

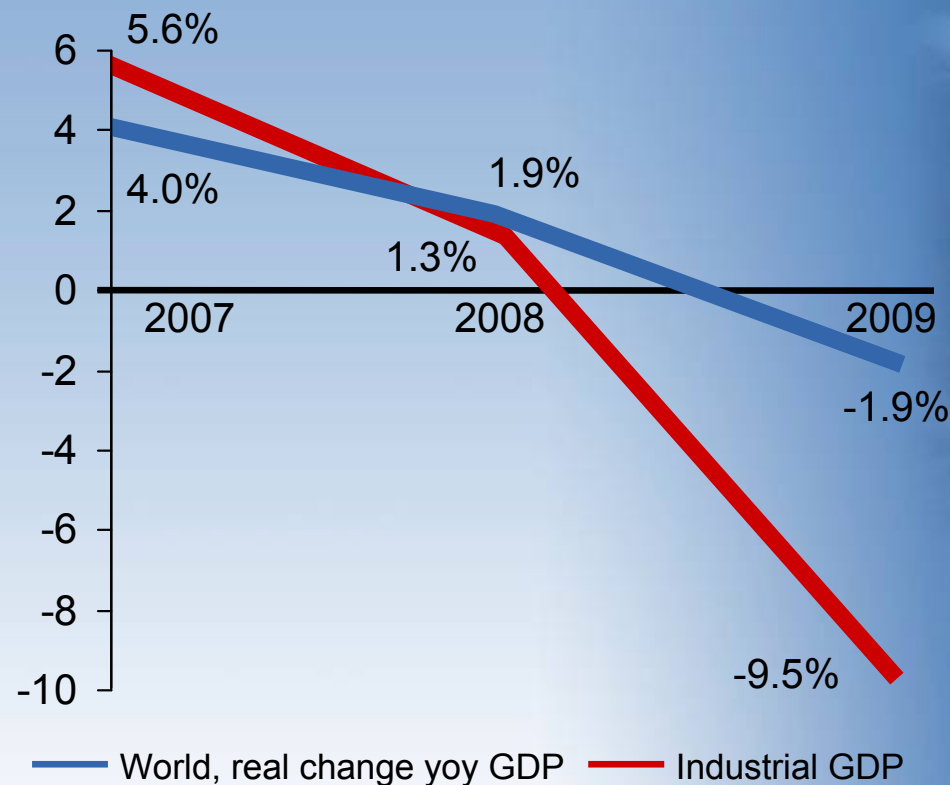
# Creating sustainable value and growth through innovation

Dr. Heinrich Hiesinger  
Member of the Managing Board of Siemens AG  
CEO Industry Sector

International Press Conference  
Hanover Fair  
April 19, 2010

**A tough and volatile business environment**

**Development of GDP and Industrial GDP from 2005 till 2009**



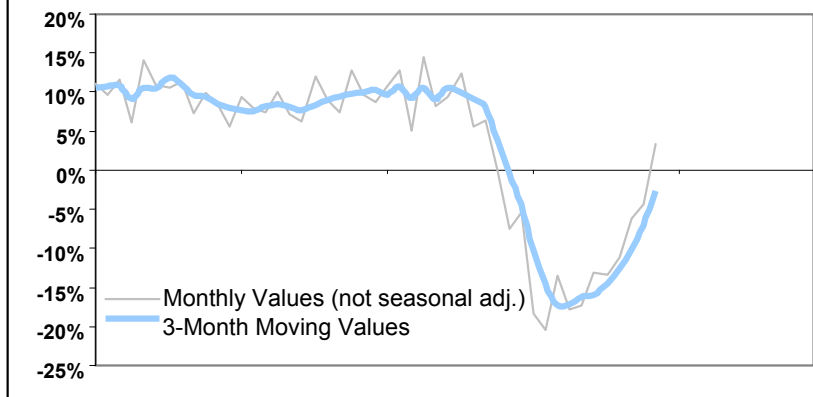
Source: Global Insight

- 2009 GDP projection was adjusted month by month
- We expected the crisis and experienced a free fall

