Activity Report

First quarter FY 2022

October-December 2021 results

3 February 2022

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Introduction

In the first quarter of the financial year 2022 (FY22), performance was negatively impacted by supply chain related disruptions, which are now expected to last longer than previously anticipated, further affected by the continued impact of the COVID-19 pandemic. These supply chain tensions have resulted in higher than expected cost inflation, mainly affecting the Wind Turbine (WTG) segment. Also, volatile market conditions have impacted some of the customers' investment decisions and, as a consequence, resulted in delays to some of the projects.

Additionally, the ramp-up challenges of the Siemens Gamesa 5.X platform, including some necessary design changes, have affected the production and project execution schedule. The negative impact of these delays and changes in production plans has been exacerbated by the existing bottlenecks in the supply chain.

The consideration of these higher costs and the update of the assumptions for market and production conditions in the evaluation of the total WTG Onshore order backlog, has led to a negative EBIT impact in the amount of c. €289m in the first quarter of financial year 2022, mainly due to cost estimate deviations in onerous contracts.

Consequently, Group revenue in the first quarter (Q1 22) shrank by 20% y/y to €1,829m, and the EBIT margin before PPA and integration and restructuring costs was -16.9%. Including integration and restructuring costs (Q1 22: -€11m) and the impact of the PPA on amortization of intangible assets (Q1 22: -€57m), reported EBIT was -€377m and reported net income attributable to SGRE shareholders was -€403m.

Siemens Gamesa[1] signed orders worth €2,472m (+8% y/y) in Q1 22, with order book amounting to €33,604m (+12% y/y) as of 31 December 2021.

As of 31 December 2021, the Group's net financial debt position was -€1,097m. Siemens Gamesa has €4,723m in committed credit lines, against which it has drawn €1,557m, and total liquidity amounting to €4,499m, including cash on the balance sheet at the end of Q1 22 (€1,332m). Siemens Gamesa maintains an investment grade rating: BBB from S&P (outlook stable) and BBB- from Fitch (outlook negative).

Based on the company's performance in Q1 22 and the prospects for market conditions and their potential impact on manufacturing and project execution, Siemens Gamesa has decided to adjust its guidance for FY22:

- Group revenue expected to decline year-on-year by between -9% and -2%.
- EBIT margin pre PPA and before integration and restructuring costs of between -4% and +1%.

On 2 February 2022, the Board of Directors of the Company, passed a resolution to cease Mr. Andreas Nauen as Chief Executive Officer with effects since end of 28 of February 2022. Dr. Ing. Jochen Eickholt, member and Vice Chairman of the Board of Directors of the Company has been appointed as executive Director and new Chief Executive Officer of the Company with effects on the 1st of March 2022. Mr. Nauen will continue until then to serve as Chief Executive Officer.

[1]Siemens Gamesa Renewable Energy (Siemens Gamesa or SGRE) is the result of merging Siemens Wind Power, which was the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The Group engages in wind turbine development, manufacture and sale (Wind Turbine business) and provides operation and maintenance services (Service business).

Main consolidated figures Q1 22

- Revenue: €1,829m (-20% y/y)
- EBIT pre PPA and before integration and restructuring costs[2]: -€309m
- Net income: -€403m
- Net cash/(Net financial debt – NFD)[3]: -€1,097m
- Order book: €33,604m (+12% y/y)
- Firm order intake in Q1: €2,472m (+8% y/y)
- Firm order intake in the last twelve months: €12,376m (0% y/y)
- Installed fleet: 120,683 MW
- Fleet under maintenance: 82,007 MW

[2]EBIT pre PPA and before integration and restructuring costs excludes integration and restructuring costs in the amount of -€11m and the impact on fair value amortization of intangible assets as a result of the PPA (purchase price allocation) in the amount of -€57m.

[3]Cash / (Net financial debt) is defined as cash and cash equivalents less long-term and short-term financial debt, including lease liabilities. The Siemens Gamesa Group adopted IFRS 16 effective 1 October 2019. As of 31 December 2021, lease liabilities amounted to €875m.

Markets and orders

The year 2021 saw a clear increase in commitments to combat climate change worldwide, as reflected in the commitments announced during COP26 in Glasgow in October 2021[4]. These commitments, which in some cases are linked to specific targets for wind power plants, especially Offshore, are the basis for the wind power industry's high potential and are reflected in the steady improvement of medium- and long-term demand prospects. In the short term, however, following the peak of wind installations in 2020, the prospects for 2022 (excluding China) are for 3% y/y decline concentrated in the Onshore market, which is expected to shrink by 9% y/y[5].

In this context, Siemens Gamesa signed orders worth €12,376m in the last twelve months, i.e. 1.3 times revenue in the period, and it ended the quarter with a backlog amounting to €33,604m (+12% y/y), €3,500m more than as of 31 December 2020. Of the total order book, 52% (€17,322m) is in Service, which has higher returns and is growing by 13% year-on-year. The WTG order book is split into €9,603m Offshore (+22% y/y) and €6,678m Onshore (-4% y/y).

The order book at end-December 2021 covers c. 93%[6] of the revenue guidance announced for the year.

Figure 1: Order book at 12.31.21 (€m)

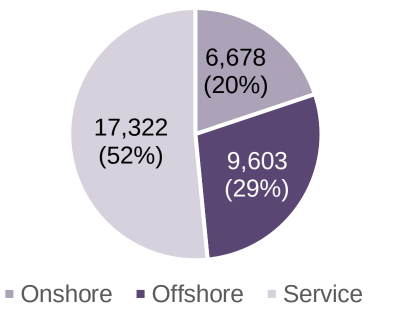
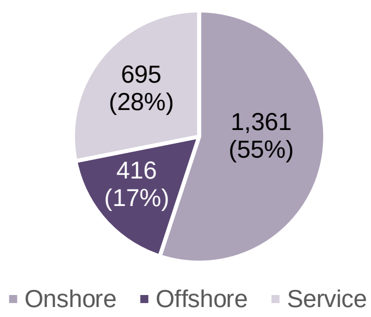


Figure 2: Order intake Q1 22 (€m)



The Group signed new orders worth €2,472m in Q1 22, an 8% increase y/y, driven by growth in orders in Service and Offshore, favored by orders initially expected in coming quarters.

Table 1: Order intake (€m)

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
WTG	1,776	4,258	986	1,755	1,777
Onshore	1,619	1,381	840	867	1,361
Offshore	157	2,877	146	888	416
Service	505	1,242	534	1,129	695
Group	**2,281**	**5,500**	**1,520**	**2,884**	**2,472**

Onshore obtained new orders for 1,791 MW (-24% y/y), worth €1,361m (-16% y/y), i.e. a book-to-bill ratio of 1.4x. The decline in order intake volume (MW) year-on-year is due not only to the company's commercial strategy but also to the hiatus in the US market awaiting a potential extension of wind power production tax credits, delays in Spain, and more protracted sales negotiations in the current inflationary environment.

Onshore order intake in the last twelve months stands at 6,632 MW (-16% y/y), worth €4,450m (-20% y/y), i.e. a book-to-bill ratio of 0.9x, reflecting the fact that customers in several markets delayed making orders and also the company's commercial strategy focused on controlling risk and prioritizing returns in the projects in portfolio.

