

# Solid performance at Gas and Power overshadowed by development at SGRE

Christian Bruch, President and CEO Siemens Energy

Maria Ferraro, CFO Siemens Energy

Analyst presentation Q1 FY22

Berlin, February 9, 2022



# Disclaimer



**INFORMATION AND FORWARD-LOOKING STATEMENTS** This document contains statements related to our future business and financial performance, and future events or developments involving Siemens Energy that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project,” or words of similar meaning. We may also make forward-looking statements in other reports, prospectuses, in presentations, in material delivered to shareholders, and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens Energy’s management, of which many are beyond Siemens Energy’s control. These are subject to a number of risks, uncertainties, and other factors, including, but not limited to, those described in disclosures, in particular in the chapter “Report on expected developments and associated material opportunities and risks” in the Annual Report. Should one or more of these risks or uncertainties materialize, should acts of force majeure, such as pandemics, occur, or should underlying expectations including future events occur at a later date or not at all, or should assumptions prove incorrect, Siemens Energy’s actual results, performance, or achievements may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens Energy neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated. This document includes supplemental financial measures – that are not clearly defined in the applicable financial reporting framework – and that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Energy’s net assets and financial position or results of operations as presented in accordance with the applicable financial reporting framework in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# CEO section

Christian Bruch, CEO

# Key Messages

## Highlights / Lowlights

- SGRE profit warning
- Very solid start in Gas and Power (GP)
- Sustainability Report published on January 25, 2022

---

## Market Environment

- Improving boundary conditions
- Solid order environment across all businesses at GP
- SGRE market dynamics remain challenging
- Material availability, supply chain and logistics provide headwinds

---

## Revised Guidance FY22

- SE**
  - Revenue development of (2)% to 3% comp.<sup>1</sup>, prev. (1)% to 3%
  - Adj. EBITA margin before SI of 2% to 4%, prev. 3% to 5%
- GP**
  - Revenue growth of 1% to 5% comp.<sup>1</sup> (unchanged)
  - Adj. EBITA margin before SI of 4.5% to 6.5% (unchanged)
- SGRE**
  - Revenue decline of (2)% to (9)% comp.<sup>1</sup>, prev. (2)% to (7)%
  - Adj. EBITA margin before SI of (4)% to 1%, prev. 1% to 4%

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

2022-02-09

## Q1 FY22 Financial Performance

- **Orders: +10.1%** comp.<sup>1</sup> at €8.3bn
- **Order backlog at €87bn**
- **Revenue: -11.4%** comp.<sup>1</sup> at €6.0bn; **book-to-bill of 1.40**
- **Adj. EBITA before SI: -€63m** (down from €366m)
- **Adj. EBITA margin before SI: -1.1%**
- **FCF pre tax: -€69m** (up from -€388m)

# SGRE – strategic imperative on wind power remains unchanged

---

## 1 Wind market offers attractive long term growth potential

- Significant increase in demand for onshore and offshore
- Capitalization on service opportunity

