



Siemens Gamesa Renewable Energy - Capital Markets Day 2020

Unleashing the full potential of SGRE

August 27, 2020

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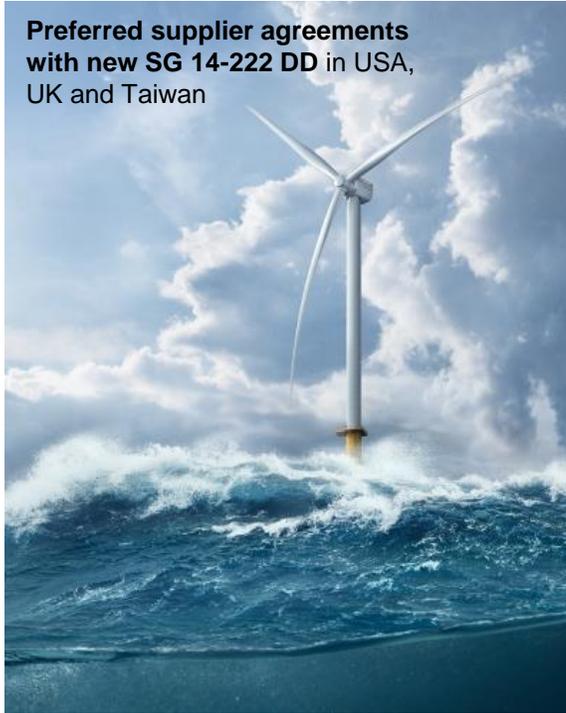
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Agenda

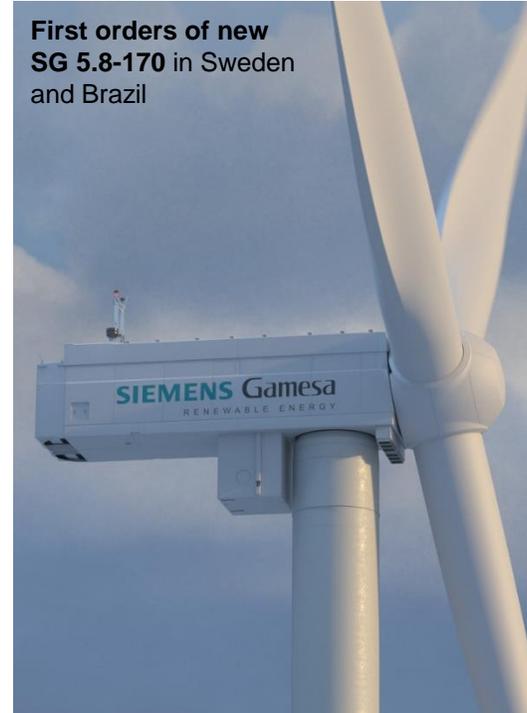
- 10:00** **Introduction
Market & Strategy**
Andreas Nauen – SGRE CEO
-
- 10:40** **Onshore**
Andreas Nauen – SGRE CEO
- Offshore**
Pierre Bauer – SGRE OF CEO (acting)
- Service**
Juan Gutiérrez – SGRE SE CEO
-
- 11:45** Coffee Break
-
- 12:00** **Q&A I**
SGRE CEO & BU CEOs
-
- 12:30** **Financial Framework**
Thomas Spannring – SGRE CFO (acting)
- Conclusion**
Andreas Nauen – SGRE CEO
-
- 13:00** **Q&A II**
All speakers



Preferred supplier agreements with new SG 14-222 DD in USA, UK and Taiwan



Installation of SG 11.0-193 DD prototype, Denmark



First orders of new SG 5.8-170 in Sweden and Brazil



100 GW of installed capacity



Unrivalled track record

1,000 Direct Drive turbines installed



Manufacturing Excellence program, Spain

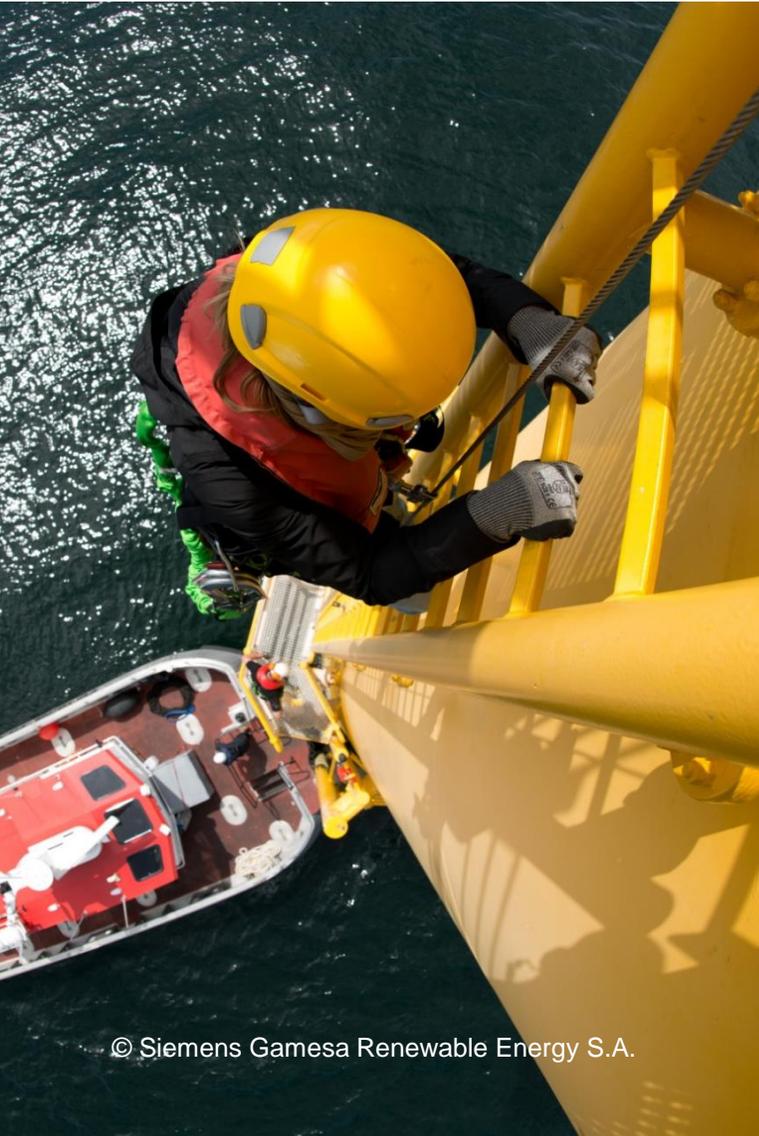


Senvion assets as part of the Siemens Gamesa family



Service operation vessel – floating warehouse with walk-to-work turbine access

Unleashing the full potential of Siemens Gamesa



Clear value creation story:

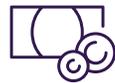
- Turnaround Onshore to sustainable profitability
- Capture growth in Offshore and Service



LEAP program launched



Prioritizing profit over volume



Focus on cash generation



Commitment to sustainability





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Market & Strategy

Andreas Nauen, SGRE CEO

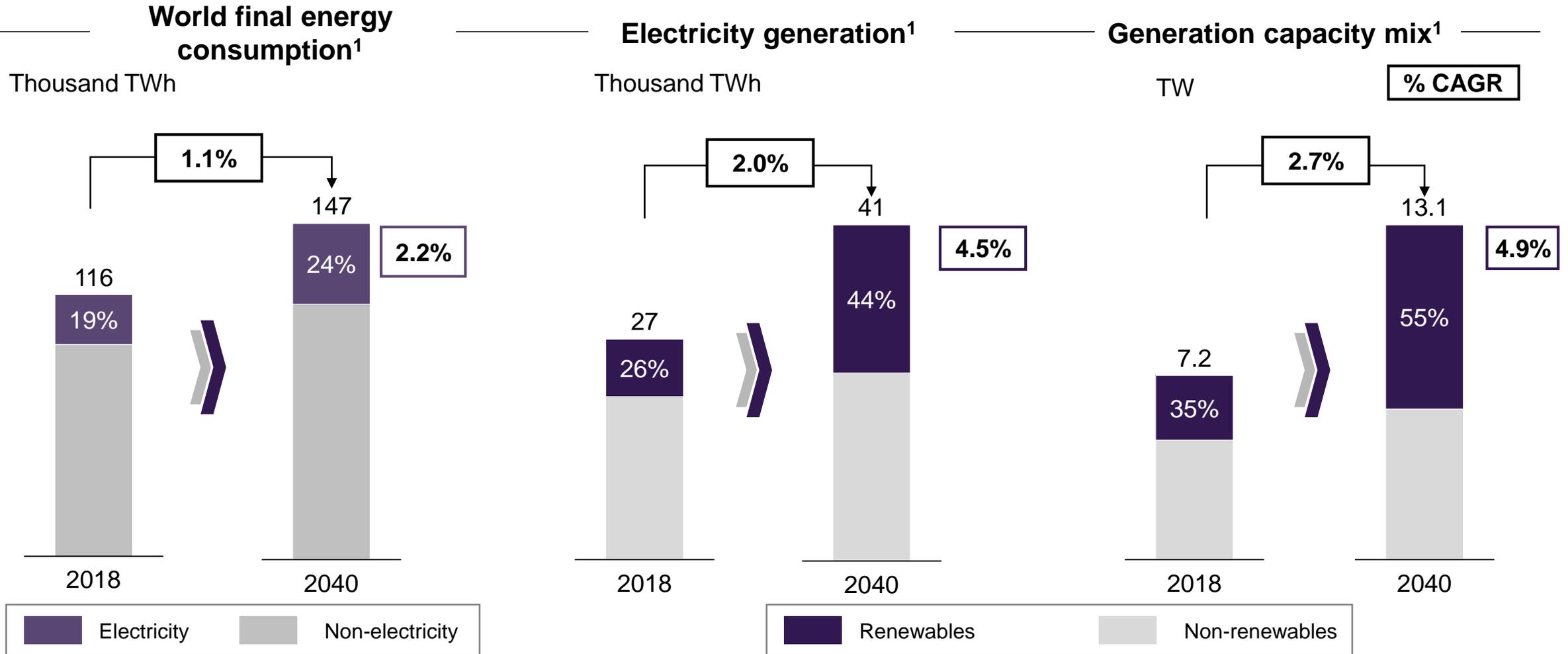
Content

01 Market Context

02 Siemens Gamesa Corporate Strategy

03 Conclusion

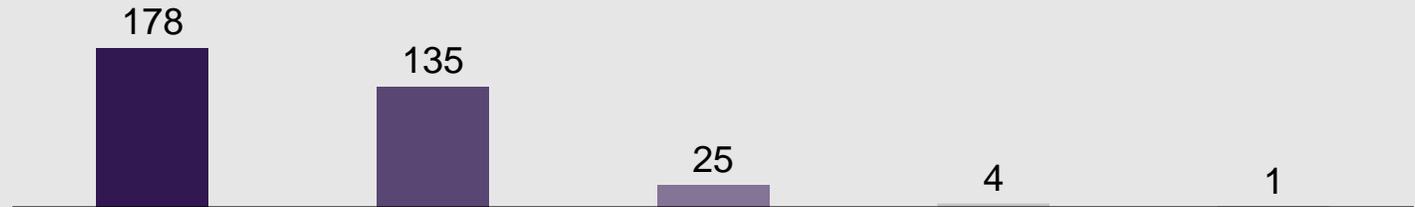
Growth of renewable electricity generation at close to 5% per year and renewables to contribute more than 50% of capacity mix by 2040



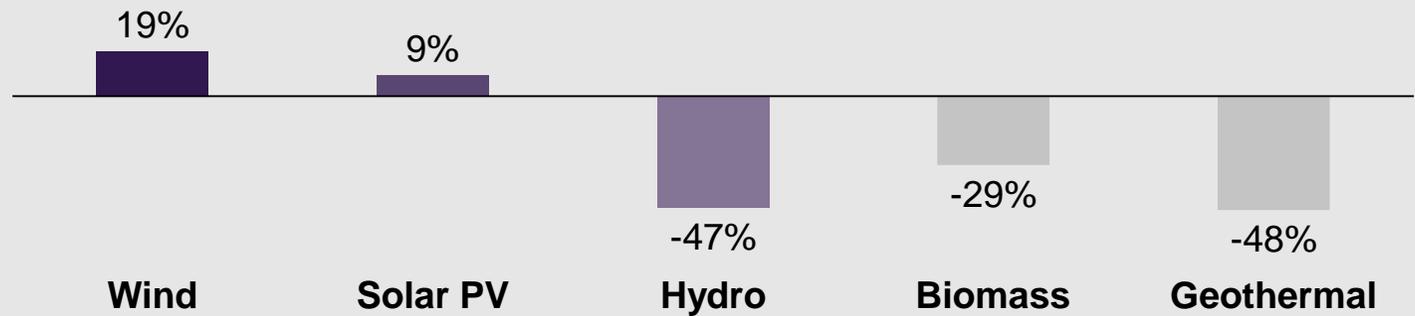
Wind power attracting largest pool of investments and recent trends confirm potential



2020-2040 investments in renewable power¹ (\$bn/year)



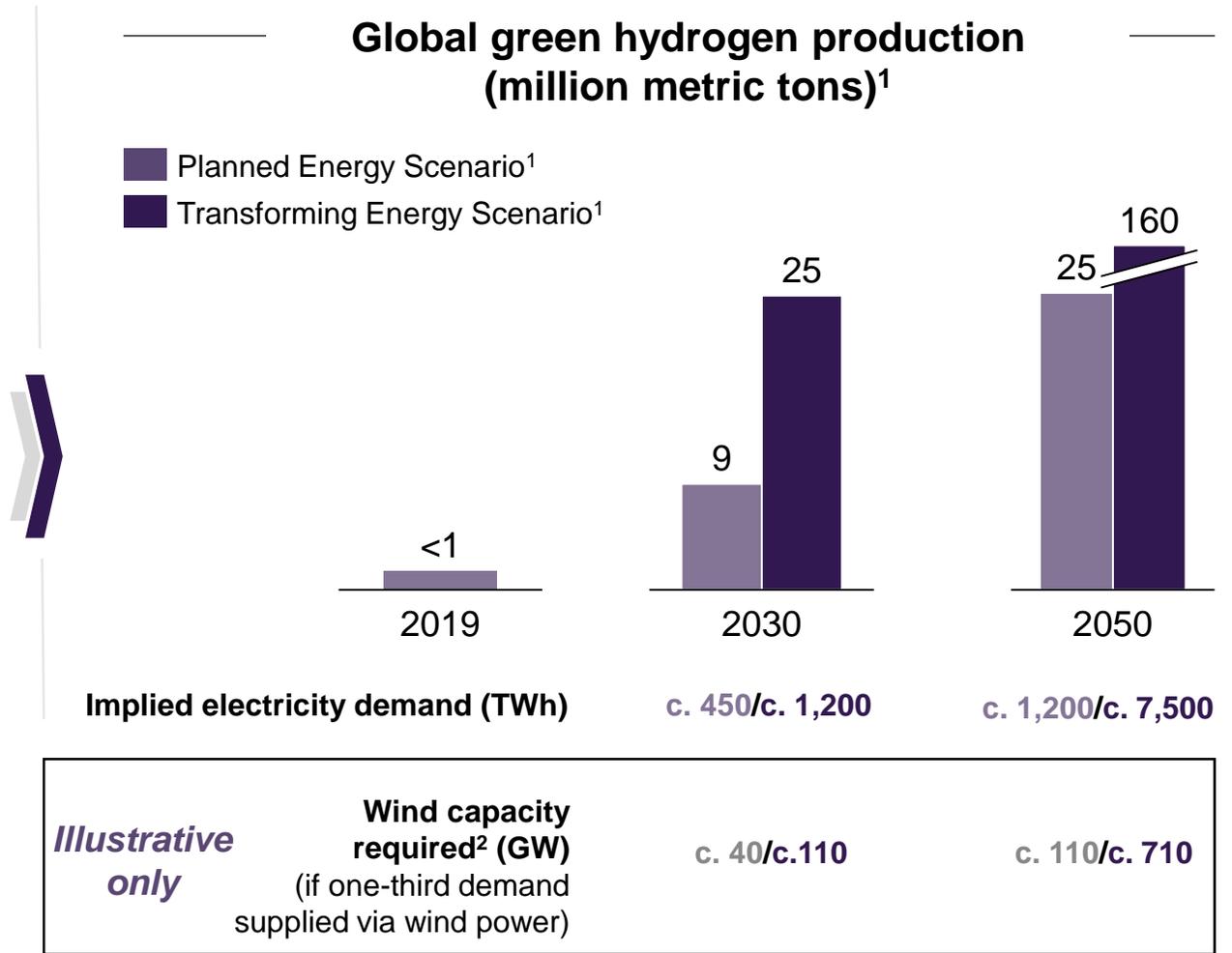
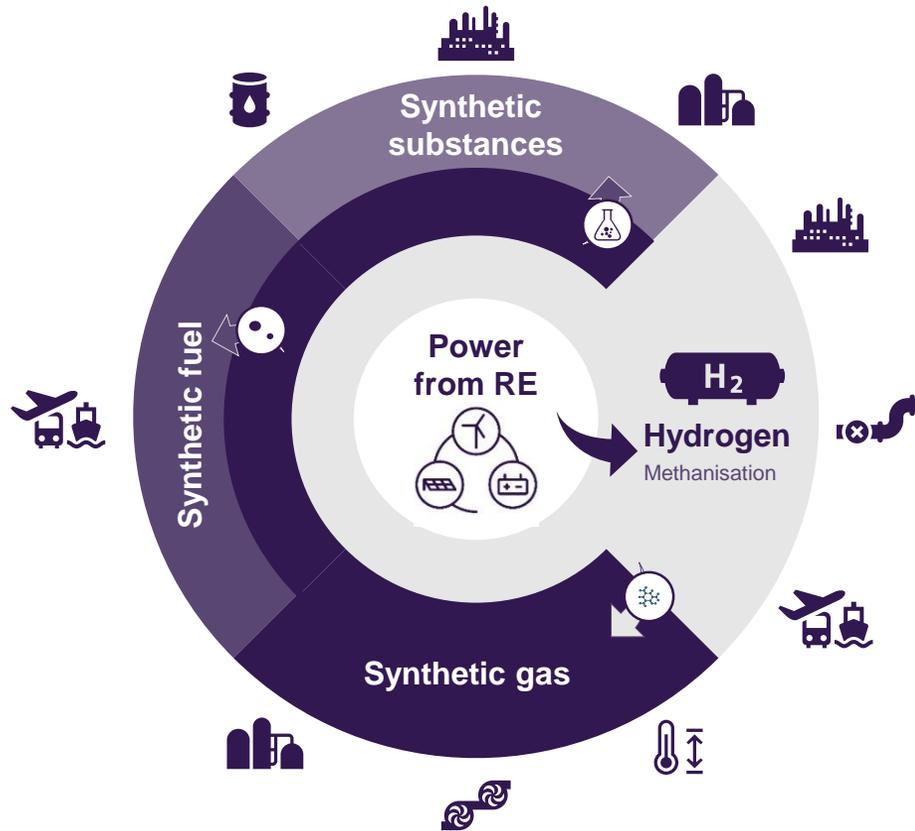
% change in expected annual investments until 2040 vs. 2017 outlook²



