SIEMENS Gamesa
RENEWABLE ENERGY

**27 July 2018**

**April - June 2018 Results**

## RESULTS IN LINE WITH THE 2018 GUIDANCE AND RECORD ORDER BACKLOG

**Siemens Gamesa Renewable Energy[1] ended the first nine months of its financial year with financial performance in line with its guidance for FY 18. As of 30 June 2018, the company had attained 100% coverage[2] of the mid-point of its sales guidance thanks to sustained strong commercial activity.**

**Group revenues amounted to €6,504 million in the first nine months, with EBIT before PPA and integration and restructuring costs amounting to €478 million, i.e. an EBIT margin of 7.4%. Revenues in the third quarter of 2018 amounted to €2,135 million, with EBIT before PPA, integration and restructuring costs amounting to €156 million, i.e. an EBIT margin of 7.3%. The net debt position at end-June was €154 million, and working capital amounted to €265 million, i.e. 3.0% of LTM revenues. Both figures reflect mainly the seasonal fluctuations in project execution, as activity is skewed towards the fourth quarter of the fiscal year. As for funding, in the third quarter of 2018 the company arranged a €2.5 billion revolving credit line to strengthen its long-term funding structure.**

**Commercial activity enabled the company to end June 2018 with another record order backlog: €23,226 million, exceeding the March 2017 figure, which marked the peak of the previous cycle in the wind energy market. This was achieved due to €3,292 million of order intake in the third quarter of FY 18, 2.4 times the order intake registered in the same period of the previous year and representing a book-to-bill[3] ratio of 1.5 times. Although order intake increased year-on-year in all the group's units, the Offshore WTG unit was the main contributor to the total monetary amount and to the year-on-year growth in orders in the quarter, after the firm order for the largest Offshore wind farm to date: Hornsea II, for Ørsted. In the last twelve months, Siemens Gamesa Renewable Energy has signed contracts worth €12,038 million.**

**There was intense corporate activity in the early months of 2018. Activity in the first quarter of FY 18 (October-December 2017) was concentrated in the product area. The group made major decisions, such as the "one technology, one segment" strategy, the simplification of the product portfolio, it began commercialising wind turbine generators with 20% higher AEP[4], such as the SG 4.2-145 (WTG ON) and SG 8.0-167 DD (WTG OFF), and expanded the range of value-added services such as useful life extensions and "retrofit" program to increase AEP in**

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[1] Siemens Gamesa Renewable Energy (Siemens Gamesa) is the result of merging Siemens Wind Power, which is the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The group engages in wind turbine development, manufacture and sale (WTG segment) and provides operation and maintenance services (Services segment).

[2] Sales coverage: total firm orders (€) at end-June 2018 for activity in 2018/sales guidance published for 2018 (€9.0-9.6 billion).

[3] Book-to-bill (MW or €): order intake in MW or € divided by activity in MWe or € (applicable at group, business unit and segment level).

[4] AEP: Annual Energy Production

**the multi-technology area. In the second quarter (January - March 2018), the company launched the L3AD2020 program, which was presented to the financial community on 15 February during the Capital Markets Day; the programme pursues a leading position in four areas: above-market growth, transformation (costs), technology and digitalization, and change management. During its Capital Markets Day, the company also unveiled its financial goals for 2018-2020: faster-than-market growth; 8-10% operating profitability before PPA and integration and restructuring costs; positive cash flow during the plan; all with the goal of attaining 8-10% ROCE and distributing 25% of reported net profit as dividends each year. In the third quarter (April - June 2018), the group focused on implementing productivity measures and synergies to which it is committed this year while continue to work on measures for the next two years.**

**Main consolidated figures for April - June 2018:**

- **Revenues:** €2,135m (-21% YoY)
- **EBIT before PPA and restructuring and integration costs**[5]: €156m (-26% YoY)
- **Net profit before PPA and restructuring and integration costs[6]:** €120m
- **Net profit:** €44m
- **Net financial debt (NFD)/(Net cash)[7]:** €154m
- **MWe sold:** 2,137 MWe (+10% YoY)
- **Firm wind turbine order intake:** 3,028 MW (+3.8x YoY)

[5]EBIT pre-PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of €25 million and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €82 million.

[6] Net profit before PPA and integration and restructuring costs excludes €76 million of integration and restructuring costs and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation), net of taxes.

[7] Net financial debt is defined as long-term plus short-term financial debt less cash and cash equivalents.

## MARKETS AND ORDERS

The strong commercial activity of previous quarters was maintained in the third quarter, with a total **order intake of €3,292 million, 2.4 times the order intake in the year-ago quarter, equivalent to a book-to-bill ratio[8] of 1.5 times.** This strong performance **boosted the order backlog at end-June 2018 to another record, €23,226 million, exceeding the previous record set in March 2017,** €22,187 million. Forty-six per cent of the order backlog (€10,738 million) was in Services, which has higher returns and expanded by 6% year-on-year. The WTG order backlog is split €7,794 Offshore (+13% YoY) and €4,694 Onshore (+41% YoY).

The breakdown of order intake in the third quarter enabled the group to push **sales coverage from 100% of the orders required to reach** the low end of the 2018 guidance range (€9.0-9.6 billion) to 100% **of the mid-point (€9.3 billion)** and to increase coverage of future revenues, enhancing visibility**.**

| Order Intake (€m) | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18 | Q3 18 |
|---|---|---|---|---|---|---|---|
| WTG | 2,059 | 2,997 | 1,048 | 2,362 | 2,313 | 2,367 | 2,704 |
| Onshore | 1,491 | 1,460 | 680 | 1,498 | 1,688 | 1,834 | 1,175 |
| Offshore | 568 | 1,537 | 367 | 863 | 625 | 533 | 1,529 |
| Service | 656 | 1,016 | 350 | 429 | 599 | 676 | 588 |
| **Total Group** | **2,715** | **4,013** | **1,398** | **2,791** | **2,912** | **3,043** | **3,292** |

Note: Data for the pre-merger period (Q1 17 and Q2 17) are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in monetary terms includes all firm orders received in the period. Solar orders are counted in WTG Onshore (€88 million in Q1 18, €9 million in Q3 18).

In the third quarter of 2018, Onshore order intake **1,660 MW**, amply exceeded the trough registered in the third quarter of 2017 (693 MW) but was below the intake in the preceding quarter (2,464 MW) as large orders were shifted towards the fourth quarter of the year and also because of the slowdown in APAC, which we expect to rebound in the next few quarters. That order intake is equivalent to 1.0 times Onshore sales (MWe) in the quarter.

In the context of commercial activity in the Onshore market, the Brazilian and South African markets revived, as did order intake in Spain.

Brazil's political and macroeconomic situation in 2015-2016 resulted in a reduction in demand for electricity and, consequently, in capacity auctions, accompanied by a low level of commercial activity there. This situation was reversed in the third quarter of 2018 with the signature of the largest order in Brazil to date: 471 MW (136 units of the SG 3.4-132) for 15 wind farms owned by Neoenergía, a subsidiary of Iberdrola. This contract cements Siemens Gamesa's leading position in Brazil, where it is the second-largest manufacturer, with a 24% market share[9].

The freeze on signature of PPAs secured during the 2015 auctions in South Africa kept the market dormant until September 2017, when the amendments to the PPAs that had been allotted initially were confirmed, and April 2018, when the PPAs were finally signed. Following its revival, South Africa was one of the largest sources of new orders in the quarter, contributing 251 MW, 15% of total order intake in April - June 2018. That figure corresponds to 109 SWT-2.3-108 units for the Kangnas (140 MW) and Perdekraal East (110 MW) wind farms, to be installed between 2018 and 2020.

