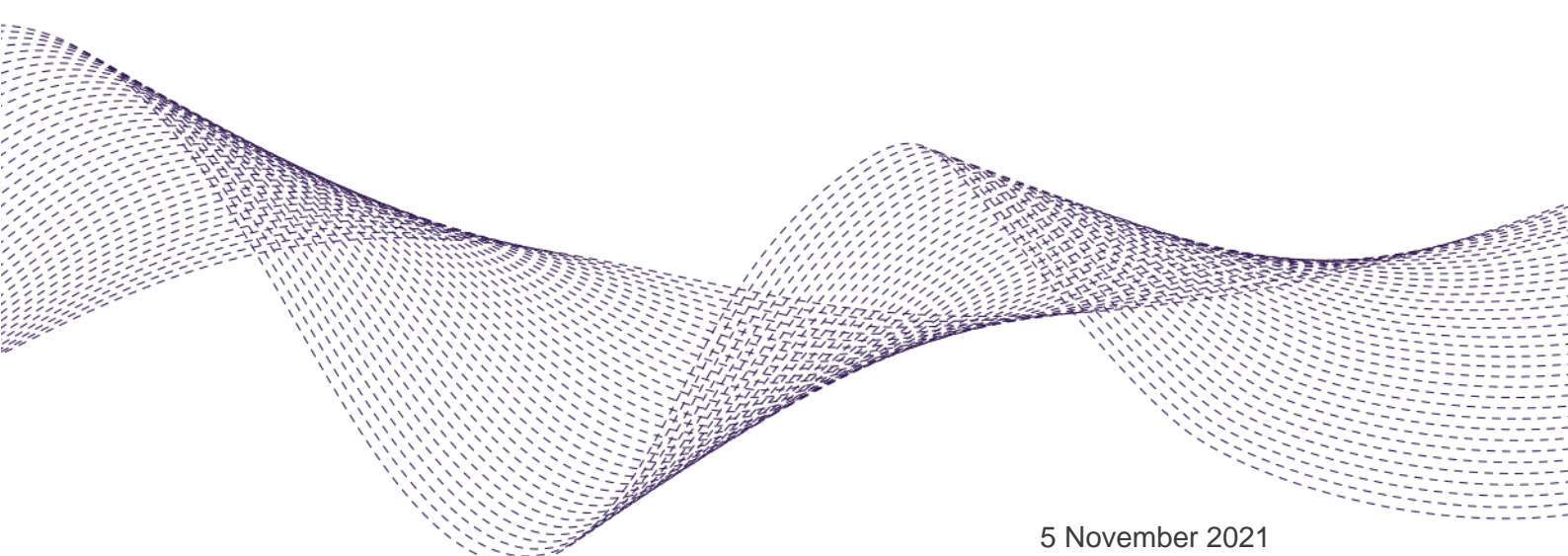


Activity Report

Fiscal year 2021

October-September 2021 results



5 November 2021

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Introduction

Fiscal year 2021 (FY21), from October 2020 to September 2021, was a complex one. We are seeing the first signs of economic recovery after COVID-19; however, the effects of the pandemic on supply chains, manufacturing and travel are lasting longer than expected. With supply only partly recovered, the rebound in demand has led to major imbalances: shortages of certain components, longer delivery times, and a sharp increase in commodity prices, plus record-high transportation costs. The impact of these imbalances, which are persisting, was particularly intense during the second half of the year (H2 21) and on the Wind Turbine (WTG) business, which was also affected by higher ramp-up costs for the Siemens Gamesa 5.X platform. The company has already launched an action plan to address both the challenges derived from the supply chain imbalances and the ramp-up of the Siemens Gamesa 5.X platform. As a result, following solid performance in the first half (H1 21), Siemens Gamesa¹ ended fiscal year 2021 with Group revenue amounting to €10,198m (+8% y/y) and an EBIT margin pre PPA and before integration and restructuring costs of -0.9%, both in line with the low end of the guidance range announced in July 2021. EBIT pre PPA and before integration and restructuring costs includes in the second half of FY21 provisions for onerous contracts in the Onshore business in the amount of c. -€298m². Including integration and restructuring costs (-€197m in FY21) and the impact of the PPA on amortization of intangibles (-€230m in FY21), reported EBIT in FY21 amounted to -€522m and net income attributable to SGRE equity-holders amounted to -€627m.

Revenue in the fourth quarter of FY21 (Q4 21) amounted to €2,863m (0% y/y) and the EBIT margin pre PPA and before integration and restructuring costs was -6.2%. Returns in Q4 21 were affected by an increase of provisions for onerous contracts of the Siemens Gamesa 5.X platform amounting to c. -€69m (equivalent to c. -2.4% of revenue in Q4 21), mainly related to the impact of the capacity bottlenecks and the higher transportation costs on the projects in Northern Europe pipeline. Additionally, as planned, Q4 21 EBIT pre PPA and before integration and restructuring costs includes the costs related to the successful ramp-up of the Offshore SG 11.0-200 DD platform, whose first projects will begin execution in fiscal year 2022. Reported EBIT in Q4 21 amounted to -€279m, including the impact of integration and restructuring costs (-€48m) and of the PPA on amortization of intangibles (-€55m). Reported net income in Q4 21 amounted to -€258m.

The Group ended FY21 with a solid balance sheet and ample access to funding. As of 30 September 2021, the Group's net debt position stood at -€207m, while working capital amounted to -€2,496m, equivalent to -24% of revenue LTM. One of the main factors contributing to higher debt was the increase in lease liabilities³. As of September 30, 2021, Siemens Gamesa had €4,443m in committed funding lines, against which it had drawn €1,346m, and total available liquidity amounted to €5,058m, including cash on the balance sheet at year-end of €1,961m. Siemens Gamesa maintains an investment grade credit rating: BBB from S&P (outlook stable) and BBB- from Fitch (outlook negative).

Apart from the supply chain imbalances, which were exacerbated in the last six months, FY21 was characterized by a clear increase in global commitments to combating climate change, as decarbonization objectives account for 71% of world emissions. These commitments, which in some cases are accompanied by specific targets for wind power facilities, especially Offshore, represent the basis for wind energy's strong potential in the medium and long term. In this context, Siemens Gamesa's commercial activity in FY21 resulted in orders totaling €12,185m, having signed €2,884m in Q4 21, and an order book of €32,542m. It should be noted that, despite the pace of adoption of commitments to the 2050 decarbonization target, the commitments made to date and the implicit renewable energy installations do not guarantee that decarbonization will be achieved by 2050. To achieve this, as stated by the International Energy Agency (IEA) in its latest World Energy Outlook (October 2021), it would be necessary to double the pace of wind and solar installations through 2030 with respect to the pace dictated by the current targets. As the report also indicates, the market opportunity for manufacturers of wind turbines, solar panels, lithium-ion

¹Siemens Gamesa Renewable Energy (Siemens Gamesa or SGRE) is the result of merging Siemens Wind Power, which was the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The Group engages in wind turbine development, manufacture and sale (Wind Turbine business) and provides operation and maintenance services (Service business).

²These provisions for onerous contracts reflect mainly the impact of higher commodity and transport prices and the ramp-up cost of the Siemens Gamesa 5.X platform on the returns on contracts with that platform that are in the backlog and scheduled for execution in fiscal year 2022 (FY22) and fiscal year 2023 (FY23).

³As of 30 September 2021, lease liabilities amounted to €829m. As of 30 September 2020, lease liabilities amounted to €611m.

batteries, electrolyzers and fuel cells to meet the global decarbonization target amounts to over USD 1 trillion per year by 2050, which is comparable in size to the current global oil market.

In FY21, Siemens Gamesa completed the first year of LEAP and of the new integration and restructuring plan 2021-2023, which will help the company to realize its long-term vision. Actions undertaken include notably:

- Technology innovation with Siemens Gamesa 5.X and SG 14-222 products.
- Within the productivity and asset management pillar:
 - Simplification of the Onshore organization by optimizing resources and enhancing their allocation.
 - Consolidation of operational capacity in EMEA with the closure of the Somozas and Cuenca plants.
 - FY21 productivity target met through rigorous cost control measures.
 - Working capital control, reaching a ratio of -24% over revenue.
- Within the operation excellence pillar:
 - Enhancement and harmonization of project management processes in all regions, promoting the exchange of operating best practices between businesses, and reinforcing quality criteria both internally and for contractors.
 - Ramp-up of the Vagos blade plant reducing reliance on China as a global supply cluster.
 - Improvement of the supplier management process through a global IT tool that allows monitoring the status of each supplier, executing audits and verifying health and safety standards.
- Restructuring in India with Halol closure and adapting capacity to the new market size, ceasing new development and solar activities, and launching in that country of the SG 3.4-145 wind turbine, with contracts for 623 MW signed in July 2021.

In addition to executing the LEAP program and the restructuring activities, Siemens Gamesa took additional actions to protect the Group's performance in the current complex supply environment and to strengthen the competitive position of the Siemens Gamesa 5.X platform:

- Strengthening of the procurement strategy by increasing financial and physical hedges and through better alignment with suppliers.
- Improvement of measures (indexation, reopener or renegotiation clauses, and exit clauses) to reduce the risk associated with commercial contracts in the face of transport and commodity price volatility.
- Product cost savings programs and technology improvements to reduce the impact of higher supply costs on the cost of energy in the various platforms, especially focused on the Siemens Gamesa 5.X platform.

Related to sustainability, the company launched the sustainability strategy through 2030, and the introduction of the first fully recyclable blade (RecyclableBlade) in line with the sustainability strategy commitment to have a fully recyclable wind turbine by 2040.

Siemens Gamesa continues to occupy the top positions in industry league tables and has obtained high ESG ratings from the agencies in this field: best score in the industry from FTSE Russell and ISS ESG, and #2 from Vigeo Eiris. It also attained the 97th percentile in the industry according to Sustainalytics and S&P Global (Corporate Sustainability Assessment and Dow Jones Sustainability Index) and an A rating from MSCI. SGRE is the first wind turbine manufacturer to obtain an ESG rating (84 out of 100) from S&P.

SGRE maintains its presence in sustainability indexes: Dow Jones Sustainability (World and Europe), FTSE4Good, Euronext Vigeo, Ethibel Sustainability, STOXX ESG Leaders, STOXX SRI, EURO STOXX Sustainability, etc. It also improved its score in the Bloomberg Gender-Equality Index from 69% in 2020 to 75%.

Main consolidated figures for FY21

- Revenue: €10,198m (+8% y/y)
- EBIT pre PPA and before integration and restructuring costs⁴: -€96m (N.A.)
- Net income: -€627m (N.A.)
- Net cash/(Net financial debt – NFD)⁵: -€207m
- MWe sold: 10,995 MWe (+10% y/y)
- Order book: €32,542m (+8% y/y)
- Firm order intake in Q4: €2,884m (+13% y/y)
- Firm order intake in the last twelve months: €12,185 (-17% y/y)
- WTG firm order intake in Q4: 2,223 MW (-18% y/y)
- WTG firm order intake in the last twelve months: 10,679 MW (-13% y/y)
- Installed fleet: 117,666 MW
- Fleet under maintenance: 79,199 MW

⁴EBIT pre PPA and before integration and restructuring costs excludes integration and restructuring costs in the amount of -€197m and the impact on fair value amortization of intangible assets as a result of the PPA (purchase price allocation) in the amount of -€230m.

⁵Cash / (Net financial debt) is defined as cash and cash equivalents less long-term and short-term financial debt, including lease liabilities. The Siemens Gamesa Group adopted IFRS 16 effective October 1, 2019. As of September 30, 2021, lease liabilities amounted to €829m.

