

Solid start to the year, turnaround of wind business remains focus

Christian Bruch, President and CEO Siemens Energy

Maria Ferraro, CFO Siemens Energy

Analyst presentation Q1 FY24

Berlin, February 7, 2024



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CEO section

Christian Bruch, CEO



Key Messages

Highlights

- GS, GT and TI continue to take advantage of favorable market trends
- Siemens Gamesa turnaround plan under execution
- Significant progress in divestment program - return to net cash position
- Investment grade rating affirmed
- Significant progress on our ESG targets (Sustainability Report published)

Market Environment

- Continuous healthy demand across GS, GT and TI
- European Wind package signed by 26 EU member states

Siemens Energy FY24 Guidance (unchanged)

- Revenue: 3% to 7% comparable¹
- Profit margin before SI: neg. 2% to 1%
- Net Income: up to €1bn (incl. impacts from disposals)
- Free cash flow pre tax: around neg. €1.0bn
- Proceeds from disposals: ~€2.5 – 3.0bn

¹ Comparable: excluding currency translation and portfolio effects
2024-02-07

Q1 FY24 Financial Performance

- **Orders: +23.9%** comp.¹ at €15.4bn
- **Order backlog at new high of €118bn**
- **Revenue: +12.6%** comp.¹ at €7.6bn; **book-to-bill of 2.01**
- **Profit before SI: pos. €208m** (up from neg. €282m)
- **Profit margin before SI: pos. 2.7%** (Q1 FY23: neg. 4.0%)
- **FCF pre tax: neg. €283m** (Q1 FY23: neg. €58m)
- **Adj. Net cash/(Net debt): €840m** (Q1 FY23: neg. €660m)

Onshore Quality Task Force

Offshore ramp up

Cost reduction plan

Siemens Gamesa

Progress in line with expectations

Work ongoing, no change to estimated quality cost

- Review of commercial backlog completed and negotiation with clients ongoing
 - 80% of quality issues with short-term measures in place and 50% with long-term corrective actions defined
 - Implementation of remediation and mitigation actions continue
 - Final product portfolio decisions expected in 2024, linked to geographic market strategy
-

Overall in line with plans

- Main volume increases planned for H2 FY24
-

Structural cost reduction plan (€400m by FY26) under development

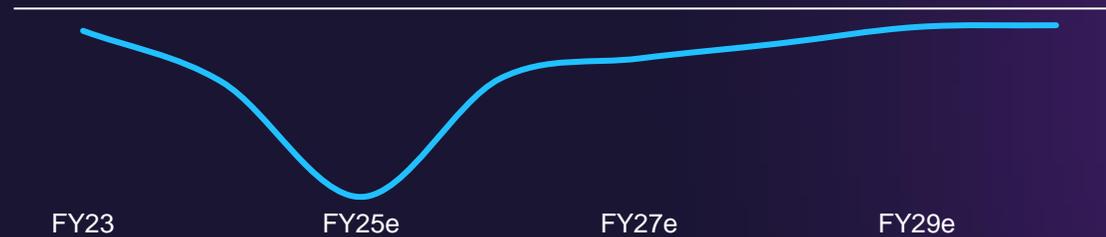
- Onshore footprint and streamlining of operations
- Offshore ramp up
- New Service setup
- Corporate functions optimization

Siemens Gamesa: Details Onshore

Status

Root cause analysis	Materially completed	
Short-term measures	Derived for ~80% of quality issues	
Long-term corrective solutions	Defined for ~50% of quality issues	
Remediation measures planning	Ongoing – several measures already being implemented	
Customer contracts	Completely reviewed	

