
Q3 20
RESULTS
July 30, 2020
SIEMENS Gamesa
RENEWABLE ENERGY

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

Note on alternative performance measures (APMs)

The definitions and reconciliation of the alternative performance measures that are included in this presentation are disclosed in the Activity Report associated to these 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 ESG[1] principles

- **Ranked 1 of 25 in the Electric Components and Equipment sector by Vigeo Eiris**
- **ESG criteria** introduced **in the first syndicated guarantee line**
- **Enhanced H&S measures** to protect all employees from COVID-19

Committed to respecting human rights and the environment …

The Global Compact – Red Pacto Mundial España WE SUPPORT

GRI Community 2020 – Siemens Gamesa Renewable Energy

Bloomberg Gender-Equality Index 2020

Caring for Climate

We've joined The Paris Pledge for Action

SCIENCE BASED TARGETS – DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

We Support Women's Empowerment Principles – 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 RobecoSAM

Corporate ESG Performance Prime – Rated by ISS ESG

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

Q3 20 Key Points

Q3 20 Key Points

Revenue of €2,411m and EBIT margin[3] of -6.7%, impacted by COVID-19 (-3.9 p.p.[4]), market developments in India and Mexico and challenges in Northern Europe

- **Measures launched to address WTG ON weaknesses** while WTG OF and Service continue to perform

New CEO to step up turnaround efforts

- Launch of company-wide program: LEAP

Record order backlog: €31.5bn[1] and **9.3 GW additional WTG OF pipeline[2]**

- **2.2x Book-to-Bill** despite COVID-19 impact

Strong liquidity and focus on asset management:

- **C. €4bn in financing lines** with €1.2bn used
- **Net debt of €90m**

Long-term vision reinforced with renewable energy as core to sustainable economic models and economic recovery

1) Backlog impacted by currency devaluation (c. -€950m)
2) Pipeline made of preferred supply agreements and conditional orders that are not part of SGRE's WTG OF backlog
3) EBIT margin pre PPA and I&R costs, excluding the impact of PPA on the amortization of intangibles: €68m, and integration and restructuring costs: €243m in Q3 20
4) Direct impact of COVID-19 on EBIT pre PPA and I&R costs of €93m as percentage of Q3 20 revenue

Measures launched to address WTG ON weaknesses

Reset of Indian operations

- **Consolidation of manufacturing to** address expected reduction in **market size**
- **Business de-risked and focused**, limiting development activity and ceasing solar activity
- **Launch of new SG 3.4-145** with 48% more AEP[1] than its predecessor

WTG ON manufacturing footprint optimized to meet market needs

- Manufacturing footprint adapted to market demand for bigger WTG: **Aoiz factory closure**
- Need for cost optimization and regional flexibility: capacity adjustment in Northern Europe and **acquisition of Vagos**

LEAP[2]

- Pillars: **Innovation, productivity and asset management, and operational excellence**
- **Selective sales approach in WTG ON** (profit over volume)**, de-risking business** limiting development and EPC[3] activity, **reinforcing project management** and **transferring Best Practices** throughout the organization to avoid a repetition of the Northern Europe and Indian complications
- Full details to be presented on August 27 during the Capital Markets Day

1) AEP: Annual Energy Production
2) LEAP: Company-wide program
3) EPC: Engineering, Procurement and Construction

New CEO to step up turnaround efforts

MBA. Dipl. Engineer in Mechanics and Economics

c. 16-year experience in the wind power industry

> 13-year proven record as CEO of wind businesses delivering sustainable profitable growth

As **SGRE WTG OF CEO,** led the team to:

- **Increase the order backlog by 30%** gaining c. €11bn in firm orders since FY 18
- **Maintain leadership** in mature Northern European Offshore markets and capture leadership in new markets (France, Taiwan and US)
- **Launch SG 11.0-200 DD and SG 14-222 DD** positioning SGRE to lead in the auction driven market
- **Deliver financial performance in line with the group long-term vision** through technology and operational excellence

Operational excellence, cost optimization and cash focus need to drive the performance in all corners of the organization

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

ON: Leading Vietnam booming market

- 180 MW in orders in Q3 20. 78 MW nearshore order in Q4 to reach 441 MW year to date
- 4MW+ ON platforms represent 70% of Q3 20 order intake and 47% of 9M 20 order intake

OF: Launch of the SG 14-222 DD turbine

- 4.3 GW pipeline signed after May 2020 launch
- Proven technology
- Up to 15 MW with Power Boost
- 25% higher AEP[1] compared to its predecessor

SE: First major contract for Senvion OF turbines


Credit: Trianel

- Up to 15 years, full scope, 200 MW contract signed with Trianel GmbH (Germany)
- Senvion technology contracts signed for 557 MW since the acquisition

