Leading the way towards a Smart Grid

Capital Market Day
London, December 5, 2013
Safe Harbour Statement

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information – Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter “Risks” of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter “Report on risks and opportunities” of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC’s website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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.
IC Smart Grid: We provide intelligence for Infrastructure Grids

- Monitoring
- Control
- Protection
Our Portfolio: The Siemens Smart Grid Suite

10% Generation
30% Transmission
20% Distribution
20% Industry & Prosumer
20% Rail & Microgrids

Big data analytics
Grid control
Grid application

Communication & automation

Field devices, sensors and protection

PRIMARY EQUIPMENT

Approximate Share of Orders

Smart Grid Services & Security

Service 30%
Smart Grid in brief:

We are a leading player in our industry

- #1 market position in Grid Automation
- #2 market position in Rail Electrification and Smart Grid Services

- €2.1bn Revenue FY 2013
- EBITDA Margin in upper range of the IC Sector Target Range
- Growth in Orders: 9% (CAGR FY 2011 – FY 2013)

- Approx. 9,500 employees in > 70 countries
- > 1,600 Software engineers, > 40% in emerging countries
- 1 lead factory with hubs in China & India
SIPROTEC
Market leader in power system protection.
More than 1 million devices installed.
Most innovative solution in the market.
Our grid control business

SPECTRUM POWER™
World leader in grid control.
Largest installed base of more than 1,600 control centers worldwide.

© PJM Interconnection
Our rail electrification business

We drive the convergence of rail and utility power grids.
Our grid applications business

70 million installed smart meters feed data to Applications
- Meter Data Management
- Demand Response / Virtual Power Plants
- Analytics Foundation
Basis for increased reliability, optimized operations and new business models.
Challenging environment triggers future opportunities in an attractive market

### Business related challenges

**Pressure on Revenue & Profitability**

Utilities need to redefine business models

**Limited ability to invest**

### Grid related challenges

**Germany:** energy transition requires extension of grids by up to 193,000 kilometers

**Blackouts:** significant economic damages worldwide

**Brazil:** $5bn damage through electricity theft

**US:** Over 50% of infrastructure exceeded design life

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Page 10  December 5, 2013  Capital Market Day Infrastructure & Cities | Smart Grid
... to distributed energy and bidirectional energy balancing ...
Capturing the opportunities: Smart Grid Growth Strategy

Drive Software solutions for Smart Grid end-to-end management

Leverage installed base in Rail Electrification & Smart Transmission

Boost growth in Smart Distribution

Expand into Microgrids and Smart Rail Grids

Go-to-Market: Leverage broad customer base & channels, expand dedicated SW/IT sales

Operational Excellence: Productivity, Procurement, Design to Cost, R&D Footprint
Balanced mix of solid established businesses and attractive growth fields

Smart Grid Market in €

- **Approx. 20bn**
  - **20%** CAGR: 8-10%
  - **80%** CAGR: approx. 3%

FY 2012  |  FY 2018e

Strategic Levers

**Growth Fields**

- **IV** Software solutions for Smart Grid end-to-end management
  - New Software based business models
- **III** Expand into Microgrids and Smart Rail Grids
  - Growing trend towards decentral electrification
  - Automation of distribution grids drives scale & value
- **II** Boost growth in Smart Distribution

**Established Businesses**

- **I** Leverage installed base in Rail Electrification & Smart Transmission
  - High market entry barriers
  - Driven by installed base
  - Solid and profitable base business

Source: Navigant, Greentech Media, Unife, Internal Unrestricted © Siemens AG 2013. All rights reserved.
### Leverage installed base in Rail Electrification & Smart Transmission

