Esteemed shareholders,
ladies and gentlemen of the Supervisory Board,
Jim Snabe,
members of the Siemens family, and former and current employees of our company!

I’m extremely pleased that we’re meeting here again today at the Siemens Annual Shareholders’ Meeting in 2019. It’s good to see many faces and many friends who’ve been loyal to us over so many years.

Dr. Cromme, I’d also like to warmly welcome you here today. As Chairman of the Supervisory Board, you supported us for many years – in both good times and bad. We’re very pleased that you’ve maintained your close ties to our company.

For me, the Siemens Annual Shareholders’ Meeting is like a big family reunion. It’s an event that brings shareholders and employees together. And as in a large family, many generations and many opinions are represented here. But what unites us all is that we want to see our company succeed.

Today, I’d like to report to you on what we achieved in fiscal 2018 – and inform you about our plans for the future.

Promise kept, forecast met
Fiscal 2018 will go down in the 171-year history of our company as yet another strong and important year.

We kept our promises.

We met our forecast for the year at every single point – a forecast that we even revised upward during the year.

Our nearly 380,000 employees worldwide have done an outstanding job, and I’d like to personally express my thanks to all of them! The numbers speak for themselves: we deliver what we promise. Customers throughout the world place great trust in us. And for this trust, I’d like to extend – on behalf of all our employees – my warmest thanks to our customers and business partners.
Highlights in fiscal 2018
For Siemens, fiscal 2018 was a year full of highlights. Let me mention just a few examples:

- In **Egypt**, we completed construction of the world’s three biggest power plants in record time. This project has given more than 40 million people access to an affordable and reliable power supply. It also attests to the skills and capability of our power generation team, which is outperforming the competition in a very, very difficult market environment. And here, I’d also like to say a few words in memory of a colleague who did a great deal for the Egypt Project – a man who died last year in a tragic traffic accident: Sherif Kotb. We’ll remember him as one of the people who made it possible to turn the visions and dreams of the people of Egypt into reality. In the future, we’ll also continue to carefully and consistently shape this market’s ongoing structural shift toward renewable energy. Lisa Davis and her team are doing everything in their power to give this business a perspective again.

- During fiscal 2018, the **Mobility Division** won several major orders – for example, in Austria, Germany and Turkey. In Norway, moreover, we’re modernizing the country’s entire rail infrastructure. Today, Siemens Mobility is the most vertically integrated company in the mobility field and, with a profit margin of ten percent in fiscal 2018, an industry leader. We’re particularly proud of how this business has developed over the last five years under the guidance of Roland Busch!

- **Building Technologies** stood out in fiscal 2018 with its best operating results ever. While the business used to be jokingly referred to as “Siemens’ wallflower,” it’s now setting industry standards in advanced building management and digitalization – a development that’s confirmed by numerous new orders in all regional markets. My colleague Cedrik Neike will ensure that this remains the case also in the future.

- **Process Industries and Drives** also struggled with structural changes in 2018. Nevertheless, in addition to carrying out the necessary restructuring of its traditional businesses, it took advantage of the opportunities offered by automation and digitalization in the process industry and performed well in that sector. If you had the opportunity today to look at the figures for the first quarter, you’ll have noticed that this trend has continued.

Our record order backlog of €132 billion (as of September 30, 2018) will likely prove to be of great value in times of a potential economic downturn. Following the first quarter, it has even risen to €137 billion.

**Siemens Healthineers: IPO creates options and value**
In fiscal 2018, we embarked on a very special course: in March 2018, in one of the world’s largest initial public offerings, we very successfully listed our **healthcare business** on the stock market.

The IPO of Siemens Healthineers created options as well as value: from March to the end of fiscal 2018, the new company’s market capitalization climbed by 35 percent or €10 billion! Global demographic trends offer the business outstanding growth prospects. Healthineers’ successful IPO has paved the way for actively shaping these prospects.
Pioneer and world market leader in Industrie 4.0

I’m often asked, “Where does the future of Siemens lie?” And my answer is always: “In success!” But if I had to name any one field where we absolutely have to win, it would be digital industry. If you want to be a winner here, to be on top here, you have to be a pioneer and a master in the field. And you have to always stay a few steps ahead of your competitors. This is exactly what Klaus Helmrich is doing with his highly successful team at Digital Factory. The Division is the thought-leader and the world-market leader in the field of industrial digitalization.

We’re the only company in the world that can create complete “digital twins” of products and of all factory processes. The customer benefits from these virtual models of the real world are enormous: higher efficiency, flexibility and quality in production, and substantially shorter development times for bringing new products to market.