1) BNEF NEO 2019, based on 2018 USD value

2) Expectation of annual investments in BNEF NEO 2019 vs. expectation in BNEF NEO 2017; for comparison, inflation rate considered between reported NEO 2019 and NEO 2017 values

Wind at the center of energy transition, with green hydrogen adding vast additional demand potential



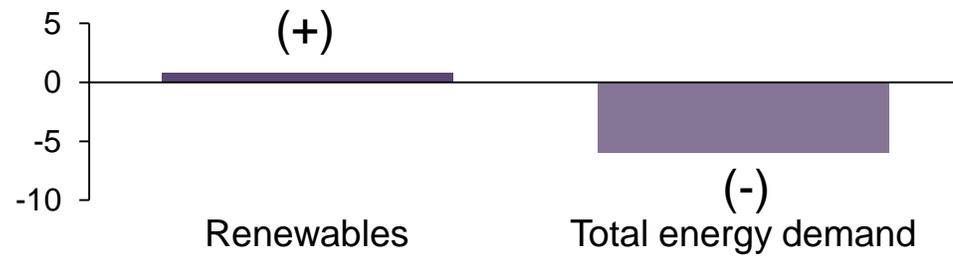
1) Source: IRENA, Global renewables outlook 2020; "Planned Energy Scenario: a perspective on energy system developments based on governments' current energy plans and other planned targets and policies (as of 2019)"; "Transforming Energy Scenario: an ambitious, yet realistic, energy transformation pathway based largely on renewable energy sources and steadily improved energy efficiency"

2) SGRE estimation, average capacity factor of 0.4 assumed

Favourable trends unchanged by Covid-19: Renewables with high demand resilience and expected to play a key role in economic recovery

High demand resilience

Primary energy demand change¹
(2020 vs. 2019 in %)



- Renewable energy showed **high resilience** during the Covid-19 crisis
 - Expected to be the **only energy source with increasing demand in 2020**
- Record investments** in wind energy in first half of 2020 despite Covid-19²

Strong role in recovery plans



\$54 billion of green support plans approved by more than 15 countries³



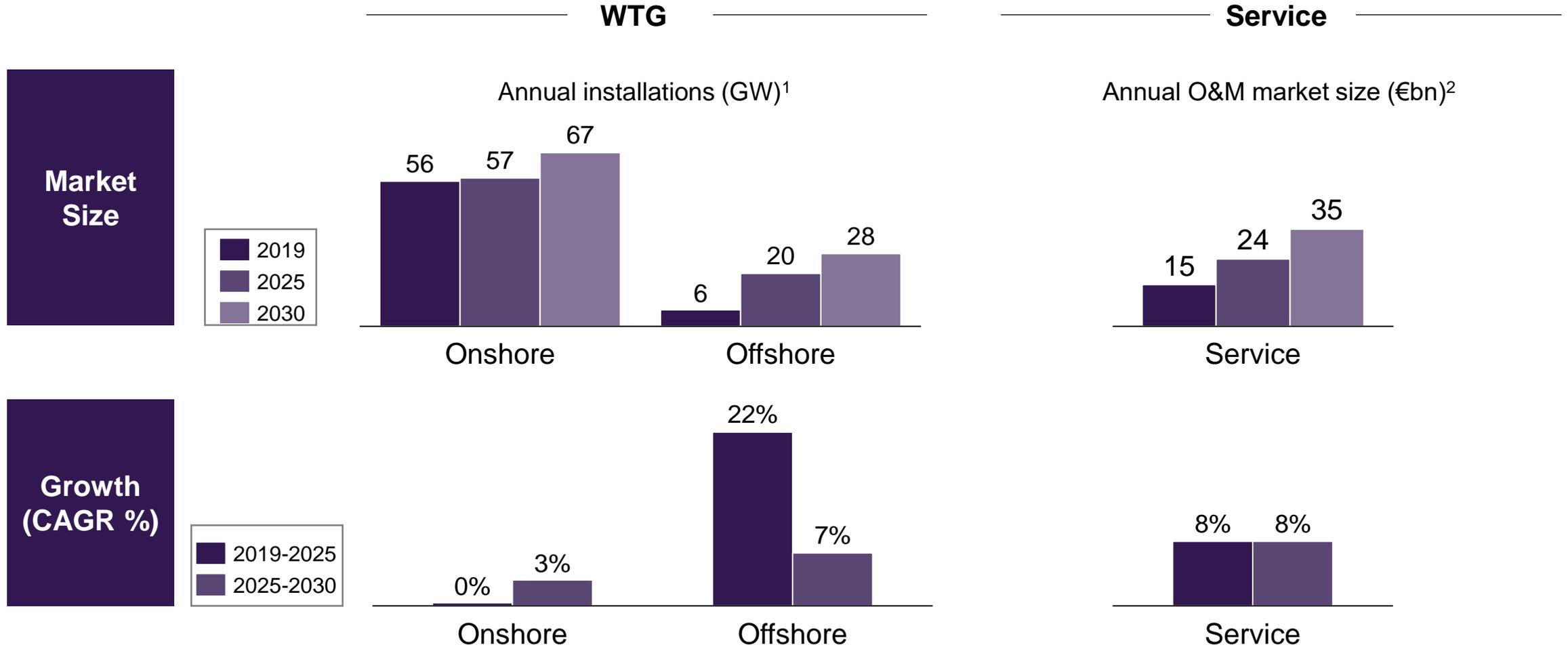
Green recovery a central pillar in the total €1.85 trillion European recovery plan



Policy support for renewables to cope with Covid-19 challenges, e.g.

- Extension of PTC qualification in USA

Very strong growth in Offshore and Service during next five years and beyond. Demand in Onshore remains solid



Industry has gone through significant headwinds that have driven margin erosion, but outlook favouring recovery

Major industry headwinds (2017 - 2019)

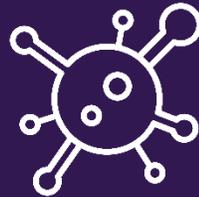


Introduction of auctions around the globe



Supply chain challenges with increases in commodity prices and tariffs amidst record volumes in the industry

2020



- Global industry hit by Covid-19, especially in supply chain
- Impact in demand mainly resulting in volume shift / delay in installations of onshore projects

Outlook¹ (2021 - 2023)



- Transition to auctions **mostly completed**
- **Pricing trends normalized**



- **Commodity prices** relaxed over last quarters
- **Some tariff uncertainty** remains, but **mitigating actions developed by the industry**
- **Global supply chain ramped up**

Content

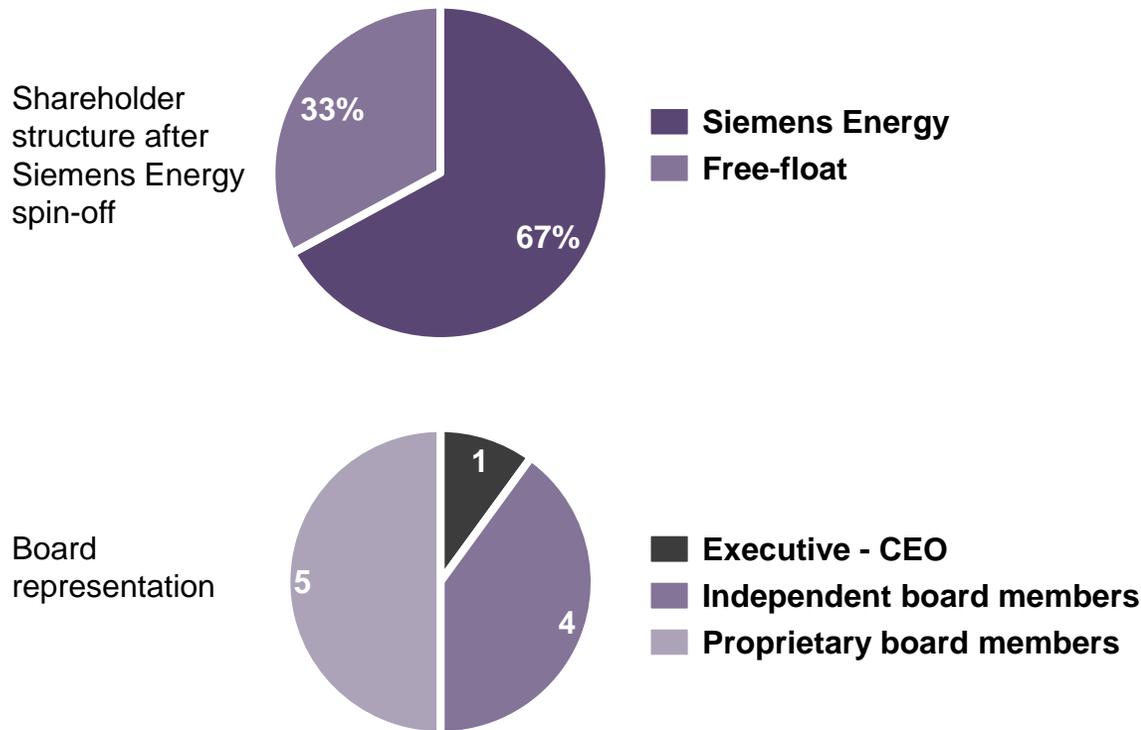
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SGRE as an essential part of Siemens Energy, our strategic core shareholder, that brings strong synergy potential

Strategic core shareholder



Synergetic relationship



- **License agreement¹** for exclusive use of combined designation / trademark “Siemens Gamesa”
- **Financial guarantees** remain in place at competitive cost and **preferred financing relationship** with Siemens Financial Services
- **Procurement agreements**



- **Procurement pooling**
- **Go-to-market synergies:** key account management and regional support
- **Strategic collaboration and combined offerings potential:** service business, hydrogen, storage etc.

Where we stand today: Right foundation in place

Sustainability

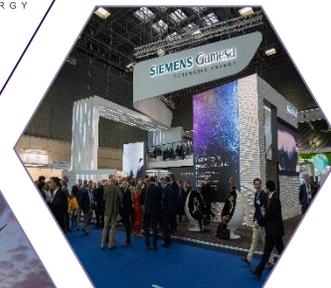
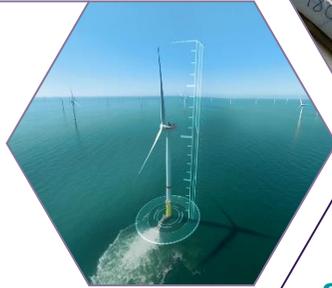
Member of major ESG indexes

Execution Capabilities

World's largest offshore wind park
Hornsea ONE commissioned on time

Scale & Global footprint

More than **100 GW** installed
Onshore installed base in **>70 countries**



People

International and skilled teams
across the globe

Technology

~2,000 dedicated R&D staff with
>5,800 patents

Financial Strength

First wind OEM with Investment Grade
Solid liquidity position

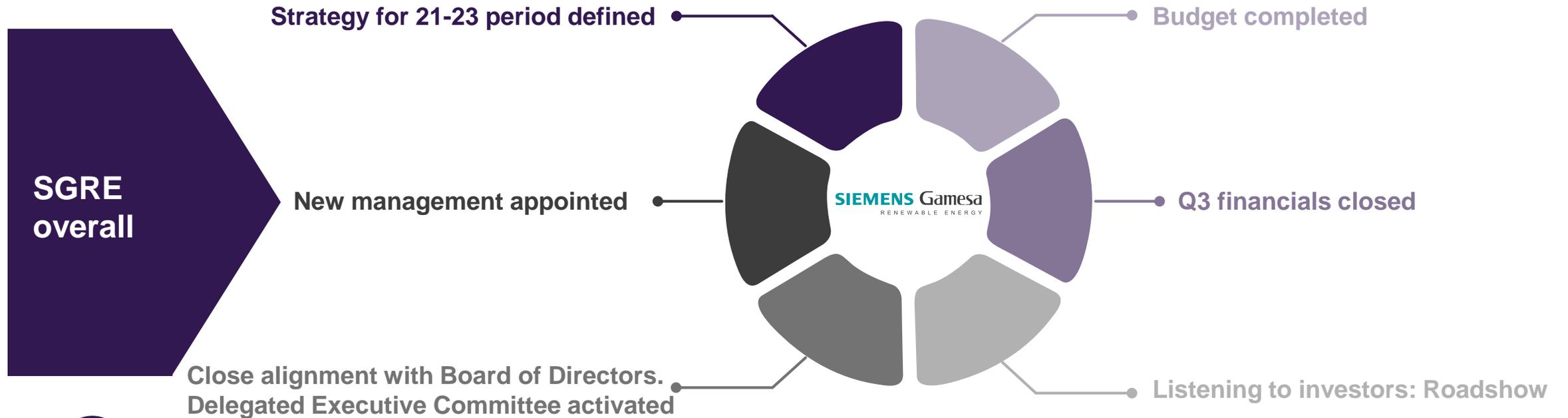
Where we stand today: Strong competitive and profitable position in growing OF and SE markets. Significant potential out of turnaround in ON



	Onshore	Offshore	Service
Market position³	#3 ³	#1 ³	#2 ³
Market growth	=	✓✓	✓
Current contribution to SGRE profitability	✗	✓	✓✓

1) SGRE last twelve months revenue and backlog as of Q3 FY20
 2) Pipeline made of preferred supply agreements and conditional orders that are not part of SGRE's Offshore backlog
 3) Based on 2019 WTG installations (for Onshore and Offshore; Onshore excluding China) and O&M fleet size (for Service)

First 60 days as CEO: Setting the foundation for an exciting journey



Onshore

- Acting CEO of ON business
- Designed action plan for India
- Defined key pillars for ON turnaround
- Improved transparency on cost / risk profile for Sales and Projects

SGRE positioned for leadership in value creation: Strategy



SGRE positioned for leadership in value creation: Financial framework for 2023 and beyond

Profitable Growth



EBIT margin pre PPA and I&R costs:
8-10%

Book-to-Bill > 1

Grow **faster than the market**¹

Focus on Cash



CAPEX: **c. 5% of revenue**

Working capital < **0% of revenue**

Cash conversion rate² > **1-growth**

Net financial debt / EBITDA < **1.0x**

Capital Efficiency



ROCE > **WACC**

Dividend policy:
payout ratio ≥ **25% of net income**

Sustainability at the core

New management team with proven track record appointed

Andreas Nauen
Siemens Gamesa CEO



MBA. Dipl. Engineer in
Mechanics and Economics

~ 15 years in the wind industry

> 10 years proven record as
CEO of wind businesses (incl. SGRE OF)

Lars Bondo Krogsgaard
ON CEO – from November 1st



~ 20 years
in the wind
industry

Beatriz Puente
CFO – from December 1st



~ 20 years
as financial
manager

Pierre Bauer
OF CEO (acting)



~ 25 years
of experience in
different
industries

Christoph Wollny
COO



> 25 years
industrial
experience

Juan Gutiérrez
SE CEO



~ 15 years
in the power
generation
business
(incl. wind)

Jürgen Bartl
General Secretary



~ 20 years
as legal expert

LEAP program launched to achieve our targets

LEAP



Innovation

Striving for **technology leadership** and **business model innovation**



Productivity & Asset Management

Continuous focus in **cost optimization** and stringent **cash management and control**



Operational Excellence

Strengthening **process and project execution discipline** and achieving **industry benchmark safety and quality** levels



Digitalization as enabler / differentiator across all business areas



Sustainability + People oriented company

'Go-to' company in renewable energy by setting the **industry benchmark in sustainability & employer attractiveness**

Innovation & digitalization driving path to leadership extracting the full potential of SGRE

Innovation



Onshore

SG 5.X-155/170
>600 MW orders received



Offshore

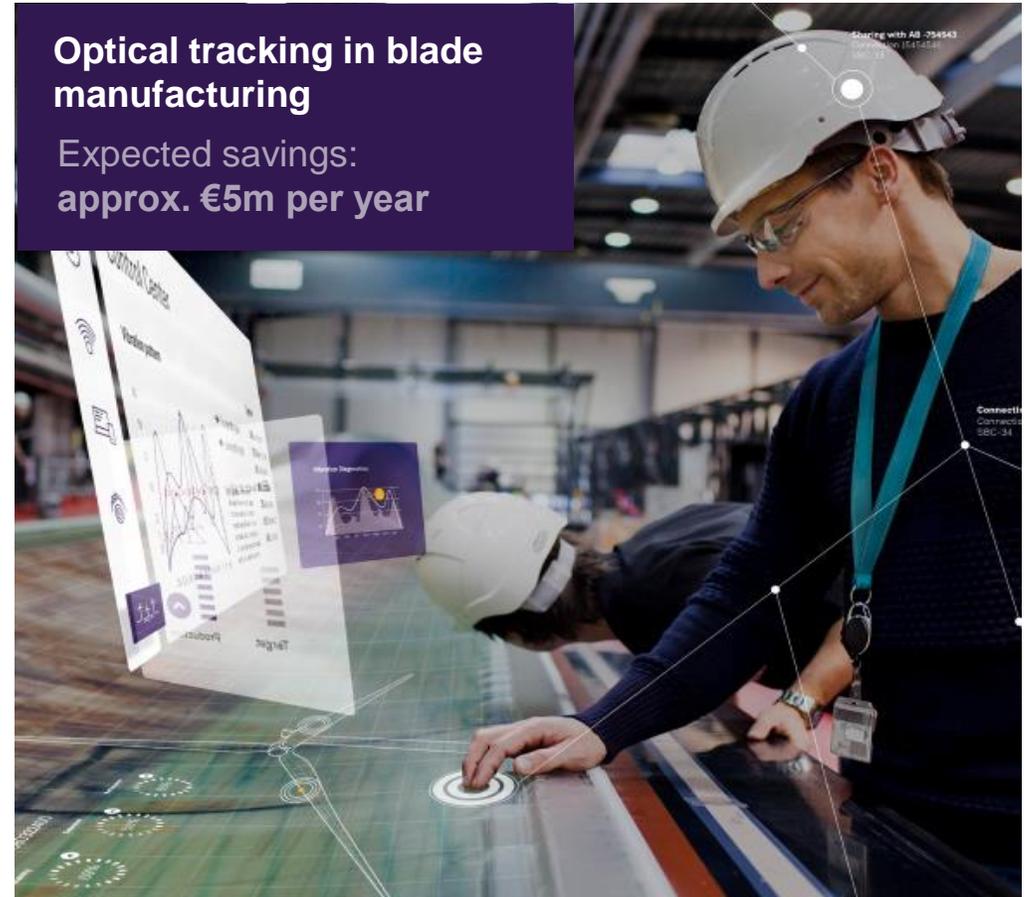
SG 14-222 DD
Preferred supplier for 4.3 GW pipeline

Most powerful turbines launched with modular design concept

Digitalization

Optical tracking in blade manufacturing

Expected savings:
approx. €5m per year



Productivity & asset management as well as operational excellence at the core of SGRE



Productivity



Asset Management



Operational Excellence



We know
how to
do it



>€2bn productivity
in FY18 – FY20¹



Working capital improvement
of **6 p.p.**² between FY17 and
FY19



24ONE98³: install an offshore
turbine **within 24 hours** with
>98% availability from day one

Our
priorities

- Targeting **>5% productivity** in third-party spend each year
- Strict **fixed cost control**

- **Working capital** consistently **below 0**
- **Stringent** approach to keep **CAPEX** at **sustainable level**

- **De-risk** business model
- Strengthen **project controlling**
- Foster cross-business **best practice exchange**

SGRE committed to leadership in sustainability

Significant achievements so far...



