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 industries\(^2\)
- 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 resource base¹
2018-2040

Wind  Gas  Coal
Solar  Nuclear  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
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.

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

Source: IHS (Green Rules, July 2021)
Siemens Energy offers more than one solution to cut emissions

**Baseline**

~ 500 – 900g CO$_2$/kWh

Conventional

**Coal Power Plant**

**Siemens Energy Offering**

~ 200 – 250g CO$_2$/kWh

Modern

**Gas Power Plant**

with combined heat and power technology / H$_2$ co-firing

0g CO$_2$/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

Revenue by type

Gas and Power
Service share: 42%
SGRE
Service share: 19%

66%
34%

New Unit

Revenue by geography

Two core markets:
EMEA, Americas

Further upside in Asia

52%
18%

EMEA
Americas

Asia, Australia

~35%
~20%
~10%
~5%

Transmission
#1

~20%

Industrial Applications
#2

~20%

Onshore
#3

~20%

Offshore
#1

~10%

Service
#1

~5%

Distributed
#1

~25%

Central
#3

~25%

Generation

New Energy
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 |
Questions & Answers
Financial Calendar

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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Appendix
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
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
<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>
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<tbody>
<tr>
<td>Leading market positions</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>Sustainability integral part of our strategy</td>
<td>Benefitting from global rising demand of clean energy (Biden plan, China “3060 targets”, EU Green Deal)</td>
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<td>1/6 of global electricity generation based on SE technology</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>€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>
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<tr>
<td>Unique position as sole pureplay</td>
<td>R&amp;D focus on serviceability</td>
<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>
<td>SBTi confirms SE CO₂ saving targets</td>
<td>Decarbonization solutions for industry and power generation</td>
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<td>Excellent sustainability ratings (e.g., Sustainalytics, ISS &amp; MSCI)</td>
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3.5% Adj. EBITA margin before SI in Q1-Q3 FY21 (vs. -0.4% in Q1-Q3 FY20)
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 FY19</th>
<th>Actuals FY20</th>
<th>Profit forecast FY20</th>
<th>Profit forecast FY21</th>
<th>3-year guidance FY23</th>
<th>Mid-term target</th>
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<tbody>
<tr>
<td><strong>Gas and Power</strong></td>
<td></td>
<td></td>
<td>FY20</td>
<td>FY21</td>
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<tr>
<td>Revenue</td>
<td>€18.7bn</td>
<td>€18.1bn</td>
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<tr>
<td>% Growth y-o-y(^2)</td>
<td>(1.4)%</td>
<td>(3.1)%</td>
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<tr>
<td>Adj. EBITA before Special Items</td>
<td>€836m</td>
<td>€254m</td>
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<tr>
<td>% Margin before Special Items</td>
<td>4.5%</td>
<td>1.4%</td>
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<td>6%-8%</td>
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<td>Restructuring costs(^3)</td>
<td>€247m</td>
<td>€133m</td>
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<td><strong>Siemens Energy</strong></td>
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<td>FY20</td>
<td>FY21</td>
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<td>Flat to 3%(^1)</td>
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<tr>
<td>Revenue</td>
<td>€28.8bn</td>
<td>€27.5bn</td>
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<tr>
<td>% Growth y-o-y(^2)</td>
<td>2.8%</td>
<td>(4.7)%</td>
<td></td>
<td></td>
<td></td>
<td>6%-8%</td>
</tr>
<tr>
<td>Adj. EBITA before Special Items</td>
<td>€1,517m</td>
<td>(€17)m</td>
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<td>≥8%</td>
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<tr>
<td>% Margin before Special Items</td>
<td>5.3%</td>
<td>(0.1)%</td>
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<td>Medium-term tax rate 25%-30%</td>
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<tr>
<td>Tax rate</td>
<td></td>
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<td>(1)%-1%</td>
<td>2% - &lt;3% (prev. 3%-5%)</td>
<td>6.5%-8.5%</td>
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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.