Delivering Performance in Service

Randy Zwirn, CEO Power Generation Service
Capital Market Day – Energy and Oil & Gas | Houston, June 29, 2016

Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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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 Generation Services:
A solid business model for stable, highly profitable revenue

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FY 2015: 17,600 employees | €34bn backlog | 3 Business Units | 5 regional headquarters

Power Generation

- 8,200 employees
- Large gas turbines, large steam turbines, generators
- Power plant control systems
- Utilities, indep. power producers

Distributed Generation

- 5,500 employees
- Small and medium gas turbines, small steam turbines, aero-derivatives
- Power, industry and O&G

DRESSER-RAND
A Siemens Business

Industrial steam turbines, mechanical drives, compressors

Wind Power

- 3,600 employees
- Onshore and offshore wind turbines
- Utilities and developers

Regional headquarters: Orlando[1)], Berlin, Dubai, Shanghai, Singapore

- Fleet & backlog continue to grow
- Globally diversified portfolio mitigates exposure (product line, region)
- Digitalization and innovation create value for the customer

1) Also global headquarters

Fleet growth and revenue diversification drive service's continued performance

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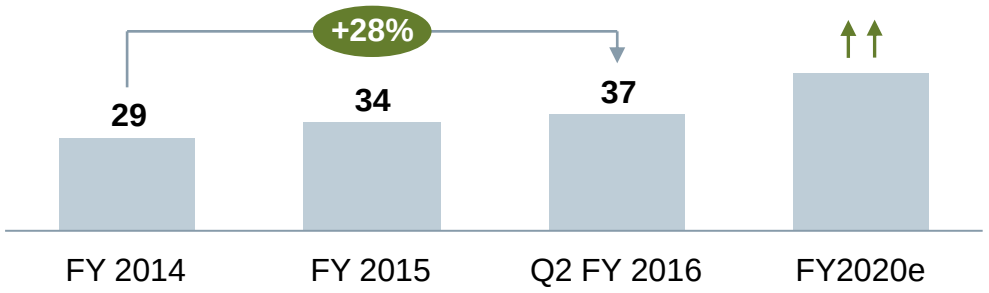
Service-relevant fleet and backlog growth

Backlog growth (in €bn)



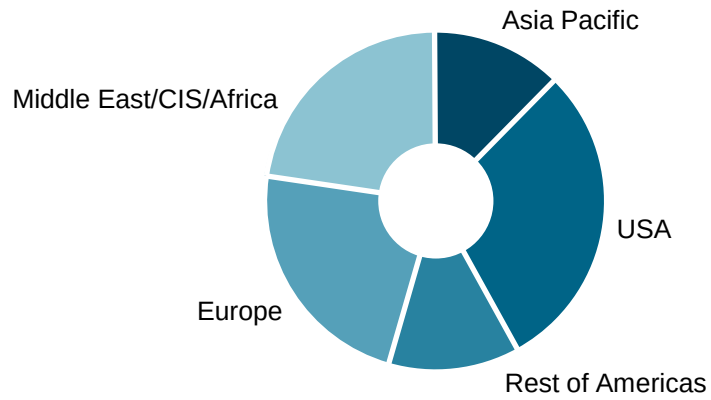
Growth in service-relevant fleet and revenue

	LGT	IGT & AGT	Steam	Wind
Fleet (units/GW)	**+17%** Growth '16 – '20	**+12%** Growth '16 – '20	**+9%** Growth '16 – '20	**+81%** Growth '16 – '20
Revenue	**+23%** Growth '16 – '20	**+15%** Growth '16 – '20	**Stable** Growth '16 – '20	**+94%** Growth '16 – '20

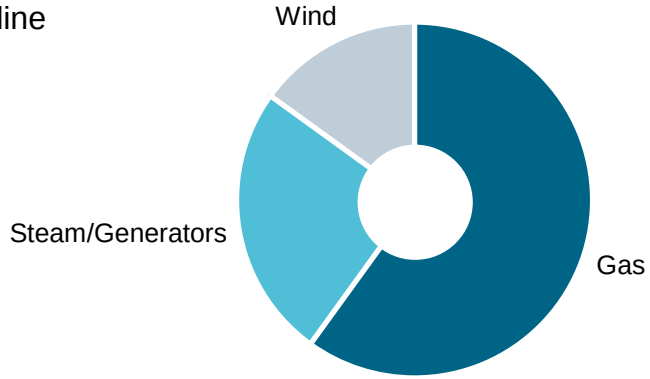
Revenue diversification

FY 2015 revenue split

By region



By product line



Continued expansion across entire gas turbine product line supported by record utilization

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Major wins across entire gas turbine portfolio

