Siemens Gamesa Renewable Energy

FY 18 Results

November 6, 2018

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In the event of doubt, the English language version of this document will prevail."

Note on alternative performance measures (APMs)

The definitions and reconciliation of the alternative performance measures that are included in this presentation are disclosed in the Activity Report associated to these results.

Content

The L3AD2020 program has fully met its first year objectives

Peak order backlog: €23bn, with FY 19 revenue coverage of 80%[1]

- LTM order intake: €12bn, up 9% YoY - €2.6bn in Q4 18 - driven by WTG ON order intake recovery
- Strong WTG OF performance: Hornsea II (1.4 GW) booked in FY 18[2]; preferred supply agreements of 1.5 GW signed in Taiwan as of October 18

FY 18 guidance met; return to a net cash position of €615m at September 30

- FY 18 revenue: €9,122m with an EBIT margin pre PPA and I&R costs of 7.6%[3]
- Q4 18 revenue: €2,619m with an EBIT margin pre PPA and I&R costs of 8.2%[3]

L3AD2020 program fully deployed to deliver increased value until 2020

- Recurring productivity gains >€700m, including synergies >€175m in FY 18
- Reinforced organizational setup with COO function to strengthen focus on cost-out

New Chairman: Miguel Angel Lopez, and new CFO: David Mesonero

1) Revenue coverage: order backlog (€) for FY 19 activity divided by the average point of the FY 19 revenue guidance range of €10bn to €11bn. Full guidance on page 30.
2) Hornsea II (1,386 MW) booked in two tranches. Only the first tranche (1,248 MW) has been booked in FY 18 (Q3).
3) EBIT pre PPA and I&R costs excludes the impact of PPA on the amortization of intangibles: €306m, and integration and restructuring costs: €176m in FY 18, with €66m and €76m respectively in Q4 18.

Content

Peak order backlog: +10% YoY growth

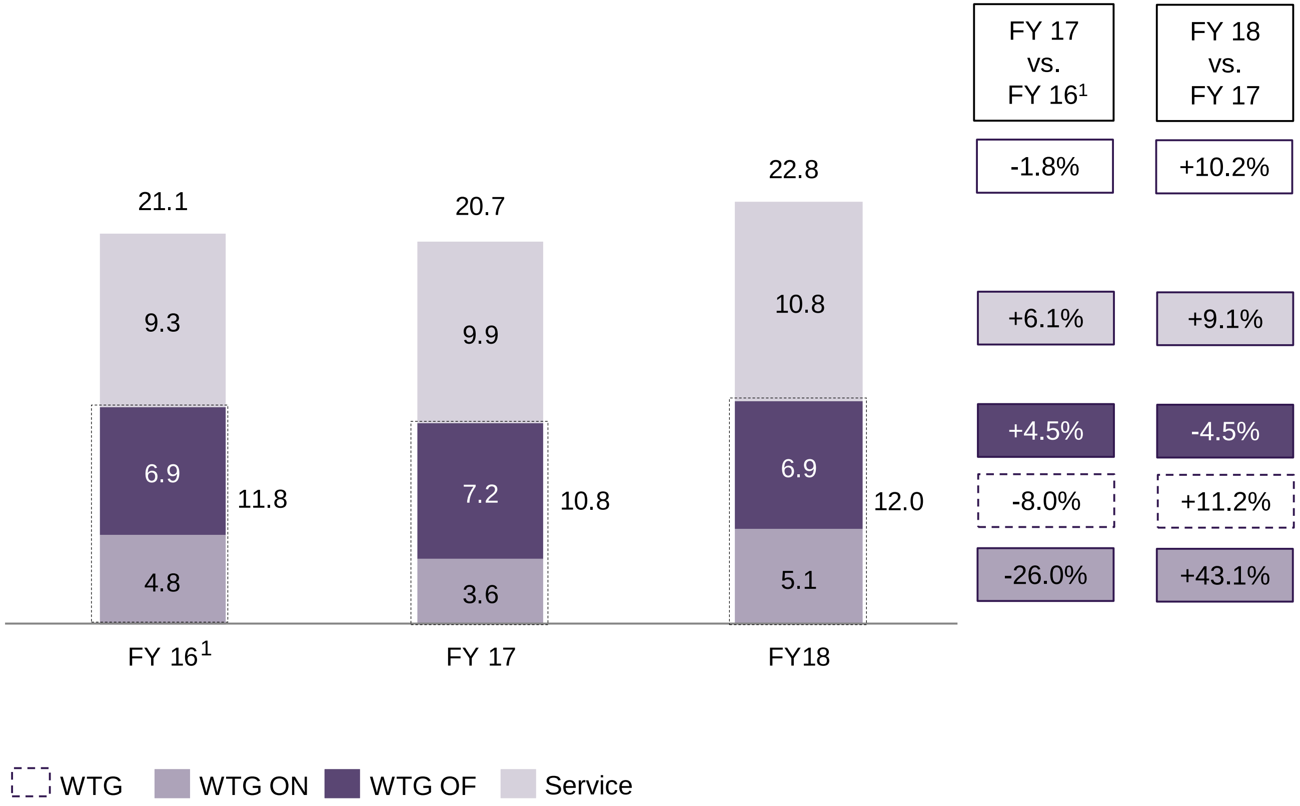
BU developments

ON order backlog (22% of total): sharp recovery from FY 17

OF order backlog (30% of total) reflects the usual volatility of OF order intake

Service order backlog (47% of total) with higher margins: clear growth trend

Group order backlog (€bn)

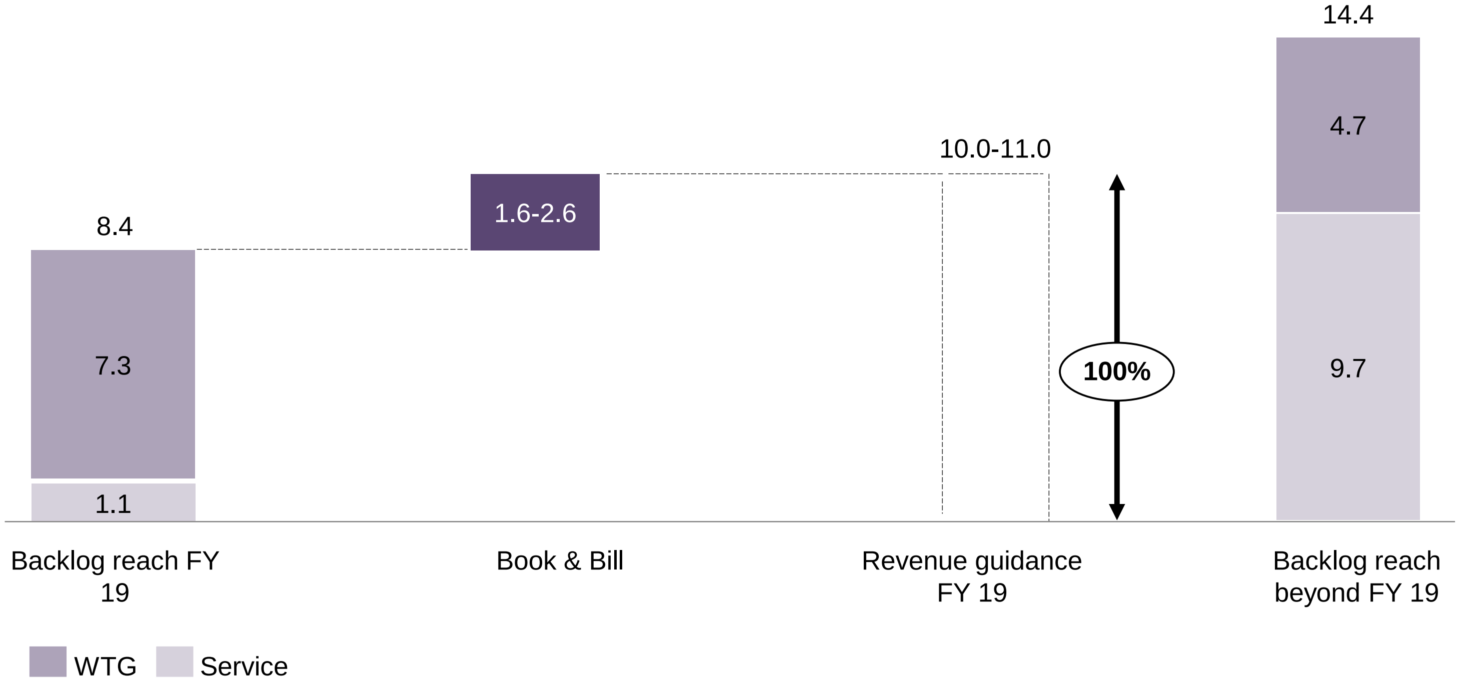


1) FY 16: pro forma data.

