30 January 2018

October-December 2017 Results

THE YEAR COMMENCED IN LINE WITH THE GUIDANCE FOR 2018 STRONG COMMERCIAL PERFORMANCE IN ALL SEGMENTS

Siemens Gamesa Renewable Energy[1] began the year with financial performance in line with the guidance issued to the market for 2018, a year in which results are expected to firm steadily due to the first synergies and the restructuring announced during the quarter. Group revenues amounted to €2,127 million, with EBIT pre PPA, restructuring and integration costs of €133 million, i.e. an EBIT margin of 6.3%. The net cash position at end-December was €341 million and working capital amounted to €-141 million, equivalent to -1.4% of last twelve months revenues. The net cash position will strengthen gradually as the year advances.

Commercial activity continues to gain in strength in all segments. The Wind Turbine segment signed orders for 2.8 GW in the quarter, 29%[2] more than in the first quarter of 2017, with a book-to-bill ratio[3] of 1.4x in the segment as a whole, of 1.3x in the onshore segment, while the offshore business achieved a book-to-bill ratio of 1.7x. Onshore order intake this quarter in MW exceeded that of the last 11 quarters and approached the record set in the first quarter of 2015[2], with sales coverage of c.80%[4]. Particularly noteworthy in the Wind Turbine segment were offshore orders in Denmark and onshore orders in Thailand, Egypt, the US and India. The Services segment expanded its backlog by 6% year-on-year to €10,338 million, including notably orders in northern Europe and in multi-technology.

The integration process is advancing rapidly. Among the milestones in the quarter, a single technology strategy ("one segment, one technology") was defined in the product area for each business segment as a target for the 2018-2020 business plan, and the product portfolio was simplified. Additionally, the Wind Turbine segment launched two new products that increase energy production by about 20%. The SG 4.2-145 onshore wind turbine, fitted with a gearbox, which is part of the new Siemens Gamesa 4.X platform. This model offers the most competitive cost of energy (LCoE) for average-wind sites within the 4 MW segment and increases annual energy output by 21%. The SG 8.0-167 DD offshore wind generator with direct drive (no gearbox) offers an 18% larger swept area and increases annual electricity output by 20% when compared to its predecessor, the SWT-7.0-154. The Services segment also announced an expanded services offering in the multi-technology area, including not just maintenance but also useful life extensions and retrofits to enhance annual power output.

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

[2] Variations in firm order intake and in the order book between and within years are calculated using pro-forma figures for 2017 (and previous years) obtained by adding the respective figures from Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

[3] Book-to-bill: order intake in MW divided by activity in MWe (applicable at group, business unit and segment level).

[4] Sales coverage: total firm orders (MW) at end-December 2017 for activity in 2018/average sales volume implicit in the guidance for 2018

Main consolidated figures for October-December 2017:

- **Revenues[5]:** €2.127 bn (-23% y/y)
- **EBIT pre PPA, restructuring and integration costs[6]**: €133 mn (-51% y/y)
- **Net income pre PPA, restructuring and integration costs[7]:** €36 mn
- **Net income:** €-35 mn
- **Net financial debt (cash) (NFD)[8]:** €-341 mn
- **MWe sold:** 1,997 MWe (-12% y/y)
- **Firm wind turbine order intake:** 2,784 MW (+29% y/y)

[5] Historical pro-forma sales, which are used to calculate year-on-year variations, are calculated as the sum of the sales reported by Siemens AG for its Wind Power division and those reported by Gamesa in the three months from September to December 2016, plus 100% of Adwen's revenues. The amount was €2,764 million in the first quarter of 2017.

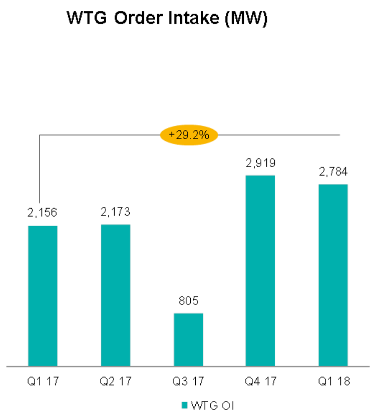
[6] EBIT pre PPA, restructuring and integration costs excludes integration and restructuring costs in the amount of €15 million and the impact of recognising amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €83 million. For comparison purposes, the pro-forma EBIT in the same period of the previous year is calculated as the sum of Gamesa's EBIT, the EBIT of Siemens AG's Wind Power division, including normalisation, consolidation scope and standalone adjustments, and the EBIT of Adwen (fully consolidated). EBIT in the first quarter of 2017 amounted to €269 million, while normalisation, standalone and scope adjustments amounted to €33 million.

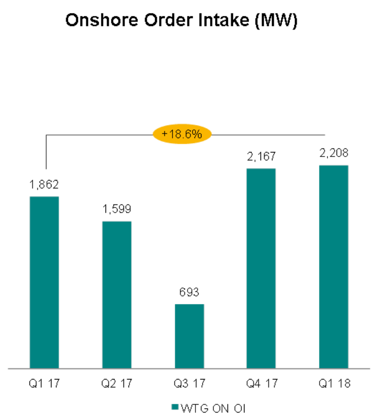
[7] Net income pre PPA, restructuring and integration costs excludes €71 million of integration and restructuring costs and the impact of amortising the fair value of intangibles from the PPA, net of taxes.