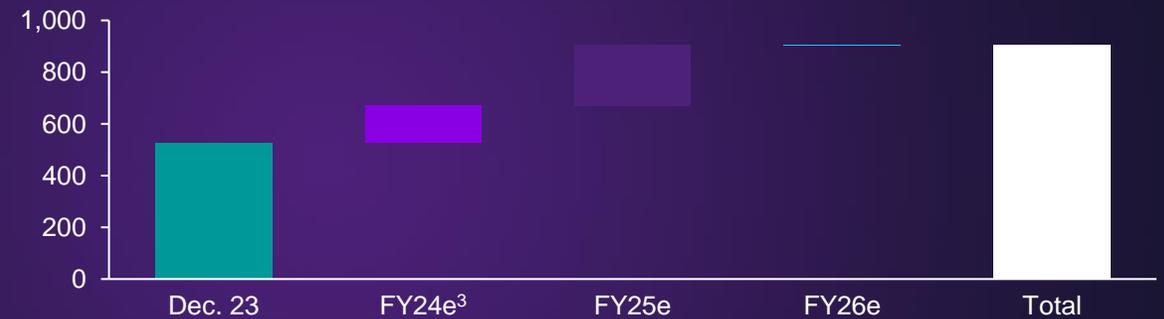
Short-term quality-cash-out Siemens Gamesa¹



4.X installations²



5.X installations²



¹ Excluding other provisions | ² Rotor Up | ³ Q2-Q4 FY24
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Siemens Gamesa Offshore: Production ramp up ongoing

Main volume increases planned for H2

Q1 performance vs. target (mainstream platform)



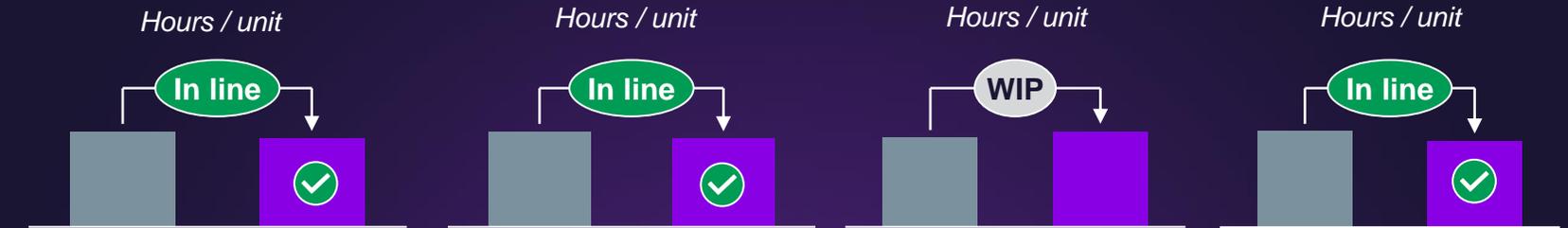
 **Cuxhaven**
(Nacelles)

 **Aalborg**
(Blades)

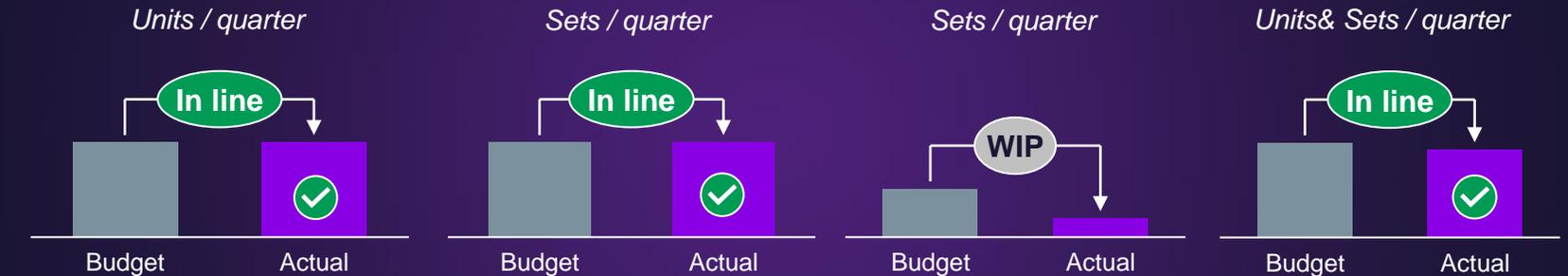
 **Hull**
(Blades)

 **Le Havre**
(Blades & Nacelles)

Routing hours¹:



Output volume²:



¹ Man-hours to produce a nacelle / blade | ² Number of nacelles / blade sets produced
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Q1 FY24 Awards and Milestones

Power generation with low or zero emissions

Gas Services



560 MW component supply for CHP plant in Almaty, Kazakhstan

- 3x SGT5-2000E gas turbines, 3x SGen5-1000A generator, incl. Initial Spare Parts package, TFA contract to be signed
- Aims to upgrade existing coal-fired power plant by replacing outdated units with innovative gas fired units
- Gas turbines manufactured in Berlin

Siemens Gamesa



First offshore wind turbines at the South Fork Wind project in the US delivering energy

- 132 MW offshore wind farm with twelve SG 11-200 DD wind turbines
- Partnership between Ørsted and Eversource Energy
- Electricity production to power 70,000 homes on the South Fork of Long Island in New York, USA

Transport and storage of energy

Grid Technologies



Viking Link – world's longest land and subsea interconnector between UK and Denmark

- National Grid's new interconnector
- Transport of electricity to power up to 2.5m UK homes
- £1.7bn link stretches for 475 miles between UK and Denmark
- > £500m in savings for UK consumers in the first ten years

Reducing the CO₂ footprint

Transformation of Industry



Up to 8,000 tons hydrogen production per year at BASF Hy4Chem factory in Germany

- Delivery of electrolyzers with a power output of 54 MW
- Reduces greenhouse gas emissions by up to 72,000 tons per year
- Commissioning planned for 2025

Key outcomes from COP28

Fast tracking a just, orderly, and equitable energy transition

Global Renewables and Energy Efficiency Pledge

- Triple the world's installed renewable energy capacity to at least 11,000 GW by 2030
- Double the global average annual rate of energy efficiency improvements from 2% to >4% per year until 2030

Hydrogen Declaration of Intent

- Endorsement of a **global hydrogen certification standard**, recognizing existing certification schemes
- **Unlock global trade in low-carbon hydrogen**

Oil and Gas Decarbonization Charter

- **Zero methane emissions** and ending routine flaring by 2030
- **Total net-zero operations by 2050** at the latest



COP28 UAE

Sustainability

Major progress towards our targets



Climate-neutral

in own operations by 2030

FY 2023
59% reduction¹



100% green electricity

in own operations by 2023

FY 2023
100%



Downstream emissions

28% reduction of emissions from sold products by 2030 as approved by SBTi

FY 2023
27% reduction¹



Upstream emissions

30% reduction of emissions by purchased goods & services by 2030²

FY 2023
19% reduction¹



Gender equality

25% women in top leadership positions³ by 2025 and 30% by 2030

FY 2023
28%



Zero harm

Total Recordable Injury Rate for employees and contractors⁴

FY 2023
2.67

We honestly disclose progress:

[Our Sustainability Report 2023](#)

Transparency is honored by ESG ratings:



¹ From a 2019 base | ² Includes transportation and distribution | ³ Without Siemens Gamesa | ⁴ Total Recordable Injury Rate: Number of recordable injuries x 1,000,000/work hours performed
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CFO section

