

Capital Market Day 2020

Service Section

Tim Holt, Member of the
Executive Board of Siemens Energy



Notes and forward-looking statements (I)



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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

On path to becoming a product-led service company

Gas & Power

SGRE

€35 bn
service backlog

€7.9 bn¹
service revenue

42%
service revenue share



- < Growing business with record service backlog >
- < Key profit contributor >
- < Key focus area for R&D and resources >
- < Expanding digital offering >
- < Focus on holistic and profitable long-term service programs (LTPs) >



€12 bn
service backlog

€1.6 bn
service revenue

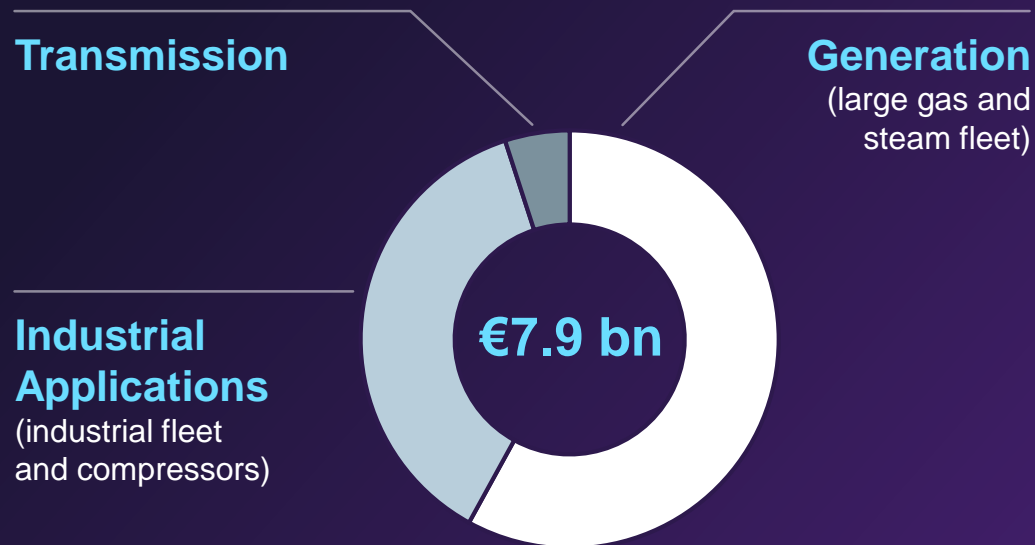
16%
service revenue share

Service is the backbone of Siemens Energy

Service Gas and Power

What we do

Service revenue share by division (FY19)



21 k
service employees

~12 years
average LTP contract duration



Standard services

Parts, field service, repairs



Service programs

Long-term service programs, lifetime extension, modernization and upgrades



Extended scope

Operation and maintenance, brownfield exchange, condition-based maintenance, remote service

