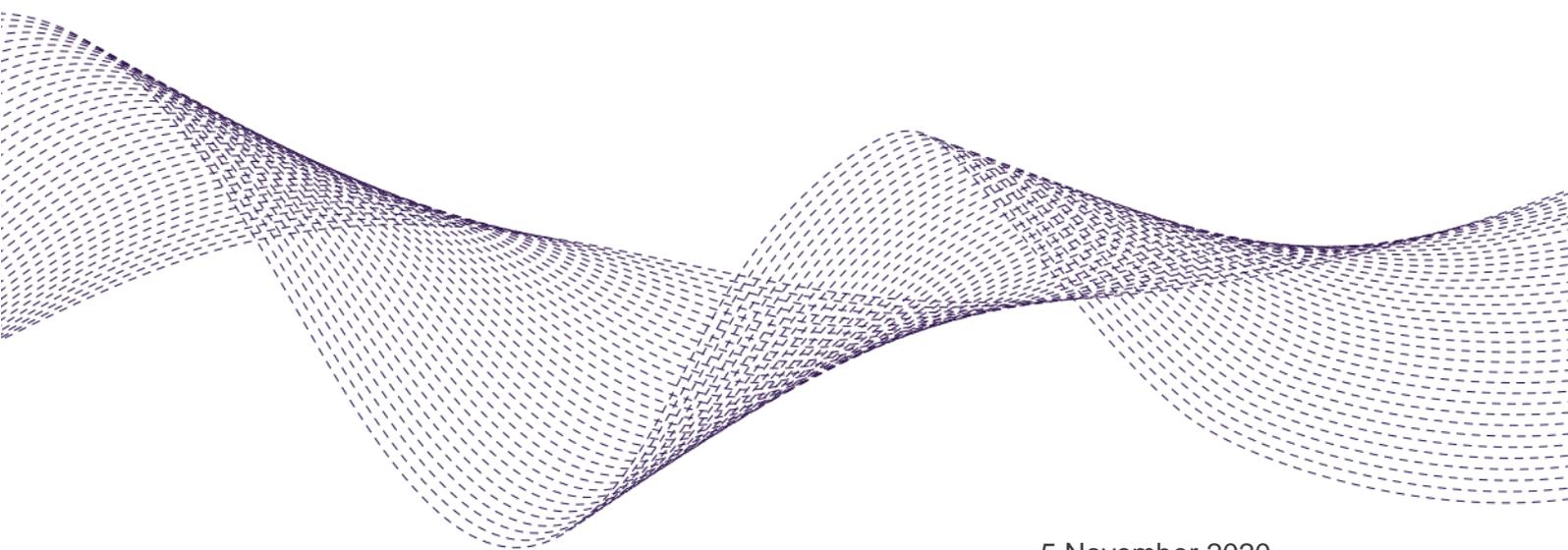


Activity Report

Fiscal year 2020

October-September 2020 results



5 November 2020

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Introduction

The fiscal year from October 2019 to September 2020 (FY20) was one of intense activity and organizational changes in Siemens Gamesa¹, with the appointment of a new CEO, Andreas Nauen, in June, the presentation of a new management team in July², and the development of a business plan for the fiscal years 2021 (FY21) through 2023 (FY23) which was unveiled to the market in late August. Externally, the year was shaped by the COVID-19 pandemic and the decline of the Indian Onshore market, both of which had material unforeseen effects on the Group's financial performance. That performance was also hampered by cost overruns caused by the execution challenges in Onshore projects in Norway and Sweden, which at the date of this report have been delivered to the customers, and the necessary restructuring and operational measures taken in India.

The impact of COVID-19 was concentrated in the second quarter (Q2 20), with disruptions to the supply chain located in China, and the third quarter (Q3 20) of the fiscal year, due to temporary closures of plants (Spain and India, mainly) and borders, with an impact on the movement of people and goods. The effect of COVID-19 tailed off in the fourth quarter of the fiscal year (Q4 20) and was felt mainly in execution delays in Onshore projects; at the date of this report, both the supply chain and manufacturing activity are operating as normal. However, given the uncertainty about how the pandemic will evolve, the company is maintaining the measures implemented in FY20, designed by the global crisis management task force, to ensure both employee safety and business continuity, serving the needs of customers: strict health and safety protocols in offices, factories and wind farms, telework for office staff, inventory management to avoid bottlenecks in components at risk, and enforcing eligible contract terms towards customers and vendors, among others.

In this context, Group revenues in FY20 fell by 7% to €9,483m³ while EBIT pre PPA and before integration and restructuring costs was -€233m, equivalent to an EBIT margin of -2.5% on revenues, including a cumulative impact of the pandemic in the amount of €181m. Accordingly, performance in the year was in line with the guidance released on July 30. As the company had predicted, the positive performance in Q4 20 was not enough to offset the losses accumulated in the first nine months of the year (9M 20). Revenues in Q4 20 decreased by 2.6% y/y to €2,868m and EBIT pre PPA and before integration and restructuring costs was €31m, i.e. an EBIT margin of 1.1%, including the direct negative impact of COVID-19 in the amount of €31m. The performance of the Service activities has been sound despite the impact of the pandemic.

Integration and restructuring expenses amounted to €462m in the year (€110m in Q4 20); in addition to the expenses predicted at the beginning of the year, that figure also includes the cost of starting up an extensive restructuring process in India to respond to the sharp adjustment in short- and medium-term demand prospects, and the integration and restructuring costs related to the acquisition of Servion assets, none of which were foreseen when the year began. Including integration and restructuring expenses and the impact of PPA on the amortization of intangible assets (€262m in FY20 and €59m in Q4 20), reported EBIT in FY20 amounted to -€958m (-€139m in Q4 20) and net income to -€918m (-€113m in Q4 20).

As for the balance sheet, Siemens Gamesa ended the year with a net debt position of €49m, i.e. €328m below the net cash position at the beginning of the year⁴. The debt position reflects the impact of the net loss on cash generation, partly offset by the positive trend in working capital, which ended the year at -€1,976m, equivalent

¹Siemens Gamesa Renewable Energy (Siemens Gamesa) is the result of merging Siemens Wind Power, which was the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The Group engages in wind turbine development, manufacture and sale (Wind Turbine business) and provides operation and maintenance services (Service business).

²In addition to CEO Andreas Nauen, the Siemens Gamesa management team comprises Beatriz Puente as CFO, Lars Bondo Krogsgaard as Onshore CEO, Pierre Bauer as Offshore CEO (acting), Juan Gutierrez as Service CEO, Christoph Wolny as COO and Jürgen Bartl as Secretary/General Counsel.

³Group revenues amounted to €9,657m at constant currency. The impact of the weighted average annual depreciation of the currencies in which the Group operates amounts to €174m in FY20. Reported revenue amounted to €9,483m.

⁴The Siemens Gamesa Group adopted IFRS 16 effective October 1, 2019 using the retrospective approach without restating comparative figures. As a result, the beginning balance sheet as of October 1, 2019 was modified. The main impacts of the first-time application of IFRS 16 on the consolidated balance sheet as of October 1, 2019 are an increase in property, plant and equipment corresponding to the right-of-use assets amounting to €679m, a decrease in advance payments recognized under "Other non-current assets" and "Other current assets", for an amount of €85m and €10m, respectively, and the corresponding increase in current and non-current liabilities (components of net financial debt) for €583m. See Note 2.D.3 to the consolidated financial statements for FY19. As of September 30, 2020, lease liabilities amounted to €611m: €115m short term and €496m long term.

to -21% of revenues in the last twelve months. As of September 30, 2020, Siemens Gamesa had over €4,200m in authorized funding lines, against which it had drawn c. €1,100m.

Siemens Gamesa maintained record commercial activity despite the pandemic's impact on the Onshore market, evidencing the resilience of its business. The Group ended FY20 with a backlog amounting to €30,248m, i.e. €4,742m more than at the end of September 2019. Of that backlog, 79% is in activities with performance in line with the Group's long-term vision, and longer duration: Offshore (28%) and Service (50%), enhancing the visibility of the Group's future performance. The value of the order book at September 30, 2020 was reduced by about 4% as a result of currency depreciation.

Order intake in FY20 amounted to a record €14,736m, i.e. a book-to-bill ratio of 1.6 times revenues in the year, due to strong performance by Offshore and Service that offset lower order intake in Onshore, which was affected by the pandemic and, above all, by the slowdown in the Indian market. Order intake in Q4 20 totaled €2,564m, reflecting the normal volatility of the Offshore market which, following a strong order intake in 9M 20, did not practically register any new orders in the quarter, and the recovery of commercial activity in the Onshore market. The company signed Onshore orders for 2.7 GW in Q4 20, recovering the business it had lost in Q3 20 and enabling total Onshore order intake in FY20 to reach 8.1 GW, in line with the company's projections of an average of 2 GW per quarter in new orders. Onshore platforms of over 4 MW continue to gain in importance, having accounted for 45% of Onshore order intake in the full year. In the Offshore division, the new SG 14-222 DD turbine unveiled in Q3 20 achieved very good customers reception, having gained 4.3 GW in preferential supply agreements and conditional orders signed to date.

It is important to note that, despite the significant impact of the pandemic, the energy market continues the transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness, and that any negative impact on the volume of wind installations projected for 2020 will not only be offset but will actually be exceeded in the coming years. This is clear in the fact that the industry's long-term demand prospects have improved in the last twelve months, driven by the role that renewable energy will play not only in the economic recovery but also in the development of a sustainable socio-economic model, which has been shown to be increasingly necessary during the pandemic. Additionally, a growing number of countries and companies have undertaken to achieve net zero emissions by 2050. Attaining this objective worldwide will require wind installations to rise to 280 GW per year by 2030, according to the latest report by the International Energy Agency (October 2020). Moreover, the increase in the consumption of renewable energy since the beginning of the pandemic, against the backdrop of a sharp decline in electricity demand, has served to evidence not only the industry's resilience but also the capacity of existing electricity systems to handle growing levels of renewable energy output.

Within the need to develop sustainable socio-economic models, Siemens Gamesa accelerated its commitment to ESG (environment, social and governance) principles in FY20. During the year, the company:

- Attained carbon neutrality, ahead of the target of reaching this goal in 2025.
- Has reached a 100% renewable electricity consumption.
- Introduced criteria of sustainability in its entire funding strategy, ranging from the syndicated loan through guarantee lines to currency hedges.
- Obtained AENOR certification that its Tax Compliance System conforms to the UNE 19602:2019 standard.
- Has launched a global crisis management task force with one workstream focused on the development and implementation of enhanced strict safety protocols for offices, plants and wind farm sites, including testing, traceability and quarantine strategies, all to protect employees, suppliers, clients and communities where the company operates.

These actions were recognized by ESG rating agencies and by the indices. MSCI upgraded the company's sustainability rating by two notches to A; Vigeo-Eiris⁵ ranked it #1 among the 25 companies in the Electric

⁵Vigeo Eiris is a rating and research agency that evaluates organizations' integration of social, environmental and governance factors into their strategies, operations and management – with a focus on promoting economic performance, responsible investment and sustainable value creation.

Components & Equipment sector for its ESG performance, and SGRE was included in the Bloomberg Gender Equality Index, which measures the financial performance of listed companies that are committed to gender equality. In Q4 20, FTSE Russell⁶ and Sustainalytics⁷ completed an assessment of Siemens Gamesa's ESG profile. According to FTSE Russell, SGRE attained a general score of 4.5 out of 5 in its industry and is in the 100th percentile within the Oil & Gas supersector, with a very prominent position in the Renewable Energy Equipment subsector. According to Sustainalytics, the company attained a low ESG risk profile and score 3 out of 166 companies within the Electrical Equipment industry.

Main consolidated figures for FY20

- Revenues: €9,483m (-7% y/y)
- EBIT pre PPA and before integration and restructuring costs⁸: -€233m (N.A.)
- Net income: -€918m (N.A.)
- Net cash/(Net financial debt – NFD)⁹: -€49m
- MWe sold: 9,968 MWe (+5% a/a)
- Order book: €30,248m (+19% y/y)
- Firm order intake in Q4: €2,564m (-17% y/y)
- Firm order intake in the last twelve months: €14,736m (+16% y/y)
- WTG order intake in Q4: 2,713 MW (-16% y/y)
- Firm WTG order intake in the last twelve months: 12,260 MW (+7% y/y)
- Installed fleet: 107,502 MW
- Fleet under maintenance: 74,240 MW

Markets and orders

Despite the effects of the pandemic, solid sales efforts continue to drive the company's performance. Siemens Gamesa signed orders worth €14,736m (+16% y/y) in the twelve months to September 2020, when the order book stood at €30,248m¹⁰ (+19% y/y). That figure is €4,742m more than at the end of fiscal year 2019 (FY19). The order book now includes the Service backlog associated with the assets acquired from Servnion in January 2020, amounting to c. €1,500m. Order intake in the year amounted to 1.6 times revenues in the fiscal year.

At the end of Q4 20, 50% of the order book (€15,138m) was in the Service division, which has higher margins and grows 27% year-on-year. The WTG order book is split into €8,614m Offshore (+32% y/y) and €6,496m Onshore (-8% y/y).

⁶FTSE Russell is a global provider of benchmarks, analytics and data solutions owned by the London Stock Exchange.

⁷Sustainalytics is a Morningstar company that rates sustainability in listed companies based on their environmental, social and corporate governance (ESG) performance.

⁸EBIT pre PPA and before integration and restructuring costs excludes integration and restructuring costs in the amount of €462m and the impact of fair value amortization of intangible assets as a result of the PPA (purchase price allocation) in the amount of €262m.

⁹Cash / (Net financial debt) is defined as cash and cash equivalents less financial debt (both short- and long-term). The Siemens Gamesa Group adopted IFRS 16 effective October 1, 2019 using the retrospective approach without restating comparative period figures. As a result of the forgoing, the opening balance sheet as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 on the consolidated balance sheet as of October 1, 2019 are an increase in Property, plant and equipment corresponding to the assets for the right of use in the amount of €679m, a decrease in advance payments recorded under the headings "Other non-current assets" and "Other current assets", in an amount of €85m and €10m, respectively, and the corresponding increase in current and non-current liabilities (components of Net Financial Debt) amounting to €583m. Lease liabilities as of September 30, 2020 amounted to €611m: €115m short term and €496m long term.

¹⁰Currency devaluation had a negative impact on the backlog in the amount of c. €1,391m. Excluding the currency effect, the backlog would have increased by 24% y/y to c. 31,639m.

Figure 1: Order book at 09.30.20 (€m)

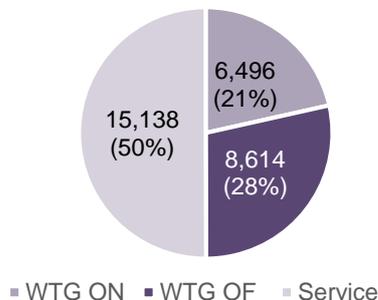
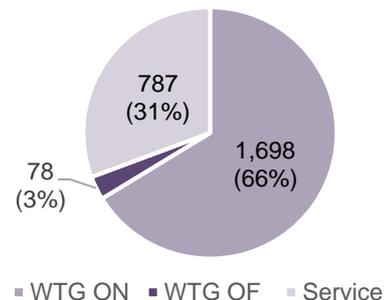


Figure 2: Order intake Q4 20 (€m)



Order intake for the Group in Q4 20 amounted to €2,564m, reflecting the recovery in Onshore commercial activity after weak performance in the second and third quarters, and the normal volatility in the Offshore activity, with next to no orders in the quarter, after strong order intake in the first nine months of FY20.

