Leading the Energy Transition

Maria Ferraro, CFO Siemens Energy

12th Annual Laguna Conference
Dana Point, September 11, 2024

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Siemens Energy is a
global leader in the energy business

~ 1/6
of global electricity generation is based on our technology

98,750
employees work as a team to energize society[1]

€31bn
revenues in FY2023

We are present in
> 90 countries

We invest around
€1bn annually in research and development

1 Number of employees as of March 31, 2024

September 2024

Our mission …

To transform the world of energy by supporting our customers on their path towards decarbonization

… and what we are doing

We have been changing the shape of the company to capitalize on the energy transition

Operational improvements introduced, including the new group structure, have been playing out **across Gas Services, Grid Technologies and Transformation of Industry, but not yet at Siemens Gamesa**

We will accelerate our journey focusing on three priorities:

- Deliver on profitable growth
- Fix the wind business
- Maintain solid financial foundation

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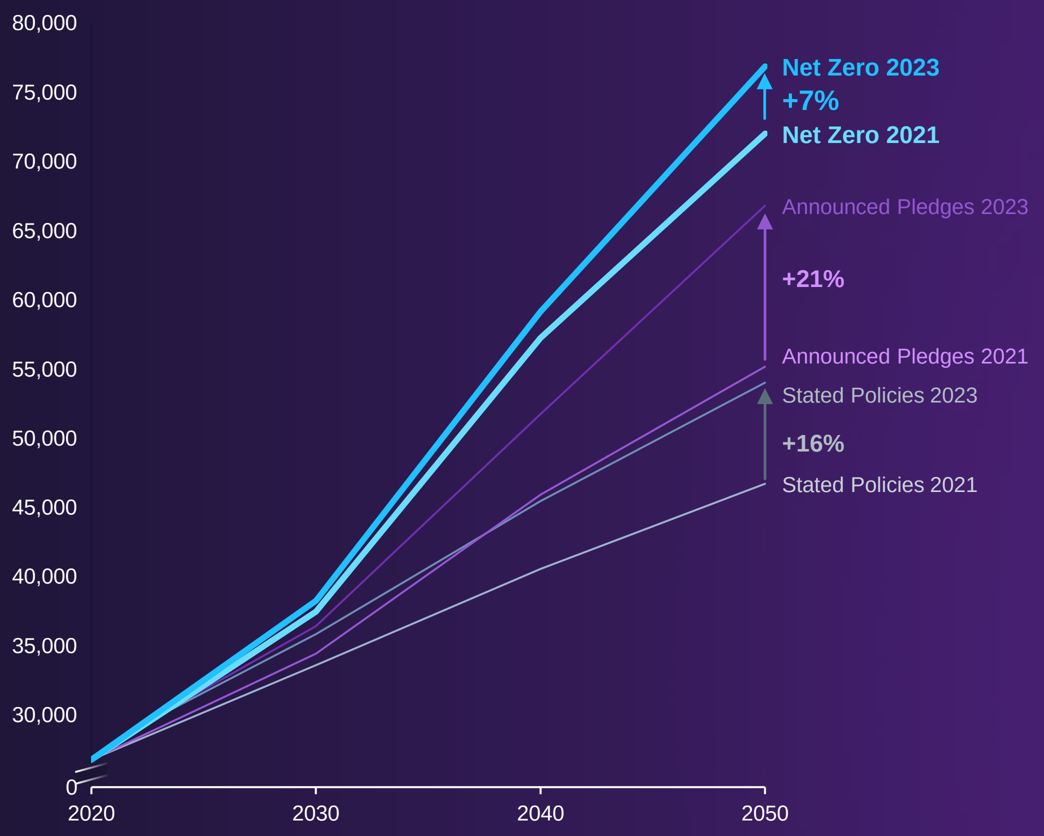
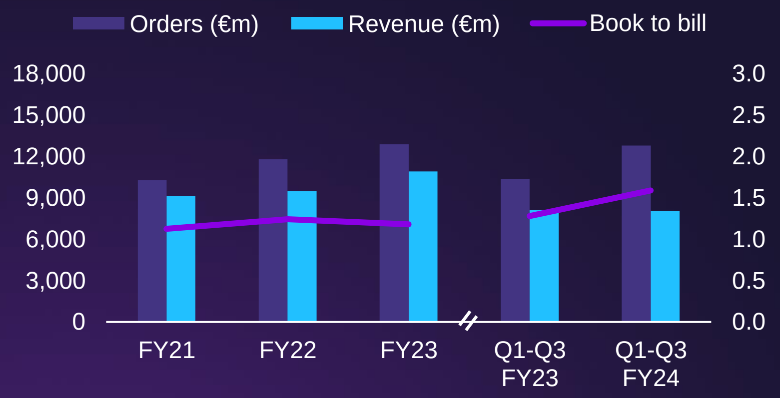
Deliver on profitable growth
Higher than expected electricity growth is driving profitable growth

