

CMD 2023

CFO Section

Maria Ferraro
Chief Financial Officer



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Deliver

on profitable growth



Fix

the wind business



Maintain

solid financial foundations

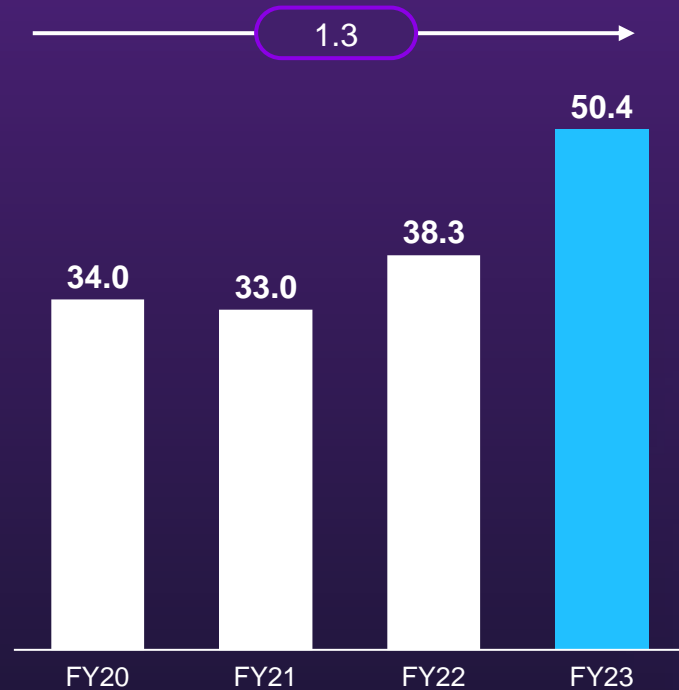
Strategic priorities

to create sustainable shareholder value

Challenging fiscal 2023 with overall disappointing result ...

Orders

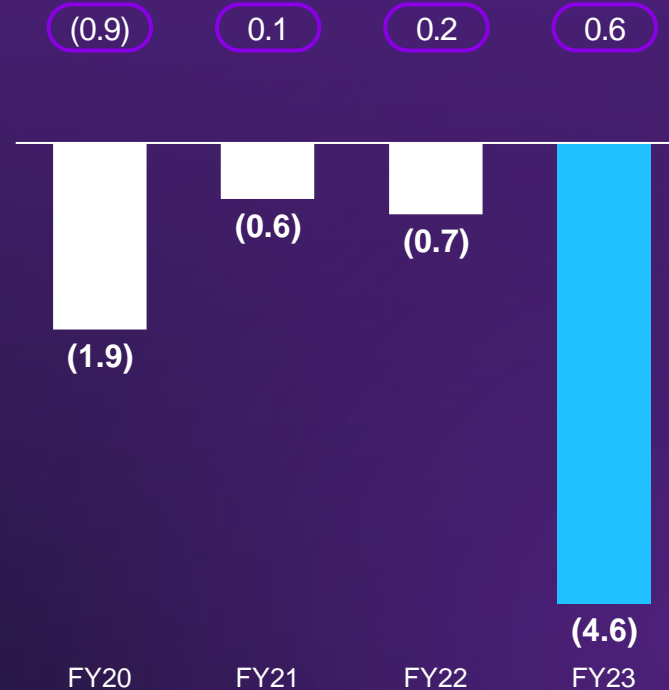
(in €bn)



Book-to-bill average FY20 – FY23

Net income

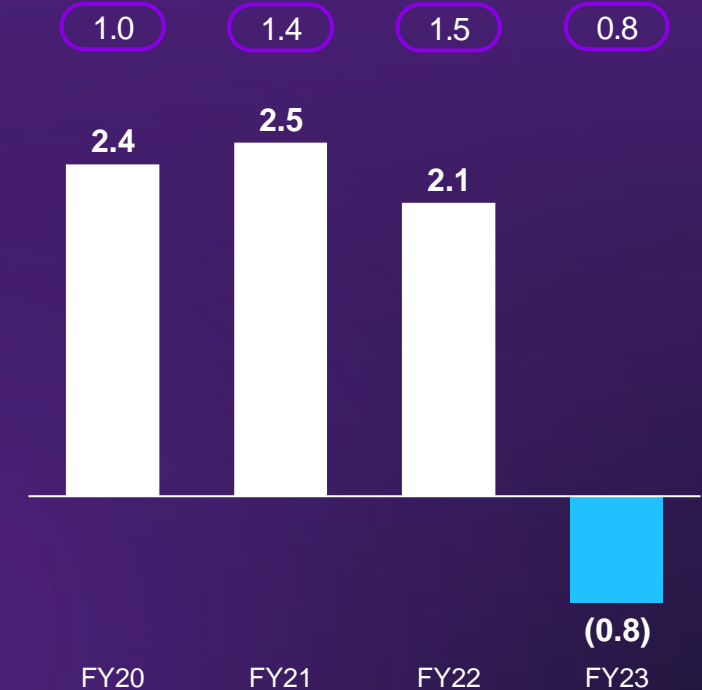
(in €bn)



