SIEMENS

Facts and figures
Fiscal 2015

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Facts and figures for shareholders – Fiscal 2015

Joe Kaeser

President and Chief Executive Officer
of Siemens AG

Dear Shareholders,

In an environment marked by profound geopolitical, economic and technological changes, we reached all our key targets for fiscal 2015. We met the original guidance for the year that we announced in November 2014 at all points, thus setting ourselves apart from our competitors – in some cases, considerably.

On a comparable basis, revenue and orders were at last year's level. Net income increased, driven by gains from the sale of our audiology business and our stake in BSH. At 10.1%, the profitability of our Industrial Business was within the defined target margin range. Based on this performance, we're proposing to the Annual Shareholders' meeting a dividend increase to €3.50.

In the last two years, we completed our €4-billion share buyback program. We're now launching another share buyback program, with a volume of up to €3 billion and a maximum duration of three years.

Around 144,000 Siemens employees are currently shareholders in our Company. We want to increase this figure to more than 200,000 by 2020. The new Siemens Profit Sharing Pool – which will enable employees to participate directly in our Company's success through shares, among other things – will also play a role here. In the fiscal year just ended, we made a first-time contribution of €200 million to the pool.

In fiscal 2015, we further focused and positioned Siemens along the value chains of electrification, automation and digitalization. We strengthened our activities through targeted measures in growth fields such as decentralized energy systems. The acquisition of the oil and gas specialist Dresser-Rand is just one example of the steps we've taken.

Cost reductions at our support functions are on track. We've prepared and are now implementing binding reorganization and business plans for business units that generate very little or no profit. First successes are already apparent. We've also made substantial structural improvements in the quality of our project management. As a result, net project-related charges were significantly lower in fiscal 2015 than in prior years.

Customer satisfaction has greatly improved thanks to our new organization's market- and customer-oriented setup. Our employees remain committed – as the findings of our employee survey have shown. Siemens is fostering a vibrant ownership culture worldwide.

On behalf of the Managing Board, I'd like to thank all Siemens employees for their commitment and their contribution to the Company's success.

So far, we've reached all our Vision 2020 milestones on schedule. For the current fiscal year, we've defined targets that are ambitious, particularly in light of the geopolitical environment.

We're continuing to make extensive investments in R&D, sales and productivity since investments in these areas lay the basis for sustainable success. For 168 years now, Siemens has stood for innovation – and it will continue to do so in the future.

For the Managing Board

Sincerely yours,

Dr. Gerhard Cromme

Chairman of the Supervisory Board
of Siemens AG

Dear Shareholders,

Fiscal 2015 saw the successful implementation of major milestones in our Vision 2020 strategy. In fiscal 2016, we intend to generate profitable growth while increasing Siemens' competitiveness across all its business fields.

In fiscal 2015, the Managing Board reported regularly to the Supervisory Board on progress in the implementation of Siemens Vision 2020. The Supervisory Board monitored the related structural changes – some of which were not easy – constructively but also critically. The sustainable reorganization of Company businesses that are lagging behind their competitors is securing jobs for the medium and long term.

The Supervisory Board concerned itself particularly intensively with the strategic reorientation of the Power and Gas Division developed by the Managing Board. We monitored the steps taken by the Managing Board in acquiring and integrating Dresser-Rand Group Inc. and Rolls-Royce's aeroderivative gas turbine and compressor business.

The Company's innovation focuses, the basis for future growth, were another key topic of our discussions. We often addressed the question of how the digital transformation is impacting Siemens' business models. You'll find a comprehensive report with further details regarding the activities of the Supervisory Board in the Siemens Annual Report for 2015.

In its new, shorter format, the Annual Report is again targeting more clearly all shareholders who are primarily interested in the Company's financial reporting. Information on other topics relating to Siemens AG will be provided in separate publications.

In 2016, we'll be celebrating the 200th birthday of Werner von Siemens, our Company's founder. After a phase of transformation and consolidation, this occasion will be an added incentive to get our Company back on track for sustainable growth in the years to come by leveraging innovative technologies.