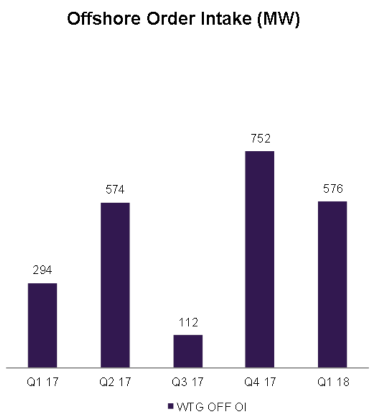
[8] Net financial debt is defined as long-term plus short-term financial debt less cash and cash equivalents.

MARKETS AND ORDERS

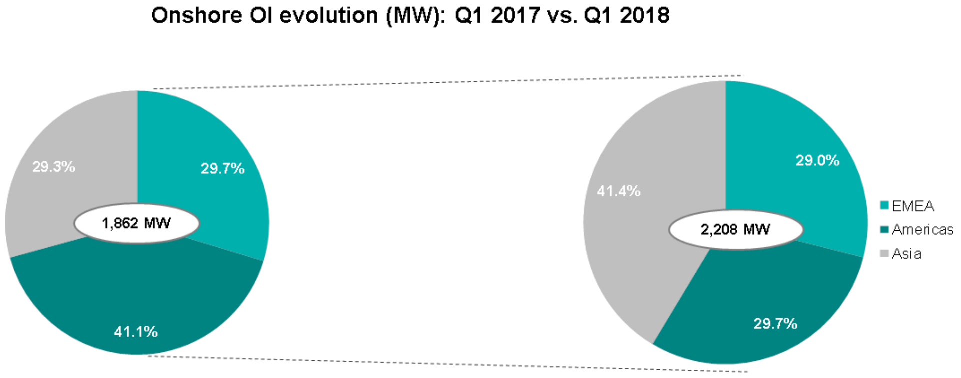
Strong commercial activity at the end of FY2017 continued into Q1 2018. The Wind Turbine segment ended the quarter with 2,784 MW of new orders, 29% more than in the same period of the previous year. That order intake was 1.4 times the segment's sales (MWe): 1.3 times onshore sales and 1.7 times offshore sales.







New onshore contracts amounted to 2,208 MW, the highest figure since the first quarter of 2015 and 19% more than in the first quarter of 2017, achieving c.80% of the volume implicit in the 2018 sales guidance. The main contributors to total order intake were the US and India (the latter following a 6-month hiatus), while the two largest orders by volume came from Egypt and Thailand. In Thailand, Siemens Gamesa signed a deal to supply 103 G126-2.5 MW turbines (260 MW) for the Hanuman wind complex, located in the province of Chaiyaphum in north-eastern Thailand. This contract was also notable as these will be the tallest wind generators installed in Asia to date: with 153-meter towers and 62-meter blades, they will attain a total height of 215 metres. In Egypt, Siemens Gamesa is to install 125 G97-2.1 MW turbines in the Gulf of Suez wind farm, located in Ras Ghareb. In addition to supply and commissioning the generators, Siemens Gamesa will also handle maintenance of the project for 15 years. In the US, conversion of the Safe Harbor contracts associated with 100% PTC is ongoing, while safe harbor contracts are now being signed that qualify for 80% PTC.

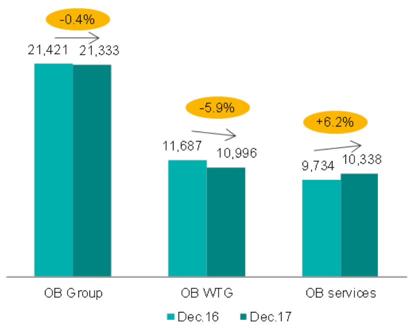


In offshore, Siemens Gamesa Renewable Energy was chosen by Vattenfall to supply close to 1 GW for three offshore wind farms under development off the coast of Denmark: 72 SG 8.0-167 DD turbines for the Danish Kriegers Flak farm, which will be the largest offshore wind farm in the Baltic (firm contract signed in the first quarter), 180 MW for Vesterhav North (preferred supplier) and 170 MW for Vesterhav South.

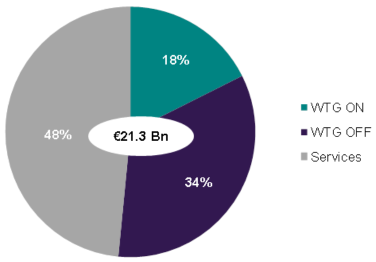
The Service segment also had a strong start to the year in terms of commercial activity, notably in multi-technology, where it expanded its offering with value-added products such as the retrofit and life extension programmes, and in Northern Europe.

As a result of strong commercial activity in the first quarter, the group's order book at end-December 2017 was €21.333 billion, practically the same as at the end of December 2016 and 3% more than at end-September 2017. By segments, the order book expanded by 6% y/y and 5% q/q in Services, while it fell by 6% y/y but raised 2% q/q in Wind Turbines.

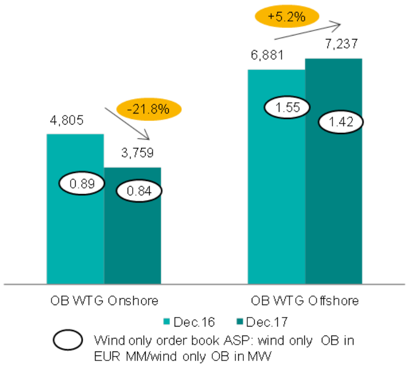
Order Book[1] (€mn) Dec. 16 & Dec. 17



Order Book[1] @ December 2017



WTG Order Book[1] (€mn) Dec. 16 & Dec. 17



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

FINANCIAL PERFORMANCE

The table below shows the main financial aggregates for the October-December quarter in 2016 and 2017. The figures for 2016 are unaudited pro-forma numbers representing the sum of the numbers reported individually by Gamesa and Siemens Wind Power, plus Adwen (fully consolidated).The comparable EBIT numbers for 2016 include standalone, consolidation scope and normalisation adjustments for Siemens Wind Power.

