

Q2 20

RESULTS

May 6, 2020

SIEMENS Gamesa
RENEWABLE ENERGY

DISCLAIMER

“This material has been prepared by Siemens Gamesa Renewable Energy, and is disclosed solely for information purposes.

This document contains declarations which constitute forward-looking statements, and includes references to our current intentions, beliefs or expectations regarding future events and trends that may affect our financial condition, earnings and share price. These forward-looking statements do not constitute a warranty as to future performance and imply risks and uncertainties. Therefore, actual results may differ materially from those expressed or implied by the forward-looking statements, due to different factors, risks and uncertainties, such as economical, competitive, regulatory or commercial factors. The value of any investment may rise or fall and, furthermore, it may not be recovered, partially or completely. Likewise, past performance is not indicative of future results.

The forward-looking statements and guidance included in this material reflect Siemens Gamesa’s outlook excluding the eventual effects of the implementation of the plans announced by Siemens AG with respect to its stake in Siemens Gamesa Renewable Energy, S.A. (significant event with CNMV register number 277864).

The facts, opinions, and forecasts included in this material are furnished as of the date of this document, and are based on the company’s estimates and on sources believed to be reliable by Siemens Gamesa Renewable Energy, but the company does not warrant their completeness, timeliness or accuracy, and, accordingly, no reliance should be placed on them in this connection. Both the information and the conclusions contained in this document are subject to changes without notice. Siemens Gamesa Renewable Energy undertakes no obligation to update forward-looking statements to reflect events or circumstances that occur after the date the statements were made.

The results and evolution of the company may differ materially from those expressed in this document. None of the information contained in this document constitutes a solicitation or offer to buy or sell any securities or advice or recommendations with regard to any other transaction. This material does not provide any type of investment recommendation, or legal, tax or any other type of advice, and it should not be relied upon to make any investment or decision.

Any and all the decisions taken by any third party as a result of the information, materials or reports contained in this document are the sole and exclusive risk and responsibility of that third party, and Siemens Gamesa Renewable Energy shall not be responsible for any damages derived from the use of this document or its content.

This document has been furnished exclusively for information purposes, and it must not be disclosed, published or distributed, partially or totally, without the prior written consent of Siemens Gamesa Renewable Energy.




Siemens Gamesa Renewable Energy prepares and reports its Financial Information in thousands of euros (unless stated otherwise). Due to rounding, numbers presented may not add up precisely to totals provided.

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

Note on alternative performance measures (APMs)

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

SGRE is fully committed to a sustainable development and the strictest ESG¹ principles

- 
MSCI ESG rating of A received in Q2 20
- 
AENOR certification of a Tax Compliance Management System in Q2 20
- 
Social commitment with extensive initiatives taken to support local communities to fight the impact of COVID-19

Committed to respecting human rights and the environment ...



THE GLOBAL COMPACT
 Red Pacto Mundial España
 WE SUPPORT

GRI Community
 Siemens Gamesa Renewable Energy
 2020

2020
 =
 Bloomberg
 Gender-Equality
 Index

Caring for Climate

We've joined
 The Paris Pledge
 for Action
 WE

SCIENCE
 BASED
 TARGETS
 DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

We Support
 WOMEN'S
 EMPOWERMENT
 PRINCIPLES
 EQUALITY MEANS BUSINESS
 UN WOMEN
 UNITED NATIONS
 GLOBAL COMPACT
 www.weprinciples.org

... and part of the main ESG indices



MEMBER OF
**Dow Jones
 Sustainability Indices**

In collaboration with **SAM**
a IbbotsonSAM brand

Corporate ESG
 Performance
 RATED BY
ISS ESG

Prime

FTSE4Good

ECPI Sense in sustainability

Global
 Challenges
 Index

STOXX
 EURO STOXX®
 Sustainability

included in
ETHIBEL
 SUSTAINABILITY
 INDEX
 EXCELLENCE Europe

1) ESG: Environmental, Social and Governance

Q2 20 Key Points

A large wind turbine silhouette is positioned on the left side of the frame, extending from the bottom to the top. The background features a sunset sky with a sea of clouds, transitioning from a warm orange glow at the bottom to a clear blue sky at the top.

SIEMENS Gamesa
RENEWABLE ENERGY

Q2 20 Key Points



Revenue of €2,204m and EBIT margin² of 1.5%, impacted by COVID-19 (-2.5 p.p.³)

- **FY 20 guidance withdrawn due to lack of visibility** on duration and magnitude of COVID-19 impact
- Market recovery in India delayed and impacted by COVID-19



Long-term vision unchanged

Green energy to support economic recovery



Record backlog of €28.6bn¹, after integrating Servion Service assets

- **1x Book-to-Bill** despite Offshore spiky nature and shift of some Onshore orders to Q3



Strong liquidity position to face COVID-19 disruption:

- **C. €4bn in financing lines** with €1.1bn used
- **Net debt of €295m**, €429m better than in Q2 19⁴ after payment for Servion Service assets

1) Backlog impacted by currency devaluation (c. -€850m)

2) EBIT margin pre PPA and I&R costs, excluding the impact of PPA on the amortization of intangibles: €69m, and integration and restructuring costs: €82m in Q2 20

3) Direct impact of COVID-19 on EBIT pre PPA and I&R costs of €56m over Q2 20 revenue. EBIT pre PPA and I&R exc. COVID-19: €89m equivalent to 4.0% over revenue

4) Introduction of IFRS 16 in FY 20. Short- and long-term lease liabilities included in net debt amounted to €606m as of March 31, 2020

COVID-19 impacts company performance in Q2 and FY 20, short-term mitigation actions taken



Expected FY 20 impact predominantly on Onshore, given broader geographic diversification of projects and broad global supply chain

- Delays in commercial activity with some order intake shifting into Q3 20
- Supply chain disruption beginning in China and spreading globally
- Temporary manufacturing lockdowns in China, India and Spain
- Disruption in regular manufacturing¹ and project execution activity
- Liquidated damages (LDs) and prolongation costs being negotiated with suppliers and clients

Q2 20 direct impact of €56m on EBIT pre PPA and I&R costs

Indirect impact on execution of Northern European pipeline and on further slow down of Indian market

1) Disruption to regular manufacturing activity is not only driven by manufacturing lockdowns and the supply chain but also by the implementation of the required Health and Safety protocols

