

Shareholder Letter

Q4 FY2022

Siemens Energy Investor Relations



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Dear shareholders,

I hope you and your families are well and safe in these difficult times. On November 16, our CEO, Christian Bruch, and our CFO, Maria Ferraro, presented our Q4 and fiscal year 2022 results.

"In a challenging year we managed to again deliver solid results in our Gas and Power (GP) segment, while Siemens Gamesa Renewable Energy (SGRE) did not meet expectations. At GP, 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 and flatter hierarchies give us the ability to take decisions faster. The integration of SGRE will help to improve profitability at our wind business and allow it to deliver to its full potential", said Christian Bruch.

In Q4 of fiscal year 2022, orders continued to be strong with a comparable growth of 27%. Orders of €12.2bn drove the order backlog to another record of €97.4bn. Revenue of €9.2bn rose by 5.9% on a comparable basis driven by modest growth at GP, and a stronger increase at SGRE. Siemens Energy's Adjusted EBITA before special items amounted to €594m with a sharp improvement at GP compared to its prior-year quarter's result and SGRE turning positive. Accordingly, Siemens Energy had a Net income of €378m with corresponding EPS of €0.36. Free cash flow (FCF) pre tax amounted to €1,949m.

For fiscal year 2022, driven by GP, Siemens Energy's orders exceeded the high level of the prior fiscal year by 11.9% on a comparable basis and rose to €38.3bn. Revenue of €29.0bn was down by 2.5% on a comparable basis (including Russia-related effects) due to the decline at SGRE. Siemens Energy suffered a net loss of €647m with a corresponding EPS of negative €0.56. FCF pre tax increased to €1,503m driven by an exceptionally high level of cash flow at GP primarily due to advance payments as a result of the strong order intake.



During the year we have taken important steps to eliminate structural inefficiencies originating in the original set-up of Siemens Energy. Starting October 1, we are operating under a new structure, with fewer hierarchies and clearer responsibilities. We appointed two new members to the Siemens Energy executive board: Anne-Laure de Chammard is responsible Transformation of Industry, a segment mainly, which focuses on reducing energy consumption and CO2 emissions in industrial processes. Vinod Philip has taken responsibility for Global Functions, which play a key role as we operate as an integrated energy technology company.

In addition, we launched a cash tender offer for the outstanding shares in SGRE with the intention to delist and integrate SGRE into Siemens Energy. The acceptance period started on Nov 8 and will run until Dec 13. Please find further information on the next pages.

The restructuring of Siemens Energy's business activities in Russia continues to progress and we expect closing in Q1 of fiscal year 2023 without further significant financial impacts.

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

Michael Hagmann

Michael Hagmann | Head of Investor Relations

Orders Q4 | FY2022

€12.2bn | €38.3bn

Revenue Q4 | FY2022

€9.2bn | €29.0bn

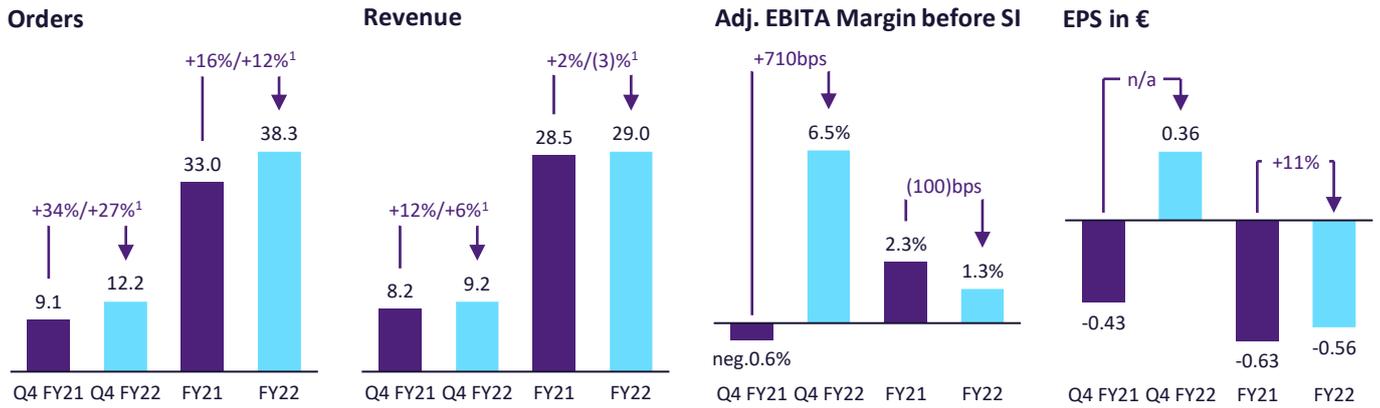
Adj. EBITA before SI ¹

€594m | €379m

¹ Special Items

Siemens Energy in Q4 FY2022 and FY2022

(in €bn, except where otherwise stated)