SIEMENS Gamesa RENEWABLE ENERGY

Order backlog provides enhanced visibility for 2019 and beyond

Order backlog and reach (€bn)



Business development

- **80% FY 19 revenue coverage[1]** as of September 30th
- **Offshore and Service:** higher level and duration of backlog
- **Onshore:** solid order backlog after order intake recovery

1) Revenue coverage: order backlog (€) for FY 19 activity divided by the average point of the FY 19 revenue guidance range of €10bn to €11bn. Full guidance on page 30.

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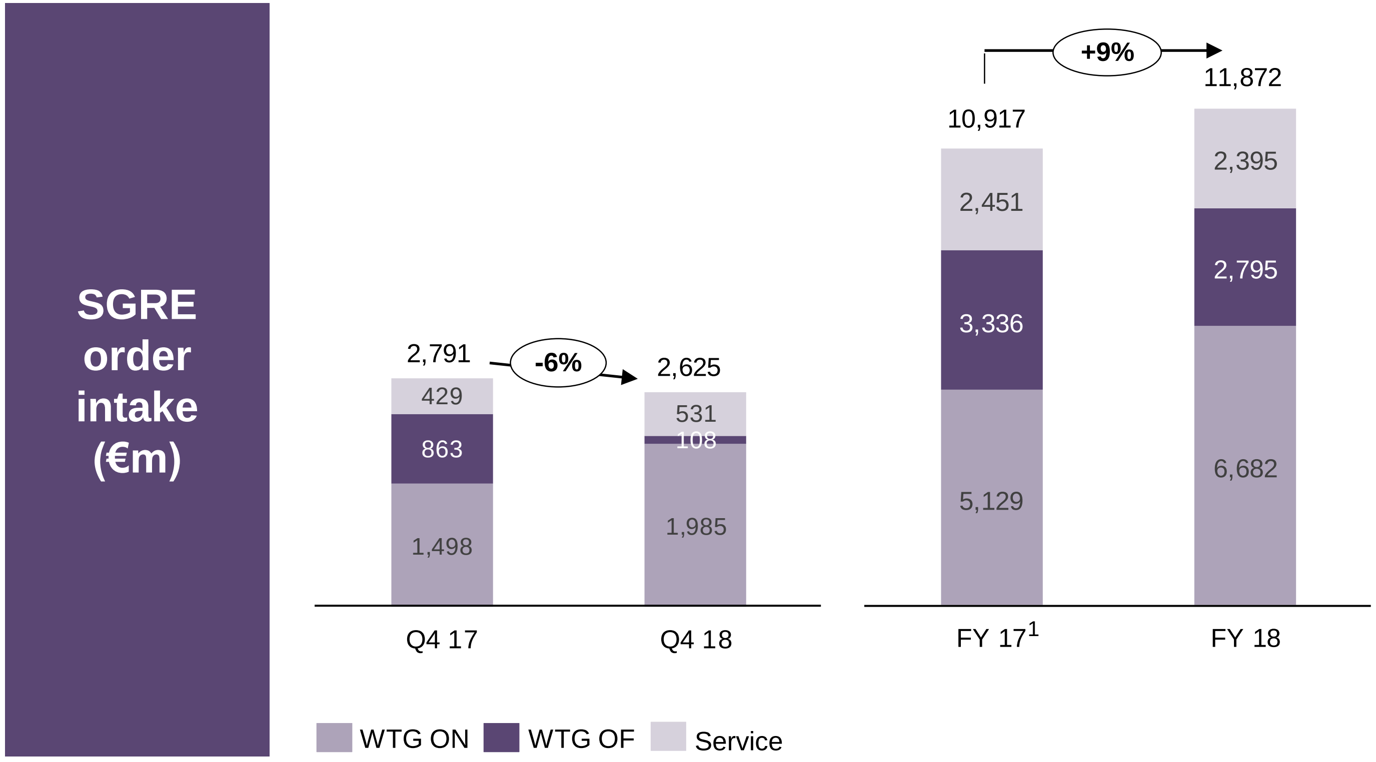
Order backlog driven by a healthy order intake: Book-to-Bill ratio of 1.3x in FY 18



Book-to-Bill ratio	1.2	1.0	1.0	1.3

Business development

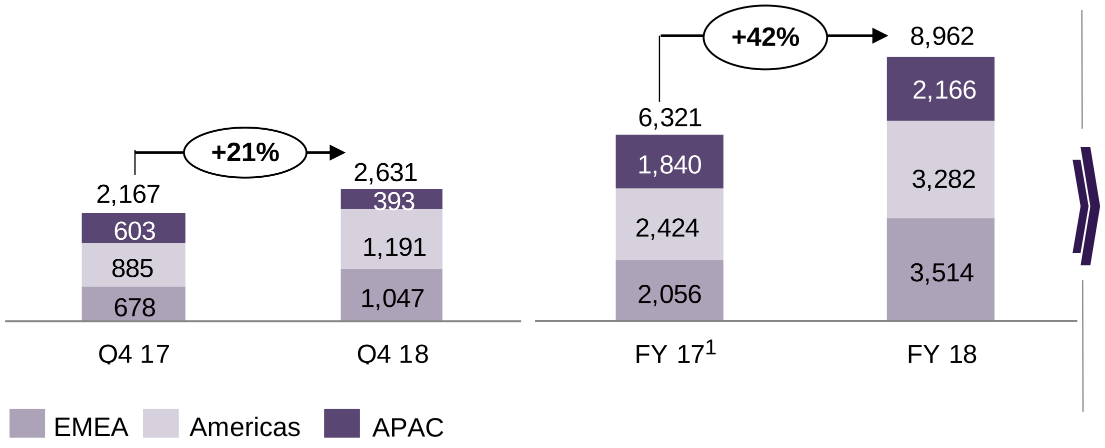
- **FY 18 Book-to-Bill ratio: 1.3x.** Q4 18 Book-to-Bill ratio: 1.0x impacted by volatility of OF order intake
- **FY 18 WTG ON order intake: €6.7bn**[2], +30% YoY with strong Q4 18 performance: €2.0bn, +32% YoY
- **FY 18 WTG OF order intake**: **€2.8bn**, with €108m in Q4 18 due to the usual order intake volatility
- **FY 18 Service order intake: €2.4bn**. Q4 18: €531m, +24% YoY, linked to the recovery of WTG ON volumes

1) FY17: pro forma data.
2) WTG ON order intake includes €97m in solar orders: €88m in Q1 18 and €9m in Q3 18.

SIEMENS Gamesa RENEWABLE ENERGY

Order intake supported by the strong recovery in Onshore orders

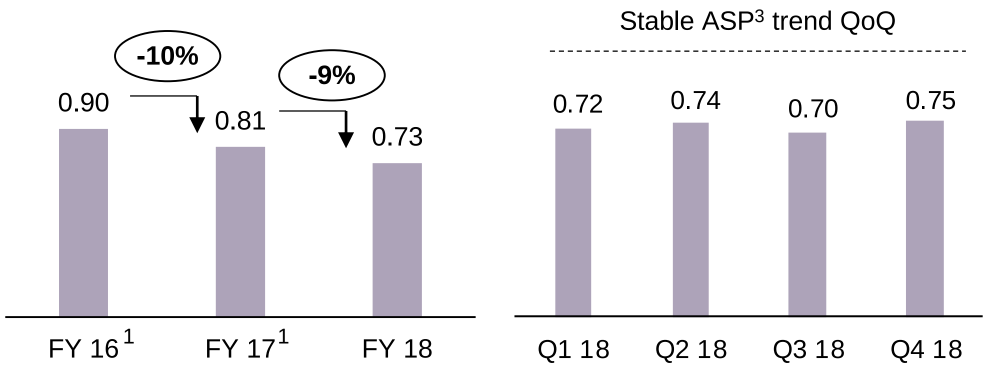
Order intake WTG ON (MW)[2]



Business development

- Strong commercial activity in Q4 18 driven by the US market, shift of some orders from Q3 18, and the recovery of India
- US (39%), India (14%), Sweden (12%), Spain (9%) and Norway (9%) are the main contributors to order intake in MW in Q4 18. First order in Russia signed

Average selling price[3] **of order intake WTG ON (€m/MW)**



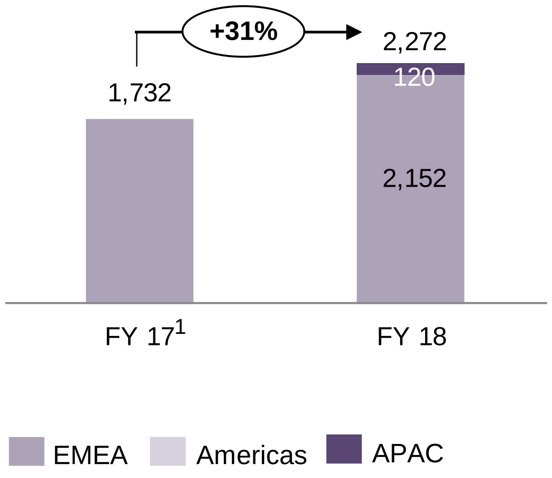
Pricing dynamics

- Individual quarters fluctuate driven by regional mix and scope of projects
- Q4 18 ASP positively impacted by change orders and the sale of a wind farm development
- Market price stabilization starting in Q4 17

1) FY 16 and FY 17: pro forma data.
2) Order intake WTG ON (MW) includes only wind orders. No solar orders included.
3) Order intake average selling price: order intake (€)/order intake (MW). Solar order intake is excluded from the calculation. In FY 18, the calculation excludes €88m in solar orders in Q1 18 and €9m in Q3 18.

