

Energy Sector Oil and Gas Division

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Siemens to expand in future market for subsea power grid solutions

UK deep-sea specialist acquired for EUR470 million

Siemens is acquiring the Connectors and Measurements Division of Expro Holdings UK, a company specializing in the oil and gas industry. The unit engineers and manufactures subsea components such as cable connectors, sensors and measuring devices. This equipment forms a crucial part of the power grid that Siemens is currently developing for use on the sea bed at depths of down to 3,000 meters. In the calendar year 2011, the Expro division booked sales of about 90 million euros and currently has a workforce of about 450 in the United Kingdom, Norway, the United States, Brazil and Malaysia. The purchase price is around 470 million euros. The transaction is conditional upon approval by the responsible anti-trust authorities.

"With this acquisition we are strategically expanding our portfolio in the attractive future market for subsea power grids," says Adil Toubia, CEO of the Oil & Gas Division at Siemens Energy. "We can now enhance our know-how in electrification and our research and development activities with the newly acquired skills. The leading products of Expro will help to selectively develop our business further. That will bring us another step closer to our goal of becoming one of the leading providers of subsea power grid and distribution solutions," says Toubia. Deep-sea applications are one of the fastest-growing market segments within the oil and gas industry. The market volume is expected to reach two billion euros by 2020.

Subsea power grids will serve various power consumers such as compressors or pumps operating in the deep sea. The portfolio of Expro encompasses electrical connectors that enable both power transmission and communication on subsea installations as well as a wide range of temperature and pressure sensors for subsea use. In March 2011, Siemens had already acquired the two Norwegian companies Bennex and Poseidon. That brought the company both know-how in subsea power distribution systems and skills in marinization and general subsea engineering. As part of

the Power Grid development program Siemens last year opened a technology and test center for subsea equipment in Trondheim, Norway. Over the next few years Siemens, building on its strong subsea competence base in Norway, intends to expand its own subsea activities, also offering its full product range in Houston, Rio de Janeiro and Singapore.

Extracting and processing oil and gas is becoming more and more complex as the readily accessible reserves on land are dwindling and new deposits have to be tapped in remote regions and far beneath the sea. The smaller the deposit and the higher the pressure under water, the more difficult it becomes to extract and process oil and gas from these fields. At present, this means that 30 percent less of the raw commodity can be extracted from a deep-sea reservoir than from a similar deposit on land. Extracting and processing oil and gas at depths down to 3,000 meters would be unthinkable without a reliable power supply directly on the sea bed. This will make it possible to process oil and gas exhaustively and economically on the sea bed, where the components are exposed to high pressures of up to 300 bar (300 kg/cm²). The subsea power grid can help to boost the production capacity of a reservoir on the sea bed and exploit even small reservoirs that otherwise would be uneconomical. At the same time it would improve the safety and reliability of the installations.

The **Siemens Energy Sector** is the world's leading supplier of a complete spectrum of products, services and solutions for power generation in thermal power plants and using renewables, power transmission in grids and for the extraction, processing and transport of oil and gas. In fiscal 2011 (ended September 30), the Energy Sector had revenues of EUR24.9 billion and received new orders totaling approximately EUR31.8 billion and posted a profit of EUR3.9 billion. On October 1, 2011, the Energy Sector had a work force of more than 82,000. Further information is available at: www.siemens.com/energy.

Further information and press pictures are available at www.siemens.com/conferencecall

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