SIEMENS

Ingenuity for life

Siemens Portugal

Annual Report 2018

siemens.pt

Table of Contents

A1 Message of the CEO

Dear Customers and Partners,

2018 was a year of consolidation of our leadership in the domestic market in the business segments where Siemens operates, in particular automation and industrial control, intelligent energy grids and technologies for the energy transition, as well as building efficiency and security.

Increased exports, strong customer focus and the excellent performance of our technological solutions and services provided by our operational teams have contributed to the growth in sales and the excellent net results of Siemens in Portugal.

Another highlight goes to the product business with distributors and partners, which registered considerable growth and turned out to be one of the best years in sales ever thanks to digitalization and new models of cooperation.

In line with the three priorities defined by Management, we have focused on making digitalization a reality[1] in Portugal, for example, by staging a number of best practice sharing events for our customers; by leading by example[2]; by dozens of Safety Walks & Talks carried out for projects from north to south of the country.

2018 was a year of consolidation of our leadership in the domestic market in the business segments where Siemens operates.

These actions, prompted by the company's top management, are aimed at reinforcing the safety culture and promoting greater awareness of the behavior to be adopted in projects, so as to ensure that even the most demanding safety requirements are met and carried out consciously. We have also focused on strengthening customer relationships, which is reflected, for example, in the very positive result achieved in the Net Promoter Score - the industry's overall standard for measuring customer satisfaction and loyalty.

Two key events of the year regard the announcements of investments in the field of digitalization. Made in the presence of government representatives and our principal customers, such investments, totaling 25 million euros, will most certainly contribute to have the country gain even more momentum and prominence in an area of enormous economic importance.

Over the next few years, we will continue to implement the strategy we have been pursuing, focusing on digitalization, establishing partnerships with our customers, implementing application-oriented laboratories and experience centers in the north of the country, and increasing our export activities by expanding our competence centers and our switchgear factory.

We will also continue to strengthen our teams by recruiting 400 new professionals for the Lisbon Tech Hub, our international information technology competence center based in Lisbon, and another 100 technicians for our factory in Corroios. In 2019, we expect to exceed the 2,500 employee mark.

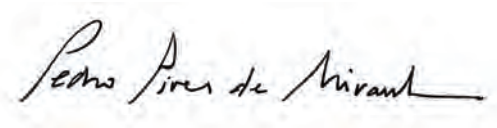
[1] **Make Digitalization Work |** [2] **Lead by example |** [3] **Customer at the core**

In the future, as it has been hitherto, sustainability in all its forms and aspects - environment, society and good business practices - will continue to be one of the cornerstones of our actions.

I would like to hereby thank all our customers and partners who have cooperated with us along the year and who have again entrusted the development and execution of their main projects to our teams.

A word of appreciation too for our employees, for the Supervisory Board and the General Assembly for their rigor and professionalism.

We thank our shareholder Siemens AG for the confidence shown by the investments made in Portugal. Together, we will continue to make a difference in the world, serving society and creating value for our stakeholders. This is, and will continue to be, the purpose of our company.



Pedro Pires de Miranda
Chief Executive Officer

EXECUTIVE COMMITTEE

PEDRO PIRES DE MIRANDA

CEO of Siemens, S.A.

PETER HÄNDEL

Chief Financial Officer of Siemens, S.A.

JOÃO SILVA MARQUES

Power And Gas | Power Generation Services

BUSINESS SUPPORT

MARGARIDA CUNHA	|	Compliance | Export Control
MARINA GUERRA	|	Quality, Environmental, Health, and Safety (QEHS)
MARTA PINTO LEITE	|	Legal
PEDRO HENRIQUES	|	Human Resources
SALOMÉ FARIA	|	Communications
RENATO PELLEGRINI	|	Taxes
JOSÉ PAIVA	|	Accounting & Controlling

B1 Organization

Business

ANTÓNIO MIRA

Digital Factory | Process Industries and Drives

FERNANDO SILVA

Energy Management

LUÍS MOURATO

Building Technologies

MANUEL NUNES

Mobility

FERNANDO GONÇALVES

Siemens Postal, Parcel & Airport Logistics

IVAN FRANÇA

Siemens Healthineers, Lda.

REGIONS

RUI MARQUES

Branch Mozambique

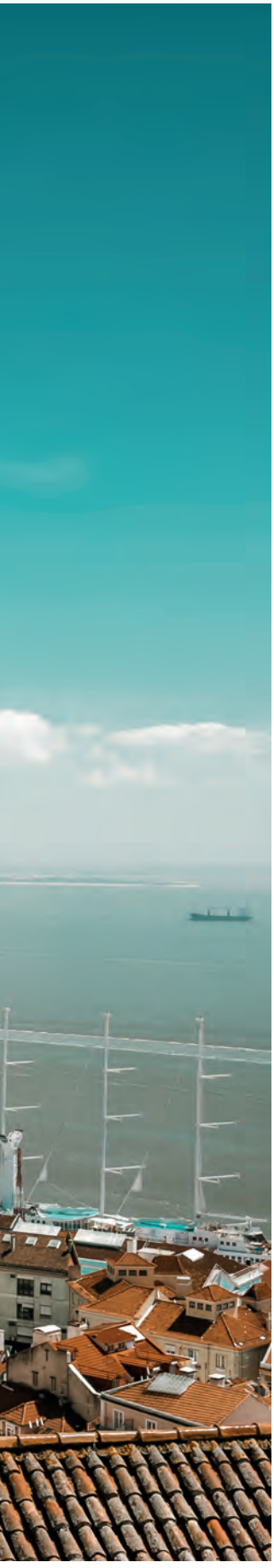
SÉRGIO FILIPE

Regional Company Angola

GLOBAL SERVICES

ALF FRANZONI	Global Services Location
MADALENA DE SÁ	Finance Shared Services

... according to Eurostat, in September, the country registered a budget surplus for the very first time.



C1

Macroeconomic Environment

In general terms, the external environment of the Portuguese economy remained favorable in 2018. The world economy continued to expand at solid rates, the environment in the labor and financial markets was positive, and the economic agents of the leading economies showed confidence.

The national economy is going through a positive phase, showing a cyclical component, but also structural improvement of its base. The high levels of debt reached in the first decade of the euro are getting lower, but remain vulnerable to external factors.

This analysis is based on the numbers of Eurostat, the statistical office of the European Union.

The report, which provides the key economic indicators for the member countries of the European Union[1], indicates that Portugal's GDP rose by 1.9% in the third quarter of 2018 compared to the same period in 2017. Compared to the second quarter of 2018, the rise is 0.3%. In comparison, the Euro Zone rose by 1.6% and 0.2%, respectively.

The employment rate rose by 2.1% year-on-year (third quarter) and the unemployment rate was 6.6% in November 2018. The Euro Zone recorded a 1.3% rise in employment and an unemployment rate of 7.9% for the same periods.

With regard to the Portuguese trade balance, Eurostat does not provide recent figures for Portuguese exports and imports, but highlights a trade deficit for the country of more than two billion euros by November 2018. In this respect, the Euro Zone fairs much better, showing a positive balance of more than 15 billion euros in the first eleven months of 2018.

Also worthy of note in 2018 is something unprecedented for Portugal[2]: according to Eurostat, in September, the country registered a budget surplus for the very first time. This performance refers only to the third quarter itself and not to the cumulative three quarters of 2018. In a note from Eurostat[3], the third quarter registered the largest budget surplus (3.6%) since the European statistical office started recording such data.
According to the Statistical Bulletin of January 2014 of the Bank of Portugal, GDP grew by 2.1% in the third quarter of 2018 compared to the same period last year, in contrast to the deceleration recorded in the remaining Euro Zone (1.6%).

Church of Santa Engrácia, Lisbon

The banking supervisor in Portugal also mentions the continuous recovery of the labor market, indicating a 2.2% increase in employment compared to the same period last year, as well as a drop in the unemployment rate to 7%. In comparison with Portugal, the Euro Zone again fairs worse in this segment, i.e. a growth of 1.4% in employment and an unemployment rate of around 8.2%.

The Portuguese Trade Balance remains unstable as exports recorded a 3.6% annual rate of change in the third quarter of 2018, while imports were at 4.1%. Here, the Euro Zone fairs better showing a balanced trade balance, registering an annual rate of change of 2.8% in exports and 2.7% in imports.

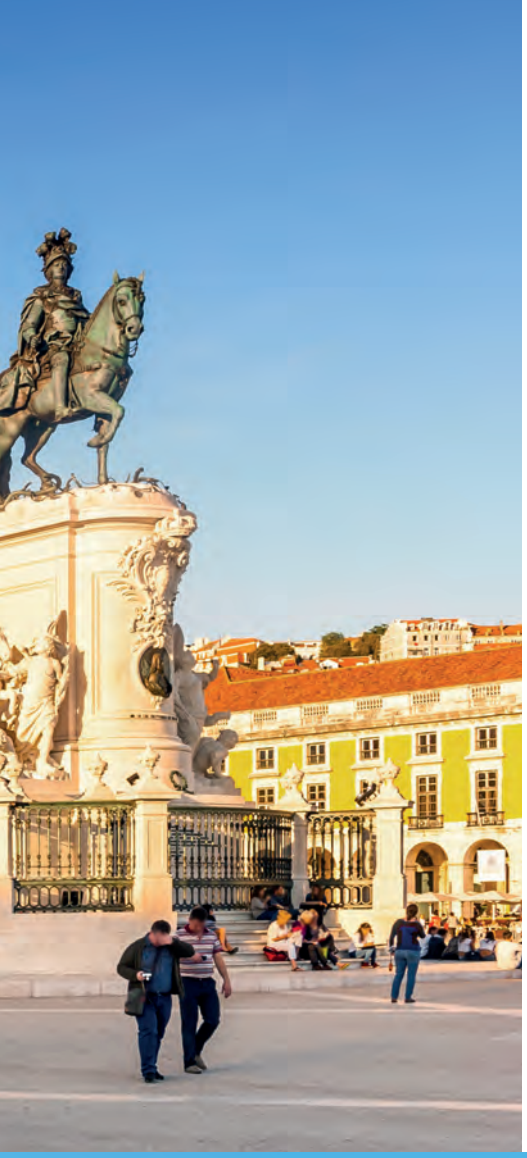
The sustained growth of the national economy was also responsible for the positive revision of Portugal's ratings by the main international credit rating agencies, all of which stopped rating the country's debt as "junk".

More than seven years later, Moody's, the rating agency, which was most skeptical about the recovery of the economy and budget, showed signs of renewed trust in the country by putting the rating back to investment level. In October 2018, Moody's rating went from Ba1 to Baa3, with a stable outlook, the first considered to be non-speculative[5].

In September, Standard & Poor's maintained Portugal's rating at BBB-, only changing the Portuguese debt rating from "stable" to "positive"[6].

Fitch remained the one rating agency that evaluates Portugal in a more positive way, maintaining the rating of BBB and the country's outlook as "stable"[7].

[1,2,3,4,5,6,7,8] **FONTES: Banco de Portugal / Conselho de Finanças Públicas / Eurostat / Moody's**



Looking at the future, the December bulletin of the Bank of Portugal[8] projects that the Portuguese economy will continue "on a path of growth", despite the deceleration forecast for 2019-21, which is in line with the projections for the same period published for the Euro Zone as a whole as published by the European Central Bank.

GDP is projected to grow by 1.8% in 2019, 1.7% in 2020, and 1.6% in 2021.

The slowdown in GDP in this three-year period reflects a progressively lower contribution of exports, net of import content.
The contribution of net domestic demand for import content to GDP growth will also decline slightly over the projection horizon.

As for growth of external demand, international trade is expected to maintain a relative stability with regard to Portugal in 2019-2021. Projections point to export growth of 3.7% in 2019, 4% in 2020, and 3.6% in 2021.

GLOBAL BUSINESS

KEYFIGURES 2018

319
MILLION EUROS SALES VOLUME

33,7
MILLION EUROS VOLUME

195
MILLION EUROS ORDERS

EXPORTS 2018

122,8
MILLION EUROS

+ 4,6%

56 COUNTRIES

RESOURCES HUMAN

2333
EMPLOYEES SIEMENS GROUP

1639
EMPLOYEES SIEMENS, S.A.

311
HIRINGS

44
NATIONALITIES

38 ANOS
AVERAGE AGE

40%
WOMEN

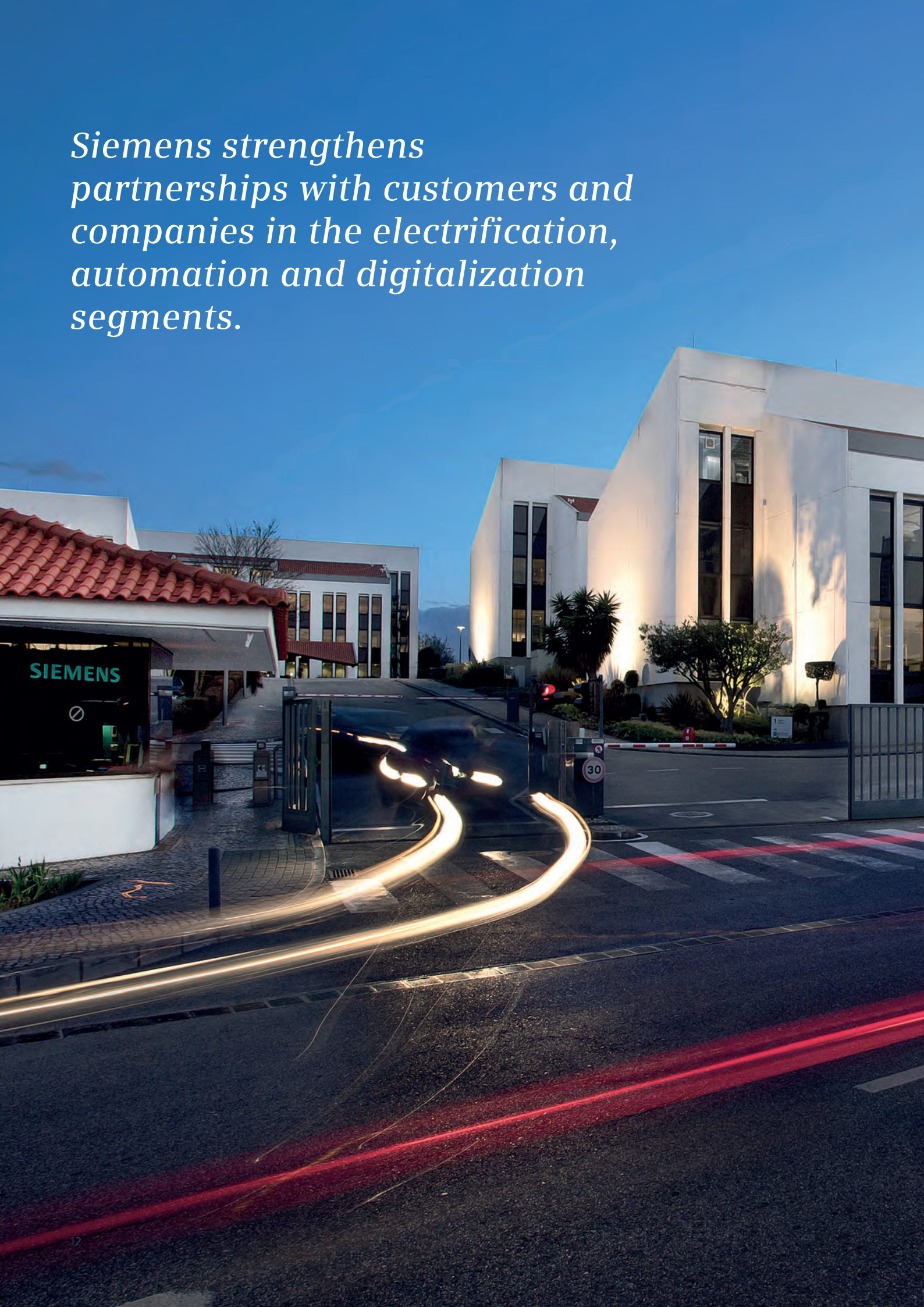
60%

40%

ORDERS ON HAND

600
MILLION EUROS

Siemens strengthens partnerships with customers and companies in the electrification, automation and digitalization segments.



D1 Global Business

Siemens is one of the leading companies in Energy, Industry, Mobility and Building Technologies in the domestic market, offering a range of products, solutions and technological services that have a profound impact on the operations of its customers

All over the country, the Company has carried out important infrastructure projects for energy production and transmission, energy transition, hospitals, airports and railways as well as for the manufacturing, petrochemical and water industries. The Company continues to strengthen its partnerships with customers and companies in the electrification, automation and digitalization segments and has organized important thematic technology events. The Company also registered a significant increase in sales volume and profit, notably in exports and job creation, which has enabled it to expand its skills in Information Technology, Industrial Software and Engineering. Employees now number more than 2,300 in Portugal, Angola and Mozambique, and 311 new highly qualified jobs were created.

This report reflects the activities of various business units of Siemens, S.A. in Portugal, including IT competence centers, shared services centers, engineering centers and the functions they perform for 56 countries.

In fiscal 2018, the Siemens group closed the year with a turnover of 319 million euros, a net profit of 33,7 million euros, exports amounting to 122,8 million euros and orders totaling 195 million euros.

These figures represent a 120.6% increase in net income and a 6.6% increase in sales, compared to the same period of the previous year, and a decrease of 28.8% in order intake.

Siemens Head Office, Alfagide

Looking back on 113 years in Portugal, Siemens is proud to help drive the national economy. For example, by creating jobs and by the amount of taxes, which are paid to the State each year.

In 2018, this figure was 91,7 million euros. In addition, when selecting partners to carry out their projects, the company tends to favor national companies, which means that 33% of its suppliers are Portuguese.

Siemens' reputation, its proximity to its customers, the skills and high level qualification of its employees, the rigorous execution of its projects, and its capacity for innovation at a global level were decisive factors, which contributed to making 2018 another successful year for Siemens Portugal.

The company reaped the rewards of its technological partnerships with national and international customers, strengthened its capabilities thanks to its Information Technology, Engineering and Shared Services Competence Centers, and expanded export to 56 countries based on its export growth strategy.

This led to the creation of 311 new jobs during the last fiscal year, most of them in IT/Lisbon Tech Hub and Engineering. By the end of the year, the Company had 2,333 employees. There was one particular day that will go down in the company's history, as 20 new employees started working at Siemens on the very same day.

To support such expansion of the *Lisbon Tech Hub*, which is one of the company's competence centers based in Alfragide, Siemens launched a *employer branding* campaign. The objective of this initiative was to showcase the Company's new areas of operation, reinforce its attractiveness as an employer of choice, and

Visit of COTEC Portugal to the Siemens booth at the 2018 Hanover Fair in Germany

Joe Kaeser, CEO Siemens AG; Pedro Pires de Miranda, CEO Siemens Portugal; Ana Lehmann, former State Secretary for Industry

Websummit 2018, Lisbon

highlight that it has exciting job opportunities available at one of the multinational's largest information technology centers worldwide.

Using digital and conventional press, economic and specialist press media, this campaign reached more than 700,000 people and will have a second phase in 2019.

During the same period, driven by rigorous execution, focus on digitalization and digital services, as well as the implementation of spaces for co-creation with customers, such as the i-Experience Center 4.0, which Siemens inaugurated in February 2018 at an event organized in partnership with COTEC, and the three Building Technologies Centers opened in July this year at its headquarters in Alfragide, sales, profit and exports registered significant growth. 2018 registered a drop in order intake, mainly with regard to large-scale projects.

There are also some cases of delays in the placing of orders by domestic customers, as well as a slowdown in the implementation of public investments. There was, however, a growth in the short cycle business, namely Building Technologies, Digital Factory and Energy Management, with significant sales increases in our partner networks that distribute Siemens products.

Our electrical switchboard factory Corroios continued its investment plan and adapted its production capacity to the orders of domestic and international customers in 31 countries.

In this context, it is worth highlighting the significant export numbers of medium voltage, gas insulated Simosec switchgears, which are used in infrastructures such as hospitals, data centers, shopping centers, and small factories, among others.

One of the highlights of the year was the announcement in June, in the presence of the then Secretary of State for Industry, Ana Teresa Lehmann, of the EUR 5 million investment that Siemens will make in Portugal over the next two years.

This investment is targeted for research and development projects in the strategic areas of energy and mobility, among other initiatives.

Digitalization was, no doubt, one of the areas in focus during last year. Siemens has been actively supporting domestic customers and partners in the technology transition for all areas, but in particular for Industry 4.0.

We invited customers to events focused on digital solutions, such as Websummit 2017, where we introduced MindSphere, our cloud-based open operating system for the internet of things, to the Portuguese market. This platform helps create new business models and digitally transform companies from sectors as diverse as energy, industry, mobility and logistics, regardless of their size.

At the Digitalization Days event, Siemens featured itself to customers as a pioneer in three of the key trends of digitalization, namely cybersecurity, artificial intelligence and big data analysis, and organized technical workshops focused on energy, mobility, industry and building in the digital era.

Digitalization Days event
at Siemens in Alfragide

Intelligent Cities and Infrastructures event at Siemens in Alfragide

Digitalization Days, held in June 2018, had more than a hundred participants and led to partnership opportunities and possible cooperation in pilot projects.

Another highlight was the Intelligent Cities and Infrastructures event, targeted at customers in the vertical cities market, which included municipal environment departments, energy and water utilities, among others.

In April, Siemens was present at the 2018 Hanover Fair in Germany, the world's premier event for industrial technology, and presented several examples showcasing the potential of Industry 4.0, namely aerospace, automotive, electronics, chemical industry, and food applications, among others.

COTEC Portugal was also present at this international fair and was particularly interested in Intelligent Mobility. Obviously, Siemens supported their presence and participated in various events promoted by this Portuguese Business Association.

João Lourenço, President of Angola got to know Siemens' dual training model in Berlin.

In August, the President of the Republic of Angola, João Lourenço, visited Siemens' Professional Education Center and Siemens' HV Technology Plant in Berlin, Germany. The Angolan President was accompanied by his Ministers of State for Economic and Social Development, Energy and Water, Transport, Finance, Petroleum and Natural Resources and Health, as well as the Angolan Ambassador to Germany and the Governor of the National Bank of Angola.

Visit of Angola's President João Lourenço to Siemens' Professional Education Center in Berlin

Pedro Pires de Miranda, Chairman of the Board of Directors of Siemens Angola and Sérgio Filipe, CEO of Siemens Angola joined the delegation. During his visit to Berlin, João Lourenço was also introduced to the dual education model of the Siemens training academy, which has become a world reference.

The program Tech Apprenticeship@Siemens, focused on electronics and mecatronics, has a number of students from Angola.

In Angola, Siemens participated in FILDA 2018 - Luanda's International Fair, which took place in July. At this event, the booth of Siemens Angola featured solutions for the transport and distribution of energy as well as its portfolio of digital services for the Oil and Gas industry.

Siemens used the fair to introduce its industrial gas turbine SGT-800 for the first time to that country. A leader in combined cycle applications, this turbine has been in high demand worldwide, with more than 350 units already sold to countries such as Panama, Argentina, Thailand, China, Israel and Bolivia, among others. In total, these turbines have already been in operation for more than six million hours and can be connected to MindSphere.

Siemens also put into practice yet another protocol of scientific cooperation by inaugurating the Automation Laboratory at the Higher Polytechnic Institute of Technologies and Sciences (ISPTEC) in Luanda. With this laboratory, Siemens and ISPTEC intend to promote the training and qualification of human resources, as well as to encourage professional growth in the areas of information technology.

At the beginning of the fiscal year, Siemens participated in an important international event, the Mozambique Gas Summit & Exhibition, held in Maputo/Mozambique.

Organized in partnership with Empresa Nacional de Hidrobarbonetos, and with the support of MIREME (Ministry of Energy), National Petroleum Institute and Mozambican Hydrocarbons Company, this event is a unique space, where government representatives meet with industry to boost the hydrocarbon sector in the country.

Together with other companies, Siemens participated in the debate "Promoting Economic and Innovative Solutions for Gas and Liquefied Natural Gas Projects in Mozambique".

It also showcased a wide range of gas and steam turbines, ranging from 4 to 564 MW, as well as generators, complete solutions for power plants and gas and diesel engines.

Siemens also participated in the Mozambican Agro-Livestock, Commercial and Industrial Fair (FACIM), held in Maputo at the end of August 2018. It was the sixth consecutive year that the Company was present at FACIM, where visitors were introduced to some of the projects developed in the country for power generation, transport and distribution. Other highlights included solutions and engineering the Company provides for the use of liquefied natural gas along the entire value chain.

In September, Siemens sponsored the 3rd Congress of Portuguese Speaking Engineers, dedicated to "Climate Change".

During this three-day event in Maputo, the Company participated in two round tables: One dedicated to water resources, which addressed the Águas de Maputo project, and the other dedicated to "Corporate and Business Meetings", which included a general presentation about Siemens in Mozambique.

SUSTAINABILITY

Customers
People and Society
Environment
Innovation

CUSTOMERS

NET PROMOTER SCORE (NPS) (+5 SCORE › 2017)

SCORE › **58**

GLOBAL STANDARD OF SECTOR TO MEASURE CUSTOMER SATISFACTION AND LOYALTY

PEOPLE AND SOCIETY

TRAINING & INTERNSHIPS

54.200
TRAINING HOURS

89 INTERNSHIPS

VOLUNTEERING 2018

4300
VOLUNTEERING HOURS

575 VOLUNTEERS

PROFIT SHARING PROGRAM SIEMENS AG

400
MILLION EUROS

PROFIT DISTRIBUTED TO EMPLOYEES IN FORM OF SHARES

ENVIRONMENT

SAFETY 2018

64

SAFETY WALKS & TALKS
(TOP MANAGEMENT)
STRENGTHENING SAFETY REQUIREMENTS

ACTIONS TO REINFORCE SAFETY AWARENESS

INNOVATION

I-EXPERIENCE CENTER

VISITS › **400**

PROJECTS DEVELOPED › **20**

BUILDING TECHNOLOGY CENTER

PROJECTS DEVELOPED › **15**

LOCAL DEVELOPMENT PROJECTS (IDI)

3
PROJECTS

- MICROGRID AS A SERVICE
- E-BUS CHARGING
- ACCESS TO ENERGY

... no business is sustainable unless it is at the service of society.

E1 Sustainability at Siemens

Sustainability is a strategic issue for Siemens and an integral part of its daily activity. The company argues that sustainable development is a means to achieve profitable and long-term growth and that business is only sustainable when it creates value for the societies in which it operates: for customers, for people and for the environment.

Volunteering initiative Renascer do Rei, Leiria pine forest

Therefore, the Company aligns its strategy with the goals of the UN Agenda 2030 for Sustainable Development, in particular the long-term goals: to end poverty, protect the planet and ensure prosperity.

Siemens contributes to achieving these priorities by providing clean and affordable energy solutions, creating smart and livable cities, and developing innovative health systems, among other measures. Meanwhile, the Company seeks to promote a balance between people, environment and profitability.

Siemens' commitment to sustainability is widely recognized by several ratings and rankings that are highly relevant in this area, such as the Dow Jones Sustainability Index, where the company ranked, once again, in the top position in its industry in 2018.

In Portugal, Siemens has focused its activity on the continued creation of jobs, on investments in strategic areas for the future growth of the company, such as Information Technology and Digitalization, and on the promotion of transversal Innovation in all its areas of operation.

The Company is also very actively involved in organizations, committees and workgroups directly connected to electrification, automation and digitalization in the mobility, energy, industry, infrastructure and buildings sectors, and has focused on the creation of application laboratories and spaces where, in partnership with its customers, it develops and creates solutions that provide answers to the most pressing challenges of both its business and society.

Diversity and Inclusion

Siemens values diversity as a way to create value and continuously innovate, while ensuring inclusion and collaboration between people with different ways of thinking, different types of schooling, experiences, specialization and individual qualities at all organizational levels, and who thereby contribute directly to the success of our business.

At global level, the Company's diversity concept covers essentially eight aspects: gender equality, nationalities, age distribution, religious beliefs, sexual orientation, physical and mental disability and parental status.

In Portugal, and due to the fact that the Company has established in the country a number of competence and shared services center that from here work for the whole world, Siemens' balance in this area is very positive.

Employees hail from 44 countries, and the average age is but 34. In terms of gender balance, the teams at Siemens Portugal are 40% female and 60% male.

In this context it is important to note that at Siemens Portugal already 20% of the STEM staff (Science, Technology, Engineering and Mathematics) is female.

Compliance

For Siemens compliance and integrity are priority values at all levels of management because the Company believes that a sustainable future for the company and its people can only be ensured by acting responsibly and ethically in society.

Siemens has zero tolerance towards corruption, violations of fair competition principles and any breach of law and has implemented a system that allows it to act effectively to ensure integrity in the conduct of business.