On behalf of the Supervisory Board, I'd like to thank the members of the Managing Board as well as the employees and employee representatives of Siemens AG and all Group companies for their dedication and cooperation in fiscal 2015.

For the Supervisory Board

Gerhard Cromme

Fiscal 2015 – Financial summary

In fiscal 2015 we accomplished numerous objectives included in our **"Vision 2020"** concept. We started the fiscal year with a leaner organizational setup more geared towards our growth markets. We got closer to customers and enhanced our innovation capacity with targeted spending increases for selling and R&D. This has already improved **customer satisfaction**. Furthermore, we made significant progress in adjusting our portfolio. With the acquisitions of Dresser-Rand and Roll-Royce's aero-derivative gas turbine and compressor business, we strengthened our position in the area of distributed power generation. Meanwhile we sold our hearing aid business and our stake in BSH, among others.

Our **market environment** in fiscal 2015 was softening towards the end of the fiscal year. While we saw growth, such as in consumer-oriented markets, and continued strong demand for infrastructure solutions, some of our key industries like the oil and gas industry and mining were under severe pressure, and a number of emerging economies that were growth drivers in recent years showed signs of weakness. Thus stringent execution of **"Vision 2020"** became even more important. In fiscal 2015 we began to implement measures to reduce costs by €1 billion on a sustainable basis. With cost savings of approximately €0.4 billion already achieved in fiscal 2015, we are ahead of our plans. Also we improved our project execution, resulting in sharply lower project charges year-over-year.

While we have already successfully addressed several businesses that were not fulfilling our expectations regarding profitability, we have completed a review of our remaining underperforming businesses during fiscal 2015 and decided to restructure those businesses primarily through our own efforts, with clear goals and timetables. At the end of October 2015, shortly after the end of fiscal 2015, we completed the **share buyback program** we launched in May 2014. Between these dates we repurchased 43.1 million Siemens shares in the amount of €4.0 billion. Within this total, during fiscal 2015 we repurchased 29.4 million Siemens shares in the amount of €2.7 billion.

From a financial perspective, in fiscal 2015, we reached all our targets set for our primary measures in the Annual Report for fiscal 2014. Revenue on an organic basis remained nearly on the prior-year level, and **net income** and basic earnings per share (EPS) (net income) rose by more than a third year-over-year. Return on capital employed (ROCE) reached the upper end of our target range and our capital structure ratio came in below 1.

Revenue for fiscal 2015 was €75.6 billion, up 6% compared to the prior fiscal year. While all industrial businesses posted increases, growth was due primarily to strong currency translation effects. On an organic basis, excluding currency translation and portfolio effects, revenue came in 1% lower year-over-year, with half of the industrial businesses increasing revenue and the other half reporting a decline year-over-year. Overall, revenue thus matched the forecast for fiscal 2015 that revenue on an organic basis would be flat year-over-year.

Orders for fiscal 2015 were €82.3 billion, fulfilling our expectation for a book-to-bill ratio above one, which came in at 1.09. As with revenue, orders rose 6% year-over-year, due mostly to strong currency translation effects while declining 1% on an organic basis. Except for Wind Power and Renewables and Process Industries and Drives, all our industrial businesses reported nominal order growth. The majority increased their orders year-over-year on an organic basis.

Industrial Business profit was €7.8 billion in fiscal 2015, up slightly from €7.7 billion a year earlier despite €0.6 billion in severance charges. Healthcare, Digital Factory, Mobility and Building Technologies continued to operate very successfully in their markets and increased their profits compared to fiscal 2014. The Energy Management Division achieved the largest profit improvement year-over-year, following a loss on substantial project charges in the prior year. The Wind Power and Renewables Division sharply improved profit compared to fiscal 2014, but profit came in below our expectations as the Division faced reduced margins in the offshore business due partly to increased competition and expenses for ramping up commercial-scale production of turbine offerings. The profit improvements mentioned above were largely offset by declines in the Power and Gas and the Process Industries and Drives Divisions.

