Capital Market Day 2020

CFO Section

Maria Ferraro, CFO
of Siemens Energy



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Our Management Team
What we stand for



Christian Bruch
CEO

Passion for transformation



Maria Ferraro
CFO

Clear focus on EBITA & Cash



Jochen Eickholt
Member of the Executive Board

Better performance through Operational Excellence



Tim Holt
Member of the Executive Board

Service and digitalization as value drivers

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1 As of September 30, 2019 | **2** Based on FY19 | **3** Special Items definition on this and the following pages includes personnel restructuring and integration costs, stand-alone costs and asset impairments and write downs related to strategic portfolio decisions. Please refer to page 22 for additional information | **4** Investment grade

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We have a clear 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**[1]



Flat to 3%
Rolling 3-year average revenue growth **Siemens Energy mid-term target**[2]

Cash Conversion Rate = 1-revenue growth ✓
Rolling over 3 years[5]
FCF/Adj. EBITA **Siemens Energy FY23 target**

Portfolio

Research and Development
~€1 bn
annual spending

Portfolio optimization
Resize the portfolio

Financial policy

Capital structure
Solid investment grade rating
Adj. (Net Cash)/Net Debt[3] to EBITDA below 1.5x

Dividend policy
40-60%
pay-out ratio[4]

1 Adj. EBITA not adjusted for Special Items | **2** Excluding portfolio and currency effects | **3** 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 | **4** 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 | **5** Based on the CAGR of revenue over the fiscal years 2021 to 2023, excluding portfolio effects and currency effects

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1

Historical performance

2

Sustainable value creation

3

Financial outlook

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Historical Performance
Summary

Revenue

Returned to growth in FY19 with Book-to-Bill[1] ratio >1x across all businesses

Egypt mega project

€3.7 bn total order volume[2] of which more than one-third was recognized as revenue in FY17

Profitability

Stabilized in FY18/19 in “new normal” environment[3]

Current trading

Demonstrated resilience despite COVID-19, with y-o-y increasing orders and moderate revenue softening, albeit weaker profitability

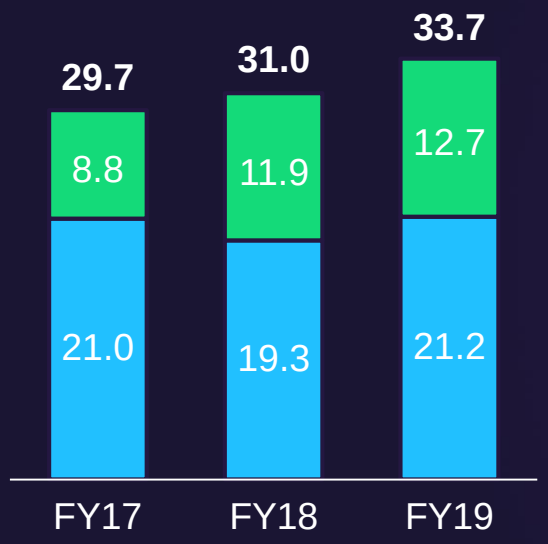
1 Defined as the ratio of orders to total revenue
2 Excluding service and subsequent contracts
3 Based on Adj. EBITA before Special Items

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Siemens Energy has returned to growth and stabilized profitability pre COVID-19 …

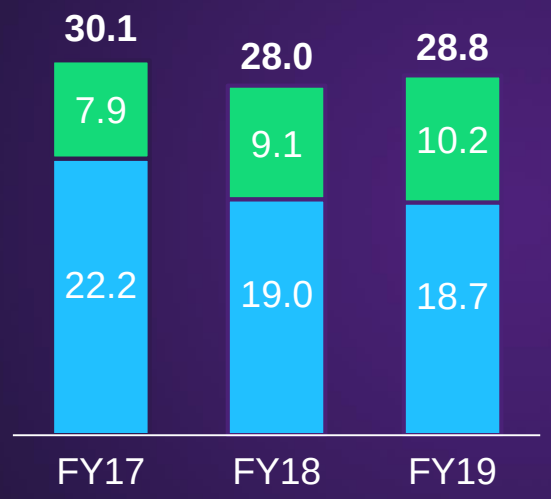
Orders (€ bn)

	FY17	FY18	FY19
SE Book-to-Bill[1]	1.0x	1.1x	1.2x
GP Book-to-Bill[1]	0.9x	1.0x	1.1x



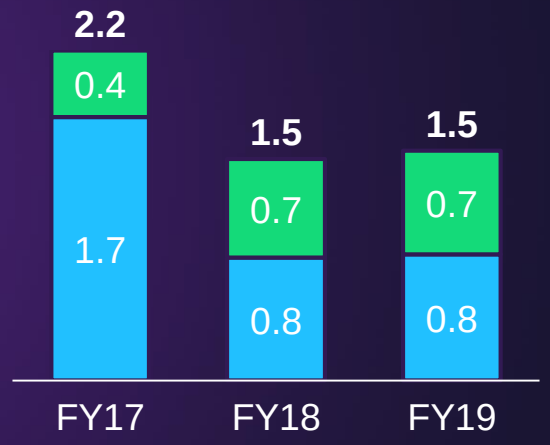
Total revenue (€ bn)

	FY17	FY18	FY19
SE y-o-y		(6.9%)	2.8%
GP y-o-y		(14.6)%	(1.4)%



Adj. EBITA before Special Items (€ bn)

	FY17	FY18	FY19
SE Margin	7.2%	5.2%	5.3%
GP Margin	7.9%	4.3%	4.5%

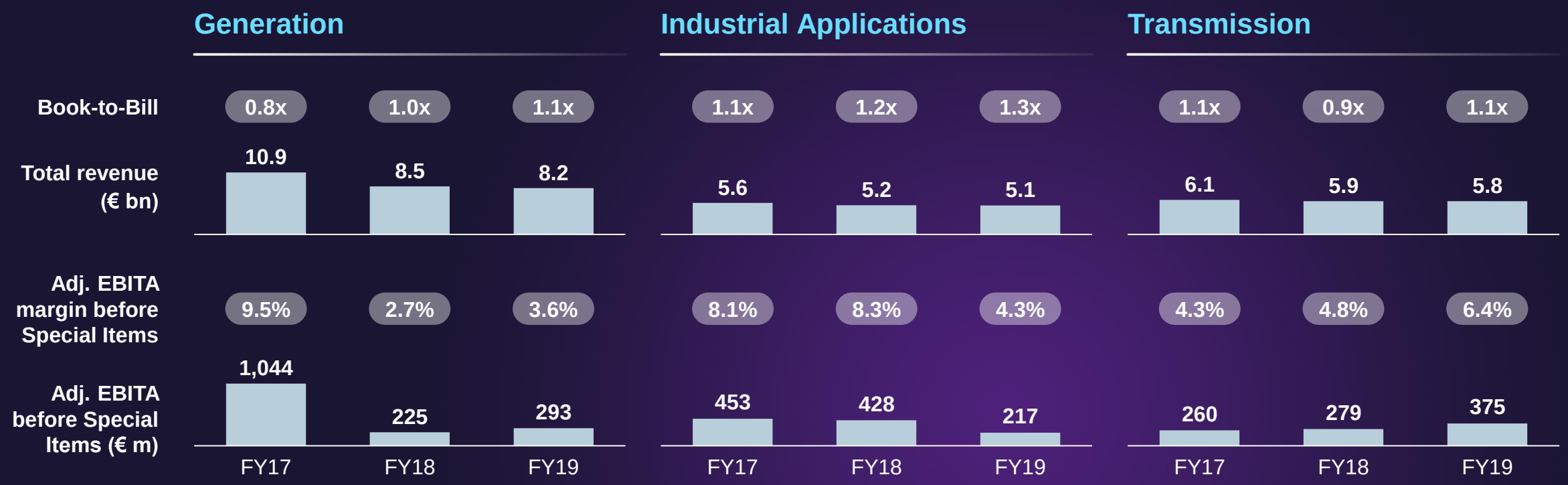


Gas and Power (GP) SGRE

Note: Siemens Energy Group metrics post reconciliation and consolidation effects | **1** Defined as the ratio of orders to total revenue

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… with all Gas and Power divisions turning the corner and recording Book-to-Bill ratios above 1x in FY19



- Positive effect from Egypt in FY17
- Declining underlying market trend in FY17-19; FY19 Book-to-Bill >1x
- Cost out benefits starting to materialize

- FY19 Book-to-Bill at 1.3x
- Restructuring of cost base underway
- Adj. EBITA stable from FY18 to FY19 if adjusted for disposal impact[1]

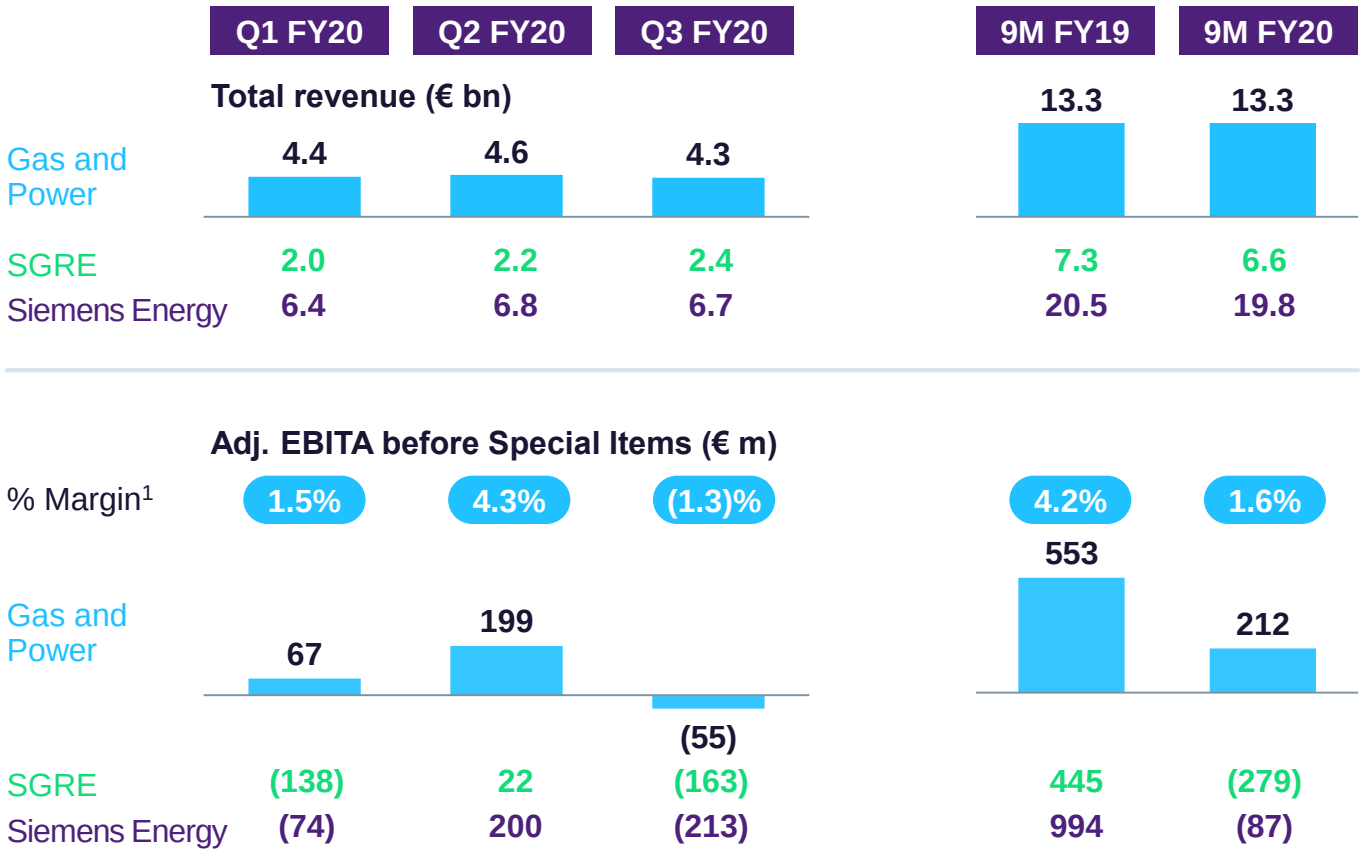
- FY17 and FY18 revenue benefitted from Egypt mega project
- FY19 Book-to-Bill >1x
- Underlying steady margin improvement[2]