Onshore commercial activity, with 2,713 MW in firm orders signed in Q4 20, i.e. 2.3 times the figure for Q3 20, evidences a recovery following two quarters that were impacted by the pandemic. In addition, the year-on-year change, -14% with respect to the fourth quarter of fiscal year 2019 (Q4 19), also reflects persisting weakness in the Onshore market in India, where firm orders totaled 473 MW, compared with 1,188 MW in Q4 19. Orders signed in the quarter totaled €1,698m, down 24% on the year-ago quarter. Order intake in the last twelve months amounted to 8,121 MW, 13% less than in FY19. This reduction with respect to the record performance in 2019 is attributable not only to the pandemic delaying the signature of orders in certain markets but also to the aforementioned weakness of the Indian market. Despite that decline, order intake in FY20 amounted to €5,531m, i.e. a book-to-bill ratio of 1.1 times ON WTG sales in the period. The book-to-bill ratio in Q4 20 was 1.1 times revenues in the period.

Figure 3: WTG ON order intake (€m) LTM (%)

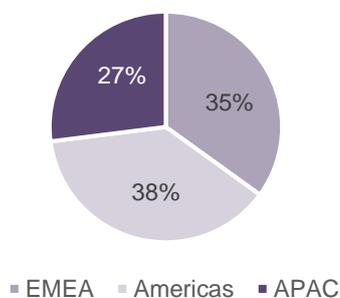
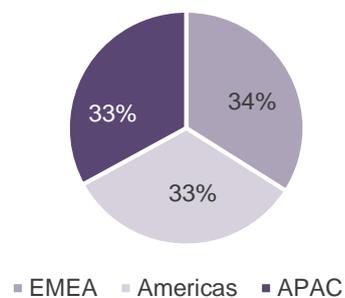


Figure 4: WTG ON order intake (€m) Q4 20 (%)



Of the 45 countries that contributed new Onshore orders in the last twelve months, the largest are US (18% of volume in €m), Brazil (9%), Spain (8%) and India (8%). They are followed by Poland (6%), Vietnam (6%) and Sweden (5%). The main sources of new orders in Q4 20 were US (35%), India (16%), Morocco (12%), Pakistan (7%) and Vietnam (7%). Commercial activity is now more diversified in APAC after the company strengthened its position in Vietnam and Pakistan in FY20.

Platforms with capacity of 4 MW or higher accounted for 45% of order intake in FY20 (c. 20 p.p. more than in FY19), including 755 MW in orders for the 5.X Onshore platform. In October 2020, Siemens Gamesa signed the largest contract to date for the SG 5.X platform: 372 MW for the Bjönberget wind farm in Sweden. This contract raises the orders signed for this platform since its launch to over 1 GW.

Table 1: WTG ON order intake (MW)

| WTG ON order intake (MW): | FY20 | Q4 20 |
|----------------------------------|--------------|--------------|
| Americas | 3,109 | 913 |
| US | 1,454 | 913 |
| Brazil | 804 | 0 |
| Chile | 330 | 0 |
| Mexico | 122 | 0 |
| EMEA | 2,514 | 766 |
| Spain | 592 | 31 |
| Morocco | 301 | 301 |
| Sweden | 459 | 107 |
| APAC | 2,498 | 1,035 |
| India | 628 | 473 |
| China | 634 | 130 |
| Pakistan | 431 | 273 |
| Vietnam | 453 | 90 |
| Total (MW) | 8,121 | 2,713 |

Offshore attained a record 4,139 MW of new orders in FY20, twice the FY19 figure (2,076 MW). Order entry in this market is normally very volatile; contract signatures were concentrated in the first and third quarters of FY20. Orders signed in FY20 include notably those to supply the HKZ I, II, III and IV wind farms, a total of 1,540 MW (140 units of the SG 11.0-200 DD Offshore turbine), which, once built, will be the first unsubsidized Offshore wind farms in the world. Contracts signed amounted to €5,053m, +63% y/y, i.e. 1.8 times revenues in the period.

In addition to firm order intake, the company's commercial activity also resulted in a considerable increase in the conditional pipeline, which ended FY20 at 9.3 GW after the signature of 5.6 GW of conditional orders and the conversion of 4.1 GW into firm orders. Among the conditional orders signed in FY20 were those for 4.3 GW of the new SG 14-222 DD Offshore turbine, reflecting Siemens Gamesa's technological lead in the Offshore market: US (2.6 GW for Dominion Energy), the UK (1.4 GW for Innogy) and Taiwan (300 MW for Hai Long Offshore Wind). The company also registered strong performance in new markets, with 4.4 GW in US, 2.5 GW in France and a combined 2.2 GW in Taiwan and Japan (all figures include firm orders and preferential supply agreements).

The Service division also achieved strong commercial performance, with €4,152m in order intake in FY20, 53% more than in FY19 and equivalent to 2.3 times revenues in the year. The intense commercial activity in the Service division included Offshore contracts signed in France, Taiwan, The Netherlands or Scotland, and 1,155 MW of Servion technology contracts outside the acquisition perimeter, including a contract to maintain 200 MW in the Offshore Trianel Windpark Borkum II for at least five years and up to 15 years.

Table 2: Order intake (€m)

| | Q1 19 | Q2 19 | Q3 19 | Q4 19 | FY19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 | FY20 |
|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|
| WTG | 2,195 | 1,717 | 3,735 | 2,386 | 10,034 | 3,158 | 1,424 | 4,227 | 1,776 | 10,584 |
| Onshore | 1,799 | 1,200 | 1,695 | 2,240 | 6,934 | 1,611 | 1,350 | 872 | 1,698 | 5,531 |
| Offshore | 396 | 517 | 2,040 | 146 | 3,100 | 1,547 | 74 | 3,355 | 78 | 5,053 |
| Service | 346 | 749 | 931 | 690 | 2,715 | 1,470 | 779 | 1,115 | 787 | 4,152 |
| Group | 2,541 | 2,466 | 4,666 | 3,076 | 12,749 | 4,628 | 2,203 | 5,342 | 2,564 | 14,736 |

The transition towards affordable, reliable and sustainable energy systems is being accompanied not only by better demand prospects for renewable installations but also by a demand for greater competitiveness in the supply chain: more productive wind turbines at better prices. The introduction of auctions as a mechanism for allocating renewable capacity or production in electricity markets, pressure from alternative renewable sources to wind energy, and the

competitive pressure among wind turbine manufacturers themselves are the main reasons for the reduction in prices.

This decline in prices, which became particularly visible after the first auctions in Mexico, India and Spain during 2016 and 2017, has gradually stabilized since the beginning of FY18, a trend that was maintained in FY19 and FY20.

In this way, the WTG market went from initial high single-digit/low double-digit declines to low single-digit (<5%) declines, which are in line with the historical price trend associated with improvements in manufacturing productivity.

However, as noted in previous quarters, the average selling price¹¹ is influenced by other factors apart from turbine prices, including the country, the contract scope and the machine mix, and that it is not directly correlated with profitability. The main factors pressuring the average selling price in FY20 were the larger contribution from higher nominal capacity rating platforms and the narrower scope of contracts. In Q4 20 the decline in ASP is also due to a negative currency effect, together with the previous factors.

Figure 5: Average sale price (ASP) - Onshore order intake (€/MW)

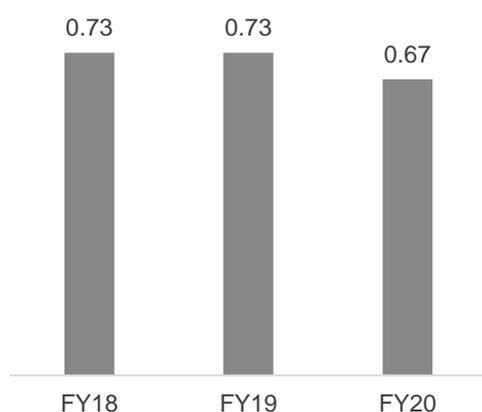
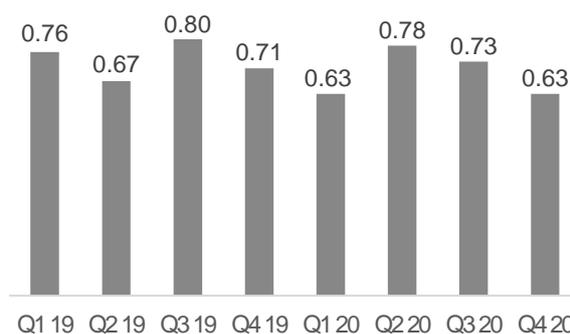


Figure 6: Average sale price - Onshore order intake (€/MW)



¹¹Average selling price excludes solar orders.

Key financial performance metrics

The table below shows the main financial aggregates for FY20 and FY19 and for the fourth quarter (July-September) of fiscal year 2020 and 2019, as well as the change between years and quarters.

Table 3: Key figures

| €m | FY19 | FY20 | Var. y/y | Q4 19 | Q4 20 | Var. y/y |
|---|--------|--------|------------|-------|--------|------------|
| Group revenues | 10,227 | 9,483 | -7.3% | 2,944 | 2,868 | -2.6% |
| WTG | 8,733 | 7,715 | -11.7% | 2,527 | 2,325 | -8.0% |
| Service | 1,493 | 1,768 | 18.4% | 417 | 543 | 30.3% |
| WTG volume (MWe) | 9,492 | 9,968 | 5.0% | 2,585 | 3,226 | 24.8% |
| Onshore | 6,936 | 7,704 | 11.1% | 2,009 | 2,433 | 21.1% |
| Offshore | 2,556 | 2,264 | -11.4% | 576 | 793 | 37.7% |
| EBIT pre PPA and before I&R costs | 725 | -233 | N.A. | 250 | 31 | -87.6% |
| EBIT margin pre PPA and before I&R costs | 7.1% | -2.5% | -9.5 p.p. | 8.5% | 1.1% | -7.4 p.p. |
| WTG EBIT margin pre PPA and before I&R costs | 4.4% | -8.2% | -12.6 p.p. | 5.9% | -4.3% | -10.2 p.p. |
| Service EBIT margin pre PPA and before I&R costs | 23.0% | 22.7% | -0.3 p.p. | 24.1% | 24.0% | -0.1 p.p. |
| PPA amortization ¹ | 266 | 262 | -1.5% | 67 | 59 | -10.7% |
| Integration and restructuring costs | 206 | 462 | 2.2x | 116 | 110 | -5.5% |
| Reported EBIT | 253 | -958 | N.A. | 67 | -139 | N.A. |
| Net profit attributable to SGRE shareholders | 140 | -918 | N.A. | 52 | -113 | N.A. |
| Net profit per share attributable to SGRE shareholders ² | 0.21 | -1.35 | N.A. | 0.08 | -0.17 | N.A. |
| Capex | 498 | 601 | 104 | 181 | 249 | 68 |
| Capex/revenues (%) | 4.9% | 6.3% | 1.5 p.p. | 6.2% | 8.7% | 2.5 p.p. |
| Working capital (WC) | -833 | -1,976 | -1,143 | -833 | -1,976 | -1,143 |
| Working capital/revenues LTM (%) | -8.1% | -20.8% | -12.7 p.p. | -8.1% | -20.8% | -12.7 p.p. |
| Net (debt)/cash ³ | 863 | -49 | -912 | 863 | -49 | -912 |
| Net (debt)/EBITDA LTM | 0.96 | N.A. | N.A. | 0.96 | N.A. | N.A. |

1. Impact of the Purchase Price Allocation (PPA) on amortization of intangibles.

2. Earnings per share calculated using the weighted average number of outstanding shares in the period. Q4 19: 679,504,347; Q4 20: 679,517,513; FY19: 679,490,974; FY20: 679,517,035.

3. The introduction of IFRS 16 in FY20 affected the opening net cash/(debt) position, reducing it from €863m to €280m. The variation in the net cash/(debt) position in the fiscal year, in comparable terms amounts to €301m: net cash as of September 30, 2019 (€863m), lease liabilities as of September 30, 2020 (€611m); net debt as of September 30, 2020 (€49m).

The Group's financial performance in FY20 was the result principally of:

- The impact of the pandemic, which mainly impacted Onshore activity.
- Additional costs as a result of the challenges in executing the Onshore pipeline in Northern Europe, which was also indirectly affected by the pandemic.
- The impact of volatility and the slowdown in the Onshore market in India, also accentuated by the pandemic, resulting in one of the longest lockdowns in the world.

The financial effect of the pandemic on the Group's results was due mainly to: (i) delays in executing Onshore projects, which in some cases have been carried over into FY21, due to commercial activity delays, to supply chain disruptions and also to temporary plant closures in India and Spain (in a very small number of cases, the execution delays triggered penalty clauses); (ii) costs of idle capacity; (iii) higher costs due to project prolongation, and higher transport expenses; and (iv) the increase in the price of certain commodities, such as balsa wood, due to supply

chain disruptions. The impact commenced in the second quarter, peaked in the third quarter and tailed off sharply in the fourth quarter of FY20. Both the supply chain and manufacturing were operating normally in the fourth quarter.

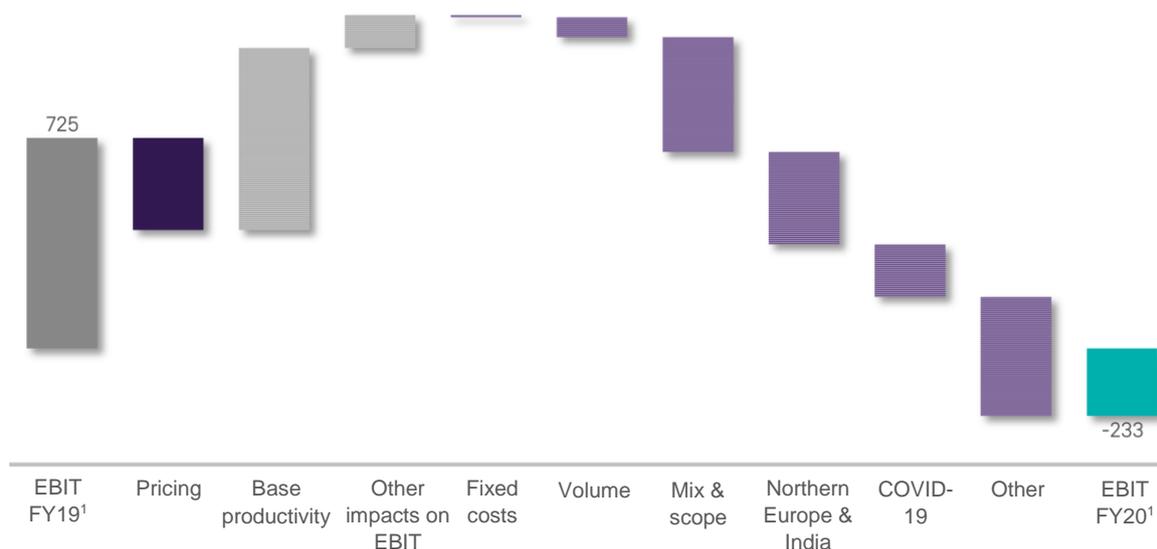
In this context, Group revenues amounted to €9,483m in FY20, 7% lower than in FY19¹². The decline in revenues reflects not only the impact of the pandemic on project execution and lower demand in India (neither of which were foreseen at the beginning of the year) but also the expected decline in Offshore sales and with a positive impact, the integration of the Service assets acquired from Servion. COVID-19 impact on Group revenues due to the lower commercial activity and the delays on projects execution amounts to c. €1,000m. Revenues in Q4 20 amounted to €2,868m, 3% less than in Q4 19¹³.

EBIT pre PPA and before integration and restructuring costs in FY20 amounted to -€233m, i.e. a 9.5 p.p. y/y reduction in the EBIT margin, to -2.5%. The effect of COVID-19 cut 1.9 p.p. off the margin in the fiscal year. EBIT pre PPA and before integration and restructuring costs in Q4 20 amounted to €31m, equivalent to an EBIT margin of 1.1%, i.e. 7.4 p.p. less than in the year-ago quarter. The effect of COVID-19 cut 1.1 p.p. off the margin in the Q4 20.

The trend in EBIT pre PPA and before integration and restructuring costs in FY20 reflects the impact of the following factors:

- (-) The price cuts included in the order book (Onshore, Offshore and Service) at the beginning of the fiscal year.
- (+) Improvements in productivity and fixed costs under the L3AD2020 program, which offset the price reduction.
- (-) The Group's project mix.
- (-) Lower Offshore sales volume.

