

Executing Vision 2020+ | Siemens Energy spin-off

Roland Busch, Deputy CEO Siemens AG

Ralf P. Thomas, CFO Siemens AG

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Notes and forward-looking statements (I)



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Siemens ecosystem to shape transformation in key societal challenges

Healthcare systems

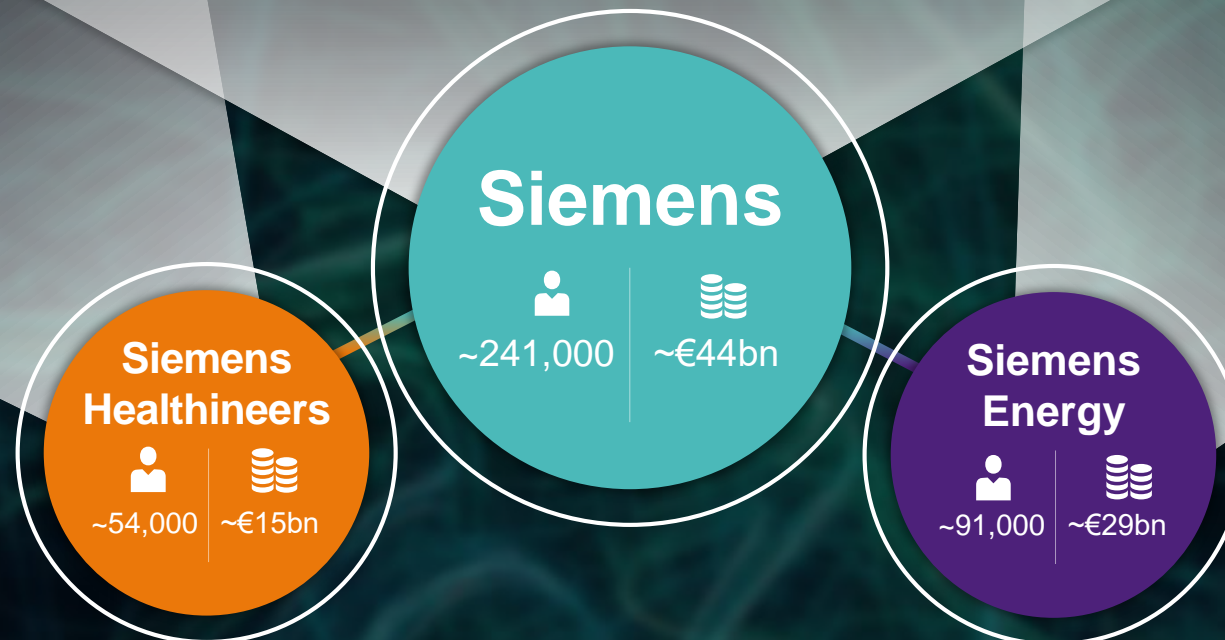
Aging society
 Affordable healthcare
 Population growth
 Increase in chronic disease
 Personalized healthcare
 Pandemic

Digital transformation of industry, infrastructure and mobility

Competitive industries
 Efficient infrastructure
 Productivity
 Economic growth
 Sustainable resource use
 Prosperity