1 Positively impacted in FY18 by €165 m and negatively in FY19 by €54 m. Disposal effects not part of Special Items definition
2 Positively impacted in FY19 by €55 m. Disposal effects not part of Special Items definition

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Siemens Energy demonstrated resilience despite COVID-19

Stable top-line development



Note: Siemens Energy Group metrics post reconciliation and consolidation effects
1 Adj. EBITA margin before Special Items

Current trading under COVID-19

- All businesses affected: Largest impact in Mar/Apr
- Most of impacted manufacturing facilities reopened and run on normal loads
- At SGRE continued impact at Indian facilities

Gas and Power

- Robust quarter-on-quarter total revenue generation supported by stable orders trajectory in 9M FY20
- COVID-19 impacted profitability mainly in Q3 FY20
- 9M FY20 Special Items include impairments and write-downs related to strategic portfolio decisions (€701 m)

SGRE

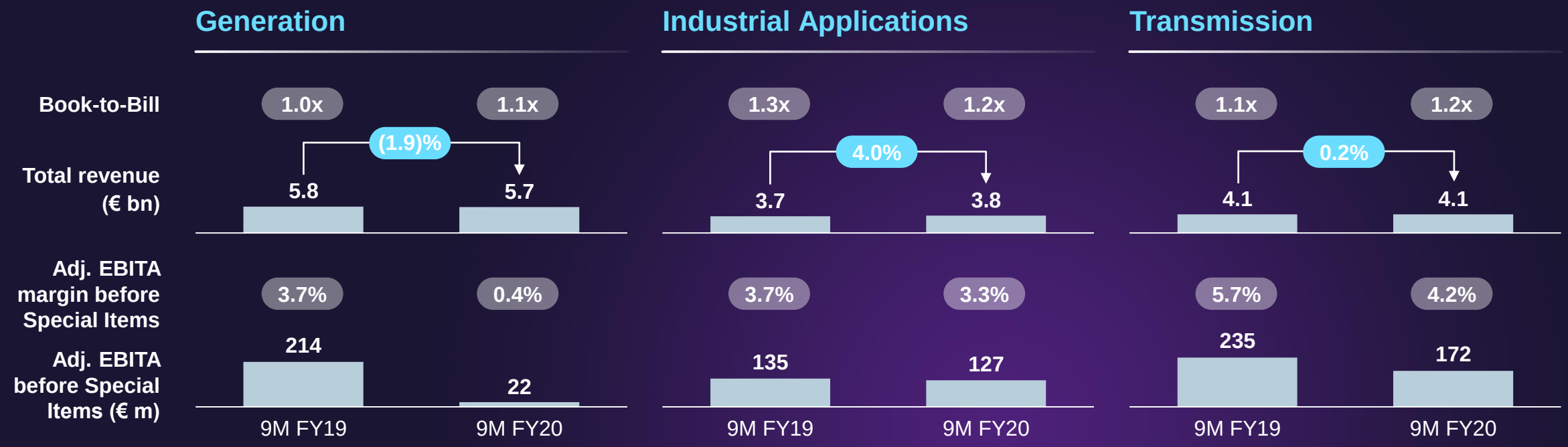
- Total revenue below prior year level, but with strong orders momentum (9M FY20 Book-to-Bill: 1.8x)
- COVID-19 impact intensified by onshore execution challenges and Indian operations reset
- 9M FY20 Special Items include inventory and fixed assets write-downs and an impairment of intangible assets related to the strategic decision to resize the scope of Indian operations (€195 m)

Siemens Energy

- Order backlog increase (September 30, 2019: €77 bn vs. June 30, 2020: €82 bn)

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In 2020, Gas and Power delivered a robust top-line and positive operational profitability across all divisions



- Slight total revenue decline owed to COVID-19; Book-to-Bill ratio increased to 1.1x
- Profitability impacted by less favorable total revenue mix and COVID-19 impact

- Strong product business drives total revenue increase; service revenue stable
- Adj. EBITA before Special Items broadly stable despite COVID-19 and oil price development

- Total revenue: Strong New Unit business offsets delays related to COVID-19
- Stable profitability despite fixed cost under absorption caused by COVID-19, if adjusted for FY19 disposal gain one-off[1]

1 Positively impacted in FY19 by €55 m. Disposal effects not part of Special Items definition

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1

Historical performance

2

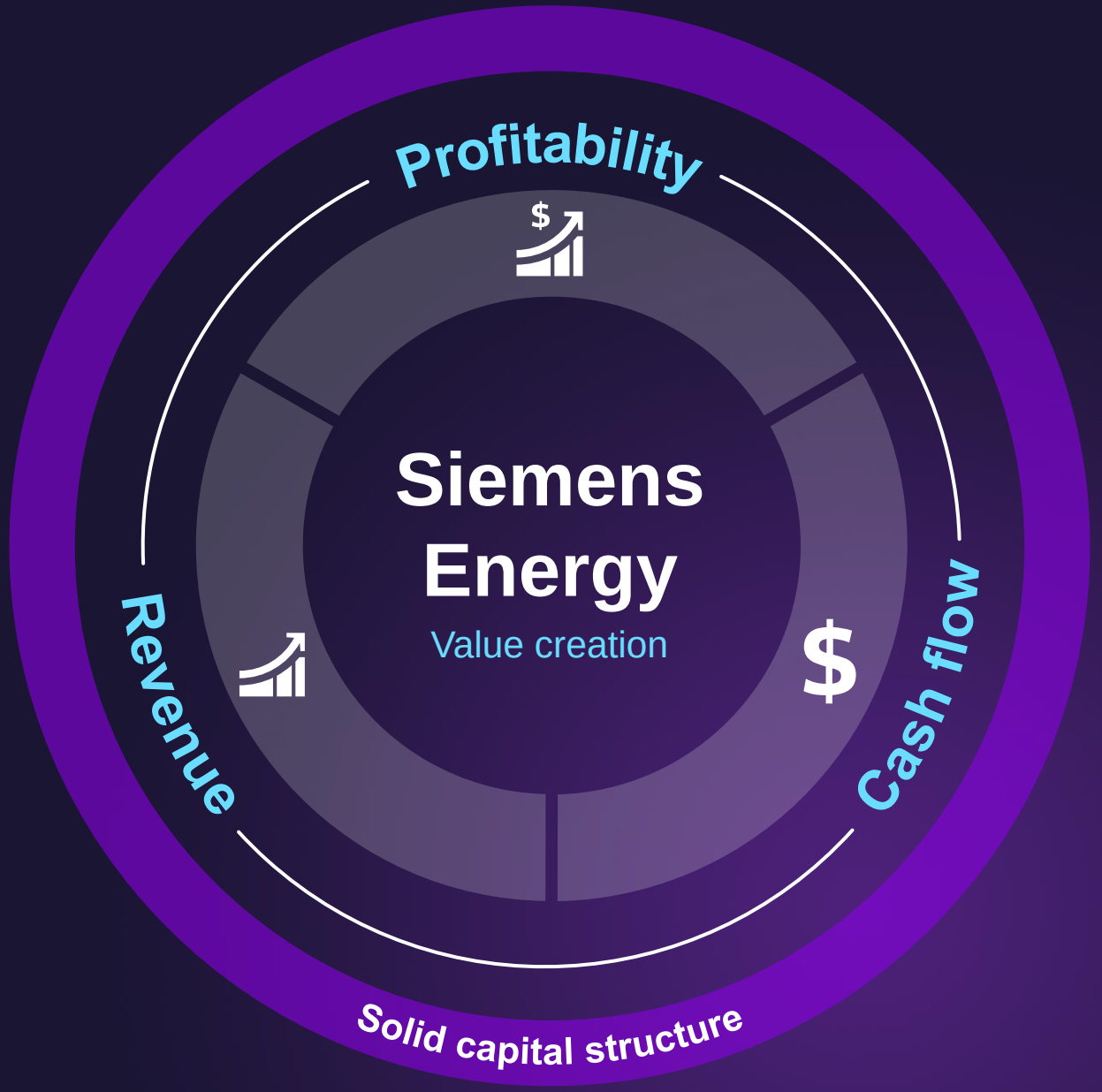
Sustainable value creation

3

Financial outlook

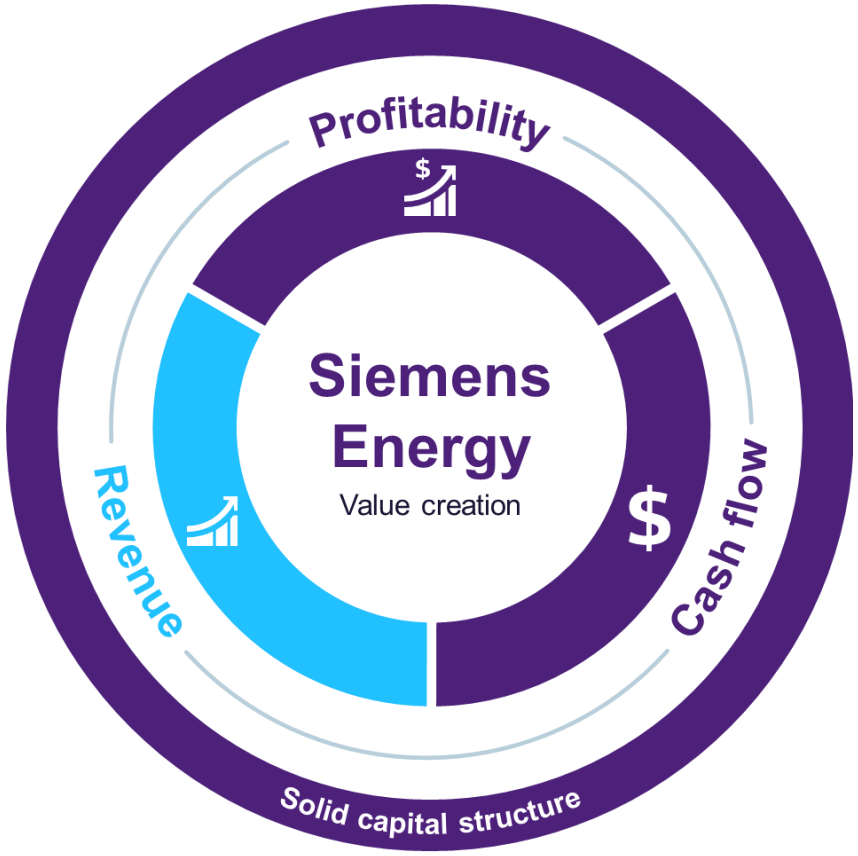
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Sustainable value creation
Strong top-line provides solid business foundation



High diversification across regions and businesses

Large order backlog for Gas and Power of which 25%[1] converts within 12 months

New Unit orders stabilization – especially in Generation

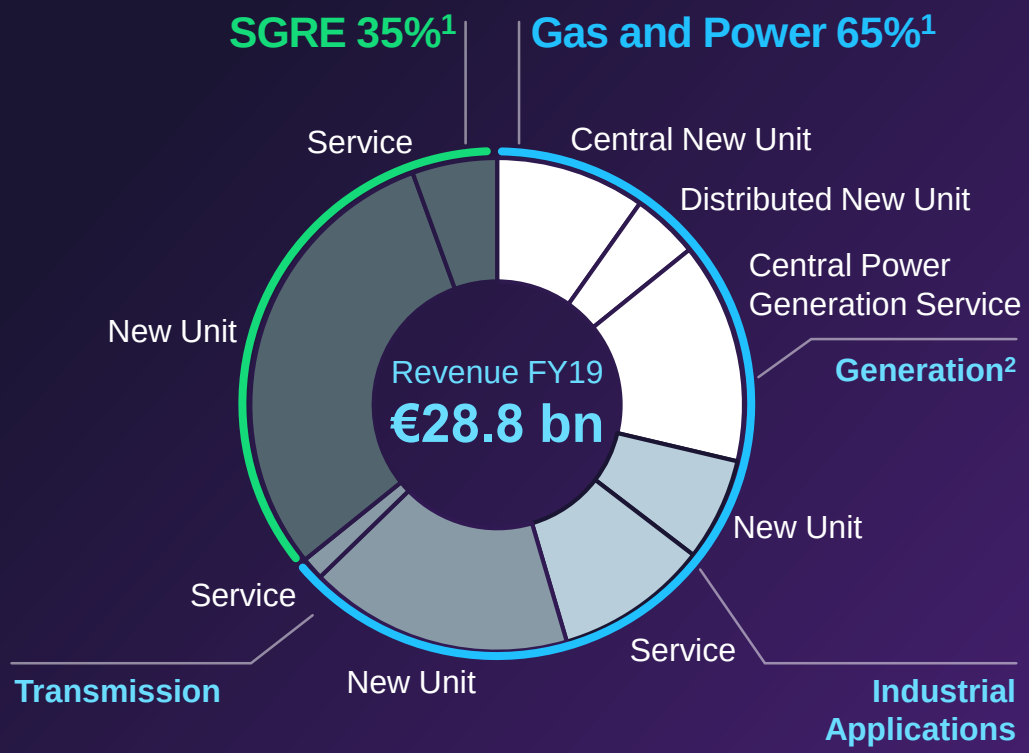
Resilient, recurring service business contributes 42%[2] of Gas and Power revenue

