

**EXTRAORDINARY SHAREHOLDERS’
MEETING OF SIEMENS AG**

Joe Kaeser

President and CEO of Siemens AG

Munich, July 9, 2020

Check against delivery.

Ladies and gentlemen,
esteemed shareholders,

Today marks a historic day for Siemens. Today is all about launching a new and independent company: Siemens Energy. On May 22, 2020, the Managing Board and the Supervisory Board of Siemens AG unanimously approved this step.

We'd like to propose that you, the shareholders of Siemens AG, approve the Spin-off and Transfer Agreement between Siemens AG and Siemens Energy AG.

This agreement is the legal basis for the separation of Siemens' worldwide energy business.

I've now been working for this great company for 40 years. At Siemens, I've experienced setbacks and crises, but also many successes, and I've learned a lot from these experiences. Above all, I've learned that you shouldn't ignore or put off important decisions if you want to achieve long-term success.

We're facing such a decision today. We intend to make Siemens' energy business a separate legal entity. For this reason, we're spinning the business off from Siemens AG. We're well aware of the magnitude of this step. Consequently, it had to be prepared carefully and implemented mindfully.

And this is exactly what we've been doing over the past few months. Despite having to deal with the COVID-19 pandemic, we've managed to stick to our original schedule on all points. This, too, shows the true strength of our company.

- As planned, all prerequisites for the organizational and legal separation of the energy business were fulfilled by early April.
- As planned, we presented the Spin-off Report, which contains all key information on the spin-off and the Spin-off and Transfer Agreement, on May 26.
- And as planned, the Extraordinary Shareholders' Meeting is taking place today, although in a virtual format.

We also succeeded in dealing with an unplanned management change in a way that brought structural improvements.

Many people have worked long, hard and effectively to ensure that we could stick to this ambitious schedule, and I'd like to warmly thank everyone involved for their contributions.

Turning Siemens' energy business into a separate legal entity is neither a rush job nor a stopgap measure. We're neither dismantling the company nor following a fad. We're creating a new company. At the same time, we're aligning the established Siemens with the opportunities and challenges of industrial digitalization. Both companies have tall orders to fill, even though their initial prerequisites and paths are different:

- Siemens Energy has to point the way to an economically sustainable energy transition.
- The "new Siemens AG" is heading into one of the largest transformation endeavors in industrial history – the Fourth Industrial Revolution or, as some call it, the Internet of Things.

To succeed in this endeavor, we've given Digital Industries excellent positioning in recent years. In other words, we're starting the race from the pole position.

Building up sustainable and efficient infrastructure is just as important for progress in the global arena. Siemens is in a good position here, too, thanks to its range of products at Smart Infrastructure and at Siemens Mobility – although we aren't yet leaders in all areas and still need to significantly expand the share of software in our business.

The success factors are similar across all Siemens companies – focus on market trends and customers, innovation and speed will be the crucial elements.

With our Vision 2020 strategy and our follow-up concept Vision 2020+, we've prepared Siemens' businesses well to deliver in these areas.

In a time when the power and rate of change is unprecedented, the ability to anticipate change, adapt quickly and constantly improve is more important than ever. If you fail at these tasks, you don't have a future. But if you succeed, you can shape it.

In this respect, companies with a stronger focus have an advantage over traditional conglomerates.

Conglomerates can do a lot of things well, but they're really very good at only a few of the things that will be important for the future.

The greatest danger that these constraints involve is the – supposedly protective – socialization of strong and weak businesses. This cardinal error in the allocation of resources has threatened the existence of industry icons on both sides of the Atlantic.

However, the transformation of our healthcare business – Siemens Healthineers – into a separately managed business is a prime example of how focus can increase value.

Since its initial public offering in March 2018, Siemens Healthineers' share price has increased by roughly 50 percent. This growth corresponds to an increase in value of around €15 billion.

We want to continue this success with Siemens Energy. Once it's a separate legal entity, Siemens' energy business will no longer compete with other Siemens businesses when it comes to capital allocation – for instance, resources for research and development, acquisitions and investments. Siemens Energy will have its own direct access to the capital market.

The international rating agency Standard & Poor's has already given Siemens Energy an investment-grade rating of "BBB with stable outlook." This rating will give the company access to financing options in the financial and capital markets at attractive conditions.

As an independent, listed company, Siemens Energy AG will be able to sharpen its profile in the competitive environment. The differences between the investment and risk profiles of Siemens AG and Siemens Energy AG will be clearer to investors, who'll be able to make targeted investments in the industry and company of their choice.

This distinction is important for investors because there are also risks associated with the legal separation of Siemens Energy:

- Spinning off Siemens Energy from the Siemens Group could have an adverse effect on synergies and economies of scale.
- Due to its lower rating compared to that of the Siemens Group, somewhat less favorable conditions are to be expected for the future Siemens Energy Group in the capital market.
- And the transaction will generate costs, which, in some cases, are substantial – such as tax burdens related to the spin-off.

