Half-year Financial Report

First Half of Fiscal 2020

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Introduction

Siemens AG's Half-year Financial Report complies with the applicable legal requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and comprises condensed Half-year Consolidated Financial Statements, an Interim Group Management Report and a Responsibility statement in accordance with section 115 WpHG.

The Half-year Consolidated Financial Statements are in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU.

This Half-year Financial Report should be read in conjunction with our Annual Report for fiscal 2019, which includes a detailed analysis of our operations and activities as well as explanations of financial measures used.

A. Interim Group Management Report

At the end of the first half of fiscal 2020, Gas and Power and Siemens Gamesa Renewable Energy (SGRE) were classified as held for disposal and discontinued operations. Prior-period amounts are presented on a comparable basis. For further information, please refer to Note 2 in B.6 Notes to Half-year Consolidated Financial Statements.

Despite the coronavirus pandemic (COVID-19), Siemens was able to operate production sites and supply chains near normal levels in the first half of fiscal 2020; nevertheless volume, income and cash flows were noticeably affected by consequences from the pandemic, primarily a decline in demand and restricted access to customer sites in affected regions. Adverse impacts on the macroeconomic environment from COVID-19 are expected to widen in Q3 FY 2020. However, impacts resulting from the pandemic are not assumed to be of long-term duration.

A.1 Results of operations

A.1.1 Orders and revenue by regions

Location of customer	Orders				Revenue			
	First half		% Change		First half		% Change	
(in millions of €)	FY 2020	FY 2019	Actual	Comp.	FY 2020	FY 2019	Actual	Comp.
Europe, C.I.S., Africa, Middle East	14,854	17,558	(15)%	(16)%	14,074	14,076	0%	(1)%
therein: Germany	*5,115*	*5,676*	*(10)%*	*(10)%*	*4,818*	*4,779*	*1%*	*0%*
Americas	8,120	9,152	(11)%	(15)%	7,763	7,219	8%	3%
therein: U.S.	*6,681*	*7,032*	*(5)%*	*(10)%*	*6,483*	*5,992*	*8%*	*3%*
Asia, Australia	7,042	6,747	4%	3%	6,500	6,574	(1)%	(3)%
therein: China	*3,785*	*3,426*	*10%*	*10%*	*3,217*	*3,222*	*0%*	*(1)%*
Siemens (continuing operations)	**30,016**	**33,457**	**(10)%**	**(12)%**	**28,336**	**27,870**	**2%**	**0%**
therein: emerging markets	*8,148*	*8,292*	*(2)%*	*(2)%*	*7,835*	*7,719*	*1%*	*1%*

Orders

- On a **worldwide** basis, order intake down clearly year-over-year due to a sharply lower volume from large orders in Mobility, partly offset by clear growth in Siemens Healthineers and a moderate increase in Digital Industries while order intake in Smart Infrastructure was on prior-year level
- Currency translation effects added one percentage point, while portfolio transactions had a minimal effect on order development year-over-year
- Book-to-bill ratio well above 1 at 1.06; order backlog at €69 billion, reflecting the reclassification of Gas and Power and SGRE to discontinued operations; order backlog for these two businesses totaled €81 billion at the end of H1 FY 2020
- **Europe, C.I.S. Africa, Middle East**: Sharply lower volume from large orders in Mobility, which in the prior-year period recorded, among others, a €1.6 billion contract in the U.K.; smaller decreases in the region at Smart Infrastructure and Digital Industries, partially offset by moderate growth in Siemens Healthineers; clear decline in **Germany**, with slight growth in Siemens Healthineers more than offset by decreases in the other industrial businesses
- **Americas**: Significant growth in Siemens Healthineers and Digital Industries and moderate growth in Smart Infrastructure, benefiting from positive currency translation effects, more than offset by a decline in Mobility due to a lower volume from large orders which in H1 FY 2019 included a €0.8 billion order in Canada and a €0.7 billion order in the U.S.; a sharply lower volume from large orders also resulted in a decline in order intake for Mobility in the **U.S.**, while Siemens Healthineers and Digital industries recorded double-digit growth and orders at Smart Infrastructure rose clearly, benefiting from positive currency translation effects
- **Asia, Australia**: Clear order growth in Siemens Healthineers and slight increases in the other industrial businesses; in **China**, higher orders for Digital Industries, Siemens Healthineers and Mobility

Revenue

- On a **worldwide** basis, clear revenue growth in Siemens Healthineers and moderate increases in Smart Infrastructure and Mobility partially offset by a clear decline in Digital Industries, primarily in its short-cycle businesses
- Currency translation effects added one percentage point, while portfolio transactions had a minimal effect on revenue growth year-over-year
- **Europe, C.I.S. Africa, Middle East**: Clear decline in Digital Industries was offset by growth in the other industrial businesses; revenue also on the level of the prior-year period in **Germany**, with substantial growth in Mobility offset by a decrease in Digital Industries
- **Americas**: Revenue grew across the industrial businesses benefiting from positive currency translation effects, including significant growth in Smart Infrastructure and a clear increase in Siemens Healthineers; similar development in the **U.S.**
- **Asia, Australia**: Clear declines in Digital Industries and Smart Infrastructure partially offset by clear growth in Siemens Healthineers; in **China**, clear revenue increase in Siemens Healthineers was more than offset by declines in the other industrial businesses

A.1.2 Income

(in millions of €, earnings per share in €)	Profit (IB, POC: Adj. EBITA; SFS: EBT) First half FY 2020	FY 2019	% Change	Profit margin (Adj. EBITA margin; SFS: ROE) First half FY 2020	FY 2019
Digital Industries	1,126	1,532	(27)%	15.1%	19.4%
Smart Infrastructure	466	572	(19)%	6.6%	8.4%
Mobility	428	464	(8)%	9.6%	10.8%
Siemens Healthineers	1,104	1,148	(4)%	15.2%	16.9%
Industrial Businesses (IB)	**3,124**	**3,716**	**(16)%**	**11.9%**	**14.4%**
Financial Services (SFS)	305	380	(20)%	20.2%	24.7%
Portfolio Companies (POC)	11	3	>200%	0.4%	0.1%
Reconciliation to Consolidated Financial Statements	(629)	(730)	14%		
Income from continuing operations before income taxes	**2,811**	**3,370**	**(17)%**		
Income tax expenses	(579)	(646)	10%		
Income from continuing operations	**2,232**	**2,724**	**(18)%**		
Income (loss) from discontinued operations, net of income taxes	(447)	318	n/a		
Net income	**1,786**	**3,041**	**(41)%**		
Basic earnings per share	2.13	3.50	(39)%		
ROCE	6.4%	12.2%			

