

# Merger of Siemens Wind Power with Gamesa

Analyst & Press Call | Munich, June 17, 2016

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Executing Vision 2020

## Capital allocation along strategic imperatives

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April 16

Closing of acquisition of CD-adapco for \$970m to pursue industrial software strategy

Merger of Siemens Wind Power with Gamesa announced to create a leading wind power player  
Siemens ownership 59%

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- 1| Areas of growth?
- 2| Potential profit pool?
- 3| Why Siemens?
- 4| Synergetic value?
- 5| Paradigm shifts?

UNIFY

January 16

Closing of divestment to AtoS

sivantos  
the hearing company

January 16

Closing divestment of remaining assets to EQT for €300m

Strategic asset combination

Valeo SIEMENS

50/50 joint venture for powertrain in E-cars announced

# “Siemens Wind Power & Gamesa combined” is uniquely positioned in a promising market and perfectly fits into Vision 2020

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## Siemens Vision 2020

## Combined entity “Siemens Wind Power & Gamesa”

Areas of growth?

- Combined entity “Siemens Wind Power & Gamesa” is **strongly positioned in growth pockets:**
  - **Offshore**
  - **Emerging markets**
  - **Onshore Services**



Potential profit pool?

- Combined entity to **target best-in-class industry margins** post integration with additional future **opportunities in service**



Why Siemens?

- **Siemens committed** to further **grow** and develop **Wind Power** based on the success story: Revenue increased ~15x since acquisition of Bonus 2004
- **Strategic partnership agreement** (e.g. supply agreement, SFS financing partnership, Siemens One)



Synergetic value?

- **€230m run-rate EBIT synergies in Year 4 post closing – thereof ~70% cost (>50% to be reached in Year 2 post closing)**



Paradigm shifts?

- **US PTC<sup>1</sup> extension**, renewable targets in **emerging markets & coal phase out** in Europe and **COP 21 (Paris) drive future growth**
- Combined business **uniquely positioned** to capitalize on future potential: **Strong onshore and offshore player, scale, global footprint, service network and comprehensive offering**



1) Production Tax Credit



# Creating a leading wind player with substantial growth potential and highly complementary strength

## Company description & rationale

- **Merger** of the entire **Siemens Wind** business incl. Service with **Gamesa** to create a **leading wind player**
- Combination of two major **highly complementary global wind players** with a **well balanced geographic footprint**
- **Ownership**: Siemens 59%, Iberdrola ~8%, free float ~33%
- **Global HQ and listing in Spain**; onshore HQ in Spain, offshore HQ in Hamburg (Germany) / Vejle (Denmark)
- Siemens to **fully consolidate** the combined entity
- **Solution on Adwen JV reached** – Areva to decide within 3 months: Put / call options and drag-along right for 3<sup>rd</sup> party sale

## Key figures (pro forma, LTM March 2016)

	Combined business	Siemens WP scope
Installed Base	69 GW	34 GW
Backlog	~€20.2bn	~€14.8bn
Revenue	~€9.3bn	~€5.5bn
EBIT Adjusted <sup>1)</sup>	€839m	€492m
EBIT Margin adjusted <sup>1)</sup>	9.1%	8.9%
Synergies	~€230m EBIT full impact in year 4 post closing	
Employees	~21,000	~13,000

1) EBIT adjusted for normalisation and stand-alone effects as displayed on page 12

# Siemens is committed to Wind Power and will own 59% of combined business post merger

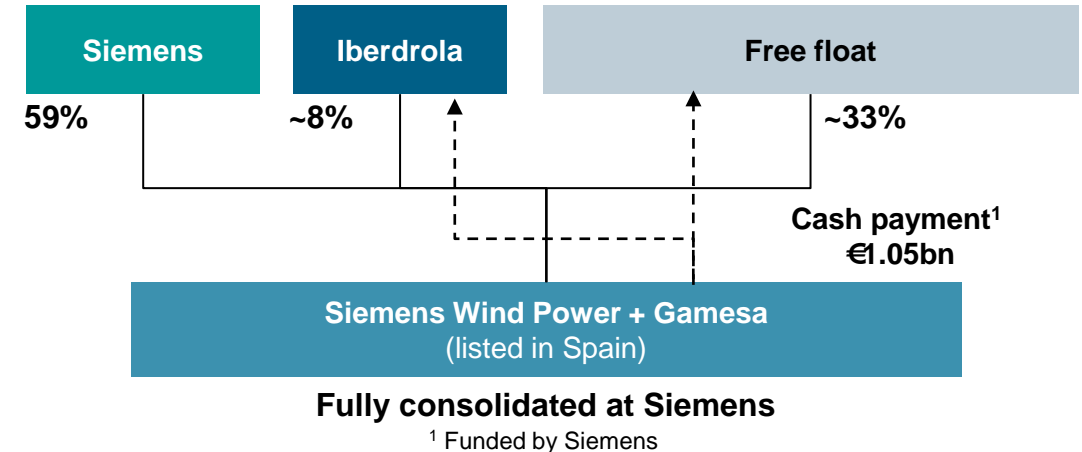
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## Transaction highlights

