SPEECH TO THE VIRTUAL ANNUAL SHAREHOLDERS' MEETING 2024 OF SIEMENS ENERGY AG

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The report presented at the Annual General Meeting will be delivered orally in German and may also deviate in its content from this version published in advance, in particular to take account of developments that have occurred in the meantime.

The report as orally delivered in German takes precedence.

Dear Shareholders,

Welcome to the 2024 Shareholders' Meeting of Siemens Energy.

A resilient energy supply is the foundation of all social development. As a result, it is the foundation for progress and prosperity for us all.

But what does energy resilience mean? A resilient energy supply combines sustainability with security and affordability. Energy resilience is not an option. It is a necessity and the foundation for a future-oriented society.

To see why, let's take a look at the much-discussed issue of artificial intelligence. The electricity needed for AI data centers is expected to sextuple by 2030. That means one thing: no power, no AI. Or to put it more clearly: no electricity, no progress.

This is why Siemens Energy is needed. We are pursuing a clear goal: to create a resilient energy supply together with our customers. That is the foundation that enables us to grow profitably – with ambitious target margins for all our businesses and an attractive return for you, our owners.

Our Focus and Strong Positioning

The sums that need to be invested in transforming and expanding the energy supply are immense. For renewable energies, gas supply, energy efficiency and grids alone, they totaled more than 1.3 trillion euros worldwide in 2023. These are investments in our technologies and products. It is potential that we aim to tap.

Our portfolio offers the products, solutions and services required to facilitate a successful energy transition. This includes low-emission and emission-free power generation, the transmission and storage of energy and decarbonization of industry.

Yet it is not just our technologies that make the difference. Above all, it is the expertise and passion of our more than 97,000 employees in over 90 countries. Day in, day out, we work with our customers and partners to create a resilient energy supply. I wish to express my very special thanks to you, our employees. Alongside technology, you represent the second strong pillar of our company: implementation expertise – and you do so worldwide.

Let me give you two examples of the energy projects that Siemens Energy successfully carried out in 2023:

In Aquitaine in the southwest of France, we have built the world's first gas turbine that runs completely on renewable hydrogen. That means: zero emissions. And that is what we want to prepare our entire gas turbine fleet for. We will have the technology in place when green hydrogen becomes plentiful.

Or take a look with me at northern Europe. Wind farms in the German North Sea are already generating around eight gigawatts of green electricity. But it also needs to be brought ashore and supplied to consumers efficiently. That is also where Siemens Energy comes in. Our engineers are currently building two converter stations there. They convert alternating current of the wind turbines into direct current and enable low-

loss transmission of it to the coast. Enough electricity for eight million people is generated. And the order volume is more than 4 billion euros for Siemens Energy. Four out of 112 billion euros – that is how high our order backlog was at the end of fiscal year 2023. It now totals 118 billion euros. That demonstrates that Siemens Energy is needed. We are the acknowledged partner for implementing the energy transition – and we are doing so far beyond Europe as well.

These and other success stories helped Siemens Energy's share price more than double in the first eight months of fiscal year 2023. We were on the right track – and we remain so in two-thirds of our business.

But this positive performance came to an abrupt end on June 22, 2023. It was the day on which we had to report quality problems in our wind business. That entailed losses on a scale we had not previously thought possible.

But I promise you one thing: We will solve these wind-power problems. We will win back your trust, the trust of our owners. Our customers have confidence in our ability to solve problems – even if they are not foreseeable at the outset. That is also what Siemens Energy stands for.

Please do not get me wrong: The losses we incurred in our wind business and the underlying problems are unacceptable. We will not tolerate them. But we will not run away from them, either. We are resolutely tackling them and will ultimately solve them.

No Energy Transition Without Wind

Why did we acquire Siemens Gamesa in the first place? There is hardly any other question I get asked more often. I have two answers to it.

First: There can be no energy transition without wind. The potential for generating electricity from wind is enormous. Even if the challenges are huge at present, there are great opportunities in this business. And we intend to profit from them. Market expectations proof that. The onshore market will grow by 6% annually by 2030, while offshore growth will be almost four times as high over the same period.