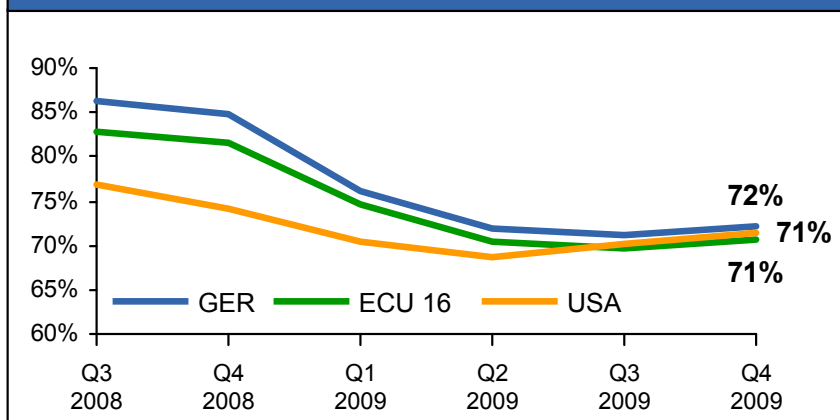
**Industry was hit even harder by industrial GDP slump of ~10%**

# Challenges remain: Low capacity utilization in our customer end markets slows down recovery

## Industry Output



## Capacity Utilization



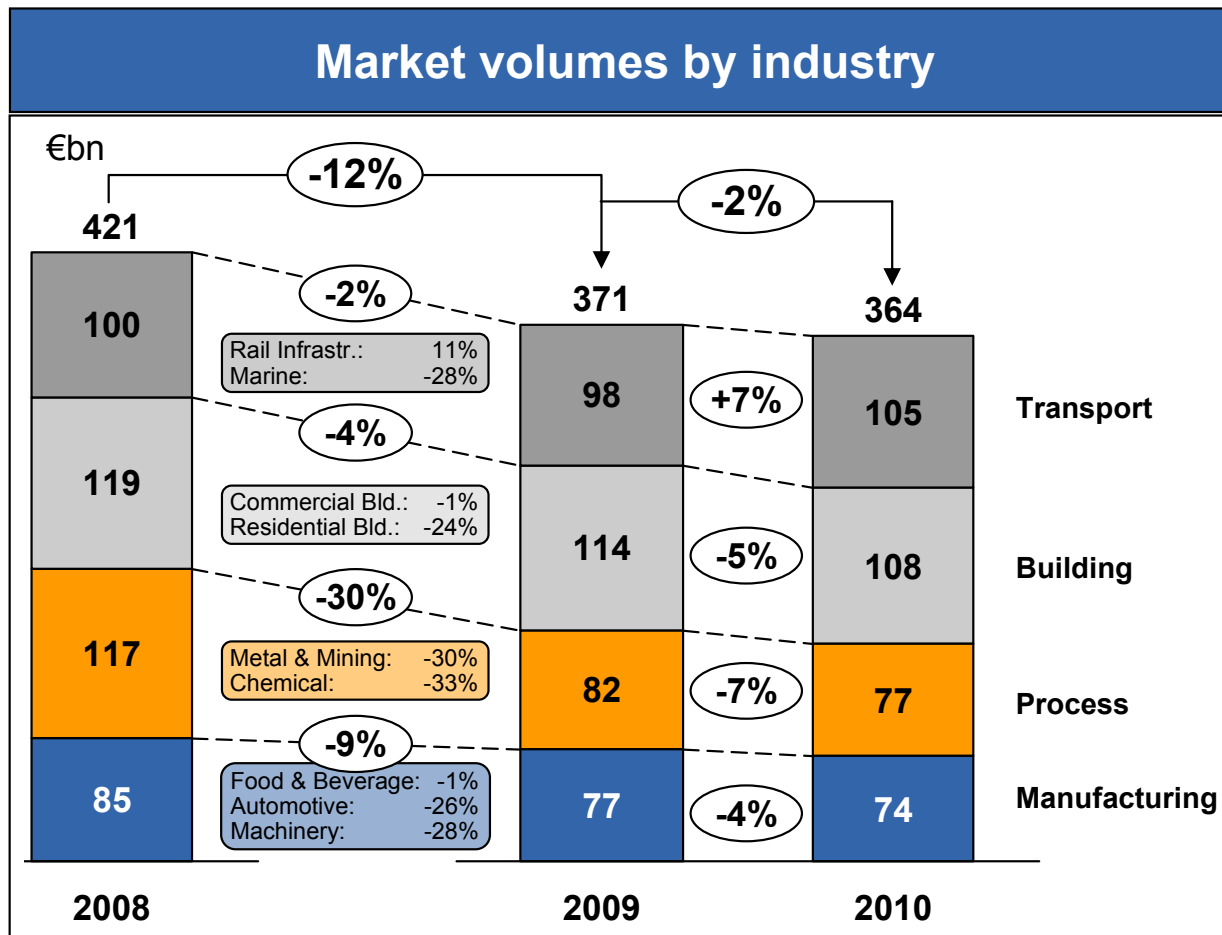
## Outlook

- Forecast for global GDP is positive
- Short-cycle industries have bottomed out
- Customers focus on OPEX optimization

### However

- Long-cycle businesses continue to shrink
- High overcapacities in many industries slow upturn
- Positive impact on our business when customers expand capacities

