

Press release

May 5, 2022

Results for the second quarter and first half of financial year 2022 (October 2021 - March 2022)

Siemens Gamesa speeds up measures to stabilize business and will launch a long-term plan to deliver its full potential

- **Financial performance continued to be affected by supply chain disruptions and ramp-up challenges in the Siemens Gamesa 5.X platform**
- **Actions already implemented to urgently address short-term priorities, and new plan to be launched to deliver the company's full potential**
- **Commercial activity shows standard volatility in Offshore and market uncertainty in Onshore, but sound performance in Service**
- **Backlog amounting to €32,831m shows Siemens Gamesa is well positioned to unlock renewables' growth potential, driven by the need to secure energy independence and address climate emergency**

Siemens Gamesa ended a complex second quarter that continued to be marked by volatile market dynamics and by the challenges posed by the ramp-up of the Siemens Gamesa 5.X platform, which was more complex than initially envisaged. The company has already implemented a number of actions to urgently address the short-term headwinds and stabilize the business, and is already defining a plan to improve medium-term profitability and maximize its long-term potential.

Siemens Gamesa reported revenue of €2,177m (-7% y/y) in the three months to March 31. EBIT pre PPA and before integration and restructuring costs stood at -€304m, equivalent to an EBIT margin of -14.0%. Reported net income attributable to SGRE equity-holders amounted to -€377m between January and March. In the first half of fiscal year 2022, revenue amounted to €4,006m (-13% y/y) and EBIT pre PPA and before integration and restructuring costs to -€614m, with an EBIT margin of -15.3%. Reported net income attributable to SGRE equity-holders in first half amounted to -€780m.

As of March 31, 2022, net debt totaled -€1,731m. Siemens Gamesa has €4,387m in committed funding lines, against which it has drawn €1,908m, and total liquidity amounts to €3,538m, including cash on the balance sheet at the end of Q2 FY22 (€1,058m).

Order intake in Q2 FY22 amounted to €1,198m, as a result of lengthier commercial negotiations in the Onshore market segment in the current inflationary environment and also the normal volatility of commercial activity in the Offshore market segment. The order book stood at €32,831m as of March 31, 2022, reflecting projected growth for wind, reinforced by commitments reached at the COP 26 and the need to achieve energy security.

"The second quarter results reflect the current internal and external challenges we are facing. Since I joined the company as CEO on March 1, we have been working hard to identify the root causes of our underperformance. We are already implementing actions to address the short-term issues and stabilize the company in the shortest possible time, and we are already working on a plan to deliver our full potential. I remain confident of the company's long-term vision and our essential role in tackling the climate emergency and assuring energy independence," said Jochen Eickholt, Siemens Gamesa's Chief Executive Officer.

Commercial activity

The central role of investment in renewables, both in assuring commitments to combat climate change and in achieving energy security, supports the wind industry's long-term growth prospects. In this context, Siemens Gamesa signed orders worth €8,074m in the last twelve months, and it ended the quarter with a backlog amounting to €32,831m, 3% below the record backlog attained on March 31, 2021. 80% of the backlog is linked to markets with strong execution and above-average growth prospects.

From January to March, order intake amounted to €1,198m, reflecting the effect of lengthier commercial negotiations in the Onshore market and company's decision to reopen negotiation of its contracts in March in the face of cost inflation. Order intake is expected to recover in the second half of the year.

Onshore obtained orders amounting to 4,773 MW in the last twelve months (-43% y/y), worth €3,277m (-41% y/y). The order intake amounted to €209m in the second quarter. Platforms with a capacity of 4 MW or higher accounted for 90% of orders (MW) in the quarter. The Siemens Gamesa 5.X platform accounted for 67% of orders in Q2 22 (172 MW) and has accumulated c. 3.9 GW in orders since its launch.

Offshore order intake amounted to €321m in the second quarter, reflecting the normal volatility in commercial activity in this market. Order intake in the last twelve months was €1,771m and includes the first firm contracts in the USA. During Q2 22, Siemens Gamesa signed two preferential supply agreements for the MFW Baltyk II and III wind farms in Poland, with a combined volume of 1.4 GW. This raised the conditional pipeline to 8.2 GW as of March 31, 2022. Siemens Gamesa continues to work very closely with customers to prepare for the large volume of auctions expected in 2022 and subsequent years (111 GW up to 2027).

Service order intake amounted to €669m in the second quarter, and to €3,026m in the last twelve months. Of the total order book, 53% (€17,482m) is in Service, which has higher returns and is growing by 7% year-on-year.

Guidance under review, and long-term program

In the current context, the effect of the internal and external challenges cannot be assessed with the usual degree of certainty. Based on this situation, expectations for Siemens Gamesa's performance in FY22 are being reassessed and, consequently, the previous market guidance for FY22 is no longer valid and is under review.

For now, the company will continue to work on achieving revenue growth of between -9% and -2% with respect to FY21, and profit at the lower end of the previous guidance range, with an EBIT margin pre PPA and before integration and restructuring costs of -4%. Both figures include the impact of the sale of the development assets in southern Europe.

Since his appointment as CEO in March, Jochen Eickholt has been working to identify the main causes of Siemens Gamesa's underperformance, including internal and external issues.

To mitigate the challenges, the company has already taken steps to stabilize the situation in the shortest possible time. Among other actions, Siemens Gamesa has created dedicated task forces to mitigate current challenges (Siemens Gamesa 5.X platform and procurement), ensuring a holistic approach to problem solving, and has strengthened commercial discipline, increasing selectivity, reinforcing project approval processes, and ensuring closer alignment between procurement and sales.

The company has also taken the first steps to achieve its long-term vision through a new company plan. The program, called Mistral, will focus on identifying key levers to expand margins in the medium term, such as achieving a solid top line, establishing a competitive high-quality product portfolio, optimizing cash flow, and exploring transformational measures to unlock the company's full potential in the long-term, including technology harmonization and a portfolio review.

Continuing progress with ESG commitments

Siemens Gamesa continues to be recognized as a sustainability leader by the most prestigious ESG rating agencies. The company received a B+ rating from ISS ESG rating agency and was ranked #1 in the Environment dimension and #1 in the Social dimension among the 52 companies in the Electrical Equipment sector. Additionally, Siemens Gamesa continues to be a component of the STOXX SRI and STOXX Climate Benchmark indexes linked to this ESG score.

Siemens Gamesa ranks #1 or #2 in the industry according to ESG rating agencies FTSE Russell, ISS ESG, Moody's Vigeo Eiris and S&P Corporate Sustainability Assessment. The company maintains its presence in sustainability indexes, such as Dow Jones Sustainability (World and Europe), FTSE4Good, STOXX Europe Sustainability, STOXX ESG Leaders, Euronext Vigeo (World, Europe and Eurozone) and Solactive Europe Corporate Social Responsibility. Additionally, Siemens Gamesa has been included in the Bloomberg Gender-Equality Index for the third consecutive year.

Siemens Gamesa key figures (€m)	Q2 FY 2022 (Jan. – March 22)
Revenue:	2,177
EBIT pre PPA and before integration and restructuring costs:	-304
EBIT margin pre PPA and before integration and restructuring costs:	-14%
Reported EBIT:	-385
Reported net income attributable to SGRE shareholders:	-377

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