

CMD 2023
Siemens Gamesa

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Chief Executive Officer



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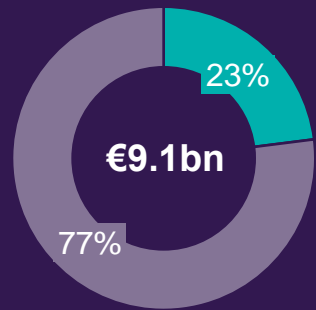
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Note on alternative performance measures (APMs)

This document includes supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa’s net assets and financial position or results of operations as presented in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently. The definitions and reconciliation of the alternative performance measures that are included in this presentation are disclosed in the Activity Report associated to these and previous results. The glossary of terms is also included in the Activity Report associated to these results.

Siemens Gamesa – a core player in the energy transition for more than 40 years

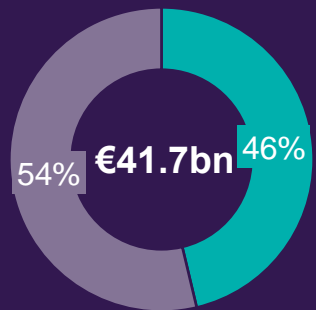
Siemens Gamesa revenue¹



Service
€2.1bn

Onshore and Offshore
€7.0bn

Siemens Gamesa backlog²



Service
€19.3bn

Onshore and Offshore
€22.4bn



€16.8bn
order entry¹



~4,600 offshore and ~59,600
onshore turbines installed²



>137 GW installed²
in ~80 countries



82 GW
maintained fleet²

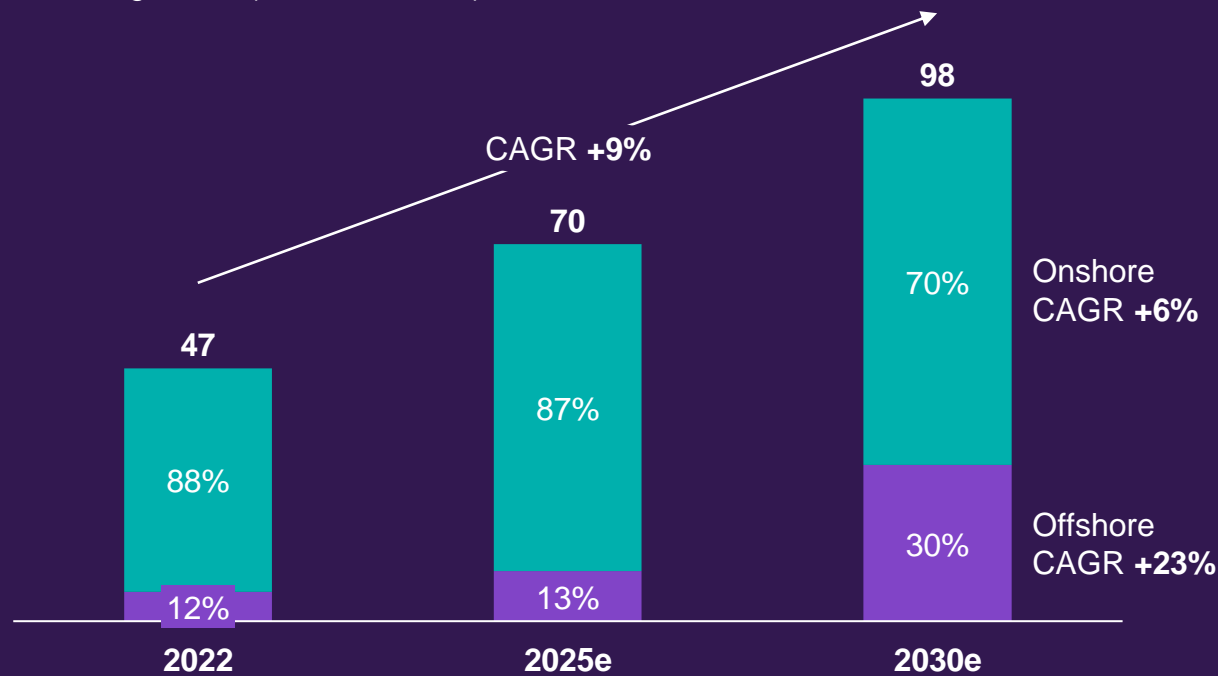


Industry leader in
sustainability

1. FY23 | 2. As of Q4 FY23

Annual new installations at global level

excluding China (in GW installed)



