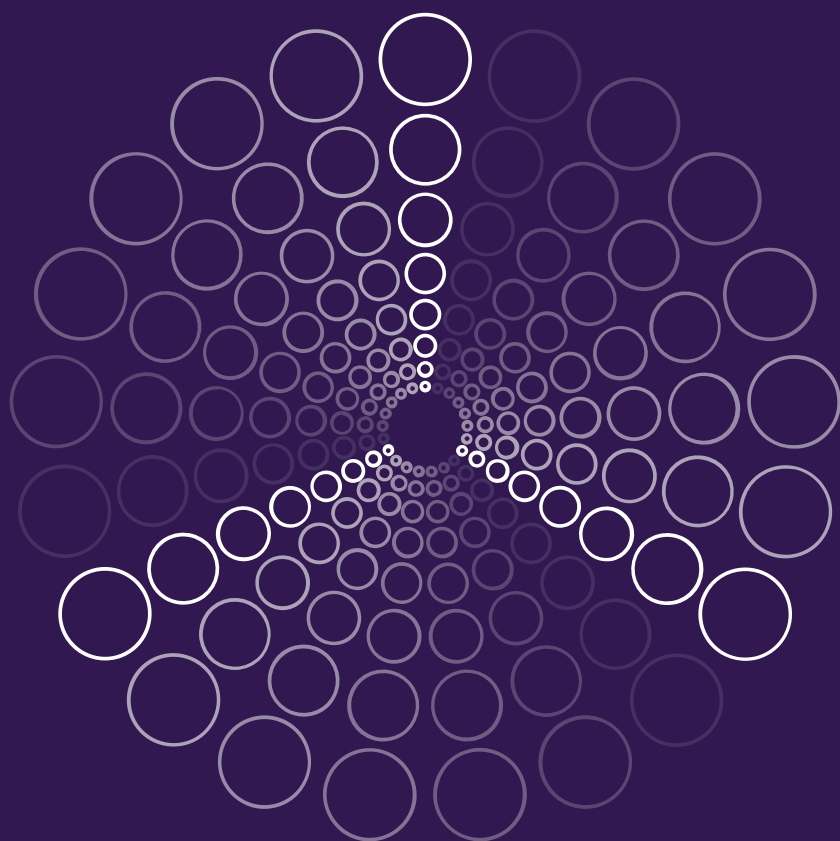


2020 Annual General Meeting of Shareholders

Bilbao, 22 July 2020



SIEMENS Gamesa
RENEWABLE ENERGY

Andreas Nauen

Siemens Gamesa Renewable Energy CEO

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2020 Annual General Meeting of Shareholders

SPEECH OF ANDREAS NAUEN,
SIEMENS GAMESA RENEWABLE ENERGY CEO

BILBAO, 22 JULY 2020

Buenos días – Egun on.

I welcome you to this unusual AGM, the first for us without many of the company's stakeholders being able to attend. We hope that we will be able to welcome you all back to Bilbao soon and greet you in person. This is my first visit here since my appointment and I see the City now through fresh eyes as it is my intention to make the city my new base, while maintaining close links with Denmark, where we currently live.

The AGM is obviously my first as CEO as well since my appointment by the Board of Directors last month. I would like to express my gratitude to the Board and to Miguel as Chairman for their trust and confidence in me. I love this industry and this company and my aim is to take Siemens Gamesa to where we belong as leaders in the sector. I give all of our stakeholders my commitment to achieve this and I ask you for your continued support.

I would also like to publicly thank my predecessor Markus Tacke in this role. Markus was key in laying the foundations for the Siemens Gamesa we see today. In three years he has helped to build a unified company and potential long term leader in wind energy technology. I will build on many things he started.

We must also recognize the situation in which the industry and the company now find themselves. While we are optimistic about the long-term outlook, the company has battled to contain many complicated scenarios in FY 20. These have included project delays in Northern Europe, a stronger than expected slowdown in our operations in India, and of course problems resulting from the COVID-19 pandemic.

I am fully aware that we must quickly draw a line under many of these issues, and begin to turn things around to ensure all of our business units are performing to their maximum potential. This will take time, but I can assure you that we have already started to take decisive measures to optimize all of our operations. This turn-around is even more urgent and necessary in Onshore, which has faced the worst of these issues in recent times, and we will work resolutely to achieve this.

Given how much has happened in the world since we presented results for the last Fiscal Year in November, it may now seem a little strange to look back on a year and a world that existed before the coronavirus crisis. But this reflection on FY 19 also allows us to see the work and preparation carried out that will help the company withstand and successfully exit this period.

The company's work last year left us with a stable financial position, and we have continued to build on a record order backlog. These both give us a foundation with which to tackle our most pressing issue which is to restore profitability.

