Smart Infrastructure

Matthias Rebellius, CEO
Axel Meier, CFO

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Market drivers: smart infrastructure is sustainable infrastructure

Sustainable energy transition

- Changing from fossil fuels (~80% today) to renewable energy
- Moving to an all-electric world, growing electricity demand (+20% by 2030), due to growth in electric transportation and digitalization

Sustainable communities

- Creating communities that adapt to people's needs for health, comfort and productivity
- Making buildings more human-centric and sustainable – consuming 40% of energy demand, with 1/3 wasted

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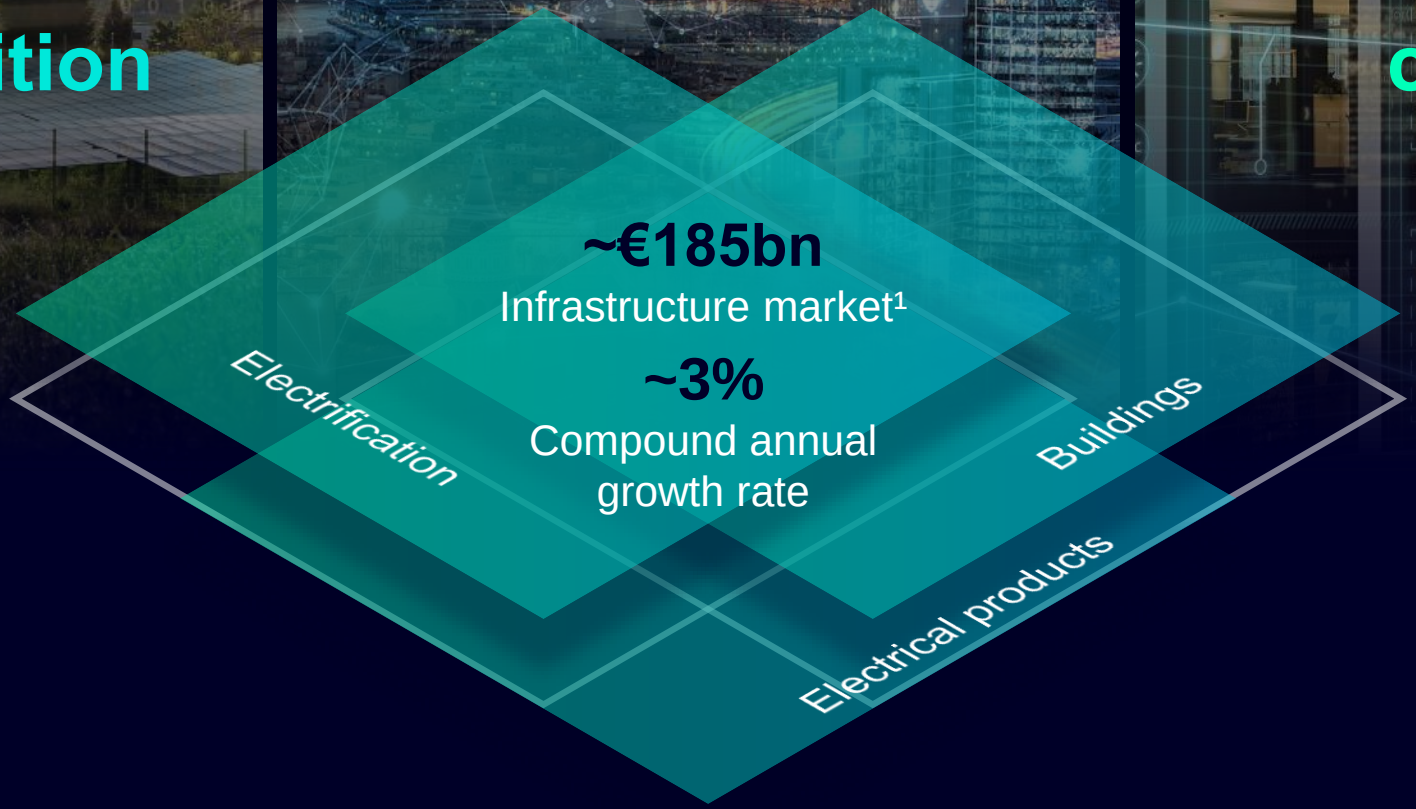
Our markets: electrification, buildings, and electrical products

Sustainable energy transition

Sustainable communities



1 €187bn according to Siemens common market model

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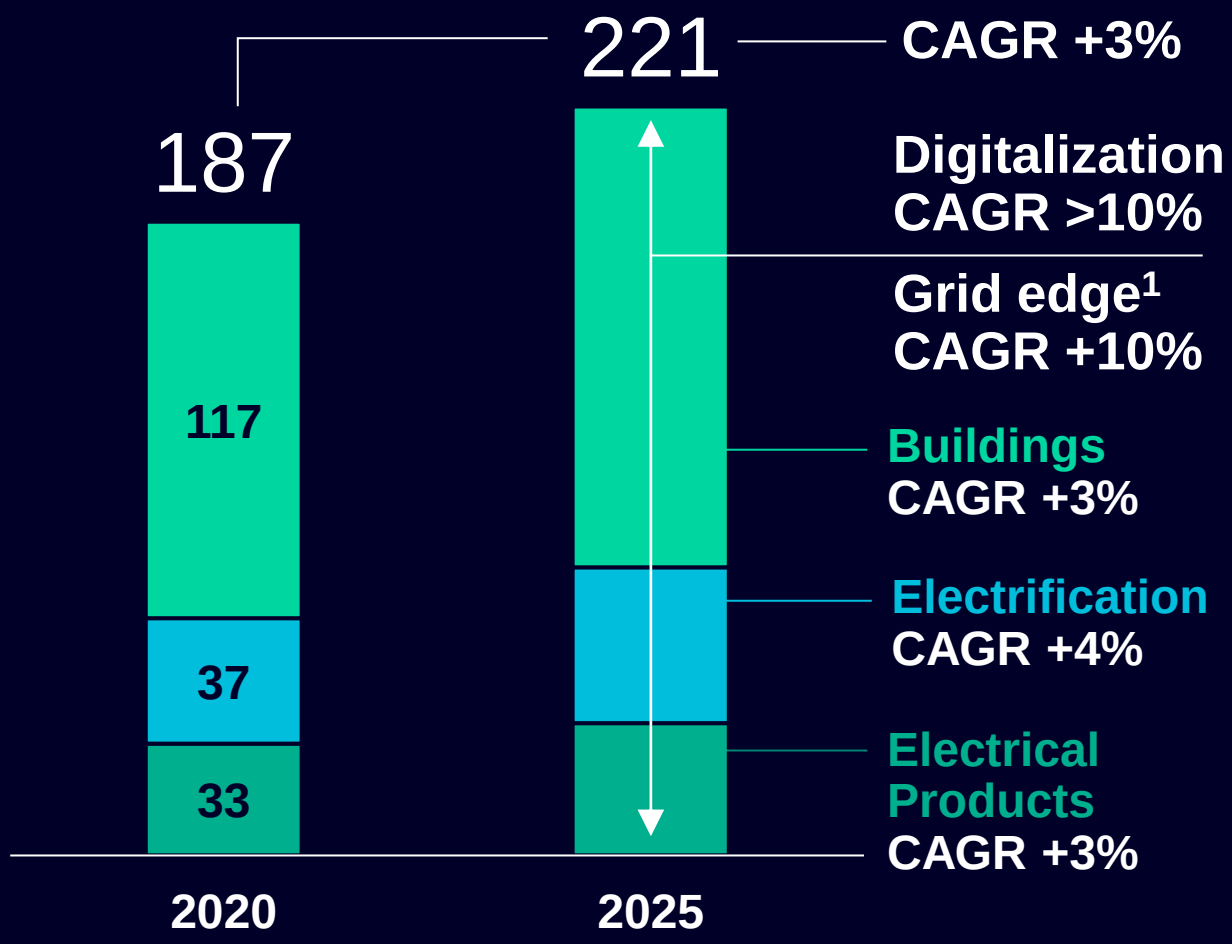
Market split: growth pockets of digitalization and grid edge

Portfolio mix – in billion €



Source: Siemens common market model based on market analysts data

1 "Grid edge" = technologies near or at the end of electrical grids - electric vehicle charging, distributed energy systems and storage