■ Onshore ■ Offshore

Source: Wood Mackenzie (Global Wind Power Market Outlook Q3 CY23)

Note: CAGR = Compound Annual Growth Rate

- **Solid growth** expected globally, backed by clean energy policies, with +9% CAGR until 2030
- Wind power to play a central role as **critical infrastructure** for global energy transition
- **Onshore: strong growth globally**, with Europe and North America as core markets
 - **Permitting difficulties expected to ease** with latest policies Siemens Gamesa pushed for (e.g. EU Wind Power Package)
 - **Chinese wind turbine manufacturers' influence growing** in selected regions
- **Offshore: to grow fivefold by 2030**, driven by long-term public targets, despite recent struggles in supply chain and financing
 - **Europe to remain as largest market**, followed by North America and APAC
 - **Current turbulences in North America and Europe** expected to be overcome over the next one or two years

Challenges impacting Siemens Gamesa



Price level

Despite the significant price improvements we achieved in recent quarters, **unsustainable competition** among wind turbine manufacturers in recent years has resulted in **market pricing below healthy levels**



Cost increases

Significant **increase in wind turbine manufacturers' direct cost base**, mainly driven by raw materials and logistics, has **deteriorated project profitability**



Terms and conditions

Previous **inadequate market-standard terms and conditions** forced wind turbine manufacturers to assume unbalanced risks and **impeded them from passing cost increases** on to customers



Quality issues

Fast development cycles among wind turbine manufacturers in recent years affected **quality levels** of new platforms

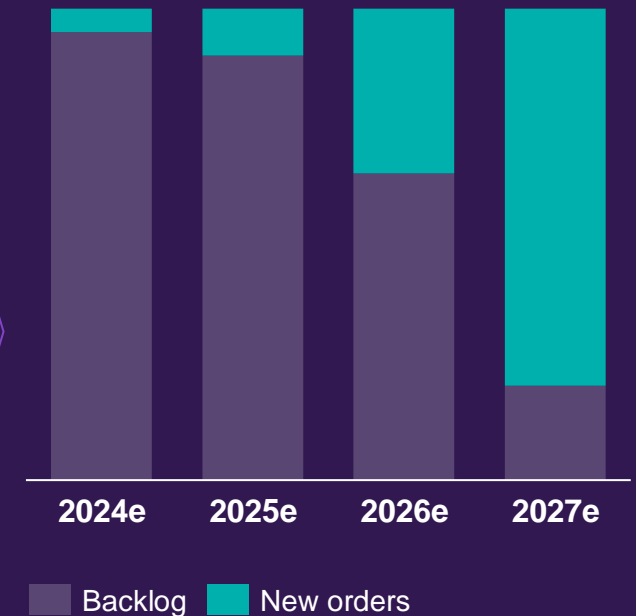


Operational challenges

Rapid growth of offshore demand has posed operational challenges in **ramping up production simultaneously** in multiple locations

Revenue composition

(in %, estimate)



Profitability of backlog strongly affected by these challenges

Siemens Gamesa's initial measures over the past 18 months



Selective and de-risked sales

- Increased pricing and project selectivity (e.g. +20% price in Offshore)
- Rebalanced risk in terms and conditions (e.g. right to update prices in Onshore contracts)
- Reopened contracts to improve profitability



New operating model

- Streamlined organization
- Empowered technical and operational functions with new COO and CTO functions
- Fostered better collaboration