The **profit margin of the Industrial Business** was 10.1%. We thus reached the range of 10% to 11% forecast for fiscal 2015. As expected, the Wind Power and Renewables Division and the Energy Management Division improved their profit margins year-over-year but remained below their target ranges. Process Industries and Drives and Power and Gas, which reached their targets in the prior year, came in below their respective ranges in fiscal 2015. SFS, which is outside our Industrial Business, achieved a return on equity after tax of 20.9%, above the upper end of its target range.

Profit outside Industrial Business included a gain of €1.4 billion from the sale of our stake in BSH, which was more than offset by a number of factors. Burdens from Centrally managed portfolio activities included losses from equity investments compared to income a year earlier, and Corporate Treasury activities posted a loss.

Net income rose by 34% to €7.4 billion and basic EPS from net income climbed 39% year-over-year to €8.84. We thus achieved our forecast, which was to increase net income significantly and to grow EPS from net income by at least 15%. As we forecast for fiscal 2015, these increases include gains from divestments. In particular net income included a gain of €1.7 billion from the sale of our hearing aid business and the above-mentioned gain from the sale of our stake in BSH. Basic EPS from net income also benefited from execution of our share buyback program. Overall, our continuous efforts to increase our productivity contributed positively. Our total cost productivity improvement reached the upper end of our target for fiscal 2015, which was to increase total cost productivity by 3% to 4%.

ROCE for continuing and discontinued operations increased to 19.6% in fiscal 2015, up from 17.2% in the prior fiscal year. We thus reached the upper end of our forecast for fiscal 2015, which was to achieve a ROCE for continuing and discontinued operations in our target range of 15% to 20%. The main driver of the improvement was higher net income, which more than offset an increase in average capital employed.

We evaluate our **capital structure** using the ratio of industrial net debt to EBITDA. For fiscal 2015, this ratio was 0.6. We thus achieved our forecast, which was to achieve a ratio below 1.0 but clearly above the fiscal 2014 level of 0.1.

Free cash flow from continuing and discontinued operations for fiscal 2015 came in at €4.7 billion, 10% lower than in the prior fiscal year.

We intend to continue providing an attractive return to shareholders. As in the past, we intend to fund the dividend payout from Free cash flow. The Siemens Managing Board, in agreement with the Supervisory Board, proposes a **dividend** of €3.50 per share, up from €3.30 a year earlier.

Key figures fiscal 2015[1]

Volume

		FY 2015	FY 2014	Actual	% Change Comp.[2]
Orders	in millions of €	**82,340**	77,657	6 %	(1)%
Revenue	in millions of €	**75,636**	71,227	6 %	(1)%
Book-to-bill ratio		**1.09**			
Order backlog (Industrial Business)	in billions of €	**110**			

Profitability and Capital efficiency

		FY 2015	FY 2014	% Change
Industrial Business				
Profit	in millions of €	**7,755**	7,703	1%
Profit margin	in %	**10.1**	10.6	
Continuing operations				
EBITDA	in millions of €	**9,825**	9,576	3%
Income from continuing operations	in millions of €	**5,349**	5,292	1%
Basic earnings per share[3]	in €	**6.38**	6.12	4%
Continuing and discontinued operations				
Net income	in millions of €	**7,380**	5,507	34%
Basic earnings per share[3]	in €	**8.84**	6.37	39%
Return on capital employed (ROCE)	in %	**19.6**	17.2	

Capital structure and Liquidity

		September 30, 2015	September 30, 2014
Total equity (Shareholders of Siemens AG)	in millions of €	**34,474**	30,954
Industrial net debt	in millions of €	**6,107**	1,390
Industrial net debt/EBITDA		**0.6**	0.1

		FY 2015	FY 2014
Free cash flow			
Continuing operations	in millions of €	**4,984**	5,278
Continuing and discontinued operations	in millions of €	**4,674**	5,201