Figure 7: EBIT pre PPA and before I&R costs (€m)



1. EBIT pre PPA and before integration and restructuring (I&R) costs.

¹²At constant currency, revenues amount €9,657m. The impact of the weighted average annual depreciation of the currencies in which the Group operates amounts to €174m in FY20.

¹³At constant currency, revenues in Q4 20 amount €3,011m. The impact of the weighted average annual depreciation of the currencies in which the Group operates amounts to €144m in Q4 20.

It is important to note that, on conclusion of the FY18 - FY20 business plan, the synergies and productivity improvements achieved under the L3AD2020 transformation program surpassed the €2,000m target set by the company in 2018.

In addition to aforementioned four factors, whose impact in FY20 was in line with the company's forecasts, the year-on-year variation was impacted by the continuing slowdown in the Indian market and cost overruns on project execution in Northern Europe, all accentuated by the impact of COVID-19. Regarding the costs associated with India and Northern Europe, Siemens Gamesa recognized €95m and €183m in cost deviations against EBIT pre PPA and before integration and restructuring costs in FY20, all incurred in the first nine months of FY20, with no impact in Q4 20.

EBIT pre PPA and before integration and restructuring costs in Q4 20 reflected a negative impact of €69m due to the recognition of a lower percentage of completion in project execution and provisions (c. €31m), both factors associated with preventive actions and improvements in the SG 4.X gearbox. This impact is partially in the "Others" category in the previous graph (Figure 7). This category also includes the negative currency effect in FY20, mainly in Q4 20, and the positive impact in FY19 of better fleet performance and product improvements on ordinary provisions (with no impact in FY20).

The impact of the PPA on amortization of intangible assets was €262m in FY20 (€59m in Q4 20), while integration and restructuring (I&R) expenses amounted to €462m in the same period (€110m in Q4 20).

I&R costs included notably the following items:

- Restructuring of operations in India to adjust capacity to the lower demand projected for the first half of the decade.
- Restructuring of capacity in EMEA with the closure of the Aoiz plant and the discontinuation of the Onshore blade manufacturing in Aalborg.
- In addition to the IT integration costs, the integration and restructuring costs associated with the acquisition of Service assets from Senvion and the Vagos blade plant.

In FY20, restructuring costs associated with the deterioration of the Indian market amounted to €219m including €82m in impairment of intangible assets, €126m reduction in inventory (including the landbank), and €11m in impairment of property, plant and equipment. Of that amount, €24m were booked in Q4 20. Although short- and medium-term demand prospects in India have declined, the long-term prospects remain intact, and have even improved recently to an average of 8 GW of installations per year in the second half of the decade. These long-term prospects support the company's commitment to the Indian market.

Financial expenses amounted to €59m in FY20 (€15m in Q4 20). Losses in the year resulted in a corporate tax income in the amount of €100m (€40m in Q4 20).

As a result, the Group ended the year with a negative net profit, which includes the impact on amortization of the PPA and integration and restructuring costs, both net of taxes, totaling €519m in FY20, that amounted to €918m (-€113m in Q4 20), contrasting with a net profit of €140m in FY19 (€52m in Q4 19). The net loss per share for equity holders of Siemens Gamesa is €1.35 (€0.17 in Q4 20).

The working capital management policies instituted in FY19 and the strong commercial activity resulted in an improvement in working capital despite the effect of the pandemic on project execution and on the need to maintain inventories of critical components to ensure business continuity. As of September 30, 2020, working capital amounted to -€1,976m, equivalent to -20.8% of revenues in the last twelve months, an improvement of €1,143m or 12.7 percentage points of revenues on the figure in FY19.

Table 4: Working capital (€m)

| <i>Working capital (€m)</i> | Q1 19¹ | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 | Var. y/y |
|-------------------------------------|--------------------------|--------------|--------------|------------------|-------------------|--------------|---------------|---------------|---------------------------|
| Accounts receivable | 1,135 | 1,171 | 1,460 | 1,308 | 1,108 | 1,073 | 1,211 | 1,141 | -167 |
| Inventories | 1,925 | 2,006 | 2,044 | 1,864 | 2,071 | 2,115 | 2,064 | 1,820 | -44 |
| Contract assets | 2,033 | 1,771 | 1,952 | 2,056 | 1,801 | 1,808 | 1,715 | 1,538 | -518 |
| Other current assets | 417 | 464 | 651 | 461 ² | 578 | 466 | 584 | 398 | -63 |
| Accounts payable | -2,557 | -2,505 | -2,733 | -2,886 | -2,471 | -2,544 | -2,781 | -2,694 | -79 |
| Contract liabilities | -2,340 | -1,991 | -2,267 | -2,840 | -3,193 | -3,101 | -3,362 | -3,148 | -308 |
| Other current liabilities | -641 | -706 | -869 | -798 | -833 | -682 | -929 | -761 | 36 |
| Working capital (WC) | -27 | 211 | 238 | -833 | -939 | -865 | -1,498 | -1,976 | -1,143² |
| Change q/q | 515 | 238 | 28 | -1,071 | -106 ² | 74 | -633 | -477 | |
| Working capital/revenues LTM | -0.3% | 2.2% | 2.4% | -8.1% | -9.4% | -8.8% | -15.7% | -20.8% | |

- For the purposes of comparison after the application of IFRS 9, which impacted the opening balance sheet in FY19: the foregoing table shows a €3m decline in "Trade and other accounts receivable" and a €3m decline in "Contract assets", with a corresponding €4.6m reduction in Group equity (including the tax effect).
- The application of IFRS 16 modified the opening balance of the "Other current assets" account by €10m: from €461m at the end of FY19 to €451m at the beginning of FY20. Working capital at the beginning of FY20 amounted to -€843m, €10m less than at the end of FY19. Considering the impact of IFRS 16, working capital decreased by €95m during the first quarter of FY20 and €1,132m in FY20.

Capital expenditure amounted to €601m in FY20, in line with the guidance for the year announced in November 2019. Investment was concentrated in developing new services and Onshore and Offshore platforms, in tooling and equipment, and in the blades and nacelles factory in Le Havre. Offshore required investment to tap demand growth in coming years, represents more than half of the investment in the fiscal year.

The application of IFRS 16 in FY20¹⁴ increased gross interest-bearing debt by €583m (see note 2.D.3 to the Group's consolidated financial statements for FY19). As a result, the net cash position went from €863m as of September 30, 2019 to €280m at the beginning of FY20 (October 1, 2019). Adjusting for this accounting change, the net cash position from the beginning of the fiscal year was reduced by c. €301m¹⁵, to a net debt position of €49m at the end of the FY20. This reduction came after payments related to the acquisition of Service and manufacturing assets from Senvion in Q2 20 and Q3 20 for a net total of €177m and after Adwen-related cash outflows in the amount of €140m.

In the first quarter of FY20, Siemens Gamesa strengthened its funding structure by extending the maturity of the syndicated loan to December 2024 for the €2,000m tranche and to December 2022 for the €500m tranche, and by arranging more flexible terms as a result of achieving an investment grade rating. The maturity extension enables the company to address the impact of the pandemic and the related uncertainties with a strong liquidity position of c. €4,700m including available credit lines and cash. At September 2020, the company had c. €4,200m in credit lines, against which it had drawn c. €1,100m.

¹⁴The Siemens Gamesa Group adopted IFRS 16 effective October 1, 2019 using the full retrospective approach without restating comparative figures. As a result of the foregoing, the opening balance sheet as of October 1, 2019 has been modified. The main impacts of the first-time application of IFRS 16 on the consolidated balance sheet as of October 1, 2019 are an increase in Property, plant and equipment corresponding to the assets for the right-of-use in the amount of €679m, a decrease in advance payments recorded under "Other non-current assets" and "Other current assets", for an amount of €85m and €10m, respectively, and the corresponding increase in current and non-current liabilities (components of Net Financial Debt) amounting to €583m. Lease liabilities as of September 30, 2020 amounted to: €115m short term and €496m long term.

¹⁵Net cash as of September 30, 2019: €863m, increase in debt due to adoption of IFRS 16 in FY20, as of September 30, 2020: €611m, net debt as of September 30, 2020: €49m.

WTG

Table 5: WTG (€m)

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | FY19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 | FY20 | Var. y/y |
|-----------------------------------|-------|-------|-------|-------|--------------|--------|-------|--------|-------|--------------|------------|
| Revenues | 1,904 | 2,060 | 2,242 | 2,527 | 8,733 | 1,634 | 1,808 | 1,947 | 2,325 | 7,715 | -11.7% |
| Onshore | 1,103 | 1,243 | 1,229 | 1,650 | 5,225 | 1,116 | 1,149 | 1,143 | 1,499 | 4,907 | -6.1% |
| Offshore | 801 | 817 | 1,013 | 877 | 3,508 | 518 | 660 | 805 | 826 | 2,808 | -20.0% |
| Volume (MWe) | 2,129 | 2,383 | 2,394 | 2,585 | 9,492 | 1,932 | 2,183 | 2,627 | 3,226 | 9,968 | 5.0% |
| Onshore | 1,520 | 1,707 | 1,699 | 2,009 | 6,936 | 1,747 | 1,649 | 1,876 | 2,433 | 7,704 | 11.1% |
| Offshore | 609 | 676 | 694 | 576 | 2,556 | 185 | 534 | 751 | 793 | 2,264 | -11.4% |
| EBIT pre PPA and I&R costs | 51 | 106 | 76 | 149 | 382 | -224 | -54 | -256 | -99 | -634 | N.A. |
| EBIT margin pre PPA and I&R costs | 2.7% | 5.1% | 3.4% | 5.9% | 4.4% | -13.7% | -3.0% | -13.2% | -4.3% | -8.2% | -12.6 p.p. |

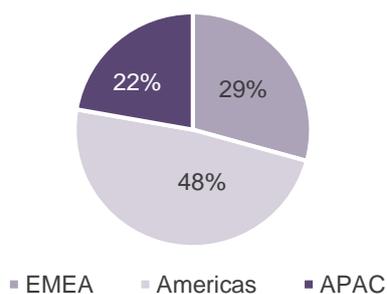
WTG division revenues in FY20 amounted to €7,715m, 12% less than in FY19. Revenues in Q4 20 amounted to €2,325m, a decline of 8% with respect to the year-ago quarter.

WTG revenues declined in FY20 mainly as a result of a reduction in Offshore revenues (-20% y/y). That was due to a slower pace of manufacturing (-11% y/y), in line with project planning for the year, and reduced installation activity, which fell 38% y/y (from 2,646 MW installed in FY19 to 1,652 MW in FY20).

The decline in Onshore revenues (-6% y/y) was due mainly to the geographic mix, with a larger contribution from the Americas and APAC (71% in FY20, vs. 51% in FY19, in MWe), where the scope is lower than in EMEA, as well as lower prices and a negative currency effect. The pandemic's impact on project execution was visible in the second and (above all) the third quarter, triggering a significant decrease in installation activity, followed by a partial recovery in the fourth quarter, as expected.

The main sources of Onshore sales (MWe) in FY20 were US (30% of the total), China (10%), India (9%), Chile (8%) and Brazil (7%).

Figure 8: WTG ON sales volume (MWe) FY20 (%)



EBIT pre PPA and before integration and restructuring costs declined to -€634m in FY20, equivalent to an EBIT margin of -8.2%, i.e. 12.6 percentage points below the comparable figure in FY19. EBIT pre PPA and before integration and restructuring costs in Q4 20 declined to -€99m, equivalent to a -4.3% margin on revenues, i.e. 10.2 percentage points below the comparable figure in Q4 19.

The WTG division's profit margin reflects the effect of the following expected factors, whose impact was completely in line with expectations:

- Lower prices, offset by the results of the L3AD2020 transformation program.
- The cost of Offshore underproduction due to the reduction in volume.
- The sales mix, with a lower contribution from Offshore and a lower contribution by EMEA in Onshore.

However, in addition to these factors, there were events, some outside the company's control, whose impact could not be offset in the short term:

- The pandemic delayed execution of certain projects and raised costs by slowing the supply chain and the pace of manufacturing and execution. Moreover, some commodity prices and transport costs increased.
- A slowdown in some of Siemens Gamesa's major markets, such as India and Mexico, with an effect on contract signatures and on sales.
- Costs in excess of original estimates as a result of challenges encountered in executing 1.1 GW in Northern Europe, accentuated by the impact of the pandemic, particularly on the movement of people.

As indicated in the third quarter, the company took measures to regain profitability in Onshore operations; those measures, which are part of the FY21 - FY23 business plan, include:

- A full review of the business in India, consolidating capacity to actual demand, reducing the risk profile by limiting development activity and focusing operations on wind power, ceasing solar activity.
- Additional optimization of Onshore manufacturing capacity on the basis of product and competitive needs.
- Launch of the LEAP program, unveiled to the market in August 2020, which is a follow-on of the L3AD2020 program and relies on three levers — innovation, productivity and asset management, and operational excellence — with the goal, among others, of restoring profitability in Onshore.
- Appointment of Lars Bondo Krogsgaard as CEO of the Onshore division, to take office in November 2020.

Operation and Maintenance Service

Table 6: Operation and maintenance (€m)

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | FY19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 | FY20 | Var. y/y |
|--|--------|--------|--------|--------|---------------|--------|--------|--------|--------|---------------|-----------|
| Revenues | 358 | 330 | 390 | 417 | 1,493 | 366 | 395 | 464 | 543 | 1,768 | 18.4% |
| EBIT pre PPA and before I&R costs | 87 | 73 | 83 | 100 | 343 | 88 | 87 | 96 | 130 | 401 | 16.9% |
| EBIT margin pre PPA and before I&R costs | 24.3% | 22.0% | 21.3% | 24.1% | 23.0% | 24.1% | 21.9% | 20.6% | 24.0% | 22.7% | -0.3 p.p. |
| Fleet under maintenance (MW) | 56,828 | 56,875 | 58,708 | 60,028 | 60,028 | 63,544 | 71,476 | 72,099 | 74,240 | 74,240 | 23.7% |

Service division revenues increased by 18% year-on-year to €1,768m. This growth was driven by the integration of the Service assets acquired from Servion in January 2020. Revenues increased by 30% y/y in Q4 20, also reflecting the integration of Servion assets in Q2 20.

The fleet under maintenance stands at 74.2 GW, 24% more than in FY19. The Offshore fleet under maintenance, 12 GW, expanded by 7% y/y, while the Onshore fleet expanded by 27% y/y to 62.2 GW, mainly as a result of integrating the fleet acquired from Servion. It is important to highlight the success of the Service unit with respect to the operation and maintenance of the Servion fleet, which closed the year with availability ratios similar to the SGRE fleet.

The contract renewal rate was over 70% in FY20, in line with the FY19 rate. In Q4 20, the renewal rate was 75% (71% in Q4 19). The fleet of third-party technologies under maintenance stands at 11 GW¹⁶ as of September 30, 2020.

EBIT pre PPA and before integration and restructuring costs in the Service division amounted to €401m in FY20, equivalent to an EBIT margin of 22.7%, practically the same as in FY19 (23.0%).

¹⁶The fleet of third-party technology under maintenance has been redefined to exclude the technology of companies acquired before the merger between Siemens Wind Power and Gamesa Corporación Tecnológica (MADE, Bonus and Adwen).

EBIT pre PPA and before integration and restructuring costs in Q4 20 amounted to €130m, equivalent to an EBIT margin of 24.0%, in line with the figure in Q4 19 (24.1%).

Sustainability

The table below shows the main sustainability figures for FY19 and FY20 periods, and the annual variation.

