Well placed to lead the energy transformation

Christian Bruch, Chief Executive Officer
Maria Ferraro, Chief Financial Officer
10th Berenberg & Goldman Sachs German Corporate Conference
September 22, 2021
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The world needs more electricity

Growing electricity market (in TWh)\(^1\)

- Increasing electrification of industries\(^2\)
- Around 750 million people globally without access to electricity
- New electrical consumers (data centers, e-mobility)

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1 Source: IEA (Stated Policies Scenario, October 2020)
2 Relates to electricity generation
The energy market is in the process of transformation

Shift of resource base¹
2018-2040

- Wind
- Solar
- Gas
- Nuclear
- Coal
- Oil
- Hydro

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

2021-09-22

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Diversity of global energy infrastructure offers attractive opportunities for SE

**North America**
- 4,898

**Latin America**
- 1,587
- Investment in gas-fired power generation (central and decentral), renewables and O&G.

**Africa**
- 839
- Increasing shift to distributed generation, micro grids & solar PV, expansion of transmission grids and O&G markets.

**Europe**
- 5,186
- Growth in renewables, peaking power, energy storage, grid stabilization and decarbonization (hydrogen technology).

**Middle East**
- 1,178

**China**
- 7,694
- New investments focus on renewables and gas, transmission and energy storage.

**Asia Pacific (excl. China)**
- 5,049
- Shift to efficient fossil fuel generation. Expansion of renewables, oil & gas, transmission and energy storage.

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*Electricity generated in TWh in 2020*

- **Wind**
- **Gas**
- **Coal**
- **Oil**
- **Others**

Source: IHS (Green Rules, July 2021)

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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 CO$_2$ footprint & energy consumption in industrial processes
Siemens Energy is well positioned to lead the energy transition

Siemens Energy AG
Revenue FY20: € 27.5 bn

Gas and Power
(“GP”)

≈65% of SE Revenue

Siemens Gamesa
Renewable Energy
(“SGRE”)

≈35% of SE Revenue

Revenue by type

Service
34% of SE Revenue
Gas and Power
Service share: 42%
SGRE
Service share: 19%

New Unit
66%

Revenue by geography

Generation
#1 Distributed
#3 Central
≈25%

Industrial Applications
#2
≈20%

Transmission
#1
≈20%

New Energy

Onshore
#3
≈20%

Offshore
#1
≈10%

Service
#1
≈5%

Two core markets:
EMEA, Americas

30% of SE Revenue
18% of SE Revenue
52% of SE Revenue
Further upside in Asia

Asia, Australia
18%

Americas
30%

EMEA
52%

Siemens Energy AG

Revenue FY20: € 27.5 bn

~67% owned

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Further upside in Asia

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18%

Americas
30%

EMEA
52%
Our six levers to deliver shareholder value

1. Leader in energy industry
2. Service Business as a core value driver
3. Reach operational performance (after Spin-off)
4. More EBITA and more Cash
5. Developing future portfolio with focus on sustainability and service
6. Leading portfolio in the industry
We are #TeamPurple #WeEnergizeSociety
Questions & Answers
On track with our company program Energy of Tomorrow

Accelerating impact
- Focus and deliver on the fundamentals
- Co-create innovations with customers and partners
- Starting the energy transformation

Leading the energy transformation
- Most valued energy technology company
- Electrifying countries and communities
- Act as data-driven company

Now 2023 2025 2030

Powered by our people and our values

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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

