Capital Market Day 2022

CFO Section

Maria Ferraro
Chief Financial Officer

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Our target

Full focus on sustainable shareholder value creation

Key messages

Gas and Power has been delivering on its targets

Improving market trends and our focus on customers and advancements in technology result in a rising order backlog of better margin quality

Higher margins and strong cash conversion remain priorities as the topline inflects for sustainable growth

Going forward new group structure and increased disclosure leads to greater transparency

New Business Area margin targets clearly support original Gas and Power margin target of ≥ 8% as reported for FY25

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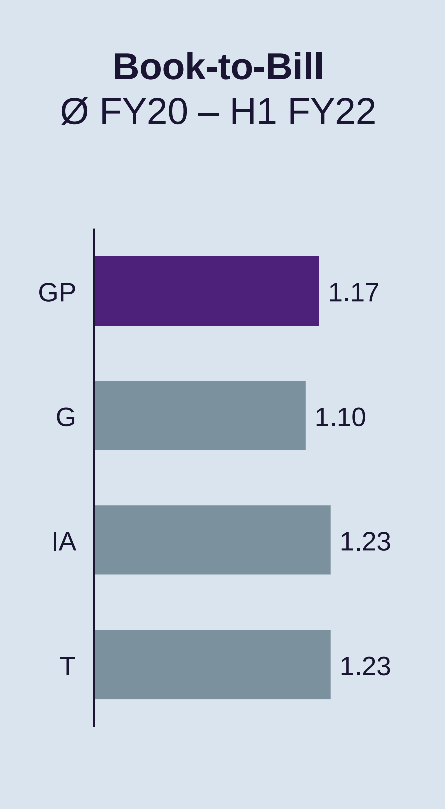
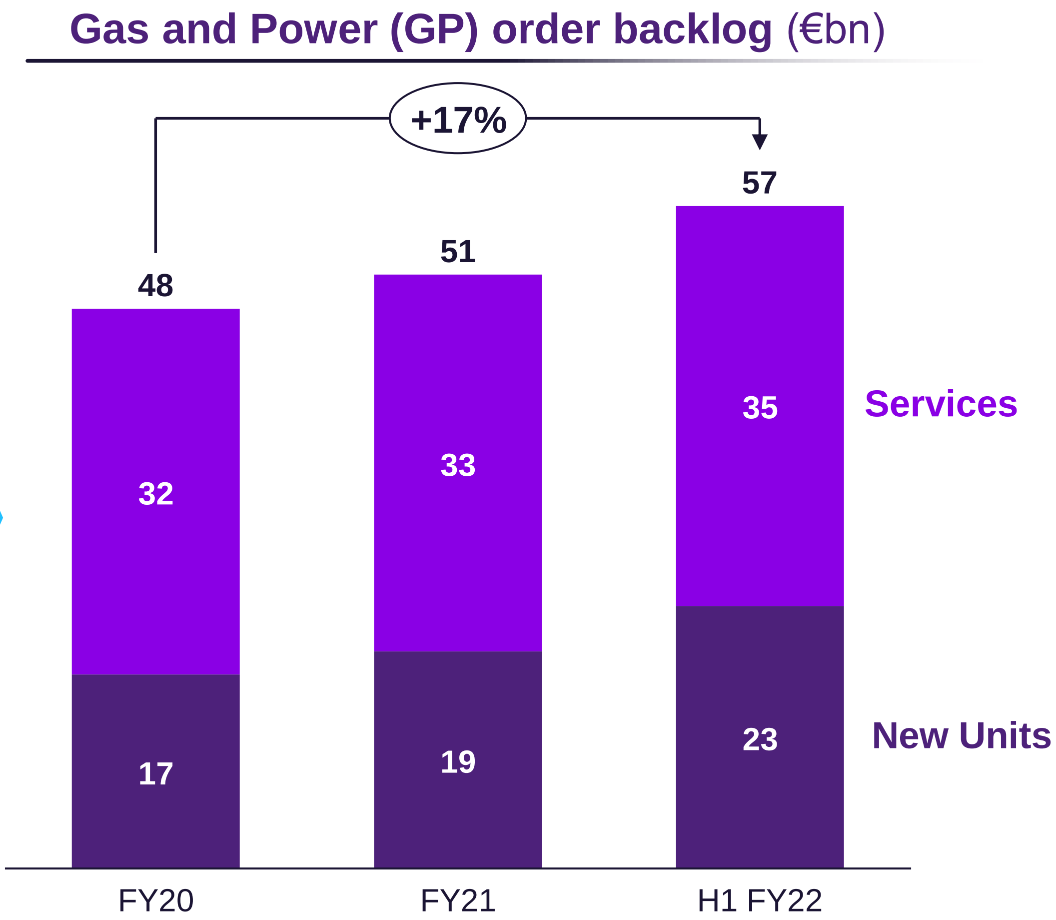
Sustainable value creation

