Activity Report

First quarter FY 19

October-December 2018 Results

January 29, 2019

Contents

Introduction

As 2018 concluded, the energy market continued its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. In this context of rising demand and competitive pricing, Siemens Gamesa Renewable Energy[1] ended the first quarter of fiscal year 2019 (FY 19) having resumed growth in revenue (+6% y/y) and attained an EBIT margin pre PPA and integration and restructuring costs that was practically stable (6.1%) with respect to the first quarter of the previous year. Both variables were in line with the guidance presented for 2019, a year in which the volume of activity is projected to be high and, in the case of Onshore, back-end loaded.

The order book stood at €23,054m covering 92% of the revenue guidance for FY 19[2]. Order intake totalled €2,541m in the quarter, driven by commercial activity in Onshore; order intake in the last twelve months (LTM) is €11,501m.

Group revenue in Q1 19 amounted to €2,262m (+6% y/y) and EBIT pre PPA and integration and restructuring costs amounted to 138m (+4% y/y). Revenue growth was underpinned by strong performance in the Offshore and Service, offsetting the decline in Onshore activity, where growth will be concentrated in the latter part of this year. EBIT pre PPA and integration and restructuring costs reflects mainly the effect of declining prices in the order book at the beginning of the year and also cost inflation and the temporary decline in onshore activity volume, all of which was partly offset by improvements in productivity, synergies and fixed costs as a result of L3AD2020 transformation program. At 31 December 2018, the installed fleet totalled 91 GW, with 57 GW under maintenance.

The net cash position on the balance sheet at the end of the quarter was €165m, €176m less than at the end of the first quarter of 2018 and €450m less than at the beginning of this year. The change in the net cash position is the result of the increase in working capital to fund the significant increase in activity planned in FY 19. As a result, working capital increased by €130m y/y and by €515m with respect to 2018 year-end, resulting in a negative position in the amount of 27m (-0.3% of revenue). In the first quarter of FY 19, the company arranged Spain's first green guarantee line (€900m) reflecting the company's commitment to sustainability and to combating climate change.

In the product area, the SG 10.0MW-193 DD Offshore turbine was presented to the market. This new turbine, which will enter mass production in 2022, offers 30% more annual energy production (AEP) than its predecessor, the SG 8.0-167 DD.

Consolidated key figures Q1 19

- Revenue: €2,262m (+6% y/y)
- EBIT pre PPA and restructuring and integration costs[3]: €138m (+4% y/y)
- Net profit pre PPA and restructuring and integration costs[4]: €88m
- Net profit: €18m
- (Net financial debt–NFD)/Net cash[5]: €165m
- MWe sold: 2,129 MWe (+7% y/y)
- Order book: €23,054m (+8% y/y)
- Firm order intake: €2,541m (-13% y/y)
- Firm order intake in the last twelve months: €11,501m (+3% y/y)
- WTG order intake (MW): 2,382 (-14% y/y)
- Firm WTG order intake in the last twelve months: 10,832 MW (+25% y/y)
- Installed fleet: 90,634 MW
- Fleet under maintenance: 56,828MW.

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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 (Wind Turbine business) and provides operation and maintenance services (Service business).

2 Sales coverage: total firm orders (€) through December 2018 for activity in FY 19 (including the part executed in Q1 19) / the mid-point of the sales guidance published for FY 19 (€10,000m-€11,000m).

3 EBIT pre PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of 32m and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €66m.

4 Net profit pre PPA and integration and restructuring costs excludes €70m 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.

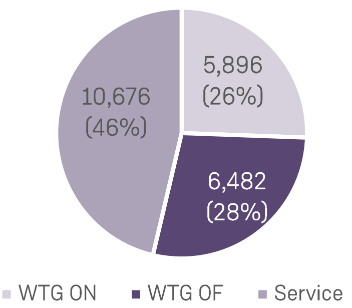
5 Cash / (Net financial debt) is defined as cash and cash equivalents less long-term plus short-term financial debt.

Markets and orders

In a market with rising demand, solid sales efforts continue to drive the company's performance. In the last twelve months, Siemens Gamesa has signed orders worth €11,501m (+3% y/y) and it ended the first quarter of FY 19 with an order book of €23,054m (+8% y/y), which represents 92%[6] of the mid-point of the sales guidance for FY 19.

Forty-six per cent of the order backlog (€10,676m) is in Service, which has higher returns and expanded by c.5% year-on-year. The WTG order book is split into €6,482m Offshore (-10% y/y) and €5,896m Onshore (+49% y/y).

Figure 1: Order backlog at Dec. 18 (€m)

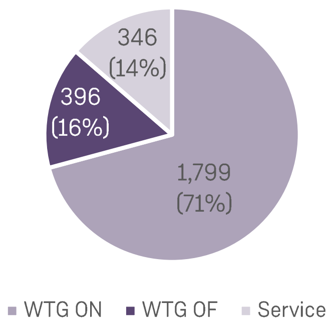


Order intake in the first quarter of FY 19 amounted to €2,541m, i.e. a book-to-bill ratio[7] of 1.1, supported by ongoing growth in Onshore orders (+7% y/y in the quarter to €1,799m).

Offshore commercial activity, with order intake amounting to €396m, reflects the normal volatility in this segment following the strong intake in the previous year. The order to supply 58 SG 8.0-167 DD turbines for the SeaMade offshore wind farm in Belgium is expected to be added to the order book in Q2 2019, along with a 17-year maintenance contract. SeaMade is a project combining the Mermaid (235 MW) and Seastar (252 MW) wind farms.

Commercial activity in Service is expected to pick up in the next quarters of this year.

Figure 2: Order intake Q1 19 (€m)



The recovery in Onshore commercial activity, which was the primary source of order book growth, is taking place in the context of growth in the wind market worldwide. This growth is based on the increasingly important role that renewable energies are playing in the transition to a new energy system, thanks to their competitiveness; specifically, it is attributable to the strength of the US market and the reactivation, since FY 2017, of major wind markets such as India, South Africa, Brazil and Spain.

Within this rising market, growth in order intake is underpinned by the company's sound competitive position, which has enabled it to capture €6,793m (9,124 MW) in firm orders in the last twelve months, equivalent to a book-to-bill ratio of 1.4 times revenue in the period. In the first quarter of FY 19 Onshore signed 1,799 M€ (2,370 MW), up 7% year-on-year.

[6] Sales coverage: total firm orders (€) through December 2018 for activity in FY 19 (including the part executed in Q1 19) / the mid-point of the sales guidance published for FY 19 (€10,000m-€11,000m).

[7] Book-to-Bill (MW or €): order intake (MW or €) divided by activity in (MWe or €, respectively). (applicable at the level of the group, business unit or activity segment).