Siemens Energy w/o Siemens Gamesa

Adj. (net debt) / net cash

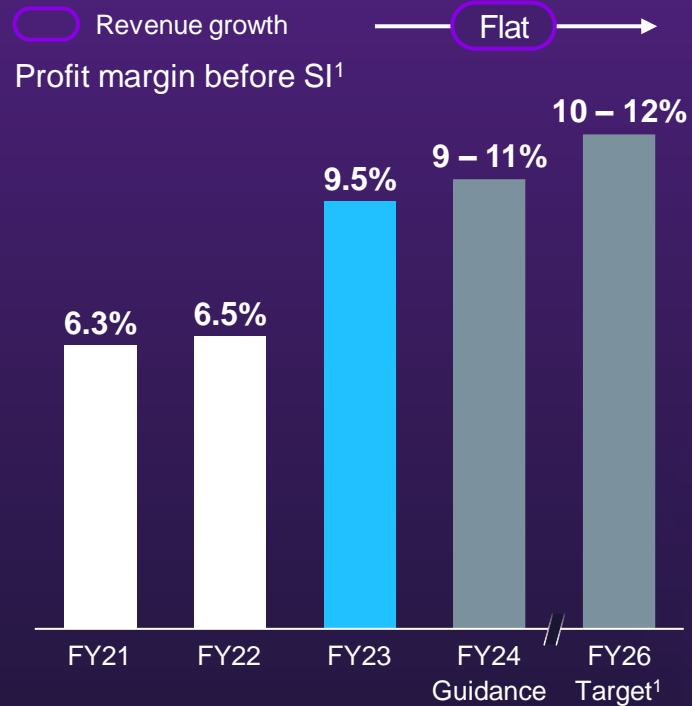
(in €bn)



Free cash flow pre-tax

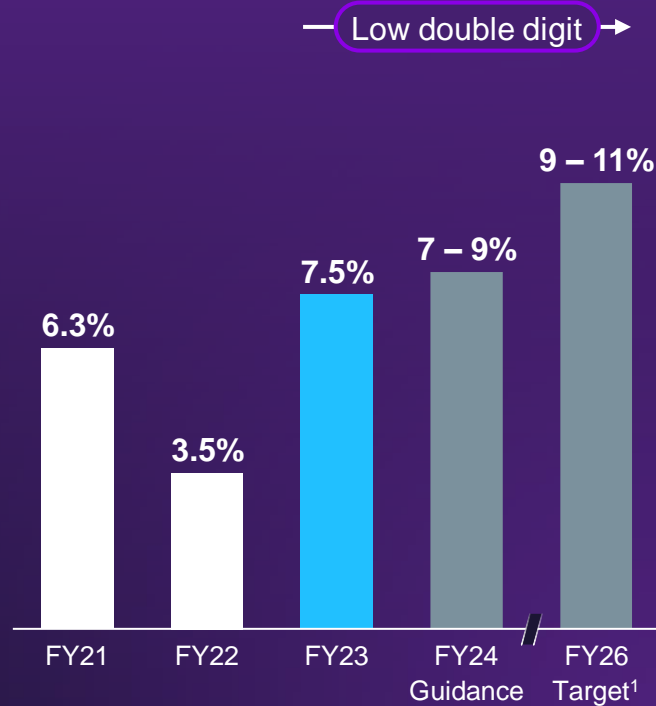
... however, excellent performance of former GP businesses and improved mid-term expectations

Gas Services



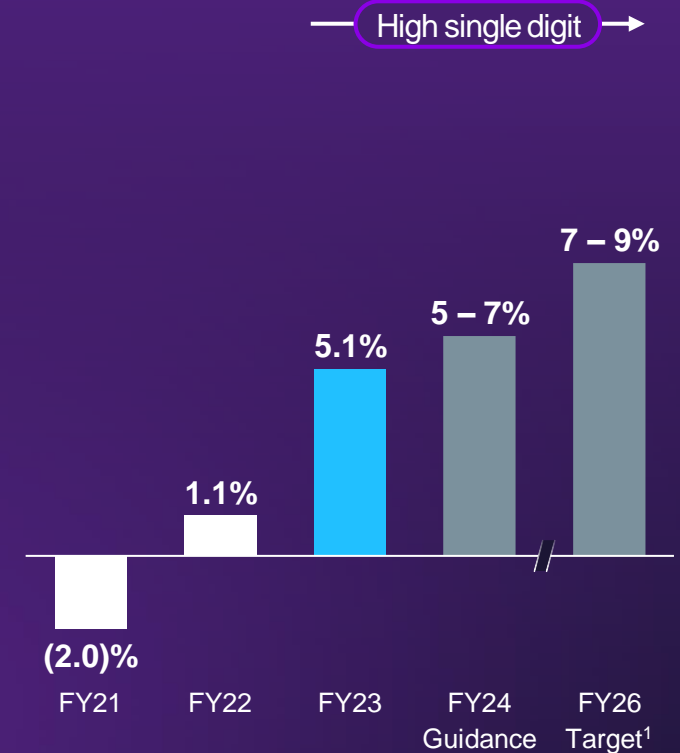
FY23 guidance (Q3): 9 – 11% ✓
 CMD 2022 target FY25¹: 10 – 12% **confirmed**