[4]Wood Mackenzie: 90% of global emissions of CO_2 are already covered by neutrality commitments, most of which refer to 2060.

[5]Wood Mackenzie: Global Wind Power Market Outlook Update: Q4 2021. November 2021.

[6]Revenue coverage is calculated with the value (€m) of the order book as of 31 December 2021 for execution in FY22 plus revenue in Q1 22, divided by the mid-point of the revenue guidance for the year announced in January 2022 (a year-on-year reduction of between -9% and -2%).

Figure 3: Order intake (€m) Onshore LTM (%)

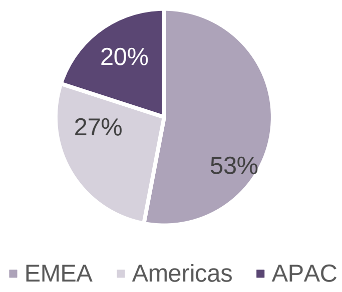
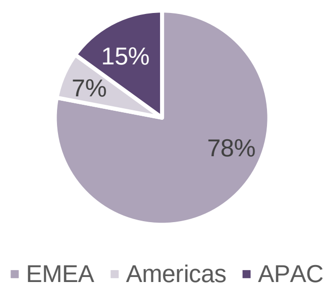


Figure 4: Order intake (€m) Onshore Q1 22 (%)



The markets that accounted for the largest share of order intake (MW) in the last twelve months are as follows: India (15%), Sweden (13%), Canada (13%) and Spain (12%). In Q1 22, Finland (25%) accounted for the single largest share of order intake. Platforms with a capacity of 4 MW or higher accounted for 75% of orders (MW) in Q1 22. The Siemens Gamesa 5.X platform accounted for 48% in Q1 22 (853 MW, including the first contract in Spain) and has accumulated c. 3.8 GW in orders since its launch.

Offshore order intake amounted to €416m (book-to-bill: 0.9x), including the contract for Gode Wind 3 (23 SG 11.0-200 DD), which was previously in the conditional pipeline. Order intake in the last twelve months amounted to €4,327m (book-to-bill: 1.5x) and includes the first firm contracts in US. The conditional pipeline amounted to 6.7 GW as of 31 December 2021. Siemens Gamesa continues to work very closely with customers to prepare for the large volume of auctions expected in 2022 and subsequent years (89 GW).

Order intake in Service amounted to €695m in Q1 22 (book-to-bill: 1.6x). Service order intake in the last twelve months amounted to €3,599m (book-to-bill: 1.8x).

The trend in average selling prices in Onshore in Q1 22 is overall positive. The ASP grew due to an increase in prices in like-for-like terms, the product mix (effect of taller towers and larger rotors slightly diluted by larger-capacity platforms) and the geographic mix, as EMEA's contribution increased with respect to the Americas and APAC. The scope of the projects, however, had a slightly negative effect. In Q1 22, Siemens Gamesa continued to incorporate cost inflation language into its new contracts and introduce tools for achieving a more balanced commercial risk profile vis-à-vis commodity and transport prices.

Figure 5: Average selling price (ASP) - Onshore order intake (€m/MW)

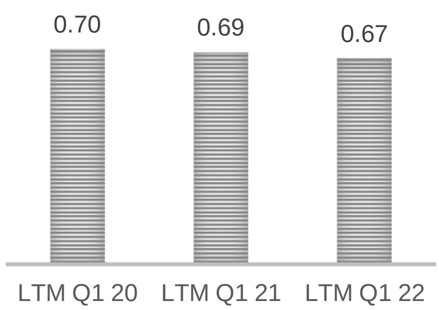
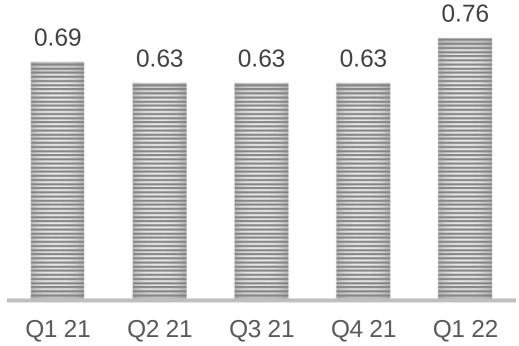


Figure 6: Average selling price - Onshore order intake (€m/MW)



Key financial performance metrics

The table below shows the main financial aggregates for the first quarter (October-December) of FY22 and FY21 (Q1 21), and the interyear variations.

Table 2: Key financial performance metrics

€m	Q1 21	Q1 22	Change y/y
Group revenue	2,295	1,829	-20.3%
WTG	1,899	1,400	-26.3%
Service	396	429	+8.4%
WTG volume (MWe)	2,478	1,445	-41.7%
Onshore	1,744	1,195	-31.5%
Offshore	734	250	-65.9%
EBIT pre PPA and before I&R costs	121	-309	--
EBIT margin pre PPA and before I&R costs	5.3%	-16.9%	-22.2 p.p.
WTG EBIT margin pre PPA and before I&R costs	1.0%	-29.3%	-30.3 p.p.
Service EBIT margin pre PPA and before I&R costs	25.9%	23.5%	-2.4 p.p.
PPA amortization[1]	-60	-57	-5.3%
Integration and restructuring costs	-47	-11	-75.9%
Reported EBIT	14	-377	--
Net income attributable to SGRE shareholders	11	-403	--
Net income per share attributable to SGRE shareholders[2]	0.02	-0.59	--
Capex	140	129	-11
Capex/revenue (%)	6.1%	7.0%	+0.9 p.p.
Working capital (WC)	-1,699	-1,978	-279
Working capital/revenue LTM (%)	-17.4%	-20.3%	-2.9 p.p.
Net (debt)/cash[3]	-476	-1,097	-622
Net (debt)/EBITDA LTM	-3.45	N.A.	--

1. Impact of the Purchase Price Allocation (PPA) on amortization of intangibles.
2. Earnings per share calculated using the weighted average number of outstanding shares in the period. Q1 21: 679,517,513; Q1 22: 680,445,089.
3. Lease liabilities amounted to €677m as of 31 December 2020 and €875m as of 31 December 2021.

Performance in Q1 22 was negatively impacted by supply chain related disruptions, which are now expected to last longer than previously anticipated, further affected by the continued impact of the COVID-19 pandemic. These supply chain tensions have resulted in higher than expected cost inflation, mainly affecting the Wind Turbine segment. Also, volatile market conditions have impacted some of the customers' investment decisions and, as a consequence, resulted in delays to some of the projects.

Additionally, the ramp-up challenges of the Siemens Gamesa 5.X platform, including some necessary design changes, have affected the production and project execution schedule. The negative impact of these delays and changes in production plans has been exacerbated by the existing bottlenecks in the supply chain.

In this context, Group revenue amounted to €1,829m in Q1 22, 20% lower than in the year-ago quarter, driven by the decline in WTG sales: €1,400m (-26% y/y). The Service unit continued to perform well, with €429m in revenue (+8% y/y).

EBIT pre PPA and before integration and restructuring costs in Q1 22 amounted to -€309m, equivalent to an EBIT margin of -16.9% (Q1 21: 5.3%). EBIT pre PPA and before integration and restructuring costs includes a negative impact of c. -€289m due mainly to cost deviations in onerous contracts.

