Report on Limited Review

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Consolidated Interim Management's Report
for the six-month period ended
March 31, 2020

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(Translation for the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

# REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of SIEMENS GAMESA RENEWABLE ENERGY, S.A., at the request of the Directors:

## Report on the interim condensed consolidated financial statements

### Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements of SIEMENS GAMESA RENEWABLE ENERGY, S.A., which consists of the balance sheet at March 31, 2020, the income statement, the statement of changes in equity, the cash flow statement and the explanatory notes thereto, all of them condensed and consolidated, for the six-month period then ended. The parent´s Directors are responsible for the preparation of the Company's interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information as included in Article 12 of the Royal Decree 1362/2007. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

### Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

### Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements for the six-month period ended at March 31, 2020 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as included in Article 12 of the Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

### Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 2.A which indicates that the abovementioned interim condensed financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim condensed financial statements should be read in conjunction with the financial statements for the year ended September 30, 2019. This matter does not modify our conclusion.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

We draw attention to note 5.A to the accompanying interim condensed consolidated financial statement, in which the Directors of the parent company mention the health emergency triggered by the outbreak of COVID-19 and the main impacts identified at the date the accompanying interim condensed consolidated financial statement were authorized for issue, as well as the difficulties related with the estimate of future impacts derived from this situation due to the existing uncertainty regarding its length and severity. This matter does not modify our conclusion.

## Report on other legal and regulatory reporting requirements

The accompanying consolidated interim management report for the six-month period ended March 31, 2020 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned management report agrees with the interim financial statements for the six-month period ended on March 31, 2020. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries

## Paragraph on other issues

This report has been prepared at the request of management of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries with regard to the publication of the semi-annual financial report required by article 119 of Royal Decree Law 4/2015, of October 23, which approves the refunded text of Securities Market Law developed by Royal Decree 1362/2007, of October 19.

ERNST & YOUNG, S.L.

(Signed on original in Spanish)

Ana María Prieto González

May 6, 2020

# Siemens Gamesa Renewable Energy, S.A. and subsidiaries composing the SIEMENS GAMESA Group

Interim Condensed Consolidated Financial Statements and Interim Consolidated Management´s Report for the 6-month period ended March 31, 2020

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*Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 22)*

# SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES COMPOSING SIEMENS GAMESA GROUP

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2020 AND SEPTEMBER 30, 2019

Thousands of euros

| | Note | 03.31.2020 | 09.30.2019 (*) |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 7 | 1,420,647 | 1,727,457 |
| Trade and other receivables | | 1,035,748 | 1,286,781 |
| Other current financial assets | 8.A | 298,838 | 274,736 |
| Receivables from Siemens Group | 18 | 36,770 | 21,516 |
| Contract assets | 17.A | 1,808,139 | 2,056,255 |
| Inventories | 9 | 2,114,848 | 1,863,919 |
| Current income tax assets | | 210,284 | 207,445 |
| Other current assets | | 466,453 | 461,265 |
| **Total current assets** | | **7,391,727** | **7,899,374** |
| Goodwill | 10 | 4,628,514 | 4,744,153 |
| Other intangible assets | 11 | 1,946,265 | 1,915,730 |
| Property, plant and equipment | 12 | 2,087,032 | 1,425,901 |
| Investments accounting for using the equity method | 13 | 70,277 | 70,876 |
| Other financial assets | 8.A | 191,396 | 143,462 |
| Deferred tax assets | | 533,885 | 400,538 |
| Other assets | | 5,983 | 89,379 |
| **Total non-current assets** | | **9,463,352** | **8,790,039** |
| **Total assets** | | **16,855,079** | **16,689,413** |
| **Liabilities and equity** | | | |
| Financial debt | 8.B | 486,951 | 352,209 |
| Trade payables | | 2,331,979 | 2,599,836 |
| Other current financial liabilities | 8.B | 149,980 | 130,396 |
| Payables to Siemens Group | 18 | 212,146 | 285,690 |
| Contract liabilities | 17.A | 3,101,231 | 2,839,670 |
| Current provisions | 15 | 723,026 | 761,730 |
| Current income tax liabilities | | 137,579 | 200,964 |
| Other current liabilities | | 681,660 | 797,563 |
| **Total current liabilities** | | **7,824,552** | **7,968,058** |
| Financial debt | 8.B | 1,228,813 | 512,226 |
| Post-employment benefits | | 14,416 | 14,823 |
| Deferred tax liabilities | | 391,495 | 320,446 |
| Provisions | 15 | 1,471,613 | 1,400,252 |
| Other financial liabilities | 8.B | 174,070 | 169,835 |
| Other liabilities | | 53,057 | 30,968 |
| **Total non-current liabilities** | | **3,333,464** | **2,448,550** |
| Issued capital | 16.A | 115,794 | 115,794 |
| Capital reserve | | 5,931,874 | 5,931,874 |
| Unrealised asset and liability revaluation reserve | | (22,299) | (4,520) |
| Retained earnings | | 382,292 | 712,833 |
| Treasury shares, at cost | 16.B | (23,929) | (21,616) |
| Currency translation differences | | (687,490) | (464,261) |
| Non-controlling interest | | 821 | 2,701 |
| **Total equity** | | **5,697,063** | **6,272,805** |
| **Total liabilities and equity** | | **16,855,079** | **16,689,413** |

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 22 are an integral part of these Interim Condensed Consolidated Financial Statements.

*Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 22)*

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES**
**COMPOSING SIEMENS GAMESA GROUP**

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE 6-MONTH PERIOD ENDED MARCH 31, 2020 AND 2019
Thousands of euros

| | Note | 6-month period ended 03.31.2020 | 6-month period ended 03.31.2019 (*) |
|---|---|---|---|
| Revenue | 17 | 4,204,181 | 4,651,098 |
| Cost of sales | | (4,198,426) | (4,213,691) |
| **Gross profit** | | **5,755** | **437,407** |
| Research and development expenses | 11 | (102,381) | (80,803) |
| Selling and general administrative expenses | | (260,253) | (242,544) |
| Other operating income | | 12,645 | 18,439 |
| Other operating expenses | | (3,104) | (2,915) |
| Income (loss) from investments accounted for using the equity method, net | 13 | (1,019) | 470 |
| Interest income | | 6,291 | 5,751 |
| Interest expenses | | (32,674) | (23,086) |
| Other financial income (expenses), net | | (5,814) | (9,431) |
| **Income from continuing operations before income taxes** | | **(380,554)** | **103,288** |
| Income tax | | 40,464 | (35,273) |
| **Income from continuing operations** | | **(340,090)** | **68,015** |
| Income from discontinued operations, net of income taxes | | | - |
| **Net income** | | **(340,090)** | **68,015** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interests | | (758) | 754 |
| Shareholders of Siemens Gamesa Renewable Energy, S.A. | | (339,332) | 67,261 |
| | | | |
| **Earnings per share in euros (basic and diluted)** | | **(0.50)** | **0.10** |

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 22 are an integral part of these Interim Condensed Consolidated Financial Statements.

## SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
## COMPOSING SIEMENS GAMESA GROUP

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE 6-MONTH PERIOD ENDED MARCH 31,2020 AND 2019
Thousands of euros

| | 6-month period ended 03.31.2020 | 6-month period ended 03.31.2019 (*) |
|---|---|---|
| **Net income** (Interim Condensed Consolidated Statements of Profit and Loss) | **(340,090)** | **68,015** |
| **Items that may be subsequently reclassified into Profit and Loss** | | |
| Currency translation differences | (223,229) | 250,416 |
| Derivative financial instruments | (22,538) | (40,295) |
| Tax effect | 2,156 | 9,497 |
| **Amounts transferred to Profit and Loss** | | |
| Derivative financial instruments | 3,486 | 8,144 |
| Tax effect | (883) | (2,067) |
| **Other comprehensive income, net of taxes** | **(241,008)** | **225,695** |
| **Total comprehensive income** | **(581,098)** | **293,710** |
| **Attributable to:** | | |
| Non-controlling interests | (758) | 754 |
| Shareholders of Siemens Gamesa Renewable Energy, S.A. | (580,340) | 292,956 |

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 22 are an integral part of these Interim Condensed Consolidated Financial Statements.

*Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 22)*

## SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES COMPOSING SIEMENS GAMESA GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH PERIOD ENDED MARCH 31, 2020 AND 2019
Thousands of euros

| | Issued capital | Capital reserve | Unrealised asset and liability revaluation reserve | Retained earnings | Treasury shares, at cost | Currency translation differences | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balances as of September 30, 2018** | **115,794** | **5,931,874** | **40,075** | **583,832** | **(20,343)** | **(722,507)** | **2,226** | **5,930,951** |
| Adjustments due to IFRS 9 (Note 2.D) | - | - | - | (4,645) | - | - | - | (4,645) |
| **Balances as of October 1, 2018 (*)** | **115,794** | **5,931,874** | **40,075** | **579,187** | **(20,343)** | **(722,507)** | **2,226** | **5,926,306** |
| Total comprehensive income for the 6-month period ended March 31, 2019 | - | - | - | 67,261 | - | - | 754 | 68,015 |
| Other comprehensive income, net of income taxes | - | - | (24,721) | - | - | 250,416 | - | 225,695 |
| Dividends | - | - | - | (17,442) | - | - | - | (17,442) |
| Share-based payments | - | - | - | 3,558 | - | - | - | 3,558 |
| Treasury shares transactions (Note 16.B) | - | - | - | 2,105 | (1,351) | - | - | 754 |
| Other changes in equity | - | - | - | (14) | - | - | (409) | (423) |
| **Balances as of March 31, 2019 (**)** | **115,794** | **5,931,874** | **15,354** | **634,655** | **(21,694)** | **(472,091)** | **2,571** | **6,206,463** |
| | | | | | | | | |
| **Balances as of October 1, 2019** | **115,794** | **5,931,874** | **(4,520)** | **712,833** | **(21,616)** | **(464,261)** | **2,701** | **6,272,805** |
| Total comprehensive income for the 6-month period ended March 31, 2020 | - | - | - | (339,332) | - | - | (758) | (340,090) |
| Other comprehensive income, net of income taxes | - | - | (17,779) | - | - | (223,229) | - | (241,008) |
| Dividends | - | - | - | - | - | - | (496) | (496) |
| Share-based payments | - | - | - | 6,535 | - | - | - | 6,535 |
| Treasury shares transactions (Note 16.B) | - | - | - | 2,442 | (2,313) | - | - | 129 |
| Other changes in equity | - | - | - | (186) | - | - | (626) | (812) |
| **Balances as of March 31, 2020** | **115,794** | **5,931,874** | **(22,299)** | **382,292** | **(23,929)** | **(687,490)** | **821** | **5,697,063** |

(*) Adjusted figures as of October 1, 2018 due to IFRS9 application.

(**) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 22 are an integral part of these Interim Condensed Consolidated Financial Statements.

# SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
## COMPOSING SIEMENS GAMESA GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH PERIOD ENDED MARCH 31, 2020 AND 2019
Thousands of euros

| | Note | Period ended 03.31.2020 | Period ended 03.31.2019 (*) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before taxes | | **(380,554)** | **103,288** |
| **Adjustments to reconcile income before taxes to cash flows from operating activities** | | | |
| Interest (income) expenses, net | | 32,197 | 26,766 |
| Amortization, depreciation and impairments | | 353,862 | 295,057 |
| (Income) loss on disposals of assets related to investment activities, net | | - | 159 |
| Other (income) losses from investments | | (1,229) | (470) |
| Other non-cash (income) expenses | | (3,503) | (3,767) |
| Change in operating net working capital | | | |
| Contract assets | | 56,214 | (165,391) |
| Inventories | | (305,814) | (489,055) |
| Trade and other receivables | | 225,252 | 3,151 |
| Trade payables | | (161,448) | (215,319) |
| Contract liabilities | | 340,774 | 289,557 |
| Change in other assets and liabilities | | (160,972) | (260,857) |
| Income taxes paid | | (135,263) | (135,931) |
| Interest received | | 3,247 | 7,527 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | **(137,237)** | **(545,285)** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to intangible assets and property, plant and equipment | 11 and 12 | (201,182) | (188,941) |
| Acquisitions of businesses, net of cash acquired | 4 | (150,749) | - |
| (Purchase) Sale of investments | | 962 | (1,637) |
| Disposal of intangible assets and property, plant and equipment | | 33,103 | 14,182 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **(317,866)** | **(176,396)** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| (Purchase) Sale of treasury shares | 16.B | 129 | 754 |
| Changes in financial debt | | 220,671 | (352,135) |
| Dividens paid | | (496) | (417) |
| Interest paid | | (24,488) | (24,376) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | **195,816** | **(376,174)** |
| | | | |
| **EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS** | | **(47,523)** | **21,519** |
| | | | |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | **(306,810)** | **(1,076,336)** |
| | | | |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | **1,727,457** | **2,429,034** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | **1,420,647** | **1,352,698** |

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 22 are an integral part of these Interim Condensed Consolidated Financial Statements.

## Siemens Gamesa Renewable Energy, S.A. and Subsidiaries composing the SIEMENS GAMESA Group

Notes to the Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2020

### 1. Formation of the Group and its activities

#### *A. GENERAL INFORMATION*

The Interim Condensed Consolidated Financial Statements present the financial position and the results of operations of Siemens Gamesa Renewable Energy, S.A. (hereinafter, "the Company" or "SIEMENS GAMESA"), whose corporate address is located at Parque Tecnológico de Bizkaia, Building 222, Zamudio (Bizkaia, Spain), and its subsidiaries (together referred to as "the Group" or "the SIEMENS GAMESA Group").

The SIEMENS GAMESA Group specialises in the development and construction of wind farms, as well as the engineering solutions, design, production and sale of wind turbines. The corporate purpose of the Company is to promote and foster companies, and to do so it may carry out the following operations:

a) The subscription and purchase of shares or stocks, or of securities that can be converted into these, or which grant preferential purchase rights of companies whose securities are listed or not in national or foreign stock exchanges;

b) The subscription and purchase of fixed-income securities or any other securities issued by companies in which they hold a stake, as well as the granting of participatory loans or guarantees; and

c) To directly provide advisory services and technical assistance to the companies in which it holds a stake, as well as other similar services related to the management, financial structure and production or marketing processes of those companies.

These activities will focus on the early-development, design, advanced-development, manufacture and supply of products, installations and technologically advanced services in the renewable energy sector.

All the activities comprising the aforementioned corporate purpose can be undertaken both in Spain and abroad, and can be carried out completely or partially, in an indirect manner, through the ownership of shares or stocks in companies with the same or similar purpose.

The Company will not undertake any activity for which the laws require specific conditions or legal limitations, unless these conditions or limitations are exactly fulfilled.

Its activities are divided into two business segments: Wind Turbines, and Operation and Maintenance. The Wind Turbines segment offers wind turbines for various pitch and speed technologies, as well as provides development, construction and sale of wind farms. The Operation and Maintenance segment is responsible for the management, monitoring and maintenance of wind farms.

In addition to the operations carried out directly, SIEMENS GAMESA is the head of a group of subsidiaries that engage in various business activities and which compose, together with the Company, the SIEMENS GAMESA Group. Therefore, in addition to its own separate Financial Statements, the Company is obliged to present Consolidated Financial Statements for the Group including its interests in joint ventures and investments in associates.

The SIEMENS GAMESA Group´s Consolidated Financial Statements for the year ended September 30, 2019 were issued for approval by the Directors in the Board of Directors held on November 27, 2019, although they are pending of approval by the General Shareholders' Meeting, which has been temporally postponed as a consequence of the declared state of alarm caused by SARS-CoV-2 coronavirus (hereinafter, "Covid-19") (Note 6).

The Company's Bylaws and other public information of the Company are available on the website www.siemensgamesa.com and at its corporate address.

The SIEMENS GAMESA Group prepares and reports its Interim Condensed Consolidated Financial Statements in thousands of euros. Due to rounding, numbers presented may not add up precisely to the provided totals.

### *B. ACQUISITION OF THE SENVION EUROPEAN ONSHORE SERVICES AND THE ONSHORE WIND TURBINE BUSINESS OF SENVION*

On September 16, 2019 SIEMENS GAMESA entered into exclusive non-binding negotiations with Senvion, in relation to the potential acquisition of certain operation and maintenance business (Senvion Deutschland GmbH) and certain wind turbine business (Ria Blades, S.A.) in Europe.

On October 20, 2019, Senvion GmbH i.I and Siemens Gamesa Renewable Energy Eólica, S.L. *Unipersonal* (S.L. *Unipersonal*, hereinafter, "S.L.U.") have signed an agreement under which Siemens Gamesa Renewable Energy Eólica, S.L.U. has acquired on January 9, 2020 all the shares of Senvion Deutschland GmbH (Senvion European Onshore Services), which includes the carved-out european onshore service business of Senvion and certain additional assets associated to the business, including certain related intellectual property of Senvion.

Shares have been transferred free of any security, encumbrances or charges of any nature whatsoever.

The acquisition has been consummated after the fulfillment of all the closing conditions, such as the consent of the competent authorities, the implementation of the carve-out, the completion of full security release and the operational readiness of the relevant target entities.

The acquisition date for the business combination of the European onshore services business – the acquisition of Senvion Deutschland GmbH – is January 9, 2020. The acquisition of the onshore wind turbine business – the acquisition of Ria Blades, S.A. – has not taken place at the closing date of these Condensed Interim Consolidated Financial Statements. Therefore, the acquisition date for the business combination related to the onshore wind turbine business – the acquisition of Ria Blades, S.A. – is pending on the completion of this part of the transaction and is expected to take place during the third quarter of this fiscal year (Note 21).

This acquisition is in line with SIEMENS GAMESA's strategy to grow its multibrand service business and its production capacities, and strengthens SIEMENS GAMESA's competitive position in Europe. The overall price to be paid in cash for the shares of Senvion Deutschland GmbH and Ria Blades, S.A. amounts to EUR 200 million, subject to closing accounts confirmation adjustments. The closing accounts related adjustment mechanism for working capital, debt, maintenance cost and backlog deviations since 30 June 2019 until 9 January 2020 has different caps and leads to a maximum overall price to be paid by SIEMENS GAMESA of EUR 215 million, in case of positive adjustments, and a minimum overall cash consideration of EUR 180 million, in case of negative adjustments, considering that SIEMENS GAMESA could be entitled to further obtain, under certain circumstances, up to EUR 10 million of additional current assets, without change in the consideration paid. The price adjustment amount, within the established limits, will be resolved once the Ria Blades, S.A. acquisition is completed and the term for the confirmation of the closing accounts has elapsed, and is referred to the transaction as a whole. At the time the transaction is completed, and the final price adjustment is determined, the allocation of the resulting total price to the different parts of the transaction will also be completed (Note 4).

The agreement for the acquisition of Senvion Deutschland GmbH and Ria Blades, S.A. provides for the extraordinary situations in which the transaction is not completed in its entirety, determining the prices that would be applicable in the event that the transaction is partially completed. However, the Group expects to complete the transaction as a whole during the third quarter of this fiscal year, so that the overall price of EUR 200 million and the related price adjustment mechanism will prevail.

### *C. DIVESTMENT OF IBERDROLA PARTICIPACIONES S.A. UNIPERSONAL*

On February 4, 2020, Iberdrola Participaciones, S.A. *Unipersonal* (hereinafter, "Iberdrola Participaciones"), a company fully owned by Iberdrola S.A. (hereinafter, "Iberdrola"), and Iberdrola have entered into an agreement (hereinafter, the "Agreement") with Siemens Aktiengesellschaft (hereinafter, "SIEMENS") (SIEMENS and, together with Iberdrola Participaciones and Iberdrola, hereinafter, the "Parties") for the sale of the entire stake held by Iberdrola Participaciones in SIEMENS GAMESA, representing 8.071% of its share capital.

The price for the transaction is EUR 1,099,546 thousand, which equals to EUR 20 per share in SIEMENS GAMESA and whose sale and purchase has been effective as of February 5, 2020. This price is not subject to any future adjustment.

Taking into consideration that as consequence of the Agreement Iberdrola Participaciones will no longer be a shareholder of SIEMENS GAMESA, the Parties have terminated the shareholders agreement (*pacto parasocial)* entered into by them on June 17, 2016 without any compensations or claims for either of the Parties or any of their respective affiliates. Accordingly, the proprietary director of Iberdrola has resigned from his position as director of the Board of SIEMENS GAMESA.

In addition, each of Iberdrola, Iberdrola Participaciones and SIEMENS have agreed to fully waive any claim or action against each other or any entity of their respective groups, and each of Iberdrola and Iberdrola Participaciones have undertaken to withdraw, render without effect and desist from all existing claims and proceedings initiated against SIEMENS GAMESA and, the Parties, have reciprocally undertaken that for a period of 24 months: neither Iberdrola nor any entity of its group will acquire financial instruments (including shares) in SIEMENS, SIEMENS GAMESA or any entity of their respective groups; and neither SIEMENS nor any entity of its group will acquire financial instruments (including shares) in Iberdrola or any entity of its group.

Finally, Iberdrola, SIEMENS and SIEMENS GAMESA have entered into a separate collaboration agreement for an initial period of 6-months to strengthen and expand their current commercial business relationships regarding certain areas on renewable energy and networks businesses, with a special focus on onshore and offshore wind generation, digital grid and load management.

### *D. UPCOMING EVENTS*

SIEMENS, on May 7, 2019 announced a Significant Event where, amongst others, it disclosed certain plans with respect to its stake in SIEMENS GAMESA. SIEMENS planned a carve-out of the Gas and Power Operating Company into a separately managed company, as well as a spin-off of it. For this, it is planned, in the coming months, to group all its operations in the new company Siemens Energy whose listing is scheduled for September 2020.

During first half fiscal year 2020:

- SIEMENS has transferred its direct shareholding in SIEMENS GAMESA (30.123%) to Siemens Gas & Power GmbH Co. KG on January 1, 2020 (Note 16.A).

- Siemens Beteiligungen Inland GmbH has transferred its direct shareholding in SIEMENS GAMESA (28.877%) to Kyros 63 GmbH on January 31, 2020 and later, on March 31, 2020, Kyros 63 GmbH has transferred it to Siemens Gas & Power GmbH Co. KG (Note 16.A).

- Iberdrola Participaciones has transferred its direct shareholding in SIEMENS GAMESA (8.071%) to SIEMENS on February 5, 2020 (Note 1.C). On March 31, 2020, SIEMENS has transferred said shareholding to Siemens Gas & Power GmbH Co. KG (Note 16.A).

This communication does not have impact on these Interim Condensed Consolidated Financial Statements.

## 2. Basis of presentation of the Interim Condensed Consolidated Financial Statements and basis of consolidation

### *A. BASIS OF PRESENTATION*

These Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2020 have been prepared in accordance with the International Accounting Standard (hereinafter, "IAS") 34 on "Interim Financial Information", with the provisions of Articles 12 and 13 of Royal Decree 1362/2007 and with the National Securities Market Commission's *Circular 3/2018* (hereinafter, "*CNMV*")*.*

As established in IAS 34, the interim financial information is prepared with the aim of providing an update on the content of the latest Consolidated Financial Statements reported by the Group, emphasizing any new activity, event or circumstance that have taken place during the last 6-month period, without duplicating the information previously reported. Therefore, for a proper comprehension of the information included in the Interim Condensed Consolidated Financial Statements, they should be read together with the Group Consolidated Financial Statements for the year ended September 30, 2019.

The issuance of these Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2020 has been approved by SIEMENS GAMESA's Board of Directors on May 5, 2020.

### *B. BASIS OF CONSOLIDATION*

The consolidation principles used when preparing these Interim Condensed Consolidated Financial Statements are consistent with those disclosed in the Note 2.B of the Consolidated Financial Statements of the Group for the year ended September 30, 2019.

### *C. CHANGES IN THE SCOPE OF CONSOLIDATION*

The Appendix to the Consolidated Financial Statements for the year ended September 30, 2019, provides relevant information regarding the Group companies consolidated at that date and those measured using the equity method.

During the 6-month period ended March 31, 2020 the following changes have taken place in the scope of consolidation:

- The following entities have been constituted or acquired:

| **Constituted / acquired company** | **Holding company of the investment** | **% of shareholding** |
|---|---|---|
| Energiaki Mavrovouniou Idiotiki Kefaleouchiki Eteria (Greece) | Siemens Gamesa Renewable Energy Wind Farms, S.A. Unipersonal (*) | 99.9% |
| Energiaki Mavrovouniou Idiotiki Kefaleouchiki Eteria (Greece) | Siemens Gamesa Renewable Energy Invest, S.A.U. | 0.1% |
| Siemens Gamesa Renewable Energy Djibouti SARL, (Djibouti) | Siemens Gamesa Renewable Energy Eólica, S.L.U. | 100% |
| Energiaki Velanidias Single Member Anonymos Etairia (Greece) | Siemens Gamesa Renewable Energy Wind Farms, S.A.U. | 100% |
| Energiaki Mesovouniou Single Member Anonymos Etairia (Greece) | Siemens Gamesa Renewable Energy Wind Farms, S.A.U. | 100% |
| Siemens Gesa Renewable Energy Soluciones Técnicas, S. de R.L. de C.V. (Mexico) | Siemens Gamesa Renewable Energy Europa, S.L.U. | 99% |
| Siemens Gesa Renewable Energy Soluciones Técnicas, S. de R.L. de C.V. (Mexico) | Siemens Gamesa Renewable Energy Eólica, S.L.U. | 1% |
| Senvion Deutschland GmbH (Germany) (**) | Siemens Gamesa Renewable Energy Eólica, S.L.U. | 100% |
| Senvion UK Limited (United Kingdom) (**) | Senvion Deutschland GmbH | 100% |
| Senvion France S.A.S (France) (**) | Senvion Deutschland GmbH | 100% |
| Senvion Italia, S.r.L. (Italy) (**) | Senvion Deutschland GmbH | 100% |
| Senvion Austria GmbH (Austria) (**) | Senvion Deutschland GmbH | 100% |
| Senvion Polska, Sp.z.o.o (Poland) (**) | Senvion Deutschland GmbH | 100% |
| Senvion Scandinavia AB (Sweden) (**) | Senvion Deutschland GmbH | 100% |
| Senvion Portugal Unipessoal, Lda. (Portugal) (**) | Senvion Deutschland GmbH | 100% |

| Constituted / acquired company | Holding company of the investment | % of shareholding |
|---|---|---|
| Senvion d.o.o. Beograd (Serbia) (**) | Senvion Austria GmbH | 100% |

(*) S.A. Unipersonal (hereinafter, S.A.U.)
(**) Notes 1.B and 4.

- The following entities have been dissolved:

| Dissolved company | Holding company of the stake | % of shareholding |
|---|---|---|
| Glenouther Renewables Energy Park Limited (United Kingdom) | Siemens Gamesa Renewable Energy Wind Farms, S.A.U. | 100% |
| Adwen UK Limited (United Kingdom) | Adwen Offshore, S.L.U. | 100% |
| Siemens Gamesa Renewable Energy Belgium BVBA (Belgium) | Siemens Gamesa Renewable Energy Eólica, S.L.U. | 100% |
| Bargrennan Renewable Energy Park Limited (United Kingdom) | Siemens Gamesa Renewable Energy Wind Farms, S.A.U. | 100% |

- The following entities have been sold:

| Sold company | Holding company of the stake | % of shareholding |
|---|---|---|
| Sistemas Energéticos Loma del Viento, S.A.U. (Spain) | Siemens Gamesa Renewable Energy Invest, S.A.U. | 100% |
| Sistemas Energéticos Serra de Lourenza, S.A.U. (Spain) | Siemens Gamesa Renewable Energy Wind Farms, S.A.U. | 100% |
| Sistemas Energéticos Jaralón, S.A.U. (Spain) | Siemens Gamesa Renewable Energy Invest, S.A.U. | 100% |
| Ujazd Sp. z o.o. (Poland) | Siemens Gamesa Renewable Energy Wind Farms, S.A.U. | 100% |
| Sistemas Energéticos El Valle, S.L.U. (Spain) | Siemens Gamesa Renewable Energy Invest, S.A.U. | 100% |
| Société d'Exploitation du Parc Eolien de Source de Séves SARL (France) | Siemens Gamesa Renewable Energy Invest, S.A.U. | 100% |

The exclusions from the scope of consolidation are mainly related to companies' dissolutions or to wind farms that have been disposed of during the 6-month period ended March 31, 2020 and whose net assets were classified as inventories and, therefore, the sale, as indicated in Note 3.U of the Consolidated Financial Statements for the year ended September 30, 2019, is recognized under the heading "Revenue" in the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2020.

- The name of the following entities has been modified:

| Previous denomination | New denomination |
|---|---|
| Siemens Gamesa Renewable Energy BVBA (Belgium) | Siemens Gamesa Renewable Energy NV |
| Société d'Exploitation du Parc Eolien de Plancy l'Abbaye SARL (France) | Société d'Exploitation du Parc Eolien de Champeaux SARL |
| Société d'Exploitation du Parc Eolien de Cernon SARL (France) | Société d'Exploitation du Parc Eolien de Champlong SARL |
| Société d'Exploitation du Parc Eolien de Sommesous SARL (France) | Société d'Exploitation du Parc Eolien de la Belle Dame SARL |
| Société d'Exploitation du Parc Eolien de Savoisy SARL (France) | Société d'Exploitation du Parc Eolien de la Gartempe SARL |
| Société d'Exploitation du Parc Eolien de Landresse SARL (France) | Société d'Exploitation du Parc Eolien de la Monchot SARL |
| Société d'Exploitation du Parc Eolien de la Loye SARL (France) | Société d'Exploitation du Parc Eolien de la Pièce du Moulin SARL |
| Société d'Exploitation du Parc Eolien de Mantoche SARL (France) | Société d'Exploitation du Parc Eolien de Maindoie SARL |
| Société d'Exploitation du Parc Eolien de Songy SARL (France) | Société d'Exploitation du Parc Eolien de Messeix SARL |
| Société d'Exploitation du Parc Eolien de Longueville-sur-Aube SARL (France) | Société d'Exploitation du Parc Eolien de Villiers-aux-Chênes SARL |
| Société d'Exploitation du Parc Eolien de Saint Bon SARL (France) | Société d'Exploitation du Parc Eolien des Fontaines SARL |
| Société d'Exploitation du Parc Eolien de Sambourg SARL (France) | Société d'Exploitation du Parc Eolien des Six Communes SARL |
| Société d'Exploitation du Parc Eolien de Coupetz SARL (France) | Société d'Exploitation du Parc Eolien des Voies de Bar SARL |
| Société d'Exploitation du Parc Eolien de Romigny SARL (France) | Société d'Exploitation du Parc Eolien d'Omécourt SARL |
| Société d'Exploitation du Parc Eolien de Clamanges SARL (France) | Société d'Exploitation du Parc Eolien du Mont Égaré SARL |
| Société d'Exploitation du Parc Eolien de Soude SARL (France) | Société d'Exploitation du Parc Photovoltaïque de Messeix SARL |
| Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey) | Siemens Gamesa Turkey Yenilenebilir Enerji Anonim Sirketi |

## *D. ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS*

D.1) New standards, amendments and interpretations applied in the 6-month period ended March 31, 2020:

*First-time application of IFRS 16, "Leases"*

The SIEMENS GAMESA Group has completed the analysis in order to assess whether an agreement includes a lease on the date of its first-time application in accordance with the definition and conditions set in IFRS 16.

The implementation of this standard in the SIEMENS GAMESA Group is based on the modified retrospective approach, which means that comparative period figures are not restated, and therefore, that the first-time adoption of IFRS 16 is accounted for as of October 1, 2019 (first-time application date).

