Siemens –
A focused technology company accelerating high value growth

Roland Busch, President and CEO Siemens AG
Notes and forward-looking statements

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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.
Why to invest in Siemens

1. We are a focused technology company, addressing highly attractive growth markets with our global footprint.

2. We can empower our customers to master their digital transformation and sustainability challenges with our technologies.

3. We combine the real and the digital worlds like no other company can.

4. We are pursuing a clear focus on value creation including profit, cash, stringent capital allocation and execution.

5. We have the right strategy, the right team, at the right time.
Digital transformation is imperative for every industry

**Industry**
- 60% of manufacturing tasks can be automated, improving productivity, quality and safety.

**Infrastructure**
- 80% of lifecycle costs arise from operations. Digital technologies can unlock savings potential of up to 20%.

**Mobility**
- 20% potential increase in transport capacity through digital signaling technology without building additional infrastructure.

**Healthcare**
- 50% of stroke-related costs could be reduced by AI and digital-twin technologies.

*Source: McKinsey, BCG, Siemens Healthineers*
Combining the real and digital worlds as foundation of our high-value growth strategy
Transforming the automotive industry

Customer challenge
• Mercedes-Benz and Siemens to expand the digitalization of sustainable production methods

Solution
• Partnership with Siemens Digital Industries, Smart Infrastructure and Siemens Advanta to develop a digital factory campus:
  • Digital end-to-end technologies for flexible production
  • Resource-saving, CO₂-neutral factories
  • New working environments

Customer benefit
• Create innovative solutions for new Mercedes-Benz Digital Factory Campus in Berlin as a blueprint for ~30 factories worldwide
• Roll-out of new developments at all Mercedes-Benz plants
Analogue system with more than 11,000 signals and more than 300 interlockings

Increase in capacity throughout the network

Upgrade to the European Train Control System (ETCS)

Replacement of the entire railway infrastructure in Norway with one digital system

One digital interlocking and a country-wide data center (“one country, one interlocking”)

Enhanced safety, punctuality and capacity

Reduction in trackside delays by 50%

Reduction of maintenance by 30%
Rapid production of Covid-19 vaccine in large quantities

Conversion of an existing plant with digital and automation technologies

Paperless documentation of development and production, immediately fulfilling all documentation requirements

Accelerated vaccine development and production within one year

Conversion time for existing production facility cut from one year to five months
Customer challenge
• Provide eco-friendly packaging technology faster and cost efficiently

Solution
• Digital twin technology to develop a new form of plastic wrapping
• Innovative "pay-per-wrap" business model for end customers enabled via Siemens Financial Services

Customer benefit
• Reduces plastic use by 70% and energy consumption by 90%
• Driving environmentally sustainable technology
Addressing highly attractive growth markets with our global footprint

Market growth 2020–2025

Note: Market growth of addressable markets: Smart Infrastructure, Digital Industries, Mobility and Siemens Healthineers
Siemens in US

**Major trends**
- Infrastructure upgrade
- Strengthen industrial supply chains
- Digitalization
- CO₂ neutral by 2050

**Our footprint**
- >60 manufacturing, R&D sites and digitalization hubs
- 40,000 employees

**Our position**
- #1 in Vertical Software
- #1 in Mobility
- #2 in Buildings
- #1 in Imaging

Note: As of FY 20
1 Based on equipment orders. Imaging contains: Computed Tomography, Magnetic Resonance, Molecular Imaging, X-ray products, Digital Health, Syngo software, excl. Ultrasound
Siemens in China

Major trends
• Five-year plan:
  High tech / digitalization
  urban infrastructure
• CO₂ neutral by 2060

Our footprint
• >60 manufacturing,
  R&D sites and
digitalization hubs
• 30,000 employees

Our position
• #1 in Automation
• #1 in Vertical Software
• #1 in Imaging¹

Note: As of FY 20
¹ Based on equipment orders. Imaging contains: Computed Tomography, Magnetic Resonance, Molecular Imaging, X-ray products, Digital Health, Syngo software, excl. Ultrasound
Our addressable markets are growing with 4–5% and offer attractive adjacent markets.
Our core business and our digital business reinforce each other in a virtuous cycle, accelerating high value growth.