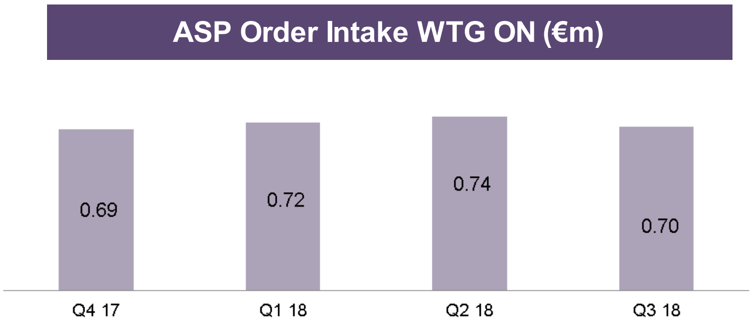
[8] Book-to-Bill: ratio of order intake (in MW or €) to activity or sales (MWe or €) in the same period. The Book-to-Bill ratio gives an indication of the future trend in sales volume.
[9] Source: MAKE

In Spain, the company booked a total of 314 MW, 289 MW of new orders in the third quarter from five customers, for 10 wind farms in the provinces of Guadalajara, Lugo, Málaga, Zaragoza, Huesca, La Coruña and Cádiz. The company will also provide operating and maintenance (O&M) services for all those wind farms. Most of the orders are for the company's most modern and efficient machines: SG 3.4-132 (58 units) and SG 2.6-114 (28 units).

| Order intake WTG ON (MW) | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18 | Q3 18 |
|---|---|---|---|---|---|---|---|
| EMEA | 553 | 509 | 316 | 678 | 639 | 918 | 910 |
| America | 764 | 510 | 265 | 885 | 655 | 699 | 737 |
| APAC | 545 | 580 | 112 | 603 | 914 | 847 | 12 |
| **Total WTG ON** | **1,862** | **1,599** | **693** | **2,167** | **2,208** | **2,464** | **1,660** |

Note: Data for the pre-merger period are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in MW includes firm wind orders received in the period.

In addition to the strong order intake, **the third quarter also saw sequential (quarter-on-quarter) stabilisation of the average selling price in orders signed between April and June 2018**. In year-on-year terms, the average selling price continued to fall at double-digit rates, affected by lower prices, scope, mix and exchange rate factors.




Note: ASP excludes solar orders: €88 million in Q1 18 and €9 million in Q3 18.

In the Offshore market, Siemens Gamesa Renewable Energy booked as a firm order the bulk of the exclusivity agreement with **Ørsted to supply SG 8.0-167 DD turbines for the largest wind farm in the UK: Hornsea 2** (1,248 MW out of a total of 1,386 MW).

The company also continues to work on its development strategy for new Offshore markets in Asia and America. Following agreements with state-owned company Taiwan International Ports Corporation and with technology group Yeong Guan Energy (YGG) in the first half of 2018 to establish a supply chain and a components production and handling centre in Taiwan, during the third quarter Siemens Gamesa Renewable Energy signed a firm contract to supply 20 units of the SWT-6.0-154 DD for the second phase of the **Formosa 1** Offshore wind farm (Taiwan). In addition to supplying the wind turbines, the company will also provide maintenance services for 15 years.

In China, Siemens Gamesa Renewable Energy has a licensing agreement with multinational Shanghai Electric for the 8MW WTG technology, in addition to the agreement already in place for the 4.0 MW, 6.0 MW and 7.0 MW technologies, under which the two companies have installed 1,200 MW Offshore in China. Under the agreement, Shanghai Electric, China's leading Offshore wind company, will manufacture, sell and install the SG 8 MW DD turbine in Offshore projects in Chinese waters.

In the services area, the company signed contracts worth €588 million, almost 68% more than in the third quarter of FY 17, ending the quarter with an order backlog of €10.8 billion, 46% of the company's total backlog. Notable orders obtained in the quarter include the Offshore contract (Formosa) and the

Onshore contract in South Africa, as well as deals to maintain third-party technology (multi-brand services), which totalled over 2.5 GW at the end of the quarter.

Though order intake was volatile in the quarter, Siemens Gamesa Renewable Energy has signed €12 billion in orders in the last twelve months, 15% more than at this time one year ago and 19% more than the figure at the end of the preceding quarter[10]. This growth was driven basically by the WTG division.

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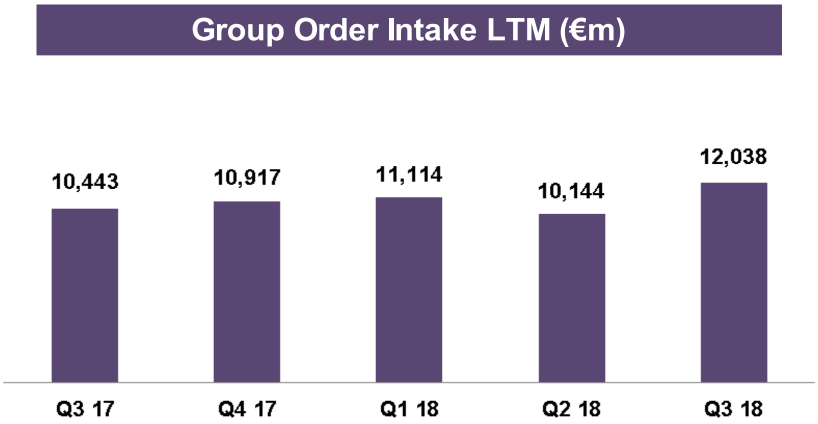


[10] Quarterly information on contracts is shown in the appendix.

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## KEY FINANCIAL PERFORMANCE METRICS

The table below shows the main financial performance metrics for the April - June 2017 and 2018 quarters and for the first nine months of 2018 (October 2017 - June 2018). The year-on-year variation in performance in the first nine months is based on pro-forma numbers representing the sum of the figures reported individually by Gamesa and Siemens Wind Power, plus Adwen (fully consolidated). The figures for April-June 2017 are actuals (not pro-forma). The comparable EBIT numbers for 2017 include standalone, consolidation scope and normalisation adjustments for Siemens Wind Power for October - March 2017.

| €m | April-June 17 | April-June 18 | Var. YoY (%) | October-June 18 | Var. YoY (%) |
|---|---|---|---|---|---|
| Group revenues | 2,693 | 2,135 | -21% | 6,504 | -25% |
| WTG | 2,393 | 1,827 | -24% | 5,640 | -27% |
| O&M | 300 | 308 | 3% | 864 | -1% |
| WTG volume (MWe) | 1,950 | 2,137 | 10% | 5,963 | -17% |
| Onshore | 1,488 | 1,703 | 14% | 4,751 | -19% |
| Offshore | 461 | 434 | -6% | 1,213 | -8% |
| Gross profit pre PPA, I&R costs | 357 | 288 | -19% | 884 | -30% |
| Gross profit margin pre PPA, I&R costs | 13.2% | 13.5% | 0.2 p.p. | 13.6% | -0.9 p.p. |
| EBIT pre PPA, I&R costs | 211 | 156 | -26% | 478 | -40% |
| EBIT margin pre PPA, I&R costs | 7.8% | 7.3% | -0.5 p.p. | 7.4% | -1.8 p.p. |
| WTG EBIT margin pre PPA, I&R costs | 6.8% | 4.7% | -2.1 p.p. | 5.0% | -3.1 p.p. |
| Service margin pre PPA, I&R costs | 16.1% | 22.8% | 6.7 p.p. | 22.5% | 4.1 p.p. |
| PPA amortization | 124 | 82 | -34% | 239 | NA |
| Integration & restructuring costs | 36 | 25 | NA | 100 | NA |
| Reported EBIT | 50 | 50 | -1% | 138 | -78% |
| Reported Net Income to SGRE shareholders | 12 | 44 | 274% | 45 | NA |
| Net Income per share to SGRE shareholders | 0.02 | 0.07 | 269% | 0.07 | NA |

Note: Data for the pre-merger period are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).
Average number of shares outstanding in the third quarter of 2017: (EPS Q3 17): 670,313,877.
Average number of shares outstanding in the third quarter of 2018 (EPS Q3 18): 679,503,717.
Average number of shares outstanding in the first nine months of 2018: (EPS 9M 2018): 679,489,013.