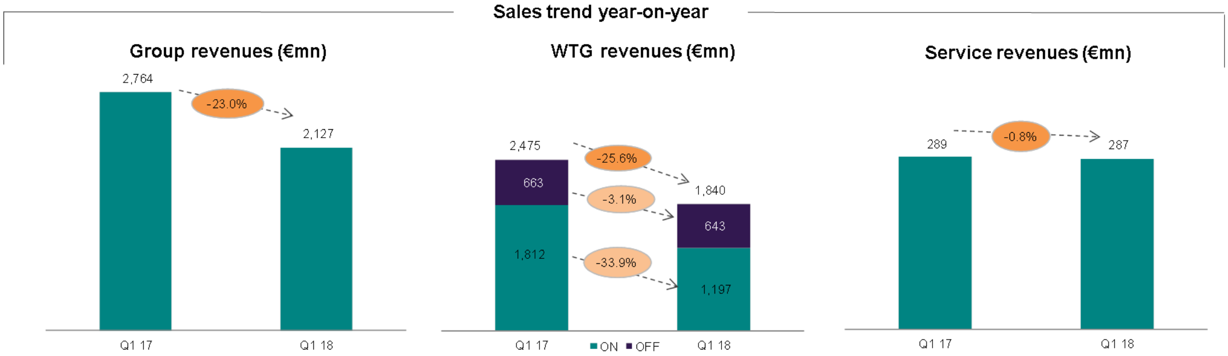
P&L €mn	October-December 16[2]	October-December 17	Var.
Group sales	2,764	2,127	-23%
WTG	2,475	1,840	-26%
O&M	289	287	-1%
Gross profit (pre PPA, restructuring & integration)	433	249	-43%
Gross profit margin (pre PPA, restructuring & integration)	15.7%	11.7%	-3.9 p.p
EBIT pre PPA, restructuring & integration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

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

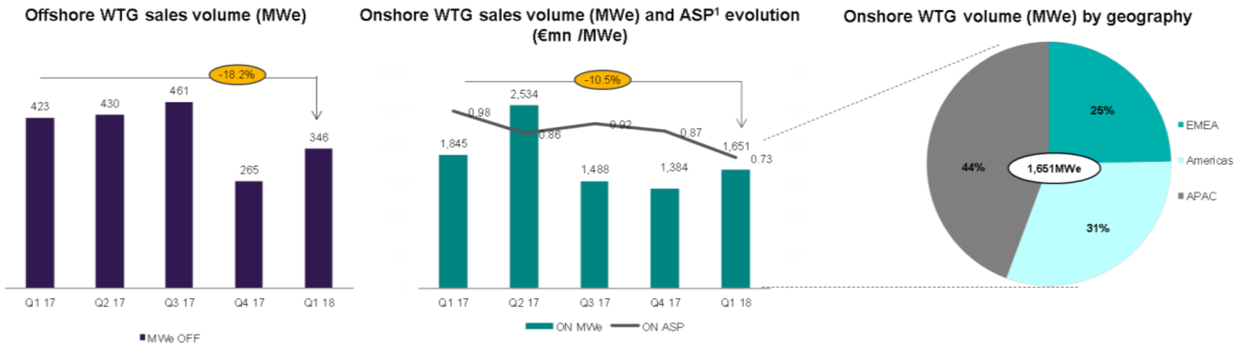
1. All financial information and KPIs are non-audited. All historic information is pro-forma.
2. October-December 16 financial data corresponds to non-audited pro-forma data, based on legacy businesses' reported information (Siemens Wind Power, Gamesa and 100% of Adwen) including standalone, normalization and scope adjustments for SWP operations, amounting to €33 mn in October-Dec.2016. Adwen is fully consolidated in the historic pro-forma data with an impact of €107 mn at revenue level and of -€11 mn at EBIT level in Q1 17.
3. Number of shares for EPS calculation: in Q1 2018: 679,478,444
4. See definition of working capital, net financial debt and EBIT in the glossary of terms that can be found in the Q1 18 earnings release together with the reconciliation of both items to the Q1 2018 consolidated financial statements

The group's financial performance in the first quarter of 2018 was in line with the guidance for the year, within the expected seasonal fluctuations; performance is expected to strengthen steadily in the second half, benefiting from the initial synergies and the first benefits of the restructuring process.

Revenues in the first quarter amounted to €2,127 million, 23% less than the pro-forma figure for the first quarter of 2017, mainly because **of the decline in Wind Turbine revenues**, while Services revenues were almost stable.

