

# We deliver what we promise!

**Roland Fischer**  
CEO  
Fossil Power Generation Division

Capital Market Day Siemens Energy  
Charlotte, December 11, 2012



## Safe Harbour Statement

This document includes supplemental financial measures that are or may be non-GAAP financial measures. New orders and order backlog; adjusted or organic growth rates of revenue and new orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; cash conversion rate, or CCR; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens' financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP). For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect Siemens' operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter "Risks" of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter "Report on risks and opportunities" of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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

# Siemens Fossil Power Generation

## Leading portfolio and market position

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### Fossil Power Generation



**Roland Fischer**

- Large-scale gas turbines, steam turbines, generators
- Power plant solutions
- Instrumentation and Controls

### Products



- Gas turbines
- Steam turbines
- Generators
- Gasifiers

**No. 1**  
in advanced GT frames (#)

### Energy Solutions



- All solutions through to complete power plants:
- CCPP, GTPP
- STPP

**No. 1**  
in GT solution business (GW)

### Instrumentation and Electrical

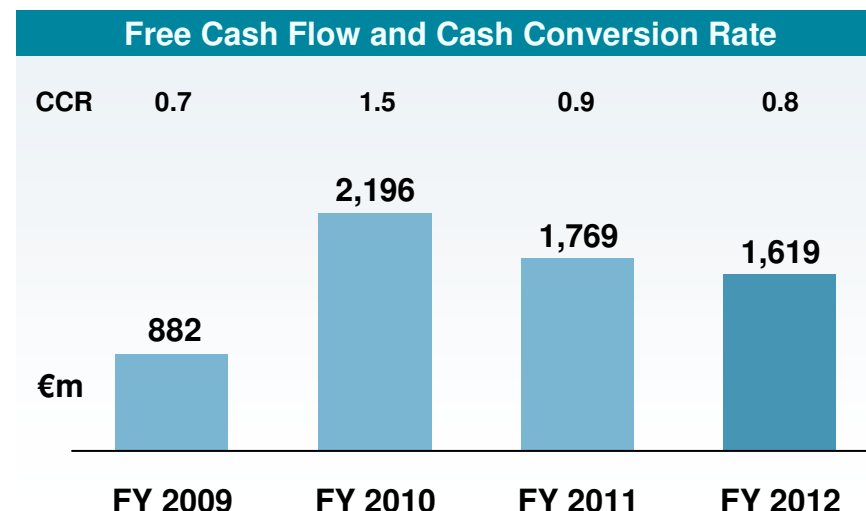
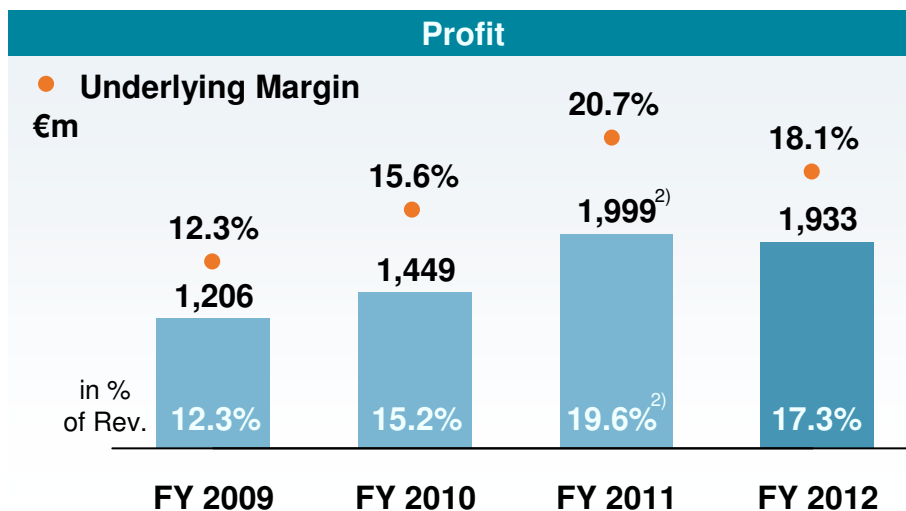
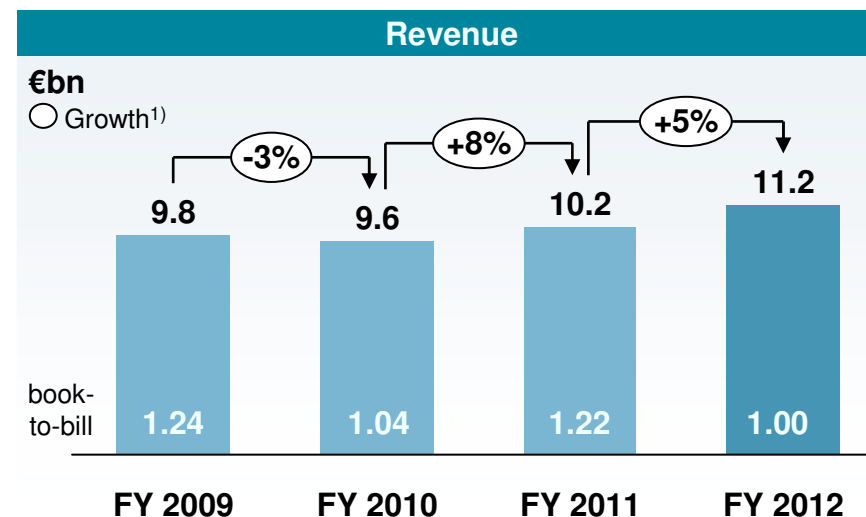
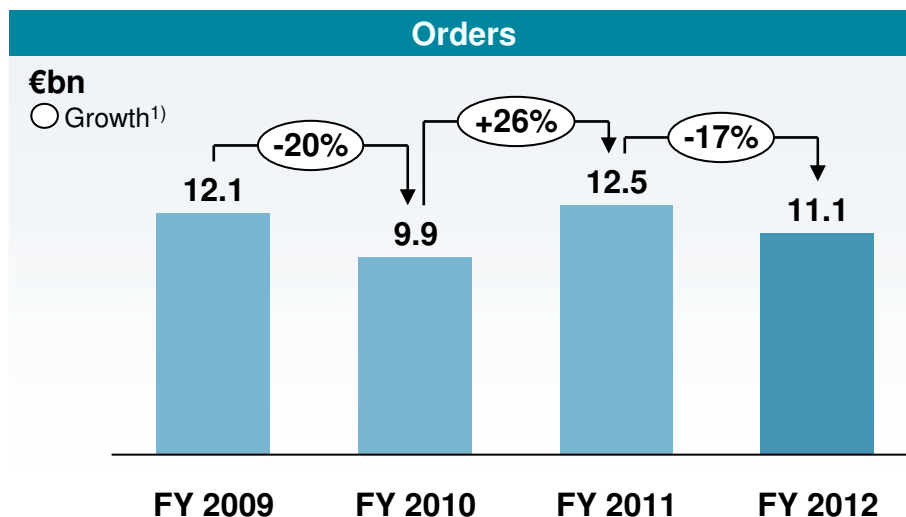


