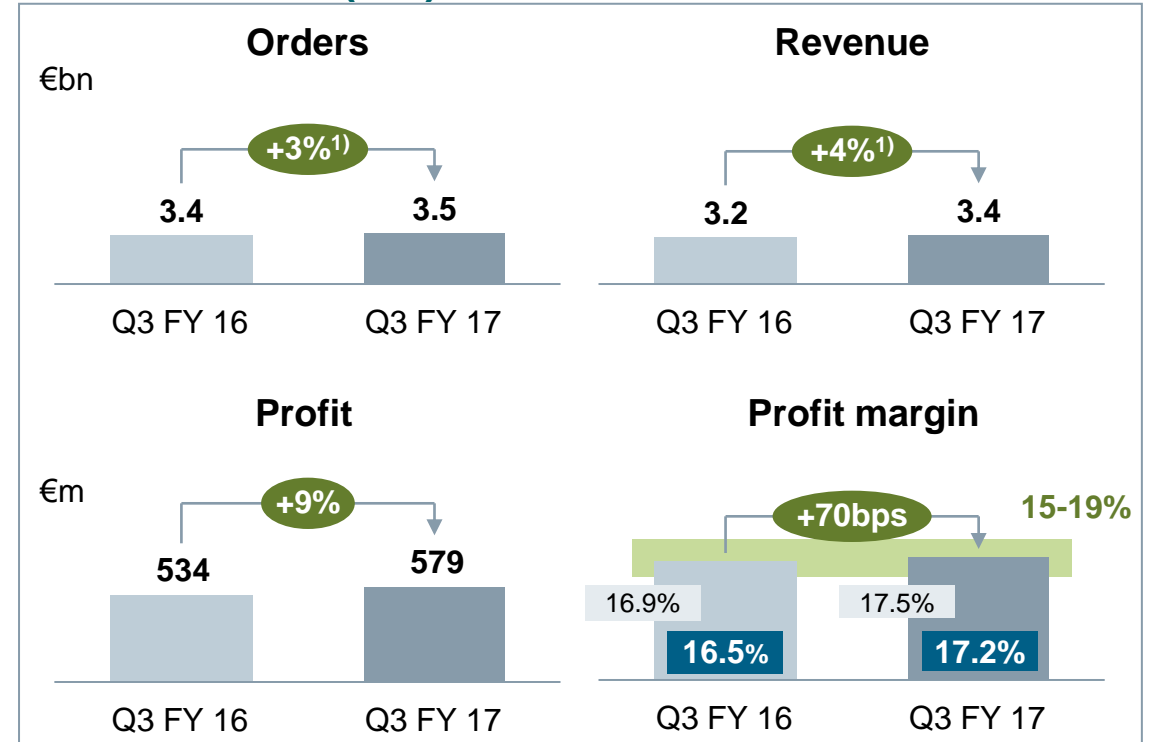


### Siemens Gamesa Renewable Energy (SGRE)



- Orders down on shift towards auction system in India and volatile offshore tenders
- Integration costs weigh on margin

### Healthineers (HC)



- Order growth driven by Europe and Asia
- Revenue up double digit in China
- Diagnostic Imaging with excellent profitability

