

The Siemens logo is displayed in a bold, grey, sans-serif font against a dark grey background. The logo is positioned in the upper right quadrant of the slide. The background of the slide is composed of several colored blocks: a blue block on the left, a dark grey block on the right, a dark blue block in the middle, and a light blue block at the bottom left.

## Competing for the Future

Thomas Ganswindt, Group President

Michael Kutschenreuter, Chief Financial Officer

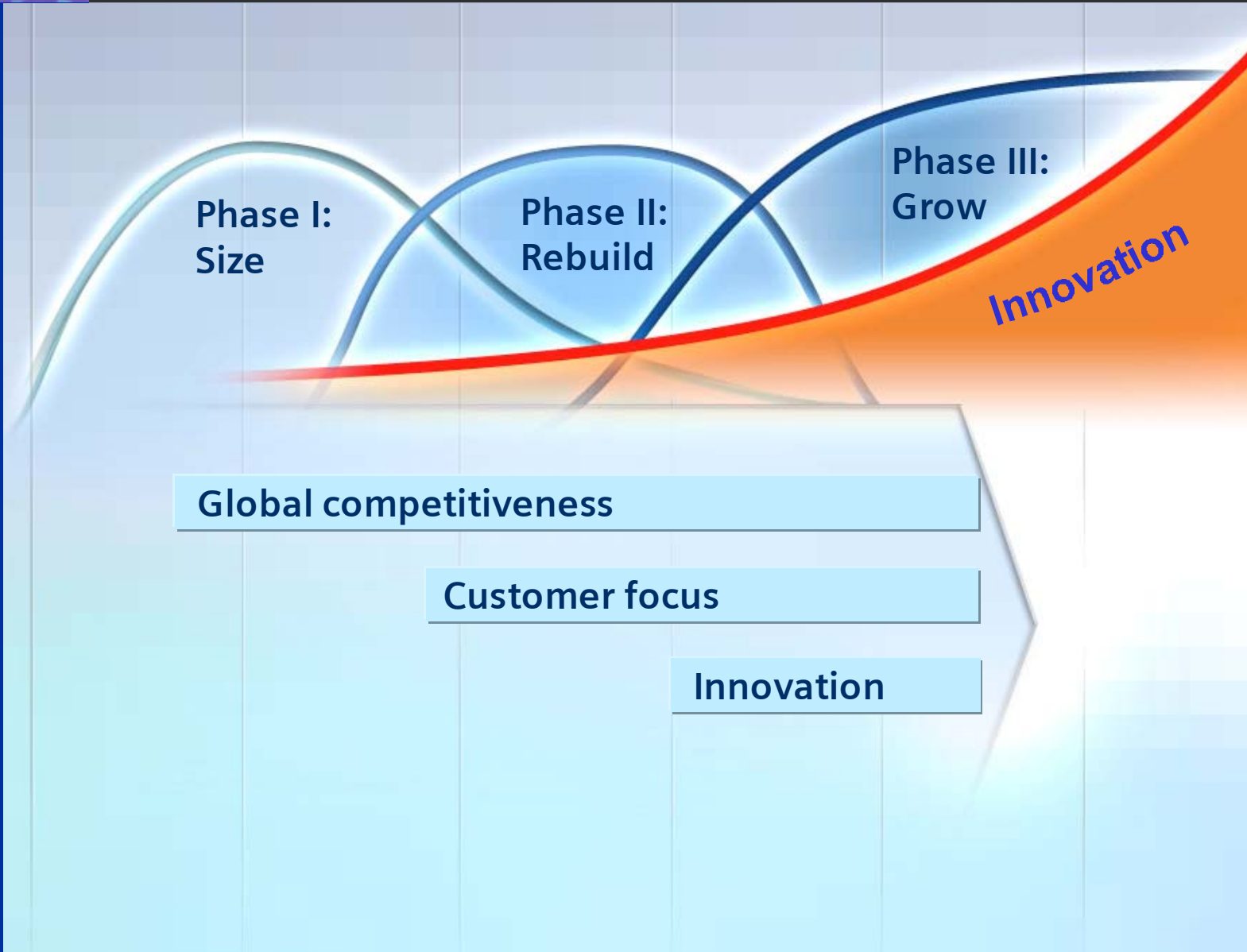
Information and Communication Networks

Financial Market Day, February 17, 2004



*top+* PACT –  
three levers for sustainable success

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# Financial figures Q1

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		New orders	Sales	Group profit	Net cash from operating and investing activities
IC Networks	<b>Q1 FY04</b> in millions of euros	1,849	1,700	51	(142)
	Change YoY	(5%)	(6%)	202	(175)
	Change QoQ	10%	(13%)	(6)	(306)
IC Networks	<b>FY03</b> in millions of euros	7,070	7,122	(366)	106
	Change YoY	(19%)	(26%)	325	(85%)

