Gas and Power with solid performance, disappointing results at SGRE weigh down Siemens Energy Group

Q2 2022 Press Call
Berlin, May 11, 2022
Christian Bruch, President and CEO Siemens Energy AG
Maria Ferraro, CFO Siemens Energy AG
Information and forward-looking statements

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.
Christian Bruch
President and CEO Siemens Energy AG
War in Ukraine with first effects on revenue and profitability, Gas and Power business in Russia under review

Impact from war in Ukraine

- New business activities in Russia stopped since beginning of war
- c. €300 – €400 million loss of revenue\(^1\) in FY22 at Gas and Power (GP)
- High double digit/low triple digit (€m) impact due to missing profit contribution from loss of revenue in FY22
- Increasing volatility in profit due to elimination of hedge accounting for Russian ruble
- Dynamic development of sanctions regime might trigger additional negative impact on revenue and Adjusted EBITA
- Gas and Power business in Russia under review

\(^1\) Based on the current sanctions regime.
Difficult market environment due to supply chain challenges

Market environment

- Supply chain challenges exacerbated by war in Ukraine and COVID-19 situation in China
- Further burden from rising raw material prices and limited availability of materials
- Regular review of raw material, supplier and logistics situation
Impacts and measures in supply chain, example for Gas and Power

Current challenges

- Raw material costs
- Material availability
- Logistics

Impact (roughly €100 million impact on profitability)

€10.5 billion of purchasing volume includes
- Copper: 15,000 – 20,000 tons
- Electrical steel: 100,000 tons
- Aluminum: 10,000 – 15,000 tons
- Stainless Steel: 6,000 – 7,000 tons
- €400 million logistics cost

Lack of material availability leads to factory under-absorption

Shorter cycle Transmission product business mostly affected

Mitigation measures

- Procurement instruments (like long term contracts, hedging, supplier bundling, etc.)
- Price escalation clauses in service business
- Pass-through mechanisms in projects
- Synchronous contracting with customers/suppliers
- Increase in inventory
- Use of alternative supply chain routes
Siemens Energy
Second quarter of fiscal year 2022

Financial Performance

Continued solid performance in the „Gas and Power“ segment
• Strong order intake
• Revenue grew moderately
• Very strong quarterly operational performance

Situation at SGRE has aggravated due to operational problems
• Orders sharply below exceptionally high prior-year period’s level
• Revenue significantly down due to operational problems
• Operating result decreased

Renewed profit warning of SGRE weighs down Siemens Energy Group
• Solid order intake compared to exceptionally high prior-year basis
• Slight decline in revenue on a comparable basis
• Operational result heavily impacted by SGRE
Siemens Gamesa Renewable Energy

Renewed risk assessment by new CEO

Operational problems bigger than expected

• Operational problems at SGRE bigger than expected. Reasons: internal challenges (product design and ramp-up of 5.X platform, project delays) and supply chain constraints
• Outlook continuously deteriorated over that the last 12 months
• Root causes for underperformance identified; solid foundation for positive business development in place

Turnaround plan

initiated by new CEO

• Dedicated task force implemented with clear focus on mitigating ongoing challenges
• Cross-functional set-up to ensure holistic approach to solve problems; best-in-class talents assigned

Commercial discipline:

• Selectivity: further cost volatility risk protection clauses implemented in contracts
• Reinforced new project approval process
• Closer alignment between Procurement and Sales
• Enhanced focus across organization on containing internal costs
New orders and partnerships along our three strategic pillars

1. Low- or zero-emission power generation
   Efficient and future-proof power generation
   Four H-Class gas turbines to power China's Greater Bay Area

2. Transport and storage of energy
   Lower loss, more security of supply
   HVDC connection between the UK and Germany saves 16 million tons of CO₂ emissions

3. Reducing CO₂ emissions and energy consumption in industrial processes
   Production of electrolyzers on an industrial scale
   2023 start of production in first multi-gigawatt factory in Berlin
Maria Ferraro
CFO Siemens Energy AG
Siemens Energy Group at a glance
Q2 FY22