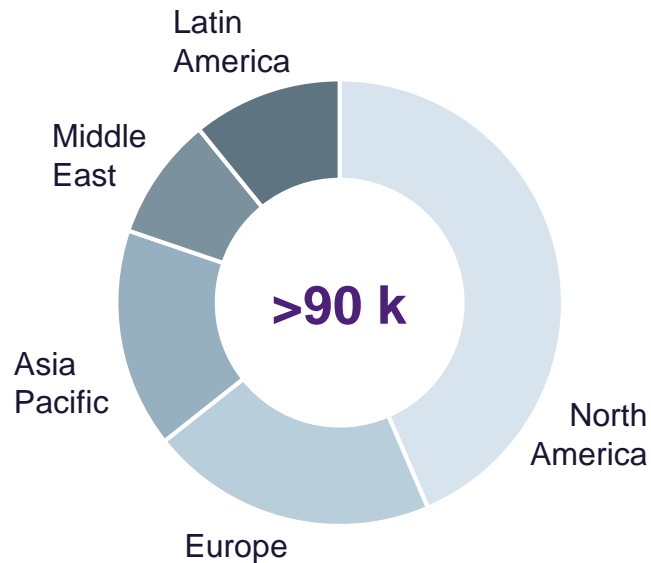


Digital services

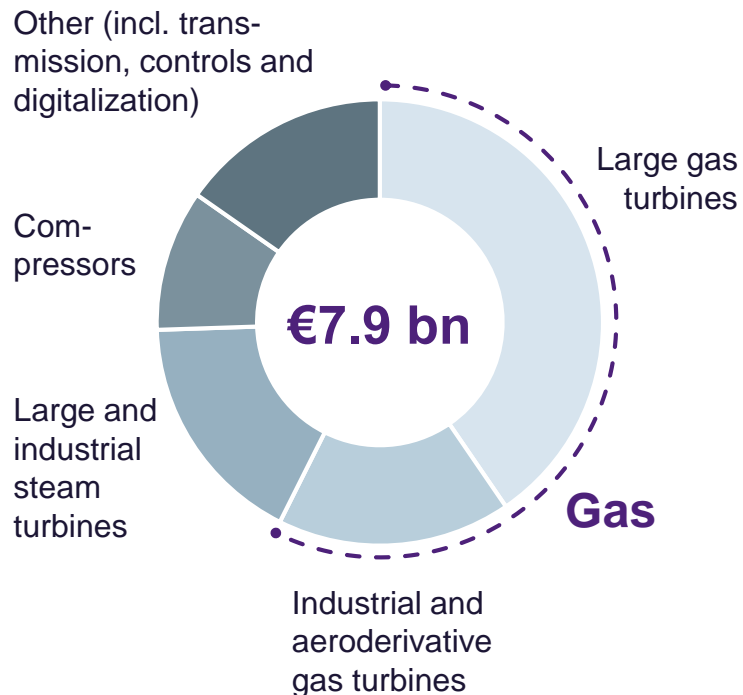
Combining physical OEM services with intelligent data capabilities

One of the largest and most diversified fleet globally

By region¹ (units)



By type² (service revenue)



Truly global fleet – growing especially in Asia Pacific

Gas as key revenue contributor – increasing prevalence of **long-term service programs**

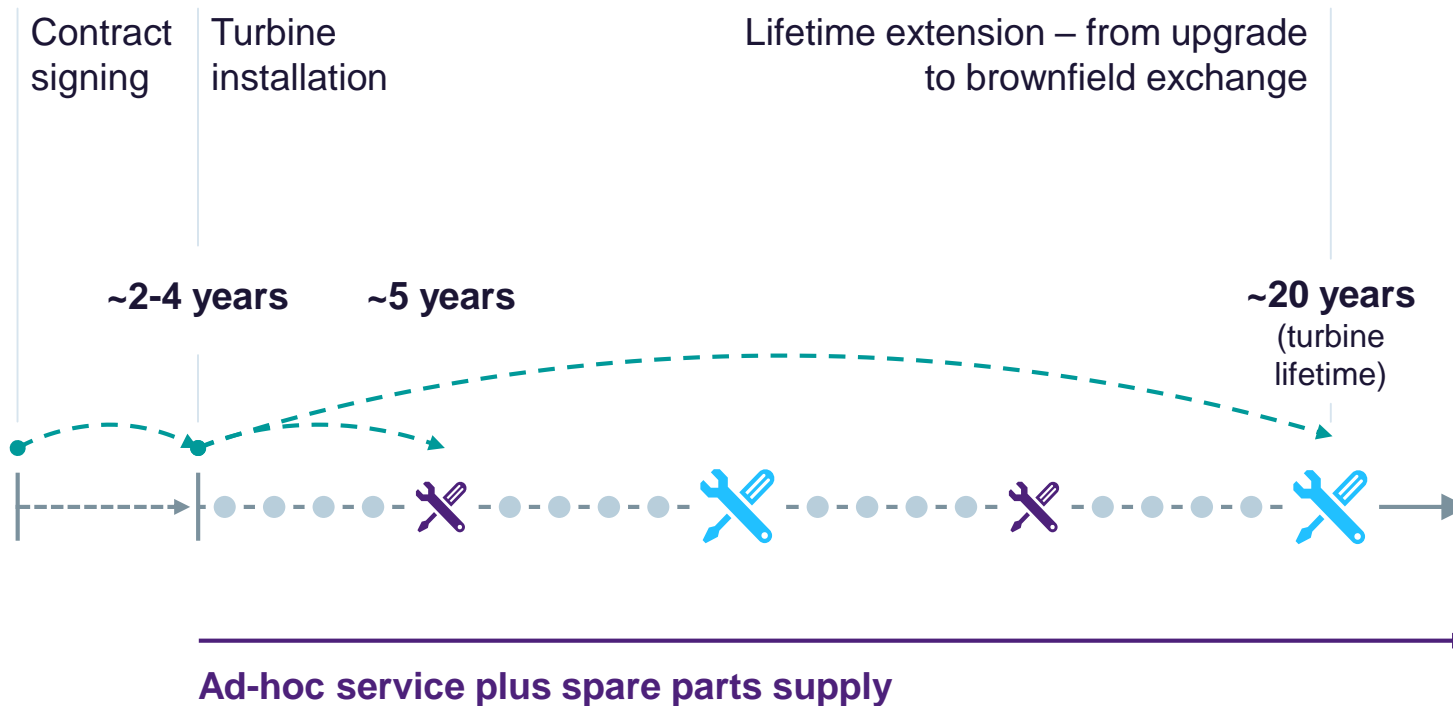
Fleet upgrades – driving growth and margins