Achieved A rating in MSCI ESG index



Carbon neutrality achieved



Member of major ESG indexes

Dow Jones Sustainability Index, FTSE4Good, Bloomberg Gender Equality index, etc.



Sustainability in financing

First green guarantee line in Spain for €900m
Extension of **€2.5bn syndicated** financing facility, with link to **ESG**
First foreign exchange deal linked to the United Nations Sustainable Development Goals (SDGs)

...and to continue being core for SGRE



Committed to continuous improvement in all aspects of sustainability



Safety is my choice



Keep health at heart

Environment, Health and Safety are the foundation of our business



Sustainable financial strategy

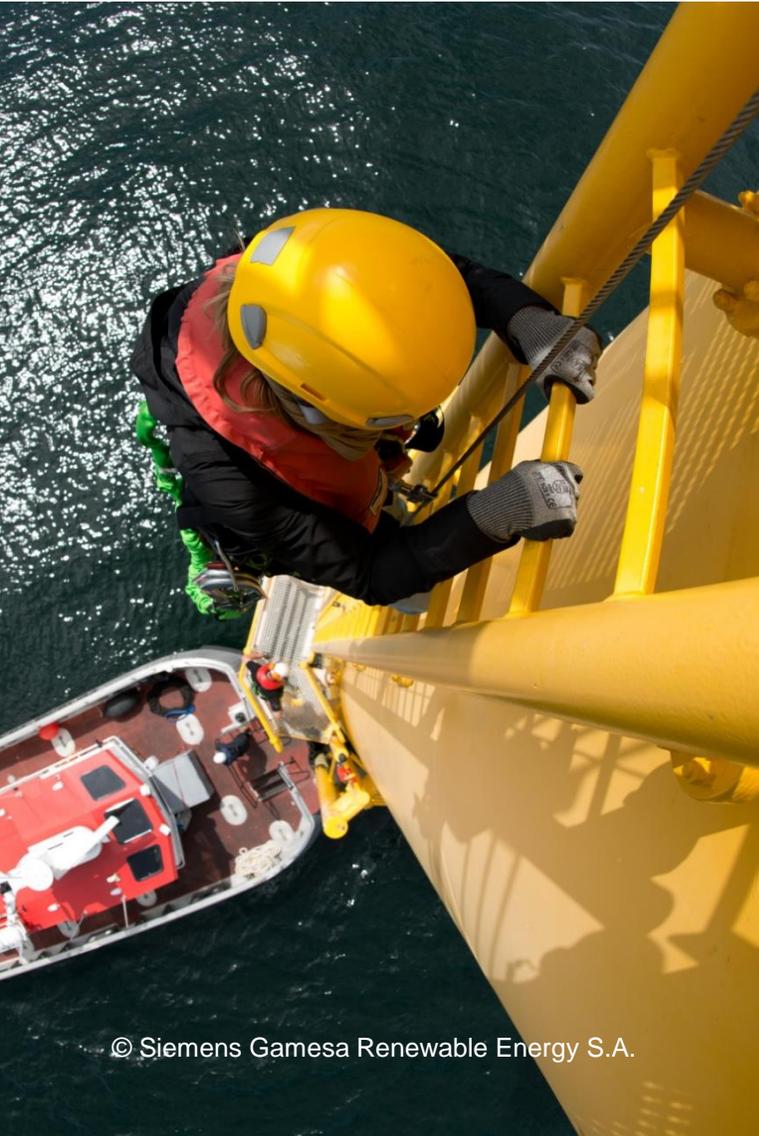
Content

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Unleashing the full potential of Siemens Gamesa



Clear value creation story:

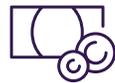
- Turnaround Onshore to sustainable profitability
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LEAP program launched



Prioritizing profit over volume



Focus on cash generation



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Business Unit – Onshore

Andreas Nauen, SGRE CEO



Onshore by the numbers (Q3/FY20)



€6.9bn
Backlog¹



8.6 GW
Order entry²



€5.1bn
Revenue²



~9.5 k
Employees¹



~90 GW
globally installed¹



7.2 GW
installed in LTM²



170 m
Largest rotor in the market



~20%
Market Share (excl. China)³

Large, stable and fully global demand to remain in the long term

Key market trends



Large and stable demand, with c. 55 GW expected to be installed annually after peak year 2021 and moderate growth after 2025



Continuous growth of **repowering** demand due to increasing volume of fleet reaching end of life span

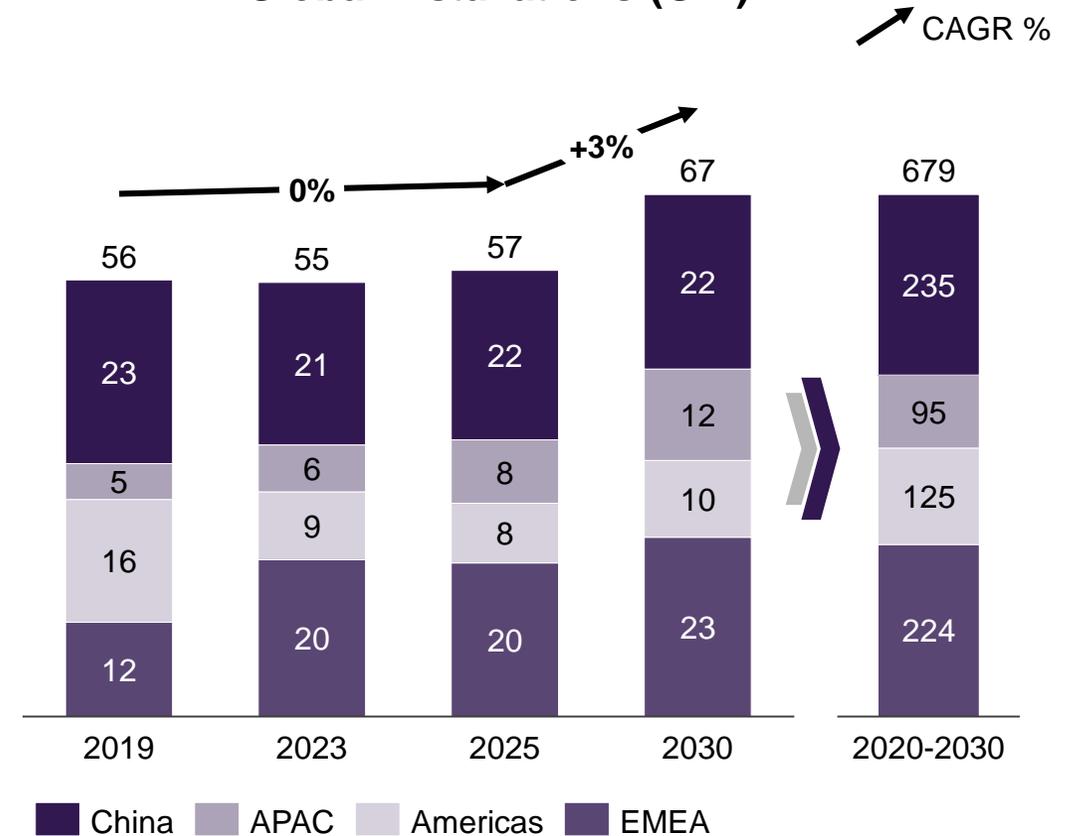


Strong LCoE competitiveness vs. other technologies, attracting large investments



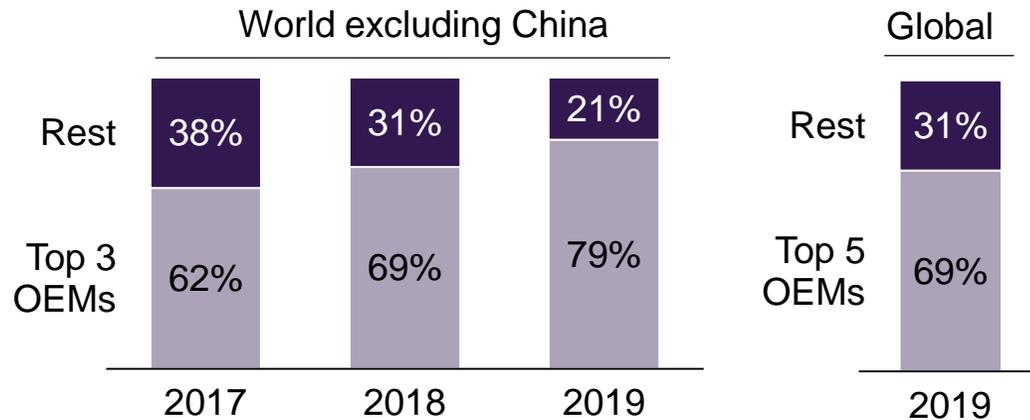
Truly global market, with strong volume prospects in all regions and installations in >90 countries

Global installations (GW)¹

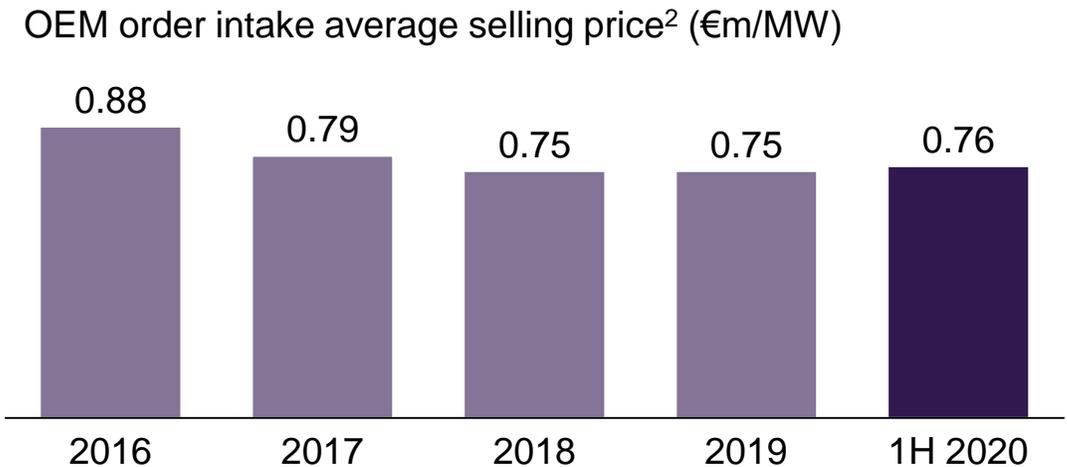


SGRE as one of few truly global OEMs resulting from industry consolidation. Pricing returned to normal dynamics

Global Onshore OEM market share evolution¹



Selling price



Global reach and large scale as foundation for profitability & resilience



Few truly global players resulting from industry consolidation and normalized competition dynamics



Chinese OEMs predominantly active in local market



Auctions mechanisms globally well established



Price trends “**normalizing**”



€/MW reference **affected by introduction of higher nominal capacity turbines**

Clear plan to return Onshore to sustainable profitability

LEAP



Focus areas for Onshore



Prioritize profitability over volume and de-risk business model



Profitability as main priority



Strict pricing and margin policy in place



De-risk business model



Development model restricted to selected opportunities
EPC capabilities reinforced



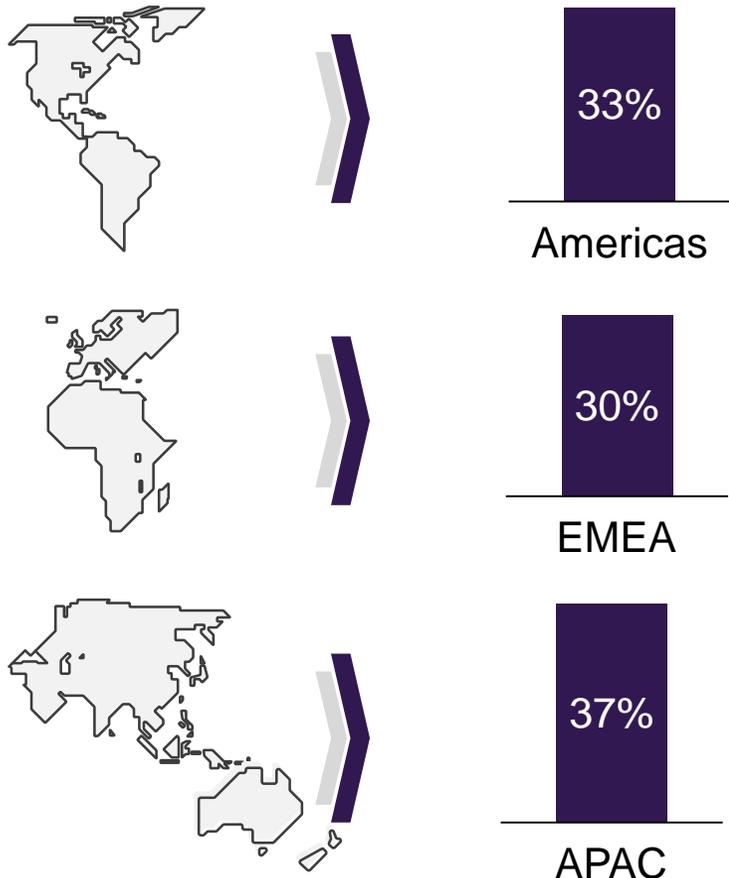
Focus on top markets



Clear focus on **top markets**, as platforms to lead globally

Geographical diversification, with focus on largest markets as platforms to grow profitably

— SGRE LTM order entry (MW)¹ —



- SGRE with true global reach and geographic diversification
- Increased focus on largest markets to get benefits of scale and limit complexity
- Profitability and risk limitation as a pre-condition to sales in any market

Further de-risked business approach to development and EPC



- Above **12 GW** projects developed by SGRE so far
- Model revisited: extract potential while **limiting associated risks**
 - **Full development / risk exposure** to be **limited**
 - **Development terms** being adjusted
 - **3rd party collaboration alternatives** to be further explored



- **Long track-record** in EPC activities
- EPC offering based on **customer/ market needs** (on demand)
- **EPC capabilities reinforced**
 - **Strict qualification** of subcontractors
 - Increased **quality & safety standards**
 - Enhanced **execution monitoring**

Siemens Gamesa 5.X Reaching new heights



Flexible rating up to 6.6 MW



Up to 32% AEP increase vs. predecessor



High versatility, with a modular, flexible design that facilitates logistics, construction and service

5.X platform: Global product as key driver for profitability improvement



Key drivers of profitability improvement

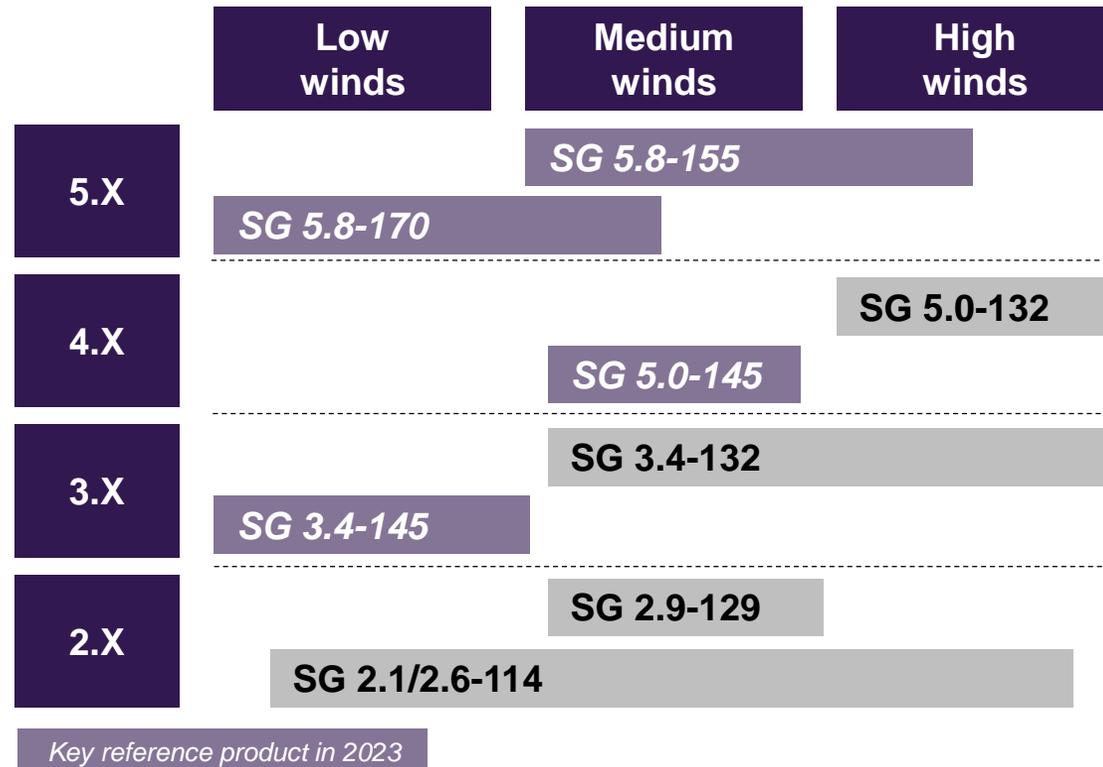
- **Two versions: 155m and 170m rotor**
- **Highest power rating** among main Onshore OEMs
- **Longest Onshore rotor** to date for class III

- New blade design with **noise reduction** features
- **170m split blade** to improve transportability
- **De-icing feature** to perform in cold weather markets

- **Very compact drive train** with lightest weight in the class
- **Pultruded carbon & glass fiber blades** to reduce weight
- **Synergies with other platforms** across multiple components

- **Prototype erection and first deliveries in FY21**

Modular Onshore product portfolio continuously evolving to increase competitiveness



