

Severe ramp up challenges in the wind business overshadow excellent performance in conventional energy business

Press call Q3, fiscal year 2023
Berlin, August 7, 2023

Christian Bruch, President and CEO Siemens Energy AG ●
Maria Ferraro, Chief Financial Officer Siemens Energy AG
Jochen Eickholt, CEO Siemens Gamesa



Information and forward-looking statements

This document contains statements related to our future business and financial performance, and future events or developments involving Siemens Energy that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project,” or words of similar meaning.

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Christian Bruch

President and CEO, Siemens Energy AG



Siemens Energy

in the third quarter FY 2023

Excellent performance of Gas Services, Grid Technologies and Transformation of Industry; targets for these Business Areas being met

Setback at Siemens Gamesa: quality problems identified and quantified; first mitigation measures in place

Continued positive market momentum for former „Gas and Power“ businesses; progress in wind business despite structural issues



Jochen Eickholt

CEO, Siemens Gamesa



Siemens Gamesa (Onshore)

Technical issues at 4.X and 5.X platforms

Potential damage to rotor blades & main bearings after some period of operation accounts for largest share of provisions

Defective components not installed in entire fleet; only limited proportion of platforms 4.X and 5.X affected; fleet still in operation

Repairs expected in normal service intervals; currently offered projects already based on revisions



Siemens Gamesa (Offshore)

Challenges in expanding capacity

Ambitious targets for Offshore wind;
Siemens Gamesa is ramping up or retrofitting sites

Ramp-up taking longer than planned; market for
raw materials has not yet recovered to pre-Covid
level; cost calculation too optimistic

Upgrading capacities in factories will take time;
speed of growth remains a challenge



Siemens Gamesa

Financial impact and mitigation measures

Charges of €1.6 billion due to quality issues related to Onshore platforms; lower margin from processing order backlog; external task force established

Additional impact of increased product cost (€0.4 billion) and others (€0.2 billion), including Offshore ramp-up challenges

Extensive mitigation measures taken; clear responsibilities in new SG organization; focus on stability, profitability, and growth