Industrial Businesses

- Digital Industries: Major factors for the decline were lower revenue in the high-margin short-cycle businesses due partly to COVID-19 and sharply higher severance charges related to cost structure optimization which totaled €151 million (H1 FY 2019: €30 million)
- Smart Infrastructure: Sharply higher severance charges totaling €134 million (H1 FY 2019: €23 million) on stringent execution of its competitiveness program and impacts related to COVID-19
- Mobility: Continued strong earnings performance despite effects from COVID-19 largely related to reduced manufacturing productivity and restricted access to customer sites
- Siemens Healthineers: Decline mainly due to substantially lower profitability in the diagnostics business due partly to higher costs related to Atellica solution
- Severance charges for Industrial Businesses were €330 million (H1 FY 2019: €86 million), reducing Adjusted EBITA margin Industrial Businesses by 1.3 percentage points

Income from continuing operations before income taxes

- SFS influenced by effects from COVID-19; higher credit hits; equity business results came in below the high level of H1 FY 2019
- Within Reconciliation to Financial Statements, €219 million gain at Real Estate Services from the transfer of an investment to Siemens Pension Trust e.V.
- Severance charges for continuing operations were €380 million (H1 FY 2019: €136 million)

Income from continuing operations

- Tax rate of 20.6% in H1 FY 2020 due mainly to a positive effect from a retroactive statutory tax rate reduction and the largely tax-free gain from the abovementioned transfer of an investment to Siemens Pension Trust e.V.

Income (loss) from discontinued operations, net of income taxes

- Discontinued operations turned negative due largely to sharply lower Adjusted EBITA from the energy business, including a loss at SGRE, and sharply higher tax expenses, mainly related to the carve-out of Gas and Power; for more detailed information on different items included in income (loss) from discontinued operations, please refer to Note 2 in B.6 Notes to Half-year Consolidated Financial Statements

Net income, Basic earnings per share, ROCE

- Basic earnings per share (EPS) came in lower due to net income attributable to shareholders of Siemens AG which declined 39% year-over-year
- ROCE declined on a combination of sharply lower net income and an increase in average capital employed

A.2 Net assets and financial position

Asset and capital structure

(in millions of €)	Mar 31, 2020	Sep 30, 2019	% Change
Current assets	90,396	70,370	28%
therein: Cash and cash equivalents	*7,832*	*12,391*	*(37)%*
therein: Assets classified as held for disposal	*41,557*	*238*	*>200%*
Non-current assets	63,778	79,878	(20)%
therein: Goodwill	*21,334*	*30,160*	*(29)%*
therein: Other intangible assets	*5,311*	*9,800*	*(46)%*
Total assets	**154,174**	**150,248**	**3%**
Liabilities associated with assets classified as held for disposal	26,171	2	>200%
Debt	43,735	36,449	20%
Provisions for pensions and similar obligations	7,512	9,896	(24)%
Other liabilities	29,542	52,919	(44)%
Equity	47,214	50,984	(7)%
Total liabilities and equity	**154,174**	**150,248**	**3%**

Cash flows

	First half FY 2020		
(in millions of €)	Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from:			
Operating activities	1,432	(232)	1,201
Investing activities	(3,187)	(417)	(3,604)
therein: Additions to intangible assets and property, plant and equipment	*(692)*	*(330)*	*(1,022)*
Free cash flow	740	(562)	178
Financing activities	959	(926)	32

- Total assets influenced by negative currency translation effects totaling €2.7 billion
- The classification of Gas and Power and SGRE as held for disposal and discontinued operations had a significant impact on the presentation of Siemens' assets, liabilities and cash flows; the portions of Gas and Power and SGRE assets and liabilities were reclassified to assets classified as held for disposal, including €2.0 billion cash and cash equivalents, and to liabilities associated with assets classified as held for disposal, increasing them by €41.4 billion and €26.2 billion, respectively; the cash flow portions of Gas and Power and SGRE were classified as discontinued operations. For further information, please refer to Note 2 in B.6 Notes to Half-year Consolidated Financial Statements

In addition to the classification of Gas and Power and SGRE as held for disposal and discontinued operations, the following major changes were recorded:

- Three out of four of our industrial businesses posted cash inflows from operating activities within continuing operations, with the strongest conversion of Adjusted EBITA into cash by Digital Industries; Mobility reported an aggregate cash outflow driven by a build-up of operating net working capital, which was also the biggest factor for cash outflows totaling €1.1 billion from the change in operating net working capital
- Cash outflows from investing activities included within continuing operations €1.0 billion for Siemens Healthineers' acquisition of Corindus Vascular Robotics, Inc. and €0.3 billion for ECG Management Consultants; for increases in other intangible assets and goodwill in connection with the preliminary purchase price allocation relating to these acquisitions please see Note 2 in B.6 Notes to Half-year Consolidated Financial Statements
- Cash outflow from financing activities within discontinued operations, included €1.1 billion for the purchase of Iberdrola S.A.'s 8.1% stake in SGRE; this purchase resulted in a decrease in retained earnings
- The initial application of IFRS 16, Leases, led to a shift of lease payments from cash flows from operating activities to cash flows from financing activities and thereby had a positive effect on Free cash flow. In addition, property, plant and equipment and lease liabilities increased. For further information please refer to Note 1 in B.6 Notes to Half-year Consolidated Financial Statements
- Debt increased primarily from the issuance of bonds and from a commercial paper program. This increase was partly offset by repayment of debt. For further information please refer to Note 3 in B.6 Notes to Half-year Consolidated Financial Statements
- Provisions for pensions and similar obligations as of March 31, 2020: €7.5 billion (September 30, 2019: €9.9 billion); the decrease was due mainly to a higher discount rate assumption, extraordinary fundings in Germany and the reclassification of Gas and Power and SGRE obligations as liabilities associated with assets held for disposal; the decrease was partially offset by negative returns on plan assets; weighted-average discount rate as of March 31, 2020: 1.8% (September 30, 2019: 1.3%)
- For information with regard to transactions with shareholders please refer to Note 4 in B.6 Notes to Half-year Consolidated Financial Statements

A.3 Outlook

Siemens performed solidly in the second quarter of fiscal 2020 even as the economic consequences of the COVID-19 pandemic began to impact our operations and our financial results. We expect even stronger impacts from the pandemic on business development in our fiscal third quarter. Beyond the third quarter of fiscal 2020, macroeconomic developments and their influence on Siemens currently cannot be reliably assessed. Therefore, we can no longer confirm our original guidance for fiscal 2020.

