

# Shareholder Letter Q1 FY2024

Siemens Energy Investor Relations



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Dear shareholders,

this issue of our shareholder letter reaches you a few days after our fourth Annual General Meeting. On January 23, 2024, we had already pre-released better than expected results for the first quarter of fiscal year 2024 and on February 7, 2024, we provided further details as part of our quarterly reporting.

*“The solid first quarter is encouraging, in part also due to project shifts, which are normal in plant engineering, especially with the market dynamics we are currently seeing. That is why our focus remains on solving the quality problems in our onshore wind business and making the most of the growth potential for the rest of the company”,* said Christian Bruch.

**Siemens Energy’s business development during the first quarter of the fiscal year was supported by continued favorable energy market trends. Orders increased year-over-year by 23.9%** on a comparable basis to €15.4bn, driving the **order backlog to a new high of €118bn**.

**Revenue came in at €7.6bn reflecting a 12.6% increase** on a comparable basis. While all segments contributed to growth, the increase was particularly strong at Grid Technologies.

**Siemens Energy’s Profit before special items sharply improved to positive €208m** (Q1 FY 2023: negative €282m). Special items amounted to positive €1,670m, driven by a pretax gain related to the sale of an 18% stake in Siemens Limited, India, of €1,729m. As a result, Profit for Siemens Energy came in at positive €1,878m (Q1 FY 2023: negative €384m).

Due to the special items, **Siemens Energy showed a Net income of €1,582m** (Q1 FY 2023: Net loss €598m). Corresponding **basic earnings per share (EPS) were positive €1.79** (Q1 FY 2023: negative €0.60).

**SE’s guidance for the full year remains unchanged.**



**We are making great progress on our ongoing divestment program of non-core assets.** As previously mentioned, we closed the sale of a 18% stake in Siemens Limited, India, to Siemens AG during the first quarter. This led to a cash inflow of roughly €2.1bn. We are currently executing several smaller divestments. Therefore we are confident to reach cash proceeds at the upper-end of the targeted range of €2.5-3bn during the fiscal year and to end the fiscal year with a net cash position.

**Our most important annual shareholder event, the Annual General Meeting, took place in a virtual format on February 26.** More than 60% of the share capital was represented at this event. You will find an overview of the **new Supervisory Board members** and the **voting results** on the following pages, alongside an **update on the development at Siemens Gamesa** and **information in respect of our sustainability targets**.

Thank you very much for your continued support and your interest in Siemens Energy.