COVID-19 – Actions taken to overcome challenges, protect our teams, assure business continuity and strong liquidity



Protect our people and their communities

- Early implementation of strict H&S protocols

Assure business continuity

- Supply chain re-routing and manufacturing planning to minimize net economic impact
- Service operations secured through remote monitoring capabilities and digitalization. Offshore Service secured with extended periods in the sea
- Q2 20 project deadlines met despite disruptions: Aria del Vento (Italy), Midelt (Morocco) & East Anglia (UK)



Safeguard liquidity

- Strong cash management
- Reduction of discretionary spending
- C. €4bn in financing lines (€1.1bn used) to fight COVID-19 impact on FCF generation

Early implementation of actions reduces impact and secures cash position

Major achievements in market access and technology support long-term success

ON: Two further orders for the flagship SG 5.X



- Additional orders for SG 5.X platform in Sweden and Brazil, resulting in total orders of 570 MW

OF: SG 11.0-193 DD flex prototype commissioned



- Prototype of next generation Offshore platform has reached 11 MW nominal power as per schedule

SE: First major Senvion Service contract beyond the acquired scope



- 20-year service agreement signed for Senvion turbines in Australia – 135 MW, supported by acquired technology

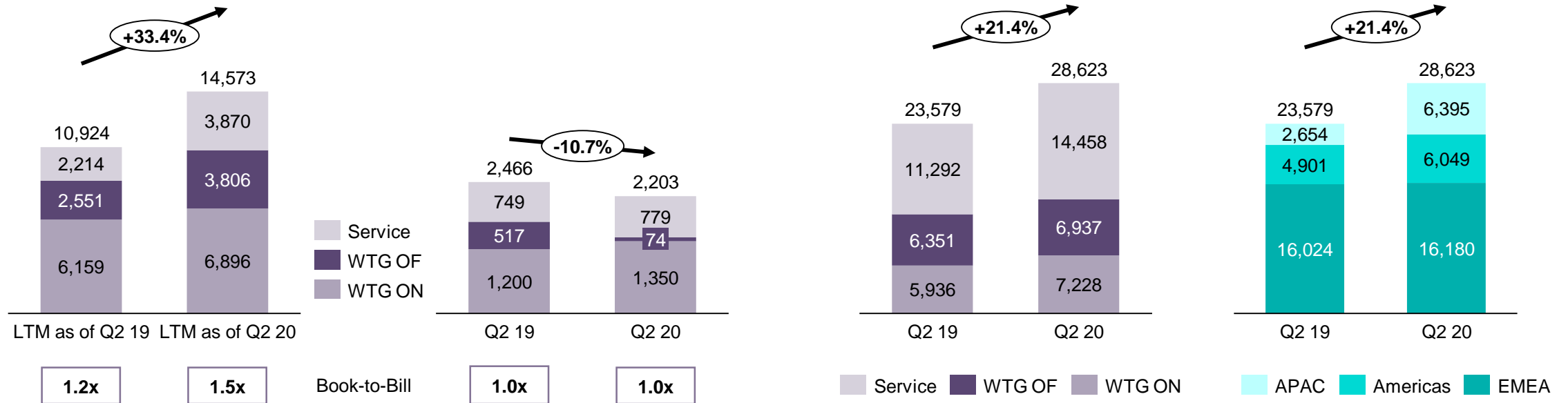
Commercial activity



Record order backlog: €28.6bn, up 21.4% YoY, after integrating Senvion Service assets

Order intake¹ LTM and Q2 (€m)

Order backlog (€m)

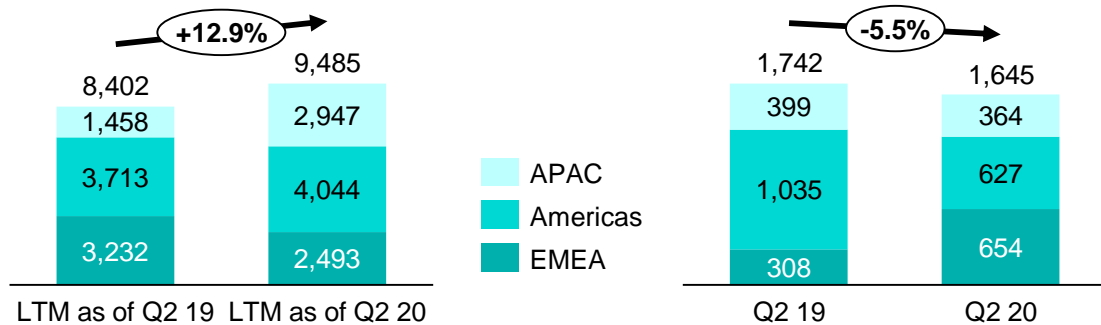


Order backlog as of March 31 for FY 20 delivery: €6.2bn²

1) WTG ON order intake includes €61m in solar orders in Q2 20, €2m in Q4 19, €0.6m in Q3 19, €33m in Q2 19, €6m in Q1 19, and €9m in Q3 18
 2) Total orders for FY 20 delivery amount to €10.4bn between H1 20 Group revenue of €4.2bn and order backlog as of March 31 for FY 20 delivery of €6.2bn

WTG ON order intake: 1.6 GW, down 5.5% YoY, impacted by COVID-19 related order shift to Q3

WTG ON order intake¹ LTM and Q2 (MW)



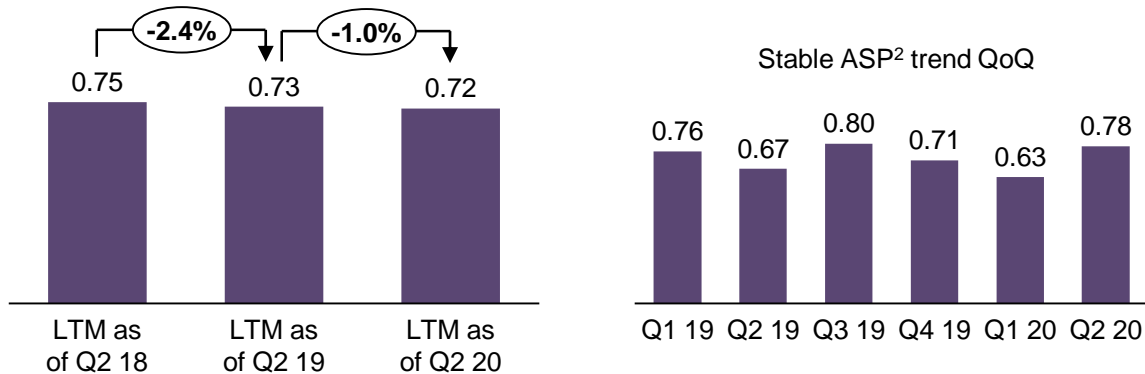
Q2 20 order intake impacted by shift of some orders to Q3 20