The **group's financial performance in the third quarter and in the first nine months of 2018 is in line with the guidance for 2018**: it attained 100% coverage of the mid-point of the committed sales range (€9 - €9.6 billion) in June 2018, assuming progress with the cost saving program and a higher level of activity in the fourth quarter.

**Revenues in the third quarter amounted to €2,135 million, 21%** less than in the third quarter of 2017, mainly **because of the decline in WTG revenues**, which is attributable to lower volumes in the Offshore and a decline in prices plus a lower level of installations in Onshore.

Whereas lower Onshore activity was the main factor behind lower operating profitability in the first half of 2018**, WTG prices were the main drag on the group's EBIT margin in the third quarter**. However, much of the reduction was offset by strong performance by the Service unit and by the productivity improvement, with the result that the group ended the quarter with EBIT before PPA and restructuring and integration costs of €156 million, **equivalent to an EBIT margin before PPA and integration and restructuring costs of 7.3%,** 0.5 percentage points lower than the pro-forma EBIT margin in the same period of the previous year (7.8%) but in line with the profitability target for 2018. EBIT in the first nine months amounted to €478 million, i.e. an EBIT margin of 7.4%, nearly two percentage points lower than in the same period of 2017, as a result of lower sales activity (-17% YoY), lower prices, and project scope and mix factors.

The impact of the PPA on amortisation of intangible assets was €82 million in the third quarter, while integration and restructuring expenses amounted to €25 million corresponding mainly to the agreements reached with the work councils in Germany.

The group incurred net financial expenses amounting to €13 million in the third quarter, and benefited from tax revenue in the amount of €8 million.

As a result, **net profit before PPA and restructuring and integration costs amounted to €120 million.** Including the impact of amortisation from the PPA as well as integration and restructuring expenses, both net of taxes, totalling €76 million, **reported net profit amounted to €44 million in the quarter, or €0.07 per share.**

## WTG

| €m | April-June 17 | April-June 18 | Var. YoY (%) | October-June 18 | Var. YoY (%) |
|---|---|---|---|---|---|
| WTG revenues | 2,393 | 1,827 | -24% | 5,640 | -27% |
| ON | 1,363 | 1,052 | -23% | 3,527 | -34% |
| OF | 1,030 | 775 | -25% | 2,113 | -12% |
| WTG volume (MWe) | 1,950 | 2,137 | 10% | 5,963 | -17% |
| ON | 1,488 | 1,703 | 14% | 4,751 | -19% |
| OF | 461 | 434 | -6% | 1,213 | -8% |
| EBIT pre PPA, I&R costs | 162 | 86 | -47% | 284 | -55.1% |
| EBIT margin pre PPA, I&R costs | 6.8% | 4.7% | -2.1 p.p. | 5.0% | -3.1 p.p. |

Note: Data for the pre-merger period are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

The **WTG division's revenues declined by 24% YoY to €1,827 million and the Onshore business remains under pressure** as it transitions to fully competitive markets. This transition, which will have very favourable consequences in the long term, is nevertheless, resulting in **double-digit price adjustments in the short term whose impact was particularly strong in the third quarter of 2018**. Additionally, the year-on-year comparison was negatively affected by strong Offshore activity in the third quarter of 2017, when a large number of projects were under way. This year, contrasting with the trend in Offshore projects, the volume of Onshore activity recovered in year-on-year terms: +14%, supported particularly by EMEA (notably South Africa, followed by Turkey, France, Spain and Italy). Outside EMEA, the US, India and Thailand were the largest contributors to sales activity in the third quarter.

**Lower revenues,** basically due to a decline in prices in an industry where leverage plays a vital role**, are the main reason for the decline in profitability in the WTG segment**: down 2.1 percentage points YoY to 4.7% corresponding to EBIT pre PPA and integration and restructuring costs.

In addition to the decline in prices, the Onshore business was strongly affected by a decline in the volume of installation: 839 MW installed, compared with 1,703 MWe sold in the period.

### Operation and Maintenance Services

| €m | April-June 17 | April-June 18 | Var. YoY (%) | October-June 18 | Var. YoY (%) |
|---|---|---|---|---|---|
| Service revenues | 300 | 308 | 3% | 864 | -1% |
| EBIT pre PPA, I&R costs | 48 | 70 | 45% | 194 | 20% |
| EBIT margin pre PPA, I&R costs | 16.1% | 22.8% | 6.7 p.p. | 22.5% | 4.1 p.p. |
| Fleet under maintenance | 53,643 | 56,670 | 6% | 56,670 | 6% |

Note: Data for the pre-merger period are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

In the **Services segment, revenues increased by 3%** with respect to the third quarter of 2017**, to €308 million**.

The fleet under maintenance totalled 56.7 GW, 6% more than one year ago, as a result of 25% YoY expansion of the Offshore fleet under maintenance to 9.6 GW, whereas the Onshore fleet under maintenance expanded by 2% YoY.

Services EBIT before PPA and integration and restructuring costs amounted to €70 million, i.e. an EBIT margin of 22.8%, 6.7 percentage points more than in the year-ago quarter, due to cost optimisation.

— **Siemens Gamesa Renewable Energy ended the quarter with €265 million in working capital, equivalent to 3.0% of LTM revenues.** Working capital is expected to improve in the fourth quarter in line with billing and collection milestones.

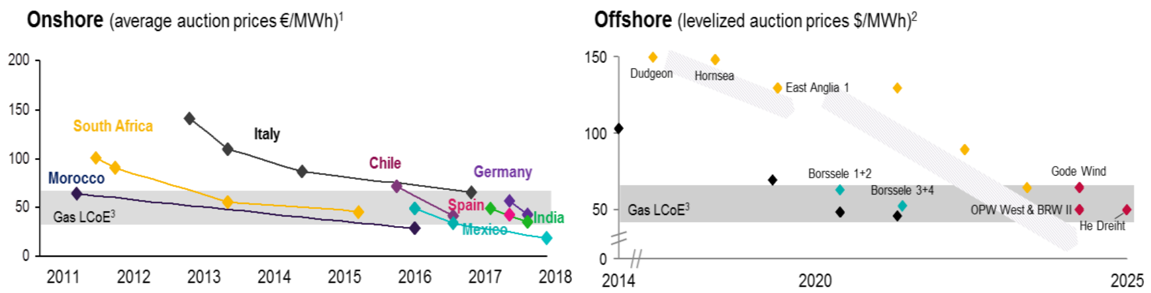
**The company invested €92 million in property, plant and equipment and intangible assets in the third quarter of 2018 and €258 million in the first nine months**, 50% less than in the same period of 2017, in line with the cutback in capital expenditure set out in the BP2018-2020 and attributable to the major capital expenditure in previous years.

**Net debt amounted to €154 million.** That includes the use of quality-related provisions (Adwen) amounting to €43 million (€104 million in the first nine months of 2018). In the fourth quarter, the group is expected to return to positive cash flow before the payment of quality-related provisions at Adwen.

