Executing Vision 2020+ | Siemens Energy spin-off

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Siemens ecosystem to shape transformation in key societal challenges

**Healthcare systems**
- Aging society
- Affordable healthcare
- Population growth
- Increase in chronic disease
- Personalized healthcare
- Pandemic

**Digital transformation of industry, infrastructure and mobility**
- Competitive industries
- Efficient infrastructure
- Productivity
- Economic growth
- Sustainable resource use
- Prosperity

**Energy transition**
- Reliable supply
- Growing demand
- Decarbonization
- Distributed energy systems
- Climate challenge/CO₂
- Digitalization

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Employee figures as of March 2020
Revenue figures based on FY 2019 as reported

Siemens ~241,000 ~€44bn
Siemens Healthineers ~54,000 ~€15bn
Siemens Energy ~91,000 ~€29bn
Vision 2020+ fully on track
Drive transformation to shape change

Ultimate value creation
Leading in all businesses and shaping the transformation

Focus
Putting focus ahead of scale effects

Transformation
Anticipating markets and trends
- Siemens Energy spin-off nearly completed
- Flender spin-off announced and initiated
- Cost programs in execution
- Leverage Covid-19 opportunities

Fostering Ownership Culture and sharpening the company’s focus
Vision 2020+
Medium-term financial targets unchanged

REVENUE GROWTH
+2 PPT

EBITA FOR INDUSTRIAL BUSINESSES
+2 PPT

GROWTH IN EARNINGS PER SHARE
> Revenue growth
We are fully committed to deliver on Vision 2020+ targets

- Develop business mix towards growth markets
- Expand digitalization and IoT portfolio
- Use opportunities in decarbonization and decentralization of energy
- Further outgrow market in Mobility

Geared to consistently deliver cash conversion of 1 – growth rate

SIEMENS
Ingenuity for life

EBITA FOR INDUSTRIAL BUSINESSES
+2 PPT
- Rigorous execution of competitiveness programs
- Deliver on Corporate cost reductions
- Operational excellence and stringent project execution
- Stringent capital allocation

REVENUE GROWTH
+2 PPT
Spin-off rationale: A mutually beneficial transaction
Focused resource allocation offers attractive opportunities

1. Focus
   Expand leading position and invest in digitalization

2. Accountability
   Delivery on Vision 2020+ targets

3. Adaptability
   Simplification and lean governance

4. Transformation
   Rapid innovation and new business models

5. Value creation
   Clear risk profile and focused portfolio

Spin-off creates independent and agile energy champion with strong brand and Siemens engineering DNA
Siemens to relinquish majority ownership from the outset
Further reduction of stake in Siemens Energy planned

Siemens shareholding

- 35.1% Siemens
- 55.0% Siemens AG shareholders
- 9.9% Siemens Pension-Trust e.V.

- 55% of Siemens Energy AG shares will be transferred to Siemens AG shareholders prior to first day of trading
- Within 12-18 months post spin-off: Siemens intends to further significantly reduce its stake in Siemens Energy

1) Of which 12.02% held by the wholly owned subsidiary Siemens Beteiligungen Inland GmbH
Independent Siemens Energy with strong financial base and experienced supervisory board

- No full consolidation of Siemens Energy after the spin-off
- Deconsolidation agreement ensures that Siemens cannot exercise any controlling influence on the Siemens Energy business, e.g. limitations on exercising of voting rights

S&P Global: Solid Investment grade rating of "BBB" with stable outlook
- Equity ratio of 35.8% (June 30, 2020)
- Strong balance sheet
- Very solid liquidity status

20 members¹, therein three members employed by the Siemens Group: Joe Kaeser (Chairman) | Ralf P. Thomas (Audit Committee) | Matthias Rebellius

¹) Ten supervisory board members representing shareholders and ten supervisory board members representing employees
Collaborative relationship of Siemens AG with Siemens Energy

**SIEMENS brand**
- Siemens Energy and SGRE continue to operate under the Siemens brand
- Brand fee for Siemens Energy ex. SGRE: 0.3-1.2% of "Siemens brand" net revenue, depending on EBITA margin<sup>1)</sup>
- Initial tenor of trademark license agreement 10 years

**Preferred Financing Agreement**
- Siemens Energy has continued access to Siemens Financial Services at arms' length
- Equity financing: Up to €1.5bn in first 5 years, further 5-years period at least €0.5bn
- Debt financing and leasing

**Guarantees**
- Siemens holding ~€42bn in guarantees (as of June 30, 2020) of which 50% are expected to be ramped down in 5 years
- Supportive banking group in place

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<sup>1</sup> Based on EBITA margin adjusted for the purpose of the trademark license agreement; EBITA margin ≤ 6.5% = 0.3% / EBITA margin ≥ 9.0% = 1.2%
All milestones achieved - Siemens Energy listing in final stages

- Portfolio set-up defined
- Brand name announced
- Acquisition +8% SGRE stake
- Leadership team in place
- Carve-out effective March 31
- Siemens Energy in D/O
- Spin-off report published
- S&P Rating: BBB stable outlook
- EGM Approval with >99%

Timeline:
- March 2020
- August 2020
- September 1
- September 7
- September 28

- Capital Market Day
- Prospectus
- Roadshow
- Initial listing

Prime Standard segment Frankfurt Stock Exchange