

Earnings Release
Q1 FY 2016
October 1 to December 31, 2015

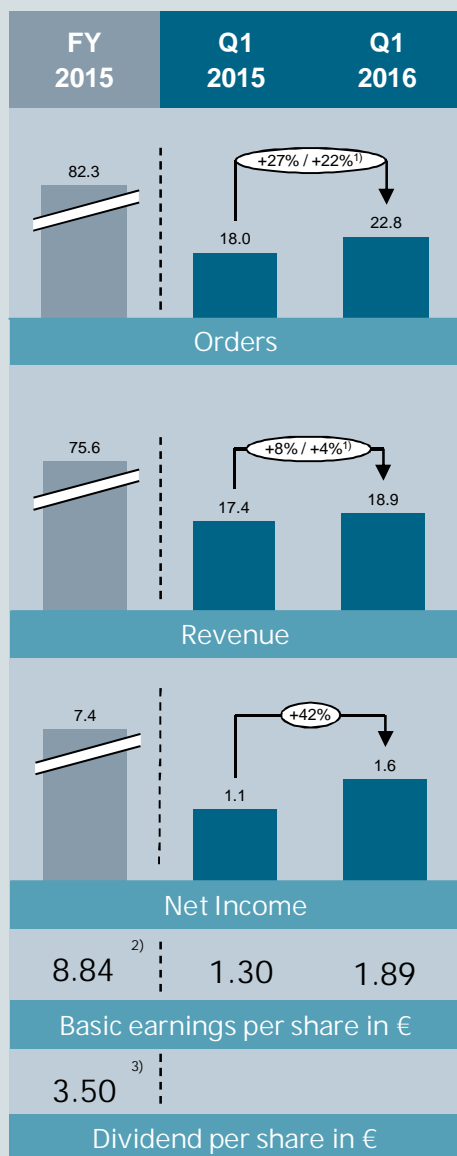
Investor Relations

Shareholder Letter

January 2016

Financial Highlights

(in € billion, except where otherwise stated)



1) Changes are adjusted for currency translation effects

2) €5.18 excl. portfolio gains from divestments of Hearing Aid and our stake in BSH

3) Approved dividend at the Annual Shareholders' Meeting on January 26, 2016

Ladies and Gentlemen, dear Shareholders,



I am very happy to inform you for the first time, as the new head of Investor Relations, about the most relevant events of the previous quarter. Already one day earlier than intended Siemens published its fiscal year 2016 first quarter results as well as an increase of the EPS guidance for FY2016.

"We delivered a strong quarter and are well underway in executing our Vision 2020. Therefore, we will raise our earnings outlook for 2016, even though the macroeconomic and geopolitical developments remain a concern for our markets. We continue to focus on addressing our structural challenges in the company and invest into further developing our markets and strengthening our innovation power," said Siemens CEO Joe Kaeser. Joe Kaeser and CFO Ralf Thomas reviewed the performance for Siemens first quarter of fiscal year 2016 in detail during a press conference and analyst call. The main financial figures:

Major contract wins in Europe and Africa drive first-quarter orders up 27% year-over-year, at €22.8 billion. Revenue is 8% higher at €18.9 billion. The net income of €1.6 billion was up 42% from the prior-year quarter which was burdened by factors outside the Industrial Business. The previous expectation for basic EPS from net income in the range of €5.90 to €6.20 was raised to the range of €6.00 to €6.40.

In the course of the publication of the quarterly results Siemens announced to expand its portfolio for industry software with the acquisition of simulation software supplier CD-adapco for \$970 million. The closing is expected in the second half of FY 2016.

Subsequent to the press conference and analyst call Siemens held its Annual General Meeting (AGM) in Munich. All proposed agenda items, including the dividend proposal of €3.50 per share, have been approved by large majorities. Shareholders elected Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe and Werner Wenning to the Supervisory Board for another five years. Furthermore Siemens officially introduced its new brand appearance at the AGM. Please find further information on "Ingenuity for life" on page 4 of this shareholder letter.

Dear shareholders, in November we had asked you to give us feedback with regard to our shareholder letter. I want to thank you for the great participation. Some of the suggestions could already be implemented in this issue (please read more on page 4). Thank you very much for your trust and interest in Siemens.

