

Shareholder Letter

Q2 FY2023

Siemens Energy Investor Relations



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Dear shareholders,

Three years ago, we embarked on a mission to turn Siemens Energy into a leader of the energy transition. During our second quarter, we made significant progress in our endeavor. We attained ownership of close to 98% of Siemens Gamesa and delisted the shares from the Spanish stock exchange in February. Furthermore, we successfully issued new equity and a green bond to refinance the Siemens Gamesa transaction.

The former Gas and Power businesses, Gas Services (GS), Grid Technologies (GT) and Transformation of Industry (TI) enjoy strong order and revenue growth and margin expansion. Siemens Gamesa remains a drag on our performance, however, some of the lead indicators suggest our restructuring efforts are starting to bear fruit.

On May 15, our CEO, Christian Bruch, and our CFO, Maria Ferraro, presented our Q2 and fiscal year 2023 results.

“Strong orders confirm our very good positioning in the markets for energy transition technologies, such as power generation and transmission. Our adjusted outlook reflects the strong demand, as well as the continuous challenging market environment in the wind industry. The turnaround of the wind business remains the cornerstone of becoming a profitable leader of the energy transition”, said Christian Bruch.

Siemens Energy’s markets remained favorable. Consequently, **SE order growth continued to be very strong showing comparable growth of 56.3%**. New orders of €12.3bn pushed the order book to a record value of €102bn, the first time above €100bn. **Revenue amounted to €8.0bn and increased by 23.8% on a comparable basis**. All segments contributed to this growth.

Siemens Energy’s profit before special items was positive with €41m. A loss at Siemens Gamesa was more than offset by a strong performance in all other segments, led by Gas Services.

Siemens Energy reported a Net loss of €189m and basic earnings per share (EPS) were negative €0.25. Free cash flow pre tax was negative at €294m. Higher cash outflow at Siemens Gamesa was partly offset by strong cash flow in other segments, primarily at Grid Technologies.



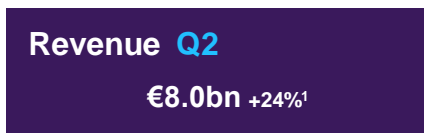
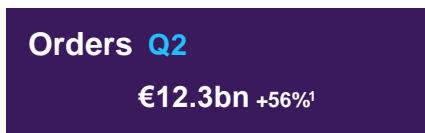
Due to the financial performance in the first half-year and business volume growing faster than previously planned, we adjusted the outlook for fiscal 2023: Management now expects comparable revenue growth of the Siemens Energy Group between 10% and 12% (previously between 3% and 7%). Profit margin before Special items of Siemens Energy is now expected around the low end of the guidance range of 1% to 3% due to Siemens Gamesa’s poor performance in the first half-year. Accordingly, Net loss of Siemens Energy Group is expected to exceed prior fiscal year’s level by up to a low-triple-digit million € amount.

Following two tender periods Siemens Gamesa delisted on February 14 and the shares no longer trade. Siemens Gamesa has called an extraordinary shareholder meeting (EGM) on June 12 and 13. **For the remaining Siemens Gamesa shareholders, to receive a compensation of €18.05 per share, a sufficient number of shareholders will have to participate in this EGM and vote in favor of a selective capital reduction** (see page 3).

Thank you for your interest in Siemens Energy. I wish you good health and all the best.



