Capital Market Day 2020

Industrial Applications Section

Jochen Eickholt, Member of the
Executive Board of Siemens Energy

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Our Management Team

What we stand for

Christian Bruch

CEO

Passion for transformation

Maria Ferraro

CFO

Clear focus on EBITA & Cash

Jochen Eickholt

Member of the Executive Board

Better performance through Operational Excellence

Tim Holt

Member of the Executive Board

Service and digitalization as value drivers

Creating customer value across the value chain

Order intake split	35%	15%	20%	30%
	Industries	Downstream	Midstream	Upstream

Process Industries

Unique, integrated **R-EAD** (Rotating – Electrical, Automation, Digitalization) portfolio

Service: revenue share of **60%** with **>79 k** installed fleet[1]

	DOW	INEOS	BASF We create chemistry	TOTAL	bp	
Service relevant mission critical rotating equipment[2] (units per customer)	~530	~320	~280	~910	~1,000	~2,300

Note: Shell marks reproduced by permission of Shell Brands International AG; R-EAD = Rotating (compression, power generation) – Electrical, Automation, Digitalization | **1** Rotating equipment (aeroderivative and industrial gas turbines, generators, compressors and industrial steam turbines) | **2** Aeroderivative and industrial gas turbines, generators, compressors and industrial steam turbines based on customer allocation to market segments classified by Siemens Standard Industrial Code

Strong presence beyond oil and gas

Our core offerings

R-EAD solutions, systems and services

Upstream
Onshore and offshore drilling, conventional and unconventional production and processing

Midstream
LNG, gas and liquid pipelines and underground gas storage

Downstream
Compression for refining, petrochemical applications and power generation

Industries and Process Industries

Distributed Generation (Service)
Service of entire Siemens Energy distributed generation fleet across municipalities, IPPs, industrial customers

Marine
Commercial and special vessels, naval surface vessels and submarines

Metals and Mining
Blast furnace and direct reduced iron

Fiber
Pulp, paper, boards and tissues process plants

Air Separation
Separation of atmospheric air for industrial use (nitrogen, oxygen, noble gases)

Chemicals
Fertilizer applications, synthetic fibers, chlorine gas and production of chemicals

Note: R-EAD = Rotating (compression, power generation) – Electrical, Automation, Digitalization; IPP = Independent Power Producers

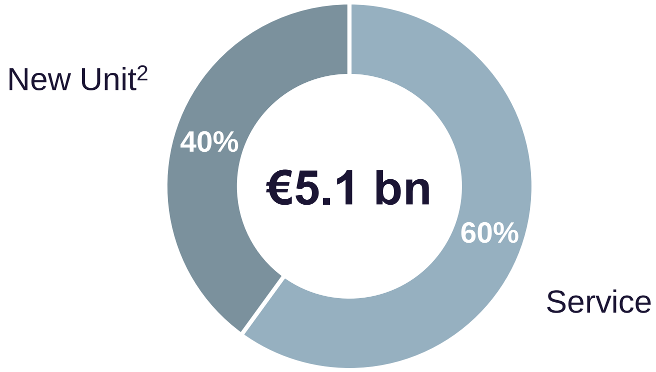
Siemens Energy Industrial Applications by numbers

Siemens Energy total revenue (FY19)

~18%

Share of Siemens Energy total revenue

Industrial Applications total revenue (FY19)[1]



Key figures (FY19)

€11 bn	€6.8 bn
Order backlog	Orders
€5.1 bn	~17 k
Total revenue	Employees

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1 Total revenue split calculated before intra-group consolidation and reconciliation effects
2 Products and Solutions

Siemens Energy Industrial Applications
Who we are

Positioning

Leading market positions with **diversified customer base** across industries and regions

Service

Highly resilient and growing service business reinforced by strong partnerships with customers

Innovation

Leading innovations in **additive manufacturing, digitalization** and **decarbonization**