- Instrumentation and electrical control systems for all types of power plants
- IT solutions
- Service

**No. 1**

### Service

## Solid revenue and leading margin



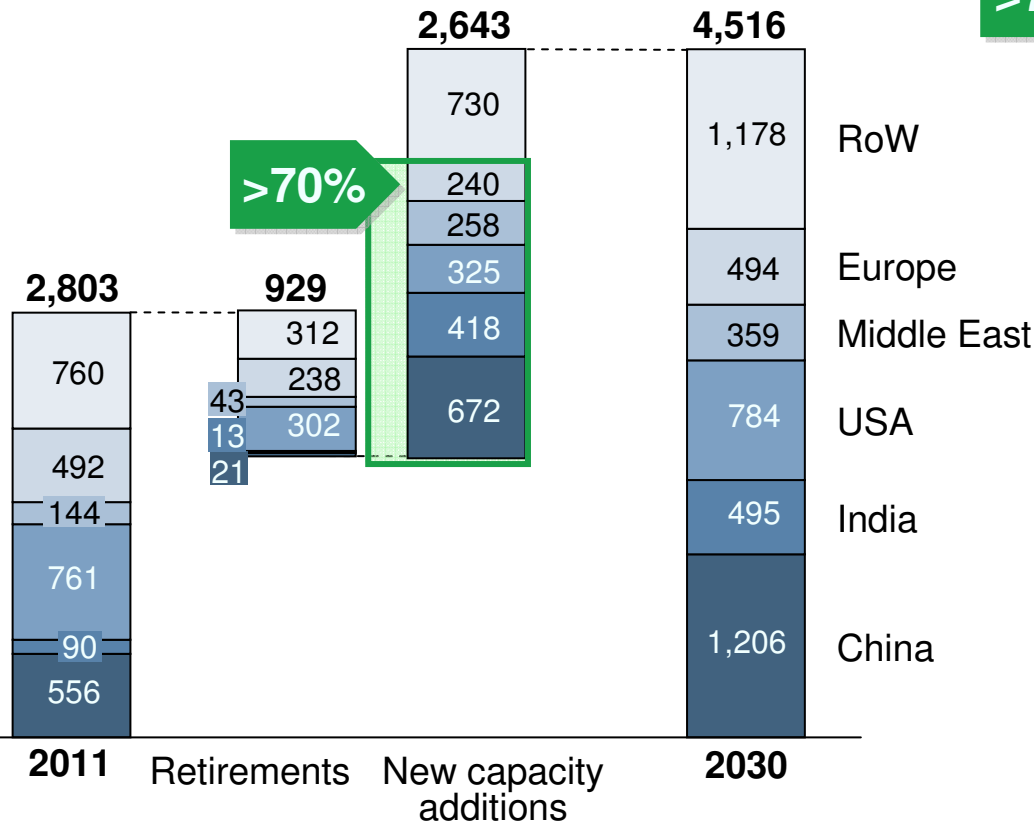
1) year-on-year on a comparable basis, i.e. excluding currency translation and portfolio effects

2) Profit w/o Impact AREVA disposal gain and AREVA arbitration result

# Excellent long term market perspective

## Over the next 20 years about today's existing Large Fossil<sup>1)</sup> capacity will be added

Installed Large Fossil<sup>1)</sup> power generation market capacity – World in GW



