

Press release

Munich, November 16, 2022

Siemens Energy strengthened business in challenging year – integration of Siemens Gamesa Renewable Energy is now the focus

- Strong demand at Gas and Power countered by operational problems at Siemens Gamesa
- Adjusted EBITA before special items of €379 million, margin at 1.3%
- Revenue increased nominally by 1.8%, order backlog with €97.4 billion at new record
- Transformation continues to create a more agile and transparent organization
- Due to net loss and expected challenges, no dividend proposed for 2022 fiscal year

In times of geopolitical and macroeconomic challenges, Siemens Energy demonstrated resilience. Its Gas and Power segment (GP) delivered a solid performance characterized by strong orders and increased profitability year-over-year. However, Siemens Energy's overall performance was held back by the negative development at Siemens Gamesa Renewable Energy (SGRE). Siemens Energy largely met its adjusted guidance. While the Adjusted EBITA margin before special items fell slightly short of expectations, Siemens Energy recorded a lower-than-expected net loss and a significantly higher free cash flow pretax.

At its Annual Press Conference in Munich today, the energy technology company presents its key financial figures for the 2021/2022 fiscal year, which ended on September 30, 2022. Results for its segment SGRE, which is still listed as a separate company on the Spanish stock exchanges, were presented on November 10.

Christian Bruch, President and CEO of Siemens Energy, summarizes the fiscal year:

"In a challenging year we managed to again deliver solid results in our Gas and Power business, while Siemens Gamesa did not meet expectations. At Gas and Power, our operational excellence program is showing results. It was also important that we aligned our group structure with future needs. We will provide more transparency about business performance; flatter hierarchies give us the ability to take decisions faster. The integration of Siemens Gamesa will help to improve profitability at our wind business and allow it to deliver to its full potential".

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Weatherproofing in a transformative year

The 2022 fiscal year was a year of geopolitical and macroeconomic challenges. For Siemens Energy, it was a year of transformation in the pursuit of achieving profitability, flattening hierarchies, and dampening economic headwinds. The Gas and Power segment, which has been diligently executing its operational excellence program, managed to navigate both global supply chain disruptions as well as rising material costs.

As a result of the Ukraine war and imposed sanctions, Siemens Energy started taking provisions to exit its business in the country. In the fourth quarter, the company completed the sale of a 65% stake in Siemens Gas Turbine Technologies (SGTT), which was co-owned by Russian company Power Machines. A further sale of a factory in Voronezh was completed on October 12.

With its new operating model, Siemens Energy has created more transparency, agility, and flexibility. Starting October 1, the company is operating under a new structure, with fewer hierarchies and clearer responsibilities. Additionally, two new members have been appointed to its executive board:

Anne-Laure de Chammard is responsible for the Transformation of Industry Business Area, which mainly focuses on reducing energy consumption and CO₂ emissions in industrial processes. Vinod Philip, previously Head of Strategy and Chief Technology Officer, is now responsible for the Management of Global Functions such as IT, procurement, and innovation.

At SGRE, new management has been put in place to rectify problems. The company's turnaround program MISTRAL, designed to ensure profitable growth at the company, is underway. On May 21, 2022, Siemens Energy announced a voluntary cash tender offer to acquire all outstanding shares in SGRE., i.e., approximately 32.9 percent of the share capital, which Siemens Energy does not already own. Starting on November 8, minority shareholders have the possibility to tender their shares for €18.05 per share in cash until an expected end date of December 13, 2022. If at least 75 percent of the shares are tendered, Siemens Energy intends to pursue a delisting of SGRE from the Spanish stock exchanges, where it currently trades as a member of the IBEX 35 index. In case of exceeding the ownership threshold of 96.7% of all shares Siemens Energy will pursue a squeeze out of the remaining shareholders.

Siemens Energy with solid results and strong free cash flow due to Gas and Power orders

The **order backlog** of €97.4 billion reached a new record, as orders at Siemens Energy rose significantly to €38.3 billion in the fiscal year. This growth was driven mainly by the Gas and Power segment, whose strong operational excellence allowed it to manage global supply chain problems effectively with countermeasures including building up safety stock to ensure parts availability.

Revenue decreased by 2.5% on a comparable basis to €29.0 billion, impacted by a loss of revenue in Russia. Growth at Gas and Power however was more than offset by a decline at SGRE, which suffered from challenges ranging from material costs to supply chain issues. On a nominal basis, Siemens Energy's revenue grew by 1.8%.

