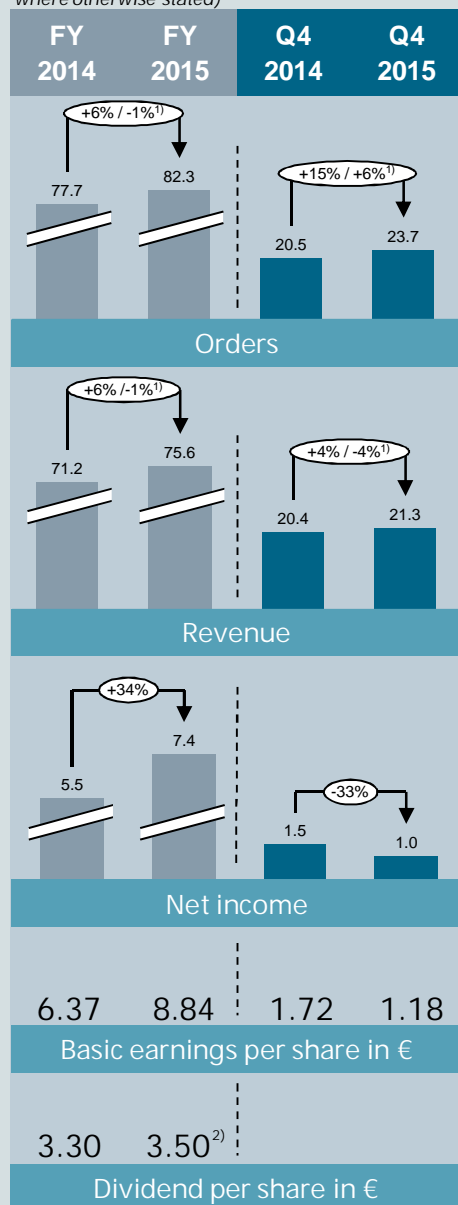


# Shareholder Letter

November 2015

## Financial Highlights

(preliminary and unaudited; in € billion, except where otherwise stated)



<sup>1)</sup> Changes are adjusted for currency and portfolio translation effects

<sup>2)</sup> Proposed dividend for approval at the Annual Shareholders' Meeting in January 2016

Ladies and Gentlemen, dear Shareholders,



During last week's press conference and analyst call, Siemens CEO Joe Kaeser and CFO Ralf Thomas reviewed the performance for Siemens' fourth quarter and fiscal year 2015: Siemens met its targets for the past fiscal year, and proposes a €3.50 per share dividend, an increase of 6% over last year.

Besides the dividend increase, Siemens announced a new share buyback program of up to €3 billion (bn) over the next up to 3 years, just after it completed successfully its €4bn share buyback end of October 2015. Overall Siemens continues to deliver an attractive shareholder return.

A brief look at some details of the past quarter: orders were up 6% year-over-year at €23.7bn while revenue decreased by -4% to €21.3bn, both on a comparable basis. Net income was lower at €1.0bn, mainly due to Centrally Managed Portfolio Activities, with corresponding earnings per share of €1.18.

For fiscal 2015, revenue and orders decreased -1% on a comparable basis versus the prior year, resulting in a book-to-bill ratio of 1.09. Net income of €7.4bn included €3.0bn related to divestments of the hearing aid business and Siemens' stake in "Bosch und Siemens Hausgeräte GmbH" (B/S/H/). Basic earnings per share (EPS) were up 39% at €8.84, including €3.66 related to the sale of the hearing aid business and the B/S/H/ stake.

"We delivered what we promised, and are well positioned to deliver on our plans for the year ahead," Joe Kaeser said.

For fiscal 2016, Siemens expects moderate revenue growth and that orders will materially exceed revenue for a book-to-bill ratio clearly above one. Furthermore a basic EPS from net income in the range of €5.90 to €6.20 is expected. The complete outlook for FY 2016 can be found on page 5.