- **Ownership post merger:**  
59% Siemens (controlling), 41% others
- **Cash payment to Gamesa shareholders of €3.75 per share, ~€1.05bn in total** (represents 26% of Gamesa's unaffected share price at market close on January 28, 2016) funded by Siemens
- **Closing conditions, including:**
  - **Merger control clearances**
  - **Confirmation** by Spanish regulator CNMV that **no mandatory takeover bid** has to be launched
  - **Approval by Gamesa's shareholder meeting**



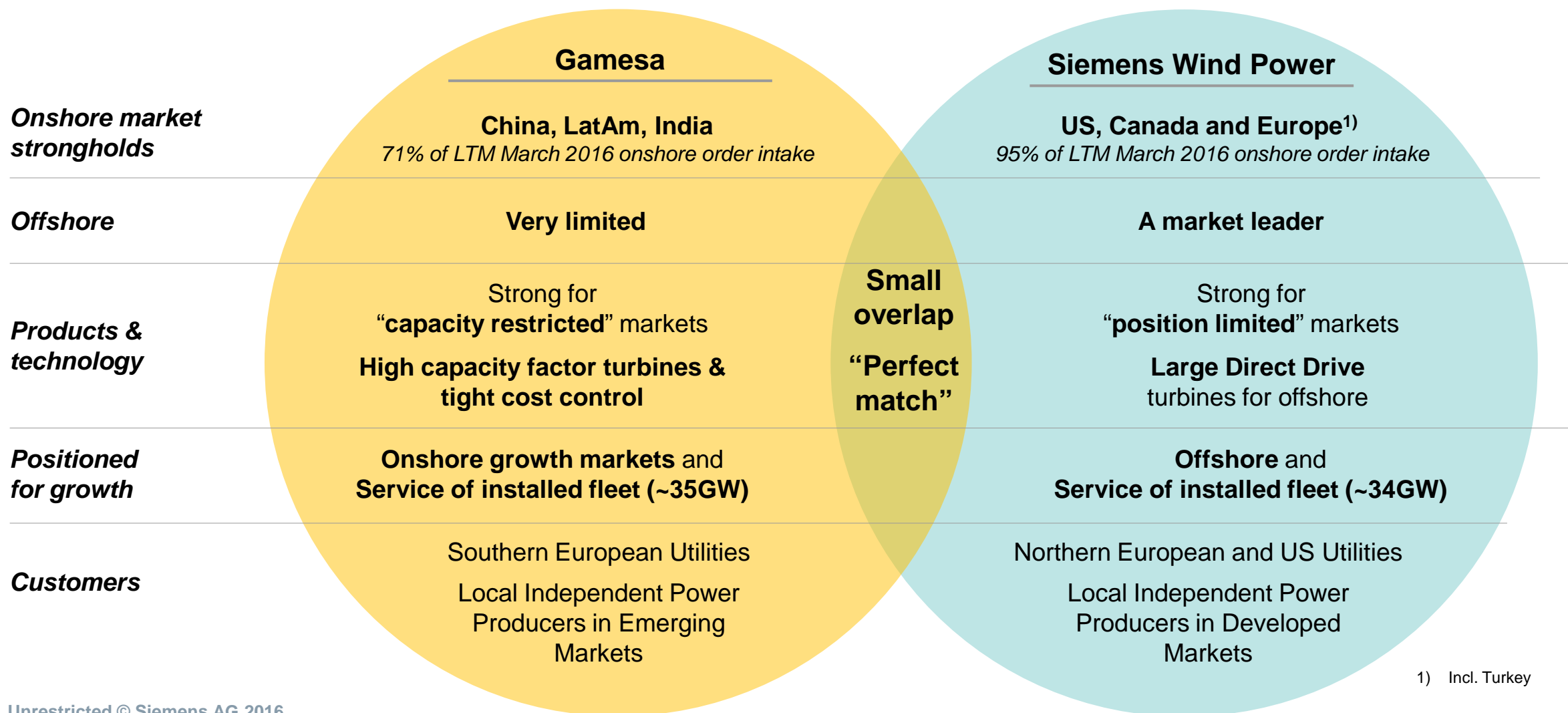
## Post Deal structure



## Next steps

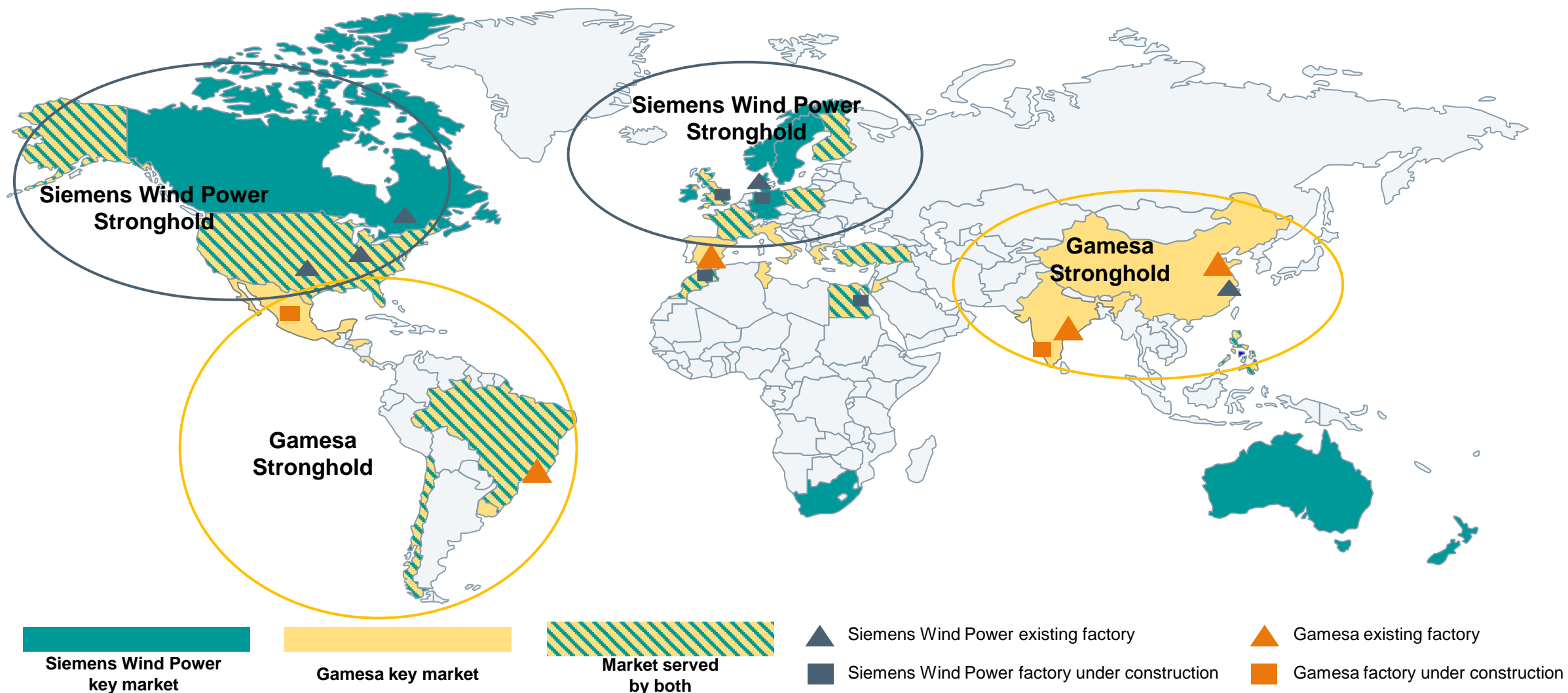
- **Signing** of merger agreement ✓
- Gamesa **shareholder approval** Q3 CY16
- Siemens Wind Power **carve out** Q1 CY17
- Expected **closing** Q1 CY17
- **Cash payment** to existing Gamesa shareholders Shortly post closing

# Combination of two major, highly complementary global wind players



1) Incl. Turkey

# Well diversified and balanced geographical footprint





# Siemens-Gamesa combination is the best possible strategic fit in the wind power industry

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## Customer Value

- Limited overlap and compelling customer benefits with most comprehensive product offering and widest service network

