

CMD 2023

Gas Services

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Gas Services

We enable reliable, affordable & sustainable energy

- Large gas, steam turbines and generators (100 MW – 600 MW)
- Industrial gas turbines and heat pumps (4 MW – 100 MW)
- Service offering of modernization, decarbonization and digitalization

... being a key contributor to energy transition

- We decarbonize gas via green fuels / H₂ and carbon capture
- We balance fluctuating renewables via flexible gas capacity
- We reduce emissions via coal-to-gas shift and efficiency increase
- We leverage the installed fleet with our holistic service offering

Key facts & figures for FY23

Market Position



Revenue

New Units
38%



Service
62%

Profit margin before SI

9.5%

Order Backlog

€41bn

What has changed since CMD 2022

External



Security of supply elevating demand for gas power plants



Gas turbines are **integral part of all energy transition scenarios**

Internal



Increased portfolio competitiveness in key market segments



Customer focused operating model with end-to-end accountability



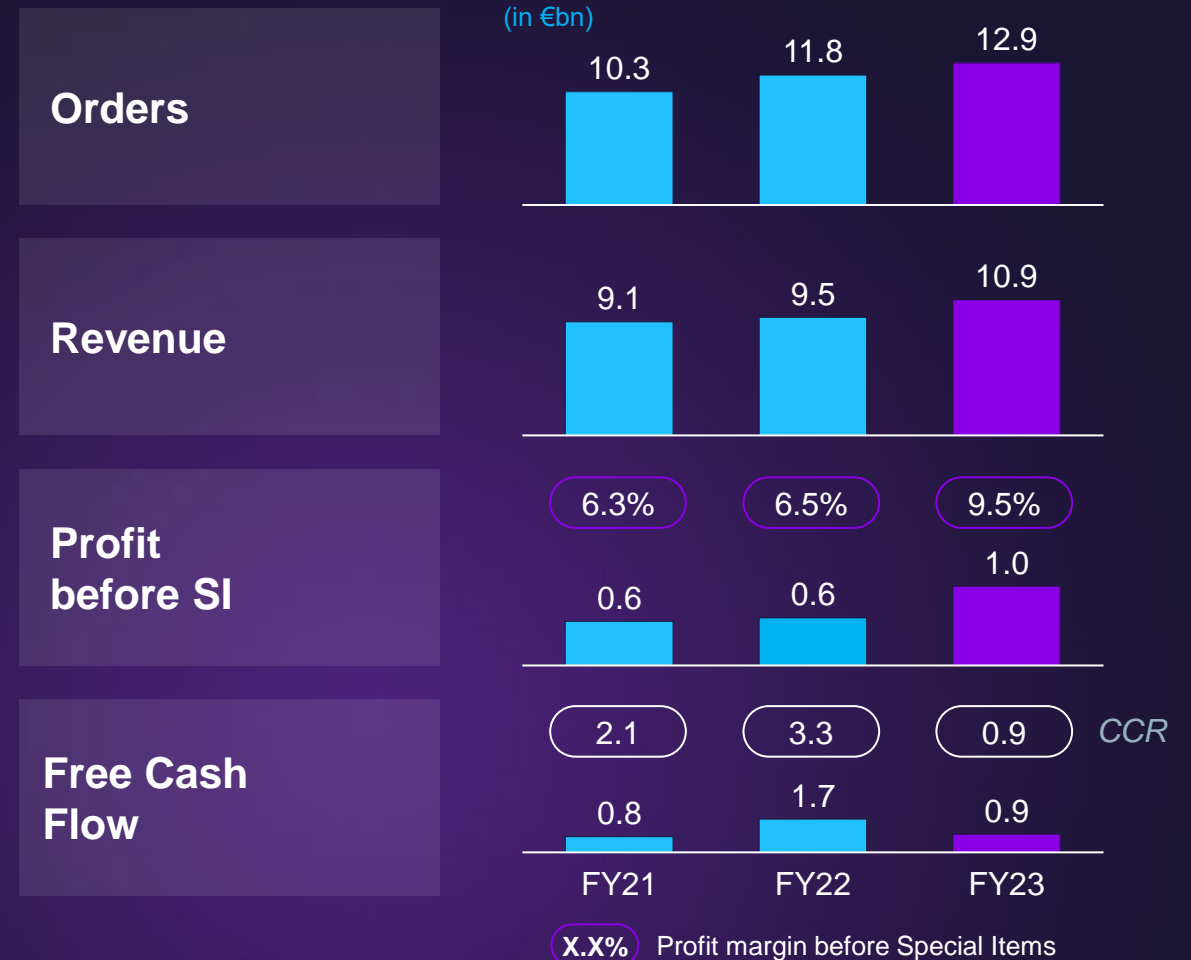
Gas Services delivers

What we promised in CMD 2022

- **Growth:** Drive fleet additions with leading portfolio and H₂ co-firing capabilities
- **Selectivity:** Focus on projects with high margin quality
- **Service:** Focus on service performance
- **Productivity:** Continue operational excellence and cost-out
- **New operating model:** Reduced layers with synergies across Distributed and Central generation



