

Capital Market Day 2020

CFO Section

Maria Ferraro, CFO
of Siemens Energy



Notes and forward-looking statements (I)



This presentation and the information contained herein are for information purposes only and do not constitute a prospectus or an offer to sell or a solicitation of an offer to buy or subscribe for any securities of Siemens AG or Siemens Energy AG. This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation of such jurisdiction or which would require any registration or licensing within such jurisdiction. Any failure to comply with these restrictions may constitute a violation of the laws of other jurisdictions. Any securities to be distributed in connection with this transaction have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) or the laws of any state of the U.S. Neither Siemens AG nor Siemens Energy AG intends to register any securities referred to herein in the U.S.

This presentation is being distributed to, and is directed only at, persons in the United Kingdom ("U.K.") in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply. This document does not constitute an offer document or an offer of securities to the public in the U.K. to which section 85 of the Financial Services and Markets Act 2000 of the U.K. applies and is not, and should not be considered as, a recommendation that any person should subscribe for or purchase any securities. This document is being communicated only to (i) persons who are outside the U.K.; (ii) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or (iii) persons within the scope of article 43 of the Order or (iv) high net worth companies, unincorporated associations and other bodies who fall within article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this document relates is available only to and will be engaged in only with Relevant Persons, and any person who is not a Relevant Person must not act or rely on this communication or any of its contents. This document should not be published, reproduced, distributed or otherwise made available, in whole or in part, to any other person without the prior consent of Siemens AG or Siemens Energy AG.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained herein, and no undue reliance should be placed on it. Neither Siemens AG nor Siemens Energy AG nor any of their affiliates, advisers, connected persons or any other person accepts any liability for any loss howsoever arising (in negligence or otherwise), directly or indirectly, from this presentation or its contents or otherwise arising in connection with this presentation.

It should be noted that financial information regarding Siemens Energy AG's reporting segment Siemens Gamesa Renewable Energy (SGRE) has been taken or derived from the combined financial statements of Siemens Energy or from its accounting records or internal management reporting systems and does not necessarily correspond to financial information publicly reported by Siemens Gamesa Renewable Energy S.A.

Certain numerical data, financial information and market data in this presentation have been rounded in accordance with commercial rounding. Unless otherwise indicated, all financial data presented in the text and tables in this presentation is shown in millions of euros (€ million), commercially rounded to the nearest million. Percentage changes and ratios in the text and tables of this presentation are calculated based on the rounded numbers shown in this presentation, and then commercially rounded to a whole percentage or to one digit after the decimal point. Such rounded figures and percentages may not add up to 100% or to the totals or subtotals contained in this presentation.

Certain financial data included in this presentation consists of non-IFRS financial measures. These non-IFRS financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. You are cautioned not to place undue reliance on any non-IFRS financial measures included herein.

Notes and forward-looking statements (II)



This presentation contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management of Siemens AG and Siemens Energy AG. Forward-looking statements involve known and unknown risks and uncertainties and, therefore, should not be construed as guarantees of future results, performance and events. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting Siemens Energy AG, and other factors. Siemens AG or Siemens Energy AG do not undertake any obligation to update any forward-looking statements.

Accordingly, any forward-looking statement relating to the impact of the COVID-19 pandemic on Siemens Energy AG or any of its subsidiaries is only an estimate as of today. Given the rapidly evolving nature of the COVID-19 pandemic and the uncertainties regarding countermeasures by governments around the world to combat its effects, no undue reliance should be placed on such forward-looking statements.

Any assumptions, views or opinions contained in this presentation represent the assumptions, views or opinions of Siemens AG or Siemens Energy AG as of the date of this presentation and are subject to change without notice, unless and update is required by law. All information not separately sourced is from Siemens AG or Siemens Energy AG data and estimates. Market and market share data is based on company internal estimates derived from continuous analysis and aggregation of internal and external market data, including data from third-party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While Siemens Energy AG believes that each of these publications, studies and surveys has been prepared by a reputable source, neither Siemens AG nor Siemens Energy AG or any other party has independently verified the data contained therein. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this presentation. Information contained in this presentation related to past performance is not an indication of future performance. The information in this presentation is not intended to predict actual results, and no assurances are given with respect thereto.

Advertisement

This communication is an advertisement for the purposes of the Prospectus Regulation EU 2017/1129 and underlying legislation. It is not a prospectus. The listing of the shares of Siemens Energy AG on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) will take place on the basis of an approved prospectus. The prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") in accordance with the Prospectus Regulation regime. However, the approval of the prospectus by BaFin should not be understood as an endorsement of the shares of Siemens Energy AG. Investors should purchase shares solely on the basis of the prospectus relating to the shares and should read the prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the shares. Copies of the prospectus are available free of charge from Siemens Energy AG, Otto-Hahn-Ring 6, 81739 Munich, Germany, or on Siemens Energy AG's website (www.siemens-energy.com/investorrelations).

Our Management Team

What we stand for



Christian Bruch
CEO



Passion for
transformation



Maria Ferraro
CFO



Clear focus on
EBITA & Cash



Jochen Eickholt
Member of the
Executive Board



Better performance
through Operational
Excellence



Tim Holt
Member of the
Executive Board



Service and
digitalization as
value drivers

Global business **diversified**
across all dimensions



Asset light
business with low net
capital employed

€77 bn
order backlog¹
providing visibility



Siemens Energy
has a strong
foundation with
significant upside potential



Net cash position
and **BBB IG⁴-Rating**

€9.5 bn
resilient and recurring
service revenue²



Clear path | 6.5-8.5% margin
FY23 target for Adj. EBITA
before Special Items³

¹ As of September 30, 2019 | ² Based on FY19 | ³ Special Items definition on this and the following pages includes personnel restructuring and integration costs, stand-alone costs and asset impairments and write downs related to strategic portfolio decisions. Please refer to page 22 for additional information | ⁴ Investment grade
2020-09-01

We have a clear framework for value creation

Performance

✓ Covered in incentive framework

6.5-8.5% ✓

Adj. EBITA margin before
Special Items **Siemens
Energy FY23 target**

Flat to 3%

Rolling 3-year average
revenue growth
**Siemens Energy
mid-term target²**



≥8% ✓

Adj. EBITA margin **Siemens
Energy mid-term target¹**

Cash Conversion
Rate = 1-revenue
growth ✓

Rolling over 3 years⁵
FCF/Adj. EBITA
**Siemens Energy FY23
target**

Portfolio

**Research and
Development**

~€1 bn
annual spending

**Portfolio
optimization**

Resize
the portfolio

Financial policy

Capital structure

**Solid investment
grade rating**

Adj. (Net Cash)/Net Debt³
to EBITDA below 1.5x

Dividend policy

40-60%
pay-out ratio⁴

¹ Adj. EBITA not adjusted for Special Items | ² Excluding portfolio and currency effects | ³ Adj. (Net Cash)/Net Debt defined as short-term debt and current maturities of long-term debt + long-term debt + payables to Siemens Group from financing activities – cash and cash equivalents – receivables from Siemens Group from financing activities + provisions for pensions and similar obligations | ⁴ 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. Siemens Energy will not make a dividend payment for FY20 except for a statutory minimum dividend of up to €29 m in case of sufficient distributable profits | ⁵ Based on the CAGR of revenue over the fiscal years 2021 to 2023, excluding portfolio effects and currency effects

1

**Historical
performance**

2

**Sustainable
value creation**

3

**Financial
outlook**

Historical Performance Summary



Revenue

Returned to growth in FY19 with Book-to-Bill¹ ratio >1x across all businesses



Egypt mega project

€3.7 bn total order volume² of which more than one-third was recognized as revenue in FY17



Profitability

Stabilized in FY18/19 in “new normal” environment³



Current trading

Demonstrated resilience despite COVID-19, with y-o-y increasing orders and moderate revenue softening, albeit weaker profitability

¹ Defined as the ratio of orders to total revenue

² Excluding service and subsequent contracts

³ Based on Adj. EBITA before Special Items

Siemens Energy has returned to growth and stabilized profitability pre COVID-19 ...

Orders (€ bn)

SE Book-to-Bill¹

1.0x

1.1x

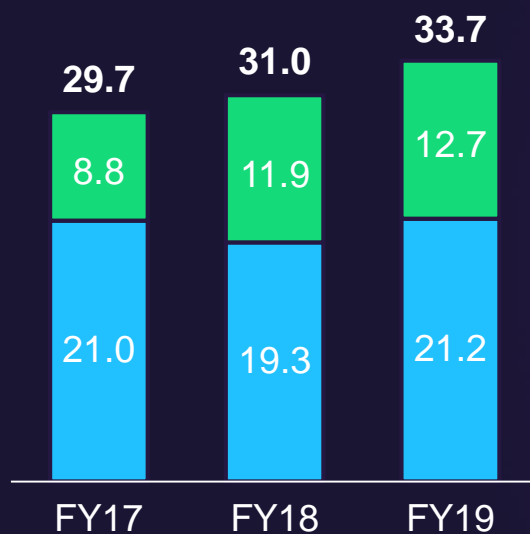
1.2x

GP Book-to-Bill¹

0.9x

1.0x

1.1x



Total revenue (€ bn)

SE y-o-y

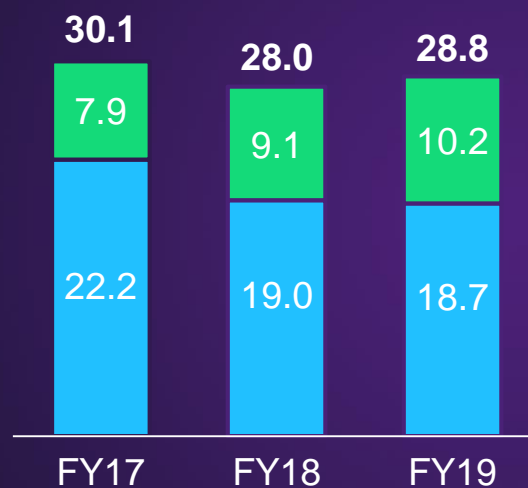
(6.9%)

2.8%

GP y-o-y

(14.6)%

(1.4)%



Adj. EBITA before Special Items (€ bn)

SE Margin

7.2%

5.2%

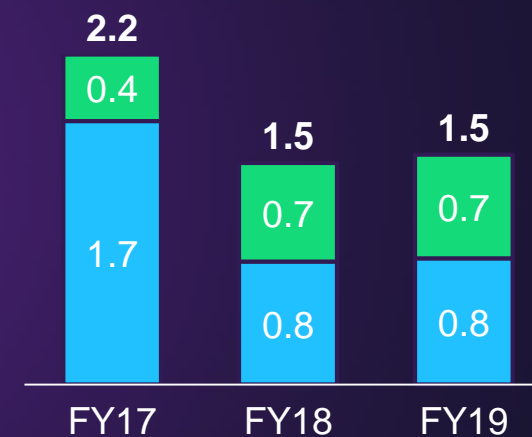
5.3%

GP Margin

7.9%

4.3%

4.5%

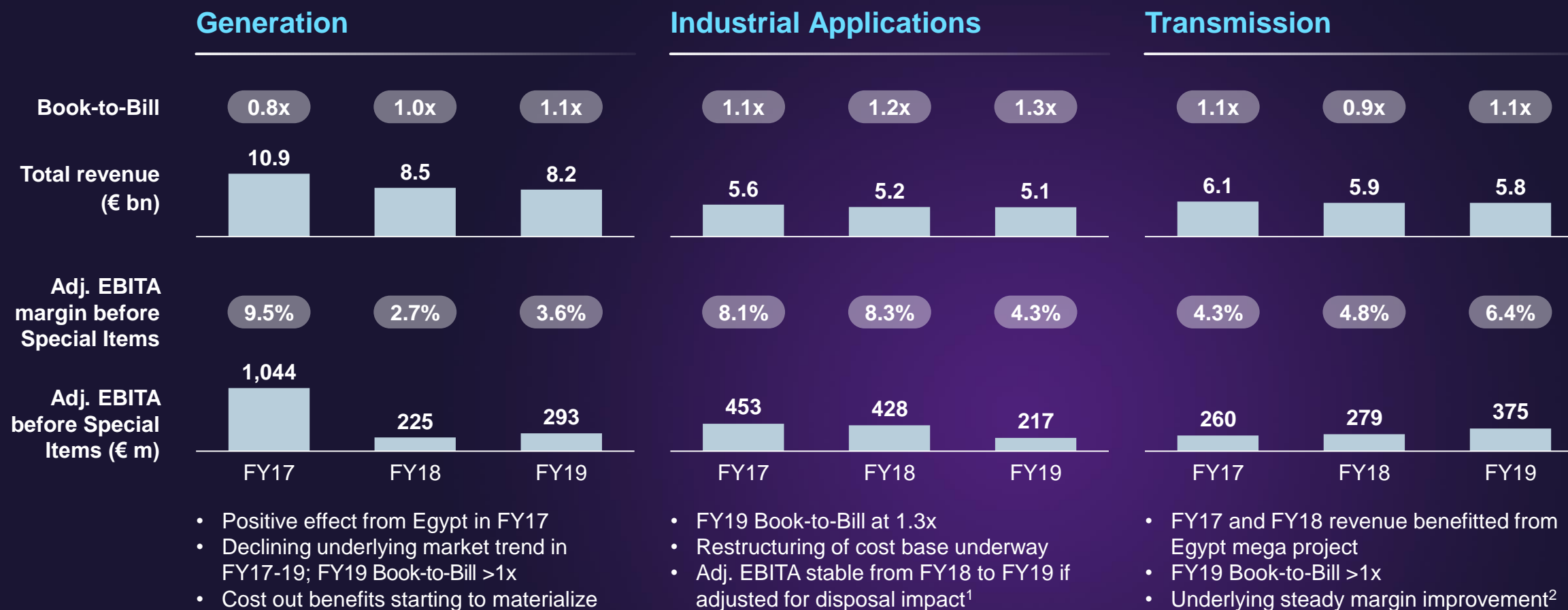


■ Gas and Power (GP) ■ SGRE

Note: Siemens Energy Group metrics post reconciliation and consolidation effects | ¹ Defined as the ratio of orders to total revenue
2020-09-01

