

CMD 2023

Global Functions

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Member of the Executive Board



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Delivering value through Execution, Digitalization and Innovation

Global Functions

Combining people, processes and data



Supporting the growth through project execution capabilities and supply chain management ramp-up



Combining AI and process automation with domain know-how to improve business performance



Driving enterprise transformation through capability driving innovation, ERP-systems integration and new ways of working



Implementing simple, harmonized and data-driven processes across Siemens Energy



Ensuring cost savings and securing synergies with Siemens Gamesa

Supporting growth and profitability across all business areas

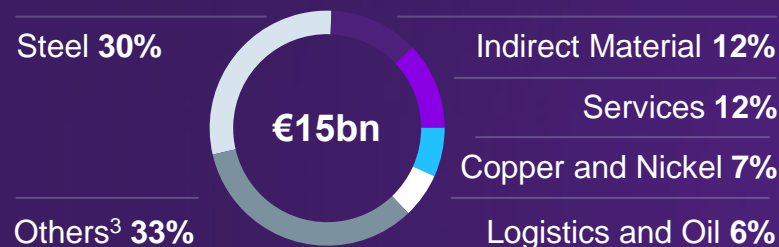
- Project execution **resources and capabilities** deployed across business areas
- Group-wide **services and infrastructure** through IT, logistics and procurement
- Anchor point for **future technologies** through the four innovation centers close to our customers
- **Software and data analytics** products and services across the enterprise
- **Governance and process excellence** in areas like safety, quality, cybersecurity and data

Key facts & figures for FY23

Project volume executed by PE¹



Purchasing volume Siemens Energy (excl. SG)



IP strategy and management



Employees⁴

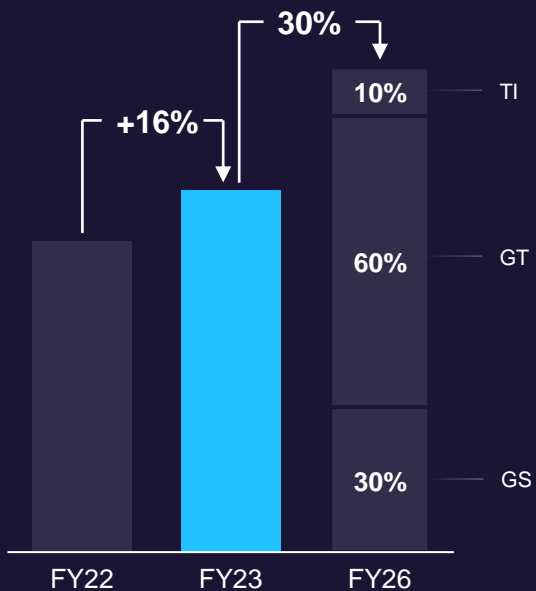


¹ Total project volume under execution by Project Entity | ² Purchasing volume of Siemens Energy, thereof 55% managed by Global Functions | ³ Other commodities include, among others, systems, insulation material and components, packaging and warehousing | ⁴ In Project Entity, supply chain management, digital functions, innovation and safety and health

Project Entity as a key differentiator

104 Projects

in execution by Project Entity¹



Project Entity supports the business in:

Tendering

Project execution

Warranty

- **Central execution of complex, large-scale projects across all BAs**
- **Standardized tools and processes** for project execution and procurement
- **Career development** enabled by cross-training and utilization
- **NCC² reduction and productivity** to support business area growth
- **Digitalization and BIM³** for all complex projects
- **External partner network** to balance workload and cost competitiveness

¹ As of Sept. 30, 2023 | ² NCC: Non-Conformance Cost | ³ Building Information Model: Digital Twin of project

Building a resilient procurement and logistics network to support the growth in the business areas

Supply Chain Resilience

Achievements FY23

6 levers

to succeed against market constraints

- 01 Supplier **risk** reductions
- 02 **Multi-sourcing** of key components
- 03 **New supplier** introductions
- 04 **Risk-based stocking** concepts
- 05 Strategic **partnerships** with key suppliers
- 06 **Capacity** reservations

