Excellent performance of majority of Siemens Energy's businesses overshadowed by wind business – agreement on framework to secure long-term accelerated order growth

Annual Press Conference for Fiscal Year 2023
Munich, November 15, 2023

Christian Bruch, President and CEO, Siemens Energy AG
Maria Ferraro, CFO, Siemens Energy AG



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We may also make forward-looking statements in other reports, prospectuses, in presentations, in material delivered to shareholders, and in press releases.

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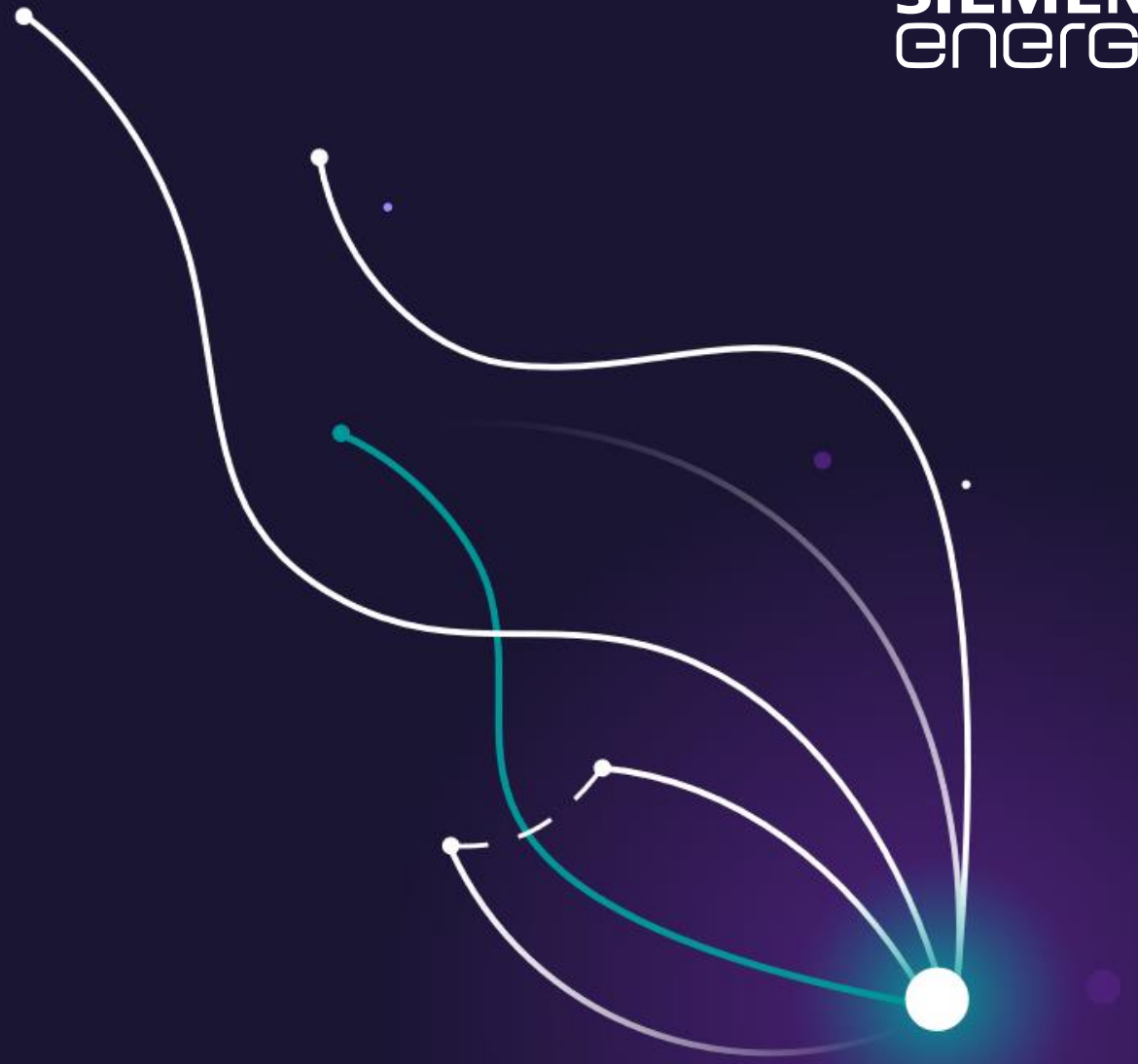
This document includes supplemental financial measures – that are not clearly defined in the applicable financial reporting framework – and that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Energy´s net assets and financial position or results of operations as presented in accordance with the applicable financial reporting framework in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

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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Christian Bruch

President and CEO, Siemens Energy AG



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Outstanding performance with the exception of wind

Orders exceed the previous year's high level by more than a third* and ensure a new record order backlog of €112 billion

FY 2023 revenue up 9.9%* to €31.1 billion; adjusted forecast met thanks to strong growth in all businesses except Siemens Gamesa

Difficulties in wind business overshadow excellent performance of other businesses; profit before special items at negative €2.776 billion

Positive free cash flow of €784 million better than expected; net loss of €4.588 billion; adjusted forecast for fiscal year 2023 met



* On a comparable basis (excluding currency translation and portfolio effects)

