

Leading the Energy Transformation

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Our vision

To become the most valued energy technology company in the world

Key messages

Since the start of Siemens Energy in 2020 we have made substantial operational improvements & portfolio changes

The electricity and energy market is under significant change and will receive substantial investment over the next decades

Siemens Energy is excellent positioned to benefit from these investments

We focus on 5 key levers to create value for our stakeholders

Driving sustainability across our own portfolio and operations will drive profitable growth



Acting in a

Changing environment

There are multiple scenarios how the electricity market will develop but all of them have common themes

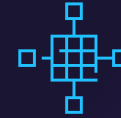


Electricity production will grow faster than GDP



Production capacity will grow

- Capacity expansion will be covered by renewables
- Gas will continue to be a backbone of electricity production
- Coal will be phased out



Grid investment will rise to unprecedented levels



Energy efficiency will be a competitive criteria across industries due to

- Higher cost
- Volatility of supply
- Regional differences

We support our customers along the value chain

Low- or zero-emission power generation



Transport and storage of electricity



Reducing CO₂ footprint and energy consumption in industrial processes



Market position

#1 Offshore
#3 Onshore
#1 Gas turbines >10MW²

#1

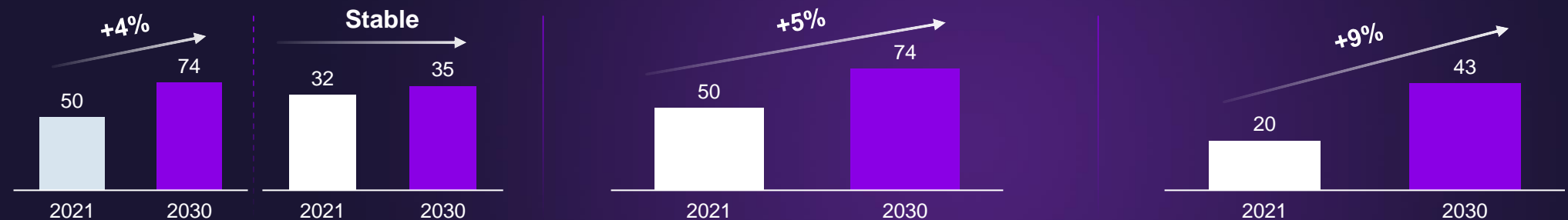
Leading market positions

Examples

- >100GW wind turbine installations
- 7,800 units of rotating equipment installed
- Global leader in HVDC installations
- Most comprehensive SF6-free switching portfolio
- >60,000 Industrial steam units and >25,000 Compression units in Service Fleet

Market growth¹

(CAGR in GW for wind and in €bn for the other projections)










¹ Wind market based on BloombergNEF, 2H 2021 Global Wind Market Outlook; excl. China; gas turbine, transmission and industrial market based on internal market assessment | ² Power generation applications in H1 FY22

New group structure (effective October 1, 2022) to increase customer focus, transparency and accountability...

Siemens Energy

SE Executive Board

Reporting Segments

CEO	CFO	Gas Services	Grid Technologies	Transformation of Industry	Global Functions	SGRE
						

