

Gas & Power on track, SGRE impacted by onshore wind

Christian Bruch, President and CEO Siemens Energy

Maria Ferraro, CFO Siemens Energy

Analyst presentation Q3 FY21

Munich, August 4, 2021



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CEO section

Christian Bruch, CEO

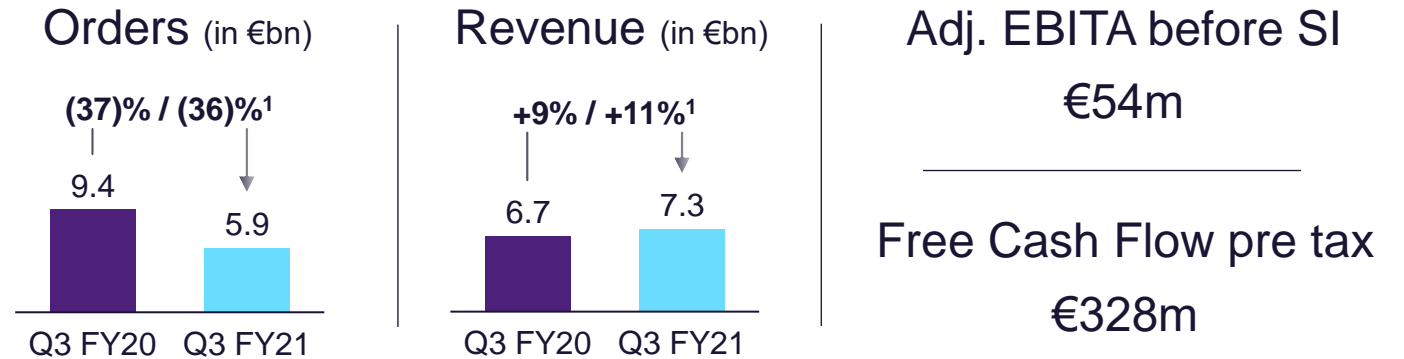
Return to growth, but disappointing profitability

Highlights / Lowlights

Market environment

SE Guidance

Q3 FY21 Key Messages



Gas and Power delivering as expected; SGRE behind expectations

Early signs of market recovery; rising raw material cost; COVID impact less pronounced

Revenue guidance (3% to 8%) maintained; Margin guidance cut to 2% to <3% (from 3% to 5%) due to SGRE performance

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

Focus and deliver on fundamentals

Co-create innovations with customers and partners

Starting the energy transformation

Executing our strategy

Restructuring outside of Germany advancing well
Negotiations with employee representatives in Germany in arbitration; Voluntary Leaver Program in execution

Mitsubishi Electric – collaboration on SF6-free high voltage transmission technology

ServiceNow – collaboration to enable precision defense against cyber threats targeting the energy industry

Malta Inc. – collaboration on long-duration energy storage technology

DEWA and Expo 2020 Dubai – first industrial scale green hydrogen project in the Middle East and North Africa inaugurated

Q3 FY21 awards & milestones

SüdOstLink takes green energy to the place of consumption



Leipheim – grid supporting plant ensures grid stability and reliable power supply in southern Germany

Electrification of first of its kind biorefinery in Germany



Hai Long – 1,044 MW projects in Taiwan consisting of 14 MW offshore wind turbines

ESG – rating agencies continue to recognize our efforts

Siemens Energy and IRENA sign sustainable energy partnership agreement

- Advancing the global energy transition based on renewable energy
- Supporting sustainable development goals and climate action



Prime Rating from ISS ESG

- Siemens Energy received an ESG Performance Rating and was rated B-Prime
- Siemens Energy's ESG Performance Rating places it into the top 20th percentile in the Electrical Equipment industry



