

Siemens Energy and Oil & Gas

Lisa Davis, Member of the Managing Board, Siemens AG
Capital Market Day – Energy and Oil & Gas | Houston, June 29, 2016

Notes and forward-looking statements

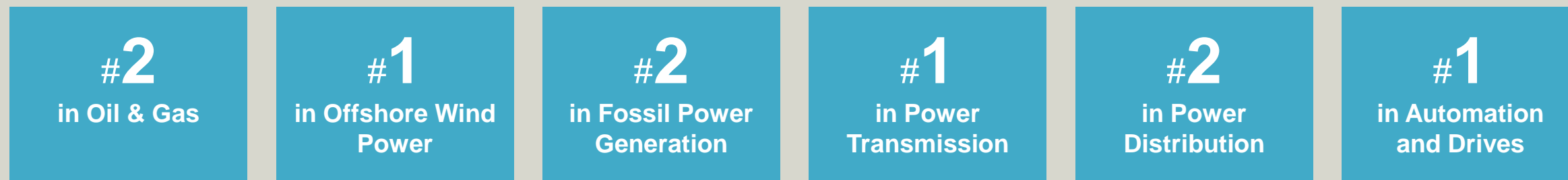
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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Siemens Energy and Oil & Gas – Leading market positions along the entire energy value chain

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Market drivers



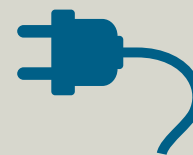
+90 million people every year

Growing population



More people living in cities

Increasing Urbanization



+2.5% electricity demand p.a.

Further electrification



Massive reduction in CO₂

Climate change

A strong portfolio in Electrification, Automation and Digitalization with a focus on Innovation

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Oil & Gas

Power Generation

Power Transmission & Distribution

Consumption

Portfolio highlights

Oil & Gas

- Compression and drives
- Power generation and distribution
- Process, automation and digital solutions

Power Generation

- Gas turbines (4-400 MW)
- Steam turbines (45 kW-1,900 MW)
- Onshore/Offshore Wind turbines (2.3-7 MW)

Power Transmission

- High voltage transmission systems (DC/AC)
- Grid access solutions
- Power transformer
- High voltage switchgear

Power Distribution

- Low and medium voltage products
- Grid protection, automation and power quality
- Distribution transformer

Automation & Drives

- Electrical, automation and instrumentation packages
- Integrated engineering to remote operations
- Industrial security

Innovation underpins success

Refinery with largest IGCC¹



Jazan

Records in combined heat and power gen.



Fortuna Düsseldorf

Integration of renewables



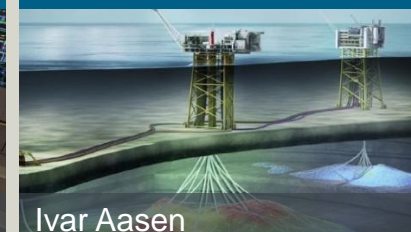
BORWIN3

Real-time grid control



Spectrum Power Platform

Digital oil & gas solution



Ivar Aasen

Service

1) Integrated Gasification Combined Cycle.

A strong portfolio in Electrification, Automation and Digitalization with a focus on Innovation

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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

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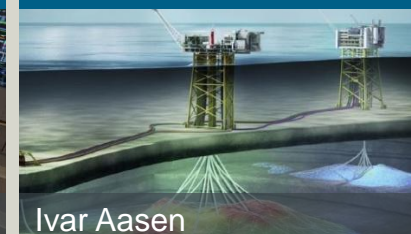
BORWIN3

Real-time grid control



Spectrum Power Platform

Digital oil & gas solution



Ivar Aasen

Service

1) Integrated Gasification Combined Cycle.

