



Siemens Power Group in India

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Merrill Lynch Great India Industrial Tour
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Safe Harbor Statement



This presentation contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified either orally or in writing by words as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will” or words of similar meaning. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect its operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens worldwide to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For us, particular uncertainties arise, among others, from changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products or technologies by other companies, lack of acceptance of new products or services by customers targeted by Siemens worldwide, changes in business strategy and various other factors. More detailed information about certain of these factors is contained in Siemens' 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 may vary materially from those described in the relevant forward-looking statement as anticipated, believed, estimated, expected, intended, planned or projected. Siemens does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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 and Gas Sectors
- I & C equipment & IT Solutions
- All electrical equipment including Excitation Systems for Generators



Power Transmission and Distribution

solutions, systems , products, and services for:

- Turnkey Switchyards upto 765 kV
- HVDC & HVAC Transmission Projects
- High Voltage Switchgear upto 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

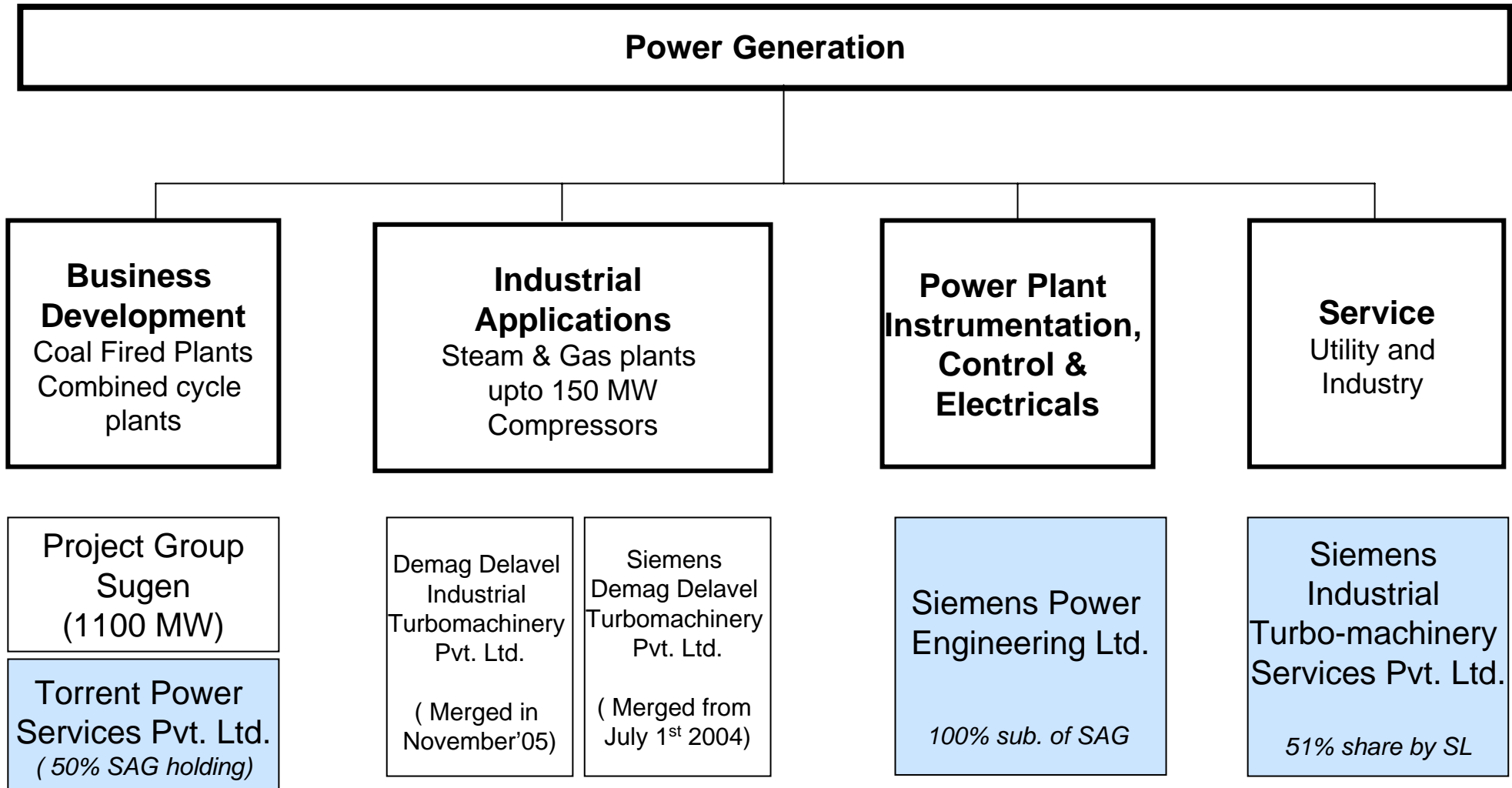
Number of Employees : ~1,350 (as of Sept. '05)