Grid Technologies



FY23 guidance (Q3): 6 – 8% ✓
 CMD 2022 target FY25¹: 8 – 10% **upgraded**

Transformation of Industry



FY23 guidance (Q3): 3 – 5% ✓
 CMD 2022 target FY25¹: 6 – 8% **upgraded**

¹ FY25 and FY26 margin targets as reported

Delivering on our commitments – successful turnaround of former GP businesses supported by implemented measures and streamlined organization

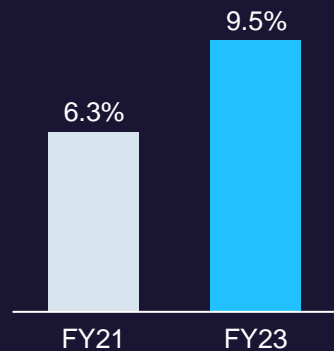
Accelerated impact program (AIP)

- Resizing capacities and function optimization (~5,000 headcounts reduced)
- Footprint optimization (e.g., Le Havre, Olean)
- Stronger footprint in best cost competency hubs
- Operational and project excellence
- Further savings of ~€0.1bn p.a. in FY24/25

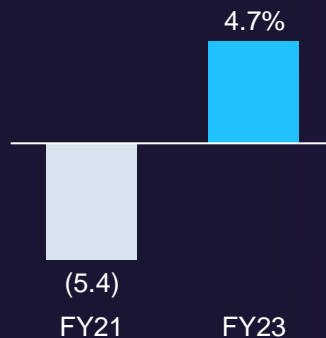
>€0.8bn
savings
since FY21



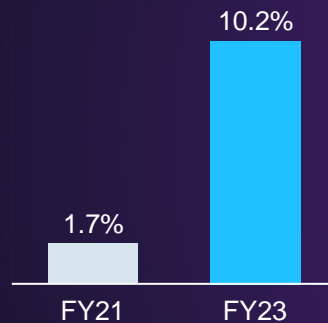
Gas Services



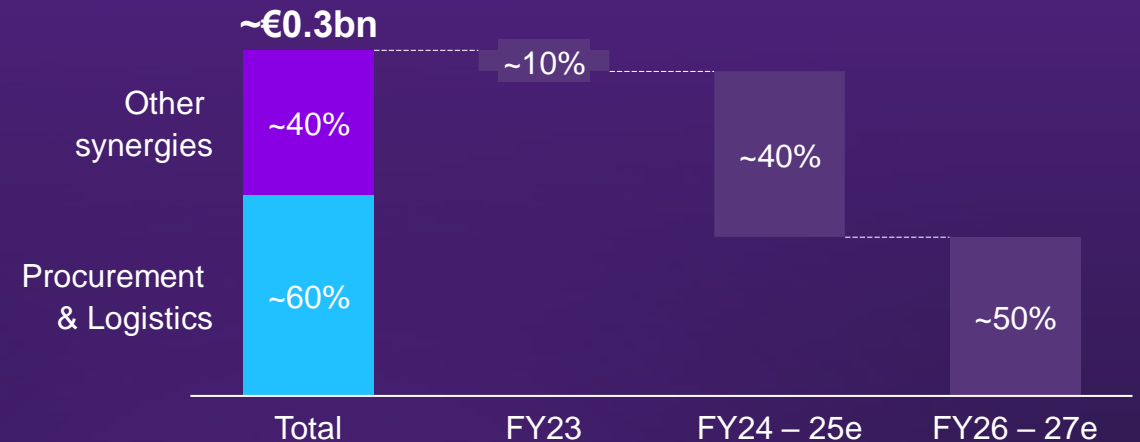
Compression



Industrial Steam Turbines and Generators



Siemens Gamesa integration synergies



- Integration preparation activities well on track, with **clear priority to Siemens Gamesa stabilization and turnaround**
- Largest saving potential from optimized supply chain setup and consolidated IT landscape
- Additional efficiencies expected from a simplified and more coherent structure, legal integration, improved go-to-market and project execution
- Savings equally distributed to SE-group and Siemens Gamesa