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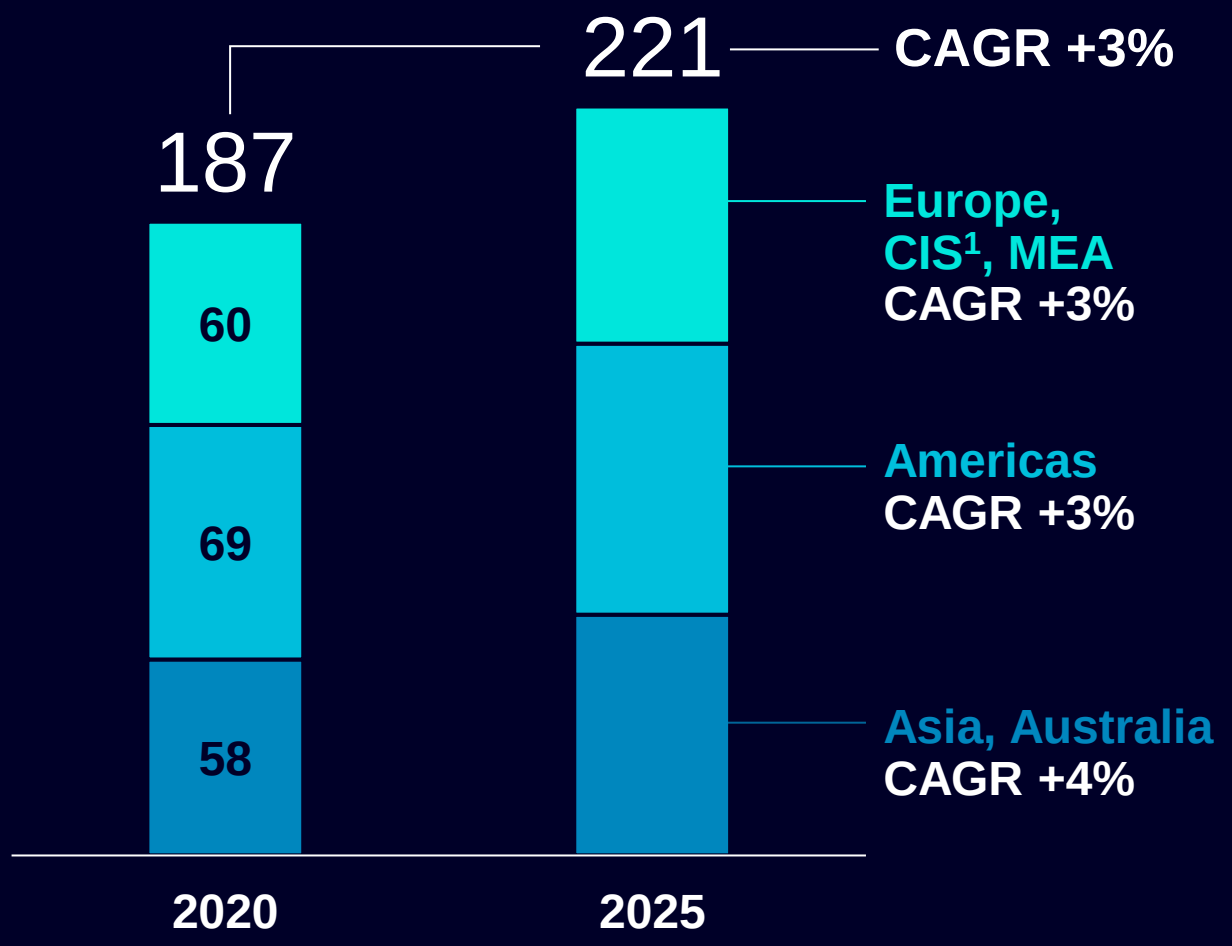
Market split
Geographical – in billion €

Trends

EU recovery plan (Green Deal) impacts energy and buildings; demand for digitalization in grids and buildings; growth in discrete industries

Stimulus positively impacts energy transition and 'healthy indoors'; requirement for grid stability; data center growth

More construction due to urbanization; strong investment in infrastructure; increased digitalization efforts (esp. China)



Source: Siemens common market model based on market analysts data

1 Commonwealth of Independent States

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Global governmental recovery programs accelerate green and digital transformation – Smart Infrastructure can play an essential role

Governments globally investing in green and digital – examples[1]

"EU Recovery Plan" (€1.8tn) – incl "Next Generation EU" (€750bn) stimulus
- Efficient buildings, industrial decarbonization, Smart Cities, eCharging infrastructure, hydrogen
- Focus of investments on green (at least 37%) and digital (at least 20%) transition

"American Rescue Plan" ($1.9tn) and "American Jobs Plan" proposal[2]
- Grid modernization and energy efficient buildings ($268bn), electric vehicle infrastructure ($174bn, 500,000 EV chargers), state and local level investments aligned with SI portfolio

"Indian stimulus packages" (€350bn) and further current programs to drive growth
- Opportunities for grid integration and digital grids due to push of decentralized renewable energy generation (+175GW by 2022 and 450GW by 2030), power distribution reform, liquidity for DSOs

"Konjunkturprogramm" (€130bn) – incl. Future Package (€50bn) stimulus
- 5G (€7bn), Artificial Intelligence (€4.5bn), eCharging infrastructure (€2.5bn), hydrogen (€9bn), energy efficient buildings (€2bn), Smart Cities (€0.5bn); future program for hospitals (€3bn)

"France Relance" (€100bn)
- Energy efficient buildings €6.7bn, industrial decarbonization (€1.2bn), hydrogen (€7bn), 100,000 eCharging stations by end of CY2021

Supporting with the right portfolio – green and digital

Smart buildings:

Grid edge:

eMobility infrastructure:


1 Program implementation started in India; other countries are still in preparation of implementation; EU Recovery Plan: detailed break down depending on National Recovery and Resilience Plans (NPP)
2 American Rescue Plan is already approved (passed into Law); American Jobs Plan is currently a proposal to be discussed in House and Senate (final figures still to be agreed)

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Smart Infrastructure
Key figures FY 20

Orders | **Revenue** | **Profit margin** | **Employees**

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Smart Infrastructure
Portfolio

Electrification

- Grid simulation, operation and control software
- Substation automation and protection
- Medium-voltage primary and secondary switchgear, incl. SF_6-free
- Low-voltage switchboards
- eMobility charging infrastructure

Buildings

- Integrated building management systems and software
- Heating, ventilation & air conditioning (HVAC) controls
- Fire safety/security products and systems
- Solutions and services, incl. energy and performance services

Electrical Products

- Low-voltage switching, measuring and control equipment
- Low-voltage distribution systems and switchgear
- Circuit breakers, contactors and switching for medium-voltage

% of revenue[1] (FY 20)