My second answer is: There is no entrepreneurial control without a full takeover. Since our spin-off in 2020, we had a 67% stake in Siemens Gamesa. The company was already fully consolidated – and that had a direct impact on our share price. As you have all seen, our share performed almost wholly in line with that of Siemens Gamesa. And that was despite the fact that all the other businesses developed successfully step by step and as promised. But the share price was not all that was impacted. The volatility in Siemens Gamesa's results also increasingly weighed on our rating. And we were unable to leverage synergies in such areas as purchasing, logistics, engineering and controlling with the structure we had at the time.

When the financing conditions were positive in May 2022, we decided to make a takeover bid for the minority shares. And we have done everything to integrate Siemens Gamesa step by step into Siemens Energy.

The integration was intended to increase our share price in the medium term. We were aware that it would take time to raise the wind business to the desired level of profitability. We had already taken this into account in assessing the purchase price.

However, we had not expected the level of losses in 2023. There were two main factors for the losses: First, quality problems with the onshore platforms 4X and 5X. And second, difficulties in ramping-up capacity in offshore business. They were developments that were not discernible at the time of the takeover bid despite careful examination. To put a figure on it: We had to announce 2.2 billion euros in extra costs in the summer of 2023. 1.6 billion of that was attributable to the quality problems onshore. In addition, there were higher start-up costs for the new offshore products amounting to 600 million euro.

In response to the events in June, we immediately set up a working group composed of internal and external experts. The mission of this group was and is to investigate and solve the onshore quality problems. The positive news is: After eight months of intensive analysis, we have not identified any new causes of losses. For this reason, we still consider the provisions set aside for this purpose to be adequate.

The billions lost in our wind business overshadowed many great successes last year.

- **Did you know that the world's most powerful gas-fired power plant is equipped with a turbine made by Siemens Energy? And that it has been listed in the Guinness Book of World Records since 2022?** We make the most powerful gas turbines in the world. This is also reflected in our results: In 2023, revenue at Gas Services rose by 18% on a comparable basis. The profit margin before special items was 9.5%.
- **Did you know that one of the world's largest offshore wind farms was opened in the Netherlands last year?** Our 139 wind turbines will generate up to 1.5 gigawatts – enough green power for 1.5 million households. And the best news of all: The wind farm was built without a single cent of government subsidies.
- **Have you ever heard of the Blue portfolio?** We are using it today to install electrical switchgear without the need for fluorine gases. Why is that important? Because fluorine gases are 24,000 times more harmful to the environment than CO_2. For this reason, the European Union has decided to gradually ban their use in switchgear starting in 2028. Our Blue portfolio is a clean alternative – and this makes it a real competitive edge. It is not for nothing that Grid Technologies delivered a strong performance in fiscal year 2023. Revenue growth of 17% and a profit margin before special items of 7.5% underline that we are on the right track.
- **Or have you ever heard the German Chancellor talk about an industrial fairy tale "Made in Germany"?** Those words came from Olaf Scholz when he opened our gigafactory for electrolysers in Berlin last November. It is the basis for successful ramp-up of the hydrogen economy. That is just one example of how we are successfully positioning our Transformation of Industry business area. Revenue rose by 12% on a comparable basis last year. We increased our profit margin before special items by 4% year over year.

But that is not all. We also had great success in other areas.

- **Take the issue of sustainability:** We now exclusively use renewable energies to meet all of our own electricity needs. This is a huge amount for a manufacturing

company like ours. Although our business is growing strongly, we reduced our energy consumption by 11.5% in 2023. Most ESG rating agencies rated us better on this basis than in the previous year.

- **Employees** are a top priority for us. That is why we invested 16% more in training and development in 2023 – around 80 million euros in total. To strengthen our implementation expertise, we simplified our organizational structure in 2023 on a massive scale. And we significantly increased the number of women in senior management positions – from 23% to 28%. We are proud of that.
- **Lastly, we are fueling innovation**. After all, 35% of the technologies required to ensure a successful energy transition are not yet ready for the market. This is why we launched the Energy Resilience Leadership Group together with Bill Gates' Breakthrough Energy in 2023. The initiative brings together companies, policymakers, financial institutions and start-ups. Its goal is to make Europe independent of natural gas. And it is reaping success: We were able to get eight major projects from industry, energy and the building sector off the ground in the first year. We at Siemens Energy worked with more than 50 start-ups last year. And we have won numerous awards for this.

