

Well placed to lead the energy transformation

Christian Bruch, Chief Executive Officer
Morgan Stanley Industrial CEOs Unplugged Conference
September 10, 2021



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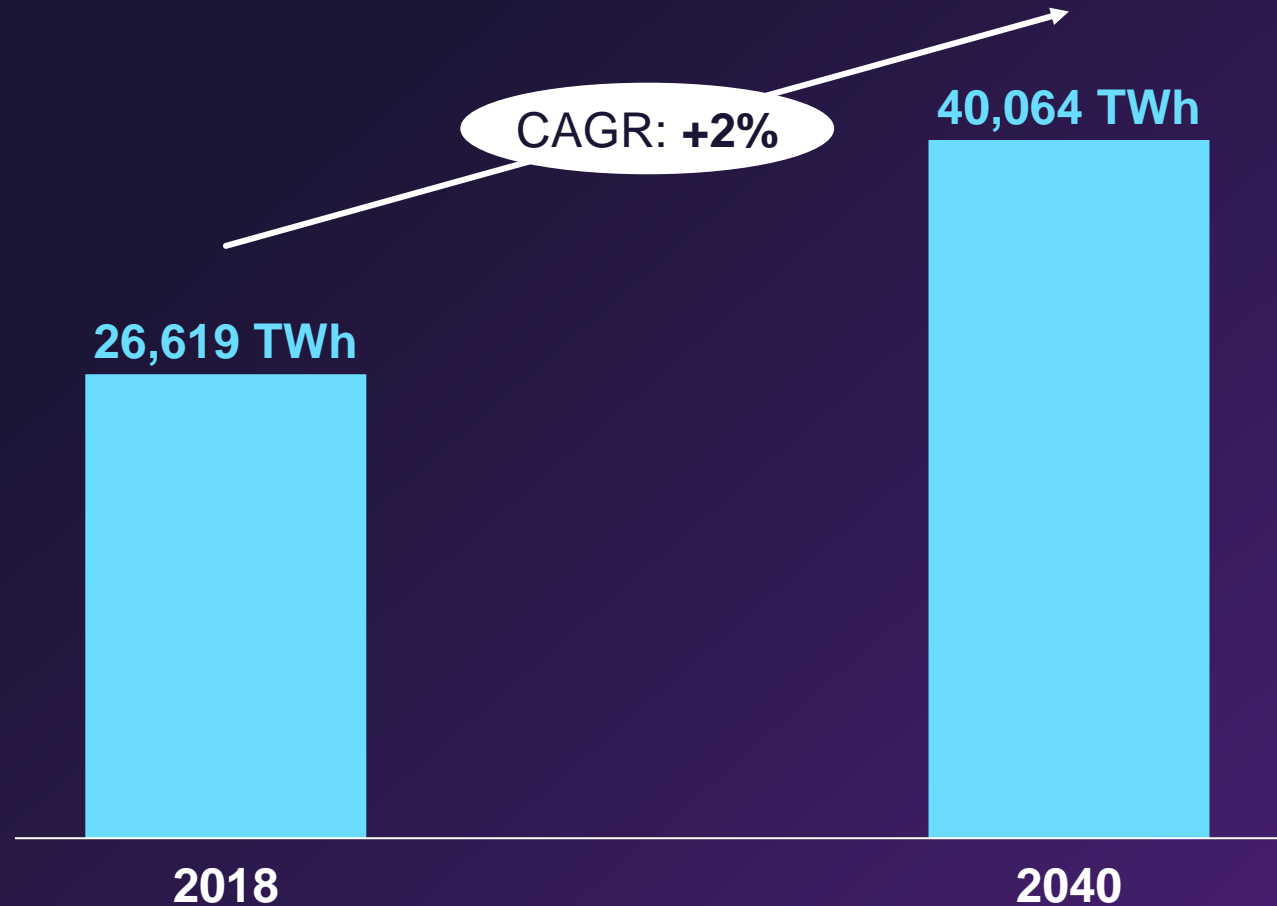
The world needs more electricity

Growing electricity market (in TWh)¹

- Increasing electrification of industries²
- Around 750 million people globally without access to electricity
- New electrical consumers (data centers, e-mobility)