In the digital industrial world, there’ll be a digital twin for every real thing, and all things will be connected and able to communicate. We – that is, German industry and, above all, Siemens – must develop, define and lead these innovations. Because what we accomplish here will determine the fate of German industry – and also the fate of our own company. So far, things look really good for Siemens. In fiscal 2018, Digital Factory far outpaced its competitors in terms of growth, growing more than twice as fast.

And despite huge advance outlays, its profitability was also respectable. So our investments in automation and our industrial software offerings are paying off. We’ll work hard and in a focused way to ensure it stays that way.

Dividend raised for fifth consecutive year

As a shareholder, you, too, will benefit from our profitability in fiscal 2018. We’re proposing a dividend of €3.80. We’re thus increasing the dividend for the fifth year in a row. And that’s also a sign of reliability. And with the reliability that we’ve come to expect from him, our Chief Financial Officer Ralf Thomas has ensured that we always have enough money on hand to make this payout. Naturally we, too, are dissatisfied with the development of Siemens’ share price in fiscal 2018. Let there be no doubts about this. We believe the price of the Siemens share in the past year did not reflect our company’s true value.

That’s why we launched a major share buyback program in November 2018 with a value of up to €3 billion. Most members of the Managing Board also made significant share purchases totaling millions of euros.

The price of the Siemens share was still relatively good compared to the average of our competitors. This applies particularly to the competitor who – rightfully – has been held up before us for nearly half a century as the measure of all things.

But one should also track how share value develops over a longer period. When you do that, the increase in value we achieved with Vision 2020 is more visible.
From July 25, 2013, to the end of fiscal 2018, the total return on the Siemens share was a highly satisfying 66 percent! By way of comparison, the DAX stock index increased 48 percent over the same period. And looking at the average of our five most relevant competitors, the return increased much more slowly: 13 percent.

So, we’ve achieved quite a lot in recent years – and created value for you, our shareholders, for our customers and for our employees! In fiscal 2018 alone, we paid out well over €1.5 billion in dividends, bonuses, incentives and profit-sharing distributions to our employees!

**We create jobs and invest in training and continuing education**

In fiscal 2018, Siemens invested more than ever before: in new factories and equipment, in innovation, in our sales activities and thus customer proximity – and in our employees. We hired nearly 41,000 people, of whom roughly 4,700 are here in Germany.

Every year, we invest more than €500 million in training and continuing education – and we did so in fiscal 2018 as well. In addition, we train around 11,000 young people worldwide. Training and continuing education is a very elementary, important topic for our company. Janina Kugel, one of my colleagues on the Managing Board, has worked together with her team to prepare forward-looking programs that will keep our employees fit for the future. We’re also convinced that every employee has the right to hear from his or her employer about what is changing in his or her profession. We’re helping our employees acquire relevant new skills and thus safeguard their opportunities in the labor market.

For us, social responsibility also includes finding solutions for businesses and thus for employees affected by structural changes. The profound changes taking place in the energy sector presented – and continue to present – enormous challenges for us. To secure the future of this business, we’ve invested heavily in innovation and efficiency. We’ve also achieved a reconciliation of interests in order to permanently avoid over-capacities.

**Act with responsibility, provide perspectives**

In Görlitz, too, we’ve proven that we act responsibly and provide perspectives for our people. Last year, colleagues from our Görlitz location cycled to Munich for our Annual Shareholders’ Meeting – in the middle of winter, over a distance of 600 kilometers.

As it should be, we talked with one another and not about one another. And we found a solution – a good solution, I believe. One that opens up perspectives. At the same time, however, it appropriately requires this business and this location to take on responsibility. We’re expanding our Görlitz location to create the global headquarters for our industrial steam turbine business.

Our colleagues there will work on reducing costs and boosting innovation in order to reach the goals we’ve agreed upon. That considerable efforts were needed until we reached a satisfactory solution-oriented approach wasn’t a great problem. In the future, however, such solutions should be worked out where they actually belong.
**Investing in the future**
The Central Works Council, the IG Metall labor union and the company have, for example, agreed on a future pact. Siemens will make up to €100 million available for a Fund for the Future. This fund will be used for measures to proactively shape the structural transformation in the future.

Investing in the future also means investing in research and development. Last year, our colleagues submitted some 7,300 invention reports – or 33 inventions every single working day. That’s an impressive number! And not only their quantity was exceptional, but their quality as well.

These days, innovations are created by teams in ecosystems, in which hardware and software experts, suppliers and customers, companies and scientists work closely together on everything from an initial idea and product launch to service. In fiscal 2018, we invested €5.6 billion in research and development – an increase of nearly 40 percent compared to 2014!

Incidentally, nearly two-thirds of these investments are made here in Germany. This shows that Germany continues to be extremely important for our company as a business location, although its share of our revenue – ten percent – is no longer so large.