1) AEP: Annual Energy Production

Commercial activity

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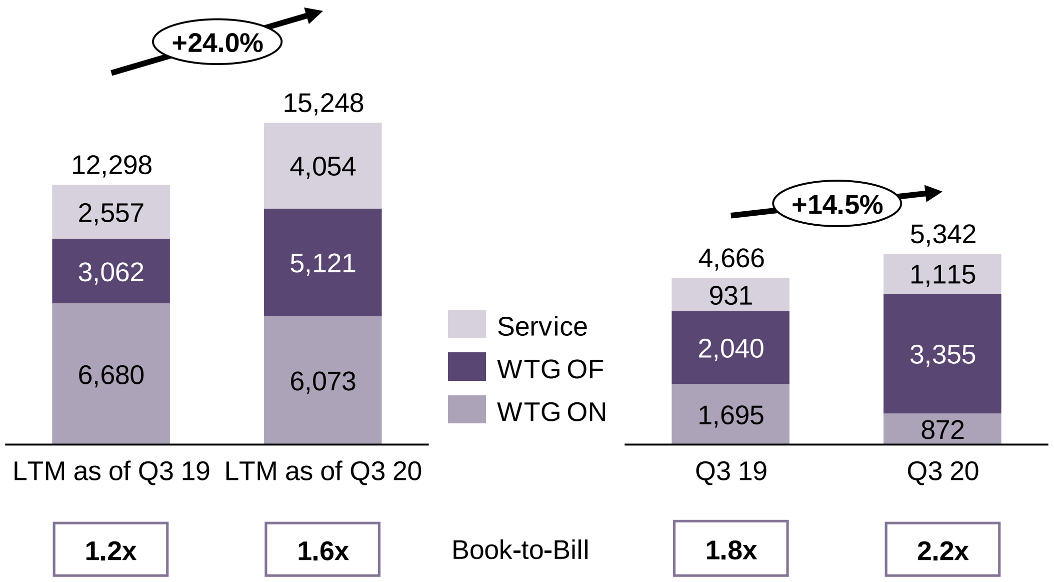
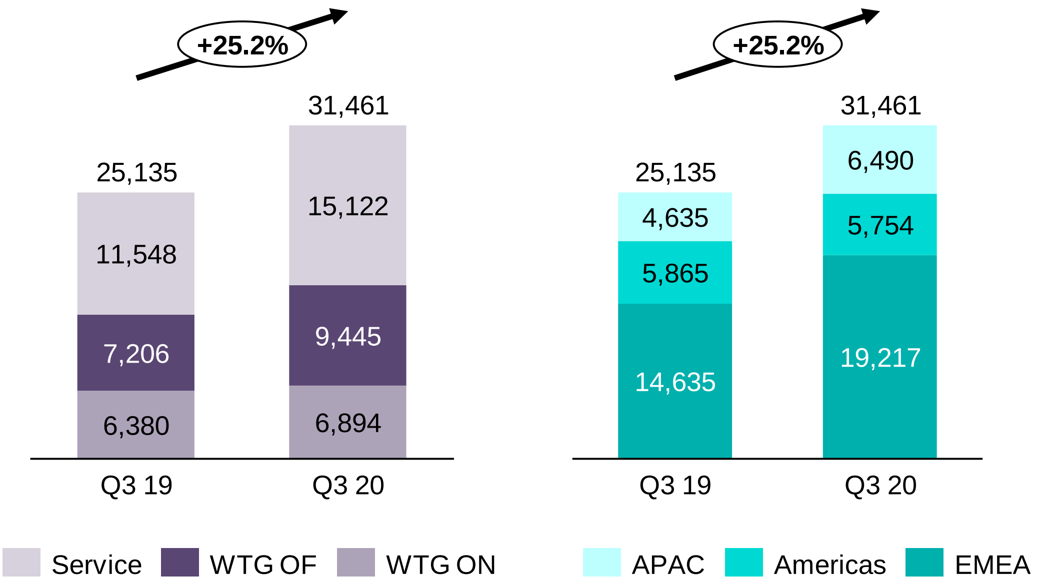
Record order backlog: €31.5bn, up 25.2% YoY, driven by WTG OF and Service strength

Order intake[1] LTM and Q3 (€m)



Order backlog (€m)

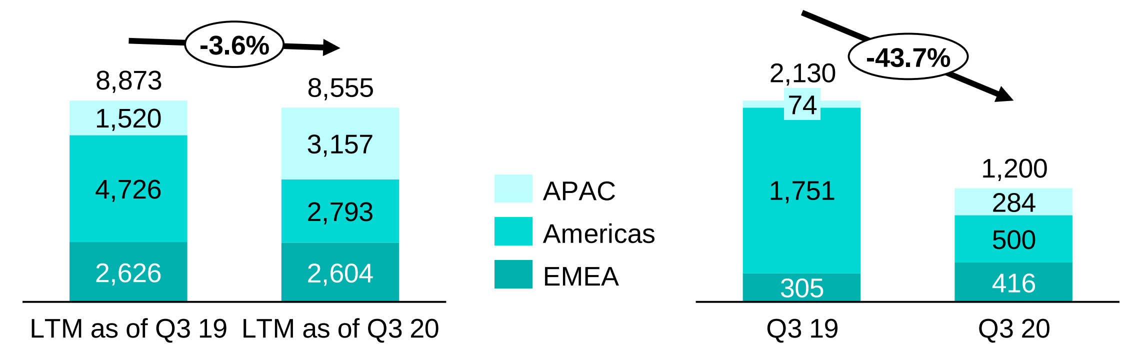


78% of the order backlog in businesses with strong execution track record, sound profitability and longer duration

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. There are no solar orders in Q3 20, Q1 20 and Q4 18

WTG ON order intake: 1.2 GW, down 44% YoY, impacted by COVID-19

WTG ON order intake[1] LTM and Q3 (MW)



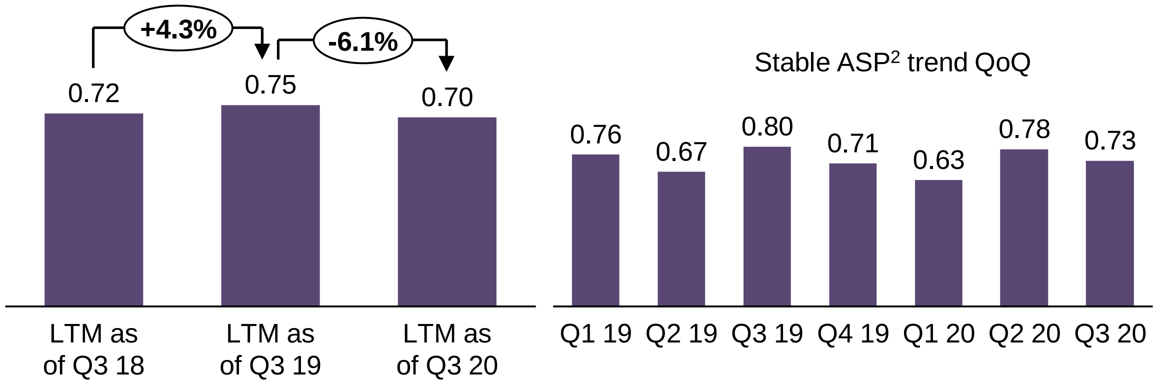
Q3 20 order intake impacted by COVID-19, India slowdown and uncertainty in the Mexican market

- US with 27%, Vietnam and Spain with 15% each and Chile with 14% are the main contributors to the Q3 20 order intake volume (MW)

4 MW+ platforms contributed 70% to Q3 20 order intake

- 47% of the 9M 20 order intake (5.4 GW), 21 p.p. higher than in FY 19
- New SG 5.X order in Sweden: 13 SG 6.0-155

Average selling price of WTG ON order intake[1] (€m/MW)