MSCI ESG Rating upgrade

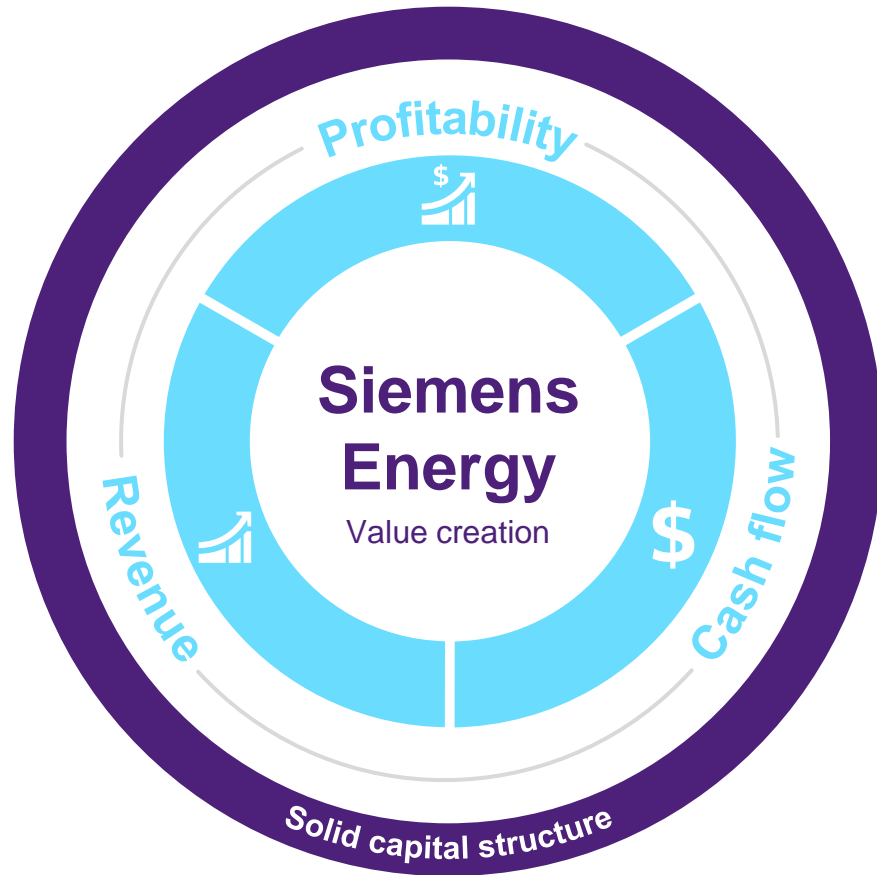
- Siemens Energy received a rating upgrade to BBB (from BB)



Financial section

Maria Ferraro, CFO

Focused on Sustainable Shareholder Value Creation



1

Strong business foundation with large order backlog and resilient service business

2

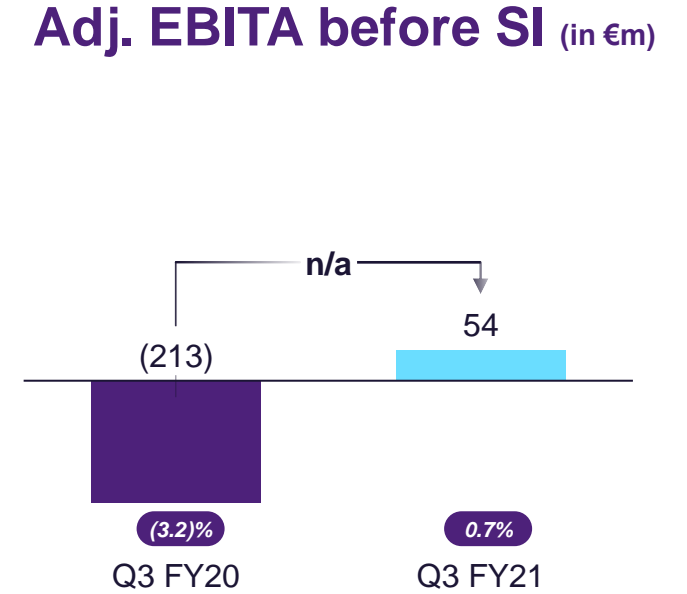
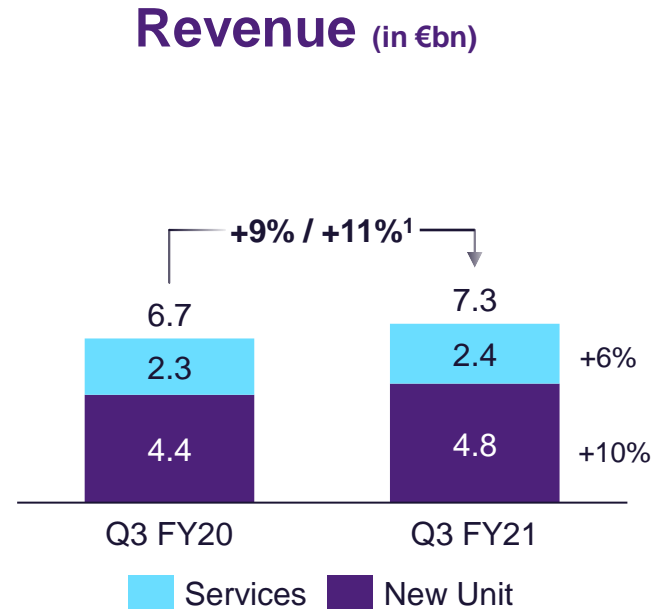
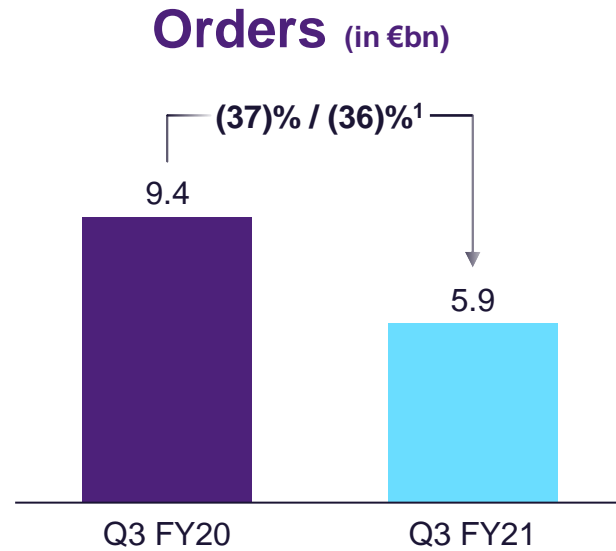
Clear path to margin improvement with ongoing cost programs

