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

Unrestricted © Siemens AG 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.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

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

Oil & Gas

#2 in Oil & Gas

#1 in Offshore Wind Power

#2 in Fossil Power Generation

#1 in Power Transmission

#2 in Power Distribution

#1 in Automation and Drives

Market drivers

Growing population

+90 million people every year

Increasing Urbanization

More people living in cities

Further electrification

+2.5% electricity demand p.a.

Climate change

Massive reduction in CO₂
A strong portfolio in Electrification, Automation and Digitalization with a focus on Innovation

### Portfolio highlights

<table>
<thead>
<tr>
<th>Oil &amp; Gas</th>
<th>Power Generation</th>
<th>Power Transmission</th>
<th>Power Distribution</th>
<th>Automation &amp; Drives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compression and drives</td>
<td>Gas turbines (4-400 MW)</td>
<td>High voltage transmission systems (DC/AC)</td>
<td>Low and medium voltage products</td>
<td>Electrical, automation and instrumentation packages</td>
</tr>
<tr>
<td>Power generation and distribution</td>
<td>Steam turbines (45 kW-1,900 MW)</td>
<td>Grid access solutions</td>
<td>Grid protection, automation and power quality</td>
<td>Integrated engineering to remote operations</td>
</tr>
<tr>
<td>Process, automation and digital solutions</td>
<td>Onshore/Offshore Wind turbines (2.3-7 MW)</td>
<td>Power transformer</td>
<td>Distribution transformer</td>
<td>Industrial security</td>
</tr>
</tbody>
</table>

### Innovation underpins success

- **Refinery with largest IGCC**
  - 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

1) Integrated Gasification Combined Cycle.
A strong portfolio in Electrification, Automation and Digitalization with a focus on Innovation

### 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

---

**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

---

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

**Innovation underpins success**

- **Refinery with largest IGCC**
  - 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

---

1) Integrated Gasification Combined Cycle.

Unrestricted © Siemens AG 2016
Our sizeable installed base and service excellence delivers sustainable and growing revenue.

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

- Integration complete
- Supply chain industrialization underway
- Synergy delivery of €115m by FY 2019 (€65m greater than commitment)
Rolls-Royce Energy and Dresser-Rand acquisitions complete our portfolio for Oil & Gas - and deliver €365m in total synergy

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

- 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

---

<table>
<thead>
<tr>
<th>Customer applications</th>
<th>Exploration/Development/Production</th>
<th>Pipeline/Storage/LNG/FLNG</th>
<th>Refinery/Chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Drill-Rig Drive &amp; Automation</td>
<td>Regasification</td>
<td>Air Separation</td>
</tr>
<tr>
<td></td>
<td>Water Management</td>
<td>Onshore Power Generation</td>
<td>Large Power Generation</td>
</tr>
<tr>
<td></td>
<td>Subsea Power Grid</td>
<td>Tank Farm Compression &amp; Management</td>
<td>Gas Analytics</td>
</tr>
<tr>
<td></td>
<td>E-House &amp; Modules</td>
<td>E-Houses &amp; Modules</td>
<td>Expanders</td>
</tr>
<tr>
<td></td>
<td>Gas Injection</td>
<td>Offshore Power Generation</td>
<td>Electrical Distribution</td>
</tr>
<tr>
<td></td>
<td>Gas Compression</td>
<td>Small Pipeline Compression</td>
<td>Process Compression</td>
</tr>
<tr>
<td></td>
<td>Small Engines</td>
<td>Large Pipeline Compression</td>
<td>Small Engines</td>
</tr>
</tbody>
</table>

---

**Rolls-Royce Energy**

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

**Dresser-Rand**

- 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
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

- Lead digital O&G to turn data into value
- Leverage automation experience to drive productivity
- Grow installed fleet via product, system and solution offerings
- Leverage entire Siemens Electrification, Automation & Digitalization portfolio to serve Oil & Gas

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

Onshore E-House
Yamal LNG (Russia)

Offshore E-House

Power Generation Module

Compression Module

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

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
- 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

Champion 7 Platform (Brunei)
Client: Shell Brunei

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

Turning Data Into Value
Project: Nord Stream Landing Station – Wingas pipeline transportation

- 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

up to 99% Availability
Tomorrow’s energy market requires us to leverage existing strengths and develop new capabilities

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

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

Managing Board

Egypt Megaproject Lead T. Toupin

Financing
Training
Communication

PG
3 fossil fuel power plants

WP
12 wind parks & 1 blade factory

PS
Service for 24 GT’s & ~600 WT’s

EM
9 substations

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

Megaproject reporting line

Unrestricted © Siemens AG 2016
Page 15
Houston, June 29, 2016

Capital Market Day – Energy and Oil & Gas | Lisa Davis, Member of the Managing Board
Our Siemens team is delivering

**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

<table>
<thead>
<tr>
<th></th>
<th>H1 FY15</th>
<th>H1 FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PG</strong></td>
<td>11.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td><strong>WP</strong></td>
<td>1.3%</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>EM</strong></td>
<td>3.7%</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>PD</strong></td>
<td>5.8%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

### 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

### Key takeaways

<table>
<thead>
<tr>
<th>End-to-End Strength</th>
<th>#1 / #2 leading market positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>&gt;140,000 total installed units</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>€365m synergy delivery from our acquisitions</td>
</tr>
<tr>
<td>Digitalization</td>
<td>&gt;300,000 connected devices via Sinalytics</td>
</tr>
<tr>
<td>Margin Delivery</td>
<td>% driven by ongoing cost out</td>
</tr>
</tbody>
</table>

- Leadership across the entire energy value chain
- Broad presence - enhanced ability to capture margin
- Diversified and growing installed base
- Increasing revenue and steady margin
- Tough market, no surprise
- Focus on driving integration value
- Digitalization is a game changer
- We are turning data into value for our customers
- Accelerated productivity
- Relentless focus on competitiveness

Unrestricted © Siemens AG 2016
Page 17  Houston, June 29, 2016

Capital Market Day – Energy and Oil & Gas | Lisa Davis, Member of the Managing Board