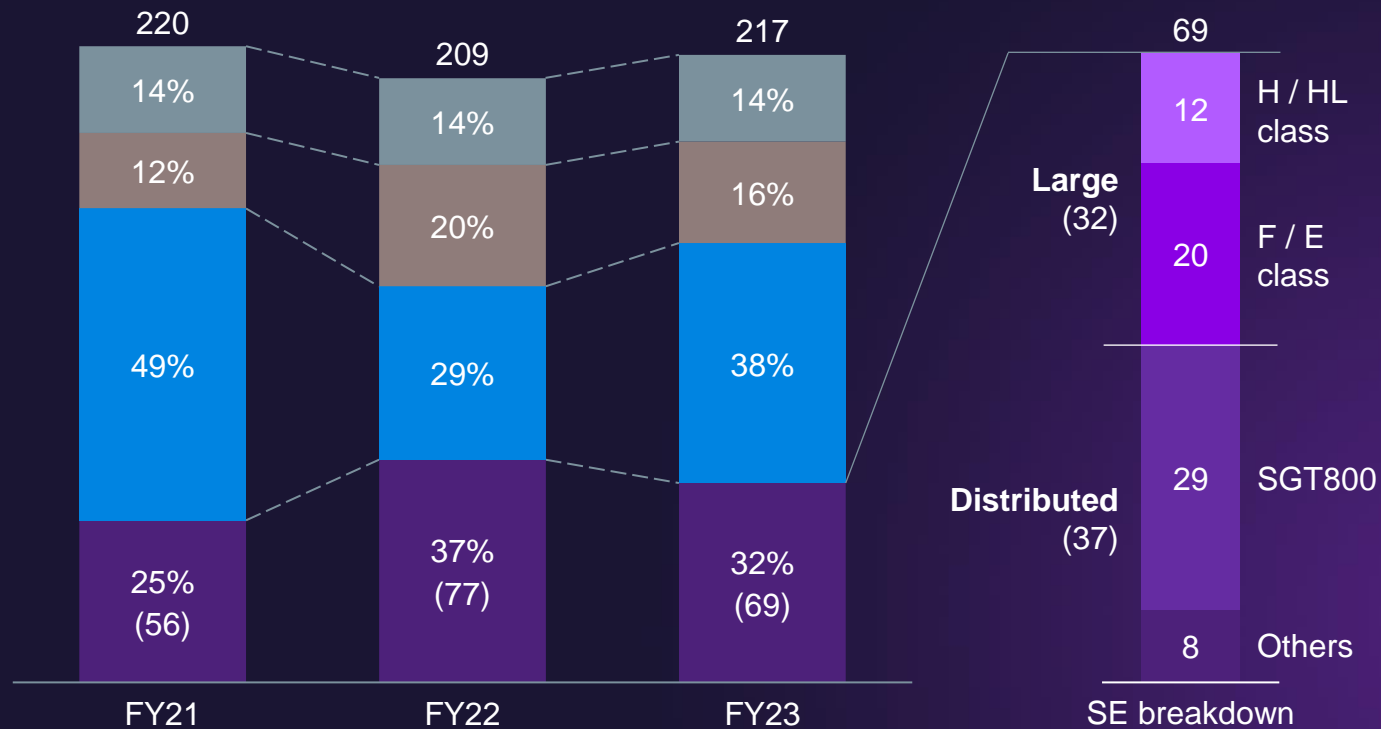
Key financials FY23



Solid share in attractive market segments

Market share >10 MW

total # of gas turbines ordered



● Siemens Energy ● Competitor 1 ● Competitor 2 ● Others

Source: McCoy (excl. O&G)

2023-11-21

- Profitability at upper end of peers
- Continued gross margin improvement in new unit orders
- High order intake on H / HL-class
- >€2bn service potential over the next ~15 years from FY23 new units
- ~70% of new unit order entry sold as product / system
- Scaling up digitalization with largest order covering >20 power plants / ~60 GW

Strategically positioned for solid profitability

Leading technology

- Best-in-class gas turbines
- Effective product cost-out
- Creating value for a diverse customer base



World's most powerful gas turbine
Duke (US)
/ SGT6-9000HL



Leading frame in medium gas turbines
SE #1 w/ ~75% market share
/ SGT800



1st industrial Power-H₂-Power with 100% RE H₂
HYFLEXPOWER¹ (FR)
/ SGT400

Growing service

Over the last 2 years

- ~150 units added to the fleet
- €2.5bn service backlog increase
- +1.5pp gross margin improvement in service backlog
- >16% increase in service revenue