Value

Value generation by ambitious **cost-out** programs, **footprint consolidation, portfolio streamlining** and **service-led growth**

Leading market positions across our offer spectrum

Products[1]

Rotating equipment

- Small industrial and aeroderivative **gas turbines** (SGT, AGT)
- Turbo and reciprocating **compressors**
- **Power generation** and **compressor packages** (integrating AGT, SGT, MGT, IST, generators)

#2 globally

Solutions

Electrical, Automation, Digitalization

- **EAD solutions** for Onshore-, Offshore, Subsea, Marine, Fiber
- **Process safety and industrial security**
- **Water treatment solutions**

#2 globally

Service[2]

60%

Rotating Equipment and EAD Service

- Modernizations and upgrades
- LTP, O&M
- Spare parts, repairs, field services
- EAD services

#1 installed fleet[3]

Note: Market position related to addressed market according to Siemens Energy internal assessment for FY19, for Products and Solutions based on market value for new equipment in €; AGT = Aeroderivative Gas Turbine; EAD = Electrical, Automation, Digitalization; IST = Industrial Steam Turbine; LTP = Long-Term Service Program; MGT = Medium Gas Turbine; O&M = Operation and Maintenance; SGT = Small Gas Turbine | **1** Medium gas turbines, generators, industrial steam turbines fully sourced from Generation division
2 Share in percent of total revenue FY19 | **3** Leading provider for our service-relevant fleet of 79 k rotating equipment units

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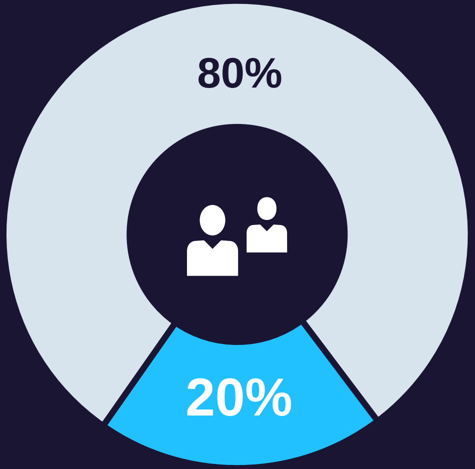
Balanced business mix across customers, industries and geographies

Order intake

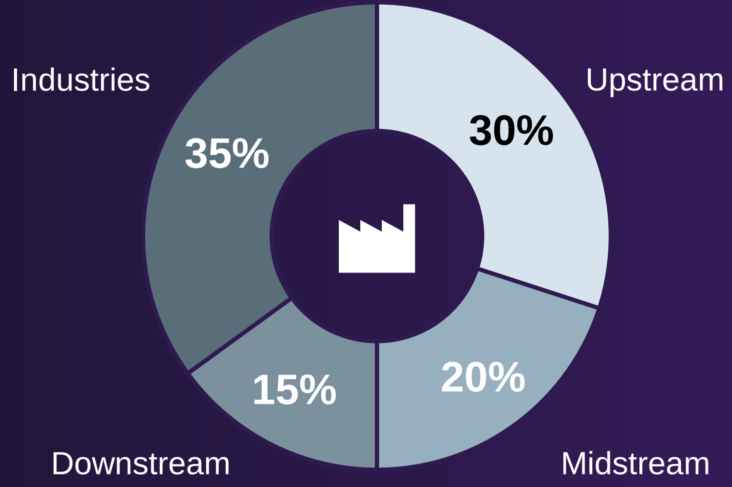
By customer volume[1]