- Brazil with 35%, Spain with 12% and Poland and Vietnam with 9% each are the main contributors to the Q2 20 order intake volume (MW)

4 MW+ new platforms contributed 35% to Q2 20 order intake

- Including 22% contribution from SG 5.X

Average selling price of WTG ON order intake¹ (€m/MW)



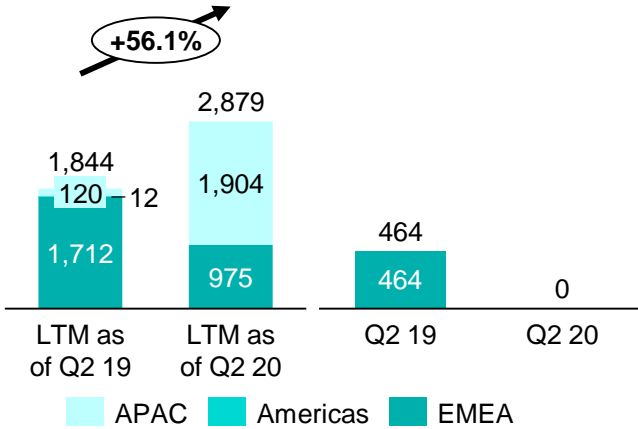
Stable pricing

- Q2 20 ASP YoY increase driven by regional mix and project scope

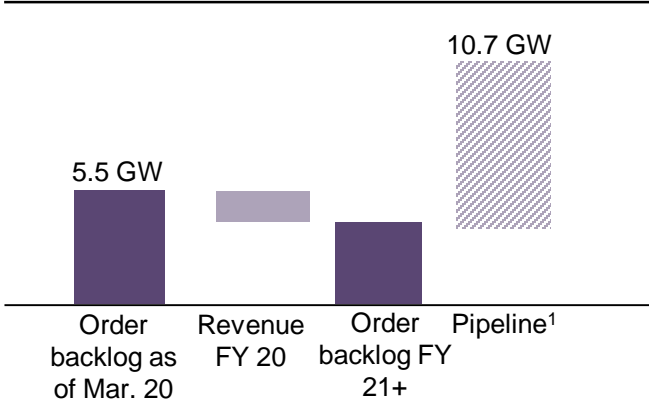
1) Order intake WTG ON (MW) and average selling price of WTG ON order intake includes only wind orders
 2) Average selling price (ASP) in individual quarters fluctuate driven by regional mix and scope of projects

Leading competitive positioning in WTG OF: 5.5 GW in order backlog and 10.7 GW in pipeline

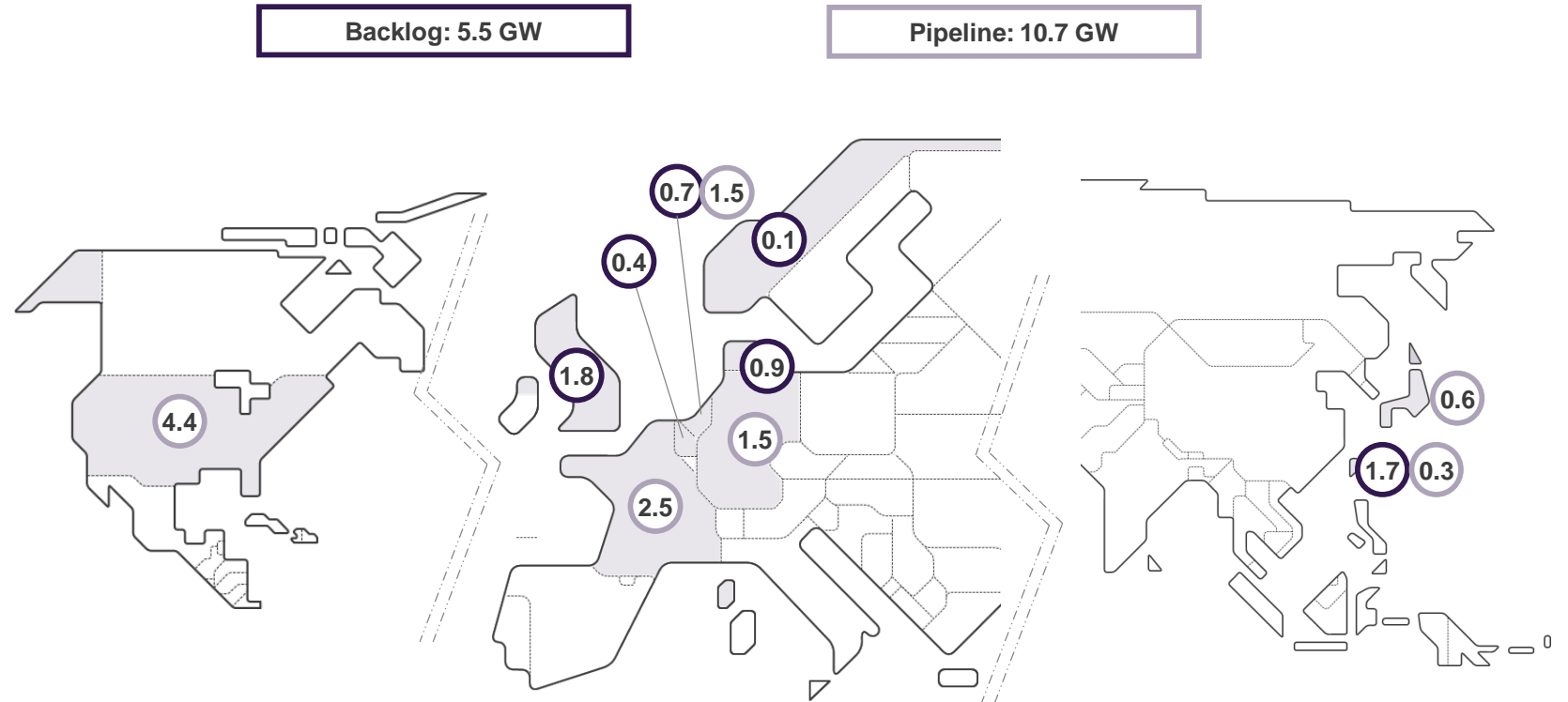
WTG OF order intake (MW)



