

Siemens Vision 2020 – Fully on track

Joe Kaeser, President and CEO

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Notes and forward looking statements



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Siemens by the numbers



SIEMENS AG

Revenue €83.0bn	IB¹ Profit €9.5bn	IB¹ Margin 11.2%	Net Income €6.2bn	EPS €7.44
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FY 2017 reported

Power and Gas



Revenue
Profit
Profit margin

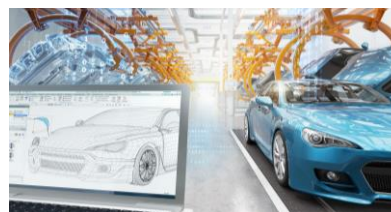
€15.5bn
€1.6bn
10.3%

Building Technologies



€6.5bn
€0.8bn
12.0%

Digital Factory



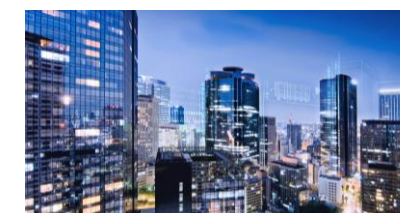
€11.4bn
€2.1bn
18.8%

Siemens Healthineers



€13.8bn
€2.5bn
18.1%

Financial Services



Total Assets: €26.4bn
IBIT: €0.6bn
RoE: 19.9%

Energy Management



Revenue
Profit
Profit margin

€12.3bn
€0.9bn
7.6%

Mobility



€8.1bn
€0.7bn
9.2%

Process Industries and Drives



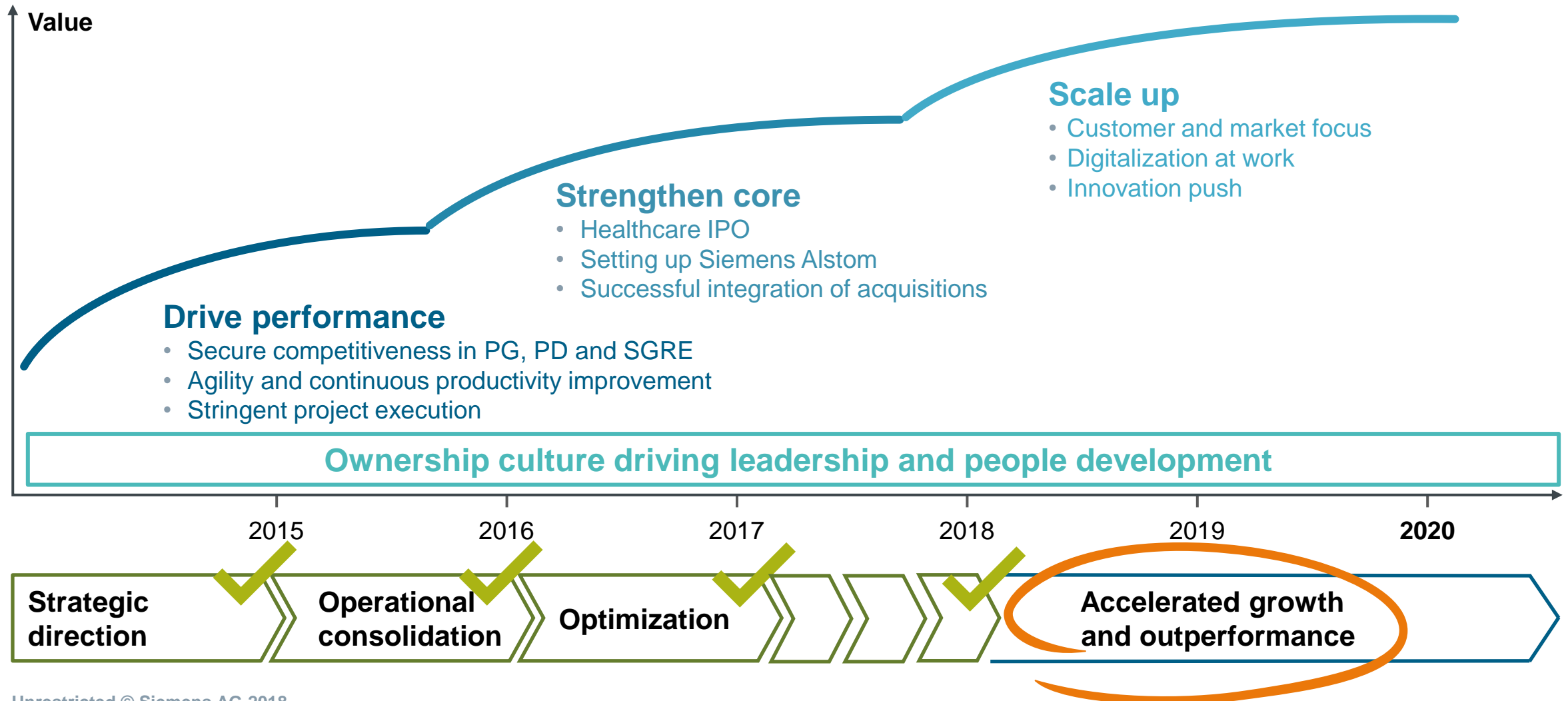
€8.9bn
€0.4bn
5.0%

SIEMENS Gamesa RENEWABLE ENERGY



€7.9bn
€0.3bn
4.3%

Vision 2020 - We have a compelling strategy

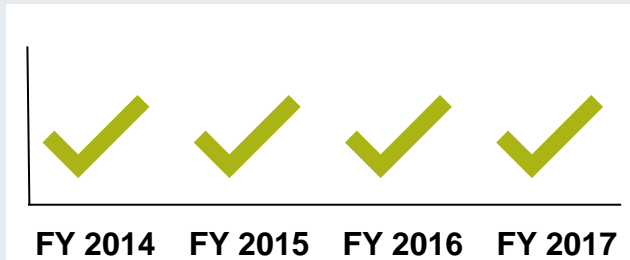


We have done well since 2014 ...

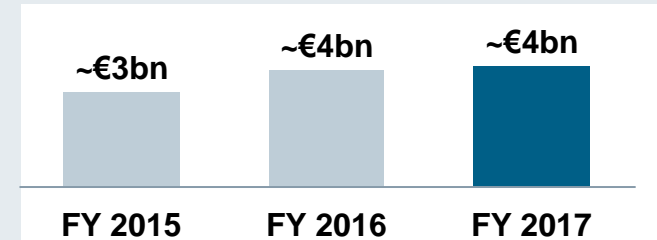
Vision 2020



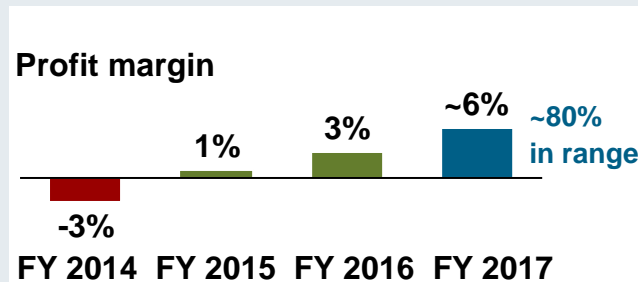
Guidance to market



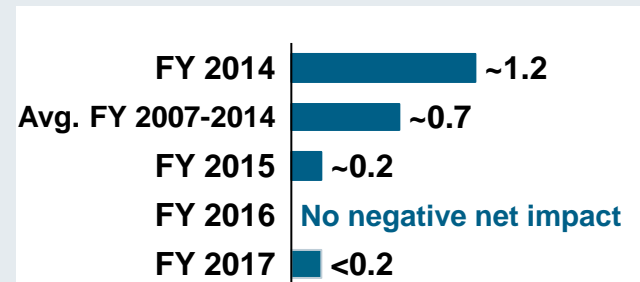
Ongoing cost productivity



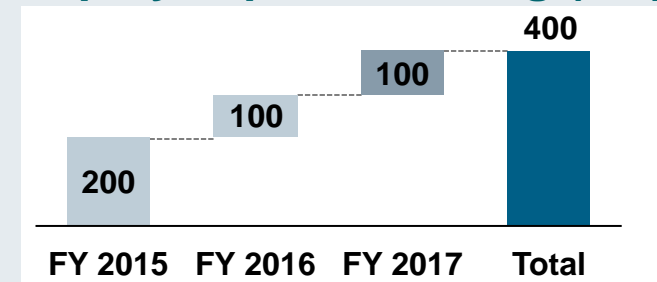
Underperforming businesses



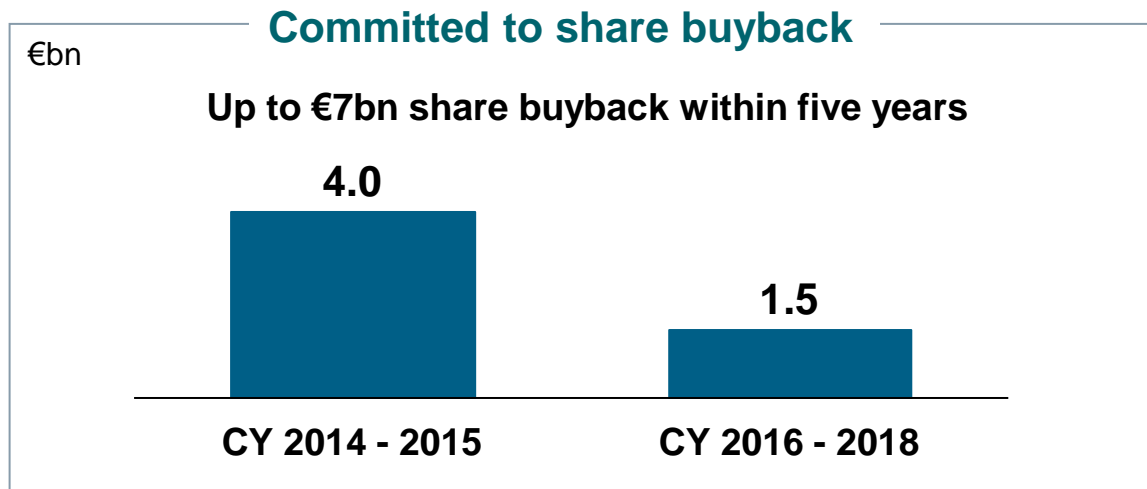
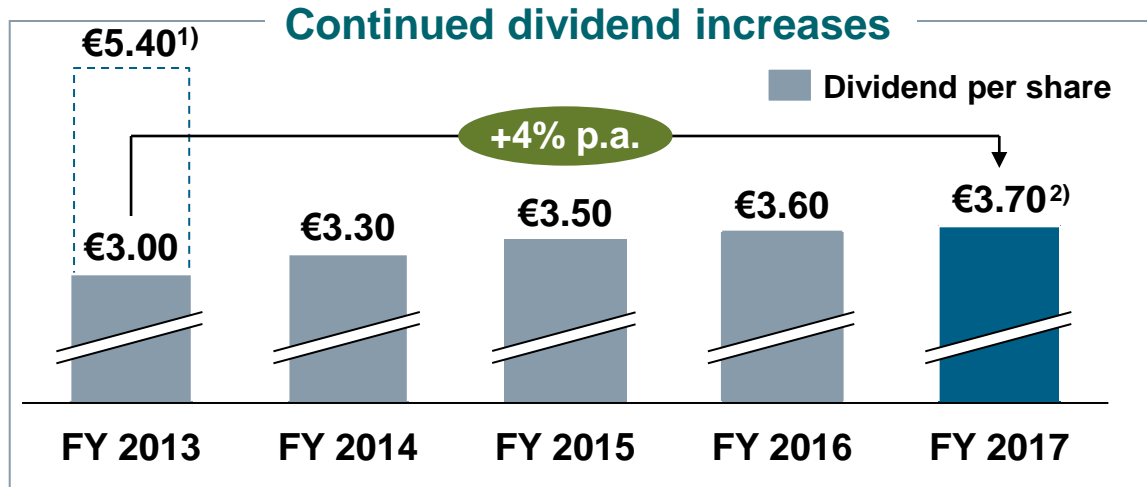
Project charges (€bn)



