

# Strong orders, substantially higher revenue, positive profit before SI held back by Siemens Gamesa

Christian Bruch, President and CEO Siemens Energy

Maria Ferraro, CFO Siemens Energy

Analyst presentation Q2 FY23

Paris, May 15, 2023



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# CEO section

Christian Bruch, CEO



# Key Messages

## Highlights / Lowlights

- Siemens Gamesa delisted; EGM called for resolution on capital reduction
- Successful refinancing: capital raise (~ €1.3bn), green bond (€1.5bn)
- Ongoing strong performance of former Gas and Power businesses
- Siemens Gamesa remedial actions in progress; operational challenges and quality issues continue to weigh on result

## Market Environment

- Strong demand supported by boundary conditions (IRA in US and Net Zero Industry Act in Europe)
- Operating environment in wind industry still challenging

## Siemens Energy FY23 Guidance adjusted

- Revenue: 10% to 12% comparable<sup>2</sup>; prev. 3% to 7%
- Profit margin before SI: around the low end of previous guidance range of 1% to 3%; prev. 1% to 3%
- Net loss: exceeding prior fiscal year's level of €712m by up to a low-triple-digit million € amount; prev. at prior year's reported level
- Free cash flow pre tax: positive up to a low triple-digit million € amount

<sup>1</sup> Prior year figures are presented on a comparable basis | <sup>2</sup> comparable: excluding currency translation and portfolio effects

2023-05-15

## Q2 FY23 Financial Performance<sup>1</sup>

- **Orders: +56.3%** comp.<sup>2</sup> at €12.3bn
- **Order backlog at new high of €102.0bn**
- **Revenue: +23.8%** comp.<sup>2</sup> at €8.0bn; **book-to-bill of 1.53**
- **Profit before SI: €41m** (Q2 FY22: neg. €49m)
- **Profit margin before SI: 0.5%** (Q2 FY22: neg. 0.7%)
- **FCF pre tax: neg. €294m** (Q2 FY22: neg. €351m)

# Siemens Energy benefits from accelerating change in boundary conditions



UNITED STATES  
Inflation Reduction Act



EUROPE  
Net Zero Industry Act

## How we benefit?

- Increasing demand for renewables (more wind projects)
- Grid investments taking off
- Gas-fired power plants to provide backbone of electricity grid
- Investments in decarbonization and electrification of industrial processes

# Siemens Gamesa: Mistral in execution and integration progressing

- Continuous pricing focus, T&Cs delivering better backlog quality
- Early indicators of Mistral encouraging: good progress on green tagged units in onshore; 5.X output and installation levels increasing
- WTG stabilization progressing; performance still impacted by execution of onerous onshore contracts and the ramp-up of new offshore capacity and platforms
- Service remediation measures in place to deliver margin bounce back in H2
- Offshore settlement with GE agreed

- SE stake of ~98%<sup>1</sup>, total cash consideration of roughly €3.8bn
- Delisting from the Spanish stock exchange on February 14, 2023
- EGM called for resolution on capital reduction at Siemens Gamesa
- Siemens Gamesa as reporting segment of Siemens Energy
- Streamlined Governance structure
- Functions to be aligned, leveraging best of both processes & structures

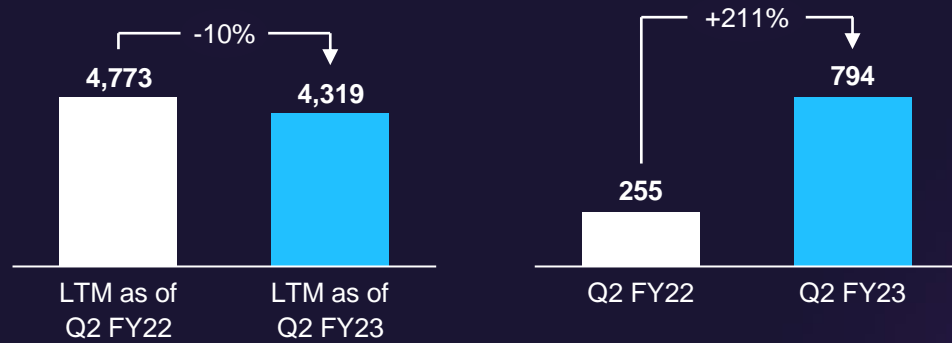
Mistral in execution

Integration progressing

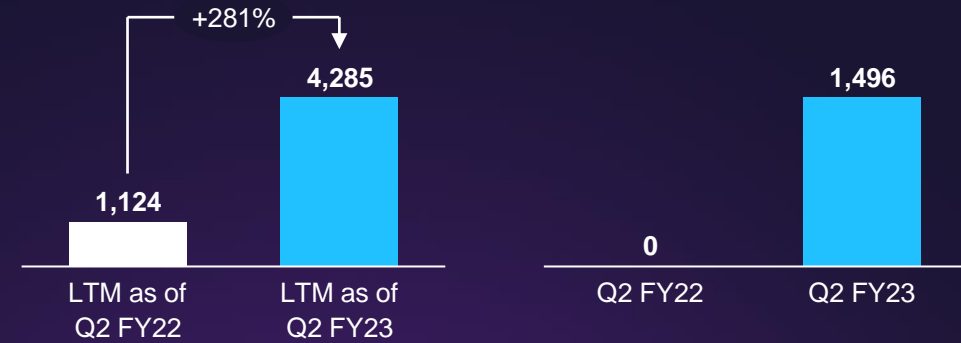
<sup>1</sup> as per the time of the delisting (February 14, 2023)

# Order trends Onshore / Offshore

Onshore order intake LTM and Q2 (MW)