These are all successes that demonstrate the efficiency and performance of Siemens Energy. They should not blind us to the current problems in our wind business. But we must not forget them, either.

The Numbers – Report for 2023

Let's now review the figures for the past fiscal year:

- Orders exceeded the high level of the previous year by 33.8%.
- Revenue rose by 9.9% on a comparable basis.
- The profit before special items slumped to minus 2.776 billion euros due to the loss at Siemens Gamesa.
- The net loss was 4.588 billion euros.

In view of this, we cannot propose a dividend to the shareholders' meeting. We made this decision even though the first quarter and our guidance for the 2024 fiscal year are already pointing in the right direction.

In fiscal year 2024, we expect comparable revenue growth in a range of 3% to 7% and a profit margin before special items of between minus 2% and plus 1%.

In addition, we anticipate net income of up to 1 billion euros. This figure includes impacts from disposals and acceleration of the portfolio transformation.

Our guidance remains unchanged for the time being, even after the announcement of the business figures for the first quarter of 2024. They were above market expectations. One reason for that was projects were postponed during the year in all business areas. In addition, the market momentum at Gas Services, Grid Technologies and Transformation of Industry remained positive.

Looking Ahead

The financial figures for the past fiscal year are a big disappointment and a bitter setback. And they are an obligation for us on the Executive Board to review ourselves with no ifs and buts. Are we sufficiently focused on what really counts? Namely, shaping the energy supply of the future with sustainable, reliable and affordable products and growing profitably as a result.

We have set **three priorities** for 2024. We aim to

- **deliver on profitable growth**,
- **fix the wind business** and
- **maintain** solid **financial foundations** of Siemens Energy.

With these priorities, we can put Siemens Energy back on the road to success. What exactly does that mean?

First: Deliver on profitable growth.
Our record order backlog alone is no guarantee of a successful business result. Instead, what counts is to fulfill orders with a high level of quality and solid margins. How? Let me cite three examples:

- **We are expanding our grid-related offerings:** We have further standardized our grid technology products in recent years and have been able to achieve better market prices. We have also been increasing our workforce for some time now. At the same time, the growing order backlog requires greater production capacity especially for transformers. In the current fiscal year, we have therefore decided to expand our factories at two locations. In this way, we want to position ourselves for the growing market in the grid sector.
- **We are investing in Gas Services:** In recent years, we have successfully increased our market share to its current level of around 32% for gas turbines with an output of more than 10 megawatts. Despite the challenging financial situation, we continued to invest in development in fiscal year 2023. Our goal is to further improve our gas turbines and make them hydrogen-capable. These investments allow us to successfully build up our order backlog with good margins. The new orders are usually combined with long-term service business. This enables use to better plan our revenue.
- **We are improving our implementation expertise.** Our overarching Global Functions unit is currently handling more than 100 major projects. We have harmonized many processes in this area over the past years. This reduces non-conformance costs. It enhances quality. And it strengthens customer satisfaction. The number of centrally managed projects is set to increase by 30% by fiscal 2026. From 2022 to 2023 alone, we were able to improve customer satisfaction by more than 20%.

Second: Fix the wind business.

We are doing everything we can to turn the wind business around as quickly as possible. I would like to emphasize three points here:

- **We are solving the quality problems onshore.** Our top priority is to solve our problems with the 4x and 5x platforms. That will probably take several years. We are also pursuing claims against suppliers of faulty components. We are currently examining when we will be able to resume sales of the platforms. They are currently suspended.
- **We are reviewing our positioning and target markets in the wind business.** The bar we have set is to achieve profitability comparable to our other business areas in the medium term. In particular, the regional focus on attractive markets and a small number of product variants will be crucial to profitability.
- **We are increasing productivity in the new offshore factories.** We see our strong market position offshore as the basis for successful wind business. The focus in the current fiscal year is on increasing productivity at our sites in Cuxhaven, Aalborg, Hull and Le Havre. This will also lay the foundation for the successful launch of our latest turbine generation.

Third: Maintain solid financial foundations of Siemens Energy.

