

Merger of Siemens Wind Power with Gamesa

Analyst & Press Call | Munich, June 17, 2016

Joe Kaeser, President and CEO

Ralf P. Thomas, CFO

Lisa Davis, Member of the Managing Board

Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

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

SIEMENS



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%

SIEMENS

- 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

SIEMENS

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 PTC¹ 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

SIEMENS

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 3rd 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 ¹⁾	€839m	€492m
EBIT Margin adjusted ¹⁾	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

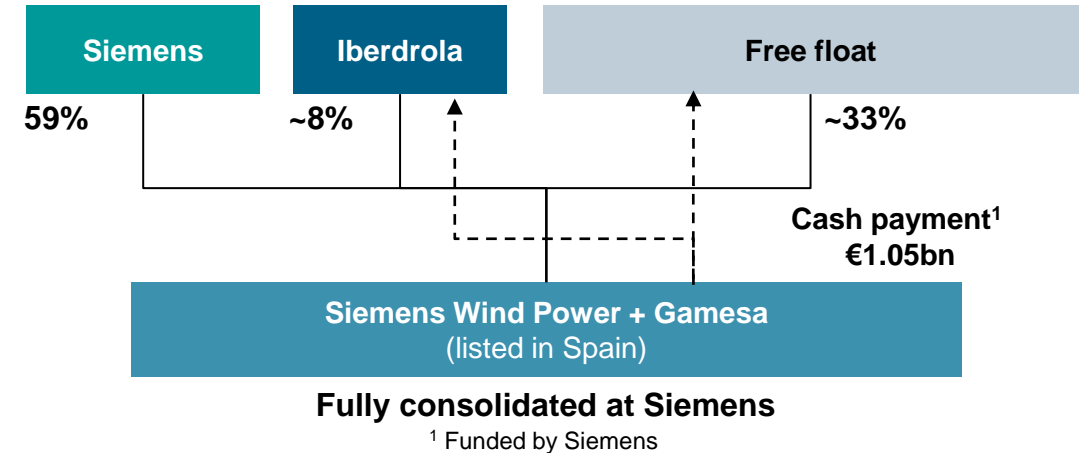
SIEMENS

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**



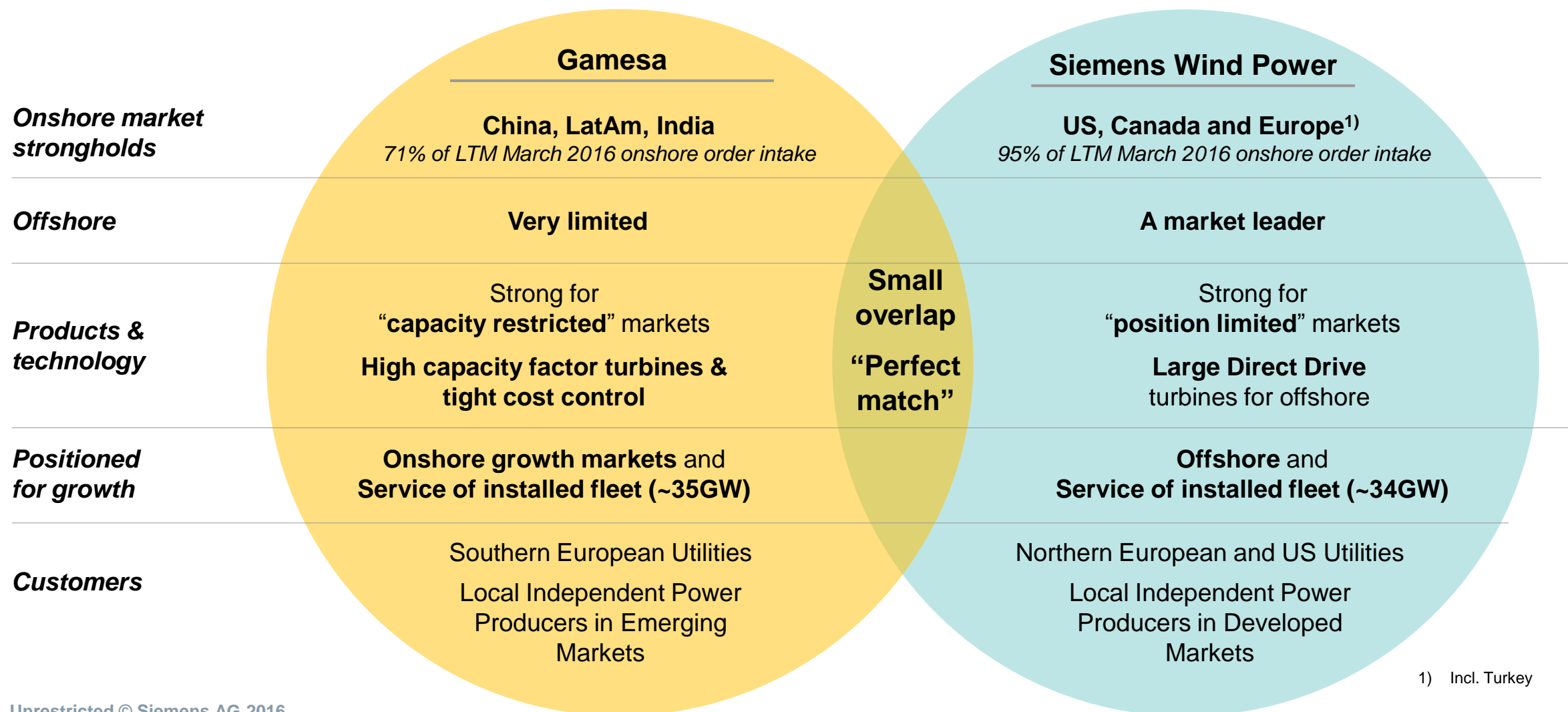
Post Deal structure



Next steps

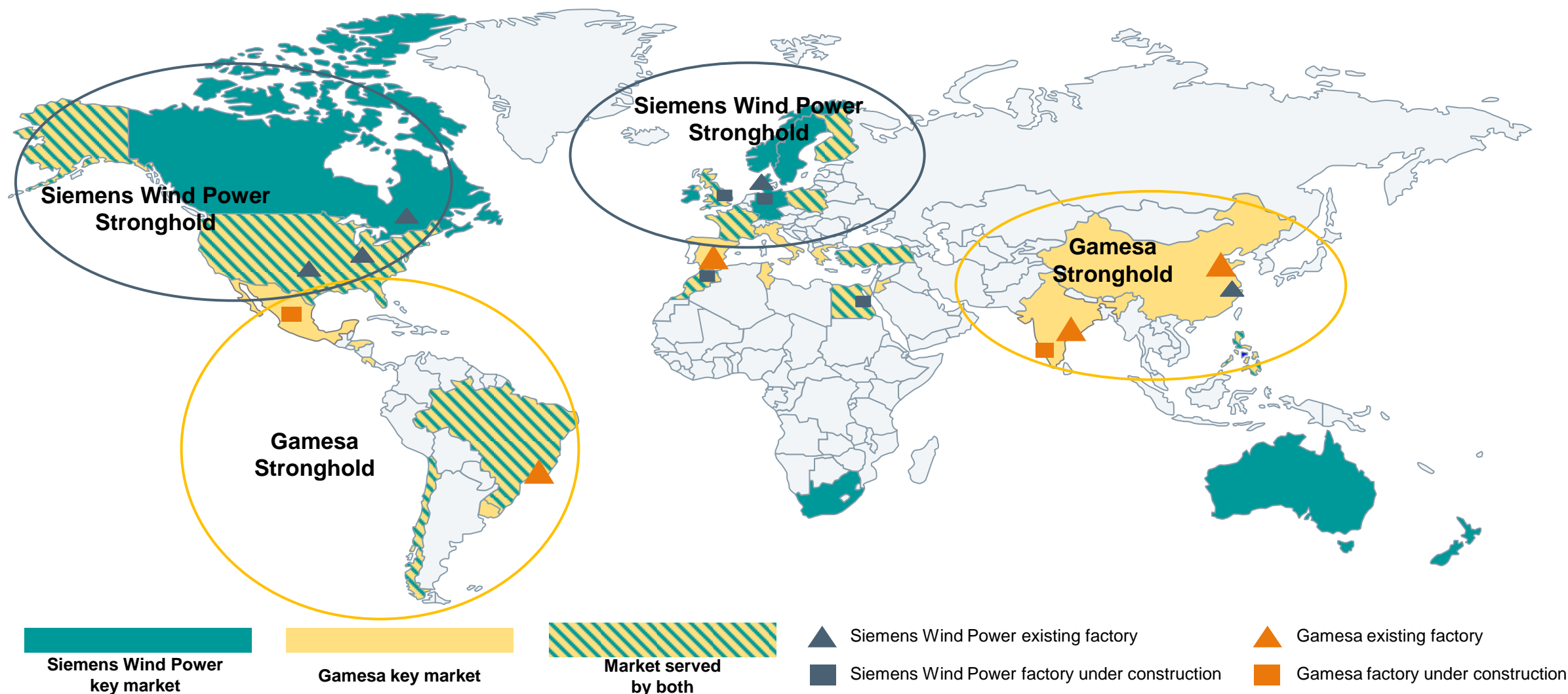
- **Signing** of merger agreement 
- Gamesa **shareholder approval** Q3 CY16
- Siemens Wind Power **carve out** Q1 CY17
- Expected **closing** Q1 CY17
- **Cash payment** to existing Gamesa shareholders Shortly post closing