3

Asset excellence – Cash upside from rigorous working capital management

Siemens Energy Group at a glance

Q3 FY21



Order Backlog²

€83bn

Q2 FY21: €84bn

Book-to-Bill Ratio

0.8

Q3 FY20: 1.4

Free Cash Flow³

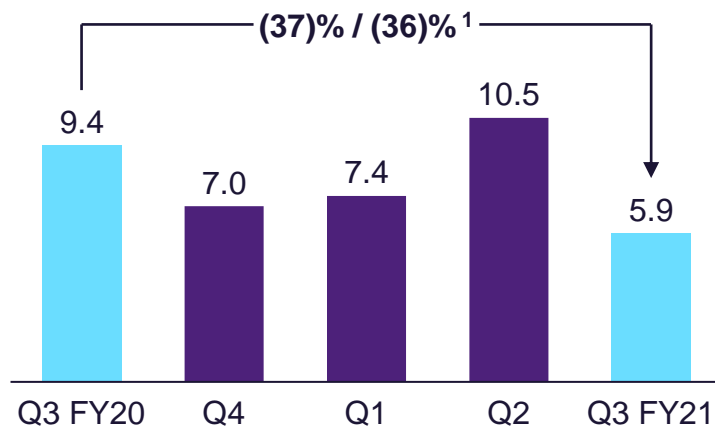
€328m

Q3 FY20: €432m

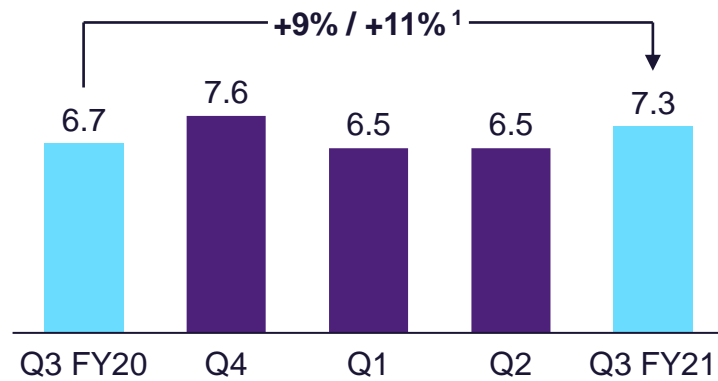
Siemens Energy Group at a glance

Q3 FY21

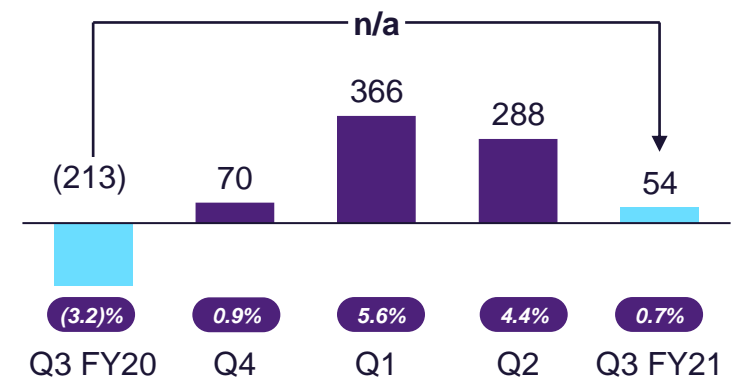
Orders (in €bn)



Revenue (in €bn)



Adj. EBITA before SI (in €m)



- GP: clear y-o-y increase
- SGRE: sharp decrease against a strong prior year quarter which was supported by large offshore orders

- GP: clear increase y-o-y compared to a weak prior year quarter
- SGRE: significant increase supported by growth of the onshore and service business

- GP: benefitted from higher revenue, a healthy mix, operational improvements and savings from restructuring measures
- SGRE: EBITA loss because of rising raw material costs and project related charges (mainly in Brazil)

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

Special Items

Reconciliation of Adj. EBITA before Special Items

In €m	Q3 FY20	Q3 FY21	Q1-Q3 FY20	Q1-Q3 FY21
Gas and Power				
Adj. EBITA before Special Items	(55)	231	211	685
Personal restructuring	(3)	(95)	(31)	(138)
Stand-alone costs	(5)	(25)	(19)	(96)
Strategic portfolio decisions	(701)	(27)	(701)	(7)
Special Items	(710)	(147)	(751)	(241)
Adj. EBITA	(765)	84	(539)	444
SGRE				
Adj. EBITA before Special Items	(163)	(154)	(279)	77
Special Items ¹	(243)	(31)	(352)	(149)
Adj. EBITA	(406)	(185)	(631)	(72)
Siemens Energy				
Adj. EBITA before Special Items	(213)	54	(87)	708
Special Items	(969)	(178)	(1,124)	(392)
Adj. EBITA	(1,182)	(124)	(1,211)	316