CMD | M. Ferraro | CFO Section 9
© Siemens Energy, 2020

... with all Gas and Power divisions turning the corner and recording Book-to-Bill ratios above 1x in FY19

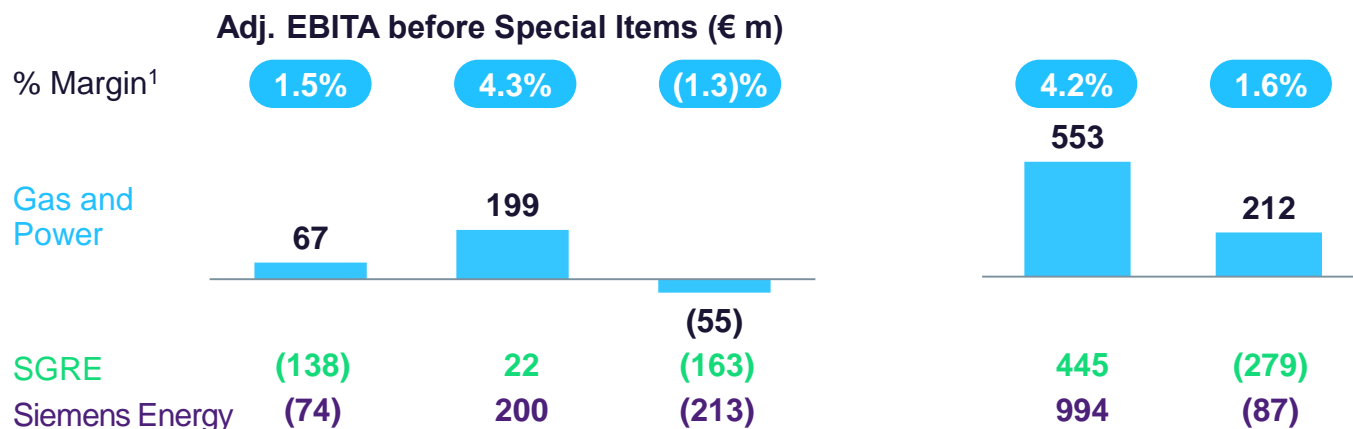
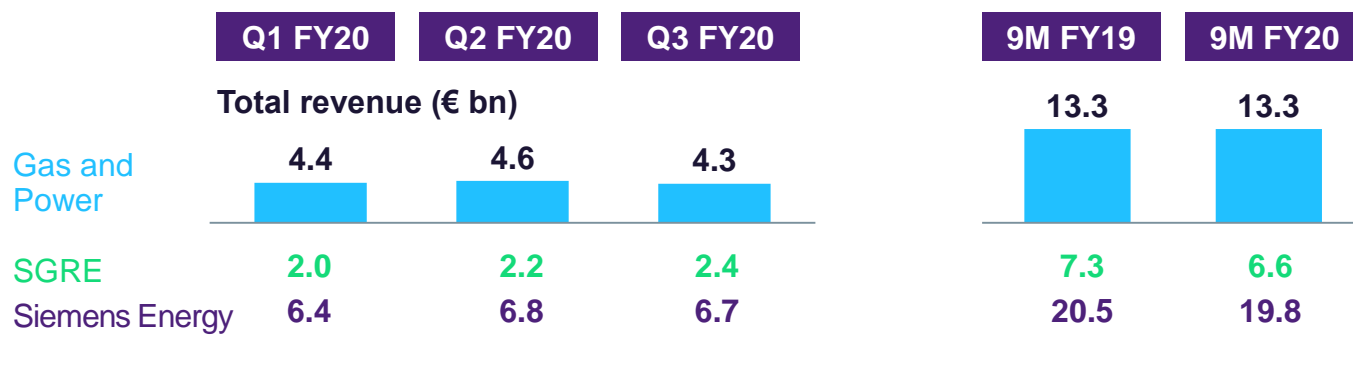


¹ Positively impacted in FY18 by €165 m and negatively in FY19 by €54 m. Disposal effects not part of Special Items definition

² Positively impacted in FY19 by €55 m. Disposal effects not part of Special Items definition

Siemens Energy demonstrated resilience despite COVID-19

Stable top-line development



Note: Siemens Energy Group metrics post reconciliation and consolidation effects

¹ Adj. EBITA margin before Special Items

2020-09-01

Current trading under COVID-19

- All businesses affected: Largest impact in Mar/Apr
- Most of impacted manufacturing facilities reopened and run on normal loads
- At SGRE continued impact at Indian facilities

Gas and Power

- Robust quarter-on-quarter total revenue generation supported by stable orders trajectory in 9M FY20
- COVID-19 impacted profitability mainly in Q3 FY20
- 9M FY20 Special Items include impairments and write-downs related to strategic portfolio decisions (€701 m)

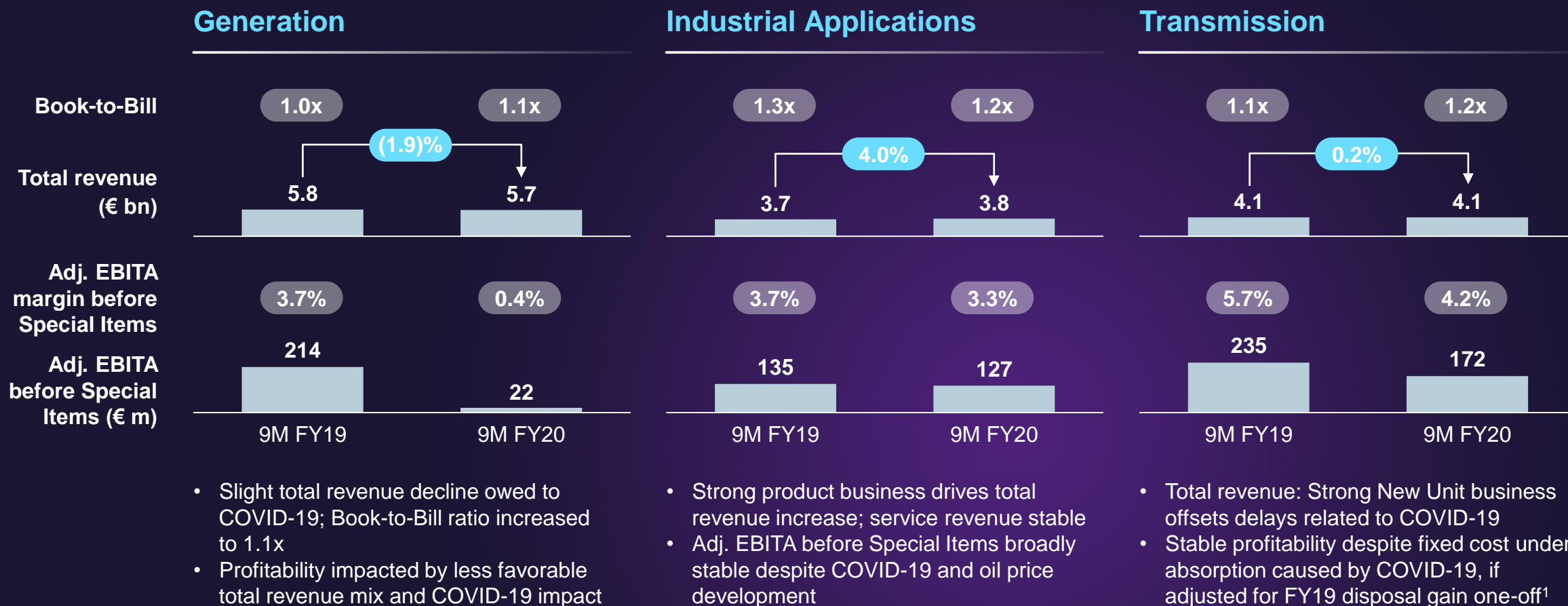
SGRE

- Total revenue below prior year level, but with strong orders momentum (9M FY20 Book-to-Bill: 1.8x)
- COVID-19 impact intensified by onshore execution challenges and Indian operations reset
- 9M FY20 Special Items include inventory and fixed assets write-downs and an impairment of intangible assets related to the strategic decision to resize the scope of Indian operations (€195 m)

Siemens Energy

- Order backlog increase
(September 30, 2019: €77 bn vs. June 30, 2020: €82 bn)

In 2020, Gas and Power delivered a robust top-line and positive operational profitability across all divisions



¹ Positively impacted in FY19 by €55 m. Disposal effects not part of Special Items definition
2020-09-01