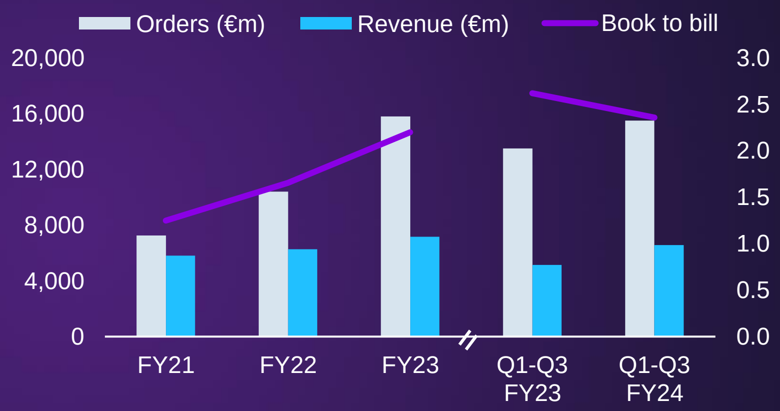
Global electricity generation scenarios 2021 vs. 2023 (TWh)



Gas Services



Grid Technologies



Source: IEA WEO 2021 / 2023

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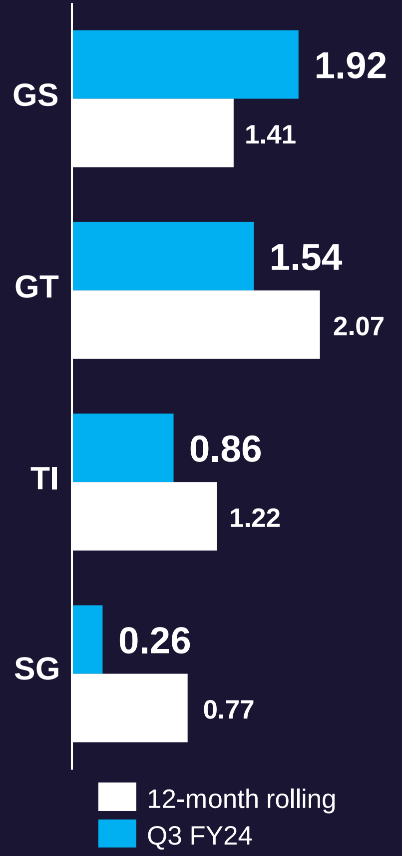
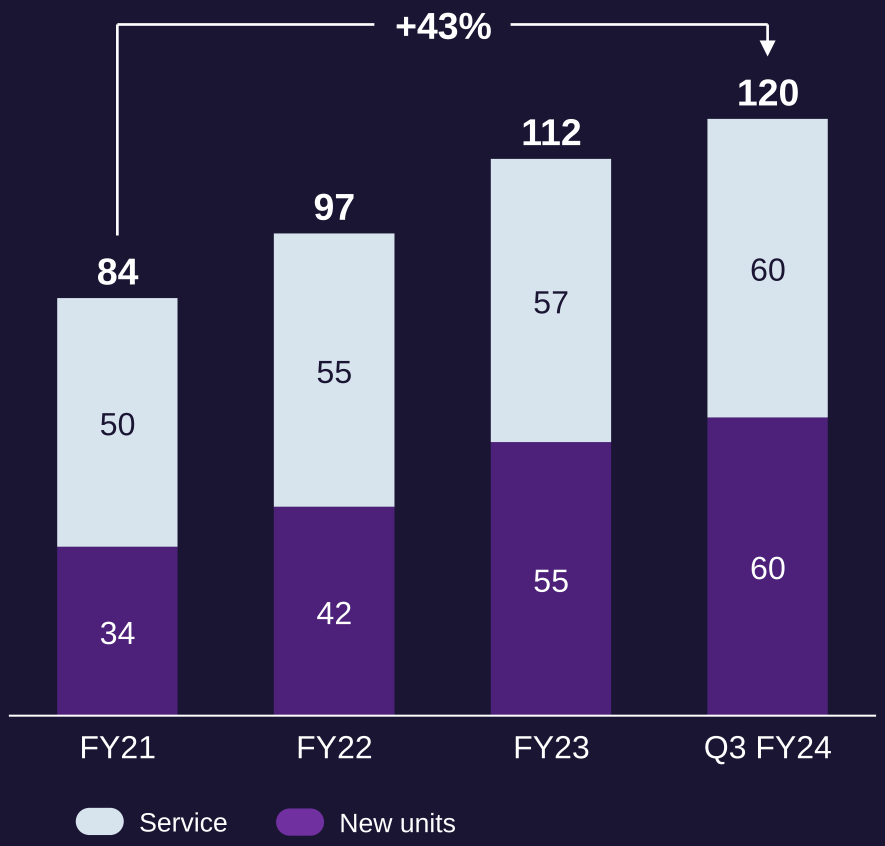
Increasing order backlog as a source of strength and resilience

