



October-December 2017 Results

January 30, 2018

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

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Period highlights

Strong commercial activity with 2.8 GW in new WTG orders in Q1 18

Financial performance aligned with FY 18 guidance



- **Strong commercial delivery in all segments**
 - **Q1 18 WTG order entry of 2.8 GW: +29% y/y¹** with key wins in Denmark, Thailand, Egypt, US and India
 - Book to bill: 1.4x at WTG: 1.3x in onshore and 1.7x in offshore
 - Onshore coverage² c. 80% with best order intake (MW) since Q1 2015
 - **Service order book up 6% y/y¹** with key wins in Northern Europe and in multi-technology
- **Financial performance aligned with FY 18 guidance** in the context of business seasonality with stronger delivery expected in H2
 - Q1 18 revenues of €2,127 mn and EBIT pre PPA, restructuring and integration costs of €133 mn, equivalent to a 6.3% margin³
 - Net financial cash of €341 mn and working capital of -1.4% of LTM sales: free cash flow generation to build up throughout the year
- **Product portfolio decisions taken and key products launched in Q1 18**
 - “One segment-one technology” strategy and simplification of the product portfolio
 - New products with +20% AEP⁴ vs. existing products: SG 4.2-145 in onshore and SG 8.0-167 DD in offshore
 - First SG 8.0-167DD contract already signed with Vattenfall

Siemens Gamesa RE fiscal year ends in September. Quarterly distribution is as follows: Q1 (Oct-Dec), Q2 (Jan-March), Q3 (April-June) and Q4 (Jul-Sept). This is applicable to all quarterly references throughout the presentation. All financial information is non-audited

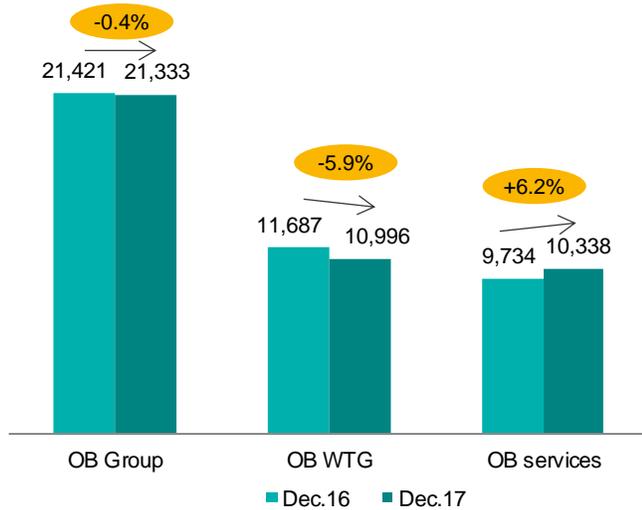
1. Order intake and order book variations y/y calculated using pro forma figures for 2017. Pro-forma figures calculated adding 100% of Siemens Wind Power, 100% of Gamesa and 100% of Adwen.
2. Onshore coverage: Onshore firm orders signed up to December 2017 for 2018 activity (in MW)/ Average onshore sales volume implied in 2018 guidance
3. EBIT pre PPA, restructuring and integration costs excludes integration and restructuring costs amounting to €15 mn and the impact on PPA amortization of intangibles' fair value of €83 mn.
4. AEP: Annual energy production

Markets and orders

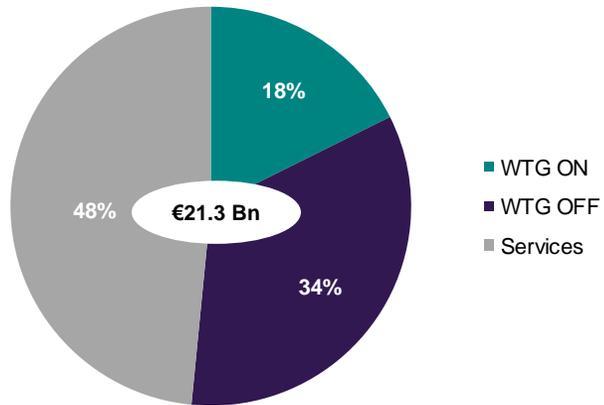
€21.3 bn¹ in order backlog at Dec. 17

Service backlog up 6% y/y (+5% Q/Q); WTG order backlog down 6% y/y (+2% Q/Q)