And by the intense Offshore activity in FY 18

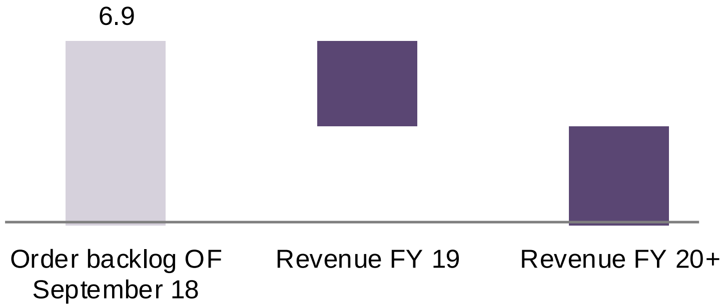
Order intake WTG OF (MW)



Business development

- Order for largest offshore windfarm, Hornsea II, booked in FY 18[2]. Quarterly evolution reflects usual volatility of OF order intake
- Good progress in new offshore markets:
  - SG 8.0-167 DD adapted to specific market conditions in the US and Taiwan
  - 1.5 GW in preferred supply agreements[3] in Taiwan: wpd (Yunlin: 640 MW) and Ørsted (Greater Changhua: 900 MW)
  - Steps to develop the local supply chain taken: agreements with local and global suppliers, Taiwan International Ports and TIWTC[4]

Conversion of order backlog (€bn)



Backlog coverage

- Offshore order backlog provides close to full coverage of FY 19 revenue

1) FY 17: pro forma data.
2) Hornsea II, UK (1,386 MW for Ørsted) booked in two tranches. Only first tranche (1,248 MW) booked in FY 18 (Q3).
3) Preferred supply agreements are not included in the order entry or order backlog until the become firm orders.
4) Taiwan International Windpower Training Corporation.

Content

Consolidated Group – Key figures FY (October-September) and Q4 18

Income Statement FY and Q4 18

€m	FY 17[1]	FY 18	Var. %	Jul-Sep 18	Var. %
Group revenue	10,964	9,122	-17%	2,619	12%
WTG	9,766	7,847	-20%	2,207	10%
Service	1,198	1,275	6%	411	28%
WTG volume (MWe)	8,831	8,373	-5%	2,409	46%
Onshore	7,252	6,677	-8%	1,926	39%
Offshore	1,579	1,696	7%	483	82%
Gross profit (pre PPA, I&R)	1,308	1,233	-6%	348	555%
Gross profit margin (pre PPA, I&R)	11.9%	13.5%	1.6 p.p.	13.3%	11.0 p.p.
EBIT pre PPA, I&R costs[2]	774	693	-11%	215	NA
EBIT margin pre PPA, I&R costs	7.1%	7.6%	0.5 p.p.	8.2%	9.0 p.p.
WTG EBIT margin pre PPA, I&R costs	5.7%	5.0%	-0.7 p.p.	4.9%	8.8 p.p.
Service margin pre PPA, I&R costs	18.5%	23.6%	5.1 p.p.	25.8%	7.2 p.p.
PPA amortization[3]	235	306	30%	66	-40%
Integration & restructuring costs	111	176	59%	76	13%
Reported EBIT	428	211	-51%	73	NA
Reported Net Income to SGRE shareholders		70	NA	25	NA
Net Income per share to SGRE shareholders[4]		0.10	NA	0.04	NA

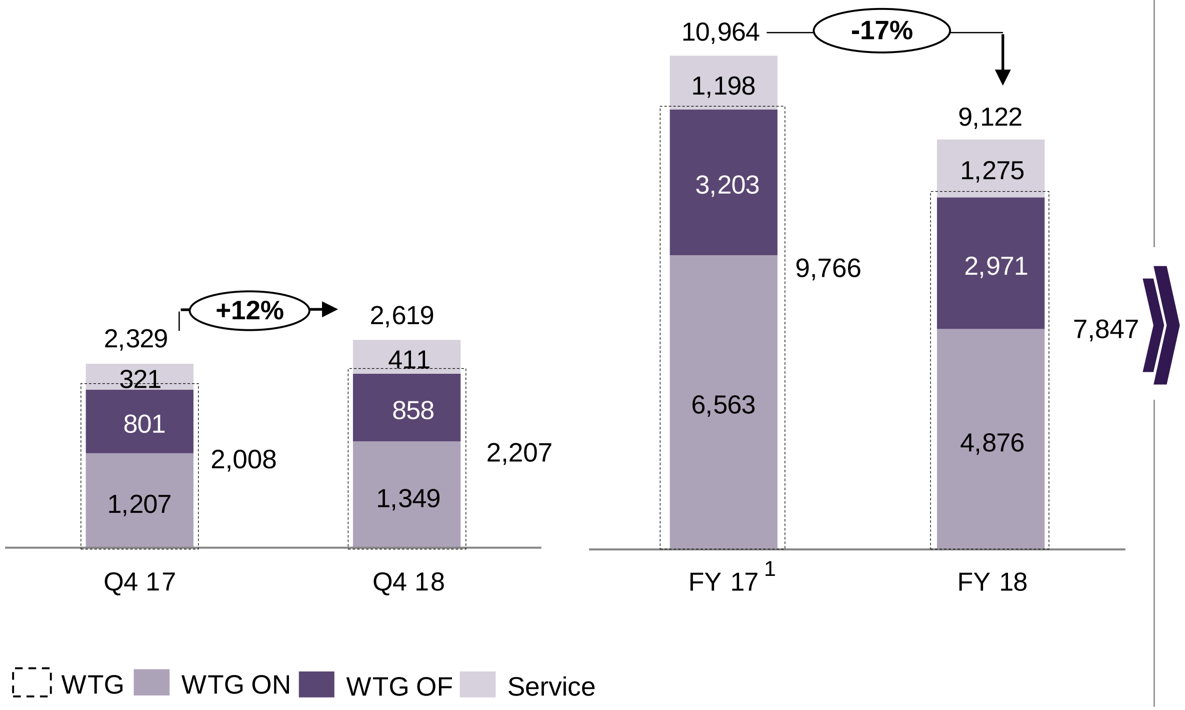
1. FY 17 data are calculated using pro forma values for October-March FY 17 figures, based on legacy businesses' reported information (Siemens Wind Power, Gamesa and 100% of Adwen) including SWP standalone, normalization and scope adjustments, and historic values of SGRE for April-September FY 17.
2. Adwen impact on FY 18 EBIT pre PPA and I&R costs of -€7m (€10m in Q4 18).
3. Impact of PPA on the amortization of the fair value of intangibles.
4. Reported net income per share to SGRE shareholders calculated dividing reported net income to SGRE shareholder by average weighted average outstanding number of shares in the period (quarter or 12 months). Number of shares for EPS calculation: in FY 18: 679,489,769 and in Q4 18: 679,492,185.
5. References to EBIT, WTG EBIT or Service EBIT are all pre PPA and I&R costs.