27% | 47% | 26%

1 Unconsolidated revenues

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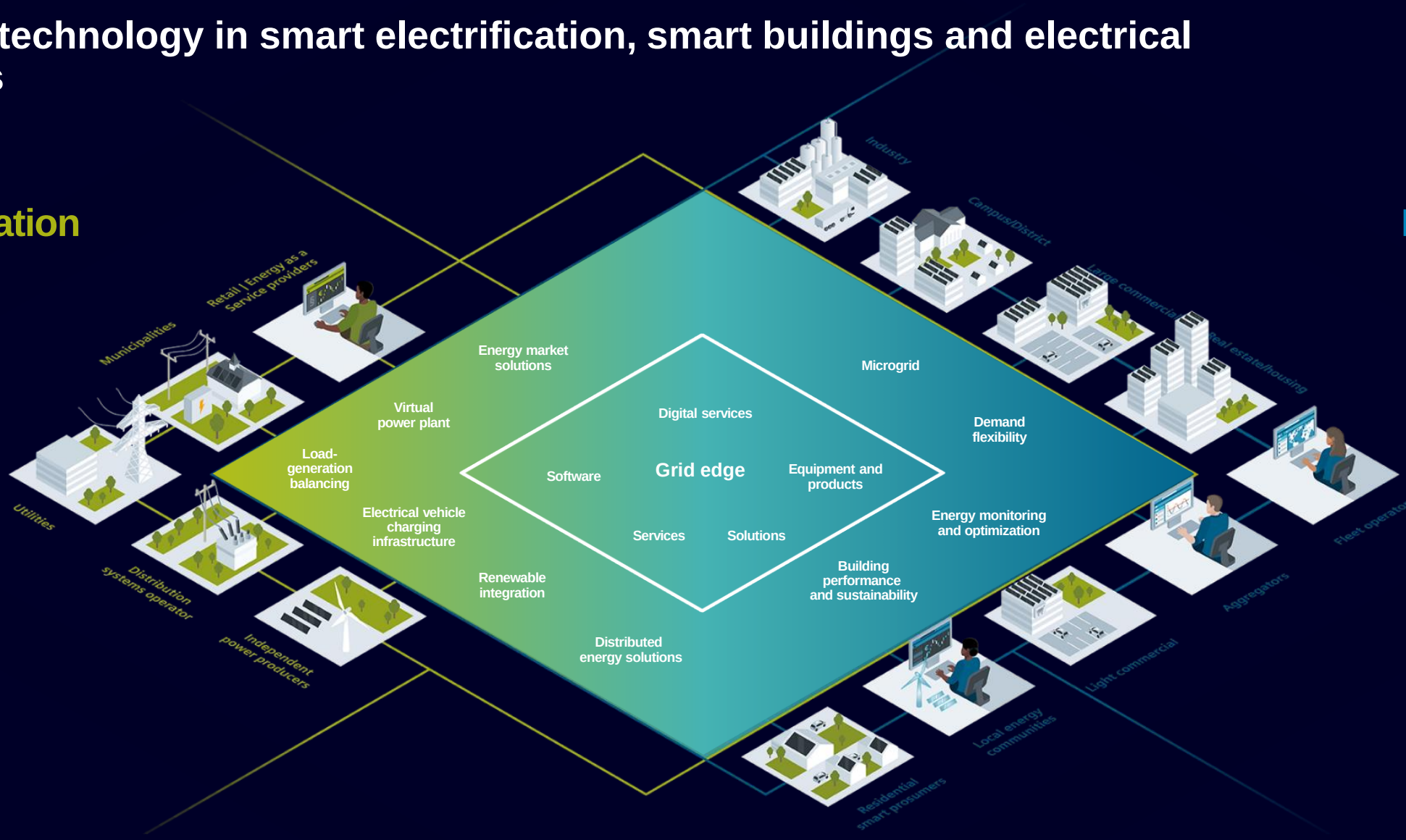
Leading technology in smart electrification, smart buildings and electrical products



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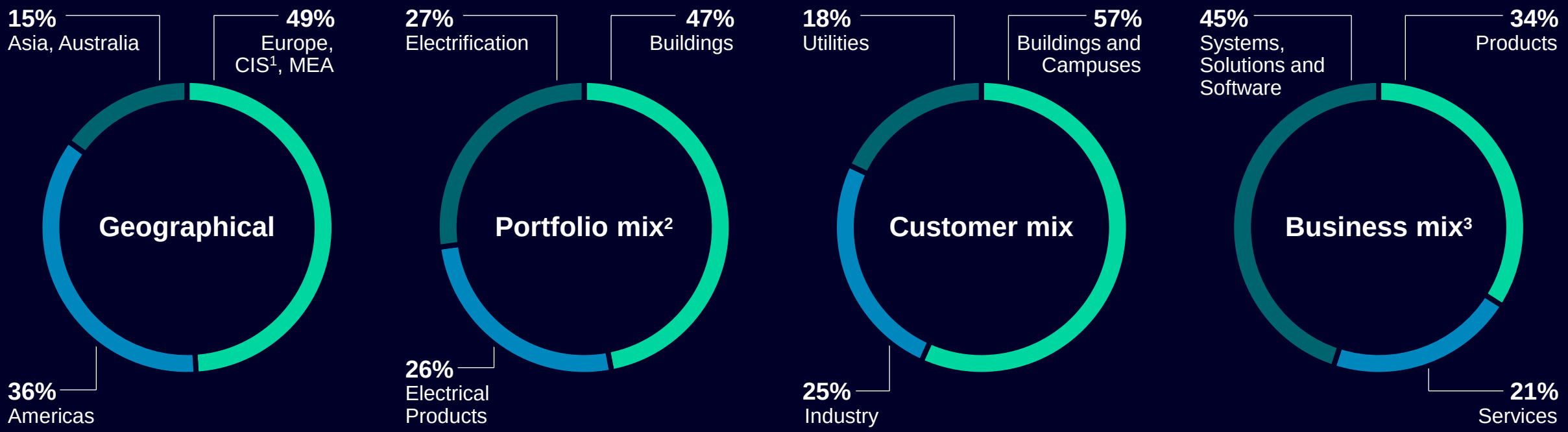
Revenue split

FY 20 – in percent – €14.3bn



1 Commonwealth of Independent States **2 Portfolio mix** split based on unconsolidated revenues **3 Business mix** split based on unconsolidated revenues; **Products:** share on consolidated revenues ~36% (FY 20); **Services**: share on consolidated revenues ~22% (FY 20)

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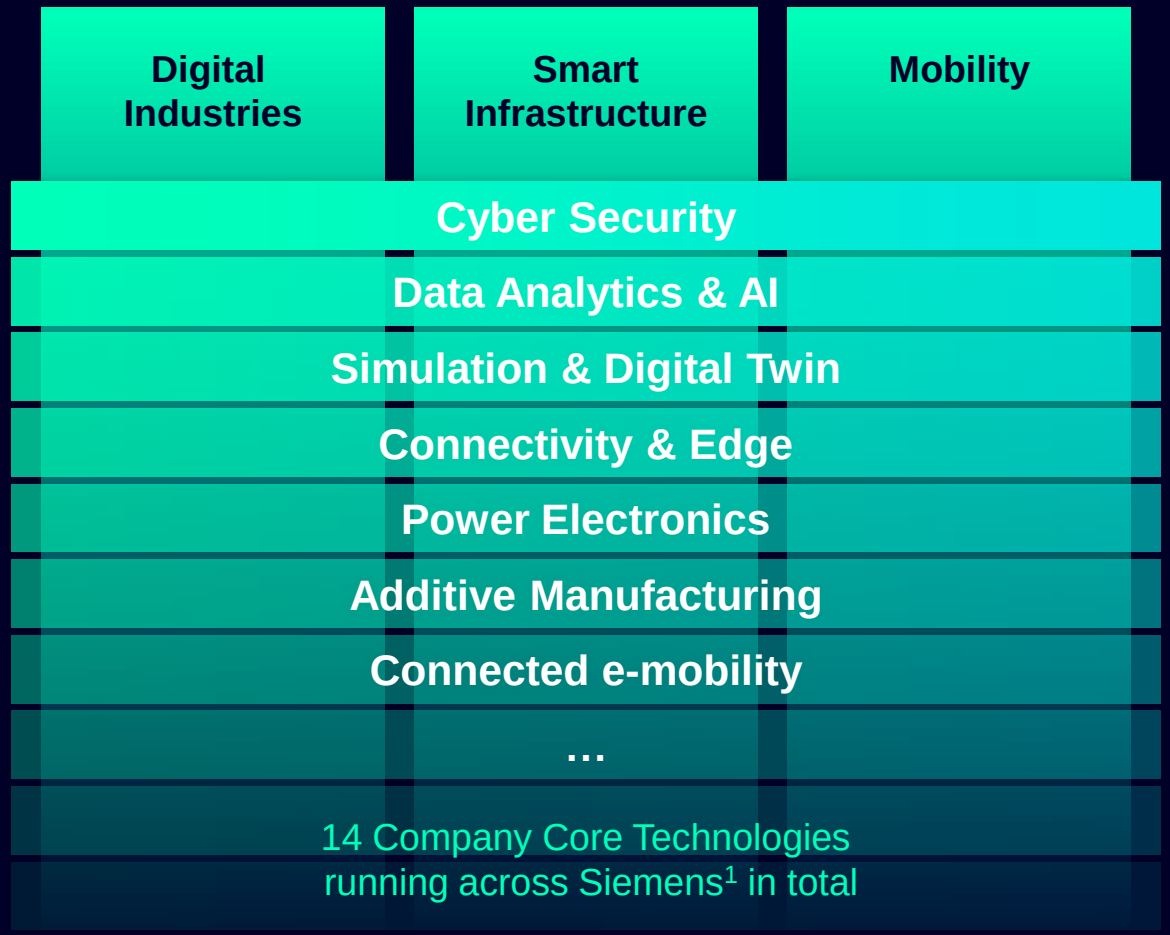
Siemens with strong technology core and cross-business collaboration for accelerated customer value



Company Core Technologies

- Load management of e-mobility charging with Stromnetz Hamburg based on neural network technology (AI)
- Development of building operations digital twin as part of a new smart building software suite
- Distributed energy systems know-how supports microgrids on Terceira Island (Azores) and in Blue Lake Rancheria