Country setup – Organisation



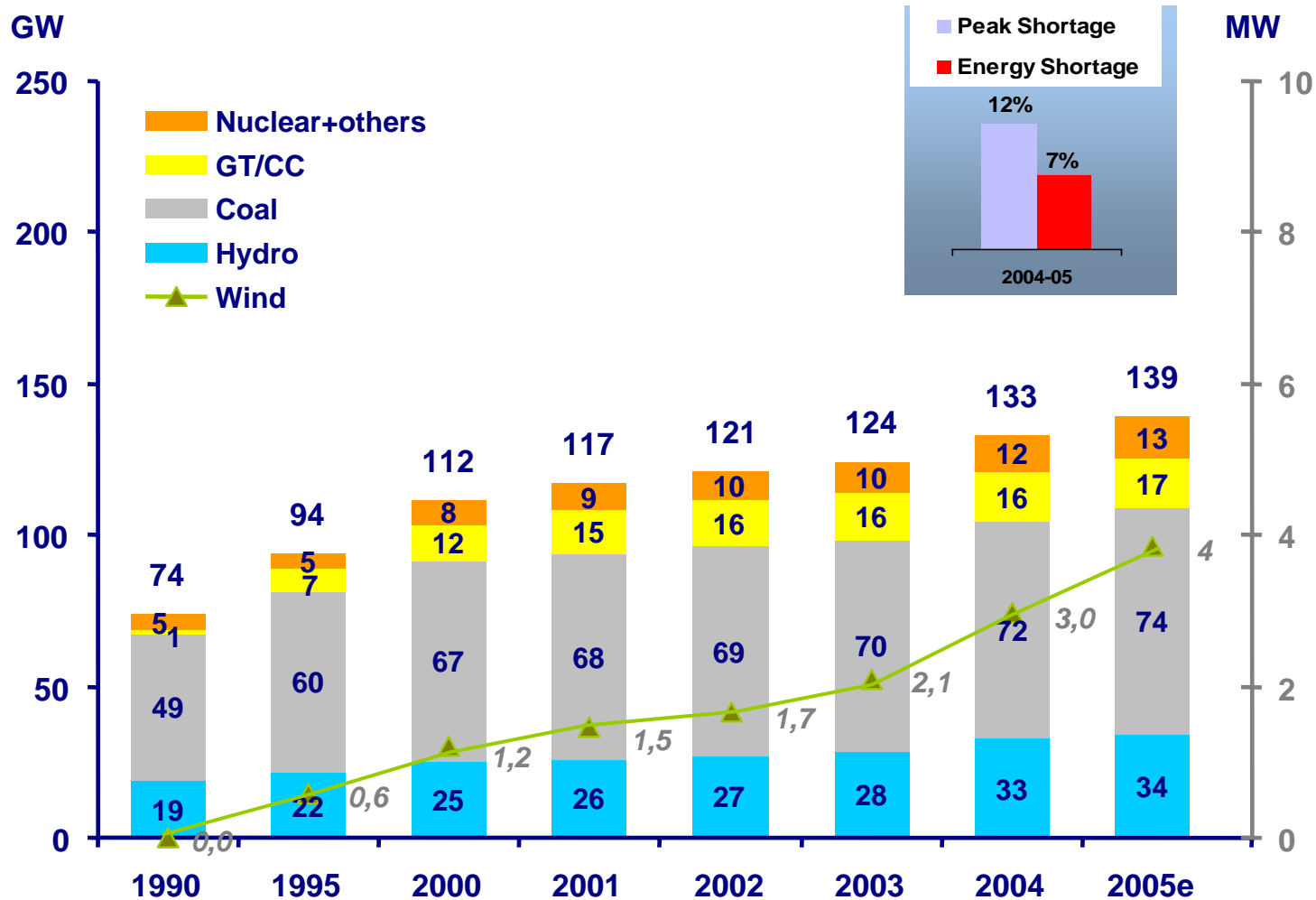
PG group provides solutions for both Utilities and Industrial applications



Installed Power Generation Capacity in India



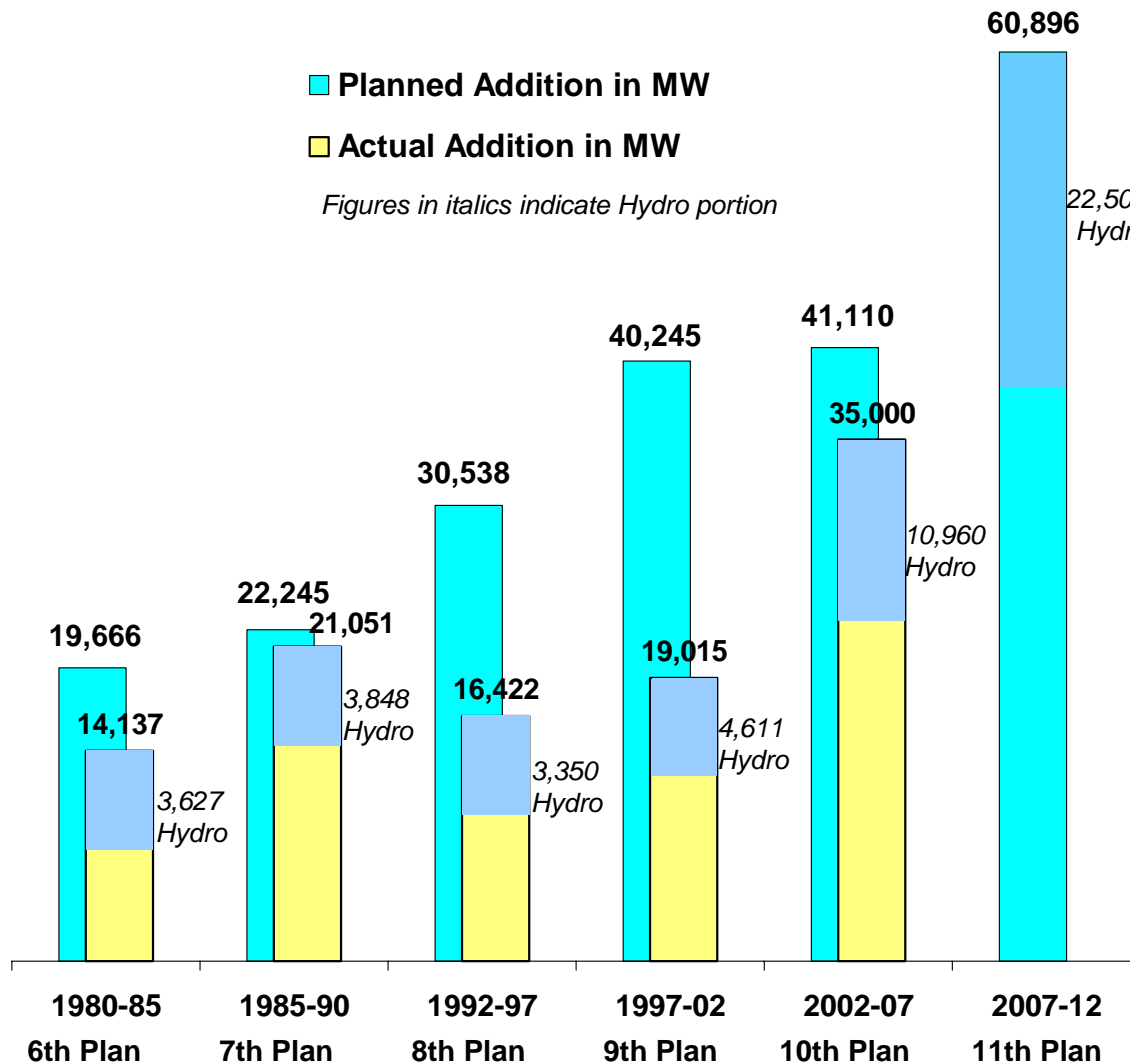
Despite of large capacity addition supply remains lower than demand



Planned Capacity Vs. Actual Addition



Investments of EUR 57 bn is estimated for generation sector in the 11th Plan (2007-12)



- Lowest capacity additions witnessed in 8th and 9th Plans vis a vis targets
- With the reforms initiated by the government the power sector, 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**

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.