Comments

- **Negative pricing and volume dynamics in the onshore market**, transitioning into an unsubsidized model, **are the main drivers of lower revenue and EBIT[5] in FY 18.**
  - Q4 18 revenue growth is driven by the recovery of ON volumes from Q3 18 onwards, a high level of OF project execution and strong value added solutions revenue
  - Strong synergies and productivity in WTG ON, WTG OF and Service partially compensate the impact of lower WTG ON volumes and overall lower pricing
  - Q4 18 EBIT and margin benefited from positive effects related to project execution and completion. Comparison favored by Q4 17 inventory impairment
- **FY 18 reported net income includes:**
  - Net financial expenses of €43m (€6m in Q4 18)
  - Income tax expense of €98m (€38m in Q4 18) driven by one-off impact of US tax reform and non capitalized deferred tax assets
  - Impact of PPA on the amortization of the fair value of intangibles and of restructuring and integration costs, net of taxes, in the amount of €347m (€103m in Q4 18)

Group revenue driven down by lower WTG ON volumes and lower pricing; sizeable project execution in Q4 18 drives revenue up

Revenue (€m)



Business development

WTG ON revenue impacted (-) by lower pricing and volume, mix, scope and FX. Revenue growth in Q4 driven by volume recovery

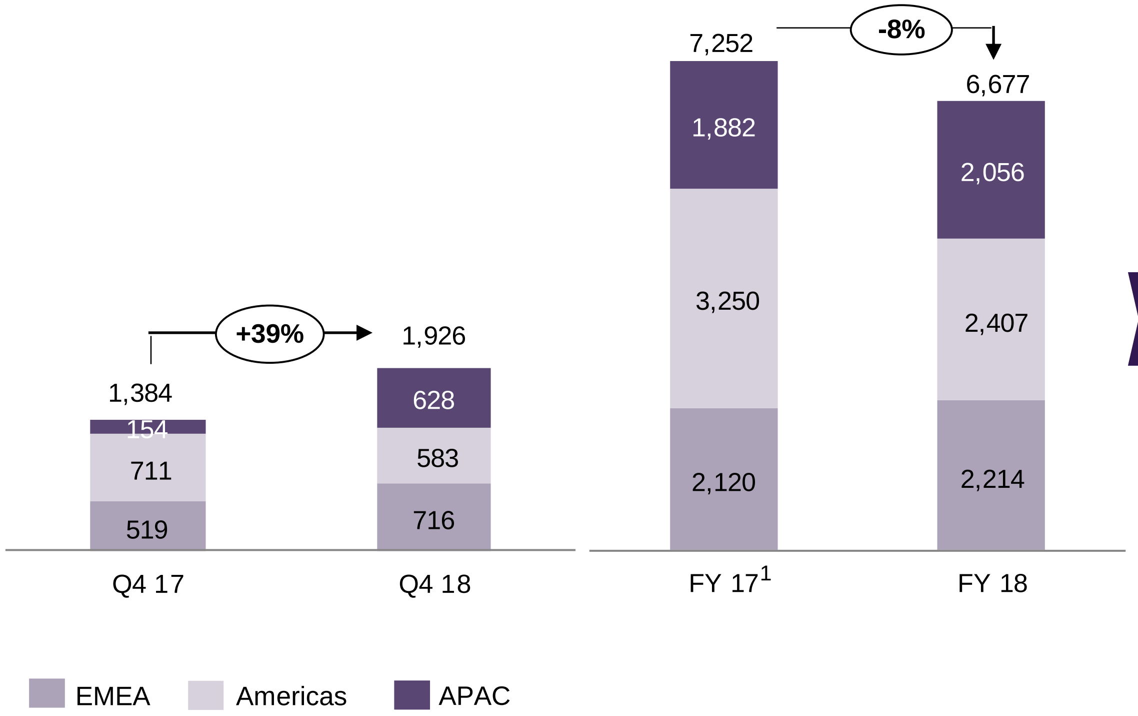
WTG OF revenue impacted by scope (-) and aligned with scheduled activity for FY 18

Service revenue driven by growth in average fleet under maintenance (+ 7% YoY), service contract growth and spare parts. Q4 18 growth, +28% YoY, positively impacted by value added solutions (VAS)

1) FY 17: pro forma data.

WTG ON volume down YoY, with growth coming back in Q3 and accelerating in Q4 18

WTG ON (MWe)



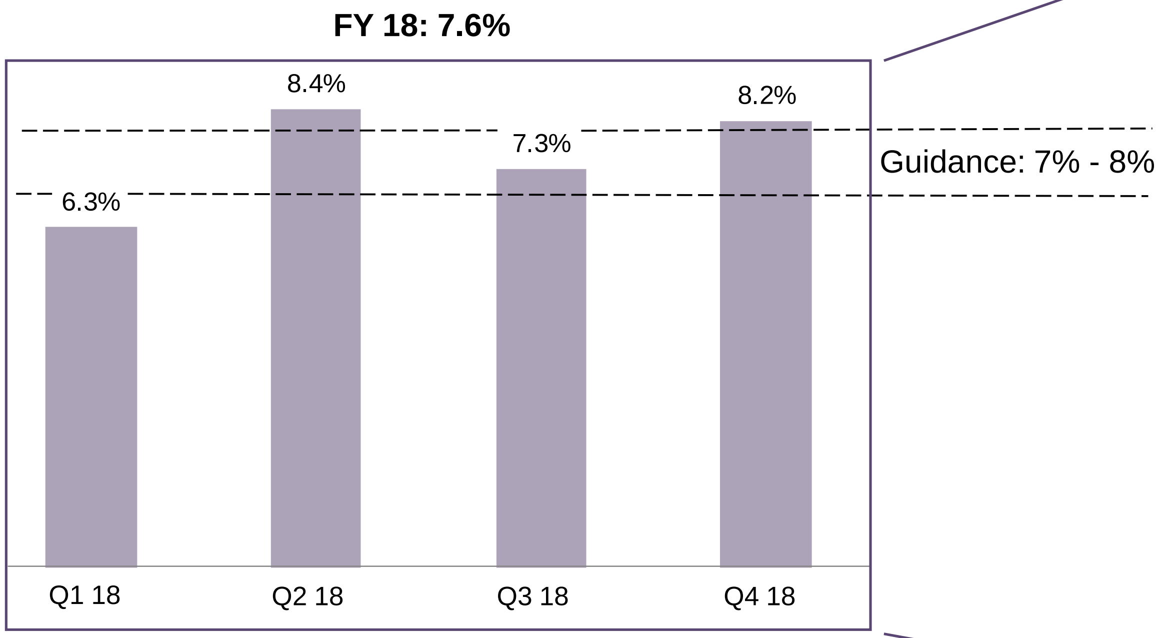
Business development

- Return to volume growth YoY in Q4 18, driven by
  - The APAC region
  - By country: Mexico, Spain and Thailand
- Very diversified sales volume with activity in 35 countries during FY 18
  - US and India remain the main contributors with 10% and 9% each of FY 18 volume
  - Lower volumes in the US and Brazil are the main driver of the decline of Americas' volume in FY 18

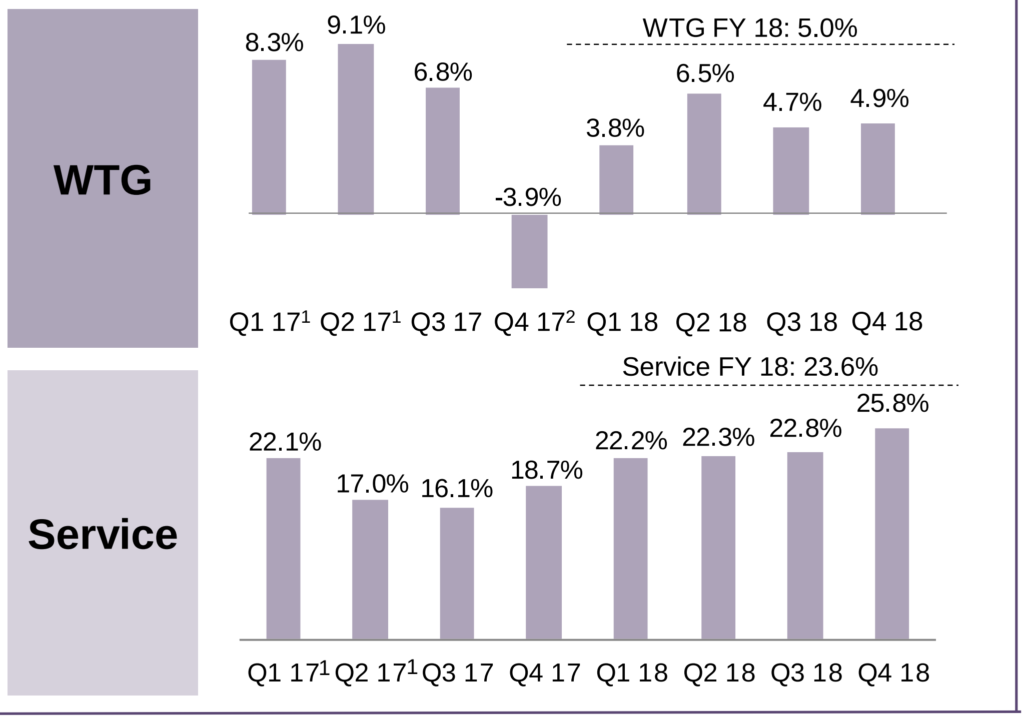
1) FY 17: pro forma data.