>5,000 customers

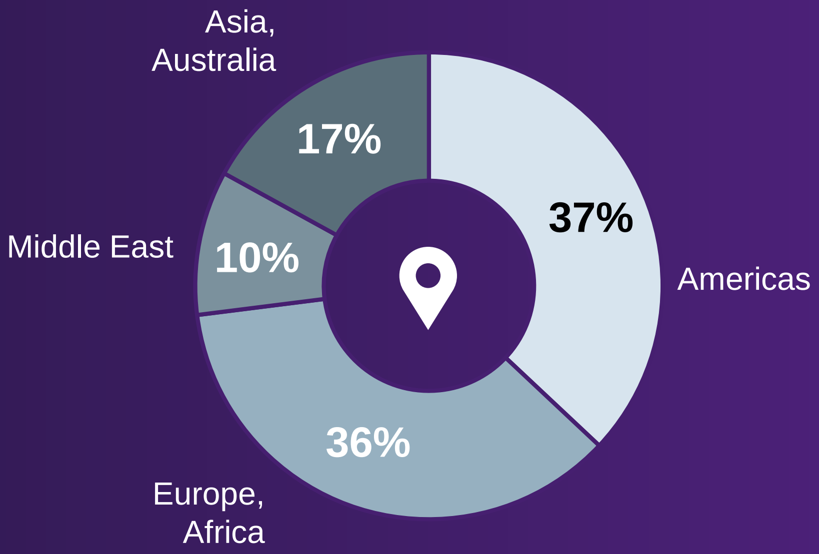


Top 15 accounts

By industry[2]



By region[2]



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1 Order intake, average of FY17-19 | **2** Order intake, FY19

Our end markets are growing

Industries

- Global **GDP growth** drives demand in **industrial markets** esp. chemicals, marine, fiber, air separation
- **Increasing switch to gas** facilitating growth in distributed generation services

Downstream

- Decline in **refining** (lower new capacity, shift to gas, renewables)
- Growth in **petrochemicals** (emerging markets, North America)

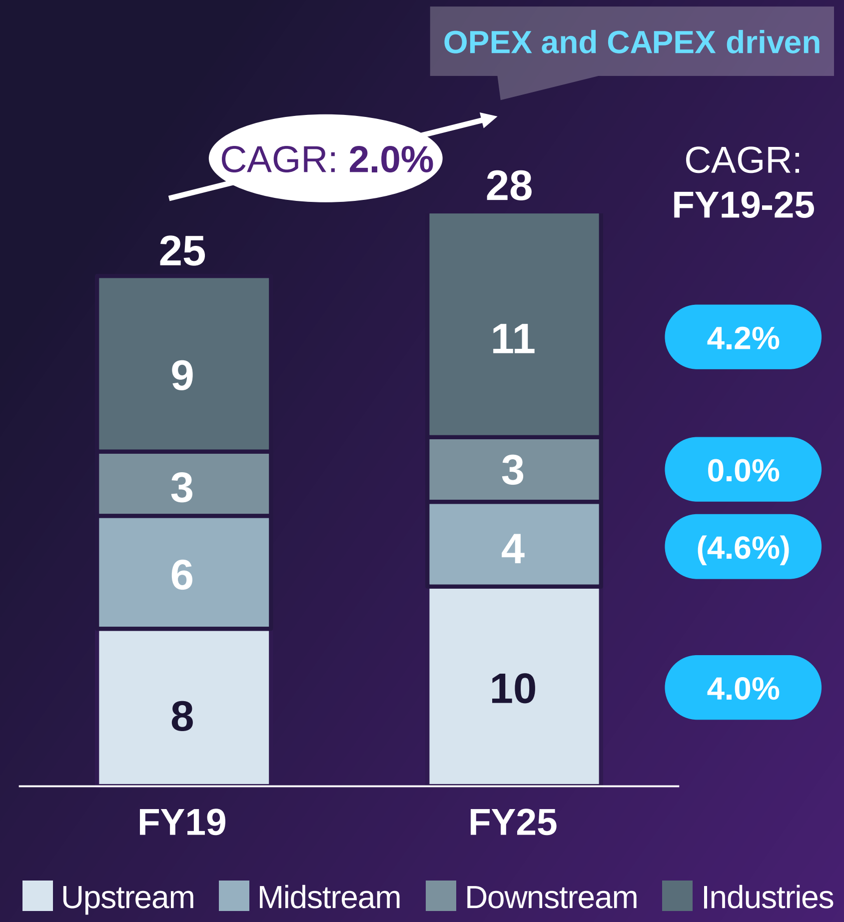
Midstream

- LNG market coming off **historic** 2019 **peak**
- Partly offset by **robust growth** in pipelines (long-term and strategic nature)

