

BUNDESVERBAND
MERGERS &
ACQUISITIONS E.V.

MMI
Merger Management Institut
Gemeinnützige GmbH

SIEMENS

Managing Complex M&A Projects in 2009

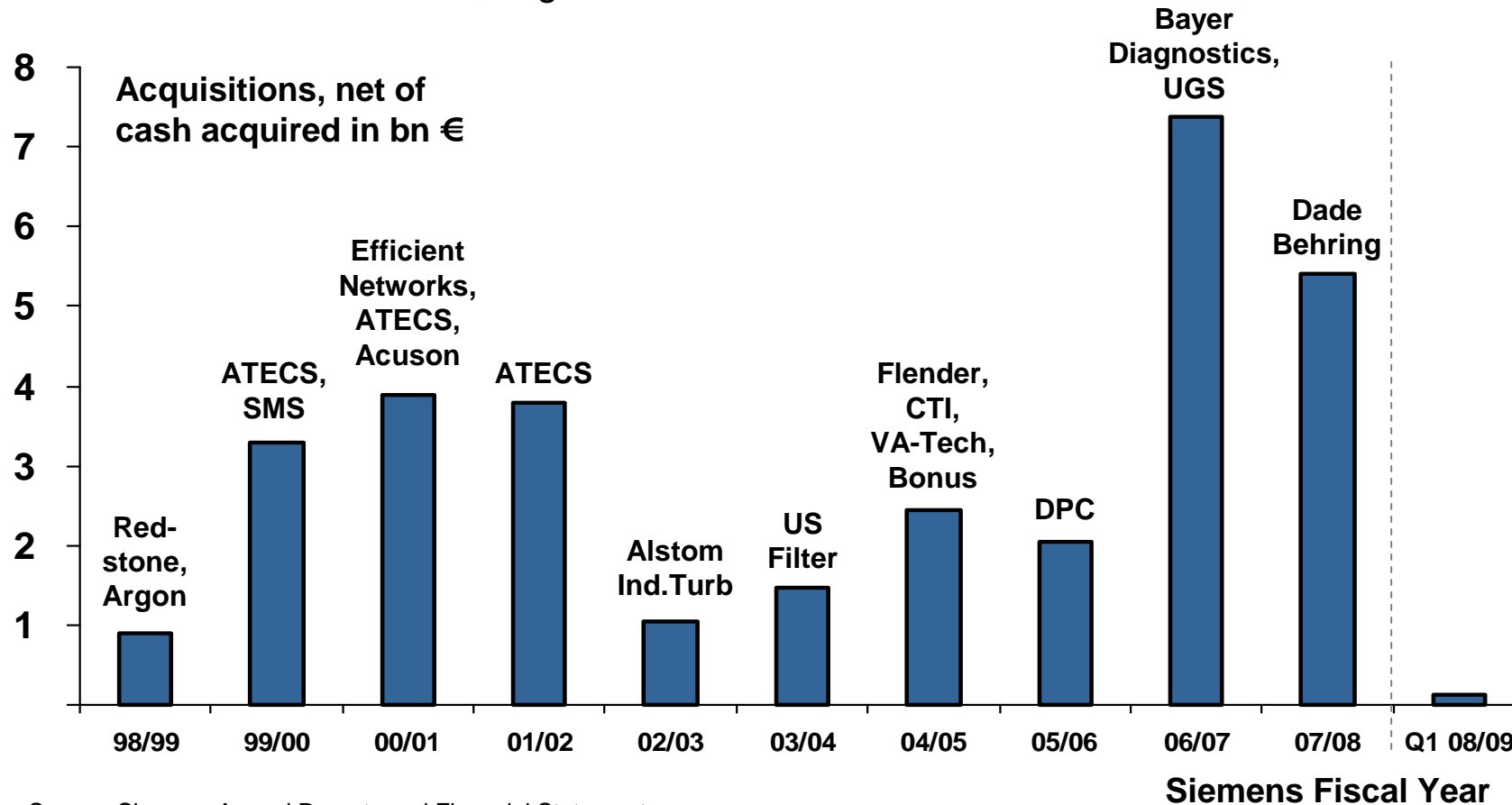
AM&AA 2009 Schloss Reinhartshausen Conference

Kai Lucks

M&A Investment at Siemens

- Cumulated over the last 10 years: 32 bn Euro

Siemens M&A investments, large deals named



Source: Siemens Annual Reports and Financial Statements, Consolidated Statements of Cash Flow

**... the Recent Acquisitions
Reflect our Strategies**



**Energy and
Environment**



**Automatization and Control
of Industrial & Public Infrastructure**



Health Systems

- VA Tech
- Wheelabrator
- Sustec
- Bonus
- US Filter
- Flender
- Robicon

- Berwanger
- VA Tech
- Electrium
- UGS

- Shared Medical
- CTI
- DPC
- Bayer Diagnostics
- GSD
- Dade Behring

Complex M&A In the Medical Sector

We Created the World's Leading Diagnostics Company

Acquisition of DPC, Bayer, Dade

**Dade
Behring**

- Fully integrated platforms; mid/low volume labs
- Market leader in customer service

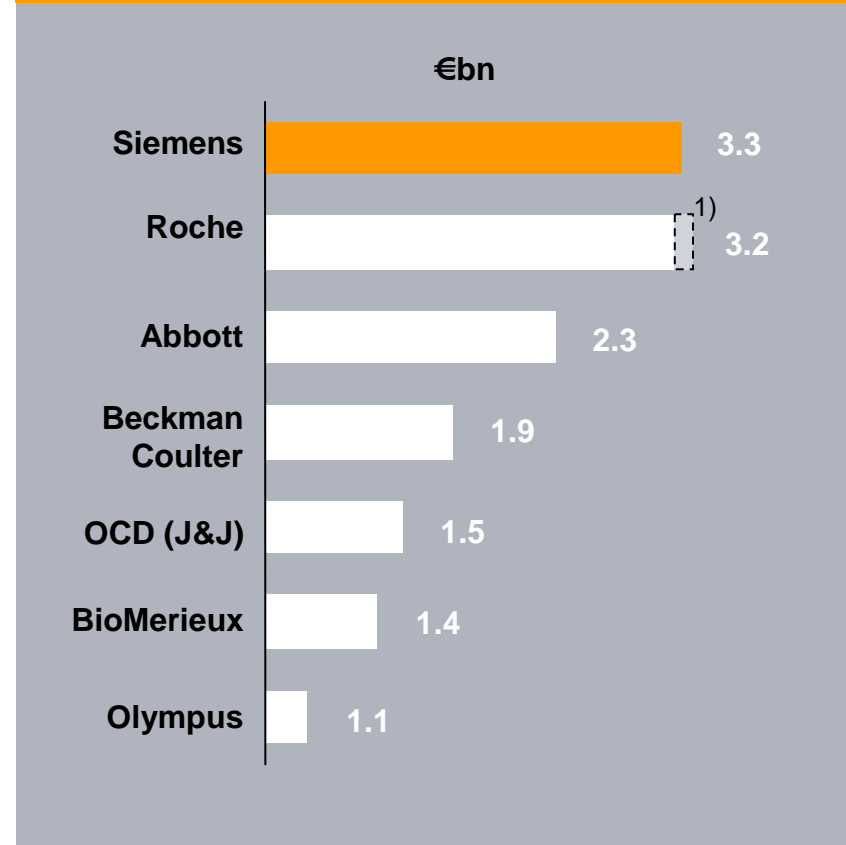
Bayer

- Broad portfolio
- Lab automation
- Molecular Diagnostics
- High/mid volume labs

DPC

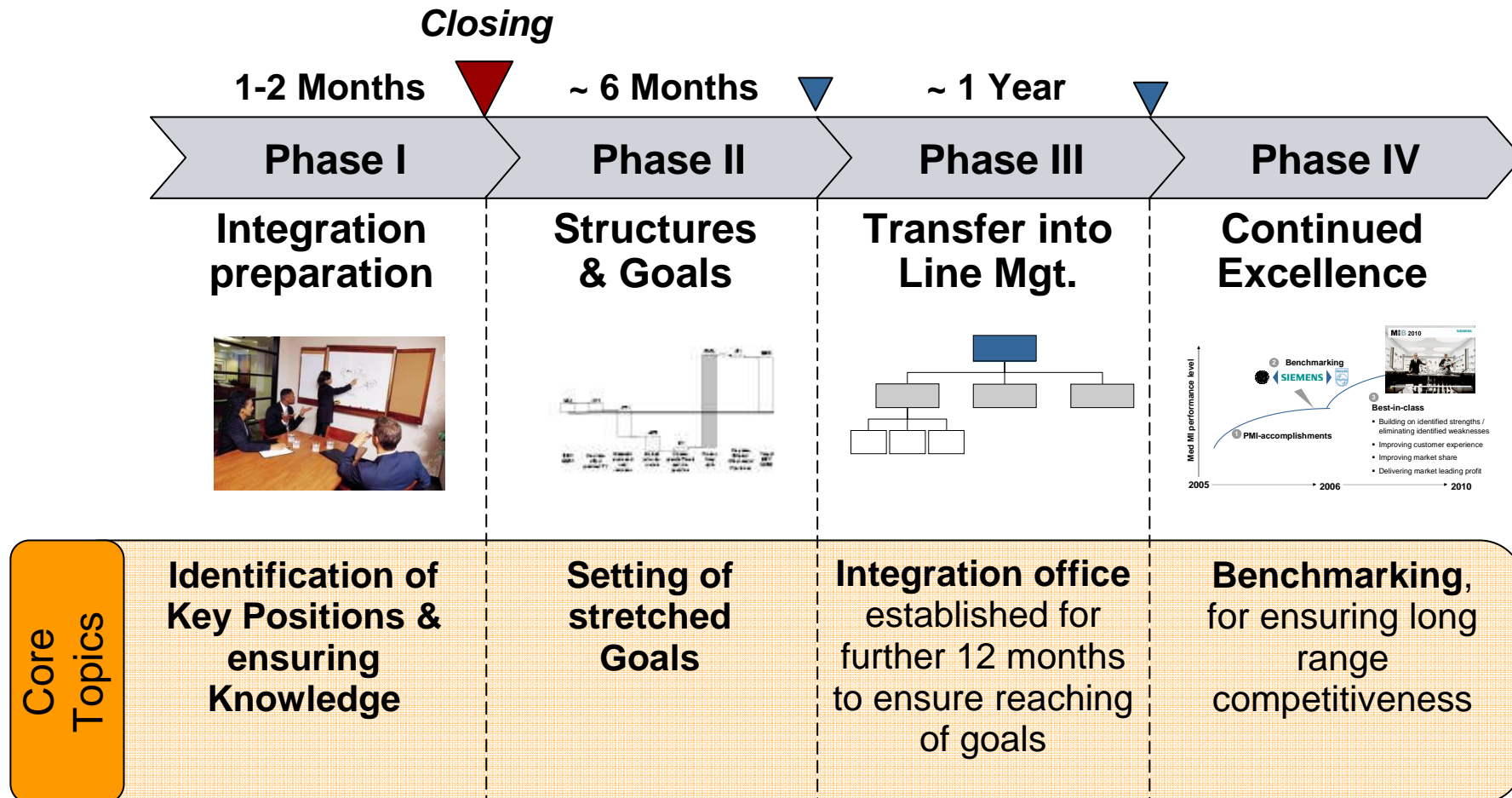
- Leading position in immuno-diagnostics