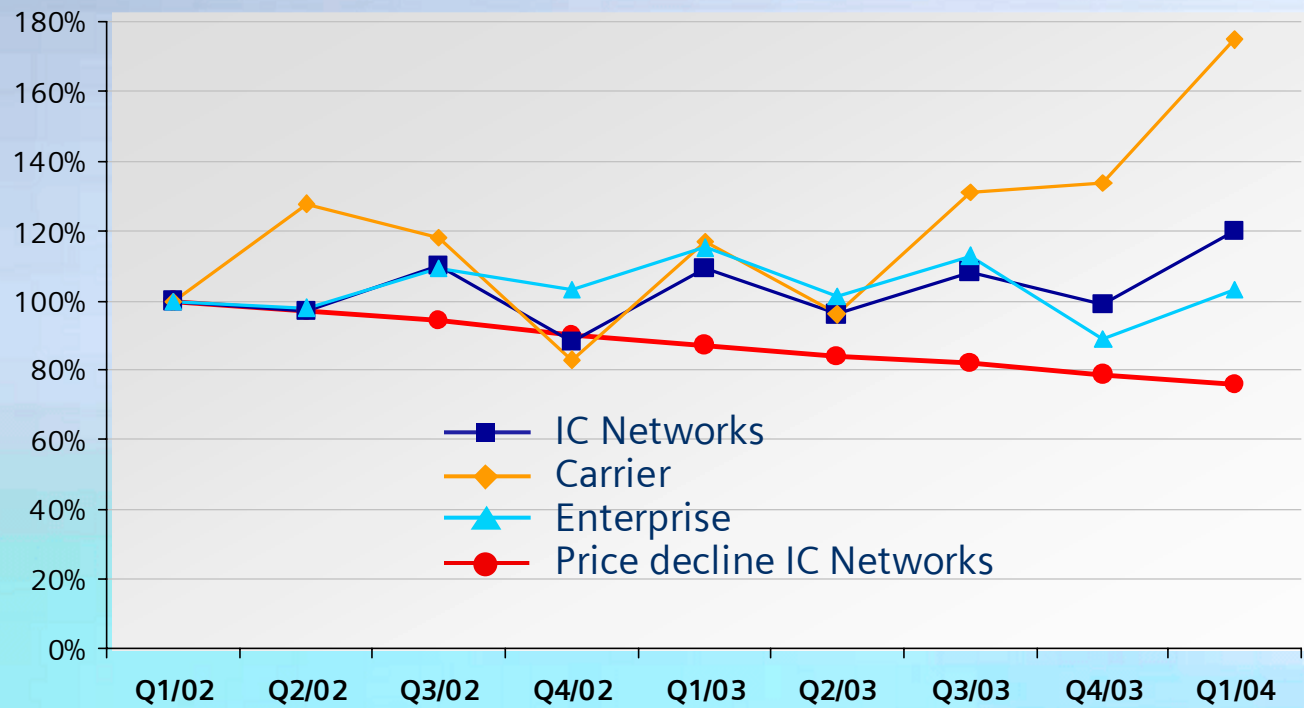
	<b>Q1 FY04</b> in millions of euros
Group profit	51
Working capital	(273)
Net cash from operating and investing activities	(142)
Net capital employed	960
Capital investment / depreciation	59%



# Price pressure continues

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Operational gross profit margin (excluding one-offs)  
in total and by market segment, index 100 = Q1 FY02