Focus on core activities

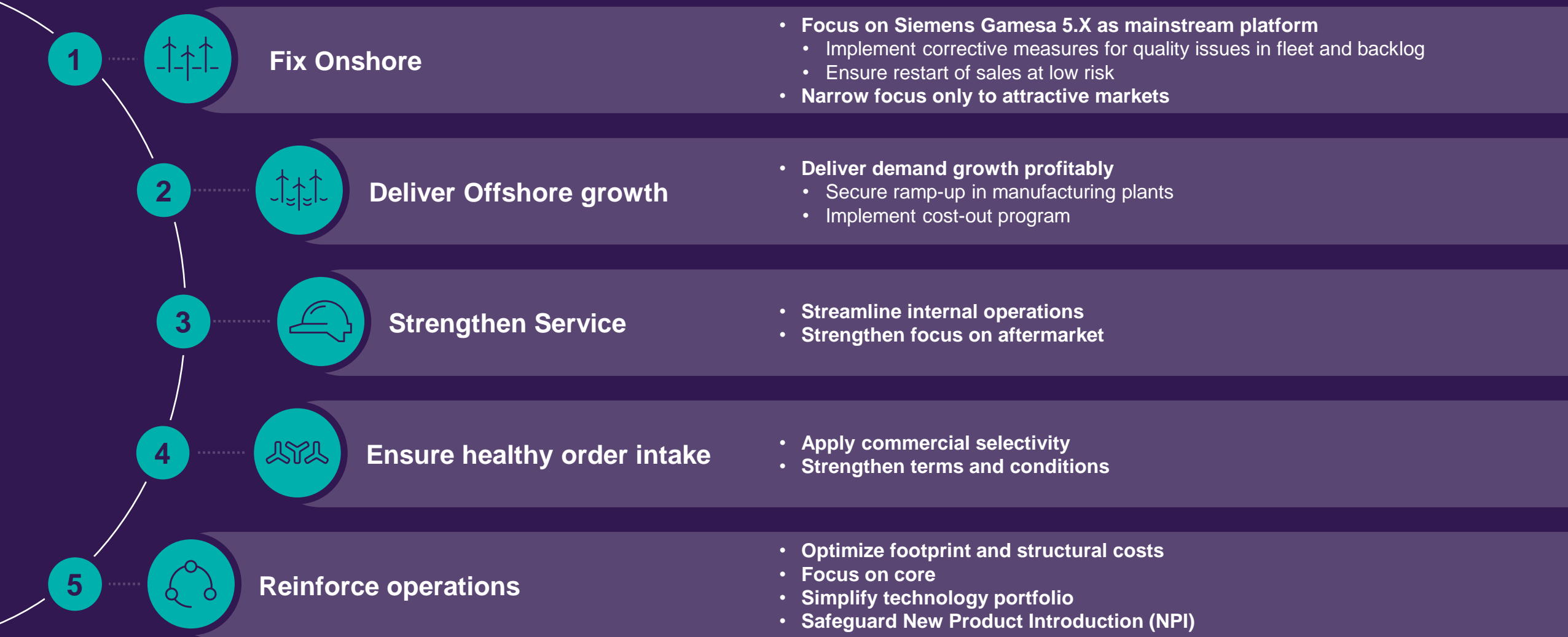
- Divested non-core areas (e.g. development assets, Windar)
- Rebalanced make-or-buy strategy (e.g. blade production ended in Tangier)
- Focused on strategic partnerships with suppliers



Integration into Siemens Energy ongoing

- 100% ownership by Siemens Energy achieved
- Selected corporate functions integrated into Siemens Energy to enable stabilization (€300m synergy target)

Siemens Gamesa's Masterplan going forward



1 | Onshore

Systematic response to product quality issues by Quality Task Force

What went wrong

Deficiencies in deployed fleet of 4.X and 5.X

- Material-related
e.g. bearing components
- Process-related
e.g. nacelle assembly;
blade processes (wrinkles)
- Product-related
e.g. leading-edge protection in blades

