Capital Market Day 2020

Transmission Section

Tim Holt, Member of the
Executive Board 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



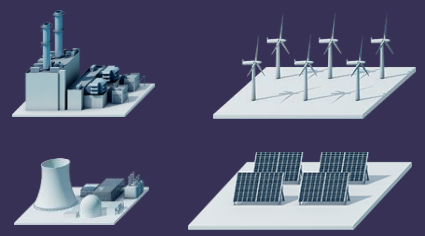
Tim Holt
Member of the Executive Board

Service and digitalization as value drivers

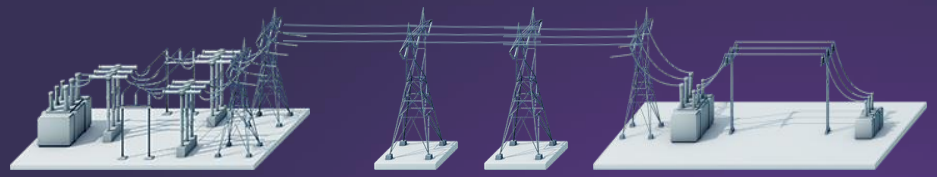
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We connect the key elements of the energy value chain

Central and distri-buted generation

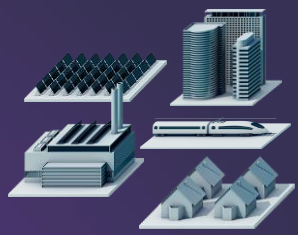


Transmission and distribution



All products digitally enabled

Industry and infrastructure



From generation via transmission and distribution to consumer and prosumer

Switching products and systems

- Transmission systems
- Air insulated switchgear (AIS)
- Gas insulated switchgear (GIS)
- Circuit breakers, surge arresters, disconnectors

Non-switching products and systems

- Power & distribution transformers
- Bushings, instrument transformers & coils
- Bundles & systems

Solutions

- Substations
- Grid access
- MVDC
- FACTS
- HVDC

Service

- Product related services
- Modernization, upgrades
- Long-term service programs incl. O&M

Note: MVDC = Medium-Voltage Direct Current; FACTS = Flexible Alternating Current Transmission System; HVDC = High-Voltage Direct Current; O&M = Operation and Maintenance

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Product example
World’s largest HVDC transformer



UHVDC transmission line from Changji to Guquan in China covering **3,284 km**

Record voltage of **1,100 kV**

Transmission capacity of **12 GW**: Equivalent to power output of **~12** typical power plants

Electricity to **50 m** households

Weight of **909 t**

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Siemens Energy Transmission by numbers

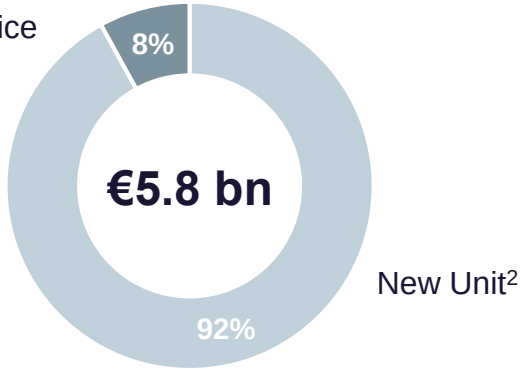
Siemens Energy total revenue (FY19)



~20%

Share of Siemens Energy total revenue

Transmission total revenue (FY19)[1]



1 Total revenue split calculated before intra-group consolidation and reconciliation effects
2 Products, Systems and Solutions

2020-09-01

Key figures (FY19)

€8 bn
Order backlog

€6.2 bn
Orders

€5.8 bn
Total revenue

~20 k
Employees

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Siemens Energy Transmission
Who we are

Positioning

Market and technology leader in a mission-critical element of the global energy system

Growth

Excellent growth prospects driven by industry-leading and innovative portfolio focused on key market trends

Profitability

Significant margin improvement potential supported by project excellence, portfolio streamlining and cost optimization

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Leadership positions in a high entry-barrier market

