

# Solid start into FY21

Christian Bruch, President and CEO Siemens Energy

Maria Ferraro, CFO Siemens Energy

Analyst presentation Q1 FY21

Munich, February 2, 2021



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# CEO section

Christian Bruch, CEO

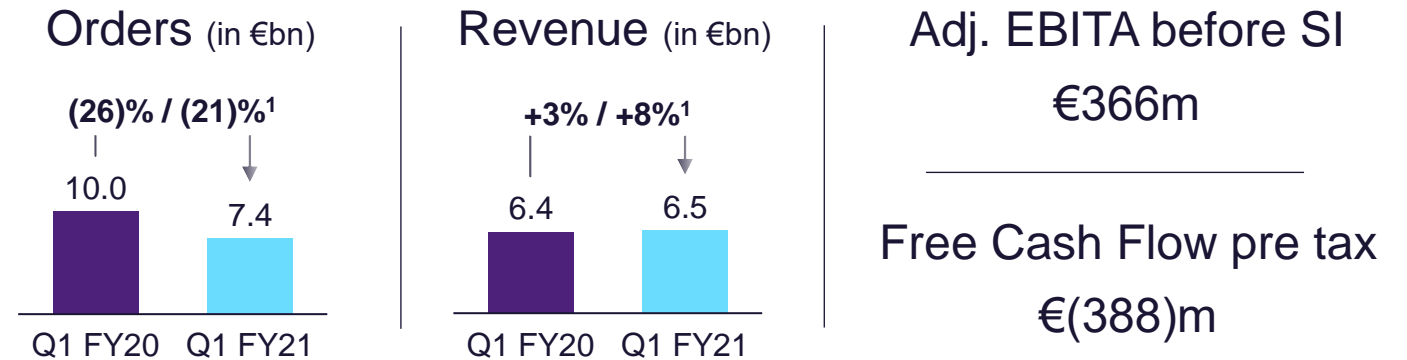
## Solid start into FY21

## Highlights, Milestone

## Market environment

## Accelerated Impact

# Q1 FY21 Key Messages



MDAX Entry on Dec. 21, first sustainability report published

FX headwinds, Covid-19 still impacting business, more government initiatives / more green technology funding

Negotiations with Works Council initiated

<sup>1</sup> xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects)

# Covid-19 update

## Employees

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Focus on Health and Safety

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## Business continuity

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All fabrication sites operating; 20% with slightly reduced capacity  
No major supply chain interruptions

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## Business impact

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Deferrals of orders, projects and outages, limitations of site access  
Lower discretionary cost

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## Service business

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Digital services support business continuity  
Accelerated roll out of digital solutions

**Focus and deliver on fundamentals**

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**Co-create innovations with customers and partners**

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**Starting the energy transformation**

## Executing our strategy

Detailed measures identified to deliver additional savings >€300m<sup>1</sup>

Negotiations with the work council regarding further cost-out measure initiated with focus on:

- Operational cost improvement
  - Corporate cost optimization
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**Novatek** – More sustainable LNG production

**Haru Oni** – Climate-neutral e-fuel development with several partners (e.g. Porsche)

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**SGRE H2Mare** – industrial-scale system capable of harvesting green hydrogen from offshore wind

<sup>1</sup> Accelerated Impact Program as communicated at the CMD in September 2020

# Q1 FY21 awards & milestones



## Latin America: sustainable and efficient transformation of FPSO operations

- EPC contract for eight complete topside modules
- Sustainable, efficient and environmentally friendly power generation, transmission, and distribution as well as gas processing and compression aboard of an FPSO
- Supports our customer on its energy transition without compromising on production requirements



## UK: transformers for Scotland's single largest source of renewable energy

- Supply of 114 low-loss distribution transformers to Seagreen Offshore Wind Farm
- State-of-the-art technology allows for larger power capacities, while keeping energy losses low
- Project forecasted to provide low carbon energy for around 1.3 million homes and contributes to reach UK's net zero emissions targets



## Germany: climate neutral power supply for Leipzig

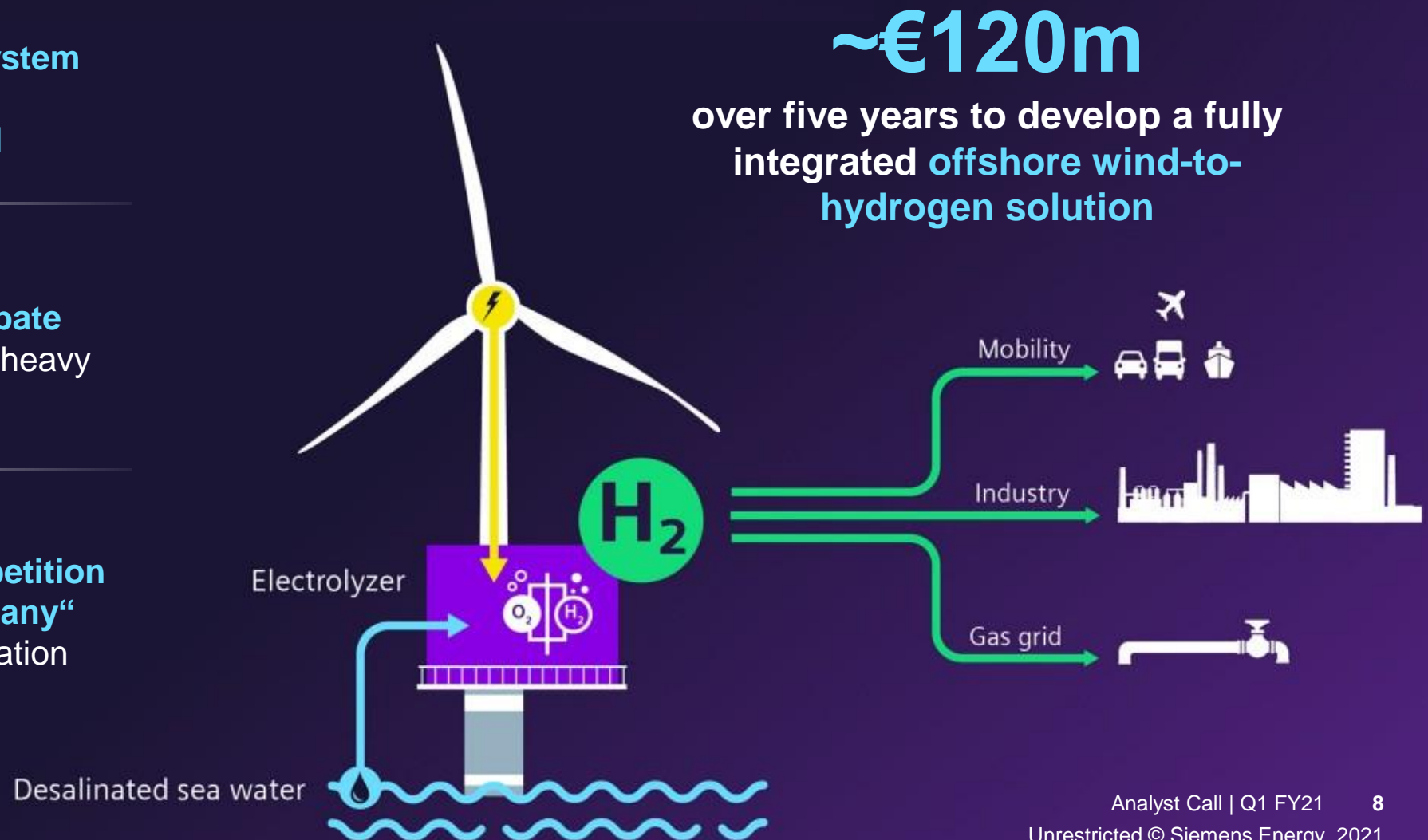
- Supply of two cutting-edge gas turbine packages for the new district heating power plant which enable a fuel efficiency of 93 percent
- Expected to operate with 30 to 50 percent green hydrogen only a few years after start of commercial operation
- With up to 100 percent hydrogen in the long term

