Executing Vision 2020+ | Siemens Energy spin-off

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Siemens ecosystem to shape transformation in key societal challenges

Healthcare systems
- Aging society
- Affordable healthcare
- Population growth
  - Increase in chronic disease
  - Personalized healthcare
- Pandemic

Digital transformation of industry, infrastructure and mobility
- Competitive industries
- Efficient infrastructure
- Productivity
  - Economic growth
  - Sustainable resource use
  - Prosperity

Energy transition
- Reliable supply
- Growing demand
- Decarbonization
  - Distributed energy systems
  - Climate challenge/CO₂
  - Digitalization

Siemens
- ~241,000
- ~€44bn

Siemens Healthineers
- ~54,000
- ~€15bn

Siemens Energy
- ~91,000
- ~€29bn

Employee figures as of March 2020
Revenue figures based on FY 2019 as reported
Vision 2020+ fully on track
Drive transformation to shape change

Ultimate value creation
Leading in all businesses and shaping the transformation

Focus
Putting focus ahead of scale effects

Transformation
Anticipating markets and trends
- Siemens Energy spin-off nearly completed
- Flender spin-off announced and initiated
- Cost programs in execution
- Leverage Covid-19 opportunities

Fostering Ownership Culture and sharpening the company’s focus
Vision 2020+
Medium-term financial targets unchanged

REVENUE GROWTH
+2 PPT

EBITA FOR INDUSTRIAL BUSINESSES
+2 PPT

GROWTH IN EARNINGS PER SHARE

> Revenue growth
We are fully committed to deliver on Vision 2020+ targets

- Develop **business mix** towards growth markets
- Expand **digitalization** and **IoT portfolio**
- Use **opportunities in decarbonization** and **decentralization of energy**
- Further outgrow market in **Mobility**

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**REVENUE GROWTH**

+2 PPT

- Rigorous **execution of competitiveness programs**
- Deliver on **Corporate cost reductions**
- Operational excellence and **stringent project execution**
- Stringent **capital allocation**

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**EBITA FOR INDUSTRIAL BUSINESSES**

+2 PPT

**Geared to consistently deliver cash conversion of 1 – growth rate**
Spin-off rationale: A mutually beneficial transaction
Focused resource allocation offers attractive opportunities

1. **Focus**
   Expand leading position and invest in digitalization

2. **Accountability**
   Delivery on Vision 2020+ targets

3. **Adaptability**
   Simplification and lean governance

4. **Transformation**
   Rapid innovation and new business models

5. **Value creation**
   Clear risk profile and focused portfolio

Spin-off creates **independent and agile energy champion** with strong **brand** and Siemens engineering DNA
Siemens to relinquish majority ownership from the outset
Further reduction of stake in Siemens Energy planned

- 55% of Siemens Energy AG shares will be transferred to Siemens AG shareholders prior to first day of trading
- Within 12-18 months post spin-off: Siemens intends to further significantly reduce its stake in Siemens Energy

1) Of which 12.02% held by the wholly owned subsidiary Siemens Beteiligungen Inland GmbH

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Independent Siemens Energy with strong financial base and experienced supervisory board

- No full consolidation of Siemens Energy after the spin-off
- Deconsolidation agreement ensures that Siemens cannot exercise any controlling influence on the Siemens Energy business, e.g. limitations on exercising of voting rights

- S&P Global: Solid Investment grade rating of "BBB" with stable outlook
- Equity ratio of 35.8% (June 30, 2020)
- Strong balance sheet
- Very solid liquidity status

- 20 members¹, therein three members employed by the Siemens Group: Joe Kaeser (Chairman) | Ralf P. Thomas (Audit Committee) | Matthias Rebellius

¹) Ten supervisory board members representing shareholders and ten supervisory board members representing employees
Collaborative relationship of Siemens AG with Siemens Energy

- Siemens Energy and SGRE continue to operate under the Siemens brand
- **Brand fee for Siemens Energy ex. SGRE**: 0.3-1.2% of "Siemens brand" net revenue, depending on EBITA margin\(^1\)
- **Initial tenor of trademark license agreement**: 10 years

**Siemens**

**brand**

- Total **cumulative volume** over entire term of contracts: ~€1.5bn
- **Duration** between 12 and 36 months
- **Mainly focused on Global Business Services**, IT Services, lease contracts & related services

**Service Agreements**

- **Siemens Energy has continued access to Siemens Financial Services at arms' length**
- **Equity financing**: Up to €1.5bn in first 5 years, further 5-years period at least €0.5bn
- **Debt financing** and **leasing**

**Preferred Financing Agreement**

- Siemens holding ~€42bn in guarantees (as of June 30, 2020) of which 50% are expected to be ramped down in 5 years
- **Supportive banking group** in place

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\(^1\) Based on EBITA margin adjusted for the purpose of the trademark license agreement; EBITA margin ≤ 6.5% = 0.3% / EBITA margin ≥ 9.0% = 1.2%
All milestones achieved - Siemens Energy listing in final stages

- Portfolio set-up defined
- Brand name announced
- Acquisition +8% SGRE stake
- Leadership team in place
- Carve-out effective March 31
- Siemens Energy in D/O
- Spin-off report published
- S&P Rating: BBB stable outlook
- EGM Approval with >99%

Timeline:
- March 2020
- August 2020
- September 1, 2020
- September 7, 2020
- September 28, 2020

Roadshow
Capital Market Day
Prospectus
Initial listing
Prime Standard segment
Frankfurt Stock Exchange