The SIEMENS GAMESA Group, using practical expedients, has chosen to apply the exemption in recognizing current leases:

- Whose lease term is equal or under 12 months, which will continue being accounted for as presently and associated payments will be recognized as a lease expense.

- To low value assets.

**Presentation**

In the Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2020, the SIEMENS GAMESA Group has classified right-of-use assets and lease liabilities under the line items "Property, plant and equipment", current "Financial debt" and non-current "Financial debt" of the Consolidated Balance Sheet**.**

**Impact on the SIEMENS GAMESA Group**

The following table discloses the effect of the application of IFRS 16 on the Consolidated Balance Sheet headings (only affected Consolidated Balance Sheet headings are shown below):

| Thousands of euros | Financial Statements as of 09.30.2019 | Transition to IFRS 16 | Financial Statements as of 10.01.2019 |
|---|---|---|---|
| **Within assets** | | **583,308** | |
| Other current assets | 461,265 | (10,440) | 450,825 |
| **Within current assets** | **461,265** | **(10,440)** | 450,825 |
| Property, plant and equipment | 1,425,901 | 679,203 | 2,105,104 |
| Other assets | 89,379 | (85,455) | 3,924 |
| **Within non-current assets** | **1,515,280** | **593,748** | **2,109,028** |
| **Within liabilities** | | **583,308** | |
| Financial debt | 352,209 | 66,150 | 418,359 |
| **Within current liabilities** | **352,209** | **66,150** | **418,359** |
| Financial debt | 512,226 | 517,158 | 1,029,384 |
| **Within non-current liabilities** | **512,226** | **517,158** | **1,029,384** |

The corresponding right of use asset recognized as of October 1, 2019 with the first-time application of IFRS 16 amounts to EUR 679,203 thousand. The amount of prepaid lease instalments as of September 30, 2019, which corresponds to lease contracts for buildings and real property, amount to EUR 95,895 thousand, booked mainly under other non-current assets of the accompanying Consolidated Balance Sheet as of September 30, 2019, whereby the final lease liability recognized as of October 1, 2019 amounts to EUR 583,308 thousand.

The breakdown by type of assets that has led to the recognition of current and non-current liabilities is as follows:

| Thousands of euros | 10.01.2019 |
|---|---|
| Buildings and real property | 427,882 |
| Technical facilities and machinery | 144,572 |
| Other property, plant and equipment | 10,854 |
| **Total** | **583,308** |

In order to determine the present value of lease payments, which is needed when classifying a lease (for the lessor) and to measure the lessee's lease liability, three parameters are required: lease term, lease payments, and the appropriate discount rate.

IFRS 16 requires the lessee to discount the lease payments using the interest implicit in the lease or the incremental borrowing rate if the interest implicit in the lease cannot be determined.

The details of the discount rates (minimum and maximum ranges) used for the main currencies at the time of the first application are as follows:

| Currency | Less than 5 years | | Between 6 and 10 years | |
|---|---|---|---|---|
| | Minimum | Maximum | Minimum | Maximum |
| Euro | 0.001% | 0.001% | 0.001% | 0.336% |
| Sterling pound | 0.790% | 1.203% | 1.216% | 1.462% |
| United States dollar | 2.173% | 2.498% | 2.173% | 2.412% |
| Indian rupee | 6.124% | 6.753% | 6.610% | 6.704% |

While IFRS 16 does not specify requirements on reassessment of discount rates by a lessor, a lessee is required to reassess the discount rate upon any of the following:

- Change in lease term or in the assessment of purchase option.
- A lease modification that is not accounted for as a separate lease.
- Change in lease payment resulting from a change in floating interest rates.

The summary of the impact that the application of IFRS 16 has had on the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2020, is as follows:

| Thousands of euros | 03.31.2020 |
|---|---|
| Increase in “Interest expenses” | 3,171 |
| Increase in amortization, depreciation and provisions | 52,478 |
| **Total** | **55,649** |

The increase in the costs by nature under the previous headings in the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2020 is for its major part offset by a reduction in the costs by nature within external services in the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2020.

| Thousands of euros | 03.31.2020 | 03.31.2019 |
|---|---|---|
| External services | 436,216 | 556,274 |
| Rents and royalties | 72,879 | 117,967 |

As a result of IFRS 16, the SIEMENS GAMESA Group updated its accounting policies (Note 3) and its internal processes and controls relating to leases.

*Remaining standards, amendments and interpretations*

| Standards, amendments and interpretations | | IASB effective Date (*) |
|---|---|---|
| Improvements to IFRS Standards, 2015-2017 Cycle | | January 1, 2019 |
| IFRIC 23 | Uncertainty over income tax treatments | January 1, 2019 |
| Amendments to IFRS 9 | Prepayment Features with Negative Compensation | January 1, 2019 |
| Amendments to IAS 19 | Plan Amendment, Curtailment or Settlement | January 1, 2019 |
| Amendments to IAS 28 | Long-term Interests in Associates and Joint Ventures | January 1, 2019 |

(*) Applicable for years beginning on or after the indicated date.

The remaining standards, amendments and interpretations have not had a significant impact on these Interim Condensed Consolidated Financial Statements.

D.2) Standards, amendments and interpretations applied in the year ended September 30, 2019:

The standards, amendments and interpretations applied in the year ended September 30, 2019 are those disclosed in the Note 2.D.1. of the Consolidated Financial Statements for the year ended September 30, 2019.

D.3) New standards, amendments and interpretations not applied in the 6-month period ended March 31, 2020 that will be applicable in future periods:

*Remaining standards, amendments and interpretations*

| **Standards, amendments and interpretations** | | **IASB effective Date (*)** |
|---|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards | | January 1, 2020 |
| Amendments to IFRS 3 | Definition of a business | January 1, 2020 |
| Amendments to IAS 1 and IAS 8 | Definition of Material or of Relative Importance | January 1, 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7 | Amendment of the Interest Rate Reference Index | January 1, 2020 |
| IFRS 17 | Insurance Contracts | January 1, 2021 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred indefinitely |

(*) Applicable for years beginning on or after the indicated date.

The SIEMENS GAMESA Group is currently analysing the expected impact resulting from the remaining standards, amendments and interpretations mentioned above, which have been published by the IASB, but are not effective yet.

### *E. COMPARATIVE INFORMATION OF PRIOR PERIOD*

The information contained in these Interim Condensed Consolidated Financial Statements corresponding to the 6-month period ended March 31, 2019 and/or corresponding to the 12-month period ended September 30, 2019, is presented, solely and exclusively for comparative purposes with the information related to the 6-month period ended March 31, 2020.

When comparing the information, the acquisition of the european onshore service business of Senvion described in Notes 1.B and 4 as well as the effects of the first application of IFRS 16 detailed in Note 2.D.1 must be taken into account.

### *F. CONTINGENT ASSETS AND LIABILITIES*

During the 6-month period ended March 31, 2020 there have been no significant changes in the Group's contingent assets and liabilities (Notes 3.K and 19 of the Consolidated Financial Statements of the Group for the year ended September 30, 2019).

### *G. SEASONALITY OF THE GROUP´S TRANSACTIONS*

Given the activities in which the Group companies are engaged, the Group's transactions do not have cyclical or seasonal nature. For this reason, no specific disclosures are included in these Notes to the Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2020. Although production is not cyclical in nature, there is a concentration of wind turbine assembly activities at wind farm sites during the second half of the fiscal year.

## 3. Accounting principles and policies and key judgments and estimates

The preparation of the Interim Condensed Consolidated Financial Statements requires management to make judgments and use estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The main accounting principles and policies and measurement methods applied as well as estimates and sources of uncertainty, are disclosed in Note 3 of the Consolidated Financial Statements for the year ended September 30, 2019. As an updated to these, the following should be noted:

### A. *CHANGES IN THE ACCOUNTING PRINCIPLES AND POLICIES AND IN THE CRITERIA USED IN CALCULATING ESTIMATES MADE IN RELATION TO LEASES AS A RESULT OF THE ADOPTION OF IFRS 16.*

Until September 30, 2019, the SIEMENS GAMESA Group recognized lease agreements in accordance with the criteria established in IAS 17: “Leases” and IFRIC 4: “Determination of whether an agreement contains a lease”. The SIEMENS GAMESA Group classified leases as finance leases whenever all the risks and rewards incidental to the ownership of the asset were substantially transferred to the lessee. All other leases were classified as operating leases.

Finance leases were recognized at the starting date of the lease as assets and liabilities in the Consolidated Financial Statements at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each of those determined at the inception of the lease. The leased assets were depreciated in a similar manner as those assets owned by the Group.

Lease payments under an operating lease were recognized as an expense on a straight-line basis over the lease term in the Consolidated Statement of Profit and Loss.

From October 1, 2019, the SIEMENS GAMESA Group has adopted IFRS 16. This standard, from the perspective of the lessee, eliminates the current classification among operating and finance leases and requires the lessee to recognize a right-of-use asset and a lease liability at the present value of the obligation to make lease payments. From the perspective of the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

**Right-of-use assets and lease liabilities**

A lessee measures right-of use assets similarly to other non-financial assets (such as “Property, plant and equipment”) and lease liabilities similarly to other financial liabilities. Therefore, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability and classifies cash repayments of the lease liability into a principal and an interest portion.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments) and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The initial value of the lease liability is calculated as the value of future lease payments that are discounted, as a general rule at the incremental rate. Lease payments include:

- Fixed or substantially fixed lease instalments specified in the contract, after deduction of any incentive to be received by the lessee;

- Variable instalments dependent on an index or rate;

- The amounts that the lessee expects to pay for guarantees on the residual value of the underlying asset;

- The exercise price of the purchase option, if it is reasonably certain that the lessee will exercise such option; and

- Payments for the cancellation of the lease, if the lease term includes an early cancellation.

Contingent lease payments subject to the occurrence of a specific event and the variables instalments dependent on revenues or the use of underlying asset are recorded at the time when they are incurred under the heading of cost by nature of external services in the Consolidated Statement of Profit and Loss, rather than as part of the lease liability.

Subsequently, the lease liability is increased to reflect the finance costs and is reduced in the amount of the payments made. The unwinding of the financial discounting is recorded under "Finance expenses" in the Consolidated Statement of Profit and Loss. The lease liability is remeasured whenever there is a change in indexes or rates, in the estimated amounts to be paid for guarantees on the residual value, in those cases where the exercise of options to extend is considered reasonably certain or in those cases where the options to cancel are considered not to be exercised within reasonable expectations.

The right-of-use asset is initially recorded at cost, which includes:

- The initial valuation amount of the lease liability;
- Any lease payment made on or before the lease start date, minus incentives received;
- The initial direct costs incurred as a result of the lease, and
- An estimation of the costs that will be incurred by the lessee for the dismantling and restoration of the asset.

After the initial recognition, the right-of-use asset is recorded at cost less accumulated depreciation and impairment losses. The depreciation of the right-of-use asset is recorded in the Consolidated Statement of Profit and Loss during the useful life of the underlying asset, or during the lease term, whichever is shorter. If the property is transferred to the lessee or it is practically certain that the lessee will exercise the purchase option, it will be depreciated over the useful life of the asset.

For lease contracts which may include lease and non-lease components, in general the SIEMENS GAMESA Group is not separating both elements for accounting purposes, recognizing them as a single element, except for the type of underlying assets for which the separation may have a significant impact on the Consolidated Financial Statements (i.e. services related to leases of vessels).

The preparation of these Interim Condensed Consolidated Financial Statements in accordance with IFRS 16 has required the SIEMENS GAMESA Group to make certain assumptions and estimates. In the determination of the lease term, the SIEMENS GAMESA Group considers all the relevant facts and circumstances that create a significative economic incentive for the lessee to exercise the renewal option or not to exercise the cancellation option. Renewal or termination options are only included in the determination of the lease term if it is reasonably certain that the contract will be extended or will not be terminated. If a significant event or a significant change in circumstances occurs that may affect the assessment of the term, the Group SIEMENS GAMESA reviews the assessment made in the determination of the lease term.

### *B. CORPORATE INCOME TAX*

Corporate income tax expense is recognized in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the year, in accordance with IAS 34 (Note 17.A).

Although the estimates are done based on the best information available for the analysed facts, future events might make it necessary to modify them (upwards or downwards) in later years. Estimates and assumptions are reviewed on an ongoing basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by such changes, in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the related Consolidated Statement of Profit and Loss.

## 4. Acquisitions, disposals and discontinued operations

The assets and liabilities of Senvion Deutschland GmbH and its subsidiaries are included in the Interim Condensed Consolidated Financial Statements at their acquisition date fair values. The following figures result from the preliminary purchase price allocation as of the acquisition date: Other intangible assets EUR 145 million (related to the fair value of order backlog and customer relationships), Property, plant and equipment EUR 34 million, Trade and other receivables EUR 30 million, Inventories EUR 19 million, Other current and non-current financial assets EUR 3 million, Cash and cash equivalents EUR 4 million, Other current and non-current assets EUR 3 million, Financial Debt EUR 9 million, Trade payables EUR 9 million, Other current financial liabilities EUR 3 million, Provisions current and non-current EUR 43 million, Deferred tax liabilities, net, EUR 23 million and Other current and non-current liabilities EUR 31 million.

Until March 31, 2020, consideration paid in accordance with the milestones established in the acquisition agreement amount to EUR 155 million (EUR 151 million net of cash acquired).

The goodwill has been provisionally determined in amount of EUR 35 million and has been provisionally allocated to the Operation and Maintenance segment (Note 10).

The acquired business has contributed revenues of EUR 40 million and a negative net result of EUR 1 million (pre-purchase price allocation impacts) to SIEMENS GAMESA for the period from acquisition to March 31, 2020. The revenue and profit of the combined entity for the current reporting period as though the acquisition date had been as of the beginning of the annual reporting period amounts to EUR 83 million and EUR 4 million, respectively, (pre- purchase price allocation impacts).

The transaction cost of EUR 10.1 million has been registered in general administration expenses in the Consolidated Statement of Profit and Loss.

The accounting for this business combination has been determined provisionally as of the date of preparation of these Interim Condensed Consolidated Financial Statements, due to the fact that the measurement of the acquired assets and liabilities has not yet been completed, as well as the 12-month period since the acquisition of Senvion Deutschland GmbH established by IFRS 3 "Business Combinations" has not elapsed.

## 5. Financial Risk Management

By the nature of its activities, the SIEMENS GAMESA Group is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange risk, market price risk and interest rate risk, (ii) liquidity risk, and (iii) credit risk. The aim of the Financial Risk Management is to identify, measure, monitor and mitigate those risks and their potential adverse effects on the Group’s operational and financial performance. The general conditions for compliance with the Group’s Financial Risk Management process are set out through policies approved by the Top Management. The identification, assessment and hedging of financial risks lies in the responsibility of each business unit.

Given that the Notes to the Interim Condensed Consolidated Financial Statements do not include all of the information and disclosures regarding Financial Risk Management that are mandatory for the annual Consolidated Financial Statements, they should be read together with the Note 5 of the Consolidated Financial Statements for the year ended September 30, 2019.

During the 6-month period ended March 31, 2020, there have been significant changes in the following market risks to which SIEMENS GAMESA is exposed:

### *A. COVID-19*

On December 31, 2019, China alerted the World Health Organisation (hereinafter, "WHO") of the new Covid-19 disease. On January 30, 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern" and on March 11, 2020 the WHO characterized the public health emergency situation caused by the outbreak as a pandemic, after the cases of Covid-19 outside China had increased 13-fold and the number of affected countries had tripled in the preceding two weeks.

As Covid-19 has spread globally, rapidly increasing the number of infections, many countries have required companies to limit or suspend business operations and implemented restrictions regarding movement of people and quarantine measures, which has extensively disrupted regular way business with negative implications for international trade and production processes, global supply chain disruptions and demand shocks and a high uncertainty in the capital markets.

In such situation, SIEMENS GAMESA faces various risks which adversely affected, and in following quarters will likely continue to affect the business, financial position, results of operations and/or cash flows:

- Supply chain disruptions and restrictions in connection with Covid-19 pandemic such as facility closures or significant portions of our workforce being unable to work effectively, including because of illness, quarantines or government actions, may lead to lower output in SIEMENS GAMESA's manufacturing facilities effectively causing cost under absorption and project delays.

- Supply chain disruptions may also directly impact project execution, leading to revenue shifts into future quarters, impacting contribution margins and causing project prolongation costs as well as potential liquidated damage claims from customers.

- A continued spread of Covid-19 could also further cause disruption in our supply chain, cause delay, or limit the ability of customers to perform, including in making timely payments to SIEMENS GAMESA or in suspending ongoing projects with or without the application for contractually force majeure clauses, further impact on market volatility and thus on foreign exchange derived impacts, and cause other unpredictable events.

SIEMENS GAMESA is taking measures as to ensure business continuity selling, manufacturing, installing and servicing wind turbines generators for its customers worldwide. From the very beginning of this crisis, SIEMENS GAMESA has adopted processes to address the group's utmost priority of keeping its employees and their families safe and healthy, implementing a series of actions aimed at balancing the demands of health and safety with those of business activity. SIEMENS GAMESA has established a task force that continuously monitors the impacts and mitigation measures. A business continuity plan for the activities in impacted countries has been deployed and the production capacity impacts for main critical parts is being assessed, at the same time that additional logistics routes are being identified in order to ensure parts availability on production and construction sites.

The first disruptions in SIEMENS GAMESA's supply chain, manufacturing operations, project execution and commercial activity have largely impacted the onshore activities within the Wind Turbines segment. An impact on the offshore activities within the Wind Turbines segment and in the Operation and Maintenance segment can be expected to happen, to a lower extent, in the coming months. To that regard, during the second quarter of fiscal year 2020, SIEMENS GAMESA was affected by temporary factory closures or reduced production volumes at plants located in China, India, Spain, United Kingdom (hereinafter, "UK") and United States due to governmental regulation or material shortage, caused by the Covid-19 situation, from vendors mainly located in China, Ecuador, Italy and Spain. Project execution was consequently affected in all regions with different levels of impact due to the same reasons.

As a consequence, derived from the conditions described above the impact in the Interim Condensed Consolidated Financial Statements of SIEMENS GAMESA has been the reduction in revenue recognition, due to less than planned production volume and project installation progress, as well as additional project costs and liquidated damages due to failure to meet contractual commitments, with a total negative impact in Earnings before interest and taxes ("EBIT")[1] in amount of EUR 56 million.

SIEMENS GAMESA expects that the ultimate significance of the impact of the Covid-19 pandemic will be dictated by the length of time that such disruptions continue. At the moment of preparation of these Interim Condensed Consolidated Financial Statements, there is still significant degree of uncertainty and the extent of the risk imposed by Covid-19 in the future is unclear. If the spread of the novel Covid-19 is prolonged, macroeconomic conditions may be further adversely affected, potentially resulting in an economic downturn in the countries in which the Group operates and the global economy more widely, which could further adversely impact the business, results of operations and financial condition of the Group.

The Group has evaluated the possible scenarios derived from the Covid-19 pandemic, but due to the speed with which the situation is developing, the uncertainties about the duration and depth of it, and the variety of countermeasures enforced by governments around the world to combat its effects, which include in some countries the mandatory lockdown of manufacturing facilities, the Group is not able at this moment in time to accurately estimate the impact of Covid-19 on its financial or operational results in the following quarters, given the existing uncertainty about the duration and depth of the situation, but the impact could be significant. As a consequence, on April 21, 2020, SIEMENS GAMESA has communicated to the *CNMV* as an Inside Information (previously also called Significant Event) that it cannot forecast or quantify with reasonable accuracy the full duration and financial magnitude of the impact and considers it prudent to withdraw guidance for the Financial Year 2020. A close analysis and follow-up of the risks derived from this situation and measures to be taken in this regard are performed on an ongoing and regular basis through the established task force that continuously monitors the situation.

### *B. BREXIT*

The exit of the UK from the European Union triggers an extended period of uncertainty, which adversely impacts future investments in the UK's energy market and also increases the uncertainty in the business development of the SIEMENS GAMESA Group in the UK.

On March 29, 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (hereinafter, "the EU"). There was an initial 2 years timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship. On March 29, 2019 the UK Parliament voted for a third time against the Prime Minister´s Brexit deal, which, if approved, would have opened the way to the UK leaving the EU on a revised date of May 22, 2019. On April 10, 2019, the UK Government and the EU agreed an extension for the Brexit until October 31, 2019. On October 17, 2019, UK and the European Commission approved an orderly Brexit which was not supported by the Parliament. On October 28, 2019 the EU agreed a new extension for the Brexit until January 31, 2020. The Prime Minister, Boris Johnson, won the elections in the UK on December 12, 2019 and finally got the support from the UK Parliament to leave the EU on December 20, 2019. In January, 2020, the UK left the EU after reaching an agreement with the EU to do so. A grace period has begun, ending on December 31, 2020. During this period, nothing regarding movement of people and goods or duties changes, being a period without any restrictions until a final agreement is reached between EU and UK.

[1] Earnings before interest and taxes ("EBIT"): operating profit as per the Consolidated Income Statement. It is calculated as "Income (loss) from continuing operations before income taxes", before "income (loss) from investments accounted for using the equity method", interest income and expenses and "other financial income (expenses), net".

At the time of the preparation of these Interim Condensed Consolidated Financial Statements, there is still significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after the exit. The consequences derived from it, for any resulting scenario, are still uncertain, affecting, among other factors, the value of the pound against the euro, access to the European single market, the circulation of people and goods, services and capital, or the valuation of the investments made in the UK.

Nowadays, the main Group operations related to the UK market are the following:

- Currently there is no pipeline of UK onshore projects due to government restrictions to the support to the new onshore developments. Several projects are still in the sales phase where Brexit risks can be covered in the contract negotiations. Projects in the Republic of Ireland continue but, as Ireland remains in the EU, no impacts are expected.

- Much of the Company´s current activity in the UK concerns the supply and installation of offshore projects.

- The SIEMENS GAMESA Group has made a major investment in manufacturing in the UK with the establishment of a primary production of offshore wind turbine blades on a site that is closely located to the Group's port facility. Now, the Group manufactures the current generation blades for its offshore projects, which will be used on both UK and European projects, and thus commencing with exports from the factory. The factory currently employs over 800 people.

- The SIEMENS GAMESA Group also provides warranty services to new projects and long-term service of wind farm fleets for customers. With a major base in Newcastle upon Tyne, Service also operates a widely distributed workforce with satellite locations at offshore wind farms and onshore wind hubs across the UK.

The specific risks that arise from the negotiations between the UK and the EU and which affect the Group´s activities are presented below:

- It is expected that the custom duties and tariffs will be applied to imported equipment that is currently tariff free. However, it is expected that the UK government would set temporary MFN ("Most favoured nation") rates and therefore, presumably, no tariff costs would arise in a post-Brexit situation, at least during the first year following the date of exit.

- The Group imports a significant part of the raw materials for the production of blades from the EU (Denmark and Germany). The Group is currently analysing the supply chain flows and the measures to be implemented aimed at reducing lead-times and mitigating other potential risks from Brexit.

- The status of EU employees working for the SIEMENS GAMESA Group in the UK as residents and also the possibility that UK workers can travel and work freely in other EU countries is being analysed. However, the exposure to these risks is considered low.

The Group has evaluated the possible scenarios derived from the Brexit concluding that it will be able to cover these uncertainties through several risk mitigation measures and therefore no significant risk on the recoverability of assets resulting from past investments in the UK is identified. In any case, no material impact on the Group´s total assets is expected as the Group´s UK investments represent less than 2.8% of the total Group´s consolidated assets as of March 31, 2020 (less than 0.8% as of September 30, 2019; the change compared to September 30, 2019 is due to the first-time adoption of IFRS 16 during fiscal year 2020). A close analysis and follow-up of the situations that could suppose a significant risk and of the measures to be taken in this regard are performed on a regular basis through an established task force that continuously monitors the exit process.

### *C. TRADE WAR BETWEEN THE UNITED STATES, CHINA AND THE EUROPEAN UNION*

The SIEMENS GAMESA Group is exposed to risks relating to fluctuations in the prices of the commodities, as well as import tariffs for certain products in some countries that may affect the costs of the supply chain. These risks are mainly managed in the procurement process. Only in some cases, the SIEMENS GAMESA Group uses derivative instruments to mitigate these market price risks.

At the time of preparation of these Interim Condensed Consolidated Financial Statements, there is still significant uncertainty about the potential trade war between the United States, China and the EU. Although a phase 1 of an agreement between the United States and China has been reached on January 15, 2020, there is significant uncertainty as to what tariffs will be applied in the different countries to different products. The United States administration recently introduced tariffs on various categories of goods and materials, including steel, and threatened to introduce further tariffs. In response, the EU, China and other jurisdictions have introduced tariffs on certain goods and materials of the United States. Such tariffs increase the cost of certain key raw materials used in the Group's business, mainly in its manufacturing and construction processes. At the date of preparation of these Interim Condensed Consolidated Financial Statements no significant impacts, additional to those already included in the Consolidated Financial Statements for the year ended September 30, 2019, are expected. The Group has assessed the possible scenarios from the trade war, concluding that it will be able to reduce these risks by taking several risk mitigation measures including changes in its supply chain. A close analysis and follow-up is performed on a regular basis through the export control and customs and the purchasing departments.

## 6. Dividends paid by the Parent Company

No dividends have been paid during the 6-month periods ended March 31, 2020 and 2019.

The earnings allocation proposal to be approved by the General Shareholder´s Meeting included in the Financial Statements for the year ended September 30, 2019 was as follows:

| **Thousands of euros** | **09.30.2019** |
|---|---|
| **Basis of distribution** | |
| Result for the year ended September 30, 2019 | 168,582 |
| **Total** | **168,582** |
| **Distribution** | |
| Legal reserve | 16,858 |
| Other reserves | 116,488 |
| Dividend | 35,236 |
| **Total** | **168,582** |

On March 18, 2020, the Board of Directors has decided to call off the General Shareholder´s Meeting, which was scheduled to be held on March 26, 2020, on first call.

The decision of the Board of Directors is motivated by the resolutions adopted by the Council of Ministers of Spain on March 14, 2020, by virtue of which the state of alarm in the Spanish territory has been declared and, among other issues, the movement of people has been largely restricted. Likewise, the development of the Covid-19 and the recommendations of the Government and health authorities have been taken into account, in order to avoid meetings in closed public spaces trying to limit, as far as possible, the spread of the Covid-19.

The Company has considered, among other things, the right of the shareholders to attend the General Shareholder´s Meeting and participate in the decisions of its concern, the declaration of the state of alarm and the restrictions imposed on the movement of people which limit the participation in the meeting, and the protection of the health of the shareholders, their representatives and the professionals and suppliers that participate in the celebration of the General Shareholder´s Meeting. Likewise, the Company has taken special consideration of article 41.1.b) of Royal Decree Law 8/2020 of March 17, 2020 on urgent extraordinary measures to deal with the economic and social impact of Covid-19, which extends the deadline for holding the Ordinary General Shareholder´s Meeting to 10 months after the beginning of the fiscal year.

In view of the above, the decision to call off the General Shareholder´s Meeting is in the best interest of the Company and, therefore, of its shareholders, as well as of the rest of its stakeholders, especially those who have had to attend the meeting in person, had it been held.

Consequently, as of March 31, 2020, the General Shareholder´s Meeting is temporarily postponed, and the Board of Directors has committed to call it again as soon as the authorities confirm that it is safe to hold it. The Company is analyzing in detail the extraordinary measures approved by Royal Decree Law 8/2020 of March 17 on urgent extraordinary measures to deal with the economic and social impact of Covid-19, related to the functioning of the governing bodies of companies, as well as to the required technical adaptions in order to enable, where applicable, the remote exercise of the rights by all shareholders at the next General Shareholder´s Meeting, if deemed necessary.

## 7. Cash and other cash equivalents

The breakdown of "Cash and cash equivalents" as of March 31, 2020 and September 30, 2019 is as follows:

| Thousands of euros | 03.31.2020 | 09.30.2019 |
|---|---|---|
| Cash in euros | 630,880 | 887,234 |
| Cash in foreign currency | 652,575 | 726,320 |
| Liquid assets | 137,192 | 113,903 |
| **Total** | **1,420,647** | **1,727,457** |

The heading "Cash and cash equivalents" includes mainly the Group's cash and short-term bank deposits with an initial maturity of three months or less. "Cash and cash equivalents" accrue interests at market interest rates. There are no restrictions on the use of these balances.

The liquid assets maturing in less than three months are denominated in foreign currency.

## 8. Financial instruments by category

### *A. COMPOSITION AND BREAKDOWN OF OTHER FINANCIAL ASSETS*

The breakdown of the "Other financial assets" of the SIEMENS GAMESA Group as of March 31, 2020 and September 30, 2019, presented by nature and category for measurement purposes, is the following:

| Thousands of euros | 03.31.2020 | | |
|---|---|---|---|
| **Other financial assets: Nature / Category** | **Credits, receivables and others** | **Derivatives** | **Total** |
| At fair value through Profit or Loss | - | - | - |
| At fair value through Other Comprehensive Income | - | - | - |
| At amortised cost | 151,202 | - | 151,202 |
| Hedge derivatives | - | 45,726 | 45,726 |
| Other derivatives | - | 101,910 | 101,910 |
| **Short-term / current** | **151,202** | **147,636** | **298,838** |
| At fair value through Profit or Loss (Note 14) | 28,559 | - | 28,559 |
| At fair value through Other Comprehensive Income | - | - | - |
| At amortised cost (Note 14) | 40,434 | - | 40,434 |
| Hedge derivatives (Note 14) | - | 23,476 | 23,476 |
| Other derivatives (Note 14) | - | 98,927 | 98,927 |
| **Long-term / non-current** | **68,993** | **122,403** | **191,396** |
| **Total** | **220,195** | **270,039** | **490,234** |

| Thousands of euros | 09.30.2019 | | |
|---|---|---|---|
| **Other financial assets: Nature / Category** | **Credits, receivables and others** | **Derivatives** | **Total** |
| At fair value through Profit or Loss | - | - | - |
| At fair value through Other Comprehensive Income | - | - | - |
| At amortised cost | 135,800 | - | 135,800 |
| Hedge derivatives | - | 33,362 | 33,362 |
| Other derivatives | - | 105,574 | 105,574 |
| **Short-term / current** | **135,800** | **138,936** | **274,736** |
| At fair value through Profit or Loss (Note 14) | 28,043 | - | 28,043 |
| At fair value through Other Comprehensive Income | - | - | - |
| At amortised cost (Note 14) | 39,186 | - | 39,186 |
| Hedge derivatives (Note 14) | - | 5,298 | 5,298 |
| Other derivatives (Note 14) | - | 70,935 | 70,935 |
| **Long-term / non-current** | **67,229** | **76,233** | **143,462** |
| **Total** | **203,029** | **215,169** | **418,198** |

Other financial assets at amortised cost

On March 17, 2020, the SIEMENS GAMESA Group has reached an agreement with Areva Energies Renouvelables SAS and Areva S.A., (hereinafter, "Areva") with the purpose of settling all the disputes, duties and liabilities as well as any past, present and future claims of the Parties.

The Settlement Agreement establishes that, as consideration for the account receivable that the Group company Adwen Offshore, S.L.U. has at the date of the agreement, it is no longer obliged to repay any principal, interest or other amounts related to the outstanding Shareholder Loan with Areva and that such Shareholder Loan is hereby terminated. Furthermore, Areva agrees to pay to Adwen Offshore, S.L.U. an amount of EUR 72.4 million, payable in two equal instalments on or before January 31, 2021 and on or before December 31, 2021, respectively. As of March 31, 2020, corresponding to this settlement agreement, the amount of EUR 33.2 million is booked under "Other current financial assets" of the Consolidated Balance Sheet, and the amount of EUR 27.9 million is booked under "Other non-current financial assets". Such amounts are booked net of the corresponding discount effect and of the application of the credit risk and expected loss model in accordance with IFRS 9.

