

**SPEECH FOR THE ANNUAL SHAREHOLDERS' MEETING 2022 OF
SIEMENS ENERGY AG**

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The report presented at the Annual General Meeting will be delivered orally in German and may also deviate in its content from this version published in advance, in particular to take account of developments that have occurred in the meantime.

The report as orally delivered in German shall prevail.

1 Introduction

Shareholders, Ladies and Gentlemen,

Energy is the foundation of social development. For this reason, energy supplies must be reliable, affordable and sustainable. This is exactly what we at Siemens Energy do day in and day out.

We are a company that is known for its focus on customers, its pace-setting technologies and its ability to pull off complex projects. Our goal is to use this expertise to become the world's leading energy technology company.

But: Just how much progress have we made toward achieving our goal?

2021 was our first full fiscal year as an independent, listed company.

It was a year in which we successfully placed our Gas and Power Segment (GP) on a very solid foundation. GP is performing exactly as we said it would.

It was a year in which we streamlined our internal processes and cost structures.

And it was a year in which we reliably helped our customers carry out their own transformations.

Our close relationship with our customers was reflected in our high order intake.

The cash we generated substantially exceeded our original expectations.

I would like to thank our employees for their tireless commitment to our company.

Thank you, too, for firmly believing in the success of our company. When nearly 40,000 employees become shareholders, you know that you are doing something right.

Despite all of these positive developments, we have to remember something else as well: Our transformation has just begun. We still have work to do. To see why, you simply have to look at our stock price.

I am not happy with its performance.

One reason for the situation is the financial results of Siemens Gamesa Renewable Energy (SGRE), a company in which we hold a 67 % stake. I will talk some more about this issue a little later.

The long-range outlook for the wind business is good. But the financial results in this area must be significantly improved.

Demand for energy is rising around the world. The electrification of industrial processes is growing rapidly. Economic growth and climate protection are two sides of the same coin.

Siemens Energy is in an exceptional position to profit from the growth of the energy market.

Our 92,000 employees are actively helping shape the changing energy market.

One-sixth of electricity around the world is already being generated with the help of our products and solutions.

Our wide portfolio enables us to respond to the various speeds at which the energy transition is unfolding around the world. Every country and every customer have a different starting point, different challenges and different objectives.

2 Market environment and examples 2021

Let's now take a look at our market environment: The global economy grew strongly in 2021. The world's energy business profited from this growth as well.

The International Energy Agency reports that global demand for power rose by nearly 5 % in 2021.

At the same time, a wide range of initiatives designed to reduce greenhouse gas emissions were announced:

- The European Union is determined to lower emissions by 55 % compared with levels set in 1990 by 2030.
- The United States is planning to halve its emissions compared with 2005 levels.
- And China is planning to be carbon neutral by 2060.

When you add it all together, the transformation of the energy economy will require worldwide investments of about €50 trillion by 2040.

Which specific steps must be taken to successfully carry out the energy transition?

Step 1: We must switch from coal to natural gas as quickly as possible. There is hardly any other way to reduce CO₂ emissions faster. Gas-fired and steam power plants would produce roughly half the emissions that coal plants would. Configuring gas turbines to operate on green hydrogen would also facilitate climate-neutral operations in the future. You should also remember that our turbines can already burn up to 75 % green hydrogen. We will hit 100 % by 2030.

Step 2: We must massively expand the use of renewable energies. In 2021, the share of renewables around the world rose by 8 % – to a total capacity of 8,300 terawatt hours. This amounts to nearly one-third of the world's annual electricity consumption.

Step 3: We must adapt and expand power grids. The growing amount of renewable energies being used will require us to fundamentally reinforce our electricity infrastructure. Germany shows just how high the needs are: The German Ministry of Economic Affairs and Climate Action reports that more than 7,500 kilometers of transmission grids must be modernized, reinforced or rebuilt.

And **step 4:** We must increase energy efficiency and promote the electrification of industrial applications. Today, industry produces nearly one-quarter of global CO₂ emissions. It must reduce the total by more than five gigatons of CO₂ per year. This can only be achieved with increased energy efficiency in industrial processes.

