

Capital Market Day 2022

Gas Services

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**We have turned around
the business from FY20
to 1H FY22**



We have turned around the business from FY20 to 1H FY22

Market Share increased from 35% to 44%

- 170 units sold between FY20 and H1 FY22
- New leading products introduced: HL for J-class, new generations F-class and SGT-800

Backlog grown from €40bn to €45bn

- >75% in Service
- Maintaining margin quality
- Excellent Net Promoter Score of >50

Productivity improved by >5% (y-o-y)

- >3,000 HC reduced
- >50 sites consolidated / closed
- 20% rightsizing of factory capacity

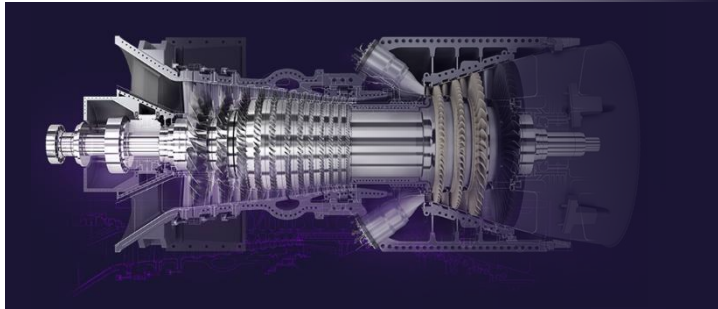
Adj. EBITA margin before SI elevated from ~2% to ~6%

- Successful cost-out implementation, NCC reduction & project execution
- Project selectivity with good margin quality

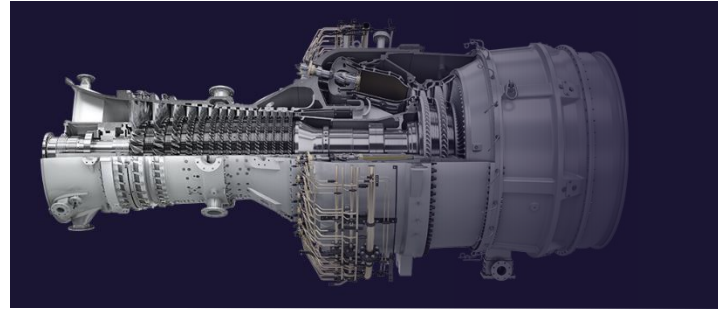
Note: All financial figures relate to comparison of FY20 and H1 FY22 for Generation and Industrial Applications Divisions including steam turbines, compressors & EAD

Gas Services

All gas turbines under one roof



Large gas, steam turbines and generators
100MW – 600MW



Industrial gas turbines & electric heat pumps
4MW – 100MW



Modernization, decarbonization & digitalization of all fleet

Key facts & figures for FY21 (pro forma)

 ~25k

Market Position¹



Revenue²



Adj. EBITA margin before SI²

7.0%

Order Backlog²

€37bn

¹ In Power Generation applications for 1H FY22 | ² FY21 pro-forma restated figures reflecting new reporting structure, partially approximated. The pro-forma revenue and order backlog numbers are rounded to the nearest 50 million and the profitability number to the nearest half percentage point.

Our target

Monetize on installed base through service and decarbonization

Gas Services – Key messages



Resilient Service business with growing fleet and decarbonization opportunities



Gas market outlook improved with growth in distributed generation



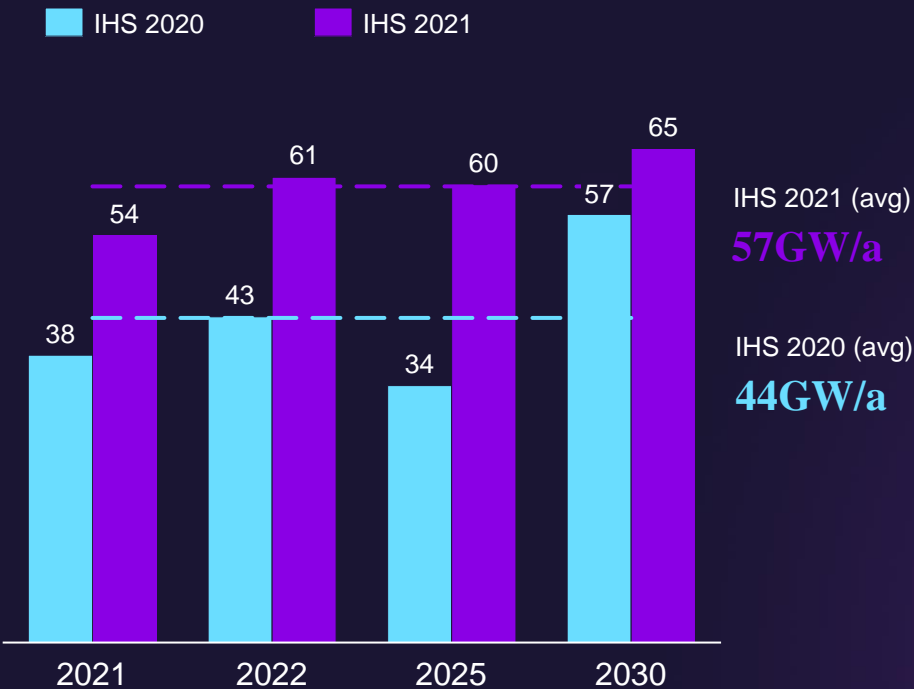
Superior portfolio in growing segments with leading H2 co-firing capabilities