Markets and orders

FY21 saw a clear increase in commitments to combat climate change, with over 50 countries, as well as the entire European Union, announcing decarbonization commitments. These commitments, which in some cases are linked to specific targets for wind power installations, especially Offshore, form the basis for the wind energy industry's strong potential and are reflected in the continuous improvement of the medium and long-term demand prospects. In this context, Siemens Gamesa signed orders worth €12,185m in FY21, equivalent to 1.2 times revenue in the period, and ended the year with an order book totaling €32,542m (+8% y/y), i.e. €2,294m more than at September 30, 2020.

As of September 30, 2021, 52% of the order book, i.e. €16,801m, was in Service, which has higher returns and expanded by 11% year-on-year. The WTG order book is split €9,528m Offshore (+11% y/y) and €6,213m Onshore (-4% y/y).

Figure 1: Order book as of 09.30.21 (€m)

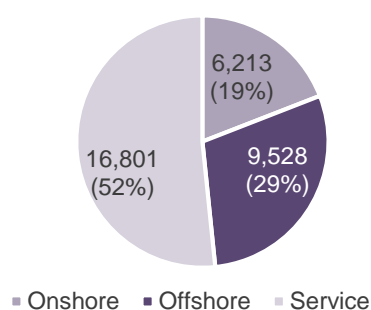
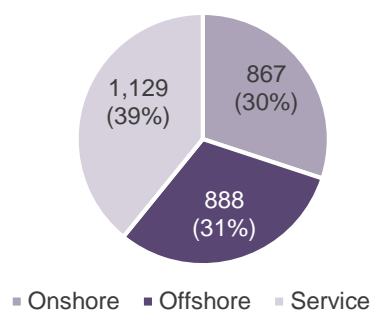


Figure 2: Order intake Q4 21 (€m)



The backlog in September 2021 covers over c. 90%⁶ of the sales guidance announced for the fiscal year.

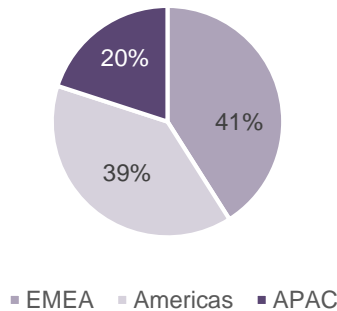
Order intake in Q4 21 amounted to €2,884m, +13% y/y, with strong performance by Service and Offshore.

Onshore logged 1,376 MW (-49% y/y) in new orders in the quarter, worth €867m (-49% y/y), giving a book-to-bill ratio of 0.6x. The year-on-year decline in order intake was due to several factors: the standstill in the US market while awaiting a possible extension of the wind power production tax credits, and in the Spanish market following the enactment of Decree Law 17/2021; the fact that contract negotiations are taking longer in the current inflationary environment; the slowdown in commercial activity for the Siemens Gamesa 5.X platform while its enhancement program is completed; all coupled with a high basis for comparison caused by the strong rebound of commercial activity in the fourth quarter of FY20 (Q4 20) following the impact of the pandemic in the third quarter (Q3 20).

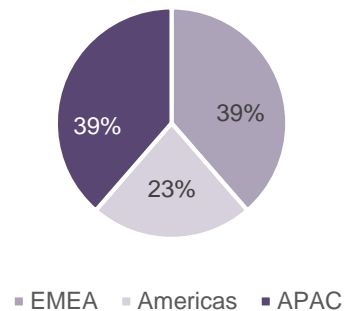
Onshore order intake in the last twelve months amounted to 7,201 MW (-11% y/y), worth €4,708m (-15% y/y), i.e. a book-to-bill ratio of 0.9x; in addition to specific factors in Q4 20, these figures are mainly a reflection of the company's commercial strategy, which is focused on controlling risk and prioritizing profits in the projects in the backlog.

⁶Revenue coverage calculated with backlog value as of September 30, 2021 for execution in FY22 divided by the mid-point of the revenue guidance communicated for the fiscal year (annual reduction range of 2% to 7%).

**Figure 3: Order intake (€m)
Onshore LTM (%)**



**Figure 4: Order intake (€m)
Onshore Q4 21 (%)**



Of the 44 countries that contributed new Onshore orders in the last twelve months, those that made the largest contribution, in monetary terms, were: Sweden (17%), Brazil (13%), US (12%) and Canada (11%). They were followed by Spain (9%), India (6%), and Vietnam and Japan (5% each). The main sources of new orders in Q4 21 were: India (39%), Sweden (20%), Canada (11%) and US (8%).

Orders for new platforms with capacity of 4 MW or greater accounted for 34% of total order intake in Q4 21 (68% in FY21). The Siemens Gamesa 5.X platform has accumulated 2.9 GW in orders since its launch, with 2.2 GW signed in FY21 and 242 MW in Q4 21.

The normal volatility in Offshore order intake resulted in orders worth €888m being signed in Q4 21 after signature of the first contracts in US. Offshore order intake in FY21 amounted to €4,068m, i.e. a book-to-bill ratio of 1.2x.

Siemens Gamesa continues to work very closely with customers to prepare for the large volume of auctions expected in 2021 and 2022 (32 GW) and beyond, given Offshore wind's role as the primary energy source for attaining the decarbonization targets.

In FY21, Siemens Gamesa obtained new preferred supplier contracts in Taiwan: Hai Long 2B (232 MW) and Hai Long 3 (512 MW). These wind farms, and Hai Long A (300 MW), will be equipped with the SG 14-222 DD turbine. After preferred supplier agreements in France, the Netherlands, UK and US were converted into firm orders, the conditional order book amounted to 7 GW as of September 30, 2021.

Service commercial activity was particularly strong in Q4 21, with firm orders signed for €1,129m following the extension of the service contract for the East Anglia ONE Offshore wind farm from 5 to 15 years. The Service division booked new orders worth €3,409m in FY21, i.e. a book-to-bill ratio of 1.8x (2.0x in Q4 21).

Table 1: Order intake (€m)

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
WTG	3,158	1,424	4,227	1,776	1,776	4,258	986	1,755
Onshore	1,611	1,350	872	1,698	1,619	1,381	840	867
Offshore	1,547	74	3,355	78	157	2,877	146	888
Service	1,470	779	1,115	787	505	1,242	534	1,129
Group	4,628	2,203	5,342	2,564	2,281	5,500	1,520	2,884

Average selling price in Onshore during Q4 21 was affected positively by the increase in comparable prices and product mix (higher towers and larger rotors offset the dilution due to larger capacity platforms) and negatively by India's strong contribution to the geographic mix, accounting for 46% of total orders in the quarter (in MW). Considering India contribution, it is important to note that the trend towards smaller scopes in contracts is also contributing to a reduction in the ASP⁷. In FY21, the average selling price was positively impacted by product (higher

⁷Excluding the contribution of India, the ASP in Q4 21 amounts to €0.71/MW (€0.64m/MW in Q4 20).

towers), regional split, and higher prices during H2 21, and negatively impacted by the dilutive effect of larger platforms and by depreciation against the euro of the currencies in which the Group operates.

In Q4 21, Siemens Gamesa continued to incorporate cost inflation clauses into its contracts and other tools to achieve a more balanced commercial risk profile vis-à-vis commodity prices and transportation costs. Those tools include commodity indexation clauses (mainly to tower steel), reopeners and exit clauses, which began to be incorporated into bids made in the second half of 2021. The company has also worked intensively to support commercial offers with back-to-back cost coverage through binding offers from suppliers and continues to work on cost-cutting programs to offset the effect of inflation.

Figure 5: Average selling price - Onshore order intake (€/MW)

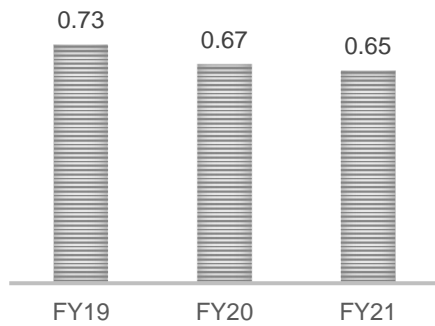
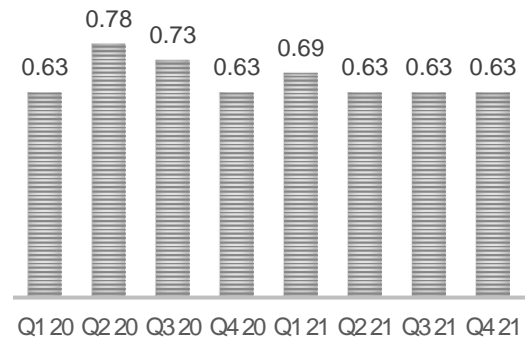


Figure 6: Average selling price - Onshore order intake (€/MW)



Key financial performance metrics

The table below shows the main financial aggregates for the fourth quarter (July-September 2021) of fiscal year 2021 (Q4 21) and fiscal year 2020 (Q4 20), and the variation between periods. It also shows the key figures for fiscal year 2021 (FY21) and for fiscal year 2020 (FY20) and the variation between periods.

Table 2: Key figures

€m	FY20	FY21	Change y/y	Q4 20	Q4 21	Change y/y
Group revenue	9,483	10,198	+7.5%	2,868	2,863	-0.2%
WTG	7,715	8,272	+7.2%	2,325	2,292	-1.4%
Service	1,768	1,926	+8.9%	543	571	+5.2%
WTG volume (MWe)	9,968	10,995	+10.3%	3,226	2,781	-13.8%
Onshore	7,704	8,298	+7.7%	2,433	2,223	-8.6%
Offshore	2,264	2,697	+19.1%	793	558	-29.7%
EBIT pre PPA and before I&R costs	-233	-96	N.A.	31	-177	N.A.
EBIT margin pre PPA and before I&R costs	-2.5%	-0.9%	+1.5 p.p.	1.1%	-6.2%	-7.3 p.p.
WTG EBIT margin pre PPA and before I&R costs	-8.2%	-6.2%	+2.0 p.p.	-4.3%	-13.0%	-8.7 p.p.
Service EBIT margin pre PPA and before I&R costs	22.7%	21.8%	-0.9 p.p.	24.0%	21.2%	-2.8 p.p.
PPA amortization ¹	-262	-230	-12.3%	-59	-55	-7.8%
Integration and restructuring costs	-462	-197	-57.5%	-110	-48	-56.7%
Reported EBIT	-958	-522	N.A.	-139	-279	N.A.
Net income attributable to SGRE shareholders	-918	-627	N.A.	-113	-258	N.A.
Net income per share attributable to SGRE shareholders ²	-1.35	-0.92	N.A.	-0.17	-0.38	N.A.
Capex	601	677	+75	249	225	-25
Capex/revenue (%)	6.3%	6.6%	+0.3 p.p.	8.7%	7.9%	-0.8 p.p.
Working capital (WC)	-1,976	-2,496	-520	-1,976	-2,496	-520
Working capital/revenue LTM (%)	-20.8%	-24.5%	-3.6 p.p.	-20.8%	-24.5%	-3.6 p.p.
Net (debt)/cash ³	-49	-207	-158	-49	-207	-158
Net (debt)/EBITDA LTM	N.A.	-0.88	N.A.	N.A.	-0.88	N.A.

1. Impact of the Purchase Price Allocation (PPA) on amortization of intangibles.

2. Earnings per share calculated using the weighted average number of outstanding shares in the period: Q4 20: 679,517,513; Q4 21: 680,067,397; FY20: 679,517,035; FY21: 679,906,438.

3. Lease liabilities as of September 30, 2020: €611m and September 30, 2021: €829m.

The Group's financial performance in FY21 reflects the effect of market imbalances caused by the global demand recovery while the supply chain continued to be affected by the pandemic. Those imbalances resulted in shortages of certain components, delays in deliveries, and a sharp increase in prices of both components and commodities and transport costs. The impact of these imbalances became visible during the second half of the year and mainly affected the Onshore market, in terms of both project execution and the profitability of the backlog, offsetting the solid execution of Offshore projects and Service unit performance. Performance during the year was also affected by longer lead times and rising costs of the Siemens Gamesa 5.X platform ramp-up. The cost increase was also due to the ongoing impact of the pandemic on the supply chain and on cost inflation pressure.