Table 7: Main sustainability figures

| | 09.30.19 | 09.30.20 (*) | Var. y/y |
|--|----------|--------------|----------|
| Workplace Health & safety | | | |
| Lost Time Injury Frequency Rate (LTIFR) ¹ | 1.67 | 1.36 | -18% |
| Total Recordable Incident Rate (TRIR) ² | 4.71 | 3.14 | -33% |
| Environment | | | |
| CO ₂ direct (scope 1) emissions (kt) ³ | 26.4 | 26.0 | -2% |
| CO ₂ indirect (scope 2) emissions (kt) ³ | 44.3 | 1.9 | -96% |
| Primary (direct) energy used (TJ) | 455 | 472 | 4% |
| Secondary (indirect) energy use (TJ) | 801 | 730 | -9% |
| of which, Electricity (TJ) | 707 | 655 | -7% |
| from renewable sources (TJ) | 435 | 655 | 50% |
| from standard combustion sources (TJ) | 272 | 0.5 | -100% |
| renewable electricity (%) | 62 | 99.9 | 61% |
| Fresh water consumption (thousand m ³) | 450 | 454 | 1% |
| Waste production (kt) | 59 | 68 | 15% |
| of which, hazardous (kt) | 8 | 10 | 25% |
| of which, non-hazardous (kt) | 51 | 58 | 14% |
| Waste recycled (kt) | 45 | 49 | 9% |
| Employees | | | |
| Number of employees (at year-end) ⁴ | 24,453 | 26,114 | 7% |
| employees aged < 35 (%) | 37.4 | 36.7 | -2% |
| employees aged 35-44 (%) | 36.9 | 37.4 | 1% |
| employees aged 45-54 (%) | 18.7 | 19.0 | 2% |
| employees aged 55-60 (%) | 5.2 | 4.6 | -11% |
| employees > 60 (%) | 1.8 | 2.3 | 28% |
| Women in workforce (%) | 18.8 | 18.8 | - |
| Women in management positions (%) | 10.2 | 11.7 | 15% |
| Supply chain | | | |
| No. of Tier 1 suppliers | 17,890 | 18,932 | 6% |
| Purchase volume (€m) | 8,238 | 7,365 | -11% |

1. LTIFR index is calculated for 1,000,000 hours worked and includes all accidents with at least one work day loss.

2. TRIR index is calculated for 1,000,000 hours worked and includes fatalities, lost time accidents, restricted work and medical treatment cases.

3. Emissions are reported annually, with fiscal year end closing.

4. Headcount totals include for the first time, the recent acquisition of Servion.

Note: TJ=Terajoules; 1Terajoule= 277.77 MWh; kt=thousand tons

(*) Non-audited preliminary figures

Health and safety

Workplace health and safety are a key pillar for Siemens Gamesa and constitute a core component of the Group's risk management and internal control. At the end of fiscal year 2020, both the Lost Time Incident Frequency Rate (LTIFR: 1.36 in FY20 and 1.67 in FY19) and the Total Recordable Incident Rate (TRIR: 3.14 in FY20 and 4.71 in FY19) have decreased, illustrating that health and safety programs are in good track. Nevertheless, at the end of FY20 we regret a cumulative count of four fatalities, one SGRE employee and three contractors. Siemens Gamesa works proactively to analyze the causes of the accidents, including safety inspections, safety observations and health and safety audits, and has management indicators that track the degree of fulfilment of this work philosophy

in day by day performance. Following the progress of the coronavirus pandemic, Siemens Gamesa maintains strict health and safety measures in offices, factories and wind farms to ensure maximum protection and minimize the risk for employees, customers, suppliers and, in general, the communities where the company operates.

Environment

Siemens Gamesa has an Environmental Management System certified according to the ISO 14001:2015 standard, which covers all locations. Total internal energy consumption amounted to 1,201,643 gigajoules (4% lower than in 2019). Hence, the figure for energy consumption per employee and year could be estimated to 46 GJ/employee in FY20. Total electricity consumption in 2020 amounted to 655,497 GJ, of which the share of renewable electricity amounted to 99.9%. Siemens Gamesa's electricity consumption is now covered by Energy Attribution Certificates (EACs), which guarantee that the origin of the electricity is from renewable sources. This has impacted on the drastic reduction of CO2 emissions. Natural gas is the most relevant primary energy source, representing 60 % of the total primary energy demand. The total volume of waste amounted to 68,311 t in FY20 (58,506 in FY19). The ratio of hazardous waste generation to non-hazardous waste generation is set up at 1:6, and the waste overall recycling rate was 72%, so that most of waste is recycled.

Employment

The workforce totaled 26,114 employees (24,453 in FY19). Most of them located in Europe, the Middle East and Africa region (68%), followed by Asia and Australia (19%) and the Americas (13%). From a gender perspective, women account for 18.8% of the total workforce in FY20, similar to FY19. Specifically, women represent 21% of the workforce in Europe, Middle East and Africa, 20% in America and 11% in Asia and Australia. Siemens Gamesa had 248 employees in management positions at the end of FY20, 11.7% of them women (10.2% in FY19).

Suppliers

Procurement volume in FY20 amounted to €7,365 m, from above 18,000 tier 1 suppliers. Those suppliers benefit from an impartial selection process and they are evaluated to ensure that they fulfil the high-quality standards required by our approach to excellence. As a foundation on sustainability for suppliers, and compliant to the Group policy, the Code of Conduct for Suppliers and Third-Party Intermediaries is compulsory and sets out the Group's binding requirements.

ESG indexes

At the end FY20, Siemens Gamesa is a constituent member of prestigious international sustainability indexes, such as Dow Jones Sustainability Indices®, FTSE4Good®, Ethibel Sustainability Index® and Bloomberg Gender Equality Index®. The company attained ESG rating A (on a scale of AAA-CCC) in the MSCI ESG ratings assessment, enabling the company's inclusion in the MSCI indices and with an investment grade rating. Vigeo-Eiris confirmed Siemens Gamesa Renewable Energy was ranked 1 out of 25 in the sector Electric Components & Equipment. Due to our company's ESG performance, Siemens Gamesa Renewable Energy is currently included within the Euronext indices and Ethibel Sustainability Index-Excellence Europe powered by Vigeo Eiris. Finally, our company received a FTSE Russell ESG Rating of 4.5 out of 5 (Top Percentile Rank:100 in Alternative Energy - Renewable Energy Equipment sector) and, additionally, SGRE obtained from Sustainalytics a Low Risk ESG Rating (15.3) and ranked 3 out of 166 (top 2nd percentile) in the Electrical Equipment industry.

Outlook

Economic situation

The year 2020 has been marked by the COVID-19 coronavirus pandemic, which, in addition to the high cost in human lives, is having a significant impact on the global economy, affecting production, supply chains and companies' financial stability while also curtailing consumer and capital spending. The uncertainty about the pandemic, the scale of additional lockdowns required to contain it, and about the effectiveness of the proposed economic measures make it difficult to estimate the economic impact reliably.

According to the IMF's latest World Economic Outlook¹⁷, the global economy will shrink by 4.4% in 2020 and resume growth in 2021, at 5.2% y/y, when global GDP will be just slightly higher than in 2019. The improvement in the IMF's projections for 2020 with respect to its June estimates is underpinned by better performance in China and the developed economies in the second quarter and by better prospects for the third quarter. The reduction in the growth projection for 2021 with respect to the June estimate is due not only to a smaller decline in 2020 but also to the persistence of social distancing, which will tail off as vaccines and better treatments become available. In the medium term, with local infection rates expected to be very low in 2022, economic growth is expected to stabilize around 3.5%. It's important to note that these projections carry a high degree of uncertainty.

The advanced economies are expected to shrink by 5.8% in 2020, i.e. less severely than had previously been anticipated, driven by a better performance in the second quarter of 2020 both in US and in the euro area. This group is expected to attain 3.9% growth in 2021.

However, in the emerging economies (excluding China), the recovery is proving to be weaker than expected. Faster growth in infections coupled with higher debt and higher funding costs mean that the amount of aid is proportionately lower than in the advanced economies. These economies are expected to shrink by 3.3% in 2020 and rebound to 6.0% growth in 2021 (excluding China in both cases). In particular, the Indian economy is expected to shrink due to sharp curtailment of consumer spending and a slump in capital expenditure, meaning that it is one of the few economies where the impact of the pandemic is even greater than initially expected, while Mexico's economy will also contract notably due to the continuing spread of the virus.

Having rebounded more robustly than expected, China is the only economy that will register growth in 2020.

Table 8: IMF growth projections (%: calendar year)

| | 2020 | 2021 |
|--------------------|--------|------|
| Global | -4.4% | 5.2% |
| Advanced economies | -5.8% | 3.9% |
| US | -4.3% | 3.1% |
| Euro area | -8.3% | 5.2% |
| Germany | -6.0% | 4.2% |
| Spain | -12.8% | 7.2% |
| UK | -9.8% | 5.9% |
| Emerging economies | -3.3% | 6.0% |
| China | 1.9% | 8.2% |
| India | -10.3% | 8.8% |
| Brazil | -5.8% | 2.8% |
| Mexico | -9.0% | 3.5% |

Due to the nature of this pandemic, it is having a more severe impact on the services sector, which is more dependent on face-to-face interactions, than on industry.

¹⁷International Monetary Fund. World Economic Outlook. October 2020.

Because of the uncertainty surrounding these projections, due to such factors as the duration of the pandemic, its impact on domestic and international economic activity, and how the financial markets react, the IMF considers two alternative scenarios:

- Scenario 1 – containing the virus proves to be more complicated and takes longer, until a vaccine becomes available worldwide: world GDP is expected to shrink by 0.75 p.p. in 2020 and 3.0 p.p. in 2021 with respect to the baseline scenario, with a greater impact on the emerging economies.
- Scenario 2 – the fight against the virus goes better than expected in all dimensions: global growth accelerates 0.5 p.p. above the baseline scenario in 2021.

As discussed in previous quarters, the major human and economic impact of the pandemic has highlighted the need to implement sustainable economic development models. In this connection, and as noted by the IMF, this crisis could represent an opportunity for the authorities to fulfill their climate change mitigation commitments, as the European Union, for example, is doing. Moreover, investment in "green" infrastructure could help revive global economic activity.

Long-term worldwide prospects for wind

The outlook for wind power over the long term has improved slightly since the pandemic began, further emphasizing the need to design sustainable economic models, in which renewable energy takes pride of place. In the last six months, governments and supranational bodies have made sustainability a core component of economic recovery plans. They have also announced plans to step up their emission reduction targets. The European Parliament voted to raise the 2030 emission reduction target from 40% to 60%. China has announced a goal of zero emissions by 2060, with emissions set to peak in 2030.

However, these commitments need concrete action policies, investment, and clear funding mechanisms that extend beyond those currently in place. As indicated in the latest World Energy Outlook¹⁸ from the International Energy Agency (IEA), the current stated policies will lead to a considerable increase in wind and solar energy output in 2030, which will account for up to one-third of total power generation in the advanced economies and 25% in the emerging economies, but it will still be far from achieving the stated goal of zero emissions. With this scenario of stated policies, accumulated wind capacity at the end of the period (2040) will amount to 1,914 GW, equivalent to a sustained average of 60 GW of new installations each year, nearly 16% more than the average of recent years (2012-2019: 52 GW according to the Global Wind Energy Council – GWEC).

Investment in clean energy needs to increase by substantially more in order to achieve net zero emissions worldwide. This increase, reflected in the sustainable development scenario, would lead to an accumulated global wind fleet of 3,000 GW by 2040, i.e. over 1,000 GW more than in the previous scenario, entailing 145 GW of installations per year in 2030 and 160 GW in 2040. In this scenario, Offshore wind power will be the top generation source in 2050, accounting for 25% of total electricity supply, followed by Onshore wind, nuclear and solar photovoltaic. The cost of generating power from wind, which has fallen by about 40% in the last decade, will continue to slide due to technology improvements and low funding costs, to reach about USD 50/MWh within 5 years. Nevertheless, even in this sustainable development scenario, the net zero emissions goal would not be achieved until 2070.

Achieving the goal of net zero emissions worldwide by 2050 would require even more ambitious and broader ranging measures, which must be implemented during this decade (2020 - 2030). These measures are set out in a new scenario, called "Net zero emissions by 2050" or NZE2050, in the IEA's latest report, WEO 2020. Broadly speaking, primary energy demand needs to be cut by 17% between 2019 and 2030, while the economy doubles in size, CO₂ emissions by the energy industry must be reduced by 60%, and end user emissions need to be cut by one-third. To attain these goals, by 2030:

- Renewable energies' share of electricity production must rise to 60%, from 27% in 2019, and there must be no coal-fired plants operational without systems for capturing, reusing and storing CO₂ emissions. This

¹⁸IEA. World Energy Outlook 2020 (WEO 2020). October 2020.

requires investment in the electricity system to triple, to USD 2.2 trillion in 2030, with one-third of that being allocated to expanding, modernizing and digitalizing the electricity grids.

- About 50% of buildings in developed countries and one-third in the rest of the world need to have been modernized to achieve energy efficiency, and close to 50% of passenger vehicles must be electric.
- Approximately 25% of the heat used in industrial processes must be obtained from electricity or low-emission combustion. Battery manufacture must double every two years, and hydrogen production and the related distribution infrastructure must expand substantially.
- Changes are required in consumer habits and in the use of transport — changes which the pandemic has shown are possible.

In this NZE2050 scenario, average annual wind installations must rise from 60 GW in 2019 to 160 GW in 2025 and 280 GW in 2030.

BloombergNEF, in its latest NEO 2020¹⁹ report reaches similar conclusions. Just considering the economic fundamentals of the energy transition, and putting climate targets aside, wind installations would average 147 GW per year by 2050. Adding the necessary installations to allow global warming to be substantially below 2°C, an average of approximately 375 GW per year would be achieved.

Figure 9: Wind installations (cumulative GW_e)

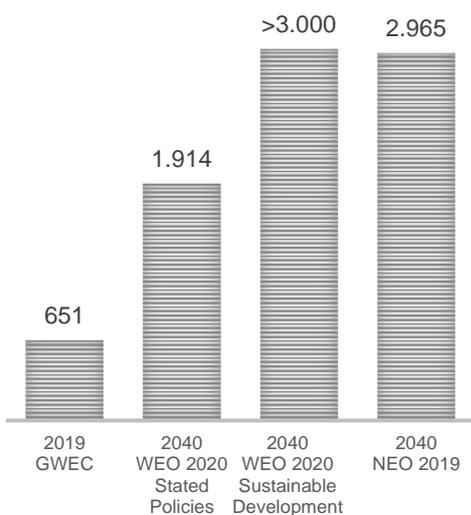
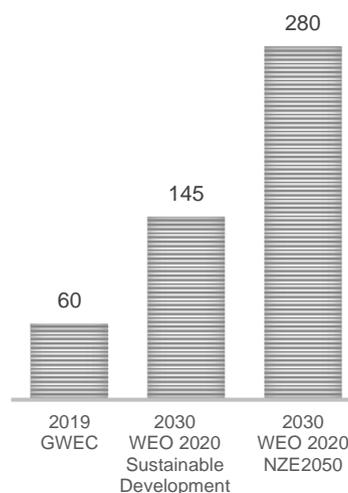


Figure 10: Annual installations 2019-30E (GW/year_e)



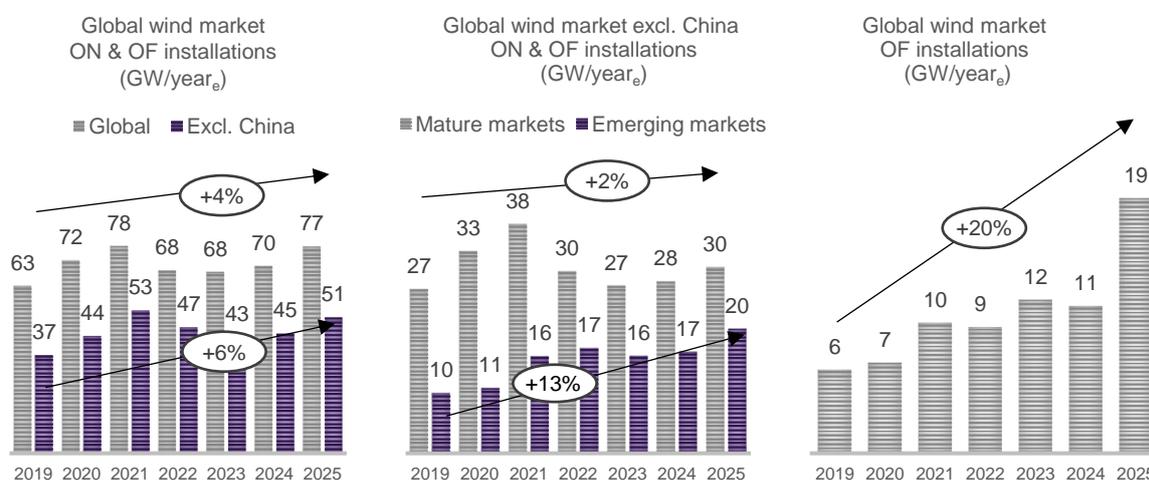
¹⁹BloombergNEF. New Energy Outlook 2020 (NEO 2020). October 2020.