MARKET OVERVIEW

I would like first to give you a brief overview of where our industry stands before coming back to our results for Fiscal Year 19 and 20.

The outlook has considerably shifted as a result of the coronavirus crisis as the supply chain, manufacturing activity, project execution and commercial activity have all been affected by the pandemic.

These disruptions across the industry will clearly mean that we will see a fall in installations this year, but we also currently expect a rebound in 2021 as most contracts are postponed rather than cancelled. Before the crisis, the Global Wind Energy Council was expecting to see a record year for installations of 76.1 GW. GWEC is now expecting to see this level fall by around 20%, but most projects to be delayed into 2021 or 2022. Similarly, Bloomberg New Energy Finance forecasts global installations of 66.4 GW this year, rising to 73 GW in 2021.

ONSHORE AND OFFSHORE FORECAST

And this comeback story looks set to be seen for both onshore and offshore with the International Energy Agency estimating that offshore installations will surge from 6 GW in 2019 to 19 GW by 2025.

Looking back at last year, we also witnessed a sharp pick-up in consolidation in the sector, which is natural in a maturing industry. Higher commodity costs, coupled with demand to produce technology at ever lower prices, has driven many competitors close to collapse. We expect further M&A activity to continue, leaving only a handful of robust players in both onshore and offshore, along with the Chinese manufacturers which dominate their home market.

This rapid period of consolidation truly shows that only the companies able to adapt and adjust to this changing environment and that are financially robust will survive. We are facing tough times at Siemens Gamesa, no doubt, but I believe we have the strong foundations of a business that can adapt and be successful.

RESULTS FISCAL YEAR 2019

With those factors in mind let's take a brief look back at what we achieved in the last Fiscal Year before turning to where we are today.

Despite tough circumstances we managed to meet market guidance last year, with an EBIT margin pre-PPA and I&R costs of 7.1%. Our L3AD2020 program helped us to compensate the impact of tough pricing conditions.

With regards to revenues, the company registered a 12.1% increase to €10.2 billion.

A strong final quarter to the year also helped us to achieve record sales. The order backlog reached €25.5 billion, which was an increase of nearly 12% YoY. This underlined the interest of investment in the sector and provided the company with significant visibility for the coming years.

We also made progress to improve the company's financial position. Key to this was the award of investment grade status by the three main rating agencies. This has helped us to improve our financing lines, which we have also worked to turn into 'green' financing as investor interest in sustainability increases. Also of note was an improved cash position to €863 million from €248 million YoY. And, in Fiscal Year 19 we managed to reduce gross debt by €1 billion Year on Year.

These successes for the businesses undoubtedly have provided us with solid foundations before the coronavirus struck in FY 2020, the true impact of which we began to see in the second quarter of the year.

FISCAL YEAR 2020

The first disruptions were seen in February in the Chinese supply chain, resulting in a slowdown in our manufacturing operations. Containment measures imposed by governments worldwide also forced the temporary closure of our manufacturing plants in India and Spain, and affected the supply of components and movement of people.

During this time our priority was, and continues to be, to ensure the safety of employees and their families and of the communities where we operate, while minimizing operational disruptions.

Nevertheless, the impact of the coronavirus crisis made it necessary for us to halt our market guidance. In the second quarter of 2020 direct losses from the crisis amounted to €56m, mainly concentrated on the Onshore business.

The impact of the pandemic was also compounded by the challenges in the Onshore business, including a lengthening of the execution times in Northern Europe pipeline projects and a sharper slowdown in the Indian market than expected.

Despite this impact, the company also managed to hit a record order backlog of €28.6 billion having integrated the assets acquired from Senvion, an increase of 21.4% y/y.

The company's funding strategy also provided the business with a strong liquidity position with which to face the current economic and market situation, with close to €4 billion in credit lines available, and €1.1 billion drawn down.

However, based on the assessment of management, our project costs and the financial impact of COVID-19 disruptions we will be obliged to report a negative EBIT in the third quarter, before PPA and integration & restructuring costs. The anticipated positive EBIT in the fourth quarter is not expected to completely offset the negative development for the full fiscal year.

It is still early to reliably estimate the impact of the pandemic in future quarters, but the business continuity teams are working to minimize the disruption to operations caused by the lockdowns and supply chain problems.

BUSINESS UNITS REVIEW

I now will focus more closely on each Business Unit.

Our **Onshore business** faced a tough year in 2019 for many of the reasons I have mentioned as a price decline hit revenues. We have seen that these conditions, along with the various issues the unit has faced, have continued to impact our business heading into 2020.

Two issues have been particularly damaging in 2020. First, as reported in our Q1 results, we have a very poorly performing project in Europe, the so called 'Northern European' pipeline program that has been hit by execution issues. These have continued to present significant issues through to Q3 and continues to be a significant burden on our profitability. Next we have seen a rapid and profound decline in the India market, which has also come at a significant financial cost.

