

Sustainable value generation delivering attractive shareholder returns

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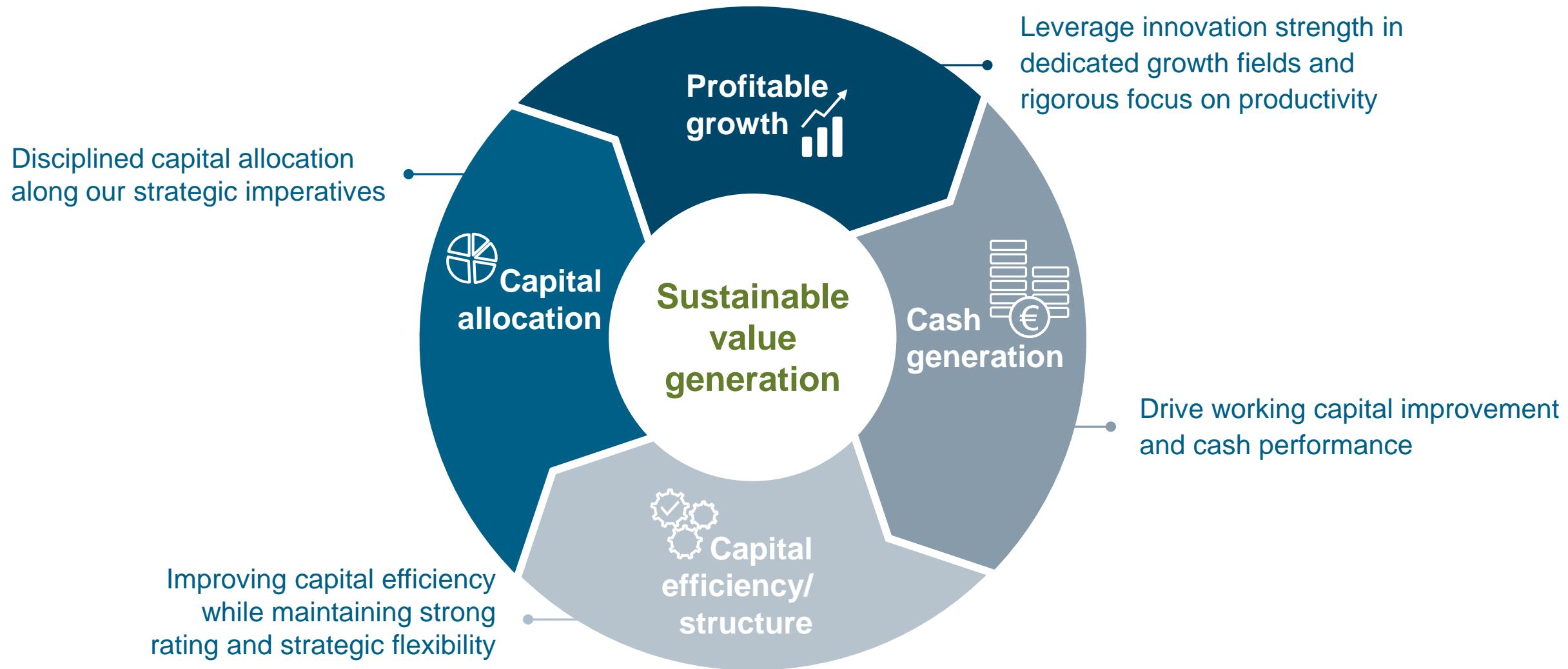
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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Sustainable value generation delivering attractive shareholder returns



After significant investments ...

FY 2014 - 2018

+39%

Research and development

+47%

CAPEX

+22%

Sales expenditures

€14bn

Cash spent on M&A

... we raise the bar to a new level

› Accelerate revenue growth and gain in market shares

+ 2 ppts CAGR

› Ambitious Industrial Business margin expansion

+ 2 ppts

› Drive EPS growth

> Revenue growth

Ambitious targets of Vision 2020+ reflected in updated Financial Framework

Update as of
May 2019

Siemens (targets over the cycle)

Growth Siemens
comparable revenue growth

4 – 5%

Capital efficiency
ROCE¹⁾

15 – 20%²⁾

Industrial Businesses margin³⁾

11 – 15%

Capital structure
Industrial net debt/EBITDA

up to 1.0x

Cash conversion (CCR)