Siemens' code of compliance encompasses a wide range of measures to ensure that our business is always carried out in full compliance with the law and with its internal principles and rules. It is divided into three levels of action: Prevention, Detection and Reaction.

Customers

'Placing customers at the core' was one of the strategic goals set by the Company for 2018. And that challenge was met in the opinion of the customers consulted in the annual survey, which is based on the Net Promoter Score (NPS) metric - the global standard to measure customer satisfaction and loyalty.

Siemens Portugal scored 58 in satisfaction, up 5 percentage points compared to the previous survey, which makes Portugal one of the Siemens countries with the highest NPS worldwide.

233 customers were surveyed, and the number of Promoters, that is, satisfied customers who are also the most likely to recommend Siemens to a colleague or business partner also increased.

Operational excellence is a top priority of the company, which has more than 120 certified Project Managers.

People and Society

Siemens has 379,000 employees worldwide, and they occupy a central place in the company's operations. Issues such as safety, training and the well-being of its employees are some of the main topics to which the company dedicates specific programs and actions at a global as well as local level.

One of the strategic pillars of the Company is the promotion of ownership culture that makes employees act as if they own the company. In this area, Siemens has extended the number of employees who are shareholders of the company to 80%, which means that more than 300,000 of Siemens' 379,000 employees hold company shares.

In Portugal, adhesion rate at Siemens is so high that 98% of all its employees who are now shareholders of Siemens AG. To this end a total of 400 million euros have been channeled since 2015 into the Profit Sharing Fund. This amount was distributed to employees in 102 countries, mainly in the form of free shares.

In addition to Profit Sharing, Siemens' global Share Matching Program (which allocates free shares based on a certain number of shares acquired) forms the core of the company's equity culture and is one of the world's largest share-based employee equity programs.

Promoting measures that enhance the work-life balance of its employees is another priority of the Company's management, which values that employees ally competence and professional efficiency with satisfaction at work. Towards this end the Company offers a number of services and facilities to promote the health and well-being of its employees, such as permanent first-aid service, general practitioner, psychologist, fitness facilities, and delivery services for laundry, vegetables, pharmacy, among others.

Siemens Portugal actively promotes creativity and flexibility, and therefore gives most employees the possibility to work, up to twice a week, remotely from their home or from the shared offices located in its switchgear factory in Corroios.

Simulating the removal procedure of a gas turbine blade

Thanks to this investment, Siemens is ranking, for the second year running, in the top 10 of the most attractive companies to work in Portugal. The Company rose to eighth place in the Randstad Employer Brand Award 2018 and won the "Use of Cutting Edge Technology" category.

The Randstad Employer Brand Research is the largest independent study of employer branding surveying the active population. Created by Randstad 17 years ago, it is carried out in 30 countries and surveys more than 175,000 people. Established in Portugal since 2016, the survey identifies the companies that are most attractive in the labor market, taking into account criteria such as salary levels, work-life balance, career and training opportunities, among others.

Due to all of this, Siemens Portugal has been able to retain highly skilled human resources and is always looking for new talent.

In 2018, the Company launched an employer branding campaign to promote its Lisbon Tech Hub, the competence center located in Portugal, which develops and exports information technology (IT) solutions that are used worldwide by the company's more than 370,000 employees.

With this campaign, Siemens showcased its new areas of operation and reinforced its attractiveness as an employer able to offer employment opportunities at one of the multinational's largest information technology centers in the world. The Lisbon Tech Hub, which employs a growing team of more than 600 people, is having a real impact on the digital reinvention of today's world. In the course of 2018, the Company announced that by 2020 this team will increase to 1,000 professionals.

Training

Siemens encourages its employees to be constantly learning, the so-called life long learning, in order to remain employable and valued.

Globally, in 2018, the Company invested more than 514 million Euros in training and continuous development of its employees.

In 2018 the employees of Siemens Portugal had 54,200 hours of training, both face-to-face and e-learning, with a growing focus on the areas of digitalization and how it can be used to benefit business.

One of the highlights was the launch of the portal "Digitalization Learning World", open to the whole organization, where each employee can build his or her own training course according to his or her needs: the portal combines expert videos, tips, specialist articles, chats, and online training, such as the "Digital Knowledge Challenge".

Another aspect of Siemens' Portugal training are the internship programs promoted by the Company. In 2018, Siemens welcomed 89 professional trainees who worked in the areas of electronics, IT, automation, mechatronics, finance, management and administration, among others. Siemens' internship programs usually have an employability rate of around 80%, that is, the vast majority of trainees joins the Company. The same year, 59 students elected Siemens to complete their graduate internships.

In this context, in January, and because the financial community represents 35% of Siemens' workforce, the Company launched the Finance Trainee Program. This is a paid year-long internship for newly graduated students in the financial area, which provides candidates with the opportunity to join a solid national company operating in a multinational context and to learn about the various activities within the financial area.

Launch of the Finance Trainee Program

The first edition of the program provided 18 vacancies, and the retention rate was more than 90%, since the majority of candidates who completed the internship was integrated into Siemens. They currently work in a wide range of business areas and in the Shared Services Centers.

SIEMENS
Ingenuity for life

Connect to safety.
Disconnect the rest.

At Siemens the goal is to have Zero Accidents.

To make this a reality - and because most accidents are falls often caused by the use of mobile phones, tablets and computers - give technology a rest while your walking and watch out for your safety and the safety of others.

siemens.pt/zeroharm

Health and Safety at the Workplace

At Siemens, occupational health and safety services go far beyond what is required by law, and concern for these issues has been on the forefront ever since the Company was founded more than 170 years ago. Even then its founder had already noted that motivation and performance of employees - their health in particular - were vital to the company's success. This principle still guides Siemens' activities in health and safety management.

For this reason, in addition to fulfilling its social responsibility as an employer, the Company supports employees in maintaining their best performance capacity throughout their professional career, thereby ensuring the long-term competitiveness of the company.

One example of this care is our global program Healthy@Siemens that drives a process of continuous improvement in health management and promotes physical, mental and social well-being of its employees at four levels: psychosocial well-being, physical activity, nutrition and health care.

One of the topics highlighted in 2018 was mental health, and a campaign was launched to raise awareness of this issue with employees and respective management.

The Company promotes a Zero Harm culture and strongly believes that the zero accident goal is achievable if people watch out for each other. At the time, it seeks to reduce risks at the workplace, create healthy work environments, and help their teams master the challenges of today's working world.

Awareness campaigns have been implemented for various aspects of workplace safety in order to reduce the number of accidents at the company's premises. One of the areas targeted was stairway safety, which even had a campaign of its own to draw people's attention to the need to move up and down the stairs carefully and safely, especially holding on to the handrail and without using cell phones or computers.

In 2018, Siemens Portugal conducted 64 Safety Walks & Talks in projects from north to south of the country. These actions, led by 48 top managers of the Company, aim to reinforce our safety culture and promote greater awareness about the behaviors to be adopted during projects, ensuring that the most demanding safety requirements are met and internalized.

Corporate Citizenship

Likewise, Siemens maintains its focus on supporting the sustainable development of society, being a very active partner in the area of corporate citizenship and social responsibility focused on three areas: promoting access to technology and education, and programs that support society and the environment.

In Portugal, as in the rest of the world, Siemens' actions are underpinned by a Business to Society logic, that is, the Company believes that business only makes sense if it has a positive impact on the society. And there is no area in which this is more true than education.

By way of a number of initiatives designed to educate and mentor young people, to retrain the skills of those who work in areas that have lost relevance, and to encourage its employees to never stop learning, Siemens believes it is creating value for itself, for all agents operating in its markets, and for the country as a whole.

With this strategy, Siemens contributes to the sustainable development goals defined by the United Nations, which wants everyone, without exception, to have access to quality education.

In 2018, with regard to education, Siemens promoted, in partnership with Happy Code, the Introduction to Programming Workshop for the children of Siemens Employees, aged between 7 and 18, introducing them to the world of games and apps creation, entrepreneurship, development of a business plan and Design Thinking.

Simaris Design Generation Challenge 2018

The Simaris Design Generation Challenge, an initiative launched in 2017, which has had a positive impact on the participants' professional lives, went into a second edition. Of these, more than a dozen are currently in training or working at Siemens or in projects.

34 teams, comprising 68 students from 13 universities across the country participated in this second edition. Two semi-finals held in Alfragide and Freixeiro (Porto) in February determined the top 12 teams for the final round.

The excellent work of the winners Ricardo Carreira and Alfredo Carreira from the Polytechnic Institute of Leiria was rewarded with a trip to the Totally Integrated Power Center of Siemens, Germany, and with internships at Siemens Portugal. Second place went to Tiago Azenha and Fábio Ferreira, students from the University of Aveiro, who were also awarded internships at the Company.

The final challenge held this year was also attended by Siemens representatives from Germany, Spain and Denmark, who are planning to launch identical challenges in their countries and wanted to get a deeper understanding of the dynamics and its format.

In February 2018, in another part of the world, students from Dom Bosco school in Cacuaco, Angola, were given the opportunity to carry out a set of scientific experiments using the "Matuta Júnior" kits offered by Siemens Angola. The objective of this initiative was to foster students' interest in science and engineering, in an initiative promoted by Associação Amizade and Siemens in Angola.

Another 300 "Matuta Júnior" kits were delivered by Siemens Moçambique, in May, to two Songo schools in the Tete province. This initiative had the support of Cahora Bassa Hydroelectric Plant. About 1,600 students, aged 5 to 10, were reached by this initiative.

Another initiative that the Company continued to support within the context of social aid and reintegration was Serve the City, by lending a hand in the Community Dinners organized by this institution.

"Matuta Júnior" initiative in schools in Songo, Mozambique

These diners are a unique and innovative experience, where homeless and other socially vulnerable people are invited to sit at the same table with volunteers from many different backgrounds. The aim is to promote social proximity and fight against the indifference created by the clash of economic disparities.

Embracing a national cause, more than 500 Siemens employees volunteered at the start of 2018 for a cleaning and reforestation project in Leiria pine forest. This was the largest volunteer action ever organized by Siemens Portugal. About 35,000 trees were planted in a single day, and total number of trees donated was 45,000. The target areas comprised Leiria pine forest and Charneca do Nicho forest, totaling 59 hectars.

This action, developed in partnership with the Union of Parishes of Souto da Carpalhosa and Ortigosa and the Institute for the Conservation of Nature and Forests, intends to contribute to the rapid reforestation of the areas scorched in Leiria pine forest after the fires of October 2017.

Volunteering for reforestation project in Leiria pine forest

In 2018, 575 employees participated in volunteering actions organized by Siemens, and altogether dedicated 4,300 hours of their time to social activities. The Company policy is to provide each employee with 16 hours per year to participate in volunteering initiatives.

Environment

With the environmental portfolio of Siemens and its own environmental programs, the Company contributes significantly to protecting both resources and environment, while strengthening the competitiveness of its customers and helping fight climate change. The annual savings in emissions amount to around 609 million tonnes per year.

To be noted that Siemens was the first industrial company to commit to carbon neutrality as from 2030 and to this end will invest about 100 million euros in energy efficiency programs in its factories and buildings until 2020.

In Portugal, the Company launched a software called City Air Management (CyAM), which will help improve air quality in the cities. The project was presented at the Company's headquarters in Alfragide on occasion of the "Intelligent Cities and Infrastructures" conference, which also presented and discussed other technological solutions with a view to the future challenges of sustainable cities in the digital era.

Locally, the Company remains focused on lowering emissions and consumption associated with its operations and on increasing the rate of recovery of waste produced. To this end, we have launched an internal campaign under the slogan 'We Recycle' to remind everyone of the good practices of waste separation and provide clarification regarding this issue.

Innovation

Rather than focusing solely on technology, innovation has evolved to focus as well on value creation and new business models.

Siemens is tracking this change and its Research and Development (R & D) activities now focus not only on creating products and solutions, but also on new services and disruptive business models that generate value for their customers and company.

In fiscal 2018, Siemens invested € 5,6 billion in R&D worldwide. This amount has been increasing year after year. During this period, the Company held approximately 65,000 patents granted worldwide.

With a systematic innovation strategy that aligns core R&D teams and business units, in 2018, the Company changed its way of doing Research and Development and created the concept of strategic technologies for the company. In all there are 14 areas where Siemens intends to take leadership, today and in the future: additive manufacturing, robotics, blockchain applications, electrical and connected mobility, connectivity, cybersecurity, data analysis and artificial intelligence, decentralized power systems, energy storage, the future of automation, materials engineering, power electronics, simulation and digital twins, as well as systems and software processes.

The objective of this approach is to increase the impact of developments across all business segments and to strengthen its competitiveness in a market characterized by constant and rapid developments due to the constant introduction of disruptive technologies.

Leveraging the knowledge of the regional companies was another measure taken within the context of this strategic reorganization, which benefited Siemens in Portugal directly.

Intelligent charging system for electric buses

National Development

The parent company decided to domicile in Portugal the development of two strategic technological areas: Electric mobility and energy systems and services.

As a result of this decision, in June 2018, Siemens announced an investment of 5 million euros to be made in Portugal over the next two years. Although focused on three R&D projects in the two areas mentioned above, driving the key technologies to boost digitalization of the country's industry is another goal.

One of the current projects in the energy business regards the application of data analytics to improve energy efficiency. Essentially targeted at large energy consumers who are also producers, it will allow optimization of the energy mix and improve the cost structure of customers.

The objective of the second project in the energy segment is to bring electricity to remote locations without a grid infrastructure, which is one of the major challenges in developing countries where energy is essential to achieve socioeconomic prosperity.

In the mobility business, Portugal will develop intelligent charging systems for electric buses, thereby responding to the growing number of electric road vehicles used by public transport services. Intelligent charging can contribute to using smaller batteries and reducing the installed capacity requirements of the power infrastructure.

The technological platform for all three projects is MindSphere, Siemens' open cloud-based operating system for the Internet of Things.

Digital transformation is the basis for Innovation.

Under SIFIDE (System of Tax Incentives for corporate R&D), Siemens Portugal obtained a tax credit that was 56% higher than last year thanks the projects submitted and accepted by the program. Assessment factors take into account the innovative character of the projects, i.e. the implementation of new solutions and processes or the adoption of technologies that provide answers to an existing challenge. In 2018, the Company submitted six projects targeting intelligent buildings, mobility, energy and data analysis.

Digital Transformation

Thanks to the continued investment in the establishment of application laboratories and spaces for joint experimentation and development with customers and partners, the Company registered a strong momentum in both centers created in 2017. In the industry segment, the I-Experience Center 4.0 located at Alfragide set the stage for about 20 project developments and proofs of concept, involving startups, universities and national companies.

Inaugurated one year ago, this structure aims to serve as an incubator for the development and experimentation of new solutions and concepts linked to the Industry 4.0 paradigm, having registered close to 400 visitors.

The entire creation process is based on MindSphere. Thanks to this platform, all products, installations, processes and equipment that make up the production process are connected to each other, allowing a fast and efficient analysis of large amounts of data and better informed decision making.

Operation and Maintenance Center at Alfragide

Our Building Technologies Center, an application laboratory for buildings, was one of three spaces created for the development and implementation of intelligent solutions for buildings, namely fire protection, security, automation, energy efficiency, and information security of respective data.

One of the advantages this space offers is the possibility to simulate ecosystems that are typical for certain spaces and to centralize the remote monitoring of buildings and other infrastructures in existing systems, which affords the data stream necessary to adjust the technical conditions of an installation, have integrated maintenance and management, or monitor, for example, the energy performance of buildings. About 15 projects have already been developed and simulated, in partnership with the final customers, for pharmaceutical, hospital, telecommunications, banking, energy utilities, and retail, installations, among others.

Digital services create new business models

Siemens in Portugal has also been at the forefront of technological development and new business models. Developed by local teams, these concepts focus primarily on services in the digital business segment and have garnered interest of customers around the world.

One of the examples, in the energy segment, is the "Black Start" concept, which allows combined cycle thermoelectric power plants to resume operations without having to resort to transmission or distribution grids for grid restoration.

The Netherlands, Denmark and England are some of the countries spearheading the adoption this type of solution within in a European landscape where the weight of renewables is increasing, impacting strongly on grid stability. At the same time, the industry is moving towards a model without using coal or nuclear sources of energy production, which used to ensure the restoration of gas-fired power stations in case of a blackout. Today, the Siemens Portugal team plays a key role in energy transformation and modernization and has pioneered the concept and implementation of this functionality without disrupting the operation of the power plants.

In the mobility segment the highlight goes to the artificial intelligence system applied in the Lisbon bike sharing system, a project where Siemens is responsible for the installation, maintenance and operation.

The Portuguese system is one of the largest operations in Europe using electric bikes. In the space of a year, the bikes of the system, which comprises 1410 bicycles and 140 docking stations, were used for more than one million trips. To ensure a balanced operation of the system, preventive and corrective maintenance as well as the operation of the control center, Siemens analyzes the data generated and has developed advanced prediction algorithms to manage the dispensing of the bikes at the docking stations and ncessary battery charging.

Monitoring provides real-time information about how many bike docks are available at a certain station or when they are expected to be available. Lisbon is Siemens's first global reference in the management of a so-called soft mode system. The Portuguese team has participated in several forums and international events of the specialty to promote and disseminate the concept. The objective is to connect to the public transport network and other modes of transport, in order to intelligently manage all mobility modes of a city.

E-Bike sharing system in Lisbon

Expansion plan for a further 400 IT jobs by 2020 confirmed.

In 2014, the parent company decided to locate the global IT competence center in Portugal. Due its dynamism and quality of the services provided, the expansion plans of the Lisbon Tech Hub, which already has more than 600 professionals, were confirmed for a further IT 400 jobs by 2020.

The teams of this Hub are specifically dedicated to cybersecurity, artificial intelligence and robotics.Together with some 25,000 software engineers who are part of Siemens' global team, they exploit the full potential of digitalization and have a positive impact on society – in every area the company is active in, from industry to energy, from infrainfrastructures and transport.

ÁREAS DE NEGÓCIO

Power and Gas | Power Generation Services
Energy Management
Building Technologies
Digital Factory | Process Industries and Drives
Mobility
Global Services

POWER AND GAS

52%
CONSUMPTION

NATIONAL CONSUMPTION SOURCED FROM RENEWABLE ENERGIES

ENERGY MANAGEMENT

ABOUT

6,1

MILLION ELECTRICITY CONSUMERS
IN CONTINENTAL PORTUGAL

BUILDING TECHNOLOGIES

40%
CONSUMPTION

% REPRESENTING POWER CONSUMPTION BY BUILDINGS

DIGITAL FACTORY

23rd
ECONOMY

WITHIN A SET OF 45 COUNTRIES ANALYZED, **PORTUGAL RANKS 23rd** OF ECONOMIES BEST PREPARED

GLOBAL SERVICES

~600
EMPLOYEES

LISBON TECH HUB

MOBILITY

>1

MILLION TRIPS USING LISBON'S BIKE SHARING SYSTEM

POWER AND GAS | POWER GENERATION SERVICES

ENERCON PROJECT

7362

WORKING HOURS OF SIEMENS TEAMS

PRESENCE OF CENTER OF COMPETENCE

28 COUNTRIES

STEAM TURBINES OF SIEMENS REPRESENT

85%

TOTAL INSTALLED CAPACITY IN BIOMASS POWERPLANTS IN PORTUGAL

Photo credits: EDP

F2 Power and Gas, Power Generation Services

The Energy sector is in a stage of transition, particularly in regard to the use of fossil fuels, to renewable and therefore 'cleaner' energy sources. As such, Siemens, being dedicated to develop state-of-the-art technology and innovative and specialized solutions in this area, sees itself as a natural partner for the companies of the sector, both in Portugal and in other countries.

Projects, which Siemens Power and Gas, Power Generation Services (PG / PS) undertook 2018 for EDP, such as the modernization of Carrapatelo power plant, the refurbishment of Cefra Hydropower Plant, or other hydropower plants such as Valeira, Belver, Aguieira and Alqueva, testify to that. EDP was not the only national customer of Siemens in 2018. Equally important was the long-term maintenance contract for a gas turbine in Almada signed with Companhia Térmica Tagol.
At international level, Siemens was also chosen for Black Start projects: One by Enecogen, in the port of Rotterdam, in the Netherlands, and another for the new open cycle plant in Spalding, in the UK.

In 2018, Siemens' and EDP' collaboration was again far-reaching and profitable, as the Portuguese electricity company used the services of Siemens PG/PS in a number of regions, for both land-based and hydropower projects.

Carrapatelo dam on the river Douro

One of the projects awarded by EDP to Siemens was the modernization of the Carrapatelo Hydropower Plant, located on the banks of the river Douro, at the border between Porto and Viseu districts, which has an installed capacity of 201 MW. EDP entrusted Siemens with the engineering, manufacture, transport and installation of the alternator circuit breakers for generator sets 1, 2 and 3 of this power plant, including any changes required in the installations as a result of the equipment replacement.

The solution adopted, i.e. using Siemens' 5BK40 medium voltage cells for a 5,300 A duty cycle with forced ventilation, is not a Siemens standard solution. Consequently, it was necessary to develop a specific and detailed engineering project, both in terms of electrical and mechanical engineering and implementation layout. The work for generator sets 1 and 3 were already successfully concluded, well within the planned schedule. The work for generator set 2 is scheduled for 2019.

This project joins a long list of reference projects undertaken by Siemens in this field, and includes, among others, Crestuma-Lever, Valeira, Vila Nova and Nunes power plants. Recently, the company also won the tender for the supply and installation of alternator circuit breakers for Torrão power plant, which features a power generating capacity of 140 MW.

EDP also entrusted Siemens Portugal with the overhaul and refurbishment project of two generators at Cefra hydropower plant, located in Cabeceiras de Basto, including the replacement of respective excitation systems, which had reached the end of their service life. The installed capacity of this power plant is 1,1 MW.

Belver dam, Santarém

The project comprised engineering, manufacture, transport and installation of the voltage controllers of the brushless type excitation systems of generator sets 1 and 2, as well as the overhaul of alternators and a number of changes to the installations, which were carried out during the project. In terms of technology, this project is using, for the first time in Portugal, the latest versions of Digureg 2 solutions by Siemens.

Siemens has undertaken other projects in the field of excitation and voltage regulation systems using this technology as well as Thyripol technology, the most important being Belver power plants (5 generator sets) and Valeira power plant (3 generator sets). Besides projects undertaken in the country, the Renewable Energies Competence Center has had inquiries to join international projects, namely in Mexico, Cuba and Sweden.

Again in collaboration with EDP, Siemens was awarded several hydropower projects that are part of the continued effort to modernize older plants.

Hydropower plant Valeira, on the river Douro

Photo credits: EDP

Photo credits: EDP

At Alqueva, by supplying a MV power factor compensation system for no-load transformers. The implementation of this solution met EDP's urgent need to eliminate the costs of reactive energy when the generator sets are not in operation. After its conclusion and commissioning, EDP was able to immediately stop paying for reactive power. Both the project and the solution provided by Siemens received the highest praise from the Customer.

Aguieira hydropower plant on the Mondego River, undertaken after the Alqueva project and which is very similar in every respect.

Belver hydropower plant on the Tagus River, which required changing the configuration of SHPP Belver substation, specifically transformer layout, which will allow Customer to better explore and maintain the MV/HV installations. The first transformer set has been completed and the second is scheduled for completion in 2019. For the successful conclusion of the first transformer set within the deadlines and high quality the Customer expressed his appreciation once again in writing.

Valeira hydropower plant on the Douro River, which, in reality, comprises two projects. One is the modernization of the alternator circuit breakers of the three existing generator sets, while the other calls for the modernization of the Thyripol excitation systems of said generator sets. Both projects include changing to next-generation and specifically designed alternator circuit breakers, including ventilation and adaptation to the existing layout. For both, the first two generator sets have already been completed in 2018, and the third group is scheduled for completion in 2019.

In the hydropower segment, PG together with EDP won the international 2018 VGB Quality Award for the Frades II project, awarded by VGB PowerTech, the international Energy and Heat Storage and Production Association.

Together with EDP, PG won the international 2018 VGB Quality Award for the Frades II project.

This hydropower plant located in the north of the country features the most powerful reversible pumping system in the Iberian Peninsula and the second most powerful in the world. It represents a technological innovation that contributes to the stabilization of the national electricity grid and to the expansion of energy production from renewable sources in Portugal.

EDP selected the Siemens/Voith consortium for this mechanical and electrotechnical engineering project, for which Siemens supplied all electrical infrastructures, electrical auxiliary services, communication, ventilation, pumping and safety systems, as well as the cranes required for plant operation. The consortium was also responsible for the integration of all electrical and mechanical systems into the power plant and into the civil construction infrastructures.

This work is in line with the partnership that the two companies have established over the years. Together, they have collaborated in several rehabilitation projects and new hydropower plants in Portugal, which represent a major element in EDP's strategy for the future.

Thus, Siemens' expertise constitutes a major technological asset in the paradigm shift of energy production in Portugal, which is increasingly geared towards renewables.

Still in Portuguese territory, Companhia Térmica Tagol renewed its confidence in Siemens by renewing the maintenance contract for its gas turbine, installed at the Almada plant, and which supplies steam to the production process of Sovena (Portuguese group, owned by Nutrinveste, a holding company in the agro-industrial sector of Jorge de Mello Group). Siemens, being the manufacturer of the gas turbine installed in this project, has privileged knowledge of its operation and features.

This competitive advantage allows positioning the company as a preferred partner for the execution of maintenance activities, and adds value to what would be simple/scheduled maintenance.

Power Generation Services also continue to be part of the largest national projects aimed at improving energy efficiency and production processes of industrial facilities such as the project to increase turbine power of Repsol's crude gas compressor set, or the project underway at Galp's plant in Sines aimed at increasing the capacity of the FCC (Fluid Catalytic Cracking) unit.

Galp refinery, Sines

In the biomass segment, Siemens will supply a new condensate steam turbine, model SST-400, for the new power plant of Bioeléctrica do Mondego (Altri Group) at Celbi's industrial unit in Leirosa, Figueira da Foz. With a capacity of 41 MW, the new generator set is expected to be online in July 2019.

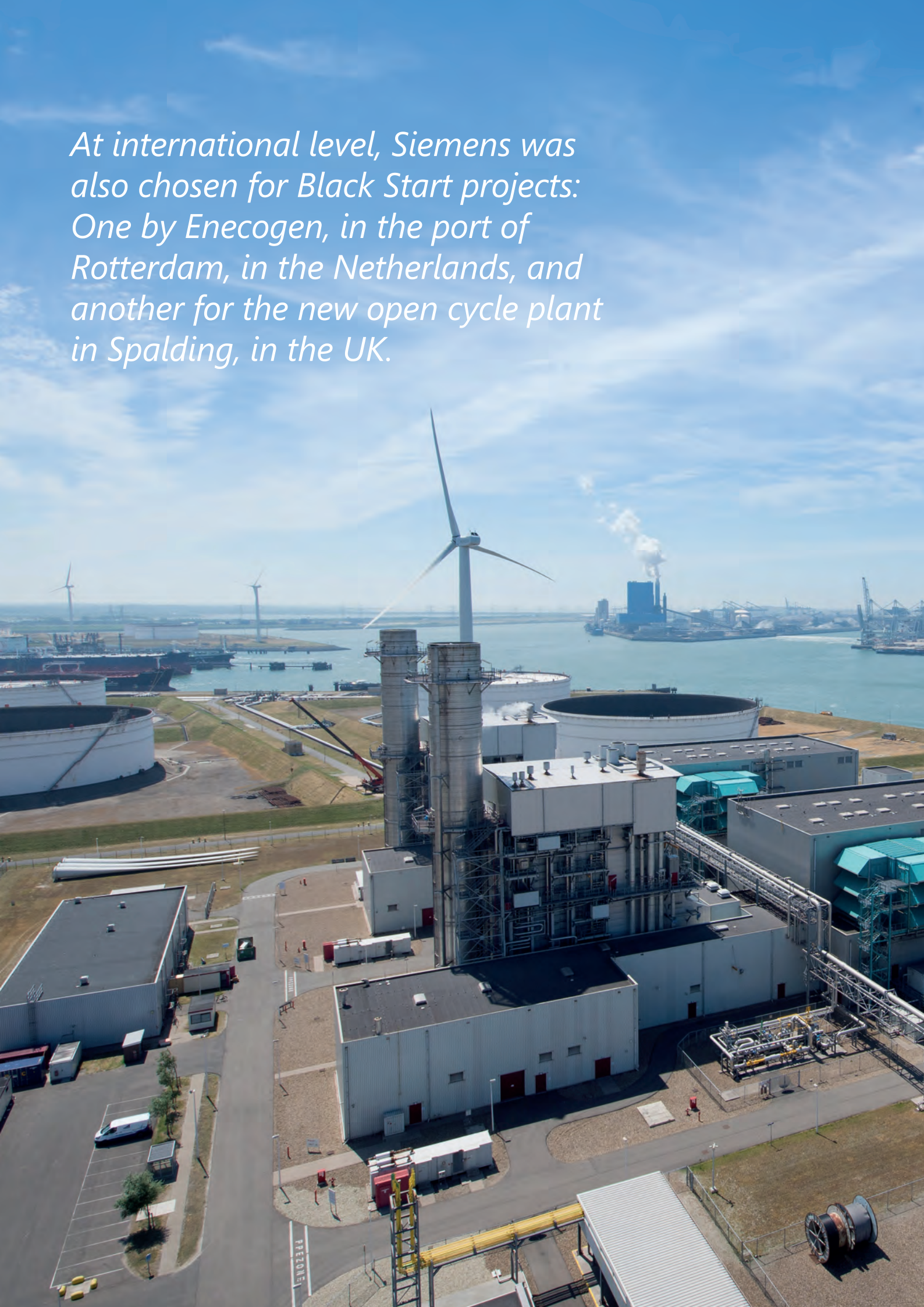
The new power plant strengthens the leadership of Bioelétrica and Altri Group in the biomass sector in Portugal. For Bioelectrica, this is a strategic project, which will allow to increase the dedicated biomass-based electrical production capacity from current 70 MW to around 110 MW. Siemens supplied four of Bioeléctrica's five steam turbines, making up about 90% of the installed capacity.