Figure 3: Order intake (€m) WTG ON LTM (%)

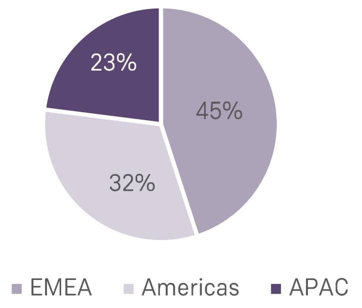
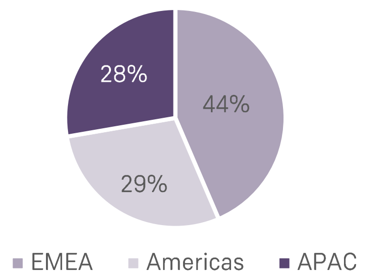


Figure 4: Order intake (€m) WTG ON Q1 19 (%)



Of the 27 countries that contributed new orders in the last twelve months, the most outstanding are the USA (23% of the total, in terms of MW) and India (17%), followed by Spain (13%) and Brazil (9%). Additionally, Mexico, Morocco and Russia made a significant contribution in Q1 19.

Table 1: Order intake WTG ON (MW)

Order intake WTG ON (MW)	LTM	Q1 19
Americas	3,377	750
US	2,097	295
Brazil	848	185
Mexico	379	270
EMEA	3,841	965
Spain	1,183	379
APAC	1,906	654
India	1,556	583
Total (MW)	9,124	2,370

In the context of commercial activity in the first quarter of FY 19, a second contract was signed in Russia, for 200 MW, following the first contract in that country in Q4 18. The contract, with Enel, is for the supply of 57 units of the 3.X platform for the Kola wind farm. Another contract was signed with Enel in the quarter to supply 60 SG 4.5-145 units, with flexible capacity of 4.2 MW, for the Amistad III and Amistad IV wind farms in Mexico. Those projects, which Enel obtained at auction in 2017, represent the first order for the new generation of onshore wind turbines over 4 MW. The SG 4.5-145 model offers flexible capacity between 4.2 and 4.8 MW depending on site conditions, and has a rotor diameter of 145 metres. Its design is optimised for average wind sites and it maximises energy production while producing low levels of noise. The company also signed a large order of 567 MW for two projects in India with ReNew Power, the country's largest independent renewable generator. The order is to supply two EPC contracts in the states of Gujarat (267 MW) and Karnataka (300 MW).

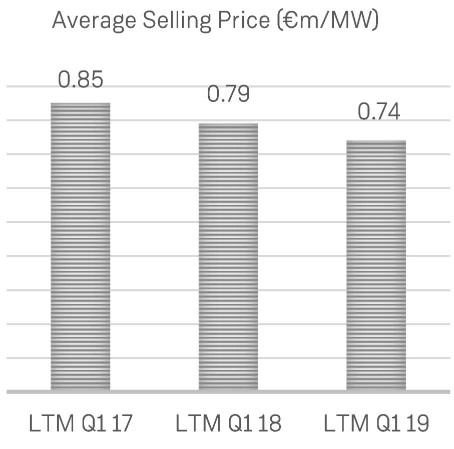
Table 2: Order Intake (€m)

Order Intake (€m)	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
WTG	2,313	2,367	2,704	2,093	2,195
Onshore	1,688	1,834	1,175	1,985	1,799
Offshore	625	533	1,529	108	396
Service	599	676	588	531	346
Total Group	2,912	3,043	3,292	2,625	2.541

The transition to affordable, reliable and sustainable energy systems has resulted not only in greater demand for renewable facilities but also in a requirement for greater competitiveness in the supply chain: more productive wind turbines at better prices. The introduction of auctions as a mechanism for allocating renewable capacity or production in national electricity markets, pressure from alternative renewable sources to wind energy, and the competitive pressure among wind turbine manufacturers themselves are the main reasons for the reduction in prices.

The decline in prices, which became particularly evident after the first auctions in Mexico, India and Spain during 2016 and 2017, has gradually stabilised, since the beginning of 2018 and has continued to do so in Q1 19.

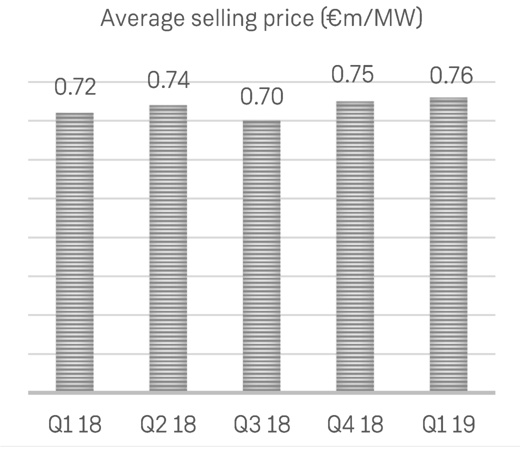
Figure 5: Average Selling Price (€m/MW)



Note: LTM Q1 17 and LTM Q1 18 data are proforma

Consequently, initial high-single-digit/low-double-digit price cuts have given way to low-single-digit cuts (<5%), i.e. comparable with the historical price trend associated with productivity improvements in the manufacturing process.

Figure 6: Average Selling Price (€m/MW)



Key financial performance metrics

The table below shows the main financial aggregates for the first quarter (October-December) of FY 18 and FY 19.

Table 3: Key financial performance metrics

€m	Q1 18	Q1 19	Var.
Group revenue	2,127	2,262	6%
WTG	1,840	1,904	3%
Service	287	358	25%
WTG volume (MWe)	1,997	2,129	7%
Onshore	1,651	1,520	-8%
Offshore	346	609	76%
EBIT pre PPA, I&R costs	133	138	4%
EBIT margin pre PPA, I&R costs	6.3%	6.1%	-0.2 p.p.
WTG EBIT margin pre PPA, I&R costs	3.8%	2.7%	-1.1 p.p.
Service EBIT margin pre PPA, I&R costs	22.2%	24.3%	2.1 p.p.
PPA amortization[1]	83	66	-20%
Integration & restructuring costs	15	32	117%
Reported EBIT	35	40	13%
Reported Net Income to SGRE shareholders	-35	18	NA
Net Income per share to SGRE shareholders[2]	-0.05	0.03	NA
CAPEX	83	81	-2
CAPEX to revenue (%)	3.9%	3.6%	-0.3 p.p.
Working capital	-157	-27	130
Working capital to LTM revenue (%)	-1.5%	-0.3%	1.2 p.p.
Net debt (Cash)	-341	-165	176
Net debt/EBITDA LTM	0.39	0.19	-0.20

1. PPA (Purchase Price Allocation) impact on the amortization of the fair value of intangibles.
2. Weighted average outstanding number of shares in the period used for the calculation of the net income per share: Q1 18: 679,478,444, Q1 19: 679,450,733

The group's financial performance in the first quarter was in line with the guidance for FY 19, in a year in which Onshore activity is planned to be strongly back-end loaded, concentrated in the fourth quarter.

