

Press release

August 2, 2022

Results for the third quarter and first nine months of fiscal year 2022 (October 2021 – June 2022)

Siemens Gamesa takes immediate action to stabilize the business and accelerate long-term value creation

- Financial performance during the third quarter continued to be affected by volatile market dynamics and supply chain delays, as well as internal challenges mainly impacting the onshore portfolio.
- Record backlog of €33,980 million, up 4%, with order intake of €3,523 million in the third quarter of fiscal year 2022, shows that the company is well positioned to unlock renewables' growth potential.
- Target for fiscal year 2022 adjusted to -5.5% (previously -4%) mainly due to component failures and repairs among legacy onshore platforms.
- Under the Mistral strategy program, the new operating model, which will go live on January 1, 2023, adopts a simplified, leaner company structure.
- The company will maintain a business-focused setup while strengthening the COO (Chief Operating Officer) and CTO (Chief Technology Officer) teams to accelerate harmonization and standardization across Siemens Gamesa.

Siemens Gamesa today announced decisive steps under the Mistral strategy program to accelerate the company's turnaround after ending a challenging third quarter marked by ongoing difficulties in the wind energy industry as well as internal challenges mainly impacting the onshore pipeline.

The company reported revenue of €2,436 million (-10% year-over-year) in the three months up to June 30, 2022. EBIT pre PPA and before integration and restructuring costs stood at -€343 million, equivalent to an EBIT margin of -14.1%. Reported net income attributable to Siemens Gamesa equity holders amounted to -€446 million between April and June 2022.

In the first nine months of fiscal year 2022, revenue amounted to €6,442 million (-12% year-over-year) and EBIT pre PPA and before integration and restructuring costs to -€957 million, with an EBIT margin of -14.8%. Reported net income attributable to Siemens Gamesa shareholders in the first nine months of fiscal year 2022 amounted to -€1,226 million.

As of June 30, 2022, net debt totaled -€2,275 million. Siemens Gamesa has €4,450 million in committed funding lines, against which it has drawn €2,651 million, and total liquidity amounts to €3,036 million, including cash on the balance sheet at the end of the third quarter of fiscal year 2022 (€1,237 million).

Siemens Gamesa's performance continued to be negatively affected by volatile market dynamics – inflation of energy, raw material and logistics costs, non-availability of key wind turbine components, port congestion, and supply delays. All these factors impacted manufacturing, project execution and delivery. There were also internal challenges, including a difficult ramp-up of the Siemens Gamesa 5.X onshore platform and higher costs driven mainly by failure of components and repairs in legacy onshore platforms.

Consequently, the company has adjusted its target for EBIT margin pre PPA and before integration and restructuring costs for fiscal year 2022 to -5.5% after previously announcing -4%. The company maintains its expectation that it will achieve revenue growth in line with the lower end of the previous range of -2% to -9%.

In an extremely challenging situation, the strong momentum in renewables boosted the company's backlog to a record €33,980 million, once again showing that Siemens Gamesa is well positioned to unlock renewables' growth potential, driven by the need to secure energy independence and address the climate emergency.

Siemens Gamesa's order intake from April to June amounted to €3,523 million: €2,094 million in Offshore (up 14.3-fold year-over-year), €1,068 million in new orders in Onshore (+27% year-over-year), and €361 million in Service (-32% year-over-year). Order intake during this quarter was 2.3 times the figure registered in the third quarter of fiscal year 2021.

Long-term value creation with the Mistral strategy program

In response to this situation, Siemens Gamesa is taking decisive steps for long-term value creation under the recently launched Mistral strategy program, which aims to overhaul the current operating model, making the organization simpler and leaner. It will also improve organizational efficiency and effectiveness. The company will maintain a business-focused setup while strengthening the COO (Chief Operating Officer) and CTO (Chief Technology Officer) teams to accelerate harmonization and standardization across Siemens Gamesa. Businesses will focus on sales, projects and product roadmap, and keep full P&L responsibility.

Details of the new operating model will be finalized by October 1, 2022.

Under the new structure, which will go into effect on January 1, 2023, Siemens Gamesa will create a single technology roadmap across the businesses, making cross-company platform solutions scalable and reducing non-conformance costs (NCCs) through harmonized processes and by focusing on key competencies across Siemens Gamesa.

Taking decisive action now

"Now is the time to take decisive action and sustainably shape our future. Under our new operating model, we will be able to support our customers faster and with greater expertise," said Siemens Gamesa CEO Jochen Eickholt. "By setting up simpler processes, we will empower our people, teams and organizations to take responsibility and enable faster learning cycles." As for investors, Eickholt emphasized that, "The new setup will accelerate our company's turnaround. It will provide a very clear picture of business activities and greater transparency overall regarding the trajectory that Siemens Gamesa will take as a global leader in the green energy transition."

In the new operating model, the COO will be responsible for manufacturing across the entire Siemens Gamesa portfolio. In addition, all supply-chain- and production-related activities globally will be combined under the COO's scope, enabling production standardization with the support of a qualified supplier network. The new setup will unlock significant value and enable a transition to mid- to long-term procurement contracts of direct materials. Overall, the strategy will ensure competitive high-quality products across businesses and provide greater transparency for the capital market.

Additionally, there will be a single technology development team spanning Offshore, Onshore and Service, led by the newly created Chief Technology Officer (CTO) position, summarizing all product-development-related activities globally. Integrating the teams under a global function at the corporate level is a prerequisite to accelerating the harmonization and standardization of technologies across the company, providing overall stability to the development process and product quality. The new CTO will be announced in due time.

Implementation in three phases

The Mistral strategy program will be deployed in three phases, spanning short-term to long-term timelines, from 2022 to 2025 and beyond. The immediate goals are to achieve product maturity in the Siemens Gamesa 5.X onshore platform coupled with cost assurance. In the medium term, the team will achieve a lean structure in all target markets, while improving competitiveness and profitability, and

growing the top line. By 2025, Siemens Gamesa aims to have streamlined its platform strategy and achieved a scalable, cross-application operating model for Offshore, Onshore and Service combined with a highly commoditized supply chain that is robust against market disruptions. Under the new operating model, Siemens Gamesa is preparing to reap significant cost synergies through the potential integration into Siemens Energy.

Siemens Gamesa key figures	Q3 FY 2022 (April – June 2022)
Revenue	€2,436 million
EBIT pre PPA and before integration and restructuring costs	-€343 million
EBIT margin pre PPA and before integration and restructuring costs	-14.1%
Reported EBIT	-€459 million
Reported net income attributable to Siemens Gamesa shareholders	-€446 million

Contact for journalists

Ana García
Phone: +34 610 14 14 26
ana.garcia.r@siemensgamesa.com

Verónica Díaz
Phone: +34 616 34 87 35
veronica.diaz@siemensgamesa.com