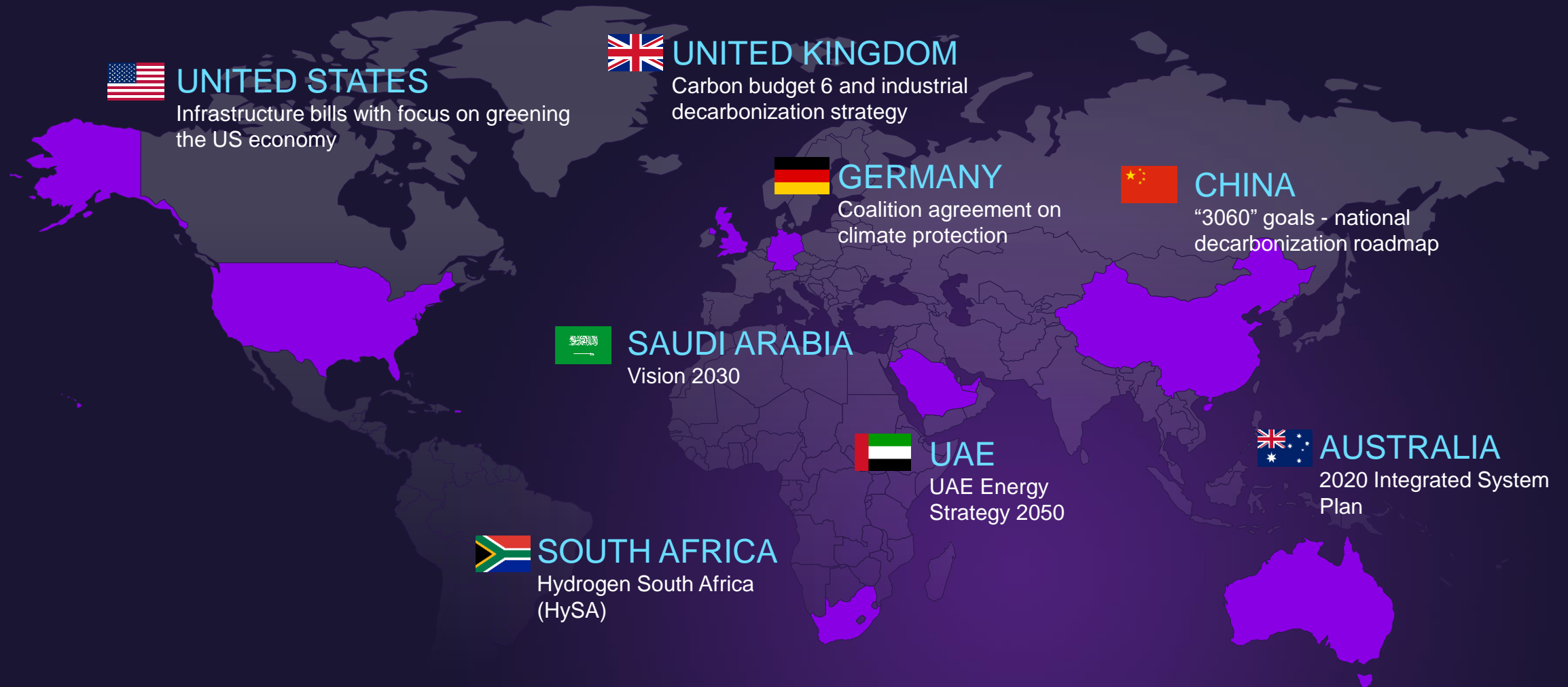
## 2 Internal and external Challenges

- Supply chain constraints
- 5.X ramp-up challenges

## 3 Measures

- Acceleration and stringent execution of turnaround plan for onshore

# More and more government initiatives accelerate the energy transition



# Three pillars underpinning our strategy



Low- or zero-emission power generation



Transport and storage of energy



Reducing the CO<sub>2</sub> footprint & energy consumption in Industrial processes



# Q1 FY22 awards and milestones already reflect the energy transition

## Low- or zero-emission power generation



### Coal to gas

7<sup>th</sup> HL-Unit sold in Korea to replace formerly planned coal-fired powerplant

## Transport and storage of energy



### Elimination of emissions in transmission technology

New vacuum interrupter production facility in Berlin

## Reducing the CO<sub>2</sub> footprint & energy consumption in industrial processes



### First H<sub>2</sub> Co-firing in China

SGT-800 plant running with 15% hydrogen co-firing and 30% later this year

# Well on track to become a sustainability leader in our industry

## Earlier Target Achievement

Increased ambitions for Siemens Energy's own business activities – reduction targets to be achieved 5 years earlier than planned (Scope 1 & 2)

## Greater Transparency

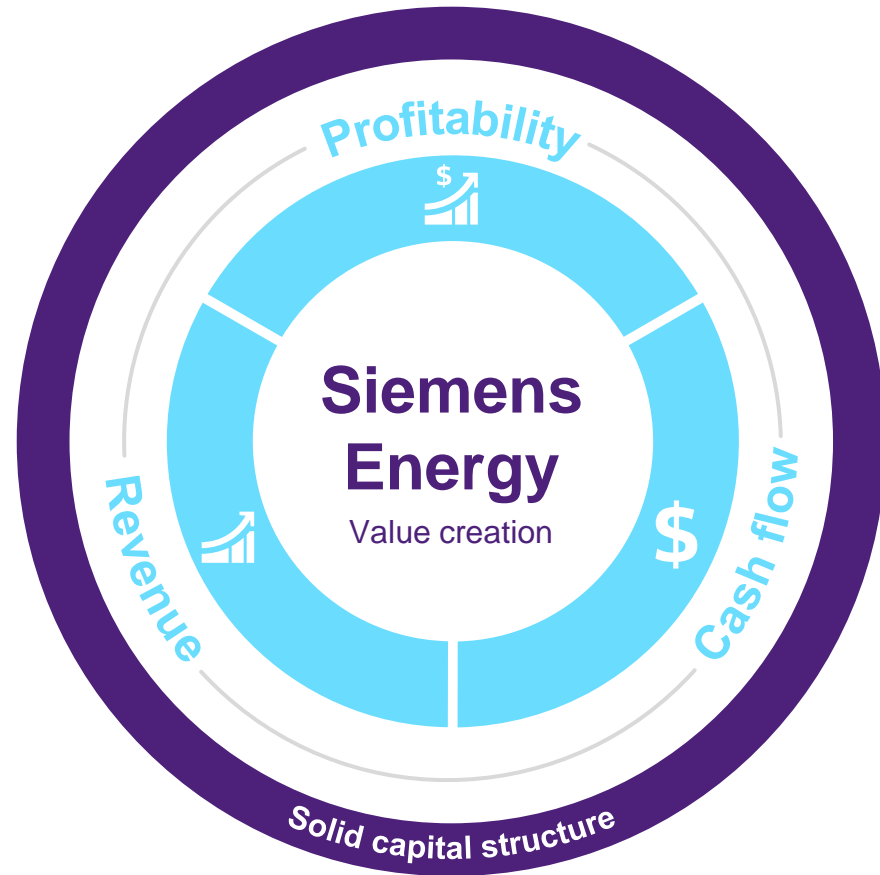
Scope 3 emissions of GP reporting segment disclosed for the first time in Sustainability Report 2021, to be reduced nearly one-third by 2030



# CFO section

Maria Ferraro, CFO

# Focused on Sustainable Shareholder Value Creation



1

Strong business foundation with large order backlog and resilient service business