**USA, Europe**  
Replacements - Gas power plants the ideal fit



**China, India**  
Growth - Demand for cheap power



**Middle East**  
Growth and Efficiency - Gas as backbone



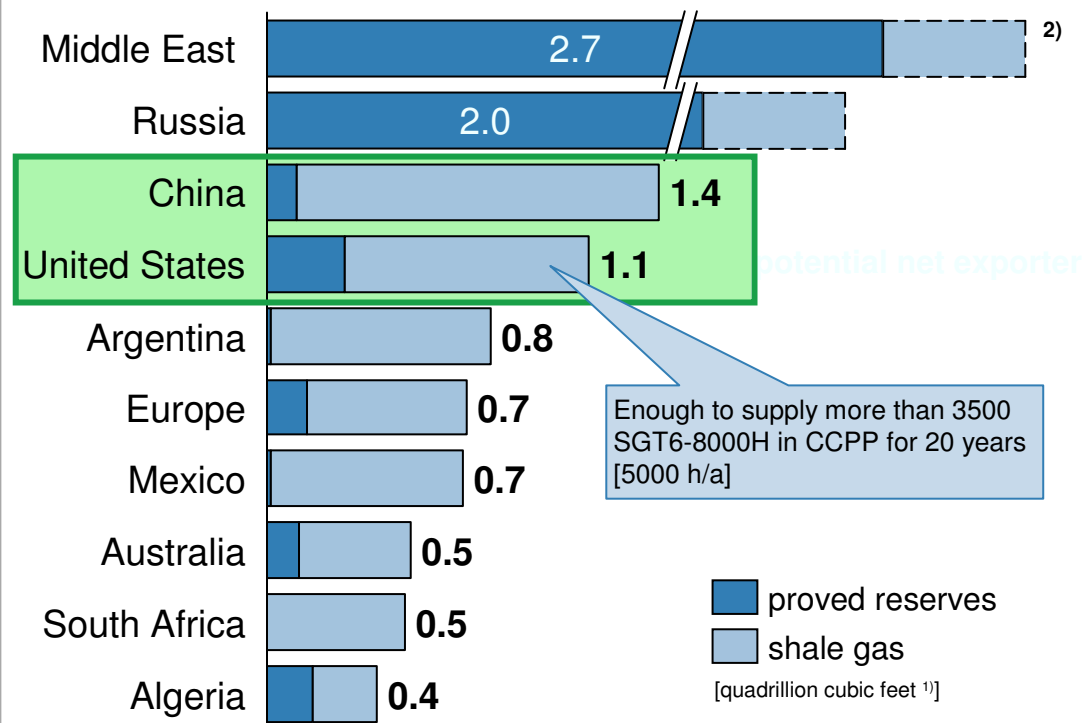
Growth and Efficiency - Gas as backbone

1) GT<sub>≥</sub>60MW, ST<sub>≥</sub>250MW

# Gas - The fuel of choice

## Reserves are substantially increasing due to new unconventional gas reserves

### World gas reserves



**Abundant resources lead to moderate price development within the next decades!**



**China**

**Increasing the exploitation** of shale gas via auctioning drilling licenses



**USA**

Potential net **exporter of gas** by more than tripling its reserves driven by shale gas

Sources: IEA, HIS CERA, indexmundi

1) figures may vary depending on source; 2) still to be explored

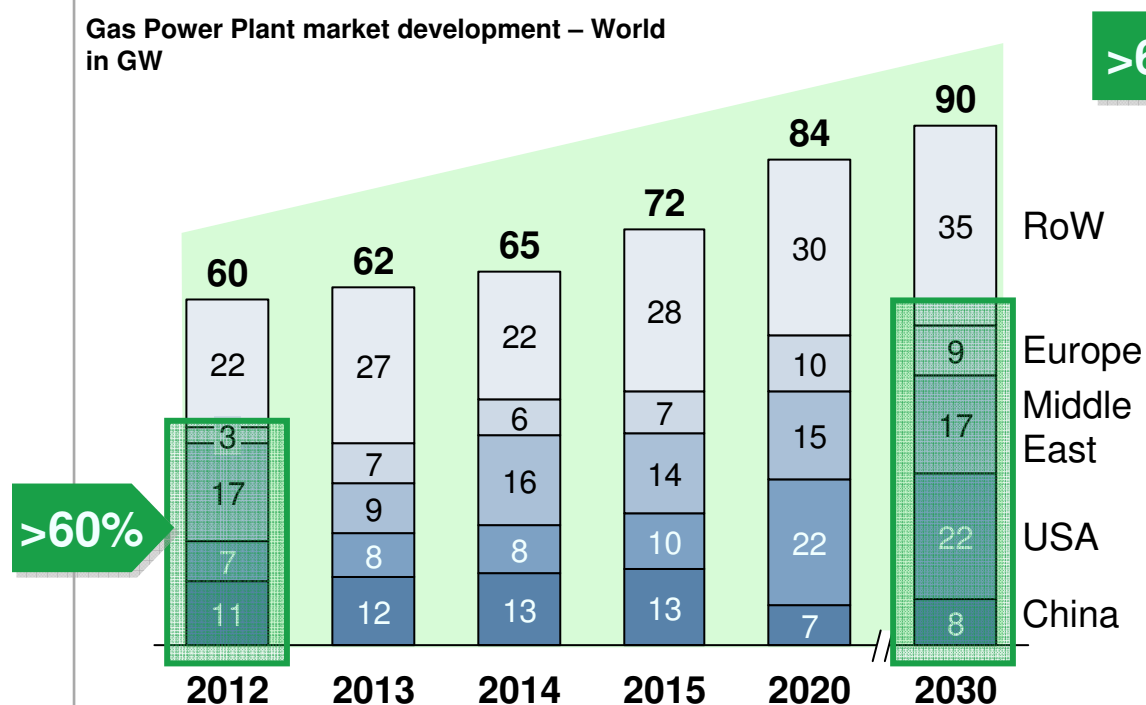


# Siemens positioned strongly in fastest growing gas market

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## Core market gas is growing beginning 2014 onwards

Gas Power Plant market development – World  
in GW



Ø 35% market share in  
units over 3 years  
(FY10-12)

>60%

**More than 60% of future Gas market will be located in USA, Europe, China and Middle East**



**USA**

Local manufacturing secures market position in home market North America



**Europe**

European home market (Full EPC) served via Fossil Solutions



**China**

Market served via JV partner Shanghai Electric (No. 1 in China)