We now expect a moderate decline in comparable revenue in fiscal year 2020, net of currency translation and portfolio effects, with the book-to-bill ratio remaining above 1. The decline in demand most strongly affects our Operating Companies Digital Industries and Smart Infrastructure.

We adhere to our plan to complete the spin-off and public listing of Siemens Energy before the end of fiscal 2020. We expect to record a spin-off gain within discontinued operations, the amount of which cannot yet be reliably forecast. We continue to expect material impacts on Net income from spin-off costs and tax expenses related to the carve-out and sub-group creation of Siemens Energy.

Given the above-mentioned circumstances we currently refrain from giving guidance for basic EPS from Net income for fiscal 2020.

A.4 Risks and opportunities

In our Annual Report for fiscal 2019 we described certain risks which could have a material adverse effect on our business, financial condition (including effects on assets, liabilities and cash flows), results of operations and reputation, our most significant opportunities as well as the design of our risk management system.

During the reporting period, we identified the COVID-19 pandemic as a further significant risk besides those risks presented in our Annual Report for fiscal 2019 and in this Half-year Financial Report.

COVID-19 pandemic

The COVID-19 pandemic is rapidly evolving and the resulting impact on our operations varies from country to country, from region to region within a country and sometimes even between cities and communities. Governments and other local authorities are striving to contain the disease by implementing various countermeasures ranging from imposing complete curfews and economic shutdowns to requiring certain forms of social distancing and adherence to hygienic minimum standards. Depending on epidemiological trends and political pressure, governments are expected to ease economic restrictions to relieve associated suffering.

As a result, the extent and duration of the individual effects on our business are extremely difficult to predict. For example, if containment measures are initiated on short notice or last unforeseeably long, this might significantly impact our business in a way that exceeds current expectations and might go beyond already initiated mitigation measures. We could be facing unexpected shutdowns of locations, factories or office buildings of our suppliers, customers or our own operations, thus impairing our ability to produce or deliver our products, solutions and services.

Key uncertainties of the COVID-19 crisis are its duration, including for example a potential second wave of infections or mutations of the virus, and the economic cost of the lockdowns. In the second quarter of fiscal 2020, we gradually started to feel the effects in our businesses, short-cycle as well as project businesses, as for example customers are canceling orders or delaying investments, we are exposed to an increased risk of default and our supply chain is experiencing difficulties in certain areas. The longer the lockdown measures, the disproportionately deeper the resulting recession is expected to be. Potential consequence could be an unsustainable rise of public and private debt burden hampering after-crisis recovery, severe disruptions in the financial system and bankruptcies among Siemens customers and suppliers. In the long term, a roll-back of globalization could lower potential future growth.

Various task forces and crisis teams have been set up across all functions of Siemens to diligently monitor and mitigate the diverse effects related to COVID-19 with a focus on securing the health and safety of our employees and business continuity. On Group level a senior management Corporate Crisis Team prepares overarching decisions and coordinates the flow of information through the various levels of the organization while empowering the responsible management in the businesses and countries to take actions appropriate to their respective contexts.

Assessment of the overall risk situation

While our assessments of individual risks have changed during the first half of fiscal 2020 due to developments in the external environment, effects of our own mitigation measures and the revision of our risk assessment, the overall risk situation for Siemens did not change significantly as compared to the prior year with the exception of the COVID-19 pandemic. We currently see this strategic risk as the most significant challenge for us followed by the operational risk arising from Cyber/Information Security.

Additional risks and opportunities not known to us or that we currently consider immaterial could also affect our business operations. At present, no risks have been identified that either individually or in combination with other risks could endanger our ability to continue as a going concern.

B. Half-year Consolidated Financial Statements

B.1 Consolidated Statements of Income

(in millions of €, per share amounts in €)	Note	First half FY 2020	FY 2019
Revenue		28,336	27,870
Cost of sales		(18,208)	(17,573)
Gross profit		10,129	10,297
Research and development expenses		(2,298)	(2,229)
Selling and general administrative expenses		(5,535)	(5,153)
Other operating income	8	330	201
Other operating expenses		(165)	(203)
Income (loss) from investments accounted for using the equity method, net		42	144
Interest income		832	747
Interest expenses		(454)	(478)
Other financial income (expenses), net		(69)	43
Income from continuing operations before income taxes		**2,811**	**3,370**
Income tax expenses		(579)	(646)
Income from continuing operations		**2,232**	**2,724**
Income (loss) from discontinued operations, net of income taxes	2	(447)	318
Net income		**1,786**	**3,041**
Attributable to:			
Non-controlling interests		52	219
Shareholders of Siemens AG		1,734	2,823
Basic earnings per share			
Income from continuing operations		2.58	3.17
Income (loss) from discontinued operations		(0.45)	0.33
Net income		**2.13**	**3.50**
Diluted earnings per share			
Income from continuing operations		2.55	3.13
Income (loss) from discontinued operations		(0.45)	0.32
Net income		**2.11**	**3.46**

