

German Mittelstand Conference

New York, 20 October 2014



Safe-Harbour-Statement

This presentation contains forward-looking statements that are subject to risks and uncertainties. Such statements reflect current views of PSI AG with respect to future events and results. Actual results may vary materially from those projected here, due to factors including changes in general economic and business conditions, changes in currency exchange, the introduction of competing products, lack of market acceptance of new products, services or technologies and changes in business strategy. PSI AG does not intend or assume any obligation to update these forward-looking statements.

PSI – Process Control and Information Systems

PSI is a leading supplier of control system software solutions for energy utilities and industry.



PSI segments and vertical markets

Energy Management



Gas/Oil



Electrical energy



Energy trading/sales

2013: 61.0 million EUR sales, 557 employees

Production Management



Metals



Assembling



Logistics

2013: 84.1 million EUR sales, 673 employees

Infrastructure Management



Traffic



Public transport



Public safety

2013: 31.3 million EUR sales, 462 employees

Selected PSI customers by segments

Energy Management



Production Management

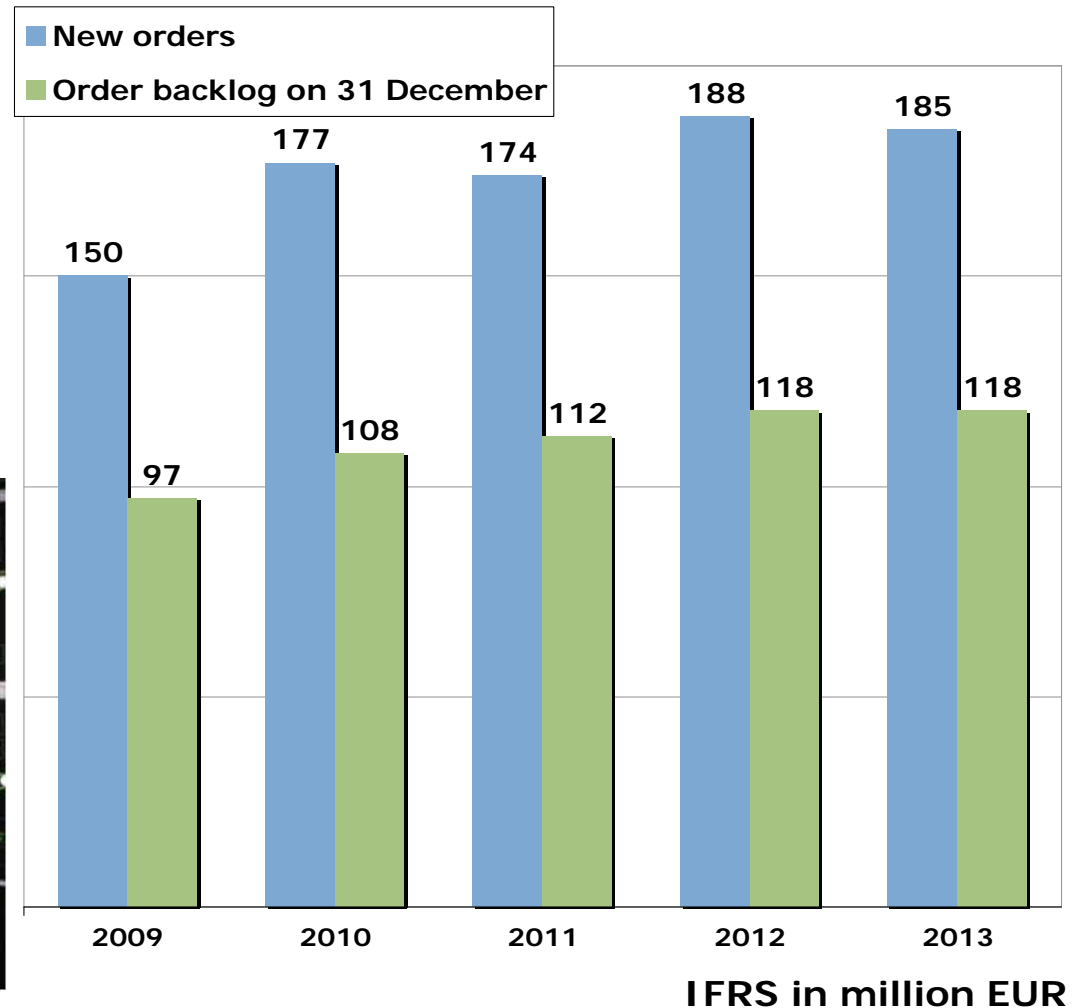


Infrastructure Management

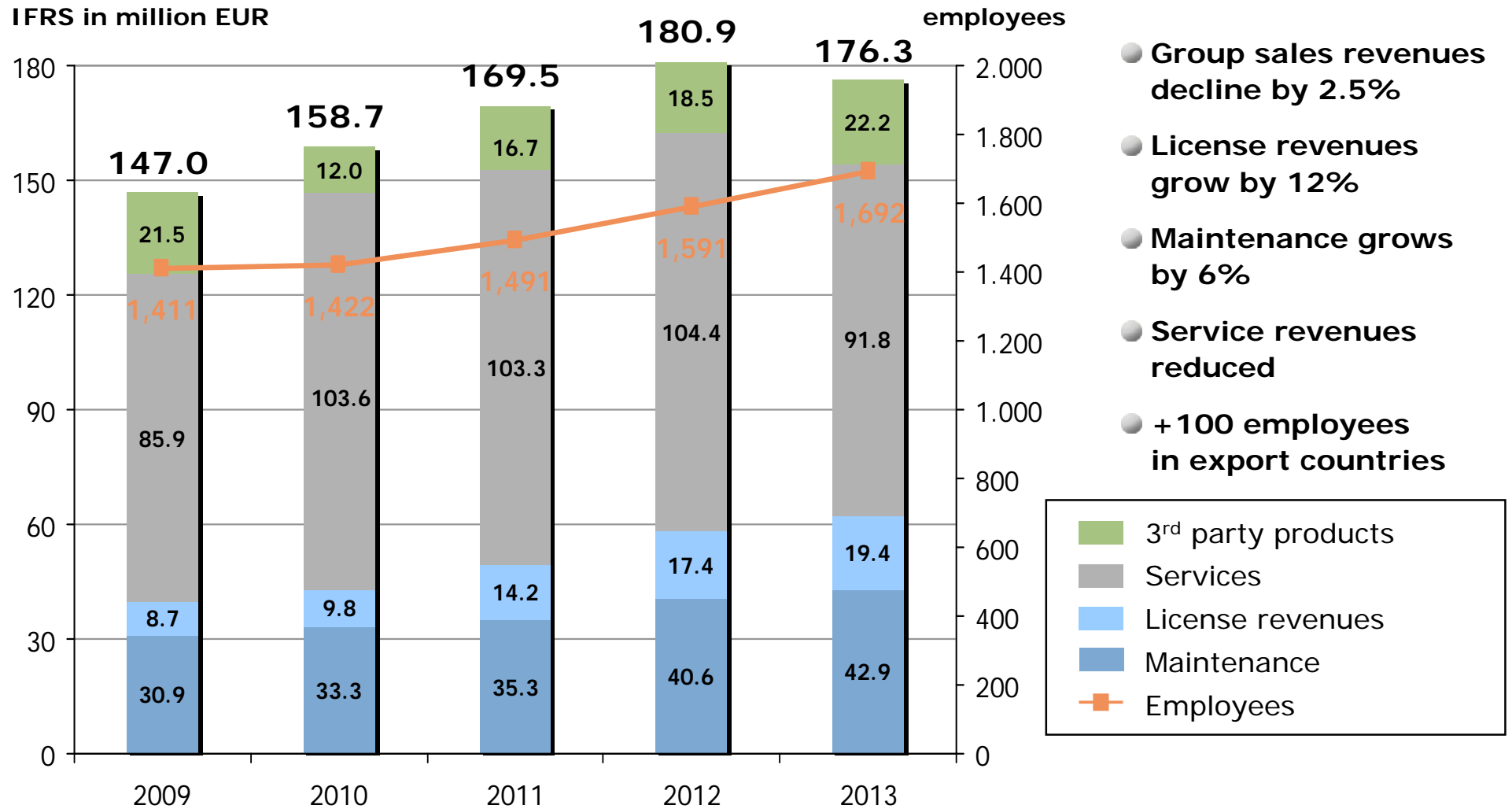


New orders and order backlog 2009-2013

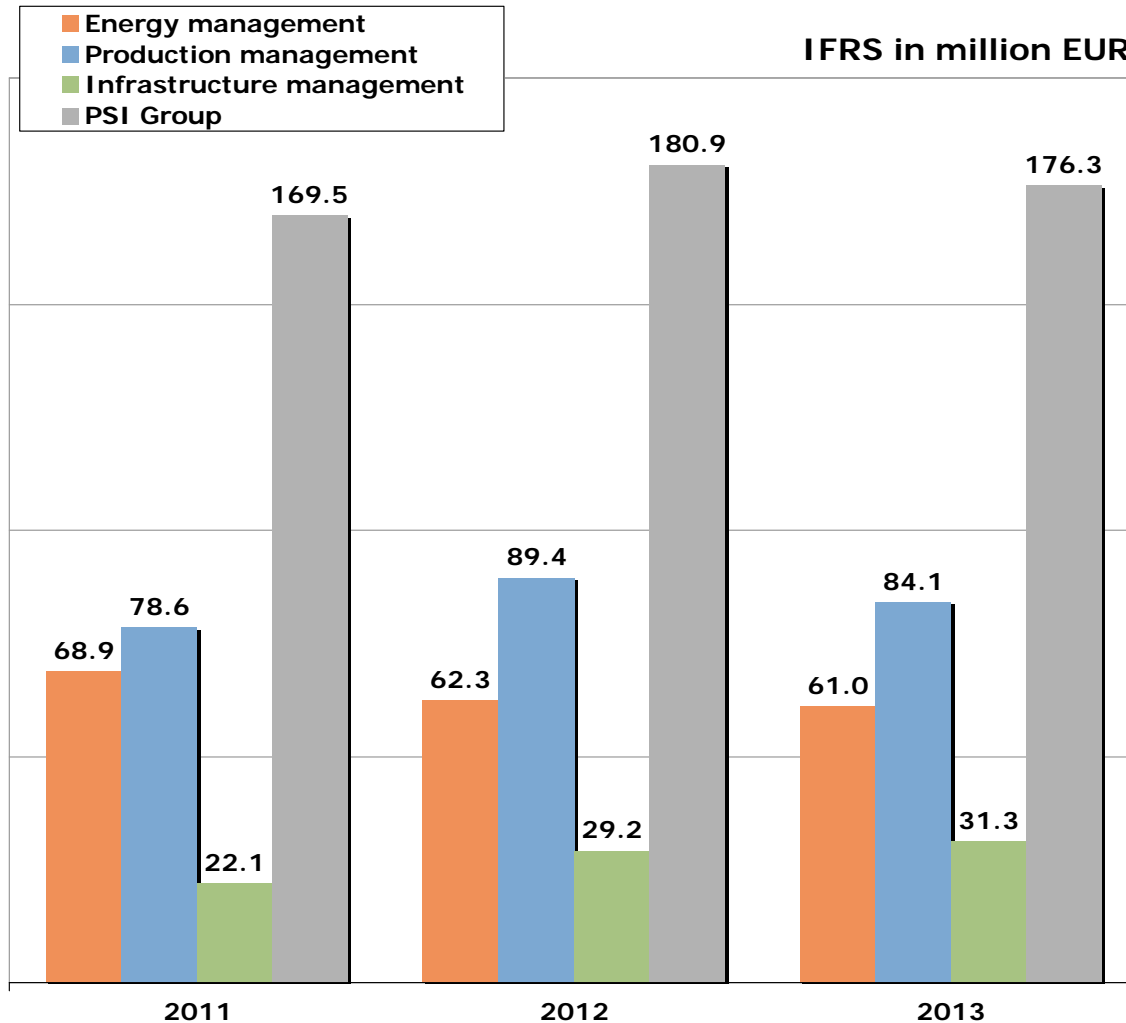
- New orders 2013 with 185 million EUR 2% below last years level
- Book-to-bill-ratio: 1.05
- Order backlog 2013 with 118 million EUR stable
- Order coverage: approx. 8 months