# SE & SGRE to unlock a new era of green hydrogen production

Projects are first major step to develop an **industrial-scale system capable of harvesting green hydrogen from offshore wind**

Developments will enable **decarbonization of hard-to-abate sectors** such as transport and heavy industry

Implementation **within the framework of the ideas competition "Hydrogen Republic of Germany"** of the Federal Ministry of Education and Research



# ESG Update

**ESG is anchored in SE's strategy with focus on 5 high impact UN Sustainability Goals:**

- Affordable and Clean Energy
- Climate Action
- Industry, Innovation and Infrastructure
- Gender Equality
- Decent Work and Economic growth

## Concrete goals

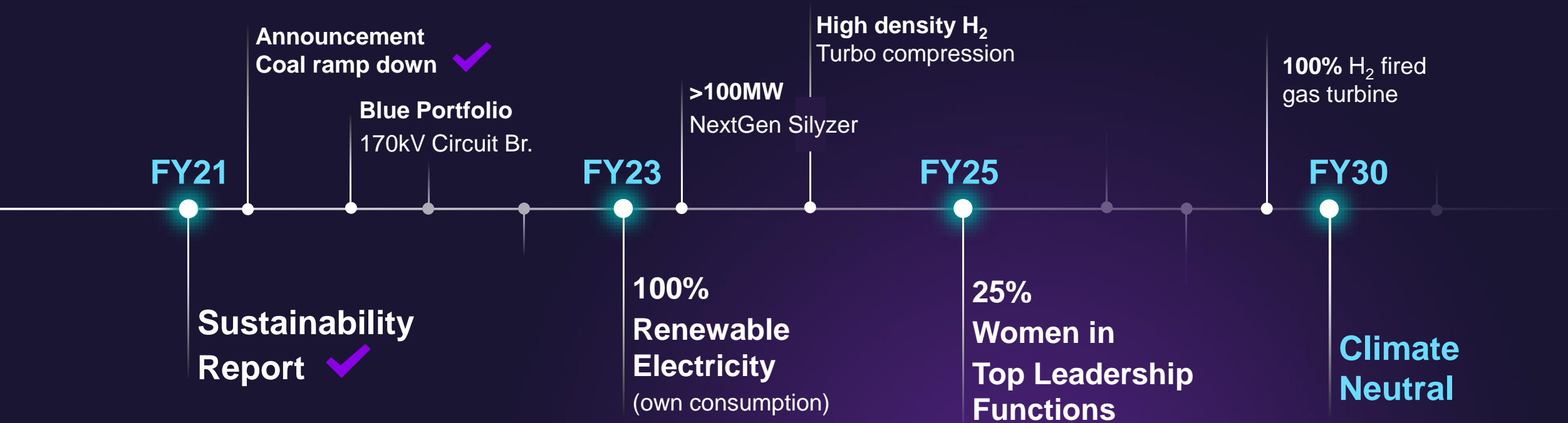
- 100% green electricity consumption by 2023
- Climate neutral in own operations until 2030
- Women in top leadership functions at GP: 30% until 2030

## ESG is anchored on Board Level

- Chief Sustainability Officer: Christian Bruch
- Chief Inclusion & Diversity Officer: Maria Ferraro



# ESG Agenda and initiatives



## Initiatives:

SE Carbon Neutral Program

Re-focused R&D

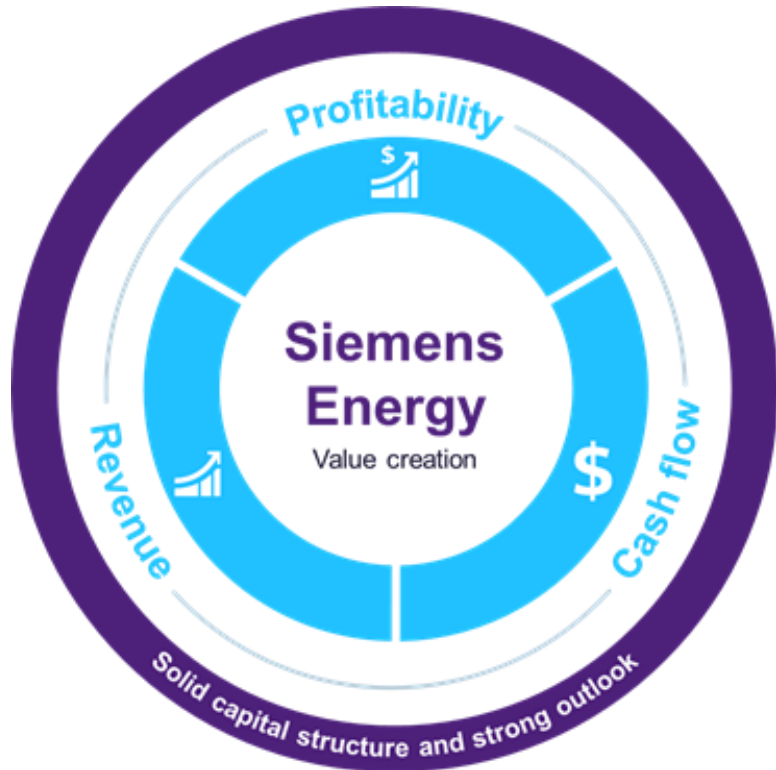
New Safety Culture & Behaviours initiative

