

CMD 2023

CEO Section

Christian Bruch
President and Chief Executive Officer



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Our mission

Supporting our customers in transitioning to a more sustainable world, based on our innovative technologies and our ability to turn ideas into reality

Key messages

We have been changing the shape of the company to capitalize on the energy transition

Operational improvements introduced, including the new group structure, have been playing out **across Gas Services, Grid Technologies and Transformation of Industry, but not yet at Siemens Gamesa**

We will accelerate our journey focusing on three priorities:

- Deliver on profitable growth
- Fix the wind business
- Maintain solid financial foundation

Strong delivery on our CMD 2022 commitments overshadowed by issues at Siemens Gamesa

01 ✓

New operating model for GP

- Customer focus
- Transparency
- Accountability

02 ✓

Gas Services

- Service share
- Decarbonization
- Cost optimization

03 ✓

Grid Technologies

- HVDC ramp-up
- Portfolio streamlining
- Operational robustness

04 ✓

Transformation of Industry

- SES industrialization
- Decarbonization offering
- Operational delivery

05 ✗

Siemens Gamesa

- New operating model
- Onshore turnaround
- Offshore ramp-up

Achievements vs. guidance

Profit margin before SI FY23 (Target)	9.5% (9 – 11%)	7.5% (6 – 8%)	5.1% (3 – 5%)	neg. €4.3bn (–)
Comp. revenue growth FY22 – 23 (Target)	18% (0 – 4%)	17% (5 – 9%)	12% (5 – 9%)	neg. 5% (–)
Customer Satisfaction (NPS, Delta vs. FY22)	60 (+12 pts)	65 (+10 pts)	45 (+11 pts)	16 (-1 pt)

