

# Creating a European champion in Mobility to better serve our customers worldwide

Analyst Call | Paris, September 27, 2017  
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# Notes and forward looking statements



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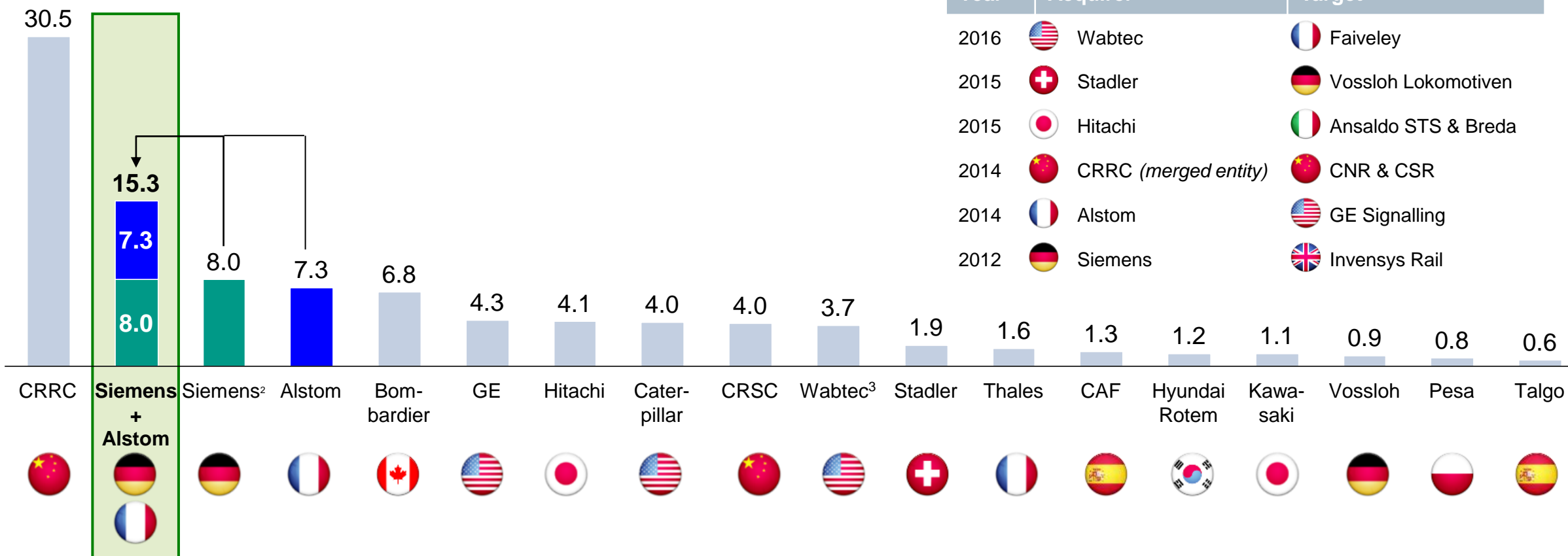
Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Our customers need an innovative and sustainable option to a dominant player in the industry



## Revenue of rail activities (€bn)

Last available financial year



## Ongoing industry consolidation over last years...

Year <sup>1</sup>	Acquirer	Target
2016	Wabtec	Faiveley
2015	Stadler	Vossloh Lokomotiven
2015	Hitachi	Ansaldo STS & Breda
2014	CRRC (merged entity)	CNR & CSR
2014	Alstom	GE Signalling
2012	Siemens	Invensys Rail

1) Announcement date; 2) Including revenue related to Rail Traction Drives business currently reported in Process Industries & Drives; 3) Pro-forma including Faiveley

# Create a leading Mobility company with more than €60bn order backlog, €15bn revenue, and more than 60,000 experts



	Siemens FYE 30.09.2016	Alstom FYE 31.03.2017	Combined pro forma (Excl. synergies & implementation costs)
Order backlog	€26.4bn	€34.8bn	€61.2bn
Orders	€8.0bn	€10.0bn	€18.0bn
Revenue	€8.0bn	€7.3bn	€15.3bn
Adjusted EBIT <sup>1</sup> Margin	€0.8bn 10.1%	€0.4bn 5.8%	€1.2bn 8.0%
Employees <sup>2</sup>	29,500	32,800	62,300

