

and analysis of turbine conditions as well as smart diagnostic services. The **investments** of SGRE in fiscal 2019 focused on production equipment for new blade types and capacity expansion in its factories. Other investments were related to logistic and construction tools in the onshore business, and special equipment for testing and installation of newly launched products in the offshore business.

(in millions of €)	Fiscal year		% Change	
	2019	2018	Actual	Comp.
Orders	12,749	11,875	7%	7%
Revenue	10,227	9,122	12%	12%
Adjusted EBITA	482	483	0%	
Adjusted EBITA margin	4.7%	5.3%		

**Order** intake increased in all businesses year-over-year due to a higher volume from large orders. Sharp order growth in Asia, Australia included two large orders for offshore wind-farms including service in Taiwan totaling €2.3 billion. SGRE also recorded sharply higher orders in the Americas region, driven by several large orders in the onshore business mainly in the U.S. In contrast, orders came in substantially lower in the region Europe, C.I.S., Africa, Middle East which in the prior year had included an order for an offshore wind-farm, including service, in the U.K. worth €1.3 billion. **Revenue** was up significantly year-over-year, with substantial growth in the offshore and service businesses and clear growth in the onshore business. On a geographic basis, revenue rose substantially in Europe, C.I.S., Africa, Middle East, while it declined clearly in the other two reporting regions. **Adjusted EBITA** was on the prior-year level as positive effects from productivity improvements and higher revenue were offset by price declines, a less favorable project mix and higher expenses for integration costs and capacity adjustments including severance. Severance charges were €32 million in fiscal 2019 and €77 million in fiscal 2018. SGRE's order backlog was €26 billion at end of the fiscal year, of which €9 billion are expected to be converted into revenue in fiscal 2020.

These results were achieved in **markets** that grew substantially in fiscal 2019 in terms of installed capacity due to higher demand in both the onshore and offshore markets, with the latter growing faster. Market volume in euros was subject to adverse price development. On a regional basis, growth in the onshore business was again driven primarily by China where the largest national wind market in the world for onshore generation remains largely closed to foreign manufacturers, and secondarily by the U.S. In contrast, the onshore market in Germany declined significantly. In the offshore market, growth was driven by the U.K. and China. SGRE expects global onshore wind installations to grow

clearly in fiscal 2020, driven by growth in the U.S. and India. Global offshore wind power markets are expected to grow in fiscal 2020. The driver of this growth is China which offsets a slight decline in European markets. Market volume in euros is expected to be subject to adverse price development in the offshore business, reflecting the trends discussed above, and currency translation effects.

## A.3.8 Financial Services

**Financial Services** supports its customers' investments with leasing solutions and equipment, project and structured financing in the form of debt and equity investments. Based on its comprehensive financing know-how and specialist technology expertise in the areas of Siemens businesses, Financial Services provides financial solutions for Siemens customers as well as other companies.

(in millions of €)	Fiscal year	
	2019	2018
Earnings before taxes (EBT)	632	633
ROE (after taxes)	19.1%	19.7%

  

(in millions of €)	Sep 30,	
	2019	2018
Total assets	29,901	27,628

Financial Services again delivered strong **earnings before taxes**. While the equity business recorded higher results, the result from the debt business declined, amongst others due to higher credit hits. Total assets increased along with a growth in debt business and in part due to positive currency translation effects.

Financial Services is geared to Siemens' industrial businesses and its markets. As such Financial Services is influenced by the business development of the **markets** served by our industrial businesses, among other factors. Financial Services will continue to focus its business scope on areas of intense domain know-how.

## A.3.9 Portfolio Companies

Portfolio Companies was formed in fiscal 2019 and consists largely of businesses formerly included in the Divisions Process Industries and Drives (mechanical drives, process solutions, large drives applications) and Energy Management (subsea), along with certain other activities that were formerly reported in Centrally managed portfolio activities (Siemens Logistics business and the at-equity investments: Valeo Siemens eAutomotive GmbH, Primetals Technologies Limited, Ethos Energy Group Limited and