Orders (in € bn)

- Q2 FY21: 10.5
- Q2 FY22: 7.9

Revenue (in € bn)

- Q2 FY21: 6.5
- Q2 FY22: 6.6

Adj. EBITA before Special Items (in € m)

- Q2 FY21: 288
- Q2 FY22: (21)

Order Backlog

- €89 bn
- Q1 FY22: €87 bn

Book-to-Bill Ratio

- 1.20
- Q2 FY21: 1.62

Free Cash Flow

- €(351) m
- Q2 FY21: €433 m

1 Comparable basis: Excluding currency translation and portfolio effects | 2 As of March 31, 2022 | 3 Free Cash Flow pre tax

x.x% Adj. EBITA margin before Special Items

May 11, 2022
Gas and Power at a glance
Q2 FY22

Orders (in € bn)

<table>
<thead>
<tr>
<th>Q2 FY21</th>
<th>Q2 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
<td>6.7</td>
</tr>
</tbody>
</table>

+29%2 +34% nom.

Revenue (in € bn)

<table>
<thead>
<tr>
<th>Q2 FY21</th>
<th>Q2 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2</td>
<td>4.4</td>
</tr>
</tbody>
</table>

+3%2 +6% nom.

Adj. EBITA before Special Items (in € m)

<table>
<thead>
<tr>
<th>Q2 FY21</th>
<th>Q2 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>188</td>
<td>266</td>
</tr>
</tbody>
</table>

+42%

Order Backlog4

€57 bn

Q1 FY22: €54 bn

Book-to-Bill Ratio

1.52

Q2 FY21: 1.21

Free Cash Flow5

€200 m

Q2 FY21: €515 m

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1 Beginning with fiscal year 2022, GP segment's Real Estate Portfolio, formerly shown under Reconciliation to Consolidated Financial Statements, is assigned to segment GP. Related prior year information has been reclassified to conform to the current year presentation.

2 Comparable basis: Excluding currency translation and portfolio effects

3 Figures based on external revenues

4 As of March 31, 2022

5 Free Cash Flow pre tax

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# Financial outlook and framework

## Gas and Power

<table>
<thead>
<tr>
<th>Actuals</th>
<th>Outlook</th>
<th>Mid-term target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€18.1bn</td>
<td>€18.4bn</td>
</tr>
<tr>
<td><strong>% Change y-o-y</strong></td>
<td>(3.1)%</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Adj. EBITA before Special Items</strong></td>
<td>€254m</td>
<td>€849m</td>
</tr>
<tr>
<td><strong>% Margin before Special Items</strong></td>
<td>1.4%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Restructuring costs</strong></td>
<td>€133m</td>
<td>€360m</td>
</tr>
</tbody>
</table>

## Siemens Energy

<table>
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<tr>
<th>Actuals</th>
<th>Outlook</th>
<th>Mid-term target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€27.5bn</td>
<td>€28.5bn</td>
</tr>
<tr>
<td><strong>% Change y-o-y</strong></td>
<td>(4.7)%</td>
<td>3.7%</td>
</tr>
<tr>
<td><strong>Adj. EBITA before Special Items</strong></td>
<td>(€17)m</td>
<td>€661m</td>
</tr>
<tr>
<td><strong>% Margin before Special Items</strong></td>
<td>(0.1)%</td>
<td>2.3%</td>
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<tr>
<td><strong>Tax rate</strong></td>
<td></td>
<td></td>
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</tbody>
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1 Rolling 3-year average total revenue growth, excluding portfolio and currency effects | 2 FY20 nominal change compared to FY19; FY21 nominal change compared to FY20; FY22 comparable change compared to FY21 | 3 Included in Special Items definition | 4 Adj. EBITA not adjusted for Special Items
Questions & answers

Christian Bruch and Maria Ferraro
Financial calendar 2022

May 24
Capital Market Day 2022

August 8
Q3 FY 2022

November 16
Q4 and Annual Press Conference FY 2022

Press contacts

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