**Note:** Siemens financial figures incl. Rail Traction Drives business currently reported in Siemens Division Process Industries & Drives

- 1) Adjusted Siemens EBIT including €110m pro-forma standalone savings
- 2) Siemens employee figure does not yet include transfers from central and support functions

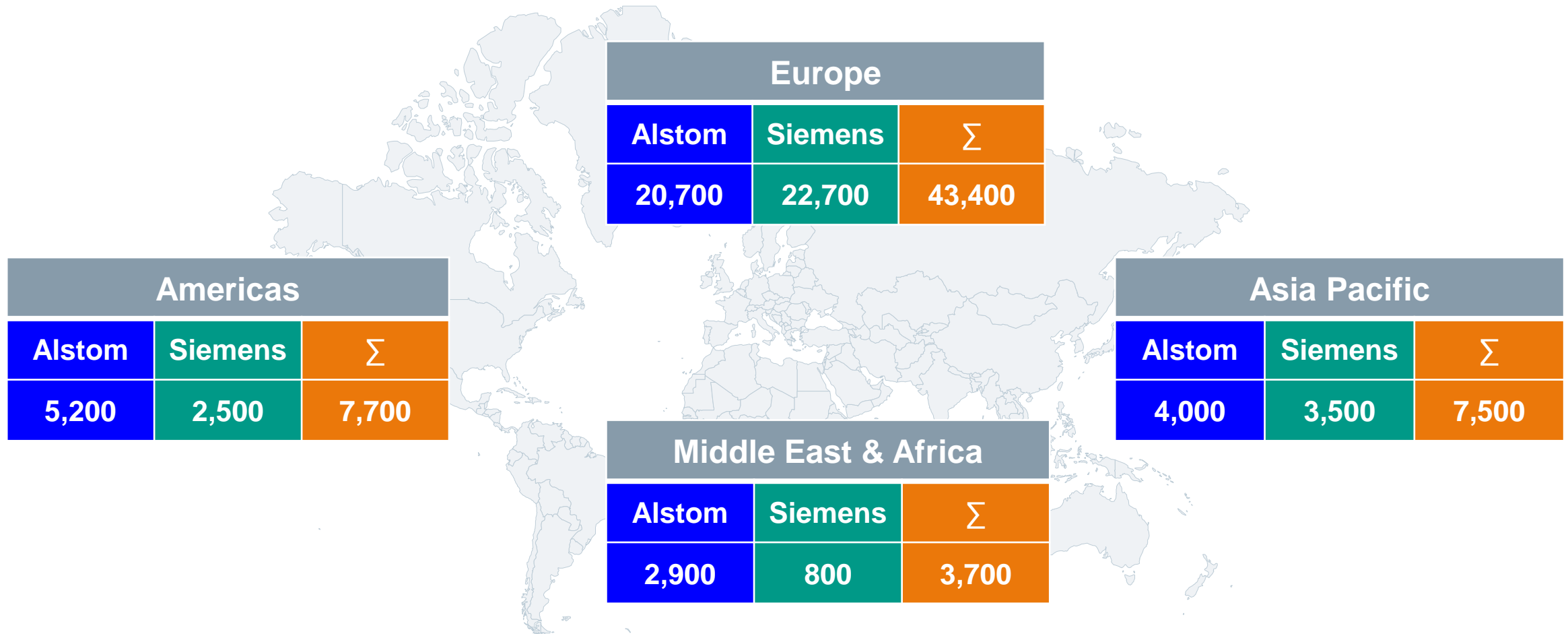
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**€470m run-rate synergies**

- 1/3 supply chain & procurement
- 1/3 SG&A
- 1/3 other scale impacts

# Global market presence will drive growth and localization in emerging markets – European footprint to be consolidated over time

## Overview of employees by region<sup>1</sup>



1) Siemens employee figure does not yet include transfers from central and support functions