Market leadership



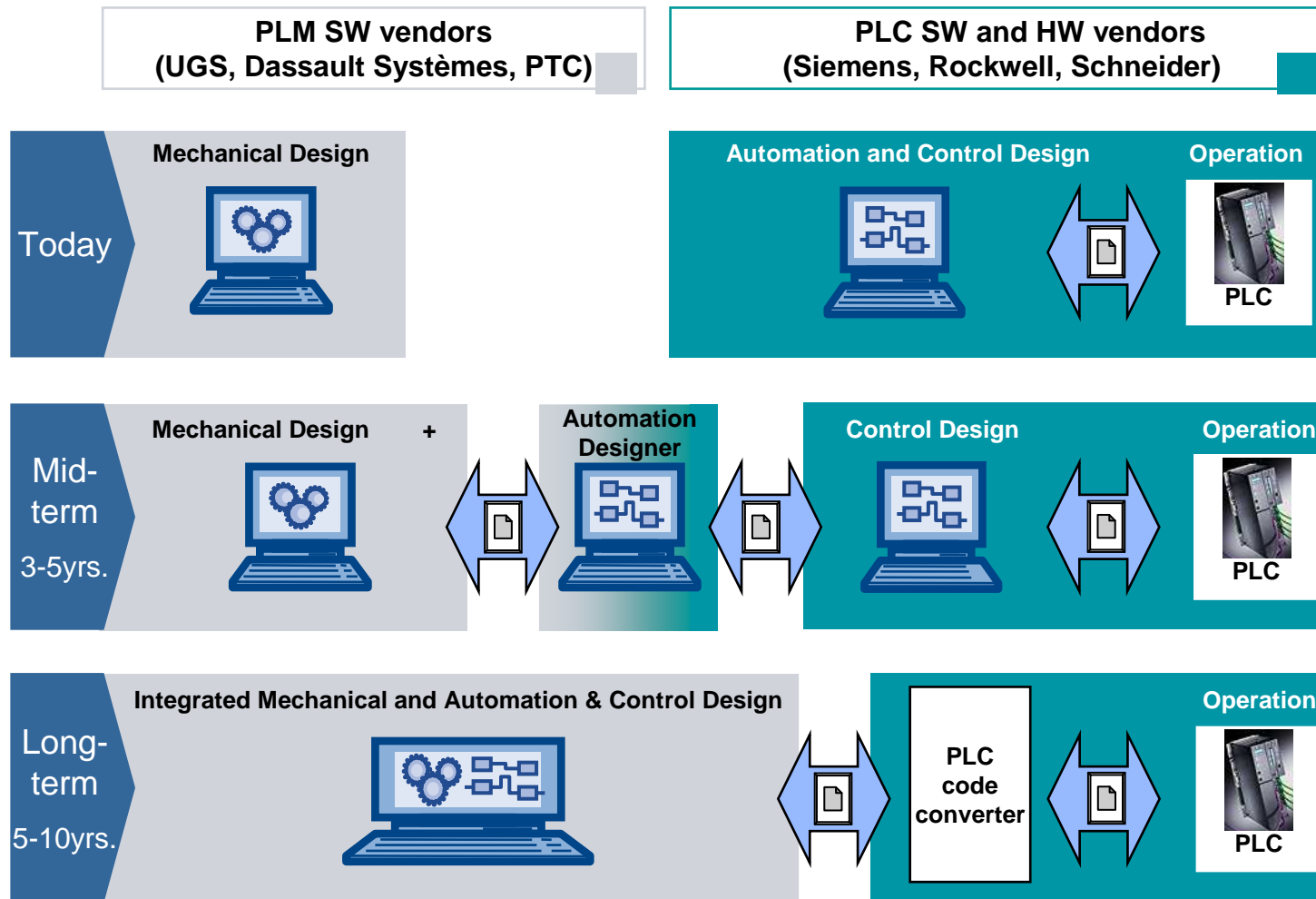
1) Merger agreement with Ventana announced 22 Jan 08
Ventana (2006 sales: \$238m, €193m)

Siemens has Established a Structured Integration Process

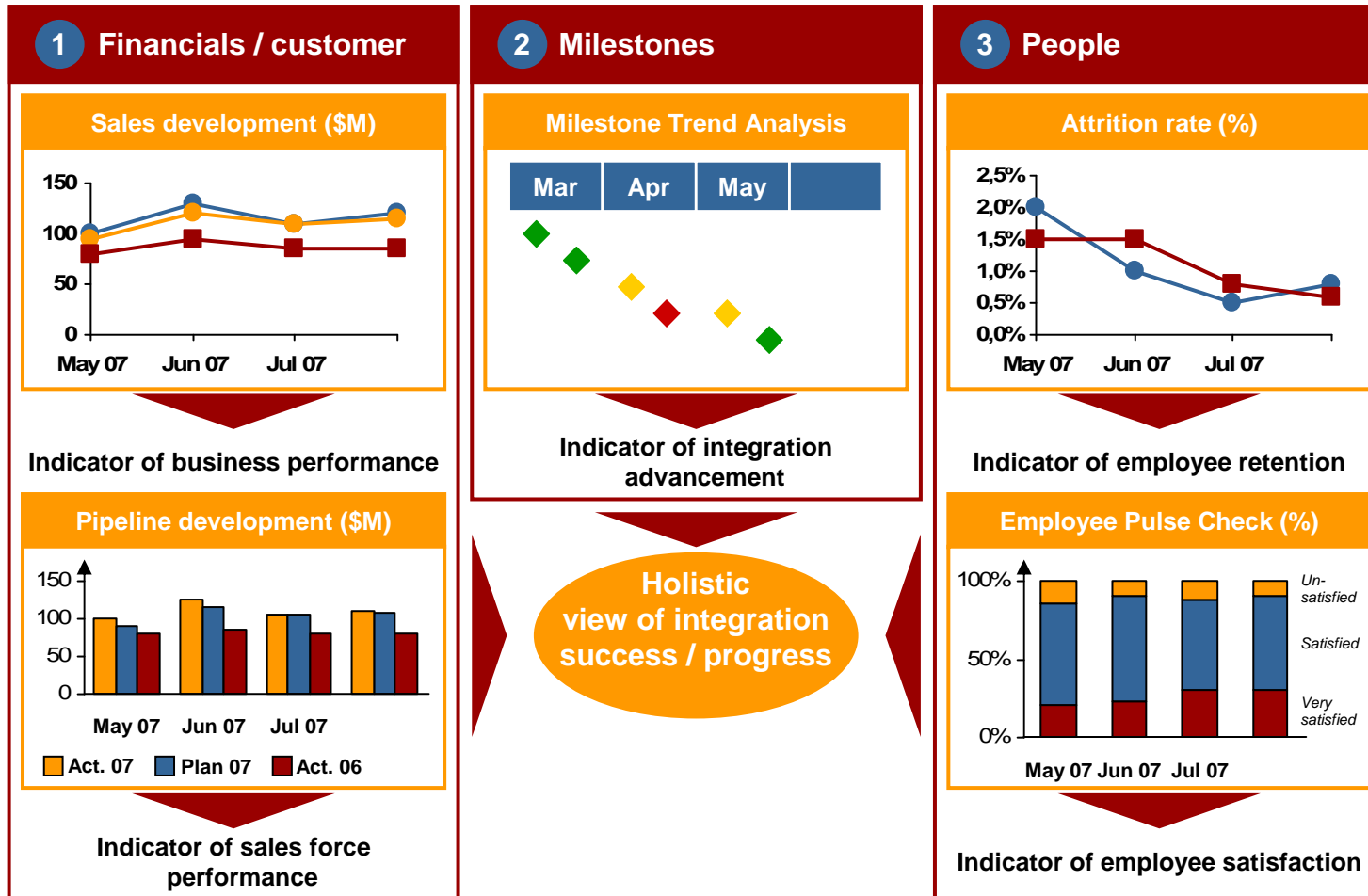


Complex M&A In the Industry Sector

Mechanical and control design will converge in next 10 years



Overall integration success will be measured in three dimensions



Source: UGS Integration Office

Prof. Dr.-Ing. Kai Lucks

Complex M&A In the Energy Sector

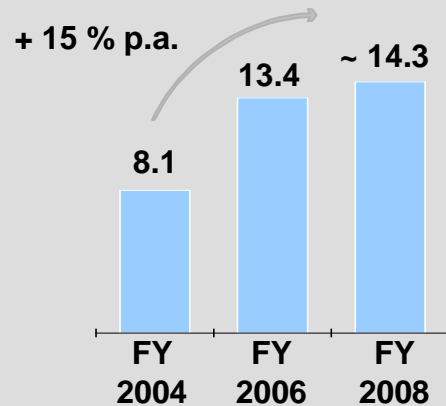
Bonus Acquisition Strategic Motivation for Entry in Wind Power

