Capital Market Day 2020

Service Section

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Executive Board of Siemens Energy

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CEO

Passion for transformation

Maria Ferraro
CFO

Clear focus on EBITA & Cash

Jochen Eickholt
Member of the Executive Board

Better performance through Operational Excellence

Tim Holt
Member of the Executive Board

Service and digitalization as value drivers

On path to becoming a product-led service company

Gas & Power

€35 bn
service backlog

€7.9 bn[1]
service revenue

42%
service revenue share

- Growing business with record service backlog
- Key profit contributor
- Key focus area for R&D and resources
- Expanding digital offering
- Focus on holistic and profitable long-term service programs (LTPs)

SGRE

€12 bn
service backlog

€1.6 bn
service revenue

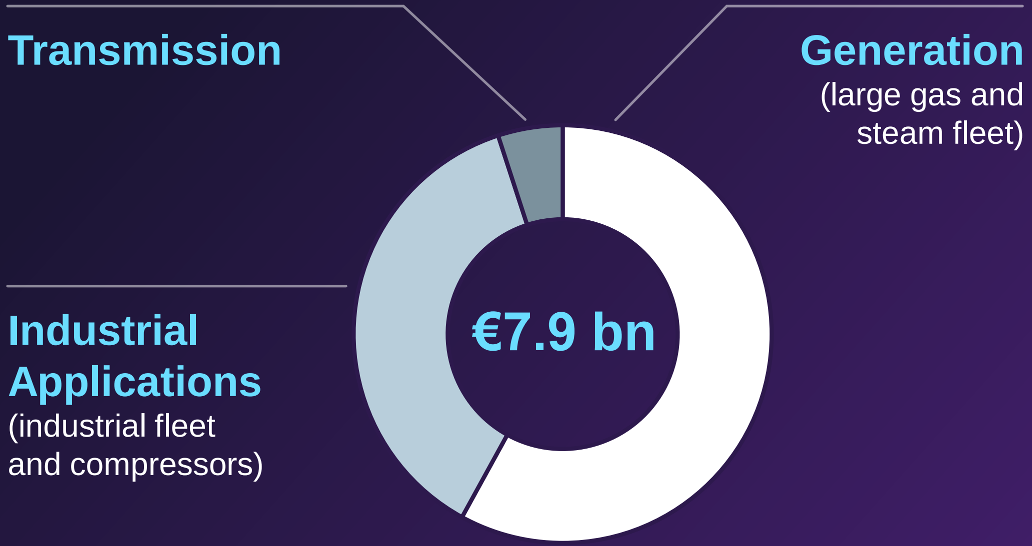
16%
service revenue share

Service is the backbone of Siemens Energy

Note: Financials as of FY19 | **1** €(0.3) bn reconciliation of divisional revenues to Gas & Power

Service Gas and Power
What we do

Service revenue share by division (FY19)



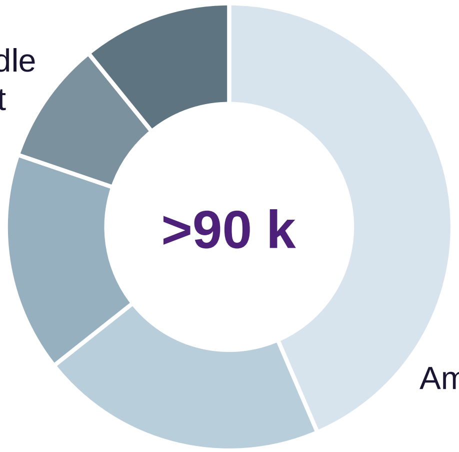
21 k
service employees

~12 years
average LTP contract duration

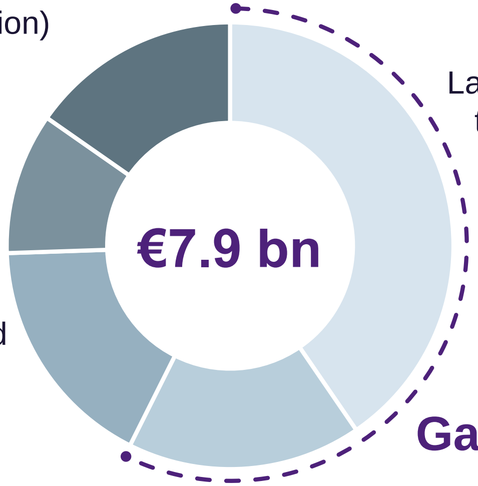
Standard services	Parts, field service, repairs
Service programs	Long-term service programs, lifetime extension, modernization and upgrades
Extended scope	Operation and maintenance, brownfield exchange, condition-based maintenance, remote service
Digital services	Combining physical OEM services with intelligent data capabilities