...and a new operating model aiming at

Clear Structures

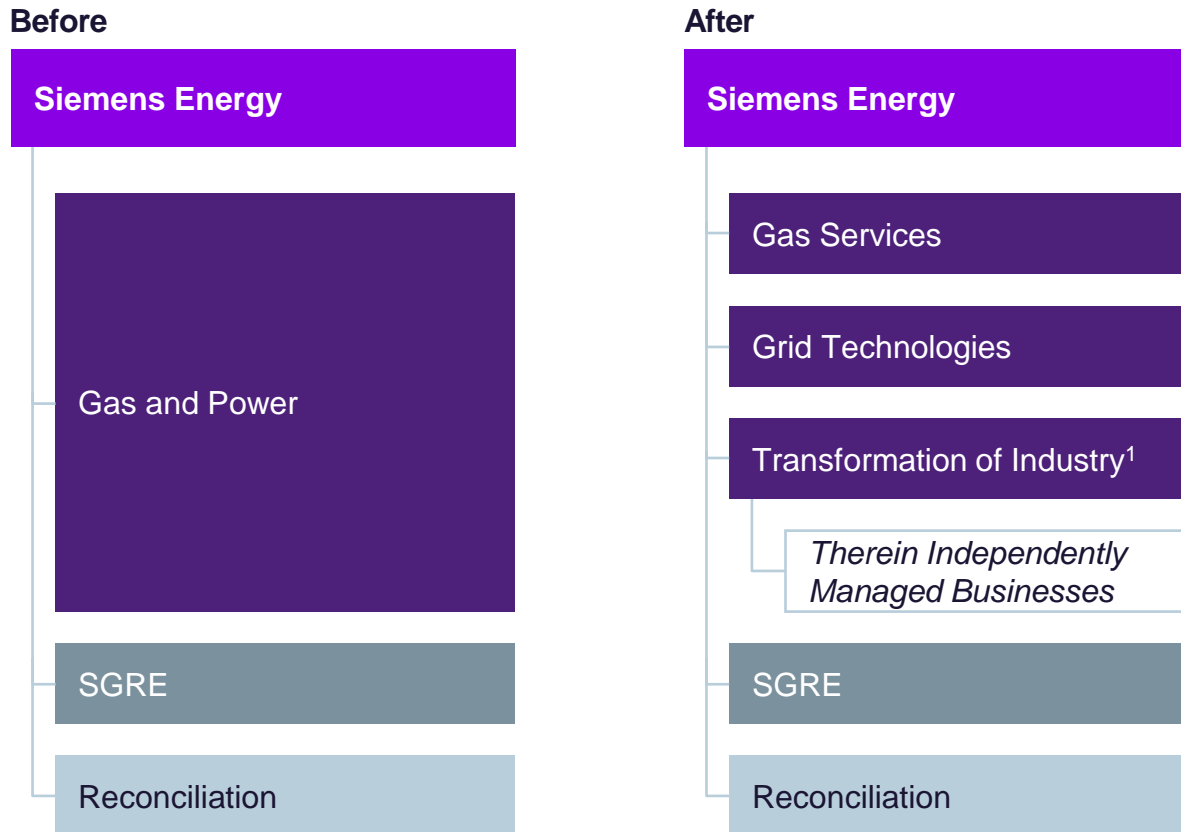
Unified go to market

Operational excellence

Focused innovation

New reporting structure significantly increases transparency

Reporting structure



¹ Transformation of Industry reflecting total of four Independently Managed Businesses (operating segments)

New reporting structure

Effective October 1, 2022

New reporting structure following board structure, splitting former Gas and Power segment into 3 segments

Gas Services, Grid Technologies, Transformation of Industry and SGRE will be disclosed as segments

Additional disclosure within Transformation of Industry

Gas Services

Share of Siemens Energy total revenue¹



Revenue¹

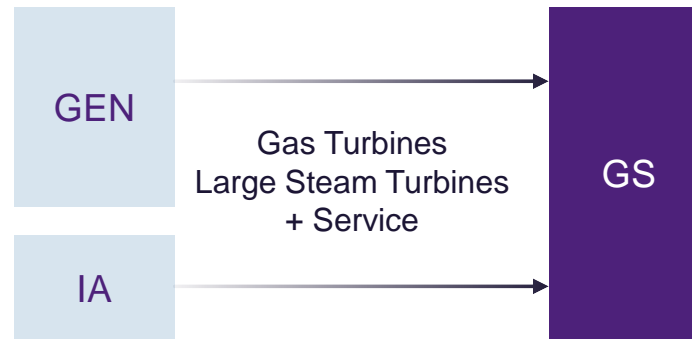
€9.0bn

Adj. EBITA margin before SI¹

7.0%

Monetize on installed base through service and decarbonization

What has changed in the new group structure?



