

# Capital Market Day 2022

Grid Technologies Section

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Executive Board of Siemens Energy



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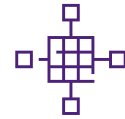
# Our target

Leverage market leadership to benefit from accelerating investments

## Grid Technologies is a key player in the energy transition



**Market grows** due to rising share of renewables and ageing infrastructure requiring modernization



Our portfolio and innovations serve **fast growing market segments** such as HVDC<sup>1</sup> and Grid Access Offshore



Grid Technologies has **the most sustainable transmission** portfolio in the world



**New Adj. EBITA margin target of 8 - 10%** (as reported) supported by digitalization & automation and operational excellence

<sup>1</sup> HVDC: High Voltage Direct Current

# Grid Technologies

The most sustainable transmission portfolio in the world

## We enable a reliable, sustainable and digital grid

- **HVDC efficient** transmission
- **Sustainable** switchgears and transformers
- Grid **stabilization and storage**
- Grid **automation & digitalization**

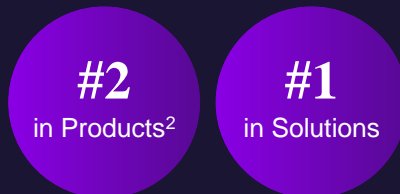
## Being the backbone of the energy transition

- We **enable a resilient** transmission network
- We **commit to a decarbonized transmission grid**
- We **efficiently connect renewable power** to the grid
- We help **manage an increasingly complex grid**

## Key facts & figures for FY21 (pro forma)

 ~18k

### Market Position<sup>1</sup>



### Revenue<sup>3</sup>



### Adj. EBITA margin before SI<sup>3</sup>

6.5%

### Order Backlog<sup>3</sup>

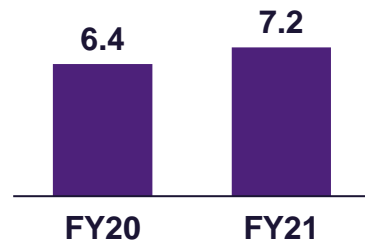
€10bn

<sup>1</sup> Market position related to addressed market according to SE internal assessment for FY21, based on order intake in € | <sup>2</sup> Switching products #1 in the market, Transformer and components #2 in the market | <sup>3</sup> FY21 pro-forma restated figures reflecting new reporting structure, partially approximated. The pro-forma revenue numbers are rounded to the nearest 50 million and the profitability number to the nearest half percentage point.

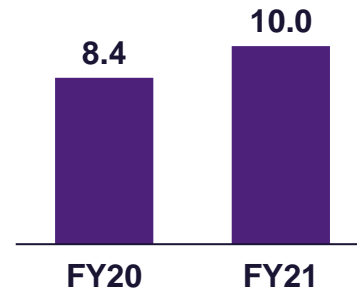
# Grid Technologies delivers on promises with high growth and outstanding cash performance

## Strong financial performance in our core ...

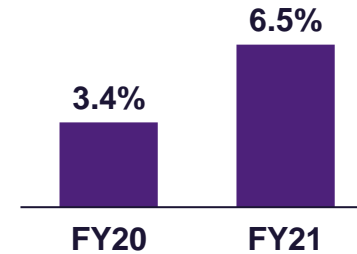
Order Intake (€bn)



Order Backlog (€bn)



Adj. EBITA margin before SI



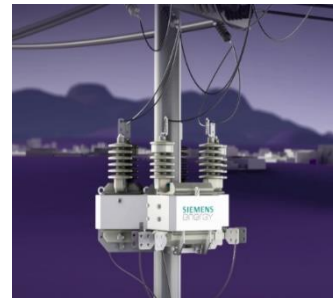
Cumulated Cash Conversion Rate (FY20 – FY21)

