

Delivering higher value with Integrated Drive Systems

The background of the slide is a photograph of an industrial environment. In the foreground, a hand holds a tablet displaying a 3D CAD model of a mechanical assembly. In the background, two men are working with industrial machinery. One man is standing and looking at a control panel, while the other is crouching and working on a large, complex machine. The scene is brightly lit, suggesting a modern factory or laboratory setting.

Ralf-Michael Franke
CEO Drive Technologies Division

Capital Market Day Siemens Industry
Hanover, April 11, 2013

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. 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, 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, and on the SEC's website, 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.

Drive Technologies

Providing high-level benefit for the world's leading customers

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		Customer requirement	Customer benefit
Oil & Gas	Chevron  	<ul style="list-style-type: none"> Supply of 1,800 motors and drives for LNG plant Centralized coordination of appointed 40 OEMs 	<ul style="list-style-type: none"> Entire project management from one single source Customized maintenance program
Marine	Fjellstrand  	<ul style="list-style-type: none"> Development of world's first fully electrical powered ferry Installation of full-electric motors Fast battery recharging 	<ul style="list-style-type: none"> Battery recharging in 10 minutes Weight reduction of 50% Annual saving of 750t CO₂
Mining	Vattenfall  	<ul style="list-style-type: none"> 13.5 km conveyor system with coal output capacity of 6,000 t/h High availability and reliability 	<ul style="list-style-type: none"> Energy savings ~15% Reduced maintenance cost ~15% Availability 98%

Global #1 based on broad drive System portfolio and industry specific competence

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Manufacturing Industries



- Machine Tool
- Packaging

40%

Process Industries



- Oil and Gas
- Mining

30%

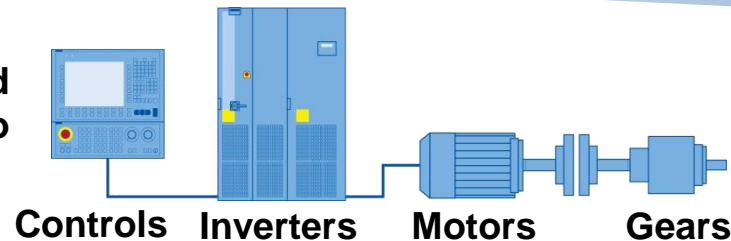
Infrastructure



- Wind
- Rail

30%

DT's Integrated Drive System Portfolio



Inverters and Controls

#1

- Inverter (LV, MV)
- Motion Control Systems

Motors and Generators

#1

- AC/DC Motors (LV, HV)
- Servo and Linear Motors
- Generators

Gears and Couplings

#2

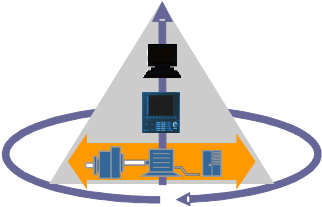
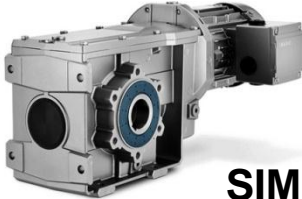
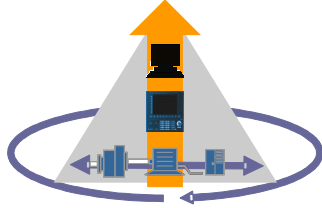