Strengths Bonus
<ul style="list-style-type: none"> ▪ Proven Technology ▪ Broad Client Base ▪ Loyal and experienced Employees ▪ Singular Offshore-Experience

Combination
<ul style="list-style-type: none"> ▪ Offshore Turnkey Competence ▪ Ability to Mangle Big Projects ▪ Enforced Penetration of New Markets ▪ „One stop“ Supplier

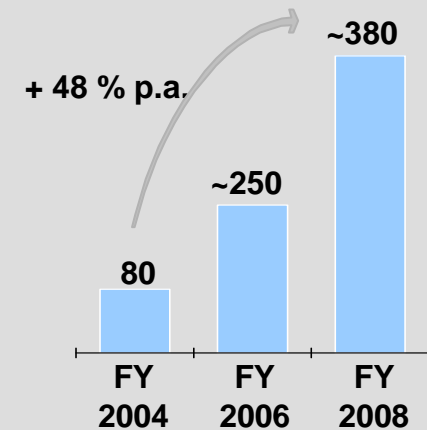
Strengths Siemens
<ul style="list-style-type: none"> ▪ Financial Strenght ▪ GlobalSales- and Purchasing Network ▪ Local Presence ▪ Strong Client Basis ▪ Group-internal Synergies e.g. Tranmission Gears, Generators

Wind Market [GW]



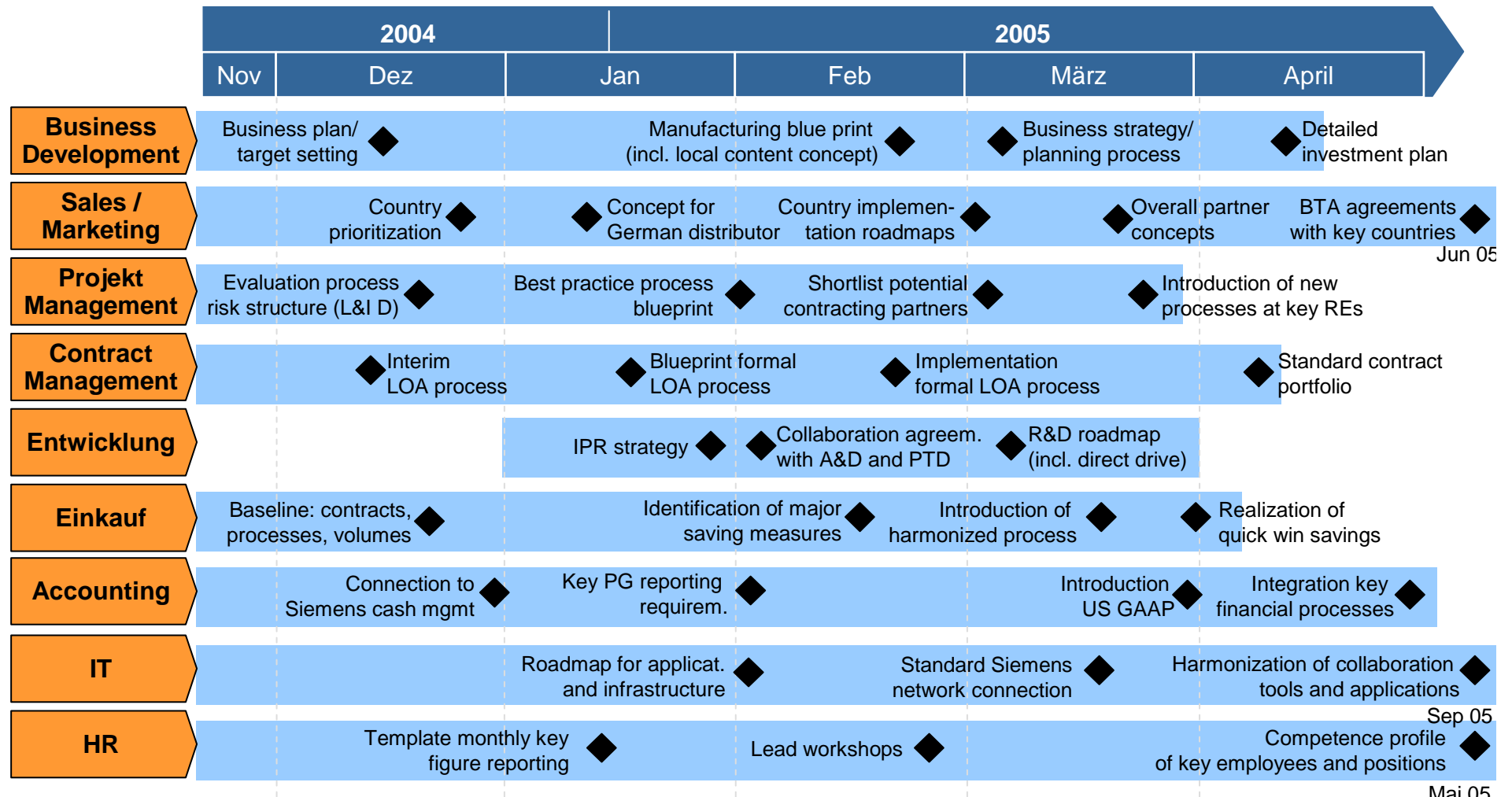
**Building Up a
Strong Global Supplier
With Continuous Growth
of Market Share**

Siemens Wind Power
indizierter Umsatz [2005 = 100]



Goal: Superproportional Growth by Rolling Out of Leading Bonus-Technologie in International Markets

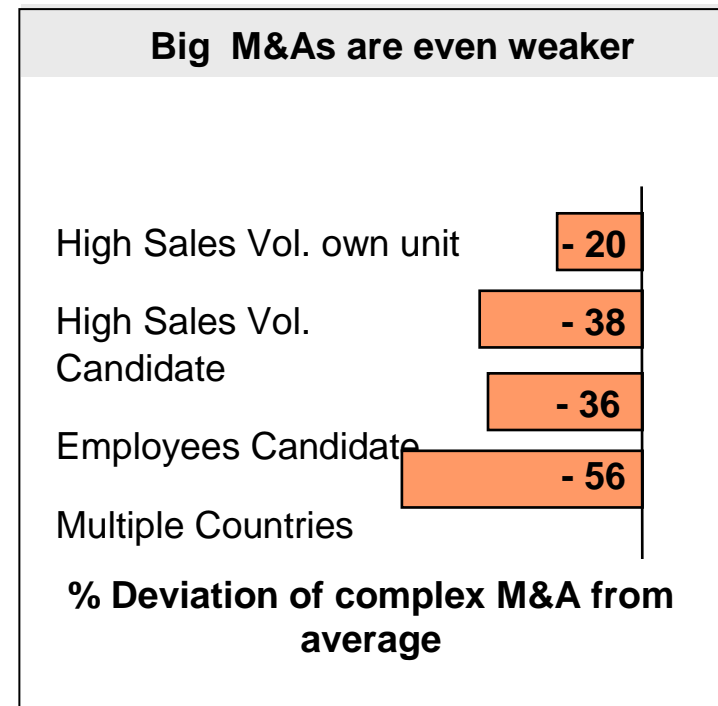
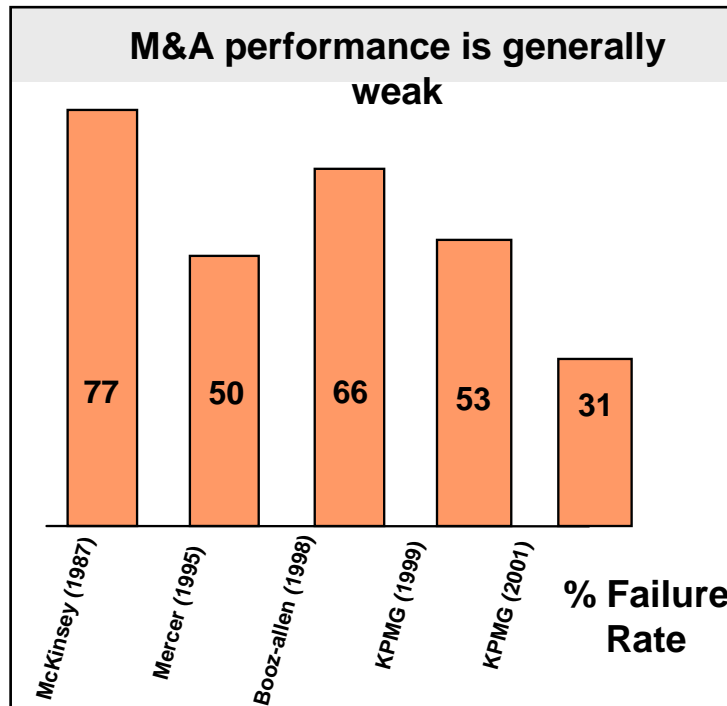
Bonus Integration: Master Plan/Schedule



