

**SPEECH FOR THE  
ANNUAL SHAREHOLDERS' MEETING 2023  
OF SIEMENS ENERGY AG**

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The report presented at the Annual Shareholders' 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 takes precedence.

## 2022 – THE WORLD IN TRANSITION

### Light and Shadow – Political, Economic and Social Change

**Dear Shareholders,  
Ladies and Gentlemen,**

2022 was a stormy year. Politically, economically and socially.

February 24, 2022, **fundamentally changed the** world. Though it had been unimaginable to many, on that day **war returned to Europe**. The war brought into focus a factor that Europe had previously taken for granted: the availability of energy. Energy is the basis for development and progress. In 2022, we experienced how fragile this foundation can be. Energy has been and continues to be used as a weapon. This endangers the well-being of hundreds of millions of people.

The war in Ukraine has led to **massive economic dislocations**. It challenges entire economies, companies and us as citizens. In Germany alone, **energy prices** rose by around 43 percent from October 2021 to October 2022. And all this in an environment in which the **inflation rate** was also at a historically high level in other areas.

But, in every crisis, there is also an **opportunity**. The year 2022 has also shown that politics and business can achieve a lot together. Together, we are working on solutions to achieve energy security and drive forward the energy transition. Europe is redefining its energy strategy. The United States is accelerating the energy transition with the Inflation Reduction Act. In other regions, too, the energy transition represents a major investment program.

2022 was also the year that many countries emerged from the pandemic. Still, coronavirus fundamentally changed our lives and the way we collaborate virtually.

At the same time, 2022 further **intensified climate change**. Forest fires, droughts and floods were on the agenda almost everywhere.

And with this came the realization that we must act now to achieve the 1.5-degree target. To do this, we need to reduce emissions by 45 percent by 2030 compared to 2019. There is also a lot to do here in 2023.

## Challenging – Our Market Environment in Fiscal Year 2022

What did the past fiscal year mean for us as a company? The consequences of war, the pandemic and climate change also determined our day-to-day business:

- **Take Russia, for example:** Siemens and Siemens Energy have a 150-year history with Russia. Divesting this business was a painful decision. Despite the difficult boundary conditions, we were able to successfully sell our transformer and gas turbine businesses in Russia.
- **Or consider supply chains:** Tight supply chains around the world were further strained by the impact of the war. In addition, we had to temporarily close some of our plants in China during the lockdown. This particularly affected components for power grids. Nevertheless, we were able to keep many things stable. Our strategy of regionalizing and broadening supply chains helped. We secured prices and availability with long-term contracts. In this way, we were able to almost offset the rise in raw material prices. In total, this amounted to around 800 million euros.
- **Take inflation as an example:** Handling long-running projects at competitive prices is an immense challenge when inflation rates are high. And not just for us. For our suppliers as well. This has also had a negative impact on our profitability.

The three examples show: The market environment in 2022 was challenging for us.

## WEATHERPROOF – STABILIZING SIEMENS ENERGY

### Consistent – Three Parameters in Fiscal Year 2022

It is precisely in times like these that we need to weatherproof the company. We have used fiscal year 2022 for this purpose.

1. **We made our business at Gas and Power profitable again.** We improved internal processes. We streamlined our portfolio. And we reduced costs. Of the savings of 800 million euros planned by fiscal year 2023, we were already able to realize more than 500 million euros by the end of the past fiscal year.

As a result of all this, I am proud to say that, in a fiscal year full of challenges, Gas and Power has delivered solid results. Gas and Power delivered what we promised.

2. **We have reorganized our company.** The new organization has been in place since October 1, 2022. With it, we have increased the transparency of our company vis-à-vis the capital market. We have created clear responsibilities for our Business Areas. And we have significantly reduced the number of hierarchical levels. This structure allows us to respond more flexibly and quickly to market changes. This makes us stronger. At the same time, these changes also meant an enormous effort for our employees. After all, no business unit was left untouched by them. I would therefore like to thank our employees wholeheartedly for their personal commitment.
3. We've been working hard to improve the performance of **Siemens Gamesa Renewable Energy** (SGRE), in which we hold a majority stake. We want to stabilize the business and make it profitable again. There were challenges with the market launch of a new onshore wind turbine. In addition, higher raw material prices and pressure on logistics chains weighed on the company. As a result, SGRE, and thus we as Siemens Energy, had to adjust our revenue and earnings forecast for fiscal year 2022. In January 2023, there was another profit warning. More on this later.