¹ Source: IEA (Stated Policies Scenario, October 2020)

² Relates to electricity generation



The energy market is in the process of transformation

Shift of re- source base¹

2018-2040



Wind



Solar



Gas



Nuclear



Hydro



Coal



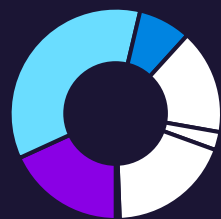
Oil

Implications

- Opportunities for SGRE
- Grid upgrades & stabilization
- Investment in energy transport & hydrogen
- Stable service business
- Highly efficient conventional generation
- Decarbonization of existing infrastructure
- Coal exit

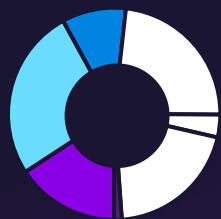
¹ Source: IHS (Autonomy, July 2021); shift of resource base related to electricity generation
2021-09-10

Diversity of global energy infrastructure offers attractive opportunities for SE



4,898 North America

Transmission network upgrades and expansion. Shift from coal to gas-fired power generation. Growth in onshore wind and energy storage. Significant O&G market.

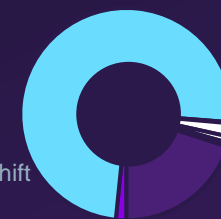


5,186 Europe

Growth in renewables, peaking power, energy storage, grid stabilization and decarbonization (hydrogen technology).

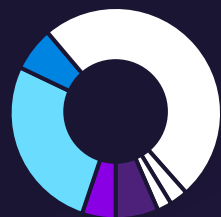
1,178 Middle East

Gas-fired power generation and electrification infrastructure. Shift to decarbonization (hydrogen technology). Continued investment in oil & gas.



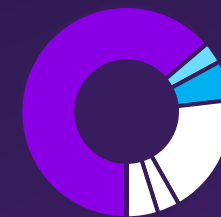
1,587 Latin America

Investment in gas-fired power generation (central and decentral), renewables and O&G.



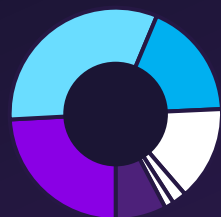
7,694 China

New investments focus on renewables and gas, transmission and energy storage.



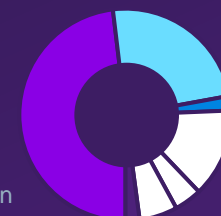
839 Africa

Increasing shift to distributed generation, micro grids & solar PV, expansion of transmission grids and O&G markets.



5,049 Asia Pacific (excl. China)

Shift to efficient fossil fuel generation. Expansion of renewables, oil & gas, transmission and energy storage.



● Electricity generated in TWh in 2020 ● Wind ● Gas ● Coal ● Oil ● Others

Source: IHS (Green Rules, July 2021)

2021-09-10

Siemens Energy offers more than one solution to cut emissions

Baseline

~ 500 – 900g CO₂/kWh



Conventional
Coal Power Plant

Siemens Energy Offering

~ 200 – 250g CO₂/kWh



Modern
Gas Power Plant
with combined heat and power
technology / H₂ co-firing

0g CO₂/kWh



Wind Park

Three pillars underpinning our strategy



Low- or zero-emission power generation



Transport and storage of energy



Reducing the CO₂ footprint & energy consumption in industrial processes



Siemens Energy is well positioned to lead the energy transition

Siemens Energy AG

Revenue FY20: € 27.5 bn

67% owned

Gas and Power
("GP")

~65%
of SE Revenue

Siemens Gamesa Renewable Energy
("SGRE")

