SIEMENS Gamesa
RENEWABLE ENERGY

6 November 2018

October-September 2018 Results

L3AD2020 ENDS ITS FIRST YEAR HAVING ACHIEVED ALL ITS OBJECTIVES

Siemens Gamesa Renewable Energy[1] completed its first full year with financial performance in line with the guidance for FY 18 (fiscal year 2018) and having achieved all the milestones set out for this year in the L3AD2020 programme.

The return to growth is assured by a significant recovery in commercial activity in Onshore, while intense activity in Offshore and Service continues. The result was an order intake of €11,872m, 9%[2] more than in FY 17 and equivalent to a Book-to-Bill ratio of 1.3[3] times revenue. This strong order intake enabled the company to start the new fiscal year with a backlog of €22,801m, 10% more than at end-September 2017, having achieved an 80% coverage[4] of the revenue guidance for FY 19, fifteen percentage points more than at the beginning of FY 18.

Group revenue amounted to €9,122m in FY 18, with EBIT pre PPA and integration and restructuring costs amounting to €693m, i.e. an EBIT pre PPA and integration and restructuring costs of 7.6%. Revenues resumed growth in the fourth quarter to reach €2,619m, 12% YoY, with EBIT pre PPA and integration and restructuring costs amounting to 215 M€, i.e. an EBIT pre PPA and integration and restructuring costs of 8.2%. The net cash position on the balance sheet also recovered in the fourth quarter, to €615m, €238m more than at the beginning of the year, and working capital reached a negative amount of €536m, equivalent to -5.9% of revenue. During FY 18, the company arranged a multicurrency revolving credit line and a loan for a total of €2,500m strengthening its long-term funding structure.

In addition to regular business operations, FY 18 was a year of intense corporate activity linked to the post-merger integration, which was completed on schedule in September, and also to the launch of the L3AD2020 programme. The programme's goal is to position the company as undisputed leader of the renewable energy industry by means of four strategic levers: growth, transformation, digitalisation, and change management. During the first quarter, attention focused on the product area. Key decisions were adopted, such as the "one technology, one segment" strategy and the simplification of the product portfolio, and the company began

[1] Siemens 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 activity) and provides operation and maintenance services (Service activity).
[2] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.
[3] Book-to-Bill (MW or €): order intake in MW/€ divided by activity in MWe or revenue in € (applicable at group, business unit and segment level).
[4] Revenue coverage: total firm orders (€) at end of September 2018 for activity in FY 19 / average of revenue guidance range published for FY 19 (€10,000m-€11,000m).

commercialising wind turbine generators with 20% higher AEP[5]: SG 4.X platform (Onshore) and SG 8.0-167 DD (Offshore), and expanded the range of value-added services such as thee extension of useful life and retrofits to increase AEP, in the multi-technology segment. The L3AD2020 programme and the financial targets for FY 18 - FY 20 were presented to the market in the second quarter: faster-than-market growth, 8-10% operating profitability pre PPA and integration and restructuring costs and positive cash flow during the plan period, all with the goal of attaining 8-10% ROCE and distributing 25% of reported net profit as dividends each year. In the third and fourth quarters, the group focused on implementing the productivity measures and synergies to which it was committed in the year while continuing to work on measures for the next two years, and on improving the product portfolio. In Offshore, Siemens Gamesa Renewable Energy adapted the SG 8.0-167 DD wind turbine to the US and Taiwan markets by incorporating standards for hurricanes and earthquakes, operation at 60 Hz, and at high and low temperatures.

Finally, in October 2018 a new organisational structure was announced in the framework of L3AD2020 with the objective of increasing the focus on cost optimisation, to which end a Chief Operating Officer (COO) was appointed. Additionally, Miguel Ángel López was appointed as chairman and David Mesonero as Chief Financial Officer (CFO).

Main consolidated figures for 2018

- **Revenue:** €9,122m (-17% YoY)
- **EBIT pre PPA and restructuring and integration costs[6]**: €693m (-11% YoY)
- **Net profit pre PPA and restructuring and integration costs[7]:** €417m
- **Net profit:** €70m
- **(Net financial debt) (NFD)/Net cash[8]:** €615m
- **MWe sold:** 8,373 MWe (-5% YoY)
- **Firm order intake:** 11,234 MW (+39.5% YoY)

[5] AEP: Annual Energy Production.

[6] EBIT pre PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of €176m and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €306m.

[7] Net profit pre PPA and integration and restructuring costs excludes €347m of total integration and restructuring costs and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation), net of taxes.

[8] Cash / (Net financial debt) is defined as cash and cash equivalent less long-term and short-term financial debt.

MARKETS AND ORDERS

Strong commercial activity was one of the main features of FY 18 enabling it to end the financial year with 9% year-on-year growth in order intake[9], **worth a total of €11,872m,** equivalent to a book-to-bill ratio of 1.3[10] times.

This strong performance **boosted the group's order backlog at end-September 2018 to €22,801m, 10% more than the figure at end-September 2017 (€20,688m).** Forty-seven percent of the order book (€10,780m) was in Service, which has higher profitability and expanded by c.9% year-on-year. The WTG order book is split between €6,918m in Offshore (-4.5% YoY) and €5,102m in Onshore (+43% YoY).

The distribution of order intake for the next years enabled the group to **start FY 19 with a** revenue **coverage of 80%** of the average point of the committed range of €10,000m-€11,000m, fifteen percentage points above the coverage at the beginning of FY 18 for FY 18 revenue.

Order Intake (€m)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
WTG	2,059	2,997	1,048	2,362	2,313	2,367	2,704	2,093
Onshore	1,491	1,460	680	1,498	1,688	1,834	1,175	1,985
Offshore	568	1,537	367	863	625	533	1,529	108
Service	656	1,016	350	429	599	676	588	531
Total Group	**2,715**	**4,013**	**1,398**	**2,791**	**2,912**	**3,043**	**3,292**	**2,625**

Note: Data for the pre-merger period (Q1 17 and Q2 17) are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in monetary terms includes all firm orders received in the period. Solar orders are counted in WTG Onshore (€88m in Q1 18 and €9m in Q3 18).

The recovery in the **Onshore market** was the first lever driving growth in the group's order intake, contributing **€6,682m, 30% more than in FY 17[9]** and equivalent to 56% of total orders signed in the year. **In volume (MW) terms, a total of 9 GW was signed, 42% more than in FY 17[9]**. In addition to the company's strong competitive position, which was reinforced by the merger and the launch of the new product portfolio**, the reactivation of major wind markets such as Brazil, Spain, India and South Africa played a significant role in the order intake recovery**.

Brazil's political and macroeconomic situation in 2015-2016 resulted in a reduction in demand for electricity and, consequently, in capacity auctions, accompanied by a low level of commercial activity there. This situation was transformed in the third quarter of 2018 with the arrival of the largest contract signed to date in Brazil: 471 MW (136 units of the SG 3.4-132) distributed over 15 wind farms for Neoenergía, a subsidiary of Iberdrola. This contract cements Siemens Gamesa's leading position in Brazil, where it is the second-largest manufacturer, with a 24% market share[11].

In **Spain**, the global financial and economic crisis that began in 2007/8 put an end to the subsidies for renewables and led to a period, from 2012 onwards, in which the volume of new wind installations was negligible. This situation concluded with the auctions of 2016 and 2017 needed to fulfil the 2020

[9] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro-forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.
[10] Book-to-Bill (MW or €): order intake in MW/€ divided by activity in MWe or sales in € (applicable at group, business unit and segment level).
[11] Source: MAKE.

objective that Spain made to the European Union, in which 4,500 MW of wind capacity and 3,000 MW of solar capacity were adjudicated. In this new environment, Siemens Gamesa Renewable Energy signed over 900 MW for 25 wind farms in FY 18. Accordingly, the group has achieved over 1 GW of orders since the auction system was implemented in 2016. Most of the orders in Spain are for the company's two most leading and efficient machines: the SG 3.4-132 and the SG 2.6-114.