We have responded to this by making a new appointment to the position of Chief Executive Officer. Jochen Eickholt, a proven restructuring expert, took office on March 1, 2022. Together with his team, he immediately began to stabilize the business. The aforementioned measures at Gas and Power served as an important **blueprint**. SGRE announced a new platform strategy for its onshore and offshore businesses. Standardized components and modules for onshore and offshore wind turbines are to reduce costs. At the same time, quality and delivery reliability are to increase. The company must become more competitive overall. A unified organization for manufacturing and purchasing will improve the setup and create better customer interfaces. The terms of new customer and supplier contracts have improved significantly. We expect this to bring clear progress in the future.

## Incentive – Share Price, Finance and Sustainability

### Share price performance

However, it is also true that **we are not satisfied with the performance of our share price**. The share price almost halved from the first to the last day of fiscal year 2022. Admittedly, the DAX also deteriorated by around 20 percent in the same period. Nevertheless, there is nothing to sugarcoat. This development affects all of you, dear shareholders.

This was due to repeated profit warnings at SGRE – most recently just a few weeks ago. As a result, profit expectations fell.

The good news is that the measures we have taken are working. The financial market understands the relevance of Siemens Energy in the energy transition. The share price has recovered despite the recent profit warning.

We will continue to do everything in our power to improve the operating performance of our company.

### **Financial results**

First, let's take a look at our **figures for fiscal year 2022**. Let's start with the key financial figures:

- We **increased order intake from 33 billion euros to 38 billion euros last year**. This gives us an order backlog of **97 billion euros** at the end of the fiscal year. That is 13 billion euros more than the previous year. Our order backlog is equivalent to more than three years' revenue.
- We **increased revenue from 28.5 billion euros to 29 billion euros**. However, the currency helped us here. On a comparable basis, revenue decreased moderately by 1 billion euros.
- In terms of earnings before interest and taxes, we had to accept a loss despite all our efforts. **Adjusted EBITA was minus 75 million euros**. The loss was due to the development at SGRE. The withdrawal from Russia also had an impact. By contrast, Gas and Power benefited from its competitiveness improvement program. As a result, the segment recorded a strong increase in adjusted EBITA.
- By contrast, special items resulting from the restructuring and integration costs at SGRE had a negative impact. Adjusted for these special items, earnings before interest and taxes amounted to **379 million euros**. By comparison, the figure for 2021 was 661 million euros.
- After interest and taxes, the loss was **647 million euros**. In 2021, the figure was minus 560 million euros.
- As a result, **basic earnings per share were negative at minus 0.56 euros**. By comparison, in 2021 it was minus 0.63 euros.

In view of the results, the Executive Board and Supervisory Board have agreed that **no dividend is to be paid** this year. Accordingly, we propose this to the Annual General Meeting.

**It must not and will not stop there.** Our goal is clear: We want to seize the opportunities presented by the energy transition and become one of the world's leading energy technology companies. A company that is profitable. And a company that pays dividends.

Because of the good performance of our Gas and Power segment, I am optimistic about 2023. We will continue to work systematically on increasing profitability. And we will make every effort to return SGRE to profitability in the medium term.

**SGRE's renewed profit warning** on January 19, 2023 shows how challenging this is. The reason was the negative development of failure rates in specific components. This led to higher warranty and maintenance costs. As a result, we have **adjusted** our **expectations for** Siemens Energy's full fiscal year. And this is in spite of very positive business developments in all other areas. It's a disappointing development for all of us. After all, we want to make Siemens Energy a profitable company overall. This made the decision to delist SGRE all the more important. From this point on, the SGRE team can fully concentrate on solving the operational problems and improving competitiveness.

### **Non-financial results**

Part of being a successful company is making progress on the issue of sustainability. Our goal is to become a leader in the energy sector when it comes to environmental, social and governance issues. Because for us, sustainability is the central element of our business strategy. A prerequisite for long-term corporate success. A look at our **sustainability report** shows that we made good progress in all fields in fiscal year 2022.