The impact of the PPA on amortization of intangible assets was -€57m in Q1 22, while integration and restructuring (I&R) costs amounted to -€11m in the same period. Reported EBIT, including the impact of the PPA on amortization of intangible assets and integration and restructuring costs, amounted to -€377m in Q1 22 (€14m in Q1 21).

Investments accounted for using the equity method made a positive contribution of €1.1m in Q1 22 (€1.8m in Q1 21). Net financial expenses amounted to -€5m in Q1 22 (-€12m in Q1 21), while the tax expense amounted to -€22m (corporate tax income amounting to €8m in Q1 21). The tax expense in Q1 22 is a consequence of losses in markets where the company could not capitalize deferred tax assets.

As a result, the Group reported a net income of -€403m in Q1 22 (€11m in Q1 21), including the impact of amortization of the PPA and integration and restructuring costs, both net of taxes, amounting to a total of €48m[7] in Q1 22 (€77m in Q1 21). The net income per share for Siemens Gamesa equity-holders was -€0.59 in Q1 22 (€0.02 in Q1 21).

The Group's working capital stood at -€1,978m in Q1 22, equivalent to -20% of LTM revenue. The €518m increase since the end of FY21 is mainly the result of an increase in inventories. This increase results from the impact of supply chain disruptions on manufacturing, and from the actions taken to mitigate such impact (safety stocks). While giving priority to current business needs, the Group will maintain its financial discipline.

Table 3: Working capital (€m)

Working capital (€m)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Change y/y[2]
Accounts receivable	1,152	1,058	1,162	906	890	-261
Inventories	1,718	1,886	1,901	1,627	2,007	+289
Contract assets	1,517	1,464	1,657	1,468	1,406	-111
Other current assets[1]	467	449	553	520	524	+57
Accounts payable	-2,393	-2,531	-2,904	-2,921	-2,713	-320
Contract liabilities	-3,393	-3,237	-3,209	-3,386	-3,421	-27
Other current liabilities	-767	-728	-780	-709	-671	+96
Working capital (WC)	**-1,699**	**-1,639**	**-1,621**	**-2,496**	**-1,978**	**-279**
Change q/q	+277[1]	+59	+19	-876	+518	
Working capital/revenue LTM	**-17.4%**	**-16.5%**	**-15.9%**	**-24.5%**	**-20.3%**	**-2.9 p.p.**

1. For the purposes of comparison, after adjusting the beginning balance of acquired businesses (Purchase Price Allocation, PPA, of the business combinations with Senvion in accordance with IFRS 3). Including that adjustment, working capital declined by €273m in Q1 21.
2. Change in closing balances between Q1 21 and Q1 22.

CAPEX amounted to €129m in Q1 22 (€140m in Q1 21), including €38m of R&D expenditure (€39m in Q1 21). Offshore accounted for over half of capital expenditure in Q1 22.

The net financial debt position increased by €890m[8] with respect to year-end, to -€1,097m at the end of Q1 22, due to operating performance, capital expenditure (€129m), and the increase in working capital (€518m) as a result of necessary investment in inventories due to current market conditions. The company maintains a solid funding position, with access to €4,723m in committed credit lines, against which it had drawn €1,557m, and total liquidity amounting to €4,499m, including cash on the balance sheet at the end of Q1 22 (€1,332m). Out of the available facilities, €2.0bn matures in financial year 2027.

[7]PPA amounts to -€57m (-€60m in Q1 21), -€40m net of tax (-€43m in Q1 21), and integration and restructuring costs amount to -€11m (-€47m Q1 21), -€8m net of tax (-€34m in Q1 21).

[8]Net financial debt as of 30 September 2021: -€207m, including €829m of lease liabilities. Net financial debt as of 31 December 2021: -€1,097m, including €875m of lease liabilities.

WTG

Table 4: WTG (€m)

€m	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Change y/y
Revenue	1,899	1,902	2,179	2,292	1,400	-26.3%
Onshore	1,061	1,154	1,328	1,463	941	-11.3%
Offshore	838	748	851	829	460	-45.2%
Volume (MWe)	2,478	2,657	3,079	2,781	1,445	-41.7%
Onshore	1,744	1,927	2,404	2,223	1,195	-31.5%
Offshore	734	730	675	558	250	-65.9%
EBIT pre PPA and before I&R costs	18	25	-261	-298	-410	N.A.
EBIT margin pre PPA and before I&R costs	1.0%	1.3%	-12.0%	-13.0%	-29.3%	-30.3 p.p.

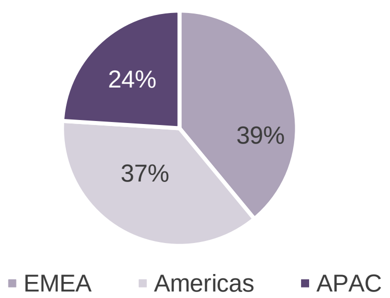
The WTG segment was significantly affected by supply chain imbalances. They resulted in shortages of materials and delays in component deliveries, which materially impacted manufacturing and project execution and delivery, and resulted in higher costs (from capacity underutilization to penalties imposed by customers for late delivery). In addition to these imbalances, challenges associated with the launch of the Siemens Gamesa 5.X platform, including necessary design changes, also affected the project production and execution schedule.

In this contest, WTG revenue fell 26% y/y to €1,400m in Q1 22. The Offshore activity experienced an even sharper decline, with sales down 45% y/y to €460m, depressed by a 66% y/y drop in manufacturing volume.

Revenue in the Onshore market fell 11% y/y to €941m in Q1 22, with manufacturing down -32% y/y, partly offset by a positive currency effect and good installation performance (2,235 MW installed in the quarter).

Brazil was the largest single source of Onshore sales (MWe) in Q1 22, accounting for 13% of the total.

Figure 7: WTG Onshore sales (MWe) Q1 22 (%)



WTG EBIT before PPA and integration and restructuring costs amounted to -€410m in Q1 22, i.e. an EBIT margin of -29.3%, as a result of:

- Inflation of material and transportation costs and the impact of supply chain disruptions on manufacturing and on project execution and delivery, plus the costs associated with this impact.
- Consideration of these higher costs plus the new assumptions as to market and production conditions in an assessment of the Onshore WTG backlog, which had a negative impact on EBIT of c. €289m, mainly because of deviations from cost estimates in onerous contracts. Those assumptions include the impact on manufacturing and delivery times of design changes in the Siemens Gamesa 5.X platform.

During the quarter, Siemens Gamesa continued to factor cost inflation into the prices of new projects and maintained its short- and medium-term programs aimed at mitigating the impact of the market situation and at ensuring that the company's long-term vision is achieved in 2024/25.

Operation and Maintenance Service

Table 5: Operation and maintenance (€m)

€m	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Change y/y
Revenue	396	434	525	571	429	+8.4%
EBIT pre PPA and before I&R costs	102	86	110	121	101	-1.7%
EBIT margin pre PPA and before I&R costs	25.9%	19.9%	21.0%	21.2%	23.5%	-2.4 p.p.
Fleet under maintenance (MW)	75,493	77,101	77,745	79,199	82,007	+8.6%

Revenue in the Service business increased by 8% on Q1 21 to €429m. EBIT pre PPA and before integration and restructuring costs amounted to €101m in Q1 22, equivalent to an EBIT margin of 23.5%, in line with expectations of attaining a margin of >=20% in FY22. The decline in the margin with respect to Q1 21 (-2.4 p.p.) is due to the positive impact of the comparatively large reduction in the product failure rate and the reduction in outsourcing expenditure in that quarter.