**Structure with 9 Integration Teams plus Communication;
Time Necessitated Around 6 Months**

M&A Performance is the Key Challenge

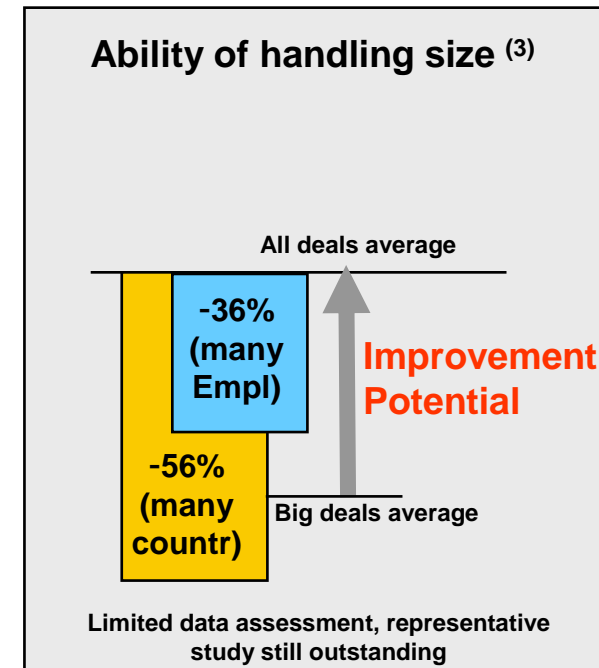
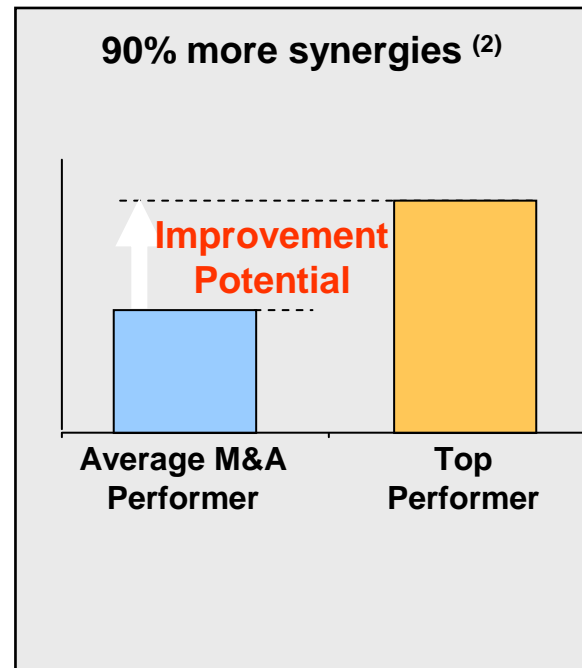
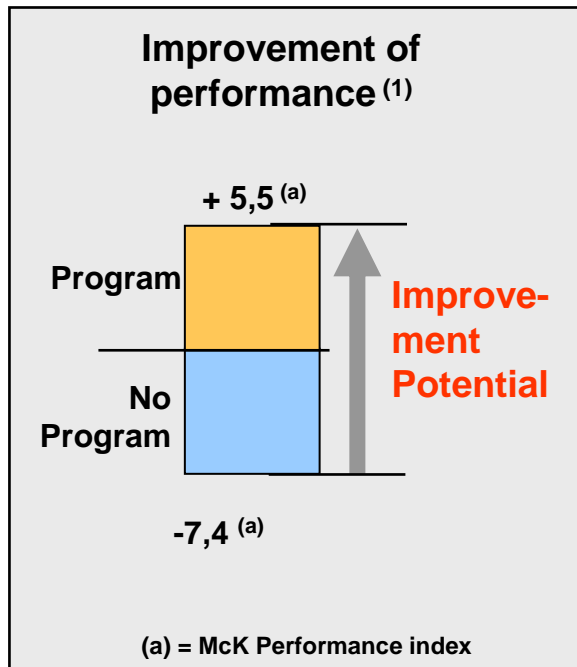
High Failure Rates



➔ **M&A is a high challenge**

➔ **Professionalism promising significant improvements**

M&A Performance through Experience Management

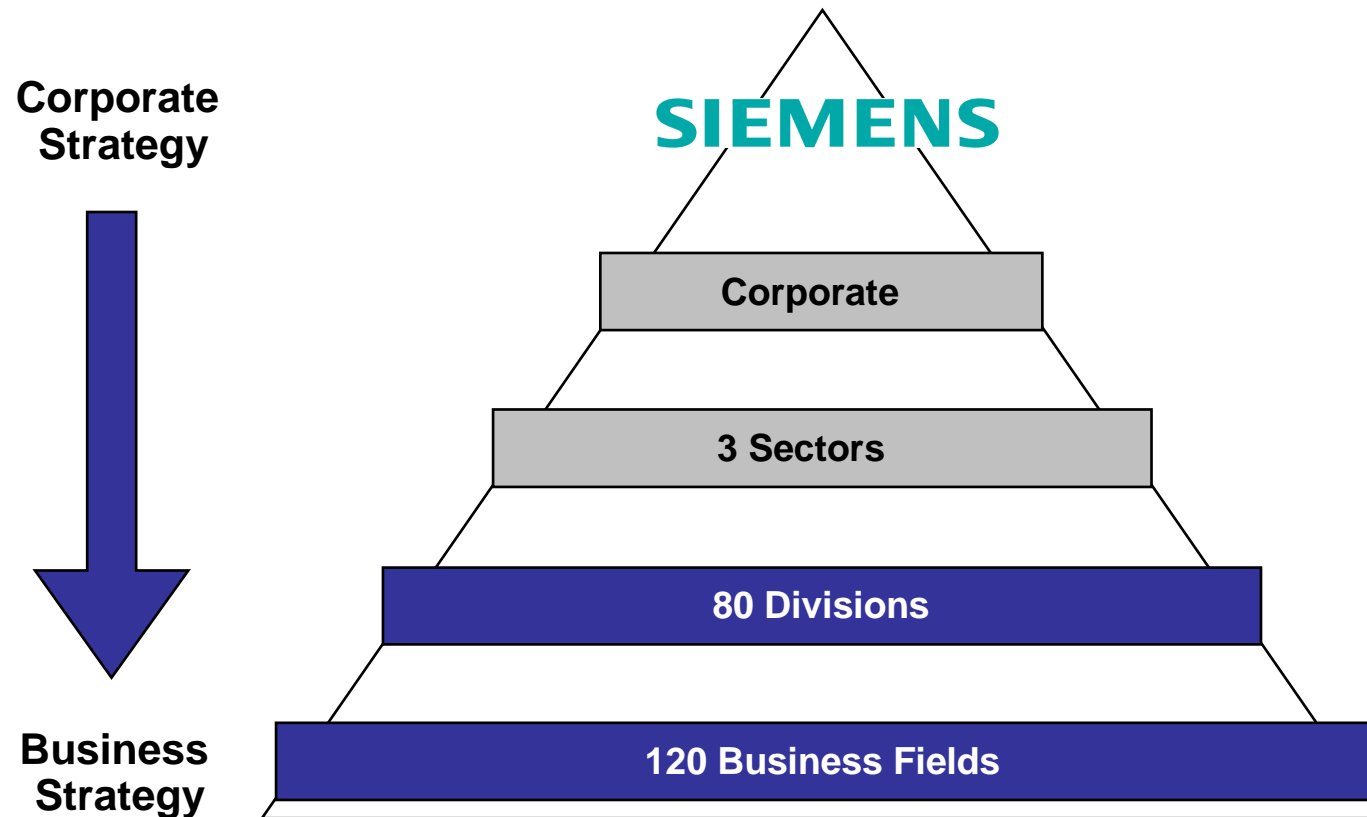


Companies with professional M&A-Management could strongly improve their results

Sources: (1) Mc Kinsey.- (2) Accenture .- (3) Lucks: Transatlantic M&A, Management of Complex M&A Projects