1

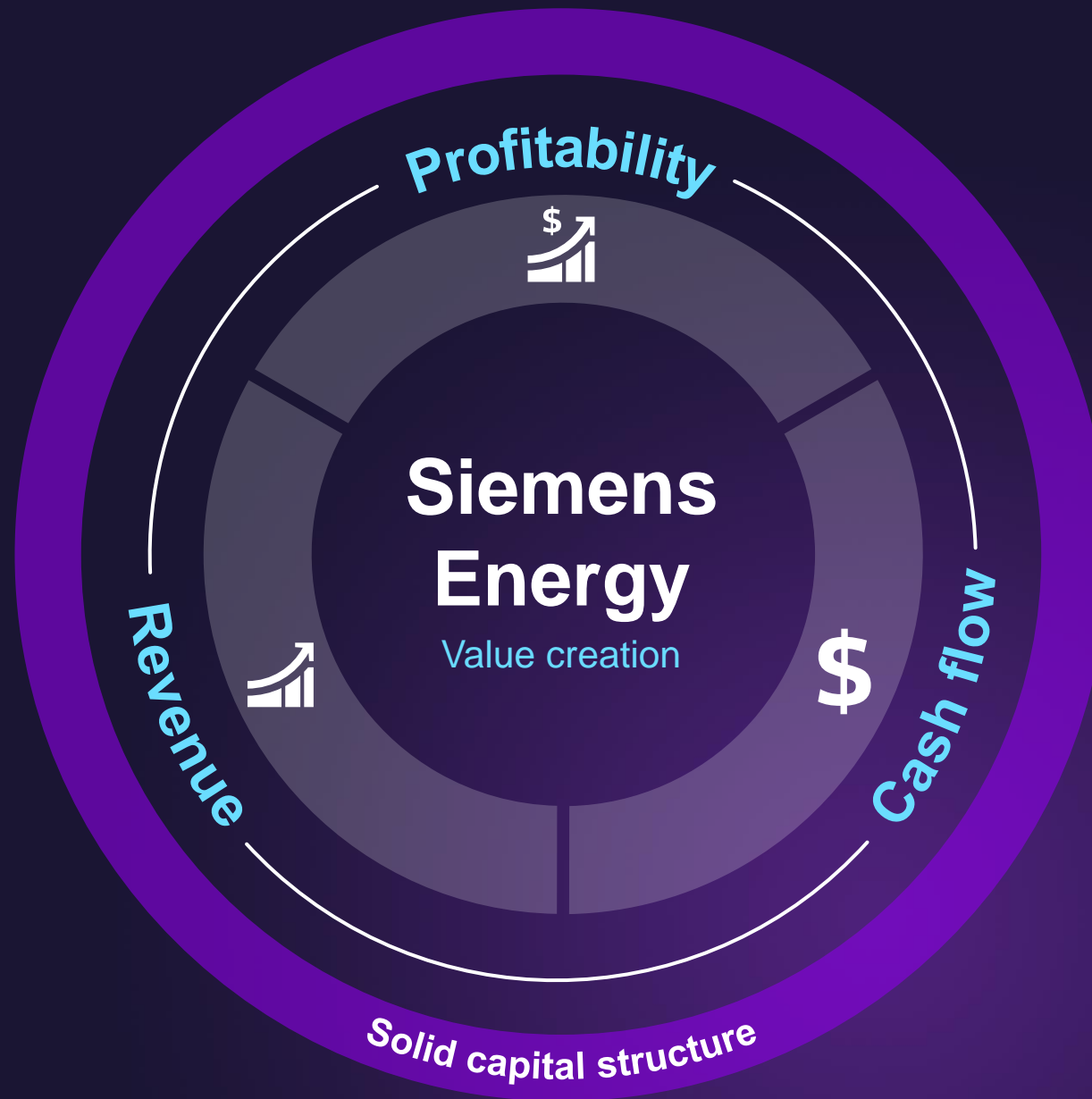
**Historical
performance**

2

**Sustainable
value creation**

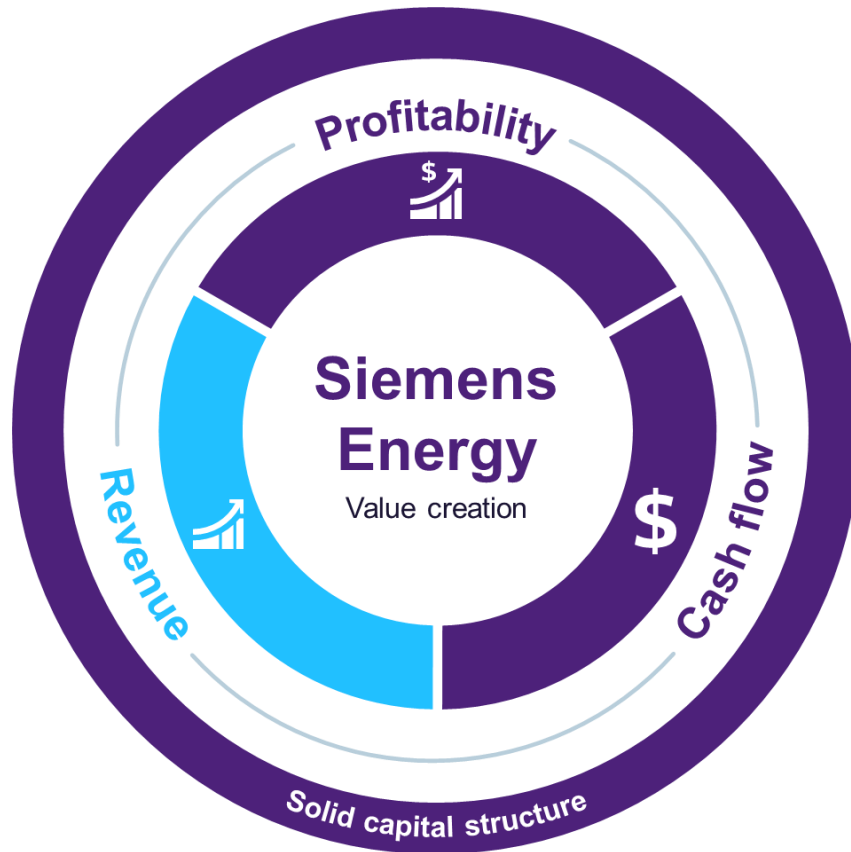
3

**Financial
outlook**



Sustainable value creation

Strong top-line provides solid business foundation



High diversification across regions and businesses

Large order backlog for Gas and Power of which 25%¹ converts within 12 months

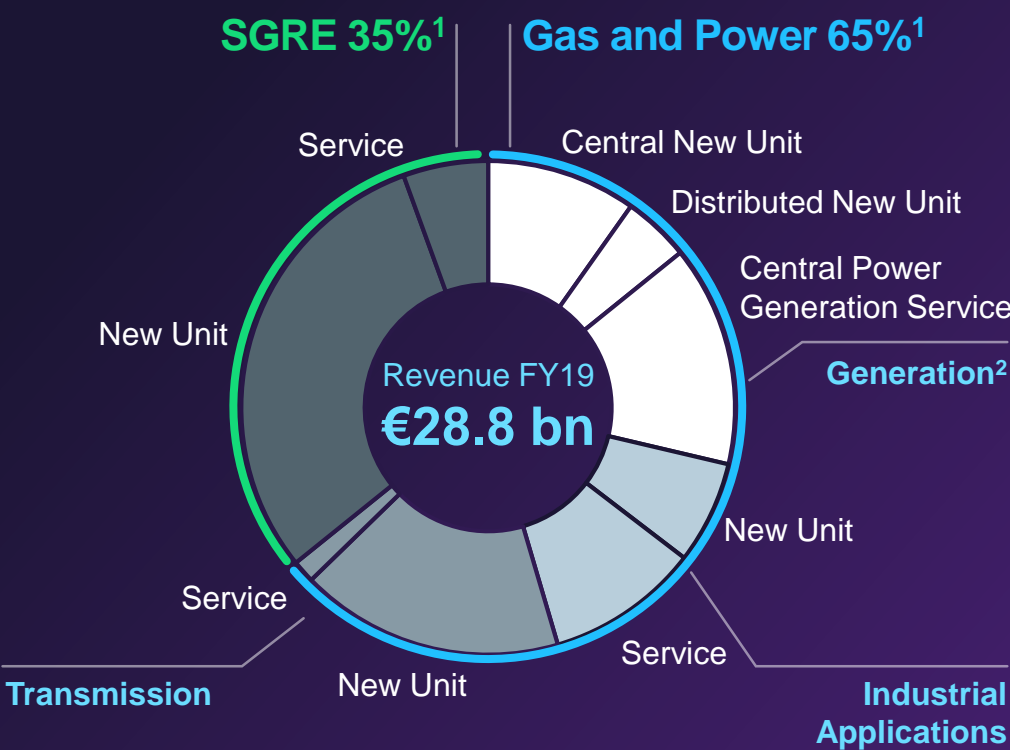
New Unit orders stabilization – especially in Generation

Resilient, recurring service business contributes 42%² of Gas and Power revenue

¹ As of September 30, 2019, we expect to convert approximately €13 bn of Gas and Power FY19 order backlog into total revenue within FY20 | ² Based on FY19; service share in % of Segment Gas and Power total revenue
2020-09-01

Siemens Energy is well diversified across all dimensions

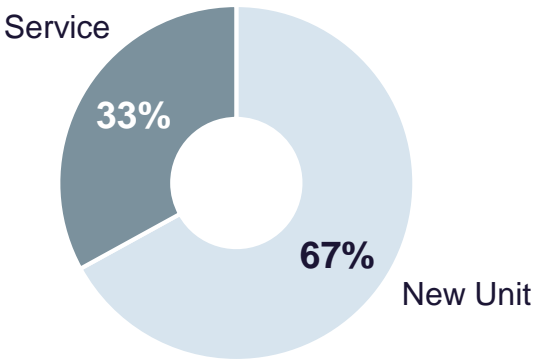
By business



10%² total revenue contribution from Central Generation New Unit revenue

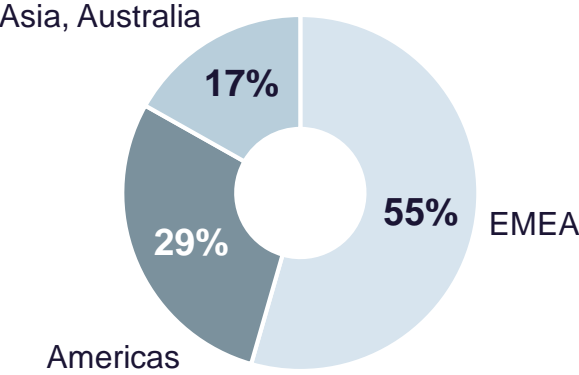
¹ Based on total segments revenue | ² Revenue shares: Central New Unit 10%, Distributed New Unit 4%, Central Power Generation Service 14% based on total revenue splits calculated before intra-group consolidation and reconciliation effects
2020-09-01

By type (FY19)



- **Gas and Power** service share: 42%
- **SGRE** service share: 16%

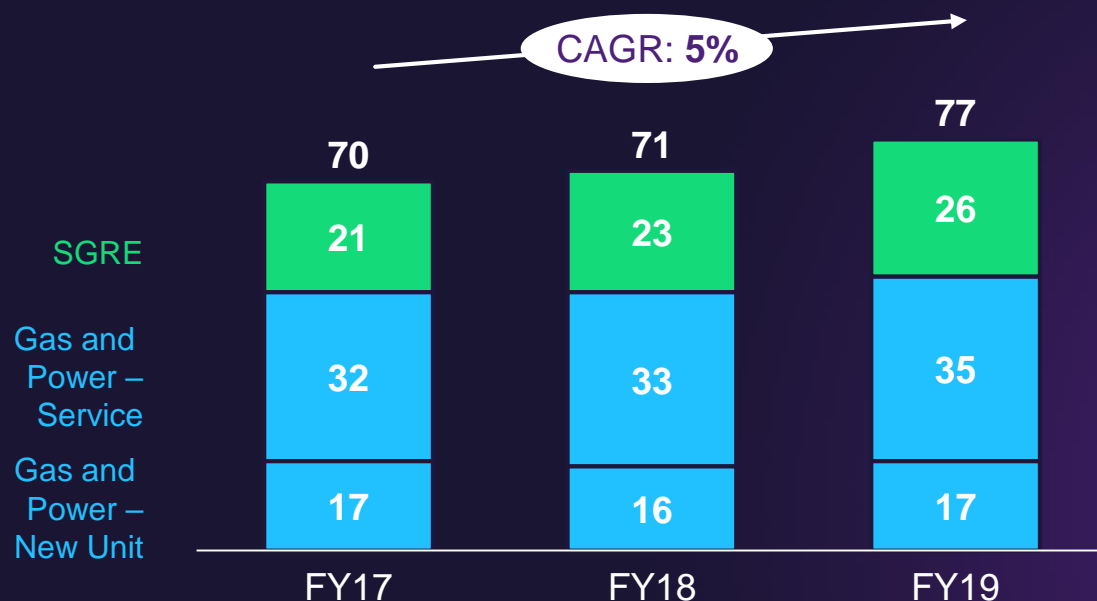
By geography of customer location (FY19)



- Two core markets: EMEA, Americas
- Further upside in Asia

Our increasing order backlog provides strong visibility

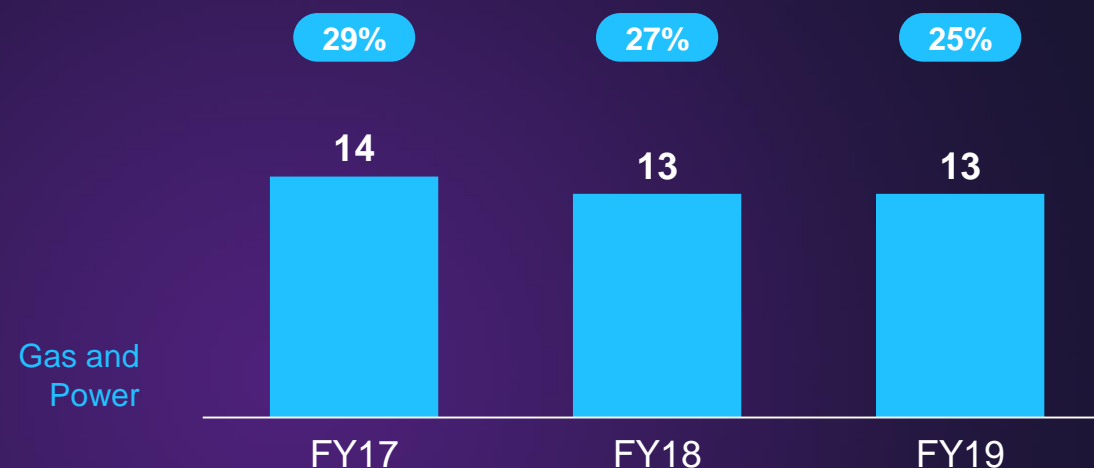
Order backlog by segment and type (€ bn)



- Gas and Power service share of order backlog amounted to 67% in FY19
- Gas and Power order backlog increase mainly service-related, New Unit back to 2017 levels

Order backlog conversion one year forward (€ bn)

Share of Gas and Power backlog expected to be converted within 1 year forward

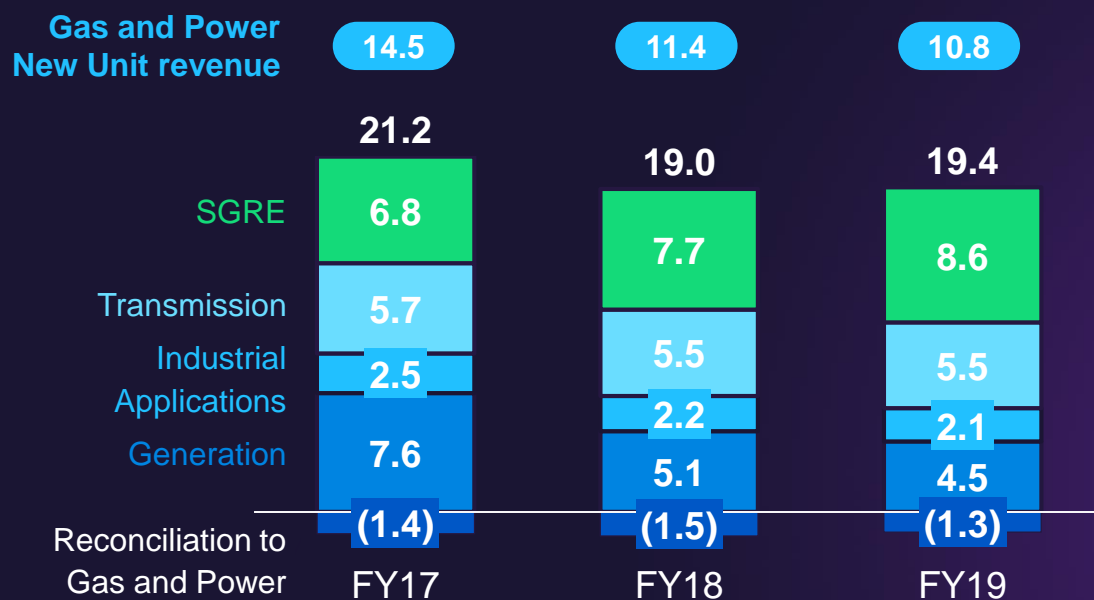


- 25% of Gas and Power order backlog as of FY19 expected to convert into total revenue within FY20

Note: Siemens Energy Group metrics post reconciliation and consolidation effects. Order backlog shown as of fiscal year end. Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account.