As a result, SIEMENS GAMESA, has recognized an income of EUR 61.1 million in the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2020.

### *B. COMPOSITION AND BREAKDOWN OF FINANCIAL DEBT AND OTHER FINANCIAL LIABILITIES*

The breakdown of the "Financial debt" and "Other financial liabilities" of the Group as of March 31, 2020 and September 30, 2019, presented by nature and category for measurement purposes, is the following:

| Thousands of euros | 03.31.2020 | | |
|---|---|---|---|
| **Financial debt and Other financial liabilities: Nature / Category** | **Financial liabilities** | **Derivatives** | **Total** |
| Financial debt | 364,257 | - | 364,257 |
| Lease liabilities (*) | 122,694 | - | 122,694 |
| Hedge derivatives | - | 35,970 | 35,970 |
| Other derivatives | - | 79,799 | 79,799 |
| Other financial liabilities | 34,211 | - | 34,211 |
| **Short-term / current** | **521,162** | **115,769** | **636,931** |
| Financial debt | 745,679 | - | 745,679 |
| Lease liabilities (*) | 483,134 | - | 483,134 |
| Hedge derivatives | - | 61,399 | 61,399 |
| Other derivatives | - | 104,807 | 104,807 |
| Other financial liabilities | 7,864 | - | 7,864 |
| **Long-term / non-current** | **1,236,677** | **166,206** | **1,402,883** |
| **Total** | **1,757,839** | **281,975** | **2,039,814** |

(*) Included within "Financial debt" in the Consolidated Balance Sheet (Note 2.D).

| **Thousands of euros** | **09.30.2019** | | |
|---|---|---|---|
| **Financial debt and Other financial liabilities: Nature / Category** | **Financial liabilities** | **Derivatives** | **Total** |
| Financial debt | 352,209 | - | 352,209 |
| Hedge derivatives | - | 37,871 | 37,871 |
| Other derivatives | - | 75,260 | 75,260 |
| Other financial liabilities | 17,265 | - | 17,265 |
| **Short-term / current** | **369,474** | **113,131** | **482,605** |
| Financial debt | 512,226 | - | 512,226 |
| Hedge derivatives | - | 23,434 | 23,434 |
| Other derivatives | - | 66,955 | 66,955 |
| Other financial liabilities | 79,446 | - | 79,446 |
| **Long-term / non-current** | **591,672** | **90,389** | **682,061** |
| **Total** | **961,146** | **203,520** | **1,164,666** |

Financial debt

The “Financial debt” in the Consolidated Balance Sheet as of March 31, 2020 and September 30, 2019 mainly relates to the multi-currency revolving credit facility and the loan signed as of May 30, 2018, amounting both to a total of EUR 2,500 million, replacing the EUR 750 million credit facility from 2017.In December 2019, SIEMENS GAMESA has signed an amendment of that contract, modifying both the maturity and some of the lending banks. The facility includes a fully drawn term loan tranche of EUR 500 million maturing in 2022 (previous maturity in 2021) and a revolving credit line tranche of EUR 2,000 million maturing in 2024 (previous maturity in 2023) with two 1 year extension options. This novation has been considered as a substantial modification of the contract terms, and it has led to the transfer to the Statement of Profit and Loss of accrued borrowing costs pending to be recognized corresponding to the previous syndicated loan in amount of EUR 5.7 million. As of March 31, 2020 and September 30, 2019, EUR 500 million have been drawn. This loan may be used for general corporate purposes and to refinance outstanding debt.

In January 2020, SIEMENS GAMESA has signed two loans amounting to EUR 240 million, both with maturity in January 2023, accruing an interest rate of 0.35% and a credit line in INR for an amount equivalent to EUR 24 million, maturing in August 2020.

In March 2019, SIEMENS GAMESA signed new bilateral credit lines amounting to EUR 412 million, of which EUR 50 million remain outstanding with maturity in 2020, EUR 30 million with maturity in 2021 and EUR 250 million are extendable by tacit agreement until 2022. As of March 31, 2020, and September 30, 2019, the Group has not drawn any amount out of these credit lines.

As of March 31, 2020 and September 30, 2019, SIEMENS GAMESA has bilateral credit lines in India with annual maturities, for an amount of EUR 331 million and EUR 304 million, accruing an average interest rate of around 8%.

The rest of the financing is located in countries such as Spain and Turkey.

As of March 31, 2020, the SIEMENS GAMESA Group companies had been granted loans and had drawn from credit facilities that accounted for 30% of the total financing granted to them maturing between 2020 and 2029 (23% as of September 30, 2019 maturing between 2019 and 2029) and bearing a weighted average interest at Euribor plus a market spread. The weighted average interest rate of the average debt for the 6-month period ended March 31, 2020 is approximately 4.77% (2.55% for the year ended September 30, 2019). The increase is mainly due to the higher proportion of the debt in INR with respect to the rest of currencies. The weighted average interest rate of the outstanding debt as of March 31, 2020 is approximately 4.35% (4.80% as of September 30, 2019).

As of March 31, 2020 and September 30, 2019, the heading “Financial Debt” (current and non-current) also includes EUR 21 million and EUR 24 million, respectively, of interest-free advances provided to Siemens Gamesa Renewable Energy Innovation & Technology, S.L.U., Gamesa Energy Transmission, S.A.U. and Gamesa Electric, S.A.U. by the Ministry of Science and Technology and other public agencies for financing R&D projects, which are refundable in 7 or 10 years, after a 3 years grace period.

The balance of unmatured receivables assigned to non-recourse factoring transactions as of March 31, 2020 and September 30, 2019, amounts to EUR 342 million and EUR 339 million, respectively. The average amount of factored receivables during the 6-month period ended March 31, 2020 has been EUR 131 million (EUR 122 million for the year ended September 30, 2019).

Derivative financial instruments

The SIEMENS GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk.

The different categories of financial instruments are grouped in categories from 1 to 3, depending on the fair value measurement system as explained in Note 3.B of the Consolidated Financial Statements for the year ended September 30, 2019. All the financial instruments of the Group are grouped in category 2. In such financial instruments, the effects of discounting have not been significant.

There have been no transfers between the categories of assets at fair value during the 6-month periods ended March 31, 2020 and 2019.

The SIEMENS GAMESA Group uses foreign currency hedge derivatives to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the Company concerned. In addition, the SIEMENS GAMESA Group designates hedges for the exchange rate risk deriving from certain intragroup monetary transactions carried out by companies with different functional currencies. As of March 31, 2020 and September 30, 2019 the total nominal value hedged by exchange rate hedges is as follows:

| | **Thousands of euros** | |
|---|---|---|
| **Currency** | **03.31.2020** | **09.30.2019** |
| Danish krone | 2,965,417 | 2,366,972 |
| Chinese yuan | 704,879 | 309,282 |
| Taiwan dollar | 574,881 | 274,501 |
| Norwegian krone | 337,843 | 367,721 |
| Swedish krona | 214,642 | 191,591 |
| Sterling pound | 181,616 | 220,455 |
| Japanese yen | 109,255 | 116,947 |
| United States dollar | 67,268 | 23,926 |
| Indian rupee | 65,243 | 34,443 |
| New Zealand dollar | 45,298 | 45,314 |
| Polish zloty | 45,144 | 10,803 |
| Brazilian real | 30,719 | 42,359 |
| Canadian dollar | 27,592 | 29,395 |
| Romanian leu | 20,111 | 18,031 |
| Turkish lira | 15,706 | 1,969 |
| Egyptian pound | 13,824 | 18,355 |
| Australian dollar | 13,762 | 21,835 |
| Russian ruble | 10,209 | 12,841 |
| South African rand | 9,749 | 34,812 |
| Moroccan dirham | 4,050 | 1,637 |
| Mexican peso | 2,220 | 24,220 |
| Other currencies | 43,055 | 28,607 |
| **Total** | **5,502,483** | **4,196,016** |

In addition, the SIEMENS GAMESA Group has interest rate hedges to reduce the effect of changes in interest rates on future cash flows of loans linked to variable interest rates. As of March 31, 2020, the nominal value of the liabilities covered by interest rate hedges amounts to EUR 500,000 thousand, not having contracted any interest rate derivatives as of September 30, 2019.

The main features of the interest rate hedges are as follows:

| 03.31.2020 | Hedge estimated maturity (nominal value in thousand euros) | |
|---|---|---|
| | 2020 | 2021 and subsequent |
| Interest rate hedges | - | 500,000 |

| 03.31.2020 | Estimated cash-flows in the period (thousand euros) | |
|---|---|---|
| | 2020 | 2021 and subsequent |
| Interest rate hedges | (191) | (335) |

| 09.30.2019 | Hedge estimated maturity (nominal value in thousand euros) | |
|---|---|---|
| | 2019 | 2020 and subsequent |
| Interest rate hedges | - | - |

| 09.30.2019 | Estimated cash-flows in the period (thousand euros) | |
|---|---|---|
| | 2019 | 2020 and subsequent |
| Interest rate hedges | - | - |

Financial asset impairment

During the 6-month periods ended March 31, 2020 and 2019 no significant financial asset impairment has been detected.

## 9. Inventories

The breakdown of "Inventories" as of March 31, 2020 and September 30, 2019 is as follows:

| Thousands of euros | 03.31.2020 | 09.30.2019 |
|---|---|---|
| Raw materials and supplies | 1,216,075 | 979,748 |
| Work in progress and finished goods | 866,108 | 851,851 |
| Advances to suppliers | 210,656 | 188,087 |
| Inventory write-downs | (177,991) | (155,767) |
| **Total** | **2,114,848** | **1,863,919** |

During the 6-month period ended March 31, 2020, inventory allowances, directly related to the restructuring plan in India (Note 20), have been recorded amounting to EUR 35 million.

## 10. Goodwill

The allocation of "Goodwill" by segment as of March 31, 2020 and September 30, 2019 is as follows:

| Thousands of euros | 03.31.2020 | 09.30.2019 |
|---|---|---|
| Wind Turbines | 1,818,016 | 1,875,464 |
| Operation and Maintenance | 2,810,498 | 2,868,689 |
| **Total** | **4,628,514** | **4,744,153** |

As consequence of the acquisition of Senvion European Onshore Services described in Notes 1.B and 4, a preliminary "Goodwill" has arisen for an amount of EUR 35 million.

The "Goodwill" impairment test is performed at the segment level, Wind Turbines and Operation and Maintenance, since they are the smallest identifiable groups of assets that generate cash-flows independently and that the Group monitors, and that are consistent with the segments identified in Note 17. The impairment analysis policies applied by the Group for intangible assets and "Goodwill" in particular, are described in Notes 3.G and 3.J of the Consolidated Financial Statements for the year ended September 30, 2019.

As of March 31, 2020, the modifications and impacts on the "Goodwill" impairment test considered by the Group do not imply modifications to the conclusion detailed in Note 13 of the Consolidated Financial Statements for the year ended September 30, 2019 on the recoverability of the "Goodwill".

For the purpose of estimating the segments' fair value less costs to sell, cash flows for the next five years have been projected based on past experience, actual operating results, market assumptions, and Management's best estimate about future developments taking into account the existing current uncertainty (Note 5.A).

The following table presents the key assumptions used to determine the fair value less costs to sell for the purpose of updating impairment test for the segments performed as of March 31, 2020 and September 30, 2019:

| | 03.31.2020 | | |
|---|---|---|---|
| **Thousands of euros** | **Goodwill allocation** | **Terminal value growth rate** | **Weighted average cost of capital (WACC)** |
| Wind Turbines segment | 1,818,016 | 1.40% | 8.50% |
| Operation and Maintenance segment | 2,810,498 | 1.40% | 8.50% |
| **Total** | **4,628,514** | | |

| | 09.30.2019 | | |
|---|---|---|---|
| **Thousands of euros** | **Goodwill allocation** | **Terminal value growth rate** | **Weighted average cost of capital (WACC)** |
| Wind Turbines segment | 1,875,464 | 1.40% | 8.50% |
| Operation and Maintenance segment | 2,868,689 | 1.40% | 8.50% |
| **Total** | **4,744,153** | | |

Additionally, for the Wind Turbines segment a similar sales volume to the one used for the impairment test performed as of September 30, 2019 has been considered (EUR 9,000 million for the 12 months of 2020 as of September 30, 2019), with a penalization in short-term profit margin pre-PPA compared to the assumptions of the impairment test performed as of year end 2019, caused mainly by longer project execution times on the Northern Europe project pipeline (Note 15), the implementation of the restructuring plan in India (Note 20) and the consideration of potential impacts derived from the situation caused by Covid-19 (Note 5.A) (0.6% for the 12 months of 2020 as of September 30, 2019), maintaining a gradual increase in subsequent years due to the development of the composition of the revenue line ("business mix") and to the synergies and the capacity adjustment measures adopted. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 88.11% of the total recoverable value as of March 31, 2020 (81.78% as of September 30, 2019).

On the other hand, for the Operation and Maintenance segment a similar sales volume to the one used for the impairment test performed as of September 30, 2019 has been considered, increased by the estimate of the sales that the european services onshore business of Senvion is expected to contribute (Notes 1.B and 4) (above EUR 1,500 million for the 12 months of 2020 as of September 30, 2019), with a penalization in short-term profit margin pre-PPA compared to the assumptions of the impairment test performed as of year-end 2019 (21.7% for the 12 months of 2020 as of September 30, 2019), maintaining a gradual increase in subsequent years due to the synergies and the capacity adjustment measures adopted. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 65.78% as of March 31, 2020 of the total recoverable value in 2019 (72.16% as of September 30, 2019).

The sensitivity analysis for the group of segments has been based on a reduction in after-tax future cash flows by 10% or an increase in after-tax discount rates by one percentage point or a reduction in the terminal value growth rate by one percentage point or a 10% in terminal value margin. The SIEMENS GAMESA Group concluded that no impairment loss would need to be recognized on “Goodwill” in any of the two segments.

Therefore, the result of the “Goodwill” impairment test update for the SIEMENS GAMESA Group’s segments does not reveal the need of recognizing any impairment loss.

## 11. Other intangible assets

### *A. MOVEMENTS FOR THE YEAR*

During the 6-month periods ended March 31, 2020 and 2019, the main increase in the capitalised development costs is due to the development of new wind turbine models, software and the optimization of the components´ performance for an amount of EUR 83 million and EUR 75 million, respectively. These additions take place mainly in Denmark and Spain amounting to EUR 51 million and EUR 31 million, respectively, during the 6-month period ended March 31, 2020 and amounting to EUR 59 million and EUR 13 million, respectively, during the 6-month period ended March 31, 2019.

Non-capitalised research and development expenses for the 6-month periods ended March 31, 2020 and 2019 amounted to EUR 102 million and EUR 81 million, respectively.

During the 6-month period ended March 31, 2020 there have been no significant changes to the estimates with respect to the recoverability of the capitalized development costs included in the Consolidated Financial Statements for the year ended September 30, 2019.

### *B. ACQUIRED TECHNOLOGY, CUSTOMER RELATIONSHIPS AND ORDER BACKLOG*

Merger of Siemens Wind Power Business with Gamesa (fiscal year 2017)

Acquired technology includes technologies identified in the SIEMENS GAMESA Merger valued on platform basis amounting to EUR 646 million as of March 31, 2020 (EUR 729 million as of September 30, 2019). The fair value at the Merger effective date of the identified technology amounted to EUR 1,147 million. The remaining useful life for these intangible assets, depending on the different platform types, is between 2.00 and 17.00 years (in average 5.51 years).

The fair value of customer relationships identified in the SIEMENS GAMESA Merger amounted at the Merger effective date to EUR 958 million. The remaining useful life depends on the business segment for which the customer relationship has been identified: 3.00 years on average for the Wind Turbine segment and 16.91 years on average for the Operation and Maintenance segment.

Furthermore, an order backlog amounting to EUR 385 million was identified at the Merger effective date. The remaining useful life depends on the individual contracts and is between 0.75 and 16.75 years (13.98 years in average) for the Operation and Maintenance segment (the ones that refer to the Wind Turbines segment were fully amortized as of September 30, 2019).

The carrying amount of customer relationships and order backlog as of March 31, 2020, excluding the amounts related to the acquisition of the european service business of Senvion, is EUR 783 million (EUR 874 million as of September 30, 2019).

Acquisition of the european service business of Senvion (fiscal year 2020)

Additionally, as explained in Note 4, the line item “Other intangible assets” includes the fair value provisionally identified in the business combination of the european service business of Senvion for the customer relationships and the order backlog for an amount of EUR 34 million and EUR 111 million, respectively. The average remaining useful life is of 10 years for the order backlog, and of 16 years for the customer relationships, and all together have been allocated to the Operation and Maintenance segment.

### *C. COMMITMENTS FOR THE ACQUISITION OF INTANGIBLE ASSETS*

As of March 31, 2020 and September 30, 2019, the SIEMENS GAMESA Group has no significant contractual commitments for the acquisition of intangible assets.

## 12. Property, plant and equipment

### *A. MOVEMENTS FOR THE YEAR*

The acquisitions of "Property, plant and equipment" in the 6-month periods ended March 31, 2020 and 2019 amount to EUR 205 million (of which EUR 88 million correspond to lease contracts recognized in accordance with IFRS 16) and EUR 114 million, respectively. During the 6-month period ended March 31, 2020, acquisitions mainly take place in Denmark, Spain, United States, UK and Mexico and correspond mainly with the recognition of lease contracts and to normal maintenance capital expenditure. During the 6-month period ended March 31, 2019, all of them correspond to normal maintenance capital expenditure in Denmark, Spain and Germany.

Additionally, "Property, plant and equipment" has increased by EUR 34 million as a result of the acquisition of the european onshore service business of Senvion described in Notes 1.B and 4.

During the 6-month period ended March 31, 2020 impairment losses of "Property, plant and equipment", directly related to the restructuring plan in India (Note 20) have been recognized amounting to EUR 3.2 million. During the 6-month period ended March 31, 2019 no significant impairments in the value of the SIEMENS GAMESA Group's "Property, plant and equipment" have been identified.

### *B. COMMITMENTS FOR THE ACQUISITION OF "PROPERTY, PLANT AND EQUIPMENT" ASSETS*

As of March 31, 2020 and September 30, 2019, the SIEMENS GAMESA Group companies have "Property, plant and equipment" purchase commitments amounting approximately to EUR 103 million (EUR 4 million as a consequence of the application of IFRS 16) and EUR 64.1 million, respectively, mainly related to production facilities for new developments of wind facilities and its components.

## 13. Investments accounting for using the equity method

The breakdown of the investments in associates of the SIEMENS GAMESA Group as of March 31, 2020 and September 30, 2019 is as follows:

| | | Thousands of euros | |
|---|---|---|---|
| **Company** | **Shareholding %** | **03.31.2020** | **09.30.2019** |
| Windar Renovables, S.L. | 32% | 66,009 | 65,223 |
| Nuevas Estrategias de Mantenimiento, S.L. | 50% | 993 | 1,692 |
| Other | - | 3,275 | 3,961 |
| **Total** | | **70,277** | **70,876** |

The changes occurred in the 6-month periods ended March 31, 2020 and 2019 under this heading in the Consolidated Balance Sheet is as follows:

| Thousands of euros | |
|---|---|
| **Balance as of 10.01.2019** | **70,876** |
| Result for the 6-month period ended March 31, 2020 | (1,019) |
| Other | 420 |
| **Balance as of 03.31.2020** | **70,277** |

| Thousands of euros | |
|---|---|
| **Balance as of 10.01.2018** | **73,036** |
| Result for the 6-month period ended March 31, 2019 | 470 |
| Other | 1,762 |
| **Balance as of 03.31.2019** | **75,268** |

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognized using the equity method as of March 31, 2020 and September 30, 2019 is as follows:

### *A. FINANCIAL INFORMATION RELATED TO JOINT VENTURES*

Summarised financial information as of March 31, 2020 and September 30, 2019 (at 100% and before intercompany eliminations) related to the most significant joint ventures booked using the equity method is as follows:

| | **Thousands of euros** | |
|---|---|---|
| **Nuevas Estrategias de Mantenimiento, S.L.** | **03.31.2020** | **09.30.2019** |
| Total current assets | 2,277 | 3,284 |
| Total non-current assets | 1,162 | 1,653 |
| **Total assets** | **3,439** | **4,937** |
| Total current liabilities | 800 | 893 |
| Total non-current liabilities | 653 | 660 |
| Total equity | 1,986 | 3,384 |
| **Total liabilities and equity** | **3,439** | **4,937** |

| | **Thousands of euros** | |
|---|---|---|
| **Nuevas Estrategias de Mantenimiento, S.L.** | **03.31.2020** | **09.30.2019** |
| **Balance sheet information** | | |
| Cash and cash equivalents | 810 | 1,703 |
| Current financial liabilities | 784 | 841 |
| Non-current financial liabilities | 653 | 660 |

| | **Thousands of euros** | |
|---|---|---|
| **Nuevas Estrategias de Mantenimiento, S.L.** | **03.31.2020** | **03.31.2019** |
| **Profit and Loss information** | | |
| Income from ordinary activities | 1,454 | 2,690 |
| Net profit from continued operations | (1,398) | 610 |

During the 6-month periods ended March 31, 2020 and 2019, no dividends have been received from this company.

### *B. FINANCIAL INFORMATION RELATED TO ASSOCIATED COMPANIES*

Summarised financial information as of March 31, 2020 and September 30, 2019 (at 100% and before the intercompany eliminations) related to the most significant associated companies booked using the equity method is as follows:

| | Thousands of euros | |
|---|---|---|
| **Windar Renovables, S.L. and subsidiaries** | **03.31.2019** | **09.30.2019** |
| Total current assets | 154,213 | 158,262 |
| Total non-current assets | 71,436 | 69,719 |
| **Total assets** | **225,649** | **227,981** |
| Total current liabilities | 112,362 | 118,437 |
| Total non-current liabilities | 11,141 | 12,206 |
| Total equity | 102,146 | 97,338 |
| Parent company´s total equity | 94,097 | 91,640 |
| Non-controlling interests´ total equity | 8,049 | 5,698 |
| **Total equity and liabilities** | **225,649** | **227,981** |

| | Thousands of euros | |
|---|---|---|
| **Windar Renovables, S.L. and subsidiaries** | **03.31.2020** | **03.31.2019** |
| ***Profit and Loss information*** | | |
| Income from ordinary activities | 100,846 | 93,635 |
| Net profit from continued operations | 4,650 | 2,136 |
| Net profit attributable to the parent company | 2,299 | 2,128 |
| Net profit attributable to non-controlling interests | 2,351 | 8 |

During the 6-month periods ended March 31, 2020 and 2019, no dividends have been received from this company.

The book value of the investment in Windar Renovables, S.L. as of March 31, 2020 and September 30, 2019 amounts EUR 66 million and EUR 65 million, respectively, and it includes the capital gain which arose at the moment of the acquisition of the investment in the associate (approximately EUR 35 million, representing the difference between the price paid and the share of the entity's book value at the date of the acquisition as of April 3, 2017).

## 14. Other non-current financial assets

The breakdown of "Other non-current financial assets" of the Consolidated Balance Sheet as of March 31, 2020 and September 30, 2019 is as follows:

| **Thousands of euros** | **03.31.2020** | **09.30.2019** |
|---|---|---|
| Derivatives (Note 8.A) | 122,403 | 76,233 |
| Financial assets measured at fair value through Profit and Loss (Note 8.A) | 28,559 | 28,043 |
| Other concepts in non-current financial assets (Note 8.A) | 40,434 | 39,186 |
| **Total other non-current financial assets** | **191,396** | **143,462** |

### A. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The detail of the most representative financial assets measured at fair value through Profit and Loss as of March 31, 2020 and September 30, 2019 is as follows:

| | 03.31.2020 | | 09.30.2019 | |
|---|---|---|---|---|
| **Company** | **Thousands of euros** | **% of shareholding** | **Thousands of euros** | **% of shareholding** |
| Wendeng Zhangjiachan Wind Power Co., Ltd. | 8,743 | 40% | 8,494 | 40% |
| Jianping Shiyingzi Wind Power Co., Ltd. | 4,438 | 25% | 4,438 | 25% |
| Beipiao CGN Changgao Wind Power Co., Ltd. | 6,024 | 25% | 6,024 | 25% |
| Beipiao Yangshugou Wind Power Co., Ltd | 2,349 | 25% | 2,349 | 25% |
| Datang (Jianping) New Energy Co., Ltd. | 3,941 | 25% | 2,779 | 25% |
| Jinan Wohushan Wind Power Co., Ltd. | 1,164 | 25% | 1,164 | 25% |
| Other | 1,900 | Several | 2,795 | Several |
| **Total** | **28,559** | | **28,043** | |

As of March 31, 2020 and September 30, 2019, the SIEMENS GAMESA Group holds investments in various Chinese companies (wind farms) with ownership interests generally ranging from 25% to 40%. Despite holding ownership interests are above 20%, the SIEMENS GAMESA Group's management considers that there is no significant influence in these companies since there is no power to participate in the decision-making process regarding the financial and operating policies of these companies. In general, the SIEMENS GAMESA Group takes part in the share capital of these companies with the sole objective of promoting relevant licences for the development of the plants and the construction and sale of wind turbines for those windfarms.

The financial instruments under this heading are classified within Category 3 and correspond to equity instruments that have been valued using valuation techniques in which one or another significant input is not based on observable market data. The unobservable market inputs used in estimating the fair value of these instruments include financial information, projections or internal reports, combined with other assumptions or available market data which, in general, for each type of risk, are obtained from organized markets, sector reports or data providers, among others. At valuation date, the discount rate interval, understood as the weighted average cost of capital allocated to the business, has been 6-7%.

Sensitivity analysis

Sensitivity analysis is performed on assets included in Category 3, that is, with significant inputs that are not based on observable market variables in order to obtain a reasonable range of possible alternative valuations. Based on asset types, methodology and availability of inputs, the Group reviews bi-annually the evolution of the main assumptions and their possible impact on valuation and performs a complete update of these valuations annually. As of March 31, 2020, there have been no changes that impact the valuation.

### B. OTHER CONCEPTS IN NON-CURRENT FINANCIAL ASSETS

The amount included in other concepts in non-current financial assets as of March 31, 2019 was mainly related to the long-term portion of an indemnification to be received from the former ADWEN shareholder, Areva. After the Settlement Agreement signed on March 17, 2020, this heading includes as of March 31, 2020 a receivable in amount of EUR 27.9 million with Areva (Note 8).

## 15. Provisions

The breakdown of current and non-current provisions as of March 31, 2020 and September 30, 2019 is as follows:

| Thousands of euros | 03.31.2020 | 09.30.2019 |
|---|---|---|
| **Current provisions** | | |
| Warranties | 597,955 | 685,817 |
| Order related losses and risks and others | 125,071 | 75,913 |
| **Total current provisions** | **723,026** | **761,730** |
| **Non-current provisions** | | |
| Warranties | 1,336,047 | 1,266,681 |
| Order related losses and risks and others | 135,566 | 133,571 |
| **Total non-current provisions** | **1,471,613** | **1,400,252** |
| **Total** | **2,194,639** | **2,161,982** |

Provisions are recognized whenever the SIEMENS GAMESA Group has a present legal or constructive obligation as a result of past events, which will lead to a probable future outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are recognized at the present value of the expenditure required to settle the present obligation. The majority of the provisions of the Group are generally expected to result in cash outflows during the next 1 to 10 years, but exceptional technical issues could reach beyond that time frame.

Warranties

Warranty provisions are related to repair and replacement costs resulting from component defects or functional errors, which are covered by the SIEMENS GAMESA Group during the warranty period. Additionally, non-recurring provisions are recorded derived from various factors, such as customer claims and quality issues that, in general, relate to situations in which the expected failure rates are above normal levels.

The change in these provisions during the 6-month periods ended March 31, 2020 and 2019 is fundamentally due to the charges for the normal course of the business, the result of recurring re-estimation of warranty provisions (updating failure rates, expected costs and resolution of costumer claims, among others), as well as the application of the provisions to its intended purpose.

Order related losses and risks and others

The SIEMENS GAMESA Group recognizes provisions for order related losses and risks when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In this regard, in relation to loss making contracts, the amount as of March 31, 2020 includes, fundamentally, the expected losses of certain onshore wind farm construction projects in Norway and Sweden amounting to EUR 38 million, in which unforeseen additional costs caused by the delay in the execution of the projects as a result of both roads and adverse weather conditions resulting from an early arrival of winter, as well as EUR 93 million (EUR 91 million as September 30, 2019) expected losses of onerous contracts signed in previous years by a SIEMENS GAMESA Group subsidiary (ADWEN) for the construction and subsequent maintenance of an offshore wind farm in northern Europe.

Other provisions include, among others, provisions for legal proceedings or personnel-related provisions.

## 16. Equity of the Parent Company

### A. ISSUED CAPITAL

The SIEMENS GAMESA Group's issued capital as of March 31, 2020 and September 30, 2019 amounts to EUR 115,794 thousand being composed of 681,143,382 ordinary shares of EUR 0.17 of nominal value each, represented by means of annotations into account, fully subscribed and disbursed.

According to information of the Company, the shareholder structure of SIEMENS GAMESA as of March 31, 2020 and September 30, 2019 is as follows:

| | % shareholding |
|---|---|
| **Shareholders** | **03.31.2020** |
| SIEMENS (*) | 67.071% |
| Other (**) | 32.929% |
| **Total** | **100.000%** |

(*) 67.071% by Siemens Gas & Power GmbH & Co. KG (Note 1.D).
(**) Includes all shareholders with an ownership stake of less than 3%, who are not considered as significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

| | % shareholding |
|---|---|
| **Shareholders** | **09.30.2019** |
| SIEMENS (*) | 59.000% |
| Iberdrola, S.A. | 8.071% |
| Other (**) | 32.929% |
| **Total** | **100.000%** |

(*) 28.877% by Siemens Beteiligungen Inland GmbH.
(**) Includes all shareholders with an ownership stake of less than 3%, who are not considered as significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

SIEMENS GAMESA's shares are listed in the IBEX 35 through the Automated Quotation System (*Mercado Continuo*) at the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

In May 2019, the rating agencies gave the following credit rating to the SIEMENS GAMESA Group:

| Issuer rating of SIEMENS GAMESA[1] | | | |
|---|---|---|---|
| **Agency** | **Rating** | **Outlook** | **Date** |
| Standard & Poor´s | BBB- | Positive | May 6, 2019 |
| Moody´s | Baa3 | Stable | May 6, 2019 |
| Fitch | BBB | Stable | May 22, 2019 |

[1] Long-term: the above ratings may be revised, suspended or withdrawn by the rating agency at any time.

### B. TREASURY SHARES, AT COST

The change in the heading "Treasury shares, at cost" of "Total Equity" as a consequence of the transactions during the 6-month period ended March 31, 2020 and 2019, is as follows:

| | Number of shares | Thousands of euros | Average price |
|---|---|---|---|
| **Balance as of 10.01.2019** | **1,635,425** | **(21,616)** | **13.217** |
| Acquisitions | 6,029,563 | (82,232) | 13.638 |
| Disposals | (6,039,119) | 79,919 | 13.234 |
| **Balance as of 03.31.2020** | **1,625,869** | **(23,929)** | **14.718** |

| | Number of shares | Thousands of euros | Average price |
|---|---|---|---|
| **Balance as of 10.01.2018** | **1,698,730** | **(20,343)** | **11.975** |
| Acquisitions | 9,227,105 | (109,801) | 11.899 |
| Disposals | (9,287,771) | 108,450 | 11.676 |
| **Balance as of 03.31.2019** | **1,638,064** | **(21,694)** | **13.243** |

The nominal value of the treasury shares acquired directly or indirectly by SIEMENS GAMESA, together with those already held by the SIEMENS GAMESA Group, does not exceed 10% of the “Issued Capital” during the 6-month period ended March 31, 2020 and the year ended September 30, 2019.