## OUTLOOK

**The third quarter saw a continuation of the transition towards fully competitive energy models** which commenced in 2016 with the first auctions in Mexico and Spain and the approval of declining subsidies in the US. Although this transition brought temporary disruptions to demand in certain markets coupled with significant price pressure in WTGs in its first phase (2017-18), it nonetheless offers **great potential for wind power in the long term**.

**That potential is supported mainly by wind's growing competitiveness**, as reflected in auctions over the last year in which wind beat conventional fossil fuels in price (e.g. USD 19 for wind in the Mexican auction), and **in governments' clear commitment to renewable energy**. All these factors are driving growth in wind's contribution to the world's energy mix, from **7% in 2016 to 14% by 2040,** according to the International Energy Agency (*IEA WEO 2017- New Policies Scenario*), capturing USD 3.6 trillion in investment in 2017-40E according to BNEF's new scenario in 2018.




1) IRENA and SGRE; 2) BNEF 2017; 3) BNEF

Within the steady flow of **commitments to renewable sources as well as auctions, the following events were notable in the third quarter:**

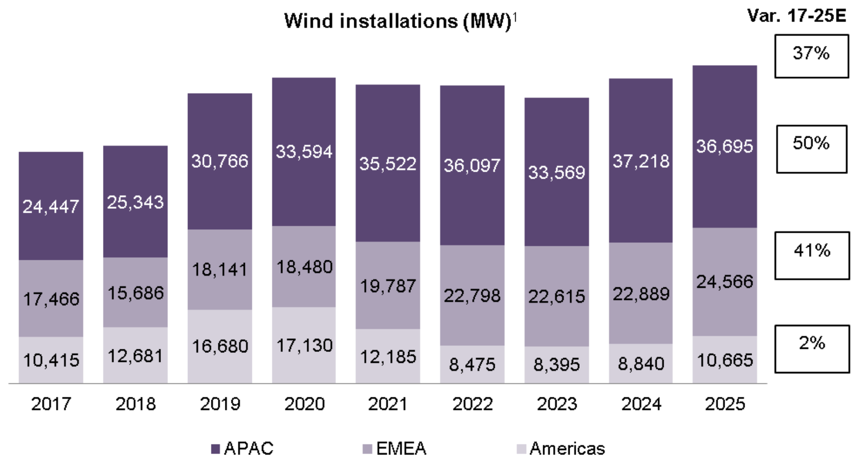
- **The European Union increased its target for renewables to 32% by 2030** (from 27%) with the possibility of an upward revision to this target in 2023. Additionally, it is now possible to adopt support schemes for renewable projects, and retroactive changes to projects that have received support are prohibited; the permit process has also been simplified. Member states have until 31 December 2019 to submit their national plans to achieve the target, which is binding. The target has yet to be approved by the EU parliament and council. Other notable developments in the EU:
    - Denmark's decision to close its coal-fired power plants and increase its target for renewable electricity generation to 55% by 2020.
    - France's decision to reduce the prices of Offshore projects awarded during 2012-2014: from €180 - €200/MWh to €150/MWh, thereby enabling them to proceed.
- Within Europe, **Switzerland has decided to phase out its nuclear capacity and increase renewable capacity** as part of its Energy Strategy 2050. **Turkey has announced an auction of 1.2 GW of Offshore capacity,** which is expected to be held in the second half of calendar 2018.
- **In the US,** the Massachusetts state senate has increased its renewable energy standards (RES[11]) from a 1% annual increase to a 3% annual increase, and approved the installation of 5 GW of Offshore wind capacity by 2035. New Jersey approved a target of 3.5 GW of Offshore wind capacity by 2030 and a RES of 21% by 2020, 35% by 2025 and 50% by 2030.
- **In Latin America, Brazil announced another A-6 auction** (for which 27 GW of wind projects have been presented; the last auction, in December 2017, adjudicated 1,386 MW of wind

[11] Renewable Energy Standard

capacity), **while Argentina is considering a third renewable round (RenovAr 3) in October 2018. Mexico** presented its **national electricity plan for 2018-2032,** which envisages installing **67 GW of additional capacity, of which 55% will be from clean sources.**

- Following the normalization of the **South African** market with the signature of the PPAs for the projects awarded in 2015, **the government is considering a fifth renewable round, which might begin in November 2018, with 1.8 GW of renewable capacity, of which 1 GW would be wind.**
- **Taiwan is to phase out its nuclear capacity and install 25 GW of renewable capacity and 10 GW of gas-fired capacity by 2028.** This target includes Offshore capacity, of which 3.8 GW were awarded in the quarter to seven developers, with COD between 2020 and 2025.
- **India's central government has announced a sixth auction (SECI IV) to award 2.5 GW of capacity.** The Indian government is also considering an Offshore target of 30 GW for 2030, with the first 1 GW open for proposals.
- **China has decided to introduce an auction system** to replace the current tariff mechanism **for large-scale wind projects.**

All these factors support the long-term potential and also **demand in the short term (2018-2025), in which there is a prospect of single-digit growth in Onshore and double-digit growth in Offshore**. In the Offshore market, wind's growing competitiveness is opening up new markets in America and Asia, to be accompanied by demand from northern Europe countries, particularly from 2020 onwards. Notable in this connection is the recent increase in Taiwan's commitment, to 5.5 GW by 2025, and commitments from a number of US states (Massachusetts, New York, New Jersey, and Maryland) to reach a total of 11 GW by 2030-2035.




1. Source 2017 GWEC; Source 2018-25: MAKE Q2 18 Outlook

In order to achieve the competitiveness required by the new renewable energy model and sustain the long-term growth potential, wind turbine manufacturers must improve both their product portfolio and their cost structures in order to enhance the cost of energy. With this objective, Siemens Gamesa Renewable Energy implemented its L3AD2020 programme that seeks €2 billion in productivity improvements and synergies while simplifying and enhancing the product portfolio. This strategy frames the product decisions taken in the first quarter of FY 18 (one segment, one technology).

## GUIDANCE FOR 2018

In the near term, the company is experiencing considerable price pressure, which is reflected in its guidance for 2018, as set out in the following table.

| €m | 9M 18 | FY 2018E | |
|---|---|---|---|
| Revenues (€m) | 6,504 | 9,000-9,600 | ✓ |
| EBIT margin pre PPA,I&R (%) | 7.4% | 7% to 8% | ✓ |
| Working capital to LTM sales (%) | 3.0% | -3% to +3% | ✓ |
| CAPEX (€m) | 258 | 500 | ✓ |

**Performance in the third quarter and in the first nine months is in line with that guidance for the year**, with a larger volume of activity projected for the fourth quarter, as well as a positive impact expected from the productivity improvement programme starting from mid-year. Synergies achieved in 2018 are expected to amount to 1.5% of projected revenues. Moreover, the order backlog at end-June had attained the mid-point of the sales guidance.

The impact of PPA during the year is estimated at €321 million (€239 million in the first nine months) while restructuring and integration expenses will amount to €160 million (€100 million in the first nine months).

This guidance does not include charges for litigation or regulatory issues.