Book-to-bill ratio Q3 FY24



SE order backlog development (€bn)



- Large majority of FY25 revenue already secured in the backlog
- Increase across all businesses
- Stronger growth in new units supporting growth of our serviced fleet
- Resilience from long-term service business particular in Gas Services
- Margin profile in the order book supports our mid-term targets
- Backlog covering almost 4x annual revenue

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Growing in a transforming market

Gas Services

- Inauguration of burner factory in Budapest

Grid Technologies

- Groundbreaking for power transformer factory expansions in Austria and Germany
- SF6-free vacuum interrupter factory inaugurated in Berlin

Siemens Gamesa

- Ramp-up of new production capacities for Offshore continuing and improving

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Fix the wind business – A clear way forward to return to profitability

Onshore

Stabilizing 4.X and 5.X platforms and focus on core markets

- No new technical findings and no material change to cost assumptions related to quality topics
- Europe and US as core markets to be addressed by revised 4.X and 5.X platforms
- Sales activity for 4.X in Europe to resume by end of FY24
- Optimization of manufacturing footprint ongoing

Offshore

Building on our leading market position to deliver profitable growth

- Ongoing ramp-up activities with improvement made in Hull; all other facilities in line
- SG 14 MW to be the volume product until the end of the decade

New organization

Reduced hierarchical layers and clear business accountability

- Streamlining of the organization in line with Siemens Energy principles
- Integrate service and new unit business with a focus on an enhanced client value proposition
- Corporate function integration with Siemens Energy

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Financial framework
A long-term plan for value creation

FY24 guidance and FY26 targets

	FY24 guidance		FY26 targets	
	Revenue growth[3]	Profit margin before SI[1]	Revenue CAGR[4]	Margin reported[1]
Gas Services	(2) – 0%	9 – 11%	Flat	10 – 12%
Grid Technologies	32 – 34%	8 – 10%	Low double digit	9 – 11%
Transformation of Industry	14 – 16%	5 – 7%	High single digit	7 – 9%
Siemens Gamesa	10 – 12%	up to neg. €2.0bn	Low single digit	Break-even[2]
Siemens Energy	**10 – 12%**	**(1) – 1%**	Mid single digit	**5 – 7%**
Net income	up to €1.0bn incl. gains from disposals		€1.0 – 1.5bn	
Free cash flow pre-tax[5]	pos. €1bn to €1.5bn		€1.0 – 2.0bn (cumulative[6])	
Proceeds from disposals	Around pos. €3bn			

This outlook excludes charges related to legal and regulatory matters.