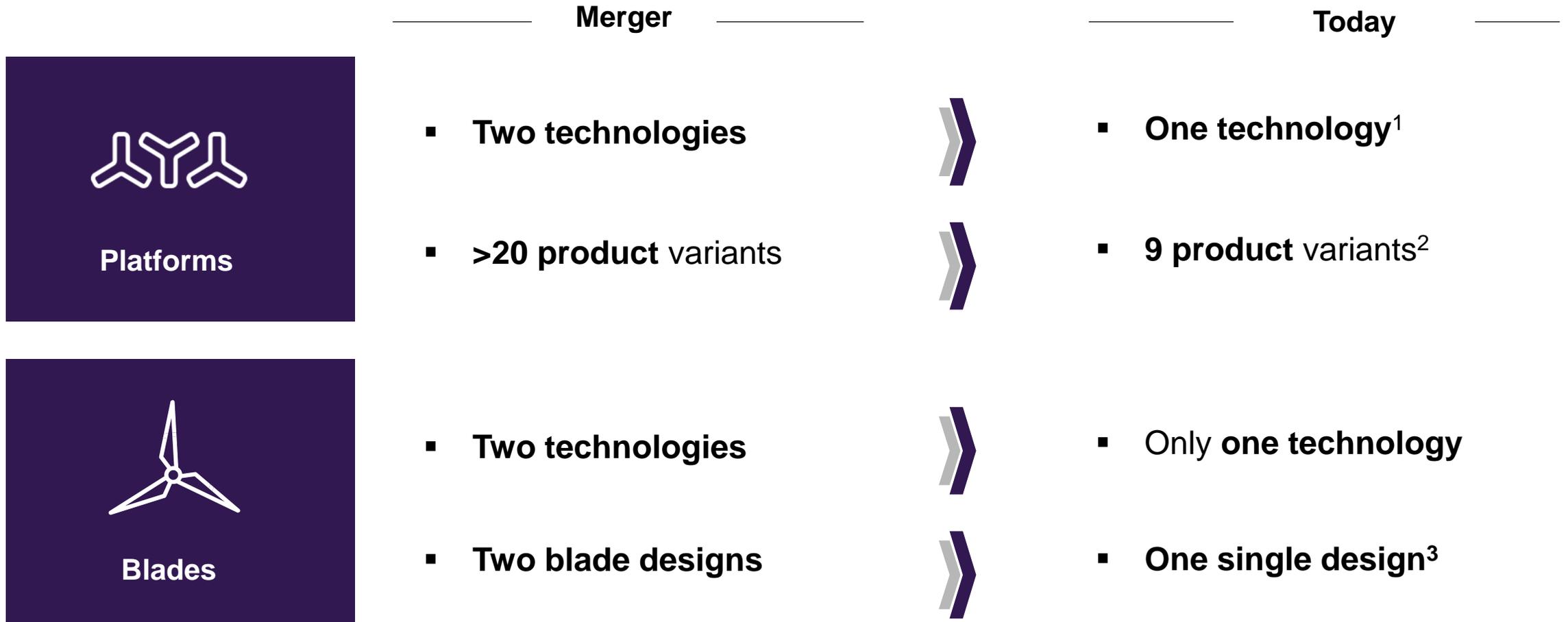
Product portfolio highlights

- Highest power rating in the market with **global reach**, for medium & high wind markets
- Model upgraded to **more powerful 5 MW** product
- 3 MW platform evolving to address different market segments**, e.g. SG 3.4-145 for low wind markets (India)
- Track-record 2 MW platforms for niche segments**, e.g. SG 2.9-129 for US market



Modularity allowing to evolve portfolio while reducing complexity and optimizing investment

Design complexity reduction as key lever to optimize supply chain dynamics in coming years



Best-cost supply chain, excellence and high-quality operational performance

Global supply chain

- **Diverse and global supply base**
- Co-development agreements with suppliers
- **“Make” and third-party sourcing in competition to optimize supply cost**

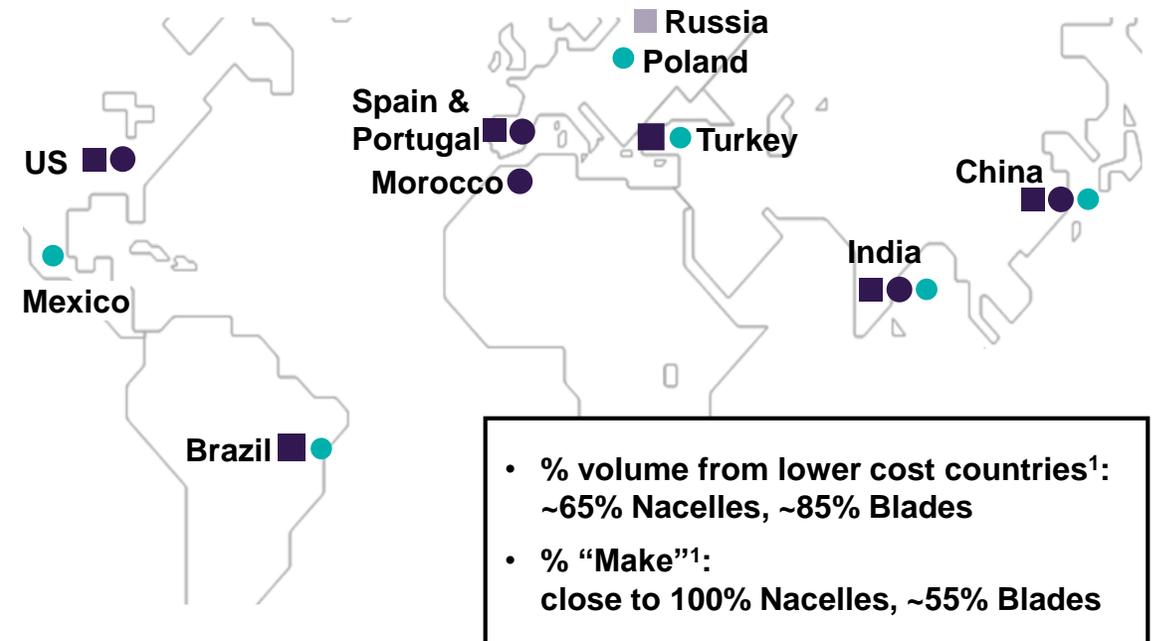
Footprint optimization

- **Recent closing announcements**
 - Blades: **Aalborg** (Denmark), **Aoiz** (Spain)
 - Nacelles: **Brande** (Denmark)
- **Continuous review of global assets to optimize overall supply chain**

Operational excellence

- **Best-in-class operational performance**
- Holistic **quality management** concept embedded across supply chain
- Cross-business unit sharing of **best practices**

Global supply footprint with diversified low-cost locations



Excellence in project management as key priority going forward

FY20 deviations in Northern pipeline addressed



- One-off deviations in five projects in Northern Europe caused by **delays and extra costs** due to adverse weather and road conditions
- **Projects now stabilized** (approx. 90% of wind turbines already producing electricity)

Actions already being deployed



Enhance backlog control

- **Cost / risk profile review** conducted on approx. 120 projects



Improve process and strengthen governance

- **Launch PM@SGRE globally**



Foster best practice exchange

- Set up cross-business unit teams to strengthen collaboration



- **Involve Project Management teams early** to identify properly risks & opportunities
- Deploy **standard Project Management playbook** across regions
- Reinforce Project Managers **competences and skills**
- Strengthen **subcontractor qualification** process

Reorganization to increase effectiveness and optimize cost



Operating model optimization, strengthening global functions and increasing regional focus on sales and project execution



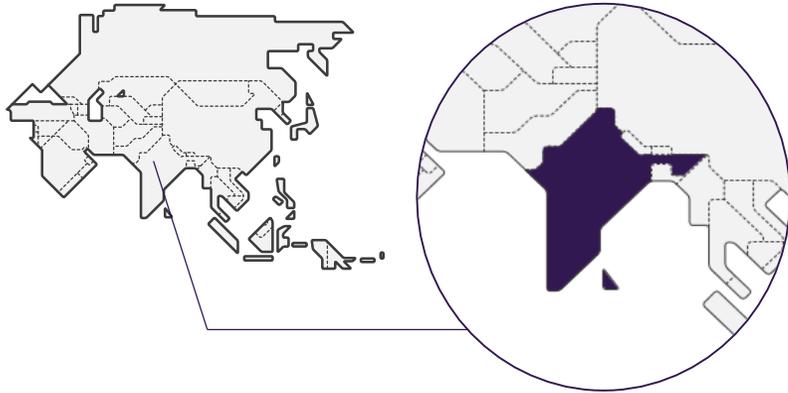
Required **rightsizing** measures to be conducted



Strict **overhead** cost control

Actions being taken: Returning India to sustainable profitability with turnaround plan in place

Headwinds faced



- Unprecedented **price drop** since the introduction of auctions
- **Market volumes** significantly **below expectations**
- Constraints in **land development**
- **Covid-19 exacerbated structural issues** in the market

Actions being taken



- Prioritize **profit over volume**
- **Restrict development** activities, adjusting terms (e.g. strict policy on pre-production)
- Focus on **wind and hybrid** projects



- Launch **new SG 3.4-145 platform** to improve LCoE, with >40% AEP increase vs. predecessor



- Adjust **manufacturing capacity**
- Strengthen **relationships with suppliers**



- **Project management capability enhanced**
- Deep review of **risks and opportunities** of projects in pipeline



- **Organization adjusted**
- **Restructuring to reduce break-even** volume

SGRE remains committed to Onshore: Outstanding value creation potential



Onshore take-aways



Large market with **attractive fundamentals**



Margin-related headwinds **stabilized**



Key **growth** engine for **Service** business



SGRE already a **leading player** with strong track-record, global footprint and scale



Committed to **returning Onshore to sustainable profitability**



Key lever of profit expansion for SGRE until 2023

Global onshore profitable business



Sweden, April 2020



Siemens Gamesa Renewable Energy - Capital Markets Day 2020

Business Unit – Offshore

Pierre Bauer, Offshore CEO (acting)



Coastal Virginia
USA, 2020



East Anglia One
United Kingdom, 2020



Hornsea ONE
United Kingdom, 2020



Borssele
Netherlands, 2020



Formosa 1
Taiwan, 2019



Coastal Virginia
USA, 2020



11MW prototype
Denmark, 2020



Yunlin
Taiwan, 2020

Offshore by the numbers (Q3/FY20)



~17 GW

Backlog & preferred agreements¹



4.2 GW

Order entry²



€2.9bn

Revenue²



~6 k

Employees¹



~16 GW

globally installed¹



Excellence
manufacturing and
project execution



New and
Increasing potential
for Service



Over 1,000 DD
offshore turbines installed

Offshore growth continues with further acceleration of volumes through the decade

Key market trends



Strong growth in traditional markets with an outlook of ~183 GW to be installed from 2020-2030



Globalization accelerating new markets evolving strongly with Taiwan and US contributing with ~65%

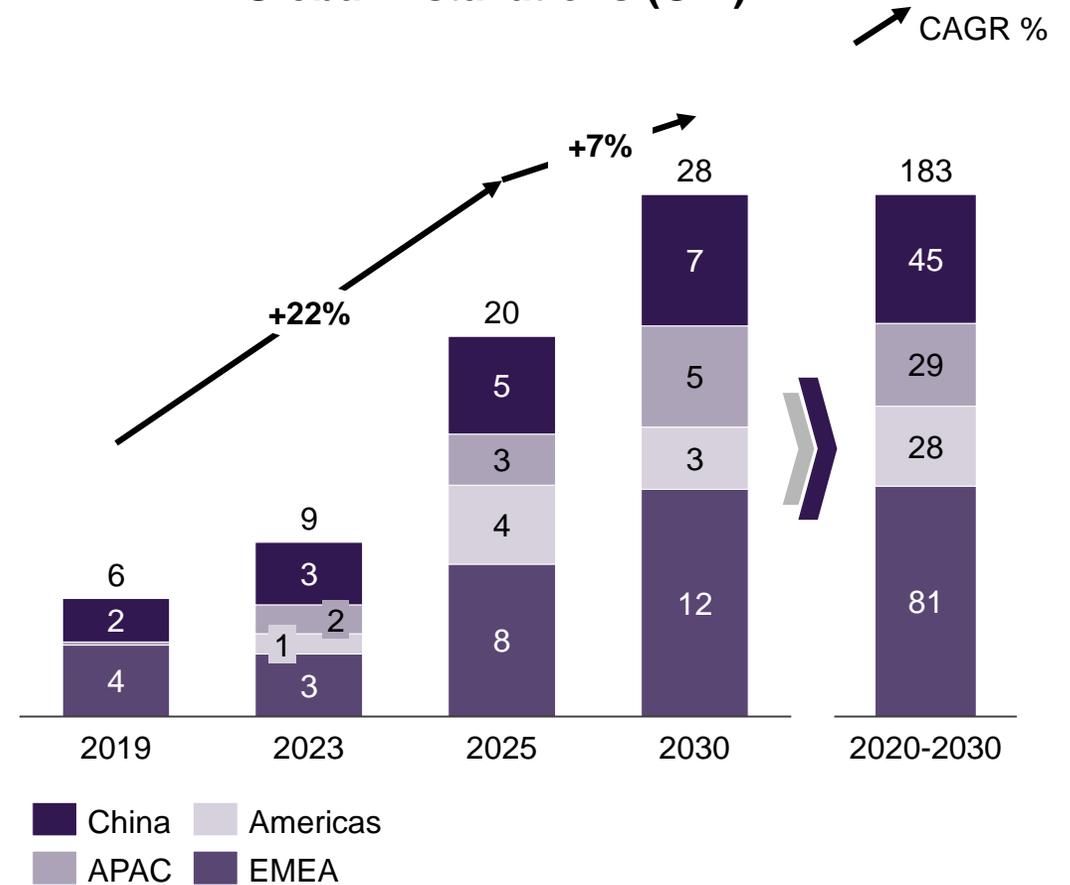


Strong developer interest with large investments by Oil & Gas developers and mega projects being advanced



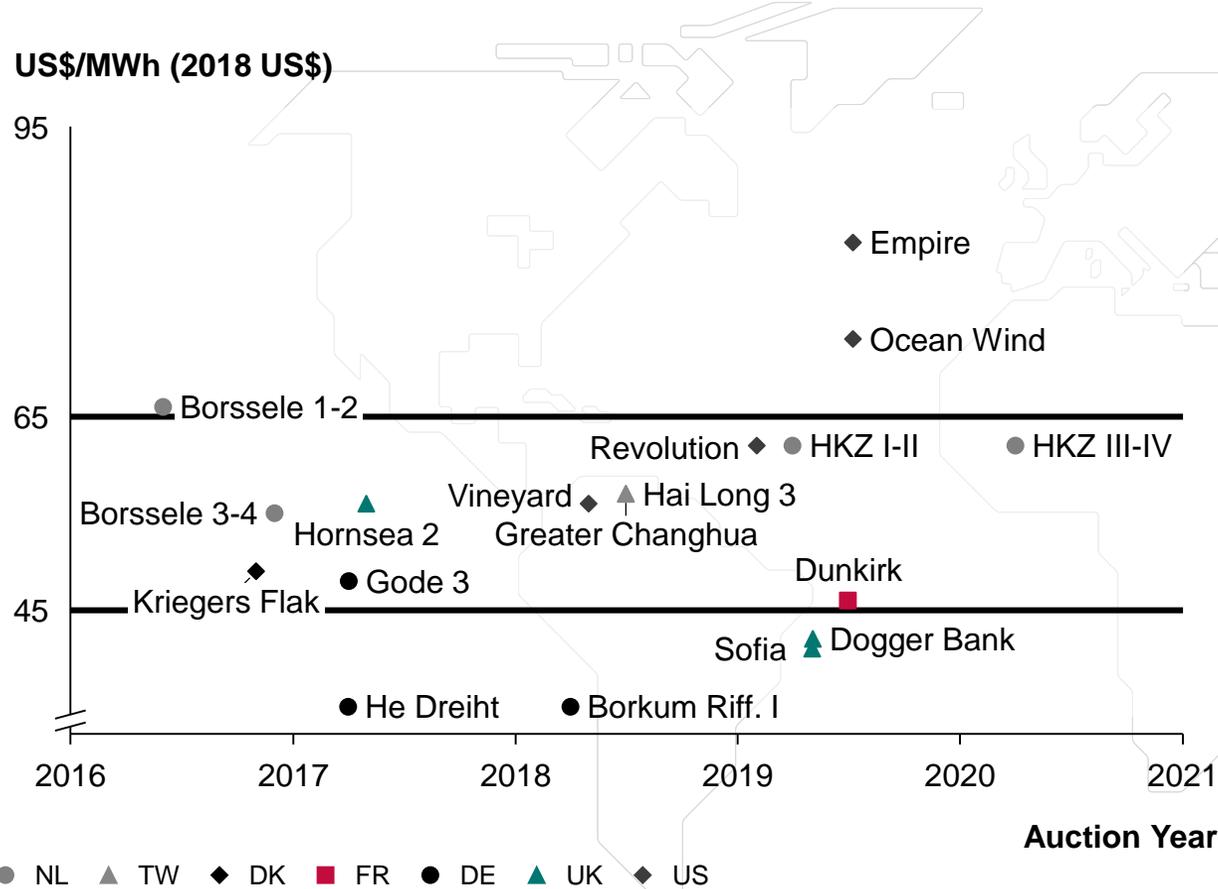
New frontiers are gradually emerging providing further demand by **floating wind and power to hydrogen**

Global installations (GW)¹

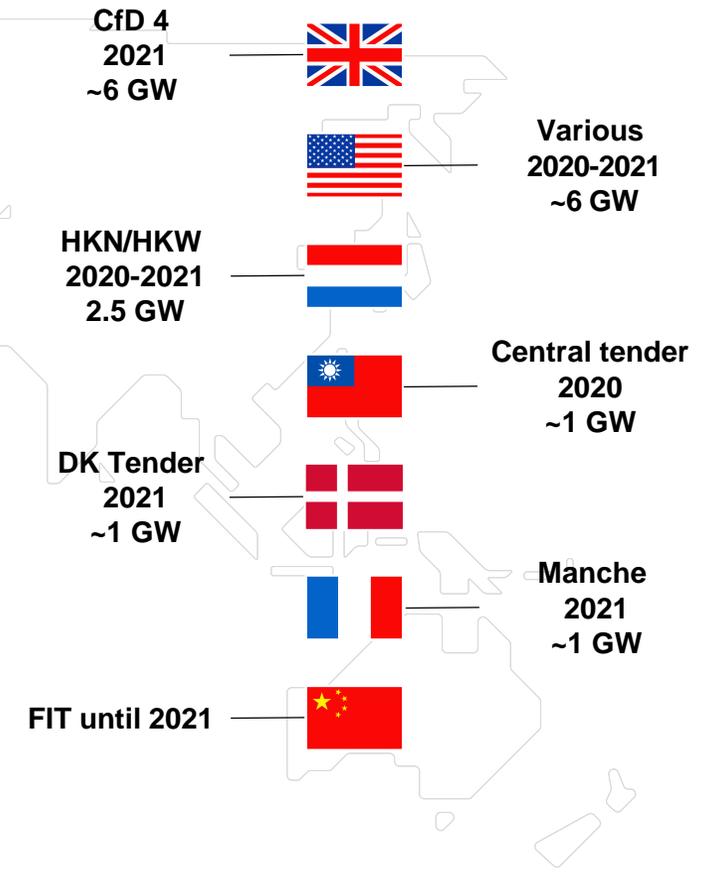


Installation of auction era projects and pipeline underway, which will be enhanced by a significant pipeline of upcoming auctions