Note: FY23 targets as per Q4 2022 analyst call

Where we are today

Energy market

Strong development – well positioned to capitalize on structural trends

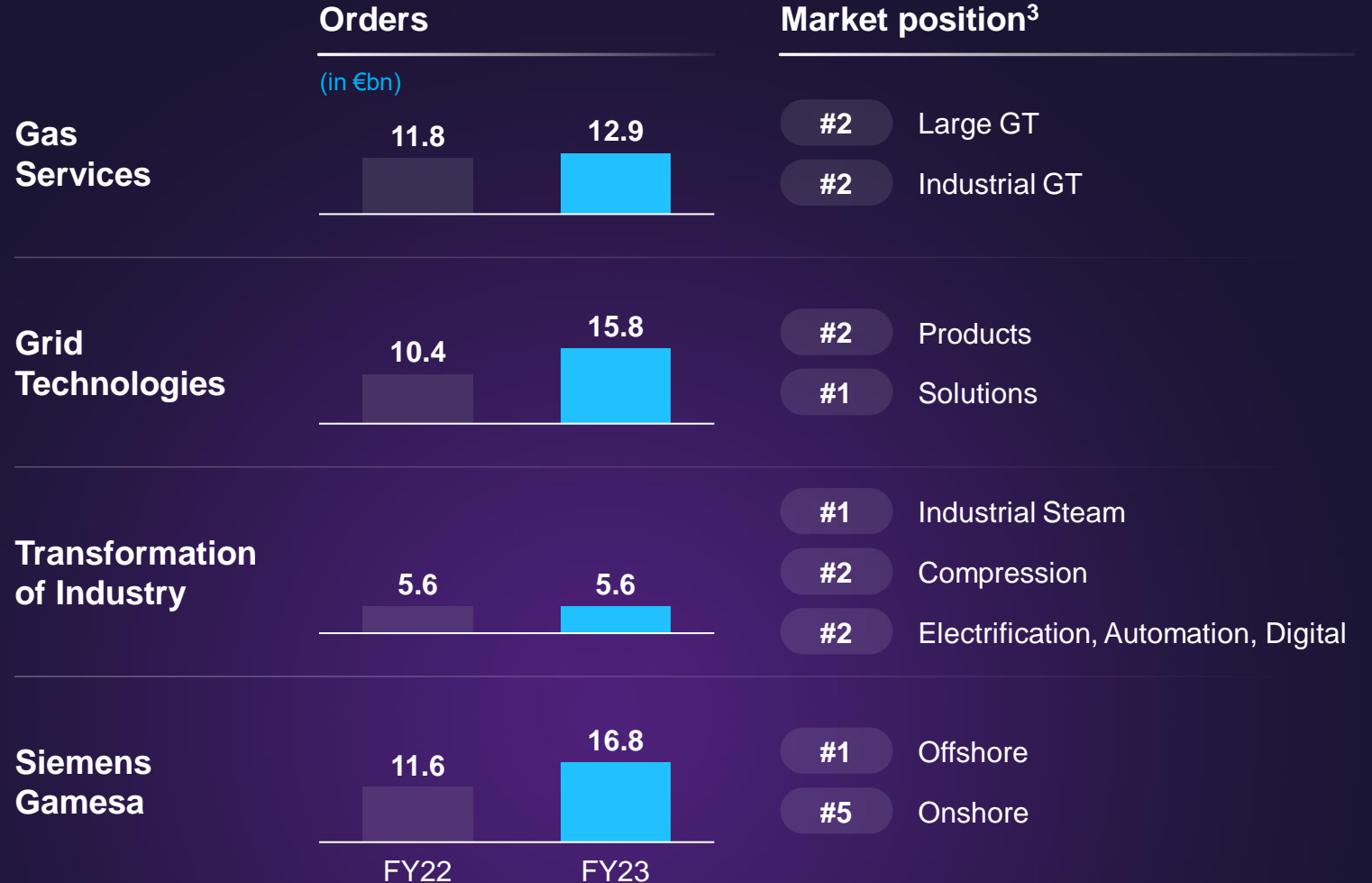
Structural trends

Growing demand for electricity
+1.4%¹ globally in 2023

Push for low / no CO₂ power generation
~€630bn² investment in renewables in 2023

Significant grid investment need
~€315bn² investment volume in 2023

Heavy investments in energy efficiency
~€360bn² investment volume in 2023



¹ S&P | ² IEA, World Energy Investment, 2023, includes storage | ³ Internal assessment, McCoy 9M23, Wood Mackenzie 2022 market shares excl. China

Where we are today

Energy market

We deliver tomorrow's technology today

Power generation with low or zero emissions

Gas Services

Gas turbine operating with 100% renewable H₂



- HYFLEXPOWER¹ project in France produces, stores and re-electrifies 100% renewable hydrogen

Siemens Gamesa

Floating offshore windfarm in operation

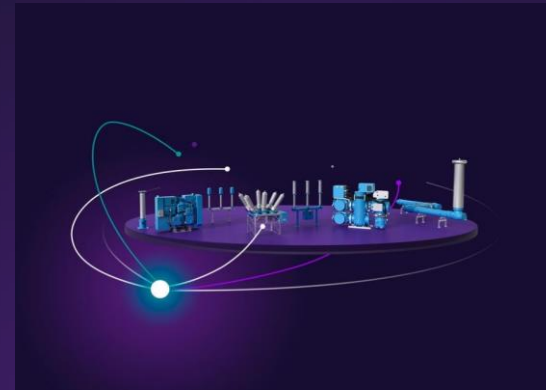


- World's largest floating offshore windfarm opened in Aug 2023
- Decarbonizing operations at Equinor's Oil and Gas fields

F-gas free electricity transport

Grid Technologies

Decarbonizing US grid with our blue portfolio



- First delivery of F-gas free switching products² to National Grid US planned for Dec. 2023
- 75+ further orders in production for North America

CO₂ reduction

Transformation of Industry

Pioneering Direct Air Capture (DAC) applications



- Partner of Saudi-Aramco to develop DAC test unit and larger pilot plant
- Combining expertise of both companies in process, chemicals, plant design and operations

¹ Received funding from the EU grant agreement No. 884229 | ² Dead tank breakers

Energy market

Opportunities and risks

Capitalizing on opportunities

1 Increasing demand

- Emerging markets with strong electrification growth
- Governmental investment programs

2 Adjusted policy frameworks

- Frameworks to support transition (IRA, EU Wind)
- Further decarbonization drive (e.g., carbon pricing)