- We reduced **CO<sub>2</sub> emissions in our own operations** by 21 percent compared with the previous year. Compared to the base year 2019, we have halved our emissions. We want to make Siemens Energy completely climate-neutral by 2030.
- Our share of renewable electricity in our own electricity consumption rose from 76 percent in the previous year to 90 percent. In the current fiscal year, we aim to supply our operations entirely with renewable electricity.
- **Indirect emissions in the upstream and downstream supply chain** are also declining. Our customers were able to save **46 million metric tons of CO<sub>2</sub>** through the use of our products compared with the previous year.
- We are also making progress in the area of **social issues**. The key topics here are **inclusion and diversity**. We want to increase the proportion of women in senior management positions to 25 percent by 2025 and to 30 percent by 2030. As of September 30, 2022, the figure at Gas and Power was 22 percent.

- Finally, the topic of **governance**. The energy transition demands that we react quickly and quickly to changes in the market – and that means our employees personally. Training therefore plays a strategic role at Siemens Energy. In the past fiscal year, we increased training hours by around 20 percent compared to 2021. On average, each employee took part in 10.3 hours of training.

**Our goal is still** to provide our customers with the best possible support in their transformation to greater sustainability. For us, this means setting a good example and applying the highest standards to our own actions.

All in all, the results for fiscal year 2022 show both light and shade. We are aware of this. They are an incentive to move forward with determination and systematically exploit our business opportunities. We are on the right track. Now we need to initiate the **second phase** of our transformation. To **continuously** create **value**. And to **increase it**. For you, our shareholders.

## VALUE CREATION – EXPLOITING THE POTENTIAL OF THE ENERGY TURNAROUND

### Targeted – The right setup

The market situation makes me confident. The **energy transition** has the potential to become the biggest economic growth driver since industrialization. An investment requirement of 50 trillion euros by 2030 sends a clear message.

But what matters now is making the energy transition a success.

**Five points** are central from our point of view:

- **First: Expand renewable energies.** By 2030, we must massively expand the share of renewable energies. In Europe and the USA by a factor of around two, and in the Asia-Pacific region by a factor of as much as six compared with 2021.
- **Second: Improve energy efficiency.** We need to save energy wherever possible. This requires innovations if we are to successfully drive forward electrification and energy management.
- **Third: Strengthen electricity grids.** The rising share of renewables and increasing electrification require more robust grids.

- **Fourth: Use existing infrastructure as a bridge.** The investments in the energy transition are substantial. Where it makes sense, we need to use existing infrastructure as a bridge. For example, using gas-fired power plants to stabilize the energy supply. At the same time, we need to gradually decarbonize it, for example by using hydrogen instead of natural gas.
- **Fifth: Secure supply chains and minerals.** More materials and minerals are needed for the energy transition. Secure access to them is the basis for a successful energy transition. A clear raw materials and recycling strategy is therefore essential.

A look at these points shows that Siemens Energy has everything it takes to drive the energy transition forward. And that we want to and will benefit from it. The energy transition is an important **lever for increasing the value of our company**. Our alignment along the entire **energy value chain** makes it possible.

1. First, our portfolio for low-emission or zero-emission **power generation**. Since October 1, 2022, this has been the responsibility of the **Gas Services** and **SGRE** Business Areas. Gas Services comprises the gas turbine and large steam turbine businesses. SGRE covers wind energy.
2. Then there's our **Grid Technologies** Business Area. It focuses on the efficient **transport and storage** of electricity.
3. And finally, our activities that reduce **energy consumption** or greenhouse gas emissions in industrial processes. Bundled in the **Transformation of Industry** Business Area.

On the **first pillar** of our setup, low-emission or zero-emission power **generation**: With Gas Services and SGRE, we are benefiting from the **growth trend of rising electricity demand**.

Global CO<sub>2</sub> emissions will be halved if we replace all coal-fired power plants with gas-fired power plants. This and the issue of energy security are important drivers for our Gas Services Business Area. We are also reducing emissions by modernizing existing plants. We were very successful with this approach in fiscal year 2022, with an order intake of 11.8 billion euros. And we see the market prospects for this business remaining stable in the coming years.

