Siemens Power Group in India

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Siemens Capital Market Days in India
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Siemens Power Group in India

Provides in

**Power Generation ……**

solutions, systems, products and services for:
- Gas Turbine & Steam Turbine based power plants
- Compressors for industrial applications
- Rotating equipment for the Oil & Gas sectors
- I&C equipment and IT Solutions
- All electrical equipment including Excitation Systems for Generators

**Power Transmission and Distribution ……**

solutions, systems, products, and services for:
- Turnkey Switchyards up to 765 kV
- HVDC & HVAC Transmission Projects
- High Voltage Switchgear up to 420 kV
- Power Transformers
- Medium Voltage Indoor, Outdoor Switchgear and Switchboards
- Power System Control, Energy Management Systems
- Protection Systems and Substation Automation
Country setup - Siemens Power Group

Office Locations: 8x
Offices at Gurgaon, New Delhi, Mumbai, Kolkata, Chennai, Bangalore, Pune and Vadodara

Factories: 5x
1. PTD M, Kalwa: Medium voltage factory
2. PTD T, Kalwa: Greenfield Transformer factory under construction
3. PTD HS, High Voltage factory at Aurangabad
4. PG I, Industrial Turbine factory at Vadodara
5. PG I: Workshop for servicing small gas turbines at Bangalore

Other Companies: 2x
1. Siemens Power Engineering Pvt. Ltd. at Gurgaon
2. Siemens Industrial Turbomachinery Services Pvt. Ltd. at Bangalore

Number of Employees: 1,500 (as of Sept. 2005)
Organisation - Power Generation (PG)

**Power Generation provides solutions for both Utilities and Industrial applications**

- **Power Generation**
  - **Business Development**
    - Coal Fired Plants, Combined Cycle Plants
  - **Industrial Applications**
    - Steam & Gas plants up to 150 MW, Compressors
  - **Power Plant Instrumentation, Control & Electricals**
  - **Services**
    - Utility and Industry

- **Project Group Sugen (1100 MW)**
- **Torrent Power Services Pvt. Ltd.**
  - 50% share by SAG
- **Demag Delaval Industrial Turbomachinery Pvt. Ltd.**
  - (Merged in November 2005)
- **Siemens Demag Delaval Turbomachinery Pvt. Ltd.**
  - (Merged in July 2004)
- **Siemens Power Engineering Ltd.**
  - 100% sub. of Siemens AG
- **Siemens Industrial Turbo-machinery Services Pvt. Ltd.**
  - 51% share by Siemens Ltd., India

- **Subsidiaries of Siemens**
Despite of large capacity addition supply remains lower than demand
Planned generation capacity vs. actual addition

Investments of €57 bn is estimated for generation sector in the 11th plan (2007-2012)

- Lowest capacity additions witnessed in 8th and 9th plan vis-à-vis targets
- With the reforms initiated by the government the power sector began to look up
- Government’s “Power for all by 2012” program has thrown up huge opportunity for the generation sector
- Actual vs. planned capacity addition is expected to improve to 85% in the 10th plan from 47% in the 9th plan
- Between 2002 and 2012, a capacity addition of 100,000 MW has been planned

Source: MOP Reports, CEA, Figures exclude non utilities
Market Characteristics

*Power Generation sector at take off stage yet continues to be competitive*

- Government committed to the reforms process in this sector.
- Financial resources a constraint. Private participation encouraged.
- Major world players are very active.
- Market is fiercely cost competitive.
- Local product development and value addition are key success factors.

Siemens PG has geared itself to meet these market trends.
- Industrial Turbines factory at Vadodara to take advantage of the growth in the industry sector.
- Our in-house developed state of art “Distributed Control Systems” for Power Plants suitable for low cost Asian / African markets, with 18 MW installed base in India.
- Our vendor base and project management skills will help us in developing as a product and system supplier.

Source: MOP Reports, CEA, Figures exclude non utilities
Siemens Fossil power plants in operation/construction

In India ~ 35% of installed capacity are installed with Siemens technology (own & licensee)

Own projects with Siemens Turbine Generator (TG) equipment

- Dadri 817 MW CCPP
- Paguthan 655 MW CCPP
- Sugen 1100 MW CCPP
- Trombay 500 MW ST and 200 MW CCPP
- Uran 900 MW CCPP

As Licensee

- ~ 5GW
- ~ 40GW

Siemens introduced 1st 500 MW STPP set in 1983 at Trombay and facilitated technology upgradation via BHEL
Siemens Industrial Applications projects

More than 60% of the Industrial Turbines in India are based on Siemens technology

An extract of projects

- Over 400 Siemens industrial steam/gas turbines with a capacity of 3200 MW have been installed in India.
- More than 140 Siemens compressors operating in India.
- Siemens India acquired the industrial steam turbine factory of Alstom as per the world-wide strategy.
- Siemens India also acquired 51% share in an industrial Gas turbine service facility to enhance service capability.
Siemens PG at a glance

**Siemens PG is gearing itself to meet market growth**

- Siemens is successful in acquiring the 1100 MW Sugen CCPP project being setup by the Torrent group.

