Press release

30 July 2020

Results for the third quarter of FY 2020 (April - June 2020)

COVID-19 impacts Siemens Gamesa in Q3, but record backlog and strong financial position provide a sound basis for the future

- **Coronavirus cuts €93 million off profit in the quarter, while performance was also impacted by market slowdown in India and Mexico and by Onshore project challenges in Northern Europe**
- **Strong performance by the Offshore and Service units boosted the backlog to a record €31.5 billion, enhancing visibility going forward**
- **Siemens Gamesa has measures underway to turn around its Onshore business and improve towards profitability**
- **The company expects to end the year with revenues of €9,500-€10,000 million, and a margin of between -3% and -1%**

Siemens Gamesa's performance in the third quarter of FY 2020 (April-June) reflected the impact of COVID-19 on its operations as well as challenges in the Onshore business, due to the slowdown of the Indian and Mexican markets, and in the execution of projects in Northern Europe.

As a result, between April and June Siemens Gamesa recorded revenues of €2,411 million, a decline of 8% year-on-year. EBIT pre PPA and before integration and restructuring (I&R) costs fell to -€161 million, with a negative EBIT margin of -6.7%, including a -€93 million direct impact of COVID-19. Net losses in the quarter amounted to €466 million.

Revenues in the first nine months of FY 2020 fell 9% year-on-year to €6,615 million, with EBIT pre PPA and before I&R costs of -€264 million, including an accumulated impact of the pandemic of -€149 million. Net losses amounted to €805 million in the period.

In his first earnings report as CEO, Andreas Nauen said: "We are navigating a complicated period, as an industry and as a company, and the numbers we have presented today reflect that. Nevertheless, we are already taking measures to turn the Onshore business around and return to profitability. The long-term outlook for our business is promising and our company has the technology and people needed to play a major role in developing a recovery underpinned by clean energies that help combat the effects of climate change."

Nauen was appointed CEO of Siemens Gamesa in June 2020 and tasked with driving a turnaround at the company. To regain profitability, the company has measures underway that include a change of course in India to tailor the business to actual market demand, optimisation of the global industrial footprint, and implementation of an acceleration program (LEAP) that seeks to assure profitability for the three business units. The program will be unveiled at the Capital Markets Day, scheduled for 27 August.

Sound basis for the future

Despite these near-term challenges, the results also reflect strong foundations for the future: a record backlog of €31.5 billion (+25% y/y) and a strong liquidity position, with €4 billion in funding lines against which only €1.2 billion have been drawn. The company's debt has been reduced by €101 million in the last twelve months, to €90 million.

The increase in the backlog—which enhances the visibility of the group's performance going forward—reflected strong commercial performance, driven by the Offshore and Service units, that now represent 78% of the backlog. Order intake increased by 14% y/y in the quarter, to €5,342 million, and by 24% y/y in the last twelve months, to €15,248 million.

Siemens Gamesa underlined its leadership in Offshore with a strong quarter in which it signed 2,860 MW in orders (+87% y/y), taking the total for the last 12 months to 4,211 MW (+110% y/y). Overall, the company has an Offshore backlog totalling 7.6 GW, as well as a pipeline of conditional orders and preferred supplier agreements amounting to 9.3 GW.

The Onshore business was severely affected by the uncertainty created by the pandemic as there were delays in signing contracts in all three regions, and other challenges such as the slowdown in India and Mexico and in the execution of projects in Northern Europe. Onshore signed 1,200 MW of orders in the quarter, 70% of which for turbines over 4 MW.

Commercial performance in Service was particularly noteworthy. Order intake in the quarter totalled €1,115 million, 20% more than the year-ago quarter, linked to the Offshore business, and with contract duration averaging 9 years. The order book amounts to €15.1 billion, 48% of the company's total backlog.

New guidance for FY 2020
Siemens Gamesa withdrew its financial guidance for FY 20 in April because of the uncertainty about the impact of the COVID-19 crisis. Now, with better visibility, the company has presented new estimates for FY 2020, which ends on 30 September, including the impact of the Senvion asset acquisition. Siemens Gamesa expects to end the year with revenues between €9.5 and €10 billion and an EBIT margin before PPA and integration and restructuring costs of between -3% and -1%. This represents a reduction of €1 billion in revenues and of between €200 and €250 million in profitability compared to the previous guidance.

Siemens Gamesa key figures (€m)	Q3 FY 2020 (Apr.-June 20)	Q3 FY 2019 (Apr.-June 19)
Revenues:	2,411	2,632
EBIT before PPA and integration and restructuring costs:	-161	159
EBIT margin before PPA and integration and restructuring costs:	-6.7%	6.1%
Reported net profit:	-466	21
Net financial debt:	-90	-191

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