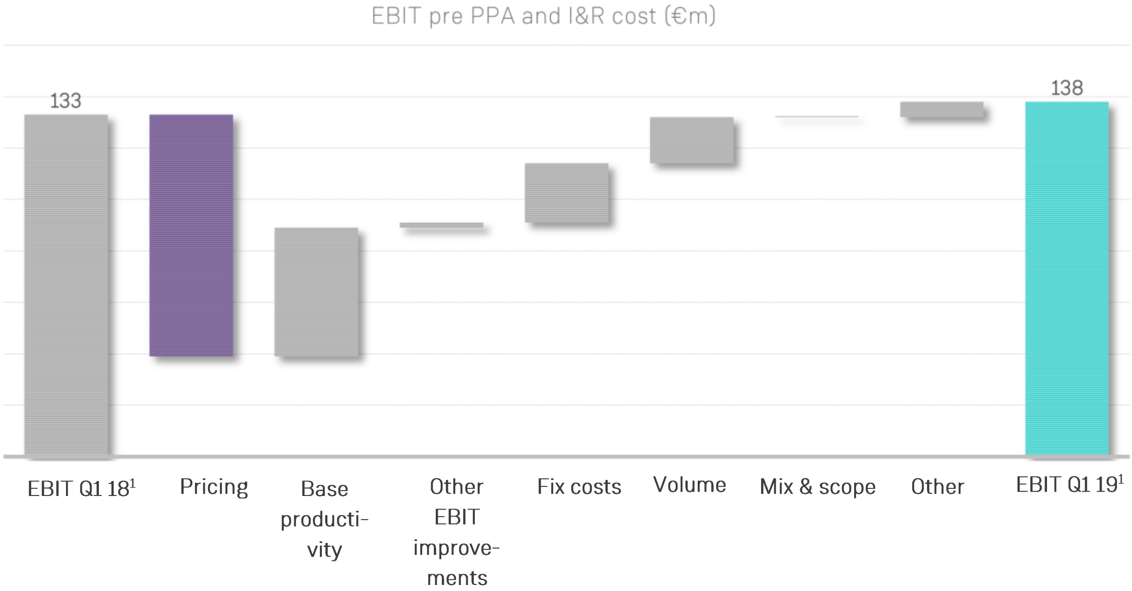
Group revenue amounted to €2,262m, 6% more than in the same period of the previous year. EBIT pre PPA and integration and restructuring costs increased by 4% year-on-year to €138m, i.e. an EBIT margin pre PPA and I&R costs of 6.1%, which was stable year-on-year.

The trend in EBIT pre PPA and group integration and restructuring costs reflects the impact of the following factors:

(-) The price cuts incorporated into the order book at the beginning of the year are still the main drag on group profitability, together with cost inflation.

(+) Improvements in productivity and fixed costs under the L3AD2020 program offset much, but not all, of the price cuts. The savings under the transformation module of the L3AD2020 program were accompanied by a positive impact from the high volume of revenue in Offshore and Service, which increased by 25% y/y in the first quarter. The volume impact was partially offset by the lower activity in Onshore, in line with the execution of projects planned for the year, with a strong focus on the second part of the year, especially the fourth quarter.

Figure 7: EBIT pre PPA and I&R cost (€m)



1. EBIT pre PPA and I&R costs.

Weak operating performance in Onshore in the first quarter was offset by strong performance by Offshore in WTG.

The impact of the PPA on amortization of intangible assets is €66m in the first quarter (€83m in Q1 18), while integration and restructuring expenses amounted to €32m in the same period (€15m).

Net financial expenses amounted to €14m in the first quarter (€13m in Q1 18), while the tax expense amounted to €8m (€56m in Q1 18). The tax expense in the first quarter of 2018 was affected by the tax reform in the USA, which resulted in an adjustment of tax credits with a negative impact of €36m (no cash effect).

As a result, the group ended the first quarter with net profit pre PPA and integration and restructuring costs amounting to €88m. Reported net profit, which includes the impact of amortization from the PPA and integration and restructuring expenses, both net of taxes, totaling €70m in the first quarter, amounted to €18m, contrasting with the loss of €35m reported in the first quarter of 2018. Net profit per share attributable to Siemens Gamesa shareholders is €0.03.

During the first quarter, the company prepared for the high level of activity planned for the year (15% average revenue growth) and for Onshore execution concentrated in the second half, particularly in the fourth quarter; working capital increased to -€27m at the end of the quarter, €130m more than at the end of the first quarter of 2018 and €515m more than at the end of September 2018. The increase in working capital was also due to the reduction in trade payables. Working capital amounted to -0.3% of revenue, i.e. 1.2 percentage points more than in the first quarter of 2018 and 5.6 percentage points more than at the end of September 2018.

Table 4: Working capital (€m)

Working capital (€m)	Q1 18	Q2 18	Q3 18	Q4 18[1]	Q1 19	Var. y/y
Trade receivables	1,172	1,091	1,158	1,139	1,135	-37
Inventories	1,993	1,805	1,700	1,499	1,925	-68
Contract assets	1,079	1,148	1,311	1,569	2,033	954
Other current assets	397	404	404	362	417	20
Trade payables	-2,204	-1,877	-2,040	-2,758	-2,557	-353
Contract liabilities	-1,873	-1,571	-1,570	-1,670	-2,340	-467
Other current assets	-722	-708	-697	-684	-641	81
Working capital	-157	291	265	-542	-27	130
Var. QoQ		448	-25	-808	515	
Working capital to LTM revenue	-1.5%	3.1%	3.0%	-5.9%	-0.3%	

1. Comparable after the application of IFRS9 starting October 1, 2018, affecting the Opening Balance Sheet of first quarter of FY19: the table above shows a decrease in line item "Trade and other receivables" of €3m and a decrease in line item "Contract assets" of €3m, with the corresponding effect in the group's Equity that decreases €4.6m (including tax effect).

Capital expenditure amounted to €81m in the quarter, in line with the same period of the previous year (€83m) and with the target for the year under the Business Plan 2018-2020. Investment was concentrated in developing new services, Onshore and Offshore platforms, tooling and equipment.

As a result of the trend in operating performance, working capital and capital expenditure, the net cash position on the balance sheet stood at €165m at 31 December 2018.

WTG

Table 5: WTG (€m)

€m	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Var y/y.
Revenue	1,840	1,973	1,827	2,207	1,904	3%
Onshore	1,197	1,277	1,052	1,349	1,103	-8%
Offshore	643	696	775	858	801	25%
Volume (MWe)	1,997	1,830	2,137	2,409	2,129	7%
Onshore	1,651	1,397	1,703	1,926	1,520	-8%
Offshore	346	432	434	483	609	76%
EBIT pre PPA, I&R costs	69	129	86	109	51	-27%
EBIT margin pre PPA, I&R costs	3.8%	6.5%	4.7%	4.9%	2.7%	-1.1 p.p.

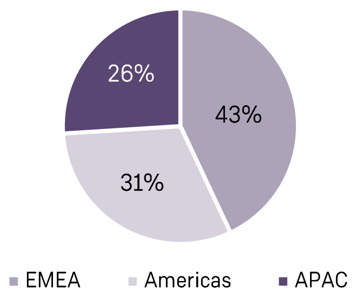
WTG division revenue amounted to €1,904m in the first quarter, 3% more than in the same period of 2018. Sales growth was driven by strong Offshore performance, where revenue increased by 25% y/y to €801m, offsetting the decline in Onshore revenue to €1,103m, 8% less than in the same period of 2018.

Strong Offshore revenue reflect the high volume of activity planned for the full year and also the strong progress with executing projects in the quarter, representing a total volume of 609 MWe (+76% y/y). The decline in sales volume in Onshore was due mainly to the fact that activity (MWe) is planned to be concentrated in the second half of the year, and particularly in the fourth quarter. The year-on-year comparison of Onshore revenue was also affected by the exceptionally strong sales in India in Q1 18: 446 MWe, equivalent to 41% of total sales (MWe) in

India in 2018. That volume was attributable to the reactivation of feed-in-tariff (FiT) projects obtained under the system that applied before the auctions in the state of Gujarat. In terms of MWe, Onshore sales fell by 8% y/y in the quarter.