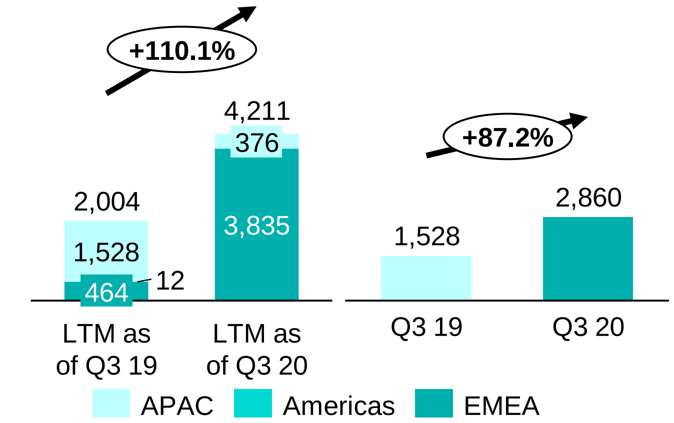
Stable pricing

- Q3 20 ASP YoY decline driven by project scope and larger contribution from higher nominal power WTG

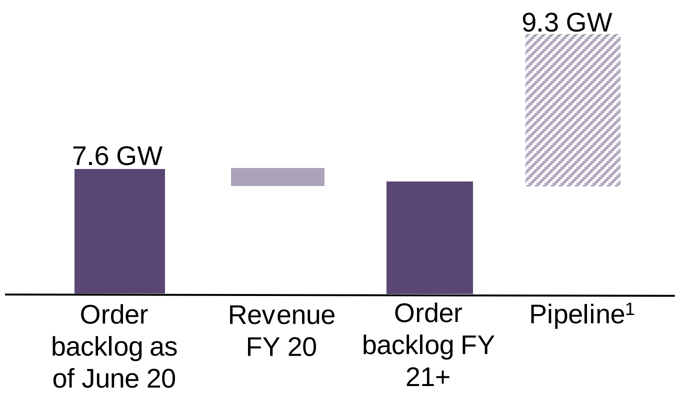
1) Order intake WTG ON (MW) and average selling price of WTG ON order intake includes only wind orders
2) Average selling price (ASP) in individual quarters fluctuate driven by regional mix and scope of projects

Leading competitive positioning in WTG OF: 7.6 GW in order backlog and 9.3 GW in pipeline

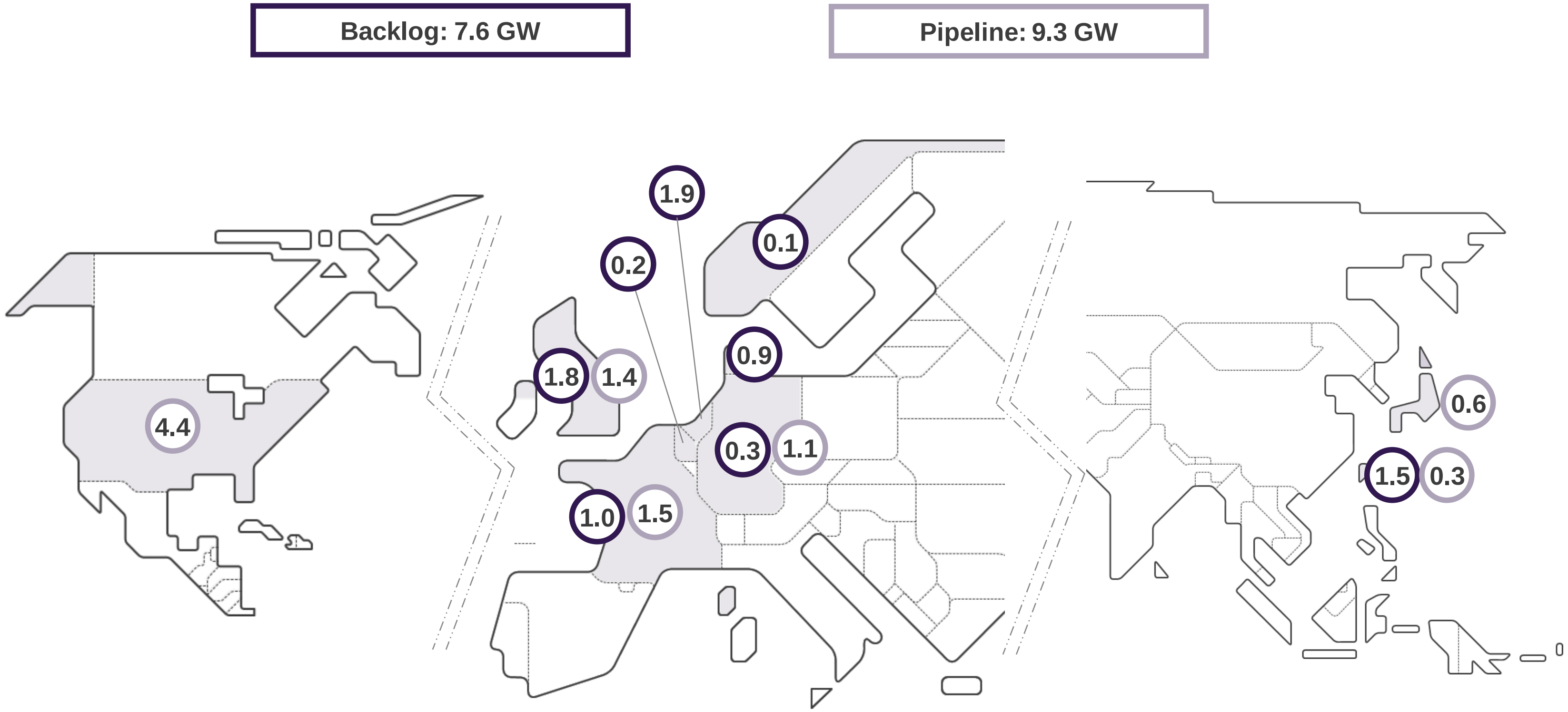
WTG OF order intake (MW)



WTG OF backlog and pipeline[1]