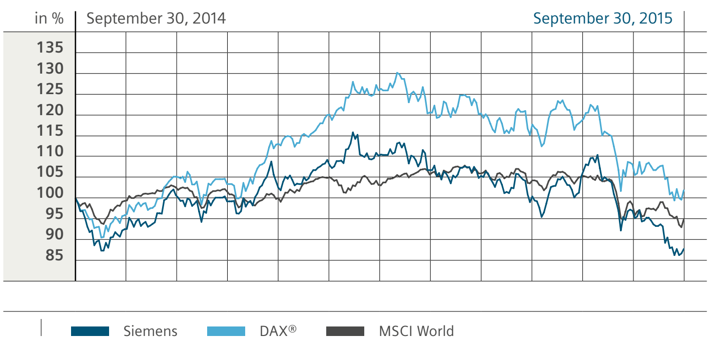
Employees

		September 30, 2015		September 30, 2014	
		Continuing operations	Total[4]	Continuing operations	Total[4]
Employees	in thousands	**348**	**348**	338	357
Germany	in thousands	**114**	**114**	114	116
Outside Germany	in thousands	**234**	**234**	224	240

1 October 1, 2014 – September 30, 2015.
2 Excluding currency translation and portfolio effects.
3 Basic earnings per share – attributable to shareholders of Siemens AG. For fiscal 2015 and 2014, weighted average shares outstanding (basic) (in thousands) amounted to 823,408 and 843,449 shares, respectively.
4 Continuing and discontinued operations.

The Siemens Share / Investor Relations

Change in the value of an investment in Siemens shares in fiscal 2015
(with dividends reinvested; indexed)



Stock market information

		FY 2015[1]	FY 2014[1]
Siemens stock price (Xetra closing price)			
High	€	**105.90**	101.35
Low	in €	**78.59**	88.71
Fiscal year-end	in €	**79.94**	94.37
Number of shares issued (September 30)	in millions	**881**	881
Market capitalization[2]	in millions of €	**64,641**	78,823
Basic earnings per share[3]	in €	**8.84**	6.37
Diluted earnings per share[3]	in €	**8.74**	6.31
Dividend per share	in €	**3.50**[4]	3.30

1 Fiscal year from October 1 to September 30.
2 On the basis of outstanding shares.
3 Continuing and discontinued operations.
4 To be proposed to the Annual Shareholders' Meeting.

Stock performance. Siemens stock faced a volatile market environment throughout the fiscal year and closed at €79.94 per share on September 30, 2015. For shareholders who reinvested their dividends, this amounted to a decline of 12.3% (fiscal 2014: a gain of 9.3%) compared to the price on September 30, 2014. In the same period, the leading German stock exchange index, the DAX, rose 2.0%, while the leading international index, MSCI World, fell 5.1% (in both cases, with dividends reinvested).

The strength of the Siemens share is illustrated by a long-term comparison: the assets of an investor who acquired Siemens stock worth €1,000 at the beginning of fiscal 2006 and reinvested the dividends and the corresponding value of the OSRAM spinoff in additional Siemens shares would have increased to €1,704 by the end of fiscal 2015. On a comparable basis, this annual return of 5.5% is above the results of MSCI World (4.7%) but slightly below those of the DAX 30 (6.7%).

Siemens on the capital market. Our responsibility for maintaining an intensive dialogue with the capital market is of great importance to us. Cultivating close contacts with our shareholders, we keep them informed of all major developments throughout Siemens. As part of our investor relations work, we provide information on our Company's development in interim and annual reports. Our CEO and CFO also maintain close contact with investors through roadshows and conferences.

In addition, Siemens holds Capital Market Days, at which Company management informs investors and analysts about our business strategy and market environment. Interim and annual reports, earnings releases, ad hoc announcements, analyst presentations, letters to shareholders and press releases are also published online at WWW.SIEMENS.COM/INVESTORS, as is our financial calendar, which includes all major publication dates for the current year.

Further information

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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 this 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.