In this context, Group revenue amounted to €10,198m in FY21, 8% more than in FY20. Revenue growth was driven mainly by the Offshore market, which registered a 16% increase with respect to FY20, and by Service (+9% y/y). Onshore revenue increased by 2% year-on-year. Revenue in Q4 21 amounted to €2,863m, comparable to Q4 20, affected by delays in executing Onshore projects and by the manufacturing ramp-up of the SG 11.0-200 DD Offshore turbine.

EBIT pre PPA and before integration and restructuring costs amounted to -€96m, equivalent to a margin of -0.9% (-2.5% in FY20). EBIT includes in the second half of FY21 provisions for onerous contracts amounting to c. -€298m,

equivalent to -2.9% of revenue in the year. The provision for onerous contracts arose as a result of the re-assessment of the returns in the Onshore WTG order book as a result of two main developments:

- The sharp increase in commodity prices and transportation costs.
- The higher ramp-up costs for the Siemens Gamesa 5.X Onshore platform.

EBIT pre PPA and before integration and restructuring costs amounted to -€177m in Q4 21, equivalent to a margin of -6.2% (1.1% in Q4 20). EBIT in Q4 21 was affected by manufacturing ramp-up costs of the SG 11.0-200 DD Offshore platform and the impact of the reassessment of the profitability of the WTG backlog, largely derived from higher transport costs, which resulted in provisions for onerous contracts in the amount of c. -€69m.

In addition to the impact of supply chain disruptions and higher ramp-up costs for the Siemens Gamesa 5.X platform in FY21, plus the impact of the pandemic, costs in the execution of projects in Northern Europe and the slowdown in the Indian market in FY20, year-on-year performance by EBIT pre PPA and before integration and restructuring costs reflects:

- (-) The composition and scope of Onshore and Offshore WTG projects and the price reduction incorporated into the Offshore and Service backlogs.
- (+) Improvements in productivity under the LEAP program that offset the impact of project composition and scope and of price reductions.
- (+) The increase in sales volume.

FY21 profitability has also been positively impacted by a release of guarantee provisions associated with a comparatively high reduction in the product failure rate and by the reassessment of the marketability of WTG inventories.

The impact of PPA on amortization of intangible assets was -€230m in FY21 (-€55m in Q4 21), while integration and restructuring (I&R) costs amounted to -€197m in the same period (-€48m in Q4 21). Integration and restructuring costs include notably the following items:

- Closure of the Somozas and Cuenca blade factories.
- Restructuring in India.
- Integration and restructuring of the Service assets and the Vagos blade plant acquired from Servion (-€20m in FY21 and -€9m in Q4 21).

Reported EBIT, including the impact of the PPA on amortization of intangibles and integration and restructuring costs, amounted to -€522m in FY21 (-€958m in FY20) and -€279m in Q4 21 (-€139m in Q4 20).

Result of companies accounted for using the equity method amounted to a profit of €10m in FY21 (loss of -€3m in FY20) and to €5m in Q4 21 (€1m in Q4 20). Net financial expenses amounted to -€41m in FY21 (-€59m in FY20) while the tax expense amounted to -€72m (corporate tax income of €100m in FY20). Net financial expenses amounted to -€9m in Q4 21 (-€15m in Q4 20), and the company booked a corporate tax income of €26m (corporate tax income of €40m in Q4 20). The reduction in financial expenses is the result of the optimization of debt and cash management carried out by the company during FY21. The tax expense in FY21 is a consequence of losses in markets where the company could not capitalize deferred tax assets.

As a result, the Group reported a net income of FY21 of -€627m (-€918m in FY20), which includes the impact on amortization of the PPA and of integration and restructuring costs, both net of taxes, totaling €305m⁹ in FY21 (€519m in FY20). Net income per share for equity-holders of Siemens Gamesa amounted to -€0.92 in FY21 (-€1.35 in FY20). Net income in Q4 21 amounted to -€258m (-€113m in Q4 20) and net income per share for equity-holders of Siemens Gamesa to -€0.38 (-€0.17 in Q4 20).

The Group's working capital amounted to -€2,496m in Q4 21, i.e. -24% of revenue in the last twelve months. The reduction of €520m since FY20 year-end is the result of a reduction in accounts receivable and inventories and an increase in net contract liabilities. The Group continues with its policy of managing assets to maintain a strict control of working capital.

⁹Amortization of the PPA amounts to -€230m in FY21 (-€262m in FY20), -€164m net of taxes (-€184m in FY20), and integration and restructuring costs amounts to -€197m in FY21 (-€462m in FY20), -€142m net of taxes (-€335m in FY20).

Table 3: Working capital (€m)

Working capital (€m)	Q1 20	Q2 20	Q3 20	Q4 20	1 Oct. 20 ²	Q1 21	Q2 21	Q3 21	Q4 21	Change y/y ³
Accounts receivable	1,108	1,073	1,211	1,141	1,143	1,152	1,058	1,162	906	-235
Inventories	2,071	2,115	2,064	1,820	1,820	1,718	1,886	1,901	1,627	-193
Contract assets	1,801	1,808	1,715	1,538	1,538	1,517	1,464	1,657	1,468	-70
Other current assets ¹	578	466	584	398	398	467	449	553	520	+122
Accounts payable	-2,471	-2,544	-2,781	-2,964	-2,964	-2,393	-2,531	-2,904	-2,921	+43
Contract liabilities	-3,193	-3,101	-3,362	-3,148	-3,171	-3,393	-3,237	-3,209	-3,386	-239
Other current liabilities	-833	-682	-929	-761	-735	-767	-728	-780	-709	+52
Working capital (WC)	-939	-865	-1,498	-1,976	-1,971	-1,699	-1,639	-1,621	-2,496	-520
Change q/q	-106 ¹	+74	-633	-477		+277 ²	+59	+19	-876	
Working capital/revenue LTM	-9.4%	-8.8%	-15.7%	-20.8%	-20.8%	-17.4%	-16.5%	-15.9%	-24.5%	-3.6 p.p.

1. The application of IFRS 16 modified the beginning balance of "Other current assets" by €10m: from €461m at FY19 year-end to €451m at the beginning of FY20. Working capital at the beginning of FY20 amounted to -€843m, €10m less than at the end of FY19. Considering the impact of IFRS 16, working capital decreased by €95m in the first quarter of FY20.
2. For the purposes of comparison, after adjusting the beginning balance of acquired businesses (Purchase Price Allocation, PPA, of the business combinations with Servion in accordance with IFRS 3). Including that adjustment, working capital declined by €273m in Q1 21.
3. Annual variation between closing balances for FY20 and FY21.

Capex in FY21 amounted to €677m (€225m in Q4 21). Investment was concentrated in developing new Onshore and Offshore products, in tooling and equipment, and in the Le Havre nacelle and blade plant. More than half of capital expenditure in FY21 was concentrated in Offshore in order to cater for demand growth in the coming years.

The net debt position increased by €158m⁹ in the year to -€207m at the end of Q4 21, mainly as a result of the increase in net financial debt associated with lease liabilities and of the CAPEX (€677m). The company maintains a sound financial position, with access to €4,443m in committed credit, and its liquidity amounts to €5,058m between available funding and cash on the balance sheet (€1,961m).

WTG

Table 4: WTG (€m)

€m	Q1 20	Q2 20	Q3 20	Q4 20	FY20	Q1 21	Q2 21	Q3 21	Q4 21	FY21	Change y/y
Revenue	1,634	1,808	1,947	2,325	7,715	1,899	1,902	2,179	2,292	8,272	+7.2%
Onshore	1,116	1,149	1,143	1,499	4,907	1,061	1,154	1,328	1,463	5,005	+2.0%
Offshore	518	660	805	826	2,808	838	748	851	829	3,266	+16.3%
Volume (MWe)	1,932	2,183	2,627	3,226	9,968	2,478	2,657	3,079	2,781	10,995	+10.3%
Onshore	1,747	1,649	1,876	2,433	7,704	1,744	1,927	2,404	2,223	8,298	+7.7%
Offshore	185	534	751	793	2,264	734	730	675	558	2,697	+19.1%
EBIT pre PPA and before I&R costs	-224	-54	-256	-99	-634	18	25	-261	-298	-516	N.A.
EBIT margin pre PPA and before I&R costs	-13.7%	-3.0%	-13.2%	-4.3%	-8.2%	1.0%	1.3%	-12.0%	-13.0%	-6.2%	+2.0 p.p.

The WTG division, particularly the Onshore projects and backlog, was significantly affected by supply chain imbalances and the ramp-up costs of the Siemens Gamesa 5.X platform in H2 21. Supply chain imbalances resulted in delays in the supplies of certain components and significant increases in the price of both components and transport, the latter with a particularly high impact in Q4 21. The delay in the Siemens Gamesa 5.X platform ramp-up and the higher associated costs were particularly significant in Brazil, due to the impact of the pandemic in that country and the bottlenecks in the supply chain in a country that imposes local-content requirements.

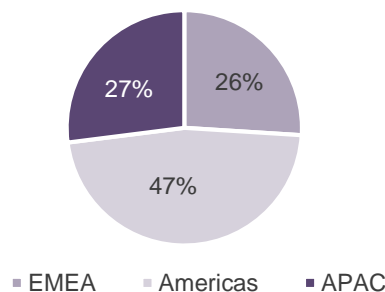
⁹Net financial debt as of September 30, 2021: -€207m, including €829m of lease liabilities. Net financial debt as of 30 September 30, 2020: -€49m, including €611m in lease liabilities.

WTG division revenue amounted to €8,272m in FY21, 7% more than in FY20, due mainly to growth in Offshore revenue (+16% y/y), while Onshore revenue (+2% y/y) was affected by lower commercial activity and delays in project execution. Revenue in Q4 21 amounted to €2,292m, i.e. practically flat with respect to Q4 20, following a slight decline in Onshore revenue and a lack of growth in Offshore due to the impact of ramping up manufacturing of the SG 11.0-200 DD turbine in the quarter.

Onshore revenue (+2.0% y/y) grew by less than manufacturing volume (+8% y/y) mainly as a result of the negative impact of the geographic mix, as APAC made a greater contribution to revenue in the period, and of depreciation against the euro of the currencies in which the Group operates.

The main source of Onshore sales (MWe) in FY21 was US (29%).

Figure 7: WTG Onshore sales (MWe) FY21 (%)



Sales growth in the Offshore market in FY21 (+16% y/y) was supported by growth in manufacturing (+19% y/y) and installation (+20% y/y). It's important to note the superb execution of Offshore projects, with over eight projects active during the year despite the supply chain challenges. Installation activity included notably the commissioning of the Kriegers Flak wind farm (c. 600 MW), achieved successfully and safely ahead of schedule despite the logistics challenges posed by COVID-19. The Fryslan wind farm delivery also finished in FY21. Manufacturing activity declined in Q4 21 due to preparation for the manufacturing ramp-up of the SG 11.0-200 DD turbine.

EBIT pre PPA and before integration and restructuring costs amounted to -€516m in FY21, equivalent to a margin of -6.2% (-8.2% in FY20). Despite strong performance in the Offshore market and the productivity improvements achieved under the LEAP program and the restructuring and integration process, EBIT in the WTG division was affected by the impact of higher commodity and transport prices and the higher ramp-up costs of the Siemens Gamesa 5.X platform on the profitability of the backlog, resulting in provisions for onerous contracts in the second half of FY21 in the amount of c. -€298m (equivalent to -3.6% of WTG's revenue).

