Q3 - Strong order growth highlights successful third quarter

Ralf P. Thomas, CFO
Q3 FY 2018 Press and Analyst Conference | Munich, August 2, 2018
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 the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-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 the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance 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 2018
Strong order growth highlights successful third quarter

- Excellent order growth of 21%; book-to-bill at 1.11x
- Solid revenue growth in most businesses offsetting weakness in PG & SGRE
- Substantial burden from FX on top and bottom line
- IB profit margin up +60bps at 10.7% driven by outstanding DF
- Net income at €1.2bn; EPS at €1.36
- Substantial increase of IB free cash flow to €1.8bn
- Further pension deficit reduction to €7.6bn
PG: Significant order wins – ongoing challenges weigh on profit

EM: Short cycle products drive margins despite FX headwind

### Power and Gas (PG)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit (€m)</th>
<th>Profit margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 17</td>
<td>2.6</td>
<td>3.8</td>
<td>370</td>
<td>10.4%</td>
</tr>
<tr>
<td>Q3 FY 18</td>
<td><strong>3.8</strong></td>
<td><strong>3.0</strong></td>
<td><strong>164</strong></td>
<td><strong>9.7%</strong></td>
</tr>
</tbody>
</table>

**Change:**
- Orders: +54%¹
- Revenue: -16%¹
- Profit: -56%
- Profit margin: -430bps, 11-15%

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

### Energy Management (EM)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
<th>Profit (€m)</th>
<th>Profit margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY 17</td>
<td>3.0</td>
<td>2.7</td>
<td>206</td>
<td>6.8%</td>
</tr>
<tr>
<td>Q3 FY 18</td>
<td><strong>3.1</strong></td>
<td><strong>3.0</strong></td>
<td><strong>233</strong></td>
<td><strong>7.6%</strong></td>
</tr>
</tbody>
</table>

**Change:**
- Orders: -5%¹
- Revenue: +5%¹
- Profit: +13%
- Profit margin: +80bps, 7-10%

¹ Margin excl. severance
BT: Margin expansion continues – digital capabilities enhanced
MO: Strong order momentum – margin well in target range

Building Technologies (BT)

Orders
€bn
- Q3 FY 17: 1.6
- Q3 FY 18: 1.7
- Increase: +9% 1)

Revenue
€bn
- Q3 FY 17: 1.6
- Q3 FY 18: 1.6
- Increase: +4% 1)

Profit
€m
- Q3 FY 17: 165
- Q3 FY 18: 177
- Increase: +7%

Profit margin
- Q3 FY 17: 10.5%
- Q3 FY 18: 11.2%
- Increase: +70bps

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

Mobility (MO)

Orders
€bn
- Q3 FY 17: 2.3
- Q3 FY 18: 2.5
- Increase: +11% 1)

Revenue
€bn
- Q3 FY 17: 2.1
- Q3 FY 18: 2.1
- Increase: +6% 1)

Profit
€m
- Q3 FY 17: 180
- Q3 FY 18: 177
- Decrease: -1%

Profit margin
- Q3 FY 17: 10.3%
- Q3 FY 18: 8.8%
- Decrease: -50bps

x.x% Margin excl. severance

1) Comparable, i.e. adjusted for currency translation and portfolio effects
DF: Another quarter of world class performance
PD: Top line growth returned

Digital Factory (DF)

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<thead>
<tr>
<th></th>
<th>Orders</th>
<th>Revenue</th>
<th>Profit</th>
<th>Profit margin</th>
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</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
<td>€bn</td>
<td>€m</td>
<td></td>
</tr>
<tr>
<td>Q3 FY 17</td>
<td>3.0</td>
<td>2.9</td>
<td>443</td>
<td>16.2%</td>
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<tr>
<td>Q3 FY 18</td>
<td>3.3</td>
<td>3.3</td>
<td>681</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

Q3 FY 17 vs Q3 FY 18:
- Orders: +12% (1)
- Revenue: +13% (1)
- Profit: +54%
- Profit margin: +570bps (14-20%)

Process Industries and Drives (PD)

<table>
<thead>
<tr>
<th></th>
<th>Orders</th>
<th>Revenue</th>
<th>Profit</th>
<th>Profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
<td>€bn</td>
<td>€m</td>
<td></td>
</tr>
<tr>
<td>Q3 FY 17</td>
<td>2.3</td>
<td>2.2</td>
<td>103</td>
<td>5.1%</td>
</tr>
<tr>
<td>Q3 FY 18</td>
<td>2.4</td>
<td>2.2</td>
<td>147</td>
<td>4.7%</td>
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</table>

Q3 FY 17 vs Q3 FY 18:
- Orders: +11% (1)
- Revenue: +5% (1)
- Profit: +43%
- Profit margin: +190bps (8-12%)