## A view of 2010: Some volume stabilization ...



- ### Outlook
- Return to 2008 market level unlikely over medium term
  - Transport market remains stable
  - Building market and process industries still in the downturn
  - Manufacturing industries have seen their bottom

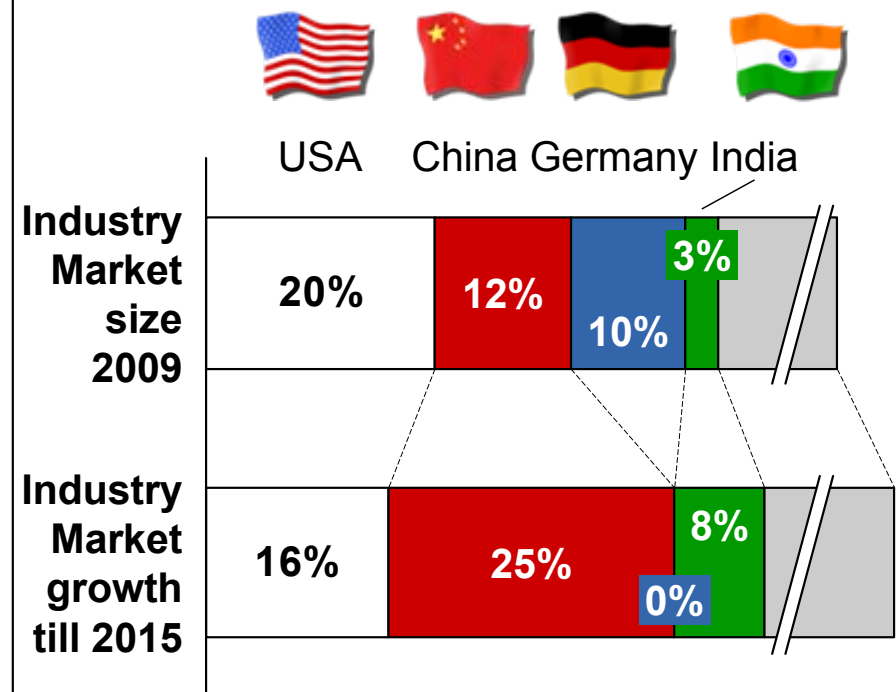
**... with growing transport market**

## Growth is driven from emerging markets

### Changing market environment

- China keeps growing also driven by governmental support
- Middle East and India grow with decent growth rates
- Brazil sees growth due to large projects (Soccer world cup, Olympics)
- USA and Germany will reach bottom in 2010

