

Leading the Energy Transformation

Christian Bruch, Chief Executive Officer
BofA Global Industrial Conference
March 21, 2023 – London



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Budget figures for FY23 were approved in Sep-22. The FY23 budget is not updated on a rolling basis and does not reflect any events and developments after the budget was approved; as such, budget figures are outdated and do not reflect nor may be treated to reflect the company’s current view and guidance regarding FY23, which prevails over the budget. Particularly, the budget does not reflect the events and developments in Q4 of FY22 or of Q1 FY23. For the company’s current guidance on FY23, please refer to the Q1 FY 23 earnings release published on 07-Feb-23.

Our vision

To become the most
valued energy technology
company

Key messages

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

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

Siemens Energy is now excellent positioned to benefit from these investments

We employ 5 key levers to create value for our stakeholders

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

Siemens Energy is a
**global leader in the
energy business**

~ 1/6

of global electricity generation
is based on our technology.

92,000

employees work as a team
to energize society.¹

We are present in

> 90 countries.

We invest around

€1bn annually in
research and development.

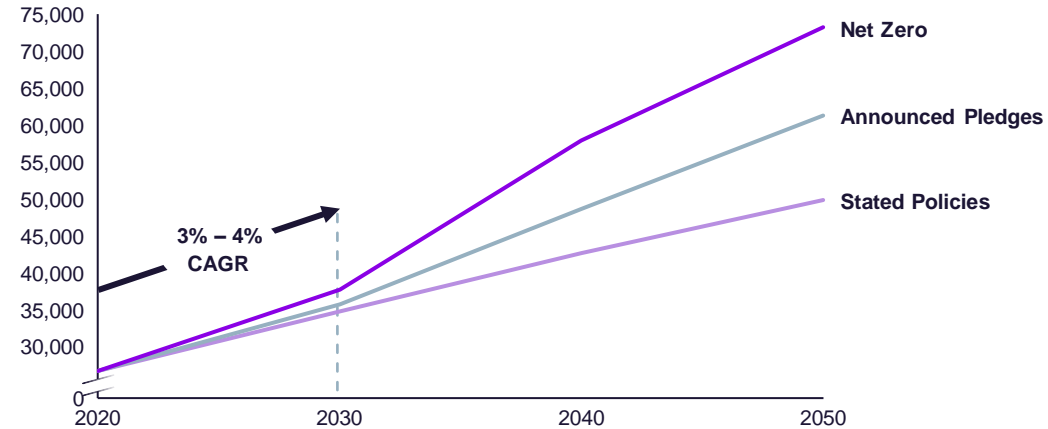
¹ Number of employees as of September 30, 2022

March 2023

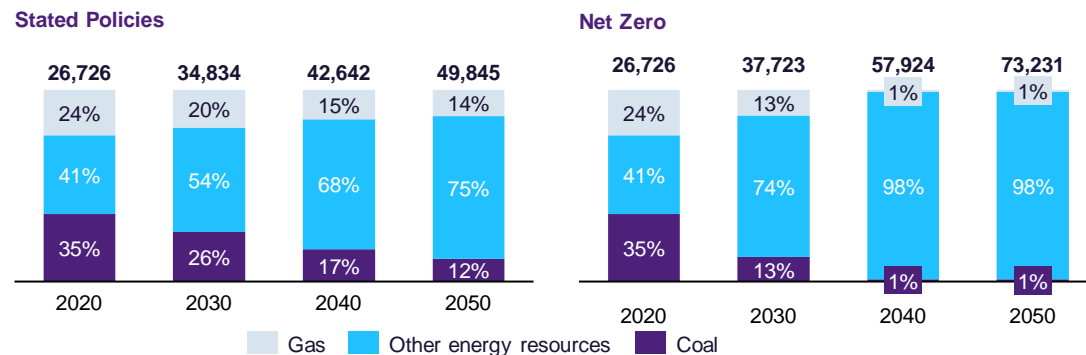


There are multiple scenarios how the electricity market will develop...