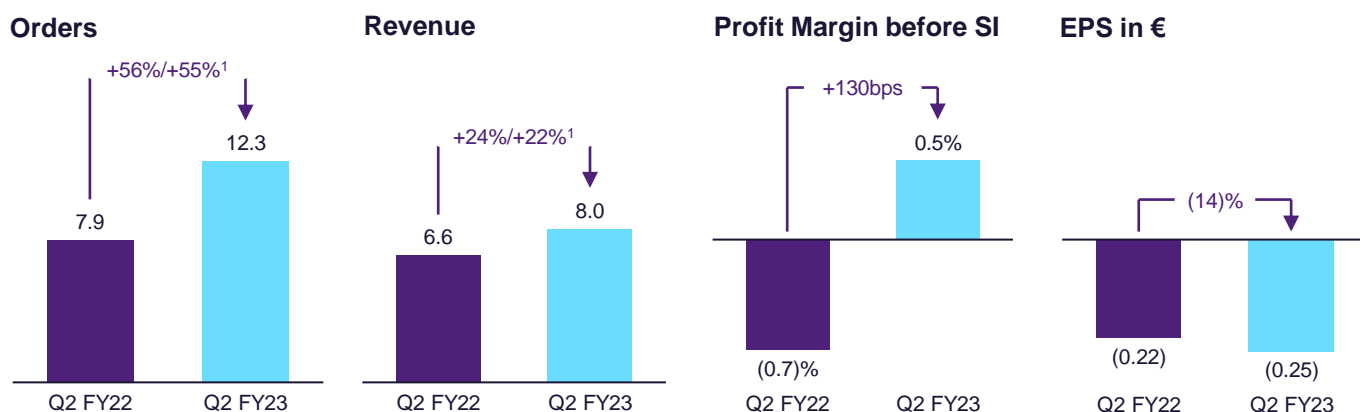
Michael Hagmann | Head of Investor Relations



¹ Comparable basis: Excluding currency translation and portfolio effects | ² Special Items

Siemens Energy in Q2 FY2023

(in €bn, except where otherwise stated)

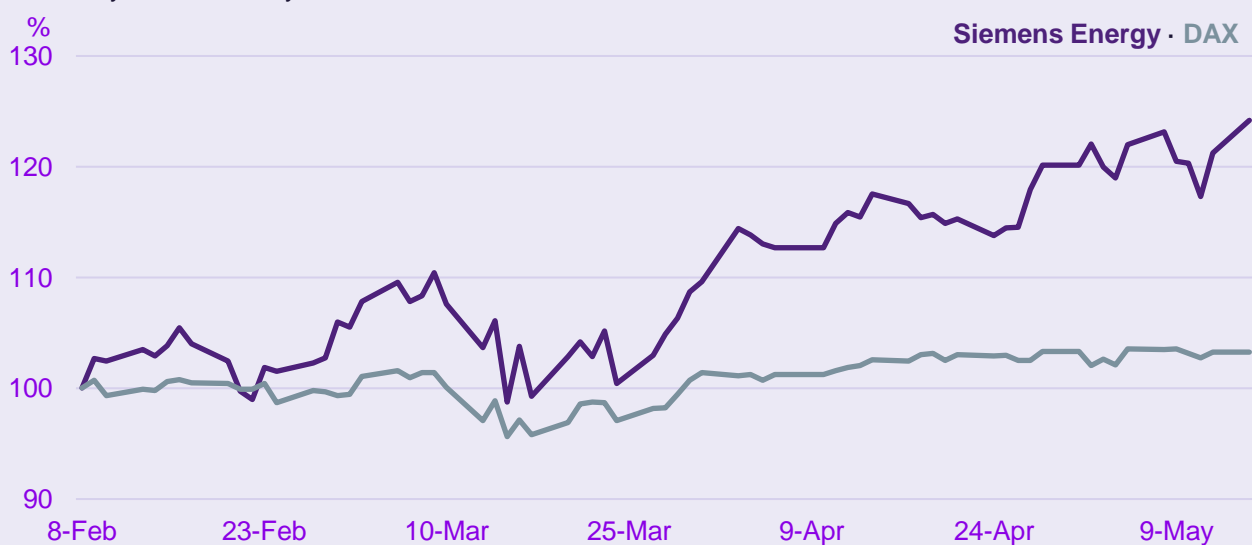


1 xx% / xx% = comparable (excluding currency translation and portfolio effects) / nominal