**Core business**
We grow our core business by leveraging our digital capabilities.

**Digital business**
We grow our digital business by leveraging our core business and domain knowhow.
Digital offering as a key differentiator

Customer challenge

• Maximum availability at minimum costs: Public transportation in Germany’s crowded and congested Rhine-Ruhr region is often a logistical challenge

Solution

• Siemens helps to alleviate this issue with 82\textsuperscript{1} double-decker trains and full maintenance in a fully digitalized depot over 32 years
• Featuring predictive diagnostics and a smart, digital network that links the trains to the digitalized rail service center – enabled by Railigent
• Leverage unique digital offering to unlock ~ €1.7bn order entry

Customer benefit

• Reduced total lifecycle cost
• 99.9% current availability of the train sets

\textsuperscript{1} later increased to 84
SWIRE COCA-COLA

Growing our core business through our digital expertise

Customer challenge
• Improve line performance and availability

Solution
• Tracking and analysis of downtimes
• Customized manufacturing information system and mobile app for asset overview, faster fault diagnosis and predictive maintenance

Customer benefit
• Unlock annual production capacity of 550 million cans
• Benchmark and standard for Swire Coca-Cola worldwide: to be extended to 100 production lines in next two years
• Starting point for building 18 digital plants in the future and saving 10 million kWh of electricity p.a.
Growing our digital business through our core expertise

Customer challenge
- Make buildings more efficient and sustainable. Reduce life cycle costs significantly

Solution
- Leverage digital monitoring of buildings to transform break / fix services and building management services into recurring digital services with margin upside potential
- Improvement of building experience and reliability for tenants and building operators
- >3,900 deployments of Navigator at customers; further direct potential >100,000 connected buildings

Customer benefit
- Reduction of lifecycle costs
- Energy savings
UNIVERSITY OF TAMPERE, FINLAND

A digital approach to building maintenance

Customer challenge

- Offering the most attractive campuses possible to the University Properties of Finland Ltd. with its more than 11,000 students

Solution

- Developing a new data-driven maintenance model
- Asset performance services, which allows the team to collect and evaluate real time maintenance, asset and performance data

Customer benefit

- 50% fewer user complaints
- 57% of identified issues improve energy efficiency
- 70% of visual inspections replaced by data analytics
We have a leading position in vertical software

**Digital Industries**
For example: PLM, EDA
Transition of business model mainly for PLM towards cloud-enabled Software as a Service (SaaS), beginning FY 2022

**Smart Infrastructure**
For example: Grid software, Navigator
Building and grid management

**Invested >€10bn in acquisitions of software companies**

**Mobility**
For example: HAFAS trip planner
Innovative software for transportation

1 Selection  2 Cooperation  3 Not yet closed
We are leveraging our domain know how and digital strengths to develop new business models.

Performance as a service
Energy saving guarantees in buildings

Machine hours as a service
Enabling customers

Energy as a service
Renewable energy solutions

Platform as a service
Teamplay platform to deploy digital solutions
Transition to SaaS will drive resilient, predictable growth for Siemens while keeping our Digital Industries and Siemens AG financial target commitments.
Siemens Digital Business expected to grow significantly

Growth to ramp up slowly due to SaaS transition revenue conversion and expected to accelerate after FY 23

Revenue Digital Business\(^1\)

- €5.3bn
- ~10% CAGR\(^2\)

1 “Digital Business” means Siemens vertical specific software and IoT services from Smart Infrastructure, Digital Industries, Mobility, Siemens Advanta; does not yet include Supplyframe
2 Organically
We are uniquely positioned to combine the real and digital worlds