### Emerging markets are strongest growth contributors



**Future success requires winning in Brazil, China, India and Middle East**

# Siemens Industry is well-positioned in the growth regions – e.g. China

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## Some examples

- Tianjin: Motor and drives plant**  
 All-in-one facility with production, R&D, engineering, supply chain functions and customer support for China and East Asia
- Suzhou: Second largest IA plant worldwide**
- Kunshan: Specialty lighting competency centre**  
 for China and regional markets
- Shanghai: Global operation center for cold band**
- Hong Kong: Global LED architectural lighting competence center (Traxon)**



With 21,000 employees and 22 factories  
 China is the third biggest country of the Industry Sector

# Product portfolio for emerging markets is expanding rapidly: Examples for China

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## Cerberus ECO FS18 in Beijing

Cost optimized fire  
detection system



## SINUMERIK 802 in Nanjing

Completely digital control for  
standard turning and milling  
applications



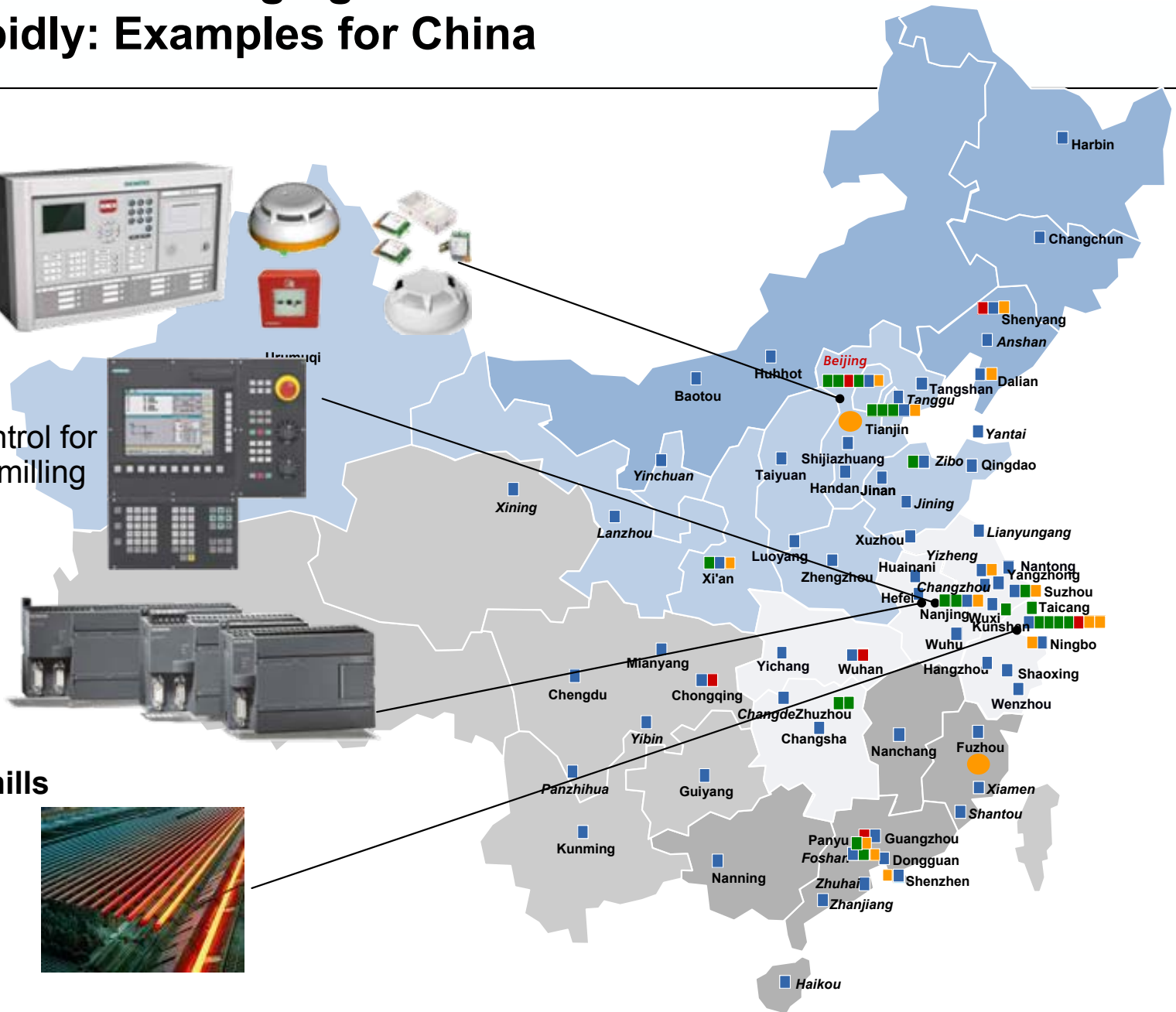
## Simatic S7-200 CN in Nanjing

Cost optimized  
Micro controller



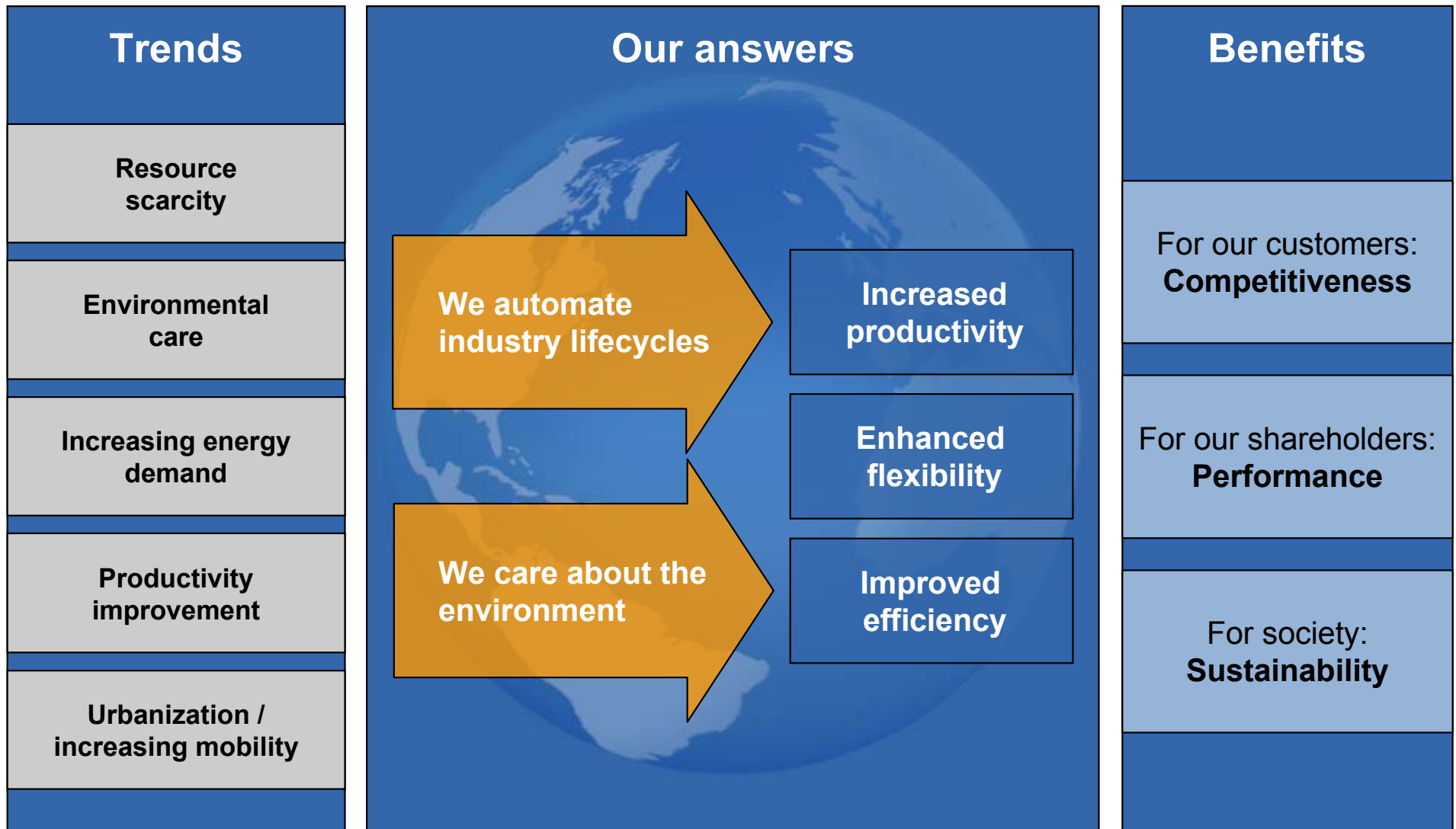
## Automated rolling mills in Shanghai

Build-up of local  
product range for  
long rolling mills