# Executing along Vision 2020 imperatives

## Unlocking significant synergy potential in Mobility

### Areas of growth?

- **Solid growth in mobility market with ~3-4% p.a.** driven by **urbanization, sustainable development, economic & population growth, E-A-D**



### Potential profit pool?

- **Increased scale** will make **combined company stronger** and **more competitive to achieve double digit margins**
- **Combined digitalization capabilities** along the entire value chain **enhancing margins**



### Why SIEMENS?

- **Power to create a European champion with global reach**
- **Bundle know-how and innovation power to create a European technology leader**
- Providing **digital industrial technologies from the leading industrial player in Automation and Digital Enterprise** to the **new Mobility entity** for the **benefit of its global customers**
- **Taking responsibility to create a sustainable European option for all stakeholders**



### Synergetic value?

- **€470m run-rate synergies expected latest 4 years after closing – all cost related** (~50% to be reached in year 2 post closing)
- **NPV of €4.7bn**

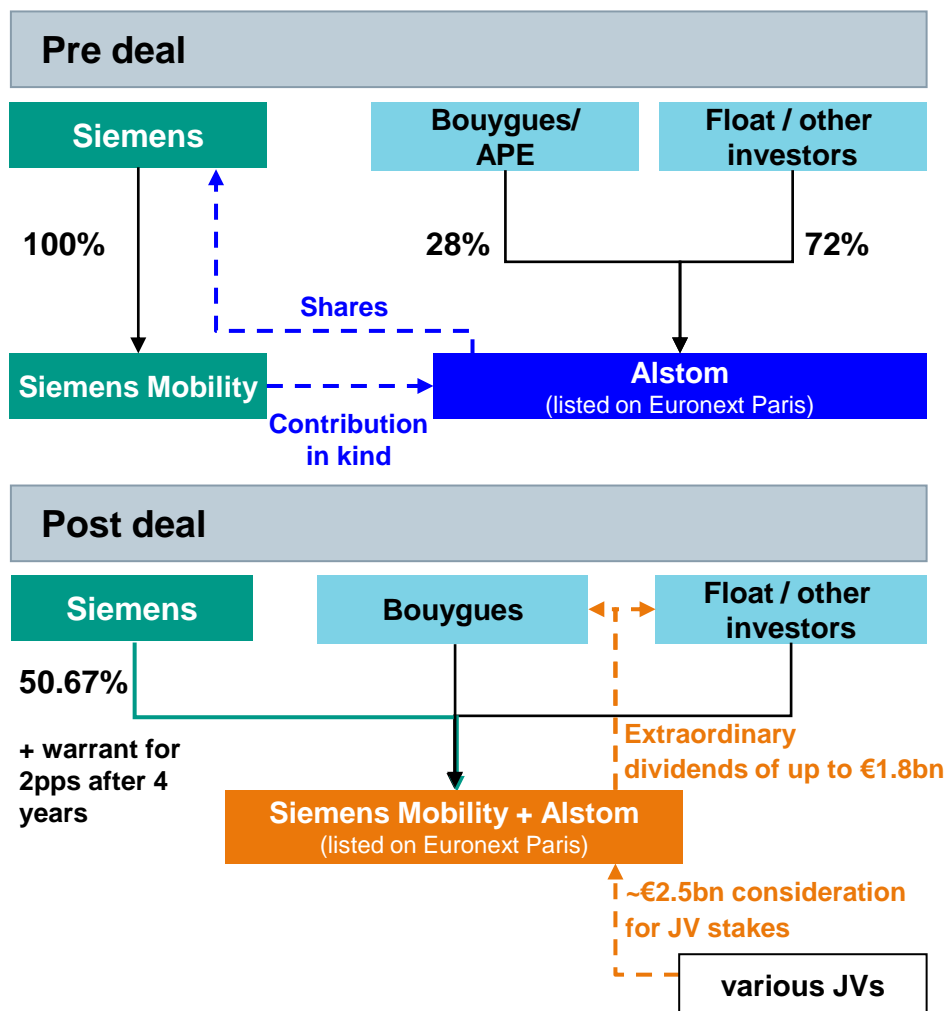


### Paradigm shifts?

- **NONE in a sense of changing business model**
- **BUT: Dominating competitor and industrial policy of its home country create long-term threat for competitors and thus, for customers' choices in the long run**