During the year, in addition to executing the LEAP program, Siemens Gamesa applied a number of initiatives to improve the performance of the WTG division in the new market context, enhance competitiveness and address the costs and ramp-up time of the Siemens Gamesa 5.X platform:

- Further technology and cost improvements to offset the effect of inflation on the platforms' cost of energy.
- A steady increase in prices to pass on cost inflation, and introduction of clauses indexed to steel prices for towers, among others.
- Improved integration of Procurement, Projects and Sales when preparing bids to enhance risk profile and projects costs assessment.

EBIT pre PPA and before integration and restructuring costs in Q4 21 amounted to -€298m, equivalent to -13.0% of period revenue. Performance in the quarter reflects the impact of ramp-up costs for the SG 11.0-200 DD Offshore platform, the effect of higher material and transport costs on the profitability of WTG backlog, including provisions for onerous contracts for c. -€69m booked in the quarter.

Operation and Maintenance Service

Table 5: Operation and maintenance (€m)

€m	Q1 20	Q2 20	Q3 20	Q4 20	FY20	Q1 21	Q2 21	Q3 21	Q4 21	FY21	Change y/y
Revenue	366	395	464	543	1,768	396	434	525	571	1,926	+8.9%
EBIT pre PPA and before I&R costs	88	87	96	130	401	102	86	110	121	420	+4.8%
EBIT margin pre PPA and before I&R costs	24.1%	21.9%	20.6%	24.0%	22.7%	25.9%	19.9%	21.0%	21.2%	21.8%	-0.9 p.p.
Fleet under maintenance (MW)	63,544	71,476	72,099	74,240	74,240	75,493	77,101	77,745	79,199	79,199	+6.7%

Service revenue increased by 9% y/y to €1,926m in FY21, with Q4 21 revenue up 5% y/y to €571m.

The fleet under maintenance stands at 79.2 GW, 7% more than in FY20. The Offshore fleet under maintenance, 11.9 GW, declined by 1% y/y, while the Onshore fleet expanded by 8% y/y to 67.3 GW. The fleet of third-party technologies under maintenance totaled 10.9 GW¹⁰ as of September 30, 2021.

The contract renewal rate was 83% in FY21, up from 70% in FY20.

EBIT pre PPA and before integration and restructuring costs amounted to €420m in FY21, equivalent to a margin of 21.8%, in line with expectations for the Service division for FY21. In Q4 21, the Service division's EBIT pre PPA and before integration and restructuring costs amounted to €121m, i.e. a margin of 21.2%.

¹⁰The fleet of third-party technology under maintenance has been redefined to exclude the technology of companies acquired before the merger between Siemens Wind Power and Gamesa Corporación Tecnológica (MADE, Bonus and Adwen).

Sustainability

Table 6: Main sustainability figures

	09.30.20	09.30.21 ¹	Change y/y
Workplace Health & safety			
Lost Time Injury Frequency Rate (LTIFR) ²	1.36	1.43	+5%
Total Recordable Incident Rate (TRIR) ³	3.14	3.13	-0.3%
Environment			
CO ₂ direct (scope 1) emissions (kt) ⁴	26.0	26.8	+3%
CO ₂ indirect (scope 2) emissions (kt) ⁴	1.9	2.0	+5%
Primary (direct) energy used (TJ)	472	449	-5%
Secondary (indirect) energy use (TJ)	730	704	-4%
of which, Electricity (TJ)	655	618	-6%
from renewable sources (TJ)	655	618	-6%
from standard combustion sources (TJ)	0.5	0	N.A.
renewable electricity (%)	100	100	0%
Fresh water consumption (thousand m3)	454	470	+4%
Waste production (kt)	68	63	-7%
of which, hazardous (kt)	10	8	-20%
of which, non-hazardous (kt)	58	55	-5%
Waste recycled (kt)	49	50	+2%
Employees			
Number of employees (at year-end)	26,114	26,182	+0.3%
employees aged < 35 (%)	36.7	34.5	-2.2 p.p.
employees aged 35-44 (%)	37.4	38.3	+0.9 p.p.
employees aged 45-54 (%)	19.0	19.7	+0.7 p.p.
employees aged 55-60 (%)	4.6	5.1	+0.5 p.p.
employees > 60 (%)	2.3	2.4	+0.1 p.p.
Women in workforce (%)	18.8	19.1	+0.3 p.p.
Women in management positions (%)	11.7	12.9	+1.2 p.p.
Supply chain			
No. of Tier 1 suppliers	18,932	19,363	+2%
Purchase volume (€million)	7,365	6,863	-7%

1. Non-audited figures.

2. LTIFR index is calculated for 1,000,000 hours worked and includes all accidents with at least one workday loss.

3. TRIR index is calculated for 1,000,000 hours worked and includes fatalities, lost time accidents, restricted work and medical treatment cases.

4. Emissions are reported annually, with fiscal year end closing.

Note: TJ=Terajoules; 1Terajoule= 277.77 MWh; kt=thousand tons

Health and safety

At the end of period FY21, the Lost Time Incident Frequency Rate (LTIFR) was 1.43 (1.36 in FY20). The total recordable incident rate (TRIR) was set at 3.13 in FY21 (3.14 in FY20), at the end of the period. The trend of both indicators indicates that health and safety programs are in good track supported by safety inspections, safety observations and health and safety audits. Regrettably, the Company registered five fatalities during fiscal year 2021. Contractors working for Siemens Gamesa had three fatalities related to electrical incidents, one fatality related to an incident with a service lift, and one fatality related to a factory under construction. Each of these incidents has been subject to a detailed internal investigation to identify contributing factors. All efforts have been and will continue to be put into ensuring the circumstances which led to each incident is not repeated.

Environment

Siemens Gamesa's Integrated Management System (IMS) includes environmental certifications, policies and procedures. The Company has an Environmental Management System certified according to the ISO 14001:2015

standard, which covers most locations. Total internal energy consumption amounted to 1,153 Terajoules (1,202 Terajoules in FY20) and observed a slight decrease of 4% year-on-year. Cumulated energy consumption per employee stands at 44 GJ. The share of primary energy (includes energy for direct combustion sources such as fuel-oil, gasoline, natural gas or liquefied petroleum gases) is 39% while secondary energy (electricity and district heating) amounts to another 61% of the total. Siemens Gamesa's electricity consumption is 100% from renewable sources. Total waste production amounted to 63,127 tons in FY21 (68,311 t in FY20). Most of waste -87% - produced is non-hazardous. The recyclability rate of all waste produced stands at 79%, so that most waste is recycled.

During Q4 21, Siemens Gamesa has reached a milestone for the global wind industry, launching the RecyclableBlade, the world's first wind turbine blade that can be recycled at the end of its lifecycle. This breakthrough is a crucial step towards Siemens Gamesa's ambitious goal to make turbines fully recyclable by 2040. The first six RecyclableBlades have already been produced at Siemens Gamesa's blade manufacturing plant in Aalborg (Denmark), and has already reached agreements with 3 of its major customers.

It is also important to note the Group's commitment with net zero emissions by 2040, including CO₂ from the value chain, commitment that is included in the sustainable strategy through 2030 approved during this fiscal year.

Employment

The workforce totaled 26,182 employees (26,114 in FY 20). Most of them located in Europe, the Middle East and Africa region (69%), followed by Asia and Australia (18%) and the Americas (13%). From a gender perspective, women account for 19% of the total workforce in FY21, similar to FY20. Specifically, women represent 21% of the workforce in Europe, Middle East and Africa, 19% in America and 13% in Asia and Australia. Siemens Gamesa had 271 employees in management positions at the end of FY21, 12.9% of them women (11.7% in FY20).

Suppliers

Procurement volume in FY21 amounted to €6,863m (€7,365m in FY20) from above 19,000 suppliers. Those suppliers benefit from an impartial selection process and they are evaluated to ensure that they fulfill the high-quality standards required by our approach to excellence. As a foundation on sustainability for suppliers, and compliant to the Group policy, the Code of Conduct for Suppliers and Third-Party Intermediaries is compulsory and sets out the Group's binding requirements. In FY21 the procurement volume covered by the Supplier's Code of Conduct amounts to 89%.

Outlook

Economic situation

Following the impact of the pandemic in FY20, the world economy is currently recovering, though more slowly than had been expected because of the persistence of COVID-19 and its new variants. The International Monetary Fund (IMF)¹¹ projects global growth of 5.9% in 2021 (0.1 p.p. less than the April projection) and 4.9% in 2022 (0.5 p.p. more than the April projection). Beyond 2022, the IMF projects that growth will ease to around 3.3% (same as the April projection). However, the effects of the pandemic on global supply chains are proving to be more persistent than expected, triggering delays and slowing manufacturing in many countries. Supply shortages coupled with reviving demand are triggering inflation in many countries, exacerbating the risks to economic growth.

Disparities in the access to vaccines and supportive policies are leading to a significant divergence between emerging and developing countries on the one hand, for which the IMF projects growth of 6.4% in 2021 and 5.1% in 2022 (respectively, 0.3 p.p. lower and 0.1 p.p. higher than projected in April), and the advanced economies, for which it projects growth of 5.2% in 2021 and 4.5% in 2022 (respectively 0.1 p.p. and 0.9 p.p. higher than projected in April). Moreover, the pandemic and climate change threaten to accentuate these economic divergences, making it essential to deploy multilateral efforts to accelerate universal access to vaccines, provide liquidity and debt relief to constrained economies, and mitigate climate change.

Short-, medium- and long-term prospects for wind worldwide

Once the pandemic is under control, climate change mitigation is one of the main priorities for narrowing the economic growth disparity between the advanced and developing economies in order to achieve sustainable development. Moreover, measures aimed at mitigating climate change, including investment in "green" infrastructure, also play a key role in the plans for economic recovery over the short and medium term.

Over the last twelve months, governments, supranational bodies, companies and not-for-profits have announced plans to accelerate emission reductions and, in some cases, have made specific commitments as to the contribution by renewable energies in general and wind energy in particular. Those commitments include notably the following:

- The European Union has stepped up its 2030 emissions reduction target from 40% to 55% with respect to the 1990 level and, in its "Fit for 55" package, it has announced an increase in the target share of renewables in total energy to 40% by 2030, from the current 32%. Within renewables, it has set a target of 60 GW for Offshore installed capacity by 2030 and 300 GW by 2050 (15 GW installed in Europe, excluding the UK, at the end of 2020, according to the latest Wood Mackenzie (WM)¹² report).
- Within the European Union, Germany has taken its commitments even further, bringing forward the goal of climate neutrality to 2045, with a target of reducing emissions by up to 65% by 2030 (previously 55%), and by up to 88% by 2040, both with respect to 1990 levels. Under Germany's new Renewable Energy Sources Act (EEG), the Onshore target for 2030 is increased to 71 GW (56 GW were installed at the end of 2020, according to WM), and the Offshore target for 2040 is 40 GW (c. 8 GW installed at the end of 2020, according to WM).
- UK has set a legal target of reducing emissions by 78% by 2035 with respect to the 1990 levels. It has also published a ten-point plan for a green industrial revolution, the first point of which is to reach 40 GW Offshore installed capacity by 2030 (10 GW installed at the end of 2020, according to WM).
- The United States has announced an emissions reduction target of 50–52% by 2030 with respect to 2005 levels. For the first time, US has announced an Offshore target at federal level: 30 GW by 2030, putting the country on course to reach 110 GW by 2050. The individual states have established plans totaling approximately 44 GW with varying horizons (the longest being 2040).
- China has undertaken to achieve net zero emissions by 2060. As a first step, it is targeting 1,200 GW of wind and solar installed capacity by 2030 (279 GW of wind installed at the end of 2020, according to WM).