WTG OF backlog and pipeline¹



Backlog and Pipeline (GW)

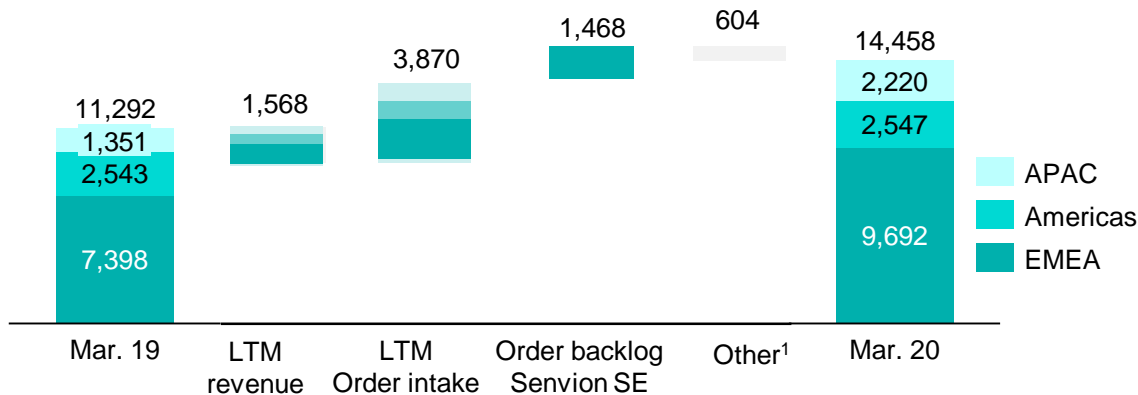


- Preferred supply agreement with Ørsted for Borkum Riffgrund 3 (900 MW) and Gode wind 3 (242 MW) in Q2 20

1) Pipeline made of preferred supply agreements and conditional orders that are not part of SGRE's Offshore backlog

51% of Group order backlog comes from Service with a strong order intake performance

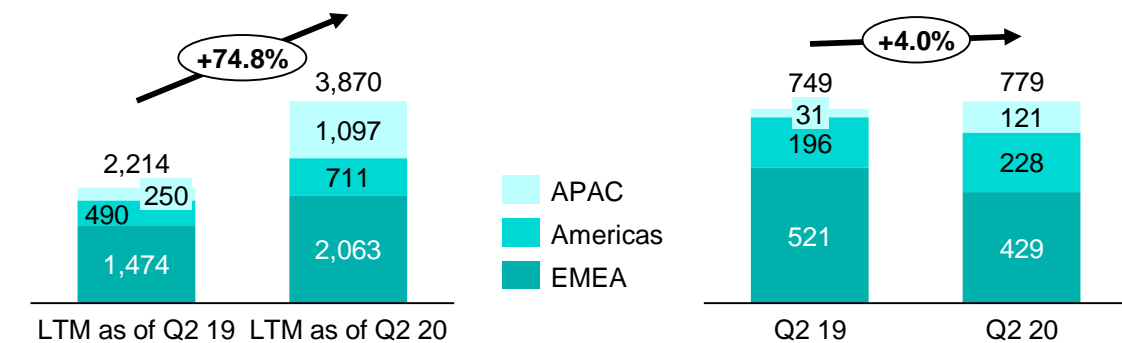
Service order backlog (€m)



Enhance top line visibility

- Average life of contracts in the backlog: 8 years
- Acquired Servion Service assets (€1.5bn backlog) contribute to strong growth in EMEA backlog (+31% YoY)
 - Servion backlog distributed between Northern Europe (74%) and Southern Europe (26%)
- APAC backlog growth driven by Offshore Service contracts in Taiwan

Service order intake LTM and Q2 (€m)

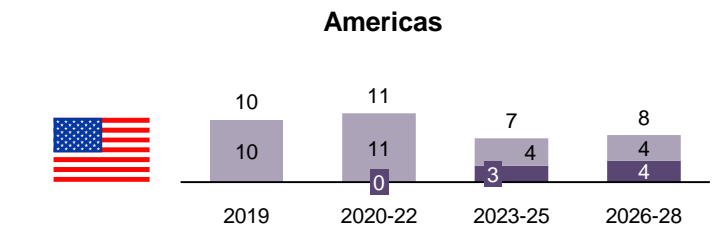


Strong commercial performance

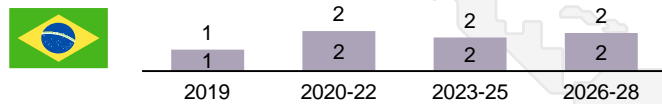
- Book-to-Bill: 2x in Q2 20 and 2.5x in LTM
- First major contract beyond the scope of acquired Servion Service assets already signed in Q2 20

1) Other: FX impact on order backlog

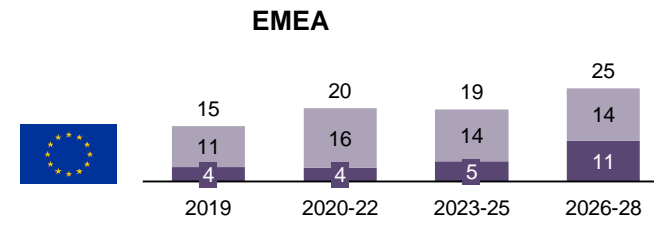
COVID-19 impacting short-term demand dynamics but long-term growth maintained¹



- Strong short-term (2020-22) installations supported by PTC. Long-term growth supported by ambitious Offshore targets²
 - SGRE conditional pipeline of 4.4 GW**
- COVID-19 disruptions could shift installations to 2021

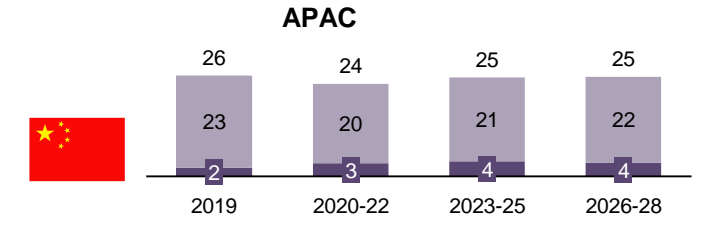


- Demand driven by free market offtake agreements
- Auctions critical to secure grid connection
- A-4 and A-6 auctions postponed due to COVID-19
 - Successful entry of the SG 5.X: 312 MW in Q2 20**