Christian Bruch

President and CEO, Siemens Energy AG

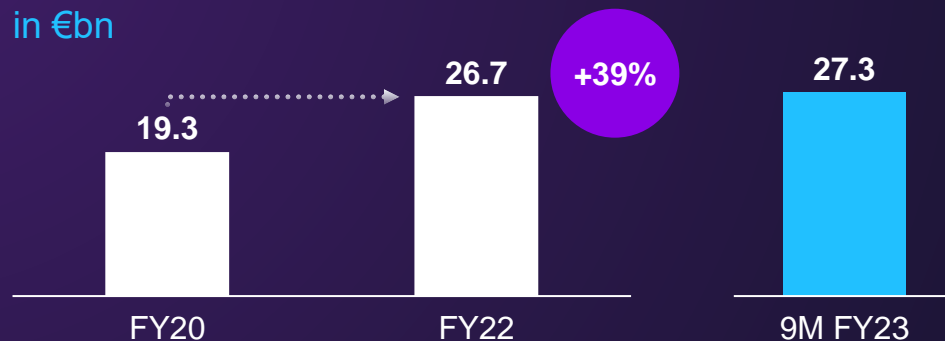


Successful turnaround, continuous improvement

Siemens Energy without Siemens Gamesa

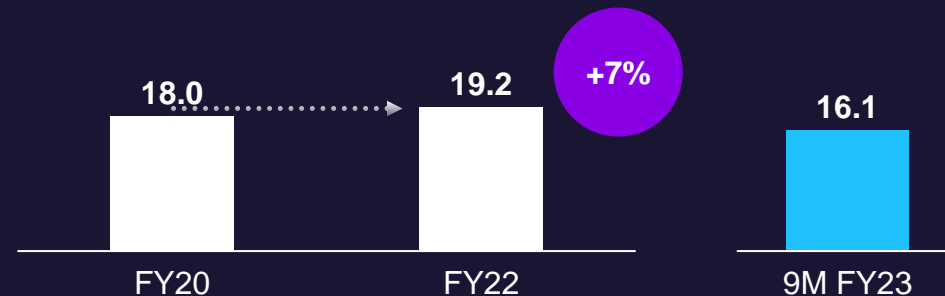
Orders

in €bn



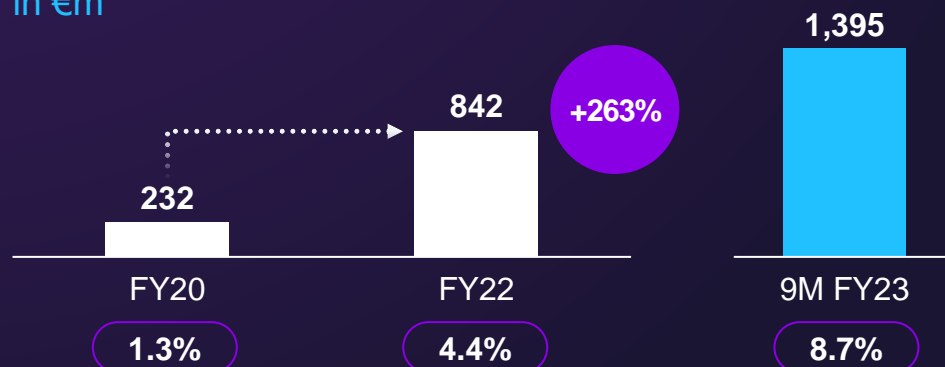
Revenue

in €bn



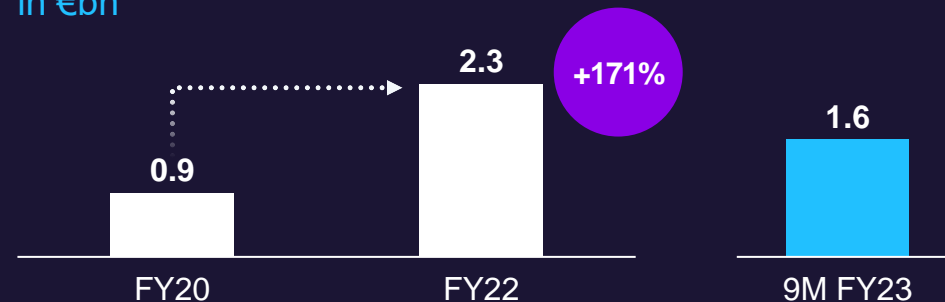
Profit before Special Items

in €m



Free Cash Flow pre-tax

in €bn



Maria Ferraro

Chief Financial Officer, Siemens Energy AG

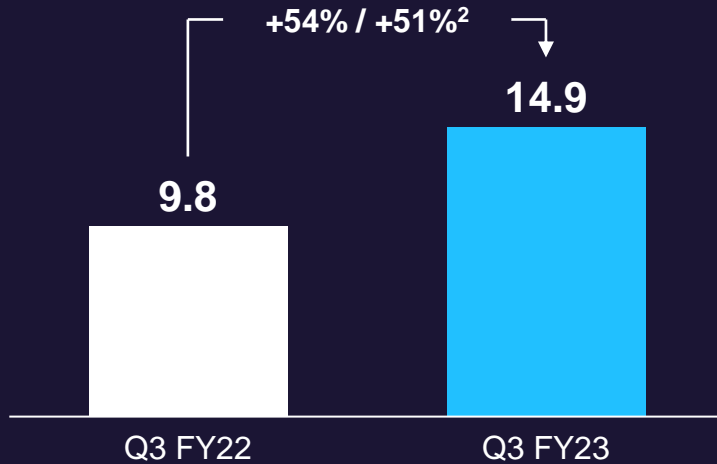


Siemens Energy Group in Q3 FY23¹

Strong growth in orders and revenue; profitability impacted by charges at Siemens Gamesa