1 As of September 30, 2019, we expect to convert approximately €13 bn of Gas and Power FY19 order backlog into total revenue within FY20 | **2** Based on FY19; service share in % of Segment Gas and Power total revenue

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Siemens Energy is well diversified across all dimensions

By business

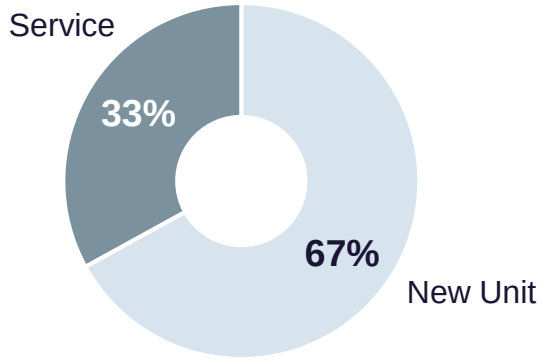


10%[2] total revenue contribution from Central Generation New Unit revenue

1 Based on total segments revenue | **2** Revenue shares: Central New Unit 10%, Distributed New Unit 4%, Central Power Generation Service 14% based on total revenue splits calculated before intra-group consolidation and reconciliation effects

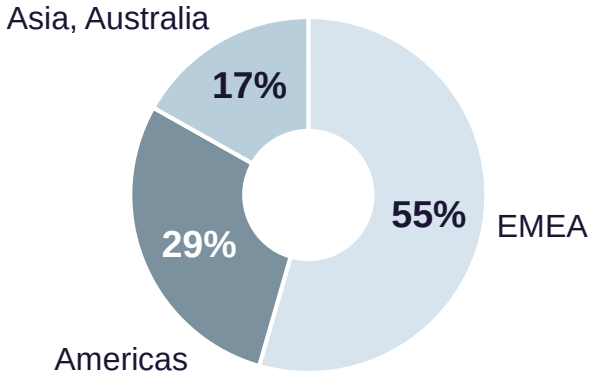
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By type (FY19)



- **Gas and Power** service share: 42%
- **SGRE** service share: 16%

By geography of customer location (FY19)

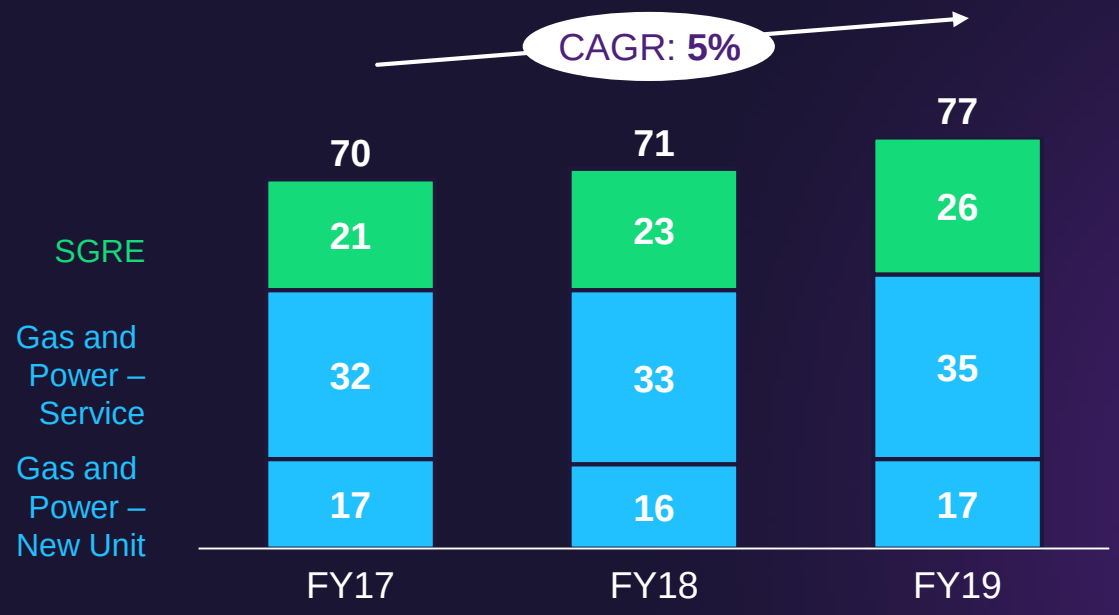


- Two core markets: EMEA, Americas
- Further upside in Asia

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Our increasing order backlog provides strong visibility

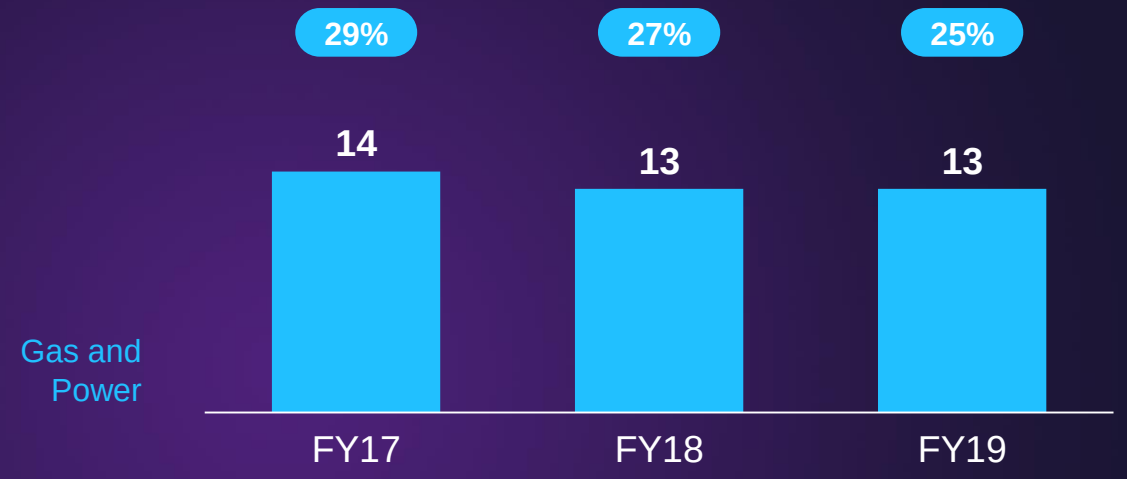
Order backlog by segment and type (€ bn)



- Gas and Power service share of order backlog amounted to 67% in FY19
- Gas and Power order backlog increase mainly service-related, New Unit back to 2017 levels

Order backlog conversion one year forward (€ bn)

Share of Gas and Power backlog expected to be converted within 1 year forward



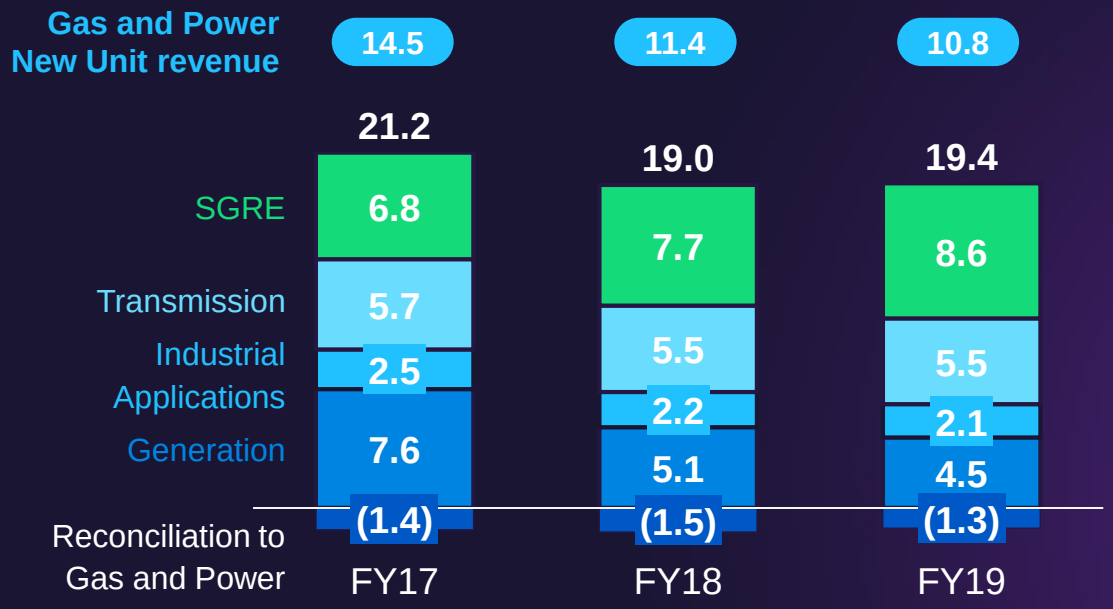
- 25% of Gas and Power order backlog as of FY19 expected to convert into total revenue within FY20

Note: Siemens Energy Group metrics post reconciliation and consolidation effects. Order backlog shown as of fiscal year end. Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account.

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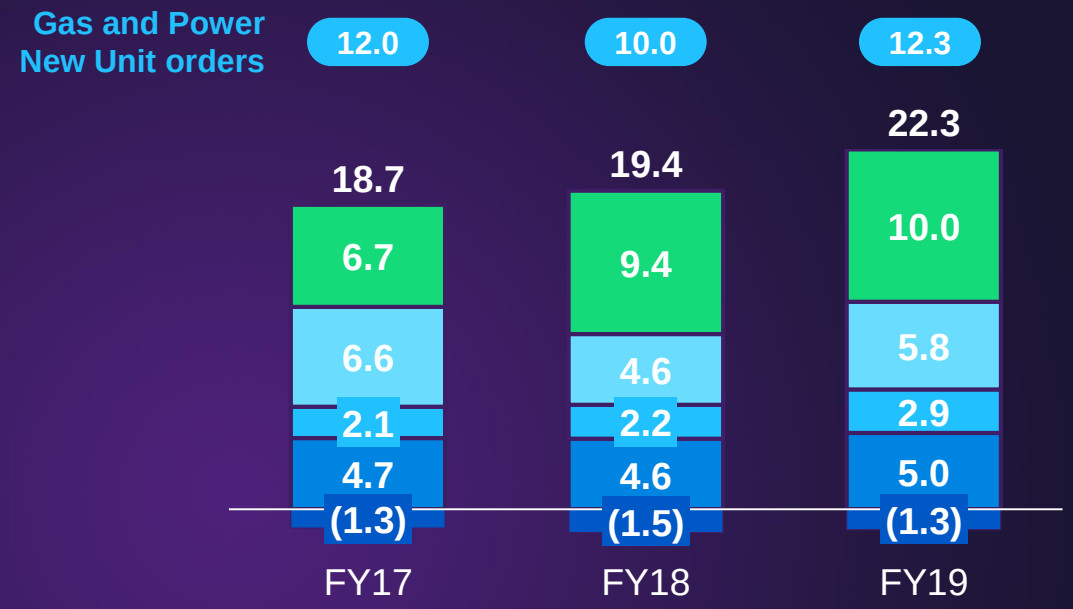
New Unit revenue has stabilized; Gas and Power with strong orders in FY19 across divisions