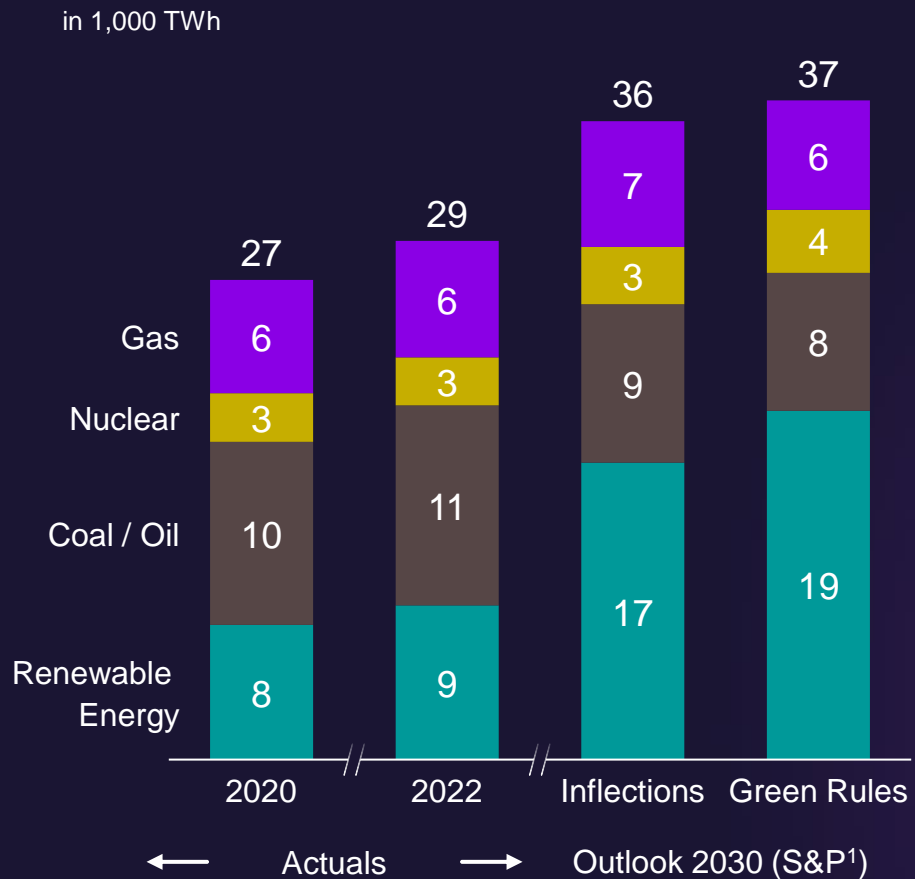
Operational excellence

- **Productivity:** >€800m of gross productivity and cost-out measures implemented in the last 2 years
- **Capacities:** New unit turnaround on track with increased flexibility to manage market dynamics