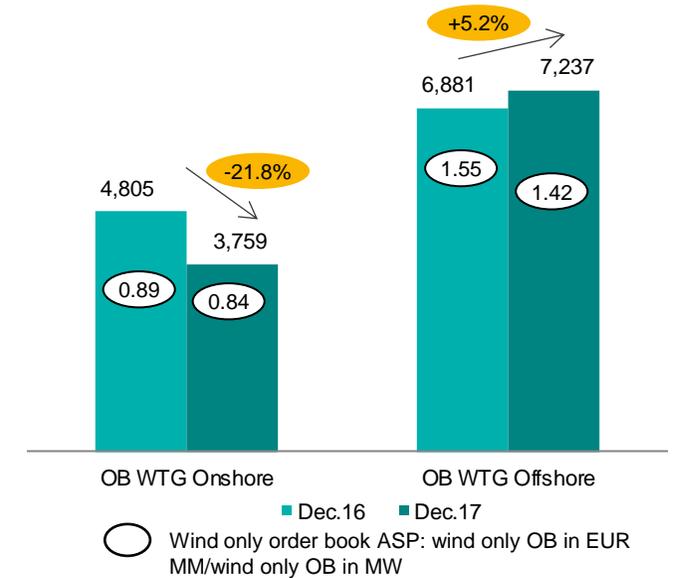
Order Book¹ (€mn) Dec. 16 & Dec. 17



Order Book¹ @ December 2017



WTG Order Book¹ (€mn) Dec. 16 & Dec. 17

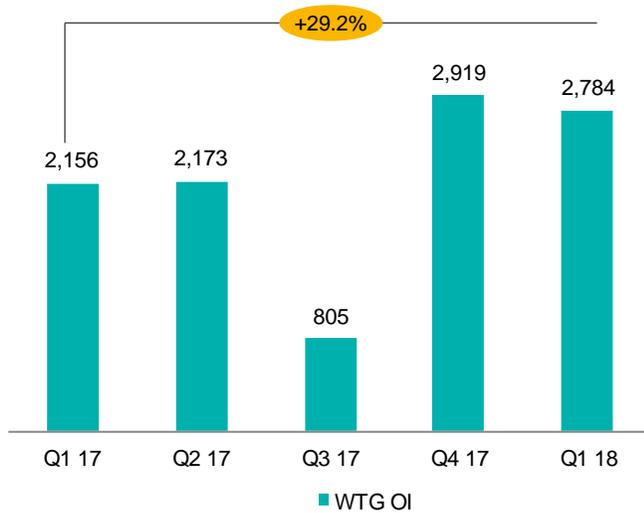


Half of the backlog in service contracts with higher margin

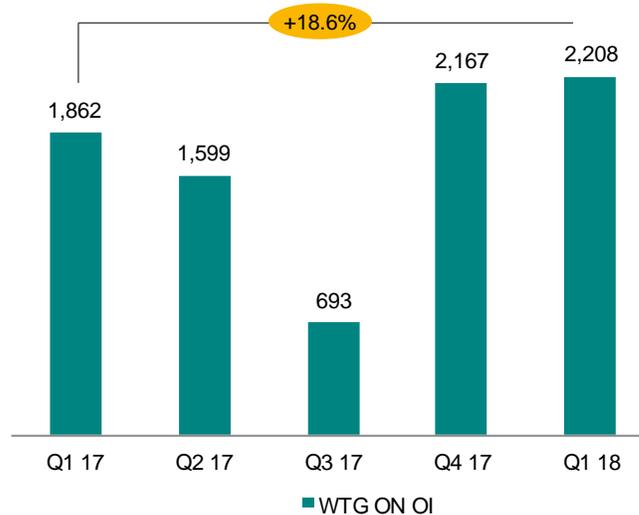
1. Group, WTG and onshore order books include €86.8 mn of solar orders at December 2017. This amount has been deducted to calculate the onshore order book ASP and hence this ASP reflects purely the wind order book ASP

Continuous recovery in order intake: 2.8 GW in new orders, up 29% y/y

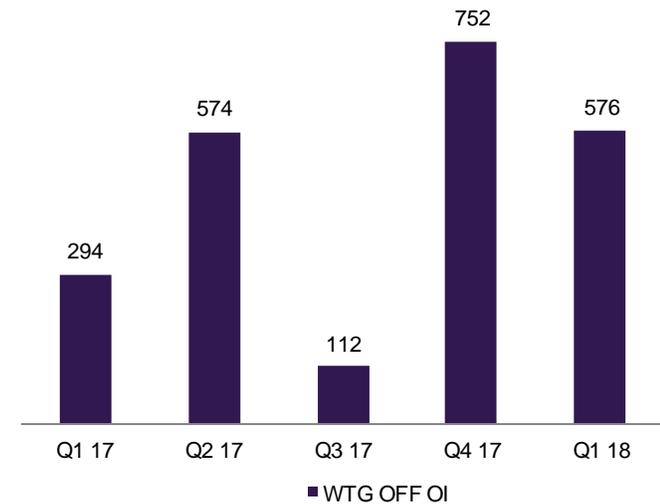
WTG Order Intake (MW)