One of the largest and most diversified fleet globally

By region[1] (units)



By type[2] (service revenue)



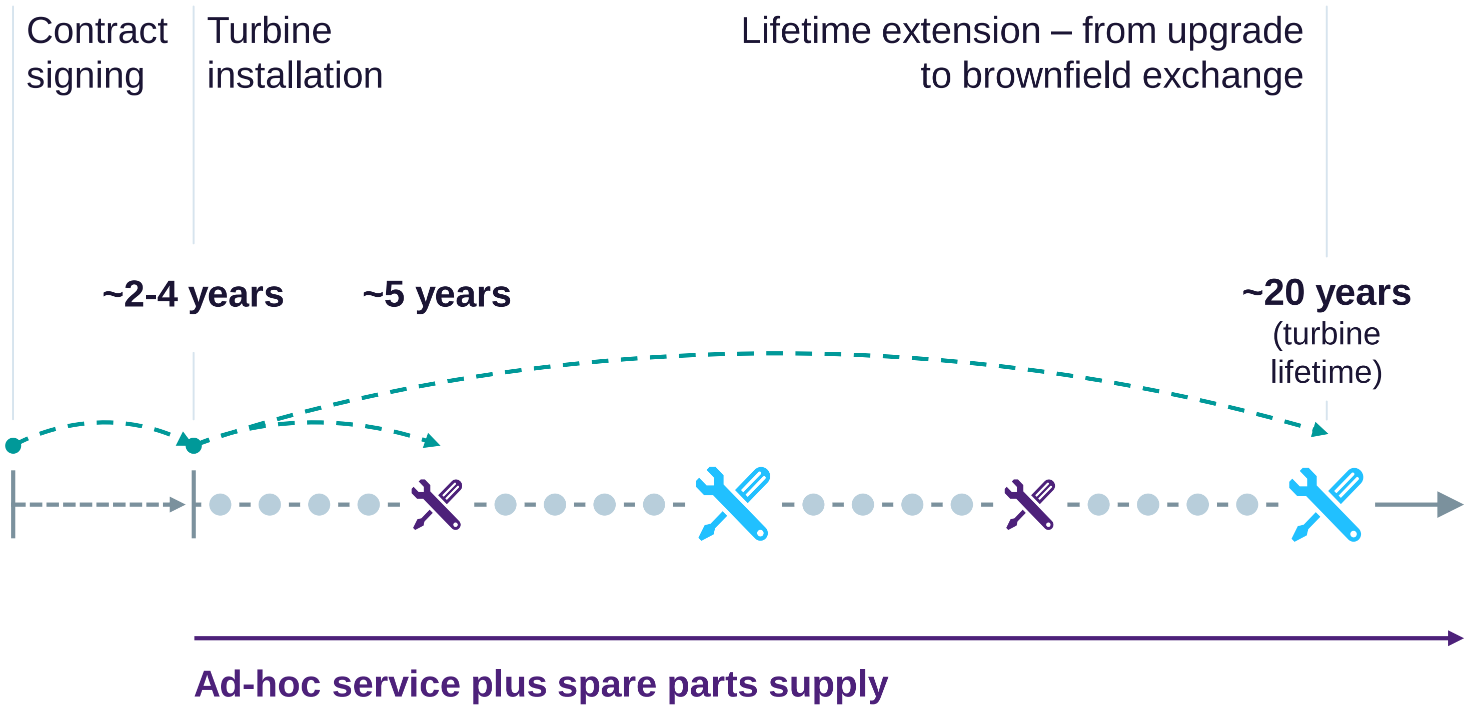
Truly global fleet – growing especially in Asia Pacific

Gas as key revenue contributor – increasing prevalence of **long-term service programs**

Fleet upgrades – driving growth and margins

1 As of June 30, 2020; Transmission excluded
2 As of FY19; Industrial and aeroderivative gas turbines contains small, medium and aeroderivative gas turbines; Compressors contains Dresser-Rand; Other contains generators, control and digitalization, transmission, central items and consolidation

