

Q2 21

RESULTS

April 30, 2021

SIEMENS Gamesa
RENEWABLE ENERGY

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Note on alternative performance measures (APMs)

This document includes supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa’s net assets and financial position or results of operations as presented in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently. 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.

Q2 21 Key points



Q2 21 Key points

- ✓ **Q2 21 revenue: €2,336m (H1 21: €4,631m) and Q2 21 EBIT margin¹: 4.8% (H1 21: 5.0%).** H1 21 EBIT¹ positively impacted by:
 - A comparatively high reduction in Offshore wind turbines failure rates and in third party spending in Service (with impact in Q1 21)
 - Upfront loading of Offshore manufacturing activity

- ✓ **Revenue guidance² narrowed: €10.2bn-€10.5bn and EBIT margin guidance² maintained: 3%-5%** considering the following:
 - Impact of order intake deferrals and project execution delays on top line development
 - H1 21 EBIT performance and ongoing efficiency measures linked to the LEAP program
 - Higher expected supply costs (including raw material prices) and lower Offshore contribution (with the SG 11.0-200 DD manufacturing ramp-up) in H2 21

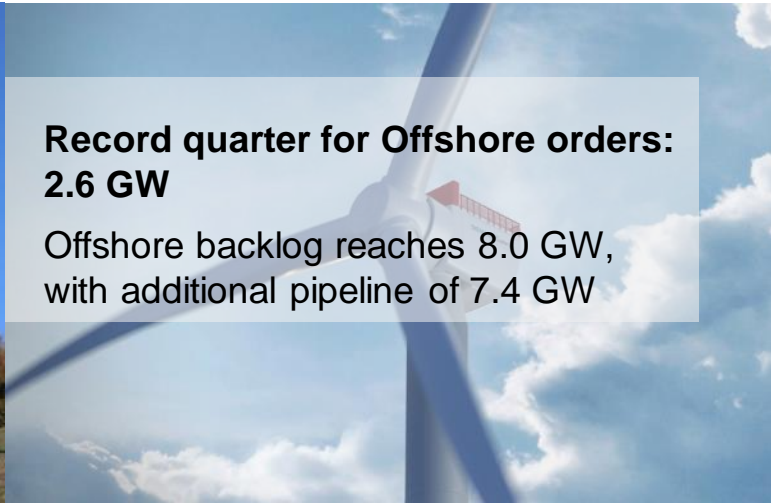
- ✓ **Turnaround actions progressing** with new organization and LEAP program in place
 - Manufacturing capacity consolidation in Spain agreed in Q2 21
 - Ongoing fixed cost reduction through the simplification of the WTG organization

- ✓ **Strong momentum in renewables and SGRE well positioned to benefit**
 - Record order backlog of €33.7bn and record order intake of €5.5bn in Q2 21
 - 46 GW in expected auctions in 2021 and 98 GW beyond




1) EBIT margin pre PPA and I&R costs, excluding the impact of PPA on the amortization of intangibles: €59m in Q2 21 (€119m in H1 21), and the integration and restructuring costs: €71m in Q2 21 (€118m in H1 21)

2) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates. It does not include any impact from a potential lockdown of manufacturing activities or severe disruptions to the supply chain due to COVID-19 developments. EBIT margin guidance refers to EBIT pre PPA and I&R costs

Highest ever order intake in the quarter leading to record order backlog



Further progress in our ESG¹ commitments

- 
Top rating in the sector by ESG Rating agencies: VigeoEiris and ISS² ESG
- 
Top percentile by ESG Rating agencies: Sustainalytics (98/¹⁰⁰), FTSE Russell (98/¹⁰⁰), S&P Global ESG (97/¹⁰⁰)
- 
Member of ESG Indexes: Dow Jones Sustainability Indices World & Europe, FTSE4Good, Euronext, EuroStoxx, Ethibel

Committed to respecting human rights and the environment ...



... members of ESG indices with top scores from ESG rating agencies



1) ESG: Environmental, Social and Governance

2) ISS ESG is a division of the ISS (Institutional Shareholder Services) group that, among other activities, rates the sustainability of listed companies on the basis of their environmental, social and governance performance

Commercial activity

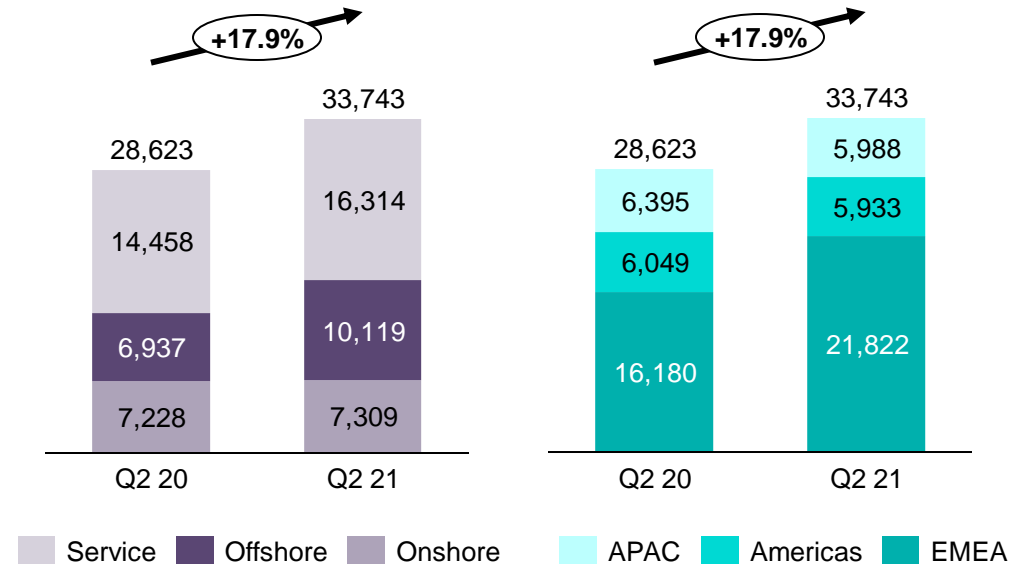
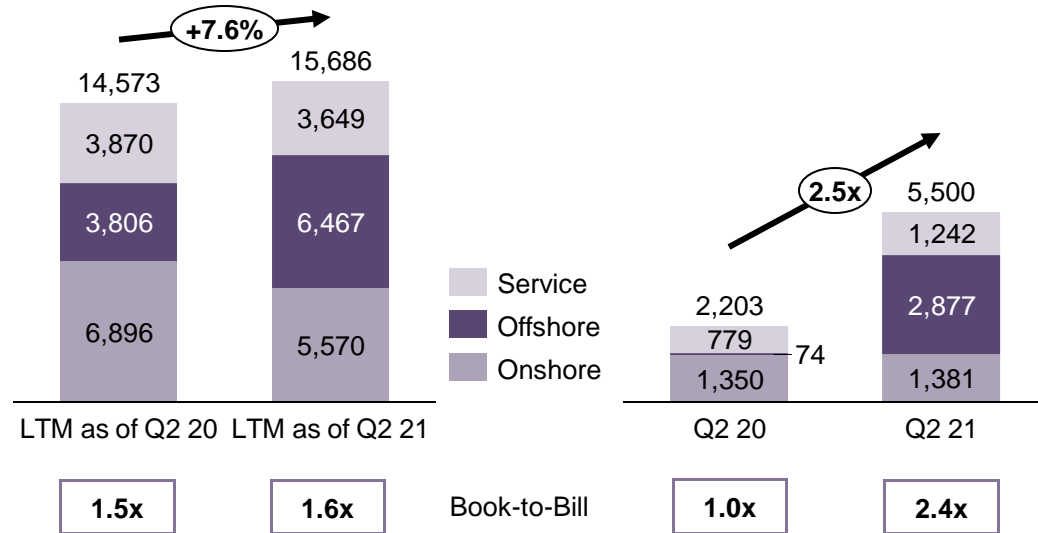