Employee profit sharing (€m)



... and so have our shareholders

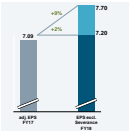


1) Effect of OSRAM stock distribution to shareholders of €2.40 per share

2) Proposed dividend pending on annual shareholder meeting approval in January 2018

3) Total return includes reinvest of dividend payments

What's on the CEO's mind for 2018?



Deliver on our commitment to the market



Uncertainty from geopolitical tensions & nationalism vs. economic upswing



Drive growth opportunities and digitalization across all businesses

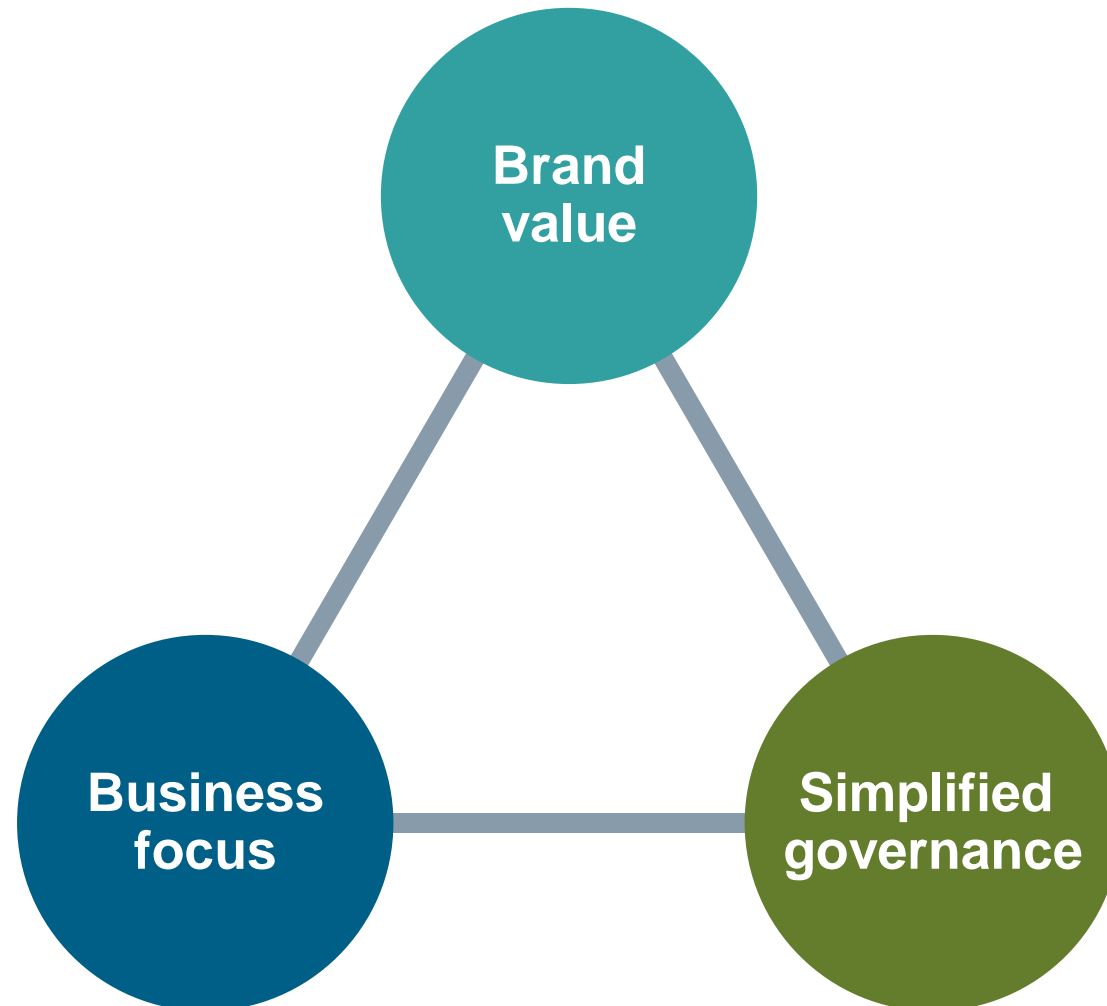


Tackle structural challenges to strengthen competitiveness



Shape Vision 2020+ to create “next generation Siemens”

Key considerations for “Vision 2020+”



Questions and Answers

Appendix



One Siemens Financial Framework

Clear targets to measure success and accountability



One Siemens Financial Framework

Siemens

Growth:
Siemens > most relevant competitors¹⁾

(Comparable revenue growth)

Capital efficiency
(ROCE²⁾)

15 – 20%

Total cost productivity³⁾
3 – 5% p.a.

Capital structure
(Industrial net debt/EBITDA)

up to 1.0x

Dividend payout ratio
40 – 60%⁴⁾

Profit Margin ranges of businesses (excl. PPA)⁵⁾

PG
11 – 15%

EM
7 – 10%

MO
6 – 9%

PD
8 – 12%

SFS⁶⁾
15 – 20%

SGRE
5 – 8%

BT
8 – 11%















DF
14 – 20%

HC
15 – 19%

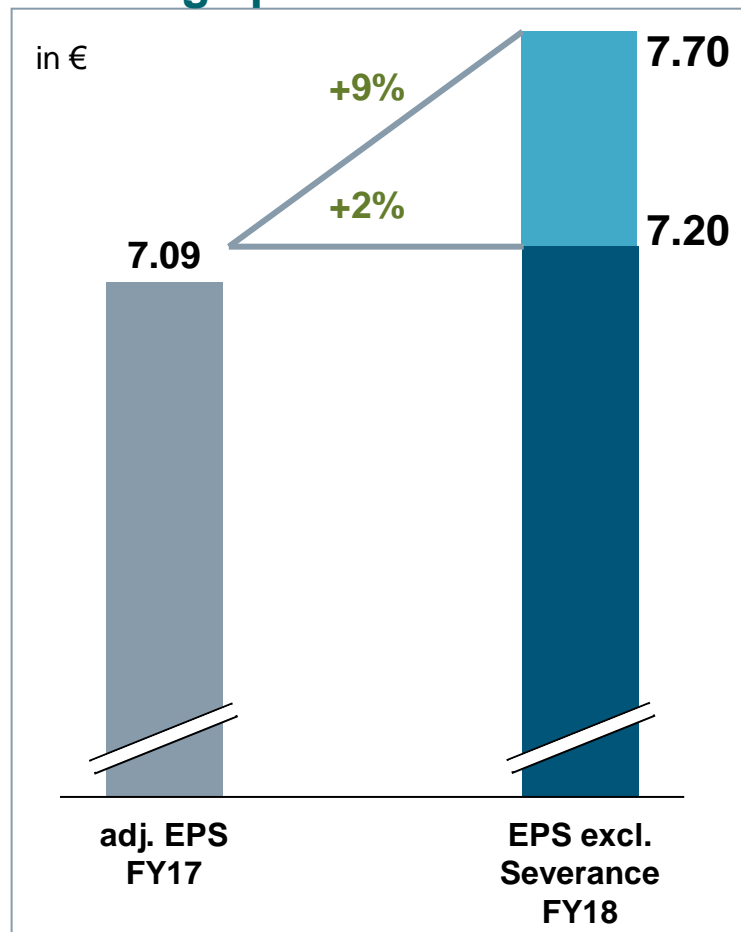
1) ABB, GE, Schneider, MHI, Eaton, weighted; 2) Based on continuing and discontinued operations; 3) Productivity measures divided by functional costs (cost of sales, R&D, SG&A expenses) of the group; 4) Of net income excluding exceptional non-cash items; 5) Excl. acquisition related amortization on intangibles; 6) SFS based on return on equity after tax

Siemens Vision 2020 - Execution well underway, most targets already achieved by FY 2017



GOAL	INTENT	KPI	
1 Implement stringent company governance with effective support functions	Live lean governance and drive continuous optimization	 €1bn cost savings by FY 2016 achieved	
2 Strengthen portfolio	Sharpen our business focus in electrification, automation, and digitalization	 Tap growth fields > 8% margin in underperforming businesses	
3 Execute financial target system	Grow our company value	 15-20% ROCE Growth > most relevant competitors	
4 Expand global management	Get closer to our customers and markets	 > 30% of Division and Business Unit management outside Germany	
5 Be a partner of choice for our customers	Foster an intimate and trusting partnership with our customers	 ≥ 20% improvement in Net Promoter Score	
6 Be an employer of choice	Unleash the full potential of our people	 > 75% approval rating in leadership and diversity in global employee survey	
7 Foster Ownership Culture	Ignite pride and passion for Siemens, through a new mindset and equity ownership	 ≥ 50% increase in number of employee shareholders	