Upstream

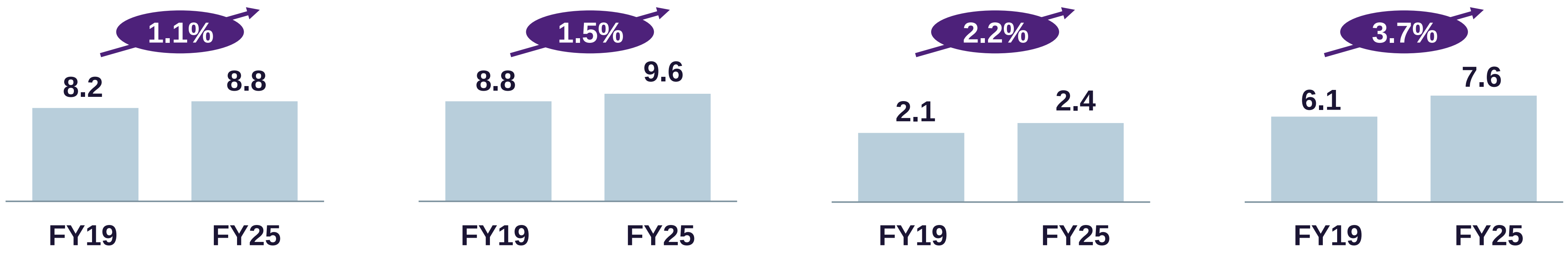
- **Growth in Onshore** driven by gas-related projects
- **Growth in Offshore** (incl. FPSO and Subsea) after years of weak activity
- Increased focus on **decarbonization** of O&G operations

Our addressable market (€ bn[1])



Source: SE Common Market Model 2020; Siemens Energy internal assessment | **Note:** FPSO = Floating Production, Storage and Offloading | **1** Siemens Energy internal assessment; for new equipment, based on expected order intake potential (in €) for relevant project scope; for services, based on revenues/potential future revenues

We are strongly positioned in all key regions

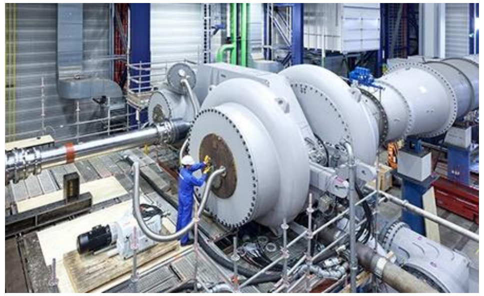


	Americas	Europe, Africa	Middle East	Asia, Australia
CAGR FY19-25	1.1%	1.5%	2.2%	3.7%
Addressed market (€ bn) FY19	8.2	8.8	2.1	6.1
Addressed market (€ bn) FY25	8.8	9.6	2.4	7.6
FY19 market position	#2	#2	#1	#2
Project highlights	Rotating equipment FPSO (Brazil)	Topsides 4.0, E-House, LTP and Digital Services	Compressor trains gas storage (Saudi Arabia)	Air separation unit in petro-chemical complex (China)


Rotating equipment FPSO (Brazil)


Topsides 4.0, E-House, LTP and Digital Services


Compressor trains gas storage (Saudi Arabia)


Air separation unit in petro-chemical complex (China)

Source: Siemens Common Market Model 2020 | **Note:** Market position related to addressed market according to Siemens Energy internal assessment for FY19, for Products and Solutions based on market value for new equipment in €; FPSO = Floating Production, Storage and Offloading