We are currently assessing our entire operation in India to ensure we have an organization that fits the market reality there. We are too assessing our project execution capability to ensure we mitigate against the risk of a repeat of the northern European issues.

We are committed to taking all necessary measures to turn the Onshore unit around and changed our strategy to reduce cost, improve quality and execution and deliver a strong technology offering to customers.

Despite the issues surrounding Onshore, there are still many positives we can look to. One of the biggest is that we are still registering record order backlogs. In the first half of 2020, the order intake stood at 9,485 MW.

This customer focus goes hand in hand with new products that we have launched, and we envisage will become standard bearers for the sector. In April of last year, we launched the 5X platform, which comprises two new turbines, the SG 5.8-155 and the SG 5.8-170. Both have a 5.8 MW capacity and improve Annual Energy Production (AEP) by 20% and 37% respectively compared to the previous model. In fact, the AEP can be increased even higher using a Flex 6.6MW version of the turbine.

Since the launch of the new turbine one year ago we have accumulated close to 700 MW in orders for wind parks in Sweden and Brazil. We expect many more orders for this platform which is suitable for all wind conditions. The platform will help us to improve margins and market share in key countries such as the U.S., Germany, the Nordics, Brazil, and Australia.

We must not forget that onshore wind will still account for 80% of wind installations in 2030 in Europe. And that number needs to rise considerably from 159 GW installed today to 750 GW by 2050 according to EU forecasts.

Looking now at the **Offshore business** I led over the last two and a half years, we also saw high levels of order intake in FY 19 at 2,076 MW, albeit a little lower from FY 18. Order backlog in 2020 now stands at 10.7 GW and we have taken great steps to strengthen our position at the forefront of the sector.

These include the conditional signing of the largest wind park deal to date in the U.S., for the installation of a 2.6 GW wind farm in Virginia. Indeed, the United States is among the key growth areas we have identified for offshore in coming years, and we are committed to playing our part in building the foundations necessary for the market to really take off there.

Similarly, I have been pleased at the speed of development we made as a team in Taiwan where we signed over 1.5 GW of firm orders in FY19. In 2020 our reach has extended there too, following the signing of a 300 MW deal to supply our latest offshore turbine at the Hai Long 2 wind project. Taiwan is fast becoming a strategic location for us in Asia, and we have committed to building an assembly hub there, boosting local content, while also developing a robust supply chain.

I should also mention the emergence of the offshore industry in France. We will help to build one of the largest offshore hubs in Europe at the port of Le Havre which is expected to open at the end of next year. In Fiscal Year 20 we also signed two contracts totaling close to 1 GW for parks in Normandy and Brittany which this new plant will supply.

Our geographical expansion will help us continue as leader in the offshore industry. But we also rely on our technology to consolidate this position. In May of this year we launched our latest innovation that marks a new milestone in the industry. The SG 14-222 DD offshore Direct Drive wind turbine has a nominal power of 14 MW, the most powerful as of today, and a rotor of 222 meters.

Our **Service business**, too, saw strong order intake growth in Fiscal Year 2019, and grew by 13.4% YoY to €2.7 billion euros. At the end of last year, we also saw an order backlog for Service at €11.09 billion, which was close to 47% of total backlogs. That percentage has now risen to 51% following results for the first half of FY 2020. This number is important as we expect double digit growth in the sector over the next decade, so this backlog sets us on course for robust growth in coming years.

Results for the Service business remained positive through the first half of FY 20 with €779 million in new orders, 4% higher than the same quarter a year ago. During the first half of the year the business also managed to sign the first Servion maintenance contract outside of the scope of the assets acquired in January, for a 135 MW wind park in Australia.

Our intention is to keep growing our Service business, and we successfully did this through the acquisition of Servion assets which we completed this year. This takes the company's Service fleet to around 72 GW and our ambition will be to take this to 100 GW by 2022.

We have a firm plan in place to get there, based on several strategic levers. Among them are increasing scale, a focus on contract renewals, increasing competitiveness by developing our digital scope, and seeking out strategic investment opportunities. These levers will be channeled into projects with clear objectives to help us work towards our targets.

L3AD2020 PROGRAM

Our L3AD2020 plan is essential for our business units to deliver on that margin growth and become as competitive as possible.

This strategic program was launched two years ago and is composed of three phases. The company first completed the 'Merge and Stabilize' phase of L3AD2020, which covered the merger of Siemens Wind with Gamesa in 2018, and in Fiscal Year 2019 it completed the 'Leverage Economies of Scale', meeting all its objectives and focusing on leveraging the scale of the new company. The last phase of the strategic program of 'Secure Sustainable Profitability' will run through fiscal year 2020.

