

Capital Market Day 2022

Transformation of Industry

Karim Amin, Member of the
Executive Board of Siemens Energy



Disclaimer

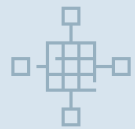
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Industry and Transportation are the largest CO₂ emitters after Power

SE uniquely positioned to drive industry decarbonization

SGRE

Grid Technologies, Gas Services



Transformation of Industry

Sustainable Energy Systems

Hydrogen, P-t-X, Hybrid solutions



Compression

Turbo and Recip Compressors



Industrial Steam and Generators

Steam Turbines and Generators



Electrification, Automation & Digitalization

Integration EAD solutions



Advanced Services

Enabling Sustainable Industrial Processes & end-products



Efficient transport and processing of Oil & Gas



Green chemicals and hydrogen-based fuels



Sustainable paper and packaging



Production of green steel and other metals



Biomass Power Generation

Our target

Leading the Energy Transition across industrial verticals

Transformation of Industry (TI) – Key messages



Significant market growth for Transformation of Industry at ~9% CAGR until 2030



SE uniquely positioned with **strong industrial customer base, global network, diverse technologies, integrated execution capabilities**



Mid single digit revenue growth targeted by FY25 driven mainly by H₂ / Power-to-X and Electrification, Automation & Digitalization (EAD)



Adj. EBITA margin of 6 - 8% (as reported) by FY25 supported by turnarounds in Compression & Industrial Steam Turbines and Generators

Four complementary businesses addressing industrial needs

Focus on growth

Focus on turnaround

Sustainable Energy Systems



H₂ electrolyzer systems, Power-to-X, hybrid solutions



€27m

Electrification, Automation, Digitalization



Integrated EAD solutions, value added services & consultancy

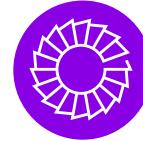


€1.0bn

Market position FY21

Revenue FY21

Industrial Steam Turbines & Generators

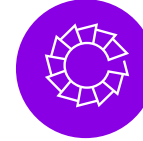


Industrial steam turbines (up to 250MW) incl. service, industrial generators



€1.3bn

Compression



Turbo & Recip compressors incl. service, compression systems




€1.6bn

¹ In respective solution scope in core verticals
2022-05-24

9% market growth per year for TI until 2030

Major investments¹

 **USD9trn**
roadmap to carbon neutrality

 **USD1.5trn**
clean hydrogen and clean energy

 **>USD400bn**
investments in decarbonization

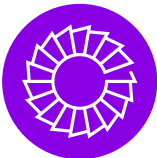
... for decarbonization of industries



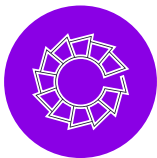
Growing demand for green hydrogen and derivative fuels