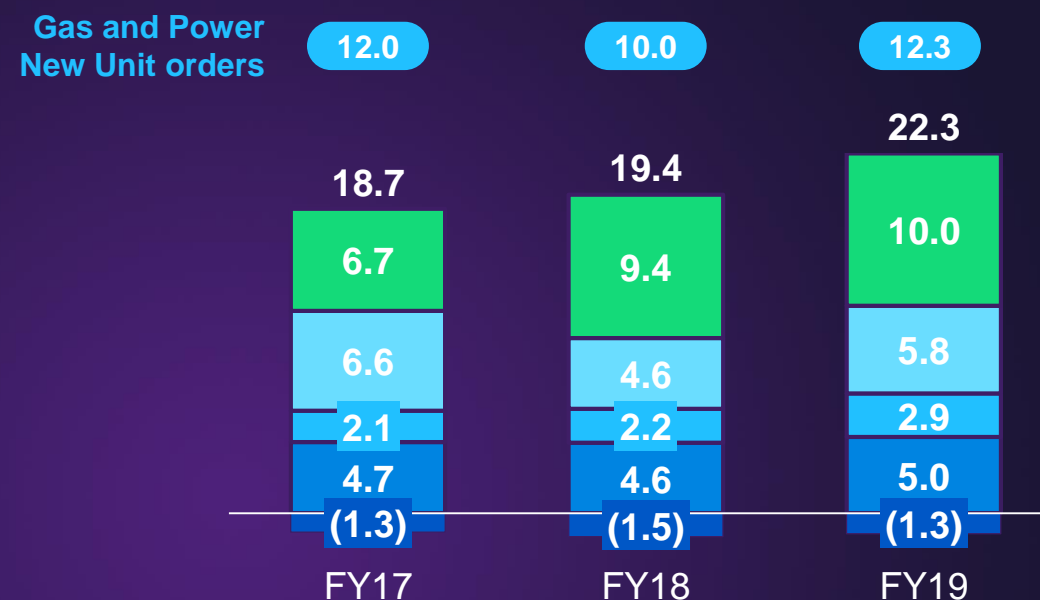
New Unit revenue has stabilized; Gas and Power with strong orders in FY19 across divisions

New Unit revenue by business (€ bn)



- Transmission/Generation: Major share of Egypt mega project (order volume: €3.7 bn¹) booked as FY17 New Unit revenue
- SGRE: 2018 increase following merger (Siemens Wind Power & Gamesa)

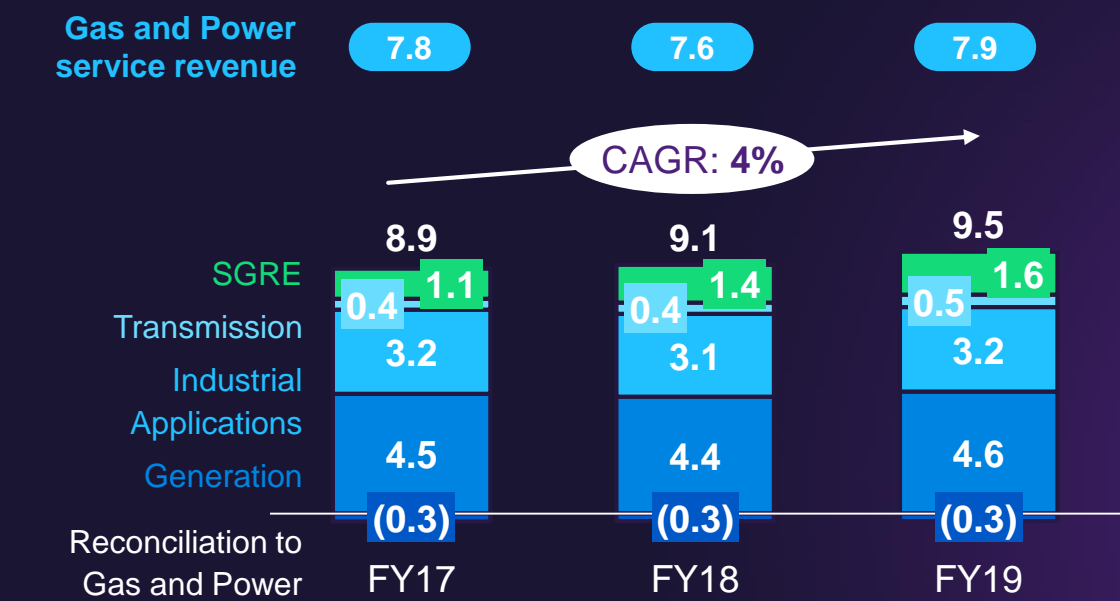
New Unit orders by business (€ bn)



- Gas and Power: New Unit orders returned to growth in all divisions in FY19
- SGRE: Orders growth mainly related to offshore

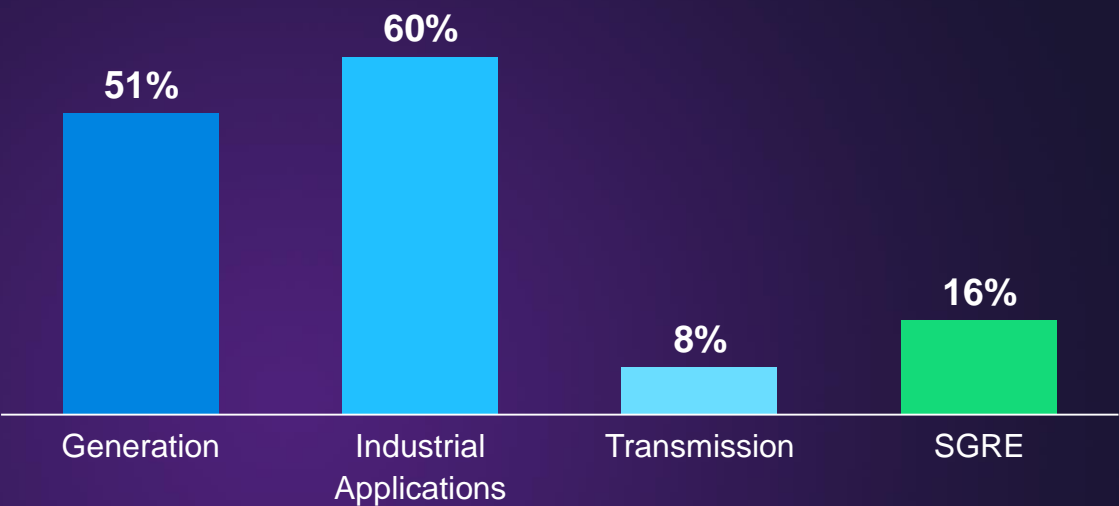
Service revenue continues to grow with large share in Generation and Industrial Applications

Service revenue by business (€ bn)



- Generation service business stable driven by large share of long-term programs

Service revenue share by business¹, FY19

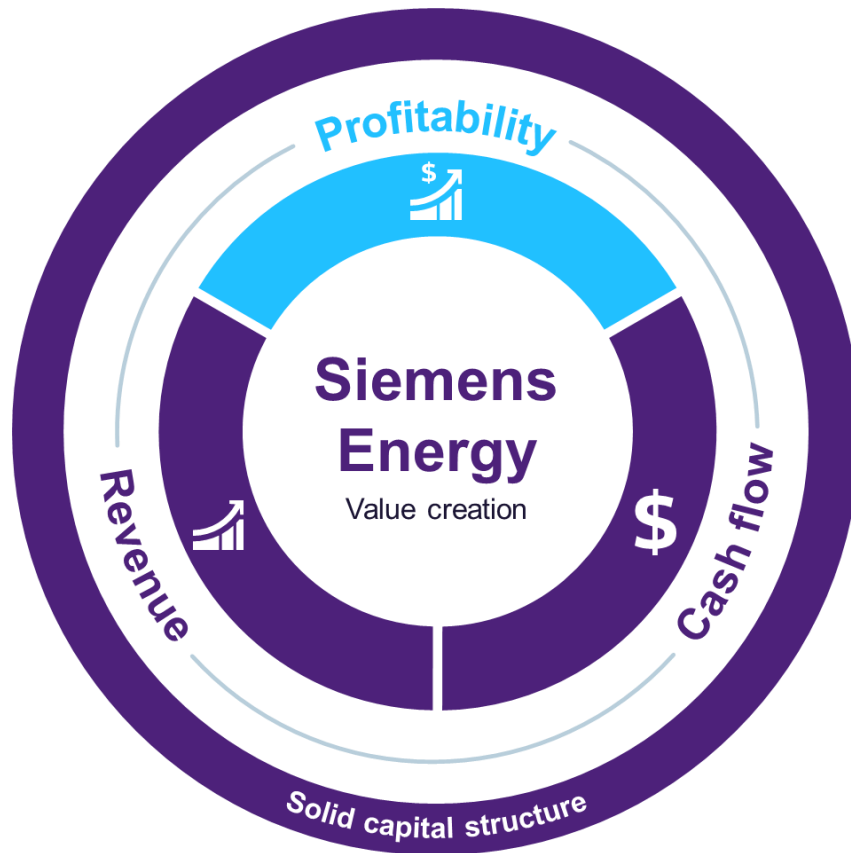


- SGRE provides large service opportunity from market penetration of growing installed base

¹ Service share per division calculated before intra-group consolidation and reconciliation effects
2020-09-01

Sustainable value creation

Our initiatives pave a clear path to margin improvement



Deliver ~€1 bn announced
run-rate savings by FY23

Footprint and portfolio initiatives for
additional min. €300 m savings

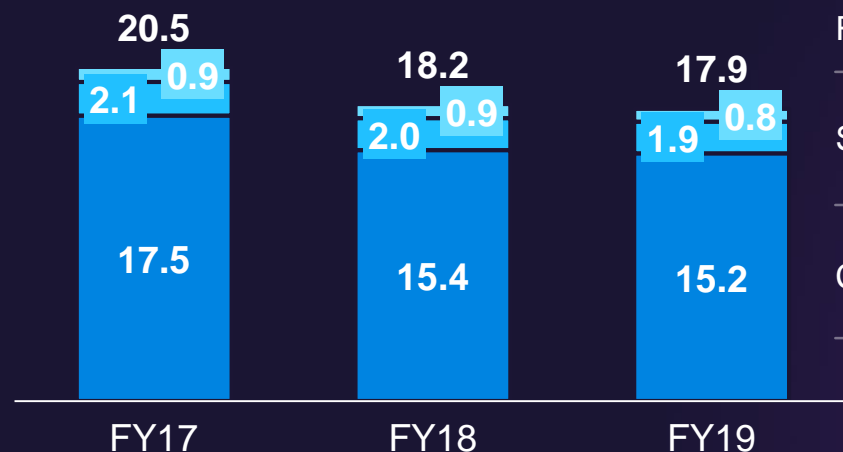
Project excellence in selection
and execution

Additional stand-alone opportunities in
new structure

Significant Gas and Power cost base reduction so far was compensated by business volume decline

Cost structure before Special Items (€ bn)

Gas and Power



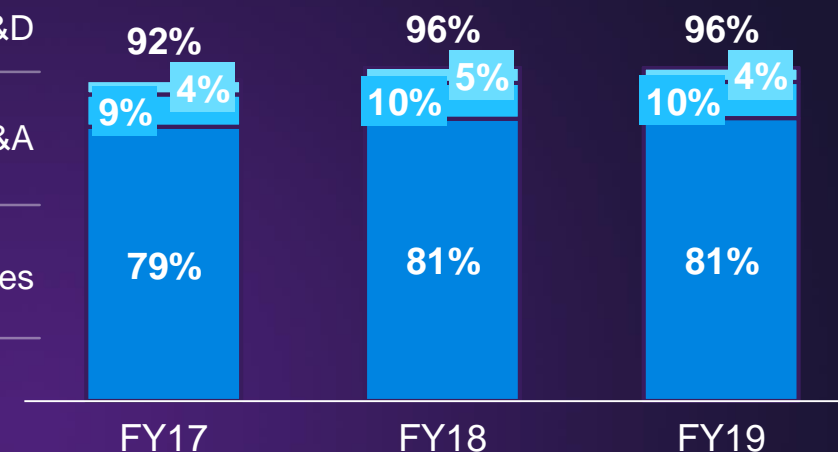
R&D		R&D
SG&A	€(0.1) bn +105 bps	SG&A
Cost of Sales	€(2.3) bn +250 bps	Cost of Sales