**Middle East**

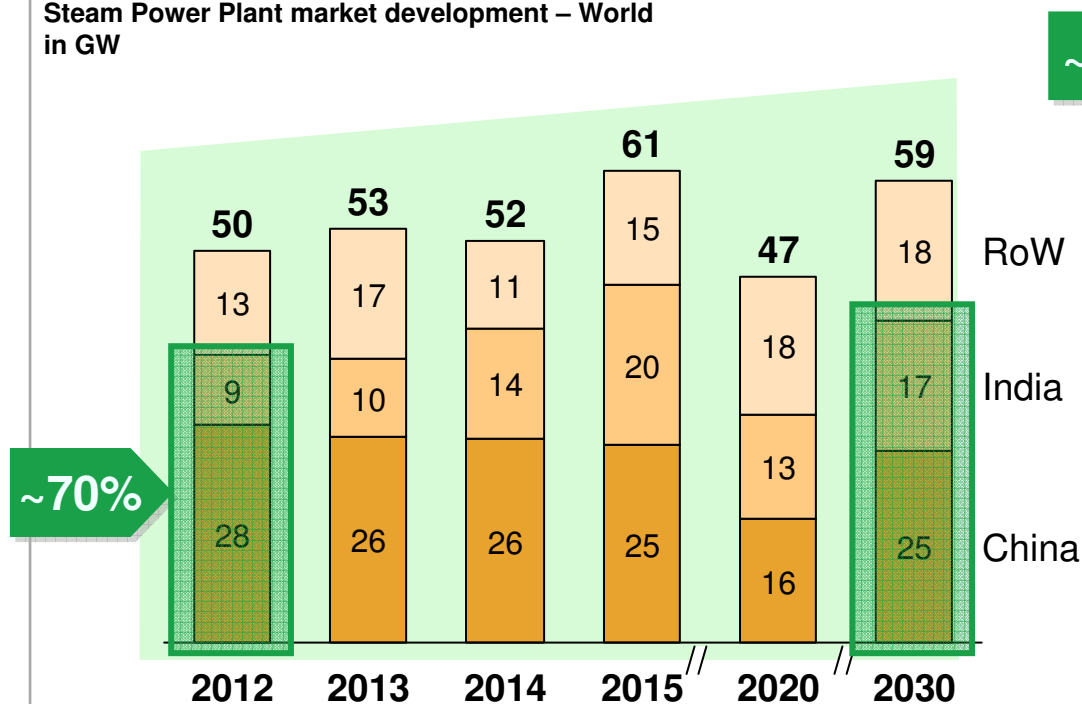
Local manufacturing and sales secure high market share

## Steam - Second pillar served indirectly via JV and licenses

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### Steam – a robust market

Steam Power Plant market development – World  
in GW



~70%

**Around 70% of Future  
Steam Power Plant market  
are located in India and China**

 **China, India**

Biggest SPP markets served  
indirectly via JV SEC and license  
partnership BHEL