On July 10, 2017, the SIEMENS GAMESA Group entered into a liquidity contract with Santander Investment Bolsa, which was communicated to the *CNMV* through a notice of a Significant Event on the same date. As of January 31, 2020, this contract has been terminated, as communicated to *CNMV* through a notice of Significant Event, since its objectives of fostering the liquidity of the shares and favouring the consistency of the share quotation have been successfully achieved. Under this contract, during the period between October 1, 2019 and January 31, 2020, the SIEMENS GAMESA Group has acquired 6,029,563 own shares at the average price of EUR 13.64 per share, and has sold 6,039,119 own shares at an average price of EUR 13.23 per share, and during the period between October 1, 2018 and March 31, 2019 the SIEMENS GAMESA Group acquired 9,227,105 own shares at the average price of EUR 11.90 per share, and sold 9,287,771 own shares at an average price of EUR 11.68 per share.

The difference between the cost and sales price, has led to an increase of EUR 129 thousand as of March 31, 2020 (an increase of EUR 754 thousand as of March 31, 2019), recognized under “Total equity”.

### *C. LONG-TERM INCENTIVE*

The General Shareholders' Meeting held on March 23, 2018 approved a Long-Term Incentive Plan for the period between 2018 and 2020, which includes the delivery of shares of the Company linked to the achievement of certain strategic objectives after measurement periods of 3 years. This Long-Term Incentive Plan is addressed to the Chief Executive Officer, Top Management, certain Managers and employees of the Company and, where appropriate, of subsidiaries of the SIEMENS GAMESA Group.

The Plan has a duration of 5 years divided into three independent cycles with a measurement period of 3 years each.

The settlement period of the Plan will fall within fiscal years 2021, 2022 and 2023. The shares will be delivered, as appropriate, within sixty (60) calendar days from the date on which the Company’s Board of Directors prepares the Financial Statements for the relevant period, in order to determine the degree of achievement of the objectives for each cycle (“Delivery Date”). The Plan will end on the Delivery Date for cycle FY2020 (i.e., following the preparation of the 2022 Financial Statements).

The Plan is addressed to a maximum of 300 beneficiaries and the designation of an individual as a beneficiary of a Plan cycle will not necessarily entitle the participation in other Plan cycles.

The Plan could not exceed, as a maximum, the delivery of a total of 5,600,000 shares, which represents a 0.82% of SIEMENS GAMESA’s capital and was calculated considering the potential inclusion of additional beneficiaries. The Company will allocate shares of treasury stock to cover the Plan or otherwise meet the commitments derived from the Plan with a financial instrument that provides adequate coverage. As a result of the amendments to the Plan for the second and third cycles, the total number of shares allocated to the Plan has increased to the limit of 7,560,000 shares, which represent 1.1% of the share capital of SIEMENS GAMESA.

<u>First cycle of the Plan</u>

With respect to the first cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as staff costs on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the Plan (between October 1, 2017 and October 1, 2020), which has given rise to a debit amounting EUR 1.6 million and EUR 2.4 million, respectively, in the heading staff costs in the Consolidated Statement of Profit and Loss by nature for the 6-month periods ended March 31, 2020 and 2019.

There have been no significant changes in the method and models of valuation used for the calculation, in the conditions of settlement of the Plan, and in the number of beneficiaries included compared to those explained in the Note 23.F of the Consolidated Financial Statements for the year ended September 30, 2019 and Note 15.C of the Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31,2019.

Second cycle of the Plan

In the General Shareholders' Meeting held on March 27, 2019, the modification of the Long-Term Incentive for the FY2019 and FY2020 cycles was approved.

The objective of this modification was to improve and to better align the Plan with the Company's strategic priorities, like the L3AD2020 program. Finally, these improvements will eliminate the redundancies with the Short-Term Incentive System and will enforce the property culture among the Company.

With respect to the second cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as staff costs on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the Plan (between October 1, 2018 and October 1, 2021), which has given rise to a debit amounting EUR 3 million in the heading staff costs in the Consolidated Statement of Profit and Loss by nature for the 6-month period ended March 31, 2020 (the accounting for the cost of this Plan began in the third quarter of fiscal year 2019 so, no amount was recognized in the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2019).

There have been no significant changes in the method and models of valuation used for the calculation, in the conditions of settlement of the Plan, and in the number of beneficiaries included compared to those explained in the Note 23.F of the Consolidated Financial Statements for the year ended September 30, 2019.

Third cycle of the Plan

With respect to the third cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as staff costs on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the Plan (between October 1, 2019 and October 1, 2022), which has given rise to a debit amounting EUR 1.3 million in the heading staff costs in the Consolidated Statement of Profit and Loss by nature for the 6-month period ended March 31, 2020 (the accounting for the cost of this Plan has begun in the second quarter of fiscal year 2020 so, no amount was recognized in the Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2019).

To value this program, the SIEMENS GAMESA Group has used the futures pricing formula and the Monte Carlo method simulation based on the assumptions of the Black Scholes pricing model, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main market parameters used in the measurement have been as follows:

- The risk-free rate is -0.27%.
- The share price volatility is 42.6% which corresponds to the average value of the historic share price variations since January 2010.
- Estimate of the degree of achievement of the strategic objectives from the third cycle: 100%.

The number of employees entitled to the Plan's third cycle amounts to 183.

## 17. Financial reporting by segment

The reportable segments of the SIEMENS GAMESA Group are adapted to the operating configuration of the business units and to the financial and management information used by the executive boards of the Group, being the following in 2020 and 2019:

- Wind Turbines (*)
- Operation and Maintenance

(*) Wind Turbines includes the manufacturing of wind turbine generators and the development, construction and sale of wind farms (onshore and offshore).

The segments taken into account are Wind Turbines and Operation and Maintenance, since the SIEMENS GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors is also presented in this way.

### *A. INFORMATION BY SEGMENT*

Revenue

The breakdown, by segment, of the "Revenue" for the 6-month periods ended March 31, 2020 and 2019 is as follows:

| Thousands of euros | 03.31.2020 | 03.31.2019 |
|---|---|---|
| Wind Turbines | 3,442,451 | 3,964,043 |
| Operation and Maintenance | 761,730 | 687,055 |
| **Revenue** | **4,204,181** | **4,651,098** |

The performance obligations related to Wind Turbines and Operation and Maintenance are generally satisfied over time.

Net Income

The breakdown, by segment, of the contribution to the net income after tax for the 6-month periods ended March 31, 2020 and 2019 is as follows:

| Thousands of euros | 03.31.2020 | 03.31.2019 |
|---|---|---|
| **Continuing Operations** | | |
| Wind Turbines | (471,058) | (632) |
| Operation and Maintenance | 123,720 | 130,217 |
| **Total results of operations by segment** | **(347,338)** | **129,585** |
| Unassigned results (*) | (32,458) | (27,051) |
| Income tax expenses | 40,464 | (35,273) |
| **Net income attributable to the parent company** | **(339,332)** | **67,261** |

(*) This item includes financial results, results attributable to non-controlling interests and results from investments accounted for using the equity method.

Structure costs supporting both business units, whose amount is subject to allocation among both segments, are allocated to the business units according mainly to each business unit's contribution to the amount of the Group's consolidated turnover.

Financial expenses and incomes, the results attributable to non-controlling interests and the results from investments accounted for using the equity method and income tax expense have not been assigned to the operating segments because those concepts are jointly managed by the Group.

In accordance with IAS 34, income tax expense is recognized in interim periods based on the best estimate of the average weighted tax rate that the Group expects for the fiscal year (Note 3), amounting to 11% for the 6-month period ended March 31, 2020 (34% for the 6-month period ended March 31, 2019).

### *B. GEOGRAPHICAL INFORMATION*

The SIEMENS GAMESA Group currently operates in several geographical markets. The main areas are EMEA (including Spain), AMERICA and APAC. The main countries included in each of those areas are the following:

- EMEA: Denmark, Germany and Great Britain
- AMERICA: United States, Brazil and Mexico
- APAC: India, China and Australia

In this sense, the most significant figures detailed by geographical area are the following:

Revenue

The breakdown, by geographical area, of the "Revenue" for the 6-month periods ended March 31, 2020 and 2019 is as follows:

| | 03.31.2020 | | 03.31.2019 | |
|---|---|---|---|---|
| **Geographical area** | **Thousands of euros** | **%** | **Thousands of euros** | **%** |
| Spain | 320,971 | 7.6% | 472,886 | 10.2% |
| EMEA | 1,841,321 | 43.8% | 2,494,622 | 53.6% |
| AMERICA | 1,281,578 | 30.5% | 956,107 | 20.6% |
| APAC | 760,311 | 18.1% | 727,483 | 15.6% |
| **Total** | **4,204,181** | **100%** | **4,651,098** | **100%** |

In the 6-month period ended March 31, 2020, countries where the "Revenue" is more than 10% of the total heading are United States with a "Revenue" amount of EUR 922,570 thousand and Denmark EUR 473,395 thousand. In the 6-month period ended March 31, 2019 were UK with an amount of EUR 1,039,103 thousand, United States EUR 700,181 thousand and Germany EUR 503,149 thousand.

### *C. CUSTOMER CONTRACTS*

The breakdown of the balances of the Consolidated Balance Sheet related to contracts with customers as of March 31, 2020 and as of September 30, 2019, is the following:

| Thousands of euros | 03.31.2020 | 09.30.2019 |
|---|---|---|
| Contract assets | 1,808,139 | 2,056,255 |
| Contract liabilities | 3,101,231 | 2,839,670 |

As of March 31, 2020 and as of September 30, 2019, amounts expected to be settled after twelve months are EUR 2,509 thousand and EUR 1,275 thousand for "Contract assets" and EUR 1,033,759 thousand and EUR 440,180 thousand, respectively, for "Contract liabilities".

## 18. Related party balances and transactions

All the balances between the consolidated companies and the effect of the transactions between them during the year are eliminated in the consolidation process. The breakdown of the balances with related parties which are not eliminated in the consolidation process as of March 31, 2020 and September 30, 2019 is as follows:

| | 03.31.2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Thousands of euros** | **Contract Assets** | **Receivables** | **Other financial assets** | **L/T Financial debt** | **S/T Financial debt** | **Payables** | **Other financial liabilities** | **Contract liabilities** |
| SIEMENS | - | 30,549 | 67,936 | - | 1,141 | 192,997 | 143,246 | - |
| Other SIEMENS Group entities | - | 6,221 | 20,959 | 10,552 | 5,670 | 19,149 | 25,720 | - |
| **Group SIEMENS** | **-** | **36,770** | **88,895** | **10,552** | **6,811** | **212,146** | **168,966** | **-** |
| Windar Renovables | - | 994 | - | - | - | 38,134 | - | - |
| VejaMate Offshore Project GmbH | 14,490 | - | - | - | - | - | - | 25,925 |
| Galloper Wind Farm Limited | 23,592 | - | - | - | - | - | - | 14,561 |
| ZeeEnergie C.V. Amsterdam | - | - | - | - | - | - | - | 25,105 |
| Buitengaats C.V. Amsterdam | - | - | - | - | - | - | - | 25,105 |
| OWP Butendiek GmbH & Co. KG | - | 1,338 | - | - | - | - | - | 64,940 |
| Tromsoe Vind AS | 5,560 | - | - | - | - | - | - | 4,421 |
| Orange Sironj Wind Power Private Limited | 160 | - | - | - | - | - | - | - |
| Stavro Holding I AB | - | - | - | - | - | - | - | 17,913 |
| Other | - | 52 | 18,172 | - | - | 2,968 | - | - |
| **Total** | **43,802** | **39,154** | **107,067** | **10,552** | **6,811** | **253,248** | **168,966** | **177,970** |

| | 09.30.2019 | | | | | |
|---|---|---|---|---|---|---|
| **Thousands of euros** | **Contract Assets** | **Receivables** | **Other financial assets** | **Payables** | **Other financial liabilities** | **Contract liabilities** |
| SIEMENS | - | 19,914 | - | 272,452 | - | - |
| Other SIEMENS Group entities | - | 1,602 | - | 13,238 | - | - |
| **Group SIEMENS** | **-** | **21,516** | **-** | **285,690** | **-** | **-** |
| Iberdrola Group | 72,316 | 14,769 | - | 555 | 1,374 | 29,018 |
| Windar Renovables | - | 1,359 | - | 77,604 | - | - |
| VejaMate Offshore Project GmbH | 14,492 | - | - | - | - | 25,040 |
| Galloper Wind Farm Limited | 26,412 | 4,082 | - | 1,042 | - | 6,716 |
| ZeeEnergie C.V. Amsterdam | - | - | - | - | - | 21,395 |
| Buitengaats C.V. Amsterdam | - | - | - | - | - | 21,395 |
| OWP Butendiek GmbH & Co. KG | - | - | - | - | - | 55,455 |
| Tromsoe Vind AS | 55,178 | 5,457 | - | - | - | 8,850 |
| Other | 365 | 1,403 | 17,880 | 4,813 | - | - |
| **Total** | **168,763** | **48,586** | **17,880** | **369,704** | **1,374** | **167,869** |

The breakdown of the transactions with related parties which are not eliminated in the consolidation process in the 6-month periods ended March 31, 2020 and 2019 is as follows:

| Thousands of euros | 6-month period ended March 31, 2020 (*) Sales and services rendered | Purchases and services received | 6-month period ended March 31, 2019 Sales and services rendered | Purchases and services received |
|---|---|---|---|---|
| SIEMENS | 7 | 111,701 | 333 | 124,782 |
| Other SIEMENS Group entities | 1,127 | 149,031 | 823 | 130,674 |
| **Group SIEMENS** | **1,134** | **260,732** | **1,156** | **255,456** |
| Iberdrola Group (*) | 340,048 | 2,357 | 130,733 | 3,109 |
| Windar Renovables | 120 | 19,549 | 67 | 52,962 |
| VejaMate Offshore Project GmbH | 4,729 | 33 | 7,016 | - |
| Galloper Wind Farm Limited | 14,484 | 189 | 6,689 | 2 |
| ZeeEnergie C.V. Amsterdam | 7,296 | - | - | - |
| Buitengaats C.V. Amsterdam | 7,296 | - | - | - |
| OWP Butendiek GmbH & Co. KG | 21,839 | - | 14,811 | - |
| Tromsoe Vind AS | 22,389 | 83 | - | - |
| Raudfjell Vind AS | 31,804 | 261 | - | - |
| Orange Sironj Wind Power Private Limited | 18,946 | - | | |
| Stavro Holding I AB | 30,494 | - | | |
| Other | 370 | 7,673 | 2,893 | - |
| **Total** | **500,949** | **290,877** | **163,365** | **311,529** |

(*) The transactions carried out with the Iberdrola Group are reported from October 1, 2019 to February 5, 2020 (Note 1.C).

All transactions with related parties have been carried out under market conditions.

### *A. TRANSACTIONS WITH THE SIEMENS GROUP*

Goods and services purchased

On June 17, 2016, SIEMENS GAMESA and SIEMENS signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which SIEMENS became the strategic SIEMENS GAMESA supplier of gears, segments, and other products and services offered by the SIEMENS Group. The abovementioned alliance will continue in force during the period in which SIEMENS: (a) directly or indirectly holds more than 50.01% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, in cases of change of control, the parties are entitled to terminate the strategic alliance, although the strategic supply contract will have a minimum duration of at least 3 years (i.e., until April 3, 2020). The award system ensures that the supplies will be carried under market conditions, as well as the involvement of and access to other suppliers.

On March 31, 2017, SIEMENS GAMESA and SIEMENS entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the SIEMENS brand during the period in which SIEMENS: (a) directly or indirectly holds more than 50.01% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Accordingly, in the event of change of control, license would expire subject to certain transition period to discontinue the use of the SIEMENS name and trademark.

Dated on April 28, 2017, SIEMENS GAMESA and SIEMENS signed a framework agreement over certain information rights and obligations and related matters concerning the relationship between the parties and certain principles applicable to the rendering of services between the SIEMENS GAMESA Group and the SIEMENS Group, as the main shareholder of SIEMENS GAMESA.

By virtue of certain agreements reached as a result of the Merger between SIEMENS GAMESA and Siemens Wind HoldCo, S.L.U., the SIEMENS Group will have and grant certain warranties with regard to the business combination. The above agreements may be terminated and their applicable terms granted amended in case of change of control.

On April 10, 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy GmbH & Co. KG and SIEMENS entered into a contractual agreement by which both parties cooperate in the development and deployment of thermal energy storage systems. The project is co-funded by the Federal Ministry of Economic Affairs and Energy of Germany.

On August 1, 2018, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides procurement services enabling the SIEMENS GAMESA Group to benefit from collective bargaining power. The initial term of the agreement is 1 year for operational procurement services while the initial term for other procurement services is 2 years from effective date, both extendable for 2 additional years. Service agreement is as of September 2019 extended until end of July 2022. For the approval of this related party transaction, the Audit, Compliance and Related Party Transactions Committee was advised by an independent expert.

On September 3, 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy LLC, and SIEMENS, through its subsidiary OOO Siemens Gas Turbine Technologies, entered into a contract manufacturing agreement for the assembly of wind turbines for the Russian market. The initial term is set to 3 years.

On October 1, 2018, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support on specific accounting related topics.

On January 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support for administration of Intellectual Property related matters.

On April 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides additional licenses for Teamcenter software utilized for managing the product development process. This agreement is extended.

During fiscal year 2019, the SIEMENS GAMESA Group purchased supplies for the Wind Turbines construction from SIEMENS Group, mainly from the SIEMENS divisions “Process Industries and Drives” and “Energy Management”. In addition, SIEMENS Group provided services to SIEMENS GAMESA Group based on transitional service agreements such as tax services, selling support, human resources, legal and treasury services, among others.

On October 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support on manpower for United States onshore projects.

On October 1, 2019, SIEMENS GAMESA and SIEMENS entered into service agreements by which SIEMENS provides sales support and government affairs support.

During first half fiscal year 2020, the SIEMENS GAMESA Group has purchased supplies for the Wind Turbines construction from SIEMENS Group, mainly from the SIEMENS divisions “Power Generation” and “Portfolio Companies”. In addition, SIEMENS Group has provided services to SIEMENS GAMESA Group based on transitional service agreements for IT services, human resources and corporate finance services.

Finally, as it is usual for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, providing each part reciprocal power to terminate the contract if such situation arises, especially in cases in which the new controlling party is the other party’s competitor.

During first half fiscal year 2020 and fiscal year 2019, SIEMENS GAMESA and SIEMENS extended several existing office lease agreements and also new ones have been signed.

During first half fiscal year 2020, SIEMENS GAMESA and SIEMENS extended several existing license agreements, and license maintenance and service agreements.

Guarantees provided between the SIEMENS GAMESA Group and the SIEMENS Group

As of March 31, 2020, the SIEMENS Group has provided guarantees to third parties for the performance of the SIEMENS GAMESA Group amounting to EUR 20,242 million (EUR 21,204 million as of September 30, 2019).

In December 2018, SIEMENS GAMESA and SIEMENS entered into an agreement by which SIEMENS GAMESA issued a technical guarantee to SIEMENS related to several repowering projects in United States involving tax equity investment from SIEMENS.

Share-based payments

Certain employees of the SIEMENS GAMESA Group that have transferred from other SIEMENS Group entities participate in share-based payment awards implemented by SIEMENS. SIEMENS delivers the respective shares on behalf of SIEMENS GAMESA. Due to the limited extent of participation in the share-based programs, the effect on the Interim Condensed Consolidated Financial Statements is not significant in the periods presented.

Hedging and derivates

The SIEMENS GAMESA Group's hedging activities are partially performed via SIEMENS and Siemens Capital Company LLC on an arm's length basis. The consideration is based on the market rates. The related receivables and payables are disclosed in the lines "Other financial assets" and "Other financial liabilities". As of March 31, 2020, the amount for this concept recorded in "Other financial assets" and "Other financial liabilities" amounts to EUR 88,925 thousand and EUR 168,873 thousand, respectively (EUR 133,320 thousand and EUR 126,225 thousand, respectively, as of September 30, 2019).

On February 2019, SIEMENS GAMESA, issued a parent company guarantee to SIEMENS regarding the provided hedging services amounting to approximately 3% of the outstanding hedging volume.

Insurance program

At the end of September 2017, SIEMENS GAMESA, as a company member of the SIEMENS Group, adhered, with an effective date from October 1, 2017, to a global stand-alone insurance program including all-risk property damages insurance policies, civil liability insurance policies, transport, chartering of ships and all-risk construction insurance policies. Siemens Financial Services acts as insurance broker and service provider for the Global Insurance Program. This ended on September 30, 2019.

### *B. AGREEMENTS WITH THE IBERDROLA GROUP RELATED TO THE WIND TURBINES AND OPERATIONS AND MAINTENANCE SEGMENTS*

The SIEMENS GAMESA Group, through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U. and Iberdrola, S.A., concluded on December 21, 2011 a framework agreement relating to the supply and maintenance of wind turbines. Under that framework agreement, the SIEMENS GAMESA Group and Iberdrola, S.A. assumed the following commitments:

- Iberdrola, S.A. shall acquire from the SIEMENS GAMESA Group a quota of megawatts equivalent to 50% of the total onshore wind turbine fleet that Iberdrola, S.A. acquires for its Renewables Business Unit during the term of the framework agreement.

  This commitment will be in force between January 1, 2013 and December 31, 2022 or the date on which the number of megawatts acquired by the Iberdrola Group from the SIEMENS GAMESA Group totals 3,800 MW, whichever occurs first.

  During this first half of fiscal year, no sales have been made in the framework of the abovementioned contract (approximately 110 MW during the first half of fiscal year 2019).

- SIEMENS GAMESA and Iberdrola, S.A. will closely collaborate with new opportunities relating to the offshore wind business.

- SIEMENS GAMESA and Iberdrola, S.A. will collaborate within the area of maintenance services so that Siemens Gamesa Renewable Energy Eólica, S.L.U. will become a company of reference with respect to wind farm maintenance throughout the Iberdrola Group's business.

- Likewise, during the period different minor components have been delivered, mainly spare parts.

In April 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U., closed an agreement with the Iberdrola Group for the maintenance of wind farms in the Iberian Peninsula of about 1,265 MW for a period of 2 years plus another optional year.

Currently, the total of MW under maintenance in the Iberdrola Group’s wind farms approximately amounts to 4,200 MW and also an agreement for the supply of spare parts and repairs is currently in force, with an end date of December 2020.

In addition, in October 2015, the SIEMENS GAMESA Group and the Iberdrola Group reached an agreement to implement the product Energy Thrust, aimed to increase the efficiency of the turbines and their production ratios, for a total of 1,602 MW.

In December 2016, a later addendum to the previous contract was signed extending it by additional 612 MW for the 2 MW platform. Moreover, for different companies in the Iberdrola Group an additional 795 MW was negotiated.

In July 2018, an agreement has been reached with the Iberdrola Group for the installation and activation of the Energy Thrust product in 941 Wind Turbines of the Avangrid Fleet, and in August 2018, for the installation and activation of the same product in part of the Scottish Power’s fleet. The former, finalized in December 2018 and the latter is still ongoing in the first half of fiscal year 2020.

In December 2018, SIEMENS GAMESA signed an agreement with Iberdrola Group for the sale of two special purpose vehicles for two windfarms in Spain with a total of approximately 70 MW. In July 2019, SIEMENS GAMESA closed an agreement with the Iberdrola Group for the sale of one special purpose vehicle for a windfarm in Spain with a total of approximately 49 MW.

In January and February 2019, SIEMENS GAMESA signed several long-term service agreements with the Iberdrola Group for several windfarms in Spain with a total of 106 MW.

Finally, in May 2019, SIEMENS GAMESA signed a supply agreement contract for high voltage electricity with Iberdrola in Spain for a 3 years period.

During this first half of fiscal year 2020, several sales have been made amounting to 202 MW. Additionally, several short and mid-term service agreements have been made.

On February 4, 2020, Iberdrola sold all its shares at SIEMENS GAMESA to SIEMENS. At the same date, Iberdrola, SIEMENS and SIEMENS GAMESA signed a cooperation agreement that covers certain wind power projects. For these projects, Iberdrola, as a customer of SIEMENS and SIEMENS GAMESA, will grant these companies exclusive negotiation rights for a limited period of time.

From February 5, 2020, Iberdrola is no longer a related party of SIEMENS GAMESA (Note 1.C).

### *C. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND WINDAR RENOVABLES, S.L.*

On June 25, 2007 the SIEMENS GAMESA Group (through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U.) subscribed a tower supply agreement with Windar Renovables, S.L. On September 4, 2019, both parties subscribed a tower supply agreement for fiscal year 2020, in which the SIEMENS GAMESA Group guaranteed Windar Renovables, S.L. 90% of the tower demand in region SE&A (included in EMEA geographical area).

In the first half of fiscal year 2020, the SIEMENS GAMESA Group and Windar Renovables, S.L. have signed a tower supply agreement for an Offshore windfarm.

The conditions for transactions with associates are equivalent to those carried out with independent parties.

### *D. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND SCHAEFFLER TECHNOLOGIES AG & CO. KG*

On September 28, 2018, the SIEMENS GAMESA Group reached a settlement agreement with Schaeffler Technologies AG & Co. KG regarding a previous supply contract. This agreement consisted mainly in a payment to the SIEMENS GAMESA Group in amount of EUR 4,000 thousand. During 2019 this amount has been collected while other aspects of the settlement have been modified, mainly to components supply.

SIEMENS GAMESA Group and Schaeffler Technologies AG & Co. KG have a Master Framework Agreement for the price and volume of procurements entered into before the Merger effective date (through SIEMENS).

During first half fiscal year 2020, SIEMENS GAMESA and Schaeffler Technologies AG & Co. KG have signed purchase agreements for components, spare parts and services.

## 19. Directors´ and Top Management´s remuneration and other compensations

Notes 31 and 32 of the Group´s Consolidated Financial Statements for the year ended September 30, 2019 provide details of the existing agreements regarding remuneration and other compensations for members of Board of Directors and Top Management, respectively.

A summary of the most significant information regarding these remunerations and compensations for the 6-month periods ended March 31, 2020 and 2019 is set out below:

| Thousands of euros | 03.31.2020 | 03.31.2019 |
|---|---|---|
| **Members of the Board of Directors** | | |
| Compensation for membership of the Board and/or Board´s Commissions | 955 | 911 |
| Salary | 519 | 513 |
| Variable compensation in cash | 119 | 189 |
| Long-term savings system | 83 | 83 |
| **Type of remuneration** | **1,676** | **1,696** |
| **Other concepts** | **34** | **33** |
| **Total Board of Directors** | **1,710** | **1,729** |
| **Top Management** | | |
| Compensation received by the Top Management | 1,848 | 3,936 |
| **Total Top Management** | **1,848** | **3,936** |
| **Total** | **3,558** | **5,665** |

The amount of “Other concepts” as of March 31, 2020 corresponds to: (i) the amount of the premiums paid for the coverage of death and disability insurances amounting to EUR 13 thousand (EUR 12 thousand as of March 31, 2019) and (ii) the allocation of the Group insurance for executives, directors and other employees in amount of EUR 21 thousand (EUR 21 thousand as of March 31, 2019).

No advances or loans are given to current or prior Board members, and there are no pension obligations with them. Only the Chief Executive Officer receives contributions for pensions amounting EUR 83 thousand which are included in the long-term savings system section in the table above (EUR 83 thousand as of March 31, 2019).

Likewise, derived from his previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), the Chief Executive Officer has recognized rights on shares of SIEMENS derived from incentives granted before the Merger to be paid in cash during the next years. During this period the payment has amounted to EUR 771 thousand which is not included in the table above since there is no cost for the Company (EUR 873 thousand during the 6-month period ended March 31, 2019).

Also, within the remunerations to the Chief Executive Officer as of March 31, 2020 and March 31, 2019, the provision recorded for three cycles of the Long-Term Incentive Plan 2018-2020 has not been included, which amounts to EUR 338 thousand and EUR 105 thousand, respectively. Any compensation related to this concept will be effective once the period of measurement of the Plan is completed and any settlement (if applicable) will be in years 2021, 2022 and 2023 depending on the degree of effective achievement of the objectives to which it is subject. As of September 30, 2019, a provision in the amount of EUR 337 thousand was made for this concept.

Finally, the current Chief Executive Officer has a contractual agreement to receive financial compensation in the event of termination for reasons attributable to the Company. The financial compensation agreed for such termination consists of the payment of a compensation up to a maximum of his annual fixed cash compensation, according to the new Board members remuneration policy approved in the General Shareholders meeting of March 27, 2019.

Likewise, derived from their previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), certain members of the Top Management have recognized rights on shares of SIEMENS derived from incentives granted before the Merger to be paid in cash during the next years. During this period, the payment has amounted to EUR 454 thousand and is not included in the table above since there is no cost for the Company (EUR 261 thousand in the 6-month period ended March 31, 2019).

Also, the remunerations to the Top Management, do not include, as of March 31, 2020 and March 31, 2019, the provision recorded for the three cycles of the Long-Term Incentive Plan 2018-2020 in the amount of EUR 851 thousand and EUR 252 thousand, respectively. Any compensation related to this concept will be effective once the period of measurement of the Plan is completed and any settlement (if applicable) will be in years 2021, 2022 and 2023 depending on the degree of effective achievement of the objectives to which it is subject. As of September 30, 2019, a provision in the amount of EUR 762 thousand was made for this concept.

Contributions to pensions Plans have been made in amount of EUR 156 thousand and EUR 99 thousand included as remuneration in the table above, as of March 31, 2020 and 2019, respectively.

Regarding dismissal indemnities to Top Management for termination of their employment relationship, the Company´s current criteria is the payment of a maximum one year fixed remuneration at the date of termination, without prejudice to any pre-existing situations, as well as the amount which might be higher due to the application of prevailing legislation.

In the 6-month periods ended March 31, 2020 and 2019 there are no transactions with Top Management other than those carried out in the ordinary course of the business.

## 20. Average number of employees

The average number of employees for the 6-month periods ended March 31, 2020 and 2019 is as follows:

| **Average number of employees** | **03.31.2020** | **03.31.2019** |
|---|---|---|
| Male | 19,763 | 19,146 |
| Female | 4,605 | 4,416 |
| **Total** | **24,368** | **23,562** |

During the 6-month period ended March 31, 2020, the SIEMENS GAMESA Group has recognized personnel restructuring costs amounting to EUR 13.5 million which EUR 6.9 million correspond to the amount recorded in Denmark. As October 2019, an agreement was signed with the workers council in Denmark for the dismissal of 460 employees. This measure is due to a challenging market environment and a highly competitive landscape characterized by price pressures affecting the production of direct drive onshore turbines in Brande and the onshore blade production in Aalborg.

In the second quarter of fiscal year 2020 SIEMENS GAMESA's management has approved a restructuring plan in the Wind Turbine segment, aimed at resizing and modifying the scope of business undertaken by its operation in India, in order to adapt the business model to the current market structure and the significantly reduced market outlooks in India. This restructuring plan is partially in the detailed definition stage of the measures to be taken. As of March 31, 2020 no personnel restructuring provision has been recognized as the preconditions for its recognition are not met. Nevertheless, as a direct result of the decisions and measures already taken in the context of this restructuring plan, non-personnel related expenses have been recognized under inventory and fixed asset impairments in amount of EUR 35 million and EUR 3.2 million, respectively (Notes 9 and 12).