Global electricity generation scenarios (TWh)



Global electricity generation by source (TWh)¹



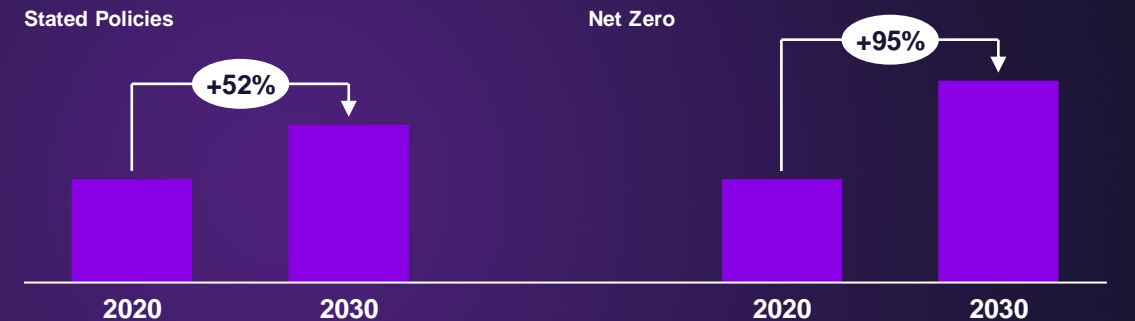
Source: IEA WEO 2022

¹ Other energy includes: Hydro, Nuclear, Geothermal, Oil, Hydrogen based, Bioenergy
March 2023

Massive growth in renewable generation

Growth until 2030		
Stated Policies	+146%	+300%
Announced Pledges	+211%	+382%
Net Zero	+320%	+653%

Electricity production capacity to grow continuously until 2030



... but all of them have common themes ...



Electricity production will grow faster than GDP

- Increasing electrification of industries
- New electrical consumers (data centers, e-mobility)
- Sector coupling



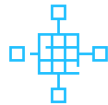
Energy efficiency will be a competitive criteria across industries due to

- Higher cost
- Volatility of supply
- Regional differences



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

- Sustainable modernization of an ageing grid
- Ensure grid reliability and resiliency of a complex network
- Safely connect an ever-increasing amount of renewable energy

... supported by accelerating change in boundary conditions



Inflation Reduction Act (IRA) – USA







Law is in place providing planning certainty for the next 10 years, implementation policy is being finalized in the coming months; detailed tax schemes will be automatically included into the existing US tax codes; total volume USD 370 bn



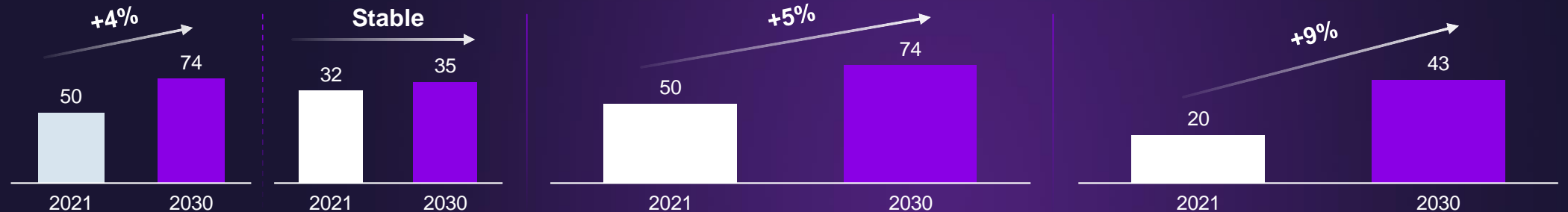
Green Deal Industrial Plan for a Net Zero Age – EU

EU is working on an answer to IRA; first details published by EU Commission on 1 Feb; to be substantiated in the coming months with the member states

We support our customers along the value chain ...