¹ equals integration and restructuring cost as reported by SGRE

2021-08-04

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
- **Strategic portfolio decisions**
Related to the streamlining of our aeroderivative and small gas turbine portfolio

Net Income Transition

In €m	Siemens Energy			
	Q3 FY20	Q3 FY21	Q1-Q3 FY20	Q1-Q3 FY21
Gas and Power	(765)	84	(539)	444
SGRE	(406)	(185)	(631)	(72)
<i>Reconciliation to Siemens Energy</i>	(12)	(23)	(40)	(56)
Adj. EBITA	(1,182)	(124)	(1,211)	316
<i>Adj. EBITA margin</i>	(17.7)%	(1.7)%	(6.1)%	1.6%
Amortization of intangible assets acquired in business combinations and goodwill impairments	(122)	(95)	(363)	(289)
Financial result from operations ¹	6	(3)	21	25
Financial result ²	(38)	(9)	(119)	(77)
Income before income taxes	(1,337)	(230)	(1,672)	(26)
Income tax (expenses/gains)	205	(77)	203	(151)
Net income (loss)	(1,132)	(307)	(1,469)	(177)
Attributable to				
Non-controlling interests	(142)	(77)	(234)	(35)
Shareholders of Siemens Energy AG ³	(990)	(230)	(1,234)	(142)

¹ Financial result from operations, as subpart of financial result, is included in Adjusted EBITA | ² Financial result = (Interest income - Interest expenses +/- Other financial income (expenses), net). | ³ In Q1 FY20: Siemens Group | ⁴ PPA = Amortization of intangible assets acquired in business combinations
2021-08-04

PPA⁴

Q3 reduction reflects lower base due to write-down of intangibles in prior year

Financial result

Impacted by lower interest expenses and higher interest income

Tax

€77m income tax expenses which include effects from the non-recognition of deferred tax assets at SGRE

Cash Flow Statement

Siemens Energy

In €m	Q3 FY20	Q3 FY21	Q1-Q3 FY20	Q1-Q3 FY21
Net income (loss)	(1,132)	(307)	(1,469)	(177)
Amortization, depreciation and impairments	977	378	1,656	1,077
Change in operating net working capital				
Contract assets	(46)	(282)	(3)	(450)
Inventories	271	22	(262)	(235)
Trade receivables	(366)	(159)	(271)	30
Trade payables	371	434	125	329
Contract liabilities	494	(76)	1,290	564
Others	79	471	(506)	(444)
Cash flow from operating activities	647	481	561	694
Additions to intangible assets and property, plant and equipment	(214)	(240)	(543)	(629)
Free cash flow	433	241	18	65
Income taxes paid	(1)	87	254	307
Free cash flow pre tax	432	328	272	373
thereof Gas and Power	27	384	133	966
thereof SGRE	278	(35)	17	(427)