Increasing order backlog with better margin profile





Improved business foundation

Backlog covering c. 3x annual revenue

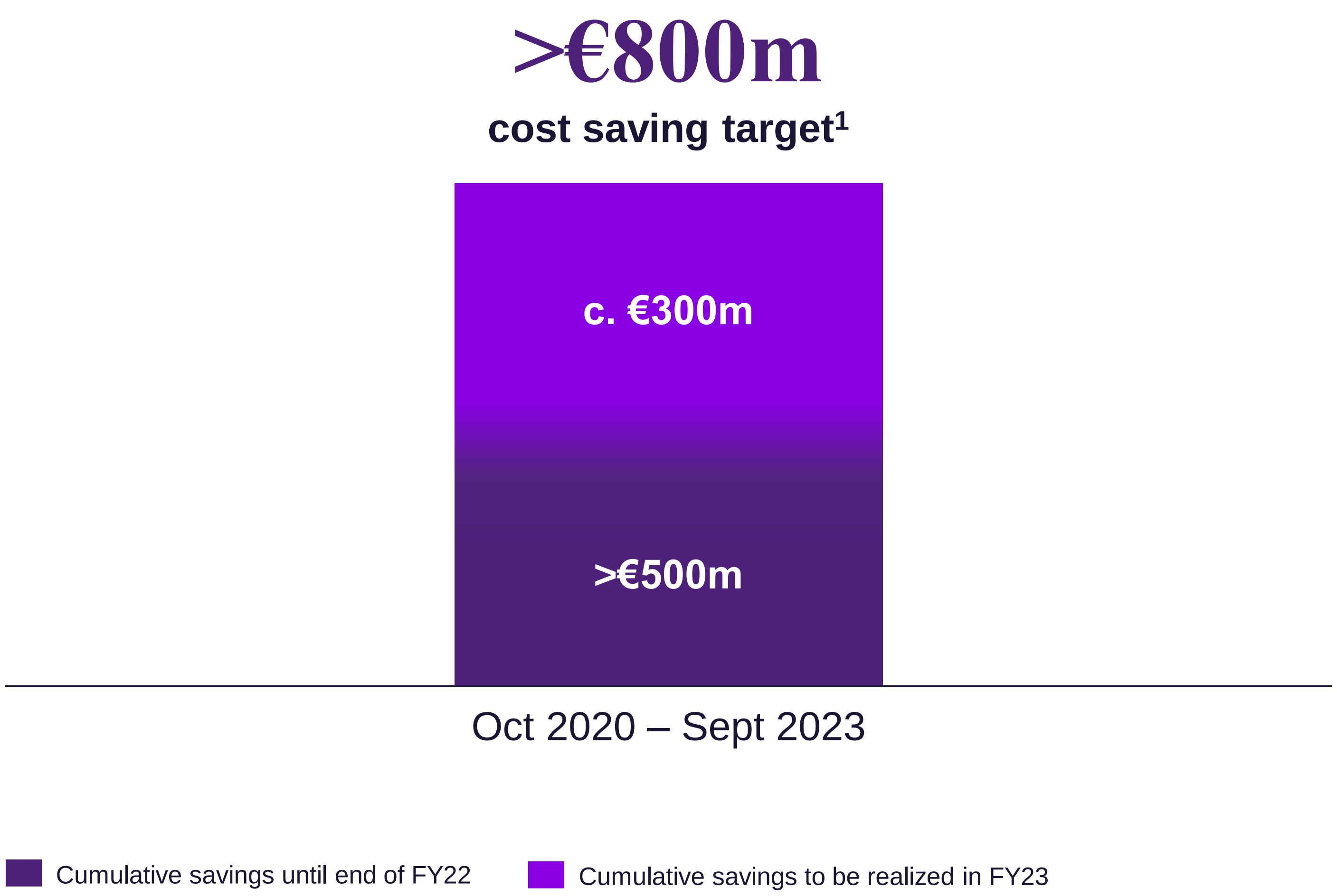
Strong increase across all businesses

Average margin up >150bps in both New Units and Services since beginning of FY20

Legacy projects with low margin profile to a large extent executed

Further increase in high margin & resilient service business backlog (c. 60% of GP backlog)

Gas and Power cost saving programs to deliver structural savings fully on track



1 Cost saving target (FY2020 – 2023) announced at the CMD in Sept 20

Focus on execution

>€350m realized by H1 FY22

Resizing capacities and function optimization (c. 3,700 reduced by H1 FY22)

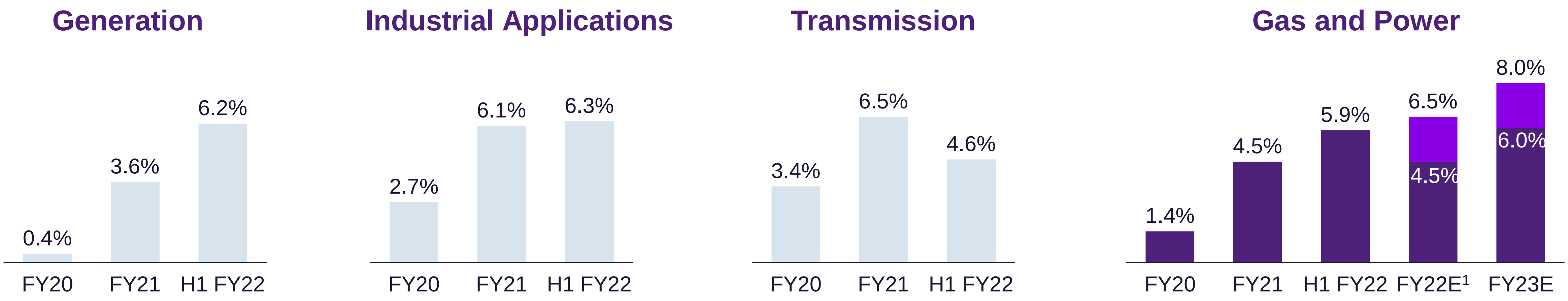
Consolidation of footprint (e.g. Le Havre, Olean)

Stronger footprint in best cost countries (e.g. Romania Hub established)

Portfolio alignment (e.g. divestment of gas engine business and Voith Hydro stake)

Continuous broad-based margin expansion along the progress of our cost saving programs

Adjusted EBITA margin before Special Items (in %)



- ✓ Cost savings
- ✓ Execution excellence / NCC reduction
- ✓ Improved order quality

- ✓ Strong execution
- ✓ Growth & productivity
- ! Headwinds in short-cycle biz

On track towards our FY22 and FY23 targets

1 With the Q2 earnings release (May 11, 2022), Siemens Energy maintained the guidance range for the GP segment in fiscal year 2022. However, in light or prevailing challenges Siemens Energy expects results in GP towards the low end of the range.