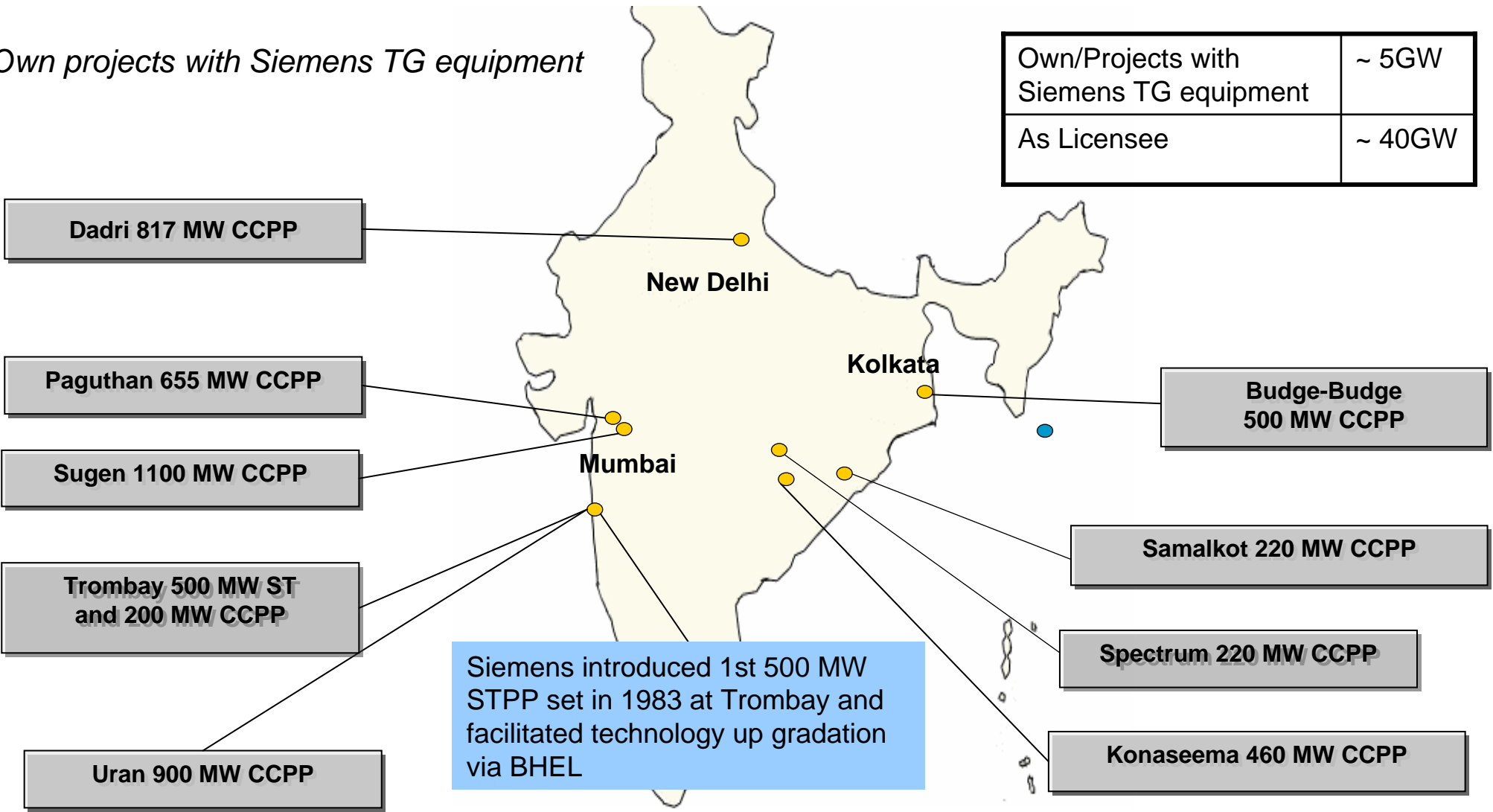
Siemens Fossil power plants in operation/construction