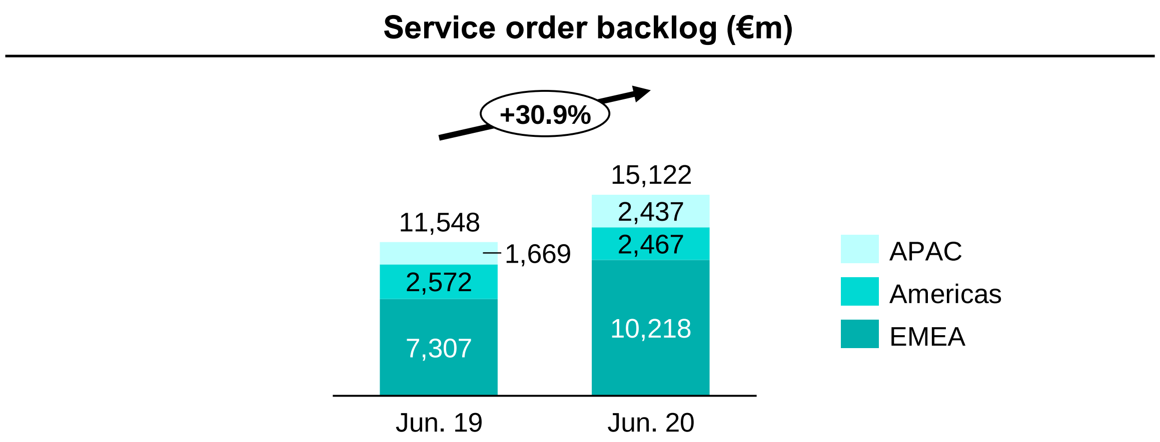
Backlog and Pipeline (GW)



- Conditional order for Sofia wind farm (1.4 GW) driving **total pipeline for the SG 14-222 DD to 4.3 GW**
- **993 MW** in firm orders in **France** to support **localization in Le Havre**: combined blade and nacelle facility

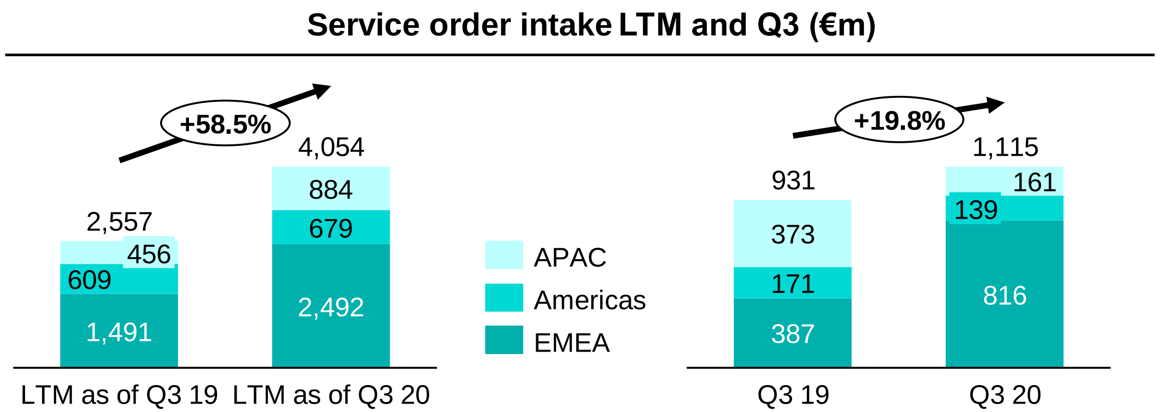
1) Pipeline made of preferred supply agreements and conditional orders that are not part of SGRE's WTG OF backlog

48% of the Group backlog comes from Service with a strong order intake performance



€15,122m or 48% of order backlog in Service

- Retention rate c. 70%

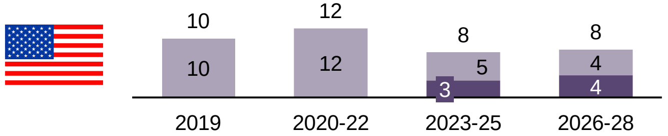


Strong commercial performance, linked to Offshore

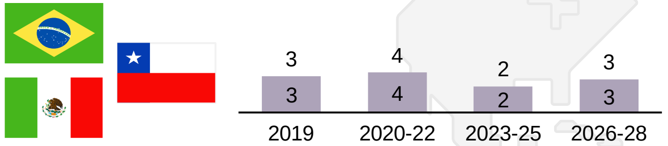
- Book-to-Bill: 2.4x in Q3 20 and 2.5x in LTM
- 15 and 10 years service contracts signed for Fécamp (497 MW) and Saint Brieuc (496 MW) windfarms
- First Service contract for Senvion Offshore assets: 200 MW signed with Trianel GmbH (Germany)

Short-term demand dynamics reflect COVID-19 impact; long-term growth maintained[1]

Americas

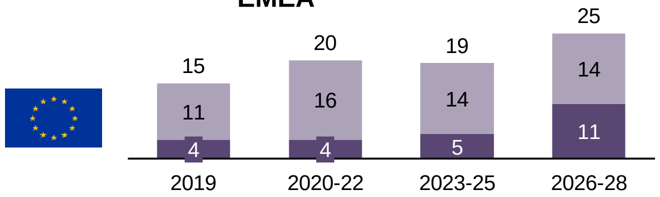


- Promising outlook strengthened[1] both in ON and OF
- One year extension granted to wind farms under 100% and 80% Safe Harbor
    - **OF: SGRE selected for 4.4 GW** out of 6.6 GW with OEMs assigned



- Latin America attractiveness remains, but (i) Mexico prospect for renewables is jeopardized due to current lack of governmental support and (ii) Brazil electricity demand decline may also impact short-term wind energy demand
    - **>2 GW backlog in Latin America**

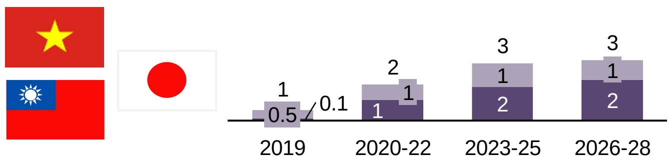
EMEA



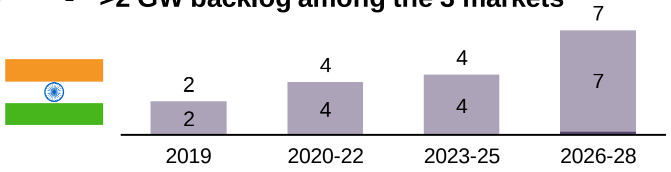
- Prospect enhanced by strong role of wind energy in the €1.85bn recovery plan. Green hydrogen strategy may increase renewables demand even further
    - **61% of SGRE order backlog in EMEA**

Onshore Offshore
Average GW for the period

APAC



- Vietnam promoting wind energy to face potential electricity supply shortage from 2023
- Taiwan plans new 5 GW OF auctions for 2026-2030 installations
- Japan forecast increased[1] with new areas defined for next OF auctions
    - **>2 GW backlog among the 3 markets**