Unprecedent headwinds

War in Ukraine

- New business stopped and following sanctions regime
- Annual business volume of c. €0.5bn, incl. service
- Loss of revenue (c. €300m – €400m) in FY22 and high double digit/low triple digit impact on profitability
- Gas and Power business base in Russia under review

Supply Chain Constraints / COVID-19

- Under absorption due to lack of material and COVID-19 related factory closures
- Rising material and logistic costs
- Roughly €100m net impact on profitability, primarily in shorter cycle product business

Rising inflation increases gross cost

- Broad based inflation in wages, external services and energy cost, in addition to soaring material and logistic costs

Defending our margins

Resilient business mix incl. >40% service share with effective cost indexation

Risk and project management excellence, effectively hedging long-term project commitments and **protecting our backlog**

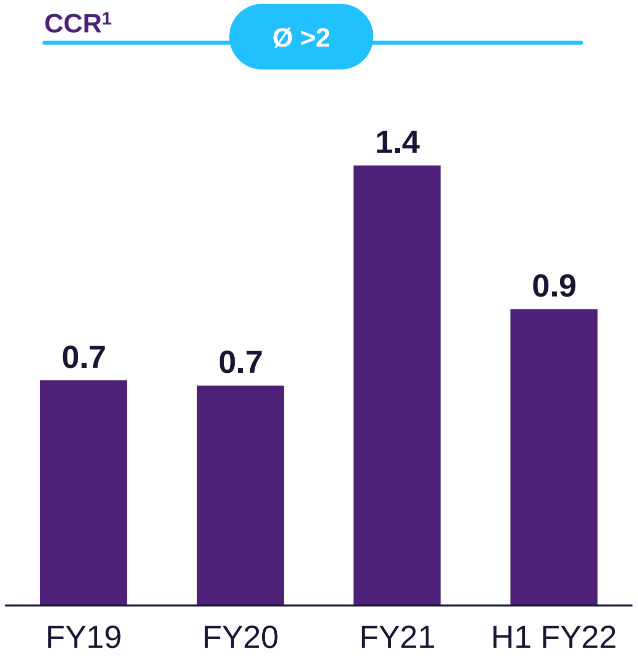
World-class supply chain management limiting cost increases and avoiding critical shortages since FY20

Overall favorable market momentum, boosting orders and allowing price increases

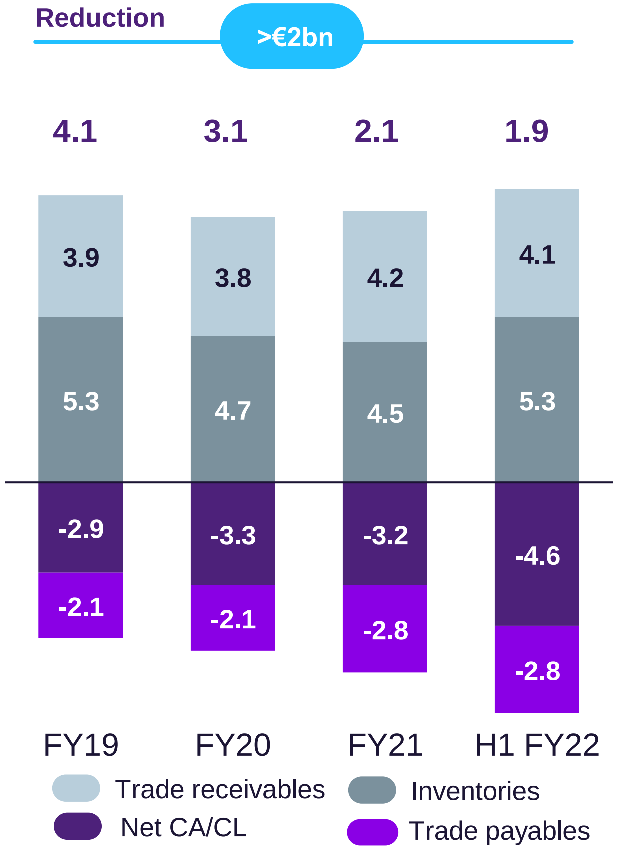
Base productivity programs continuously contributing to mitigation

Exceptional cash conversion supported by rigorous working capital management

Free cash flow pre tax (€bn)