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

Own projects with Siemens TG equipment

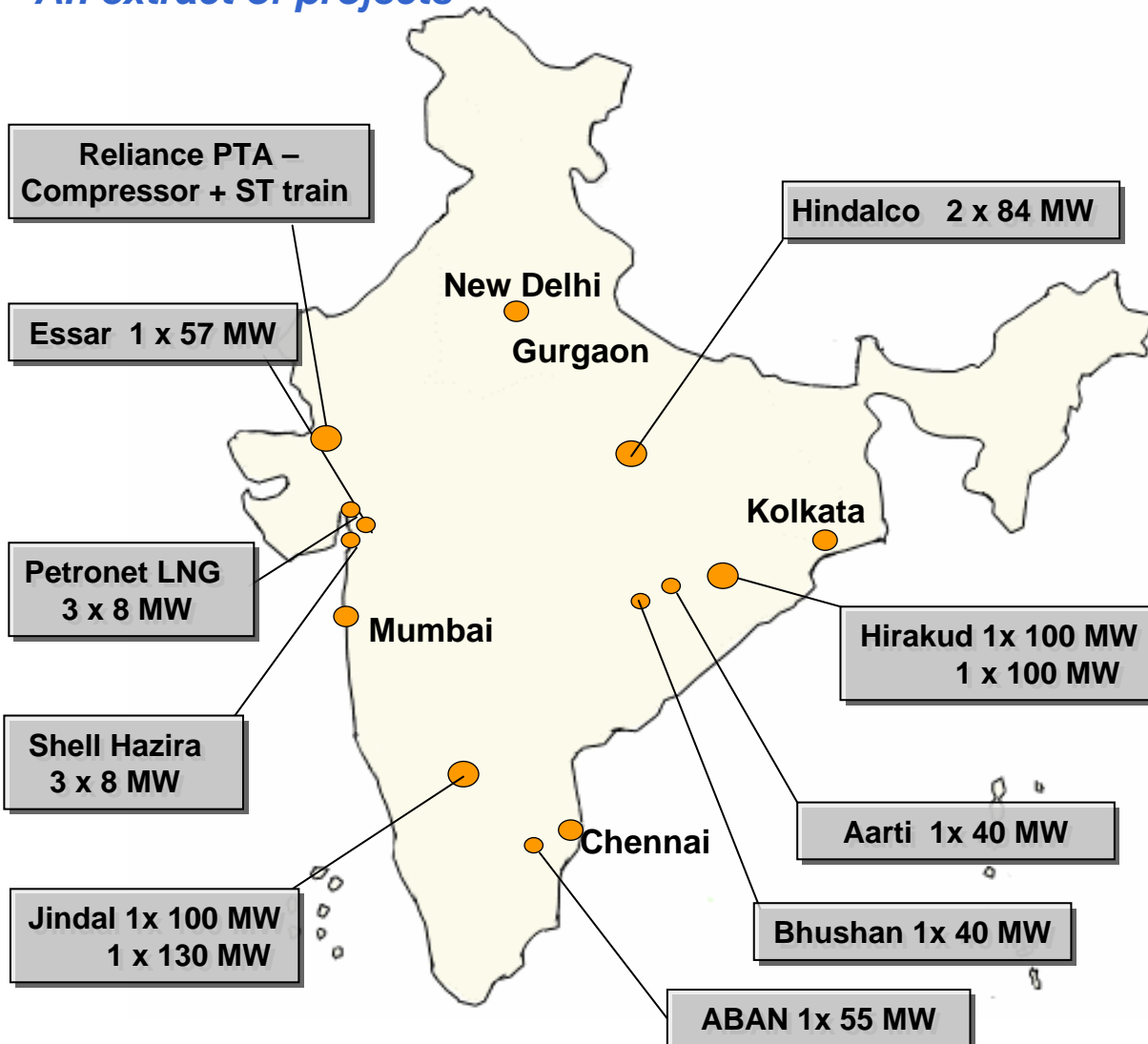
Own/Projects with Siemens TG equipment	~ 5GW
As Licensee	~ 40GW



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 3,200 MW have been installed in India.
- More than 140 Siemens compressors operating in India.
- Siemens India acquired the industrial steam turbine business 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

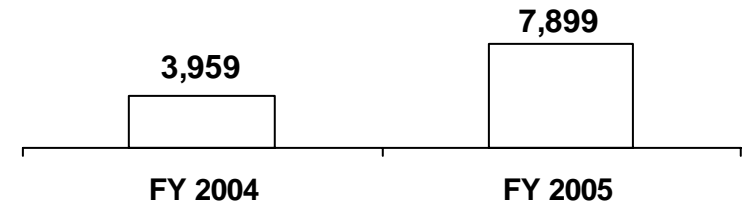
Siemens PG at a glance



Siemens PG is gearing itself to meet market growth

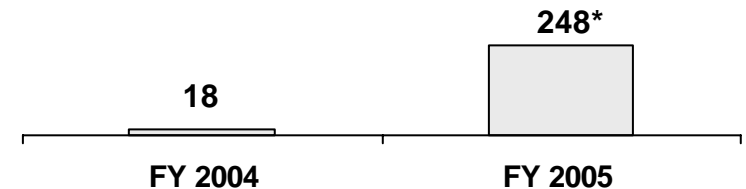
- Siemens is successful in acquiring the 1,100 MW Sugan CCPP project being setup by the Torrent group.
- Power Plant Automation and Service businesses registered 35% increase in their business volumes while maintaining double digit profitability

Incoming Orders in INR million

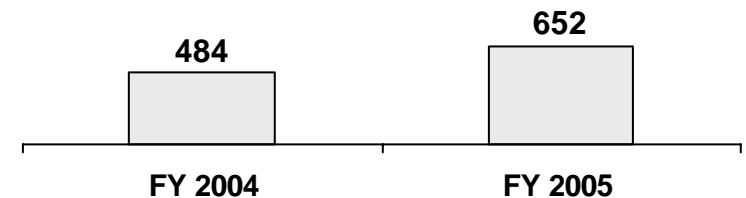


- Siemens has acquired 100% shareholding in Demag Delavel Industrial Turbomachinery Pvt. Ltd. (DDIT) which was engaged in manufacture and marketing of industrial turbines upto 150MW
- Siemens acquired 51% stake in Pimac Engineering and Services Pvt. Ltd. Pimac has a well established service centre at Bangalore for service of Small Gas Turbines and Rotating Equipment

Investments in INR million



Employees



Figures includes subsidiaries SITS, DDIT, SPEL.



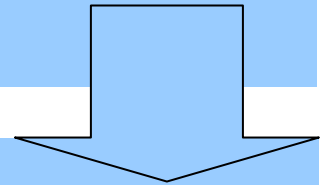
PG Factory – Industrial Turbines

Factory for Industrial Turbines to meet growing industry demands



DDIT integrated with Siemens Ltd. In Oct.'05
Old Factory for Industrial Steam Turbines at Vadodra
leased from Alstom

- Factory area : 2,700 sqm.
- Assembly Capacity : 26 Steam Turbines p.a.
(range 8 to 45 MW)
- Employees ~ 105



New Factory/office construction in progress.

- Target : To be operational by October 2006
- New Factory Area : 60,000 sqm. (land)
9,000 sqm. (shop & office)
- Capacity :
43 Steam Turbines & 14 Condensers p.a.
- Employees ~ 200

Strategy in PG



Siemens PG group plans to be a leading player in India together with our parent company

Own Businesses

- Further investments at the Industrial Turbine factory to enhance capacity
- Develop 'Global Service Resource Base' in India for local and export services
- Strengthen design and engineering capabilities in power station automation.

