

**SIEMENS**

# Analyst Meet Half-Year FY 2014

Siemens Ltd., April 28, 2014

# Christian Rummel

Executive Director and Chief Financial Officer, Siemens Ltd.

- **1989:** Commercial Apprentice, Siemens AG; Finance Manager Sales (Power Transmission & Distribution), Mannheim, Germany
- **2004:** Vice President - Finance & Business Administration, Energy Sector, Germany
- **2006:** Managing Director & Chief Financial Officer, Audiology Solutions Business Unit, Healthcare Sector, Germany
- **2009:** Senior Vice President & Chief Financial Officer, Molecular Imaging, Healthcare Sector, USA
- **2014:** Executive Director and Chief Financial Officer, Siemens India from February 2014



## Operational Highlights

Financial Analysis

Future Outlook

## Continued stagnancy in Capital Goods market

### Industry

- Restricted Capex spend
- Slowdown in Capex spending in steel



### Energy

- Delayed Capex investments in ongoing projects
- Insignificant movement in Power Generation
- Transmission and Distribution ordering slow



### Infrastructure & Cities

- Large Infrastructure orders on hold
- Metro projects delayed
- Capacity addition in Smart Grids improving



### Healthcare

- Market continues to grow at healthy pace
- State government focusing on PPP projects
- Corporate chains expanding into tier II & III cities via Brownfield acquisitions



## Highlights – H1 FY 2014

Successfully commissioned first Continuous Caster at Steel Authority of India Ltd. IISCO Steel Plant.

Turnkey RMGL Metro line in Gurgaon begins operation. Siemens supplied complete electrical and mechanical solution.

First export order for High-Voltage Direct Current transformers for a Congo project.

Largest laboratory automation track installed at Thyrocare.

# Operational Highlights

## Five-point program on track

Volumes stable, profitability improved in H1 FY 2014

Global 5-point program on track

**Reduce costs:** Each Sector has clear targets for cutting costs, Manufacturing Community seeking ways to reduce cost of goods sold, optimizing worldwide utilized capacity



**Strengthen core activities:** HQ led initiatives of focusing on SMART Strategy



**Strengthen go-to-market approach across all Sectors:** Siemens One Program, City Account Management



**Optimize infrastructure:** consolidating Siemens group companies in India



**Reduce complexity:** streamlining internal processes and systems



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## Status on FY 2013 initiatives

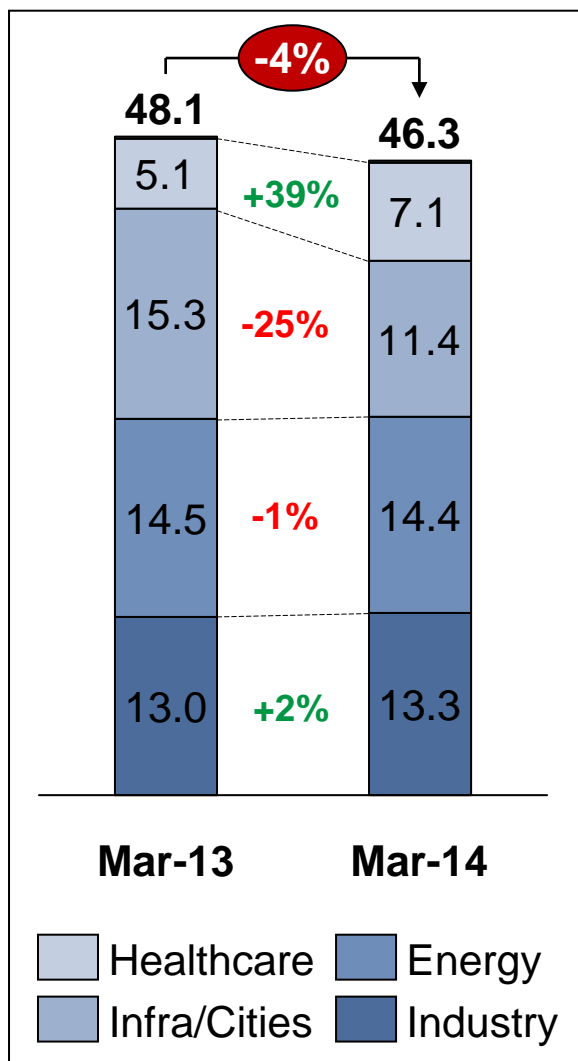
<b>Intensified &amp; partly restructured Sales organization</b>	
<b>Improved Project management processes further – focus on Cash flow</b>	
<b>Ramped up Service activities further</b>	
<b>Optimized Opex</b>	
<b>Drove integration of SPEL &amp; Winergy into SL operations</b>	
<b>Reviewed and optimized productivity in the 22 factories</b>	
<b>Increased focus on optimizing Operating Working Capital</b>	



# New Orders

Challenging economic environment, Healthcare grows strongly

(in Billion Rs.)