Adj. EBITA margin target of 10 - 12% (as reported) **by FY25** driven through continued operational excellence and project selectivity

GS market outlook: Growth in Distributed, Central declining with improved outlook

Gas gross capacity additions (in GW)



Growth in **Distributed** both in new installations and in Service due to electricity demand increase in industries, oil & gas customers with rise in decarbonization requirements



Increased demand for **electric heat pumps** to decarbonize coal - based district heating & cooling and industrial processes



Improved **Central generation** market outlook:

- Accelerated Coal to gas shift (Asia, China, US and East Europe)
- Backup for renewables
 - UK wind offshore (2021): MW-hr price increase ~£50 to >£400 in a year
 - Texas snow-storm (2021): Triggered 10GW stand-by gas capacity need
 - Capacity market in Europe: Italy, Belgium, Germany
 - Low rainy season in Latin America and China driving gas capacity additions and more utilization



Stable **Service** outlook

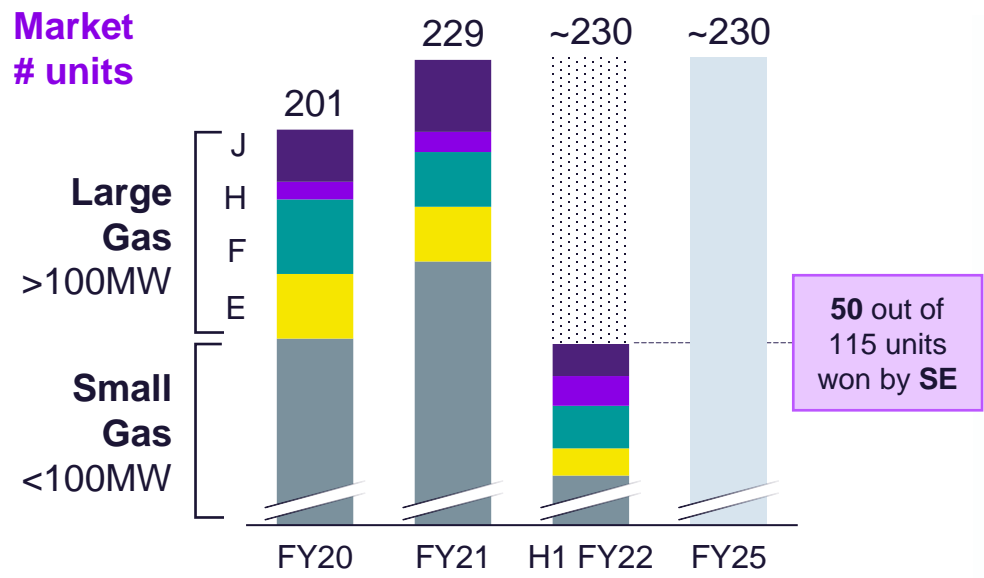
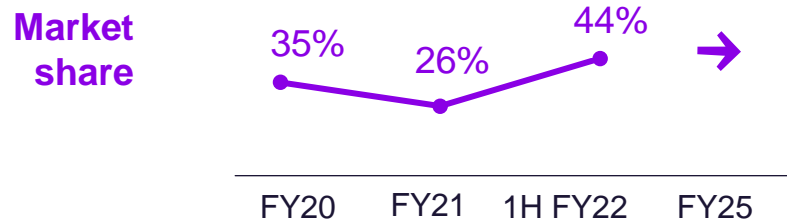
Cyclic operations with higher number of start & stop leading to higher Service revenues