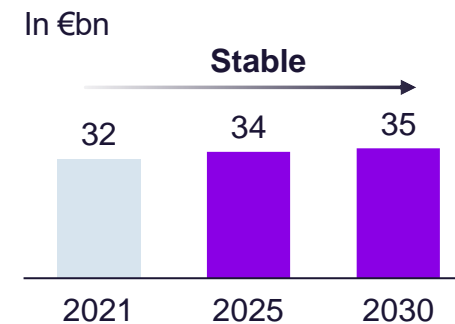
Business Drivers

- Decarbonization of power generation and district heating
- Service, Mods and Upgrades to increase efficiency and lower emissions
- Decentralization of energy infrastructure

Portfolio Elements

- Large and Industrial Gas Turbines from 4 – 600 MW
- Large Steam Turbines
- Large Generators
- Heat Pumps
- Modernization and Upgrades

Addressable Market²



Mid-term Targets

Revenue growth
Stable / modest decline
 Adj. EBITA margin (as reported)
10 – 12%

¹ FY21 pro-forma restated figures reflecting new reporting structure, partially approximated. The pro-forma revenue numbers are rounded to the nearest 50 million and the profitability number to the nearest half percentage point. | ² SE estimates

Grid Technologies

Share of Siemens Energy total revenue¹



Revenue¹

€5.8bn

Adj. EBITA margin before SI¹

6.5%

Leverage market leadership to benefit from accelerating investment

What has changed in the new group structure?



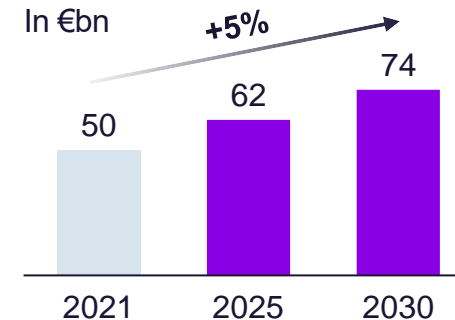
Business Drivers

- Growing electricity demand
- Connection of increasing amount of renewable energy
- Modernization of aging transmission grid
- Grid reliability and resiliency in increasing network complexity

Portfolio Elements

- HVDC transmission
- Grid Stabilization and Storage
- High voltage switchgears and transformers
- Grid automation & digitalization

Addressable Market²



Mid-term Targets

Revenue growth

Mid single digit

Adj. EBITA margin (as reported)

8 – 10%

¹ FY21 pro-forma restated figures reflecting new reporting structure, partially approximated. The pro-forma revenue numbers are rounded to the nearest 50 million and the profitability number to the nearest half percentage point. | ² SE estimates

Transformation of Industry

Share of Siemens Energy total revenue¹



Revenue¹

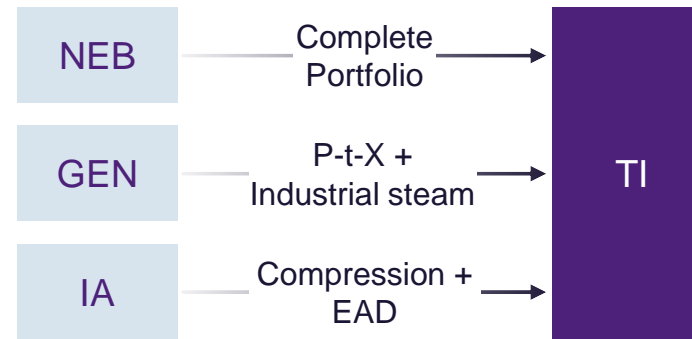
€3.9bn

Adj. EBITA margin before SI¹

-2.5%

Decarbonize industrial sector through focus on hydrogen and EAD

What has changed in the new group structure?



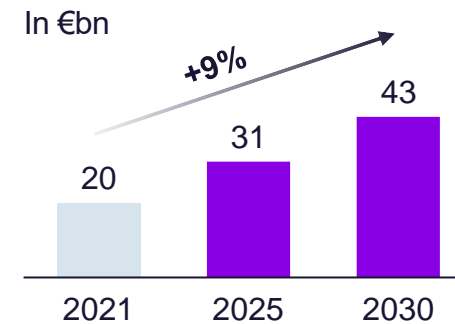
Business Drivers

- Growing demand for green hydrogen and derivative fuels
- Increasing electrification and efficiency of industrial processes
- Optimization demand of heat & power processes incl. waste heat utilization
- Need for reliable production, transportation and processing of gas and fuels