During the 6-month period ended March 31, 2019, the SIEMENS GAMESA Group recognized personnel restructuring costs amounting to EUR 22 million, of which EUR 16 million are related to the agreement signed with the workers council related to the ADWEN entities in Germany on October 15, 2018 and which has affected 166 employees.

## 21. Subsequent events

### *RIA BLADES, S.A. ACQUISITION*

On October 20, 2019, Senvion Indústria, S.A., Senvion GmbH i.l. (the "Sellers") and Siemens Gamesa Renewable Energy, S.A. (hereinafter, "SGRE Portugal" or "Buyer") signed an agreement by virtue of which, on April 30, 2020, after fulfillment of all the conditions precedent, SGRE Portugal has now acquired all the shares of Ria Blades, S.A., entity which owns and operates the business of the wind turbine blades production facility in Vagos (Portugal) and certain additional assets associated to said business.

## 22. Explanation added for translation to English

These Interim Condensed Financial Consolidated Statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

## 1. Introduction

The beginning of 2020 was marked by a pandemic (coronavirus COVID-19) with a severe and unexpected human and economic cost. According to the latest estimates by the International Monetary Fund (IMF)[1], the world economy will shrink by 3% in 2020, and the contraction will be particularly severe in the advanced economies, which will experience a 6.1% decrease, compared with a 1% contraction projected for developing countries. The IMF's core scenario at the date of publishing its report was that the pandemic would fade steadily in the second half of 2020 due to the containment measures implemented in the first half. In this scenario, and with the implementation of financial, fiscal and monetary support policies, the IMF expects a rapid recovery, with the world economy returning to growth in 2021: +5.8% y/y, headed by the developing countries, which will achieve 6.6% growth, followed by the advanced economies, with 4.5% growth. However, the current lack of visibility about the pandemic's final duration and impact means that other scenarios are also likely.

The wind industry is not immune to this situation, as the supply chain, manufacturing activity, project execution and commercial activity have all been affected by the pandemic. The first disruptions were observed in February in the Chinese supply chain, resulting in a slowdown in manufacturing operations. Subsequently, in March and April, containment measures imposed by governments forced the temporary closure of manufacturing plants in India and Spain. Lockdowns also affected the supply of raw materials such as balsa wood, which was already experiencing tensions in the first quarter of 2020 (Q1 20). In this context, the company's priority was, and continues to be, to ensure the safety of employees and their families and of the communities where it operates, while minimizing operational disruptions in order to ensure business continuity and meet customer needs.

At the end of the second quarter (Q2 20), Siemens Gamesa Renewable Energy's[2] Chinese factories had begun to resume normal operations, while the factories in Spain returned to work early in the third quarter (Q3 20). The teams organised to ensure business continuity are working to minimise the disruption to operations caused by the shutdowns and the supply chain problems, partly by leveraging the Group's worldwide footprint to recover lost manufacturing capacity and mitigate challenges in specific markets. However, it is too early to have reasonable visibility on the return to a fully normalized market environment and on the total impact on the company's financial performance in fiscal 2020 (FY 20). Because of this lack of visibility, the company considers it prudent at this time to withdraw the guidance it released to the market during the first quarter of 2020.

During the second quarter, from January to March 2020 (Q2 20), the pandemic mainly affected the Onshore market and operations. In Q2 20, Onshore performance continued to reflect both the slowdown in the Indian market and the challenges to executing the Northern Europe pipeline, both affected by COVID-19.

As a result of these factors, revenue in Q2 20 amounted to €2,204m and the EBIT margin pre PPA and before integration and restructuring costs was 1.5% over sales, including a €56m direct impact of COVID-19 and higher costs in India and in the execution of the Northern European pipeline (the latter two offset by the positive impact of the settlement reached with Areva). It is important to note that Offshore and Service performance is fully aligned with the company's projections, and that, at the date of this report, COVID-19 potential impact on future quarters is expected to be lower in those markets.

The 8% y/y decline in Group revenue in Q2 20 reflects a 12% decline in WTG sales that was partly offset by 20% growth in Service revenue. The decline in sales at the manufacturing unit reflects the combination of a reduction (already expected and planned for) in Offshore sales, which fell 19% y/y in the quarter, in line with expectations, and a reduction of 8% y/y in Onshore sales due to delays in the execution of certain projects, as a result of COVID-19. Growth in Service revenue reflects the consolidation of the Service assets acquired from Senvion in January 2020.

EBIT pre PPA and before integration and restructuring costs, amounting to €33m in Q2 20, includes a direct negative impact of COVID-19 in the amount of €56m (equivalent to 2.5% of revenue in the quarter). This quarter profitability is also affected by additional costs produced by greater delays in executing the Northern Europe pipeline

[1]International Monetary Fund. World Economic Outlook. April 2020.

[2]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 business) and provides operation and maintenance services (Service business).

and a greater slowdown in India, both partially and indirectly impacted by COVID-19, offset by the positive impact of the agreement between Areva and Adwen, settling all the disputes, duties and liabilities as well as any past, present and future claims between the companies.

In this context, the balance sheet remained sound as a result of the strategy of funding and strict control of working capital that was implemented in FY 19. During Q2 20, the disruption caused by the pandemic did not have a material impact on working capital, which was negative in the amount of €865m at the end of the quarter, equivalent to -9% of LTM revenue, i.e. an improvement of 11 percentage points on the working capital/revenue ratio in the second quarter of 2019 (Q2 19) and of 0.6 p.p. with respect to the ratio at the beginning of the year. Net debt on the balance sheet amounted to €295m at the end of the quarter, i.e. €575m less than the net cash position at the beginning of the fiscal year[3] and representing €178m more debt than at the end of Q2 19. Net debt positive evolution is equivalent to c. €429 improvement adjusting for the application of IFRS 16 since the beginning of the current fiscal year[4].

The funding strategy provided the Group with a very sound liquidity position with which to face the current economic and market situation. At 31 March 2020, Siemens Gamesa had nearly €4,000m in authorised credit lines, against which it had drawn c. €1,100m.

As for commercial activity, Siemens Gamesa ended the second quarter with a record order book, €28,623m, i.e. €5,044m more than at the end of March 2019, after integrating the Service assets acquired from Senvion in January 2020. Following that acquisition, Service accounts for 51% of the order book. The order book at 31 March 2020 was reduced by around 3% as a result of currency depreciation.

Order intake in Q2 20 amounted to €2,203m, i.e. a book-to-bill ratio of 1 time revenue in the quarter, reflecting standard volatility in commercial activity in the Offshore market. Onshore order intake increased by 13% y/y to €1,350m despite postponement of some order signing to Q3 20, while Service order intake increased by 4% y/y to €779m. The first Service contract for Senvion technology beyond the scope of the assets acquired in January was signed in Q2 20.

It is important to note that, despite the material (though temporary) impact of the pandemic, the energy market continues the transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness, and that the reduction in the pre-existing projections for the volume of wind installations in 2020 will be recovered in subsequent years. Not only is the long-term vision for the industry unchanged; in fact, renewable energy can and must play a major role in the economic revival and in the development of a sustainable socio-economic model, something that is increasingly necessary.

Within the need to develop sustainable socio-economic models, Siemens Gamesa continues to step up its commitment to ESG. That commitment was recognised in Q2 20 by MSCI, which upgraded the Group's ESG rating by two notches to A. Among the successes communicated in Q2 20, the Group has achieved carbon neutrality ahead of its previous established commitment for 2025 and has received the AENOR certificate that it has a Tax Compliance Management System in accordance with the UNE 19602:2019 standard. In Q3 20, Siemens Gamesa

[3]The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings “Other non-current assets” and “Other current assets”, in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros. See note 2.D.3 to the consolidated financial statements for FY 2019 and note 8.B to the interim half-year consolidated financial statements at March 31, 2020 with the lease liabilities as of that date: €123m short-term and €483m long-term.

[4]The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings “Other non-current assets” and “Other current assets”, in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros. See note 2.D.3 to the consolidated financial statements for FY 2019 and note 8.B to the interim half-year consolidated financial statements at March 31, 2020 with the lease liabilities as of that date: €123m short-term and €483m long-term.

continues to introduce ESG criteria into its funding, specifically with the signature of its first syndicated guarantee line[5].

## Consolidated key figures Q2 20

- Revenue: €2,204m (-8% y/y)
- EBIT pre PPA and before integration and restructuring costs[6]: €33m (-82%)
- Net profit pre PPA and before integration and restructuring costs[7]: -€55m (N.A.)
- Reported net profit: -€165m (N.A.)
- Net cash/(Net financial debt – NFD)[8]: -€295m
- MWe sold: 2,183 MWe (-8% y/y)
- Order book: €28,623m (+21% y/y)
- Firm order intake in Q2: €2,203m (-11% y/y)
- Firm order intake in the last twelve months: €14,573m (+33% y/y)
- WTG order intake in Q2: 1,645 MW (-25% y/y)
- Firm WTG order intake in the last twelve months: 12,364 MW (+21% y/y)
- Installed fleet: 103,089 MW
- Fleet under maintenance: 71,476 MW

## Markets and orders

Despite the effects of the pandemic, solid sales efforts continue to drive the company's performance. In the last twelve months, Siemens Gamesa signed orders worth €14,573m (+33% y/y) and it ended March 2020 with an order book of €28,623m[9] (+21% y/y). The order book expanded by €5,044m with respect to the end of March 2019, and by €534m with respect to December 2019. The order book now includes the Service backlog associated with the assets acquired from Senvion in January 2020, amounting to c. €1,500m.

Following the acquisition of Service assets from Senvion, 51% of the order book (€14,458m) is in Service, which offers higher returns and is expanding at a rate of 28% year-on-year. The WTG order book is split €6,937m Offshore (+9% y/y) and €7,228m Onshore (+22% y/y).

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[5] In Q3 20, Siemens Gamesa signed its first syndicated guarantee line for an amount of €600m involving a structure linked to the donation of funds for cancer research.

[6] EBIT pre PPA and before integration and restructuring costs excludes integration and restructuring costs in the amount of €82m and the impact of fair value amortization of intangible assets as a result of the PPA (purchase price allocation) in the amount of €69m.

[7] Net profit pre PPA and before integration and restructuring costs excludes €110m of integration and restructuring costs and the impact of fair value amortization 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 equivalents less financial debt (both short- and long-term). The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings “Other non-current assets” and “Other current assets”, in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros. Lease liabilities as of March 31, 2020 amount is reflected in note 8.B to the interim half-year consolidated financial statements: €123m short-term and €483m long-term.

[9] The depreciation experienced by the currencies had a negative impact on the order book of c. €850m. Excluding the currency effect, the order book would have increased by 25% y/y to c. €29,500m.

Figure 1: Order Book at 03.31.20 (€m)

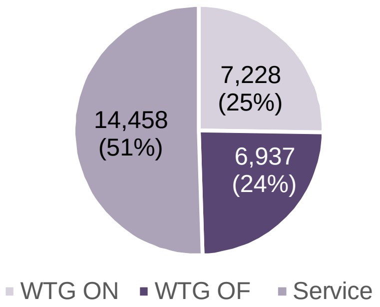
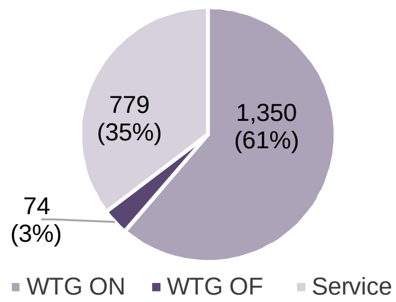



Figure 2: Order Intake Q2 20 (€m)




The Group's order intake in Q2 20 amounted to €2,203m, in line with sales in the period, giving a book-to-bill ratio of 1. The -11% year-on-year reduction in order intake is mainly due to normal volatility in the Offshore market, with no orders registered in Q2 20, and, to a lesser extent, the impact of measures to contain the pandemic, including lockdowns in some countries and the suspension of traffic, on the completion of Onshore contracts, some of which have been postponed to Q3 20.

As indicated in the preceding paragraph, Onshore commercial activity (1,645 MW of firm orders signed in Q2 20, -6% y/y) reflects the impact of COVID-19, as contract signatures were delayed in the three regions, though mainly in the US and India (where the market slowed even more than in Q1 20). The normal pace of commercial activity is expected to be recovered in the third quarter. Orders signed in the quarter amounted to €1,350m, +13% y/y, including €61m in solar. Order intake in the last twelve months amounted to 9,485 MW, +13% y/y, reflecting not only market growth but also the company's sound competitive position within a strategy of profitable growth. Siemens Gamesa signed €6,896m in orders for ON WTG in the last twelve months, i.e. a book-to-bill ratio of 1.3x in this segment in the period. The book-to-bill ratio in Q2 20 was 1.2 times revenue in the quarter.

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

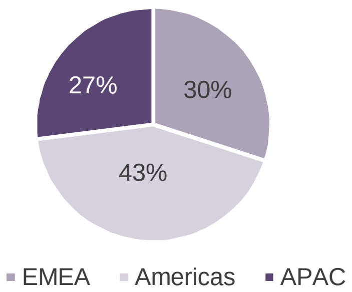
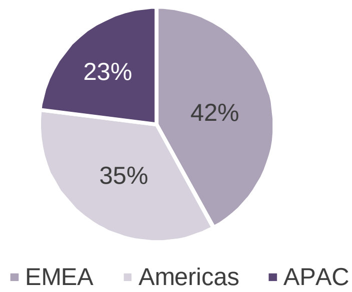



Figure 4: Order intake (€m) WTG ON Q2 20 (%)




Of the 45 countries that contributed new Onshore orders in the last twelve months, the three largest are the USA (18% of volume in MW) India (14%) and Brazil (10%). They are followed by Chile (9%), China (8%), Sweden (6%) and Spain (5%). The main sources of new orders in Q2 20 were Brazil (which contributed 35% of order intake in the quarter), Spain (12%) and Poland and Vietnam (9% each), followed by the UK (8%) and Japan (6%). During the second quarter, orders continued to flow for the new Onshore 5.X platform, with contracts being signed for Sweden and Brazil. In particular, an order was signed with AES to supply 52 SG 5.8-170 turbines for the Tucano wind farm (312 MW) in Brazil.

With these orders, platforms of 4 MW or higher accounted for 35% of total new orders in the quarter and 40% of order intake in the first half of 2020, compared with 26% in FY 19.

Table 1: WTG ON order intake (MW)

| *WTG ON order intake (MW):* | LTM | Q2 20 |
|---|---|---|
| Americas | 4,044 | 627 |
| US | 1,697 | 52 |
| Brazil | 963 | 575 |
| Mexico | 122 | 0 |
| EMEA | 2,493 | 654 |
| Spain | 471 | 201 |
| APAC | 2,947 | 364 |
| India | 1,347 | 0 |
| China | 798 | 39 |
| **Total (MW)** | **9,485** | **1,645** |

In the Offshore segment, following strong order intake in the first quarter (1,279 MW), no new orders were signed in Q2 20, reflecting the volatility of commercial activity in this market. Early in Q3 20, an order was signed with Innogy: 38 SG 8.0-167 DD Flex turbines for the Kaskasi offshore wind farm in Germany. Offshore orders signed in the last twelve months totalled 2,879 MW (56% more than in the twelve months to March 2019), worth €3,806m (+49% y/y). Siemens Gamesa's strong competitive position in the Offshore market was also reflected in Ørsted's choice of SGRE as preferred supplier for the Borkum Riffgrund 3 (900 MW) and Gode Wind 3 (242 MW) wind farms, both in the North Sea (Germany), with a total capacity of 1,142 MW, plus a five-year service and maintenance contract.

The signature of these conditional contracts enabled the company to end the first half with a conditional pipeline of 10.7 GW in Offshore.

The Service area attained very strong commercial performance, with €779m in new orders in Q2 20, 4% more than in Q2 19, and representing a book-to-bill ratio of 2 times revenue in the quarter. The first Service contract for Senvion technology outside the scope of the assets acquired in January 2020 was signed in the quarter: a 20-year maintenance contract for a 135 MW wind farm in Australia.

In the last twelve months, the Service division signed contracts worth a total of €3,870m, 75% more than in the twelve months to March 2019. The average duration of the order book is 8 years.

Table 2: Order intake (€m)

| | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 |
|---|---|---|---|---|---|---|
| WTG | 2,195 | 1,717 | 3,735 | 2,386 | 3,158 | 1,424 |
| Onshore | 1,799 | 1,200 | 1,695 | 2,240 | 1,611 | 1,350 |
| Offshore | 396 | 517 | 2,040 | 146 | 1,547 | 74 |
| Service | 346 | 749 | 931 | 690 | 1,470 | 779 |
| **Group** | **2,541** | **2,466** | **4,666** | **3,076** | **4,628** | **2,203** |

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

This decline in prices, which became particularly visible after the first auctions in Mexico, India or Spain during 2016 and 2017, has gradually stabilised since the beginning of FY 18, a trend that was maintained in FY 19 and in the first half of FY 20 (H1 20).

As a result, after initial high-single/low-double digit shrinkage, wind turbine prices are now declining by low single digits (<5%), in line with the long-term price decline associated with productivity improvements in manufacturing.

However, as noted in previous quarters, the average selling price[10] is influenced by other factors apart from turbine prices, including the country, the contract scope and the machine mix, and its evolution is not directly correlated with profitability. These impacts are visible in the quarterly trend in average prices, with a particular impact on the first quarter of FY 20 due to the strong contribution of orders from China (where the product scope excludes the tower). In Q2 20, the average selling price benefited both from the contract scope and from the geographic mix, with a low contribution to order intake by US, China and India. Likewise, the product mix factor had a less dilutive effect in Q2 20 than in Q1 20.

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

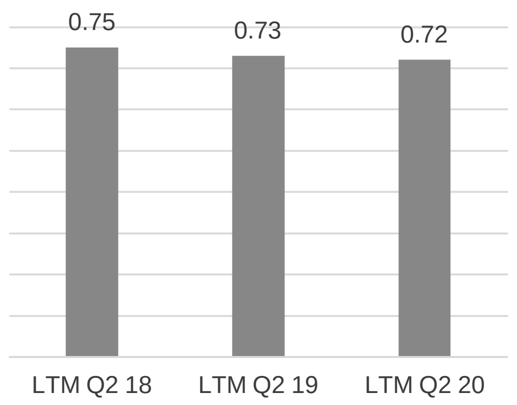
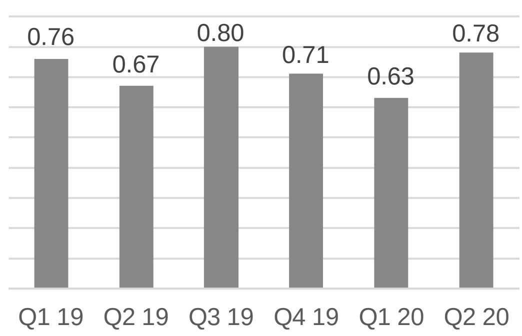



Figure 6: Average selling price - Onshore order intake (€m/MW)




[10] No solar orders are included in the average selling price calculation. Solar orders amounted to €61m in Q2 20, €2m in Q4 19, €0.6m in Q3 19, €33m in Q2 19, €6m in Q1 19 and €9m in Q3 18.

## Key financial performance metrics

The table below shows the main financial aggregates for the second quarter (January-March) of FY 20 (Q2 20) and FY 19 (Q2 19) and those for the first half (October-March) of FY 20 (H1 20), and the change with respect to the first half of FY 19 (H1 19).

Table 3: Key figures

| *€m* | Q2 19 | Q2 20 | Change y/y | H1 20 | Change y/y |
|---|---|---|---|---|---|
| **Group revenue** | 2,389 | 2,204 | -7.8% | 4,204 | -9.6% |
| **WTG** | 2,060 | 1,808 | -12.2% | 3,442 | -13.2% |
| **Service** | 330 | 395 | +19.9% | 762 | +10.9% |
| **WTG volume (MWe)** | 2,383 | 2,183 | -8.4% | 4,115 | -8.8% |
| **Onshore** | 1,707 | 1,649 | -3.4% | 3,396 | +5.2% |
| **Offshore** | 676 | 534 | -21.0% | 719 | -44.0% |
| **EBIT pre PPA and before I&R costs** | 178 | 33 | -81.6% | -103 | N.A. |
| **EBIT margin pre PPA and before I&R costs** | 7.5% | 1.5% | -6.0 p.p. | -2.5% | -9.2 p.p. |
| **WTG EBIT margin pre PPA and before I&R costs** | 5.1% | -3.0% | -8.1 p.p. | -8.1% | -12.0 p.p. |
| **Service EBIT margin pre PPA and before I&R costs** | 22.0% | 21.9% | -0.1 p.p. | 23.0% | -0.2 p.p. |
| **PPA amortization**[1] | 66 | 69 | +3.6% | 135 | +1.4% |
| **Integration and restructuring costs** | 22 | 82 | 3.8x | 110 | 2.0x |
| **Reported EBIT** | 90 | -118 | N.A. | -347 | N.A. |
| **Net profit pre PPA and before I&R costs**[2] | 113 | -55 | N.A. | -163 | N.A. |
| **Profit for the year attributable to equity holders of SGRE** | 49 | -165 | N.A. | -339 | N.A. |
| **Earnings per share attributable to equity holders of SGRE**[3] | 0.07 | -0.24 | N.A. | -0.50 | N.A. |
| | | | | | |
| **Capex** | 108 | 109 | 1 | 201 | 12 |
| **Capex/revenue (%)** | 4.5% | 5.0% | 0.4 p.p. | 4.8% | 0.7 p.p. |
| **Working capital (WC)** | 211 | -865 | -1,076 | -865 | -1,076 |
| **Working capital/revenue LTM (%)** | 2.2% | -8.8% | -11.1 p.p. | -8.8% | -11.1 p.p. |
| **Net (debt)/cash** | -118 | -295 | -178 | -295 | -178 |
| **Net (debt)/EBITDA LTM** | -0.13 | -0.61 | -0.5 | -0.61 | -0.5 |

1. Impact of the Purchase Price Allocation (PPA) on amortization of intangibles.
2. Net profit pre PPA and before integration and restructuring costs excludes the integration and restructuring costs and the impact of fair value amortization of intangible assets as a result of the PPA (purchase price allocation), net of taxes. This value (PPA impact and I&R costs) net of taxes amounts €67m in Q1 20 (€70 in Q1 19), €110m in Q2 20 (€65 in Q2 19) and €176m in H1 20 (€135m in H1 19). The value of the taxes on these effects (PPA impact and I&R costs) amounts €26m in Q1 20 (€28m in Q1 19), €42m in Q2 20 (€23m in Q2 19), and €68m in H1 20 (€51m in H1 19). **Calculation of figures:** Net profit pre PPA and before integration and restructuring costs Q2 19 (€113m) = Reported net profit Q2 19 (€49m) plus PPA amortization Q2 19 (€66m), plus integration and restructuring costs Q2 19 (€22m) minus taxes on PPA amortization and I&R costs Q2 19 (€23m). Net profit pre PPA and before integration and restructuring cost Q2 20 (-€55m) = Reported net profit Q2 20 (-€165m) plus PPA amortization Q2 20 (€69m), plus I&R costs Q2 20 (€82m) minus taxes on PPA amortization and I&R costs Q2 20 (€42m). Net profit pre PPA and before integration and restructuring costs H1 19 (€202m) = Reported net profit H1 19 (€67m) plus PPA amortization H1 19 (€133m), plus I&R cost H1 19 (€54m) minus taxes on PPA amortization and I&R costs H1 19 (€51m). Net profit pre PPA and before integration and restructuring cost H1 20 (-€163m) = Reported net profit H1 20 (-€339m) plus PPA amortization H1 20 (€135m), plus I&R costs H1 20 (€110m) minus taxes on PPA amortization and I&R costs H1 20 (€68m).
3. Earnings per share calculated using the weighted average number of outstanding shares in the period. Q2 19: 679,481,656; Q2 20: 679,399,017; H2 20: 679,516,555.

The Group's financial performance in Q2 20 suffered the unexpected impact of the COVID-19 pandemic which, along with other disruptions to the supply chain in China, slowed manufacturing and project execution.

The supply chain disruptions commenced in February in China, resulting in a slowdown in the pace of manufacturing. Subsequently, containment measures adopted by a number of governments made it necessary to halt production temporarily in India (from the end of the second quarter) and Spain (in April). There were also short halts to production at other plants, such as Hull (UK), in order to adapt working conditions to the current situation so as to ensure that operations could continue.

Manufacturing operations in China had returned to their regular pace by the end of March, while manufacturing in Spain resumed on 13 April, and activity in India is also expected to be resumed in May.

The lockdown in those countries affected the supply not only of components but also of raw materials. This was the case with balsa wood, in which there had been supply tensions in Q1 20.

The direct impact of COVID-19 in the second quarter amounted to €56m, mainly concentrated on the Onshore business. In addition to the impact of the pandemic, the Onshore business was also affected by lengthening of execution times in Northern Europe pipeline projects, which resulted in an increase in the costs that had been projected in Q1 20. The Indian market also slowed more than had been projected for this year.

The additional costs in Q2 20 caused by longer execution times in the Northern Europe pipeline and by volatility and slowing in the Indian market beyond what had been projected in Q1 20 were offset at Group level by the agreement between Areva and Adwen settling all the disputes, duties and liabilities as well as any past, present and future claims between the companies.

In addition to these unexpected impacts, performance in H1 20 reflects the annual project execution planning, with a higher execution level in the second half of this year (H2 20), and the effect of ramping up production of the SG 8.0-167 DD turbine, which temporarily reduced the pace of manufacturing Offshore turbines in Q1 20. The Offshore manufacturing pace was recovered in Q2 20 to achieve the rate of growth expected for the full year.

In this context, Group revenue amounted to €2,204m in Q2 20, 8% lower than in the year-ago quarter.

EBIT pre PPA and before integration and restructuring costs amounted to €33m, i.e. a 6 p.p. y/y reduction in the EBIT margin, to 1.5%. The impact of COVID-19 cut 2.5 p.p. off the margin. The impact of COVID-19 includes all the costs related to sales slippage, to less absorption of fixed costs due to the reduction of manufacturing capacity used caused by disruptions in the supply chain and plants closure, to the extension of projects and to claims for damages from clients.

The trend in EBIT pre PPA and before integration and restructuring costs for the Group in Q2 20 reflects the impact of the following factors:

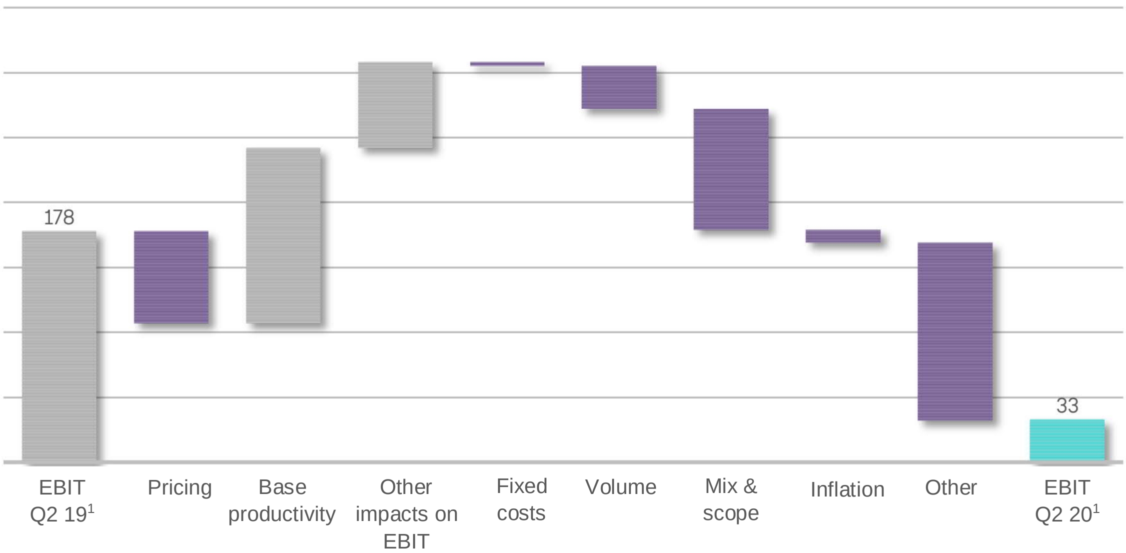
(-) The price cuts incorporated into the order book (Onshore, Offshore and Service) at the beginning of the fiscal year.

(+) Improvements in productivity and fixed costs under the L3AD2020 programme, which offset the price reduction.

(-) The negative impact of the lower Offshore sales volume (-19% y/y).

(-) The Group's project mix.

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




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

In addition to these four factors, whose impact on Q2 20 was in line with the company's forecasts, the year-on-year variation was impacted by the COVID-19 pandemic, by an increase in the cost of executing projects in Northern Europe, which resulted in an increase in the costs that had been projected in Q1 20, and by the continuous slowdown in the Indian market. The latter two factors were offset by the positive effect of the agreement between Adwen and Areva settling all the disputes, duties and liabilities as well as any past, present and future claims between the companies. These factors are included in the "Other" category and, in the case of the Indian slowdown and the additional costs in the execution of the Northern European pipeline, had not been expected by the company.

Although at this time it is not possible to reliably estimate the impact of the pandemic in future quarters, and the Offshore and Service markets operations are likely to be affected, but with a lower impact, the business continuity teams are working to minimise the disruption to operations caused by the lockdowns and supply chain problems, partly by making use of our global production capacities to recover lost output and to mitigate the challenges in specific markets.

The impact of the PPA on amortization of intangible assets was €69m in Q2 20 (€66m in Q2 19), while integration and restructuring (I&R) expenses amounted to €82m in the same period (€22m in Q2 19).

Among the I&R costs, it should be noted that Siemens Gamesa has launched a restructuring exercise in India during Q2 20. After establishing a manufacturing model adjusted to billing and collection, given the volatility of the market, and beginning to adapt the manufacturing capacity to export models in Q1 20, the objective of the restructuring is to continue adapting the Group's operations to the new demand expectations for the short and medium term, and to be able to offer local customers, in a profitable way, the best possible cost of energy. It should be noted that compared to the annual rate of installations above 7 GW that the country needs to reach the 60 GW target in 2022, the expected annual demand until 2022 is between 3.5 and 4.5 GW. The slowdown in the Indian market has also been aggravated by the implementation of some of the longer-term confinement and closure rules for non-basic economic activity (with an extension of the initial period of 3 weeks, from March 25 to April 14, until May 3). In addition, the closing period of economic activity coincides with the period of greatest wind installation activity. The restructuring costs recorded in Q2 20, c. €38m, are related to a more selective approach to the development business model, with impact on inventories (landbank), and means of production, both with no cash effect.

Although the short- and medium-term prospects have diminished, the Indian government, which has reduced corporate income tax for electricity generation companies to 15%, continues to work to ensure the wind market normalization. The Ministry of New and Renewable Energy (MNRE) has published a directive recommending the elimination of maximum prices in upcoming auctions, and has defined two areas of 25 GW each in Gujarat and Rajasthan, making available land to develop wind, solar and hybrid projects and requesting that the grid connection infrastructure in those areas is strengthened. Due to these reasons we do not foresee a change in the strong long-term potential of the market.

Net financial expenses totalled €20m in Q2 20 (€13m in Q2 19), while the tax expense amounted to €28m (€27m expenses in Q2 19). The increase in financial expenses was partly due to higher indebtedness in India.

As a result, the Group reported a net loss pre PPA and before integration and restructuring costs of €55m in Q2 20. The reported net loss, including the impact of amortization from the PPA and integration and restructuring costs, both net of taxes, totalling €110m in Q2 20, amounted to €165m, contrasting with €49m in profit in Q2 19. The net loss per share for SGRE shareholders amounts to €0.24.