In total, the company supplied nine of the eleven steam turbines installed in biomass power plants in Portugal, i.e. about 85% of their capacity. This new plant will be one of the largest dedicated biomass plants in Europe.

With regard to international projects, in 2018, and thanks to Siemens, Portuguese engineering returned to the international stage, namely in the Netherlands and the United Kingdom. Power Generation Services secured two contracts to equip combined cycle thermoelectric power plants with "Black Start" capacity, i.e. the ability to start plant operations without having to resort to transmission or distribution grids.

Photo credits: GALP

At international level, Siemens was also chosen for Black Start projects: One by Enecogen, in the port of Rotterdam, in the Netherlands, and another for the new open cycle plant in Spalding, in the UK.



Enecogen power plant
in the Netherlands

In the Netherlands, the respective power plant is owned by Enecogen, a holding company owned by Eneco (Netherlands) and Dong (Denmark). The project is co-financed by TenneT (grid operator). In the United Kingdom, it is Spalding's new open cycle plant, where the project will be developed in close cooperation with Siemens UK.

In addition to several re-engineering activities for the power plant, the project also calls for the delivery of seven Dresser Rand gas-driven engines with 1,050 kW each, including system commissioning. Conclusion is scheduled for August 2019.

In Angola, Siemens' PG/PS divisions have continued to supply answers to the many requests received from its customers in the field of servicing turbines and compressors, which are operating at various onshore and offshore facilities.

In this context, a floating oil production and storage platform was delivered to Kaombo Norte, in Angola, where Siemens teams carried out commissioning work during the year. This is one of the largest ultra-deepwater oil exploration projects in Africa.

Finally, we would like to highlight the 10-year anniversary of the Competence Center for control and monitoring of power generation plants. Ten years of engineering solutions, installation and commissioning of power plants around the world. Since its foundation in 2008, this team with more than 40 employees has already developed projects all over the world. This year is the start of a new cycle as it turns to the development of digital products and solutions for data analysis and support to its customers with new solutions now available for IoT (Internet of Things) environments.

ENERGY MANAGEMENT

MOCUBA SOLAR POWER PLANT, MOZAMBIQUE

175
THOUSAND PEOPLE

ENERGY SUPPLY

SMART METERS SUPPLIED IN PORTUGAL

832,560

POWER GENERATION AT SOLARA4 PV POWER PLANT, PORTUGAL

383
GWH

Hydropower plant Cahora Bassa, Mozambique

F3 Energy Management

In 2018, the Energy Management (EM) division of Siemens carried out projects all over the country, namely the Iberdrola Alto Tâmega Hydroelectric Project in Trás-os-Montes, modernization of the REN's substation Alto Mira in Amadora, the SOLARA4 photovoltaic plant of the Welink Group in the Algarve, and on the island of Porto Santo, where EEM contracted the Company to totally modernize its Thermal Power Station and Substation, which are the main energy sources for the island's inhabitants.

Siemens' internationalization potential was well proven with projects carried out abroad, such as the contract to refurbish EDM's Mocuba electrical substation, in Mozambique, or the partnership between Siemens Portugal and Electra for the construction of two test laboratories in the São Vicente and Santiago Islands, in Cape Verde.

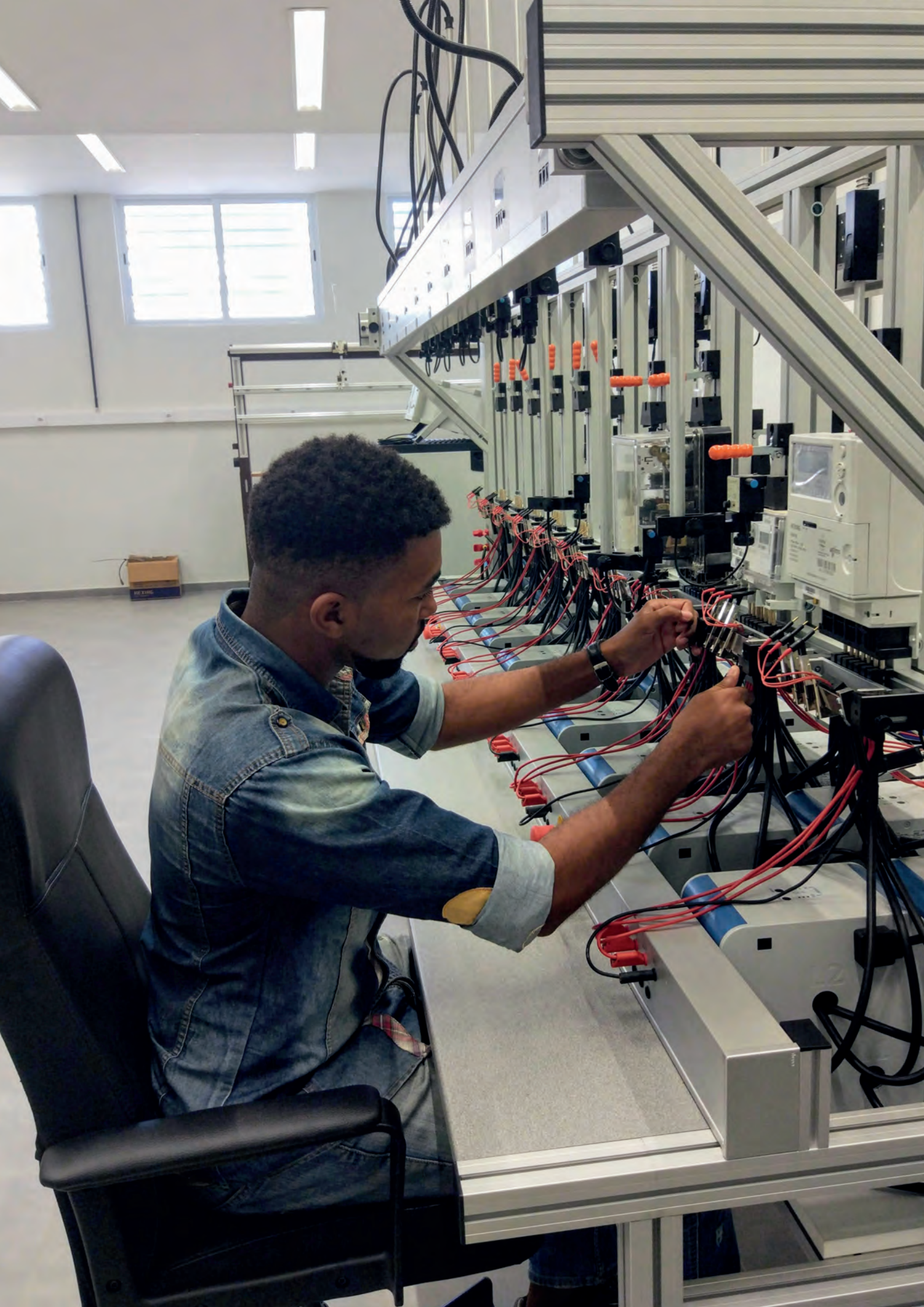
Following the geographical locations of EM's main projects, we start in northern Portugal, in Gouvães, Trás-os-Montes. This is the site of Iberdrola's Alto Tâmega project, one of the largest Hydroelectric Projects in Europe, which comprises three dams: Gouvães, Daivões and Alto Tâmega, with a installed capacity of 1,160 MW, and which is expected to be completed by 2023.

After having already built the 60 kV switching station, as well as the 60/20 kV substation, which provide energy to the site during the construction phase, Siemens was contracted to supply the VHV 400 kV substation, based on GIS (Gas Insulated Switchgear) technology, as turnkey project.

This facility will ensure the interconnection of the three power plants to the national transmission grid operated by REN. It is another large project, based on the most modern technology, which proved that customers recognize the technological leadership and competence of the engineering and implementation teams of Siemens' Portugal EM division.

The Municipal Council of Guimarães elected Siemens to help boost the energy efficiency of the municipality by modernizing its public street lighting system.

Test labs in Cape Verde



Over the last six years, Siemens has supplied equipment, systems and services that put five substations into operation.

Alto Mira
substation in Amadora

The first phase of this contract called for the replacement of 10,000 street lamp by more efficient equipment using LED technology. The lamps used, respectively 32W and 61W, offer several advantages compared to the conventional equipment that was replaced. In addition to requiring less maintenance, they also boast a longer service life and do not need to be replaced as often. This project made it possible to reduce energy consumption and increase the quality of public lighting in the municipality.

In the Greater Lisbon area, REN contracted Siemens to modernize the Protection, Control and Monitoring System (SPCC) of its Alto Mira substation, located in Amadora.

Due to the importance of this substation within the energy transmission grid in the Greater Lisbon area, the remodeling of the system with SIPROTEC 5 equipment will have to be carried out with the substation in service, to ensure continuity of service and the grid's reliability levels which the transmission grid operator (REN) must meet and which comply at the highest European standards.

The requirement level of this project in terms of coordination, planning, engineering and software development is further proof of REN's confidence in the national engineers of the EM division of Siemens Portugal, namely in its execution capacity.

Going south in Continental Portugal, namely to the Algarve, Siemens signed a contract with Welink Group in July 2018 for the construction of a VHV 5 kV substation for its SOLARA 5 photovoltaic plant located in Alcoutim.

This project will link the largest non-subsidized photovoltaic power plant in Europe, with an installed capacity 220 MW, and one of the world's 20 largest power plants to the national grid.

Switching station for the Alto Tâmega project

Extending over an area of 400 hectars, it will have an annual production of 384 GWh, equivalent to the annual consumption of a city of 130,000 inhabitants. Completion is scheduled for July 2019.

Finally, still in Portugal, but in the islands, Empresa de Eletricidade da Madeira (EEM) contracted Siemens to completely modernize the thermal power plant on Porto Santo Island, as well as its adjacent substation, located on the islands of Madeira. These infrastructures, originally built in 1992, feature equipment and systems in dire need of modernization. The planned remodeling will ensure maintenance with high levels of reliability and quality of energy supply to the population of the island of Porto Santo.

Being the main energy source for the islanders, the main challenge of the project is to carry out this modernization with the power plant in service, optimizing its performance, but also increasing the resilience of the island's electrical grid, in case its diesel generator sets may be temporarily unavailable.

Mocuba Solar Park will provide about 175,000 households with electricity.

In Iceland, Landsnet, the company responsible for the management of the national high-voltage grid, contracted Siemens to modernize the protection, command and control system of Búrfell substation, one of the most important substations in the country. This project not only improved the performance of the 220 kV substation, but also reduced its operation and maintenance costs.

In May 2018, in Mozambique, Electricidade de Moçambique (EDM) selected Siemens to refurbish the Mocuba electric substation located in the Zambeze province, in the center of the country.

This substation will enable the connection to the grid of Mozambique's first solar photovoltaic power plant – Mocuba Solar Park – which will supply about 175,000 households with electricity from renewable energy.

The objective of the refurbisment and modernization of this MV substation by Siemens was to allow both reception by and exportation to the grid of the energy to be produced by this solar park. The refurbishment process also contributes to stabilizing the region's energy transmission and distribution grid, making it more reliable, and is also vital to increase energy availability in disadvantaged areas in the Center and North of Mozambique.

Mocuba substation in Mozambique

Other equipment to be supplied by Siemens includes medium voltage switchgears, command and control system and auxiliary services, as well as all associated services for the management and execution of the project.

For the implementation of this project, Siemens also relies in the cooperation of several Mozambican companies, and will also ensure the training and qualification of EDM teams for the operation and maintenance of equipment and systems installed.

In Angola, Siemens completed the commissioning of equipment and systems supplied through its partner Powergol for the important "Angola e Cuba" substation, which serves the city of Luanda. The main purpose of the commissioning and integration in the electrical network of this facility was to improve the quality of the service provided to the population and to ensure access to electricity to evermore people.

Over the last six years, Siemens has supplied equipment, systems and services that enabled the commissioning of five substations, two of which are currently in the completion phase, contributing to the country's electrification and development of the country. Most of these infrastructures are based on GIS technology, which, when using an isolated gas solution, allows to substantially reduce the area of implantation necessary for the installations and the visual and environmental impact of the same. This technology also guarantees a high reliability of operation, with practically no operation and maintenance costs.

Finally, in Cape Verde, Siemens established a partnership with ELECTRA – Empresa de Electricidade e Água (Power and Water Utility) to install two test laboratories. One in Praia, Santiago Island, and the other in Mindelo, São Vicente Island.

Thermal power plant in Porto Santo

The project, already inaugurated in September 2018, features the most modern technologies to test metering and protection systems, as well as technology to evaluate the performance of the primary equipment.

The main objective is to develop the skills of ELECTRA employees, not only by supplying state-of-the-art equipment, but also training them to increase their qualifications. The training course was a five-week program, and the partnership between Electra and Siemens includes support services for the next three years.

The development of this project relied on the collaboration and work of teams from two of Siemens' competence centers located in Portugal, dedicated to power transmission and distribution, and on a relevant contribution from EDP Internacional, in partnership with Siemens' Energy Management Division.

Siemens set up a partnership with ELECTRA to install two test labs.

BUILDING TECHNOLOGIES

TECHNICAL FACILITIES MANAGED

4800

AREA COVERED BY SOLUTIONS AND PRODUCTS

2
MILLION SQUARE METERS

SOCIAL IMPACT ON

150
MILLION PEOPLE /YEAR

COMFORT AND SECURITY

Hospital CUF Descobertas

F4 Building Technologies

Almost a decade later, the efficiency with which technology interacts with the environment plays an increasingly important role. Siemens aims at making each project a benchmark for efficiency, safety and comfort.

This year, Siemens had the privilege of contributing to hotspot areas in Portugal, such as Healthcare, expanding the installations of Hospital da Luz and supplying equipment to the new CUF hospitals; Education, supplying security and control solutions in the recently opened university campus of Universidade Nova in Oeiras; and Sustainability, setting up three Siemens development centers in Alfragide to increase building intelligence.

The Company also celebrated its partnership with Caixa Geral de Depósitos on occasion of the 25th anniversary of the bank's head office building in Lisbon, the first building to reach A+ energy rating in Portugal. For Buildings Technologies (BT) 2018 started where it left off in 2017; with the expansion of Hospital da Luz in Lisbon.

This project had been awarded in December 2017, and completion is scheduled for March 2019. It calls for the expansion of its Lisbon facilities by way of construction of a new building with approximately 57,000 m2. BT's scope includes supply, configuration and commissioning of Security Systems and Centralized Technical Management.

The project comprises about 2,500 intelligent sensors, 50 detectors, 70 signaling panels for the detection of toxic gases in the parking areas, access control for 200 doors and 100 video cameras, being all equipment and systems managed and monitored by our Integrated Building Management Platform.

This solution is fully compatible and integrated with the equipment and systems already installed in the Hospital, ensuring harmonized and connected usage and operation of all technical installations, and affording cost optimization and ease of use of all systems. This solution is fully compatible and integrated with the equipment and systems already installed in the Hospital, ensuring harmonized and connected usage and operation of all technical installations, and affording cost optimization and ease of use of all systems.

Hospital da Luz, Lisbon

Still in the healthcare sector, in June 2018, José de Mello Saúde Group contracted BT to equip four new CUF hospitals (Tejo, Sintra, Torres Vedras and Santarém) with centralized building management technology.

The four hospital units will feature Siemens' Desigo CC system, a multidisciplinary Siemens building management platform that integrates HVAC automation systems (heating, ventilation and air conditioning), lighting control, energy efficiency, protection solutions and fire detection, as well as other security solutions for buildings.

Building Technologies (BT) experienced some of Siemens' most exciting challenges in 2018.

Hospital CUF Descobertas, Lisbon

This platform allows control and maintenance of the infrastructures, and supports the implementation of energy efficiency measures and consequent reductions in emissions.

At CUF Tejo Hospital in Alcântara, Siemens will also install one of the most innovative fire safety and protection systems on the market. Within the scope of this project, Siemens will supply a technical management system with 5 control points and an automatic room control system with over a thousand controllers.

The project also includes the installation of Sinteso fire detection panels and more than 2,500 fire/gas detection and access control devices and sensors. All this equipment communicates with the SiPASS access control system, Siveillance VMS video surveillance system and Desigo CC control and monitoring system to control and monitor the building.

For CUF Tejo Hospital, Siemens supplied one of the most innovative fire safety and protection systems on the market.

Siemens and José de Mello Saúde Group also established a partnership with regard to the conservation and maintenance of facilities and systems in the four hospitals for a period of 5 years, which ensures that they will permanently updated throughout their life cycle.

In July 2018, Siemens announced the creation of three centers in Alfragide, its headquarters in Portugal, to develop and implement intelligent solutions for fire protection, access control, intrusion alarm, video surveillance, centralized technical management, energy efficiency, security information and monitoring of buildings.

The three Building Technologies Centers -Building Automation, Fire Safety & Security and Information Technologies -coordinate their work for the development and implementation of integrated solutions and projects to meet all building requirements in strict compliance with the highest standards of IT security.

The solutions developed by these centers are suitable for all types of infrastructures such as hospitals, data centers, shopping centers, airports or other critical infrastructures. In these labs, Siemens develops technological solutions together with customers, partners and researchers for digitalization, Industry 4.0, building infrastructures and mobility. During the last three years, Siemens' portfolio has made about 150 buildings more intelligent and more efficient.

Further ahead, in October 2018, Siemens completed a project calling for the supply and installation of security solutions on the brand new campus of New School of Business & Economics (Nova SBE) in Oeiras, one of the most innovative and high-profile projects in recent years in Portugal. Siemens also supplied the building management system which harmonizes all operations.

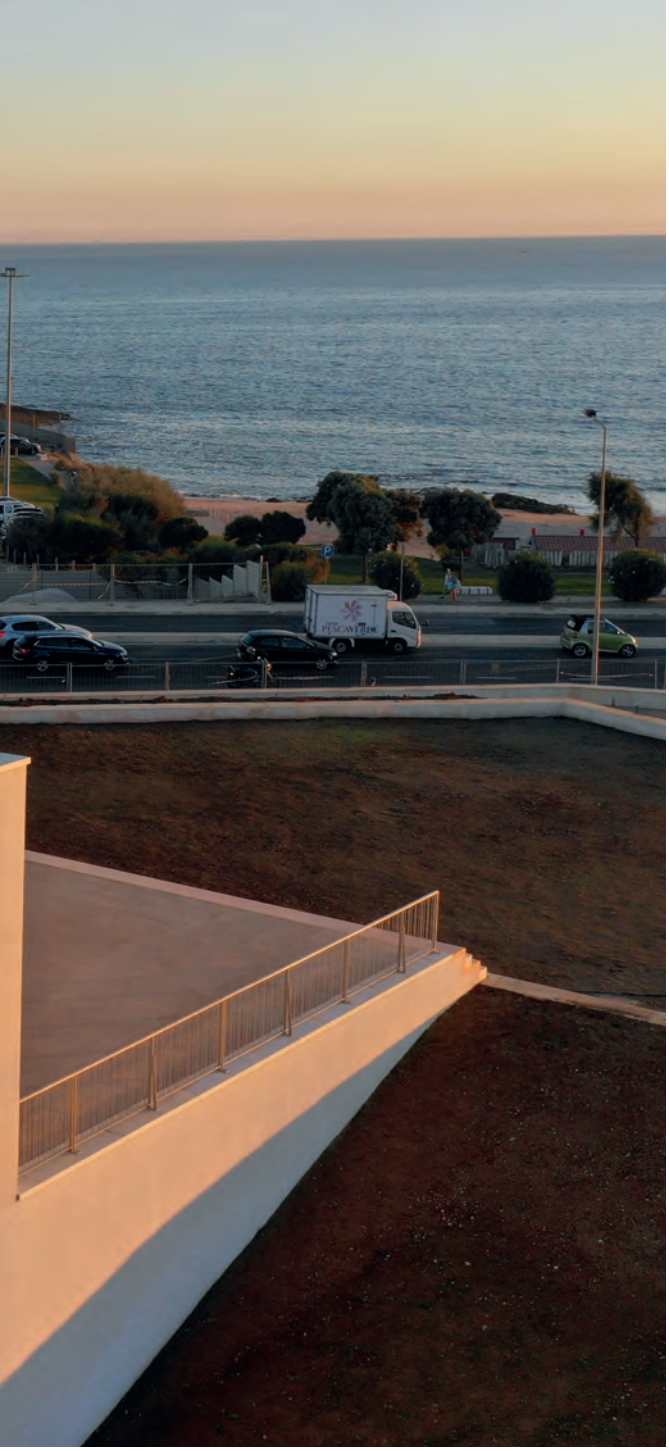
Building Technologies Centers, Alfragide

The contract included the supply and implementation throughout the campus of video surveillance and fire detection systems, as well as gas detection technologies in parking areas, access control systems, burglary and intrusion alarms.

It further included the Desigo CC building management system which simplifies control, monitors and optimizes the different areas of the building to improve performance and efficiency, and the Siveillance VMS system, a storage and monitoring platform for the images collected by the cameras.

Sinteso technology which allows on-site or remote polling of information from the fire detection system, using laptops or tablets, affording building managers to view all occurrences, warnings, alarms and past events as well to control the system at any time and from anywhere, is also part of this project.

It was also in 2018 that Siemens and Caixa Geral de Depósitos (CGD) celebrated the 25th anniversary of their technological partnership, a relationship that started when the head office of this Portuguese bank was first built.



Campus of Universidade
Nova SBE, Carcavelos

Siemens completed the project for the new campus of Universidade Nova's School of Business & Economics.

This 'smart' building was the first in Portugal to obtain A+ energy rating. The complex is a 15-floor, 200,000 m2 building with about 4,000 daily users.

This project proves that older buildings can achieve efficiency rates as good as more recent constructions, which is relevant if we consider that buildings account for 40% of the European Union's[1] energy consumption. With the support of Siemens, this building has become a showcase for efficiency and sustainability, a true asset for every one working there and those who visit this space.

CGD's head office building features the largest and most sophisticated thermal power plant in Europe, producing its own energy. The implementation of this energy storage and distribution system reduced the annual energy consumption to a value equivalent to the consumption of two thousand people, i.e. about half of the daily users of the building. The AC and lighting optimization system also helps reduce CO2 emissions, and thereby the building's environmental footprint.

The partnership between the two companies, which is now 25 years old, started with the installation of a centralized building management system by Siemens for CGD's head office. Since, operation, maintenance and management of the electrical network and mechanical systems have been added. The contract also covers HVAC equipment (ventilation, air conditioning, and heating), as well as the management of automatic doors, intercom network, sound, video and TV networks. Siemens was also selected to install video surveillance systems, smoke and CO2 detectors, a fire extinguisher network, and the access control system for the entire complex.

In addition to equipment and systems in CGD's head office building, Siemens is responsible for the technical maintenance of about 630 branches of the bank, including electrical networks, AC systems and mechanical equipment.

[1]https://ec.europa.eu/energy/en/topics/energy-efficiency/buildings

DIGITAL FACTORY | PROCESS INDUSTRIES AND DRIVES

I-EXPERIENCE CENTER 4.0

400
VISITORS

TISSUE MACHINE (NAVIGATOR)

70
THOUSAND

METRIC TONS OF PAPER PRODUCED

WATER SUPPLY SYSTEM, MAPUTO

1,7
MILLION

RESIDENTS SUPPLIED

Photo credits: Ferpinta

Addressing the fact that digital transformation is becoming evermore important, Siemens launched the first i-Experience Center in Portugal in 2018.

F5 Digital Factory, Process Industries and Drives

In 2018, Siemens launched the first i-Experience Center for industry in Portugal. This experimentation center will support the development of projects that promote the digitalization in industry.

CLC - Companhia Logística de Combustíveis, S.A. selected Siemens to carry out the industrial modernization project of its fuel pumping station at Sines. With regard to its export activity, the contract signed with Maputo Water Utility as well as the supply of the automation, control and monitoring system to manage Galp's fuel terminal in Beira, are further highlights for Mozambique. In Angola, the highlights go to the protocol for training and scientific cooperation with ISPTEC and to the commissioning of the FPSO in Kaombo Norte.

Addressing the fact that digital transformation is becoming evermore important, Siemens launched the first i-Experience Center in Portugal in 2018. This center of experimentation supports the development of projects that promote the digitalization of industry.

The center, inaugurated on February 19 at Siemens' Portugal headquarters in Alfragide by the then Minister of Economy, Manuel Caldeira Cabral, and Siemens' Portugal CEO, Pedro Pires de Miranda, reflects the company's commitment to the Government's strategy for Industry 4.0, namely to train and qualify human resources and help develop their e-skills.

It also supports other entities, such as start-ups or universities, in developing new solutions for industry.

The i-Experience Centers 4.0 are part of Academia Siemens 2017, one of the strategic measures defined under the *Iniciativa Portugal i4.0*, which had been launched by the Government in 2017. These centers provide the Portuguese industry with an innovative digital solutions incubator, reducing product development time, and, consequently, their placement on the market.

A few months later, in May 2018, Ferpinta, a Portuguese metalworking company, selected Siemens to modernize and increase the efficiency of its factory in Vale de Cambra. The scope of this project included the refurbishment of automation equipment, traction systems, motors and electrical installations. With the global solution implemented by Siemens, Ferpinta will be able to achieve energy savings of around 10%.

In August 2018, CLC selected Siemens' Digital Factory e Process Industries and Drives (DF/PD) teams as partners to carry out the industrial modernization project of its fuel pumping station at Sines. The modernization covered the 147 km long multi-product pipeline for fuel transport systems from the pumping facility in Sines to the storage park in Aveiras de Cima. The solutions installed by Siemens will now also allow to control, operate and monitor this transport from the control room located in Aveiras de Cima.

i-Experience Center, Alfragide

Photo credits: Navigator

Siemens completed of the project comprising delivery and commissioning of the drive, command, control and communication systems for Navigator's very first Tissue Paper machine.

Sines pumping station features three pumps, two with fixed speed motors and one with variable speed motor. It was in the latter that Siemens installed appropriate equipment for the transport of fuel at variable speed, namely a compact SIMOTICS HV series H electric motor, the first of its kind installed in Portugal and specially customized for this installation, a variable speed drive and respective switching station. Additionally, Siemens installed an AC system in the technical room and updated the existing SCADA system to include alarm generation, reporting and all information necessary to ensure efficient, safe and cost-effective operation.

In September 2018, Siemens completed the project in Cacia, which comprised the supply and commissioning of the drive, control, monitoring and communications systems for Navigator's first machine dedicated to the production of tissue (type of paper used for tissues, kitchen rolls, sanitary applications, etc.). Siemens delivered solutions such as the PCS 7 automation system for both machine and auxiliary drives, including hardware and licenses; communication systems; automation system switchboards; main and auxiliary drive systems for the tissue paper machine (Voith); as well as a service package, covering a project of automation, software development, training, commissioning and project management.

Siemens was the only supplier with a communication and automation portfolio able to submit a unique engineering solution for both the electrical part and automation system.

Navigator production unit, Cacia

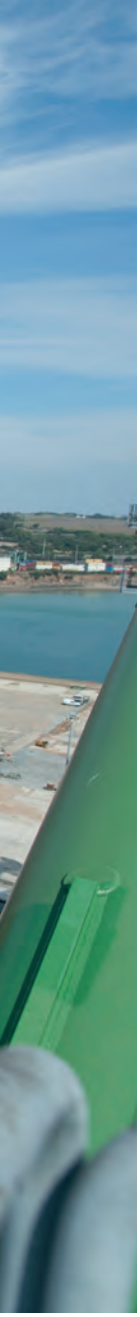
Port of Sines, Portugal

Finally, and with regard to the domestic market, the appointment of PD's Cranes team (cranes and gantries) to assist in drafting bids and carrying out retrofit projects in the EMEA region (Europe, Middle East and Asia).