In **India**, the introduction of auctions in February 2017 led to a hiatus in the market after the temporary suspension of projects pending execution that had been awarded under the previous subsidy system. It was necessary to wait until the end of 2017 for demand to revive, driven by the resumption of the projects that were suspended and normalisation of the new auction regime. Since February 2017, India has adjudicated 7,200 MW of wind capacity through central auctions (SECI[12] I to V), c.1,500 MW in state auctions (Gujarat, Tamil Nadu and Maharashtra) and 1,200 MW auctioned by the state-owned electricity company NTPC.

Auction	Date	Auctioned volume	Awarded capacity	Average winning price (INR/MWh)
SECI-I	May 17	1,000	1,000	3.46
SECI-II	July 17	1,000	1,000	2.64
SECI-III	February 18	2,000	2,000	2.44
SECI-IV	April 18	2,000	2,000	2.51
SEI-V (old SECI VI)	August 18	1,200	1,200	2.76
Total SECI		**7,200**	**7,200**	
Gujarat	July 17	500	407	2.43
Tamil Nadu	August 17	500	450	3.42
Maharastra	February 18	500	500	2.85
Total state-driven		**1,500**	**1,357**	
NTPC	July 18	1,200	1,200	2.80

Against this backdrop of recovery, Siemens Gamesa Renewable Energy signed the largest-ever order in India: 300 MW for Sembcorp Green Infra, including maintenance of the wind farm for ten years, while a total volume of 1,521 MW was awarded during FY 18. The SG 114-2.1 and SG122-2.1 were the wind turbines in most demand. During the fourth quarter of FY 18, temporary limitations on the transmission network reduced interest in the allocation of additional auctioned volume and led to the cancellation of the fifth auction by the central authority (SECI V), which had been planned for July. It also led to a reduction of the planned volume for the sixth auction: from 2,500 MW to 1,200 MW (SECI VI, renamed as SECI V). It is important to note that, after meeting with the state-owned electric utilities company PGCIL[13], the central authority, SECI, published a plan to increase transmission capacity. Siemens Gamesa Renewable Energy expects a gradual normalisation of auction volumes in line with the requirements to fulfil the government's renewable objectives (60 GW of wind through 2022).

In **South Africa**, the freeze on signature of PPAs[14] under the last auctions, held in 2015, kept the market dormant until September 2017, when the amendments to the PPAs that had been initially allotted were confirmed, and April 2018, when the PPAs were finally signed. Following the

[12] SECI: Solar Energy Corporation of India is a company owned by the Ministry of New and Renewable Energy that is entrusted with enabling the government to fulfil its renewable commitments.
[13] PGCIL: Power Grid Corporation of India.
[14] PPA: Power Purchase Agreement.

reactivation, Siemens Gamesa Renewable Energy signed 251 MW of orders for the Kangnas (140 MW) and Perdekraal East (110 MW) wind farms, to be installed in 2018-2020. During July and August 2018, the energy ministry published a draft of the Comprehensive Resource Plan (IRP) that sets new targets for renewable energy, including 8.1 GW of additional wind capacity by 2030.

During FY 18, EMEA accounted for 39% of total Onshore orders (3,514 MW, 70% more than in FY 17) distributed in 16 countries and is the region that contributed most to growth, driven by Spain and Scandinavia (10% of volume each). Apart from Spain (918 MW) and Norway (532 MW), the Scandinavian country with the largest volume, other notable countries are Ireland (268 MW), Turkey (292 MW), Egypt (263 MW) and South Africa (251 MW).

By country, United States and India with 26% (2,371 MW) and 17% (1,521 MW) of the total order intake volume respectively, continue to be the most important Onshore markets, by size, for the company. This relevance is linked to the role that both countries play in the Onshore wind industry. Excluding China, United States is the market with the largest expected yearly Onshore installations in the period 2018-2020. During this period the United States market is expected to contribute 28% of the total installed volume[15]. India, on the other hand, appears as the second market by size in the next three years with an expected contribution of 12%[15].

Order intake WTG ON (MW)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
EMEA	553	509	316	678	639	918	910	1,047
America	764	510	265	885	655	699	737	1,191
APAC	545	580	112	603	914	847	12	393
Total WTG ON	**1,862**	**1,599**	**693**	**2,167**	**2,208**	**2,464**	**1,660**	**2,631**

Note: Data for the pre-merger period are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in MW includes only firm wind orders received in the period.

In the fourth quarter of FY 18, **Onshore order intake** increased by 21% YoY and 59% QoQ to **2,631 MW**, driven by strong performance in EMEA and the Americas and by the shift of orders from previous quarters. The main contributors to order intake in the fourth quarter of FY 18 were the US (1,028 MW), India (357 MW), Sweden (317 MW), Norway (238 MW), Spain (233 MW), and Brazil (163 MW). Additionally, the first contract in Russia — 26 units of the SG 3.4-132 (90 MW) for Enel — was signed in the fourth quarter of FY 18.

The strong Onshore commercial activity during FY 18, which reflects the growth of worldwide installation volume and the reactivation of major markets, also reveals **the impact that the wind market's transition towards a totally competitive business model has had on wind turbine prices, which have fallen by 9% YoY in average selling prices[16].**

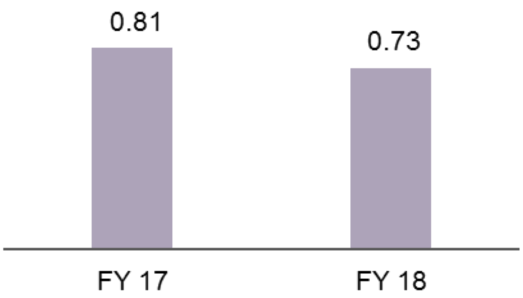
After the strong initial impact, the sequential evolution of the average price has stabilized during FY 18, in line with the company's expectations[17]. During the fourth quarter, the average selling price (€0.75m/MW) was impacted positively by the expansion of contracts signed in previous quarters and by the sale of wind farm developments.

[15] Source: MAKE Q3 Global Outlook. Country contribution to global installations excluding China.
[16] ASP (Average Selling Price) includes the impact of several components: WTG prices, product mix, geography mix, scope and FX among others.
[17] Price stabilisation is understood as a price reduction aligned with the productivity levels achieved historically by the industry, in a range of 3% to 5%.

€M	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Average selling price	0.80	0.91	0.98	0.69	0.72	0.74	0.70	0.75

Note: ASP excludes solar orders: 88 M€ in Q1 18 and 9 M€ in Q3 18.

Order intake WTG ON ASP (€M)



Note: ASP excludes solar orders: €88m in Q1 18 and €9m in Q3 18.

The commercial activity in the Offshore market was also very high during FY 18 with the signing of two large contracts for the SG 8.0-167 DD wind turbine:

- Contract for the largest Offshore wind farm to date: **Hornsea II in the United Kingdom (1,386 MW)[18] with Ørsted.**

- Contract for the supply to 3 Offshore wind farms for a total amount of **950 MW[19] with Vattenfall: Kriegers Flak, Vesterhav Nord and Vesterhav South.**

Additionally, the extension of the Formosa I wind farm (phase II) in Taiwan is signed: 120 MW.

Consequently, **volume totalled 2,272 MW at the end of FY 18**, 31% more than order intake in FY 17, for a total value of €2,795m. Order intake in the fourth quarter of FY 18, with extensions of pre-existing contracts amounting to €108m, reflects the normal volatility of the Offshore market.

In addition to the volume of firm orders, Siemens Gamesa Renewable Energy worked actively on developing new Offshore markets: France, Taiwan and the USA.