Rigorous cost optimization brought us back to profitability

# Profitable in carrier and enterprise

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	New orders	Sales	Profit	
Carrier	<b>Q1 FY04</b> in millions of euros	939	834	42
	Change YoY	(10%)	(9%)	199
	Change QoQ	13%	(11%)	15
Enterprise	<b>Q1 FY04</b> in millions of euros	913	870	47
	Change YoY	3%	(2%)	3
	Change QoQ	7%	(14%)	(18)



**Our goal –  
profitable growth**

**SIEMENS**

- ▶ **Profitable in carrier as well as enterprise business in FY04**

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- ▶ **Win tier 1 customers and increase market share in focus regions**

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- ▶ **Drive innovation to reach No. 1 or 2 position in core businesses**



## Three levers for sustainable success

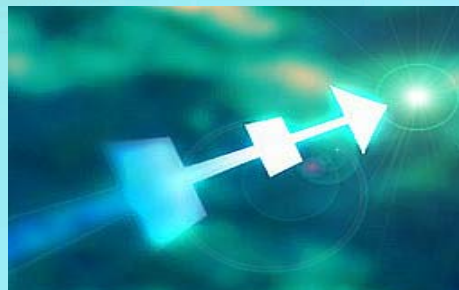
**SIEMENS**



**Global competitiveness**  
driven by global operational excellence



**Customer focus**  
turns our competencies into customer value



**Innovation**  
gives our customers a competitive edge





# Operational excellence drives global competitiveness

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Global Competitiveness

Customer focus

Innovation

**Sales**  
Increased hit ratio

**Responsiveness**

**R&D**  
Target costing;  
platform strategy

**Time to market**

**Procurement**  
Joint development; global sourcing;  
best in class suppliers

**Productivity**

**Manufacturing**  
Global manufacturing network  
and processes

**Quality**

**Employees**  
Develop employees' potential

**Motivation**

# Leveraging synergies between IC Networks and IC Mobile

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Global Competitiveness

Customer focus

Innovation

▶ Common products & platforms

▶ Innovation & trendsetting

▶ Common sales and go-to-market approach

▶ Purchasing synergies

▶ I and C service leadership

*top+*  
Innovation

*top+*  
Customer focus

*top+*  
Global competitiveness

I and C leadership

- ▶ Carriers
- ▶ Enterprises
- ▶ Consumers





# Meeting our customers' challenges

# SIEMENS

Global  
Competitiveness

Customer  
focus

Innovation



## SURPASS hiE 9200 for IP trunking

Hybrid softswitch migrates installed base and adds next generation functionality and applications



## SURPASS hiQ 8000 for hosted IP services

Pure IP softswitch for next generation services and applications



## SURPASS hiT 7500 for long haul

Transport regains momentum with intelligent optical networks



## SURPASS hiT 7070 and GSM base stations

Global presence and I and C synergies won this contract



## SURPASS hiX 5300 for T-DSL roll-out

Ongoing mass roll-out of broadband lays foundation for transition to NGN technologies



## Professional Services for VoIP and VoCable

Joint development of innovative applications and services with customer grows our service business

NG Switching

NG Transport

NG Access

Services





# Meeting our customers' challenges

# SIEMENS

Global  
Competitiveness

Customer  
focus

Innovation



## HiPath Managed Services

Managed voice communications infrastructure for 13,000 employees reduces annual overhead costs by 45%



## Sale and leaseback business model

Operate, maintain and migrate the telecommunications system to HiPath convergence infrastructure and lease it back

Carrefour



## HiPath ProCenter Advanced

Integration of existing helpdesks at two sites into one virtual contact center increases productivity



## HiPath Scurity

Large scale health card deployment ensures data security, process efficiency and cost reduction



## HiPath platforms

Federal state of Hessen replaces competitor products at its 1,300 sites with HiPath 3000 and 4000 and HiPath Xpressions



## Indirect channels

France Telecom sells HiPath based solutions to small enterprises and SOHO\* customers over its points of sale

