

## Press release

3 February 2022

**Results for the first quarter of financial year 2022 (October 2021 - December 2021)**

## **Siemens Gamesa's performance still challenged by market dynamics, while commercial activity remains strong**

- Jochen Eickholt named to replace Andreas Nauen as CEO on March 1
- Financial performance impacted by supply chain disruptions and ramp-up challenges of Siemens Gamesa 5.X platform
- Service remains strong, while Offshore maintains its leading competitive positioning
- Backlog increased by 12% y/y to €33,604m, with 8% growth in quarterly order intake
- Commitments agreed at COP26 show the need to accelerate the energy transition and evidence the strong potential of renewables
- Siemens Gamesa adjusts its guidance for FY22: Sales growth between -9.0% and -2.0% y/y and EBIT margin pre PPA and before I&R costs between -4.0% and 1.0%

Siemens Gamesa entered financial year 2022 amid complex market dynamics, marked by supply chain disruptions that are expected to last longer than previously anticipated. Against this backdrop, the company's commercial activity remained sound, reflecting the strong growth prospects in the wind industry.

As announced in a regulatory disclosure to Spain's stock market regulator, performance in the first quarter was negatively impacted by supply chain disruptions, causing higher-than-expected cost inflation, and by the ongoing impact of COVID-19. Additionally, the ramp-up challenges of the Siemens Gamesa 5.X platform affected production and the project execution schedule.

"We remain immersed in a very complex market environment, with disruptions and low visibility in the supply chain. In this context, we continue taking measures to protect our profitability and adapt to these dynamics, which will persist in the coming months. However, we cannot forget the privilege of working in a sector with enormous potential and the promise of improving the future of the planet. Our backlog is a testament to our employees' hard work and dedication," said Andreas Nauen, Siemens Gamesa's Chief Executive Officer.

### **Financial performance**

Between October and December, Siemens Gamesa revenue amounted to €1,829m (-20.3% y/y) and EBIT pre PPA and before integration and restructuring (I&R) costs to -€309m, with an EBIT margin of -16.9%. Performance was impacted by supply chain disruptions in manufacturing and by project execution and Onshore ramp-up challenges. Service performance was strong, with revenues up 8% y/y and an EBIT margin of 23.5%. EBIT pre PPA and before integration and restructuring costs includes a negative impact of c. -€289m due mainly to cost deviations in onerous contracts. Reported net income attributable to SGRE shareholders was -€403m.

As of 31 December 2021, Siemens Gamesa's net financial debt position was -€1,097m. Siemens Gamesa has €4,723m in committed credit lines, against which it has drawn €1,557m, and total liquidity amounting to €4,499m, including cash on the balance sheet at the end of Q1 FY22 (€1,332m). Siemens Gamesa maintains its investment grade credit rating.

### **Commercial activity**

Commitments to combat climate change made in recent months, particularly at COP26, reflect the need to accelerate the transition to low-emission energy systems, with a greater share of renewable energies, and further collaboration between developed and developing countries. In this context, Siemens Gamesa's commercial activity remained strong, with new orders worth €2,472m in Q1 FY22 (+8% y/y), driven by growth in orders in Service and

Offshore. The order book of €33,604m (+11.6% y/y) at end-December 2021 covers c. 93% of the revenue guidance announced for the year.

Onshore obtained new orders for 1,791 MW, worth €1,361m, affected by the hiatus in the US and Spanish markets, together with the company's commercial strategy focused on controlling risk and prioritizing profitability over volume. The Siemens Gamesa 5.X platform accounted for 48% of orders in Q1 FY22 (853 MW, including the first contract in Spain) and has accumulated c. 3.8 GW in orders since its launch.

Offshore order intake amounted to €416m in the first quarter, while order intake in the last twelve months amounted to €4,327m and includes the first firm contracts in the US. The offshore backlog amounted to 7.6 GW with conditional pipeline adding 6.7GW as of 31 December 2021. Siemens Gamesa continues to work very closely with customers to prepare for the large volume of auctions expected in 2022 and subsequent years (89 GW).

Order intake in Service amounted to €695m in Q1 FY22. Service order intake in the last twelve months amounted to €3,599m. More than a half of the total order book (€17,322m) is in Service, which has higher returns and is growing by 13% year-on-year.

### **Outlook and guidance**

To address the challenges, Siemens Gamesa will also continue implementing measures throughout the value chain to mitigate increases in logistics and supply chain costs and staff cost control initiatives to support profitability. The company is also working on other initiatives such as the potential sale of its wind farm pipeline in southern Europe, which should have a positive impact on its results.

However, considering the results in Q1 FY22 and the fact that the company does not expect supply conditions to normalize in the remainder of the year, Siemens Gamesa has adjusted its guidance for FY22 to: revenue growth between -9.0% and -2.0% y/y and an EBIT margin pre PPA and before I&R costs between -4.0% and 1.0% (previously revenue expected to decline by between -7% and -2%, and an EBIT margin pre PPA and I&R costs between +1% and +4%).

Despite the complex near-term environment, Siemens Gamesa maintains its long-term vision for the business, aiming for an EBIT margin pre PPA and I&R costs of +8% to +10%. This vision is expected to be achieved between fiscal year 2024 and fiscal year 2025, supported by the recovery in profitability in the Onshore market and by sustained profitable growth in the Offshore and Service markets.

### **Continuing progress with ESG commitments**

Siemens Gamesa continues to be recognized as a sustainability leader by the most prestigious ESG rating agencies. The company has been included in the [Dow Jones Sustainability](#) Indexes (World and Europe), with a score of 83/100, reaching the 99th percentile and ranking #2 out of 126 companies in the sector. This is Siemens Gamesa's highest ever score.

Siemens Gamesa was also recently included in Bloomberg's Gender-Equality Index 2022 for the third year in a row. The company also ranked #1 and #2 in the industry according to FTSE Russell, ISS ESG, and Vigeo Eiris. Siemens Gamesa is the first wind turbine manufacturer to obtain an ESG score (84 out of 100) from S&P Global Ratings ESG Evaluation. The company also maintains its presence in sustainability indexes such as: FTSE4Good, STOXX Europe Sustainability, Euronext Vigeo and Ethibel Sustainability.

Siemens Gamesa key figures (€m)	Q1 FY 2022 (Oct. – Dec. 21)
Revenue:	1,829
EBIT pre PPA and before integration and restructuring costs:	-309
EBIT margin pre PPA and before integration and restructuring costs:	-16.9%
Reported EBIT:	-377
Reported net income attributable to SGRE shareholders:	-403

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