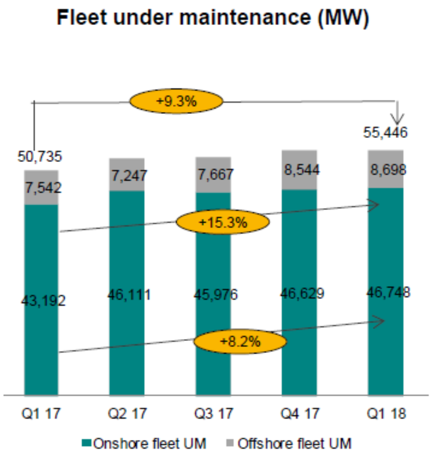


The decline in Wind Turbine revenues (-26% y/y to €1,840 million) was due mainly to lower sales of onshore turbines: €1,197 million, 33% less than in the same period of 2017. This decline was due to scope, lower prices and lower sales volume. The installation business (1,343 MW installed in Q1 18 vs. 2,731 MW in Q1 17) will recover as the year advances, while the decline in prices was in line with the projections for the quarter, within a double-digit decline expected in the full year. Meanwhile, the sales volume (MWe) declined (10.5% y/y) largely driven by lower sales in the US.

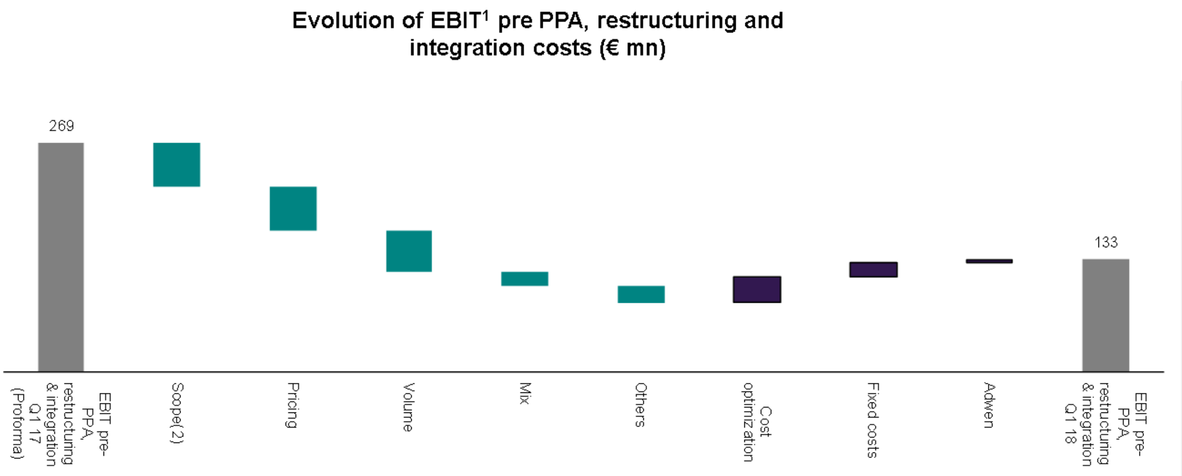


1. ASP: Average Selling Price. WTG sales/MWe

The Services segment continued to expand the fleet under maintenance: +9.3% y/y to 55.4 GW: 46.7 GW onshore (+8.2% y/y) and 8.6 GW offshore (+15.3% y/y).

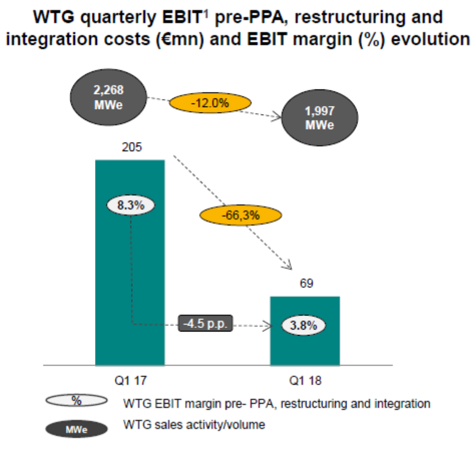


Group operating profit pre PPA, restructuring and integration costs declined 51% y/y as a result of the scope, lower prices and lower sales volume in onshore Wind Turbine segment. As a result, the **EBIT margin pre PPA, restructuring and integration costs was 6.3%**, 3.5 percentage points lower than the pro-forma EBIT pre PPA, restructuring and integration cost in the same period of the previous year, 9.7%, but in line with the target for profitability in 2018 and the positive impact expected from synergies and restructuring.



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

EBIT pre PPA, restructuring and integration costs in the Wind Turbine segment fell 66.3% y/y and EBIT margin pre PPA, restructuring and integration costs was 3.8% in the quarter, on the back of scope, lower prices and lower sales volume in onshore



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

The Services segment ended the period with €64 million in EBIT pre PPA, restructuring and integration costs, i.e. flat with respect to the same period of the previous year, and equivalent to a margin of 22.2%, in line with the margin in the first quarter of 2017.

