

Press release

5 November 2020

Results for FY20 (Oct. 2019 - Sept. 2020) and Q4 20 (July - Sept. 2020)

Siemens Gamesa completes a challenging fiscal year 2020 with record order intake, as momentum for wind energy grows

- **In the fourth quarter, the company reported EBIT pre PPA and before Integration and Restructuring costs of €31m, a margin of 1.1%**
- **Fiscal year 2020 reflects the impact of Covid-19 and the challenges in the Onshore business, with EBIT pre PPA and before Integration and Restructuring costs amounting to -€233m and an EBIT margin of -2.5%**
- **Record order intake of €14,736m in fiscal year 2020 contributed to a healthy order book of €30.2bn (+18.6% y/y), providing a solid foundation for the future**
- **Siemens Gamesa has implemented a business plan for FY21 – FY23 focused on maintaining profitable growth in Offshore and Service and turning the Onshore business around**

Siemens Gamesa logged a record order intake of €14,736m (+15.6 y/y) during fiscal year 2020, a challenging year dominated by Covid-19 and tough market conditions, ending with a backlog of €30.2bn that provides a solid foundation for the future and reflects the momentum for wind energy.

In the three months to September 30, Siemens Gamesa reported an EBIT pre PPA and before Integration and Restructuring costs of €31m, a margin of 1.1% on €2,868m in revenues. The company reported a decline in revenues for FY20 of 7% year-on-year to €9,483m, with EBIT pre PPA and before Integration and Restructuring costs of -€233m, a margin of -2.5%. Net losses amounted to -€918m.

The FY20 results reflect the continuing slowdown in the Indian market and cost overruns on project execution in Northern Europe, all accentuated by the impact of Covid-19. The global pandemic reduced revenues by c. €1bn, due to lower commercial activity and delays in project execution, and Covid-19 also impacted in EBIT pre PPA and before Integration & Restructuring costs by €181m.

To address these challenges, the company's new management team, led by the CEO Andreas Nauen who was appointed in June, presented a new business plan for FY21 - FY23 with the goals of turning the Onshore business around and of maintaining profitable growth in the Offshore and Service businesses. Siemens Gamesa maintains its commitment to prioritize profitability (over volume), cash flow and sustainability.

"Siemens Gamesa has started the new fiscal year with strong foundations to return the company to sustainable profitability. Measures underway will improve performance and enhance our strengths, positioning us for leadership in a wind energy industry that has a very bright future leading the fight against climate change," said Andreas Nauen during the earnings presentation.

Strong foundations for sustainable growth

Despite the impact of the pandemic, the transition towards less-polluting energy remains on the agenda and there are growing calls for the post-Covid-19 recovery to be underpinned by actions driving a "green economy". Additionally, an increasing number of countries and companies have undertaken to achieve net zero emissions by 2050. Attaining this objective worldwide will require wind installations to rise from 60 GW to 280 GW per year by 2030, according to the International Energy Agency.

Siemens Gamesa's results show a resilient company with solid foundations for achieving growth and capturing the full potential of wind power. Together with the geographically diverse order book totaling €30.2bn (+18.6% y/y), it also has a sound liquidity position, with €4.2bn in available funding lines, against which it had drawn c. €1.1bn, and a solid balance sheet at year-end, with net debt at €49m.

The company remains the undisputed leader in the Offshore segment, having doubled order intake year-on-year to 4.1 GW. This boosted the backlog to 6.7 GW, plus 9.3 GW in conditional agreements. This good performance is supported by technology leadership, following the launch of the powerful SG 14-222 DD turbine, and a business that is increasingly diversified, having added new markets in Asia and the Americas.

The company signed 2.7 GW in Onshore orders in Q4 20, partly recovering the business it had lost in the previous quarter and enabling total Onshore order intake in FY20 to reach 8.1 GW (-13.5% y/y). Onshore platforms of over 4 MW continue to gain importance, having accounted for 45% of Onshore order intake in the full year. Market reception of the SG 5.X platform was very favorable, and 1 GW in orders have been signed to date.

Service was the fastest-growing division in FY20, supported by the assets acquired from Senvion. Order intake increased by 53% y/y to €4.1bn during the year, boosting the fleet under maintenance by 23.7% y/y to 74,240 MW. As a result, Service now accounts for one-half of the company's total backlog. These orders offer visibility as the company has a 70% retention rate and the average contract duration is 8-9 years.

Committed to Sustainability

Siemens Gamesa continues to strengthen its commitment to sustainability and reached critical milestones in fiscal year 2020. The company became carbon-neutral five years ahead of schedule and the Science Based Targets initiative (SBTi) verified that its emission reduction strategy is aligned with what is required to meet the 1.5°C target. Siemens Gamesa also intensified its commitment to ESG (Environment, Social and Governance) principles and introduced sustainability criteria in its entire funding strategy, ranging from the syndicated loan through guarantee lines to currency hedges.

These actions were recognized by ESG rating agencies and by the indices, such as Dow Jones Sustainability Indices®, FTSE4Good®, Ethibel Sustainability Index® and Bloomberg Gender Equality Index®. The company is included in the MSCI indices with an investment grade rating of A, and in the Euronext indices and Ethibel Sustainability Index-Excellence Europe; it also has a FTSE Russell ESG Rating.

Financial framework and new guidance for FY21 - FY23

The financial framework for the strategy to resume value creation for all the company's stakeholders is supported by three lines of action: Profitable growth through innovation, productivity and operational excellence; focus on cash, with strict control of working capital and capital expenditure; efficiency in the use of capital coupled with an attractive dividend policy.

Under this umbrella, Siemens Gamesa has set targets for FY21 through FY23. The company expects to achieve between €10,200m and €11,200m in revenues in FY21, and faster-than-market growth through FY23. The EBIT margin pre PPA and before Integration & Restructuring costs will be between 3% and 5% in FY21, reaching a margin between 8% and 10% in FY23.

Siemens Gamesa key figures (€m)	Q4 FY 2020 (Jul.-Sept. 20)	FY 2020 (Oct. 19-Sept. 20)
Revenues:	2,868	9,483
EBIT pre PPA and before Integration and Restructuring costs:	31	-233
EBIT margin pre PPA and before Integration and Restructuring costs:	1.1%	-2.5%
Reported net loss:	-113	-918

Press enquiries:

Úrsula Guerra Guerra

+34 677 940 665

Ursula.guerra@siemensgamesa.com

Marta Menéndez Vila

+34 616 346 796

marta.menendez@siemensgamesa.com

For more information: www.siemensgamesa.com

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