Shaping Digitalization. Innovation at Siemens
Dr. Roland Busch, CTO | Munich, December 7, 2016

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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.
We have accomplished what we set out

Innovation at Siemens 2015 event

- Innovation fund (€100 million over 3 years) to support implementation of employees’ grass root innovation ideas
- Strengthen our global network of innovation
- Dedicated unit for start-ups announced (Innovation AG)

Innovation at Siemens 2016 event

- >60% of employees’ applications financed (25 projects with €18 million)
- New innovation centers in China and Israel, in particular for digital
- Establish a company-owned start-up unit: next47 (€1 billion fund)
next47 to foster disruptive ideas and to drive innovations

**Strategic focus**

- Focus on investments in start-ups
- Selectively:
  - M&A activities to support fast ramp-up of innovation fields
  - long-term R&D (“Moonshot”) projects, e.g., eAircraft

**next47 Innovation fields**

- Distributed electrification
- Artificial intelligence
- Connected (e-)mobility
- Autonomous machines
- Block chain applications
- ... eAircraft
We’re increasing R&D spending

Research and development spending in billions of €
and in % of revenue

FY 2014: 4.0 (5.6%)
FY 2015: 4.5 (5.9%)
FY 2016: 4.7 (5.9%)
FY 2017e: ~5.0

+~25%
Our focus is E-A-D – and there is strong growth in “D”

Revenue FY 2016

Digitalization

Siemens Software
~€3.3bn

Siemens Digital Services
~€1.0bn

MindSphere – IoT operating system

Automation

Enhanced Automation
~€18bn

Electrification

Enhanced Electrification
~€42bn

Classic Services
~€17bn

Market CAGR FY17-20

~+8%

+3-4%

+1–2%

* Comparable; portfolio adjusted

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Roland Busch, CTO
Our offering separates us clearly from competition

- Deep domain-knowhow in broad range of markets and industries
- Strong installed base/connected fleet
- Unmatched digital portfolio: MindSphere, Software, Services, Security
- Numerous Siemens-internal use cases as proof points
- Powerful eco-system
Siemens with long-standing #1 position in automation – now combined with the force of Siemens Software

Siemens Software – virtual world

Siemens automation – physical world

SIMATIC*  Totally integrated automation – TIA*  Desigo CC*  Spectrum Power ADMS*


* In-house developments/digital upgrades
Electrification – Automation – Digitalization: a strong and complete offering for our customers

Siemens Software
- Design & Simulation
  - NX, LMS, CD-adapco
  - Comos, Tecnomatix
  - PSS grid simulation, ...

- Operations
  - Simatic IT
  - Siveillance, ...
  - Energy IP

Siemens Digital Services
- Design & Simulation
  - NX, LMS, CD-adapco
  - Comos, Tecnomatix
  - PSS grid simulation, ...

- Operations
  - Simatic IT
  - Siveillance, ...
  - Energy IP

- Maintenance & services
  - Railigent
  - Guardian Program
  - Sinalytics Apps

MindSphere – the IoT operating system

Digitally enhanced Electrification and Automation
- Spectrum Power, Desigo CC, Controlguide OCS, SIMATIC, PCS7, Sinumerik, ...

Design & engineering
Automation & operation
Maintenance & services

Sinalytics Apps

Roland Busch, CTO
Electrification – Automation – Digitalization:
Four business models with highly attractive profit pools

Siemens Software
Unmatched Software Suite
~70mn contracted meters
€3.3bn

Siemens Digital Services
800k connections,
€1bn
€3bn backlog @Power
Sinalytics Apps

MindSphere – the IoT operating system
FY17

Enhanced Automation
#1 position in automation,
~30mn automation systems
€19bn

Revenue FY 2016
Industrie 4.0
Siemens Factory Amberg:
Energy efficiency in production increased by 20% through energy monitoring
Creating customer value

Siemens monitors >9,000 turbines online – remote remedies for 85% of wind turbine alarms
Powerful eco-system

- Customer value
- Time-to-market
- Efficiency
- Flexibility
- Productivity

- next47
- Eco-System
- Go-to-market
- Technology
- Corporate
- Customer access
- Regions
- Divisions