Business Areas	Orders		Revenue		Profit Margin before SI	
	in million €	Change (comp.)	in million €	Change (comp.)	In percent	Change (comp.)
Gas Services	4,470	+23.0 %	2,842	+27.3 %	10.5 %	+280bps
Grid Technologies	2,913	+44.4 %	1,743	+26.8 %	6.6 %	+160bps
Transformation of Industry	1,394	-0.3 %	1,156	+21.2 %	6.3 %	+590bps
Sustainable Energy Systems	64	+95.0 %	21	+47.1 %	-64.5 %	+2,420bps
Electrification, Automation, Digitalization	346	-28.0 %	270	+11.6 %	5.1 %	+270bps
Industrial Steam Turbines & Generators	430	-2.5 %	379	+22.7 %	11.5 %	+780bps
Compression	579	+28.9 %	493	+23.7 %	6.2 %	+630bps
SGRE	3,643	+>200 %	2,438	+13.6 %	-15.4 %	-150bps

Share performance

February 8, 2023 – May 15, 2023



Siemens Energy +24.2% · DAX +3.3% · GE +24.5% · Baker Hughes -14.4% · Hitachi +13.6% · MHI +12.2%

Successful refinancing of Siemens Gamesa transaction through an equity increase and a green bond

Siemens Energy returned to the capital markets to refinance the voluntary cash tender offer.

On March 15, Siemens Energy successfully placed 72.7m new shares with institutional investors through an accelerated book build offering under the exclusion of shareholders' subscription rights. This raised total gross proceeds of €1.26 billion and increased Siemens Energy's share capital by 10 percent to €799,309,712.

Despite very volatile market conditions on the day of execution, the transaction was approximately four times oversubscribed and received broad investor support.

Two weeks later, on March 29, Siemens Energy successfully placed its first "Green Bond" with a nominal value of €1.5bn on the capital market. This is an important step in the company's efforts toward integrating sustainability more and more into every aspect of its business.

The Green Bond had two tranches: a €750m tranche at a fixed rate, with a maturity of 3 years, with an annual coupon of 4%, and a €750m tranche at a fixed rate with a maturity of 6 years, with an annual coupon of 4.25%. The total order book across the two tranches was approximately €5.5bn.

Despite the refinancing of the acquisition of outstanding shares of Siemens Gamesa, Siemens Energy will use the proceeds from the bond to refinance existing debt of Siemens Gamesa

Discontinued trading of Siemens Gamesa shares – your chance to divest

Post Siemens Gamesa's delisting, we have been approached by Siemens Gamesa shareholders who did not tender their shares during the two tender periods (ending Dec 16, 2022 and Feb 7, 2023 respectively). Given that the shares no longer trade on the Spanish stock exchanges the shares are no longer fungible and many retail brokers no longer attribute a value to the shares. Siemens Energy now owns close to 98% of Siemens Gamesa shares and is willing to buy the remaining shares for €18.05 per share (in line with the previous tender offer). This will only be possible if a sufficient number of the remaining Siemens Gamesa shareholders participate in an extra-ordinary shareholders meeting and vote in favor of a selective capital reduction.

It hence requires Siemens Gamesa shareholders to be active in the process! The Extraordinary General Shareholders' Meeting (EGM) will be conducted on June 12, 2023 (1st call) / June 13, 2023 (2nd call). If Siemens Gamesa shareholders want to use this opportunity to divest their shares for 18.05 € per share, it is important that they vote at the EGM, and approve of the corresponding agenda item 2 (incl. all sub-items), "Examination and approval, if appropriate, of the reduction of the share capital of Siemens Gamesa Renewable Energy, Sociedad Anónima."

You can find more information [here](#).

Any questions remain?

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Ramping up renewable energy: Siemens Energy connects Italy's largest islands to the mainland

For Italy to benefit from renewable energy the flexible exchange of electricity between the islands of Sardinia, Sicily and the Italian mainland is key. Hence, Italian transmission system operator Terna is building the "Tyrrhenian Link" and awarded a contract to supply four converter stations for the project to a consortium of Siemens Energy and Italy's FATA (part of Danieli group). Siemens Energy will provide key technology to the high-voltage direct current (HVDC) transmission link, which will cover 970 km. The order volume for Siemens Energy amounts to just under one billion euro.