How to think about service
Gas turbine example



Major inspection (highest service revenue event)

Hot gas path inspection (significant service revenue event)

Minor inspection (service revenue event)

1 Regular service intervals crucial to **maintain turbine performance and availability.**

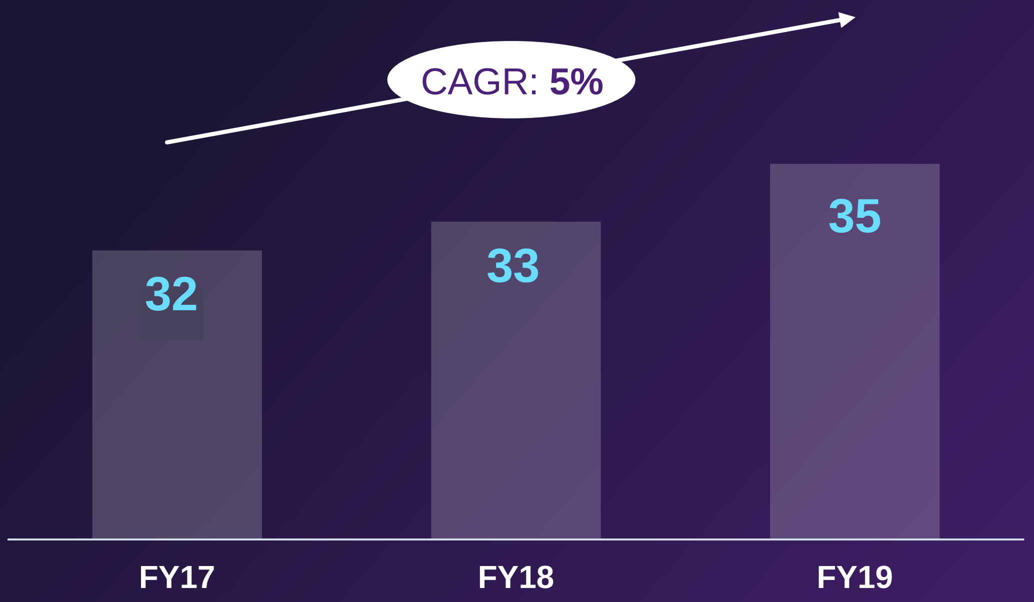
2 Turbines are serviced in **outages of varying scope** (minor/hot gas path/major inspection).

3 Timing of outages and thus **revenue recognition depend** on **turbine uptime.**

> As **long as our fleet is running**, we will book **service revenue.**

We see continued growth in our fleet and higher unit revenues

Service backlog (€ bn)



Service accounting for close to 70% of GP backlog

Growth outlook

	Fleet (units) Growth ’20-’25	Revenue/unit Growth ’20-’25
 LGT	→	→
 IGT & AGT	→	↗
 Steam	→	→
 Transmission	↗	↗

Note: LGT = Large Gas Turbine; IGT = Industrial Gas Turbine; AGT = Aeroderivative Gas Turbine