Group targets FY28

- **MSD** — **Revenue CAGR[4]**
- **≥8%** — **Profit margin[1]** Long-term profitability
- **>15%** — **ROCE[7]** Strong capital efficiency
- **IG** — **Adj. net debt[8]** Commensurate with IG[9] profile
- **40 – 60%** — **Dividend policy[10]** Stable shareholder return

1 Profit margin in % of revenue with profit as earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments I **2** Break-even target for SG before special items | **3** Comparable revenue growth: Excluding currency translation and portfolio effects | **4** Compound annual revenue growth rate (FY23-based); MSD: Mid single digit I **5** Free cash flow pre-tax as operating cashflow and additions to intangible assets and PPE less Income taxes paid | **6** Cumulative free cash flow pre-tax FY24 – 26 I **7** Return of capital employed as net operating profit after tax (NOPAT) over capital employed (Sum of adj. net debt and equity) I **8** Adj. net debt as sum of debt, provisions for pensions and similar obligations and credit guarantees less cash and cash equivalents | **9** IG: Investment grade I **10** 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

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Appendix

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Key Messages

Highlights

- Record orders at Gas Services and solid orders overall; increasing order backlog margin
- Strong revenue growth driven by Grid Technologies, Siemens Gamesa and Transformation of Industries
- Profitability in line with expectations and strong free cash flow
- Statistical model update for 4.X and 5.X with overall no material impact; re-introduction of 4.X on track and solid progress on 5.X

Market Environment

- Strong electricity growth drives demand for our products
- Increasing electricity demand from data centers

Siemens Energy FY24 Guidance

- Revenue: 10% to 12% comparable[1]
- Profit margin before SI: neg. 1% to 1%
- Net Income: up to €1bn (incl. impacts from disposals)
- Free cash flow pre tax: pos. €1bn to €1.5bn; prev. up to pos. €1bn
- Proceeds from disposals: ~ pos. €3bn

Q3 FY24 Financial Performance

- **Order backlog at new high of €120bn**
- **Orders: -29.6%** comp.[1] at €10.4bn
- **Revenue: +18.5%** comp.[1] at €8.8bn; **book-to-bill of 1.18**
- **Profit before SI: pos. €49m** (Q3 FY23: neg. €2bn)
- **Profit margin before SI: pos. 0.6%** (Q3 FY23: neg. 27.3%)
- **Free cash flow pre tax: €727m** (Q3 FY23: €27m)
- **Adj. Net cash/(Net debt): pos. €1.7bn** (Q3 FY23: neg. €919m)

1 Comparable: excluding currency translation and portfolio effects

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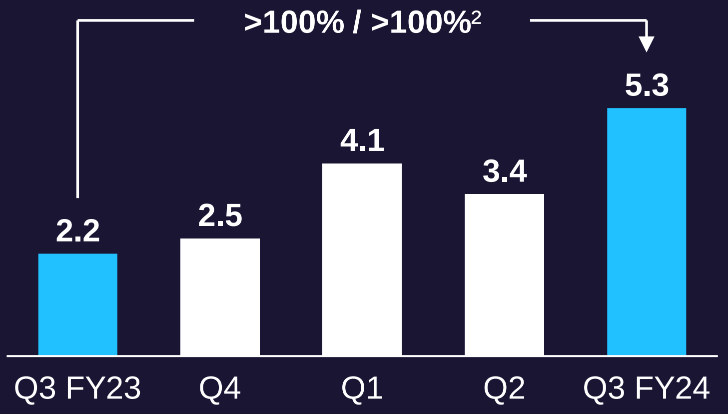
Gas Services: Strong demand; profitability seasonally weaker (incl. legacy item)

Q3 FY24[1]