The fleet under maintenance increased by 9% y/y to 82 GW in Q1 22. The Offshore fleet under maintenance expanded by 12% y/y to 13.3 GW, while the Onshore fleet expanded by 8% y/y to 68.8 GW.

Sustainability

Table 6: Main sustainability figures

	Q1 21[1]	Q1 22[1]	Change y/y
Workplace Health & safety			
Lost Time Injury Frequency Rate (LTIFR)[2]	1.18	1.28	+8%
Total Recordable Incident Rate (TRIR)[3]	2.98	2.47	-17%
Environment			
Primary (direct) energy used (TJ)	174	86	-50%
Secondary (indirect) energy use (TJ)	172	165	-4%
of which, Electricity (TJ)	153	137	-10%
from renewable sources (TJ)	153	137	-10%
from standard combustion sources (TJ)	0	0	-%
renewable electricity (%)	100	100	0 p.p.
Fresh water consumption (thousand m3)	120	99	-18%
Waste production (kt)	19	13	-32%
of which, hazardous (kt)	2.4	2.1	-15%
of which, non-hazardous (kt)	17	11	-35%
Waste recycled (kt)	14	11	-26%
Employees			
Number of employees (at year-end)	25,918	26,481	+2.2%
employees aged < 35 (%)	36.0	34.0	-2.0 p.p.
employees aged 35-44 (%)	37.9	38.5	+0.6 p.p.
employees aged 45-54 (%)	19.1	19.9	+0.8 p.p.
employees aged 55-60 (%)	4.8	5.1	+0.3 p.p.
employees > 60 (%)	2.3	2.5	+0.2 p.p.
Women in workforce (%)	19.0	19.1	+0.1 p.p.
Women in management positions (%)	12.6	12.4	-0.2 p.p.
Supply chain			
No. of Tier 1 suppliers	10,793	11,425	+6%
Purchase volume (€million)	1,552	1,506	-3%

1. Non-audited figures.
2. LTIFR index is calculated for 1,000,000 hours worked and includes all accidents with at least one workday loss.
3. TRIR index is calculated for 1,000,000 hours worked and includes fatalities, lost time accidents, restricted work and medical treatment cases.

Note: TJ=Terajoules; 1Terajoule= 277.77 MWh; kt=thousand tons

Siemens Gamesa received a new rating from S&P Global Corporate Sustainability Assessment: Rating 83/100 (79/100 in 2020) and 99th percentile, ranking #2 out of 126 companies within the Machinery and Electrical Equipment industry. SGRE also remains part of both Dow Jones Sustainability Indexes (World and Europe).

Outlook

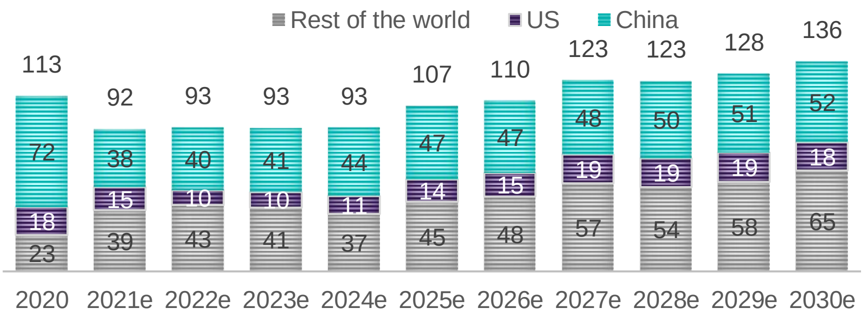
Short-, medium- and long-term prospects for wind worldwide

During Q1 22, and particularly during COP26, a number of governments, supranational organizations, companies and not-for-profit bodies continued announcing commitments to combat climate change. The agreement reached at COP26 reflects the need to accelerate the transition to low-emission energy systems, with a greater share of renewable energies, a reduction in the use of coal, and the elimination of fossil fuel subsidies. At the same time, the commitment to increase collaboration between developed and developing countries was reaffirmed.

However, the US "Build Back Better" reform failed to gain sufficient support in its current wording and will have to be modified for re-submission. Even a limited version of this plan would provide substantial support for implementing new renewable energy projects. In Spain, the measures adopted to limit the increase in electricity prices were amended to remove their impact on renewable projects and mitigate the regulatory uncertainty that had been created.

As a result, projections of wind installations for the coming years were raised again during the quarter. According to the latest report from Wood Mackenzie (WM)[9], cumulative planned installations in the period 2021-2030 total 1,096 GW, i.e. 69 GW (+7%) more than forecast in their previous report[10].

Figure 8: Annual Onshore and Offshore installations 2020-2030E (GW/year$_e$)



Adjusting for sporadic peaks and troughs, the normalized pace of installations is expected to rise steadily throughout the decade, as is the pace of annual Offshore installations.

Figure 9: Average installations per year (Onshore and Offshore) 2018-29E (GW)

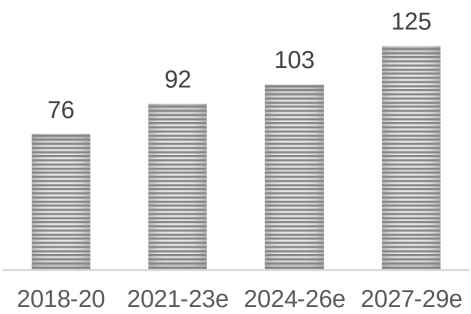
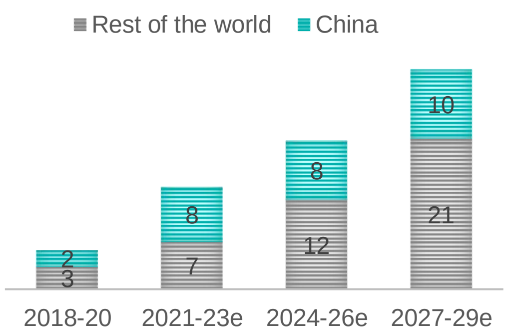


Figure 10: Average wind installations per year (Offshore) 2018-29E (GW)



China (369 GW), US (118 GW), India (58 GW) and Germany (32 GW) are expected to retain their positions as the largest Onshore markets, accounting for 67% of total accumulated installations projected for 2021-2030. Spain,

[9]Wood Mackenzie (WM). Global Wind Power Market Outlook Update: Q4 2021. November 2021.