2

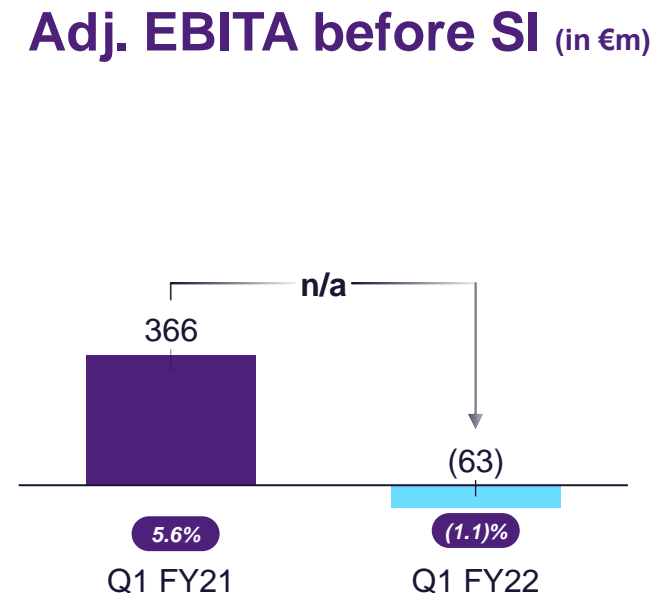
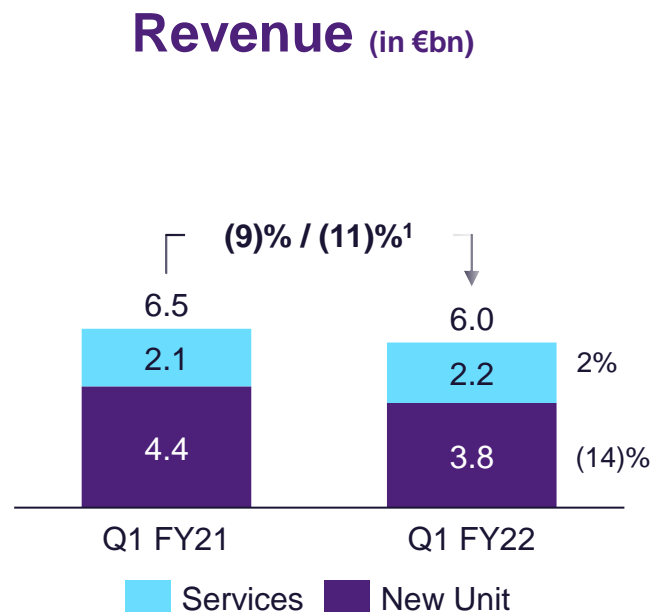
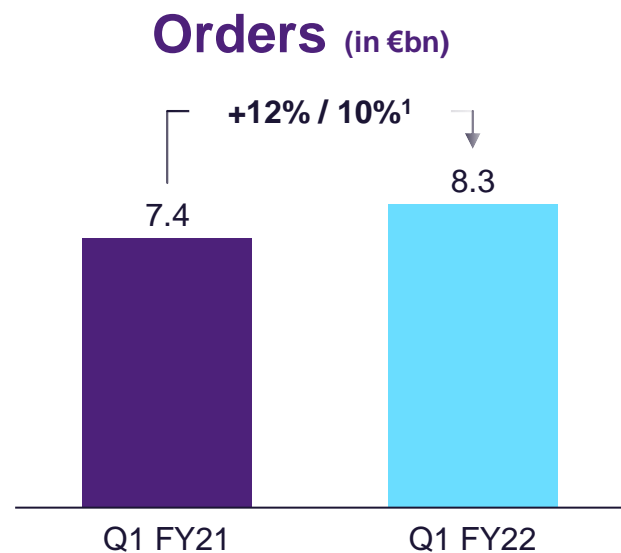
Clear path to margin improvement with ongoing cost programs

3

Asset excellence – Cash upside from rigorous working capital management

# Siemens Energy Group: Strong order intake results in record order backlog

## Q1 FY22



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

**€87bn**

Q4 FY21: €84bn

### Book-to-Bill Ratio

**1.40**

Q1 FY21: 1.14

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

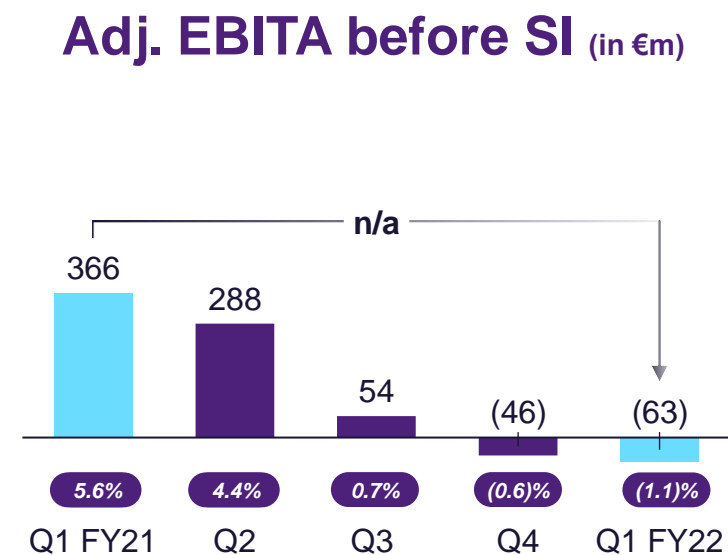
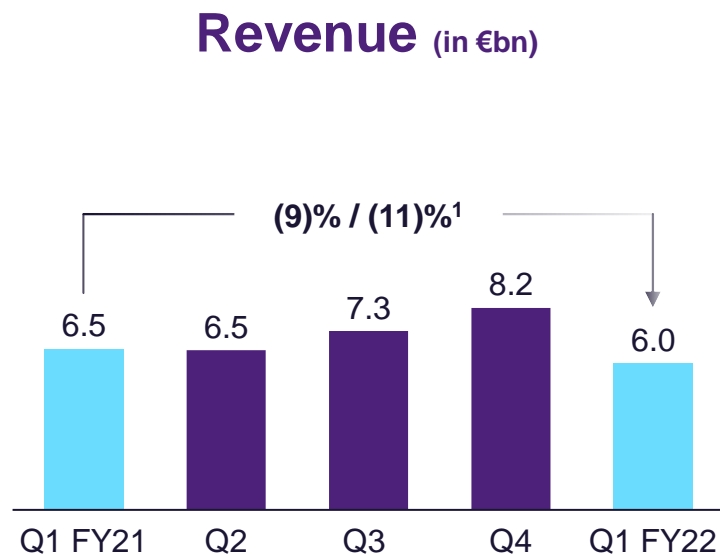
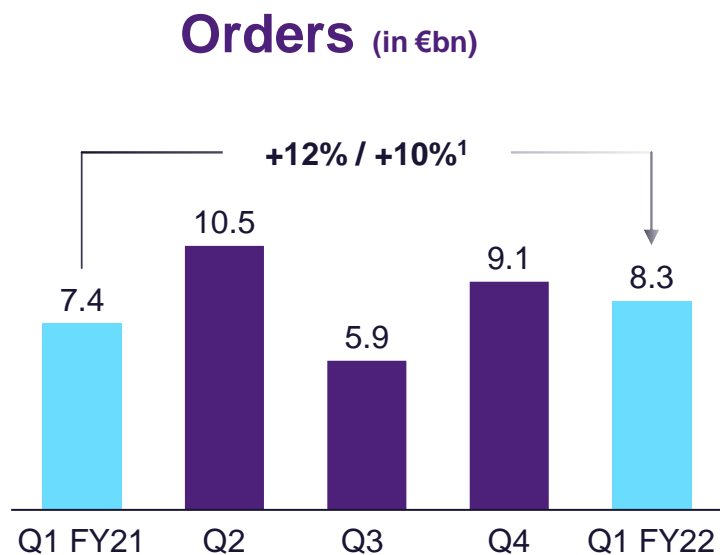
**€(69)m**

