

# Together we deliver

Chris Rossi, CEO Dresser-Rand  
Capital Market Day – Energy and Oil & Gas | Houston, June 29, 2016



# Notes and forward-looking statements

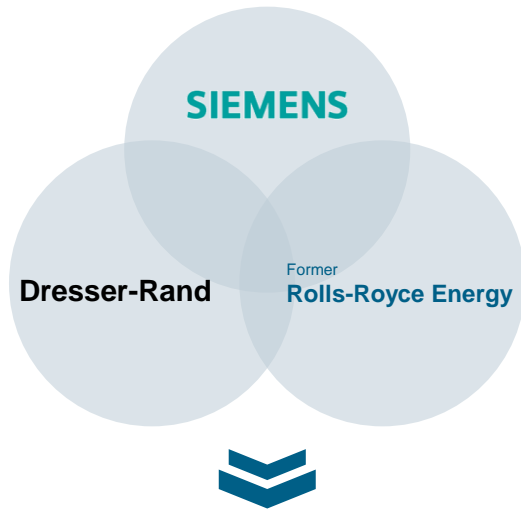
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# Dresser-Rand, a Siemens Business – Well positioned to compete and preparing for profitable growth

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**DRESSER-RAND®**

A Siemens Business

Revenue



**3.4-3.7**  
billion €

**80**



Locations  
worldwide

Employees



**11,000**

**Well positioned  
to compete in the  
current challenging  
market conditions**

**Taking advantage  
of low market  
activity to prepare  
for profitable growth**

Expanded technology and product portfolio

Solutions based on full complement of Siemens portfolio

Extensive service network/largest installed base

Enhanced client relationships/agreements

Synergies from acquisition

Operational excellence

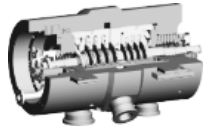
Technology/innovation

# Dresser-Rand is the Siemens channel into the Oil & Gas market, leveraging the combined compression and power generation portfolio

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## Compression

### Single-shaft



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Dresser-Rand

Former  
Rolls-Royce Energy

### Gear-type



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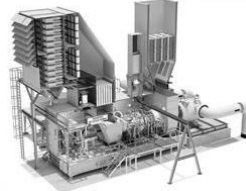
### Reciprocating



Dresser-Rand

## Power Generation & Mechanical Drives

### Gas Turbine packages



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Dresser-Rand

Former  
Rolls-Royce Energy

### Steam turbines



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Dresser-Rand

### Engines



Dresser-Rand

## E-Houses

### Power and process modules



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## Services

- Parts, repairs, field service
- Long-term service plans
- Installation and commissioning

- Revamps/upgrades
- Digital Oil & Gas solutions

Powered by  
Sinalytics

## Go-to-market for broader Siemens portfolio

- Motors and drives, gearboxes
- Automation systems

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- Switchgear, transformers
- Water treatment/sulfate removal