- COVID-19 driven lockdown further impacting 2020 installations[1]
    - **SGRE #1 player with 30% in 2019[2]**
    - **Restructuring ongoing**

1) Market charts present the average annual installations according to Wood Mackenzie Q2 2020 outlook. Forecast increased for US ON (+4.3 GW) and US OF (+1.8 GW) in the 2020-2028 period and for Japan (+0.7 GW) between 2023 and 2024, and reduced for India (-1.0 GW) in 2020, compared to Wood Mackenzie Q1 2020 outlook
2) Market share in India according to BloombergNEF report (February 2020)

Q3 20 Results & KPIs

Consolidated Group – Key figures Q3 20 (April-June)

P&L (€m)	Q3 19	Q3 20	Var. YoY	9M 20	Var. YoY
Group revenue	2,632	2,411	-8.4%	6,615	-9.2%
EBIT pre PPA and I&R costs	159	-161	N.A.	-264	N.A.
EBIT margin pre PPA and I&R costs	6.1%	-6.7%	-12.7 p.p.	-4.0%	-10.5 p.p.
PPA amortization[1]	67	68	1.8%	203	1.6%
Integration & restructuring costs	36	243	6.7x	352	3.9x
Reported EBIT	56	-472	N.A.	-819	N.A.
Net interest expenses	-20	-11	-45.4%	-43	-8.2%
Tax expense	-14	19	N.A.	60	N.A.
Reported net income to SGRE shareholders	21	-466	N.A.	-805	N.A.
CAPEX	127	151	23	352	36
CAPEX to revenue (%)	4.8%	6.3%	1.4 p.p.	5.3%	1.0 p.p.

		IFRS 16 impact[4]				
Balance Sheet (€m)	Q3 19	Sept. 30, 19	Oct. 1, 19[4]	Q3 20	Var. YoY	Var. QoQ
Working capital	238	-833	-843	-1,498	-1,736	-633
Working capital to LTM revenue (%)[2]	2.4%	-8.1%	-8.2%	-15.7%	-18.1 p.p.	-6.8 p.p.
Provisions[3]	2,212	2,177	2,177	2,198	-14	-11
Net (debt)/cash	-191	863	280	-90	101	205
Net (debt)/cash to LTM EBITDA[2]	-0.22	0.96	0.31	-0.94	-0.72	-0.33

Q3 20 integration and restructuring costs of €243m include:

- Restructuring of Indian operations including impairment of PPA intangible assets, PPE and inventory incl. landbank for a total amount of €157m
- Capacity closures and adjustments in Europe: €26m
- Integration of Senvion acquisition: €11m

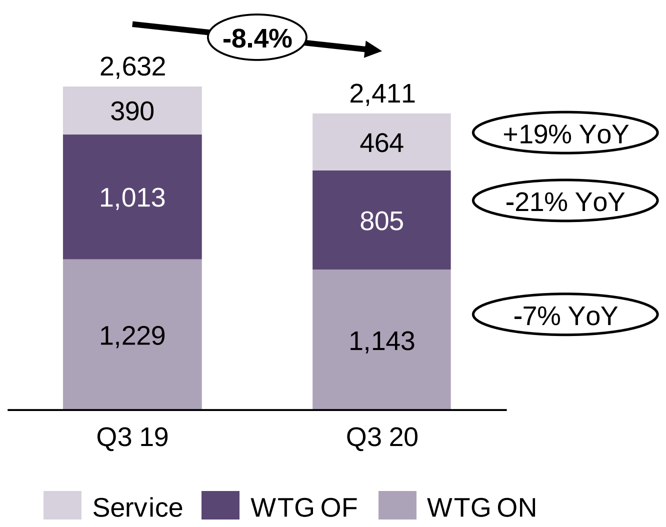
9M 20 reported net loss of €805m includes:

- PPA impact on intangible amortization of €203m in line with annual expectations
- I&R cost of €352m including:
  - Indian restructuring: €195m
  - WTG and Service footprint and central offices optimization: €38m
  - Senvion integration: €22m

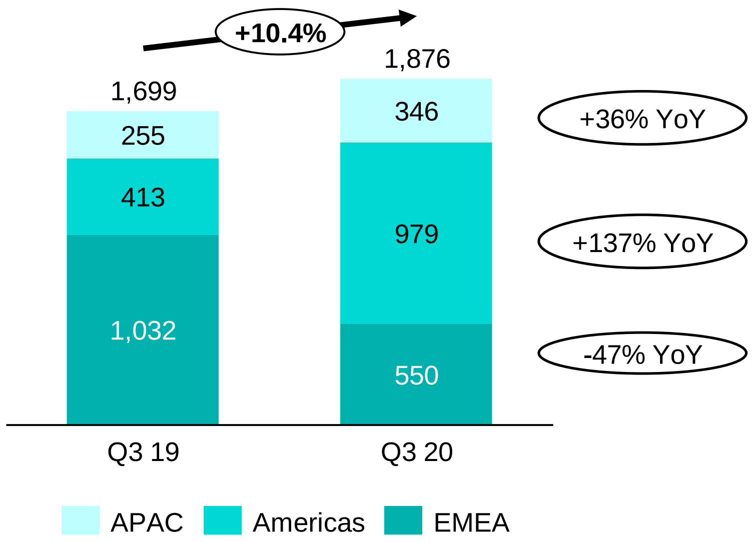
1) Impact of PPA on the amortization of the fair value of intangibles
2) LTM revenues as of June 20: €9,559m; LTM EBITDA as of June 20: €96m
3) Within group provisions, Adwen provisions stand at €589m
4) Introduction of IFRS 16 from October 1, 2019 onwards reduces the net cash position of €863m as of 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. Short- and long-term lease liabilities included in net debt amounted to €606m as of June 30, 2020

Revenue performance driven by COVID-19, Indian slowdown and planned WTG OF decline

Q3 Group revenues (€m)



Q3 WTG ON sales volume by geography (MWe)

