Press Release

Munich, November 10, 2020

Siemens Energy brings spin-off year to a solid conclusion

- Guidance for fiscal year 2020 achieved in difficult market environment
- New orders up despite global pandemic; order backlog of EUR 79 billion and pre-tax free cash flow of EUR 977 million
- Operating earnings impacted by special items; with adjusted EBITA before special items near break-even at EUR (17) million
- Gas and Power and SGRE segments performed well in Q4
- Siemens Energy will no longer support developing new power plant projects for coal-based electricity generation

Siemens Energy delivered a solid operating performance for fiscal year 2020 and achieved its guidance. The newly listed company increased new orders 1% from the prior year, to EUR 34 billion – amid a challenging macroeconomic environment which was dominated by the COVID-19 pandemic. Key projects included an order for the seventh offshore wind farm grid connection in the North Sea, and an agreement on the first megawatt-level production facility for green hydrogen in China. Siemens Energy ended the fiscal year with an order backlog totaling EUR 79 billion.

Dr. Christian Bruch, CEO of Siemens Energy AG:
"I am proud how our Siemens Energy team managed the macroeconomic challenges, successfully executed the spin-off of our company while further streamlining our portfolio. We have fully achieved our fiscal year 2020 guidance and confirm our outlook for fiscal year 2021.
With an outstanding and committed team we look forward to the transformation journey that lies ahead of us, as we are opening a new chapter as Siemens Energy."

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Though the company's revenue in fiscal year 2020 was down 5% from the prior year, to EUR 27.5 billion, the decrease was still within the projected target range of (5%) to (2%). The book-to-bill ratio – the ratio of new orders to revenue – was a strong 1.24.

Special items affect operating earnings

Despite headwinds from COVID-19, adjusted EBITA before special items was EUR (17) million, just short of break-even. This translated to an adjusted EBITA margin of (0.1%) before special items.

Siemens Energy continues to implement the optimization program presented in early September. Adjustments of production capacities in France and Norway have already been initiated. Additionally, in response to a drop in demand and unfavorable market conditions, Siemens Energy had decided to adjust its aero-derivative gas turbine portfolio. Portfolio-related impairments and write-downs totaled EUR 956 million. Another aspect was restructuring expenses of EUR 376 million, as well as non-recurring costs of EUR 195 million associated with the carve-out and other special items. Therefore, Siemens Energy's operating earnings in fiscal year 2020 were negatively impacted by special items amounting to approximately EUR 1.5 billion.

Strong cash flow

These special items brought the net loss for fiscal year 2020 to EUR 1.9 billion. By contrast, however, strong free cash flow before taxes came to EUR 977 million, primarily due to a significant reduction in inventories and accounts receivable in Gas and Power.

Basic earnings per share (EPS) amounted to EUR (2.21). As already announced earlier this year, the Executive Board will propose to the Supervisory Board not to distribute a dividend for 2020, the company's first independent fiscal year.

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Q4 shows positive earnings before special items
Compared with the strong equivalent quarter last year, which benefited from new orders at both Gas and Power and SGRE, Siemens Energy achieved a solid fourth quarter in 2020. As anticipated, new orders decreased 24% to EUR 7 billion, primarily as orders were postponed due to COVID-19 in the Gas and Power segment.

Siemens Energy's revenue decreased by 8% to €7.6 billion in the fourth quarter, which was impacted primarily by an 11% decline in revenue in the Gas and Power segment. This was attributable to delays and postponed projects mainly due to the COVID-19 pandemic. In contrast, the downturn in revenue in the SGRE segment was moderate.

Siemens Energy reported adjusted EBITA before special items of EUR 70 million in the fourth quarter, equivalent to an adjusted EBITA margin of 0.9% before special items. Without special items of EUR 402 million Q4 results would have been very strong and in line with previous year. Operational weaknesses in the onshore business at SGRE continue to negatively impact Q4 adjusted EBITA before special items. In total, the net loss at Siemens Energy Group level stood at EUR 390 million. This was set against strong free cash flow before taxes, in an amount of EUR 704 million.

Maria Ferraro, CFO of Siemens Energy:
"In a market environment that remains challenging and uncertain, Siemens Energy delivered a solid fourth quarter. Both at the Group level and in the Gas and Power and SGRE segments, we showed an operating profit before special items. We continue to diligently focus on the tasks at hand, specifically reviewing all levers to improve our cost efficiency which increase profitability and cash flow. It is a journey, although we see progress so far and are on the right track."

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Guidance for 2021 confirmed

Siemens Energy is confirming the guidance. That projection is still based on the assumption that there will be no further adverse impact from the pandemic. The outlook for Siemens Energy in fiscal year 2021 includes nominal revenue performance of between 2% and 12% and an adjusted EBITA margin of 3% to 5%, before special items.