Orders

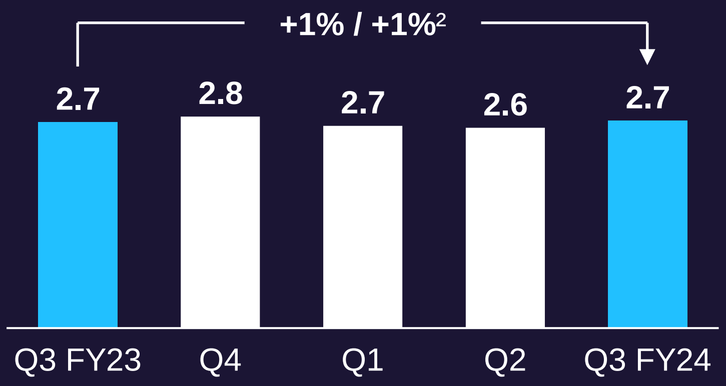
in €bn



- Record orders mainly due to large service contract wins in the Middle East
- Volume from large orders rose to 4x prior-year's level

Revenue

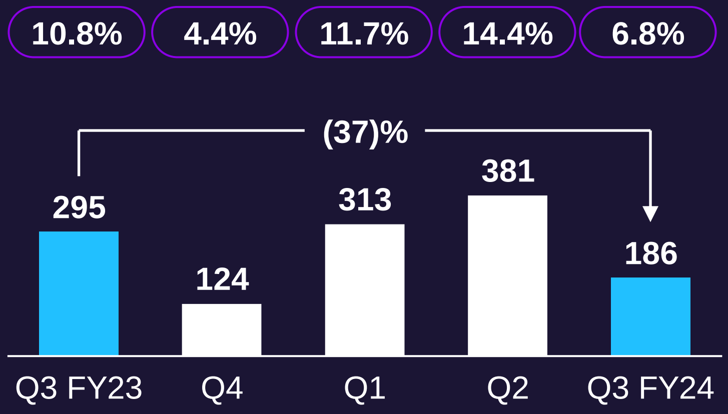
in €bn



- Clear growth in the service business offset a decrease in the new unit business

Profit before SI

in €m



- Profit before SI below prior-year's level mainly due to a negative one-time effect from a legacy project
- Underlying margin seasonally lower than during H1

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

X.X% Profit margin before Special items

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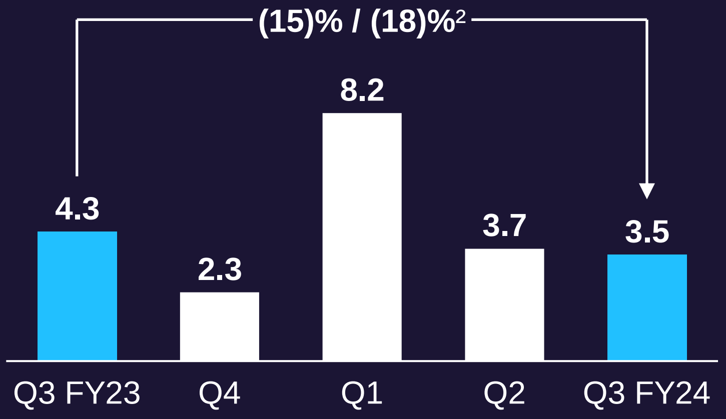
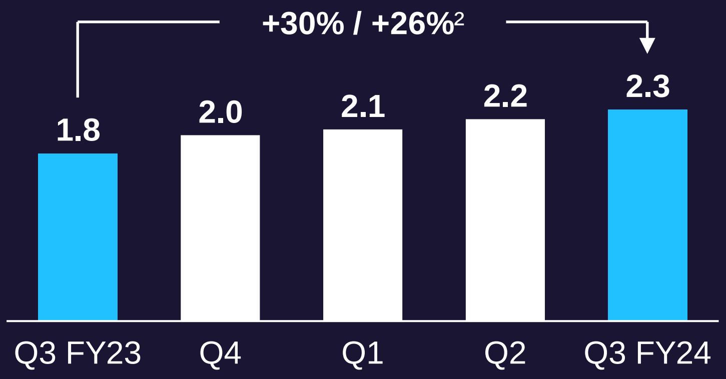
Grid Technologies: Strong revenue growth drives profitability
Q3 FY24[1]