Q1 FY21: €(388)m

<sup>1</sup> xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects) | <sup>2</sup> As of December 31, 2021 | <sup>3</sup> Free Cash Flow pre tax

# Siemens Energy Group: SGRE weighs on performance

## Q1 FY22



- GP: Significant order growth benefitting from large orders for new units
- SGRE: Clear increase driven by offshore and service business

- GP: clear decrease driven by phasing of large projects
- SGRE: substantially down driven by the decline in the wind turbine business; Service business posted an increase

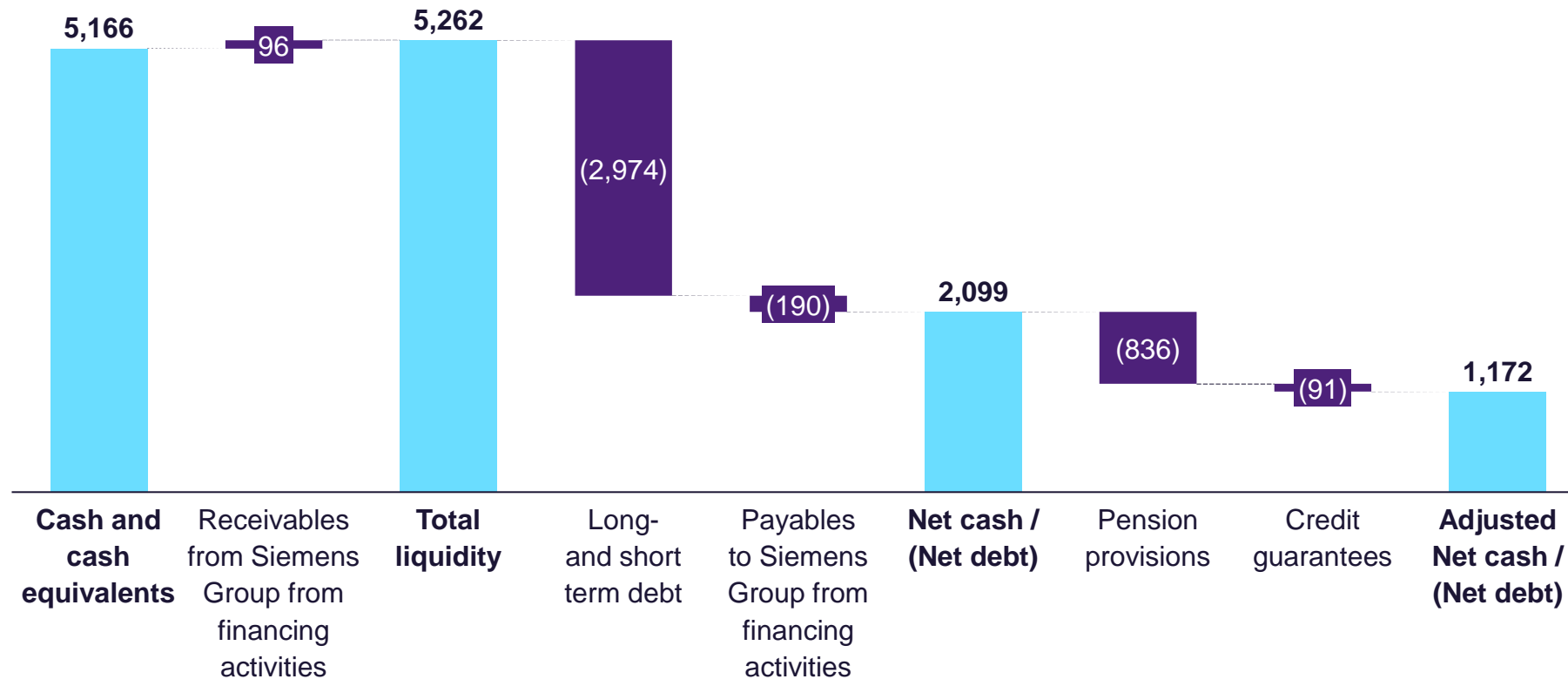
- GP: Strong performance driven by operational improvements and savings from restructuring measures
- SGRE: Adj. EBITA loss mainly due to supply chain related disruptions and ramp-up challenges of the onshore 5.X platform

