April-September 2017 Results: short term impacts, long term actions

November 6, 2017

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Contents

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Period highlights

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Strong recovery of the order intake in Q4 17 with 3 GW in firm orders

However performance impacted by market conditions

- **Merger rationale and group's long term prospects remain intact**
- **Strong recovery in order intake in Q4 17: 3 GW, +40% y/y,** aligned with group expectations
    - **Best quarterly onshore order intake since Q1 15: 2.2 GW**
- **Decisions taken and actions launched to improve performance**
    - First restructuring measures and tighter internal controls already in place in H2 17. **Launch of full restructuring in November**
    - Speed up of integration with expected completion by end of Q2 18: **main product portfolio decisions taken**
- **Lower onshore sales volume and an inventory non-cash impairment, driven by market conditions, main drivers of H2 17 performance**
    - H2 17 revenues are down 12% y-o-y[1] with an underlying pre-PPA EBIT margin of 3.8%[2] (6.5% pre-impairment[2])
        - Exc. Indian market temporary suspension and the impairment, sales are down 2% y/y with an underlying pre-PPA EBIT margin of 7.3%[3,4]
    - Strong service performance with revenues up 9% y-o-y, with an underlying pre PPA margin of 17.4%
    - FY 17 proforma revenues of €11 bn and proforma underlying EBIT pre PPA of €774 mn (€909 mn exc. Impairment)

Siemens Gamesa RE fiscal year ends in September. Quarterly distribution is as follows: Q1 (Oct-Dec), Q2 (Jan-March), Q3 (April-June) and Q4 (Jul-Sept). This is applicable to all quarterly references throughout the presentation. All references to H2 in this presentation refer to the period April to September. All financial information is non-audited

1. All annual variations are calculated using non audited pro-forma figures for 2016 (see disclosure in the Earnings Release). Pro forma revenues for H2 (April-September) 2016 are calculated as the addition of the April to September 2016 revenues reported by Siemens AG for Siemens Wind Power division, Gamesa and 100% of Adwen. No adjustments are done to any of the historic revenue figures
2. Impact of inventory impairment: €134 mn at EBIT level and €88 mn at NI level
3. Underlying pre –PPA profitability excludes integration and restructuring costs amounting to €103 mn and the impact on PPA amortization of intangibles' fair value of €235mn. Underlying net income excludes integration and restructuring costs and PPA impact post tax of €252 mn
4. India contributed €626 mn in sales and €80 mn in EBIT in H2 2016; it contributed €44 mn in sales and -€37 mn in EBIT in H2 2017

Market conditions linked to the ongoing transition into fully competitive markets…

19% of proforma FY2016 onshore sales volume (MWe)
22% of proforma FY2016 onshore OI (MW)

- **First time introduction of competitive auctions for wind on February 2017 suspends the execution of existing contracts under old PPA regime,** on the back of lower auction prices
  - First SECI price (1 GW): 3.46 INR/KWh
  - Second SECI price (1 GW): 2.64 INR/KWh
  - Tamil Nadu price (500 MW): 3.42 INR/KWh[1]
- **Government planning up to 3 GW of central auctions until March 2018:** positive for re-activation of wind installations but at lower WTG prices vs. 2016

25% of proforma FY2016 onshore sales volume (MWe)
30% of proforma FY2016 onshore OI (MW)

- Strong installation prospects during 4 year PTC cycle (2017-2020) but with **project pipeline installation back-end loaded: 2019-2020** vs. 2017-18
- **Very competitive pricing conditions**
  - BNEF 09/29/2017: "WTG prices in US plummet faster than globally"
  - WTG price index[2]: 2017 delivery in the US $0.83 mn/MW vs. $0.99 mn/MW globally
- **New tax framework (2017/09/27) likely to maintain volatility in the tax equity market**

11% of proforma FY2016 onshore sales volume (MWe)
4% of proforma FY2016 onshore OI (MW)

- **Renewables Obligation (RO) closed to new onshore wind projects** subject to a number of grace periods (last ending in Dec. 2017)
- **Onshore wind excluded from the Contracts for Difference (CfD) auctions from end of 2016**

- **2017/09/01:** South African Department of Energy announces that it will sign outstanding PPAs (round 3.5 for solar thermal and 4 for onshore wind and solar PV) at lower prices: 770 rand per MWh
  - Round 4 (2014) indexed wind PPAs range from 884 to 657 rand (2017 prices)
  - Announcement positive for re-activation of wind installations but at lower WTG prices

1. Letter of awards still withheld pending court decision
2. Source: Bloomberg New Energy Finance

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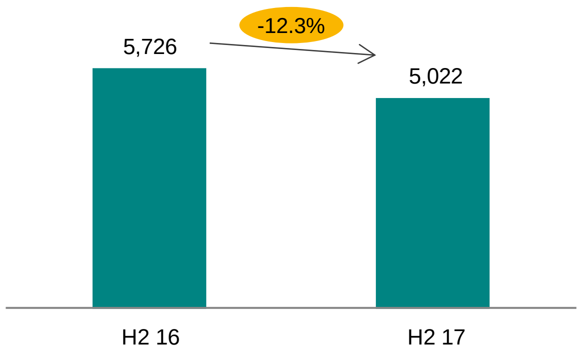
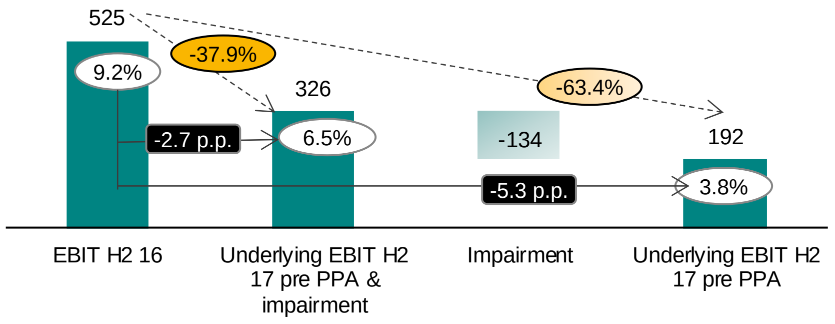
…Impacting H2 17 performance (vs. H2 16)

Excluding the impact of the temporary downturn of the Indian market and the inventory impairment, revenues down 2% y-o-y with underlying EBIT pre PPA at 7.3%[1]

Revenues (€mn): H2 2016 vs. H2 2017



Underlying EBIT (€mn) pre PPA[2]: H2 2016 vs. H2 2017



Underlying net income pre-PPA of €118 mn[2] or €0.2 per share, and €206 mn € or €0.3 per share exc. impairment.
Net cash[3] position of €377 mn on the back of working capital seasonality

All historic 2016 figures are pro forma. Pro forma revenues are calculated adding the reported revenues of Siemens Wind Power, Gamesa and 100% of Adwen. Pro forma profitability is calculated adding reported EBIT for SWP including standalone, normalization and scope adjustments, underlying EBIT for Gamesa and 100% of underlying EBIT for Adwen.

1. India contributed €626 mn in sales and €80 mn in EBIT in H2 2016; it contributed €44 mn in sales and -€37 mn in EBIT in H2 2017
2. Underlying H2 17 EBIT pre PPA excludes €103 mn in integration and restructuring charges and impact on amortization of intangibles' fair value from the PPA in amount of €235 mn. Underlying H2 17 net income exclude integration and restructuring costs and PPA impact of €252 mn (net of taxes). Impact of inventory impairment at net income level: €88 mn
3. Net debt/(cash) definition: cash and cash equivalents less short term debt less long term debt as per consolidated accounts.