3 Sensitivity to security of supply

- Need for fuel-flexible generation
- Pressure on grid stability

Managing risks

1 Macroeconomic factors

- Persistent inflation
- High interest rates
- Recession risks and high public debt

2 Geopolitical conflicts

- Expansion of Middle East conflict
- Escalation of war in Ukraine

3 Supply chain constraints

- Demand-supply anomalies (esp. minerals)
- Industry bottlenecks (e.g., jack-up vessels)

Three priorities to deliver shareholder returns



01 Deliver on profitable growth

- **Executing on a record backlog** with healthy margins
- **Project execution excellence** driven across SE by Global Functions
- **Expanding** capacities and competencies with **efficient use of capital resources**



02 Fix the wind business

- **Progress on Onshore** quality issues and **Offshore** ramp-up trajectory
- **Action plan to get profitability back** to a sustainable level



03 Maintain solid financial foundations

- **Active portfolio management** to eliminate distractions from strategic core
- **Strict capital discipline**, supported by stringent capital allocation principles

Build

a resilient energy technology company ...

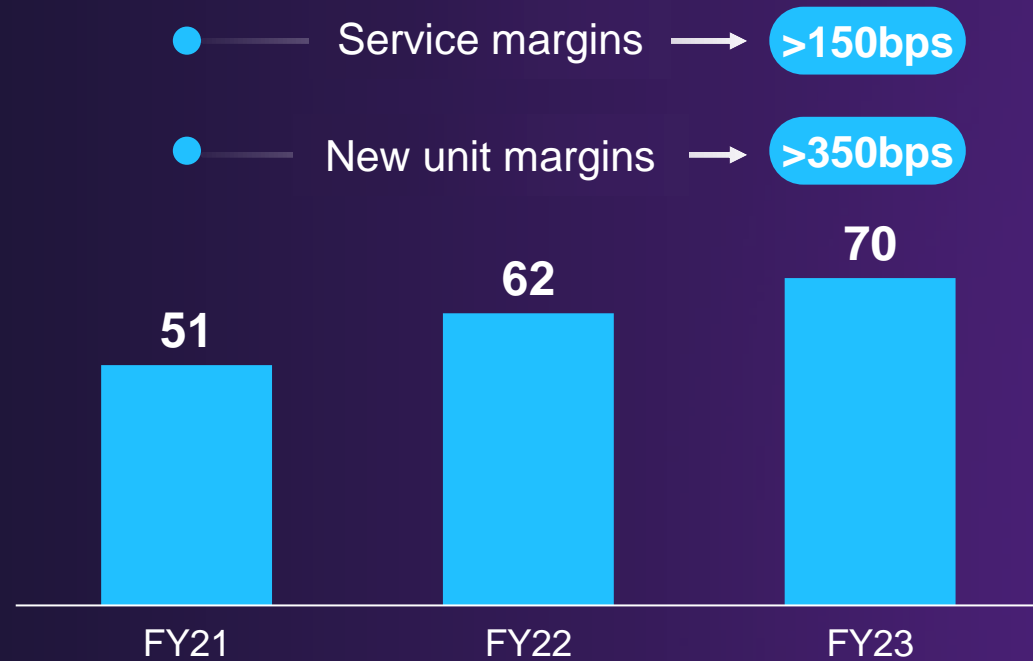
... to achieve positive net income

01 Deliver on profitable growth

Executing on a record backlog with healthy margins

SE w/o SG backlog overview

(in €bn)



Ensuring profitable conversion

Gas Services

- Selectivity of projects and scope with attractive profitability and balanced risk
- Investment in safety stock for long lead items and supply chain resilience

Grid Technologies

- Increase of headcount in HVDC and FACTS execution
- Revised contract terms
- Standardized 2 GW platform and system