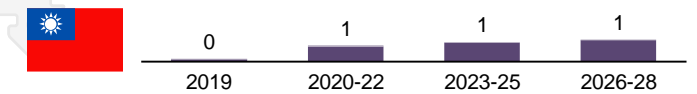


- Strong commitment to 100% decarbonization and economics supported by European Green Deal
- Onshore supporting volumes and Offshore supporting growth
 - 57% of SGRE order backlog in EMEA**

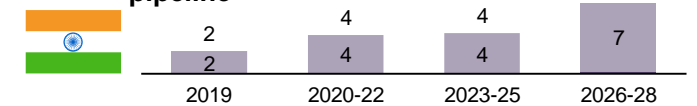
Average GW for the period
■ Onshore ■ Offshore



- Repowering potential in Onshore and Offshore still attractive despite cancellation of central subsidy for projects commissioned from 2022



- Solid demand driven by Offshore targets
 - SGRE with 1.7 GW in backlog and 0.3 GW in pipeline**



- Short-term (2020-22) annual installations are 40% below volume required to reach government wind target (60 GW in 2022)
- COVID-19 driven lockdown impacting main wind installation season
- Mid-term (2023-25) expected volume reduced by 34% in Q2 20
- Strong long-term (2026+) prospects unchanged

- SGRE #1 player with 30% in 2019³**
- Restructuring initiated**

1) Market charts present the average annual installations according to Wood Mackenzie Q1 2020 outlook
 2) Massachusetts, New York, New Jersey, Rhode Island, Connecticut, Virginia and Maryland
 3) Market share in India according to BloombergNEF report (February 2020)

Q2 20 Results & KPIs



SIEMENS Gamesa
RENEWABLE ENERGY

Consolidated Group – Key figures Q2 20 (January-March)

P&L (€m)	Q2 19	Q2 20	Var. %	H1 20	Var. %
Group revenue	2,389	2,204	-7.8%	4,204	-9.6%
EBIT pre PPA and I&R costs	178	33	-81.6%	-103	N.A.
EBIT margin pre PPA and I&R costs	7.5%	1.5%	-6.0 p.p.	-2.5%	-9.2 p.p.
PPA amortization ¹	66	69	3.6%	135	1.4%
Integration & restructuring costs	22	82	278.9%	110	104.0%
Reported EBIT	90	-118	N.A.	-347	N.A.
Net interest expenses	-13	-20	49.7%	-32	20.3%
Tax expense	-27	-28	1.5%	40	N.A.
Reported net income to SGRE shareholders	49	-165	N.A.	-339	N.A.
CAPEX	108	109	1	201	-12
CAPEX to revenue (%)	4.5%	5.0%	0.4 p.p.	4.8%	0.7 p.p.

Strong liquidity position to face COVID-19 impact on business

- C. €4bn in financing lines of which €1.1bn used

Launched restructuring exercise in India to adapt to new market prospects and dynamics

- C. €38m in non-cash restructuring costs in Q2 20

Balance Sheet (€m)	Q2 19	IFRS 16 impact ⁴		Q2 20	Var. YoY	Var. QoQ
		Sept. 30, 19	Oct. 1, 19 ⁴			
Working capital	211	-833	-843	-865	-1,076	74
Working capital to LTM revenue (%) ²	2.2%	-8.1%	-8.2%	-8.8%	-11.1 p.p.	0.6 p.p.
Provisions ³	2,254	2,177	2,177	2,209	-45	12
Net (debt)/cash	-118	863	280	-295	-178	-470
Net (debt)/cash to LTM EBITDA ²	-0.13	0.96	0.31	-0.61	-0.48	-0.88

1) Impact of PPA on the amortization of the fair value of intangibles

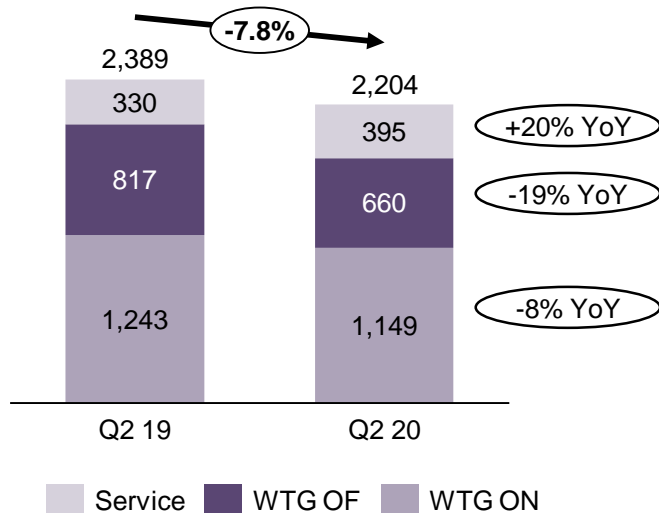
2) LTM revenues €9,780m; LTM EBITDA €481m

3) Within group provisions, Adwen provisions stand at €640m

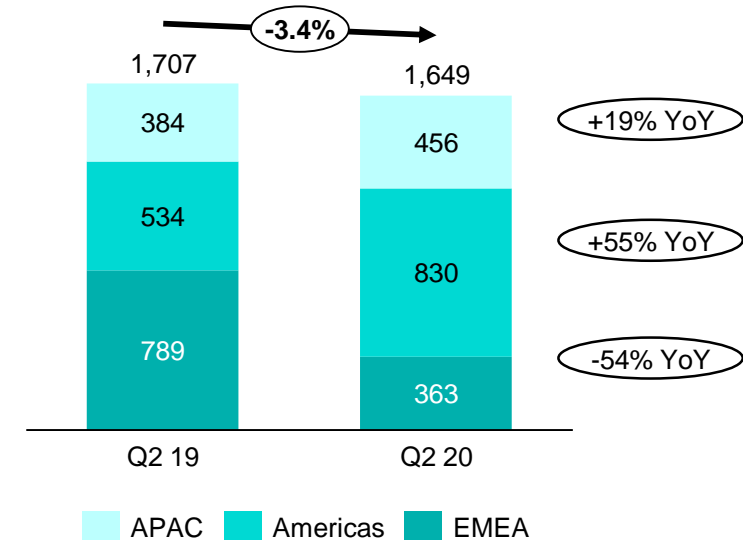
4) Introduction of IFRS 16 from October 1, 2019 onwards reduces the net cash position of €863m as of September 30, 2019 to €280m as of October 1, 2019. It also changes working capital from -€833m as of September 30, 2019 to -€843m as of October 1, 2019. See note 2.D.3 in the Consolidated Financial Statements of FY 19. As of March 31, 2020 net debt liabilities related to leases amount to €606m (see note 8.B of the Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2020)