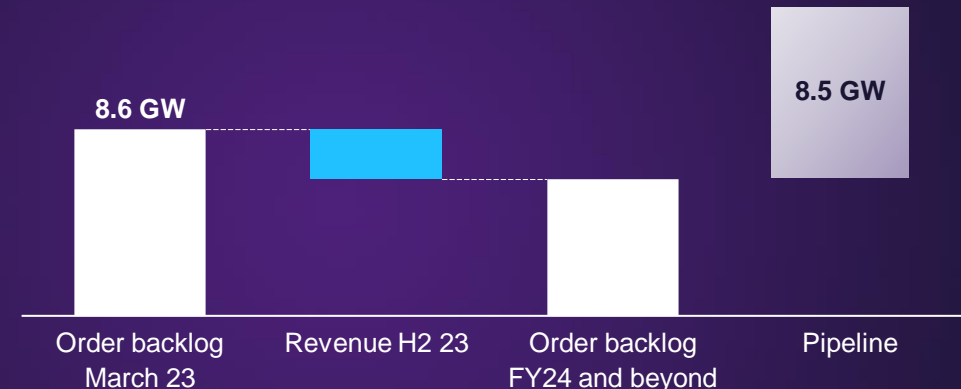
Offshore order intake LTM and Q2 (MW)



Average selling price of Onshore order intake (€m/MW)

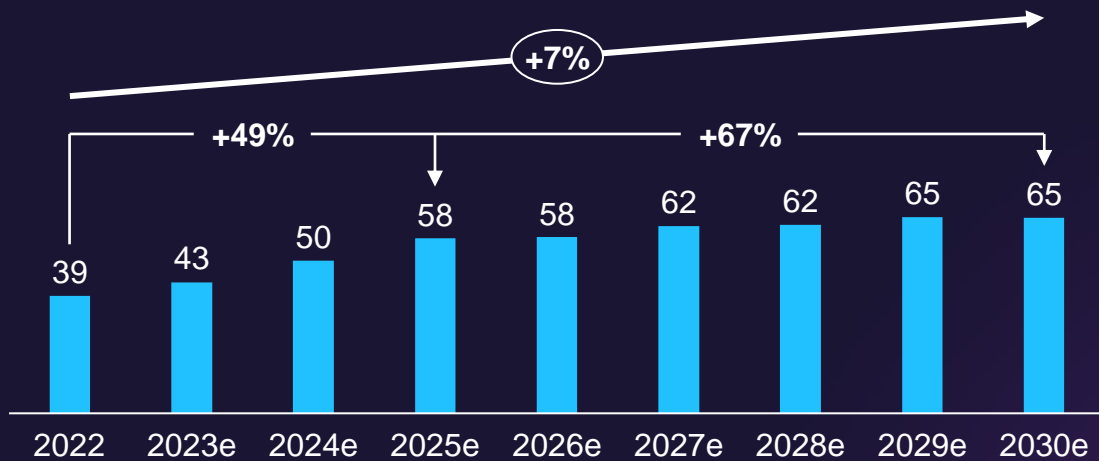


Offshore backlog and pipeline<sup>1</sup>



# Expectations for strong volume demand in wind (ex China)

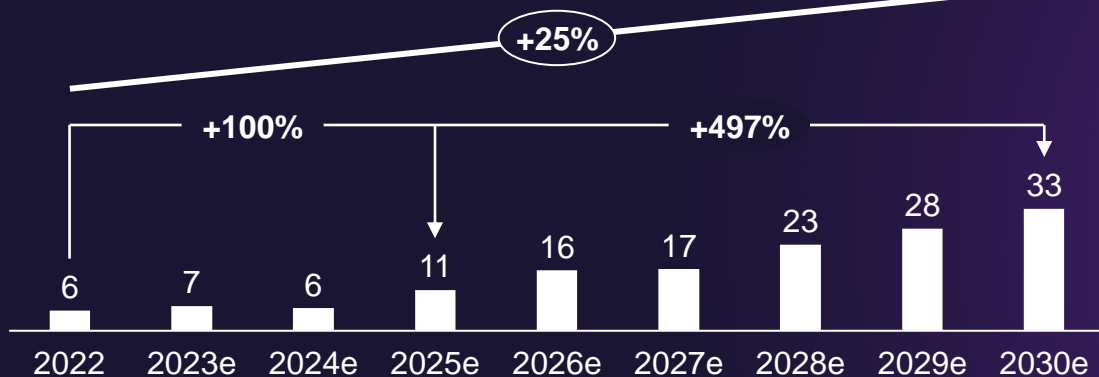
## Onshore (GW)<sup>1</sup>



### Stronger growth in onshore

- Demand boosted by IRA (US) and Green Deal Industrial Plan (Europe)
- 2030 cumulative demand expected to be 26.5 % higher compared to end of 2022 estimates at 464GW (WoodMac)
- US, India and Germany will be the biggest markets (ex China)
- Stable competitive environment; modest increases in ASP

## Offshore (GW)<sup>1</sup>



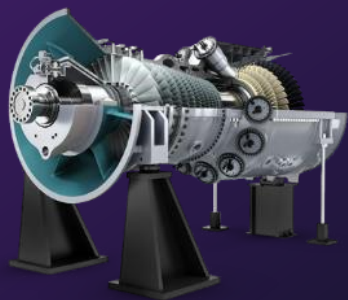
### Offshore demand growing strongly – projects being pushed out

- Significant development in policy and frameworks, 30GW volume in auctions in 2023
- 2030 cumulative demand lowered by 2% to 174GW due to shift into outer years in the US and Europe
- Market to remain competitive, but higher cost expected to be reflected in auctions

# Q2 FY23 Awards and Milestones

## Power generation with low or zero emissions

### Gas Services



One of Europe's most efficient gas-fired power plants with HL-class

With a maximum power generation efficiency of more than 64%, the Mintia plant will be the most efficient gas-fired power plant in Romania. It will have an electrical capacity of 1,700 megawatts and will replace a retired coal-fired power plant.

### Siemens Gamesa



Green energy for more than one million UK homes

Firm order from Scottish Power Renewables for the supply of 95 units of its flagship SG 14-236 DD wind turbine for the East Anglia 3 wind power project in the North Sea off the east coast of England with a total capacity of 1.4 GW.

## Transport and storage of energy

### Grid Technologies



Connecting Italy's largest islands to the mainland

The consortium of SE and Italy's FATA was awarded to supply four HVDC converter stations for the "Tyrrhenian Link" project, a 970 km long power link. The order volume for Siemens Energy amounts to just under one billion euros.