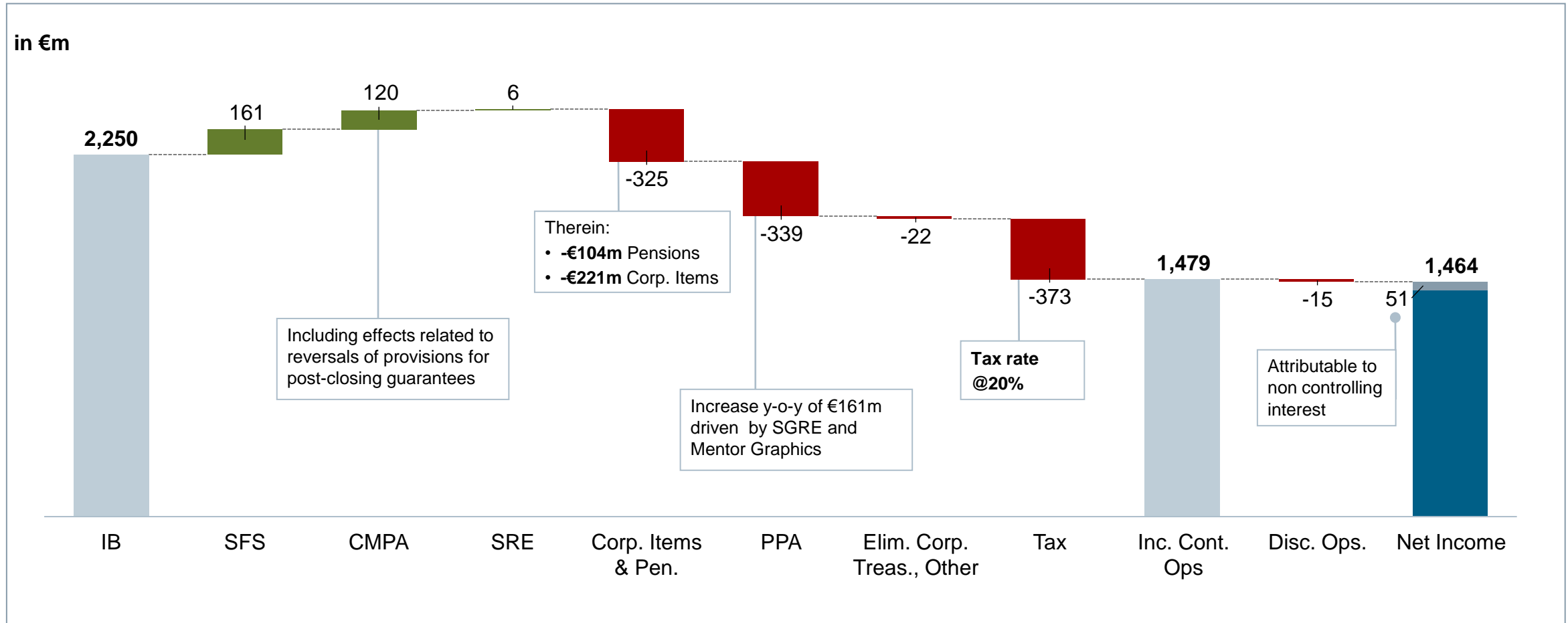
1) Comparable, i.e. adjusted for currency translation and portfolio effects

x.x%

Margin as reported    x.x%    Margin excl. severance

# Strong Q3 in CMPA - volatility remains

## Below Industrial Business – Q3 FY 2017





# Healthineers Strategy 2025 set up to ensure market leadership beyond 2025



## Strategic posture

**Deliver on core business – growth fundamentals and productivity**

**Tap into adjacent growth markets**

**"Market leadership 2025"**

## Strategic priorities

- Substantial next generation product and platform launches are gaining traction in the market, e.g.,
  - CT SOMATOM go, Artis Pheno, MR MAGNETOM Vida
  - Atellica Solution and Atellica 360
  - Teamplay and Digital Ecosystem
- Execute on productivity initiative (>4% productivity increase p.a.)

**Digital, Data, and AI**



**Precision Medicine**

**Therapy of Tomorrow**

**Patient Journey Steward**

**Technology Enabled Services**

**... move into**

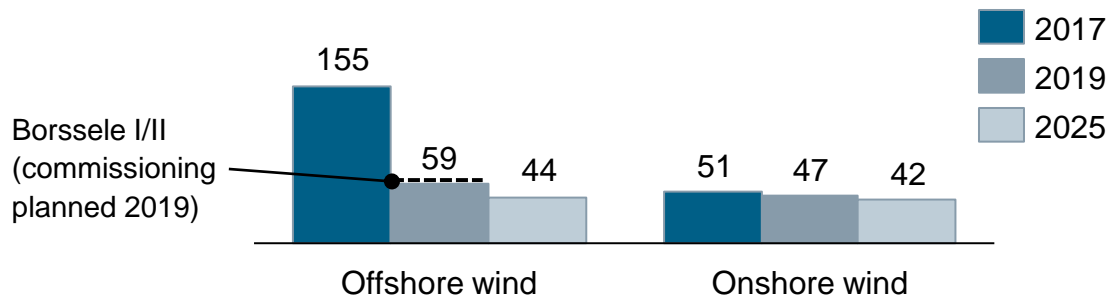
# Clear path for Siemens Healthineers IPO