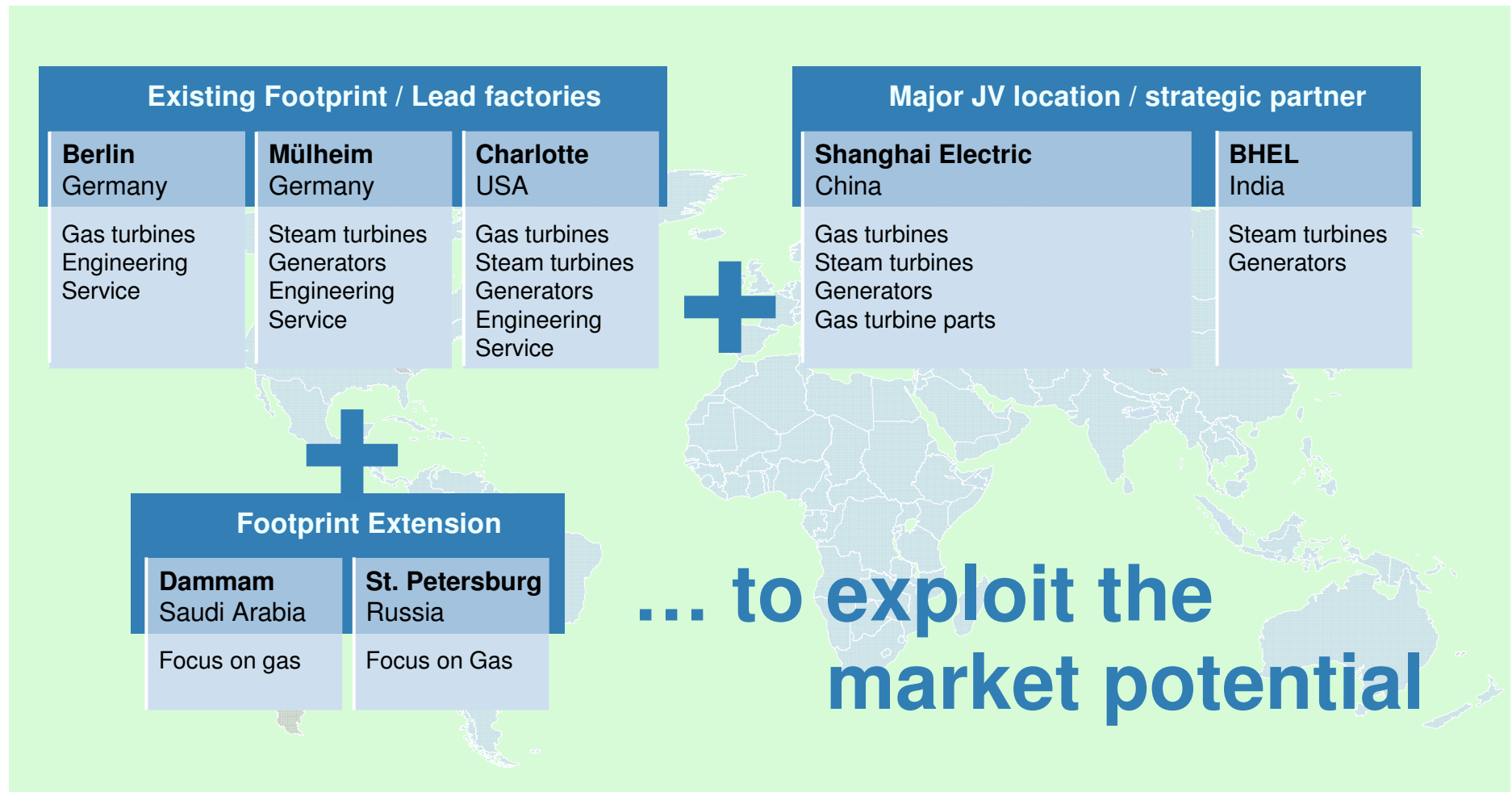
 **Rest of World**

Europe and Middle East - Selective  
direct business

**Ø 39% market share in  
MW over 3 years  
(FY 09-11, incl. JV and license partner)**











## The right footprint ...