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

SIEMENS

Customer Value

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

Portfolio

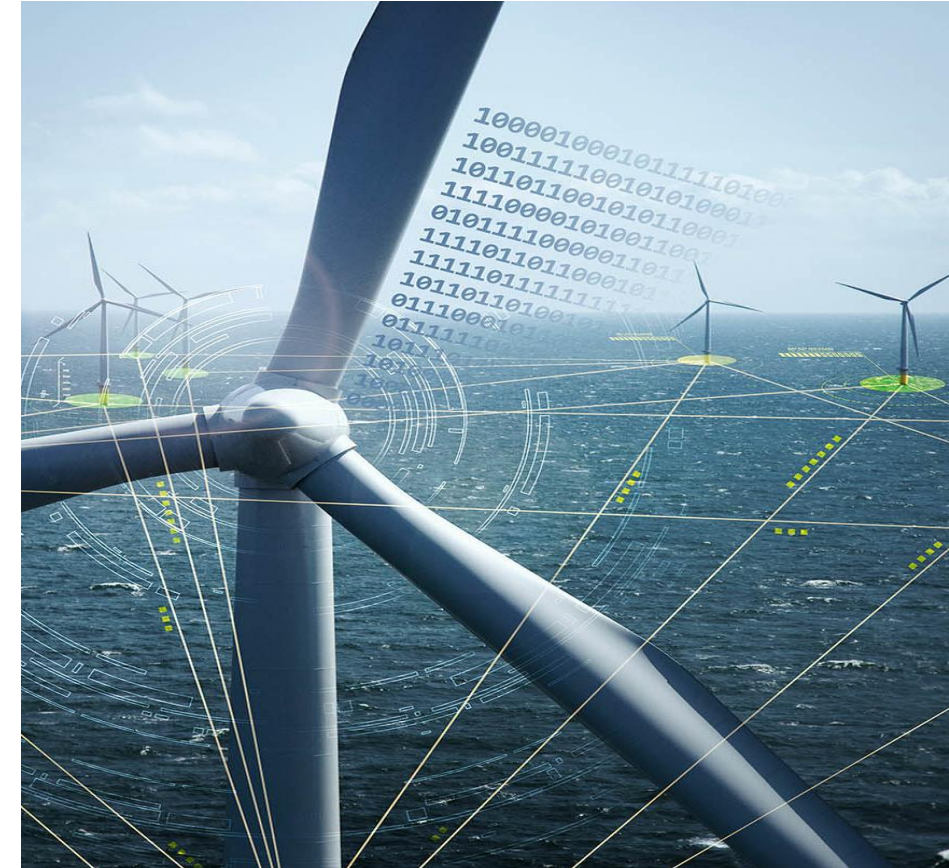
- Enhanced opportunities to boost sustainable energy innovation