We run a highly resilient lifecycle business model

Unique, integrated portfolio

R-EAD

Innovative, reliable and safe rotating equipment (e.g. turbines, compressors), integrated systems[1] and EAD solutions

Long-term programs

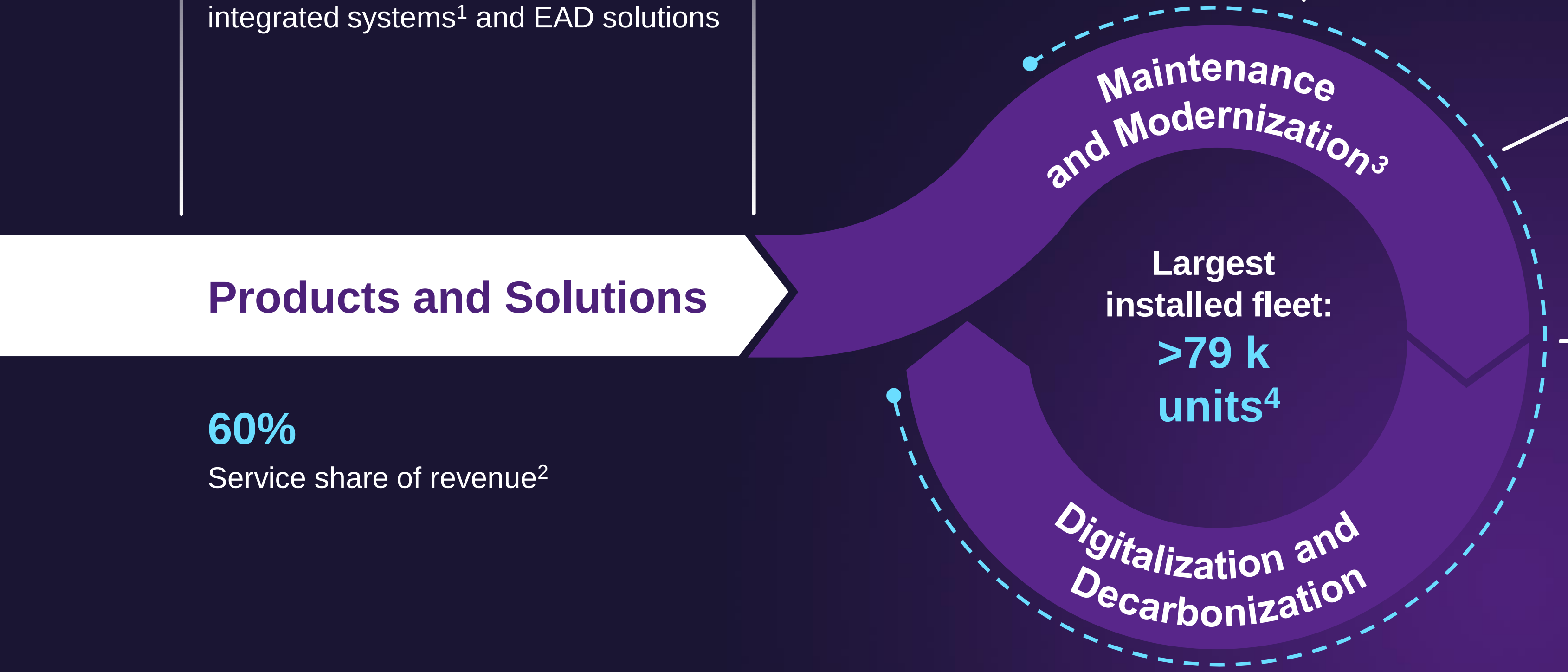
Share of gas turbine LTPs in total order backlog[2]

~50%

Long-lasting partnerships

Number of customers with active frame agreements[2]

~300



Largest installed fleet:

>79 k units[4]

Average duration for rotating equipment LTPs

~13 years

60%

Service share of revenue[2]

Consistently implement value driven innovation

Share of total revenue invested in R&D[2]

~4%

Note: R-EAD = Rotating (compression, power generation) – Electrical, Automation, Digitalization