In France, Siemens Gamesa Renewable Energy obtained approval for the use of the SG 8.0-167 DD wind turbine to supply the Saint-Brieuc, Iles d'Yeu and Noirmoutier and Dieppe Le Tréport wind farms, instead of the AD8 model.

In Taiwan, the group focused on developing the supply chain, adapting products to the market, and boosting commercial action by opening a new office to address the Offshore market and signing of preferential supply agreements totalling 1.5 GW.

[18] Hornsea II (1,386 MW) booked in two tranches. Only the first tranche (1,248 MW) has been booked in FY 18 (Q3).
[19] Flex version upgrading nominal rating to 8.4 MW (orders are accounted for using the nominal rating of the WTG excl. Flex impact, or 8 MW per unit and a total of 904 MW).

- Within supply chain development, Siemens Gamesa Renewable Energy began the year by signing an agreement with the state-owned company Taiwan International Ports Corporation to study the possibilities of adapting the port of Taichung and establishing a production centre, offices and a component handling area. This agreement was followed during the second quarter of FY 18 by a memorandum of understanding with the Yeong Guan Energy technology group to analyse the implementation of casting, machining and painting facilities in the port of Taichung. During the third quarter, the company began to work with TIWTC[20] to design training programmes and, in the fourth quarter of the year, supply chain development activities were completed with the signature of 10 memoranda of intent with four local suppliers and several global suppliers for the development of local machining solutions, control systems and coolers, among others.

- Siemens Gamesa Renewable Energy adapted its SG 8-167 DD wind turbine for operation in the Asia Pacific markets, including Taiwan: fulfilment of local codes and standards for typhoons and earthquakes, operation at 60 Hz, and adaption to operate at high and low temperatures.

- Within the commercial area, two preferential supply agreements were signed representing a combined volume of 1.5 GW. The first is an exclusive agreement with wpd to supply the Yunlin wind farm (80 units of the SG 8.0-167 DD). The second is a preferential supply agreement with Ørsted to supply the Greater Changhua wind farm (112 units of SG 8.0-167 DD).

In the USA, the company also adapted its SG 8.0-167 product to market standards with operations at 60 Hz, high and low temperatures and standards for hurricanes and earthquakes.

In China, Siemens Gamesa Renewable Energy extended its agreement with the multinational company Shanghai Electric for the 4.0 MW, 6.0 MW and 7.0 MW technologies to cover the 8 MW wind turbine. Under this agreement, the two companies have installed 1,200 MW Offshore in China. In accordance with the agreement, Shanghai Electric, China's leading Offshore wind company, will manufacture, sell and install the SG 8 MW DD turbine in Offshore projects in Chinese waters.

In the Services area, the company signed **contracts worth 2,395 M€ in FY 18, ending the quarter with an order backlog of €10,780m, 9% more than at September 2017** and accounting for 47% of the company's total backlog. The Service backlog has grown steadily in parallel with the strong order intake for turbines. This is reflected in the **fourth quarter with €531m in order intake, 24% more than in the fourth quarter of FY 17.**

[20] TIWTC: Taiwan International Windpower Training Corporation

KEY FINANCIAL PERFORMANCE METRICS

The table below shows the main financial indicators for FY 17 and FY 18 and the for the July to September 2018 quarter. The year-on-year variation in performance in the full year is based on pro-forma numbers for 2017 (the figures for the first half of the year, before the merger, are the sum of the figures reported individually by Gamesa and Siemens Wind Power, plus Adwen, which is fully consolidated). The comparable EBIT numbers for 2017 include standalone, consolidation scope and normalisation adjustments for Siemens Wind Power for October-March 2017.

€m	FY 17	FY 18	Var. %	Jul-Sep 18	Var. %
Group revenue	10,964	9,122	-17%	2,619	12%
WTG	9,766	7,847	-20%	2,207	10%
Service	1,198	1,275	6%	411	28%
WTG volume (MWe)	8,831	8,373	-5%	2,409	46%
Onshore	7,252	6,677	-8%	1,926	39%
Offshore	1,579	1,696	7%	483	82%
Gross profit (pre PPA, I&R)	1,308	1,233	-6%	348	555%
Gross profit margin (pre PPA, I&R)	11.9%	13.5%	1.6 p.p.	13.3%	11.0 p.p.
EBIT pre PPA, I&R costs	774	693	-11%	215	NA
EBIT margin pre PPA, I&R costs	7.1%	7.6%	0.5 p.p.	8.2%	9.0 p.p.
WTG EBIT margin pre PPA, I&R costs	5.7%	5.0%	-0.7 p.p.	4.9%	8.8 p.p.
Service margin pre PPA, I&R costs	18.5%	23.6%	5.1 p.p.	25.8%	7.2 p.p.
PPA amortization	235	306	30%	66	-40%
Integration & restructuring costs	111	176	59%	76	13%
Reported EBIT	428	211	-51%	73	NA
Reported Net Income to SGRE shareholders		70	NA NA	25	NA
Net Income per share to SGRE shareholders		0.10	NA	0.04	NA

Note: Comparable data prior to the merger (April 3, 2017) have been calculated on a pro-forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.
Average number of shares outstanding in the fourth quarter of 2018 (EPS Q4 18): 679,492,185.
Average number of shares outstanding in FY 18: (EPS FY 18): 679,489,769.

The **group's financial performance in the fourth quarter of 2018 and in FY 18 is in line with the guidance for FY 18**: revenue amounted to €9,122m, i.e. within the guidance (€9,000m-€9,600m), and the EBIT margin pre PPA and integration and restructuring costs was 7.6%, in the middle of the guided range of 7-8%. Working capital ended the year at -€536m, i.e. €316m lower than at the end of FY 17, equivalent to -5.9% of group revenue, which is better than the projected range of between -3% and +3%, while CAPEX was €415m, below the guidance for the year (€500m) but in line with the projections of lower CAPEX that were made in the third quarter.

Revenue in the fourth quarter amounted to €2,619m, up 12% YoY, and it was the first quarter this year in which group's revenue growth is recovered. This recovery is due to strong growth in Onshore activity, which offsets the decline in wind turbine prices, to the high level of execution of Offshore projects and to the impact of value-added solutions on service revenue in the fourth quarter. Despite the high level of activity in all business areas, the fact that some project executions slipped beyond September explains why the figure was not in the expected average range for the annual revenue.

Widespread price pressure, especially in the Onshore market, **and the disruption of demand during the implementation of competitive auctions** in some of the company's main Onshore markets, such as India, resulting in a lower volume of Onshore activity during the first half of the year, were the main factors with a negative impact on the group's profitability during FY 18. However, these factors were **largely offset by the execution of the transformation programme within L3AD2020, which provided over €700m in recurring savings, including synergies**. As a result, the group reported **an EBIT margin pre PPA and integration and restructuring costs of 7.6%.**

Performance in the **fourth quarter, which ended with an EBIT margin pre PPA and integration and restructuring costs of 8.2%,** 9 percentage points more than in the fourth quarter of FY 17, was boosted by the higher level of activity, seasonal fluctuations in Offshore and service, and the cumulative impact of the transformation programme. The year-on-year comparison was favoured by the impact of the provision for inventory impairment in the fourth quarter of FY 17. Excluding that impact, the margin would have improved by 3 percentage points year-on-year.

The impact of the PPA on amortisation of intangible assets was €306m in FY 18 and €66m in the fourth quarter. Integration and restructuring costs amounted to €176m in the year, i.e. slightly above the initial projection of €160m, and to €76m in the fourth quarter.

Net financial expenses amounted to €43m in FY 18 and to €6m in the fourth quarter, while the tax expense amounted to €98m in FY 18 and to €38m in the fourth quarter. The tax expense was affected during FY 18 by the tax reform in the USA, which resulted in an adjustment of tax credits with negative impact of €38m (no cash effect in FY 18) and by tax assets that were not capitalised in accordance with the IFRS accounting standards.