Earnings per share



Note: FY 2017 weighted average number of shares of ~812.2m

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Outlook

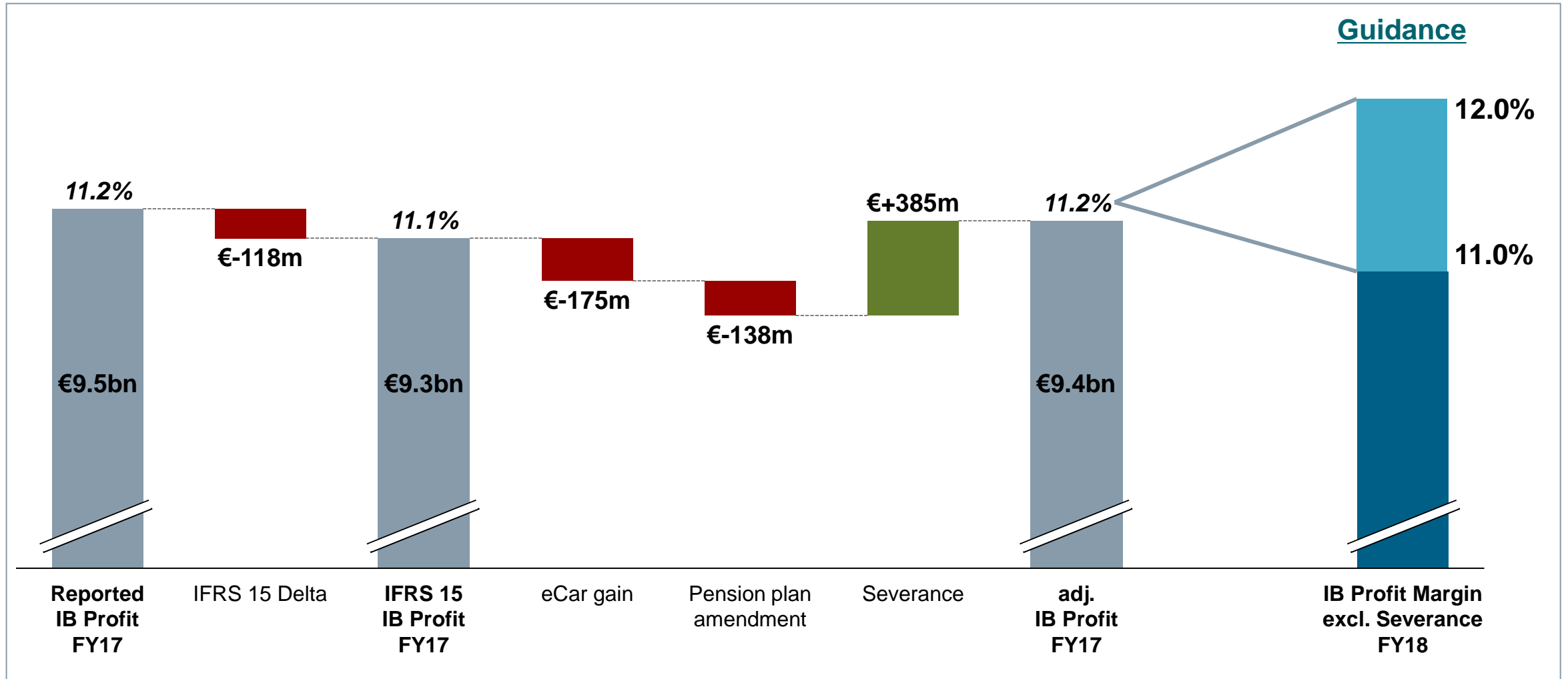
We expect a **mixed picture in our market environment** in fiscal 2018, ranging from **strong markets** for our **short-cycle businesses** to **unfavorable dynamics** in our **energy generation markets**, as well as **geopolitical uncertainties** that may restrict investment sentiment.

For fiscal 2018 we 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**.

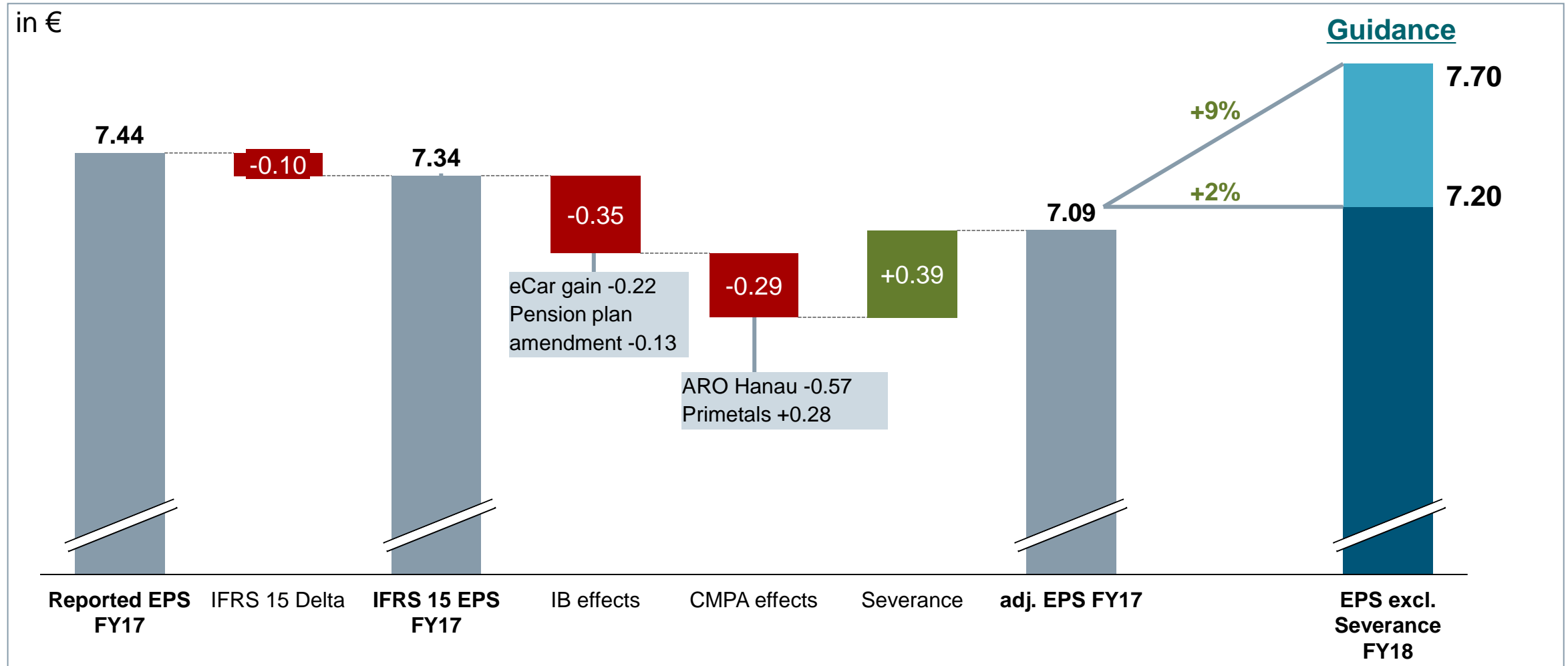
We expect a **profit margin of 11.0% to 12.0%** for our **Industrial Business** and **basic EPS from net income** in the **range of €7.20 to €7.70**, both **excluding severance charges**.

This outlook **excludes charges related to legal and regulatory matters**, **effects on EPS** associated with **minorities holding shares in Healthineers following the planned IPO**, and **potential effects** which may follow the introduction of a **new strategic program**.