All the best

Michael Hagmann | Head of Investor Relations

**Orders Q1**

€15.4bn +24%<sup>1</sup>

**Revenue Q1**

€7.6bn +13%<sup>1</sup>

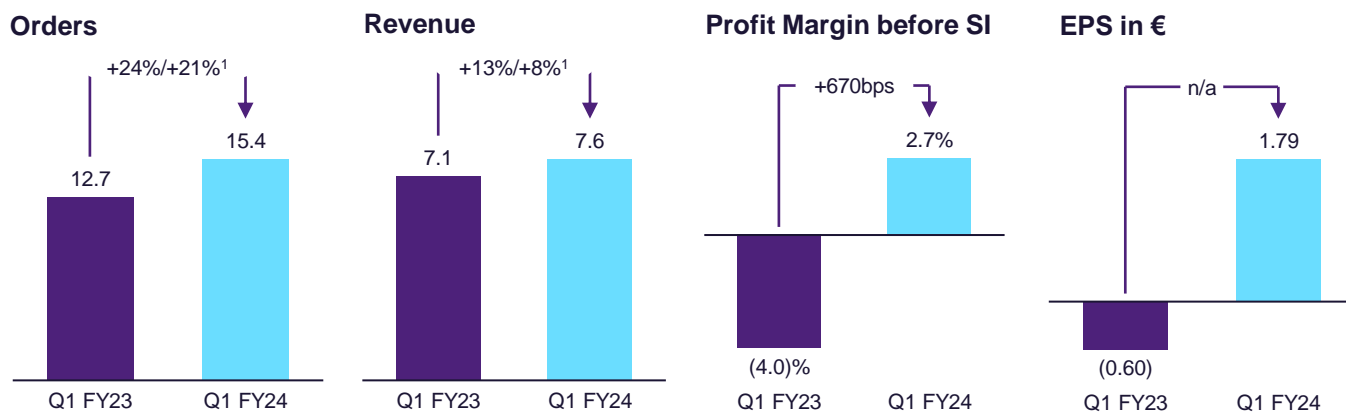
**Profit before SI<sup>2</sup> Q1**

€208m

<sup>1</sup> Comparable basis: Excluding currency translation and portfolio effects | <sup>2</sup> Special Items

# Siemens Energy in Q1 FY2024

(in €bn, except where otherwise stated)



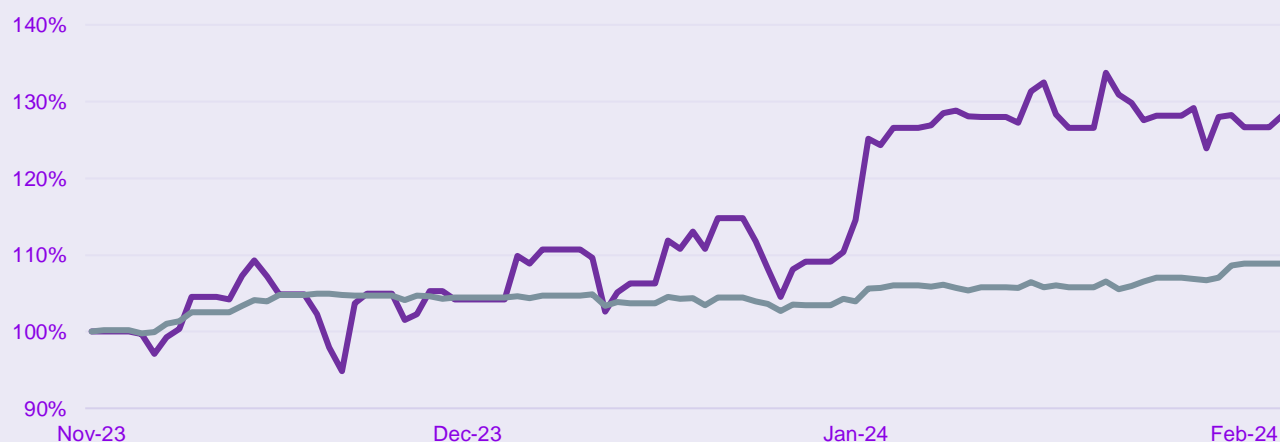
1 xx% / xx% = comparable (excluding currency translation and portfolio effects) / nominal

Business Areas	Orders		Revenue		Profit Margin before SI	
	in million €	Change (comp.)	in million €	Change (comp.)	in percent	Margin change
<b>Q1 FY2024</b>						
Gas Services	4,096	+13.1%	2,670	+10.9%	11.7%	(90)bps
Grid Technologies	8,236	+32.9%	2,082	+33.1%	10.2%	+310bps
Transformation of Industry	1,638	+39.0%	1,140	+17.8%	9.2%	+350bps
Sustainable Energy Systems	6	(90.2)%	28	+95.4%	(48.4)%	+4190bps
Electrification, Automation, Digitalization	317	(4.4)%	315	+22.8%	8.5%	+370bps
Industrial Steam Turbines & Generators	527	+34.8%	353	+11.4%	11.2%	(110)bps
Compression	795	+85.7%	449	+15.9%	11.7%	+730bps
<b>Siemens Gamesa</b>	<b>1,565</b>	<b>+0.9%</b>	<b>2,043</b>	<b>+4.8%</b>	<b>(20.9)%</b>	<b>+1690bps</b>