As a result, the group ended with **net profit pre PPA and integration and restructuring costs amounting to €417m in FY 18 and €128m in the fourth quarter. Reported net profit**, which includes the impact of depreciation from the PPA and integration and restructuring expenses, both net of taxes, in the amount of €347m in FY 18 and €103m in the fourth quarter, **amounted to €70m in FY 18 and €25m in the fourth quarter, equivalent to €0.1 and €0.04 per share, respectively.**

WTG

€m	FY 17	FY 18	Var. %	Jul-Sep 18	Var. %
Revenue	9,766	7,847	-20%	2,207	10%
ON	6,563	4,876	-26%	1,349	12%
OF	3,203	2,971	-7%	858	7%
Volume (MWe)	8,831	8,373	-5%	2,409	46%
Onshore	7,252	6,677	-8%	1,926	39%
Offshore	1,579	1,696	7%	483	82%
EBIT pre PPA, I&R costs	553	393	-29%	109	NA
EBIT margin pre PPA, I&R costs	5.7%	5.0%	-0.7 p.p.	4.9%	8.8 p.p.

Note: Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro forma data.

The **WTG activity experienced a 20% reduction in revenue in the year to 7,847 M€.** Price pressure and greater volatility in volumes, both associated with the transition affecting the Onshore market towards a totally competitive business model, are the main reasons for the reduction in revenue. The WTG activity's revenue was also negatively affected by the exchange rate, the project mix, a slower pace of Onshore installations and a smaller Offshore scope.

The activity's EBIT pre PPA and integration and restructuring costs declined by 29% to 393 M€, equivalent to a 5.0% margin on revenue, i.e. 0.7 percentage points below the EBIT margin pre PPA and integration and restructuring costs in FY 17[21]. The lower volume of revenue and, in particular, lower prices were again the main reasons for this reduction, which was nevertheless offset by the results of the transformation programme (aimed at achieving €2,000m in productivity improvements and synergies at group level).

Volumes in Onshore rebounded significantly in the **fourth quarter** (+39% YoY), after an incipient recovery in the third quarter of FY 18, while Offshore activity volume surged (+ 82% YoY), as is habitual, enabling the division to **resume revenue growth for the first time since the merger**. As a result, the fourth quarter ended with **€2,207m in revenue, 10% above the last quarter of FY 17**. The higher volume of activity and, above all once again, the transformation programme (higher productivity plus synergies) also made it possible to offset price pressure and achieve **a margin of 4.9% on revenue, i.e. €109m in the quarter**. The 9-percentage point year-on-year increase in EBIT pre PPA and integration and restructuring costs was boosted by the provision for inventory impairment booked in the fourth quarter of FY 17 (€134m). Excluding that impact, the margin would have improved by 2 percentage points.

[21] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro forma data.

Operation and Maintenance Services

€m	FY 17	FY 18	Var. %	Jul-Sep 18	Var. %
Revenue	1,198	1,275	6%	411	28%
EBIT pre PPA, I&R costs	221	300	36%	106	NA
EBIT margin pre PPA, I&R costs	18.5%	23.6%	5.1 p.p.	25.8%	7.2 p.p.
Fleet under service (MW at YE)	55,173	56,725	3%	56,725	3%

Note: Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro forma data.

In the **Service activity, revenue increased by 6%** with respect to FY 17[22] **to €1,275m,** driven by growth of the fleet under maintenance, whose average increased by 7%.

The fleet under maintenance totalled 56.7 GW, 3% more than one year ago, as a result of 17% YoY expansion of the Offshore fleet under maintenance to 10 GW, whereas the Onshore fleet under maintenance was unchanged YoY. It is worth highlighting the increase of the fleet of third-party technology under maintenance, which stood at 2,561 MW at the end of FY 18.

Service EBIT pre PPA and integration and restructuring costs amounted to €300m, i.e. an EBIT margin pre PPA and integration and restructuring costs of 23.6%, 5.1 percentage points more than in FY 17[22], again as a result of cost optimisation achievements.

Siemens Gamesa Renewable Energy ended the year with -€536m in working capital, equivalent to -5.9% of LTM revenue, i.e. 316 M€ less than at the end of FY 17 and 3.9 percentage points lower as a percentage of revenue. The reduction in inventories, amounting to €597m in the last twelve months, was the main driver behind the improvement in working capital. Performance during the year, as working capital increased significantly during the first nine months of the year and declined sharply in the fourth quarter, reflects the seasonality of the projects, as billing milestones are concentrated in the fourth quarter of the year. The group is engaging in an asset management initiative to improve accounts payable and receivable as part of working capital.

The group regained a net cash position in the fourth quarter, amounting to €615m, €238m more than at the beginning of the year, including the application of €132m in provisions at Adwen**.** Cash generation in FY 18 was driven by gross operating cash flow (€554m), the improvement in working capital (€297m with cash impact) and strict control of capital expenditure (€415m).

[22] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro-forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.

UPDATE ON L3AD2020

In the transition currently being experienced by the wind industry, and particularly the Onshore market, which is characterized by strong price pressure and greater demand volatility, **Siemens Gamesa Renewable Energy launched its L3AD2020 programme**, presented to the market on 15 February**, with the objective of ensuring the company's leading position in the renewable energy sector**. The programme relies on: a lean business model, optimised cost of energy and digitalisation, and it seeks to achieve and maintain leadership through:

- **Above-market growth** in both physical and monetary terms.
- **Transformation**, pursuing a cost reduction of €2,000m by 2020, €1,600m in productivity improvements, and €400m in synergies. 65% of the cost savings will be achieved in the bill of materials, due to volumes, product design and procurement policies; the other 35% will be achieved through savings split evenly between general and operating expenses (optimisation of manufacturing capacity in terms of volume and location, excellence programmes, etc.).
- **Technology and digitalisation:** simplification of the product portfolio ("one segment, one technology") and digitalisation as key elements to improve the value-added proposition to customers and the group's financial performance.
- **Change management.**

The programme is structured in three stages: merger and stabilisation, leveraging economies of scale, and sustainable profitability. At the end of FY 18, **Siemens Gamesa Renewable Energy had completed the first stage and achieved all the planned milestones and targets.**

The strengthening of the company's competitive position after the merger, together with the recovery in certain wind markets, **enabled Siemens Gamesa Renewable Energy to regain growth** in commercial activity, with **order intake amounting to €11,872m in FY 18, 9% more than the pro-forma order intake figure for FY 17**. This strong order intake enabled the company to end FY 18 with a **backlog of €22,801m, 10% more than at end of September 2017**, having achieved an 80% coverage of the revenue guidance for 2019[23]. That high level of coverage, 15 percentage points more than at the beginning of FY 18, greatly increases the visibility of growth in FY 19.

The **transformation programme** completed its first year with recurring productivity improvements in the amount of **€700m including synergies amounting to €175m, equivalent to 2% of the group's revenue** in the year. Additionally, **one-time productivity improvements** amounting to €**100m** were achieved in specific projects. 65% of the cost improvements were achieved in the bill of materials, 20% in operations and the other 15% mainly in SG&A.

With regard to the bill of materials, procurement spend from third parties was reduced by 5%, the spend through electronic auctions has doubled and a strategic agreement was signed with Siemens AG to jointly negotiate the supply of certain indirect costs and achieve volume savings. In the next two years, sourcing from a single supplier is set to be reduced by 50%, coupled with an increase in the number of electronic auctions, plus further savings in procurement volumes via product engineering.

In the operations area, the restructuring of the Tillsonborg, Ølgod, Miranda and Stade facilities have been completed, and capacity has been expanded in lower cost countries such as Morocco and China. In the Service activity, the number of field visits to WTGs has been reduced while availability

[23] Revenue coverage: total firm orders (€) at end of September 2018 for activity in FY 19 / average of revenue guidance range published for FY 19 (€10,000m-€11,000m).

has increased. In the next two years, the company expects to continue optimising its manufacturing footprint, both Onshore and Offshore (Tangier and Cuxhaven), optimise the vertical integration model and continue to optimise field visits via digitisation.