Result

- Failures observed at early lifecycle of turbines

Response: The Quality Task Force



Technology

- Analysis of priority-one deficiencies completed
- Development of short- and long-term remediation measures ongoing
- No additional charges in Q4 FY23



Contracts

- Over 300 New unit and Service contracts screened
- Agreement on first contracts with customers started



Operations (roll-out of corrective actions)

- Organizational setup established
- Schedule in preparation targeting customer-specific minimum impact

Target: **return to business** on impacted platforms with a reliable product

1 | Onshore

Narrow focus only to attractive markets

Market success criteria for Siemens Gamesa

Stable regulatory framework

Attractive profit pool/financial return

Value-based customer landscape

Match between market requirements and Siemens Gamesa offering

Europe as core market for Siemens Gamesa

Attractive framework (EU Wind Power Package) ✓

Level playing field market ✓

Strong partnerships with customers ✓

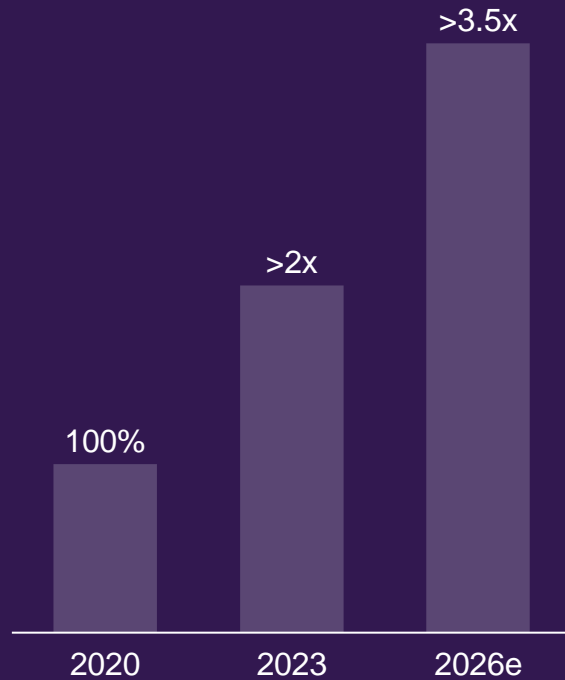
Siemens Gamesa 5.X technology and local supply chain as competitive advantages for Siemens Gamesa ✓

All other markets being assessed based on their attractiveness for Siemens Gamesa

2 | Offshore Focus on delivering according to plan

Offshore installation volume

Baseline: 2020 =100



Offshore manufacturing ramp-up plan defined for all plants

Cuxhaven: Nacelles



Aalborg: Blades

Le Havre:

Blades and nacelles



Brande: Nacelles

Hull: Blades



Taichung: Nacelles

Dedicated **cross-functional team** at every site



Focus on net output, reducing takt and idle times, and routing hours



Better preparation for New Product Introduction (NPI)



2 | Offshore

Secure ramp-up in manufacturing plants to meet demand increase (example: Cuxhaven)

Cuxhaven nacelle plant



Key measures to secure ramp-up

Earlier hiring and advanced training program for new hires on shop floor

Manufacturing stability via strict engineering change management

Warehouse buffer securing availability of parts and extended quality control at supplier site

Optimized work balance per station to reduce takt time by one third

Cross-functional team nominated; targets to arrive at “standard cost” clearly defined; weekly cadence to track progress

2 | Offshore

Implement cost-out program to achieve productivity targets

Dedicated cost-out program launched



Cross-functional team with >200 specialists deployed



Targets deployed by turbine-component categories



Stringent execution and tracking of measures implemented



Supported by external experts

>500 improvement measures identified for SG 14 covering direct material costs, design-to-cost, and process optimization

Examples of identified measures for the SG 14-222 DD and SG 14-236 DD (non-exhaustive)