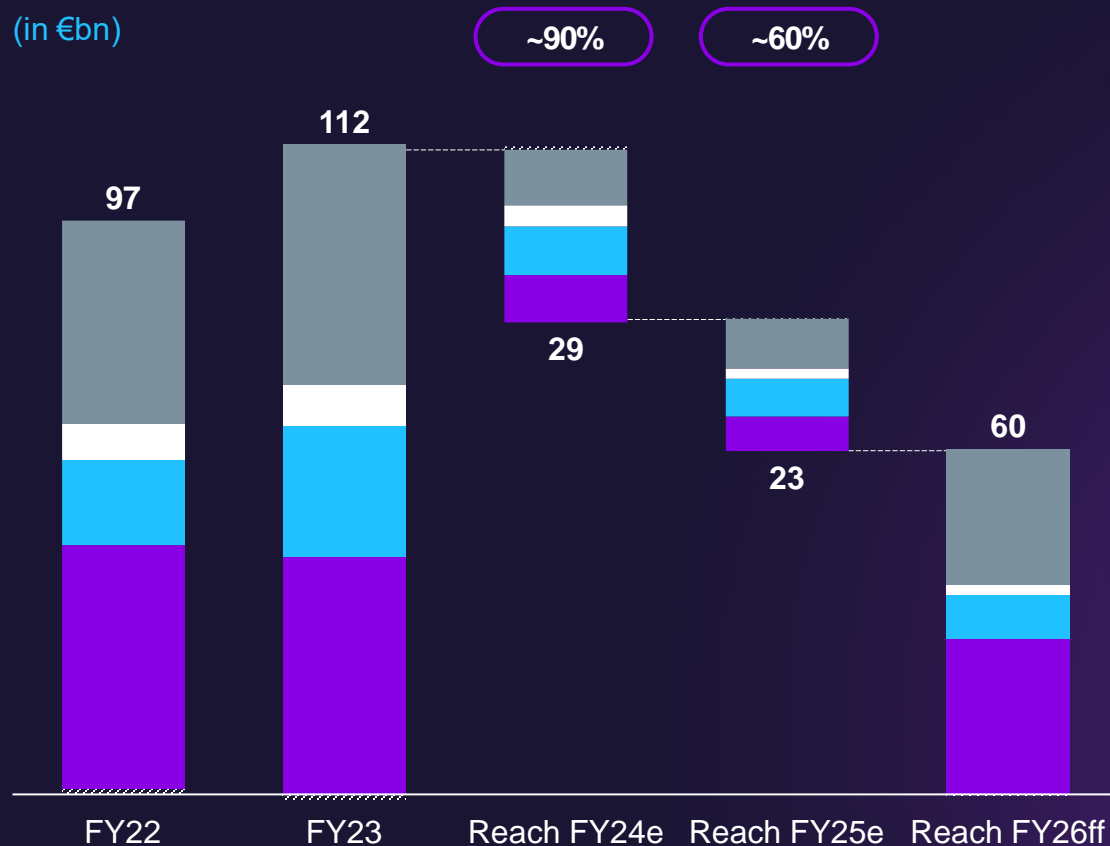
Profit margin before SI

2023-11-21

Order backlog as a source of strength and resilience for former GP businesses and providing visibility on path forward for Siemens Gamesa

Order backlog

(in €bn)



Backlog project margin



- **Selective growth strategy and operational excellence** in former GP businesses
- Margin profile **supporting mid-term targets**
- Protection through **price escalation clauses**
- Clear **visibility on Siemens Gamesa legacy backlog execution**
- Growth in new units supporting **rejuvenation of serviced fleet**

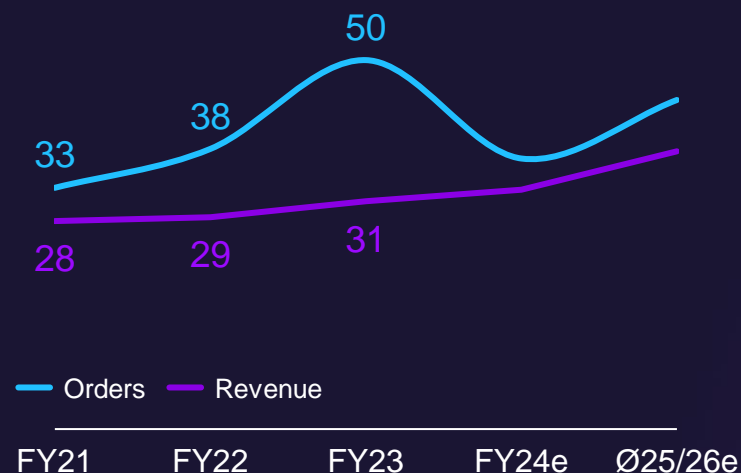
% of respective year revenues ■ SG ■ TI ■ GT ■ GS

¹ Service backlog as % of total order backlog

Strong but selective growth: Increasing investment requirements pre-financed through strong orders and selective capital expenditures