¹ As of June 30, 2020; Transmission excluded


² As of FY19; Industrial and aeroderivative gas turbines contains small, medium and aeroderivative gas turbines; Compressors contains Dresser-Rand; Other contains generators, control and digitalization, transmission, central items and consolidation


How to think about service

Gas turbine example



 **Major inspection**
(highest service revenue event)

 **Hot gas path inspection**
(significant service revenue event)

 **Minor inspection**
(service revenue event)

1 Regular service intervals crucial to **maintain turbine performance and availability.**

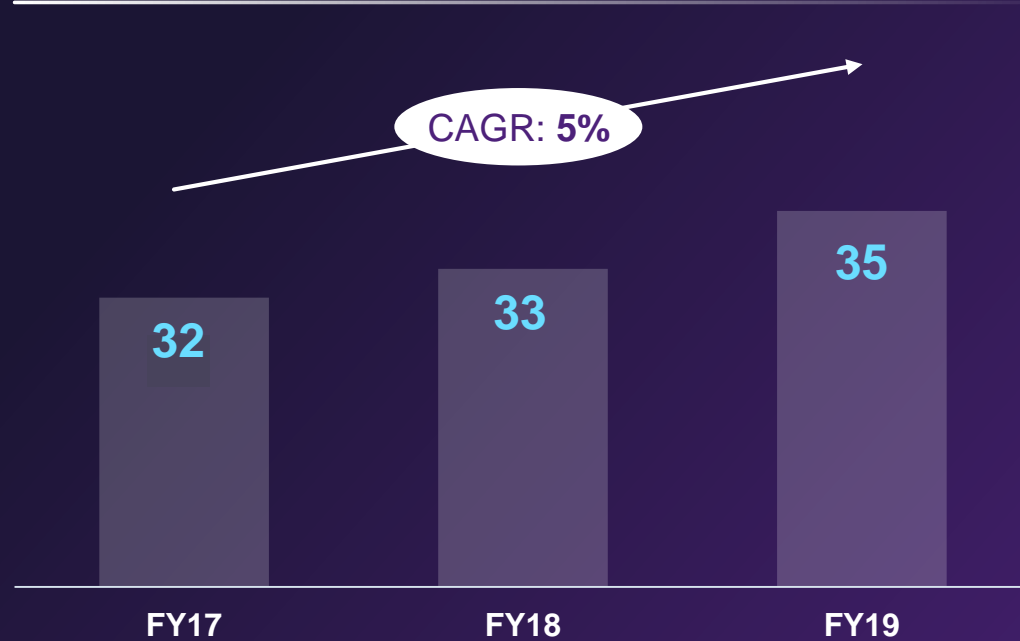
2 Turbines are serviced in **outages of varying scope** (minor/hot gas path/major inspection).

3 Timing of outages and thus **revenue recognition depend on turbine uptime.**

> As long as our fleet is running, we will book service revenue.

We see continued growth in our fleet and higher unit revenues





Service backlog (€ bn)



Service accounting for close to 70% of GP backlog

Note: LGT = Large Gas Turbine; IGT = Industrial Gas Turbine; AGT = Aeroderivative Gas Turbine
2020-09-01

Growth outlook

	Fleet (units) Growth '20-'25	Revenue/unit Growth '20-'25
 LGT	→	→
 IGT & AGT	→	↗
 Steam	→	→
 Transmission	↗	↗

Gas

Major recent wins and strong utilization

Major recent wins across gas turbine portfolio

Long-term service program

Operations and maintenance

Brownfield exchange

Israel (€79 m)
15-year renewal
2x SGT-A65



France (€170 m)
New full scope O&M for
1x 4000F over 20 years



Taiwan (€143 m)
2000E(3) replaced
with 2000E(8)