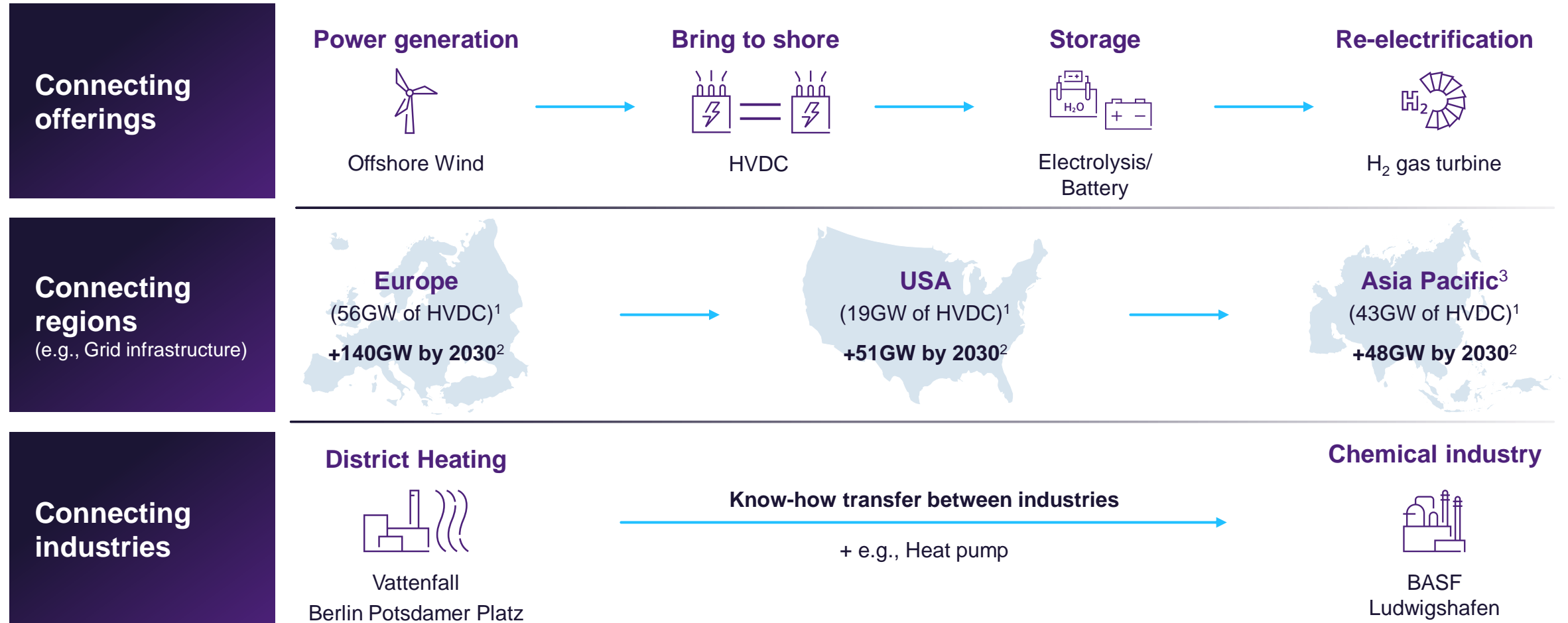
	Low- or zero-emission power generation		Transport and storage of electricity		Reducing CO ₂ footprint and energy consumption in industrial processes			
								
Business Area	SGRE		Gas Services		Grid Technologies		Transformation of Industry	
Market position	#1 Offshore	#3 Onshore	#1 Gas turbines >10 MW ²	#1	Leading market positions			
Examples	>100 GW wind turbine installations		7,800 units of rotating equipment installed		<ul style="list-style-type: none"> • 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

... and connect the dots to drive benefits from being a global integrated energy technology company



¹ Operating projects and projects that are under construction until 2021 | ² Project announcements with potential awards from 2022 until 2030, some projects will be operational past 2030

³ Excluding China

FY22 key awards and milestones

Power generation with low or zero emissions



2.6GW with high efficient gas turbine technology in Mexico

Four plants to deliver reliable and environmental friendly power generation for two million households

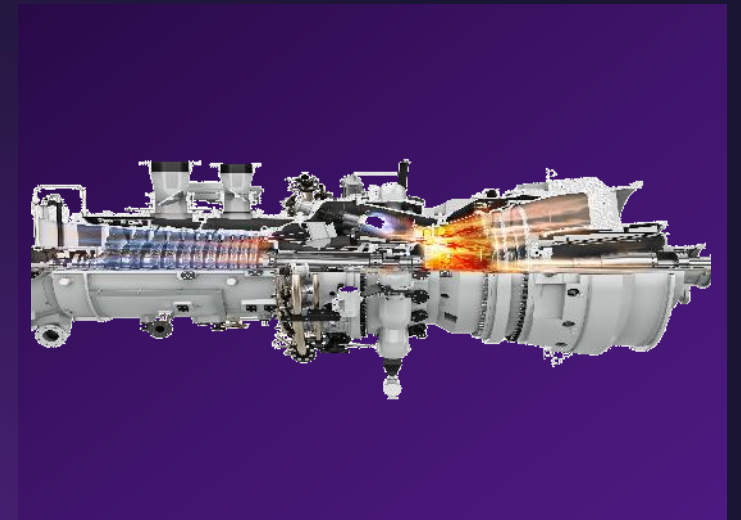
Transport and storage of energy



Largest offshore grid connection order in the history of SE

Turnkey installation and 10 years service contracts of the grid connection systems BorWin4 and DoIWin4