Onshore Order Intake (MW)



Offshore Order Intake (MW)



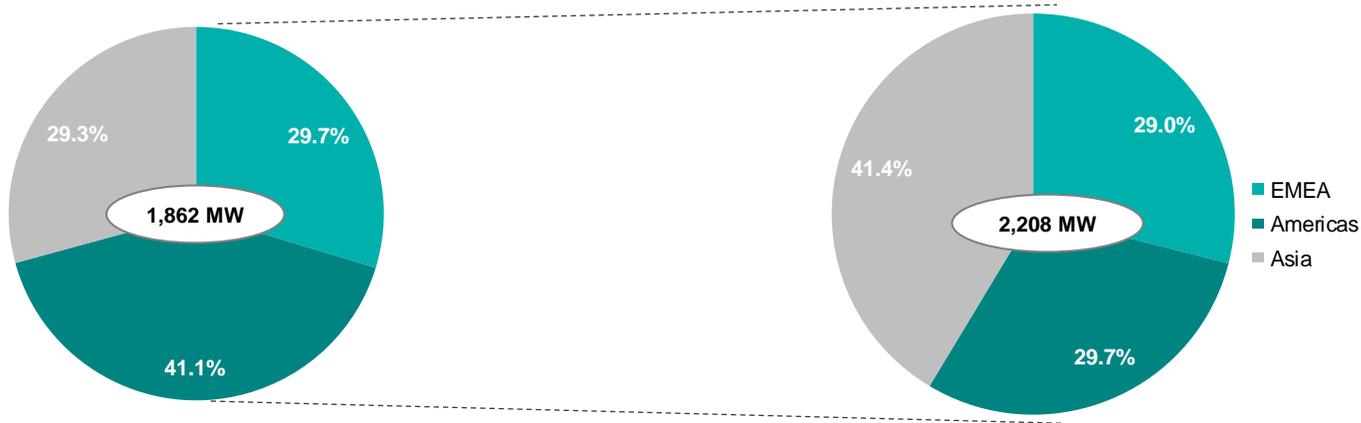
WTG book-to-bill¹ of 1.4x: 1.3x in onshore and 1.7x in offshore

1. Book-to-bill: order entry in the quarter in MW/ volume of WTG sales (MWe) in the quarter. This definition applies at WTG level and for each WTG category: onshore and offshore. Order intake does not include any solar orders. Solar orders in Q1 18 amount to 254 MW.

Balanced distribution of OI: 2.2 GW in onshore orders

With strong OI in Q1 2018, market activity in India is resuming

Onshore OI evolution (MW): Q1 2017 vs. Q1 2018



- Onshore sales volume coverage¹: c.80%
- USA, India, Thailand and Egypt are the main contributors to OI in Q1 18

Good prospects from the combined product portfolio, an optimized manufacturing footprint and a global supply chain

1. Onshore sales volume coverage: (Cumulative order intake for current year activity @ Dec. 17 in MW)/average onshore sales volume implicit in guidance (MWe)

October-December 2017 results and KPIs

Consolidated group – Key figures¹ Q1 18 (October-December)

P&L €mn	October-December 16 ²	October-December 17	Var.
Group sales	2,764	2,127	-23%
WTG	2,475	1,840	-26%
O&M	289	287	-1%
Gross profit (pre PPA, restructuring & integration)	433	249	-43%
Gross profit margin (pre PPA, restructuring & integration)	15.7%	11.7%	-3.9 p.p
EBIT pre PPA, restructuring & integration	269	133	-51%
EBIT margin (pre PPA, restructuring & integration)	9.7%	6.3%	-3.5 p.p
WTG EBIT margin (pre PPA, restructuring & integration)	8.3%	3.8%	-4.5 p.p
Service margin (pre PPA, restructuring & integration)	22.1%	22.2%	+0.2 p.p
PPA amortization ³		83	NA
Restructuring & integration costs		15	NA
EBIT reported	269	35	-87%
Net Income to the shareholders of SGRE		-35	NA
Net Income to the shareholders of SGRE per share ⁴		-0.05	NA