1 Power generation and compressor packages (integrating AGT, SGT, MGT, IST, generators)

2 FY19 | **3** Maintenance refers to spare parts, repairs, overhauls, field services, program business

4 Rotating equipment (aeroderivative and industrial gas turbines, generators, compressors and industrial steam turbines)

Strong track record and momentum in our service business

Track record of growing and improving our service business

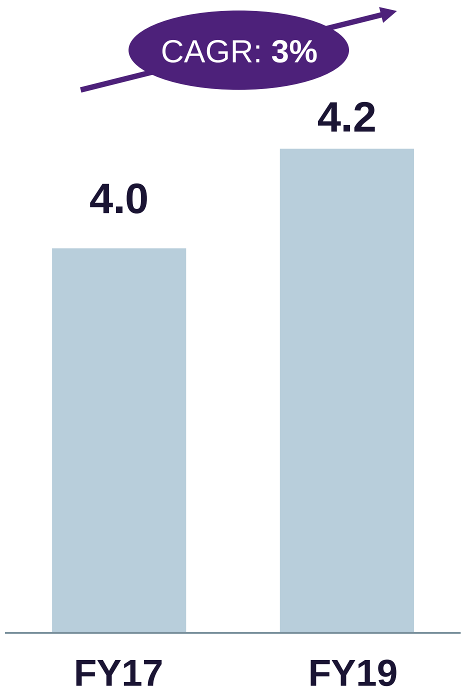
Build-up of **largest installed fleet** via organic growth and buy-and-build (Dresser-Rand and Rolls-Royce Energy)

>79 k

units[1]

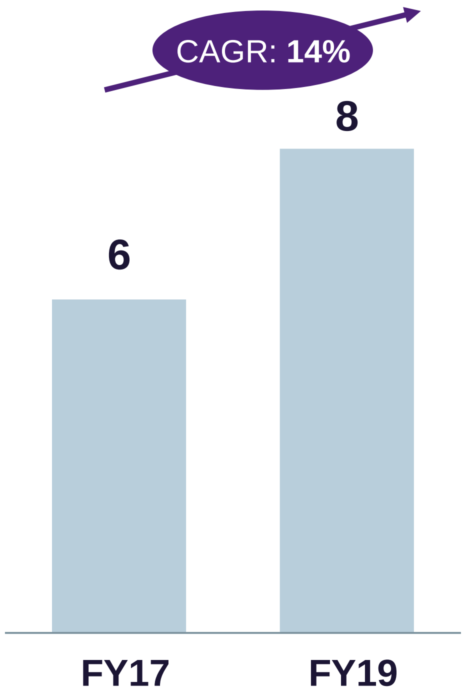
Service orders

(€ bn)



Service order backlog

(€ bn)



60% Service share of revenue

- **Full integration** of acquired fleet realizing synergies and margin uplift
- **Coverage of entire distributed generation fleet** (including all industrial gas and steam turbines)
- **Strong service momentum** with growing orders and strong backlog

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[1] Rotating equipment (aeroderivative and industrial gas turbines, generators, compressors and industrial steam turbines)

Innovation leader in additive manufacturing, digitalization and decarbonization

Additive Manufacturing front runner

>1.2 m operating hours of additive manufacturing parts in turbines; **first OEM to 3D print hot gas path** components (SGT-800)

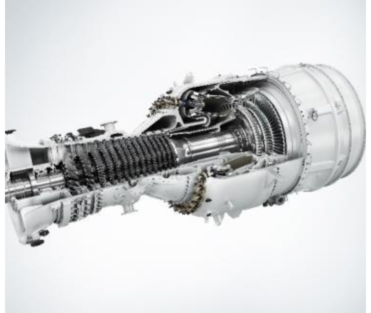
Extension of laser metal deposition for repairs **reduces lead time by 50%** with further improved lead time from **digitized OCT**