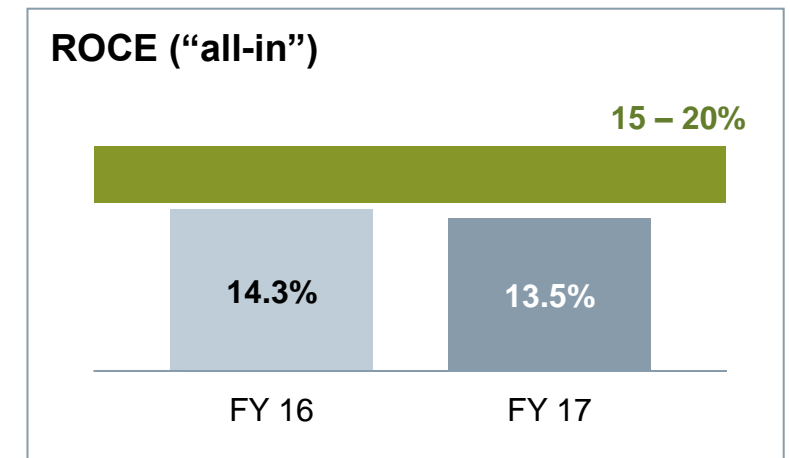
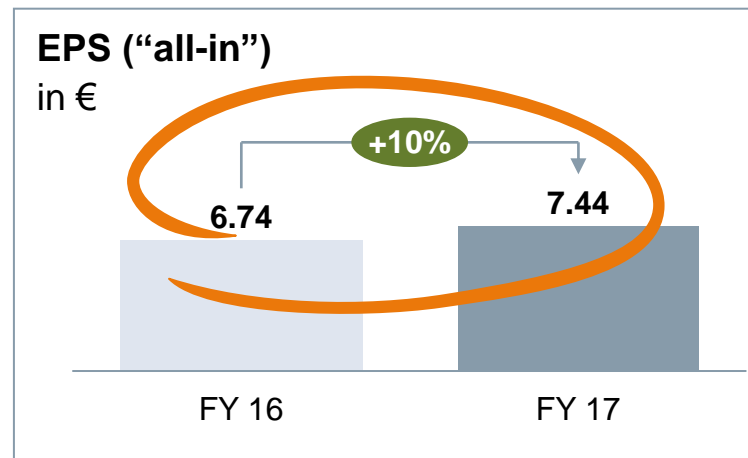
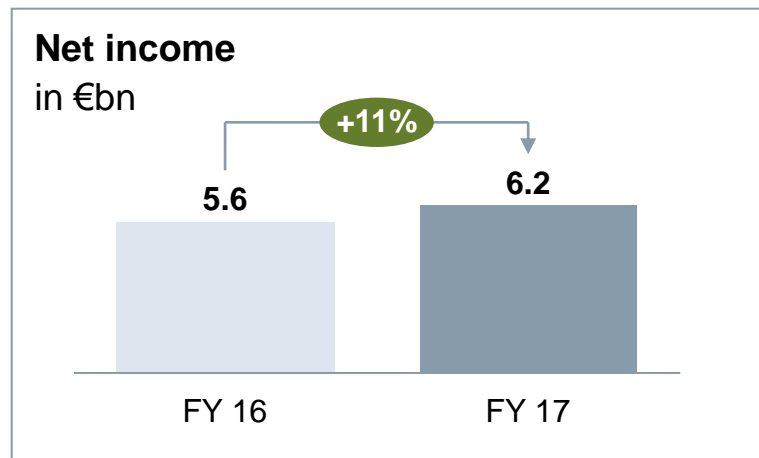
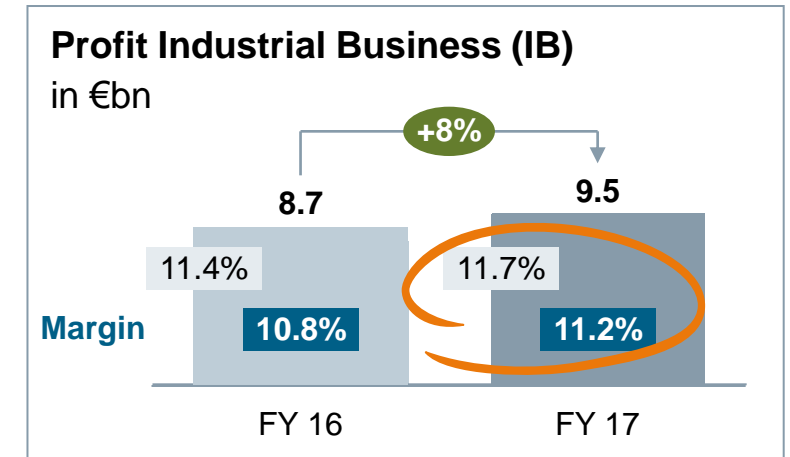
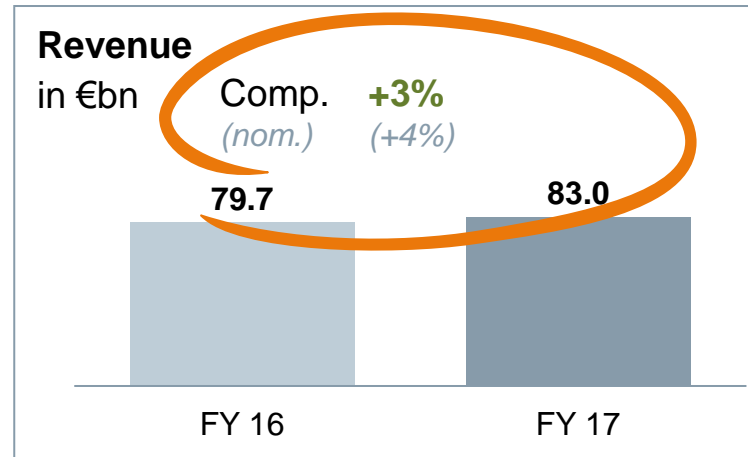
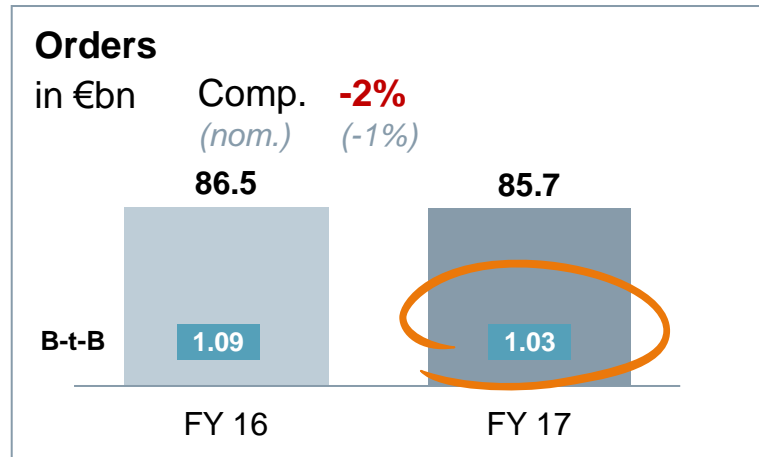
Industrial Business Profit Margin - Outlook FY 2018



Earnings per share - Outlook FY 2018



Financial cockpit – FY 2017



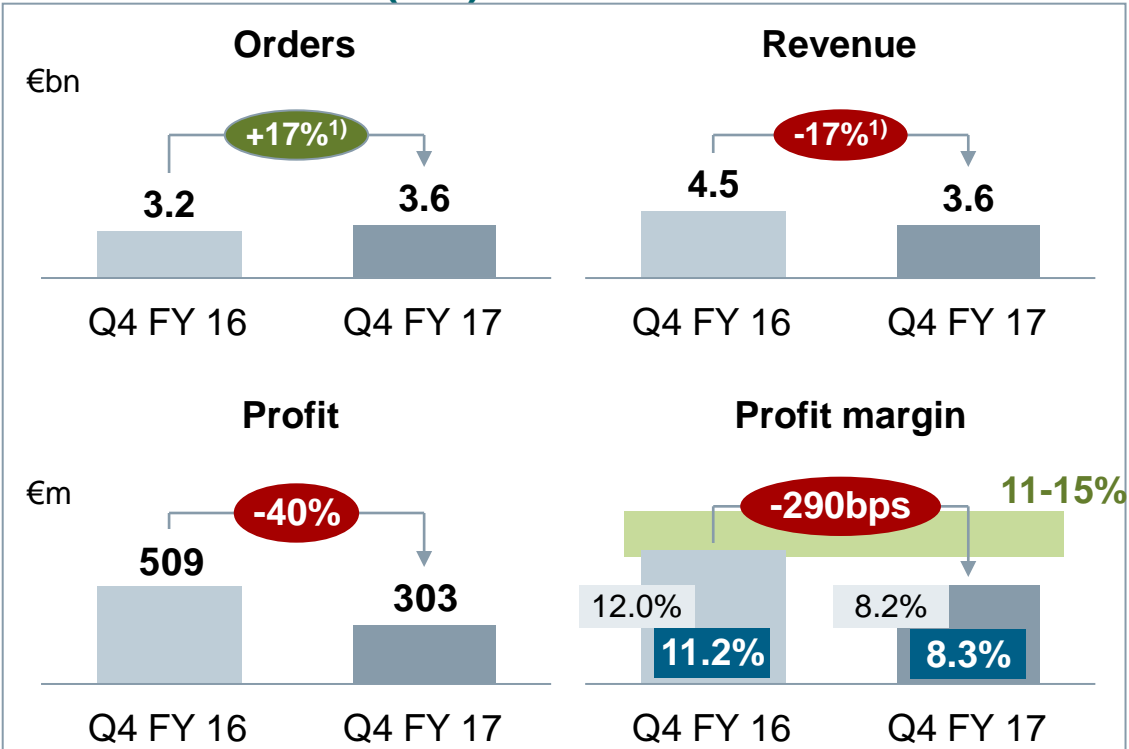
x.x% Margin as reported x.x% Margin excl. severance

PG: Market contraction impacts top and bottom line

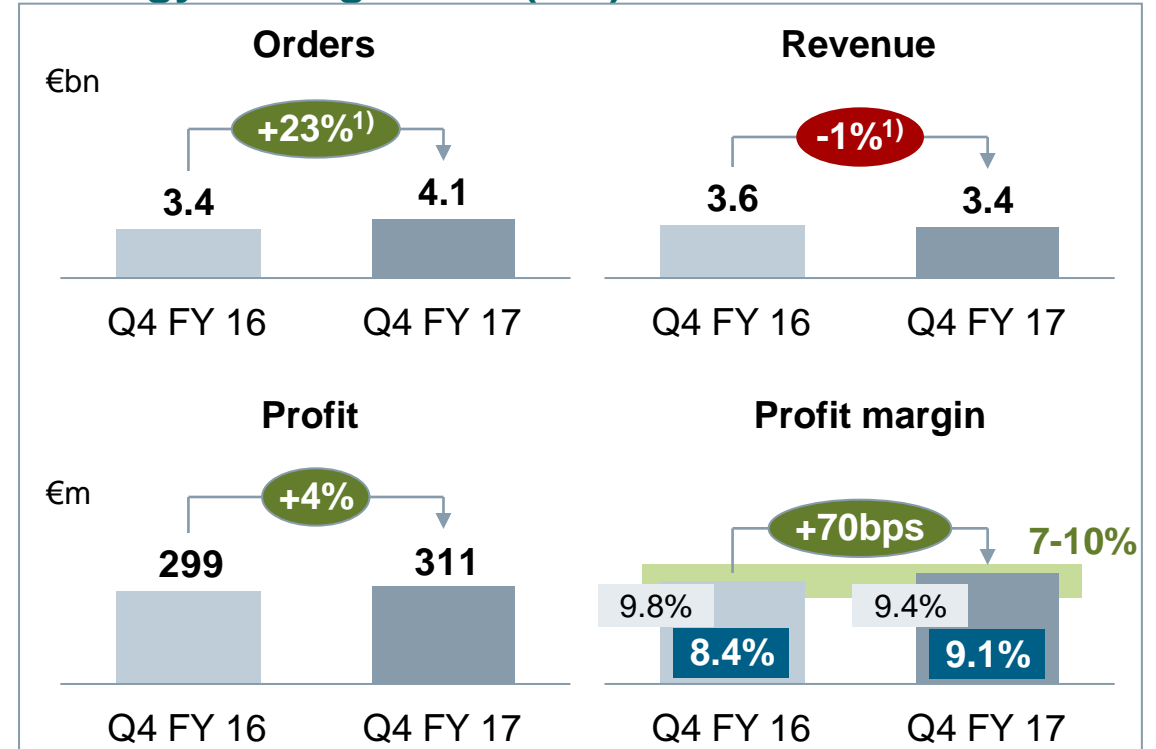
EM: Performance improvement on track



Power and Gas (PG)



Energy Management (EM)



- Order growth driven by service, declining new-unit business
- Revenue decline, lower capacity utilization and price pressure weigh on margin