Continued market gains have made us the global #1

Products



#1

in switching products

#2

in non-switching products

Solutions



#1

globally

Driven by **project awards of large HVDC solution projects**

Service



#2

globally

Mainly small project business for **switching products**

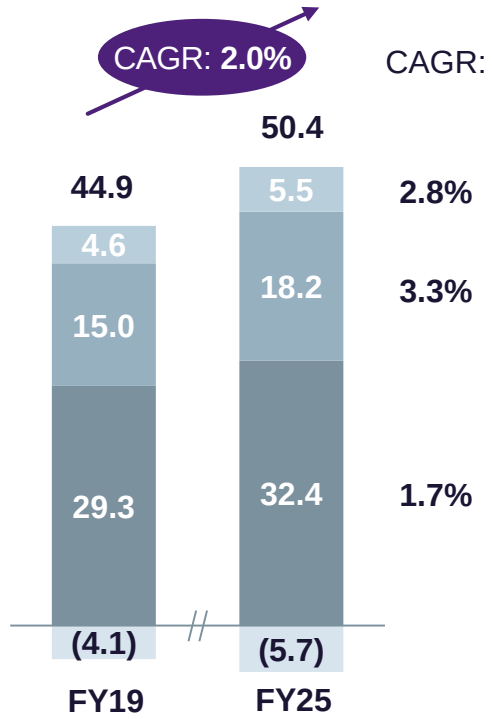
Note: Market position related to addressed market according to Siemens Energy internal assessment for FY19, based on order intake in €

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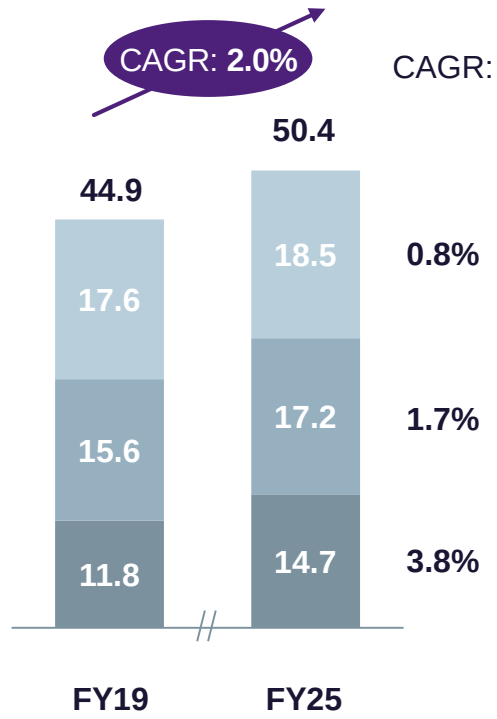
We are best positioned in a growing market

Addressed Transmission market (€ bn)

By business



By region



Products Solutions
Services Consolidation

Americas EMEA
Asia, Australia

Source: Siemens Energy internal assessment

2020-09-01

Trends

- Grid stability and renewables integration
- Greenhouse gas
- CO_2 reduction
- Digitalization/Internet of Energy
- Differentiated regional needs

Our strengths

- Leading position in FACTS, phase shifters
- SF_6-free products, synthetic oils (esther)
- SensProducts™, SenseSystems™
- #1 or #2 in all key regions

Right capabilities, offering and regional presence to drive continued growth

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Key growth driver
Rise of renewables and electrification

Rise of renewables

- **Long distance** bulk energy transportation
- Lack of sufficient **transport capacity**
- **Complexity and volatility** (wind, solar) and risk of **blackouts**



What it means for us

- **Growing** transmission market
- **Opportunities** in grid stabilization, grid inter-connection and network expansion
- **Leading positions**[1] in grid access and stability products (e.g. phase shifters) and solutions (e.g. FACTS)
- **Increased benefits** from cooperation with SGRE

Electrification

- Exponential growth in **energy intensive data centers**
- Electrification of **industries and everyday live** (e.g. EVs)
- Rise of **decentralized battery storage**



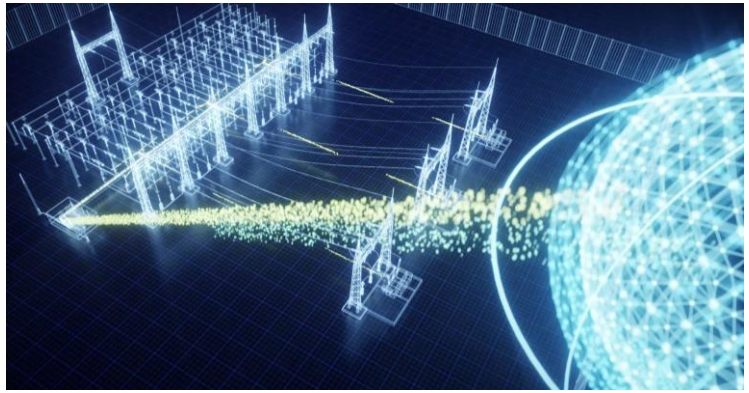
1 Siemens Energy internal assessment

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Our innovation highlights address key market trends

