In the digital age, the drivers of innovation are changing…

In the 21st century, innovation will come from a more flexible environment

Today, innovation requires:
- Rapid prototyping
- Decentralized networks and clusters
- Crowdsourcing
- Open knowledge exchange
With nearly 170 years’ experience in innovation, Siemens is well positioned to make disruptive technologies a success.

**Werner von Siemens**

- **1816–1892**
  - Company founder, visionary and inventor

**Siemens’ innovations from nearly 170 years**

- **1866**
  - The dynamo brings electricity to people’s daily lives

- **1847**
  - The pointer telegraph lays the foundations for Siemens as a global player

- **1925**
  - Siemens brings electricity to the Irish Free State with a hydro-electric power plant

- **1959**
  - SIMATIC takes Siemens' automation technology to the forefront

- **1975**
  - Breakthrough in high-voltage direct-current (HVDC) transmission

- **1983**
  - The first Siemens magnetic resonance tomograph goes into service

- **2010**
  - The TIA Portal initiates a new stage for automation

- **2012**
  - Field testing of the world’s largest rotor starts at an offshore wind farm

- **2015**
  - Sinalytics takes industrial digital services to a new plane
Siemens has a proven track record of about 20 years partnering start-ups

Access to external innovators
– Contact established with more than 2,000 young companies per year
– More than 20 partnerships every year with start-ups worldwide

Quick and flexible testing of ideas for new businesses
– More than a dozen start-ups founded

Investing in innovative start-ups
– More than €800 million invested in over 180 start-ups

Cooperation
Foundation
Investments
Selected success stories prove the concept of cooperating with, founding and investing in start-ups.

**Cooperation**
- **freeWire**
  - Brings the electricity to the electric car – not vice versa

**Foundation**
- **Caterva**
  - Provides a revolutionary energy storage management system

**Investment**
- **Polarion**
  - Our investment was the 1st step into the important ALM space
Developing new ideas and new businesses – a win-win situation for start-ups and Siemens

- As a vision of the future
- As a way of accessing innovative technologies
- For testing ideas for new businesses outside the Siemens organization

Start-ups are IMPORTANT for Siemens

As a close partner that provides access
- To industry expertise
- To customers
- To technology and manufacturing expertise

As an investor
- Sends a positive signal to other investors

Siemens is ATTRACTIVE for start-ups
We are now beginning the next chapter in our partnership with start-ups: the establishment of next47

To turn more ideas into viable businesses, we are creating an optimal environment in which to push forward the next generation of innovations
With next47 we will turn even more ideas into viable business

Fostering and anticipating disruptions and visionary opportunities, we invest in innovative ideas and turn them into viable businesses to fuel Siemens’ sustainable growth.

We attract curious and entrepreneurial minds and create a dynamic organism to enhance Siemens’ approach to innovation.

The world’s premier address for innovative ventures shaping the future of electrification, automation and digitalization.
next47 will have a significant funding volume of approx. €1 billion

Funding will be primarily used for investing in, partnering and founding start-ups in selected innovation fields¹

- Distributed electrification
- Artificial intelligence
- Connected (e-)mobility
- Block-chain applications
- Autonomous machines
- eAircraft

¹ Subject to constant review
The next47 strategy is based on four pillars

We combine a diverse team of **partners** with the best of the **Siemens ecosystem**

We invest by applying the **full range of investment options**; we nurture and develop innovative ideas and ventures with entrepreneurs

We use the lenses of **EAD, paradigm shift, market disruption, and scalability** to scout trends, select ideas and pursue ventures

We act within a **start-up environment** (e.g., rapid prototyping, fast failing / short-cycle learning, staged funding); protected yet not isolated

**EAD**: Siemens’ overall strategy “Electrification, Automation, Digitalization”
next47 supports start-ups along the entire venture lifecycle

Venturing approach of next47

Scout and select disruptive ideas, ventures and entrepreneurial minds

Incubation

"For idea owners"
– Creation and nurturing of venture, e.g., via prototyping

Acceleration

"For young start-ups"
– Transition towards commercialization through market rollout

Growth

"For mature start-ups"
– Expansion of market share and gradual transformation into a global player

Transfer/exit

Focus of next47

“For mature start-ups" Joe Kaeser, President and Chief Executive Officer of Siemens AG

next47 will be established as an independent entity which offers freedom to experiment, to innovate and to grow in an early stage of the market development.”
Through next47, start-ups can benefit from the best of the Siemens ecosystem.

next47 ensures a flexible and agile environment.