Increasing electrification and efficiency of industrial processes

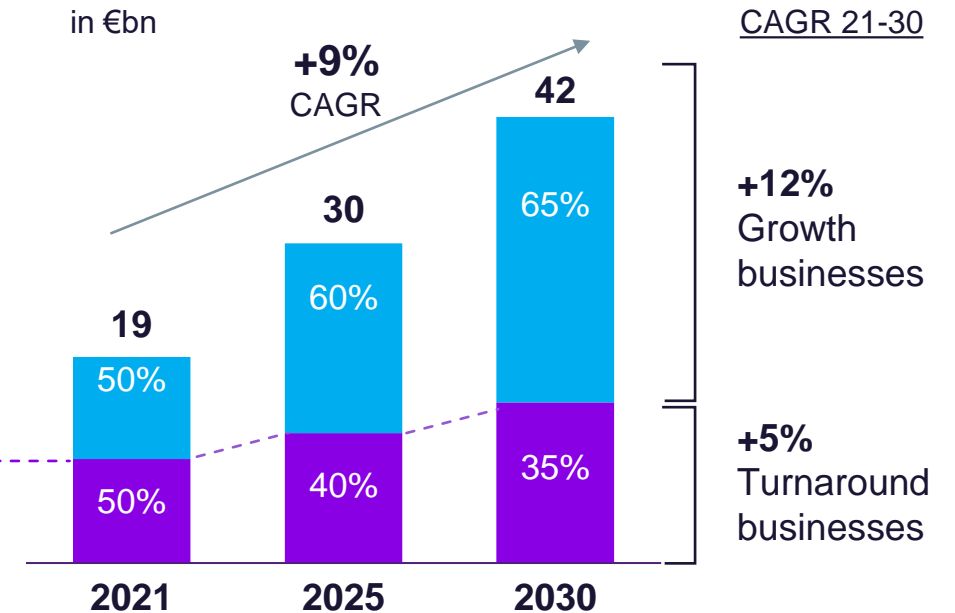


Optimization of heat & power processes incl. waste heat utilization



Reliable production, transportation and processing of gas & sustainable fuels

... driving market growth



¹ Until 2050, source: WEF, Bloomberg, government announcements


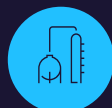


Promising project pipeline for TI until 2025

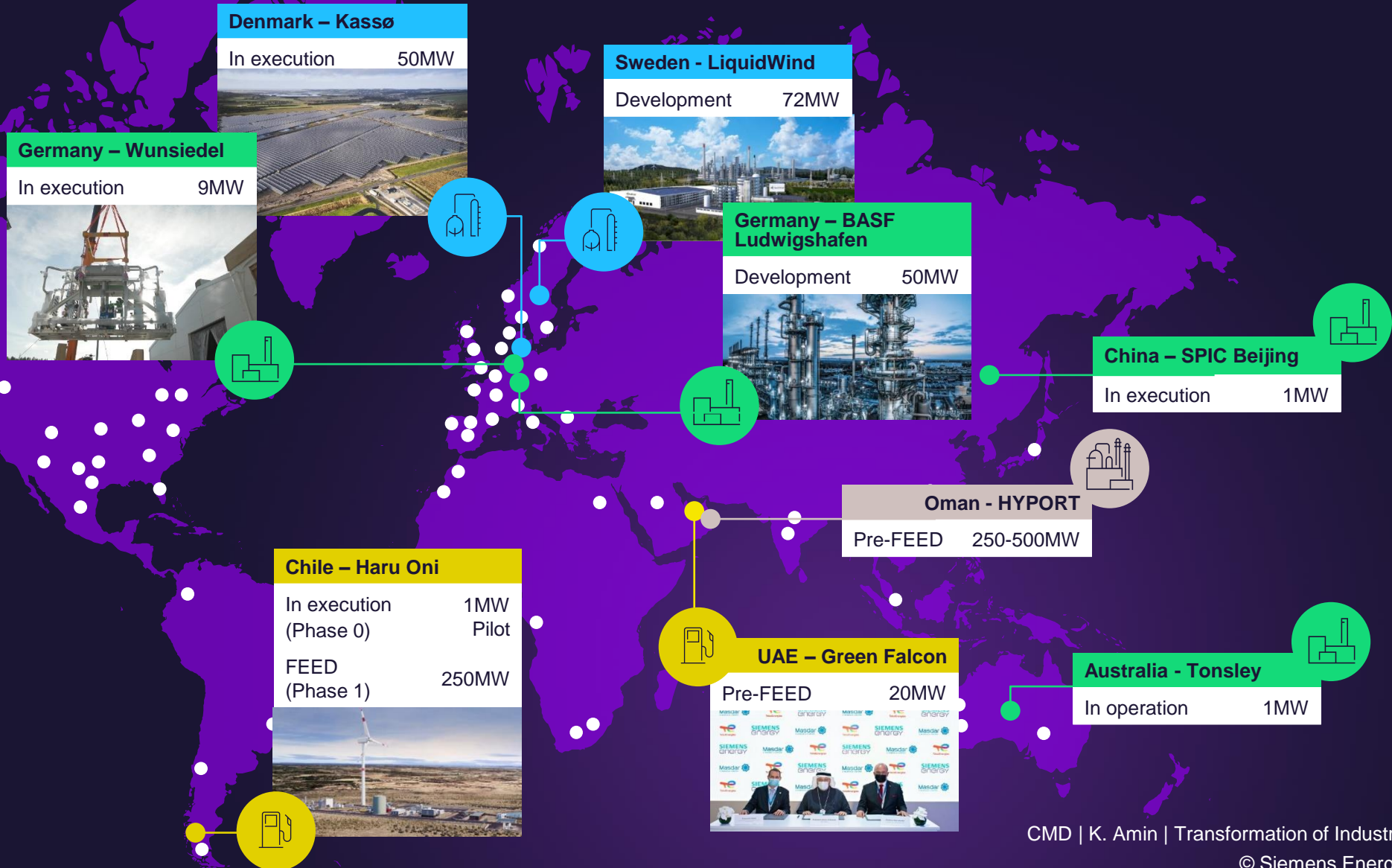
**>900
opportunities**

~25GW

Promising project pipeline for TI until 2025

PROJECT TYPES

-  H₂ for industry
-  eMethanol
-  eAmmonia
-  eFuel





Liquid Wind: eMethanol for shipping

FlagshipONE: Liquid Wind

Location: Örnsköldsvik, Sweden
Status: under development

Description: 50,000t p.a. eMethanol production for **shipping** and chemical industry

CO₂ Reduction: 100,000t p.a.