1.7

## ... powered by business success in key areas



**130% Order Intake**  
increase in HVDC  
from FY20 to FY21



**Carepole launch**  
innovative dry-type  
pole transformer for  
reliable distribution grid



**Blue Portfolio**  
Investment in Vacuum  
Interrupter factory in  
Berlin

# Strategy set to leverage excellent market conditions with agile portfolio management



## Grow solutions and secure delivery

- HVDC growth to **~6-7 projects** per year (from ~3-4)
- **Strengthen profitability and ramp-up storage**



## Optimize product portfolio

- Address key trends via **decarbonized portfolio**
- **Focus on profit pools** via active portfolio management



## Lead automation & digital

- Target of **double-digit profit margin** and grow above market
- Key driver of **organic and inorganic growth**



## Boost service

- Growth in key regions, i.e., **North American market**
- Strengthen **digital portfolio** for lifecycle services

**Growth & profitability anchored on sustainable portfolio, operational excellence and backlog quality**

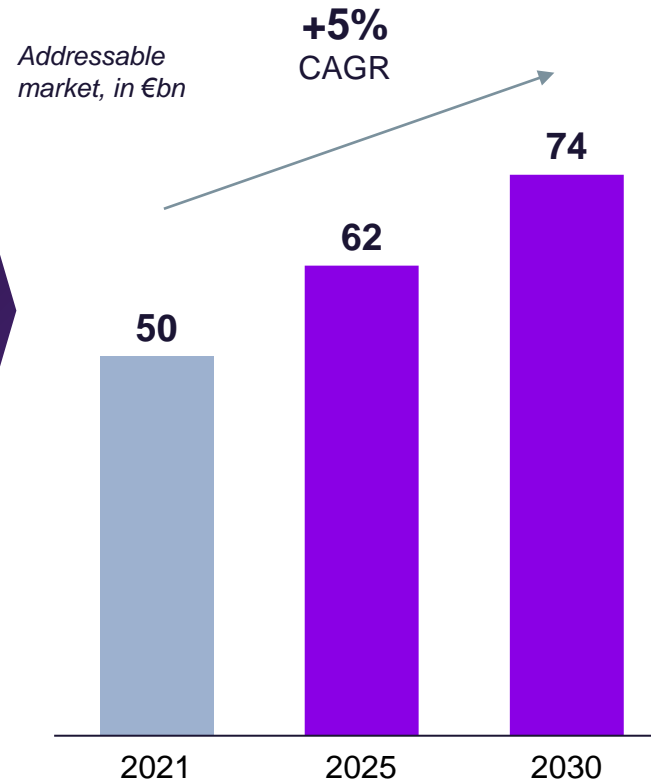
# Grid Technologies well set for significant market growth

## Renewables and electrification giving massive tailwind



### Customer requirements

- 1 **Efficient transmission** to meet growing electrification demand
- 2 **Safely connect** an ever-increasing amount of **renewable energy**
- 3 **Sustainable modernization** of an ageing transmission grid
- 4 **Ensure grid reliability and resiliency** of a complex network

### drive market growth



### and investments in the grid

-  ~€45bn in cross-border interconnection projects
-  Building a Better Grid Initiative >USD20bn
-  £40bn investment program in energy system