Sales revenues analysis 2009-2013

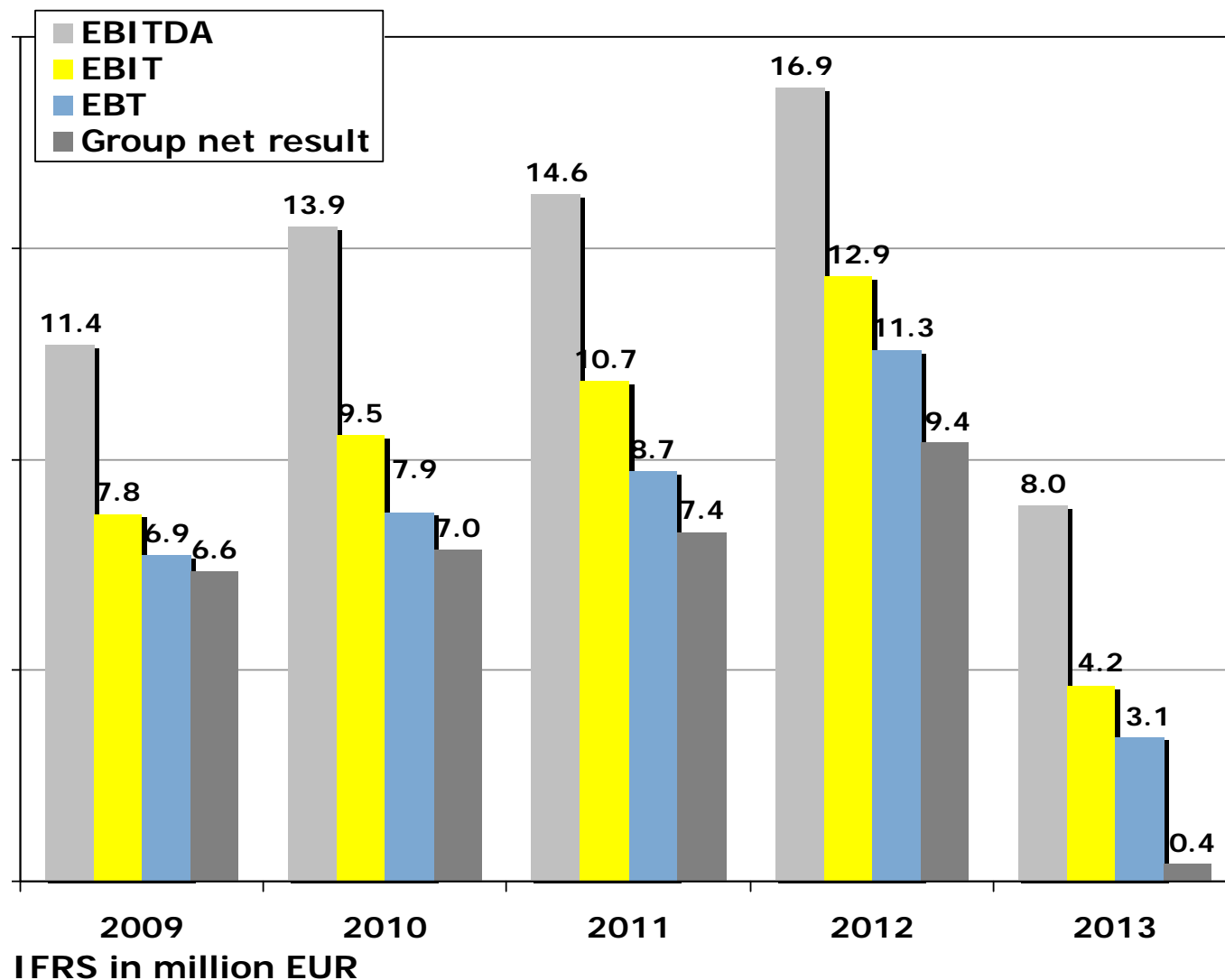


Sales revenues 2011-2013 by Segments



- Energy management stable after decline in 2012, but still affected by the energy transition
- Production management with lower sales revenues due to blocked capacities in logistics
- Infrastructure management grows mainly in exports

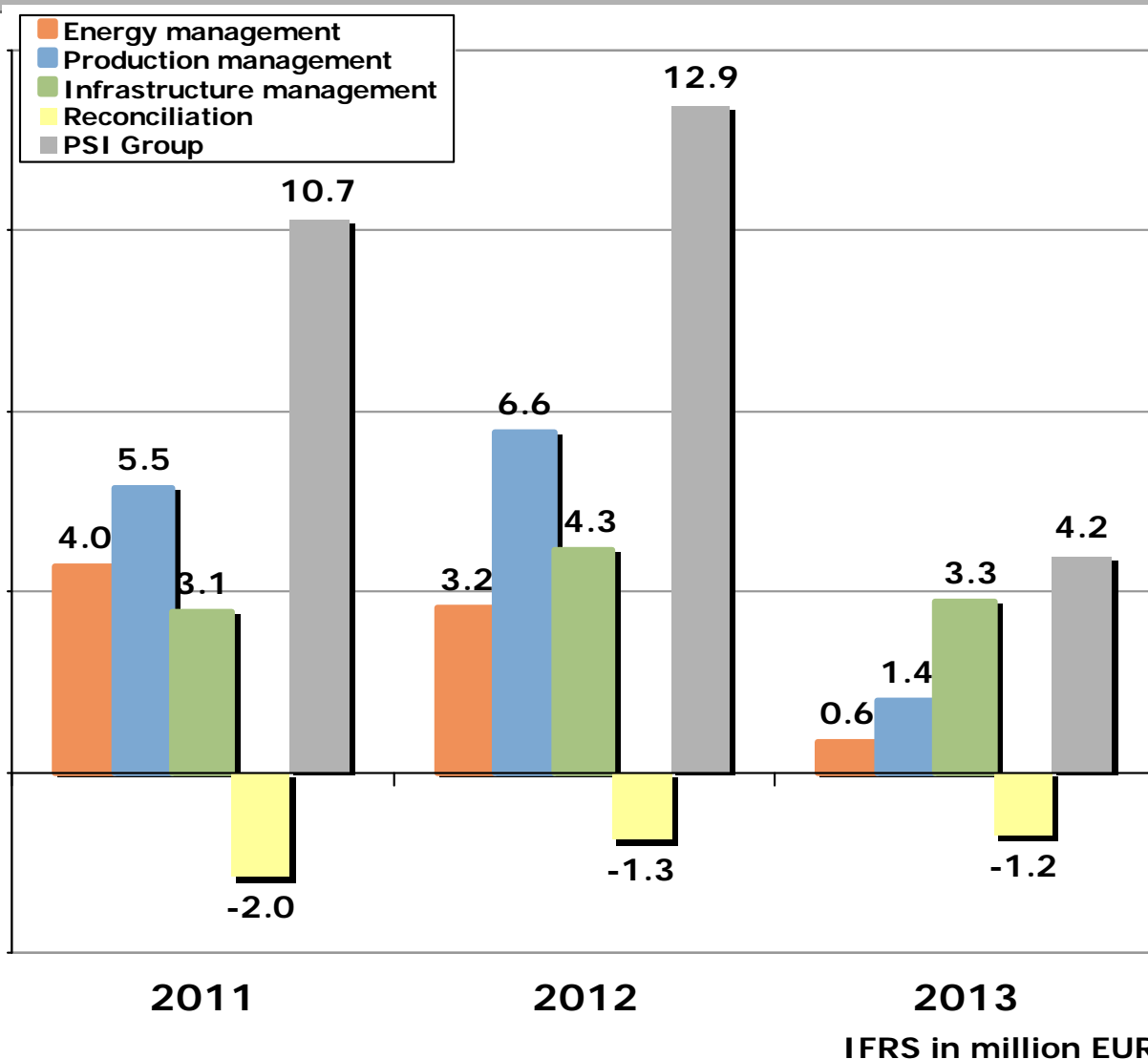
Earnings 2009-2013



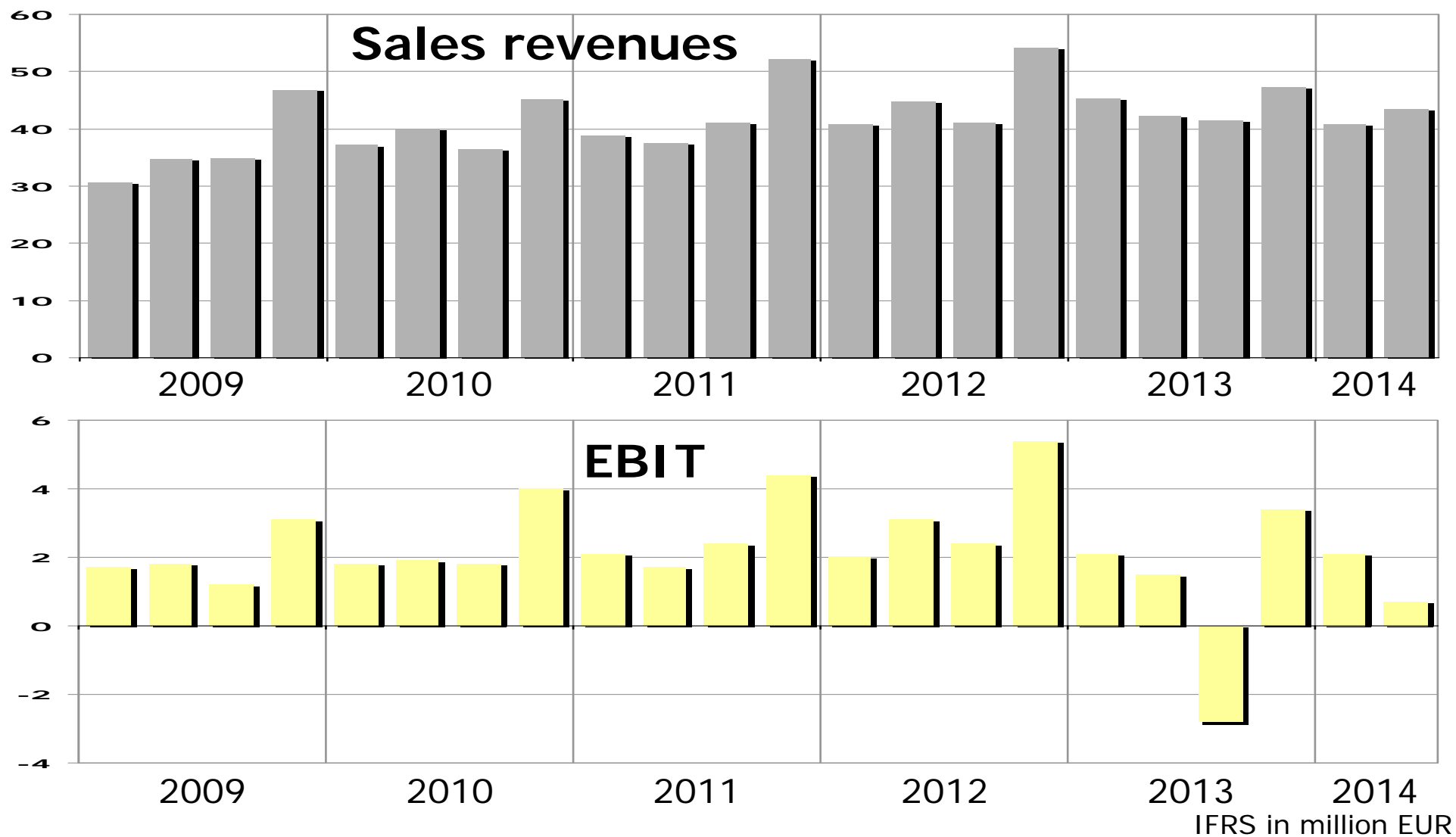
- EBITDA declines by 53%
- EBIT declines by 67% to 4.2 million EUR
- Net results additionally burdened by tax effect falls to 0.4 million EUR