Balance sheet ⁵	December 16 ²	December 17	Var.
Working capital (€mn)	-605	-141	464
Working capital o/sales LTM proforma	-5.5%	-1.4%	4.1 p.p
Capex (€mn)	162	83	-49%
Net financial debt/(cash) (€mn)		-341	NA

1. All financial information and KPIs are non-audited. All historic information is pro-forma.

2. October-December 16 financial data corresponds to non-audited pro-forma data, based on legacy businesses' reported information (Siemens Wind Power, Gamesa and 100% of Adwen) including standalone, normalization and scope adjustments for SWP operations, amounting to €33 mn in October-Dec.2016. Adwen is fully consolidated in the historic pro-forma data with an impact of €107 mn at revenue level and of -€11 mn at EBIT level in Q1 17.

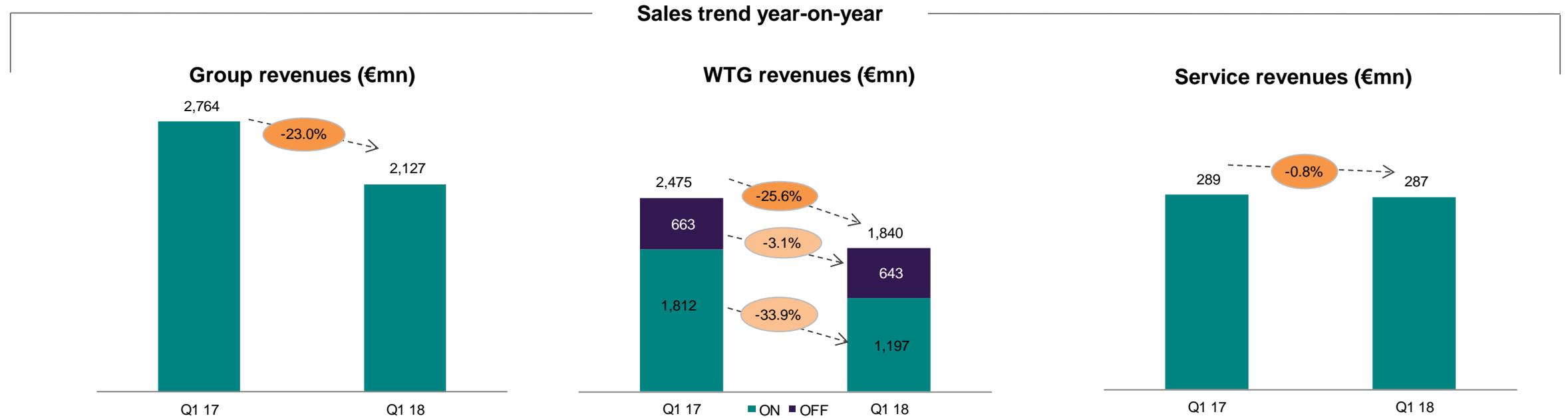
3. Impact of PPA on the amortization of the fair value of intangibles

4. Number of shares for EPS calculation: in Q1 2018: 679,478,444

5. See definition of working capital, net financial debt and EBIT in the glossary of terms that can be found in the Q1 18 earnings release together with the reconciliation of both items to the Q1 2018 consolidated financial statements.