Quarterly update of short- and medium-term demand

However, in the short and medium term, renewable energy is not immune to the pandemic, although it is proving to be much more resilient than any other energy source. This is particularly the case with Offshore wind, where demand and installation projections for the short and medium term have barely been affected. This low impact can be explained by the long development and execution times, and by the greater geographic concentration of demand and of supply chains. Conversely, in the Onshore wind market, which is much more diversified in geographic terms, with shorter lead times and dependent on a global supply chain, the disruptions to the supply chain and constraints on the movements of people and goods have jeopardized project execution in 2020, and shifted part of the planned volume to 2021, when the peak annual installations (in MW) formerly projected for 2020 is now expected to be attained.

The following figures present projections for installations in the medium term (2020-2025) and final installations reported for 2019²⁰ (the figures in the bubbles are compound annual growth rates for 2019-2025).

Figure 11: World wind market (GW installed/year)²¹



These projections factor in a lower impact of the pandemic on demand and execution of wind projects than had been projected the previous quarter. Wood Mackenzie (WM)²² estimates that worldwide installations will amount to 72.0 GW in 2020 and 77.5 GW in 2021, which represents an increase of 1.3 GW for 2020 with respect to its forecast the previous quarter, concentrated almost entirely in Onshore (1.2 GW), while projections for 2021 are maintained stable.

The projection for global installations in 2020-2025 is up 7.0 GW, again attributable almost entirely to the Onshore market (6.7 GW). The improved demand projections include increases in the Onshore markets in China (+2.0 GW), US (+1.3 GW), Vietnam (+1.1 GW) and Brazil (+0.7 GW). The improvement in China is driven by the rapid recovery in manufacturing and installations after the economy rebounded; in US, by rapid project execution coupled with the positive impact of the extension of the Production Tax Credits (PTC); in Vietnam, by the potential elimination of feed-in tariffs (FiT) in November 2021; and, in Brazil, by the strength of the free market despite the impact of the pandemic in that country. The slump in India (-1.1 GW) is due to the pandemic's impact being greater than projected in the previous quarter.

Variations during fiscal year 2020 in the cumulative projections for the period 2020-2025 (between WM publications in Q3 19 and Q3 20, both calendar years) amount to an increase of just 0.2 GW, including Onshore (0.8 GW) and Offshore (-0.6 GW), evidencing the industry's resilience in the face of the pandemic. However, there has been a major change in the geographic composition, including a notable increase in Onshore installations in the United

²⁰According to the GWEC's Global Wind Report 2019, ON + OF installations worldwide in 2019 amounted to 60 GW overall and to 34 GW excluding China; there were 25 GW in mature markets and 9 GW in emerging markets; 6 GW in OF (similar to the Wood Mackenzie installation figures).

²¹Wood Mackenzie. Global Wind Power Market Outlook Update: Q3 2020. September 2020. The balloons indicate compound annual growth rates.

²²Wood Mackenzie. Global Wind Power Market Outlook Update: Q3 2020. September 2020. All projections in this section referring to Q4 19, Q3 20 and Q4 20 (fiscal quarters) are from the Wood Mackenzie quarterly Global Wind Power Market Outlook.

States (7.9 GW) and Spain (1.6 GW), offset by a sharp cut in the projections for India (-8.3 GW). The geographic variation in Offshore is much smaller, though it includes an increase in projections for US (0.7 GW) despite the uncertainty about project development, and in Europe (1.7 GW), headed by the UK (2.5 GW), with a reduction in projections for China (-2.6 GW).

China (127 GW), US (52 GW), India (23 GW) and Germany (16 GW) are expected to retain their positions as the largest Onshore markets, accounting for almost 60% of the total accumulated installations projected for 2020-2025. Brazil, France, Sweden, Spain and Australia, with cumulative installations of between 6 GW and 12 GW per country, will contribute more than 12% in the same period.

Although new markets are steadily being added, Offshore is still much more concentrated. China, with 23 GW of installations in 2020-2025, will account for 33% of total installations in the period. Europe, led by UK (12 GW of installations in the same period), will install 26 GW, accounting for 39% of the total. They are followed by US (9 GW in 2020-2025) and Taiwan (5 GW in that period).

Beyond the pace of installations, price dynamics are unchanged with respect to the previous quarter and Onshore prices continue to stabilize, reflecting mainly the stabilization of auction prices but also the commercial dynamic in US, cost inflation, and the pressure on margins in the supply chain. According to BloombergNEF²³, the average price per Onshore MW for contracts signed in the first half of 2020 is USD 0.77m/MW considering the standard scope in US (which normally excludes installation and commissioning), and USD 0.85m/MW considering the standard scope in Europe and Latin America (which normally includes installation and commissioning), which is slightly higher than the average price of contracts signed in the first half of 2019 in both cases, although the increase in the rated capacity of the wind turbines continues to drive the price per MW of wind turbines downwards. In terms of product, the >3 MW category practically dominates the market, while the average capacity in contracts for delivery in 2021 is now over 4 MW.

Summary of the main events relating to wind power in Q4 20 and FY20²⁴

During the fourth quarter of fiscal year 2020, the following information was published and the following measures were adopted in connection with government commitments and actions aligned with the transition towards a sustainable energy model.

Measures related to COVID-19

- There is a steady flow of announcements of new measures in support of renewable energy as a means of driving the recovery in many economies. As an example, the Chinese premier Xi Jinping recently spoke of the need to work on a greener economic recovery.
- The pandemic has created further delays and changes to planned auctions, as in the case of Chile and India, where project execution deadlines have been extended once again.

European Union

- In the European Green Deal framework, the heads of state and government of the European Union agreed to implement Next Generation EU, a recovery plan presented by the European Commission, as described in the Q3 20 activity report. Member States must present their recovery and resilience plans and establish an investment and reform agenda for the period 2021-2027. These plans must contribute to the goal of making the EU climate-neutral by 2050 and attain by 2030 the targeted emission reduction with respect to the 1990 baseline. The European Parliament voted to increase the 2030 target from the current 40% to 60%. For this new target to be binding, it must be approved by the Member States and the European Council.
- Also in the framework of the European Green Deal, the European Commission is drafting legislation to achieve the 2030 emission reduction target, which will be presented in the first half of 2021. The proposals include stepping up renewable energy policy and providing a border adjustment mechanism for carbon

²³BloombergNEF. 1H 2020 Wind Turbine Price Index. June 2020.

²⁴This section is a non-exhaustive list of government commitments and actions aligned with the energy transition towards a sustainable model.

emissions, to be implemented no later than 1 January 2023²⁵. Additionally, the European Commission has called for proposals for research and innovation projects that drive the green and digital transition, with a budget of €1bn. The goal is to achieve clear tangible results in the short and medium term in 9 of the EU's priority areas, one of which is "clean, affordable and secure energy".

Germany

- A law has been passed under which infrastructure planning or construction processes cannot be halted by pending litigation, the goal being to accelerate growth of Onshore wind capacity.
- The results of the fourth and fifth wind auctions in 2020 were released, as well as the outcome of the first innovation auction (Table 9), and the sixth specific auction in 2020 and a sixth neutral auction were announced (Table 10).

Ireland

- The European Union approved the Renewable Electricity Support Scheme (RESS) with a budget of between €7.2bn and €12.5bn. The outcome of the first auction under this scheme was published (Table 9).

The Netherlands

- The Hollandse Kust Noord 700 MW unsubsidized project was assigned to Crosswind, a joint venture between Shell and Eneco. The project will include new technologies, such as hydrogen, short-term storage and floating solar photovoltaic, to test the capabilities of these technologies and their contribution to system stability. The outcome of the spring 2020 wind auction was reported (Table 9).

Norway and Sweden

- The joint green subsidy scheme was formally concluded (Sweden had already announced this, as noted in the Q1 20 activity report). It is estimated that there will be sufficient capacity to attain the production target (46.4 TWh) by 2021, 10 years ahead of schedule. If it is not attained, the scheme would be extended by two years.

Russia

- It has been proposed to amend the renewable energy support scheme, using energy output rather than capacity as the basis for calculating remuneration. Additionally, the local content requirement would be increased to 75% (currently 65% for projects installed through 2024).

South Africa

- In line with the Integrated Resource Plan (IRP), which was described in the Q1 20 activity report, South Africa plans to acquire 6.8 GW of new wind and solar photovoltaic capacity. This will occur through a series of auctions, including the fifth round of the Renewable Energy Independent Power Producer Procurement (REIPPP) program, for 1.6 GW of wind capacity, which is expected in the second quarter of calendar 2021.

UK

- The government confirmed that round 4 of the CfD (contracts for differences) auction will be held in 2021, as planned.

²⁵The goal of this mechanism is for the price of imported products to better reflect their carbon emission impact, so as to prevent production from being shifted to areas with less ambitious climate policies.

Brazil

- The draft National Energy Plan 2050, released for public consultation, envisages wind attaining between 110 GW and 195 GW of installed capacity, up from 16 GW at present. The draft refers to 597 GW of potential at sites with wind speeds of over 7 m/s.

US

- New Jersey announced the second Offshore wind auction (Table 10) targeting between 1.2 and 2.4 GW.
- New York announced its second Offshore wind auction (Table 10) targeting up to 2.5 GW (minimum: 1 GW), with a budget of USD 200 million to support new port infrastructure. It also announced an auction for 1.5 GW of Onshore wind and solar photovoltaic capacity, with the option of including storage (Table 10).

China

- China announced the goal of achieving carbon neutrality by 2060, with emissions peaking before 2030. This goal will require RMB 100 trillion in investment over the next 30 years in renewable energy, nuclear energy, storage and other energy infrastructure. In response, the Chinese wind industry proposes installing 50 GW per year between 2021 and 2025, and 60 GW per year between 2026 and 2030, compared with 26 GW installed in 2019²⁶. In this way, China's wind industry plans to reach 800 GW installed by 2030 and 3,000 GW by 2060.
- A total of 11.4 GW of unsubsidized wind projects were approved, with the requirement that construction must start before the end of 2020 and that the capacity must be operational by the end of 2022. A total of 64 GW of unsubsidized renewable energy projects have been approved since 2017.

India

- The results of the SECI IX auction were announced (Table 9) and the SECI hybrid III and SECI RTC II auctions were postponed once again (Table 10).
- India has commenced the process of privatizing electricity distribution companies (DISCOM) with the goal of improving the electricity system's efficiency and restoring its finances.

Pakistan

- The government announced a system of tax exemptions to support Alternative and Renewable Energies (AREs) and increase their share of the energy supply to 20% by 2025 and to 30% by 2030, from the current 5%.

FY20 Conclusions

- Fiscal year 2020 was marked by the COVID-19 pandemic and the needed lockdown measures imposed by governments, whose impact highlighted the need to design sustainable development models in which renewable energy plays a central role. In Europe, the recently approved recovery plan requires that all measures be aligned with the European Green Deal presented in December 2019 and with the target to achieve carbon neutrality by 2050. Additionally, at least 30% of the recovery plan budget must be "green". Chinese premier Xi Jinping also spoke of the need to work on a greener economic recovery while announcing the goal of making China carbon neutral by 2060.
- Offshore wind installation targets were increased substantially during this fiscal year as a core means of achieving decarbonization, both in new markets (US and Taiwan) and in Europe. Despite the short-term uncertainty about project development in US, Virginia (5.2 GW by 2034) and New Jersey (7.5 GW by 2035) announced new installation targets, in addition to targets set by New York (9 GW by 2035), Massachusetts (3.2 GW by 2035), Connecticut (2 GW by 2030) and Maryland (1.2 GW by 2030). European countries that increased their targets were the United Kingdom (40 GW by 2030), Germany (20 GW by 2030 and 40 GW

²⁶Source: Global Wind Energy Council (GWEC) "Global Wind Report 2019". March 2020.

by 2040), Denmark (approximately 9 GW by 2030), France (between 5.2 GW and 6.2 GW by 2028) and Poland (3.8 GW by 2030 and 8 GW by 2040), in addition to the objectives set by The Netherlands (11.5 GW by 2030), Ireland (3.5 GW by 2030) and Italy (0.9 GW by 2030). Taiwan set a new objective of 15 GW by 2035, having declared that attainment of the previous target of 5.7 GW set for 2025 is now assured.

- Additionally, the potential for Offshore installations has been favoured by Europe's strategy for the development of green hydrogen, published by the European Commission in July 2020, with the goal of installing at least 6 GW of renewable hydrogen electrolyzers between 2020 and 2024, and up to 40 GW between 2025 and 2030. Between 80 GW and 120 GW of renewable capacity will be required to power those electrolyzers. Hydrogen is classified as a priority for achieving the goals of the European Green Deal, while countries such as Germany, France, Spain and the United Kingdom have published their national strategies.
- On the negative side, the pandemic is having a major impact on markets such as India, where auction delays and cancellations, coupled with pre-existing problems with project development and the low auction prices, have resulted in installation projections between 2020 and 2025 being cut by over 8 GW. However, the market is expected to recover in the medium and long term, with a slight increase in installation projections²⁷. Mexico has taken a number of measures that are detrimental to renewable projects, but the projections have not been reduced substantially. The same can be said of Brazil, where auction suspensions have been offset by agreements and auctions (Copel and Engie) in the free market, resulting in a slight improvement in installation projections.

Auction summary

Table 9: Summary of auction results published in Q4 20

| Auction | Type | Technology | MW ¹ | Average price €/MWh ² | COD |
|--------------------------------|---------------------------------|------------|-----------------|----------------------------------|------------------------|
| Germany, IV – 2020 | Specific | ON | 191 | 61 | 2022 |
| Germany, V – 2020 | Specific | ON | 285 | 62 | 2022 |
| Germany, I – Innovation | Neutral (ON, solar and storage) | ON | 11 | 45 ³ | 2023 |
| Australia – ACT | Hybrid ON and battery | ON | 200 | 31 | 2022-2024 ⁴ |
| Greece | Specific | ON | 472 | 56 | 2023 |
| India – SECI IX ⁵ | Hybrid ON + solar | ON | 776 | 34 | 2022 |
| Ireland – RESS 1 | Neutral (renewable) | ON | 479 | 74 | 2023 |
| Italy | Neutral | ON | 218 | 68 | 2023 |
| Netherlands – SDE+ Spring 2020 | Neutral | ON | 116 | 24 ⁶ | 2024 |

1. MW awarded to ON or OF.
2. Using the exchange rate on the date the results were announced.
3. Weighted average premium of all winning projects.
4. Estimated. It is assumed that 100 MW will enter into operation and 100 MW will commence construction in 2022.
5. Hybrid, with 80% wind and 20% solar specified.
6. Weighted average premium.

²⁷In its Global Wind Power Market Outlook Update: Q3 2020, Wood Mackenzie estimates a total of 23 GW in India in 2020-2025 and 24 GW in 2026-2028, 18 GW in Brazil in 2020-2028, and 5 GW in Mexico in the same period. In its Global Wind Power Market Outlook Update: Q3 2019, it estimated 31 GW in India in 2020-2025 and 22 GW in 2026-2028, 16 GW in Brazil in 2020-2028 and 5 GW in Mexico in the same period (Onshore installations in all cases).