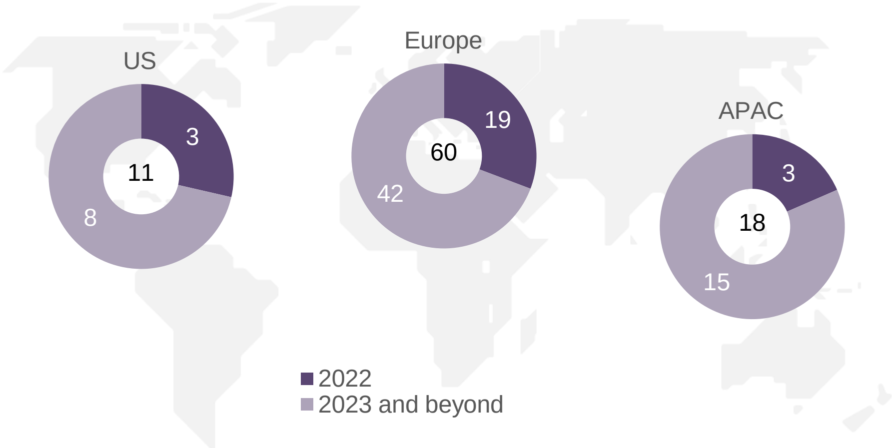
[10]Wood Mackenzie. Global Wind Power Market Outlook Update: Q3 2021. September 2021.

Brazil, France, South Africa, Australia and Sweden, with cumulative installations of between 11 GW and 20 GW each, will contribute 11% in the same period.

Although new markets are emerging, the Offshore market is still much more concentrated. China, with 88 GW of installations in 2021-2030, will account for 37% of total installations in the period. Europe, with the United Kingdom in the lead (31 GW of installations in period), will install 88 GW, accounting for 37% of the total. They will be followed by the United States (32 GW) and Taiwan (13 GW). The contribution by new markets such as the US will be concentrated in the second half of the decade (2026-2030).

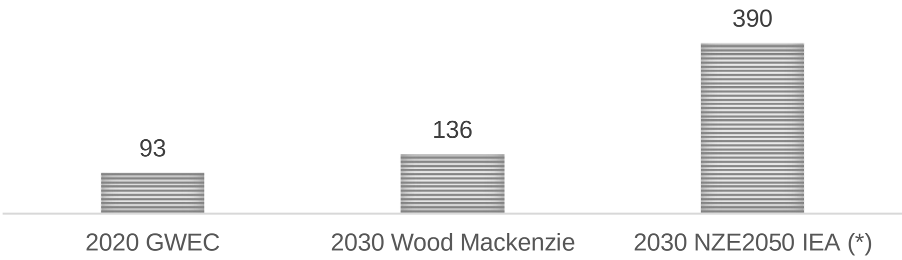
Institutional support for the development of the Offshore market is reflected in the 16 GW allocated by auction in 2021 and the 89 GW expected in auctions in 2022 and subsequent years through 2027.

Figure 11: Offshore auctions expected, excluding China (GW)[11]



However, the commitments announced to date are still insufficient to achieve net zero emissions by 2050. To achieve decarbonization by 2050, the International Energy Agency[12] (IEA) estimates that wind power installations need to reach 390 GW per year by 2030, which is approximately three times the level of installations projected by WM for that date.

Figure 12: Annual installations 2020 vs. 2030E (GW/year$_e$)[13]



(*) NZE2050: Net zero emissions worldwide by 2050

The establishment of short- and medium-term sub-targets and of effective regulatory frameworks and appropriate incentive systems will influence the actual pace of wind installations.

[11] Figure 11 does not seek to provide an exhaustive list of all planned auctions. Of the planned 89 GW, 4 GW have been officially convened in US, 54 GW in Europe and 12 GW in APAC. The remainder are planned auctions, some of which are reflected in the corresponding government plans.

[12] International Energy Agency (IEA). A roadmap for the Global Energy Sector (Net Zero by 2050). May 2021.

[13] Global Wind Energy Council (GWEC). Global Wind Report 2021. March 2021.

FY22 guidance, future outlook and long-term vision

Siemens Gamesa's performance at the beginning of FY22 was affected by supply chain disruptions and their impact on WTG manufacturing and on project execution. Some of the customers were also observed to be delaying investment decisions due both to inflation and to regulatory factors. In this regard, the latest Wood Mackenzie report projects a reduction in Onshore installations excluding China of 9% y/y in 2022 after the peak reached in 2020.

In this context, considering the results in Q1 22 and the fact that the company does not expect supply conditions to normalize in the remainder of the year, Siemens Gamesa has downgraded its outlook for FY22 as follows:

	FY22 Guidance
Sales growth y/y (%)	between -9.0% and -2.0%
EBIT margin pre PPA and before integration and restructuring costs (%)	between -4.0% and 1.0%

This guidance does not include charges for litigation or regulatory matters, and is at constant exchange rates assuming no change in consolidation scope. The guidance excludes any extraordinary impact from severe disruptions of the supply chain or a halt in manufacturing as a result of COVID-19.

Given recent performance by the supply chain and COVID-19, this guidance is subject to greater-than-usual uncertainty and we cannot rule out the possibility that a shortage of materials and components and/or a lack of transportation capacity might again have an impact on the business, particularly on deadlines and costs in larger projects.

However, it is important to note that Q1 22 performance was affected significantly not only by the deviations from cost estimates in onerous Onshore projects but also by a particularly low level of activity in the WTG segment, which is expected to rebound in the coming months, while Service performance remains strong. SGRE will also continue implementing measures throughout the value chain to mitigate increases in logistics and supply chain costs.

The Group is also working on other initiatives such as the potential sale of its wind farm pipeline in southern Europe, which might have a positive impact on the results of the Group (not reflected in the lower bound of the revenue and margin guidance).

Despite the complex market environment in the near term and the lack of visibility on normalization, the Group does not expect structural changes in the wind market or in the strong growth prospects. Siemens Gamesa maintains its long-term vision for the business, projecting that revenue growth will outstrip the market and that the EBIT margin pre PPA and before integration and restructuring costs will be between 8% and 10%. This vision is expected to be achieved between fiscal year 2024 and fiscal year 2025, supported by the recovery in returns in the Onshore market and by sustained profitable growth in the Offshore and Service markets.

On 2 February 2022, the Board of Directors of the Company, passed a resolution to cease Mr. Andreas Nauen as Chief Executive Officer with effects since end of 28 of February 2022. Dr. Ing. Jochen Eickholt, member and Vice Chairman of the Board of Directors of the Company has been appointed as executive Director and new Chief Executive Officer of the Company with effects on the 1st of March 2022. Mr. Nauen will continue until then to serve as Chief Executive Officer.