Bundled spending

+6%

Increase share of procurement spend with selected set of strategic suppliers

On-time delivery

+5%

Strengthen supplier management process excellence and expediting approach

Reduced supplier risk

-27%

Decrease number of high risks in supplier base

Logistic supplier complexity

-9%

Consolidate logistic service provider base to enforce standards and create value

Producing tangible savings via stringent procurement processes

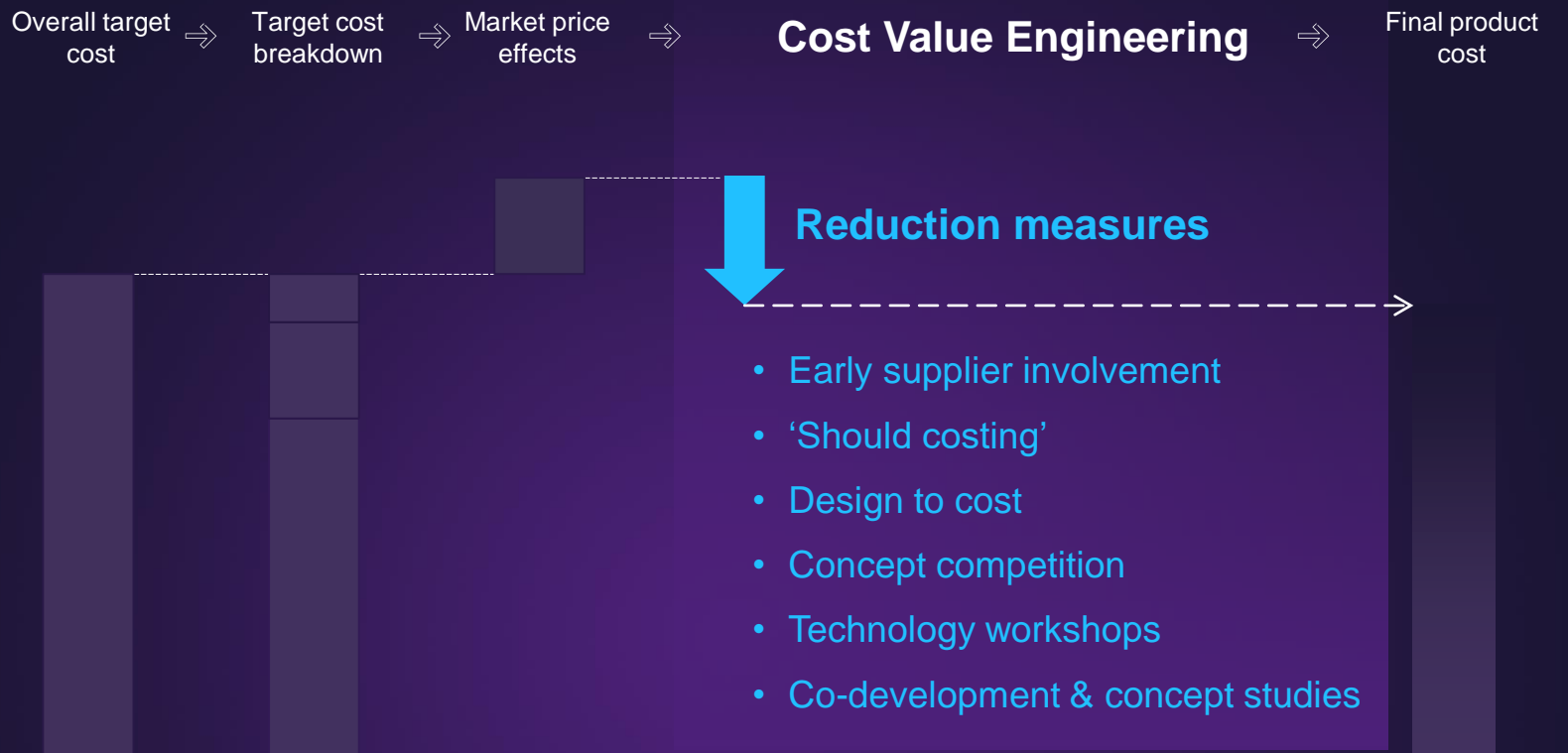
Good progress made in driving bottom-line impact