B.2 Consolidated Statements of Comprehensive Income

(in millions of €)	First half FY 2020	FY 2019
Net income	1,786	3,041
Remeasurements of defined benefit plans	363	(1,199)
therein: Income tax effects	*(416)*	*469*
Remeasurements of equity instruments	17	(7)
therein: Income tax effects	*(3)*	–
Income (loss) from investments accounted for using the equity method, net	(4)	–
Items that will not be reclassified to profit or loss	**376**	**(1,207)**
Currency translation differences	(1,100)	1,426
Derivative financial instruments	(18)	(151)
therein: Income tax effects	–	*56*
Income (loss) from investments accounted for using the equity method, net	(33)	(17)
Items that may be reclassified subsequently to profit or loss	**(1,152)**	**1,258**
Other comprehensive income, net of income taxes	**(776)**	**51**
Total comprehensive income	**1,010**	**3,092**
Attributable to:		
Non-controlling interests	10	278
Shareholders of Siemens AG	1,000	2,814

B.3 Consolidated Statements of Financial Position

(in millions of €)	Note	Mar 31, 2020	Sep 30, 2019
Assets			
Cash and cash equivalents		7,832	12,391
Trade and other receivables		14,346	18,894
Other current financial assets		9,834	10,669
Contract assets		5,256	10,309
Inventories		8,475	14,806
Current income tax assets	1	1,681	1,103
Other current assets		1,414	1,960
Assets classified as held for disposal	2	41,557	238
Total current assets		**90,396**	**70,370**
Goodwill	2	21,334	30,160
Other intangible assets	2	5,311	9,800
Property, plant and equipment	1	10,313	12,183
Investments accounted for using the equity method		1,384	2,244
Other financial assets		21,064	19,843
Deferred tax assets		2,385	3,174
Other assets		1,987	2,475
Total non-current assets		**63,778**	**79,878**
Total assets		**154,174**	**150,248**

Liabilities and equity			
Short-term debt and current maturities of long-term debt	1, 3	6,908	6,034
Trade payables		6,201	11,409
Other current financial liabilities		1,494	1,743
Contract liabilities		7,410	16,452
Current provisions		1,668	3,682
Current income tax liabilities		1,964	2,378
Other current liabilities		5,477	9,023
Liabilities associated with assets classified as held for disposal	2	26,171	2
Total current liabilities		**57,292**	**50,723**
Long-term debt	1, 3	36,827	30,414
Provisions for pensions and similar obligations	8	7,512	9,896
Deferred tax liabilities		879	1,305
Provisions		1,855	3,714
Other financial liabilities		1,030	986
Other liabilities		1,565	2,226
Total non-current liabilities		**49,668**	**48,541**
Total liabilities		**106,960**	**99,265**
Equity	1, 2, 4		
Issued capital		2,550	2,550
Capital reserve		6,834	6,287
Retained earnings		39,460	41,818
Other components of equity		45	1,134
Treasury shares, at cost		(4,261)	(3,663)
Total equity attributable to shareholders of Siemens AG		**44,627**	**48,125**
Non-controlling interests		2,587	2,858
Total equity		**47,214**	**50,984**
Total liabilities and equity		**154,174**	**150,248**

B.4 Consolidated Statements of Cash Flows

(in millions of €)	First half FY 2020	FY 2019
Cash flows from operating activities		
Net income	1,786	3,041
Adjustments to reconcile net income to cash flows from operating activities - continuing operations		
(Income) loss from discontinued operations, net of income taxes	447	(318)
Amortization, depreciation and impairments	1,495	1,094
Income tax expenses	579	646
Interest (income) expenses, net	(378)	(269)
(Income) loss related to investing activities	(317)	(299)
Other non-cash (income) expenses	532	235
Change in operating net working capital from		
Contract assets	(248)	(13)
Inventories	(952)	(749)
Trade and other receivables	266	114
Trade payables	(570)	(393)
Contract liabilities	425	746
Additions to assets leased to others in operating leases	(257)	(308)
Change in other assets and liabilities	(1,058)	(1,002)
Income taxes paid	(1,156)	(1,437)
Dividends received	120	115
Interest received	720	732
Cash flows from operating activities - continuing operations	**1,432**	**1,935**
Cash flows from operating activities - discontinued operations	(232)	(662)
Cash flows from operating activities - continuing and discontinued operations	**1,201**	**1,274**
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	(692)	(808)
Acquisitions of businesses, net of cash acquired	(1,657)	(836)
Purchase of investments and financial assets for investment purposes	(566)	(866)
Change in receivables from financing activities	(988)	(319)
Disposal of intangibles and property, plant and equipment	40	104
Disposal of businesses, net of cash disposed	(2)	(23)
Disposal of investments and financial assets for investment purposes	678	679
Cash flows from investing activities - continuing operations	**(3,187)**	**(2,067)**
Cash flows from investing activities - discontinued operations	(417)	(309)
Cash flows from investing activities - continuing and discontinued operations	**(3,604)**	**(2,377)**
Cash flows from financing activities		
Purchase of treasury shares	(995)	(945)
Re-issuance of treasury shares and other transactions with owners	(96)	(45)
Issuance of long-term debt	6,265	2,980
Repayment of long-term debt (including current maturities of long-term debt)	(3,053)	(624)
Change in short-term debt and other financing activities	2,634	1,457
Interest paid	(456)	(477)
Dividends paid to shareholders of Siemens AG	(3,174)	(3,060)
Dividends attributable to non-controlling interests	(167)	(172)
Cash flows from financing activities - continuing operations	**959**	**(887)**
Cash flows from financing activities - discontinued operations	(926)	(418)
Cash flows from financing activities - continuing and discontinued operations	**32**	**(1,306)**
Effect of changes in exchange rates on cash and cash equivalents	(150)	227
Change in cash and cash equivalents	(2,521)	(2,182)
Cash and cash equivalents at beginning of period	12,391	11,066
Cash and cash equivalents at end of period	9,870	8,885
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	2,038	–
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	**7,832**	**8,885**