USA – **€47m Macquarie Bayonne** LTP renewal for **iTrents**

USA – **€166m** Lordstown CC power plant **LTP**, 2x 8000H

Qatar – **€319m CC LTP** with Umm Al Houl Power

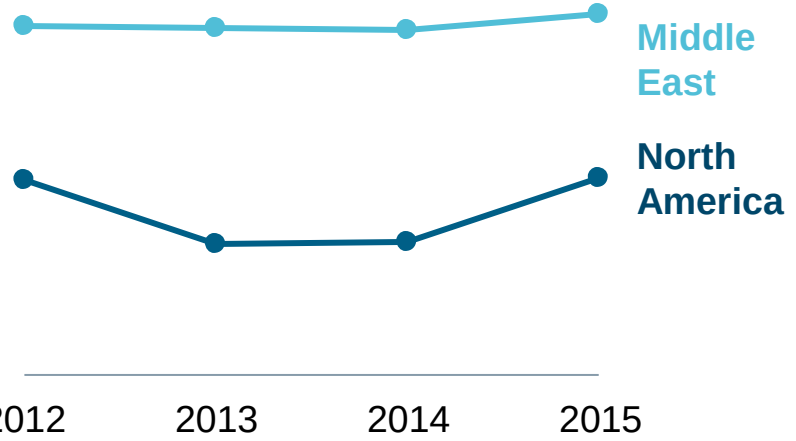
Bolivia – Ende LTP for **SGT-800,** pending LTP for **7x CC power plants**

Egypt – **€1.6bn LTP** for **24 H-class** gas turbines

Qatar – **€400m LTP** for **9x iTrents and D-R compressors** w/ **Dolphin Energy**

Record gas turbine utilization

Combined cycle gas turbine utilization



- **Middle East** gas turbine fleet of >300 units run consistently as **baseload with ~80% utilization**; most efficient turbines in fleet
- **North America** combined cycle gas turbine fleet shows **record dispatch rates**; 65% utilization in 2015, continuing in 2016

CC = combined cycle LTP = long term program

Productivity and innovation make gas turbine fleet even more valuable in the future

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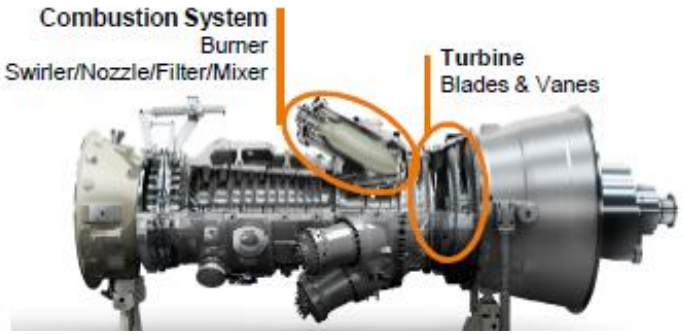
Improving productivity

3D printing/additive manufacturing

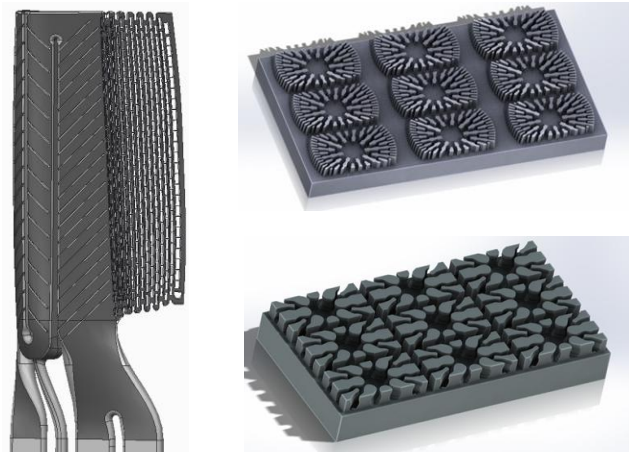


Cut lead time by 90%
from 44 to 4 weeks

Rapid prototyping
from >1 year to months or weeks

Increasing efficiency

Advanced GT blade cores



Up to 60% increase in heat transfer
reduce cooling air for increased efficiency and blade life

Supporting renewable integration

Combined cycle flexibility upgrades

Faster starts and load ramping
to support expanded grid services

Increased power including peak

Higher availability
and extended plant life

GT = gas turbine

Steam business transitioning to combined cycle with stable fleet presence and outage events