Record order backlog: €33.7bn, up 17.9% YoY, with order intake of €5.5bn in Q2 21

Order intake LTM¹ and Q2 (€m)

Order backlog (€m)



97% coverage of mid-point and 99%² of low-end of FY21 narrowed revenue guidance

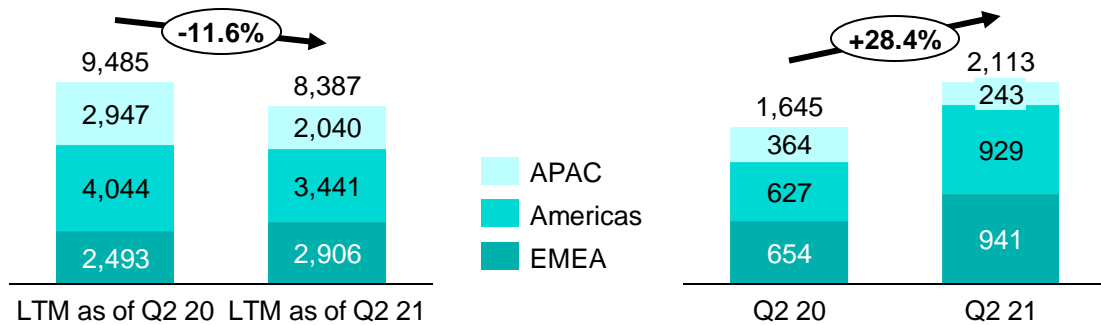
Volatile profile of Offshore market dynamics with positive impact on Q2 21 order intake both in WTG and Service (compensating lower order intake volume in Q1 21)

1) Solar orders in LTM as of Q2 20 of €64m and €61m in Q2 20. Solar orders in LTM as of Q2 21 of €51m and €51m in Q2 21

2) Revenue coverage: H1 21 sales plus order backlog (€) as of March 21 for FY21 sales activity divided by the FY21 revenue guidance range of €10.2bn to €10.5bn

Onshore order intake, 2.1 GW in Q2 21, dominated by large platforms

Onshore order intake¹ LTM and Q2 (MW)



Focus on profitability over volume

- Positive YoY trend reflects recovery from strong negative impact of COVID-19 on Q2 20 commercial activity

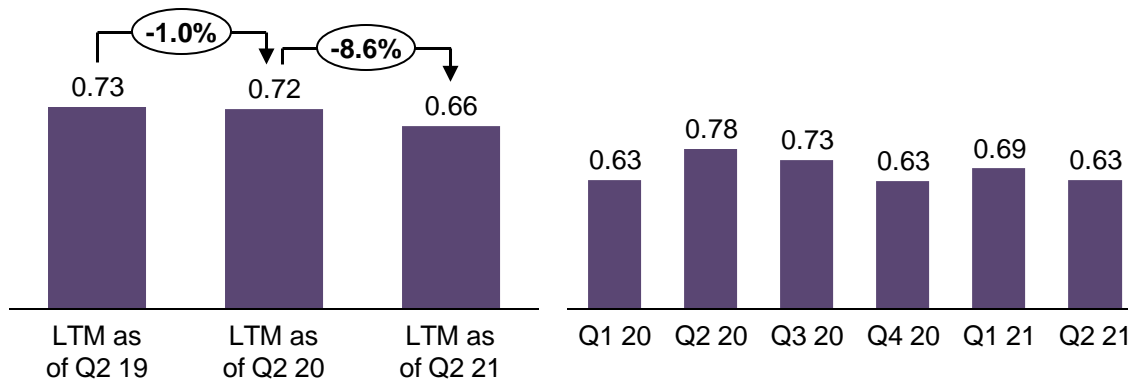
Commercial activity in Q2 21 driven by Americas and EMEA

- Brazil (21%), Spain (21%), Sweden (13%) and Peru (12%) are the largest contributors to order intake (in MW)

Steep increase in 4 MW+ platforms: 76% of Q2 21 order intake

- 0.8 GW in Siemens Gamesa 5.X order intake in Q2 21

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



Stable pricing

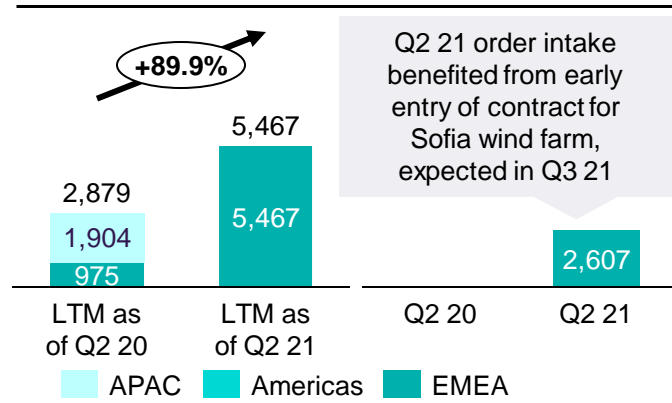
- ASP variation reflects FX impact, geographic and product mix, including dilution from larger ratings, and project scope

1) Onshore order intake (MW) and average selling price of Onshore order intake includes only wind orders