Portfolio Elements

- Hydrogen electrolyzer systems and Power-to-X solutions
- Integrated EAD solutions and services
- Industrial steam turbines and generators
- Turbo & Recip compressors and service; compression systems

Addressable Market²



Mid-term Targets

Revenue growth

Mid single digit

Adj. EBITA margin (as reported)³

6 – 8%

¹ FY21 pro-forma restated figures reflecting new reporting structure, partially approximated. The pro-forma revenue numbers are rounded to the nearest 50 million and the profitability number to the nearest half percentage point. | ² SE estimates | ³ 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

Siemens Gamesa Renewable Energy

Share of Siemens Energy total revenue¹



Revenue¹

€10.2bn

Adj. EBITA margin before SI¹

-1.0%

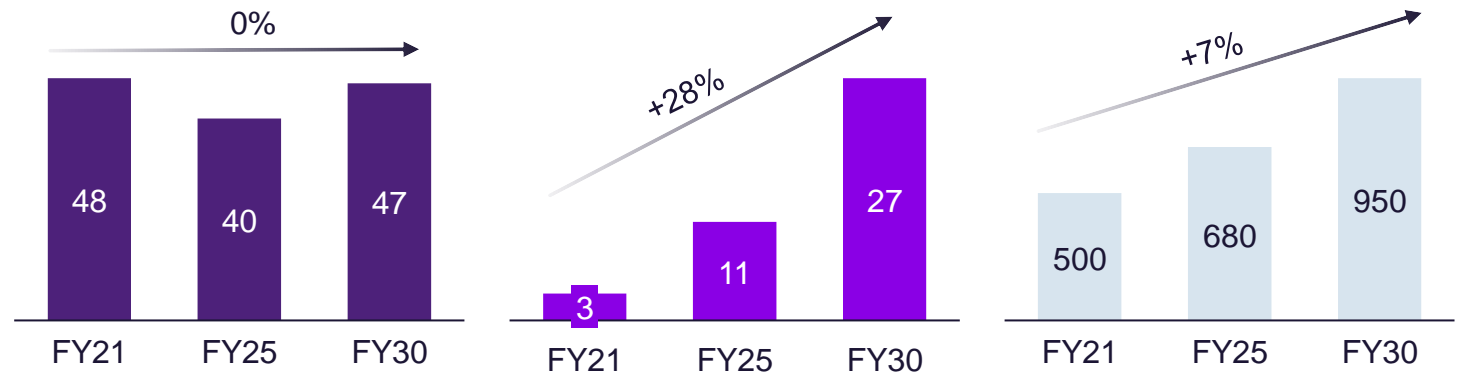
Secure turnaround

Wind market shows exceptional future growth

Annual global onshore wind installations² (GW, excl. China)

Annual global offshore installations² (GW, excl. China)

Global installed capacity in wind³ (GW, excl. China)



