

Press release

30 July 2021

Results for the third quarter of financial year 2021 (April 2021 - June 2021)

Siemens Gamesa's order book reflects the momentum in renewables, despite a challenging quarter

- Order backlog amounted to €32.6bn, underpinned by further commitments to a decarbonized economy; Siemens Gamesa logged €11.8bn order intake in the last twelve months
- Rising commodity prices and higher ramp-up costs for the 5.X platform resulted in provisions for onerous contracts related to projects executed in FY 22 and FY 23 impacting financial performance in the quarter
- EBIT margin guidance for FY21 adjusted to a range of -1% to 0%, with revenue for FY21 expected to be at the low end of the range of €10.2bn to €10.5bn

Siemens Gamesa completed a challenging third quarter of financial year 2021 (April-June) with a backlog worth €32.6bn (+3% y/y), €1.1bn more than a year earlier. This order book evidences the company is well placed to capture the potential of the wind industry, driven by an increase in decarbonization commitments and the role of renewable energy in economic recovery programs.

As announced in a regulatory disclosure to the CNMV, Spain's stock market regulator, Siemens Gamesa's performance in the third quarter reflected the impact on backlog profitability of rising commodity prices and the higher-than-expected ramp-up costs for the 5.X platform. That impact — exacerbated by the pandemic, especially in Brazil — resulted in a provision for onerous contracts related to projects to be executed in FY22 and FY23.

Consequently, Siemens Gamesa adjusted its guidance for financial year 2021 with an EBIT margin pre-PPA and before Integration and Restructuring (I&R) costs in the range of -1% to 0%, and group revenue expected to be at the low end of the range announced during the presentation of results for the second quarter (April 30, 2021): €10.2bn to €10.5bn.

"We are operating in what is currently a very difficult environment and have taken additional steps to balance our risk profile as we focus on delivering long-term sustainable profitability. Despite current challenges, the company is soundly placed to take advantage of the huge potential of wind energy, which is reflected in our strong order backlog. Our industry has bright prospects ahead, supported by a growing political and public commitment to fighting climate change by moving to a zero carbon emission future," said Andreas Nauen, Siemens Gamesa's Chief Executive Officer.

As the company continues to strive for sustained profitability, in Q3 21, Siemens Gamesa began to introduce clauses into its Onshore contracts to protect against commodity price volatility (mainly in steel towers). In addition to such mechanisms, Siemens Gamesa continues to incorporate cost inflation into contract pricing and to ensure the necessary procurements to execute its backlog in FY22.

Financial performance

Between April and June, Siemens Gamesa's revenue increased by 12% y/y to €2,704m. EBIT pre PPA and before I&R costs amounted to -€151m in the third quarter, with an EBIT margin of -5.6%. The company reported net income attributable to equity-holders of -€314m.

In the first nine months to June 30, revenue rose by 11% y/y to €7,335m. EBIT pre PPA and before I&R costs totaled €81m, i.e. an EBIT margin of 1.1%. Reported net income was -€368m.

Siemens Gamesa's debt position stood at -€838m at the end of June 2021. As of June 30, 2021, Siemens Gamesa had c. €4,450m in funding lines, against which it had drawn c. €1,400m, and total liquidity amounted to c. €4,450m

(including c. €1,400m of cash on the balance sheet as of that date).

Commercial activity

Worldwide commitments to mitigating climate change are playing a central role not only in the economic recovery in the short term but also in laying the foundations for solid, sustainable growth for renewables in the long term. According to the Global Wind Power Market Outlook Update from Wood Mackenzie, global installations will resume growth in 2024 and will maintain that trend during the second half of the decade.

In this context, Siemens Gamesa signed orders worth €11,864m in the last twelve months, and ended Q3 with a backlog worth €32,561m (+3% y/y), €1,100m more than in Q3 20. The backlog as of June 30, 2021, covers 100% of the sales guidance of c. €10,200m announced for the year.

Siemens Gamesa's order intake amounted to €1,520m in the third quarter, reflecting the volatility of the Offshore market, as orders for both Offshore wind turbines and Service were heavily concentrated in the second quarter of the year.

The Onshore business unit ended the quarter with €840m (-4% y/y) in new orders, representing a volume of 1,352 MW (+13% y/y), which reflected the strong impact of the pandemic the previous year. Onshore order intake in the last twelve months amounted to 8,538 MW, worth €5,538m.

Even though commercial activity for the Siemens Gamesa 5.X platform was stepped down in the quarter, new platforms with a capacity of 4 MW or higher accounted for 67% of new orders. Siemens Gamesa has signed 2.7 GW for the Siemens Gamesa 5.X platform since its launch.

Offshore order intake in the quarter stood at €146m, reflecting standard volatile Offshore market dynamics. Offshore order intake in the last twelve months amounted to €3,259m.

Siemens Gamesa's leading competitive positioning in the Offshore market is supported by a backlog of 7.3 GW and a pipeline of 7.8 GW. During the quarter, Siemens Gamesa was confirmed as preferred supplier for full 1,044 MW Hai Long offshore wind projects, the company's largest offshore agreement in Taiwan to date. The company continues to work very closely with customers to prepare for the large volume of auctions expected in 2021 (17 GW projected in the next six months in the Offshore market) and subsequent years, given Offshore wind's role as the top energy source for attaining the decarbonization targets.

The Offshore market's volatility also affected order intake in Service, which achieved orders worth €534m in the quarter. Service order intake in the last twelve months amounted to €3,068m. At the end of June 2021, Service, which is more profitable, accounted for 50% of the backlog (i.e. €16,238m), having increased by 7% year-on-year.

Continuing progress with ESG commitments

Siemens Gamesa is recognized for its excellent ESG performance. During the quarter, the company achieved important milestones in this area, as it became the first wind turbine manufacturer to receive an ESG rating from S&P, with a score of 84/100. Additionally, Siemens Gamesa is ranked #1 in its sector according to FTSE Russell, and has been part of the FTSE4Good indexes since 2005.

The company is assessed by renowned ESG rating agencies, ranking in the top percentile in most cases, including VigeoEiris, ISS ESG, Sustainalytics and MSCI ESG. Siemens Gamesa is a member of such indexes as Dow Jones Sustainability Index® (World & Europe), FTSE4Good®, Bloomberg Gender-Equality Index®, Euronext® Vigeo and the Ethibel Sustainability Index® families.

Siemens Gamesa key figures (€m)	Q3 2021 (Apr. - Jun. 21)	Q3 2020 (Apr. - Jun. 20)	9M 2021 (Oct. 20-Jun. 21)
Revenue:	2,704	2,411	7,335
EBIT pre-PPA and before integration and restructuring costs:	-151	-161	81
EBIT margin pre-PPA and before integration and restructuring costs:	-5.6%	-6.7%	1.1%
Reported EBIT:	-238	-472	-243
Reported net income attributable to SGRE shareholders:	-314	-466	-368

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