Δ FY17-19

- Reduction of absolute cost base, mainly in Cost of Sales
- Cost of Sales: Reduction from improved project execution, restructuring measures and lower business volume
- SG&A: Trademark license fee paid to Siemens starting in FY20

Costs in % of total revenue

Gas and Power



- Cost of Sales reduction not sufficient to compensate for decrease in total revenue
- Selling expenses represented 83% of SG&A in FY19¹

We have already spent ~€700 m resizing Gas and Power since FY17

Reconciliation of Adj. EBITA before Special Items (€ m)

		FY17	FY18	FY19	9M FY20
Gas and Power					
Adj. EBITA before Special Items		1,746	815	836	212
Restructuring and integration costs	Σ €696 m	(43)	(375)	(247)	(31)
Stand-alone costs		–	–	–	(19)
Strategic portfolio decisions		–	–	–	(701)
Special Items		(43)	(375)	(247)	(751)
Adj. EBITA		1,703	440	589	(539)
SGRE					
Adj. EBITA before Special Items		433	654	687	(279)
Special Items		(103)	(176)	(206)	(352)
Adj. EBITA		330	478	481	(631)
Siemens Energy					
Adj. EBITA before Special Items		2,174	1,456	1,517	(87)
Special Items		(146)	(551)	(453)	(1,124)
Adj. EBITA		2,028	905	1,064	(1,211)

Gas and Power

Restructuring costs

Personnel measures to reduce headcount leading to severance charges

Stand-alone costs

Carve-out/spin-off-related, e.g. IT set-up, advisors, listing

Strategic portfolio decisions

Includes inventory write downs and intellectual property rights impairments related to strategic decision to streamline Aero derivative Gas Turbine offering

SGRE

Integration costs

Mainly merger of Gamesa and Siemens Wind Power, also Servion assets acquisition (€157 m in 9M FY20)

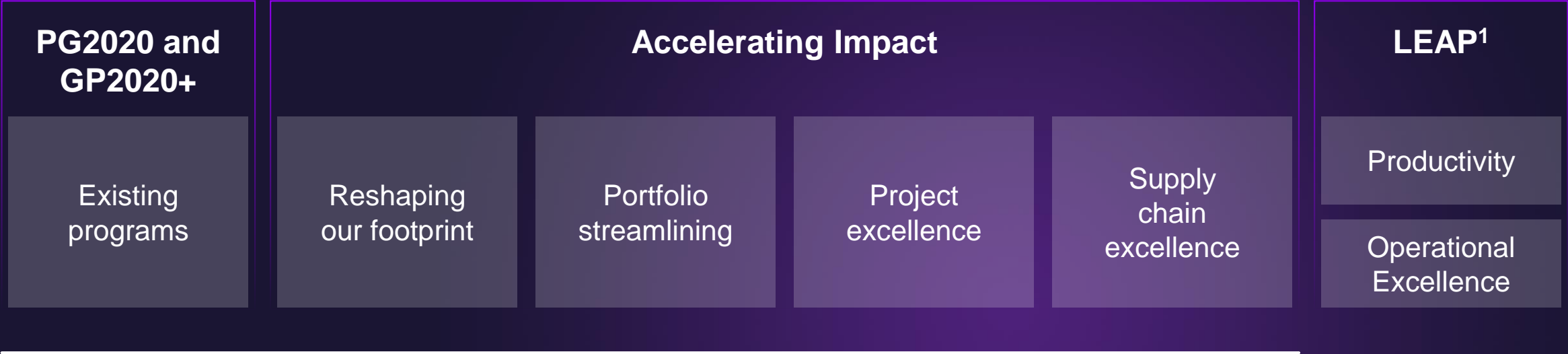
Strategic portfolio decisions

Mainly Indian operations restructuring (€195 m in 9M FY20)

Our cost programs drive profit improvement across Siemens Energy

Gas and Power

SGRE

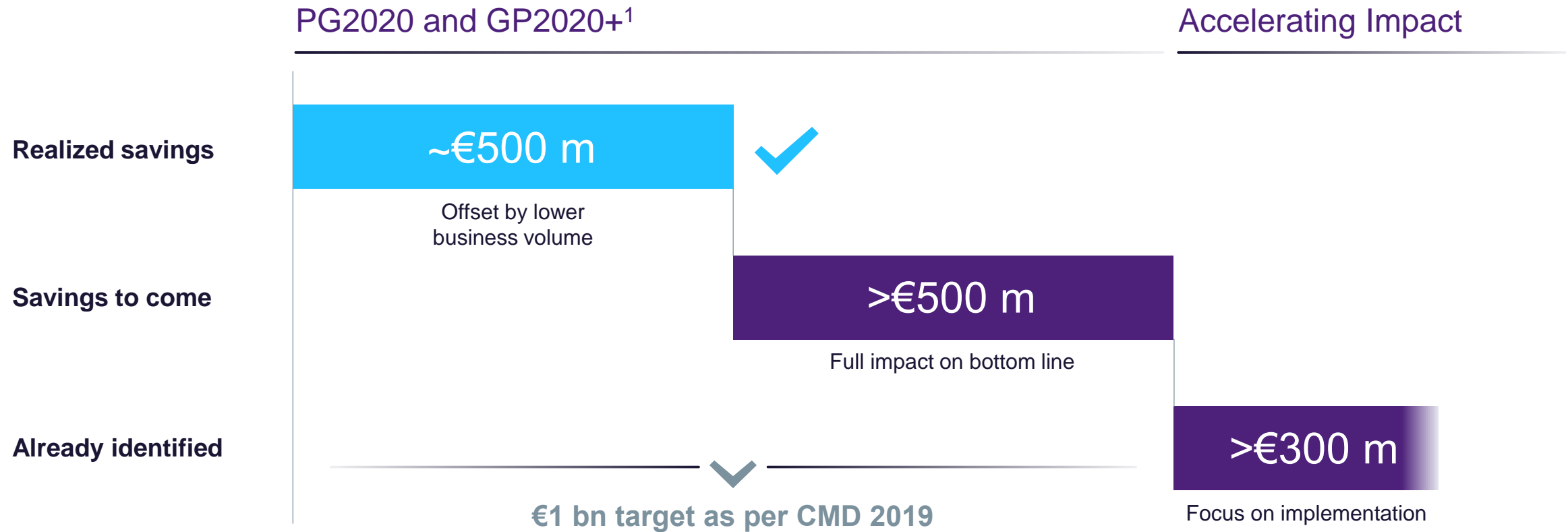


Focus of next pages

1 LEAP program announced by SGRE in 2020 comprises 3 pillars: Innovation, Productivity and Asset Management, and Operational Excellence
2020-09-01

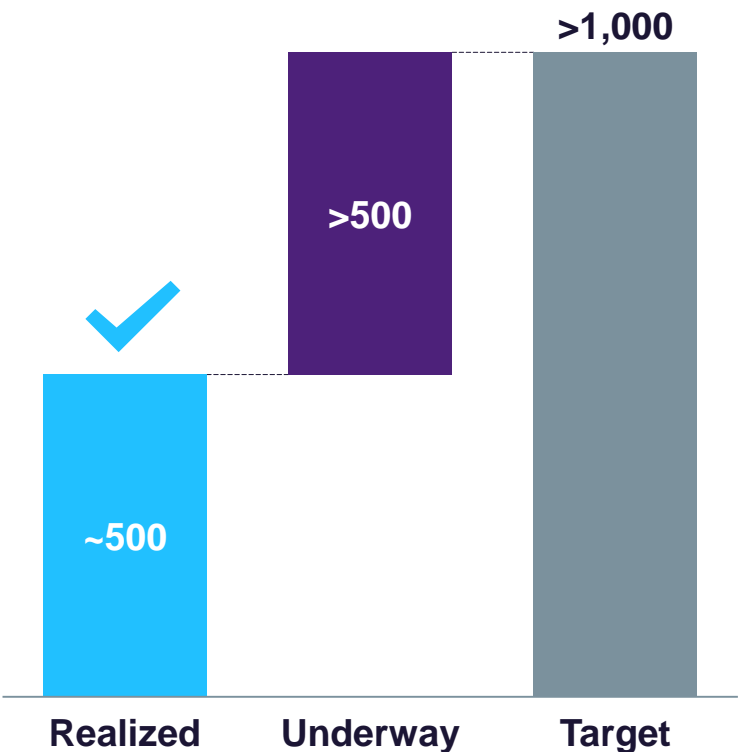
New company programs launched at Gas and Power to accelerate profit improvements

Gas and Power: Annual gross cost savings by FY23

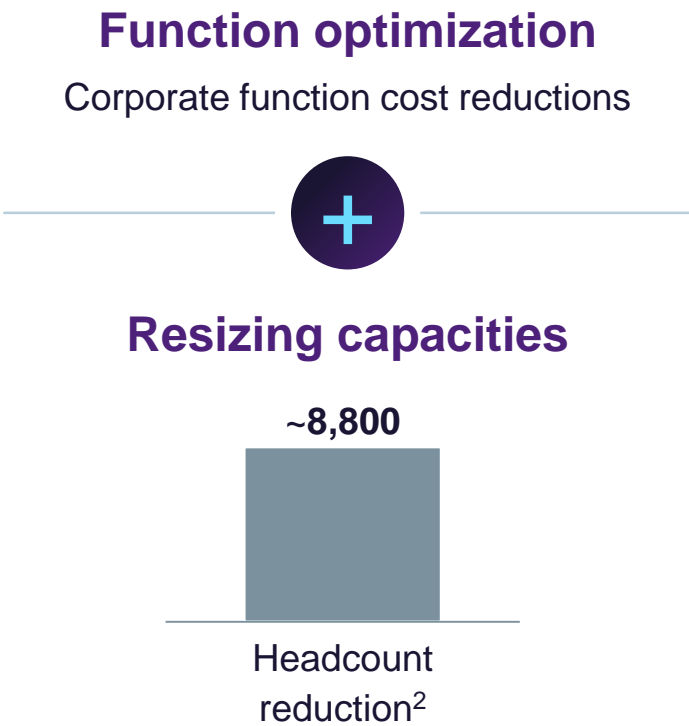


PG2020 and GP2020+ programs provide high visibility on €500 m incremental savings by FY23

Gross cost savings target¹ (€ m)



Modules



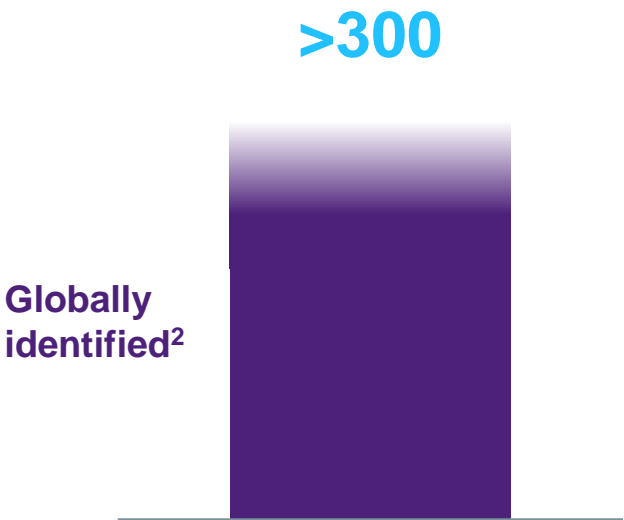
Comments

- Severance agreements signed to a large extent
- Related savings only partially reflected in FY19 personnel costs
- Remaining savings targeted to materialize by FY23

1 Annual run-rate cost savings | 2 For minor share of headcount reduction no resolution has been made yet
2020-09-01

We have identified >€300 m savings potential in our Accelerating Impact program so far

Gross cost savings target¹ (€ m)