- 1 Value improvement**
Upsell of power curve updates
- 2 Nacelle**
Increased supplier base for key components (e.g. generator parts, transformer); optimization of production shift model
- 3 Blade**
New lightning protection system
- 4 Tower**
New modular tower internals, assembled by supplier; simplified installation process

3 | Service

Service back to target profitability following Siemens Gamesa 4.X and 5.X issues



De-risk top line

- **Rebalance risk and return** through improved terms and conditions, commercial selectivity and increased pricing



Streamline operations

- **Continuously improve productivity** across operations
- **Adjust structure** to increase organizational effectiveness



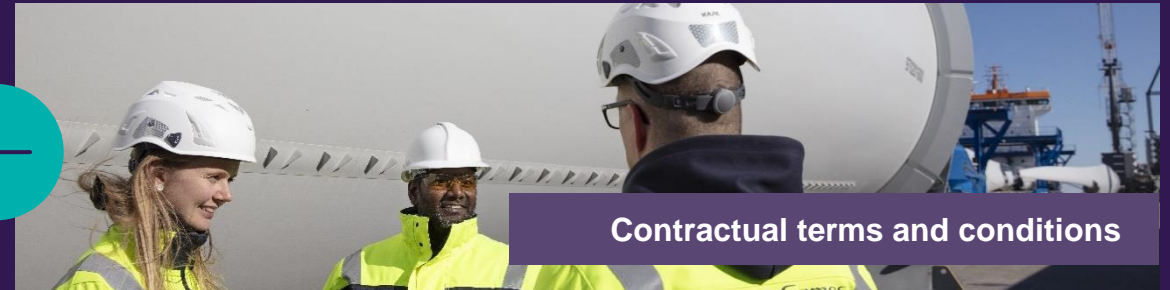
Strengthen focus on aftermarket

- **Refocus growth** towards spare parts, repairs and upgrades
- **Introduce differentiated business models** leveraging data and wind turbine domain know-how

Service to be an important pillar for long-term value creation

4 | Order intake

Ensure healthy order intake applying strict selectivity



Improve profitability of new orders

Disciplined bidding, with strict hurdle rates to ensure health of new orders

Focus on profitable scope

Concentrate on profitable scope of wind projects, relying on external partners for the rest

Increase prices

Progressive price increase in customer contracts

Share risks

Limit risk from price increases in supply chain and logistics

Limit liabilities

Establish liability standards of adjacent industries

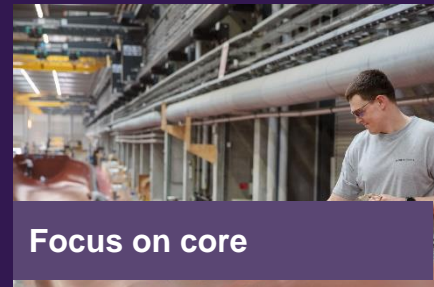
5 | Operations

Reinforce operations, focusing on core and securing technology roadmap



Adjust capacity for Onshore

According to product and market roadmap



Rebalance make-or-buy strategy

Outsource sub-assembly and foster long-term agreements with key partners



Reduce structural costs by ~€400m by FY26

Simplify organization and optimize overhead costs



Prioritize and standardize

Pause all adjacent fields (e.g. hydrogen)
Reduce product variants and harmonize technologies



Project-centric organization

Strengthen product development setup

Address growth in Offshore

Deploy smart investments to meet demand increase

Outsource components to strategic partners

Focus internal manufacturing footprint on nacelle assembly and blade production

Extend lifecycles

Increase lifetime of platforms

Manufacturing readiness

Involve suppliers early in product development process

Plan to return to profitability

Secure **Onshore product quality** and focus on **attractive markets**

Address **ramp-up** and **cost-out** in **Offshore**

Return **Service** to **target profitability** level

Ensure **healthy order intake** across businesses

Achieve **operational excellence** to execute profitably



**FY26:
Siemens Gamesa
break-even**