- Power Plant Automation and Service businesses registered 35% increase in their business volumes while maintaining double digit profitability

- Siemens has acquired 100% shareholding in Demag Delaval Industrial Turbomachinery Pvt. Ltd. (DDIT) which was engaged in manufacture and marketing of industrial turbines up to 150MW

- Siemens acquired 51% stake in Pimac Engineering and Services Pvt. Ltd. Pimac has a well established service centre at Bangalore for service of Small Gas Turbines and Rotating Equipment

* Incoming Orders (Indexed)

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<th>FY 2004</th>
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<td>100</td>
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<td>200</td>
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* Investments (Indexed)

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<td>100</td>
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<td>1,378*</td>
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* Employees (Indexed)

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<td>135**</td>
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* Includes investment in new companies  ** Includes subsidiaries SITS, DDIT
PG Factory – Industrial Turbines

Factory for Industrial Turbines to meet growing industry demands

Location: Vadodara
Floor Area: 2,700 sqm
No. of Employees: 165

- Factory for Industrial Steam Turbines at Vadodra
  (formerly Alstom) integrated with Siemens Ltd. in Nov. 2005
- Present Capacity: 26 Steam Turbines p.a.
  (range 8 to 45 MW)
- Employees ~163
**Strategy in PG**

*Siemens PG Group will be a leading player in India together with our parent company*

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<tr>
<th>Own Businesses</th>
<th>Together with Headquarters</th>
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<td>- Further investments at the Industrial Turbine factory to enhance capacity</td>
<td>- Facilitate introduction of 800 MW STPPs, based on super critical technology in India</td>
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<td>- Develop ‘Global Service Resource Base’ in India for local and export services</td>
<td>- Aggressively pursue select power projects in IPP Sector</td>
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<td>- Strengthen design and engineering capabilities in power station automation.</td>
<td>- Invest in manufacturing facility at Vadodara to become a component sourcing point.</td>
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<td>- Strengthen global engineering resource for ‘Power Station Design &amp; Engineering’</td>
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Organisation – Power Transmission Distribution (PTD)

PTD group provides solutions for Medium to Extra High Voltage Transmission and Distribution

Power Transmission Distribution

High Voltage Switchgear & Turnkey Projects

Medium Voltage Switchgear & Turnkey Projects

Transformers

Energy Automation

Service

Centre of Competence

Factory – High Voltage Switchgear Aurangabad

Factory – Medium Voltage Switchgear Kalwa

Factory – Transformers under construction Kalwa

Factory – Medium Voltage Switchgear

Factory – High Voltage Switchgear

Centre of Competence

SIEMENS in INDIA
Creation of Transmission Super Highways will boost the requirement for transmission substations.

Growth in Installed Transmission Substations provides huge opportunity for 765kV / 400kV / 220 kV sub-stations.

First ever contract of 765kV substation for Siemens.
Major investments for reducing T&D losses in India

Transmission and Distribution losses in India

- Poor financial health of State electricity boards (SEBs)
- Huge gap existed between cost of generation and payment collections due to high aggregate technical and commercial (AT& C) losses
- Technical losses on account of inadequate investments for distribution infrastructure improvement lines and overloading of equipments
- Commercial losses due to low metering efficiency levels and power theft

Government initiatives

- Distribution reforms identified as the key to improvement in the Power sector

Objectives

- Improve financial viability of SEBs
- Reduce the AT&C losses to 10%
- Reduce outages and power interruption
- Enhance customer satisfaction
PTD now geared up as a “System and Product Supplier”

*With full range of products and engineering capability, Siemens is poised to take advantage of the Market Reforms*

- Expertise in Project Management & Engineering of Large Turnkey Switchyard Projects
- Expertise in Software Development for Energy Automation projects
- Local manufacture of Medium Voltage Breakers
- Local manufacture of High Voltage Breakers
- Local manufacture of Transformers (factory under construction)
- Full Spectrum System and Product Supplier for T&D Domestic & Export Market with Quality as key element
Medium Voltage Switchgear set up at Kalwa

Global sourcing factory for Medium Voltage Outdoor Circuit breaker

- Location: Kalwa
- Established: 1973-1974
- Floor Area: 15,000 sqm
- No. of Employees: 400