Orders
in €bn



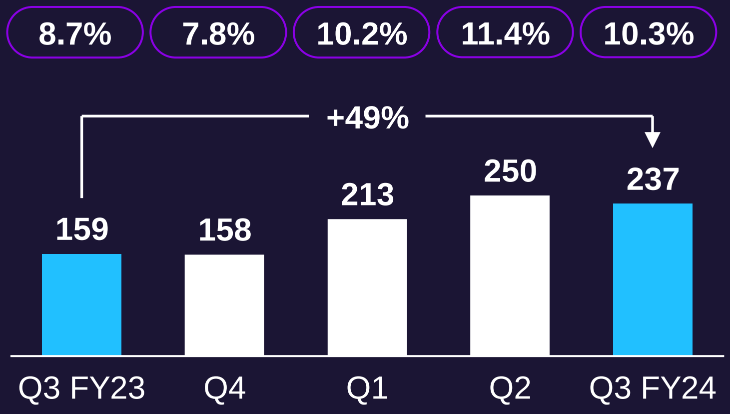
- Solid orders of €3.5bn for a book-to-bill of 1.5
- Strong growth in product orders driven by global demand, especially from Germany and the US

Revenue
in €bn



- Substantial increase in all businesses with strong growth in both the product and solution businesses

Profit before SI
in €m



- Strong increase in Profit before SI driven by higher volume and comparatively higher margins in the processed order backlog

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

X.X% Profit margin before Special items

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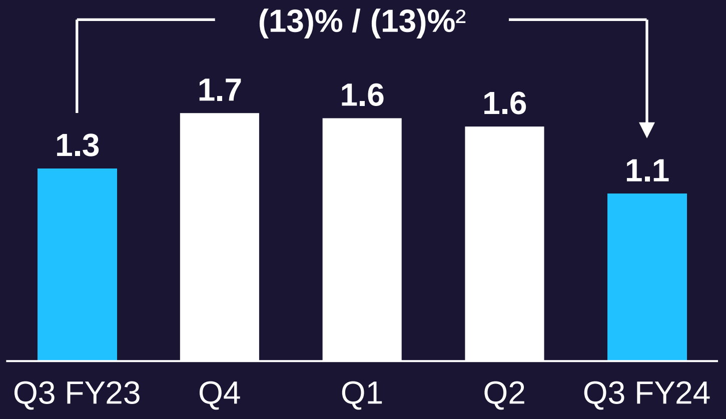
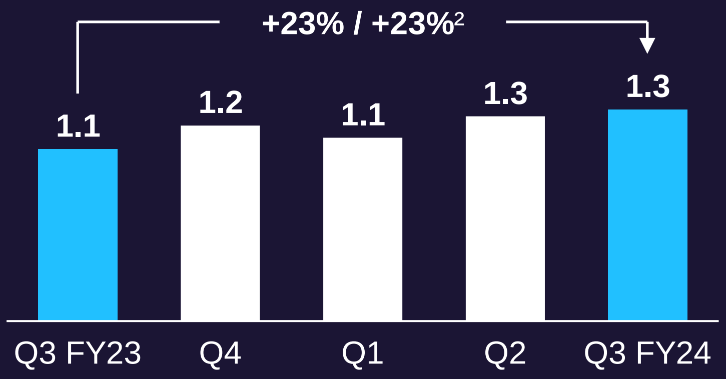
Transformation of Industry: Strong growth and profitability
Q3 FY24[1]

Orders
in €bn



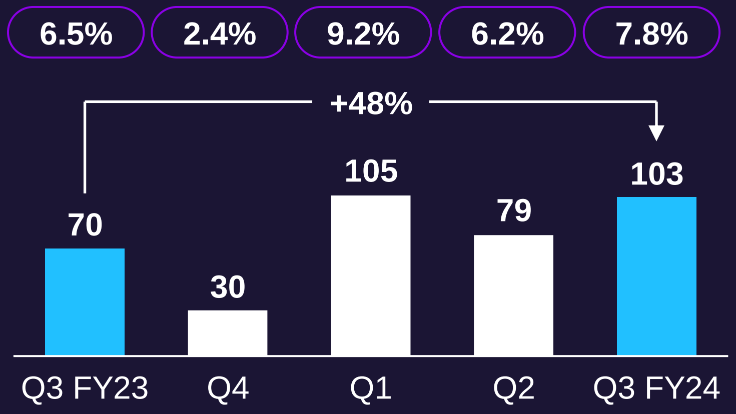
- Decrease y-o-y driven by timing effects and high base of comparison in EAD