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Siemens Gamesa making good progress despite burdens

Technical analysis of quality problems for 4.X and 5.X turbines nearing completion; planning for implementation of corrective actions underway

No additional provisions compared to Q3; sale of the 5.X turbine suspended; resumption of sales currently under review

Offshore area focused on ramping up factories, initial successes have already been achieved; new contracts will also be accepted more selectively in 2024

First stabilization and profitability, then growth; further focus on cost reduction and optimization of operating processes; break-even planned for 2026



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Guarantees for the realization the strong growth

Guarantees (sureties) are industry standard; Siemens Energy provides these in the form of advance payment, performance and warranty bonds to customers

The guarantor is usually a bank in return for a fee from Siemens Energy; default risk is very low on average for the industry

Order backlog of €112 billion at Siemens Energy increases guarantees required to secure potential customer claims to record levels

Guarantee structure of €12 billion agreed between partner banks, Siemens AG and the government; counter-guarantee of €7.5 billion from the federal government for a fee from Siemens Energy



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Our contribution to the energy transition

Power generation with low or zero emissions

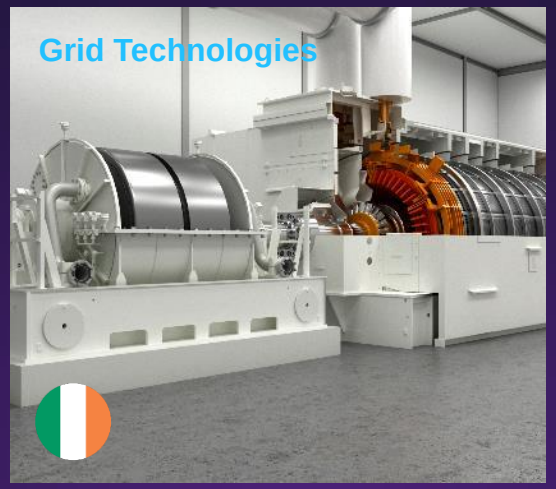


Operation of a gas turbine with 100% green hydrogen in France



Hollandse Kust Zuid offshore wind farm supplies 1.5 million households

Transport and storage of energy



Hybrid system for grid stabilization and large-scale battery storage

Reducing greenhouse gas emissions & energy consumption in industrial processes



Electrolyzers for Air Liquide‘s 200 MW project in Normandy

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Measures to strengthen balance sheet

Strengthening the company's balance sheet has absolute priority alongside securing guarantees; financially conservative risk profile as the basis for growth

The first transactions involving non-core assets have been initiated (Trench); further disposals of this kind are planned

As a further measure, Siemens Energy is selling 18% of its shares in the listed Indian company Siemens Ltd. to Siemens AG

Planned transactions expected to generate proceeds of between €2.5 billion and €3 billion in fiscal year 2024; transformation of portfolio to be accelerated



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Maria Ferraro

CFO, Siemens Energy AG

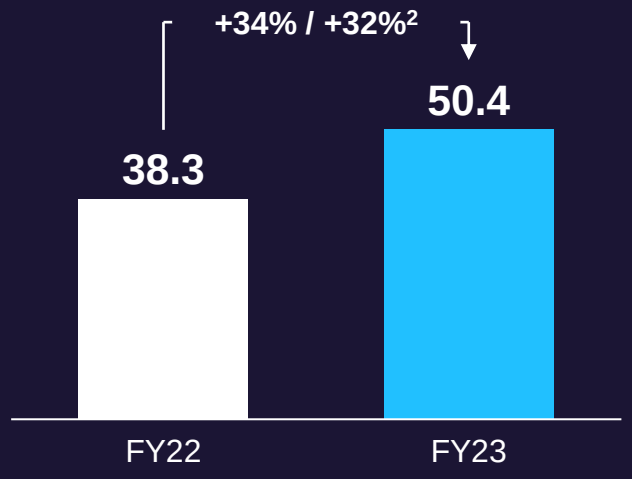


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Siemens Energy Group in FY2023 [1]

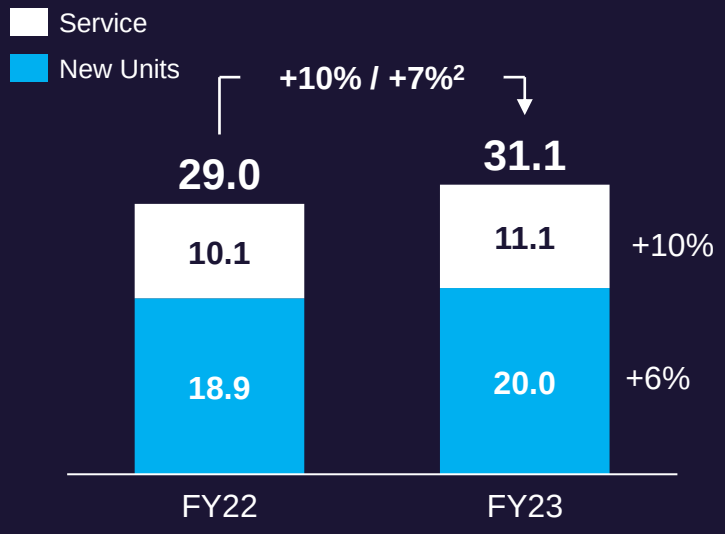
Excellent performance of former Gas and Power businesses overshadowed by Siemens Gamesa

