Press release

Munich, November 15, 2023

Excellent performance of conventional businesses in fiscal year 2023 overshadowed by wind business performance

- Businesses representing 70% of revenue well on track to meet mid-term targets
- Quality problems at Siemens Gamesa ringfenced, turnaround measures in progress
- Strong growth in orders and revenue to finish with a record order backlog of €112 bn
- Profit before Special Items of negative €2,776 million, margin at negative 8.9% due to the charges in the wind business
- Structure for guarantee facility to support strong order growth agreed with German government, banking partners and Siemens AG
- Disposals under execution to strengthen balance sheet

In a year with challenges, the excellent performance and success of 70% of Siemens Energy's businesses in the fiscal year 2023 was offset by difficulties in the wind business. The business areas Gas Services, Grid Technologies and Transformation of Industry exceeded their fiscal 2023 revenue forecasts and achieved profit margins before special items in line with or above guidance. Due to the enormous demand for Siemens Energy's technologies, these businesses are all well on track to reach the mid-term targets first set in September 2020.

The wind business remains a major challenge and has led to the net loss in 2023. In the past financial year, Siemens Gamesa suffered an unexpected, serious setback. Charges for quality issues in the onshore business, increased product costs and ramp-up challenges in the offshore business severely impacted the results for the fiscal year 2023 and will continue to impact the Group's profitability in the near to mid-term. Break-even at Siemens Gamesa is now expected in fiscal year 2026.

However, the wind subsidiary is also making progress. The technical analysis of the quality issues for the onshore platforms 4.X and 5.X is almost complete and the results so far confirm what was

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communicated in August 2023. No further provisions in these fields have been made since the Q3 announcement. Remedial actions have been defined and mitigation and corrective actions are under development. Siemens Gamesa has still suspended the commercial activities on the 5.X platform and is defining a timeline and approach to set out how and when to resume sales with a design incorporating the respective corrective measures.
In the offshore sector, Siemens Gamesa is focusing on ramping up its factories and new product generation as well as executing its order backlog. Output has been significantly increased compared to the fiscal year 2022. To help achieve the turnaround, and return Siemens Gamesa to profitability, the scope of Siemens Gamesa's activities is currently reviewed. More details will be revealed on Capital Market Day on November 21.

Christian Bruch, President and CEO of Siemens Energy, summarizes the fiscal year:
"In a year of unprecedented challenges, Siemens Energy showed that turnarounds are achievable, with the businesses, excluding wind, meeting or exceeding their full-year targets. We are also seeing progress in dealing with the issues at Siemens Gamesa, and I am encouraged that the data from the installed onshore turbines confirm our previous findings. Our strong balance sheet remains a top priority, and Siemens Energy's vital role in the energy transition will continue to drive our growth and success in the years ahead."

Siemens Energy with solid results in the 2023 fiscal year

Siemens Energy's market momentum continued to be strong in the 2023 fiscal year.
The **order backlog** of €112 billion reached another new record, while orders at Siemens Energy exceeded the already high prior-year level and rose by 33.8% on a comparable basis to €50.4 billion. Both Siemens Gamesa and Grid Technologies contributed strongly to this growth.
Revenue increased by 9.9% on a comparable basis to €31.1 billion, with all segments apart from Siemens Gamesa contributing to this growth. The Gas Services, Grid Technologies and Transformation of Industry all exceeded guided revenue targets for the fiscal year, which helped the group to meet its guidance.

Siemens Energy's profitability was severely impacted by the large loss at Siemens Gamesa.
Profit before special items decreased to negative €2,776 million. Gas Services, Grid Technologies and Transformation of Industry delivered profits before Special items in line with guidance and in aggregate with the targets set at the first capital markets day in September 2020.

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The **Profit margin before special items** of negative 8.9% was in line with the latest adjusted guided range of negative 10% to negative 8%.
Free cash flow pre tax decreased to €784 million from an exceptionally high level in the previous year, and was significantly better than expected. As a result, net financial debt at the end of the year was €0.2 billion, also much lower than expected.
The **Net loss** of Siemens Energy was €4.588 billion.

Further details and the figures for the fourth quarter can be found in the appendix at the end of this press release.

Milestones in a transformative year

In fiscal year 2023 Siemens Energy had to overcome significant challenges, ranging from macroeconomic challenges including higher interest rates, global supply chain disruptions and the continuation of the war in Ukraine, as well as the technical problems and ramp up challenges at Siemens Gamesa. Still, Siemens Energy made major progress towards its short- and mid-term goals.