FY 18 and Q4 18 EBIT margin pre PPA and I&R costs in line with guidance

EBIT Margin pre PPA and I&R costs



Breakdown by segment

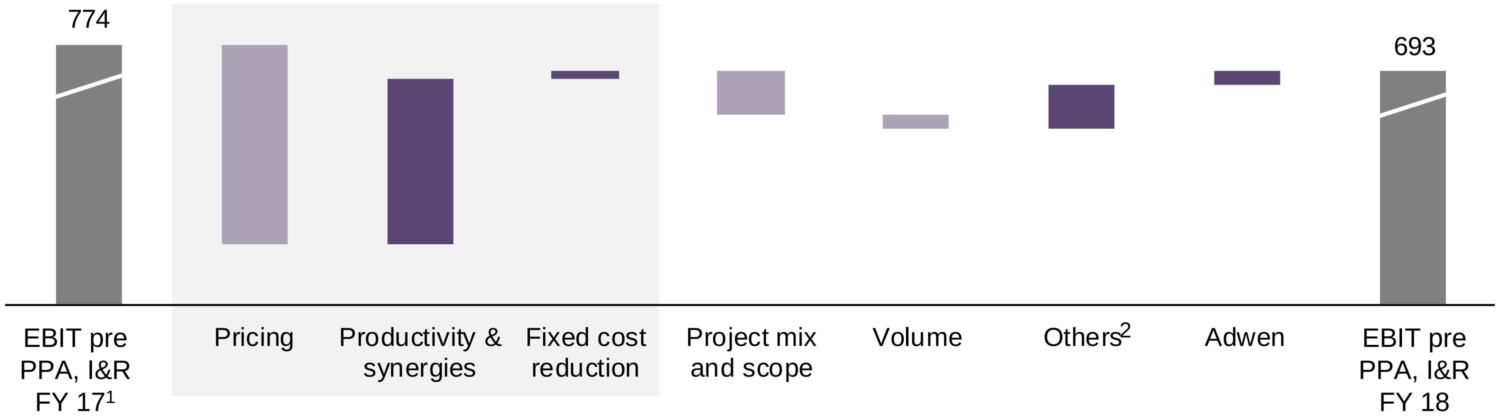


EBIT margin impacted by double-digit price decline in WTG ON partially compensated by synergies and productivity and the strong performance in Service. Q4 18 EBIT margin pre PPA and I&R costs benefited from positive effects related to project execution and completion. Q4 18 annual comparison favored by inventory impairment in Q4 17[2]

1) Q1 17, Q2 17 and FY 17: pro forma data.
2) Q4 17 EBIT pre PPA and I&R costs includes €134m in inventory impairment charges, equivalent to 5.8% of Q4 17 group revenue and 6.7% of Q4 17 WTG revenue.

Lower pricing in WTG ON is the main driver of the group EBIT decline

Group EBIT pre PPA and I&R (€m)



Trends

EBIT pre PPA and I&R mainly impacted by

(-) Pricing

(-) Volume (MWe)

(-) Project mix and scope

(+) Productivity and synergies

Transformation program (productivity improvements and synergies) supports compensation of price reductions

1) FY 17: pro forma data.
2) Others include negative impact of inventory impairment in Q4 17 (€134m).

Sound balance sheet and new multi-currency revolving facility

Key Balance Sheet Positions[1]

€m	Sep 17[2]	Sep 18	Var. YoY
Property, plant and equipment	1,520	1,443	-77
Goodwill & intangibles	6,948	6,580	-368
Working capital[3]	-220	-536	-316
Other, net	237	305	68
Total	**8,485**	**7,792**	**-693**
Net financial debt/(cash)	-377	-615	-238
Provisions[4]	2,761	2,445	-316
Equity	6,085	5,931	-154
Other liabilities	17	31	14
Total	**8,485**	**7,792**	**-693**
Working capital	-220	-536	-316
Working capital o/LTM revenues[5]	-2.0%	-5.9%	-3.9 p.p.
Provisions	2,761	2,445	-316
Net financial debt/(cash)	-377	-615	-238
Net debt to LTM EBITDA[6]	-0.4	-0.7	-0.3

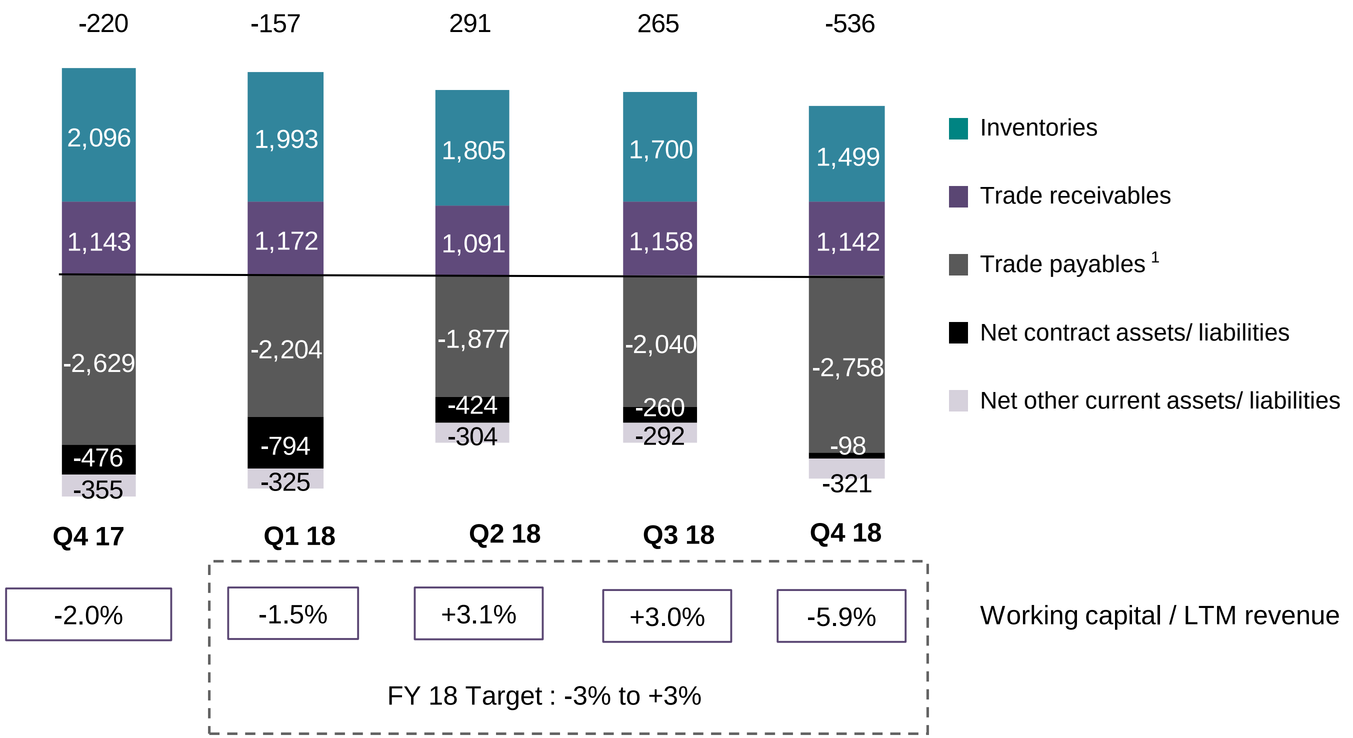
Comments

- Net cash of €615m on the back of:
  - Working capital reversion, driven by the results of the asset management initiative and business seasonality
  - Sizeable project execution
- €2.0bn multi-currency revolving facility, maturing in 2023 with 2 one-year extension options, and a €500m credit facility, maturing in 2021

1) Summarized balance sheet showing net positions mainly on the asset side.
2) IFRS15 & PPA (Purchase Price Allocation) adjusted.
3) Working Capital includes non-interest bearing liabilities to related parties (see footnote 1 in slide 18).
4) Within group provisions, Adwen provisions stand at €832m after a provision use of €28m in Q4 18 and total use of provisions of €132m in FY 18. Adwen provisions include mainly warranty provisions and provisions for onerous contracts.
5) LTM (last 12 month) pro forma revenue for Sep 17.
6) LTM reported EBITDA FY 18: €856m; LTM reported pro forma EBITDA FY 17: €1.023m

Strong working capital development driven by the asset management initiative

Working capital trend Q4 17 – Q4 18 (€m)[1]