Cost Value Engineering framework being implemented

Purchase price change



Material cost productivity



¹ Savings from supply chain management organization across Gas Services, Grid Technologies and Transformation of Industry | 2 Cost Value Engineering

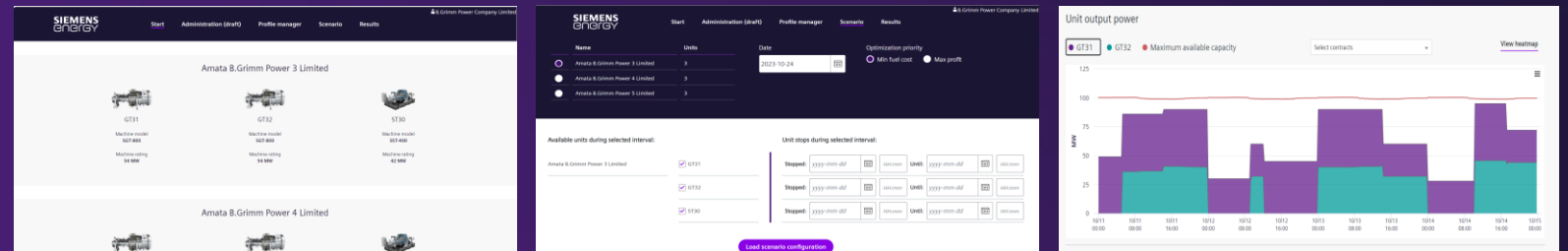
Digital products bringing tangible savings for our customers