This type of business requires very specific knowledge and involves a number of risks. This has led to a substantial demand for the modernization of the mechanical and electrical equipment operating in ports all over the world for the crane automation industry, where Siemens Portugal is also internationally renowned. One of the great examples of projects carried out by this team was the port of Sines.

In Mozambique, Siemens secured a contract for the remote management of Maputo's water supply network. Currently, this network serves an area inhabited by 1,7 million people, where only 40% have access to drinking water.

This project will improve the system's overall performance. Flow, pressure and level sensors are installed in the network and monitored in real time, thereby allowing to optimize the exploration of the system and to detect, for example, the existence of leaks, or other anomalies. All information is available at the customer's control center. This way, it is possible to make improvements, such as water flow and pressure regulation, or even plan preventive and corrective maintenance actions.



Siemens received the largest order ever to commission a FPSO in Angola.

In Mozambique, Siemens was selected, in April 2018, to provide the automation, control and monitoring system for the management of Galp's fuel terminal in Beira. The terminal has a storage capacity of 67,000 m3 for various types of fuel, and covers an area of 4,7 hectars.

The aim of this project is not only to assess the quality and measure the quantity of fuels in each tank, but also to manage the entire range of fuels (diesel, petrol and biofuel). The project comprises the complete PCS 7 automation system, including hardware and licensing; terminal management system (COTAS); communication network and interfaces; automation; PLCs and development of software, training, commissioning and project management skills.

In Angola, one of the top priorities has been the development of local human resources. To this end, Siemens signed a protocol of scientific cooperation with the Higher Polytechnic Institute of Technologies and Sciences (ISPTEC), located in Luanda. Its goal is to develop human resources, projects, technologies, as well as specialized products in the fields of engineering, economics and management, disciplines that are taught at that institution, and which, at a later time, can be integrated into Siemens or in sectors where the company is active.

This collaboration calls for the establishment, launch and development of projects in the Automation Laboratory, equipped with Siemens technology. The Company is also donating software so that ISPTEC students can work with the most innovative technology being developed in the world.

Siemens also received the largest order ever to commission a FPSO in Angola. This is a Total-owned and Saipem-operated Floating Production Storage and Offloading unit, for which PD supplied the water treatment and injection system.
Commissioning of Kaombo Norte was completed in September 2018.

CLC - Companhia Logística de Combustíveis

The contract with Siemens' RG in the United States includes the collaboration of engineers from Singapore, Norway and the United States, with logistics being the responsibility of Siemens Angola. This order has opened up new prospects for PD, enabling an LTSA (long-term support agreement) or an On-Call contract for this FPSO and, in the future, for the Kaombo Sul FPSO. It also creates new opportunities for PG (Power Generation), which supplied compressors from Dresser Rand, an entity incorporated in Siemens Angola, S.A. in April 2018.

MOBILITY

ELECTRIC BIKES

180
THOUSAND
KM TRAVELED

LOCOMOTIVES IN PORTUGAL WITH SIEMENS MAINTENANCE CONTRACTS

10
MILLION
RUNNING KM

EXPORT ACTIVITIES

80
EMPLOYEES


P
TAXIS

F6 Mobility

Mobility continued to focus on innovation in electric mobility, an approach that makes more and more sense.

Competencies acquired and developed over the years working in this sector have been recognized and rewarded by Customers through projects implemented in several cities in several countries, including Portugal. Semaphore maintenance in Lisbon was also resumed. In the rail segment, the maintenance contracts for Infraestruturas de Portugal were renewed.

In Mozambique, activities focused on the construction of the signaling and telecommunications systems for one of the largest railway lines in the country.

Throughout the year, Siemens Mobility continued to expand its skills by way of its Competence Center, headquartered in Portugal, developing charging systems, power systems and on-board control for electric buses, the so-called eBus.

Siemens Mobilty also resumed the maintenance services for the traffic management system of the city of Lisbon.

In a city with about half a million inhabitants, where this number easily triplicates during working hours on weekdays, this system plays a fundamental role in the daily lives of all those who commute daily to the city..

This maintenance service has an innovative aspect worth mentioning: following a pilot phase of the *City Clustering Maintenance* approach, preventive maintenance routines were integrated into corrective maintenance actions. Supported by a georeferenced information system, this integration allows informing field technicians carrying out corrective actions, which equipment nearby require preventive inspection. Preventive routine actions are thereby integrated into daily corrective maintenance tasks, optimizing travel time, which will be calculated dynamically, allowing for a significant optimization of resources.

The call center operates 24 hours a day, seven days a week, allowing citizens to report malfunctions. These reports are immediately addressed and added to the daily management of the maintenance services, which optimizes the deployment of technicians.

The system requires a constant presence in the streets of the city, where Siemens teams ensure preventive maintenance and repair of the electronic components of the system, and provide the services necessary for the image and proper operation of the system, such as cleaning and periodic painting. These services are specified and contracted in coordination with the procurement department.


S6/M6

In the railway sector, Siemens has been responsible for more than 20 years for the maintenance of the signaling systems of Infraestruturas de Portugal. This countrywide service in mainland Portugal relies on more than 90 employees, distributed into teams that are available 24 hours a day, 365 days a year, and never further away than 60 minutes from any point in the network requiring maintenance. This time is even shorter, going down to 15 minutes, where Control and Monitoring Centers are concerned.

To carry out this project, Siemens developed innovative tools such as *SSI Monitor*, a program that allows real-time monitoring of the signaling systems installed, either by mobile phone or from the head office in Alfragide. Big Data analysis tools are also used to quickly identify trends in the performance of equipment and teams, and possible areas of improvement.

This type of analysis is especially relevant in the case of Infraestruturas de Portugal, where the volume of information comprises more than one thousand trains per day, more than half a million status changes in more than 5,000 track-side assemblies, detection of more of 30 faults in the railway infrastructure and the execution of more than 300 preventive maintenance actions.

The technological tools used, combined with the experience and technical training of the teams in the field, ensure a high quality service for Infraestruturas de Portugal, which, to date, has been free of any delays in circulation due to maintenance of the signaling systems. By enabling Infraestruturas de Portugal to provide a highly reliable and available signaling network, Siemens is contributing to the safe and efficient transportation of people and goods on the National Railway Network.

Siemens' experience in the field of Mobility has garnered such reputation that is it renowned in other markets, for example, in Mozambique.

In this country, China National Complete Engineering Corporation contracted Siemens to supply and erect the signaling and telecommunications systems of a railway line that connects Moatize, in the Northern Interior, to Macuse on the Northeastern Coast. This more than 480 km long line has 16 stations and is operated by Thai Moçambique Logística.

For this railway signaling project, Siemens will use solutions such as *Trainguard Sentinel*, a train control system; *Trackguard Westrace* for the secure control of the signaling equipment to be installed on the line; and *Controlguide Rail9000*, an operation control and monitoring system.

Within the scope of the activities of its Competence Center and after signing a contract with Caetanobus for the supply of 160 traction and control systems for the urban electric bus, these systems have also been supplied for buses in Lisbon, Porto, Aveiro and Braga.

Within the scope of E.Cobus (airport bus) solutions, additional orders were received from Stuttgart (Germany), Geneva (Switzerland) and Vancouver (Canada). The delivery of a bus to Hong Kong was also completed.

With regard to the development of electric chargers, the expansion to the US market, for cities such as New York, New Jersey (with operator NewFlyer) and Seattle, has been truly remarkable. Even Allison Transmission, a North American manufacturer of automatic transmissions for commercial services and hybrid propulsion systems, became a customer of Siemens. Supplies to the European market, namely Oslo (Norway) and Nuremberg (Germany), remained stable.

A highlight on the national market was the installation of the charging system for STCP and the future installation for Carris scheduled for 2019.

Rossio train station, Lisbon

GLOBAL SERVICES

NUMBER OF EMPLOYEES AT LISBON TECH HUB

NATIONALITIES

HIRINGS UNTIL 2020

F7 Global Services

The top priorities of Shared Services dedicated to information technology, real estate, finances, logistics, procurement and human resources are two-fold: Customer satisfaction and continuous improvement. The Shared Services organization at Siemens Portugal has more than 1,000 employees, representing dozens of nationalities, and exports knowledge and added value to many countries where Siemens is active.

During fiscal 2018, Global Services (GS) were focused on innovation and growth, and always very successfully so.

Satisfaction rates are significantly high, and all services have achieved customer satisfaction levels between 8 and 9 (on a scale of 1 to 10).

Photo credits: Bruno Barata

Traffic Airnalytics system

Siemens Lisbon Tech Hub, the IT center and BPO (Business Processing Outsourcing) have contributed to continuously boosting productivity levels processes by automating them using innovative robotic solutions.

Siemens Lisbon Tech Hub, which provides services in Cybersecurity, Business Intelligence, Application Lifecycle Management, Project Management and Services as well as Secure Infrastructure Management, registered the largest growth of the year. Relying on a young, highly-skilled, motivated and thought-provoking workforce, Lisbon Tech Hub is behind solutions such as sentiment analytics in social networks (which analyzes data that measure people's opinions on a particular subject). Another example is Siemens' Traffic Airnalytics system, a new technology that promises to revolutionize road traffic data analysis. It is based on a number of engineering areas, ranging from advanced video processing to analysis of large volumes of data, and even multidimensional aeronautics. This solution enables the introduction of additional measures to improve traffic flow in semaphorized areas.

Lisbon Tech Hub also develops applications for MindSphere (a cloud-based open operating system for the IoT environment which connects products, systems and machines, enabling the collection of large volumes of data for advanced processing and process optimization, monitoring and preventive maintenance.

The SRE Global Support Center continued to fine-tune an IT system implemented in 2017 at global level, which covers all administrative activities related to the real estate sector, such as contracts, space management, payments and building maintenance, among others.

Finance Shared Services implemented an innovative master data management tool (customers and suppliers) for more than 5 Siemens legal entities, which allowed breaking down the process and thereby reducing the time from Request to Execution in the system by approximately 40%. With a view to digitalization, this center developed three robotized processes that increase quality and reduce the risks associated with errors from manual processing.
This center also won the internationally recognized 2017 Global Service Excellence Award in the category Customer Focus. After the integration of Customs & Trade Statistics Support into Functional Tax Services, Business Administration Services received a request for additional Customs Data Management services that will enrich and extend the portfolio and scope of our center.

Within the scope of Order Management Services, Siemens operates in close collaboration with the Digital Factory business unit to consolidate Order Management of the different European countries, using process and transition optimization capabilities and implementing a new workflow system to generate further productivity measures.

This is an innovative and revolutionary solution which has generated interest and approaches from other business units.

SCM FSS (Supply Chain Management) provides support services for the purchase of indirect material from Siemens' various suppliers, and is focused on three key areas of the supply chain of materials and services: Purchase to Pay, Source to Contract and Support & Enabling services.

In January 2018, this center implemented a robotic solution for all changes in and finalizing of purchase orders, received every day from Poland. Thanks to this solution SCM FSS increased the quality of the service provided to customers, suppressed errors caused by manual data processing, and significantly reduced the time per transaction, thereby releasing employees for value-added tasks. SCM FSS is seen as a benchmark partner for the implementation of End2End solutions that optimize purchasing processes, while acting as back office for all strategic purchasing departments of Siemens, enabling them to focus on their core business.

HR FSS (Shared Services for Human Resources) is implementing the HR Cloud platform to provide Siemens' businesses all over the world with digital, simple and sustainable state-of-the-art services. This is a global program that will gradually replace existing local or regional HR systems with innovative, user-centered, cloud-based and standardized processes. At the same time, HR Services all over the world will be consolidated into a smaller number of global operations service centers to ensure the highest level of synergies and know-how worldwide.

During fiscal 2018, Global Services (GS) Portugal were focused on innovation and growth, and always very successfully so.

SRE Global Support Center

SPPAL technology is present in all national airports, which totaled 55 millions passengers em 2018.

G1 Siemens Postal, Parcel & Airport Logistics

Siemens Postal, Parcel & Airport Logistics (SPPAL) specializes in airport logistics, post office and e-commerce handling and is one of Siemens' business areas that boasts both high relevance worldwide and an unmatched track-record.

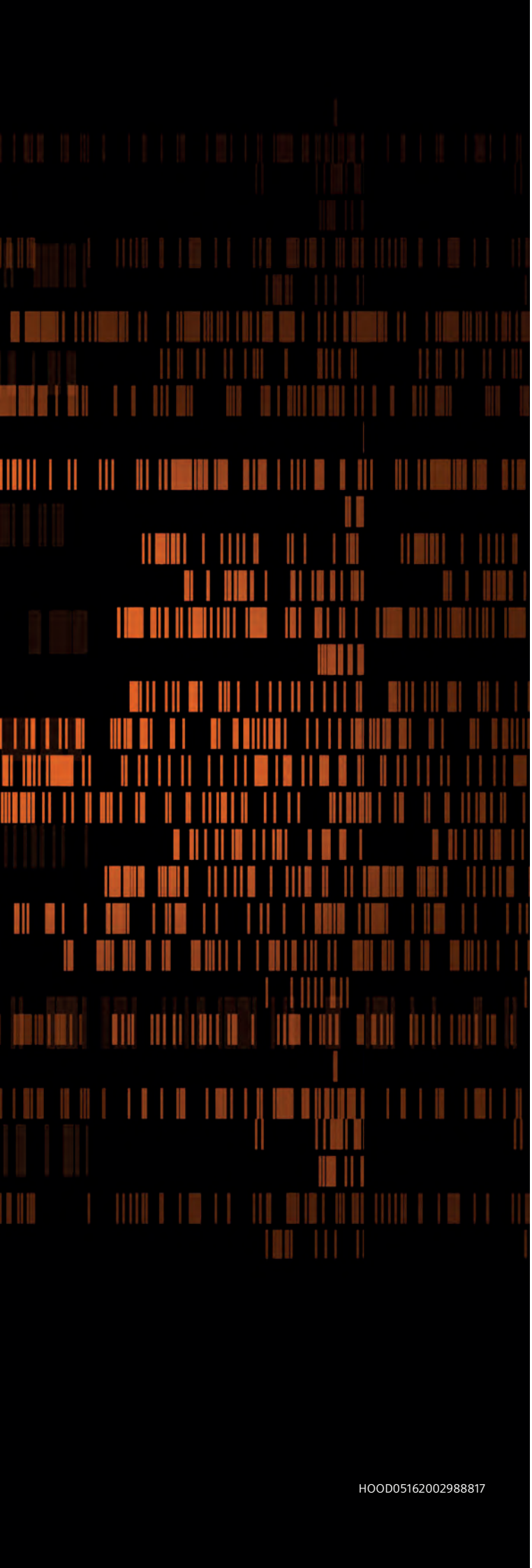
With regard to its post office business, two out of three letters all over the world are handled by Siemens equipment.

SPPAL's technology is also present in all national airports, which totaled 55 million passengers in 2018, as well as in around 40 airports worldwide - some of the largest and best have signed long-term contracts with Siemens. Portuguese engineers are currently involved in high-value projects in places as diverse as China, Hong Kong, India, Ghana, Greece and, of course, Portugal.

The know-how of the Portuguese teams has, once again, been recognized internationally. 2018 saw the start of the implementation of the contract for the supply and maintenance of 13 airports in Greece, the process of which is led by Portugal, including tender preparation, implementation and after-sales service. This project is the result of the privatization tender of Greek airports, won by Fraport, a German company specialized in airport management. In Hong Kong, the Portuguese team replaced all airport (core) software. The Portuguese team has established itself as an essential pillar for SPPAL's activity worldwide and respective global responsibilities.

The entrepreneurial spirit and the winning attitude that characterize this business area of Siemens have garnered the Portuguese team a spot at the top of the organization.

... a shift in care delivery towards increasingly more targeted medical care and improved patient experience - all based on the growing digitalization of healthcare.



Siemens Healthineers

H1

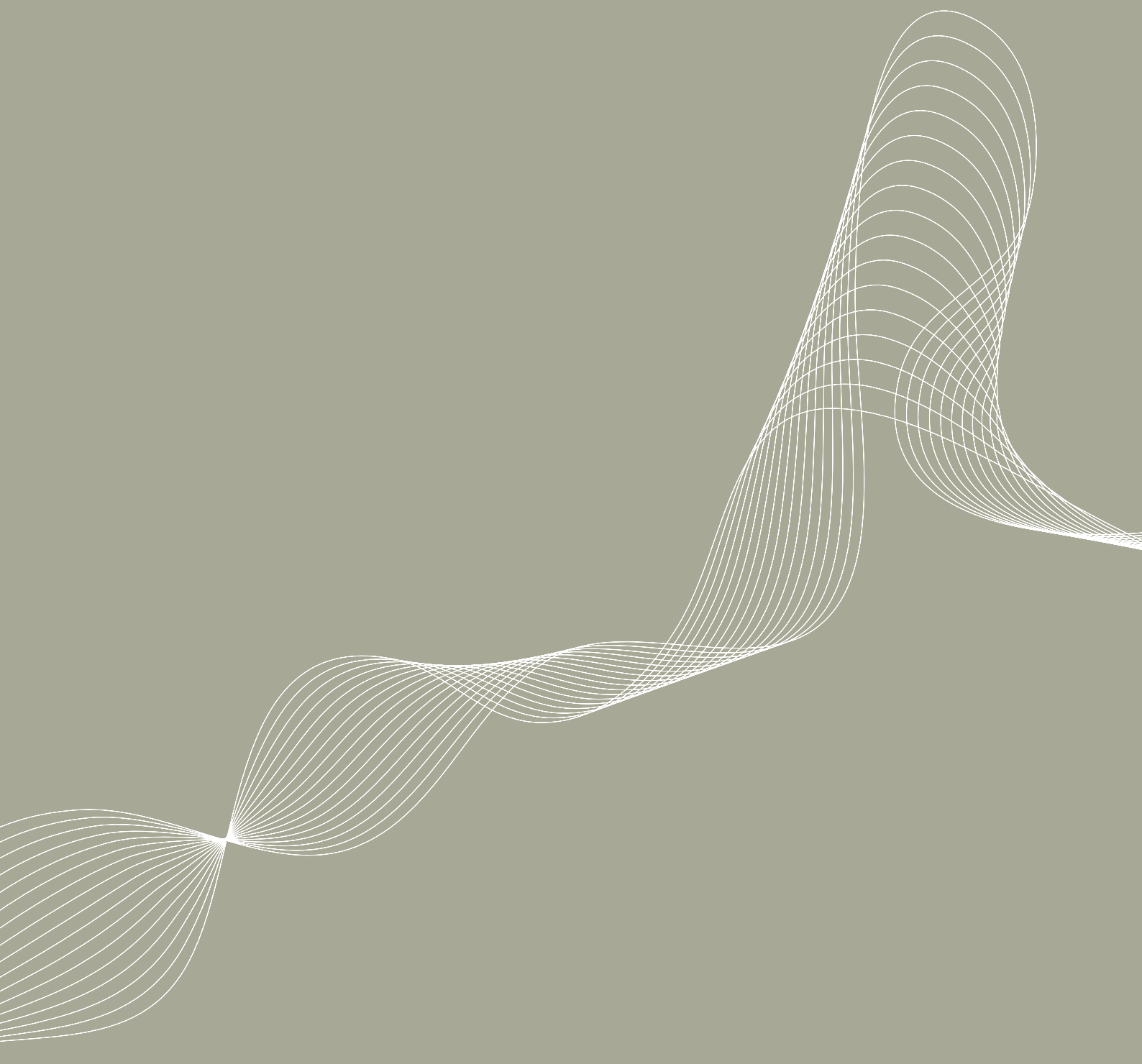
Siemens Healthineers, a leading partner of healthcare providers around the world, has taken on the mission of helping build the future of health. This sector is undergoing profound changes, which imply a shift in care delivery towards increasingly more targeted medical care and an improved patient experience - all based on the growing digitalization of healthcare. Thus, the focus is on innovative solutions and differentiated business approaches, as well as on also greater agility to respond efficiently to the challenges faced by providers.

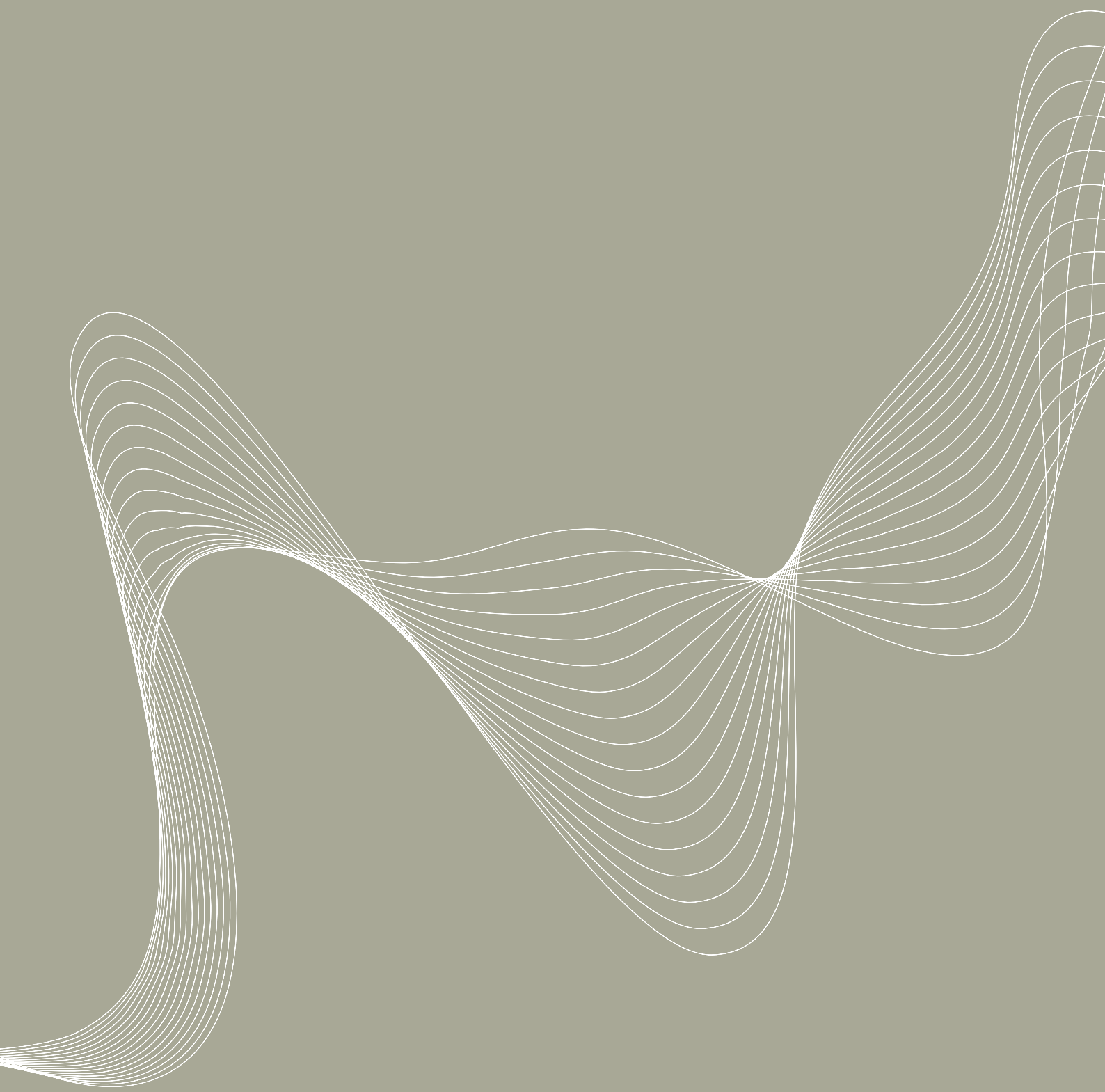
In March 2018, Siemens Healthineers, as a company, reached a historic milestone, when it got listed in the Stock Exchange. This step allowed greater independence and flexibility and, thereby, approach new models of partnership in a more agile and efficient way. In this context, Siemens Healthineers and the Portuguese Red Cross Hospital look back on a ten year unprecedented partnership aimed at developing a cardiology reference center that uses advanced technology, combined with research and clinical practice of excellence, and thus creates a new standard in healthcare delivery.

This partnership is testimony to a disruptive look at healthcare, as well as to a new era in the relationship model with patients, based on continuous and effective proximity and monitoring, transforming care delivery in cardiology.

2018 was also the year in which Siemens Healthineers launched the new laboratory diagnostic solution in Portugal, which transformed care delivery in this area and increased the supply capacity of the available technologies. This solution is already a reference in both the international and national markets, with several facilities being already in use in Portuguese healthcare facilities.

Over the years, Siemens Healthineers has delivered innovative imaging and laboratory solutions, therapy systems, clinical consulting services, business and digital solutions, as well as excellent support services, consistently investing in R&D for a constant development of new and innovative solutions.





Financial Statements

2018

BALANCE SHEET 2018*

Balance Sheet Structure of Siemens, S.A.

The Balance Sheet total amounts to EUR 245 million. Fixed assets account for EUR 29.3 million, i.e. 21.7% of equity. Short-term debts to third parties and assets correspond to 26.58% of the Balance Sheet total. Equity capital during the fiscal year under review amounts to EUR 135 million, i.e. 55.22% of the Balance Sheet total.

ORDER VOLUME OF SIEMENS, S.A.

The order volume (relative to its own business) received by Siemens S.A. in Portugal during this fiscal year amounted to EUR 195 million.

SALES VOLUME OF SIEMENS, S.A.

Sales of Siemens S.A. reached EUR 319 million.

INVESTMENTS BY SIEMENS, S.A.

Investments in fixed assets by Siemens S.A. amounted to EUR 1.9 million during the period under review.

EXPORTS BY SIEMENS, S.A.

This year export of goods and services reached EUR 122.8 million, 77.7 million of which were generated by the Accounting & Finance, Business Administration, Human Resources and Governance Accounting & Controlling Competence Centers.

NET PROFIT OF SIEMENS, S.A.

Net profit of this year amounts to EUR 33.7 million.

COLABORADORES DA SIEMENS, S.A.

On September 30, 2018, Siemens S.A. had a total of 1,639 employees, including 7 employees at its branch office in Mozambique.

RESULTS OF SIEMENS, S.A.

Own business revenue registered EUR 319 million. The amount is net of all depreciation, adjustments and provisions deemed necessary by the Board to cover foreseeable risks.

* Data regarding Siemens Portugal.

Thus, EUR 33,772,486.53 are availabe at the General Meeting to be distributed as proposed in the following:

Dividends: EUR 32,400,000;
Retained earnings: EUR 1,372,486.53

Net profit already includes EUR 8.4 million in bonuses to employees.

There are no outstanding debts to the state public sector, including social security.

The accounts were audited by the independent public accounting firm Ernst & Young Audit & Associados - SROC, S.A.

FINAL CONSIDERATIONS

Payments by Siemens, S.A. to the State, for the period between October 1, 2017 and September 30, 2018, amounted to EUR 25.3 million in taxes and EUR 18 million for social security, while our turnover generated EUR 48.1 million in VAT, totaling EUR 91.7 million for the coffers of the State.

We would like to thank our employees of all units and internal and external services for their contribution to the development of the Company and for the dedication and professionalism shown throughout the year.