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

### Transformation of Industry



Blueprint for commercial carbon-neutral marine fuels production

At the heart of the FlagshipONE plant is a technology package from SE comprising four PEM electrolyzers with a total capacity of 70 MW, as well as the plant-wide electrification and automation systems, including innovative digitalization solutions, and the entire power distribution and compressor systems.

# CFO section

Maria Ferraro, CFO

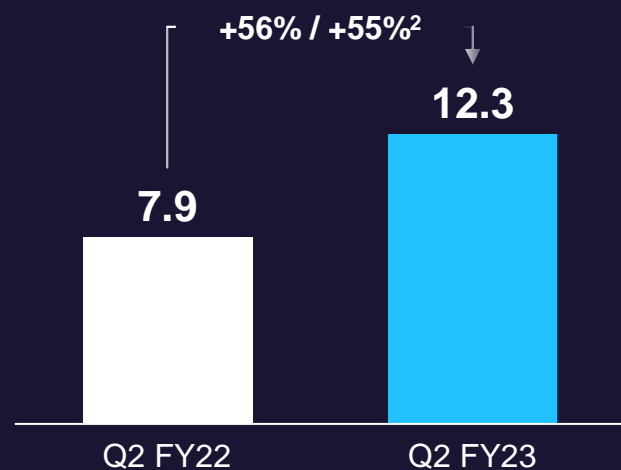


# Siemens Energy Group: Strong Growth in Orders and Revenues

## Q2 FY23<sup>1</sup>

### Orders

in €bn

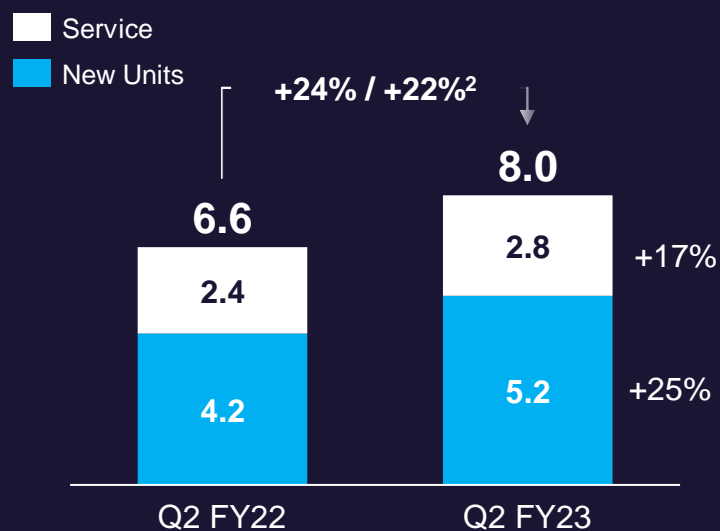


**Order backlog<sup>3</sup> €102bn**

Q1 FY23: €99bn

### Revenue

in €bn

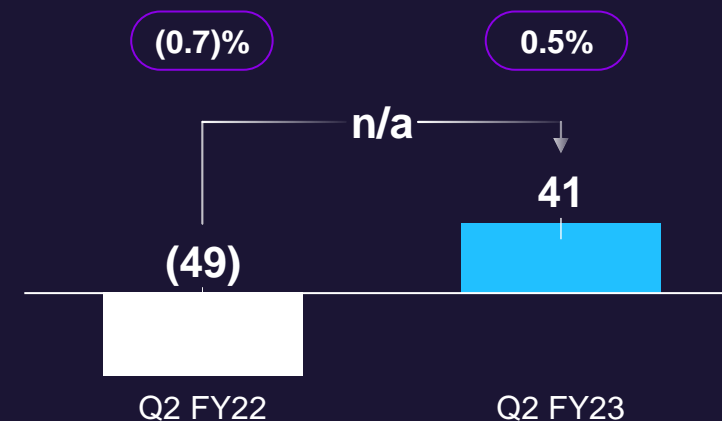


**Book-to-bill Ratio 1.53**

Q2 FY22: 1.20

### Profit before SI

in €m



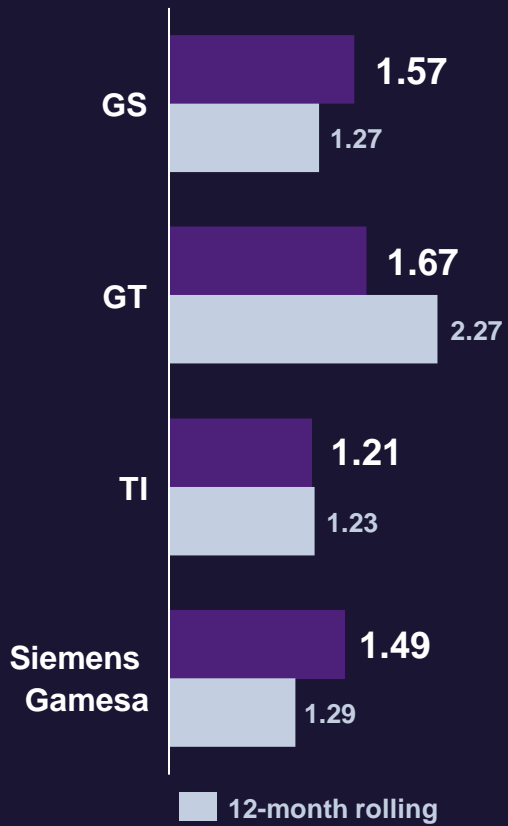