During the first quarter of 2019, the US and Spain were the largest contributors to Onshore sales (MWe), accounting for 27% and 20%, respectively, while Mexico and India were the countries where sales fell the most, due in both cases to a change in project execution scheduling.

Figure 8: Sales volume (MWe) WTG ON Q1 19 (%)



EBIT pre PPA and integration and restructuring costs declined by 27% to €51m, equivalent to a 2.7% margin on revenue, i.e. 1.1 percentage points below the EBIT margin pre PPA in Q1 18. Once again, this reduction was driven mainly by lower Onshore prices, but was partly offset by the outcome of the transformation program L3AD2020. The negative impact of the lower volume of activity in Onshore was fully offset by strong Offshore activity.

Operation and Maintenance Services

Table 6: Operation and Maintenance (€m)

€m	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Var. y/y
Revenue	287	268	308	411	358	25%
EBIT pre PPA, I&R costs	64	60	70	106	87	36%
EBIT margin pre PPA, I&R costs	22.2%	22.3%	22.8%	25.8%	24.3%	2.1 p.p.
Fleet under service (MW)	55,446	55,454	56,670	56,725	56,828	2%

The Services business increased revenue by 25% with respect to Q1 18, to €358m. This growth was driven by the sale of value-added solutions in the first quarter. Excluding those sales, which were concentrated in the fourth quarter of the previous year, Services revenue increased by 10% y/y, driven by growth in maintenance contracts.

The fleet under maintenance totaled 56.8 GW, 2% more than in the first quarter of 2018. The offshore fleet with 10 GW under maintenance grows 15% y/y, whereas the onshore fleet under maintenance remained stable y/y with 47 GW. The fleet of third-party technologies under maintenance amounts to 2,561 MW at the end of the first quarter of 2018, in line with the fleet at end-September 2018.

Service EBIT pre PPA and integration and restructuring costs amounted to €87m, equivalent to an EBIT margin of 24.3%, 2 percentage points more than in Q1 18. The increase in the margin is attributable to productivity improvements under the L3AD2020 transformation module, which fully offset the pressure on prices. Sales growth also had a positive impact on EBIT pre PPA and integration and restructuring costs.

Outlook

Global long-term outlook

As 2018 concluded and 2019 began, the world energy market continued its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. This transition is not simple, nor is it guaranteed to achieve its objective without greater sustained efforts on the part of governments. As indicated in the UN report on the gap between the emission reduction targets and the actual achievements to date[8], governments must triple their efforts and introduce new measures on an urgent basis if they want to achieve their commitments.

The International Energy Agency (IEA) reaches similar conclusions in its last report[9]. The policies and commitments announced to date by the different countries and supra national organizations lead to an exchange of positions in the power generation mix between renewable sources (25% currently) and coal (40% currently) in 2040. In this scenario, accumulated wind capacity at the end of the period (2040) would amount to 1,700 GW[10], which represents a sustained level of average annual installations similar to 2017, i.e. 52 GW per year for more than 20 years. However, this is not enough to meet the goal of sustainable development that requires greater and faster deployment of renewable generation. A scenario compatible with sustainable growth, within which are included, among others, the commitments to combat climate change, would require to almost triple the weight of renewable sources in the generation mix, from the current 25% to two thirds of the capacity total or almost 70% in 2040. In this scenario, the wind fleet accumulated in 2040 would amount to 2,800 GW[11], 1,000 GW more than in the previous scenario, and the rate of annual installations would rise to an average of 100 GW per year during the next 20 years.

The results of the Bloomberg New Energy Finance report (BNEF) on the global energy outlook published in June 2018 (NEO 2018) also coincide. NEO 2018 foresees an energy transition whose conclusions are similar to the sustainable development scenario of the IEA, in which the competitiveness of renewable energies and the development of an increasingly competitive storage invert the current power mix, with renewables accounting for two-thirds of the power mix (the share currently accounted for by fossil fuels) in 2050. In this scenario, wind energy reaches an accumulated capacity of 2,700 GW in 2040, suggesting installations at an average pace of 90 GW per year over the next 20 years. In this same report, BNEF estimates that USD 11.5 trillion will be invested over the next 33 years, i.e. through 2050, in new power generation assets, and 73% of that (i.e. USD 8.4 trillion) will be in wind and solar facilities. The price of wind power will continue to fall: it will be 40% cheaper in 2030 and nearly 60% cheaper in 2050. Improved productivity in renewables will make it possible to double the capacity per dollar of investment by 2030, and practically quadruple it by 2050. In many countries, it is already cheaper to install wind farms than to build new gas- or coal-fired plants. This will probably be the case worldwide in 2030, and new plants will be increasingly efficient as time advances. Progress with competitive storage/battery systems will round out the potential of renewable sources and the transformation of markets to enable them to operate when there is no wind or sun. The cost of batteries has fallen by 79% since the beginning of the decade and it is expected to fall by another 67% by 2030.

[8] Emissions Gap Report 2018, November 2018.
[9] World Energy Outlook 2018, November 2018.
[10] Data source: BNEF comparison between NEO 2018 and WEO 2018.
[11] Data source: BNEF comparison between NEO 2018 and WEO 2018.

Figure 9: Wind installed base (GW)

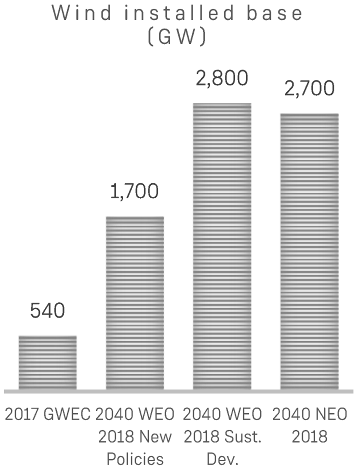
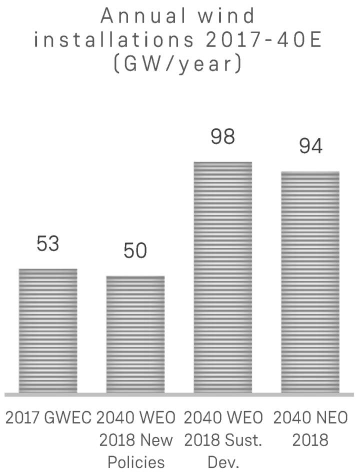