- **Selectivity:** Focus on profitability, risk, service relevance
- **Customer satisfaction:** 25% increase in Net Promoter Score

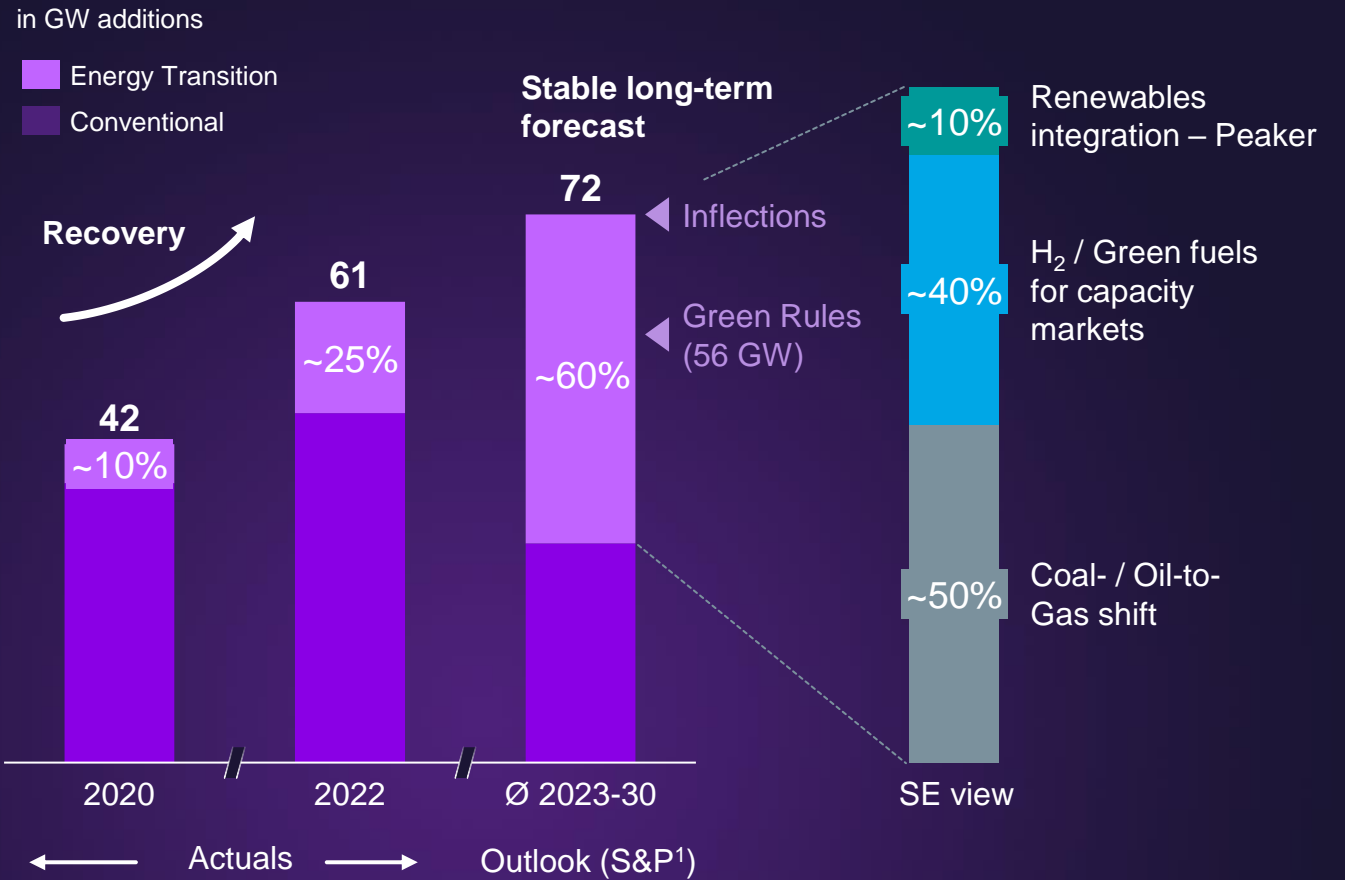
¹ Received funding from the EU grant agreement No. 884229 | ² Estimated values based on bottom-up analysis of added backlog in FY23