EBIT 2011-2013 by Segments

- Energy management with change to product release and still affected by the energy transition
- Production management affected by pilot project in logistics
- Infrastructure management with weaker result in the public transport business

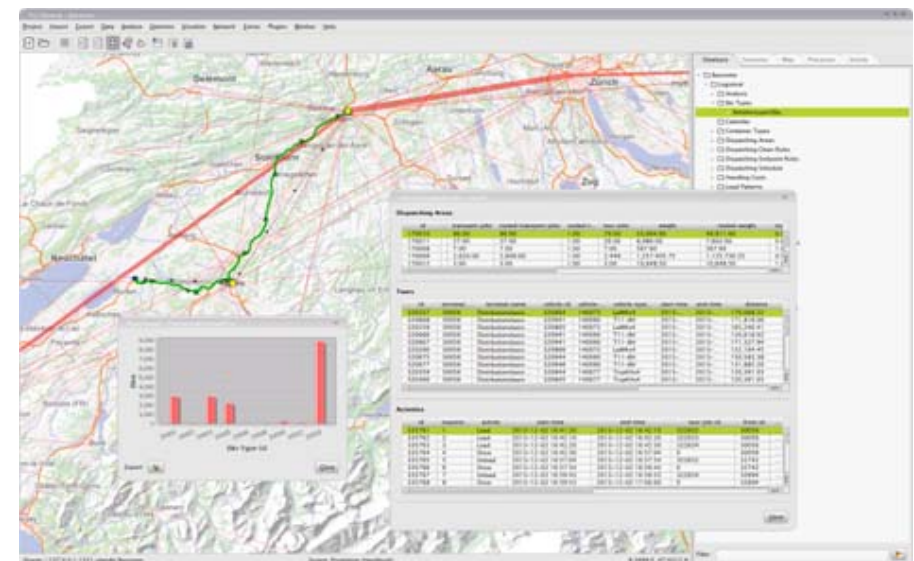
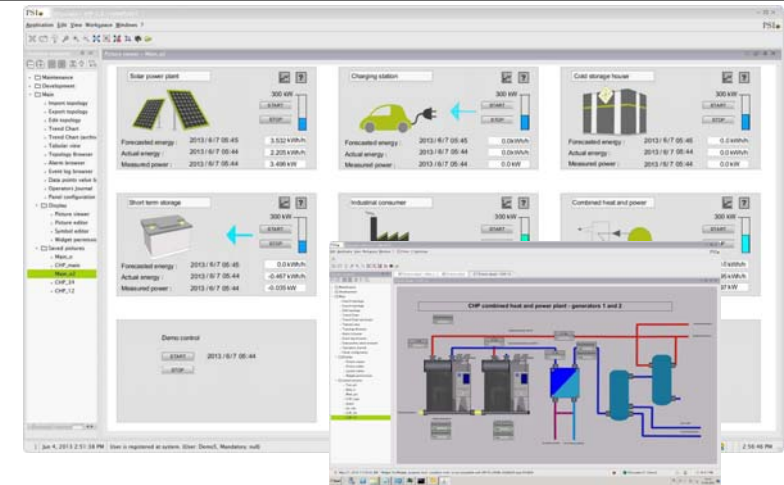
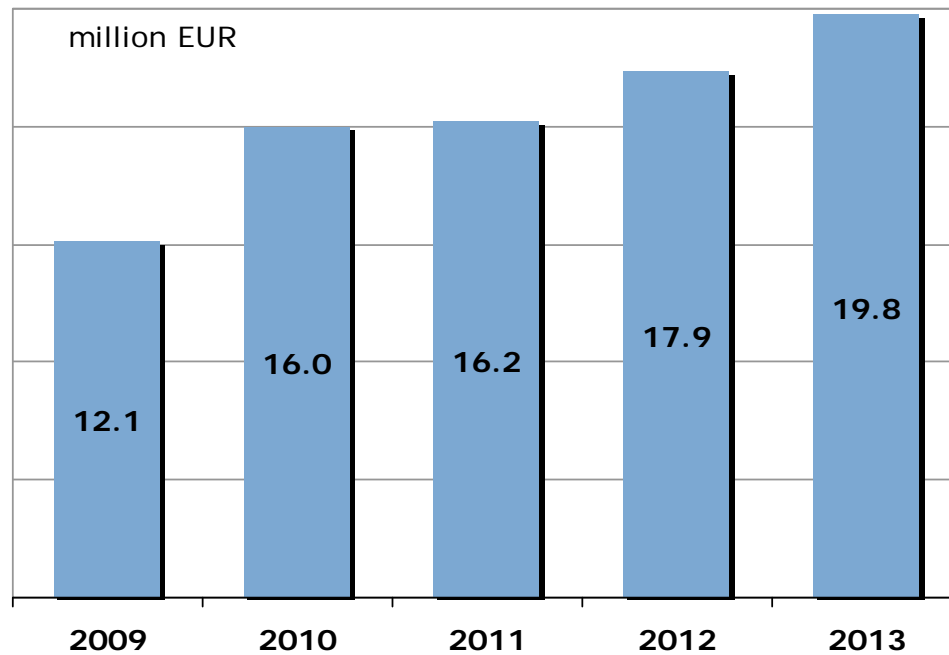