B.5 Consolidated Statements of Changes in Equity

(in millions of €)	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Equity instruments (prior year: available-for-sale financial assets)	Derivative financial instruments	Treasury shares at cost	Total equity attributable to share-holders of Siemens AG	Non controlling interests	Total equity
Balance as of October 1, 2018	2,550	6,184	41,007	(351)	(33)	(26)	(3,922)	45,410	2,571	47,981
Net income	–	–	2,823	–	–	–	–	2,823	219	3,041
Other comprehensive income, net of income taxes	–	–	(1,181)	1,343	(8)	(162)	–	(8)	59	51
Dividends	–	–	(3,060)	–	–	–	–	(3,060)	(213)	(3,273)
Share-based payment	–	(22)	(106)	–	–	–	–	(128)	3	(126)
Purchase of treasury shares	–	–	–	–	–	–	(890)	(890)	–	(890)
Re-issuance of treasury shares	–	–	–	–	–	–	363	363	3	366
Disposal of equity instruments	–	–	(2)	–	–	–	–	(2)	–	(2)
Transactions with non-controlling interests	–	–	(19)	–	–	–	–	(19)	(8)	(27)
Other changes in equity	–	–	(16)	–	–	–	–	(16)	7	(9)
Balance as of March 31, 2019	**2,550**	**6,162**	**39,446**	**992**	**(41)**	**(188)**	**(4,448)**	**44,472**	**2,641**	**47,114**
Balance as of September 30, 2019 (as previously reported)	2,550	6,287	41,818	1,409	(49)	(226)	(3,663)	48,125	2,858	50,984
Effects of retrospectively adopting IFRS	–	553	(28)	–	–	–	–	525	–	525
Balance as of October 1, 2019	2,550	6,839	41,790	1,409	(49)	(226)	(3,663)	48,650	2,858	51,508
Net income	–	–	1,734	–	–	–	–	1,734	52	1,786
Other comprehensive income, net of income taxes	–	–	355	(1,081)	17	(25)	–	(734)	(42)	(776)
Dividends	–	–	(3,174)	–	–	–	–	(3,174)	(200)	(3,374)
Share-based payment	–	(12)	(95)	–	–	–	–	(106)	5	(101)
Purchase of treasury shares	–	–	–	–	–	–	(1,047)	(1,047)	–	(1,047)
Re-issuance of treasury shares	–	5	–	–	–	–	449	454	–	454
Disposal of equity instruments	–	–	(2)	–	–	–	–	(2)	–	(2)
Transactions with non-controlling interests	–	1	(1,136)	–	–	–	–	(1,135)	(88)	(1,223)
Other changes in equity	–	–	(11)	–	–	–	–	(11)	1	(11)
Balance as of March 31, 2020	**2,550**	**6,834**	**39,460**	**328**	**(32)**	**(251)**	**(4,261)**	**44,627**	**2,587**	**47,214**

B.6 Notes to Half-year Consolidated Financial Statements

NOTE 1 Basis of presentation

The accompanying condensed Half-year Consolidated Financial Statements as of March 31, 2020 present the operations of Siemens AG and its subsidiaries (the Company or Siemens). These Half-year Consolidated Financial Statements are in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and should be read in conjunction with the Siemens Consolidated Financial Statements as of September 30, 2019. The Half-year Consolidated Financial Statements apply the same accounting principles and practices as those used in the 2019 annual financial statements, except for the adoption of IFRS 16, Leases (IFRS 16) and IFRIC 23, Uncertainty over Income Tax Treatments as of October 1, 2019. Results for the interim reporting period are not necessarily indicative of future results. In interim periods, tax expense is based on the current estimated annual effective tax rate of Siemens. The presentation of certain prior year information is reclassified to conform to the current year presentation. The Half-year Consolidated Financial Statements are unaudited and were authorized for issue by the Managing Board on May 6, 2020. For further information on changes in estimates (including income taxes and pensions), disaggregation of revenue and on segment information (including Covid-19 impacts), see disclosures in the Interim Group Management Report. Due to rounding, numbers disclosed may not add up precisely to totals provided.

In the six months ended March 31, 2020, Siemens' business and economic environment is adversely affected by the pandemic coronavirus spread, though certain mitigating effects may arise due to the various measures taken by Governments or States globally, including favorable financial support. As the outbreak continues to evolve, it is challenging to predict its duration and its magnitude of impacts on assets, liabilities, results of operations and cash flows. In the March 31, 2020 Consolidated Financial Statements, the Company based financial statement related estimates and assumptions on existing knowledge and best information available and applied a scenario assuming the current coronavirus situation is of no long-term duration. Corona related impacts on Siemens' Consolidated Financial Statements may result from declining and more volatile share prices, interest rate adjustments in various countries, increasing volatility in foreign currency exchange rates, deteriorating creditworthiness, credit default or delayed payments, delays in order placements as well as in executing orders and contracts, termination of contracts, adjusted or modified revenue and cost patterns, limited usage of assets, volatility in financial and commodity markets, limited or no access to customer facilities and hardship in preparing predictions and forecasts due to uncertainties in amount and timing of cash flows. Those factors may impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows. It requires complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Accounting estimates involving the most significant impacts are disclosed in Note 2 of Siemens' Consolidated Financial Statements as of September 30, 2019. Furthermore, accounting estimates are made in determining the net realizable value of inventories considering quantity, technical and price risks. The Company believes assumptions applied appropriately reflect the current situation.

Recently adopted Pronouncements

IFRS 16, Leases, was adopted as of October 1, 2019, by applying the modified retrospective approach (using practical and transitional expedients), i.e. comparative figures for the preceding year are not adjusted. IFRS 16 introduced a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months, unless the underlying asset is of low value. The initial application of IFRS 16 reduced Retained earnings by €28 million. Most of the transition effects relate to real estate leased by Siemens. As of October 1, 2019, additional right-of-use assets of €3,176 million were recognized in Property, plant and equipment, generally measured at the amount of the lease liability adjusted by any prepaid or accrued lease payments. Future payment obligations under operating leases as of September 30, 2019 reconcile to the lease liability as of October 1, 2019, as follows:

(in millions of €)	
Future minimum lease payments from operating leases as of September 30, 2019 (gross)	**3,518**
Future minimum lease payments from finance leases as of September 30, 2019 (gross)	158
Change in future minimum lease payments relating to service components	(101)
Other (therein leases terminating before Sep 30, 2020 €(34), leases concluded not yet commenced €(23))	(37)
Future minimum lease payments from leases under the right-of-use model as of October 1, 2019 (gross)	**3,538**
Discounted using incremental borrowing rates (weighted average incremental borrowing rate as of October 1, 2019 1.8%.)	(306)
Lease liability as of October 1, 2019	**3,233**
Lease liability from finance leases as of September 30, 2019	**106**
Lease liability recognized for the first time as of October 1, 2019 (thereof current: €751)	**3,127**

On October 1, 2019, Siemens retrospectively adopted IFRIC 23, Uncertainty over Income Tax Treatments. The adoption increased Current income tax assets and Equity by €553 million. Prior period amounts are not adjusted.