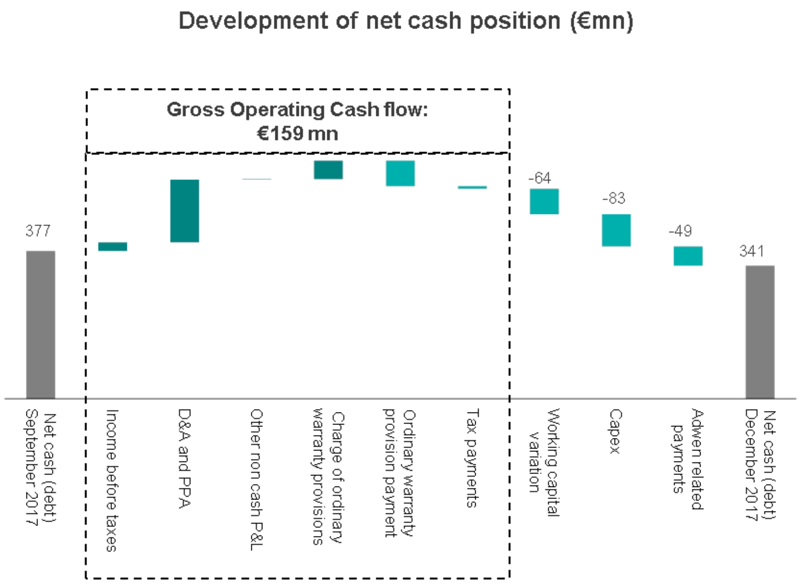
The group incurred net financial expenses amounting to €13 million in the first quarter, and €56 million in tax expenses. The tax expense included a €36 million negative (non-cash) effect of the US tax reform on deferred tax assets on the balance sheet. Amortisation of the fair value of intangible assets under the PPA amounted to €83 million in the period.

As a result, the group reported net income pre PPA, restructuring and integration costs of **€35 million**, equivalent to €0.05 per share. Including the impact of amortisation from the PPA as well as integration and restructuring expenses, both net of taxes, totalling €71 million, the group reported a loss of €35 million in the quarter.

Siemens Gamesa ended the quarter with €-141 million in working capital, equivalent to -1.4% of LTM revenues, i.e. 4 percentage points more than in September 2016, equivalent to €464 million in absolute terms.

The company invested €83 million in property, plant and equipment and intangible assets in the first quarter of 2018.

The net cash position was €341 million. It is important to note that, excluding Adwen related payments amounting to €49 million, Siemens Gamesa achieved slightly positive free cash flow in the first quarter which will increase steadily as the year advances.



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The process of allocating the purchase price (PPA) among the items of the balance sheet continued, as summarized in the following table, and also IFRS 15 impact

€mn	April 2017 OBS Post PPA	PPA		
Fixed Assets	1,537	55	(1)	Fixed asset revaluation
Intangible Assets	2,571	2,055	(2)	WTG and Services' backlog and customer relationships and WTG technology revaluation
Goodwill	4,718	(445)	(3)	Reduction of goodwill during PPA process
Financial Assets (net)	335	4		
Deferred Tax Assets (net)	(296)	(678)	(4)	DTA impact due to asset revaluation
Working Capital	(489)	(213)	(5)	Working capital reduction (Adwen PoC and other reductions)
Tax working capital	34	-		
TOTAL	**8,410**	**778**		
Equity	(7,716)	-		
Provisions	(2,681)	(778)	(6)	Provisions increase mainly associated to the WTG division (Adwen)
Net financial debt	1,988	-		
TOTAL	**(8,410)**	**(778)**		

1. Fixed asset revaluation to fair value up to 55 €mn, net of Adwen with negative impact of 84 €mn
2. Increase in intangible assets of 2,055 €mn mainly related to:
    - WTG Backlog and Customer Relationships for 495 €mn
    - Services Backlog and Customer Relationships for 887 €mn
    - WTG Technology revaluation for 673 €mn
3. Reduction in Goodwill in the PPA process
4. Deferred Tax position impacts in c.678 €mn due to revaluation of intangible assets mainly
5. Working Capital reduction due to:
    - POC reduction in WTG Segment related mainly to Adwen Projects (43 €mn)
    - Other working capital reduction related to Fair Value of Backlog (moved to intangible assets), inventories or receivables
6. Provisions increase in 778 €mn mainly associated to WTG Segment (Adwen 630 €mn, including 117 €mn reclassification coming from Working Capital with respect to previous quarter closing due to IFRS 15 conversion)

OUTLOOK

The transition towards fully competitive energy models has been accompanied in the recent past by temporary disruptions of demand in some of the leading wind markets, such as India, the US and Germany. However, this short-term volatility should not be confused with **wind energy's long-term potential, which continues to strengthen**.

This upward trend is supported by wind's growing competitiveness, as reflected in auctions last year in which wind beat conventional fossil fuels in price (e.g. USD 19 for wind in the Mexican auction) and in governments' clear commitment to renewable energy. All these factors are driving growth in wind's contribution to the world's energy mix, from a limited **4% at present to 17% in 2040,** according to the International Energy Agency.

Notable within the steady flow of commitments to renewable energies are the European Union's Winter Package, Germany's proposal to step up renewable energy's target contribution to 65% by 2030 (vs. the existing targets of 35% by 2020, 40-45% by 2025 and 55-60% by 2035), and the resumption of auctions in India and Brazil. In fact, the final document of the US tax reform maintained the PTC regulation intact (though some details are pending clarification).

In order to achieve the competitiveness required by the new renewable energy model, wind turbine manufacturers must enhance both their product portfolio and their cost structures in order to enhance the cost of energy that they offer customers. In this context, Siemens Gamesa Renewable Energy is superbly positioned to emerge from this process in a leading position. It will attain this through the scale and global reach it achieved from the merger, the expected synergies and the benefits of the restructuring programme that it set in motion in Q1 2018.

However, in the shorter term the company is experiencing volatile demand and considerable price pressure, all of which are reflected in its guidance for 2018, as set out in the following table.

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

Performance in the first quarter was fully in line with the guidance for the year, as it is expected to improve steadily as the year advances, due particularly to the impact of achieving synergies and the benefits of the restructuring programme, but also to the projected project execution times.