- Decision to go public (Q4 FY 2016)**
- Healthineers Strategy 2025 and stringent execution roadmap launched (08/2017)**
- Significant new product launches gain traction in the market**
- Atellica Solution entering the market (Q4 FY 2017)**
- Combined financial statements and prospectus preparation**
- Intention to float announcement**
- Siemens Healthineers IPO (H1 CY 2018)**

# Siemens Gamesa Renewable Energy – Creating the leading global on- and offshore WTG<sup>1)</sup> player

## Creating scale to win in cost game

### Example: LCoE development, EUR/MWh<sup>2)</sup>



- **LCoEs** approaching **grid parity**
- **Auctions** replacing feed-in tariffs
- **Pricing pressure** leads to global market consolidation



**Siemens Gamesa: Player with scale to win**  
**Portfolio, footprint, technologies, balance sheet**

## Performance challenges – integration progressing

### Current status

- Q3-performance below expectations mainly due to temporary downturn in Indian market
- New team in place – gaining traction
- Rigorous focus on integration and cost
  - Announced synergies of €230m the minimum, to be realized quicker in year three
  - Footprint optimization started
  - Portfolio streamlining along best-of-both-worlds

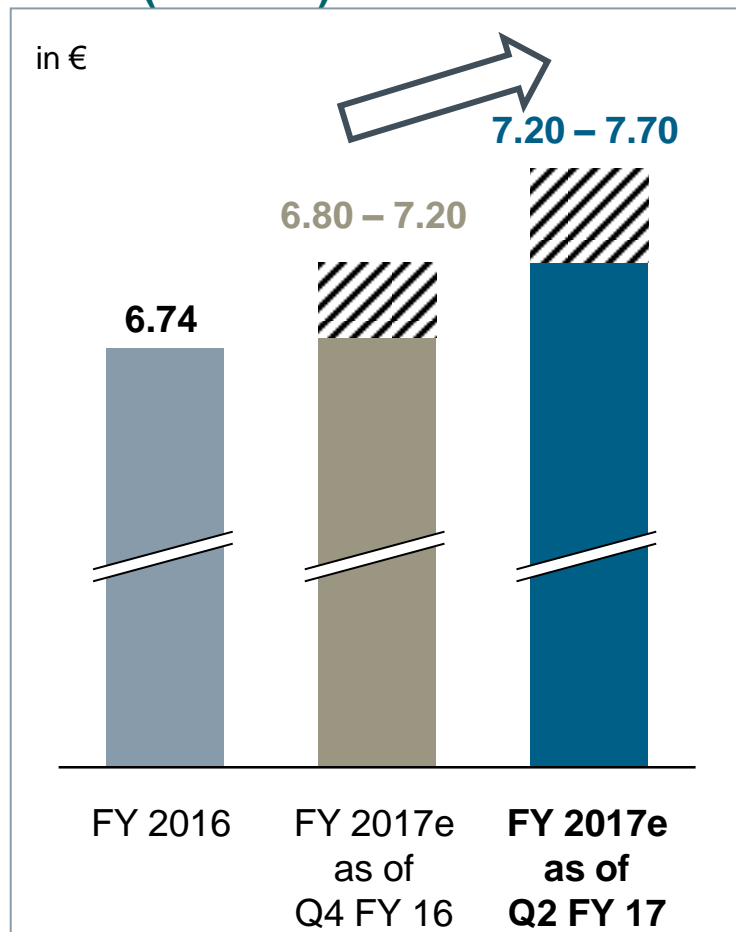
### Strategic governance

- Fully consolidated in Siemens AG – ensured via mandatory items
- Siemens AG Managing Board oversight & Siemens AG nominated members in SGRE Board of Directors

1) Wind Turbine Generator 2) Source: Bloomberg New Energy Finance, 2016 prices and FX rate, lower ranges for Northern Europe; offshore: estimated project LCOEs by commissioning year

# Guidance FY 2017 confirmed

## EPS (“all-in”)



Note: FY 2016 weighted average number of shares of 809m

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## Guidance

We **confirm our expectations** for **fiscal 2017** presented with our results for Q2 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**.

