Capital Market Day 2020

Generation Section
Jochen Eickholt, Member of the Executive Board of Siemens Energy
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We are uniquely positioned across central and distributed generation

- **Business segments**
  - **Central generation >100 MW¹**
  - **Distributed generation <100 MW¹**

- Service – of our large generation fleet (>100 MW)

- **Customer groups²**
  - **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% share of Siemens Energy total revenue

€28.8 bn

Generation total revenue (FY19)

Central Power Generation Service: 51%
Central New Unit: 34%
Distributed New Unit: 15%

€8.2 bn

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
2020-09-01

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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

<table>
<thead>
<tr>
<th>Central Generation</th>
<th>Distributed Generation</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Large Gas Turbine" /></td>
<td><img src="image2" alt="Industrial Gas Turbine" /></td>
<td><img src="image3" alt="Service Person" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>#2</th>
<th>#1</th>
<th>25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>in large gas turbines (LGT)(^1)</td>
<td>in industrial gas turbines (IGT)(^1)</td>
<td>share of central generation fleet (&gt;100 MW)(^4)</td>
</tr>
<tr>
<td>largest fleet &gt;100 MW(^2)</td>
<td>in industrial steam turbines (IST)(^3)</td>
<td>~16-18 years</td>
</tr>
</tbody>
</table>

**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>Europe</th>
<th>Middle East(^1)</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>
</tr>
</tbody>
</table>

### Generation share of fleet\(^2\)

### Local needs
- **Europe**: Decarbonization
- **Middle East\(^1\)**: Power to society
- **Americas**: Coal to gas and gas to power
- **China**: Coal to gas
- **APAC**: Nuclear to gas

### Generation offering/value proposition
- **Europe**: Germany Marl Project
  - High CHP efficiency
- **Middle East\(^1\)**: Egypt Roadmap
  - Joint development
- **Americas**: US Lincoln County
  - HL\(^3\) intro and partnership
- **China**: UGTC
  - Technology partnership
- **APAC**: Korea HL Market Intro
  - Highly efficient solution

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**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

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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

<table>
<thead>
<tr>
<th>Our addressable market (in € bn, CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
</tr>
<tr>
<td>28</td>
</tr>
</tbody>
</table>

Distributed generation
+2.0%

Excludes distributed service as included in Industrial Applications

Central generation¹
(1.4)%

Growth in both industrial gas and industrial steam

Other²

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
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

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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

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### Efficiency, performance, emissions
We have a leading technology platform

<table>
<thead>
<tr>
<th>Ambition</th>
<th>Large gas</th>
<th>Market position (FY19)¹</th>
<th>Customer story</th>
<th>Industrial gas</th>
<th>Industrial steam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve performance and defend #1 position</td>
<td>F-Class</td>
<td>#1</td>
<td>Bin Qasim III, Pakistan</td>
<td>Expand market lead further</td>
<td>SST-700/900</td>
</tr>
<tr>
<td>Establish our competitive next generation gas turbine</td>
<td>H/J-Class²</td>
<td>#2</td>
<td></td>
<td>SGT-800</td>
<td></td>
</tr>
</tbody>
</table>

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

**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)

**Omaezaki 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

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>Megaproject</td>
</tr>
<tr>
<td>France</td>
<td>CCPP</td>
</tr>
<tr>
<td>Brazil</td>
<td>Gas to Power</td>
</tr>
<tr>
<td>Germany</td>
<td>CHP</td>
</tr>
</tbody>
</table>

Support national goals of sustainable economic growth

Ensure security of supply and growing consumer needs for electricity

Provide financing models in project development

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)\(^1\)

<table>
<thead>
<tr>
<th>Region</th>
<th>Share of SE fleet (&gt;100 MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>31%</td>
</tr>
<tr>
<td>Americas</td>
<td>15%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>19%</td>
</tr>
<tr>
<td>Middle East</td>
<td>20%</td>
</tr>
<tr>
<td>China</td>
<td>15%</td>
</tr>
<tr>
<td>Competitors</td>
<td>75%</td>
</tr>
</tbody>
</table>

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

- **#2** installed fleet
- 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

- E: ~400
- F: ~800
- H: ~100
- HL: 7

+ ~6% installed fleet growth until FY25

**Optimize LTPs**

% of projects sold with LTP or O&M

- E: ~40%
- F: ~75%
- H: ~95%
- HL: 100%

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

**Generate new business**

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

**Drive utilization via upgrades**

- Displacement of older frames
- Flexibility and performance
- H₂ co-firing

**Strengthen LTPs**

- Additive Manufacturing
- Extension of service intervals

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**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 share2 – 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 CO₂ 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**

Customer drivers

Emissions regulations, cost reductions, reliability

**Fuel switch and hybridization**

Examples

Emission reduction, flexibility, grid stability, storage integration

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

Deep decarbonization

Clean and green electrical energy solution

Readiness for transformation to 100% H₂

HYFLEXPOWER

Decarbonizing a paper factory by modernizing an existing CHP plant

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

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

Building on a portfolio addressing key customer needs

- Intelligent gas turbine controller
- Fleet management suite

Combining digital with our strengths to re-think value

- From remote to autonomous powerplant
- Digital twin and VR

- Gas turbine efficiency increase
- Reduction of NOX emission
- Addressing growing $1.3 bn virtual power plant market
- Up to 4% increase in fleet efficiency
- Moving from remote to managed service models
- Control powerplants with fewer or no people on-site
- Accurate integrated data collection for outage optimization
- Improving turbine design, planning and processes

Additional business from new markets, new business models and higher value-add

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Decline in LGT market has hit performance  
Rightsizing underway  

### Siemens Energy Generation

<table>
<thead>
<tr>
<th>Order backlog (€ bn)</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>32</td>
<td>33</td>
<td>32</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Book-to-Bill</th>
<th>0.8x</th>
<th>1.0x</th>
<th>1.1x</th>
<th>1.1x</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue (€ bn)</td>
<td>10.9</td>
<td>8.5</td>
<td>8.2</td>
<td>5.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adj. EBITA before Special Items (€ m)</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>9M FY19</th>
<th>9M FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,044</td>
<td>225</td>
<td>293</td>
<td>214</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

| 9.5% | 2.7% | 3.6% | 3.7% | 0.4% |

**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.

- ~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**

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Full focus on value generation
No excuses

### Profitability

<table>
<thead>
<tr>
<th>Growth</th>
<th>Footprint</th>
<th>Project excellence</th>
<th>Portfolio</th>
<th>Cost optimization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Extend #1 position in IGT and IST</td>
<td>• Eliminate over-capacities and complexity</td>
<td>• Be selective (de-risking)</td>
<td>• Review options to exit coal</td>
<td>• Focus R&amp;D on core revenue carriers</td>
</tr>
<tr>
<td>• Grow service</td>
<td>• Optimized manufacturing to improve utilization</td>
<td>• Reduce NCCs</td>
<td>• Focus on high-margin, high-volume</td>
<td>• Rightsize support organization</td>
</tr>
<tr>
<td>• Customer intimacy: Partner of choice for decarbonization</td>
<td></td>
<td>• Drive technology partnerships (e.g. GT/P-2-X¹)</td>
<td></td>
<td>• Execute cost-out programs</td>
</tr>
</tbody>
</table>

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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
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