- One of the largest Siemens Medium Voltage factories outside Germany
- Recognized as Center Of Technology and Center of Competence by Siemens AG
- Technology Collaboration Agreement (TCA) with Qatar (QGS), Oman (Al Hassan), Malaysia (Item Engg.) & Bangladesh (Siemens) for Medium Voltage switchboards
High Voltage Switchgear at Aurangabad

State of art factory for High Voltage Breakers helped us in our turnkey projects

Location: Aurangabad
Established: 1999-2000
Floor Area: 5,700 sqm
No. of Employees: 40

Main Products:
- 72.5 KV/145KV/245KV SF6 Circuit breakers

New Products:
- 400KV SF6 Circuit breakers (under development)
Success in High Voltage Turnkey Projects

Technology leadership and successes in large projects

**Major Domestic Projects**

- 400 kV  Bangalore (Karnataka)
- 220 kV  AP Gas (Andhra Pradesh)
- 220 kV  Gurgaon (Haryana)
- 765 kV  Seoni (Madhya Pradesh)

**Major Export Projects**

- 230 kV  Bangladesh
- 66 kV  Qatar
- 220 kV  Qatar

- First ever turnkey contract of 765kV substation
- Largest contract of PTD World in Qatar
- One of the largest 400kV HVDC station on reference (2000MW)
- Local Competence for 400kV FSC stations.

FSC : Fixed Series Compensation
New Transformer Factory at Kalwa

The Transformer factory will improve our Product Portfolio

- Location: Kalwa
- Under construction
- Floor Area: 15,000 sqm

- Construction commenced: May 2005
- Investment of €28’ in the new facility
- State of art factory will go on stream in this fiscal year
- Production of Power Transformers for domestic and export markets up to 800kV and 600 MVA ratings
Siemens PTD at a glance

- Sales have more than doubled as compared to last year
- Competitive cost, quality and reliability were major factors for growth both in local and export markets

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<th>FY 2005</th>
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<td>Sales (Indexed)</td>
<td>100</td>
<td>212</td>
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- Major investments foreseen in FY 2007 for the Transformer factory which will expand our product palette.

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<td>Investments (Indexed)</td>
<td>100</td>
<td>1,088</td>
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- Our employees are our strength and we continuously invest in their training and development.

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<th>FY 2004</th>
<th>FY 2005</th>
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<td>Employees (Indexed)</td>
<td>100</td>
<td>114</td>
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PTD is a success story of teamwork between headquarter and regional company

- PTD systematically adding products to expand its portfolio.
- PTD India will become full spectrum supplier for PTD Products and Systems by setting up world class factory for Transformer, High voltage breakers and other High voltage products.
- PTD India will leverage Project Management Competencies in Engineering, Procurement and Construction (EPC) with base in India for growth in Domestic as well as Export markets.
- PTD India shall maintain technology lead by having state of art products and technology driven projects like HVDC for bulk power.
Summary

- Power Sector Market registering double digit growth with huge investments planned by the government and the private sector.

- With the large installed base, excellent quality image and broad product portfolio Siemens has geared up and positioned itself to take full advantage of the growth in the product as well as turnkey project market.

- Our Project Management and Engineering skills will be leveraged by Siemens Germany for capturing export projects.
"Group profit from Operations" is reconciled to "Income before income taxes" of Operations under "Reconciliation to financial statements" on the table "Segment information." See "Financial Reports/Fiscal 2005, Quarter 4 / Financial Statements" at our Investor Relations website under www.siemens.com

"ROE" (Return on equity) margin for SFS was calculated as SFS' income before income taxes divided by the allocated equity for SFS. Allocated equity for SFS as of September 30, 2005 was € 983 million. See also Siemens' Form 20-F at our Investor Relations website under www.siemens.com

The allocated equity for SFS is determined and influenced by the respective credit ratings of the rating agencies and by the expected size and quality of its portfolio of leasing and factoring assets and equity investments and is determined annually. This allocation is designed to cover the risks of the underlying business and is in line with common credit risk management standards in banking. The actual risk profile of the SFS portfolio is monitored and controlled monthly and is evaluated against the allocated equity.

Siemens ties a portion of its executive incentive compensation to achieving economic value added (EVA) targets. EVA measures the profitability of a business (using Group profit for the Operating Groups and income before income taxes for the Financing and Real estate businesses as a base) against the additional cost of capital used to run a business, (using Net capital employed for the Operating Groups and risk-adjusted equity for the Financing and Real estate businesses as a base). A positive EVA means that a business has earned more than its cost of capital, and is therefore defined as value-creating. A negative EVA means that a business is earning less than its cost of capital and is therefore defined as value-destroying. Other organizations that use EVA may define and calculate EVA differently.

A reconciliation of EVA may be found on our Investor Relations website under www.siemens.com
Siemens Investor Relations Team

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