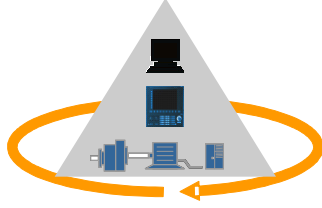

- Gearboxes (Wind, Industry)
- Geared Motors
- Couplings

Global #1

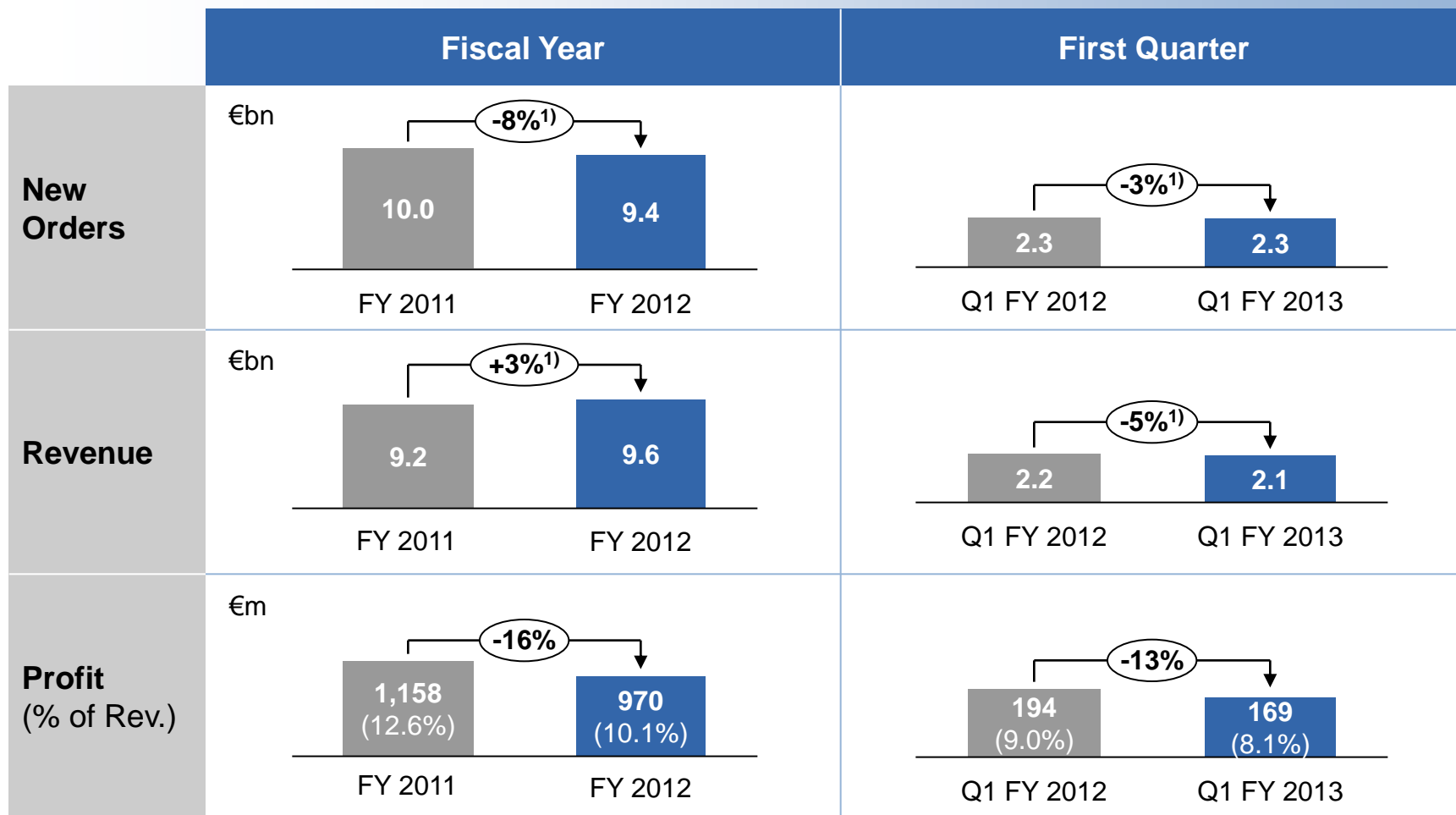
Industry-specific share of total DT revenue FY 2012

Addressing customer needs with best-in-class innovations based on our Integrated Drive System

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Customer need	Integrated Drive System	Innovation
Energy Efficiency	 <p>Integration of drive products along the Drive System</p>	 <p>SIMOGEAR</p>
Reliability	 <p>Integration of the Drive System in the TIA World</p>	 <p>Drive System@TIA Portal</p>
Productivity	 <p>Integration of the Drive System into PLM Engineering Tools</p>	 <p>Virtual NC</p>

Profit declined on less favorable business mix



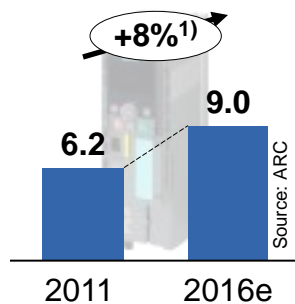
1) Year-on-year on a comparable basis, i.e. excluding currency translation and portfolio effects

Growing business in attractive markets by tapping full potential of key market trends

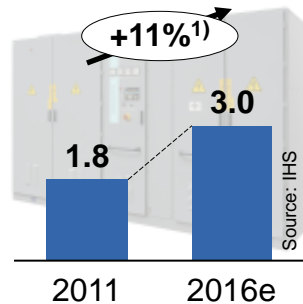
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DT market segments