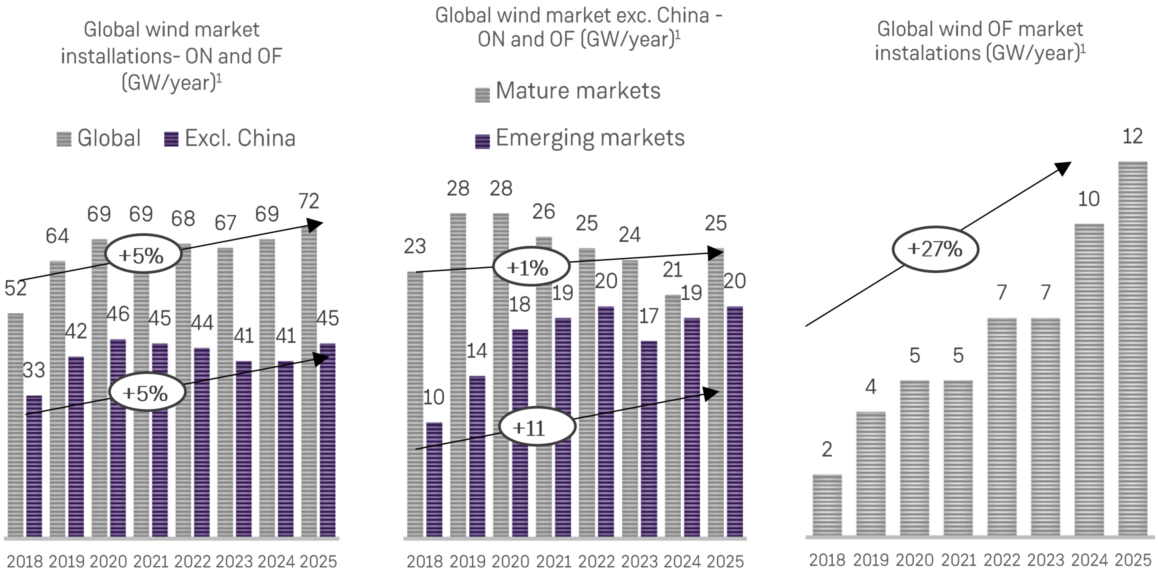
Figure 10: Annual wind installations 2017-40E (GW/year)



Quarterly update of short- and medium-term demand

The figures below show the medium-term installation projections (2018-2025).

Figure 11: Global Wind market installations (GW/year)



1. Source: Wood Mackenzie “Global update Q4 18”.

These projections continue to show solid demand, with a slight increase when compared to the previous forecasts made in Q3 18 (both by Wood Mackenzie). The slight increase in the expected installations pace (Q4 18 calendar year forecast vs Q3 18 calendar year forecast) is supported mainly by the Offshore market and, then, by mature Onshore markets such as Germany, Sweden or Australia, followed by Poland, Finland and Norway. These markets compensate for the lower visibility in certain developing markets such as Brazil.

- In Germany, the government has increased the capacity to be auctioned between 2019 and 2021 by 4 GW.
- In Australia, the increase in projections is due to the results of recent auctions, such as in Victoria (600 MW awarded), and the commitment to execute several large-scale projects.
- Sweden has made a final investment decision on several projects such as the second phase of Markbygden (600 MW).
- However, there is a reduction in visibility in Brazil due to the change in government, which has temporarily halted the planned auctions.

In Offshore, the USA, Japan and South Korea are the markets that contribute most to the increase in demand projections.

- Projected cost improvements in the US have resulted in an increase in Offshore targets in several states, such as NY, which has proposed to raise its goal from 2.4 GW by 2030 to 9 GW by 2035, and has brought other states on board: California, Delaware and Virginia are expected to hold auctions in the second half of the 2020s.
- In South Korea, the government has announced plans to hold a hybrid auction for 4 GW, of which 1 GW will be Offshore wind.

Beyond the installation pace, prices continue to stabilise quarter by quarter in the Onshore market, reflecting the stabilisation of auction prices, the market environment, US trade dynamics, cost inflation and the stressed margins in the supply chain. In the product front, the 3 MW+ turbines continue to gain market share.

Main Q1 19 events related to the Wind Energy market[12]

The following measures were adopted in the first quarter of fiscal 2019 in connection with government commitments and actions aligned with the transition towards a sustainable energy model.

COP 24

- The 196 countries that met in Katowice agreed on the operating manual that will be needed when the Paris Agreement comes into force in 2020.

European Commission

- It resolved to make the EU carbon neutral by 2050.

Germany

- It was decided to expand the Onshore auctions planned for 2019-2021 by 4 GW.
- The conditions of the wind auctions planned for 2019 were announced (3,800 MW, with a maximum price of €62 for a site with standard conditions), and the first, for 700 MW, was scheduled.
- The second hybrid auction was held and its results were announced: 200 MW of solar capacity at a maximum price of €52.7/MWh.
- The coalition government parties added a clause to the energy package approved by the parliament that suggests an increase in Offshore wind capacity from 15 GW to 20 GW in 2030.

[12] This section is not an exhaustive list of all measures related to government commitments and actions aligned with the energy transition towards a sustainable model.

Spain

- The draft Climate Change Act was presented, which envisages auctioning 3 GW of renewable capacity per year from 2020 to 2030 and the goal that renewable energy should account for 70% of total generation in 2030 and 100% in 2050.
- The draft proposal for remuneration of renewable projects between 2020 and 2025 was presented: 7.09% (vs. 7.4% in 2014-2019 for existing plants and 7.5% for new plants).

France

- The President of the Republic announced measures within the 10-year energy plan (to 2030) to increase the renewable contribution to 40% of all power generation in 2030 and reach zero emissions by 2050. Among these measures is the objective of tripling Onshore capacity by 2030 and holding four additional Offshore auctions.
- The auction for the Dunkirk wind farm in the English Channel (500 MW) has been announced, and the outcome is expected in the second half of 2019.

Turkey

- Official launch of 4 YEKA auctions, for 250 MW each, for Onshore wind projects.

Poland

- Publication of the partial results of the neutral auction (wind and solar), with an average price of €45.5/MWh.
- The draft regulation for the neutral auctions to be held in 2019, with a maximum price of €66/MWh and referring to 67.5 TWh of output, was published.
- The draft energy policy through 2040 was published, which targets 10 GW Offshore capacity in 2040.

US

- New York announced an auction for 800 MW offshore, and Rhode Island, one for 400 MW. The results of both auctions will be announced in the spring of 2019, while Massachusetts will auction three new offshore wind leases.

India

- The results of the first hybrid auction were published (1,200 MW, of which 840 MW were awarded at a price between 2.67 INR and 2.69 INR).
- Tamil Nadu announced an auction for 500 MW of wind capacity.
- SECI launched the sixth central auction for 1.2 GW of capacity with a maximum price of 2.85 INR/MWh.
- The central government announced it will auction 20 GW between now and 2020.

Taiwan

- The FiT for Offshore projects in 2019 has been cut by 12.7% to $166/MWh, from $190/MWh in 2018.

Argentina

- The third round of the RenovAr programme was presented officially: 400 MW of small-scale (up to 50 MW) wind or solar projects.

Brazil

- The A-4 auction concluded and 152 MW of wind and solar capacity were awarded.

Mexico

- The neutral long-term auction was postponed again, to February (it was initially scheduled for the fourth quarter of 2018).

2019 Guidance

The following table sets out the company's guidance for FY 2019.

€m	Q1 18	FY 18	Q1 19	FY 19 E
Sales (in €m)	2,127	9,122	2,262	10,000-11,000
EBIT margin pre PPA and I&R costs (in %)	6.3%	7.6%	6.1%	7% to 8.5%

In addition to specific targets for group revenues and the EBIT margin before PPA and integration and restructuring costs, the group maintains the commitments set out in the Business Plan for the other key figures, which are part of the financial framework established for 2018-2020.

