

# SIEMENS

Joergen Ole Haslestad,  
Group President - Industrial Solutions and Services (I&S),  
Erlangen

Statement  
to the "Industry" press conference on  
March 9, 2006 in Frankfurt/Main

- The spoken word rules –

## **The Siemens Group Industrial Solutions and Services**

The Siemens Industrial Solutions and Services (I&S) Group develops solutions and services for industrial and infrastructure facilities from planning and installation through to operation and the whole equipment lifecycle. Our holistic consideration of all processes enables us to offer our customers security and competitiveness. Our systems and processes for iron and steel production, treatment of potable water and wastewater, as well as for traffic systems, airport logistics and postal automation make I&S the world's leading provider for these sectors. We are also involved in the pulp and paper sector, oil and gas, shipbuilding and mining. In the fiscal year 2005 (September 30), sales stood at approximately EUR 5.390 billion and the Group employed around 32,000 people.

Since the successful launch of its industry-specific product families, I&S has continued to extend its range of solutions for industrial and infrastructure facilities. The takeover of Voest Alpine Industrieanlagenbau has made I&S the world's leading supplier of systems for the production of iron and steel. The takeover and integration of USFilter has made Siemens number 1 in the field of water and wastewater treatment. I&S has process technologies for industrial processes that help to save scarce resources, reduce costs and secure production. The integration of Postal Automation and Airport Logistics means that I&S is today the leading supplier of infrastructure solutions that meet the requirements of networked logistics. Thanks to our holistic approach and linking of process know-how with electrical engineering, I&S is today in a position to optimize plants and sub-processes both in terms of technology and in terms of economy. Our process solutions, modernization of plants and on-site service are tools with which we shape the future and maintain the competitiveness of our customers around the world.

I&S has the necessary know-how with respect to both the individual industrial sectors and process engineering, both of which are prerequisites for the successful integration of electrical engineering and the development of process solutions. I&S's

services range from engineering for plant construction and modernization through to support for the plant throughout the entire lifecycle.

### **Product families**

In future it will no longer be individual electrotechnical products that form the basis for systems design but rather modular elements, assembly groups and subsystems. For example, from the point of view of electrical engineering, drives for paper mills and steel works are essentially the same. They only vary in their sector-specific engineering, i.e. their design and adaptation for the specific industry. We offer such modular assembly groups with sector-spanning electrotechnical standard cores for a number of industries. By using such components, we are now in a position to realize and commission customer-specific solutions more quickly and also to guarantee that future modernization or retrofitting can be done more economically and with less risk than was previously possible.

The modular character of the product families also allows "Plug and Produce," as defined characteristics and interfaces make integration into complex system processes easier. The concept of using system elements and therefore also complete system functions rather than just electrotechnical components means that the systems remain future-proof and competitive.

Know-how in electrical engineering and a wide product and software range alone are no longer enough to be able to successfully construct and commission industrial and infrastructure facilities. Sector-specific expertise and knowledge of production workflows are decisive success factors. Without this process know-how there is no guarantee of success. For plant constructors such as I&S, this means having to continuously expand their knowledge of industrial processes. As a result of the takeover of USFilter, I&S has gained know-how and solutions for applications in industry that enable better handling of water - a resource that is both expensive and

in short supply. The acquisition of Voest Alpine Industrieranlagenbau, Linz/Austria, means that I&S is today the world's leading supplier of solutions and technologies for iron and steel production.

## **Trends**

### **Mining**

The mining industry is calling for innovations that will reduce production costs: possibilities for new equipment technology down the pit have been largely exhausted. Productivity can only be increased by means of larger equipment, new methods of production and intelligent process automation. The improvement of cycle management and the treatment of process and wastewater are two items on the agenda - for both economic and ecological reasons.

### **Iron and steel production**

Today, there are four driving factors in the production of iron and steel: raw materials, additives and energy must be used efficiently to hold down production costs. Ever-stricter environmental regulations demand new technical solutions. Top quality is expected in the end-product and maximum flexibility in production.

Siemens VAI, the result of the merger between Siemens Metals and Voest-Alpine Industrieranlagenbau, is the leading supplier on the world market. Our pooled expertise in technical plant construction and automation make us the number 1 technology partner in the field of technical industrial plant construction for the iron and steel industry - both for new plants as well as for extensions or modernizations. We are experts in the whole process chain of metal production, machining and processing for the iron and steel industry as well as in the rolling process for the aluminum industry. We have forged even closer links between technical plant construction and electronics. Our MES and IT solutions collect all relevant

information and condense it in order to facilitate decision-making - from production through to the company management.

## Oil and gas production

The greatest challenges faced today are in the exploration and opening up of new oil and gas reserves in inaccessible locations - in permafrost or at great depths. Current activities concern the positioning of handling equipment on the ocean floor, the utilization of associated gas and increased flexibility with regard to transportation and refineries.

We are one of the few providers in the world who can master the whole value chain - from production in the field and transportation by tankers or pipelines right through to processing at the refinery. We support our customers in the planning and construction of new systems. And we are also present as a partner: for the choice of concept, for realization with drives, automation and IT systems. Our Maintenance Management Systems and Services ensure long-term availability of the systems.

## **Water and wastewater treatment**

Water is vital for our survival and the basis for the development of towns and industries. We offer a broad and innovative range of solutions for virtually all water treatment processes - municipal or industrial systems, for potable water or wastewater, for process water or for medical use.

Through the acquisition of USFilter, Siemens has realized targeted expansion of its portfolio and has become one of the world's leading suppliers of future-oriented products, systems and services. We now offer everything from municipal sewer management and the production of ultrapure water through to innovative methods of wastewater treatment such as biological particle reduction. We offer efficiency throughout the whole water process - with products, systems and services.

## **CEP automation (Courier, Express, Parcel)**

Speed, reliability and economic efficiency are the three greatest challenges in the field of handling postal deliveries. Deliveries must be quickly transported from the sender to the recipient. That means all around the globe - everything from individual parcels through to standardized mass deliveries.

Our rich experience is based on over 22,000 automation systems installed for postal logistics. Thanks to this large number of projects, we have acquired a wealth of knowledge. Our integrated IT solutions and modern recognition technology raise productivity. We use this technology to link up and complement our automation solutions.

## **Services**

To be able to always run a system through its whole lifetime with the highest possible availability, a maximum of protection against downtimes and a top level of productivity, a service concept is required that comes into effect before commissioning rather than after. Service means more than just maintenance and modernization. It means supporting the customer from consulting and system planning, and installation and commissioning, implementing IT and MES solutions through to operational maintenance, exchanging components, modernization of the complete system and dismantling. We focus on the integrated lifecycle optimization of a system. We improve the production process and ensure consistent integration of dataflow from the field through to corporate management level. With the help of our intelligent service concepts, we ensure maximum availability and top productivity. Wherever in the world a system may be located, one of our over 300 service locations will not be far from the customer; we speak his language and are familiar with the local conditions.