Together with Headquarters

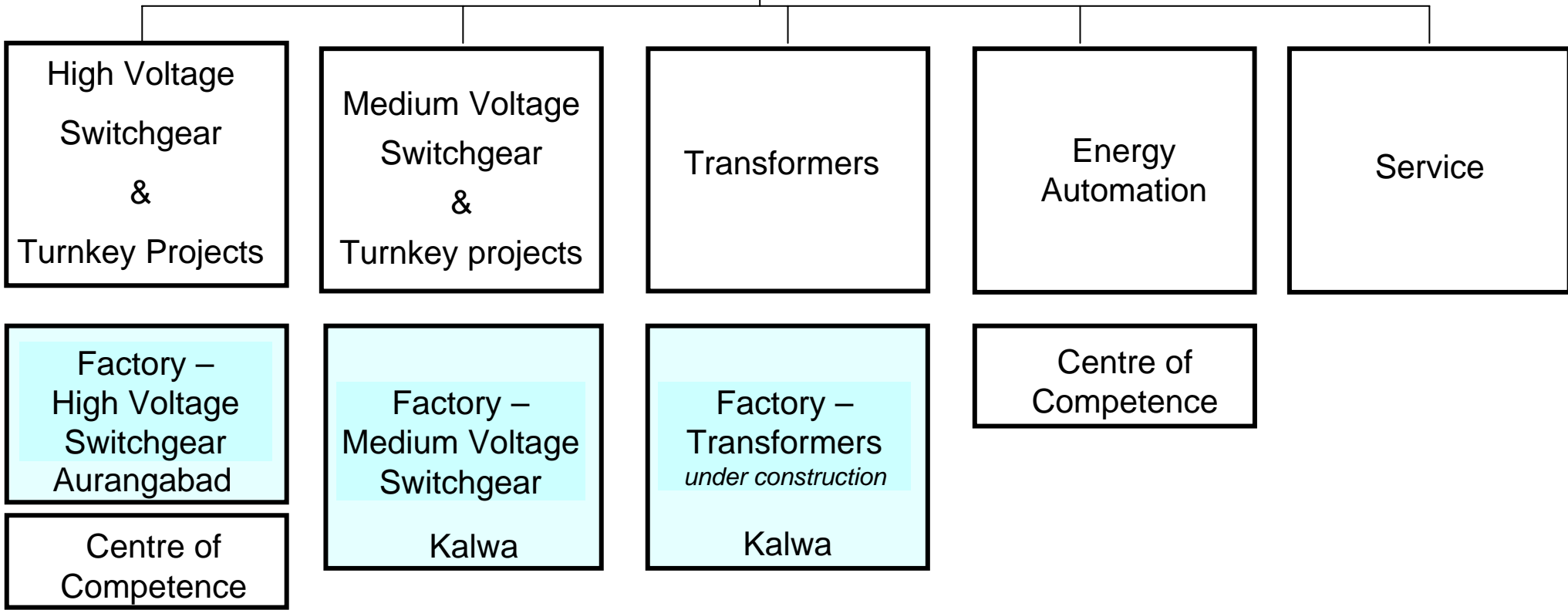
- Facilitate introduction of 800 MW STPPs, based on super critical technology in India
- Aggressively pursue select power projects in IPP Sector
- Invest in manufacturing facility at Vadodara to become a component sourcing point.
- Strengthen global engineering resource for 'Power Station Design & Engineering'