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

2022-02-09 x.x% Adj. EBITA margin before Special Items

# Net Cash Position remains strong

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



**Solid investment grade**

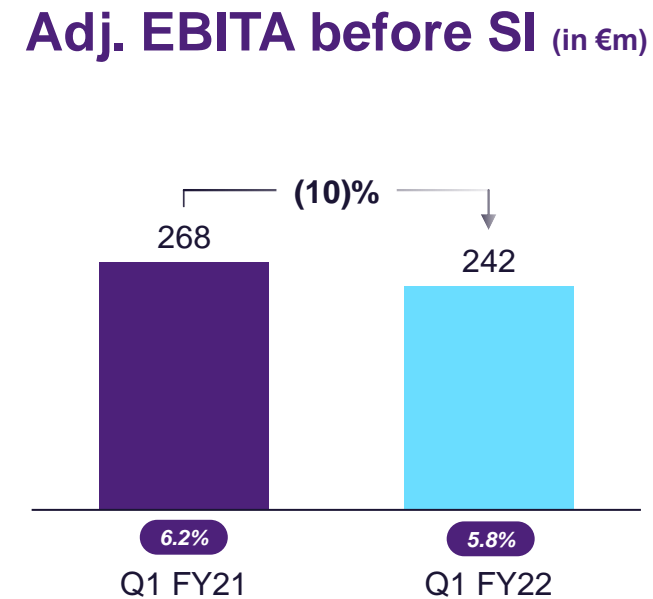
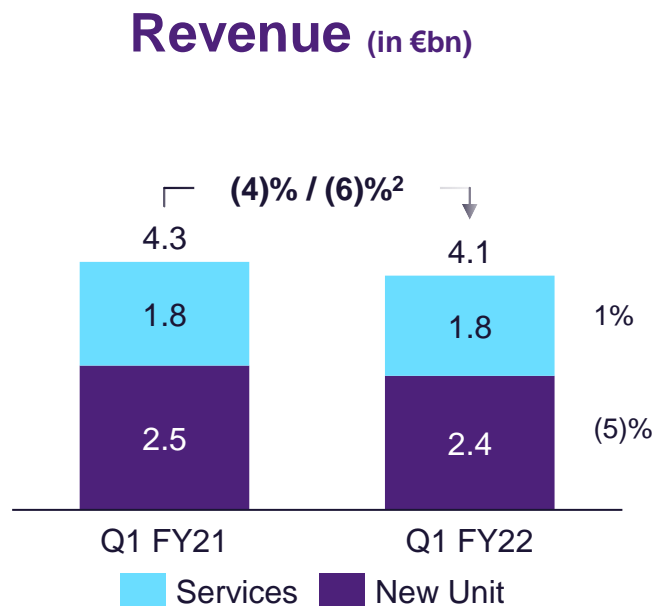
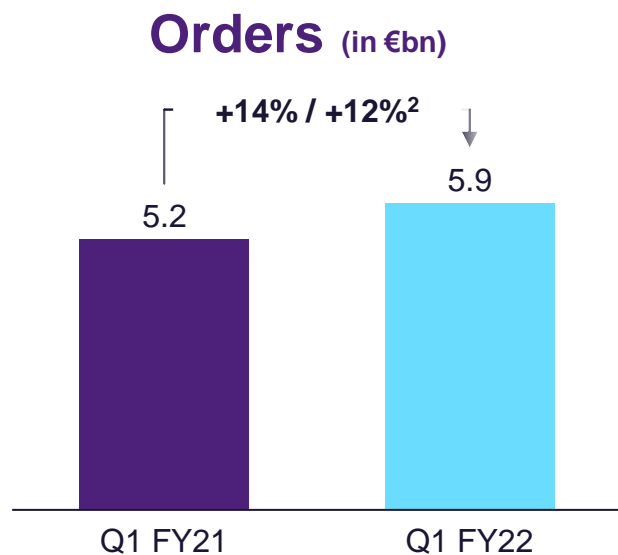
S&P: BBB outlook stable

**FY22 expected cash-out**

- Dividend payment (c.€70m)
- Restructuring (>€200m)
- Non carve-out countries (>€200m)

# Gas and Power<sup>1</sup>: Very solid start to the year

## Q1 FY22



### Order Backlog<sup>3</sup>

**€54bn**

Q4 FY21: €51bn

### Book-to-Bill Ratio

**1.42**

Q1 FY21: 1.20

### Free Cash Flow<sup>4</sup>

**€722m**

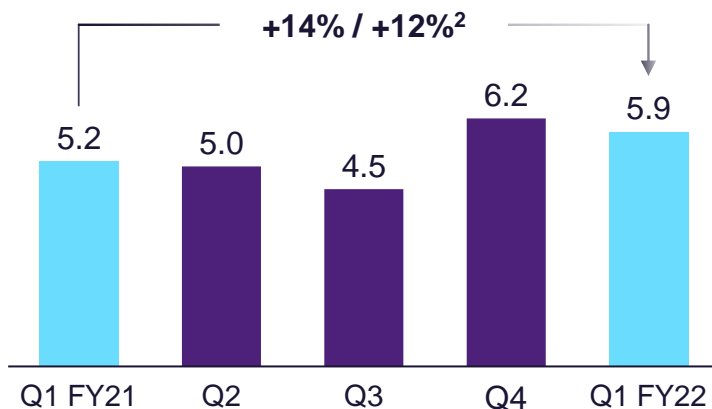
Q1 FY21: €142m

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation | <sup>2</sup> xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects) | <sup>3</sup> As of December 31, 2021 | <sup>4</sup> Free Cash Flow pre tax