~35%
of SE Revenue

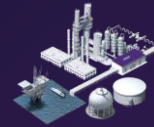
Generation

#1 Distributed
#3 Central



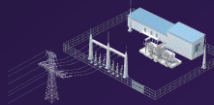
~25%

Industrial Applications
#2



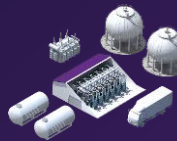
~20%

Transmission
#1



~20%

New Energy

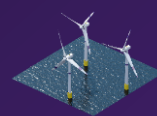


Onshore
#3



~20%

Offshore
#1



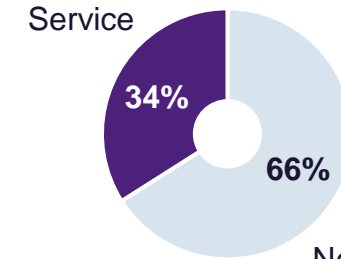
~10%

Service
#1



~5%

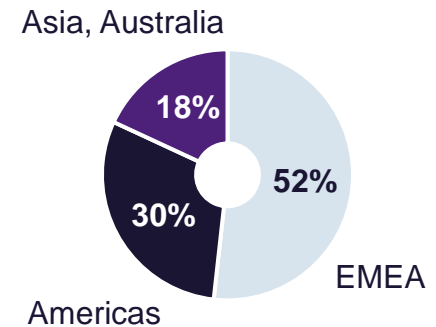
Revenue by type



Gas and Power
Service share: 42%

SGRE
Service share: 19%

Revenue by geography



Two core markets:
EMEA, Americas

Further upside
in Asia

Our six levers to deliver shareholder value



Leader in
energy industry



Service
Business as a
core value driver



Reach operational
performance
(after Spin-off)



More EBITA
and more Cash



Developing future
portfolio with focus
on sustainability
and service



Leading portfolio
in the industry



We are #TeamPurple #WeEnergizeSociety



Questions & Answers



2021

Sep 10

Morgan Stanley
Industrial CEOs
Unplugged Conference

Sep 13

Morgan Stanley
9th Annual Laguna
Conference

Sep 22

Berenberg & Goldman
Sachs German
Corporate Conference

Nov 10

Q4 FY21

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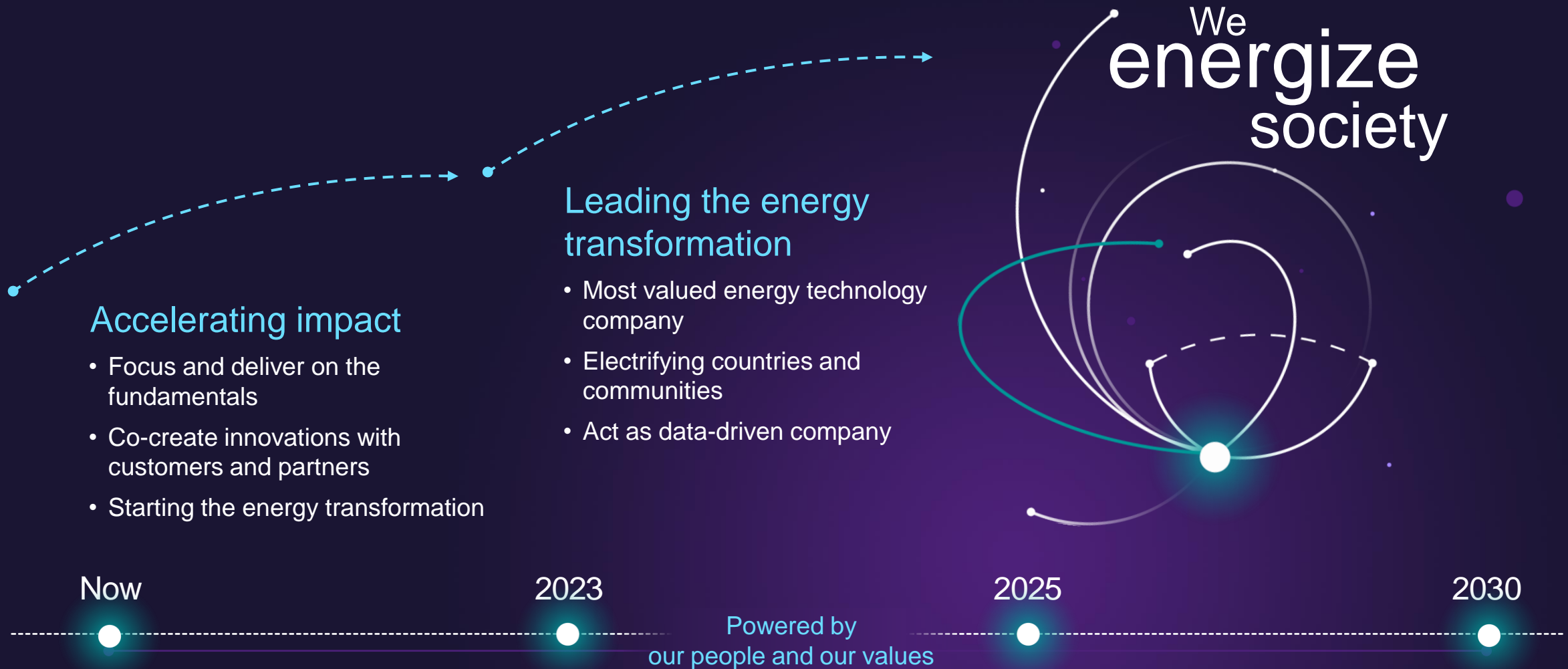
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Appendix