Amadora, November 16, 2018

| SIEMENS, S.A. BALANCE SHEET (amounts in EUR)

Headings	Notes	09 -18	09 -17
ASSETS:			
Non-current assets:			
Investment properties	7	1,123,350	1,267,066
Tangible fixed assets	8	29,326,388	30,041,200
Intangible fixed assets	9	15,283	38,208
Other financial assets	10	10,000	23,034,996
Deferred tax assets	13	1,386,279	2,566,745
		31,861,300	**56,948,214**
Current assets:			
Inventories	14	11,184,782	14,036,479
Customers	15	47,468,801	30,720,096
State and other public entities	16	480,278	371,440
Other receivables	12	135,403,151	122,608,971
Deferrals	17	936,481	447,088
Cash and cash equivalents	4	17,673,312	11,070,094
		213,146,805	**179,254,168**
Total Assets		**245,008,105**	**236,202,382**
EQUITY:			
Paid-in capital	18	63,435,000	65,435,000
Share premium	18	16,090,000	16,090,000
Statutory reserves	18	13,140,000	13,140,000
Other reserves	18	10,140,566	11,080,468
Retained earnings	18	(1,290,541)	(1,105,693)
Net income for the year	18	33,772,487	15,310,830
Total Equity		**135,287,512**	**119,950,605**
LIABILITIES:			
Non-current liabilities:			
Provisions	20	7,628,163	13,284,193
Deferred tax liabilities	13	1,606,337	696,323
		9,234,500	**13,980,516**
Current liabilities:			
Suppliers	12	16,259,741	32,622,697
Advance payments from customers	12	3,111,029	5,604,248
State and other public entities	16	8,914,893	11,426,336
Other accounts payable	12	38,909,861	40,713,602
Deferrals	17	33,290,569	11,904,377
		100,486,093	**102,271,261**
Total Liabilities		**109,720,593**	**116,251,777**
Total Equity and Liabilities		**245,008,105**	**236,202,382**

The Board of Directors

The Chartered Accountant

| SIEMENS, S.A. INCOME STATEMENT BY NATURE OF EXPENSE (amounts in EUR)

Income and Expenses	Notes	**09-18**	09-17
Sales and services rendered	23	318,879,913	299,036,117
Operating subsidies	19	1,823	3,894
Profit/loss booked to subsidiaries, associates and joint ventures	10	19,594,828	2,179,404
Variation in production inventories	14	(1,003,270)	1,859,058
Costs of goods sold and materials consumed	14	(101,389,407)	(98,968,206)
Third party supplies and services	25	(108,414,625)	(103,406,393)
Personnel expenses	22	(82,301,029)	(74,474,336)
Inventory impairments (losses/reversals)	26	(304,463)	(86,782)
Impairment of receivables (losses/reversals)	26	(2,447,711)	252,000
Provisions (increase/decrease)	20	3,229,194	(4,135,923)
Other operating income	27	6,250,740	5,273,166
Other operating cost	28	(8,265,766)	(3,856,922)
Net income before depreciation, interest expense and taxes (EBITDA)		**43,830,225**	**23,675,077**
Depreciation and amortization expense/reversals	29	(2,825,337)	(2,063,532)
Operating income (before interest expense and taxes) (EBIT)		**41,004,888**	**21,611,545**
Interest and similar income	30	24,207	7,641
Interest and similar expense paid	30	(603,518)	(348,898)
Income before taxes (EBT)		**40,425,577**	**21,270,288**
Income tax paid for the year	13	(6,653,090)	(5,959,458)
Net income for the year		**33,772,487**	**15,310,830**
Basic earnings per share		EUR 2.66	EUR 1.17

The Board of Directors

The Chartered Accountant

| STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2018 **(amounts in EUR)**

Description		Paid-in Capital	Emission Premium	Statutory Reserves	Other Reserves	Retained Earnings	Net Income for the year	Total Equity
FINANCIAL POSITION AT START OF YEAR 01-10-2016	**1**	**65,435,000**	**16,090,000**	**13,140,000**	**11,118,771**	**(6,594,980)**	**5,660,946**	**104,849,737**
APPLICATION OF NET INCOME								
Transfer of net income to retained earnings						5,660,946	(5,660,946)	-
	2	-	-	-	-	5,660,946	(5,660,946)	-
CHANGES DURING THE YEAR								
Corrections to previous years								-
	3	-	-	-	-	-	-	-
NET INCOME FOR THE YEAR	**4**						**15,310,830**	**15,310,830**
OVERALL RESULTS	**5=3+4**						**15,310,830**	**15,310,830**
TRANSACTIONS WITH EQUITY HOLDERS DURING THE YEAR								
Other recognized changes in capital		-	-	-	(38,304)	(171,660)	-	(209,963)
	6	-	-	-	(38,304)	(171,660)	-	(209,963)
FINANCIAL POSITION AT END OF YEAR 30-09-2017	**7=1+2+3+4+6**	**65,435,000**	**16,090,000**	**13,140,000**	**11,080,468**	**(1,105,693)**	**15,310,830**	**119,950,605**
FINANCIAL POSITION AT START OF YEAR 01-10-2017	**7**	**65,435,000**	**16,090,000**	**13,140,000**	**11,080,468**	**(1,105,693)**	**15,310,830**	**119,950,605**
APPLICATION OF NET INCOME								
Transfer of net income to retained earnings						15,310,830	(15,310,830)	-
Increase of statutory reserves								-
	8	-	-	-	-	15,310,830	(15,310,830)	-
CHANGES DURING THE YEAR								
Other recognized changes in capital				-		-	-	-
	9	-	-	-	-	-	-	-
NET INCOME FOR THE YEAR	**10**						**33,772,487**	**33,772,487**
OVERALL RESULTS	**11=9+10**	**-**	**-**	**-**	**-**		**33,772,487**	**33,772,487**
TRANSACTIONS WITH EQUITY HOLDERS DURING THE YEAR					-			
Payment of dividends						(14,200,000)		(14,200,000)
Reduction in paid-in capital		(2,000,000)	-	-	-	-	-	(2,000,000)
Other recognized changes in capital					(939,902)	(1,295,678)		(2,235,580)
	12	(2,000,000)	-	-	(939,902)	(15,495,678)	-	(18,435,580)
FINANCIAL POSITION AT END OF YEAR 30-09-2018	**13=7+8+9+10+12**	**63,435,000**	**16,090,000**	**13,140,000**	**10,140,566**	**(1,290,541)**	**33,772,487**	**135,287,512**

The Board of Directors

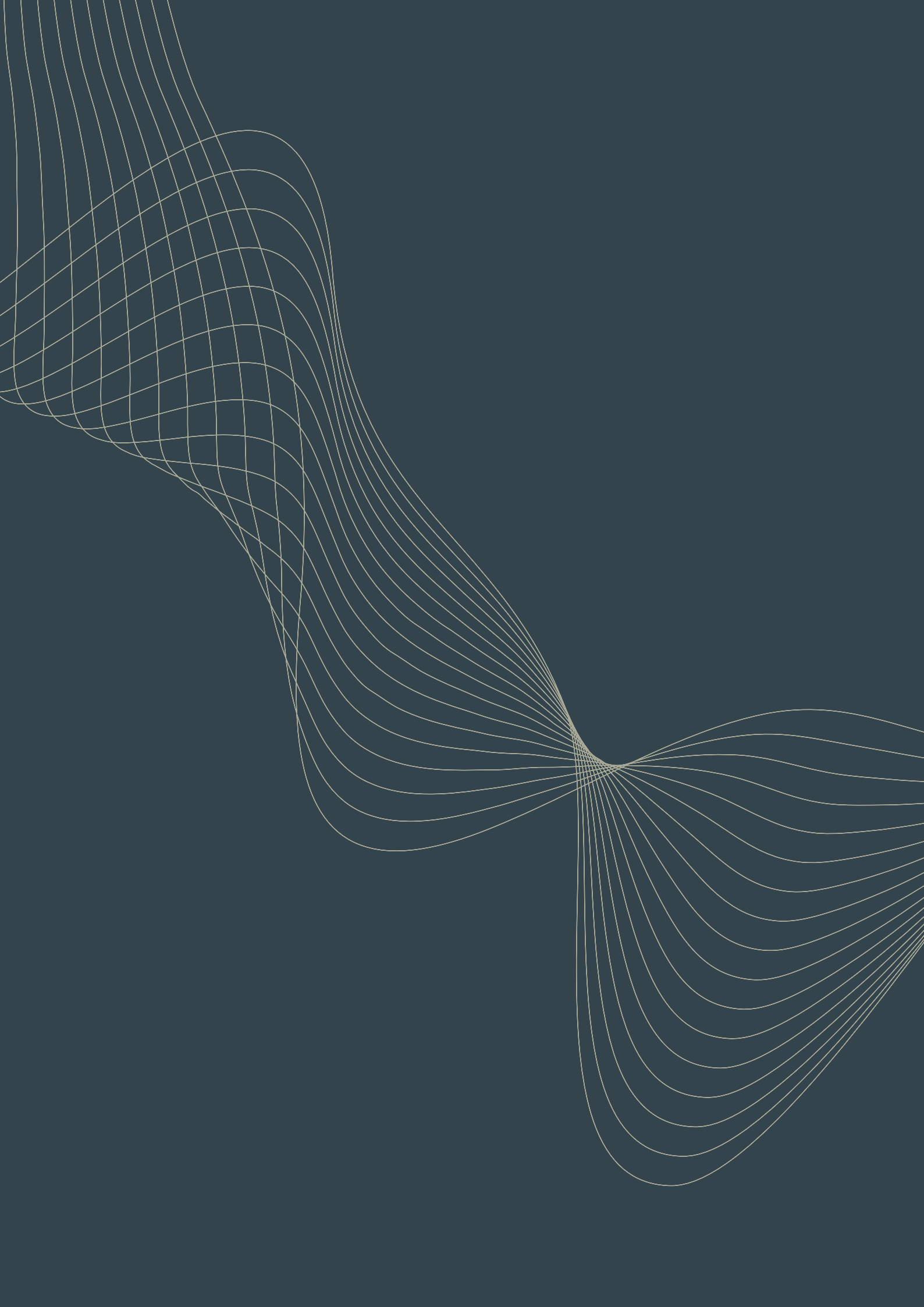
The Chartered Accountant

| STATEMENT OF CASH FLOW (amounts in EUR)

Headings	09-18	09-17
Cash flows from operating activities – direct method		
Customer receivables	358,620,052	319,102,125
Payments to suppliers	(250,621,137)	(202,406,497)
Payments to personnel	(75,685,151)	(72,606,398)
Operating cash flow	**32,313,764**	**44,089,229**
Income tax payable and receivable	(2,494,817)	(9,297,905)
Other accounts payable/receivable	(49,155,362)	(28,130,241)
Cash flows from operating activities (1)	**(19,336,415)**	**6,661,083**
Cash flows from investment activities		
Payments for:		
Tangible fixed assets	(1,879,967)	(1,978,772)
Dividends	(14,200,000)	-
Cash receipts resulting from:		
Tangible fixed assets	-	9,392
Financial investments	42,619,824	-
Interest and similar expense	3,294	7,641
Cash flows from investment activities (2)	**26,543,151**	**(1,961,740)**
Cash flows from financing activities		
Payments for:		
Interest and similiar expense	(603,518)	(348,898)
Cash flows from financing activities (3)	**(603,518)**	**(348,898)**
Variation in cash and cash equivalents (1+2+3)	**6,603,217**	**4,350,446**
Effect of changes in foreign exchange rate	-	-
Cash and cash equivalents at beginning of the year	(11,070,094)	(6,719,648)
Cash and cash equivalents at end of the year	17,673,312	11,070,094

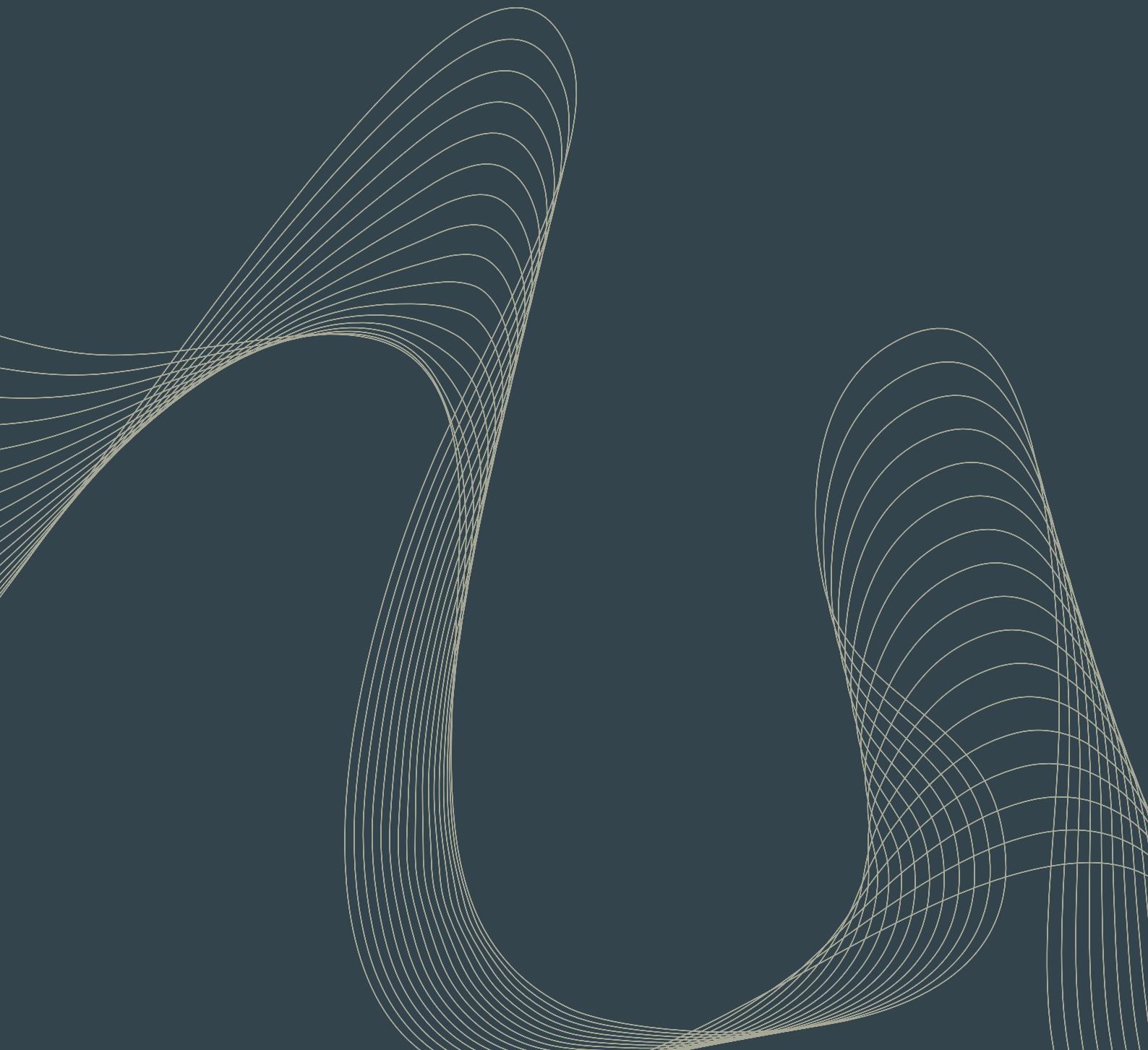
The Board of Directors

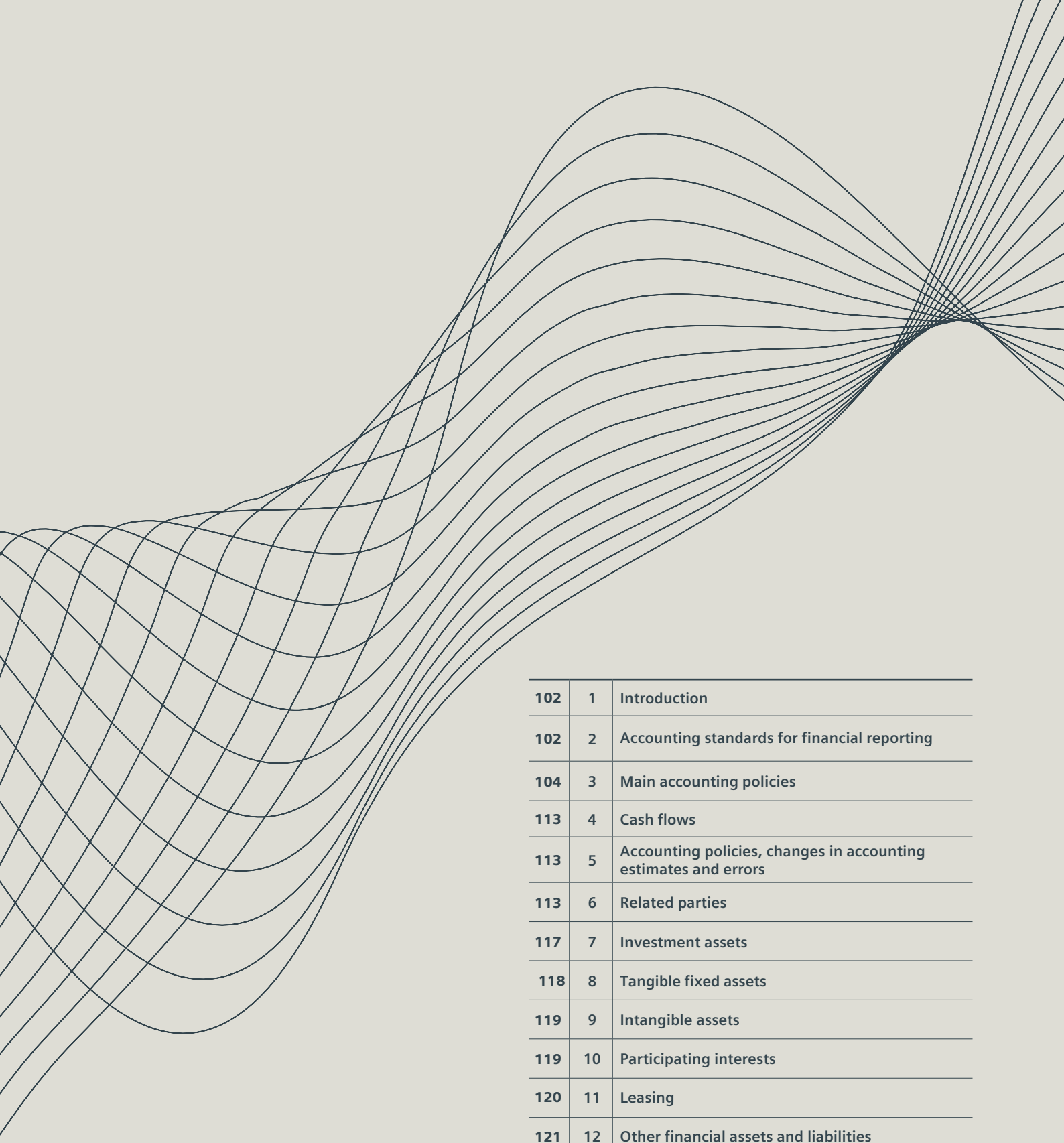
The Chartered Accountant

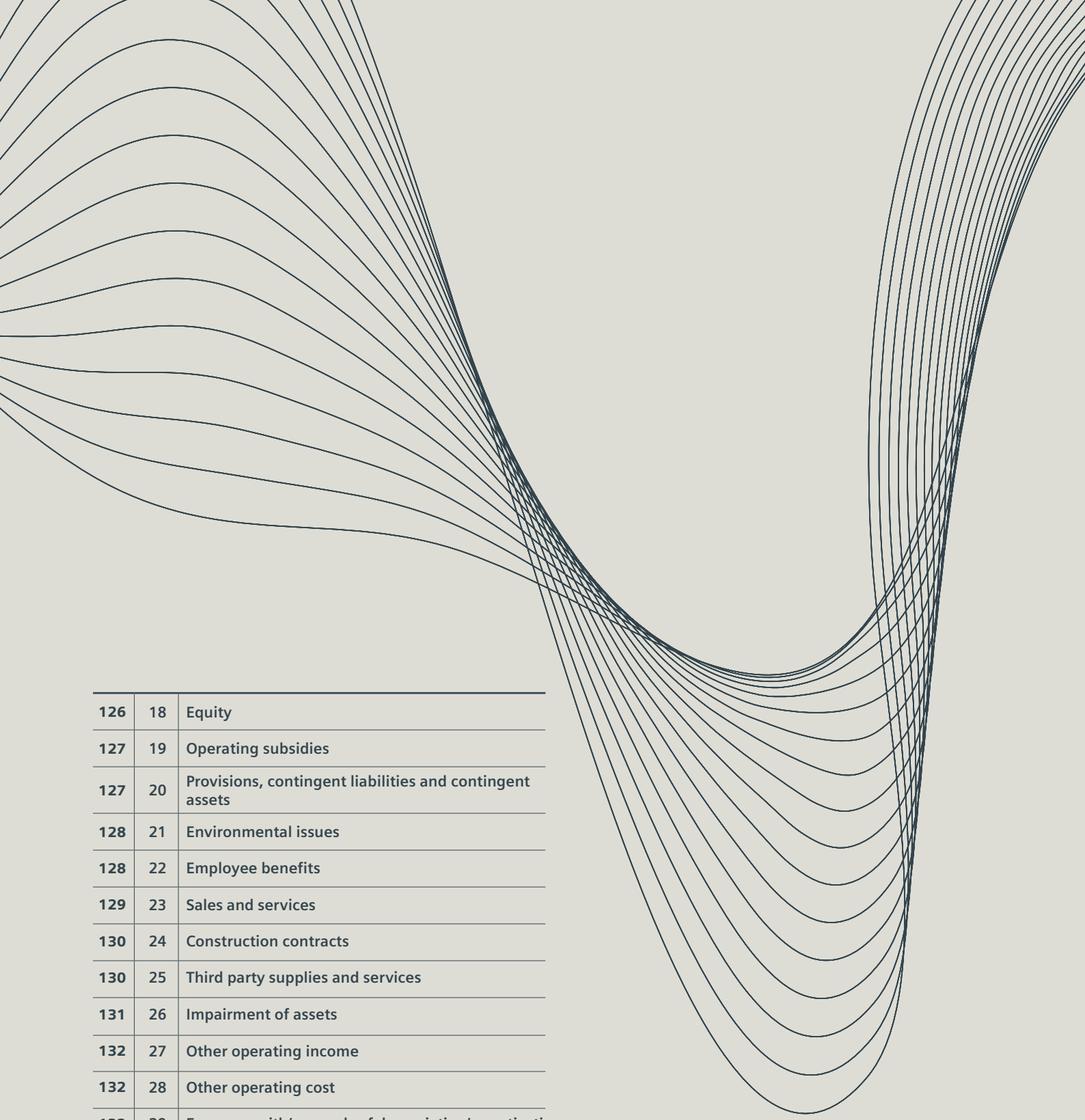


Notes for the Financial Statements

Period between October 1, 2017 and September 30, 2018







1 | Introduction

The Company was incorporated in 1922 under the name of Siemens Companhia de Electricidade, Lda. In 1931, it was transformed into a limited corporation and, based on the amendments made to the Company Act, adopted its present name Siemens, S.A.

The company has its head office at Rua Irmãos Siemens, 1, Venteira, Amadora.

It also has facilities in Freixieiro and a switchboard production unit in Corroios. The facilities at Sabugo are deactivated due to the closure of the factory, as already disclosed in previous financial statements, and are presently included as investment asset.

Its main activity is the manufacture, development, repair, acquisition and sale of integrated solutions for the management and maintenance of buildings and industrial equipment, smart grids, services and protection and control systems.

The parent company of Siemens, S.A. is Siemens International Holding, B.V., with head office in The Hague, Netherlands, and which holds 100% of the 12,687 million shares with a par value of EUR 5.00 each, representing the share capital of Siemens, S.A.

Under the exemption provided for under line b) of paragraph 3 of article 7 of Decree -Law 98/2015 dated June 2, Siemens, S.A. elected not to submit its consolidated financial statements.

2 | Accounting standards for financial reporting

The financial statements were prepared in accordance with the Accounting and Financial Reporting Standards (NCRF) as set forth by the Accounting Standardization System (SNC), approved by Decree-Law 158/2009 dated July 13, and amended by Decree-Law 98/2015 dated June 2.

There were no derogations from SNC provisions, given the need to provide a true and fair view of the assets, liabilities and results of the company.

January 1, 2016, the demerger-merger project of the "In-Vivo" business was completed, resulting in the demerger of the Healthcare business area within Siemens S.A. and subsequent merger with Siemens Healthcare, Lda.

This operation led to a reduction of the financial participation in Siemens Healthcare, Lda. to 94.95% (100% in the previous year). In November 2017, this 94.95% interest was sold to Siemens Healthineers Holding III B.V.

In addition, on July 1, 2018, the demerger-merger of part of the assets of Siemens S.A. regarding the Mobility business was completed and merged into Siemens Mobility, Unipessoal Lda. This new enterprise is 100% held by Siemens International Holding B.V.

On the date of the transaction, the amounts included in the Balance Sheet regarding the demerged business were as follows:

	01-07-18
Non-current assets:	463,159
Current assets:	15,646,855
Equity:	3,009,065
Non-current liabilities:	916,990
Current liabilities:	8,341,468

In addition, for comparability purposes, the impact of the demerged unit in the Profit and Loss Statement of Siemens S.A. is as follows:

	Siemens SA	Siemens SA Adjusted*	Demerged unit	Siemens SA
Income and Expense	**09-18**	09-17	01-07-17	09-17
Sales and services rendered	318,879,913	289,002,255	10,033,862	299,036,117
Operating subsidies	1,823	3,894	-	3,894
Profit/loss booked to subsidiaries, associates and joint ventures	19,594,828	2,179,404	-	2,179,404
Variation in production inventories	(1,003,270)	1,567,177	291,881	1,859,058
Costs of goods sold and materials consumed	(101,389,407)	(94,197,965)	(4,770,241)	(98,968,206)
Third party supplies and services	(108,414,625)	(101,170,829)	(2,235,565)	(103,406,393)
Personnel expenses	(82,301,029)	(72,264,178)	(2,210,158)	(74,474,336)
Inventory impairments (losses/reversals)	(304,463)	(86,782)	-	(86,782)
Impairment of receivables (losses/reversals)	(2,447,711)	293,091	(41,091)	252,000
Provisions (increase/decrease)	3,229,194	(4,500,608)	364,686	(4,135,923)
Other operating income	6,250,740	5,250,020	23,147	5,273,166
Other operating cost	(8,265,766)	(3,811,418)	(45,505)	(3,856,922)
Net income before depreciation, interest expense and taxes (EBITDA)	**43,830,225**	**22,264,061**	**1,411,016**	**23,675,077**
Depreciation and amortization expense/reversals	(2,825,337)	(2,042,378)	(21,154)	(2,063,532)
Operating income (before interest expense and taxes) (EBIT)	**41,004,888**	**20,221,683**	**1,389,862**	**21,611,545**
Interest and similar income	24,207	7,641	-	7,641
Interest and similar expense	(603,518)	(348,898)	-	(348,898)
Income before taxes (EBT)	**40,425,577**	**19,880,426**	**1,389,862**	**21,270,288**
Income tax paid for the year	(6,653,090)	(5,959,458)	-	(5,959,458)
Net income for the year	**33,772,487**	**13,920,968**	**1,389,862**	**15,310,830**

Note*: Amount purged from the demerged unit

(amounts in EUR)

3 | Main accounting policies

3.1 | Measurement bases used to prepare financial statements:

While preparing the financial statements, to which these notes refer, the company used as follows:

- The Bases of Preparation used in preparing the Financial Statements as laid down in the annex to Decree-Law 158/2009 dated July 13, and amended as set forth in Decree-Law 98/2015, dated June 2. As a result of the transposition into national law of Directive 2013/34 / EU of the European Parliament and of the Council dated 26 June 2013, published by Decree-Law no. 98/2015 dated June 2, there were changes at NCRF level which became mandatory for fiscal years starting on or after January 1, 2016. The application of these standards and interpretations did not significantly impact the Company's financial statements;

- The NCRF in force on this date, including the exemptions described in Note 2

Thus, the financial statements were prepared based on the principles of going concern, using the accrual basis of accounting, consistency of presentation, materiality and aggregation, no netting and comparative information.

Based on the NCRF provisions, the Company adopted the following accounting policies:

(a) Investment assets

Investment properties essentially comprise property held for rental or capital appreciation (or both) and are not intended for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

Investment properties are initially measured at cost (including transaction costs). Subsequently, the investment assets are measured in compliance with the cost model.

Depreciation is calculated on a duodecimal basis using the straight-line method for the estimated useful lives as applied in line b).

(b) Tangible fixed assets

Tangible fixed assets refer to assets used in production, provision of services or for administrative purposes.

The company adopted the measurement of tangible fixed assets as deemed cost as of January 1, 2009 (date of transition to NCRF), under the exemption provided for by NCRF 3 – First time use of NCRF.

The company adopted as deemed cost:

- For land and buildings, the revalued acquisition cost under the terms of the legislation published;

- For all other tangible fixed assets, the value used in the previous financial statements prepared in accordance with POC, which included revaluation reserves made under other legal instruments that considered currency devaluation coefficients.

Earnings from revaluations are reflected in "Other reserves".

With the exception of land which is not depreciable, tangible fixed assets are depreciated over their predicted useful life and assessed for impairment whenever there is an indication that the asset may be impaired.

Using the straight-line method, depreciation is calculated on a duodecimal basis, as from the moment the assets are available for use for the intended purpose.

Tangible fixed assets are depreciated in duodecimals throughout their expected useful life:

Buildings and other constructions	10 to 50 years
Basic equipment	4 to 10 years
Transportation equipment	4 to 6 years
Administrative equipment	4 to 8 years
Other tangible fixed assets	Up to 1 year

The residual value is deemed zero wherefore the value subject to depreciation matches the cost.

Depreciation methods, predicted useful life and residual value are revised at the end of each year and the effects of possible changes are treated as changes in prediction, i.e. the effect of the change is considered prospectively.

The cost of depreciation is reflected in the income statement under heading "Depreciation and amortization expense/ reversals".

The cost of dismantling and removing items of property, plant and equipment and the cost of restoring the site where they are located, an obligation undertaken when the items are acquired or as consequence of being used during a specific period of time for purposes other than production inventories, are part of the cost of the corresponding tangible fixed asset and as such are depreciated over the predicted useful life of the respective items.