Cross-business technology collaboration

- Smart Infrastructure uses connectivity devices from Digital Industries, e.g. for medium voltage switchgear and Industrial Edge for low voltage equipment
- Collaboration with Mobility for rail electrification, to enable maximum uptime for rail operation
- Smart Infrastructure re-uses core software elements from Digital Industries' industrial automation for its building automation

1 Siemens Healthineers: R&D Framework Agreement in place plus option to license; Siemens Energy: R&D Framework Agreement plus Cost Pool Agreement in place

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Examples of value creation: A leader in smart electrification

Market drivers
The energy transition leads to more renewable energy supply and accelerated electrification

Customer challenges
DER[1] additional capacity is growing by a factor of 7 by 2030, grids are aging and less than 15% of secondary distribution grids are smart

Our offer
Driving energy intelligence: making grids more resilient, flexible and sustainable with our leading power distribution portfolio

Creating value
Leveraging our market leading position, areas of the portfolio have class-leading profitability, well placed for strong growth

How we scale
Many cities want to be sustainable –
more secondary distribution grids will become smart, EV[2] charging infrastructure will grow (30% market CAGR[3] 2020-2025)

Key data

#1 player
in medium-voltage gas insulated switchgear (GIS), protection & automation

First to market
with “blue” clean-air GIS (SF_6 free)

Industry leading
profitability

Fluence #1
in utility energy storage

1 DER = Distributed Energy Resources **2** EV = electric vehicle **3** Market in units

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Stromnetz Hamburg

HOCHBAHN

COMPANY CORE TECHNOLOGY

Data Analytics & AI

STROMNETZ HAMBURG & HAMBURGER HOCHBAHN

Electrifying a city for the future

Customer challenges

Siemens supports a number of key stakeholders with their green ambitions: Hamburg will have 50,000 electric and hybrid cars by 2024, which need to be supported by the secondary distribution grid and require charging infrastructure.

Solution

- Pilot project for smart grid solution using AI for effective load management with network operator Stromnetz Hamburg
- Electric charging stations for buses with low- and medium-voltage technology for bus and railway operator Hamburger Hochbahn
- Shore-to-ship power supply, replacing use of ship diesel generators for the Hamburg Port Authority

Customer benefit

- Energy intelligence supports Hamburg from grids to e-mobility and into the port and helps to reduce CO_2 emissions

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Examples of value creation: Resilient building services

Market drivers	Sustainable communities call for livable cities and energy efficient, human-centric buildings
Customer challenges	Buildings need to reduce emissions and adjust to user needs, while reducing lifecycle costs and managing increasing IT/OT complexity
Our offer	Supporting efficient and sustainable building operations: transition to new, data-driven digital services, based on our customer insights and deep domain knowledge
Creating value	Significant ROCE contribution, virtuous circle of new business opportunities based on insights from services provided, substantial recurring revenues
How we scale	The Smart buildings IoT market is growing from €15bn in 2020 to €50bn by 2030; less than 10% of buildings are smart today. Regulatory framework increases requirement for sustainable buildings

Key data

€ 3.2bn
revenues from services

750,000
service customers

2.3m
devices connected to our cloud platform

Double-digit growth
in our digital building services for FY 20-25

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SMU

COMPANY CORE TECHNOLOGY

Data Analytics & AI

SOUTHERN METHODIST UNIVERSITY

Taking services to the next level with digitalization

Customer challenge

SMU is a private university in Dallas, Texas, comprising 131 buildings on 234 acres with nearly 12,000 students. As a trusted advisor, Siemens supports the university in modernizing the campus-wide building automation and optimizing the building performance through remote services.

Solution

- Remote Digital Service Center with data-driven service model
- Fault Detection Diagnostics (FDD) for > 80 buildings and constant expansion in each new building
- Continuous technology improvement and ease of service portal use

Customer benefit

- $2m operation and maintenance costs reduction
- 60% remote resolutions of issues
- $3.5m annual budget reduction driven by analytics

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Examples of value creation:
Higher margin contribution from innovative Electrical Products

Market drivers	The transition to resilient and flexible grids and the development of efficient and responsive buildings requires high-quality, reliable electrical products
Customer challenges	Increased energy and asset efficiency and reduced unplanned downtime – with more transparency on how to further optimize efficiency and lower costs
Our offer	Securing safe and reliable electrical supply in every environment with an innovative, connectable portfolio of low- and medium-voltage products
Creating value	High margin contribution, which has been maintained during our portfolio renewal, now set for accretive product growth. Particular growth potential in Asia
How we scale	Continue to outperform the market, further growth of distribution/partner network, supported by our recent C&S acquisition

Key data

75%
portfolio renewal
in last 5 years

Solid double-digit
profitability in FY 16-20

Outgrowing
the product market for
the past 1.5 years

Growing revenues at
2x market growth
in FY 20-25

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HANGZHOU METRO

Ensuring reliable power with a strong partnership and product excellence

Customer challenge

The city of Hangzhou, China, has extended its metro network with ten new lines and 300 km of rail network, ready for the city to host the 19th Asian Games in 2022. Its 230 metro stations require a reliable power supply, confined in underground facilities with limited space.

Solution

- Metro lines equipped with 4,000 compact low-voltage panels in power substations, fully type-tested for high safety
- Panels have high-performance circuit breakers and control products

Customer benefit

- Hangzhou metro: reliable power supply with space-saving panels
- Franchise partner: strong support through reputation of excellent products and great competitiveness. Product pre-financing with Siemens Financial Services

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On the CFO’s agenda

Addressing value drivers: **growth, resilient service revenue, profitability and cash conversion rate**

- Delivering on CMD 2019 commitments for FY 21 and beyond
- Improving profitability and closing the gap to competition with strong execution of competitiveness program
- Stringent capital allocation to sustainably drive performance
- Being a reliable performer

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On track to deliver CMD 2019 commitments

	CMD19 commitments		Status H1 FY 21	Guidance FY 21
Growth	4-5%[1]	Top line annual growth	+5.3%[2] ✓	5–7% ✓
Profit	11–13% by 2021 / 13–15% by 2023	Profit margin	11.1% ✓	11–12% ✓
Cash	1-growth	Cash conversion rate	0.88 seasonality ✓	1-growth ✓

1 Based on market growth of ~3% CAGR FY 18–24 **2** Comparable growth rate vs. PY

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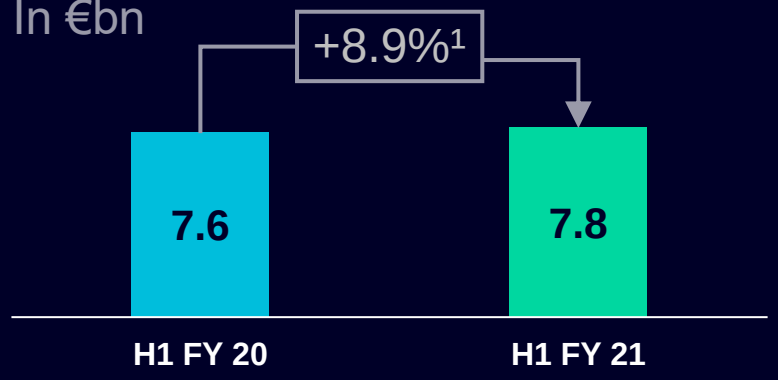
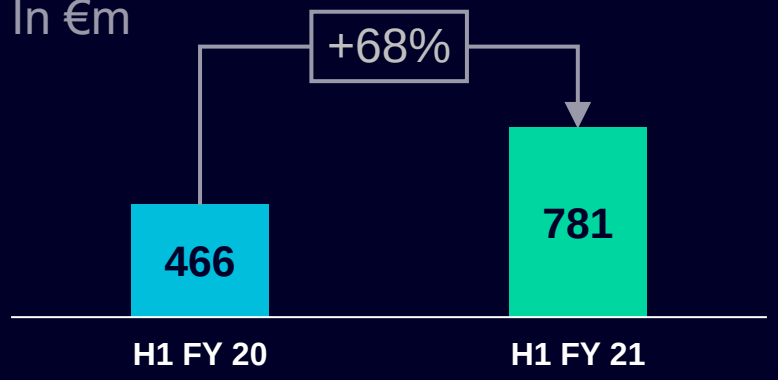
Strong H1 performance in volume growth and margin expansion