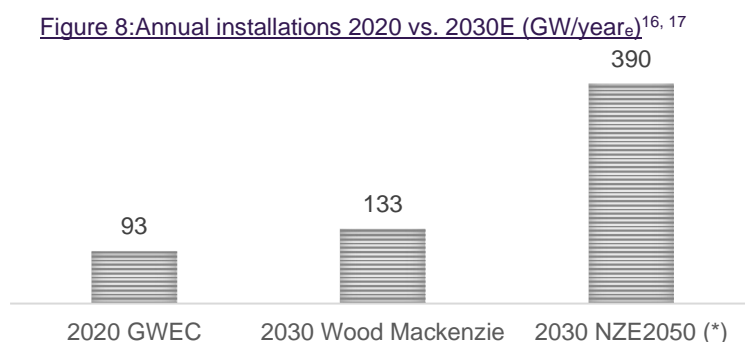
¹¹International Monetary Fund (IMF). World Economic Outlook. October 2021. Percentage point differences are with respect to the *World Economic Outlook* dated April 2021.

¹²Wood Mackenzie (WM). Global Wind Power Market Outlook Update: Q3 2021. September 2021.

- Japan is the first country in Asia to legislate a decarbonization target for 2050, aiming to reduce emissions by 46% by 2030 (vs. 2013). Japan also plans to achieve 10 GW of Offshore capacity by 2030, and between 30 GW and 45 GW by 2040 (it had 0.1 GW installed at the end of 2020, according to WM).
- South Korea is targeting zero greenhouse gas emissions by 2050 as part of the "Green New Deal" and plans to cut emissions by 40% by 2030 with respect to the 2018 level.
- Brazil has made a commitment to reach zero emissions by 2050, ten years ahead of its previous goal.

At the time of writing this report, over 50 countries and the European Union had undertaken to decarbonize. Consequently, 2021 will probably mark a turning point in the commitment to implement renewable energy, both because of its role in decarbonization (the energy sector accounts for two-thirds of emissions) and because it represents the most economically viable source of energy practically everywhere in the world.

However, although implementing these measures will result in 500 GW per year of new solar and wind capacity combined by 2030¹³ and would start to bend the global emissions curve, they are still not enough to achieve net zero emissions by 2050. To achieve net zero emissions by 2050, the International Energy Agency (IEA) lists four basic measures in its latest report¹⁴, the first being to double the pace of solar and wind installations set out in the Announced Pledges Scenario (APS). According to the previous report¹⁵, that level of wind installations would be 390 GW per year in 2030. This represents an annual market opportunity amounting to well over USD 1 trillion by 2050 for manufacturers of wind turbine generators, solar panels, lithium-ion batteries, electrolyzers and fuel cells — comparable in size to the world oil market at present.



(*) NZE2050: Net-zero emissions worldwide by 2050

The establishment of short- and medium-term sub-targets and of effective regulatory frameworks and appropriate incentive systems will impact the pace of wind installation.

The impact on demand trends of the regulatory framework and incentives is reflected in the large installation volume in 2020: 115 GW installed (+84% y/y), according to Wood Mackenzie¹⁷. This growth is concentrated mainly in the Chinese market and also in US, both driven by the expected change in Onshore incentive systems (effective January 2021 in China, and January 2022 in US).

This peak of installations in 2020 helps to explain the projected reduction in annual installations through 2024, a reduction that is exclusively in the Onshore market, and concentrated in China and US. The pace of global installations will resume growth in 2025 and will maintain that trend during the second half of the decade (with total volume projected to be 591 GW in 2026-2030, compared with 435 GW in 2021-2025).

¹³International Energy Agency (IEA). World Energy Outlook 2021 (WEO 2021). October 2021. Installations under the Announced Pledges Scenario (APS).

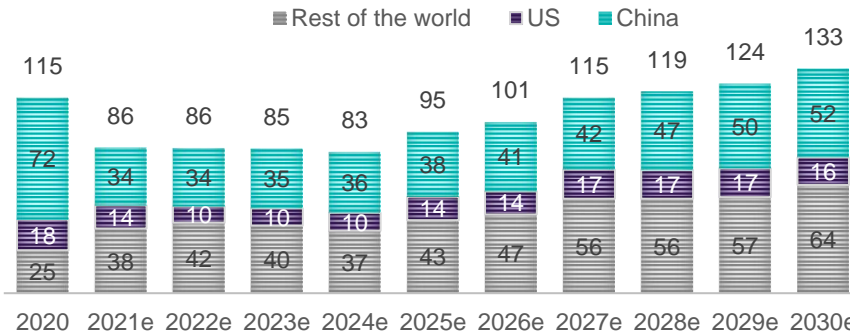
¹⁴International Energy Agency (IEA). World Energy Outlook 2021 (WEO 2021). October 2021.

¹⁵International Energy Agency (IEA). A roadmap for the Global Energy Sector (Net Zero by 2050). May 2021.

¹⁶Global Wind Energy Council (GWEC). Global Wind Report 2021. March 2021.

¹⁷Wood Mackenzie (WM). Global Wind Power Market Outlook Update: Q3 2021. September 2021.

Figure 9: Annual Onshore and Offshore installations 2020-2030E (GW/year)¹⁷



Excluding sporadic peaks and troughs, the normalized pace of installations is expected to rise steadily throughout the decade, as is the pace of annual Offshore installations.

Figure 10: Average installations per year (Onshore and Offshore) 2018-29E (GW)¹⁷

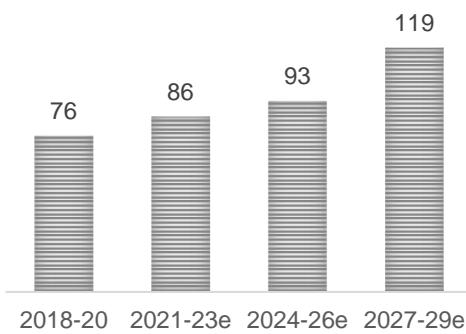
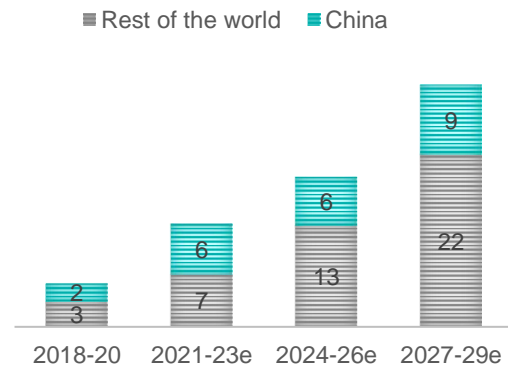


Figure 11: Average wind installations per year (Offshore) 2018-29E (GW)¹⁷



A comparison of market projections with those published by Wood Mackenzie the previous quarter¹⁸ shows a net increase of 5 GW in cumulative wind installations in this decade (2021-2030), most of which is located in the Onshore market in Europe (+3 GW) as a result of governments' willingness to achieve the renewable installation targets for 2030 (the European Union's target is for renewables to provide 40% of total energy).

In the last year, projections of installations in 2021-2029 have increased by 180 GW (25% more than estimated by Wood Mackenzie a year ago¹⁹); this strengthens the impression that 2021 is seeing a substantial increase in commitments to install renewable capacity. This variation is concentrated in China (+132 GW) as a result of the announcement that it will achieve net zero emissions by 2060, and in US (+43 GW) following the election of Joe Biden to presidency and his commitment to combating climate change. On the negative side, estimates of installations in India in 2021-2029 have been cut by 7 GW.

China (335 GW), US (106 GW), India (58 GW) and Germany (30 GW) are expected to retain their positions as the largest Onshore markets, accounting for 66% of total accumulated installations projected for 2021-2030. Brazil, France, Spain, South Africa, Sweden and Australia, with cumulative installations of between 11 GW and 20 GW each, will contribute 12% in the same period.

In the Offshore market, a comparison of market projections for 2021-2030 with those published by WM the previous quarter¹⁸ shows a 2.7 GW increase, concentrated in China (+2.4 GW).

¹⁸Wood Mackenzie. Global Wind Power Market Outlook Update: Q2 2021. June 2021.

¹⁹Wood Mackenzie. Global Wind Power Market Outlook Update: Q3 2020. September 2020.

Estimates for 2021-2029 are up +33 GW (+21%) with respect to the WM estimates of a year ago¹⁹, of which +10 GW are in 2021-2025 and +22 GW in 2026-2029. In US, installation projections for 2021-2025 have been cut by 2 GW, but those for 2026-2029 have been raised by 5 GW. Projections for Taiwan are up +2 GW following the country's announcement that it will add 15 GW between 2026 and 2035.

Although new markets are emerging, the Offshore market is still much more concentrated. China, with 75 GW of installations in 2021-2030, will account for 33% of total installations in the period. Europe, led by United Kingdom (30 GW of installations in the same period), will install 87 GW, accounting for 38% of the total. It is followed by US (32 GW) and Taiwan (13 GW). The contribution by new markets such as US will be concentrated in the second half of the decade (2026-2030).

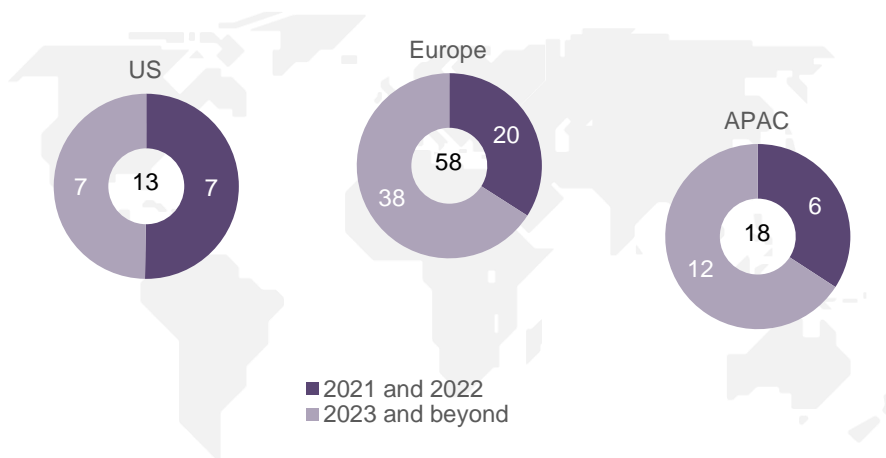
Institutional support for the development of the Offshore market is reflected in the 9.5 GW allocated in auctions whose outcome has been announced in the last year (Table 7) and the 89 GW expected to be auctioned in the remainder of 2021 and in subsequent years until 2027 (Figure 12)²⁰.

Table 7: Main Offshore auctions whose outcome was published in FY 21

Auction	MW	Average price €/MWh ¹	COD ²
Germany – central auction 1	958	zero subsidy	2026
Poland – direct assignment	5,904	70	2025-2030
US – New Jersey	2,658	72	2027-2029
Japan – Goto	17	not published	2024

- Using the exchange rate on the date the results were announced.
- Expected commercial operation date based on auction conditions (not necessarily binding).

Figure 12: Planned Offshore auctions [GW], excluding China²¹



Wind is proving very competitive, as costs continue to fall due to technology improvements and low funding costs. The IEA²² considers that the cost of Offshore wind production in the European Union was already lower than that of production from conventional sources in 2020, while Onshore wind was already cheaper than conventional sources worldwide. It also estimates that the Offshore cost will fall by 46%-53% by 2030 and by 65%-68% by 2050, while the Onshore cost will be cut by 0%-18% by 2030 and by 11%-27% by 2050, compared with the 2020 baseline in all cases.

²⁰Table 7 and Figure 12 are not an exhaustive list of all published auction outcomes or planned auctions.

