

Press release

4 February 2020

Results for the first quarter of FY2020 (October 2019 - December 2019)

Siemens Gamesa's strong commercial performance in Q1 FY2020 reaffirms long-term prospects

- **The change of model towards clean energy accelerated commercial activity, as strong order intake in Q1 FY 2020 (+82% YoY) boosted the order book to €28,089m**
- **Sales stood at €2,001m and the balance sheet remains sound, with €175m in net cash**
- **Despite good long-term prospects, the complex situation in the industry and extraordinary costs in executing five onshore projects located in Northern Europe had a negative impact on profitability**

Rising demand for wind power as a response to the transition towards non-polluting energies drove Siemens Gamesa's commercial activity in the first quarter of FY 2020. The company experienced an 82% increase in order intake, with firm orders rising to €4,628m, raising the order book to a record €28,089m, underlining solid long-term growth prospects.

As announced in a regulatory disclosure on 29 January, the company experienced an unforeseen €150m impact from costs on five onshore projects (1.1 GW) in northern Europe, mainly Norway, caused by adverse road conditions and the unusual early arrival of winter weather, which delayed project execution substantially.

As a result, Siemens Gamesa adjusted its profitability target by one percentage point and expects to end the fiscal year with an EBIT margin before PPA, integration and restructuring costs of between 4.5% and 6%¹.

"This was not an easy quarter for Siemens Gamesa. The company's financial performance fell short of the expectations we had when we set our targets for the year. However, this was a one-off impact and we do not expect it to recur in future quarters as we are taking the necessary measures. We have stepped up risk analysis to ensure project execution is on track and we will also strengthen our internal control system to avoid a recurrence," said Markus Tacke, CEO of Siemens Gamesa.

"The results also underlined the long-term opportunities for wind energy and Siemens Gamesa. We are in an industry with huge potential and we are taking advantage of this with intense commercial activity that resulted in a record order book. Moreover, the acquisition of strategic assets from Senvion will boost our service business, where margins are higher," added Tacke.

Strong commercial activity

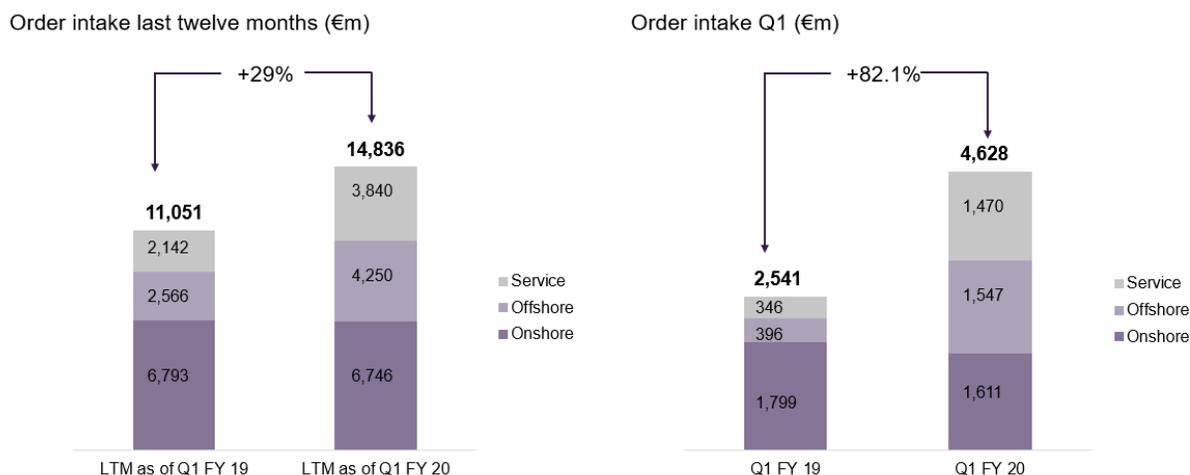
Commercial activity increased significantly in the offshore segment, with order intake in the last twelve months doubling to 3,343 MW. Of that figure, 1,279 MW were signed in the first quarter. Siemens Gamesa is the clear leader in this segment, with a pipeline of projects totaling 9.6 GW².

Onshore also registered very positive commercial activity, with order intake up 8.1% to 2.6 GW. China (18%) and Canada (16%) were the main sources of orders in the quarter. Moreover, almost half of orders were for the new models of turbines over 4 MW.

¹ Guidance excludes the impact of the acquisition of selected assets from Senvion and any impact from the change in the composition of SGRE shareholder base.

² Pipeline includes preferred supply agreements and conditional orders that are not part of SGRE's Offshore backlog

Service attained an extraordinary level of commercial activity, with order intake reaching €1,470m in Q1 FY2020, four times the figure in Q1 FY 2019. This business unit, which has very profitable contracts, accounts for 46% of the company's order book.



Stable sales and a sound balance sheet

Between October and December, Siemens Gamesa booked €2,001m in revenue (-12%), in line with the full-year guidance (€10,200m-€10,600m). The low end of the revenue guidance has already been booked in orders.

The company remains focused on retaining a sound balance sheet. As of 31 December, it had a net cash position of €175m. Moreover, Siemens Gamesa has introduced sustainability criteria throughout its funding chain.

Siemens Gamesa key figures (€m)	Q1 FY 2020 (Oct. 19-Dec. 19)	Q1 FY 2019 (Oct. 18-Dec. 18)
Revenue:	2,001	2,262
EBIT before PPA and integration and restructuring costs:	-136	138
Reported EBIT:	-229	40
EBIT margin before PPA and integration and restructuring costs:	-6.8%	6.1%
Reported net profit:	-174	18

Good long-term prospects

As evidenced by the order intake and backlog figures, demand for wind power is higher than ever. The GWEC estimates that global wind power installations will rise from 51 GW per year in 2018 to 130 GW per year in 2040.

Despite the current situation, Siemens Gamesa is solidly positioned to benefit from wind power's potential and to ensure success in the long term. It has scheduled a Capital Markets Day for 6 May, when it will give more details of the company's strategy for the coming years.

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