Digitalization

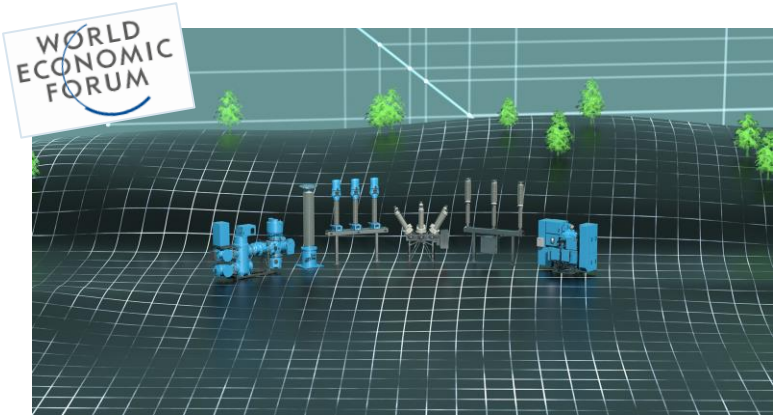
Internet of Energy (IoE)



- SensProducts™ and their digital twins – edge computing and AI
- Transforming high voltage substations into data hubs

Decarbonization

Ecofriendly transmission system



- Blue portfolio (e.g. SF_6-free products) with zero GHG emissions[1]
- Successfully launched and strongly growing

Grid stability and complexity

Grid resilience and network stability



- Global market leader[2] with HVDC PLUS™ solution (e.g. connect off-shore renewables)[1]
- Pioneer in MMC (PLUS™) technology – delivered first solutions in 2010

Note: MMC = Modular Multilevel Converter | **1** Recognized by World Economic Forum as key disruptive innovations from the Energy sector of last decade (Global Innovations from the Energy Sector 2010-2020, May 2020) | **2** Siemens Energy internal assessment based on installed MW capacity for HVDC PLUS™ technology

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Diversified customer base
Built on trust-based relationships

Key customers by segment

Generation and transmission (central/decentral)

Seek fast and reliable partner

Transmission (TSO/DSO)