**Finally, geopolitical and trade tensions rose** in the third quarter following the introduction of protectionist measures in some of the main markets where the company operates, such as the United States. These measures are having a clear impact not just on the price of steel, the main raw material used to produce wind turbine components, but also on some components directly, depending on their origin. **Siemens Gamesa Renewable Energy is monitoring the situation and analyzing the impact on product costs and on supply chain decisions with a view to FY 19.**

## CONCLUSIONS

**Siemens Gamesa Renewable Energy came into being ready to address the challenges and seize the opportunities that the wind business offers in the short, medium and long term, so as to create value for all stakeholders. In a changing environment with increasingly demanding wind markets, the merger's strategic rationale is even more convincing. Global scale and reach have become essential in order to compete profitably. Meanwhile, the combined company's diversification and balance and its leading position in emerging markets and Offshore provide the group with resilience and growth potential above the market average.**

Following its registration on 3rd of April 2017, Siemens Gamesa Renewable Energy is advancing towards the end of its first full fiscal year, the first nine months of which registered strong commercial performance in all business units, bringing the backlog up to a record 23,226 MW, after signing 3,292 MW in new orders in the quarter (1.5 times sales in the quarter). This backlog not only covers 100% of the mid-point of the company's sales guidance for the year (€9 - €9.6 billion) but also enhances the visibility of future sales. The backlog expanded in all the company's business units.

In addition to sound commercial performance, Siemens Gamesa Renewable Energy ended the third quarter and the first nine months of FY 18 with financial performance in line with the 2018 guidance, within seasonal fluctuations that point to a higher level of activity in the fourth quarter of the year. Revenues in the quarter amounted to €2,135 million, while EBIT before PPA and restructuring and integration costs amounted to €156 million, i.e. a 7.3% EBIT margin, affected by lower Offshore WTG volumes and falling Onshore WTG prices. The company ended the period with a net debt position of €154 million and €265 million in working capital (3.0% of LTM revenues). Those working capital and net debt figures are the result of seasonal fluctuations in projects, particularly Offshore, with higher activity and billing milestones in the last quarter when net cash flow is expected to be positive again.

## ANNEX

### Financial statements October 2017-June2018
### Siemens Gamesa Renewable Energy – Consolidated

| Profit and Loss Account | |
|---|---|
| EUR in Million | October 2017-<br>June 2018 |
| Revenue | 6,504 |
| Cost of sales | -5,853 |
| **Gross Profit** | **651** |
| Research and development expenses | -131 |
| Selling and general administrative expenses | -390 |
| Other operating income | 17 |
| Other operating expenses | -9 |
| Results of companies accounted for using the equity method | 2 |
| Interest income | 10 |
| Interest expense | -42 |
| Other financial income (expense), net | -4 |
| **Income from continuing operations before income taxes** | **103** |
| Income tax expenses | -59 |
| **Income from continuing operations** | **44** |
| Income from discontinued operations, net of income taxes | |
| Non-controlling interests | -1 |
| **Net income to Siemens Gamesa Renewable Energy shareholders** | **45** |

| Balance sheet | | |
|---|---|---|
| **EUR in Million** | **30/09/2017*** | **30/06/2018** |
| **Assets:** | | |
| Cash and cash equivalents | 1,659 | 1,455 |
| Trade and other receivables | 1,081 | 1,124 |
| Other current financial assets | 176 | 158 |
| Trade receivables from related companies | 62 | 34 |
| Contract Assets | 1,241 | 1,311 |
| Inventories | 2,096 | 1,700 |
| Current income tax assets | 188 | 168 |
| Other current assets | 342 | 404 |
| **Total current assets** | **6,845** | **6,353** |
| Goodwill | 4,689 | 4,641 |
| Other intangible assets | 2,259 | 2,068 |
| Property, plant and equipment | 1,520 | 1,472 |
| Investments accounting for using the equity method | 74 | 74 |
| Other financial assets | 246 | 259 |
| Deferred tax assets | 580 | 330 |
| Other assets | 109 | 104 |
| **Total non-current assets** | **9,477** | **8,948** |
| **Total assets** | **16,322** | **15,302** |
| **Liabilities and equity:** | | |
| Short-term debt and current maturities of long-term debt | 797 | 1,471 |
| Trade payables | 2,265 | 1,962 |
| Other current financial liabilities | 96 | 102 |
| Trade payables to related companies | 364 | 77 |
| Contract Liabilities | 1,717 | 1,570 |
| Current provisions | 797 | 687 |
| Current income tax liabilities | 154 | 180 |
| Other current liabilities | 696 | 697 |
| **Total current liabilities** | **6,886** | **6,746** |
| Long-term debt | 485 | 138 |
| Provisions for pensions and similar obligations | 13 | 12 |
| Deferred tax liabilities | 684 | 383 |
| Non-current provisions | 1,951 | 1,800 |
| Other financial liabilities | 201 | 168 |
| Other liabilities | 17 | 27 |
| **Total non-current liabilities** | **3,351** | **2,528** |
| Issued capital | 116 | 116 |
| Capital reserve | 5,932 | 5,932 |
| Retained earnings and other components of equity | 34 | -22 |
| Non-controlling interest | 3 | 2 |
| **Total Equity** | **6,085** | **6,028** |
| **Total Liabilities & Equity** | **16,322** | **15,302** |

*) Comparable for IFRS15 and Opening Balance Sheet (PPA adjustments)

| Cash flow Statement | |
|---|---|
| **EUR in Million** | **April-June 2018** |
| Net Income before taxes | 37 |
| Amortization + PPA | 143 |
| Other P&L | -5 |
| Working Capital variation | 1 |
| Charge of provisions | 69 |
| Provision used | -123 |
| Adwen provision usage | -43 |
| Tax payments | -27 |
| CAPEX | -92 |
| Others | -2 |
| **Cash flow for the period** | **-42** |
| | |
| Beginning cash / (net financial debt) | -112 |
| Ending cash / (net financial debt) | -154 |
| **Variation in net financing cash flow** | **-42** |

**Annex**

**Alternative Performance Measures**

Siemens Gamesa Renewable Energy (“SGRE”) financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APM). The APM are considered to be "adjusted" magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE’s Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE´s financial disclosures that cannot be directly reconciled with them are as follows:

1. **Net financial debt (NFD)**

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings less cash and cash equivalents.

Net Financial Debt is the main APM used by Siemens Gamesa Renewable Energy’s management to measure the Group's indebtedness and leverage.

| | Million EUR | | | | | |
|---|---|---|---|---|---|---|
| **Financial Statements line item** | **30.09.2017 (Reported Q4 17)** | **30.09.2017 (Reported Q1 18)** | **30.09.2017 (Reported Q2 18)** | **30.09.2017 (compara-ble)*** | **31.12.2017 (Reported Q1 18)** | **31.12.2017 (Reported Q2 18)** |
| Cash and cash equivalents | 1,659 | 1,659 | 1,659 | **1,659** | 1,878 | 1,878 |
| Short-term debt | (797) | (797) | (797) | **(797)** | (1,082) | (1,082) |
| Long-term debt | (485) | (485) | (485) | **(485)** | (455) | (455) |
| **Cash/(Net Financial Debt)** | **377** | **377** | **377** | **377** | **341** | **341** |

| | Million EUR | | | |
|---|---|---|---|---|
| **Financial Statements line item** | **31.12.2017 (comparable)*** | **31.03.2018 (Reported Q2 18)** | **31.03.2018 (Comparable)*** | **30.06.2018** |
| Cash and cash equivalents | **1,878** | 1,504 | **1,504** | **1,455** |
| Short-term debt | **(1,082)** | (1,172) | **(1,172)** | **(1,471)** |
| Long-term debt | **(455)** | (445) | **(445)** | **(138)** |
| **Cash/(Net Financial Debt)** | **341** | **(112)** | **(112)** | **(154)** |

*) Comparable for IFRS15 and Opening Balance Sheet (PPA).

