

We bring Power to the People

Willi Meixner, CEO Power & Gas

Capital Market Day – Energy and Oil & Gas | Houston, June 29, 2016

Notes and forward-looking statements

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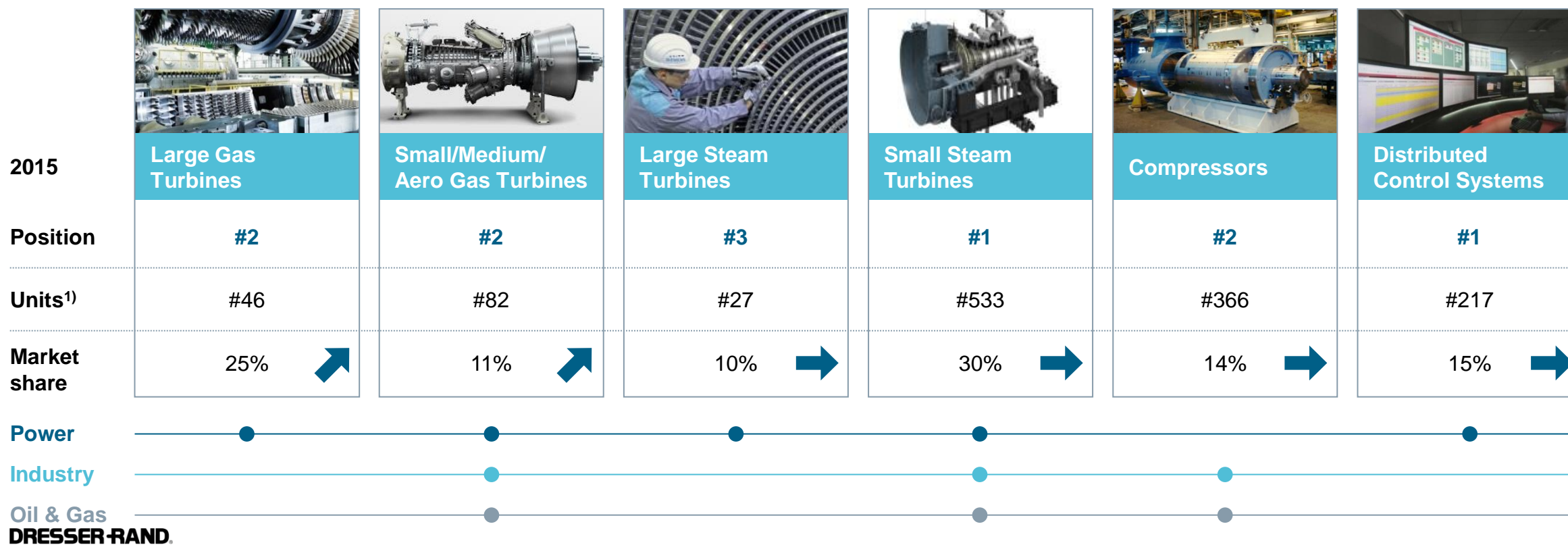
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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Power & Gas – The best portfolio of all worlds in rotating equipment

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Key figures FY 2015: €15.7bn Orders | €13.4bn Revenue | 10.5% Profit margin | 50.3k Employees | 11 to 15% Margin target