At the Siemens Energy level full year profitability was impacted by restructuring costs, mostly due to the closing of activities in Russia (roughly €200 million), and internal restructuring and integration costs at SGRE. The finalization of the restructuring in Russia is expected to have no further significant financial impacts.

Adjusted EBITA before Special Items decreased to €379 million, a significant decrease to the €661 million achieved in the 2021 fiscal year. While Gas and Power benefited from its turnaround plan and saw adjusted EBITA rise sharply, the increase was more than offset by a wider loss at SGRE, due to difficulties in the ramp-up of the 5.X onshore platform as well as supply chain delays.

Free cash flow pre tax continues to be extremely strong, increasing to €1,503 million in the 2022 fiscal year, above expectations, driven by advance payments for orders at the Gas and Power segment. This high free cash flow has allowed Siemens Energy to pledge €1.15 billion in cash for the voluntary cash tender offer for SGRE. This, along with a mandatory convertible bond, has reduced the bridge facility for the offer to €2 billion, supporting the company's commitment of keeping its solid investment grade rating.

The **net loss** of Siemens Energy was €647 million including €200 million losses from Russia, compared to a loss of €560 million in the prior year. Due to the widening loss, and the challenges facing the company now and in the coming year, the executive board of Siemens Energy will suggest to the Supervisory Board not to propose a dividend for 2022 at its annual shareholder meeting in February 2023.

Q4: Strong quarter for Siemens Energy with growth in all segments

In the fourth quarter, Siemens Energy was able to meet unfavorable geopolitical and macroeconomic challenges with resilience and operational excellence. The Gas and Power unit once again grew in revenue and profit, while SGRE turned positive thanks to asset sales, including the wind farm development portfolio.

Strong **order** growth was once again a highlight. A notable achievement was the Transmission business winning a large order for two grid connections for offshore wind farms in Germany, the largest order of its kind for Siemens Energy to date. The connection will help Germany achieve its goal of increasing its share of renewable energy in the power supply to 80 percent by 2030. This shows how Siemens Energy is supplying the infrastructure for the energy transition.

Revenue increased in both segments in the fourth quarter, leading to an overall increase of 5.9% on a comparable basis to €9.2 billion. Siemens Gamesa's revenue rose strongly due to disposals. The Gas and Power segment saw growth led by the Transmission and Industrial Applications business. The Transmission business grew due to increased market demand driven by grid stability projects, where Siemens Energy is benefiting from being a market leader, while Industrial Applications saw a recovery in market demand. Both businesses also benefited from strong currency tailwinds.

Adjusted EBITA before special items at Siemens Energy amounted to €594 million, compared to negative €46 million in the Q4 2021.

Maria Ferraro, CFO of Siemens Energy: "In a difficult environment, we are living up to what we promised, step by step. Our transformation is paying off. The Gas and Power segment especially demonstrated its ability to execute. Our continued strong free cash flow this year is giving us the necessary power to tackle what comes next. High inflation, material costs and supply chain issues will not go away in this coming year. We are resilient and well positioned to meet our targets, as long as we focus on keeping costs down and operational improvements up."

Outlook for fiscal year 2023

Starting in the 2023 fiscal year, Siemens Energy is working in a new operating structure. Adjusted EBITA was replaced by Profit, which now excludes the financial result from operations.

Siemens Energy overall expects comparable revenue growth (excluding currency translation and portfolio effects) in fiscal year 2023 in a range of 3% to 7% (actual figure FY 2022: negative 2.5%) and a profit margin before special items of 2% to 4% (actual figure FY 2022: 1.2%). Siemens Energy also expects a sharp reduction of Net loss compared to fiscal year 2022 (actual figure FY 2022: negative €647m). Free cash flow before taxes is expected to be in a negative range of low- to mid-triple-digit million (actual figure FY 2022: €1,503m)

Siemens Energy will publish its complete Annual Report on December 12, 2022. On the same day the Sustainability Report will be published.