Our R&D activities are focused on 14 future-oriented fields. Among the most important are artificial intelligence, cybersecurity, digital twins, distributed automation and energy systems, infrastructure for electromobility and additive manufacturing – or 3D printing. Those who want to shape the future of industry have to be leaders in these fields!

**We take clear positions!**
With our innovations, we’re laying the foundation for our future profitability, for dividends, for jobs and for our stock performance.

But is this enough? Is shareholder value all that counts? Definitely not. If we also want to create value for society, then we have to help shape society – and participate in social discourse. The Siemens brand has always required this, and it will continue to do so in the future. For me, this includes expressing opinions on the important issues of our times. It means taking clear positions in favor of sustainable environmental policy, regarding the impact of digitalization on the working world, and against exclusion, racism and intolerance.

Naturally, this is a balancing act – as, for instance, when you have to decide what countries you’ll visit and in which countries you’ll do business. Often there are no clear answers in this regard, and there’s certainly no black-and-white model. The simplest thing to do would be to do nothing – following the principle: “If you do nothing, you’ll do nothing wrong.” But for a company like Siemens that’s responsible for nearly 380,000 employees and their families, there’s no room for relaxing or escaping one’s duties.
Fortune ranking – Siemens is No. 1
Our understanding of values has also contributed to our being voted again this year the most respected industrial company by highly regarded Fortune magazine. Managers and experts were asked which companies they admire the most. The criteria included innovation, social responsibility, financial soundness and product and service quality. We ranked No. 1 in all the surveyed categories.

Siemens is the most respected industrial company in the world. The world is watching us – more than ever!

Our mantra “Business to Society” – our aspiration to create value for society through our business – is receiving attention worldwide.

We heard this loud and clear at the World Economic Forum in Davos. More and more global companies are recognizing the importance of integrating their business into society – and, increasingly, even American companies that have traditionally focused on shareholder value.

Answers to climate change
I also believe it’s our duty as a global company to provide answers to the great challenge facing humanity: climate change.

The climate researcher Ed Hawkins has created an impressive chart that shows how rapidly global warming is advancing. Colored stripes – Hawkins calls them “warming stripes” – represent the annual global temperatures from 1850 until today. Blue stands for colder years, red for warmer ones. From 1850 to 2018 – that pretty much covers the entire history of Siemens. It’s immediately apparent that warm and hot years have recently become increasingly frequent.

We don’t have a Planet B! And so, to help humanity “get its act together,” as the German astronaut Alexander “Astro Alex” Gerst has written, Siemens is setting a good example.

Last year, our technologies helped our customers reduce their CO2 emissions by 609 million tons. To give you a better grasp of this figure: it’s equivalent to 75 percent of the annual CO2 emissions of the industrial nation Germany.

We’re also cutting CO2 emissions at Siemens. Compared to 2014, we’ve slashed these emissions by one-third – or 700,000 tons – a year. And to put that number in perspective: 700,000 tons equals half the annual emissions produced by private transport here in Munich.

How are we doing this? By, for example, powering 80 percent of our German locations with green energy. We’re totally committed to pursuing this course: we will cut our emissions in half by no later than 2020 and be carbon-neutral for the entire company worldwide by 2030 at the latest!
Vision 2020 successfully completed

In fiscal 2018, we successfully completed our Vision 2020 strategy program. And faster than originally planned. It was hard work, but it's paid off: Siemens has fulfilled its forecasts – or even raised and exceeded them – for five years in a row. That's something that's never happened in this way at Siemens before.

Today, Siemens is significantly more profitable than it was prior to Vision 2020. Since 2013, we’ve increased the profit margin of our Industrial Business by 290 basis points. And during this same period, we’ve even increased basic earnings per share by 40 percent.

Reliability is the basis for sustainable success! Today, it’s once again quite clear: Siemens can indeed master large and complex projects – as can be seen from the fact that we’ve substantially and sustainably reduced project charges. In fiscal 2018, we had no net project charges. This is the result of being even closer to our customers and of having substantially strengthened our project management.

The successful implementation of Vision 2020 already in 2018 was a strong achievement by a great team that had internalized the guiding principle of our Ownership Culture: “Always act as if it were your own company.”

The extent to which this Ownership Culture is anchored among our employees is also shown by the fact that around 300,000 Siemens employees are now shareholders in our company. No other comparable company worldwide can boast such a high number of employees who are also co-owners! Owners give their best, they’re proud of their company, they think long-term and they assume responsibility – for today and for the generations to come.

We’ve achieved quite a lot with Vision 2020. And most observers also agree with that assessment – even our competitors, who now frequently copy us. We’re in really good shape!