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FY 17 proforma performance

MM €	Pro forma LTM Sept 17[1]	Pro forma LTM Sept 17 guidance	
Revenues	10,964	11,000-11,200	✓
Underlying EBIT (pre-PPA) exc. Impairr	909	c.900	✓
Underlying EBIT margin (pre-PPA)	8.3%	≥8%	✓
Underlying EBIT (pre-PPA)	774	790	
Underlying EBIT margin (pre-PPA)	7%	c.7%	✓
Working capital to Sales	-3%	-3% to +3%	✓
Capex	621	704	✓

1. The pro forma LTM 17 financial figures are the result of adding the performance of the independent companies (Siemens Wind Power, Gamesa and 100% of Adwen) during the period October 2016-March 2017 to the performance of SGRE from April 2017 to September 2017. The pro forma EBIT includes €33 mn in standalone adjustments to Siemens Wind Power EBIT in the period October to December 2016

Actions taken to improve performance

Restructuring and acceleration of the integration

Integration speed is key to succeed –

Key decisions taken

First actions launched

- Integration drives **creation of a market leader: "Power of One" unleashed** once **integration is completed**
  - Global reach and market diversification will drive competitiveness and profitability
  - **Synergy target exceeded by year 3**
- **Transformation of value add structure, regional capacity adjustments and transfer to best cost base countries ongoing**
  - Reduction of capacity in Aarlborg, closure of Tillsonburg
  - **Restructuring of up to 6.000[1] headcounts to be launched in November to establish a lean and agile set up**
  - Production sites in Africa and Asia strengthened
- **Product portfolio decisions taken; new products to be announced in Amsterdam in November 28-30**
  - **One technology by market segment targeted by 2020**
  - Onshore: product variety reduced by c.65%
  - Offshore: single platform decision being implemented

Significant progress in integration with aim to accelerate targets by 1 year

1. Gross figure over a 3 year period. This figure includes 700 positions already announced

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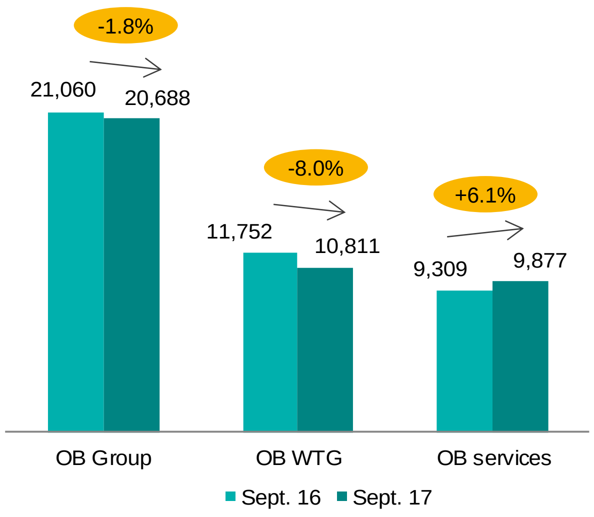
Markets and orders

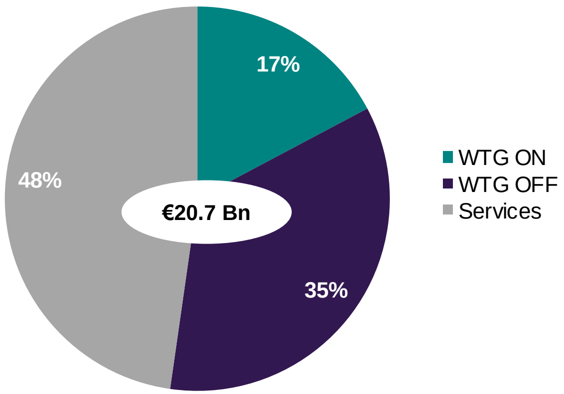
€20.7 bn in order backlog at Sept. 17

Service backlog up 6% y/y; WTG order backlog down 8% y/y

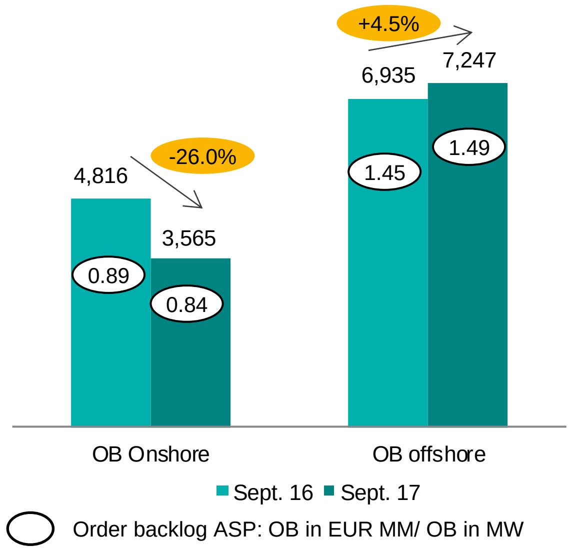
Order Book (€mn) Sept. 16 & Sept. 17



Order Book @ September 2017

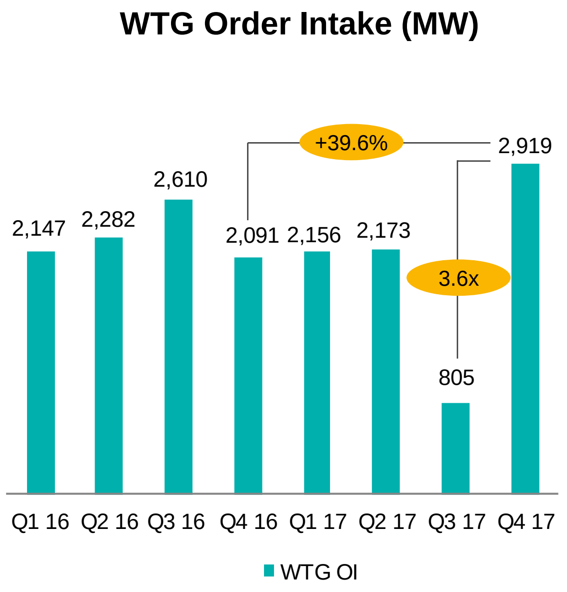


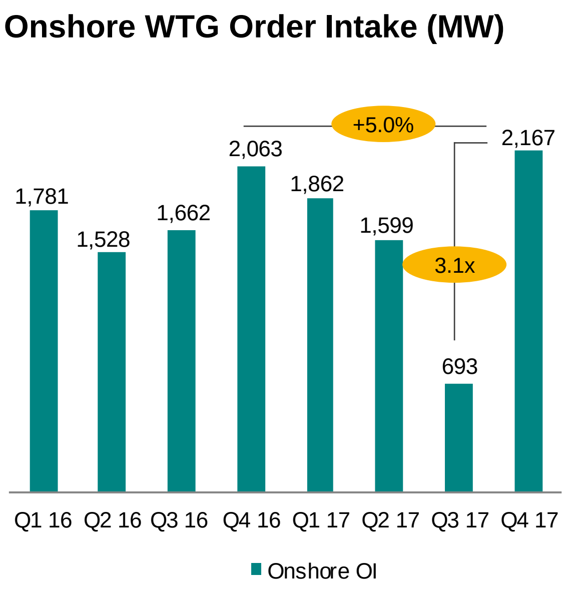
WTG Order Book (€mn) Sept. 16 & Sept. 17

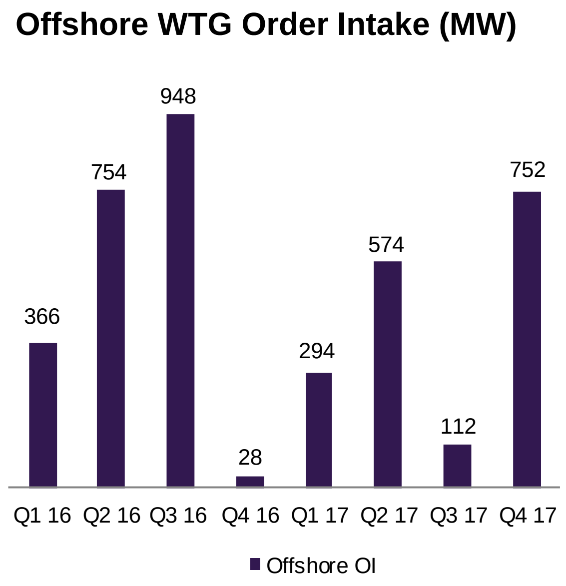


Half of the backlog in higher margin service contracts.