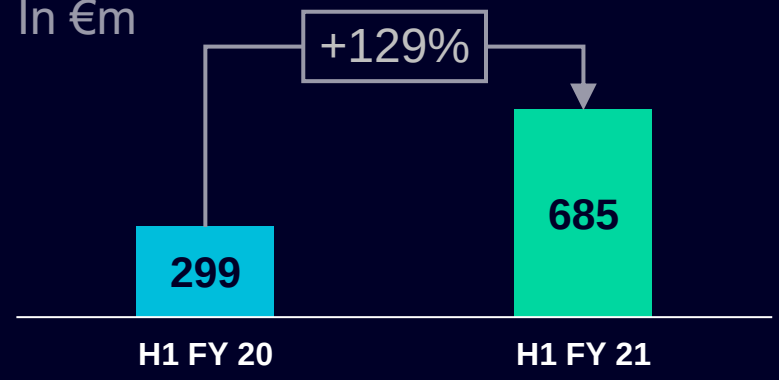
Orders
In €bn



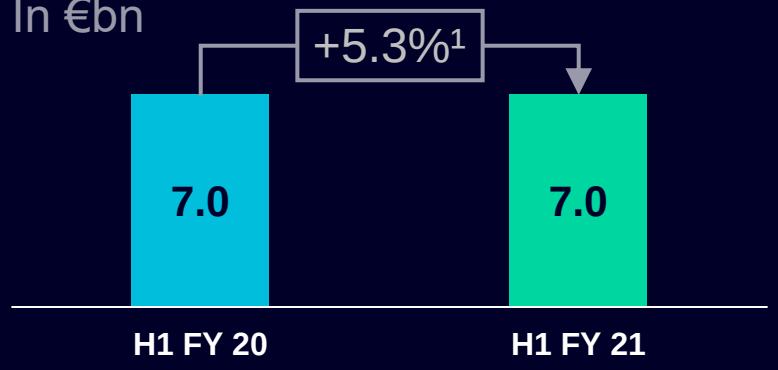
Profit
In €m



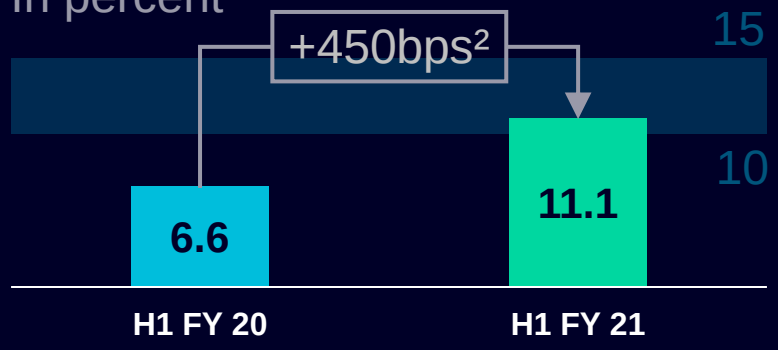
Free cash flow
In €m



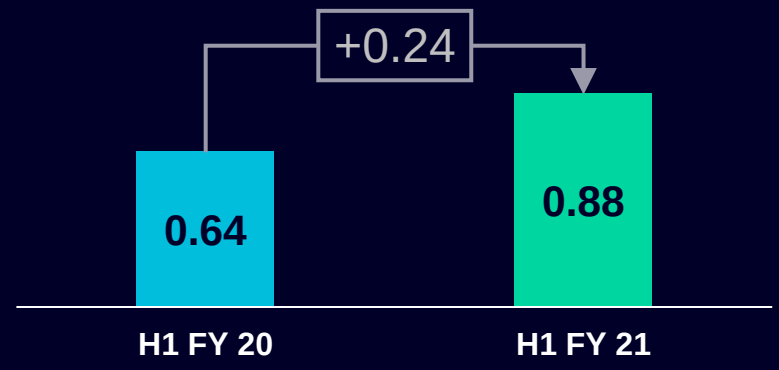
Revenue
In €bn



Profit margin
In percent



Cash conversion rate



1 Comparable growth **2** Excl. severance +290bps

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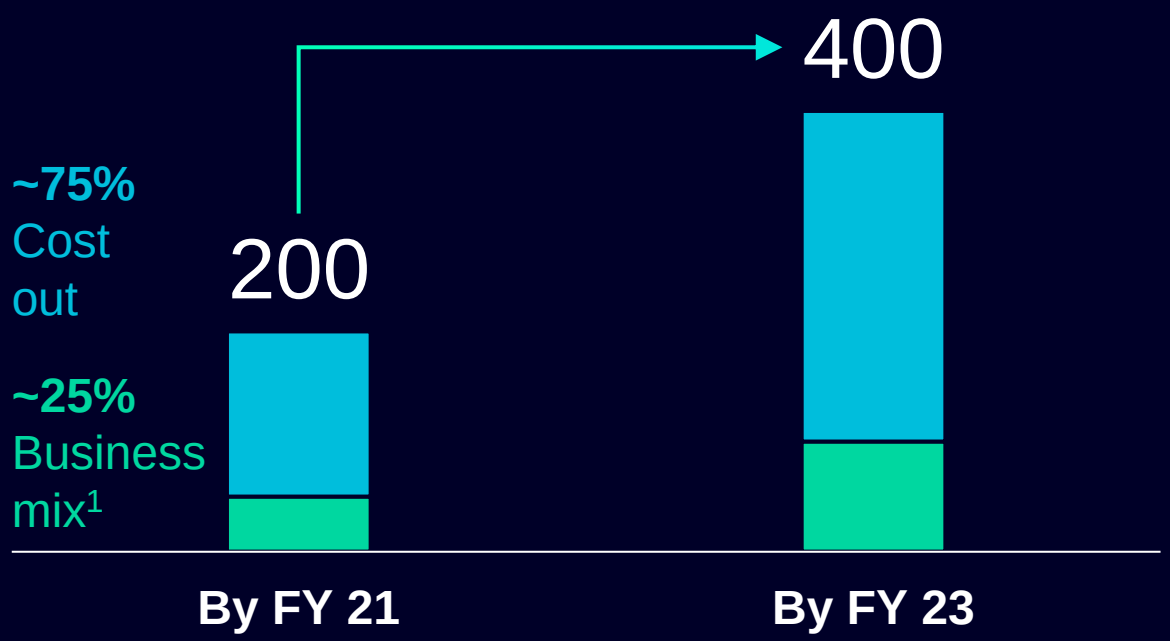
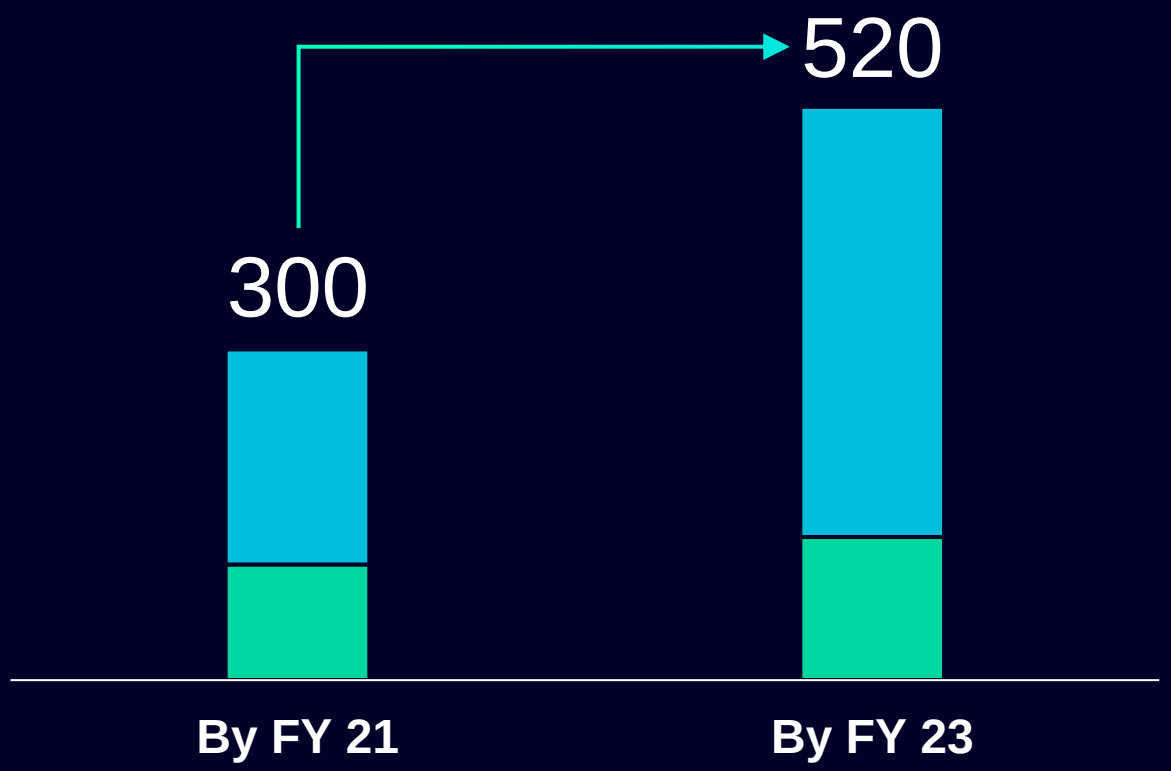
Competitiveness program delivers
Continuously increasing ambitions