The cost of current maintenance and repair is recognized as expense during the period they occur.

The cost of major repairs and replacements is capitalized whenever they increase the useful life of the respective asset and is depreciated over the remaining period of the asset's useful life or during its own period of useful life, if less.

Any gain or loss resulting from the derecognition of a tangible asset (calculated as the difference between the sales value less sales cost and book value) is included in the income statement of the year the asset is derecognized.

"Other reserves" regarding revaluation reserves according to previous GAAP are not transferred to retained earnings, because they regard reserves made under legal instruments, which, although carried out based on use or sale, cannot be distributed to the single shareholder.

The tangible fixed assets in progress are assets under construction or development, which are measured at acquisition cost and are only depreciated when they are available for use.

Impairment
The company assesses whether there is any indication that an asset may be impaired by the end of the year. If that is the case, companies estimate the recoverable amount of the asset (which is the highest value between an asset's fair value or a cash-generating unit less costs to sell and its value in use) and recognize such impairment in the income statement whenever the recoverable amount is less than the book value.

Assessment of impending impairment is subject to the following conditions:

- During the period, the market value of an asset has declined significantly, more than would be expected as result of the passage of time or normal use;
- Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is assigned;
- Market interest rates or other market rates of return on investments have increased during the period and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- The carrying amount of the net assets of the entity is more than its market capitalization;
- Evidence of obsolescence or physical damage of an asset is available;
- Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs and plans to dispose of an asset before the previously expected date;
- Evidence is available from internal reporting indicating that the economic performance of an asset is, or will be, worse than expected.

Regardless of whether there are indications of impairment, assets that are not yet available for use shall be reviewed annually for impairment.

Reversals of impairment are recognized in the income statement (unless the asset is carried at the revalued amount, in which case it is treated as a revaluation increase) and must not exceed the carrying amount of the asset that would have been determined if no impairment loss had been previously recognized.

(c) Intangible assets
Intangible assets acquired separately are measured at cost on the date of initial recognition.

After initial recognition, intangible assets are shown at cost less accumulated amortization and accumulated impairment losses.

The useful life of the intangible asset has been assessed as finite.

Intangible assets with finite useful lives are amortized over their predicted useful life and assessed for impairment whenever there is an indication that the asset may be impaired.

Intangible assets with finite useful lives are amortized over their predicted useful life and assessed for impairment whenever there is an indication that the asset may be impaired.

Reversals of impairment are recognized in the income statement and must not exceed the carrying amount of the asset that would have been determined if no impairment loss had been previously recognized.

For an intangible asset with a finite useful life, the amortization methods, the predicted useful life and the residual value are reviewed at the end of each year and the effects of the changes are treated as changes in the prediction, i.e. the effect of the change is considered prospectively.

The cost of amortization of intangible assets with finite useful life is reflected in the income statement under heading "Depreciation and amortization expenses/ reversals".

Any gain or loss resulting from the derecognition of an intangible asset (calculated as the difference between the sales value less sales cost and book value) is included in the income statement of the year the asset is derecognized.

(c.1) Computer software

The human resource management software GloRHia, acquired from third parties, is recognized under this heading.

The cost associated with the maintenance and development of computer software is recognized as expense when incurred on the grounds that are not measurable reliably and/or do not generate future economic benefits.

The period of amortization of the registered intangible asset is five years

(d) Participating interests – Equity method

Investments in subsidiaries, by definition entities over which the company exercises significant influence and which are neither affiliated or joint ventures, are valued under the equity method.

Impairment

Impairment of these assets is determined based on the criteria described in above line a) tangible fixed assets.

(e) Participating interests – Other methods

Participating interests by Siemens not subject to the equity method are investments in business associations whose purpose is of economic interest to the company, but where the company has no stake in the management.

(f) Corporate income tax

(f.1) Corporate income tax – Current taxes

The current tax is determined based on the accounting profit adjusted in compliance with the tax law in force.

The company is subject to corporate income tax at the rate of 21%, plus a surcharge up to 1.5% maximum on taxable income, and a further state surcharge of 3% on the taxable income between 1.5 and 7.5 million and 5% on the amount in excess of 7.5 million up to 35 million, and 7% for amounts above that.

Under the current legislation, tax returns of Siemens, S.A. are subject to review by the tax authorities for a period of four years, which may be extended under certain circumstances, especially in case of tax losses or inspections, claims or appeals in progress.

The Board of Directors, based on the expert opinion of its tax consultants and taking into account recognized liabilities, understands that any review of these tax returns will not result in material adjustments of the financial statements.

(f.2) Corporate income tax – Deferred taxes

Deferred tax assets and liabilities are the result of the clearing of temporary differences (deductible and taxable) between the accounting basis and the tax basis of the company's assets and liabilities.

Deferred tax assets reflect:

- The temporary differences which are deductible to the extent that it is probable that future taxable profit will be available against which the deductible difference can be used;

- Unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be used.

Deductible temporary differences are temporary differences which result in amounts that are deductible against taxable income/tax loss of future periods to be determined when the carrying amount of the asset or liability is recovered or settled.

The deferred tax liabilities reflect taxable temporary differences.

Taxable temporary differences are temporary differences which will result in taxable amounts in determining taxable income/tax loss of future periods when the carrying amount of the asset or liability is recovered or settled.

Measurement of deferred tax assets and liabilities

- Is done in compliance with the tax rates that are expected to apply in the period when the asset is recovered or the liability is settled, based on tax rates approved at the reporting date; and

- Reflects the resulting fiscal consequences regarding how the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(g) Inventories

Inventory must be recorded at the lower value of cost or net realizable value. Net realizable value is the estimated selling price less estimated cost to complete the inventory and make the sale. In situations where the cost value is higher than the net realizable value, the difference is recorded as adjustment (impairment loss).

The inventory costing method adopted by Siemens is the weighted average cost.

(h) Financial assets not included in the lines above

Financial assets not included in the lines above and which are not valued at fair value are valued at amortized cost (using the effective interest method, which makes the book value of the asset different from its nominal value when the period of realization of the assets is significant, often in excess of six months), net of impairment losses, where applicable.

At the end of the tax year, the company assessed the impairment of these assets. In case of objective evidence of impairment, the company recognized an impairment loss in the income statement.

Objective evidence that a financial asset or group of assets may be impaired takes into account observable data indicative of the following loss events:

- Significant financial difficulties of the debtor;

- Breach of contract, such as non-payment or default in payment of interest or debt amortization;

- For economic or legal reasons related to the financial difficulties of the debtor, the companies included in the consolidation offered the debtor concessions they would not otherwise consider;

- It seems likely that the debtor goes bankrupt or undergo some other financial reorganization;

- Observable information indicating that there is a decrease in the measurement of the estimated future cash flows of a group of financial assets since their initial recognition.

Individually significant financial assets were individually assessed for impairment. The remaining assets were evaluated based on similar characteristics of credit risk.

The impairment determined as mentioned above does not differ from that determined by criteria and for tax purposes.

The specifics of each type of financial assets are described in the following:

(h.1) Customers

Trade receivables are measured, upon initial recognition, in compliance with the measurement criteria of "Sales and services" described under line q) and subsequently measured at amortized cost less impairment.

Impairment is determined based on the criteria in set forth under line h).

(h.2) Advance payments to suppliers

These balances are measured at amortized cost less impairment loss, which, where applicable, is determined based on the criteria in under line h).

(h.3) Other receivables

Other receivables including active loans to employees and receivables from suppliers are also valued at amortized cost, less any impairment loss calculated based on the criteria under line h).

They also include loans to the single shareholder, valued at amortized cost using the effective interest method, less impairment. Remaining balances of shareholders are also shown at respective amortized cost, less impairment loss, which, where applicable, is determined based on the criteria set forth above.

(h.4) Cash and bank deposits /cash and cash equivalents

The balances included under this heading are measured as follows:

- Deposits with no defined maturity - at amortized cost (equivalent to nominal value);

For purposes of the statement of cash flows, the heading "Cash and cash equivalents" includes deposits which mature in less than three months and which may be made available on demand with insignificant risk of change in value.

(i) State and other public entities

The balances of assets and liabilities under this heading are determined based on the legislation in force.

With regard to assets no impairment was recognized on the grounds that such does not apply, given the specific nature of the relationship.

(j) Deferred assets and liabilities

This heading reflects the transactions and other events the full recognition of which in the income of the year they occur is not appropriate, but which have to be recognized for income in future years.

(l) Equity headings

(l.1) Paid-in capital

The capital is fully paid in on the dates of incorporation and respective deeds of capital increase and reduction.

(l.2) Statutory reserve

In compliance with article 295 of the CSC, at least 5% of the net profit must be allocated to set up or increase the statutory reserve until it reaches at least 20% of the share capital.

The statutory reserve cannot be distributed except in the event of liquidation and may only be used to cover losses after all other reserves have been used, or for incorporation into the share capital (article 296 of CSC).

(l.3) Other reserves

This heading includes revaluation reserves made under the previous GAAP and those made on the transition date, net of related deferred tax, and which are not shown under heading "Revaluation surplus",because the entity adopted the cost on the date of transition to SNC.

Reserves resulting from revaluation made on the transition date are only available for distribution after respective realization (by use or sale).

(l.4) Retained earnings

This heading includes the results realized and therefore available for distribution to the single shareholder (net of impairment loss due to reduction of fair value in financial instruments, financial investments and investment properties), corrections of previous years and gains by increase of the fair value in financial instruments, financial investments and investment properties, which, in compliance with paragraph 2 of article 32 of the CSC, will only be available for distribution when the underlying elements or rights are sold, used, terminated or settled.

(l.5) Net income for the year

This heading shows the results of the commercial and industrial activities, as well as other operating income and gains and other financial cost.

(m) Provisions

This account reflects the present obligations (legal or constructive) of the entity resulting from past events, the settlement of which is expected to result in an outflow of the entity's resources that include economic benefits, the timing and amount of which are uncertain, while their value can, however, be reliably estimated.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation on the reporting date. Whenever the effect of the time value of money is material, the amount of a provision matches the present value of the amount expected to be required to settle the obligation, applying a discount rate before tax that reflects current market assessments of the time value of money and the specific risks of the liability. It does not reflect any risks for which the estimates of future cash flows have been adjusted.

The specifics regarding provisions are described in the following:

(m.1) Provisions for warranties

These provisions reflect the estimate of expenditure expected to be incurred to settle problems arising from manufacturing defects that may become apparent in products sold, manufactured by the company and may be claimed against by customers within a maximum period of two years as from the date of sale.

These provisions are measured based on the historical ratio of expenditure on warranties for the original sales value, calculated individually by type of product over the last six years of sales.

Provisions for warranties on products purchased from the parent company are not recognized, given that the latter will support the expenditure it may incur.

(m.2) Provisions for environmental issues

These provisions include the expenditure for measures taken to prevent, reduce and repair damages to the environment caused by the activities of the entities.

In this case, they are to cover possible fines for noncompliance with the legislation in force.

(m.3) Provisions for onerous contracts

These provisions are to cover liabilities arising out of contracts in which unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. For this purpose, the unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is lower than the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Prior to recognizing a separate provision for an onerous contract, the company recognizes any impairment loss that may have occurred in the assets dedicated to that contract.

(m.4) Provisions for restructurings

These provisions result from a constructive obligation due to the company's decision to undertake a program planned and controlled by management, which materially changes either the scope of a business undertaken by the company or the manner in which that business is conducted by the company.

A constructive obligation to restructure arises only when the company:

- Has a detailed formal plan for the restructuring identifying, among others:
  - The business concerned;
  - The principal locations affected;
  - Location, function and approximate number of employees who will be compensated due to termination of their services;
  - The expenditures that will be undertaken;
  - When the plan will be implemented; and

- Has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to those affected by it.

(m.5) Other provisions

This heading includes all other provisions not provided for in the above lines.

(n) Transactions and balances in foreign currencies

The financial statements of Siemens are presented in euros, the euro being the functional and reporting currency.

Transactions in foreign currency (other than the functional currency of Siemens, S.A.) are recorded at the exchange rates on the date of the transactions. On each reporting date, the carrying amounts of monetary items denominated in foreign currency are updated at the exchange rates in force on the date of the balance sheet.

Gains or losses resulting from payables or receivables of such transactions and from the foreign exchange rate on the date of the balance sheet of monetary assets and liabilities denominated in foreign currency balances are recognized in the income statement according to their nature (operating, investing and financing) in the year they are generated.

(o) Responsabilidades por benefícios pós emprego e gastos com o pessoal

Personnel expenditure is recognized when the services are rendered by employees regardless of their date of payment.

Specifics of each type of benefit are as follows:

(o.1) Post-employment benefits

In defined contribution plans, the measurement of the amounts to be recognized do not take into account any actuarial assumptions, and the company recognizes them in a linear manner determined by the amounts to be contributed for each year. Amounts are recognized for values without discount given they mature completely within 12 months after the end of the period, in which employees render such service.

The assets of such plans are not available to creditors of the company nor may be paid directly to the latter.

The expenditure for the year regards the contributions paid by the company.

(o.2) Holidays and holiday bonus

According to labor legislation in force, employees are entitled to holidays and holiday bonus in the year following that in which the related service is rendered. As such, the income statement recognizes an accrual of the amount payable in the following year, which is reflected under the heading "Other payables".

(o.3) Profit-sharing

Profit-sharing for employees is recognized under "Personnel expenditure" for the year in question. As such, the income statement recognizes a liability payable after September 30, which is reflected under the heading "Other payables".

(o.4) Share-based payments

The benefits granted to employees under incentive schemes to acquire shares or share options are recognized in compliance with the provisions of IFRS 2 - Share-based payments.

The share-based benefits to be settled are measured at fair value on the date they are granted and recognized as personnel expenditure over the period in which they are acquired by the beneficiaries, taking into account the probability of being acquired and, if necessary, the probability of the options being exercised.

(o.5) Employment termination benefits

Siemens recognizes termination benefits as a liability and an expense when it is demonstrably committed either:

- To terminate the employment of an employee or group of employees before the normal retirement date; or

- To provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Demonstrably committed means there is a detailed formal plan for the termination and no realistic possibility of withdrawal from the plan, provided such plan states at least:

- Location, function and approximate number of employees whose services are to be terminated;

- The termination benefits for each job classification or function.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept such offer.

(p) Financial liabilities

Financial liabilities are recognized when the company is a party to the contractual relationship.

Financial liabilities are derecognized where related obligations are settled by the payment, are canceled or expired. All financial liabilities are initially recognized at fair value and, in case of loans, transaction cost will also be deducted.

Financial liabilities are measured as stated below:

(p.1) Suppliers

Trade payables are initially recognized at fair value and, subsequently, measured at amortized cost, in accordance with the effective interest method.

(p.2) Other payables

Other payables are measured at amortized cost using the effective interest method. Liabilities to personnel and other expenses accrued are recorded under this heading, which also includes the balance of the heading 'Shareholders', which is shown at cost value.

(p.3) Advance payments from customers

Advances from customers are measured at amortized cost.

(q) Sales and services

Sales and services are measured at the fair value of the consideration received or receivable less the amounts for trade discounts and volume rebates allowed.

When interest free credit is granted to buyers and when they accept promissory notes with interest rates lower than the market interest rate as consideration for the sale of goods, or, if the inflow of cash or cash equivalents is otherwise deferred, the difference between the fair value of the consideration and the nominal amount of the consideration is recognized as interest revenue during the period between the date of recognition of revenue and the actual date of receipt.

When the selling price of the products/services includes an identifiable amount for subsequent services, such amount is deferred and recognized as revenue over the period in which the service is rendered.

Although the revenue is only recognized when it is probable that the economic benefits associated with the transaction will flow to the company, in case an uncertainty arises about the recovery of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable, is recognized as an impaired financing receivable rather than as an adjustment of the revenue amount originally recognized.

Specifics regarding the recognition of sales and services are as follows:

(q.1) Sales

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- The amount of revenue can be measured reliably;

- It is probable that the economic benefits associated with the transaction will flow to the entity; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(q.2) Rendering of services

The revenue of the services rendered is recognized when outcome of the transaction can be estimated reliably, which is when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(q.3) Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized as percentage of completion of the contract on the date of the reporting period. The percentage of completion is determined based on the costs incurred compared to the total cost to complete the contract.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognized to the extent of costs incurred that are expected to be recovered. Contract costs are recognized in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense. The amount of such a loss is determined irrespective of whether or not work has commenced on the contract or the stage of completion of contract activity.

(r) Operating subsidies

This heading recognizes non-refundable operating subsidies that are not related assets.

The company received a grant relating to training, which was only recognized upon receipt.

(s) Interest and similar expense

Financing costs are recognized in the income statement in the period to which they relate and include:

- Interest expense based on effective interest method.

t) Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, contingent assets are disclosed where a future inflow is probable.

A contingent liability is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- A present obligation that arises from past events but is not recognized because:
  - It is not probable that an outflow of resources will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in financial statements since this may result in the recognition of costs that may never be realized. However, contingent liabilities are disclosed where a future outflow is probable provided it is not remote.

(u) Effect of changes in foreign exchange rates

Transactions in foreign currency are translated to euro rates on the transaction dates.

Balances that remain outstanding at year end are translated at the closing rate and the difference is recognized in the income statement.

(v) Subsequent events

Events after the reporting date of the balance sheet that provide further information about conditions that existed at the reporting date are reflected in the financial statements. Events after the reporting date that provide information about conditions that occur after the reporting date are disclosed in the notes to the financial statements, if material.

3.2 | Value judgements (except those involving key judgements and estimates) made by the Board of Directors while preparing the financial statements:

During the preparation of the financial statements in accordance with SNC, the Board of Directors makes judgements, estimates and assumptions that affect the application of policies and reported amounts.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, on which such estimates or the result of an information or acquired experience are based. The actual effects may differ from the judgements and estimates made, in particular with regard to impact of the costs and revenues that actually occur.

The key judgements and accounting estimates that had major impact on the amounts recognized in the financial statements are as follows:

(a) Useful life of tangible and intangible fixed assets
The useful life of an asset is the period over which an asset is expected to be available for use by an entity and must be revised at least at the end of each financial year.

The amortization/depreciation methods to be applied and the estimated losses resulting from the replacement of equipment before the end of its useful life, due to technological obsolescence, is essential to determine the effective useful life of an asset.

These parameters are defined according to the best estimate of Management, of the assets and businesses concerned, and also take into account the practices adopted by companies in the sectors in which the company operates.

(b) Recognition of services rendered
The company uses the percentage of completion method to recognize its services rendered. Using this method requires the company to estimate the services rendered as a percentage of the total services to be rendered, which also need to be estimated.

(c) Provisions for taxes
The company, based on the expert opinion of its tax consultants and taking into account recognized liabilities, understands that any revision of these tax returns will not result in material adjustments of the financial statements, which require to set aside an additional provision for taxes.

3.3 | Key sources of estimation uncertainty (involving significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year):

The estimates are based on the best knowledge available at the time and on actions that are planned and constantly reviewed based on the information available.

Subsequent changes in facts and circumstances may result in revised estimates in the future, so that actual outcomes may differ from these estimates.

Key sources of estimation uncertainty (involving significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year) are as follows:

(a) Impairment of receivables
The credit risk of trade accounts receivable is assessed on each reporting date, taking into account the historical information of the debtor and his risk profile, as referred to in paragraph 3.1. h).

Trade accounts receivable are adjusted by the assessment of the estimated risks of collection on the reporting date, which may differ from the effective risk in the future.

(b) Provisions
The recognition of provisions implies determining the likelihood of future outflows and their reliable measurement.

These factors often depend on future events and not always under the control of the company, which may lead to significant future adjustments, either due to changes in the assumptions used or the future recognition of provisions previously disclosed as contingent liabilities.

(c) Provisions for dismantling and restoration
Provisions for the costs of dismantling and removing items from the tangible fixed assets and the cost of restoring the site where they are located depends on estimates and assumptions, making them sensitive to

- Expected cost to be incurred;
- Expected date costs are incurred;
- Discount rate used to discount the expected cash outflows.

(d) Share-based payments
The commitments of share-based payments made to employees are reflected in the accounts at a value that takes into account, among others, the value of the shares, the probability of the targets of the year being achieved and the probability of the options being exercised. In times of crisis these variables may suffer significant fluctuations.

4 | Cash flows

The balance of cash and cash equivalents in the cash flow statement only comprises demand deposits, so that there are no values that are unavailable for use, as shown in the following table:

	09-18	09-17
Cash and cash equivalents	17,673,312	11,070,094

5 | Accounting policies, changes in accounting estimates and errors

N.A.

6 | Related parties

6.1 | Parent company and participating interests

The company is owned by Siemens International Holding, B.V., based in The Hague, the Netherlands, and financial statements are consolidated with Siemens AG, with head office in Munich, Germany.

a) Joint ventures

The company participates in joint ventures as described below:

b) Associadas e Subsidiárias

A empresa possuía desde 1 janeiro de 2016, por efeito de cisão-fusão, uma participação de 94,95% do capital da Siemens Healthcare, Lda., com sede na Amadora, cuja atividade principal é o negócio de diagnósticos médicos e biológicos, incluindo o desenvolvimento e venda de reagentes, instrumentos, métodos e procedimentos de diagnóstico, sistemas para laboratórios e serviços geralmente indispensáveis para o diagnóstico ou deteção de doenças ou prestação de cuidados de saúde, incluindo ainda a distribuição, o fornecimento, o desenvolvimento, a montagem, a instalação, a assistência técnica e a manutenção de equipamentos dos sistemas de terapia, incluindo a investigação e o desenvolvimento nessas áreas.

Em novembro de 2017 a participação de 94,95% foi vendida à Siemens Healthineers Holding III B.V., conforme descrito na nota 10.

c) Other participating intrests

During the current and previous fiscal year, Siemens also had a participating interest in the following company:

	Value
Amb3E - Associação Portuguesa de Gestão de Resíduos	EUR 10,000

This participation had no change either in percentage or amount compared to previous years. The company does not have any influence on the management of the subsidiary.

| Joint ventures

Economic Interest Groups	Activity	Interest in %	Interest in %
		09-18	09-17
SIEOCEAN	Industry	65%	65%
SIM III	Facility maintenance	95%	90%
SICMAN	Industry	95%	95%
GSH	Industry	95%	50%
ENGIE SIEMENS	Industry	40%	40%
SIEMENS SUEZ AND EFACEC	Industry	34%	34%
EMEF/SIEMENS ACE (SIMEF)	Rolling stock maintenance	- a)*	49%
SIEMENS AND TDGI	Facility maintenance	80%	80%
BIM-BUILDING INFRASTRUCTURE MAINT. ACE	Facility maintenance	90%	90%

* a) **Integrated into the demerger-merger project of the Mobility business**
These ventures use the calendar year as fiscal year, which implies a 9 months set-off with regard to the end of the equivalent fiscal years of Siemens, S.A. The results of the Economic Interest Groups are integrated into the accounts of Siemens S.A. according to respective percentage of interest.

6.2 Remuneration of key management personnel of the company

Remunerations of key management personnel of the company are detailed in the following table:

| DESCRIPTION

	09-18	09-17
Remuneration and short-term benefits	726,365	861,243
Post-employment benefits	9,798	12,007
Other long-term benefits	-	186,495
	736,163	**1,059,745**

6.3 Transactions and balances with related parties

Transactions with related parties are disclosed in the following table:

			09-18			09-17		
Entities	**Country**	**Relationship**	**Revenue**	**Expenses**	**Balance**	**Revenue**	**Expenses**	**Balance**
Siemens L.L.C.	ARE	Mat/Serv	194,693	-	-	892,784	125	-
Siemens AG Oesterreich	AUT	Mat/Serv	2,626,706	873,551	-	2,943,612	579,836	-
Trench Austria GmbH	AUT	Mat/Serv	-	133,108	-	-	372,386	-
BIM Builging Infrastructure	PRT	Mat/Serv	205,554	3,753,862	19,189	237,155	5,706,067	(559,658)
GSH - Gestão e Serviços de Manutenção Hospitalar	PRT	Mat/Serv	1,083,764	191,541	520,780	446,093	-	214,548
Siemens SA	BEL	Mat/Serv	2,327,846	877,555	-	2,526,859	195,466	-
Siemens Healthcare	BEL	Mat/Serv	12,000	-	-	-	-	-
SICMAN-Serv.Oper.Mnut.Instal. Aeroportuárias, ACE	PRT	Mat/Serv	726,279	-	24,437	168,500	-	34,095
Siemens Healthcare Diagnostics GmbH	AUT	Mat/Serv	27,651	-	-	-	-	-
Siemens Schweiz AG	CHE	Mat/Serv	4,082,033	5,089,522	-	3,986,883	1,170,513	-
Siemens Ltd. China	CHN	Mat/Serv	3,794	27	-	785,722	32,778	-
Siemens Ltd.	ZAF	Mat/Serv	395,575	42,554	-	-	-	-
Siemens s.r.o	CZE	Mat/Serv	1,766,489	494,710	-	1,471,748	258.946	26,901
Siemens AG	DEU	Mat/Serv	49,065,179	139,092,193	(4,633,987)	41,225,164	108,541,634	(10,025,711)
Siemens Ltd	NGA	Mat/Serv	34,398	-	61.300	-	-	-
Demag Delaval Industrial	GBR	Mat/Serv	28,373	-	-	-	-	-
Siemens Canada Ltd.	CAN	Mat/Serv	123,955	6,494	-	48,953	4,719	-
HSP Hochspannungsger	DEU	Mat/Serv	-	207,281	-	-	49,800	-
Siemens Industriegetriebe GmbH	DEU	Mat/Serv	-	103,492	-	-	156.654	-
Siemens Corporation	USA	Mat/Serv	1,091,572	133,312	-	317,863	133,195	-
Siemens S.A.	COL	Mat/Serv	143,042	2,409	-	10,205	1,477	-
Siemens Healthcare GmbH	DEU	Mat/Serv	-	-	-	-	11,527	-
Siemens Holding S.L.	ESP	Mat/Serv	68,879	1,558,003	-	6,851	1,334,607	-
Siemens S.A.	ESP	Mat/Serv	4,871,831	2,575,356	-	6,209,282	2,284,606	-
Siemens Healthcare Diagnostics	ESP	Mat/Serv	12,000	-	-	-	-	-
Siemens S.A.S.	FRA	Mat/Serv	7,923,322	374,818	-	7,212,579	818,312	-
Siemens S.A. de C.V.	MEX	Mat/Serv	92,445	-	-	-	-	-
Siemens Healthcare Nederland B.V.	NLD	Mat/Serv	12,000	-	-	-	-	-
Siemens PLC	GBR	Mat/Serv	3,015,636	2,583,042	-	4.345.156	1.882.764	-
IBS Aktiengesellschaft excellence	DEU	Mat/Serv	292,643	5,450	-	261.781	-	-
Siemens Healthcare SAS	FRA	Mat/Serv	12,000	-	-	-	-	-
Siemens Ltd.	IND	Mat/Serv	106	499,078	-	43.410	1.705.919	-
Siemens S.P.A.	ITA	Mat/Serv	4,462,026	309,414	-	4,508,916	280,483	-
Siemens Healthcare SRL	ITA	Mat/Serv	12,000	-	-	-	-	-
TRENCH Italia SRL	ITA	Mat/Serv	-	958,297	-	-	191,250	-
Siemens, S.A.	MZN	Mat/Serv	1,099,971	(2,052)	-	167,678	-	-
Siemens s. r.o.	SVK	Mat/Serv	47,156	130,776	-	91,520	110,808	-
Siemens AS	NOR	Mat/Serv	1,341,395	-	-	392,073	-	-