The new operating model became operational at the beginning of the year leading to more transparency and simpler structures with three business areas replacing the former Gas and Power business. The tender offer for the remaining shares of Siemens Gamesa was successfully refinanced with a mandatory convertible and a capital increase and finally closed in July 2023, this meant that Siemens Energy was able to start the integration of Siemens Gamesa into Siemens Energy.

With its portfolio, Siemens Energy covers the entire value chain of the energy transition, making it one of the most important players in the market.

With its Transformation of Industry (TI) business, Siemens Energy supports industrial companies in reducing their carbon footprint to meet their ESG targets. This target group alone accounts for 30% of global emissions and about 37% of global energy consumption. On November 8, TI opened its first gigawatt electrolyzer factory in Berlin, with an annual production capacity of one gigawatt currently, and a planned ramp-up to at least three gigawatts by 2025. With that capacity, around 300,000 metric tons of green hydrogen can be produced yearly, which could replace

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enough fossil fuels to avoid the CO_2 emissions of a major city with approx. 260,000 people. With such numbers, the factory lays the foundations for the ramp-up of the hydrogen economy.

Siemens Energy's gas turbines are also forming part of the energy transition. Siemens Energy already has a wide portfolio of gas turbines capable of burning up to 75% of hydrogen, which are planned to run 100% on hydrogen by 2030. Just recently, one of Siemens Energy's gas turbines operated 100% with renewable hydrogen and completed a successful series of tests that prove the viability of state-of-the-art turbines for a renewable future.

The 2023 fiscal year also showed the importance of reliable grids. The Grid Technologies business, which supplies products for power transmission, received several major contracts for HVDC links, including one that will ensure 6 gigawatts of offshore wind power will be transported from the German North Sea to the mainland.

From an ESG perspective, Siemens Energy achieved its target set in 2019 of operating 100% of its own activities with green electricity by 2023. The company is well ahead of plan for Scope 1 and Scope 2 emissions and is also absolutely in line with expectations according to SBTI (Science Based Targets Initiative) for the important Scope 3 emissions. Further details will be provided in the Sustainability Report on December 6.

Guarantees to enable the energy transition

Due to the enormous demand for Siemens Energy's energy transition technologies, the current order backlog of the entire Siemens Energy portfolio amounts to €112 billion. With the long project durations in the energy sector, guarantees for advanced payments, performance or warranty bonds are a standard instrument of the industry. These guarantees are issued by banks for a fee and the guarantee is usually between 5% and 25% of the order value. Although guarantees are an established industry-wide instrument, in practice they are rarely called upon. According to a study conducted by the ICC in April 2022, the industry average of guarantees default is 0.2%.

After constructive and intensive talks, the German government has agreed that it will counter-guarantee €7.5 billion of a total amount of €12 billion of guarantees, of which €11 billion are provided to Siemens Energy by a consortium of banks. In return, the federal government will

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receive a standard market payment from Siemens Energy. The remaining €1 billion will be provided by an additional consortium led by Deutsche Bank.

In addition, Siemens Energy AG and Siemens AG have agreed on a structure which covers the theoretical default risk of the guarantees by providing access to a first loss amount of up to €1 billion which is covered by a share collateral and payment deferrals.

Siemens Energy's order growth in important projects for the energy transition, as mentioned above, can now be secured long-term while reducing risks for the parties involved. All agreements are subject to further formal approvals by the parties involved.

Strong liquidity and a strengthened balance sheet

In addition to securing the guarantee facilities to safeguard its own growth, Siemens Energy is strengthening its balance sheet. The company will sell 18% of its stake in Siemens Limited, India (SIL) to Siemens AG. SIL is a publicly listed company in India. When Siemens Energy AG was established in 2020, SIL was not yet unbundled for administrative reasons. Siemens Energy currently still holds 24% of the company, while Siemens AG holds 51%. This partial sale is a first step in the planned – and now accelerated – unbundling of Siemens Energy and Siemens AG in India. The proceeds from the sale amount to ca. €2.1 billion and are based on the share price of SIL (volume weighted average price (VWAP) on the last 5 trading days prior to the conclusion of the agreement). However, the partial sale has no impact on Siemens Energy’s operations in India. These will continue to the same extent as before under a supplementary agreement. India remains a strategically important growth market for Siemens Energy, in which the company continues to invest. Nothing will change for Siemens Energy's customers.

“We have a strong balance sheet, and we are making it even stronger as we execute on our existing divestment program and accelerate the company’s transformation,” Chief Financial Officer Maria Ferraro said.