Maria Ferraro, CFO



Siemens Energy Group: Solid start into the year

Q1 FY24

Orders

in €bn



Order backlog² €118bn

Q4 FY23: €112bn

Revenue

in €bn

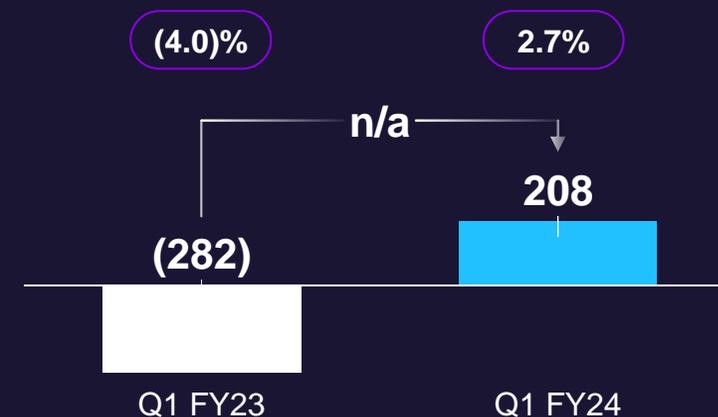


Book-to-bill Ratio 2.01

Q1 FY23: 1.80

Profit before SI

in €m



Free Cash Flow³ €(283)m

Q1 FY23: €(58)m

¹ xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal | ² As of December 31, 2023 | ³ Free Cash Flow pre tax
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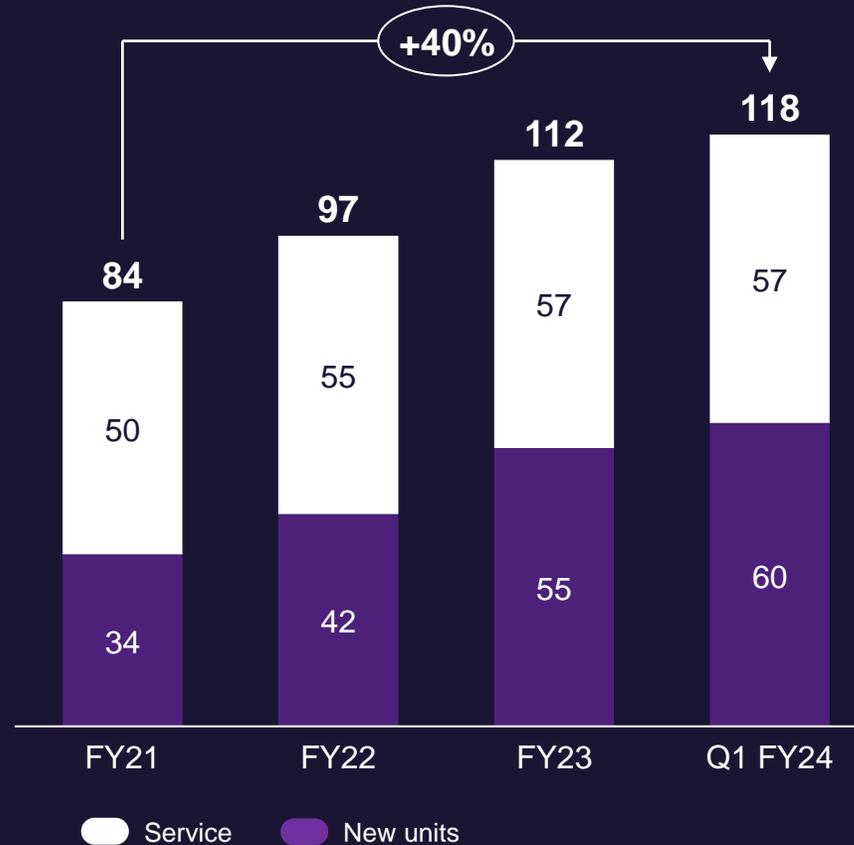
X.X% Profit margin before Special Items