Our sizeable installed base and service excellence delivers sustainable and growing revenue

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Installed Units



Large Gas Turbines
Large Steam Turbines

> 2,800 units



Small Steam Turbines
Small/Medium Gas Turbines
Aero-Derivative Gas Turbines

> 78,000 units



Compressors

> 44,000 units



Wind Turbines

> 17,000 units

Drivers for Future Growth

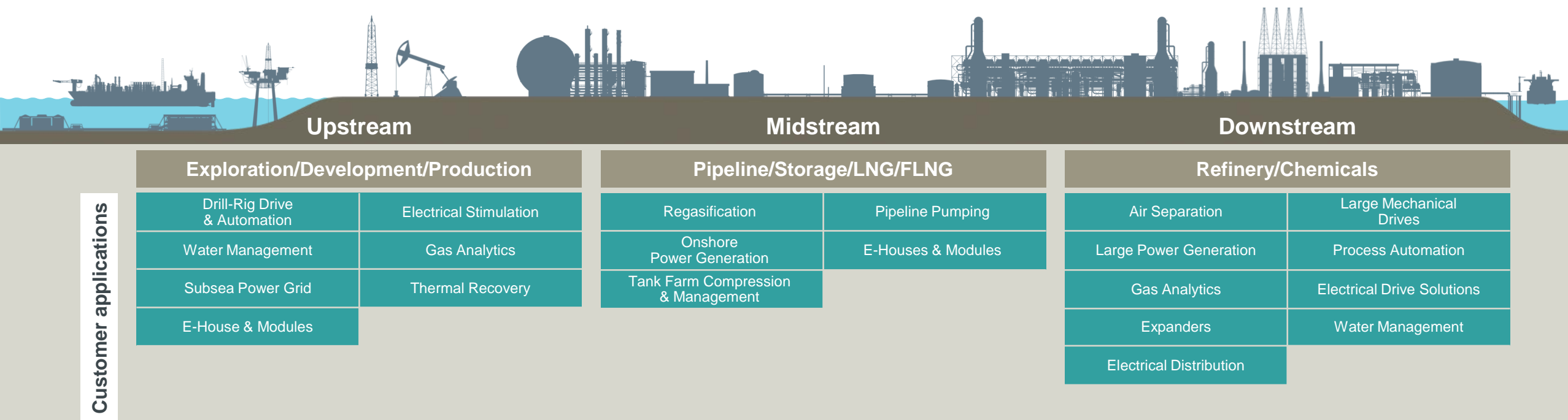
- **Grow serviceable installed base** through **strong integration** with new unit sales
- **Increase number of service contracts** in existing installed base
- Leverage **innovation** to create **more service value**
- **Drive new customer specific business models** based on **Sinalytics**

Note: Installed units as of March 31, 2016.

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Rolls-Royce Energy and Dresser-Rand acquisitions complete our portfolio for Oil & Gas

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Rolls-Royce Energy and Dresser-Rand acquisitions complete our portfolio for Oil & Gas

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Upstream

Midstream

Downstream

Exploration/Development/Production

Pipeline/Storage/LNG/FLNG

Refinery/Chemicals

Customer applications

Drill-Rig Drive
& Automation

Electrical Stimulation

Water Management

Gas Analytics

Subsea Power Grid

Thermal Recovery

E-House & Modules

Offshore Production
(FPSO, FSU)

Regasification

Pipeline Pumping

Onshore
Power Generation

E-Houses & Modules

Tank Farm Compression
& Management

Offshore
Power Generation

Liquefaction Trains

Air Separation

Large Mechanical
Drives

Large Power Generation

Process Automation

Gas Analytics

Electrical Drive Solutions

Expanders

Water Management

Electrical Distribution

Acquisitions

Former
Rolls-Royce Energy

- Integration complete
- Supply chain industrialization underway
- Synergy delivery of **€115m** by FY 2019
(**€65m greater than** commitment)

Siemens Rolls-Royce

Rolls-Royce Energy and Dresser-Rand acquisitions complete our portfolio for Oil & Gas - and deliver €365m in total synergy

