Capital Market Day 2020

Generation 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
We are uniquely positioned across central and distributed generation

**Business segments**

- **Central generation >100 MW**
- **Distributed generation <100 MW**
- **Service – of our large generation fleet (>100 MW)**

**Customer groups**

- **Utilities (~30%)**
- **Municipalities (~20%)**
- **IPPs (~20%)**
- **EPCs (~30%)**
- **Industries (~30%)**

Note: Market position related to addressed market according to Siemens Energy internal assessment for FY19; IPP = Independent Power Producer; EPC = Engineering, Procurement, Construction | 1 Gas Turbines; Steam – Central: >250 MW, Steam – Distributed: <250 MW | 2 Split based on order intake with third parties for new units, FY19

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Snapshot
Our SGT5-9000HL and SGT-800

SGT5-9000HL heavy-duty gas turbine

Power output of up to 593 MW
Powering 3.3 m people
CO₂ savings equivalent to 1 m cars¹

SGT-800 industrial gas turbine

Power output of up to 62 MW
>400 turbines sold
Capability to burn H₂ of up to 50%

¹ Compared to coal-fired power plants: 3.7 Mt CO₂ savings per year; equal to 1 m mid-range cars clocking up 17,500 km a year
Siemens Energy Generation by numbers

Siemens Energy total revenue (FY19)

- €28.8 bn
- ~28% share of Siemens Energy total revenue

Generation total revenue (FY19)¹

- €8.2 bn
- 51% Central Power Generation Service
- 34% Central New Unit
- 15% Distributed New Unit

Key figures (FY19)

- €33 bn Order backlog
- €8.6 bn Orders
- €8.2 bn Total revenue
- ~27 k Employees

¹ Total revenue splits calculated before intra-group consolidation and reconciliation effects

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Siemens Energy Generation
Monetizing our powerful market position and service business

A market leader with strong global presence, high customer intimacy and highly competitive portfolio

Resilient service business with strong backlog, attractive profitability and a growing fleet

Driving the energy transition by distributed offering and innovations in decarbonized energy systems and digital

Value generation by cost-out programs, footprint consolidation, portfolio streamlining and focus on service and distributed
We are leading across our offer spectrum

Central Generation

Distributed Generation

Service

#2
in large gas turbines (LGT)\(^1\)

#1
in industrial gas turbines (IGT)\(^1\)

#2
largest fleet >100 MW\(^2\)

#1
in industrial steam turbines (IST)\(^3\)

25%
share of central generation fleet (>100 MW)\(^4\)

~16-18 years
average duration of service relationship

Note: Market position related to addressed market according to Siemens Energy internal assessment for FY19 | 1 By market share in number of units | 2 Gas and steam, in number of units | 3 By market share in terms of order intake in € | 4 Considering total global fleet of installed large gas and steam turbines (Siemens Energy internal assessment, based on several industry sources, including fleet data and other market sources; estimated share includes turbines using SE technology)
With our broad offering we effectively address local needs

<table>
<thead>
<tr>
<th>Generation share of fleet²</th>
<th>Europe</th>
<th>Middle East¹</th>
<th>Americas</th>
<th>China</th>
<th>APAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>~20%</td>
<td>~30%</td>
<td>~30%</td>
<td>~15%</td>
<td>~25%</td>
<td></td>
</tr>
</tbody>
</table>

Local needs

<table>
<thead>
<tr>
<th>Generation offering/value proposition</th>
<th>Europe</th>
<th>Middle East¹</th>
<th>Americas</th>
<th>China</th>
<th>APAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decarbonization</td>
<td>Decarbonization</td>
<td>Power to society</td>
<td>Coal to gas and gas to power</td>
<td>Coal to gas</td>
<td>Nuclear to gas</td>
</tr>
<tr>
<td>Germany Marl Project</td>
<td>Germany Marl Project</td>
<td>Egypt Roadmap</td>
<td>US Lincoln County HL³ intro and partnership</td>
<td>UGTC Technology partnership</td>
<td></td>
</tr>
<tr>
<td>High CHP efficiency</td>
<td>High CHP efficiency</td>
<td>Joint development</td>
<td>HL³ intro and partnership</td>
<td>Technology partnership</td>
<td></td>
</tr>
</tbody>
</table>