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Innovate &amp; execute in Smart Transmission</th>
<th>Develop Smart Grid Services &amp; Consultancy</th>
<th>Expand Rail Electrification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Leverage largest installed base</td>
<td>• Ensure productive/reliable assets</td>
<td>• Build on solid execution</td>
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<tr>
<td></td>
<td>• Innovation and efficiency</td>
<td>• New business models/Consulting</td>
<td>• Regional expansion:</td>
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<tr>
<td></td>
<td>• New Protection platform</td>
<td>• Higher value-added services</td>
<td>India, Central Asia, Middle East</td>
</tr>
<tr>
<td></td>
<td>• Control Centers consolidated</td>
<td></td>
<td>• Optimize engineering set-up via hubs &amp; increased local sourcing</td>
</tr>
<tr>
<td></td>
<td>• Optimize value chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Reference</td>
<td>PJM Interconnection (USA)</td>
<td>Major Utility (Hong Kong)</td>
<td>Mecca Metro System (KSA)</td>
</tr>
<tr>
<td></td>
<td>Grid Control for 60 million consumers</td>
<td>Largest condition monitoring project</td>
<td>Reliable metro power supply</td>
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<tr>
<td></td>
<td></td>
<td>→ Lower maintenance/higher reliability</td>
<td>→ 72,000 passengers/h per direction</td>
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<tr>
<td></td>
<td>→ 100% availability incl. storm &quot;Sandy&quot;</td>
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</tbody>
</table>
Boost growth in Smart Distribution

**Strategy**
- Cost-optimized Portfolio
- Production hub in India
- Leverage sales synergies within Power Grid & Siemens Industry

**Customer Reference**
- Turnkey project in Mumbai (India)
  Automated Distribution grids for 8 cities
  → Reduction of losses up to 50%

**Push Distribution Automation Controllers & Sensors**

**Capture growth with Distribution Grid Control**
- New Distribution Control Center
- Integrated Outage Management

**Customer Benefits**
- Up to 40% CAPEX reduction
- Faster restoration time
- Reduced regulatory penalties
- Lower grid operation costs

**Customer Reference**
- Iberdrola (Spain)
  Distribution Control for 20 million people
  → Increase in quality of service by 8%
### Expand into Microgrids and Smart Rail Grids

#### Capture Microgrid Solutions market
- **Focus** on full Microgrid automation and control solution
- **Variety of business models** (consulting, solutions, operations…)

**Northsea Island Texel (NL)**
- Balance renewables, storage and load
- Lower dependence on public grid

#### Drive Smart Rail Electrification business
- Connect Public and Rail Grids
- **Integrate renewables & storage**
- Expand leadership in energy recovery

**Swedish Transport Administration (SE)**
- Meet higher rail power demand
- Stable power supply with 98% efficiency

#### Customer Benefits
- Reduced energy cost
- Reliable power supply
- Reduced CO₂ footprint
- Increased power quality
Software solutions for smart grid end-to-end management

**OMNETRIC GROUP**

**Strong Partner Ecosystem**

**Big Data Analytics**

**Demand Response**
- Consumer Engagement
- Prepayment
- Meter Data Management
- Electrical Vehicle Infrastructure Management
- Virtual Power Plants

**Grid Control Center**

**Grid Application**

**OMNETRIC GROUP**

1) Omnetric Group will begin operations pending regulatory approval and other closing conditions.

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Broad customer base and multiple sales channels

Main customer groups

Share of Orders

References

Presence in more than 70 countries

1) Engineering, Procurement & Construction

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Page 18 December 5, 2013

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Siemens Smart Grid
Dedicated programs to achieve Aspirations

**Productivity program**
- Material cost improvement and R&D efficiency
- Streamlining overhead and processes
- Efficiency in go-to-market

**SG Growth program**
- Leverage installed base in Rail Electrification & Smart Transmission
- Boost growth in Smart Distribution
- Expand into Microgrids and Smart Rail Grids
- Software solutions for Smart Grid end-to-end management

**Aspiration**
- Orders above market growth
- EBITDA Margin above Sector Target Range
- ROCE above Siemens Target Range

1) Siemens 2014: Base productivity & Transformation program

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The Smart Grid by Siemens

Attractive Growth Market

Leading Market Position

Continuously growing above Market

Strong Profitability and Cash Performance

What we stand for

We shape reliable, efficient and sustainable infrastructure grids together with our customers
Reconciliation and definitions for non-GAAP measures

This document includes supplemental financial measures that are or may be non-GAAP financial measures. Orders and order backlog; adjusted or organic growth rates of revenue and orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens’ financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens’ supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens’ Investor Relations website at www.siemens.com/nonGAAP. For additional information, see supplemental financial measures and the related discussion in Siemens’ most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.