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Upstream

Midstream

Downstream

	Exploration/Development/Production		Pipeline/Storage/LNG/FLNG		Refinery/Chemicals	
Customer applications	Drill-Rig Drive & Automation	Electrical Stimulation	Regasification	Pipeline Pumping	Air Separation	Large Mechanical Drives
	Water Management	Gas Analytics	Onshore Power Generation	E-Houses & Modules	Large Power Generation	Process Automation
	Subsea Power Grid	Thermal Recovery	Tank Farm Compression & Management	Offshore Power Generation	Gas Analytics	Electrical Drive Solutions
	E-House & Modules	Offshore Production (FPSO, FSU)	Liquefaction Trains	Small Pipeline Compression	Expanders	Water Management
	Gas Injection	Subsea Processing	Large Pipeline Compression	Micro LNG	Electrical Distribution	Small Mechanical Drives
	Gas Compression	Small Engines			Process Compression	Small Engines
Acquisitions	<div>Former Rolls-Royce Energy</div> <ul style="list-style-type: none"> Integration complete Supply chain industrialization underway Synergy delivery of €115m by FY 2019 (€65m greater than commitment) 		<div>DRESSER-RAND A Siemens Business</div> <ul style="list-style-type: none"> Integration on track with focus on cost-out Synergy delivery of €250m by FY 2019 (€100m greater than original commitment) More than €50m to be delivered in 2016 			

■ Siemens
 ■ Rolls-Royce
 ■ Dresser-Rand

A tough Oil & Gas market requires clear strategy and new solutions

Oil & Gas customer requirements

Increased HSSE requirements

(Health, Safety, Security, Environment)