Note: CHP = Combined Heat and Power; UGTC = China United Heavy-duty Gas Turbine Company
1 Including Africa | 2 Siemens Energy Generation fleet (including technology ownership) vs. total fleet >100 MW | 3 HL-class turbine

APAC: China

- Decarbonization
- Power to society
- Coal to gas
- Coal to gas
- Nuclear to gas

Americas

- Decarbonization
- Power to society
- Coal to gas and gas to power
- Coal to gas
- Decarbonization

Middle East¹

- Decarbonization
- Power to society
- Coal to gas and gas to power
- Coal to gas
- Decarbonization

Europe

- Decarbonization
- Power to society
- Coal to gas and gas to power
- Coal to gas
- Decarbonization

Note: CHP = Combined Heat and Power; UGTC = China United Heavy-duty Gas Turbine Company
1 Including Africa | 2 Siemens Energy Generation fleet (including technology ownership) vs. total fleet >100 MW | 3 HL-class turbine

2020-09-01
The generation market is transforming
Growth in distributed, decline in central

Global LGT demand: ~70-80 units p.a. vs. ~200 in FY14 – growth in powerful jumbo frames (>300 MW)

Growth in IGT (highly efficient CHP solutions, hybrid)

Decline in large steam alongside coal

Growth in IST in biomass and waste-heat usage

Increased demand for retrofit and modernization

Service business as a resilient foundation

Our addressable market (in € bn, CAGR)

- Distributed generation +2.0%
- Central generation\(^1\) (1.4)%

Growth in both industrial gas and industrial steam

Other\(^2\)

Decline in coal (steam) of ~9%

Modest decline in gas of 1%

Source: SE Common Market Model (CMM Q2/20) | Note: CHP = Combined Heat and Power | 1 Combined view New Unit and Service; decline in gas of 1% is related to LGT market, decline in coal of 9% is related to LST for coal applications. Percentages for market segment sizes based in € | 2 Nuclear, oil

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Gas will remain a key technology and decarbonization enabler

Our tailored offerings

- **New gas power plants** – Highly efficient and reliable, CCPP and CHP applications

- **Coal to gas** – Increase efficiency up to 25 pp¹, reduce CO₂ emissions

- **Shift to hydrogen** – H₂ co-firing

- **Brownfield engine exchange** – Reduce CO₂ emissions

- **Hybrid solutions** – Low to zero carbon emissions, integration of renewables, H₂ as energy storage

Source: IEA World Energy Outlook 2019, SDS Scenario (TWh)

Note: CCPP = Combined Cycle Power Plant; CHP = Combined Heat and Power | ¹ Converting old steam plant into highly efficient CCPP

2020-09-01
Improving performance and defending #1 position

Establish our competitive next-generation gas turbine

Expand market lead further

Maintain leadership in fragmented market

**Large gas**

<table>
<thead>
<tr>
<th>Ambition</th>
<th>Market position (FY19)²</th>
<th>Customer story</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve performance and defend #1 position</td>
<td>#1</td>
<td>Bin Qasim III, Pakistan</td>
</tr>
<tr>
<td>Establish our competitive next-generation gas turbine</td>
<td>#2</td>
<td>Keadby 2, UK</td>
</tr>
</tbody>
</table>

**Industrial gas**

| SGT-800 | Expand market lead further | #1 |

**Industrial steam**

| SST-700/900 | Maintain leadership in fragmented market | #1 |

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1. Large gas turbines and industrial gas turbines by market share in number of units; industrial steam by market share in terms of order intake in €
2. New HL-class entered market in 2018

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**Customer story**

**Bin Qasim III, Pakistan**

First F-Class order from Pakistan
2x 4000F

... essential in meeting Karachi's future energy demands. ... a testament to KE's commitment to improving the reliability of power supply ...

**Moonis Alvi**

(K-Electric)

**Keadby 2, UK**

First 50 Hertz HL-class
SGT5-9000HL

... UK's cleanest and most efficient gas-fired power station, displacing older, more carbon-intensive generation ...