Modules



Reshaping our footprint

Less complex, more agile and flexible



Portfolio streamlining

Leaner, simpler product line-up



Project excellence

Better execution, be selective



Supply chain excellence

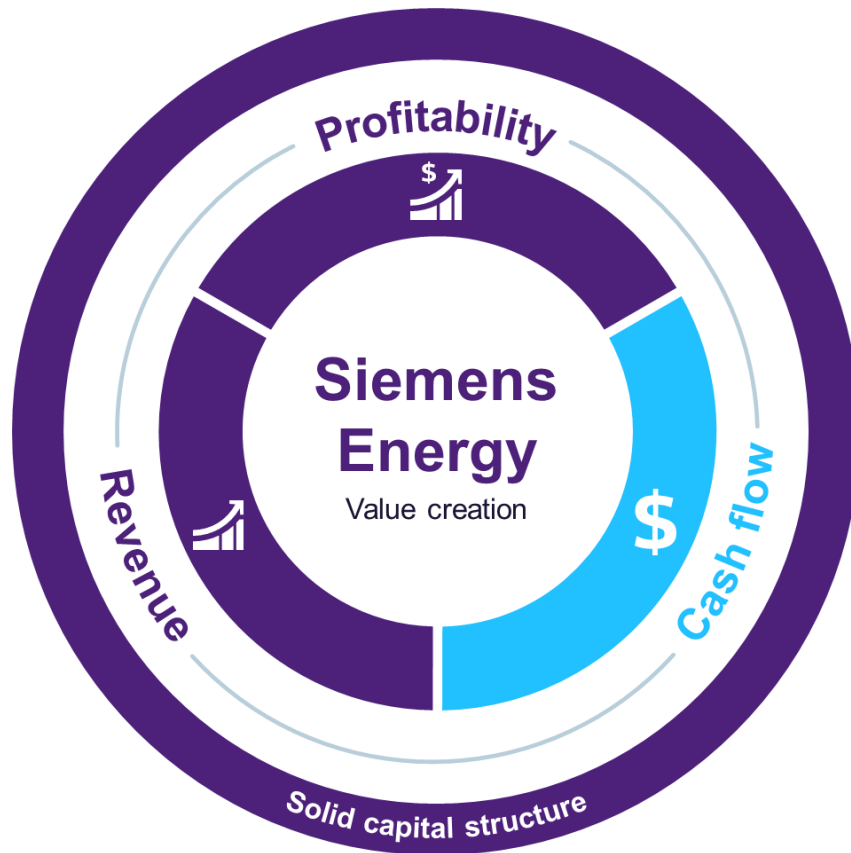
Efficient and better sourcing

Operational Excellence

1 Annual run-rate cost savings | 2 Certain measures subject to consultation with employee representatives
2020-09-01

Sustainable value creation

As a stand-alone company we target significant cash flow upside



Asset light business model

Working capital reduction

Disciplined capital allocation

We operate an asset light business model with an inherently low operating net capital employed

Net Capital Employed by segment (€ m, June 20)

	Gas and Power	SGRE	Comments
Property, plant and equipment	1,352	2,127	
Operating net working capital	3,543	(956)	
Investments accounted for using the equity method	696	66	Incl. 24% stake in Siemens India (market value: €1.1 bn ¹)
Other assets	1,168	977	
Provisions (current and non-current)	(1,617)	(2,180)	Mostly warranties (~€2.9 bn)
Accruals (current and non-current)	(1,608)	(254)	
Other liabilities	(2,110)	(1,058)	
Subtotal	1,424	(1,278)	
Goodwill	6,770	2,823	Mainly relates to Dresser-Rand acquisition and SGRE merger
Other intangible assets	2,183	1,833	
Net capital employed	10,378	3,378	

¹ Based on current share price of INR 1,173 as of August 12, 2020
2020-09-01

We can do better in cash conversion

Rolling three year target of 1-revenue growth

Reconciliation of Free cash flow (€ m)

	FY17	FY18	FY19	9M FY20
Gas and Power – Free cash flow	722	212	651	133
SGRE – Free cash flow	(288)	373	407	17
Reconciliation – Income taxes paid	(618)	(541)	(287)	(254)
Reconciliation – Other	63	37	105	123
Siemens Energy – Free cash flow	(121)	80	876	18
Siemens Energy – Adj. EBITA	2,028	905	1,064	(1,211)
Cash Conversion Rate¹	(0.1)	0.1	0.8	(0.0)

¹ Cash Conversion Rate is defined as Free cash flow divided by Adjusted EBITA
2020-09-01

Gas and Power

FY18: Mainly Adj. EBITA decline

FY19: Increasing Adj. EBITA and ONWC reduction from asset management initiatives

9M FY20: Decrease in Adj. EBITA (mainly COVID-19) more than offset by ONWC reduction

Free cash flow, in particular in FY19 and 9M FY20, impacted by ongoing restructuring

In FY17-19 CAPEX stable at €300-350 m p.a.

SGRE

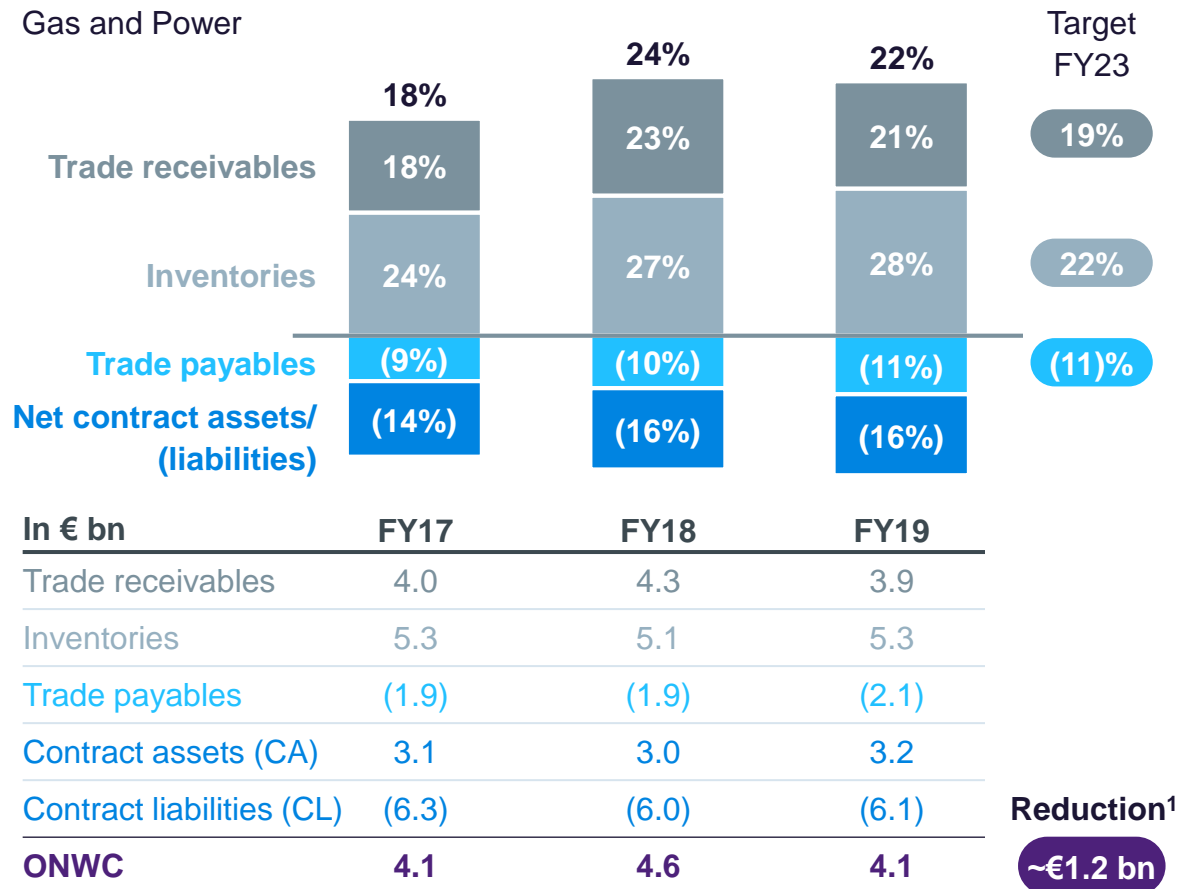
FY18/19: Free cash flow benefitted from higher Adj. EBITA and ONWC improvements

9M FY20: Lower Adj. EBITA largely offset by strict working capital control

Laser-focus on asset management

We target ~€1.2 bn ONWC reduction by FY23

Operating net working capital as % of total revenue



¹ Between FY19 and FY23
2020-09-01

Comments

Reduce and prevent overdue receivables
through operational excellence

Optimize inventory via improved supply chain and logistics processes

Renegotiate payment terms
with vendors and avoidance of cash discounts



Optimized project payment schedule
and more **stringent project approval** process

Cross-functional focus from finance/
controlling, procurement and logistics

Cash conversion **target setting** creates **accountability**

We will actively manage our equity investments

Overview of equity investments (FY19, € m)

Investment	Siemens India (listed)	Various investments incl. Voith Hydro, Ethos, etc.	Total investments
			
Stake	24%	Various stakes	
Book value ²	370	448	818
Associate income (loss) ³	30	81	111

1 Based on current share price of INR 1,173 as of August 12, 2020 | 2 As of September 30, 2019
 3 Included in Adj. EBITA | 4 Exclusivity for India, Nepal, Sri Lanka, Bhutan and the Maldives
 2020-09-01

Overview of Siemens India

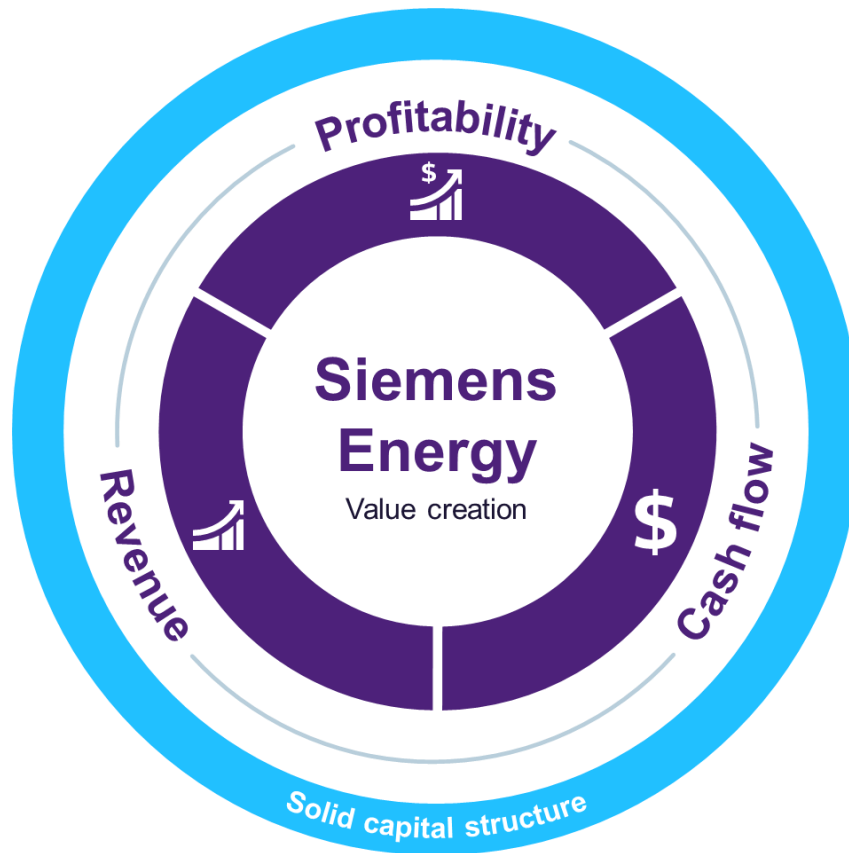
Selected financials for Siemens India (FY19)

<p>€1.1 bn</p> <p>Market value of 24% stake¹</p>	<p>€1.7 bn</p> <p>Total revenue</p>
--	--

- Listed on the National Stock Exchange of India
- Siemens Energy with 24% stake
- Governed by two interlinked agreements
 - Shareholder agreement
 - Siemens Group retains control over Siemens India
 - Shareholder voting aligned with Siemens Group for certain matters
 - Agency agreement
 - Siemens India is exclusive agent of Siemens Energy⁴

Sustainable value creation

Our Spin-off capitalization provides a strong basis for value creation



Solid investment grade rating

Net cash position

Strong balance sheet and investment grade rating support the operating business

Net cash as of June 30, 2020

Siemens Energy excl. SGRE

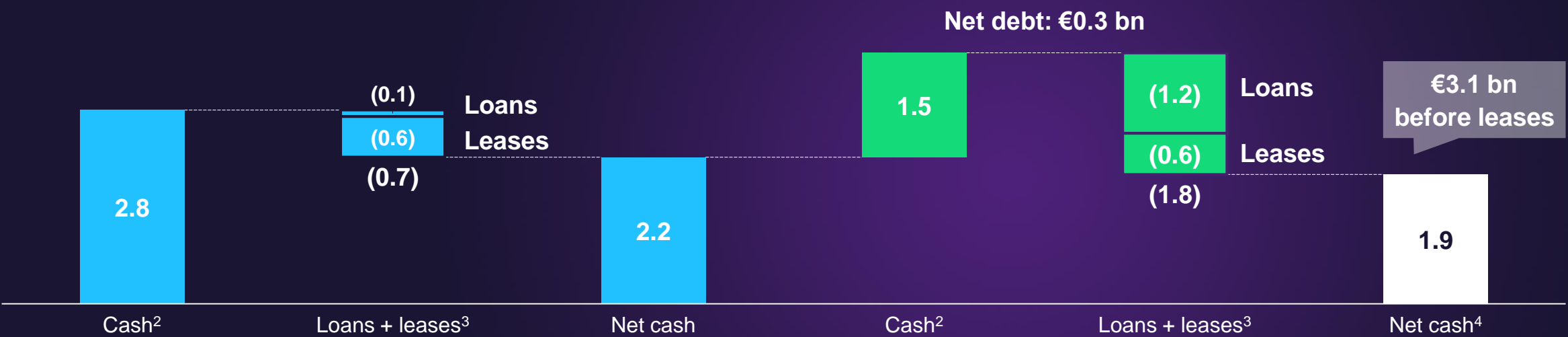
Undrawn credit line of €3.0 bn¹

SGRE

Undrawn credit lines of €2.8 bn¹

Siemens Energy

BBB investment grade rating



¹ Siemens Energy facility agreement concluded in July 2020; SGRE undrawn credit lines as of June 30, 2020 | ² Includes cash and cash equivalents plus receivables from Siemens Group from financing activities minus payables to Siemens Group from financing activities | ³ Includes short-term debt and current maturities of long-term debt plus long-term debt | ⁴ Includes €0.2 bn provided by Siemens during the second quarter of fiscal year 2020 to fund deferred carve-out activities for which the related assets to be acquired are not included in the Combined Financial Statements