CMD Commitment 2019
Cumulative savings in million €



Updated forecast 2021
Cumulative savings in million €



1 Business mix, mainly consists of portfolio measures as well as sales and pricing measures

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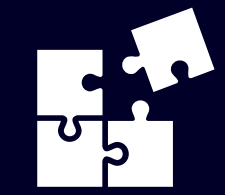
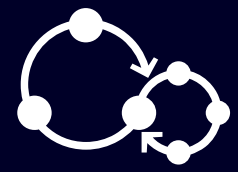
Commitment for Capital Market Day 2021
Competitiveness program

Continued execution and acceleration:
Commitment increased to €520m by FY 23

- Business mix
- Product & system business
- Lean set-up





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Business mix moving from program to process

Business mix axis includes step-change approach to further streamline portfolio with an increased scope, expanding digital services, improving sales effectiveness, and increasing price quality via AI

Example levers – Portfolio & Service push

Portfolio

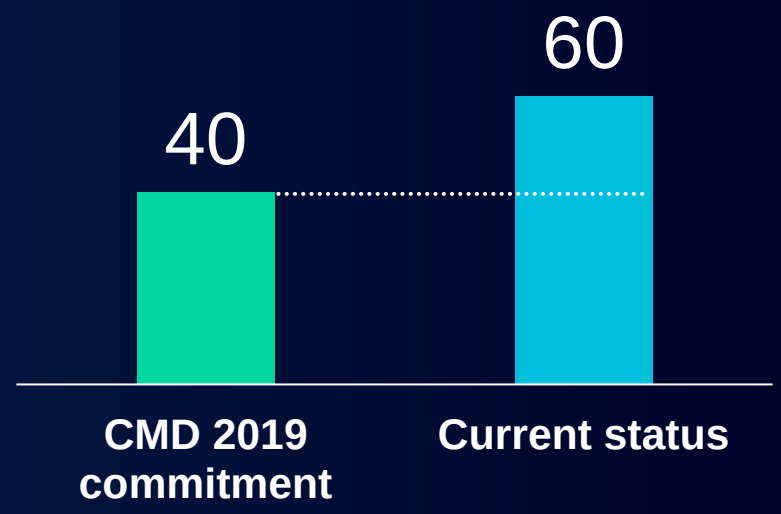
- Review of €2bn of SI portfolio completed
- Exited €700m non-synergetic business
- €500m identified for further actions, e.g. divestments

Service push

- Service mix improvement contributes to overall profitability €15m by FY 21

Profit improvement in million €

Targets on top of base productivity



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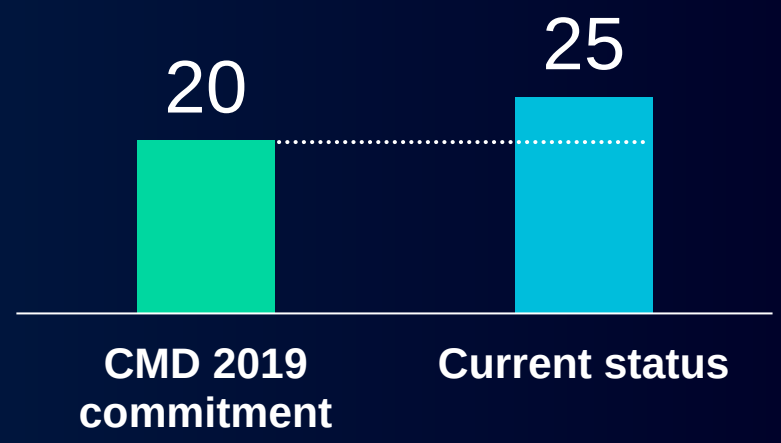
Product & system business on track

Optimize manufacturing and R&D footprint via consolidation, outsourcing & partnering; reducing procurement costs through material standardization; and increasing value through design and supply chain optimization

Example lever – Manufacturing

- Reduced number of production sites by 25%, **from 79 to 59**
- Shifting focus towards digitalization and automation with the expertise of Digital Industries

Profit improvement in million €
Targets on top of base productivity



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Lean setup exceeding initial commitment

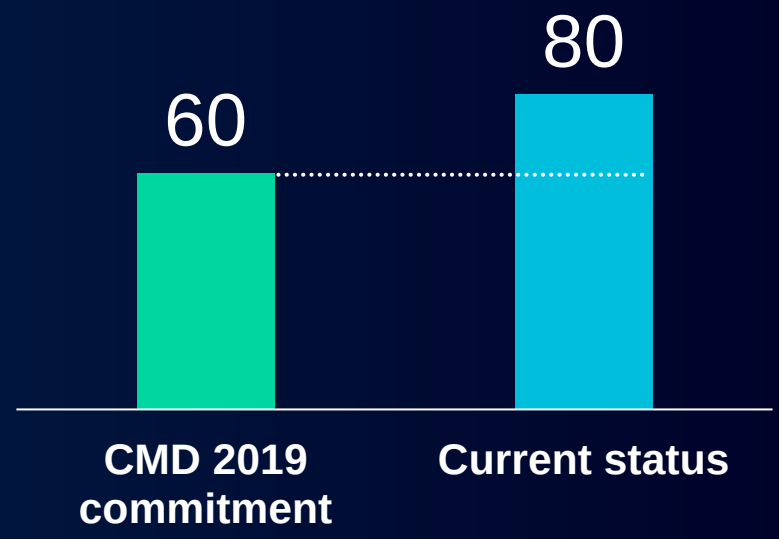
Continued implementation of job standardization, automation, bundling and relocation; lean set-up for regional support functions; and advancing process improvement using AI and digital tools

Example lever – Process off-shoring and automation

- 2,200 jobs identified for transfer or reduction
- 550 already moved – plans in place for remainder
- Plans will be executed through standardization, automation and bundling – i.e., opportunity with engineering support services

Profit improvement in million €

Targets on top of base productivity



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Smart Infrastructure Financial commitments

Targets over 3–5 year cycle

Comparable revenue growth

Resilient service revenue growth p.a.

Profit margin

Cash conversion rate (CCR)

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Enabling the digital transformation of infrastructure – moving towards increasingly autonomous grids and buildings

Realizing future-proof electrical grids

- Managing the complexity from the energy transition and ensuring reliability and resilience
- Grid digital twin to resolve today's data siloes in processes, departments and software and facilitate decision making across all phases

Creating self-adaptive smart buildings

- To reduce emissions, minimize operating costs and deliver human-centric experience
- Building software suite and digital twin as key enabler across domains to improve building operations and allow all stakeholders to seamlessly interact with the building