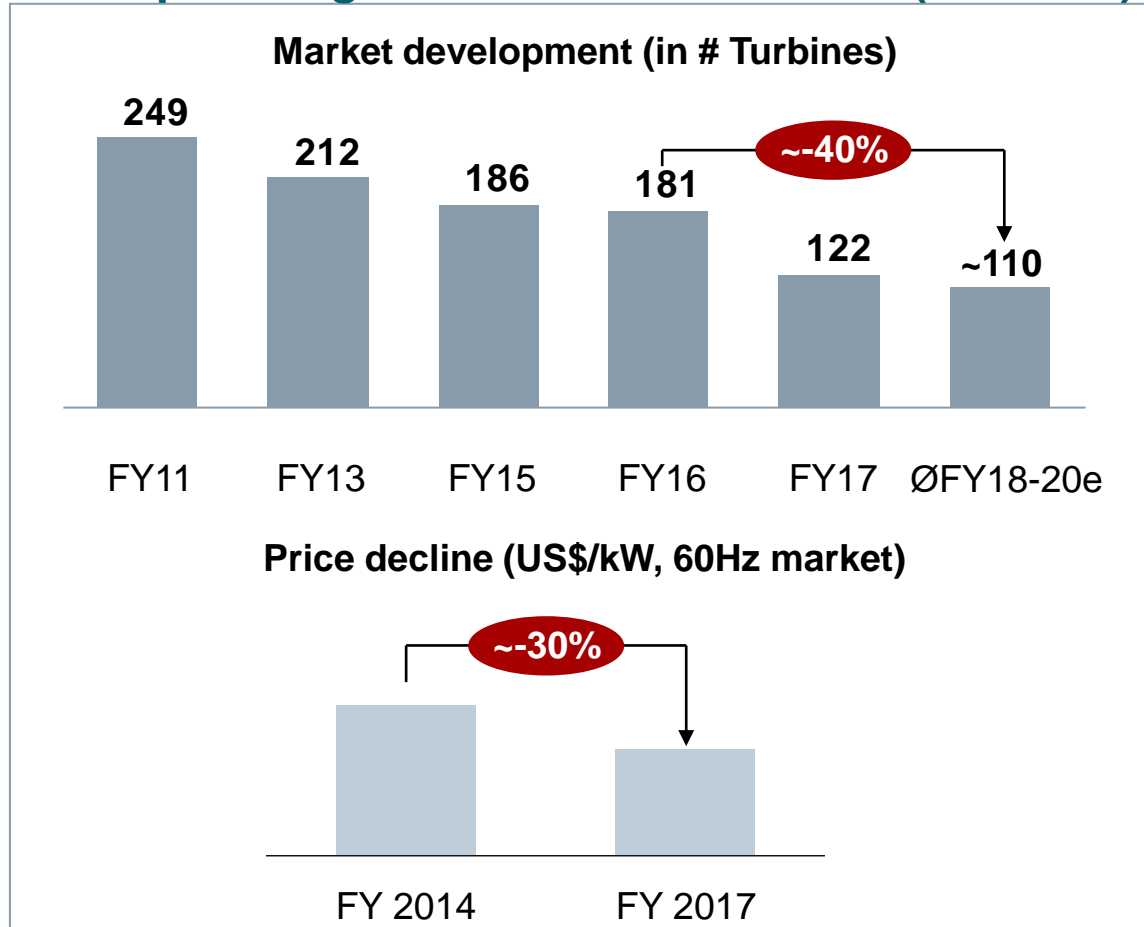
- Large order wins e.g. DolWin6 project
- Profitability improvement across most businesses

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)

Power and Gas – Siemens tackles structural market changes and strengthens global competitiveness

Example: Large Gas Turbine business (>100MW)



Announced measures

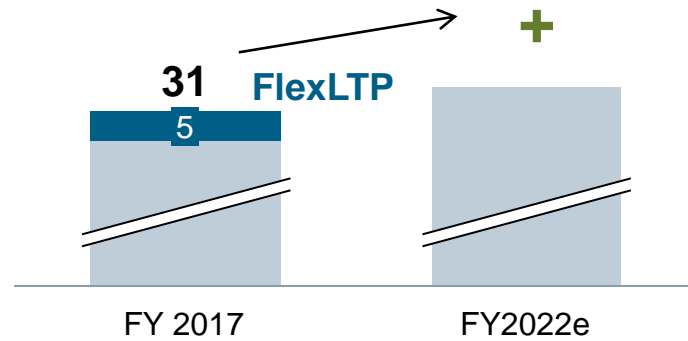
- Consolidation plan announced for global setup adaptation
- Adjustments of about 6,100 jobs worldwide
- Consolidating manufacturing volumes at locations with competitive costs
- Bundling key expertise in centers of excellence
- Significant investments in efficiency enhancing technologies

The Siemens Power Service business is resilient



Increasing backlog...

(in €bn)



... from still growing fleet

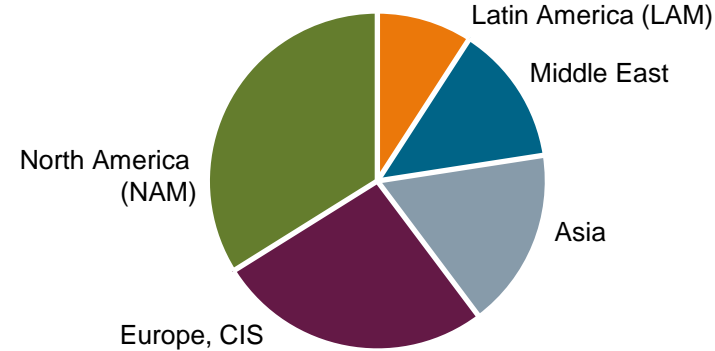


Service-relevant fleet growth FY17-22



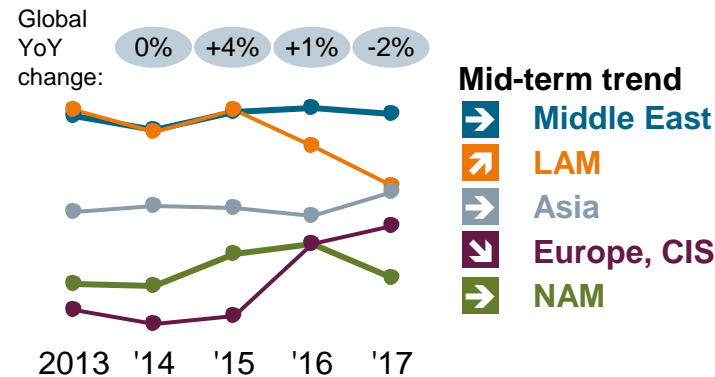
Globalized operations ...

FY 2017 revenue by customer location (in %)



... to tackle fluctuations

Gas turbine utilization (in %)



Infusing technologies ...

Co-creation of digital services



Innovation, e. g. 3D printing, virtual reality



... for top- & bottom-line

Performance optimization & cyber security



4D outage planning leads to faster remote outages

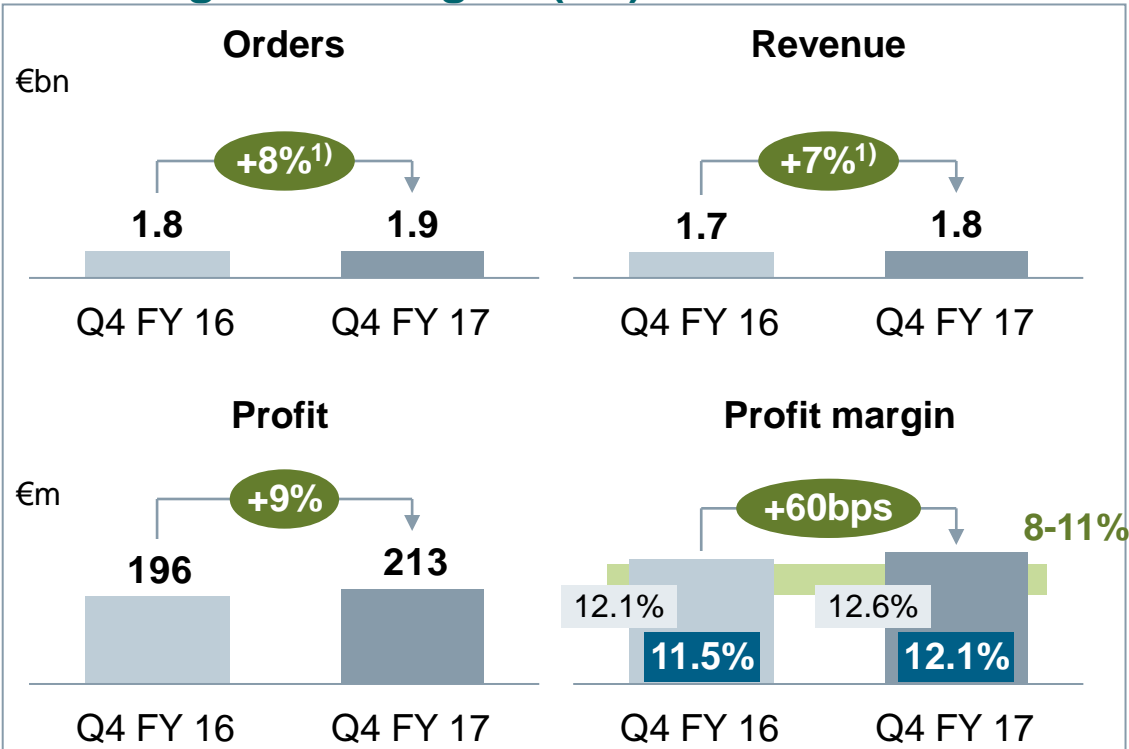


BT: Great performance completes best year ever

MO: All-time revenue high – automation business drives profit

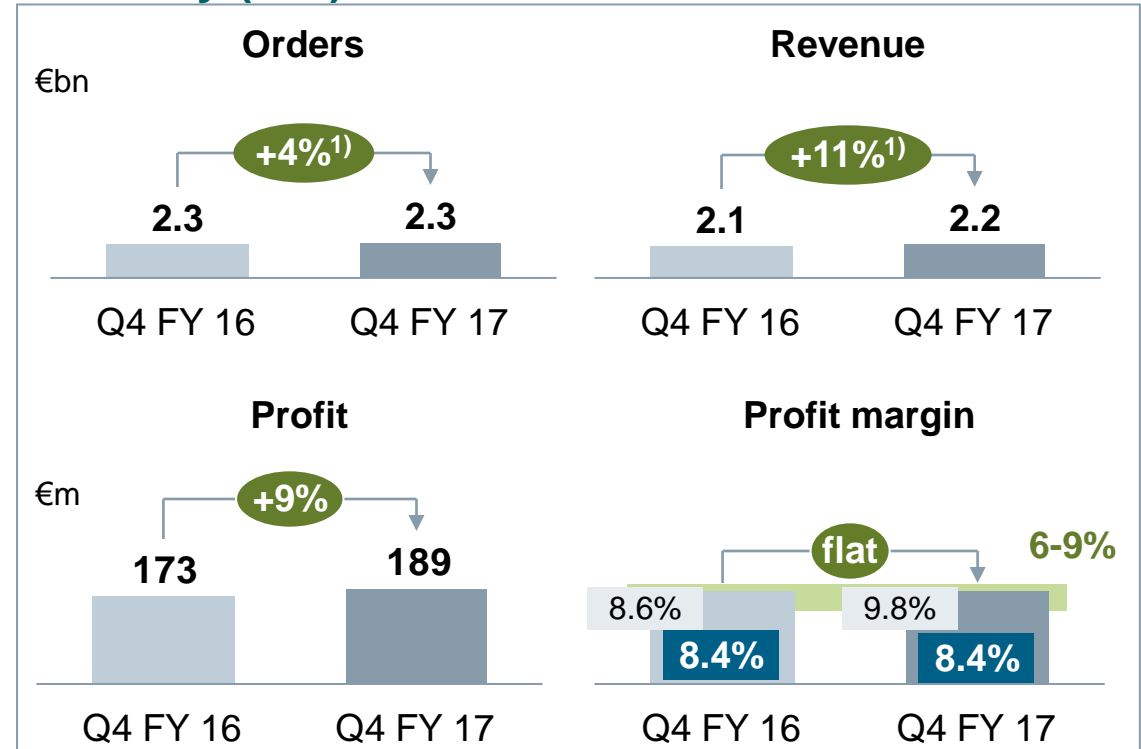


Building Technologies (BT)