Gas additions expected to remain at high level

Power generation



Gas Market Outlook



¹ S&P Global Commodity Insights: Inflections and Green Rules Scenarios (July 2023)

Five underlying trends driving the gas market

1. Conventional Gas Additions



“5-Year Plan” focusing on gas as flexible and reliable power generation (~200 GW)



Gas program for decarbonization through efficient gas combined cycle plants (~40 GW)

3. H₂ and Green Fuels Turbines



~15 – 20 GW hydrogen ready gas-fired power plants to support coal and nuclear exit (“Energiewende”)



“Decarbonization Readiness Program” requiring 100% H₂ ready turbines to support flexible power generation

2. Coal-/Oil-to-Gas Shift



Accelerating demand for coal-to-gas shifts leading to a potential of ~35 GW



Shut down of coal-fired capacity (~15 GW) and shift to gas

4. Renewables Integration – Peakers



Rising demand for peakers to ensure grid stability and security of supply (~25 GTs p.a.)



Gas peakers to provide dedicated grid services and cover dark doldrums (e.g., in UK, GER, Ireland)

5. Service

Increasing backlog with longer reach

Capitalizing on market momentum with focus on profitability

Opportunities

Management priorities



Growth in Gas:

- Large: Increased (~70 – 80 to 100+ GTs)
- Distributed: Stable (~120 GTs)



Manage capacities, risk exposure and supply chain resilience



Service:

Increased demand for modernization, lifetime extensions and digitalization



Expand service competencies and introduce new service models



Decarbonization of power and heat: >50% of GTs with H₂ capability by 2030, exponential growth in heat pumps market



~4% R&D¹ investment focused on new technologies, service and heat pumps

¹ Research & development expenses based on revenue p.a.