**#1 in Factory Automation**
45 million installed automation systems

**#1 in Rail Automation**
14,000 railway vehicles and 3,000 interlockings

**#1 in Grid Automation**
>2.5 million protection relays and >200k substation automation systems

**#1 in Vertical Software**
200,000 developers on Mendix platform

**Employees in digital jobs**
therein >12,000 industrial SW engineers and >1,000 Cyber Security experts

**>40k in digital jobs**

**>1k AI experts**
100 Petabyte collected and processed data

**Domain knowhow** + **Technology portfolio** + **Strong ecosystem**
Company Core Technologies leveraged across all businesses

- Digital Industries
- Smart Infrastructure
- Mobility

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<td>14 Company Core Technologies running across Siemens¹ in total</td>
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Product PKI
Centrally hosted industrial PKI services to ease imprinting of manufacturer certificates during production and management of operational certificates (250,000 devices)

Machine Intelligence Core (MI Core)
MI Core engine provides generic code (e.g. industrial AI algorithms, pre-trained models, knowledge graphs) with use case specific extensions (60 use cases)

Executable Digital Twin
A self-contained, application specific executable model to enhance value of an asset during its life-time by using “virtual sensors”

¹ Siemens Healthineers: R&D Framework Agreement in place plus option to license; Siemens Energy: R&D Framework Agreement plus Cost Pool Agreement in place
Company Core Technologies innovation examples

**Industrial 5G**
- Siemens is driving 5G in industry
- First 5G product: Router launched
- Private 5G standalone networks in trial
- Prerequisite for IoT

**Industrial Edge**
- Market-leading solutions for industrial edge
- Extending the industrial edge computing paradigm to the field level

**Hydrogen trains**
- First H₂ prototype train Mireo Plus H
- Up to 1,000 km range and unique certification of H₂ tanks for 30 years operation

**Connected (e)Mobility**
- Providing portfolio for AC/DC and efficient high-power charging
- Developing charging service ecosystem, e.g. station, depot, fleet management
Siemens is best positioned for the future

Stringent capital allocation in future growth fields

**RESEARCH AND DEVELOPMENT**

- **€4.6bn** R&D expenditures
- **40,700** R&D employees

**STRONG IN DIGITALIZATION**

- ~50% of total R&D spending allocated to SW & IoT

**INGENUITY DRIVES INNOVATION**

- **5,120** Inventions
- **2,740** Patent applications

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**Next 47 powered by Siemens**

- Valuable contributor to our innovation ecosystem
- Enabler of “intrapreneurialism” within Siemens (90 accelerator teams since October 2018)
- Invested in 30+ start-ups that use deep and frontier technologies

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**Strong ecosystem**

**APPLICATION DEVELOPERS & INTEGRATORS**

- 200,000 developers on Mendix platform

**TECHNOLOGY & INFRASTRUCTURE PARTNERS**

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1 In FY 20 (without Siemens Energy)
Our DEGREE framework sets clear priorities for Sustainability at Siemens

- **Decarbonization**: support the 1.5°C target to fight global warming
- **Employability**: enable our people to stay resilient and relevant in a permanently changing environment
- **Equity**: foster diversity, inclusion, and community development to create a sense of belonging
- **Ethics**: foster a culture of trust, adhere to ethical standards and handle data with care
- **Governance**: apply state-of-the-art systems for effective and responsible business conduct
- **Resource efficiency**: achieve circularity and dematerialization
Accelerating value creation

**Growth & Profitability**
- 5–7% comparable revenue growth
- Upgraded Smart Infrastructure and Mobility margin targets
- High single-digit EPS pre PPA growth

**Cash & Accountability**
- Cash Conversion Rate (all in)
- Progressive dividend
- Long-term share buyback program

**Execution & Transparency**
- More recurring revenue
- Full potential of Portfolio Companies
- Clear commitments below the line

*Note: Scope Siemens AG*
Rather than make yesterday last, we are committed to building tomorrow – by learning and being open to change.

Our four strategic priorities

**Customer impact**
We anticipate what our customers need before they even know they need it.

**Technology with purpose**
Innovative technology has been at the core of Siemens for more than 170 years and it will remain at the core of the future we’re building.

**Empowered people**
Driving progress through empowering our customers, partners and employees.

**Growth mindset**
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