Strict control of working capital helped maintain working capital stable with respect to the level at the beginning of the year: -€865m, equivalent to -8.8% of revenue in the last twelve months while the slight increase compared to Q1 20 reflects the slippage in contracts and sales as a result of COVID-19. Working capital improved by €1,076m year-on-year, a 11.1 p.p. improve on working capital to last twelve months revenue ratio.

Table 4: Working capital (€m)

| ***Working capital (€m)*** | **Q1 19[1]** | **Q2 19** | **Q3 19** | **Q4 19** | **Q1 20** | **Q2 20** | **Change y/y** |
|---|---|---|---|---|---|---|---|
| Accounts receivable | 1,135 | 1,171 | 1,460 | 1,308 | 1,108 | 1,073 | -99 |
| Inventories | 1,925 | 2,006 | 2,044 | 1,864 | 2,071 | 2,115 | 109 |
| Contract assets | 2,033 | 1,771 | 1,952 | 2,056 | 1,801 | 1,808 | 37 |
| Other current assets | 417 | 464 | 651 | 461[2] | 578 | 466 | 2 |
| Accounts payable | -2,557 | -2,505 | -2,733 | -2,886 | -2,471 | -2,544 | -39 |
| Contract liabilities | -2,340 | -1,991 | -2,267 | -2,840 | -3,193 | -3,101 | -1,111 |
| Other current liabilities | -641 | -706 | -869 | -798 | -833 | -682 | 25 |
| **Working capital (WC)** | **-27** | **211** | **238** | **-833** | **-939** | **-865** | **-1,076** |
| Change q/q | 515 | 238 | 28 | -1,071 | -106[2] | 74 | |
| **Working capital/revenue LTM** | **-0.3%** | **2.2%** | **2.4%** | **-8.1%** | **-9.4%** | **-8.8%** | |

1. For the purposes of comparison after the application of IFRS 9, which impacted the opening balance sheet in FY 19: the foregoing table shows a €3m decline in "Trade and other accounts receivable" and a €3m decline in "Contract assets", with a corresponding €4.6m reduction in Group equity (including the tax effect).
2. The application of IFRS 16 modified the beginning balance of the "Other current assets" account by €10m: from €461m at the end of FY 19 to €451m at the beginning of FY 20. Working capital at the beginning of FY 20 amounted to -€843m, €10m less than at the end of FY 19. Considering the impact of IFRS 16, working capital decreased by €95m in the first quarter of FY 20.

Capital expenditure amounted to €109m in Q2 20, in line with annual targets communicated in November 2019. Investment was concentrated in developing new services, Onshore and Offshore platforms, and tooling and equipment.

The application of IFRS 16 in FY 20[11] increased gross interest-bearing debt by €583m (see note 2.D.3 to the Group's consolidated financial statements for FY 19). As a result, the net cash position went from €863m as of 30 September 2019 to €280m at the beginning of FY 2020 (1 October 2019). Adjusting for this accounting change, the net cash

[11]The Siemens Gamesa Group has adopted IFRS 16 as of October 1, 2019 using the full retrospective approach without restating comparative period figures. As a result of the foregoing, the opening balance as of October 1, 2019 has been modified. The main impacts of the first application of IFRS 16 in the consolidated balance sheet as of October 1, 2019 are the increase in Property, plant and equipment corresponding to the asset for the right of use in the amount of 679 million euros, a decrease in advance payments recorded under the headings "Other non-current assets" and "Other current assets", in an amount of 85 million euros and 10 million euros, respectively, and the corresponding increase in current and non-current liabilities (components of the Net Financial Debt) amounting to 583 million euros. Lease liabilities as of March 31, 2020 amount is reflected in note 8.B to the interim consolidated financial statements: €123m short-term and €483m long-term.

(debt) position improved by c. €429m[12] to net debt of €295m. This improvement includes the payment completion for the acquisition of Senvion Service assets in Q2 20.

In the first quarter of FY 20, Siemens Gamesa strengthened its funding structure by extending the maturity of the syndicated loan to December 2024 and arranging more flexible terms as a result of achieving an investment grade rating. The maturity extension enables the company to address the impact of the pandemic and the related uncertainties with a strong liquidity position. At the end of Q2 20, the company had c. €4,000m in credit lines, against which it had drawn c. €1,100m. Of the amount not yet drawn, c. €2,200m are fully committed by the banks, with c. €200m maturing in 2021 and c. €2,000m in 2024.

## WTG

Table 5: WTG (€m)

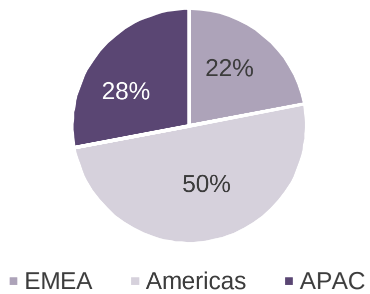
| *€m* | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Change y/y |
|---|---|---|---|---|---|---|---|
| Revenue | 1,904 | 2,060 | 2,242 | 2,527 | 1,634 | 1,808 | -12.2% |
| Onshore | 1,103 | 1,243 | 1,229 | 1,650 | 1,116 | 1,149 | -7.6% |
| Offshore | 801 | 817 | 1,013 | 877 | 518 | 660 | -19.2% |
| Volume (MWe) | 2,129 | 2,383 | 2,394 | 2,585 | 1,932 | 2,183 | -8.4% |
| Onshore | 1,520 | 1,707 | 1,699 | 2,009 | 1,747 | 1,649 | -3.4% |
| Offshore | 609 | 676 | 694 | 576 | 185 | 534 | -21.0% |
| EBIT pre PPA and before I&R costs | 51 | 106 | 76 | 149 | -224 | -54 | N.A. |
| EBIT margin pre PPA and before I&R costs | 2.7% | 5.1% | 3.4% | 5.9% | -13.7% | -3.0% | -8.1 p.p. |

WTG revenue in Q2 20 amounted to €1,808m, 12% less than in Q2 19. WTG sales declined as a result of the reduction in Offshore sales (-19% y/y), in line with the plan for the year, and a decline in Onshore sales (-8% y/y) because of the impact of COVID-19 on project execution.

The reduction in Onshore sales, to €1,149m in Q2 20, was driven by a decline in volume in the quarter to 1,649 MWe, 3% less than in Q2 19, caused by COVID-19-linked delays in project execution, trends in the prices of executed contracts, the volume of installation work, and the geographic mix (smaller contribution from EMEA).

The main sources of Onshore sales (MWe) in Q2 20 were the USA (36% of the total) and India (17%).

Figure 8: Sales (MWe) WTG ON Q2 20 (%)




[12]Net debt as of March 31, 2019: €118m, increase in debt due to adoption of IFRS 16 in FY 20, at March 31, 2020: €606m, net debt as of March 31, 2020: €295m. See Note 8.b to the interim half-year consolidated financial statements as of March 2020 (lease liabilities of €123m short-term and €483m long-term).

Offshore revenue shrank by 19% with respect to Q2 19, to €660m, and volume amounted to 534 MWe, 21% less than in the year-ago quarter. It is important to note that the decline in Offshore sales (MWe) is in line with the plan for the year, which is fully covered by orders.

EBIT pre PPA and before integration and restructuring costs in Q2 20 amounted to -€54m, equivalent to an EBIT margin of -3.0%, i.e. 8.1 percentage points below the EBIT margin pre PPA and before integration and restructuring costs in Q2 19. Profitability in Q2 20 was affected by the pandemic, which delayed execution of certain projects and raised costs by slowing the supply chain and the pace of manufacturing and execution. In Q2 20, the impact of the pandemic was concentrated in the Onshore business. In this context of further deceleration, the cost of executing the Northern Europe pipeline and India experienced additional increases, above what had been projected and booked in Q1 20 for both concepts. These additional costs in Europe and India were offset by the gains from the agreement between Adwen and Areva. The following also had an impact:

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

EBIT pre PPA and before integration and restructuring costs amounted to -€278m in H1 20, equivalent to an EBIT margin of -8.1%, i.e. 12 percentage points below the EBIT margin pre PPA and before integration and restructuring costs in H1 19.

It is important to note that the impacts of lower price, Offshore volume and project mix are in line with the company's expectations. Additionally, the transformation process resulted in the expected productivity gains, which fully offset the impact of lower prices.

Execution of low-margin projects from the company's early years was completed in the first half of FY 20. WTG Onshore order intake in H1 20 showed a solid improvement in margins that will feed into the bottom line in the second half of FY 20.

It is still difficult to reliably estimate what impact the pandemic will have on the business in the second half of the fiscal year. The teams established to ensure business continuity are working to minimise the disruption to operations caused by the shutdowns and the supply chain problems, partly by leveraging on our worldwide footprint to recover lost output and mitigate challenges in specific markets. A key factor for minimising the disruption to activities was the early adoption of strict action protocols in all segments of the value chain, which made it possible to avoid contagion among the Group's employees while at work.

This, coupled with the total commitment by the Group's employees, made it possible to complete and deliver, on time in Q2 20, the Aria del Vento (Italy) and Midelt (Morocco) onshore wind farms and the East Anglia (UK) offshore wind farm, which entered commercial operation on 31 March.

## Operation and Maintenance Service

Table 6: Operation and maintenance (€m)

| *€m* | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Change y/y |
|---|---|---|---|---|---|---|---|
| Revenue | 358 | 330 | 390 | 417 | 366 | 395 | 19.9% |
| EBIT pre PPA and before I&R costs | 87 | 73 | 83 | 100 | 88 | 87 | 19.4% |
| EBIT margin pre PPA and before I&R costs | 24.3% | 22.0% | 21.3% | 24.1% | 24.1% | 21.9% | -0.1 p.p. |
| Fleet under maintenance (MW) | 56,828 | 56,875 | 58,708 | 60,028 | 63,544 | 71,476 | 25.7% |

The Service business increased revenue by 19.9% with respect to Q2 19, to €395m. This growth was driven by the integration of the Service assets acquired from Senvion in January 2020 and by organic growth in maintenance revenue and spare part sales, offset by a reduction in the sale of value-added solutions.

The fleet under maintenance stands at 71.5 GW, 26% more than in Q2 19. The Offshore fleet under maintenance, 11.4 GW, expanded by 12% y/y, while the Onshore fleet expanded by 29% y/y to 60.1 GW, mainly as a result of integrating the fleet acquired from Senvion. The renewal rate was 70% in the quarter, in line with the renewal rate in Q2 19. The fleet of third-party technologies under maintenance was 10 GW[13] at 31 March 2020.

EBIT pre PPA and before integration and restructuring costs in the Service division amounted to €87m in Q2 20, equivalent to an EBIT margin of 21.9%, practically stable year-on-year (22.0% in Q2 19).

EBIT pre PPA and before integration and restructuring costs amounted to €175m in H1 20, equivalent to an EBIT margin of 23%, flat year-on -year.

[13]The fleet of third-party technology under maintenance has been redefined to exclude the technology of companies acquired before the merger between Siemens Wind Power and Gamesa Corporación Tecnológica (MADE, Bonus and Adwen) and it includes the third-party fleet of companies not acquired, including the Senvion assets.

## Sustainability

The table below shows the main sustainability figures for H1 19 and H1 20 periods, and the inter-quarter variation.

Table 7: Main sustainability figures

| | H1 19 | H1 20 (*) | Change y/y |
|---|---|---|---|
| **Workplace health and safety** | | | |
| Lost Time Injury Frequency Rate (LTIFR)[1] | 1.54 | 1.10 | -29% |
| Total Recordable Incident Rate (TRIR)[2] | 4.18 | 2.65 | -37% |
| **Environment** | | | |
| Primary (direct) energy used (TJ) | 225 | 283 | 26% |
| Secondary (indirect) energy use (TJ) | 308 | 379 | 23% |
| of which, Electricity (TJ) | 243 | 325 | 34% |
| from renewable sources (TJ) | 187 | 199 | 6% |
| from standard combustion sources (TJ) | 57 | 127 | 123% |
| renewable electricity (%) | 77 | 61 | -20% |
| Fresh water consumption (thousand $m^3$) | 165 | 229 | 39% |
| Waste production (kt) | 30 | 33 | 7% |
| of which, hazardous (kt) | 8 | 6 | -32% |
| of which, non-hazardous (kt) | 22 | 27 | 21% |
| of which, recycled (kt) | 18 | 23 | 27% |
| **Employees** | | | |
| Number of employees (at period-end) | 24,072 | 24,356 | 1% |
| employees aged < 35 (%) | 37.8 | 36.4 | -4% |
| employees aged 35-44 (%) | 36.4 | 37.3 | 3% |
| employees aged 45-54 (%) | 18.6 | 18.6 | 0% |
| employees aged 55-60 (%) | 5.0 | 5.3 | 5% |
| employees > 60 (%) | 1.7 | 1.8 | 9% |
| employees other not classified (%)[3] | 0.5 | 0.6 | 14% |
| Women in workforce (%) | 18.7 | 18,9 | 1% |
| Women in management positions (%) | 12.8 | 10.8 | -16% |
| **Supply chain** | | | |
| No. of Tier 1 suppliers | 12,763 | 14,816 | 16% |
| Purchase volume (€m) | 4,023 | 3,612 | -10% |

1. LTIFR index is calculated for 1,000,000 hours worked and includes all accidents with at least one work day loss.
2. TRIR index is calculated for 1,000,000 hours worked and includes fatalities, lost time accidents, restricted work and medical treatment cases.
3. According to specific regulation in some countries, information on age is not disclosed into data systems.

(*) Non-audited figures

## Health and safety

Q2 20 has been a critical one for occupational health and safety in our company. Regrettably, we experienced three fatalities, one SGRE employee, on February 13 in Spain, and two contractors, one on January 18 in Norway, and another one on February 5 in Brazil.

Workplace health and safety are a key value for Siemens Gamesa. They constitute a core component of the Group's risk management and internal control and becomes a responsibility for each of us. Nothing is more important. With this in mind, we re-examine our guidelines and our actions related to occupational safety and are taking measures as quickly as possible to prevent incidents of this kind in the future.

Preserving health and safety is linked to the UN Sustainable Development Goals, specifically health and well-being (SDG 3), decent work and economic growth (SDG 8) and peace and justice (SDG 16).

At the end of the reporting period H1 20, the Lost Time Incident Frequency Rate (LTIFR) was 1.10 (1.54 in H1 19). The total recordable incident rate (TRIR) was set at 2.65 in the first semester of 2020 (4.18 in the first semester of 2019).

Siemens Gamesa works proactively to analyze the causes of accidents and has management indicators that track the degree of fulfilment of this work philosophy in day-to-day performance. This includes, for example, performing safety inspections, safety observations and health and safety audits.

The breakout of the coronavirus COVID-19 was spreading rapidly across the world in Q2 20. Siemens Gamesa made sure to minimize the impact to both customers, employees and to Siemens Gamesa at large through measures to avoid spreading the virus, aimed at minimizing the risk for the individual employee. Office employees at all locations in affected areas were instructed to work from home. Production and office employees unable to work from home, for example due to the need to use special tools or servers, are being subject to special health and safety protocol.

## Environment

Siemens Gamesa has an Environmental Management System certified according to the ISO 14001:2015 standard, which covers all locations. The scope of certification covers all functional areas and core processes related to the sale, design and development, procurement and manufacturing of wind turbines as well as other mechanical and electrical components for both wind and non-wind applications.

Total energy consumption in the reporting period amounted to 661,451 GJ (24% more than in H1 19). Accordingly, cumulated energy consumption per employee and year was 27.2 GJ. The share of primary energy (includes energy for direct combustion sources such as fuel-oil, gasoline, natural gas or liquefied petroleum gases) is 43% while secondary energy (mainly electricity and district heating) amounts to 57% of the total.

Total waste production amounted to 32,549 tons in H1 20. Most of waste -as much as 83%- produced is non-hazardous. Additionally, the recyclability rate of all waste produced at Siemens Gamesa stands at 71%, so that most waste is recycled.

## Employment

The workforce totaled 24,356 employees at the end of H1 20. Most of employees are located in the Europe, Middle East and Africa region (66%), followed by Asia and Australia (20%) and Americas (14%).

From a gender perspective, women account for 18.9% of the total workforce in H1 20. Specifically, women represent 21% of the workforce in Europe, Middle East and Africa, 21% in America and 10% in Asia and Australia.

Siemens Gamesa had 334 employees in management positions at the end of H1 20, 10.8% of them women. This proportion improved 0.3 p.p. with respect to Q1 20 and is expected to increase in line with the application of employment best practices.

## Suppliers

Procurements in H1 20 amounted to €3,612m, from above 14,000 tier 1 suppliers. Those suppliers benefit from an impartial selection process and they are evaluated to ensure that they fulfil the high-quality standards required by our approach to excellence.

As a foundation on sustainability for suppliers, and compliant to the Group policy, the Code of Conduct for Suppliers and Third-Party Intermediaries is compulsory and sets out the Group's binding requirements.

## ESG indexes

Siemens Gamesa is a constituent member of prestigious international sustainability indexes, such as Dow Jones Sustainability Indices®, FTSE4Good®, Ethibel Sustainability Index® and Bloomberg Gender Equality Index®. Noteworthy, in February 2020, Siemens Gamesa Renewable Energy received a rating of A (on a scale of AAA-CCC) in the MSCI ESG ratings assessment, enabling the company´s inclusion in the MSCI indices and with an investment grade rating. The MSCI ESG ratings measure companies, according to exposure to industry-specific environmental, social and government (ESG) risks and the ability to manage those risks. Siemens Gamesa's upgrade from 'BB' (2 notches) reflects an improvement in its environmental, social and governance practices and policies.

## Social Commitment

The impact of the crisis caused by the coronavirus has been felt across the world and is likely to continue for some time. In response, Siemens Gamesa has launched a social campaign to allow its teams to help in the global fightback against the pandemic. At the heart of the program there is an employee donation campaign to the 'COVID 19 Emergency Appeal' by the International Federation of Red Cross (IFRC), which is leading a wide-ranging program to help combat the spread of coronavirus around the world. Siemens Gamesa invites its employees to donate to the Appeal and has committed to matching staff donations. In addition, Siemens Gamesa has pledged to fund the acquisition of €1 million worth of vital supplies to healthcare providers. This includes personal protection equipment such as masks and gloves that have been requested by several hospitals. These will be sourced using the company's own procurement and distribution networks. Siemens Gamesa has also refocused its existing corporate social responsibility program, 'SGRE impact', to support Covid-19 recovery efforts, and finally the company has also launched an educational program called 'Teaching the Future', whereby employees can record motivational videos on Science, Technology, Engineering and Mathematics (STEM) subjects, as well as digitalization or renewable energies.

**2. <u>Outlook</u>**

## Economic situation[14]

The start of 2020 was marked by the COVID-19 coronavirus pandemic, which, in addition to the high cost in human lives, is expected to have a significant impact on the global economy, affecting production, supply chains and companies' financial stability. The relative lack of information about the virus, its contagion and mortality rates, its seasonality and the question as to whether it will be contained after one or more waves, make it difficult to estimate the economic impact reliably.

Considering that the virus had already reached most countries by the end of March, the IMF[15] projected, in its April 14 report, that the world economy would experience a sharp contraction of -3% in 2020, i.e. down 6.3 p.p. from its previous projection, released in January, i.e. an even sharper setback than in the 2008-2009 financial crisis. For 2021, its baseline scenario is for a partial recovery with +5.8% growth (+2.4 p.p.) but with GDP below the pre-pandemic trendline. In this scenario, it assumes that the pandemic will dissipate in the second half of 2020, allowing containment measures to be gradually lifted, and that disruptions to economic activity in most countries will be concentrated in the second quarter of 2020 (except in China, where they are assumed to have been concentrated in the first quarter). Uncertainty about the duration and intensity of the pandemic means that the predominant risk is that the outcome will be even worse.

In this scenario, the IMF projects a contraction of -6.1% by the advanced economies in 2020 (-7.7 p.p.), followed by growth of +4.5% in 2021 (+2.9 p.p.). For the euro area, the IMF projects a contraction of -7.5% in 2020 (-8.8 p.p.), followed by +4.7% growth in 2021 (+3.3 p.p.). For the US, it projects -5.9% in 2020 (-7.9 p.p.) and +4.7% in 2021 (+3.0 p.p.).

For the emerging or developing economies, the IMF projects a contraction of -1% in 2020 (-5.4 p.p.), followed by growth of +6.6% in 2021 (+2.0 p.p.), with China growing by just +1.2% in 2020 (-4.8 p.p.), rebounding to +9.2% in 2021 (+3.4 p.p.), while it expects India to log +1.9% growth in 2020 (-3.9 p.p.) and +7.4% in 2021 (+0.9 p.p.). The IMF projects that Brazil and Mexico will shrink in 2020 by -5.3% (-7.5 p.p.) and -6.6% (-7.6 p.p.), followed by growth in 2021 of +2.9% (+0.6 p.p.) and +3.0% (+1.4 p.p.), respectively.

[14] Values in brackets indicate variations versus estimations considered in previous reports.

[15] International Monetary Fund. World Economic Outlook. April 2020 – Chapter 1.

## Long-term worldwide prospects for wind

The world energy market continues its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. This transition is not simple, nor is it guaranteed to achieve its objective without greater sustained efforts on the part of governments. As indicated in the UN report on the gap between the emission reduction targets and actual achievements[16] to date, governments must triple their efforts and introduce new measures on an urgent basis when they review their Nationally Determined Contributions (NDCs), while there are many cost-effective options for cutting emissions quickly.

The International Energy Agency (IAE) reached similar conclusions in its most recent World Energy Outlook (WEO 2019)[17]. The policies and commitments announced to date by countries and supranational organisations will result in renewable generation, led by wind and photovoltaic, surpassing coal-fired generation by the middle of the next decade, and in emissions growth slowing down, but not peaking until 2040, so the sustainability goals are far from being achieved.

Renewables will account for more than two-thirds of the new capacity installed worldwide between now and 2040, with wind tripling capacity, driven by the boom in Offshore. WEO 2019 increased its projections for wind and solar photovoltaic with respect to WEO 2018, with a significant increase in projections for Offshore wind installed capacity due to its growing competitiveness, with the result that it will be able to compete with fossil fuels and other renewables such as solar photovoltaic in the next decade.

In this scenario, accumulated wind capacity at the end of the period (2040) will amount to 1,850 GW, i.e. 150 GW more than the previous report's estimates (with more than 300 GW Offshore). That accumulated volume represents a sustained level of installations averaging 57 GW per year over 20 years, i.e. almost 15% higher than the average of the preceding years (2012-2018: c. 50 GW according to the Global Wind Energy Council or GWEC). In the case of Offshore, it means reaching more than 20 GW per year in 2030, compared with 4 GW installed in 2018 and 6 GW installed in 2019[18] and almost 7 GW estimated for 2020[19].

However, this will not be sufficient to fulfil a sustainable development goal that requires greater and faster deployment of renewable energies. According to the IEA, a scenario compatible with sustainable growth, which includes the commitments to combat climate change, requires that renewables account for 80% of new installed capacity between now and 2040. Under this projection, the accumulated wind fleet would total almost 3,000 GW in 2040, i.e. 1,000 GW more than in the previous scenario and representing an average of 130 GW of installations each year over the next 20 years, of which close to 30 GW will be Offshore in 2030, rising to 40 GW in 2040.

IRENA[20] also points out that the objectives currently included in the NDCs are far from being sufficient to achieve the climate objectives and do not reflect actual growth trends in renewables or the existing commitments by many countries. While the objectives contained in the NDCs entail achieving 3.2 TW of renewable capacity in 2030, current trends suggest that that goal will be achieved by 2022. According to the Paris Agreement's ratchet mechanism, 2020 is the first year in which the signatories must increase the objectives set out in their NDCs and align them with goals that are compatible with controlling climate change (with progressive improvements every 5 years). IRENA estimates that up to 7.7 TW (3.3 times the current installed capacity) could be achieved profitably, providing substantial socio-economic benefits.

The New Energy Outlook published by Bloomberg New Energy Finance (BNEF) in June 2019 (NEO 2019) reached similar conclusions. NEO 2019 projects an energy transition whose end-point is similar to the IEA's sustainable development scenario, in which renewable energies' growing competitiveness and the development of increasingly competitive storage invert the current capacity mix, with renewables accounting for two-thirds of total capacity (the share currently accounted for by fossil fuels) by 2050. In this scenario, cumulative installed wind capacity will amount to 2,965 GW in 2040 (10% more than estimated in NEO 2018), meaning installations at an average pace of over

[16] United Nations. Emissions Gap Report 2019. November 2019.

[17] IEA. World Energy Outlook 2019 (WEO 2019). November 2019.

[18] GWEC. Global Wind Report 2019. Global Wind Energy Council. March 2020.

[19] Wood Mackenzie: 1Q 2020 Global Wind Market Outlook.

[20] IRENA (Internaitonal Renewable Energy Agency), NDCs in 2020: Advancing renewables in the power sector and beyond. December 2019.

100 GW per year for the next 20 years. In that same report, BNEF estimates that USD 13.3 trillion will be invested in new power generation assets through 2050, and that 77% (i.e. USD 10.2 trillion) will be in renewable energies, of which USD 5.3 trillion in wind power.

According to NEO 2019, over two-thirds of the world population currently lives in countries where wind or solar, if not both, are the cheapest energy sources. Coal and gas occupied that position just five years ago. By 2030, new wind and solar capacity will be cheaper than existing gas-fired and coal-fired facilities practically everywhere in the world. Since 2010, the cost of wind power has fallen by 49% and it is expected to decline by another 50% by 2050 in the case of Onshore wind power.

In 2050, wind and solar will be supplying almost 50% of the world's energy, with hydroelectric, nuclear and other renewable sources providing another 21%. Coal-fired output will halve to account for 12% of total output in 2050, compared with 27% today. The structure of installed capacity will change from 57% fossil fuel at present to two-thirds renewables by then.

The growing competitiveness of storage mechanisms will help to drive the increase in the contribution by renewable energies. NEO 2019 estimates that the cost of storage will fall by 64% through 2040, from USD 187/MWh at present to USD 67/MWh.

The ongoing COVID-19 crisis again evidences that electricity infrastructure is critical and highlights the need to maintain the security of electricity systems. The sharp decline in electricity consumption in countries under lockdown (estimated at 15% by the IEA) enables renewables to increase their share of the generating mix. A larger share for wind and solar power represents an opportunity to see how the cleaner electricity systems of the future would work and to understand what the system needs to guarantee reliability with a notably higher share of renewables.

Figure 9: Wind installations (cumulative GW)

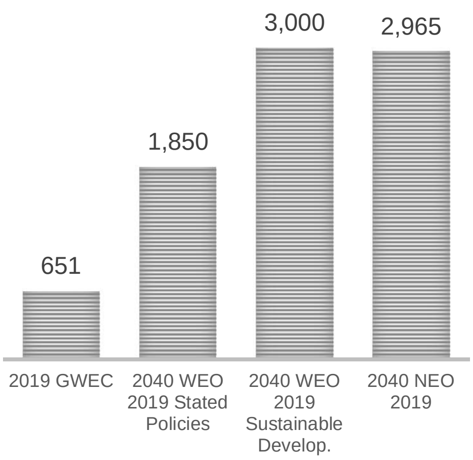
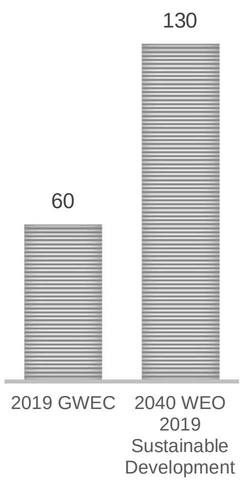


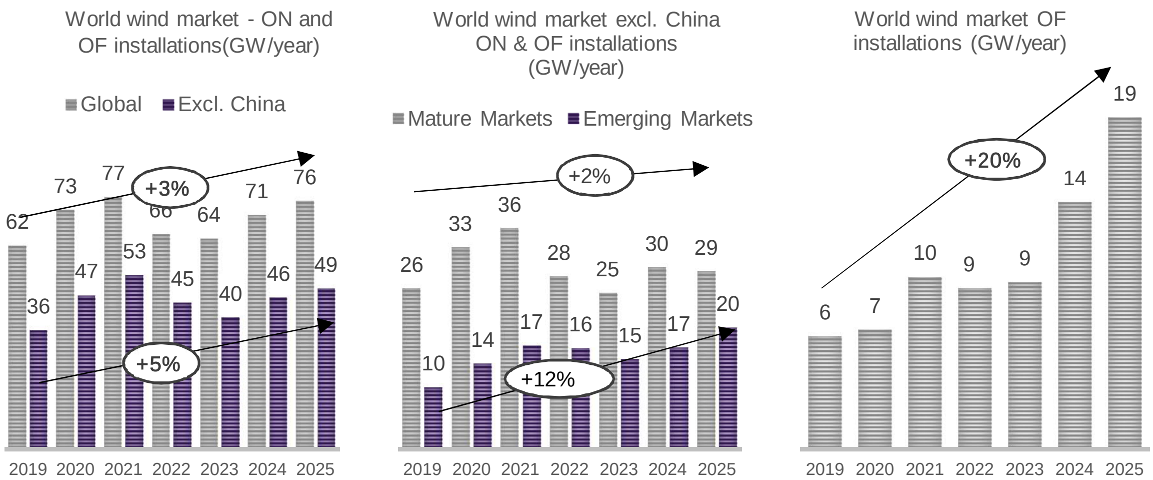

Figure 10: Annual installations 2018-40E (GW/year)



## Quarterly update of short- and medium-term demand

The following figures present projections for installations in the medium term (2020-2025)[21] and final installations reported for 2019[22] (the figures in the bubbles are compound annual growth rates for 2019-2025).

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




The coronavirus crisis is having a major impact on the wind industry. Disruptions to the supply chain and restrictions on the movement of people and goods are changing constantly, which is causing great uncertainty. This situation jeopardises the execution of projects in 2020, which could be postponed to 2021, the year in which annual installations (in MW) would peak according to current estimates. Wood Mackenzie (WM)[23] estimates that worldwide installations will amount to 72.9 GW in 2020 and 76.8 GW in 2021, which represents a reduction of -3.8 GW for 2020 and an increase of +2.7 GW in 2021 compared to their previous estimate. The reduction in 2020 is concentrated in Onshore (-4.2 GW to 66.3 GW), and in China (-2.7 GW), followed by the US, Spain and Sweden. WM projects that 2.5 GW of Onshore installations lost in 2020 will be recovered in 2021, to a total of 67.2 GW, with Brazil and Spain leading the increase in installations compared to the previous quarter's estimate. Its estimates for Offshore increase by +0.4 GW in 2020 to 6.7 GW and +0.2 GW in 2021 to 9.6 GW.

In a subsequent report, which includes the impact of the three-week total lockdown announced in India (not factored into the WM projections), Bloomberg NEF (BNEF)[24] now estimates that worldwide installations will reach 66.4 GW in 2020 and 73.0 GW in 2021, i.e. a reduction in its estimates of -9.0 GW for 2020 and an increase of +10.7 GW for 2021 compared to its previous estimate. The changes in BNEF's estimates are exclusively in the Onshore segment (60.4 GW for 2020 and 64.0 GW for 2021), while it maintains its projections for Offshore at 6.0 GW for 2020 and at 9.0 GW for 2021. The reduction in 2020 is mainly in Europe (-4.2 GW), with Spain, the Netherlands and Germany experiencing the greatest adjustment, and in the US (-2.4 GW), where the possible delays will increase pressure on an already tight schedule. The projected recovery in volume in 2021 is led by the US (+5.1 GW) and China (+3.1 GW).