Levelized offshore wind prices¹



2020 and 2021 expected auctions and tenders



Strengthening profitable leadership position to capture global market growth

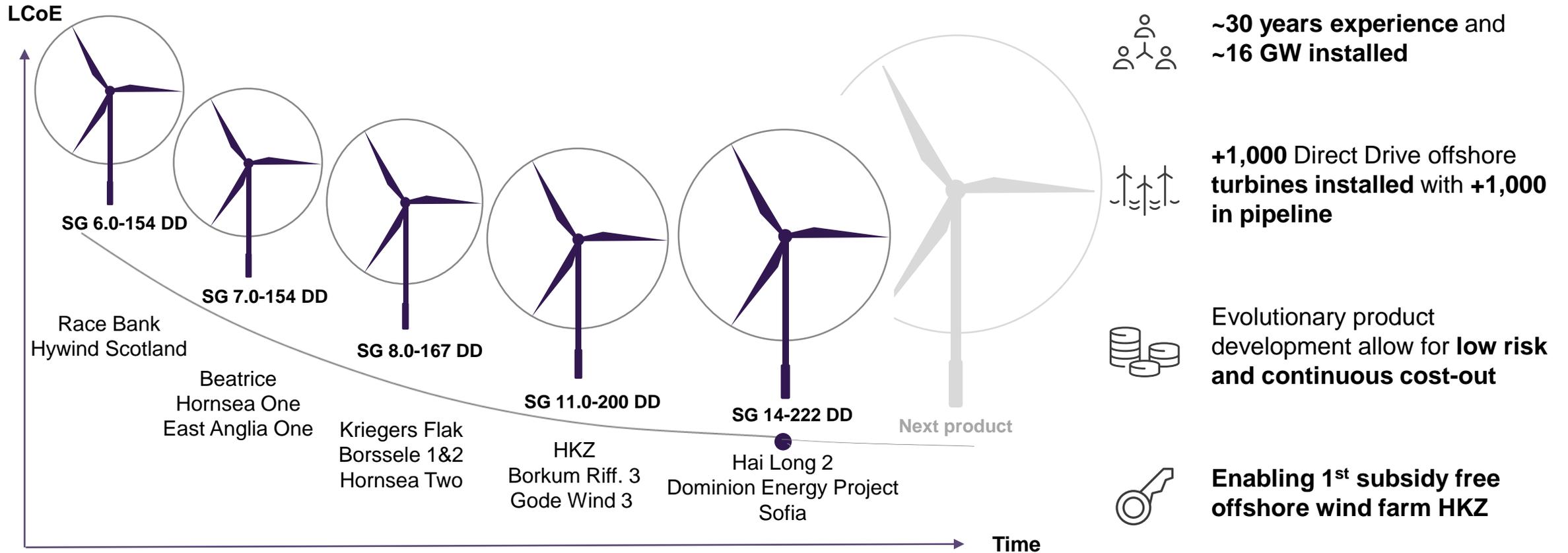
LEAP



Focus areas for Offshore

-  **Technology and innovation** by adding new technology on proven direct drive platform enable significant AEP upside at low risk
-  **Enabling new markets** by combining good product fit and solutions for local content and country-specific parameters
-  **Customer engagement** with early and close collaboration on end-to-end project optimization key to win competitive projects
-  **Operational excellence** driven by footprint and logistics optimization and flawless execution

Each evolution of the direct drive platform delivers significant AEP upsides with reduced risk and time-to-market



The winds of change have never been stronger

The SG 14-222 DD



Up to 15 MW with Power Boost



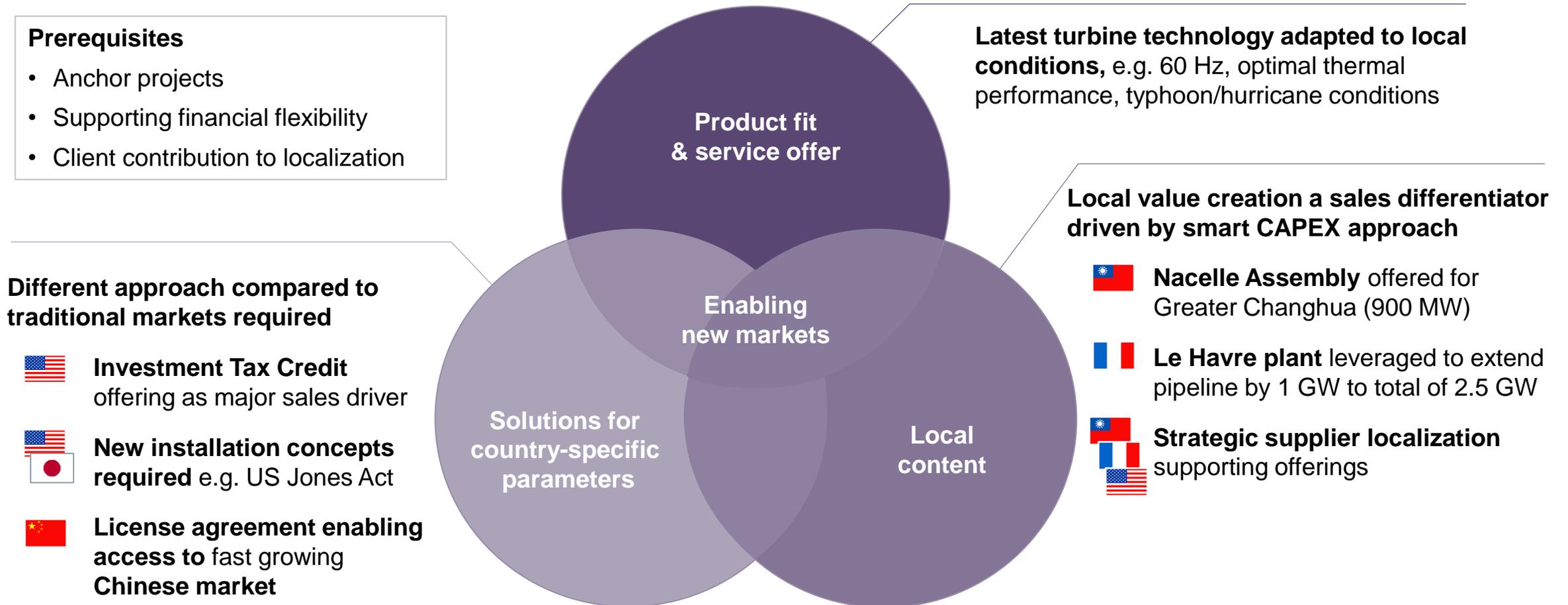
+25 % annual energy production increase vs. predecessor



Turbine installation in less than 24 hours with >98% availability from day one¹

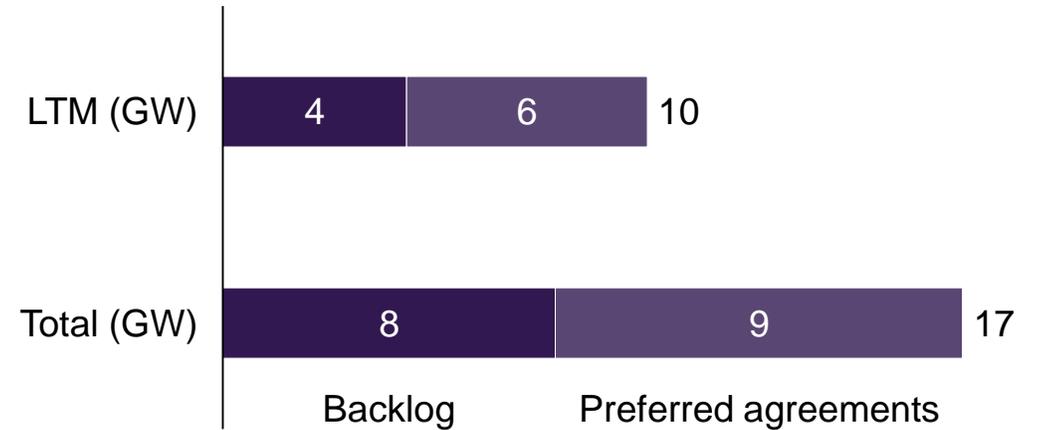
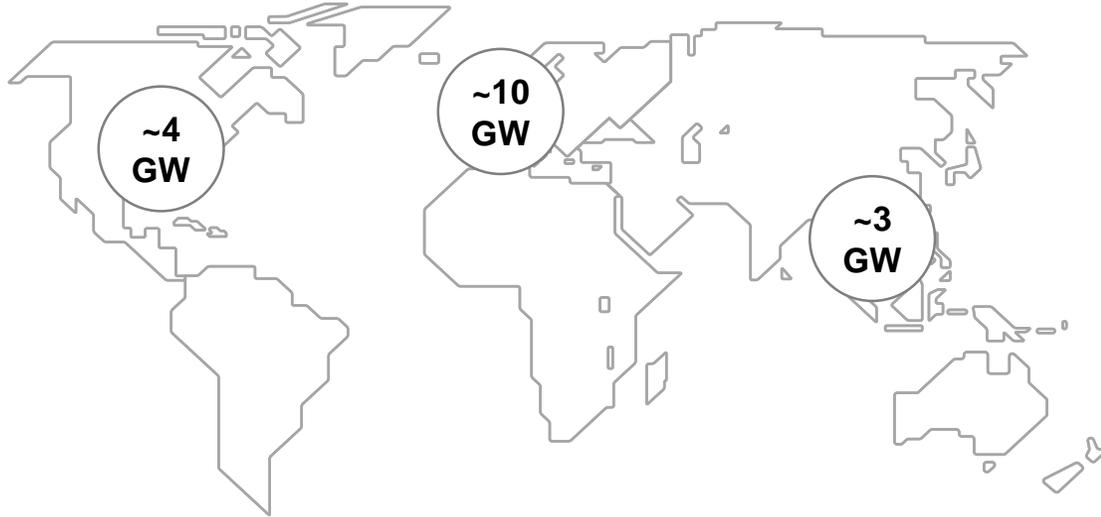
Dedicated and tailored solutions allow SGRE to unlock new market potential

– Major engagement factors to succeed in new markets –

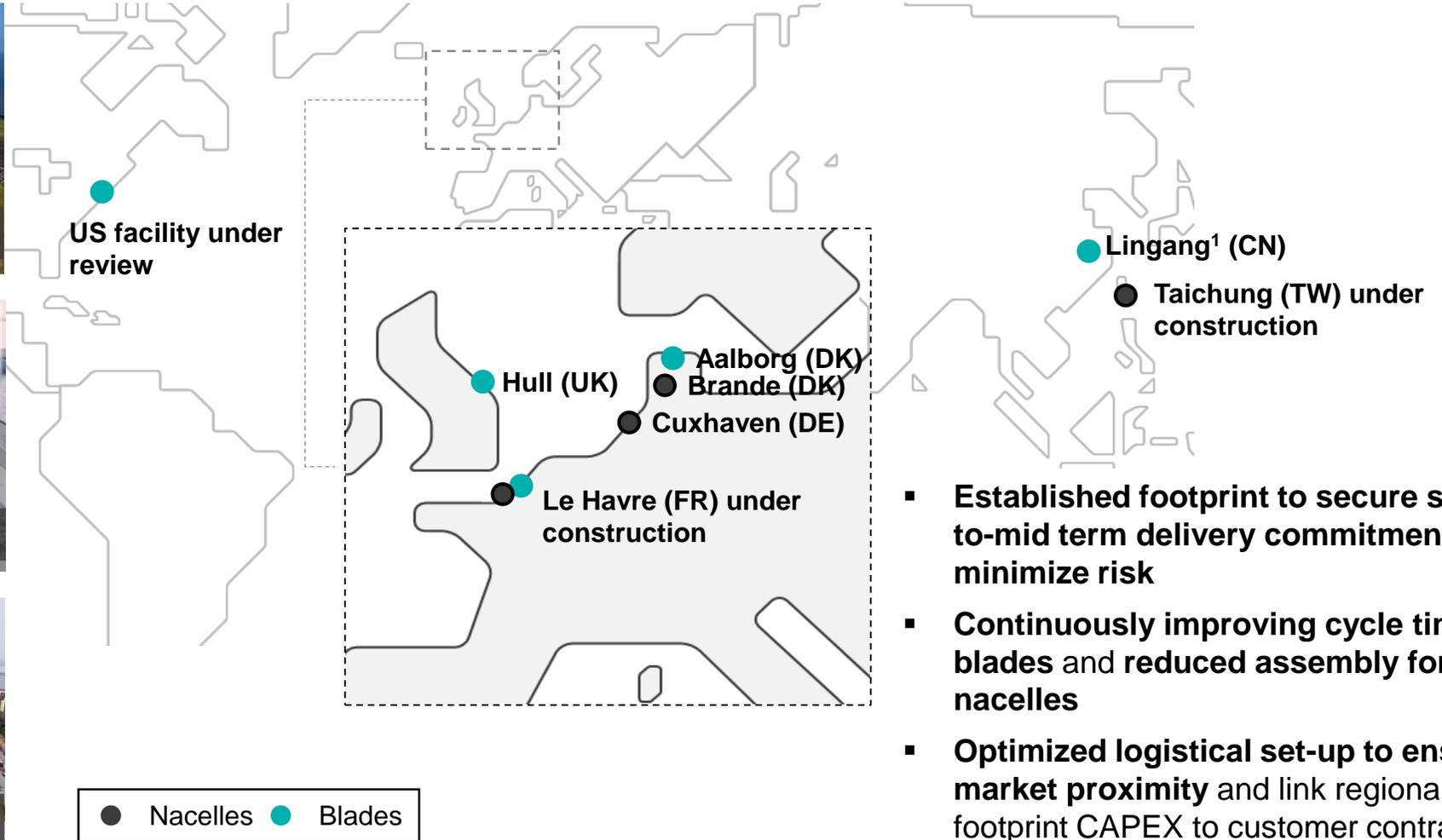


Early and close customer collaboration is key to win highly competitive projects

Record 12 months of sales activities increasing industry leading backlog and pipeline to ~17 GW (~5 times revenue)



Optimized and regionalized footprint to deliver world class products globally, with clear link to customer demand



- Established footprint to secure short-to-mid term delivery commitments and minimize risk
- Continuously improving cycle time for blades and reduced assembly for nacelles
- Optimized logistical set-up to ensure market proximity and link regional footprint CAPEX to customer contracts

SGRE in pole position to capitalize on the growth of floating offshore and green hydrogen

Strongest OEM experience on floating, and in the driver seat to further industrialize



+50% of delivered and signed floating projects completed with SGRE turbines. Hywind Scotland as world's first floating wind farm



Floating offshore key to deliver on global offshore wind's opportunity

Contracted Pipeline



Stiesdal



Vast amount of offshore wind required to supply green H₂ demand



Strategic project initiated to deliver large scale green H₂ after mid-2020s



Offshore wind optimal for large scale deployment of green H₂ with high capacity factors and availability



Experienced energy companies in offshore wind with distribution capacity enable ideal strategic alliances

Strengthen profitable industry leadership delivering sustainable cash generation and optimization



Offshore take-aways



Continue offshore leadership by pushing the **technological boundaries**



Sustained successful global expansion while keeping focus on core markets



Coherent cost-out focus across the value chain to further strengthen competitiveness



Flawless execution of ~17 GW project pipeline with a substantial service backlog

Global offshore wind leadership

FY20 highlights

Coastal Virginia, US

Hornsea One, UK

Formosa 1, TW



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Business Unit – Service

Juan Gutiérrez, Service CEO



15-years service agreement for 497 MW OF Fècamp wind farm France, 2020



Service operation vessel - floating warehouse with walk-to-work turbine access



10-years service agreement for 704 MW OF East Anglia One wind farm United Kingdom, 2020



12-years service agreement for 138 MW ON Mountain Air wind farm USA, 2020



5-years service agreement for 200 MW OF Borkum West II wind farm Germany, 2020



30-years service agreement for 226 MW ON Murra Warra wind farm Australia, 2020



10-years service agreement for 12 MW OF Coastal Virginia wind farm USA, 2020



OF heavy lift with new jack up vessel under contract – Pacific Orca

Service by the numbers (Q3/FY20)



€15.1bn
Backlog¹



€4.1bn
Order entry²



€1.6bn
Revenue²



~8 k
Employees¹



~72 GW
under service¹



Average **contract**
length ~9 years³



Active in
>60 countries



Advanced **digital**
capabilities

SGRE well positioned to outperform in a strong growth market

Key market trends



Strong growth from **new installations**



Rapidly growing offshore market, globalization opening up new service business opportunities

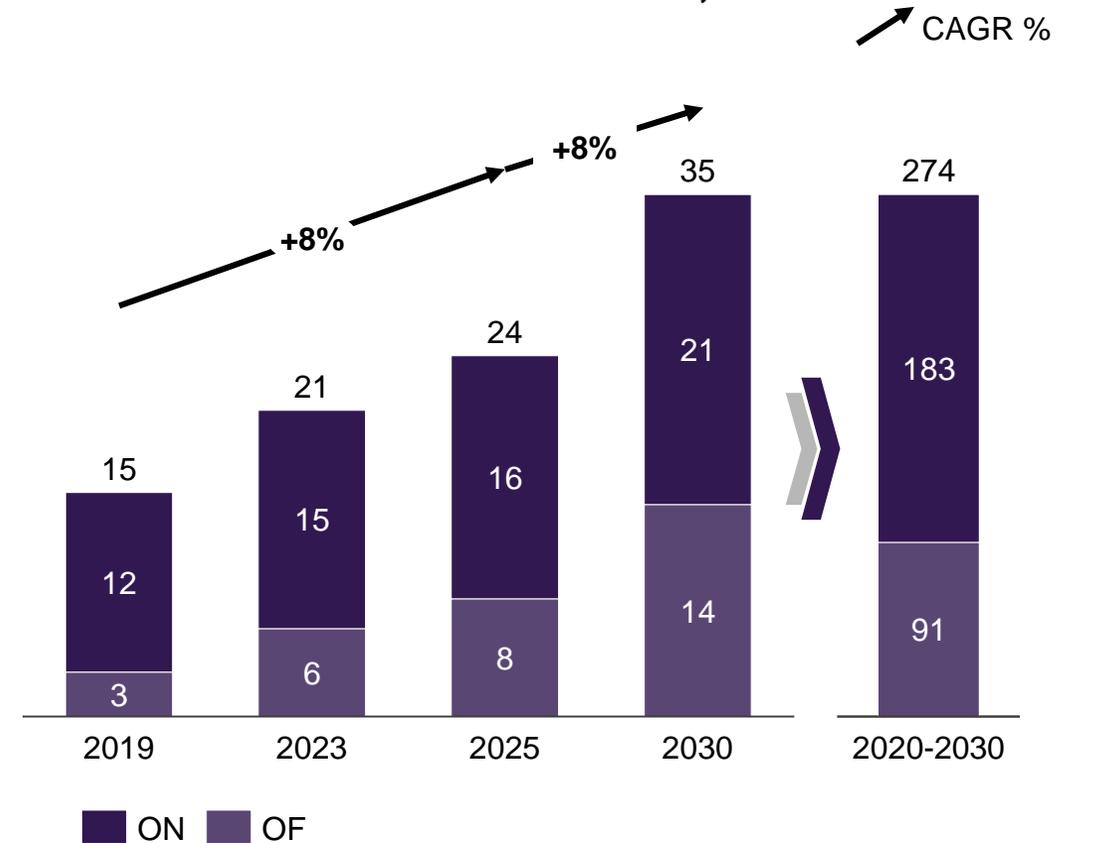


Consolidation in service business may continue and spread across the value chain



New business models evolve enabled by digitalization, hybrid solutions and data driven O&M

