

## Press release

5 November 2019

**FY 2019 results (October 2018 - September 2019)**

# Siemens Gamesa achieves record commercial activity in FY 2019 powered by energy transition

- The company fulfils market guidance with an EBIT margin before PPA and integration and restructuring costs of 7.1% and an increase in revenues of 12.1% year-on-year to €10.23bn despite industry price pressure; net income doubled to €140m compared to FY 2018
- Siemens Gamesa closes fiscal year 2019 with a record order book of €25.5bn (+12% YoY), as wind power is increasingly recognised as critical to the fight against climate change. The company also strengthens its balance sheet with a net cash position of €863m at the end of FY 2019, up €248m YoY
- The company focuses on sustaining profitable growth as it aims to optimize structural costs through global white collar headcount reductions of up to 600 over the next two years

Siemens Gamesa closed the fiscal year ended September 30 with a record order backlog, while strong sales activity in all three business units contributed to a 12% year-on-year revenue increase at the wind turbine manufacturer. Despite strong headwinds in the sector, which is experiencing pricing pressure, rising costs and regulatory uncertainty in certain markets, the company delivered an EBIT margin pre-PPA and integration and restructuring costs of 7.1% in line with its guidance to the market.

The order backlog at Siemens Gamesa rose 12% year-on-year to €25.5bn as its order intake grew by 7.4% to €12.7bn. Revenue grew to €10,227m, while the company doubled its net income to €140m compared to FY 2018. The company is focused on increasing profitability and competitiveness in a complex environment for wind turbines.

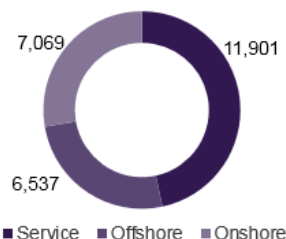
"There is no question that wind energy is coming of age and is now leading the energy transformation which is so critical to tackling climate change," said Markus Tacke, CEO of Siemens Gamesa. "These results show that we are successfully adapting to a changing industry and that our L3AD2020 strategy is on the right track to delivering long-term sustainable growth and leadership in our industry."

### Record commercial activity

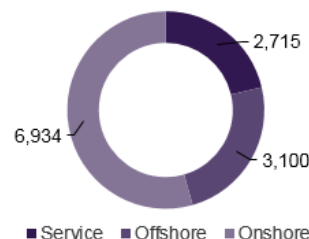
Siemens Gamesa logged strong order intake in the Onshore business: 9,389 MW (+4.8%). The main contributors to this performance were the US (27%) and India (20%), followed by Chile and China (7% each).

The Offshore unit registered double-digit growth (+10.9%) due to new markets, mainly Taiwan, which contributed 1.5 GW in firm orders. Meanwhile, Service orders increased by 13.4% in FY 2019, to €2,715m. This business unit, which contributes with very profitable contracts, accounts for 47% of the company's order book.

Order backlog (€m) (+11.9% YoY)



Order entry LTM (€m) (+7.4 YoY)



### Results in line with guidance

All business units increased revenue compared to last year: Onshore by 7%, Offshore by 18%, and Service by 17%. This solid performance reflects the growing worldwide recognition that accelerating investment in clean energies is vital to respond to climate change, which has become the focus of significant public and institutional attention in 2019.

Consequently, wind power has strong potential and significant growth opportunities in the long-term. According to the International Energy Agency, average annual wind installations will practically double by 2040, with €5 trillion of investment by 2050.

Despite these strong prospects, price pressure is affecting the wind industry's margins and, consequently, is weighing on manufacturers' returns. In this adverse environment, Siemens Gamesa fulfilled its profitability targets thanks to its transformation programme, which helped to achieve above €1,400m in cumulative savings. As a result, its EBIT before PPA and integration and restructuring costs increased by 4.6% YoY to €725m, equivalent to an EBIT margin of 7.1% before PPA and integration and restructuring costs.

Siemens Gamesa also strengthened its balance sheet in FY 2019, optimizing its debt structure and improving its cash position by €248m, thanks in particular to improved working capital, enabling it to end the year with a net cash position of €863m.

The company is also implementing a green funding strategy to position itself as one of the main drivers of sustainable development. "We are taking the lead in green finance, showing that sustainability can be present in every step we take as a company. In fact, our wind turbines produce clean energy for millions of homes and contribute to combating climate change, one of the main challenges that we currently face," said David Mesonero, CFO of Siemens Gamesa.

Siemens Gamesa key figures (€m)	FY 2019 (Oct. 18-Sept. 19)	Chg. FY 2019. YoY	Q4 FY 2019 (Jul. 19-Sept. 19)	Chg. Q4 FY 2019 YoY	Guidance FY 2019
Revenue:	€10,227	12.1%	€2,944	12.4%	€10,000- €11,000
EBIT before PPA and integration and restructuring costs:	€725	4.6%	€250	16.2%	
Reported EBIT:	€253	19.8%	€67	-8.2%	
EBIT margin before PPA and integration and restructuring costs:	7.1%	-0.5 p.p.	8.5%	0.3 p.p.	7-8.5%
Reported net income:	€140	100%	€52	104.1%	

### Prospects for FY 2020 and cost controls

The adverse factors affecting the wind industry will persist in the short term, despite solid future prospects. Consequently, FY 2020 is expected to be a transitional year, with revenues projected between €10,200m and €10,600m, and an EBIT margin of 5.5%-7%<sup>1</sup>. In the longer term, Siemens Gamesa expects to achieve an EBIT margin of 8%-10% from FY 2022 onwards. Further details will be given at a Capital Markets Day to be held in the first half of 2020.

In this context, Siemens Gamesa's goal is to enhance competitiveness to maintain its leadership in the sector and secure profitable growth in the long term. This in turn will enable it to respond better to its customers' needs in a changing industry. To help achieve this goal, the company announced a programme to adjust its structure that will result in a reduction of its global team of up to 600 white collar headcount worldwide over the next two years.

<sup>1</sup> This outlook excludes charges related to legal and regulatory matters and is at constant FX rates.

Consultations with workers' representatives began this morning with a view to reaching an agreement over the coming weeks.

Siemens Gamesa has a highly resilient business model thanks to its business mix, geographical diversification and balance sheet strength. The company is well placed to benefit from this growth because of its lead in the Offshore segment and its strong footprint in the Onshore segment in emerging markets.

Additionally, its recent agreement to acquire a selection of Senvion assets evidence the company's leading position in the next round of industry consolidation. Siemens Gamesa will strengthen its competitive position in the fastest-growing, high-margin Service business, expanding the fleet under maintenance by 15%, from 60 GW to 69 GW. This deal will also contribute to expanding its footprint and supply chain through the acquisition of the Portuguese Vagos blade plant. This facility will reduce dependency on supplier sourcing from Asia, mitigating volatility amid the uncertainties brought about by current trade issues.

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