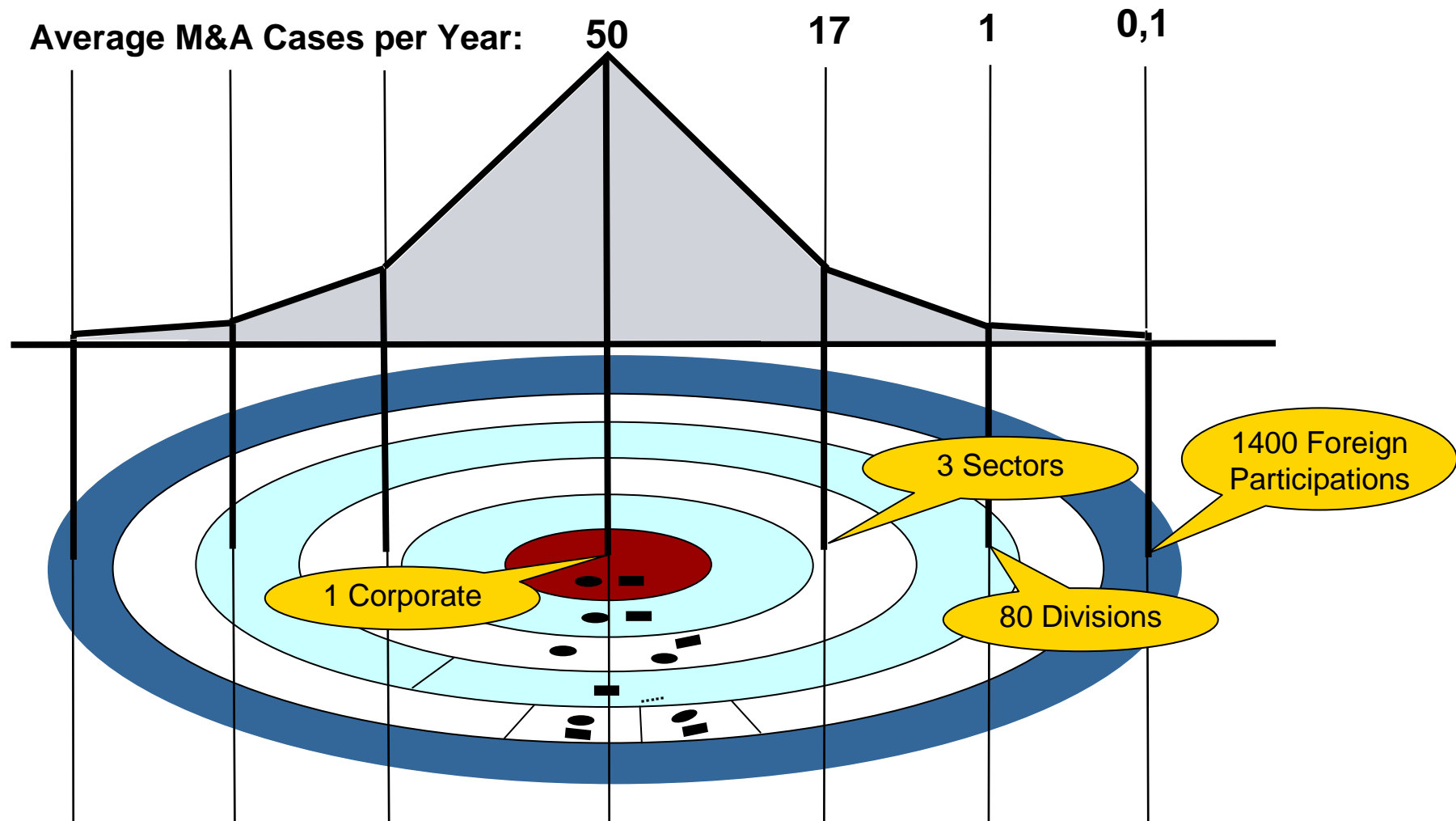
Corporate M&A Knowledge Management

How to Manage Acquisitions in a Complex Organization



Strategic management of the entire Group on the basis of strategically defined business units. Siemens has 120 business fields.

Experience Management for M&A

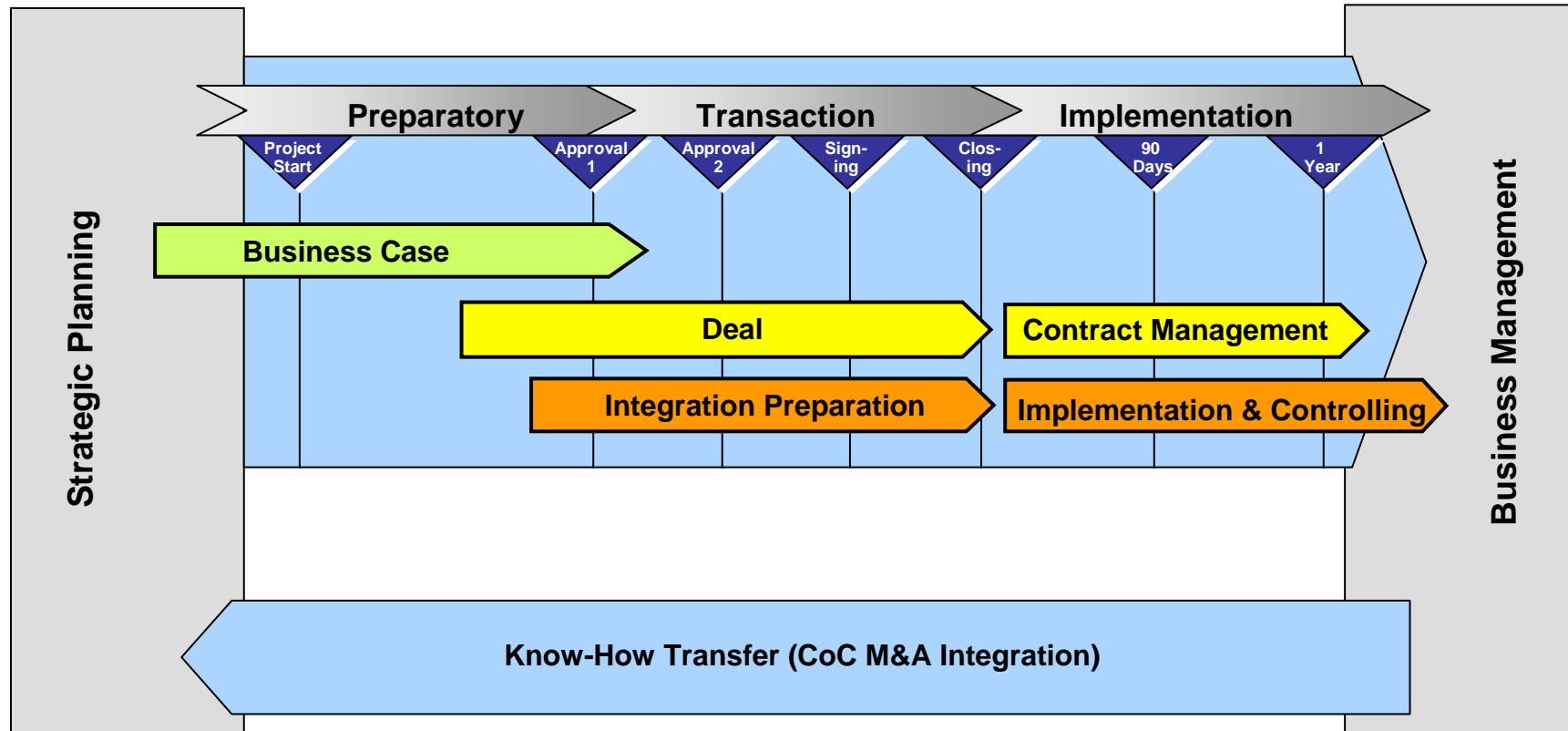


Strong Reasons for Concentration of Experience Management at Corporate and Sector Headquarters

Center of Competence M&A Integration



The Integral M&A Concept: Closed Loop Approach



Experience management is key to M&A success

Knowledge Base on the Intranet

Process

General information about the M&A Integration process and related material.

Management & Controlling

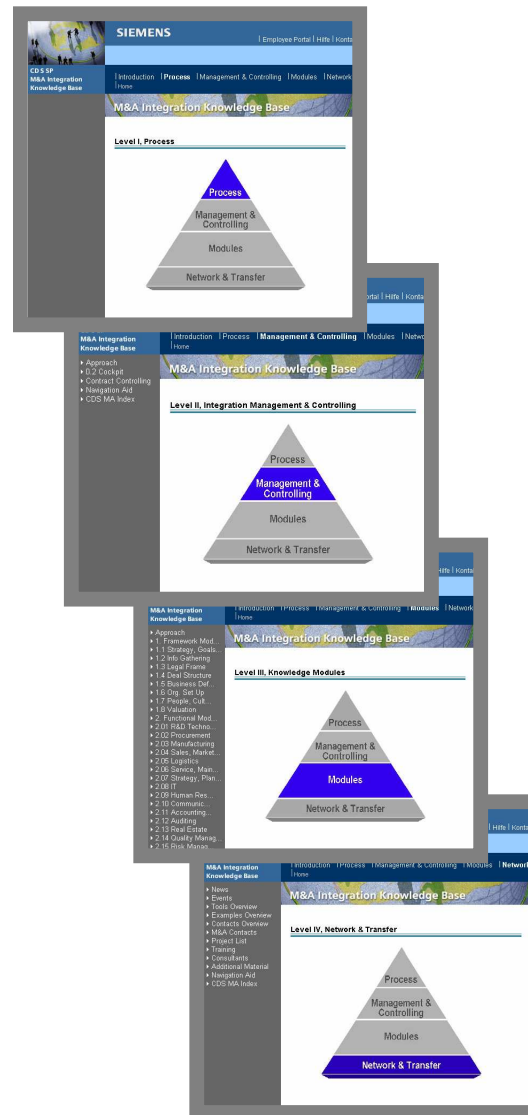
Controlling and project management framework for overall integration management tasks

Modules

Detailed information about integration actions. Each module offers success factors, methods, milestones, examples and contacts.

Network & Transfer

Facilitates knowledge exchange and best practice sharing with contacts, newsletter, current activities, events and training offer.