Volume

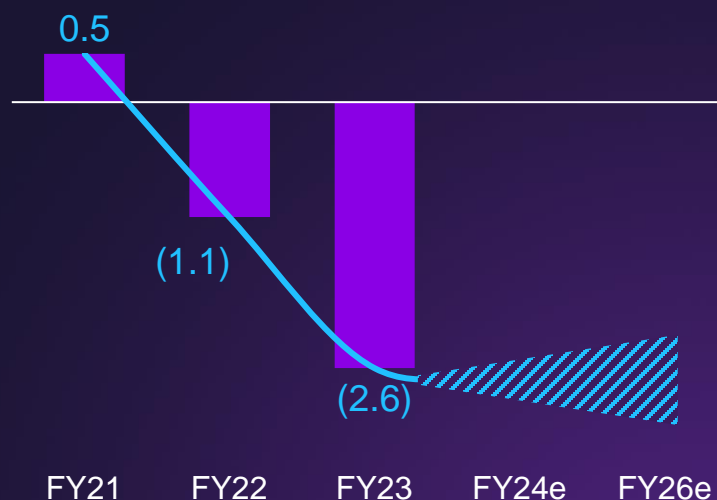
(in €bn)



- Consistent book-to-bill >1 fueled by exceptionally strong FY23 orders in Grid Technologies and Siemens Gamesa
- Expecting a trough in orders at Siemens Gamesa driven by offshore market phasing, selectivity and onshore sales stop

Operating working capital

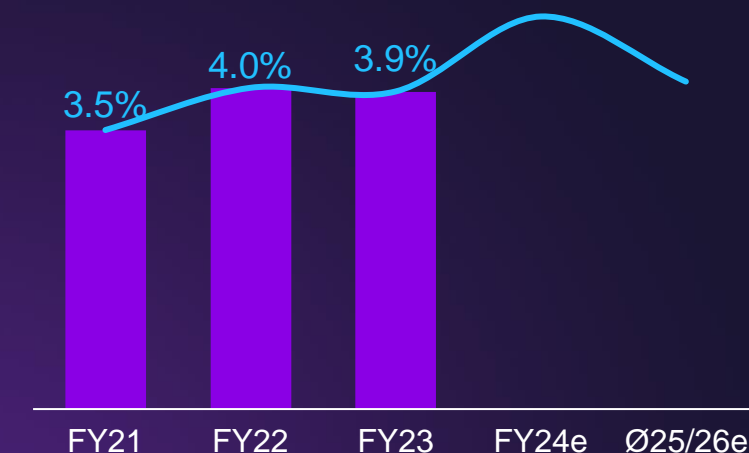
(in €bn)



- Well pre-financed working capital position, supported by order growth trajectory
- Focused initiative to stabilize working capital around current level

Capital expenditures

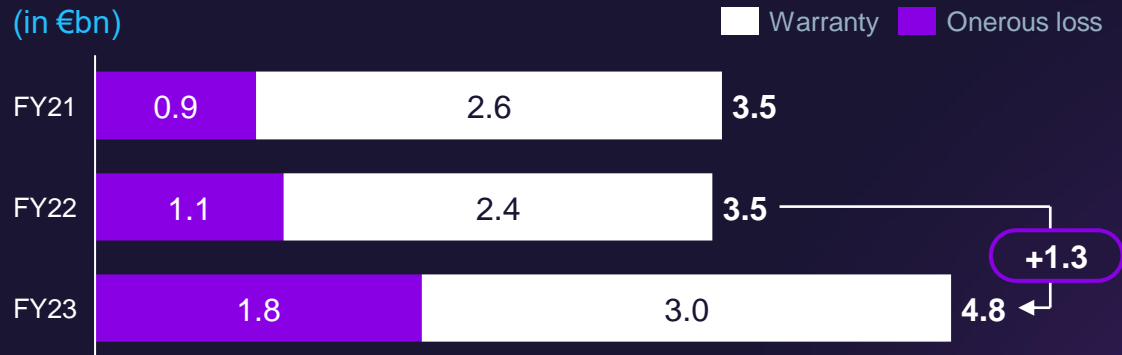
(in % of revenue)