This last phase has been affected by the crisis we are still experiencing, as well as the downturn of Onshore. Let me share with you a brief overview of the modules that make up Lead2020:

Growth, Transformation, Digitalization and Change Management.

Growth:

Our company continues to adapt to a rapidly changing market to assure we can return to a growth path going forward following the crisis. In FY 19 we managed to deliver growth both organically through developing best in class technology, and also inorganically.

In the last case I would like to mention the acquisition of selected assets from Servion.

We are very satisfied with the conclusion of this acquisition as it significantly improves our competitive position in a high margin business and enhances the company's multibrand strategy. The deal raises our fleet under maintenance by 9 GW to around 72 GW and improves our market position in key European countries such as Germany, France and Italy.

Change management:

Turning to the Change Management module, which covers the implementation of the L3AD2020 vision to pioneer new ways and promoting a common culture. We have led many initiatives over the past year to bolster employee engagement and streamline our HR processes. I would underline that I believe we have the right people in place, engaged with our business' mission, to help drive the company's future growth.

But I would also like to share with you today that this year we are currently working towards the launch of two employee share plans, which we expect to be opened in the final quarter of 2020. The first plan is called '3-2-1' and will be open to all employees globally for a minimum investment of €50, and up to 4% of their gross salary.

The second plan is a share-based Recognition Program aimed at rewarding outstanding performance through stock awards to selected employees, which will be converted into shares after two years.

We expect both plans to boost employee retention and engagement as well as aligning compensation with value creation.

Transformation:

Looking briefly at our Transformation module, we are making good progress and are on schedule to overachieve on its €2 billion cost reduction target by 2020. All of the business areas have helped to find synergies, reduce single source spending and making productivity enhancements at operations.

We have continued this work in Fiscal Year 2020. We aim to make progress on further single sourcing cost reductions, maintain a sharp focus on supply chain costs, as well as the optimization of operations such as lowering the blade production cycle.

Digitalization

A key for the industry going forward will be digitalization. Siemens Gamesa continues to lead in this regard, and it will be key to assure the company's competitive position in years to come and enhance profitability. The company's digital actions cover both its internal and external operations, to ensure that it optimizes its manufacturing processes, turbine productivity, wind farm commissioning and services.

In 2019, Siemens Gamesa bolstered its digital team with the clear objective of leading a digital revolution in the sector. The team now has over 150 people covering a Digital Ventures Lab established to search for new developments, and global remote diagnostic centers which convert Big Data into value for customers.

HEALTH & SAFETY

This brings me to a topic that is very important to me personally, and is critical for our business. Health and Safety.

Siemens Gamesa aims to make sure that all its employees, in any location, see safety as a priority both at work and when they leave at the end of the day. In fact, the very future of the company's success relies on us operating safely every day. We can only aspire to be a global leader in renewable energy if we are also global leaders in health and safety.

Our aim is to have zero accidents, and we need all of our workforce to see that safety is their responsibility, that Safety is their choice.

This has been a very difficult year for us in this regard, with four fatalities on our sites during 2020. This is not acceptable to myself or to any of my colleagues in the management team and we have been working to ensure that Siemens Gamesa develops a culture in which safety is paramount and rigorous processes and systems ensure we keep our people safe.

We have proven in 2020 that we have the capability to do this. Throughout the Covid-19 crisis Siemens Gamesa has consistently been ahead of the curve, imposing protective measures before governments introduced them, and implementing social distancing, hygiene and testing protocols that have allowed us to keep most of our business running.

We must now ensure that we apply the same foresight, rigour and awareness to safety in all our operations at all times.

CONCLUSION

To wrap up today, there is no hiding that fiscal 2020 has so far been very challenging and very disappointing. We had expectations that we could follow an encouraging FY 19 performance in tough market conditions with further improvement. Instead we have had a series of setbacks – some of which are of our own making and some of which have come from external conditions.

What I can tell you is that we have no illusions about the difficult circumstances we find ourselves in and we are fully focused on turning the ship around.

As I said earlier, we have some good things to work with. We have a record order backlog, which provides us with significant visibility going forward, and we believe that investment in renewable energy could and should become a key factor in global economic recovery from Covid.

While forecasts for both the sector and our company have dimmed this year, they remain incredibly bright going forward and I am convinced that Siemens Gamesa will play an important role in developing a Green Recovery that helps combat climate change.

To achieve that, however, we must first ensure our house is fully in order and we are currently focusing on those actions that will enable us to return to sustainable, profitable growth. At our Capital Markets Day at the end of August we will outline our strategy and targets for the future.

In the meantime, I'd like to thank you all for your attention and participation today and I look forward to taking your questions.



Bilbao, 22 July 2020