Software defined,
AI-powered solutions

Cloud-based
digital products

Automation and
data analytics

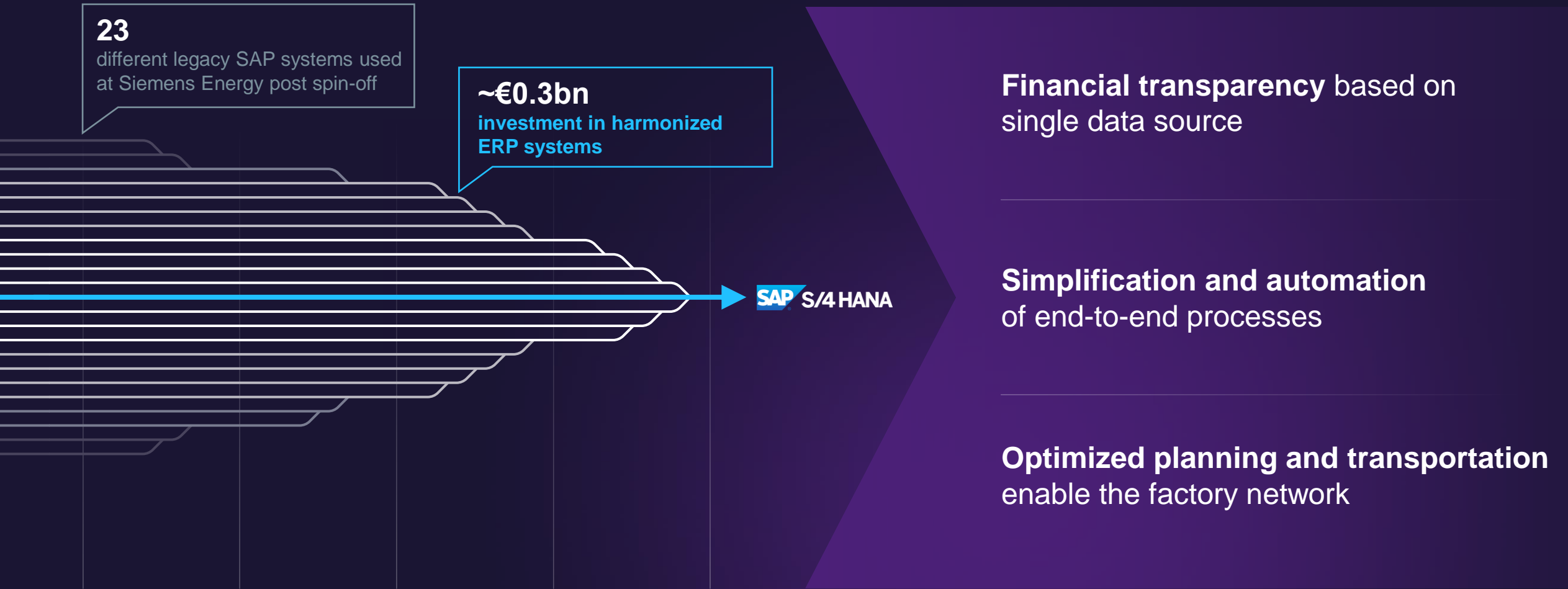
Optimized powerplant operations example



- **Thermodynamic** model based on **machine learning** algorithms
- **Real time evaluation** of actual power plant start-up conditions and **grid delivery plan**
- **Prediction** of fuel and electricity prices, demand, capacity, and efficiency **up to 2 weeks horizon enable up to 3% in fuel savings¹**

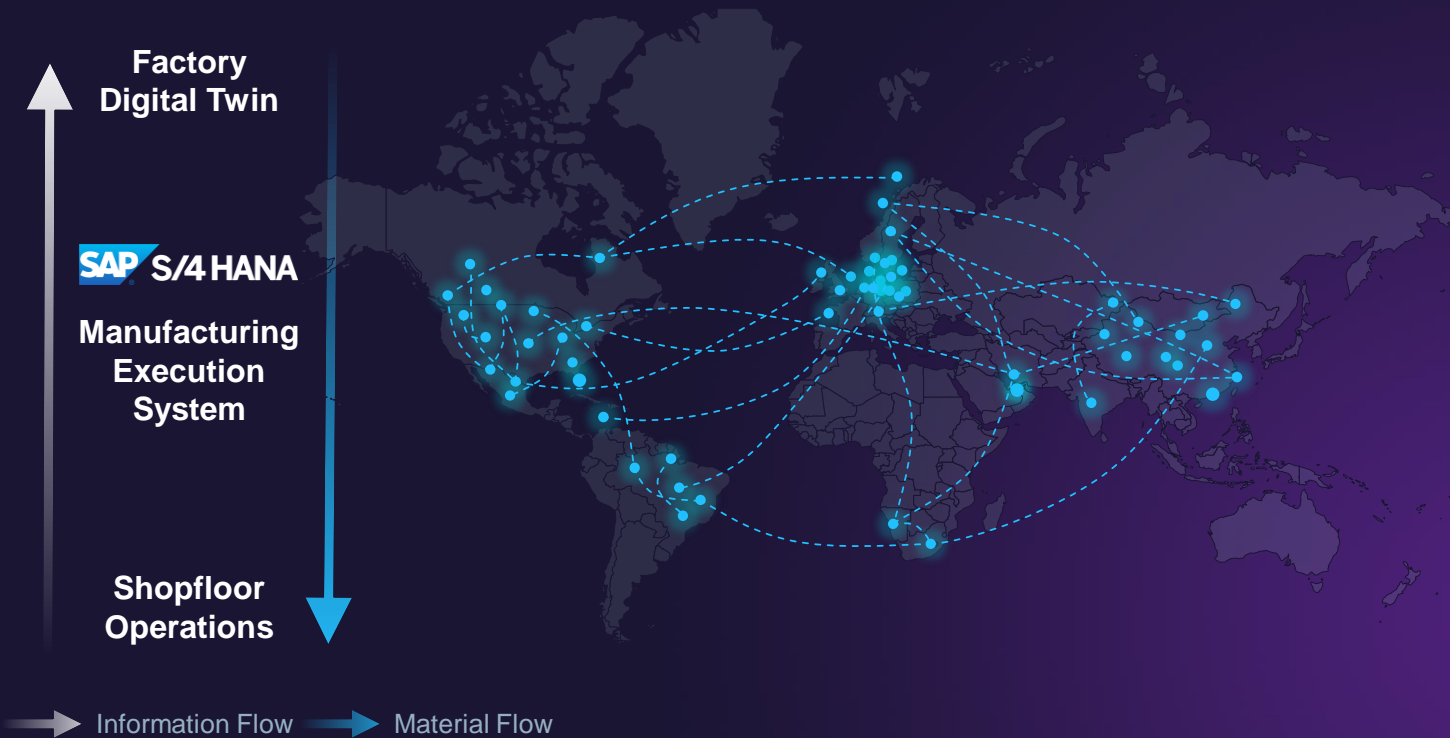
¹ Average reduction due to optimized operation dispatch of SGT-800 turbines and reduction of 21 kg per MWh_{el}