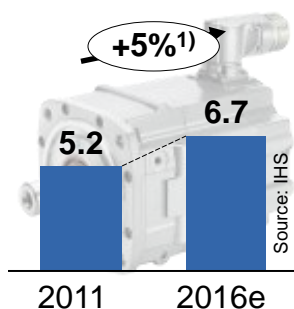
€bn LV AC Inverter



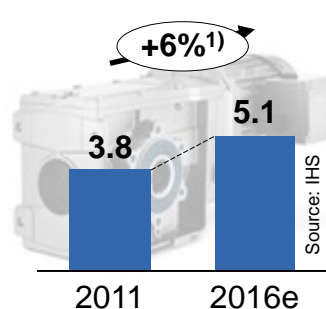
MV Inverter



General Motion Control



Geared Motors



Key market trends

Energy Efficiency

Productivity

Reliability

Improving customer's Energy and Resource Efficiency

- State-of-the art **high-efficiency motors** for various applications
- **Up to 70% reduction of energy consumption** by combination of motor and variable speed drive
- **Return on investment within 18 months**

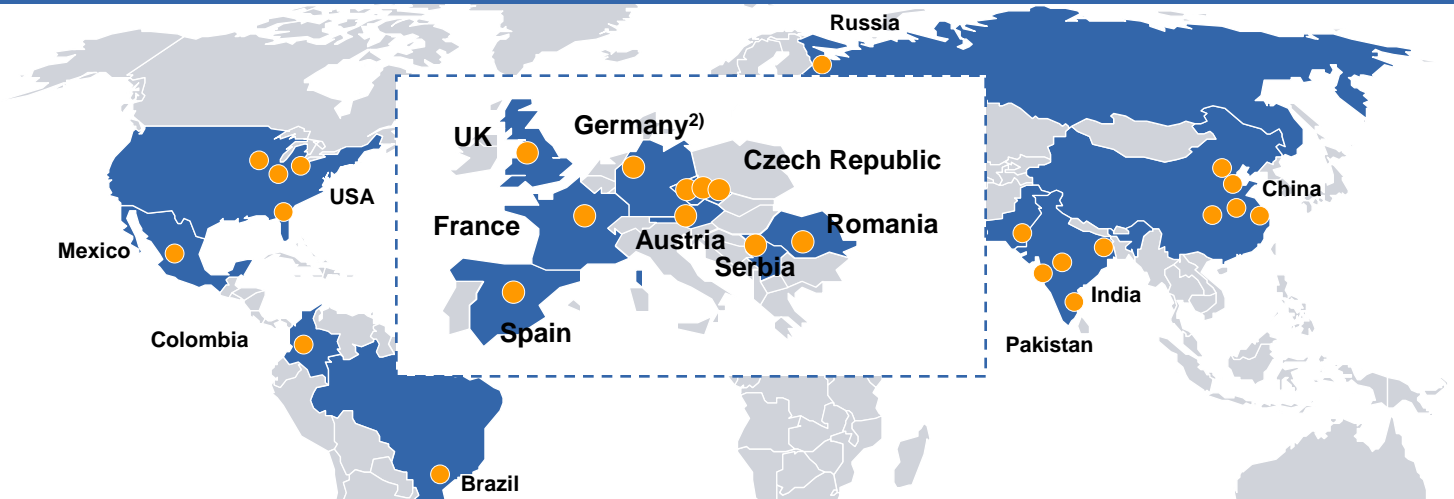
Total Market Drive Technologies: €63bn in 2012

¹⁾ CAGR

Well balanced and highly flexible global manufacturing footprint

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Balanced global footprint with 44 manufacturing locations worldwide¹⁾

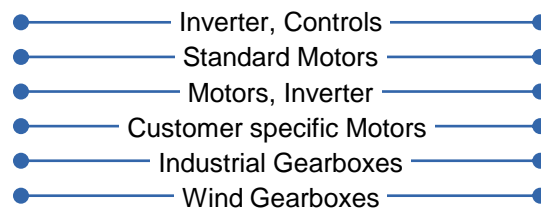


High flexibility of capacities

German Lead Factories and Chinese equivalents



Erlangen
Bad Neustadt
Nürnberg
Berlin, Ruhstorf
Bocholt
Voerde



Nanjing
Yizheng
Tianjin
Changzhi³⁾
Tianjin
Tianjin



1) As of FY 2012; 2) Germany: 17 manufacturing locations; 3) New factory to be established during FY13

Strengthening local and global competitiveness through full localization of value chain

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SINAMICS V20

Developing the right product for local customer requirements ...