Key data

>150
digital applications and offerings

€700m
digital revenues in FY 20

Doubling
digital revenues to €1.5bn in FY 25

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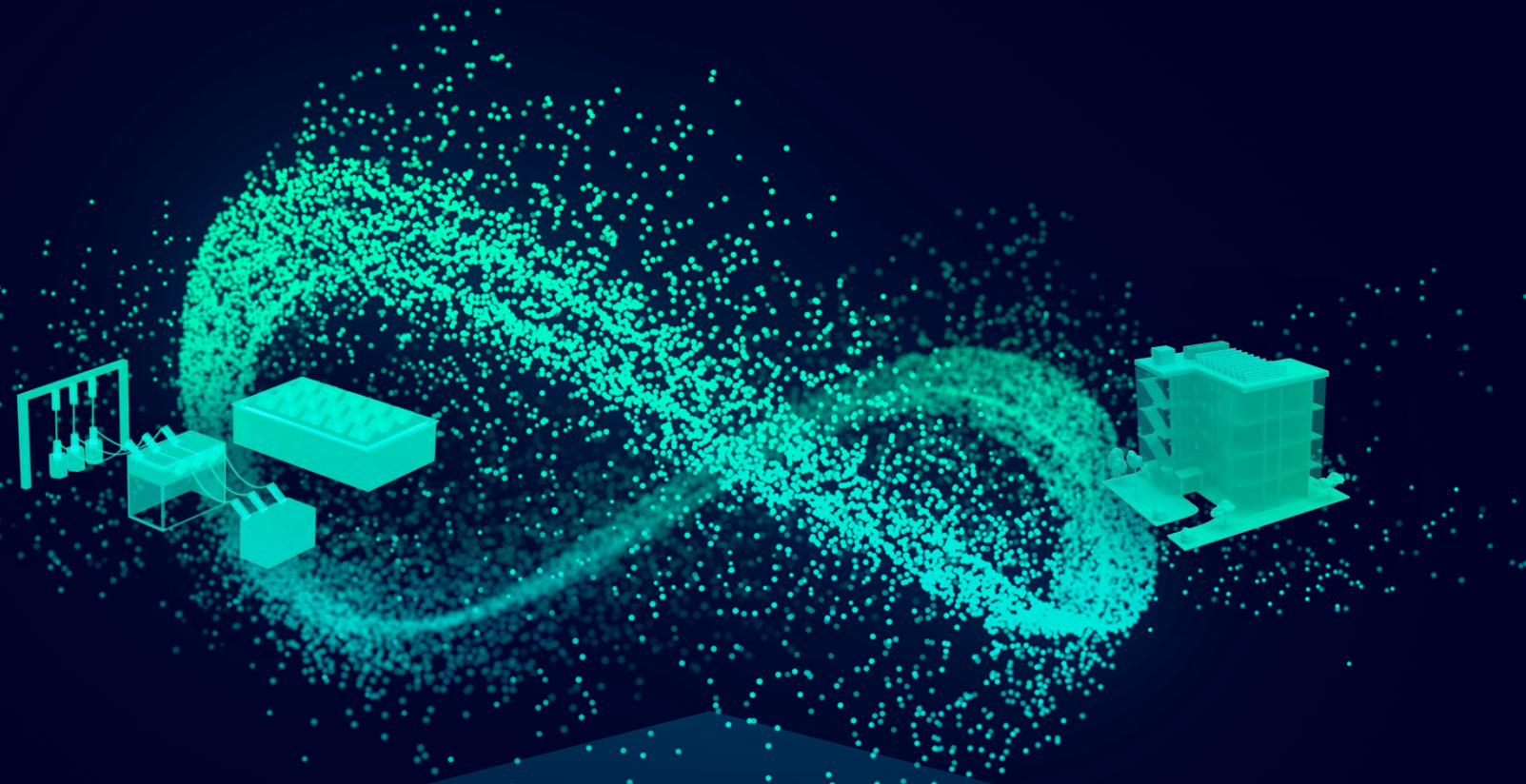
Digital twin as the single source of truth

Deep domain know-how, broad software portfolio, bold ambitions – Virtuous circle of core business and digital business amplify each other.



COMPANY CORE TECHNOLOGY
Data Analytics & AI

COMPANY CORE TECHNOLOGY
Simulation & Digital Twin

Manual › Automated › Autonomous

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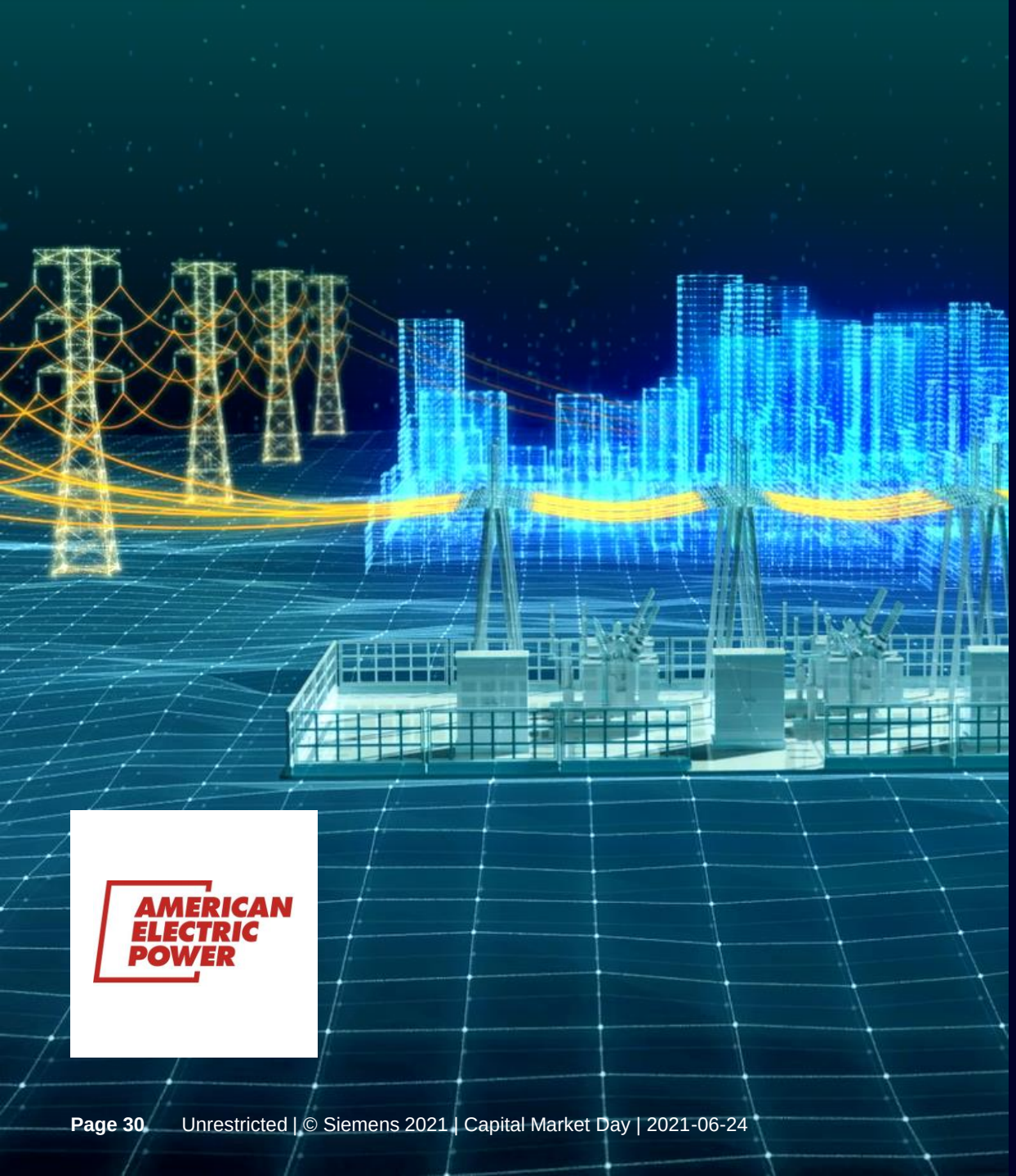

AMERICAN ELECTRIC POWER (AEP)

Pioneering the digital twin approach in grids

Customer challenge

AEP, the largest electricity transmission network in the U.S., faces challenges creating reliable models of its network as complexity increases. AEP also needs to coordinate transmission planning and control with three regional transmission operators.

Solution

- Digital twin automates modeling of power transmission
- Digital twin allows easy maintenance, analysis and exchange of network data as well as quick creation, deletion and reconnection of equipment and modifying attributes

Customer benefit

- Significant reduction in time and costs of model coordination
- Improved decision making strengthens grid reliability and stability
- Centralized data, enhanced asset management, simplified grid planning

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TIEFENAU HOSPITAL

Pioneering the digital twin approach in buildings

Customer challenge

Hospital group Insel Gruppe AG in Switzerland operates a complex campus of hospitals. Maintaining the overview and ensuring efficient building operation is of the essence, however, currently data gaps lead to inefficiency in operation and project delays.