Looking back at the most important milestones of the previous fiscal year, it has been one of the most fundamental ones in Siemens history. An overview on the main events can be found in our feature topic on page 4 of this shareholder letter.

At this point I also want to use the opportunity to announce that Sabine Reichel will take over responsibility as Head of Investor Relations as of December 1, since I am increasingly focusing on my work on corporate affairs at Siemens and facilitating the cultural change within the company.

I want to personally thank you once again for your continuous interest towards Siemens and would finally like to invite you to provide me with your feedback and comments about our shareholder letter. On page 4 you can find further information on how to participate in an online survey about this topic.

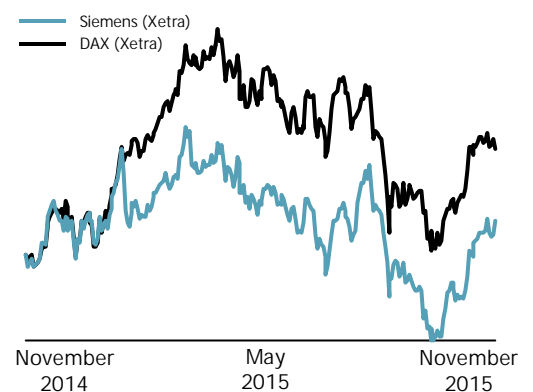
Kind regards,

Mariel von Schumann  
Head of Governance and Markets, Siemens AG

## Share Performance

- Between November 2014 and January 2015, the DAX and the Siemens share price developed in parallel without a clear direction. Since February 2015 the DAX has outperformed the Siemens share price. Between April and July the performance of the stock markets were negatively influenced by the "Grexit" discussions and experienced a small recovery only in July. In August, China had a negative impact on the global stock markets, which also affected the DAX and Siemens share price. In October, the markets started to recover again
- The Siemens share performed in the higher midrange in comparison to most of the competitors' stocks over the last twelve months
- On November 12, 2015, Siemens shares reacted on the results of Q4 very positively and closed +1.9%, outperforming the negative DAX (-1.2%) significantly

Last price: **EUR 93.95**<sup>1)</sup>



<sup>1)</sup> Xetra closing price on November 12, 2015

For further information: [http://www.siemens.com/investor/en/siemens\\_share.htm](http://www.siemens.com/investor/en/siemens_share.htm)

## News from our Industrial Businesses

### Power and Gas



- Revenue growth due to acquired Dresser-Rand and Rolls-Royce businesses
- Margin 10.4%, large gas turbine and solutions businesses with severance charges and lower margins; solid Dresser-Rand profit and strong profit from the service business

Siemens sells 18 industrial gas turbines to Thailand

Siemens has signed a contract for the delivery of 18 model SGT-800 industrial gas turbines to Thailand and will also provide technical field assistance for the installation and long-term service for the turbines. Six of the turbines have a capacity of 53 MW each, while the capacity of the remaining twelve units is 50.5 MW each. The units have a total installed electrical capacity of 1,100 MW. Customer is TEC Project Services Corporation (TPS), a subsidiary of the Japanese Toyo Engineering Corporation (TEC).

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

### Wind Power



- Revenue decline in the onshore business, revenue growth in the service business
- Margin 4.8%, reflects the revenue decline as well as reduction in offshore margins due in part to increased competition

Veja Mate Offshore orders 67 wind turbines including record long-term service

Siemens will supply, install and commission 67 of its 6-megawatts direct drive offshore wind turbines with a total capacity of 402 megawatts at the Veja Mate Offshore wind power plant in the German North Sea. Also included is a 15-year service and maintenance agreement, representing the largest ever wind service order for Siemens in Germany and the second largest globally. (for further information, please click [here](#))

### Energy Management



- Revenue up in all three reporting regions; strong revenue performance in the transformer and smart grid solutions and services businesses
- Margin 7.5%, stronger profit from solutions business projects

Siemens lands major order for substations in Qatar

Siemens has been awarded a major order by Qatar's state-owned utility Qatar General Water & Electricity Corporation (KAHRAMAA). Siemens will deliver 18 turnkey substations to help supplying power to cater for increasing power demand. The order is valued at €470 million (m), and completion of the project is scheduled for 2017.