However, the Managing Board and the Supervisory Board are convinced that the anticipated advantages of the transaction clearly outweigh its potential disadvantages.

We also proceeded with caution regarding the spin-off process:

- Ensuring business continuity always had priority over radically changing processes.

- All resources were initially taken over on a one-to-one basis.
- Many services will initially be provided by Siemens AG for a consideration until processes at Siemens Energy have been optimized.

My Managing Board colleague Ralf Thomas will discuss these aspects in even greater detail.

The spin-off of Siemens Energy will naturally also have an impact on the Siemens Group.

The Group will bundle the operations of our industrial businesses – Digital Industries, Smart Infrastructure and Siemens Mobility – and hold a majority stake in Siemens Healthineers.

This move will put the “new Siemens AG” in an excellent position for the future:

- For instance, demand for solutions from Digital Industries in sectors like food and beverages, hygiene products and pharmaceuticals is growing. And experience in the coronavirus pandemic so far indicates that industrial digitalization is likely to accelerate even further.
- At Smart Infrastructure, software and service – especially remote maintenance – are playing an increasingly important role. However, new product segments are also providing growth momentum. These segments include, for instance, products related to infrastructure for electric mobility and for distributed energy systems.
- Siemens Mobility has an industry-leading, vertically integrated infrastructure portfolio and benefits from Siemens' excellent position in the field of digitalization.

All these businesses offer leading digital technologies that will be in even greater demand in the future.

They'll continue to receive support from high-performance service and governance units.

The goal of the new Siemens AG is to accelerate growth and significantly increase the company's value through focus and innovation. Improving the risk profile is also likely to play a role in achieving this goal.

A look at the current stock-market valuation shows the latent potential:

Siemens Healthineers had a market value of about €42 billion as of July 2, 2020.

The net book value of Siemens Energy was around €17 billion as of March 31, 2020.

The market capitalization of Siemens AG was about €85 billion as of July 2, 2020.

If we subtract from this figure the stakes in Siemens Healthineers (85 percent of that company) and the net book value of Siemens Energy as of March 31, 2020, the difference leaves the core areas of Digital Industries, Smart Infrastructure and Siemens Mobility as well as other individual assets with a combined value of about €32 billion and revenue of €44 billion at the end of fiscal 2019.

Compared to our two main European competitors, this is an extraordinarily low valuation, and it's where we'll probably find the most potential for a revaluation in the near future after the spin-off.

Here, it's obvious, of course, that the Vision 2020+ growth and profit targets, which remain unchanged, must be achieved.

Let's turn now to the opportunities for the new Siemens Energy. The energy market is undergoing a major transformation. The fight against climate change requires a decisive shift in power generation since this sector accounts for about 40 percent of global energy-related CO₂ emissions. At the same time, the worldwide demand for electricity is rapidly growing.

According to the latest forecasts, the global generation of electric power will increase by 50 percent between 2018 and 2040.

Even today, around 850 million people worldwide still have no access to electricity.

The challenge is to meet this need while countering climate change in an economically viable manner.

For this reason, I've requested that the Executive Board of Siemens Energy AG rapidly submit a plan for exiting coal-fired power generation in a way that meets the needs of our stakeholders.

This plan will be more responsible than the demands being raised unilaterally by some activists, but it will certainly be more rigorous than laggards consider necessary.

As a global leader in products, solutions and services for the generation and transmission of energy, Siemens Energy will help customers throughout the world master the necessary task of achieving a socially and economically responsible energy transition.

The shift to a sustainable and economically viable energy supply will require major investments. And this presents a great opportunity for Siemens Energy.

One example here is the field of hydrogen solutions. Hydrogen has the potential to replace fossil hydrocarbons as an energy source in the future. This potential must be maximized.

And the German government shares this view. A few weeks ago, it presented a hydrogen strategy: €7 billion is to be made available for ramping up the market for hydrogen technologies in Germany and an additional €2 billion earmarked for developing international partnerships in the field of hydrogen.

Yesterday, the EU Commission presented the Clean Hydrogen Alliance, its strategy for promoting hydrogen technologies. This alliance of governments and the private sector is to advance the production, distribution and consumption of hydrogen produced by wind and solar power. Plans call for investing up to €180 billion and creating around one million jobs by 2050.

This move is also urgently necessary because the structural transition from fossil fuels to renewable energies will take its toll. There will be a price to pay in terms of jobs, qualifications and the regional distribution of value creation – in other words, with regard to policies for selecting business locations. Here, we urgently need a joint plan for mastering the challenges and seizing the opportunities.

But now back to the here and now. When preparing for the spin-off, we assigned to the future Siemens Energy Group all the business fields and areas that we believe are necessary for the successful development of business in the energy sector.

These business fields are: Generation, Industrial Applications (formerly Oil & Gas), Renewables, Transmission and New Energy Business.