Commercial performance in the first quarter enable the group to attain 92%[13] of the mid-point of its sales guidance, which enhances the visibility of the growth projections for the year. The EBIT margin before PPA and integration and restructuring costs, at 6.1% in the first quarter, was below the guidance range as a result of the pressure on prices (as expected) and of the planned low level of Onshore activity, which will recover gradually in the coming quarters. Financial performance is expected to improve steadily quarter-on-quarter, with stronger results in the second half.

The impact of the PPA on amortization of intangible assets was €66m in the first quarter (€250m projected for FY 2019), while restructuring costs amounted to €32m (€130m projected for FY 2019).

The dispersion of the guidance for the EBIT margin before PPA and integration and restructuring costs is due to:

- Adverse factors such as cost inflation and emerging market volatility.
- Progress with the transformation program and the speed with which productivity improvements and synergies are achieved in 2019.

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

[13] Revenue coverage: Total firm orders (€) received as of Dec. 18 for FY 19 activity – including the executed part in Q1 19/ by the average point of the revenue guidance communicated to the market for FY 19 range of €10,000m to €11,000m.

Conclusions

Siemens Gamesa Renewable Energy commenced fiscal year 2019 in an energy market that continued to transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. According to the International Energy Agency, fossil fuels and renewables will experience a reversal of their roles in the power generation mix. Policy statements and public commitments appear to guarantee an average volume of wind installations in the region of 50 MW per year until 2040. That volume will have to be nearly doubled if the zero emissions target is to be achieved.

In this context, solid commercial activity enabled the company to attain an order book at 31 December 2018 of €23,054m (+8% y/y) and reach 92%[14] of the mid-point of its sales guidance, i.e. 12 percentage points higher than at the beginning of the year, which lends security to the growth targets for the year. Order intake amounted to €11,501m in the last twelve months (+3% y/y) and to €2,541m in the quarter, supported in both cases by strong Onshore activity, where orders increased by 28% year-on-year in the last twelve months, to €6,793m, and by 7% y/y in the quarter, to €1,799m.

The company ended the quarter with €2,262m in revenues, up 6% on the year-ago quarter, and €138m in EBIT before PPA and integration and restructuring costs, equivalent to a 6.1% margin on revenues, which was stable in year-on-year terms. Group revenue growth was underpinned by strong performance in Offshore and Service, up 25% y/y, which offset the lower revenue in Onshore. The 8% y/y reduction in Onshore revenue is driven by a project execution planning with higher load in the second half of the year, particularly in the fourth quarter. The pricing dynamics of the ongoing transition to a competitive market, which were built into the order book at the beginning of the year, are still the main drag on the group's profitability, though this was partly offset by productivity improvements and synergies from the transformation program.

The net cash position at 31 December 2018 was 165 M€ because of the increase in working capital required to undertake the projected strong volume of activity (15% average sales growth projected for the year) and the greater concentration of activity in the second half of the year. Working capital stood at -27 M€, equivalent to -0.3% LTM revenue. Working capital was also affected by the reduction in accounts payable.

Also noteworthy was the presentation of the new SG 10-193 DD turbine, which evidences the company's strong lead in the Offshore market. This turbine provides 30% more energy than its predecessor, the SG 8-167 DD coupled with unparalleled reliability, providing our customers with the best possible solution for offshore projects.

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14 Revenue coverage: Total firm orders (€) received as of Dec. 18 for FY 19 activity – including the executed part in Q1 19/ by the average point of the revenue guidance communicated to the market for FY 19 range of €10,000m to €11,000m.

SIEMENS Gamesa
RENEWABLE ENERGY

Annex

Financial Statements October 2018 – December 2018

Profit and Loss Account

EUR in Million	October 2018 - December 2018
Revenue	2,262
Cost of sales	(2,061)
Gross Profit	**200**
Research and development expenses	(41)
Selling and general administrative expenses	(123)
Other operating income	4
Other operating expenses	(1)
Results of companies accounted for using the equity method	-
Interest income	5
Interest expense	(13)
Other financial income (expense), net	(6)
Income from continuing operations before income taxes	**26**
Income tax expenses	(8)
Income from continuing operations	**18**
Income from discontinued operations, net of income taxes	-
Non-controlling interests	-
Net income attributable to the shareholders of SGRE	**18**

Balance Sheet

EUR in Million	09.30.2018 (*)	12.31.2018
Assets:		
Cash and cash equivalents	2,429	2,125
Trade and other receivables	1,111	1,093
Other current financial assets	171	186
Trade receivables from related companies	28	42
Contract Assets	1,569	2,033
Inventories	1,499	1,925
Current income tax assets	173	170
Other current assets	362	417
Total current assets	**7,343**	**7,991**
Goodwill	4,558	4,642
Other intangible assets	2,022	2,001
Property, plant and equipment	1,443	1,419
Investments accounting for using the equity method	73	74
Other financial assets	240	211
Deferred tax assets	368	369
Other assets	101	95
Total non-current assets	**8,805**	**8,811**
Total assets	**16,148**	**16,802**
Liabilities and equity:		
Short-term debt and current maturities of long-term debt	991	705
Trade payables	2,416	2,283
Other current financial liabilities	104	109
Trade payables to related companies	342	274
Contract Liabilities	1,670	2,340
Current provisions	731	709
Current income tax liabilities	167	169
Other current liabilities	684	641
Total current liabilities	**7,104**	**7,230**
Long-term debt	823	1,255
Provisions for pensions and similar obligations	13	10
Deferred tax liabilities	364	358
Non-current provisions	1,702	1,671
Other financial liabilities	185	196
Other liabilities	31	29
Total non-current liabilities	**3,118**	**3,518**
Issued capital	116	116
Capital reserve	5,932	5,932
Retained earnings and other components of equity	(124)	5
Non-controlling interest	2	2
Total Equity	**5,926**	**6,055**
Total Liabilities & Equity	**16,148**	**16,802**

(*) Comparable after the application of IFRS9 starting October 1, 2018, affecting the Opening Balance Sheet of first quarter of FY19: the table above shows a decrease in line item “Trade and other receivables” of €3m and a decrease in line item “Contract assets” of €3m, with the corresponding effect in the group’s Equity that decreases €4.6m (including tax effect).

Cash Flow Statement

EUR in Million	October 2018 - December 2018
Net Income before taxes	26
Amortization + PPA	148
Other P&L(*)	(3)
Working Capital cash flow effective change	(405)
Charge of provisions	71
Provision payments	(99)
CAPEX	(81)
Adwen related payments	(29)
Tax payments	(88)
Others	7
Cash flow for the period	**(450)**
Beginning cash / (net financial debt)	615
Ending cash / (net financial debt)	165
Variation in net financing cash flow	**(450)**

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

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 (APMs). The APMs 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 the financial statements in accordance with EU-IFRS are as follows.

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.