Organisation - PTD Group



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

Power Transmission Distribution



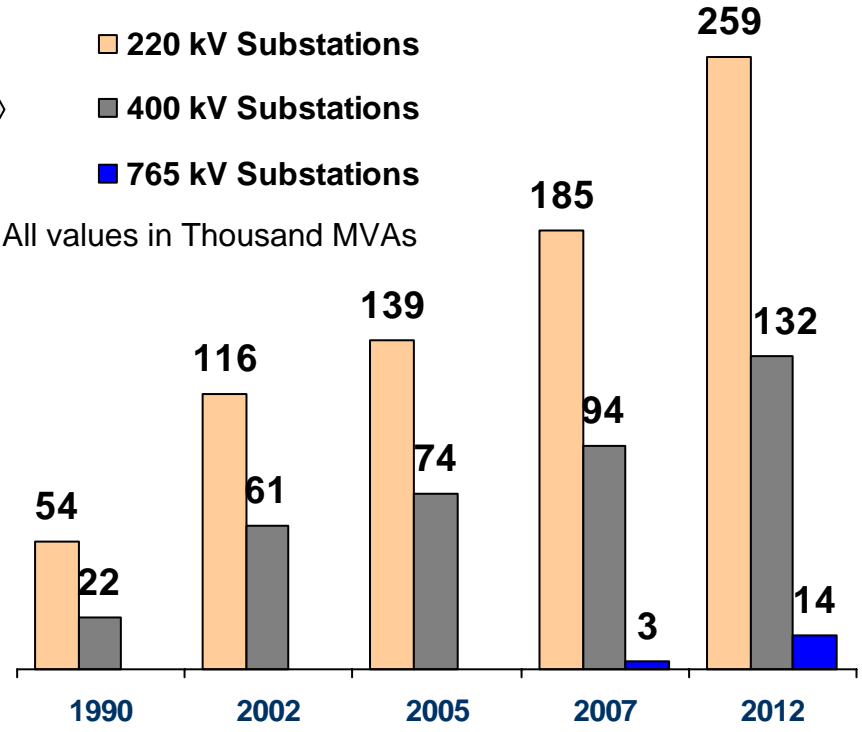
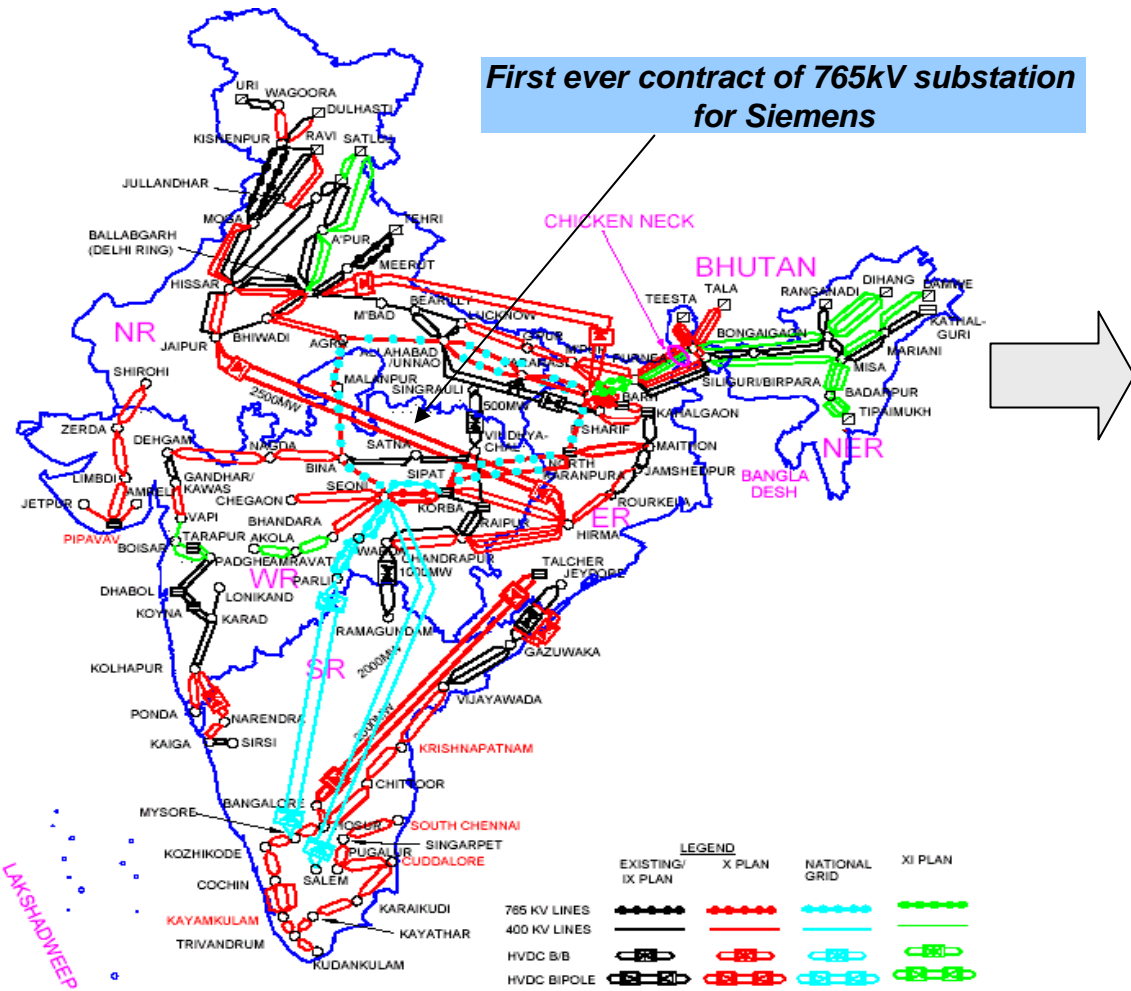
Creation of Transmission Super Highways will boost the requirement for transmission substations



Planned Investment outlay of >EUR 36 bn upto 2012 in T&D Sector

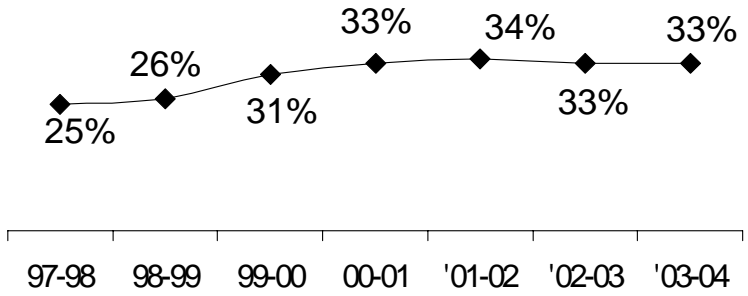
Growth in Installed Transmission Substations provides huge opportunity for 765kV / 400kV / 220 kV sub-stations