CAPEX

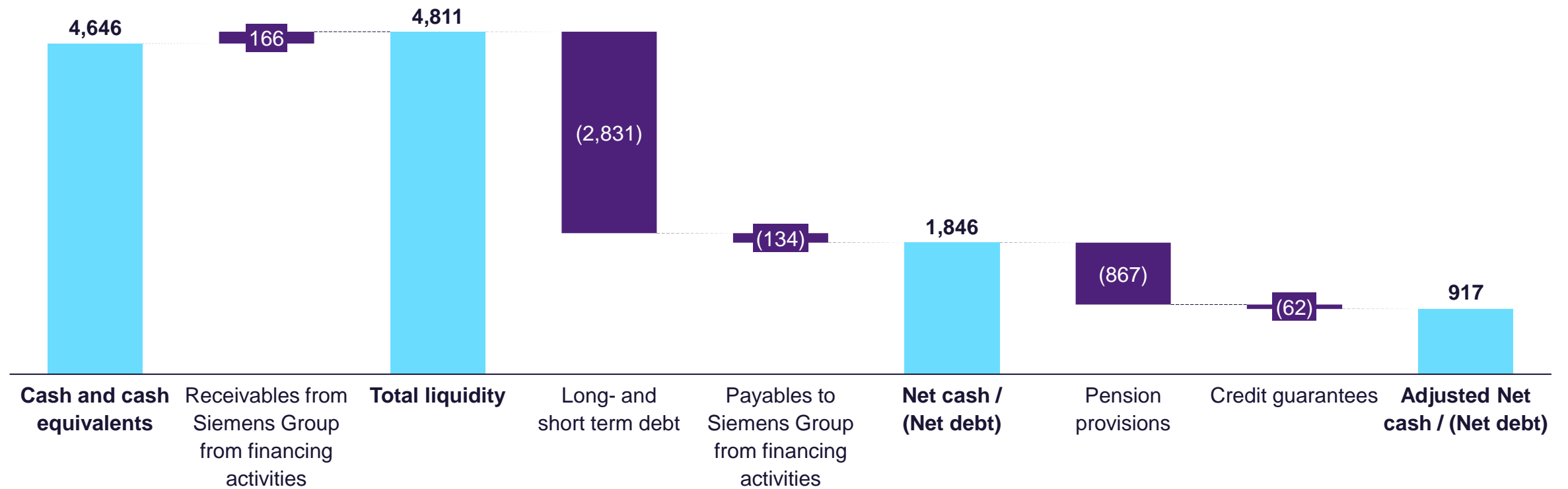
- Increase by €26m in Q3

Free cash flow pre tax

- Decrease at SE by €104m in Q3
- Sharp reduction at SGRE to minus €35m
- The sharp increase at GP by €357m was mainly due to the improved results

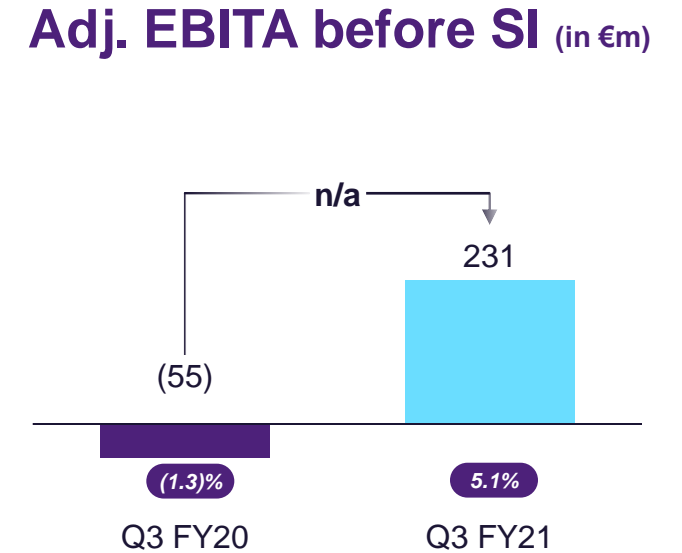
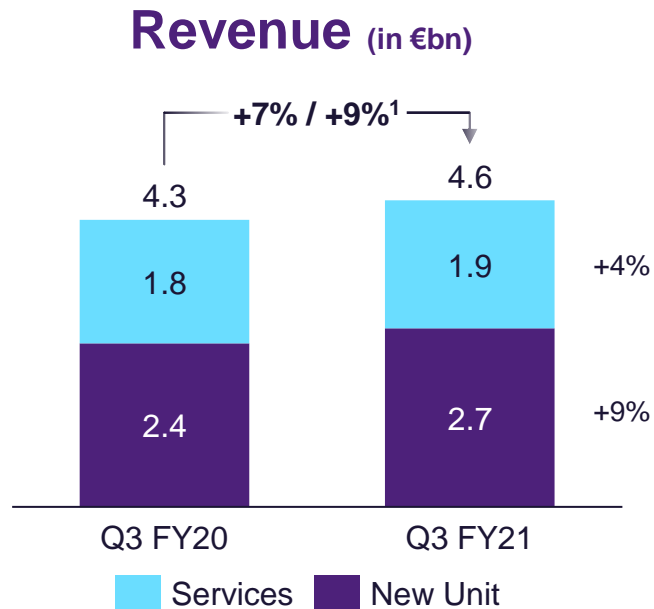
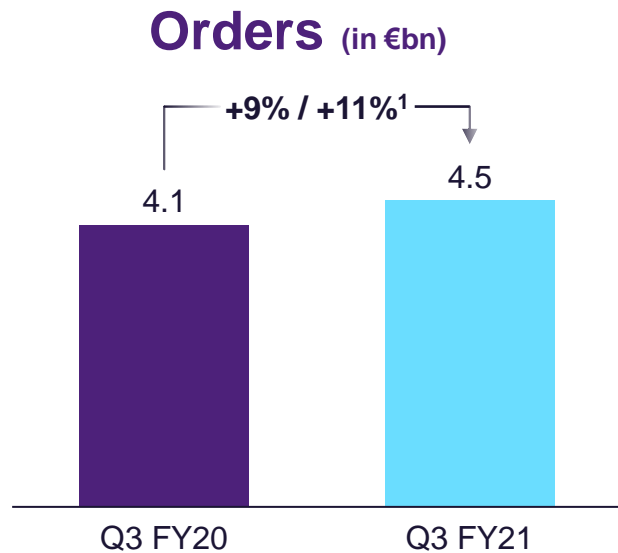
Net Cash Position

Net cash / (Net debt) as of June 30, 2021 (in €m)