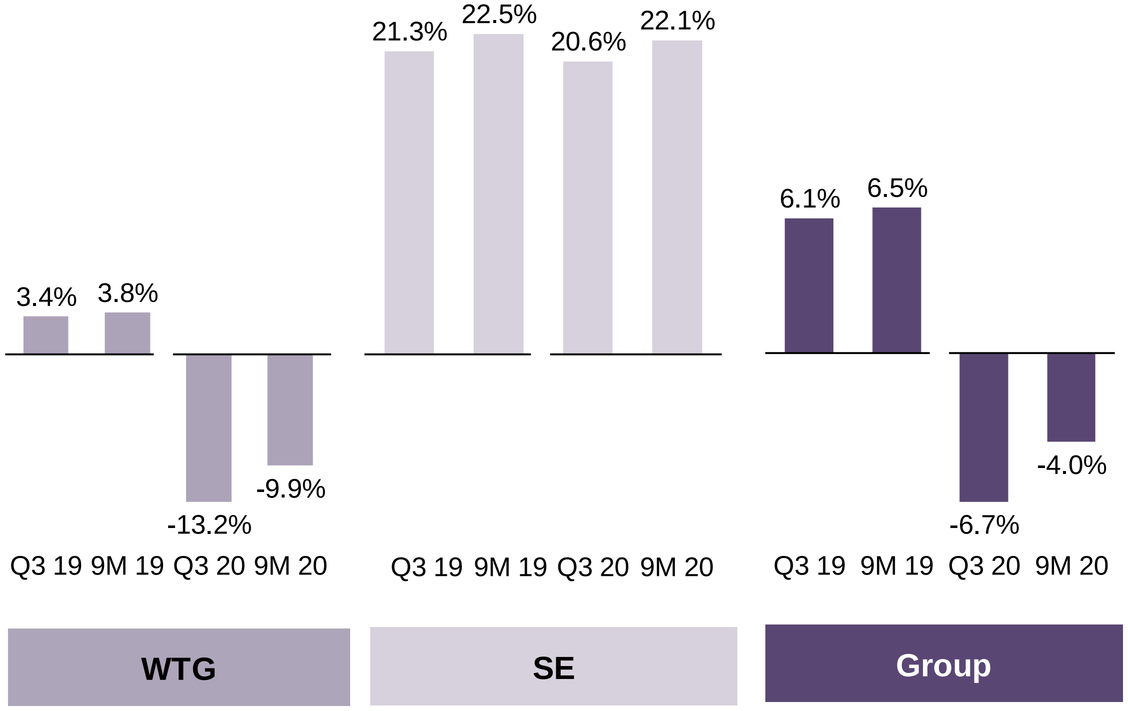


- **WTG ON revenue performance impacted by delays in project execution**, with installation activity down 22% YoY[1], as a result of COVID-19, the Indian market slowdown and uncertainty in Mexico
- To a more limited extent, **COVID-19 impact extends to WTG OF and Service activity in Q3 20**. Beyond COVID-19 impact:
  - **Reduced revenue in WTG OF** is **in line** with FY 20 project execution **planning**
  - **Service revenue growth** driven by **integration of Senvion Service** assets

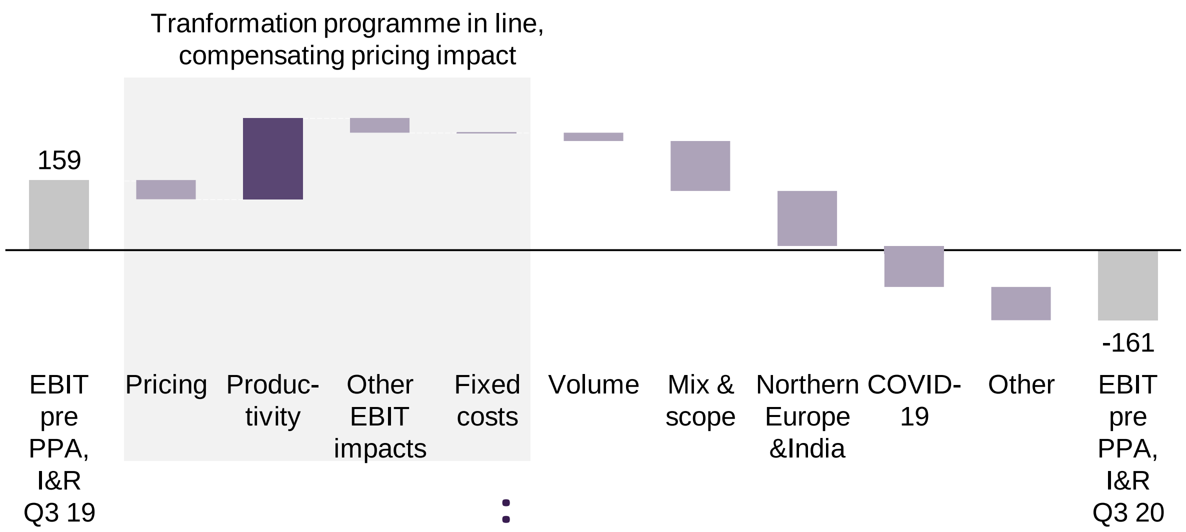
1) SGRE installation activity amounted to 1,327 MW in Q3 20 and to 1,695 MW in Q3 19

Q3 20 and 9M 20 margin impacted by WTG ON weakness accentuated by COVID-19 (-3.9 p.p. of Q3 20 and -2.3 p.p. of 9M 20 revenue)