FCF IB / Adj. EBITA IB

CCR = 1 – comp. growth rate

Dividend payout ratio

40 – 60%⁴⁾

Operating Companies

Adj. EBITA margin ranges³⁾

**Digital
Industries**
17 – 23%

**Smart
Infrastructure**
10 – 15%

**Gas and
Power**
8 – 12%

Strategic Companies

Adj. EBITA margin ranges³⁾

Mobility
9 – 12%

**Siemens
Healthineers**
17 – 21%

**Siemens
Gamesa R. E.**
7 – 11%

Service Company

RoE⁵⁾

**Financial
Services**
17 – 22%

1) Based on continuing and discontinued operations; 2) Long-term goal; currently ROCE burdened by significant M&A; 3) EBITA adjusted for operating financial income, net and amortization of intangible assets not acquired in business combinations; margin ranges for Siemens Healthineers and Siemens Gamesa R. E. reflect Siemens expectation; 4) Of net income attributable to Siemens shareholders excluding exceptional non-cash items; 5) Return on equity after tax

Customer focus

Digitalization



Innovation



Efficiency

Best in class –
Partner of choice

Risk management

Continue with stringent
risk management



Use of corporate memory
business specific



Limits of authority

Project execution as
prerequisite for success

Cost efficiency

Regular base productivity
target 3-5 % p.a.¹⁾



Additional cost optimization



Lean and effective governance



Ongoing priority in all
businesses and functions

Significant cost measures as base for ambitious margin expansion

Customer value generation

Risk management

Cost efficiency

Cost optimization Operating Companies

Digital Industries

~ **€320^m**

by FY 2023
(50% by 2021)

Restru. cost ~ €300m

Smart Infrastructure

~ **€300^m**

by FY 2023
(50% by 2021)

Restru. cost ~ €300m

Gas and Power

~ **€1,000^m**¹⁾

by FY 2023
(70% by 2021)

Restru. cost tbd

Global Business Services efficiency

~ **€90^m** by FY 2021

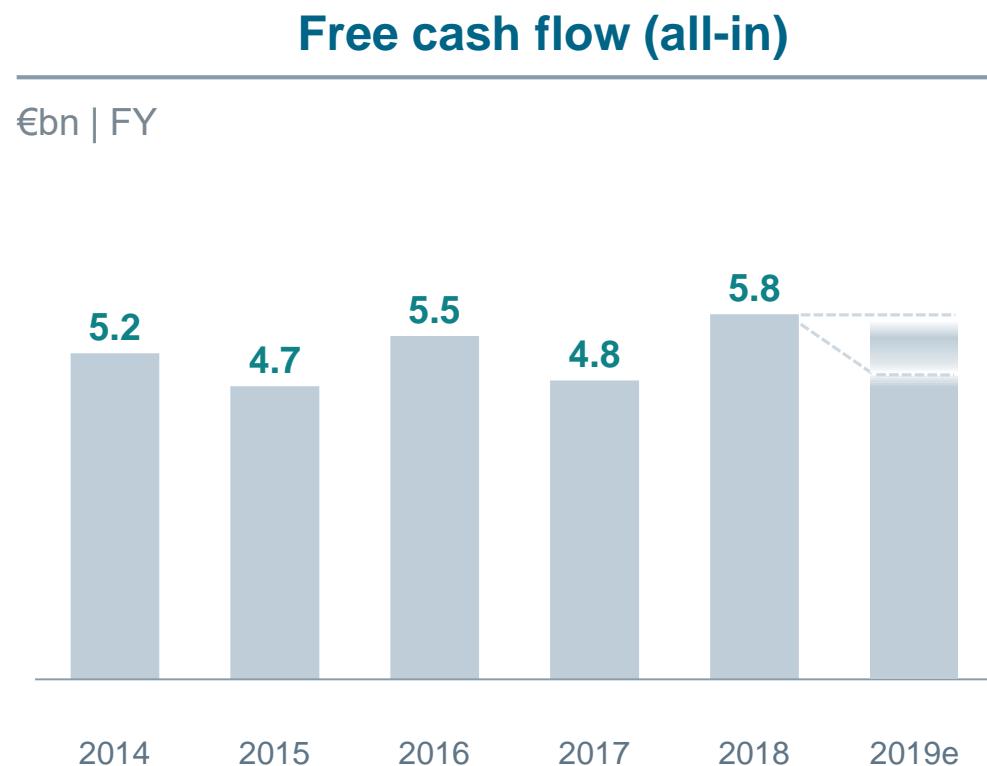
Restru. cost ~ €70m

Lean and effective governance

~ **€500^m** by FY 2023 (60% by 2021)

Restru. cost ~ €400m

Cash generation impacted by investments and market developments, but ...