Largest customer group – regulated but open for new technologies

Industry/ infrastructure

Unregulated and eager for innovative solutions

Various tech companies

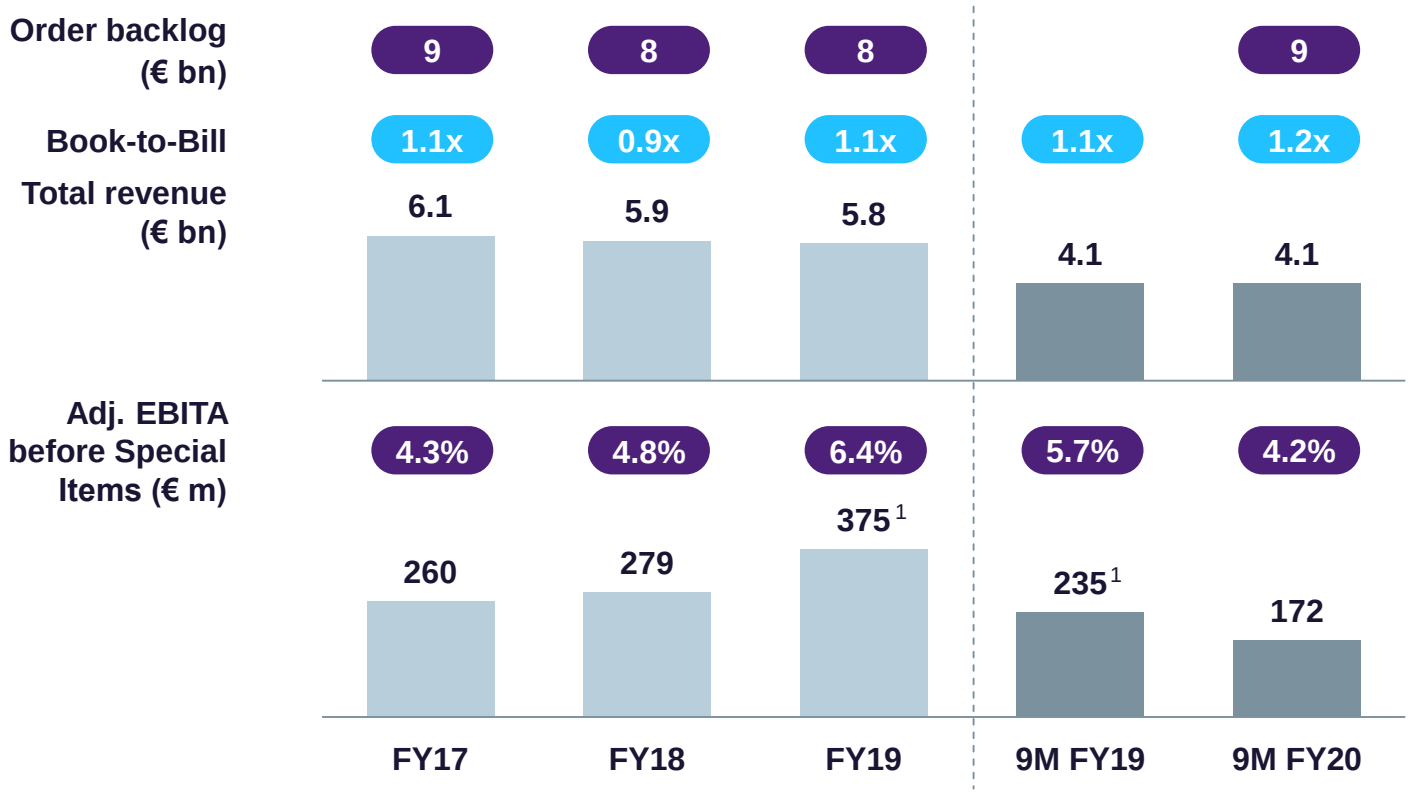
- **Tailored** customer solutions
- **Differentiated** offerings
- **Specific** needs of regulated and unregulated customers
- **Top 10 customer account for 25%** of total business[1]

Note: TSO = Transmission System Operator, DSO = Distribution System Operator; Shell marks reproduced by permission of Shell Brands International AG | **1** Based on order intake, average FY17-19

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Recent performance
Focus on profitability paying off

Siemens Energy Transmission



Note: Order backlog shown as of fiscal year end. Order backlog defined as order backlog of prior reporting period plus value of orders of current reporting period less revenue recognized in current reporting period and adjusted for direct order value adjustments | **1** FY19 as well as 9M FY19 includes €55 m gain from disposal. Disposal effects not part of Special Items definition

Stable topline development – higher quality revenue (selectivity in solutions, high-quality product line-up)

Positive **Book-to-Bill** momentum and strong **order backlog** – good demand across products, solutions and systems

Margin improvement to industry benchmarks – with headroom remaining

Only mild COVID-19 impact – proven resilience as critical infrastructure

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Full focus on value creation
Measures well underway

Profitability

Growth

- Capture growth from **renewables** (grid access, complexity) and **electrification** (data centers)
- **Innovative, digital products**
- Differentiated, **environmental friendly portfolio**

Project excellence

- **Partnering** for non-core project elements – e.g. offshore platforms
- **Standardization of offer and project execution** process in large transmission projects

Portfolio

- **Focus on systems** in commoditized substation business
- Global design rules pushing **standardization, modularization**
- Global design platforms to **reduce portfolio variants**

Cost optimization

- **Fixed cost reduction program** in all factories
- Utilization of **global factory network** reducing delivery risk
- **Cost-out program** targeting SG&A

Profitability benefitting from already implemented measures

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Conclusion

We are ...

1 The #1 transmission player globally
plain and simple

2 Operating in a growing market
benefiting from the rise of renewables and electrification

3 At the forefront of innovation
having invested in our products along digitalization, decarbonization, grid stability

4 On the right path to grow profitably
growing margins with more to come

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