EBIT margin pre PPA and I&R costs



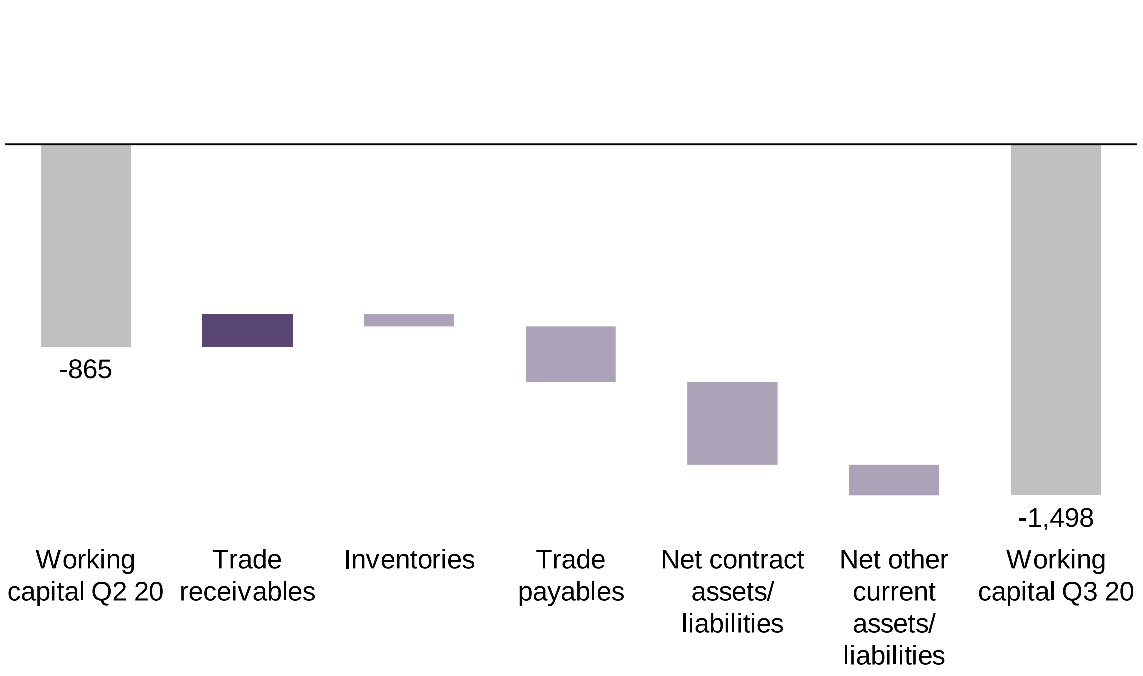
Group EBIT pre PPA and I&R costs (€m): Q3 20 vs. Q3 19



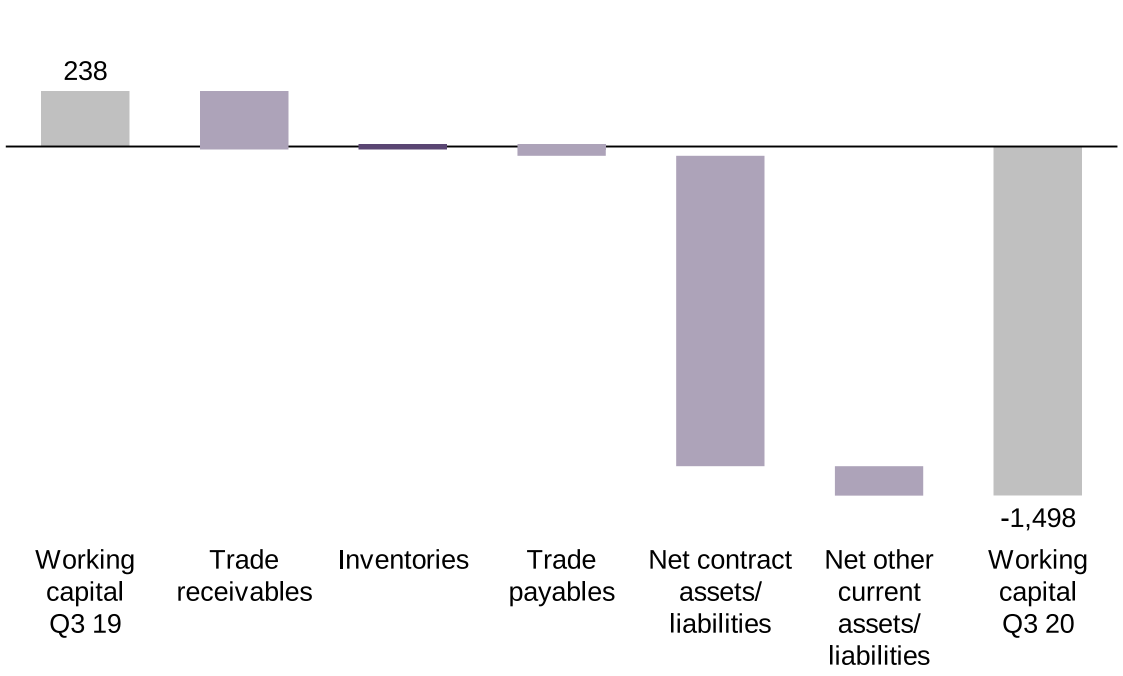
- Pricing, productivity, volume and mix & scope effects in line with expectations
- Costs associated to WTG ON India and Northern Europe: c. €125m
- COVID-19 related cost increases: €93m equivalent to 3.9% of Q3 20 revenue

Strict control of working capital continues

QoQ evolution of working capital[1] (€m)



YoY evolution of working capital[1] (€m)

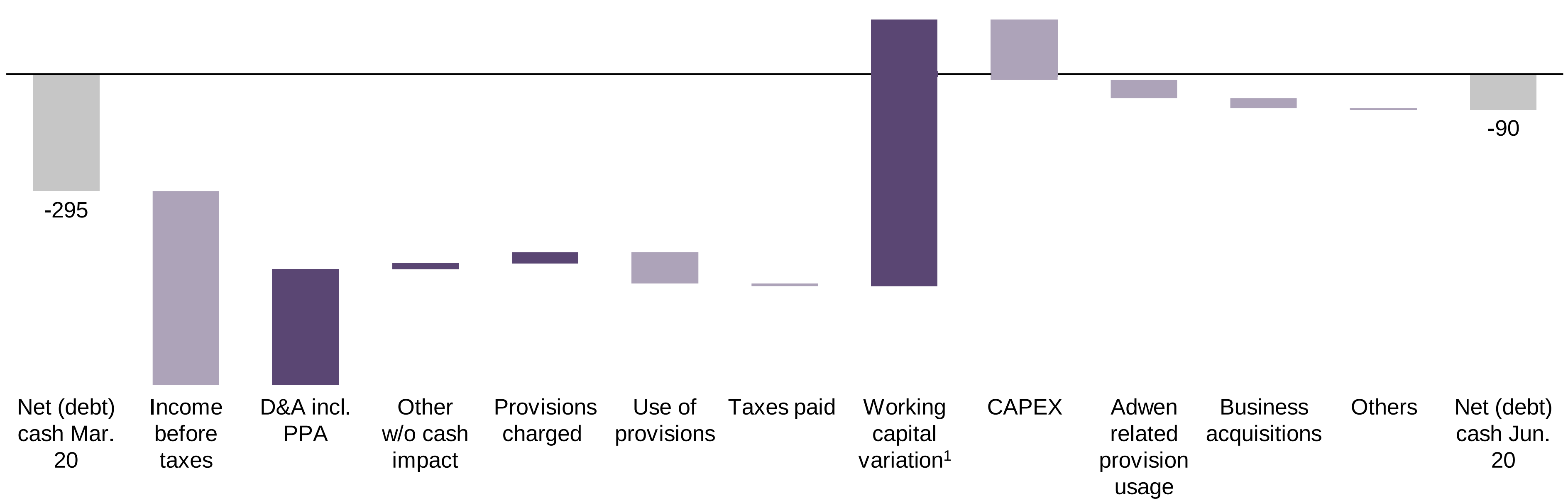


- **Order intake, project planning and strict working capital control drive QoQ and YoY improvement**