Revenue
in €bn



- Significant increase y-o-y with all businesses growing at a double-digit rate
- Continuing service strength, particularly in the Compression and Industrial Steam Turbines Generators businesses

Profit before SI
in €m



- Profit before SI increased y-o-y driven by increased volume, better pricing, and increased service revenue

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

X.X% Profit margin before Special items

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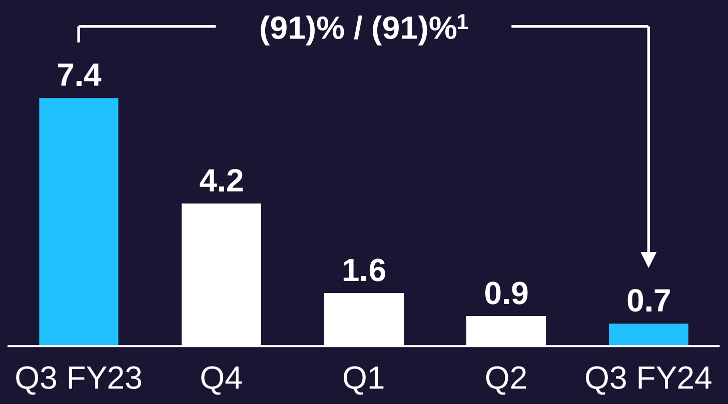
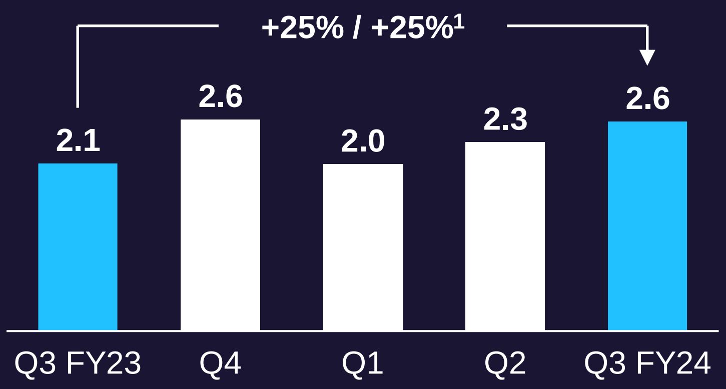
Siemens Gamesa: Developing in line with expectations
Q3 FY24

Orders
in €bn



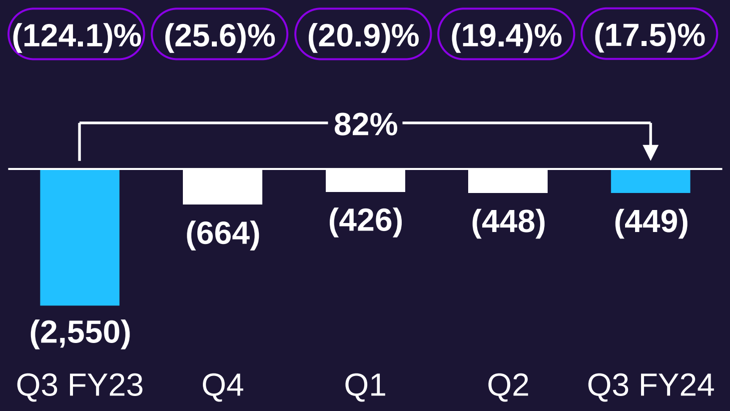
- Orders sharply down as all business reported decreases
- Onshore orders continue to be impacted by the temporary interruption of sales activities for the 4.X and 5.X turbines
- No large orders in offshore and service businesses

Revenue
in €bn



- Strong growth driven by higher offshore revenue as well as low base of comparison in onshore

Profit before SI
in €m



- Profit margin continued to be burdened by higher planned costs due to the known quality issues as well as increased costs and ramp-up challenges in the offshore area
- Q3 was also impacted by the annual update of the statistical models utilized for the evaluation of the entire fleet as well as project reviews

X.X% Profit margin before Special items

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

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