Table 10: Auctions announced or amended in Q4 20 (includes previous auctions that have not been resolved)

| Auction | Type | Technology | Target | Expected date ¹ |
|--|----------|---|-------------------|--|
| Germany, VI – 2020 | Specific | ON | 825 MW | October 2020 |
| Germany - neutral VI | Neutral | ON and solar | 200 MW | November 2020 |
| Australia – Queensland - Renewables 400 | Neutral | ON, solar and hybrid (storage optional) | 400 MW | 2021 |
| Canada – Saskatchewan | Specific | ON | 300 MW | November 2020 |
| Chile ² | Neutral | Renewable and thermal | 2.7 TWh/year | January 2021 |
| Denmark – Thor | Specific | OF | 1 GW | December 2020 ³ |
| US – New Jersey 2 | Specific | OF | 1.2 GW – 2.4 GW | December 2020 |
| US – New Jersey – 4 auctions ⁴ | Specific | OF | 1.2 GW – 1.4 GW | 2022 – 2028 |
| US – New York | Neutral | ON and solar (storage optional) | 1.5 GW | September 2020 |
| US – New York 2 | Specific | OF | ≤2.5 GW | October 2020 |
| US – Virginia ⁵ | Neutral | ON, solar and storage | 1 GW ⁵ | Sept. 2020 and March 2021 ⁵ |
| US – AES + Google | Neutral | ON, OF, solar and storage | 1 GW | July 2020 |
| France – VI | Specific | ON | 250 MW | July 2020 |
| France – VII | Specific | ON | 500 MW | November 2020 |
| India – SECI Hybrid III | Specific | Hybrid: ON and solar (storage optional) | 1,2 GW | Postponed - October 2020 |
| India – SECI RTC II ⁶ | Neutral | ON and/or solar + coal | 5 GW | Postponed – November 2020 |
| Italy | Neutral | ON and solar | 1.15 GW | October 2020 |
| Netherlands – SDE++ Autumn 2020 | Neutral | Renewables | €5,000m | Postponed - December 2020 |
| Netherlands – Hollandse Kust West | Specific | OF | 1.4 GW | 2021 |
| Netherlands – North of the Frisian Islands | Specific | OF | 700 MW | 2022 |
| Netherlands – Ijmuiden I+II | Specific | OF | 2 GW | 2023 |
| Turkey | Specific | ON | 2 GW | October 2020 |

1. Deadline for proposals. In some cases, the outcome will be published later.

2. Initially planned for November 2020, with 5.9 TWh.

3. Deadline for presenting proposals for pre-qualification.

4. The schedule of auctions has been published, allocating between 1.2 GW and 1.4 GW per auction, to achieve the target of 7.5 GW. The auctions are scheduled for Q3 2022, Q2 2024, Q2 2026 and Q1 2028 (calendar quarters).

5. Request for proposals from Dominion Energy to acquire projects or sign power purchase agreements (PPA) for a total of 1 GW of Onshore wind and solar, and 250 MW of storage. Proposals for the sale of projects are due by September 2020, and for PPAs by March 2021.

6. Round the clock. 5 GW renewables (ON and/or solar), complemented by thermal plants to ensure 80% annual availability.

FY21 - FY23 business plan

FY20 saw the conclusion of Siemens Gamesa's first business plan (FY18 - FY20) and marks the beginning of a new era for the Group, with goals and lines of action set out in the FY21 - FY23 business plan that was presented to the capital markets on August 27, 2020.

During the period that has just concluded (FY18 - FY20), Siemens Gamesa achieved a sizeable proportion of the goals set in the previous business plan for the Group, including savings tied to the L3AD2020 transformation program that exceeded the €2,000m target, strengthening the balance sheet and the Group's funding, and the commercial activity. It also advanced in areas, such as sustainability, that were not specifically set out in the plan. The Group made progress with its Offshore strategy by strengthening its lead in mature and emerging markets, and in Service through the acquisition of Senvion assets. At the same time, the company had to deal with market conditions that were more complex than at the time the plan was drafted, particularly in Onshore, including: i) trade tensions between US and China (which impacted commodity and component prices); ii) the deterioration of the Indian market (one of the company's key markets); and iii) from March 2020, the COVID-19 pandemic, which once again had a greater impact on the Onshore activity. These conditions, plus the cost overruns caused by challenges executing five Onshore projects in Northern Europe, are the reasons for the negative bottom line this year.

In this context, the company is implementing the new business plan, leveraged on the LEAP program, with the goal of turning around the Onshore activity, and of maintaining profitable growth in the Offshore and Service activities, which is supported by strong execution and a robust competitive position. The Group maintains its clear commitment to prioritize profits (over volume), cash generation and sustainability.

Onshore performance improvement will be achieved by developing cutting-edge technology designed incorporating cost criteria, reducing complexity in the supply chain and optimizing in-house production capacity, strengthening project execution capabilities, and reorganizing and standardizing processes in order to optimize performance. All these actions will join the new commercial strategy focused on profitable orders.

Profitable growth in Offshore will be maintained through technology leadership and differentiation as well as operational excellence while globalizing operations into new markets through early interaction with customers. To date, SGRE has been able to capture the bulk of preferential supply contracts that have been awarded in new markets by adapting its products and services, localizing content where required, and delivering market- and customer-specific solutions.

In the Service division, this goal will be achieved by developing new business models, working with customers, and landing maintenance contracts for third-party technology, all while maintaining productivity and operational excellence.

To execute this plan, the Board appointed a new CEO, Andreas Nauen, with over 15 years' experience in the wind industry, ten at CEO level, and a management team has been assembled that has extensive professional experience in this and other industries.

| | | | |
|--|--|--|---|
| <p>Andreas Nauen Siemens Gamesa CEO</p>  <p>MBA. Dipl. Engineer in Mechanics and Economics</p> <p>~ 15 years in the wind industry</p> <p>> 10 years proven record as CEO of wind businesses (incl. SGRE OF)</p> | <p>Lars Bondo Krogsgaard ON CEO – from November 1st</p>  <p>~ 20 years in the wind industry</p> | <p>Pierre Bauer OF CEO (acting)</p>  <p>~ 25 years of experience in different industries</p> | <p>Juan Gutiérrez SE CEO</p>  <p>~ 15 years in the power generation business (incl. wind)</p> |
| | <p>Beatriz Puente CFO – from December 1st</p>  <p>~ 20 years as financial manager</p> | <p>Christoph Wollny COO</p>  <p>> 25 years industrial experience</p> | <p>Jürgen Bartl General Secretary</p>  <p>~ 20 years as legal expert</p> |

The LEAP program, which is the core of the business plan, operates through three levers — innovation, productivity and asset management, and operational excellence — implemented in a sustainable way and using digitalization as an enabler and differentiator feature:

- Innovation aimed at achieving or maintaining technology leadership and developing innovative business models for the benefit of our customers.
- Productivity and asset management aimed at optimizing and managing cash flow.
- Operational excellence focused on strengthening processes and attaining industry-leading levels of quality and safety.



Within the innovation lever, the SG 5.X Onshore platform (SG 5.8-155/170), with over 1 GW in firm orders²⁸, has a key role to play in achieving the objectives in terms of both market share and profitability. With flexible capacity of up to 6.6 MW, it will offer our customers over 32% more annual energy production than its predecessor. Introduction of cost criteria into the product design made it possible to reduce weight using a compact drive train (the lightest in its class) and blades made of pultruded carbon and fiberglass, which, coupled with the turbine's higher productivity, optimize the cost of energy for the customer. Moreover, its modular flexible design and the option of segmented blades will facilitate transport and site access, construction and maintenance. Innovation in Offshore has enabled the company to make the first unsubsidized offshore wind farms possible using the SG 11.0-200 DD turbine, which will be installed in Vattenfall's HKZ I, II, III and IV wind farms. The path to cost of energy optimization continues with the last product unveiled, the new SG 14-222 DD turbine, that can reach up to 15 MW capacity with the Power Boost option and will increase annual energy production by up to 25% compared to the previous model. In the Service division, innovation will play a key role in developing business models that adapt to emerging conditions, more competitive, in the markets in which our customers operate, such as the revenue-based availability warranty.

In the area of productivity, the company will continue to build on the achievements of the L3AD2020 transformation program with the goal of achieving more than 5% improvement in third-party spend each year and maintaining strict control over fixed costs. In Onshore, productivity will be enhanced by optimizing in-house manufacturing operations to adapt to demand in terms of volume, product and cost, strengthening relations with key suppliers, including joint development of components, and maintaining a strategy that combines vertical integration with outsourcing for critical components. These measures include the closure of the Aoiz and Aalborg Onshore blade production plants and the Brande nacelles plant. In the Service business, digitalization and the use of data will drive the increase in productivity, with services and solutions such as the "Service Train" to cater for Offshore plants owned by different customers that are in close proximity, the "Digital Troubleshooter", or the assets integrity analysis using drones.

The operational excellence lever plays a very important role in the new business plan, particularly in Onshore. This lever is vital for achieving the business plan profitability objective. The measures that the company has adopted will enable it to resolve challenges like those encountered in executing the pipeline in Northern Europe in FY20, by avoiding material cost overruns. Actions being taken in this connection include:

- Establishment of an organization-wide common operational framework for project management (PM@SGRE) that includes measures such as bringing project execution teams on board from the outset so as to identify risks and opportunities in new businesses.
- Strengthening project managers' resources and capabilities and the process of approving subcontractors.

²⁸As of October 12, 2020.

- Implementing a common project management manual throughout the Group.

Moreover, the organization is pooling best practices and improving control over the order book following a full-scale review of risks and costs.

Apart from these levers, in order to improve Onshore performance, it is necessary to put returns before volume, with strict price control, and to reduce the operational risk profile by limiting the wind farm development business and strengthening EPC capabilities.

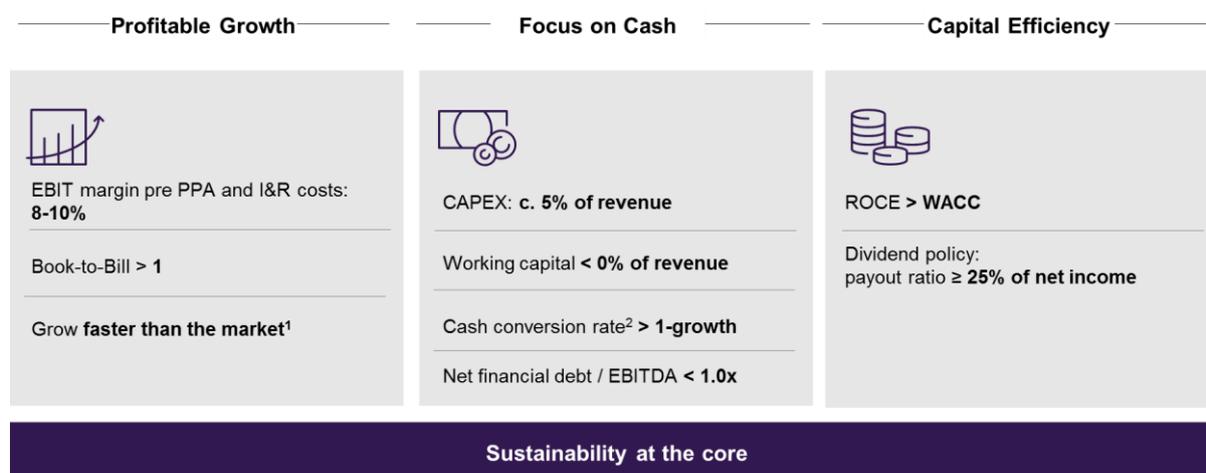
Financial framework and guidance for FY21 - FY23

The financial framework for the strategy to resume value creation for all the company's stakeholders is supported by three lines of action:

- Profitable growth through innovation, productivity and operational excellence. The goal of profitable growth is supported also by the natural development of the company's business, with growing exposure to the faster-growing, more profitable Offshore and Service areas. Executing LEAP coupled with the natural development of the company's businesses will enable the Group to grow faster than the market and achieve the vision of an EBIT margin pre PPA and before integration and restructuring costs of between 8% and 10%.
- Focus on cash with strict control of working capital and capital expenditure. Working capital performance is one of the company's major achievements in the FY18 - FY20 business plan, having trimmed working capital by over €1,700m. Maintaining an optimum working capital level will remain a target for the Group in the current plan, by optimizing payment and collection terms, the delivery cycle and inventory management. Related to investments, in the early years of the plan, in order to launch new Onshore and Offshore products, globalize Offshore opening new markets and expand the top line, capital expenditure will have to increase to more than 5% of revenues, but it is expected to fall back to that level by FY23. Capital expenditure is expected to reach around 6% of revenues in the first two years of the plan.

Combining the first two levers — profitable growth and a focus on cash management — will enable the company to deliver its commitment to regain free cash flow within the plan's time-scale.
- Efficiency in the use of capital based on the requirement that ROCE exceeds WACC, and an attractive dividend policy for shareholders.

All executed under criteria of sustainability.



1. In MW and EUR.
 2. Before Adwen-related payments; growth measured in terms of order intake volume (MW) growth.

Considering the expected performance of the markets in which the Group operates, the lines of action presented, and the financial criteria defined, the targets set by the Group for FY21 and FY23²⁹ are as follows:

- Revenue between €10,200m and €11,200m in FY21, and faster-than-market growth through FY23. The order book as of September 30, 2020 provides a 91%³⁰ revenue coverage for FY21. Revenue growth in FY21 includes the positive impact of executing part of the Onshore projects that were postponed in FY20 because of the pandemic. That impact will not exist in subsequent years, in which the Onshore market is expected to decrease until 2024. Offshore revenue will grow in the period in line with the expected growth in the market, with annual performance dependent on project execution and delivery plans.
- The EBIT margin pre PPA and before integration and restructuring costs will be between 3% and 5% in FY21, normalizing between 8% and 10% in FY23. FY21 margin guidance assumes no impact from potential factory closures or supply chain disruptions due to pandemic lockdown measures in FY21, but it does include operating conditions under the new normal, with strict health and safety conditions in manufacturing and services, continuing telework for office staff, and management of critical component stocks so as to avoid disruptions to manufacturing and project execution. Moreover, profitability in the first year of the plan reflects the still partial benefit of the Onshore restructuring.

The total integration and restructuring expenses estimated to be necessary to complete the FY21 - FY23 business plan may amount to up to €500m, mainly with a cash effect and concentrated in FY21 and FY22. Specifically, the company projects c. €300m in integration and restructuring expenses in FY21. That expense item is expected to be non-material by FY23.

In addition to the impact of integration and restructuring expenses, cash generation and the net debt/(cash) position at the end of the period will be impacted by the use of the Adwen provisions, estimated at a cumulative total of €250m over the period. An estimated €125m will be used in FY21.

The impact of the PPA on amortization of intangible assets is estimated at €250m in FY21.

²⁹These targets are given at constant currency and exclude charges related to legal and regulatory matters.

³⁰Revenue coverage calculated on the mid-point of the revenue guidance for FY21: €10,200m - €11,200m.

Conclusions

Fiscal year 2020 saw the completion of the FY18 - FY20 business plan, with achievements in the area of productivity and costs under the transformation program, with savings of over €2,000m accumulated over the three years; in the commercial area with a backlog of €30,248m as of September 30, 2020, i.e. 46% more than as of September 30, 2017; in financing, with liquidity of more than €4,700m, and an investment grade rating, and, in the area of sustainability, where the company attained a two-notch upgrade to an A rating from MSCI, among many other achievements. It was also an intense year for corporate activity and organizational changes, with the appointment of a new CEO, Andreas Nauen, and a new executive team, and the definition of a new business plan for FY21 - FY23 with the goal of resuming profitable growth, cash generation and value creation for all stakeholders.

