

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

Q2 2022 Press Call

Berlin, May 11, 2022

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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 revenue¹ 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

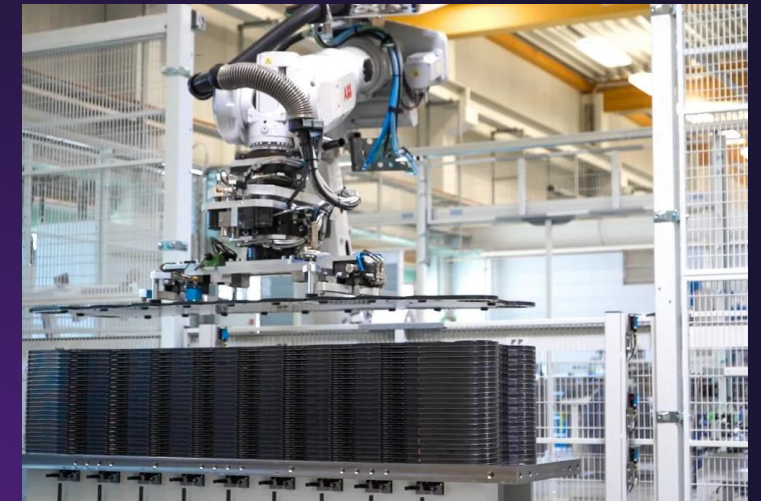
2 Transport and storage of energy



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

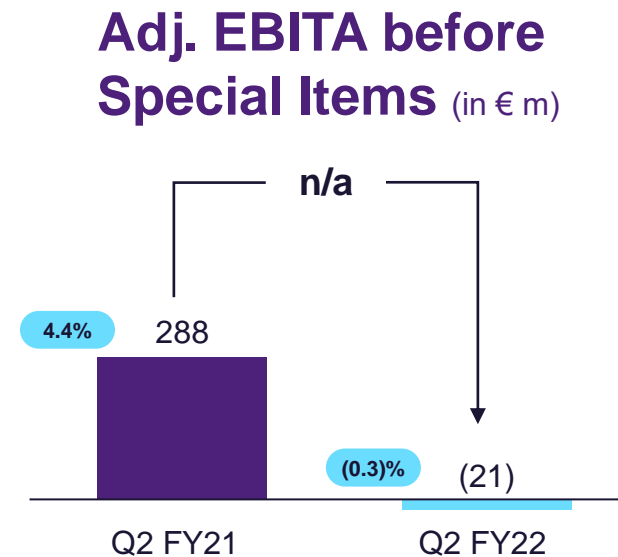
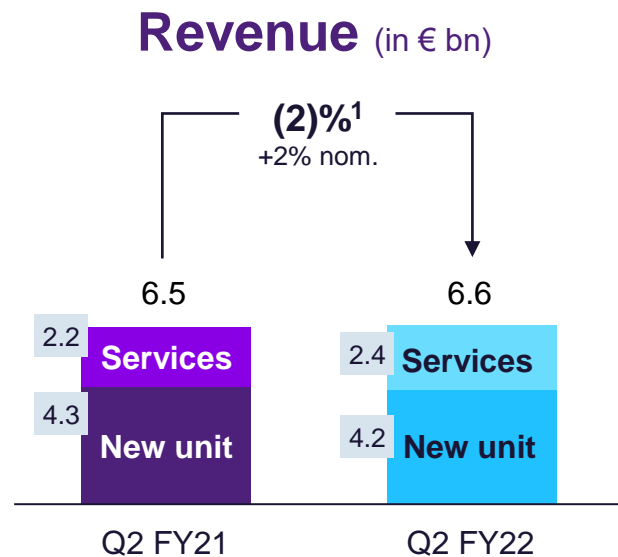
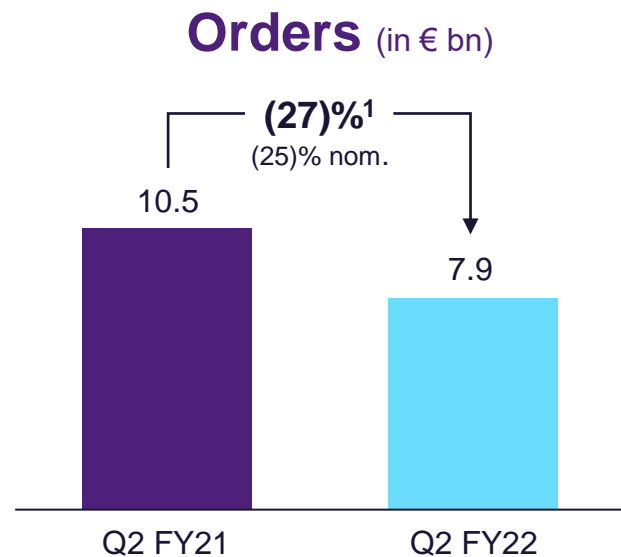
Maria Ferraro