Orders

in €bn

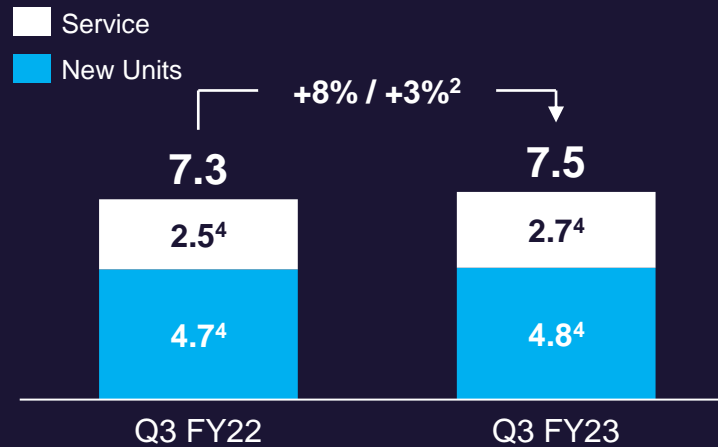


Order backlog³ €109bn

Q2 FY23: €102bn

Revenue

in €bn

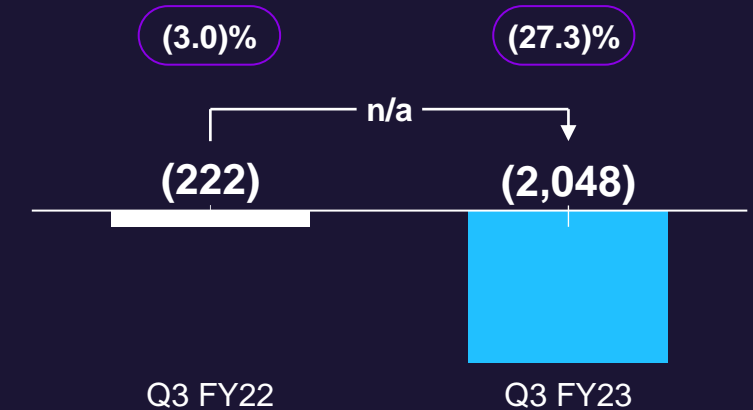


Book-to-bill ratio 1.98

Q3 FY22: 1.35

Profit before Special Items

in €m



Free Cash Flow⁵ €27m

Q3 FY22: €(25)m

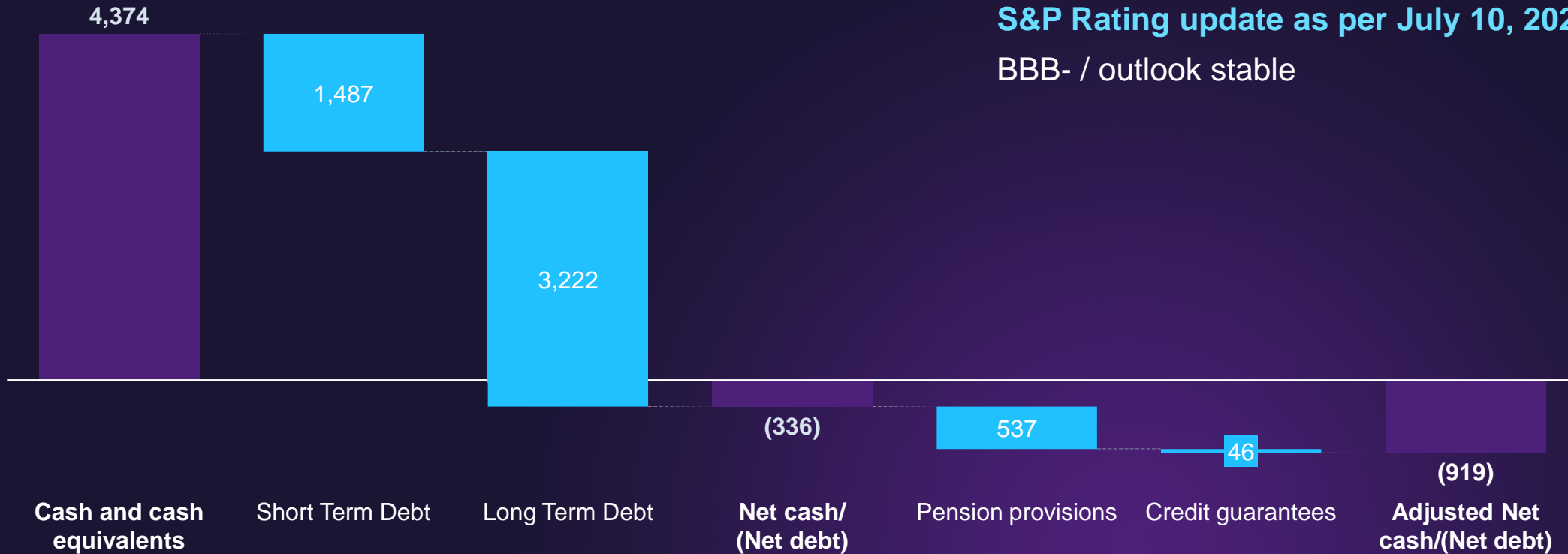
¹ Prior year figures are presented on a comparable basis. | ² xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal | ³ As of June 30, 2023 | ⁴ External revenue | | ⁵ Free Cash Flow pre tax