Project Execution Excellence

- Bundling execution capabilities for all large-scale solution projects at SE

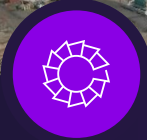
01 Deliver on profitable growth

Project execution excellence driven across SE by Global Functions



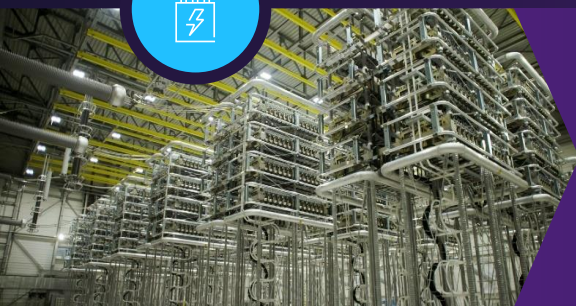
CCGT Power Plants

2.6 GW efficient capacity for Mexico



Commonalities

- Large procurement and logistics volume
- Sizeable amount of engineering / execution hours
- Substantial effort at site required



HVDC Viking Link

Interconnection from Denmark to the UK



Creating benefits by one project organization in Global Functions

Processes

- Harmonized process structure
- Unified digitalization and data approach for all projects
- Overarching supplier management

People

- Increased focus on people training and qualification
- Built up of competence centers (India, Romania, Mexico)
- Flexible workload management via external partners

Safeguarding execution excellence Harmonization in wind projects as next step

01 Deliver on profitable growth

Expanding capacities and competencies with efficient use of capital resources

Expanding competence

Grid Technologies
Digital offering



Broadening SE's offering for grid digitalization through partnership with grid management software provider

Expanding capacities

Grid Technologies
Transformer capacities



Prospective investments in India and US for factory expansions

Expanding competencies and capacities

Transformation of Industry
New electrolyzer factory



Co-investment with Air Liquide in automated Gigawatt factory for electrolyzers

Gas Services
Additive manufacturing



MakerVerse joint venture with ZEISS, and capital investors to create one-stop fulfillment platform for additive manufacturing

02 Fix the wind business

Progress in Onshore Quality and Deliver Offshore Growth



Onshore

Systematic approach to tackle product quality

- **Technology:** Development of short- and long-term remediation measures
- **Contracts:** Agreements with customers where necessary
- **Operations:** Roll-out of corrective actions

Focus on attractive markets with

- Stable regulatory framework
- Attractive profit pool / financial return
- Value-based customer landscape
- Match between market requirements and SG offering



Offshore

Offshore manufacturing ramp-up plan defined for all plants

- Dedicated **cross-functional team** at every site
- **Reduction** of takt and **idle times**
- **Better preparation** for new product and technology introduction

Delivering productivity targets

- Cross-functional team with >50 specialists deployed
- Targets divided into turbine-component categories
- Stringent execution and tracking of measures
- Supported by external experts

02 Fix the wind business

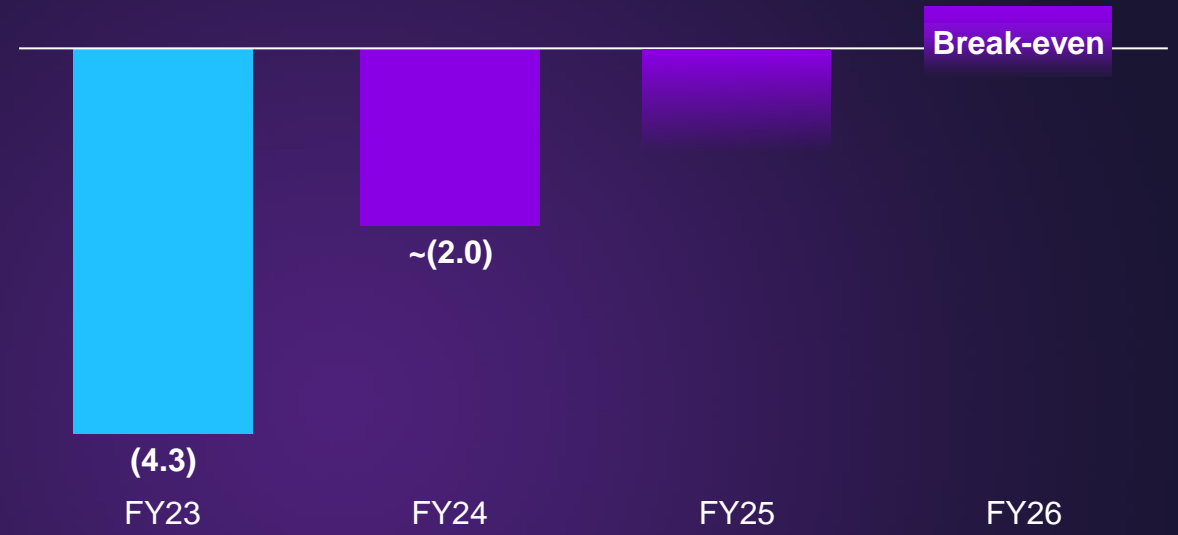
Plan to return to sustainable level of profitability ...