CFO Siemens Energy AG



Siemens Energy Group at a glance

Q2 FY22



Order Backlog²

€89 bn

Q1 FY22: €87 bn

Book-to-Bill Ratio

1.20

Q2 FY21: 1.62

Free Cash Flow³

€(351) m

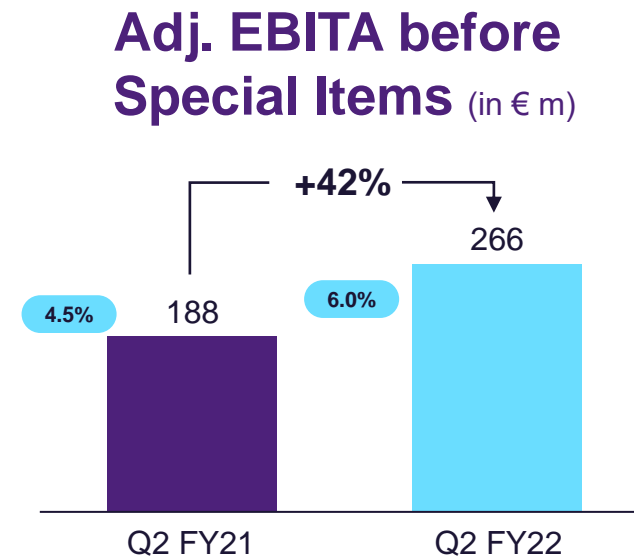
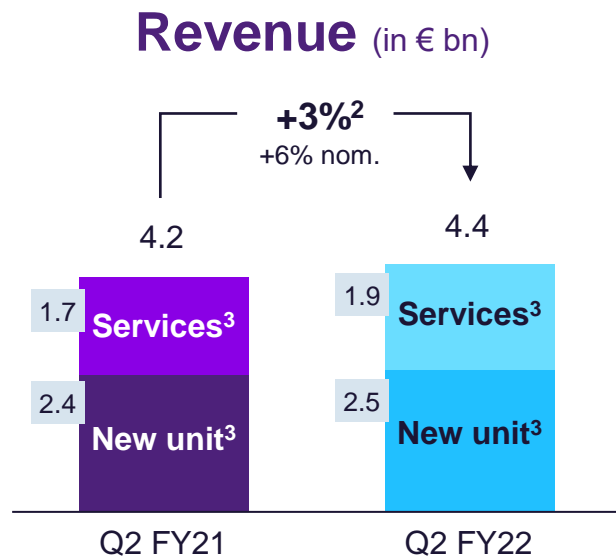
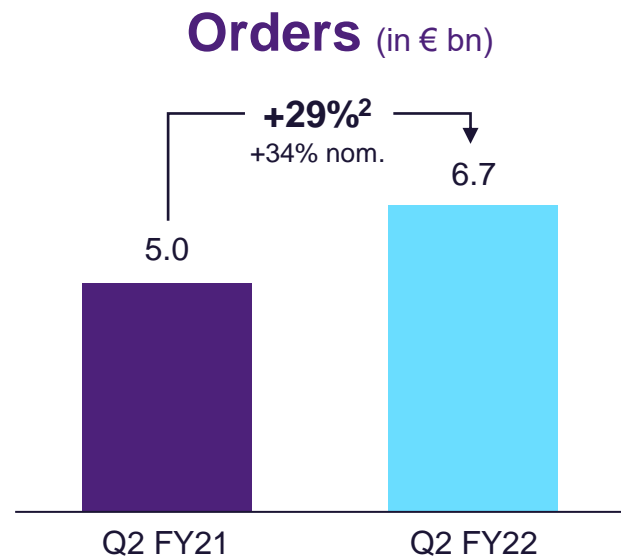
Q2 FY21: €433 m

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

Gas and Power at a glance¹

Q2 FY22



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

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

Financial outlook and framework

		Actuals		Outlook		Mid-term target
		FY20	FY21	FY22	FY23	
Gas and Power	Revenue	€18.1bn	€18.4bn	1%-5% <i>(low end of the range)</i>		
	% Change y-o-y ²	(3.1)%	1.5%			
	Adj. EBITA before Special Items	€254m	€849m	4.5%-6.5% <i>(low end of the range)</i>	6%-8%	
	% Margin before Special Items	1.4%	4.6%			
	Restructuring costs ³	€133m	€360m	Cumulative mid-to-high triple digit euro million amount in FY20-23		
Siemens Energy	Revenue	€27.5bn	€28.5bn	(2)%-3% <i>(low end of the range)</i>		Flat to 3% ¹
	% Change y-o-y ²	(4.7)%	3.7%			
	Adj. EBITA before Special Items	(€17)m	€661m	2%-4% <i>(low end of the range)</i>	under reassessment <i>(pre. 6.5%-8.5%)</i>	≥8% Margin reported ⁴
	% Margin before Special Items	(0.1)%	2.3%			
	Tax rate				Medium-term tax rate 25%-30%	

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

May 11, 2022

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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

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