Our wide-ranging portfolio enables us to assist our customers every step of the way. The following examples for this past fiscal year illustrate my point:

1. In Greece, most of the country's coal-fired power plants will be shut down by 2023. To offset the lost power production, we are building a power plant equipped with the very latest gas-turbine technology in the northeastern region of the country. It will have an output of 877 megawatts. As a result, our customer Terna will lower its emission output by 3.7 million tons of CO₂ annually. This amounts to more than 5 % of yearly CO₂ emissions in Greece.
2. One of the world's largest wind parks is being erected in Great Britain. Wind turbines built by Siemens Gamesa with output totals of up to 15 megawatts are being used there. About four million people will soon be using clean wind power thanks to a partnership with Vattenfall.
3. In Germany, a third high-voltage direct current project known as SuedLink is being built. Added together, these projects will facilitate the low-loss transmission of six gigawatts of output over more than 2,000 kilometers by our customers. And more than ten million households will be supplied with sustainable power.

4. The CO₂ emissions of oil production must be cut as well. This work will require the increased electrification of production platforms. Norway is a good example: We facilitate the low-loss transmission of clean power to oil platforms there. With the help of our electrical equipment, the operator, Equinor, can cut CO₂ emissions by 500,000 tons annually. This represents 1 % of the country's total CO₂ emissions.

As you can see, Siemens Energy is already heavily involved in the energy transition.

3 A review of 2021

3.1 Stability and profitability

Let's now take a look at our company's performance: In fiscal 2021, we focused on stabilizing our processes and boosting our profitability.

Which steps did we take in the Gas and Power Segment (GP)?

- We cut our internal non-conformance costs by €156 million compared to the total in 2020.
- We strengthened purchasing: We saved €669 million in material purchasing costs – this represented an increase of €20 million from the previous year and was achieved amid demanding market conditions. We increased purchasing volume by 14 % in countries that have low production costs. We also made good overall progress in our push to optimize our supplier base.
- We reduced our IT structures and the number of applications in use by 20 % compared with 2020.
- We are focusing more intently on our portfolio as well: After giving up the business of equipping new coal-fired power plants, we also reduced the product models for aero-derivative gas turbines. We also reached an agreement to sell our minority stake in Voith Hydro.
- We took another important step by improving the risk profile of our bids: One example of this effort is our power plant business: The number of bids we submitted for turnkey projects plunged from 42 % in 2018 to 9 % last year. Our revenue climbed at the same time.

- Finally, we are in the process of lowering our personnel costs. In February 2021, we announced that we would reduce the number of our employees by 7,800 by 2025. If you add in earlier programs, we removed about 2,400 positions in fiscal 2021. The conclusion of a reconciliation of interests and a framework social plan were two significant steps in this process during the past fiscal year.

Let's now turn our attention to the SGRE Segment. The management team of Siemens Gamesa Renewable Energy launched its LEAP Program in 2020. It focuses on product innovations and optimization of supply chains and purchasing. Another key area is project implementation. The onshore business faces tremendous challenges here, even though steps have already been taken to address them.

Prices were raised to offset cost inflation. Prices for steel and other raw materials were set. Purchasing, the project business and sales need to work even more closely together. The management team expects this closer relationship will improve the quality of bids and facilitate more precise estimations of project risks and costs.

3.2 Growth

Amid all the necessary cost cutting, we still were able to lay the foundation for Siemens Energy to generate profitable growth in the future.

In fiscal 2021, we at Siemens Energy invested €1,155 million, or 4.1 % of our revenue, in innovation. About 5,000 employees are fueling our company's research and development work.

We are focusing on carbon-free technologies, service and new growth areas. By applying this focus, we are systematically expanding our portfolio.

In our power generation work and our business with industrial applications, we are concentrating on ways to decarbonize the portfolio.

We are continuing to fine-tune our blue portfolio for power transmission. It comprises climate-neutral products for use in power transmission and will replace climate-killing SF6 gases. We are investing more than €60 million in a new production facility in Berlin. The plant is scheduled to go into operation in 2023.

In the industrial area, we are developing things like large-scale heat pumps for the purpose of improving use in industrial processes.

SGRE is focusing primarily on new models for wind turbines and software in its research and development activities. Its components are also being continuously refined. These improvements will result in better and more cost-effective products, solutions and services in the next technology generation. SGRE intends to concentrate in particular on the introduction of new wind turbine generations. Thanks to such efforts, the latest offshore turbines can produce 30 % more power each year than previous models.

3.3 Financial performance in fiscal 2021

Let's now look at our figures for fiscal 2021.

We won contracts worth €33 billion. In doing so, we finished the year slightly below the previous year's level – as expected. This decline was caused by currency effects and the exceptionally good order situation at SGRE in the previous year.

Revenue rose slightly to €28.5 billion. Both segments, Gas and Power as well as SGRE, generated growth.

Our operating earnings jumped. Thanks to operational improvements, adjusted EBITA before special items totaled €661 million. We experienced a loss of €17 million during the previous year.