Gas and Power at a glance

Q3 FY21



Order Backlog²

€50bn

Q2 FY21: €51bn

Book-to-Bill Ratio

1.0

Q3 FY20: 1.0

Free Cash Flow³

€384m

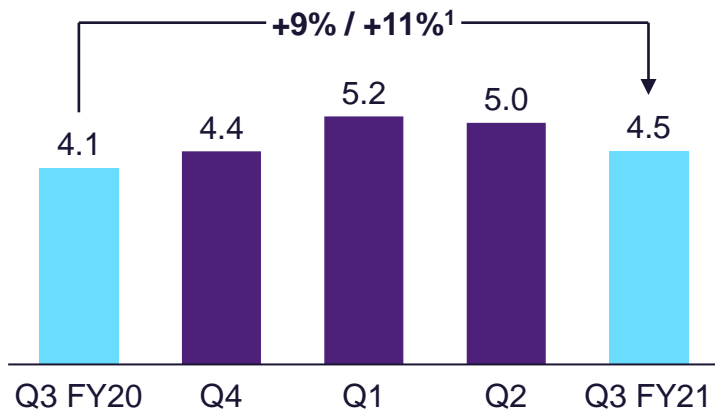
Q3 FY20: €27m

¹ xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects) | ² As of June 30, 2021 | ³ Free Cash Flow pre tax

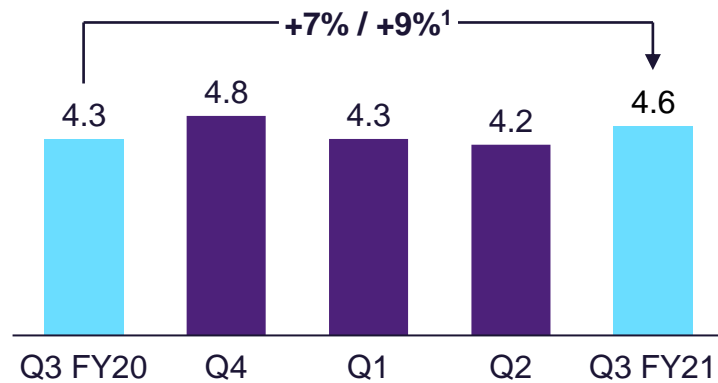
Gas and Power at a glance

Q3 FY21

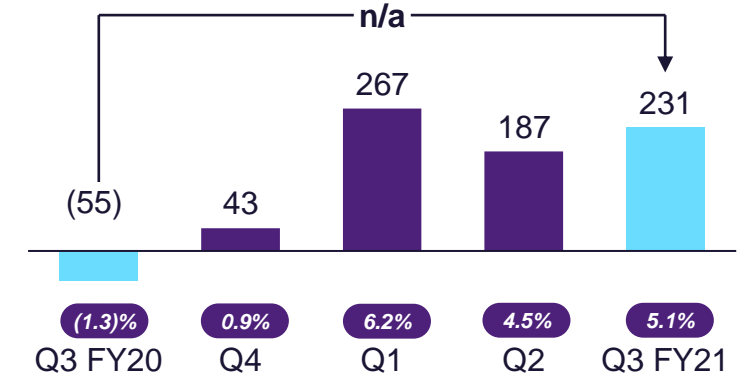
Orders (in €bn)



Revenue (in €bn)



Adj. EBITA before SI (in €m)



- Increase was driven by EMEA; orders in Germany more than doubled
- Transmission and Industrial Applications contributed to growth

- Clearly up with all businesses posting increases
- Strong improvement at Transmission
- Service revenue moderately increased due to a solid outage season in the US at Generation and a recovery of transactional services in Industrial Applications

- Strong margin improvement in Q3 reflected a return to growth and operational improvements across all businesses
- Savings from restructuring measures are on track

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

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x.x%

Adj. EBITA margin before Special Items

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Key Messages

GP

- Delivering as planned
 - On track for FY21 & FY23 targets
-

SGRE

- Offshore and Service performing as planned; Onshore disappointing
 - Close alignment with SGRE board on remediation measures
 - Strategic imperative on wind power unchanged
-

Restructuring

- Solid progress outside of Germany; negotiations with German workers council escalated to independent arbitration board
 - FY23 cost out targets expected to be reached
-

Guidance

- **GP:** FY21 guidance confirmed
 - **SE:** FY21 revenue growth guidance confirmed
FY21 Adj. EBITA margin before SI adjusted to 2 to <3% due to consolidation of SGRE results into Siemens Energy
-

Market prospects

- Opportunities and mid-term outlook in electricity and energy markets intact

Financial outlook and framework

		Actuals		Profit forecast		3-year guidance	Mid-term target	
		FY19	FY20	FY20	FY21	FY23		
Gas and Power	Revenue	€18.7bn	€18.1bn	(5)%-(3)%	2%-6%			
	% Growth y-o-y ²	(1.4)%	(3.1)%	✓				
	Adj. EBITA before Special Items	€836m	€254m					
	% Margin before Special Items	4.5%	1.4%	0%-2%	3.5%-5.5%	6%-8%		
	Restructuring costs ³	€247m	€133m	✓				
				Cumulative mid-to-high triple digit euro million amount in FY20-23				
Siemens Energy	Revenue	€28.8bn	€27.5bn	(5)%-(2)%	3%-8%		Flat to 3% ¹	
	% Growth y-o-y ²	2.8%	(4.7)%	✓				
	Adj. EBITA before Special Items	€1,517m	(€17)m					
	% Margin before Special Items	5.3%	(0.1)%	(1)%-1%	2% - <3% (prev. 3%-5%)	6.5%-8.5%	≥8%	Margin reported 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; FY20 growth compared to FY19

| ³ Included in Special Items definition | ⁴ Adj. EBITA not adjusted for Special Items