Catalysta - Female Leadership Development

# Financial section

Maria Ferraro, CFO

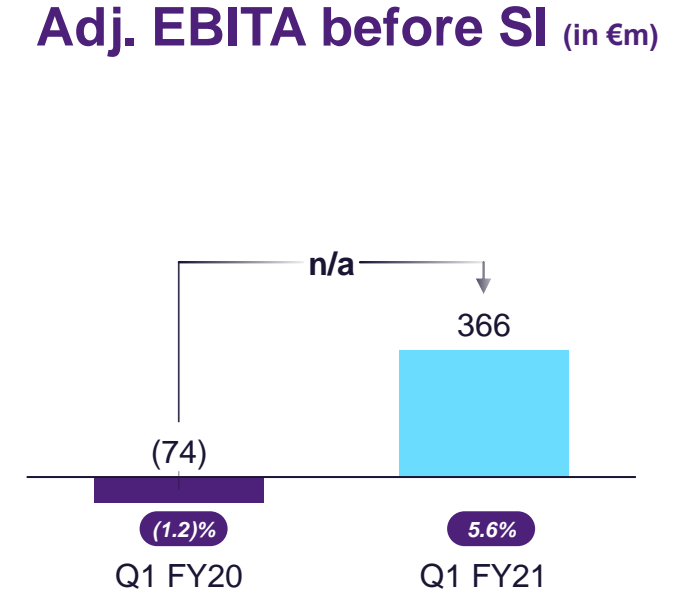
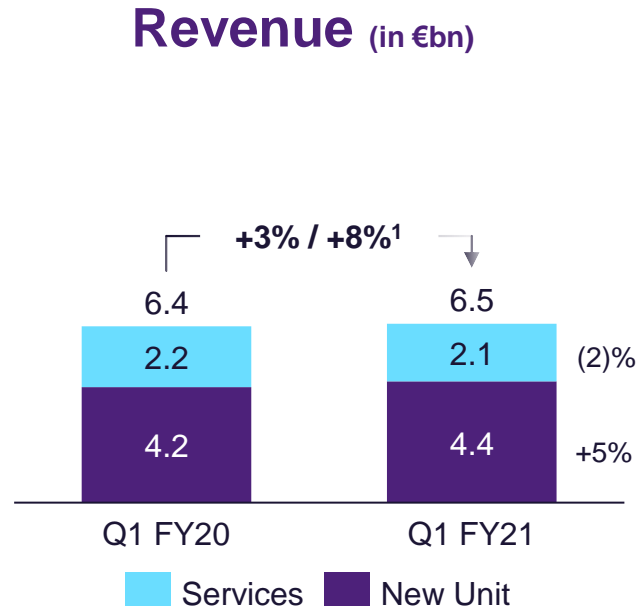
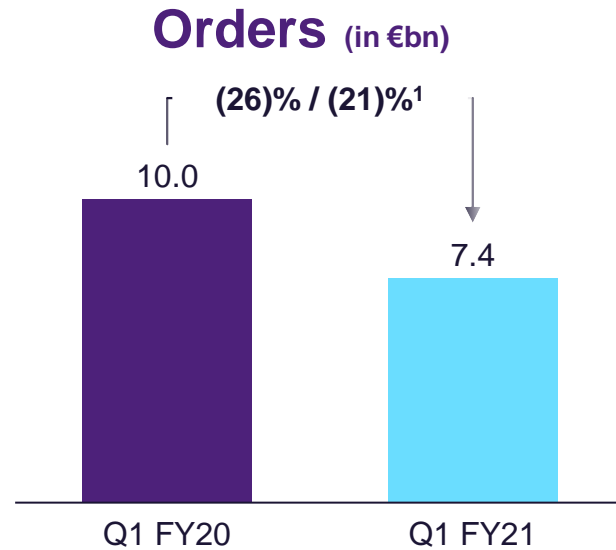
# Focused on Sustainable Shareholder Value Creation



- 1 Strong business foundation with large order backlog and resilient service business
- 2 Clear path to margin improvement with ongoing cost programs
- 3 Asset excellence – Cash upside from rigorous working capital management