- Significant project wins in the US
- Growth and productivity gains lead to margin expansion

Mobility (MO)



- Large order wins in Europe and Asia
- Strong project execution and locomotive shipments

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

x.x%

Margin as reported

x.x%

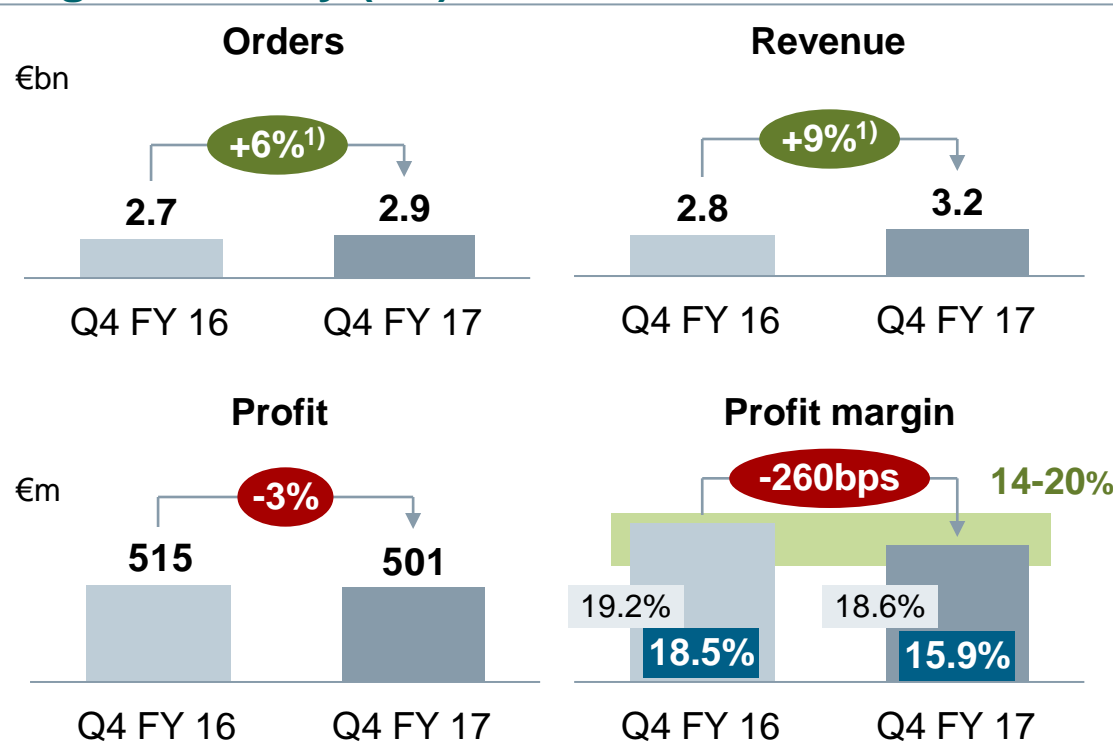
Margin excl. severance

DF: Excellent short-cycle continues – further market share gains

PD: Trough reached, gradual improvement ahead

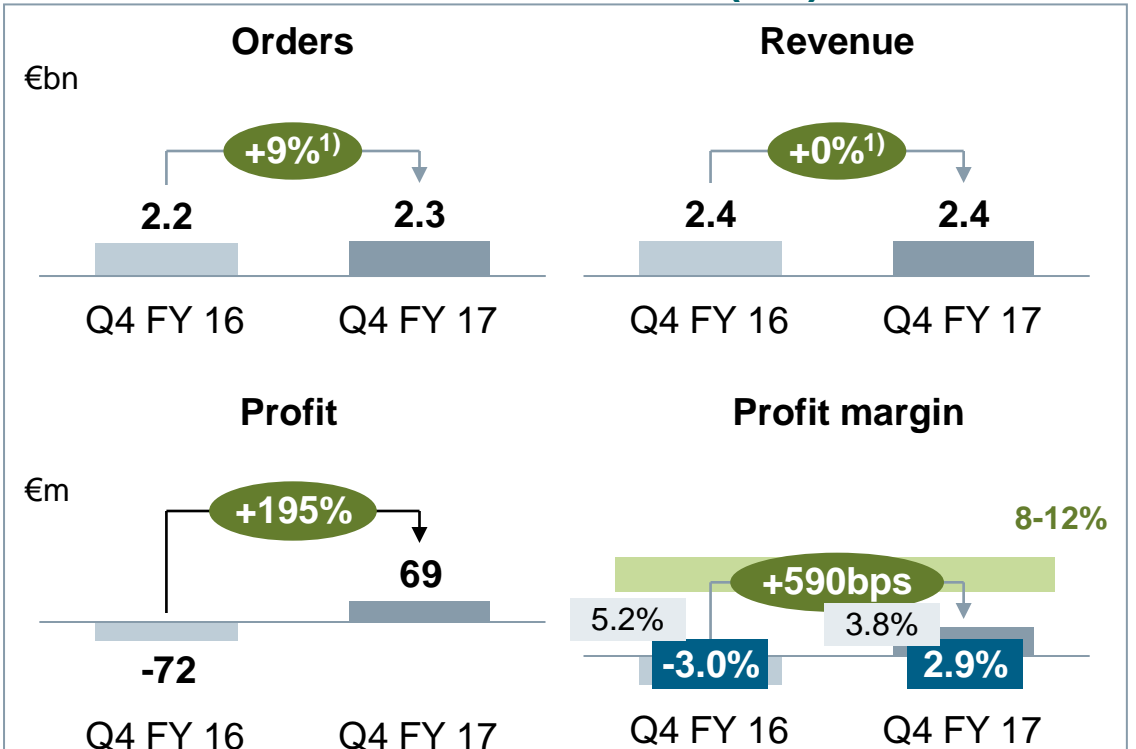


Digital Factory (DF)



- Substantial double digit revenue growth in China
- Mentor effects ~-40bps & MindSphere ~-150bps

Process Industries and Drives (PD)



- Strong order growth in China
- Large drives operational challenges remain
- Charges related to capacity adjustments ~-280bps

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

x.x%

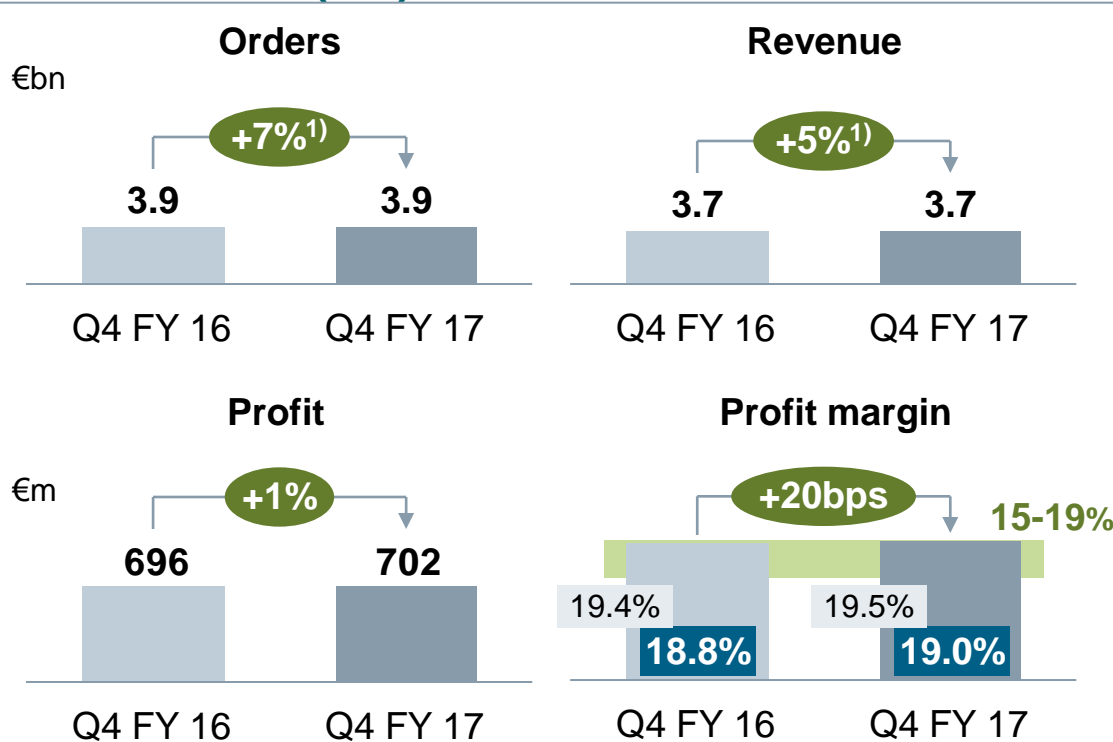
Margin as reported x.x% Margin excl. severance