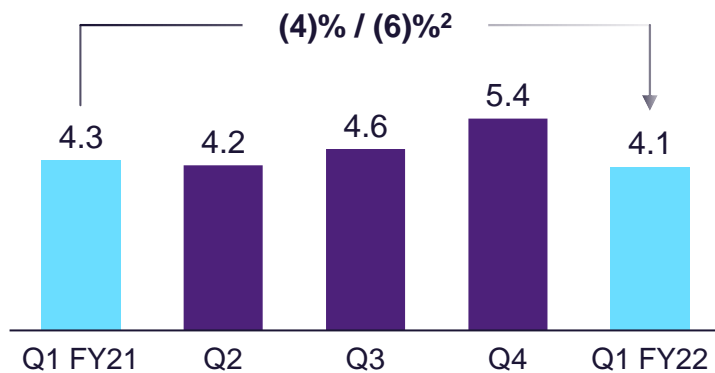
# Gas and Power<sup>1</sup>: Solid orders, EBITA before SI and free cash flow

## Q1 FY22

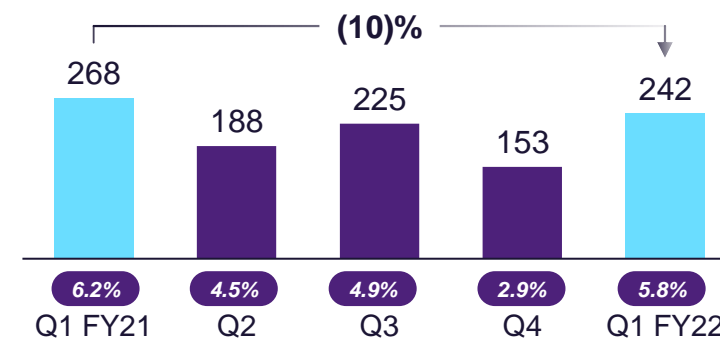
### Orders (in €bn)



### Revenue (in €bn)



### Adj. EBITA before SI (in €m)



- Growth across all businesses led by Generation and Industrial Applications
- Increase was driven by the regions Americas and Asia, Australia

- Revenue clearly decreased mostly related to timing effects associated with the execution of large projects at Generation
- Strong FX tailwinds (2.3 percentage points)
- Stable service revenue compared to prior year

- Strong performance driven by operational improvements and savings from restructuring measures
- Q1 FY21 benefitted from positive temporary effects (e.g. hedging gain, lower discretionary spend, etc.)

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation | 2 xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects)

# Financial Priorities for FY22

---

- 1** Focus on cost out programs to ensure sustainable cost savings
- 2** Tight management of net working capital
- 3** More transparency

# Financial outlook and framework

	Actuals		Profit forecast			Mid-term target	
	FY20	FY21	FY21	FY22	FY23		
Gas and Power	Revenue	€18.1bn	€18.4bn	2%-6%	1%-5%		
	% Change y-o-y <sup>2</sup>	(3.1)%	1.5%				
	Adj. EBITA before Special Items	€254m	€849m	3.5%-5.5%	4.5%-6.5%	6%-8%	
	% Margin before Special Items	1.4%	4.6%				
	Restructuring costs <sup>3</sup>	€133m	€360m	Cumulative mid-to-high triple digit euro million amount in FY20-23			
Siemens Energy	Revenue	€27.5bn	€28.5bn	3%-8%	(2)%-3% (prev. (1)%-3%)	Flat to 3% <sup>1</sup>	
	% Change y-o-y <sup>2</sup>	(4.7)%	3.7%				
	Adj. EBITA before Special Items	(€17)m	€661m	2% - <3%	2%-4% (prev. 3%-5%)	under reassessment (pre. 6.5%-8.5%)	≥8% Margin reported <sup>4</sup>
	% Margin before Special Items	(0.1)%	2.3%				
	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> FY20 nominal change compared to FY19; FY21 nominal change compared to FY20; FY22 comparable change compared to FY21 | <sup>3</sup> Included in Special Items definition | <sup>4</sup> Adj. EBITA not adjusted for Special Items

# Management Priorities for FY22

---

1

Deliver on the fundamentals at GP and SGRE

2

Focus on supply chain, logistics and raw materials

3

Refine operating model and shape organization towards the three pillars

4

Focus the company on sustainable growth elements



**We are #TeamPurple #WeEnergizeSociety**



**Meet us at our CMD  
May 23-24, 2022  
in Berlin**



# Questions & Answers

Christian Bruch and Maria Ferraro



# Financial Calendar



## 2022

Feb 09

Feb 24

May 11

May 23-24

Aug 8

Q1 FY22

Annual General Meeting

Q2 FY22

Capital Markets Day

Q3 FY22

## Contact Investor Relations



**Michael Hagmann**

Head of Investor Relations  
michael.hagmann@siemens-energy.com  
+49 173 2669650