A solid balance sheet and a stable investment grade rating are key elements in our business activities:

- **We are creating a positive cash position.** As soon as the losses in the wind business became known, we began to strengthen our balance sheet through divestments. In this process, we reviewed businesses where we did not see ourselves as the best long-term owners. This includes the high-voltage grid components under the Trench brand. In addition, we sold three-quarters of our 24 percent stake in Siemens Ltd. India to Siemens AG. With these and other measures, we will divest businesses that are worth on the upper end of the corridor of 2.5 billion to 3 billion euros in 2024. We are therefore well on the way to achieving the envisaged positive net cash position for 2024. From 2025, we want to accomplish that again from our operational business.
- **We are reviewing our portfolio and financial resources.** We will also use the year of 2024 to review our portfolio and our allocation of financial resources in our business areas. We released medium-term targets at the Capital Market Day in November 2023. We are aiming for a reported profit margin above 8%. We also want to achieve a capital efficiency (ROCE) above 15%. We are maintaining a dividend payout ratio of 40% to 60% of net income.
- **We will continue to work on guarantee instruments.** Part of the business model in our industry is to provide guarantees for customers. That secures fulfillment of our obligations to our customers. We agreed on a counter-guarantee instrument with the German government in 2023. The reporting on this was misleading in many cases – and that also had a negative impact on our share price. Guarantees in project business are usually issued by banks. As we have been very successful in acquiring new projects in the past years, the volume of guarantees issued has also increased. Banks increasingly see a cluster risk arising. Of course, losses in the wind business also play a role here. That is why we proposed the concept of counter-guarantees. This involves transferring the bank's already very low risk to a third party. What is important: This concept explicitly does not envisage any financial support from the government. No taxpayers' money is involved. On the contrary, Siemens Energy pays significantly higher fees to the government for

guarantees than we pay private banks. The German government also insists on a ban on dividends and a ban on bonuses for the Executive Board for the term of the guarantee instrument. The structure of the federal counter-guarantees therefore provides a strong incentive to stop using them as soon as possible.

In principle, however, we need a review of these general conditions in the energy market if the industry is to grow rapidly. We expressly welcome approaches such as those being pursued by the European Investment Bank.

Financial resilience is a key imperative for us. And we are making progress. We are embarking on the remainder of the fiscal year with a stronger balance sheet.

No Place for Right-wing Extremism at Siemens Energy

We can achieve all of our goals only if we continue to attract the right people. This is why we will once again hire several thousand **talented individuals** in 2024. We invest in initial and advanced training. And we regard inclusion and diversity as keys to commercial success.

Let me take this opportunity to address an issue that concerns and worries me: The rise of right-wing extremism in Germany, in Europe and in many countries around the world. Siemens Energy stands for cosmopolitanism, tolerance and diversity of opinion. Anyone who questions these values is jeopardizing the economic basis of Germany as a place to do business.

We depend on the best employees wanting to work for us – regardless of their nationality, gender, religion, skin color or sexual orientation. Populism, intolerance and exclusion have no place here at our company. They not only endanger our relations with each other and feeling of togetherness, but also our prosperity. And not only, but also first and foremost here in Germany.

Concluding Remarks

All in all, the past fiscal year was disappointing and challenging. For the employees of Siemens Energy, for us as the Executive Board. But above all for you, our shareholders.

However, it is my deep-felt conviction that we will successfully master this transformation. The many positive examples I have cited strengthen this conviction. In particular, the performance of our Gas Services, Grid Technologies and Transformation of Industry business areas. All three are excellent examples of successful transformation. This process was also painful at times. But it was worth it. And it shows what is possible.

We all know that the energy transition is also a painful process. It will not come about overnight, and it requires very diverse solutions and speeds – depending on where you are in the world. However, it is also the biggest investment program since

industrialization. And therefore, a huge opportunity for us as a company. We want to make the most of this opportunity.

Against that backdrop, I am working with the entire Executive Board to achieve our medium-term goals. The financial targets I mentioned are our compass. We will play an active role in shaping the energy transition and thus contribute to energy resilience worldwide. Because that requires our technologies and our implementation expertise. And this is why a Siemens Energy that is commercially strong, profitable and resilient in this sense is needed.

I personally vouch for that. And I ask you today for your trust and support. Thank you for your attention.

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