Source: IHS Markit Data

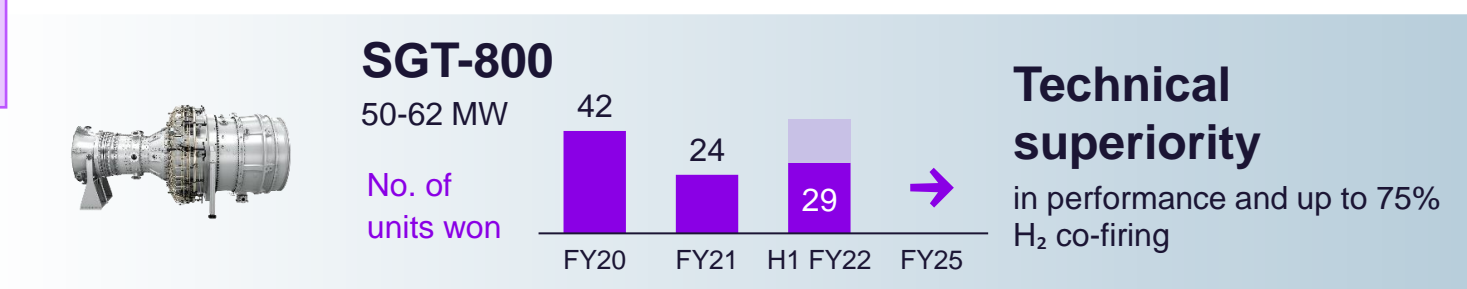
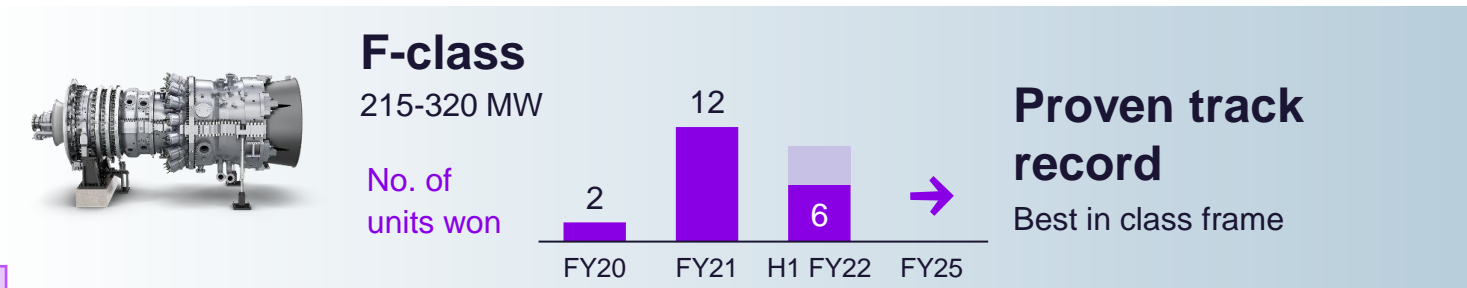
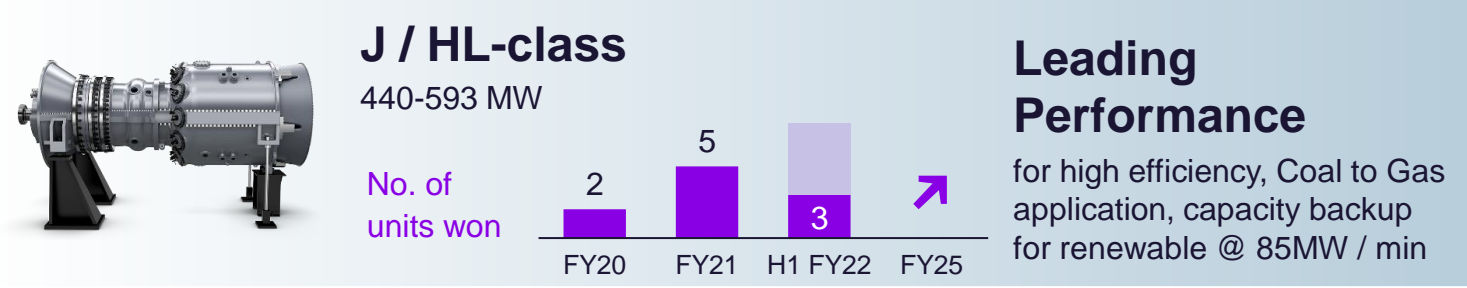
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Gained market share in growing market segments with stable outlook

Gas turbine market > 10MW



SE core revenue carriers



Four-point strategy to drive Profitability & Cash

1

Distributed Growth



- Average **>80 units** sold per year
- **Leading** portfolio (SGT-800, 700 and 750)
- **Strong service** performance as platform for expanding fleet

2

Service Focus



- **Resilient** Service business
- **Long term relationships & access** to 7,800 units for efficiency, fuel flexibility upgrades

3

Decarbonization Drive



- **Zero & low emission** power generation with high efficiency GTs, H₂ co-firing
- **Decarbonizing of Heat** generation with electric heat pumps for district heating

4

Operational Excellence



- Mid-term target
- **Adj. EBITA margin** improvement to **10 - 12%**
 - **Cash** conversion rate **>1**