**Free Cash Flow<sup>4</sup> €(294)m**

Q2 FY22: €(351)m

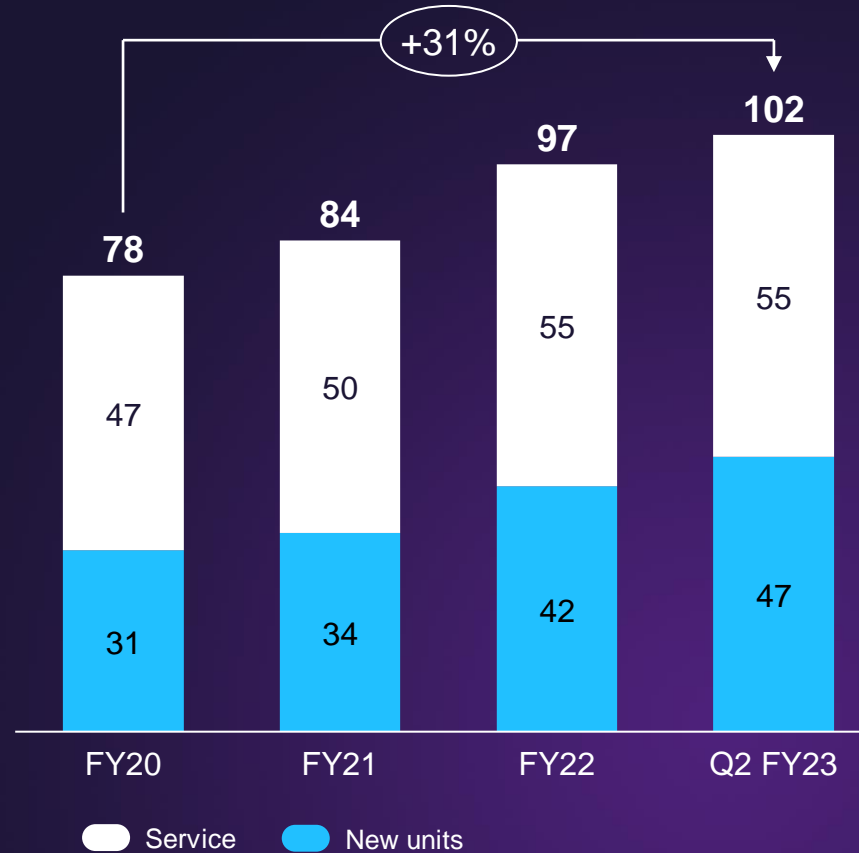
<sup>1</sup> Prior year figures are presented on a comparable basis | <sup>2</sup> xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal | <sup>3</sup> As of March 31, 2023 | <sup>4</sup> Free Cash Flow pre tax

# Increasing order backlog as a source of strength and resilience

Book-to-Bill Q2 FY23



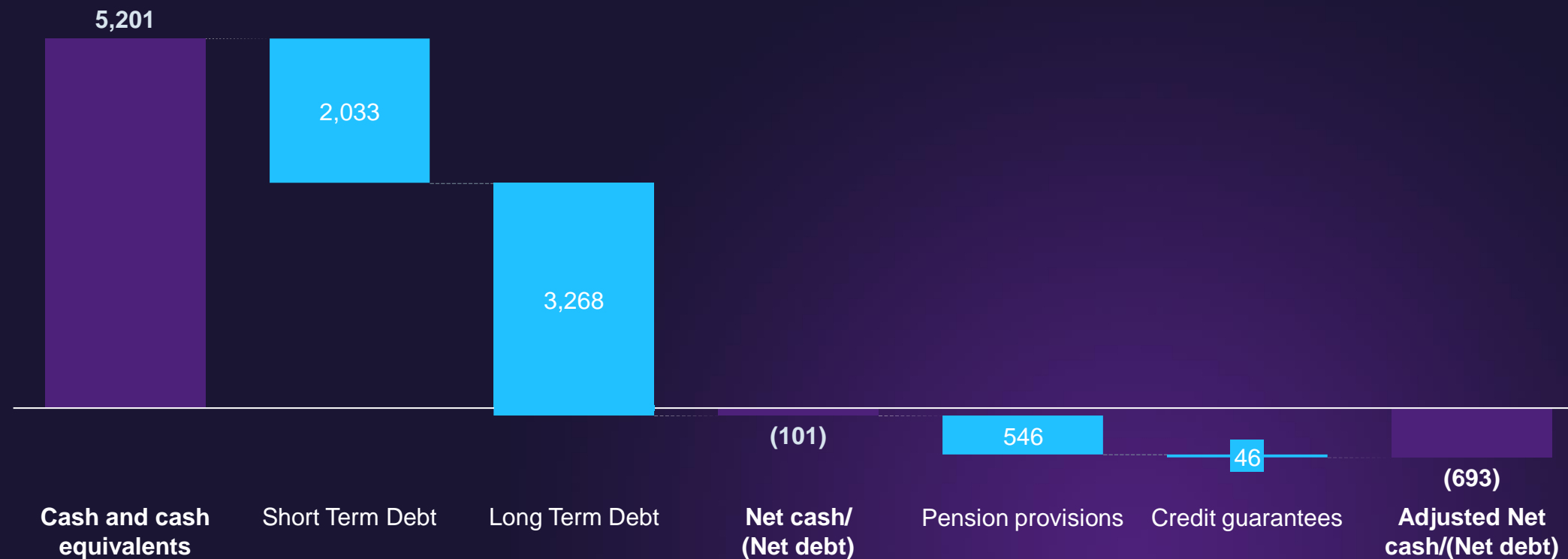
SE order backlog development (€bn)



- Healthy order backlog is a source of strength and resilience
- Increase across all businesses
- Stronger growth in New Units supporting rejuvenation of our serviced fleet
- Resilience from long-term service business particular in Gas Services
- Margin profile in the order book continues to support our margin targets
- Backlog covering > 3x annual revenue

# Stable Net Cash Position

Net cash/(Net debt) as of March 31, 2023 (in € m)