Siemens AG ecosystem comprises:

- More than 32,000 researchers in global R&D
- 17,500 software engineers
- A team of experienced mentors and entrepreneurs
- A team of investors/venture capitalists
- Support functions such as marketing, legal advisory, etc.
- Real data to test your algorithms
- The real business/markets to test the ideas

Fast prototyping
next47 will have offices in all of the world’s innovation hotspots

- **ASIA**
  - Shanghai, Beijing
- **EUROPE**
  - Munich
- **UNITED STATES**
  - Berkeley, Palo Alto, Boston
- **ISRAEL**
  - Tel Aviv
For nearly 170 years, innovations have been the foundation of our success – now we are taking the next step

Siemens’ innovations from nearly 170 years

1983
The first Siemens magnetic resonance tomograph goes into service

2010
The TIA Portal initiates a new stage for automation

2012
Field testing of the world’s largest rotor at an offshore wind farm

2015
Sinalytics takes industrial digital services to a new plane

2016
First project of next47: eAircraft

Future Siemens innovations …

2016
Start of next47

- Autonomous machines
- Connected (e-)mobility
- Artificial intelligence
- Distributed electrification
- Block-chain applications
next47
Messages and storyline
next47 –
At a glance

– next47 pursues innovative ideas that have the potential to shape the future of electrification, automation and digitalization and turns them into viable businesses.

– Following a three-pronged strategy, next47 founds, partners and invests in start-ups, thus acting as a venture capitalist, coach and advisor to founders and start-ups.

– next47 combines a flexible start-up environment with independent investment decisions and the best of the Siemens ecosystem.

– Established as a wholly owned Siemens subsidiary in 2016, next47 is endowed with a funding volume of approx. €1 billion in funds over five years.

– next47 will operate major offices in all major innovation hotspots around the globe, e.g., Munich, Silicon Valley, Shanghai and Tel Aviv.

Global locations

- Silicon Valley
- Shanghai
- Tel Aviv
- Munich

Funding volume

Approx. €1 billion in funds over 5 years
Success story 1: Cooperating with start-ups
freeWire brings electricity to the electric car

- Instead of the car going to the charging station, the Mobi Charger™ brings electricity to the car.

- Mobile charging makes stationary charging stations obsolete, is flexible and reduces the burden on the power grid.

- Siemens’ charging stations and software are integrated in the Mobi Charger.™

- freeWire and Siemens are testing mobile charging at LinkedIn’s Silicon Valley campus.

Founded in San Leandro, California, in 2014
Success story 2: Founding start-ups
Caterva – parking electricity, a key technology for the energy transition

- Caterva has invented a revolutionary energy management system.
- Using Caterva, households with photovoltaic systems can rent out a portion of their storage battery to power grid operators as an “electricity parking spot”.
- This way, power grid operators can “park” surplus electricity from renewable sources in an environmentally friendly manner and stabilize their grids.
- By establishing Caterva, Siemens gained new insights into decentralization of the energy landscape.

Founded in Pullach (near Munich) in 2013
Success story 3: Investing in start-ups
Magazino supplies perfect merchandise logistics for Industry 4.0

- Previously, only entire pallets and crates, not individual objects, could be removed automatically from warehouses.
- Thanks to revolutionary technology, the Magazino robot can automatically transport individual objects from the warehouse to the workbench or packing station.
- Siemens purchased an equity stake in Magazino in 2015 in order to participate in the development of this innovation from an early stage.
Advantages for next47 and Siemens

- Collaboration with resources such as global markets and customers
- Networking across industries
- Mentoring for rapid scale-up via a milestone-driven approach

- Strategic opportunities to sustain Siemens’ long-term growth
- Cultural change for more entrepreneurship and agility