Press release

Berlin, November 21, 2023

Siemens Energy to accelerate its journey to deliver profitable growth and fix wind business while maintaining a solid financial foundation

- Capitalizing on main energy trends to continue delivering profitable growth in Gas Services, Grid Technologies and Transformation of Industry
- Clear plan to return profitability at Siemens Gamesa by fixing quality topics in onshore and driving ramp-up in offshore
- Prudent resource allocation adhering to stringent capital allocation principles while maintaining a solid balance sheet and financial foundation

At its third Capital Market Day in Hamburg, Germany, Siemens Energy presented a strategic outlook to analysts and investors. The Executive Board outlined a clear path to create shareholder value along three priorities: Deliver on profitable growth, fix the wind business and maintain a solid financial foundation.

"We are achieving consistent and impressive results in 70% of our businesses. Those results show that our underlying strategic north star to become a leader in the energy transition is right. Our portfolio is excellently positioned, and our record order backlog of 112 billion Euros clearly demonstrates this. As a next step, we will accelerate profitable growth and execute our order backlog with improved margins and operational excellence. The turnaround of Siemens Gamesa remains our highest priority and we now have a defined path and action plan to reach break-even for the wind business in fiscal year 2026 and to return to profitability thereafter," said Christian Bruch, President and CEO of Siemens Energy. Siemens Energy's CFO Maria Ferraro emphasized prudent resource allocation with focused investments geared towards growth or customer requirements. In addition, she re-emphasized the company's commitment to maintain its investment grade credit profile which underlines Siemens Energy's fiscal year 2024 net cash target.

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The business areas Gas Services, Grid Technologies, and Transformation of Industry, which account for 70% of Siemens Energy's revenue, are all on track to achieve or exceed their mid-term targets. Here, Siemens Energy benefits from strong market trends and its well positioned portfolio supporting customers with their decarbonization efforts. In these three business areas, Siemens Energy expects margins of 7-9% for Transformation of Industry (target upgraded), 9-11% for Grid Technologies (target upgraded) and 10-12% for Gas Services (target confirmed) by fiscal year 2026.

Global energy trends, like major grid investment and decarbonization, act as a catalyst for profitable growth across the entire Siemens Energy portfolio. Investment in the energy transition amounted to US $1.7 trillion[1] in 2023 – highlighting the pace and scale at which clean energy technologies are being deployed. Demand for electricity is set to double between 2022 and 2050. By 2050 there will be six times more installed global capacity on the grid from renewable energy sources. The market is now starting to see traction from governmental decarbonization investment programs and supportive regulatory frameworks like the EU Wind Package. This, coupled with the arrival of decarbonization targets in new and emerging markets, is boosting future market prospects for Siemens Energy with its energy technology portfolio that supports the entire value chain.

Defined action path and plan for wind business to break-even in fiscal year 2026

The wind subsidiary Siemens Gamesa has suffered serious setbacks. These challenges overshadowed the solid performance of the other businesses. With a clearly defined action plan based on simplifying the product portfolio, optimizing footprint and operations, and strengthening processes and control, the wind business will be fixed, and reach break-even in 2026.

The technical review in onshore has identified the deficiencies with high impacts in the onshore business and remediation actions are under preparation. Siemens Gamesa will be focusing its onshore business based on specific criteria, such as supportive regulations and policies and, sizeable profit pools resulting in an optimized footprint. In offshore, Siemens Gamesa is ramping up production capacity at existing factories to meet customer demand and work through the order backlog. Strengthening operational excellence through plant-specific initiatives, commercial selectivity and implementing cost-saving measures, will increase profitability. Siemens Gamesa expects to achieve break-even by fiscal year 2026 followed by profitable growth.

[1] Based on IEA World Energy Investment Report 2023, published May 2023.

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Siemens Energy is one of the world's leading energy technology companies. The company works with its customers and partners on energy systems for the future, thus supporting the transition to a more sustainable world. With its portfolio of products, solutions and services, Siemens Energy covers almost the entire energy value chain – from power generation and transmission to storage. The portfolio includes conventional and renewable energy technology, such as gas and steam turbines, hybrid power plants operated with hydrogen, and power generators and transformers. Its wind power subsidiary Siemens Gamesa Renewable Energy (SGRE) makes Siemens Energy a global market leader for renewable energies. An estimated one-sixth of the electricity generated worldwide is based on technologies from Siemens Energy. Siemens Energy employs around 96,000 people worldwide in more than 90 countries and generated revenue of €31 billion in fiscal year 2023. www.siemens-energy.com

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