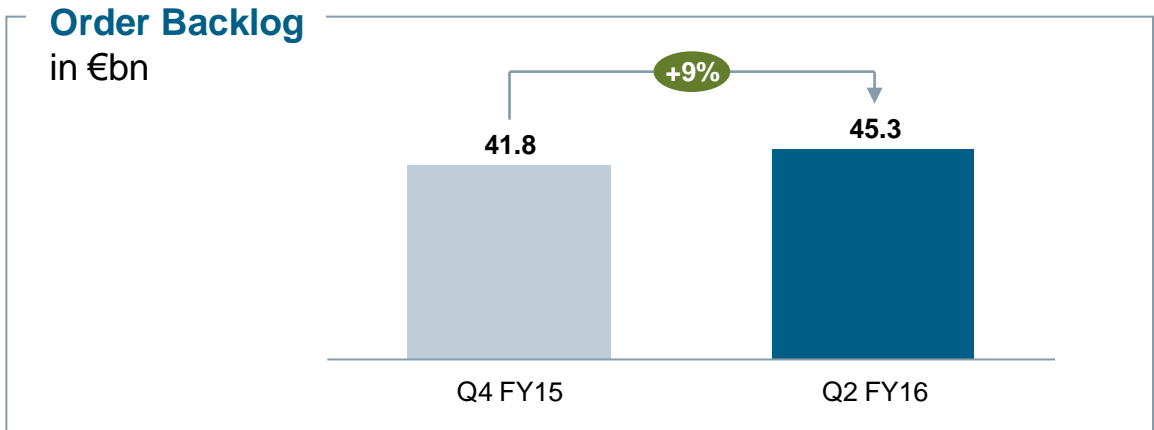
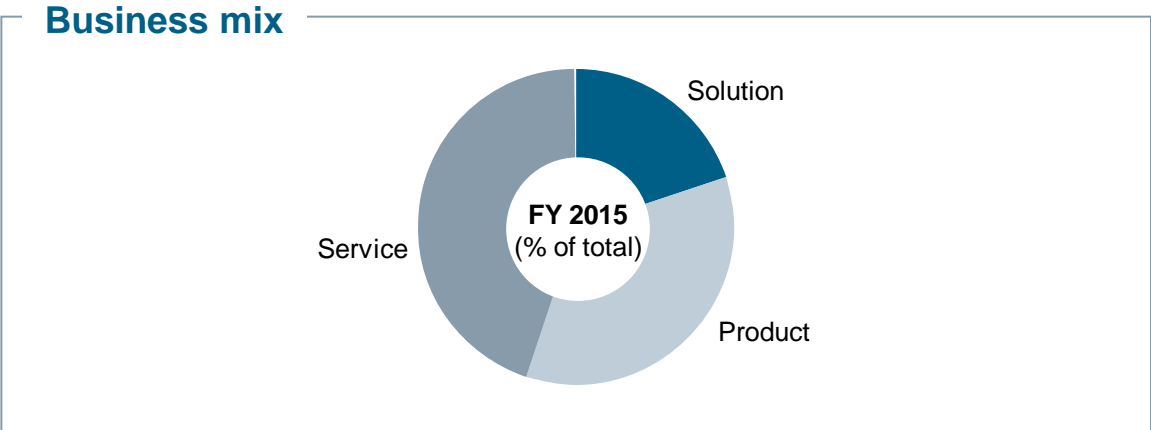
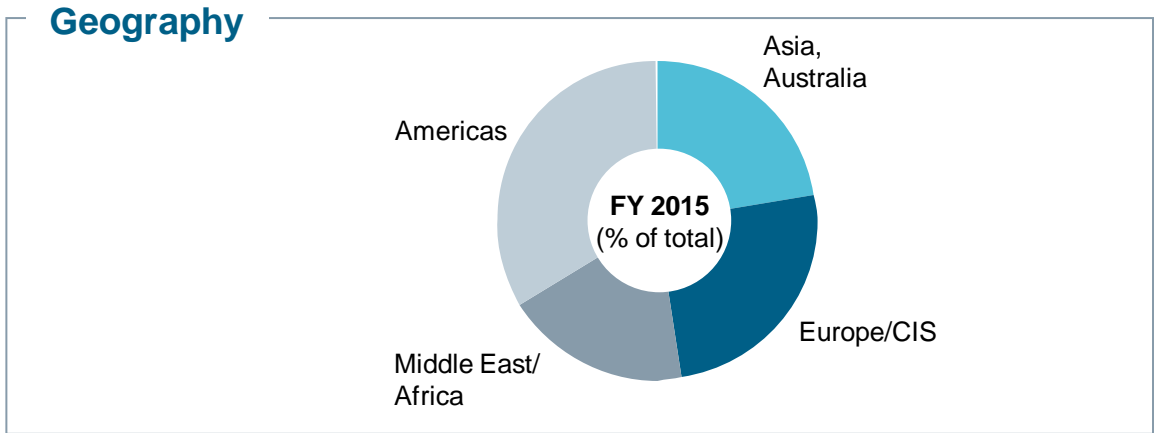
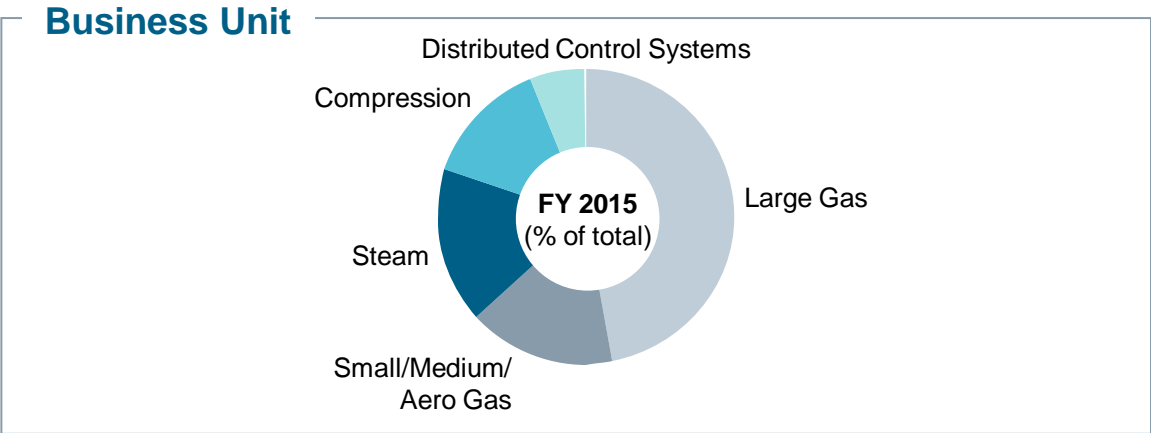
Note: Values including D-R business and Service 1) For compressors: D-R share based on CY15; for DCS: Additions to installed fleet in CY15