New Unit revenue by business (€ bn)



- Transmission/Generation: Major share of Egypt mega project (order volume: €3.7 bn[1]) booked as FY17 New Unit revenue
- SGRE: 2018 increase following merger (Siemens Wind Power & Gamesa)

New Unit orders by business (€ bn)



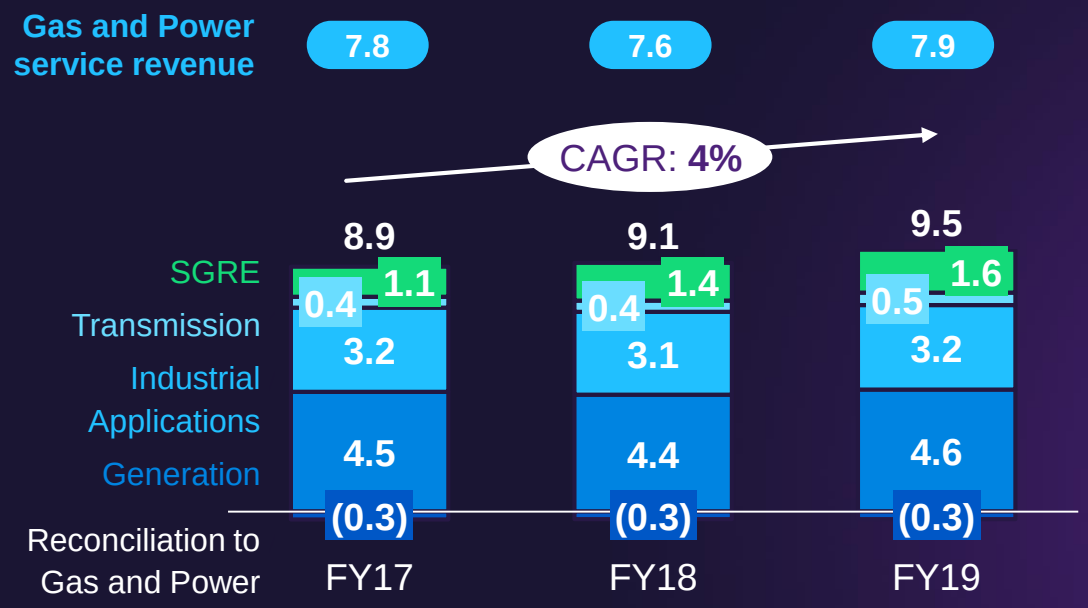
- Gas and Power: New Unit orders returned to growth in all divisions in FY19
- SGRE: Orders growth mainly related to offshore

1 Excluding service and subsequent contracts

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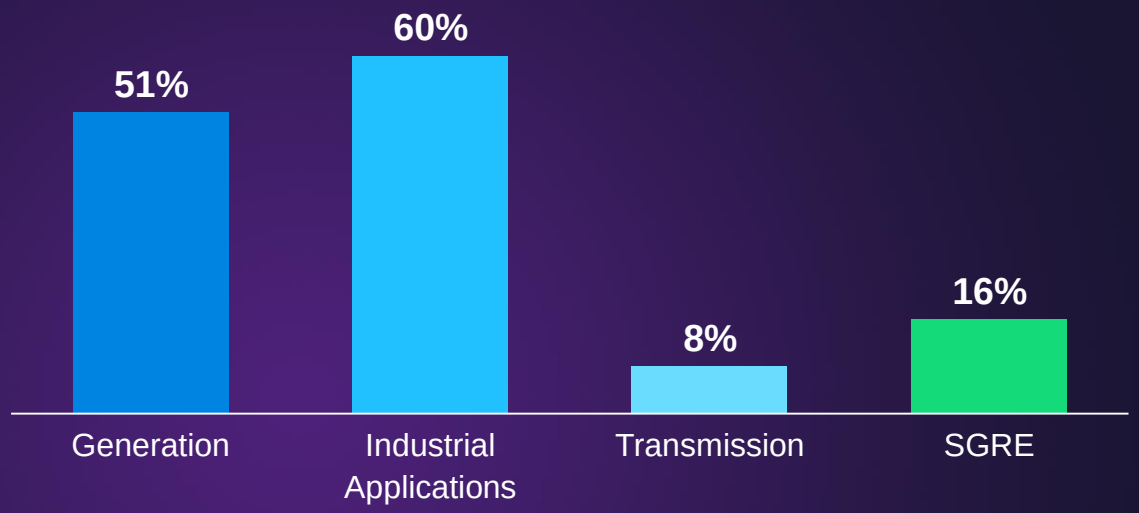
Service revenue continues to grow with large share in Generation and Industrial Applications

Service revenue by business (€ bn)



- Generation service business stable driven by large share of long-term programs

Service revenue share by business[1], FY19



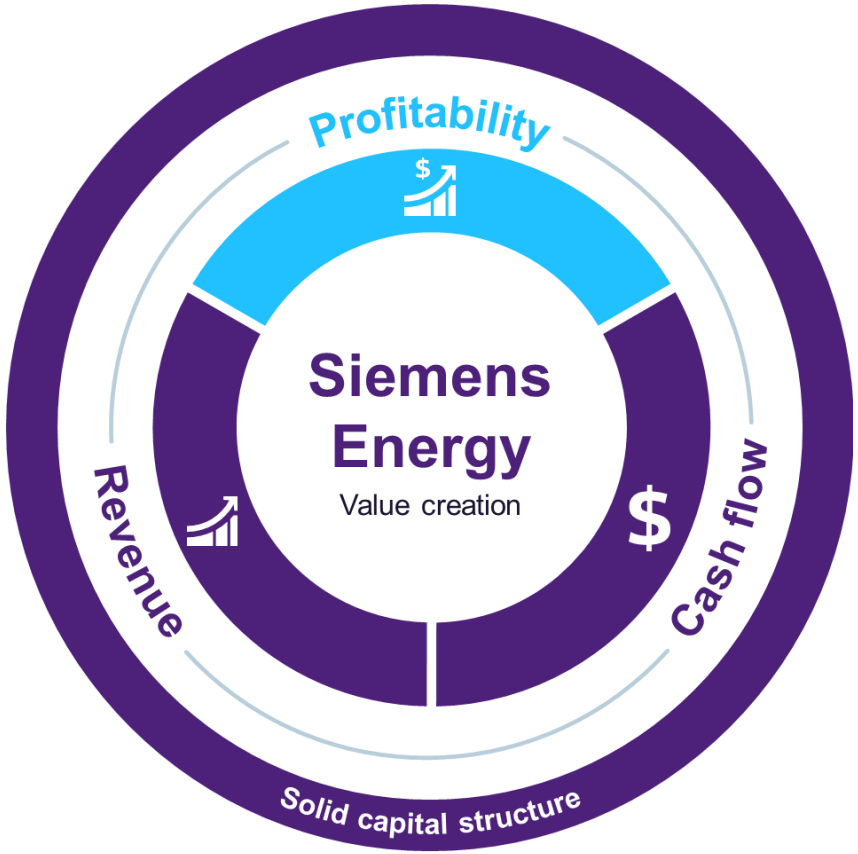
- SGRE provides large service opportunity from market penetration of growing installed base

1 Service share per division calculated before intra-group consolidation and reconciliation effects

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Sustainable value creation

Our initiatives pave a clear path to margin improvement



Deliver ~€1 bn announced run-rate savings by FY23

Footprint and portfolio initiatives for additional min. €300 m savings

Project excellence in selection and execution

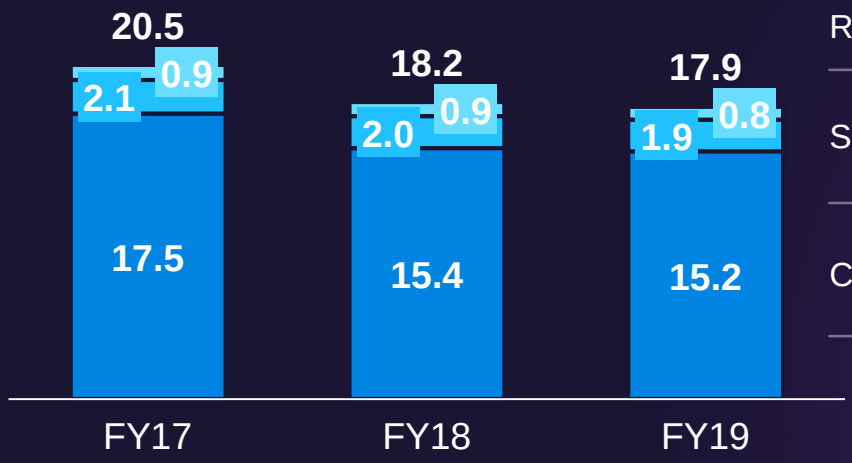
Additional stand-alone opportunities in new structure

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Significant Gas and Power cost base reduction so far was compensated by business volume decline

Cost structure before Special Items (€ bn)

Gas and Power



R&D

SG&A — €(0.1) bn +105 bps

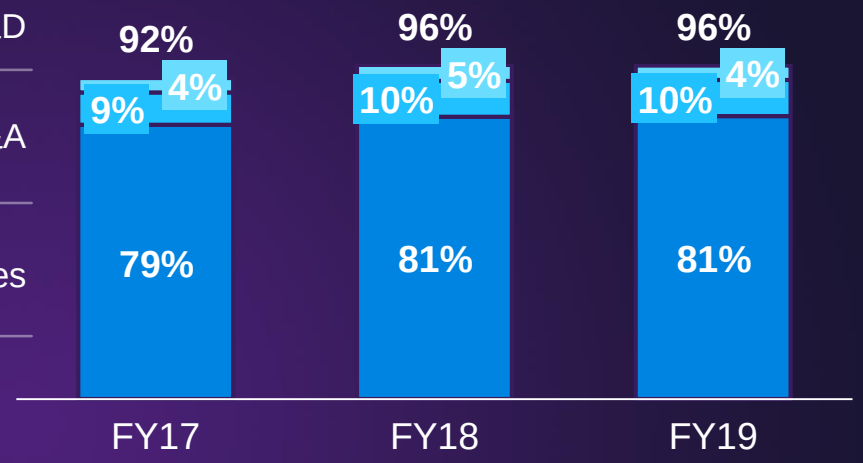
Cost of Sales — €(2.3) bn +250 bps

Δ FY17-19

- Reduction of absolute cost base, mainly in Cost of Sales
- Cost of Sales: Reduction from improved project execution, restructuring measures and lower business volume
- SG&A: Trademark license fee paid to Siemens starting in FY20

Costs in % of total revenue

Gas and Power



- Cost of Sales reduction not sufficient to compensate for decrease in total revenue
- Selling expenses represented 83% of SG&A in FY19[1]

1 Based on reported expenses before PPA

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We have already spent ~€700 m resizing Gas and Power since FY17

Reconciliation of Adj. EBITA before Special Items (€ m)

		FY17	FY18	FY19	9M FY20
Gas and Power					
Adj. EBITA before Special Items		**1,746**	**815**	**836**	**212**
Restructuring and integration costs	**Σ €696 m**	(43)	(375)	(247)	(31)
Stand-alone costs		–	–	–	(19)
Strategic portfolio decisions		–	–	–	(701)
Special Items		**(43)**	**(375)**	**(247)**	**(751)**
Adj. EBITA		**1,703**	**440**	**589**	**(539)**
SGRE					
Adj. EBITA before Special Items		**433**	**654**	**687**	**(279)**
Special Items		**(103)**	**(176)**	**(206)**	**(352)**
Adj. EBITA		**330**	**478**	**481**	**(631)**
Siemens Energy					
Adj. EBITA before Special Items		**2,174**	**1,456**	**1,517**	**(87)**
Special Items		**(146)**	**(551)**	**(453)**	**(1,124)**
Adj. EBITA		**2,028**	**905**	**1,064**	**(1,211)**

Gas and Power

Restructuring costs
Personnel measures to reduce headcount leading to severance charges

