Shareholder Letter Q2 FY2022

Siemens Energy Investor Relations

Dear shareholders,

I hope you are doing well in these challenging times.

On May 11, our CEO, Christian Bruch, and our CFO, Maria Ferraro, presented our Q2 results for fiscal year 2022. Three weeks after we had to pre-release our preliminary results on April 19, due to the profit warning at Siemens Gamesa Renewables Energy (SGRE).

"Gas and Power (GP) delivered a solid performance this quarter. The segment delivered a solid operating result and a strong order intake despite first impacts of the sanctions against Russia and increasing supply chain constraints. Disappointing again is the performance of SGRE which is weighing heavily on Siemens Energy (SE). The situation at SGRE has aggravated further since the last profit warning in Q1. As majority shareholder, we provide our expertise to get to the bottom of the problems and to tackle the issues", said Christian Bruch.

During the quarter we continued to see global supply chain constraints impacting our business. This was mainly the case at SGRE, where these supply chain constraints amplified the difficulties originating in operational problems. As a result, SGRE reported an Adjusted EBITA loss of €301m for the second quarter. **Jochen Eickholt, the new CEO of SGRE, has already put a program in place** with an immediate focus on tackling these problems and to achieve margin expansion in the medium term.

In the quarter we had solid orders of €7.9bn, including a strong contribution from GP, for our order backlog to reach a record high of €89.3bn. Compared to the exceptionally high prior-year figure, orders declined by 27% on a comparable basis because of SGRE**.** **Revenue declined by 1.7%** (on a comparable basis) to €6.6bn as moderate growth at GP was more than offset by a decline at SGRE. Due to the loss at SGRE SE suffered an **Adj. EBITA loss before special items (SI) of €77m** and we reported a **net loss of €252m. Basic earnings per share were negative €0.22**.

Despite the war in Ukraine and supply chain challenges our expectations for GP, remain intact for fiscal year 2022. However, given SGRE's adjusted aspiration and in light of prevailing challenges, **we now expect Siemens Energy results for fiscal year 2022 towards the low end of the guidance ranges** for comparable revenue development (neg. 2% to pos. 3%) and the Adjusted EBITA margin before special items (pos. 2% to pos. 4%).

On the next pages, we provide you with an overview on raw material price developments and political initiatives against the European dependence on Russian gas, which also provide opportunities for us.

I very much hope you will have the chance to follow **our Capital Market Day on May 24,** on our website.

Thank you very much for your interest and stay healthy.

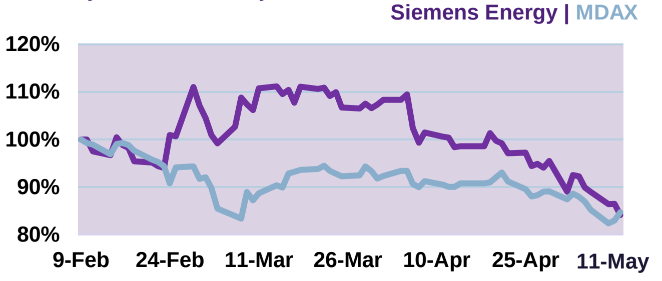
Kind regards,

Michael Hagmann

Michael Hagmann | Head of Investor Relations

Share Performance

February 09, 2022 – May 11, 2022



Siemens Energy (16)% | **MDAX (15)%**

GE (27)% | **Baker Hughes** +18% | **Hitachi** +3% | **MHI** +33%

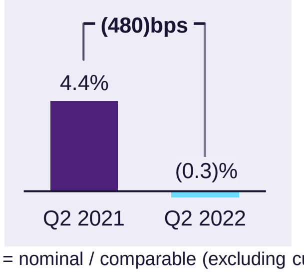
Key Financial Indicators

(in €bn, except where otherwise stated)