- 1 Secure Onshore product quality and focus on attractive markets
- 2 Address ramp-up and cost-out in Offshore
- 3 Return Service to target profitability level
- 4 Ensure health of new orders across businesses
- 5 Achieve operational excellence to execute profitably

... and to reach break-even in FY26

Siemens Gamesa profit margin before SI

(in €bn)



03 Maintain solid financial foundations

Active portfolio management to eliminate distractions from strategic core



**Completed divestments
of non-core activities
since spin-off**

- **>10 non-core businesses divested**

Selected examples:

Trench, Gas Engines, Voith Hydro stake, Heat transfer technologies, Energy assets in Brazil, Windar stake, ...



**Drive portfolio
for strategic fit**

- **Several other non-core business disposals in preparation**
- **No material inorganic growth**
- **Strategic guardrails for business evaluation**
 - Long-term profit margin >8%
 - Business in line with our ESG strategy



**Actively use partnerships
as option for portfolio
transformation**

- **Partnership / Minority JVs where we are not the best owner**

Selected example:

Transfer of distribution transformers in (minority) JV with a specialized player

03 Maintain solid financial foundations

Strict capital discipline with stringent criteria

Research and Development

HL gas turbine



Capital expenditure

Blade factory extension Hull



Mergers and Acquisitions

Pro Integris



Return criteria


- Addressable market – size and growth
- Value – profit impact and NPV
- Time to profit

- Profit margin accretive – after 3 years
- Revenue growth above business area average – 3-year CAGR
- ROCE above WACC – within 3 years













ESG

On track to meet and exceed targets

Our performance in FY23 vs. our CMD targets

 <p>Decarbonization</p>	<p>Suppliers</p> <p>-30% GHG emissions per € spent by 2030 FY23 performance: -17% vs. 2018 ✓</p>
	<p>Own Operations</p> <p>Climate neutral by 2030 FY23 performance: -59% vs. 2019 ✓</p>
	<p>Customers</p> <p>-28% GHG emissions from use of sold products by 2030 FY23 performance: -27% vs. 2019 ✓</p>
 <p>Safety</p>	<p>Zero Harm</p> <p>Achieve Zero Harm and become the leader in our industry</p>

Evolution of our ratings since CMD 2022

 <p>SUSTAINALYTICS</p>	<p>Low risk rating: 13.6</p>	
 <p>ISS ESG</p>	<p>B-prime</p>	
 <p>MSCI</p>	<p>A</p>	
 <p>FTSE Russell</p>	<p>Rating 3.9</p>	
 <p>ecovadis</p>	<p>Gold (75/100)</p>	
 <p>CDP DISCLOSURE INSIGHT ACTION</p>	<p>B¹</p>	

Note: Results as of October 2023 and refer to SE w/o SG | 1 CDP FY23 results available in January 2024

Our people are key to our success



Driving diversity

- FY23 gender diversity: 28% women in top leadership positions (vs. target of 25% by FY25)
- Succession planning improving diversity:
 - 33 nationalities in 25 FY22
 - 45% share of female successors vs. 31% in FY22

Developing workforce

- International trainee programs launched
- 6 new leadership development programs developed
- Board mentoring established

Building one team

- Employee net promoter score increased by 18 points vs. FY22 despite difficult situation

Accelerating our journey to build a resilient energy technology company and to deliver shareholder returns

CEO priorities



We will deliver profitable growth

for Grid Technologies, Gas Services and Transformation of Industry

We will turnaround Siemens Gamesa

and implement the necessary changes for it to return to profitability

We will accelerate on our strategic path ...

while increasing our focus on operational performance & profitability

... adhering to strict capital allocation criteria

and continue to look for opportunities to optimize our portfolio