1) Comparable, i.e. adjusted for currency translation and portfolio effects
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Unrestricted © Siemens AG 2018
SHS: Imaging drives revenue growth - material FX headwinds
SGRE: Large orders across the globe

### Siemens Healthineers (SHS)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q3 FY 17</strong></td>
<td>3.5</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Q3 FY 18</strong></td>
<td>3.5</td>
<td>3.3</td>
</tr>
</tbody>
</table>

**Orders**
- Increase of 6% \(^1\)

**Revenue**
- Increase of 5% \(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Profit (€m)</th>
<th>Profit margin (%)</th>
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</thead>
<tbody>
<tr>
<td><strong>Q3 FY 17</strong></td>
<td>542</td>
<td>16.8%</td>
</tr>
<tr>
<td><strong>Q3 FY 18</strong></td>
<td>515</td>
<td>16.5%</td>
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</tbody>
</table>

**Profit**
- Decrease of 5%

**Profit margin**
- Decrease of 90bps
- Decrease of 15-19%

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

### Siemens Gamesa Renewable Energy (SGRE)

<table>
<thead>
<tr>
<th></th>
<th>Orders (€bn)</th>
<th>Revenue (€bn)</th>
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<td><strong>Q3 FY 17</strong></td>
<td>1.4</td>
<td>2.7</td>
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<tr>
<td><strong>Q3 FY 18</strong></td>
<td>2.1</td>
<td>2.1</td>
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</tbody>
</table>

**Orders**
- Increase of 143% \(^1\)

**Revenue**
- Decrease of 18% \(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Profit (€m)</th>
<th>Profit margin (%)</th>
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<tbody>
<tr>
<td><strong>Q3 FY 17</strong></td>
<td>164</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>Q3 FY 18</strong></td>
<td>115</td>
<td>6.1%</td>
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</tbody>
</table>

**Profit**
- Decrease of 30%

**Profit margin**
- Decrease of 70bps
- 5-8%

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

**Note:** Margin excl. severance
Q3 FY 18
Ramp up of corporate items on higher innovation invest

Below Industrial Business – Q3 FY 2018

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<td>173</td>
<td>-35</td>
<td>37</td>
<td>-346</td>
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<td>-299</td>
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<td>1,106</td>
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</table>

Therein:
- €75m Pensions
- €271m Corp. Items

Tax rate @28.6%

Expectations for Q4 FY 2018

- **CMPA:**
  Q4 negative impact by Mobility carve out related costs

- **Corporate Items:**
  Q4 significantly higher y-o-y on central innovation invest, IT transformation and related restructuring costs

- **Tax:**
  Q4 higher tax rate will be impacted by Mobility carve out, FY 18 expect 24% – 29%

- **Non controlling interests:**
  >FY 17 due to Siemens Healthineers
Guidance FY 18 confirmed

Guidance

We continue to expect basic EPS from net income in the range of €7.70 to €8.00, excluding severance charges.

Furthermore we confirm our expectation of modest growth in revenue, net of effects from currency translation and portfolio transactions, and continue to anticipate that orders will exceed revenue for a book-to-bill ratio above 1 for the full fiscal year.

We continue to expect a profit margin of 11.0% to 12.0% for our Industrial Business also excluding severance charges.

This outlook excludes charges related to legal and regulatory matters and potential effects which may follow the introduction of a new strategic program.
Financial cockpit – Q3 FY 2018

Orders in €bn
- B-t-B
  - Q3 FY 17: 19.7
  - Q3 FY 18: 22.8
- Comp. (nom.)
  - Q3 FY 17: 21.3
  - Q3 FY 18: 20.5
- Flat (-4%)
  - Q3 FY 17: 0.92
  - Q3 FY 18: 1.11

Revenue
- Q3 FY 17: 21.3
- Q3 FY 18: 20.5

Profit Industrial Business (IB) in €bn
- Q3 FY 17: 2.2
- Q3 FY 18: 2.2
- +2%

Margin
- Q3 FY 17: 10.5%
- Q3 FY 18: 11.0%

Net Income in €bn
- Q3 FY 17: 1.4
- Q3 FY 18: 1.2
- -14%

EPS in €
- Q3 FY 17: 1.67
- Q3 FY 18: 1.36
- -19%

EPS excl. severance
- Q3 FY 17: x.xx
- Q3 FY 18: x.xx

ROCE (“all-in”) in %
- Q3 FY 17: 11.6%
- Q3 FY 18: 10.1%
- 15 – 20%

Capital structure
- Q3 FY 17: 1.2x
- Q3 FY 18: 0.6x
- ≤1

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Page 11 Munich, August 2, 2018
Q3 FY 2018 Press and Analyst Conference
Net debt bridge – Q3 FY 2018

Operating Activities

-20.2

Net Debt Q2 2018

-20.9

Net Debt Q3 2018

-5.5

Cash flows from op.
activities (w/o δ working capital)