HC: Capturing growth – excellent margin

SGRE: Strong order wins and challenges in operations

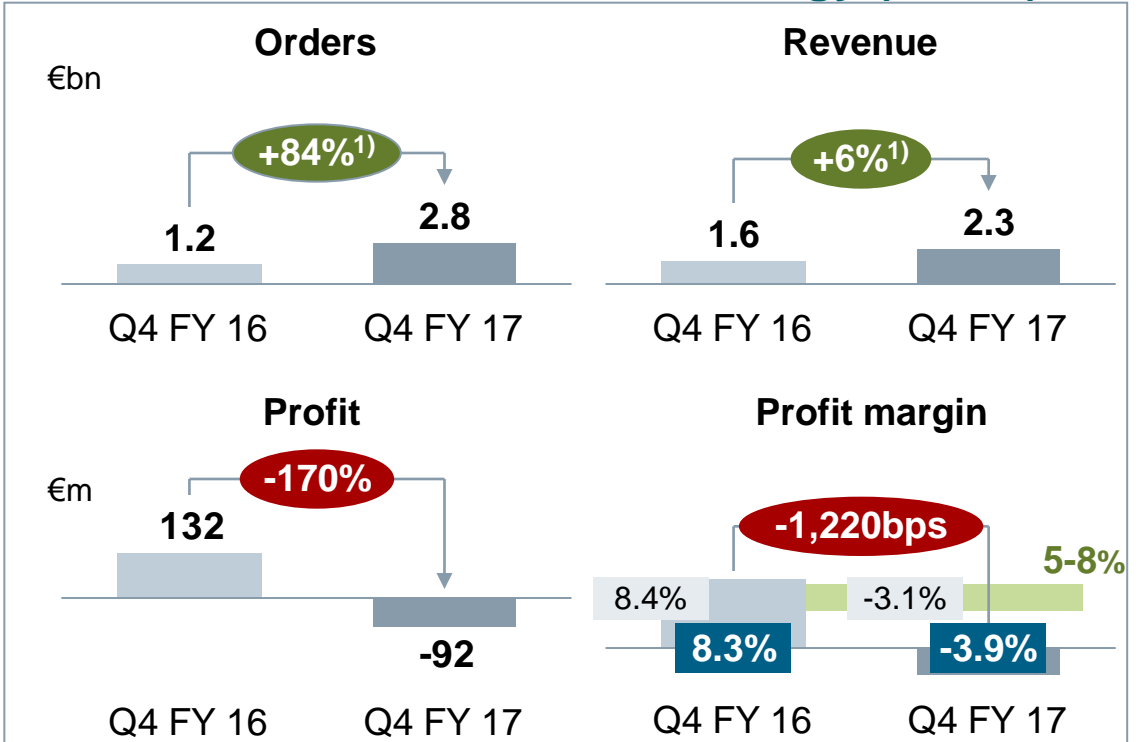


Healthineers (HC)



- Top line growth driven by Europe and China
- Strong profitability due to Diagnostic Imaging

Siemens Gamesa Renewable Energy (SGRE)



- Large order wins, e.g. Borssele
- Profit impacted by write downs of inventories (-€134m), integration and capacity adjustments (-€67m)

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

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

Setting the course for renewable energy, mobility and healthcare businesses for long-term value creation



SIEMENS

- 1| Areas of growth?
- 2| Potential profit pool?
- 3| Why Siemens?
- 4| Synergetic value?
- 5| Paradigm shifts?



Stake of 17.34% sold



Merger closed
Siemens 59% share

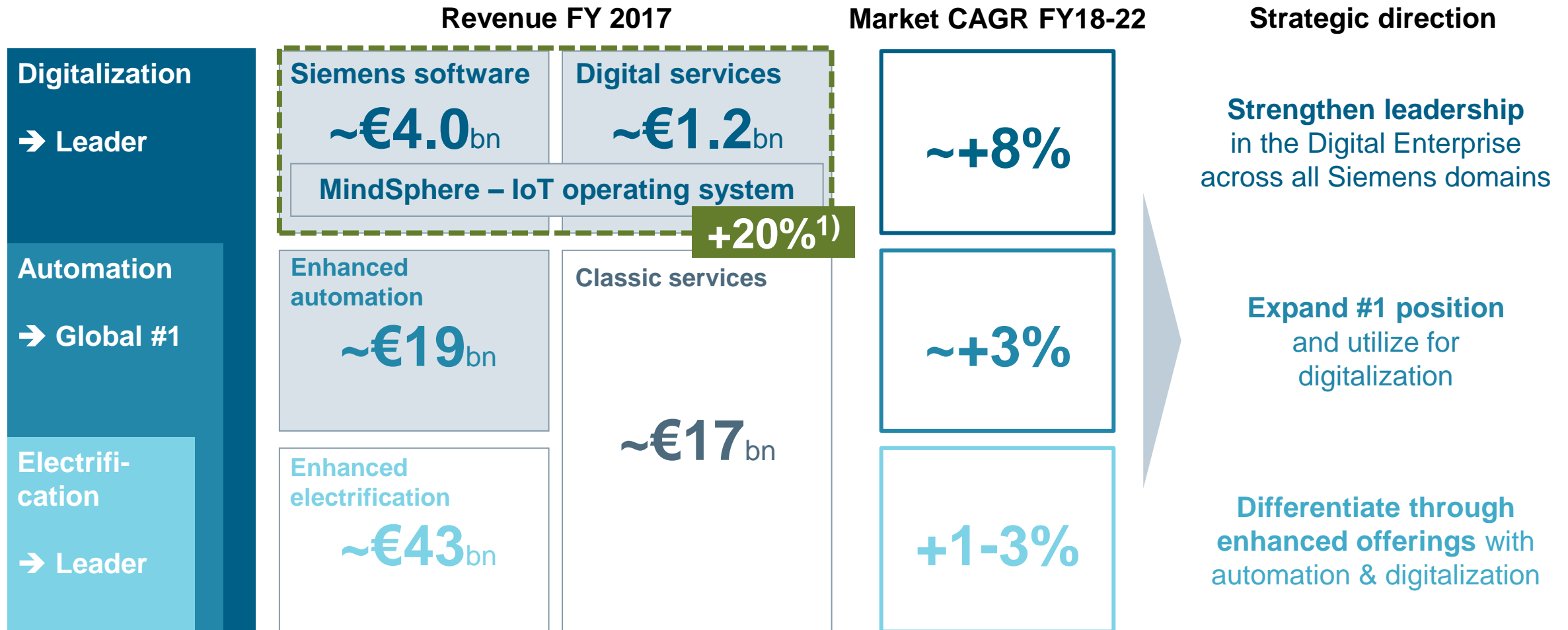


IPO plan for H1
CY 18 announced



MoU signed, expected
closing end of CY 18

Leadership in Digital Enterprise strengthened Siemens further gaining market share



Note: Figures based on Industrial Business; SGRE incl. as of Apr 2017

1) Nominal growth FY16 to FY17, rebased

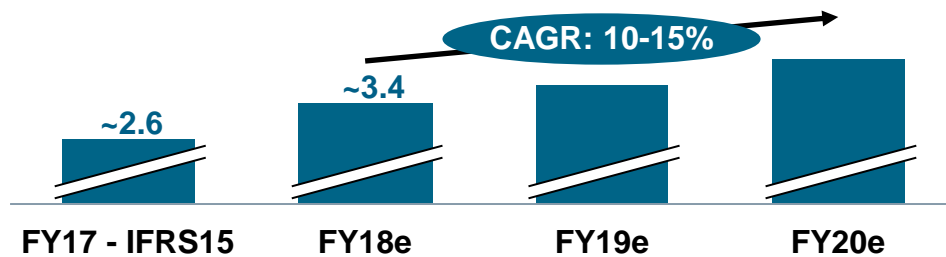
Note: 9% growth for Siemens Software excl. Mentor

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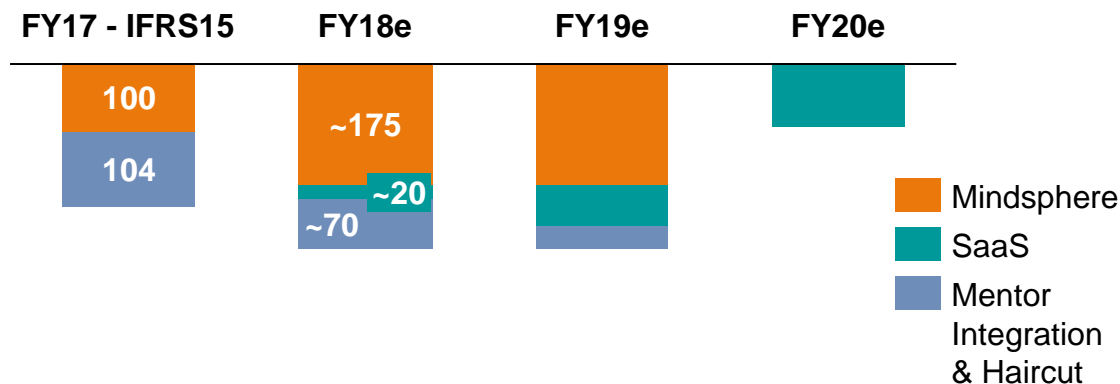
Invest in cloud-based business models will be overcompensated by strong execution of traditional software business

Software business within Digital Factory

Revenue (in €bn)



Profit impact from investments & Mentor Graphics (in €m)



Note: FY17 including Mentor from Q3 onwards

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MindSphere

- Current 'Platform as a Service' business plan with focus on partners in industrial IoT market
- Extension of business case towards applications and digital services will lead to additional potential for Siemens
- Break-even planned in FY 2020

'Software as a Service' (SaaS)

- Initial focus to capture growth potential in small and medium size business market
- Slower adoption in larger companies
- Seamless introduction in a five years investment mode