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

# News from our Industrial Businesses

## Building Technologies



- Revenue growth due to service and product businesses, partly held back by decline in solution business
- Margin 13.2%, larger share of higher-margin service and product businesses

### Energy-efficient Solutions Help Carnegie Hall Secure LEED Silver Certification

Carnegie Hall, the nearly 125-year old iconic New York City music venue, announced its award of a Leadership in Energy and Environmental Design Silver Certification, making it one of the oldest and most notable buildings to achieve such distinction. It was achieved through a close collaboration with Siemens, one of Carnegie Hall's technology partners to modernize almost 165,000 square feet of non-performance space.

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

## Mobility



- Revenue growth in the infrastructure business; as expected, lower revenue overall due to timing of large rail projects
- Margin 8.6%, benefited from larger share of higher-margin infrastructure business

### Siemens to modernize large sections of the Belgian railway network

In a consortium together with the Cofely-Fabricom (GDF SUEZ) infrastructure development company, Siemens is to equip more than 2,200 track kilometers of the Belgian railway network with the ETCS European Train Control System, Level 2. The order volume for the consortium is worth about €510m. The project is scheduled for completion by the end of 2025. (for further information, please click [here](#))

## Digital Factory



- Strong revenue growth in industry software business; decline in China and Germany
- Margin 18.2%, margin expansion in industry software business due mainly to increased demand in digitalization

### New Sinumerik features improve productivity and precision

Siemens is presenting new, more powerful CPUs, and 15 and 19 inch "Blackline" panels in widescreen format for the Sinumerik 840D sl CNC. The new processor technology is up to 15% more powerful than the previously used components. The result is shorter program runtimes, faster simulation, and fast operation in all situations. The new technology consumes up to 50% less power, which causes the processors to generate less heat. (for further information, please click [here](#))

## Process Industries and Drives



- Clear revenue growth in process automation business; declines from commodity-related industries
- Margin 4.8%, lower profitability due to €90m warranty charge in large drives business

### Siemens supplies the world's biggest gearless conveyor drive system

The modernization project at the Cuajone Mine in Peru will entail the installation of a new gyratory crushing and conveyor system by 2016. The belt conveyor will replace a railway system currently used to transport the ore out of the mine to the processing plant. The world's highest-powered gearless conveyor system with an output totaling 12,000 kW is being supplied by Siemens. The gearless drive increases efficiency by 3% and cuts down maintenance work and associated costs, as wearing parts such as couplings, motor bearings and gearboxes are no longer required. (for further information, please click [here](#))

## Healthcare



- Revenue up in all businesses, benefiting from currency translation tailwinds
- Margin 19.2%, profit growth driven by imaging and therapy systems business and benefited from currency tailwinds

### Siemens solutions support diagnosis and treatment of cardiovascular diseases

At this year's Congress of the European Society of Cardiology in London, UK, Siemens Healthcare is presenting innovative IT solutions and medical imaging systems in the areas of angiography, ultrasound, magnetic resonance tomography, and computed tomography. Key take-aways 1) New cardiovascular imaging and information system drives care outcomes 2) Real-time 3D echocardiography offers major advantages in clinical practice. 3) Stents can be accurately positioned even during complex interventions 4) Four-minute cardiac imaging with latest SPECT system. (for further information, please click [here](#))

Another fiscal year in the 168-year old Siemens history has come to an end. Fiscal 2015 was, despite many challenges, a fundamental one in the history of the company. A lot of important milestones of the „Vision 2020“ could be achieved within the last 12 months at a very high pace.

It was the first year in the new company structure for Siemens. In this year, all portfolio activities were closed as previously announced.