Delivering on digitalization

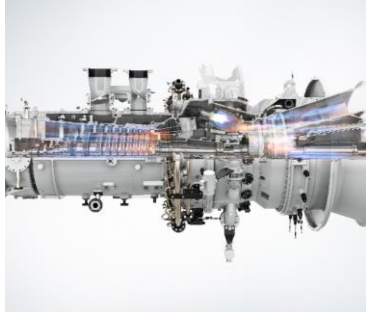
Topsides 4.0 Digital: Improvement in **availability up to 3%** and **reduced offshore manning**

SIPAPER Digital Fiber^{TM} Suite: Pre-integrated digital solution **increases production capacity** while **reducing energy consumption up to 7%**

Helping customers to decarbonize



SGT-800 upgrade delivers:
+10 MW extra power
+3.5% efficiency (SC)



H_2 capability in compressor and gas turbine portfolio; **up to 60%** for SGT-600

Higher customer value-add and cost and cash efficiencies

Note: SC = Simple Cycle; OCT = Order Configurator Tool

Our innovations in action

Differentiated value to our customers

H_2 co-firing turbine

Braskem

H_2 in fuel mix ≤60%

CO_2 reduction ↓6%

- Additive manufactured gas turbine burners
- Continuous H_2 in the fuel mix with dry combustion
- Reduced emissions and water consumption
- Build, Own, Operate project

Gas turbine brownfield exchange

BASF
We create chemistry

Electrical output +10%

Power plant CO_2 ↓17pp[1]

- Reduced fuel and emissions
- Increased efficiency
- Lower total cost of ownership
- Optimized brownfield project execution through collaborative partnership

BlueVault™ and DC power grid

Color Line

Diesel fuel ↓20%

CO_2 reduction ↓20%

- Reliable, hybrid or all-electric propulsion solutions applying advanced Li-ion battery-based energy storage
- Reduced fuel consumption
- Lower emissions

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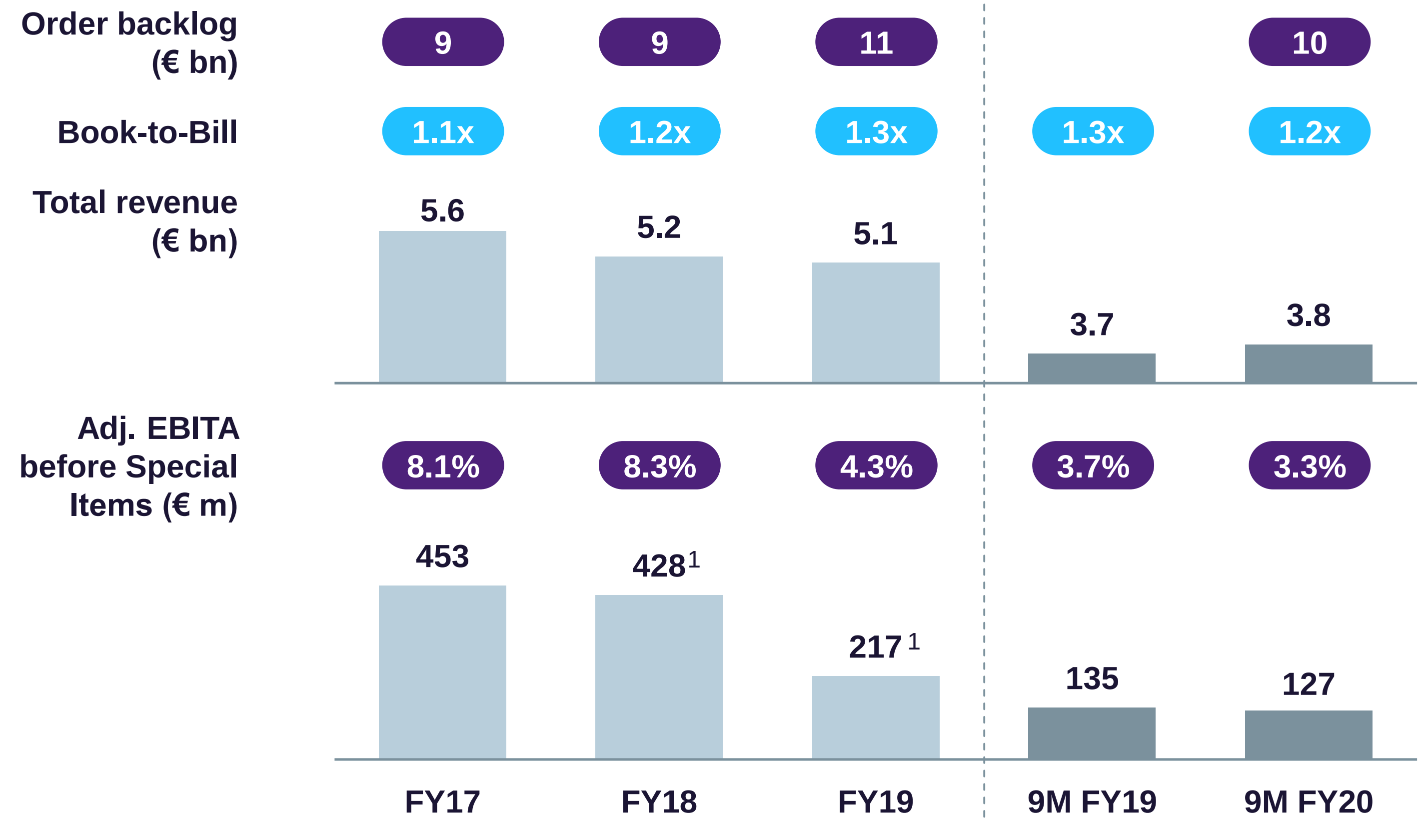
1 BASF – CO_2 emissions per MWH of electricity compared to average for German grid