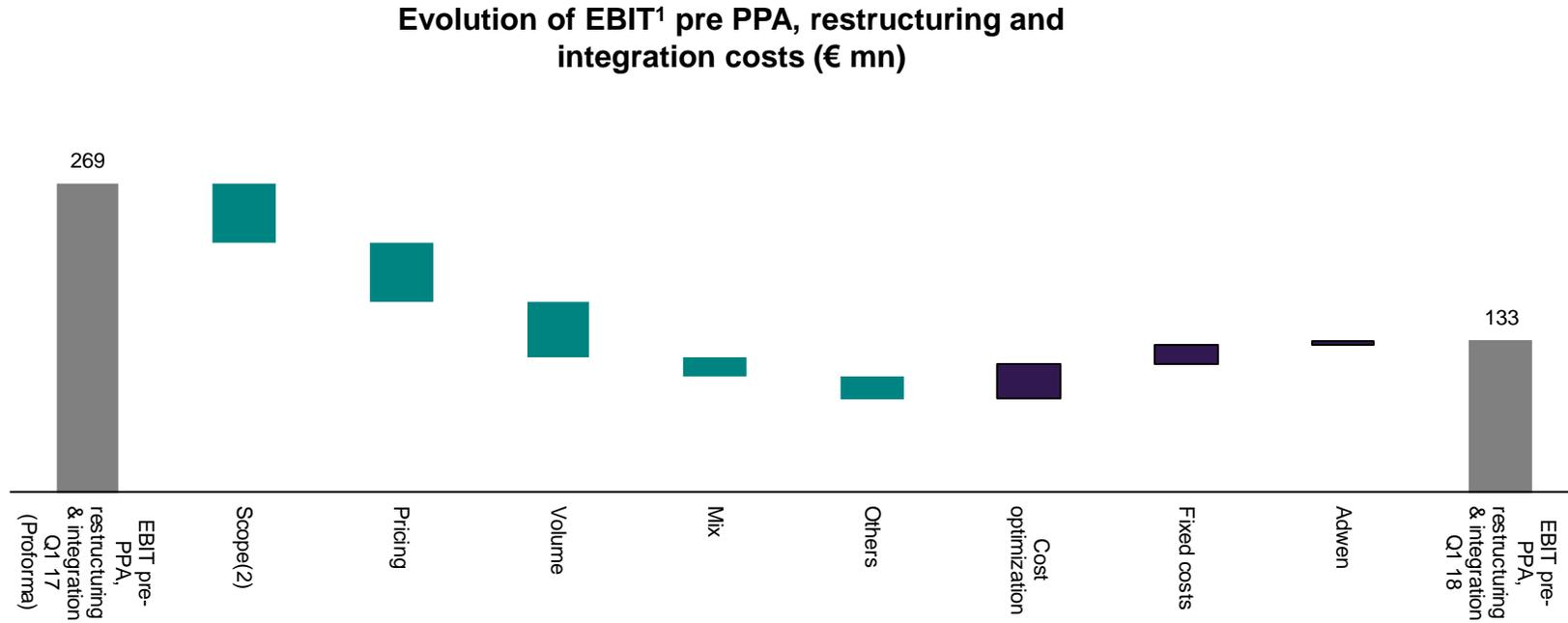
- **Scope** (lower erection activity), **pricing and lower sales volume in WTG onshore are the most important drivers explaining the decline in group revenues and in EBIT pre PPA, restructuring and integration cost**
- Adwen impact on P&L during Q1 18 is as follows:
 - Revenues: €19 mn (vs. €107 mn in Q1 17)
 - EBIT pre PPA, integration and restructuring costs: -€7mn (vs. -€11 mn in Q1 17)
- **Q1 18 reported net income includes**
 - A tax expense of €56 mn impacted by
 - A non-cash, negative tax charge of €36 mn as a result of the impact of the US tax reform on the value of the deferred tax assets.
 - Unrecognized tax loss carryforwards (incl. Adwen) in the amount of €16 mn
 - Impact on amortization of intangibles' fair value from the PPA and of restructuring and integration costs, net of taxes, in the amount of €71 mn

Revenue decline, 23% y-o-y, impacted by scope, lower pricing and lower sales volume in the onshore segment



Onshore erection activity, to recover in coming quarters, down more than 50% Y/Y in Q1 18 (from 2,731 MW erected in Q1 17 to 1,343 MW in Q1 18). Offshore revenues aligned with schedule activity for 2018 inc. lower revenues in Adwen

EBIT pre PPA, restructuring and integration reduction, -51% y/y, driven by scope, lower pricing and lower sales volume in onshore

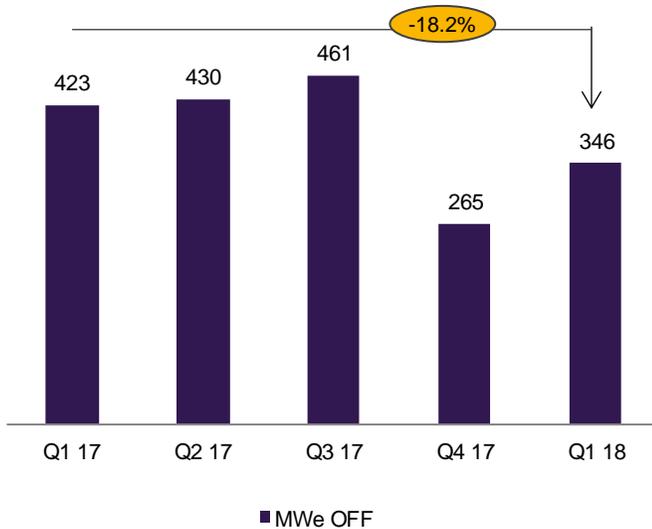


1. EBIT pre PPA and restructuring and integration excludes €15 mn in integration and restructuring charges and €83 mn of PPA amortization of intangibles fair value.
 2. Scope: lower erection activity during Q1 18