Strong order recovery in Q4: 3 GW in new orders, up 40% y/y







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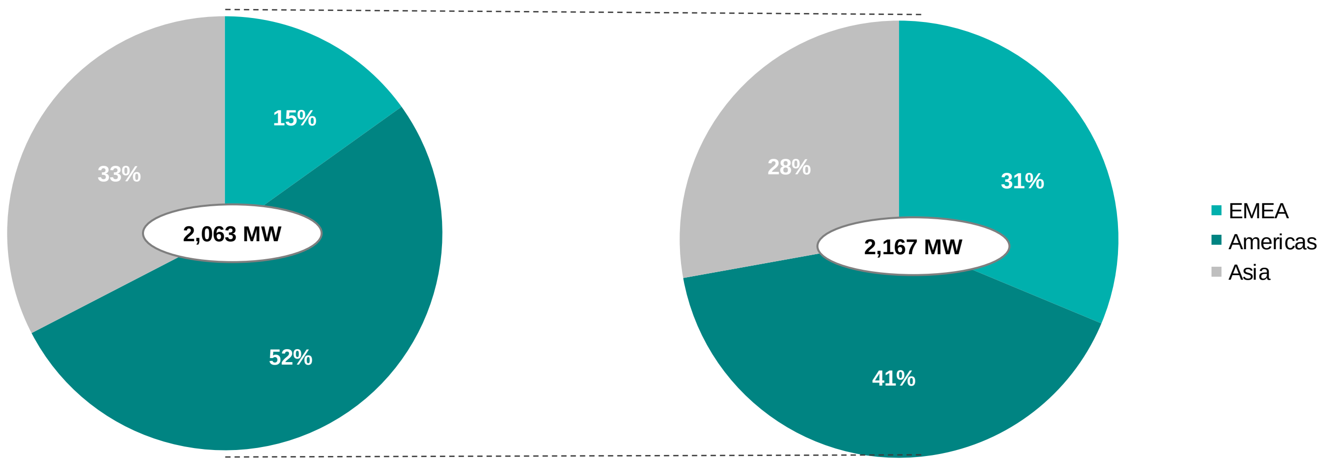
Balanced distribution of OI: 2.2 GW in onshore orders

Largest OI since Q1 15

Onshore OI evolution (MW): Q4 2016 vs Q4 2017



Strong development in order intake, aligned with expectations on the back

- Back end loaded conversion of SH contracts in the US
- Shift of contracts to H2 calendar year

By region, **EMEA (x3 Y/Y) is the largest contributor to OI growth in Q4**

USA, China and Norway are the main contributors to OI in Q4

Good prospects from the combined product portfolio, an optimized manufacturing footprint and a global supply chain

April-September 2017 results and KPIs

Consolidated group – Key figures[1] H2 (April-September)

P&L €mn	April-Sept. 16 P[2]	April-Sept. 17	Var. y/y %	July-Sept. 17	Var. y/y %
Group sales	5,726	5,022	-12.3%	2,329	-17.6%
WTG	5,156	4,401	-14.6%	2,008	-20.8%
O&M	570	621	9.0%	321	9.9%
Gross profit (Pre PPA)	828	410	-50.5%	53	-87.0%
Gross profit margin (Pre PPA)	14.5%	8.2%	-6.3	2.3%	-12.2
Reported EBIT	525	-146	-127.9%	-197	-175.9%
Underlying EBIT[3] (Pre-PPA)	**525**	**192**	**-63.4%**	**-19**	**-107.2%**
Underlying EBIT margin (pre-PPA)	**9.2%**	**3.8%**	**-5.3**	**-0.8%**	**-10.0**
Underlying WTG EBIT margin (pre-PPA)	8.1%	1.9%	-6.2	-3.9%	-12.0
Underlying Service margin (Pre-PPA)	19.1%	17.4%	-1.6	18.7%	0.07
Reported Net Income		-135	NA	-147	NA
Underlying Net Income pre-PPA[3]		**118**	**NA**	**-17**	**NA**
Underlying Net Income per share pre-PPA[4]		0.17	NA	-0.03	NA

Balance sheet[6]	April-Sept. 16 P[2]	April-Sept. 17	Var. y/y %	July-Sept. 17	Var. y/y %
Working capital	621	-300	-921	-300	-921
Working capital o/sales LTM proforma	5.9%	-2.7%	-8.7	-2.7%	-8.7
Capex	315	297	-5.9%	107	-43.5%
Net financial debt/(cash)		-377	NA	-377	NA

1. All financial information and KPIs are non-audited. All historic information is pro-forma.
2. April-Sept. 16 financial data corresponds to non-audited pro-forma data, based on legacy businesses' reported information (Siemens Wind Power, Gamesa and 100% of Adwen) including standalone, normalization and scope adjustments for SWP operations, amounting to 58 MM € in the April-Sept.2016. Adwen is fully consolidated in the historic pro-forma data with an impact of €132 mn at revenue level and of -€16 mn at EBIT level.
3. Underlying data excludes integration and restructuring costs for €103 mn and the impact on amortization on intangibles' fair value from the PPA in amount of €235 mn at EBIT level. The total impact at net income level (net of taxes) amounts to €252 mn
4. Number of shares for EPS calculation: in H2 2017: 676,417,806 and in Q4 2017: 679,471,221
5. See definition of working capital, net financial debt and EBIT in the glossary of terms that can be found in the H2 2017 earnings release together with the reconciliation of both items to the H2 2017 consolidated financial statements
6. LTM pro forma, non-audited, is calculated adding revenues and EBIT reported by Siemens AG for Siemens Wind Power, those reported by Gamesa and 100%% of those reported by Adwen. Pro forma profitability includes standalone, normalization and scope adjustments for Siemens Wind Power.