Operating Net Working Capital (€bn)



1 CCR adjusted for write down in connection to our streamlining of the aeroderivative gas turbines business

2 €1.2bn Operating Net Working Capital (ONWC) reduction target between FY19 and FY23 presented at CMD 2020

OWC target FY23 already achieved[2] ✓

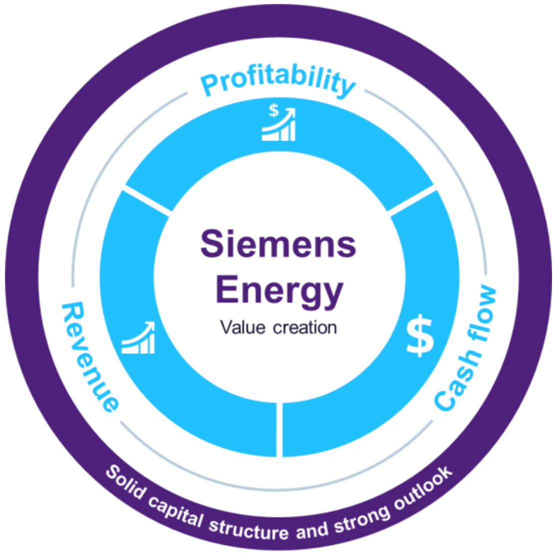
Ongoing asset management focus

Net Contract Assets / Contract Liabilities (CA/CL) driven by strong orders and favorable project cash curves

Inventory increase reflects higher volume of projects in execution and higher safety stock given supply chain constraints

Payables benefit from extended payment terms and supply chain finance initiatives

Keeping our promises



- **Improved business foundation**
  Higher backlog with improved margin and cash profile
- **Cost saving programs fully on track**
  Focus on implementation
- **Profitability improved across all divisions within GP**
  Step-by-step increase towards mid-term target
- **Asset excellence**
  Cash conversion supported by rigorous working capital management

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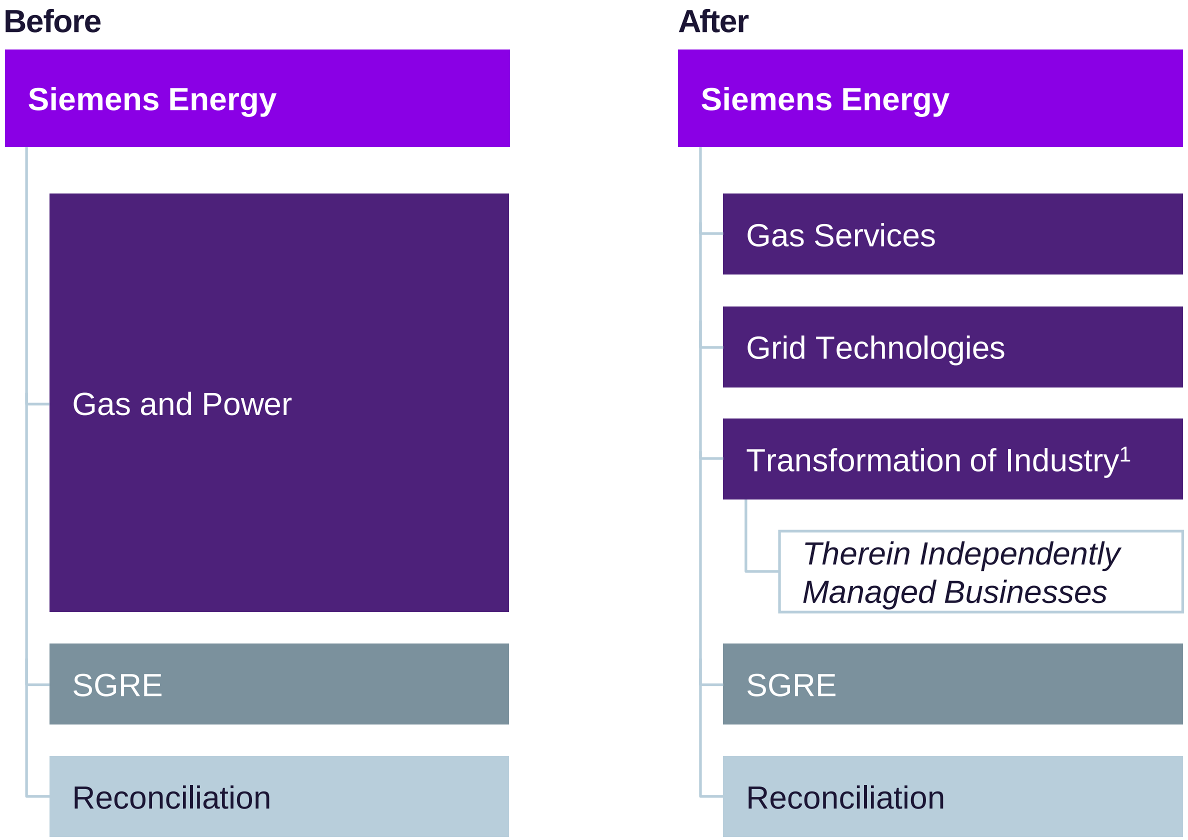
Sustainable value creation