²¹Of the planned 89 GW, 3 GW have been officially convened in US, 7 GW in Europe and 2 GW in APAC. The remainder are planned auctions, some of which are reflected in the plans of the competent authorities.

²²IEA. World Energy Outlook 2021. October 2021.

Onshore price dynamics are proving to be relatively stable. According to BloombergNEF²³, the average price for Onshore contracts signed in the first half of 2021 was €0.75m/MW including installation (€0.69m/MW excluding installation), in line with the average price of contracts signed in 2020. In terms of product, Wood Mackenzie²⁴ notes that the >3 MW category dominates the Onshore market, and that the average capacity in contracts signed in 2021 is over 4 MW. Declines in prices in the Offshore market have been limited to date, and fully offset by operating efficiency gains. Future trends will depend both on auction outcomes and on the contribution by technology developments and supply-chain efficiencies to reductions in the cost of energy. In terms of product, the 8 MW category dominates the market (apart from China), while Wood Mackenzie²⁴ reports that the average capacity in contracts signed in 2021 is over 13 MW.

²³BloombergNEF. 1H 2021 Wind Turbine Price Index. July 2021.

²⁴Wood Mackenzie. Global wind turbine order database. September 2021.

FY22 Guidance, outlook and long-term vision

The wind industry has solid future prospects. The energy transition required to achieve the decarbonization targets by 2050 opens up a potential market worth USD 27 trillion between now and 2050, with the renewables industry amounting to over USD 1 trillion in 2050 alone. However, the near-term market situation is still complicated. The pandemic's continued impact on the global supply chain beyond what had been projected, coupled with the recovery in demand, has led to imbalances, resulting in supply shortages of certain components and a sharp increase in commodity prices and transportation costs. By September 2021, the price of steel plate had increased between 56% and 177%, depending on the market, and copper was up 58%, while maritime transport costs had multiplied between 5 and 6 times²⁵, all with respect to the 2020 average prices. In addition to these factors, policies to limit electricity consumption in order to reduce China's carbon footprint are also affecting manufacturing in that country, while trade tensions between US, Europe and China are continuing. Consequently, the situation is very different from that which Siemens Gamesa presented to the capital markets in August 2020 as the basis for the business plan for 2020-2023. This plan considered an ease of commodity prices and basic products, and a supply chain that was properly dimensioned to meet demand.

Although none of these changes are structural and we project a return to normality, there is little visibility on when that will take place and the current expectations are for the situation to persist over most or all of the next twelve months. In FY21, the company addressed current supply chain and cost inflation issues, and these measures are expected to bear fruit in the coming years. The measures, which will continue in 2022, include:

- Cost-cutting programs to offset the impact inflation on the cost of energy of the various product platforms.
- Incorporating inflation into WTG prices and including mechanisms to protect contract returns against volatility in commodity prices and transport costs.
- Strengthening physical and financial hedges for components and commodities, and working on industrial bundling of logistics services.

In this market environment, the company's guidance for FY22 incorporates:

- Sales: reduced Onshore commercial activity in FY21 with a lower order intake for execution in FY22, the potential temporary delay on commercial activity in FY22 due to changes of regulatory frameworks in specific markets, delays in investment decisions on the part of customers, and the impact of supply chain disruptions on projects' execution pace.
- Profitability: the expected impact of higher commodities and transport costs on WTG project profitability and a lower degree of economies of scale (absorption of fixed costs) due to a decline in revenues.
- Additional savings from the LEAP program and the restructuring impact.

	July 2021 Guidance	FY21		FY22 Guidance
Revenue (€m)	c.10,200	10,198	✓	
Sales growth y/y (%)	N.A.			-7% to -2%
EBIT margin pre PPA and before integration and restructuring costs (%)	-1.0% to 0.0%	-0,9%	✓	1.0% to 4.0%

This outlook excludes charges related to legal and regulatory matters, and portfolio and currency effects. It does not include any impact from a potential lockdown of manufacturing activities or severe disruptions to the supply chain due to COVID-19 developments.

Given current supply chain constraints, we cannot exclude that a shortage of materials and components and/or a lack of freight capacity may have an impact on our business, especially on timelines and costs of larger projects.

In addition to the prospects for revenue and profitability, the Group expects CAPEX amounting to c. 8% of revenue in FY22. Investment will be concentrated in the Offshore market, split between R&D and increasing manufacturing capacity linked to local content requirements and the sharp growth expected in Offshore demand, particularly from 2025 onwards, when annual Offshore installations outside China are expected to reach c. 14 GW (doubling to c. 30 GW by 2030).

²⁵World Container Index and Shanghai Containerized Freight Index.

The integration and restructuring program is expected to include -€300m in expenditure mainly due to the optimization of Onshore manufacturing capacity and to a lesser extent to the final phases of digitalization of the company's harmonized processes. The impact of the PPA on amortization is expected to amount to -€220m in FY22.

Despite the complex near-term environment, Siemens Gamesa maintains its long-term vision for the business, aiming for a Group's revenue growth that will outstrip the market and for an EBIT margin pre PPA and before integration and restructuring costs of 8%-10%. Due to the new economic environment the company now expects to achieve this vision between fiscal 2024 and fiscal year 2025, based on a recovery in profitability in the Onshore market and on sustained profitable growth in Offshore and Services. To achieve these objectives, the Group is relying on:

- The LEAP program (concentrated on innovation, cost optimization, a focus on cash and operational excellence) and the integration and restructuring exercise.
- Enhanced procurement and sales practices to protect contract profitability against volatility in commodity prices and transport costs.
- Product cost-out and technology development programs to offset the impact of higher commodity and logistics prices on platforms' cost of energy, focusing particularly on the Siemens Gamesa 5.X platform.
- Capital expenditure plan to address growth and retain the technology lead.

In addition to the LEAP program and to restructuring, Onshore turnaround will rely on the Siemens Gamesa 5.X platform. In this connection, it's important to note the outcome of measures adopted in FY21 and those implemented to address ramp-up challenges and the impact of higher commodity prices and logistics costs on the platform's cost of energy, which will have an impact in the coming years.

- Initiatives adopted in Q4 21 include increasing the platform's rated capacity to 6.6 MW, the commissioning of the two platforms' products prototypes, SG 6.6-155 in Alaiz (Spain) and SG 6.2-170 in Høvsøre (Denmark), which have proven the technology.
- As for actions under way that will have an impact on FY22 and FY23, it is important to note that:
 - Improvements have been made to the product configuration and the bill of materials and a multi-year cost plan has been designed that will enable new technologies to be introduced more efficiently, everything by leveraging on expertise from Offshore and Service.
 - More capital and resources have been allocated to execute the projects in the backlog.
 - Investment increased to strengthen the supply chain.

Siemens Gamesa has already begun producing the first units of this platform and they are being installed in Skaftåsen project (Sweden).

In addition to profitability in the Onshore market, the other factors underpinning the Group's long-term vision are sustainable profitable growth in the Offshore market and in Service.

To ensure this growth and maintain the lead in the Offshore market (more than 146 GW of installations between 2022 and 2030 projected), Siemens Gamesa, with more than 14 GW of firm and conditional orders, has an ambitious plan to invest in R&D and production capacity. Siemens Gamesa's approach to R&D expenditure is based on evolution and constant reduction of costs to enable it to offer customers a significant increase in energy output with a reduced risk.

Accordingly, the company has launched the Offshore wind turbine SG 14-236 DD. Siemens Gamesa was nominated as preferred supplier with this product for Vattenfall's Norfolk projects, with an estimated capacity of 3.2 GW. The prototype is expected to be installed in 2022.

Turbine specifications

Capacity	Up to 15 MW with Power Boost
Rotor diameter	236 m
Swept area	43,500 m ²
Prototype to be installed	2022

Proven customer confidence

Nominated preferred supplier	Norfolk projects with Vattenfall
Location	47-72 km offshore, UK
Capacity	3.6 GW
Number of turbines	To be determined
CfD R4 award expected	2022

Regarding the investment in capacity, the company's strategy is to have the necessary capacity to cater for the high level of demand expected from 2025 onwards while meeting local content requirements, always securing that there is a firm commitment from the client and a suitable return on investment.

As part of the company's expansion plans, it has announced the expansion of the blade plant in UK (Hull) to handle the c. 28 GW of accumulated demand projected until 2030, and the construction of a blade plant in US (Virginia), where demand is expected to amount to 32 GW accumulated, also until 2030. The first nacelle and blade plant in France (Le Havre) to cater for an estimated 56 GW of demand in continental Europe through 2030 is being completed, and the first nacelle has been assembled in the factory in Taiwan (Taichung), where 12 GW of demand is projected over the next 9 years.

In the Service market, which is expected to achieve high-single-digit growth (c. 7% per year according to Wood Mackenzie), Siemens Gamesa has fulfilled its goal of growing faster than the market, having achieved over 20% profitability (EBIT pre PPA and before integration and restructuring costs) since 2019. The sustainability of achieving similar performance in the coming years is based on:

- Growing order book: €16,801m (+11% y/y), with a presence in approximately 60 countries giving the company a solid platform to support our customers and pursue opportunities for growth and synergies.
- Competitive bids and innovative solutions, with a renewal rate of the fleet under maintenance above 80% in FY21.
- Strong diagnostics skills that have enabled to attain over 98% availability in FY21 (lost production factor below 2%) in the Offshore direct drive fleet under Siemens Gamesa maintenance.
- Development of innovative solutions for green hydrogen and for advanced grid services, opening new markets to ensure long-term growth.

As indicated, Onshore turnaround and the objective of sustainable profitable growth in Offshore and Services are supported by the LEAP program, the restructuring exercise and the new necessary measures to address the challenges of the supply chain. and the Siemens Gamesa 5.X platform.

Within the innovation pillar, the following actions are expected:

- Introduction of new technological features for the Siemens Gamesa 5.X platform such as larger towers for the German market and anti-icing systems for the Nordic markets.
- Installation of the prototype of the SG 14-136 DD within 2022.
- Continue working on a decentralized solution for the production of green hydrogen by integrating the Siemens Energy electrolyzer within an Offshore wind turbine.

Within the area of productivity and asset management, it will continue with:

- Cost-out exercises, including headcount control measures and outsourcing of services.

- Improved negotiation with suppliers, which in coordination with commercial practices will help protect the backlog profitability.
- Product design to cost.
- Strict control of working capital, and consideration of selected assets disposal.

Within the area of operational excellence, the standardization in projects execution (PM@SGRE) and the focus on non-conformity cost reduction will continue. Additionally, the improvement of the logistics organization by optimizing the presence and use of warehouses, and of the supply chain, will be implemented. Among the improvements in the supply chain are the development of new suppliers and the creation of 3 global supply mega-clusters (EMEA, Americas and APAC). The development of new suppliers will help lower the risk of supply chain bottlenecks, while the three global supply mega-clusters will help reduce the impact from logistics costs on product costs and to reduce the existing reliance on China as a source of materials for other markets. Likewise, Offshore footprint will be globalized as previously indicated.

The impact of these measures will not be immediate but is expected to bear fruits in the coming years.