However, financial performance in FY20 was marked by external events outside the company's control, such as the COVID-19 pandemic and the shrinkage of the Onshore market in India, and by internal events, such as the one-time cost overruns on executing five Onshore projects in Northern Europe. All these factors resulted in returns being negative but within the adjusted guidance announced in July 2020.

Revenues in the year amounted to €9,483m, -7% y/y, and revenues in Q4 20 amounted to €2,868m, -3% y/y, reflecting the impact of COVID-19 on project execution (particularly Onshore), the expected reduction in Offshore project volumes in FY20, and, on the positive side, the integration of the Service assets acquired in January. Negative currency effect also impacts FY20 revenues, especially during Q4 20: at constant currency revenues for FY20 would amount €9,657m.

EBIT pre PPA and before integration and restructuring costs was negative in FY20 in the amount of €233m, i.e. an EBIT margin of -2.5% on revenues, as a consequence of the aforementioned factors. Apart from those non-recurring factors, the impact of the price cuts is still being fully offset by the transformation process, whose results are in line with expectations for the fiscal year. In Q4 20, EBIT pre PPA and before I&R costs amounted to €31m, equivalent to 1.1% of revenues. The negative impact of the pandemic on EBIT was significantly reduced in Q4 20, to €31m. However, Q4 20 was affected by preventive and improvements actions on the SG 4.X gearbox, which had an impact of €69m in the form of reduced revenue recognition and increased provisions.

Reported EBIT in FY20, including the impact of PPA on the amortization of intangibles in the amount of €262m (€59m in Q4 20) and the impact of integration and restructuring expenses amounting to €462m (€110m in Q4 20), was -€958m (-€139m in Q4 20).

Despite the losses incurred in the year, the company had a solid balance sheet at year-end, with €49m in net debt, including €611m associated with capitalizing lease contracts under IFRS 16³¹, thanks to strong working capital performance, which stood at -€1,976m at year-end, i.e. -21% of revenues. This position was attained after the acquisition of service and manufacturing assets from Senvion. In addition to its solid balance sheet, Siemens Gamesa has a very sound liquidity position: c. €4,200m in funding lines, of which it has drawn c. €1,100m.

Despite the difficult market situation, which has been affected by the pandemic, Siemens Gamesa Renewable Energy ended fiscal 2020 with a record order book: €30,248m, +19% y/y. Moreover, 79% of the order book as of September 30, 2020 was in markets with a sound track record, returns in line with the company's long-term vision, and longer duration. This record backlog was achieved after signing €14,736m in orders in the last twelve months, +16% y/y, equivalent to a book-to-bill ratio of 1.6x times revenues in the period, and after integrating the service assets acquired from Senvion in January 2020. The €2,564m in orders signed in the fourth quarter (a book-to-bill ratio of 0.9x times revenues in the quarter) reflect a recovery in commercial activity in the Onshore market, strong commercial activity in Service, and the normal volatility in Offshore, in which practically no contracts were signed in the quarter.

In the current context, Siemens Gamesa continues to strengthen its commitment to sustainability. This was reflected in Q4 20 when it obtained an ESG rating of 4.5 out of 5 from FTSE Russell, having ranked prominently in the renewable energy equipment sector, and in the low ESG risk rating awarded by Sustainalytics, ranking 3 out of 166 companies in the electrical equipment sector.

³¹Net cash as of September 30, 2019: €863m, increase in debt due to implementation of IFRS 16 in FY20, as of September 30, 2020: €611m (€115m short term and €496m long term), net debt as of June 30, 2020: €49m.

Annex

Financial Statements October 2019 – September 2020

Profit and Loss Account

| €m | July - September 2019 | July - September 2020 | October 2018 - September 2019 | October 2019 - September 2020 |
|--|-----------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Revenue | 2,944 | 2,868 | 10,227 | 9,483 |
| Cost of sales | (2,653) | (2,787) | (9,279) | (9,593) |
| Gross Profit | 291 | 81 | 948 | (110) |
| Research and development expenses | (82) | (77) | (208) | (231) |
| Selling and general administrative expenses | (135) | (143) | (496) | (624) |
| Other operating income | 16 | 3 | 36 | 14 |
| Other operating expenses | (23) | (2) | (28) | (6) |
| Results of companies accounted for using the equity method | (1) | 1 | (1) | (3) |
| Interest income | 6 | 2 | 14 | 10 |
| Interest expense | (16) | (17) | (53) | (66) |
| Other financial income (expense), net | (4) | (1) | (22) | (2) |
| Income from continuing operations before income taxes | 52 | (152) | 190 | (1,019) |
| Income tax expenses | - | 40 | (49) | 100 |
| Income from continuing operations | 52 | (113) | 141 | (919) |
| Income from discontinued operations, net of income taxes | - | - | - | - |
| Non-controlling interests | - | - | (1) | 1 |
| Net income attributable to the shareholders of SGRE | 52 | (113) | 140 | (918) |

Balance Sheet

| €m | 09.30.2019 | 10.01.2019 (*) | 09.30.2020 |
|--|---------------|----------------|---------------|
| Assets: | | | |
| Cash and cash equivalents | 1,727 | 1,727 | 1,622 |
| Trade and other receivables | 1,287 | 1,287 | 1,141 |
| Other current financial assets | 275 | 275 | 212 |
| Trade receivables from related companies | 22 | 22 | 1 |
| Contract Assets | 2,056 | 2,056 | 1,538 |
| Inventories | 1,864 | 1,864 | 1,820 |
| Current income tax assets | 207 | 207 | 198 |
| Other current assets | 461 | 451 | 398 |
| Total current assets | 7,899 | 7,889 | 6,929 |
| Goodwill | 4,744 | 4,744 | 4,550 |
| Other intangible assets | 1,916 | 1,916 | 1,780 |
| Property, plant and equipment | 1,426 | 2,105 | 2,239 |
| Investments accounting for using the equity method | 71 | 71 | 66 |
| Other financial assets | 143 | 143 | 235 |
| Deferred tax assets | 401 | 401 | 529 |
| Other assets | 89 | 4 | 4 |
| Total non-current assets | 8,790 | 9,384 | 9,403 |
| Total assets | 16,689 | 17,273 | 16,332 |
| Liabilities and equity: | | | |
| Short-term debt and current maturities of long-term debt | 352 | 418 | 434 |
| Trade payables | 2,600 | 2,600 | 2,956 |
| Other current financial liabilities | 130 | 130 | 127 |
| Trade payables to related companies | 286 | 286 | 8 |
| Contract Liabilities | 2,840 | 2,840 | 3,148 |
| Current provisions | 762 | 762 | 723 |
| Current income tax liabilities | 201 | 201 | 177 |
| Other current liabilities | 798 | 798 | 761 |
| Total current liabilities | 7,968 | 8,034 | 8,335 |
| Long-term debt | 512 | 1,029 | 1,236 |
| Provisions for pensions and similar obligations | 15 | 15 | 20 |
| Deferred tax liabilities | 320 | 320 | 229 |
| Non-current provisions | 1,400 | 1,400 | 1,422 |
| Other financial liabilities | 170 | 170 | 126 |
| Other liabilities | 31 | 31 | 29 |
| Total non-current liabilities | 2,449 | 2,966 | 3,062 |
| Issued capital | 116 | 116 | 116 |
| Capital reserve | 5,932 | 5,932 | 5,932 |
| Retained earnings and other components of equity | 222 | 222 | (1,114) |
| Non-controlling interest | 3 | 3 | 1 |
| Total Equity | 6,273 | 6,273 | 4,935 |
| Total Liabilities & Equity | 16,689 | 17,273 | 16,332 |

(*) The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings "Other non-current assets" and "Other current assets", in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros.

Cash Flow Statement

| €m | July - September 2019 | July - September 2020 | October 2018 - September 2019 | October 2019 - September 2020 |
|--|-----------------------------|-----------------------------|--|--|
| Net Income before taxes | 52 | (152) | 190 | (1,019) |
| Amortization + PPA | 204 | 200 | 647 | 844 |
| Other P&L (*) | 19 | 1 | 17 | 11 |
| Working Capital cash flow effective change (***) | 1,006 | 365 | 341 | 995 |
| Charge of provisions (**) | 83 | 102 | 236 | 370 |
| Provision payments (**) | (68) | (94) | (344) | (351) |
| CAPEX | (181) | (249) | (498) | (601) |
| Adwen provision usage (**) | (62) | (37) | (180) | (140) |
| Tax payments | (22) | (29) | (191) | (172) |
| Acquisitions of businesses, net of cash acquired | - | - | - | (177) |
| Others | 23 | (64) | 30 | (88) |
| Cash flow for the period | 1,054 | 42 | 248 | (328) |
| Beginning cash / (net financial debt) | (191) | (90) | 615 | 280 |
| Ending cash / (net financial debt) | 863 | (49) | 863 | (49) |
| Variation in net financing cash flow | 1,054 | 42 | 248 | (328) |

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

(**) The line items "Charge of provisions", "Provision payments" and "Adwen provision usage" are included within the caption "Change in other assets and liabilities" of the consolidated Statement of Cash Flow.

(***) The line item "Working Capital cash flow effective change contains" mainly the following line items of the consolidated Statement of Cash Flow: "Inventories", "Contract assets", "Trade and other receivables", "Trade payables", "Contract liabilities" and "Change in other assets and liabilities" (excluding the abovementioned effect of provisions).

Key Balance Sheet Positions

| €m | 09.30.2019 | 10.01.2019 (*) | 09.30.2020 |
|-------------------------------|--------------|----------------|--------------|
| Property, plant and equipment | 1,426 | 2,105 | 2,239 |
| Goodwill & Intangibles | 6,660 | 6,660 | 6,330 |
| Working capital | (833) | (843) | (1,976) |
| Other, net (**) | 365 | 279 | 584 |
| Total | 7,618 | 8,201 | 7,177 |
| Net financial debt / (cash) | (863) | (280) | 49 |
| Provisions (***) | 2,177 | 2,177 | 2,165 |
| Equity | 6,273 | 6,273 | 4,935 |
| Other liabilities | 31 | 31 | 29 |
| Total | 7,618 | 8,201 | 7,177 |

(*) Comparable after the application of IFRS16.

(**) The caption "Other, net" contains the following line items of the consolidated balance sheet: "Other current financial assets", "Investments accounting for using the equity method", "Other financial assets", "Other assets", "Other current financial liabilities", "Other financial liabilities", "Current income tax assets", "Current income tax liabilities", "Deferred tax assets" and "Deferred tax liabilities".

(***) The caption "Provisions" contains the following line items of the consolidated balance sheet: "Current and non-current provisions", and "Post-employment benefits".

Note: Summarized balance sheet showing net positions mainly on the asset side.

Annex

Alternative Performance Measures

Siemens Gamesa Renewable Energy (SGRE) financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APMs). The APMs are considered to be adjusted magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE's Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE's financial disclosures that cannot be directly reconciled with the financial statements in accordance with EU-IFRS are as follows.

Net Financial Debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings (including any subsidized loans) less cash and cash equivalents.

Net financial debt is the main APM used by Siemens Gamesa Renewable Energy's management to measure the Group's indebtedness and leverage.

| €m | 09.30.2018 (*) | 12.31.2018 | 03.31.2019 | 06.30.2019 | 09.30.2019 |
|------------------------------------|----------------|------------|--------------|--------------|------------|
| Cash and cash equivalents | 2,429 | 2,125 | 1,353 | 954 | 1,727 |
| Short-term debt | (991) | (705) | (345) | (471) | (352) |
| Long-term debt | (823) | (1,255) | (1,126) | (674) | (512) |
| Cash / (Net Financial Debt) | 615 | 165 | (118) | (191) | 863 |

| €m | 10.01.2019 (**) | 12.31.2019 | 03.31.2020 | 06.30.2020 | 09.30.2020 |
|------------------------------------|-----------------|------------|--------------|-------------|-------------|
| Cash and cash equivalents | 1,727 | 1,661 | 1,421 | 1,695 | 1,622 |
| Short-term debt | (418) | (513) | (487) | (546) | (434) |
| Long-term debt | (1,029) | (974) | (1,229) | (1,239) | (1,236) |
| Cash / (Net Financial Debt) | 280 | 175 | (295) | (90) | (49) |

(*) 09.30.2018 comparable for IFRS 9. No modification exists in the Net Financial Debt calculation in either case.

(**) The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings "Other non-current assets" and "Other current assets", in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros.

Working capital (WC)

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.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy's management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

| €m | 09.30.2018 | 09.30.2018 | 12.31.2018 | 03.31.2019 | 06.30.2019 | 09.30.2019 |
|--|--------------|--------------|-------------|------------|------------|--------------|
| | Comp. (*) | | | | | |
| Trade and other receivables | 1,114 | 1,111 | 1,093 | 1,137 | 1,421 | 1,287 |
| Trade receivables from related companies | 28 | 28 | 42 | 35 | 39 | 22 |
| Contract assets | 1,572 | 1,569 | 2,033 | 1,771 | 1,952 | 2,056 |
| Inventories | 1,499 | 1,499 | 1,925 | 2,006 | 2,044 | 1,864 |
| Other current assets | 362 | 362 | 417 | 464 | 651 | 461 |
| Trade payables | (2,416) | (2,416) | (2,283) | (2,352) | (2,483) | (2,600) |
| Trade payables to related companies | (342) | (342) | (274) | (153) | (250) | (286) |
| Contract liabilities | (1,670) | (1,670) | (2,340) | (1,991) | (2,267) | (2,840) |
| Other current liabilities | (684) | (684) | (641) | (706) | (869) | (798) |
| Working Capital | (536) | (542) | (27) | 211 | 238 | (833) |

(*) Comparable after the application of IFRS9 starting October 1, 2018, affecting the Opening Balance Sheet of first quarter of FY19: the table above shows a decrease in line item "Trade and other receivables" of €3m and a decrease in line item "Contract assets" of €3m, with the corresponding effect (before taxes) in the Group's Equity that decreases €4.6m (including tax effect).

| €m | 10.01.2019 | 12.31.2019 | 03.31.2020 | 06.30.2020 | 09.30.2020 |
|--|--------------|--------------|--------------|----------------|----------------|
| | Comp. (*) | | | | |
| Trade and other receivables | 1,287 | 1,079 | 1,036 | 1,174 | 1,141 |
| Trade receivables from related companies | 22 | 29 | 37 | 37 | 1 |
| Contract assets | 2,056 | 1,801 | 1,808 | 1,715 | 1,538 |
| Inventories | 1,864 | 2,071 | 2,115 | 2,064 | 1,820 |
| Other current assets | 451 | 578 | 466 | 584 | 398 |
| Trade payables | (2,600) | (2,282) | (2,332) | (2,544) | (2,956) |
| Trade payables to related companies | (286) | (188) | (212) | (237) | (8) |
| Contract liabilities | (2,840) | (3,193) | (3,101) | (3,362) | (3,148) |
| Other current liabilities | (798) | (833) | (682) | (929) | (761) |
| Working Capital | (843) | (939) | (865) | (1,498) | (1,976) |

(*) The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings "Other non-current assets" and "Other current assets", in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros.

The ratio of working capital to revenue is calculated as working capital at a given date divided by the revenue in the twelve months prior to that date.

Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance CAPEX). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of a business combination (e.g. the merger of Siemens Wind Power and Gamesa). This APM does also not include additions to right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

| €m | Q4 19 | Q4 20 | 12M 19 | 12M 20 |
|--|--------------|--------------|--------------|--------------|
| Acquisition of intangible assets | (38) | (44) | (160) | (182) |
| Acquisition of Property, Plant and Equipment | (143) | (205) | (338) | (419) |
| CAPEX | (181) | (250) | (498) | (601) |

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|--|-------------|--------------|--------------|--------------|--------------|
| Acquisition of intangible assets | (42) | (42) | (54) | (44) | (182) |
| Acquisition of Property, Plant and Equipment | (50) | (67) | (97) | (205) | (419) |
| CAPEX | (92) | (109) | (151) | (249) | (601) |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|--|-------------|--------------|--------------|--------------|--------------|
| Acquisition of intangible assets | (31) | (44) | (46) | (38) | (160) |
| Acquisition of Property, Plant and Equipment | (50) | (64) | (81) | (143) | (338) |
| CAPEX | (81) | (108) | (127) | (181) | (498) |

Definitions of Cash Flow

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (CAPEX). SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adjusting the reported income for the period, for the ordinary non-cash items (mainly depreciation and amortization and provision charges).

| €m | 12M 19 | 12M 20 |
|---------------------------------------|------------|--------------|
| Net Income before taxes | 190 | (1,019) |
| Amortization + PPA | 647 | 844 |
| Other P&L (*) | 17 | 11 |
| Charge of provisions | 236 | 370 |
| Provision usage (without Adwen usage) | (344) | (351) |
| Tax payments | (191) | (172) |
| Gross Operating Cash Flow | 555 | (317) |

| €m | Q4 19 | Q4 20 |
|---------------------------------------|------------|-----------|
| Net Income before taxes | 52 | (152) |
| Amortization + PPA | 204 | 200 |
| Other P&L (*) | 19 | 1 |
| Charge of provisions | 83 | 102 |
| Provision usage (without Adwen usage) | (68) | (94) |
| Tax payments | (22) | (29) |
| Gross Operating Cash Flow | 268 | 27 |

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

Cash flow is calculated as the variation in Net financial debt (NFD) between two closure dates.

Average Selling Price in Order Intake, Onshore (ASP - Order Intake)

Average monetary order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by several factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

| | Q4 19 (*) | Q1 20 (*) | Q2 20 (*) | Q3 20 (*) | Q4 20 (*) |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Order Intake Onshore Wind (€m) | 2,238 | 1,611 | 1,289 | 872 | 1,698 |
| Order Intake Onshore Wind (MW) | 3,147 | 2,563 | 1,645 | 1,200 | 2,713 |
| ASP Order Intake Wind Onshore | 0.71 | 0.63 | 0.78 | 0.73 | 0.63 |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €2m in Q4 19, €0m in Q1 20, €61m in Q2 20, €0m in Q3 20 and Q4 20.

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

| | Q1 20 (*) | Q2 20 (*) | Q3 20 (*) | Q4 20 (*) | LTM Sep 20 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Order Intake Onshore Wind (€m) | 1,611 | 1,289 | 872 | 1,698 | 5,470 |
| Order Intake Onshore Wind (MW) | 2,563 | 1,645 | 1,200 | 2,713 | 8,121 |
| ASP Order Intake Wind Onshore | 0.63 | 0.78 | 0.73 | 0.63 | 0.67 |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €0m in Q1 20, €61m in Q2 20, €0m in Q3 20 and Q4 20.

| | Q1 19 (*) | Q2 19 (*) | Q3 19 (*) | Q4 19 (*) | LTM Sep 19 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Order Intake Onshore Wind (€m) | 1,793 | 1,167 | 1,695 | 2,238 | 6,893 |
| Order Intake Onshore Wind (MW) | 2,370 | 1,742 | 2,130 | 3,147 | 9,389 |
| ASP Order Intake Wind Onshore | 0.76 | 0.67 | 0.80 | 0.71 | 0.73 |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €6m in Q1 19, €33m in Q2 19, €1m in Q3 19 and €2m in Q4 19.

| | Q1 18 (*) | Q2 18 | Q3 18 (*) | Q4 18 | LTM Sep 18 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Order Intake Onshore Wind (€m) | 1,600 | 1,834 | 1,166 | 1,985 | 6,585 |
| Order Intake Onshore Wind (MW) | 2,208 | 2,464 | 1,660 | 2,631 | 8,962 |
| ASP Order Intake Wind Onshore | 0.72 | 0.74 | 0.70 | 0.75 | 0.73 |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €88m in Q1 18 and €9m in Q3 18.

Order Intake, Revenue and EBIT

Order Intake (in €) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|-----------------|-------|-------|-------|-------|------------|
| Group | 4,628 | 2,203 | 5,342 | 2,564 | 14,736 |
| Of which WTG ON | 1,611 | 1,350 | 872 | 1,698 | 5,531 |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|-----------------|-------|-------|-------|-------|------------|
| Group | 2,541 | 2,466 | 4,666 | 3,076 | 12,749 |
| Of which WTG ON | 1,799 | 1,200 | 1,695 | 2,240 | 6,934 |

Order Intake (in MW) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

Onshore:

| MW | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|---------|-------|-------|-------|-------|------------|
| Onshore | 2,563 | 1,645 | 1,200 | 2,713 | 8,121 |

| MW | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|---------|-------|-------|-------|-------|------------|
| Onshore | 2,370 | 1,742 | 2,130 | 3,147 | 9,389 |

Offshore:

| MW | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|-----------|--------------|--------------|--------------|--------------|-------------------|
| Offshore | 1,279 | - | 2,860 | - | 4,139 |

| MW | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|-----------|--------------|--------------|--------------|--------------|-------------------|
| Offshore | 12 | 464 | 1,528 | 72 | 2,076 |

Revenue LTM (Last Twelve Months) is calculated by aggregation of the quarterly revenues for the last four quarters.

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|--------------|--------------|--------------|--------------|--------------|-------------------|
| WTG | 1,634 | 1,808 | 1,947 | 2,325 | 7,715 |
| Service | 366 | 395 | 464 | 543 | 1,768 |
| TOTAL | 2,001 | 2,204 | 2,411 | 2,868 | 9,483 |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|--------------|--------------|--------------|--------------|--------------|-------------------|
| WTG | 1,904 | 2,060 | 2,242 | 2,527 | 8,733 |
| Service | 358 | 330 | 390 | 417 | 1,493 |
| TOTAL | 2,262 | 2,389 | 2,632 | 2,944 | 10,227 |

EBIT (Earnings Before Interest and Taxes): operating profit as 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 (Earnings Before Interest and Taxes) pre PPA and integration & restructuring costs: EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA).

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

| €m | 12M 19 | 12M 20 |
|---|------------|--------------|
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 190 | (1,019) |
| (-) Income from investments acc. for using the equity method, net | 1 | 3 |
| (-) Interest income | (14) | (10) |
| (-) Interest expenses | 53 | 66 |
| (-) Other financial income (expenses), net | 22 | 2 |
| EBIT | 253 | (958) |
| (-) Integration costs | 174 | 189 |
| (-) Restructuring costs | 32 | 273 |
| (-) PPA impact | 266 | 262 |
| EBIT pre-PPA and integration & restructuring costs | 725 | (233) |

| €m | Q4 19 | Q4 20 |
|---|------------|--------------|
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 52 | (152) |
| (-) Income from investments acc. for using the equity method, net | 1 | (1) |
| (-) Interest income | (6) | (2) |
| (-) Interest expenses | 16 | 17 |
| (-) Other financial income (expenses), net | 4 | 1 |
| EBIT | 67 | (139) |
| (-) Integration costs | 109 | 72 |
| (-) Restructuring costs | 7 | 38 |
| (-) PPA impact | 67 | 59 |
| EBIT pre-PPA and integration & restructuring costs | 250 | 31 |

EBIT margin: ratio of EBIT to Revenue in the period that is equal to the revenue figure in the consolidated Income Statement for the period.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

| €m | 12M 19 | 12M 20 |
|---|------------|--------------|
| EBIT | 253 | (958) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 647 | 844 |
| EBITDA | 899 | (113) |

| €m | Q4 19 | Q4 20 |
|---|------------|-----------|
| EBIT | 67 | (139) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 204 | 200 |
| EBITDA | 271 | 61 |

EBITDA LTM (Last Twelve Months) is calculated by aggregation of the quarterly EBITDA for the last four quarters.

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|---|-------------|-----------|--------------|-----------|--------------|
| EBIT | (229) | (118) | (472) | (139) | (958) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 172 | 182 | 290 | 200 | 844 |
| EBITDA | (57) | 63 | (181) | 61 | (113) |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|---|------------|------------|------------|------------|------------|
| EBIT | 40 | 90 | 56 | 67 | 253 |
| Amortization, depreciation and impairment of intangible assets and PP&E | 148 | 147 | 148 | 204 | 647 |
| EBITDA | 188 | 237 | 204 | 271 | 899 |

Net income and Net income per share (EPS)

Net income: consolidated profit for the year attributable to the parent company.

Net income per share (EPS): the result of dividing net income by the average number of shares outstanding in the period (excluding treasury shares).

| | Q4 19 | 12M 19 | Q4 20 | 12M 20 |
|-------------------------------------|-------------|-------------|---------------|---------------|
| Net Income (€m) | 52 | 140 | (113) | (918) |
| Number of shares (units) | 679,504,347 | 679,490,974 | 679,517,513 | 679,517,035 |
| Earnings Per Share (€/share) | 0.08 | 0.21 | (0.17) | (1.35) |

Other indicators

Revenue coverage: the revenue coverage ratio expresses the degree of achieving the revenue volume targets set by the company for a given year. It is calculated as the revenue booked until one period (including the activity/revenue expected for the rest of the year) divided by the activity/revenue guidance for that year.

| €m | 09.30.2018 | 06.30.2019 | 09.30.2019 | 06.30.2020 (*) |
|--------------------------------------|------------|------------|------------|----------------|
| Actual revenue in year N (1) | - | 7,283 | - | 6,615 |
| Order Backlog for delivery in FY (2) | 8,408 | 2,973 | 9,360 | 3,145 |
| Average revenue guidance for FY (3) | 10,500 | 10,500 | 10,400 | 9,750 |
| Revenue Coverage ([1+2]/3) | 80% | 98% | 90% | 100% |

(*) Midpoint of range from €9.5bn to €10.0bn.

| €m | 09.30.2020 |
|---|------------|
| Order Backlog for delivery in FY21 (1) | 9,728 |
| Average revenue guidance for FY21 (2) (*) | 10,700 |
| Revenue Coverage (1/2) | 91% |

(*) Midpoint of range from €10.2bn to €11.2bn.

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

Book-to-Bill LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly Revenues and Order Intakes for the last four quarters.

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|---------------------|------------|------------|------------|------------|------------|
| Order Intake | 4,628 | 2,203 | 5,342 | 2,564 | 14,736 |
| Revenue | 2,001 | 2,204 | 2,411 | 2,868 | 9,483 |
| Book-to-Bill | 2.3 | 1.0 | 2.2 | 0.9 | 1.6 |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|---------------------|------------|------------|------------|------------|------------|
| Order Intake | 2,541 | 2,466 | 4,666 | 3,076 | 12,749 |
| Revenue | 2,262 | 2,389 | 2,632 | 2,944 | 10,227 |
| Book-to-Bill | 1.1 | 1.0 | 1.8 | 1.0 | 1.2 |

Reinvestment Rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value). According to the definition of CAPEX, the amount of amortization, depreciation and impairments does not include the amortization, depreciation and impairments of right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|---|------------|------------|------------|------------|---------------|
| CAPEX (1) | 92 | 109 | 151 | 249 | 601 |
| Amortization depreciation & impairments (a) | 172 | 182 | 290 | 200 | 844 |
| Amortization, depreciation & impairments of right of use assets (IFRS 16) (b) | 25 | 27 | 33 | 28 | 114 |
| PPA Amortization on Intangibles (c) | 66 | 69 | 68 | 59 | 262 |
| Depreciation & Amortization (excl. PPA) (2=a-b-c) | 81 | 86 | 189 | 112 | 468 |
| Reinvestment rate (1/2) | 1.1 | 1.3 | 0.8 | 2.2 | 1.3 |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|---|------------|------------|------------|------------|---------------|
| CAPEX (1) | 81 | 108 | 127 | 181 | 498 |
| Amortization depreciation & impairments (a) | 148 | 147 | 148 | 204 | 647 |
| PPA Amortization on Intangibles (b) | 66 | 66 | 67 | 67 | 266 |
| Depreciation & Amortization (excl. PPA) (2=a-b) | 82 | 80 | 81 | 137 | 381 |
| Reinvestment rate (1/2) | 1.0 | 1.4 | 1.6 | 1.3 | 1.3 |

Gross Profit: the difference between revenue and cost of sales, according to the consolidated statements of profit and loss.

Gross Profit (pre PPA, I&R costs): Gross Profit excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the PPA (purchase price allocation). The result of dividing this indicator by the sales of the period, which are equal to the revenue figure in the consolidated Income Statement for the period, is denominated Gross Margin pre PPA, I&R costs, and it is expressed as a percentage.

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted

| €m | 12M 19 | 12M 20 |
|--|--------------|------------|
| Gross Profit | 948 | (110) |
| PPA amortization on intangibles | 174 | 177 |
| Integration costs | 105 | 133 |
| Restructuring costs | 24 | 180 |
| Gross Profit (pre PPA, I&R costs) | 1,252 | 381 |

| €m | Q4 19 | Q4 20 |
|--|------------|------------|
| Gross Profit | 291 | 81 |
| PPA amortization on intangibles | 43 | 45 |
| Integration costs | 62 | 49 |
| Restructuring costs | 5 | 33 |
| Gross Profit (pre PPA, I&R costs) | 401 | 207 |

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

| €m | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|--|----------|------------|-------------|------------|------------|
| Gross Profit | (57) | 63 | (196) | 81 | (110) |
| PPA amortization on intangibles | 42 | 45 | 45 | 45 | 177 |
| Integration costs | 15 | 28 | 41 | 49 | 133 |
| Restructuring costs | 6 | 42 | 100 | 33 | 180 |
| Gross Profit (pre PPA, I&R costs) | 7 | 177 | (10) | 207 | 381 |

| €m | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|--|------------|------------|------------|------------|--------------|
| Gross Profit | 200 | 237 | 220 | 291 | 948 |
| PPA amortization on intangibles | 44 | 44 | 44 | 43 | 174 |
| Integration costs | 5 | 8 | 30 | 62 | 105 |
| Restructuring costs | 17 | 1 | 2 | 5 | 24 |
| Gross Profit (pre PPA, I&R costs) | 266 | 289 | 296 | 401 | 1,252 |

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

| MWe | Q1 20 | Q2 20 | Q3 20 | Q4 20 | LTM Sep 20 |
|---------|-------|-------|-------|-------|------------|
| Onshore | 1,747 | 1,649 | 1,876 | 2,433 | 7,704 |

| MWe | Q1 19 | Q2 19 | Q3 19 | Q4 19 | LTM Sep 19 |
|---------|-------|-------|-------|-------|------------|
| Onshore | 1,520 | 1,707 | 1,699 | 2,009 | 6,936 |

Cost of energy (LCOE/COE): the cost of converting an energy source, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking in account all costs incurred during asset's life cycle (including construction, financing, fuel, operation and maintenance, taxes and incentives) divided by the total output expected from the asset during its useful life.

Note that due to rounding, numbers presented in this document may not add up exactly to the totals shown and percentages may not exactly replicate the absolute figures presented.

Glossary & Definitions for Alternative Performance Measures

The definition and conciliation of the alternative performance measures (APMs) that are included in this presentation are disclosed in the Activity Report document associated to these and previous results. This glossary contains a summary of terms and APMs used in this report but does not replace the aforementioned definitions and conciliations.

AEP: annual energy production.

ASP in Order Intake: average monetary order intake collected by WTG division per unit booked (measured in MW). It excludes the value and volume of solar orders from the calculation.

Book & Bill: amount of orders (in EUR) to be booked and fulfilled in a set period of time to generate revenue without material lead time ("in for out" orders in set period of time).

Book-to-Bill ratio: order intake (in EUR) to activity/sales (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in sales 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).

CAGR: Compound annual growth rate.

COD: Commercial operation date.

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

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted

EBITDA: It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital, capital expenditure (CAPEX), payments related to Adwen provisions and others mainly FX conversion impacts. SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adding, to reported income for the period, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates.

IP: Intellectual Property.

LTM: last twelve months.

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing activity in terms of work in progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

Net Financial Debt (NFD): is defined as long-term and short-term financial debt less cash and cash equivalents.

Reinvestment rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value).

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.