## Fossil is the only full scope supplier

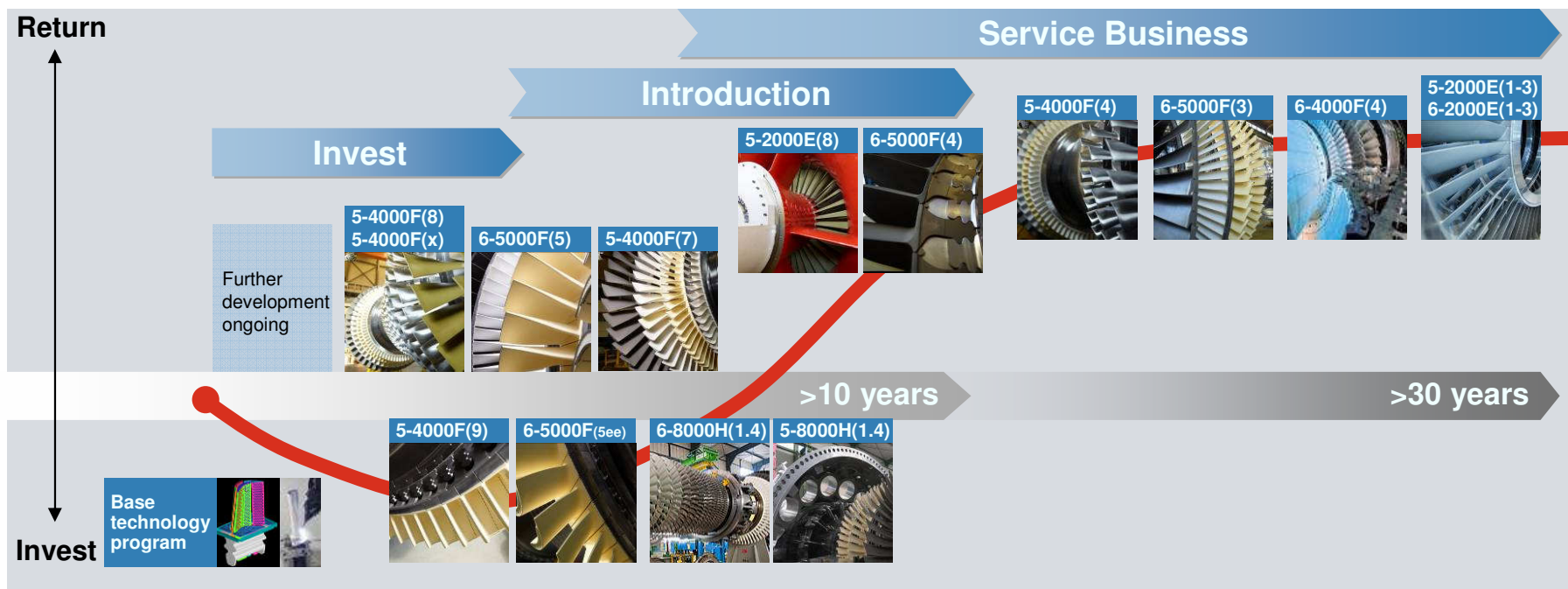
Markets are becoming more diversified due to different customer and regional requirements:  
Flexibility, Efficiency, CAPEX, Plant fit, OPEX, ROI, Reliability, Products & Solutions