Kind regards,

Sabine Reichel

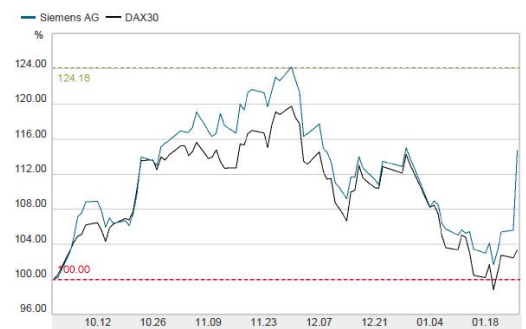
Head of Investor Relations, Siemens AG

Share Performance

- Between October 2015 and the beginning of December 2015 the Siemens share price rose 24% and performed better than the DAX in a positive market environment. Afterwards the DAX and Siemens share were negatively impacted by the declining oil prices and financial crisis in China. This downward trend was even accelerated at the beginning of 2016, so that the previous gains were lost completely.
- Following the increase of the EPS guidance and strong Q1 results the Siemens share rose +8.62% on the day of the AGM and outperformed the DAX (+0.89%) significantly.
- The Siemens share performed with a gain of 15% between Oct 1, 2015 and Jan 26, 2016 clearly better than the main competitors GE (+12%), ABB (-1%), Schneider (-2%), Rockwell (-6%) and Toshiba (-31%).

For further information: http://www.siemens.com/investor/en/siemens_share.htm

Last price: **EUR 90.60**¹⁾



¹⁾ Closing price on January 26, 2016

News from our Industrial Businesses

The information below is a small selection of press releases published by Siemens Divisions during the last quarter. A complete overview of all publications can be found here: <http://www.siemens.com/press/en/pressrelease/index.php>

Power and Gas



for Division information, please click [here](#)

- Portfolio effects added 25% to revenue development; comparable revenue down due mainly to weaker order intake in prior periods, in particular for large gas turbines
- Margin 9.5%, margin decline included weaker contributions from projects in the solutions business and declines in the distributed generation business

Power island order for natural gas-fueled plant in Pennsylvania, USA

Siemens will be supplying the power island for Panda Power Funds' 1,124 MW Hummel Station combined cycle power plant in Pennsylvania. After becoming operational in early 2018 the facility will supply power for more than 1 million households in large power markets in the Mid-Atlantic region, including Philadelphia and New York City. Hummel Station is the 7th project in the U.S., and the 3rd project in Pennsylvania, awarded by Panda Power Funds to Siemens. (for further information, please click [here](#))

Wind Power



for Division information, please click [here](#)

- Revenue down in all three reporting regions due in part to timing effects related to project execution
- Margin 4.2%, profitability reflects revenue decline

Siemens receives first offshore order for 7-MW wind turbines

Siemens has received its first order for the new 7 MW offshore wind turbine: the company is to supply, install and commission 47 direct drive wind turbines, each with a rotor diameter of 154 m. The wind turbines will be deployed in the Walney Extension East project in the Irish Sea. It will be sufficient to supply more than 230,000 British homes with clean energy. (for further information, please click [here](#))

Energy Management



for Division information, please click [here](#)

- Revenue up in all businesses and regions, benefiting from positive currency translation effects
- Margin 6.6%, due mainly to higher revenue and stronger profit contributions from the high voltage products business and the transmission solutions business

Siemens helps transform the main wastewater treatment plant in Vienna into a green power plant

Siemens is supplying the control, measuring, analytical and power distribution systems, as well as the low-voltage and medium-voltage switchgear. Furthermore, the order includes the installation and commissioning of the individual systems. The order is worth around €24 million. As from 2020, the main sewage plant will use sewage gas to generate autonomously all the energy required for the wastewater treatment. (for further information, please click [here](#))

News from our Industrial Businesses

Building Technologies



for Division information, please click [here](#)

- Revenue growth driven mainly by the Americas, particularly including strong demand for solutions and services
- Margin 8.9%, profit rises on higher revenue including larger share from high-margin service business

EU recognizes Siemens for Energy Performance Contracting project

Building Technologies won the 2015 European Energy Service Award (EESA for its implementation of an Energy Performance Contracting (EPC) project in the Polish city of Sosnowiec. It focused on heating systems and energy management in 87 public schools and preschools. All heating and lighting systems were modernized in a period of just 10 months. (for further information, please click [here](#))

Mobility



for Division information, please click [here](#)

- All businesses with higher revenue
- Margin 9.4%, higher profitability includes a stronger contribution from the infrastructure business related to completion of projects