# Siemens Energy Group at a glance

## Q1 FY21



### Order Backlog<sup>2</sup>

**€79bn**

Q4 FY20: €79bn

### Book-to-Bill Ratio

**1.1**

Q1 FY20: 1.6

### Free Cash Flow<sup>3</sup>

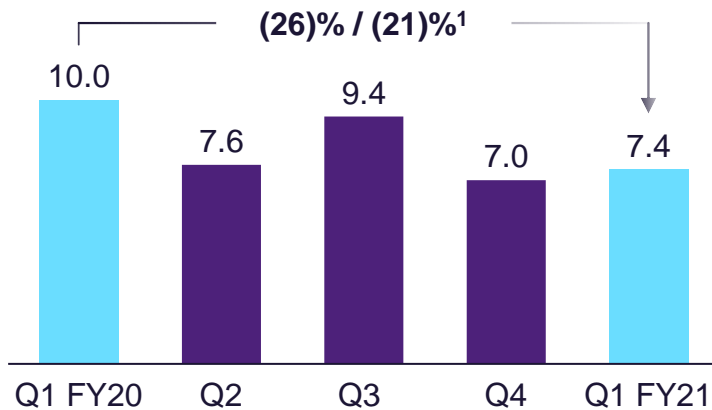
**€(388)m**

Q1 FY20: €95m

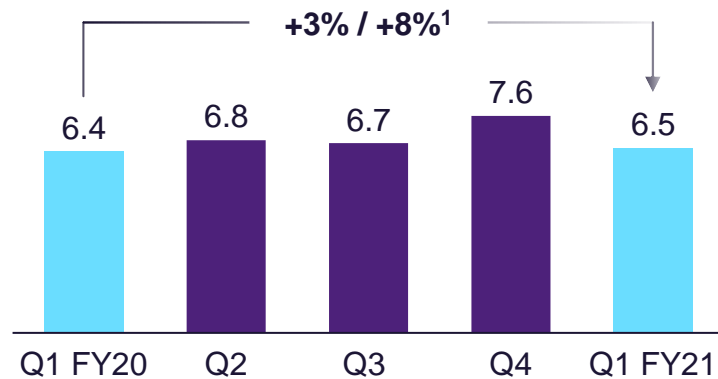
# Siemens Energy Group at a glance

## Q1 FY21

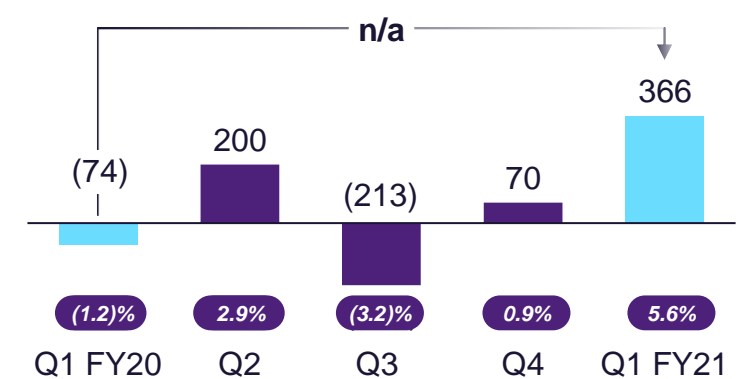
### Orders (in €bn)



### Revenue (in €bn)



### Adj. EBITA before SI (in €m)



- GP: Solid development despite Covid-19 shifts and FX headwinds, flat y-o-y comparable
- SGRE: Sharp decline, high base of comparison (large offshore wind farms orders in prior year quarter)

- GP: stable development, return to moderate growth on a comparable basis
- SGRE: significant increase driven by offshore and service business

- Operational improvements in both segments driving lower costs
- Positive temporary effects
- Savings from restructuring measures
- SGRE: prior year quarter was impacted by substantial negative project related effects

1 xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects)

2021-02-02 x.x% Adj. EBITA margin before Special Items

# Special Items

## Reconciliation of Adj. EBITA before Special Items

In €m	Q1 FY20	Q1 FY21
<b>Gas and Power</b>		
<b>Adj. EBITA before Special Items</b>	<b>68</b>	<b>267</b>
Restructuring and integration costs	(16)	4
Stand-alone costs	-	(53)
Strategic portfolio decisions	-	(26)
<b>Special Items</b>	<b>(16)</b>	<b>(76)</b>
<b>Adj. EBITA</b>	<b>51</b>	<b>191</b>
<b>SGRE</b>		
<b>Adj. EBITA before Special Items</b>	<b>(138)</b>	<b>118</b>
Special Items <sup>1</sup>	(27)	(47)
<b>Adj. EBITA</b>	<b>(165)</b>	<b>71</b>
<b>Siemens Energy</b>		
<b>Adj. EBITA before Special Items</b>	<b>(74)</b>	<b>366</b>
Special Items	(44)	(123)
<b>Adj. EBITA</b>	<b>(117)</b>	<b>243</b>

<sup>1</sup> equals integration and restructuring cost as reported by SGRE

2021-02-02

## Gas and Power

- **Personal Restructuring costs (severance)**  
Takes into account progress on existing programs and new restructuring measures
- **Stand-alone costs**  
Reflects costs of Spin-Off incentives and additional costs associated with the setup of the new company
- **Strategic portfolio decisions**  
Related to the streamlining of our aeroderivative and small gas turbine portfolio

# Net Income Transition

In €m	Siemens Energy	
	Q1 FY20	Q1 FY21
Gas and Power	51	191
SGRE	(165)	71
<i>Reconciliation to Siemens Energy</i>	(3)	(20)
<b>Adj. EBITA</b>	<b>(117)</b>	<b>243</b>
<i>Adj. EBITA margin</i>	(1.8)%	3.7%
Amortization of intangible assets acquired in business combinations and goodwill impairments	(119)	(98)
Financial result from operations <sup>1</sup>	0	19
Financial result <sup>2</sup>	(37)	(37)
<b>Income before income taxes</b>	<b>(274)</b>	<b>127</b>
Income tax (expenses/gains)	79	(28)
<b>Net income</b>	<b>(195)</b>	<b>99</b>
Attributable to		
Non-controlling interests	(53)	35
Shareholders of Siemens Energy AG <sup>3</sup>	(142)	64

<sup>1</sup> Financial result from operations, as subpart of financial result, is included in Adjusted EBITA | <sup>2</sup> Financial result = (Interest income - Interest expenses +/- Other financial income (expenses), net). | <sup>3</sup> In Q1 FY20: Siemens Group ). | <sup>4</sup> PPA = Amortization of intangible assets acquired in business combinations  
2021-02-02

## PPA<sup>4</sup>

Q1 reduction driven by in GP and reflects lower base due to write-down of intangibles in prior year

## Financial result

Impacted by interest expenses and currency effects

## Net income

Net income driven by strong performance in GP segment

# Cash Flow Statement

In €m	Siemens Energy	
	Q1 FY20	Q1 FY21
<b>Net income</b>	<b>(195)</b>	<b>99</b>
Amortization, depreciation and impairments	323	343
Change in operating net working capital		
Contract assets	300	(206)
Inventories	(540)	(64)
Trade receivables	(78)	(203)
Trade payables	(402)	(277)
Contract liabilities	1,007	729
Others	(320)	(668)
<b>Cash flow from operating activities</b>	<b>95</b>	<b>(248)</b>
Additions to intangible assets and property, plant and equipment	(144)	(188)
<b>Free cash flow</b>	<b>(50)</b>	<b>(436)</b>
Income taxes paid	144	48
<b>Free Cash Flow pre tax</b>	<b>95</b>	<b>(388)</b>
thereof Gas and Power	4	101
thereof SGRE	65	(360)