X.X% Profit margin before special items

Continuous strong liquidity position

Net cash/(Net debt) as of June 30, 2023 (in €m)

S&P Rating update as per July 10, 2023:
BBB- / outlook stable

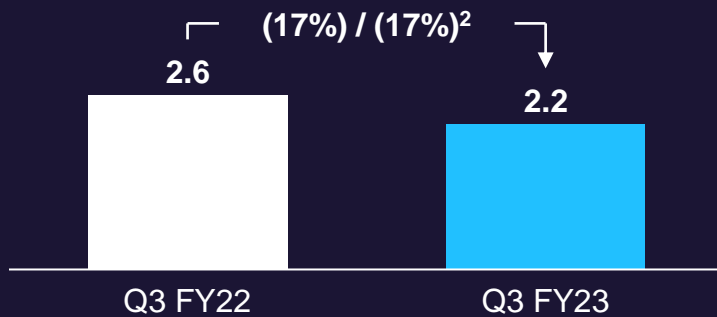


Siemens Energy: €9.4bn liquidity available (€4.4bn cash, €5.0bn undrawn facilities)

Profit before Special Items almost doubled year-over-year

Orders

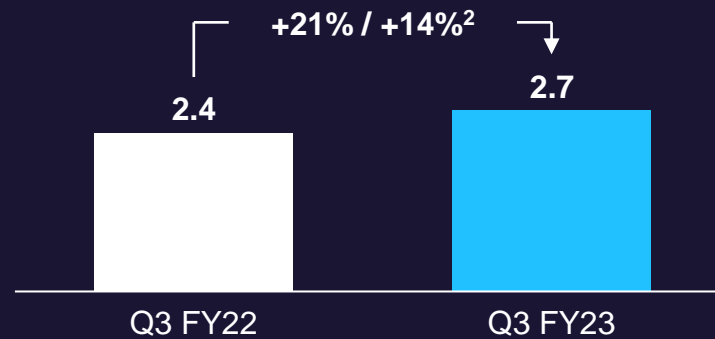
in €bn



Significant decrease driven by lower volume from large orders

Revenue

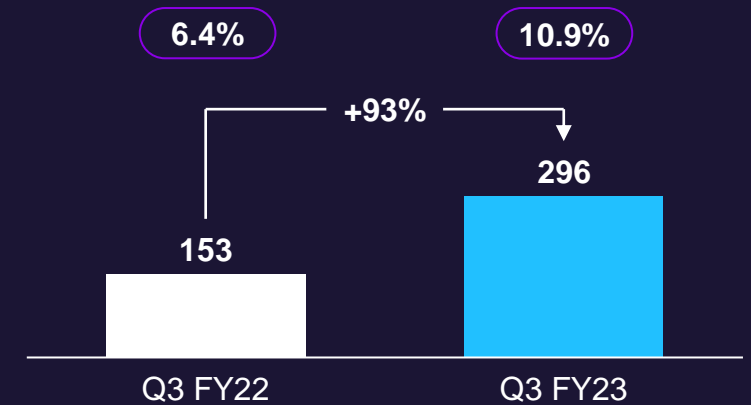
in €bn



Substantial growth driven by new unit and service business

Profit before Special Items

in €m



Sharp increase due to higher volume, continued operational improvements, and more favorable business mix

¹ Prior-year figures are presented on a comparable basis. Beginning of fiscal year 2023, prior-year figures have been adjusted due to a change in accounting policies regarding derivative financial instruments | ² xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal

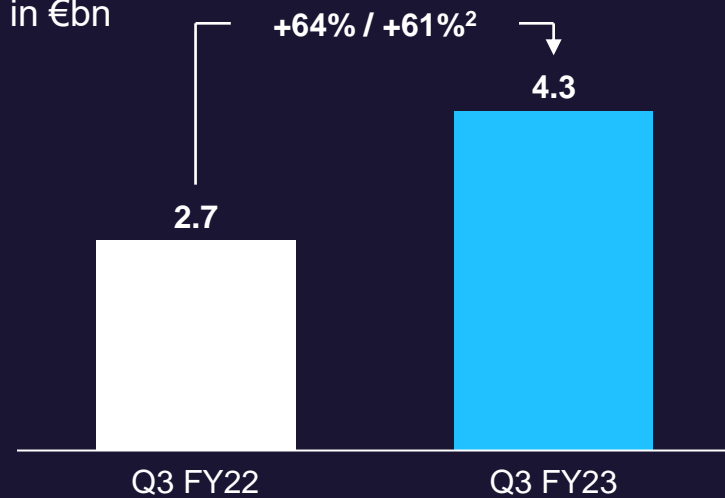
X.X% Profit margin before special items

Grid Technologies in Q3 FY23¹

Strong improvement across all key financial indicators

Orders

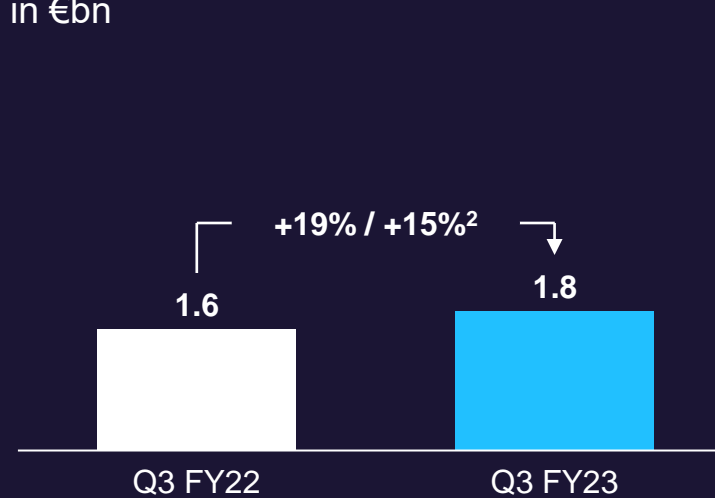
in €bn



Continuous strong order momentum; all regions showed growth led by Europe

Revenue

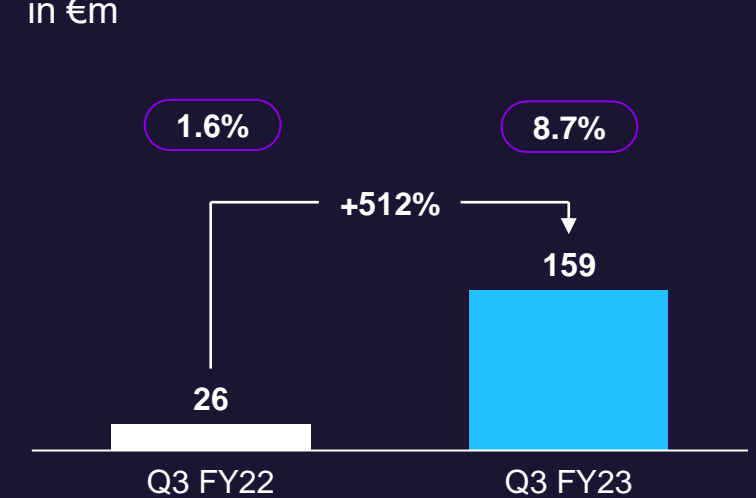
in €bn



Significant growth supported by all businesses on the back of the strong order intake in prior fiscal year

Profit before Special Items

in €m



Increase driven by margin-accretive volume growth and operational improvements; Q3 FY22 burdened by supply chain constraints

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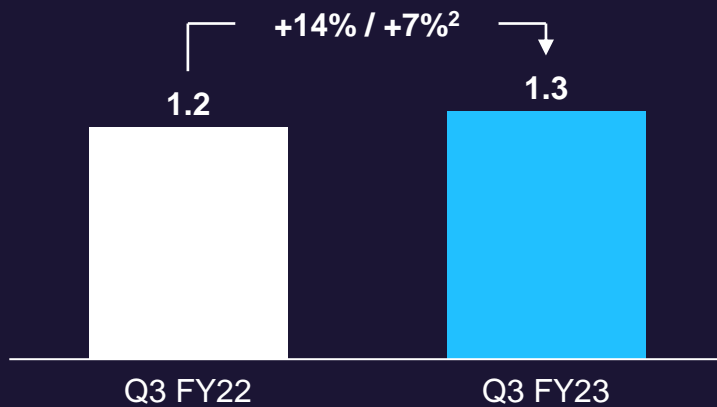
X.X% Profit margin before special items