Orders
in €bn



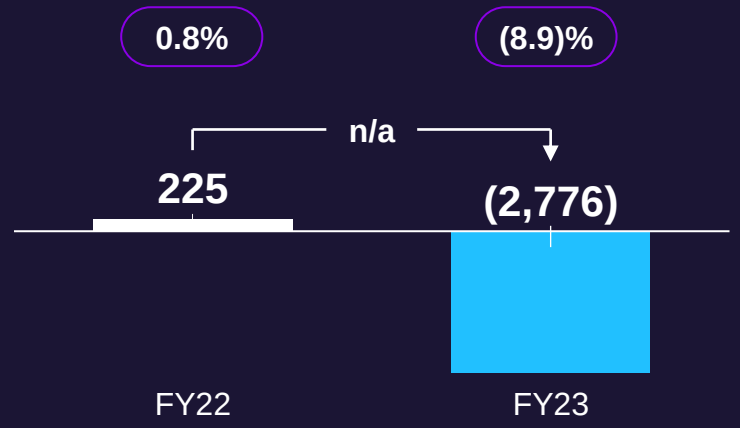
Order backlog[3] **€112bn**
FY22: €97bn

Revenue
in €bn



Book-to-bill ratio **1.62**
FY22: 1.32

Profit before special items
in €m



Free cash flow[4] **€784m**
FY22: €1.5bn

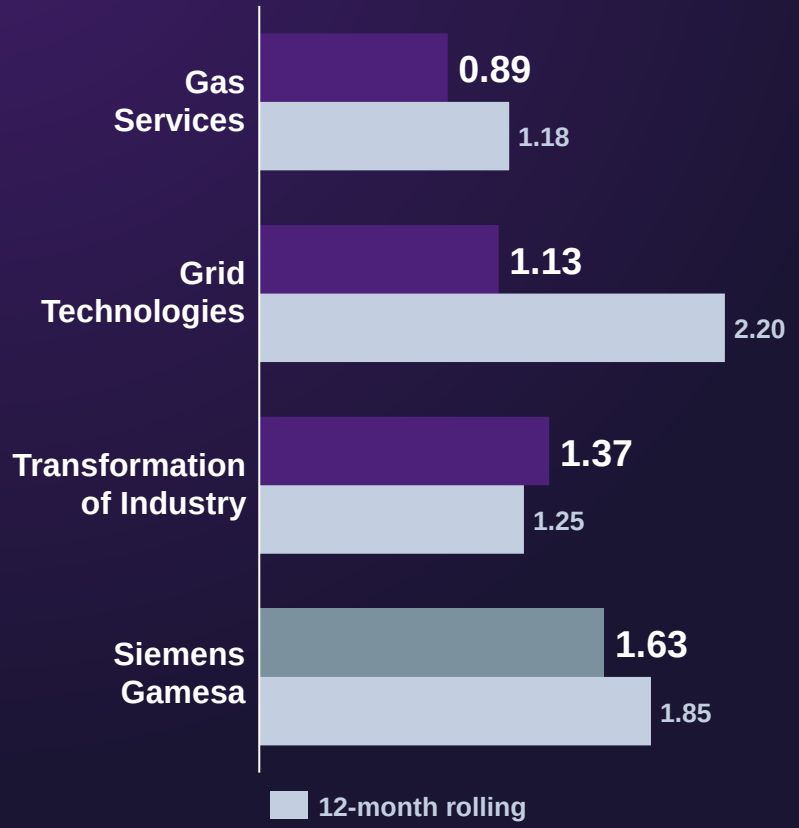
1 Prior-year figures are presented on a comparable basis | **2** xx%/xx% = comparable (excluding currency translation and portfolio effects) / nominal | **3** As of September 30, 2023 | **4** Free cash flow pre tax