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Annex

Financial Statements October 2021 – December 2021

Profit and Loss Account

EUR in Millions	October - December 2020	October - December 2021
Revenue	2,295	1,829
Cost of sales	(2,093)	(2,021)
Gross Profit	**202**	**(192)**
Research and development expenses	(67)	(69)
Selling and general administrative expenses	(121)	(120)
Other operating income	2	6
Other operating expenses	(2)	(2)
Results of companies accounted for using the equity method	2	1
Interest income	3	4
Interest expense	(16)	(10)
Other financial income (expense), net	1	1
Income from continuing operations before income taxes	**4**	**(381)**
Income tax expenses	8	(22)
Income from continuing operations	**12**	**(403)**
Income from discontinued operations, net of income taxes	-	-
Non-controlling interests	-	-
Net income attributable to the shareholders of SGRE	**11**	**(403)**

Balance Sheet

EUR in Millions	12.31.2020	09.30.2021	12.31.2021
Assets:			
Cash and cash equivalents	1,533	1,961	1,332
Trade and other receivables	1,150	901	885
Other current financial assets	288	239	285
Trade receivables from related companies	1	5	6
Contract Assets	1,517	1,468	1,406
Inventories	1,718	1,627	2,007
Current income tax assets	188	208	165
Other current assets	467	520	524
Total current assets	**6,862**	**6,929**	**6,609**
Goodwill	4,499	4,635	4,709
Other intangible assets	1,729	1,651	1,624
Property, plant and equipment	2,322	2,579	2,654
Investments accounting for using the equity method	68	78	80
Other financial assets	213	212	211
Deferred tax assets	547	539	494
Other assets	5	8	9
Total non-current assets	**9,384**	**9,702**	**9,781**
Total assets	**16,246**	**16,630**	**16,391**
Liabilities and equity:			
Short-term debt and current maturities of long-term debt	636	382	590
Trade payables	2,346	2,900	2,695
Other current financial liabilities	135	180	190
Trade payables to related companies	47	22	18
Contract Liabilities	3,393	3,386	3,421
Current provisions	681	949	1,121
Current income tax liabilities	174	201	154
Other current liabilities	767	709	671
Total current liabilities	**8,179**	**8,729**	**8,859**
Long-term debt	1,372	1,786	1,840
Provisions for pensions and similar obligations	18	21	19
Deferred tax liabilities	231	171	145
Non-current provisions	1,415	1,324	1,231
Other financial liabilities	125	113	104
Other liabilities	31	27	25
Total non-current liabilities	**3,194**	**3,442**	**3,364**
Issued capital	116	116	116
Capital reserve	5,932	5,932	5,932
Retained earnings and other components of equity	(1,174)	(1,590)	(1,881)
Non-controlling interest	-	1	1
Total Equity	**4,874**	**4,458**	**4,168**
Total Liabilities & Equity	**16,246**	**16,630**	**16,391**

Cash Flow Statement

EUR in Millions	October - December 2020	October - December 2021
Net Income before taxes	4	(381)
Amortization + PPA	180	176
Other P&L (*)	7	18
Working Capital cash flow effective change (***)	(317)	(583)
Charge of provisions (**)	50	184
Provision payments (**)	(83)	(100)
CAPEX	(140)	(129)
Investment in leased assets (****)	(92)	(69)
Adwen provision usage (**)	(24)	(8)
Tax payments	(8)	(13)
Acquisitions of businesses, net of cash acquired	-	-
Others	(6)	14
Cash flow for the period	**(427)**	**(890)**
Beginning cash / (net financial debt)	(49)	(207)
Ending cash / (net financial debt)	(476)	(1,097)
Variation in net financing cash flow	**(427)**	**(890)**

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

(**) The line items “Charge of provisions”, “Provision payments” and “Adwen provision usage” are included within the caption “Change in other assets and liabilities” of the consolidated Statement of Cash Flow.

(***) The line item “Working Capital cash flow effective change contains” mainly the following line items of the consolidated Statement of Cash Flow: “Inventories”, “Contract assets”, “Trade and other receivables”, “Trade payables”, “Contract liabilities” and “Change in other assets and liabilities” (excluding the abovementioned effect of provisions).

(****) Additions to leased assets in accordance with IFRS 16; this concept was included within the line item “Working capital cash flow effective change” in previously reported financial information. Such line item has been modified in the comparative information for the separate disclosure of investments in leased assets.

Key Balance Sheet Positions

EUR in Millions	12.31.2020	09.30.2021	12.31.2021
Property, plant and equipment	2,322	2,579	2,654
Goodwill & Intangibles	6,229	6,285	6,333
Working capital	(1,699)	(2,496)	(1,978)
Other, net (*)	643	619	652
Total	**7,495**	**6,987**	**7,660**
Net financial debt / (cash)	476	207	1,097
Provisions (**)	2,115	2,294	2,371
Equity	4,874	4,458	4,168
Other liabilities	31	27	25
Total	**7,495**	**6,987**	**7,660**

(*) The caption “Other, net” contains the following line items of the consolidated balance sheet: “Other current financial assets”, “Investments accounting for using the equity method”, “Other financial assets”, “Other assets”, “Other current financial liabilities”, “Other financial liabilities”, “Current income tax assets”, “Current income tax liabilities”, “Deferred tax assets” and “Deferred tax liabilities”.

(**) The caption “Provisions” contains the following line items of the consolidated balance sheet: “Current and non-current provisions”, and “Post- employment benefits”.

Note: Summarized balance sheet showing net positions mainly on the asset side.

Annex

Alternative Performance Measures

Siemens Gamesa Renewable Energy (SGRE) financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APMs). The APMs are considered to be adjusted magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE's Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE´s financial disclosures that cannot be directly reconciled with the financial statements in accordance with EU-IFRS are as follows.

Net Financial Debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings (including any subsidized loans) less cash and cash equivalents.

Net financial debt is the main APM used by Siemens Gamesa Renewable Energy's management to measure the Group's indebtedness and leverage.

€m	12.31.2019	03.31.2020	06.30.2020	09.30.2020
Cash and cash equivalents	1,661	1,421	1,695	1,622
Short-term debt	(513)	(487)	(546)	(434)
Long-term debt	(974)	(1,229)	(1,239)	(1,236)
Cash / (Net Financial Debt)	**175**	**(295)**	**(90)**	**(49)**

€m	12.31.2020	03.31.2021	06.30.2021	09.30.2021	12.31.2021
Cash and cash equivalents	1,533	1,515	1,400	1,961	1,332
Short-term debt	(636)	(607)	(540)	(382)	(590)
Long-term debt	(1,372)	(1,680)	(1,698)	(1,786)	(1,840)
Cash / (Net Financial Debt)	**(476)**	**(771)**	**(838)**	**(207)**	**(1,097)**

Working capital (WC)

Working Capital (WC) is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy’s management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

€m	12.31.2019	03.31.2020	06.30.2020	09.30.2020	10.01.2020 (*)
Trade and other receivables	1,079	1,036	1,174	1,141	1,142
Trade receivables from related companies	29	37	37	1	1
Contract assets	1,801	1,808	1,715	1,538	1,538
Inventories	2,071	2,115	2,064	1,820	1,820
Other current assets	578	466	584	398	398
Trade payables	(2,282)	(2,332)	(2,544)	(2,956)	(2,956)
Trade payables to related companies	(188)	(212)	(237)	(8)	(8)
Contract liabilities	(3,193)	(3,101)	(3,362)	(3,148)	(3,171)
Other current liabilities	(833)	(682)	(929)	(761)	(735)
Working Capital	**(939)**	**(865)**	**(1,498)**	**(1,976)**	**(1,971)**

(*) Comparable for Opening Balance Sheet adjustments of acquired businesses (PPA of Senvion business combinations, according to IFRS 3).