1

**Historical
performance**

2

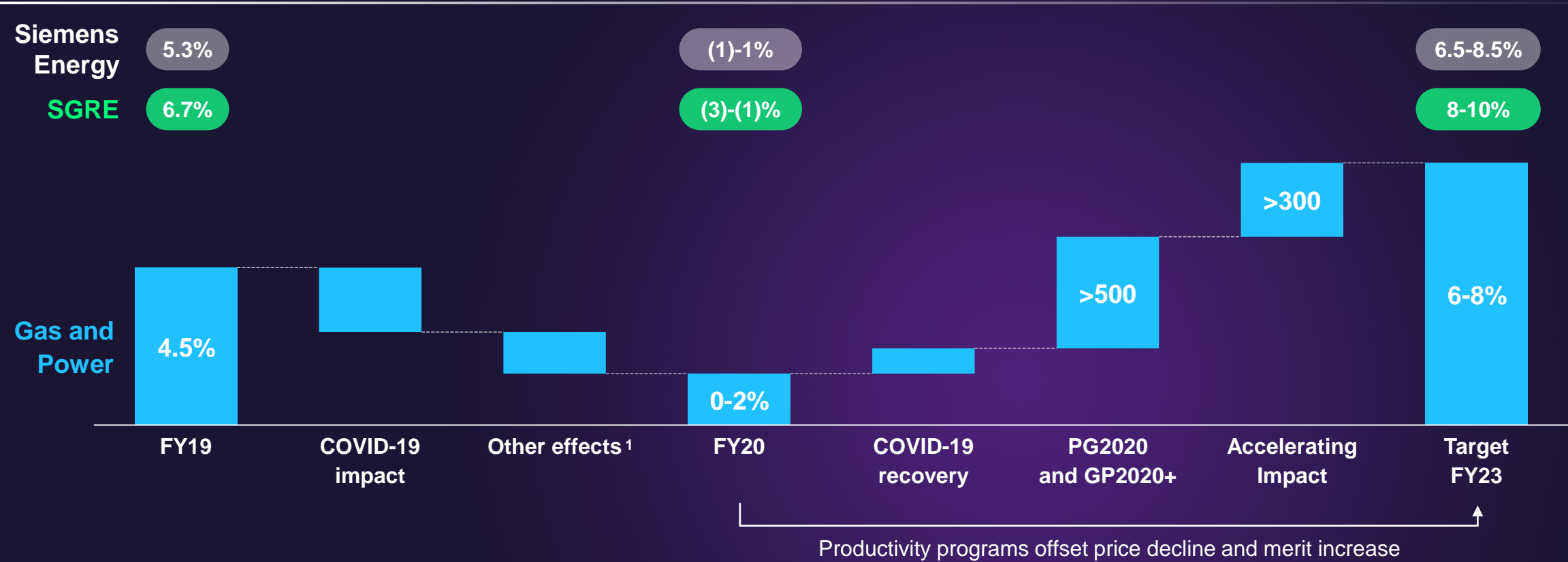
**Sustainable
value creation**

3

**Financial
outlook**

We are embarking on a clear path to 6-8% margin in Gas and Power

Adj. EBITA margin before Special Items



¹ Mainly less favorable revenue mix and negative effects from the progress of projects
2020-09-01

Financial outlook

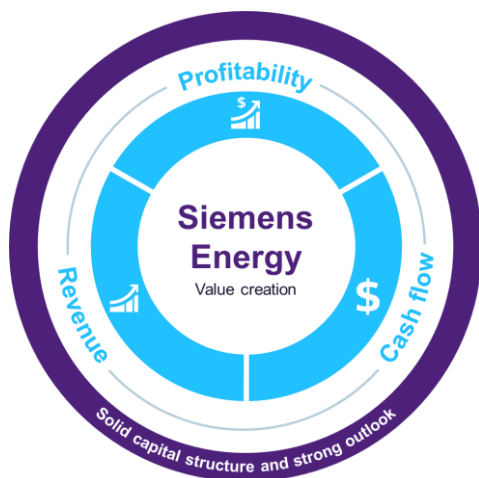
		Actuals		Near-term guidance		3-year guidance	Mid-term target	
		FY19	9M FY20	FY20	FY21	FY23		
Gas and Power	Total revenue	€18.7 bn	€13.3 bn	(5)%-(3)%	2%-11%			
	% Growth y-o-y ²	(1.4)%	0.1%					
	Adj. EBITA before Special Items	€836 m	€212 m	0%-2%	3.5%-5.5%			6%-8%
	% Margin before Special Items	4.5 %	1.6%					
	Restructuring costs ³	€247 m	€31 m	Cumulative mid-to-high triple digit euro million amount in FY20-23				
Siemens Energy	Total revenue	€28.8 bn	€19.8 bn	(5)%-(2)%	2%-12%		Flat to 3% ¹	
	% Growth y-o-y ²	2.8%	(3.3)%					
	Adj. EBITA before Special Items	€1,517 m	€(87) m	(1)%-1%	3%-5%		6.5%-8.5%	≥8% Margin reported ⁴
	% Margin before Special Items	5.3%	(0.4)%					
	Tax rate			Medium-term tax rate 25%-30%				

¹ Rolling 3-year average total revenue growth, excluding portfolio and currency effects | ² FY19 growth compared to FY18; 9M FY20 growth compared to 9M FY19 | ³ Included in Special Items definition | ⁴ Adj. EBITA not adjusted for Special Items

2020-09-01

Conclusion

We are focused on sustainable shareholder value creation



- 1 Strong business foundation with large order backlog and resilient service business
- 2 Clear path to margin improvement with ongoing cost programs
- 3 Asset excellence – Cash upside from rigorous working capital management

Appendix

Profit and Loss Statement FY17-19 | 9M FY19/20

In € m	Siemens Energy				
	FY17	FY18	FY19	9M FY19	9M FY20
Revenue	30,086	28,023	28,797	20,503	19,828
% Growth		(6.9)%	2.8 %	NA	(3.3)%
Cost of sales	(24,832)	(23,876)	(24,615)	(17,420)	(18,364)
Gross profit	5,254	4,147	4,181	3,084	1,463
% Margin	17.5%	14.8%	14.5%	15.0%	7.4%
Research and development expenses	(1,111)	(1,069)	(1,001)	(683)	(689)
Selling and general administrative expenses	(2,631)	(2,739)	(2,647)	(1,945)	(2,323)
Other operating income	38	231	61	41	66
Other operating expenses	(126)	(114)	(108)	(79)	(77)
Income (loss) from investments acc. for using the equity method, net	65	(85) ¹	111 ²	90 ²	6
Interest income	111	109	107	76	30
Interest expenses	(298)	(324)	(355)	(290)	(134)
Other financial income (expenses), net	5	(4)	(32)	(23)	(16)
Income before income taxes	1,309	151	317	270	(1,672)
Income tax (expenses)/gains	(349)	493	(35)	(67)	203
Net income	960	645	282	202	(1,469)
Attributable to					
Non-controlling interests	50	98	123	94	(234)
Siemens Group	910	547	158	108	(1,234)

¹ Includes €154 m impairment loss | ² Includes €55 m gain from a partial sale

2020-09-01

CMD | M. Ferraro | CFO Section **39**

© Siemens Energy, 2020

Cash Flow Statement FY17-19 | 9M FY19/20

In € m	Siemens Energy				
	FY17	FY18	FY19	9M FY19	9M FY20
Net income	960	645	282	202	(1,469)
Amortization, depreciation and impairments	1,139	1,281	1,209	858	1,656
Income tax expenses	349	(493)	35	67	(203)
Interest (income) expenses, net	186	215	248	215	103
(Income) loss related to investing activities	(62)	(49)	(43)	(40)	(26)
Other non-cash (income) expenses	59	36	21	30	132
Change in operating net working capital					
A Contract assets	(53)	(324)	(527)	(414)	(3)
B Inventories	(509)	623	(406)	(1,016)	(262)
C Trade receivables	877	(517)	412	(414)	(271)
D Trade payables	(366)	190	299	(10)	125
E Contract liabilities	(1,394)	(217)	1,160	979	1,290
Additions to assets leased to others in operating leases	(0)	(4)	(11)	(4)	(7)
Change in other assets and liabilities	22	(96)	(773)	(953)	(296)
Income taxes paid	(618)	(541)	(287)	(147)	(254)
Dividends received	51	54	51	44	21
Interest received	46	43	25	16	23
Cash flows from operating activities	686	844	1,694	(585)	561
Additions to intangible assets and property, plant and equipment	(807)	(764)	(818)	(515)	(543)
Free cash flow	(121)	80	876	(1,099)	18

Statement of Financial Position September 30, 2019 and June 30, 2020

Siemens Energy – Assets (in € m)	Sep. 30, 2019	Jun. 30, 2020
Cash and cash equivalents	1,871	2,352
Trade receivables ¹	5,097	4,205
Other current financial assets	730	529
Contract assets	5,230	4,805
Receivables from Siemens Group	3,402	3,894
Inventories	7,148	7,250
Current income tax assets	329	432
Other current assets	1,093	1,023
Assets classified as held for disposal	16	–
Total current assets	24,917	24,491
Goodwill	9,815	9,593
Other intangible assets	4,743	4,016
Property, plant and equipment	3,275	4,790
Investments accounted for using the equity method	818	762
Other financial assets	437	502
Other receivables from Siemens Group	3	–
Deferred tax assets	742	1,052
Other assets	291	217
Total non-current assets	20,124	20,933
Total assets	45,041	45,424

Siemens Energy – Liabilities and equity (in € m)	Sep. 30, 2019	Jun. 30, 2020
Short-term debt and current maturities of long-term debt	359	787
Trade payables	4,698	4,595
Other current financial liabilities	614	483
Payables to Siemens Group	2,960	979
Contract liabilities	9,337	10,417
Current provisions	1,872	1,678
Current income tax liabilities	372	489
Other current liabilities	3,267	3,004
Liabilities assoc. with assets classified held for disposal	8	–
Total current liabilities	23,487	22,432
Long-term debt	547	1,690
Provisions for pensions and similar obligations	1,960	1,095
Deferred tax liabilities	1,102	586
Provisions	2,072	2,158
Other financial liabilities	447	543
Other liabilities	729	669
Other liabilities to Siemens Group	1,608	–
Total non-current liabilities	8,465	6,741
Total liabilities	31,952	29,173
Total equity	13,089	16,250
Total liabilities and equity	45,041	45,424

Performance indicator landscape

Gas and Power FY17-19 | 9M FY19/20

In € m	Gas and Power				
	FY17	FY18	FY19	9M FY19	9M FY20
Order backlog ¹ (€ bn)	49	48	52		51
Orders	21,029	19,283	21,187	15,075	14,897
Total revenue	22,228	18,982	18,709	13,315	13,326
Adj. EBITA	1,703	440	589	506	(539)
Special Items	(43)	(375)	(247)	(47)	(751)
A Restructuring and integration costs	(43)	(375)	(247)	(47)	(31)
B Stand-alone costs	—	—	—	—	(19)
C Strategic portfolio decisions	—	—	—	—	(701)
Adj. EBITA before Special Items	1,746	815	836	553	212
Free cash flow²	722	212	651	(416)	133

¹ Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account | ² Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. On segment level it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs and income taxes as well as certain other payments and proceeds

Performance indicator landscape

SGRE FY17-19 | 9M FY19/20

SGRE					
In € m	FY17	FY18	FY19	9M FY19	9M FY20
Order backlog ¹ (€ bn)	21	23	26		32
Orders	8,768	11,875	12,749	9,674	12,172
Total revenue	7,922	9,122	10,227	7,283	6,615
Adj. EBITA	330	478	481	355	(631)
Special Items	(103)	(176)	(206)	(90)	(352)
A Restructuring and integration costs	(103)	(176)	(141)	(90)	(157)
B Stand-alone costs	—	—	—	—	—
C Strategic portfolio decisions	—	—	(65)	—	(195)
Adj. EBITA before Special Items	433	654	687	445	(279)
Free cash flow²	(288)	373	407	(618)	17