H2 17 (April-September) financial performance impacted by market conditions:

- Revenue decline driven by lower onshore volumes:-25% y/y
- Lower profitability impacted by inventory impairment (non-cash adjustment of €134 mn), lower onshore volumes and higher losses in Adwen
- Strong performance of offshore ex-Adwen and services
- **Pre-impairment, the temporary suspension of the Indian market and higher losses at Adwen are the most important drivers of lower profitability:**
  - Full recovery of the Indian market is expected in 2019 while the integration of Adwen into the broader offshore activities will lead to improved performance

FY 2017 pro forma[6]:

- Revenues of 11 Bn €, up 5% y-o-y
- Underlying EBIT pre – PPA of €774 mn, down 18% y-o-y, 7.1% of sales
  - Excluding the inventory impairment, **underlying EBIT pre-PPA of €909 mn or 8.3% of sales**

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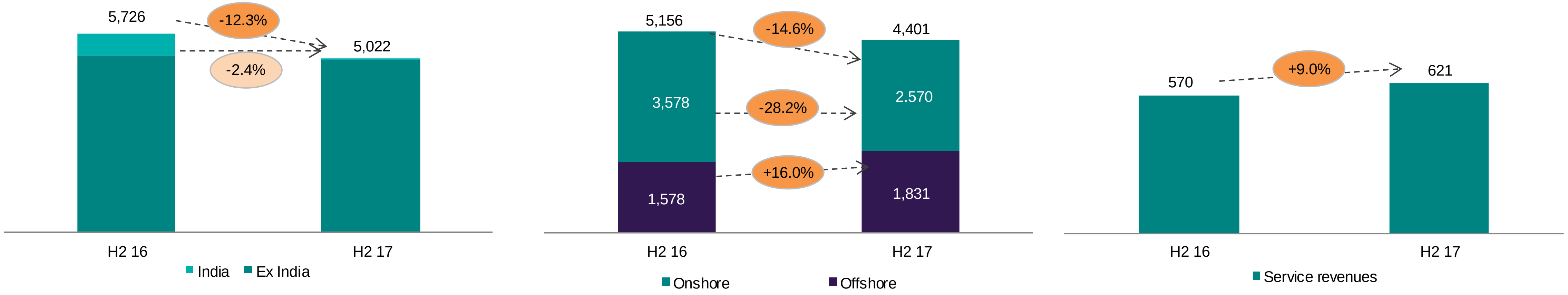
Revenue decline, 12% y-o-y, impacted by the temporary suspension of the Indian market

Revenues, excluding India, down 2%[1], flat excluding currency impact

Sales trend year-on-year

Group revenues (€mn) | WTG revenues (€mn) | Service revenues (€mn)



Annual comparison impacted by the strength of H2 16 volumes and revenues in markets that are facing challenging conditions, mainly India, expected to fully normalize in the 2019, and the UK onshore market. Onshore performance partially compensated by strength of offshore and service operations

1. India contributed €626 mn in sales in H2 2016 and €44 mn in H2 2017

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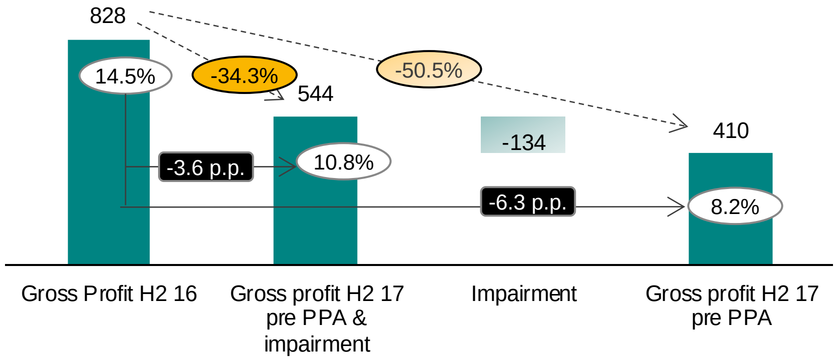
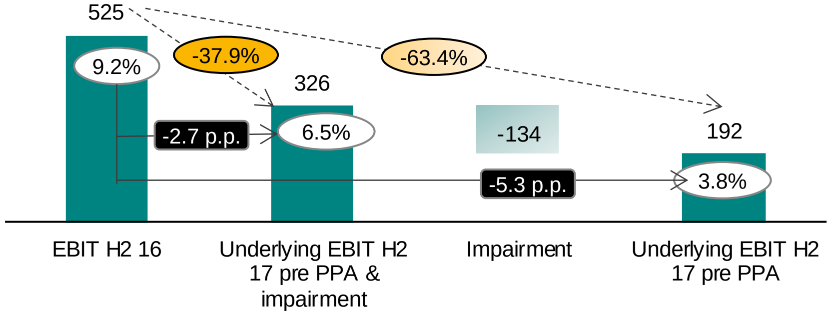
Gross profit pre PPA: -6.3 p.p. y-o-y; underlying EBIT pre PPA: -5.3 p.p.

Gross margin down 3.6 p.p. and EBIT margin down 2.7 p.p. (excluding impairment)

Pre-PPA Gross Profit (€mn)



Underlying pre-PPA EBIT[1] (€mn)



% Pre-PPA gross margin and Underlying pre-PPA EBIT margin

Lower profitability driven by

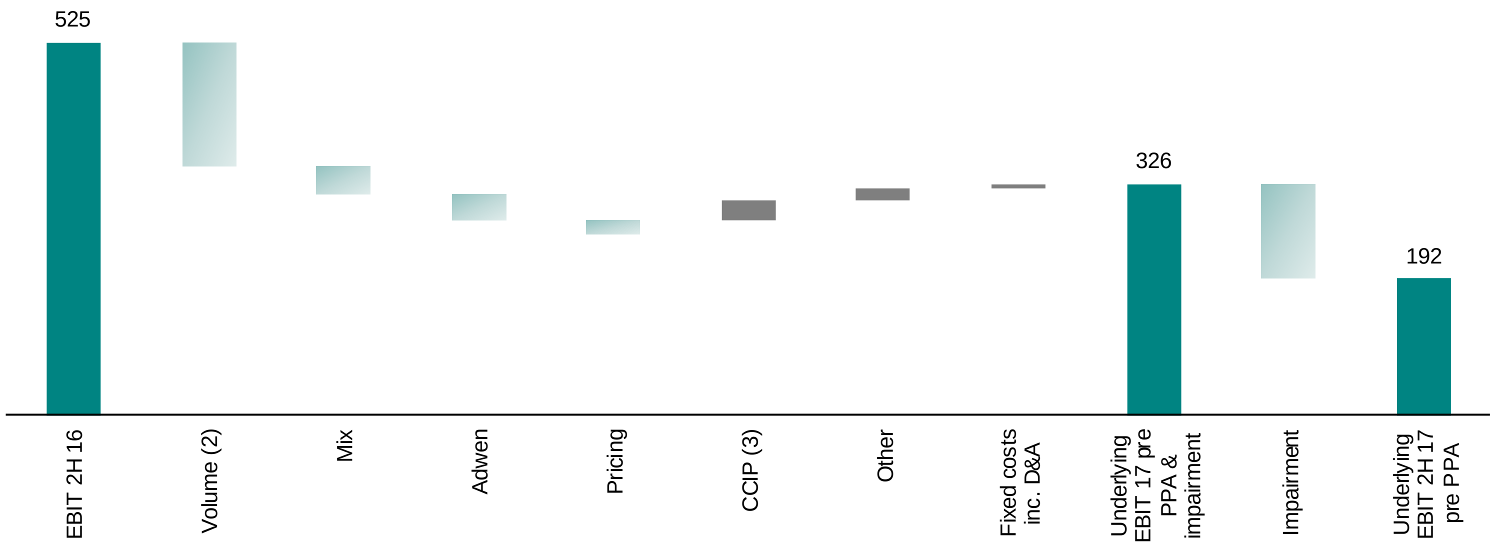
- (-) WTG onshore volume decline: -25% y-o-y, driven by India and UK
- (-) Pricing pressure
- (-) Project mix
- (-) Adwen

Reported H2 17 EBIT: €146 mn loss, include 103 MM € of integration costs and 235 MM € of PPA impact

1. Underlying EBIT pre PPA excludes 103 MM € in integration and restructuring charges and 235 MM € of PPA amortization of intangibles fair value.