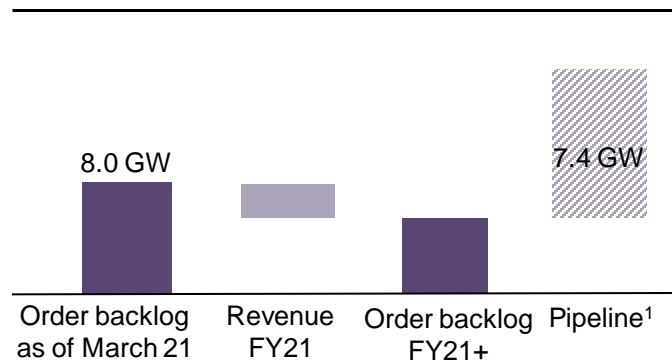


Leading competitive positioning in Offshore: 8.0 GW in order backlog and 7.4 GW in pipeline

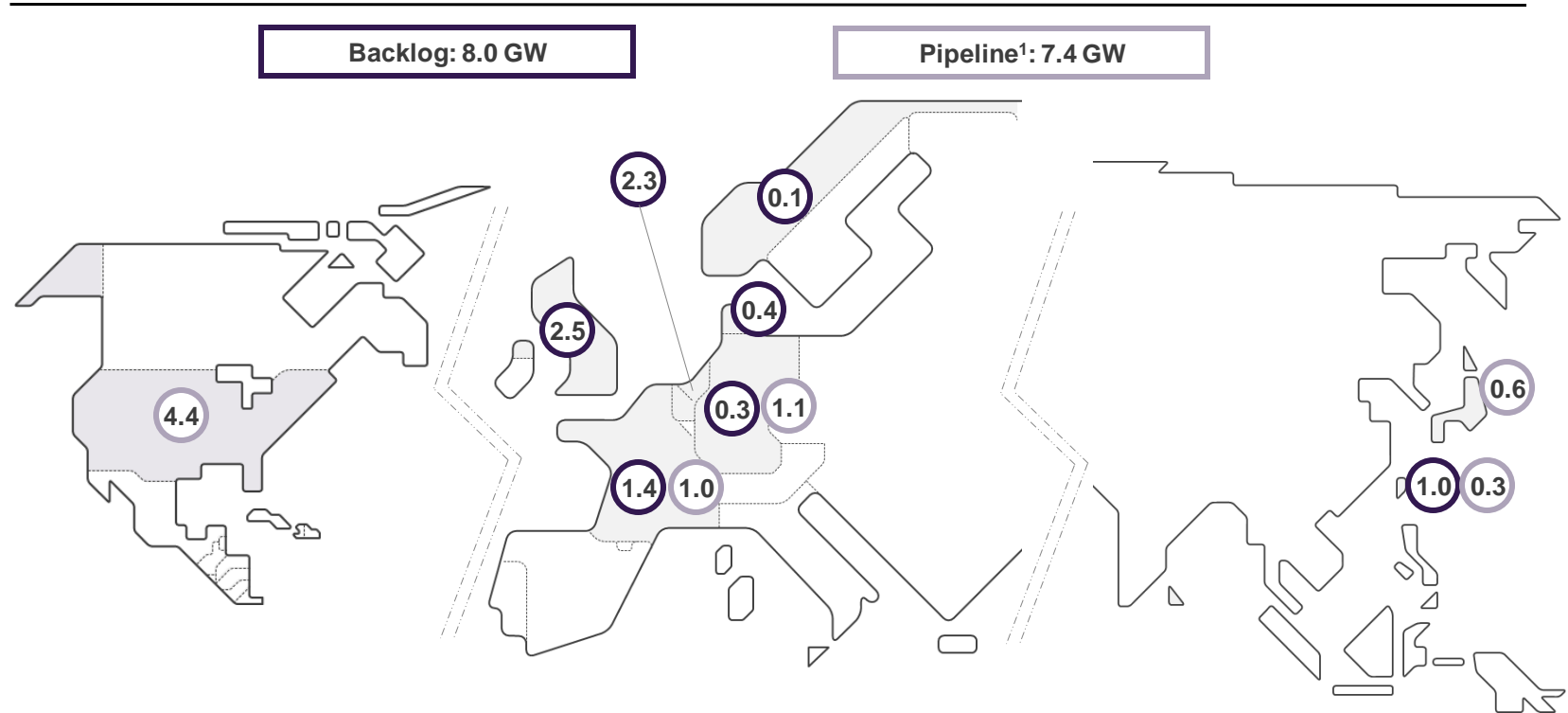
Offshore order intake (MW)



Offshore backlog and pipeline¹



Backlog and Pipeline¹ (GW)

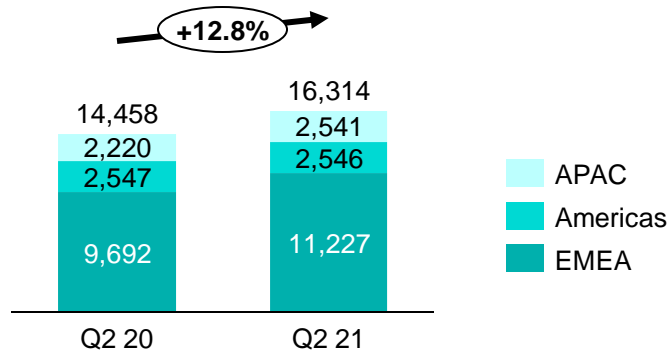


Total order intake and pipeline¹ for the SG 14-222 DD of 4.3 GW
Good progress in pipeline conversion into firm orders in Q2 21
Sofia contract expected in Q3 21 and signed in Q2 21

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

48% of the Group backlog comes from Service

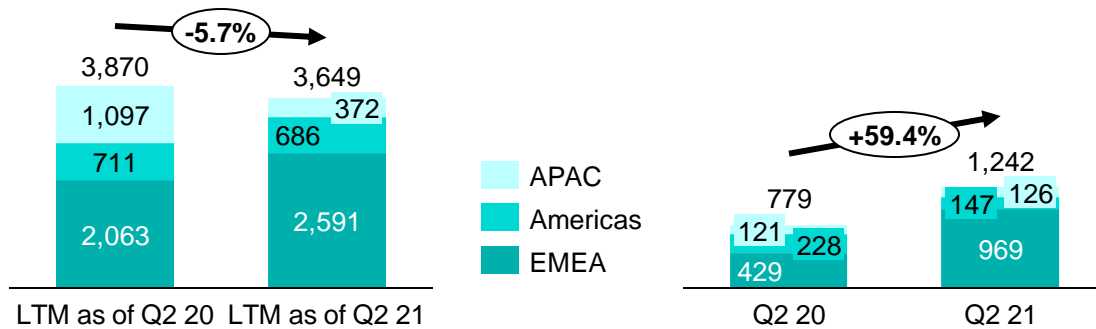
Service order backlog (€m)