Revenue performance mainly driven by back-end loaded activity planning

Q2 Group revenues (€m)



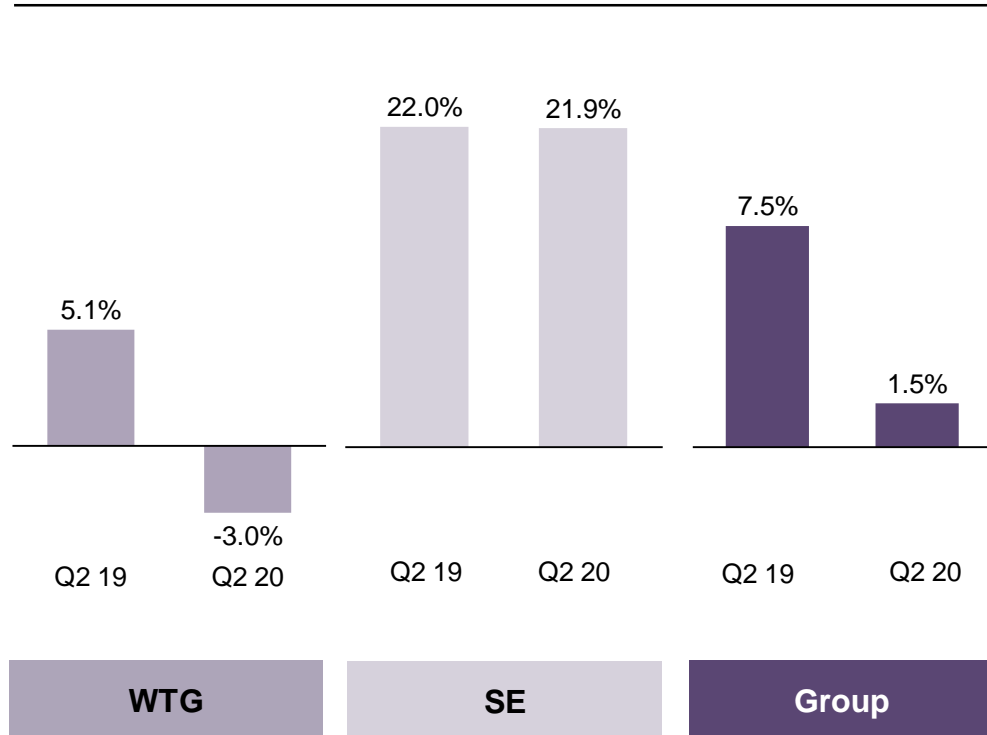
Q2 WTG ON sales volume by geography (MWe)



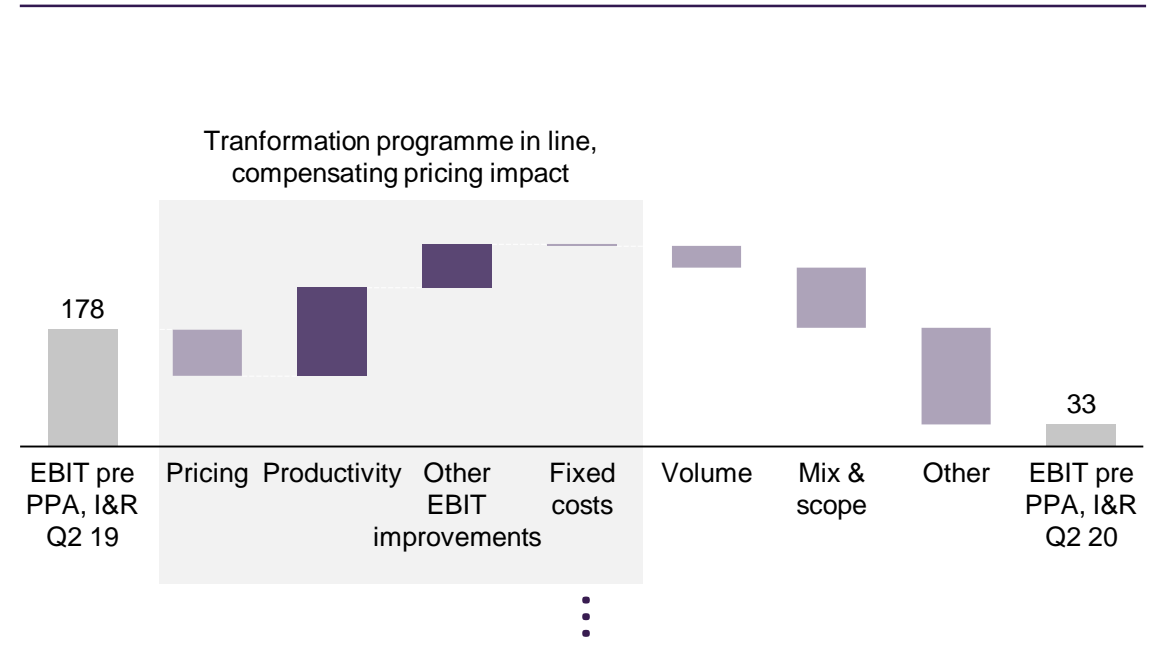
- **Strong Onshore volume growth in Americas** offset by project execution delays in EMEA and APAC impacted by COVID-19
- **Reduced revenue in Offshore** in line with FY 20 project execution planning
- **Service revenue growth** driven by growth of maintenance contracts and integration of Servion Service assets