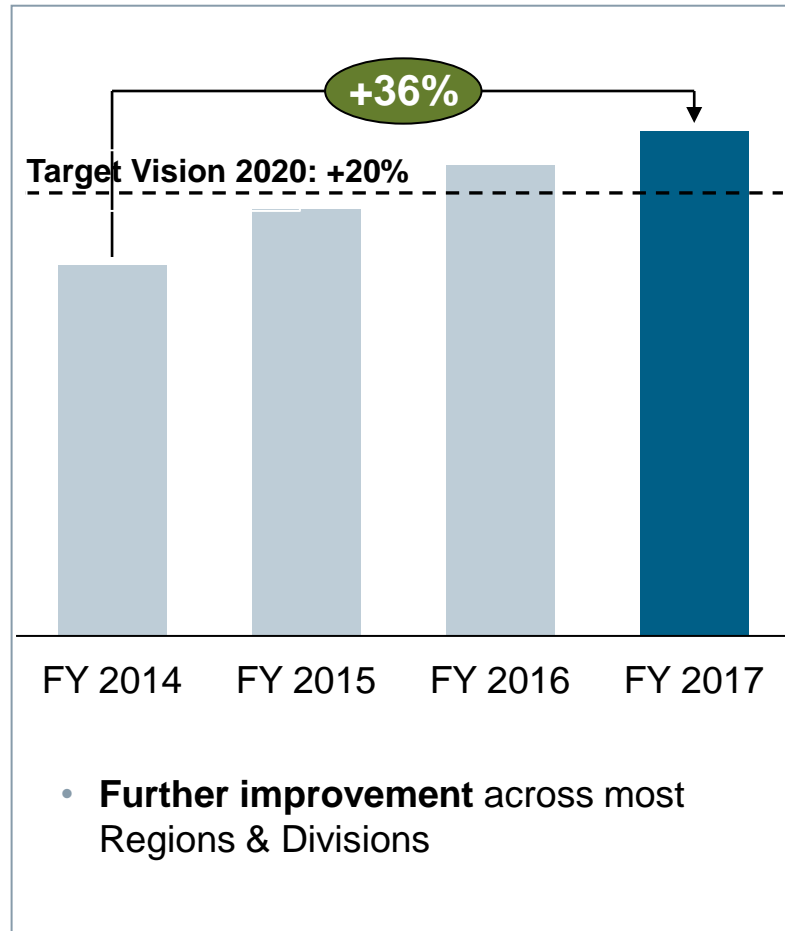
Cloud-based business (MindSphere + SaaS)

- Cloud-based revenue expected to exceed ~€1bn latest in FY 2022

Executing Vision 2020

Accelerating growth momentum through relentless customer focus

Siemens Net Promoter Score



Dedicated growth initiatives

China







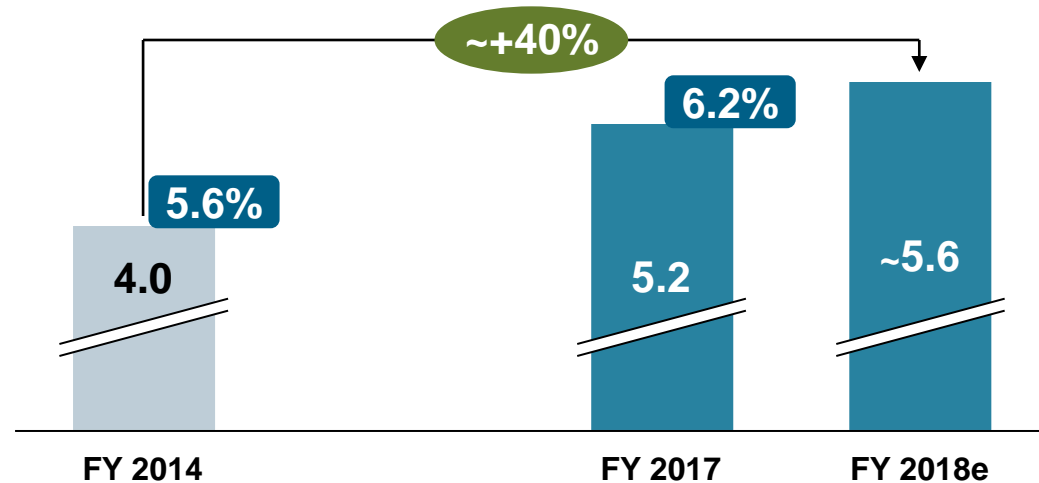
- **Belt & Road Initiative** : €100bn infrastructure opportunities with Chinese EPC's until 2025
- **Made in China 2025** drives automation & digital demand – autonomous robotics lab set up
- **Support Chinese regional development programs**

Executing Vision 2020

Push for innovation drives competitiveness and customer value

Higher R&D intensity continues...

R&D expenses in €bn (% of revenue)



- Core technology fields, e. g. Artificial Intelligence
- IoT operating system MindSphere
- Digital applications and services across all businesses
- Innovative Healthineers' Imaging platforms
- Decentralized energy systems

... and delivers impressive outcomes



Healthineers

- **Magnetom Terra** – first 7 Tesla MRI scanner for **clinical use**
- **Unmatched visualisation** of neurological disease states



Digital Factory

- **Expand portfolio** with **NX-Software** for **Additive Manufacturing**
- **One system** for **whole model driven workflow**

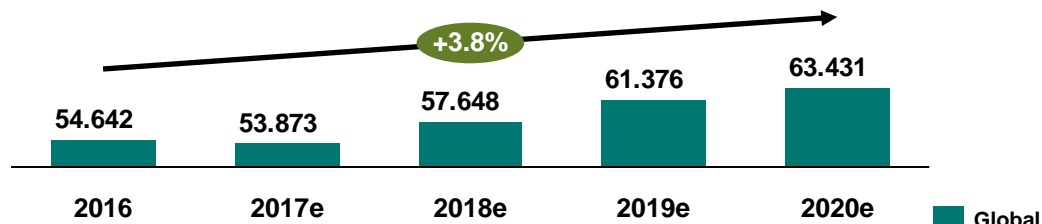


Power and Gas

- **HL-Class gas turbine** derived from proven **H-Class design**
- **>63% efficiency** in **CCPP mode** with **clear roadmap to 65%**

Market

Wind installations 2016-2020E (MW)



Source: BNEF and MAKE Q3 17 Market Outlook; 2016 GWEC

Portfolio/ Technology

Onshore



#4 in global Onshore market
#1 in India and LATAM

Offshore



#1 in global Offshore market

Service



#2 in service backlog and in serviced fleet size

Main Competitors

Vestas



SENVION
wind energy solutions

NORDEX
We've got the power.

Key strengths

- Large installed base of ~83GW offers huge service potential
- Strong order backlog of ~€21bn
- Unique business mix of offshore and onshore
- Well balanced geographic footprint
- Synergy potential of at least €230m to be realized already in year 3 post closing

Key figures¹⁾

(in millions of € except where otherwise stated)

	Fiscal 2017	Fiscal 2016	Comp. Change in %
Orders	8,768	7,973	(2)%
Revenue	7,922	5,976	7%
Profit	338	464	
Profit Margin (Target Range 5-8%)	4.3%	7.8%	
Free cash flow	(279)	330	

1) Figures as reported by Siemens AG; Fiscal 2017: October 2016 – September 2017; Comparable change in %: Throughout excluding currency translation and portfolio effects

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 ongoing**
- Capital Market Day (January 16, 2018)**
- Intention to float announcement**
- Siemens Healthineers IPO (H1 CY 2018)**

Siemens Alstom

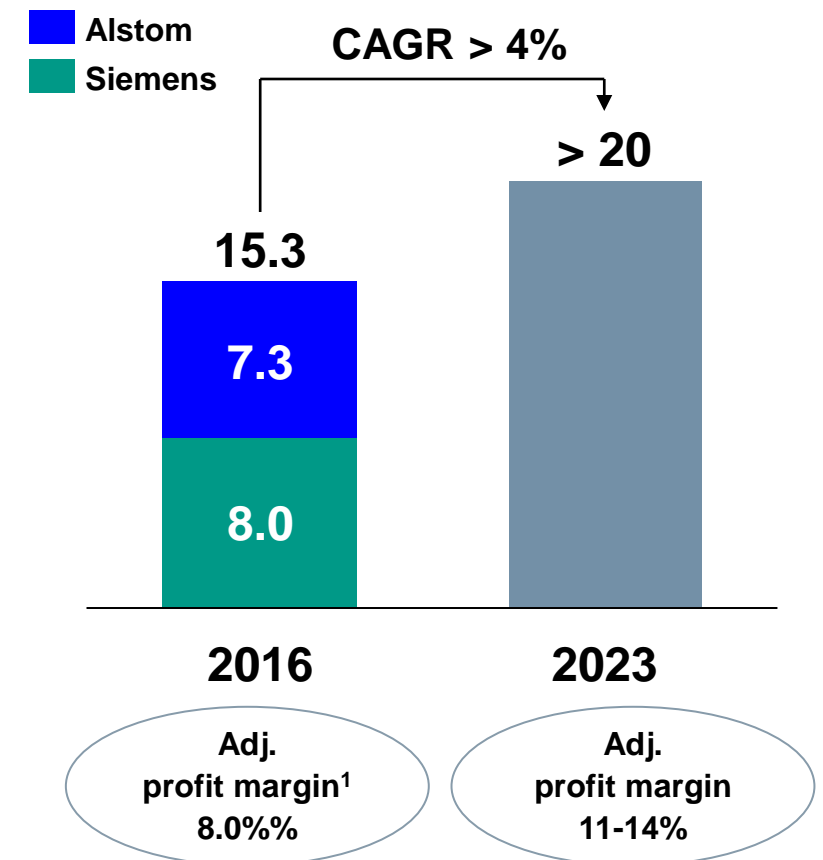
Merger goals are sustainable and attractive in the long term



Financial impact for Siemens

- **Deal cash-neutral for Siemens** with contribution of Siemens Mobility division plus Rail Traction Drives business in **exchange** for **shares in Alstom**
- **Extraordinary dividends incl. control premium** financed with **Alstom liquidity**
- **Pension underfunding as well as project related financing will be transferred** as part of Siemens's transaction perimeter
- **Attractive synergies with upside: €470m expected latest four years after closing; NPV of €4.7bn**
- **EPS accretive after 2 years post closing**
- **Double-digit margins expected to kick in by FY 2020**
- **Listing as a public company provides flexibility**

Pro-forma combined revenue (in €bn)



1) Means EBIT margin adjusted

Siemens Alstom

Next steps

Signing of Memorandum of Understanding
(including agreed form of Business Combination Agreement)

Alstom employee consultation process

Signing Business Combination Agreement

Alstom Shareholder Meeting

Siemens Mobility Carve Out

Expected Closing



Q1 CY18

Q2 CY18

Until Q2/Q3 CY18

End CY18

Closing conditions include:

- **Merger control clearances**
- **Mandatory Takeover Waiver process and clearance by French Market Regulator AMF**
- **MINEFI clearance (French State – foreign investment control)**
- **Approval by Alstom’s shareholder meeting (2/3 of present votes needed; Bouygues will vote for the deal)**

Financial calendar

January

January 9, 2018

Commerzbank German Investment Seminar (New York)

January 16, 2018

Capital Market Day Siemens Healthineers (London)

January 31, 2018

Annual General Meeting + Q1 Analyst Call (Munich)

February

February 21, 2018

Roadshow UK (Edinburgh)

February 22, 2018

Roadshow Switzerland (Zurich)

March

March 22, 2018

Bank of America Merrill Lynch Conference (London)



Investor Relations

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