Global O&M Market size, €bn¹

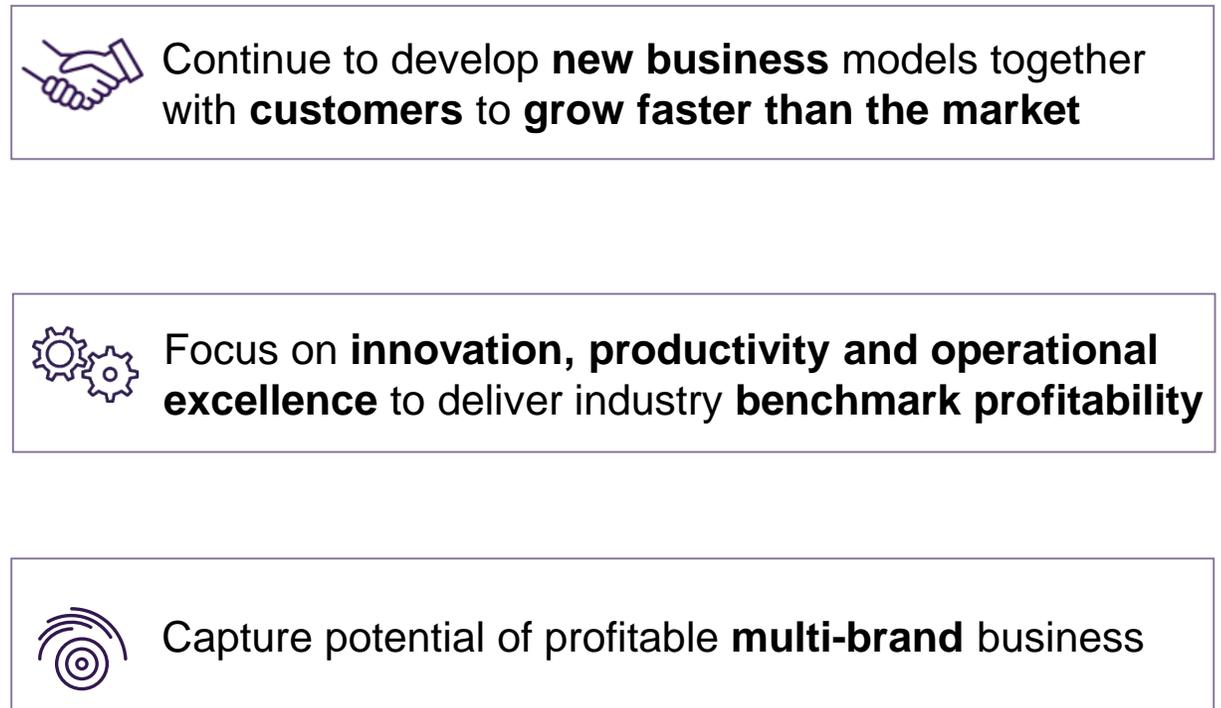


Sustainable and profitable growth above market through continuous innovation, productivity and operational excellence

LEAP



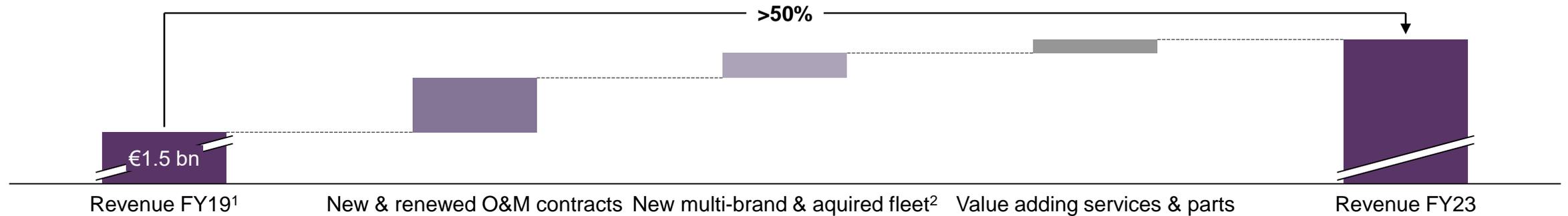
Focus areas for Service



Innovative solutions and customer proximity will help sustain proven growth rates above market

Main areas for revenue growth

(illustrative)



Key growth drivers

- **Sell as one SGRE**
- **Next generation long term programs** drive average contract durations >10yrs
- **Performance and revenue-based business models**
- **Maintain strong renewal rates** for all customer segments

- **Master selected multi-brand technologies**
- **Asset and IP acquisition of Servion** enabling expanded offerings

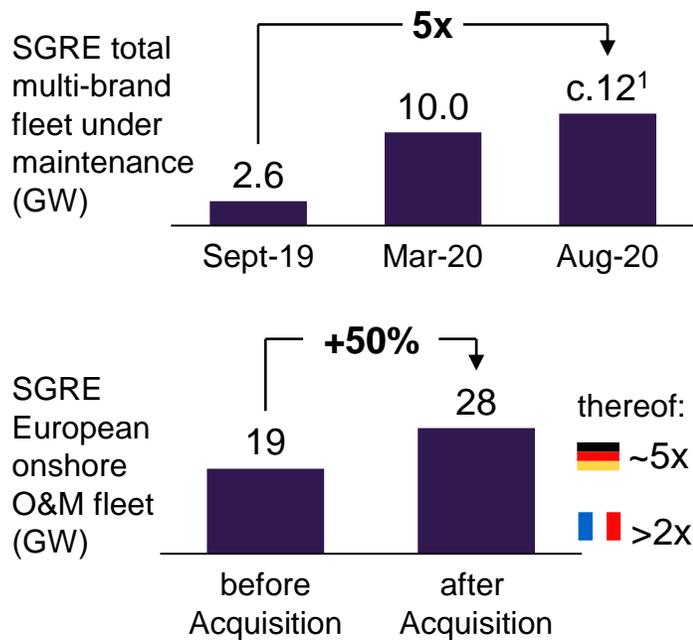
- **Commercialization of innovative solution** to optimize customer returns
- **Increased focus on spare part sales and repairs**
- **Repowering, upgrades and overhauls** in selected focus markets

Customer intimacy

© Siemens Gamesa Renewable Energy S.A. 1) Figure as reported end of FY19 2) Servion acquisition included from FY20 onwards

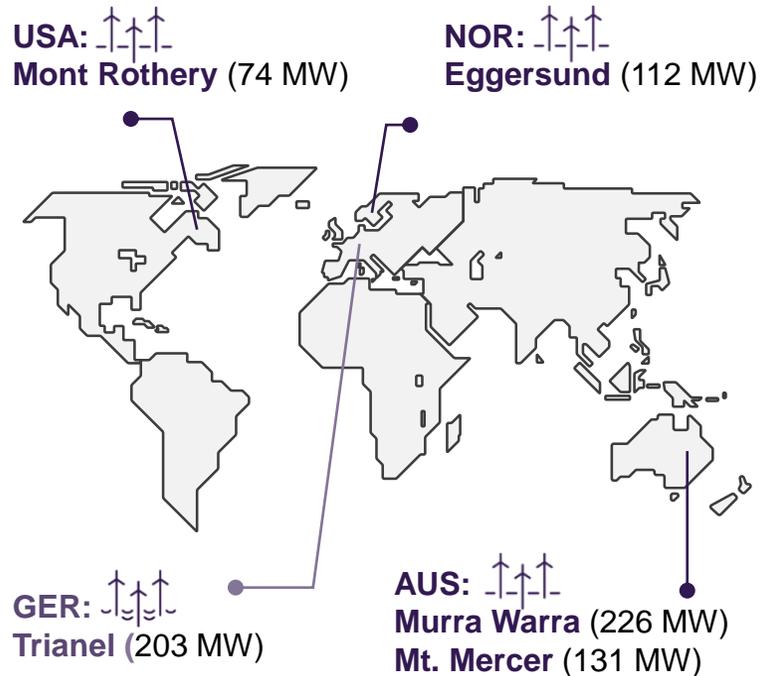
SGRE as #1 multi-brand service provider after Senvion acquisition and double-digit growth targeted with IP as key differentiator

Completion of acquisition of selected Senvion service assets

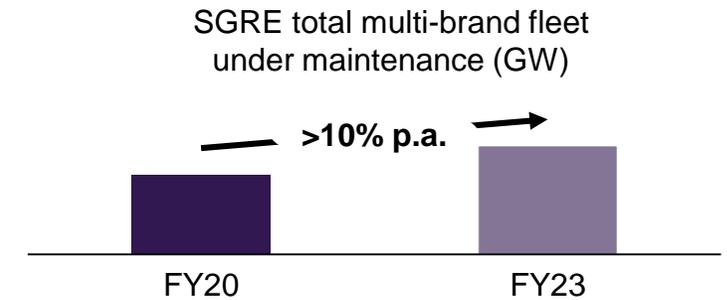


Continuous success of out-of-perimeter

Selected examples of new orders out-of-perimeter



Significant growth targeted



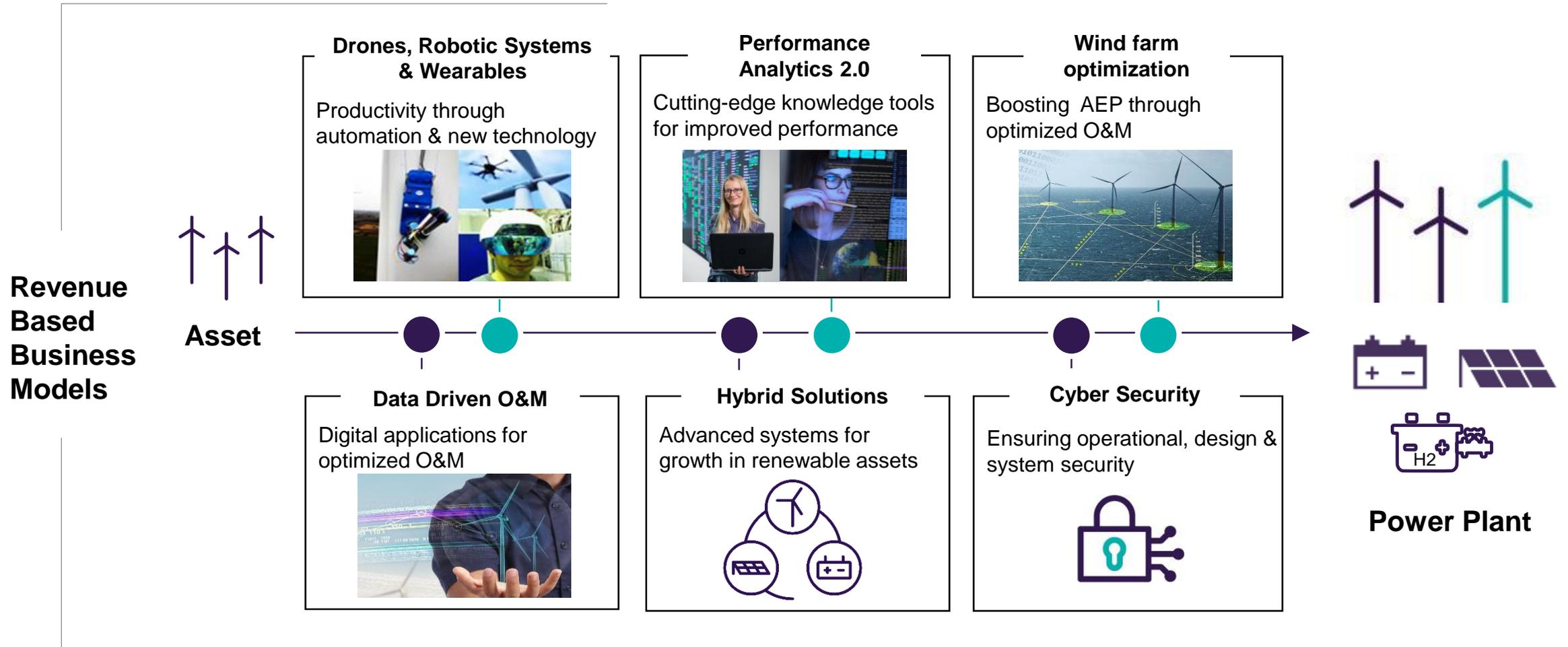
- IP as key enabler to grow targeted multi-brand technology base
- Multi-brand as key contributor to outgrow O&M market

SGRE #1 in multi-brand service

c. 1.1 GW orders in total since acquisition²

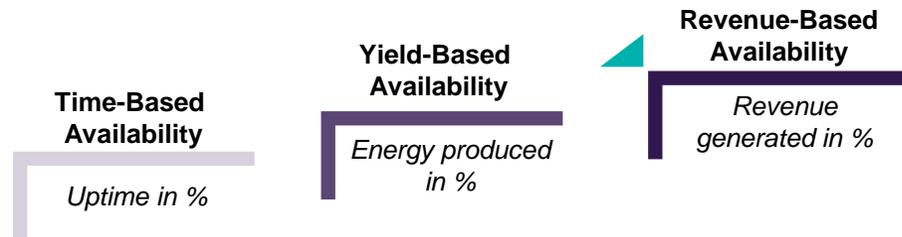
Double-digit profitable annual growth

Innovation on asset and plant level as a key focus for SGRE to drive performance and improve customer returns



Disruptive business models addressing changing market conditions, e.g. subsidy free markets, and aligning incentives with customers

Revenue-based availability (RBA) warranty



- Availability warranties **evolving from time- to revenue-based performance warranties**
- **New availability product through aligned incentives with customers**, who are exposed to variable electricity prices
- **SGRE availability products have a balanced risk profile** – warranting performance on all parameters SGRE can impact

Applied at first project in the North Sea

1.5 GW Offshore contract signed

Innovative and timely RBA product development in close collaboration with key customer

Provides real-life experience for SGRE to strengthen productization of RBA for future projects

Data driven O&M to harvest benefits of scale and reach operational excellence

Actionable insights through data

Operations Management & Service Planning

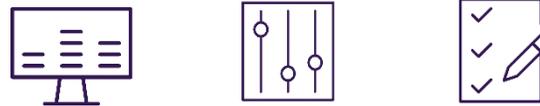
Field Service Execution

Asset Integrity

Utilization of capabilities & tools to **reduce cost** and ensure competitiveness

Continuous standardization through LEAN methodology and deployment of digital tools

Deploy **digital capabilities and smarter solutions** across asset technologies



Examples of newly deployed solutions



Service Train



Digital Troubleshooter



VBAI (Visual Based Asset Integrity)



+20% field service and back office efficiency



>20% reduction of unplanned downtime

Service Train deployed in the field, optimizing resource utilization, driving productivity and decreasing downtime for customers



SGRE setting new standards in Offshore operations

- **Service Train:** Scheduled maintenance by **sharing resources and utilizing one single service operation vessel (SOV) on multiple OF power plants**
- **Deployed since 2019 and piloted across three projects in German waters with a total of ~250 turbines**
- **Resulting in ~50% reduction in downtime**
- **Improved LCoE with zero safety incidents**

“RWE Renewables was excited to be part of this innovative concept. We are impressed by SGRE’s performance, setting benchmarks regarding safety, time and quality.”

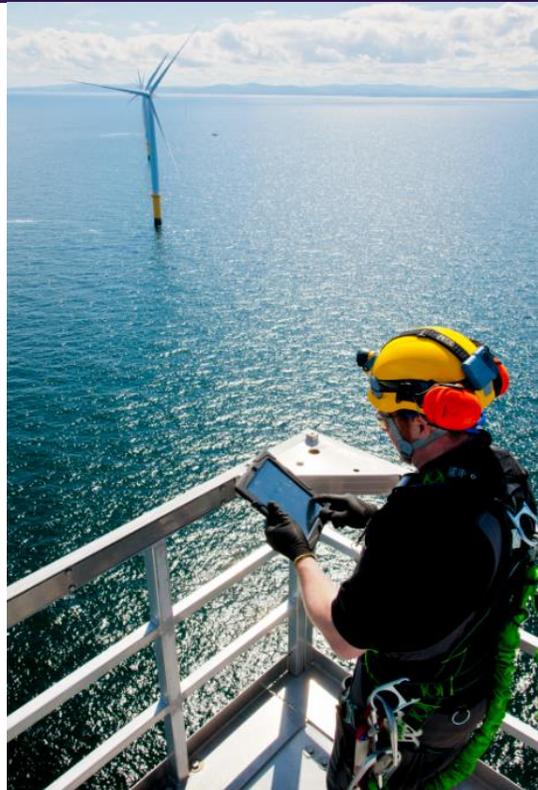
Enrico Schaefer, Head of Offshore Wind Operations Continental Europe

Leveraging SGRE developed digital technologies to significantly higher field execution efficiency and better asset performance

Example 1

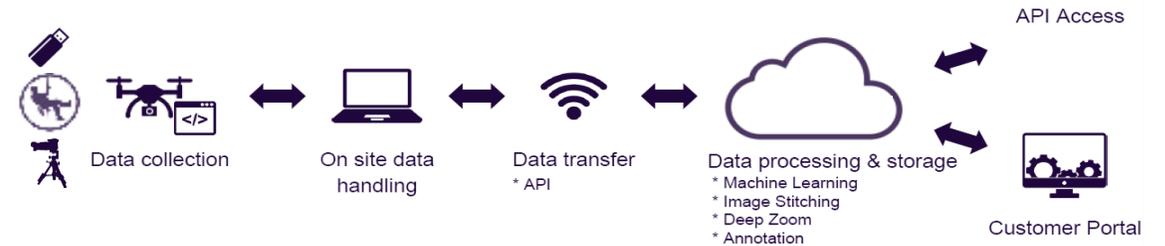
Digital troubleshooter

- **Interactive tool** to support turbine fault identification and remediation
- **Leveraging collective SGRE intelligence** through self-learning and best practices
- **Reduces turbine downtime** and **spare parts replacement**
- **Successfully implemented and deployed** on SGRE OF platforms since summer 2019



Example 2

Vision-Based Asset Integrity (VBAI) platform

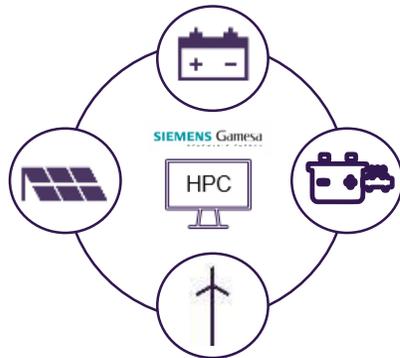


- **>25,000 turbine blades** inspected
- **Impressive results to date**
 - **Cloud artificial intelligence** enables image stitching in **34 seconds** compared to 4-6 hours for manual stitching
 - **400 images** of each rotor in **20 minutes** using automated drones
- **Technology with the potential to be applied beyond blades**

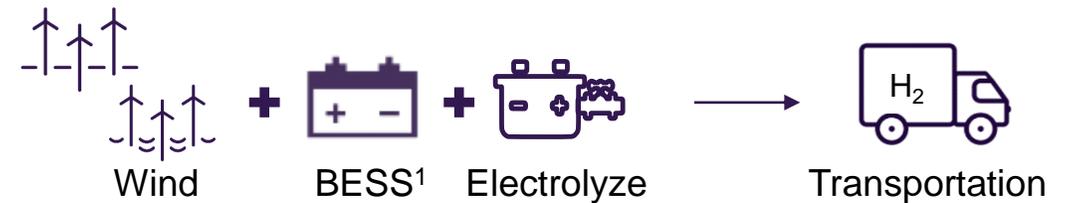
SGRE Service successfully operating hybrid plants – with outlook to expand to new commercially available applications

Addressing profitable growth segments along the energy value chain

SGRE hybrid plant controller key in operational strategy...