Q2 20 margin impacted by COVID-19: €56m or 2.5 p.p. of Q2 20 revenue

EBIT margin pre PPA and I&R costs



Group EBIT pre PPA and I&R costs (€m): Q2 20 vs. Q2 19

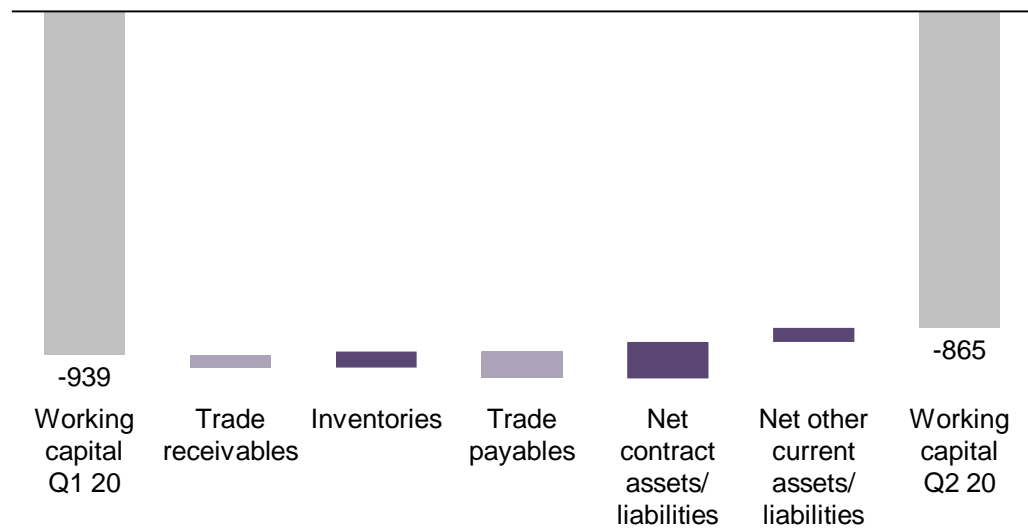


- Pricing, productivity, volume and mix effects in line with expectations
- COVID-19 related cost increases included in “Other”

1) Together with the COVID-19 impact, the “Other” category includes a negative FX impact in Q2 20 and the positive impact from provisions releases in Q2 19, on account of better performance of Offshore product platforms and Service costs, not repeated in Q2 20. Additional costs driven by execution challenges in the Northern European pipeline and the slow down in India compensated by the settlement reached with Areva

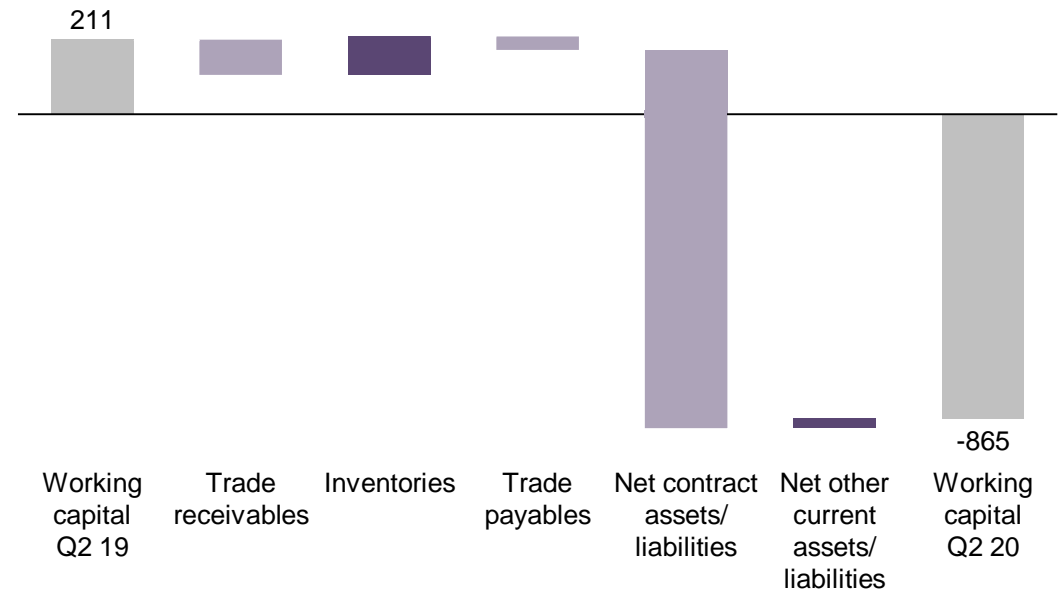
Strict control of working capital continues

QoQ evolution of working capital¹ (€m)



- QoQ evolution impacted by order intake and project execution delays driven by COVID-19

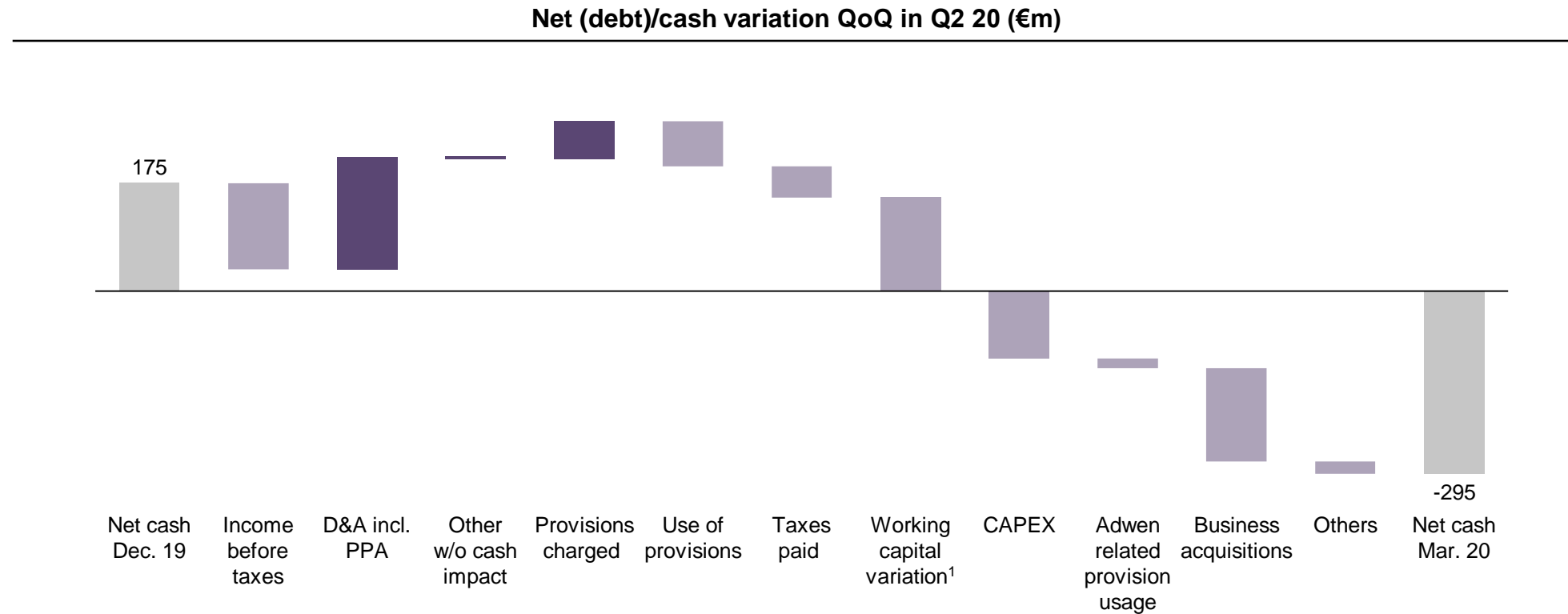
YoY evolution of working capital¹ (€m)