## Portfolio

- Enhanced opportunities to boost sustainable energy innovation

## Sustainability

- Commitment to affordable, reliable and sustainable energy supply

## Shareholder Value

- Significant value creation potential for both Siemens and Gamesa shareholders

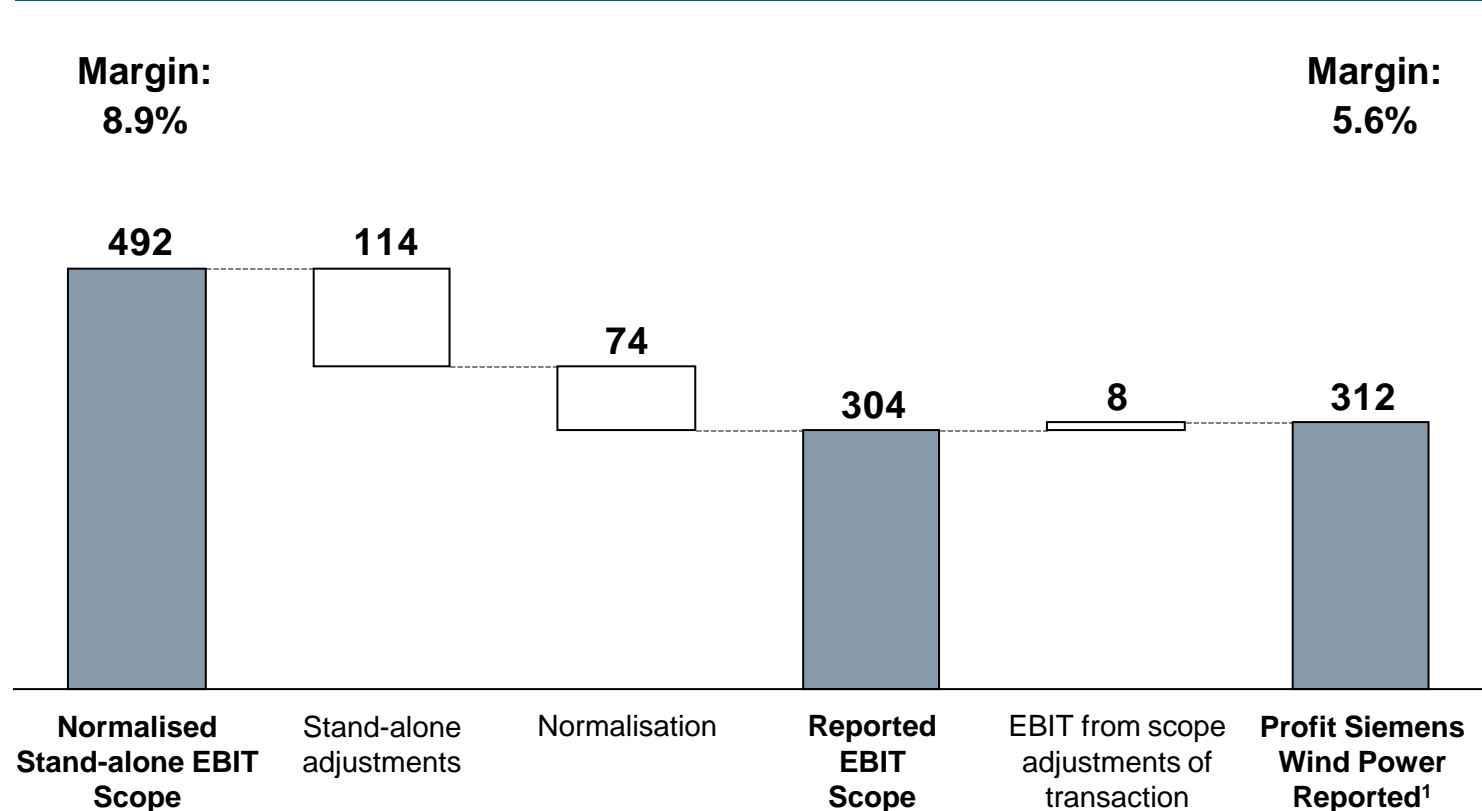


**Thank you for your attention –  
your questions, please!**



# Siemens Wind Power: Normalised, stand-alone EBIT

EBIT bridge LTM March 2016 (in €m)



### Normalisation

- Elimination of one-time impacts mainly related to segments
- Stringent measures implemented to fix issues

### Stand-alone adjustments

- Certain carve-out and pro-forma adjustments resulting from separation of Siemens Wind Power

### Scope adjustments

- E.g. hydro, solar: excluded

1) Profit for last twelve months, period ended March 2016, as reported for Siemens Wind Power & Renewables Division

# Siemens Wind Power: EBIT normalisation adjustments

EBIT Normalisations (€m)	LTM March 2016
EBIT as reported Scope	304
1 Blade Quality	-
2 Main Bearings	79
3 Segments	
Other	-5
<b>Normalisations</b>	<b>74</b>
Therein: Onshore	~30%
Therein: Offshore	~70%
<b>EBIT normalized Scope</b>	<b>378</b>

## Concepts / Agreements

- ⇒ Product issues exceptional in nature
- ⇒ Estimated provision of approx. €250m as of March 2017 (current best estimate of potential cash out from quality issues)
- ⇒ An additional indemnity of €250m by Siemens for potential additional expenses relating to the three one-off quality items that resulted in losses in 2014 and 2015



## Financial calendar

June

**June 28 – 29, 2016**

Capital Market Day “Energy and Oil & Gas” (Houston)

July /  
August

**August 4, 2016**

Q3-Earnings Release

# Siemens Investor Relations contacts



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