New reporting structure significantly increases transparency

Reporting structure



1 Transformation of Industry reflecting total of four Independently Managed Businesses (operating segments)

New reporting structure

Effective October 1, 2022

New reporting structure following board structure, splitting former Gas and Power segment into 3 segments

Gas Services, Grid Technologies, Transformation of Industry and SGRE will be disclosed as segments

Additional disclosure within Transformation of Industry

Greater transparency enables the capital market to fully appreciate the value of each Business Area

New Reporting structure as of October 1, 2022

Business Areas	Business activities included	Revenue / Adj. EBITA margin before SI (FY21 pro-forma)[1]	
Gas Services (GS)	Includes all gas and large steam turbines and related service business from former Generation and Industrial Applications businesses	**€9.0bn**	**7.0%**
Grid Technologies (GT)	Same as former Transmission business, future storage activities will be included as well	**€5.8bn**	**6.5%**
Transformation of Industry (TI)		**€3.9bn**	**neg. 2.5%**
Sustainable Energy Systems (SES)	H2 Electrolyzer systems (former New Energy Business), Power-to-X plants, Hybrid solutions	**€27m**	**neg. 200%**
Electrification, Automation, Digitalization (EAD)	Previously part of Industrial Application business. Integrated EAD solutions, value added services & consultancy	**€1.0bn**	**4.0%**
Industrial Steam Turbines & Generators (IST)	Previously part of Generation and Industrial Applications businesses. Industrial steam turbines (up to 250 MW) including services for fleet >60,000 units, Industrial Generators	**€1.3bn**	**2.0%**
Compression (CP)	Previously part of Industrial Applications business. Turbo & Reciprocating compressors including service for fleet >25,000 units, Compression trains / systems	**€1.6bn**	**neg. 7.0%**

1 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.

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Sustainable value creation

We are at an inflection point for sustainable growth at GP to lead the energy transformation

Stabilize & (Re)shape

Deliver on the fundamentals

Gas and Power

~ flat

FY19 – FY22[1]

Sustainable growth

Stable / modest decline	Gas Services
Mid single digit	Grid Technologies
Mid single digit	Transformation of Industry

Mid-term targets (FY25)[1]