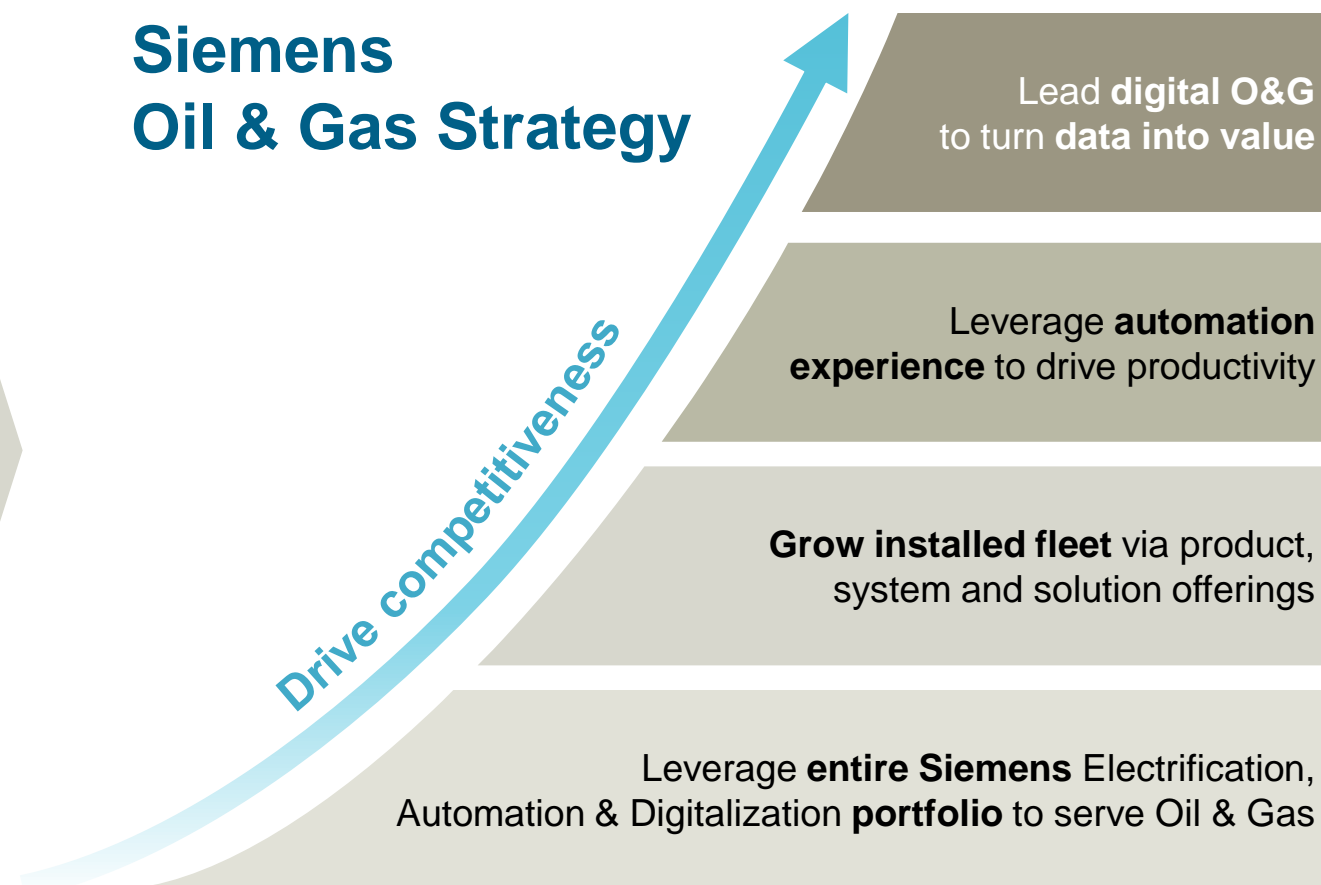
Increased productivity



Improved value for capital expenditure



Siemens Oil & Gas Strategy



Example: Modularization and Standardization – Modularized and standardized solutions reduce risk and cost up to 20%

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Onshore E-House

Yamal LNG (Russia)



29 E-Houses

Client: Yamgaz (Technip, Chiyoda, JGC JV)

- HV (110KV) switchgear
- MV/LV (33KV, 10KV, 400V) switchgear
- MV/LV transformer
- Power management system
- Bus ducts, Fire and gas detection system

Offshore E-House



P-76 FPSO (Brazil)

Client: TT76 (Technip Techint JV)

E-House

- MV/LV switchgears, bus ducts, motor control center
- MV/LV transformers
- HVAC
- Fire and gas detection system
- Battery and chargers, lighting
- Power distribution control system

Power Generation Module



Champion 7 Platform (Brunei)

Client: Shell Brunei

Power Generation Module

- 2 x 12MW GTGs
- Fuel Gas Conditioning Skids
- E-House with MV/LV switchgears
- Battery and charger, transformers
- Emergency diesel generator for black start
- Power management system

Compression Module



P-54 FPSO (Brazil)

Client: Petrobras

2 Compression Modules

- 3 motor driven compressors with 2 compressor casings
- Variable frequency drives
- Gas scrubbing system
- Gas cooling system
- Lube-oil system
- GT auxiliary systems

Successful execution of 50+ onshore and offshore projects totaling over 80 modules

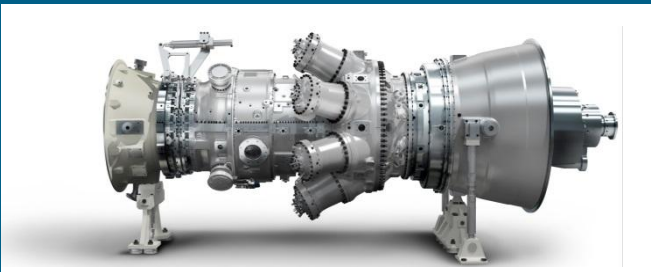
Example: Remote Monitoring and Simulation – Maximized operational availability for the SGT-750 gas turbine

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Turning Data Into Value


Project: Nord Stream Landing Station – Wingas pipeline transportation

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- **Fully integrated 3D design** and manufacturing based on Siemens PLM Software NX and Teamcenter
- **Virtual engineering and training** in safe environment using COMOS Walkinside
- **Predictive maintenance** – online monitoring of critical rotating parts via embedded infrared cameras
- **Remote monitoring** – enables proactive customer support to increase operational availability

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up to **99%**
Availability

Tomorrow's energy market requires us to leverage existing strengths and develop new capabilities