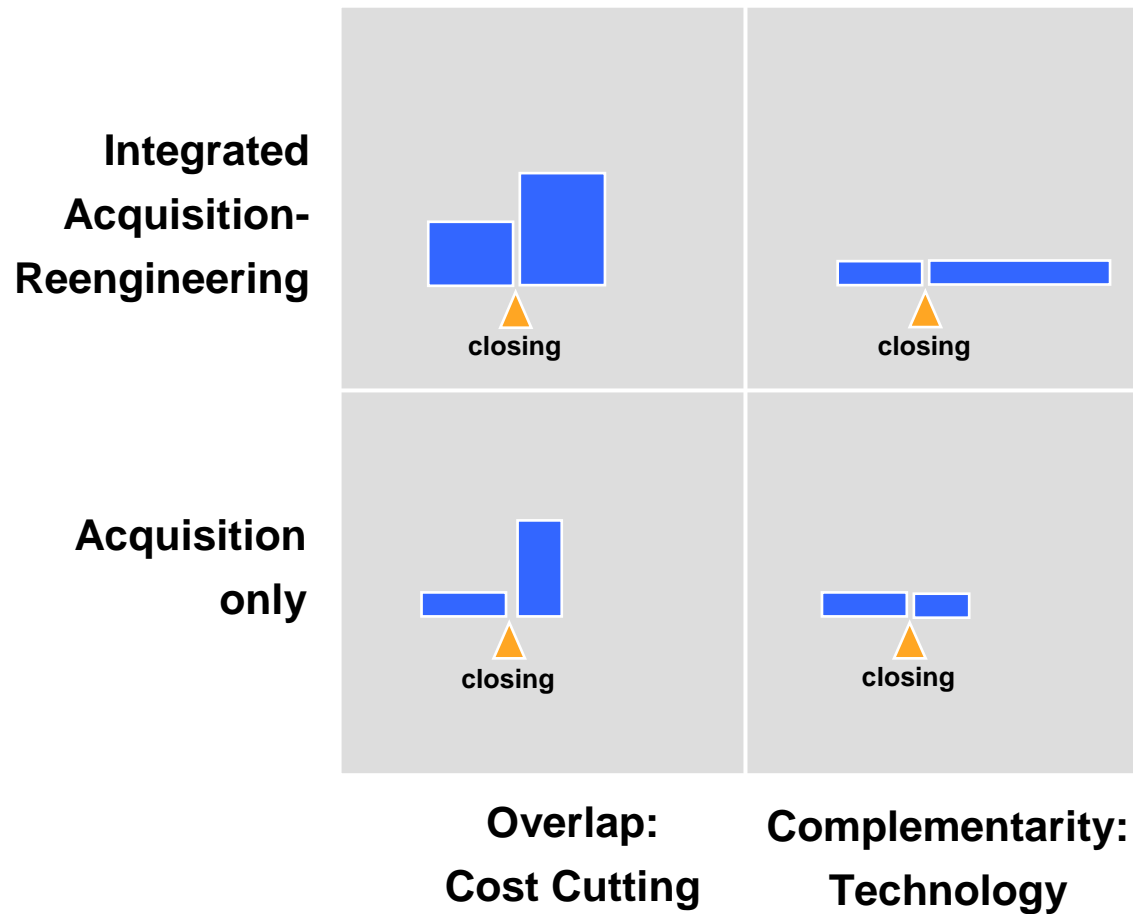
Access to the Website

Only a closed user group has access to it. As a part of the registering process the Knowledge Base Team will check the user data before providing access. All users are obliged to treat the material to the advantage of Siemens only.