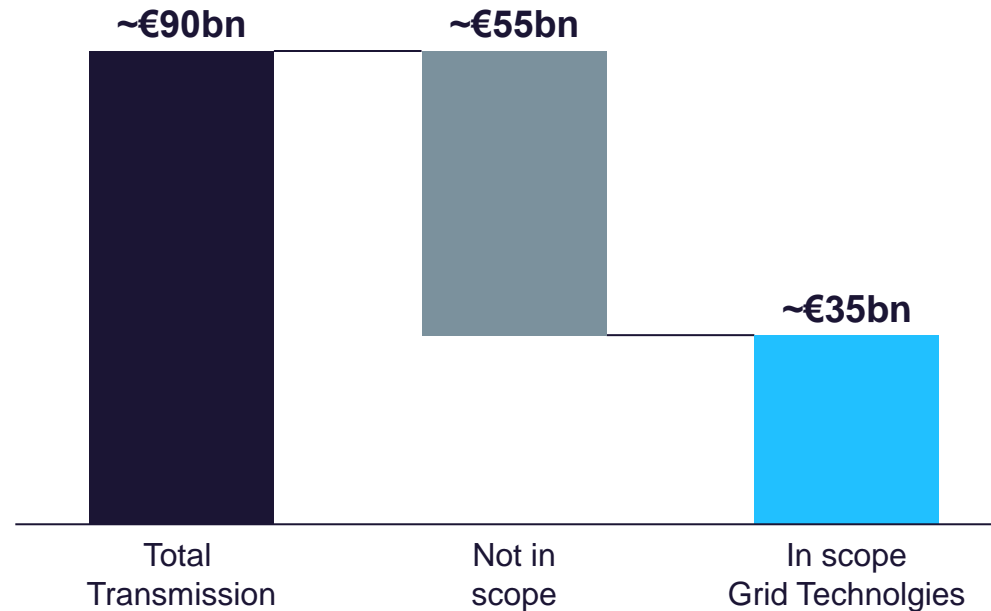
Source: Europe ENTSO-E Power system needs in 2030 and 2040 (Nov 2020); US Department of Energy (Jan 2022); Great Britain Office of Gas and Electricity Markets (Dec 2020)

# ~40% of grid infrastructure investments is Grid Technologies business

## Global investment plans support Grid Technologies business case

Reference market size: **Germany** 

Market size representing cumulative market between 2022 and 2030<sup>1</sup>



### Grid Technologies potential

- Substations systems
- Product Business
- Grid Access
- HVDC Interconnections
- Grid Stabilization
- Service
- Grid Automation
- Storage

“Investments rising to **€4-5bn per year** – scaling up for European energy transition”

Tennet website



“...invest **€12bn** in the transformation of the energy system until 2026”

Amprion website



“... invest **€12bn between 2021 and 2025**, including over €6bn in electricity and gas grids”