NOTE 2 Acquisitions, dispositions and discontinued operations

Acquisitions

In October 2019, Siemens Healthineers acquired Corindus Vascular Robotics, Inc., USA, for US$1.1 billion (€1.0 billion) in cash. The preliminary purchase price allocation as of the acquisition date resulted in Other Intangible assets of €306 million, mainly relating to acquired technology, and Goodwill of €763 million.

In November 2019, Siemens Healthineers acquired 75% of the ownership interest in ECG Management Consultants (ECG). The purchase price paid in cash including adjustments is US$219 million (€196 million) and Siemens Healthineers' redemption of financial liabilities of ECG is US$143 million (€129 million). The preliminary purchase price allocation as of the acquisition date mainly resulted in Other Intangible assets of €112 million, Goodwill of €189 million and current financial liabilities of €132 million.

In the six months ended March 31, 2020, Siemens acquired several businesses for a total purchase price of €462 million, mainly paid in cash. The partly preliminary purchase price allocations resulted in Other intangible assets of €242 million and Goodwill of €246 million, which comprises intangible assets that are not separable such as employee know-how and expected synergy effects. Other intangible assets of €145 million and Goodwill of €35 million were reclassified to Assets held for disposal subsequently.

Acquisition of non-controlling interests in Siemens Gamesa Renewable Energy

In February 2020, Siemens purchased Iberdrola S.A.'s 8.1% stake in Siemens Gamesa Renewable Energy. The purchase price is €1.1 billion.

Discontinued operations: Siemens Energy spin-off

In May 2019, Siemens announced to transfer the energy business into a new company, Siemens Energy, and list it on the stock market by a spin-off. Siemens intends to hold a minority stake in Siemens Energy, with the remaining investment being accounted for using the equity method. The distribution group includes Gas and Power and the 67% stake in Siemens Gamesa Renewable Energy. Siemens plans to complete the spin-off and listing before the end of the fiscal 2020. Siemens expects the listing via spin-off to be highly probable. The assessment includes the likelihood of the shareholders' approval at the extraordinary general meeting scheduled for July 9, 2020. The criteria for classification as held for disposal and discontinued operations were met at the end of the second quarter of fiscal 2020. Siemens measures the distribution group at its carrying amount, which is less than the fair value less costs to distribute. Effective with Siemens classifying the distribution group as held for disposal, depreciation and amortization of assets within the distribution group ceased. In the Consolidated Statements of Income and in the Consolidated Statements of Cash Flows, results and cash flows of the distribution group are reported as discontinued operations on a comparable basis for all periods presented.

	First half	
(in millions of €)	FY 2020	FY 2019
Revenue	12,865	13,182
Expenses	(13,140)	(12,755)
Spin-off costs	(35)	-
Income (loss) from discontinued operations before income taxes	**(311)**	**427**
Income taxes on ordinary activities	(23)	(110)
Other income taxes[1]	(123)	3
Income (loss) from discontinued operations, net of income taxes	**(457)**	**321**
thereof attributable to Siemens AG shareholders	(378)	266

[1]mainly includes income taxes relating to the legal carve-out of the distribution group

In the six months ended March 31, 2020, the cumulative expense recognized in Other comprehensive income, relating to the distribution group is €384 million.

Assets and liabilities of the distribution group are presented as held for disposal since the respective criteria were met. The carrying amounts of the main groups of assets and liabilities are:

(in millions of €)	Mar 31, 2020
Cash and cash equivalents	2,038
Trade and other receivables	3,935
Contract assets	4,939
Inventories	7,511
Goodwill	9,680
Other intangible assets	4,644
Property, plant and equipment	4,427
Deferred tax assets	1,262
Miscellaneous current assets	1,843
Miscellaneous non-current assets	1,160
Assets classified as held for disposal	**41,439**
Short-term debt and current maturities of long-term debt	606
Trade payables	4,300
Contract liabilities	9,918
Current provisions	1,786
Other current liabilities	2,774
Miscellaneous current liabilities	679
Long-term debt	1,430
Provisions for pensions and similar obligations	1,010
Deferred tax liabilities	1,242
Provisions	1,763
Miscellaneous non-current liabilities	662
Liabilities associated with assets classified as held for disposal	**26,170**

The distribution group has contingencies of €162 million as of March 31, 2020, which includes guarantees of third-party performance of €146 million.

As of March 31, 2020, Siemens conducted an impairment test for the distribution group and concluded that its fair value less costs to distribute is higher than its carrying amount. The goodwill included in the distribution group relates to the goodwill previously allocated to the former groups of cash-generating units Gas and Power, Siemens Gamesa Renewable Energy – Operation and Maintenance and Siemens Gamesa Renewable Energy – Wind Turbines. For these groups of cash-generating units, Siemens conducted a goodwill impairment test immediately before the held for disposal classification. Key assumptions used to determine the fair values less costs to sell include terminal value growth rates between 1.3% and 1.4% and after-tax discount rates of 8.0% to 8.5%. Siemens concluded that there is no impairment related to any of these groups of cash-generating units.

NOTE 3 Debt

(in millions of €)	Current debt Mar 31, 2020	Current debt Sep 30, 2019	Non-current debt Mar 31, 2020	Non-current debt Sep 30, 2019
Notes and bonds	2,535	4,029	34,083	29,176
Loans from banks	366	1,187	1,019	1,076
Other financial indebtedness	3,366	803	57	72
Lease liabilities	642	16	1,669	90
Total debt	**6,908**	**6,034**	**36,827**	**30,414**

Credit facilities: in the six months ended March 31, 2020, the unused €7.0 billion syndicated credit facility maturing in 2024 was extended to mature in 2025 with one one-year extension option remaining, and, in addition, a new €3.0 billion unused syndicated credit facility maturing in September 2020 with two three-months extension options was signed. In December 2019, a subsidiary's credit facility was extended: the €500 million fully drawn tranche will mature in 2022 and the €2.0 billion unused tranche will mature in 2024.