WTG - Activity

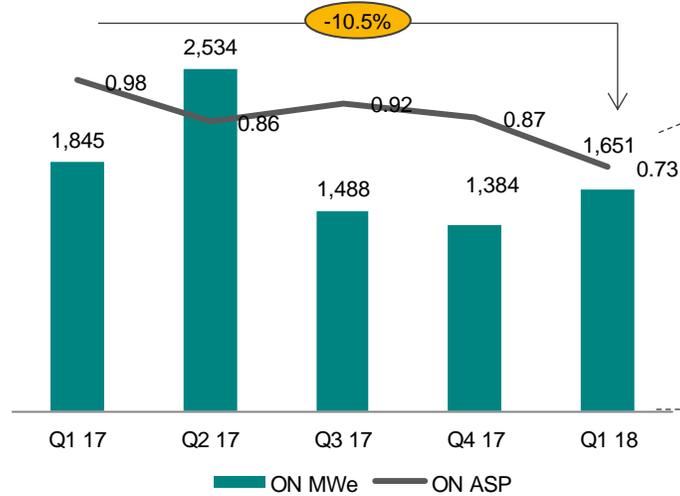
Lower sales volume y/y

Offshore WTG sales volume (MWe)

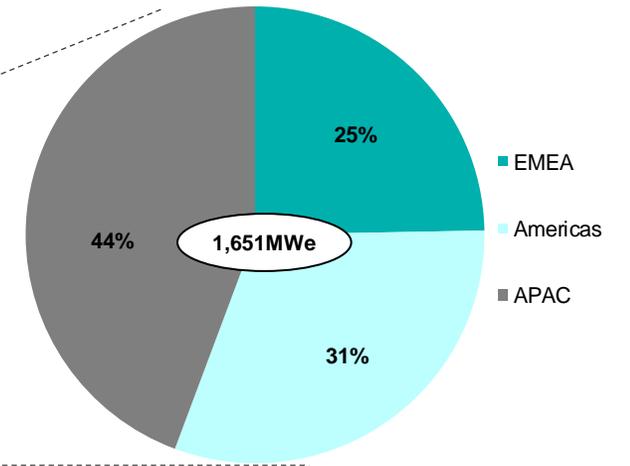


Offshore volumes driven by normal planning of projects and aligned with FY 18 targets

Onshore WTG sales volume (MWe) and ASP¹ evolution (€mn /MWe)



Onshore WTG volume (MWe) by geography



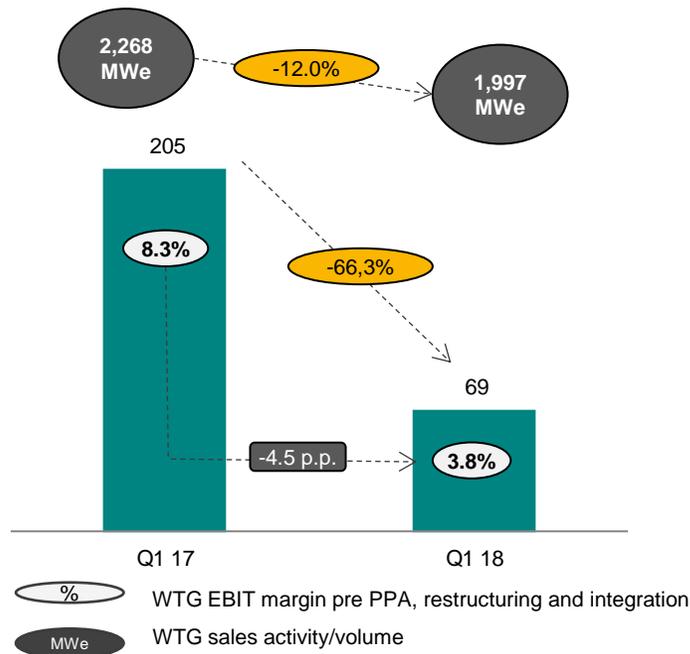
- Onshore sales volume down driven mainly by lower activity in the US market
- ASP reduction driven by scope (erection activity down 50% + y/y) and pricing.
 - Excluding scope impact (lower erection activity) ASP y/y decline: 12%, driven by pricing and mix

1. ASP: Average Selling Price. WTG sales/MWe

WTG - Profitability

WTG EBIT pre PPA, restructuring and integration costs decline on the back of scope, lower pricing and lower sales volume in onshore

WTG quarterly EBIT¹ pre-PPA, restructuring and integration costs (€mn) and EBIT margin (%) evolution