Impacts on cash flow

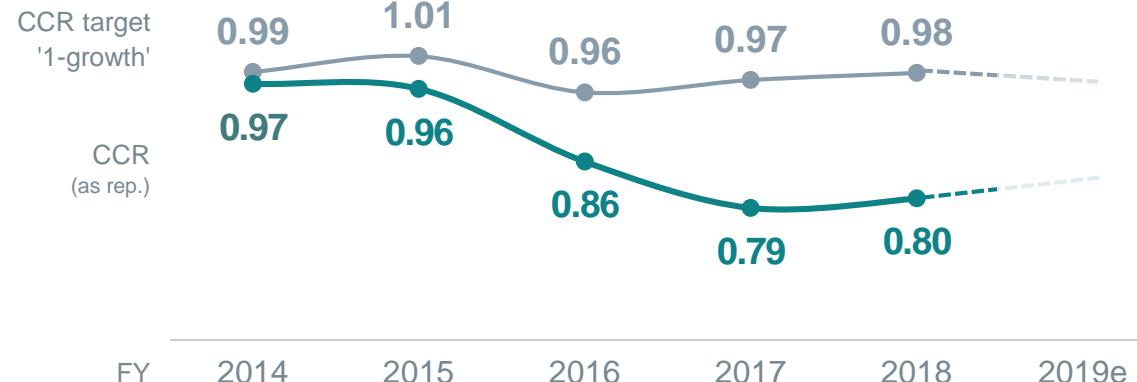
High level of **dedicated investments**
(e.g. Capex Ratio >130% in FY 2016 – 2018)

Continuing market trend of **lower advance payments** in project business
(mainly PG -0.7bn in FY 2018 vs. FY 2015)

Ongoing **contraction in PG markets**
(~50% market decline for large gas turbines in FY 2018 vs. FY 2015)

... operational cash conversion not yet satisfying

Cash conversion rate (Ind. Bus.)

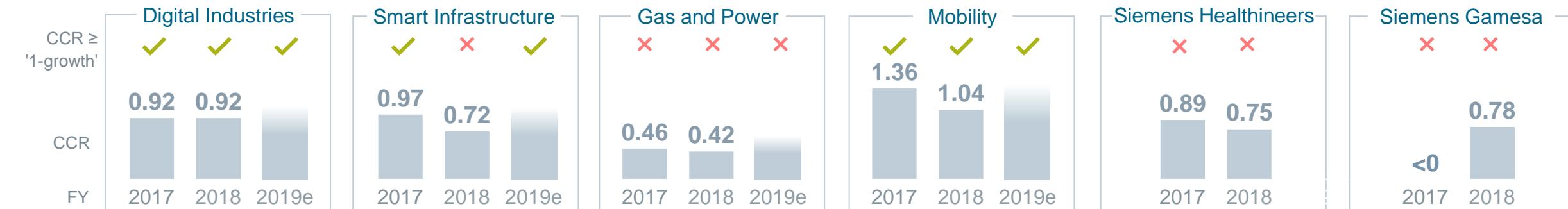


Key levers for improvement

Dedicated programs for **working capital management** on all levels
(up to €1bn improvement until end of FY 2019)

Strengthening awareness throughout the organization – senior management incentivized for 1/3 on CCR

Top management monitoring



DI, SI and MO target to reach CCR '1-growth' in FY 2019, GP by FY 2021

Acquisitions and structural GP challenges weighing on ROCE – GP portfolio measure drives return to target range by 2021