¹ Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account | ² Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. On segment level it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs and income taxes as well as certain other payments and proceeds

Performance indicator landscape

Siemens Energy FY17-19 | 9M FY19/20

In € m	Siemens Energy				
	FY17	FY18	FY19	9M FY19	9M FY20
Order backlog ¹ (€ bn)	70	71	77		82
Orders	29,673	31,046	33,734	24,570	27,014
Total revenue	30,086	28,023	28,797	20,503	19,828
Adj. EBITA	2,028	905	1,064	857	(1,211)
Special Items	(146)	(551)	(453)	(137)	(1,124)
A Restructuring and integration costs	(146)	(551)	(388)	(137)	(190)
B Stand-alone costs	—	—	—	—	(38)
C Strategic portfolio decisions	—	—	(65)	—	(896)
Adj. EBITA before Special Items	2,174	1,456	1,517	994	(87)
Free cash flow²	(121)	80	876	(1,099)	18

¹ Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account | ² Free cash flow constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. On segment level it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs and income taxes as well as certain other payments and proceeds

Performance indicator landscape for service business

Siemens Energy FY17-19 | 9M FY19/20

	Service order backlog ¹ (€ bn)					Service orders (€ m)					Service revenue (€ m)				
	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20
Gas and Power	32	33	35	NA	33	8,982	9,323	8,893	6,641	5,944	7,776	7,629	7,931	5,671	5,552
Generation	25	26	27	NA	26	4,810	5,222	4,630	3,447	3,275	4,498	4,387	4,578	3,284	3,215
Industrial Applications	6	6	8	NA	7	3,952	3,949	4,221	3,152	2,625	3,159	3,120	3,176	2,268	2,264
Transmission	1	1	1	NA	1	487	461	484	363	295	413	414	469	325	281
Reconciliation to Gas and Power	(0)	(0)	(0)	NA	(0)	(266)	(309)	(441)	(321)	(252)	(294)	(292)	(292)	(205)	(208)
SGRE	10	11	12	NA	15	2,072	2,453	2,737	2,036	3,364	1,134	1,427	1,617	1,167	1,226
Siemens Energy	42	44	47	NA	48	11,054	11,776	11,630	8,677	9,308	8,910	9,056	9,548	6,838	6,778

¹ Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account

Bridge from Adj. EBITA to EBT

FY17-19 | 9M FY19/20

Adj. EBITA to EBT Reconciliation (€ m)

In € m	FY17	FY18	FY19	9M FY19	9M FY20	
Gas and Power	1,703	440	589	506	(539)	
SGRE	330	478	481	355	(631)	1
Reconciliation to Combined Financial Statements	(5)	(13)	(5)	(4)	(40)	
Adj. EBITA	2,028	905	1,064	857	(1,211)	
Amortization of intangible assets acquired in business combinations and goodwill impairments	(507)	(545)	(499)	(379)	(363)	2
Financial result from operations	(31)	10	31	29	21	3
Financial result ²	(181)	(219)	(280)	(238)	(119)	4
Income (loss) before income taxes	1,309	151	317	270	(1,672)	

Comments

- Adj. EBITA**
 - Gas and Power:** Reflects spin-off scope; deviates from Siemens AG segment reporting
 - SGRE:** Consistent with Siemens AG reporting (FY17-FY19)¹
 - Reconciliation to Combined Financial Statements:** Comprises consolidation of transactions between the segments, treasury activities and certain reconciliation and reclassification
- Amortization of intangible assets acquired in business combinations and goodwill impairments**
 Amortization of acquired intangibles assets (i.a. Dresser-Rand, SGRE combination, Adwen)
- Financial result from operations**
 Refers to interest related to customer receivables/ supplier payables and cash allocated to the segments
- Financial result²**
 FY17-FY19 does not reflect capital structure implemented as of 31 March, 2020

¹ SGRE included in discontinued operations of Siemens AG as of 31 March, 2020 |

² Financial result represents the sum of (i) interest income, (ii) interest expense and (iii) other financial income (expenses), net
2020-09-01

Historical capital expenditure development

Capital expenditure development (€ m)

Gas and Power	FY17	FY18	FY19
Additions to property, plant and equipment ¹	308	334	311
% of Gas and Power total revenue	1.4%	1.8%	1.7%
Additions to other intangible assets	6	9	6
Total	315	343	317

SGRE

Additions to property, plant and equipment ¹	400	286	338
% of SGRE total revenue	5.1%	3.1%	3.3%
Additions to other intangible assets	76	129	160
Total	476	415	498
Reconciliation	16	6	4
Siemens Energy – Additions to intangible assets and property, plant and equipment (capital expenditures)¹	807	764	818

>€900 m budget in FY20

Gas and Power

- **Stable tangible investment around €300-350 m p.a.**
- Focused on **product development** (e.g. SGT-9000HL turbine) and **productivity enhancement**
- Capitalized R&D insignificant
- **Planned investments in next generation product portfolio**

SGRE

- Focused on **production capacity expansions**
- **Increasing contribution from capitalized R&D**, i.a. related to development of **new wind turbine models**

¹ Excluding additions to assets leased to third parties and finance leases
2020-09-01

Gas and Power divisional performance (1/2)

	Order backlog (€ bn) ¹					Orders (€ m)					Book-to-Bill				
	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20
Generation	32	32	33	NA	32	8,455	8,848	8,594	5,822	6,044	0.8x	1.0x	1.1x	1.0x	1.1x
Industrial Applications	9	9	11	NA	10	5,897	5,994	6,776	4,901	4,384	1.1x	1.2x	1.3x	1.3x	1.2x
Transmission	9	8	8	NA	9	7,012	5,030	6,183	4,606	4,840	1.1x	0.9x	1.1x	1.1x	1.2x
Reconciliation to Gas and Power	NM	NM	NM	NM	NM	(336)	(589)	(366)	(254)	(371)	NM	NM	NM	NM	NM
Gas and Power	49	48	52	NA	51	21,029	19,283	21,187	15,075	14,897	0.9x	1.0x	1.1x	1.1x	1.1x

¹ Order backlog is calculated by adding the orders of the current reporting period to the balance of the order backlog as of the end of the prior reporting period and then subtracting the revenue recognized in the current reporting period. Furthermore, direct order value adjustments such as modifications or cancellations of orders, currency translation and portfolio effects are taken into account

Gas and Power divisional performance (2/2)

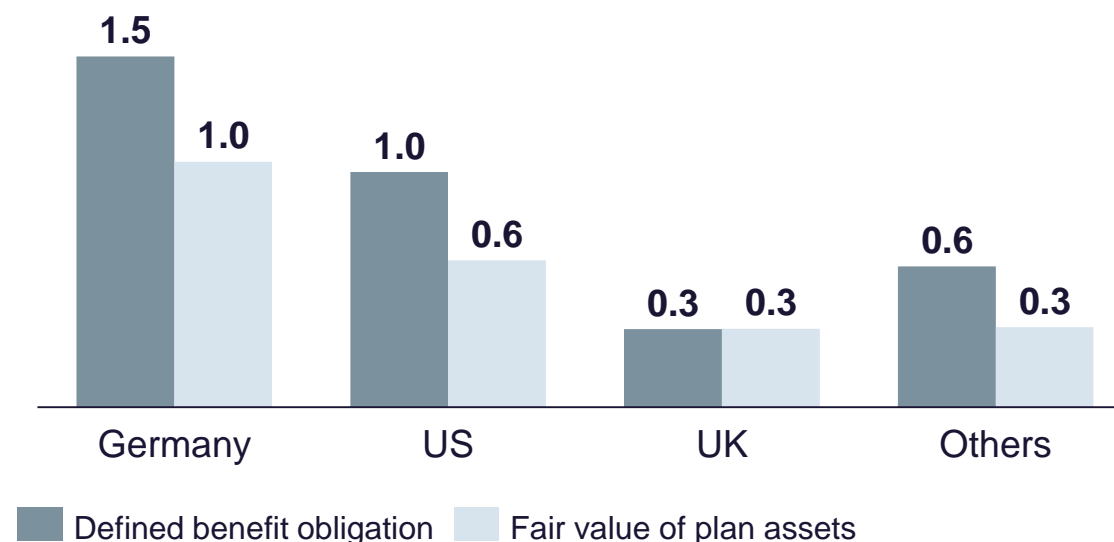
	Total revenue (€ m)					Adj. EBITA before Special Items (€ m)					Adj. EBITA Margin before Special Items				
	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20	FY17	FY18	FY19	9M FY19	9M FY20
Generation	10,940	8,472	8,161	5,825	5,714	1,044	225	293	214	22	9.5%	2.7%	3.6%	3.7%	0.4%
Industrial Applications	5,567	5,163	5,099	3,666	3,811	453	428	217	135	127	8.1%	8.3%	4.3%	3.7%	3.3%
Transmission	6,107	5,870	5,849	4,102	4,112	260	279	375	235	172	4.3%	4.8%	6.4%	5.7%	4.2%
Reconciliation to Gas and Power	(387)	(523)	(400)	(277)	(311)	(11)	(117)	(49)	(31)	(109)	NM	NM	NM	NM	NM
Gas and Power	22,228	18,982	18,709	13,315	13,326	1,746	815	836	553	212	7.9%	4.3%	4.5%	4.2%	1.6%

Siemens Energy – Pension overview

Pension overview (€ m, June 30, 2020)

Defined benefit obligation	3,380
Fair value of plan assets	2,315
Asset ceiling	1
Net defined benefit balance	1,067
t/o provisions for pensions and similar obligations	1,095
t/o plans with net assets recognized in “other assets”	(29)
Pension-related interest expense	44
Discount rate	1.8%

Pension liabilities/assets by region (€ bn, June 30, 2020)



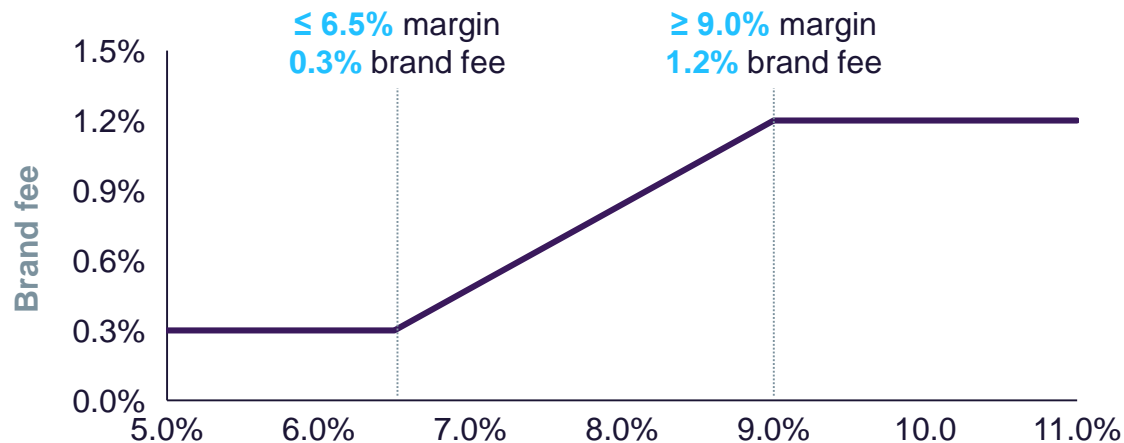
Commentary

- **Germany:** Siemens Energy set-up a CTA¹ which acts as pension trust and was funded with assets of €0.9 bn (January, 2020)
- **U.S.:** A separate pension trust for US entities to which pension liabilities and related assets will be transferred from the Siemens trust in the U.S. is expected to be set-up in September 2020; actual amount of assets to be transferred to be calculated under IRC 414(I)

Trademark license fees and service agreements

Usage of Siemens brand

- Corporate identity of Siemens Energy and SGRE continues to include “Siemens” brand
- Initial tenure of trademark license agreement: 10 years
- **Siemens Energy ex. SGRE: 0.3-1.2% of brand-relevant revenue¹**
 - Brand fee FY20: “Mid-double-digit” figure
 - Recorded as expense item in SG&A going forward
- **SGRE: No brand fee**



¹ Bandwidth based on EBITA margin as adjusted for certain special items
2020-09-01

Service agreements with Siemens

Type

- **Transitional service agreements (“TSA”)** (tenor up to 36 months)
- **Long-term service agreements (“LSA”)**

Key Areas

- Human resources
- Accounting
- Purchasing, sales and marketing
- IT and communications
- Research and development

Volume

Over the entire term of the contracts:

- **TSA:** ~€280 m
- **LSA:** ~€1.2 bn

Project financing and parent company guarantees

Continued customer project financing from Siemens

Equity financing

Siemens Financial Services commitment



Debt financing/leasing

- **At arms' length** customer project financing **from Siemens**
- **Without recourse** to Siemens Energy

Parent company guarantees issued by Siemens

Existing parent company guarantees ("PCG") issued by Siemens AG



- **Siemens AG committed to maintain existing parent company guarantees** if preferred by counterparties
- After spin-off **new PCGs will be offered by Siemens Energy directly** (except for "pending contracts")