## Share performance

November 22, 2023 – February 26, 2024

Siemens Energy | DAX



Siemens Energy +28.3% · DAX +6.1% · GE +16.3% · Baker Hughes (12.7)% · Hitachi +15.1% · MHI +16.4%

# Siemens Energy

## Annual General Meeting 2024

On February 26, 2024, the Annual General Meeting (AGM) of Siemens Energy AG took place in virtual format. In order to give shareholders the opportunity to prepare for the interactive exchange with the Managing Board and Supervisory Board, the speeches of Supervisory Board Chairman Joe Kaeser and CEO Christian Bruch were made available on the AGM website five days before the AGM.

A total of around 2,700 shareholders and interested viewers from all over the world followed the AGM, which was broadcast in full, i.e. including the general debate, on the Internet for the first time this year.

During the general debate, positive feedback, criticism and detailed questions were addressed to the Siemens Energy Management in 21 shareholder speeches, which were answered in detail afterwards.

60.57% of the voting capital was represented and voted in favor of all agenda items by a large majority (see table below). The Annual General Meeting was officially closed by Joe Kaeser at 6:50 pm.

The next Annual General Meeting is planned for February 2025.



### Voting results of AGM agenda items

TOP 1	Annual Financial Statements (IFRS and HGB), Combined Management Report for fiscal year 2023	no resolution
TOP 2	Appropriation of net income	99.88%
TOP 3	Ratification of acts of Executive Board Members for fiscal year 2023	≥ 97.73%
TOP 4	Ratification of acts of Supervisory Board Members for fiscal year	≥ 96.97%
TOP 5	Appointment of Independent Auditor for fiscal year 2024	99.77%
TOP 6	Approval of Compensation Report for fiscal year 2023	92.77%
TOP 7	Elections to the Supervisory Board	<i>Prof. Dr. Veronika Grimm</i>
		<i>Simone Menne</i>
TOP 8	Compensation for members of the Supervisory Board and related amendments to the Articles of Association	99.39%
TOP 9	Authorized Capital 2024	94.22%
TOP 10	Authorization to Issue Convertible Bonds/Warrant Bonds and respective new Conditional Capital 2024	97.44%
TOP 11	Authorization to Acquire and Use Treasury Shares 2024	95.80%

A detailed overview of the results can be found [here](#).



# New Supervisory Board members elected

Prof. Dr. Veronika Grimm and Simone Menne were elected to the Supervisory Board on February 26, 2024 by the AGM. The two candidates are succeeding Prof. Dr. Ralf Thomas and Randy Zwirn, who resigned after the AGM 2024.

## Prof. Dr. Veronika Grimm



Veronika Grimm is a proven **expert in energy markets and energy market design as well as economic issues**. The 52-year-old **professor of Economics at Friedrich-Alexander-Universität Erlangen-Nürnberg** is a **member of the German Council of Economic Experts (“Wirtschaftsweise”)** and is also a **member of the German Government’s National Hydrogen Council**. **She has no comparable memberships in domestic or foreign supervisory bodies of commercial enterprises.**