Siemens Energy FY 2022

(in millions of €)	FY 2022	FY 2021	Change
Orders	38,312	33,001	11.9% ¹
Revenue	28,997	28,482	(2.5)% ¹
Adjusted EBITA	(75)	(12)	<(200)%
Adjusted EBITA margin	(0.3)%	(0.0)%	(0.2) p.p.
Special items	(453)	(673)	(32.6)%
therein Reconciliation to Consolidated Financial Statements	(169)	(73)	n/a
Adjusted EBITA before Special items	379	661	(42.7)%
Adjusted EBITA margin before Special items	1.3%	2.3%	(1.0) p.p.
Net income (loss)	(647)	(560)	(15.5)%
Basic earnings per share ² (in €)	(0.56)	(0.63)	11.1%
Free cash flow pre tax	1,503	1,358	n/a

¹ Comparable basis: Excluding currency translation and portfolio effects

² Basic earnings per share – attributable to shareholders of Siemens Energy AG. For fiscal 2022 and 2021 weighted average shares outstanding (basic) (in thousands) for the fourth quarter amounted to 732,921 and 714,669 and for the entire fiscal year to 720,827 and 714,747 shares, respectively.

Siemens Energy Q4 2022

(in millions of €)	Q4		
	FY 2022	FY 2021	Change
Orders	12,234	9,099	27.4% ¹
Revenue	9,180	8,196	5.9% ¹
Adjusted EBITA	489	(327)	n/a
Adjusted EBITA margin	5.3%	(4.0)%	9.3 p.p.
Special items	(106)	(281)	(62.5)%
therein Reconciliation to Consolidated Financial Statements	(3)	(2)	86.8%
Adjusted EBITA before Special items	594	(46)	n/a
Adjusted EBITA margin before Special items	6.5%	(0.6)%	7.0 p.p.
Net income (loss)	378	(383)	n/a
Basic earnings per share ² (in €)	0.36	(0.43)	n/a
Free cash flow pre tax	1,949	985	97.8%

¹ Comparable basis: Excluding currency translation and portfolio effects

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Gas and Power FY 2022

(in millions of €)	FY 2022	FY 2021	Change
Orders	26,883	20,888	23.9% ¹
Revenue	19,280	18,395	0.2% ¹
Adjusted EBITA	633	362	n/a
Adjusted EBITA margin	3.3%	2.0%	n/a
Adjusted EBITA before Special items	943	834	n/a
Adjusted EBITA margin before Special items	4.9%	4.5%	n/a
Free cash flow pre tax	2,354	1,369	n/a

¹ Comparable basis: Excluding currency translation and portfolio effects

Gas and Power Q4 2022

(in millions of €)	Q4		
	FY 2022	FY 2021	Change
Orders	7,888	6,233	20.6% ¹
Revenue	5,848	5,353	2.2% ¹
Adjusted EBITA	161	(79)	n/a
Adjusted EBITA margin	2.8%	(1.5)%	4.2 p.p.
Special items	(62)	(232)	(73.4)%
Adjusted EBITA before Special items	223	153	46.1%
Adjusted EBITA margin before Special items	3.8%	2.9%	1.0 p.p.
Free cash flow pre tax	1,000	289	>200%

¹ Comparable basis: Excluding currency translation and portfolio effects

Siemens Gamesa Renewable Energy FY 2022

(in millions of €)	FY 2022	FY 2021	Change
Orders	11,598	12,185	(8.0)% ¹
Revenue	9,814	10,198	(7.5)% ¹
Adjusted EBITA	(663)	(296)	n/a
Adjusted EBITA margin	(6.8)%	(2.9)%	n/a
Special items	(137)	(197)	n/a
Adjusted EBITA before Special items	(526)	(99)	n/a
Free cash flow pre tax	(809)	227	n/a

¹ Comparable basis: Excluding currency translation and portfolio effects

Siemens Gamesa Renewable Energy Q4 2022

(in millions of €)	Q4		
(in millions of €)	FY 2022	FY 2021	Change
Orders	4,405	2,884	43.5% ¹
Revenue	3,372	2,863	13.4% ¹
Adjusted EBITA	348	(224)	n/a
Adjusted EBITA margin	10.3%	(7.8)%	18.1 p.p.
Special items	(40)	(48)	(14.9)%
Adjusted EBITA before Special items	389	(176)	n/a
Adjusted EBITA margin before Special items	11.5%	(6.2)%	17.7 p.p.
Free cash flow pre tax	1,061	654	62.1%

¹ Comparable basis: Excluding currency translation and portfolio effects

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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. More than 50 percent of the portfolio has already been decarbonized. A majority stake in the listed company 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 92,000 people worldwide in more than 90 countries and generated revenue of €29 billion in fiscal year 2022. www.siemens-energy.com.