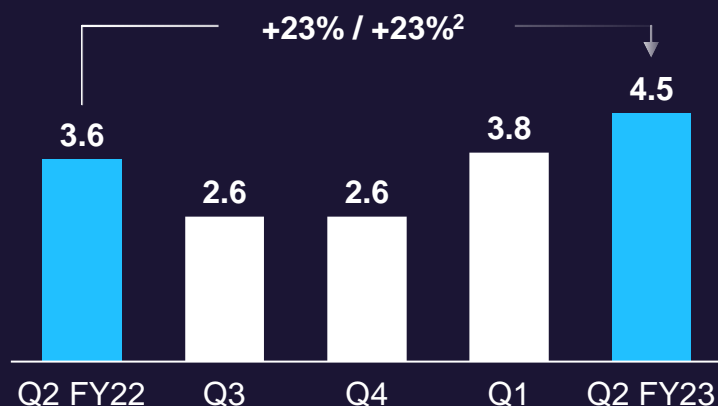


**Siemens Energy: €9.7bn liquidity available (€5.2bn cash, €4.5bn undrawn facilities)**

# Gas Services: Strong Improvement Across all KPIs Q2 FY23<sup>1</sup>

## Orders

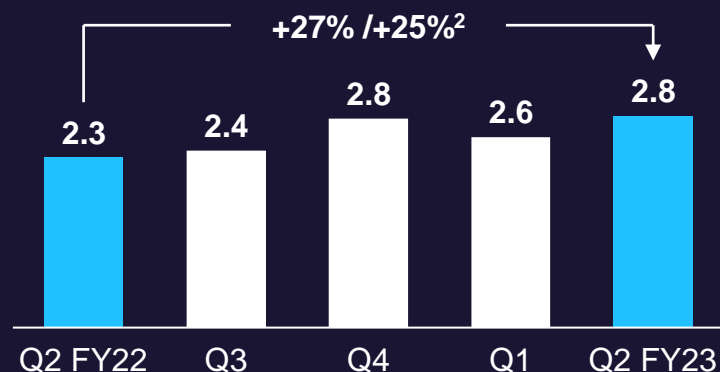
in €bn



- Substantial growth despite a relatively strong prior-year quarter
- Growth driven by demand in Europe, due to particular strong orders in Eastern Europe

## Revenue

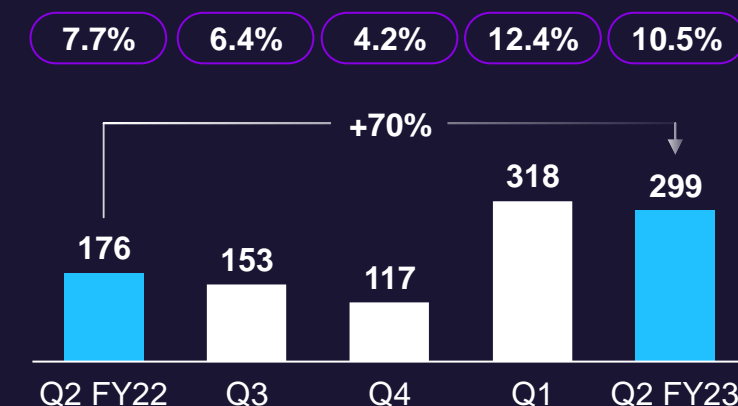
in €bn



- Substantial growth driven by new unit business

## Profit before SI

in €m



- Sharp increase driven by higher revenue, an improved cost structure as well as a strong service contribution

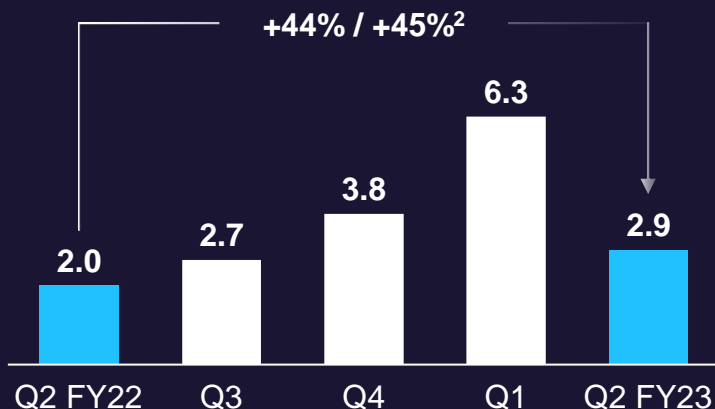
<sup>1</sup> Prior year figures are presented on a comparable basis. Beginning of fiscal year 2023, prior-year figures have been adjusted due to a change in accounting policies regarding derivative financial instruments | <sup>2</sup> xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal

# Grid Technologies: Substantial Growth and Better Profitability

## Q2 FY23<sup>1</sup>

### Orders

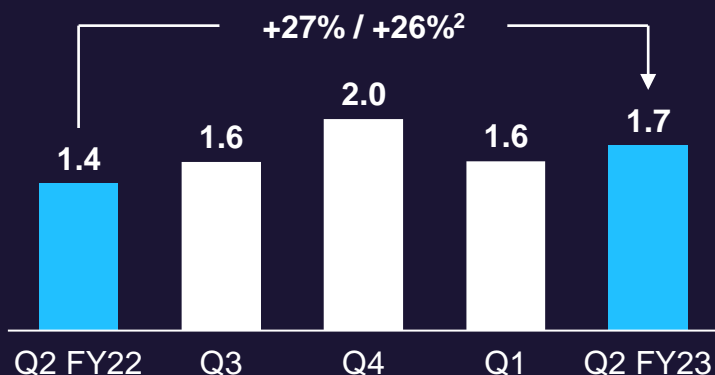
in €bn



- Continuous strong order momentum largely driven by GT's product business
- All regions showed growth with the strongest increase recorded in the USA

### Revenue

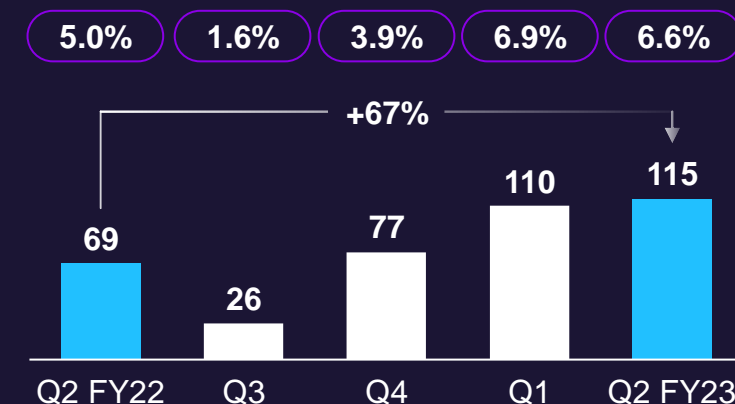
in €bn



- Substantial growth supported by all businesses on the back of the strong order intake in prior fiscal year