Reducing the CO₂ footprint & energy consumption in industrial processes



NFPS Offshore Compression project of QATARGAS

World's largest Gas Turbine Compressors Frame Agreement: 32x SGT-700 and 20 years service agreement

Major progress made in FY22 forms the basis...



Improved Market Position

- **#1 Market Position for >10MW Gas Turbines**
- **~25% order backlog growth in Industrial Applications**
- **Record order backlog of €97bn for Siemens Energy with a Gross Margin of 23.5%; Therein Service €55bn**



Operational Improvements

- **New operating model of the organization (project VOLT);** Hierarchy levels reduced from 11 to max. 6; Streamlined Business management model by reduction of full P&L responsibilities from >80 to 7 units
- **Execution of AIP measures** to reach total savings of EUR1bn over three years



Sustainability and Innovation

- **All ESG ratings improved¹**
- Introduction of **Scope 3 targets²**
- **Four Innovation Centers (IC)** defined, and first IC in Orlando inaugurated
- Focus set on technologies as identified within **5 Fields of Actions (FoAs)**



Portfolio Optimization

- **Launch of SGRE cash tender offer**
- Unified go-to market in **new operating structure (VOLT)**
- **Restructuring of business activities in Russia** largely finalized
- **Streamlining the portfolio** (HTT & Gas Engines divested, sale of shares in Voith Hydro; signed Shanghai Electric)

...for Siemens Energy to utilize 5 levers to drive value...

01

New operating model

Increase customer focus, transparency and accountability

02

Gas Services

Monetize on installed base through service and decarbonization

03

Grid Technologies

Leverage market leadership to benefit from accelerating investments

04

Transformation of Industry

Decarbonize industrial sector through focus on hydrogen and Electrification, Automatization and Digitalization

05

SGRE

Secure turnaround








New group structure

increases customer focus, transparency and accountability...

Siemens Energy

SE Executive Board

Reporting Segments

CEO	CFO	Gas Services	Grid Technologies	Transformation of Industry	Global Functions	SGRE
						
Christian Bruch	Maria Ferraro	Karim Amin	Tim Holt	Anne-Laure de Chamard	Vinod Philip	Jochen Eickholt

...and our new operating model aims at

Clear Structures

Unified go to market

Operational excellence

Focused innovation

New operating model (since October 1, 2022)

with less hierarchy, more accountability and a focus on excellence

Clear Structures



- Hierarchy layers reduced from 11 to 6
- 30% less management positions
- Full P&L units from >80 to 7
- Clear business accountability
- Elimination of portfolio overlaps

Unified go to market



- Harmonized regional footprint with regional Hubs representing all Business Areas
- Integrated customer interfaces for Business Development

Operational excellence



- Integrated global functions generating synergies across Business Areas
- Supply chain excellence
- Process and data harmonization
- Global flexibility of execution resources

Focused innovation



- Five fields of actions
- Four global innovation centers
- Strengthened collaboration with external partners

Gas Services

Share of Siemens Energy total revenue



Revenue FY22

€9.5bn

Service share²

>60%

Profit margin before SI (FY22)¹

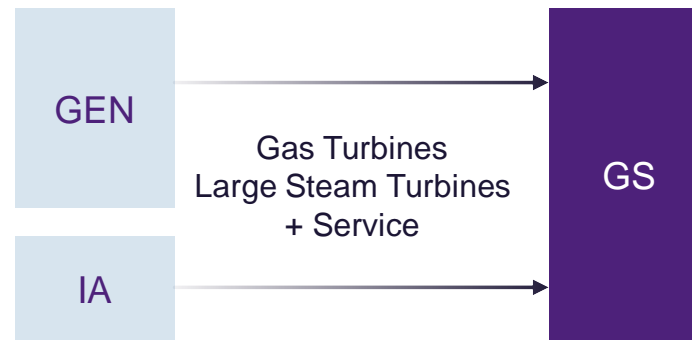
6.5%

Order Backlog³

€41.0bn

Monetize on installed base through service and decarbonization

What has changed in the new group structure?