## CAPEX

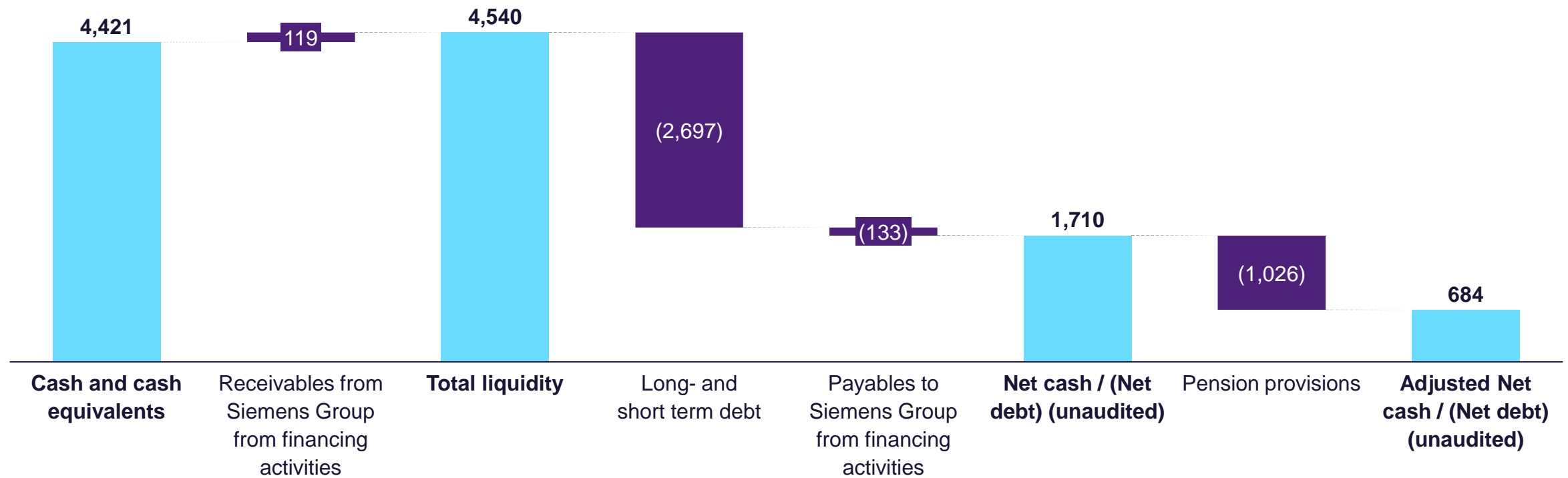
- Increase by €44m y-o-y driven by SGRE

## Free Cash Flow pre tax

- GP: Increase y-o-y supported by project related inflows and ongoing focus on asset management
- SGRE: Prior year quarter strongly benefited from customer advance payments due to high order intake

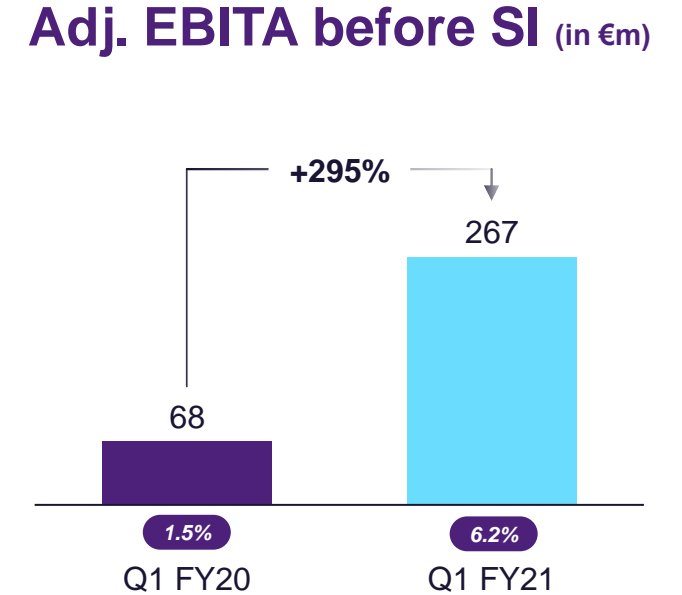
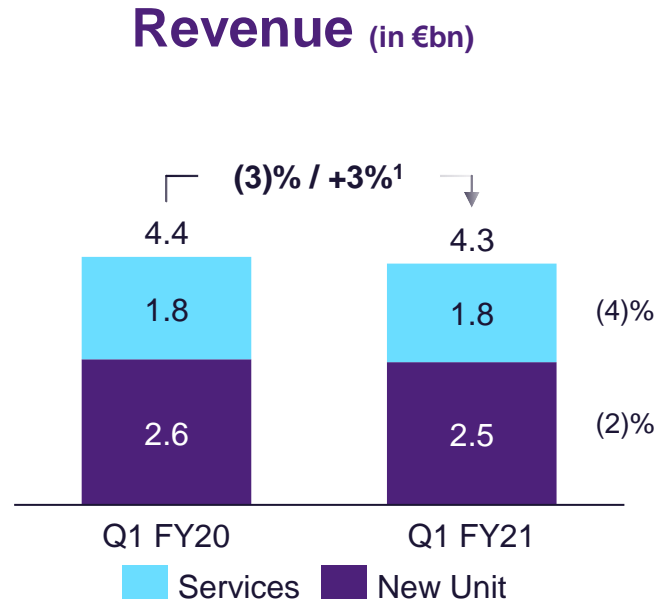
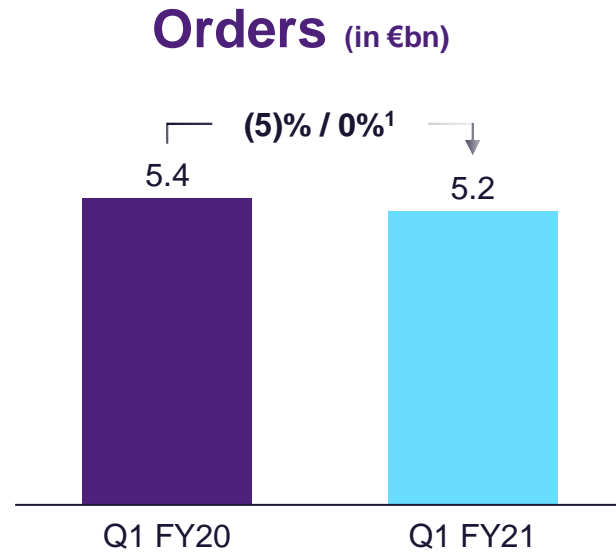
# Net Cash Position

Net cash / (Net debt) as of December 31, 2021 (in €m)