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Robust business model with high service share – Improved global revenue spread



Revenue split and order backlog



Note: Values including D-R business and Service
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Good growth momentum in 2016, committed to deliver competitive margins

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Grow volume



Go-to-Market

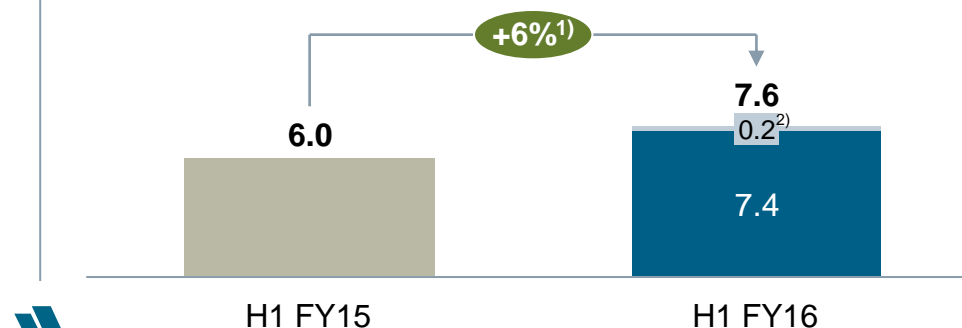
- Early market development
- One Division Sales
- Flexible scopes, partnering



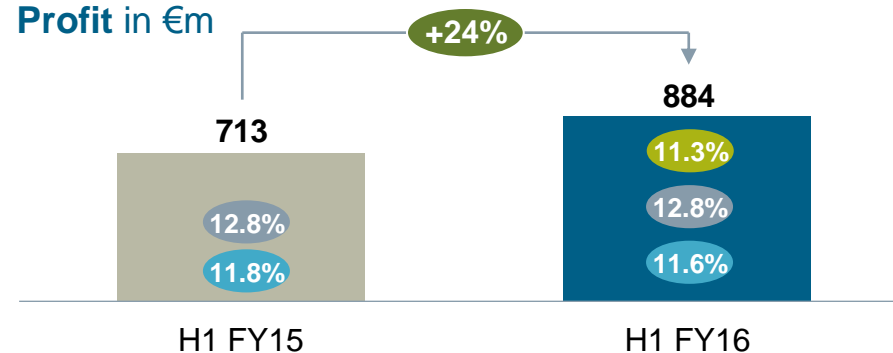
Technology

- Next generation gas turbine @ 63%+ efficiency
- Agile and fast development
- Digitalization – PG 4.0

Revenues in €bn



Profit in €m



Capture profits



Productivity

- 4% achieved in FY15
- New target: 4%++ p.a.
- 20 core revenue carriers in focus



Footprint

- Headcount reduction >3,000 (as announced)
- Localization in growth countries



Operational excellence

- Risk management in projects
- Lead time/ Fast Power

Note: Values including D-R business (H1 FY16) and Service

1) Comparable, i.e. adjusted for currency translation and portfolio effects

2) Revenue effect Iran H1/16: €174m

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x.x%

Profit margin as reported

x.x%

Profit margin excl. severance / D-R integration

x.x%

Profit margin excl. severance / DR-integration & Iran effect



We know how to win around the globe

- 1 Early market development
- 2 Localization/ Partnerships
- 3 Integration competence
- 4 Fast-track capability
- 5 Financing