Sustainability

- Commitment to affordable, reliable and sustainable energy supply

Shareholder Value

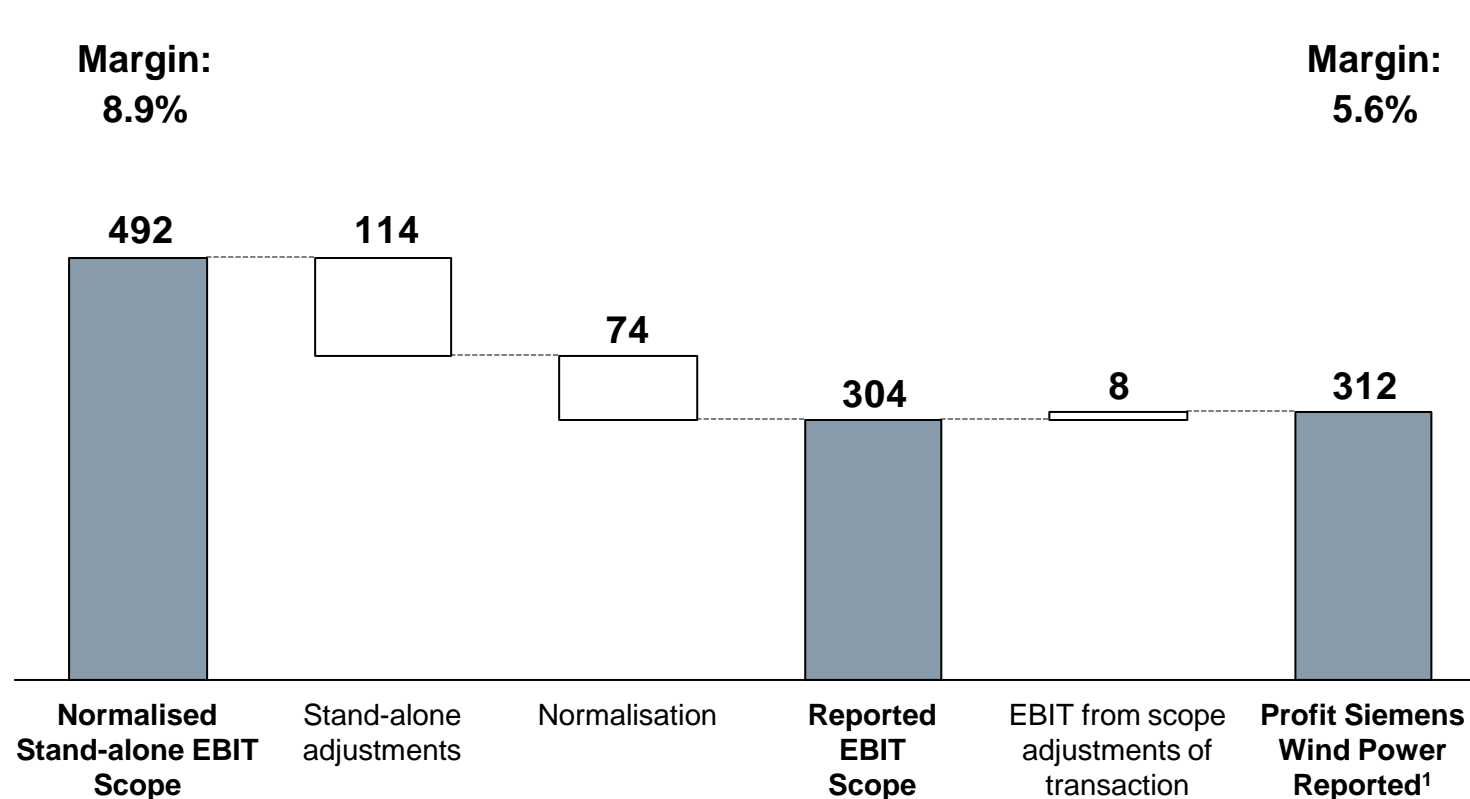
- Significant value creation potential for both Siemens and Gamesa shareholders



**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

SIEMENS

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

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



Investor Relations

Internet:	www.siemens.com/investorrelations
E-mail:	investorrelations@siemens.com
IR-Hotline:	+49 89 636-32474
Fax:	+49 89 636-32830

Siemens Press contacts



Business and financial press

Dennis Hofmann	+49 89 636-22804
Alexander Becker	+49 89 636-36558
Wolfram Trost	+49 89 636-34794
Richard Speich	+49 89 636-30017
Yashar N. Azad	+49 89 636-37970

Internet:	www.siemens.com/press
E-mail:	press@siemens.com
Phone:	+49 89 636-33443
Fax:	+49 89 636-35260