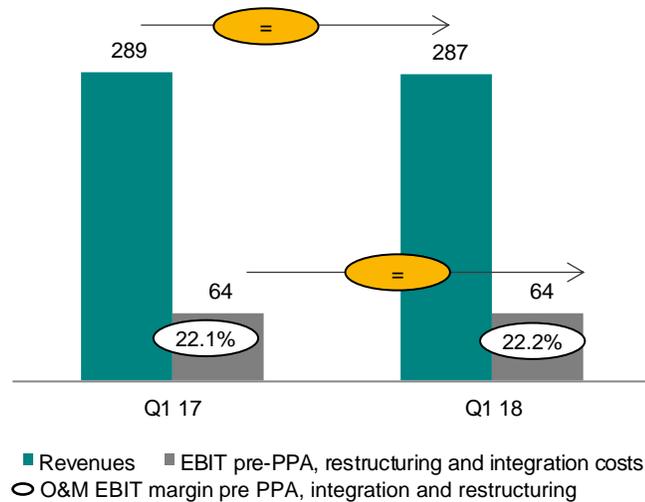
- Reduction in WTG pre PPA, restructuring and integration operating profitability (4.5 p.p.) driven by the onshore activity:
 - (-) decline in erection activity/revenues (down 51%Y/Y) and lower sales volume (-12%)
 - (-) pricing pressure
 - (-) mix of geographies and project types

1. WTG EBIT pre PPA, restructuring and integration costs excludes €11 mn in integration and restructuring charges and €78 mn of PPA amortization of intangibles fair value.

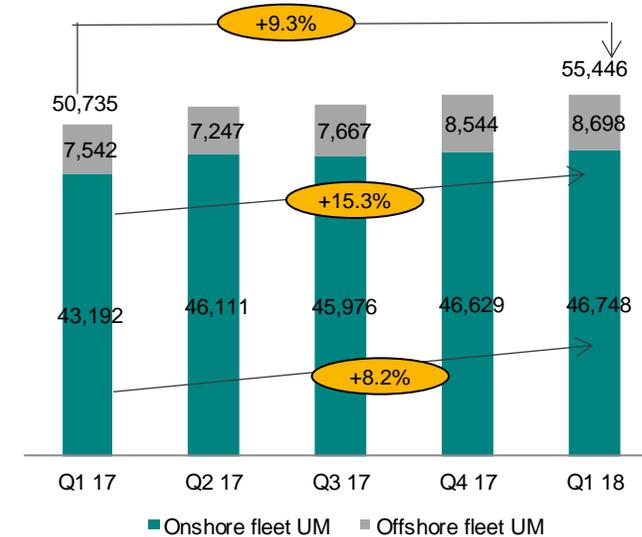
Operation and maintenance services - Activity and profitability

Revenue growth to recover in coming quarters; strong profitability maintained y/y

O&M revenues and EBIT pre PPA, restructuring and integration costs¹ (€mn)



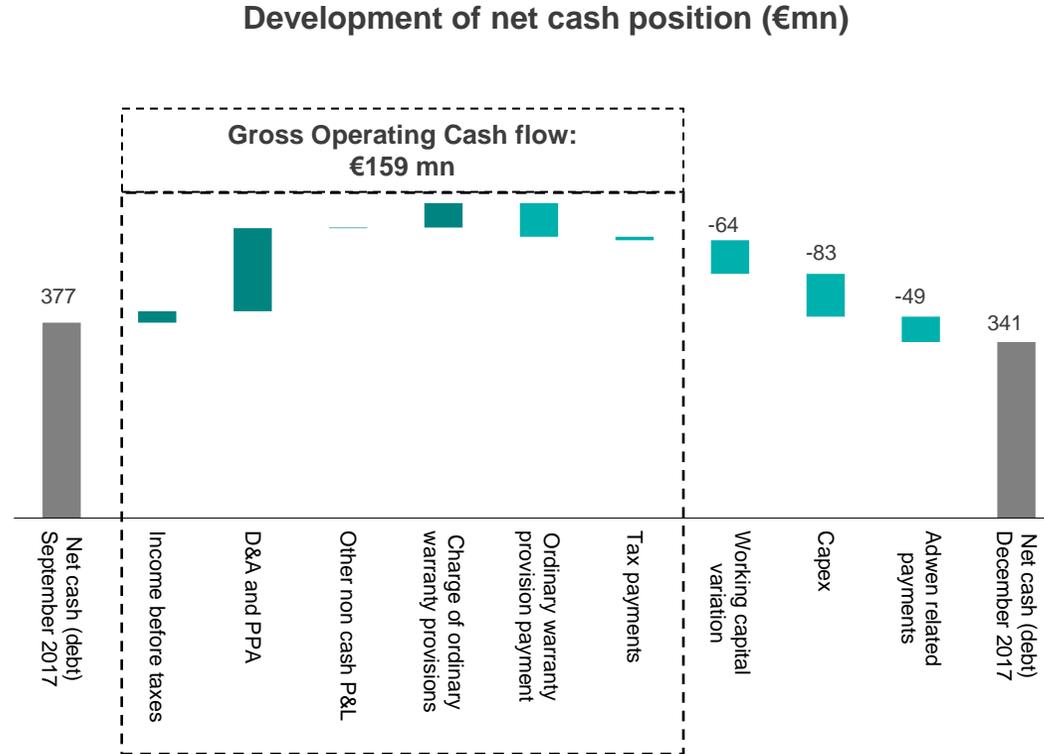
Fleet under maintenance (MW)