€m	12.31.2020	03.31.2021	06.30.2021	09.30.2021	12.31.2021
Trade and other receivables	1,150	1,054	1,157	901	885
Trade receivables from related companies	1	5	4	5	6
Contract assets	1,517	1,464	1,657	1,468	1,406
Inventories	1,718	1,886	1,901	1,627	2,007
Other current assets	467	449	553	520	524
Trade payables	(2,346)	(2,493)	(2,880)	(2,900)	(2,695)
Trade payables to related companies	(47)	(38)	(25)	(22)	(18)
Contract liabilities	(3,393)	(3,237)	(3,209)	(3,386)	(3,421)
Other current liabilities	(767)	(728)	(780)	(709)	(671)
Working Capital	**(1,699)**	**(1,639)**	**(1,621)**	**(2,496)**	**(1,978)**

The ratio of working capital to revenue is calculated as working capital at a given date divided by the revenue in the twelve months prior to that date.

Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance CAPEX). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of a business combination (e.g. the merger of Siemens Wind Power and Gamesa). This APM does also not include additions to right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

€m	Q1 21	Q1 22
Acquisition of intangible assets	(39)	(38)
Acquisition of Property, Plant and Equipment	(101)	(91)
CAPEX	**(140)**	**(129)**

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Acquisition of intangible assets	(50)	(45)	(54)	(38)	(187)
Acquisition of Property, Plant and Equipment	(99)	(118)	(171)	(91)	(479)
CAPEX	**(149)**	**(163)**	**(225)**	**(129)**	**(665)**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
Acquisition of intangible assets	(42)	(54)	(44)	(39)	(179)
Acquisition of Property, Plant and Equipment	(67)	(97)	(205)	(101)	(470)
CAPEX	**(109)**	**(151)**	**(249)**	**(140)**	**(649)**

Definitions of Cash Flow

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (CAPEX). SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adjusting the reported income for the period, for the ordinary non-cash items (mainly depreciation and amortization and provision charges).

€m	Q1 21	Q1 22
Net Income before taxes	4	(381)
Amortization + PPA	180	176
Other P&L (*)	7	18
Charge of provisions	50	184
Provision usage (without Adwen usage)	(83)	(100)
Tax payments	(8)	(13)
Gross Operating Cash Flow	**151**	**(116)**

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

Cash flow is calculated as the variation in Net financial debt (NFD) between two closure dates.

Average Selling Price in Order Intake, Onshore (ASP - Order Intake)

Average monetary order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by several factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

	Q2 21 (*)	Q3 21 (*)	Q4 21 (*)	Q1 22 (*)	LTM Dec 21
Order Intake Onshore Wind (€m)	1,330	856	867	1,361	4,415
Order Intake Onshore Wind (MW)	2,113	1,352	1,376	1,791	6,632
ASP Order Intake Wind Onshore	**0.63**	**0.63**	**0.63**	**0.76**	**0.67**

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €51m in Q2 21, €-16m in Q3 21, €0m in Q4 21 and €0m in Q1 22.

	Q2 20 (*)	Q3 20 (*)	Q4 20 (*)	Q1 21 (*)	LTM Dec 20
Order Intake Onshore Wind (€m)	1,289	872	1,698	1,619	5,478
Order Intake Onshore Wind (MW)	1,645	1,200	2,713	2,360	7,919
ASP Order Intake Wind Onshore	**0.78**	**0.73**	**0.63**	**0.69**	**0.69**

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €61m in Q2 20, €0m in Q3 20, €0m in Q4 20 and €0m in Q1 21.

	Q2 19 (*)	Q3 19 (*)	Q4 19 (*)	Q1 20 (*)	LTM Dec 19
Order Intake Onshore Wind (€m)	1,167	1,695	2,238	1,611	6,710
Order Intake Onshore Wind (MW)	1,742	2,130	3,147	2,563	9,581
ASP Order Intake Wind Onshore	**0.67**	**0.80**	**0.71**	**0.63**	**0.70**

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €33m in Q2 19, €1m in Q3 19, €2m in Q4 19 and €0m in Q1 20.

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Order Intake, Revenue and EBIT

Order Intake (in €) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
WTG	4,258	986	1,755	1,777	8,777
Of which WTG ON	1,381	840	867	1,361	4,450
Of which WTG OF	2,877	146	888	416	4,327
Service	1,242	534	1,129	695	3,599
TOTAL	**5,500**	**1,520**	**2,884**	**2,472**	**12,376**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
WTG	1,424	4,227	1,776	1,776	9,203
Of which WTG ON	1,350	872	1,698	1,619	5,539
Of which WTG OF	74	3,355	78	157	3,664
Service	779	1,115	787	505	3,186
TOTAL	**2,203**	**5,342**	**2,564**	**2,281**	**12,389**

Order Intake (in MW) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

MW	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
WTG ON	2,113	1,352	1,376	1,791	6,632
WTG OF	2,607	24	847	253	3,731
TOTAL	**4,720**	**1,376**	**2,223**	**2,044**	**10,363**

MW	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
WTG ON	1,645	1,200	2,713	2,360	7,919
WTG OF	-	2,860	-	-	2,860
TOTAL	**1,645**	**4,060**	**2,713**	**2,360**	**10,778**

Revenue LTM (Last Twelve Months) is calculated by aggregation of the quarterly revenues for the last four quarters.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
WTG	1,902	2,179	2,292	1,400	7,773
Of which WTG ON	1,154	1,328	1,463	941	4,885
Of which WTG OF	748	851	829	460	2,888
Service	434	525	571	429	1,959
TOTAL	**2,336**	**2,704**	**2,863**	**1,829**	**9,732**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
WTG	1,808	1,947	2,325	1,899	7,980
Of which WTG ON	1,149	1,143	1,499	1,061	4,852
Of which WTG OF	660	805	826	838	3,128
Service	395	464	543	396	1,797
TOTAL	**2,204**	**2,411**	**2,868**	**2,295**	**9,777**

EBIT (Earnings Before Interest and Taxes): operating profit as per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

EBIT (Earnings Before Interest and Taxes) pre PPA and integration & restructuring costs: EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA).

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

€m	Q1 21	Q1 22
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	4	(381)
(-) Income from investments acc. for using the equity method, net	(2)	(1)
(-) Interest income	(3)	(4)
(-) Interest expenses	16	10
(-) Other financial income (expenses), net	(1)	(1)
EBIT	**14**	**(377)**
(-) Integration costs	27	8
(-) Restructuring costs	20	3
(-) PPA impact	60	57
EBIT pre-PPA and integration & restructuring costs	**121**	**(309)**

EBIT margin: ratio of EBIT to Revenue in the period that is equal to the revenue figure in the consolidated Income Statement for the period.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

€m	Q1 21	Q1 22
EBIT	14	(377)
Amortization, depreciation and impairment of intangible assets and PP&E	180	176
EBITDA	**194**	**(201)**

EBITDA LTM (Last Twelve Months) is calculated by aggregation of the quarterly EBITDA for the last four quarters.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
EBIT	(19)	(238)	(279)	(377)	(914)
Amortization, depreciation and impairment of intangible assets and PP&E	182	192	203	176	753
EBITDA	**163**	**(46)**	**(77)**	**(201)**	**(161)**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
EBIT	(118)	(472)	(139)	14	(714)
Amortization, depreciation and impairment of intangible assets and PP&E	182	290	200	180	852
EBITDA	**63**	**(181)**	**61**	**194**	**138**

Net income and Net income per share (EPS)

Net income: consolidated profit for the year attributable to the parent company.