# Gas and Power at a glance

## Q1 FY21



### Order Backlog<sup>2</sup>

**€49bn**

Q4 FY20: €48bn

### Book-to-Bill Ratio

**1.2**

Q1 FY20: 1.2

### Free Cash Flow<sup>3</sup>

**€101m**

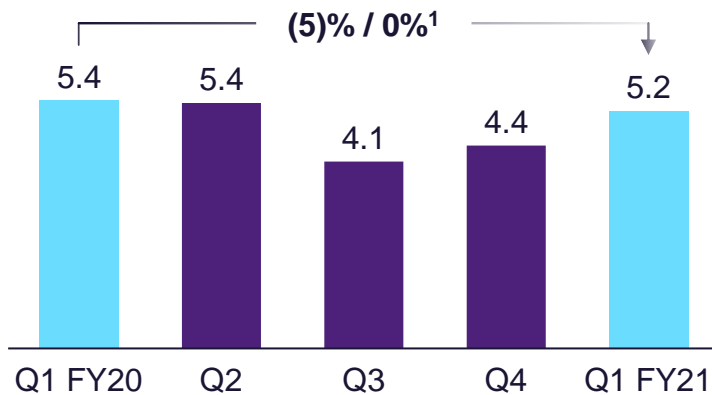
Q1 FY20: €4m

<sup>1</sup> xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects) | <sup>2</sup> As of December 30, 2020 | <sup>3</sup> Free Cash Flow pre tax

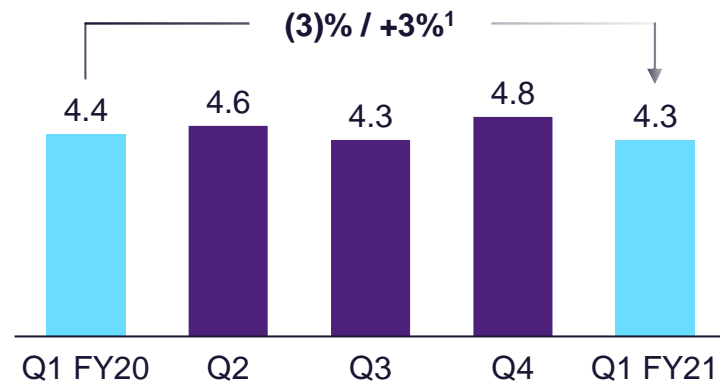
# Gas and Power at a glance

## Q1 FY21

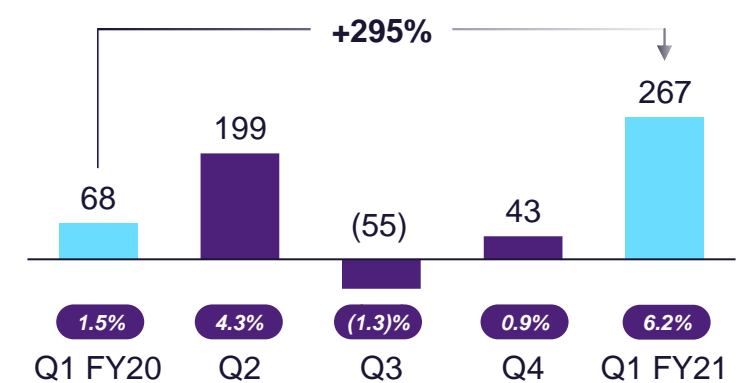
### Orders (in €bn)



### Revenue (in €bn)



### Adj. EBITA before SI (in €m)



- Sequential improvement vs Q3 and Q4
- Slight comparable growth y-o-y
- Covid-19 effects and FX headwinds in difficult market environment
- Large Industrial Applications project in Brazil and a Generation project in Libya

- Moderate increase on a comparable base – slight nominal increase at Generation could not offset decreases at the two other businesses
- Strong FX headwinds (5.5 percentage points)
- Slight comparable increase in resilient service business

- Operational improvements in all businesses
- Savings from restructuring measures
- Positive temporary effects (e.g. hedging gain, lower discretionary spend as well as positive customer settlements)

1 xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects)

2021-02-02

x.x%

Adj. EBITA margin before Special Items

Analyst Call | Q1 FY21 20

Unrestricted © Siemens Energy, 2021

# FY21 Key Messages

## Outlook

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We confirm our guidance, which does not reflect further financial impact from Covid-19 during fiscal year 2021

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## Accelerating impact

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Continuing to execute

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## Covid-19

We continue to support our customers whilst making sure our employees and partners stay safe

# Financial outlook and framework

		Actuals		Profit forecast		3-year guidance	Mid-term target
		FY19	FY20	FY20	FY21	FY23	
Gas and Power	Revenue	€18.7bn	€18.1bn	(5)%-(3)%	2%-11%		
	% Growth y-o-y <sup>2</sup>	(1.4)%	(3.1)%	✓			
	Adj. EBITA before Special Items	€836m	€254m				
	% Margin before Special Items	4.5%	1.4%	0%-2%	3.5%-5.5%	6%-8%	
	Restructuring costs <sup>3</sup>	€247m	€133m	✓			
				Cumulative mid-to-high triple digit euro million amount in FY20-23			
Siemens Energy	Revenue	€28.8bn	€27.5bn	(5)%-(2)%	2%-12%		Flat to 3% <sup>1</sup>
	% Growth y-o-y <sup>2</sup>	2.8%	(4.7)%	✓			
	Adj. EBITA before Special Items	€1,517m	(€17)m				
	% Margin before Special Items	5.3%	(0.1)%	(1)%-1%	3%-5%	6.5%-8.5%	≥8% Margin reported <sup>4</sup>
	Tax rate			✓			
				Medium-term tax rate 25%-30%			

<sup>1</sup> Rolling 3-year average total revenue growth, excluding portfolio and currency effects | <sup>2</sup> FY19 growth compared to FY18; FY20 growth compared to FY19

| <sup>3</sup> Included in Special Items definition | <sup>4</sup> Adj. EBITA not adjusted for Special Items

