Shareholder Letter Q3 FY2022

Siemens Energy Investor Relations

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Dear shareholders,

I hope you are looking after yourselves and enjoy the summer as much as you can in these turbulent times. On August 8, our CEO, Christian Bruch, and our CFO, Maria Ferraro, presented our Q3 results for fiscal year 2022.

"Our Gas and Power (GP) business has once again delivered and thus proven its resilience. Despite unprecedented macroeconomic challenges, we saw sharply higher order volumes with growing demand for our products and services as they are key to the energy transition. And yet there are also again drawbacks in the third quarter. SGRE continued to experience high losses due to challenging market conditions and mistakes made in the past and therefore Siemens Energy (SE) had to report a loss in the quarter. I am very pleased that during the quarter we announced a new setup for Siemens Energy and that we launched a cash tender offer for the outstanding minority shares in SGRE with the intention to fully integrate its operations", said Christian Bruch.

Orders of €9.8 billion continued to be strong with **growth of 60.0% year-over-year** (on a comparable[1] basis)**. Both segments contributed to the increase**, **driving the order backlog to another record of €93.4 billion**. **Revenue of €7.3 billion was down by 4.7%** (on a comparable[1] basis) as growth at GP was more than offset by a decline at SGRE. Despite supply chain constraints and the loss of business in Russia, **GP reported a positive Adj. EBITA before special items of €212 million**. **SE's Adj. EBITA before special items was negative €131 million**. SE's **net loss amounted to €533 million** and basic earnings per share were negative €0.54. **Free cash flow pre tax decreased to negative €25 million** driven by SGRE while GP exceeded the prior-year quarter's level.



In June, a **€1.15 billion cash collateral related to the cash offer for SGRE** was pledged in favor of the Spanish National Securities Market Commission **which reduced SE's net cash position** at the end of this quarter.

Although further negative effects associated with geopolitical and macroeconomic challenges cannot be ruled out, **management still expects to achieve its outlook** given for GP and SE excluding effects from lost revenue in connection with business in Russia for comparable[1] revenue growth. **Net loss of SE in fiscal year 2022 is expected to exceed prior year's net loss** approximately by the impact from the restructuring of business in Russia.

On the next pages, you will learn more about **our cash tender offer**, **SE's largest grid connection order in history** and the **restructuring of our business activities** in Russia.

Thank you very much for your interest in Siemens Energy and I wish you a wonderful and relaxing summer.

Michael Hagmann | Head of Investor Relations

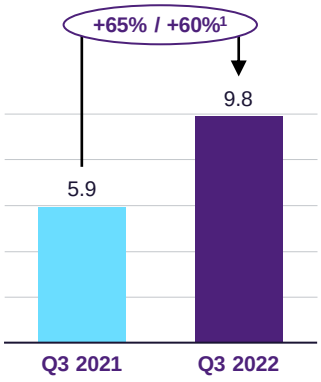
Orders	Revenue	Adj. EBITA before SI
€9.8bn +60%[1]	€7.3bn (5)%[1]	€(131)m n/a

1 comparable (excluding currency translation and portfolio effects)

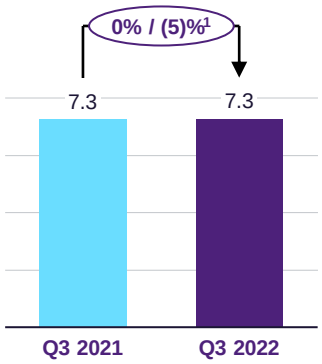
Siemens Energy in Q3 FY2022

(in €bn, except where otherwise stated)

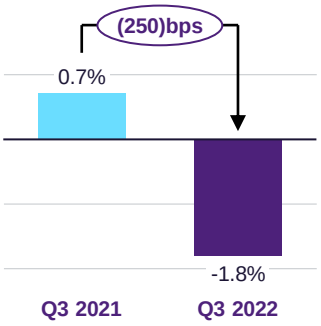
Orders



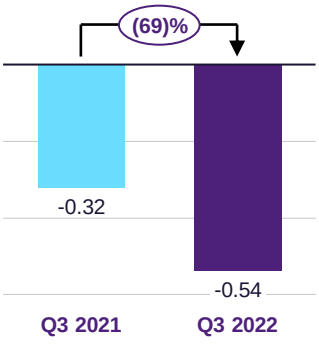
Revenue



Adj. EBITA Margin before SI



EPS in €



1 xx% / xx% = nominal / comparable (excluding currency translation and portfolio effects)