# Ready to deliver solutions based on the complete Siemens portfolio

## Examples

### FPSO



Siemens scope:  
US\$300 – 400m<sup>1)</sup>

### LNG

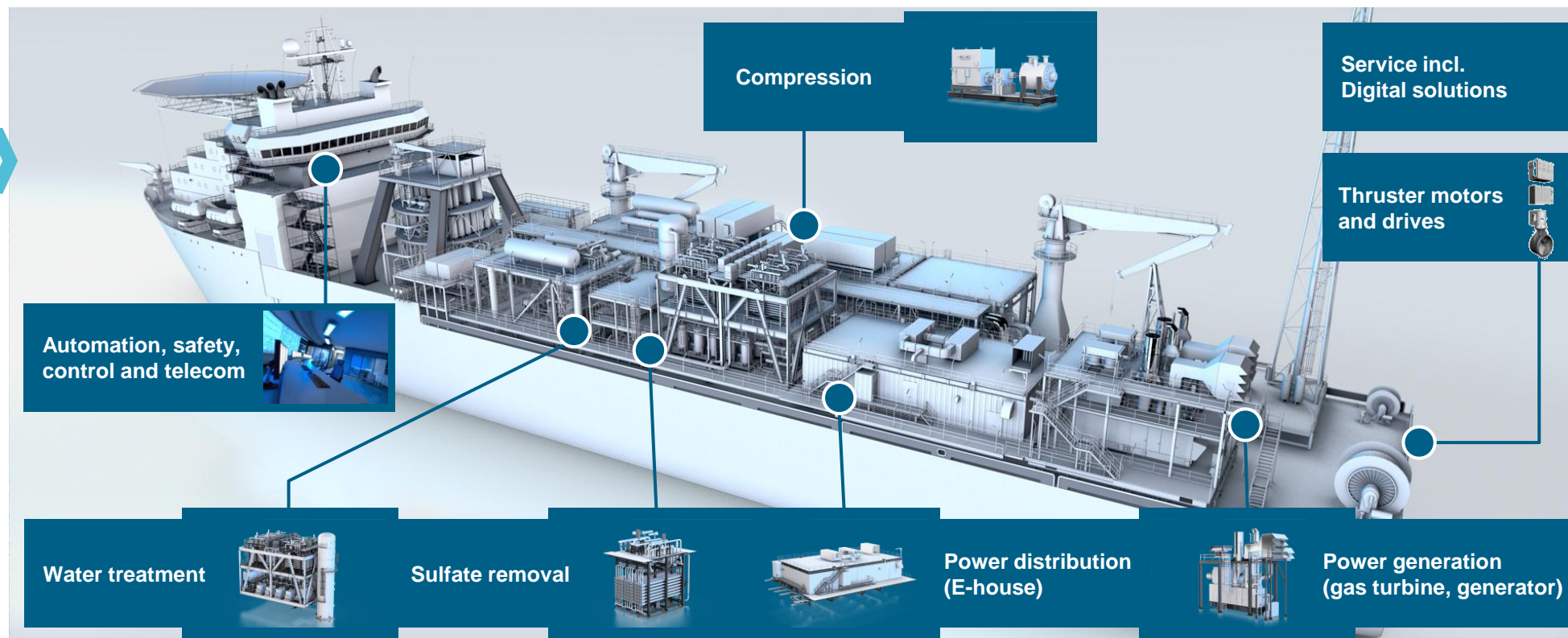


Siemens scope:  
US\$400 – 500m<sup>2)</sup>

### Pipeline



Siemens scope:  
US\$100 – 120m<sup>3)</sup>



**Client value proposition: Work with a single equipment and service supplier to lower CAPEX/OPEX**

1) Based on FPSO with 200,000 boe/d capacity, fully modularized 2) Based on greenfield LNG plant with 5.5 MTPA 3) Based on 200 mile pipeline w/ 60 MW compression station, 600 MMSCFD

# Dependable high-margin service business annuity tied to the industry's largest installed base

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## Strong services network and capabilities

### Largest installed fleet

- Industry's largest installed base secures further profitable service growth opportunities

### Global presence

- Client intimacy and faster response times through local presence and most extensive service network with **over 80 facilities around the globe**

### Recurring revenue stream

- Resilient service market business keeping mission-critical equipment running
- Service represents **~50% of revenue**

## Leveraging the combined PS and D-R Service capability

**DRESSER-RAND**  
A Siemens Business

- Industrial steam turbines
- Mechanical drives
- Compressors

### Sales

- Combined structure organized by regions
- One face to the customer approach

### Service Execution

- Complementary global coverage of service centers, product centers, and field service personnel
- Rationalization plan in process
- Managed regionally as shared resources between PS and D-R

# Over 80 combined alliances with O&G clients showcase the strength of our value proposition

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Validates the value of bringing Dresser-Rand, Siemens and Rolls-Royce together