Increasing order backlog as a source of strength and resilience

Book-to-Bill Q1 FY24



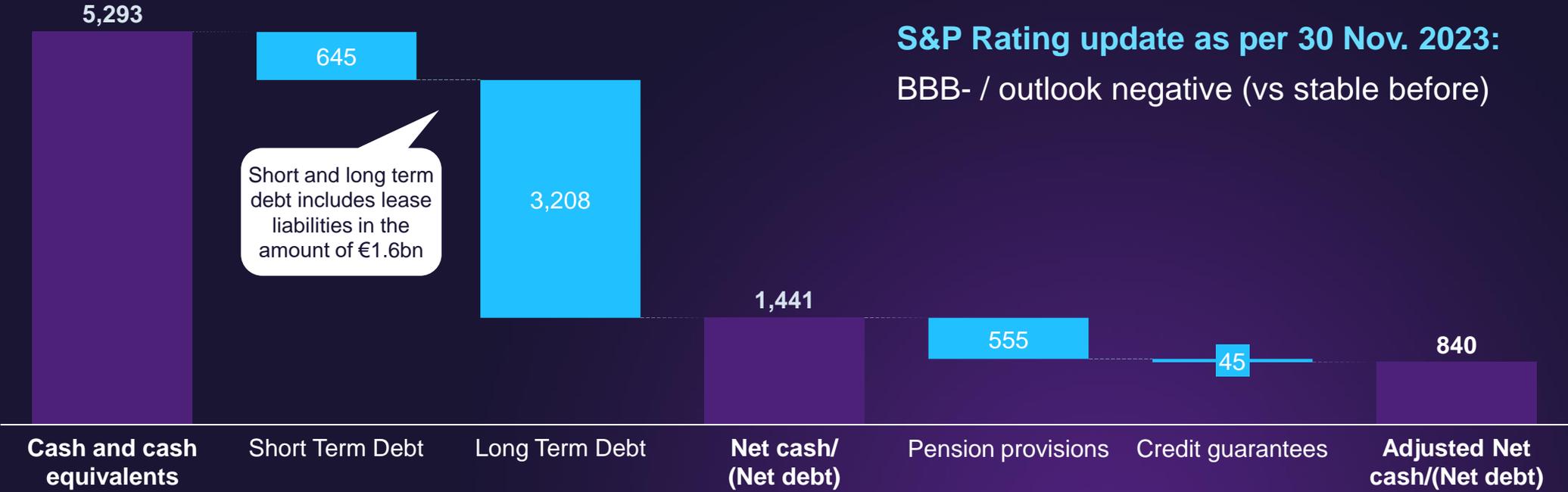
SE order backlog development (€bn)



- Large majority of FY24 revenue already secured in the backlog
- Increase across all businesses
- Stronger growth in new units supporting rejuvenation of our serviced fleet
- Resilience from long-term service business particular in Gas Services
- Margin profile in the order book support our mid-term targets
- Backlog covering almost 4x annual revenue

Return to a net cash position

Net cash/(Net debt) as of December 31, 2023 (in €m)



S&P Rating update as per 30 Nov. 2023:
BBB- / outlook negative (vs stable before)

Siemens Energy: €10.3bn liquidity available (€5.3bn cash, €5.0bn undrawn facilities)

Gas Services: In line with strong prior-year quarter

Q1 FY24¹

Orders

in €bn



- Substantial order growth driven by higher volume from large orders, especially in Eastern Europe and Central Asia

Revenue

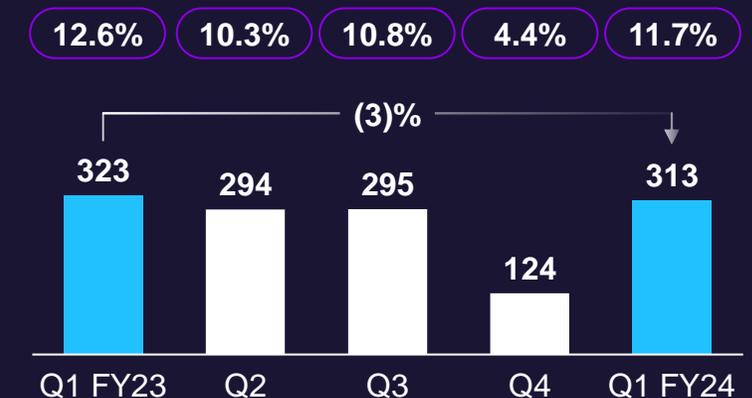
in €bn



- Clear revenue increase in a seasonally strong quarter, with the service business making the higher contribution to growth in absolute terms

Profit before SI

in €m



- Profit before SI nearly on the high level of prior year's strong quarter benefiting from strong service revenue

¹ Prior year figures are presented on a comparable basis | ² xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal
2024-02-07