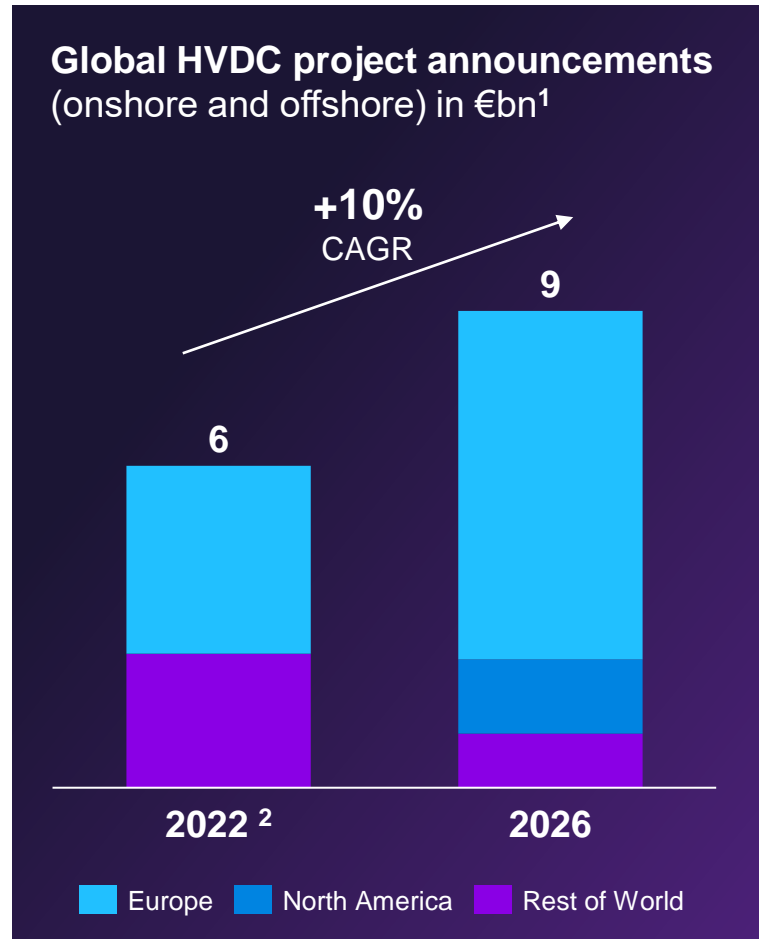
EnBW website





# HVDC is a key enabler of the energy transition

## Grid Technologies is global market leader



**Source:** Internal assessment and project announcements  
1 excl. China | 2 Includes already awarded projects



### HVDC with significant growth potential

- **Stimulus programs announced**  
(~€950bn investments until 2050)
- **De-risk business** by prioritizing projects



### Direct Current Grids: next innovation wave starting in Europe ...

... enabled by Siemens Energy's modular and versatile **multi-terminal technology**