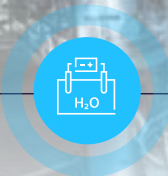
SE project scope: Electrolysis, compression, plant electrification (HV, MV, LV), plant automation (incl. engineering), and digitalization (e.g. digital twins)

“...Siemens Energy brings a broad range of valuable expertise, solutions and contacts. In particular, Siemens PEM electrolyzer technology provides the ideal combination of efficiency and flexibility, with further room to improve.”

Claes Fredriksson, CEO Liquid Wind



**50MW PEM, 40MW HTHP,
2GW electrification planned**



Green hydrogen as feedstock for chemical processing

Chemical industry: BASF Ludwigshafen

Location: Ludwigshafen, Germany

Status: planned

Description:

- Support **BASF** to become the **decarbonization leader** in the **chemical industry** and move the industry **towards a sustainable future**
- Waste heat recovery by **heat pump systems** and steam compressors to generate process steam
- **Enhancing and extending the electrical infrastructure** to employ renewable power from wind for chemical processes

Production: 1 t/h of green hydrogen via electrolysis

SE project scope: Electrolysis, High Temperature Heat Pump (HTHP) incl. steam compressor, electrification, integration

“By cooperating with Siemens Energy, we stand to benefit from the expertise of a first-class partner for implementing our carbon management, a partner with whom we can accomplish projects of a commercial scale.”

Dr. Martin Bruder Müller, CEO BASF Group



Producing green fuel from wind and water in Chile

Haru Oni: HIF, Porsche and other partners

Location: Magallanes, Chile

Status: Phase 0: in execution, Phase 1: in FEED, Phase 2: future

Description: 1st commercial **Power-to-X** facility currently under construction (Phase 0: 130k liter e-fuel p.a., Phase 1: 60m liter p.a., Phase 2: 550 m liter p.a.)

CO₂ Reduction: E-fuels emit **90% less CO₂** than fossil fuels contributing to the decarbonization of transportation

SE project scope: Overall **integration incl. design and supply** of **Electrolysis, Wind Turbine**, Methanol synthesis, Direct Air Capture, balance of plant and **plant control system**

Phase 0: **1 MW** electrolysis
Phase 1: **250 MW** electrolysis
Phase 2: **2 GW** electrolysis
and **2,5 GW** green power
up to ~ €2bn

“The region is so proud to be at the center of this pioneering project. In a way, the people here are at the vanguard of an expedition that will energize the rest of the world.”

Cesar Norton, President of HIF



The power of Siemens Energy

Our leading-edge capabilities

Customer Base & Access



- **Broad customer base** of **5,000+** industrial customers globally
- **NPS¹ of >50%** testifying customer satisfaction

Integrated Project Execution



- **Proven track record** implementing large, complex projects
- **Resilient supplier base** and logistics network

Unique Industry Expertise



- **References** in all major industrial verticals
- Several **partnerships** with major industrial companies

Advanced Services



- World's **largest installed fleet** (>60k STG²; ~25k Compressors)
- Ensuring **customer proximity** with 40+ service shops globally

¹ Net Promoter Score (operational, year-to-date products and solutions business) | ² Industrial Steam Turbines and Generators

TI will grow in line with market growth and with improved profitability

Focus on growth

Focus on turnaround

Sustainable Energy Systems



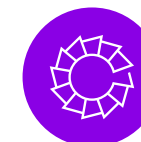
Electrification, Automation, Digitalization



Industrial Steam Turbines & Generators



Compression



FY21



FY25 Targets

Revenue:
Adj. EBITA margin before SI:

€3.9bn
neg. 2.5%

Revenue growth¹:
Adj. EBITA margin (as reported):

Mid single digit
6 - 8%

¹ Comparable revenue growth CAGR (FY22 – FY25), excluding currency translation and portfolio effects

Sustainable Energy Systems

Setting a strong foundation for the future

First projects secured



- **98MW** overall electrolysis sold since FY20
- Project scale-up ongoing: Size of projects increasing from 6MW to 50MW