Stand-alone costs
Carve-out/spin-off-related, e.g. IT set-up, advisors, listing

Strategic portfolio decisions
Includes inventory write downs and intellectual property rights impairments related to strategic decision to streamline Aeroderivative Gas Turbine offering

SGRE

Integration costs
Mainly merger of Gamesa and Siemens Wind Power, also Senvion assets acquisition (€157 m in 9M FY20)

Strategic portfolio decisions
Mainly Indian operations restructuring (€195 m in 9M FY20)

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Our cost programs drive profit improvement across Siemens Energy

Gas and Power

PG2020 and GP2020+

Existing programs

Accelerating Impact

Reshaping our footprint

Portfolio streamlining

Project excellence

Supply chain excellence

SGRE

LEAP[1]

Productivity

Operational Excellence

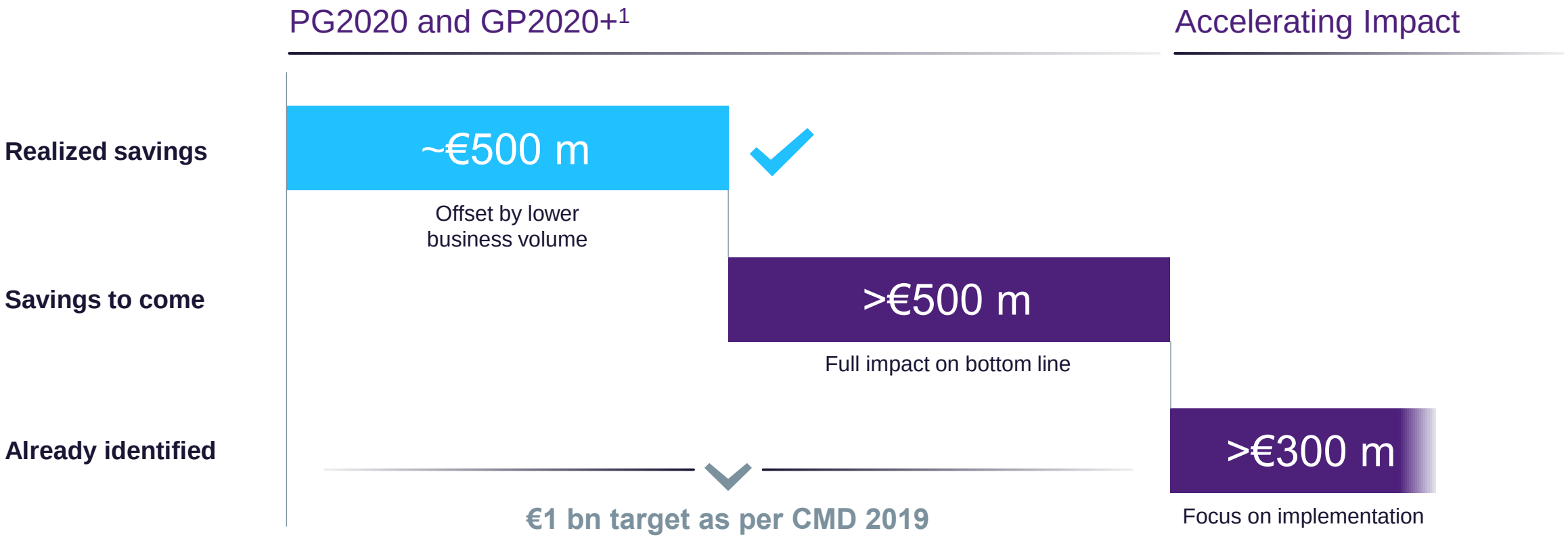
Focus of next pages

1 LEAP program announced by SGRE in 2020 comprises 3 pillars: Innovation, Productivity and Asset Management, and Operational Excellence

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New company programs launched at Gas and Power to accelerate profit improvements

Gas and Power: Annual gross cost savings by FY23

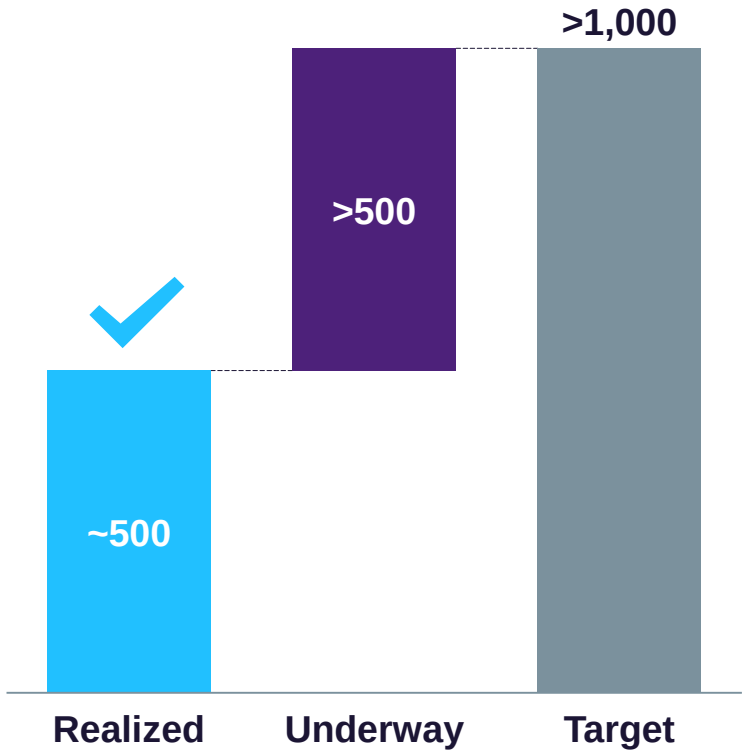


1 PG2020 and GP2020+ as presented at Siemens CMD May 2019

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PG2020 and GP2020+ programs provide high visibility on €500 m incremental savings by FY23

Gross cost savings target[1] (€ m)



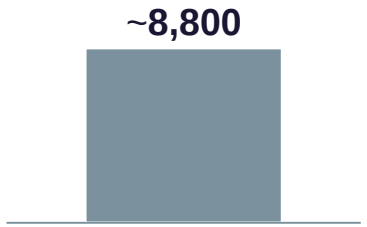
Modules

Function optimization

Corporate function cost reductions

+

Resizing capacities



Headcount reduction[2]

Comments

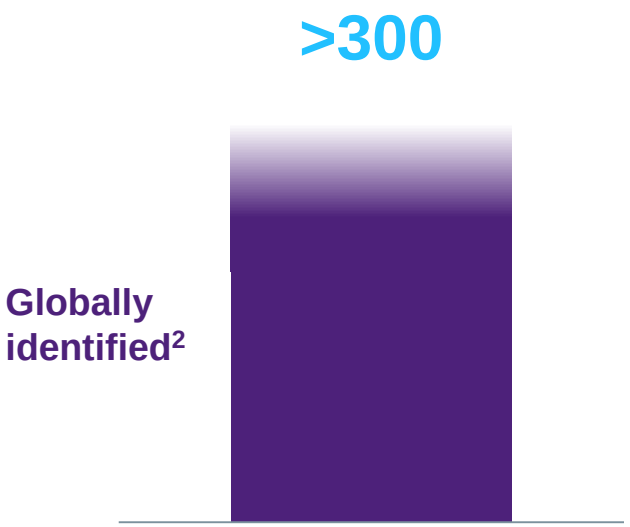
- **Severance agreements signed to a large extent**
- Related **savings only partially reflected** in FY19 personnel costs
- **Remaining savings** targeted to **materialize by FY23**

1 Annual run-rate cost savings | **2** For minor share of headcount reduction no resolution has been made yet

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We have identified >€300 m savings potential in our Accelerating Impact program so far

Gross cost savings target[1] (€ m)



Modules

Reshaping our footprint	Less complex, more agile and flexible
Portfolio streamlining	Leaner, simpler product line-up
Project excellence	Better execution, be selective
Supply chain excellence	Efficient and better sourcing

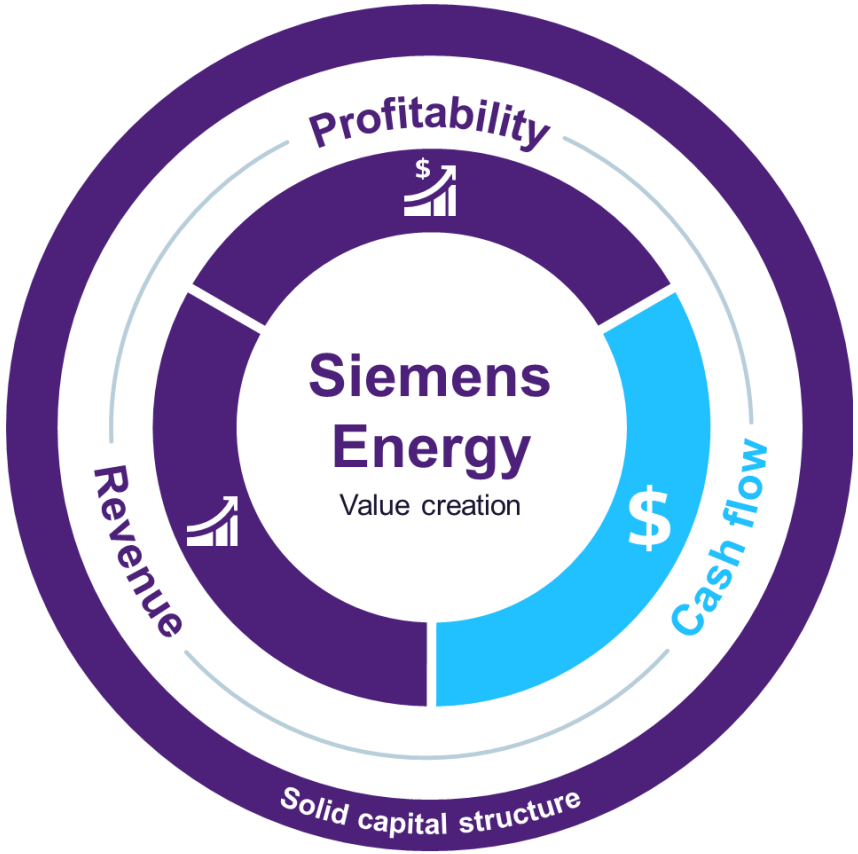
Operational Excellence

1 Annual run-rate cost savings | **2** Certain measures subject to consultation with employee representatives

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Sustainable value creation

As a stand-alone company we target significant cash flow upside



Asset light business model

Working capital reduction

Disciplined capital allocation

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We operate an asset light business model with an inherently low operating net capital employed

Net Capital Employed by segment (€ m, June 20)

	Gas and Power	SGRE
Property, plant and equipment	1,352	2,127
Operating net working capital	3,543	(956)
Investments accounted for using the equity method	696	66
Other assets	1,168	977
Provisions (current and non-current)	(1,617)	(2,180)
Accruals (current and non-current)	(1,608)	(254)
Other liabilities	(2,110)	(1,058)
Subtotal	**1,424**	**(1,278)**
Goodwill	6,770	2,823
Other intangible assets	2,183	1,833
Net capital employed	**10,378**	**3,378**

Comments

Incl. 24% stake in Siemens India (market value: €1.1 bn[1])

Mostly warranties (~€2.9 bn)

Mainly relates to Dresser-Rand acquisition and SGRE merger

1 Based on current share price of INR 1,173 as of August 12, 2020

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We can do better in cash conversion
Rolling three year target of 1-revenue growth

Reconciliation of Free cash flow (€ m)

	FY17	FY18	FY19	9M FY20
Gas and Power – Free cash flow	**722**	**212**	**651**	**133**
SGRE – Free cash flow	**(288)**	**373**	**407**	**17**
Reconciliation – Income taxes paid	(618)	(541)	(287)	(254)
Reconciliation – Other	63	37	105	123
Siemens Energy – Free cash flow	**(121)**	**80**	**876**	**18**
Siemens Energy – Adj. EBITA	**2,028**	**905**	**1,064**	**(1,211)**
Cash Conversion Rate[1]	**(0.1)**	**0.1**	**0.8**	**(0.0)**

Gas and Power

FY18: Mainly Adj. EBITA decline

FY19: Increasing Adj. EBITA and ONWC reduction from asset management initiatives

9M FY20: Decrease in Adj. EBITA (mainly COVID-19) more than offset by ONWC reduction

Free cash flow, in particular in FY19 and 9M FY20, impacted by ongoing restructuring

In FY17-19 CAPEX stable at €300-350 m p.a.