Net income per share (EPS): the result of dividing net income by the average number of shares outstanding in the period (excluding treasury shares).

	Q1 21	Q1 22
Net Income (€m)	11	(403)
Number of shares (units)	679,517,513	680,445,089
Earnings Per Share (€/share)	**0.02**	**(0.59)**

Other indicators

Revenue coverage: the revenue coverage ratio expresses the degree of achieving the revenue volume targets set by the company for a given year. It is calculated as the revenue booked until one period (including the activity/revenue expected for the rest of the year) divided by the activity/revenue guidance for that year.

€m	12.31.2020	12.31.2021
Actual revenue in year N (1)	2,295	1,829
Order Backlog for delivery in FY (2)	7,670	7,169
Average revenue guidance for FY (3) (*)	10,200	9,637
Revenue Coverage ([1+2]/3)	**98%**	**93%**

(*) FY21 revenue guidance communicated in November 2020 narrowed in July 2021 to €10.2bn. FY22 midpoint of growth rate guidance from -7% to -2% communicated in November 2021 adjusted in January 2022 from -9% to -2%.

Book-to-Bill: ratio of order intake (in EUR) to activity/revenue (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in revenue volume.

Book-to-Bill LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly Revenues and Order Intakes for the last four quarters.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Order Intake	5,500	1,520	2,884	2,472	12,376
Revenue	2,336	2,704	2,863	1,829	9,732
Book-to-Bill	**2.4**	**0.6**	**1.0**	**1.4**	**1.3**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
Order Intake	2,203	5,342	2,564	2,281	12,389
Revenue	2,204	2,411	2,868	2,295	9,777
Book-to-Bill	**1.0**	**2.2**	**0.9**	**1.0**	**1.3**

Reinvestment Rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value). According to the definition of CAPEX, the amount of amortization, depreciation and impairments does not include the amortization, depreciation and impairments of right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
CAPEX (1)	149	163	225	129	665
Amortization depreciation & impairments (a)	182	192	203	176	753
Amortization, depreciation & impairments of right of use assets (IFRS 16) (b)	29	30	32	34	126
PPA Amortization on Intangibles (c)	59	56	55	57	227
Depreciation & Amortization (excl. PPA) (2=a-b-c)	94	105	115	86	401
Reinvestment rate (1/2)	**1.6**	**1.5**	**1.9**	**1.5**	**1.7**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
CAPEX (1)	109	151	249	140	649
Amortization depreciation & impairments (a)	182	290	200	180	852
Amortization, depreciation & impairments of right of use assets (IFRS 16) (b)	27	33	28	31	119
PPA Amortization on Intangibles (c)	69	68	59	60	256
Depreciation & Amortization (excl. PPA) (2=a-b-c)	86	189	112	90	477
Reinvestment rate (1/2)	**1.3**	**0.8**	**2.2**	**1.6**	**1.4**

Gross Profit: the difference between revenue and cost of sales, according to the consolidated statements of profit and loss.

Gross Profit (pre PPA, I&R costs): Gross Profit excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the PPA (purchase price allocation). The result of dividing this indicator by the sales of the period, which are equal to the revenue figure in the consolidated Income Statement for the period, is denominated Gross Margin pre PPA, I&R costs, and it is expressed as a percentage.

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

€m	Q1 21	Q1 22
Gross Profit	202	(192)
PPA amortization on intangibles	45	41
Integration costs	20	5
Restructuring costs	13	2
Gross Profit (pre PPA, I&R costs)	**280**	**(144)**

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Gross Profit	199	(29)	(107)	(192)	(129)
PPA amortization on intangibles	44	42	40	41	167
Integration costs	21	19	24	5	69
Restructuring costs	37	4	3	2	45
Gross Profit (pre PPA, I&R costs)	**301**	**36**	**(41)**	**(144)**	**151**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
Gross Profit	63	(196)	81	202	149
PPA amortization on intangibles	45	45	45	45	180
Integration costs	28	41	49	20	138
Restructuring costs	42	100	33	13	188
Gross Profit (pre PPA, I&R costs)	**177**	**(10)**	**207**	**280**	**654**

Integration and Restructuring costs: see Gross Profit (pre PPA, I&R costs) and EBIT (pre PPA, I&R costs).

€m	Q1 21	Q1 22
Gross Profit	33	6
Research & Development	1	2
Sales and Administration	11	3
Others	1	-
Integration and Restructuring costs	**47**	**11**

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Gross Profit	57	23	27	6	113
Research & Development	3	1	2	2	8
Sales and Administration	10	6	14	3	33
Others	1	1	5	-	7
Integration and Restructuring costs	**71**	**31**	**48**	**11**	**161**

€m	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
Gross Profit	69	141	82	33	325
Research & Development	2	1	2	1	6
Sales and Administration	9	99	24	11	143
Others	2	2	2	1	7
Integration and Restructuring costs	**82**	**243**	**110**	**47**	**482**

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

MWe	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Onshore	1,927	2,404	2,223	1,195	7,749

MWe	Q2 20	Q3 20	Q4 20	Q1 21	LTM Dec 20
Onshore	1,649	1,876	2,433	1,744	7,702

Cost of energy (LCOE/COE): the cost of converting an energy source, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking in account all costs incurred during asset's life cycle (including construction, financing, fuel, operation and maintenance, taxes and incentives) divided by the total output expected from the asset during its useful life.

Note that due to rounding, numbers presented in this document may not add up exactly to the totals shown and percentages may not exactly replicate the absolute figures presented.

Glossary & Definitions for Alternative Performance Measures

The definition and conciliation of the alternative performance measures (APMs) are included and disclosed in this Activity Report and also used in the presentation associated to these and previous results. This glossary contains a summary of terms and APMs used in this report but does not replace the aforementioned definitions and conciliations**.**

AEP: annual energy production.

ASP in Order Intake: average monetary order intake collected by WTG division per unit booked (measured in MW). It excludes the value and volume of solar orders from the calculation.

Book & Bill: amount of orders (in EUR) to be booked and fulfilled in a set period of time to generate revenue without material lead time (“in for out” orders in set period of time).

Book-to-Bill ratio: order intake (in EUR) to activity/sales (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in sales volume.

Capital Expenditure (CAPEX): refers to investments made in the period in property, plant and equipment and intangible assets in order to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance capex).

CAGR: Compound annual growth rate.

EBIT (Earnings Before Interest and Taxes): operating profit per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before ‘Income (loss) from investments accounted for using the equity method’, interest income and expenses and ‘Other financial income (expenses), net’.

EBIT pre PPA integration & restructuring costs (I&R): EBIT excluding integration and restructuring costs and the impact on amortization of intangibles’ fair value from of the Purchase Price Allocation (PPA).

• Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.

• Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

EBITDA: It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital, capital expenditure (CAPEX), payments related to Adwen provisions and others mainly FX conversion impacts. SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adding, to reported income for the period, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates.

IP: Intellectual Property.

LTM: last twelve months.

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing activity in terms of work in progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

Net Financial Debt (NFD): is defined as long-term and short-term financial debt less cash and cash equivalents.

Reinvestment rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles’ fair value).

Working Capital (WC): is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

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Note on alternative performance measures (APMs)

This document includes supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa´s net assets and financial position or results of operations as presented in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.