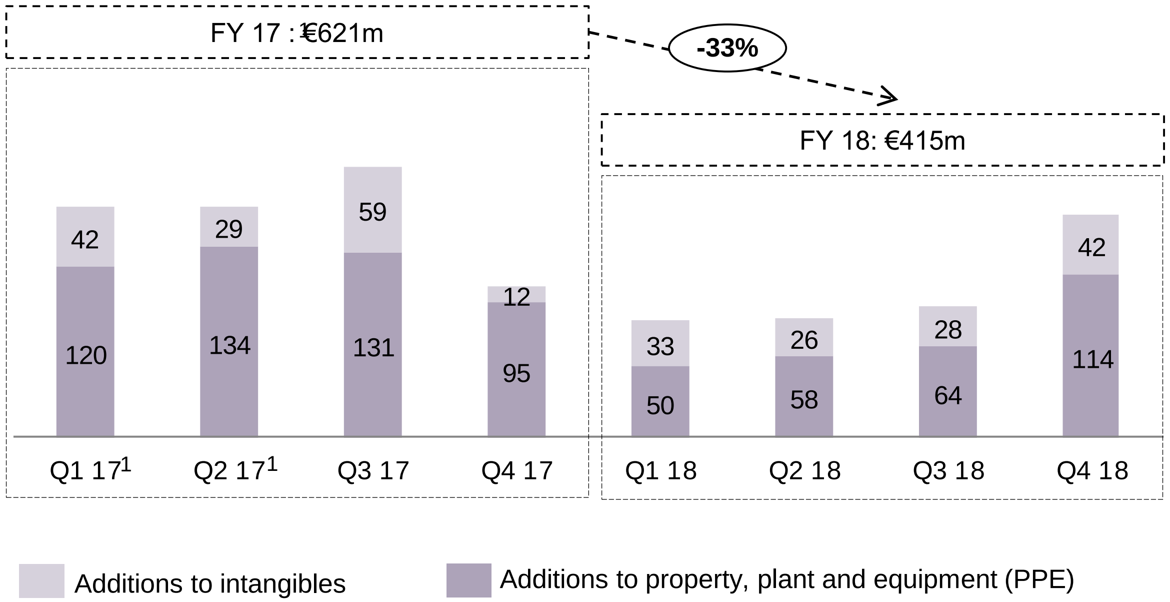
Comments

- Working capital improvement YoY driven by **reduction of inventory levels**
- Intra year evolution reflects project seasonality with **larger concentration of billing milestones in Q4 18**
- **Continuous focus on working capital management** with impact on trade receivables and payables

1) Trade payables include non-interest bearing liabilities to related parties (see footnote 3 in slide 17).

Rigorous control over planned and actual spending: "smart" CAPEX policy

Capital expenditure development (€m)



			Target
CAPEX (% of revenue)	FY 17[1]: 5.7%	FY 18: 4.6%	< 5%
Reinvestment rate	FY 17[1]: 1.7	FY 18: 1.2	~ 1

Comments

- Main investments in tooling, blade molds and product portfolio R&D
- **CAPEX < 5% as targeted**
- Higher capital intensity in Q4 18 as already expected

1) FY 17: pro forma data.

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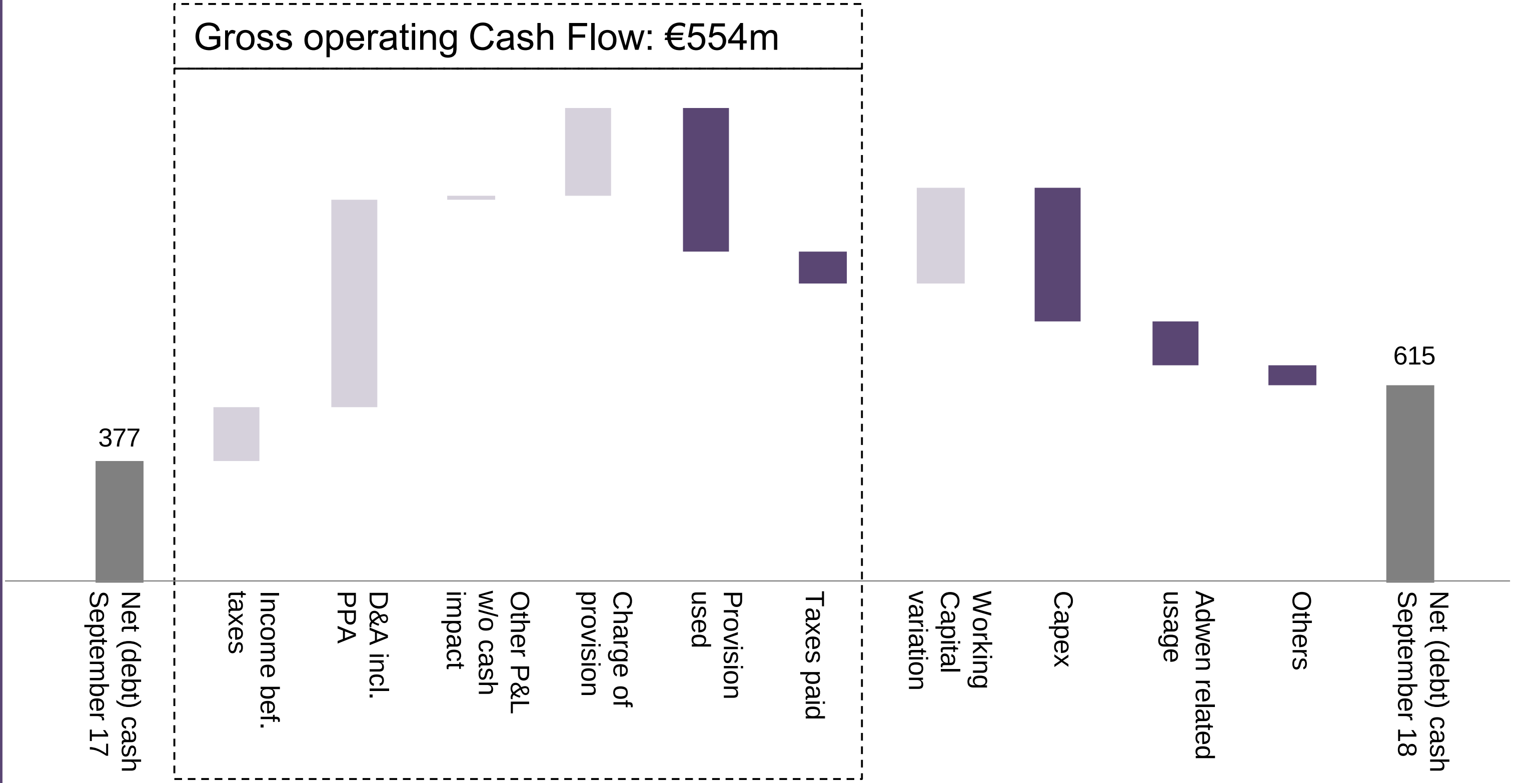
Increased net cash position: €615m, in line with commitment of delivering sustainable cash flow generation

Net (debt)/Cash Variation FY 18 (€m)



Comments

- Increase in net cash position driven by gross operating cash flow (€554m) and working capital improvement (€297m effect in cash flow)
- Total Adwen related provision usage to date: €132m and €28m in Q4 18

FY 18 guidance successfully achieved on all KPIs

Guidance FY 18

	FY 18	FY 18 Guidance[1]
Revenue (in €m)	9,122 ✓	9,000 - 9,600
EBIT margin pre PPA and I&R costs (in %)	7.6% ✓	7% - 8%
Working Capital to LTM revenues (in %)	-5.9% ✓	-3% to +3%
CAPEX (in €m)	415 ✓	500

Comments

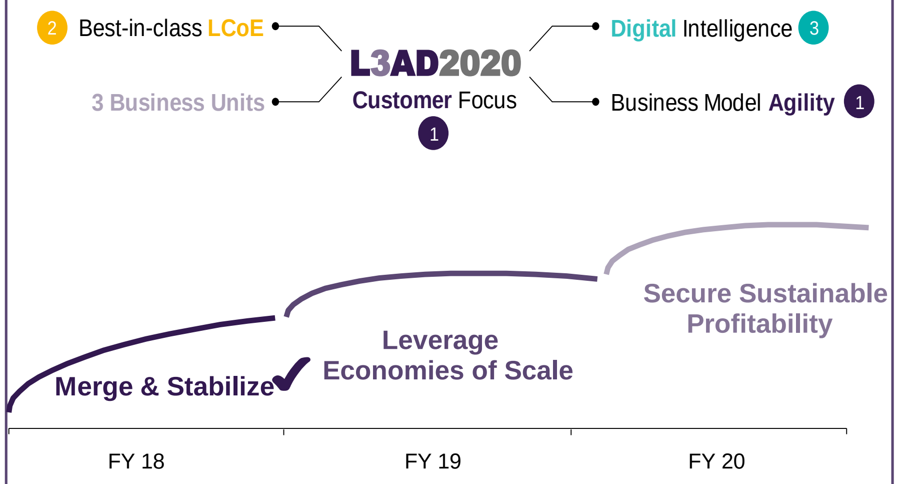
- Guidance successfully achieved in all KPIs
- Synergies of 2% of revenues, surpassing initial guidance of 1.5%, together with productivity improvements help compensate the pricing environment
- Impact of PPA amortization of intangible fair value of €306m for FY 18 and €66m in Q4 18
- Integration and restructuring costs of €176m in FY 18 and €76m in Q4 18
- Stronger Q4 18 driven by project execution timing and usual business seasonality

1) This outlook excluded charges related to legal and regulatory matters and it is given at constant FX rates.