With regard to sales projections, the company began the year with practically 100% of offshore and services sales targets already covered, and during the first quarter it achieved a sharp improvement in coverage in onshore, to c.80% at the end of December 2017[9].

The projected 7-8% profit margin assumes synergies amounting to around 1.5% of revenues, to be achieved in the second half of the year. It is the achievement of those synergies that will separate performance in the second half from the weaker first-half figures (as shown in the 6.3% EBIT margin before PPA, restructuring and integration costs).

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

The impact of PPA during the year is estimated at €321 million (€83 million in the first quarter) while restructuring and integration costs will amount to €160 million (€15 million in the first quarter).

This guidance excludes charges related to legal and regulatory matters.

CONCLUSIONS

Siemens Gamesa Renewable Energy came into being ready to address the challenges and seize the opportunities that the wind business offers in the short, medium and long term, so as to create value for all stakeholders. In a changing environment with increasingly demanding wind markets, the merger's strategic rationale is even more compelling. Global scale and reach have become essential in order to compete profitably. Meanwhile the combined company's diversification and balance and its leading position in emerging markets and offshore provide the group with resilience and growth potential above the market average.

Siemens Gamesa, which was registered on 3 April 2017, has entered its first full year, having ended a quarter that is notable for the continuing strong commercial performance in segments. This strength, which is indicative of the company's sound competitive position, resulted in 2.8 GW of wind turbine order intake, 29% more than in the same period of 2017, which was exceptional in itself. As a result, the Wind Turbine segment's book-to-bill ratio amounted to 1.4x in the quarter. Order entry in the onshore segment was its highest since the first quarter of 2015, raising sales coverage to c.80% and strengthening confidence in the guidance for the year. The Services segment had a strong start to the year in terms of commercial performance, having ended the quarter with a 6% year-on-year increase in its backlog.

In addition to sound commercial performance, Siemens Gamesa began the year with financial performance in line with the 2018 guidance within seasonal fluctuations that point to a steady improvement in the second half of the year. Revenues in the quarter amounted to €2,127 million, while EBIT pre PPA, restructuring and integration costs amounted to €133 million, i.e. a 6.3% EBIT margin, affected by lower installation volume and falling onshore prices. The company ended the quarter with a net cash position of €341 million and €-141 million in working capital (-1.4% of LTM revenues). Excluding Adwen related payments amounting to €49 million, the company commenced with slightly positive cash flow which will improve steadily as the year advances.

The integration process is ongoing, and the following significant product decisions were made in the quarter: "one segment, one technology", and portfolio simplification, together with the launch of two key products for the company's positioning: SG 4.2-145 and SG 8.0-167 DD, which increase power output by 20%.

ANNEX

Conciliation pro-forma

Million Eur	1Q17 (Pro-forma)	1Q18
Revenues	2,764	2,127
WTG	2,475	1,840
Services	289	287
Gamesa	1,273	na
Siemens Wind Power	1,384	na
Adwen	107	na
EBIT pre PPA, restructuring and integration costs	269	133
Margin	9.7%	6.3%
Gamesa	138	na
Siemens Wind Power	142	na
Adwen	-11	na

Annex

Financial statements October-December 2017
Siemens Gamesa Renewable Energy – Consolidated

Profit and Loss Account	
EUR in millions	October-December 2017
Revenue	2,127
Cost of sales	-1,929
Gross Profit	**198**
Research and development expenses	-34
Selling and general administrative expenses	-142
Other operating income	19
Other operating expenses	-6
Results of companies accounted for using the equity method	1
Interest income	4
Interest expense	-17
Other financial income (expense), net	0
Income from continuing operations before income taxes	**22**
Income tax expenses	-56
Income from continuing operations	**-34**
Income from discontinued operations, net of income taxes	0
Non-controlling interests	1
Net income	**-35**

Summarized Balance sheet

EUR in millions	30/09/2017*	31/12/2017
Fixed assets	1,523	1,496
Goodwill	4,775	4,781
Intangible assets	2,304	2,235
Financial assets and liabilities, current and non-current (net)	331	328
Deferred tax assets and liabilities (net)	(147)	(185)
Working Capital	(203)	(141)
Current tax assets and liabilities (net)	34	19
TOTAL	**8,616**	**8,533**
Equity	6,450	6,410
Provisions, current and non-current	2,544	2,464
Net Financial Debt / (Cash)	(377)	(341)
TOTAL	**8,616**	**8,533**

* The Siemens Gamesa Group has adopted IFRS 15 for the year beginning as of October 1, 2017 using the full retrospective approach. On the other hand, the accounting for the reverse acquisition due to the merger of the Siemens Wind Business with Gamesa was made provisionally in the consolidated annual accounts as of September 30, 2017, as the valuation of the assets acquired and of the liabilities assumed had not yet been completed, and the maximum term of twelve months established by IFRS 3: "Business Combinations" to complete said valuation has not finished. In this sense, the GAMESA Purchase Price Allocation to the fair value of its assets, liabilities and contingent liabilities (PPA) continues during the financial year 2018.

As a result of the foregoing, the comparative information corresponding to the year ended on September 30, 2017 has been adapted. The main impact of the application of IFRS 15 in the accompanying summary balance sheet is the increase in the amount of assets related to construction contracts included in the working capital (under the "inventories" caption) and the corresponding increase in equivalent provisions for onerous contracts for the amount of 117 million, as well as other lesser effects of -6 million euros. Additionally, Contract Assets and Liabilities have been reflected through the corresponding reclassifications from Inventories and Other current liabilities captions, all of which were included in the working capital. On the other hand, the continuation of the PPA exercise represents an increase of 115 million euros in the Goodwill, mainly due to a reduction of 14 million in fixed assets, a reduction of 14 million in working capital, and an increase in the provisions of 115 million and in the corresponding deferred taxes of 28 million.