X.X% Profit margin before special items

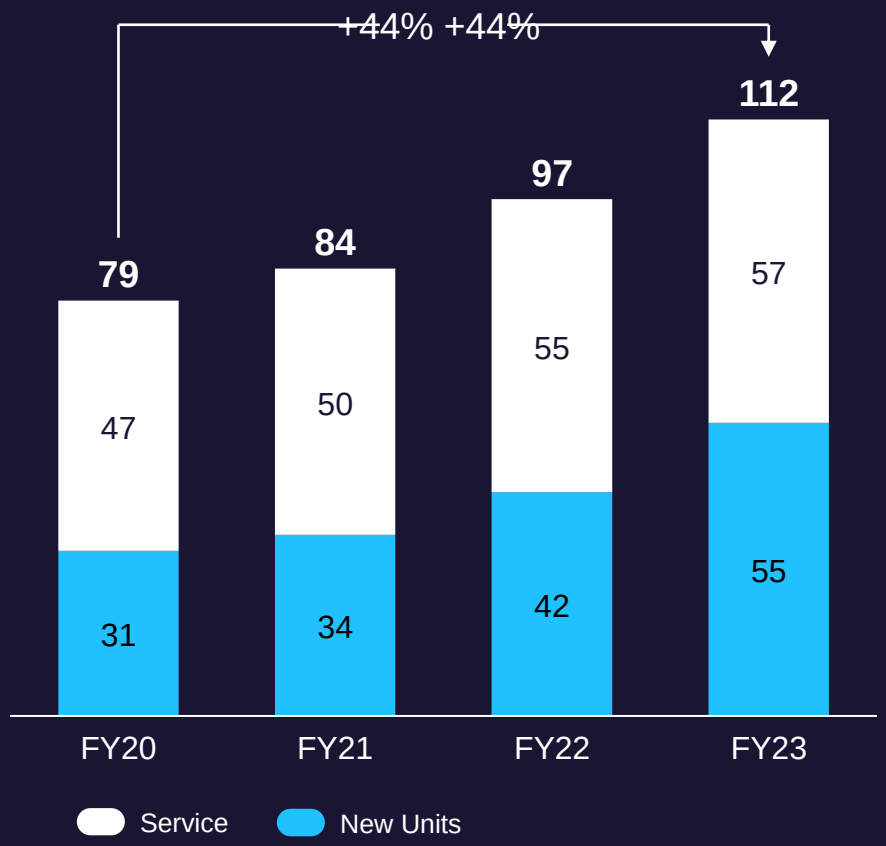
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Increasing order backlog
as a source of strength and resilience

Book-to-Bill Q4 FY23



SE order backlog development (€bn)



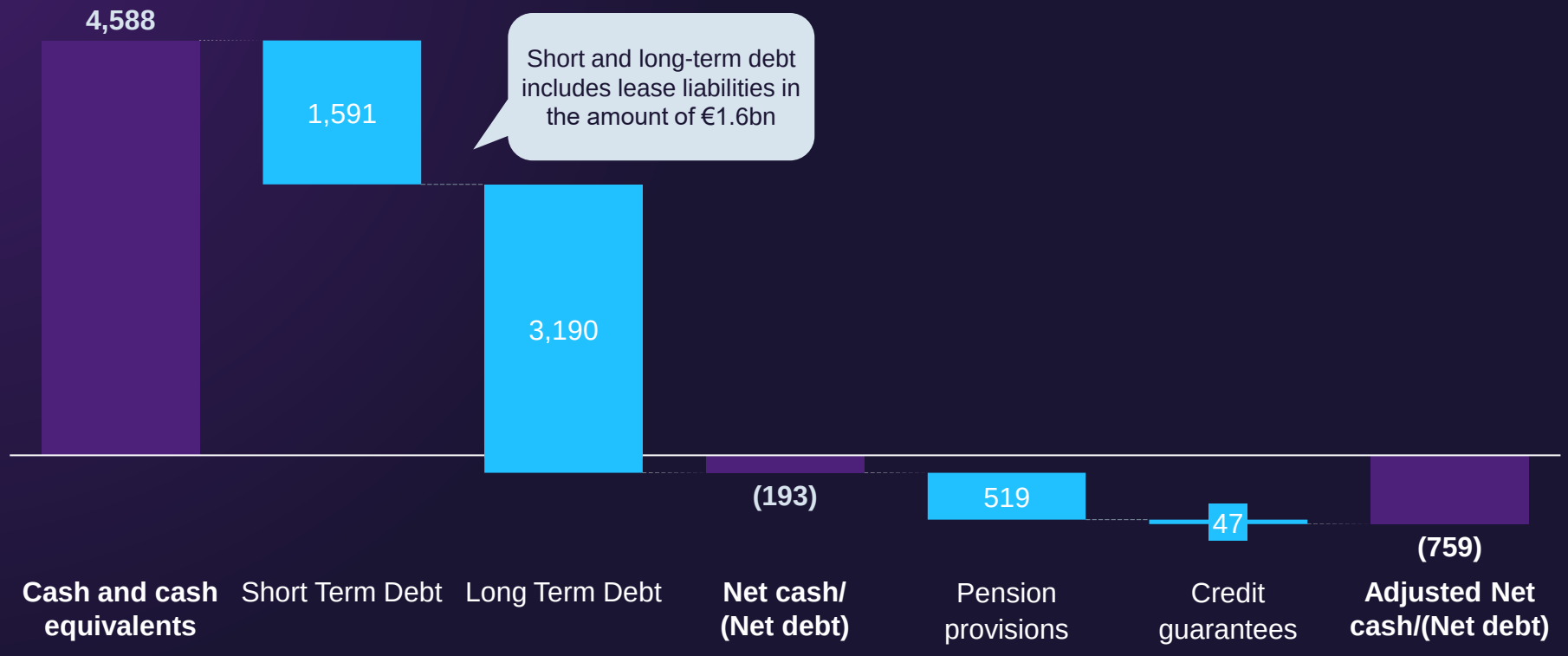
- Large majority of FY24 revenue already secured in the backlog
- Stronger growth in New Units supporting rejuvenation of our serviced fleet
- Resilience from long-term service business particular in Gas Services
- Margin profile in the order book of former Gas and Power business supports our mid-term targets
- Backlog covering > 3x annual revenue