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Outlook for fiscal year 2024

Siemens Energy overall expects comparable revenue growth (excluding currency translation and portfolio effects) in fiscal year 2024 in a range of 3% to 7% (actual figure FY 2023: 7.3%) and a profit margin before special items of negative 2% to positive 1% (actual figure FY 2023: negative 8.9%). Furthermore, we expect a Net income of up to €1bn (actual figure FY 2023: Net loss of €4,588m) including impacts from disposals and the acceleration of the portfolio transformation. Free cash flow before taxes is expected to be around a negative €1.0 billion amount (actual figure FY 2023: €784 million.)

When it comes to revenue we are now much more positive on growth outlook for fiscal year 2026 for Grid Technology (2025 target stood at mid-single growth; new target low double digit growth) and Transformation of Industries (2025 target stood at mid-single growth; new target high-single digit growth) which is then also reflected in higher margin targets for those two business for fiscal year 2026 (compared to fiscal 2025). More details will be presented at the company´s Capital Market Day on November 21.

For the business areas, find more details in the appendix.

Siemens Energy will give another update on its business, including more detailed mid-term targets for the business and strategic decisions for Siemens Gamesa, at the company's Capital Market Day on November 21.

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Overview of Segment figures

(in millions of €)	Orders Q4 FY 2023	Orders Q4 FY 2022	Orders Change Actual	Orders Change Comp.	Revenue Q4 FY 2023	Revenue Q4 FY 2022	Revenue Change Actual	Revenue Change Comp.	Profit before SI Q4 FY 2023	Profit before SI Q4 FY 2022	Profit margin before SI Q4 FY 2023	Profit margin before SI Q4 FY 2022	Assets Sep 30, 2023	Assets Sep 30, 2022	Free cash flow pre tax Q4 FY 2023	Free cash flow pre tax Q4 FY 2022
Gas Services	2,498	2,615	(4.5)%	2.1%	2,794	2,805	(0.4)%	4.3%	121	117	4.3%	4.2%	2,741	2,139	167	490
Grid Technologies	2,283	3,831	(40.4)%	(38.0)%	2,021	1,989	1.6%	6.4%	158	77	7.8%	3.9%	2,376	3,128	422	426
Transformation of Industry	1,672	1,617	3.4%	10.8%	1,217	1,254	(3.0)%	5.0%	29	47	2.4%	3.8%	1,854	1,970	162	39
Siemens Gamesa	4,226	4,405	(4.1)%	3.2%	2,592	3,372	(23.1)%	(19.8)%	(664)	374	(25.6)%	11.1%	(183)	2,725	286	1,061
Reconciliation to Consolidated Financial Statements	(101)	(235)	n/a	n/a	(102)	(233)	n/a	n/a	(131)	(51)	n/a	n/a	41,120	41,121	70	(68)
Siemens Energy	**10,577**	**12,234**	**(13.5)%**	**(7.8)%**	**8,521**	**9,186**	**(7.2)%**	**(2.5)%**	**(487)**	**564**	**(5.7)%**	**6.1%**	**47,907**	**51,084**	**1,108**	**1,949**

(in millions of €)	Orders Fiscal year 2023	Orders Fiscal year 2022	Orders Change Actual	Orders Change Comp.	Revenue Fiscal year 2023	Revenue Fiscal year 2022	Revenue Change Actual	Revenue Change Comp.	Profit before SI Fiscal year 2023	Profit before SI Fiscal year 2022	Profit margin before SI Fiscal year 2023	Profit margin before SI Fiscal year 2022	Assets Sep 30, 2023	Assets Sep 30, 2022	Free cash flow pre tax Fiscal year 2023	Free cash flow pre tax Fiscal year 2022
Gas Services	12,907	11,813	9.3%	9.3%	10,915	9,499	14.9%	17.7%	1,033	619	9.5%	6.5%	2,741	2,139	943	1,738
Grid Technologies	15,798	10,416	51.7%	52.3%	7,181	6,285	14.3%	16.6%	541	221	7.5%	3.5%	2,376	3,128	1,225	342
Transformation of Industry	5,571	5,650	(1.4)%	1.8%	4,439	4,080	8.8%	12.0%	228	45	5.1%	1.1%	1,854	1,970	191	166
Siemens Gamesa	16,836	11,598	45.2%	49.9%	9,092	9,814	(7.3)%	(5.1)%	(4,347)	(617)	(47.8)%	(6.3)%	(183)	2,725	(1,604)	(809)
Reconciliation to Consolidated Financial Statements	(666)	(1,166)	n/a	n/a	(509)	(672)	n/a	n/a	(231)	(44)	n/a	n/a	41,120	41,121	29	67
Siemens Energy	**50,446**	**38,312**	**31.7%**	**33.8%**	**31,119**	**29,005**	**7.3%**	**9.9%**	**(2,776)**	**225**	**(8.9)%**	**0.8%**	**47,907**	**51,084**	**784**	**1,503**

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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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