Transformation of Industry in Q3 FY23¹

Continuous margin progression

Orders

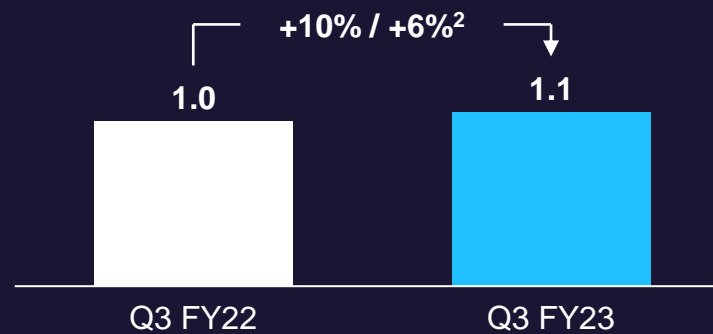
in €bn



Strong prior-year quarter; service orders continue to drive profitable growth

Revenue

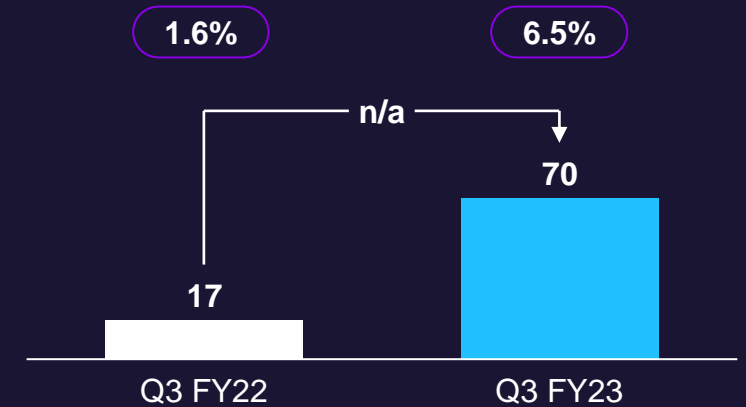
in €bn



Double-digit increase in all four businesses with substantial growth in service business

Profit before Special Items

in €m



Sharp improvement driven by higher revenue, operational improvements and better cost position

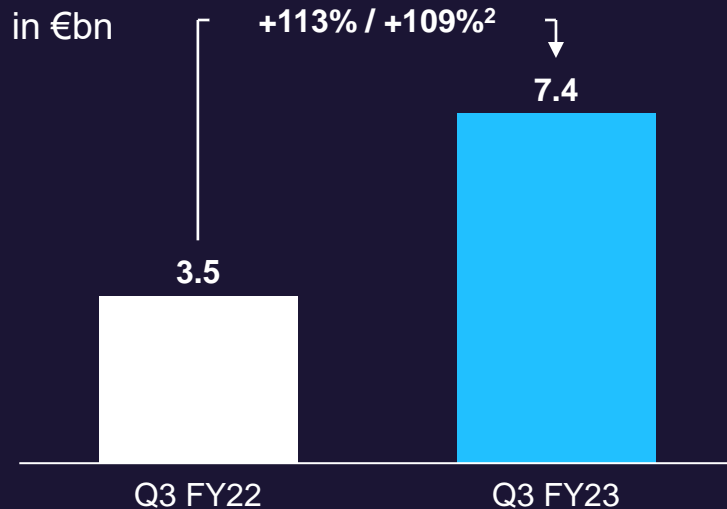
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X.X% Profit margin before special items