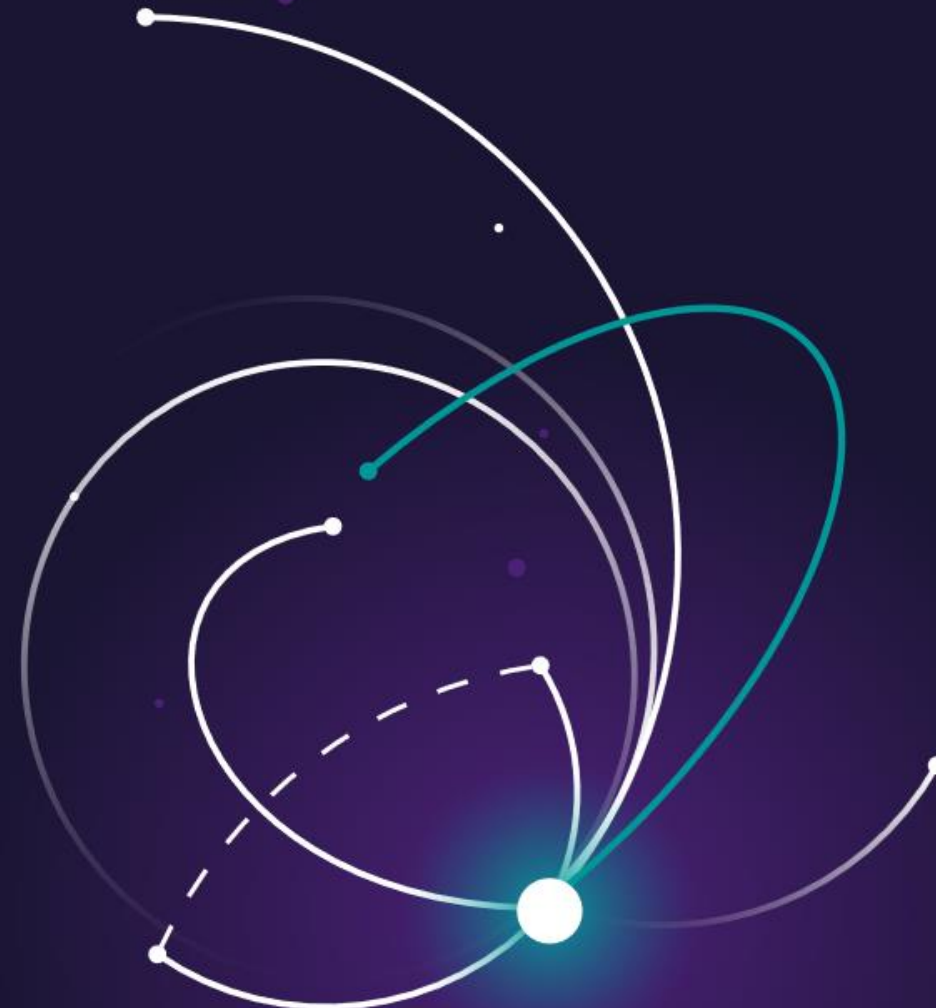


**We are #TeamPurple #WeEnergizeSociety**



# Questions & Answers

Christian Bruch and Maria Ferraro



## 2021

Feb 2

Feb 2-5

Feb 10

Mar 19

May 5

Q1 FY21

Roadshow

Siemens Energy  
AGM

Hydrogen Day

Q2 FY21

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# Appendix

# Nominal vs comparable growth rates

In €m	Siemens Energy			
	Q1 FY20	Q1 FY21	% nominal	% comparable <sup>1</sup>
Gas and Power	5,434	5,166	(4.9)	0.3
SGRE	4,628	2,281	(50.7)	(46.5)
Reconciliation to Siemens Energy	(32)	(15)		
<b>Total Orders</b>	<b>10,029</b>	<b>7,432</b>	<b>(25.9)</b>	<b>(21.1)</b>
Gas and Power	4,420	4,292	(2.9)	2.6
SGRE	2,001	2,295	14.7	18.9
Reconciliation to Siemens Energy	(48)	(46)		
<b>Total Revenue</b>	<b>6,373</b>	<b>6,541</b>	<b>2.6</b>	<b>7.7</b>

<sup>1</sup> excluding currency translation and portfolio effects

# Disaggregation of revenue

In €m	Siemens Energy		
	Q1 FY20	Q1 FY21	% change
<b>Types of activities in Gas and Power</b>			
New units	2,599	2,544	(2.1)
Service contracts	1,821	1,748	(4.0)
<b>Types of business in SGRE</b>			
Wind turbines	1,634	1,900	16.3
Operation and maintenance	366	395	7.9
<b>Types of business in Gas and Power</b>			
Transmission	1,429	1,295	(9.4)
Generation	1,777	1,850	4.1
Industrial applications	1,213	1,142	(5.9)
Other /Consolidation	1	5	

# Gas and Power: Development by businesses

## Q1 FY21

in % y-o-y	Gas and Power	Generation	Industrial Applications	Transmission	<i>Grading system</i>	
Order growth	-	-	-	- - -	>10%	+++
					5% - 10%	++
					0% - 5%	+
Revenue growth	-	+	- -	- -	0% - (5)%	-
					(5)% - (10)%	--
					> (10)%	---

# Profit and Loss Statement (I)

In €m	Siemens Energy	
	Q1 FY20	Q1 FY21
Revenue	6,373	6,541
Cost of sales	(5,723)	(5,538)
Gross profit	650	1,002
<i>Gross profit margin</i>	10.2%	15.3%
Research and development expenses	(210)	(236)
<i>R&amp;D as percentage of revenue</i>	(3.3)%	(3.6)%
Selling and general administrative expenses	(704)	(633)
<i>SG&amp;A as percentage of revenue</i>	(11.1)%	(9.7)%
Other operating income	30	34
Other operating expenses	(12)	(9)
Income (loss) from investments accounted for using the equity method, net	9	6
Interest income	18	7
Interest expenses	(53)	(31)
Other financial income (expenses), net	(2)	(14)
Income (loss) before income taxes	(274)	127
Income tax (expenses/gains)	79	(28)
<b>Net income (loss)</b>	<b>(195)</b>	<b>99</b>
Attributable to		
Non-controlling interests	(53)	35
Shareholders of Siemens Energy AG <sup>1</sup>	(142)	64

# Profit and Loss Statement (II)

In €m	Siemens Energy	
	Q1 FY20	Q1 FY21
Gas and Power	4,420	4,292
SGRE	2,001	2,295
Reconciliation to Siemens Energy	(48)	(46)
<b>Total Revenue</b>	<b>6,373</b>	<b>6,541</b>
Gas and Power	68	267
SGRE	(138)	118
Reconciliation to Siemens Energy	(3)	(19)
<b>Adj. EBITA before Special Items</b>	<b>(74)</b>	<b>366</b>
<i>Adj. EBITA margin before Special Items</i>	<i>(1.2)%</i>	<i>5.6%</i>
Gas and Power	(16)	(76)
SGRE	(27)	(47)
Reconciliation to Siemens Energy	-	(1)
<b>Special Items</b>	<b>(44)</b>	<b>(123)</b>