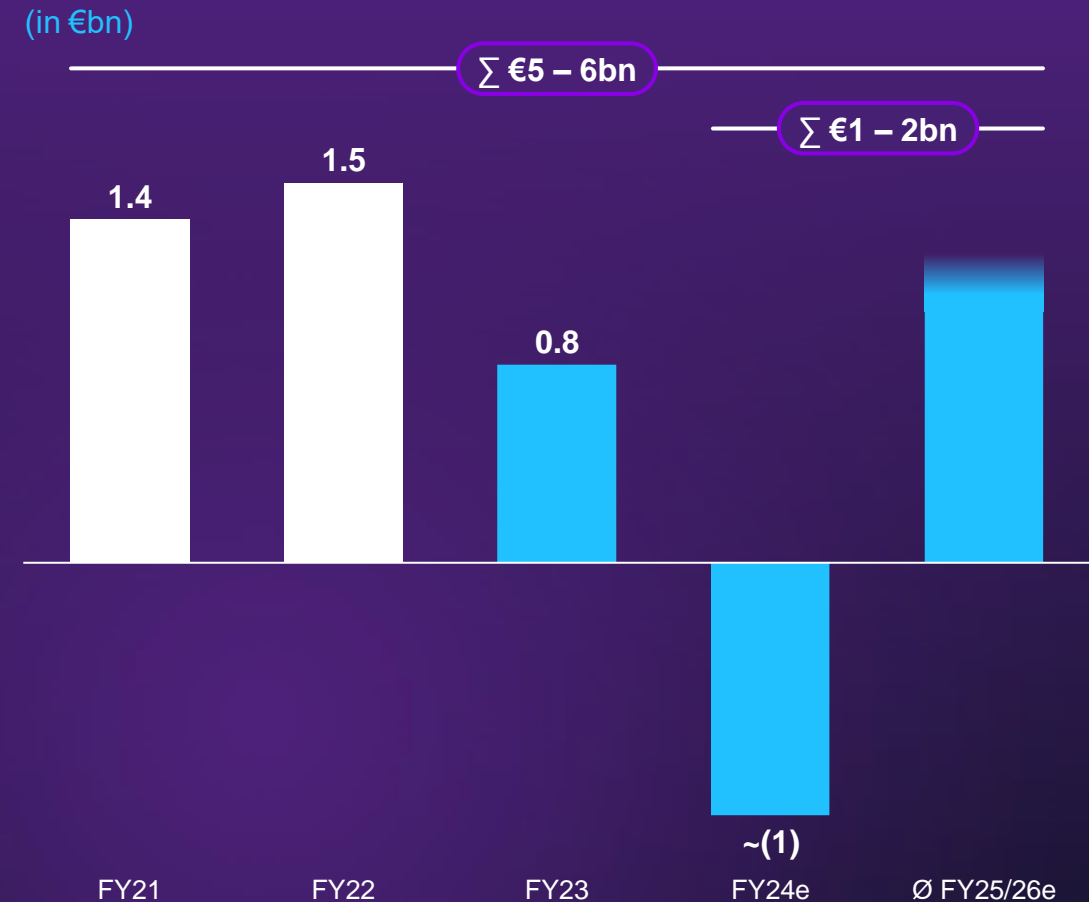
- Capital expenditures (capex) geared towards growth or customer requirements
- Increased demand for capacity expansion
- Majority (~60%) of capex relate to Siemens Gamesa, peaking in FY25 with normalization thereafter

Mid-term free cash flow will be impacted by the normalization of provision levels