- Order intake, project planning and strict working capital control drive YoY improvement

1) Full detail of working capital accounts can be found in the Activity Report

Net debt position in Q2 20 driven by working capital and payment for Senvion Service assets



YoY net debt position, excluding the implementation of IFRS 16², improved by c. €429m after payment for Senvion Service assets

1) Working capital cash flow effective change

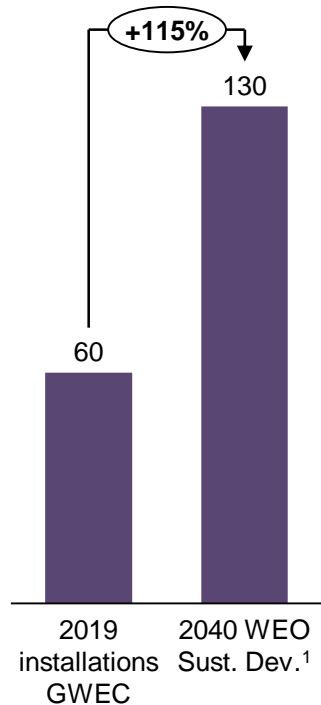
2) Excluding short- and long-term lease liabilities of €606m, net debt as of March 31, 2020 would have amounted to a net cash position of €311m versus a net debt position of €118m as of March 31, 2019

Outlook & Conclusion

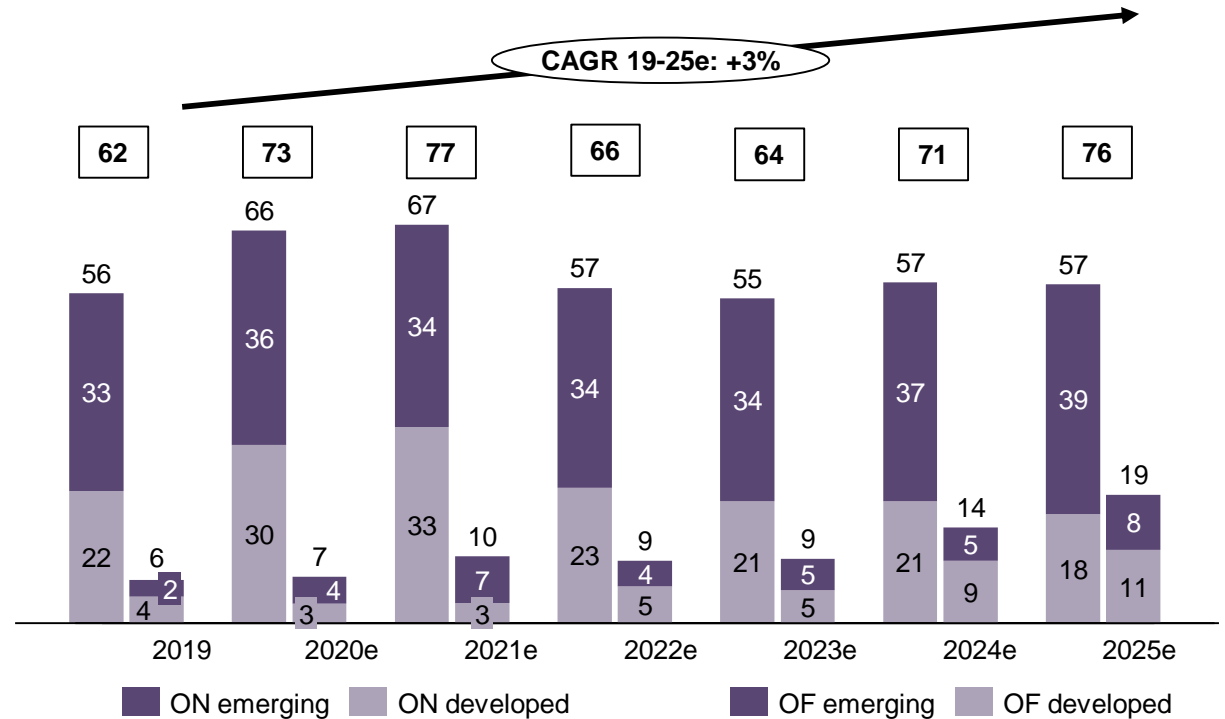


Strong potential of wind energy confirmed. SGRE placed to benefit from growth drivers

Average annual installations ON and OF (GW)



Onshore + Offshore projections (GW)²



Increased Offshore commitments throughout all markets with annual installations moving above 20 GW¹ before the end of the decade

1) International Energy Agency
 2) Wood Mackenzie: Global Wind Power Market Outlook Update: Q1 2020

Conclusions



Short-term financial performance impacted by **COVID-19** that intensifies some WTG ON execution challenges. **Guidance withdrawn and Indian restructuring initiated**



Solid balance sheet and secured long-term financing



Strong long-term prospects unchanged with enhanced visibility: order backlog of €28.6bn



Service and Onshore competitive positioning reinforced through Senvion assets acquisition. Acquisition of Vagos facility closed in Q3 20



Clear roadmap to lead on ESG metrics

Short-term outlook withdrawn, long-term commitments unchanged



Thank you!

