A strong portfolio – Geared to tomorrow’s growth markets

The world is being transformed: the parameters of daily life and economic activity are changing faster than ever before. This development is providing us with tremendous opportunities to continually improve our position in growth markets worldwide. Intensive portfolio management is enabling our innovation-driven Company to identify new business fields early on and capture leading market positions.

We can generate sustainable growth only if we focus on attractive future markets. That’s why we practice intensive, systematic portfolio management.

All our business activities have the same ambitious goal: we want to capture a No. 1 or No. 2 position in all our markets – because that’s the only way to generate profitable growth and increase our Company’s value in the long term. A look at our past confirms that we’ve always been particularly successful when we’ve been a market and technology leader.

And we want our pioneering achievements to continue driving our business success in the future. With this in mind, we’re continually adapting our portfolio to major global trends through both organic growth and acquisitions, for which we apply strict criteria. Our policy of intensive portfolio management is enabling us to move into attractive future markets quickly and capture leading competitive positions.

In the IT field for example, we’re already one of the largest software companies in Europe – a position we’re steadily expanding through targeted acquisitions. In 2012, for instance, we acquired RuggedCom Inc. of Canada, a leading supplier of communications and network solutions for industry. This acquisition is strengthening our position in the areas of industrial Ethernet and industrial routers and switches.

Over the last few years, we’ve introduced a large number of energy-efficient, low-carbon solutions that enable customers to slash their CO₂ emissions and, by reducing their energy costs, increase their competitiveness.

Our future-oriented portfolio strategy is strengthening our Company’s profile and sharpening our focus on innovation-driven growth markets.

These solutions are part of our Environmental Portfolio which, like our activities in the IT field, is one of our strategic growth drivers. In fiscal 2012, we generated revenue of €33.2 billion with Portfolio offerings, an amount equal to around 42% of our total sales. Here, too, we’ve set ambitious targets: we want to achieve revenue of €40.0 billion with our green technologies by the end of fiscal 2014. And this target remains unchanged, although our planned disposals of OSRAM, our Water Technologies Business Unit and our solar business will make its achievement considerably more challenging. We’re already one of the world’s largest suppliers of ecofriendly technologies. By rigorously pushing the development of these technologies, we’re making a major contribution to sustainable climate and environmental protection while ensuring our long-term
business success. Our commitment to sustainable development is also being recognized by external observers: at the end of fiscal 2012, Siemens was named Supersector Leader in the Industrial Goods and Services category of the Dow Jones Sustainable Index (DJSI) for the first time. We also won the top spot for sustainability in the Diversified Industrials category.

As a technology leader, we're helping shape the future of energy. The conventional energy chain — comprising the generation, conversion, distribution and effective use of power — is evolving into a multi-layered system with many new participants. Power generation is becoming more decentralized, with energy increasingly coming from renewable sources. At the same time, more power is being used by new consumers, for example, in the area of electric mobility. Our portfolio offers innovative and sustainable solutions for key areas of this new Power Matrix — solutions that will be vital to a successful transition to a new energy system.

IT, our Environmental Portfolio, our contribution to the future of energy: these are just three examples of how we're actively gearing our portfolio to attractive growth markets while equipping our Company for market leadership and sustainable growth.

The businesses and markets associated with the energy system are a key focus of our portfolio management activities. Looking to the future, the role of decentralized power generation will continue to grow — as will the complexity of the power grid. The linear energy chain is currently evolving into a many-layered system with a large number of new participants — we call it the Power Matrix. This transformation is opening up huge new market opportunities for us. With our innovative products and solutions, we're already supplying key elements of the Power Matrix.

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