<table>
<thead>
<tr>
<th>Leader in energy industry</th>
<th>Service Business as a core value driver</th>
<th>Reach operational performance (after Spin-off)</th>
<th>More EBITA and more cash</th>
<th>Developing future portfolio with focus on sustainability and service</th>
<th>Leading portfolio in the industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading market positions</td>
<td>Service Business as a core value driver</td>
<td>Reach operational performance (after Spin-off)</td>
<td>More EBITA and more cash</td>
<td>Developing future portfolio with focus on sustainability and service</td>
<td>Leading portfolio in the industry</td>
</tr>
<tr>
<td>1/6 of global electricity generation based on SE technology</td>
<td>Unique position as sole pureplay</td>
<td>Improved FCF pre-tax in Q1-Q3 FY21 (€373m vs. €272m in Q1-Q3 FY20)</td>
<td>€1 bn R&amp;D investment focusing on 3 pillars</td>
<td>Active in future energy technologies (e.g., hydrogen, offshore wind, SF6-free products)</td>
<td>Benefit from global rising demand of clean energy (Biden plan, China “3060 targets”, EU Green Deal)</td>
</tr>
<tr>
<td>Unique position as sole pureplay</td>
<td>Installed base of &gt;90,000 units of rotating equipment</td>
<td>&gt;€300m additional cost reduction announced</td>
<td>3.5% Adj. EBITA margin before SI in Q1-Q3 FY21 (vs. -0.4% in Q1-Q3 FY20)</td>
<td>SBTi confirms SE CO₂ saving targets</td>
<td>Decarbonization solutions for industry and power generation</td>
</tr>
<tr>
<td>R&amp;D focus on serviceability</td>
<td>Resilient and high profit margin business</td>
<td>7,800 additional job reductions announced</td>
<td>Improved FCF pre-tax in Q1-Q3 FY21 (€373m vs. €272m in Q1-Q3 FY20)</td>
<td>Excellent sustainability ratings (e.g., Sustainalytics, ISS &amp; MSCI)</td>
<td></td>
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<tr>
<td>Decisive footprint decisions (e.g., Le Havre, Oleans)</td>
<td>Decisive portfolio decisions (exit new coal power plant business, wind down of large AGTs)</td>
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</table>
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

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Profit forecast</th>
<th>3-year guidance</th>
<th>Mid-term target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY19</td>
<td>FY20</td>
<td>FY20</td>
<td>FY21</td>
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<tr>
<td><strong>Gas and Power</strong></td>
<td></td>
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<tr>
<td>Revenue</td>
<td>€18.7bn</td>
<td>€18.1bn</td>
<td>(5)%-(3)%</td>
<td>2%-6%</td>
</tr>
<tr>
<td>% Growth y-o-y²</td>
<td>(1.4)%</td>
<td>(3.1)%</td>
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</tr>
<tr>
<td>Adj. EBITA before Special Items</td>
<td>€836m</td>
<td>€254m</td>
<td>0%-2%</td>
<td>3.5%-5.5%</td>
</tr>
<tr>
<td>% Margin before Special Items</td>
<td>4.5%</td>
<td>1.4%</td>
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<tr>
<td>Restructuring costs³</td>
<td>€247m</td>
<td>€133m</td>
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<tr>
<td><strong>Siemens Energy</strong></td>
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<tr>
<td>Revenue</td>
<td>€28.8bn</td>
<td>€27.5bn</td>
<td>(5)%-(2)%</td>
<td>3%-8%</td>
</tr>
<tr>
<td>% Growth y-o-y²</td>
<td>2.8%</td>
<td>(4.7)%</td>
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</tr>
<tr>
<td>Adj. EBITA before Special Items</td>
<td>€1,517m</td>
<td>(€17)m</td>
<td>(1)%-1%</td>
<td>2% - &lt;3% (prev. 3%-5%)</td>
</tr>
<tr>
<td>% Margin before Special Items</td>
<td>5.3%</td>
<td>(0.1)%</td>
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<tr>
<td>Tax rate</td>
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</tbody>
</table>

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

2021-09-22
Framework for value creation

**Performance**

- Covered in incentive framework

- **6.5-8.5% ✓**
  Adj. EBITA margin before Special Items
  Siemens Energy FY23 target

- **Flat to 3% ✓**
  Rolling 3-year average revenue growth
  Siemens Energy mid-term target

- **≥8% ✓**
  Adj. EBITA margin
  Siemens Energy mid-term 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 Debt to EBITDA below 1.5x

- Dividend policy
  40-60% pay-out ratio

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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