## 2. Working capital (WC)

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.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

| Million EUR | | | | | | |
|---|---|---|---|---|---|---|
| **Financial Statements line item** | **30.09.2017 (Reported Q4 17)** | **30.09.2017 (Reported Q1 18)** | **30.09.2017 (Reported Q2 18)** | **30.09.2017 (Compara-ble)*** | **31.12.2017 (Reported Q1 18)** | **31.12.2017 (Reported Q2 18)** |
| Trade and other receivables | 1,081 | 1,081 | 1,081 | *1,081* | 1,122 | 1,122 |
| Trade receivables from related companies | 62 | 62 | 62 | *62* | 50 | 50 |
| Contract Assets | - | 1,243 | 1,241 | *1,241* | 1,081 | 1,079 |
| Inventories | 3,455 | 2,102 | 2.096 | *2.096* | 1.999 | 1.993 |
| Other current assets | 341 | 342 | 342 | *342* | 397 | 397 |
| Trade payables | (2,232) | (2,232) | (2,265) | *(2,265)* | (1,792) | (1,825) |
| Trade payables to related companies | (364) | (364) | (364) | *(364)* | (379) | (379) |
| Contract Liabilities | - | (1,742) | (1,745) | *(1,717)* | (1,898) | (1,901) |
| Other current liabilities | (2,645) | (696) | (696) | *(696)* | (722) | (722) |
| **Working Capital** | **(300)** | **(203)** | **(248)** | **(220)** | **(141)** | **(185)** |

| Million EUR | | | | |
|---|---|---|---|---|
| **Financial Statements line item** | **31.12.2017 (comparable)*** | **31.03.2018 (Reported Q2 18)** | **31.03.2018 (Comparable)*** | **30.06.2018** |
| Trade and other receivables | **1,122** | 1,050 | 1,050 | **1,124** |
| Trade receivables from related companies | **50** | 41 | 41 | **34** |
| Contract Assets | **1,079** | 1,148 | 1,148 | **1,311** |
| Inventories | **1,993** | 1,805 | 1.805 | **1,700** |
| Other current assets | **397** | 404 | 404 | **404** |
| Trade payables | **(1,825)** | (1,807) | (1,807) | **(1,962)** |
| Trade payables to related companies | **(379)** | (71) | (71) | **(77)** |
| Contract Liabilities | **(1,873)** | (1,599) | (1,571) | **(1,570)** |
| Other current liabilities | **(722)** | (708) | (708) | **(697)** |
| **Working Capital** | **(157)** | **263** | **291** | **265** |

*) comparable for IFRS15 and Opening Balance Sheet (PPA). The table above reflects the effect of an amendment to the accounting for the Business Combination (PPA) during Q3 18: a decrease in line item “Contract Liabilities” of €28m and an increase in line items “Current Provisions” and “Non-current Provisions” in total amount of €145m with the corresponding

increase in "Goodwill" in amount of €117m. The effects of changes due to the accounting of the Business Combination in previous quarters are further disclosed in previously published financial information.

**The ratio of working capital to revenue** is calculated as working capital at any given date divided by the revenue in the twelve months prior to that date.

## 3. Capital Expenditure (CAPEX)

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). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of the merger transaction of Siemens Wind Power and Gamesa (the business combination).

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| | Q1 17 (Pro-forma) | | | |
|---|---|---|---|---|
| **Million EUR** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Additions to intangible assets | (2) | (20) | (19) | (42) |
| Additions to Property, Plant and Equipment | (62) | (43) | (15) | (120) |
| **CAPEX** | **(65)** | **(64)** | **(34)** | **(162)** |

| | Q2 17 (Pro-forma) | | | |
|---|---|---|---|---|
| **Million EUR** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Additions to intangible assets | (3) | (18) | (8) | (29) |
| Additions to Property, Plant and Equipment | (112) | (18) | (5) | (134) |
| **CAPEX** | **(115)** | **(35)** | **(13)** | **(163)** |

| **Million EUR** | **Q3 18** |
|---|---|
| Additions to intangible assets | (28) |
| Additions to Property, Plant and Equipment | (64) |
| **CAPEX** | **(92)** |

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## 4. Definitions of Cash Flow

**Gross operating cash flow**: amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (CAPEX). 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 amortisation, and provision charges) and income from equity-accounted affiliates.

**Net operating cash flow:** the result of deducting change in working capital (working capital as defined in item 2) from gross operating cash flow. SGRE includes the cash impact of other provisions and other non-operating items under operating cash flow.

**Free cash flow:** obtained by deducting capital expenditure (CAPEX) from net operating cash flow. 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.

**Cash flow** is calculated as the variation in Net Financial Debt (NFD) for the corresponding periods (defined in item 1)

## 5. Average Selling Price in Order Entry (ASP - Order Intake)

Average monetary order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by a number of factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

| Million EUR | Q3 17 | Q4 17 | Q1 18* | Q2 18 | Q3 18* |
|---|---|---|---|---|---|
| Order Intake Onshore Wind (million EUR) | 680 | 1,498 | 1,600 | 1,834 | 1,166 |
| Order Intake Onshore Wind (MW) | 693 | 2,167 | 2,208 | 2,464 | 1,660 |
| **ASP Order Intake Wind Onshore** | **0.98** | **0.69** | **0.72** | **0.74** | **0.70** |

* Order intake WTG ON includes only wind orders. No solar orders included. Solar orders amounted to €88m in Q1 18 and €9m in Q3 18.

## 6. Order Intake, Revenues and EBIT

**Order Intake (in EUR) LTM (Last Twelve Months):** this APM is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

| Million EUR | Q4 17 | Q1 18 | Q2 18 | Q3 18 | LTM Jun 18 |
|---|---|---|---|---|---|
| Group | 2,791 | 2,912 | 3,043 | 3,292 | 12,038 |
| Of which WTG ON | 1,498 | 1,688 | 1,834 | 1,175 | 6,195 |

| Million EUR | Q4 16 (Pro-forma) | Q1 17 (Pro-forma) | Q2 17 (Pro-forma) | Q3 17 | LTM Jun 17 |
|---|---|---|---|---|---|
| Group | 2,317 | 2,715 | 4,013 | 1,398 | 10,443 |
| Of which WTG ON | 1,647 | 1,491 | 1,460 | 680 | 5,278 |

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The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follows:

| **Group (Millon EUR)** | **Q4 16 Pro-forma** | **Q1 17 Pro-forma** | **Q217 Pro-forma** |
|---|---|---|---|
| Siemens Wind Power | 1,204 | 1,435 | 3,142 |
| Gamesa | 1,113 | 1,279 | 872 |
| Adwen | - | - | - |
| **Grupo** | **2,317** | **2,715** | **4,013** |

| **WTG ON (Millon EUR)** | **Q416 Pro-forma** | **Q1 17 Pro-forma** | **Q2 17 Pro-forma** |
|---|---|---|---|
| Siemens Wind Power | 753 | 439 | 758 |
| Gamesa | 894 | 1,052 | 702 |
| Adwen | - | - | - |
| **AEG ON** | **1,647** | **1,491** | **1,460** |

**Order Intake (in MW) LTM (Last Twelve Months):** this APM is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

| **MW** | **Q4 17** | **Q1 18** | **Q2 18** | **Q3 18** | **LTM Jun 18** |
|---|---|---|---|---|---|
| Onshore | 2,167 | 2,208 | 2,464 | 1,660 | 8,498 |

| **MW** | **Q4 17** | **Q4 17** | **Q1 18** | **Q2 17** | **LTM Mar 18** |
|---|---|---|---|---|---|
| Onshore | 693 | 2.167 | 2,208 | 2,464 | 7,532 |

| **MW** | **Q4 16 (Pro-forma)** | **Q1 17 (Pro-forma)** | **Q2 17 (Pro-forma)** | **Q3 17** | **LTM Jun 17** |
|---|---|---|---|---|---|
| Onshore | 2,063 | 1,862 | 1,599 | 693 | 6,218 |