**Stephen Wheeler**

(SSE Thermal)

**B.Grimm Power, TH**

7x 140 MW power train solutions including 14x SGT-800 and 7x SST-400

We are very pleased with the performance of our existing fleet of SGT-800's, so it was natural to choose SGT-800 for the further fleet expansion ...

**Preeyanart Soontornwata**

(B.Grimm Power)

**Omazaki Biomass, JP**

Seventh order from Toyo in Japan
SST-700/900

Siemens is one of our most important partners, with whom we have a great success in biomass utilizing Siemens' highly efficient steam turbine generator ...

**Keiji Morino**

(Toyo Engineering)
We have unique capabilities to realize the world’s most crucial projects

**Egypt**
Megaproject

Support national goals of sustainable economic growth

**France**
CCPP

Ensure security of supply and growing consumer needs for electricity

**Brazil**
Gas to Power

Provide financing models in project development

**Germany**
CHP

Support district heating of up to 150,000 households

**Note:** CCPP = Combined Cycle Power Plant; CHP = Combined Heat and Power

Project de-risking – reduced scope, capabilities, more selectivity
A large and attractive service business

Share of global fleet (>100 MW)\(^1\)

- Siemens Energy 3.5 k (25%)
- Competitors 14 k (75%)

SE fleet by region (>100 MW)\(^1\)

- China 3.5 k (31%)
- Americas 3.5 k (20%)
- Europe 3.5 k (15%)
- APAC 3.5 k (19%)
- Middle East\(^2\) 3.5 k (15%)

Well balanced globally

~16-18 years average duration of service relationship

~4% p.a. growth of service order backlog (FY17 to FY19)

>90% of service order backlog is based on long-term service agreements

Majority of revenue gas related (vs. coal)

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1 SE fleet (including technology ownership) vs. total fleet >100 MW | 2 Including Africa

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Leveraging our powerful service business

Grow installed fleet
Gas turbines installed/under installation

Optimize LTPs
% of projects sold with LTP or O&M

Generate new business
- Brownfield engine exchange
- Coal to gas repowering
- Tailor made service offerings
- Decarbonization roadmaps
- Digital offerings

+ ~6% installed fleet growth until FY25

Drive utilization via upgrades
- Displacement of older frames
- Flexibility and performance
- H2 co-firing

~66% projects with >12 years LTP or O&M

Strengthen LTPs
- Additive Manufacturing
- Extension of service intervals

Note: LTP = Long-Term Service Program; O&M = Operation and Maintenance Contract

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Extending our lead in distributed generation

Key success factors

- Focused go-to-market approach
- Superior products (e.g. SGT-800)
- Pricing and delivery excellence

Gaining market share

- **Industrial gas turbines**
  - #1 globally
  - Market share gain of 4pp (FY18-19) to almost 30%\(^1\)

- **Industrial steam turbines**
  - #1 globally
  - ~30% market share\(^2\) – well ahead of competition

Note: Market position related to addressed market according to Siemens Energy internal assessment for FY19

1 By market share in number of units | 2 By market share in €

Industrial power plant at Marl Chemical Park, Germany

- Turnkey construction of two 90 MW power plant units
- Up to 1 m tons of annual CO\(_2\) savings

... we’re ending our coal-based production of electricity, process steam and district heat in Marl after more than 80 years.

*Thomas Wessel, Evonik*
Capturing growth by decarbonizing energy systems

**Efficiency increase**

- Emissions regulations, cost reductions, reliability

**Fuel switch and hybridization**

- Emission reduction, flexibility, grid stability, storage integration

**Deep decarbonization**

- Up to 100% H₂ for carbon-free energy production from stored excess renewable energy

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**Customer drivers**

- Emissions regulations, cost reductions, reliability

**Examples**

**Santo Domingo floating power plant**

Hybrid power plant solution (SCC-800 2x1) with integrated battery energy storage

**Stadtwerke Leipzig – Coal to gas switch**

2x SGT-800 Gas turbines, 2x SGen-100A SIESTART battery storage

**HYFLEXPOWER**

Decarbonizing a paper factory by modernizing an existing CHP plant

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**Clean and green electrical energy solution**