ROCE development and major impacts



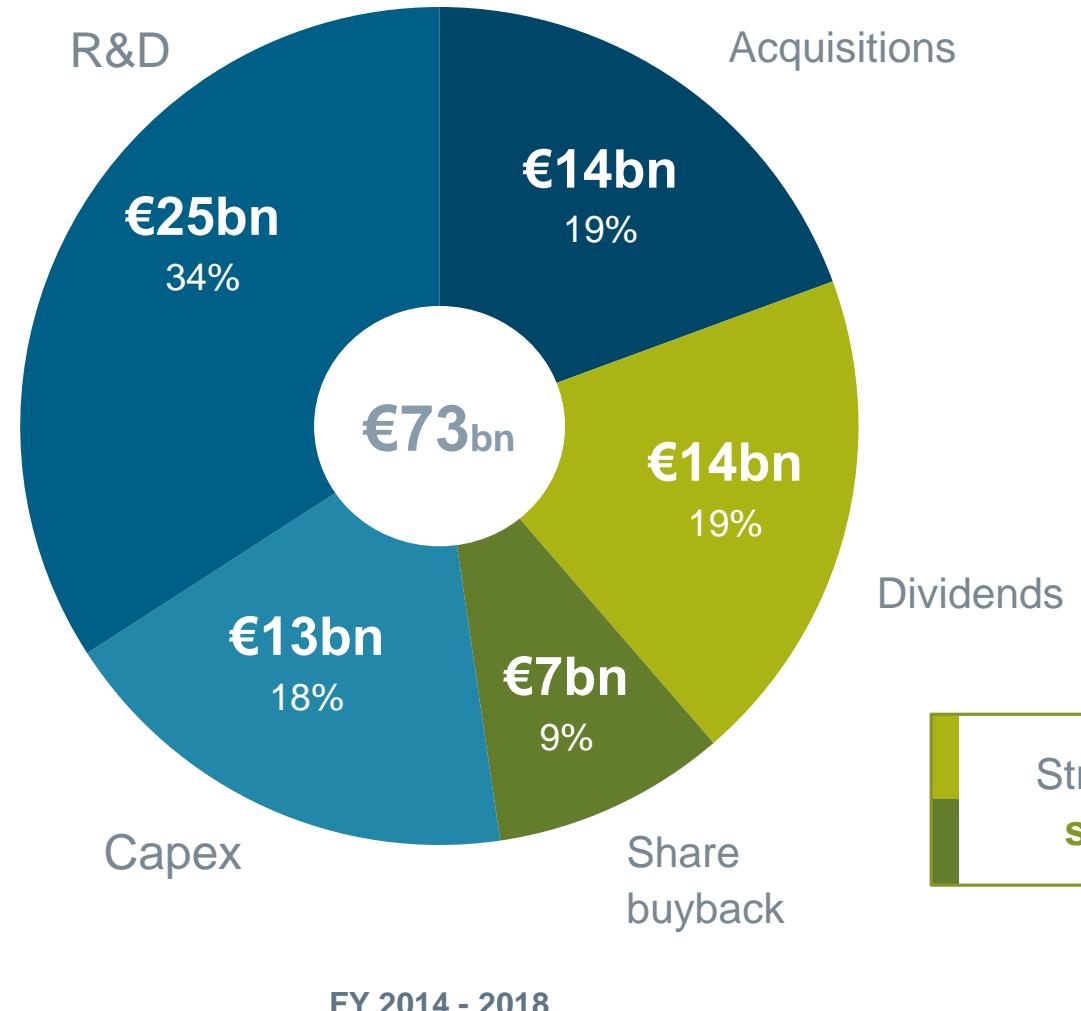
- ✓ **Acquisitions for Digital Enterprise offering** (e.g. CD-adapco, Mentor)
- ✓ **Merger with Gamesa**
- ! **Gas and Power** including Dresser-Rand

Key levers for improvement

- Increase **operational profitability**
- Reduce capital employed by **stringent working capital management**
- **Continue to deliver on** business plans of **acquisitions** for digital leadership
- **Execute on** Operating and Strategic Company **plans**
- **Active portfolio management** incl. divestments

**Improving capital efficiency while maintaining
strong investment grade rating and strategic flexibility**

Capital allocation balancing investments and shareholder returns

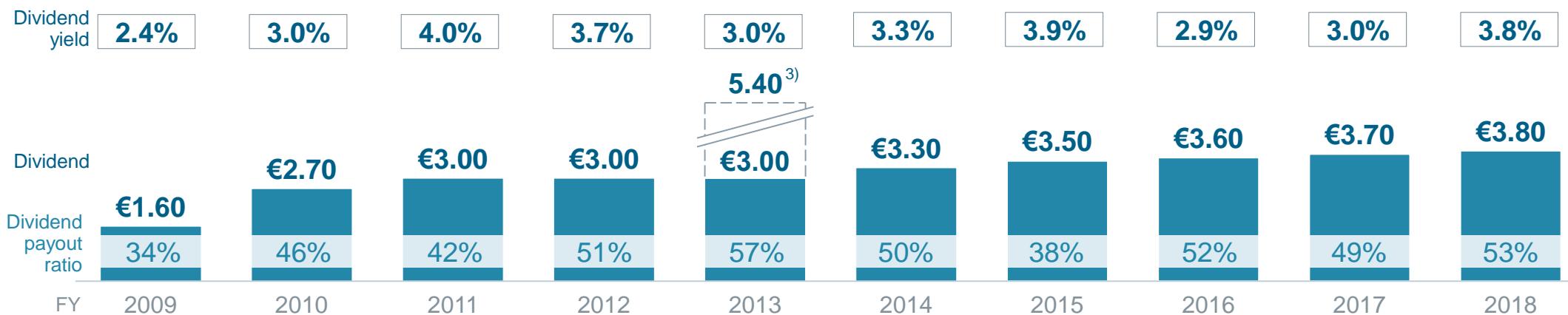


Siemens dividend policy and share performance offering sustainable shareholder returns