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Continuous strong liquidity position

FY23 strong finish to year-end, net debt lower than expected

Net cash/(Net debt) as of September 30, 2023 (€m)



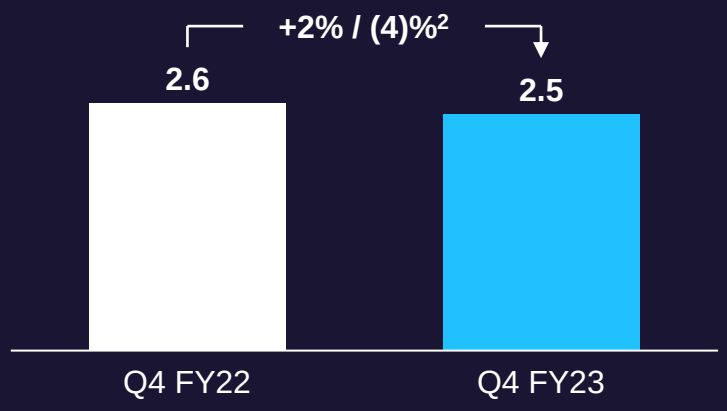
Siemens Energy: €9.6bn liquidity available (€4.6bn cash, €5.0bn undrawn committed facilities)

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Gas Services in Q4 FY 2023[1]

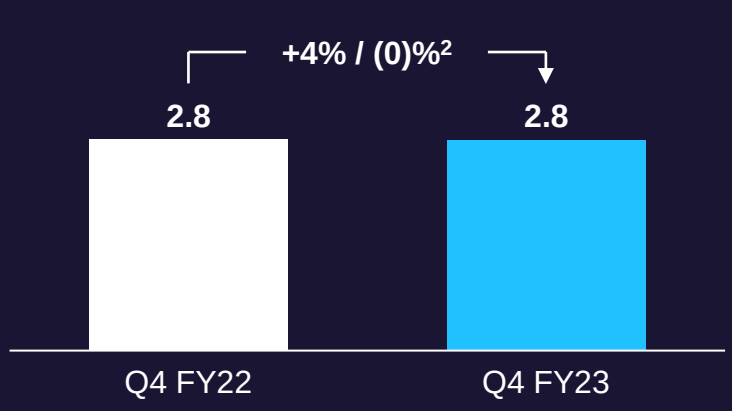
Solid finish to a particularly strong fiscal year 2023

Orders
in €bn



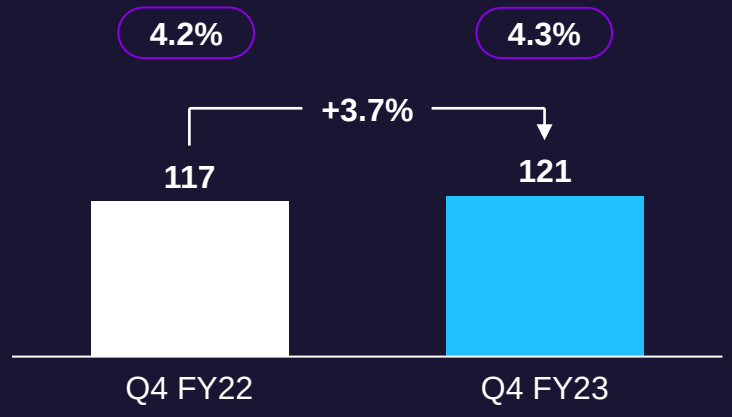
Slight increase year-over-year on a comparable basis, benefiting from a large gas turbine order and a strong development in service business

Revenue
in €bn



Moderate increase in the new unit and the service business

Profit before special items
in €m



Seasonal weak profitability in Q4 driven by lower service share; moderate improvement year-over-year supported by improved cost structure

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

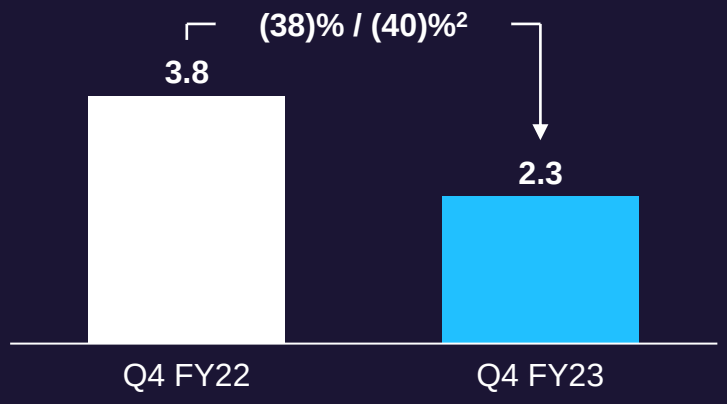
X.X% Profit margin before special items

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Grid Technologies in Q4 FY2023 [1]