SE capabilities optimized



- Solution engineering **team made future fit** for H₂ / P-t-X projects
- Sales **workforce trained** in H₂ economy
- H₂ / P-t-X **core team built up** with 190 experts
- Manufacturing **capacity extended** to 750MW in FY21

Development funds granted



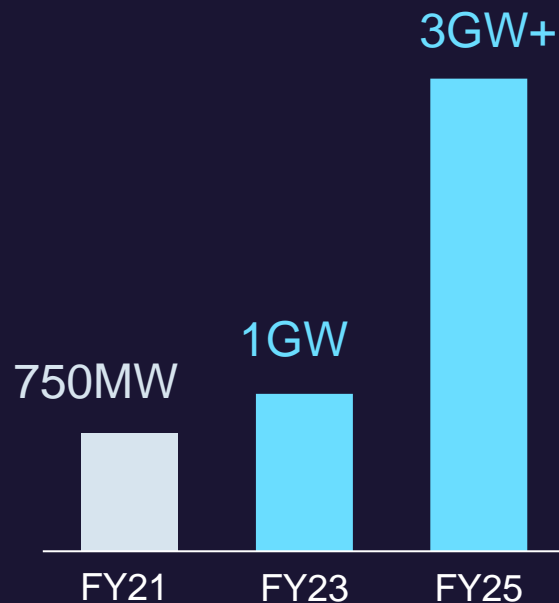
- **€52m** funding granted until 2025 for strategic development from German government, three key projects: DERIEL (€11m), SEGIWA (€16m), H2Mare (€19m)

Sustainable Energy Systems

Clear plan to deliver growth

Significant growth targeted...

Electrolyzer manufacturing capacity (p.a.)



... driven by dedicated measures

Go-to-Market

- **Deploy SE sales force in regions** to position H₂ / P-t-X offerings
- **Expand strategic partnerships** with key industrial customers

Delivery Model

- Economies of scale and industrialization via **Gigafactory**
- Project execution by SE **global project entity**
- Recycling, refurbishment and advanced **service concepts**

Portfolio Development

- Drive **standardization and modularization**
- Develop **digital software and solutions** for optimized plant design and operations



Electrification, Automation & Digitalization ...

EAD offers integrated, industry specific EAD solutions, value added services and consultancy

Core value proposition around electrification, process optimization and efficiency solutions with in-depth know-how for process industries, maritime and offshore



... to grow in line with market

Key successes

- >8% OI growth FY20 to FY21
- Extended offerings towards decarbonization solutions
- Successes in new market segments e.g., providing EAD solutions for first-of-its-kind biorefinery

Growth plan for FY25

- Scale up **APAC** and **Americas**
- Accelerate **digital** and **value-added services and solutions**
- Continue to invest in **portfolio innovation and harmonization**, with focus on partnering and funding

We decarbonize industry ...

Revenue Drivers

- Exponential growth in H₂ / P-t-X business
- Moderate growth in EAD business
- Growing service share in all four businesses

Profit Drivers

- Focus on turnaround businesses



Compression: Improved new unit profitability by ~8pp (FY20 to FY21), **3 out of 9** manufacturing sites closed, **900+ headcounts reduced**, >8% y-o-y productivity improvement, >40% non-conformance costs reduction



Industrial Steam & Generators: **5% y-o-y** productivity improvement, project excellence enhanced, **growing service** share, leading market position (28% MS)

- TI businesses being independently managed to ensure **competitiveness, clear accountability, transparency & peer comparability**

...while securing profitable growth

Revenue growth¹

Mid single digit

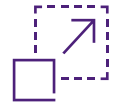
Adj. EBITA margin (as reported)²

6 - 8%

¹ Comparable revenue growth CAGR (FY22 – FY25), excluding currency translation and portfolio effects | ² Business Area profitability target range reflects different target ranges of independently managed businesses. Growth businesses may be margin dilutive to the mid-term Business Area target

Leading the Energy Transition across industrial verticals

Transformation of Industry at the heart of the energy transition in industries



Scale and industrialize decarbonization offerings around major growth fields (Hydrogen, Power-to-X)



Drive growth in decarbonization of industrial processes through **integrated EAD solutions**



Increase profitability of **Compression, Industrial Steam Turbines and Generators**



Strategic portfolio management to shape portfolio towards sustainable growth



Leverage Siemens Energy strengths in project execution, service, customer access and procurement