### Profit before SI

in €m



- Sharp increase driven by higher revenue, better business mix and operational improvements
- Prior year quarter was burdened by impacts related to higher material and logistic costs

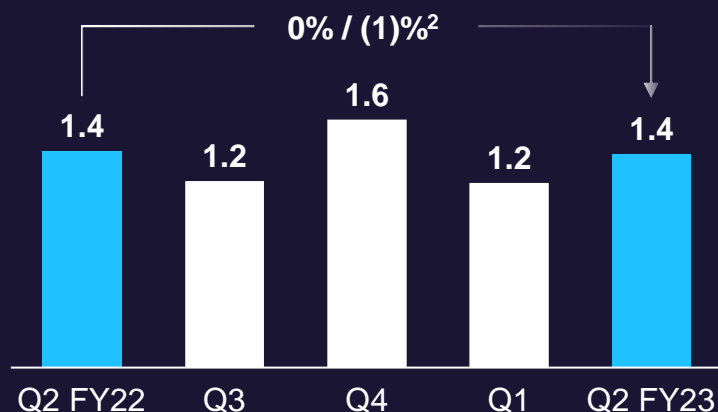
<sup>1</sup> Prior year figures are presented on a comparable basis | <sup>2</sup> xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal

# Transformation of Industry: Strong Margin Progression Across all Businesses

## Q2 FY23<sup>1</sup>

### Orders

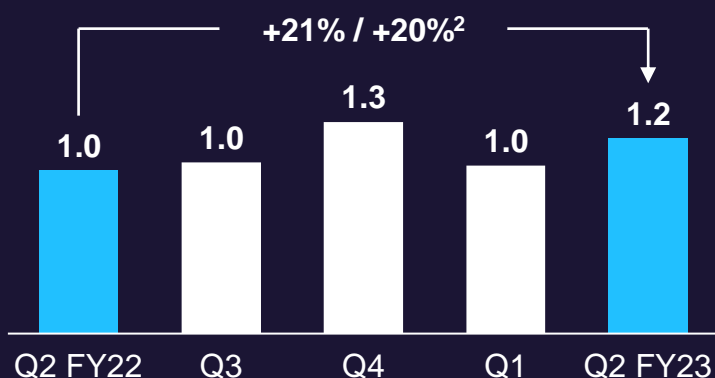
in €bn



- Slightly below the prior-year quarter due to a high basis of comparison particularly in the Electrification, Automation, Digitalization business

### Revenue

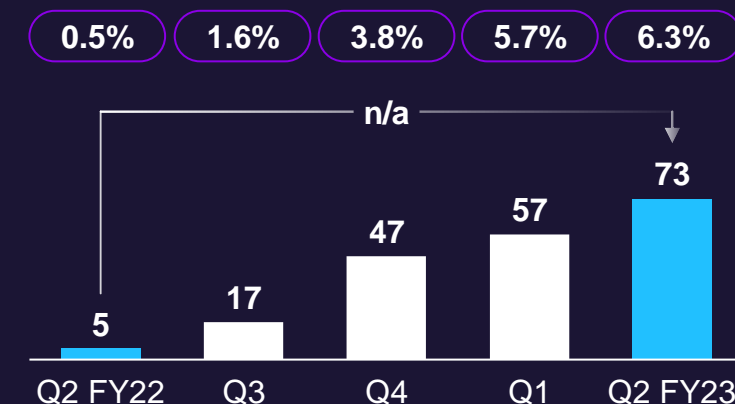
in €bn



- Double digit increase in all four independent businesses
- Substantial growth in service business

### Profit before SI

in €m



- Sharp improvement driven by higher revenue, improved business mix and better cost position.
- Biggest improvements in Industrial Steam Turbines & Generators and Compression businesses

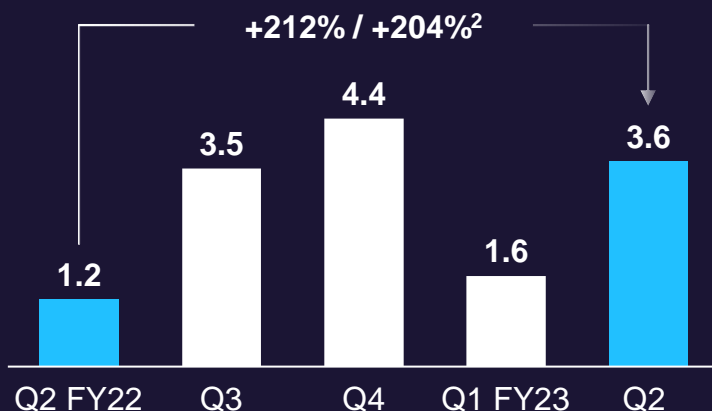
<sup>1</sup> Prior year figures are presented on a comparable basis | <sup>2</sup> xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal

# Siemens Gamesa: Continuous Impact from Onerous Projects

## Q2 FY23<sup>1</sup>

### Orders

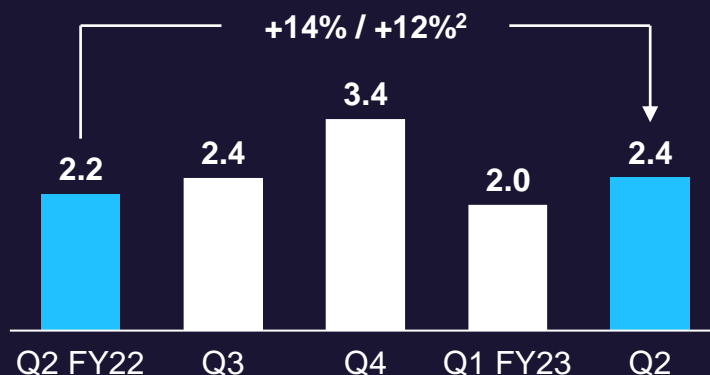
in €bn



- Sharp increase year-over-year driven by offshore (East Anglia 3 in UK)
- US largest contributor to onshore order intake
- Strict selectivity with focus on profitability and a balanced risk-reward contract profile