# Merger of equals with listing in France and HQ in Paris

## Siemens controls the combined business



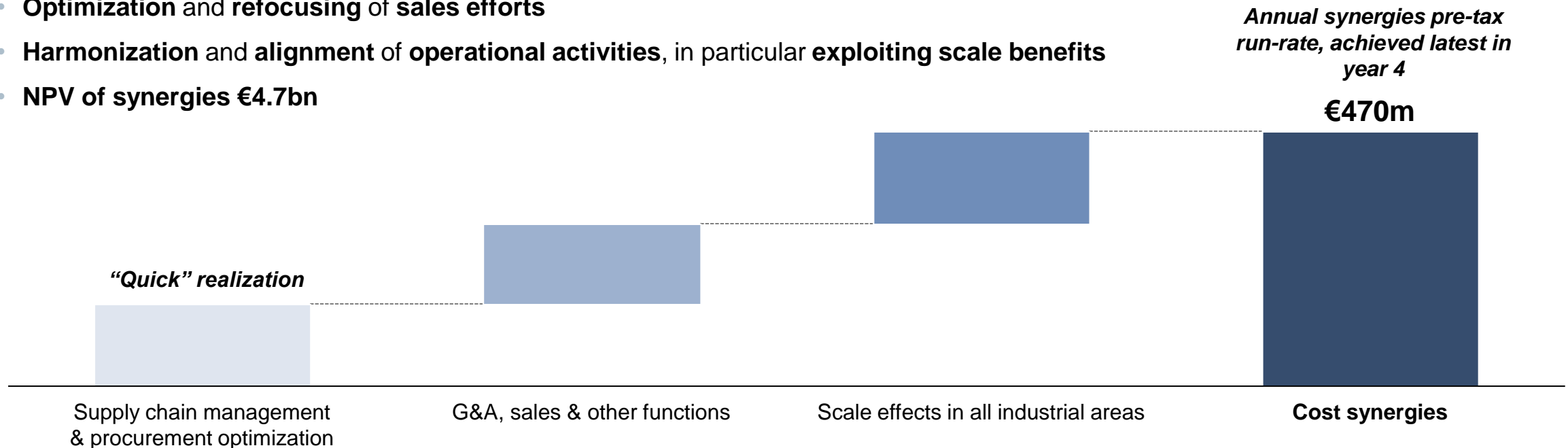
### Key deal terms

- **Merger of Siemens Mobility division plus Rail Traction Drives** (currently in PD) with **Alstom**
- Siemens' **stake will be 50%** on a **fully diluted basis**; **secures majority at closing and going forward**; Siemens to receive a **warrant for 2pps** with **strike price to be determined as of effective date**
- **Alstom's existing shareholders to receive extraordinary dividends:**
  - Control Premium: €4.00 per share (~€0.9bn) paid by Alstom and economically borne by Siemens (~13% of Alstom's unaffected share price as of Sep. 20, 2017 )
  - Up to €4.00 per share (~€0.9bn) after Alstom will have exercised its put options for various JVs (~€2.5bn)
- **Exclusivity agreement** until signing of the already fully agreed Business Combination Agreement with **break-fee of €140m**
- **Bouygues, French and German State supporting the transaction**
- **Mobility Solutions HQ in Germany, Rolling Stock HQ in France; HQ in Paris and listed on Euronext**
- **Board: 11 members**, 6x Siemens (incl. chairperson), 4x independent directors, CEO of NewCo
- **Management continuity ensured**, current Alstom CEO will lead NewCo

# Ensuring long-term competitiveness by unlocking substantial synergy potential – 50% reached by year 2 post closing

## Key measures

- Consolidation of **supplier base** and **procurement activities** as well as making use of **best-of-best contract terms**
- **Economies of scale** in **functional** and **operational** areas
- **Optimization** and **refocusing** of **sales efforts**
- **Harmonization** and **alignment** of **operational activities**, in particular **exploiting scale benefits**
- **NPV of synergies €4.7bn**