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| | **Q4 16 (Pro-forma)** | | | |
|---|---|---|---|---|
| **MW** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Onshore | 973 | 1,090 | - | 2,063 |

| | **Q1 17 (Pro-forma)** | | | |
|---|---|---|---|---|
| **MW** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Onshore | 475 | 1,386 | - | 1,862 |

| | **Q2 17 (Pro-forma)** | | | |
|---|---|---|---|---|
| **MW** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Onshore | 772 | 827 | - | 1,599 |

**Revenue LTM (Last Twelve Months):** this APM is calculated by aggregation of the quarterly revenues for the last four quarters.

| Million EUR | Q4 17 | Q1 18 | Q2 18 | Q3 18 | LTM Jun 18 |
|---|---|---|---|---|---|
| WTG | 2,008 | 1,840 | 1,973 | 1,827 | 7,647 |
| Service | 321 | 287 | 268 | 308 | 1,185 |
| **TOTAL** | **2,329** | **2,127** | **2,242** | **2,135** | **8,833** |

| Million EUR | Q3 17 | Q4 17 | Q1 18 | Q2 18 | LTM Mar 18 |
|---|---|---|---|---|---|
| WTG | 2,393 | 2,008 | 1,840 | 1,973 | 8,214 |
| Service | 300 | 321 | 287 | 268 | 1,177 |
| **TOTAL** | **2,693** | **2,329** | **2,127** | **2,242** | **9,390** |

| Million EUR | Pro-forma Q2 17 | Q3 17 | Q4 17 | Q1 18 | LTM Dec 17 |
|---|---|---|---|---|---|
| WTG | 2,891 | 2,393 | 2,008 | 1,840 | 9,131 |
| Service | 287 | 300 | 321 | 287 | 1,196 |
| **TOTAL** | **3,178** | **2,693** | **2,329** | **2,127** | **10,327** |

| Million EUR | Pro-forma Q1 17 | Pro-forma Q2 17 | Q3 17 | Q4 17 | LTM Sep 17 |
|---|---|---|---|---|---|
| WTG | 2,475 | 2,891 | 2,393 | 2,008 | 9,766 |
| Service | 289 | 287 | 300 | 321 | 1.198 |
| **TOTAL** | **2,764** | **3,178** | **2,693** | **2,329** | **10,964** |

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| Million EUR | Q1 17 (Pro-forma) | | | | Q2 17 (Pro-forma) | | | |
|---|---|---|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | SGRE Pro-forma | Siemens Wind Power | Gamesa | Adwen | SGRE Pro-forma |
| WTG | 1,223 | 1,145 | 107 | 2,475 | 1,363 | 1,412 | 116 | 2,891 |
| Service | 161 | 128 | | 289 | 153 | 134 | | 287 |
| **TOTAL** | **1,384** | **1,273** | **107** | **2,764** | **1,516** | **1,546** | **116** | **3,178** |

**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 (Earnings Before Interest and Taxes) pre-PPA and integration & restructuring costs:** 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).

| Million EUR | | |
|---|---|---|
| | **Q3 17** | **Q3 18** |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 39 | 37 |
| (-) Income from investments acc. for using the equity method, net | 0 | (1) |
| (-) Interest income | (7) | (6) |
| (-) Interest expenses | 15 | 13 |
| (-) Other financial income (expenses), net | 3 | 7 |
| **EBIT** | **50** | **50** |
| (-) Integration and Restructuring costs | 36 | 25 |
| (-) PPA impact | 124 | 82 |
| **EBIT pre-PPA and integration & restructuring costs** | **211** | **156** |

| Million EUR | | |
|---|---|---|
| | **9M 17 (Pro-forma)** | **9M 18** |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 586 | 103 |
| (-) Income from investments acc. for using the equity method, net | 14 | (2) |
| (-) Interest income | (22) | (10) |
| (-) Interest expenses | 41 | 42 |
| (-) Other financial income (expenses), net | 5 | 4 |
| **EBIT** | **625** | **138** |
| (-) Integration and Restructuring costs | 44 | 100 |
| (-) PPA impact | 124 | 239 |
| **EBIT pre-PPA and integration & restructuring costs** | **793** | **478** |

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| Million EUR | Q1 17 (Pro Forma) | | | | |
|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | Pro forma adjustments | SGRE proforma |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 110 | 141 | (14) | 33 | 270 |
| (-) Income from. investments acc. for using the equity method, net | 4 | (11) | - | - | (7) |
| (-) Interest income | 1 | (7) | (1) | - | (7) |
| (-) Interest expenses | 1 | 10 | 3 | - | 13 |
| (-) Other financial income (expenses), net | (6) | 4 | 0 | - | (1) |
| **EBIT** | **109** | **137** | **(11)** | **33** | **269** |
| (-) Integration and restructuring costs | - | - | - | - | - |
| (-) PPA impact | - | - | - | - | - |
| **EBIT pre-PPA and integration & restructuring costs** | **109** | **137** | **(11)** | **33** | **269** |

| Million EUR | Q2 17 (Pro Forma) | | | | |
|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | Pro forma adjustments | SGRE proforma |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 145 | 149 | (18) | - | 276 |
| (-) Income from. investments acc. for using the equity method, net | - | 20 | - | - | 21 |
| (-) Interest income | 1 | (10) | (0) | - | (9) |
| (-) Interest expenses | 0 | 11 | 2 | - | 13 |
| (-) Other financial income (expenses), net | (0) | 3 | 0 | - | 3 |
| **EBIT** | **146** | **173** | **(16)** | **-** | **305** |
| (-) Integration and restructuring costs | - | 8 | - | - | 8 |
| (-) PPA impact | - | - | - | - | - |
| **EBIT pre-PPA and integration & restructuring costs** | **146** | **181** | **(16)** | **-** | **313** |

**EBIT margin**: ratio of EBIT to Revenue in the period (i.e. revenue in the consolidated profit and loss account).

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):** It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

| Million EUR | Q2 17 | Q3 18 |
|---|---|---|
| EBIT | 50 | 50 |
| Amortization, depreciation and impairment of intangible assets and PP&E | 190 | 143 |
| **EBITDA** | **240** | **193** |

**EBITDA LTM (Last Twelve Months):** this APM is calculated by aggregation of the quarterly EBITDA for the last four quarters.

| Million EUR | Q4 17 | Q1 18 | Q2 18 | Q3 18 | LTM Jun 18 |
|---|---|---|---|---|---|
| EBIT | (197) | 35 | 54 | 50 | (59) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 238 | 160 | 157 | 143 | 698 |
| **EBITDA** | **41** | **195** | **210** | **193** | **639** |

| Million EUR | Q3 17 | Q4 17 | Q1 18 | Q2 18 | LTM Mar 18 |
|---|---|---|---|---|---|
| EBIT | 50 | (197) | 35 | 54 | (58) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 190 | 238 | 160 | 157 | 745 |
| **EBITDA** | **240** | **41** | **195** | **210** | **687** |

| Million EUR | Pro-forma Q2 17 | Q3 17 | Q4 17 | Q1 18 | LTM Dec 17 |
|---|---|---|---|---|---|
| EBIT | 305 | 50 | (197) | 35 | 194 |
| Amortization, depreciation and impairment of intangible assets and PP&E | 88 | 190 | 238 | 160 | 675 |
| **EBITDA** | **393** | **240** | **41** | **195** | **869** |

| Million EUR | Pro-forma Q1 17 | Pro-forma Q2 17 | Q3 17 | Q4 17 | LTM Sep 17 |
|---|---|---|---|---|---|
| EBIT | 269 | 305 | 50 | (197) | 428 |
| Amortization, depreciation and impairment of intangible assets and PP&E | 80 | 88 | 190 | 238 | 596 |
| **EBITDA** | **350** | **393** | **240** | **41** | **1,023** |