On track with our company program Energy of Tomorrow



Siemens Energy's ESG performance well received



Climate protection seal from the Science Based Target Initiative-(SBTi)

- Reduction targets confirmed on a scientific base in line with Paris Agreement
- Siemens Energy aims to be climate neutral in its own operations by 2030
- Gas and Power: CO₂ emissions shall be reduced by 27.5% over the entire usage phase by 2030



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)



Top ranking by ESG-agency Sustainalytics

- 7th place out of 177 companies worldwide (Industry Group "Electrical Equipment")
- ESG Risk Rating "low" (lowest risk rating)



Silver medal by EcoVadis

- Overall score of 63 points out of 100
- Siemens Energy placed in the top 4% of companies rated by EcoVadis in the Manufacture of general-purpose machinery industry

On track to deliver on what we promised



Leader in energy industry

Leading market positions

1/6 of global electricity generation based on SE technology

Unique position as **sole pureplay**



Service Business as a core value driver

Installed base of **>90,000 units** of rotating equipment

Resilient and high profit margin business

R&D focus on serviceability



Reach operational performance (after Spin-off)

>€300m additional cost reduction announced

7,800 additional job reductions announced

Decisive footprint decisions (e.g., Le Havre, Oleans)

Decisive portfolio decisions (exit new coal power plant business, wind down of large AGTs)



More EBITA and more cash

3.5% Adj. EBITA margin before SI in Q1-Q3 FY21 (vs. -0.4% in Q1-Q3 FY20)

Improved FCF pre-tax in Q1-Q3 FY21 (€373m vs. €272m in Q1-Q3 FY20)



Developing future portfolio with focus on sustainability and service

Sustainability integral part of our strategy

€1 bn R&D investment focusing on 3 pillars

SBTi confirms SE CO₂ saving targets

Excellent sustainability ratings (e.g., Sustainalytics, ISS & MSCI)



Leading portfolio in the industry

Benefitting from global rising demand of clean energy (Biden plan, China "3060 targets", EU Green Deal)

Active in future energy technologies (e.g., hydrogen, offshore wind, SF6-free products)

Decarbonization solutions for industry and power generation

Gas & Power on track, SGRE impacted by onshore wind business

Market Environment

- Early signs of market recovery
 - Rising raw material cost
 - COVID impact less pronounced
-

Restructuring

- Rapid implementation in non-co-determined countries
 - GER: Negotiations in arbitration; Voluntary Leaver Program in execution
-

Guidance 2021

- Revenue growth 3% – 8%
- Adj. EBITA Margin before SI 2% to <3%

Q1 – Q3 FY21

Financial Performance

- **Revenue: +2.3%** (+6.2% comp.) at €20.3bn; **book-to-bill ratio of 1.18**
- **Order backlog: at around €83bn**
- **Adj. EBITA before SI:** Sharply increased to **€708m** (up from neg. €87m); **margin of 3.5%** (up from neg. 0.4%)
- **Net income at neg. €177m** (up from neg. €1,469m)
- **FCF pre-tax: improved to €373m** (up from €272m)

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

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