Capital Market Day 2020

Service Section
Tim Holt, Member of the Executive Board of Siemens Energy
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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

€35 bn service backlog

€7.9 bn 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)

Service is the backbone of Siemens Energy

SGRE

€12 bn service backlog

€1.6 bn service revenue

16% service revenue share

Note: Financials as of FY19 | 1 €(0.3) bn reconciliation of divisional revenues to Gas & Power

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Service Gas and Power
What we do

Service revenue share by division (FY19)

Transmission
Generation (large gas and steam fleet)
Industrial Applications (industrial fleet and compressors)

€7.9 bn

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 region\(^1\) (units)

- Latin America
- Middle East
- Asia Pacific
- North America
- Europe

>90 k

By type\(^2\) (service revenue)

- Large gas turbines
- Large and industrial steam turbines
- Compressors
- Industrial and aeroderivative gas turbines
- Other (incl. transmission, controls and digitalization)

€7.9 bn

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

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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

2020-09-01
How to think about service
Gas turbine example

Regular service intervals crucial to maintain turbine performance and availability.

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

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

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

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.

Ad-hoc service plus spare parts supply

Contract signing | Turbine installation | Lifetime extension – from upgrade to brownfield exchange

~2-4 years | ~5 years | ~20 years (turbine lifetime)

Major inspection (highest service revenue event)
Hot gas path inspection (significant service revenue event)
Minor inspection (service revenue event)

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

Regular service intervals crucial to maintain turbine performance and availability.

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)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fleet (units)</th>
<th>Revenue/unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td></td>
<td></td>
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<tr>
<td>FY18</td>
<td></td>
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<tr>
<td>FY19</td>
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</tbody>
</table>

**Growth outlook**

- LGT: Fleet (units) and Revenue/unit increasing
- IGT & AGT: Fleet (units) decreasing, Revenue/unit increasing
- Steam: Fleet (units) and Revenue/unit increasing
- Transmission: Fleet (units) and Revenue/unit increasing

**Note:** LGT = Large Gas Turbine; IGT = Industrial Gas Turbine; AGT = Aeroderivative Gas Turbine

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Gas
Major recent wins and strong utilization

Major recent wins across gas turbine portfolio

Long-term service program

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

Egypt (€30 m)
10-year 3x SGT-800

Operations and maintenance

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

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

USA (€11 m)
V84.2 replaced by 2000E

Brownfield exchange

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

Note: € figures refer to order intake | 1 Own fleet

Large gas turbine fleet utilization (%)\(^1\)

Asia Pacific
Middle East
Europe
Latin America
Global
North America

Legend:
- Israel
- France
- Taiwan
- Egypt
- Iraq
- USA

Note:
- \(\text{(\(\text{\textcurrency}\)) figures refer to order intake)}\)
- \(1\) Own fleet

2020-09-01

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Productivity and innovation will drive our margins

**Advanced repairs**

- Additive manufacturing blade repair
- Enhanced brazing

**Field service tools and utilization**

- Field service utilization
- Tool for rapid compressor cylinder removal

**Technology download from product development**

- Enhanced vane design
- Optimized support housings

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

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

- **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