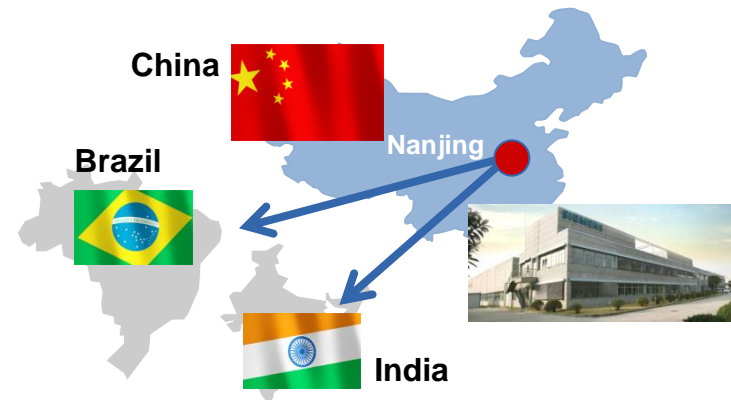
- Cost-effective, reliable and easy-to-use inverter for basic applications
- Compact design and easy system integration
- Shortest lead time and highest availability through local logistics



**18,000 Units
sold in China
within first
3 months**

... based on global quality standards and local business responsibility

- Development and production in country for country at Siemens SNC Center Nanjing
- Fast time to market < 2 years
- Full local value add and business responsibility while meeting global quality standards



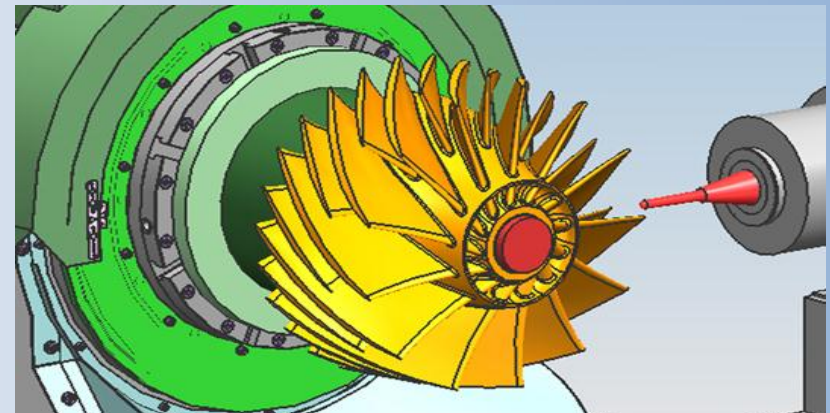
Merging two worlds by seamless integration of automation equipment and PLM tools

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From CNC Control...



...to Integrated Engineering



Innovation award from
the market leader in
machine tools DMG/Mori Seiki



**Enhanced customer benefit for
machine producer and machine user**

- 80% saving in setting up the real machine by virtual models
- 40% enhanced productivity in R&D by automatic CAM configuration

DT's contribution to Industry 2014 targets

Main levers

Cost Reduction

- Optimized global footprint
- Design-to-Cost
- Procurement
- Process Optimization

Strengthen core activities

Process Optimization

- Streamline **Product Lifecycle Management** processes to increase overall **efficiency** and **effectiveness**
- Accelerate innovation speed:
Significantly **reduced Time to Profit**
- Increase in **productivity: 20%**

Design-to-Cost

Example

MV drive Perfect Harmony

- Customer specific systems
- Engineering time: **-50%**
- Manufacturing time: **-30%**



Strengthen core activities

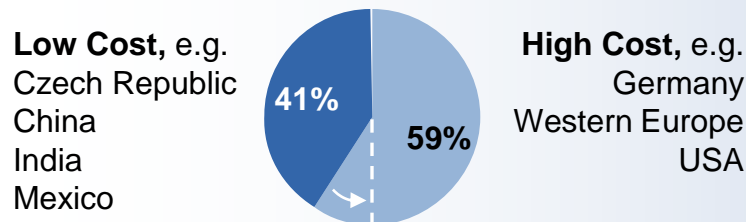
- **Ramp-down solution business** in **non core** industries
- Focus on **profitable projects** in attractive verticals
- **Adjustment of resources**