Mistral program to be launched as vehicle to achieve long-term vision

Program approach adjusted to **face recent industry challenges**

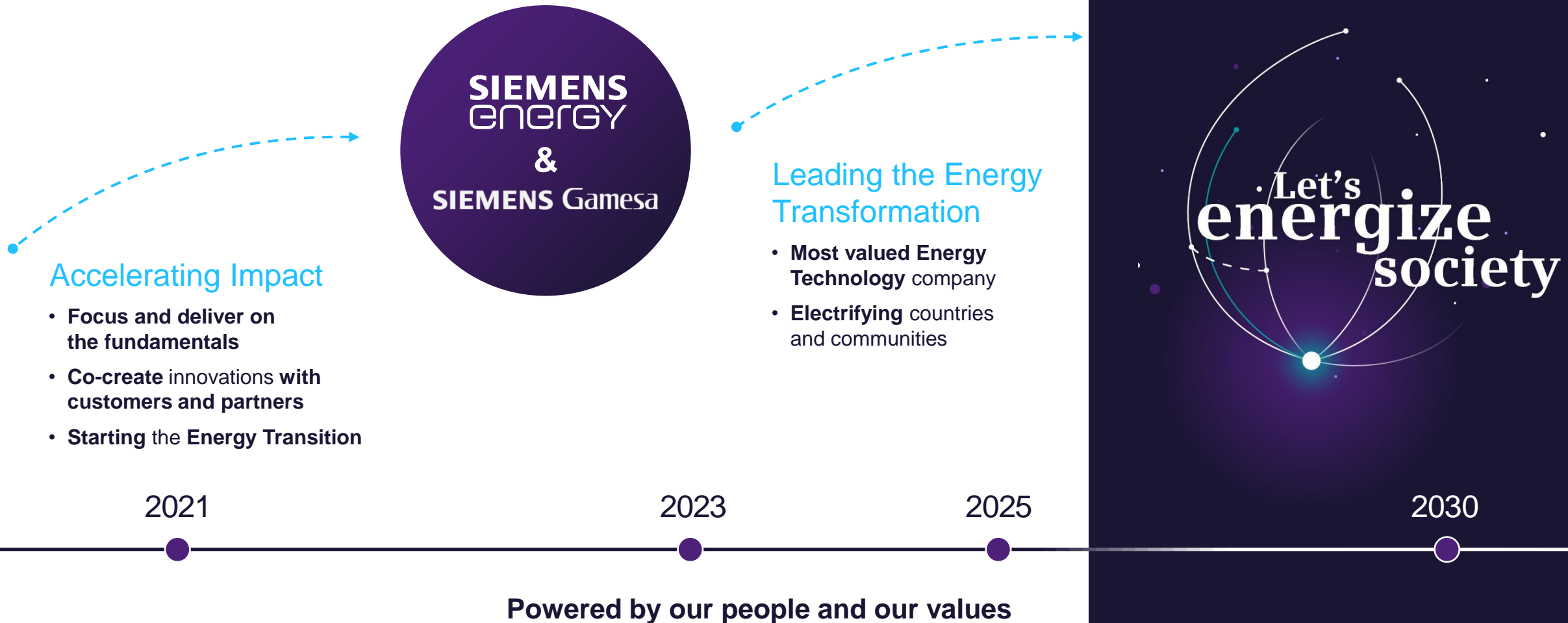
Immediate focus on mitigating short-term headwinds:
Siemens Gamesa 5.X and supply chain

Key levers identified to achieve margin expansion by mid-term

Transformational measures to be explored, in order to unlock full potential of SGRE

¹ FY21 | ² BloombergNEF, 2H 2021 Global Wind Market Outlook; excl. China | ³ BloombergNEF, Wind Cumulative Installed Capacity and Forecast by Country (2022); excl. China

Execute a meaningful and decisive next step on our strategic roadmap to lead the Energy Transition



Key terms of the voluntary cash tender offer with intention to delist SGRE

Transaction structure

- Voluntary cash tender offer covering all outstanding shares of SGRE with intention to delist
-

Purchase price

- €18.05 per share
-

Current status

- CNMV approval process ongoing, approval expected post summer holidays
- €1.15bn cash collateral provided to CNMV reducing volume of guaranteed bridge facility to €2.9bn
- Acceptance period to start post approval
- Timeline to be kept

Tentative timeline



¹ Tentative timeline subject to CNMV review and overall process

² 15 – 70 days acceptance period to be determined by Siemens Energy

³ Delisting requires 75% of SGRE's share capital

Envisaged offer funding and rating commitment

Funding requirement

Rating commitment

Funding structure

- Funding requirement driven by tender offer acceptance
 - Assuming a 100% offer acceptance (i.e. by all SGRE minority shareholders), transaction value amounts to approximately €4.0bn (at an offer price of €18.05)
-
- Balance sheet strength is a core part of Siemens Energy's strategy
 - Siemens Energy is and remains committed to a solid investment grade credit rating
 - Financing package designed to support this key objective
-
- The funding of the acquisition is fully underwritten by Bank of America and J.P. Morgan
 - Assuming a full acceptance of the offer, Siemens Energy intends to finance up to €2.5bn of the transaction value with equity or equity like instruments
 - The remainder of the transaction would be financed with debt as well as cash on hand
 - As a first step, equity may be offered without subscription rights, subject to market conditions