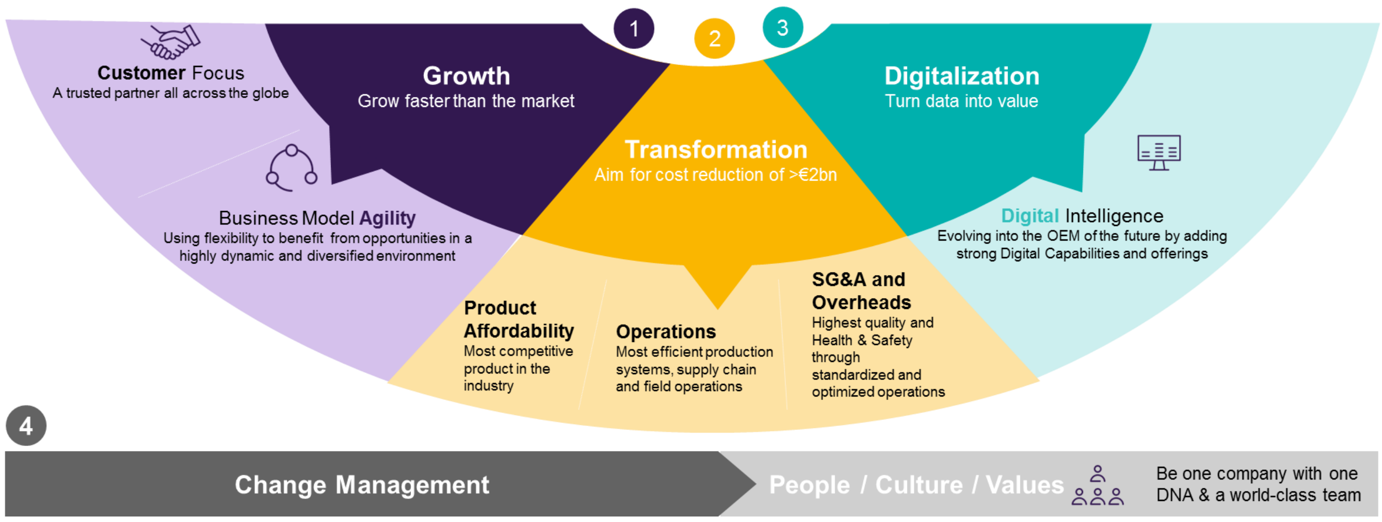
Content

Now entering a new phase after completing “Merge & Stabilize”

On track to global leadership: SGRE’s L3AD2020 program



Four strategic levers translated into four modules of the company program L3AD2020



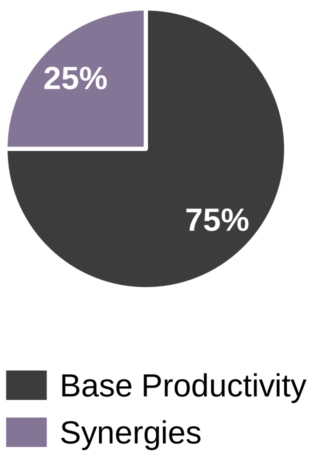
More than €700m of recurrent productivity improvements in FY 18

FY 18 highlights

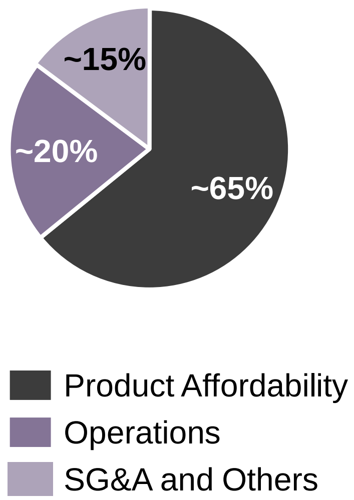
- **Recurrent productivities of more than €700m**, in line with targets
  - **Synergies above €175m** or c.2% of sales
- **Additionally**, **one-time** productivities of **more than €100m**

FY 18 productivity breakdown[1]

By category



By function



1) Breakdown of recurrent measures.

Progress in all drivers of the transformation program

	FY 18 highlights	FY 19 and FY 20 areas of focus
Product affordability	▪ **>5% decrease in 3rd party spend** excluding volume effects ▪ **Doubled spend negotiated through e-auctions** ▪ Strategic Agreement signed with **SAG** to benefit from volume bundling in **indirect cost negotiation**	▪ Reducing **single source by >30%** in FY 19 and >20% in FY 20 ▪ Further **increase of e-auctions** ▪ Increase **contribution from design to value**
Operations	▪ **Restructuring of factories**: Tillsonburg, Ølgod, Miranda, Stade ▪ Increased footprint in **low cost countries**: Morocco, China ▪ Reduced **turbine visits while increasing availability**	▪ Optimize operations in **new ON and OF facilities**: Tangier and Cuxhaven ▪ Further optimize **vertical integration model** ▪ Further optimize field operations with **smart technical and digital solutions**
Headcount + footprint	▪ Significant reduction in headcount: >4k gross exits (>2.3k net reduction) ▪ **Footprint optimization** (>15 offices closed) ▪ Optimization of **R&D spend** as a result of product portfolio simplification both in ON and OF	▪ Continued **footprint optimization** ▪ Further optimize **overhead costs**

Product portfolio competitiveness as key pillar for next years' growth

Onshore

- **"25 to 9" portfolio optimization plan progressing on-track**
  - **"9 products"** representing **>50% of order intake in FY 18**; to increase to approximately **80% of order intake by FY 19**
- **SG 3.4-132** as current top selling product globally
- **SG 4.5-145[1] and SG 3.4-132[1]** products to reach close to **40% of order intake in FY 19**

Offshore

- **Most competitive** product portfolio in the Offshore market
- Strong focus on **continuous improvement setting the LCoE standard** in the industry
- Product development focused on **technological step-change** in the industry

1) SG 4.5-145: start of production Q3/Q4 19; SG 3.4-132: start of production Q1 17.

Digitalization will propel SGRE's energy solutions and contribute to financial performance

Performance

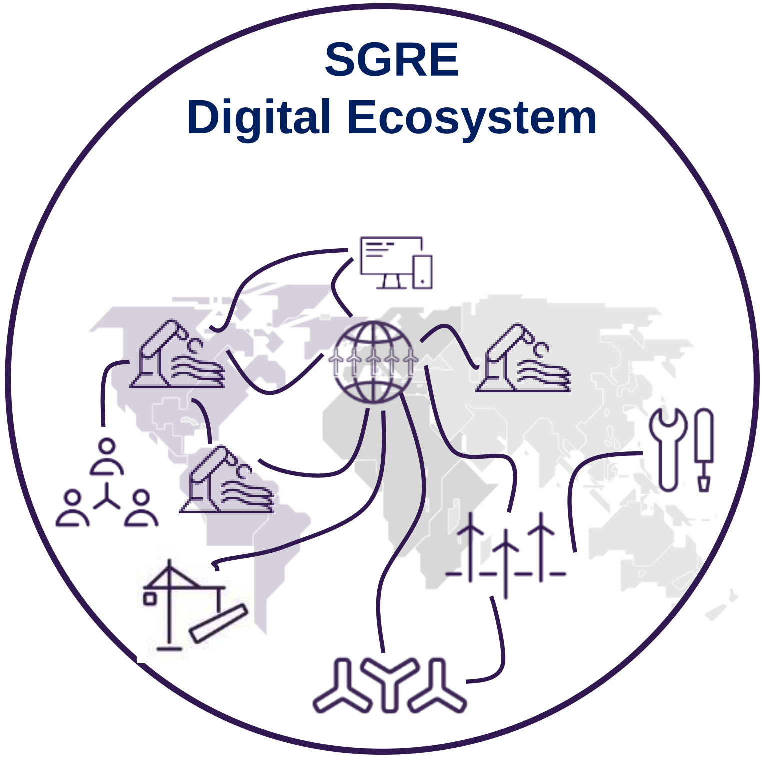
Intelligent wind turbines interacting with their sensors, their neighbors and their digital twins

- **Edge computing**
- **Machine learning**

Commissioning

Continuous analysis of tracking, logistics and construction for optimizing Time-to-Energy

- **Artificial vision**
- **Artificial intelligence**
- **Global positioning**



Manufacturing

Self-controlled processes for shorter lead times and best-in-class quality

- **Industry 4.0**
- **Augmented reality**

Services

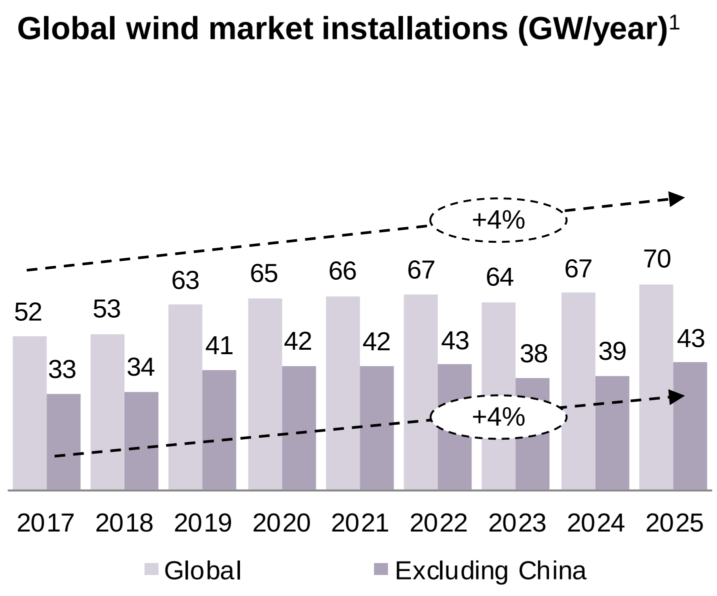
Algorithms operating the global data lake for higher availability, better self-diagnostics and smart health monitoring