Egypt (€30 m)
10-year 3x SGT-800



Iraq (€161 m)
2x 4000F, 3 years O&M
+ 5 years O&M advisory

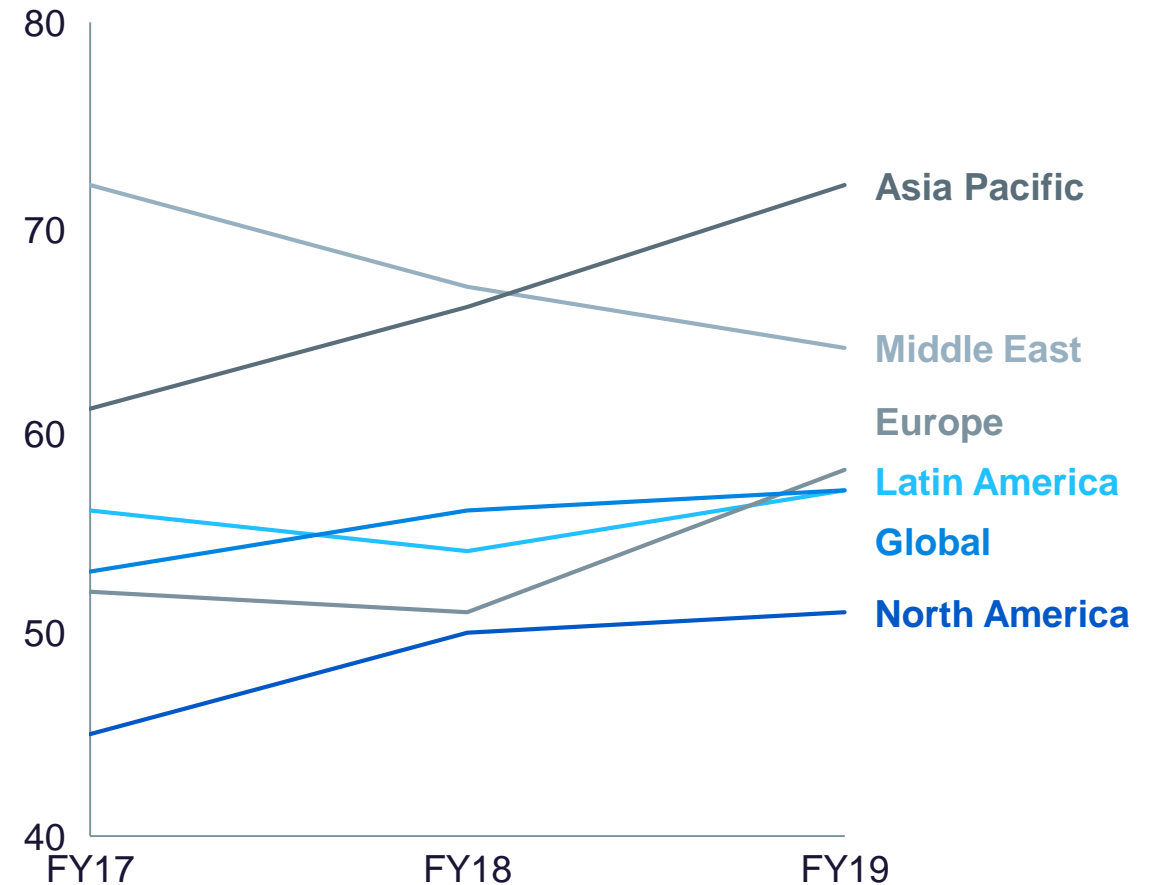


USA (€11 m)
V84.2 replaced
by 2000E



Note: € figures refer to order intake | 1 Own fleet
2020-09-01

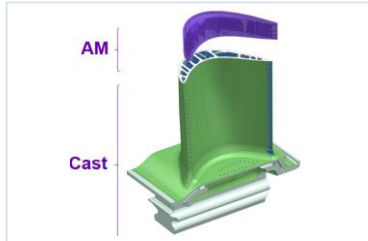
Large gas turbine fleet utilization (%)¹



Productivity and innovation will drive our margins

Advanced repairs

Additive manufacturing blade repair



Enhanced brazing



- **Increase** component life-cycle-costing value
- Improved **durability** and **performance**
- **Lower repair costs** (flex repairs)

Field service tools and utilization

Field service utilization



Tool for rapid compressor cylinder removal



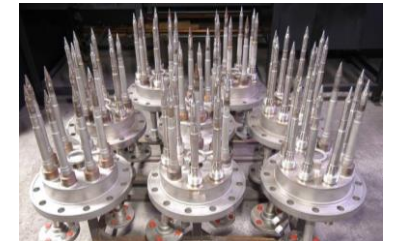
- **Better** field service utilization
- **Faster repairs** and (dis-)assembly
- Improved **costs, schedule, safety**

Technology download from product development

Enhanced vane design



Optimized support housings



- Interval extension – **lower life-cycle-costings**
- Component **life extension**
- **Improved durability**

Increasing focus on Service R&D and field service utilization

Digital

We are growing on multiple levels

New digital revenue

New Growth

- **Software as a service** (recurring revenue model)
- **Asset agnostic offering**
- Example: Omnivise offering, e.g. cybersecurity

Increasing the value of our offering

Enrich Offerings

- Combining **domain expertise** with **digital expertise**
- **Differentiating** our offering
- Example: Remote services

Internal digitalization

Transform the Core

- **Automation of processes**
- Strengthen **digital backbone**
- Example: Digitalized outage processes



Multi-fold revenue increase in coming years



Strongly growing enabled value through outage service



Significant increase in degree of automation

Conclusion

We will continue to deliver stable and profitable revenue

- 1 Service to remain a resilient and profitable business
- 2 Growing our fleet and driving revenue from LTPs
- 3 Digital and innovation to support margin and add additional revenue pockets