# Statement of Financial Position

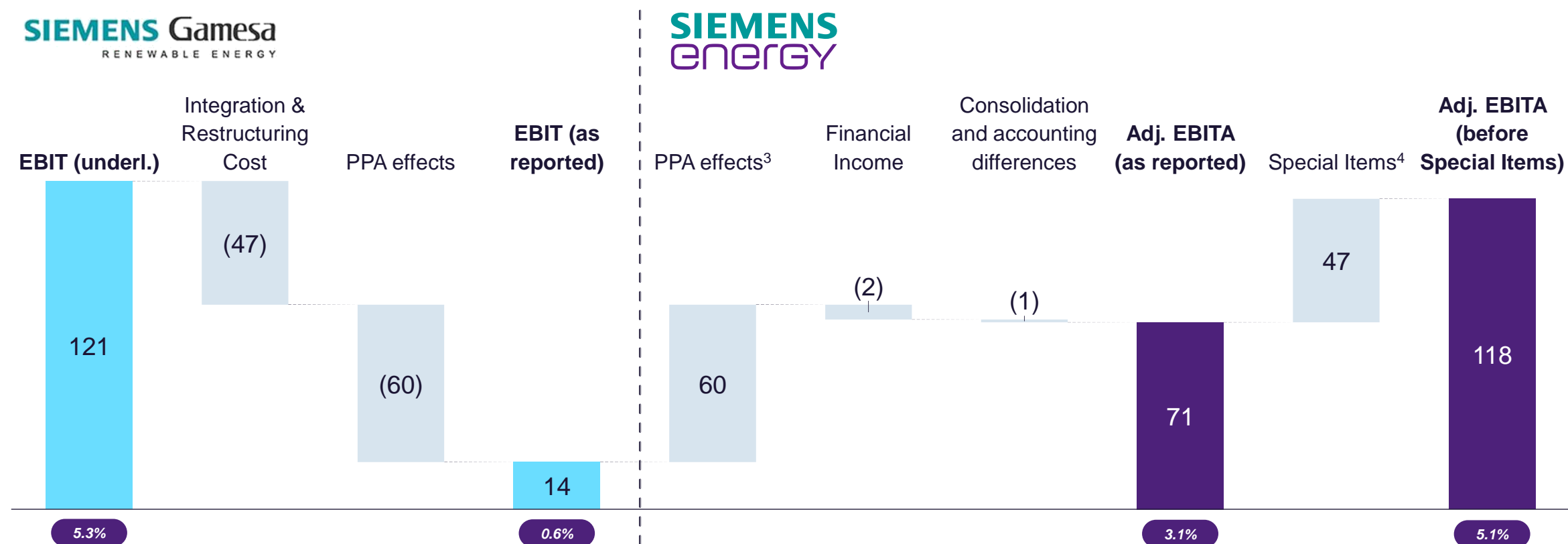
In €m	Sep. 30, 2020	Dec. 31, 2020
Goodwill and other intangible assets	13,215	12,895
Property, plant and equipment and other non-current assets	7,269	7,331
Inventories	6,527	6,552
Trade and other receivables	4,963	5,112
Contract assets	4,545	4,700
Cash and cash equivalents	4,630	4,421
Other current assets	1,883	1,963
<b>Total assets</b>	<b>43,032</b>	<b>42,976</b>
Total equity attributable to shareholders of Siemens Energy AG <sup>1</sup>	14,942	14,790
Non-controlling interests	448	432
<b>Total equity</b>	<b>15,390</b>	<b>15,222</b>
Provision for pensions and similar obligations	1,057	1,026
Long term and short term debt	2,390	2,697
Trade payables	5,127	4,825
Contract liabilities	9,853	10,577
Other current and non-current liabilities	8,208	8,629
<b>Total liabilities</b>	<b>27,641</b>	<b>29,173</b>
<b>Total equity and liabilities</b>	<b>43,023</b>	<b>42,976</b>
<b>Adjusted net cash / (net debt) (unaudited)</b>	<b>1,309</b>	<b>684</b>

<sup>1</sup> In fiscal year 2020: Siemens Group.  
2021-02-02

# Profit Bridge from SGRE to SE disclosure

## Q1 FY21

### Profit Bridge from SGRE<sup>1</sup> to SE<sup>2</sup> disclosure (in €m)



1 Disclosure (as of January 29, 2021) | 2 Disclosure (as of February 2, 2021) | 3 PPA = Amortization of intangible assets acquired in business combinations

4 Equals integration and restructuring cost as reported by SGRE

# Framework for value creation

## Performance

✓ Covered in incentive framework

6.5-8.5% ✓

Adj. EBITA margin before Special Items  
**Siemens Energy FY23 target**

≥8% ✓

Adj. EBITA margin  
**Siemens Energy mid-term target<sup>1</sup>**

Flat to 3%

Rolling 3-year average revenue growth  
**Siemens Energy mid-term target<sup>2</sup>**



Cash Conversion Rate = 1-revenue growth ✓

Rolling over 3 years<sup>5</sup>  
FCF/Adj. EBITA  
**Siemens Energy FY23 target**

## Portfolio

**Research and Development**

~€1bn  
annual spending

**Portfolio optimization**

Resize the portfolio

## Financial policy

**Capital structure**

**Solid investment grade rating**  
Adj. (Net Cash)/Net Debt<sup>3</sup> to EBITDA below 1.5x

**Dividend policy**

40-60%  
pay-out ratio<sup>4</sup>

<sup>1</sup> Adj. EBITA not adjusted for Special Items | <sup>2</sup> Excluding portfolio and currency effects | <sup>3</sup> Adj. (Net Cash)/Net Debt defined as short-term debt and current maturities of long-term debt + long-term debt + payables to Siemens Group from financing activities – cash and cash equivalents – receivables from Siemens Group from financing activities + provisions for pensions and similar obligations | <sup>4</sup> Pay-out based on the Group's net income attributable to shareholders of Siemens Energy AG. Net income may be adjusted for extraordinary non-cash effects. Siemens Energy will not make a dividend payment for FY20 except for a statutory minimum dividend of up to €29 m in case of sufficient distributable profits | <sup>5</sup> Based on the CAGR of revenue over the fiscal years 2021 to 2023, excluding portfolio effects and currency effects