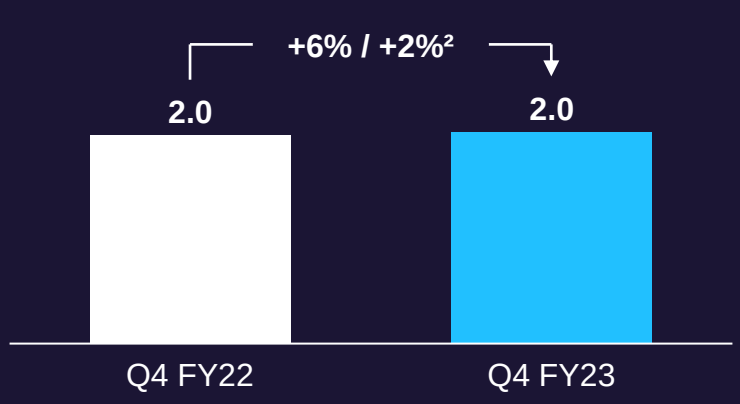
Sharp improvement in profitability

Orders
in €bn



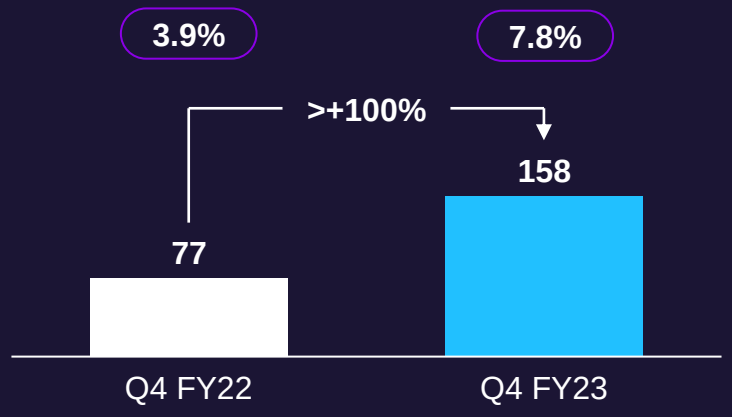
Orders declined year-over-year due to lower volume from large orders in the solution business; in prior-year quarter, three large orders were received

Revenue
in €bn



Clear comparable growth driven by the product business following its order development

Profit before special items
in €m



Sharp increase driven by higher volume and cost improvements; prior-year quarter was burdened by supply chain-related effects

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

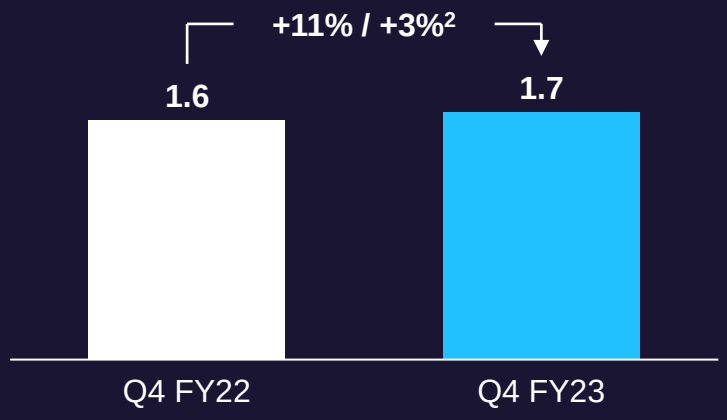
X.X% Profit margin before special items

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Transformation of Industry in Q4 FY 2023[1]

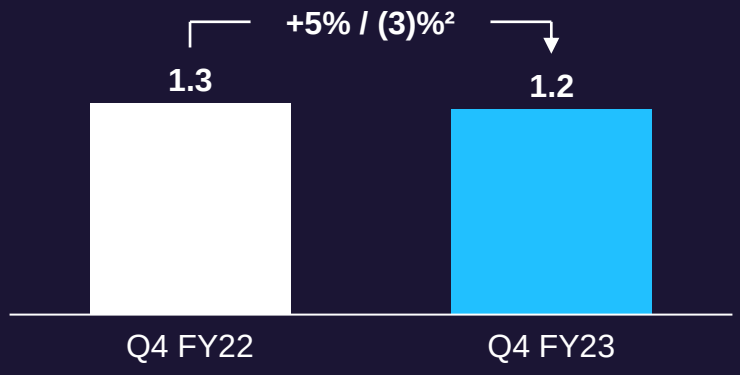
Strong book-to-bill paving the way for future growth

Orders
in €bn



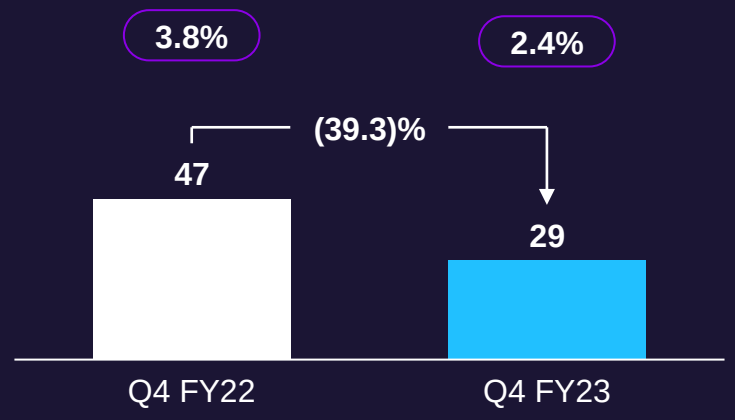
Significant increase supported by orders in the field of electric LNG (EAD) and Hydrogen (Sustainable Energy Systems)