Gas and Power



Orders:	€6.4bn
Revenue:	€4.9bn
Adj. EBITA before SI:	€212m
Adj. EBITA Margin before SI:	+4.4%

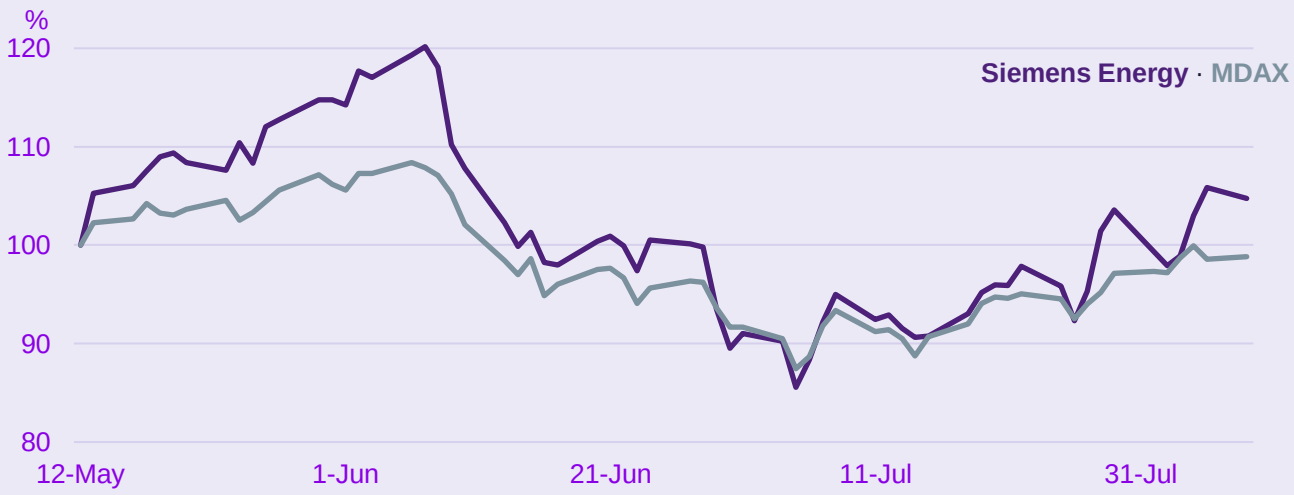
SGRE



Orders:	€3.5bn
Revenue:	€2.4bn
Adj. EBITA before SI:	€(330)m
Adj. EBITA Margin before SI:	(13.5)%

Share performance

May 12, 2022 – Aug. 08, 2022



Siemens Energy +4.8% · **MDAX** -1.2% · **GE** +2.6% · **Baker Hughes** -23.9% · **Hitachi** +7.5% · **MHI** +3.7%

Cash tender offer for outstanding SGRE minority shares

On May 21, 2022, Siemens Energy AG announced a voluntary cash tender offer to acquire all outstanding shares in Siemens Gamesa Renewable Energy S.A. (SGRE) with the intention to delist and integrate its operations into Siemens Energy. Wind OEMs are experiencing challenging market conditions due to material prices and the lack of material availability and high logistics costs. Because of mistakes made in the past these challenging market conditions have led to two profit warnings this year and we believe that a full integration of SGRE into Siemens Energy will support the restructuring efforts brought on the way by the new SGRE management.

SGRE shareholders will be offered €18.05 per share in cash. This reflects a premium of 27.7% over SGRE's last unaffected closing price on 17 May 2022. The offer price also exceeds the 6-month Volume Weighted Average Price (VWAP) of the SGRE share prior to the date of the announcement[3]. To ensure that the price is equitable/fair the audit firm PwC was engaged as an independent valuator to issue a valuation report.