Selected regional "sweet spots"



Egypt



United Arab Emirates



Indonesia



Nigeria



Bolivia



Mozambique



We offer flexible scopes to address all customer needs

Power Train

~20%



- >100 EPCs across the globe
- Product business – OEM scope

Power Island/Block¹⁾

~60%



- Local know how through partner
- Design/integration know how

Turnkey

~20%



- Selective, in known territory
- OEM + solution (single interface)



Execution of Egypt projects on track

- Senior Project Leader in country reporting to Davis/Meixner
- Strong local consortium partners
- Senior staffing of entire project and site execution team
- Regular project reviews on Division level

1) Including consortium business

H-class market leader with >240.000 operating hours

Worldwide leader in H-class technology



Commercial operating time
>240.000 hours

Turbines in commercial operation
24 units

Worldwide sold to
11 countries

Fortuna Düsseldorf – Our most efficient and environmentally friendly power plant



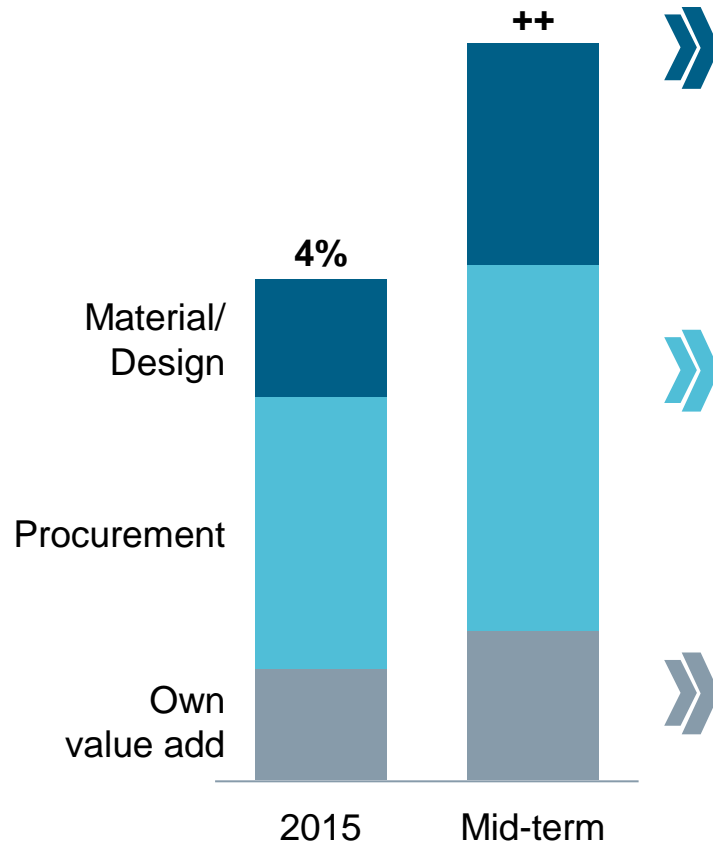
Power output
603.8 MW(e)

Plant net efficiency
61.5%

Steam extraction district heating
300 MW(th)

We have a relentless focus on productivity

Productivity targets



Cost Value Engineering

- Deep analysis of material and manufacturing process
- Target costing, cross-functional collaboration with supplier

Example: Heat recovery steam generator Bolivia



~25% savings

Smart bundling over multiple projects

- Early involvement of the Supply Chain organization
- Scale effects through volumes, e.g. Egypt, Mexico