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

Net debt position in Q3 20 driven by working capital

Net (debt)/cash variation QoQ in Q3 20 (€m)



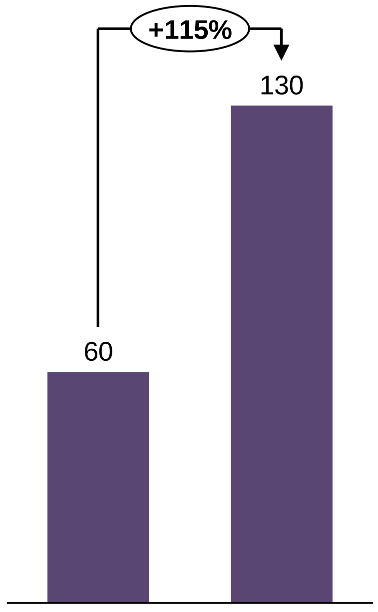
- **Net debt position improved by €205m QoQ and €101m YoY or €707m excluding the implementation of IFRS 16[2] and after payment for Senvion assets**
- **Strong liquidity position** to face COVID-19 impact on business
  - **C. €4bn in financing lines** of which €1.2bn used

1) Working capital cash flow effective change
2) Excluding short- and long-term lease liabilities of €606m, net debt as of June 30, 2020 would have amounted to a net cash position of €516m versus a net debt position of €191m as of June 30, 2019

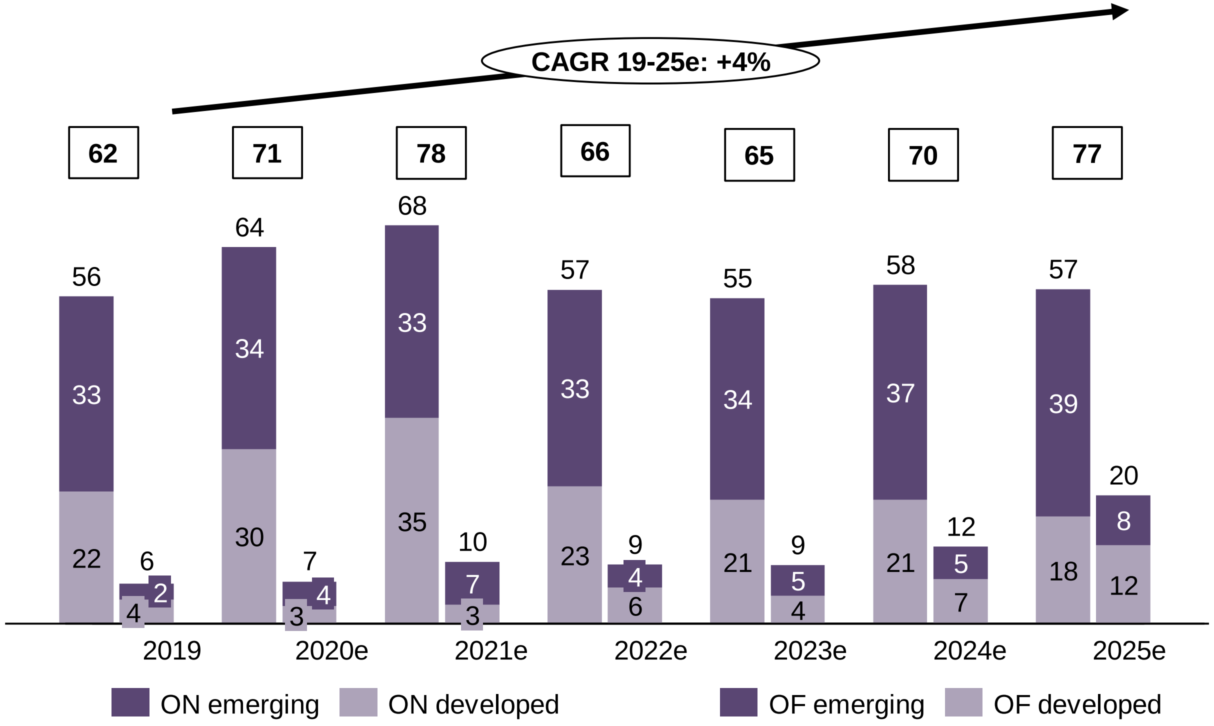
Outlook & Conclusion

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

Average annual installations ON and OF (GW)



Onshore + Offshore projections (GW)[3]



Increased Offshore commitments throughout all markets with annual installations moving above 20 GW[2] before the end of the decade

1) GWEC: Global Wind Energy Council
2) International Energy Agency (World Energy Outlook)
3) Wood Mackenzie: Global Wind Power Market Outlook Update: Q2 2020

New FY 20 guidance in place

Guidance[1]	9M 20	FY 20E	COVID-19 E	
Revenue (in €m)	6,615	9,500 - 10,000	C. -€1,000m	
EBIT margin pre PPA and I&R costs (in %)	-4.0%	-3.0% to -1.0%	-€250m to -€200m	C. -2.3%

Stronger than expected impact of COVID-19 on costs and on revenues (driven by additional volatility in core markets: India and Mexico)**; indirect impact on execution challenges in Northern Europe**

1) Guidance including integration of selected Senvion assets acquired in Q2 20, and best estimate of COVID-19 impact as of July 30 (as presented in the table). This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates

Conclusions

Short-term financial performance impacted by COVID-19 that intensifies WTG ON execution challenges and increases volatility in core markets

- **Measures to address WTG ON weaknesses** launched
- **New CEO** in place

Clear roadmap to lead on ESG metrics

Strong long-term prospects with **enhanced visibility:**

- Backlog of €31.5bn plus 9.3 GW in WTG OF pipeline
- 78% of backlog in robust businesses with strong track record

Successful launch of the new Offshore turbine SG 14-222 DD with 4.3 GW in preferred supply agreements already signed

Solid balance sheet and secured long-term financing

Addressing short-term challenges and getting ready for long-term opportunities

Thank you!