- Healthcare Sector:** strong growth in Imaging and Diagnostics divisions in Tier-I and Tier-II cities. New product launches well accepted in market.
- Infrastructure & Cities Sector:** previous year included large orders from Diesel Locomotive Works. Current year impacted by delays in decisions.
- Energy Sector:** market impacted by land acquisition, environmental and fuel supply issues. Slow growth in transmission segment
- Industry Sector:** growth muted in capital goods segment as uncertainty over execution continues. Reduced capex spending in Industry. Uncertainty over execution continues in project business

# Sales

Lower volumes as large projects near completion

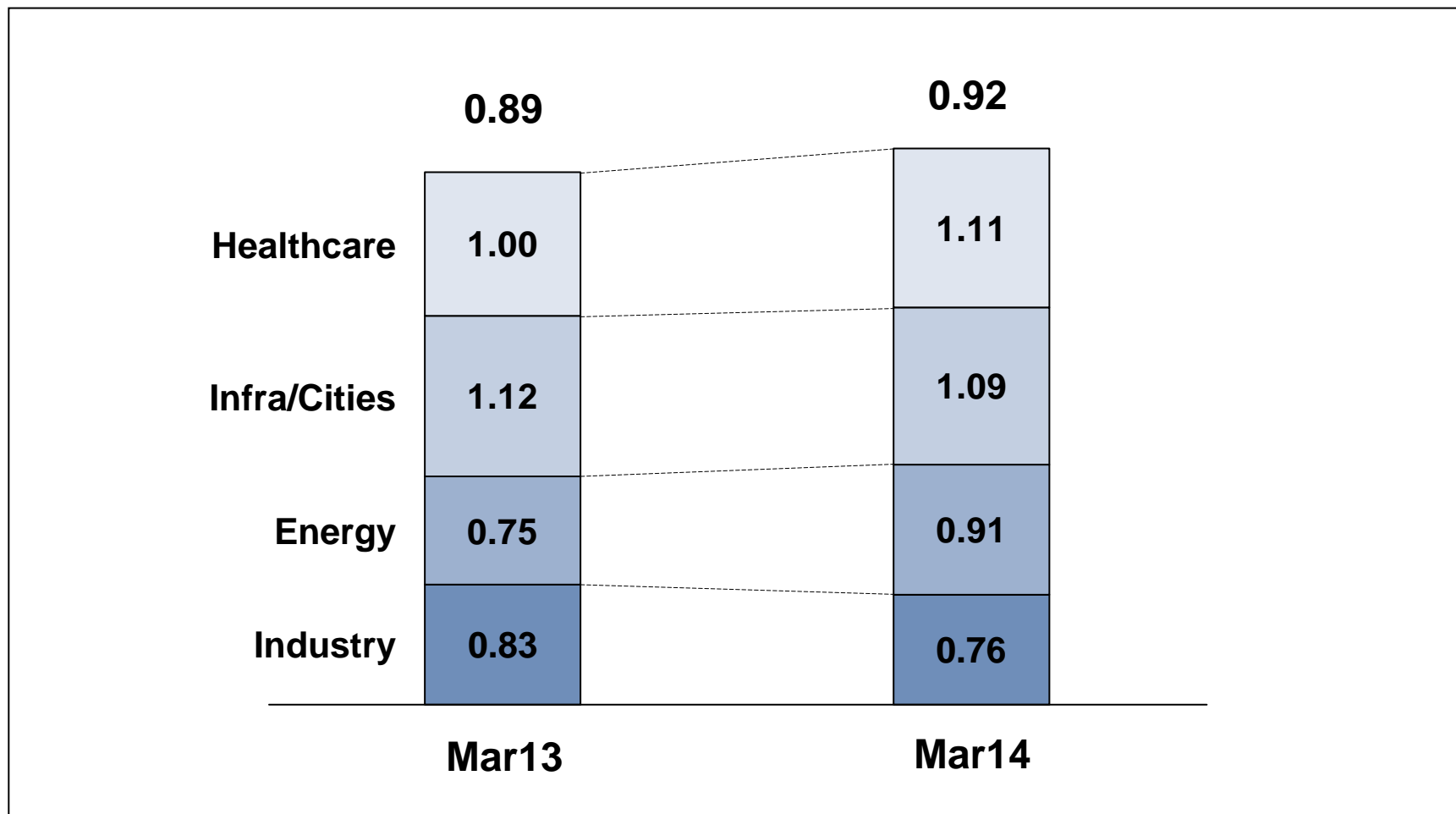
(in Billion Rs.)



- **Healthcare Sector:** strong growth in Imaging and Diagnostics divisions due to healthy order book.
- **Infrastructure & Cities Sector:** stable development, current year change of portfolio with transfer of Low Voltage Product (LP) business to Industry Sector.
- **Energy Sector:** lower volumes booked as large projects near completion
- **Industry Sector:** growth pickup mainly from product business. Project business affected by slower offtake by customers on funding issues. Growth mainly due to inclusion of LP business.