Sales revenues and EBIT by Quarters 2009-2014

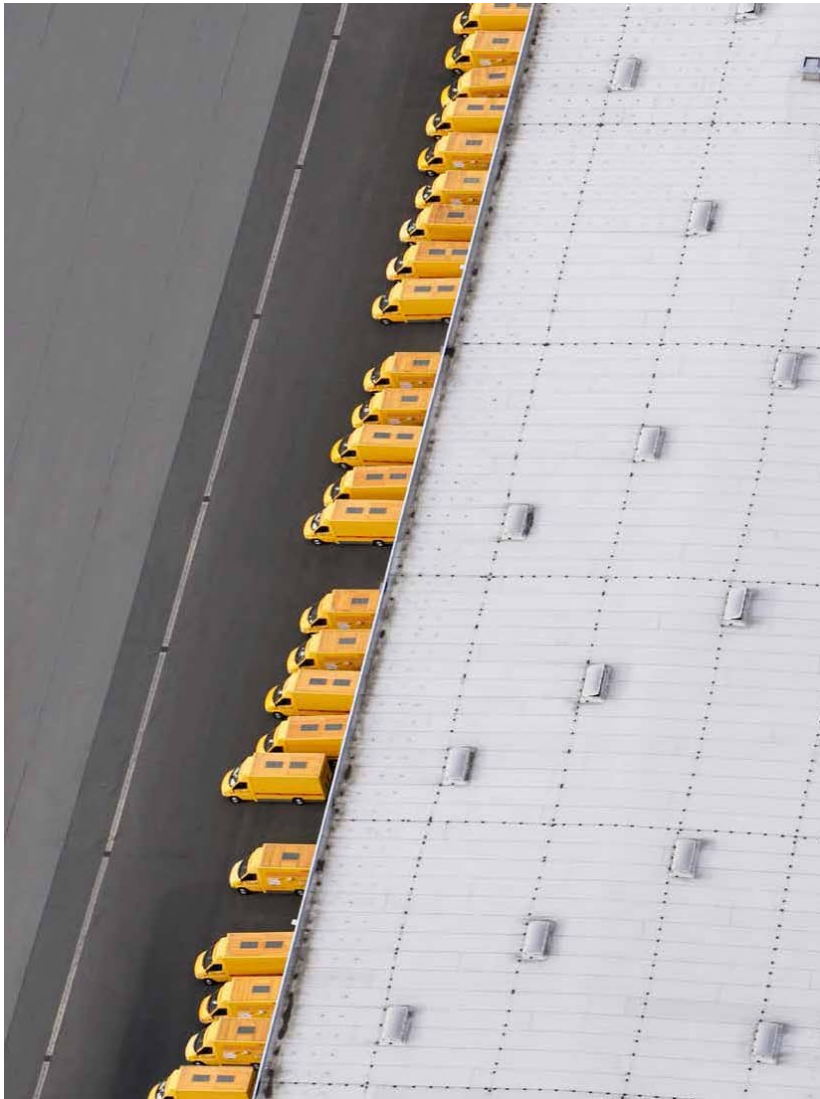


Research and development

- Investments in products 11% higher
- In energy business expenditures for control system release and virtual power plants, in logistics combination of simulation and transport management system into a new integrated system
- Rollout of group-wide software platform



Pilot project transport management system



- Logistics network optimisation and operative transport control in one system
- Saves up to 10% of transport costs and emissions



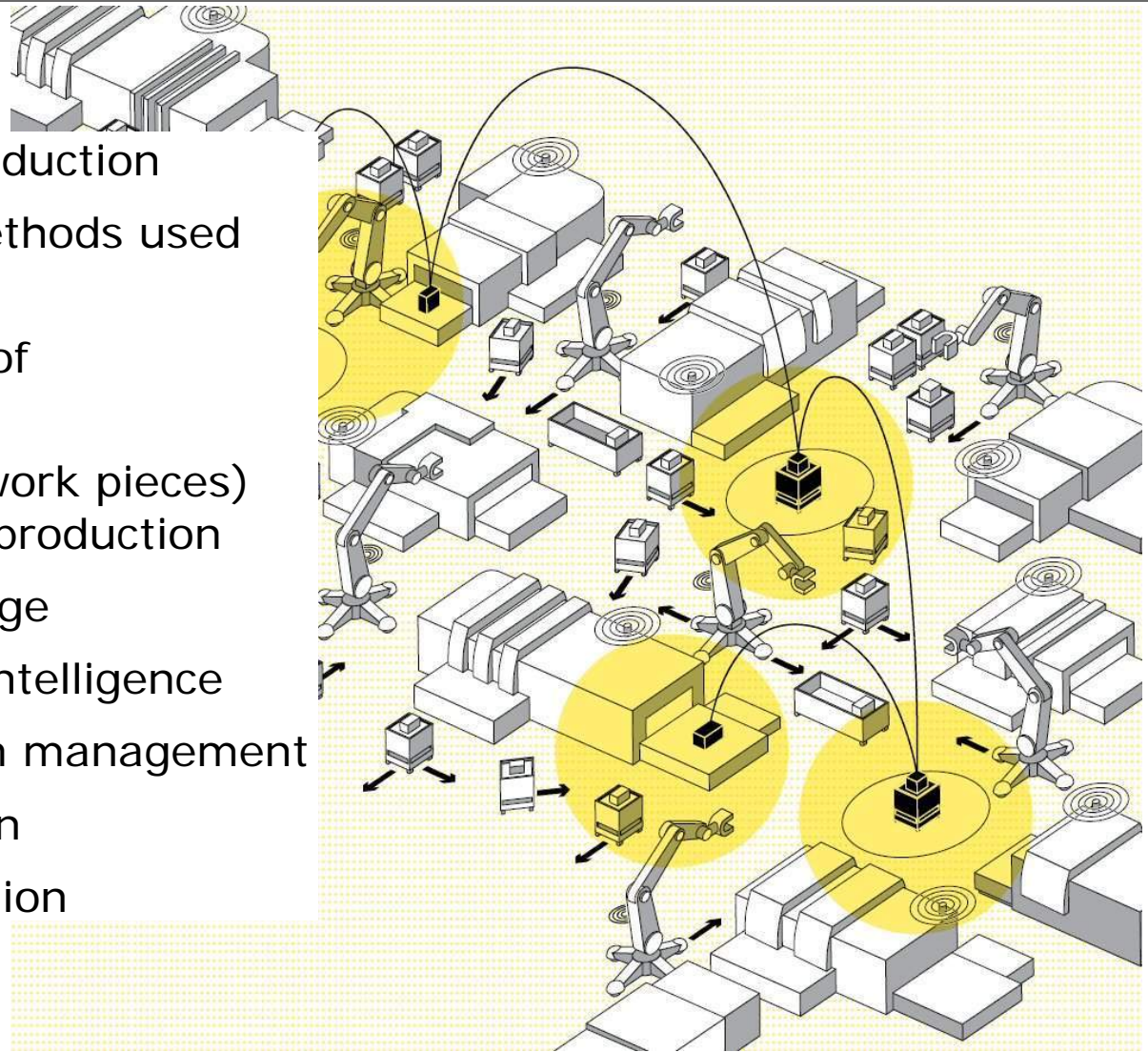
Pilot project rail electricity SBB

- Two large control systems for high voltage and overhead lines
- New rail electricity functions
- New user dialogues based on the new group technology platform



Future topic Industry 4.0

- Self organising, flexible production
- Internet paradigms and methods used for the production of goods
- Production islands instead of assembly lines
- Smart objects (intelligent work pieces) find their way through the production
- Automation markup language
- Just-in-time with artificial intelligence
- High definition supply chain management
- Logistics network simulation
- Production capacity simulation