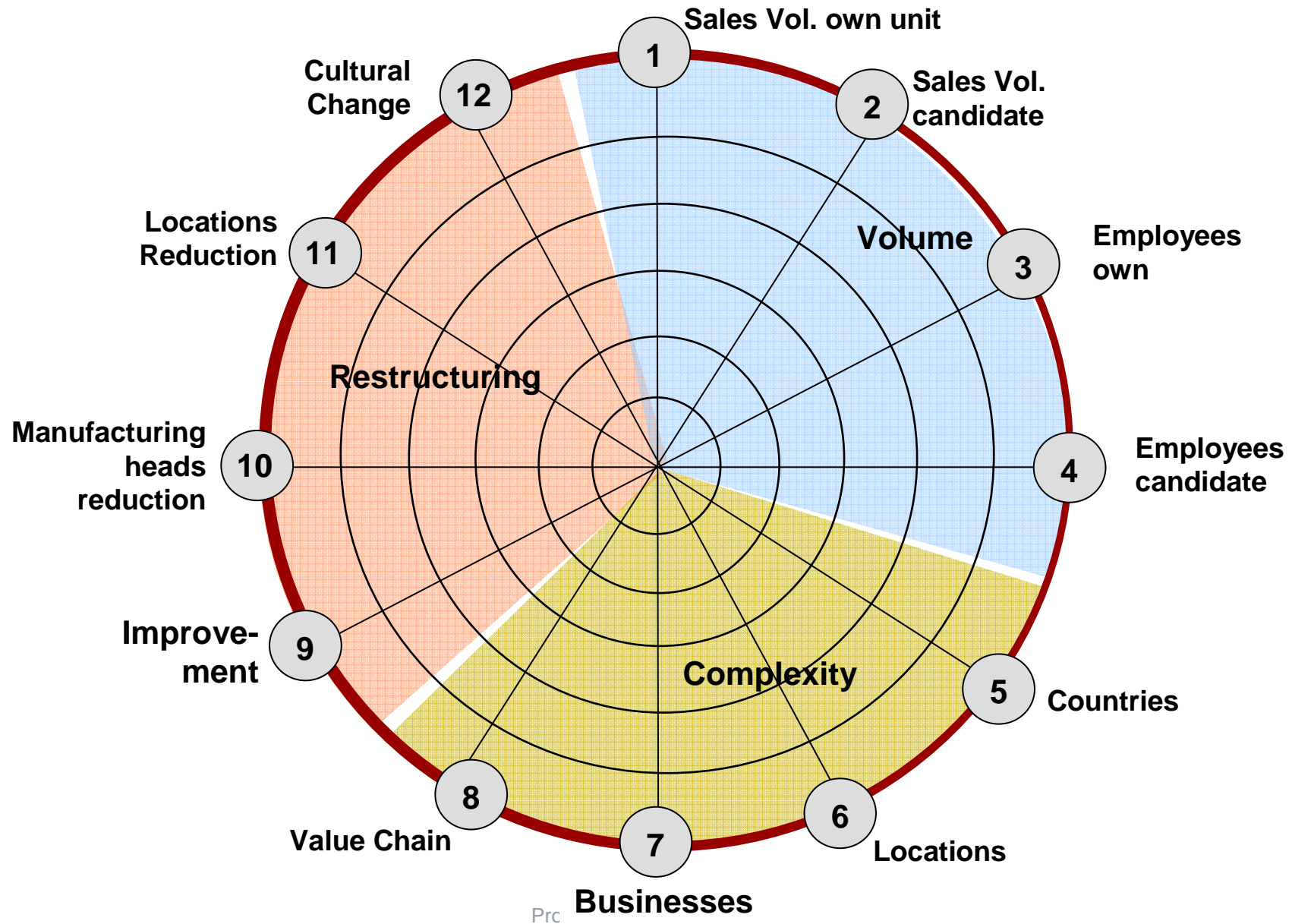
Complexity Management in M&A

Project Categories

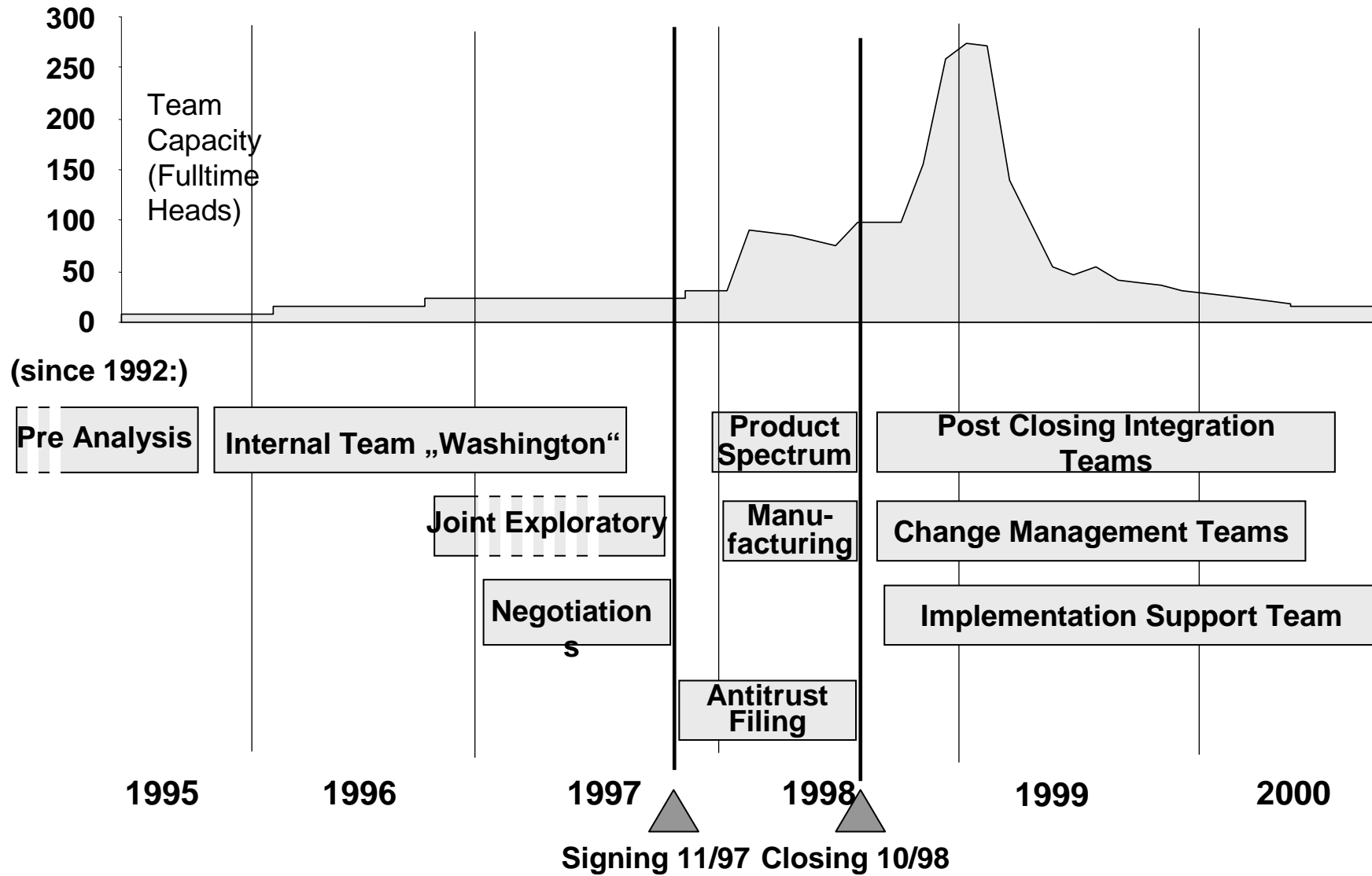
Defining the Project Type



Experience Management: Project Challenge Drivers

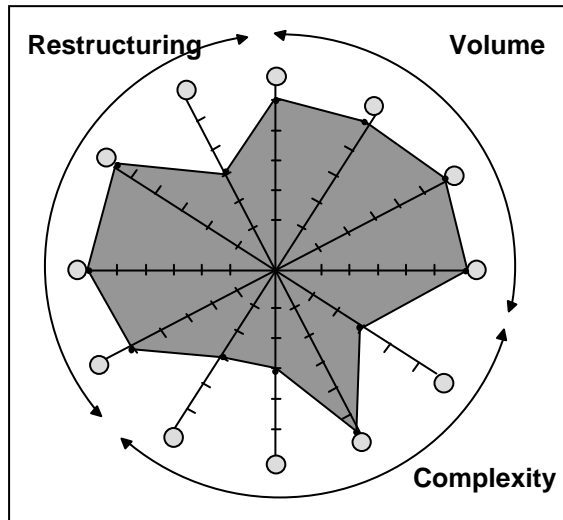


Westinghouse: Huge Efforts to Ensure Success



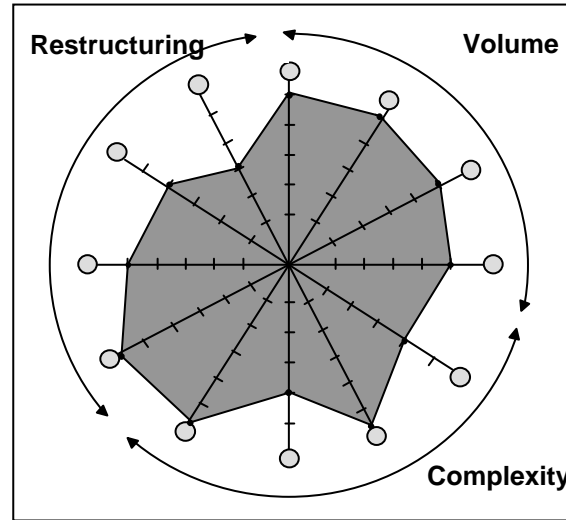
Experience Management

Osram - Sylvania



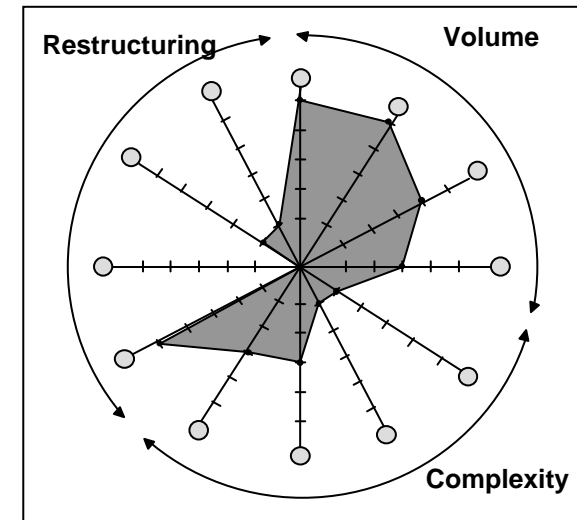
Lamp consumer products	
Combined sales	1.5 b. €
Combined employees	27,900
EBIT improvement goal	188 m. €
Factory transfer	8

PG – Westinghouse



Power gen systems	
Combined sales	7 b. €
Combined employees	18,500
EBIT improvement goal	1.3 b. US\$
Factory transfer	4

SV – Huntsville



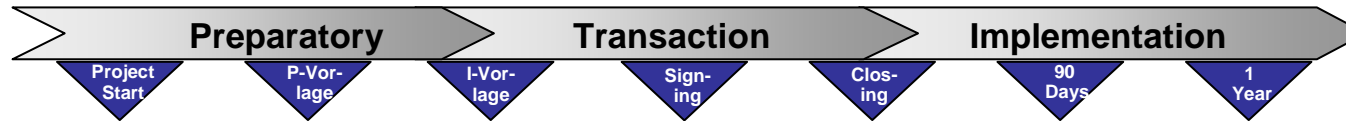
Automotive components	
Combined sales	4.6 b. €
Combined employees	21,700
EBIT improvement goal	140 m. €
Factory transfer	none

1994...

1999...

2004...

The M&A Process House



General Project Management

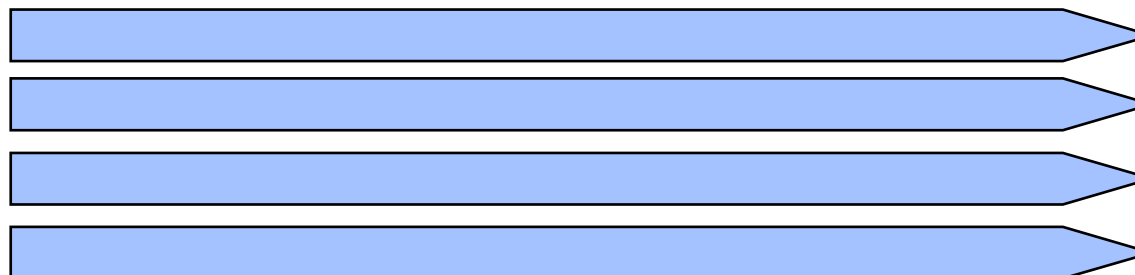
Core Processes



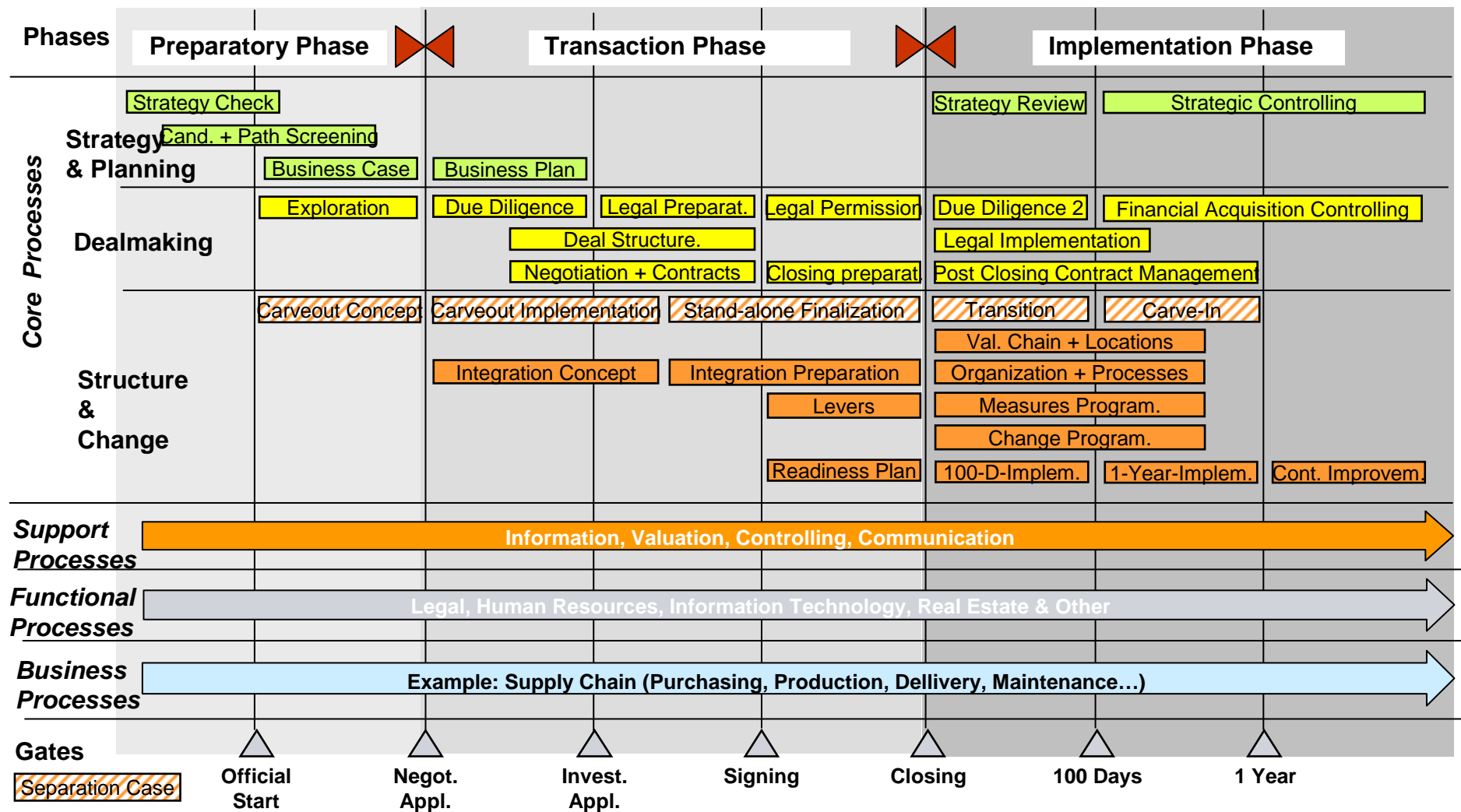
Support Processes – cross functional (e.g. Valuation)