€m	09.30.2017 (*)	12.31.2017	09.30.2018	09.30.2018 (*)	12.31.2018
Cash and cash equivalents	1,659	1,878	2,429	2,429	2,125
Short-term debt and current maturities of long-term debt	(797)	(1,082)	(991)	(991)	(705)
Long-term debt	(485)	(455)	(823)	(823)	(1,255)
Cash / (Net Financial Debt)	**377**	**341**	**615**	**615**	**165**

(*) 09.30.2017 comparable for IFRS 15 and Opening Balance Sheet (PPA). 09.30.2018 comparable for IFRS 9. No modification exists in the Net Financial Debt calculation in either case.

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.

€m	09.30.2017 Reported Q4 17	09.30.2017 Reported Q1 18	09.30.2017 Reported Q2 18	09.30.2017 Reported Q3 18 (*)	12.31.2017 Reported Q1 18
Trade and other receivables	1,081	1,081	1,081	1,081	1,122
Trade receivables from related companies	62	62	62	62	50
Contract assets	-	1,243	1,241	1,241	1,081
Inventories	3,455	2,102	2,096	2,096	1,999
Other current assets	341	342	342	342	397
Trade payables	(2,232)	(2,232)	(2,265)	(2,265)	(1,792)
Trade payables to related companies	(364)	(364)	(364)	(364)	(379)
Contract liabilities	-	(1,742)	(1,745)	(1,717)	(1,898)
Other current liabilities	(2,645)	(696)	(696)	(696)	(722)
Working Capital	**(300)**	**(203)**	**(248)**	**(220)**	**(141)**

€m	12.31.2017 Reported Q2 18	12.31.2017 Reported Q3 18 (*)	09.30.2018 Reported 4Q 18	09.30.2018 Comp. (**)	12.31.2018
Trade and other receivables	1,122	1,122	1,114	1,111	1,093
Trade receivables from related companies	50	50	28	28	42
Contract assets	1,079	1,079	1,572	1,569	2,033
Inventories	1,993	1,993	1,499	1,499	1,925
Other current assets	397	397	362	362	417
Trade payables	(1,825)	(1,825)	(2,416)	(2,416)	(2,283)
Trade payables to related companies	(379)	(379)	(342)	(342)	(274)
Contract liabilities	(1,901)	(1,873)	(1,670)	(1,670)	(2,340)
Other current liabilities	(722)	(722)	(684)	(684)	(641)
Working Capital	**(185)**	**(157)**	**(536)**	**(542)**	**(27)**

(*) Comparable for IFRS15 and Opening Balance Sheet (PPA). The effects in previous quarters of changes due to the accounting of the Business Combination, as well as to the application of IFRS15, are further disclosed in previously published financial information.

(**) Comparable after the application of IFRS9 starting October 1, 2018, affecting the Opening Balance Sheet of first quarter of FY19: the table above shows a decrease in line item “Trade and other receivables” of €3m and a decrease in line item “Contract assets” of €3m, with the corresponding effect in the group’s Equity that decreases €4.6m (including tax effect).

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

Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets 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).

€m	Q1 18	Q1 19
Acquisition of intangible assets	(33)	(31)
Acquisition of Property, Plant and Equipment	(50)	(50)
CAPEX	**(83)**	**(81)**

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Acquisition of intangible assets	(26)	(28)	(42)	(31)	(127)
Acquisition of Property, Plant and Equipment	(58)	(64)	(114)	(50)	(286)
CAPEX	**(84)**	**(92)**	**(156)**	**(81)**	**(413)**

€m	Q2 17 (Pro-forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
Acquisition of intangible assets	(29)	(59)	(12)	(33)	(133)
Acquisition of Property, Plant and Equipment	(134)	(131)	(95)	(50)	(410)
CAPEX	**(163)**	**(190)**	**(107)**	**(83)**	**(543)**

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

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

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 adjusting the reported income for the period, for the ordinary non-cash items (mainly depreciation and amortization and provision charges).

EUR in Million	October 2017 - December 2017	October 2018 - December 2018
Net Income before taxes	22	26
Amortization + PPA	160	148
Other P&L (*)	1	(3)
Charge of provisions	47	71
Provision usage without Adwen usage	(64)	(99)
Tax payments	(7)	(88)
Gross Operating Cash Flow	**159**	**57**

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

Cash flow is calculated as the variation in Net financial debt (NFD) between two closure dates.

Average Selling Price in Order Intake, Onshore (ASP - Order Intake)

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

	Q1 18 (*)	Q2 18	Q3 18 (*)	Q4 18	Q1 19 (*)
Order Intake Onshore Wind (€m)	1,600	1,834	1,166	1,985	1,793
Order Intake Onshore Wind (MW)	2,208	2,464	1,660	2,631	2,370
ASP Order Intake Wind Onshore	**0.72**	**0.74**	**0.70**	**0.75**	**0.76**

(*) Order intake WTG ON includes only wind orders. No solar orders and wind farm sales are included. Solar orders amounted to €88m in Q1 18, €9m in Q3 18 and €6m in Q1 19.

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

	Q2 16 (Pro-Forma)	Q3 16 (Pro-Forma)	Q4 16 (Pro-Forma)	Q1 17 (Pro-Forma)	LTM Dec 16
Order Intake Onshore Wind (€m)	1,453	1,471	1,647	1,491	6,062
Order Intake Onshore Wind (MW)	1,528	1,662	2,063	1,862	7,115
ASP Order Intake Wind Onshore	**0.95**	**0.89**	**0.80**	**0.80**	**0.85**

	Q2 17 (Pro-Forma)	Q3 17	Q4 17	Q1 18 (*)	LTM Dec 17
Order Intake Onshore Wind (€m)	1,460	680	1,498	1,600	5,238
Order Intake Onshore Wind (MW)	1,599	693	2,167	2,208	6,667
ASP Order Intake Wind Onshore	**0.91**	**0.98**	**0.69**	**0.72**	**0.79**

	Q2 18	Q3 18 (*)	Q4 18	Q1 19 (*)	LTM Dec 18
Order Intake Onshore Wind (€m)	1,834	1,166	1,985	1,793	6,779
Order Intake Onshore Wind (MW)	2,464	1,660	2,631	2,370	9,124
ASP Order Intake Wind Onshore	**0.74**	**0.70**	**0.75**	**0.76**	**0.74**

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. Further details of this pro forma calculation are as follows:

	Q2 16 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	455	999	-	1,453
Order Intake Onshore Wind (MW)	497	1,031	-	1,528
ASP Order Intake Wind Onshore	**0.92**	**0.97**	-	**0.95**

	Q3 16 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	508	963	-	1,471
Order Intake Onshore Wind (MW)	483	1,180	-	1,662
ASP Order Intake Wind Onshore	**1.05**	**0.82**	-	**0.89**

	Q4 16 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	753	894	-	1,647
Order Intake Onshore Wind (MW)	973	1,090	-	2,063
ASP Order Intake Wind Onshore	**0.77**	**0.82**	-	**0.80**

	Q1 17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	439	1,052	-	1,491
Order Intake Onshore Wind (MW)	475	1,386	-	1,862
ASP Order Intake Wind Onshore	**0.92**	**0.76**	-	**0.80**

	Q2 17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	758	702	-	1,460
Order Intake Onshore Wind (MW)	772	827	-	1,599
ASP Order Intake Wind Onshore	**0.98**	**0.85**	-	**0.91**