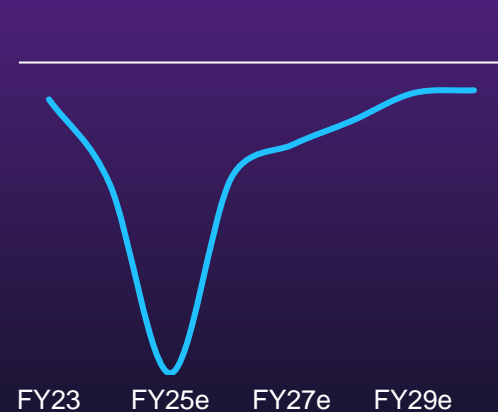
Siemens Energy provisions¹



Siemens Energy free cash flow pre-tax



Short-term quality cash-out Siemens Gamesa

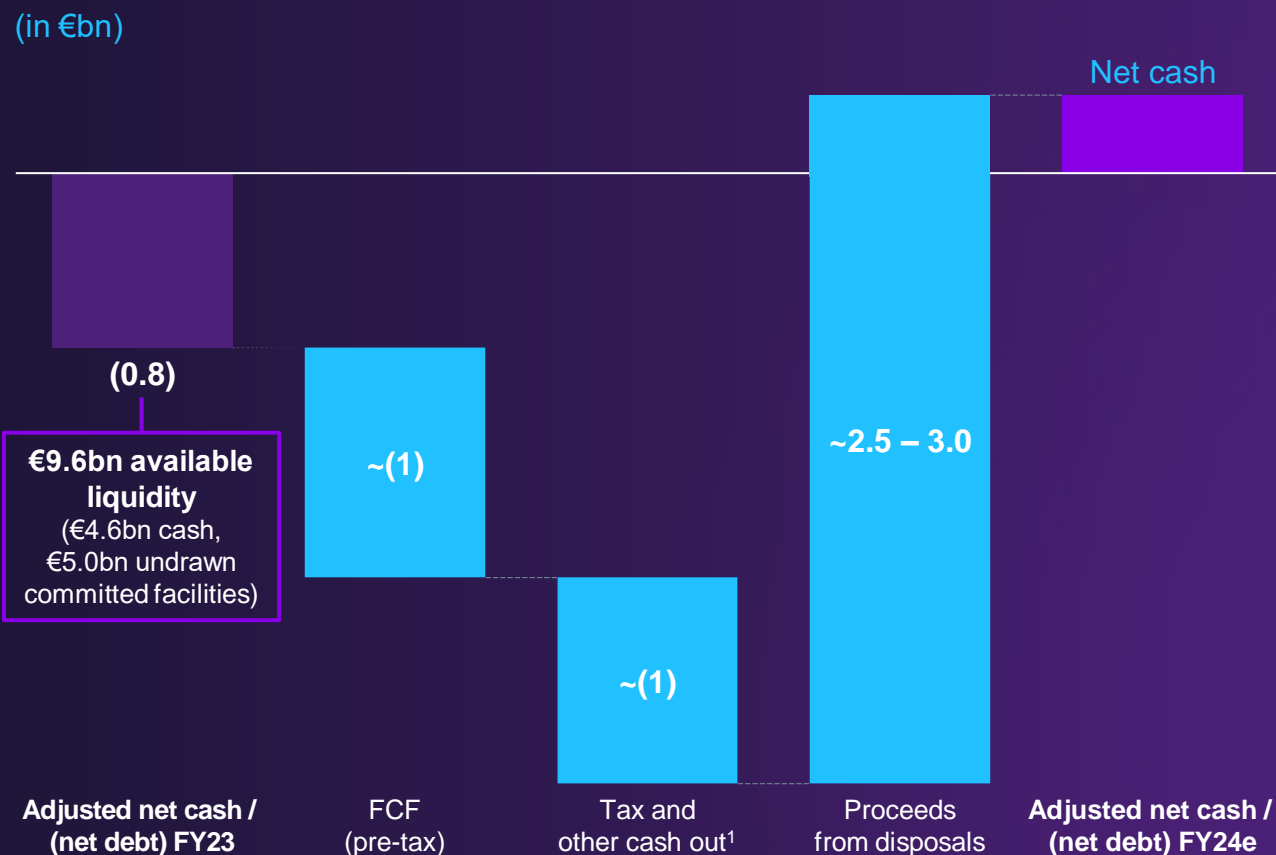


- Total mid-term cash out of ~€1bn from quality expected at Siemens Gamesa
- Expecting a peak of cash-outflow in FY25 (mid triple digit €m)
- Total cash out incl. long-term warranty cost spans well beyond FY30

¹ Excluding other provisions

Commitment to a prudent financial policy consistent with an investment grade credit profile, net cash position in FY24

Expected net cash / (net debt) development FY24



Investment grade credit profile

- Strong balance sheet with targeted **net cash position in FY24**
- Return to structurally positive cash generation by FY25
- Strong liquidity and healthy debt maturity profile
- Good visibility on margin recovery path given order book
- Prudent financial policies

¹ Includes mainly paid income tax, interest paid, minority dividends, purchase of treasury shares

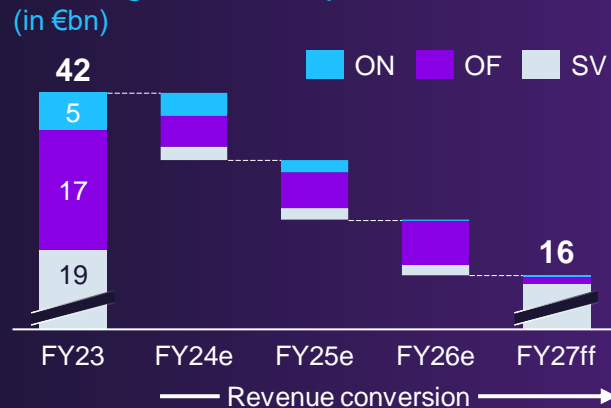
Siemens Gamesa: Execution of legacy backlog and defined improvement measures will pave the way to break-even in FY26