## Simone Menne

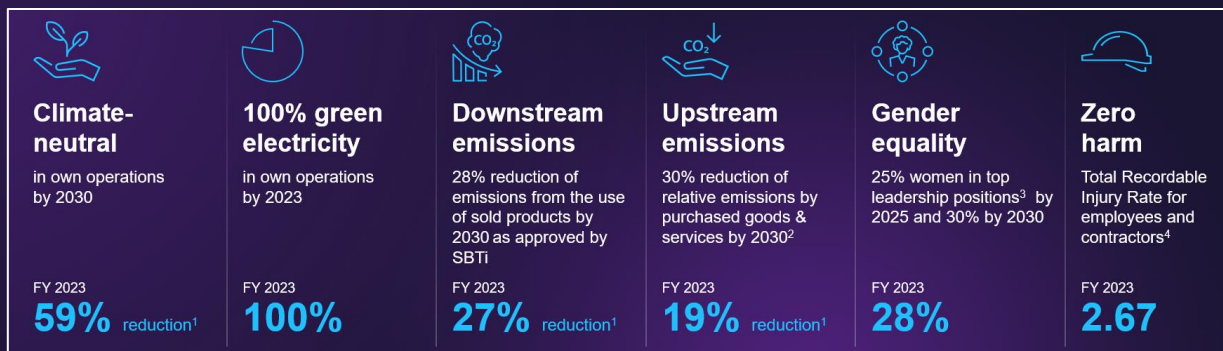


Simone Menne, an experienced **executive in finance and economics**, holds a **degree in Business and Economics** and was CFO at Lufthansa AG and a member of the management board at Boehringer Ingelheim International GmbH, among others. She has been President of the Executive Committee of the American Chamber of Commerce in Germany since 2021. The 63-year-old **expert in finance, accounting and controlling** already holds **Supervisory Board mandates at Deutsche Post AG, Henkel AG & Co. KGaA** as well as corresponding Supervisory Board mandates at **Johnson Controls International plc, and New York-based Russell Reynolds Associates Inc.** She will succeed Ralf Thomas on the **Audit Committee**.

# Sustainability – Major progress towards our ESG targets

Siemens Energy published its [Sustainability Report](#) on December 6, 2023. In the report, we outline in detail what we want to achieve and how we are planning to reach those targets. Below you can find an overview on the progress we have made on our most important targets:

- **Across our own operations we reduced emissions by 59%.** We are well on track to meet our climate neutral target in our own operations by 2030
- **Our target of 100% green electricity**, which is a major lever to achieve our goal to become climate neutral in our own operations (across scope 1 and 2), **was achieved in 2023**
- **For our scope 3 emissions, we also made significant progress with a 27% reduction towards our SBTi approved<sup>3</sup> target of a 28% reduction by 2030** compared to the base year 2019
- In fiscal year 2023, **one third of our executive board members and 28% of our top leadership positions are now held by women<sup>3</sup>**, which is a great progress
- The initiatives and action plans to reduce the Total Recordable Injury Rate have not yet materialized completely, but remain one of our key objectives



Over the last couple of years our progress has been reflected in **improved ESG ratings**. Recently, **CDP has acknowledged our environmental transparency and performance on climate action change with an A-Rating**.



1 From a 2018 base | 2 Includes transportation and distribution | 3 Without Siemens Gamesa | 4 Total Recordable Injury Rate: Number of recordable injuries x 1,000,000/work hours performed



# Siemens Gamesa – Progress in line with expectations

Siemens Energy believes in the role of wind for the energy transition. This, together with the turnaround program that we have in place, gives us confidence in the value of our wind business. The quality task force is making progress and eight months after the ad-hoc announcement in June 2023, we have not identified new information, which would point to major deviations compared to our original cost estimate, and the offshore ramp-up is ongoing.

We expect that all businesses and corporate functions will contribute to cumulative cost savings of €400m by 2026, which were announced at our Capital Market Day in 2023. Additionally, we continue with the integration of the corporate functions between Siemens Energy and Siemens Gamesa in line with the previously communicated synergy plan.

## Onshore

The review of our entire onshore backlog has been completed and we have started to engage in customer discussions.

The root cause analysis for the quality issues is materially completed and for 80% of these we have short-term measures in place.

Long-term corrective actions for half of the quality issues have been already defined, while we continue to implement remediation and mitigation actions.

Overall, we are progressing in line with our plans. The restart of our commercial activity for the 5.X and 4.X wind turbines will be communicated as soon as possible.