Grid Technologies: Significant improvement across all KPIs

Q1 FY24¹

Orders

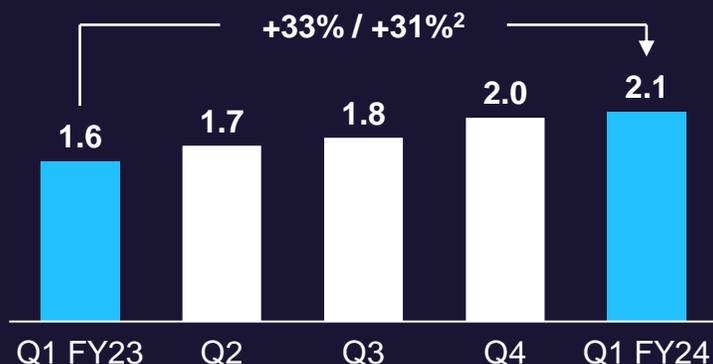
in €bn



- Exceptional high orders driven by GT's product business and high-voltage direct current (HVDC) transmission system orders in Germany, in part benefitting from timing effects

Revenue

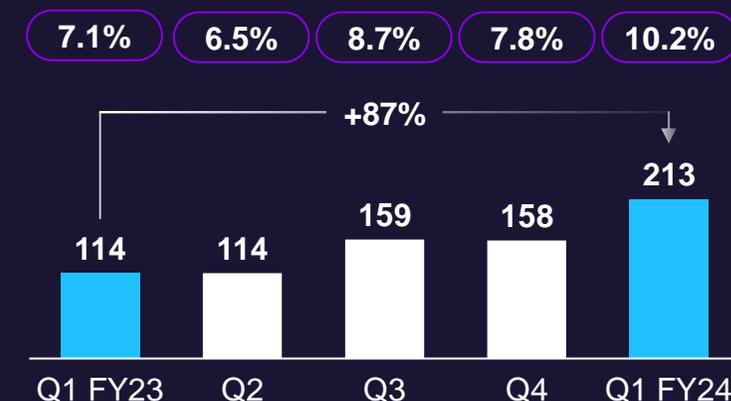
in €bn



- Substantial increase in all businesses with main contributions both from the product and solution businesses

Profit before SI

in €m



- Sharp increase driven by higher volume as well as comparatively higher margins in the processed order backlog

¹ Prior year figures are presented on a comparable basis | 2 xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal
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X.X% Profit margin before Special Items

Analyst Call | Q1 FY24 16

Unrestricted © Siemens Energy, 2024

Transformation of Industry: Profit almost doubled Q1 FY24¹

Orders

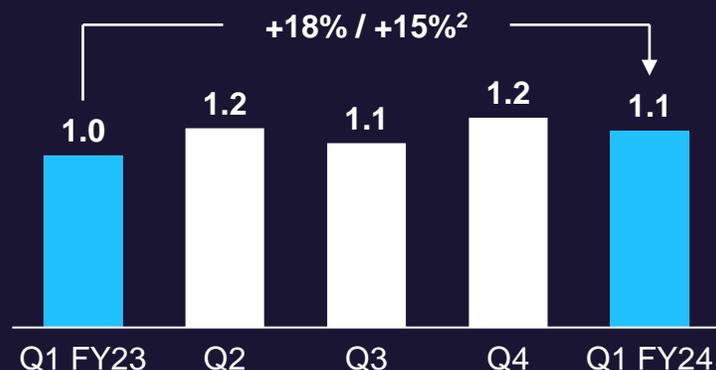
in €bn



- Sharp increase y-o-y driven by two large orders in the Compression and in the Industrial Steam Turbines & Generators businesses

Revenue

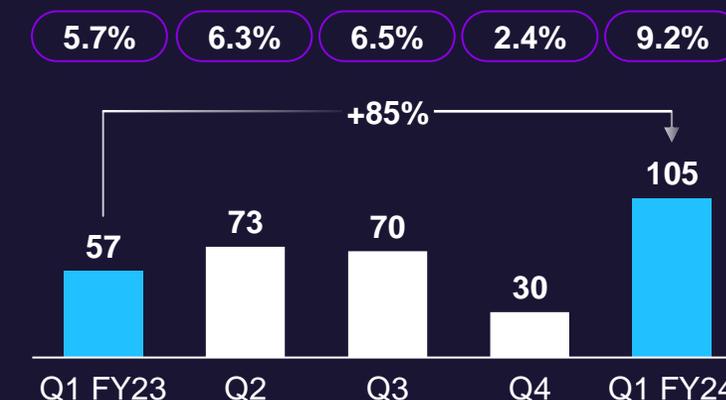
in €bn



- Double digit increase in all four independent businesses
- Continuing service strength, particularly in the Compression and Industrial Steam Turbines Generators businesses