Debt Issuance Program: in the six months ended March 31, 2020, the 1.5% €1.0 billion fixed-rate instrument was redeemed as due. In December 2019, Siemens issued a €1.25 billion 3m Euribor+0.7% floating-rate instrument due December 2021. In February 2020, Siemens issued instruments totaling €4.0 billion in four € tranches: €1.25 billion 0.0% due February 2023; €1.0 billion 0.0% due February 2026; €1.0 billion 0.25% due February 2029 and €750 million 0.5% due February 2032 and, in addition, an £850 million 1.0% tranche due February 2025.

US$ Bonds: in the six months ended March 31, 2020, the 3m LIBOR+0.34% US$800 million floating-rate instrument and the 2.2% US$1.1 billion fixed-rate instrument were redeemed as due.

Assignable and term loans: in the six months ended March 31, 2020, one bilateral US$500 million term loan facility (€456 million) was replaced cash neutral by a newly signed US$500 million term loan facility with a maturity until March 20, 2023 and two one-year extension options.

Commercial Paper Program: as of March 31, 2020, and September 30, 2019, US$3.6 billion (€3.3 billion) and US$700 million (€643 million) in commercial paper were outstanding, respectively.

NOTE 4 Shareholders' equity

In the six months ended March 31, 2020 and 2019, Siemens repurchased 13,520 thousand and 8,723 thousand treasury shares, respectively. Siemens transferred 4,556 thousand and 3,667 thousand shares of treasury stock, respectively, in the six months ended March 31, 2020 and 2019. In the second quarter of fiscal 2020, a dividend of €3.90 per share was paid. Siemens' conditional capital increased to €1,261 million or 420.2 million shares.

NOTE 5 Commitments and contingencies

The following table presents the undiscounted amount of maximum potential future payments for major groups of guarantees (continuing operations as of March 31, 2020):

(in millions of €)	Mar 31, 2020	Sep 30, 2019
Credit guarantees	452	447
Guarantees of third-party performance	2,511	2,644
	2,963	**3,090**

In addition to guarantees disclosed in the table above, the Company issued other guarantees including indemnifications in connection with dispositions of businesses. To the extent future claims are not considered remote, maximum future payments from these obligations amount to €187 million and €413 million as of March 31, 2020 and September 30, 2019, respectively.

NOTE 6 Legal proceedings

As previously reported, in June 2019, the City of Jackson, Mississippi, filed a lawsuit against Siemens Industry, Inc., and Siemens Corporation, USA, among others, in connection with a performance contract. In March 2020, the City of Jackson and the defendants settled the matter for approximately US$90 million (approximately €82 million as of March 2020). All claims in the case were subsequently dismissed in April 2020.

In relation to the previously reported cartel damages claims in Israel filed by an electricity consumer group and the Israel Electric Corporation in relation to alleged anti-competitive behavior in the Israeli gas-insulated switchgear market, a settlement agreement concluded in December 2018 has been approved by the Israeli Court in fiscal 2020. This decision by the Israeli Court is subject to appeal.

NOTE 7 Financial instruments

Financial instruments measured at cost or amortized cost for which the carrying amount does not approximate fair value:

	Mar 31, 2020		Sep 30, 2019	
(in millions of €)	Fair value	Carrying amount	Fair value	Carrying amount
Notes and bonds	36,672	36,617	34,758	33,205
Loans from banks, other financial indebtedness and lease liabilities	7,116	7,118	3,313	3,243

The following table allocates financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

				Mar 31, 2020
(in millions of €)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value, thereof:	**11**	**3,550**	**557**	**4,118**
Equity instruments measured at fair value through profit and loss	4	276	161	440
Equity instruments measured at fair value through Other comprehensive income	1	1	387	389
Debt instruments measured at fair value through profit and loss	6	–	10	16
Derivative financial instruments	–	3,274	–	3,274
Financial liabilities measured at fair value – Derivative financial instruments	**–**	**1,348**	**–**	**1,348**

Should the current Covid-19 situation result in a longer-term deep recession, valuation allowances for expected credit losses on financial assets at amortized cost could increase by a lower to middle three-digit million €-amount.

NOTE 8 Segment information

(in millions of €)	Orders		External revenue		Intersegment Revenue		Total revenue		Profit		Assets		Free cash flow		Additions to intangible assets and property, plant & equipment		Amortization, depreciation & impairments	
	First half		First half		First half		First half		First half		Mar 31,	Sep 30,	First half		First half		First half	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	2020	2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Digital Industries	8,399	8,196	7,076	7,547	370	367	7,446	7,915	1,126	1,532	10,872	10,626	1,045	1,013	81	137	353	325
Smart Infrastructure	7,552	7,574	6,785	6,537	261	293	7,046	6,830	466	572	5,114	4,907	299	393	86	102	166	121
Mobility	4,049	8,071	4,425	4,273	18	17	4,443	4,290	428	464	3,945	3,045	(80)	583	69	82	138	89
Siemens Healthineers	7,941	7,151	7,225	6,767	47	40	7,272	6,806	1,104	1,148	16,271	13,889	626	454	242	284	391	290
Industrial Businesses	**27,941**	**30,991**	**25,511**	**25,124**	**695**	**718**	**26,207**	**25,841**	**3,124**	**3,716**	**36,202**	**32,467**	**1,891**	**2,443**	**478**	**605**	**1,049**	**825**
Financial Services	378	420	356	396	22	25	378	420	305	380	30,124	29,901	338	341	14	11	118	110
Portfolio Companies	2,771	3,053	2,282	2,173	413	325	2,695	2,498	11	3	2,395	2,383	112	(73)	24	28	58	48
Reconciliation to Consolidated Financial Statements	(1,075)	(1,008)	187	178	(1,131)	(1,067)	(944)	(889)	(629)	(730)	85,453	85,498	(1,600)	(1,583)	175	164	269	111
Siemens (continuing operations)	**30,016**	**33,457**	**28,336**	**27,870**	**–**	**–**	**28,336**	**27,870**	**2,811**	**3,370**	**154,174**	**150,248**	**740**	**1,128**	**692**	**808**	**1,495**	**1,094**

Segment information is disclosed for continuing operations; prior year Assets are reclassified to conform to the current year presentation. Segment measurement principles are the same as those described in the September 30, 2019 Annual Report. Revenue includes revenue from contracts with customers and revenue from leasing activities. In the six months ended March 31, 2020 and 2019, lease revenue is €465 million and €350 million, respectively. Mobility recognizes revenue predominantly over time due to the nature of their long-term contracts. All other segments generally recognize revenue at a point in time.