Already today, we are turning opportunities into business



Mintia, Romania
(Coal-to-Gas)
2x 9000HL



Hillabee, US (Constellation)
(H₂ Service)
2x 6000G



Castlelost, Ireland
(Peaking)
5x SGT-800


 **1,700 MW**
Switch from coal-to-gas


 **38%**
H₂ co-firing capability

 **275 MW**
Open cycle gas power plant


 **~6,000,000 t CO₂**
Annualized CO₂ reduction

 **~270,000 t CO₂**
Annualized CO₂ reduction

 **75%**
H₂-ready technology

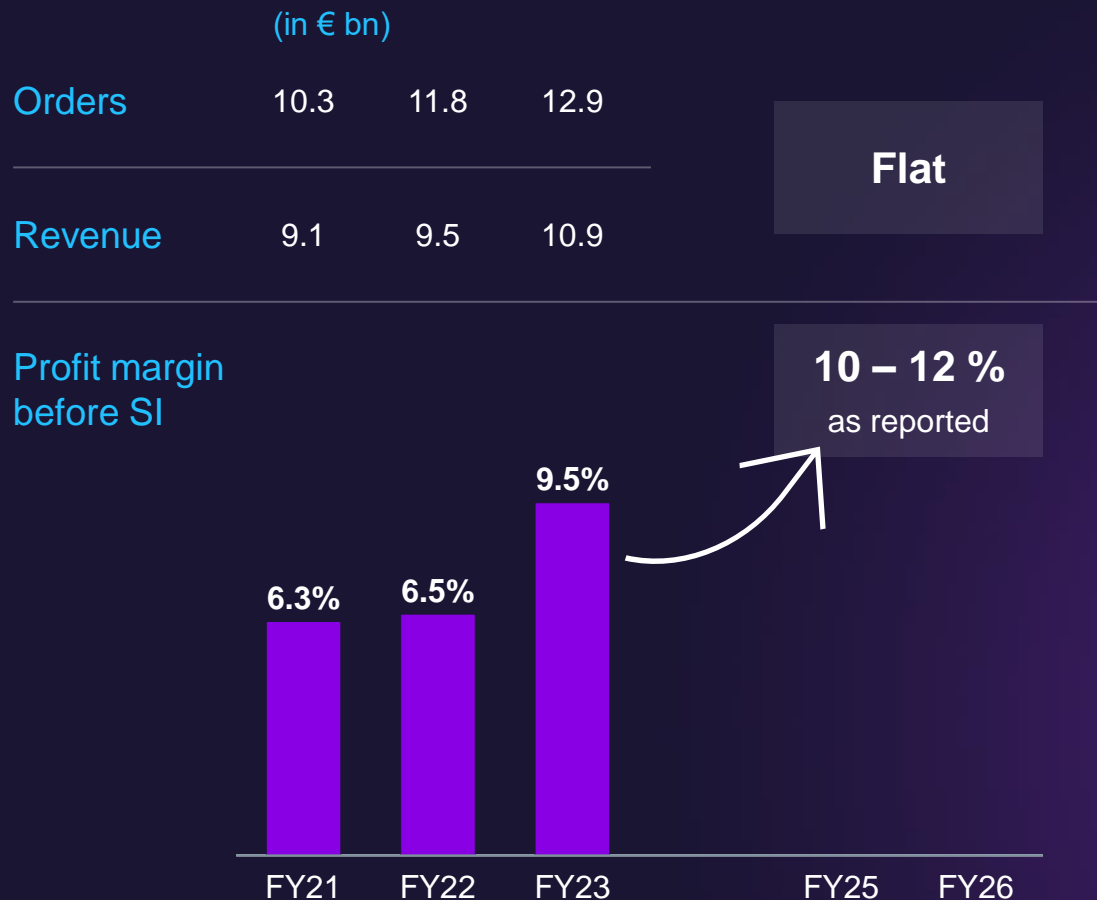
 **>64%**
Maximum efficiency

 **2010 Build**
Commissioned over a decade ago

 **10% – 100%**
flexible power output at
<20 min plant start up time

We continue our path to 10 – 12% profitability by FY25

Gas Services business outlook



Gas Services key focus areas

- 1 Service:** Grow backlog and profitability
- 2 Portfolio:** Increase competitiveness through technology leadership and cost out
- 3 Operational excellence:** Continue productivity efforts and optimize capacities
- 4 Selectivity:** Expand gross margins in new orders while reducing risks
- 5 Decarbonization:** Focus on H₂/green fuels, heat pumps and partnerships for carbon capture applications

In a nutshell ...

Gas Services



We are well on track

to achieve 10 – 12% profitability by FY25



We see a robust gas market

with stable long-term prospects



We have leading technologies

in performance and hydrogen co-firing



We continue to grow our service

backlog and **decarbonize** our fleet

Gas Services

Revenue Drivers

- **Service:** Grow backlog and profitability
- **Portfolio:** Increase competitiveness through technology leadership and cost-out
- **Decarbonization:** Focus on H₂ / green fuels, heat pumps and partnerships for carbon capture applications

Profitability Drivers

- **Operational excellence:** Continue productivity efforts and optimize capacities
- **Selectivity:** Expand gross margins in new orders while reducing risks

Targets FY26

Flat

Revenue

10 – 12%

Profit margin

~4%

R&D¹

~€500m

Capex²

¹ Research & development expenses based on revenue p.a. | ² Cumulative capital expenditure FY24 – FY26