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Trends



Growing investment in **renewables**



Shift to decentralized energy systems



Natural gas is the favored fossil fuel



Unconventional Oil & Gas here to stay



Emerging markets dominate



Digitalization as a game changer



Customer **expectations** increasing

Siemens' strengths

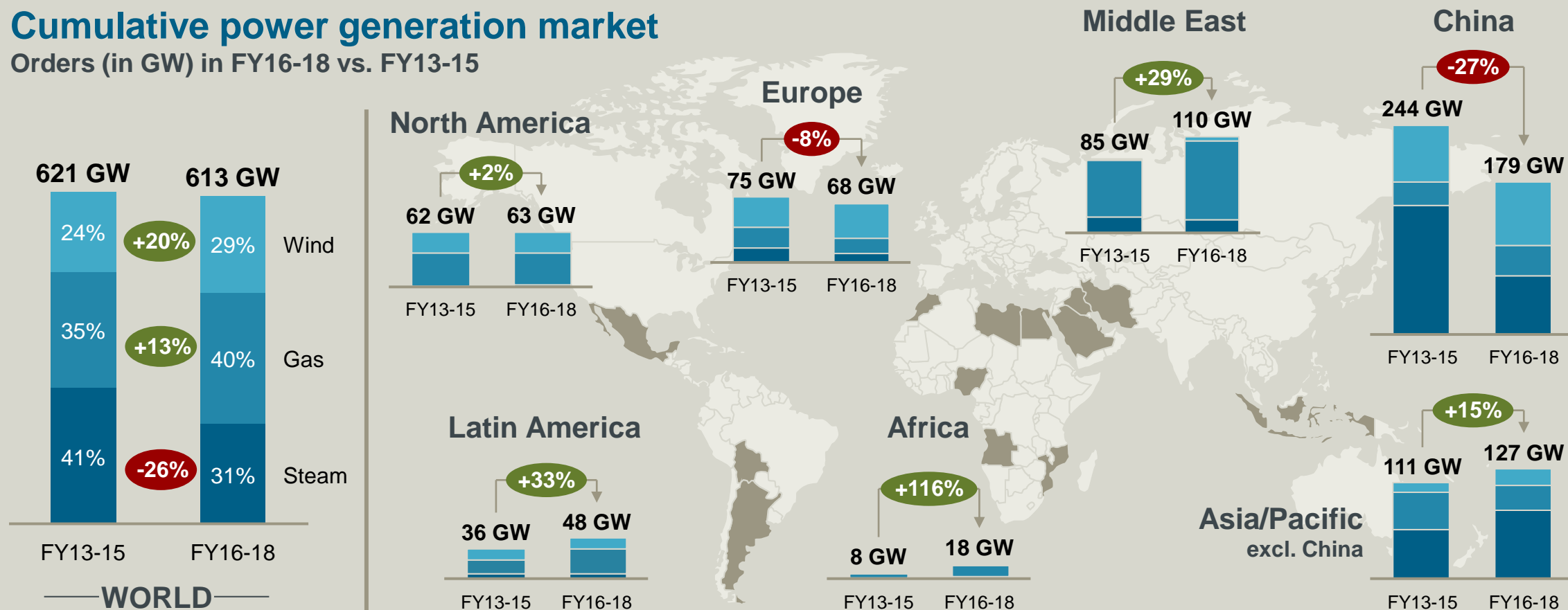
- Leadership position in Wind
- Complete decentralized portfolio
- World records in gas fired technology
- Innovative solutions combining E-A-D
- New financial and funding models
- Remote monitoring and diagnostics
- Integrated teamwork to leverage strengths

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Sinalytics

A promising opportunity pipeline across the globe

Cumulative power generation market

Orders (in GW) in FY16-18 vs. FY13-15



Source: Siemens Internal. Does not include all energy sources.

Selected regional growth areas

Project excellence is a must for delivering value in today's markets – Lessons learned built into our largest, current project