Adjusted EBITA totaled minus €12 million. We almost reached the profit zone. To put things in perspective, I would like to point out that we recorded a loss of about €1.5 billion in fiscal 2020. The progress achieved in the Gas and Power Segment really stands out.

As expected, Siemens Energy completed fiscal 2021 with a loss of €560 million following the deduction of taxes – this was still a very strong improvement over the previous year's total. The loss after taxes totaled about €1.9 billion at the time. However, the losses that I previously mentioned in connection with SGRE's onshore business prevented us from producing a better result.

What role did individual businesses play in this result? I will now provide you with a brief overview.

Let's first look at the divisions of the Gas and Power Segment.

In the power generation business, we generated tremendous gains in order intake, revenue and earnings. We also recaptured market share in large-scale gas turbines. Our business with medium-sized gas turbines did well, too. And it did so while significantly cutting costs.

Power transmission turned in a satisfying performance as well. We maintained our market share and won a large number of major contracts. We also produced solid gains in revenue and profitability. This was the result of improved project execution and increased utilization of our plants.

Our industrial business profited from our customers' intensified interest in investments. Order intake improved as well. We also cut our costs and improved our productivity. The result was a significant increase in our profitability.

Overall, the service business bounced back from the setbacks it experienced in 2020. The results tell the full story. The Service margin returned to the level of 2019. Service is a key profitability driver at GP. Here, too, we are focusing in particular on investing in research and development.

This brings me to Siemens Gamesa Renewable Energy.

The offshore and service businesses at SGRE are making progress. Nonetheless, SGRE was forced to issue a profit warning in the third quarter of 2021. This warning came after guidance for revenue was capped in the second quarter. The reasons for this step included intense financial pressure that arose from the re-evaluation of projects. The prices for raw materials rose as well.

I really believe that the wind market is intact. All parameters are positive. Offshore and Service have a viable business model and good earnings quality. Measures have already been introduced at Onshore. But it will certainly take some time for them to have an impact on the project business. We now expect management to bring about a turnaround by taking a disciplined and forceful approach.

Am I satisfied with our overall performance in fiscal 2021? The team produced good work amid difficult circumstances. We, the members of the Executive Board, are grateful for it. But we are only at the beginning of the transformation. We want to and we can become much more profitable. After all, we know that profitability is the key to sustainable growth.

Nonetheless: I think that we are moving in the right direction – and I want you, our shareholders, to share in these gains as well.

For this reason, the Executive Board and the Supervisory Board have recommended that the Annual Shareholders' Meeting approve a dividend of €0.10 per share. We base this recommendation on our solid balance sheet and our positive overall operational performance.

We are also doing so, even though the first quarter of fiscal 2022 has already shown that we still have much work to do on the transformation.

Gas and Power turned in a very solid operational performance in the first quarter. Order intake has grown substantially as well. Revenue declined as expected due to timing effects associated with the execution of large projects. The Segment's adjusted EBITA also looks good.

But these positive trends were overshadowed once again by the very negative results at SGRE. Even though order intake rose sharply, revenue plummeted from the level achieved in the same quarter in 2021. Adjusted EBITA has turned negative – primarily as a result of tight purchasing markets. Added to this are project-related and technical challenges.

The solid performance at Gas and Power shows the transformation is moving forward. Our measures are beginning to take effect. The results are moving in the right direction. On the other hand, the latest profit warning issued by SGRE is a setback and a disappointment to all shareholders. The market environment in the onshore business is and will remain difficult. But we also must acknowledge that internal problems hurt earnings as well.

For these reasons, Jochen Eickholt has been appointed the new CEO of Siemens Gamesa Renewable Energy, effective March 1. Jochen Eickholt is a skilled expert at the job of restructuring companies facing difficult circumstances. I wish him much success in his new role.

4 ESG: A focal point of our strategy

In all our work, we will continue to steer Siemens Energy in the direction of sustainability. This is the foundation of profitable growth and is a main feature of our strategy.

We are concentrating even more intensely on environment, social and governance topics in the new fiscal year.

We set an ambitious environmental goal for our Gas and Power Segment in 2020: We intend to become climate neutral in our operations, that is, in terms of Scope 1 and Scope 2 emissions, by 2030. The operations of SGRE have been climate neutral since 2019.

In accordance with the 1.5-degree climate path laid down in Paris, we must cut the emissions produced by our own business activities by 46 %.

We will reach this interim goal in 2025, or five years ahead of schedule.