Underlying EBIT pre PPA reduction driven by lower sales volume

Underlying EBIT[1] pre PPA evolution (€mn)



1. Underlying EBIT pre PPA excludes 103 MM € in integration and restructuring charges and 235 MM € of PPA amortization of intangibles fair value.
2. Most of the volume impact coming from suspension of the Indian market, followed by lower volumes in the UK market
3. CCIP: continuous cost improvement program

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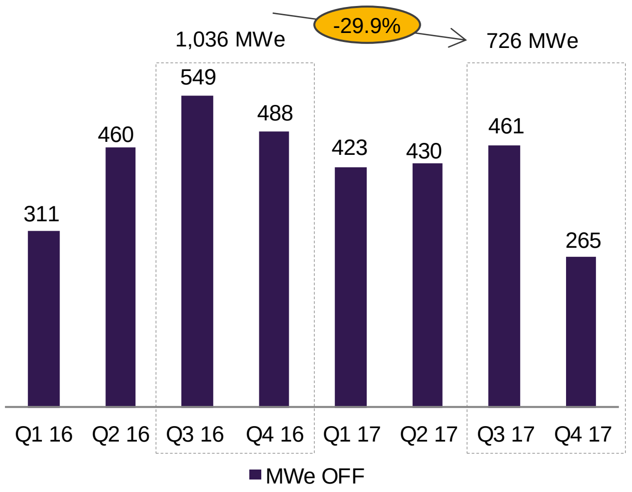
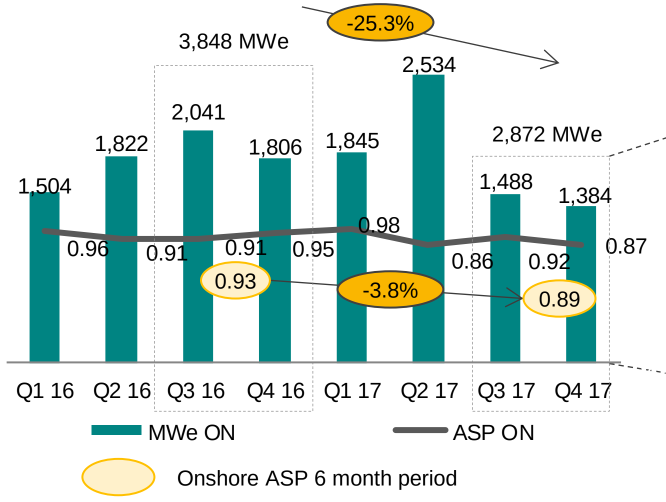
WTG - Activity

Relevant volume declines in onshore

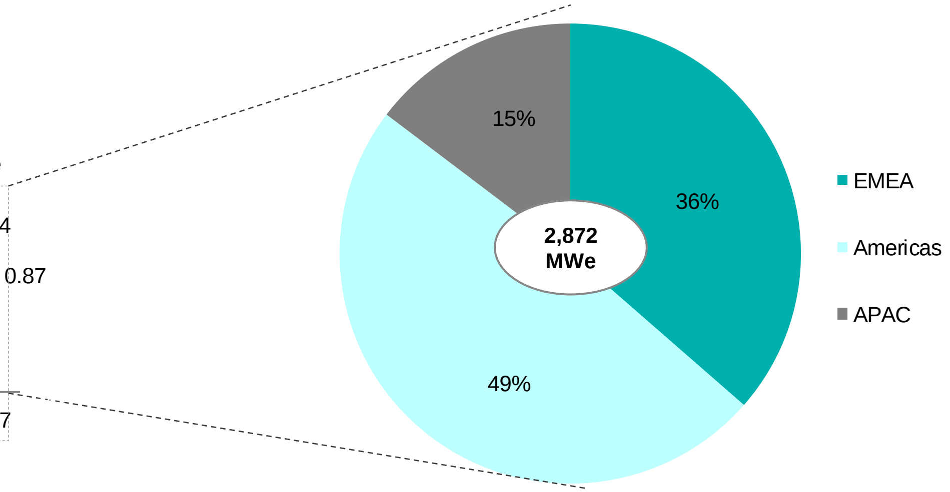
Offshore WTG sales volume (MWe)



Onshore WTG sales volume (MWe) and ASP[1] evolution (€mn /MWe)



Onshore WTG volume (MWe) by geography



Offshore volumes driven by normal planning of projects.

Onshore volume drop driven mainly by:

- Temporary suspension of **India** (819 MWe in H2 16)
- Reduction of onshore activity in the **UK** (449 MWe in H2 16)

US, Brazil and China are the main contributors to onshore activity during H2 17

1. ASP: Average Selling Price. WTG sales/MWe

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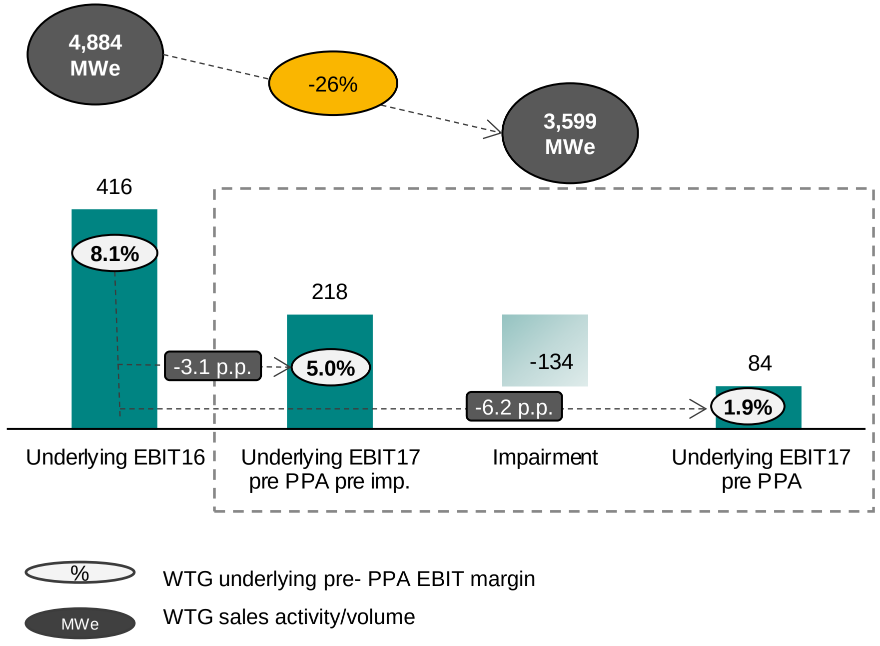
WTG - Profitability

Underlying pre-PPA WTG EBIT decline on the back of lower volumes and inventory impairment

WTG quarterly underlying pre-PPA EBIT[1] (€mn) and EBIT margin (%) evolution



- **Reduction in WTG underlying pre-PPA operating profitability (6.2 p.p.)** driven by

  (-) inventory impairment

  (-) decline in onshore sales volumes:-25% y-o-y, driven by India and UK

  (-) pricing pressure

  (-) Adwen

- WTG underlying pre-PPA profitability and inventory impairment excluding Adwen and India: 7.3%

1. WTG underlying EBIT pre PPA excludes 93 MM € in integration and restructuring charges and 221 MM € of PPA amortization of intangibles fair value.