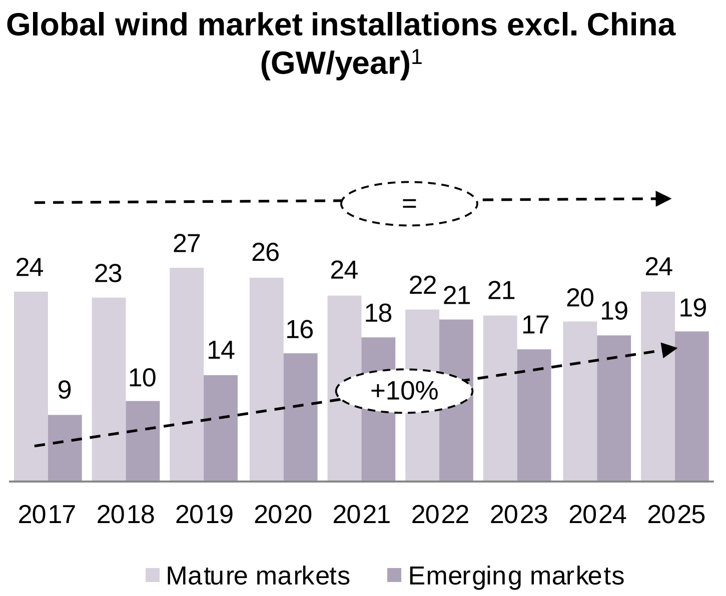
- **Cloud computing**
- **Data Analytics**

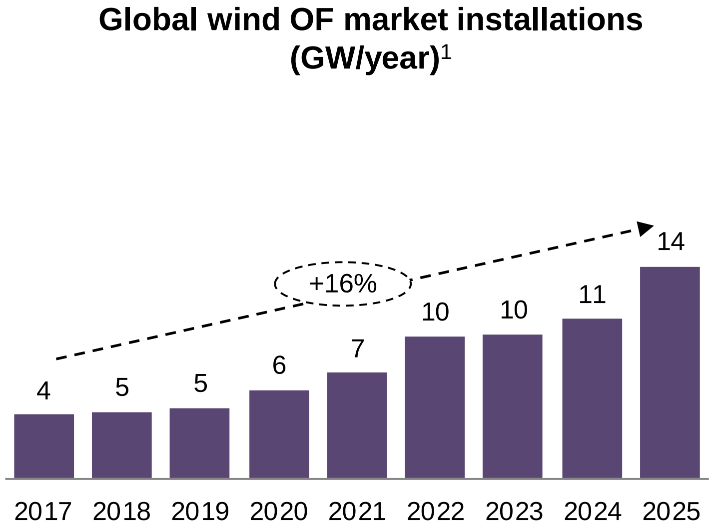
Digitalization to continue contributing to growth and cost-out targets

Content

Strong prospects in the wind sector







% CAGR 2017-2025E

- IPCC[2] requested urgent changes to keep temperature increases between 1.5C and 2C; the requested changes are affordable and feasible and lie at the most ambitious end of the Paris agreement pledge
- Positive developments in the long-term offshore ambitions with the new markets moving ahead with auctions

1) Source: MAKE market outlook Q3 18.
2) IPCC: Intergovernmental Panel on Climate Change.

Our guidance for FY 19

Guidance FY 19

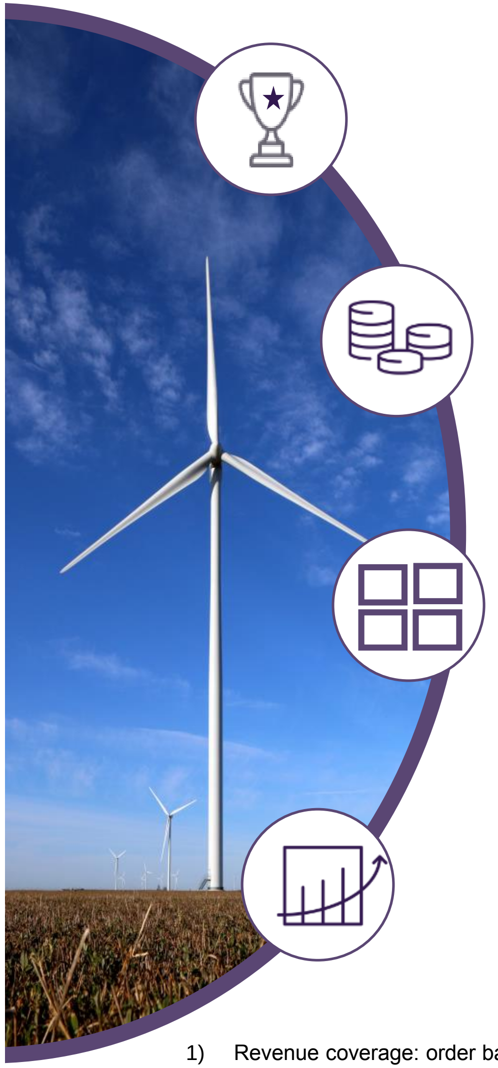
	FY 18	FY 19 E[1]
Revenue (in €m)	9,122	10,000 - 11,000
EBIT margin pre PPA and I&R costs (in %)	7.6%	7% - 8.5%

Comments

- FY 19 revenue coverage of 80%[2]
- Additional synergies of 1.2% of revenues by fiscal year end 2019 included in margin expectations
- Estimated impact of PPA amortization of intangible fair value of €250m for FY 19
- Expected integration and restructuring costs of €130m in FY 19
- Strong seasonality expected throughout the year with a stronger second half driven by project execution timing and cots optimization programs
- Margin guidance range driven by
  - FY 19 headwinds incl. commodity pricing and emerging market volatility
  - Productivity measures and speed on the execution of the transformation program

1) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates.
2) Revenue coverage: order backlog (€) for FY 19 activity divided by the average point of FY 19 revenue guidance range: €10bn - €11bn.

Ready for phase 2 of L3AD2020



Peak backlog and improved competitive positioning to secure future growth

- Order backlog of €23bn, +10% YoY, and FY 19 revenue coverage of 80%[1]
- LTM order intake: €12bn, + 9% YoY, and Book-to-Bill of 1.3x

FY 18 guidance met and guidance for FY 19 in place

- FY 18 revenue of €9.1bn and EBIT margin pre PPA and I&R costs of 7.6%
- Net financial cash of €615m at September FY 18
- FY 19 revenue: €10bn to €11bn with an EBIT margin pre PPA and I&R costs between 7% and 8.5%

L3AD2020 “Merge & Stabilize” phase completed

- Program fully operational and gaining traction across the four modules: Growth, Transformation, Digitalization and Change Management
- Transformation module critical to compensate price declines

Long-term sector prospects remain strong

- In particular offshore due to significant traction in new markets (Taiwan, France and USA)

1) Revenue coverage: order backlog (€) for FY 19 activity divided by the average point of the FY 19 revenue guidance range: €10bn - €11bn.

Annex

Value creation beyond FY18 secured by stringent financial management

Financial management

Grow top line
- **Grow** in MW and EUR **faster than the market**
- **Book to Bill > 1** every year

Drive profitability
- **EBIT** margin excl. PPA, integration and restructuring costs**: 8-10%**

Strengthen balance sheet & cash management
- **CAPEX** < 5% of sales and reinvestment rate ~ 1
- **Working capital** < 2% of sales
- **Cash conversion rate** (excl. Adwen) > 1 – growth
- **Net financial debt / EBITDA** < 1.0x

Enhance capital efficiency
- **ROCE 8-10%**
- **Dividend policy:** 25 % of net income

Glossary & Definitions for Alternative Performance Measures

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

ASP in Order Intake: average monetary order intake collected by WTG division per unit booked (measured in MW).

Book & Bill: amount of orders (in €) to be booked and fulfilled in a set period of time to generate revenues 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).

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

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

Glossary & Definitions for Additional Performance Measures

Free Cash Flow: is obtained by adding, to net income for the year, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates, deducting working capital variations and capital expenditure (CAPEX). It indicates the funds available for use to distribute dividends, buy back shares, pay down debt or other corporate activities not related to ordinary business.

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**.**

LTM: last twelve months

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacture 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.