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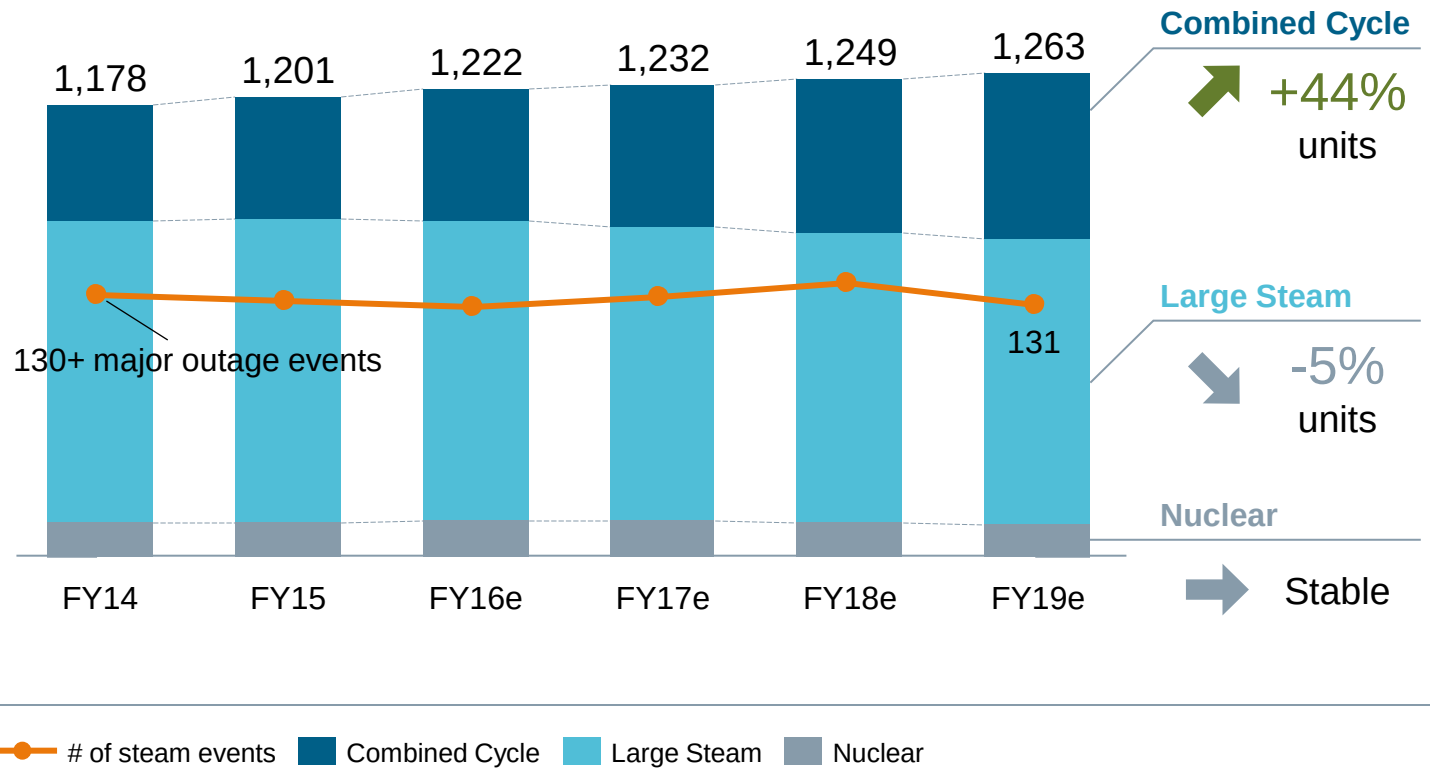
Steam fleet

of operating Siemens Steam Turbines and outage events



Key indicators

- **+72,000 additional industrial steam units** including Dresser Rand
  - >€700m in revenue
- Continued opportunities in **steam upgrades** e.g. €120m Turkey Point FPL nuclear upgrade (U.S.)
- Continued **investments into improving life cycle cost** via advanced inspection & digital techniques e.g. blade crack detection

Wind has strong growth opportunities, increasingly profitable

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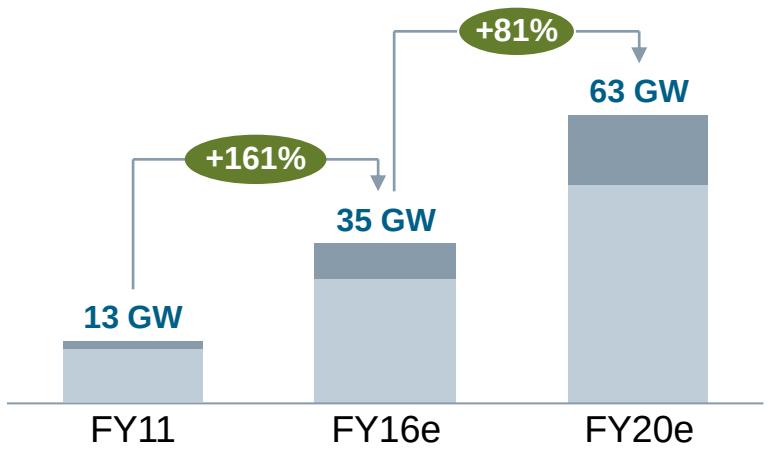
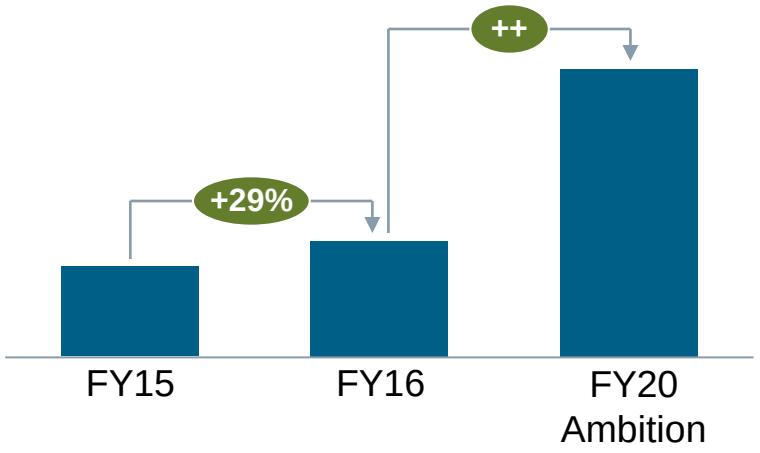
Growth | **Productivity** | **Performance**