| CONTINUATION

			09-18			09-17		
Entities	Country	Relationship	**Revenue**	**Expenses**	**Balance**	**Revenue**	**Expenses**	**Balance**
Siemens Helthcare Lda	PRT	Mat/Serv	4,312,746	(2,215)	-	5,101,867	589,412	-
Siemens Industrial Turbomachin	SWE	Mat/Serv	173,074	419,079	-	1,825,631	2,446,265	-
Siemens AB	SWE	Mat/Serv	1,158,633	-	-	1,241,157	-	-
NERTUS Mantenimiento	ESP	Mat/Serv	-	-	-	-	4,982	(4,982)
Siemens Sanayi ve Ticaret A.S.	TUR	Mat/Serv	374,640	2,302,234	-	694,316	2,548,566	-
Siemens Industry, Inc.	USA	Mat/Serv	519,137	24,492	-	134,285	836,163	-
Siemens Pakistan	PAK	Mat/Serv	47,005	3,547	-	139,559	17,819	-
SIM III -Siemens Manutenção	PRT	Mat/Serv	1,584,662	6,641,985	(1,415,333)	1,158,589	6,968,878	(1,562,133)
Siemens Suez e Efacec-Serviços	PRT	Mat/Serv	275,653	125,252	26,181	137,908	247,881	26,181
Sieocean-Siemens O.S	PRT	Mat/Serv	125,661	-	16,017	85,308	-	6,010
EMEF/Siemens ACE - Serviços integrados	PRT	Mat/Serv	3,600,150	6,675	1,230	4,120,525	26,251	(1,099)
Siemens Inc.	PHL	Mat/Serv	10,834	-	-	12,831	-	-
Siemens S.A.	ARG	Mat/Serv	258,439	68,870	-	29,642	40,114	-
Siemens Ltda.	BRA	Mat/Serv	289,753	88,522	-	49,594	1,783,878	-
FEAG Fertigungscenter Fuer	DEU	Mat/Serv	-	-	(42,341)	-	-	-
Siemens Ltd.	AUS	Mat/Serv	14,781	-	-	238	-	-
Siemens Bangladesh Ltd	IND	Mat/Serv	-	-	-	40,420	-	-
Siemens SA	TUN	Mat/Serv	68,682	10,982	-	70,364	-	-
Siemens Industry Software Ltda	BRA	Mat/Serv	-	-	-	-	1,855	-
Siemens Osakeyhtioe	FIN	Mat/Serv	267,237	-	-	349,512	-	-
Industrial Turbine Company	GBR	Mat/Serv	39,887	1,575,080	(929,122)	68,068	949,870	-
Siemens Rt	HUN	Mat/Serv	192,425	808,920	-	184,280	1,303,178	-
Siemens Malaysia Sdn	MYS	Mat/Serv	99,766	2,271	-	4,779	233	-
Siemens Nederland N.	NLD	Mat/Serv	555,153	336,595	-	549,195	250,164	-
Siemens S.A.C.	PER	Mat/Serv	330	-	-	-	4,956	-
Siemens e TDGI ACE	PRT	Mat/Serv	-	186,736	-	1,163,769	654,541	373,453
Siemens Pte. Ltd.	SGP	Mat/Serv	81,296	184,193	-	144,907	211,443	-
PT. Siemens Indonesia	IDN	Mat/Serv	70,593	-	-	-	3,251	-
VVK Versicherungsvermittlungs-	DEU	Mat/Serv	-	-	-	-	150	-
Weiss Spindeltechnologie GmbH	DEU	Mat/Serv	-	-	-	-	34,274	-
Siemens S.A.	AGO	Mat/Serv	2,228,662	365,960	-	4,132,017	235,801	2,299,134
Siemens Transformer Co. Ltd.	CHN	Mat/Serv	4,622	-	-	-	2,346,956	-
Siemens EOOD	BGR	Mat/Serv	25,130	-	-	17,269	6,493	-
Flender-Graffenstaden SA	FRA	Mat/Serv	179,374	-	-	-	-	-
Fabrica Electrotecnica JOSA, S.A.	ESP	Mat/Serv	-	12,773	-	-	-	-
Siemens A/S	DNK	Mat/Serv	840,007	7,577	-	1,342,786	23,837	-
ETM professional control GmbH	AUT	Mat/Serv	-	10,094	-	-	15,240	-
Siemens Transformer (Wuhan) Company	CHN	Mat/Serv	-	57,240	-	-	1,014,000	-
Siemens A.E.	GRC	Mat/Serv	598,139	210,000	-	628,285	120,000	-
Siemens Healthcare Diagnostics	GRC	Mat/Serv	12,000	-	-	-	-	-
Siemens Ltd.	IRL	Mat/Serv	25,793	-	-	36,921	-	-
Siemens Israel Ltd.	ISR	Mat/Serv	25,451	-	-	13,292	-	-
Emeter Corporation	USA	Mat/Serv	-	1,654	-	-	-	-
ATOS IT Solutions	ESP	Mat/Serv	-	18,050	-	-	-	-
Siemens S.A.	MAR	Mat/Serv	267,312	61,653	-	255,005	-	-
Siemens W.L.L.	QAT	Mat/Serv	11,193	(314)	-	100,224	3,914	-
Siemens S.R.L.	ROU	Mat/Serv	197,622	-	-	260,521	-	-
OOO Siemens	RUS	Mat/Serv	429,012	-	-	310,089	-	-
Siemens Ltd.	SAL	Mat/Serv	228,502	-	-	224,084	-	-
ENGIE Siemens - Operação ACE	PRT	Mat/Serv	5,732	-	-	-	-	-
Siemens Ltd.	EGY	Mat/Serv	38,648	-	-	29,830	-	-
Siemens Energy, INC	USA	Mat/Serv	-	3,321	-	8,717	-	-
Siemens Innovaciones	MEX	Mat/Serv	-	-	-	59,806	-	-
Atos IT Solutions and Services Ltd	PRT	Mat/Serv	-	2,226,464	(393,773)	-	-	-
Siemens Transformers SPA	ITA	Mat/Serv	14,569	731,525	-	61,510	1,103,590	-
Siemens Rail Automation S.A.U.	ESP	Mat/Serv	2,628,607	479,539	-	1,461,089	5,200,478	-
Siemens Electrical & Electronic	KWT	Mat/Serv	106,855	-	-	5,272	-	-

| CONTINUATION

			09-18			09-17		
Entities	**País**	**Relação**	**Revenue**	**Expenses**	**Balance**	**Revenue**	**Expenses**	**Balance**
Siemens Sp. z o.o.	POL	Mat/Serv	216,397	16,172	-	205,061	-	-
Siemens Technology and Services	IND	Mat/Serv	-	496,721	-	270	526,145	-
Siemens Ltd.	KOR	Mat/Serv	3,247	-	-	75,725	88	-
Siemens Servicios S.A. de C.V.	MEX	Mat/Serv	-	-	-	28,086	-	-
Trench France S.A.	FRA	Mat/Serv	-	328,648	-	27,518	142,770	-
Siemens Airport Logistics, Lisbon	PRT	Mat/Serv	878,691	19,274	-	677,989	93,363	-
Samtech Deutschland GmbH	DEU	Mat/Serv	-	-	-	4,828	-	-
Siemens SPA	DZA	Mat/Serv	45,085	-	135,618	90,533	-	90,533
Dresser Rand SAS	FRA	Mat/Serv	-	2,377,668	-	93,251	12,401	12,401
Dresser-Rand Global Services Inc	AGO	Mat/Serv	671	-	-	104,435	-	-
Siemens Gamesa Renewable	BEL	Mat/Serv	34,385	-	-	25,309	-	-
Siemens Switchgear Ltd.	CHN	Mat/Serv	38,295	343,098	-	225,565	219,122	-
Siemens Vacuum Interrupters	CHN	Mat/Serv	-	726,868	-	-	571,845	-
Siemens Treasury GmbH	DEU	Mat/Serv	-	-	-	35,702	1,217	-
Siemens Wind Power GmbH & Co. KG	DEU	Mat/Serv	2,358	-	-	19,765	-	-
Siemens Bank GmbH	DEU	Mat/Serv	-	3,500	-	-	500	-
Siemens Wind Power A/S	DNK	Mat/Serv	165,720	18,345	-	208,613	10,177	-
Siemens Gamesa Renewable Energy	ESP	Mat/Serv	32,661	-	-	13,754	-	-
Siemens Gamesa Renewable Energy	FRA	Mat/Serv	52,858	-	-	32,635	-	-
Siemens d.o.o.	SRB	Mat/Serv	65,978	20,460	-	95,316	-	-
Siemens d.d.	HRV	Mat/Serv	9,452	-	-	12,446	-	-
Siemens Sherkate Sahami	IRN	Mat/Serv	31,622	-	53,650	22,028	-	22,028
Siemens Gamesa Renewable Energy	ITA	Mat/Serv	32,312	-	-	17,543	-	-
Dresser Rand, S.R.L	ITA	Mat/Serv	-	-	-	-	16,750	(42,341)
Siemens Inmobiliaria S.A. de C.V.	MEX	Mat/Serv	132,581	-	-	23,848	-	-
Siemens Industry Software S.A. DE C	MEX	Mat/Serv	-	-	-	2,664	-	-
Siemens Wind Power AS	NOR	Mat/Serv	647	-	-	787	-	-
Dresser-Rand AS	NOR	Mat/Serv	306,104	-	-	166,877	-	-
Siemens Windpower Sp. z o.o.	POL	Mat/Serv	407	-	-	4,563	-	-
Siemens Ltd.	TWN	Mat/Serv	-	-	-	85	-	-
Siemens Wind Power AB	SWE	Mat/Serv	1,272	-	-	1,860	-	-
Siemens Government Technologies INC	USA	Mat/Serv	-	26,957	-	2,352	-	-
Siemens S.A.	URY	Mat/Serv	-	-	-	2,390	-	-
Siemens Mobility GmbH	AUT	Mat/Serv	28,312	-	-	-	-	-
Comos Industry Solutions GmbH	AUT	Mat/Serv	17,059	-	-	-	-	-
Flender SPRL	BEL	Mat/Serv	21,365	-	571	-	-	-
Siemens Mobility S.A. / N.V	BEL	Mat/Serv	31,474	-	-	-	-	-
Siemens Healthcare AG	CHN	Mat/Serv	6,000	-	-	-	-	-
Siemens Mobility AG	CHN	Mat/Serv	117,036	-	-	-	-	-
Siemens SARL	CIV	Mat/Serv	20,000	-	-	-	-	-
Siemens Electrical Drives Ltd.	CHN	Mat/Serv	-	9,110	-	-	-	-
Siemens Industry Software, s.r.o.	CZE	Mat/Serv	7,615	-	-	-	-	-
Siemens Financial Services GmbH	DEU	Mat/Serv	2,177	-	-	-	-	-
Siemens Healthcare Diagnostics GmbH	DEU	Mat/Serv	6,000	-	-	-	-	-
Siemens Mobility GmbH	DEU	Mat/Serv	98,315	-	-	-	-	-
Flender GmbH	DEU	Mat/Serv	-	144,504	-	-	-	-
Siemens Traction Gears GmbH	DEU	Mat/Serv	-	10,374	-	-	-	-
Siemens Industry Software A/S	DNK	Mat/Serv	14,516	-	-	-	-	-
Telecomunicacion, Electrónica	ESP	Mat/Serv	282	-	-	-	-	-
Flender Iberica S.L	ESP	Mat/Serv	61,176	-	-	-	-	-
Siemens Mobility, S.L.U	ESP	Mat/Serv	39,080	133,196	-	-	-	-
Siemens Mobility Oy	FIN	Mat/Serv	2,480	-	-	-	-	-
Siemens Mobility SAS	FRA	Mat/Serv	97,640	-	-	-	-	-
Siemens Product Lifecycle	GBR	Mat/Serv	93,373	-	-	-	-	-
Siemens Industry Software	GBR	Mat/Serv	61,021	-	-	-	-	-
Flender Limited	GBR	Mat/Serv	229	-	-	-	-	-
Dresser-Rand (U.K.) Limited	GBR	Mat/Serv	-	49,227	-	-	-	-
Siemens Mobility Rail and Road	GRC	Mat/Serv	27,848	-	-	-	-	-

| CONTINUATION

			09-18			09-17		
Entidades	**Country**	**Relationship**	**Revenue**	**Expenses**	**Balance**	**Revenue**	**Expenses**	**Balance**
Siemens Ltd.	HKG	Mat/Serv	33,103	-	-	-	-	-
Siemens Industry Software Ltd.	ISR	Mat/Serv	8,343	-	-	-	-	-
Siemens Mobility S.r.l.	ITA	Mat/Serv	17,467	-	-	-	-	-
Flender S.r.l.	ITA	Mat/Serv	3,746	-	-	-	-	-
Siemens Osakeyhtioe	LVA	Mat/Serv	21,600	-	-	-	-	-
Siemens Mobility Mozambique	MZN	Mat/Serv	174	-	-	-	-	-
Siemens Diagnostics Holding II B.V.	NLD	Mat/Serv	6,000	-	-	-	-	-
Siemens Industry Software B.V.	NLD	Mat/Serv	46,300	-	-	-	-	-
Siemens Medical Solutions	NLD	Mat/Serv	6,000	-	-	-	-	-
Siemens Mobility B.V.	NLD	Mat/Serv	1,678	-	-	-	-	-
Flender B.V.	NLD	Mat/Serv	203	-	-	-	-	-
Siemens International Holding B.V.	NLD	Mat/Serv	-	2,500	-	-	-	-
Siemens Mobility AS	NOR	Mat/Serv	1,444	-	-	-	-	-
Siemens Industry Software Sp. z o.o.	POL	Mat/Serv	10,909	-	-	-	-	-
Siemens Mobility Sp. z o.o.	POL	Mat/Serv	805	-	-	-	-	-
Siemens Mobility LDA	PRT	Mat/Serv	1,140,915	170,298	-	-	-	-
Siemens Industry Software S.R.L.	ROU	Mat/Serv	4,800	-	-	-	-	-
OOO Siemens Industry Software	RUS	Mat/Serv	13,090	-	-	-	-	-
Siemens Mobility LLC	RUS	Mat/Serv	3,476	-	-	-	-	-
Siemens Product Lifecycle	SWE	Mat/Serv	47,576	-	-	-	-	-
Siemens Mobility AB	SWE	Mat/Serv	2,232	-	-	-	-	-
Siemens Mobility s.r.o	SVK	Mat/Serv	894	-	-	-	-	-
Siemens Ltd.	THA	Mat/Serv	62,287	-	-	-	-	-
Siemens Product Lifecycle	USA	Mat/Serv	48,466	-	-	-	-	-
Siemens Mobility, INC	USA	Mat/Serv	28,885	-	-	-	-	-
Dresser-Rand Company	USA	Mat/Serv	-	5,309,227	-	-	-	-
Siemens Ltd.	VNM	Mat/Serv	630	-	-	-	-	-
Trench High Voltage Products Ltd	CHN	Mat/Serv	-	15,641	-	-	-	-
			113,504,845	**187,184,337**	**(6,555,583)**	**106,776,047**	**156,412,684**	**(9,090,639)**

7 | Investment assets

The carrying amount of investment asset regarding assets held to generate income regards the facilities at Sabugo, whose plant activity was deactivated as disclosed in previous financial statements. The following table shows the details at the beginning and at the end of the period.

| ACQUISITION VALUE

	09-17	Increases	Write-offs and Disposals	**09-18**
Land and natural resources	22,176	-	-	22,176
Buildings and other constructions	5,269,053	-	-	5,269,053
Basic equipment	86,101	-	-	86,101
Administrative equipment	306,338	-	-	306,338
Other tangible fixed assets	898	-	-	898
	5,684,566	**-**	**-**	**5,684,566**

|ACCUMULATED DEPRECIATION

	09-17	Increases	Write-offs and Disposals	**09-18**
Land and natural resources	-	-	-	-
Buildings and other constructions	4,041,905	135,460	-	4,177,365
Basic equipment	85,925	176	-	86,101
Administrative equipment	288,772	8,080	-	296,852
Other tangible fixed assets	898	-	-	898
	4,417,500	**143,715**	**-**	**4,561,216**
	1,267,066			**1,123,350**

8 | Tangible fixed assets

Reconciliation of the carrying amount at the beginning and end of the period is detailed in the following tables:

| ACQUISITION VALUE

	Balance 09-16	Increases	Write-off and Disposals	Corrections and Transf.	Balance 09-17	Demerger Siemens Mobility	Increases	Write-offs and Disposals	Corrections and Transf.	**Balance 09-18**
Land and natural resources	8,075,889	-	-	(22,177)	8,053,712	-	-	-	-	8,053,712
Buildings and other constructions	56,932,922	398,595	-	(4,525,965)	52,805,552	(1,838)	447,672	(100,616)	446,863	53,597,630
Basic equipment	4,629,366	353,686	(6,606)	(86,101)	4,890,346	(29,325)	26,466	(69,283)	2,749	4,820,954
Transportation equipment	974,957	297,282	(33,500)	-	1,238,739	(670,858)	263,386	(123,324)	-	707,942
Administrative equipment	6,005,453	265,503	(36,849)	48,945	6,283,052	(88,113)	549,386	(698,387)	426,952	6,472,889
Tangible fixed assets in progress	1,523,510	663,707	-	(1,098,372)	1,088,845	-	587,470	-	(877,031)	799,285
Other tangible fixed assets	28,008	-	(157)	(898)	26,953	(6,490)	558,512	(1,058)	467	578,383
	78,170,104	**1,978,772**	**(77,112)**	**(5,683,668)**	**74,387,197**	**(796,626)**	**2,432,892**	**(992,667)**		**75,030,797**

| ACCUMULATED DEPRECIATION

	Balance set-16	Increases	Write-off and Disposals	Corrections and Transf.	Balance 09-17	Demerger Siemens Mobility	Increases	Write-offs and Disposals	Corrections and Transf.	**Balance 09-18**
Buildings and other constructions	38,024,094	1,285,667		(3,891,547)	35,418,214	(460)	1,371,764	(100,616)	-	36,688,903
Basic equipment	2,972,686	109,699	(6,606)	(83,179)	3,003,051	(22,935)	133,538	(25,259)	-	3,088,396
Transportation equipment	715,836	132,816	(33,500)		815,152	(264,768)	171,392	(123,324)	-	598,452
Administrative equipment	5,059,381	351,785	(36,849)	(281,237)	5,082,627	(56,989)	423,158	(698,100)	(287)	4,750,409
Other tangible fixed assets	28,008		(157)	(898)	26,953	(6,490)	558,845	(1,058)	-	578,250
	46,800,005	**1,879,967**	**(77,112)**	**(4,256,862)**	**44,345,997**	**(351,641)**	**2,658,697**	**(948,357)**	**(287)**	**45,704,409**
	31,370,099				**30,041,200**					**29,326,388**

Tangible assets in progress regard maintenance and repair of buildings.

The company made revaluations as authorized by several legal instruments published, namely:

D.L. 430/78 dated December 27	D.L. 111/88 dated April 2
D.L. 219/82 dated June 2	D.L. 49/91 dated January 25
D.L. 399-G/84 dated December 28	D.L. 264/92 dated November 24
D.L. 118-B/86 dated May 27	D.L. 31/98 dated February 11

Pursuant to paragraph 2 of article 32 of CSC, this revaluation surplus, amounting to EUR 10,140,566, will only be available for distribution after realization through usage or alienation.

Revaluation table:

| REVALUATIONS

Headings	Historic cost a)	Revaluations a) b)	Revalued Accounts a)
Fixed tangible assets:			
Land and natural resources	4,331,040	4,021,425	8,352,465
Buildings and other constructions	5,491,613	2,643,954	8,135,567
	9,822,653	**6,665,379**	**16,488,032**

a) Net of depreciation

b) Including successive revaluations

9 | Intangible assets

Reconciliation of the carrying amount at the beginning and end of the period is detailed in the following tables:

| ACQUISITION VALUE

	09-16	Increases	Write-off and Disposals	Corrections and Transf.	09-17	Increases	Write-off and Disposals	Corrections and Transf.	**09-18**
Computer software	564,550	-	-	-	564,550	-	-	-	564,550
	564,550	**-**	**-**	**-**	**564,550**	**-**	**-**	**-**	**564,550**

| ACCUMULATED DEPRECIATION

	09-16	Increases	Write-off and Disposals	Corrections and Transf.	09-17	Increases	Write-off and Disposals	Corrections and Transf.	**09-18**
Computer software	503,418	22,925	-	-	526,342	22,925	-	-	549,267
	503,418	**22,925**	**-**	**-**	**526,342**	**22,925**	**-**	**-**	**549,267**
	61,132				**38,208**				**15,283**

10 | Participating interests

Distribution of participating interests is as shown in the following tables:

| ACQUISITION VALUE

	Balance 09-17	Increases	Write-off and Disposals	**Balance 09-18**
Investments in associates	23,024,996	-	23,024,996 a)	-
Investments in other companies	19,976	-	-	19,976
	23,044,972	**-**	**23,024,996**	**19,976**

| IMPAIRMENTS

	Balance 09-17	Increases	Write-off and Disposals	**Balance 09-18**
Investments in associates	-	-	-	-
Investments in other companies	9,976	-	-	9,976
	9,976	**-**	**-**	**9,976**
	23,034,996			**10,000**

a) Investments in associates and subsidiaries

In 2012, Siemens S.A. acquired 100% of the shares of Siemens Healthcare, Lda. at a cost of EUR 8,056,000. Previously, these shares were held by Siemens Diagnostics Holding II B.V. (34.78%) e Siemens Medical Solutions Diagnostics Europe Limited (65.22%), both of which have the same ultmate parent as Siemens, S.A. (i.e. Siemens AG).
In January 2016, following a business demerger-merger by Siemens S.A. regarding Siemens Healthcare, Lda., a share of 5.05% was sold to Siemens International Holding B.V., leaving Siemens S.A. with a share of 94.95%.

In November 2017, the share of 94.95% in Siemens Healthcare, Lda. was sold to Siemens Healthineers Holding B.V.

In compliance with article 7 of Decree-Law 98/2015, the Company is exempt from preparing consolidated financial statements, given it is part of the Siemens Group, and consolidation is done by Siemens AG with head office in Munich, Germany.

b) Investments in jointly controlled entities

The company recognized the results of the joint ventures, for the fiscal years ended December 31, 2017, as detailed below:

ECONOMIC INTEREST GROUP	Activity	**Interest in % 09-18**	Interest in % 09-17	**Results 09-18**	Results 12-17
SIEOCEAN	Industry	65%	65%	-	-
SIM III	Facility maintenance	95%	90%	-	-
SICMAN	Industry	95%	95%	-	-
GSH	Industry	95%	50%	-	-
ENGIE SIEMENS	Industry	40%	40%	-	-
SIEMENS SUEZ E EFACEC	Industry	34%	34%	-	-
EMEF/SIEMENS ACE (SIMEF)	Rolling stock maintenance	- a)	49%	-	436,525
SIEMENS E TDGI	Facility maintenance	80%	80%	-	-
BIM-BUILDING INFRASTRUCTURE MAINTENANCE ACE	Facility maintenance	90%	90%	-	-

a) Integrated in the demerger-merger project of the Mobility business

11 | Leasing

11.1 | Expenses with operating leases

a) Operating leases | Company as lessee:

The operating leasing contracts in which the company is the lessee refer to vehicles made available to employees for company service.

Although there are renewal clauses in these contracts, it is the company's policy to actually replace the vehicles at the end of the contracts, which have a duration of four years.

The contracts do not contain purchase option clauses and are cancellable.

The company recognized EUR 1,704,512 for the year (EUR 1,762,374 for the previous year).

The value of the contingent rentals amounts to EUR 2,692,675 (EUR 3,047,473 for the previous year), i.e. EUR 1,326,396 until September 30, 2019 and EUR 1,366,278 after September 30, 2019.

12 | Other financial asets and liabilities

12.1 | Financial assets

The following tables detail the financial assets by respective categories depending on the asset measurement criterion stated:

	09-18	09-17
GROSS VALUES		
Inventories		
Advance paynments for purchase of inventories	1,694,640	317,365
Customers	50,342,792	31,512,857
Other receivables		
Loans granted to shareholders	112,279,258	73,567,519
Other receivables	23,142,206	49,061,307
	135,421,464	**122,628,827**
State and other public entities	480,278	371,440
Cash and bank deposits	17,673,312	11,070,094
	205,612,485	**165,900,583**
IMPAIRMENTS		
Customers	(2,873,991)	(792,760)
Other receivables	(18,313)	(19,856)
	(2,892,304)	**(812,616)**
NET VALUES		
Customers	**47,468,801**	**30,720,096**
Other receivables	**135,403,151**	**122,608,971**

12.2 | Financial liabilities

The following tables detail the financial liabilities by respective categories depending on the asset measurement criterion stated:

	09-18	09-17
Current liabilities:		
Suppliers	16,259,741	32,622,697
Advance payments from customers	3,111,029	5,604,248
State and other public entities	8,914,893	11,426,336
Other payables:		
Shareholders	9,309,980	6,991,452
Other payables	29,599,881	33,722,150
	38,909,861	**40,713,602**
	67,195,524	**90,366,884**

12.3 | Net gains or net losses on financial assets or financial liabilities

The following table details the net gains and net losses on financial assets and liabilities by respective categories depending on the asset measurement criterion stated:

	09-18	09-17
Gains		
Cash discounts (note 27)	241,309	192,832
Recovery of bad debts (note 27)	89,203	100
Foreign exchange gains (note 27)	565,965	1,374,092
Gains on disposals (note 27)	131	4,074
Interest gained (note 30)	24,207	7,641
	920,815	**1,578,740**
Losses		
Cash discounts (note 28)	440,757	300,570
Bad debt (note 28)	876,465	191,171
Foreign exchange losses (note 28)	393,070	1,031,903
Losses on disposals (note 28)	7,500	0
Interest paid (note 30)	603,518	348,898
	2,321,310	**1,872,542**

13 | Corporate income tax

13.1 | Deferred tax assets and liabilities

The following table details the deferred tax assets and liabilities recognized in the balance sheet for each period shown and type of temporary difference:

| September 30, 2018

		Constitution/Transfer		Reversal			
	Start balance	**Net result of the year**	**Equity**	**Net result of the year**	**Equity**	**Transfers**	**End balance**
Assets resulting from deferred taxes:							
Provisions and adjustments	2,314,185	1,557,960	-	2,535,583	-	-	1,336,562
Other accounts payable	55,284	-	-	50,614	-	-	4,670
Bonus	197,276	45,047	-	197,276	-	-	45,047
	2,566,745						**1,386,279**
Liabilities resulting from deferred taxes:							
Revaluation surplus	(326,906)	-	(952,871)	-	(12,969)	-	(1,266,808)
Fixed tangible assets	(369,417)	29,888	-	-	-	-	(339,529)
	(696,323)						**(1,606,337)**
Total net deferred taxes	**1,870,422**	**1,632,895**	**(952,871)**	**2,783,473**	**(12,969)**	**-**	**(220,058)**

| September 30, 2017

		Constitution/Transfer		Reversal			
	Start balance	Net result of the year	Equity	Net result of the year	Equity	Transfers	End balance
Assets resulting from deferred taxes:							
Provisions and adjustments	1,654,964	1,075,562	-	408,336	-	8,006	2,314,185
Other accounts payable	148,288	1,052	-	94,056	-	-	55,284
Bonus	-	394,553	-	197,276	-	-	197,276
	1,803,252						**2,566,745**
Liabilities resulting from deferred taxes:							
Revaluation surplus	(297,730)	-	-	-	29,176	-	(326,906)
Fixed tangible assets	(454,608)	-	-	(85,191)	-	-	(369,417)
	(752,338)						**(696,323)**
Total net deferred taxes	**1,050,914**	**1,471,167**	**-**	**614,478**	**29,176**	**8,006**	**1,870,422**

13.2 | Over or under estimate of taxes

The company recognized EUR 22,932 due to overestimate of taxes. The previous year, the company had recognized EUR 3,900,770,11 due to underestimate of taxes.

