

Press release

November 10, 2022

Results for fiscal year 2022 (October 2021 – September 2022)

Siemens Gamesa ends challenging fiscal year 2022 with record backlog and is prepared to deliver long-term vision with Mistral program

- Strong momentum in renewables boosted backlog to a record €35,051 million
- Fiscal year marked by ambitions to curb climate change and need for energy independence
- Mistral strategy program on track, acting on short-term challenges and as a key lever to deliver long-term vision
- New simplified structure preparing the company for potential integration into Siemens Energy
- Voluntary cash tender offer approved by the National Securities Market Commission (CNMV)

In an extremely challenging macroeconomic and geopolitical context, shaped also by Europe's commitment to safeguard energy independence and an increase in global commitments to curb climate change, Siemens Gamesa ended a particularly complex fiscal year 2022. With the launch of the Mistral strategy program and a new operating model, Siemens Gamesa took decisive steps to mitigate ongoing headwinds and to stabilize the business for profitable growth in the long term.

The company's performance during the fiscal year reflected market imbalances caused by persisting supply chain disruptions, heightened by geopolitical tensions and additional waves of COVID-19, as well as upward pressure on the price of inputs and shipping. There were also internal challenges. These challenges included the industrialization of the Siemens Gamesa 5.X onshore platform, where progress was slower than planned, and additional costs related to failures and repairs of components in legacy onshore platforms.

All these factors affected the manufacturing, execution and delivery of projects in progress. Based on new assumptions about market, production and project-execution conditions, the backlog of projects for delivery in future years needed to be reassessed.

In this extremely challenging situation, Siemens Gamesa signed orders for €11,598 million in the last 12 months, boosting the company's backlog to a record €35,051 million, i.e., a €2,509 million increase year-over-year. These record figures show once again that Siemens Gamesa is well positioned to unlock the growth potential of renewables, which is driven by the need to secure energy independence and address the climate emergency.

Revenue from October 2021 to September 2022 amounted to €9,814 million (-4% year-over-year). EBIT pre PPA and before integration and restructuring costs amounted to -€581 million, with an EBIT margin of -5.9%. The numbers come as a result of supply instability and delays in project execution, the challenges around the ramp-up of the Siemens Gamesa 5.X platform, reduced manufacturing activity, and component failures and repairs in legacy onshore platforms. This impact was partially offset by the successful sale of renewable development assets in southern Europe.

The company closed the fiscal year with a net loss of €940 million (vs. -€627 million in FY21).

In the fourth quarter, revenue amounted to €3,372 million (+17.8% year-over-year). EBIT pre PPA and before integration and restructuring costs amounted to €375 million, with an EBIT margin of 11.1%. The company reported net profit of €286 million in the quarter from July to September 2022.

Order intake from July to September increased 53% year-over-year to €4,405 million: €1,566 million in offshore (+76% year-over-year), €1,743 million in onshore (twice the figure registered in the same period of the previous year, boosted by the asset disposal in southern Europe), and €1,097 million in service (-3% year-over-year).

As of September 30, 2022, net debt totaled -€1,232 million. Siemens Gamesa has €4,402 million in committed funding lines, against which it has drawn €1,615 million. Total liquidity amounts to €4,029 million, including cash on the balance sheet at the end of fiscal year 2022 (€1,242 million).

“Fiscal year 2022 was definitely a very difficult one. But with the launch of the Mistral program, we have set the stage to deliver profitable growth and achieve our long-term vision. Before we get there, we have a transition year ahead of us, still impacted by elevated inflation, supply chain disruptions and geopolitical risks. This is affecting the entire wind industry and could jeopardize the energy transition – unless there is a clear commitment from policymakers and authorities to treat the industry as having the greatest strategic importance. Because we are indispensable to society and a crucial pillar of the future energy system,” said Siemens Gamesa’s CEO, Jochen Eickholt.

Long-term value creation supported by the Mistral strategy program

The Mistral program, launched in May, set a clear roadmap for the company to unlock its long-term potential.

As part of the initial effort to stabilize the business, Siemens Gamesa defined a new operating model with a clear focus on processes and a lean organization, which will be effective as of January 1, 2023. In this context, the company carried out an organizational review to identify synergies across several functions and to adjust its manufacturing footprint and capacity to match market demands. As a consequence, around 2,900 positions will be affected by fiscal year 2025 across the company, out of which 1,900 will be in Europe. The company is working with employee representatives to mitigate the impact of this adjustment as much as possible through natural attrition, internal transfers and early retirements.

Additionally, Siemens Gamesa is working on strengthening specific areas within key leading markets to capitalize on its strong market position in offshore and to grow across the entire value chain while driving a project-centric business approach.

Under the new operating model, Siemens Gamesa will strengthen the teams of the COO (Chief Operating Officer) and CTO (Chief Technology Officer) to accelerate harmonization and standardization across the company. The company recently announced the appointment of Morten Pilgaard Rasmussen as CTO, effective January 1, 2023.

With the new organizational setup, Siemens Gamesa is preparing to reap significant cost synergies through the potential integration into Siemens Energy. On November 7, the Spanish National Securities Market Commission CNMV approved the voluntary cash tender offer by Siemens Energy to acquire all outstanding shares in Siemens Gamesa which it does not already own.

Following a challenging year, Siemens Gamesa begins fiscal year 2023 in an equally complex environment characterized by persistently high inflation and supply chain disruptions that severely affect the cost of materials.

However, after this transition year, it expects the market environment to normalize. This will enable Siemens Gamesa regain profitability and resume cash flow progressively in the future.

This progression will be supported by three key levers: sales growth supported by a global increase in demand, especially in offshore; the results of the Mistral strategy program; and leveraging long-term relationships with suppliers and customers to maximize value creation throughout the wind energy chain. This will help protect wind turbine manufacturers and other players against inflation and price volatility.

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.

| Key figures | Fiscal year 2022 (Oct 2021–Sep 2022) | Q4 fiscal year 2022 (Jul–Sep 2022) |
|---|---|---------------------------------------|
| Revenue | €9,814 million | €3,372 million |
| EBIT pre PPA and Integration and Restructuring costs | -€581 million | €375 million |
| EBIT margin pre PPA and Integration and Restructuring costs | -5.9% | 11.1% |
| Reported EBIT | -€942 million | €280 million |
| Reported net income attributable to Siemens Gamesa shareholders | -€940 million | €286 million |

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