

Siemens Energy gets state-backed 15-bn-euro rescue package

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Siemens Energy has been facing problems at its wind power unit, Gamesa.

Siemens Energy will receive a 15-billion-euro (\$16.3-billion), state-backed rescue package, Berlin said Tuesday, as the German group struggles to overcome a crisis in its wind power unit.

The company's Gamesa subsidiary has faced long-running technical problems with its onshore wind turbines, which have cost huge sums to fix and led to massive losses.

The unit's difficulties come amid broader troubles for the whole wind power sector in Europe, even as demand for [clean energy](#) grows. These range from higher prices for materials to strong competition from China.

Siemens Energy revealed last month that it was in talks with the German government over "guarantees" to help the company finance major new contracts, sending its shares crashing.

After weeks of talks, the state has now granted Siemens Energy 7.5 billion euros worth of guarantees, the economy ministry said.

They are part of a 15-billion-euro package agreed with other stakeholders, including private banks and the larger Siemens conglomerate, which is a major shareholder in Siemens Energy.

The ministry attributed its decision to Siemens Energy's importance in the "provision of energy systems" and as a major employer in "future-proof industries".

Despite overall healthy orders, problems at Gamesa meant Siemens Energy was having "difficulties in obtaining required guarantees in full on [financial markets](#)," the ministry said.

The company's shares closed nearly three percent higher in Frankfurt after the deal was announced.

Revenue warning

Media reports indicate Siemens Energy—which was spun out of

Siemens group in 2020—has abundant cash reserves but still needs guarantees for multi-year projects such as building power grids.

In a note last month, Berenberg Bank said the guarantees appeared to be needed to underwrite the growing backlog at the Gas and Power division, which is separate from the wind power unit.

At this division, which accounts for about 70 percent of group revenue, "demand is booming and profitability strongly growing," it said.

The long-running woes at Gamesa prompted Siemens Energy to take full control of the Spain-based subsidiary last year, but a hoped-for turnaround has yet to materialize.

In August, Siemens Energy reported a net loss of 2.9 billion euros in its fiscal third quarter, weighed down by a 1.6-billion euro hit to repair issues with wind turbines.

The company will release fourth quarter results on Wednesday.

Last month, the group revealed Gamesa was not currently concluding new contracts for some onshore projects and being selective with offshore projects, while warning revenues for the fiscal year 2024 are set to be lower than expected.

In September, European Commission president Ursula von der Leyen pledged more help for Europe's wind [power](#) sector, including the fast-tracking of permits.

On Tuesday, the German economy ministry said the European Investment Bank was "working on launching a guarantee program for the [wind energy](#) sector".

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