1.9

Cash &
cash equiv.
€10.81)

δ Working Capital

-0.4

δ Inventories

-0.1

δ Trade and other receivables

-0.7

δ Trade payables

+0.5

δ Contract Assets/ Liabilities

-0.2

therein:

δ Infronics

-0.1

δ Trade and other receivables

-0.7

δ Trade payables

+0.5

δ Contract Assets/ Liabilities

-0.2

Cash flows from investing activities

-0.9

Financing and other topics

-1.3

Net Debt adjustments

Net Debt Q3 2018

Ind. Net Debt/
EBITDA (c/o)

0.6x

(Q2 FY18: 0.6x)

Q3 ΔQ2

SFS Debt

+23.0

+0.7

Post emp. Benefits

-7.6

+0.5

Credit guarantees

-0.4

0.0

Fair value adj.

+0.3

0.0

(hedge accounting)

δ Working Capital

1.9

Cash &
cash equiv.
€8.31)

1) Including current available-for-sale financial assets

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Q3 FY 2018 Press and Analyst Conference
Provisions for pensions improved, mainly due to extraordinary fundings in USA

Q3 FY 2018 – Pensions and similar obligations

<table>
<thead>
<tr>
<th>in €bn(^1)</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Q1 FY 2018</th>
<th>Q2 FY 2018</th>
<th>Q3 FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation (DBO)(^2)</td>
<td>(36.8)</td>
<td>(42.2)</td>
<td>(36.9)</td>
<td>(36.9)</td>
<td>(36.5)</td>
<td>(36.2)</td>
</tr>
<tr>
<td>Fair value of plan assets(^2)</td>
<td>27.1</td>
<td>28.7</td>
<td>27.6</td>
<td>27.7</td>
<td>28.9</td>
<td>29.1</td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>(9.8)</td>
<td>(13.7)</td>
<td>(9.6)</td>
<td>(9.7)</td>
<td>(8.1)</td>
<td>(7.6)</td>
</tr>
<tr>
<td>Discount rate</td>
<td>3.0%</td>
<td>1.7%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>0.8</td>
<td>0.8</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>0.6</td>
<td>3.3</td>
<td>0.3</td>
<td>0.7</td>
<td>-0.1</td>
<td>0.0</td>
</tr>
</tbody>
</table>

1) All figures are reported on a continuing basis.
2) Fair value of plan assets including effects from asset ceiling (Q3 2018: -€0.1bn); difference between DBO and fair value of plan assets additionally resulted in net defined benefit assets (Q3 FY 2018: +€0.5bn); Defined Benefit Obligation (DBO), including other post-employment benefit plans (OPEB) of ~€0.6bn.
Q3 FY18 Profit Bridge from SGRE disclosure to SAG disclosure
Different profit definitions at SGRE and SAG to be considered in models
### Q3 FY18 Profit Bridge from Siemens Healthineers disclosure to SAG disclosure

Different profit definitions at Siemens Healthineers and SAG to be considered in models

<table>
<thead>
<tr>
<th>in €m</th>
<th>Siemens Healthineers disclosure (as of July 30, 2018)</th>
<th>Siemens disclosure (as of August 2, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (adjusted)</td>
<td>528</td>
<td>541</td>
</tr>
<tr>
<td>Severance</td>
<td>-25</td>
<td>25</td>
</tr>
<tr>
<td>Profit (as reported)</td>
<td>503</td>
<td>515</td>
</tr>
<tr>
<td>Consolidation and accounting differences</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Profit (as reported)</td>
<td>515</td>
<td>541</td>
</tr>
<tr>
<td>Severance</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Profit (excl. severance)</td>
<td>541</td>
<td></td>
</tr>
</tbody>
</table>

- **Margin** (as of August 2, 2018): 16.4%
- **Margin** (as of July 30, 2018): 16.0%
Financial calendar

August

- August 2, 2018
  Q3 Earnings Release
- August 2-3, 2018
  Roadshow UK (London)
- August 6, 2018
  Roadshow Germany (Frankfurt)
- August 7-8, 2018
  Roadshow US (East Coast)

September

- September 7, 2018
  Morgan Stanley Conference (London)

November

- November 8, 2018
  Q4 Earnings Release
# Investor Relations contacts

<table>
<thead>
<tr>
<th>Internet:</th>
<th><a href="http://www.siemens.com/investorrelations">www.siemens.com/investorrelations</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Mail:</td>
<td><a href="mailto:investorrelations@siemens.com">investorrelations@siemens.com</a></td>
</tr>
<tr>
<td>Telefon:</td>
<td>+49 89 636-32474</td>
</tr>
<tr>
<td>Fax:</td>
<td>+49 89 636-1332474</td>
</tr>
</tbody>
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