2020-09-01

Gas
Major recent wins and strong utilization

Major recent wins across gas turbine portfolio

Long-term service program	Operations and maintenance	Brownfield exchange

Israel (€79 m)
15-year renewal
2x SGT-A65

France (€170 m)
New full scope O&M for
1x 4000F over 20 years

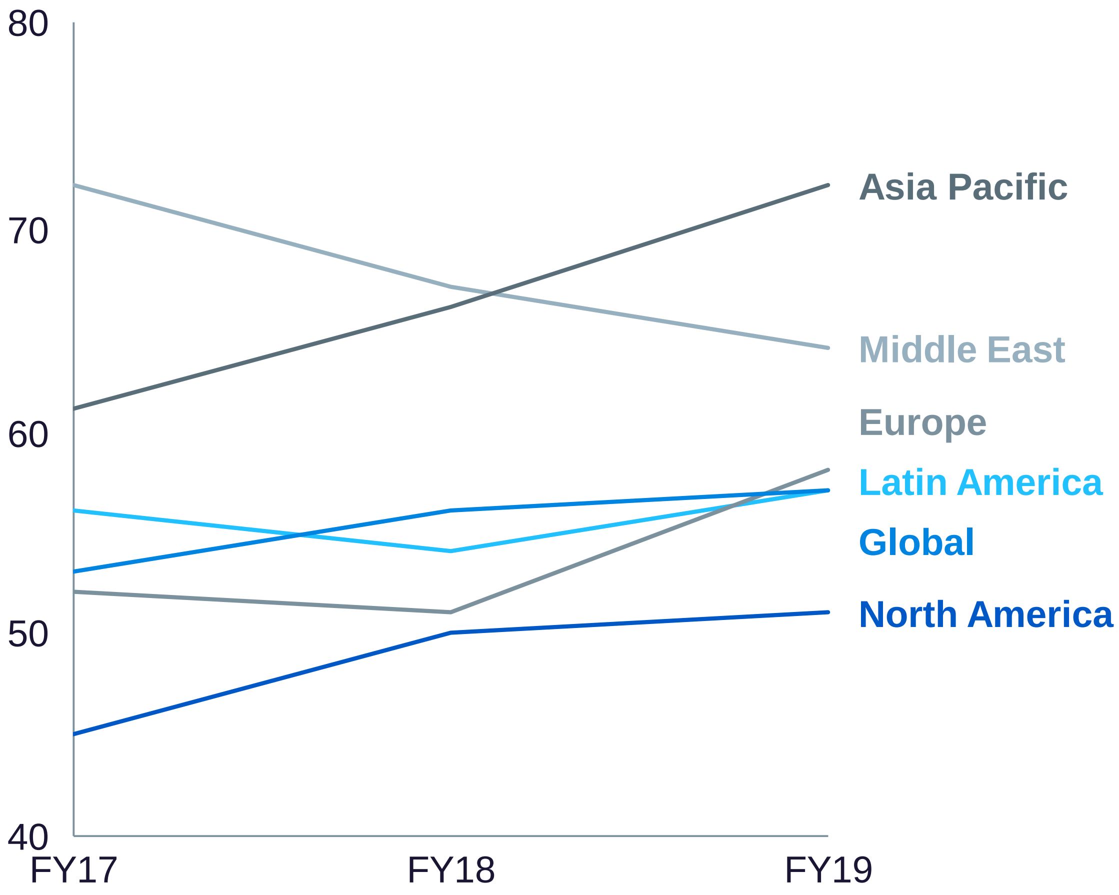
Taiwan (€143 m)
2000E(3) replaced
with 2000E(8)

Egypt (€30 m)
10-year 3x SGT-800

Iraq (€161 m)
2x 4000F, 3 years O&M
+ 5 years O&M advisory

USA (€11 m)
V84.2 replaced
by 2000E

Large gas turbine fleet utilization (%)[1]

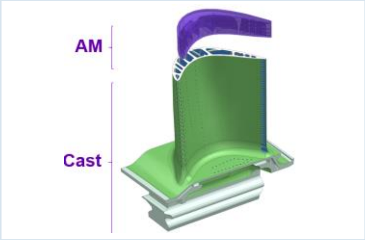


Note: € figures refer to order intake | **1** Own fleet

Productivity and innovation will drive our margins

Advanced repairs

Additive manufacturing blade repair



Enhanced brazing

Field service tools and utilization

Field service utilization

Tool for rapid compressor cylinder removal

Technology download from product development

Enhanced vane design

Optimized support housings

- **Increase** component **life-cycle-costing value**
- Improved **durability** and **performance**
- **Lower repair costs** (flex repairs)

- **Better** field service **utilization**
- **Faster repairs** and (dis-)assembly
- Improved **costs, schedule**, **safety**

- Interval extension – **lower life-cycle-costings**
- Component **life extension**
- **Improved durability**

Increasing focus on Service R&D and field service utilization

Digital
We are growing on multiple levels

New digital revenue

New Growth

- **Software as a service** (recurring revenue model)
- **Asset agnostic offering**
- Example: Omnivise offering, e.g. cybersecurity

Increasing the value of our offering

Enrich Offerings

- Combining **domain expertise** with **digital expertise**
- **Differentiating** our offering
- Example: Remote services

Internal digitalization

Transform the Core

- **Automation of processes**
- Strengthen **digital backbone**
- Example: Digitalized outage processes

> **Multi-fold** revenue increase in coming years

> **Strongly growing** enabled value through outage service

> **Significant increase** in degree of automation

Conclusion

We will continue to deliver stable and profitable revenue

1 Service to remain
a resilient and profitable business

2 Growing our fleet and
driving revenue from LTPs

3 Digital and innovation to support margin
and add additional revenue pockets