Profit before SI

in €m



- Profit before SI nearly doubled y-o-y driven by higher revenue, better pricing, and increased service revenue
- Biggest improvements in Compression and Electrification, Automation, Digitalization businesses

¹ Prior year figures are presented on a comparable basis | ² xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal

Siemens Gamesa: Progressing in line with expectations

Q1 FY24

Orders

in €bn



- Orders slightly above prior year quarter's level on a comparable basis
- Onshore orders more than halved

Revenue

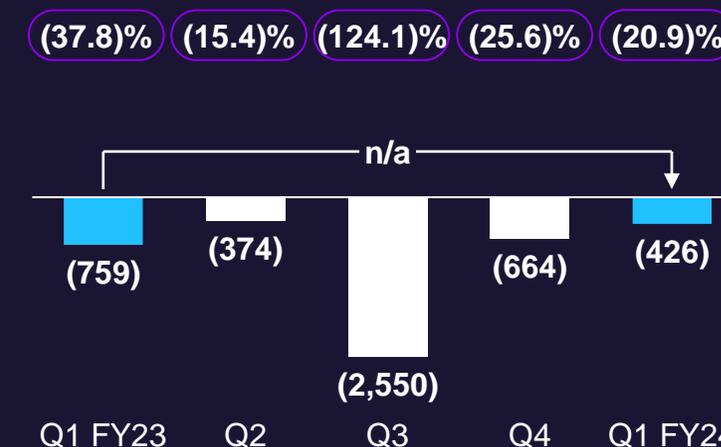
in €bn



- Revenue grew moderately based on increased service revenue which more than offset a decline in the Onshore and Offshore businesses

Profit before SI

in €m



- Recent quarter's result was driven by project margins burdened by higher planned costs due to the known quality issues as well as the increased product costs and ramp-up challenges in the Offshore business
- Prior year's quarter included charges of €472m related to quality issues

Financial outlook confirmed

Fiscal Year 2024

	FY24 Outlook	
	Revenue Growth ¹	Profit Margin before SI ²
Gas Services	(4) – 0%	9 – 11%
Grid Technologies	18 – 22%	7 – 9%
Transformation of Industry	8 – 12%	5 – 7%
Siemens Gamesa	0 – 4%	around neg. €2.0bn
Siemens Energy	3 – 7%	(2) – 1%
Net Income		up to €1bn incl. impacts from disposals
Free Cash Flow pre-tax ³		around neg. €1.0bn
Proceeds from disposals		€2.5 – 3.0bn

This outlook excludes charges related to legal and regulatory matters.

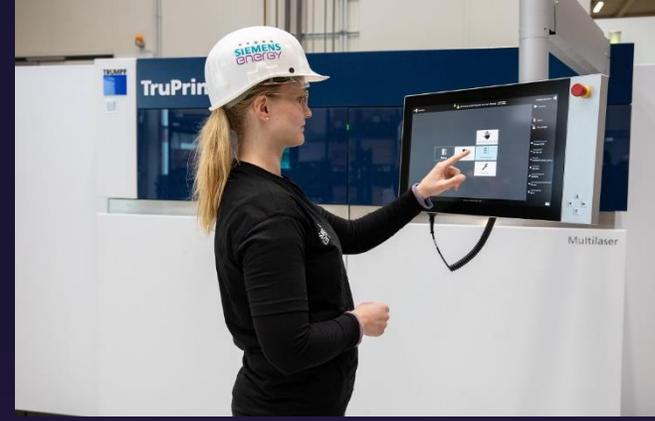
1 Comparable revenue growth: Excluding currency translation and portfolio effects | 2 Profit Margin before Special Items in % of revenue with Profit as earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments | 3 Free Cash Flow pre-tax as operating cashflow and additions to intangible assets and PPE less Income taxes paid