So, the future Siemens Energy Group is active worldwide with an extensive portfolio along the entire energy value chain.

The Managing Board of Siemens AG and the Executive Board of Siemens Energy AG agree that it will be an advantage for Siemens Energy's business and its ongoing development if it can be managed under the names Siemens Energy and Siemens Gamesa.

The Siemens brand stands for quality, innovation, engineering skill, reliability and integrity. Particularly in the energy sector, these characteristics are in great demand, and they open doors around the world.

Siemens Energy is to continue to profit from the Siemens brand in the future. To this end, Siemens AG has concluded long-term agreements that will enable Siemens Energy and Siemens Gamesa to continue using the Siemens trademark.

A company's success depends largely on the quality of its leadership. We're in an outstanding position in this regard.

The Executive Board of Siemens Energy AG comprises Dr. Christian Bruch as CEO, Maria Ferraro as CFO, Dr. Jochen Eickholt and Tim Oliver Holt.

- Christian Bruch was a member of Linde AG's Board of Directors and responsible for many years for the company's Engineering Division.
- Maria Ferraro was most recently the CFO of the Digital Industry Operating Company and Chief Diversity Officer of Siemens AG.
- Jochen Eickholt was responsible for the successful turnaround of Siemens Mobility and our Portfolio Companies.
- And Tim Holt has, among other things, firmly managed the gratifying service business in our energy sector.

When selecting candidates for the shareholder representatives on the Supervisory Board of Siemens Energy, a strong focus was placed on diversity and international experience. We've succeeded in attracting prominent representatives from the energy sector and business community as well as former political leaders.

And we're pleased we can already name the designated shareholder representatives on the Supervisory Board of Siemens Energy AG.

The following members are planned: Christine Bortenlänger, Sigmar Gabriel, Hubert Lienhard, Hildegard Müller, Laurence Mulliez, Geisha Jimenez Williams and Randy Zwirn.

Plans also call for our CFO Ralf Thomas; Matthias Rebellius, COO of the Smart Infrastructure Operating Company and CEO of Siemens Switzerland; and me to join the Supervisory Board.

Once the spin-off takes effect, Siemens Energy AG will be subject to the provisions of Germany's Codetermination Act and, like Siemens AG, will have a parity-based codetermined Supervisory Board. For legal reasons, it will not be possible to finalize employee representation on the Supervisory Board until the spin-off takes effect.

In the meantime, the deliberations regarding the Supervisory Board's Audit Committee have made further progress. This committee is to be chaired by Siemens CFO Ralf Thomas.

When drafting the Spin-off and Transfer Agreement between Siemens AG and Siemens Energy AG, we took the interests of all stakeholders into account.

We decided against an initial public offering because we wanted to precisely fix Siemens AG's stake in Siemens Energy in advance and because this option enables us to distribute a much larger portion of Siemens Energy shares.

In addition, we wanted to put the assets that belong to you into your hands. As a result, you can decide if you want to hold or sell the shares in Siemens Energy AG that are allocated to you, our shareholders.

Many of you have held Siemens shares for years. I would like to warmly thank you for your interest, your loyalty and your trust.

Together with you, the Managing Board and the Supervisory Board of Siemens AG now want to take the next step in the further development of our company. We're convinced that this step is in your interest and in the interest of all stakeholders – including our customers, our employees and society.

Over the past few years, I've traveled all over the world. And wherever I went – whether to China, Indonesia, Russia, Egypt, Saudi Arabia or Iraq, whether to the United States, Mexico or Brazil, whether to South Africa, Nigeria or Ghana – energy was and is the top priority.

For every country, having a reliable, affordable and sustainable energy supply is the basic prerequisite for economic and societal development. Each country, however, embarks on this path from a different position. In the energy transition, there is no single solution, no one-size-fits-all approach.

Siemens Energy has the competencies, the portfolio and the setup to implement a sustainable energy transition for every country. That's Siemens Energy's purpose. And that's what's meant by the words "We energize society." We now want to give this business the entrepreneurial freedom it needs to fulfill this purpose. We ask for your approval to do so.

From a position of economic strength, the "new Siemens AG" that remains will actively shape the industrial transformation and will be able to set benchmarks for the Fourth Industrial Revolution.

Siemens Healthineers has already shown how creating value through focus works. It now boasts the tenth-highest valuation compared to the 30 firms listed on Germany's DAX stock index. By achieving this position, Siemens Healthineers has impressively underlined its ambitions.

By approving the spin-off of Siemens Energy, you'll be laying the foundation for a new era: three Siemens companies will be making crucial contributions to shaping three of the most important industries in Germany and the entire world. On the one hand, this means that we've already achieved a great deal. On the other, it means we've only provided the prerequisites for future successes. The huge transformations taking place in all areas and the accompanying structural change will place great demands on us. But we can tackle these challenges from a position of strength. The cornerstone for our work has certainly been set.

Thank you very much.

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