€16,314m or 48% of order backlog in Service

- Retention rate of 69%
- Growth supported by strength of Offshore order intake

Service order intake LTM and Q2 (€m)



Sound commercial performance. YoY comparison reflects strong Service activity in Q2 21 related to new Offshore turbine orders

- Book-to-Bill: 2.0x in LTM as of Q2 21 and 2.9x in Q2 21

Decarbonization commitments and green recovery programs underpin the wind industry potential



Increasing decarbonization commitments. Renewable energy to play a key role in the transformation process

- 46 GW in expected auctions in 2021 and 98 GW beyond



Proposed economic recovery package focused on infrastructure and climate

- US announces 50%-52% emissions reduction target for 2030
- New target: 30 GW Offshore for 2030. PTC¹ and ITC¹ to be extended. BOEM² committed to accelerating permitting process



Industrial decarbonization strategy published

- Emission trading system (ETS) to favor energy supply contracts with renewable energy plants



European Commission approves the support mechanism for Offshore projects

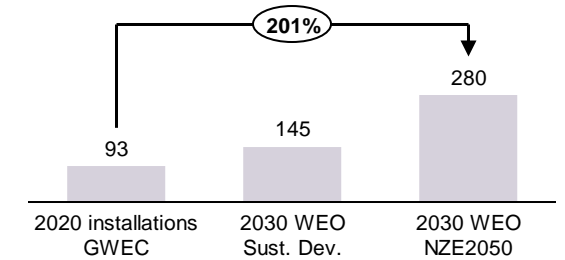
- c. 10 GW auctions scheduled for 2021-2025



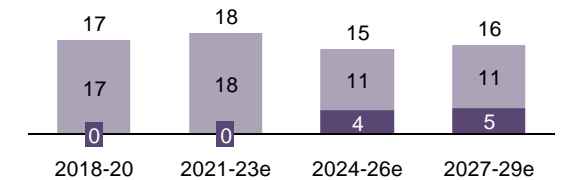
Wind and solar target of 1,200 GW by 2030 announced

- 14th five-year-plan approved that refers to the 2060 carbon neutrality goal

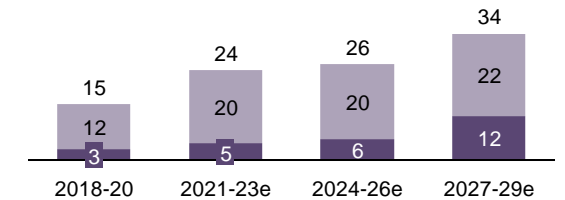
Global²
(GW/year)



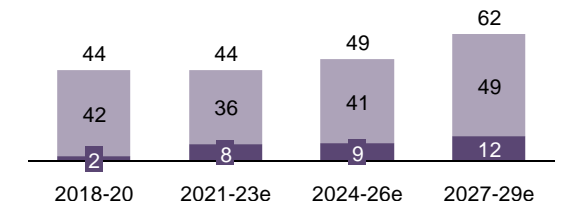
Americas³
(GW/year)



EMEA³
(GW/year)



APAC³
(GW/year)



Global wind Onshore Offshore

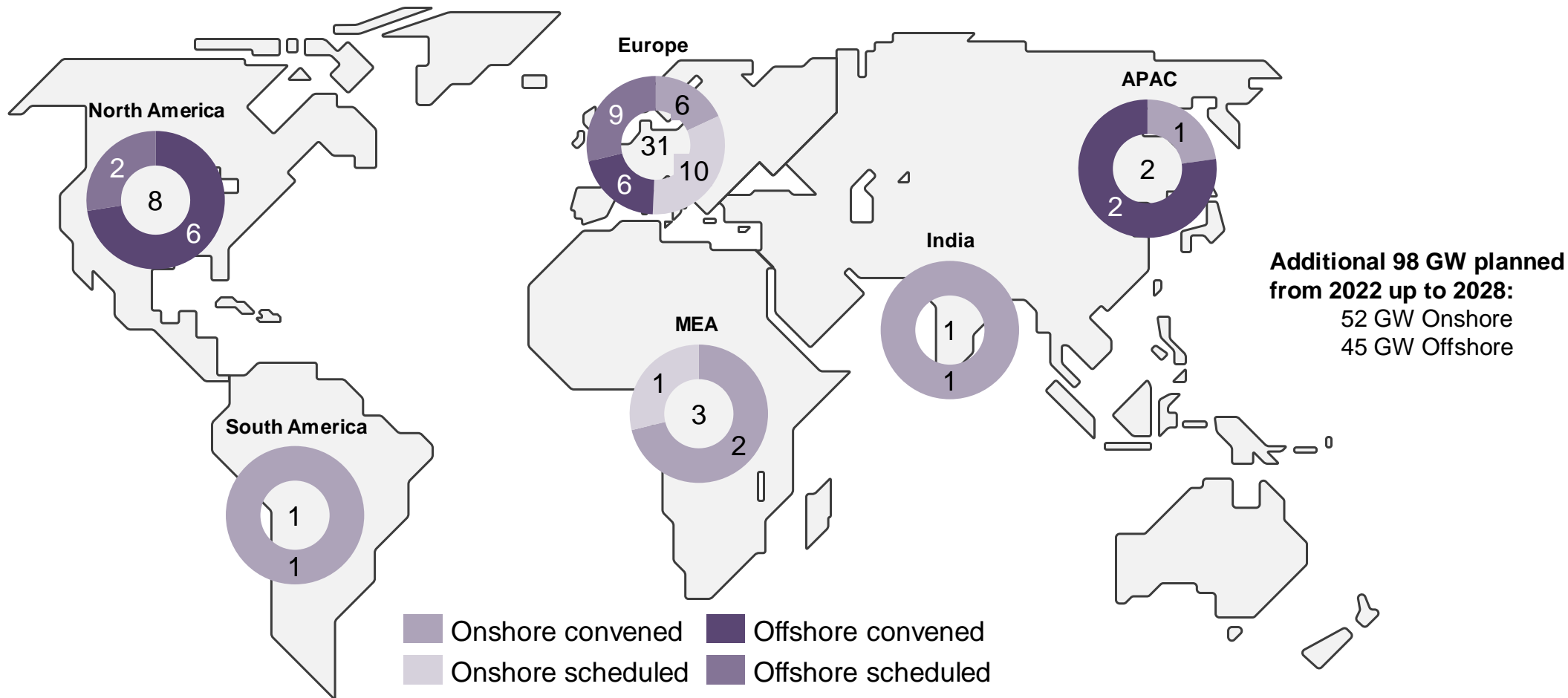
1) PTC - Production tax credit; ITC - Investment tax credit; BOEM - Bureau of Ocean Energy Management