SGRE

FY18/19: Free cash flow benefitted from higher Adj. EBITA and ONWC improvements

9M FY20: Lower Adj. EBITA largely offset by strict working capital control

1 Cash Conversion Rate is defined as Free cash flow divided by Adjusted EBITA

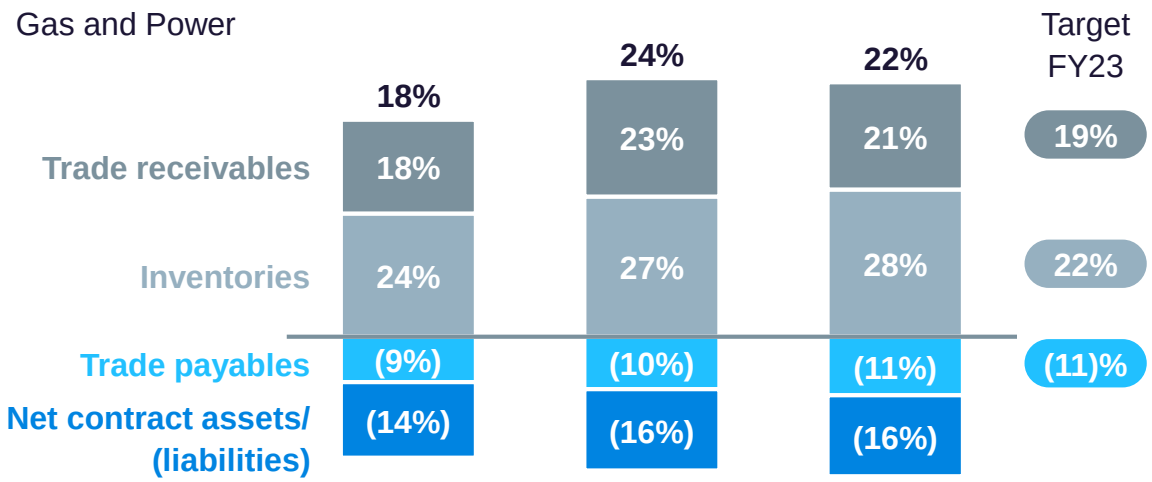
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Laser-focus on asset management

We target ~€1.2 bn ONWC reduction by FY23

Operating net working capital as % of total revenue

Gas and Power



In € bn	FY17	FY18	FY19
Trade receivables	4.0	4.3	3.9
Inventories	5.3	5.1	5.3
Trade payables	(1.9)	(1.9)	(2.1)
Contract assets (CA)	3.1	3.0	3.2
Contract liabilities (CL)	(6.3)	(6.0)	(6.1)
ONWC	**4.1**	**4.6**	**4.1**

Reduction[1]

~€1.2 bn

Comments

Reduce and prevent overdue receivables through operational excellence

Optimize inventory via improved supply chain and logistics processes

Renegotiate payment terms with vendors and avoidance of cash discounts

Optimized project payment schedule and more **stringent project approval** process

Cross-functional focus from finance/ controlling, procurement and logistics

Cash conversion **target setting** creates **accountability**

1 Between FY19 and FY23

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We will actively manage our equity investments

Overview of equity investments (FY19, € m)

Investment	Siemens India (listed)	Various investments incl. Voith Hydro, Ethos, etc.	Total investments
Stake	24%	Various stakes	
Book value[2]	370	448	818
Associate income (loss)[3]	30	81	111

1 Based on current share price of INR 1,173 as of August 12, 2020 | **2** As of September 30, 2019
3 Included in Adj. EBITA | **4** Exclusivity for India, Nepal, Sri Lanka, Bhutan and the Maldives

Overview of Siemens India

Selected financials for Siemens India (FY19)

€1.1 bn
Market value of 24% stake[1]

€1.7 bn
Total revenue

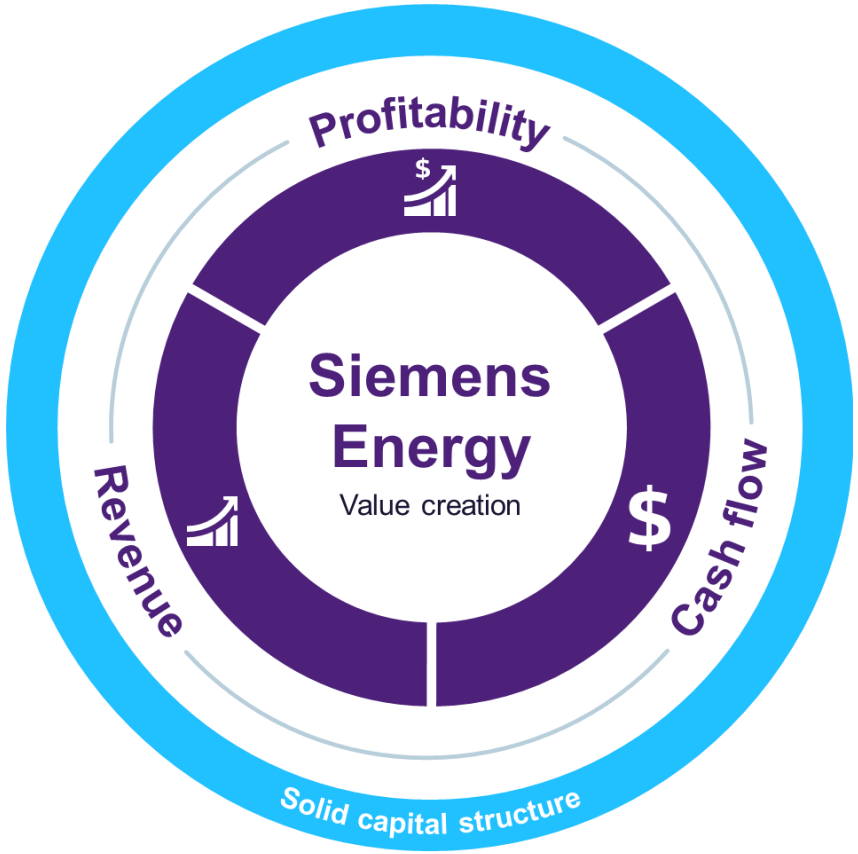
- Listed on the National Stock Exchange of India
- Siemens Energy with 24% stake
- Governed by two interlinked agreements

1. Shareholder agreement
   - Siemens Group retains control over Siemens India
   - Shareholder voting aligned with Siemens Group for certain matters
2. Agency agreement
   - Siemens India is exclusive agent of Siemens Energy[4]

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Sustainable value creation

Our Spin-off capitalization provides a strong basis for value creation



Solid investment grade rating

Net cash position

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Strong balance sheet and investment grade rating support the operating business

Net cash as of June 30, 2020

Siemens Energy excl. SGRE

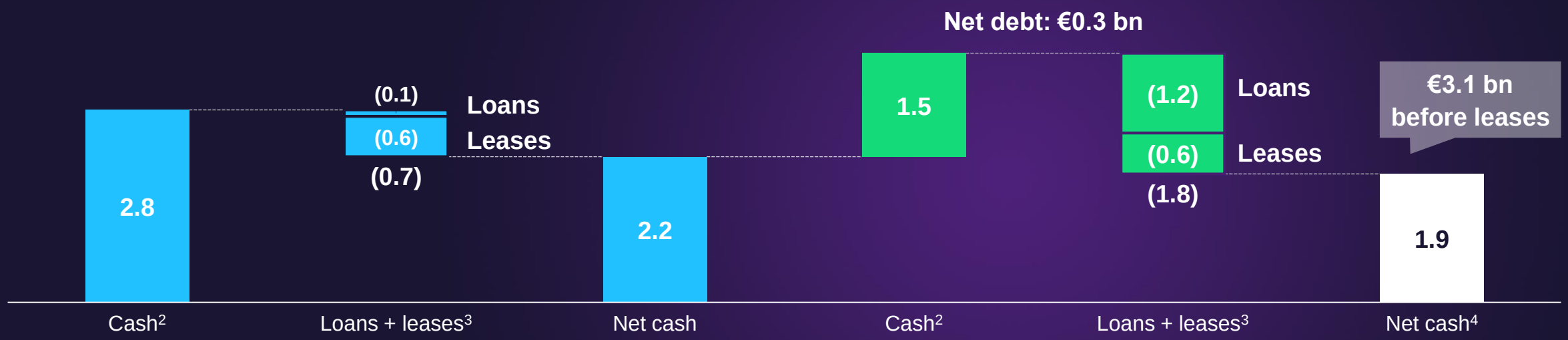
Undrawn credit line of €3.0 bn[1]

SGRE

Undrawn credit lines of €2.8 bn[1]

Siemens Energy

BBB investment grade rating



1 Siemens Energy facility agreement concluded in July 2020; SGRE undrawn credit lines as of June 30, 2020 | **2** Includes cash and cash equivalents plus receivables from Siemens Group from financing activities minus payables to Siemens Group from financing activities | **3** Includes short-term debt and current maturities of long-term debt plus long-term debt **4** Includes €0.2 bn provided by Siemens during the second quarter of fiscal year 2020 to fund deferred carve-out activities for which the related assets to be acquired are not included in the Combined Financial Statements

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1

Historical performance

2

Sustainable value creation

3

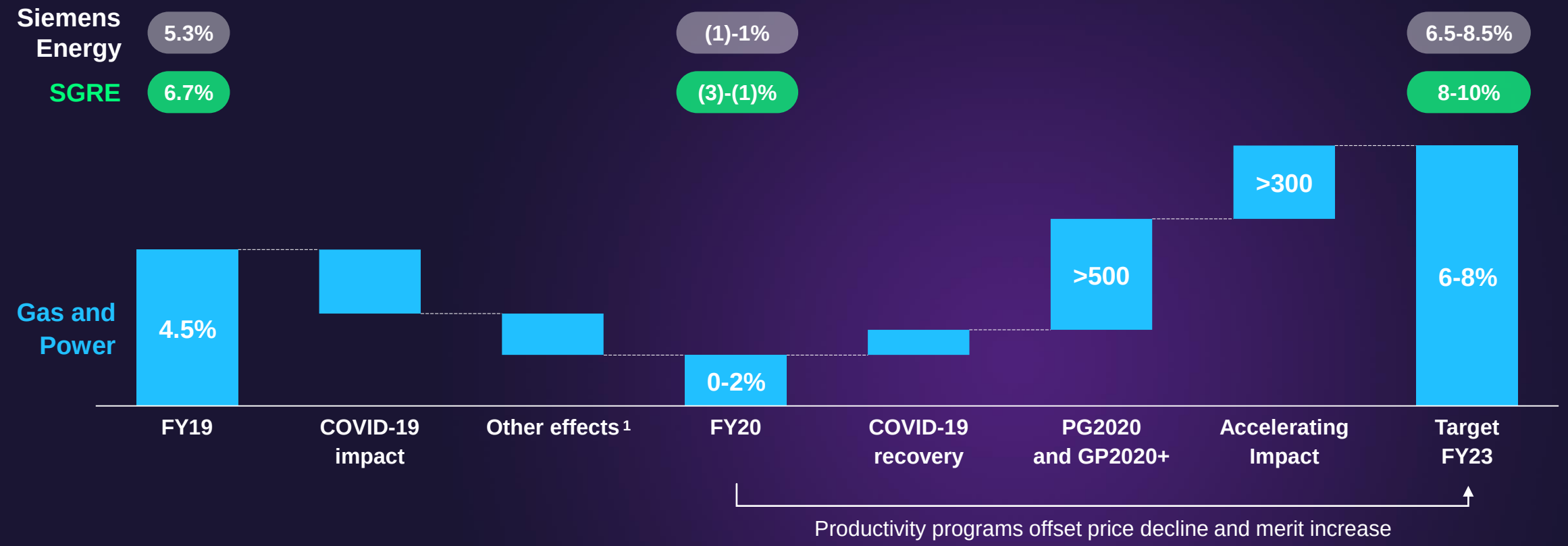
Financial outlook

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We are embarking on a clear path to 6-8% margin in Gas and Power