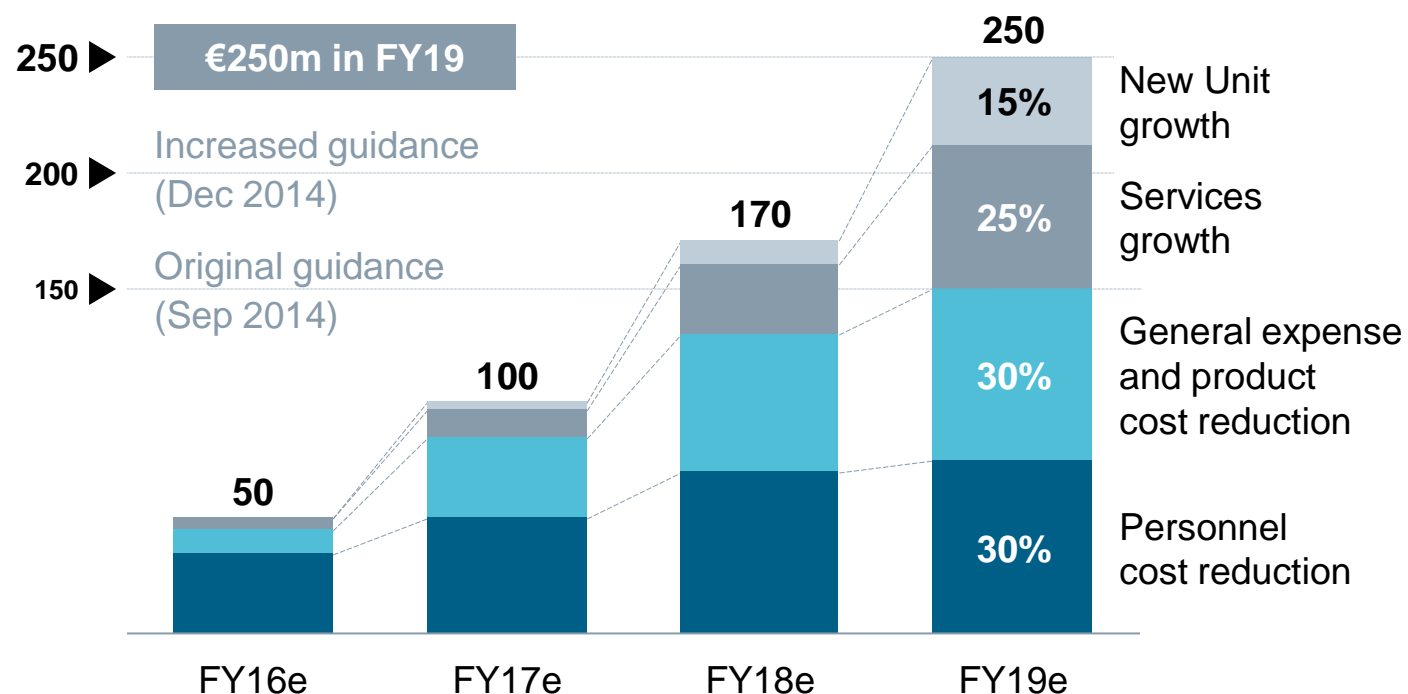
Strategic partner to our client

- Offering single source solutions
- Generating pull-through
- Earning larger share of client spend



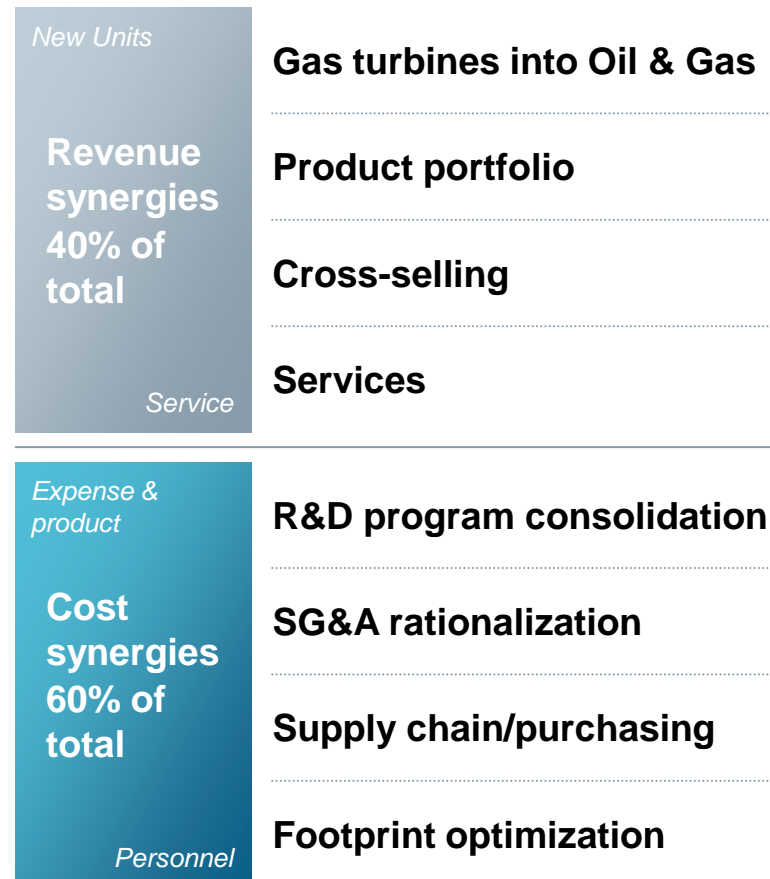
# Integration is progressing well with projected synergies clearly above plan