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

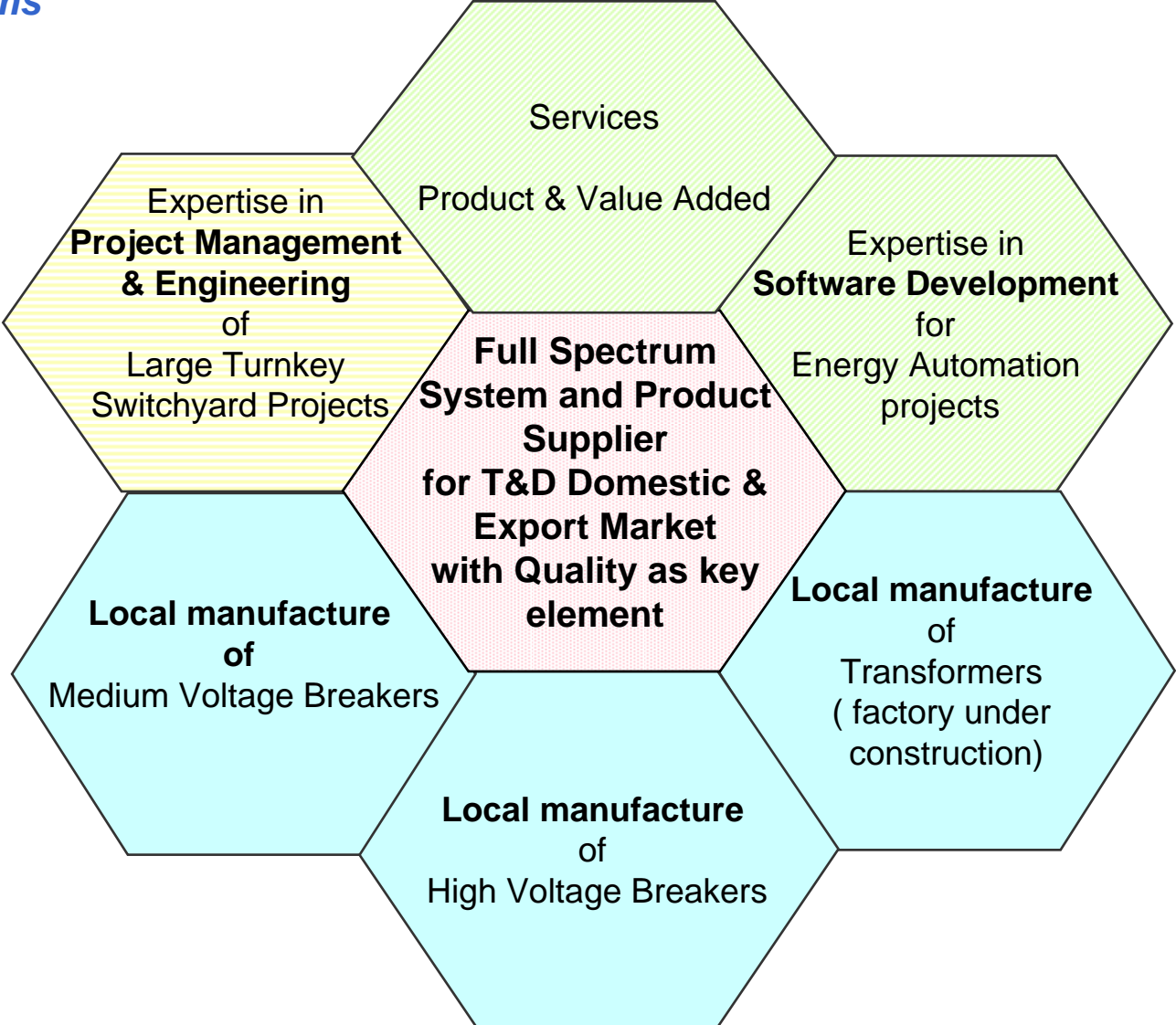
Objectives

- 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



Our Medium Voltage Switchgear set up at Kalwa



Global sourcing factory for Medium Voltage Outdoor Circuit breaker



Location: Kalwa

Established: 1973-74

Floor Area: 15,000 sqm.

No. of Employees : 400

- Second largest medium voltage factory 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

Our High Voltage Switchgear at Aurangabad

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



Location: Aurangabad

Established: 1999-00

Floor Area: 5,700 sqm.

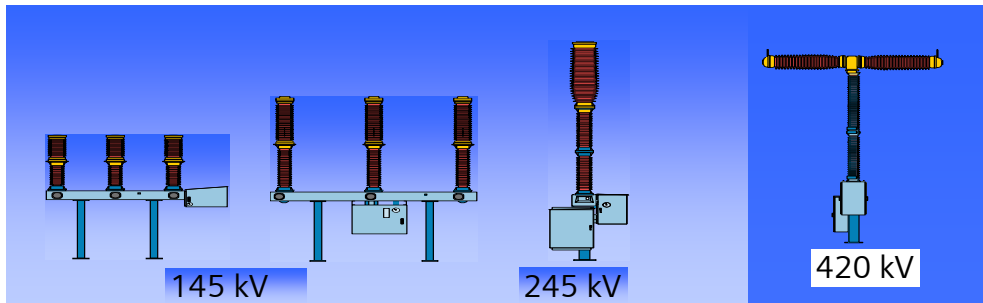
No. of Employees : 40

Main Products:

- 72.5 KV/145KV/245KV SF6 Circuit breakers

New Products:

- 400KV SF6 Circuit breakers (under development)



Our success in High Voltage Turnkey Projects

Offering Turnkey Solutions

- All Substations up to 800kV.
 First ever contract for 765kV substation.
 One of the largest 400/220 kV substations on reference.

- GIS Substations up to 400kV.
 First turnkey station of 220 kV substation commissioned

- HVDC and FACTS System.
 One of the largest 400kV HVDC station on reference (2000MW)
 Local Competence for 400kV FSC stations.