## Book to Bill Ratio

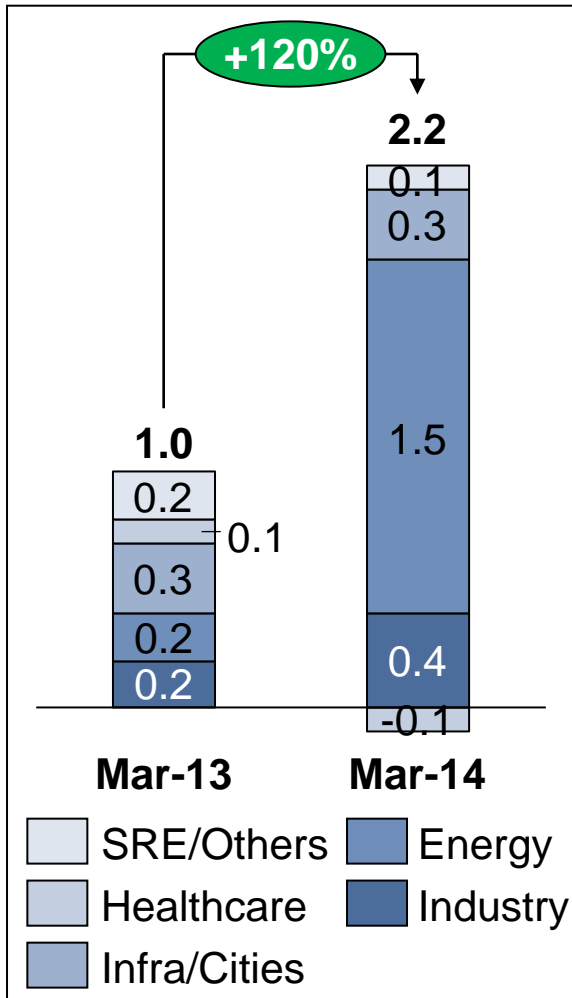
Marginal improvement, however Book to Bill remains <1



# Profit from Operations

Profitability improves; reduced project charges;  
higher margin orders; cost control measures

(in Billion Rs.)



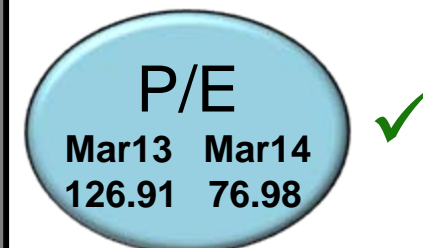
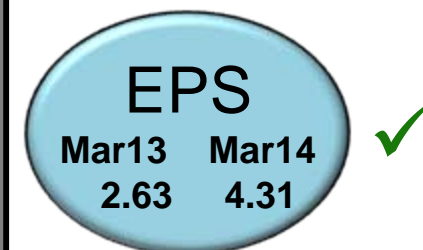
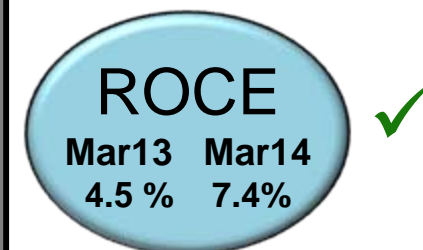
- PFO improved in Q2 2014 by **+480** bps to reach **4.8%** of Sales (HY 2014 **+250** bps to **4.4%**) mainly driven by lower project charges, execution of higher margin orders and overhead cost control
- Gross Margins improve mainly in Energy driven by lower project charges
- Good cost / resource management kept fixed overhead costs under control

# Key financials

Profit improves while Top-line is declining

(in Billion Rs.)

	Quarter ended March 2013	Quarter ended March 2014	Six Months ended March 2013	Six Months ended March 2014
<b>New Orders</b>	28.1	26.2 -7%	48.1	46.3 -4%
<b>Sales</b>	29.1	26.6 -9%	53.7	50.2 -7%
<b>Order Backlog</b>	129.3	121.8 -6%	129.3	121.8 -6%
<b>Profit from Operations</b>	0.0	1.3	1.0	2.2
% to Sales	0.0%	4.8%	1.9%	4.4%
<b>Other income &amp; Finance Costs</b>	0.0	0.1	0.0	0.1
<b>Exceptional item</b>	0.1	0.0	0.1	0.0
<b>Profit before tax</b>	0.2	1.3	1.1	2.3
% to Sales	0.6%	5.0%	2.0%	4.6%
<b>Profit after tax</b>	0.3	0.9	0.9	1.5



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# Partnering India in its sustainable growth

Strong belief in India's growth story

Continued high commitment to India

Continue to localize products, services and solutions

Step up engagement with customers

Continued focus on profitable growth and operational excellence



Thank You!