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| Million EUR | Q1 17 (Pro-forma) | | | | |
|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | Pro-forma adjust. | SGRE Pro-forma |
| EBIT | 109 | 137 | (11) | 33 | 269 |
| Amortization, depreciation of intangible assets and pp&e | 38 | 33 | 7 | 2 | 80 |
| **EBITDA** | **147** | **171** | **(4)** | **35** | **350** |

| Million EUR | Q2 17 (Pro-forma) | | | | |
|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | Pro-forma adjust. | SGRE Pro-forma |
| EBIT | 146 | 173 | (16) | - | 305 |
| Amortization, depreciation of intangible assets and pp&e | 44 | 37 | 6 | - | 88 |
| **EBITDA** | **191** | **210** | **(10)** | **-** | **393** |

## 7. Net income and Net income per share (EPS)

**Net income**: consolidated profit for the year attributable to the parent company.

**Net income per share (EPS):** the result of dividing net profit by the average number of shares outstanding in the period (excluding treasury shares).

| | 9M 18 | Q3 18 | Q3 17 |
|---|---|---|---|
| Net Income (Million EUR) | 45 | 44 | 12 |
| Number of shares (units) | 679,489,013 | 679,503,717 | 670,313,877 |
| **Earnings Per Share (€/share)** | **0.07** | **0.07** | **0.02** |

## 8. Other indicators

**Revenue coverage:** the revenue coverage ratio expresses the degree of achieving the sales volume targets set by the company for a given year. It is calculated as the revenue booked until one period (including the activity/sale expected for the rest of the year) divided by the activity/sales guidance for that year.

| Million EUR | 06.30.2018 |
|---|---|
| Actual revenue 9M FY18 (1) | 6,504 |
| Order Backlog for delivery in 4Q FY18 (2) | 2,770 |
| Average revenue guidance (3)* | 9,300 |
| **Revenue Coverage ((1+2)/3)** | **100%** |

*Note: 2018 revenue guidance range of €9.0bn to €9.6bn. As a result, average revenue guidance is €9.3bn

**Book-to-bill:** ratio of 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.

| | Pro-Forma | | | | | | |
|---|---|---|---|---|---|---|---|
| **Million EUR** | **Q1 17** | **Q2 17** | **Q3 17** | **Q4 17** | **Q1 18** | **Q2 18** | **Q3 18** |
| Order Intake | 2,715 | 4,013 | 1,398 | 2,791 | 2,912 | 3,043 | 3,292 |
| Revenues | 2,764 | 3,178 | 2,693 | 2,329 | 2,127 | 2,242 | 2,135 |
| **Book to bill** | **1.0** | **1.3** | **0.5** | **1.2** | **1.4** | **1.4** | **1.5** |

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation follow:

| | Q1 17 (Pro-forma) | | | |
|---|---|---|---|---|
| **Million EUR** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Order Intake | 1,435 | 1,279 | - | 2,715 |
| Revenue | 1,384 | 1,273 | 107 | 2,764 |
| **Book to bill** | **1.0** | **1.0** | **0.0** | **1.0** |

| | Q2 17 (Pro-forma) | | | |
|---|---|---|---|---|
| **Million EUR** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Order Intake | 3,142 | 872 | - | 4,013 |
| Revenue | 1,516 | 1,546 | 116 | 3,178 |
| **Book to bill** | **2.1** | **0.6** | **0.0** | **1.3** |

**Book-to-Bill LTM (Last Twelve Months):** this APM is calculated by aggregation of the quarterly Revenues and Order Intakes for the last four quarters.

| **Million EUR** | **Q4 17** | **Q1 18** | **Q2 18** | **Q3 18** | **LTM Jun 18** |
|---|---|---|---|---|---|
| Order Intake | 2,791 | 2,912 | 3,043 | 3,292 | 12,038 |
| Revenue | 2,329 | 2,127 | 2,242 | 2,135 | 8,833 |
| **Book to bill** | **1.2** | **1.4** | **1.4** | **1.5** | **1.4** |

| **Million EUR** | **4Q 16** | **Q1 17** | **Q2 17** | **Q3 17** | **LTM Jun 17** |
|---|---|---|---|---|---|
| Order Intake | 2,317 | 2,715 | 4,013 | 1,398 | 10,443 |
| Revenue | 2,827 | 2,764 | 3,178 | 2,693 | 11,462 |
| **Book to bill** | **0.8** | **1.0** | **1.3** | **0.5** | **0.9** |

**Reinvestment Rate:** ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value).

| Million EUR | Pro-Forma 9M 17 | 9M 18 | Q4 17 |
|---|---|---|---|
| CAPEX (1) | 515 | 258 | 107 |
| Amortization, depreciation & impairments (a) | 358 | 460 | 238 |
| PPA Amortization on Intangibles (b) | 124 | 239 | 111 |
| Depreciation & Amortization (exc. PPA) (2=a-b) | 234 | 221 | 127 |
| **Reinvestment rate (1/2)** | **2.2** | **1.2** | **0.8** |

**Gross Profit:** it is calculated as revenues reduced by cost of sales.

| Million EUR | Q3 17 | Q3 18 |
|---|---|---|
| Gross Profit | 307 | 191 |
| PPA amortization on intangibles | 49 | 80 |
| Integration and Restructuring costs | - | 17 |
| **Gross Profit pre PPA, I&R costs** | **357** | **288** |

| Million EUR | 9M 17 Pro-forma | 9M 18 |
|---|---|---|
| Gross Profit | 1,206 | 651 |
| PPA amortization on intangibles | 49 | 166 |
| Integration and Restructuring costs | - | 68 |
| **Gross Profit pre PPA, I&R costs** | **1,255** | **884** |

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| Million EUR | Q1 17 (Pro forma) | | | | |
|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | Pro forma adjust. | SGRE proforma |
| Gross Profit | 228 | 182 | (10) | 33 | 433 |
| PPA amortization on intangibles | - | - | - | - | 0 |
| Integration and Restructuring costs | - | - | - | - | 0 |
| **Gross Profit pre PPA, I&R costs** | **228** | **182** | **(10)** | **33** | **433** |

| Million EUR | Q2 17 (Pro forma) | | | | |
|---|---|---|---|---|---|
| | Siemens Wind Power | Gamesa | Adwen | Pro forma adjust. | SGRE proforma |
| Gross Profit | 259 | 221 | (14) | - | 466 |
| PPA amortization on intangibles | - | - | - | - | 0 |
| Integration and Restructuring costs | - | - | - | - | 0 |
| **Gross Profit pre PPA, I&R costs** | **259** | **221** | **(14)** | **-** | **466** |

**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.

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

| | Q1 17 (Pro-forma) | | | |
|---|---|---|---|---|
| **MWe** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Onshore | 769 | 1,076 | - | 1,845 |

| | Q2 17 (Pro-forma) | | | |
|---|---|---|---|---|
| **MWe** | **Siemens Wind Power** | **Gamesa** | **Adwen** | **SGRE Pro-forma** |
| Onshore | 1,044 | 1,490 | - | 2,534 |

**Cost of energy (LCOE/COE):** the cost of converting a source of energy, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking account of all costs incurred during the asset's life cycle (including construction, finance, fuel, operation and maintenance, taxes and incentives), divided by the total output expected from the asset during its useful life.

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