Service wind fleet growing



Days between service visits



Profitability expansion

- Delivering service on **80% of turbines** by 2020
- Availability of **98% ++**
- **>10,500 turbines** monitored remotely worldwide
- R&D investment **up 130%** from FY14, advancing digital service
- **Market leader** in offshore wind service innovation

Leveraging data for productivity gains:
20-30% reduced maintenance cost of farms >70km off coast, with >2,000 offshore turbines remotely monitored

Offshore, GW | Onshore, GW | Average days between service visits

Digitalization and data transform how service is delivered and create value for customers

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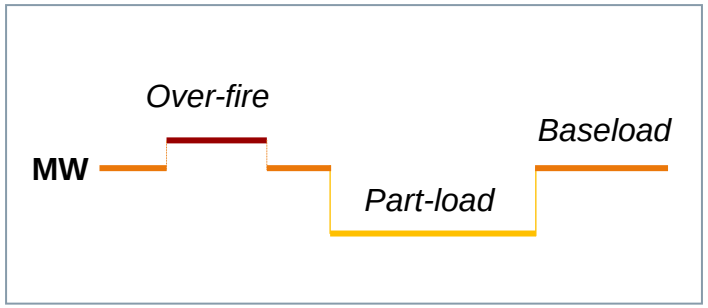
Powered by Sinalytics

Sinalytics

Siemens' technology platform for digital services, processing **550 gigabytes** per day from more than **300,000 devices**

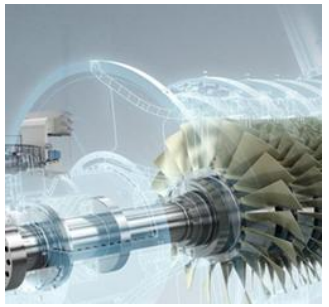
Data management → **Analytics** → **Value**

€3bn+ of Flex LTPs in backlog



- Customized scope, interval and performance
- 60+ units under contract

Self-learning turbines



- Software seeks optimal settings
- WP: Increased AEP 3X more impactful than OPEX reduction on LCoE
- GT: 20% reduction in degradation

Paperless outages

- Modular apps for integrated outage management and paperless outages
- Real time availability of data for rapid reaction and reduced process cycle time

AEP = Annualized Energy Production LCoE = Levelized cost of energy LTP = Long-term Program

Demonstrated capabilities create space for selective cross-OEM service engagement

OEM	Technology	Selected examples	Service provider
GE/Alstom	Gas turbines	• Full operations and maintenance on GE 7FA gas turbines in US • Frame agreement for 8x GE 7FA gas turbines with Entegra in US	EthosEnergy
	Steam turbines	• Modernization and upgrade for Alstom nuclear steam turbines in for several customers in Belgium, Sweden, and US • Overhaul on GE steam turbine and generator in New Zealand	SIEMENS EthosEnergy SIEMENS
Ansaldo	Gas turbines	• Parts on Ansaldo 1000F gas turbine in Greece • Parts and repair on Ansaldo 2000E gas turbines in South Asia	SIEMENS
Elliott	Steam turbines	• Overhaul and rerate for Elliott steam turbines and compressors in US	EthosEnergy SIEMENS

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Key takeaways

Fleet growth and robust backlog	**28%** Increase in backlog FY14 – Q2 FY16	• Fleet and backlog continue to grow organically • Significant installed base added from acquisitions
Diversified base	**++** Growth across all product lines	• Diversified business across regions, products and industries • Drives sustainable revenue growth and profit expansion
Digitalization and innovation	**€3bn+** Backlog for flex contracts	• Digitalization already transforming service and creating customer value • R&D innovations make fleet even more valuable