Cash flow Statement

EUR in millions	October-December 2017
Income from continuing operations before income taxes	22
Amortization + PPA	160
Other P&L	1
Working Capital variation	-64
Charge of provisions	47
Warranty provision payment	-64
Adwen related payments	-49
CAPEX	-83
Extraordinary and ordinary dividends	0
Tax payments	-7
Others	0
Cash flow for the period	**-37**
Beginning cash / (net financial debt)	377
Ending cash / (net financial debt)	341
Variation in net financing cash flow	**-37**

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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. <u>Net financial debt (NFD)</u>

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.

Million Eur			
Financial Statements line item	**30.09.2017 (Reported)**	**30.09.2017 (comparable)***	**31.12.2017**
Cash and cash equivalents	1,659	1,659	1,878
Short-term debt and current maturities of long-term debt	(797)	(797)	(1,082)
Long-term debt	(485)	(485)	(455)
Cash/(Net Financial Debt)	**377**	**377**	**341**

*) for comparative purposes after application of IFRS 15 and adjustments to the opening balance (PPA); see the note to summarized balance sheet in the annex.

2. <u>Working capital (WC)</u>

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.

Million Euro				
Financial Statements line item	**31.12.2016 (Pro-forma)**	**30.09.2017 (Reported)**	**30.09.2017 (comparable)***	**31.12.2017**
Trade and other receivables	1,119	1,081	1,081	1,122
Trade receivables from related companies	340	62	62	50
Contract assets	-	-	1,243	1,081
Inventories	3,359	3,455	2,102	1,999
Other current assets	422	341	342	397
Trade payables	(3,264)	(2,232)	(2,232)	(1,792)
Trade payables to related companies	(416)	(364)	(364)	(379)
Contract liabilities	-	-	(1,742)	(1,898)
Other current liabilities	(2,164)	(2,645)	(696)	(722)
Working Capital	**(605)**	**(300)**	**(203)**	**(141)**

*) for comparative purposes after application of IFRS 15 and adjustments to the opening balance (PPA); see the note to summarized balance sheet in the annex.

The comparable figures as of December 31st, 2016 have been calculated on a pro forma basis, as if the merger transaction had already occurred as of December 31st 2016, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

Million Eur	**31.12.2016 (Pro Forma)**				
	Siemens Wind Power	**Gamesa**	**Adwen**	**Pro-forma adjustments**	**SGRE Pro-forma**
Trade and other receivables	366	753	-	-	1,119
Trade receivables from related companies	1,143	249	-	(1,051)	340
Contract assets					-
Inventories	1,583	1,545	231	-	3,359
Other current assets	64	234	124	-	422
Trade payables	(697)	(2,405)	(162)	-	(3,264)
Trade payables to related companies	(110)	(407)	(4)	106	(416)
Contract liabilities					-
Other current liabilities	(1,900)	(203)	(62)	-	(2,164)
Working Capital	**448**	**(234)**	**127**	**(945)**	**(605)**

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 amount of Capex is the following:

Million Eur		
	1Q17 (Pro-forma)	1Q18
Acquisition of intangible assets	(42)	(33)
Acquisition of Property, Plant and Equipment	(120)	(50)
CAPEX	**(162)**	**(83)**

The comparable figures for the 1st Quarter of 2017 have been calculated on a pro forma basis, as if the merger transaction had already occurred before September 30th, 2017, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

Million Eur	1Q17 (Pro Forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro Forma
Acquisition of intangible assets	(2)	(20)	(19)	(42)
Acquisition of Property, Plant and Equipment	(62)	(43)	(15)	(120)
CAPEX	**(65)**	**(64)**	**(34)**	**(162)**

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 year, the ordinary non-cash items (depreciation and amortisation, and provision charges) and income from equity-accounted affiliates.

Net operating cash flow: the result of deducting working capital (defined in item 2) from gross operating cash flow. Gamesa includes the cash impact of other provisions and other non-operating items under operating cash flow.

Free cash flow: obtained by deducting capital expenditure (capex) from 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.

Free cash flow is calculated as the variation in Net Financial Debt (NFD) between October 1st, 2017 and December 31st, 2017 (defined in item 1 above).

5. Average Selling Price (ASP)

a. Monetary revenue in MWe

Average monetary revenue collected by the Wind Turbine segment per unit sold (measured in MWe). 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.

The comparable figures for Quarters prior to the 1st Quarter of 2018 have been calculated on a pro forma basis, as if the merger transaction had already occurred before October 1st, 2016, including the full consolidation of Adwen, standalone savings and normalization adjustments. Further details of this pro forma calculation are as follow:

	Pro-Forma				
Million Eur	**1Q17**	**2Q17**	**3Q17**	**4Q17**	**1Q18**
Group Sales	**2,764**	**3,178**	**2,693**	**2,329**	**2,127**
WTG (1)	2,475	2,891	2,393	2,008	1,840
Onshore (3)	1,812	2,181	1,363	1,207	1,197
Offshore	663	709	1,030	801	643
Services	289	287	300	321	287
MWe WTG (2)	**2,268**	**2,964**	**1,950**	**1,649**	**1,997**
MWe Onshore (4)	**1,845**	**2,534**	**1,488**	**1,384**	**1,651**
MWe Offshore	**423**	**430**	**461**	**265**	**346**
ASP Total (1/2)	**1.1**	**1.0**	**1.2**	**1.2**	**0.9**
ASP Onshore (3/4)	**1.0**	**0.9**	**0.9**	**0.9**	**0.7**

b. Monetary order book in MW

Average monetary order book collected by the Wind Turbine segment 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.