Adj. EBITA margin before Special Items



1 Mainly less favorable revenue mix and negative effects from the progress of projects

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Financial outlook

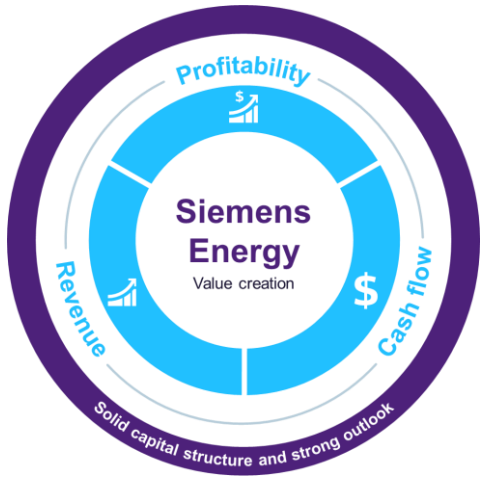
		Actuals		Near-term guidance		3-year guidance	Mid-term target
		FY19	9M FY20	FY20	FY21	FY23	
Gas and Power	**Total revenue**	**€18.7 bn**	**€13.3 bn**	**(5)%-(3)%**	**2%-11%**		
	% Growth y-o-y[2]	(1.4)%	0.1%				
	Adj. EBITA before Special Items	**€836 m**	**€212 m**	**0%-2%**	**3.5%-5.5%**	**6%-8%**	
	% Margin before Special Items	4.5 %	1.6%				
	Restructuring costs[3]	**€247 m**	**€31 m**	Cumulative **mid-to-high triple digit** euro million amount in FY20-23			
Siemens Energy	**Total revenue**	**€28.8 bn**	**€19.8 bn**	**(5)%-(2)%**	**2%-12%**		**Flat to 3%[1]**
	% Growth y-o-y[2]	2.8%	(3.3)%				
	Adj. EBITA before Special Items	**€1,517 m**	**€(87) m**	**(1)%-1%**	**3%-5%**	**6.5%-8.5%**	**≥8% Margin reported[4]**
	% Margin before Special Items	5.3%	(0.4)%				
	Tax rate			Medium-term tax rate **25%-30%**			

1 Rolling 3-year average total revenue growth, excluding portfolio and currency effects | **2** FY19 growth compared to FY18; 9M FY20 growth compared to 9M FY19 | **3** Included in Special Items definition | **4** Adj. EBITA not adjusted for Special Items

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Conclusion

We are 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

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Appendix

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Profit and Loss Statement FY17-19 | 9M FY19/20

	Siemens Energy				
In € m	**FY17**	**FY18**	**FY19**	**9M FY19**	**9M FY20**
Revenue	**30,086**	**28,023**	**28,797**	**20,503**	**19,828**
% Growth		(6.9)%	2.8 %	NA	(3.3)%
Cost of sales	(24,832)	(23,876)	(24,615)	(17,420)	(18,364)
Gross profit	**5,254**	**4,147**	**4,181**	**3,084**	**1,463**
% Margin	17.5%	14.8%	14.5%	15.0%	7.4%
Research and development expenses	(1,111)	(1,069)	(1,001)	(683)	(689)
Selling and general administrative expenses	(2,631)	(2,739)	(2,647)	(1,945)	(2,323)
Other operating income	38	231	61	41	66
Other operating expenses	(126)	(114)	(108)	(79)	(77)
Income (loss) from investments acc. for using the equity method, net	65	(85)[1]	111[2]	90[2]	6
Interest income	111	109	107	76	30
Interest expenses	(298)	(324)	(355)	(290)	(134)
Other financial income (expenses), net	5	(4)	(32)	(23)	(16)
Income before income taxes	**1,309**	**151**	**317**	**270**	**(1,672)**
Income tax (expenses)/gains	(349)	493	(35)	(67)	203
Net income	**960**	**645**	**282**	**202**	**(1,469)**
Attributable to					
Non-controlling interests	50	98	123	94	(234)
Siemens Group	910	547	158	108	(1,234)

1 Includes €154 m impairment loss | **2** Includes €55 m gain from a partial sale

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Cash Flow Statement FY17-19 | 9M FY19/20

	Siemens Energy				
In € m	**FY17**	**FY18**	**FY19**	**9M FY19**	**9M FY20**
Net income	**960**	**645**	**282**	**202**	**(1,469)**
Amortization, depreciation and impairments	1,139	1,281	1,209	858	1,656
Income tax expenses	349	(493)	35	67	(203)
Interest (income) expenses, net	186	215	248	215	103
(Income) loss related to investing activities	(62)	(49)	(43)	(40)	(26)
Other non-cash (income) expenses	59	36	21	30	132
Change in operating net working capital					
A | Contract assets	(53)	(324)	(527)	(414)	(3)
B | Inventories	(509)	623	(406)	(1,016)	(262)
C | Trade receivables	877	(517)	412	(414)	(271)
D | Trade payables	(366)	190	299	(10)	125
E | Contract liabilities	(1,394)	(217)	1,160	979	1,290
Additions to assets leased to others in operating leases	(0)	(4)	(11)	(4)	(7)
Change in other assets and liabilities	22	(96)	(773)	(953)	(296)
Income taxes paid	(618)	(541)	(287)	(147)	(254)
Dividends received	51	54	51	44	21
Interest received	46	43	25	16	23
Cash flows from operating activities	**686**	**844**	**1,694**	**(585)**	**561**
Additions to intangible assets and property, plant and equipment	(807)	(764)	(818)	(515)	(543)
Free cash flow	**(121)**	**80**	**876**	**(1,099)**	**18**

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Statement of Financial Position September 30, 2019 and June 30, 2020

Siemens Energy – Assets (in € m)	Sep. 30, 2019	Jun. 30, 2020
Cash and cash equivalents	1,871	2,352
Trade receivables[1]	5,097	4,205
Other current financial assets	730	529
Contract assets	5,230	4,805
Receivables from Siemens Group	3,402	3,894
Inventories	7,148	7,250
Current income tax assets	329	432
Other current assets	1,093	1,023
Assets classified as held for disposal	16	–
Total current assets	**24,917**	**24,491**
Goodwill	9,815	9,593
Other intangible assets	4,743	4,016
Property, plant and equipment	3,275	4,790
Investments accounted for using the equity method	818	762
Other financial assets	437	502
Other receivables from Siemens Group	3	–
Deferred tax assets	742	1,052
Other assets	291	217
Total non-current assets	**20,124**	**20,933**
Total assets	**45,041**	**45,424**

Siemens Energy – Liabilities and equity (in € m)	Sep. 30, 2019	Jun. 30, 2020
Short-term debt and current maturities of long-term debt	359	787
Trade payables	4,698	4,595
Other current financial liabilities	614	483
Payables to Siemens Group	2,960	979
Contract liabilities	9,337	10,417
Current provisions	1,872	1,678
Current income tax liabilities	372	489
Other current liabilities	3,267	3,004
Liabilities assoc. with assets classified held for disposal	8	–
Total current liabilities	**23,487**	**22,432**
Long-term debt	547	1,690
Provisions for pensions and similar obligations	1,960	1,095
Deferred tax liabilities	1,102	586
Provisions	2,072	2,158
Other financial liabilities	447	543
Other liabilities	729	669
Other liabilities to Siemens Group	1,608	–
Total non-current liabilities	**8,465**	**6,741**
Total liabilities	**31,952**	**29,173**
Total equity	**13,089**	**16,250**
Total liabilities and equity	**45,041**	**45,424**

1 Referred to as trade and other receivables in the Unaudited Condensed Combined Interim Financial Statements

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Performance indicator landscape

Gas and Power FY17-19 | 9M FY19/20

	Gas and Power				
In € m	**FY17**	**FY18**	**FY19**	**9M FY19**	**9M FY20**
Order backlog[1] (€ bn)	49	48	52		51
Orders	21,029	19,283	21,187	15,075	14,897
Total revenue	**22,228**	**18,982**	**18,709**	**13,315**	**13,326**
Adj. EBITA	**1,703**	**440**	**589**	**506**	**(539)**
Special Items	(43)	(375)	(247)	(47)	(751)
A | Restructuring and integration costs	(43)	(375)	(247)	(47)	(31)
B | Stand-alone costs	–	–	–	–	(19)
C | Strategic portfolio decisions	–	–	–	–	(701)
Adj. EBITA before Special Items	**1,746**	**815**	**836**	**553**	**212**
Free cash flow[2]	**722**	**212**	**651**	**(416)**	**133**

1 Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account | **2** Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. On segment level it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs and income taxes as well as certain other payments and proceeds

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Performance indicator landscape
SGRE FY17-19 | 9M FY19/20

	SGRE				
In € m	**FY17**	**FY18**	**FY19**	**9M FY19**	**9M FY20**
Order backlog[1] (€ bn)	21	23	26		32
Orders	8,768	11,875	12,749	9,674	12,172
Total revenue	**7,922**	**9,122**	**10,227**	**7,283**	**6,615**
Adj. EBITA	**330**	**478**	**481**	**355**	**(631)**
Special Items	(103)	(176)	(206)	(90)	(352)
A | Restructuring and integration costs	(103)	(176)	(141)	(90)	(157)
B | Stand-alone costs	–	–	–	–	–
C | Strategic portfolio decisions	–	–	(65)	–	(195)
Adj. EBITA before Special Items	**433**	**654**	**687**	**445**	**(279)**
Free cash flow[2]	**(288)**	**373**	**407**	**(618)**	**17**

1 Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account | **2** Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. On segment level it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs and income taxes as well as certain other payments and proceeds

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Performance indicator landscape

Siemens Energy FY17-19 | 9M FY19/20

	Siemens Energy				
In € m	**FY17**	**FY18**	**FY19**	**9M FY19**	**9M FY20**
Order backlog[1] (€ bn)	70	71	77		82
Orders	29,673	31,046	33,734	24,570	27,014
Total revenue	**30,086**	**28,023**	**28,797**	**20,503**	**19,828**
Adj. EBITA	**2,028**	**905**	**1,064**	**857**	**(1,211)**
Special Items	(146)	(551)	(453)	(137)	(1,124)
A | Restructuring and integration costs	(146)	(551)	(388)	(137)	(190)
B | Stand-alone costs	–	–	–	–	(38)
C | Strategic portfolio decisions	–	–	(65)	–	(896)
Adj. EBITA before Special Items	**2,174**	**1,456**	**1,517**	**994**	**(87)**
Free cash flow[2]	**(121)**	**80**	**876**	**(1,099)**	**18**

1 Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account | **2** Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. On segment level it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs and income taxes as well as certain other payments and proceeds

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Performance indicator landscape for service business

Siemens Energy FY17-19 | 9M FY19/20

	Service order backlog[1] (€ bn)					Service orders (€ m)					Service revenue (€ m)				
	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20
Gas and Power	**32**	**33**	**35**	**NA**	**33**	**8,982**	**9,323**	**8,893**	**6,641**	**5,944**	**7,776**	**7,629**	**7,931**	**5,671**	**5,552**
Generation	25	26	27	NA	26	4,810	5,222	4,630	3,447	3,275	4,498	4,387	4,578	3,284	3,215
Industrial Applications	6	6	8	NA	7	3,952	3,949	4,221	3,152	2,625	3,159	3,120	3,176	2,268	2,264
Transmission	1	1	1	NA	1	487	461	484	363	295	413	414	469	325	281
Reconciliation to Gas and Power	(0)	(0)	(0)	NA	(0)	(266)	(309)	(441)	(321)	(252)	(294)	(292)	(292)	(205)	(208)
SGRE	**10**	**11**	**12**	**NA**	**15**	**2,072**	**2,453**	**2,737**	**2,036**	**3,364**	**1,134**	**1,427**	**1,617**	**1,167**	**1,226**
Siemens Energy	**42**	**44**	**47**	**NA**	**48**	**11,054**	**11,776**	**11,630**	**8,677**	**9,308**	**8,910**	**9,056**	**9,548**	**6,838**	**6,778**