... with first **Direct Current Grid** projects expected by 2026

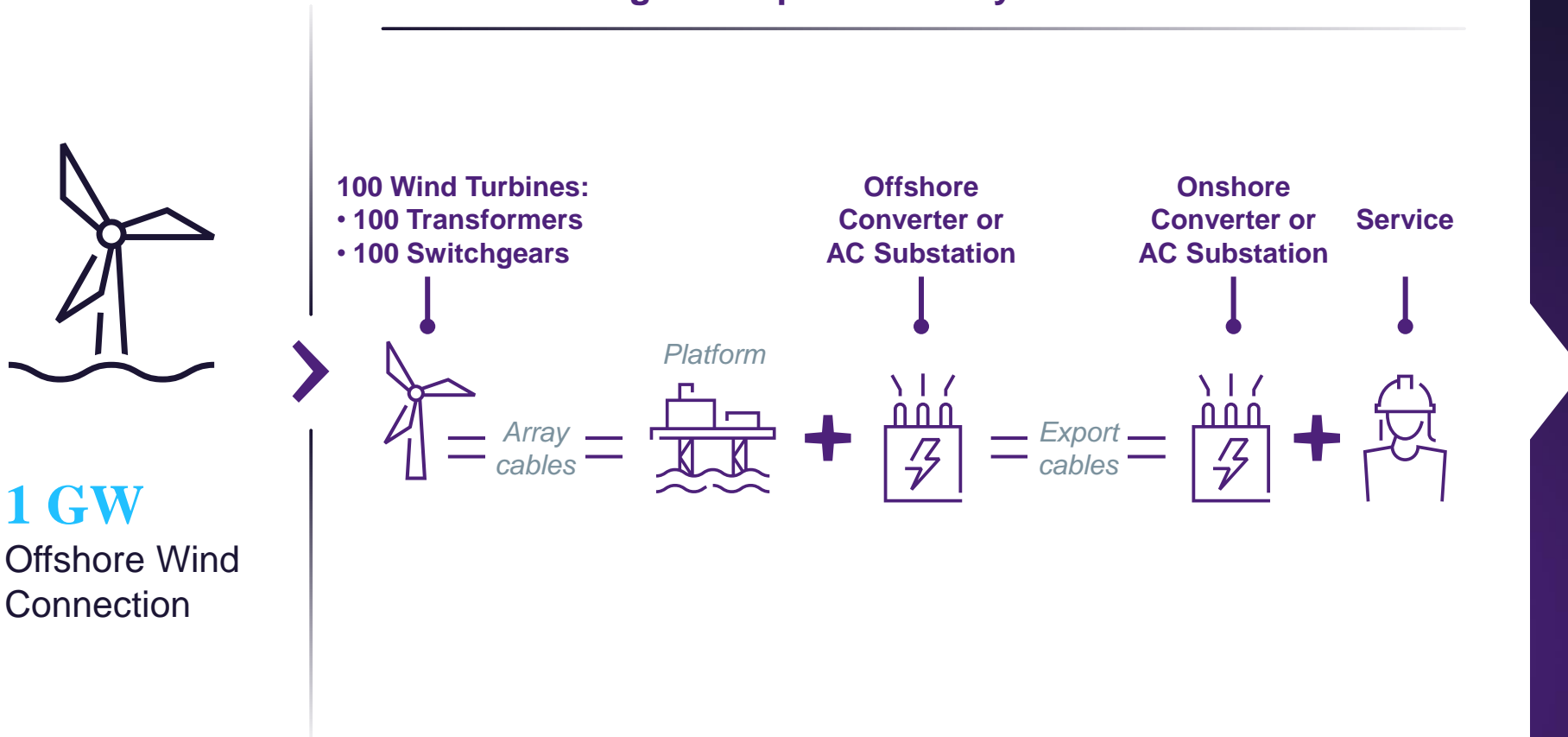


Besides the **frontrunning markets in Europe and North America**, we work on realizing market opportunities in other regions and industries

# Offshore won't work without Grid Technologies

~130 GW offshore wind additions by 2030 results in ~€45bn cumulated market

## Grid Technologies scope of delivery for offshore wind



**1 GW**

Offshore Wind Connection

~30-40% of Transmission scope is Grid Technologies business

**~€300-400m per GW<sup>1</sup>**

Note: Market size in GW excluding China

<sup>1</sup> Mix of project and product business, in general platform not included | Source: BloombergNEF, 2H 2021 Global Wind Market Outlook

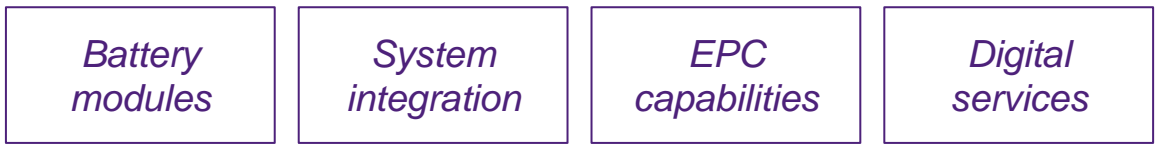
2022-05-24

# Storage market provides growth potential for Grid Technologies

A growing market requiring project expertise beyond batteries



We leverage our project expertise and grid technologies know-how to provide **holistic solutions for the storage project value chain**



1 Battery storage market & Blue Vault | 2 ARESS: Asynchronous Rotating Energy System Stabilizer  
2022-05-24

put us in a leading position to participate in the market

Our proven success: **Siemens Energy BlueVault™**



BlueVault™ Storage is a **solution for marine applications scalable for energy storage projects**

Complement our grid stabilization portfolio with co-innovation with partners: **ARESS²**

ARESS Rotating Energy Stabilizer brings forward our storage and grid stabilization portfolio

In collaboration with



# We drive growth with a portfolio suited for the energy transition...

## Revenue Drivers

- Maintain leadership in **HVDC and Grid Access** and strong position in **products**
- **Grid Stabilization** complemented with Storage ramp-up
- Grow and **expand service business** in North America

## Profitability Drivers

- **Drive operational and project excellence, incl. synergies**
- Focus on profit pools by **active product portfolio management**
- Scale-up **profitable grid automation business**

<sup>1</sup> Comparable revenue growth CAGR (FY22 – FY25), excluding currency translation and portfolio effects

...for higher margins and strong top line growth by FY25

Revenue growth<sup>1</sup>

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**Mid single digit**

Adj. EBITA margin (as reported)

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**8 - 10%**

# Grid Technologies

is uniquely positioned to drive and benefit from the Energy Transition

## Our priorities

**Maximize participation** in growing HVDC and Grid Access market and drive project excellence

**Concentrate on profitability and sustainability** of product portfolio, strengthen position in service market

**Innovate and expand** in high growth markets like Digital Grids and Storage