2) GWEC: Global Wind Energy Council | WEO: International Energy Agency (World Energy Outlook 2020)

3) Market charts present the average annual installations according to Wood Mackenzie Q1 2021 outlook. Installations represent the expected annual averages for the 3-year periods



Expected 2021 auctions for 46 GW support good mid- and long-term wind industry prospects



Q2 21 Results & KPIs



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Consolidated Group – Key figures

P&L (€m)	Q2 20	Q2 21	Var. YoY	H1 21	Var YoY
Group revenue	2,204	2,336	6.0%	4,631	10.1%
EBIT pre PPA and I&R costs	33	111	3.4x	232	N.A.
EBIT margin pre PPA and I&R costs	1.5%	4.8%	3.3 p.p.	5.0%	7.5 p.p.
PPA amortization ¹	69	59	-14.3%	119	-11.9%
Integration & restructuring costs	82	71	-13.2%	118	8.0%
Reported EBIT	-118	-19	N.A.	-5	N.A.
Net interest expenses	-20	-11	-43.9%	-23	-28.3%
Tax expense	-28	-35	25.0%	-27	N.A.
Reported net income to SGRE shareholders	-165	-66	N.A.	-54	N.A.
CAPEX	109	149	40	289	88
CAPEX to revenue (%)	5.0%	6.4%	1.4 p.p.	6.2%	1.5 p.p.

Balance Sheet (€m)	Q1 20	Q2 21	Var. YoY	H1 21	Var YoY
Working capital	-865	-1,639	-774	-1,639	-774
Working capital to LTM revenue (%) ²	-8.8%	-16.5%	-7.7 p.p.	-16.5%	-7.7 p.p.
Provisions ³	2,209	2,078	-131	2,078	-131
Net (debt)/cash ⁴	-295	-771	-476	-771	-476
Net (debt)/cash to LTM EBITDA ²	-0.61	-3.25	-2.63	-3.25	-2.63

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

2) LTM revenue as of March 21: €9,910m; LTM EBITDA as of March 21: €238m

3) Within total provisions, Adwen provisions stand at €494m

4) Short- and long-term lease liabilities included in net debt amounted to €841m as of March 31, 2021

Q2 21 top line supported by Offshore and Service growth and impacted by FX and Onshore order intake deferrals and project delays

Q2 21 EBIT pre PPA and I&R costs: performance supported by the Offshore and Service markets with no Onshore project cost overruns in Northern Europe and lower impact from COVID-19 and India related costs

Integration and restructuring costs of €71m in Q2 21 include:

- Capacity closure in Somozas and Cuenca
- Integration of Servion, end-to-end digitalization and IT digital office projects

Reported net income of -€66m to SGRE shareholders in Q2 21 includes:

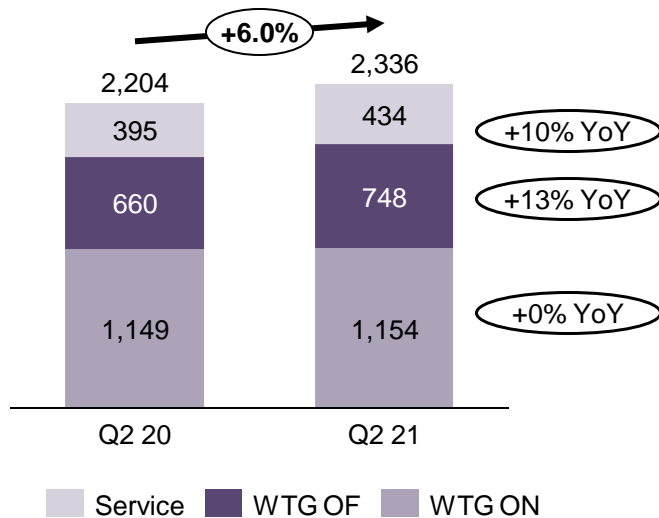
- PPA amortization¹ net of taxes of €42m in line with annual expectations
- I&R cost net of taxes of €51m. I&R impact to increase in coming quarters in line with guidance

Q2 21 CAPEX of €149m reflects investment for future growth:

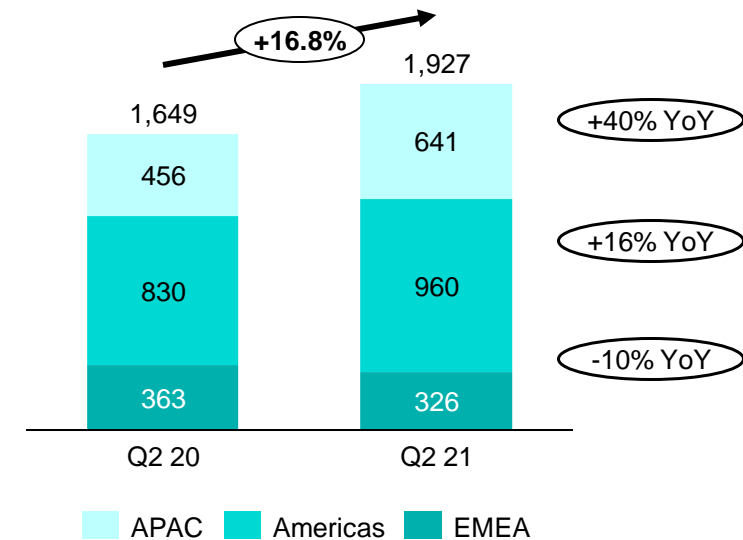
- Investment in blades and nacelles facility in Le Havre
- R&D investment in new Onshore and Offshore products

Revenue performance driven by Offshore and Service strength

Q2 Group revenue (€m)



Q2 Onshore sales volume by geography (MWe)