Support Processes –functional (e.g. HR)



Standardization through the Reference-Project Model

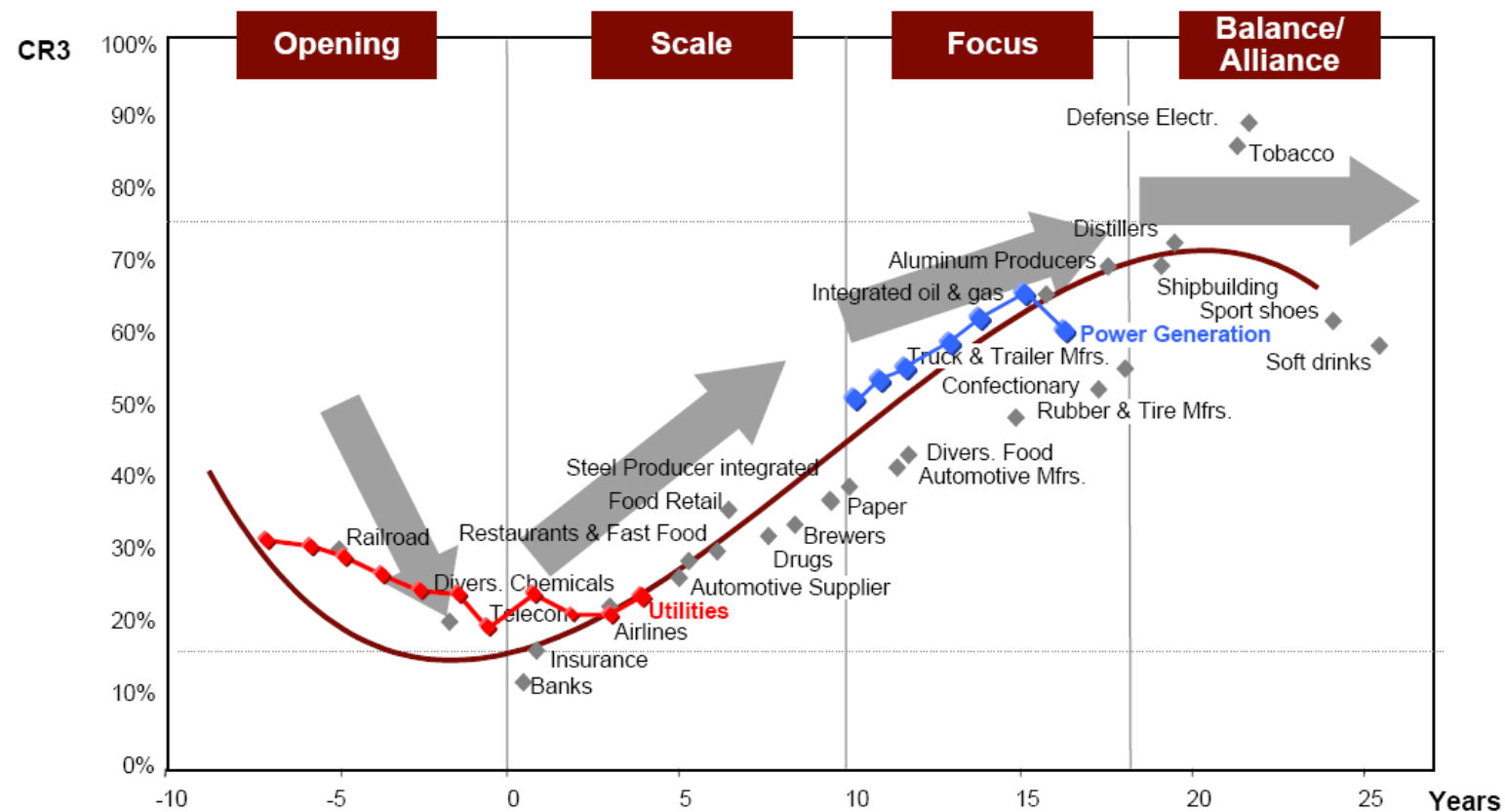


Outlook 2009

Consolidation Will Go on...

Utilities and Power Generation are in opposite phases of the Endgame

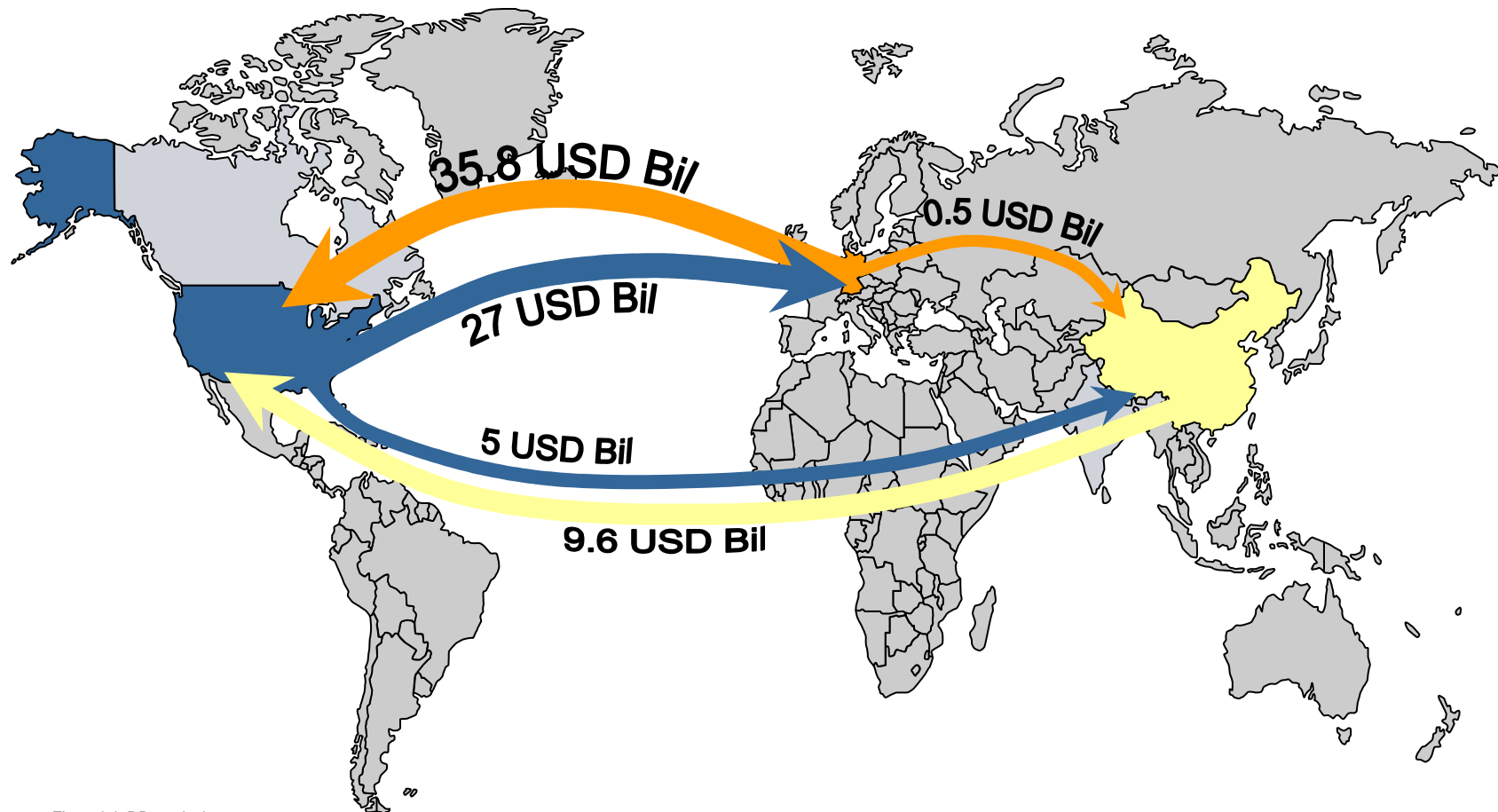
MERGER ENDGAMES overview



Source: AT Kearney Special Analysis for BM&A Nov 2006

The Global M&A-Market will Recover

US, China, Germany cross-boarder transaction volumes in 2007



Source: Thompson Financial, DB analysis

Note: Analysis based on announced deal volumes; data change due to perpetual updates

Complex M&A Projects Can Become Successful – Even in Heavy Weathers

MMI
Merger Management Institut
Gemeinnützige GmbH