Siemens Gamesa backlog

Backlog project margins

Onshore: Low single digit
 Offshore: Mid single digit
 Service: High teens

Backlog execution plan



Improvement measures

Project margin as % of revenue

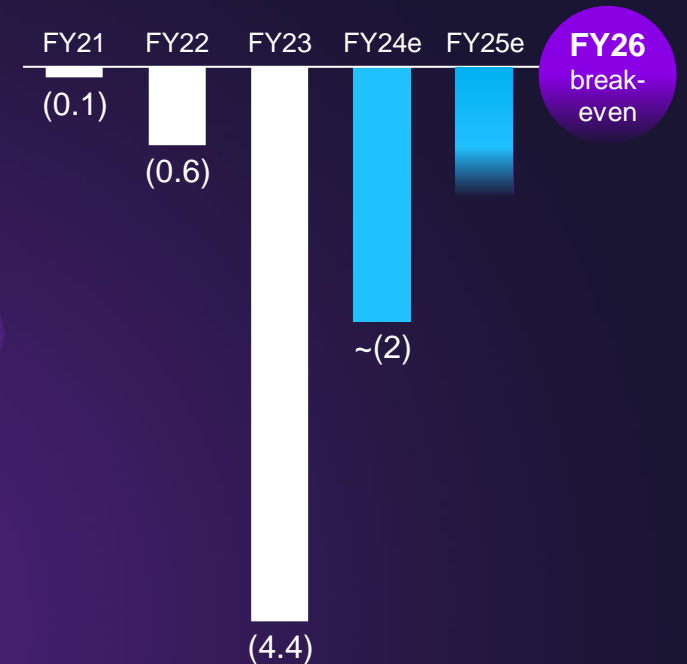


~€0.4bn structural cost and efficiency improvements



Profit before special items

(in €bn)



¹ Improvements from FY24 to FY26 | ² Other CoS (cost of goods sold) reflecting structural cost and under-absorption in gross profit (below project margin)

Prudent long-term targets enabling profitable growth with resilience

Siemens Energy targets FY28

Growth	Profit	Capital efficiency	Capital structure	Dividend policy
Revenue CAGR ¹	Margin as reported ²	Return on Capital Employed ³	Adj. Net Debt ⁴ /EBITDA	Dividend Payout Ratio ⁵
Mid single digit	≥8%	>15%	Investment Grade	40 – 60%


¹ Compound annual comparable (excluding currency translation and portfolio effects) revenue growth rate (FY23-based) | ² Profit margin in % of revenue with profit as earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments | ³ Return of capital employed as net operating profit after tax (NOPAT) over capital employed (Sum of adj. net debt and equity) | ⁴ Adj. net debt as sum of debt, provisions for pensions and similar obligations and credit guarantees less cash and cash equivalents | ⁵ Pay-out based on the group's net income attributable to shareholders of Siemens Energy AG. Net income may be adjusted for extraordinary non-cash effects

Key messages



Deliver
on profitable growth

Excellent turnaround track-record and upgraded margin expectations for our former GP businesses



Fix
the wind business

Continuous strong demand driven by energy transition acts as a catalyst for profitable growth



Maintain
solid financial foundations

Defined path and action plan to reach break even at Siemens Gamesa in FY26

Prudent resource allocation with selective investments geared towards growth or customer requirements

Strong commitment to investment grade credit profile underlined by FY24 net cash target

Long-term targets in place to deliver sustainable shareholder value creation

Backup

Financial framework

A long-term plan for value creation

FY24 guidance and FY26 targets

	FY24 guidance		FY26 targets	
	Revenue growth ³	Profit margin before SI ¹	Revenue CAGR ⁴	Margin reported ¹
Gas Services	(4) – 0%	9 – 11%	Flat	10 – 12%
Grid Technologies	18 – 22%	7 – 9%	Low double digit	9 – 11%
Transformation of Industry	8 – 12%	5 – 7%	High single digit	7 – 9%
Siemens Gamesa	0 – 4%	around neg. €2.0bn	Low single digit	Break-even ²
Siemens Energy	3 – 7%	(2) – 1%	Mid single digit	5 – 7%
Net income		up to €1.0bn incl. gains from disposals		€1.0 – 1.5bn
Free cash flow pre-tax⁵		Around neg. €1.0bn		€1.0 – 2.0bn (cumulative ⁶)
Proceeds from disposals		€2.5 – 3.0bn		

Group targets FY28

MSD	Revenue CAGR⁴
≥8%	Profit margin¹ Long-term profitability
>15%	ROCE⁷ Strong capital efficiency
IG	Adj. net debt⁸ Commensurate with IG ⁹ profile
40 – 60%	Dividend policy¹⁰ Stable shareholder return

This outlook excludes charges related to legal and regulatory matters.

1 Profit margin in % of revenue with profit as earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments | 2 Break-even target for SG before special items | 3 Comparable revenue growth: Excluding currency translation and portfolio effects | 4 Compound annual revenue growth rate (FY23-based); MSD: Mid single digit | 5 Free cash flow pre-tax as operating cashflow and additions to intangible assets and PPE less Income taxes paid | 6 Cumulative free cash flow pre-tax FY24 – 26 | 7 Return of capital employed as net operating profit after tax (NOPAT) over capital employed (Sum of adj. net debt and equity) | 8 Adj. net debt as sum of debt, provisions for pensions and similar obligations and credit guarantees less cash and cash equivalents | 9 IG: Investment grade | 10 Pay-out based on the group's net income attributable to shareholders of Siemens Energy AG. Net income may be adjusted for extraordinary non-cash effects