Vision 2020+ strategy program: Focus and entrepreneurial freedom

So why not take a rest after all the efforts we put into Vision 2020? Why not pause a bit and take a look at what’s happening elsewhere in the world?

After all, a simple “keep it up” would probably work just fine for another few years. Instead, we’ve decided to launch our Vision 2020+ strategy program now!

Why?
> Because the world is changing too fast and those who hesitate or stand still will be passed by
> Because we want to shape the next-generation Siemens for those who will follow us
> And that’s very important to us. As someone once said: “building a company is like a love-filled relationship.” That someone was no one less than Berthold Leibinger, one of Germany’s and Europe’s most respected family-business entrepreneurs. And I think it’s fair to say that this also holds true for securing a company’s future. Those who love their company continue to develop it. Because we now have all the prerequisites we need to develop our company from a position of strength
Because we have responsibility for 380,000 colleagues
And because we know that you can’t really fulfill social responsibilities with backward-looking social romanticism.

In the past, our competitors were often the trendsetters, and we oriented ourselves on other companies, such as our eternal rival from overseas, as the measure of all things. Today, people look to Siemens. When it comes to digitalization, but also when it comes to things like compliance and the legality and orderliness of a company. Today, we’re the pacesetters. Today, we’re the ones defining and shaping the topics and trends in the industrial world.

With Vision 2020+, we’re giving our businesses greater entrepreneurial freedom under the strong Siemens brand. We’re thus creating the conditions for raising the bar for sustainable growth and profitability.

In addition to stressing innovation and productivity, our businesses also need a focused entrepreneurial approach. That’s why we’re enabling all of them to focus clearly on their particular markets and customers and to adapt quickly and specifically to changes. This will enable us to achieve our aim of being among the best or, preferably, the best in the competitive arena.

As of April 1, Siemens will comprise three Operating Companies and three Strategic Companies. The three Operating Companies – Gas and Power, Smart Infrastructure and Digital Industries – will be managed under the Siemens umbrella. In each of the three Strategic Companies, Siemens holds or will hold a controlling majority. We’ve already successfully implemented Siemens Healthineers and Siemens Gamesa – thanks also to the prudent direction of my colleague Michael Sen and his team. Together with Alstom, Siemens wants to create a global champion in Europe in the mobility industry. The arguments in favor of this combination are, in our view, valid and logical. This merger will benefit – also and above all – our customers, for whom we want to create a highly innovative and global alternative to a dominant global competitor. We’re currently awaiting the decision of the European antitrust authority on this deal.

For all six of these companies, the focus is on creating long-term value.
- The management of each company has the entrepreneurial freedom it needs to succeed in its markets.
- This freedom includes the responsibility to deliver an impressive performance that reflects market conditions. Entrepreneurial freedom and responsibility are inextricably linked.
- In addition, one absolute rule applies to all six companies: there can be no compromise on compliance! Only clean business is Siemens business!
- All businesses profit from the Siemens brand and contribute to our good reputation all around the world!

We make real what matters
And there’s something else that holds Siemens together: its purpose. By this, I don’t mean the legal purpose set out in our Articles of Association, but our company’s higher purpose. I’d describe this purpose as follows: we want to serve society. We make real what matters!
In order to fulfill this purpose and live up to this responsibility, we must be successful in business terms.

Siemens is not a charity event, but a publicly listed company that has to prevail in global competition. Economic strength is essential for sustainably creating value for society and for fulfilling social commitments. Only the strong can help those who are weaker.

There’s one place that perfectly exemplifies Siemens’ purpose and responsibility. I’m talking about Siemensstadt in Berlin. More than 100 years ago, our predecessors conceived and lived the future there. They designed a model for modern living and working. And this is our goal again today at Siemensstadt 2.0, as we currently call this project.

- Siemensstadt 2.0 will be at once a laboratory, a testing ground, a workshop and residential area, a factory hall, a classroom and idea forum, a tea kitchen and a sports facility.
- It will be home to people of all backgrounds, skin colors, religions and sexual orientations.
- And it will set an example for a successful balance between economic success, social responsibility and global integration.

At a time when governments are building walls rather than bridges, global companies like Siemens have a special responsibility. More than ever before, they must stand for stability, dialogue, security, cohesion and international cooperation.

They should pave the way for – and exemplify – inclusive capitalism, a form of capitalism that I call Social Market Economy 2.0. This means successfully striving for economic strength – and aspiring to ensure that employees as well as society have a direct or indirect share in this success.

At Siemens, we’re committed to this responsibility. And you, our shareholders, can count on us to continue doing everything in our power to fulfill it.

Thank you very much.