Following a successful closing of the transaction, Siemens Energy AG intends to pursue a delisting of Siemens Gamesa Renewable Energy S.A. from the Spanish stock exchanges, where it currently trades as a member of the IBEX 35 index.

Assuming a 100% offer acceptance (i.e. by all SGRE minority shareholders), the transaction value amounts to approximately €4.0 billion (at an offer price of €18.05). Siemens Energy is and remains committed to a solid investment grade credit rating. Therefore, the financing package is designed to support this key objective.

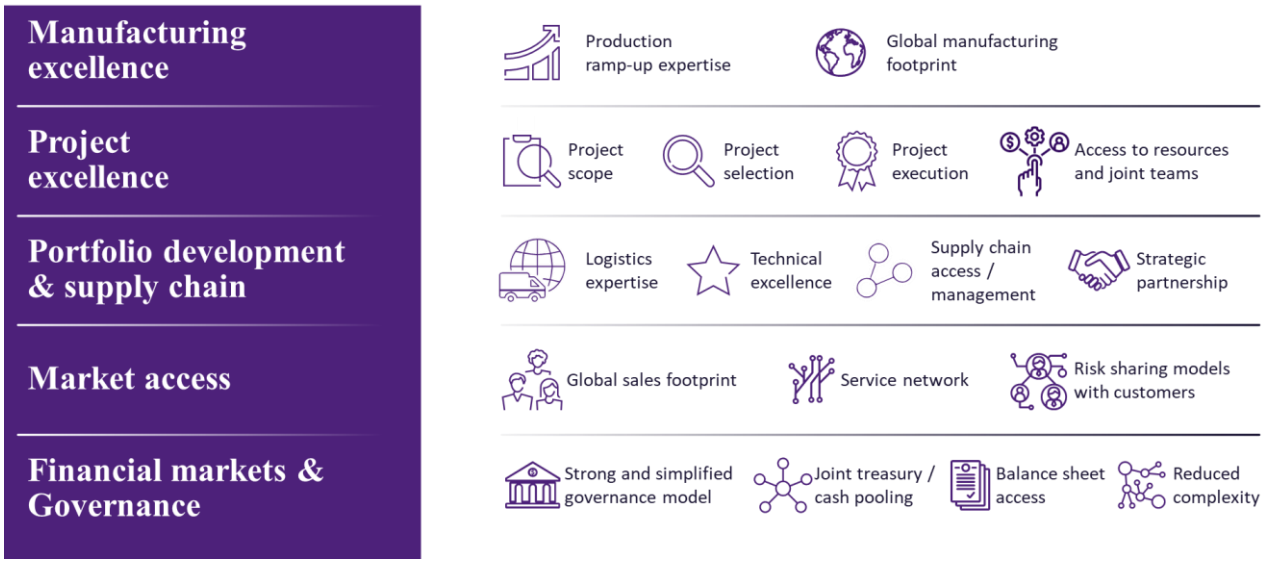
Assuming a full acceptance of the offer, Siemens Energy intends to finance up to € 2.5 billion of the transaction value with equity or equity like instruments. The remainder of the transaction will be financed with debt as well as cash on hand. As a first step, equity may be offered without subscription rights, subject to market conditions.

Tentative timeline

- **21 May 2022** — Public offer announcement
- **Mid-September[1]** — Public offer launch
- **4 – 5 weeks[2]** — Acceptance period
- **October** — Announcement of tender results
- **November** — SGRE EGM to approve delisting
- **By end of CY 2022** — Transaction completed

Through an integration, SGRE will significantly benefit from Siemens Energy's expertise and resources and will be able to achieve the targeted turnaround much quicker. This means higher revenues, higher profitability, higher cash flow and much improved predictability.

Furthermore, up to €300 million cost synergies are expected to result from supply chain and logistics synergies, project execution synergies, but also joint R&D efforts and obviously, cost reduction through an optimized administrative setup. There will be also growth synergies in terms of go-to-market and combined offerings with regard to wind, transmission and hydrogen.