Annex

Financial Statements October 2020 – September 2021 Profit and Loss Account

EUR in Millions	July - September 2020	July - September 2021	October 2019 - September 2020	October 2020 - September 2021
Revenue	2,868	2,863	9,483	10,198
Cost of sales	(2,787)	(2,970)	(9,593)	(9,933)
Gross Profit	81	(107)	(110)	265
Research and development expenses	(77)	(57)	(231)	(292)
Selling and general administrative expenses	(143)	(106)	(624)	(492)
Other operating income	3	9	14	19
Other operating expenses	(2)	(17)	(6)	(22)
Results of companies accounted for using the equity method	1	5	(3)	10
Interest income	2	5	10	12
Interest expense	(17)	(13)	(66)	(51)
Other financial income (expense), net	(1)	(1)	(2)	(2)
Income from continuing operations before income	(152)	(284)	(1,019)	(553)
Income tax expenses	40	26	100	(72)
Income from continuing operations	(113)	(259)	(919)	(626)
Income from discontinued operations, net of income taxes	-	-	-	-
Non-controlling interests	-	-	1	(1)
Net income attributable to the shareholders of SGRE	(113)	(258)	(918)	(627)

Balance Sheet

EUR in Millions	09.30.2020	10.01.2020 (*)	09.30.2021
Assets:			
Cash and cash equivalents	1,622	1,622	1,961
Trade and other receivables	1,141	1,142	901
Other current financial assets	212	212	239
Trade receivables from related companies	1	1	5
Contract Assets	1,538	1,538	1,468
Inventories	1,820	1,820	1,627
Current income tax assets	198	198	208
Other current assets	398	398	520
Total current assets	6,929	6,931	6,929
Goodwill	4,550	4,562	4,635
Other intangible assets	1,780	1,780	1,651
Property, plant and equipment	2,239	2,238	2,579
Investments accounting for using the equity method	66	66	78
Other financial assets	235	235	212
Deferred tax assets	529	526	539
Other assets	4	4	8
Total non-current assets	9,403	9,411	9,702
Total assets	16,332	16,342	16,630
Liabilities and equity:			
Short-term debt and current maturities of long-term debt	434	434	382
Trade payables	2,956	2,956	2,900
Other current financial liabilities	127	127	180
Trade payables to related companies	8	8	22
Contract Liabilities	3,148	3,171	3,386
Current provisions	723	715	949
Current income tax liabilities	177	180	201
Other current liabilities	761	735	709
Total current liabilities	8,335	8,327	8,729
Long-term debt	1,236	1,236	1,786
Provisions for pensions and similar obligations	20	20	21
Deferred tax liabilities	229	225	171
Non-current provisions	1,422	1,443	1,324
Other financial liabilities	126	126	113
Other liabilities	29	29	27
Total non-current liabilities	3,062	3,080	3,442
Issued capital	116	116	116
Capital reserve	5,932	5,932	5,932
Retained earnings and other components of equity	(1,114)	(1,114)	(1,590)
Non-controlling interest	1	1	1
Total Equity	4,935	4,935	4,458
Total Liabilities & Equity	16,332	16,342	16,630

(*) Comparable for Opening Balance Sheet adjustments of acquired businesses (PPA of Servion business combinations, according to IFRS 3).

Cash Flow Statement

EUR in Millions	July - September 2020	July - September 2021	October 2019 - September 2020	October 2020 - September 2021
Net Income before taxes	(152)	(284)	(1,019)	(553)
Amortization + PPA	200	203	844	757
Other P&L (*)	1	20	11	12
Working Capital cash flow effective change (***)	397	890	1,136	556
Charge of provisions (**)	102	153	370	540
Provision payments (**)	(94)	(89)	(351)	(341)
CAPEX	(249)	(225)	(601)	(677)
Investment in leased assets (****)	(32)	(11)	(141)	(295)
Adwen provision usage (**)	(37)	(34)	(140)	(93)
Tax payments	(29)	(25)	(172)	(134)
Acquisitions of businesses, net of cash acquired	-	-	(177)	-
Others	(64)	35	(88)	70
Cash flow for the period	42	632	(328)	(158)
Beginning cash / (net financial debt)	(90)	(838)	280	(49)
Ending cash / (net financial debt)	(49)	(207)	(49)	(207)
Variation in net financing cash flow	42	632	(328)	(158)

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

(**) The line items "Charge of provisions", "Provision payments" and "Adwen provision usage" are included within the caption "Change in other assets and liabilities" of the consolidated Statement of Cash Flow.

(***) The line item "Working Capital cash flow effective change contains" mainly the following line items of the consolidated Statement of Cash Flow: "Inventories", "Contract assets", "Trade and other receivables", "Trade payables", "Contract liabilities" and "Change in other assets and liabilities" (excluding the abovementioned effect of provisions).

(****) Additions to leased assets in accordance with IFRS 16; this concept was included within the line item "Working capital cash flow effective change" in previously reported financial information. Such line item has been modified in the comparative information for the separate disclosure of investments in leased assets.

Key Balance Sheet Positions

EUR in Millions	09.30.2020	10.01.2020 (*)	09.30.2021
Property, plant and equipment	2,239	2,238	2,579
Goodwill & Intangibles	6,330	6,342	6,285
Working capital	(1,976)	(1,971)	(2,496)
Other, net (**)	584	582	619
Total	7,177	7,191	6,987
Net financial debt / (cash)	49	49	207
Provisions (***)	2,165	2,178	2,294
Equity	4,935	4,935	4,458
Other liabilities	29	29	27
Total	7,177	7,191	6,987

(*) Comparable for Opening Balance Sheet adjustments of acquired businesses (PPA of Servion business combinations, according to IFRS 3).

(**) The caption "Other, net" contains the following line items of the consolidated balance sheet: "Other current financial assets", "Investments accounting for using the equity method", "Other financial assets", "Other assets", "Other current financial liabilities", "Other financial liabilities", "Current income tax assets", "Current income tax liabilities", "Deferred tax assets" and "Deferred tax liabilities".

(***) The caption "Provisions" contains the following line items of the consolidated balance sheet: "Current and non-current provisions", and "Post-employment benefits".

Note: Summarized balance sheet showing net positions mainly on the asset side.

Annex

Alternative Performance Measures

Siemens Gamesa Renewable Energy (SGRE) financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APMs). The APMs are considered to be adjusted magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE's Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE's financial disclosures that cannot be directly reconciled with the financial statements in accordance with EU-IFRS are as follows.

Net Financial Debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings (including any subsidized loans) less cash and cash equivalents.

Net financial debt is the main APM used by Siemens Gamesa Renewable Energy's management to measure the Group's indebtedness and leverage.

€m	09.30.2019	10.01.2019	12.31.2019	03.31.2020	06.30.2020
Cash and cash equivalents	1,727	1,727	1,661	1,421	1,695
Short-term debt	(352)	(418)	(513)	(487)	(546)
Long-term debt	(512)	(1,029)	(974)	(1,229)	(1,239)
Cash / (Net Financial Debt)	863	280	175	(295)	(90)

€m	09.30.2020	12.31.2020	03.31.2021	06.30.2021	09.30.2021
Cash and cash equivalents	1,622	1,533	1,515	1,400	1,961
Short-term debt	(434)	(636)	(607)	(540)	(382)
Long-term debt	(1,236)	(1,372)	(1,680)	(1,698)	(1,786)
Cash / (Net Financial Debt)	(49)	(476)	(771)	(838)	(207)

Working capital (WC)

Working Capital (WC) is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy's management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

€m	09.30.2019	10.01.2019	12.31.2019	03.31.2020	06.30.2020
	Comp. (*)				
Trade and other receivables	1,287	1,287	1,079	1,036	1,174
Trade receivables from related companies	22	22	29	37	37
Contract assets	2,056	2,056	1,801	1,808	1,715
Inventories	1,864	1,864	2,071	2,115	2,064
Other current assets	461	451	578	466	584
Trade payables	(2,600)	(2,600)	(2,282)	(2,332)	(2,544)
Trade payables to related companies	(286)	(286)	(188)	(212)	(237)
Contract liabilities	(2,840)	(2,840)	(3,193)	(3,101)	(3,362)
Other current liabilities	(798)	(798)	(833)	(682)	(929)
Working Capital	(833)	(843)	(939)	(865)	(1,498)

(*) The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings "Other non-current assets" and "Other current assets", in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros.

€m	09.30.2020	10.01.2020	12.31.2020	03.31.2021	06.30.2021	09.30.2021
	(*)					
Trade and other receivables	1,141	1,142	1,150	1,054	1,157	901
Trade receivables from related companies	1	1	1	5	4	5
Contract assets	1,538	1,538	1,517	1,464	1,657	1,468
Inventories	1,820	1,820	1,718	1,886	1,901	1,627
Other current assets	398	398	467	449	553	520
Trade payables	(2,956)	(2,956)	(2,346)	(2,493)	(2,880)	(2,900)
Trade payables to related companies	(8)	(8)	(47)	(38)	(25)	(22)
Contract liabilities	(3,148)	(3,171)	(3,393)	(3,237)	(3,209)	(3,386)
Other current liabilities	(761)	(735)	(767)	(728)	(780)	(709)
Working Capital	(1,976)	(1,971)	(1,699)	(1,639)	(1,621)	(2,496)

(*) Comparable for Opening Balance Sheet adjustments of acquired businesses (PPA of Servion business combinations, according to IFRS 3).

The ratio of working capital to revenue is calculated as working capital at a given date divided by the revenue in the twelve months prior to that date.

Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance CAPEX). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of a business combination (e.g. the merger of Siemens Wind Power and Gamesa). This APM does also not include additions to right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

€m	Q4 20	Q4 21	12M 20	12M 21
Acquisition of intangible assets	(44)	(54)	(182)	(188)
Acquisition of Property, Plant and Equipment	(205)	(171)	(419)	(489)
CAPEX	(249)	(225)	(601)	(677)

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
Acquisition of intangible assets	(39)	(50)	(45)	(54)	(188)
Acquisition of Property, Plant and Equipment	(101)	(99)	(118)	(171)	(489)
CAPEX	(140)	(149)	(163)	(225)	(677)

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
Acquisition of intangible assets	(42)	(42)	(54)	(44)	(182)
Acquisition of Property, Plant and Equipment	(50)	(67)	(97)	(205)	(419)
CAPEX	(92)	(109)	(151)	(249)	(601)

Definitions of Cash Flow

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (CAPEX). SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adjusting the reported income for the period, for the ordinary non-cash items (mainly depreciation and amortization and provision charges).

€m	12M 20	12M 21
Net Income before taxes	(1,019)	(553)
Amortization + PPA	844	757
Other P&L (*)	11	12
Charge of provisions	370	540
Provision usage (without Adwen usage)	(351)	(341)
Tax payments	(172)	(134)
Gross Operating Cash Flow	(317)	281

€m	Q4 20	Q4 21
Net Income before taxes	(152)	(284)
Amortization + PPA	200	203
Other P&L (*)	1	20
Charge of provisions	102	153
Provision usage (without Adwen usage)	(94)	(89)
Tax payments	(29)	(25)
Gross Operating Cash Flow	27	(23)

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

Cash flow is calculated as the variation in Net financial debt (NFD) between two closure dates.

Average Selling Price in Order Intake, Onshore (ASP - Order Intake)

Average monetary order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by several factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

	Q1 21 (*)	Q2 21 (*)	Q3 21 (*)	Q4 21 (*)	LTM Sep 21
Order Intake Onshore Wind (€m)	1,619	1,330	856	867	4,673
Order Intake Onshore Wind (MW)	2,360	2,113	1,352	1,376	7,201
ASP Order Intake Wind Onshore	0.69	0.63	0.63	0.63	0.65

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €0m in Q1 21, €51m in Q2 21, €-16m in Q3 21 and €0m in Q4 21.

	Q1 20 (*)	Q2 20 (*)	Q3 20 (*)	Q4 20 (*)	LTM Sep 20
Order Intake Onshore Wind (€m)	1,611	1,289	872	1,698	5,470
Order Intake Onshore Wind (MW)	2,563	1,645	1,200	2,713	8,121
ASP Order Intake Wind Onshore	0.63	0.78	0.73	0.63	0.67

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €0m in Q1 20, €61m in Q2 20, €0m in Q3 20 and €0m in Q4 20.