In the six months ended March 31, 2020, the subsea business and the major part of the process solutions business along with two investments accounted for using the equity method were transferred from Portfolio Companies to Gas and Power. Certain regional businesses, which are not disposed of through the Siemens Energy spin-off, moved into Portfolio Companies.

Investments sold in the six months ended March 31, 2020 and 2019, resulted in a gain of €108 million and €185 million, respectively. The gain is reported in Income (loss) from investments accounted for using the equity method, net.

Reconciliation to Consolidated Financial Statements

Profit

	First half	
(in millions of €)	FY 2020	FY 2019
Real Estate Services	271	67
Corporate items	(313)	(159)
Centrally carried pension expense	(111)	(110)
Amortization of intangible assets acquired in business combinations	(359)	(314)
Eliminations, Corporate Treasury and other reconciling items	(116)	(215)
Reconciliation to Consolidated Financial Statements	**(629)**	**(730)**

In the six months ended March 31, 2020, Siemens made contributions to Pension Trusts of €780 million (continuing operations). Included in those contributions is an extraordinary funding to Siemens Pension-Trust e.V. in Germany which reduced Provisions for pensions and similar obligations by €441 million and which resulted in a gain of €219 million disclosed in Other operating income and in Real Estate Services.

Assets

(in millions of €)	Mar 31, 2020	Sep 30, 2019
Assets Real Estate Services	3,838	3,146
Assets Corporate items and pensions	430	230
Asset-based adjustments:		
Intragroup financing receivables	47,238	45,493
Tax-related assets	3,980	3,052
Liability-based adjustments	26,518	26,284
Eliminations, Corporate Treasury, other items	3,449	7,294
Reconciliation to Consolidated Financial Statements	**85,453**	**85,498**

As of March 31, 2020 and September 30, 2019, Eliminations, Corporate Treasury, other items includes assets classified as held for disposal of €41,440 million and €40,616 million, respectively.

NOTE 9 Related party transactions

Siemens has relationships with many joint ventures and associates in the ordinary course of business whereby Siemens buys and sells a wide variety of products and services generally on arm's length terms. The transactions between continuing operations and joint ventures and associates were as follows:

	Sales of goods and services and other income		Purchases of goods and services and other expenses		Receivables		Liabilities	
	First half		First half		Mar 31,	Sep 30,	Mar 31,	Sep 30,
(in millions of €)	FY 2020	FY 2019	FY 2020	FY 2019	2020	2019	2020	2019
Joint ventures	76	68	21	3	60	175	61	171
Associates	39	60	45	46	6	42	1	216
	115	**128**	**66**	**49**	**65**	**218**	**62**	**388**

In the first six months ended March 31, 2020 and 2019, revenue resulting from transactions between discontinued operations and joint ventures and associates amounted to €240 million and €280 million, respectively. In the first six months ended March 31, 2020 and 2019, expenses resulting from transactions between discontinued operations and joint ventures and associates amounted to €84 million and €112 million, respectively. As of March 31, 2020, receivables from and liabilities to joint ventures and associates at discontinued operations amounted to €67million and €321 million, respectively.

As of March 31, 2020 and September 30, 2019, guarantees of continuing operations to joint ventures and associates amounted to €236 million and €470 million, respectively. As of March 31, 2020 and September 30, 2019, guarantees to joint ventures amounted to €236 million and €328 million, respectively. As of March 31, 2020, guarantees of discontinued operations to joint ventures amounted to €142 million. As of March 31, 2020 and September 30, 2019, loans given to joint ventures and associates amounted to €781 million and €679 million, respectively, therein €763 million and €662 million related to joint ventures, respectively. The related book values amounted to €498 million and €481 million, therein €493 million and €477 million related to joint ventures, respectively. Valuation adjustments recognized in the first six months ended March 31, 2020 reduced book values of loans related to joint ventures by €153 million and increased book values in the first six months ended March 31, 2019 by €14 million, respectively. As of March 31, 2020, loans of discontinued operations and related book values amounted to €2 million. As of March 31, 2020 and September 30, 2019, the Company had commitments to make capital contributions of €174 million and €145 million to its joint ventures and associates, therein €156 million and €127 million related to joint ventures, respectively. As of March 31, 2020 and September 30, 2019, there were loan commitments to joint ventures amounting to €372 million and €361 million, respectively.

C. Additional information

C.1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Half-year Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Munich, May 6, 2020

Siemens Aktiengesellschaft

The Managing Board

Joe Kaeser

Dr. Roland Busch | Klaus Helmrich

Cedrik Neike | Prof. Dr. Ralf P. Thomas

C.2 Review Report

To Siemens Aktiengesellschaft, Berlin and Munich

We have reviewed the half-year consolidated financial statements comprising the consolidated statements of income, comprehensive income, financial position, cash flows and changes in equity, and notes to half-year consolidated financial statements, and the interim group management report, of Siemens Aktiengesellschaft, Berlin and Munich for the period from October 1, 2019 to March 31, 2020 which are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The Company's management is responsible for the preparation of the half-year consolidated financial statements in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the half-year consolidated financial statements and the interim group management report based on our review.

We conducted our review of the half-year consolidated financial statements and the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany) and in supplementary compliance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review nothing has come to our attention that causes us to believe that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, May 6, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Spannagl
Wirtschaftsprüfer
[German Public Auditor]

Breitsameter
Wirtschaftsprüferin
[German Public Auditor]

C.3 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, prospectuses, 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 Report on expected developments and associated material opportunities and risks of the Annual Report, and in the Half-year Financial Report, which should be read in conjunction with the Annual Report. Should one or more of these risks or uncertainties materialize, events of force majeure, such as pandemics, occur or should underlying expectations including future events occur at a later date or not at all 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 the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-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 the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance 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.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences between the accounting records appearing in this document and those published pursuant to legal requirements.

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