# We stick to our long-term strategy: Creating value through technological leadership

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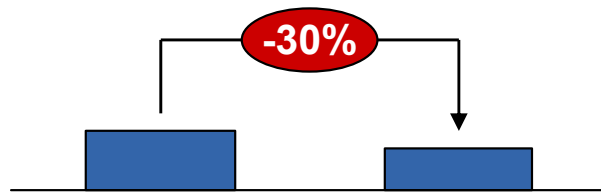


## Superior customer benefits through – Productivity

### Sinumerik



**30% productivity increase through uniform CAD / CAM / CNC process chain**

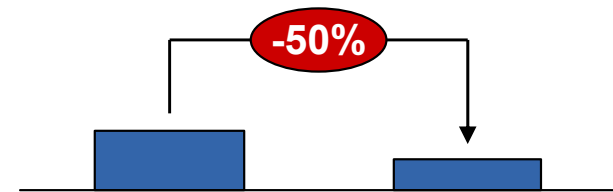


Gantry Milling Machine, EiMa Maschinenbau

### SIMETAL Ultimate EAF



**50% higher productivity compared to conventional electric arc furnace**



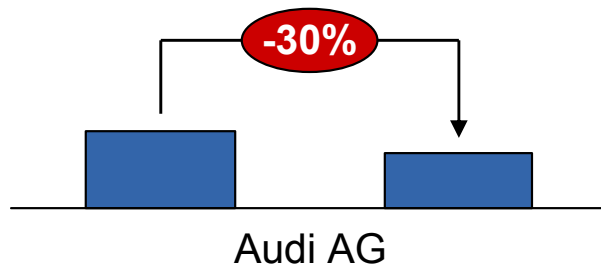
Electric Arc Furnace, Gebze Turkey

**Superior customer benefits through – Flexibility**

**Profinet and Profisafe**



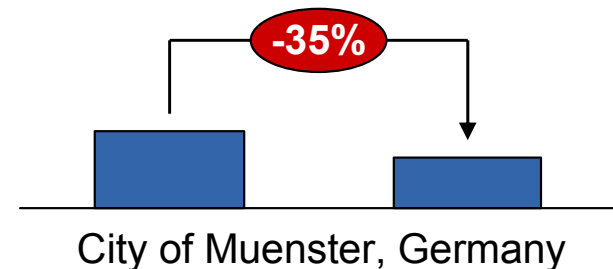
**Up to 30% faster time-to-market of A8 through flexible automated robot cells**