Solution

- Co-creation approach to integrate the building management system with the building information modelling (BIM) process, for process and workflow optimization in construction and operation

Customer benefit

- Combined visualization of building structure and dynamic data – providing quick 3D overviews and automated alarm localization for faster, more direct interventions
- Potential to achieve up to 10% total operating cost reduction, and 30% faster fault resolution for the Facility Management

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Strong contribution to Siemens' ESG framework: Supporting customers' decarbonization efforts to achieve net zero targets

Decarbonization programs

that drive electrification to ensure operations with low CO_2 emissions and reduced energy consumption – enabled by attractive financing schemes

Innovative technology

that helps our customers reduce emissions, including fluoride-free gas insulated switchgear, eMobility charging infrastructure

Support for decentralized energy systems

that contribute to a more sustainable energy mix – distributed energy systems, grid control software, microgrids, energy storage

Building services and offering

that contribute to optimal energy usage and ensure a healthy indoor climate, e.g. energy and performance services and building automation

Key data

36%
of SI revenues from our Environmental Portfolio

~€4bn
energy savings under guarantee for customers

21%
contribution to CO_2 abatement via Siemens' Environmental Portfolio in FY 20

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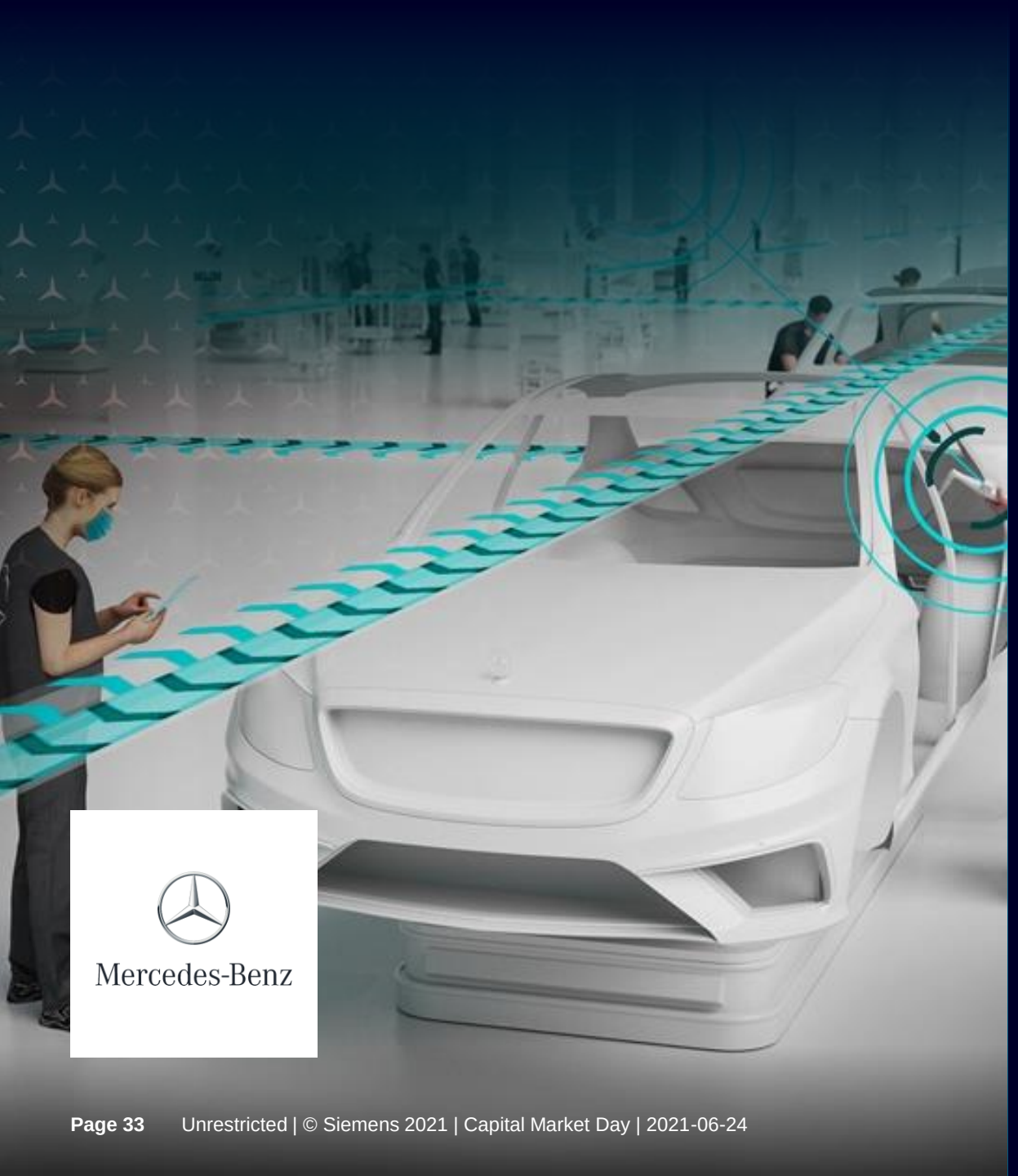

MERCEDES-BENZ

Partnership to digitally enhance existing factories

Customer challenge

Mercedes-Benz and Siemens are working together on the sustainable digitalization and automation of the automotive industry. Smart Infrastructure and Digital Industries know-how will help Mercedes turn its plant in Berlin into a campus for developing, testing and implementing new software and new, sustainable ways of working.

Solution

- Smart Infrastructure to design “zero emission building”:
  - Expand existing energy efficiency partnership
  - Create state-of-the-art working environment
  - Implement human-centric approach to buildings for increased comfort, convenience and productivity
  - Introduce Comfy app to future-proof the workspace

Customer benefit

- Seamless integration of Siemens technologies for buildings, infrastructure and production automation

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COMPANY CORE TECHNOLOGY
Distributed Energy Systems

ELETRICIDADE DOS AÇORES (EDA)

Microgrid system supports community's green ambitions on Terceira Island

Customer challenge

Utility company EDA is increasing its share of renewables in the energy mix, while the rising demand from e-cars and higher load fluctuations from more prosumers challenge grid stability. Goal is to lower costs and reduce reliance on diesel generation without sacrificing energy supply quality and reliability for the islanders.

Solution

- Installation of microgrid management system for real-time monitoring and prediction of energy consumption and production
- Implementation of an autonomous battery-based energy storage system to allow optimization of energy mix and boost resilience

Customer benefit

- Reduction of annual CO_2 emissions by more than 3,500 tons
- Increased share of renewables in energy mix to ~60%
- Grid resilience enhanced by supply diversity
- Cost reduction in comparison to diesel alone

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BLUE LAKE RANCHERIA

Energy autonomy with an optimized low-carbon microgrid

Customer challenge

The native American reservation of Blue Lake Rancheria in California wants a low-carbon microgrid for its critical infrastructure that is capable of running for up to a week without access to the public grid.

Solution

- Advanced software control solution integrates and automates power supply to tribal offices, hotel, casino with diesel generator
- Implementation of fuel cell, biomass, solar power and battery storage reduces carbon emissions and reliance on public grid

Customer benefit

- Energy cost savings of at least 25% per year
- Ability to maintain power independent of grid for up to 7 days
- Critical community buildings including a Red Cross shelter, able to operate when natural disaster shuts down public grid

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Why we are uniquely positioned
to address our customers' needs

1	**Large customer and installed bases**	**750k**	Active service customers
		1m	Installed base (systems under service agreements)
2	**Versatile business mix with sizable resilient service**	**€3.2bn**	Service business
		10k	Service technicians in 300 locations around the globe
3	**Innovative portfolio**	**75%**	Portfolio renewal in last 5 years in Electrical Products
		0	Greenhouse gas emissions from "blue" clean-air GIS
4	**Well positioned to enable customers' sustainability goals**	**€4bn**	Energy savings under guarantee for customers
		>25	Years of offering energy and performance services
5	**Pioneer in infrastructure digitalization**	**2.3m**	Devices connected to our cloud platform
		>150	Digital applications and offerings
6	**Engaged and highly skilled employees**	**80%**	Empowerment perception in last employee survey
		48%	Employee Net Promotor Score (= excellent)

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Our team

Matthias Rebellius
CEO

Dave Hopping
Regional Solutions and Services

Sabine Erlinghagen
Digital Grid Software

Robert Klaffus
Digital Grid Automation

Stephan May
Distribution Systems

Andreas Matthe
Electrical Products

Henning Sandfort
Building Products

Axel Meier
CFO

Markus Mildner
Sales & Marketing

Thomas Kiessling
Chief Technology Officer

Lynette Jackson
Communications

Alexander Senn
Human Resources

Emma Falck
Strategy

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Summary

1. Smart infrastructure is sustainable infrastructure – strong contribution to ESG, enabling the energy transition and creating sustainable communities

2. Innovative technology leadership across electrification, buildings and electrical products

3. A resilient business mix of products, services, and systems, solutions & software, serving building & campuses, utilities and industry

4. Supporting customers' digital transformation in infrastructure – commitment to double digital revenues by FY 25

5. Reliable performer: on track to deliver CMD 2019 and FY 21 guidance: continuously growing revenues, in particular resilient service revenues, and improving profit margin

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