Recent performance
Topline turnaround achieved, profitability addressed

Siemens Energy Industrial Applications



Note: Order backlog shown as of fiscal year end. Order backlog defined as order backlog of prior reporting period plus value of orders of current reporting period less revenue recognized in current reporting period and adjusted for direct order value adjustments | **1** Positively impacted in FY18 (€165 m) and negatively in FY19 (€54 m). Disposal effects not part of Special Items definition

Positive order backlog development supporting **stable revenue trend**

Maintaining **strong Book-to-Bill** levels above 1 despite market headwind

Cost base hit by **overcapacities** – holistic restructuring program underway

COVID-19 impact on FY20 YTD – **partial catch-up in FY21**

9M FY20 excludes **AGT intangible impairment** (majority of €701 m related to Gas and Power strategic portfolio decisions)

Full focus on value generation

Profitability

Growth

- **Service-led** growth
- Growing share of **industries**
- Helping customers to **decarbonize**
- Delivering on **digitalization**

Footprint

- **Elimination of overcapacity and complexity**
- **20+ sites closed** since Rolls-Royce Energy and Dresser-Rand acquisition

Project excellence

- Project management excellence **reducing NCCs and complexity**
- **Supply chain excellence**

Portfolio

- AGT – **streamlining offering**[1]
- Compressors – **Consolidate platforms, selective rationalization**

Cost optimization

- Cost outs **targeting SG&A efficiencies**
- **R&D effectiveness** monitoring to optimize investments

New management and organizational structure (since April '20) – from functional setup to product end-to-end responsibility

Note: AGT = Aeroderivative Gas Turbine | **1** Larger sized Aeroderivative Gas Turbines no longer actively marketed

Conclusion

We are ...

1 Much more than oil and gas
~50% of order intake from Industries and Process industries

2 Market leaders across our spectrum
#1 or #2 positions

3 A service powerhouse
60% of total revenue

4 An innovation leader
Helping our customers to decarbonize

5 On a clear path to profitable growth
Full fledged reorganization and restructuring