...allowing integration of new renewable applications



Hybrid plant to be installed in Flø, Denmark by the end of 2020 and first hydrogen production planned for early 2021

- Customized plant solutions with in-house **hybrid plant controller (HPC)**
- Premium **in-house power electronics**
- **HPC solution tested & deployed** on various projects since 2015 incl. PV, BESS¹ and wind technology

- Pilot coming up in Denmark **using SGRE wind turbine for power-to-hydrogen application**
- **Power to hydrogen and BESS¹ add-on to harvest new value streams through grid services** for existing customer assets

Sustainable and profitable growth above market through continuous innovation, productivity and operational excellence



Service take-aways



Continue to evolve and develop **new business models** together with our **customers** and increase value of partnership



Focus on **innovation and productivity** to further strengthen competitiveness and deliver industry benchmark **profitability**



Drive **operational excellence** relentlessly to maximize energy production on our maintained fleet



Capture potential of profitable **multi-brand business** leveraging on Senvion acquisition



Location
53° 33' 3.9" N
9° 69' 37.25" E

Protocol 78483859-B
Connection 754356
SBC-34

Protocol 78483859-B
Connection 754356
SBC-34

Protocol 78483859-B
Connection 754356
SBC-34

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Control Center

Vibration pattern

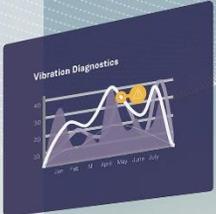


Wind speed	Humidity	Temperature	Rainfall
31 mph	38%	78° F	0.02"/hr

Diagnosis

- 6548 ON Spring Valley
- 7683 OWT 00-23
- 8547 Generator
- 6569 Turbine blade
- 2386 Hydraulic system
- 1488 Transmission
- 6548 Mechanical brake

Location
53° 33' 3.9" N
9° 69' 37.25" E



Your preferred lifetime service partner



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Financial framework

Thomas Spannring, SGRE CFO (acting)

SGRE financial framework: Focus on value creation

Profitable Growth



- **Innovation**
- **Productivity**
- **Operational excellence**

Focus on Cash



- **Stringent management of working capital and CAPEX**

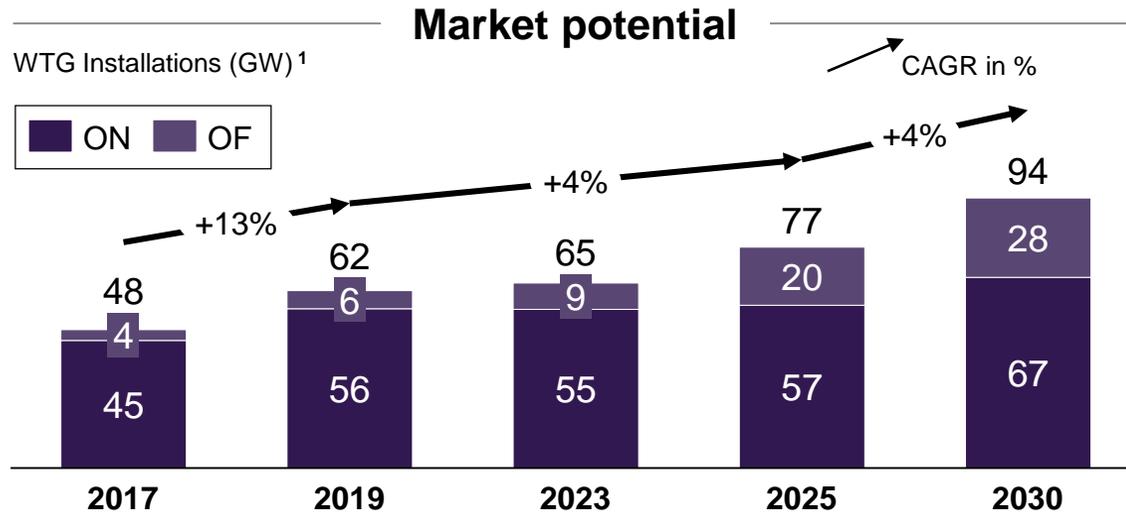
Capital Efficiency



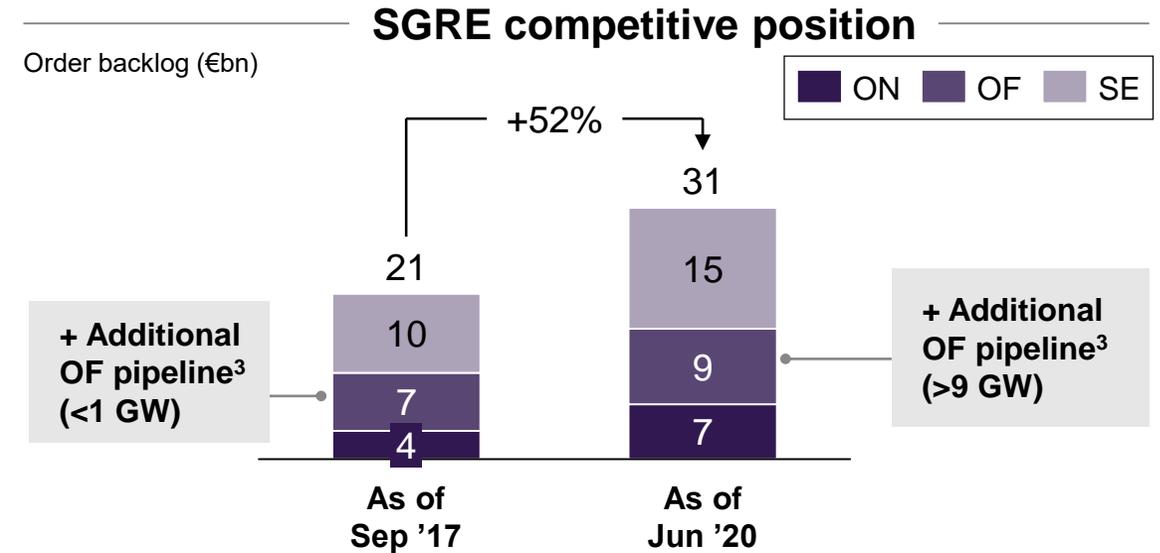
- **ROCE > WACC**
- **Attractive** dividend policy

Sustainability at the core

SGRE positioned to grow above the market



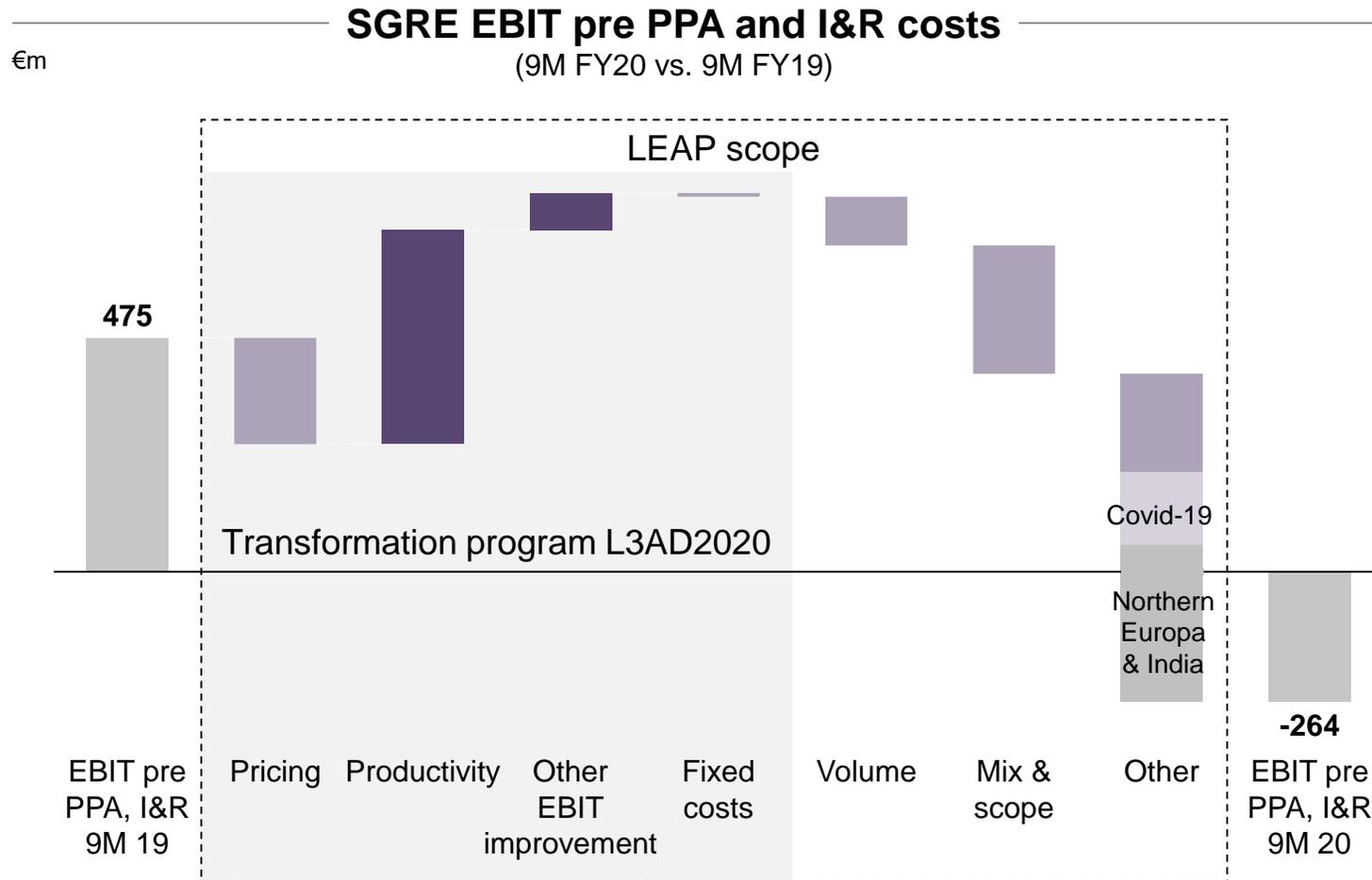
- O&M market to grow from €15 bn (2019) to €24 bn (2025)²



- OF and SE growing overproportionally; ON focus on profitability over volume
- High revenue visibility
 - >80% coverage of FY21 revenue by current backlog
 - Offshore backlog plus pipeline approx. 5 times current yearly revenue
 - Average service contract length at c. 9 years⁴

Target – Book-to-Bill⁵ >1.0x in FY21-23 and top-line growth⁶ above the market by FY23

Profitability in FY20 largely undermined by Covid-19, ON execution issues and India market slowdown



Highlights and way forward

- **L3AD2020** successfully achieved **productivity targets**
- **Profitability diluted** by **Covid-19, ON execution issues** and **India market** slowdown
- **Extended scope** of company-wide **LEAP** program
 - **Enhanced product portfolio**
 - **Productivity** to continue compensating price pressure
 - **Selective sales** approach
 - **Strengthened project execution**

LEAP program launched to achieve our targets

LEAP



Innovation

- **Best-in-class product and service** portfolios
- **Modular and design to cost concepts** well established
- **Cross business unit synergies** in product design and technology



Productivity & Asset Management

- **Product cost-out**
- **Manufacturing footprint optimization**
- **Rightsizing of operations**
- **Centralized procurement**
- **HC development linked to growth**



Operational Excellence

- **Strengthening process and project execution discipline**
- **Achieving industry benchmark safety and quality standards**
- **Best-in-class manufacturing performance**

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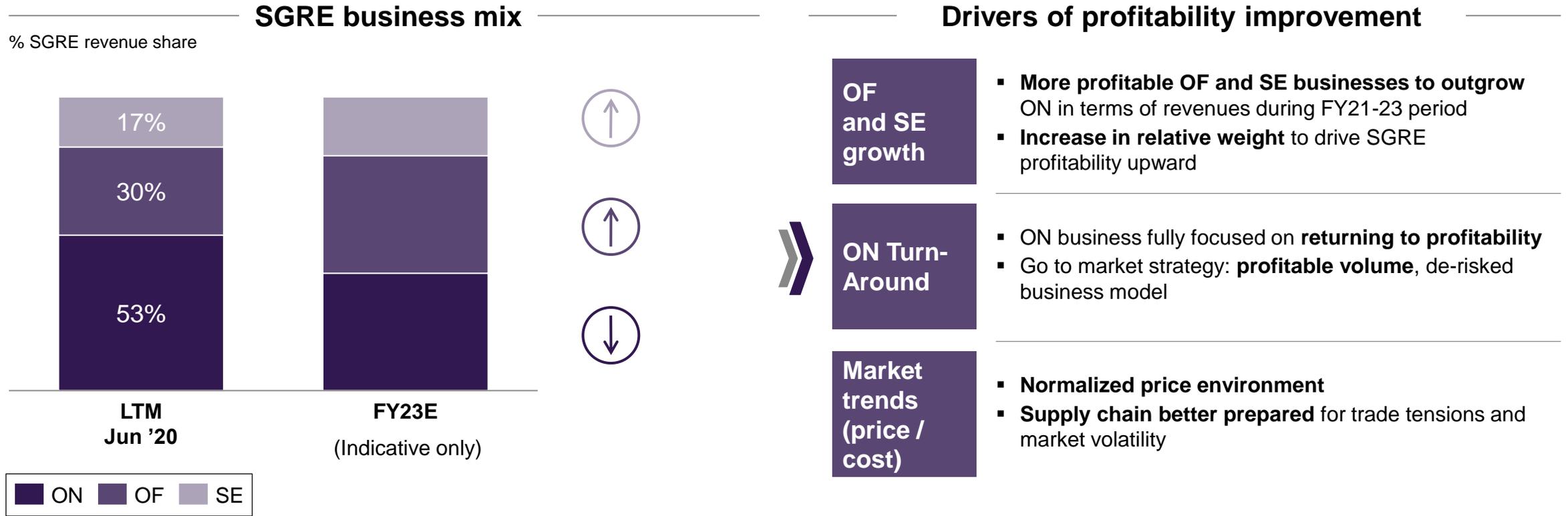
Digitalization as enabler / differentiator across all business areas



Sustainability (e.g. ESG criteria introduced throughout financing products) + **People Orientation**

'Go-to' company in renewable energy by setting the **industry benchmark in Sustainability & employer attractiveness**

Profitability improvement supported by favorable business mix and market trends



Target – EBIT margin pre PPA and I&R costs of 8-10% by FY23

Profit forecast / outlook¹



	Revenue	Profitability	Remarks
FY21	€10,200m to €11,200m	EBIT margin pre PPA and I&R costs: 3% to 5%	<ul style="list-style-type: none"> ▪ Covid-19 and northern pipeline one-offs eased ▪ ON turnaround in progress including restructuring in India
FY23	Grow faster than the market	EBIT margin pre PPA and I&R costs: 8% to 10%	<ul style="list-style-type: none"> ▪ LEAP program executed

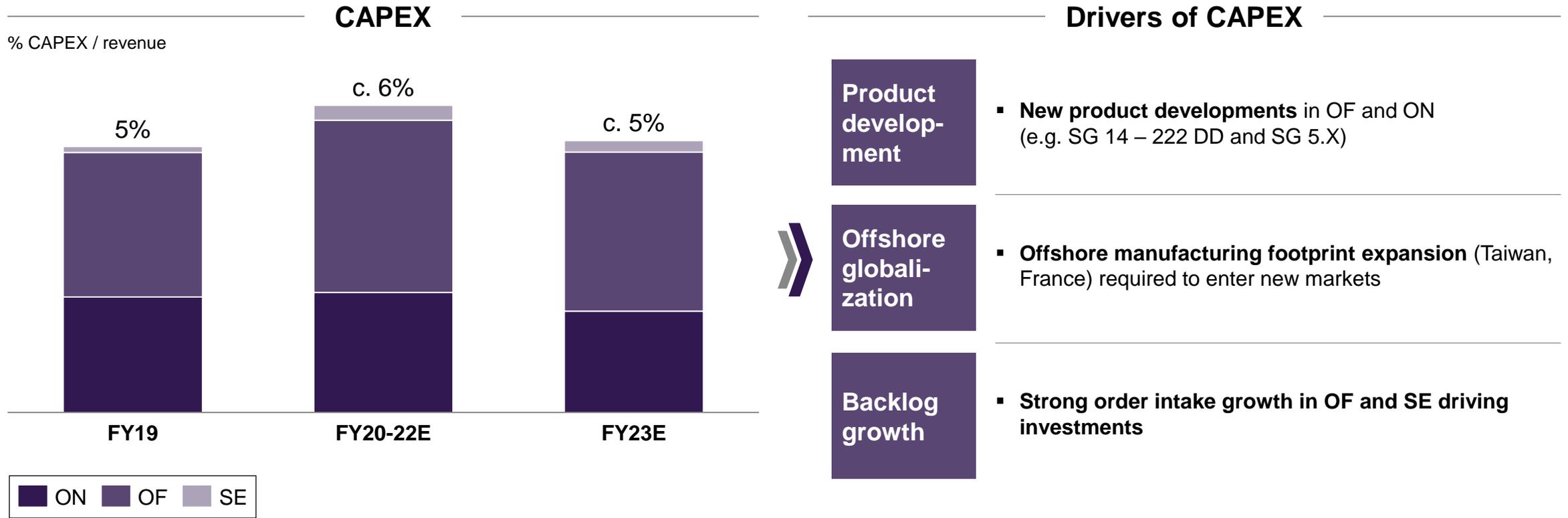
Total I&R costs over the period: up to mid-triple digit euro million



- **Restructuring costs:** mainly driven by ON turnaround and representing majority of total I&R costs
- **Integration costs:** mainly linked to closeout of post-merger IT related projects and integration initiatives related to Senvion acquisition
- **Phasing:** both restructuring and integration costs expected to be substantially completed by the end of FY22
- **Cash flow impact:** mostly cash related, but also include non-cash elements (i.e. impairments etc.)