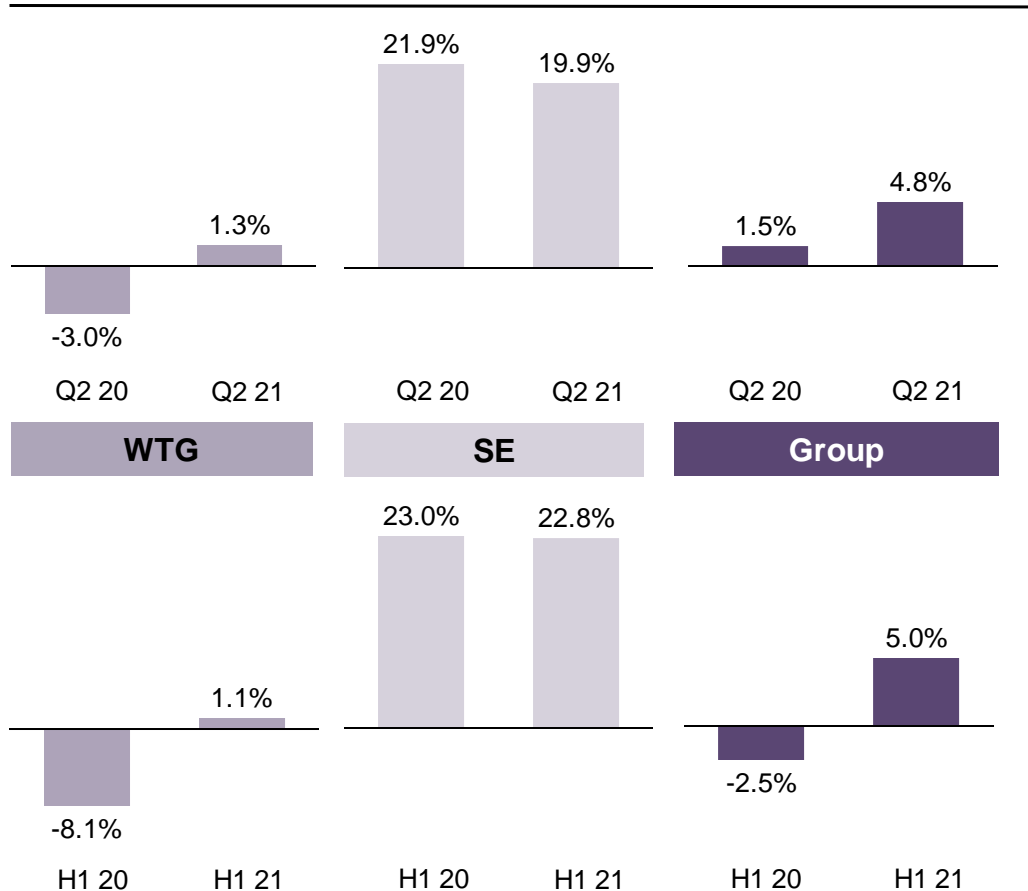


- **Negative FX impact on Q2 21 revenue** (revenue growth at constant exchange rates: +11% in Q2 21¹)
- **Onshore revenue performance impacted by geographic mix and scope of projects with lower erection activity**
 - 1,308 MW installed in Q2 21 vs. 1,543 MW installed in Q2 20
- **Revenue performance in Offshore and Service in line with annual expectations**
 - Strong Offshore performance linked to upfront loading of manufacturing activity ahead of ramp-up of SG 11.0-200 DD manufacturing

1) FX impact on revenues during Q2 21 amounted to -€99m. Q2 21 revenue at constant exchange rate amounted to €2,435m

Performance in the Offshore and Service markets drives margin improvement in H1 21

EBIT margin pre PPA and I&R costs



H1 21 EBIT margin pre PPA and I&R costs impacted by:

- (-) Pricing in the order book for both WTG and Service
- (+) Productivity gains, fully compensating pricing effects
- (+) Volume

In addition, H1 21 EBIT margin pre PPA and I&R costs benefited from:

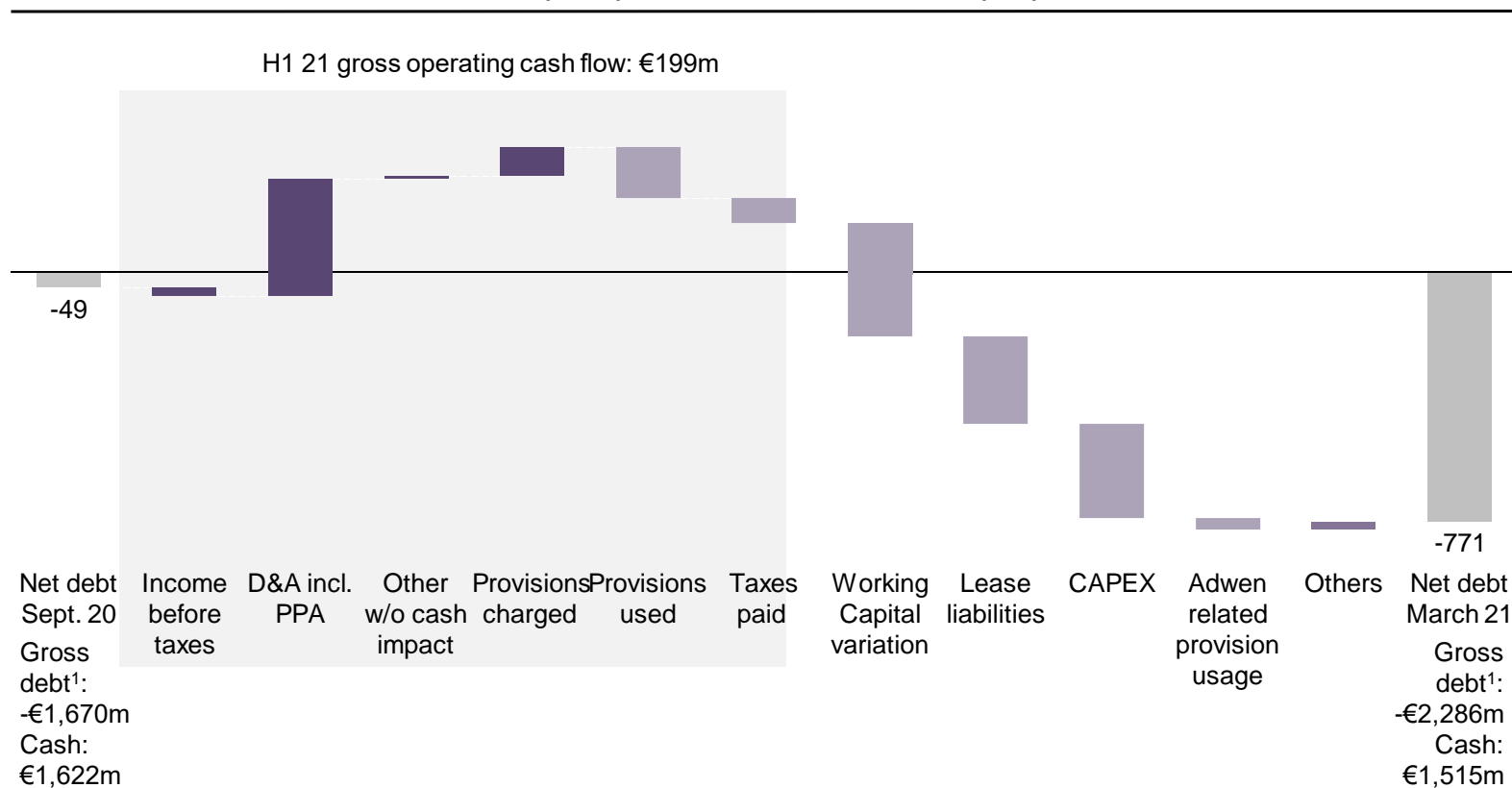
- (+) Upfront manufacturing load in Offshore ahead of the ramp up of the SG 11.0-200 DD
- (+) Reassessment of marketability of WTG inventories
- (+) A comparatively high reduction in Offshore wind turbines failure rates and in third party spending in Service (Q1 21 impact)