Responsible for

Qatar, Oman, Yemen, Bahrain.
 Bangladesh, Nepal, Bhutan, Sri-Lanka

Completed 325 bays from 1998 to 2004



KPTCL, Nelamangla, 400kV



Kahramaa, Doha, 220kV



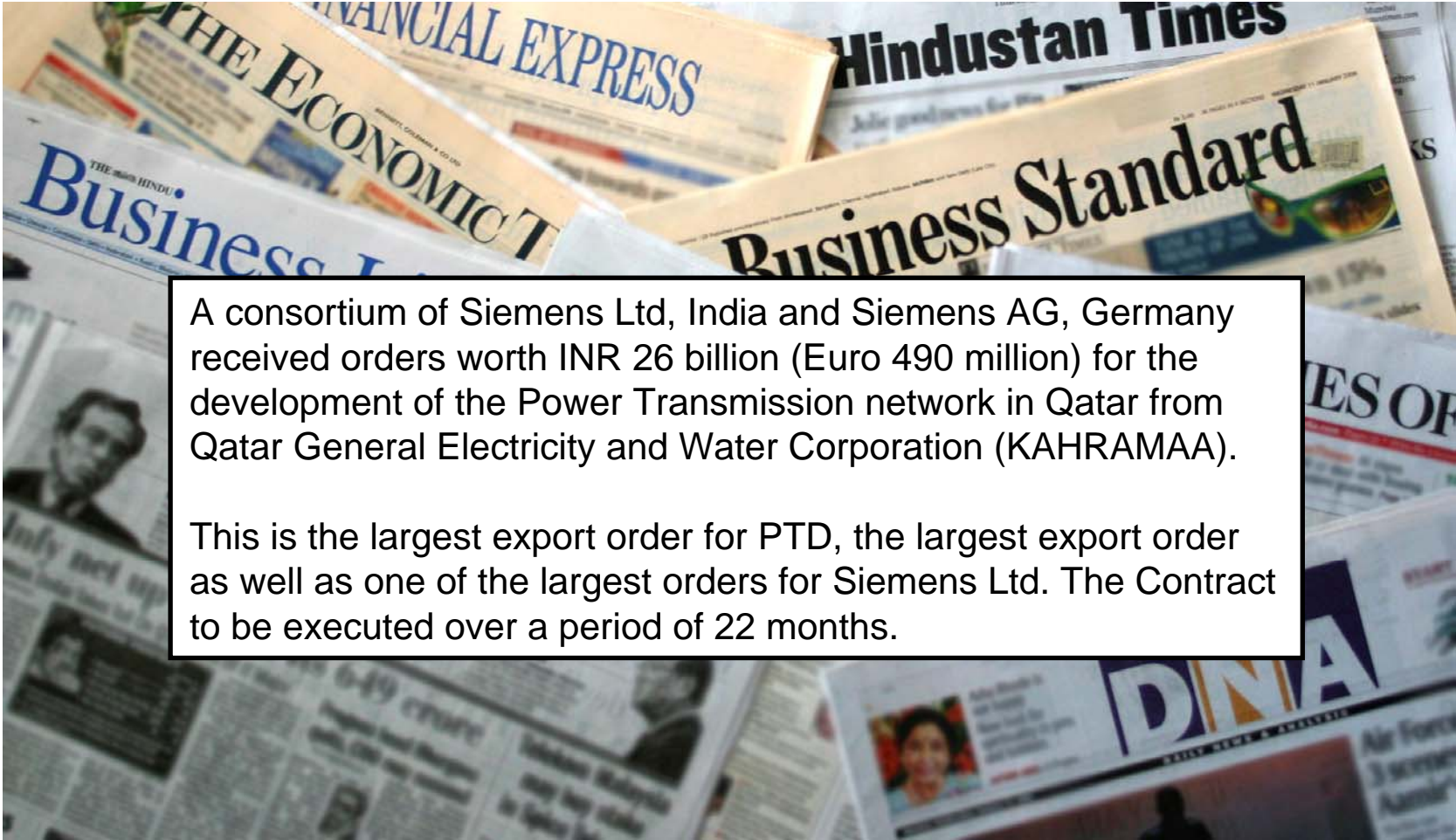
PGCIL, HVDC, 2000MW



PGCIL, 400kV, FACTS



Success in Large Export Projects



A consortium of Siemens Ltd, India and Siemens AG, Germany received orders worth INR 26 billion (Euro 490 million) for the development of the Power Transmission network in Qatar from Qatar General Electricity and Water Corporation (KAHRAMAA).

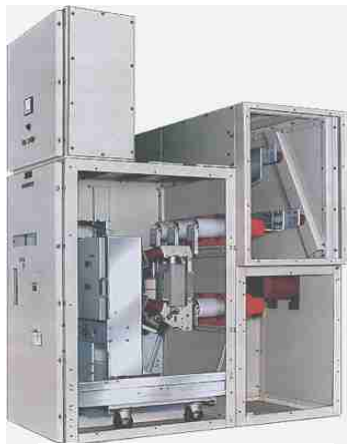
This is the largest export order for PTD, the largest export order as well as one of the largest orders for Siemens Ltd. The Contract to be executed over a period of 22 months.

Innovations and New Products

PTD has realized potential & we have defined a common strategy . .

PTD has expanded its served market by systematically adding products one after another . .
 And with a well laid out strategy to achieve competitiveness thru 'Local Value Addition'

2000



Medium Voltage
Vacuum Breakers
And Switchboards



2001



High Voltage
Circuit Breakers
72 kV to 245 kV



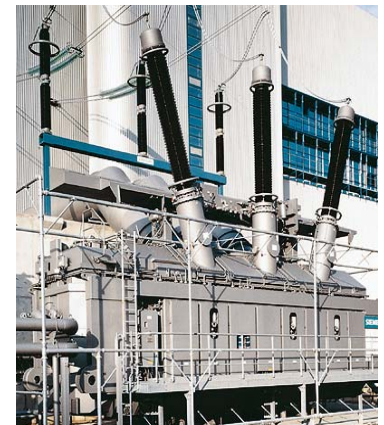
2005



Ring Main Units



2006



Power Transformers

New Transformer Factory at Kalwa



The Transformer factory will improve our Product Portfolio



Location: Kalwa

Established: Under construction

Floor Area: 15,000 sqm.

- Construction commenced : May 2005
- Investment of € 28 mn 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.

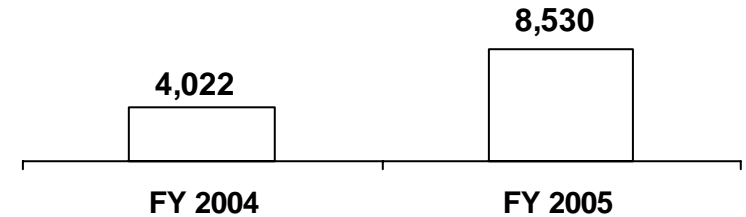


Siemens PTD performance at a glance



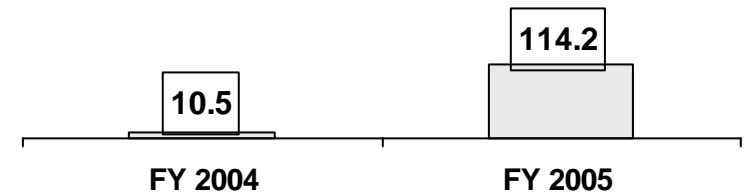
- Sales have more than doubled as compared to last year
- Competitive cost , quality and reliability were major factors for growth both in local and export markets

Sales in INR million



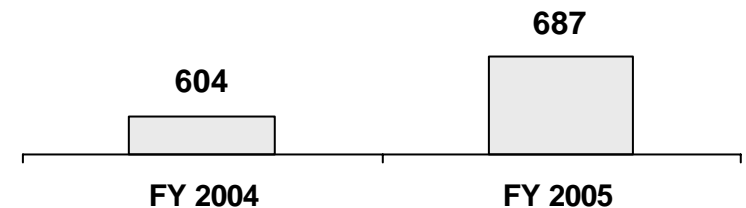
- Major investments foreseen in FY 2007 for the Transformer factory which will expand our product palette.

Investments in INR million



- Our employees are our strength and we continuously invest in their training and development.

Employees





Our Strategy in PTD

PTD is a success story of teamwork between headquarter and regional company

- PTD systematically adding products to expand its portfolio.
- PTD India becoming 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

Reconciliations and definitions



"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

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