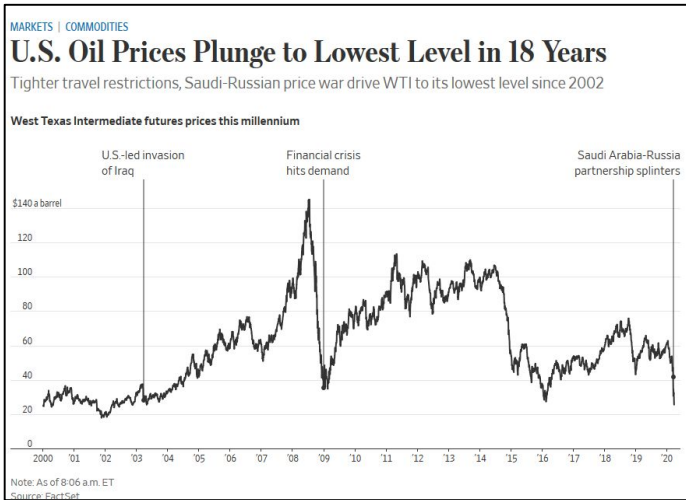


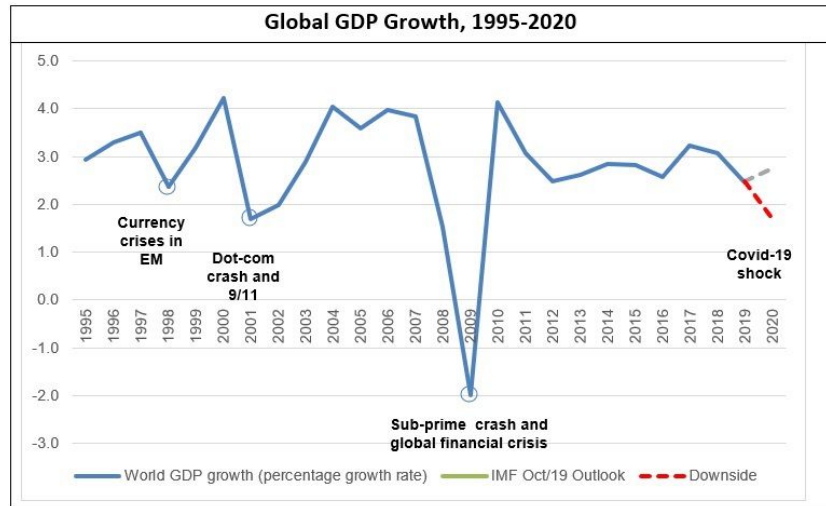
6.0 2020 IGT Market Turbulence

Two unexpected global events will likely result in significant market turbulence to the Industrial Gas Turbine (IGT) business.

- A failed Russian/Saudi oil production collaboration policy (resulting oversupply) coupled with a dramatic downturn in demand is driving the price of oil to an 18 year low price.
- The Global Covid-19 virus pandemic is rapidly inducing a significant reduction in consumer demand, along with semi-temporary business closures to comply with mandatory “social distancing” will have an immediate and potentially lasting impact on global GDP.



Credit: Wall Street Journal March 18, 2020



Credit: United Nations News March 10, 2020

There will be an impact on the Industrial Gas Turbine Market, particularly in the New-Unit Order segment, while the Aftermarket segment will also be impacted, but to a lesser degree.

- New Unit gas turbine orders will likely see the most dramatic reduction versus our Baseline forecast. This reduction will be primarily due to delayed project execution.
- A reduction in aftermarket will also occur but will be dampened by unplanned/urgent maintenance of equipment. Historically, cash conscious business leaders restrict maintenance spending when major market turbulence occurs. However, there will be some “spot” increases in maintenance activity, primarily due to “opportunity taking” of underutilized equipment during the current market turbulence.

Potential Impact of Current Market Turbulence