As part of this push, we intend to completely switch our own power supplies to renewable electricity by 2023. The share of regenerative electricity totaled 76 % in last fiscal year.

In addition, we view CO₂ pricing as a powerful force in the push to achieve climate neutrality. We are applying an internal shadow price of €100 per ton of CO₂ to real-estate-related investments.

We are not leaving things there. We as a company intend to reduce emissions along the entire value chain to zero: from suppliers and our own company to the use of our products by customers.

Expressed in trade jargon, I am talking about Scope 1, 2 and 3.

We are committed to the objectives of the Paris climate agreement in the process. Our reason for doing so is simple: We understand the important role that the energy sector will play in the achievement of global climate goals.

We believe in the following five points:

1. Climate change is real and requires forceful action to fight. Economic growth and climate protection are two sides of the same coin.
2. Sustainable power generation will provide companies with long-range security, offer tremendous growth potential and create new jobs.
3. The energy transition is advancing at different speeds. This is why the portfolio of an integrated energy technology company is in demand: from sustainable power generation and efficient transport to future-proof industrial applications.
4. But transformation should not stop at the energy sector. It must encompass all sectors, including transportation, industry and buildings.
5. A close, trusting partnership among all parties is the key to success: from suppliers of raw materials and industrial technology partners to consumers. Our goal is to lead the energy transition and jointly move it forward together with our customers and partners. A net-zero goal – and this is something I believe deeply – will form the foundation for the successful future of our company.

We are making strides forward not just in terms of the environment. We are also making progress in social and governance issues. You will find details about this work in the sustainability report we released on January 25, 2022.

For this reason, I will touch on just a few highlights. In terms of social issues, we are focusing on both employee growth as well as on inclusion and diversity.

During the past fiscal year, we invested about €58 million in advanced training for our workforce. This amounts to €632 per employee. Apprenticeship programs for young people will remain one of our top priorities in the future as well. On September 30, 2021, we had 2,100 trainees and university-level interns in Germany alone. In autumn 2021, 241 recent graduates began an initial training program or a working-student program.

We have also set clear inclusion and diversity goals. We intend to increase the percentage of women in the workforce at the Gas and Power Segment from 21 % during the past fiscal year to 25 % by 2025. And then to 30 % by 2030. At SGRE, we intend to increase the percentage of women at the senior management level to 25 % by 2025.

The percentage of women at Siemens Energy is currently 19.3 %.

In 2021, we created the Inclusion & Diversity Council led by our CFO Maria Ferraro.

Compliance is one example of our corporate governance efforts.

We work in accordance with the highest integrity and compliance standards. We act quickly and forcefully when misconduct occurs. And we have good reason for doing so: Integrity is the basis of all business principles. We are taking the right approach here. Our Code of Conduct is one of the leading such codes among DAX companies. The trade journal "Compliance Manager" recently confirmed our position here.

We are determined to become even better. During the past fiscal year, more than 60,000 of our employees completed a compliance training program. In addition, we continuously refine our compliance system. These improvements will enable us to spot risks earlier and efficiently control them.

All this work shows we are not just working with our customers and partners to shape the energy transition. We are also moving systematically forward in our work to transform our own company in many areas – by taking a clear approach and measuring our results.

5 Outlook for 2022

Our goal is clear: We intend to and will seize the opportunities created by the energy transition.

One other thing is clear as well: We had to adjust our guidance for fiscal 2022.

In our Gas and Power Segment, our target remains comparable revenue growth to be in a range of positive 1 % to positive 5 % for fiscal year 2022. We also continue to expect an adjusted EBITA margin before special items of between positive 4.5 % and positive 6.5 %.

For the SGRE Segment, we now expect to see a comparable decline of revenue between negative 2 % and negative 9 %. Adjusted EBITA margin before special items is expected to be in a range of negative 4 % to positive 1 %.

For Siemens Energy, this will mean an expected comparable revenue development in the range of negative 2 % to positive 3 %. We expect an adjusted EBITA margin before special items between positive 2 % and positive 4 %.

Overall, we believe in the long-term ability of Siemens Energy to pay a dividend. Our reasons for believing this are clear:

1. The energy market is moving in the right direction and underscores our company's strategic positioning.
2. Gas and Power is performing as promised.
3. SGRE has some catching-up to do in its onshore business. Nonetheless, the wind market is filled with huge long-term potential.
4. Our systematic focus on ESG is paying off. It is a fact also reflected in the consistently positive evaluations issued by highly respected rating agencies.

This will enable us to generate long-term and profitable growth and returns to our shareholders.

Shareholders, thank you for your trust.

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