1 Tentative timeline subject to CNMV review and overall process **2** 15 – 70 days acceptance period to be determined by Siemens Energy
3 Calculated in accordance with Spanish market practice and Spanish Takeover Regulations

Largest offshore grid connection order in the history of SE



Two new power links set the course for more wind energy in the German power grid: **DolWin4 and BorWin4 will transport up to 1.8 gigawatts** of green wind power from several wind farms in the German North Sea to land with low losses.

As a result, they will be able to meet the **demand of a major city like Hamburg with 1.8 million inhabitants**. Amprion Offshore GmbH has now commissioned Siemens Energy to supply the necessary technology for the converter stations of their first grid connection projects. The order value is in the high triple digit million Euro range, making it the largest offshore grid connection order Siemens Energy has received to date.

SE's scope of supply consists of **two converter platforms at sea and two associated stations on land**. The platforms convert alternating current, as produced by wind turbines, into direct current. The direct current is then transferred to a high-voltage direct current transmission cable (HVDC cable) for transport. A second converter station on land then converts the electricity back into alternating current.

This is the only way, that the large amounts of energy can cover the distance of around 215 km (DolWin4) and 280 km without significant losses.

The two connections will be installed in parallel and are scheduled to begin operating in 2028. BorWin4 would thus even be connected to the grid one year earlier than originally planned.

Restructuring of Business Activities in Russia

The war in Ukraine is already in its six months. As already communicated, with the beginning of the war, Siemens Energy has immediately stopped all new business in Russia and **as of July 10, Siemens Energy stopped almost all its business activities**.
Following the review of the GP business in light of the sanctions, **Siemens Energy now decided on restructuring measures for the business in Russia.**

Therefore, concrete steps haven been taken to reach an optimal solution for SE in Russia by the end of the fiscal year.
The restructuring will have a financial impact in fiscal year 2022 as you can see below. Looking forward into fiscal year 2023, Siemens Energy does currently not expect any major negative impacts.

Implications of sanctions	• **Substantial impact** on all existing business activities in Russia after July 10 (end of 5th EU sanctions package wind down period) • **Current sanctions do not justify to continue in the current business setup** in Russia
Business set-up in Russia	• **Concrete steps have been taken to reach optimal solution** for SE by the end of the fiscal year • **Continuation of existing activities** in accordance with the sanctions
Financial Implications	**FY22:** **Revenue:** **~€400 million impact** **Adj. EBITA before SI:** **low triple digit € million impact** (lost Russia business not recorded as SI) **Special Items:** **~€200 million impact** **FY23:** Based on our current assumptions, no major negative effects to be expected

Outlook for the fiscal year 2022

For the GP segment in fiscal year 2022, we still expect comparable[1] revenue growth and Adjusted EBITA margin before special items towards the low end of the guidance ranges of positive 1% to positive 5% and positive 4.5% to positive 6.5%, respectively. However, for the comparable revenue growth, effects related to the current market conditions in Russia are excluded. For fiscal year 2023, we target an Adjusted EBITA margin before special items unchanged in a range between positive 6% and positive 8%.

According to SGRE, the company now is working to achieve a comparable revenue growth near the low end of the previous target range of negative 9% to negative 2%, and an EBIT margin pre PPA (purchase price allocation) and integration and restructuring costs of circa negative 5.5%.

Consequently, **for Siemens Energy** we expect results still towards the low end of the guidance ranges for comparable revenue development (negative 2% to positive 3% but excluding Russia-related effects) and Adjusted EBITA margin before special items (positive 2% to positive 4%).

We now expect Net loss of Siemens Energy in fiscal year 2022 to exceed prior year's Net loss approximately by the impact from the restructuring of business in Russia reported as special item. We still assume Free cash flow pre tax to be in a range of a positive mid-triple-digit million €.

This guidance assumes no further major financial impacts from COVID-19 on our business activity and excludes charges related to legal and regulatory matters including further negative effects from the war in Ukraine and its economic consequences.

Financial Calendar

Sep 08, 2022	Morgan Stanley Industrial CEOs Unplugged Conference
Sep 13, 2022	Buyside Sustainability Summit 2022
Sep 15, 2022	Morgan Stanley 10th Annual Laguna Conference
Nov 16, 2022	Q4 FY2022 Earnings Release

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