New trains for Berlin's S-Bahn

S-Bahn Berlin GmbH has signed a framework contract with the consortium of Stadler Pankow GmbH and Siemens for the delivery of up to 1,380 vehicles. A firm order was placed for the first 106 trains. The 85 four-section and 21 two-section trains have a high triple-digit million-euro order volume. The first 10 vehicles will be ready to enter service as of 2020. (for further information, please click [here](#))

Digital Factory



for Division information, please click [here](#)

- Strong revenue growth contribution from PLM software business; Europe/CAME primary growth driver, as growth in other regions benefited from positive currency translation effects
- Margin 16.9%, due mainly to a less favorable revenue mix within the factory automation business including industrial deceleration particularly in China year-over-year

Open cloud platform boosts digital service business for industrial customers

Siemens is expanding its open platform "Siemens Cloud for Industry" to form the basis of new digital business models for industrial companies. The new Connector Box is a Simatic IPC-based cloud gateway that transmits machine and system data easily and securely to the Cloud. (for further information, please click [here](#))

Process Industries and Drives



for Division information, please click [here](#)

- Declining revenue in the oil and gas and large drives businesses, only partly offset by growth in the wind power-related business
- Margin 5.7%, ongoing operational challenges in oil and gas and large drives businesses, including overcapacities, take down profit despite positive currency effects

Mobile plant management in the process industry

The new Comos Mobile Solutions Version 2.0 comes with a number of improvements for mobile information management in globally distributed plant engineering projects, and also facilitates cooperation between different departments and specialist disciplines. With its web-based Comos Mobile Solutions product family, Siemens is supporting globally networked collaboration in the process industry along the entire value chain. (for further information, please click [here](#))

Healthcare



for Division information, please click [here](#)

- Revenue increases resulted mainly from the diagnostic imaging business with exceptionally high double-digit growth; strong revenue increase in China
- Margin 16.5%; due mainly to a strong earnings performance from the diagnostic imaging business; profit also benefited from currency tailwinds

Siemens Healthcare introduces first Twin Robotic X-Ray system

Multitom Rax now enables a wide variety of examinations in a range of clinical areas to be performed using only a single X-ray system for the first time. In addition to conventional 2D X-rays, the system also makes it possible to perform fluoroscopy examinations, angiography applications and even 3D imaging. The operator is always in full control of the system's movement. By the push of a button, both robotic arms are being positioned fully automatically around the patient, improving both safety and convenience. (for further information, please click [here](#))

The Shareholder Times

Vol. XII

Munich, Friday, January 29, 2016

FREE

Siemens strengthens its global brand appearance: “Ingenuity for life”

New claim stands for timeless engineering expertise, social values and genius

To coincide with the 200th birthday of its founder Werner von Siemens, the company is strengthening its global positioning with a new brand appearance, whose central component is the claim “Ingenuity for life.” In the future, this claim will appear under the Siemens logo, whose design and color will remain unchanged. Siemens is combining its logo with a slogan. “Ingenuity for life” sums up what Siemens has stood for ever since its founder produced his trailblazing inventions: engineering expertise, genius, innovation and a sense of responsibility.



Joe Kaeser, Siemens President and CEO, said: “For me, ‘ingenuity’ means engineering expertise, entrepreneurial spirit, the power of innovation and the willingness to give our best for society on a daily basis. ‘For life’ means that, in every generation, we at Siemens create long-term value – for the individual customer, employee and citizen as well as for society as a whole.”

Siemens AGM: Shareholders approve all agenda items with large majority



7,430 participants in Olympiahalle

MUNICH – On the morning of January 26, 2016, once again thousands of Siemens' shareholders came to the Munich Olympiahalle. With 7,430¹ participants the Siemens AGM is the biggest of its kind in Germany. At 8 a.m. doors opened on time, so that the shareholders could gather in time for the opening speech of Dr. Gerhard Cromme, chairman of the supervisory board, at 10 a.m. in the plenum with the new stage design.

The AGM ratified the acts of Siemens' Managing and Supervisory Boards for fiscal 2015 (approval >99%) and, as recommended by the Managing and Supervisory Boards, approved a dividend of €3.50 per share for fiscal 2015 (>99%). Shareholders also approved the early reelection of Dr. Nicola Leibinger-Kammüller (>87%), Jim Hagemann Snabe (>93%) and Werner Wenning (>90%) to additional five-year terms on Siemens' Supervisory Board.

In addition, company shareholders approved the spin-off and transfer agreement between Siemens AG and Siemens Healthcare GmbH of December 2, 2015 (>99%). Apart from the shareholders in the Olympiahalle in Munich, also ~1,600¹ shareholders followed the AGM via live-stream over the internet.