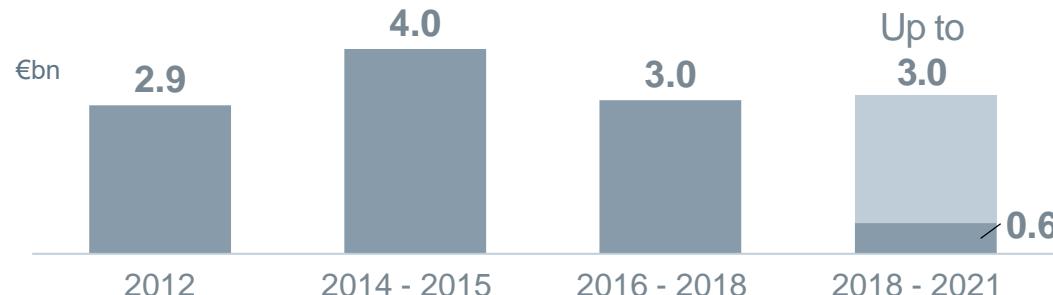
+64%

Total return¹⁾

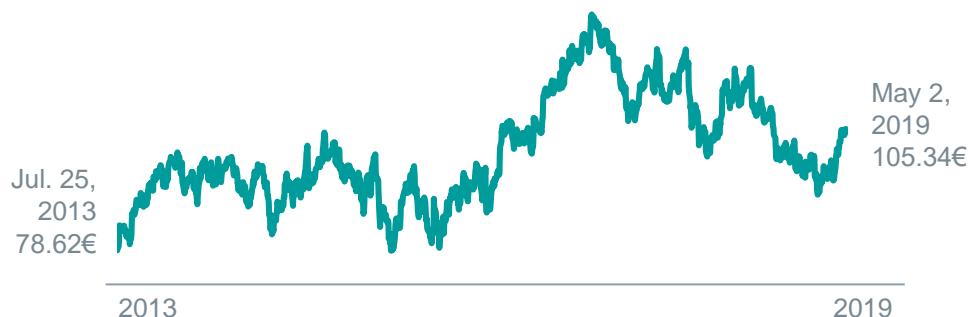
3.3% average dividend yield²⁾

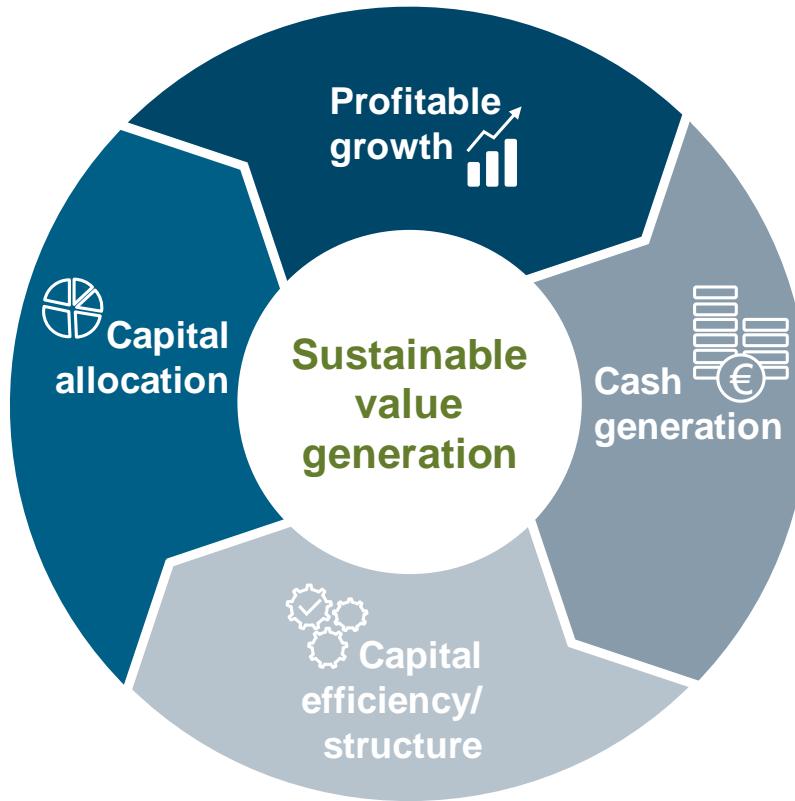


Share buyback continued



Share price development





- 1** Deliver on our promises on profitable growth
- 2** Drive working capital improvement and cash performance
- 3** Improving capital efficiency
- 4** Continue stringent capital allocation