The headcount has been reduced by over 4,000 in gross terms (2,300 in net terms), over 15 offices have been closed, and R&D spending has been optimised. Further improvement of both areas will continue in the coming years.

The technology and digitalisation area achieved major progress in its first year of operation. **During the first quarter of 2018, the company implemented a product strategy based on the principle of "one technology, one segment"**, on simplifying the current product portfolio and on launching the 4 MW platform, with AEP 20-30% higher than previous models. In Offshore, the company continues to optimise and adapt its SG 8.0-167 DD turbine. In 2018, the company adapted the model to the US and Taiwan markets by enabling it to operate at 60 Hz, and conforming to standards in connection with earthquakes, typhoons and hurricanes. It is important to note that simplifying the product portfolio and the "one segment, one technology" policy play a key role in the cost transformation. Whereas nine products accounted for around 50% of the group's Onshore order intake in FY 18, that percentage is expected to exceed 80% in FY 19.

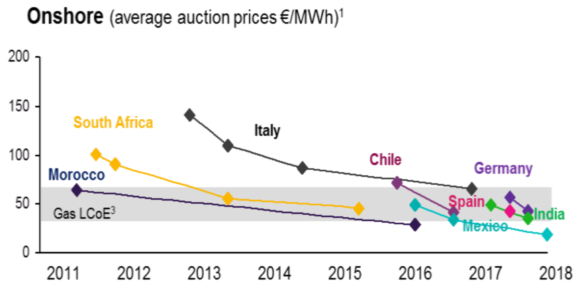
In the area of digitalisation, Siemens Gamesa Renewable Energy has the best foundation for leadership in the industry: a team dedicated to developing and implementing digital solutions, a partnership with NEM Solutions; two remote control centres with a global reach; and it is the first manufacturer to install remote diagnostic sensors on wind turbine generators. The digitalisation area operates on 4 fronts: turbine productivity (machine learning and Edge Computing), wind farm commissioning (intelligence, artificial vision and global positioning), manufacturing processes (augmented reality and Industry 4.0) and services (cloud computing and data analytics).

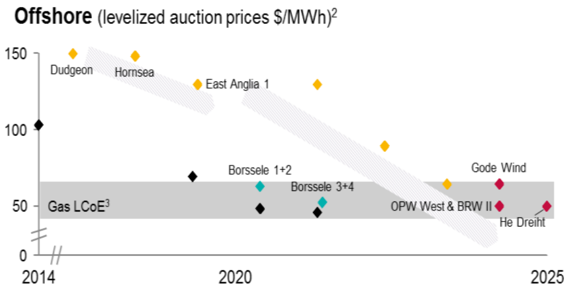
OUTLOOK

The transition towards fully competitive energy models continued in FY 18, having commenced in 2016 with the first auctions in Mexico and Spain and the approval of declining subsidies in the US. Although this transition brought temporary disruptions to demand in certain markets coupled with significant price pressure in WTGs in its first phase (2017-18), it nonetheless offers **great potential for wind power in the long term**.

That potential is supported mainly by wind's growing competitiveness, as reflected in auctions over the last year in which wind beat conventional fossil fuels in price (e.g.$19/MWh for wind in the Mexican auction), and **by governments' clear commitment to renewable energy**, as manifested in the Paris Agreement. In its latest report (2018), the United Nations Intergovernmental Panel on Climate Change (IPCC) warned of the urgent need to adopt unprecedented measures if we are to contain the increase in temperatures below 2 degrees Celsius, but it also indicated that the measures are possible and affordable in economic terms, and that they are included within the most ambitious scenarios of the Paris Agreement.

All these factors continue to drive growth in wind's contribution to the world's energy mix, from **7% in 2016 to 14% by 2040,** according to the International Energy Agency (*IEA WEO 2017- New Policies Scenario*), capturing $3.6 trillion in investment in 2017-40E according to BNEF's (Bloomberg New Energy Finance) new scenario in 2018.





1) IRENA and SGRE; 2) BNEF 2017; 3) BNEF

Within the steady flow of **commitments to renewable sources as well as new auctions, the following events were notable in FY 18:**

- **The European Union increased its target for renewables to 32% by 2030** (from 27%) with the possibility of an upward revision to this target in 2023. Additionally, it is now possible to adopt support schemes for renewable projects, and retroactive changes to projects that have received support are prohibited; the permit process has also been simplified. Member states have until 31 December 2019 to submit their national plans to achieve the target, which is binding. Other notable developments in the EU:
  - Denmark's decision to close its coal-fired power plants and increase its target for renewable electricity generation to 55% by 2020.
  - Austria plans to introduce legislation to achieve 100% renewable energy by 2030.
- Within Europe, **Switzerland has decided to phase out its nuclear capacity and increase renewable capacity** as part of its Energy Strategy 2050.
- **In Latin America, a new auction (A-6) was announced and adjudicated in Brazil.** A total of 27 GW of wind capacity was submitted, and 1,251 MW was awarded to 48 projects at an average price of 90.45 BRL/MWh. That is 34% higher than the price of A-4 auction (April 2018), in which 114 MW of wind projects were awarded. **Argentina has postponed its third renewable round (RenovAr 3) from October 2018 to the second quarter of calendar**

2019. Mexico presented its **national electricity plan for 2018-2032,** which envisages installing **67 GW of additional capacity, of which 55% will be from clean sources.**

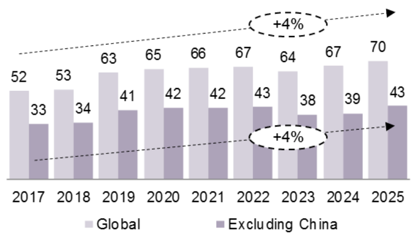
- After normalisation of the **South African** market with the signature of PPAs for the projects awarded in 2015, the Ministry of Energy has published the draft of the Integrated Resource Plan (IRP), which sets new targets for renewable energies, including 8.1 GW of additional wind capacity by 2030.
- **In the USA, California passed a law requiring that 100% of the electricity sold in the state have to be from renewable resource by 2045.**
- **Progressive closure of nuclear capacity and installation of 25 GW of renewable capacity and 10 GW of gas up to 2028 in Taiwan.**
- **India is holding its sixth auction (SECI VI, in place of the cancelled SECI V) for 1,200 MW of capacity.** Since the introduction of the auction system in India, the central government has carried out 5 auctions in which a total volume of 7,200 MW has been allocated, the governments of the states of Tamil Nadu, Gujarat and Maharastra have auctioned 1.5 GW, and NTPC, a central electric utility, has awarded 1,200 MW.
- **China has decided to introduce an auction system** to replace the current tariff mechanism **for large-scale wind projects.**

The commitments and auctions in the offshore market are significant, leading to an increased long-term potential compared to last year:

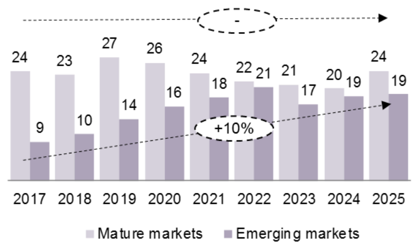
- **France decided** to reduce the prices of Offshore projects awarded during 2012-2014: from €180-200/MWh to €150/MWh, thereby enabling them to proceed.
- **In the US**, the Massachusetts state senate approved the installation of 5 GW of Offshore wind capacity by 2035 and published the outcome of the first auction (Vineyards): phase I of 400 MW at $74/MWh and phase II of 400 MW at $65/MWh, both with annual increases of 2.5% from 2022. New Jersey approved a target of 3.5 GW of Offshore wind capacity by 2030 and adopted a clean energy target (RES) of 21% by 2020, 35% by 2025 and 50% by 2030. New York has announced an auction for 800 MW with the goal of attaining 2.5 GW Offshore by 2030.
- **Taiwan** with a target of 5.5 GW in 2025 has awarded 3.8 GW of capacity during FY 18 to seven developers with start-up date between 2020 and 2025.
- **Turkey has announced an auction of 1.2 GW of Offshore capacity**, which is expected to be held in the second half of calendar 2018.
- The **Indian government is also considering an Offshore target of 30 GW for 2030**, with the first 1 GW open for proposals.