## Revenue and cost synergies



Higher cost synergies and services synergies driving improvement

## Key synergy drivers





# Aggressively focused on taking cost out of the business

			~% of cost synergies
<div>Expense &amp; product</div> <div>Cost synergies 60% of total</div> <div>Personnel</div>	R&D program consolidation	<ul style="list-style-type: none"> <li>Consolidate duplicate programs between D-R and Siemens</li> </ul>	10%
	SG&A rationalization	<ul style="list-style-type: none"> <li>Completed sales integration and eliminating redundancies</li> <li>Eliminated D-R publicly traded company expenses</li> </ul>	25%
	Supply chain/purchasing	<ul style="list-style-type: none"> <li>Leveraging Siemens purchasing spend of ~20 times D-R spend</li> <li>Consolidating spend with best performing suppliers</li> </ul>	30%
	Footprint optimization	<ul style="list-style-type: none"> <li>Consolidating work into fewer facilities (closure/consolidation of 8 sites)</li> <li>Leveraging low cost manufacturing capability in India and China</li> </ul>	35%
			Objective
Ongoing cost out measures	Operational excellence focus	<ul style="list-style-type: none"> <li>General resizing of all functions and facilities for lower volume</li> <li>Implementing D-R flexible manufacturing model</li> </ul>	<ul style="list-style-type: none"> <li>Lower cost structure</li> <li>Improved profitability</li> </ul>
	Technology/innovation focus	<ul style="list-style-type: none"> <li>Deploying D-R value engineering/value analysis program</li> <li>Developing next generation compressor with best of best technology</li> <li>Digitalizing gas turbine package design and build process</li> </ul>	<ul style="list-style-type: none"> <li>Lower product cost</li> <li>Best cycle times</li> <li>Increase value to earn higher price</li> </ul>

Headcount reduced since closing >1,100 FTE (~30% from integration/70% from ongoing cost out measures)

# Leveraging Siemens combined strength to win additional business and deliver on the synergies

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## Gas turbines into O&G



### Replaced 3<sup>rd</sup> party gas turbine with Siemens technology

- New facility
- 2 gas turbine driven compression trains

**Midstream application**

## Product portfolio



### Replaced 3<sup>rd</sup> party motor with Siemens technology

- Latest motor technology bundled with DATUM compression

**Gas transmission**

## Cross-selling



### D-R reciprocating compressor package

- 3 reciprocating fuel-gas compressors
- Electric motor
- Auxiliary equipment

**Power generation with compression**

## Services






### Revamp Siemens compressor modules with D-R technology

- Latest technology bundles
- Turnkey installation and commissioning
- Control room retrofit

**Offshore**

# Well positioned to compete in the current challenging market conditions

	Current situation	Strength of the combined business
<b>Upstream</b> 	<ul style="list-style-type: none"> <li>• Hardest hit due to drop in oil prices</li> <li>• Customer focused on taking cost out, driving standardization and modularization, highest utilization of equipment</li> </ul>	<b>Offshore</b> <ul style="list-style-type: none"> <li>• Legacy D-R strong market position, enhanced with full range of gas turbines and modules</li> </ul> <b>Onshore</b> <ul style="list-style-type: none"> <li>• Legacy Siemens strong market position, enhanced with high pressure compression technology</li> </ul>
<b>Midstream</b> 	<ul style="list-style-type: none"> <li>• LNG supply capacity expected to increase by almost 50% over the next 5 years<sup>1)</sup></li> <li>• Gas transmission still relatively strong activity</li> </ul>	<b>LNG</b> <ul style="list-style-type: none"> <li>• Solution offering (modularization leveraging full complement of Siemens products)</li> </ul> <b>Gas Transmission</b> <ul style="list-style-type: none"> <li>• Improved compressor offering, full range of gas turbine power blocks</li> <li>• Broader regional market coverage</li> </ul>
<b>Downstream</b> 	<ul style="list-style-type: none"> <li>• Less impacted by low oil prices</li> <li>• High utilization of installed equipment</li> <li>• Growth expected in emerging markets/China</li> </ul>	<ul style="list-style-type: none"> <li>• Improved compressor offering</li> <li>• Expanded low cost manufacturing capability</li> <li>• Enhanced application coverage</li> </ul>

1) Source: IHS Global Liquefaction Buildup Tool May 2016



# The strategy to bring Dresser-Rand, Siemens, and Rolls-Royce together to serve the O&G industry is working

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## Key takeaways



**Installed fleet  
and resilient  
service  
business**

**50%**

Service share of  
total revenue

- Fleet continues to grow organically
- Significant installed base added from acquisitions
- Leveraging the combined PS and D-R capability



**Increased  
synergies  
and cost out**

**€250m**

Synergies in FY19

- Integration is progressing well with projected synergies well above plan
- Aggressive focus on cost out measures
- Poised for profitable growth and increasing share



**Performance  
improving**

**€3.4 – 3.7bn**

expected  
Revenue in FY16

### Reaffirming Outlook FY16

- Orders stabilizing, but book-to-bill <1
- Margin in high single digits, excluding transformation cost
- Integration and transformation cost ~€120m in FY16, PPA ~€200m in FY16