ESG is a business opportunity



E Environment



S Social



G Governance

Our Targets



Decarbonization

Climate neutral own operations by 2030
Aspiration of **Net Zero** value chain



Gender diversity

25% by 2025
30% by 2030
(share of women in top leadership positions)



Safety

Achieve **Zero Harm**
Become the leader in our industry

Recognition

Top
4%



B-



MSCI
ESG RATINGS

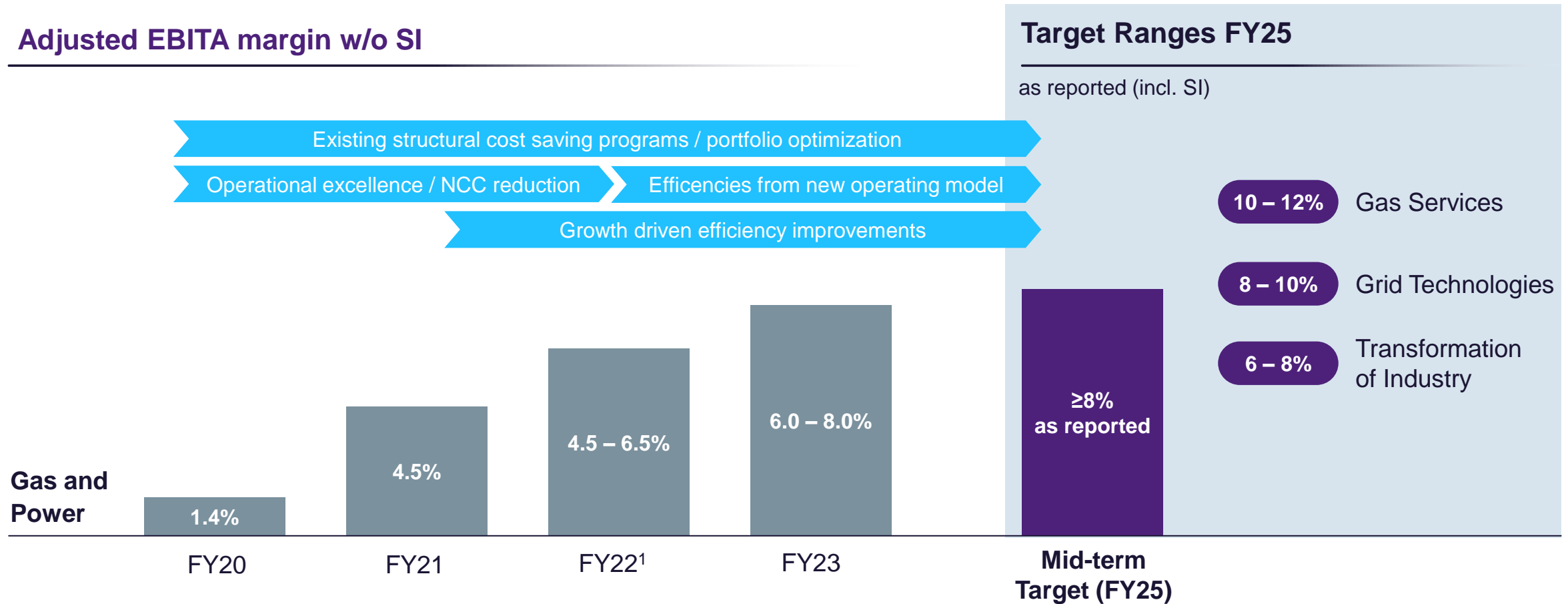


CCC B BB BBB A AA AAA



New Business Area margin targets clearly support original Gas and Power margin target of $\geq 8\%$ as reported

Adjusted EBITA margin w/o SI



¹ With the Q2 earnings release (May 11, 2022), Siemens Energy maintained the guidance range for the GP segment in fiscal year 2022. However, in light of prevailing challenges Siemens Energy expects results in GP towards the low end of the range.