Optimization of global footprint is the major lever

Optimize Global Footprint

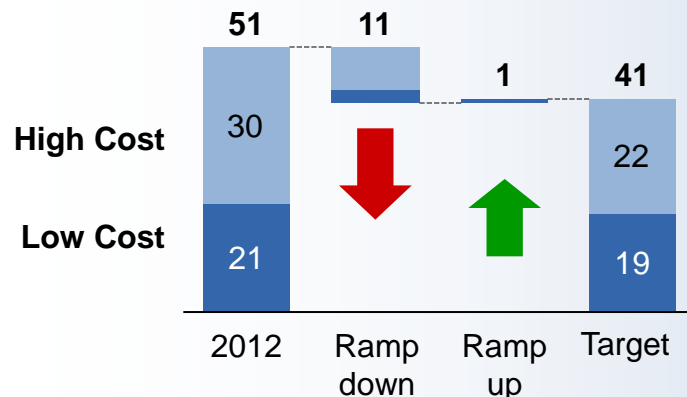
Based on excellent global setup...

Manufacturing Headcounts by region 2012



... we further optimize our footprint

I DT Factories



Mechanical Drives

Footprint consolidation

- **Closure of Herne and Vreden**
- **Move production** equipment to China

Capacity adjustment

- **Head count reduction in Germany** by ~500 FTE

Focus on core competencies

- Foundry in **Wittgensdorf** made ready for sale

Additional consolidation

- Closure of Mechanical Center in **Erlangen**
- Closure of factory for linear motors in **Munich**: transfer of value add to Romania and Bad Neustadt
- Standard motors: Transfer of value add from **Bad Neustadt** to Czech Republic
- Closure of factory in **Krefeld**: Consolidation of activities in Nuremberg

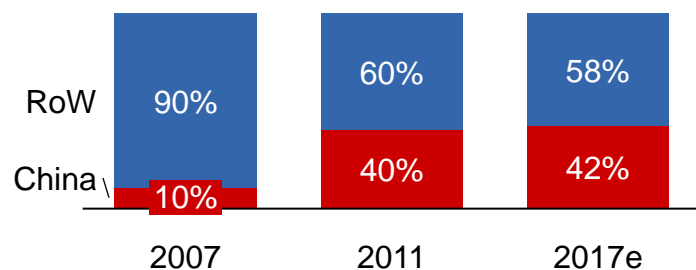
Acting quickly to changes in the wind market

Global #1 position...

- I DT #1 Wind gear manufacturer
- **Excellent customer base:**
Supply to **9 from Top-15** Wind Manufacturers
- **Well balanced footprint** in Germany, China, USA

...in challenging markets

Market Wind gear boxes



Defended by innovations...

HybridDrive
(geared)

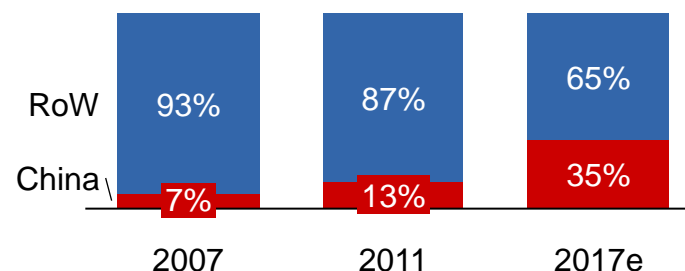


Direct Drive
(gearless)



...and balancing of capacities

Regional shift of value add (Wind gear boxes)



Innovation is key for our sustainable success

Clean Cities

Urban emission reduction

Requirement

State-of-the-art traction technology for buses and commercial vehicles

Our Solution

ELFA¹⁾ – Electric hybrid drive systems for commercial vehicles



Light Weight Components

Resource efficiency and flexibility in production

Requirement

Lightweight components for Wind, Aerospace and Automotive

Our Solution



Industry-specific toolbox for CFRP²⁾ applications providing integrated automation along the entire production process



Unconventional Gas

Global growing energy and gas demand

Requirement

Highest reliability of products for fracturing process

Our Solution

Innovative drive systems for horizontal drilling and hydraulic fracturing



1) ELFA: Electric Low Floor Axle; 2) CFRP: Carbon-fiber-reinforced polymer

Wrap-up and targets

Strengthen #1 market position for entire drive system offering

Enhance innovation leadership and exploit full potential of compelling new markets

Rigorously execute on Industry 2014 and optimize global footprint

Return to sustainable double digit profit margin in 2014

Reconciliation and Definitions for Non-GAAP Measures



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