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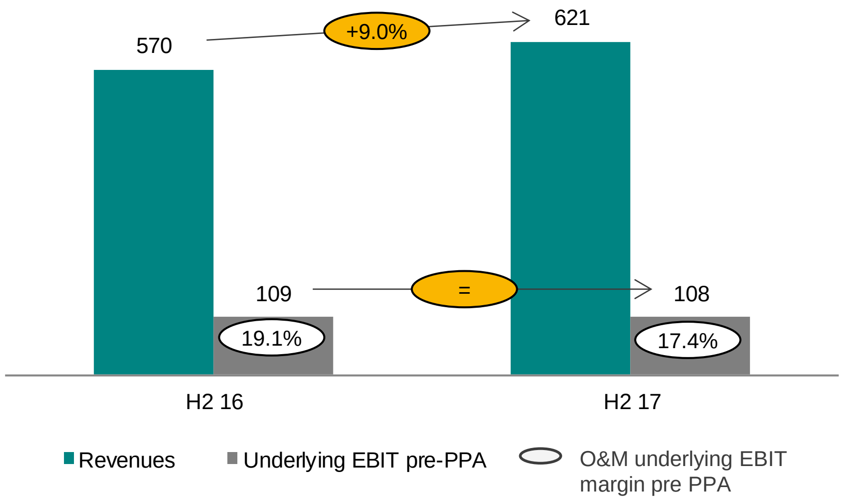
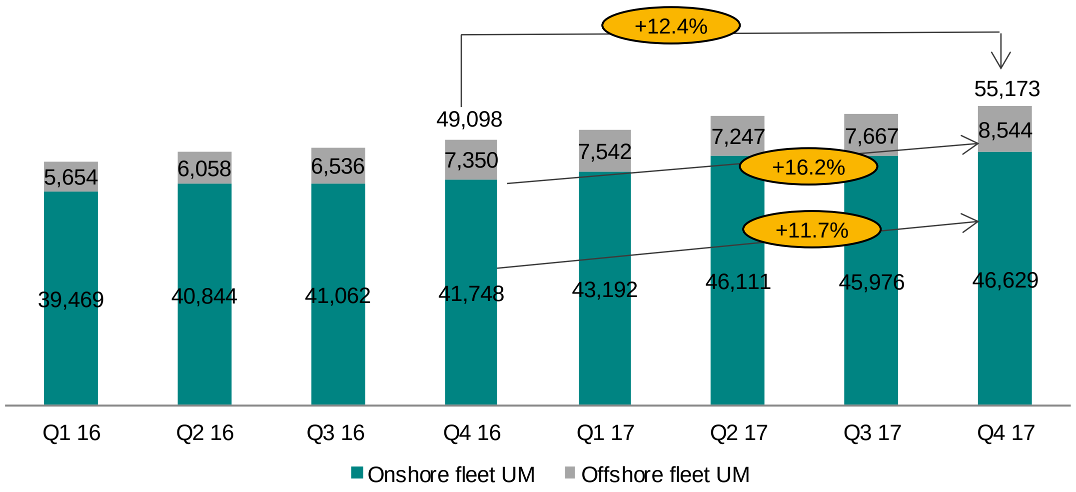
Operation and maintenance services - Activity and profitability

Revenue growth driven by fleet under maintenance

O&M revenues and underlying EBIT pre PPA[1] (mn€)



Fleet under maintenance (GW)



Y-o-Y decline in profitability driven by one–off positive impact of hedging (€8 mn in Q3 2016).

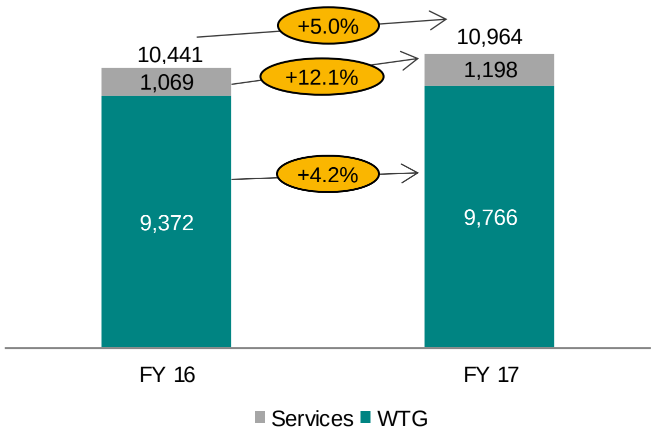
c.70% of the installed fleet under maintenance

1. O&M underlying EBIT pre PPA excludes €10 mn in integration and restructuring charges and €14 mn of PPA amortization of intangibles fair value.

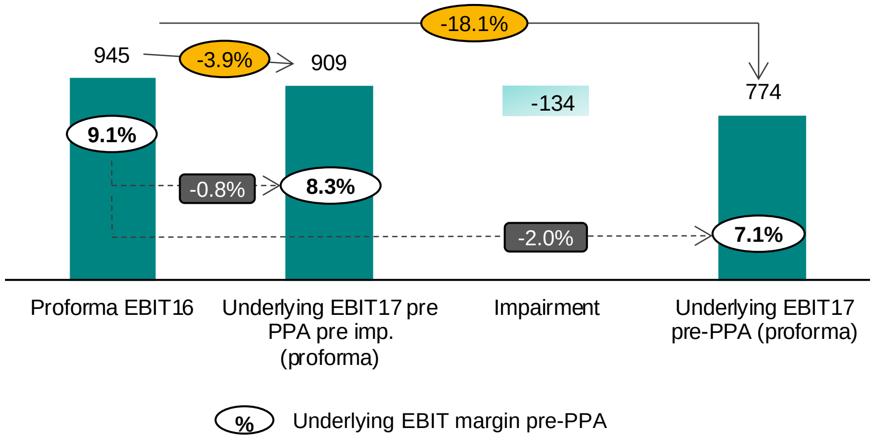
FY 17 pro forma performance

5% revenue growth y-o-y; underlying EBIT pre-PPA performance reflects H2 performance

Non-audited proforma revenues (mn€)



Non-audited proforma underlying EBIT pre -PPA (mn€)[1]



Underlying EBIT margins pre-PPA per business unit pro forma FY 17:

- **WTG: 5.7%, down 2.5 p.p y-o-y**
  - Excluding inventory impairment: 7.0%
- **Services: 18.5%, up 1.7 p.p y-o-y**

1. Pro forma EBIT pre PPA figures excluding integration costs and the impact on amortization of intangibles' fair value from the PPA, and including full consolidation of Adwen, standalone savings and normalization adjustments. Underlying EBIT LTM September 17 excludes €103 mn in integration, transaction and restructuring costs and €235 mn in PPA (April-September 2017)