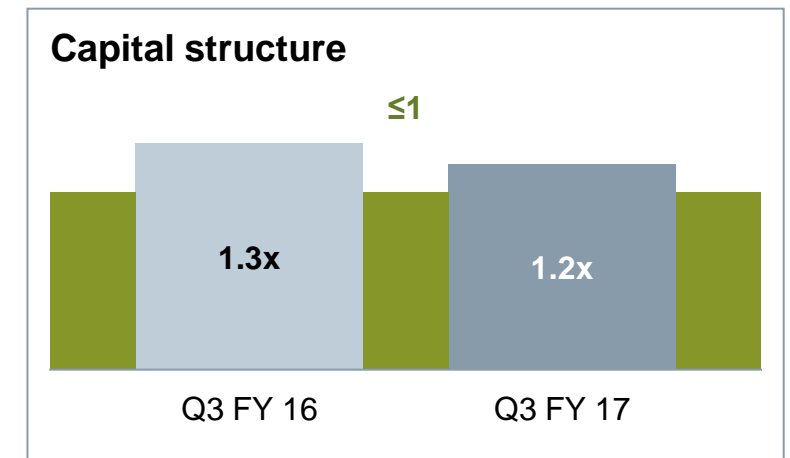
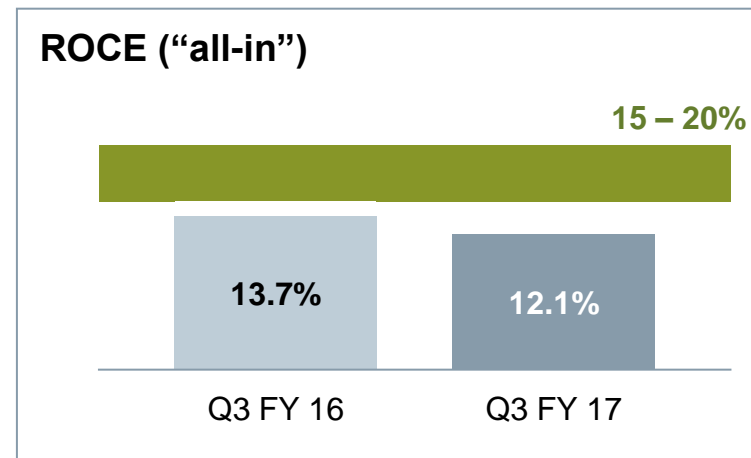
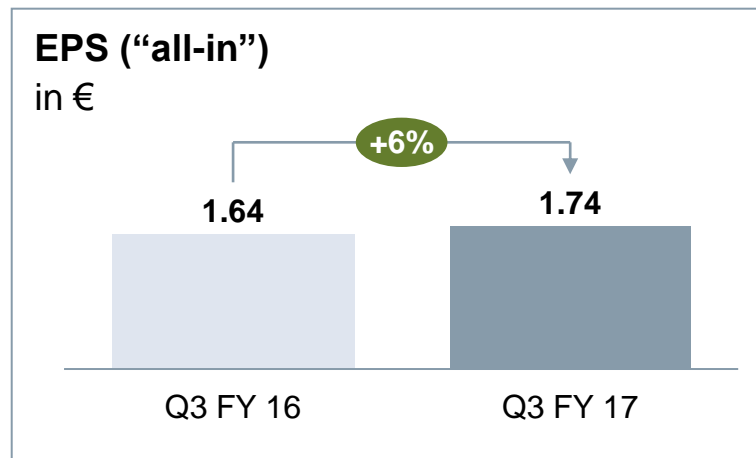
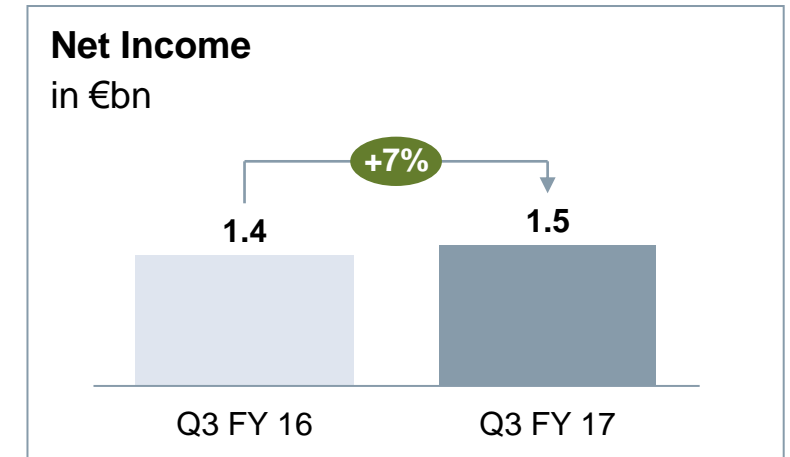
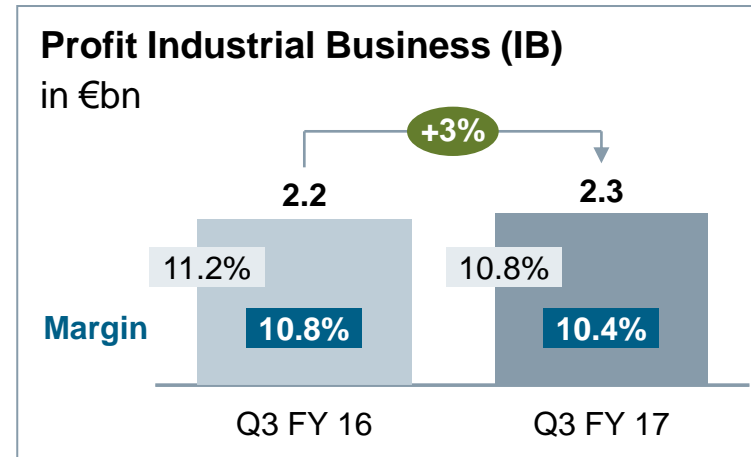
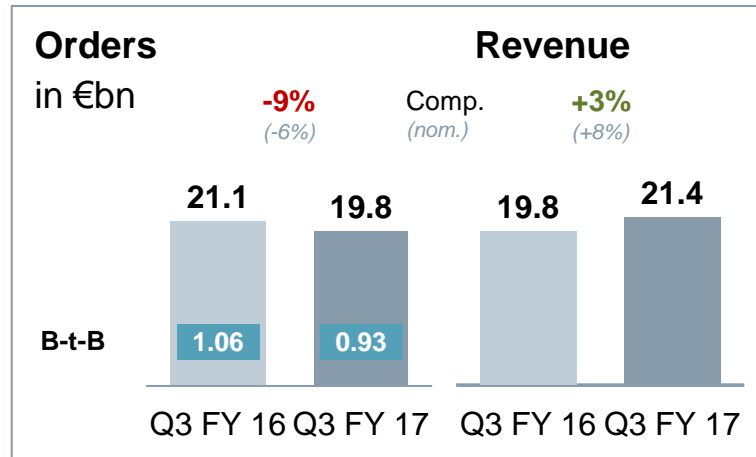
This outlook **includes portfolio changes already closed in the first nine months of fiscal 2017**, particularly the **acquisition of Mentor Graphics** and the **Gamesa merger**, which **burden Industrial Business profit margin and basic EPS from net income in fiscal 2017**.