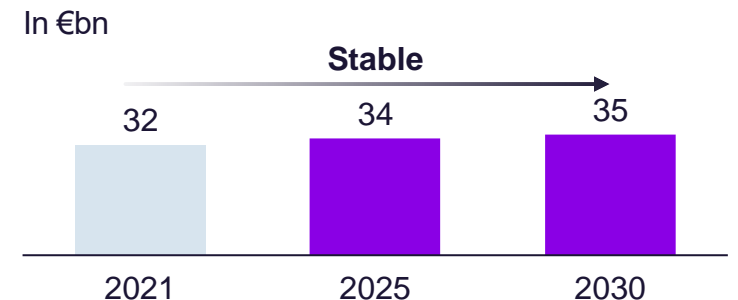
Portfolio Elements

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

Business Drivers

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

Addressable Market⁴



¹ FY2022 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 in Q1 2023 | ³ as per the end of Q1 2023 | ⁴ SE estimates

Grid Technologies

Share of Siemens Energy total revenue¹



Revenue FY22

€6.3bn

Service share²

>6%

Profit margin before SI (FY22)¹

3.5%

Order Backlog³

€18.7bn

Leverage market leadership to benefit from accelerating investment

What has changed in the new group structure?



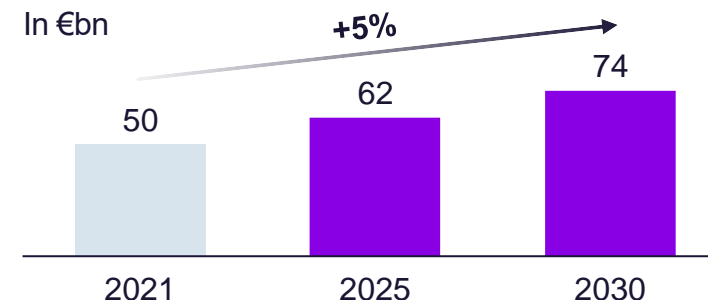
Portfolio Elements

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

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

Addressable Market⁴



¹ FY2022 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 in Q1 2023 | ³ as per the end of Q1 2023 | ⁴ SE estimates

Transformation of Industry

Share of Siemens Energy total revenue



Revenue FY22

€4.1bn

Service share²

>40%

Profit margin before SI (FY22)¹

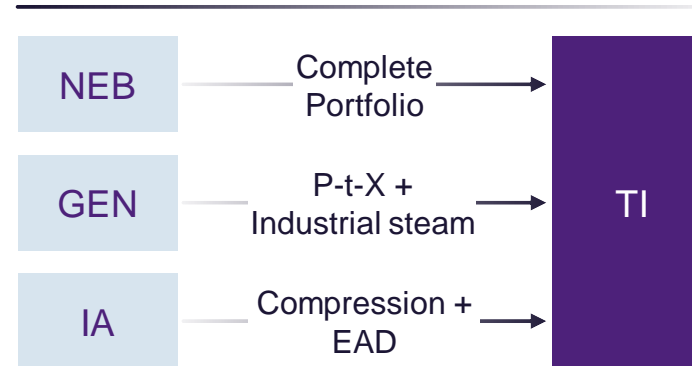
1.1%

Order Backlog³

€6.1bn

Decarbonize industrial sector through focus on hydrogen and EAD

What has changed in the new group structure?



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

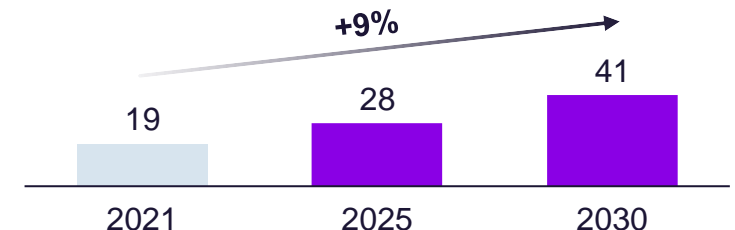
¹ FY2022 figures are presented on a comparable basis. Beginning of fiscal year 2023, prior-year figures have been adjusted due to a change in accounting policies regarding derivative financial instruments | ² in Q1 2023 | ³ as per the end of Q1 2023 | ⁴ SE estimates