Services

CRM

Security

Platforms

Channels



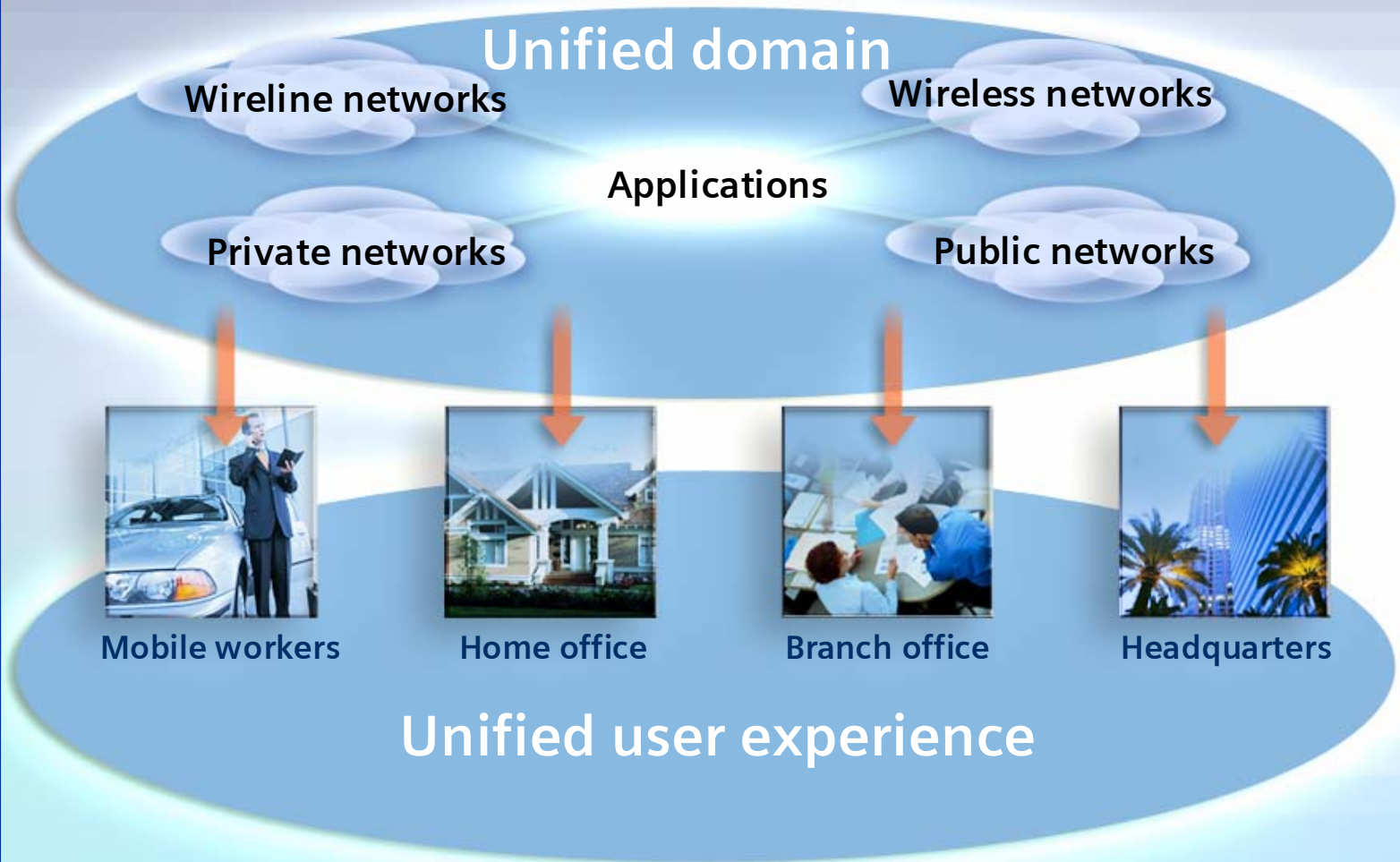
LifeWorks –  
customer oriented innovation

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Global  
Competitiveness

Customer  
focus

Innovation







# LifeWorks – best of both worlds

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Global  
Competitiveness

Customer  
focus

Innovation

*Carrier grade reliability*  
*+ Full enterprise functionality*  

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*= LifeWorks*

*Personal roles*  
*+ Professional roles*  

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*= LifeWorks*





# HiPath OpenScape boosts productivity

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Global  
Competitiveness

Customer  
focus

Innovation



Presence-based  
communications

Personal  
productivity  
application    Workgroup  
collaboration  
application

Communication  
Broker



Multi-resource  
collaboration

OpenScape

SIP gateway



Open application architecture



- ▶ Migrate installed base

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  - ▶ Grow customer base and market share