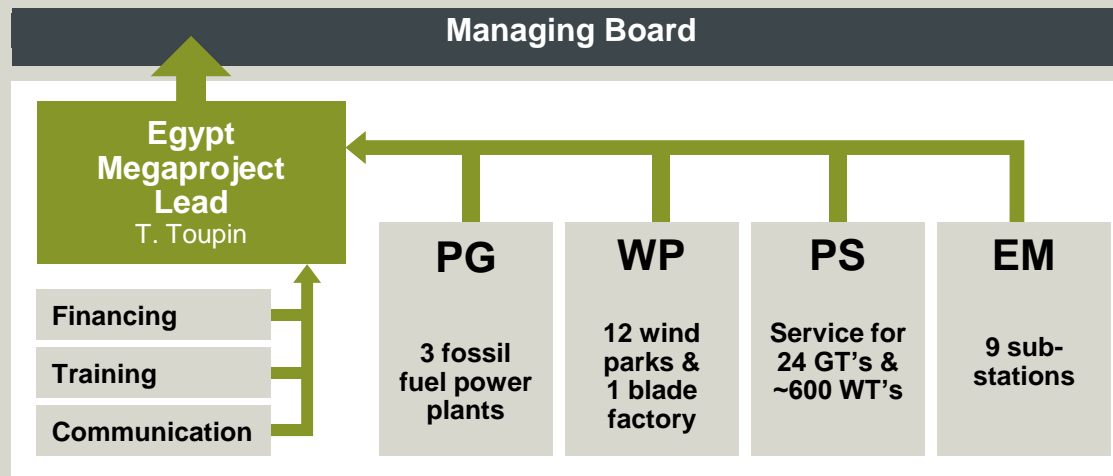
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Example: Egypt megaproject

Total deal
Volume:
~ €8bn

- 14.4 GW from CCPP
- 2 GW in Wind
- Localization of blade manufacturing
- Training for 600 engineers/technicians
- Long term service agreement

Project structure



→ Megaproject reporting line

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What we are doing

- Senior sponsorships
- Tight approvals for extended scope
- Strong local partners
- In-country stakeholder management
- Proactive supplier development
- Stringent risk assessment
- Experienced and empowered PMs
- Use of experts to ensure learning
- Clear accountabilities



Our Siemens team is delivering

My priorities

Drive Competitiveness

- Focus on **customer-first** by being closer to the market and ensuring **one Siemens**
- Strong focus on **technology leadership** and **cost -out**
- **Deliver with excellence** on all promises

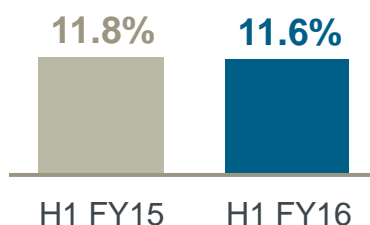
Deliver Profitable Growth

- Deliver **integrated value** fast
- Realize our full potential of **digitalization**
- Leverage the **strength** of the entire **Siemens portfolio** and **global capability** in all verticals

Profit margin

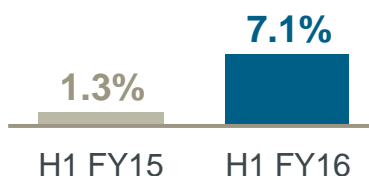
Target margin

PG



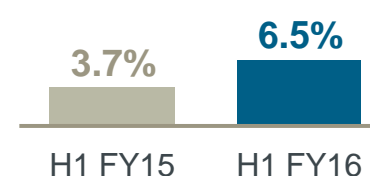
11-15%

WP



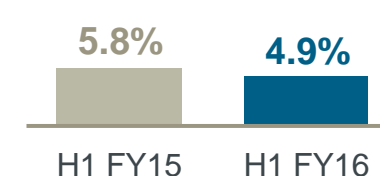
5-8%

EM



7-10%

PD








8-12%

Siemens Energy and Oil & Gas Business – Value chain strength focused on profitable growth

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Key takeaways

	End-to-End Strength	#1 / #2	leading market positions	<ul style="list-style-type: none"> • Leadership across the entire energy value chain • Broad presence - enhanced ability to capture margin
	Service	>140,000	total installed units	<ul style="list-style-type: none"> • Diversified and growing installed base • Increasing revenue and steady margin
	Oil & Gas	€365m	synergy delivery from our acquisitions	<ul style="list-style-type: none"> • Tough market, no surprise • Focus on driving integration value
	Digitalization	>300,000	connected devices via Sinalytics	<ul style="list-style-type: none"> • Digitalization is a game changer • We are turning data into value for our customers
	Margin Delivery	% ↗	driven by ongoing cost out	<ul style="list-style-type: none"> • Accelerated productivity • Relentless focus on competitiveness