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

Addressable Market⁴

In €bn



Siemens Gamesa Renewable Energy

Share of Siemens Energy total revenue



Revenue FY22

€9.8bn

Service share¹

>20%

Profit margin before SI (FY22)

(5.9)%

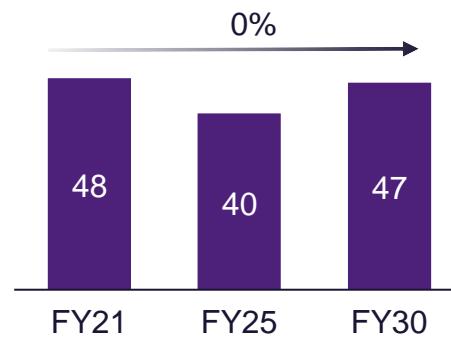
Order Backlog²

€33.7bn

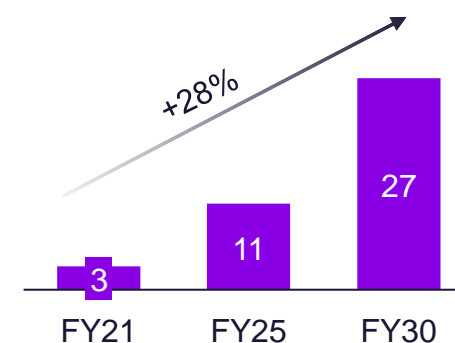
Secure turnaround

Wind market shows exceptional future growth

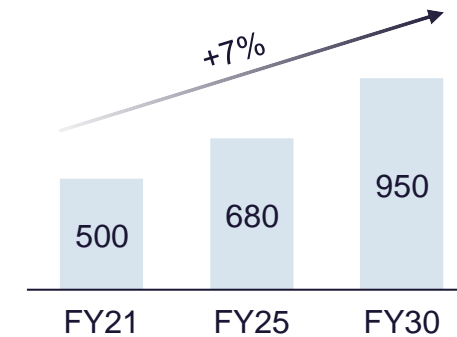
Annual global onshore wind installations³ (GW, excl. China)



Annual global offshore installations³ (GW, excl. China)



Global installed capacity in wind⁴ (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 in Q1 2023 | ² as per the end of Q1 2023 | ³ BloombergNEF, 2H 2021 Global Wind Market Outlook; excl. China |

⁴ BloombergNEF, Wind Cumulative Installed Capacity and Forecast by Country (2022); excl. China

ESG is core to our activities and provides 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-





We energize society



Appendix

2022 recap and 2023 outlook

Highlights / Lowlights

- New group structure (since October 1, 2022) providing more transparency
- CTO: 92.72% acceptance; EGM Jan 25, 2023, delisting expected in Feb 2023
- Significant progress outside of SGRE (reiterated FY23 targets)
- SGRE's op. performance reflects legacy issues, decisive steps taken
- Solid balance sheet, further €1.26bn equity raised to fund CTO

Market Environment

- Healthy demand across all businesses outside of wind
- Operating environment in wind industry improving (shift in boundary conditions, pricing and risk sharing)

Siemens Energy Guidance FY23 Update

- Revenue: 3% to 7% comparable² (unchanged)
- Profit margin before SI: 1% to 3%, prev. 2% to 4%,
- Net loss: at prior year's reported level (compared to sharp reduction before)
- Free cash flow pre tax: to be positive, prev. neg range of low to-mid-triple-digit million

FY22 Financial Performance

- **Orders: €38.3bn** (+11.9% comp.¹)
- **Revenue: €29.0bn** (-2.5% comp.¹) ; **book-to-bill of 1.32**
- **Record order backlog of €97bn** (of which €bn service)
- **Adj. EBITA before SI: €379m** (down from €661m)
- **Adj. EBITA margin before SI: 1.3%** (FY21: 2.3%)
- **FCF pre tax: €1.5bn** (up from €1.4bn)
- **Dividend suspended for fiscal year 2022**

SE Profitability Mid-Term Targets

- Gas Services : 10 – 12%
- Grid Technologies: 8 – 10%
- Transformation of Industries: 6 – 8%