WM's projections for installations in the period 2020e-2025e continue to assume solid demand, though its projections for accumulated installations in the period are 10 GW lower, at 426 GW (an average of 71 GW per year), than the projections released in the fourth quarter of calendar 2019; of that reduction, 8 GW are Onshore and 2 GW are Offshore. Following the aforementioned reduction for 2020 and increase for 2021, WM has cut its projections

[21] Wood Mackenzie: 1Q 2020 Global Wind Market Outlook. The balloons indicate compound annual growth rates.

[22] According to the Global Wind Report 2019 (GWEC March 2020), ON + OF installations worldwide in 2019 amounted to 60 GW overall and to 34 GW excluding China; there were 25 GW in mature markets and 9 GW in emerging markets; 6 GW in OF (the same as the Wood Mackenzie installation figures).

[23] Wood Mackenzie: 1Q 2020 Global Wind Market Outlook. All projections dated calendar Q4 19 and calendar Q1 20 are from the Wood Mackenzie Global Wind Power Market Outlook Update, except where BNEF is referenced.

[24] Bloomberg NEF: 1Q 2020 Global Wind Market Outlook. Comparisons are with the Q4 19 issue of the same report.

for the Onshore market between 2022 and 2025 by -6.2 GW in that period, concentrated in India, and -2.6 GW for Offshore, reducing its projections mainly in China (-3.3 GW) and the US (-1.8 GW) offset by higher projections for the United Kingdom (+2.5 GW).

China (125 GW), US (47 GW), India (25 GW) and Germany (16 GW) are expected to retain their positions as the largest Onshore markets, accounting for close to 60% of the total accumulated installations projected for 2020e-2025e. Brazil, France, Sweden, Spain and Australia, with cumulative installations of between 7 GW and 11 GW per country, will contribute more than 12% in the period 2020e-2025e.

Although new markets are emerging, the Offshore segment is still much more concentrated. China, with 22 GW of installations in 2020e-2025e, will account for 33% of total installations in the period. Europe, led by the United Kingdom (12 GW of installations in the same period), will install 27 GW, accounting for 41% of the total. Next come the US (8 GW in 2020-2025) and Taiwan (6 GW in that period).

Beyond the pace of installations, price dynamics are unchanged with respect to the previous quarter and Onshore prices continue to stabilise, reflecting mainly the stabilization of auction prices but also the commercial dynamic in the US, cost inflation and the pressure on margins in the supply chain. According to the wind turbine price index published by BNEF on December 16, the average Onshore price is USD 0.7 million per MW for contracts signed in the second half of 2019, i.e. 7% below the price average of contracts signed during the second half of 2018 (USD 0.75m/MW). The increase in turbines' rated capacity is one of the reasons behind this decline. In terms of product the >3 MW category continues to gain market share, while the average capacity in contracts for delivery in 2021 is now 4 MW.

## Summary of the main events relating to wind power in Q2 20[25]

The following information was published in the second quarter of FY 2020 and the following measures were adopted in connection with government commitments and actions aligned with the transition towards a sustainable energy model.

**COP26 - United Nations - Climate Summit**

- The climate summit planned for Glasgow next November has been postponed to 2021 because of COVID-19.

**European Union**

- The European Commission published its proposal for the European Climate Law, which will legally recognise the goal of making Europe climate neutral by 2050. The Commission will also propose an increase in the emission reductions required for 2030 from the current 40% to at least 50% to ensure neutrality in 2050. The Commission will support the achievement of these objectives with financial instruments such as the European Green Deal Investment Plan (EGDIP), which will mobilise €1 trillion in sustainable investments over a decade.
- According to the Eurostat January 2020 report, renewable energy accounted for 18% of the European Union's total gross energy consumption in 2018 (17.5% in 2017). Twelve countries[26] have already reached the quota corresponding to the 2020 targets, while France, Ireland, the Netherlands and Poland are still far from achieving it.

**Germany**

- The regulation to shut down 41 GW of coal-fired generating capacity by 2038 was approved.
- The results of the first (official figures) and second (unofficial figures) wind auctions in 2020, both of which attracted a low level of interest, were released (Table 8).

[25]This section is a non-exhaustive list of government commitments and actions aligned with the energy transition towards a sustainable model.
[26]Bulgaria, Czechia, Cyprus, Croatia, Denmark, Estonia, Finland, Greece, Italy, Latvia, Lithuania and Sweden.

- The government decided not to oblige the federal states to impose the minimum distance of 1 km between a wind farm and any building, and proposes to adapt the building code so that each federal state can regulate this separately.
- The regulation on innovation auctions, supporting technological innovation to stabilise the grid through hybrid and storage solutions, came into force. The first auction, expected for the second half of 2020, will be technologically neutral and will allocate 250 MW.
- The deadlines for the construction of projects awarded in auctions were made more flexible to compensate for possible delays caused by COVID-19.

**Spain**

- The Integrated National Energy and Climate Plan 2021-2030 was submitted to Brussels; it has the following objectives:
    - Renewable energy to account for 42% of final energy consumption, and 74% of electricity consumption, by 2030.
    - The electricity system will be 100% renewable by 2050.
    - The document projects a cumulative 50 GW of wind by 2030.
- The government released the draft Climate Change and Energy Translation Law, which:
    - Maintains the objective that renewable energy accounts 35% of final energy consumption and 70% of electricity generation by 2030, as well as achieving a 100% renewable power grid and CO2 neutrality by 2050.
    - Establishes a commitment to auction 3 GW of renewable capacity per year, starting in 2021. The auctions will be based on the feed-in tariff (previous auctions focused on the return on investment).
- The draft of the Royal Decree of the Statute of Intensive Electricity Users (companies that consume more than 1 GWh per year) was published, which includes the obligation to sign PPAs for renewable energy. The PPAs must be for 5 years and must amount to at least 10% of the buyer's electricity usage.
- The remuneration parameters for renewable projects for the period 2020-2022 were published: the figures are 7.4% and 7.1%, i.e. a reduction of approximately 9%-10% for projects commissioned between 2004 and 2016. Projects prior to 2004 and the projects in the 2016 and 2017 auctions continue to receive no return on investment.

**France**

- A new draft of the energy strategy entitled "*Programmation pluriannuelle de l'énergie (PPE) 2019-2023 / 2024-2028"* was published, targeting 24.1 GW Onshore and 2.4 GW Offshore by 2023, and between 33.2 GW and 34.7 GW Onshore and between 5.2 GW and 6.2 GW Offshore for 2028. That strategy puts France on a path to achieve CO2 neutrality in 2050 and sets the priorities for achieving the targets set by the strategy:
    - Reduce greenhouse gas emissions in 2030 by 40% with respect to 1990 levels.
    - Increase the share of renewable energy to 33% of gross energy consumption by 2030, while reducing the nuclear share of electricity production to 50% by 2035.
- The following auction calendar is proposed:
    - Onshore: 1,675 MW in 2020 and 1,850 MW/year between 2021 and 2024.
    - Offshore: 1,000 MW in 2020 (Manche Est Mer du Nord), between 750 MW and 1,250 MW in 2021 (Bretagne Sud and Sud Atlantique), 500 MW in 2022 (Mediterranée) and 1,000 MW/year from 2023 onwards.
- New rules applicable to Round 6 of the Onshore auctions were published, including a local content indicator, although it will not be a criterion for selecting the winners.

- The results of the fifth Onshore auction were published (Table 8).
- The deadlines were extended for projects that are trying to complete construction during the COVID-19 crisis.

**Italy**

- The National Integrated Energy and Climate Plan 2030 was published, with the goal that renewables account for 30% of final energy consumption, or 55% of electricity consumption, by 2030. The objective for wind power is 15.65 GW Onshore and 0.3 GW Offshore by 2025, and 18.4 GW Onshore and 0.9 GW Offshore by 2030.
- The outcome of the September 2019 auction was released (Table 8) and the second renewable energy auction commenced (Table 9).

**Poland**

- The draft law on onshore wind power is currently in the public consultation phase. The law defines the mechanisms for authorising aid (through a feed-in tariff) with the aim of reaching 9.6 GW in 2035.

**UK**

- The government has proposed several changes to the Contracts for Differences (CfD) scheme, including the inclusion of Onshore wind and solar in the auctions to be held from 2021 onwards.
- The energy regulator (Ofgem) issued an action plan to ensure that the energy grids are ready for a system with zero net emissions, and to decarbonise transport and climate control by 2050.
- The closure of the coal-fired plants was brought forward one year (from October 2025 to October 2024).
- For the first time, five Onshore wind projects won contracts in the capacity market auction, after unsubsidised renewable projects were allowed to participate.

**Brazil**

- The energy planning authority has published the plan for Offshore wind energy, under which the first project will be installed in 2027.
- The A-4 and A-6 auctions have been postponed indefinitely due to the impact of COVID-19. A total of 21 GW of wind projects had registered for the A-4 auction.

**Mexico**

- SENER published the *Transition Strategy* to promote the use of cleaner technologies and fuels, which envisages the installation of 13.3 GW of Onshore wind capacity by 2033.

**US**

- At the date of drafting this report, renewable energy was not eligible for the COVID-19 aid packages.
- New Jersey published the schedule of auctions to achieve the 7.5 GW Offshore target in 2035 (Table 9).
- Virginia passed the Virginia Clean Economy Act, which doubles the Offshore target for 2034 from 2.5 GW to 5.2 GW, forcing electric utilities and supply companies to provide 100% renewable electricity by 2050. It also sets a goal of 2.4 GW of storage capacity by 2035.
- Rhode Island signed an order that 100% of its electricity supply must be from renewable sources by 2030.
- APS, Arizona's largest electric utility, announced the goal of supplying 100% clean energy by 2050 (65% by 2030).
- California set a new target for 2030 that involves adding 25 GW of renewables, including 8.9 GW of batteries.

**Australia**

- Pending specific legislation, the Federal Energy Ministry is considering adopting a zero emissions target for 2050. The government has also commenced talks to draft a law allowing the development of Offshore wind power in Commonwealth waters.
- Absent federal legislation supporting the development of renewables, New South Wales has released the first stage of a plan to achieve zero emissions by 2050, applicable to the 2020-2030 period, with which it aims to reduce emissions by 35% by 2030 compared to 2005 levels. New South Wales is also working on the development of renewable energy zones. The three zones identified to date could represent almost 18 GW of wind and solar capacity and storage facilities.

**India**

- The results of the SECI auction for wind, solar and hybrid with storage, and the Adani hybrid auction, were released (Table 8), and the SECI IX, SECI hybrid III and NTPC auctions were rescheduled (Table 9).
- The Ministry of New and Renewable Energy (MNRE) published a directive recommending the elimination of maximum prices in upcoming auctions.
- The MNRE has defined two areas, with 25 GW each, in Gujarat and Rajasthan and has made the land available to develop wind, solar and hybrid projects. It has also requested that the grid connection infrastructure in those areas be strengthened in the next two years.
- Corporation tax has been reduced for electricity generation companies to 15% (previously 22%, after having been reduced from 30% in September 2019). The cut in the tax rate represents an estimated reduction in the cost of energy (LCoE) for wind and solar projects of 10% and 8%, respectively, compared to the cost before the first reduction in the tax rate.
- The government will accept declarations of force majeure for projects experiencing delays caused by COVID-19 and will grant extensions to the deadlines for completing the projects.

**Japan**

- The first Offshore auction has been proposed (120 MW fixed-foundation).
- A law was passed with a new aid scheme for renewables in the form of a supplement to the market price, which will benefit storage and will be applied from April 2022.

**The Philippines**

- The government is drafting a regulation and a tariff system for renewable energy, within which it plans to hold auctions to award 2 GW of renewable capacity in 2020, with the aim of reaching 15.3 GW of renewable capacity by 2030.

## Auctions summary

Table 8: Summary of auction results published in T2 20

| Auction | Type | Technology | MW[1] | Average price €/MWh[2] | COD |
|---|---|---|---|---|---|
| Germany – 1, 2020 | Specific | ON | 523 | 62 | 2022 |
| Germany – 2, 2020 | Specific | ON | 151 | 61 | 2022 |
| US – Massachusetts | Specific | OF | 804 | 54 | 2025 |
| US – New York; NYSERDA 1.3 GW | Neutral (renewable) | ON | 188 | 17 | 2024 |
| France | Specific | ON | 749 | 63 | 2023 |
| Greece | Neutral (ON and Solar) | ON | 153 | 55 | 2021 |
| India – SECI | Hybrid | ON, Solar and batteries | 1200 | 52[3] | 2022 |
| India – Adani | Hybrid | ON and Solar | 700 | 41 | 2022 |
| Italy | Neutral | ON and Solar | 510 | 56 | 2022 |
| Lithuania | Neutral | ON | 75 | 0[4] | 2023 |

1. MW awarded to ON or OF.
2. Using the exchange rate on the date the results were announced.
3. Bid price only for peak period. Figure is resulting weighted average price (between 51.3 and 54.6 €/MWh).
4. No subsidy.

Table 9: Auctions announced in Q2 20

| Auction | Technology | Target | Expected date[1] |
|---|---|---|---|
| Brazil[2] A-4 and A-6 (rescheduled due to COVID-19) | Neutral | | Indefinite |
| Chile[2] | Neutral | 5.9 TWh/year | November 2020 |
| US – Maine | Neutral (renewable) | 1.7 TWh/year | April 2020 |
| US – Nevada | Neutral (renewable)[3] | N.A. | March 2020 |
| US – New Jersey – 5 auctions[4] | OF | 1.2 – 1.4 GW | 2020 – 2028 |
| US – New York | OF | 1 GW | 2020 |
| Greece | ON | 480 MW | pending - 2020 |
| India – SECI RTC[5] | ON/Solar + coal | 5 GW | May 2020 |
| India – SECI Hybrid III | Specific hybrid | 1,200 MW | April 2020 |
| India – SECI IX | ON | 2 GW | May 2020 |
| India – NTPC | ON | 600 MW | April 2020 |
| Ireland | Neutral (renewable) | 1,000-3,000 GWh/year | June 2020 |
| Italy | Neutral (renewable) | 500 MW | Jan. - Mar. 2020 |
| Japan | OF | 120 MW | June 2020 |
| Netherlands – SDE++ Autumn | Neutral (renewable) | €5,000m | October 2020 |
| Turkey[2] (rescheduled due to COVID-19) | ON | 2 GW | October 2020 |

1. Deadline for proposals. In some cases, the outcome will be published later.
2. Auctions announced earlier that have been put back. In the case of Chile, the rescheduling was due to the reduction in estimated demand.
3. ON wind, solar, geothermal, biomass and biogas.
4. The schedule of auctions has been published, allocating between 1.2 GW and 1.4 GW per auction, to achieve the target of 7.5 GW. The auctions will commence in Q3 2020, Q3 2022, Q2 2024, Q2 2026 and Q1 2028.
5. Round the clock. 5 GW renewables (ON and/or solar), complemented by thermal plants to ensure 80% annual availability.

## Guidance 2020

The sudden emergence and rapid evolution of the COVID-19 pandemic, the uncertainty about its duration and scope, and the range of measures imposed by governments around the world to combat its effects, which in some countries include the temporary cessation of all non-essential economic activity, including manufacturing and restrictions on the movement of people and goods, make it difficult at this time to reliably estimate the impact on the company's financial performance this year. For that reason, Siemens Gamesa has decided that the most prudent course is to withdraw the guidance it had issued to the market.

During Q2 20, disruptions in the supply chain, manufacturing, project execution and commercial activity mainly affected the Onshore business, which is more dependent on a global supply chain and is highly diversified geographically.

Operations in China, where the first disruptions arose, returned to their normal pace at the end of Q2 20, while the factories in Spain, which were halted temporarily in April, have also resumed operations. As a result, execution times for Onshore projects lengthened in Q2 20, which increased costs, shifted sales from Q2 20 to Q3 20, and delayed the signature of contracts, which are now expected to be signed in Q3 20. This situation also accentuated the challenges faced by the company in executing the Northern Europe pipeline, as well as the volatility and slowdown in the Indian market.

At 31 March, the order book for execution in FY 20 fully covered the mid-point of the sales guidance issued in November 2019, which was confirmed in Q1 20, but the disruptions to supplies, manufacturing and execution could make it difficult to fully achieve those figures in the year. The teams created to ensure business continuity, the health and safety measures imposed, and the commitment on the part of the entire workforce will help to minimise the displacement of sales to FY 21 and the related costs.

Offshore and Service operations did not experience a major impact on Q2 20, and their performance is in line with the guidance for the full year. Based on currently available information, and with the measures adopted to ensure continuity in both areas while ensuring health and safety, the impact on the second half of the year is expected to be much lower than in the Onshore business.

Projections as to the impact of the PPA on amortization of intangible assets for the year (€260m in FY 20E) remain unchanged, while Group restructuring in India (c. €38m in Q2 20) and Senvion operations integration (I&R costs of c. €60m expected in FY 20) are added to the I&R costs projections communicated in Q1 20[27].

Capex in the quarter was in line with the objective that it amounts to 6% of revenue. The temporary increase (from 5% to 6%) makes it possible to make the necessary investment to respond to the strong growth expected in the Offshore segment in the coming years, with investments required in France and Taiwan, as well as in new Onshore and Offshore platforms. Given current projections on the impact of the pandemic in the wind energy demand, temporary and short-lived, the company considers it necessary to maintain its capital expenditure plan so as to guarantee the ability to respond to projected demand for wind power facilities in the coming years.

**Agreement to acquire manufacturing assets from Senvion (Vagos blade factory)**

The acquisition of certain Service assets from Senvion together with all its intellectual property was completed in January 2020. The acquisition of the Vagos factory was completed at the beginning of Q3 20.

The acquisition of Senvion assets contributed to increasing the Service order book, as well as the increase in revenue in Q2 20. These operations are part of the Group's long-term strategy to increase the fleet of third-party technology under maintenance and strengthen the company's position in the Service market in Europe.

The acquisition of the Vagos factory in Q3 20 is also part of the Group's long-term strategy to optimise manufacturing costs while achieving a better balance in the global Onshore supply chain by reducing reliance on Asia.

The Portuguese factory has the best operating characteristics of its class and has significant location and scale advantages as it is the largest blade factory in Europe. The acquisition will make Siemens Gamesa more

[27]Q1 20 I&R expenses projections excluded any Senvion integration related expense and did not foresee India operations restructuring.

competitive by adequately balancing its “make or buy” mix, and limiting exposure to supply chain bottlenecks, currency volatility and trade tariffs.

The deal was completed in the terms that had been announced in FY 19.

## Conclusions

Siemens Gamesa Renewable Energy ended the first half of FY 20 (H1 20) with a record order book: €28,623m, +21% y/y. This was achieved after signing €6,830m in the semester (+36% y/y), equivalent to a book-to-bill ratio of 1.6 times revenue in the semester, and integrating the Service assets acquired from Senvion in January 2020. With €2,203m in orders signed in the second quarter and a book-to-bill ratio of 1, commercial activity reflected the normal volatility in the Offshore market and the displacement of some Onshore orders to Q3 20 as a result of the disruptions caused by COVID-19. Also in Q2 20, a preferred supplier agreement was signed with Ørsted for the Borkum Riffgrund 3 (900 MW) and Gode Wind 3 (242 MW) wind farms, raising the conditional Offshore pipeline to 10.7 GW and evidencing the Group's continued leading position in the industry. In the Onshore market, platforms of 4 MW or higher continued to perform well, accounting for 40% of orders signed in the first half.

Revenue amounted to €4,204m in the first half (-10% y/y), and to €2,204m in Q2 20 (-8% y/y); this performance is broadly as planned for the year, with execution volume projected to be higher in the second half, including Offshore volume expected to be down y/y, and to a lesser extent, the impact of COVID-19 on the execution of Onshore projects in Q2 20 and the integration of the Service assets acquired in January.

EBIT pre PPA and before integration and restructuring costs was negative, -€103m, in the first half, i.e. an EBIT margin of -2.5%. This negative margin reflects the impact of several events that took place in Q1 20 and Q2 20: higher costs in the execution of Onshore projects in Northern Europe, costs in India resulting from the slowdown of the Onshore market and the direct and indirect impact of COVID-19. These extra costs were partially compensated by the positive impact of the settlement reached between Adwen and Areva in Q2 20. EBIT pre PPA and before I&R costs in Q2 20 amounted to €33m, equivalent to 1.5% over revenue. The EBIT margin pre PPA and before I&R costs in Q2 20 reflects the direct impact of COVID-19 (€56m or 2.5% of the quarterly revenue), and additional costs in the execution of the Northern pipeline beyond those accounted for in Q1 20 (c. €150m in Q1 20) and in India, partially driven by the indirect impact from COVID-19, both offset by the positive impact of the settlement.

Apart from those non-recurring factors, the impact of the price cuts is still being fully offset by the transformation process, whose results are in line with expectations for the year. In the Onshore business, the trend towards price stabilization continued in the first half and the returns on contracts signed to be executed in the future continues to improve.

Reported EBIT in the first half was negative, -€347m, including the impact of PPA on the amortisation of intangibles amounting to €135m (€69m in Q2 20) and the impact of integration and restructuring costs worth €110m (€82m in Q2 20).

Although there is currently not enough visibility to predict the pandemic's impact reliably, we expect that its effects will be confined to FY 20 and will be concentrated in the Onshore market and operations. With the information available at this time, the impact on Offshore and Service in the second half of the fiscal year is expected to be notably lower. We also expect that the dip in demand for renewables, particularly wind installations, in 2020 will be recovered in future years, and we think that the renewables industry can and must play a significant role in the economic recovery. For this reason, Siemens Gamesa has continued to invest in property, plant and equipment and R&D, in line with its projections for the year, in order to attain an investment/revenue ratio of 6% and ensure the ability to meet projected demand growth. The entire workforce and, in particular, the teams established to ensure business continuity to serve our customers are working to minimise the disruption to operations caused by the shutdowns and the supply chain problems. The support and collaboration of our customers and suppliers has played and is continuing to play a fundamental role in achieving this.

It is important to note that Siemens Gamesa is facing this situation of reduced visibility with a very sound liquidity position. At 31 March 2020, Siemens Gamesa had nearly €4,000m in credit lines, against which it had drawn c. €1,100m. Of the €2,900m still available in the credit lines, €2,200m are committed by the banks with which the company works, with c. €200m maturing in 2021 and c. €2,000m in 2024. Additionally, strict control of working capital enabled the Group to end Q2 20 with -€865m in working capital, equivalent to -8.8% of revenue, and a net debt position of €295m which, considering the implementation of IFRS 16[28] at the beginning of FY 20, represents an improvement in the debt position of c. €429m excluding the impact of adopting IFRS 16. This improvement includes the acquisition of Senvion Service assets completion in Q2 20.

In the current context, Siemens Gamesa is stepping up its commitment to sustainability, as evidenced by the fact that it has achieved carbon neutrality 5 years ahead of schedule. Additionally, during Q2 20, the company has received the AENOR certificate that it has a Tax Compliance Management System in accordance with the UNE 19602:2019 standard. This commitment was recognised by MSCI when it upgraded Siemens Gamesa's ESG rating by two notches to 'A'.

## 3. Main Business Risks

The SIEMENS GAMESA Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. The management and limitation of financial risk is executed in a coordinated manner between SIEMENS GAMESA’s Corporate Management and the business units, through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are responsibility of each business unit, together with the Corporate Management.

The risk associated with changes in exchange rates assumed for SIEMENS GAMESA's transactions involve the purchase and sale of products and services relating to its activity, that are denominated in various currencies.

In order to mitigate this risk, SIEMENS GAMESA has entered into financial hedging instruments with several financial institutions.

## 4. Use of financial instruments

The SIEMENS GAMESA Group uses financial hedges which allow the Group to mitigate risks involving exchange rates, interest rates, and equity volatility that could affect the Groups’ estimated results, based on estimates of expected transactions in its various areas of activity.

## 5. Subsequent events

There are no significant subsequent events, except for the event detailed in Note 21 of the Interim Condensed Consolidated Financial Statements of the SIEMENS GAMESA Group and Note 14 of the Interim Condensed Financial Statements of SIEMENS GAMESA, which refers to the acquisition of the onshore wind turbine business of Senvion (Ria Blades, S.A). This topic is reported as a subsequent event that does not affect the Interim Condensed Consolidated and Individual Financial Statements as of March 31, 2020.

## 6. Research and development activities

Technological Development is established within a multi-year framework that is rolled out in the annual technological development plan, where activities and deliverables are established for each year, and to which a budget is finally assigned.

During the 6-month periods ended March 31, 2020 and 2019, the main increase in the capitalised development costs is due to the development of new wind turbine models, software and the optimization of the components´ performance for an amount of EUR 83 million and EUR 75 million, respectively. These additions are mainly in Denmark and Spain amounting to EUR 51 million and EUR 31 million, respectively, during the 6-month period ended March 31, 2020 and amounting to EUR 59 million and EUR 13 million, respectively, during the 6-month period ended March 31, 2019.

## 7. Treasury share operations

As of March 31, 2020, SIEMENS GAMESA holds a total of 1,625,869 treasury shares, representing 0.24% of share capital.

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[28]Net debt as of March 31, 2019: €118m, increase in debt due to adoption of IFRS 16 in FY 20, at March 31, 2020: €606m, net debt as of March 31, 2020: €295m. See Note 8.b to the interim half-year consolidated financial statements as of March 2020 (lease liabilities of €123m short-term and €483m long-term).

The total cost for these treasury shares amounts EUR 23,929 thousand, each with a par value of EUR 14,718.

A more detailed explanation of transactions involving treasury shares is set out in Note 26.B of the Interim Condensed Consolidated Financial Statements and Note 8.B of the Interim Condensed Individual Financial Statements as of March 31, 2020.

## 8. Capital structure

**The capital structure, including securities that are not traded on a regulated ECC market, the different classes of share, the rights and obligations conferred by each and the percentage of share capital represented by each class:**

In accordance with Article 7 of Siemens Gamesa Renewable Energy, S.A.'s bylaws, reflected in the version approved by the shareholders in general meeting held June 20, 2017, "Share capital amounts to ONE HUNDRED FIFTEEN MILLION SEVEN HUNDRED NINETY FOUR THOUSAND, THREE HUNDRED SEVENTY FOUR EUROS AND NINETY FOUR CENTS (115,794,374.94 EUR ), represented by 681,143,382 ordinary shares of seventeen euro cents of nominal value each, in numbers from 1 to 681,143,382, comprised of a sole class and series, all entirely subscribed and paid in."

## 9. Restrictions on the transfer of securities

According to public information for Siemens Gamesa Renewable Energy, S.A., its share capital structure as of March 31, 2020 is as follows:

| *Name or corporate name of shareholder* | Number of direct voting rights | Number of indirect voting rights (*) | Number of voting rights linked to the exercise of financial instruments | % of total voting rights |
|---|---|---|---|---|
| SIEMENS AKTIENGESELLSCHAFT | - | 456,851,883 | - | 67.071% |

(*) Through

| *Name or corporate name of direct shareholder* | Number of direct voting rights | % of total voting rights |
|---|---|---|
| SIEMENS GAS & POWER GMBH & CO. KG | 456,851,883 | 67.071% |

## 10. Significant % of direct or indirect ownership

See Point 8.

## 11. Restrictions on voting rights

There are no legal or bylaw stipulated restrictions on exercising voting rights.

### 12. Side agreements

In fulfillment of article 531 of the restated text of the Corporate Enterprises Act, approved by the RLD 1/2010, of July 2 (the “Capital Companies Law”), IBERDROLA, S.A. (“IBERDROLA”) informed Gamesa Corporación Tecnológica, S.A. (“GAMESA”) on June 17, 2016 of the signature of a shareholders’ agreement between IBERDROLA and Iberdrola Participaciones, S.A. (Sociedad Unipersonal), as shareholders (non-direct and direct, respectively) of GAMESA, on one hand, and Siemens Aktiengesellschaft (“SIEMENS AG”), on the other hand (significant events number 239899 from June 17, 2016, and number 255530 from August 1, 2017). The contract was signed in the context of the process of combination of the wind energy businesses of GAMESA and SIEMENS AG through the merger by absorption of Siemens Wind Holdco, S.L. (Sociedad Unipersonal) by GAMESA (“Merger”). This shareholders’ agreement governs, among other matters, the relationships of the parties as future shareholders of GAMESA after the Merger, which became effective on April 3, 2017.

The Shareholders’ Agreement included terms which qualify it as a side agreement under the terms set forth in Article 530 of Capital Companies Law, even when the effectiveness of certain agreements was contingent upon the Merger taking place.

On February 4 and 5, 2020, IBERDROLA communicated to the CNMV through significant events (number 286473 and 286526) the sale and closing and settlement of the stake owned by Iberdrola Participaciones, S.A. in SIEMENS GAMESA to SIEMENS AG and the termination of the shareholders agreement with SIEMENS AG, taking into consideration that as a consequence of the agreement Iberdrola Participaciones S.A. was no longer a shareholder of SIEMENS GAMESA, The Parties have terminated the aforementioned without any compensations or claims for either of the Parties or any of their respective affiliates.

### 13. Rules governing the appointment and replacement of directors and the amendment of the company´s bylaws

Article 30 of the SIEMENS GAMESA bylaws states that the members of the Board of Directors are “appointed or approved by the shareholders in general meeting,” and that “If there are openings during the period for which Directors were appointed, the Board of Directors can appoint individuals to occupy them until the first Shareholders’ General Meeting is held.,” in accordance with the terms reflected in Capital Companies Law and bylaws which might be applicable.

In conformity with Article 13.2 of the Board of Directors Regulations, *“the proposals for appointing Directors submitted by the Board of Directors for consideration by the General Shareholders' Meeting and the appointment decisions adopted using the co-option procedure must be preceded by: (a) for Independent Directors, a proposal from the Appointments and Remuneration Committee; and (b) in other cases, a report from the aforementioned committee.” Article 13.3 of the Board of Directors Regulations states that “when the Board of Directors declines the proposal or the report from the Appointments and Remuneration Committee mentioned in the above section, it must justify doing so and include a record of it in the minutes.” Next, Article 13.4 of the referred Regulations states that “the provisions in this chapter will be understood notwithstanding the complete freedom of the General Shareholders' Meeting to make decisions on the appointment of Directors”*

*Article 14 of the same regulations states that “the Board of Directors and the Appointments and Remuneration Committee shall make an effort, within the sphere of their competencies, to ensure that the proposal and election of candidates falls on individuals of renowned reputation, credibility, solvency, competence and experience.*

*Concerning a Legal Entity Director, the natural person representing it in the performance of the duties related to the position will be subject to the conditions included in the previous paragraph.”*

*Finally, Article 7.4 of the Appointments and Remuneration Committee Regulations grant it the responsibility “To ensure that, when filling vacancies or appointing new directors, the selection procedures: (i) do not suffer from implicit bias that might involve any discrimination and, in particular, that might hinder the selection of female directors, and (ii) favour the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, personal skills and sector knowledge, international experience or geographical origin”.*

As regards the reappointment of the Directors, Article 15 of the Board of Directors' Regulations indicates that *"proposals for re-election of Directors submitted by the Board of Directors to the General Shareholders' Meeting must be accompanied by the corresponding explanatory report in the terms set forth by the law. The resolution of the Board of Directors to submit the re-election of Independent Directors to the General Shareholders' Meeting must be adopted upon proposal of the Appointments and Remuneration Committee, while the re-election of other Directors must have a prior favorable report from this committee.*

*Directors that are part of the Appointments and Remuneration Committee must abstain from taking part in the deliberations and votes that affect them.*

*The re-election of a Director who is part of a committee or who holds an internal position on the Board of Directors or one of its committees will determine his/her continuity in this position without requiring express re-election and notwithstanding the power of revocation which corresponds to the Board of Directors.*

Board member removal and resignation is regulated by Article 16 of the Board of Directors Regulations, which states that *"directors will be removed from their position once the term for which they were appointed has passed, notwithstanding the possibility of being re-elected, and whenever the General Shareholders' Meeting decides to do so as proposed by the Board of Directors or the shareholders, in the terms set forth by law."*

The steps and criteria established in this regard are set forth in Capital Companies Law and the Mercantile Register Regulations.