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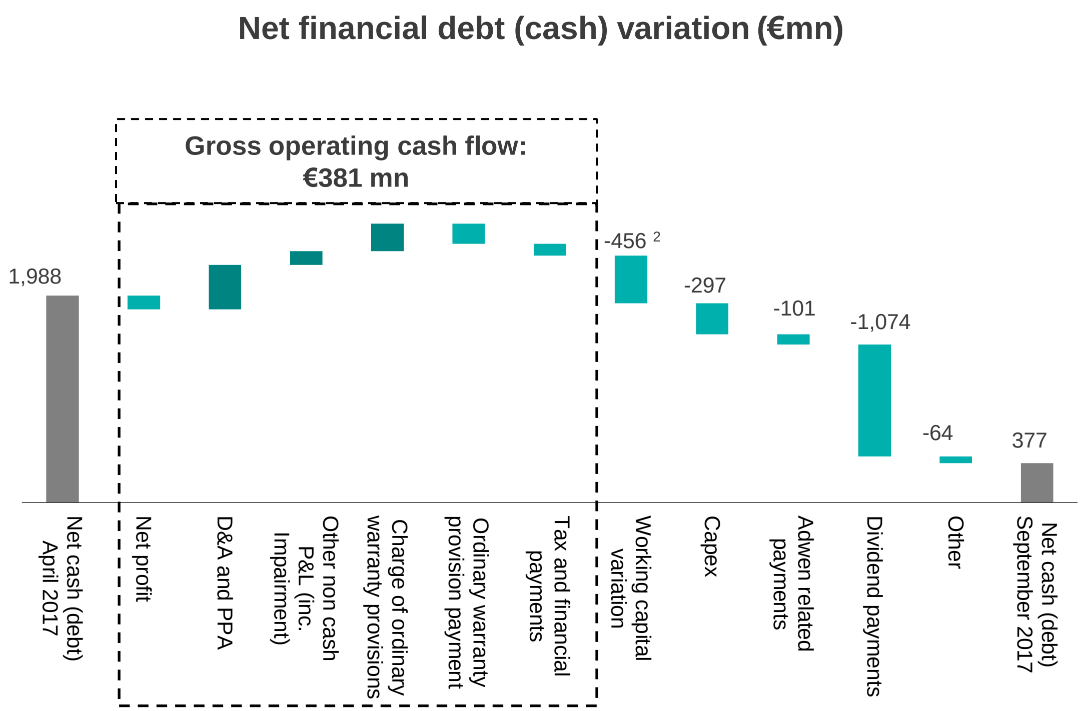
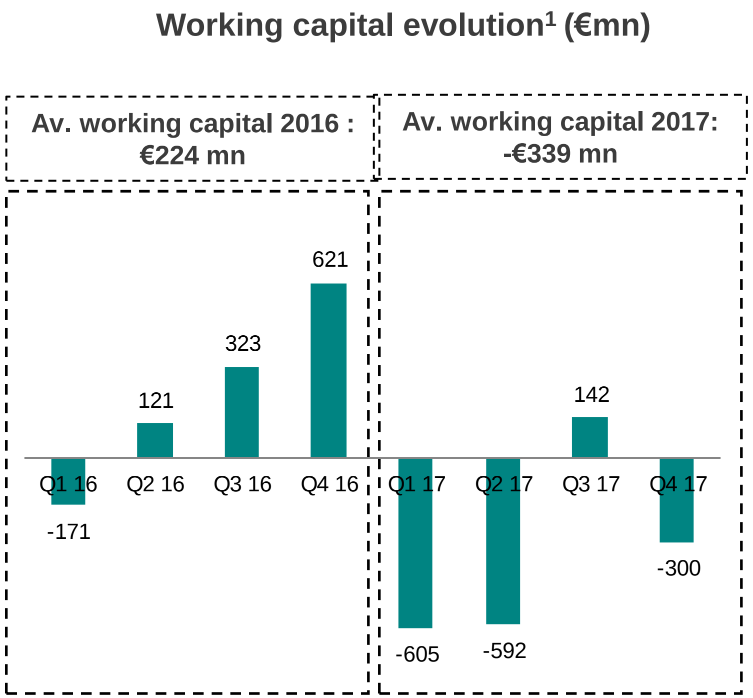
Net financial debt (cash) variation and cash flow statement





- Average working capital to sale ratio down c.5 percentage points from 2.1% in 2016 to -3.1% in 2017
- Working capital to sales ratio @ September 2017: -2.7% in line with the guidance range

1. Pro-forma working capital as addition of SWP working capital, Gamesa working capital and Adwen working capital for Q1 16 to Q2 17
2. Working capital variation of -€456 mn excluding the non-cash impact of the inventory write down and exchange rate

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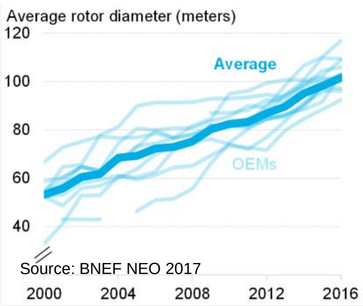
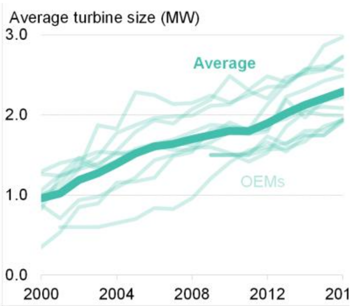
Outlook

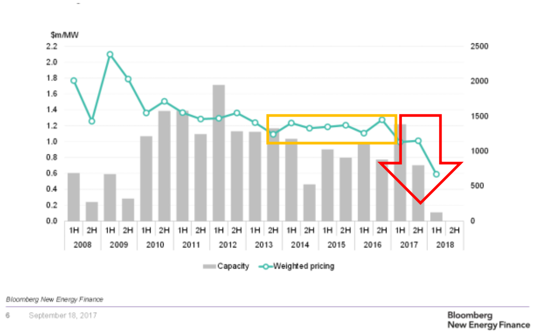
The transition into fully competitive markets demands increasing efficiencies from all industry players but opens a much larger long term potential for wind[1]

Increasing efficiency from all industry participants…

- **Driven by technology innovation and improved product costs, in the supply chain, and lower wind project equity returns associated to a mature technology**
  - Technology innovation (bigger rotors and increasingly powerful turbines) and improved product costs are being transferred to the end client via WTG with higher productivity (AEP) and better pricing (on a per MW basis)
    - From an stable WTG pricing scenario (2012-16), current pricing trends move to double digit declines
  - As a result, **by 2040 average cost of onshore wind is estimated to fall between 30% and 60%[1]; cost of offshore wind estimated to fall by 75%[1]**





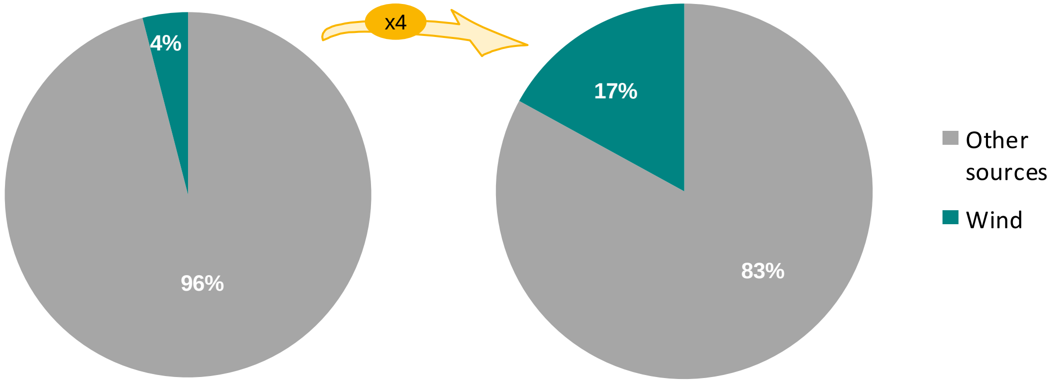


Source: BNEF 2H 17 Wind Turbine Price Index

1. Source: BNEF NEO 2017

..will lead to a much larger potential for wind

Global energy generation mix @ 2017[1] | **Global energy generation mix @ 2040[1]**



- **1,873 GW of onshore wind and 178 GW of offshore wind to be added globally in 2017-2040[1]**
- Demand for wind power moving developing markets: Asia, Middle East and Africa
- **$2.8 trillion of estimated investment in onshore wind over the next 24 years**, more than it goes into coal, gas, nuclear or utility scale PV

1. Source: BNEF NEO 2017

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SGRE is uniquely positioned to benefit from the enlarged industry potential

INTEGRATION WELL ADVANCED. M&A RATIONALE CONFIRMED…

SCALE & GLOBAL REACH

- **Leading wind turbine manufacturer globally with 83 GW installed**
  - #1 in offshore: 11 GW
  - Top 3 in onshore emerging markets (LatAm, MEA, and Asia): and 72 GW installed in 90 countries
  - 55 GW under maintenance

DIVERSIFICATION

- **Diversified, balanced and complementary geographical footprint**
- **Unique business mix:** ON/OFF/O&M: 60/29/11