Company-wide project launched to standardize and streamline Siemens Energy's ERP landscape



Process modelling, automation and optimization to improve factory network performance

Smart factory network enabled by people, processes and digitalization



Business process optimization

~30 Senior leaders (GPOs¹) driving harmonized, data-driven processes

Process documentation²

-22% Decrease number of process documentations in one tool

IT applications³

-21% Simplify existing application landscape across the group

¹ GPOs: Global Process Owners | ² Ongoing review of process documentation across the organization in joint effort with technical merge into a single process house for Siemens Energy | ³ Programs launched at Siemens Energy and Siemens Gamesa to simplify and streamline applications, license costs and enterprise wide tool landscape

Delivered on our CMD 2022 key targets

>€1bn

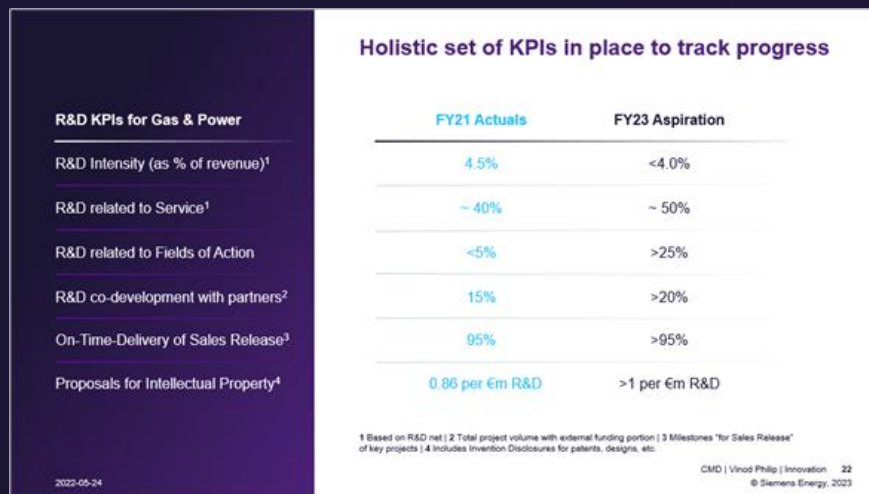
across the business areas and future Fields of Action

~45%

related to service¹

~30%

invested in future technologies and products



R&D allocation



New R&D allocation approach implemented across former Gas and Power business



Innovation Centers



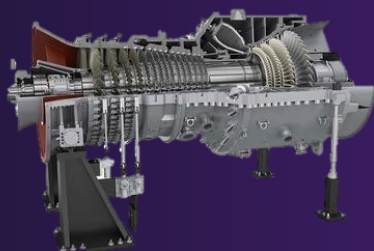
All Innovation Centers inaugurated and ramped-up with ongoing projects

¹ Share of R&D allocated to former Gas and Power business in FY23 >60%

Investing into the future while addressing customers' needs of today

Current deployments

- Modification and upgrades of Gas Turbines
- SF6-free switchgear
- Enhanced IST¹ platform



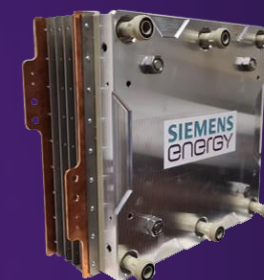
Mid-term deployments

- >50 vol-% H₂ in LGT²
- NextGen H₂ compression
- Multi-terminal DC grids



Long-term developments

- Inductive electric heaters at MW-scale
- Fuel cells for data centers
- CO₂ electrolyzers