Million Eur	Dec FY17 (Pro-forma)	Dec FY18
WTG Order Book (€mn)	**11,687**	**10,996**
Onshore (1)	4,805	3,672
Offshore (3)	6,881	7,237
Solar		86
WTG Order Book (MW)	**9,821**	**9,486**
Onshore (2)	5,392	4,394
Offshore (4)	4,429	5,092
ASP Onshore (1/2)	**0.89**	**0.84**
ASP Offshore (3/4)	**1.55**	**1.42**

The comparable figures for the 31st December of 2016 have been calculated on a pro forma basis, as if the merger transaction had already occurred before that date, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

	Dec FY17 (Pro-forma)			
Million Eur	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
WTG Order Book (€mn)	**8,071**	**3,254**	**361**	**11,687**
Onshore (1)	1,551	3,254		4,805
Offshore (3)	6,520		361	6,881
Solar				
WTG Order Book (MW)	**6,043**	**3,552**	**226**	**9,821**
Onshore (2)	1,840	3,552		5,392
Offshore (4)	4,203		226	4,429
ASP Onshore (1/2)	**0.84**	**0.92**	**-**	**0.89**
ASP Offshore (3/4)	**1.55**	**-**	**1.60**	**1.55**

6. Revenues and EBIT

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

The comparable figures for quarters prior to the 1st Quarter of 2018 have been calculated on a pro forma basis, as if the merger transaction had already occurred before December 31st, 2015, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

Million Eur	2Q17 (Pro-forma)	3Q17 (Pro-forma)	4Q17 (Pro-forma)	1Q18	LTM Dec FY18
WTG	2,891	2,393	2,008	1,840	9,131
Service	287	300	321	287	1,196
TOTAL	**3,178**	**2,693**	**2,329**	**2,127**	**10,327**

Million Eur	2Q16 (Pro-forma)	3Q16 (Pro-forma)	4Q16 (Pro-forma)	1Q17 (Pro-forma)	LTM Dec FY17
WTG	2,298	2,621	2,535	2,475	9,928
Service	236	278	292	289	1,096
TOTAL	**2,534**	**2,899**	**2,827**	**2,764**	**11,024**

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, restructuring and integration cost: 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).

Million Eur		
	1Q17 (Pro-forma)	**1Q18**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	270	22
(-) Income from investments acc. for using the equity method, net	(7)	(1)
(-) Interest income	(7)	(4)
(-) Interest expenses	13	17
(-) Other financial income (expenses), net	(1)	(0)
EBIT	**269**	**35**
(-) Integration costs	-	15
(-) PPA impact	-	83
EBIT pre-PPA and integration & restructuring costs	**269**	**133**

The comparable figures for the 1st Quarter of 2017 have been calculated on a pro forma basis, as if the merger transaction had already occurred before September 30th, 2016, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation follow:

Million Eur	**1Q 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, restructuring and integration costs	**109**	**137**	**(11)**	**33**	**269**

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

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).

	1Q18
Net Income (Million Eur)	(35)
Number of shares (units)	679,478,444
Earnings Per Share (€/share)	**(0.05)**

8. Other indicators

Coverage of Onshore sales volume: the sales coverage ratio expresses the likelihood of achieving the Onshore sales volume targets set by the company for a given year. It is calculated as orders received in the period (in MW) (including those consumed) for activity/sale in a given year, divided by the activity/sales guidance for that year. Where the commitment is expressed as a range, the mid-point of the range is used. Where the commitment is expressed as a minimum volume, the ratio is calculated using that minimum volume.

MW	1Q18
Order Backlog year N (1)	3,582
MWe (2)	1,651
Sales guidance year (3)	6,585
Coverage of Onshore sales volume ((1+2)/3)	**80%**

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

MW	1Q17 (Pro-forma)	1Q18
Order Entry WTG (MW)	**2,156**	**2,784**
Onshore (1)	1,862	2,208
Offshore (3)	294	576
WTG Sales (MWe)	**2,268**	**1,997**
Onshore (2)	1,845	1,651
Offshore (4)	423	346
WTG Book to bill	**1.0**	**1.4**
Book to bill Onshore (1/2)	**1.0**	**1.3**
Book to bill Offshore (3/4)	**0.7**	**1.7**

The comparable figures for the 1st Quarter of 2018 have been calculated on a pro forma basis, as if the merger transaction had already occurred before September 30th, 2016, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation follow:

	1Q17 (Pro-forma)			
MW	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Order Entry WTG (MW)	**769**	**1,386**	**-**	**2,156**
Onshore (1)	475	1,386		1,862
Offshore (3)	294		-	294
WTG Sales (MWe)	**1,133**	**1,076**	**60**	**2,268**
Onshore (2)	769	1,076		1,845
Offshore (4)	363		60	423
WTG Book to bill	**0.7**	**1.3**	**0.0**	**1.0**
Book to bill Onshore (1/2)	**0.6**	**1.3**	**-**	**1.0**
Book to bill Offshore (3/4)	**0.8**	**-**	**0.0**	**0.7**

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.

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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