PSI participation in research projects related to Industry 4.0

Industrie 4.0



Die Bundesregierung



- Very small series production with fuzzy logic optimisation



- Adaptive production control with cybernetic support systems



- Adaptable multimodal logistics planning



- Software and system platform for monitoring systems



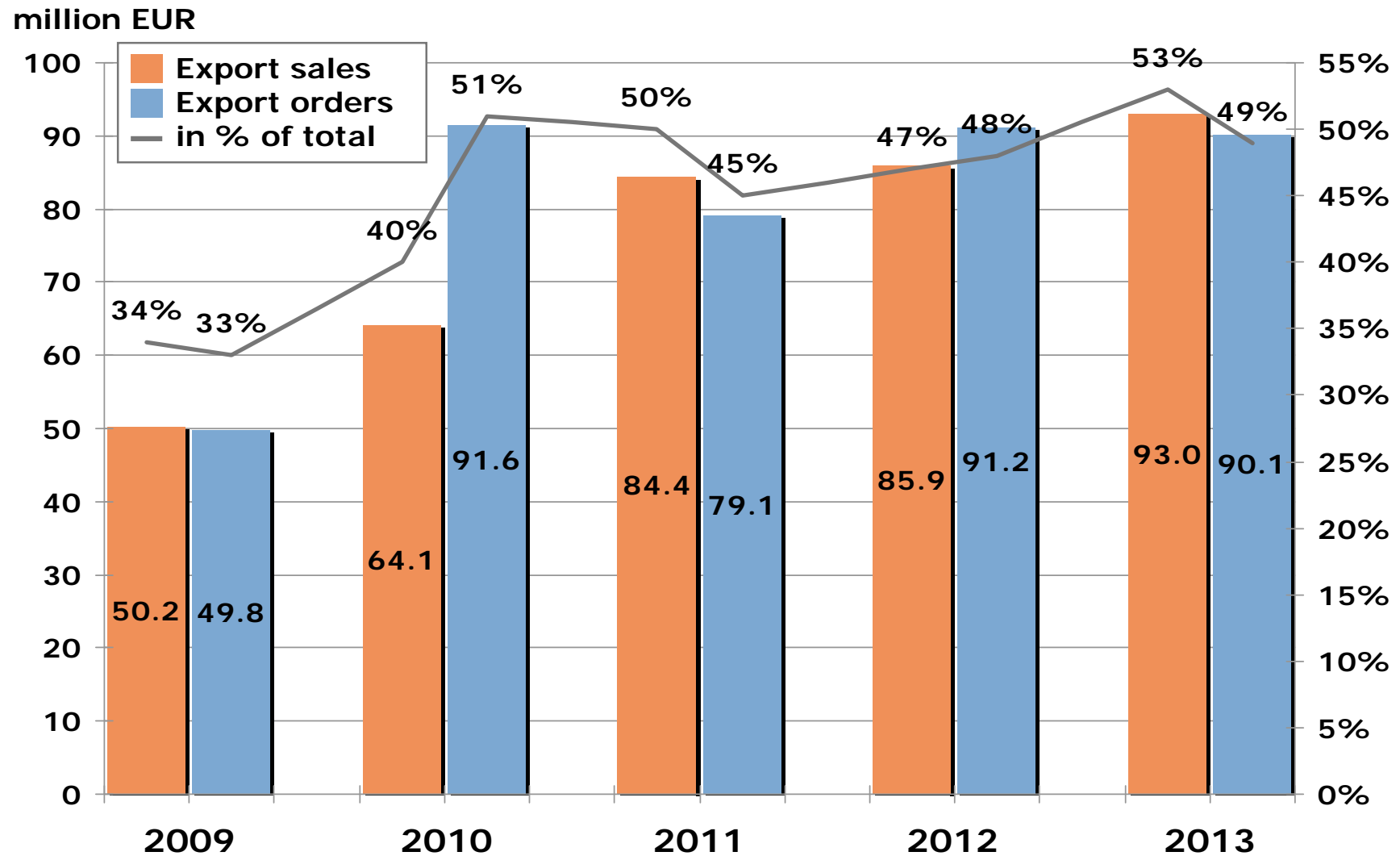
- Adaptable production systems for mechanical and plant engineering

Structure of the PSI technology platform

- **Industry solution:** The standard software is enhanced with industry-specific and partly customer-specific functions and algorithms
- **Application:** The application layer provides ready-to-use and useful functions with a standard software character for solving operational tasks
- **Framework:** Basic interfaces and tools that enable the fast and cost-effective development of applications entirely based on Java
- **Infrastructure:** Core elements that provide all components and services required for the operation of application software, e.g. Java Virtual Machine



Export orders and export sales revenues 2009-2013



PSI customers in North America



Grid Expansion and Investment Requirements for German Energy Concept 2020

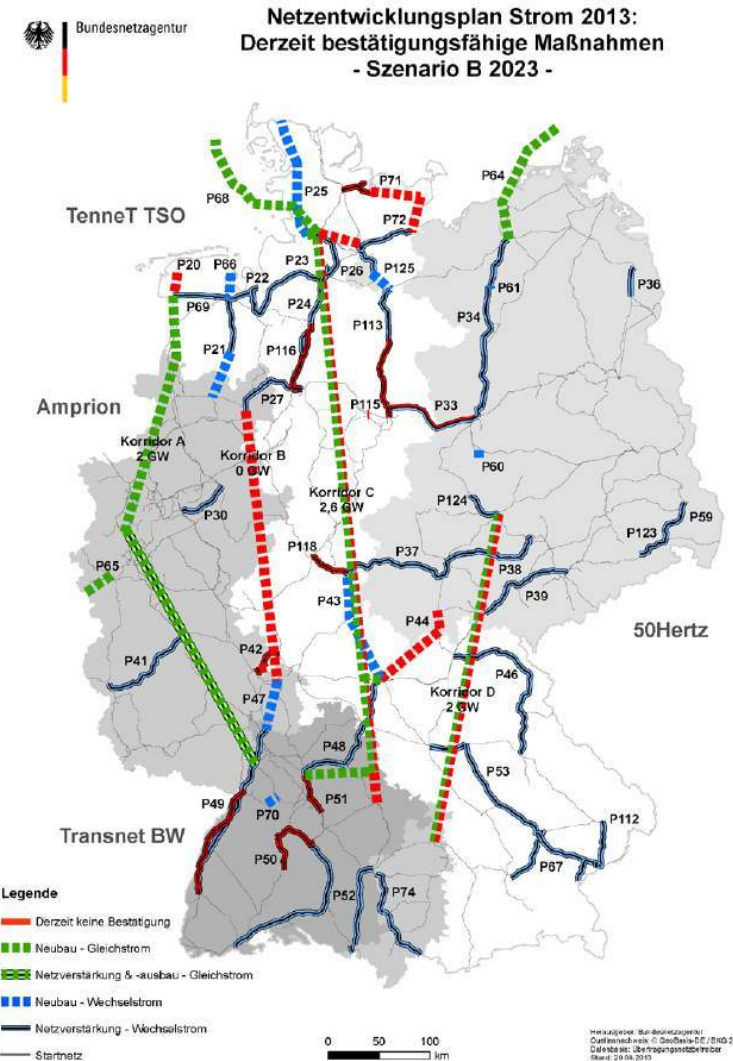
Grid expansion requirements based on Energy Concept 2020:

- 3,800 km transmission grid
- 195,000 km distribution grid

Investment volume for grid expansion and connection of offshore wind farms based on Energy Concept 2020:

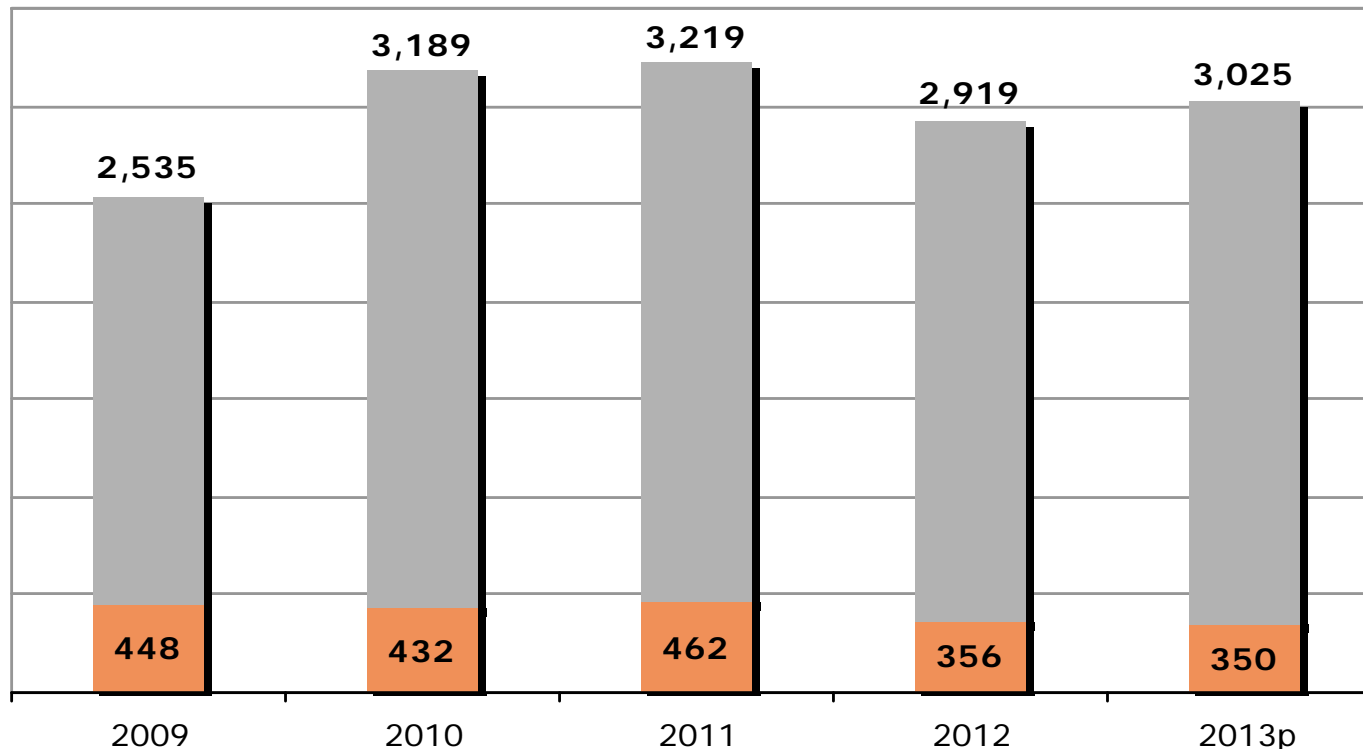
- 30 to 50 billion EUR

Sources:



Investments of distribution grid operators for the grid infrastructure 2009-2013

In million EUR



■ Investments of 806 distribution system operators
 ■ thereof metering, control and information technology

Since 2011 decline of investments for metering, control and information technology by 25%

Photo years*:

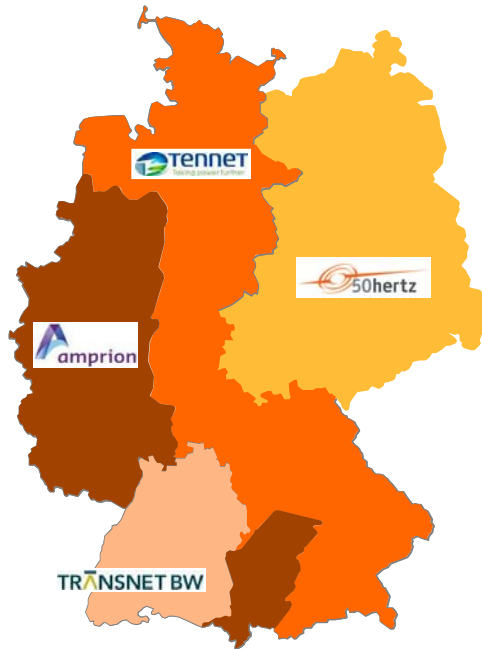
- 2015 (Gas)
- 2016 (Electricity)

*Basis years for calculation of network fees

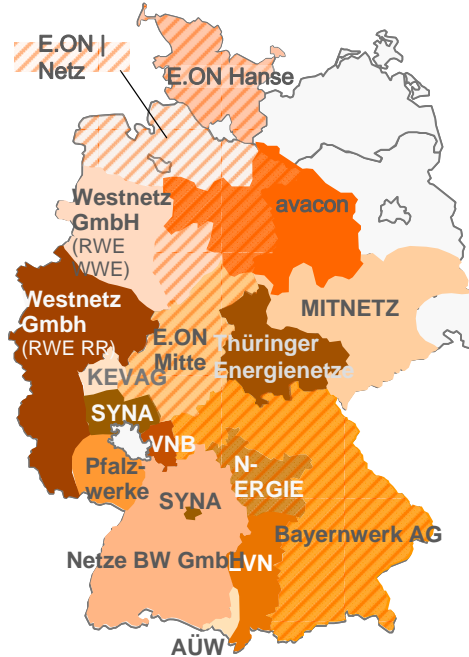
Source: Federal Grid Agency, Monitoring Report 2010-2013

Position of PSI in the German control system market

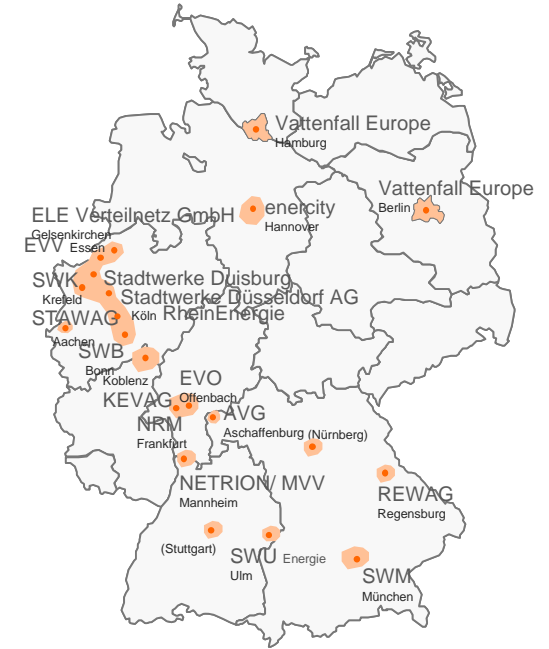
Transmission grid
(380 kV, 220 kV)



Distribution grid
(110 kV, medium voltage)

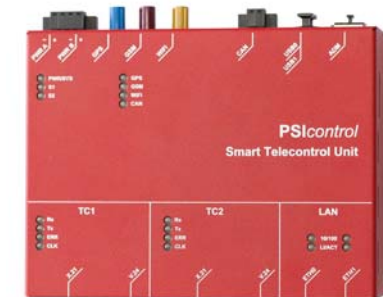


Municipal utilities
(power, gas, heating, water)