Revenue
in €bn



Clear comparable growth with double-digit growth in service revenue

Profit before special items
in €m



Positive contributions from an improved product mix (higher service share) and operational improvements were offset by one-time impacts and currency headwinds

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

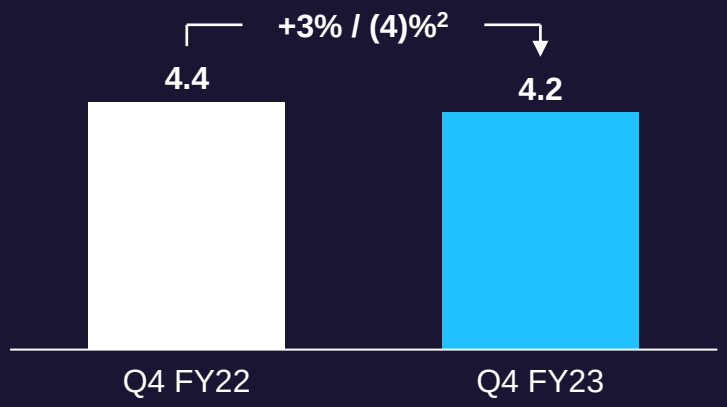
X.X% Profit margin before special items

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Siemens Gamesa in Q4 FY 2023[1]

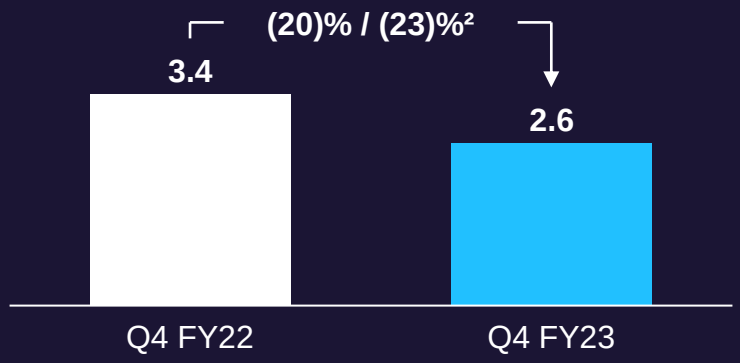
Deteriorated backlog margin and ramp-up delay in offshore weigh on profitability

Orders
in €bn



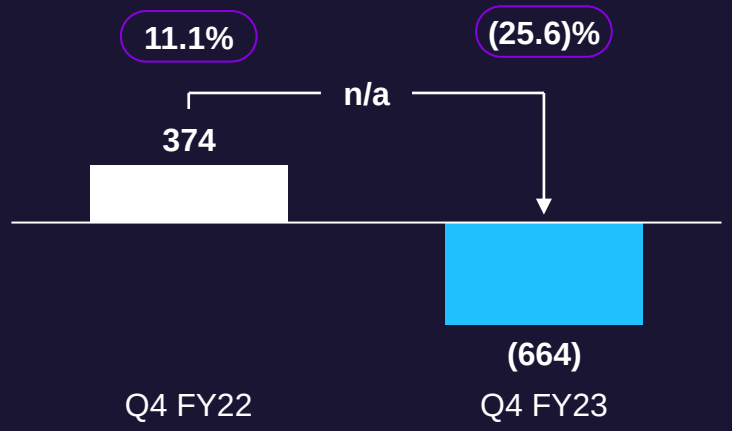
Moderate growth driven by the offshore and service business, which was supported by a large order in Taiwan worth more than €2 billion

Revenue
in €bn



Revenue declined significantly due to the quality issues in the onshore business and factory load plan changes at the offshore business; prior-year quarter included €0.6bn from the sale of a wind farm development portfolio

Profit before special items
in €m



Profit before SI was burdened by lower contributions from execution of order backlog and continued ramp-up challenges in offshore activities; prior-year quarter included €565m from the sale of a wind farm development portfolio

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X.X% Profit margin before special items

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Financial outlook FY24 and FY26 targets

	FY24 Outlook		FY26 Targets	
	Revenue Growth[2]	Profit Margin before SI[1]	Revenue CAGR[3]	Margin reported[1]
Gas Services	(4) – 0%	9 – 11%	Flat	10 – 12%
Grid Technologies	18 – 22%	7 – 9%	Low double digit	9 – 11%
Transformation of Industry	8 – 12%	5 – 7%	High single digit	7 – 9%
Siemens Gamesa	0 – 4%	around neg. €2.0bn	Low single digit	Break-even[2]
Siemens Energy	**3 – 7%**	**(2) – 1%**	Mid single digit	**5 – 7%**
Net Income		up to €1bn incl. impacts from disposals		€1 – 1.5bn
Free Cash Flow pre-tax[4]		around neg. €1.0bn		€1.0 – 2.0bn (cumulative[5])
Proceeds from disposals		€2.5 – 3.0bn		

