SIEMENS

Siemens further expands its leadership role in industrial digitalization

- **Twenty centers for digital customer applications in 17 countries**
- **Revenue with digital technologies grows 20 percent to more than €5 billion in fiscal 2017**
- **Future-oriented investments in research and development rise to around €5.6 billion**

Siemens is gaining further momentum in digitalization and is the first company worldwide to set up 20 centers for digital customer applications in the industrial sector. Each of these MindSphere Application Centers for digital offerings from Siemens spans multiple locations in different countries and specializes in a particular industry in which Siemens is active. Today, around 900 software developers, data specialists and engineers are already working together with Siemens customers at these centers to develop digital innovations for data analysis and machine learning. These new solutions are being developed on MindSphere, Siemens' open, cloud-based operating system for the Internet of Things (IoT). To be close to its customers, the company has distributed its 20 centers across around 50 locations in 17 countries worldwide. "We're continuously expanding our leadership role in industrial digitalization," said Joe Kaeser, Siemens President and CEO. "With our global experience in electrification and automation and our industrial software expertise, we're generating optimal benefits for our customers – benefits that no other companies can replicate at such high levels of performance."

During fiscal 2017, Siemens further extended its lead in software solutions and digital services. Revenue from digital technologies, for instance, rose to €5.2 billion – of which €4 billion was attributable to software and €1.2 billion to digital services. This corresponds to a 20-percent increase year-over-year and means that Siemens

clearly outpaced market growth of about eight percent. "We are now speeding up digitalization even further" said Siemens Chief Technology Officer Roland Busch. "We are using our industry know-how to scale the solutions and further broaden the business. With our MindSphere Application Centers, we're providing optimal support to our customers around the globe as they embrace the digital age."

Siemens launched its MindSphere IoT operating system across the company about a year ago. Around one million devices and systems are now connected together via MindSphere, and this figure is to reach 1.25 million by the end of fiscal 2018. Beginning in January 2018, MindSphere will also be available on Amazon Web Services. This partnership brings Siemens, the worldwide market leader in industrial automation, together with the international No. 1 in cloud solutions. As a result, users enjoy the benefits of a more powerful development environment, additional analysis functions and expanded connectivity. Industrial applications and digital services can be developed and run on MindSphere. For example, immense amounts of system-generated data can be quickly and efficiently captured, evaluated and used – for instance, to improve system performance and availability. This technology also helps customers evaluate and employ their data to gain new types of insights. For example, downtimes can be predicted and prevented and conclusions drawn about a product and its manufacturing process. Users can also develop completely new business models – such as selling machine operating hours and thus offering less capital-intensive solutions.

To further accelerate the innovation process, Siemens will again increase its research and development (R&D) expenditures in fiscal 2018 and invest an additional sum of around €450 million. As a result, R&D spending will increase from about €5.2 billion in fiscal 2017 to over €5.6 billion in fiscal 2018. More than €3 billion of the company's R&D outlays flowed into Germany in fiscal 2017. Since 2014, Siemens' R&D investments have risen by about 40 percent. For fiscal 2018, Siemens has earmarked some €500 million in R&D spending for Company Core Technologies, which include such innovative fields as additive manufacturing, autonomous robotics, data analysis and artificial intelligence, and digital twins – but also power electronics and distributed energy systems. In fiscal 2017, Siemens had around 40,000 R&D employees worldwide – of whom some 13,700 were in Germany, about 6,500 in the U.S., roughly 2,700 in China and around 6,800 in India.

You'll find further information here: www.siemens.com/press/inno2017

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Siemens AG (Berlin and Munich) is a global technology powerhouse that has stood for engineering excellence, innovation, quality, reliability and internationality for 170 years. The company is active around the globe, focusing on the areas of electrification, automation and digitalization. One of the world's largest producers of energy-efficient, resource-saving technologies, Siemens is a leading supplier of efficient power generation and power transmission solutions and a pioneer in infrastructure solutions as well as automation, drive and software solutions for industry. The company is also a leading provider of medical imaging equipment – such as computed tomography and magnetic resonance imaging systems – and a leader in laboratory diagnostics as well as clinical IT. In fiscal 2017, which ended on September 30, 2017, Siemens generated revenue of €83.0 billion and net income of €6.2 billion. At the end of September 2017, the company had around 377,000 employees worldwide. Further information is available on the Internet at www.siemens.com.