Siemens Gamesa in Q3 FY23¹

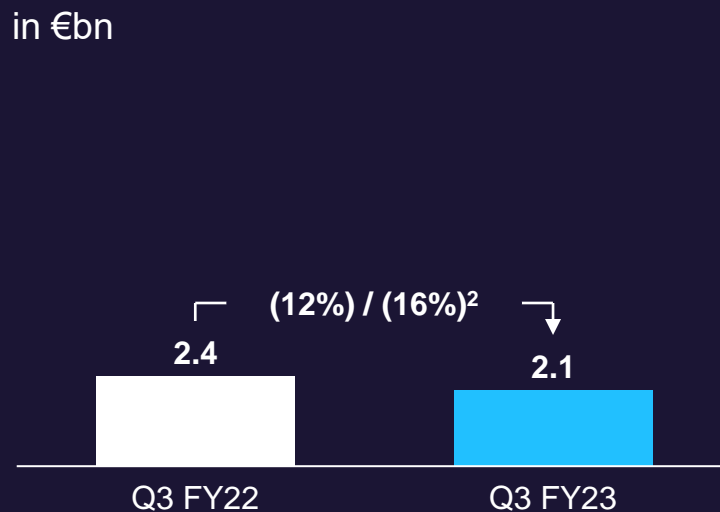
Strong order growth; profitability burdened by €2.2bn charges

Orders



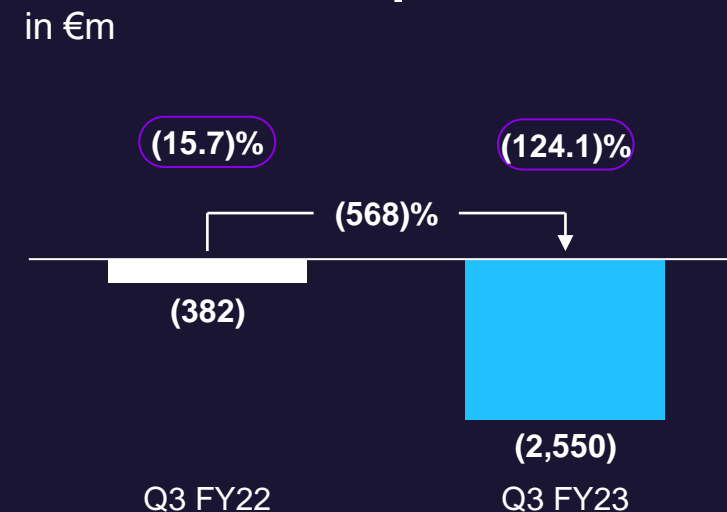
Orders more than doubled due to a higher volume from large orders

Revenue



Revenue declined significantly associated with the charges

Profit before Special Items



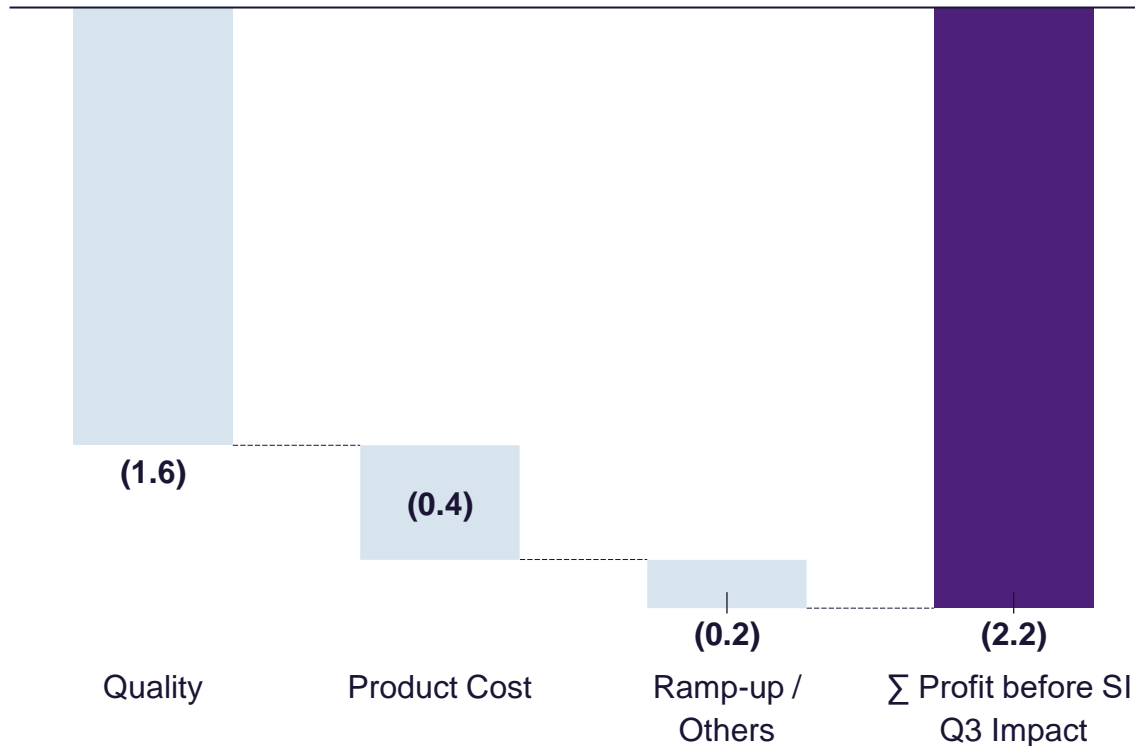
Profit burdened by onerous projects, impact of inflation, and supply chain challenges