"The expansion of power grids must receive the same attention as the expansion of renewable energies," says Tim Holt, member of the Managing Board of Siemens Energy. "Italy has excellent conditions for renewable power generation. The project will ensure that the regions involved can also derive the best possible economic benefits from this and help Italy achieve a more sustainable and secure power supply."

Tyrrhenian Link is Siemens Energy's first HVDC project in Italy. The energy technology company will build four converter stations at the respective end points of the two sections of the link: The East Section of the link connects Campania on the Italian mainland with Sicily, while the West Section connects Sicily with Sardinia. The stations convert alternating current fed from the respective local grid into direct current for transport via undersea cables. The station at the other end of the line converts the electricity back into alternating current so that it can be fed back into the regional grid.

Tremendous Thor: RWE selects Siemens Gamesa as preferred supplier for 1,000-MW offshore wind power plant in Denmark

RWE is further progressing with the deployment of Denmark's largest offshore wind power plant to date by signing a Preferred Supplier Agreement with Siemens Gamesa. 72 units of Siemens Gamesa's flagship SG 14-236 DD offshore wind turbines are planned to be installed at RWE's 1,000-MW Thor project. In addition, a service contract for the wind turbines is included. All deliveries are subject to RWE's final investment decision. Once fully operational, which is planned to be no later than the end of 2027, RWE's Thor offshore wind power plant would be capable of producing enough green electricity to supply the equivalent of more than one million Danish households.



RWE will build the Thor wind power plant in the Danish North Sea, approximately 22 kilometers from Thorsminde on the west coast of Jutland. Installation of the turbines at sea is expected to begin in 2026. The installation works are planned to be carried out from the Port of Esbjerg, Denmark. Both RWE and Siemens Gamesa intend to utilize the skilled local workforce during the construction and commissioning of the project, both in the harbor as well as offshore.

The SG 14-236 DD is Siemens Gamesa's flagship offshore wind turbine. It features a capacity of almost 15 MW and a 236-meter diameter rotor with an astounding swept area of 43,500 square meters. This allows the SG 14-236 DD to provide an increase of more than 30% in Annual Energy Production (AEP) compared to its predecessor.

Outlook for the fiscal year 2023

Due to the financial performance in the first half-year and business volume growing faster than previously planned, **we amended the outlook for the fiscal year 2023 for Siemens Energy**. The new forecast is based on higher revenue growth assumptions for all segments.

Profit assumptions for the GS, GT and TI segments remain unchanged. In the first half of the fiscal year, GT was well in its anticipated range which is expected to continue while GS and TI outperformed partly benefiting from positive nonrecurring effects.

For Siemens Gamesa the situation remains volatile, however, we expect an improvement in the second half of the fiscal year, but not compensating the weak first half.

Therefore, we now expect Siemens Energy to achieve a comparable revenue growth (excluding currency translation and portfolio effects) **in a range of 10% to 12%** (previously between 3% and 7%).

Profit margin before Special items is now expected around the low end of the guidance range of 1% to 3% due to Siemens Gamesa's poor performance in the first half-year.

Accordingly, **Net loss of Siemens Energy Group is expected to exceed prior fiscal year's level of €712m** by up to a low-triple-digit million € amount (previously to be on prior fiscal year's reported level).

We confirm previous quarter's guidance of a positive Free cash flow pre tax up to a low triple-digit million € amount for fiscal year 2023.

The outlook for Siemens Energy assumes no major negative financial impacts from COVID-19 or other pandemic related events, no further deterioration in the supply chain and raw material cost environment, and excludes charges related to legal and regulatory matters.

Financial Calendar

Aug. 07, 2023	3 rd quarter FY23
Nov. 15, 2023	4 th quarter FY23
Nov. 21, 2023	Capital Market Day 2023

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