Key Priorities

1 Deliver on profitable growth

2 Fix the wind business

3 Maintain solid financial foundations



We energize society



Questions & Answers

Christian Bruch and Maria Ferraro



2024

Feb 7

Feb 26

May 8

Aug 7

Nov 13

Q1 FY24

Annual General Meeting

Q2 FY24

Q3 FY24

Q4 FY24

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Appendix

FY24 financial considerations for SE

Reconciliation line on Profit before Special Items	~ neg. €250m
Financial result	~ neg. €300m
R&D	~ €1.2bn
Capex	~ €1.8bn
Gains from disposals	~ pos. €2bn

Additional financial disclosure for Siemens Gamesa

	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
WTG					
Profit Margin before SI	(28.7)%	(22.6)%	(129.3)%	(33.8)%	(26.4)%
Onshore					
Revenue (€m)	751	1,042	651	914	691
Volume (MWe)	1,080	1,487	1,300	1,317	742
Order intake (€m)	910	708	573	875	476
Order intake (MW) ¹	961	794	717	1,244	759
Order backlog (€m)	5,879	5,483	5,318	5,325	5,084
ASP (€/MW) ¹	0.95	0.90	0.80	0.70	0.63
Offshore					
Revenue (€m)	829	827	964	1,053	780
Volume (MWe)	698	719	871	1,086	461
Order intake (€m)	213	1,790	5,279	2,232	504
Order intake (MW)	0	1,496	4,884	1,518	294
Order backlog (€m)	10,462	11,379	15,771	17,046	16,556
Service					
Revenue (€m)	428	569	438	624	572
Order intake (€m)	488	1,142	1,506	1,118	585
Order backlog (€m)	17,357	17,770	18,808	19,303	19,196
Installed Fleet (MW)	129,664	131,574	133,684	136,869	138,523
Fleet under maintenance (MW)	83,463	83,574	83,297	81,873	83,672
Profit Margin before SI	(71.3)%	8.3%	(105.1)%	0.4%	(4.1)%

¹ Onshore order intake (MW) and average selling price of Onshore order intake include only wind orders
2024-02-07

Net Income Transition

In €m	Siemens Energy	
	Q1 FY23	Q1 FY24
Gas Service	323	320
Grid Technologies	102	173
Transformation of Industry	52	92
SGRE	(823)	(434)
<i>Reconciliation to Siemens Energy</i>	<i>(39)</i>	<i>1,727</i>
Profit	(384)	1,878
<i>Profit margin</i>	<i>(5.4)%</i>	<i>24.6%</i>
Amortization of intangible assets acquired in business combinations and goodwill impairments	(96)	(65)
Financial result	(30)	(112)
Income before income taxes	(510)	1,701
Income tax (expenses/gains)	(88)	(119)
Net income	(598)	1,582
Attributable to		
Non-controlling interests	(125)	32
Shareholders of Siemens Energy AG	(473)	1,550

Note: Prior year figures are presented on a comparable basis
2024-02-07

Cash Flow Statement

In €m	Siemens Energy	
	Q1 FY23	Q1 FY24
Net income	(598)	1,582
Amortization, depreciation and impairments	359	361
Change in operating net working capital		
Contract assets	(92)	39
Inventories	(824)	(658)
Trade receivables	(454)	(198)
Trade payables	(54)	(558)
Contract liabilities	1,483	1,147
Others	298	(1,846)
Cash flow from operating activities	118	(132)
Additions to intangible assets and property, plant and equipment	(233)	(234)
Free cash flow	(115)	(365)
Income taxes paid	58	83
Free Cash Flow pre tax	(58)	(283)
thereof Gas Services	381	236
thereof Grid Technologies	367	767
thereof Transformation of Industry	(60)	95
thereof SGRE	(610)	(1,172)

Note: Prior year figures are presented on a comparable basis
2024-02-07