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

Gas and Power



	Q4 FY2022	FY2022
Orders:	€7.9bn	€26.9bn
Revenue:	€5.8bn	€19.3bn
Adj. EBITA Margin before SI:	3.8%	4.9%

SGRE



	Q4 FY2022	FY2022
Orders:	€4.4bn	€11.6bn
Revenue:	€3.4bn	€9.8bn
Adj. EBITA Margin before SI:	11.5%	neg. 5.4%

Share performance

August 09, 2022 – November 16, 2022



Siemens Energy -8.2% · DAX +5.2% · GE +13.3% · Baker Hughes +26.8% · Hitachi +9.1% · MHI +9.4%

SE Executive Board

Reporting Segments

CEO	CFO	Gas Services	Grid Technologies	Transformation of Industry	Global Functions	SGRE
						
Christian Bruch	Maria Ferraro	Karim Amin	Tim Holt	Anne-Laure de Chamnard	Vinod Philip	Jochen Eickholt

New company structure

Since October 1, the new group structure is broader and flatter. It is a structure with distinct accountabilities and a very clear business orientation.

Furthermore, Siemens Energy is harmonizing its go to market approach, will improve its operational excellence and channel its innovation towards our five fields of action to drive growth.

We appointed two new board members in September. As of November 1, Anne-Laure de Chamnard joined Siemens Energy from Engie to assume the role of Head of Transformation of Industry. Anne-Laure has been responsible for ENGIE's Energy Solutions business, and she has extensive global management experience in the areas of industrial and energy services, strategy, innovation and research & technology.

From October 1, Vinod Phillip will shape the Global Functions not only to be lean, but also to support Siemens Energy's value creation objectives. Vinod has been with Siemens for 24 years and has had several important roles such as CEO of Power Generation Services and until the end of September Chief Technology and Strategy Officer.

Higher reporting transparency

The new group structure with 3 reporting segments alongside SGRE will also allow us to provide more transparency to our stakeholders. The table below provides an overview on the disclosure level going forward.

The key value drivers for Gas Services, Grid Technologies, Transformation of Industry and therein the independently managed businesses will be reported on a quarterly basis.

We also adjust our profit definition as of fiscal year 2023. We are removing the metric financial income from our profit and operating business. The new profit definition reflects a clean operational perspective on our business performance and easily reconciles with our profit & loss statement.

Voluntary cash tender offer commenced

On November 7, the CNMV approved the cash tender offer (CTO) to acquire all outstanding shares in SGRE. The acceptance period commenced on November 8 and is scheduled to run through Dec. 13.

We expect the results of the tender to be published and the payment to be settled before Christmas 2022.

If Siemens Energy reaches a shareholding of 75% by the end of the acceptance period, it will take the necessary steps to initiate the delisting process in January. This would open a second tender, which would run until an EGM. The expected delisting would then probably take place in February 2023. If Siemens Energy reaches a holding of more than 96.71%, it would be able to execute a squeeze out. In this case the transaction value would amount to approximately €4.0bn.

We remain committed to a solid investment grade rating. The financing of the transaction, including our intention to raise up to €2.5bn with equity or equity like instruments, is designed to support this key objective. We already placed a mandatory convertible bond with a nominal value of €960m on September 6. Since we already had €1.15bn of cash pledged for the transaction, we were able to reduce the bridge facility to €2bn. This facility is in place for up to two years.