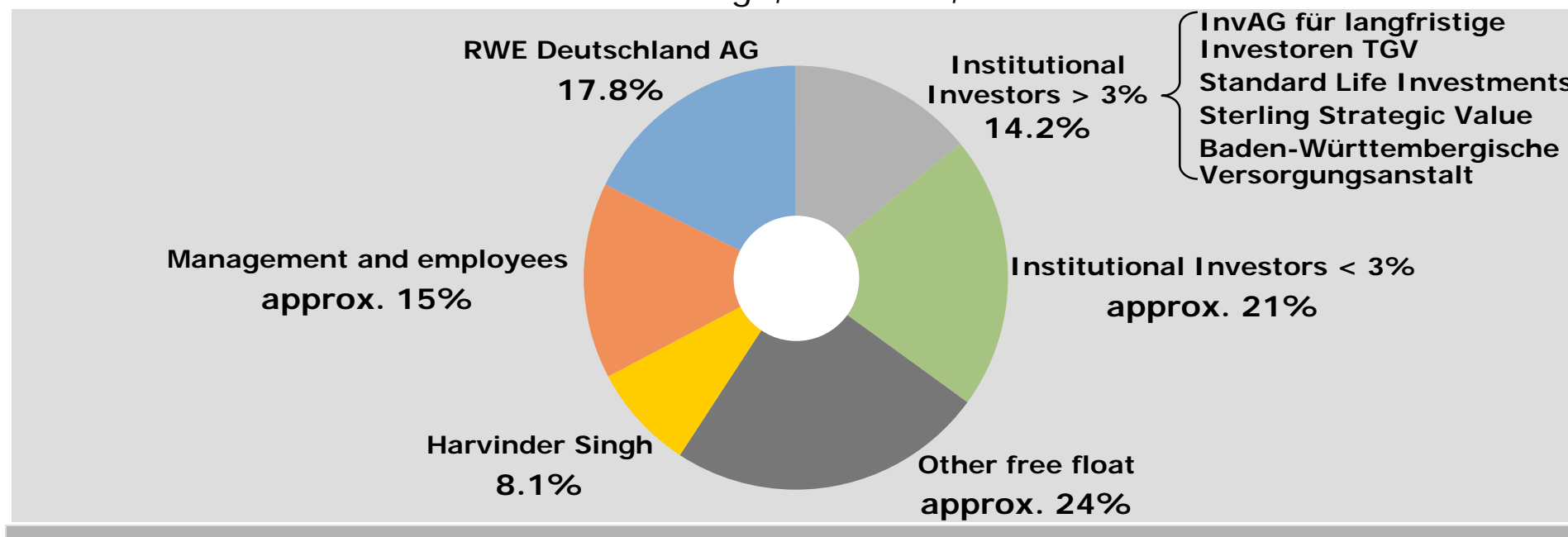
PSI *control* functionality for intelligent power grids

- Overhead line monitoring
- Generation management
- Feed management
- Smart Balancing
- Congestion management
- Network analysis
- Virtual power plants
- Intelligent network agents



PSI shares and shareholder structure

- Number of shares: 15.7 million shares
- Share price (15/10/14): 11.00 EUR
- Market capitalisation: 173 million EUR
- Market Segment/Index: Prime Standard
- Designated Sponsor: equinet
- Analyst coverage: Bankhaus Lampe, Berenberg Bank, Commerzbank, Deutsche Bank, DZ Bank, Edison, equinet, First Berlin, Hauck & Aufhäuser, Dr. Kalliwoda, MATELAN Research, Montega, Solventis, WGZ Bank



PSI share price 2009-2014 (vs. TecDAX)



Growth and margin drivers

Export growth:
export revenues
+504% since 2004

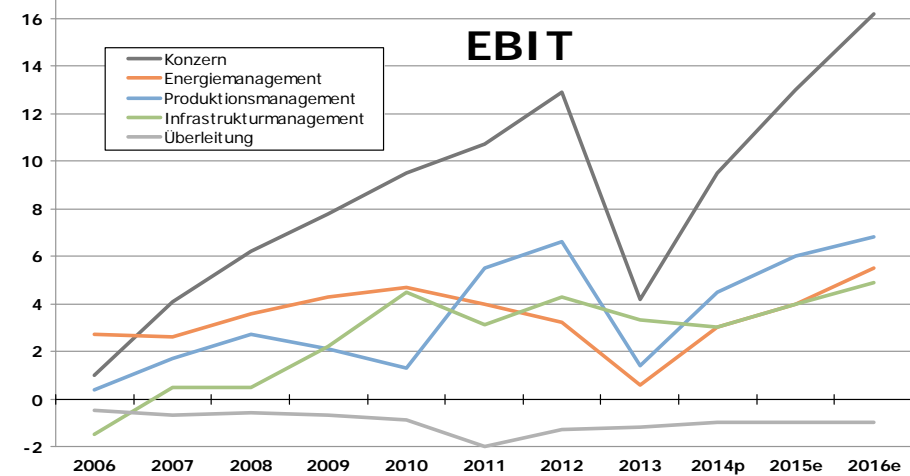
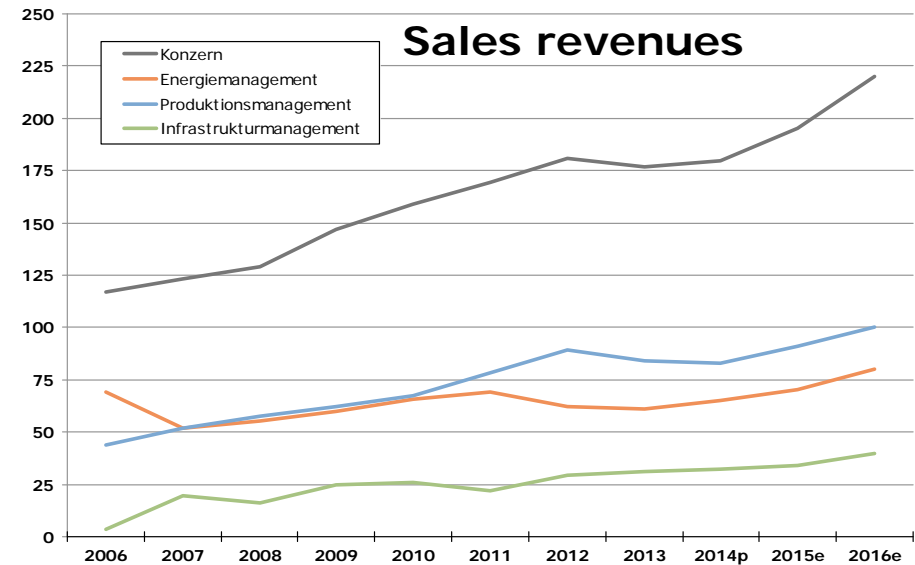
Transition from project to
product business (since 2004):
- license revenues +306%
- maintenance revenues +113%

More **workforce**
in export countries:
+564 employees since 2004

Single platform strategy:
from 25 development platforms to
1 common platform, already 23%
of revenues on the new platform,
rollout in progress

Review 2013, estimates 2014 and planning

- 2013 affected by one-off-costs and higher than planned product investments in logistics and electrical energy.
- Measures: Reduction of locations staff and management.
- Pilot projects accepted in 2014, first follow-on contracts signed.
- Consensus 2014: 9.5 million EUR EBIT, 180 million EUR sales revenues.



Financial Calendar 2014/2015

30 October 2014:	Report on the 3rd Quarter of 2014
25 November 2014:	Analyst Presentation German Equity Forum, Frankfurt
19 March 2015:	Annual Report 2014 Analyst Conference, Frankfurt
30 April 2015:	Report on the 1st Quarter of 2015
12 May 2015:	Annual General Meeting, Berlin
28 July 2015:	Report on the 1st Six Months of 2015
29 October 2015:	Report on the 3rd Quarter of 2015

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