REQUIREMENT	FLEXIBILITY	EFFICIENCY	CAPEX	PLANT FIT
Regional example / Customer	 <b>Lodi Energy Center</b> California (USA) 	 <b>Lausward</b> Germany 	 <b>Changxing</b> China 	 <b>Qurayyah</b> Saudi Arabia 
Siemens answer	<ul style="list-style-type: none"> <li>Flex-Plant</li> <li>F-Class</li> <li>Full load in ~30 min</li> </ul>	<ul style="list-style-type: none"> <li>Full turnkey</li> <li>H-Class</li> <li>CCPP efficiency &gt;60%</li> <li>CHP efficiency &gt;84%</li> </ul>	<ul style="list-style-type: none"> <li>Product business</li> <li>Localized F-Class</li> <li>low specific price request ~400 EUR/kW</li> </ul>	<ul style="list-style-type: none"> <li>Product business</li> <li>World largest CCPP</li> <li>F-Class (12 units)</li> </ul>

Fossil is the only full scope supplier to fulfill all changing market and customer requirements based on its unique business portfolio

# Innovation leadership secures our future competitiveness

**SIEMENS**



## Unique and sustainable business model

- Continuous and strong investment in R&D of €350 - 400m/p.a.
- Extend installed base through new products in all frames
- Provide additional service business (mods and upgrades)

## Technology leader in H-Class series Proven in commercial operation

**SIEMENS**

Up to 5% higher return on investment compared to F-class engine



**Net efficiency**

**60.75%**

**Ramp-up time**  
CCPP single shaft

**<30 min**

**Operating hours**

**>18,000**

**Turbines sold**

**20**

**Turbines in operation**  
incl. commissioning

**4**

**Customer**

Stadtwerke  
Düsseldorf

KOSPO  
KORER SOUTHERN POWER CO., LTD.

e-on

FPL

POSCO

LOTTE  
ENGINEERING &  
CONSTRUCTION

GS EPS



## Cost Reduction Examples: Fossil Power Generation Division

### Design to Cost in Fossil Frames



- Standardization of 50 and 60Hz frames
- Acceleration of feeder plant concept (Hungary, Indonesia)
- €250m productivity improvement until 2014

### Cost Optimization of Steam Turbine for Combined Cycle Applications



- Stringent Modularization Approach
- Increased Efficiency at lower cost (Blade design)
- €50m productivity improvement until 2014

### Global Value Sourcing



- Market-screening for components and suppliers in focus countries
- Adaption of sourcing models on suppliers capabilities
- €75m cost reduction until 2014

### Splitting and Bundling of Supply- and Erection Contracts



- Enable Global Value Sourcing
- Bundling of erection packages
- Reduction of project costs €3m until 2014

## We deliver what we promise

Unique and sustainable business model

+

Great market ahead of us - tremendous growth opportunities

+

Right portfolio mix - technology leadership

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= High market share and solid profit margin

We deliver  
what we  
promise

# Reconciliation and Definitions for Non-GAAP Measures



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