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Questions & Answers

Christian Bruch and Maria Ferraro



2021

Aug 4

Sep 10

Sep 13

Sep 22

Nov 10

Q3 FY21

Morgan Stanley
Industrial CEOs
Unplugged Conference

Morgan Stanley
Annual Laguna
Bay Conference

Berenberg & Goldman
Sachs German
Corporate Conference

Q4 FY21

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Appendix

Nominal vs comparable growth rates

In €m	Siemens Energy							
	Q3 FY20	Q3 FY21	% nom.	% comp. ¹	Q1-Q3 FY20	Q1-Q3 FY21	% nom.	% comp. ¹
Gas and Power	4,089	4,453	8.9	11.1	14,897	14,649	(1.7)	2.5
SGRE	5,342	1,520	(71.5)	(71.7)	12,172	9,301	(23.6)	(21.4)
Reconciliation to Siemens Energy	(13)	(23)			(55)	(48)		
Total Orders	9,418	5,950	(36.8)	(36.0)	27,014	23,901	(11.5)	(8.2)
Gas and Power	4,292	4,577	6.6	9.2	13,326	13,036	(2.2)	1.9
SGRE	2,411	2,704	12.1	14.3	6,615	7,335	10.9	14.4
Reconciliation to Siemens Energy	(28)	(19)			(114)	(84)		
Total Revenue	6,675	7,262	8.8	11.2	19,828	20,286	2.3	6.2

¹ Comparable: excluding currency translation and portfolio effects

Disaggregation of external revenue

Siemens Energy						
In €m	Q3 FY20	Q3 FY21	% nom.	Q1-Q3 FY20	Q1-Q3 FY21	% nom.
Types of activities in Gas and Power						
New units	2,430	2,653	9.2	7,656	7,556	(1.3)
Service contracts	1,832	1,902	3.8	5,546	5,386	(2.9)
Types of business in SGRE						
Wind turbines	1,947	2,179	11.9	5,389	5,980	11.0
Operation and maintenance	464	525	13.2	1,225	1,355	10.6
Types of business in Gas and Power						
Transmission	1,262	1,440	14.1	3,960	3,932	(0.7)
Generation	1,782	1,880	5.5	5,485	5,504	0.4
Industrial applications	1,217	1,226	0.7	3,754	3,493	(7.0)
Other /Consolidation	1	9		2	15	

Note: Q3 and Q1-Q3 figures presented on this slide are based on external revenue

Gas and Power: Development by businesses

Q1-Q3 FY21

in % nom. y-o-y		Q1 FY21	Q2 FY21	Q3 FY21
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)%	---

Profit and Loss Statement (I)

In €m	Siemens Energy			
	Q3 FY20	Q3 FY21	Q1-Q3 FY20	Q1-Q3 FY21
Revenue	6,675	7,262	19,828	20,286
Cost of sales	(6,759)	(6,563)	(18,364)	(17,572)
Gross profit	(83)	699	1,463	2,714
<i>Gross profit margin</i>	(1.2)%	9.6%	7.4%	13.4%
Research and development expenses	(242)	(285)	(689)	(809)
<i>R&D as percentage of revenue</i>	(3.6)%	(3.9)%	(3.5)%	(4.0)%
Selling and general administrative expenses	(935)	(660)	(2,323)	(1,922)
<i>SG&A as percentage of revenue</i>	(14.0)%	(9.1)%	(11.7)%	(9.5)%
Other operating income	26	24	66	74
Other operating expenses	(58)	(5)	(77)	(43)
Income (loss) from investments accounted for using the equity method, net	(6)	7	6	36
Interest income	5	21	30	34
Interest expenses	(37)	(28)	(134)	(89)
Other financial income (expenses), net	(6)	(2)	(16)	(23)
Income (loss) before income taxes	(1,337)	(230)	(1,672)	(26)
Income tax (expenses/gains)	205	(77)	203	(151)
Net income (loss)	(1,132)	(307)	(1,469)	(177)
Attributable to				
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Profit and Loss Statement (II)

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Gas and Power	4,292	4,577	13,326	13,036
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Adj. EBITA before Special Items	(213)	54	(87)	708
<i>Adj. EBITA margin before Special Items</i>	<i>(3.2)%</i>	<i>0.7%</i>	<i>(0.4)%</i>	<i>3.5%</i>
Gas and Power	(710)	(147)	(751)	(241)
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Reconciliation to Siemens Energy	(16)	-	(21)	(2)
Special Items	(969)	(178)	(1,124)	(392)