All these factors support the long-term potential and also **demand in the short term (2018-2025), in which there is the prospect of single-digit growth in Onshore and double-digit growth in Offshore**.

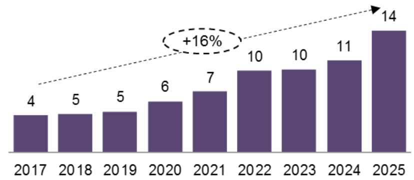
Global wind market installations (GW/year)[1]



Global wind market installations excl. China (GW/year)[1]



Global wind OF market installations (GW/year)[1]



% CAGR 2017-2025E

Source: MAKE Q3 18 Market Outlook

GUIDANCE FOR 2019

After completing the FY 18 with a fulfilment of all the objectives committed to the market, Siemens Gamesa presents its guidelines for FY 19. These guidelines consider, on the one hand, the high competitiveness of the market environment, especially Onshore, but also the solid performance of the L3AD2020 program during the first year of execution, which has allowed the company to largely offset the impact of competitive pressure on margins. In this context, and with the visibility provided by the order backlog, with coverage of an 80% over the average point of the proposed revenue range, 15 p.p. higher than the coverage with which FY 18 began, Siemens Gamesa expects to return to revenue growth during FY 19.

However, despite the top-line visibility, there are some headwinds in FY 19 and certain competitive features that reduce visibility as to EBIT pre PPA and I&R costs' performance: Onshore pricing that keeps going down, commodity price inflation, and volatility in many emerging markets that play a role in the growth of FY 19, etcetera....

The pricing level in the orders that are still pending to complete the coverage, market volatility, commodity price trends, and effectiveness and speed of the transformation program will determine the level of m that can be achieved at the end of the year.

€m	FY 18	FY 19
Revenue (in €m)	9,122	10,000-11,000
EBIT margin pre PPA and I&R costs (in %)	7.6%	7%-8.5%

The impact of the PPA this year is estimated at 250 M€, and restructuring and integration costs will amount to €130m. We also expect to achieve additional synergies equivalent to 1.2% of group revenue. The performance projected for this year reflects seasonal fluctuations, with rising revenue and EBIT pre PPA and integration and restructuring costs, and the second half of the year is projected to be much stronger than the first.

This guidance does not include charges for litigation or regulatory issues.

CONCLUSIONS

Siemens Gamesa Renewable Energy successfully completed its first full year having fulfilled all commitments made to the market for FY 18 and achieved the objectives and internal milestones set out in the L3AD2020 programme for the "merger and stabilisation" phase. The latter is what gives us the assurance that, despite the difficulty of the transition to competitive market models, the company will end the period in a clearly enhanced leading position in the renewable energy industry.

During FY 18, Siemens Gamesa Renewable Energy's commercial activity rebounded, with €11,872m in order intake, 9% more than the pro-forma order intake in the previous year. The surge in order intake was due to the recovery by the Onshore market, where order intake amounted to €6,682m, 30% more than the pro-forma figure for the previous year and accounting for 56% of the group's order intake. Strong commercial performance enabled Siemens Gamesa Renewable Energy to end FY 18 with a backlog of €22,801m, 10% more than at the beginning of the year, which covers an 80% of the company's guidance for FY 19 (€10,000m-€11,000m) and, consequently, offers greater visibility on the growth projections for the year.

In addition to sound commercial performance, Siemens Gamesa Renewable Energy ended the year with financial performance in line with the guidance for the year. Revenue in the year amounted to €9,122m, within the guidance range but affected slightly by slippage of projects to FY 19. EBIT pre PPA and integration and restructuring costs amounted to €693m, equivalent to an EBIT margin pre PPA and integration and restructuring costs of 7.6%, which was negatively impacted by widespread price pressure and lower volumes of WTG ON, both effects that were offset by the solid performance of the transformation programme, which achieved recurring productivity improvements, including synergies, in excess of €700m. The company ended the year with a net cash position of €615m, €238m more at the beginning of the year. The improvement in the net cash position is due to the generation of €554m in gross operating cash flow, the improvement in working capital to end the year at -€536m, equivalent to -5.9% of revenue, and controlled capital expenditure, which totalled €415m, i.e. below the guidance but in line with expectations.

In a market in transition and with a still very competitive environment, Siemens Gamesa Renewable Energy's commercial strength in FY 18 enables it to make a commitment to resuming top-line growth in FY 19: €10,000m to €11,000m. Because of the headwinds expected this year, including commodity price inflation and volatility in the emerging markets that play an important role in our business, the company is more prudent about profit margins before PPA and integration and restructuring costs, guiding to a margin of 7%-8.5%. Where we position ourselves will depend on how the competitive environment develops and how strong are the headwinds we encounter, but it will also depend on the execution of the transformation programme, whose overall target for productivity improvements within its horizon is €2,000m in cumulative terms.

ANNEX

Financial statements October 2017-September 2018
Siemens Gamesa Renewable Energy – Consolidated

Profit and Loss Account	
EUR in Million	**October 2017-September 2018**
Revenue	9,122
Cost of sales	-8,168
Gross Profit	**954**
Research and development expenses	-166
Selling and general administrative expenses	-567
Other operating income	18
Other operating expenses	-29
Results of companies accounted for using the equity method	0
Interest income	15
Interest expense	-55
Other financial income (expense), net	-3
Income from continuing operations before income taxes	**168**
Income tax expenses	-98
Income from continuing operations	**70**
Income from discontinued operations, net of income taxes	
Non-controlling interests	0
Net income to Siemens Gamesa Renewable Energy shareholders	**70**

SIEMENS Gamesa
RENEWABLE ENERGY

Balance sheet		
EUR in Million	30/09/2017*	30/09/2018
Assets:		
Cash and cash equivalents	1,659	2,429
Trade and other receivables	1,081	1.114
Other current financial assets	176	171
Trade receivables from related companies	62	28
Contract Assets	1,241	1,572
Inventories	2,096	1.499
Current income tax assets	188	173
Other current assets	342	362
Total current assets	**6,845**	**7,349**
Goodwill	4,689	4,558
Other intangible assets	2,259	2,022
Property, plant and equipment	1,520	1.443
Investments accounting for using the equity method	74	73
Other financial assets	246	240
Deferred tax assets	580	367
Other assets	109	101
Total non-current assets	**9,477**	**8,804**
Total assets	**16,322**	**16,153**
Liabilities and equity:		
Short-term debt and current maturities of long-term debt	797	991
Trade payables	2,265	2,416
Other current financial liabilities	96	104
Trade payables to related companies	364	342
Contract Liabilities	1,717	1,670
Current provisions	797	731
Current income tax liabilities	154	167
Other current liabilities	696	684
Total current liabilities	**6,886**	**7,104**
Long-term debt	485	823
Provisions for pensions and similar obligations	13	13
Deferred tax liabilities	684	364
Non-current provisions	1,951	1,702
Other financial liabilities	201	185
Other liabilities	17	31
Total non-current liabilities	**3,351**	**3,118**
Issued capital	116	116
Capital reserve	5,932	5,932
Retained earnings and other components of equity	34	-119
Non-controlling interest	3	2
Total Equity	**6,085**	**5,931**
Total Liabilities & Equity	**16,322**	**16,153**