The outlook continues to exclude charges related to legal and regulatory matters as well as potential burdens associated with pending portfolio matters.

# Appendix

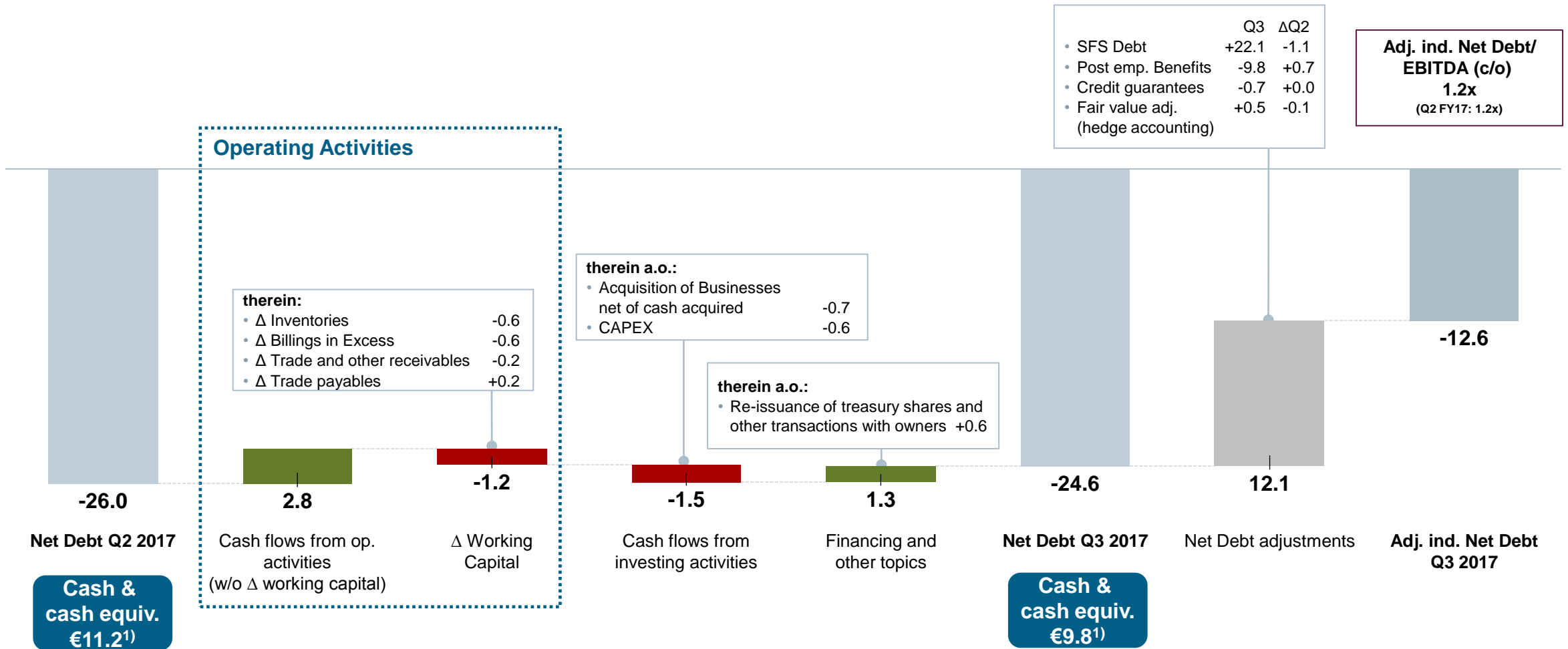


# Financial cockpit – Q3 FY 2017



**x.x%** Margin as reported    x.x% Margin excl. severance

# Net debt bridge – Q3 FY 2017



1) Including current available-for-sale financial assets

# Provisions decreased in Q3 FY 17, mainly due to increased discount rate assumptions

## Q3 FY 2017 Key financials – Pensions and similar obligations

in €bn <sup>1)</sup>	FY 2014	FY 2015	FY 2016	Q1 FY 2017	Q2 FY 2017	Q3 FY 2017
<b>Defined benefit obligation (DBO)<sup>2)</sup></b>	(35.6)	(36.8)	(42.2)	(39.0)	(38.4)	(37.1)
<b>Fair value of plan assets<sup>2)</sup></b>	26.3	27.1	28.7	28.1	28.1	27.5
<b>Provisions for pensions and similar obligations</b>	<b>(9.3)</b>	<b>(9.8)</b>	<b>(13.7)</b>	<b>(11.1)</b>	<b>(10.5)</b>	<b>(9.8)</b>
<b>Discount rate</b>	3.0%	3.0%	1.7%	2.3%	2.3%	2.4%
<b>Interest Income</b>	0.8	0.8	0.8	0.1	0.1	0.1
<b>Actual return on plan assets</b>	2.9	0.5	3.3	-0.5	0.3	0.1

1) All figures are reported on a continuing basis.

2) Fair value of plan assets including effects from asset ceiling (Q3 2017: €-0.1bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q3 FY 2017: €+0.2bn); Defined Benefit Obligation (DBO), including other post-employment benefit plans (OPEB) of ~€0.5bn

**Note:** Beginning with fiscal 2017, we report 'provisions for pensions and similar obligations' as presented in the Consolidated Statements of Financial Position, which also include Siemens' underfunding of other post-employment benefit plans. Prior years are presented on a comparable basis.



# Financial calendar

**August**

**August 10 -11, 2017**

Roadshow U. S. (Los Angeles, San Francisco)

**September**

**September 8, 2017**

Morgan Stanley Industrials & Natural Resources Conference (London)

**November**

**November 9, 2017**

Q4 Earnings Release

**November 9 – 10, 2017**

Roadshow UK (London)

**November 13, 2017**

Roadshow France (Paris)

**November 14, 2017**

Roadshow Germany (Frankfurt)

**November 14 – 15, 2017**

Roadshow U.S. (Boston, New York)



## Investor Relations

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