**Dynamic traffic control**



**35% reduction of driving time by optimized traffic flow**

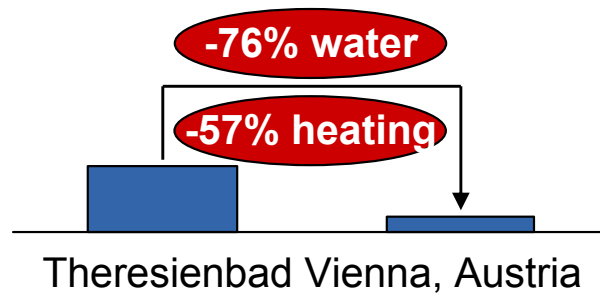


## Superior customer benefits through – Efficiency

### Energy contracting for buildings



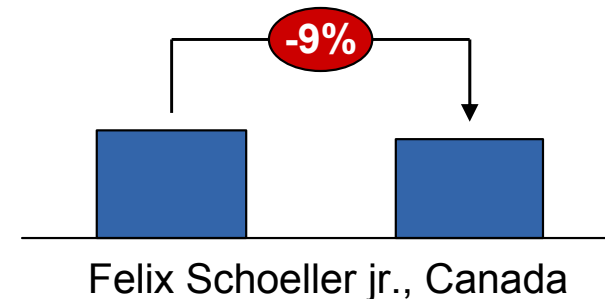
**Saving of energy costs: 57% less heating and 76% less water usage**



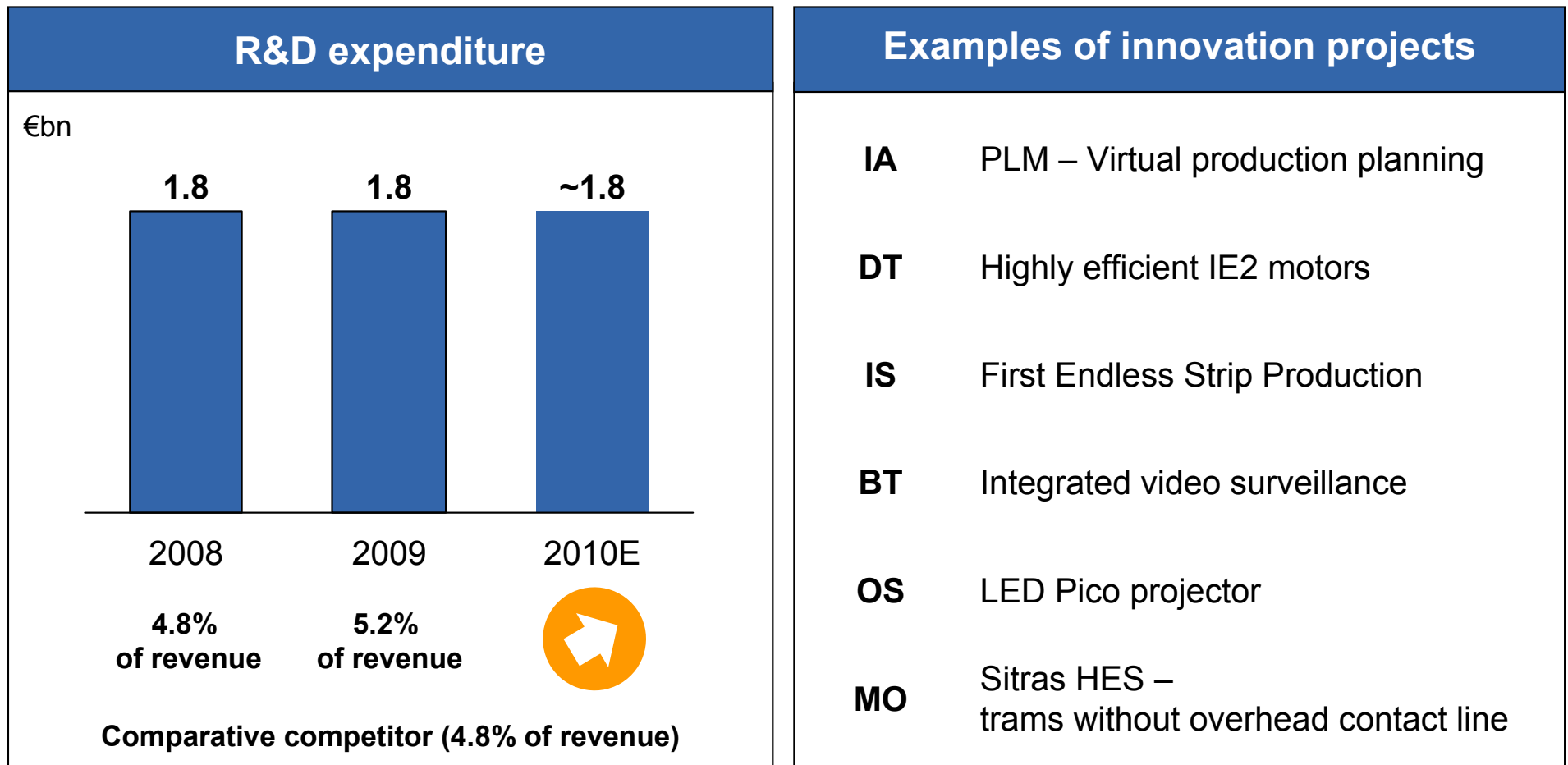
### Energy optimization in industrial plants