Excellent positioned

Accelerating markets

Unique operating model

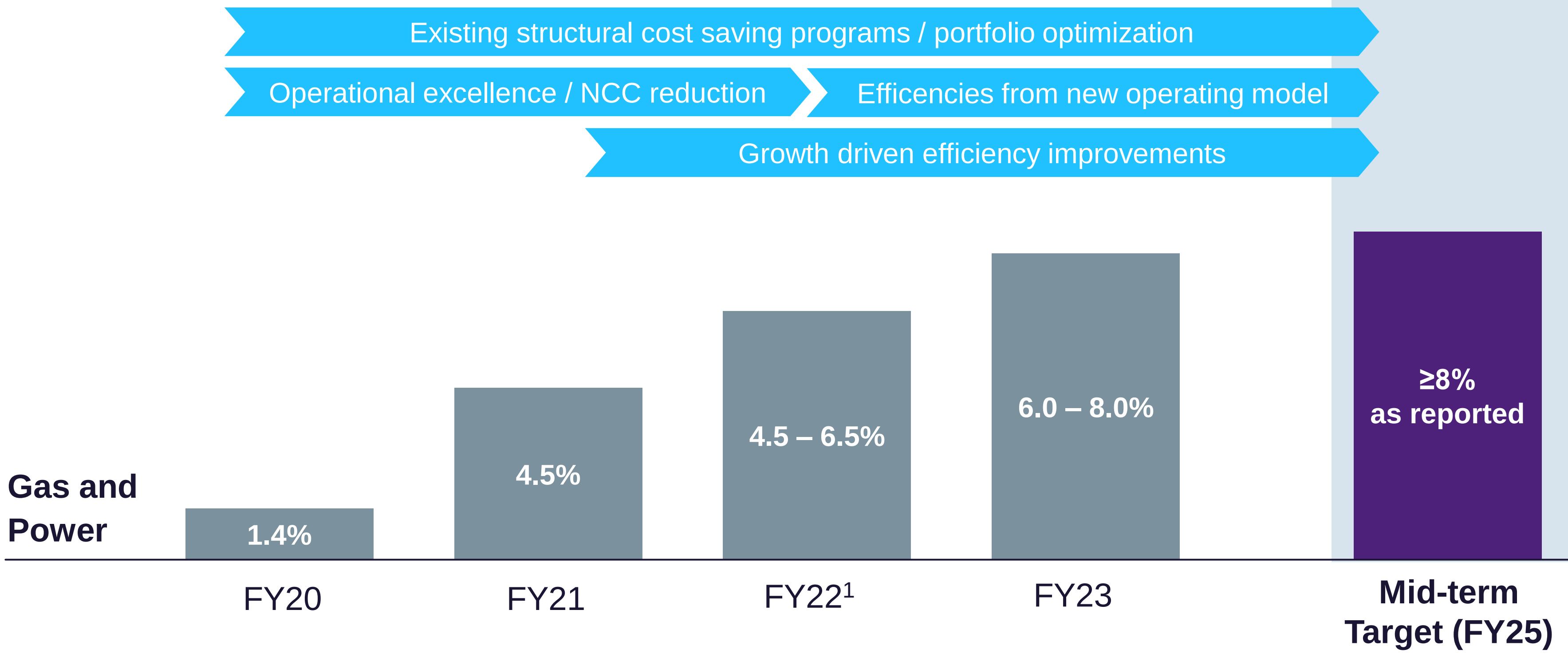
Future growth fields

Growth synergies from a unified go to market approach

1 Comparable revenue growth CAGR, excluding currency translation and portfolio effects

New Business Area margin targets clearly support original Gas and Power margin target of ≥ 8% as reported