1 Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account

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Bridge from Adj. EBITA to EBT
FY17-19 | 9M FY19/20

Adj. EBITA to EBT Reconciliation (€ m)

In € m	FY17	FY18	FY19	9M FY19	9M FY20	
Gas and Power	1,703	440	589	506	(539)	1
SGRE	330	478	481	355	(631)	
Reconciliation to Combined Financial Statements	(5)	(13)	(5)	(4)	(40)	
Adj. EBITA	**2,028**	**905**	**1,064**	**857**	**(1,211)**	
Amortization of intangible assets acquired in business combinations and goodwill impairments	(507)	(545)	(499)	(379)	(363)	2
Financial result from operations	(31)	10	31	29	21	3
Financial result[2]	(181)	(219)	(280)	(238)	(119)	4
Income (loss) before income taxes	**1,309**	**151**	**317**	**270**	**(1,672)**	

Comments

1 **Adj. EBITA**
- **Gas and Power:** Reflects spin-off scope; deviates from Siemens AG segment reporting
- **SGRE:** Consistent with Siemens AG reporting (FY17-FY19)[1]
- **Reconciliation to Combined Financial Statements:** Comprises consolidation of transactions between the segments, treasury activities and certain reconciliation and reclassification

2 **Amortization of intangible assets acquired in business combinations and goodwill impairments**
Amortization of acquired intangibles assets (i.a. Dresser-Rand, SGRE combination, Adwen)

3 **Financial result from operations**
Refers to interest related to customer receivables/ supplier payables and cash allocated to the segments

4 **Financial result[2]**
FY17-FY19 does not reflect capital structure implemented as of 31 March, 2020

1 SGRE included in discontinued operations of Siemens AG as of 31 March, 2020 |
2 Financial result represents the sum of (i) interest income, (ii) interest expense and (iii) other financial income (expenses), net

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Historical capital expenditure development

Capital expenditure development (€ m)

Gas and Power	FY17	FY18	FY19
Additions to property, plant and equipment[1]	308	334	311
% of Gas and Power total revenue	1.4%	1.8%	1.7%
Additions to other intangible assets	6	9	6
Total	**315**	**343**	**317**

SGRE			
Additions to property, plant and equipment[1]	400	286	338
% of SGRE total revenue	5.1%	3.1%	3.3%
Additions to other intangible assets	76	129	160
Total	**476**	**415**	**498**

Reconciliation	16	6	4
Siemens Energy – Additions to intangible assets and property, plant and equipment (capital expenditures)[1]	**807**	**764**	**818**

>€900 m budget in FY20

Gas and Power

- **Stable tangible investment around €300-350 m p.a.**
- Focused on **product development** (e.g. SGT-9000HL turbine) and **productivity enhancement**
- Capitalized R&D insignificant
- **Planned investments in next generation product portfolio**

SGRE

- Focused on **production capacity expansions**
- **Increasing contribution from capitalized R&D,** i.a. related to development of **new wind turbine models**

1 Excluding additions to assets leased to third parties and finance leases

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Gas and Power divisional performance (1/2)

	Order backlog (€ bn)[1]					Orders (€ m)					Book-to-Bill				
	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20
Generation	32	32	33	NA	32	8,455	8,848	8,594	5,822	6,044	0.8x	1.0x	1.1x	1.0x	1.1x
Industrial Applications	9	9	11	NA	10	5,897	5,994	6,776	4,901	4,384	1.1x	1.2x	1.3x	1.3x	1.2x
Transmission	9	8	8	NA	9	7,012	5,030	6,183	4,606	4,840	1.1x	0.9x	1.1x	1.1x	1.2x
Reconciliation to Gas and Power	NM	NM	NM	NM	NM	(336)	(589)	(366)	(254)	(371)	NM	NM	NM	NM	NM
Gas and Power	**49**	**48**	**52**	**NA**	**51**	**21,029**	**19,283**	**21,187**	**15,075**	**14,897**	**0.9x**	**1.0x**	**1.1x**	**1.1x**	**1.1x**

1 Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account

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Gas and Power divisional performance (2/2)

	Total revenue (€ m)					Adj. EBITA before Special Items (€ m)					Adj. EBITA Margin before Special Items				
	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20
Generation	10,940	8,472	8,161	5,825	5,714	1,044	225	293	214	22	9.5%	2.7%	3.6%	3.7%	0.4%
Industrial Applications	5,567	5,163	5,099	3,666	3,811	453	428	217	135	127	8.1%	8.3%	4.3%	3.7%	3.3%
Transmission	6,107	5,870	5,849	4,102	4,112	260	279	375	235	172	4.3%	4.8%	6.4%	5.7%	4.2%
Reconciliation to Gas and Power	(387)	(523)	(400)	(277)	(311)	(11)	(117)	(49)	(31)	(109)	NM	NM	NM	NM	NM
Gas and Power	**22,228**	**18,982**	**18,709**	**13,315**	**13,326**	**1,746**	**815**	**836**	**553**	**212**	**7.9%**	**4.3%**	**4.5%**	**4.2%**	**1.6%**

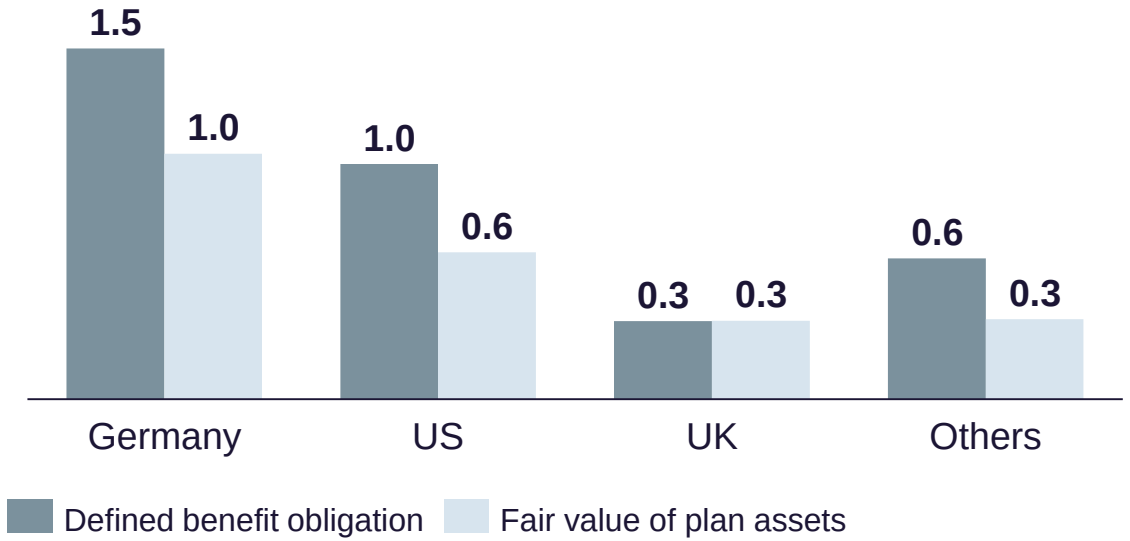
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Siemens Energy – Pension overview

Pension overview (€ m, June 30, 2020)

Defined benefit obligation	3,380
Fair value of plan assets	2,315
Asset ceiling	1
Net defined benefit balance	**1,067**
t/o provisions for pensions and similar obligations	1,095
t/o plans with net assets recognized in “other assets”	(29)
Pension-related interest expense	44
Discount rate	**1.8%**

Pension liabilities/assets by region (€ bn, June 30, 2020)



Commentary

- **Germany:** Siemens Energy set-up a CTA[1] which acts as pension trust and was funded with assets of €0.9 bn (January, 2020)
- **U.S.:** A separate pension trust for US entities to which pension liabilities and related assets will be transferred from the Siemens trust in the U.S. is expected to be set-up in September 2020; actual amount of assets to be transferred to be calculated under IRC 414(l)

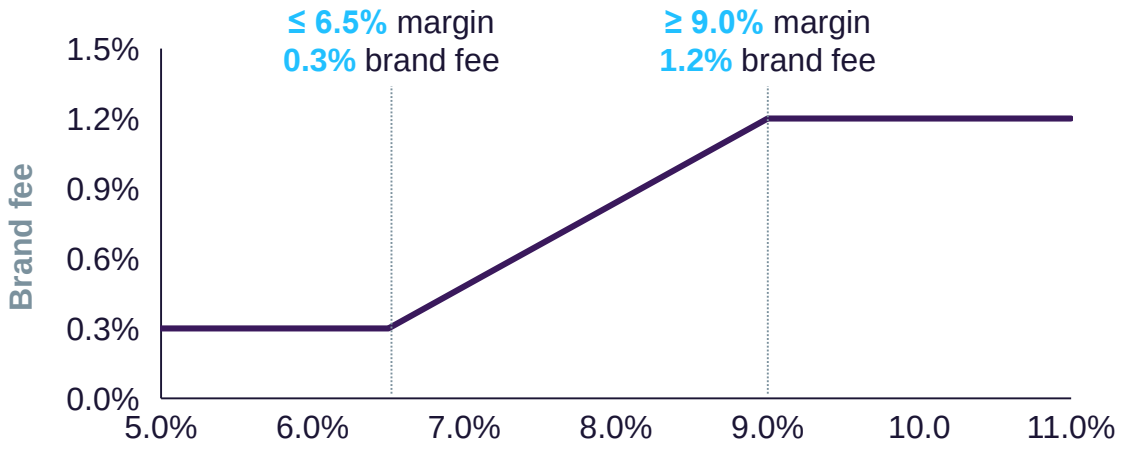
1 Contractual trust arrangement

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Trademark license fees and service agreements

Usage of Siemens brand

- **Corporate identity of Siemens Energy and SGRE continues to include "Siemens" brand**
- Initial tenure of trademark license agreement: 10 years
- **Siemens Energy ex. SGRE: 0.3-1.2% of brand-relevant revenue[1]**
  - Brand fee FY20: "Mid-double-digit" figure
  - Recorded as expense item in SG&A going forward
- **SGRE: No brand fee**



Service agreements with Siemens

Type

- **Transitional service agreements** ("TSA") (tenor up to 36 months)
- **Long-term service agreements** ("LSA")

Key Areas

- Human resources
- Accounting
- Purchasing, sales and marketing
- IT and communications
- Research and development

Volume

Over the entire term of the contracts:

- **TSA:** ~€280 m
- **LSA:** ~€1.2 bn

1 Bandwidth based on EBITA margin as adjusted for certain special items

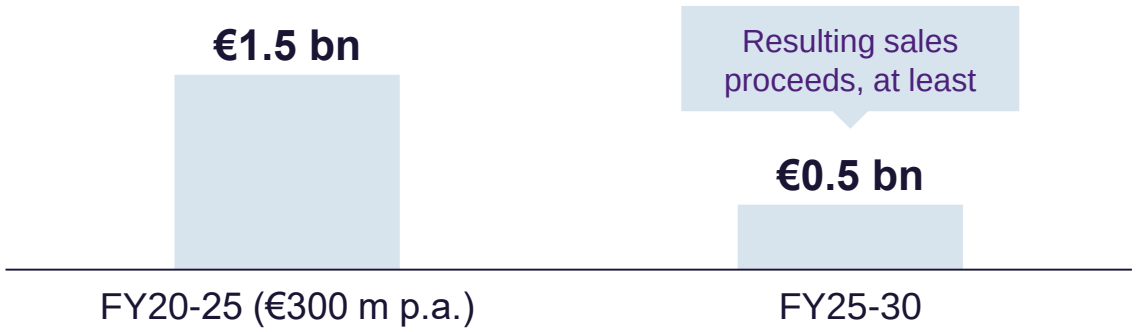
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Project financing and parent company guarantees

Continued customer project financing from Siemens

Equity financing

Siemens Financial Services commitment



Debt financing/leasing

- **At arms' length** customer project financing **from Siemens**
- **Without recourse** to Siemens Energy

Parent company guarantees issued by Siemens

Existing parent company guarantees ("PCG") issued by Siemens AG



- **Siemens AG committed to maintain existing parent company guarantees** if preferred by counterparties
- After spin-off **new PCGs will be offered by Siemens Energy directly** (except for "pending contracts")

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