The Siemens AGM 2016 had with 51.87%² of the voting share capital one of the highest presences in the recent past. Dr. Cromme announced that the next AGM will presumably take place on February 1, 2017. (¹ Status: January 26, 2016, 12:00 noon; ² announced 11:45 a.m.)

Sabine Reichel to head Siemens Investor Relations

MUNICH – Sabine Reichel has been appointed head of Siemens Investor Relations, effective December 1, 2015. In this capacity, she will succeed Mariel von Schumann, who is currently responsible for the company's investor relations activities in addition to heading Governance & Markets. Siemens Investor Relations will continue to be part of Governance & Markets.



Sabine Reichel has worked at Siemens for more than 11 years. She most recently served as a senior manager at Investor Relations, where she was responsible for the sell-side analysts and buy-side investors in the U.S. and France. She was also the main contact for bond investors and rating agencies. Ms. Reichel began her Siemens career in the corporate finance treasury department.

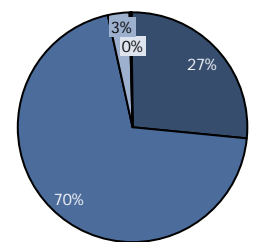
Before joining Siemens, she was employed at the investment bank Bear Stearns in London and New York. At Bear Stearns she worked, among other things, in leveraged finance and debt capital markets.

Shareholder letter survey delivers valuable feedback from more than 1,000 participants

MUNICH – With more than 1,000 responses, the shareholder letter survey at the end of November 2015 was a great success. The open and honest feedback provided, has confirmed the work of the team, which develops the shareholder letter every quarter. At the same time it delivered thought-provoking impulses on further optimization. We want to thank you for your participation and feedback.

The responses have been evaluated and analyzed in detail, so that some of the suggestions could be realized already in this shareholder letter.

The general feedback was very positive (see graph). This included also the frequency of the shareholder letter as well as the overall structure, so that only small adjustments had to be realized.



■ very satisfied ■ unsatisfied
■ satisfied ■ very unsatisfied

- Often mentioned was the **wish to have further information on the individual businesses**. Concerning this matter related links to press releases and the Divisions have been integrated, in order to provide quick access to the most current and detailed information

- Furthermore the **share performance chart has been optimized**. The timeline has been reduced from the yearly view to a 3-months view, the labelling of the axis has become more detailed and more detailed information regarding our competitors is provided

- We have noticed your **suggestions regarding further topics** and we will try to include the one or other topic within the next issues

Frequently Asked Questions

On January 26, 2016, Siemens held its Annual General Meeting at the Olympiahalle in Munich. It's the largest shareholder meeting in Germany. In this issue of the shareholder letter, some of the invitation related questions are answered:

1. How many invitation letters did Siemens sent out and how many e-mail invitations?

Overall Siemens has sent out ~670,000 invitations to its shareholders. Thereof a total of ~502,000 physical invitation letters have been sent out (approx. 32 tons of paper) and ~168,000 invitations have already been distributed by e-mail. The e-mail ratio of the invitations therefore rose to ~25%, which delivers an important contribution to the environmentally conscious handling of resources and is the best ratio within the DAX companies (with registered shares).

2. How can I register for the electronic distribution?

You can register for electronic distribution at any time, using the access details contained in your invitation letter to the Annual General Meeting 2016 and the Internet Service at www.siemens.com/agm-service.

(for further facts and figures around the Annual General Meeting, please click [here](#))

Financial Calendar

4	€	4	€	10	€
May 2016		August 2016		November 2016	
2nd quarter 2016 financial results		3rd quarter 2016 financial results		4th quarter 2016 financial results	

For further information, please click [here](#)

We are happy to answer all of your questions

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How does Siemens assess the further course of fiscal year 2016?

We anticipate further softening in the macroeconomic environment and continuing complexity in the geopolitical environment in fiscal 2016. Nevertheless, we expect moderate revenue growth, net of effects from currency translation. We anticipate that orders will materially exceed revenue for a book-to-bill ratio clearly above 1. For our Industrial Business, we expect a profit margin of 10 % to 11 %. After a strong start into the fiscal year, we raise our previous expectation for basic EPS from net income in the range of €5.90 to €6.20 to the range of €6.00 to €6.40.

This outlook assumes that momentum in the market environment for our high-margin short-cycle businesses will pick up in the second half of fiscal 2016. Additionally, it excludes charges related to legal and regulatory matters.

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.