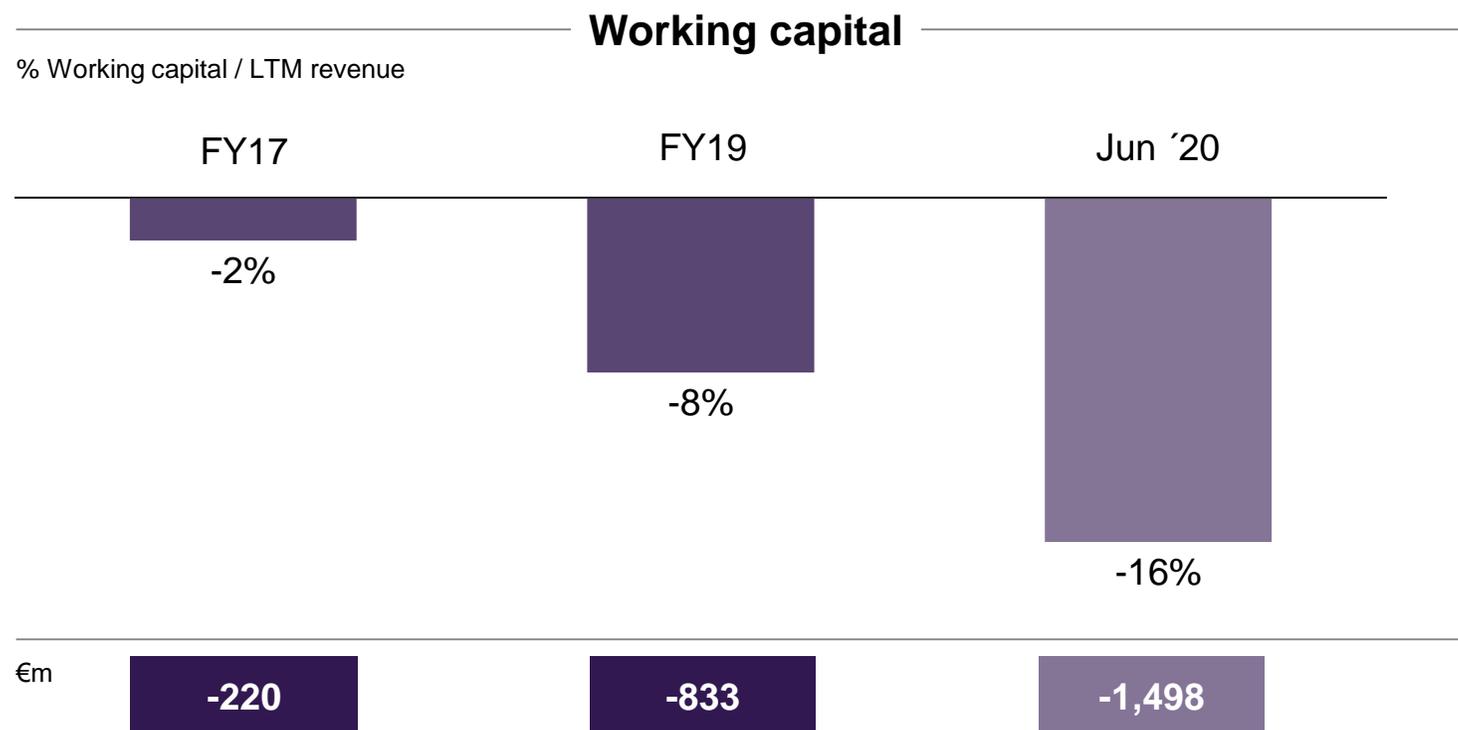
1) Profit forecast for FY21, outlook for FY23 - assumes that there is no second wave of Covid-19 or a significant prolongation of the current pandemic

CAPEX to sustain key levers for top-line growth and profitability improvement



Target – CAPEX to revenue: c. 5% in FY23 (c. 6% in FY20-FY22)

Strict management of working capital to be maintained in the period

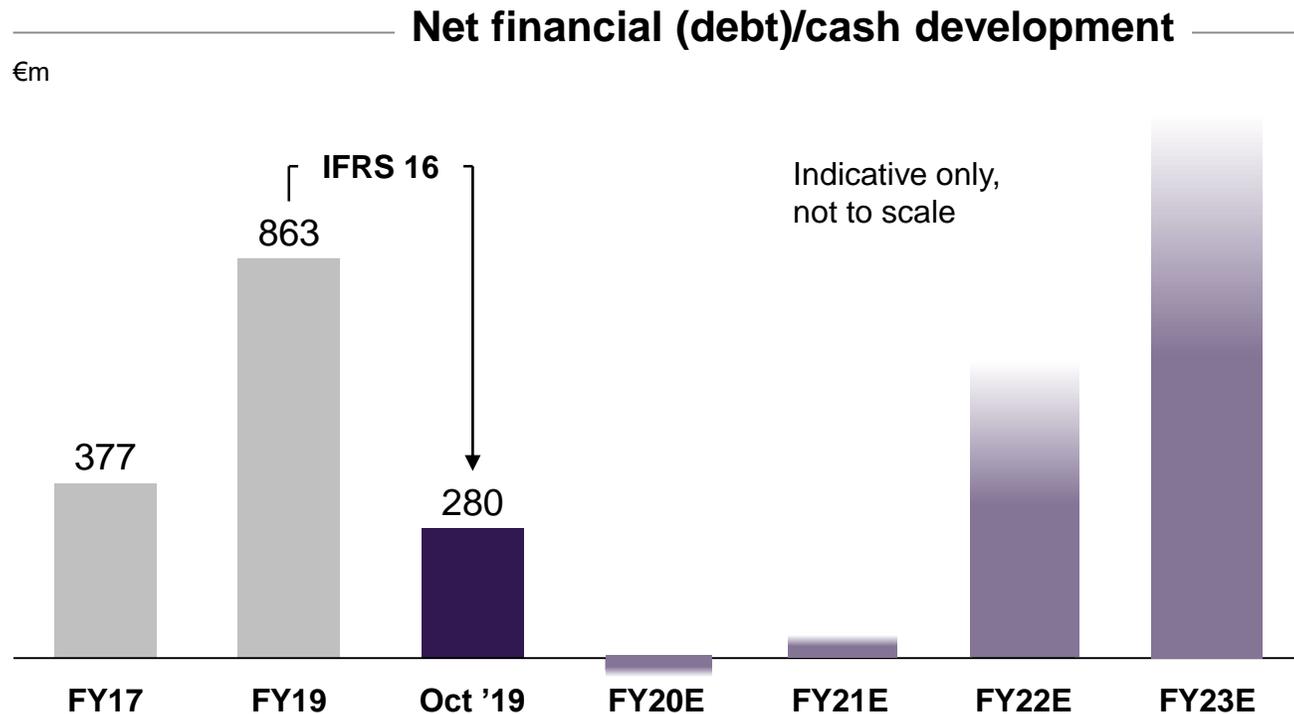


Highlights and way forward

- **€1.3bn reduction of working capital since FY17**
- **Active management** of working capital to continue across the business
- Focus on balancing cash collection and cash spent by **optimization of payment conditions** from customers and to vendors
- Optimization of delivery cycle times and **inventory control**

Target – Working capital to revenue < 0% every year

Strong commitment to Free Cash Flow generation through the cycle



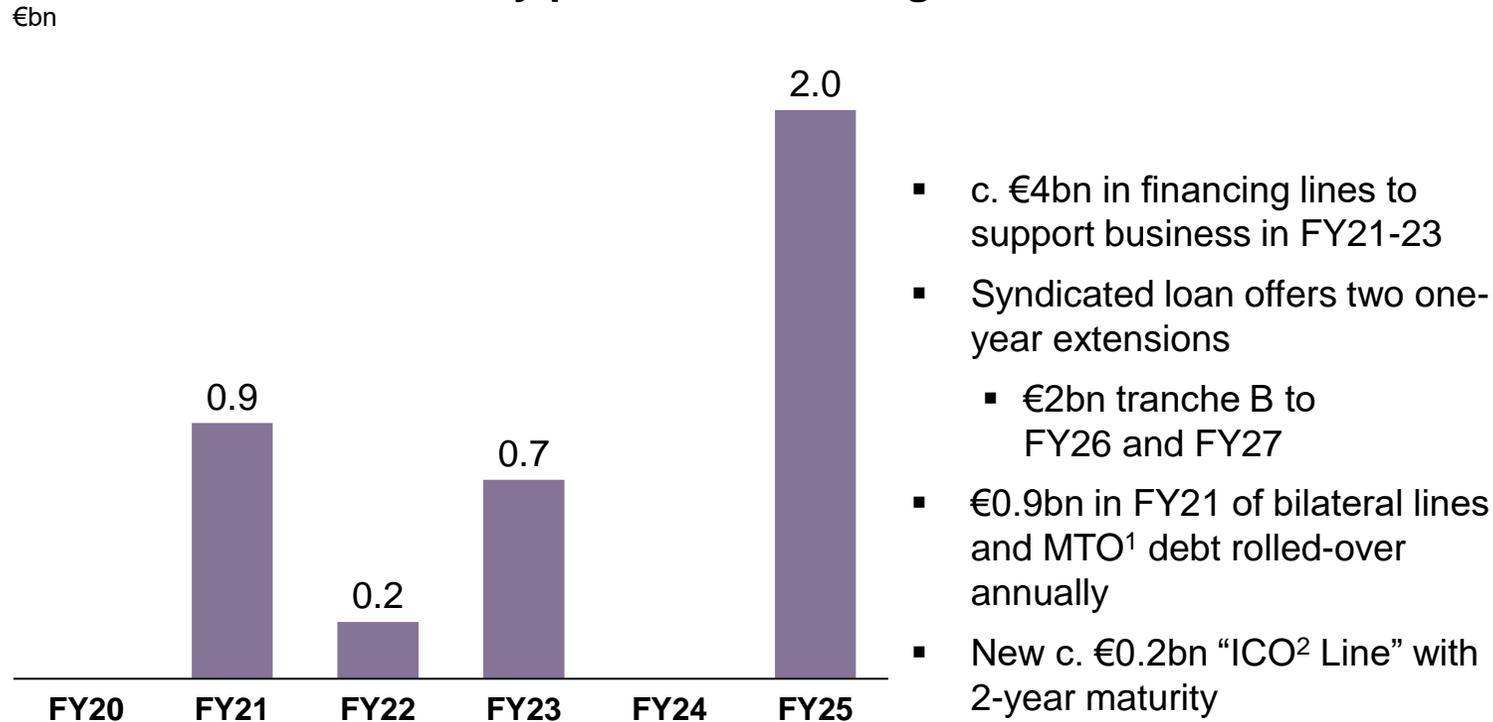
Highlights and way forward

- **Favorable aspects to reach normalized cash conversion rate¹ >1-growth**
 - Achieve 8–10% EBIT margin pre PPA and I&R costs by FY23
 - Stringent management of working capital and CAPEX
- **Main adverse cash impacts in the period (largely mitigated by FY23)**
 - ON turnaround in FY21 and FY22
 - I&R costs mainly in FY21 and FY22 (incl. Servion)
 - Adwen payments (totaling c. €250m in FY21-FY23)
- **Strong balance sheet to facilitate growth above the market**

Target – Net financial debt/EBITDA <1.0x (IFRS 16 impact fully absorbed)

Financing strategy focused on guaranteeing liquidity at optimized cost

Maturity profile of financing facilities



Financing strategy

- **Investment grade credit rating**
- **Strong liquidity**
- **Cost optimization and risk reduction**
- **Flexibility and diversification**
- **Green component:**
 - ESG criteria in loans, currency hedges and guarantee lines

Target – Maintain investment grade credit rating

Outlook 2023 and beyond



Market Growth/ Top-line



- **ON** to remain large market and **returning to growth** in mid-term
- Continuous **high growth** in OF market
- Continuous growth in global **installed fleet under O&M**

Profitability



- **ON turnaround completed** and business situation stabilized
- OF and SE with **increasing weight in revenue mix** and at **benchmark profitability**
- Integration and restructuring substantially completed

Cash Flow



- CAPEX reaching **normalized** level
 - OF with higher critical mass in sales and footprint globalized
 - Higher contribution of CAPEX-light service business
- Adwen impact and I&R expenses phasing out

SGRE positioned for leadership in value creation: Financial framework for 2023 and beyond

Profitable Growth



EBIT margin pre PPA and I&R costs:
8-10%

Book-to-Bill > 1

Grow **faster than the market**¹

Focus on Cash



CAPEX: **c. 5% of revenue**

Working capital < **0% of revenue**

Cash conversion rate² > **1-growth**

Net financial debt / EBITDA < **1.0x**

Capital Efficiency



ROCE > **WACC**

Dividend policy:
payout ratio ≥ **25% of net income**

Sustainability at the core

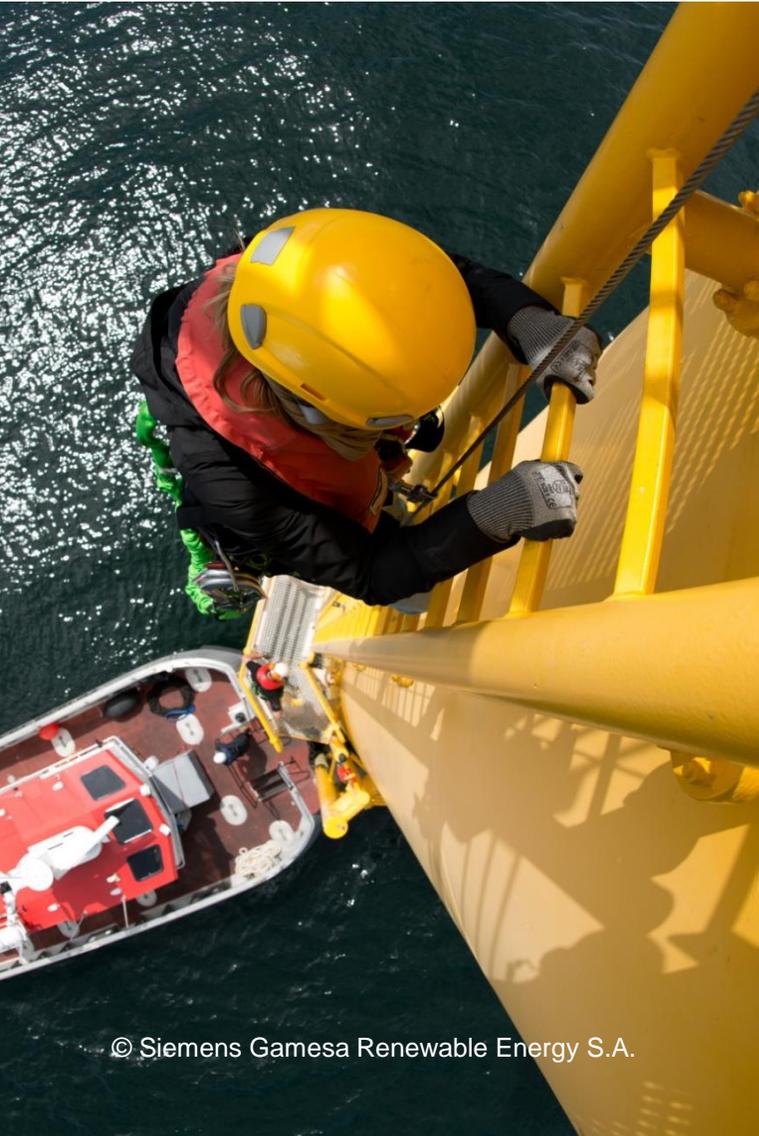


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Conclusion

Andreas Nauen, SGRE CEO

Unleashing the full potential of Siemens Gamesa



Clear value creation story:

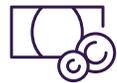
- Turnaround Onshore to sustainable profitability
- Capture growth in Offshore and Service



LEAP program launched



Prioritizing profit over volume



Focus on cash generation



Commitment to sustainability



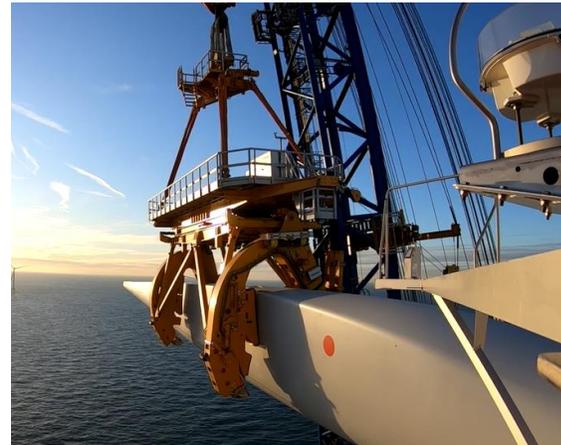
East Anglia ONE: a success story to be continued – across the company

102 SG 7.0-154 DD wind turbines
supplying clean green power to over
630,000 homes

Siemens Gamesa's 1,000th Offshore DD
turbine installed

Completed **successfully** with **zero**
defects

Pioneering 66 kV transmission
technology





Thank you!

Appendix

Definitions

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

Capital Expenditure (CAPEX): refers to investments made in the period in property, plant and equipment and intangible assets in order to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance capex); it does not include additions to right of use assets (first time adoption of IFRS16 starting October 1st, 2019).

Cash Conversion Rate (CCR): Free Cash Flow divided by EBIT pre PPA.

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 pre PPA: EBIT excluding the impact on amortization on intangibles' fair value from the Purchase Price Allocation (PPA).

EBIT pre PPA and I&R costs: EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA)

Free Cash Flow (FCF): is obtained by adding, to net income of the year, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates, deducting working capital and capital expenditure (CAPEX). It indicates the funds available for use to distribute dividends, buy back shares, pay down debt or other corporate activities not related to ordinary business.

Free Cash Flow (before interests and taxes): is obtained by adding, to adjusted EBITA of the year, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates, deducting working capital and capital expenditure (CAPEX). It indicates the funds available for use to pay taxes, interests, distribute dividends, buy back shares, pay down debt or other corporate activities not related to ordinary business.

Net Financial Debt (NFD): the sum of the company's bank borrowings (including any subsidized loans) less cash and cash equivalents less cash and cash equivalents.

Net income attributable to the shareholders of SGRE (Net income): consolidated profit for the year attributable to the parent company. Contains reported EBIT, income from investments acc. for using the equity method net, financial income net, income tax expense.

Return on capital employed (ROCE): ROCE is calculated as: $ROCE = \frac{EBIT \times (1-t)}{CE}$, where t is the rate of corporate income tax, \overline{CE} is the average capital employed in the period and EBIT is computed on a 'Last-12-Months' basis. Capital employed measures the capital invested in the group.

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.

Disclaimer: Due to rounding, numbers presented in this document may not add up precisely to totals provided.

Abbreviations

€m: million EUR

€bn: billion EUR

AEP: annual energy production

ASP: average selling price

BESS: battery energy storage system

BU: business unit

c.: circa

CAGR : compound annual growth rate

CAPEX: capital expenditure

CCR: cash conversion rate

CfD: contract for difference

DD: direct drive

EBIT: earning before interest and taxes

EBITDA: earnings before interest, taxes, depreciation and amortization

EPC: engineering, procurement and construction

ESG: environmental social governance

FCF: free cash flow

FYnn (e.g. “FY19”): fiscal year nn (e.g. fiscal year 19)

GW: gigawatt

HC: headcount

ICO: Instituto de Crédito Oficial

IP: intellectual property

I&R: integration and restructuring costs

LCoE: levelized cost of energy

LTM: last twelve months

MTO: money transfer obligation

NEO: new energy outlook

OBL: order backlog

OEM: original equipment manufacturer

OF: Offshore (business unit)

OI: order intake

O&M: operations & maintenance

ON: Onshore (business unit)

PM: project management

p.p.: percentage point

PPA: purchase price allocation

PTC: production tax credit

Qn (e.g.: „Q2“): quarter n (e.g. quarter 2)

R&D: research and development

ROCE: return on capital employed

SE: Service (business unit)

SG&A: selling, general and administrative expenses

SGRE: Siemens Gamesa Renewable Energy

TW: terawatt

TWh: terawatt hour

WACC: weighted average cost of capital

WEO: world energy outlook

WTG: wind turbine generator