One example of the shift from coal to gas is the **Stuttgart-Münster combined heat and power plant**. In the long term, green hydrogen is to replace gas. Siemens Energy is already building the plant in such a way that it can be operated with hydrogen in the future. By doing so, we are supporting our customer EnBW in its goal of climate neutrality by 2035.



Wind energy plays a key role in the **expansion of renewable energies**. According to our forecasts, the market for onshore wind turbines will remain stable until 2030. For 2030, we assume a market of 47 gigawatts. By way of comparison, each gigawatt can supply around 1 million households with electricity. We are the market leader in offshore wind. Here we expect average annual growth of 28 percent by 2030. This corresponds to an increase of around 27 gigawatts in 2030.

The potential here is demonstrated by the **Moray West offshore wind power project** off the coast of Scotland. It will be connected to the grid in 2024. SGRE is supplying 60 turbines with a rotor diameter of 222 meters. That is equivalent to the length of two soccer fields. Each of them will generate around 15 megawatts of electricity. And we're not just supplying the turbines. Siemens Energy also received the order for the grid connection.

This brings us to the **second pillar: Efficient transport and storage** of electricity. The example of Moray West alone shows that the expansion of renewable energies is also a growth driver for our **Grid Technologies** Business Area. At the same time, rising global demand for electricity is playing into our hands. Both require the **expansion and modernization of power grids**. The prospects for this business are excellent. The business figures published today for the first quarter of fiscal year 2023 show this impressively. We expect the market to grow to 74 billion euros by 2030, up from 50 billion euros in 2021. That corresponds to growth of 5 percent per year. Grid Technologies will use its leading market position to benefit from this growth.

This is also illustrated by the example of **NeuConnect**. In this project, we are transporting surplus wind power from Germany to the UK. We are connecting two of Europe's largest energy markets via a high-voltage line. Electricity flows in large quantities in both directions. Enough to power 1.5 million households.

Finally, the **third pillar. Energy consumption in industrial applications**. A successful energy transition also means using energy as efficiently as possible in **industrial processes**. This is the focus of our **Transformation of Industry** Business Area.

It benefits from the trend toward increasing energy efficiency and electrification of industrial processes. One example from fiscal year 2022 is the LNG project with our customer Woodfibre in Canada. The necessary compressors for the process are operated fully electrically and supplied with clean electricity from hydropower. This will enable us to reduce greenhouse gas emissions in the production of liquefied gas by more than 80 percent compared with conventional processes.

**Transformation of Industry** also includes our activities to generate hydrogen by electrolysis. We see great potential in this market. Together with our cooperation partner Air Liquide, we are currently building a gigawatt-scale production facility for electrolysis units in Berlin. It will go into operation in 2023.

All these examples show that **Siemens Energy is making an important contribution to the energy transition**. And is consistently benefiting from the business opportunities that arise. Because our products, solutions and services are needed.

### Flexible – Adapt to Boundary Conditions

In order to successfully exploit the opportunities presented by the energy transition, we must adapt as best as we can to changing boundary conditions. The Ukraine war showed us how quickly the balance between energy availability, affordability and sustainability can change. The issue of adaptability was the basis for our **new corporate structure**.

We presented the new structure at the Capital Markets Day in May 2022 and implemented it starting October 1, 2022. We have significantly reduced the number of hierarchical levels and sharpened responsibilities. We have also changed our reporting structure and created greater transparency on the capital market for our Business Areas.

In the new structure, we have also created **integrated global functions**. Examples of this are purchasing, IT, logistics and our project entity. These ensure synergies across the Business Areas. And they help to deploy resources more efficiently when the order situation fluctuates. In this way, our customers benefit from the best teams for each project. And our employees are given continuous development opportunities across the entire portfolio.

### Focused – Innovative Solutions for the Energy Transition

Finally, we have realigned our innovation area. If you want to shape the energy transition, you have to be innovative. 40 percent of the solutions that will reduce emissions to zero by 2050 are not yet ready for the market. With clear **criteria**, we are aligning our innovation activities to the issues of **sustainability and service business**. It also helps that we are increasingly bundling development activities at four **innovation centers**. In Berlin, Orlando, Abu Dhabi and Shenzhen.