### Revenue

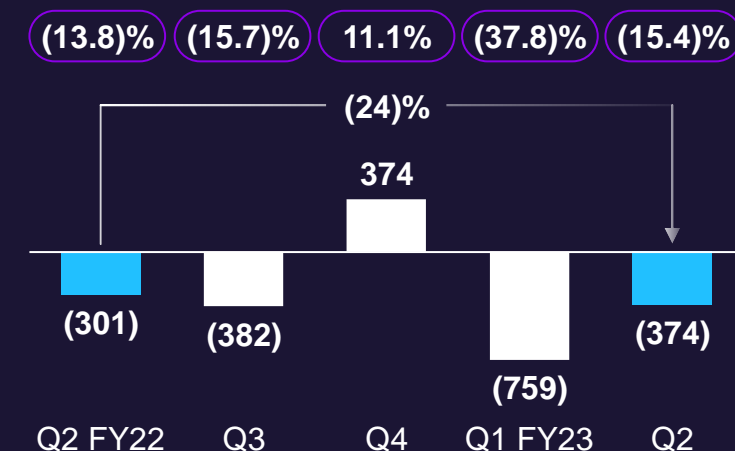
in €bn



- Significantly up supported by increases in all businesses (onshore, offshore, service)
- WTG revenue conversion impacted by ramp-up challenges in offshore including supply chain bottlenecks and labor shortages

### Profit before SI

in €m



- Profit before SI continued to be burdened by impacts of inflation, challenges related to the supply chain and the ramp-up of the offshore activities as well as from the execution of onerous projects

<sup>1</sup> Prior year figures are presented on a comparable basis | 2 xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal

# Financial Outlook Adjusted

Fiscal Year 2023

## Outlook FY23<sup>1</sup>

Siemens Energy

Revenue Growth<sup>2</sup>

10 – 12% (prev. 3 - 7%)

Profit<sup>3</sup> Margin before SI

around the low end of 1 – 3% (prev. 1 - 3%)

We expect a net loss exceeding prior fiscal year's level by up to a low-triple-digit million € amount. (prev. to be on prior fiscal year's reported level)

We expect positive free cash flow pre-tax up to a low triple-digit million € amount. (prev. free cash flow pre-tax to be positive)

## Business Area Assumptions

Gas Services

Revenue Growth<sup>2</sup>

10 – 12% (prev. 0 - 4%)

Profit<sup>3</sup> Margin before SI

9 – 11% (unchanged)

Grid Technologies

12 – 14% (prev. 5 - 9%)

6 – 8% (unchanged)

Transformation of Industry

8 – 10% (prev. 5 - 9%)

3 – 5% (unchanged)

Siemens Gamesa

6 – 10% (prev. n/a)

towards neg. 11% (prev. n/a)

<sup>1</sup> The outlook for Siemens Energy assumes no major negative financial impacts from COVID-19 or other pandemic-related events, no further deterioration in the supply chain and raw material cost environment, and excludes charges related to legal and regulatory matters | <sup>2</sup> Excluding currency translation and portfolio effects | <sup>3</sup> Profit: Earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments

# Key Priorities

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1

Deliver on FY23 targets

2

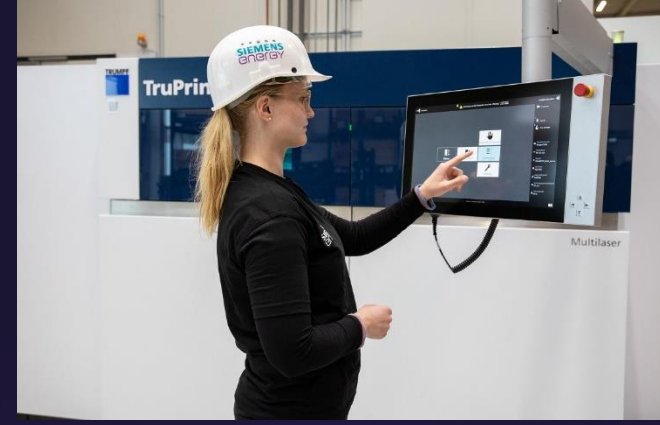
Leverage new operating model

3

Siemens Gamesa turnaround and integration / alignment supported by delisting

4

Capitalize on market opportunities



# We energize society



# Questions & Answers

Christian Bruch and Maria Ferraro



# Financial Calendar



## 2023

May 15

June/July

Aug 7

Nov 15

Nov 21-22

Q2 FY23

Conferences and roadshows

Q3 FY23

Q4 FY23

Capital Market Day

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# Appendix

# Additional financial disclosure for Siemens Gamesa<sup>1</sup>

		Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
WTG	Profit Margin before SI	(24.4)%	(20.1)%	7.2%	(28.7)%	(22.6)%
	Revenue (€m)	931	1,096	1,875	751	1,042
Onshore	Volume (MWe)	1,502	1,529	1,794	1,080	1,487
	Order intake (€m)	209	1,068	1,743	909	710
	Order intake (MW) <sup>2</sup>	255	1,204	1,360	961	794
	Order backlog (€m)	6,161	6,094	5,939	5,879	5,483
	ASP (€m/MW) <sup>2</sup>	0.82	0.89	0.83	0.95	0.90
	Revenue (€m)	732	808	777	829	827
Offshore	Volume (MWe)	506	775	606	698	719
	Order intake (€m)	321	2,094	1,566	212	1,791
	Order intake (MW)	0	1,753	1,036	0	1,496
	Order backlog (€m)	9,188	10,556	11,360	10,462	11,379
	Revenue (€m)	515	532	721	428	569
Service	Order intake (€m)	669	361	1,097	488	1,142
	Order backlog (€m)	17,482	17,330	17,752	17,357	17,770
	Installed Fleet (MW)	122,390	124,461	127,476	129,664	131,574
	Fleet under maintenance (MW)	83,058	84,203	82,276	83,463	83,574
	Profit Margin before SI	20.4%	0.3%	25.3%	(71.3)%	8.3%