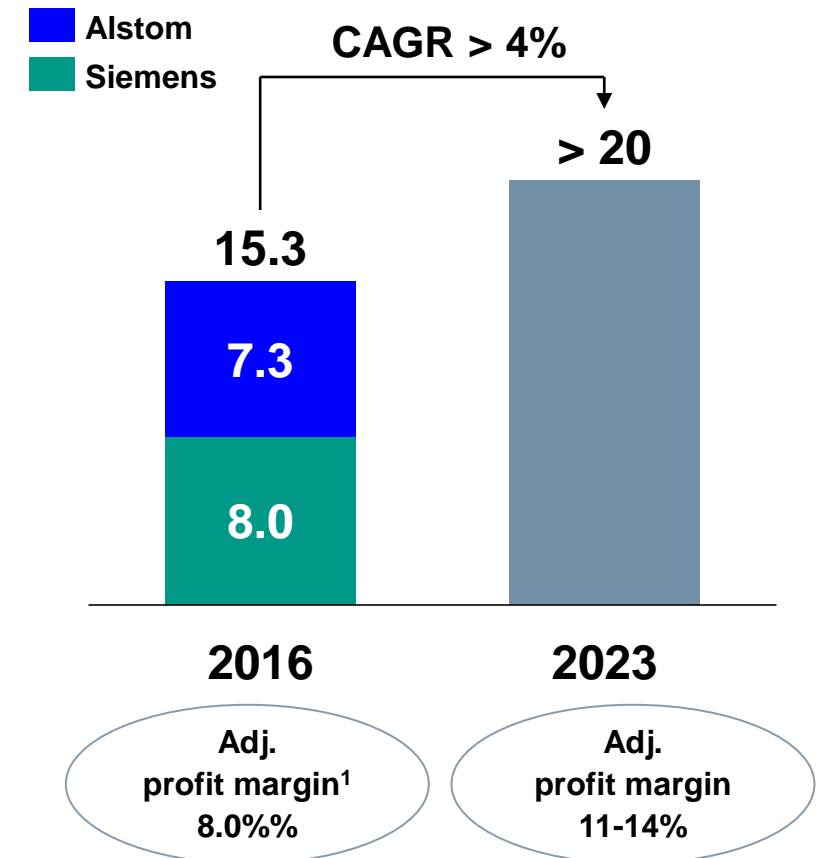


# Merger goals are sustainable and attractive in the long term

## Financial impact for Siemens

- **Deal cash-neutral for Siemens** with contribution of Siemens Mobility division plus Rail Traction Drives business in **exchange** for **shares in Alstom**
- **Extraordinary dividends incl. control premium** financed with **Alstom liquidity**
- **Pension underfunding as well as project related financing will be transferred** as part of Siemens's transaction perimeter
- **Attractive synergies with upside: €470m expected latest four years after closing; NPV of €4.7bn**
- **EPS accretive after 2 years post closing**
- **Double-digit margins expected to kick in by FY 2020**
- **Listing as a public company provides flexibility**

## Pro-forma combined revenue (in €bn)



1) Means EBIT margin adjusted

## Next steps

**Signing of Memorandum of Understanding**  
(including agreed form of Business Combination Agreement)

**Alstom employee consultation process**

**Signing Business Combination Agreement**

**Alstom Shareholder Meeting**

**Siemens Mobility Carve Out**

**Expected Closing**



**Q1 CY18**

**Q2 CY18**

**Until Q2/Q3 CY18**

**End CY18**

Closing conditions include:

- **Merger control clearances**
- **Mandatory Takeover Waiver process and clearance by French Market Regulator AMF**
- **MINEFI clearance (French State – foreign investment control)**
- **Approval by Alstom’s shareholder meeting (2/3 of present votes needed; Bouygues will vote for the deal)**

## Questions and Answers

# Q&A – your questions, please

# Siemens Contacts Investor Relations



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