**Saving of energy costs of €460,000 p.a.  
9% more energy efficiency**



## Innovation stays the basis of our business ...



... and is the prerequisite for increased value through technological leadership

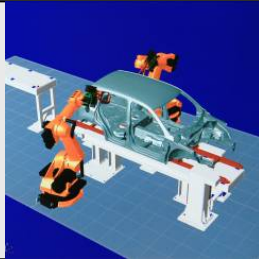



# Broad use of technology platforms: Speed up innovation and reduce costs



Manufacturing Industries	Process Industries	Buildings	Transport
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<b>Controls Platform based on SIMATIC</b>	<b>Controller for</b>			
	<b>Packaging machines</b> S7-1200	<b>Cement plants</b> CEMAT	<b>Energy mgmt.,</b> Global Mgmt Station	<b>Rail interlocking</b> SICAS PN
	<b>Variable speed drive for</b>			
	<b>Printing machines</b> S120	<b>Cold rolling mills</b> SM 150	<b>Air conditioning</b> SED2	<b>Marine drives</b> GL 150
<b>SW-Platform based on Teamcenter</b>	<b>Software application for</b>			
	<b>Product and manufacturing process mgmt.</b>	<b>Recipe and plant asset management</b>	<b>Asset management</b>	<b>Maintenance, repair and overhaul</b>

# Selected fields of innovation underline our strategic direction

<p><b>Industrial software + automation</b></p> <ul style="list-style-type: none"><li>▪ PLM</li><li>▪ MES</li><li>▪ Simatic</li></ul>		<p>Up to <b>50%</b> shorter time to market due to link between product design and production</p>	<p><b>Enhanced flexibility, Increased productivity</b></p>
<p><b>Drive systems</b></p> <ul style="list-style-type: none"><li>▪ Gearless wind turbines</li><li>▪ Trains, eCars</li><li>▪ Production/conveying systems</li></ul>		<p>Up to <b>70%</b> higher energy efficiency through offerings along the complete drive train</p>	<p><b>Improved efficiency</b></p>
<p><b>Smart buildings</b></p> <ul style="list-style-type: none"><li>▪ Energy efficiency portfolio</li><li>▪ Building automation</li><li>▪ EuTech (energy consultancy)</li></ul>		<p>Up to <b>40%</b> lower energy consumption due to smart building technology</p>	<p><b>Improved efficiency</b></p>
<p><b>Water for industry</b></p> <ul style="list-style-type: none"><li>▪ Pharmaceuticals</li><li>▪ Pulp &amp; Paper</li><li>▪ Metals &amp; Mining</li></ul>		<p>Up to <b>90%</b> less industrial effluent due to sustainable water management</p>	<p><b>Improved efficiency, Increased productivity</b></p>

# Innovation as the key to create sustainable value and growth

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1

## Customer value proposition

- Increased productivity
- Enhanced flexibility
- Improved efficiency

2

## Technology platforms

- Automation competence – across Divisions along the entire lifecycle
- More innovation speed at reduced costs

3

## Customer focused innovation

- Expansion of product portfolio for emerging markets
- Stronger focus on specific industry end markets