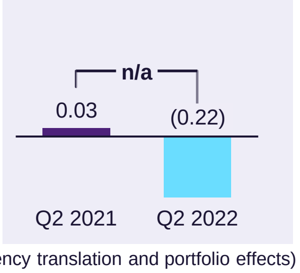
Orders

Revenue

Adj. EBITA Margin before SI



EPS in €



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

Siemens Energy Segments in Q2 FY2022

Revenue: €4.4bn

Adj. EBITA before SI: €266m

Adj. EBITA Margin before SI: +6.0%

Revenue: €2.2bn

Adj. EBITA before SI: €(278)m

Adj. EBITA Margin before SI: (12.8)%

Siemens Energy: geopolitical impact

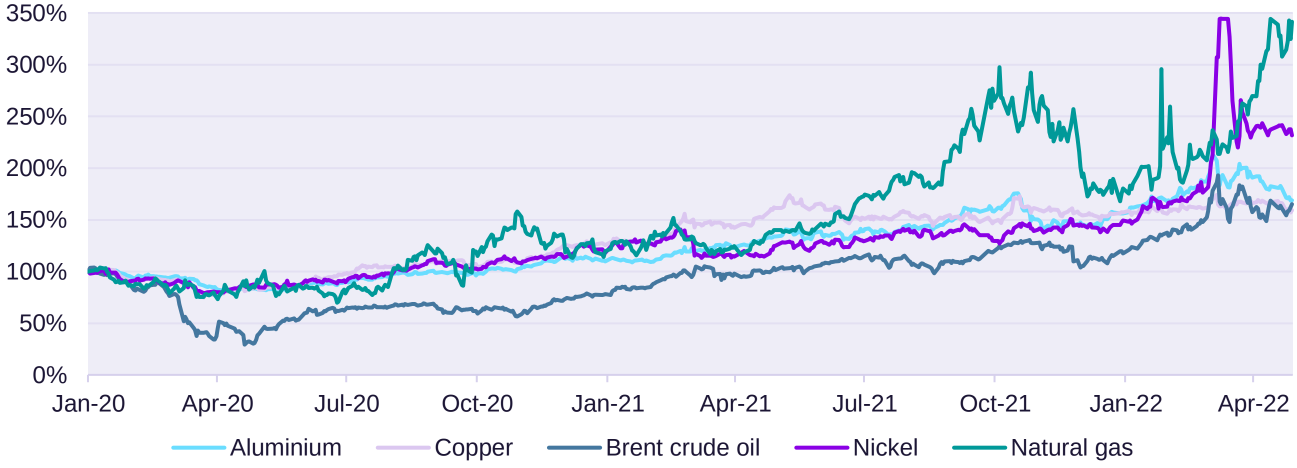
The war in Ukraine is cause for concern around the world. Besides the uncertainties about the further developments of the situation, Europe is facing high energy cost inflation due to its dependence on Russian energy sources. European bills for gas and power increased by 128% and 177% compared to summer 2020. Furthermore, there is a strong impact on commodity prices, especially on natural gas and ferrous and non-ferrous metals.

European energy bills increased significantly since summer 2020

Europe	Volumes (TWh)	Energy bills		% Change
		Summer 2020	1Q 2022	
Gas	5,300 TWhg	€338bn	€771bn	**+128%**
Power	3,300 TWhe	€548bn	€1,519bn	**+177%**

Source: Goldman Sachs Global Investment Research

Commodities prices with high volatility since 2020



Source: Reuters | Finanzen.net

In order to reduce dependency on Russian fossil fuels, the EU initiated REPowerEU, an energy policy program with the short-term goal to reduce Russian gas imports by 2/3 by year-end and to zero by 2030. The German government also started an initiative to reduce its dependency on Russian gas (~50% of German gas imports) and to boost renewable energy sources.