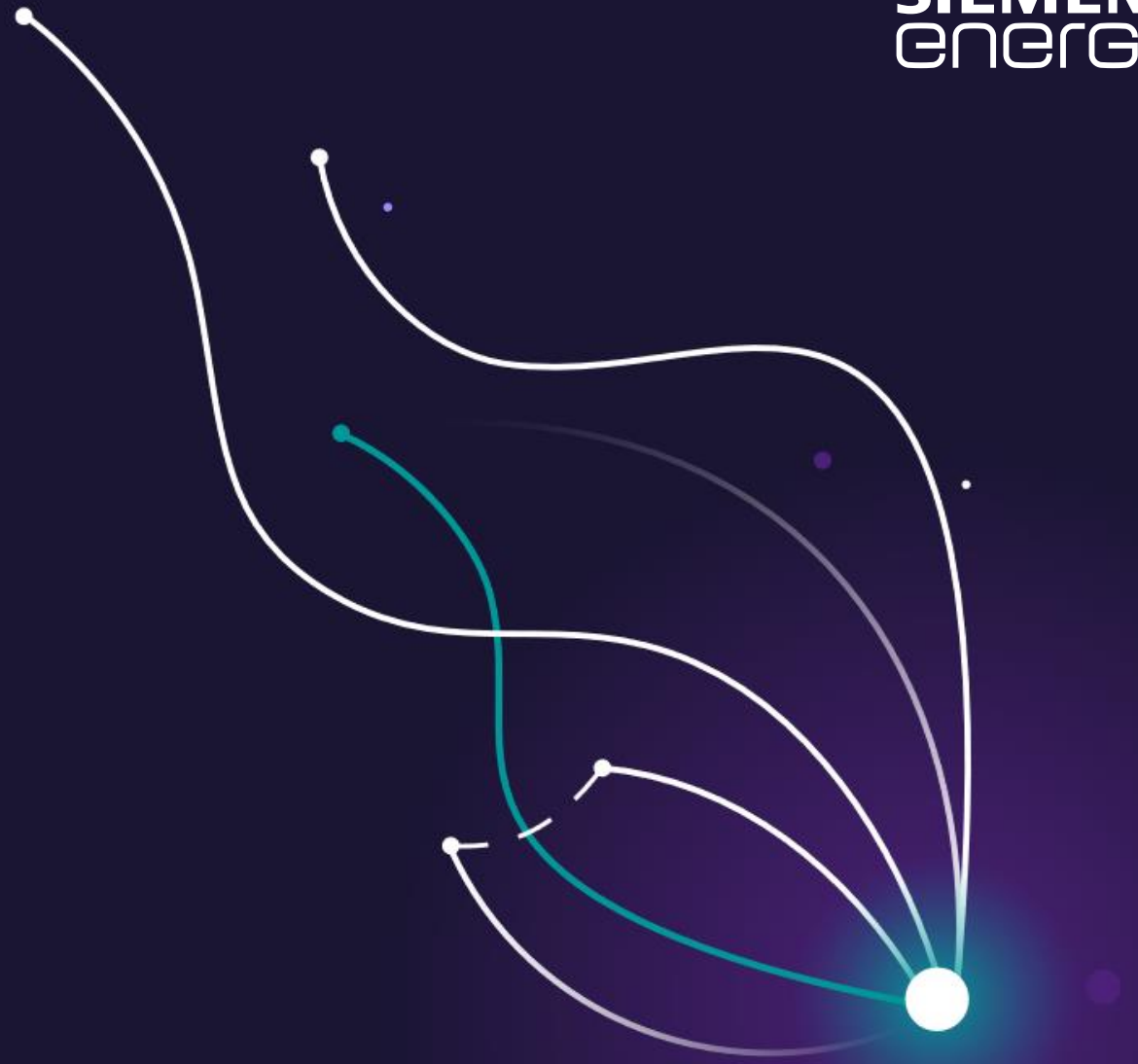
This outlook excludes charges related to legal and regulatory matters.

1 Profit Margin 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 I **2** Break-even target for Siemens Gamesa before Special items I **3** Comparable revenue growth: Excluding currency translation and portfolio effects | **3** Compound Annual Revenue Growth Rate (FY23-based) I **4** Free Cash Flow pre-tax as operating cashflow and additions to intangible assets and PPE less Income taxes paid in million € I **5** Cumulative Free Cash Flow pre-tax FY24-26

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Christian Bruch

President and CEO, Siemens Energy AG



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Our priorities for fiscal year 2024

1 **Stabilize Siemens Gamesa**

2 **Capitalize on market opportunities in the three remaining businesses GS, GT and TI**

3 **Further strengthen balance sheet and continue portfolio measures**



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Questions & Answers

Christian Bruch and Maria Ferraro



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Financial calendar 2023/2024

November 21
Capital Market Day

December 6
Publication Annual Report

February 7
1st quarter results FY24

February 22
Annual General Meeting

Press contact

Tim Proll-Gerwe
Head of Media Relations
Mobile: +49 152 2283 5652
tim.proll-gerwe@siemens-energy.com

Oliver Sachgau
Spokesperson Finance
Mobile: +49 173 2729 231
oliver.sachgau@siemens-energy.com

siemens-energy.com

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