Energy transition

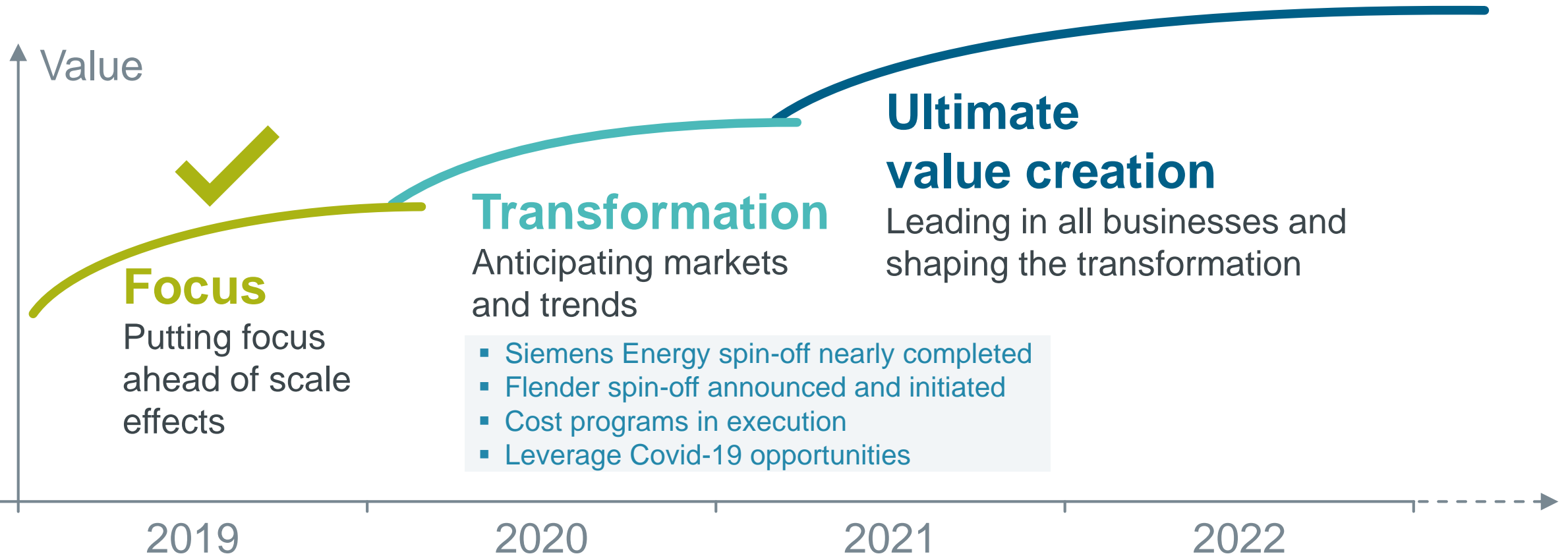
Reliable supply
 Growing demand
 Decarbonization
 Distributed energy systems
 Climate challenge/CO₂
 Digitalization