Adjusted EBITA margin w/o SI



Target Ranges FY25

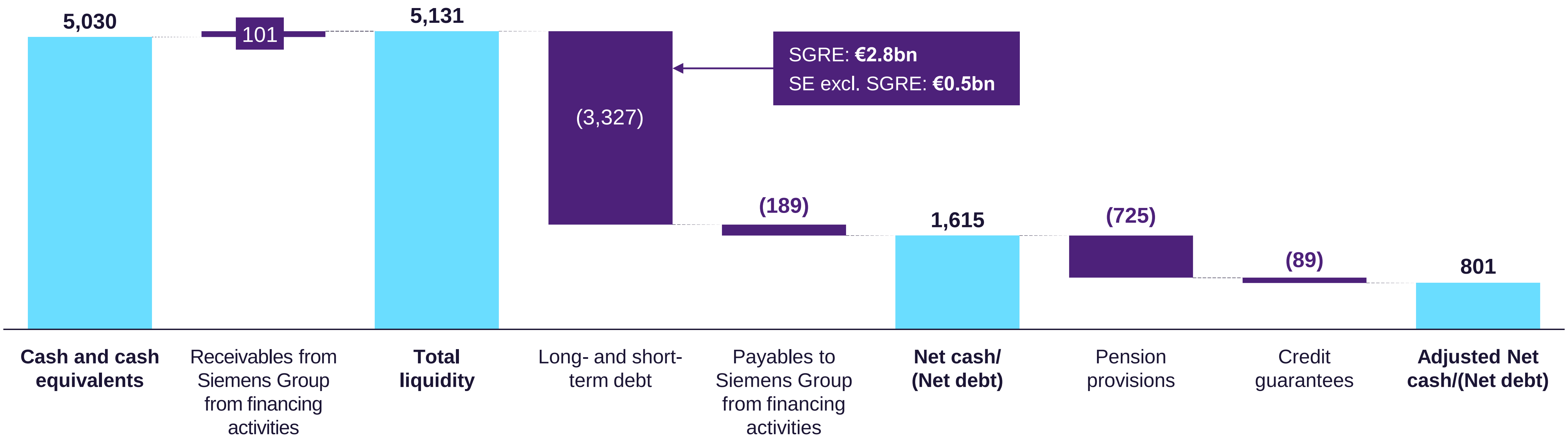
as reported (incl. SI)

- **10 – 12%** Gas Services
- **8 – 10%** Grid Technologies
- **6 – 8%** Transformation of Industry

1 With the Q2 earnings release (May 11, 2022), Siemens Energy maintained the guidance range for the GP segment in fiscal year 2022. However, in light or prevailing challenges Siemens Energy expects results in GP towards the low end of the range.

Siemens Energy: Strong balance sheet with a sizeable net cash position supports the operating business

Net cash/(Net debt) as of March 31, 2022 (in €m)



SGRE
Undrawn credit lines of €2.5 bn[1]

Siemens Energy excl. SGRE
Undrawn credit lines of €3.0 bn[1]

Siemens Energy
€10.6 bn liquidity available (€5.1 bn cash and €5.5 bn undrawn facilities)

1 As of March 31, 2022; No major maturity towers, no covenants attached

Commitment to a prudent financial policy consistent with a BBB credit rating

S&P Global Ratings

Investment grade

BBB, outlook negative

Our solid investment grade rating means

Reliable access to debt and equity capital markets, if required

Financial solidity is indispensable for our business model

Favorable credit terms

Disciplined capital allocation

1

Investments into the future

Shifting capital allocation towards the three pillars with respect to R&D, capex and portfolio

2

Return cash to shareholders

Dividend policy: 40 – 60% payout ratio[1]

3

Balance sheet

Committed to a prudent financial policy and strong balance sheet consistent with a BBB credit rating

1 Net income attributable to shareholders

Our target

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Key messages

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Appendix

The new transparency at a glance

Regular Reporting	Orders	Order Backlog	Revenue	Adj. EBITA	Adj. EBITA before SI	FCF pre tax	EBITDA	New Unit/ Service Split[1]
Siemens Energy	●	●	●	●	●	●	●	●
GS	●	●	●	●	●	●	●	●
GT	●	●	●	●	●	●	●	●
TI	●	●	●	●	●	●	●	●
SES	●		●		●			
E-A-D	●		●		●			
IST	●		●		●			
CP	●		●		●			
SGRE	●	●	●	●	●	●	●	●

Financial Framework	Mid-term target ranges for profitability and qualitative growth targets for each reportable segment (expected end of FY22)
Guidance (annually)	Profitability and revenue target range for each reportable segment
EU Taxonomy	From FY22 onwards we will report proportion of taxonomy-eligible economic activity in the Group's revenue, capital (CapEx) and operation expenditure (OpEx)

1 Based on external revenues

Portfolio transition bridge from the old to the new structure in Gas and Power

Portfolio transition