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X.X% Profit margin before special items

Siemens Gamesa: Q3 Charge of €2.2bn mainly related to Quality Issues and increased Product Cost

Q3 Siemens Gamesa charges (in €bn)



- **Quality SG 5.X / SG 4.X (€1.6bn):** Product quality issues relating to Onshore platforms 4.X and 5.X (mainly increase in onerous loss provision)
- **Product cost (€0.4bn):** Increase product cost led to onerous loss provisions and/or termination fees for certain Offshore contracts / binding offers
- **Ramp-Up Challenges** causing project delays and higher underutilization
- Others, incl. revaluation of Service inventory
- **Negative tax effects (€0.7bn)** results from valuation allowances on deferred tax assets in Germany, US, Spain and Mexico
- **Cash flow impact** from the charge will be spread over the next several years

Financial outlook adjusted

Fiscal Year 2023

Outlook FY23¹

Siemens Energy

Revenue Growth²

9 – 11% (prev. 10 – 12%)

Profit³ Margin before SI

neg. 10 – 8% (prev. around the low end of 1 – 3%)

We expect a **net loss** of around €4.5bn. (prev. exceeding prior fiscal year's level by up to a low-triple-digit million € amount)

We expect a **free cash flow** pre-tax up to a negative low triple-digit million € amount. (prev. positive up to a low triple-digit million € amount)

Business Area Assumptions

Gas Services

Revenue Growth²

10 – 12%

Profit³ Margin before SI

9 – 11%

Grid Technologies

12 – 14%

6 – 8%

Transformation of Industry

8 – 10%

3 – 5%

Siemens Gamesa

(3) – 0% (prev. pos. 6 – 10%)

around neg. €4.3bn (prev. towards neg. 11%)

¹ The outlook for Siemens Energy assumes no major negative financial impacts from COVID-19 or other pandemic-related events, no further deterioration in the supply chain and raw material cost environment, and excludes charges related to legal and regulatory matters | ² Excluding currency translation and portfolio effects | ³ Profit: Earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments

Christian Bruch

CEO, Siemens Energy AG



Our priorities

for solving the current challenges

1 Turnaround at Siemens Gamesa through

- > Working through quality issues in Onshore and further reducing costs
- > Managing the ramp-up in Offshore sector as well as cost structure
- > Further strengthening of processes
- > Greater focus on smaller number of regions and product variants

2 Capitalise on market opportunities and further improve the performance of the former "Gas & Power" businesses

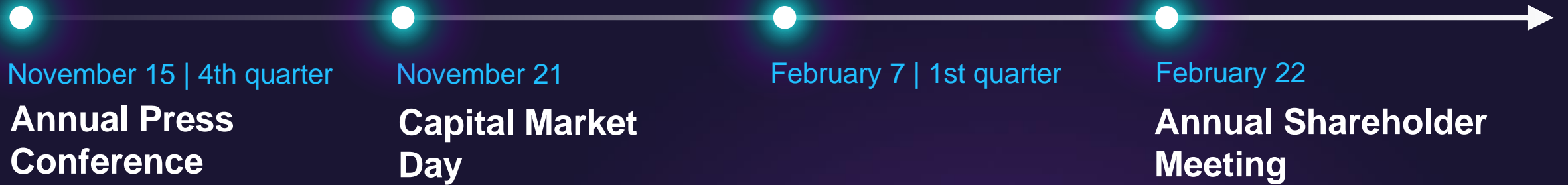


Questions & Answers

Christian Bruch, Maria Ferraro and Jochen Eickholt



Financial calendar 2023/2024



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