Example: Fuel Gas Manifolds

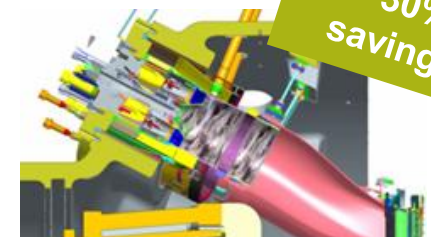


~40% savings

Footprint optimization

- Capacity adjustments
- Core vs. non core

Example: Insourcing of combustion manufacturing



~30% savings

Well balanced R&D creating customer value

R&D allocation – New Unit

Cost-out



**New development/
upgrades**

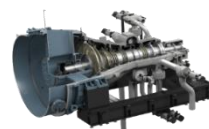


Advanced technologies



Examples

**Enhanced platform
steam turbines**



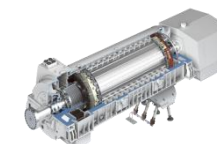
~20% cost
savings

Industrialization aeros



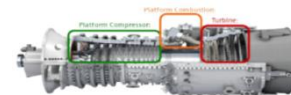
Casing
savings:
~50%

Cost Value Engineering



Generator
Cooler
design:
~60% savings

Next generation gas turbine



63%+
efficiency

SGT-4000 F upgrade



Optimized for
hot ambient
conditions

SGT-800 upgrade



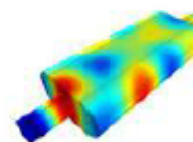
56%+
efficiency

New materials



Turbine
Inlet
Temperature
>1600°C

**Advanced design and
engineering tools**



~25% gains
in productivity

**Advanced manufacturing/
rapid prototyping**



~50% faster

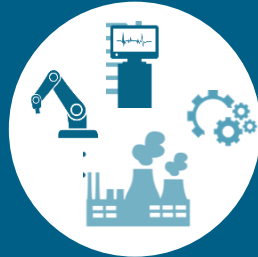
We digitalize our value chain to speed-up and increase efficiency

One technology core

Powered by
Sinalytics

Digital value chain – PG 4.0

Fluid integration of digital technologies into our manufacturing and production network

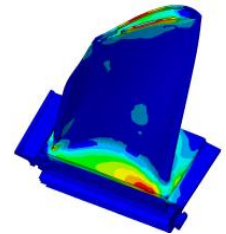


New business models



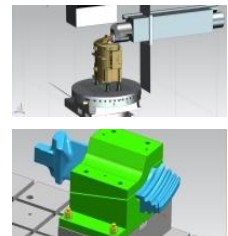
Integrated design system (Gas Turbine)

25% productivity gains in engineering and faster time-to-market



3D simulation and modeling (Görlitz)

40% cost reduction in bearing casing and **25%** cost reduction for blade machining



Additive manufacturing (Finspång, Berlin)

>50% faster prototype development and **5 times** faster manufacturing



Summary: We deliver on our commitments

Key takeaways



Go-to-Market

€13.4bn +
revenues

- One Division Sales
- Mega-deals, e.g. Egypt, Bolivia
- SGT-800 China, Partnering Iran



Technology

63%+
efficiency

- Proven H-class with >240.000 operating hours
- "Baukasten", platform concepts
- 3D Competence Center



Productivity

++

- Division Procurement Officer, Sourcing Boards
- Cost Value Engineering
- Focus on 20 core revenue carriers



Footprint

>3,000
HC reduction (as announced)

- Mt. Vernon, Oberhausen
- Value add structure, core/non core
- Localization



**Operational
excellence**

Flawless
execution

- Egypt projects on track
- Quality cost in manufacturing <1%
- Close monitoring of quality hotspots

PG product portfolio and offering (1/2)

Central Power Generation



Large gas turbines
(100 MW to 400 MW)



Generators
(25 MVA to 2,235 MVA)



Utility steam turbines
(90 MW to 1,900 MW)



Power plant solutions

- Gas turbine power plant solutions
- Combined cycle power plants (CCPP)
 - Single-shaft and multi-shaft configuration
 - Integrated solar combined cycle power plants
- Integrated gasification combined cycle
- Combined heat and power (CHP)



Instrumentation & Controls

Industrial/Decentral Power Generation



Aeroderivative gas turbines
(4 MW to 66 MW)



Industrial gas turbines
(5 MW to 53 MW)



Pre-designed and industrial steam turbines
(45 kW to 250 MW)



Industrial power plant solutions (IPPS)



Instrumentation & Controls



Diesel and gas engines up to 1.5 MW

PG product portfolio and offering (2/2)

Oil and Gas



Most extensive range of compression equipment

- Vertically and horizontally split centrifugal and axial flow compressors for oil and gas and other applications
- Versatile integrally geared turbomachinery for air separation and chemicals
- Gas field and process reciprocating compressors applied throughout the oil and gas value stream



Industrial and aeroderivative gas turbines

(up to 100 MW)



Steam turbines

(up to 250 MW)



Diesel and gas engines

(up to 1.5 MW)