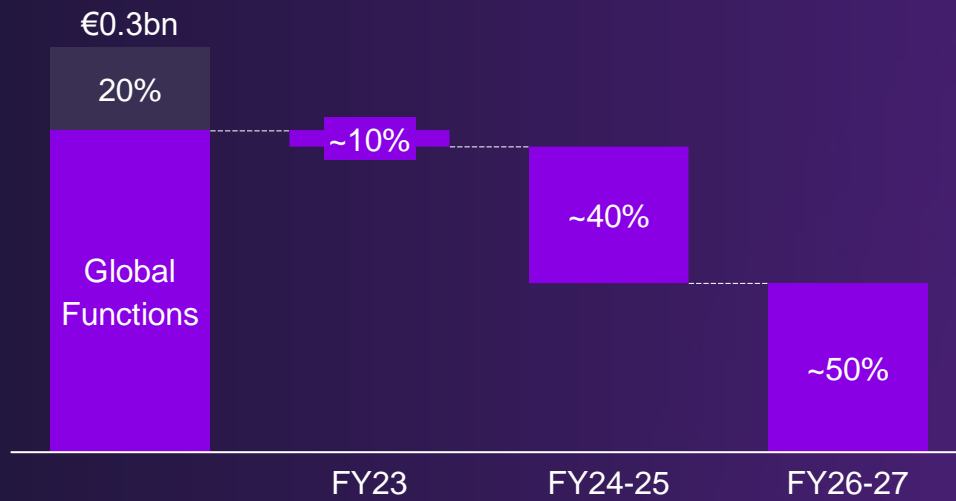


Selected examples

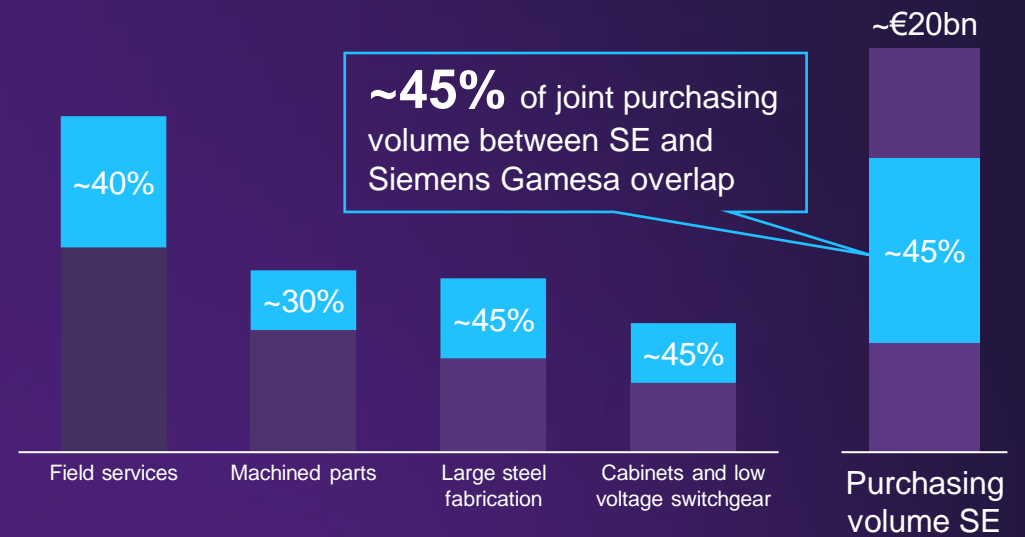
1 Industrial Steam Turbines | 2 Large Gas Turbines

Strong focus placed on delivering synergies during Siemens Gamesa integration

Synergies allocated roughly equally to SE and SG



Top 4 direct commodities with joint purchasing volume between SE and SG



Examples of largest measures:

- Apply CVE¹ more diligently to **tower design**
- Optimized **raw material hedging and freight pooling**
- **Consolidated IT services**

Examples of measures:

- Optimize **sourcing and ordering**
- One **supplier capability matrix**
- Group-wide **demand bundling**

¹ Cost Value Engineering

Sustained financial benefits will continue to be delivered by Global Functions

Key Achievements FY23

~€400m

SCM savings

~€100m

External funding¹

>€25m

IT cost savings

Priorities FY24

- **Financial Impact:** Secure saving potentials and accelerate integration of Siemens Gamesa processes
- **Growth:** Support business growth via central project excellence and supply chain management
- **Transformation:** Transform enterprise processes through simplification, digitalization and harmonization
- **Innovation:** Turn R&D portfolio in tangible customer solutions

¹ External R&D funding awarded, and proposals submitted for funding

Global Functions organizational set-up

