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

- 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

Revenue: €3.4-3.7 billion
Locations worldwide:
Employees: 11,000
Dresser-Rand is the Siemens channel into the Oil & Gas market, leveraging the combined compression and power generation portfolio.

<table>
<thead>
<tr>
<th>Compression</th>
<th>Power Generation &amp; Mechanical Drives</th>
<th>E-Houses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-shaft</td>
<td>Gas Turbine packages</td>
<td>Power and process modules</td>
</tr>
<tr>
<td>Gear-type</td>
<td>Steam turbines</td>
<td></td>
</tr>
<tr>
<td>Reciprocating</td>
<td>Engines</td>
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</tbody>
</table>

**Compressors**
- Single-shaft
- Gear-type
- Reciprocating

**Power Generation & Mechanical Drives**
- Gas Turbine packages
- Steam turbines
- Engines

**E-Houses**
- Power and process modules

**Services**
- Parts, repairs, field service
- Long-term service plans
- Installation and commissioning
- Revamps/upgrades
- Digital Oil & Gas solutions

**Go-to-market for broader Siemens portfolio**
- Motors and drives, gearboxes
- Automation systems
- Switchgear, transformers
- Water treatment/sulfate removal

Former Rolls-Royce Energy

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Capital Market Day – Energy and Oil & Gas | Chris Rossi, PG DR CEO
Ready to deliver solutions based on the complete Siemens portfolio

Examples

FPSO
- Siemens scope: US$300 – 400m

LNG
- Siemens scope: US$400 – 500m

Pipeline
- Siemens scope: US$100 – 120m

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

### 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

- **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

- **Sales**
  - Industrial steam turbines
  - Mechanical drives
  - Compressors
Over 80 combined alliances with O&G clients showcase the strength of our value proposition

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**

<table>
<thead>
<tr>
<th></th>
<th>FY16e</th>
<th>FY17e</th>
<th>FY18e</th>
<th>FY19e</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Unit growth</td>
<td>50</td>
<td>100</td>
<td>170</td>
<td>250</td>
</tr>
<tr>
<td>Services growth</td>
<td>15%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General expense and product cost reduction</td>
<td>30%</td>
<td></td>
<td></td>
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<tr>
<td>Personnel cost reduction</td>
<td>30%</td>
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- Increased guidance (Dec 2014)
- Original guidance (Sep 2014)

**Key synergy drivers**

- Gas turbines into Oil & Gas
- Product portfolio
- Cross-selling
- Services
- R&D program consolidation
- SG&A rationalization
- Supply chain/purchasing
- Footprint optimization

**Higher cost synergies and services synergies driving improvement**

- Original guidance (Sep 2014)
- Increased guidance (Dec 2014)

**Projected synergies**

- €250m in FY19

**Guidance updates**

- Original guidance (Sep 2014)
- Increased guidance (Dec 2014)

**Additional notes**

- Personnel cost reduction: 30%
- General expense and product cost reduction: 30%
- Services growth: 25%
- New Unit growth: 15%
Aggressively focused on taking cost out of the business

<table>
<thead>
<tr>
<th>Expense &amp; product</th>
<th>Cost synergies 60% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D program consolidation</td>
<td>• Consolidate duplicate programs between D-R and Siemens (10%)</td>
</tr>
<tr>
<td>SG&amp;A rationalization</td>
<td>• Completed sales integration and eliminating redundancies (25%)</td>
</tr>
<tr>
<td>Supply chain/purchasing</td>
<td>• Eliminated D-R publicly traded company expenses</td>
</tr>
<tr>
<td>Footprint optimization</td>
<td>• Leveraging Siemens purchasing spend of ~20 times D-R spend</td>
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<tr>
<td></td>
<td>• Consolidating spend with best performing suppliers (30%)</td>
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<tr>
<td></td>
<td>• Consolidating work into fewer facilities (closure/consolidation of 8 sites) (35%)</td>
</tr>
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<table>
<thead>
<tr>
<th>Objective</th>
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<tbody>
<tr>
<td>• Lower cost structure</td>
</tr>
<tr>
<td>• Improved profitability</td>
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<table>
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<tr>
<th>Ongoing cost out measures</th>
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<tbody>
<tr>
<td>Operational excellence focus</td>
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<tr>
<td></td>
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<tr>
<td>Technology/innovation focus</td>
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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

Gas turbines into O&G

- Replaced 3rd party gas turbine with Siemens technology
  - New facility
  - 2 gas turbine driven compression trains

Product portfolio

- Replaced 3rd party motor with Siemens technology
  - Latest motor technology bundled with DATUM compression

Cross-selling

- D-R reciprocating compressor package
  - 3 reciprocating fuel-gas compressors
  - Electric motor
  - Auxiliary equipment

Services

- Revamp Siemens compressor modules with D-R technology
  - Latest technology bundles
  - Turnkey installation and commissioning
  - Control room retrofit

Midstream application

- Gas transmission

Power generation with compression

Offshore

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

- Hardest hit due to drop in oil prices
- Customer focused on taking cost out, driving standardization and modularization, highest utilization of equipment
- LNG supply capacity expected to increase by almost 50% over the next 5 years\(^1\)
- Gas transmission still relatively strong activity
- Less impacted by low oil prices
- High utilization of installed equipment
- Growth expected in emerging markets/China

### Strength of the combined business

**Offshore**
- Legacy D-R strong market position, enhanced with full range of gas turbines and modules

**Onshore**
- Legacy Siemens strong market position, enhanced with high pressure compression technology

**LNG**
- Solution offering (modularization leveraging full complement of Siemens products)

**Gas Transmission**
- Improved compressor offering, full range of gas turbine power blocks
- Broader regional market coverage
- Improved compressor offering
- Expanded low cost manufacturing capability
- Enhanced application coverage

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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

Key takeaways

- Installed fleet and resilient service business
  - 50% Service share of total revenue

- Increased synergies and cost out
  - €250m Synergies in FY19

- Performance improving
  - €3.4 – 3.7bn expected Revenue in FY16

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

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

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