Statement of Financial Position

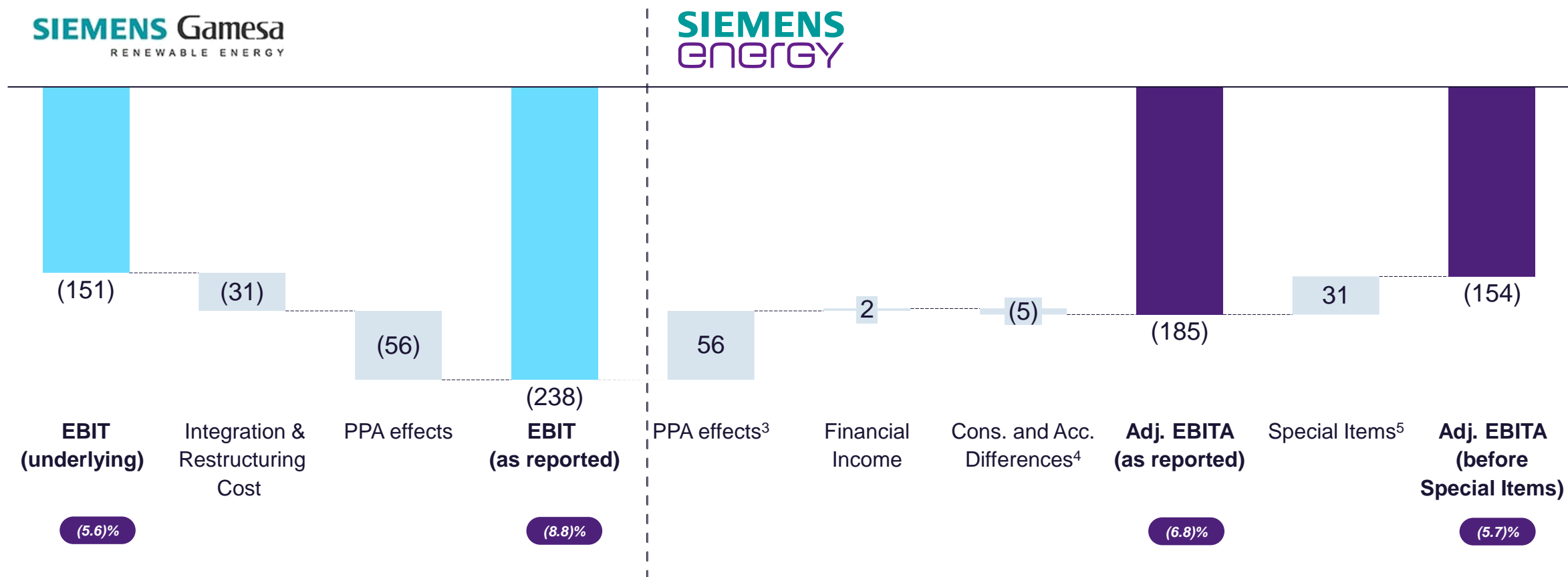
In €m	Siemens Energy	
	Sep. 30, 2020	Jun. 30, 2021
Goodwill and other intangible assets	13,215	12,991
Property, plant and equipment and other non-current assets	7,268	7,558
Inventories	6,527	6,825
Trade and other receivables	4,963	5,030
Contract assets	4,545	5,018
Cash and cash equivalents	4,630	4,646
Other current assets	1,883	2,073
Total assets	43,032	44,141
Total equity attributable to shareholders of Siemens Energy AG ¹	14,942	15,083
Non-controlling interests	448	327
Total equity	15,390	15,410
Provision for pensions and similar obligations	1,057	867
Long term and short term debt	2,391	2,831
Trade payables	5,127	5,526
Contract liabilities	9,853	10,473
Other current and non-current liabilities	9,214	9,032
Total liabilities	27,642	28,731
Total equity and liabilities	43,032	44,141
Adjusted net cash / (net debt) (unaudited)	1,309	917

¹ In fiscal year 2020: Siemens Group.
2021-08-04

Profit Bridge from SGRE to SE disclosure

Q3 FY21

Profit Bridge from SGRE¹ to SE² disclosure (in €m)



1 Disclosure (as of July 30, 2021) | 2 Disclosure (as of August 4, 2021) | 3 PPA = Amortization of intangible assets acquired in business combinations

| 4 Incl. €(5)m related to compliance investigation India recorded at SGRE as late book entry in Q2 | 5 Equals integration and restructuring cost as reported by SGRE

2021-08-04

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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 target¹

Flat to 3%

Rolling 3-year average
revenue growth
Siemens Energy
mid-term target²



Cash Conversion
Rate = 1-revenue
growth ✓

Rolling over 3 years⁵
FCF/Adj. EBITA
Siemens Energy
FY23 target

Portfolio

**Research and
Development**

~€1bn
annual spending

**Portfolio
optimization**

Resize
the portfolio

Financial policy

Capital structure

**Solid investment
grade rating**

Adj. (Net Cash)/Net Debt³
to EBITDA below 1.5x

Dividend policy

40-60%
pay-out ratio⁴

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