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Appendix

Key Messages

Highlights / Lowlights

- Continuous solid performance at Gas and Power (GP)
- Operating performance at SGRE unsatisfactory
- Capital Markets Day in Berlin (May 23-24)

Market Environment

- Healthy order environment across all businesses at GP
- Wind market dynamics remain challenging
- Supply chain constraints remain in focus

Guidance FY22¹

- SE**
- Low end of guidance ranges (unchanged)
 - Comp.² revenue development of neg. 2% to pos. 3%
 - Adj. EBITA margin before SI of pos. 2% to pos. 4%
- GP**
- Low end of guidance ranges (unchanged)
 - Comp.² revenue development of pos. 1% to pos. 5%
 - Adj. EBITA margin before SI of pos. 4.5% to pos. 6.5%
- SGRE**
- Comp.² revenue decline of (9)%
 - EBIT margin pre PPA and I&R of (5.5)%

¹ For the SE and GP comparable revenue guidance, effects from lost revenue in connection with business in Russia are excluded | ² comparable: excluding currency translation and portfolio effects
2022-09-15

Major initiatives

- **Company reorganization** (new structure effective Oct 1)
- **Cash Tender Offer for outstanding SGRE minorities**
- **Restructuring of business activities in Russia**

Q3 FY22 Financial Performance

- **Orders: 60.0%** comp.² at €9.8bn
- **Order backlog** at new high of **€93.4bn**
- **Revenue: (4.7)%** comp.² at €7.3bn; **book-to-bill of 1.35**
- **Adj. EBITA before SI: €(131)m** (down from €54m)
- **Adj. EBITA margin before SI: (1.8)%** (Q3 FY21: 0.7%)
- **FCF pre tax: €(25)m** (down from €328m)

SGRE – update (Q3)

Quarterly performance

Decisive steps towards the turnaround

Outlook update

- **Strong order intake** leads to record order book of €34bn
 - **Sequential recovery of Onshore commercial activity** maintaining an **upward trend in Onshore wind turbine average selling prices**
 - **Profitability still unsatisfactory**, which was impacted by ramp up of SG 5.X, supply chain conditions and costs driven by component failures and repairs mainly in legacy Onshore WTG platforms
-
- **Mistral to act upon negative short-term EBIT margin performance and help deliver long-term vision – Staffing and footprint optimization actions launched**
 - Simplified and leaner company structure
 - One technology development and manufacturing team
 - Businesses to focus on sales, projects and product roadmap, keep full P&L responsibility
 - One standardized regional setup across businesses
 - Transition to mid- to long-term procurement contracts of direct material
 - Stabilization of the product development and quality process
 - **Christian Bruch appointed to the Board of Directors** on June 24
-
- **Comp. revenue decline of (9)%** vs. FY22 May target of (9)% to (2)%
 - **EBIT margin pre PPA and I&R of (5.5)%** vs. FY22 May target of (4)%

Restructuring of business activities in Russia

- **Substantial impact** on all existing business activities in Russia after July 10 (end of 5th EU sanctions package wind down period)
- **Current sanctions do not justify to continue in the current business setup** in Russia

- **Concrete steps have been taken to reach optimal solution** for SE by the end of the fiscal year
- **Continuation of existing activities** in accordance with the sanctions

FY22: Revenue: ~€400m impact
Adj. EBITA before SI: low triple digit €m impact
(lost Russia business not recorded as SI)
Special Items: ~€200m impact

FY23: Based on our current assumptions, no major negative effects to be expected

Implications of sanctions

Business set-up in Russia

Financial Implications

Impact assessment on SE operations in case of a gas shortage in Europe

Our Operations

- **Activities started to reduce gas consumption in own operations**
 - **Utilization of gas in operations mainly for heating and testing**
-

Our Suppliers

- **Broad supplier network globally** – risk mitigation actions in progress, if possible, route sourcing outside Europe for gas-intensive products, build up of safety stock, etc.
 - **Raw-material costs already affected** due to high gas prices since February
-

Our Customers

- **Fleet utilization remains currently stable in all regions**
- Currently no signs of changing customer buying behavior towards gas turbine equipment
- **Upgrade opportunity** to increase efficiencies and reduce gas intensity