### Status:

<b>Root cause analysis</b>	Materially completed	●
<b>Short-term measures</b>	Derived for ~80% of quality issues	●
<b>Long-term corrective solutions</b>	Defined for ~50% of quality issues	●
<b>Remediation measures planning</b>	Ongoing – several measures already being implemented	●
<b>Customer contracts</b>	Completely reviewed	●

## Offshore

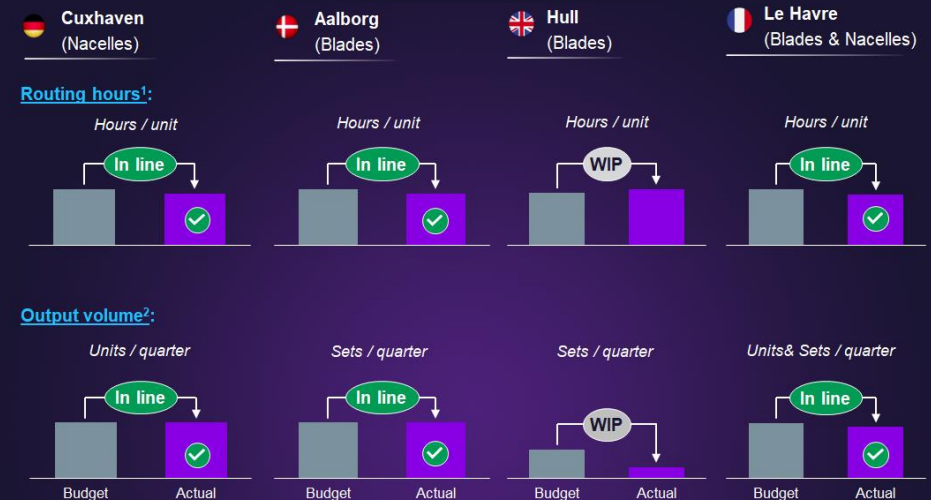
The ramp up in Offshore is continuing.

In Cuxhaven, Aalborg and Le Havre we are progressing in line or slightly ahead of plan. We achieved a reduction in routing hours during the first quarter, which reflects the progress in our productivity program.

In Hull, output is still lower than expected and the ramp-up remains work in progress.

The main volume increase in offshore is planned for the second half of our fiscal year.

### Q1 performance vs. target (mainstream platform):



## South Fork: an important milestone for Siemens Gamesa

The project South Fork is the first offshore windfarm in New York and the first utility scale offshore windfarm in the US as such.

We have shipped 12 SG 11-200 DD offshore wind turbines to the site, which is 35 miles of the coast of Montauk, which delivered its first electricity to the state's power grid.

The 130-MW offshore wind farm, completed in February 2024, will generate enough renewable energy to power roughly 70,000 households and will eliminate up to 6 million tons of carbon emissions over 25 years.



<sup>1</sup> Man-hours to produce a nacelle / blade | <sup>2</sup> Number of nacelles / blade sets produced

# Outlook for the Fiscal Year 2024

	Revenue Growth <sup>1</sup>	Profit Margin before SI <sup>2</sup>
Gas Services	(4) – 0%	9 – 11%
Grid Technologies	18 – 22%	7 – 9%
Transformation of Industry	8 – 12%	5 – 7%
Siemens Gamesa	0 – 4%	around neg. €2.0bn
Siemens Energy	3 – 7%	(2) – 1%
Net Income		up to €1bn incl. impacts from disposals
Free Cash Flow pre-tax <sup>3</sup>		around neg. €1.0bn
Proceeds from disposals		€2.5 – 3.0bn

This outlook excludes charges related to legal and regulatory matters

1 Comparable revenue growth: Excluding currency translation and portfolio effects | 2 Profit Margin before Special Items in % of revenue with Profit as earnings before financial result, income taxes, amortization expenses related to intangible assets acquired in business combinations, and goodwill impairments | 3 Free Cash Flow pre-tax as operating cashflow and additions to intangible assets and PPE less Income taxes paid.

## Financial Calendar

May 8, 2024	2 <sup>nd</sup> quarter FY24
Aug. 7, 2024	3 <sup>rd</sup> quarter FY24
Nov 13, 2024	4 <sup>th</sup> quarter FY24

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