Resilient service with growing fleet and higher service intensity



Large installed base with growing service business

Large gas + small gas combined

~85%

market share in own fleet

>160

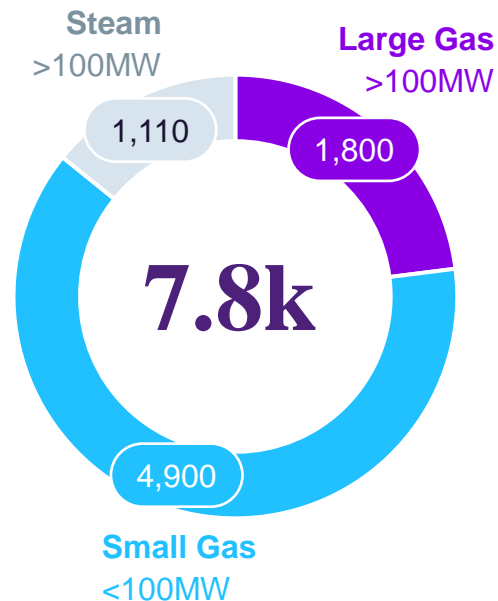
LTPs added in last three years²

>400

units to be added till FY25

>300

units will retire till FY25



Large gas only

~60%

LTP¹ coverage

~1/3

Flagship fleet with average age of <5 years, expected another 15+ years of operations

Small gas only

~3.4%

Addressable service market CAGR (FY17 - FY21)

Higher service intensity

- **LGT utilization:** Stable globally; increased in Latin America and China due to shortage in hydro; slightly decreased in Middle East due to renewable extension
- **Resilient** service fleet in Europe despite war in Ukraine – system critical assets
- **Higher ramping / cycling** of gas turbine fleet to balance renewables
- **Coal to gas repowering** for decarbonizing existing fleet in North America and Asia
- **Additional service** opportunities from extension of **nuclear** power plants

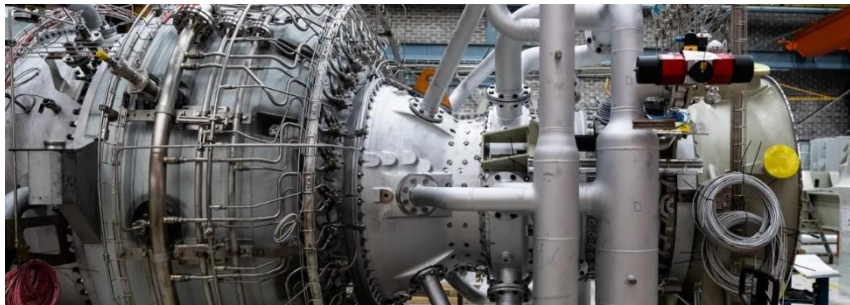
Lead the decarbonization of power and heat generation



Customer drivers

Zero or low emissions power generation

- Highly efficient, higher ramp rates and low emissions gas turbines for coal to gas shifts
- Fossil free green fuel burning capabilities for zero emissions
- H₂ in gas turbines up to 75% today and 100% by 2030
- Brownfield transformation to decarbonize existing assets



Our solutions

Decarbonizing of heat generation

- Unique electric heat pump innovations in high temperature high MW segment
- Market size for heat pumps of €270m with growth at 65% CAGR (2021-2025)
- References of 50 large scale heat pumps from Siemens Energy



Customer projects

- **Keadby 2** – Largest & most efficient HL power plant with CO₂ emissions savings of ~4m tons / year
- **Stockholm Exergi** – One of the first gas turbine plants with SGT-800 to run on 100% green liquid fuel by 2025

- **Vattenfall** – 6,500 tons CO₂ savings by utilizing waste heat as heat source for district heating
- **Mannheim** – >10,000 tons of CO₂ savings by decreasing the use of coal at GKM power plant

We monetize on the installed base through service and decarbonization...

Revenue Drivers

- Strong backlog with good margin quality
- Recurring and stable Revenue streams from Service

Profitability Drivers

- **Productivity:** Capacity adjustments, product cost reductions, procurement measures
- **Selectivity:** Focus on projects with high margin quality
- **New operating model:** Reduced organizational layers with synergies across Distributed & Central generation
- **Cash:** Stringent cash focus and wise allocation

¹ Comparable revenue growth CAGR (FY22 – FY25), excluding currency translation and portfolio effects

2022-05-24

...for higher margins and strong cash conversion in FY25



Revenue growth¹

Stable / Modest decline

Adj. EBITA margin (as reported)

10 - 12%

Cash Conversion

>1

Gas Services

Monetize on installed base through Service and decarbonization

Our priorities

Continue operational excellence and cost out

Focus on service performance

Exploit growth in Distributed and decarbonization of power and heat

Drive new unit & fleet additions with leading portfolio and H₂ co-firing capabilities