Germany: 100% of energy from renewable sources by 2035

80%
Share of wind and solar power by 2030

110GW
Onshore wind energy capacity

30GW
Offshore wind energy capacity

200GW
Solar energy capacity

EU: REPowerEU to cut dependence on Russian gas

The EU announced the REPowerEU program to reduce dependence on Russian fossil fuels, proposing the acceleration of renewable energy deployment and energy efficiency. See below some of the program's goals:

Solar & wind energy

By 2030:

- **480GW of wind** (~48GW / year)
- **420GW of solar**

Renewables permitting

- Faster permitting
- Shorter time for roll-out of renewable projects and grid infrastructure improvements

Hydrogen accelerator

- Develop infractructure, storage facilities and ports
- Replace Russian gas with additional:
  - **10 Mt of imported renewable hydrogen**
  - **5 Mt of domestic renewable hydrogen**

→ Target: **80GW of renewables to produce 5.6 Mt of green hydrogen**

Heat pumps

- **30 million** newly installed **heat pumps**

Siemens Energy: opportunities due to governmental frameworks

The current situation is a proof point for the importance of speeding up the energy transition towards more secure, reliable and sustainable energy sources. The new government frameworks provide opportunities for Siemens Energy to support societies and customers to transform with its portfolio:

1) **onshore and offshore wind energy offerings**
2) **production of electrolyzers for green hydrogen**
3) **solutions to improve existing gas turbines efficiencies and hydrogen-ready upgrades**
4) **compression for heat pumps and LNG terminals**.

Siemens Energy to start production of hydrogen electrolyzers in Berlin

Siemens Energy will locate the industrial production of electrolysis modules in Berlin and is thus taking the centerpiece of its hydrogen technology to the capital.

Start of the first Gigawatt production at the multi-Gigawatt factory at the location Huttenstrasse is scheduled for 2023. At this site the complete infrastructure of an existing production hall can be used. New production lines for the electrolyzers are being set up on 2,000sqm at a cost of around €30m.

*"With the new production facility, **we are reinforcing our claim to play an active role in shaping the energy transition**. For us, **hydrogen is an important component of the future energy world**. For this to be economically viable, the manufacturing costs for electrolyzers must be significantly reduced. **With our new production facility, we are helping to make hydrogen competitive sooner**."* - CEO Christian Bruch

Outlook for fiscal year 2022

For the GP segment in FY2022, we maintain our guidance for comparable revenue growth (excluding currency translation and portfolio effects) between positive 1% and positive 5%, and Adjusted EBITA margin before special items between positive 4.5% and positive 6.5%. However, in light of prevailing challenges, we expect results towards the low end of the guidance ranges. For FY2023, we confirm our target of an Adjusted EBITA margin before special items in a range between positive 6% and positive 8%.

Given **SGRE's** performance of the first half year and continued internal and external uncertainties, SGRE announced that its previous guidance of a comparable decline of revenue between negative 2% and negative 9% and an Adjusted EBITA margin before special items in a range of negative 4% to positive 1% is no longer valid. According to SGRE, the company cannot provide projections for the second half of the year with the desirable detail and precision but will continue to work to achieve a comparable revenue development within the range of negative 2% and negative 9%, and Adjusted EBITA margin before special items towards the low end of the previous guidance range of negative 4%.

For Siemens Energy in FY2022, we now expect results towards the low end of the guidance ranges for comparable revenue development (negative 2% to positive 3%) and Adjusted EBITA margin before special items (positive 2% to positive 4%). Consequently, we expect Net loss to be level with prior year compared to the previous guidance of a sharp improvement. We confirm expectations for the Free cash flow pre tax to be in a range of a positive mid-triple-digit million €.

Because of the war in Ukraine and the sanctions imposed on Russia the operating environment for Siemens Energy has become more challenging. Siemens Energy is complying with all sanctions and has stopped any new business in Russia. Siemens Energy has started to see an impact on revenue and profitability as a result of the war and is experiencing an aggravation of the existing supply chain challenges. We are currently not able to fully assess the potential impact for the remainder of the fiscal year and can therefore not rule out further negative effects mainly on revenue, profitability and recoverability of assets. In addition, we note a rising impact related to the COVID-19 situation in China.

This guidance assumes no further major financial impacts from COVID-19 on our business activity and excludes charges related to legal and regulatory matters including further negative effects from the war in Ukraine and its economic consequences.

Financial Calendar

May 24, 2022	Capital Market Day
Aug 8, 2022	Q3 FY2022
Nov 16, 2022	Q4 FY2022

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