*) Comparable for IFRS15 and Opening Balance Sheet (PPA adjustments)

Cash flow Statement	
EUR in Million	October 2017-September 2018
Net Income before taxes	168
Amortization + PPA	645
Other P&L	17
Working Capital variation	297
Charge of provisions	267
Provision used	-441
Adwen provision usage	-132
Tax payments	-103
CAPEX	-415
Others	-66
Cash flow for the period	**238**
Beginning cash / (net financial debt)	377
Ending cash / (net financial debt)	615
Variation in net financing cash flow	**238**

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 (APM). The APM 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 them are as follows:

1. Net financial debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings 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					
Financial Statements line item	**30.09.2017 (Reported Q4 17)**	**30.09.2017 (Reported Q1 18)**	**30.09.2017 (Reported Q2 18)**	**30.09.2017 (compara-ble)***	**31.12.2017 (Reported Q1 18)**	**31.12.2017 (Reported Q2 18)**
Cash and cash equivalents	1,659	1,659	1,659	**1,659**	1,878	1,878
Short-term debt	(797)	(797)	(797)	**(797)**	(1,082)	(1,082)
Long-term debt	(485)	(485)	(485)	**(485)**	(455)	(455)
Cash/(Net Financial Debt)	**377**	**377**	**377**	**377**	**341**	**341**

	€m				
Financial Statements line item	**31.12.2017 (compara-ble)***	**31.03.2018 (Reported Q2 18)**	**31.03.2018 (Compara-ble)***	**30.06.2018**	**30.09.2018**
Cash and cash equivalents	**1,878**	1,504	**1,504**	**1,455**	**2,429**
Short-term debt	**(1,082)**	(1,172)	**(1,172)**	**(1,471)**	**(991)**
Long-term debt	**(455)**	(445)	**(445)**	**(138)**	**(823)**
Cash/(Net Financial Debt)	**341**	**(112)**	**(112)**	**(154)**	**615**

*) Comparable for IFRS15 and Opening Balance Sheet (PPA).

2. 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 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					
Financial Statements line item	**30.09.2017 (Reported Q4 17)**	**30.09.2017 (Reported Q1 18)**	**30.09.2017 (Reported Q2 18)**	**30.09.2017 (Compara-ble)***	**31.12.2017 (Reported Q1 18)**	**31.12.2017 (Reported Q2 18)**
Trade and other receivables	1,081	1,081	1,081	*1,081*	1,122	1,122
Trade receivables from related companies	62	62	62	*62*	50	50
Contract Assets	-	1,243	1,241	*1,241*	1,081	1,079
Inventories	3,455	2,102	2.096	*2.096*	1.999	1.993
Other current assets	341	342	342	*342*	397	397
Trade payables	(2,232)	(2,232)	(2,265)	*(2,265)*	(1,792)	(1,825)
Trade payables to related companies	(364)	(364)	(364)	*(364)*	(379)	(379)
Contract Liabilities	-	(1,742)	(1,745)	*(1,717)*	(1,898)	(1,901)
Other current liabilities	(2,645)	(696)	(696)	*(696)*	(722)	(722)
Working Capital	**(300)**	**(203)**	**(248)**	**(220)**	**(141)**	**(185)**

	€m				
Financial Statements line item	**31.12.2017 (compara-ble)***	**31.03.2018 (Reported Q2 18)**	**31.03.2018 (Compara-ble)***	**30.06.2018**	**30.09.2018**
Trade and other receivables	**1,122**	1,050	1,050	**1,124**	**1,114**
Trade receivables from related companies	**50**	41	41	**34**	**28**
Contract Assets	**1,079**	1,148	1,148	**1,311**	**1,572**
Inventories	**1,993**	1,805	1.805	**1,700**	**1,499**
Other current assets	**397**	404	404	**404**	**362**
Trade payables	**(1,825)**	(1,807)	(1,807)	**(1,962)**	**(2,416)**
Trade payables to related companies	**(379)**	(71)	(71)	**(77)**	**(342)**
Contract Liabilities	**(1,873)**	(1,599)	(1,571)	**(1,570)**	**(1,670)**
Other current liabilities	**(722)**	(708)	(708)	**(697)**	**(684)**
Working Capital	**(157)**	**263**	**291**	**265**	**(536)**

*) comparable for IFRS15 and Opening Balance Sheet (PPA). The table above reflects the effect of an amendment to the accounting for the Business Combination (PPA) during Q3 18: a decrease in line item “Contract Liabilities” of €28m and an increase in line items “Current Provisions” and “Non-current Provisions” in total amount of €145m with the corresponding increase in “Goodwill” in amount of €117m. The effects of

changes due to the accounting of the Business Combination in previous quarters are further disclosed in previously published financial information.

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

3. Capital Expenditure (CAPEX)

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). 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 the merger transaction of Siemens Wind Power and Gamesa (the business combination).

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Additions to intangible assets	(2)	(20)	(19)	(42)
Additions to Property, Plant and Equipment	(62)	(43)	(15)	(120)
CAPEX	**(65)**	**(64)**	**(34)**	**(162)**

	Q2 17 (Pro-forma)			
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Additions to intangible assets	(3)	(18)	(8)	(29)
Additions to Property, Plant and Equipment	(112)	(18)	(5)	(134)
CAPEX	**(115)**	**(35)**	**(13)**	**(163)**

4. 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 adding, to reported income for the period, the ordinary non-cash items (depreciation and amortisation, and provision charges) and income from equity-accounted affiliates.

Free cash flow: obtained by deducting capital expenditure (CAPEX) from net operating cash flow. It indicates the funds available for use to distribute dividends, buy back shares, pay down debt or other corporate activities not related to ordinary business.

Cash flow is calculated as the variation in Net Financial Debt (NFD) between two closure dates. (defined in point 1.)

5. Average Selling Price in Order Intake (ASP - Order Intake)

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

€m	Q1 18*	Q2 18	Q3 18*	Q4 18*	FY18
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 and wind farm sales are included. Solar orders amounted to €88m in Q1 18 and €9m in Q3 18. Wind farm sales amounted to €28m in Q4 18.

The comparable data for quarters prior to the merger have been calculated on a pro forma basis as if the merger operation had occurred before April 2017, as appropriate, including the total consolidation of Adwen, the standalone savings and normalization adjustments. The detail of the comparable data from the previous exercise is as follows:

€m	Q1 17 Pro-forma	Q2 17 Pro-forma	Q3 17	Q4 17	FY17
Order Intake Onshore Wind (million EUR)	1,491	1,460	680	1,498	5,129
Order Intake Onshore Wind (MW)	1,862	1,599	693	2,167	6,321
ASP Order Intake Wind Onshore	**0.80**	**0.91**	**0.98**	**0.69**	**0.81**

*) See breakdowns on components of the pro forma data calculation in the following section on Order Intake, Revenue and EBIT.