Order Intake, Revenue and EBIT

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

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Group	3,043	3,292	2,625	2,541	11,501
Of which WTG ON	1,834	1,175	1,985	1,799	6,793

€m	Q2 17 (Pro-forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
Group	4,013	1,398	2,791	2,912	11,114
Of which WTG ON	1,460	680	1,498	1,688	5,326

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

Group (€m)	Q2 17 (Pro-forma)
Siemens Wind Power	3,142
Gamesa	872
Adwen	-
Group	**4,013**

WTG ON (€m)	Q2 17 (Pro-forma)
Siemens Wind Power	758
Gamesa	702
Adwen	-
WTG ON	**1,460**

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

Onshore:

MW	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Onshore	2,464	1,660	2,631	2,370	9,124

MW	Q2 17 (Pro-forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
Onshore	1,599	693	2,167	2,208	6,667

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

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

Offshore:

MW	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Offshore	328	1,368	-	12	1,708

MW	Q2 17 (Pro-forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
Offshore	574	112	752	576	2,014

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

	Q2 17 (Pro-forma)			
MW	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Offshore	574	-	-	574

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

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
WTG	1,973	1,827	2,207	1,904	7,912
Service	268	308	411	358	1,346
TOTAL	2,242	2,135	2,619	2,262	9,257

€m	Q2 17 (Pro-forma)	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

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

	Q2 17 (Pro-forma)			
€m	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
WTG	1,363	1,412	116	2,891
Service	153	134	-	287
TOTAL	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).

€m	Q1 18	Q1 19
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	22	26
(-) Income from investments acc. for using the equity method, net	(1)	-
(-) Interest income	(4)	(5)
(-) Interest expenses	17	13
(-) Other financial income (expenses), net	-	6
EBIT	**35**	**40**
(-) Integration and Restructuring costs	15	32
(-) PPA impact	83	66
EBIT pre-PPA and integration & restructuring costs	**133**	**138**

EBIT margin: ratio of EBIT to Revenue in the period that is equal to the revenue figure in the consolidated Income Statement for the period.

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.

€m	Q1 18	Q1 19
EBIT	35	40
Amortization, depreciation and impairment of intangible assets and PP&E	160	148
EBITDA	**195**	**188**

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

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
EBIT	54	50	73	40	216
Amortization, depreciation and impairment of intangible assets and PP&E	157	143	185	148	633
EBITDA	**210**	**193**	**258**	**188**	**849**

€m	Q2 17 (Pro-forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
EBIT	305	50	(197)	35	193
Amortization, depreciation and impairment of intangible assets and PP&E	88	190	238	160	675
EBITDA	**393**	**240**	**41**	**195**	**869**

— The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

	Q2 17 (Pro forma)				
€m	Siemens Wind Power	Gamesa	Adwen	Pro-forma adj.	SGRE pro-forma
EBIT	146	173	(16)	-	305
Amortization, depreciation and impairment of intangible assets and PP&E	44	37	6	-	88
EBITDA	**191**	**210**	**(10)**	-	**393**

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).

	Q1 18	Q1 19
Net Income (€m)	(35)	18
Number of shares (units)	679,478,444	679,450,733
Earnings Per Share (€/share)	**(0.05)**	**0.03**

Other indicators

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

€m	09.30.2017	12.31.2017	09.30.2018	12.31.2018
Actual revenue in year N (1)	-	2,127	-	2,262
Order Backlog for delivery in FY (2)	6,049	6,430	8,408	7,377
Average revenue guidance for FY (3) (*)	9,300	9,300	10,500	10,500
Revenue Coverage ([1+2]/3)	**65%**	**92%**	**80%**	**92%**

(*) Note: 2019 revenue guidance range of €10bn to €11bn. As a result, average revenue guidance is €10.5bn. 2018 revenue guidance range of €9bn to €9.6bn. As a result, average revenue guidance is €9.3bn.

Book-to-Bill: ratio of order intake (in EUR) to activity/revenue (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in revenue volume.

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.

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Order Intake	3,043	3,292	2,625	2,541	11,501
Revenue	2,242	2,135	2,619	2,262	9,257
Book to Bill	**1.4**	**1.5**	**1.0**	**1.1**	**1.2**

€m	Q2 17	Q3 17	Q4 17	Q1 18	LTM Dec 17
Order Intake	4,013	1,398	2,791	2,912	11,114
Revenue	3,178	2,693	2,329	2,127	10,327
Book to Bill	**1.3**	**0.5**	**1.2**	**1.4**	**1.1**

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

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
CAPEX (1)	84	92	156	81	413
Amortization depreciation & impairments (a)	157	143	185	148	633
PPA Amortization on Intangibles (b)	75	82	66	66	288
Depreciation & Amortization (exc. PPA) (2=a-b)	82	61	119	82	345
Reinvestment rate (1/2)	**1.0**	**1.5**	**1.3**	**1.0**	**1.2**

€m	Q2 17 (Pro-Forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
CAPEX (1)	163	190	107	83	543
Amortization depreciation & impairments (a)	88	190	238	160	675
PPA Amortization on Intangibles (b)	-	124	111	83	319
Depreciation & Amortization (exc. PPA) (2=a-b)	88	66	127	77	357
Reinvestment rate (1/2)	**1.9**	**2.9**	**0.8**	**1.1**	**1.5**

Gross Profit: the difference between revenue and cost of sales, according to the consolidated statements of profit and loss.

Gross Profit (pre PPA, I&R costs): Gross Profit excluding integration and restructuring costs related to the merger transaction and the impact on amortization of intangibles' fair value from the PPA (purchase price allocation). The result of dividing this indicator by the sales of the period, which are equal to the revenue figure in the consolidated Income Statement for the period, is denominated Gross Margin pre PPA, I&R costs, and it is expressed as a percentage.

€m	Q1 18	Q1 19
Gross Profit	198	200
PPA amortization on intangibles	43	44
Integration and Restructuring costs	8	22
Gross Profit (pre PPA, I&R costs)	**249**	**266**

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Gross Profit	262	191	304	200	957
PPA amortization on intangibles	43	80	3	44	170
Integration and Restructuring costs	43	17	41	22	123
Gross Profit (pre PPA, I&R costs)	**348**	**288**	**348**	**266**	**1,250**

€m	Q2 17 (Pro-Forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
Gross Profit	466	307	15	198	986
PPA amortization on intangibles	-	49	38	43	131
Integration and Restructuring costs	-	-	-	8	8
Gross Profit (pre PPA, I&R costs)	**466**	**357**	**53**	**249**	**1,124**

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

€m	Q2 17 (Pro-forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro-forma adj.	SGRE proforma
Gross Profit	259	221	(14)	-	466
PPA amortization on intangibles	-	-	-	-	-
Integration and Restructuring costs	-	-	-	-	-
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 manufacturing progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

MWe	Q2 18	Q3 18	Q4 18	Q1 19	LTM Dec 18
Onshore	1,397	1,703	1,926	1,520	6,547

MWe	Q2 17 (Pro-forma)	Q3 17	Q4 17	Q1 18	LTM Dec 17
Onshore	2,534	1,488	1,384	1,651	7,057

The comparable figures corresponding to periods prior to the merger (Q2 17) have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 2017, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

MWe	Q2 17 (Pro-forma)			
	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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