Comparative performance H1 21 vs. H1 20 margin also benefited from:

- (+) No extra-costs linked to FY20 Northern European pipeline
- (+) Lower extra-costs linked to the Indian market
- (+) Lower impact from COVID-19

Net debt position in Q2 21 driven by working capital and lease liabilities increase year to date

Net (debt)/cash variation in H1 21 (€m)

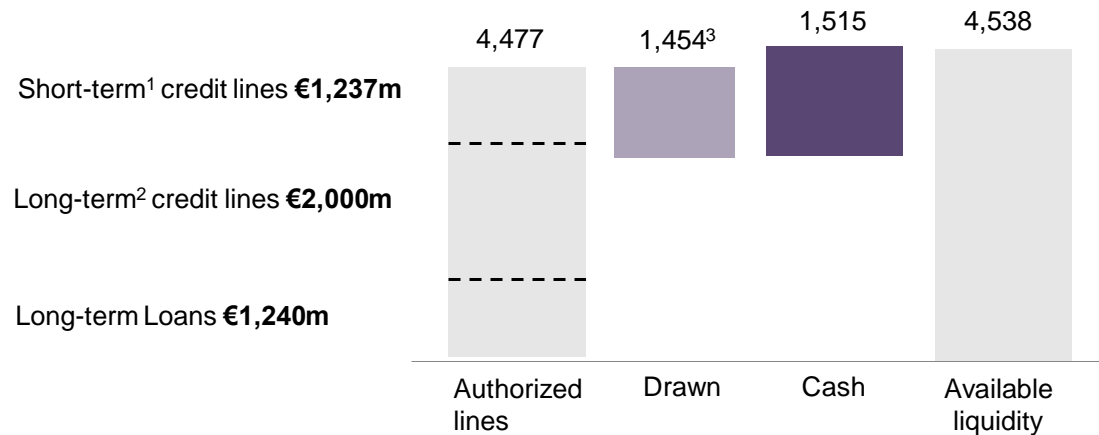


- H1 21 gross operating cash flow of €199m driven by profitability improvement
- H1 21 working capital variation of -€349m² driven by:
 - Annual activity planning with increasing deliveries in H2
 - Normalization of high year-end FY20 working capital performance
 - Asset management program in place to maintain a strict control of working capital
- Gross debt increase (€616m) due to:
 - Total IFRS 16 debt of €841m. Increase of lease liabilities mainly linked to leasing of vessels (€152m)
 - Full withdrawal of EIB loan: +€200m (signed in February 2021) replacing the use of more expensive bilateral lines
- CAPEX of €289m
- Adwen provision uses of €35m in line with FY21 estimate of €125m

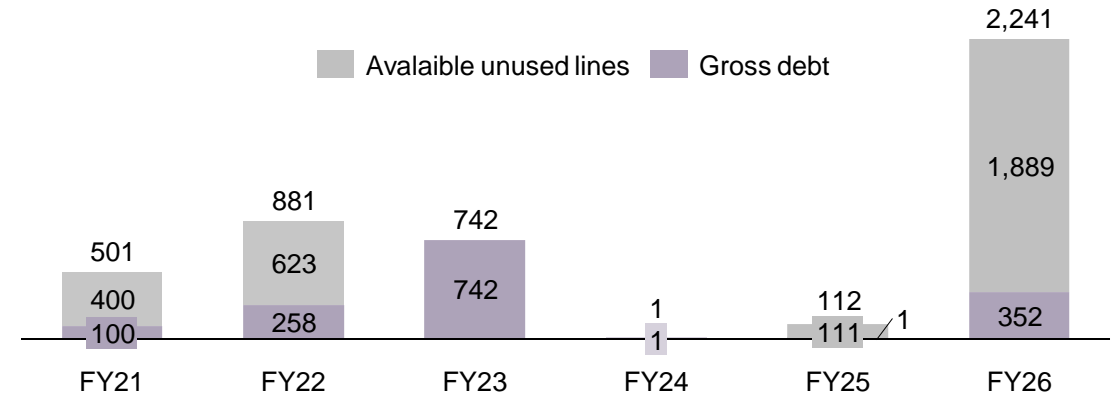
1) Gross debt includes lease liabilities of €611m as of Sept. 20 and €841m as of Mar. 21. Excluding lease liabilities, gross debt as of Mar. 20 amounts to €1,445m
 2) Working capital cash flow effective change

Strong funding position

Liquidity status as of March 31, 2021 (€m)



Financing facilities maturity profile (€m)



- Gross bank debt: €1,454m
- Available unused lines: €3,023m
- **Optimization of use of cash, reducing the use of short-term debt and drawing only long-term debt**