Article 16.2 of the Board of Directors Regulations states that *"Directors or the natural person representing a Legal Entity Director must offer their resignation to the Board of Directors and formalize it, if the Board sees fit, subject to a report provided by the Appointments and Remuneration Committee in the following cases:*

*a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease to be the owners of significant stocks in the Company, as well as when such shareholders revoke representation.*

*b) Concerning Executive Directors, when they are removed from the executive positions associated with their appointment as Director and, in all cases, whenever the Board of Directors considers it necessary.*

*c) Concerning Non-executive Directors, when they join the management of the Company or of any of the companies in the Group.*

*d) When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards.*

*e) Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities.*

*f) Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company.*

*g) Whenever their continuity on the Board of Directors could put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.*

*h) When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company."*

*In accordance with Sections 3, 4, and 5, "in any of the events indicated in the previous section, the Board of Directors shall require the Director to resign from his/her post, and propose, as appropriate, his/her resignation to the General*

*Shareholders' Meeting. As an exception, the foregoing shall not be applicable in the events of resignation provided in letters a), d), f) and g) above when the Board of Directors considers that reasons exist to justify the continuity of the Director, without prejudice of the occurrence that any new and sudden circumstances may have on his/her qualification.*

*The Board of Directors may only propose the removal of an Independent Director before the expiration of the period for which they were appointed when just cause is found by the Board of Directors, based on the proposal from the Appointments and Remuneration Committee. Specifically, for having failed to fulfill the duties inherent to his/her position or have unexpectedly incurred in any of the circumstances established by law as incompatible with assignment to such category.*

*Directors who resign from their position before the end of their term must send a letter explaining the reasons for the resignation to all the members of the Board of Directors."*

**Rules governing bylaw amendments**

Amendments made to the Siemens Gamesa bylaws are governed by the terms of Articles 285 to 290 of Capital Companies Law approved by Royal Decree Law 1/2010 of July 2 ("Capital Companies Law").

Additionally, amendments made to the Siemens Gamesa bylaws are covered by the terms outlined in the Company's bylaws and the Regulations of the General Shareholders' Meeting.

As regards the competencies for making amendments, Articles 14. h) of bylaws and 6.1 h) of the Regulations of the General Shareholders' Meeting indicate that this role corresponds to the Siemens Gamesa General Shareholders' Meeting.

Articles 18 of bylaws, and 26 of the Regulations of the General Shareholders' Meeting include the quorum requirements for the General Shareholders Meeting adoption of agreements. Articles 26 of its bylaws, and 32 of the General Shareholders Regulations indicate the necessary majority for these purposes.

Article 31.4 of the General Shareholder's Regulations indicates that in accordance with legislation,"the Board of Directors, in accordance with the provisions of the law, shall draw up resolution proposals different in relation to those matters that are essentially independent, so that the shareholders can exercise their voting rights separately." The above is specifically applicable in the case of amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

In accordance with Article 518 of Capital Companies Law, due to the call for a general Shareholders Meeting devoted to amending bylaws, the Company website will include the complete text of the agreement proposals on the Agenda in which the amendments are proposed, as well as reports from competent bodies in this regard.

## 14. <u>The powers of Board of Directors and, specifically, powers to issue or buy back shares</u>

**Powers of Board of Directors**

The Board of Directors of SIEMENS GAMESA, in its meeting held on June 20, 2017, unanimously agreed, following a favorable report from the Appointments and Remunerations Committee, to re-elect Mr. Markus Tacke as CEO of the Company delegating in his favor all powers which, according to the law and the By-laws correspond to the Board of Directors, except those which cannot be delegated pursuant the law and the By-laws, an appointment which was accepted by Mr. Tacke in the same act.

**Powers to buy back shares**

At the date of approval of this Report, authorization was still pending from the Company's General Shareholders Meeting held on May 8, 2015, by virtue of which the Board of Directors will be entitled to acquire treasury shares. The following is the literal text of the agreement adopted by the above reflected under point 9 of the Agenda:

"To expressly authorise the Board of Directors, with the express powers of substitution, as per the dispositions in article 146 of the Companies Law for the derivate acquisition of the Gamesa Corporación Tecnológica, Sociedad Anómina's ("Gamesa" or the "Company") own shares in the following terms:

a) *The acquisitions may be made by Gamesa or by any of its depending companies in the same terms of this agreement.*

b) *The share acquisitions will be made through sales, swaption or any other legally permitted operations.*

c) *The acquisitions may be made, at each time, up to the legally allowed maximum figure.*

d) *The minimum share price will be their nominal value and the maximum will not be 110% above their market quotation value on the date of acquisition.*

e) *The shares acquired may subsequently be transferred in freely decided conditions.*

f) *The present authorisation is awarded for a maximum period of 5 years, expressly repealing the unused part of the authorisation awarded by the Company Shareholders' Ordinary General Meeting held on May 28, 2010.*

g) *The shareholders' equity resulting from the acquisition of shares, including those that the Company or the person acting in their own name but for the account of the Company has previously acquired and holds as treasury shares, shall not be less than the amount of share capital plus the reserves that are restricted under the law or the By-Laws, all pursuant to the provisions of letter b) of section 146.1 of the Companies Law.*

*Lastly, and in relation to the dispositions in article 146.1.a) last paragraph of the Companies Law, it is stated that the shares that are acquired under the present authorisation, may be used by the Company for, amongst other purposes, giving to Company employees or administrators either directly or deriving from the exercise of option or other rights contemplated in incentive plans of which they are holders and/or beneficiaries as considered in the relevant legislation, statutes or regulations.*

**15. Significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid and the effects thereof, except where disclosure would severely prejudice the Company´s interests. This exception is not applicable where the company is specifically obliged to disclose such information on the basis of other legal requirements**

In conformity with the framework agreement dated December 21, 2011 (significant event 155308) between IBERDROLA, S.A. and the subsidiary of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (SIEMENS GAMESA), SIEMENS GAMESA RENEWABLE ENERGY EOLICA, S.L Sociedad Unipersonal, the supposed change of control in SIEMENS GAMESA will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

On May 4, 2017, SIEMENS GAMESA and SIEMENS AG signed a Framework Agreement which sets out (i) certain rights and obligations and related matters concerning the relationship of the parties after the merger between SIEMENS GAMESA and Siemens Wind Hold Co.; (ii) certain principles applicable to the provision of services between SIEMENS GAMESA and SIEMENS AG after the merger; and (iii) includes mandatory items to be complied with by SIEMENS GAMESA for the purposes of meeting and complying with Siemens Group Requirements. The Framework Agreement contains a termination event whereby it may be terminated by the Parties at such time that SIEMENS AG ceases to be a Controlling shareholder in SIEMENS GAMESA whereby Control is defined as SIEMENS AG holding the majority of voting rights in SIEMENS GAMESA or having the right to appoint the majority of its board members.

On December 17, 2015, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (buyer) and GESTIÓN, ELABORACIÓN DE MANUALES INDUSTRIALES INGENIERÍA Y SERVICIOS COMPLEMENTARIOS, S.L., INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U., CAF POWER & AUTOMATION, S.L.U. y FUNDACIÓN TECNALIA RESEARCH & INNOVATION (seller) signed a purchase-sale agreement for the shares. On the same date, to oversee the relationship between Siemens Gamesa Renewable Energy Wind Farms, S.A.U. and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF), as future NEM partners (where applicable), the parties signed the Partners' Agreement. By virtue of the terms established in the abovementioned agreement, should control over SIEMENS GAMESA subsequently take place, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. must offer the remaining partners direct acquisition of its NEM shares.

On June 17, 2016, effective April 3, 2017, SIEMENS GAMESA and SIEMENS Aktiengesellschaft (Siemens) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which Siemens became the strategic supplier of gears, segments, and other products and services offered by SIEMENS GAMESA Group. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, in cases of change of control, the parties are entitled to terminate the strategic alliance, although its minimum duration in any case would be three (3) years (i.e., until April 3, 2020).

On June 17, 2016, SIEMENS GAMESA and SIEMENS AG signed a Merger Agreement which sets out terms and conditions applicable to the Transaction (i.e. the statutory merger of SWP with SIEMENS GAMESA) and certain aspects of SIEMENS GAMESA's future business organization and corporate governance. Although there is no termination possibility for the Merger Agreement as a consequence of a change of control, the Merger Agreement does include a non-compete obligation which prohibits SIEMENS AG from (i) manufacturing wind turbine generators; (ii) selling wind turbine generators manufactured by the Siemens Group; and delivery of product-related maintenance services for wind turbine generators produced and sold by the SIEMENS GAMESA Group or the Siemens Group. This non-compete obligation is enforceable for three years from the merger effective date (i.e. until April 3, 2020) and thereafter as long as Siemens (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, the non-compete obligation would expire upon the occurrence of a change in control.

On March 31, 2017, SIEMENS GAMESA and Siemens entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the Siemens brand in its Company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period in which Siemens: (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of the share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, a change of control might lead to termination of the licensing agreement.

By virtue of certain agreements reached as a result of the merger between SIEMENS GAMESA and Siemens Wind HoldCo, S.L. (Sociedad Unipersonal), the Siemens Group will have and grant certain guarantees with regard to the joint venture. The above agreements may be terminated and their applicable terms granted may be amended in case a change of control take place.

Likewise, as is customary for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, thereby providing each reciprocal power to terminate them should such a situation arise, especially in cases in which the new controlling party is the other party's competitor.

On April 3, 2017, SIEMENS GAMESA and Siemens entered into a master agreement for the contracting of financial derivatives between both companies. The agreement will remain in force while Siemens: (a) owns, directly or indirectly, the majority of the shares in SIEMENS GAMESA, and/or (b) SIEMENS GAMESA keeps as a fully consolidated subsidiary in Siemens. Therefore, a change of control might lead to termination of the master agreement.

On August 1, 2018, (as amended) SIEMENS GAMESA and Siemens entered into an external services agreement for procurement area by virtue of which, during an initial period of 1 year for sourcing services, and 2 years for other procurement services, SIEMENS GAMESA Group shall benefit from the collective negotiation strength. Such agreement will be in force while Siemens remains as mayor shareholder of SIEMENS GAMESA. Therefore, in case of change of control, both parties are entitled to terminate the agreement with a 36 months prior notice.

Finally, it shall be pointed out that on May 30, 2018, SIEMENS GAMESA executed a Syndicated Multi-Currency Term and Revolving Credit Facility with a group of domestic and international banks (Significant Event 266275). In the event that any person or group of persons in a concerted manner: (a) hold, directly or indirectly, more than 50% of the share capital of SIEMENS GAMESA; or (b) have the right to appoint the majority of members of the Board of Directors, and therefore exercise control over the Company, each of the participating financial entities may negotiate in good faith for a period of 30 days the maintenance of its commitments derived from the contract. In the event that an agreement is not reached, the financial entity(ies) in question may cancel all or part of the commitments acquired and require full or partial prepayment of their participation in the financing.

### 16. Any agreements between the Company and its Directors, officers or employees that provide for severance payments if they resign, are unfairly dismissed or if their employment contracts terminate as a result of a takeover bid.

The contract of the Chief Executive Officer, according to the Director's remuneration policy approved by the General Meeting of Shareholders on March 27, 2019, recognizes him to receive one year of fixed remuneration for termination of his working relationship

Likewise, for the Top Management and for the termination of the working relationship, the current criterion of the Company is the payment of a maximum of one year of the fixed annual remuneration at the date of termination, without prejudice, in any case, of preexisting situations and that the amount may be higher according to the labour law.

In respect to the rest of managers and non-managers employees, their working relationship, in general, does not include economic compensations in case of its termination, different from the ones established in the current law.

### 17. Explanation added for translation to english

Translation of Interim Consolidated and Individual Management Report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

## Annex

## Alternative Performance Measures

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

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

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

### Net Financial Debt (NFD)

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

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

| €m | 09.30.2018 (*) | 12.31.2018 | 03.31.2019 | 09.30.2019 | 10.01.2019 (**) | 12.31.2019 | 03.31.2020 |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 2,429 | 2,125 | 1,353 | 1,727 | 1,727 | 1,661 | 1,421 |
| Short-term debt | (991) | (705) | (345) | (352) | (418) | (513) | (487) |
| Long-term debt | (823) | (1,255) | (1,126) | (512) | (1,029) | (974) | (1,229) |
| **Cash / (Net Financial Debt)** | **615** | **165** | **(118)** | **863** | **280** | **175** | **(295)** |

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

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

## Working capital (WC)

**Working Capital (WC)** is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy 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 | 06.30.2018 | 09.30.2018 | 09.30.2018 Comp. (*) | 12.31.2018 | 03.31.2019 |
|---|---|---|---|---|---|
| Trade and other receivables | 1,124 | 1,114 | 1,111 | 1,093 | 1,137 |
| Trade receivables from related companies | 34 | 28 | 28 | 42 | 35 |
| Contract assets | 1,311 | 1,572 | 1,569 | 2,033 | 1,771 |
| Inventories | 1,700 | 1,499 | 1,499 | 1,925 | 2,006 |
| Other current assets | 404 | 362 | 362 | 417 | 464 |
| Trade payables | (1,962) | (2,416) | (2,416) | (2,283) | (2,352) |
| Trade payables to related companies | (77) | (342) | (342) | (274) | (153) |
| Contract liabilities | (1,570) | (1,670) | (1,670) | (2,340) | (1,991) |
| Other current liabilities | (697) | (684) | (684) | (641) | (706) |
| **Working Capital** | **265** | **(536)** | **(542)** | **(27)** | **211** |

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

| €m | 06.30.2019 | 09.30.2019 | 10.01.2019<br>Comp. (*) | 12.31.2019 | 03.31.2020 |
|---|---|---|---|---|---|
| Trade and other receivables | 1,421 | 1,287 | 1,287 | 1,079 | 1,036 |
| Trade receivables from related companies | 39 | 22 | 22 | 29 | 37 |
| Contract assets | 1,952 | 2,056 | 2,056 | 1,801 | 1,808 |
| Inventories | 2,044 | 1,864 | 1,864 | 2,071 | 2,115 |
| Other current assets | 651 | 461 | 451 | 578 | 466 |
| Trade payables | (2,483) | (2,600) | (2,600) | (2,282) | (2,332) |
| Trade payables to related companies | (250) | (286) | (286) | (188) | (212) |
| Contract liabilities | (2,267) | (2,840) | (2,840) | (3,193) | (3,101) |
| Other current liabilities | (869) | (798) | (798) | (833) | (682) |
| **Working Capital** | **238** | **(833)** | **(843)** | **(939)** | **(865)** |

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

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

## Capital Expenditure (CAPEX)

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

| €m | Q2 19 | Q2 20 | H1 19 | H1 20 |
|---|---|---|---|---|
| Acquisition of intangible assets | (44) | (42) | (75) | (84) |
| Acquisition of Property, Plant and Equipment | (64) | (67) | (114) | (117) |
| **CAPEX** | **(108)** | **(109)** | **(189)** | **(201)** |

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

| €m | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Acquisition of intangible assets | (46) | (38) | (42) | (42) | (169) |
| Acquisition of Property, Plant and Equipment | (81) | (143) | (50) | (67) | (341) |
| **CAPEX** | **(127)** | **(181)** | **(92)** | **(109)** | **(510)** |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Acquisition of intangible assets | (28) | (42) | (31) | (44) | (145) |
| Acquisition of Property, Plant and Equipment | (64) | (114) | (50) | (64) | (292) |
| **CAPEX** | **(92)** | **(156)** | **(81)** | **(108)** | **(437)** |

## Definitions of Cash Flow

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

| €m | H1 19 | H1 20 |
|---|---|---|
| Net Income before taxes | 103 | (381) |
| Amortization + PPA | 295 | 354 |
| Other P&L (*) | (4) | (5) |
| Charge of provisions | 68 | 240 |
| Provision usage (without Adwen usage) | (186) | (179) |
| Tax payments | (136) | (135) |
| **Gross Operating Cash Flow** | **140** | **(106)** |

| €m | Q2 19 | Q2 20 |
|---|---|---|
| Net Income before taxes | 77 | (139) |
| Amortization + PPA | 147 | 182 |
| Other P&L (*) | (1) | (4) |
| Charge of provisions | (4) | 61 |
| Provision usage (without Adwen usage) | (87) | (73) |
| Tax payments | (48) | (50) |
| **Gross Operating Cash Flow** | **84** | **(23)** |

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

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

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

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

| | Q2 19 (*) | Q3 19 (*) | Q4 19 (*) | Q1 20 (*) | Q2 20 (*) |
|---|---|---|---|---|---|
| Order Intake Onshore Wind (€m) | 1,167 | 1,695 | 2,238 | 1,611 | 1,289 |
| Order Intake Onshore Wind (MW) | 1,742 | 2,130 | 3,147 | 2,563 | 1,645 |
| **ASP Order Intake Wind Onshore** | **0.67** | **0.80** | **0.71** | **0.63** | **0.78** |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €33m in Q2 19, €1m in Q3 19, €2m in Q4 19, €0m in Q1 20 and €61m in Q2 20.

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

| | Q3 19 (*) | Q4 19 (*) | Q1 20 (*) | Q2 20 (*) | LTM Mar 20 |
|---|---|---|---|---|---|
| Order Intake Onshore Wind (€m) | 1,695 | 2,238 | 1,611 | 1,289 | 6,832 |
| Order Intake Onshore Wind (MW) | 2,130 | 3,147 | 2,563 | 1,645 | 9,485 |
| **ASP Order Intake Wind Onshore** | **0.80** | **0.71** | **0.63** | **0.78** | **0.72** |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €1m in Q3 19, €2m in Q4 19, €0m in Q1 20 and €61m in Q2 20.

| | Q3 18 (*) | Q4 18 | Q1 19 (*) | Q2 19 (*) | LTM Mar 19 |
|---|---|---|---|---|---|
| Order Intake Onshore Wind (€m) | 1,166 | 1,985 | 1,793 | 1,167 | 6,112 |
| Order Intake Onshore Wind (MW) | 1,660 | 2,631 | 2,370 | 1,742 | 8,402 |
| **ASP Order Intake Wind Onshore** | **0.70** | **0.75** | **0.76** | **0.67** | **0.73** |

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €9m in Q3 18, €6m in Q1 19 and €33m in Q2 19.

| | Q3 17 | Q4 17 | Q1 18 (*) | Q2 18 | LTM Mar 18 |
|---|---|---|---|---|---|
| Order Intake Onshore Wind (€m) | 680 | 1,498 | 1,600 | 1,834 | 5,613 |
| Order Intake Onshore Wind (MW) | 693 | 2,167 | 2,208 | 2,464 | 7,532 |
| **ASP Order Intake Wind Onshore** | **0.98** | **0.69** | **0.72** | **0.74** | **0.75** |

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

## Order Intake, Revenue and EBIT

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

| €m | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Group | 4,666 | 3,076 | 4,628 | 2,203 | 14,573 |
| Of which WTG ON | 1,695 | 2,240 | 1,611 | 1,350 | 6,896 |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Group | 3,292 | 2,625 | 2,541 | 2,466 | 10,924 |
| Of which WTG ON | 1,175 | 1,985 | 1,799 | 1,200 | 6,159 |

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

**Onshore:**

| MW | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Onshore | 2,130 | 3,147 | 2,563 | 1,645 | 9,485 |

| MW | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Onshore | 1,660 | 2,631 | 2,370 | 1,742 | 8,402 |

**Offshore:**

| MW | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Offshore | 1,528 | 72 | 1,279 | - | 2,879 |

| MW | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Offshore | 1,368 | - | 12 | 464 | 1,844 |

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

| €m | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| WTG | 2,242 | 2,527 | 1,634 | 1,808 | 8,212 |
| Service | 390 | 417 | 366 | 395 | 1,568 |
| **TOTAL** | **2,632** | **2,944** | **2,001** | **2,204** | **9,780** |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| WTG | 1,827 | 2,207 | 1,904 | 2,060 | 7,998 |
| Service | 308 | 411 | 358 | 330 | 1,407 |
| **TOTAL** | **2,135** | **2,619** | **2,262** | **2,389** | **9,405** |

**EBIT (Earnings Before Interest and Taxes):** operating profit as per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

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

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

| €m | H1 19 | H1 20 |
|---|---|---|
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 103 | (381) |
| (-) Income from investments acc. for using the equity method, net | - | 1 |
| (-) Interest income | (6) | (6) |
| (-) Interest expenses | 23 | 33 |
| (-) Other financial income (expenses), net | 9 | 6 |
| **EBIT** | **130** | **(347)** |
| (-) Integration and Restructuring costs | 54 | 110 |
| (-) PPA impact | 133 | 135 |
| **EBIT pre-PPA and integration & restructuring costs** | **316** | **(103)** |

| €m | Q2 19 | Q2 20 |
|---|---|---|
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 77 | (139) |
| (-) Income from investments acc. for using the equity method, net | - | 1 |
| (-) Interest income | - | (4) |
| (-) Interest expenses | 11 | 19 |
| (-) Other financial income (expenses), net | 3 | 4 |
| **EBIT** | **90** | **(118)** |
| (-) Integration and Restructuring costs | 22 | 82 |
| (-) PPA impact | 66 | 69 |
| **EBIT pre-PPA and integration & restructuring costs** | **178** | **33** |

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

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

| €m | H1 19 | H1 20 |
|---|---|---|
| EBIT | 130 | (347) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 295 | 354 |
| **EBITDA** | **425** | **7** |

| €m | Q2 19 | Q2 20 |
|---|---|---|
| EBIT | 90 | (118) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 147 | 182 |
| **EBITDA** | **237** | **63** |

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

| €m | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| EBIT | 56 | 67 | (229) | (118) | (224) |
| Amortization, depreciation and impairment of intangible assets and PP&E | 148 | 204 | 172 | 182 | 706 |
| **EBITDA** | **204** | **271** | **(57)** | **63** | **481** |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| EBIT | 50 | 73 | 40 | 90 | 252 |
| Amortization, depreciation and impairment of intangible assets and PP&E | 143 | 185 | 148 | 147 | 623 |
| **EBITDA** | **193** | **258** | **188** | **237** | **875** |

## Net income and Net income per share (EPS)

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

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

| | Q2 19 | H1 19 | Q2 20 | H1 20 |
|---|---|---|---|---|
| Net Income (€m) | 49 | 67 | (165) | (339) |
| Number of shares (units) | 679,481,656 | 679,465,922 | 679,399,017 | 679,516,555 |
| **Earnings Per Share (€/share)** | **0.07** | **0.10** | **(0.24)** | **(0.50)** |

## 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 | 03.31.2019 | 09.30.2019 | 03.31.2020 |
|---|---|---|---|---|
| Actual revenue in year (1) | - | 4,651 | - | 4,204 |
| Order Backlog for delivery in FY (2) | 8,408 | 5,428 | 9,360 | 6,157 |
| Average revenue for FY (3) (*) | 10,500 | 10,500 | 10,400 | 10,400 |
| **Revenue Coverage ([1+2]/3)** | **80%** | **96%** | **90%** | **100%** |

(*) FY 20 revenue guidance communicated in November 2019 and withdrawn due to the uncertainty associated with COVID-19 pandemic impact ranged €10.2bn to €10.6bn.

**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 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Order Intake | 4,666 | 3,076 | 4,628 | 2,203 | 14,573 |
| Revenue | 2,632 | 2,944 | 2,001 | 2,204 | 9,780 |
| **Book-to-Bill** | **1.8** | **1.0** | **2.3** | **1.0** | **1.5** |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Order Intake | 3,292 | 2,625 | 2,541 | 2,466 | 10,924 |
| Revenue | 2,135 | 2,619 | 2,262 | 2,389 | 9,405 |
| **Book-to-Bill** | **1.5** | **1.0** | **1.1** | **1.0** | **1.2** |

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

| €m | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| CAPEX (1) | 127 | 181 | 92 | 109 | 510 |
| Amortization depreciation & impairments (a) | 148 | 204 | 172 | 182 | 706 |
| Amortization, depreciation & impairments of right of use assets (IFRS 16) (b) | - | - | 25 | 27 | 52 |
| PPA Amortization on Intangibles (c) | 67 | 67 | 66 | 69 | 268 |
| Depreciation & Amortization (excl. PPA) (2=a-b-c) | 81 | 137 | 81 | 86 | 386 |
| **Reinvestment rate (1/2)** | **1.6** | **1.3** | **1.1** | **1.3** | **1.3** |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| CAPEX (1) | 92 | 157 | 81 | 108 | 438 |
| Amortization depreciation & impairments (a) | 143 | 185 | 148 | 147 | 623 |
| PPA Amortization on Intangibles (b) | 82 | 66 | 66 | 66 | 280 |
| Depreciation & Amortization (excl. PPA) (2=a-b) | 61 | 119 | 82 | 80 | 343 |
| **Reinvestment rate (1/2)** | **1.5** | **1.3** | **1.0** | **1.4** | **1.3** |

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

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

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

| €m | H1 19 | H1 20 |
|---|---|---|
| Gross Profit | 437 | 6 |
| PPA amortization on intangibles | 87 | 88 |
| Integration and Restructuring costs | 31 | 90 |
| **Gross Profit (pre PPA, I&R costs)** | **555** | **184** |

| €m | Q2 19 | Q2 20 |
|---|---|---|
| Gross Profit | 237 | 63 |
| PPA amortization on intangibles | 44 | 45 |
| Integration and Restructuring costs | 9 | 69 |
| **Gross Profit (pre PPA, I&R costs)** | **289** | **177** |

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

| €m | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Gross Profit | 220 | 291 | (57) | 63 | 517 |
| PPA amortization on intangibles | 44 | 43 | 42 | 45 | 174 |
| Integration and Restructuring costs | 32 | 67 | 21 | 69 | 189 |
| **Gross Profit (pre PPA, I&R costs)** | **296** | **401** | **7** | **177** | **880** |

| €m | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Gross Profit | 191 | 304 | 200 | 237 | 932 |
| PPA amortization on intangibles | 80 | 3 | 44 | 44 | 170 |
| Integration and Restructuring costs | 17 | 41 | 22 | 9 | 89 |
| **Gross Profit (pre PPA, I&R costs)** | **288** | **348** | **266** | **289** | **1,191** |

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

| MWe | Q3 19 | Q4 19 | Q1 20 | Q2 20 | LTM Mar 20 |
|---|---|---|---|---|---|
| Onshore | 1,699 | 2,009 | 1,747 | 1,649 | 7,104 |

| MWe | Q3 18 | Q4 18 | Q1 19 | Q2 19 | LTM Mar 19 |
|---|---|---|---|---|---|
| Onshore | 1,703 | 1,926 | 1,520 | 1,707 | 6,857 |

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

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

JUAN ANTONIO GARCÍA FUENTE, WITH NATIONAL IDENTITY CARD NUMBER 22747928-P, SECRETARY OF THE BOARD OF DIRECTORS OF "SIEMENS GAMESA RENEWABLE ENERGY, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222, WITH EMPLOYER IDENTIFICATION NUMBER A -01011253.

HEREBY CERTIFY:

That the text of the interim condensed consolidated financial statements and the interim consolidated management report correspond to the first six months of the 2020 financial year of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and its subsidiaries that compound the SIEMENS GAMESA Group, which have been authorized for issue by the Board of Directors at its meeting held on May 5, 2020, is the content of the preceding 95 sheets of unstamped paper, on the obverse only, and for authentication purposes, bear the signature of the President and the Secretary of the Board of Directors on its first sheet and the stamp of the Company in the total remaining sheets.

The directors listed below hereby so ratify by signing below, in fulfillment of article 11.3 of Royal Decree 1362/2007, of October 9.

| | |
|---|---|
| Miguel Ángel López Borrego | Markus Tacke |
| Chairman of the Board of Directors | Chief Executive Officer |

**On his own name and on behalf of the Directors Ms. Maria Ferraro, Ms. Gloria Hernández, Mr. Tim Oliver Holt, Mr. Rudolf Krämmer, Mr. Klaus Rosenfeld, Mr. Harald von Heynitz, Mr. Andreas C. Hoffmann and Ms. Mariel von Schumann**

The Secretary of the Board of Directors states for the records:

(i) that due to the restrictions on movements imposed by various countries and authorities on the occasion of the pandemic caused by the SARS-COV-2 virus, the Directors Ms. Maria Ferraro, Ms. Gloria Hernández, Mr. Tim Oliver Holt, Mr. Rudolf Krämmer, Mr. Klaus Rosenfeld, Mr. Harald von Heynitz, Mr. Andreas C. Hoffmann and Ms. Mariel von Schumann have not been able to stamp their handwritten signature on this document.

(ii) that during the Board of Directors held on the $5^{th}$ of May 2020, all Directors have approved the subscription of this document and the Directors mentioned on section (i) expressly instructed the Chairman of the Board of Directors, Mr. Miguel Angel López Borrego, to sign it on their respective behalf.

Madrid, May 5, 2020. In witness whereof

Approval of the Chairman

| | |
|---|---|
| Miguel Ángel López Borrego | Juan Antonio García Fuente |
| Chairman | Secretary of the Board of Directors |

SIEMENS Gamesa
RENEWABLE ENERGY

## DECLARATION OF RESPONSIBILITY OF THE SEMESTER FINANCIAL REPORT

The members of the Board of Directors of Siemens Gamesa Renewable Energy, S.A. state that, to the best of their knowledge, the interim condensed individual and consolidated financial statements for the first six months of fiscal year 2020, approved on May 5, 2020, have been prepared in accordance with applicable accounting principles, give a true and fair view of the consolidated equity and consolidated financial position and results of Siemens Gamesa Renewable Energy, S.A. and its subsidiaries and that the interim individual and consolidated Management Report includes a faithful analysis of the information required.

And for this to be recorded for the appropriate purposes, this declaration is issued in accordance with the provisions of article 11.1.b) of Royal Decree 1362/2007, of October 19.

May 5, 2020.

| | |
|---|---|
| Miguel Ángel López Borrego | Markus Tacke |
| Chairman of the Board of Directors | Chief Executive Officer |

**On his own name and on behalf of the Directors Ms. Maria Ferraro, Ms. Gloria Hernández, Mr. Tim Oliver Holt, Mr. Rudolf Krämmer, Mr. Klaus Rosenfeld, Mr. Harald von Heynitz, Mr. Andreas C. Hoffmann and Ms. Mariel von Schumann**

The Secretary of the Board of Directors states for the records:

(i) that due to the restrictions on movements imposed by various countries and authorities on the occasion of the pandemic caused by the SARS-COV-2 virus, the Directors Ms. Maria Ferraro, Ms. Gloria Hernández, Mr. Tim Oliver Holt, Mr. Rudolf Krämmer, Mr. Klaus Rosenfeld, Mr. Harald von Heynitz, Mr. Andreas C. Hoffmann and Ms. Mariel von Schumann have not been able to stamp their handwritten signature on this document.

(ii) that during the Board of Directors held on the 5th of May 2020, all Directors have approved the subscription of this document and the Directors mentioned on section (i) expressly instructed the Chairman of the Board of Directors, Mr. Miguel Angel López Borrego, to sign it on their respective behalf.

Mr. Juan Antonio García Fuente
Secretary of the Board of Directors