

Johannesburg, South Africa, July 9, 2010

Siemens intensifies focus on growth in Africa

Investment of about €200 million to strengthen sales in next two years

Siemens plans to significantly boost its commitment to Africa by making an additional investment of roughly €200 million in the next two years to expand its business and its sales structures on the continent. “Africa offers Siemens vast opportunities for growth. As a green infrastructure pioneer, we’re a natural partner for mastering the continent’s major challenges. Renewable energies, in particular, have a huge potential in Africa,” said Siemens President and CEO Peter Löscher at celebrations marking Siemens’ 150th anniversary in South Africa.

The first large-scale wind and solar projects in Africa will probably be announced later this year after several countries have created the political conditions required. For example, Morocco plans to invest US\$9 billion and Tunisia US\$2 billion in expanding renewable power generation. Providing adequate supplies of electricity and water is one of the continent’s greatest challenges: one in two Africans has no connection to a power grid, and a third of the population lacks direct access to clean water.

“We’re world-leaders both in energy technology and on the water market. To exploit our opportunities in these fields, we’re strengthening partnerships with African companies and institutions,” added Löscher. Siemens will also utilize local expertise in the healthcare area. Due to budgetary constraints, hospitals in African cities are increasingly being built with the help of private-sector financing. Siemens intends to participate – as consortium member, for example – in these private-public partnerships, which can easily have volumes of several hundred million euros.

Siemens will tap additional African business fields by introducing medium-priced products that have been especially developed for emerging countries. These entry-level products for the middle market segment have the same high quality as high-end products but a smaller range of functions, making them more cost-effective. After roughly five years of development, Siemens now offers

over 80 of these entry-level products, which are in demand primarily in more rural and, thus, more thinly settled regions.

Overall demand in Africa for infrastructure solutions will also grow significantly in the years ahead – and in the continent’s urban centers, in particular. One reason is increasing urbanization: the number of Africans living in cities will grow from today’s figure of only about 400 million to 750 million by 2030. To better understand the needs of African cities, Siemens has commissioned the Economist Intelligence Unit to prepare the African Green City Index – a unique study that compares 16 African cities in terms of environmental and sustainability-related criteria. Experts from Siemens will discuss the study’s findings with city administrators and advise them on budget-saving and ecofriendly implementation.

To better meet the needs of customers in Africa and to make its sales activities more efficient and effective, Siemens has bundled its individual African companies into five sales regions. In addition, the company has changed the set-up of its business in the African growth market of Angola. There are more than 3,000 employees in Siemens’ Cluster Africa, which includes more than 50 countries.

In 2009, Siemens announced its intention to more than triple new orders in the Cluster to €3 billion by the end of fiscal 2012. In fiscal 2009, the company’s orders in the region came to slightly less than €1 billion. In fiscal 2012, the African market served by Siemens will have a total volume of a little less than €30 billion a year, and the company expects to have doubled its share of this market to 10 percent.

Further press material and photos from the event at siemens.com/press/southafrica

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