1) Bilateral bank facilities renewed on a yearly basis

2) Maturity exceeding 1 year

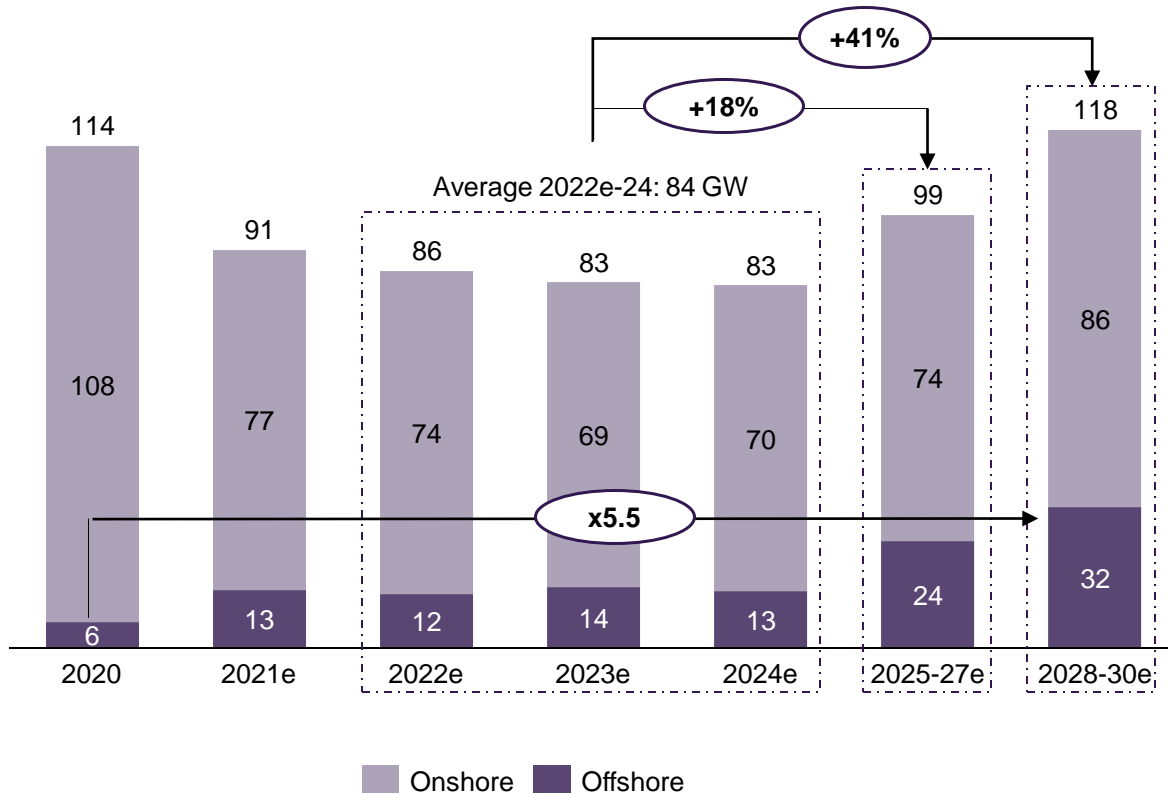
3) Gross debt of €1,454m is reflected in accounting books as €1,445m due to €9m of capitalized debt structuring costs that are capitalized during the lifetime of each of the facilities

Outlook & Guidance



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

Global wind installations (GW)¹



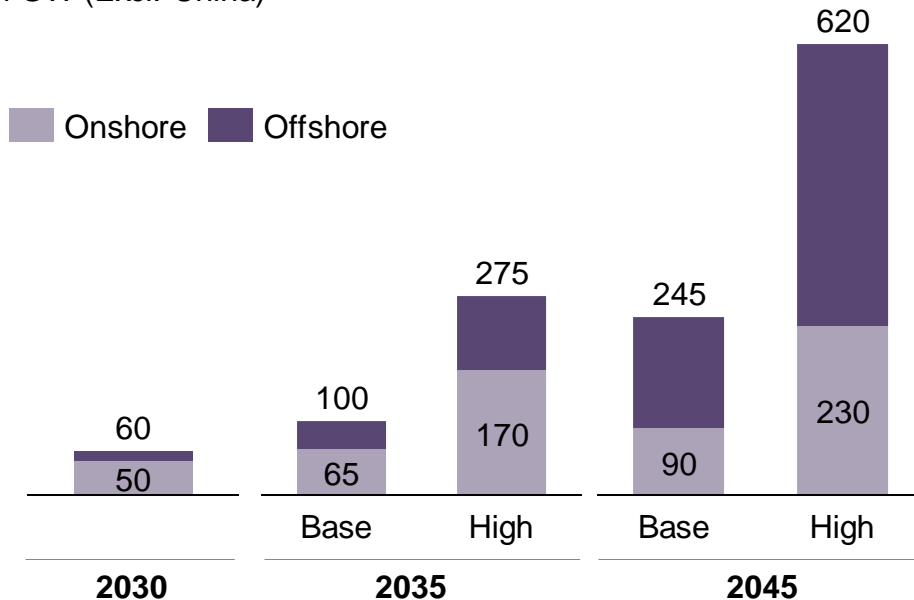
- **Record installations in 2020** driven by expected incentive changes in US and China
- Mid-term market decline from 2020 level driven by Onshore, especially China and US
- Global installations **growth resumed in 2025**
- **Offshore with a sharp increase from 2024:**
 - Expected to reach **20 GW by 2025**
 - And nearly **40 GW in 2030**, with an average of 32 GW 2028-30e, up 2.5x from 2022-24e average

1) Wood Mackenzie: Global Wind Power Market Outlook Update: Q1 2021

Wind at the center of GH¹ revolution and SGRE taking steps to position itself with a leading position

H2 expected to unlock additional demand potential for wind installations

Global cumulative Wind capacity for H2 production
In GW (Excl. China)²



SGRE already taking tangible steps

OFFSHORE
Decentralized solution

- **SEn³ Electrolyzer integrated** on the wind turbine generator
- SGRE wind **turbine modified to produce H2 at turbine level**

Partnership with Siemens Energy

ONSHORE
Centralized solution (at least initially)

- Electrolyzer located **at substation level/** close to consumer facilities
- No significant H2 specific wind turbine development required in the short-term

First wind-to-green fuel pilot Haru Oni - Chile

SERVICE
Brownfield concept

- Electrolyzer integrated into an **existing wind farm**
- **Sound benefits for the assets** (e.g. H2 new value streams, plant flexibility)

Brande (DK) demonstrator

1) Green Hydrogen
2) Estimates from research and Hydrogen EU for 2030. Estimates for 2035 & 2045 from IHS
3) SEn: Siemens Energy

FY21 revenue guidance narrowed and EBIT margin guidance maintained

	H1 21	Guidance ¹	
		FY21 E OLD	FY21 E NEW
Revenue (in €m)	4,631	10,200 - 11,200	10,200 - 10,500
EBIT margin pre PPA and I&R costs (in %)	5.0%	3.0% - 5.0%	3.0% - 5.0%

Narrowed revenue guidance reflects impacts from

- Deferrals in order intake
- Delays in project execution, partially driven by clients' planning and by the pandemic

EBIT margin guidance ranged maintained considering the following:

- H1 21 performance and ongoing efficiency measures linked to the LEAP program
- Normalization of the Service EBIT margin (low failure rates and reduced third party spending in Q1 21)
- Lower contribution of Offshore projects specially in Q4 21 due to the manufacturing ramp-up of the new SG 11.0-200 DD
- Higher expected supply costs driven by:
 - Raw material price increases
 - Volume reduction

1) This outlook excludes charges related to legal and regulatory matters and it is given at constant FX rates. It does not include any impact from a potential lockdown of manufacturing activities or severe disruptions to the supply chain due to COVID-19 developments



Thank you!