**Harald Albrecht**

albrecht.harald@siemens-energy.com  
+49 174 1766254



**Tobias Hang**

tobias.hang@siemens-energy.com  
+49 172 5744423



**Thomas Forstner-Sonne**

thomas.forstner@siemens-energy.com  
+49 172 7497108



**Lisa Class**

Team Assistant  
lisa.class@siemens-energy.com  
+49 89 6362 5358



**Siemens Energy AG**

Otto-Hahn-Ring 6  
81739 Munich, Germany  
investorrelations@siemens-energy.com  
www.siemens-energy.com/investorrelations

# Appendix

# Special Items

## Reconciliation of Adj. EBITA before Special Items

In €m	Q1 FY21	Q1 FY22
<b>Gas and Power<sup>1</sup></b>		
<b>Adj. EBITA before Special Items</b>	<b>268</b>	<b>242</b>
Restructuring and integration costs	4	(9)
Stand-alone costs	(53)	(13)
Strategic portfolio decisions	(26)	39
<b>Special Items</b>	<b>(76)</b>	<b>17</b>
<b>Adj. EBITA</b>	<b>193</b>	<b>259</b>
<b>SGRE</b>		
<b>Adj. EBITA before Special Items</b>	<b>118</b>	<b>(307)</b>
Special Items <sup>2</sup>	(47)	(11)
<b>Adj. EBITA</b>	<b>71</b>	<b>(318)</b>
<b>Siemens Energy</b>		
<b>Adj. EBITA before Special Items</b>	<b>366</b>	<b>(63)</b>
Special Items	(123)	6
<b>Adj. EBITA</b>	<b>243</b>	<b>(57)</b>

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation | <sup>2</sup> equals integration and restructuring cost as reported by SGRE

2022-02-09

## Gas and Power

- **Personal Restructuring costs (severance)**  
Takes into account further progress on existing programs and new restructuring measures
- **Stand-alone costs**  
Reflects costs associated with the setup of the new company. Sharp reduction y-o-y.
- **Strategic portfolio decisions**  
The positive one-time effect relates to aero-derivative gas turbines previously written-off

# Net Income Transition

In €m	Siemens Energy	
	Q1 FY21	Q1 FY22
Gas and Power	193	259
SGRE	71	(318)
<i>Reconciliation to Siemens Energy</i>	(21)	2
<b>Adj. EBITA</b>	<b>243</b>	<b>(57)</b>
<i>Adj. EBITA margin</i>	3.7%	(1.0)%
Amortization of intangible assets acquired in business combinations and goodwill impairments	(98)	(96)
Financial result from operations <sup>1</sup>	19	1
Financial result <sup>2</sup>	(37)	(19)
<b>Income before income taxes</b>	<b>127</b>	<b>(171)</b>
Income tax (expenses/gains)	(28)	(69)
<b>Net income</b>	<b>99</b>	<b>(240)</b>
Attributable to		
Non-controlling interests	35	(115)
Shareholders of Siemens Energy AG	64	(125)

<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).

2022-02-09

## Financial result

Impacted by interest expenses and currency effects

## Tax

€69m income tax expenses which include effects from the non-recognition of deferred tax assets at SGRE

# Cash Flow Statement

In €m	Siemens Energy	
	Q1 FY21	Q1 FY22
<b>Net income</b>	<b>99</b>	<b>(240)</b>
Amortization, depreciation and impairments	343	335
Change in operating net working capital		
Contract assets	(206)	267
Inventories	(64)	(744)
Trade receivables	(203)	(5)
Trade payables	(277)	(280)
Contract liabilities	729	905
Others	(668)	(211)
<b>Cash flow from operating activities</b>	<b>(248)</b>	<b>27</b>
Additions to intangible assets and property, plant and equipment	(188)	(174)
<b>Free cash flow</b>	<b>(436)</b>	<b>(148)</b>
Income taxes paid	48	79
<b>Free Cash Flow pre tax</b>	<b>(388)</b>	<b>(69)</b>
thereof Gas and Power <sup>1</sup>	142	722
thereof SGRE	(360)	(796)

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation

2022-02-09

## CAPEX

- Decrease by €14m y-o-y driven by both segments

## Free Cash Flow pre tax

- GP: Increase y-o-y primarily due to project-related advance payments
- SGRE: Sharp decrease y-o-y, amongst other things, due to an increase of inventories

# Nominal versus comparable growth rates

In €m	Siemens Energy			
	Q1 FY21	Q1 FY22	% nominal	% comparable <sup>1</sup>
Gas and Power <sup>2</sup>	5,166	5,890	14.0	11.7
SGRE	2,281	2,472	8.4	7.1
Reconciliation to Siemens Energy	(15)	(32)		
<b>Total Orders</b>	<b>7,432</b>	<b>8,330</b>	<b>12.1</b>	<b>10.1</b>
Gas and Power <sup>2</sup>	4,292	4,140	(3.6)	(5.9)
SGRE	2,295	1,829	(20.3)	(23.1)
Reconciliation to Siemens Energy	(46)	(13)		
<b>Total Revenue</b>	<b>6,541</b>	<b>5,956</b>	<b>(8.9)</b>	<b>(11.4)</b>

<sup>1</sup> comparable: excluding currency translation and portfolio effects | <sup>2</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation

# Disaggregation of revenue

In €m	Siemens Energy		
	Q1 FY21	Q1 FY22	% change
<b>Types of activities in Gas and Power</b>			
New units	2,499	2,366	(5.3)
Service contracts	1,746	1,760	0.8
<b>Types of business in SGRE</b>			
Wind turbines	1,900	1,400	(26.3)
Operation and maintenance	395	429	8.6
<b>Types of business in Gas and Power</b>			
Transmission	1,251	1,298	3.8
Generation	1,847	1,689	(8.6)
Industrial applications	1,142	1,130	(1.1)
Other /Consolidation	5	10	

**Note:** Q1 figures presented on this slide are based on external revenue

# Gas and Power: Development by businesses

## Q1 FY22

in % nom. y-o-y		Q1 FY22
Order growth	Gas and Power	+++
	Generation	+++
	Industrial Applications	+++
	Transmission	++
Revenue growth	Gas and Power	-
	Generation	--
	Industrial Applications	-
	Transmission	+

### Grading system

>10%	+++
5% - 10%	++
0% - 5%	+
0% - (5)%	-
(5)% - (10)%	--
> (10)%	---

# Transfer of centrally held Real Estate services to Gas and Power segment

## Summary prior year restatement

In €m	Gas and Power				
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21
<b>Orders</b>					
Quarter (as reported in FY21)	5,166	5,030	4,453	6,231	20,880
Quarter restated <sup>1</sup>	5,166	5,034	4,455	6,233	20,888
Change due to restatement	0	4	2	2	8
<b>Revenue</b>					
Quarter (as reported in FY21)	4,292	4,167	4,577	5,350	18,386
Quarter restated <sup>1</sup>	4,292	4,171	4,579	5,353	18,395
Change due to restatement	0	4	2	3	9
<b>Adj. EBITA</b>					
Quarter (as reported in FY21)	191	169	84	(67)	377
Quarter restated <sup>1</sup>	193	179	78	(79)	361
Change due to restatement	1	10	(6)	(12)	(16)

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation  
2022-02-09

# Transfer of centrally held Real Estate services to Gas and Power segment

## Summary prior year restatement

In €m	Gas and Power				
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21
<b>Adj. EBITA before SI ext.</b>					
Quarter (as reported in FY21)	267	187	231	165	849
Quarter restated <sup>1</sup>	268	188	225	153	834
Change due to restatement	1	1	(6)	(12)	(15)
<b>Free Cash Flow</b>					
Quarter (as reported in FY21)	101	481	384	240	1,206
Quarter restated <sup>1</sup>	142	515	422	289	1,369
Change due to restatement	41	34	38	49	163

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation  
2022-02-09

# Profit and Loss Statement (I)

In €m	Siemens Energy	
	Q1 FY21	Q1 FY22
Revenue	6,541	5,956
Cost of sales	(5,538)	(5,234)
Gross profit	1,002	722
<i>Gross profit margin</i>	15.3%	12.1%
Research and development expenses	(236)	(226)
<i>R&amp;D as percentage of revenue</i>	(3.6)%	(3.8)%
Selling and general administrative expenses	(633)	(664)
<i>SG&amp;A as percentage of revenue</i>	(9.7)%	(11.1)%
Other operating income	34	20
Other operating expenses	(9)	(15)
Income (loss) from investments accounted for using the equity method, net	6	12
Interest income	7	11
Interest expenses	(31)	(32)
Other financial income (expenses), net	(14)	2
Income (loss) before income taxes	127	(171)
Income tax (expenses/gains)	(28)	(69)
<b>Net income (loss)</b>	<b>99</b>	<b>(240)</b>
Attributable to		
Non-controlling interests	35	(115)
Shareholders of Siemens Energy AG	64	(125)

# Profit and Loss Statement (II)

In €m	Siemens Energy	
	Q1 FY21	Q1 FY22
Gas and Power <sup>1</sup>	4,292	4,140
SGRE	2,295	1,829
Reconciliation to Siemens Energy	(47)	(13)
<b>Total Revenue</b>	<b>6,541</b>	<b>5,956</b>
Gas and Power <sup>1</sup>	268	242
SGRE	118	(307)
Reconciliation to Siemens Energy	(20)	2
<b>Adj. EBITA before Special Items</b>	<b>366</b>	<b>(63)</b>
<i>Adj. EBITA margin before Special Items</i>	5.6%	(1.1)%
Gas and Power <sup>1</sup>	(76)	17
SGRE	(47)	(11)
Reconciliation to Siemens Energy	(1)	(0)
<b>Special Items</b>	<b>(123)</b>	<b>6</b>

<sup>1</sup> Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation

# Statement of Financial Position

In €m	Siemens Energy	
	Sep. 30, 2021	Dec. 31, 2021
Goodwill and other intangible assets	13,099	13,208
Property, plant and equipment and other non-current assets	7,645	7,669
Inventories	6,146	6,938
Trade and other receivables	5,110	5,173
Contract assets	4,913	4,700
Cash and cash equivalents	5,333	5,166
Other current assets	1,895	2,210
<b>Total assets</b>	<b>44,141</b>	<b>45,064</b>
Total equity attributable to shareholders of Siemens Energy AG	14,958	15,083
Non-controlling interests	262	153
<b>Total equity</b>	<b>15,220</b>	<b>15,236</b>
Provision for pensions and similar obligations	830	836
Long-term and short-term debt	2,728	2,974
Trade payables	5,764	5,533
Contract liabilities	10,350	11,324
Other current and non-current liabilities	9,250	9,162
<b>Total liabilities</b>	<b>28,921</b>	<b>29,828</b>
<b>Total equity and liabilities</b>	<b>44,141</b>	<b>45,064</b>
<b>Adjusted net cash / (net debt) (unaudited)</b>	<b>1,596</b>	<b>1,171</b>