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

Vision 2020+ fully on track

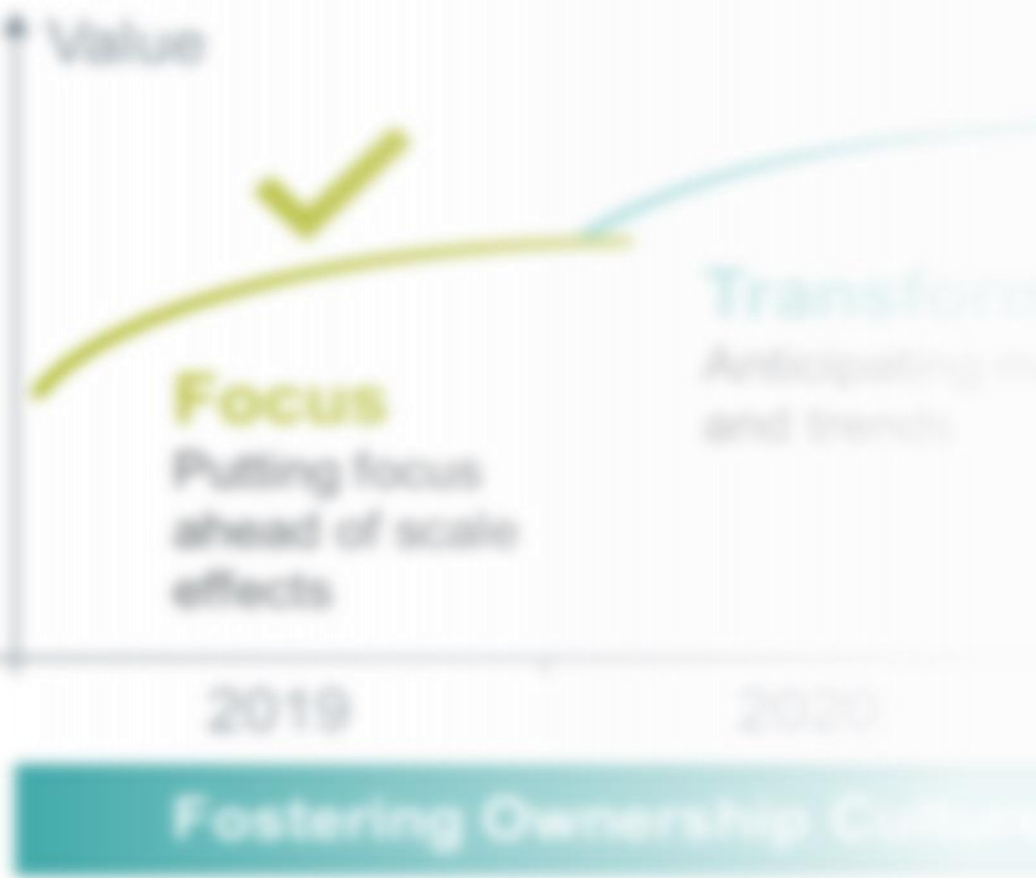
Drive transformation to shape change



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



REVENUE GROWTH

+2 PPT

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

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**

Geared to consistently deliver cash conversion of 1 – growth rate

Spin-off rationale: A mutually beneficial transaction

Focused resource allocation offers attractive opportunities



Siemens AG



1. Focus

Expand leading position and invest in digitalization

2. Accountability

Delivery on Vision 2020+ targets

3. Adaptability

Simplification and lean governance

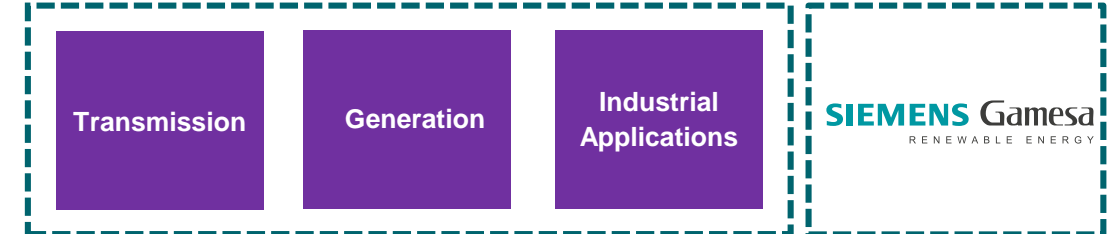
4. Transformation

Rapid innovation and new business models

5. Value creation

Clear risk profile and focused portfolio

Siemens Energy AG



1. Focus

Optimize resource allocation

2. Accountability

Ambitious goals and SAG as anchor investor

3. Adaptability

Combining all energy assets, leading portfolio

4. Transformation

Entrepreneurial independence

5. Value creation

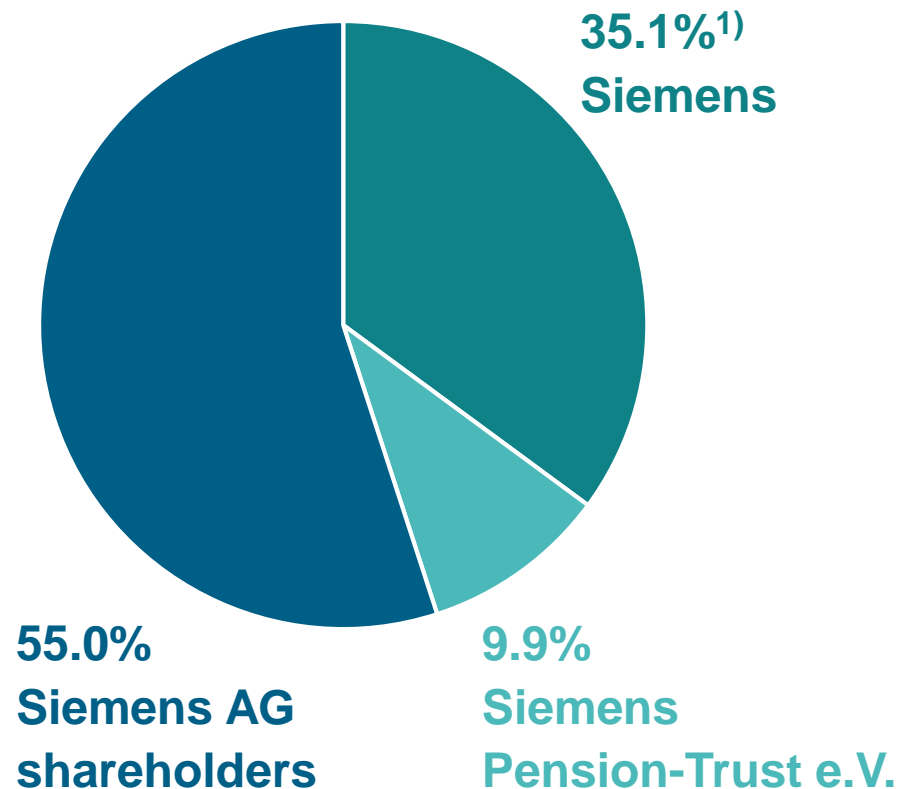
Clear path to improve profitability

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



- **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



Relinquishment of control

- **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



Rating

- **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**



Supervisory Board Siemens Energy

- **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 margin¹⁾**
- **Initial tenor of trademark license agreement 10 years**

Service Agreements



- **Total cumulative volume** over entire term of contracts: **~€1.5bn**
- **Duration** between **12 and 36 months**
- Mainly focused on **Global Business Services**, IT Services, lease contracts & related services

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

All milestones achieved - Siemens Energy listing in final stages

