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Siemens to increase R&D investment by €300 million to a total of €4.8 billion

- **New unit to create more space for founder and startup culture**
- **Innovation funds of €100 million for employee ideas**
- **New research centers in China and Munich**
- **Company-wide Synalytics platform for digital services**
- **Nine researchers honored for around 650 inventions**

In the current fiscal year 2016, Siemens will invest around €4.8 billion in research and development (R&D) – some €300 million more than last fiscal year. R&D investment has thus increased about 20 percent since fiscal 2014. A major part of the additional funds is earmarked for automation, digitalization and decentralized energy systems. In fiscal 2015, research intensity – defined as the ratio of R&D expenditures to revenue – was 5.9 percent, an increase of 0.3 percentage points over the prior year. The company is also launching a bundle of measures to further increase its power of innovation.

“Our company’s success and its long-term future lie in our power of innovation. The motivation and creativity of our highly expert employees have a key role to play in this connection,” said Joe Kaeser, President and CEO of Siemens AG. “Our company needs good ideas – and we’re creating the conditions that will enable clever minds both inside and outside our company to implement their ideas quickly and effectively.”

To achieve this aim, Siemens is establishing a unit that will provide space for experimentation and growth in a startup environment. Under the working title “Innovations AG,” the unit will also serve as a consultant, a promoter and a kind of risk capital provider for business and project ideas. Working independently of

Siemens' core businesses – that is, like a founder's company – the unit will supplement and consolidate Siemens' existing startup activities.

To strengthen the innovation and technology expertise of the company as a whole, Siemens has also established a scientific council. The Siemens Technology & Innovation Council (STIC) closely supports the Managing Board in systematically analyzing and monitoring strategic topics in the areas of technology and innovation. The STIC comprises Siemens' Chief Technology Officer Siegfried Russwurm and seven internationally experienced and respected experts from the research and scientific communities.

As agreed upon with its employee representatives in Germany, Siemens is also launching an investment fund to strengthen its employees' power of innovation in a targeted manner. For this purpose, the company is making up to €100 million available over the next three years – in addition to the €300 million in increased R&D investment in the current fiscal year. In the first year, around €10 million will be paid into the fund in Germany alone. This money will be used to foster creative employee ideas with an economic benefit. Unlike the projects financed by Innovation AG, these ideas do not have to focus exclusively on new technologies or new businesses in order to be worthy of support – they can also target improved processes, services or better customer retention.

Siemens has also honored nine particularly ingenious researchers as Inventors of the Year 2015. The scientists – from Germany, the U.S., the UK and Norway – are together responsible for some 650 inventions and 309 individual patent grants. Siemens has been presenting the Inventors of the Year award annually since 1995 to the organization's outstanding researchers and developers whose inventions have made a major contribution to its success. In the year ahead, researchers outside the company will also be eligible for the award.

"In the 21st century, research isn't – and can't be – conducted only in an ivory tower," says Chief Technology Officer Siegfried Russwurm. "Times have changed. Inventors no longer develop ideas for the future in isolation. Today, innovation requires a new, open style of cooperation. Taking inspiration from crowdsourcing and software hackathons, engaging in cooperative projects with universities,

research institutes and small, flexible startups – all this is what we at Siemens are now doing every day.”

As part of a move to expand its R&D collaborations with top universities, the company is establishing a new research center on the campus of the Technische Universität München (TUM) in Garching, a suburb of Munich. Research at the center, where over 100 Siemens scientists will work side-by-side with TUM researchers, will focus on everything from IT security to autonomous systems. In 2016, Siemens will also establish a new innovation center in China. Cooperating across Division boundaries, the center's more than 300 employees will conduct research in new digitalization solutions for both the Chinese and international markets.

But Siemens is not only cooperating with universities; it is also intensifying its collaboration with startups. For example, the company is opening a new liaison office in Tel Aviv to establish close contacts with Israeli startups. Siemens already maintains three such offices worldwide – in Berkeley, Shanghai and Munich. To find the best ideas, Siemens scouts contact more than 1,000 young companies a year.

To tap new business opportunities in the area of digitalization, Siemens is driving the related services under the name Siemens Digital Services. The company expects growth in the digital services market to average 15 percent a year. Leveraging both new and conventional services, Siemens generated revenue of some €16 billion in this area. To provide the technological basis for its digital services, Siemens has created a company-wide software platform, Sinalytics, that combines a variety of established and new technologies in the areas of remote maintenance, data analytics and cyber security. The platform makes it possible to aggregate, securely transfer and analyze the vast amounts of data generated by sensors in machines. Siemens' business units can then use this valuable data to offer customers new services that can, for example, improve the monitoring of gas turbines, wind turbines, trains, buildings and medical imaging systems. Today, some 300,000 devices are already linked to Sinalytics. Extensive cyber security technologies that can be used to securely transfer, store and analyze confidential data are one of the platform's key components.

This press release, press pictures, an overview of the members of the Siemens Technology & Innovation Council and other material are available at
www.siemens.com/presse/innovationen-bei-siemens

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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 more than 165 years. The company is active in more than 200 countries, focusing on the areas of electrification, automation and digitalization. One of the world's largest producers of energy-efficient, resource-saving technologies, Siemens is No. 1 in offshore wind turbine construction, a leading supplier of gas and steam turbines for power generation, a major provider of 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 2015, which ended on September 30, 2015, Siemens generated revenue of €75.6 billion and net income of €7.4 billion. At the end of September 2015, the company had around 348,000 employees worldwide. Further information is available on the Internet at www.siemens.com.