6. Order Intake, Revenue and EBIT

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

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Group	2,912	3,043	3,292	2,625	11,872
Of which WTG ON	1,688	1,834	1,175	1,985	6,682

€m	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Group	2,715	4,013	1,398	2,791	10,917
Of which WTG ON	1,491	1,460	680	1,498	5,129

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follows:

Group (€m)	Q1 17 Pro-forma	Q217 Pro-forma
Siemens Wind Power	1,435	3,142
Gamesa	1,279	872
Adwen	-	-
Group	**2,715**	**4,013**

WTG ON (€m)	Q1 17 Pro-forma	Q2 17 Pro-forma
Siemens Wind Power	439	758
Gamesa	1,052	702
Adwen	-	-
WTG ON	**1,491**	**1,460**

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

Onshore:

MW	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Onshore	2,208	2,464	1,660	2,631	8,962

MW	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Onshore	1,862	1,599	693	2,167	6,321

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
MW	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Onshore	475	1,386	-	1,862

	Q2 17 (Pro-forma)			
MW	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Onshore	772	827	-	1,599

Offshore:

MW	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Offshore	576	328	1,368	0	2,272

MW	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Offshore	294	574	112	752	1,732

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
MW	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Offshore	294	-	-	294

	Q2 17 (Pro-forma)			
MW	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Offshore	574	-	-	574

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

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
WTG	1,840	1,973	1,827	2.207	7,847
Service	287	268	308	411	1,275
TOTAL	**2,127**	**2,242**	**2,135**	**2,619**	**9,122**

€m	Pro-forma Q1 17	Pro-forma Q2 17	Q3 17	Q4 17	LTM Sep 17
WTG	2,475	2,891	2,393	2,008	9,766
Service	289	287	300	321	1,198
TOTAL	**2,764**	**3,178**	**2,693**	**2,329**	**10,964**

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

€m	Q1 17 (Pro-forma)				Q2 17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
WTG	1,223	1,145	107	2,475	1,363	1,412	116	2,891
Service	161	128		289	153	134		287
TOTAL	**1,384**	**1,273**	**107**	**2,764**	**1,516**	**1,546**	**116**	**3,178**

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

€m		
	Q4 17	**Q4 18**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(208)	64
(-) Income from investments acc. for using the equity method, net	(1)	2
(-) Interest income	(4)	(5)
(-) Interest expenses	16	12
(-) Other financial income (expenses), net	(1)	(1)
EBIT	**(197)**	**73**
(-) Integration and Restructuring costs	67	76
(-) PPA impact	111	66
EBIT pre-PPA and integration & restructuring costs	**(19)**	**215**

€m		
	12M 17 (Pro-forma)	**12M 18**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	378	168
(-) Income from investments acc. for using the equity method, net	14	0
(-) Interest income	(26)	(15)
(-) Interest expenses	58	55
(-) Other financial income (expenses), net	4	3
EBIT	**428**	**211**
(-) Integration and Restructuring costs	111	176
(-) PPA impact	235	306
EBIT pre PPA and integration & restructuring costs	**774**	**693**

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

€m	Q1 17 (Pro-forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro-forma adjustments	SGRE proforma
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	110	141	(14)	33	270
(-) Income from. investments acc. for using the equity method, net	4	(11)	-	-	(7)
(-) Interest income	1	(7)	(1)	-	(7)
(-) Interest expenses	1	10	3	-	13
(-) Other financial income (expenses), net	(6)	4	0	-	(1)
EBIT	**109**	**137**	**(11)**	**33**	**269**
(-) Integration and restructuring costs	-	-	-	-	-
(-) PPA impact	**-**	**-**	**-**	**-**	-
EBIT pre-PPA and integration & restructuring costs	**109**	**137**	**(11)**	**33**	**269**

€m	Q2 17 (Pro-forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro-forma adjustments	SGRE proforma
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	145	149	(18)	-	276
(-) Income from. investments acc. for using the equity method, net	-	20	-	-	21
(-) Interest income	1	(10)	(0)	-	(9)
(-) Interest expenses	0	11	2	-	13
(-) Other financial income (expenses), net	(0)	3	0	-	3
EBIT	**146**	**173**	**(16)**	**-**	**305**
(-) Integration and restructuring costs	-	8	-	-	8
(-) PPA impact	**-**	**-**	**-**	**-**	-
EBIT pre-PPA and integration & restructuring costs	**146**	**181**	**(16)**	**-**	**313**

EBIT margin: ratio of EBIT to Revenue in the period (i.e. revenue in the consolidated profit and loss account).

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	Q4 17	Q4 18
EBIT	(197)	73
Amortization, depreciation and impairment of intangible assets and PP&E	238	185
EBITDA	**41**	**258**

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

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
EBIT	35	54	50	73	211
Amortization, depreciation and impairment of intangible assets and PP&E	160	157	143	185	645
EBITDA	**195**	**210**	**193**	**258**	**856**

€m	Pro-forma Q1 17	Pro-forma Q2 17	Q3 17	Q4 17	LTM Sep 17
EBIT	269	305	50	(197)	428
Amortization, depreciation and impairment of intangible assets and PP&E	80	88	190	238	596
EBITDA	**350**	**393**	**240**	**41**	**1,023**

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)				
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**Pro-forma adjust.**	**SGRE Pro-forma**
EBIT	109	137	(11)	33	269
Amortization, depreciation of intangible assets and PP&E	38	33	7	2	80
EBITDA	**147**	**171**	**(4)**	**35**	**350**

	Q2 17 (Pro-forma)				
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**Pro-forma adjust.**	**SGRE Pro-forma**
EBIT	146	173	(16)	-	305
Amortization, depreciation of intangible assets and PP&E	44	37	6	-	88
EBITDA	**191**	**210**	**(10)**	**-**	**393**

7. 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 profit by the average number of shares outstanding in the period (excluding treasury shares).

	12M 18	Q4 18
Net Income (€m)	70	25
Number of shares (units)	679,489,769	679,492,185
Earnings Per Share (€/share)	**0.10**	**0.04**

8. 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
Order Backlog for delivery in FY19 (1)	8,408
Average revenue guidance (2)*	10,500
Revenue Coverage (1/2)	**80%**

Note: 2018 revenue guidance range of €10bn to €11bn. As a result, average revenue guidance is €10.5bn

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 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Order Intake	2,912	3,043	3,292	2,625	11,872
Revenue	2,127	2,242	2,135	1,619	9,122
Book to Bill	**1.4**	**1.4**	**1.5**	**1.0**	**1.3**

€m	Q1 17	Q2 17	Q3 17	Q4 17	LTM Sep 17
Order Intake	2,715	4,013	1,398	2,791	10,917
Revenue	2,764	3,178	2,693	2,329	10,964
Book to Bill	**1.0**	**1.3**	**0.5**	**1.2**	**1.0**

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

€m	Pro-Forma 12M 17	12M 18
CAPEX (1)	621	415
Amortization, depreciation & impairments (a)	596	645
PPA Amortization on Intangibles (b)	235	306
Depreciation & Amortization (exc. PPA) (2=a-b)	360	340
Reinvestment rate (1/2)	**1,7**	**1,2**

Gross Profit: it is calculated as revenues reduced by cost of revenue

€m	€m	€m
Gross Profit	15	304
PPA amortization on intangibles	38	3
Integration and Restructuring costs	-	41
Gross Profit pre PPA, I&R costs	**53**	**348**

€m	12M 17 Pro-forma	12M 18
Gross Profit	1,221	954
PPA amortization on intangibles	87	169
Integration and Restructuring costs	-	109
Gross Profit pre PPA, I&R costs	**1,308**	**1,233**

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

€m	Q1 17 (Pro-forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro-forma adjust.	SGRE proforma
Gross Profit	228	182	(10)	33	433
PPA amortization on intangibles	-	-	-	-	0
Integration and Restructuring costs	-	-	-	-	0
Gross Profit pre PPA, I&R costs	**228**	**182**	**(10)**	**33**	**433**

€m	Q2 17 (Pro-forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro-forma adjust.	SGRE proforma
Gross Profit	259	221	(14)	-	466
PPA amortization on intangibles	-	-	-	-	0
Integration and Restructuring costs	-	-	-	-	0
Gross Profit pre PPA, I&R costs	**259**	**221**	**(14)**	**-**	**466**

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacture 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.

MWe	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Onshore	1,651	1,397	1,703	1,926	6,677

MWe	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Onshore	1,845	2,534	1,488	1,384	7,252

The comparable figures corresponding to periods prior to the merger have been calculated on a pro-forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
MWe	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Onshore	769	1,076	-	1,845

	Q2 17 (Pro-forma)			
MWe	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Onshore	1,044	1,490	-	2,534

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

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