ENHANCED OFFERING TO CLIENTS

- **Comprehensive Service and WTG product portfolio**
- **Strategic agreements with Siemens to explore differential value enhancing initiatives**
- **Strong financial profile**

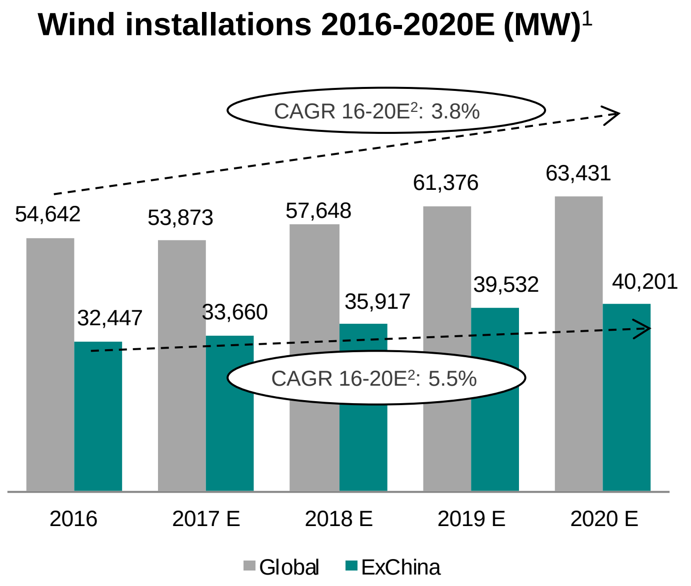
COST COMPETITIVENESS

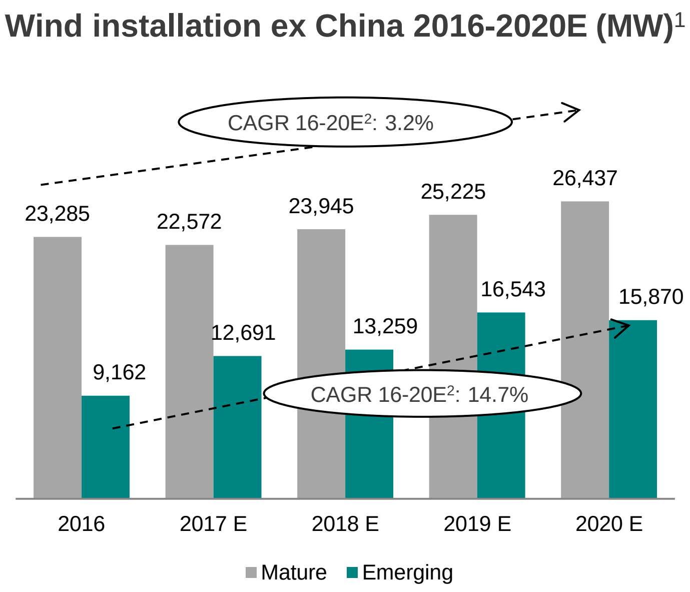
RESILIENCE & GROWTH

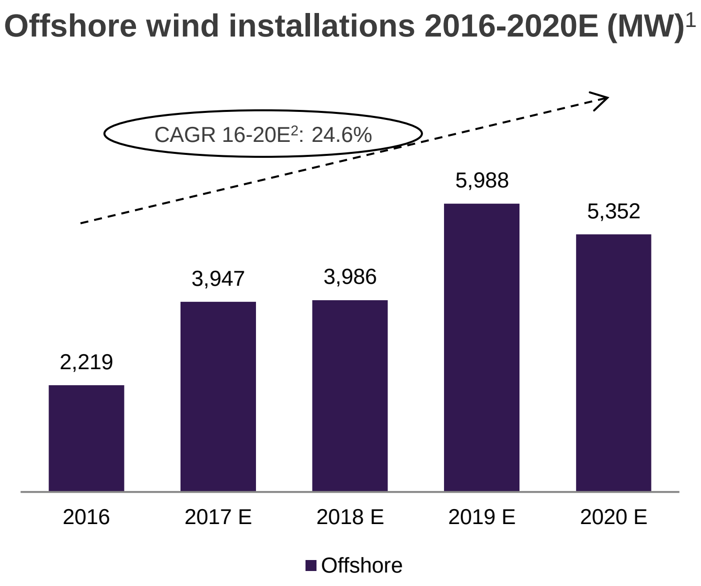
BEST IN CLASS LCOE

UNIQUE ACCESS TO ≥€230 MM IN ANNUAL SYNERGIES, FULLY ACHIEVED IN YEAR 3. ONSHORE ACTIVITES MAIN BENEFICIARY

Stable demand outlook in 2017E-2020E







1. Source: BNEF and MAKE Q3 17 Market Outlook
2. Compound annual growth rate calculated on the basis of BNEF and MAKE estimates of installations at the date of publication of their Q3 17 reports and GWEC figures for 2016 reported on April 17. Growth in mature markets includes growth coming from the offshore activity

2018 guidance reflects new onshore pricing levels, market volatility and the impact of synergies from H2 18

MM €	Pro-forma FY 2017	Guidance FY 2018
Revenues	10,964	9,000-9,600
Underlying EBIT margin pre-PPA (1)	7%	7%-8%
Working capital to sales ratio	-3%	-3% to +3%
Capex	621	c. 500

- 58% coverage[1] of onshore volumes and c.100% coverage of offshore volumes at September 30, 2017
- Low double-digit onshore price deflation included in the FY18 guidance in line with market trends and Q4 order intake
- Synergies of 1.5% of revenues targeted by YE 2018 included in margin expectations
- Guidance range reflects regional market volatility including an earlier than expected recovery of India, and speed of synergies
- Estimated impact of PPA amortization of intangible fair value of €321 mn for FY 18
- Expected integration costs of €160 mn in FY 2018
- All guidance at constant FX rates
- Quarterly seasonality: weaker H1 vs. stronger H2 on the back of cost optimization programs and synergy delivery expected in H2

1. Underlying EBIT pre-PPA exclude any integration and restructuring cost and includes synergies and cost avoidance/operational improvements
2. Coverage calculated using average sales volume. It is calculated as the orders (in MWs) received in a period of time for activity / sales of a specific year on the volume of activity / sales committed for that year. When the commitment consists of a range, it is calculated on the average of said range

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Conclusion

Siemens Gamesa Renewable Energy – First delivery impacted by market volatility; actions launched to fulfill long term potential

- **H2 performance impacted by market conditions. Order recovery shows strength of competitive positioning**
  - Revenues down 12% y-o-y with an underlying pre-PPA EBIT margin of 3.8% , impacted by the inventory impairment. Excluding the inventory impairment underlying pre-PPA EBIT of 6.5%
  - Strong recovery of order intake in Q4 with 3 GW, +40% y/y; best quarterly onshore order intake in 3 years
  - Net cash of €377 mn as a result of working capital seasonality
- **2018 guidance reflects new onshore pricing levels, continuous market volatility, and the positive impact of synergies in H2 18**
  - Pro forma 12M revenues @Sept 18: € 9,000-9,600 mn with underlying EBIT (pre-PPA) margin between 7% - 8%
- **Integration proceeding according to schedule and announced annual synergies of €230 mn confirmed as minimum**
  - Speed of integration aiming at bringing forward synergy delivery
  - Main impact of synergies on Onshore activity
- **Restructuring program launched in November (up to 6,000[1] headcount reduction) and product portfolio decisions taken (One segment/One technology)**
- **Business Plan to be presented on February 2018 with communication of financial targets, dividend policy and management incentive scheme**

1. Gross figure over a 3 year period. This figure includes 700 positions already announced

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Thanks

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