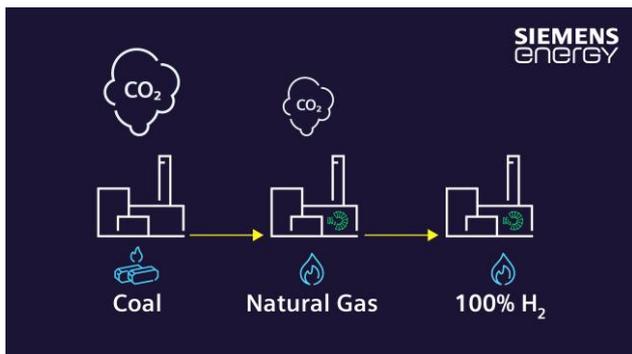
Tentative timeline



Regular Reporting	Orders	Order Backlog	Revenue	Profit ¹	Profit before SI	FCF pre tax	EBITDA	New Units/ Service Split ²
Siemens Energy	●	●	●	●	●	●	●	●
Gas Services	●	●	●	●	●	●	●	●
Grid Technologies	●	●	●	●	●	●	●	●
Transformation of Industry	●	●	●	●	●	●	●	●
Sustainable Energy Systems	●		●		●			
E-A-D	●		●		●			
Steam turbines & Generators	●		●		●			
Compression	●		●		●			
SGRE	●	●	●	●	●	●	●	●

¹ Profit: Earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments | ² Based on external revenues

Prospects for using hydrogen in gas power plants are becoming tangible



EnBW and Siemens Energy are jointly driving the trend of using green hydrogen as a climate-friendly fuel in future power plants. One important pilot project is the EnBW district heating power plant in Stuttgart-Münster, Germany, where natural gas is expected to initially replace coal in approximately three years.

All systems are constructed from the very beginning in such a way that the natural gas can be replaced with hydrogen as quickly and completely as possible. Two cutting-edge SGT-800 gas turbines from Siemens Energy are at the heart of the installation.

The two new turbines each have an electrical output of 62 megawatts and a downstream waste heat recovery system. They are replacing the three coal-fired boilers that have been at the location until now.

The project teams at both companies are also planning for hydrogen's future beyond the gas turbines. "Pipelines, control systems, and boiler technology also have to be converted as quickly and easily as possible when green hydrogen is available," EnBW engineer Diana van den Bergh explained. EnBW is looking at a timeframe of 10 to 12 years.

In the agreements, Siemens Energy provides assurance that the new turbines will be able to process up to a 75 percent hydrogen admixture from the time they're shipped in 2025, and the overall package is prepared to handle 100 percent hydrogen.

Financial Outlook FY23

	FY22		Outlook FY23	
	Revenue Growth ¹	Profit ² Margin before SI ³	Revenue Growth ¹	Profit ² Margin before SI ³
Siemens Energy	(2.5)%	1.2%	3.0 – 7.0%	2.0% – 4.0%

Overall assumptions per business area (former GP Segment)

	FY22 Revenue Growth ¹	FY22 Profit ² Margin before SI ³	Outlook FY23 Revenue Growth ¹	Outlook FY23 Profit ² Margin before SI ³
Gas Services	(0.7)%	7.2%	0 – 4%	9 – 11%
Grid Technologies	3.3%	3.6%	5 – 9%	6 – 8%
Transformation of Industry	(0.3)%	1.4%	5 – 9%	3 – 5%
Siemens Gamesa Renewable Energy (SGRE)	(7.5)%	(5.8)%	Revenue and profitability in line with SGRS's business plan⁴	

¹ Excluding currency translation and portfolio effects | ² Profit: Earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments | ³ Special Items | ⁴ Outlook F23 as presented by Siemens Gamesa Renewable Energy on November 10, 2022

Outlook for the fiscal year 2023

We expect the global economy to grow at a subdued pace in the coming year and global supply chains to continue to be disrupted, impacting our business activities especially in the first half of our fiscal year. Nevertheless, we are confident that our strategic and operational measures will further strengthen Siemens.

Therefore, we expect for Siemens Energy a 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%). Furthermore, we expect a sharp reduction of Net loss compared to fiscal year 2022 (actual figure FY 2022: negative €647m). We expect free cash flow pre tax to be in a negative range of low- to mid-triple-digit million (actual figure FY 2022: €1,503m).

Gas Services plans to achieve a comparable revenue growth of 0% to 4% (actual figure FY 2022: negative 0.7%) and a profit margin before special items of 9% to 11% (actual figure FY 2022: 7.2%).

Grid Technologies plans to achieve a comparable revenue growth of 5% to 9% (actual figure FY 2022: 3.3%) as well as a profit margin before special items of 6% to 8% (actual figure FY 2022: 3.6%).

Transformation of Industry plans to achieve a comparable revenue growth of 5% to 9% (actual figure FY 2022: negative 0.3%) and a profit margin before special items of 3% to 5% (actual figure FY 2022: 1.4%).

Financial Calendar

Dec 12, 2022	Annual & Sustainability Report 2022
Feb. 07, 2023	Annual General Meeting
Feb. 07, 2023	Q1 FY 2023

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Information and Forward-Looking Statements

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