Strong growth in fleet under maintenance (c.70% of all installed fleet)

1. O&M EBIT pre PPA, restructuring and integration costs excludes €3 mn in integration and restructuring charges and €5 mn of PPA amortization of intangibles fair value.

Net financial (debt) cash variation and cash flow statement



Outlook

Long-term prospects for wind remain strong

- **Increasing competitiveness of renewable and of wind** energy within renewables, guaranteeing a larger role in the global energy mix: **IEA¹: 17% of energy in wind by 2040** from 4% in 2016
 - Results of wind tenders show, ever more often, wind energy prices below traditional fossil fuels
- **Clear commitment to renewable energy and its integration within the European markets: Winter Package** with effect from 2020
- Progressive **normalization of tenders in India**: 3,000 MW allocated in 2017 and new 2,000 MW tender already announced for 2018
- **Re-launch of tenders in Brazil**
- **Final text of tax reform in the US**, with some details included in the BEAT yet to be confirmed, **eliminate the worst case scenarios regarding changes to the PTC regime.**
- **Increasing offshore commitments**, also linked to improved competitiveness.

1. IEA: International Energy Agency

Performance aligned with 2018 guidance given expected seasonality (H1 vs. H2)

FY guidance reflects new onshore pricing levels, market volatility and the impact of synergies and restructuring in H2 18

MM €	Q1 2018		FY 2018
Revenues	2.127	✓	9,000-9,600
EBIT margin (pre-PPA, restructuring and integration costs)	6,3%	✓	7% to 8%
Working capital to LTM Sales	-1,4%	✓	-3% to +3%
Capex	83	✓	500

- C.80% coverage¹ of onshore volumes and c.100% coverage of offshore volumes at December 31, 2017
- Low double-digit onshore price deflation included in the FY18 guidance in line with market trends and Q4 order intake
- Synergies of 1.5% of revenues targeted by YE 2018 included in margin expectations
- Guidance range reflects regional market volatility including an earlier than expected recovery of India, and speed of synergies
- Estimated impact of PPA amortization of intangible fair value of €321 mn for FY 18: €83 mn in Q1 18
- Expected integration and restructuring costs of €160 mn in FY 2018: €15 mn in Q1 18
- All guidance at constant FX rates
- Quarterly seasonality: weaker H1 vs. stronger H2 driven by project timing and supported by cost optimization programs and expected synergy delivery in H2
- This outlook excludes charges related to legal and regulatory matters

1. Coverage calculated using average sales volume. It is calculated as total orders (in MWs) received up to end of reported period for sales activity of a specific year/ average sales volume implicit in the guidance for that year

Conclusion

On the right path to meet 2018 targets and to position the company for the future



- **Commercial strength in all segments**
 - WTG book to bill of 1,4x: 2.8 GW in new orders, up 29% y/y
 - Onshore sales volume coverage c.80% with offshore and services fully covered
- **Financial delivery aligned with guidance given intra year seasonality (H1 vs. H2)**
 - Revenue of €2,127 mn and profitability of 6,3% (EBIT pre-PPA, restructuring and integration costs) impacted by scope, lower pricing and lower sales volume in onshore
 - Net cash at December of €341 mn, with free cash flow expected to build up throughout the year
- **Good progress in the integration with product portfolio decisions in place**
 - One segment one technology
 - Latest product launches: SG4.2-145 and SG 8.0-167 DD increase AEP by 20%
- **Capital Market Day to be held on February 15, 2018**
- **Long term prospect for wind remain strong**, supported by increasing cost competitiveness and government commitments

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Thanks

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