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  - ▶ Innovate with LifeWorks to shape future market

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- ➡ Profitable growth





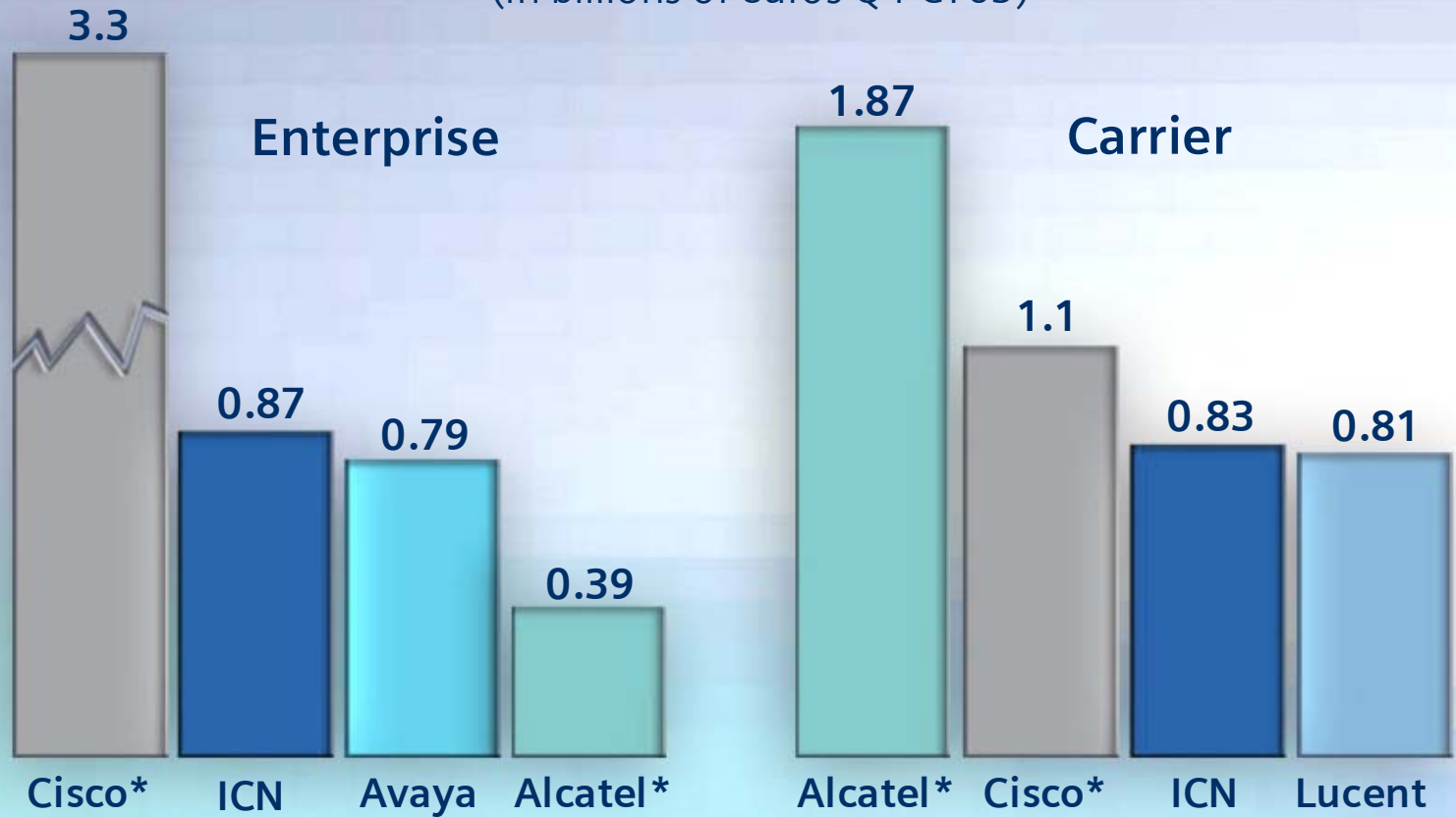
# Appendix



# Competitive ranking

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Worldwide sales  
(in billions of euros Q4 CY03)



\*Based on analyst reports, company reports and own estimates



# Recent customer wins

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