**March  
2015**

Rhine-Ruhr Express order



- Order volume: €1.7bn

**January  
2015**

Sale of B/S/H/ stake completed

**B/S/H/**  
BOSCH AND SIEMENS HOME APPLIANCES GROUP

- Bosch takes over Siemens' B/S/H/ stake
- Selling price: €3bn

**December  
2014**

Capital Market Day (Vision 2020)



- Board members and Division CEOs in talk with analysts and investors

**November  
2014**

Divestment Announcement  
Audiology Solutions



- €2.15bn selling price
- Closing Jan. 2015

**October  
2014**

New organizational structure



- Divisional instead of Sector structure

# Fiscal Year 2015

## An eventful year for Siemens

**May  
2015**

Healthcare legally separated in Germany



**June  
2015**

Largest order in Siemens history



- Egypt orders 16.4 GW gas-and wind power plants
- Up to 600 wind turbines

**July  
2015**

Closing Dresser-Rand acquisition

**DRESSER-RAND**  
A Siemens Business

- Acquisition for US\$7.8bn
- Dresser-Rand delisting from New York Stock Exchange in July 2015

**September  
2015**

Siemens to be climate neutral by 2030



- CO2 emissions to be cut 50% as early as 2020
- Net-zero carbon footprint by 2030

**October  
2015**

€4bn share buyback completed

- 43.1m shares bought back in 18 months

**Fiscal Year  
2016**

In June, the company received the largest order in Siemens history with a volume of €8bn in Egypt.

Furthermore, Siemens defined new CO2 targets: Until 2030, Siemens shall operate climate neutrally.

At the beginning of fiscal 2016, Siemens successfully completed its €4bn share buyback program and already announced a new share buyback program in November with a volume of up to €3bn over the next up to 3 years.

## Help us to improve the shareholder letter!

In more than 10 issues of the shareholder letter we have informed you about the most important topics from the previous Siemens quarter. Now we would be happy to receive your comments and feedback on the shareholder letter, in order to maintain our high quality or even serve you better in the future.

Please take 5 minutes of your time and participate in our online survey!

[>> Click here to get to the online survey <<](#)

The online survey is anonymous. A participation is possible until November 30, 2015.

## Frequently Asked Questions

On November 12, 2015, Siemens announced the proposed dividend for fiscal year 2015. In addition, a new share buyback program has been announced, after the €4bn share buyback had been completed successfully in October 2015.

Which dividend has been proposed for FY 2015 and what is the dividend yield?

The Managing and Supervisory Board will propose a dividend of €3.50 per share for approval at the Annual Shareholders' Meeting in January 2016. This is an increase of 6% compared to last year's dividend. The dividend yield per September 30, 2015 of 4.4% is one of the highest dividend yields within the DAX.

What were the results of the €4bn share buyback program completed in October 2015?

From May 12, 2014 until October 31, 2015 Siemens bought back 43.1m shares with an average purchase price of €92.73\*, which was €0.74 lower than the weighted average share price over this period. The total volume was €4.0bn.

What is the framework for the currently announced share buyback program?

In up to 3 years (latest November 15, 2018) an amount of up to €3bn will be bought back. The repurchased shares will only be retired, issued to employees or members of the Managing Board, or used to service convertible bonds or warrant bonds. The start of the share buyback program will be communicated as soon as the share buyback is commenced.

(for further share buyback information please click [here](#))

\*Rounded average price per share including a final payment financially to be treated as purchase price adjustment

## Financial Calendar

26	€	04	€	04	€
January 2016		May 2016		August 2016	
1st quarter 2016 financial results & AGM		2nd quarter 2016 financial results		3rd quarter 2016 financial results	

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

## We are happy to answer all of your questions

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Your Siemens IR Team

## How does Siemens assess 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%. Furthermore, we expect basic EPS from net income in the range of €5.90 to €6.20 as compared to €5.18, which we achieved in fiscal 2015 excluding €3.66 per share in portfolio gains from the divestments of the hearing aid business and our stake in BSH.

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.