In the past fiscal year, we invested **1.1 billion euros in research and development**. This spending is linked to specific business plans and financial criteria. Because innovation is not an end in itself. Let me give you three examples:

1. We improved the **efficiency of our largest HL gas turbine**. This was the only reason we were able to sell eleven of them in the past fiscal year. The order value was over 1.5 billion euros.
2. SGRE has developed a concept to **recycle rotor blades**. The Recyclable Blade can be used for onshore and offshore wind turbines. RWE has installed the rotor blades for the first time in a North Sea wind farm. In fast-growing markets such as wind energy, the reuse of materials will be a key competitive advantage in the future.
3. **Service** is an important focus for innovation. More than half of our research and development spending goes into this high-margin business. One example is the inspection of high-voltage lines using drones and image analysis with artificial intelligence. This halves the number of helicopter flights and creates added value for our customers.

We are developing numerous innovations **together with partners**. We share the risks and reduce our expenses. And we accelerate time to market. In 2022, we increased the number of our partnerships by 20 percent.

## **WIND BUSINESS – INTEGRATING THE SECOND PHASE OF OUR TRANSFORMATION**

### **Integrating – The Transaction and its Next Steps**

This brings me to the next aspect for future value enhancement. The **integration of SGRE** and **strengthening our wind business**. With it, we are initiating the second phase of our **transformation**.

Wind energy plays a central role in the energy transition. The integration of SGRE is therefore a logical next step.

On May 21, 2022, we announced a **voluntary tender offer** for all outstanding shares in Siemens Gamesa. An important factor for approval by the Spanish regulator was the purchase price of 18.05 euros per share. We financed part of this through a **mandatory convertible bond** in the amount of 960 million euros. We placed this on September 6, 2022. At the Annual General Meeting we are asking you to approve agenda items 10, 11 and 12, authorizing us to carry out **further capital measures**. These will enable us to finance the transaction. On December 19, 2022, the Securities and Exchange Commission confirmed an acceptance rate of 77.88 percent for the offer.

At an **Extraordinary General Meeting on January 25, 2023**, the shareholders of SGRE resolved to delist the **company from the Spanish stock exchange**. The planned integration will allow us to better oversee the challenges at SGRE. We can simplify structures. We will reduce the number of directors from 10 to 3. Important global Group functions will cooperate more closely immediately after the delisting. This will allow the management team around Jochen Eickholt to concentrate fully on operational performance. We expect the transaction to generate annual **cost synergies of up to 300 million euros** within three years of full integration.

**We are systematically tackling the turnaround of our wind business.** With the reorganization and the cash tender offer for SGRE, we have initiated the second phase of our transformation. Because we are convinced that this is how Siemens Energy will head toward a successful future.

## **ASPIRATION – A RELIABLE, PREDICTABLE AND PROFITABLE INVESTMENT**

Ladies and Gentlemen,

For me and the entire Board of Management, it is important to systematically seize the **opportunities presented by the energy transition**. We will help our customers to master their challenges.

**We will further qualify and promote our employees.** We will make our **contribution to the environment and society**. And we will increase our **earnings and grow sustainably as a result**. Because then – and this is our goal – you, our shareholders, will benefit: through dividend payments and share price increases.

In fiscal year 2023, we will continue on this path of transformation. And we will continuously improve SGRE. We know that returning to profitability at SGRE will not happen overnight. But the course has been set. The task now is to implement the measures consistently and precisely. As CEO, Jochen Eickholt is exactly the right man for the job.

I am confident that we will further consolidate Siemens Energy's **resilience** in fiscal year 2023. This should lead to stronger revenue growth compared to the previous year.

We expect comparable **revenue** growth in a range of 3 to 7 percent in fiscal year 2023. This does not include currency translation and portfolio effects. We also expect a **profit margin** before special items between 1 and 3 percent. In addition, we anticipate a net loss on the reported level of the previous fiscal year.

Nevertheless, I am convinced that **Siemens Energy has a successful future ahead of it.** Together with our customers, we are creating reliable, affordable and sustainable energy concepts. We set the course for this in 2022. I have already told you about our initial successes. The successful integration of SGRE will be a key focus for me personally. Our aim is to be a **reliable, profitable and predictable investment** for you, our shareholders. I and the entire Executive Board are committed to this, and I ask for your trust and support.

Thank you very much.

## 2) NOTES AND FORWARD-LOOKING STATEMENTS

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