13.3 | Corporate income tax for the period

The following table details the current and deferred tax expense (income) recognized in the income statement:

	09-18	09-17
Income before taxes	40,425,577	21,270,288
Nominal tax rate	22.5%	22.5%
Calculated tax	**9,095,755**	**4,785,815**
Permanent differences i)	(4,150,117)	(685,223)
Adjustment of deferred tax estimate	222,151	(278,694)
Deferred taxes recorded in Equity	(12,969)	(29,176)
Taxes of previous years	(6,453)	192,191
Carve-out	142,630	-
International double taxation	27,967	471,499
Autonomous tax	549,453	680,715
State tax	661,771	822,332
Rate differences	122,902	-
Corporate income tax for the year	**6,653,090**	**5,959,458**
Effective tax rate	**16.5%**	**28.0%**
Current tax amount	5,502,512	6,816,147
Deferred tax amount	1,150,578	(856,689)
	6,653,090	**5,959,458**

| CONTINUATION

	09-18	09-17
Permanent differences:		
Provisions not considered for the calculation of deferred taxes	-	(3,836,000)
Negative variations in equity	(220,426)	-
Depreciations and amortizations	93,313	-
Under / Overestimate of taxes	(88,276)	3,900,770
Third party taxes	453,068	-
Effect of application of the equity equivalence method (note 15)	-	(2,179,404)
Expenses with passenger cars	148,817	-
Taxable income per Economic Interest Group	391,630	346,327
Accounting result per Economic Interest Group	(115,613)	(441,236)
Bad debts	849,441	63,537
Gains and losses	(19,594,828)	(2,037)
Tax benefits	(1,057,190)	(908,290)
Other	695,099	10,897
	(18,444,964)	**(3,045,436)**
	22,50%	22,50%
	(4,150,117)	**(685,223)**

14 | Inventories

14.1 | Inventories

The following table details the total inventories:

	09-18			09-17		
	Gross value	Impairments	Net value	Gross value	Impairments	Net value
Raw materials and consumables	2,547,434	650,638	1,896,796	2,250,498	403,741	1,846,757
Products and work in progress	7,345,461	-	7,345,461	10,875,861	-	10,875,861
Finished products	189,497	180,000	9,497	133,148	123,568	9,581
Goods	326,597	88,209	238,388	1,096,241	109,327	986,914
Advance payments for purchase of inventories	1,694,640	-	1,694,640	317,365	-	317,365
	12,103,629	**918,847**	**11,184,782**	**14,673,114**	**636,636**	**14,036,479**

14.2 | Variation in inventores for production

The following table details the variation in the inventories for production:

	09-18	09-17
Finished products		
Balance at start of period	133,148	244,688
Demerger Siemens Mobility	(245,728)	-
Balance at end of period	189,497	133,148
	(302,077)	**111,540**
Products and work in progress		
Balance at start of period	10,875,861	8,905,263
Demerger Siemens Mobility	(2,225,053)	-
Balance at end of period	7,345,461	10,875,861
	1,305,347	**(1,970,598)**
	1,003,270	**(1,859,058)**

14.3 Cost of goods sold and materials consumed

The following table details the costs of goods sold and materials consumed:

	09-18	09-17
Mercadorias		
Balance at start of period	1,096,241	757,685
Demerger Siemens Mobility	(245,728)	-
Purchases	75,768,243	66,589,335
Adjustments	12,936	7,101
Balance at end of period	326,597	1,096,241
	76,305,095	**66,257,880**
Matérias-primas, subsidiárias e de consumo		
Balance at start of period	2,250,498	2,180,184
Purchases	25,467,543	32,794,241
Adjustments	(86,294)	(13,602)
Balance at end of periodl	2,547,434	2,250,498
	25,084,312	**32,710,326**
	101,389,407	**98,968,206**

15 | Customers

The following table details the total volume of customers:

	09-18	09-17
Clientes current accounts	50,342,792	31,512,857
Impairment (note 26)	(2,873,991)	(792,760)
	47,468,801	**30,720,096**

The following table details the current accounts of customers:

	Not due	Due			
		< 30 days	< 60 days	< 90 days	>90 days
Customers current accounts					
30-09-18	27,805,820	13,377,666	1,454,126	1,162,104	6,543,077
30-09-17	27,333,378	856,592	682,096	370,784	2,270,006

During a significant part of this financial year, as well as throughout the comparative year, Siemens S.A. and its parent company had an agreement, based on which its financial services (Siemens Financial Services) granted loans and advances to customers (Siemens Credit Warehouse) and the debt was reclassified to the associates account until its due date. In August 2018, this agreement was discontinued.

16 | State and other public entities

The following table details this heading:

	09-18	09-17
Receivable		
Tax withheld abroad	76,340	94,070
Other	403,938	277,370
	480,278	**371,440**
Payable		
IRC (corporate income tax)	1,123,813	3,438,828
VAT	5,380,227	5,752,944
IRS (personal income tax)	1,005,532	879,213
Social Security	1,335,601	1,281,290
Other	69,719	74,061
	8,914,893	**11,426,336**
	8,434,614	**11,054,897**

17 | Deferrals

The following table details the deferrals:

	09-18	09-17
Expenses to be recognized		
Construction contracts	599,649	320,911
Rentals	-	-
Services	71,867	-
Insurance	264,965	126,177
	936,481	**447,088**
Revenue to be recognized		
Construction contracts	32,984,737	11,554,164
Maintenance contracts	53,603	114,565
Rentals	252,229	235,649
	33,290,569	**11,904,377**

18 | Equity

18.1 | Share capital

To date, share capital amounts to EUR 63,435,000 represented by 12,687 million shares at a nominal value of EUR 5.00.

18.2 | Other reserves

Other reserves shown in the balance sheet include revaluation reserves.

18.3 | Dividends

For this year, dividends paid from the results of previous years amounted to EUR 14,200,000.

18.4 | Retained earnings

This headings is detailed in the following table:

	09-18	09-17
Retained earnings from previous year	5,137	(934,034)
Fair value of shares allocated to employees	(286,613)	(171,660)
Demerger-merger of Siemens Mobility	(1,009,065)	-
	(1,290,541)	**(1,105,693)**

18.5 | Proposed appropriation of results

At the disposal of the General Meeting are EUR 33,772,487, being our proposal for appropriation as follows:

Dividends	EUR 32,400,000
Retained earnings	EUR 1,372,487

19 | Operating subsidies

19.1 | Subsidies recognized in results

Accounting recognized a grant amounting to EUR 1,823 received from the Institute of Employment and Vocational Training regarding apprenticeships offered by the company.

20 | Provisions, contingent liabilities and contingent assets

20.1 | Provisions

The following table reflects the movements in the provision accounts:

	09-17	Demerger Siemens Mobility	Constitution and increase	Reversals	Usage and transfers	09-18
Non-current provisions						
Customer warranties	4,852,533	(421,272)	-	800,312	-	3,630,949
Proceedings pending in court	182,277	-	-	182,277	-	-
Contractual penalities	3,665,628	-	-	-	3,665,628	-
Personnel expenditure:						
Compensations	752,656	(46,091)	139,056	-	-	845,621
Anniversaries	1,235,606	(209,500)	220,888	-	1,100	1,245,893
Other	2,504,795	(230,177)	1,068,249	17,986	1,508,746	1,816,135
Other expenses	78,700	(9,950)	20,815	-	-	89,565
Environmental issues	12,000	-	-	12,000	-	-
	13,284,193	**(916,990)**	**1,449,008**	**1,012,575**	**5,175,474**	**7,628,163**

20.2 | Contingent liabilities

Main commitments and contingent liabilities are as follows:

Customs bonds EUR	50,000
Customer warranties EUR	44,786,212
Customer warranties USD	292,607.88
Customer warranties MZN	3,221,458
Commercial litigation EUR	458,202

20.3 Contingent assets

The company applied for the incentives provided under the SIFIDE program (System of Tax Incentives for Business Research and Development) for fiscal years 2015 and 2016.

For 2015, the Certifying Committee for Tax Incentives for Corporate R&D approved a fiscal credit in the amount of:

Fiscal 2015 | EUR **73,529,16**

The application for fiscal 2016, requesting a fiscal credit in the amount of EUR 165,555.34, is presently being appraised by said Committee.

21 | Environmental issues

For the year under review the company did not set aside any provision for environmental issues.

22 | Employee benefits

22.1 | Post-employment benefits

In September 2006, the set up a Pension Plan with defined contributions which are paid into a pension fund managed by a third party. The Pension Plan is open to all employees who wish to participate in the terms defined in the Plan.

Based on this Plan, the company contributes an amount matching the contribution of the employee up to a maximum of 3% of his or her salary.

The amount recognized during the period as expense for defined contribution plans amounted to EUR 587,277 (EUR 525,827 in the previous year).

a) Employment termination benefits
In case of termination of employment, the company pays its employees compensation, the amount of which is determined based on the number of years of service and the most recent salary multiplied by a factor determined by way of a case-by-case analysis.

These provisions include an amount of EUR 845,621 (previous year: EUR 752,656 euros) to cover benefits for termination of employment due to restructuring.

b) Share-based payments
The parent company provides Administrators of its group companies with an incentive program called "Stock Options", which confers to them the right of share options that can be redeemed in the future.

There is a further voluntary membership program for employees called "Share Matching Plan", under which the parent company offers one share for every three shares purchased, provided employees hold them for a period of four years.

For these programs the company recognized an expense of EUR 509,006 (previous year: EUR 534,142). There is no other relevant information to allow users of the financial statements to understand the effect of payment transactions based on shares recognized as liabilities in profit or as losses of the entity and in its financial position.

c) Other information
There were no share-based payments to parties other than employees, wherefore:

- Disclosure of how the fair value of services received would have been measured in such cases does not apply;

- Disclosure of any facts or circumstances that could have led the company to rebut the presumption that the fair value of the goods or services received can be estimated reliably does not apply.

There is no other relevant information to allow users of the financial statements to understand:

- The nature and extent of share-based payment arrangements that existed during the period;

- The effect of share-based payment transactions in shares in the profits or losses of the entity and in its financial position.

22.2 | Personnel expenses

The following table details the personnel expenses:

	09-18	09-17
Remuneration of Corporate Bodies	83,000	62,634
Remuneration of personnel	56,297,519	51,050,248
Remuneration-related costs	12,583,667	11,439,999
Insurance against accidents at Work and Occupational Diseases	205,107	179,883
Estimate for profit-sharing	8,397,920	9,131,010
Other personnel expenses	4,733,817	2,610,563
	82,301,029	**74,474,336**

	set-18	set-17
Number of employees	1,639	1,683

The total number of employes as of September 2018 includes 7 employees at the Mozambique branch. In 2017 this number was 77. The significant variation is the result of the demerger-merger project stated under item 2.

23 | Sales and Services

The following table details the volume of sales and services:

	09-18	09-17
Sales		
Goods and products	259,780,866	226,870,422
Returns and discounts	(16,804,266)	(19,254,338)
	242,976,599	**207,616,083**
Services rendered		
Services	75,903,314	91,420,034
	75,903,314	**91,420,034**
	318,879,913	**299,036,117**

The following table details sales and services by relevance of the geographic markets:

	09-18	09-17
Sales and services		
Domestic market	196,069,272	181,673,057
European Union	89,425,968	77,026,020
Outside the European Union	33,384,673	40,337,039
	318,879,913	**299,036,117**

Gross margin is detailed in the following table:

	09-18	09-17
Gross margin		
Sales	242,976,599	207,616,083
Cost of goods sold and materials consumed	(101,389,407)	(98,968,206)
Gross margin	**141,587,192**	**108,647,877**
Gross margin in %	58.27%	52.33%

The following table details sales and services by sector of activity. Due to the demerger-merger of Mobility on July 1, the amount only reflects 9 months of activity:

	09-18	09-17
Building Technologies	24,259,011	23,350,384
Energy Management	76,472,843	86,000,434
Hub infrastructure	77,870,472	62,376,412
Mobility	28,359,511	38,977,450
Power & Gas	73,615,561	56,091,052
Process Industries and Drives	17,198,755	13,667,103
Siemens Digital Factory	21,103,760	18,573,283
	318,879,913	**299,036,117**

24 | Construction contracts

09-17	Division	Actual invoicing	Cumulative revenue recognized	Revenue recognized for the year	Deferred revenue	Cumulative actual cost	Actual cost for the year	Advance payments received
Building Technologies	SBT	87,294,174	89,306,549	17,480,848	51,371	71,710,510	10,244,894	-
Energy Management	SEM	172,542,345	179,241,685	36,381,269	1,846,187	158,372,770	24,275,139	1,777,352
Mobility	SMO	119,317,157	120,667,464	28,455,221	1,630,859	93,834,344	20,909,070	250,299
Power & Gas	SPG	546,653,573	495,567,113	45,503,616	56,661,486	444,671,078	40,105,935	-
Process Industries and Drives	SPD	5,985,805	1,672,744	353,730	3,738,539	2,518,982	192,690	373,952
Siemens Digital Factory	SDF	26,252,266	26,254,471	90,934	2,205	25,179,362	5,446	87,502
Total		**958,045,319**	**912,710,024**	**128,265,617**	**63,930,647**	**796,287,046**	**95,733,174**	**2,489,105**

09-18	Division	Actual invoicing	Cumulative revenue recognized	Revenue recognized for the year	Deferred revenue	Cumulative actual cost	Actual cost for the year	Advance payments received
Building Technologies	SBT	46,189,150	48,383,136	18,929,135	205,942	39,337,452	11,636,498	-
Energy Management	SEM	162,202,998	164,144,301	35,569,208	4,455,962	143,912,364	26,009,113	1,658,028
Mobility	SMO	-	-	4,757,355	-	-	-	-
Power & Gas	SPG	550,816,734	528,737,084	62,101,861	27,863,364	476,316,861	57,460,499	174,870
Process Industries and Drives	SPD	4,234,252	5,160,511	2,911,012	2,232	4,616,072	2,097,090	206,987
Siemens Digital Factory	SDF	26,250,074	26,253,381	88,742	3,306,86	25,184,200	84,694	50,079
Total		**789,693,207**	**772,678,413**	**124,357,314**	**32,530,807**	**689,366,949**	**97,287,893**	**2,089,964**

25 | Third party supplies and services

The following table details the distribution of third party supplies and services:

	09-18	09-17
Specialist work	49,565,565	50,597,471
Communciations	8,848,430	4,960,299
Travel and accommodation	2,808,290	4,191,473
Freight transport	2,745,388	2,033,282
Leases and rentals	2,017,781	2,000,072
Maintenance and repair	1,765,572	1,629,822
Power supply	1,545,928	1,600,919
Advertising and promotion	1,099,336	1,131,510
Fuel	853,562	710,005
Insurance	824,067	1,191,996
Guard and security services	546,667	497,038
Cleaning, comfort and hygiene	536,437	478,468
Tools and fast-wearing accessories	433,020	525,753
Litigation and notary	214,416	215,616
Office supplies	203,434	295,382
Water	122,957	117,369
Royalties	93,407	39,291
Representation expenses	91,880	97,376
Corporate gifts	16,065	43,060
Books and technical documentation	8,196	9,449
Commissions	-	20,375
Other	34,074,228	31,020,367
	108,414,625	**103,406,393**

26 | Impairment of assets

The following table details the movements in accumulated impairment losses, where impairment and reversal affected the results:

	09-17	Demerger Siemens Mobility	Increases	Reversals	09-18
Participating interests (note 10)	9,976	-	-	-	9,976
Inventories (note 14)	636,635	(22,251)	304,463	-	918,847
Customers (note 12)	792, 761	(367,177)	2,448,408	-	2,873,991
Other debtors (note 12)	19, 856	(846)	-	697	18,313
	1,459,227	**(390,276)**	**2,752,871**	**697**	**3,821,125**

The significant increase in impairments regarding customers is the results of the termination of credits referred to in note 15.

27 | Other operating income

The following table details other operating income as follows:

	09-18	09-17
Income from rentals	2,394,449	2,439,646
Cash discounts	241,309	192,832
Recovery of debts	89,203	100
Foreign exchange gains	565,969	1,402,087
Gains on disposals	131	4,074
Overestimate for taxes	111,590	-
Gains on inventories	73,359	-
Accidents	-	23,340
Income from cafeteria services	228,602	379,065
Other gains	2,546,127	832,022
	6,250,740	**5,273,166**

The increase under heading “Other gains” is due to the termination of credits as stated under h.1.

28 | Other operating cost

The following table details other operating cost:

	09-18	09-17
Indirect taxes	428,313	437,498
Cash discounts	440,757	300,570
Bad debts	876,465	191,171
Inventory losses	-	(6,500)
Losses on disposals	7,500	-
Donations	27,672	14,836
Membership fees	65,911	110,345
Cost for guarantees	5,914,155	1,396,247
Underestimate for taxes	5,919	64,770
Foreign exchange losses	393,070	1,031,903
Other losses	106,004	316,083
	8,265,766	**3,856,922**

29 | Expenses with/reversals of depreciation and amortization

The following table details the expenses with/reversals of depreciation and amortization:

	09-18	09-17
Investment assets	143,715	160,639
Tangible fixed assets	2,658,697	1,879,967
Intangible assets	22,925	22,925
	2,825,337	**2,063,532**

30 | Financing income and expenses (net)

30.1 | Interest and similar income

The following table details interest and similar income:

	09-18	09-17
From customers	20,913	349
From loans grantes to associates	3,294	7,292
	24,207	**7,641**

30.2 | Interest and similar expenses

The following table details interest and similar expenses:

	09-18	09-17
Interest paid		
Bank overdrafts	102,603	25,958
Loans obtained from associates	492,467	321,947
	595,070	**347,905**
Other financing expenses and losses	8,449	993
	603,518	**348,898**

31 | Financial risk management

Financial risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate and that results, either positive or negative, may not be as expected, thereby changing the asset value of the company.

Within the scope of its current activities, the company is exposed to a variety of financial risks, which may change its asset value and may be grouped, according to their nature, as follows:

- Market risk
- Interest rate risk
- Foreign exchange risk (see details below)
- Credit risk
- Liquidity risk

The management of the above risks - risks arising largely from the unpredictability of the financial markets - requires the careful application of a set of rules and methods approved by the Board, whose ultimate target is to minimize the potential negative impact on the asset value and performance of the company.

For this purpose, all management is driven by two major concerns:

- To reduce, where possible, fluctuations in results and cash flows subject to risks;

- To limit the deviation from projected profit and loss figures by means of rigorous financial planning;

The company does not indulge in speculation, wherefore, in general, operations within the scope of financial risk management are aimed at controlling existing risks to which the company is exposed.

The Board defines principles for risk management as a whole and policies for specific areas, such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and other non-derivative financial instruments and the investment of excess liquidity.

The management of financial risks, including identification, assessment and coverage, falls under the responsibility of Financial Management under the policies approved by the Board.

Financial Management evaluates and hedges financial risks in close cooperation with the business units of the company which have specialized teams in terms of expertise, experience and supervision.

31.1 | Market risk

a) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates, thereby changing the assets value of the company.

The company mitigates this risk by using Siemens Financial Services.

b) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in the exchange rates.

Given its international structure, the company is naturally exposed to the foreign exchange risk.

Exposure to the foreign exchange risk is primarily due to its operating activities with customers and suppliers using currencies other than the euro:

- The price of some products on the world market is traditionally fixed in USD, wherefore the evolution of the euro against the USD may have an impact on future sales of the company, regardless of whether these sales are denominated in euro or in another currency;

- Part of the sales is denominated in currencies other than the euro, in particular USD, among others of less relevance. Therefore, the evolution of the euro against these currencies may have significant impact on the future sales of the company;

- When sales are done in currencies other than the euro, the company is exposed to foreign currency risk until payment for such sales is received. Therefore, the company's assets always include a significant amount of receivables exposed to foreign exchange risk (if the company does not use instruments to hedge risks related to exchange rates);

.

When deemed appropriate, the company uses financial instruments to manage the foreign exchange risk, in compliance with a policy periodically set out by the Board and aimed at minimizing the risk of foreign currency exposure regarding future sales and receivables denominated in currencies other than the euro.

As a rule, foreign exchange transactions are limited to cover risks of existing or contracted positions and terms of coverage are negotiated in order to be consistent with the terms of the instrument covered so as to maximize the effectiveness of such coverage.

Assets and liabilities recorded in foreign currency are valued at the rate of exchange on the reporting date.

	09 - 18	09-17
USD	1,1576	1,1806
SEK	10,3090	9,649
GBP	0,8873	0,8818
CHF	1,1316	1,1457
MOP	9,3615	9,5026
NOK	9,4665	9,4125
DKK	7,4564	7,4423
CAD	1,5064	1,4687
ZAR	16,4447	15,9440
JPY	131,23	132,82
AED	4,2520	4,3361
BHD	0,4364	0,4454
ILS	4,2118	4,1591
MZN	71,0766	71,8277

31.2 | Credit risk

Credit risk arises when the counterparty to a financial transaction fails to fulfill its obligation causing a loss.

The company is subject to credit risk in the following areas:

- Operating activities - Customers and other accounts receivable;

- Investment activities - Deposits with Siemens Financial Services;

Credit risk management regarding customers and other accounts receivable is performed as follows:

- Pursuant to policies, procedures and controls defined by the company for each business unit;

- Credit limits for customers are based on internal assessment criteria;

- The creditworthiness of each customer is assessed based on credit ratings provided by specialized third party companies;

- Outstanding amounts are regularly monitored and deliveries for major customers are usually covered by guarantees.

Customer loyalty is shown in note 15.

As previously stated, the Board deems that the company's effective exposure to credit risk is within acceptable limits.

32 | Events after the reporting date

As of the start of the new fiscal year, Siemens will have a new organizational structure. The goal of this new structure is to provide individual Siemens companies with greater entrepreneurship. As a result, the organizational level of current Divisions will be eliminated, the regional organization realigned to increase its customer orientation, and company headquarters will be simplified.

33 | Disclosures required by legislation

33.1 | Disclosure rquired by paragraph 1 of article 66-A of CSC

There are no transactions that have not been included in the Balance Sheet, wherefore disclosure of the nature, business purpose, financial impact or risks and benefits does not apply.

Statutory Audit

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the attached financial statements of Siemens, S.A. (the Entity), which comprise the Balance Sheet as of September 30, 2018 (showing a total of EUR 245,008,105, and a total equity of EUR 35,287,512, including net income amounting to EUR 33,772,487), the Income Statement by Nature, the Statement of Changes in Equity, and the Statement of Cash Flows for year ended on the reporting date, as well as notes attached to the Financial Statements, which include a summary of the relevant accounting policies.

It is our opinion that the financial statements attached present a true and fair view, in all material respects, of the financial position of Siemens, S.A., as of September 30, 2018, its financial performance, and its cash flows for the year ended on the reporting date, in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the SNC system.

Basis to support our opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) as well as other technical and ethical standards and guidelines of the Association of Chartered Accountants. Our responsibilities under these standards are described in section "Responsibilities of the Auditor for the Audit of Financial Statements" below. We are independent auditors under the law and comply with the ethical requirements set forth by the Association of Chartered Accountants.

We believe that the audit results obtained are sufficient and appropriate for our opinion.

Responsibilities of Management and Supervisory Board for the financial statements

It is Management's responsibility:

- To prepare financial statements that a true and fair view of the financial position, financial performance and cash flows of the Entity in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the SNC system;
- To draft the Annual Report as required by law and regulations;
- To create and maintain an appropriate internal control system to enable the preparation of financial statements free of material misstatement due to fraud or error;
- To adopt accounting policies and criteria that are appropriate under the current circumstances; and
- To assess the Entity's ability to maintain continuity, disclosing, where applicable, such matters as may give rise to significant doubts about the continuity of its activities.

It is the Supervisory Board's responsibility to supervise the preparation and release of the financial data of the Entity.

Responsibilities of the auditor for the audit of the financial statements

Our responsibility is to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue a report stating our opinion. Reasonable security is a high level of security, but it does not warrant that an audit performed in accordance with the ISA standards will always detect material misstatement where such exists. Distortions may arise from fraud or error and are considered material misstatements if it can be reasonably expected that they may, either individually or jointly, influence economic decisions taken by users on the basis of these financial statements.

Within the scope of an ISA audit, we make professional judgements and maintain a healthy professional skepticism during the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures that address such risks, and obtain audit results that are sufficient and appropriate to support our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error, given that fraud may involve collusion, falsification, intentional omissions, misrepresentation or overlapping of internal control;

- Gain a baseline understanding of the internal control relevant to the audit for the purpose of designing audit procedures that are appropriate under the circumstances, but do not express an opinion on the effectiveness of the Entity's internal control;

- Evaluate the adequacy of the accounting policies used and whether the accounting estimates and respective disclosures made by Management are reasonable;

- Assess the applicability by Management of the going concern concept, and based on the audit results obtained, whether there is any material uncertainty regarding events or conditions that could give rise to significant doubts about the Entity's ability to continue its activities. If we conclude that there is material uncertainty, our report must highlight respective data included in the financial statements, or should such data not be appropriate, change our opinion. Our findings are based on the audit results obtained until the date of our report. None the less, future events or conditions may cause the Entity to discontinue its activities;

- Evaluate the presentation, structure and content of financial statements, including disclosures, and whether these financial statements represent the underlying transactions and events in such a way that they are properly understood; and

- Discuss with the persons in charge of governance, including the Supervisory Board, among other things, the scope and timing planned for the audit, as well as significant audit findings, including any significant internal control weaknesses identified during the audit.

Our responsibility also includes whether the information contained in the Management Report matches the financial statements.

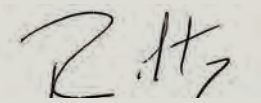
OTHER LEGAL REQUIREMENTS AND REGULATIONS APPLICABLE

Regarding the Annual Report

Pursuant to article 451, paragraph 3, line e) of the Company Act, it is our opinion that the Annual Report was prepared in compliance with applicable legal and regulatory requirements, that the information contained therein is consistent with the audited financial statements, and that, based on knowledge and appreciation of the Entity, we have not found any material inaccuracies.

Lisboa, November 23, 2018
Ernst & Young Audit & Associados - SROC, S,A,
Chartered Accountants

Representada por:



Rui Abel Serra Martins - ROC no. 1119
Registered with CMVM under number
20160731

Report and Opinion of the Supervisory Board

Dear Shareholders,

In accordance with the provisions set forth in line g) of paragraph 1 of article 420 of the Company Act, we are called, as members of the Supervisory Board of Siemens, S.A., to present our Report on the annual report, accounts and proposed appropriation of results, presented by the Board of Directors of the Company for the year ended September 30, 2018.

Through meetings and other contacts with the Board of Directors, as well as by means of clarifications and information gathered from relevant departments, the Supervisory Board kept abreast with the Company's activities and business management during in the year under review.

We also verified the financial information produced throughout the year, performing analyses as deemed necessary. We also confirmed the adequacy of the accounting policies and measurement criteria adopted.

After the closure of accounts, the Supervisory Board assessed the Annual Report prepared by the Board of Directors, which, in our opinion, appropriately reflects the activities developed during the year and expected business development of the Company, as well as the financial statements, which comprise the Balance Sheet, the Income Statement, the Statement of Cash Flows and the Statement of Changes in Equity, and respective Attachments.

The Supervisory Board verified the compliance with the law and the articles of the Company and further concluded that the accounts comply with the legal provisions applicable, having duly considered fiscal contingencies as well as others identified along the year.

Finally, having conferred with the Chartered Accountants on their audit and its main findings within the audit performed, the Supervisory Board acknowledged the unqualified opinion of the Statutory Audit, with which it agrees unreservedly.

As a result of work undertaken and considering the documents referred to in the preceding paragraph, we recommend the General Meeting of the Company to approve:

a) The Annual Report and the Financial Statements of the year ended September 30, 2018; and,

b) The proposal of appropriation of results contained in said Annual Report.

Finally, we propose that the General Meeting, within the scope of appreciation set forth in line c) of paragraph 1 of article 376 of the Company Act, approves a vote of confidence in the Board of Directors for the efficient performance of their duties, as well as for the Officers and personnel of the Company for their dedication and results achieved in this fiscal year.

Amadora, November 23, 2018

The Supervisory Board
Franz Kiener, Member
José Rodrigo de Castro, Member
José Silva Jorge, Substitute Member

Siemens, S.A.

Composition as of January 2019

General Meeting:

José Luís Fazenda Arnaut Duarte Chair of Presiding Board
Marta Maria Reynaud Pinto Leite de Areia
Patrícia da Silva Campos Afonso Secretaries

Supervisory Board:

José Silva Jorge Chairman
José Rodrigo de Castro Member
Franz Josef Kiener Member

Chartered Account:

Ernst & Young Audit & Associados - S.R.O.C., S.A.
Represented by Rui Abel Serra Martins
or Manuel Ladeiro de Carvalho Coelho da Mota

Board of Directors:

Pedro Miguel Pires de Miranda Deputy Director
Peter Erhard Händel Member

Additional information about the Board of Directors:

· Duration of mandates: 2 years
· Dates of first election of present members of the Board of Directors:
Pedro Miguel Pires de Miranda: 19/12/2016
Peter Erhard Händel: 31/03/2015

Contacts

Headquarters
Rua Irmãos Siemens, 1
2720-093 Amadora
T. +351 214 178 000
www.siemens.pt
internetrequest.pt@siemens,com

Share capital: EUR 65,435,000,00
Registered with Amadora Trade Registry
Corporate ID: 500 247 480

Region North
Av, Mário Brito, no, 3570 - Freixieiro
4455-491 Perafita
T,+351 229 992 000

Switchboard Factory
Quinta da Princesa
Av. 25 de Abril, no. 201 2845-547
Amora
T. +351 212 557 201

SPPAL
Edifício Restelo XXI
Av. Ilha da Madeira, no. 35 - Piso 4
1400-023 Lisboa
T. +351 214 204 200

facebook.com/siemensportugal
twitter.com/SiemensPortugal
instagram.com/siemensportugal
linkedin.com/company/siemens

The Annual Report 2018 of Siemens, S.A. (in PDF format) is available at: **www.siemens.pt/relatorioecontas**

Disclaimer

This Report of the Board of Directors contains forward-looking statements, based on suppositions and estimates by the Board of Directors of Siemens S.A.
Even though we consider the expectations of these forecasts to be realistic, we cannot guarantee that they will prove to be right. The suppositions are subject to risks and uncertainties that may cause the actual results to be materially different from the forecasts. Among the factors that may cause the referred deviations are, among others, changes in the economic and commercial conditions, fluctuations in interest and exchange rates, introduction of competing products, lack of acceptance of new products or services and changes in the business strategy. Siemens S.A. does not intend or assume any obligation to update these forecasts. It is our principle to publish all essential data without limitations and on a non-selective basis.

The document contains information about the Annual Report and Financial Statements (for the year ended September 30, 2018) as well as other information about the company's operations in the year under review. In case of discrepancies, the content approved by the General Meeting and certified by the Chartered Accountant shall prevail.