# Net Income Transition

In €m	Siemens Energy			
	Q2 FY22	Q2 FY23	H1 FY22	H1 FY23
Gas Service	168	331	375	649
Grid Technologies	65	112	110	210
Transformation of Industry	(35)	81	(59)	133
Siemens Gamesa	(322)	(386)	(642)	(1,209)
<i>Reconciliation to Siemens Energy</i>	21	(74)	50	(103)
<b>Profit</b>	<b>(103)</b>	<b>64</b>	<b>(166)</b>	<b>(320)</b>
<i>Profit margin</i>	<i>(1.6)%</i>	<i>0.8%</i>	<i>(1.3)%</i>	<i>(2.1)%</i>
Amortization of intangible assets acquired in business combinations and goodwill impairments	(96)	(71)	(192)	(167)
Financial result	2	(37)	(17)	(67)
<b>Income before income taxes</b>	<b>(197)</b>	<b>(43)</b>	<b>(376)</b>	<b>(554)</b>
Income tax (expenses/gains)	(59)	(146)	(127)	(234)
<b>Net income</b>	<b>(256)</b>	<b>(189)</b>	<b>(502)</b>	<b>(787)</b>
Attributable to				
Non-controlling interests	(96)	15	(212)	(110)
Shareholders of Siemens Energy AG	(161)	(204)	(292)	(677)

Note: Prior year figures are presented on a comparable basis  
2023-05-15

# Cash Flow Statement

In €m	Siemens Energy			
	Q2 FY22	Q2 FY23	H1 FY22	H1 FY23
<b>Net income</b>	<b>(256)</b>	<b>(189)</b>	<b>(502)</b>	<b>(787)</b>
Amortization, depreciation and impairments	399	361	734	719
Change in operating net working capital				
Contract assets	121	(175)	388	(267)
Inventories	(538)	(272)	(1,282)	(1,096)
Trade receivables	(152)	(197)	(157)	(651)
Trade payables	160	(59)	(120)	(112)
Contract liabilities	517	513	1,422	1,996
Others	(475)	(141)	(680)	157
<b>Cash flow from operating activities</b>	<b>(225)</b>	<b>(159)</b>	<b>(198)</b>	<b>(41)</b>
Additions to intangible assets and property, plant and equipment	(259)	(261)	(434)	(494)
<b>Free cash flow</b>	<b>(484)</b>	<b>(420)</b>	<b>(632)</b>	<b>(535)</b>
Income taxes paid	(133)	(126)	(212)	(184)
<b>Free Cash Flow pre tax</b>	<b>(351)</b>	<b>(294)</b>	<b>(420)</b>	<b>(351)</b>
therein Gas Services	186	105	777	464
therein Grid Technologies	(138)	556	(2)	918
therein Transformation of Industry	111	(7)	105	(66)
therein Siemens Gamesa	(560)	(886)	(1,356)	(1,496)

Note: Prior year figures are presented on a comparable basis

2023-05-15

# Historical comparable key figures

## FY22 retrospective adjustments – Profit before Special Items

	Q1 FY22	Q1 FY22 adj. <sup>1</sup>	Q2 FY22	Q2 FY22 adj. <sup>1</sup>	Q3 FY22	Q3 FY22 adj. <sup>1</sup>	Q4 FY22	Q4 FY22 adj. <sup>1</sup>	FY22	FY22 adj. <sup>1</sup>
<b>Profit before Special Items (in €m)</b>		adj. <sup>1</sup>		adj. <sup>1</sup>		adj. <sup>1</sup>		adj. <sup>1</sup>		adj. <sup>1</sup>
<b>Gas Services</b>	<b>173</b>	<b>173</b>	<b>176</b>	<b>176</b>	<b>153</b>	<b>153</b>	<b>117</b>	<b>117</b>	<b>619</b>	<b>619</b>
<b>Grid Technologies</b>	<b>50</b>	<b>50</b>	<b>69</b>	<b>69</b>	<b>26</b>	<b>26</b>	<b>77</b>	<b>77</b>	<b>221</b>	<b>221</b>
<b>Transformation of Industry</b>	<b>(23)</b>	<b>(23)</b>	<b>5</b>	<b>5</b>	<b>17</b>	<b>17</b>	<b>47</b>	<b>47</b>	<b>45</b>	<b>45</b>
therein										
Sustainable Energy Systems	(11)	(11)	(12)	(12)	(13)	(13)	(22)	(22)	(59)	(59)
Electrification, Automation, Digitalization	1	1	6	6	(1)	(1)	26	26	32	32
Industrial Steam Turbines & Generators	1	1	12	12	28	28	22	22	63	63
Compression	(15)	(15)	(1)	(1)	4	4	22	22	11	11
<b>Siemens Gamesa</b>	<b>(309)</b>	<b>(308)</b>	<b>(299)</b>	<b>(301)</b>	<b>(343)</b>	<b>(382)</b>	<b>375</b>	<b>374</b>	<b>(576)</b>	<b>(617)</b>
Reconciliation to Consolidated Financial Statements	40	40	2	2	(35)	(35)	(51)	(51)	(44)	(44)
<b>Siemens Energy</b>	<b>(69)</b>	<b>(69)</b>	<b>(47)</b>	<b>(49)</b>	<b>(183)</b>	<b>(222)</b>	<b>564</b>	<b>564</b>	<b>265</b>	<b>225</b>

<sup>1</sup> Prior year figures are presented on a comparable basis. Due to the further integration of Siemens Gamesa and the objective of a consistent presentation within Siemens Energy Group, only personnel-related measures for restructuring will be included for Siemens Gamesa from fiscal 2023, in contrast to the past