The Gas and Power segment is expected to show nominal revenue performance within a target range of between 2% and 11% in fiscal year 2021, with an adjusted EBITA margin of 3.5% to 5.5%, before special items.

Nominal revenue growth for the SGRE segment is expected to be between 3% and 12%, driven by the order backlog to date and stable performance in the Service and Product business. The adjusted EBITA margin before special items is projected at 3% to 5%.

No further involvement in developing new coal-fired power plant projects

Effective immediately, Siemens Energy will no longer participate in new tenders for pure coal-fired power plants. Siemens Energy will still meet the existing commitments for coal-fired power plant projects, including binding offers. It will also continue its CO_2-reducing service and solutions business, e.g. combined heat and power (CHP) projects. Siemens Energy is now further analyzing with the requisite care what specific consequences this step will have for its employees and sites that are concerned. Siemens Energy will now discuss with its partners in the field of coal-fired power plant technology about the consequences of the decision for the partnerships.

Accompanying its customers on the path of energy transformation and providing the necessary technologies and solutions – that is the mission of the company. With this step, Siemens Energy continues its transformation towards a more sustainable and growth-oriented portfolio. Overall, sustainable solutions already generate more than 50% of Siemens Energy's revenue.

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Siemens Energy FY2020

			Change
(in millions of €)	FY 2020	FY 2019	Actual
Orders	34,001	33,734	1%
Revenue	27,457	28,797	(5)%
Adjusted EBITA	(1,543)	1,064	n/a
Adjusted EBITA margin	(5.6)%	3.7%	
Special items	(1,526)	(453)	>200%
Adjusted EBITA before special items	(17)	1,517	n/a
Adjusted EBITA margin before special items	(0.1)%	5.3%	
Net income	(1,859)	282	n/a
Basic earnings per share (in €)	(2.21)	0.22	n/a
Free cash flow pre tax	977	1,164	

Siemens Energy Q4 FY2020

		Q4	Change
(in millions of €)	FY 2020	FY 2019	Actual
Orders	6,988	9,165	(24)%
Revenue	7,629	8,293	(8)%
Adjusted EBITA	(332)	207	n/m
Adjusted EBITA margin	(4.3)%	2.5%	
Special items	(402)	(316)	27%
therein: Reconciliation to Consolidated Financial Statements	(55)	-	n/a
Adjusted EBITA before special items	70	523	(87)%
Adjusted EBITA margin before special items	0.9%	6.3%	
Net income	(390)	79	n/m
Basic earnings per share (in €)	(0.51)	0.07	n/m
Free cash flow pre tax	704	2,116	(67)%

Gas and Power Q4 FY2020

		Q4	Change
(in millions of €)	FY 2020	FY 2019	Actual
Orders	4,440	6,111	(27)%
Revenue	4,794	5,394	(11)%
Adjusted EBITA	(194)	83	n/a
Adjusted EBITA margin	(4.1)%	1.5%	
Special items	(237)	(200)	19%
Adjusted EBITA before special items	43	283	n/m
Adjusted EBITA margin before special items	0.9%	5.2%	
Free cash flow pre tax	403	1,067	n/m

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Siemens Gamesa Renewable Energy Q4 FY2020

	Q4		Change
(in millions of €)	FY 2020	FY 2019	Actual
Orders	2,564	3,076	(17)%
Revenue	2,868	2,944	(3)%
Adjusted EBITA	(80)	125	n/a
Adjusted EBITA margin	(2.8)%	4.3%	
Special items	(110)	(116)	(5)%
Adjusted EBITA before special items	30	241	n/m
Adjusted EBITA margin before special items	1.1%	8.2%	
Free cash flow pre tax	105	1,025	n/m

This press release and press pictures are available at
http://www.siemens-energy.com/q4-fy2020

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Siemens Energy is one of the world's leading energy technology companies. The company works with its customers and partners on energy systems for the future, thus supporting the transition to a more sustainable world. With its portfolio of products, solutions and services, Siemens Energy covers almost the entire energy value chain – from power generation and transmission to storage. The portfolio includes conventional and renewable energy technology, such as gas and steam turbines, hybrid power plants operated with hydrogen, and power generators and transformers. More than 50 percent of the portfolio has already been decarbonized. A majority stake in the listed company Siemens Gamesa Renewable Energy (SGRE) makes Siemens Energy a global market leader for renewable energies. An estimated one-sixth of the electricity generated worldwide is based on technologies from Siemens Energy. Siemens Energy employs more than 90,000 people worldwide in more than 90 countries and generated revenue of around €27.5 billion in fiscal year 2020. www.siemens-energy.com.

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