	Q1 19 (*)	Q2 19 (*)	Q3 19 (*)	Q4 19 (*)	LTM Sep 19
Order Intake Onshore Wind (€m)	1,793	1,167	1,695	2,238	6,893
Order Intake Onshore Wind (MW)	2,370	1,742	2,130	3,147	9,389
ASP Order Intake Wind Onshore	0.76	0.67	0.80	0.71	0.73

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €6m in Q1 19, €33m in Q2 19, €1m in Q3 19 and €2m in Q4 19.

Order Intake, Revenue and EBIT

Order Intake (in €) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
WTG	1,776	4,258	986	1,755	8,776
Of which WTG ON	1,619	1,381	840	867	4,708
Of which WTG OF	157	2,877	146	888	4,068
Service	505	1,242	534	1,129	3,409
TOTAL	2,281	5,500	1,520	2,884	12,185

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
WTG	3,158	1,424	4,227	1,776	10,584
Of which WTG ON	1,611	1,350	872	1,698	5,531
Of which WTG OF	1,547	74	3,355	78	5,053
Service	1,470	779	1,115	787	4,152
TOTAL	4,628	2,203	5,342	2,564	14,736

Order Intake (in MW) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

MW	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
WTG ON	2,360	2,113	1,352	1,376	7,201
WTG OF	-	2,607	24	847	3,478
TOTAL	2,360	4,720	1,376	2,223	10,679

MW	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
WTG ON	2,563	1,645	1,200	2,713	8,121
WTG OF	1,279	-	2,860	-	4,139
TOTAL	3,841	1,645	4,060	2,713	12,260

Revenue LTM (Last Twelve Months) is calculated by aggregation of the quarterly revenues for the last four quarters.

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
WTG	1,899	1,902	2,179	2,292	8,272
Of which WTG ON	1,061	1,154	1,328	1,463	5,005
Of which WTG OF	838	748	851	829	3,266
Service	396	434	525	571	1,926
TOTAL	2,295	2,336	2,704	2,863	10,198

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
WTG	1,634	1,808	1,947	2,325	7,715
Of which WTG ON	1,116	1,149	1,143	1,499	4,907
Of which WTG OF	518	660	805	826	2,808
Service	366	395	464	543	1,768
TOTAL	2,001	2,204	2,411	2,868	9,483

EBIT (Earnings Before Interest and Taxes): operating profit as per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

EBIT (Earnings Before Interest and Taxes) pre PPA and integration & restructuring costs: EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA).

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

€m	12M 20	12M 21
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,019)	(553)
(-) Income from investments acc. for using the equity method, net	3	(10)
(-) Interest income	(10)	(12)
(-) Interest expenses	66	51
(-) Other financial income (expenses), net	2	2
EBIT	(958)	(522)
(-) Integration costs	189	125
(-) Restructuring costs	273	72
(-) PPA impact	262	230
EBIT pre-PPA and integration & restructuring costs	(233)	(96)

€m	Q4 20	Q4 21
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(152)	(284)
(-) Income from investments acc. for using the equity method, net	(1)	(5)
(-) Interest income	(2)	(5)
(-) Interest expenses	17	13
(-) Other financial income (expenses), net	1	1
EBIT	(139)	(279)
(-) Integration costs	72	41
(-) Restructuring costs	38	7
(-) PPA impact	59	55
EBIT pre-PPA and integration & restructuring costs	31	(177)

EBIT margin: ratio of EBIT to Revenue in the period that is equal to the revenue figure in the consolidated Income Statement for the period.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

€m	12M 20	12M 21
EBIT	(958)	(522)
Amortization, depreciation and impairment of intangible assets and PP&E	844	757
EBITDA	(113)	235

€m	Q4 20	Q4 21
EBIT	(139)	(279)
Amortization, depreciation and impairment of intangible assets and PP&E	200	203
EBITDA	61	(77)

EBITDA LTM (Last Twelve Months) is calculated by aggregation of the quarterly EBITDA for the last four quarters.

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
EBIT	14	(19)	(238)	(279)	(522)
Amortization, depreciation and impairment of intangible assets and PP&E	180	182	192	203	757
EBITDA	194	163	(46)	(77)	235

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
EBIT	(229)	(118)	(472)	(139)	(958)
Amortization, depreciation and impairment of intangible assets and PP&E	172	182	290	200	844
EBITDA	(57)	63	(181)	61	(113)

Net income and Net income per share (EPS)

Net income: consolidated profit for the year attributable to the parent company.

Net income per share (EPS): the result of dividing net income by the average number of shares outstanding in the period (excluding treasury shares).

	Q4 20	12M 20	Q4 21	12M 21
Net Income (€m)	(113)	(918)	(258)	(627)
Number of shares (units)	679,517,513	679,517,035	680,067,397	679,906,438
Earnings Per Share (€/share)	(0.17)	(1.35)	(0.38)	(0.92)

Other indicators

Revenue coverage: the revenue coverage ratio expresses the degree of achieving the revenue volume targets set by the company for a given year. It is calculated as the revenue booked until one period (including the activity/revenue expected for the rest of the year) divided by the activity/revenue guidance for that year.

€m	09.30.2019	06.30.2020	09.30.2020	06.30.2021
Actual revenue in year N (1)	-	6,615	-	7,335
Order Backlog for delivery in FY (2)	9,360	3,145	9,728	2,885
Average revenue guidance for FY (3) (*)	10,400	10,400	10,700	10,200
Revenue Coverage ([1+2]/3)	90%	94%	91%	100%

(*) FY21 revenue guidance communicated in November 2020 narrowed in July 2021 to €10.2bn.

€m	09.30.2021
Order Backlog for delivery in FY22 (1)	8,874
Average revenue guidance for FY22 (2) (*)	9,739
Revenue Coverage (1/2)	91%

(*) Midpoint of growth rate guidance from -2% to -7%.

Book-to-Bill: ratio of order intake (in EUR) to activity/revenue (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in revenue volume.

Book-to-Bill LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly Revenues and Order Intakes for the last four quarters.

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
Order Intake	2,281	5,500	1,520	2,884	12,185
Revenue	2,295	2,336	2,704	2,863	10,198
Book-to-Bill	1.0	2.4	0.6	1.0	1.2

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
Order Intake	4,628	2,203	5,342	2,564	14,736
Revenue	2,001	2,204	2,411	2,868	9,483
Book-to-Bill	2.3	1.0	2.2	0.9	1.6

Reinvestment Rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value). According to the definition of CAPEX, the amount of amortization, depreciation and impairments does not include the amortization, depreciation and impairments of right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
CAPEX (1)	140	149	163	225	677
Amortization depreciation & impairments (a)	180	182	192	203	757
Amortization, depreciation & impairments of right of use assets (IFRS 16) (b)	31	29	30	32	122
PPA Amortization on Intangibles (c)	60	59	56	55	230
Depreciation & Amortization (excl. PPA) (2=a-b-c)	90	94	105	115	405
Reinvestment rate (1/2)	1.6	1.6	1.5	1.9	1.7

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
CAPEX (1)	92	109	151	249	601
Amortization depreciation & impairments (a)	172	182	290	200	844
Amortization, depreciation & impairments of right of use assets (IFRS 16) (b)	25	27	33	28	114
PPA Amortization on Intangibles (c)	66	69	68	59	262
Depreciation & Amortization (excl. PPA) (2=a-b-c)	81	86	189	112	468
Reinvestment rate (1/2)	1.1	1.3	0.8	2.2	1.3

Gross Profit: the difference between revenue and cost of sales, according to the consolidated statements of profit and loss.

Gross Profit (pre PPA, I&R costs): Gross Profit excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the PPA (purchase price allocation). The result of dividing this indicator by the sales of the period, which are equal to the revenue figure in the consolidated Income Statement for the period, is denominated Gross Margin pre PPA, I&R costs, and it is expressed as a percentage.

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

€m	12M 20	12M 21
Gross Profit	(110)	265
PPA amortization on intangibles	177	170
Integration costs	133	84
Restructuring costs	180	57
Gross Profit (pre PPA, I&R costs)	381	576

€m	Q4 20	Q4 21
Gross Profit	81	(107)
PPA amortization on intangibles	45	40
Integration costs	49	24
Restructuring costs	33	3
Gross Profit (pre PPA, I&R costs)	207	(41)

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
Gross Profit	202	199	(29)	(107)	265
PPA amortization on intangibles	45	44	42	40	170
Integration costs	20	21	19	24	84
Restructuring costs	13	37	4	3	57
Gross Profit (pre PPA, I&R costs)	280	301	36	(41)	576

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
Gross Profit	(57)	63	(196)	81	(110)
PPA amortization on intangibles	42	45	45	45	177
Integration costs	15	28	41	49	133
Restructuring costs	6	42	100	33	180
Gross Profit (pre PPA, I&R costs)	7	177	(10)	207	381

Integration and Restructuring costs: see Gross Profit (pre PPA, I&R costs) and EBIT (pre PPA, I&R costs).

€m	12M 20	12M 21
Gross Profit	313	140
Research & Development	6	8
Sales and Administration	135	41
Others	9	8
Integration and Restructuring costs	462	197

€m	Q4 20	Q4 21
Gross Profit	82	27
Research & Development	2	2
Sales and Administration	24	14
Others	2	5
Integration and Restructuring costs	110	48

€m	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
Gross Profit	33	57	23	27	140
Research & Development	1	3	1	2	8
Sales and Administration	11	10	6	14	41
Others	1	1	1	5	8
Integration and Restructuring costs	47	71	31	48	197

€m	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
Gross Profit	21	69	141	82	313
Research & Development	1	2	1	2	6
Sales and Administration	3	9	99	24	135
Others	3	2	2	2	9
Integration and Restructuring costs	27	82	243	110	462

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

MWe	Q1 21	Q2 21	Q3 21	Q4 21	LTM Sep 21
Onshore	1,744	1,927	2,404	2,223	8,298

MWe	Q1 20	Q2 20	Q3 20	Q4 20	LTM Sep 20
Onshore	1,747	1,649	1,876	2,433	7,704

Cost of energy (LCOE/COE): the cost of converting an energy source, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking in account all costs incurred during asset's life cycle (including construction, financing, fuel, operation and maintenance, taxes and incentives) divided by the total output expected from the asset during its useful life.

Note that due to rounding, numbers presented in this document may not add up exactly to the totals shown and percentages may not exactly replicate the absolute figures presented.

Glossary & Definitions for Alternative Performance Measures

The definition and conciliation of the alternative performance measures (APMs) are included and disclosed in this Activity Report and also used in the presentation associated to these and previous results. This glossary contains a summary of terms and APMs used in this report but does not replace the aforementioned definitions and conciliations.

AEP: annual energy production.

ASP in Order Intake: average monetary order intake collected by WTG division per unit booked (measured in MW). It excludes the value and volume of solar orders from the calculation.

Book & Bill: amount of orders (in EUR) to be booked and fulfilled in a set period of time to generate revenue without material lead time ("in for out" orders in set period of time).

Book-to-Bill ratio: order intake (in EUR) to activity/sales (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in sales volume.

Capital Expenditure (CAPEX): refers to investments made in the period in property, plant and equipment and intangible assets in order to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance capex).

CAGR: Compound annual growth rate.

EBIT (Earnings Before Interest and Taxes): operating profit per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

EBIT pre PPA integration & restructuring costs (I&R): EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from of the Purchase Price Allocation (PPA).

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

EBITDA: It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital, capital expenditure (CAPEX), payments related to Adwen provisions and others mainly FX conversion impacts. SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adding, to reported income for the period, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates.

IP: Intellectual Property.

LTM: last twelve months.

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing activity in terms of work in progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

Net Financial Debt (NFD): is defined as long-term and short-term financial debt less cash and cash equivalents.

Reinvestment rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value).

Working Capital (WC): is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

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Note on alternative performance measures (APMs)

This document includes supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa's net assets and financial position or results of operations as presented in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.