**Readiness for transformation to 100% H₂**

**World’s first industrial-scale power-to-X-to-power demonstrator**

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Note: CHP = Combined Heat and Power | 1 Provision of 145 MW flexible generation
2020-09-01
Unlocking value with our pioneering digital offerings

Building on a portfolio addressing key customer needs

<table>
<thead>
<tr>
<th>Intelligent gas turbine controller</th>
<th>Fleet management suite</th>
</tr>
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<tbody>
<tr>
<td>• Gas turbine efficiency increase</td>
<td>• Addressing growing $1.3 bn virtual power plant market</td>
</tr>
<tr>
<td>• Reduction of NO\textsubscript{X} emission</td>
<td>• Up to 4% increase in fleet efficiency</td>
</tr>
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</table>

Combining digital with our strengths to re-think value

<table>
<thead>
<tr>
<th>From remote to autonomous powerplant</th>
<th>Digital twin and VR</th>
</tr>
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<tbody>
<tr>
<td>• Moving from remote to managed service models</td>
<td>• Accurate integrated data collection for outage optimization</td>
</tr>
<tr>
<td>• Control powerplants with fewer or no people on-site</td>
<td>• Improving turbine design, planning and processes</td>
</tr>
</tbody>
</table>

Additional business from new markets, new business models and higher value-add
Decline in LGT market has hit performance
Rightsizing underway

~60% LGT market decline (FY14-18) led to under-absorption and price pressure

Restructuring programs in place

High one-time R&D to accelerate HL-class development

Successful HL launch

Complex organization led to high SG&A and NCCs

New, leaner setup

COVID-19 impact on FY20 YTD

Partial catch-up in FY21

<table>
<thead>
<tr>
<th>Siemens Energy Generation</th>
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<tbody>
<tr>
<td>Order backlog (€ bn)</td>
</tr>
<tr>
<td>FY17</td>
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<tr>
<td>FY18</td>
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<tr>
<td>FY19</td>
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<tr>
<td>9M FY19</td>
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<tr>
<td>9M FY20</td>
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<tr>
<td>Book-to-Bill (x)</td>
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<tr>
<td>FY17</td>
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<td>FY18</td>
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<tr>
<td>FY19</td>
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<tr>
<td>9M FY19</td>
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<tr>
<td>Total revenue (€ bn)</td>
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<td>FY17</td>
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<td>FY18</td>
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<td>FY19</td>
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<tr>
<td>9M FY19</td>
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<tr>
<td>9M FY20</td>
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<tr>
<td>Adj. EBITA before Special Items (€ m)</td>
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<tr>
<td>FY17</td>
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<td>FY18</td>
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<tr>
<td>FY19</td>
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<tr>
<td>9M FY19</td>
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<tr>
<td>9M FY20</td>
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</tbody>
</table>

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.
Full focus on value generation
No excuses

Profitability

Growth
- Extend #1 position in IGT and IST
- Grow service
- Customer intimacy: Partner of choice for decarbonization

Footprint
- Eliminate over-capacities and complexity
- Optimized manufacturing to improve utilization

Project excellence
- Be selective (de-risking)
- Reduce NCCs
- Drive technology partnerships (e.g. GT/P-2-X)

Portfolio
- Review options to exit coal
- Focus on high-margin, high-volume

Cost optimization
- Focus R&D on core revenue carriers
- Rightsize support organization
- Execute cost-out programs

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

1 GT/P-2-X = Gas Turbine/Power-to-X
2020-09-01
Conclusion

We are ...

1. The clear leader in distributed generation
   #1 in IGT and IST with growing market shares

2. Highly competitive in central generation
   25% market share and successful launch of HL-class

3. Monetizing our strong position in gas
   Gas to remain a key technology

4. A service powerhouse
   51% of our revenue

5. The partner of choice for decarbonization
   From H₂ co-firing hybrid to deep decarbonization offering

6. On a clear path to value generation
   Selectivity, rightsizing of operations and harvest service