

# Siemens Energy & Siemens Gamesa Renewable Energy

Shaping the Integrated  
Energy Technology Leader

Cash Tender Offer

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**SIEMENS**  
ENERGY

&

**SIEMENS Gamesa**

We energize society



# Siemens Energy announces a voluntary cash tender offer at €18.05 per share with the intention to delist and integrate SGRE

Shaping the integrated energy technology leader

Wind is an important pillar in the strategy of Siemens Energy

SGRE's current financial performance creates the need for action

Integration decisively addresses current challenges at SGRE and will generate value for both shareholder groups

Siemens Energy can stabilize SGRE's business through close involvement in day-to-day operations, while reducing complexity with a streamlined governance model

Wind offers attractive growth potential, and together we are best positioned to support our customers in the energy transition

Up to ~€300M cost synergies p.a. expected within 3 years after full integration

Siemens Energy is and remains committed to a solid investment grade rating

*Transaction is expected to close during second half of 2022*

Key focus areas

## Financial planning

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## Operating performance

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## Industry related

# SGRE's current performance creates the need for action – Now is the right time to integrate SGRE ...

- Second profit warning this year and multiple since 2020
  - Profit and cash flow well below original expectations
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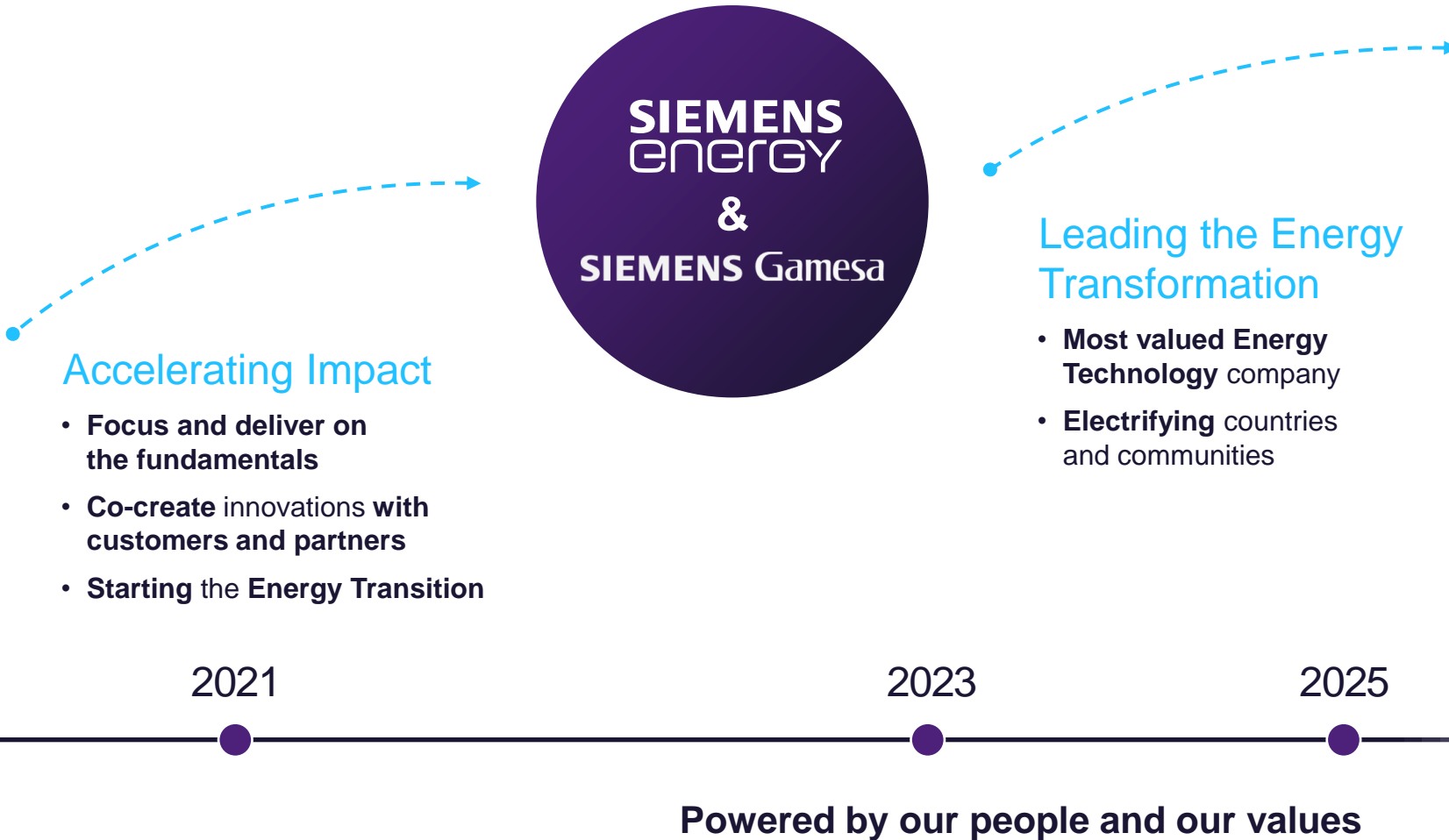
- Product development and introduction of new technologies
  - Supply chain and procurement related mechanisms
  - Project execution especially for large projects
- 

- Supply chain disruptions and inflationary pressures

## Now is the right time

for Siemens Energy to take action and leverage the benefits of an integration

# ... and execute a meaningful and decisive next step on our strategic roadmap to lead the Energy Transition



# Through integration, SGRE will significantly benefit from Siemens Energy's expertise and support which will help achieve its turnaround

## Manufacturing excellence



Production ramp-up expertise



Global manufacturing footprint

## Project excellence



Project scope



Project selection



Project execution



Access to resources and joint teams

## Portfolio development & supply chain



Logistics expertise



Technical excellence



Supply chain access / management



Strategic partnership

## Market access



Global sales footprint



Service network



Risk sharing models with customers

## Financial markets & Governance



Strong and simplified governance model



Joint treasury / cash pooling



Balance sheet access



Reduced complexity

# The transaction will further strengthen Siemens Energy's capabilities to offer an integrated and holistic solutions portfolio

## Three strategic pillars

Low- or zero-emission power generation

Transport and storage of electricity

Reducing the CO<sub>2</sub> footprint and energy consumption in industrial processes

## Market leading positions

Low- or zero-emission power generation

Conventional



Renewables



#2

#1

#3

#1

#2

Central

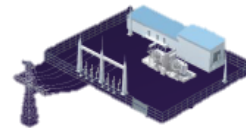
Distributed

Onshore

Offshore

Services

Transport and storage of electricity



#1<sup>1</sup>

Industrial processes



Leading market positions

## Group's key facts (FY 21)

€28.5 bn

Sales

€84.0 bn

Order backlog

33%

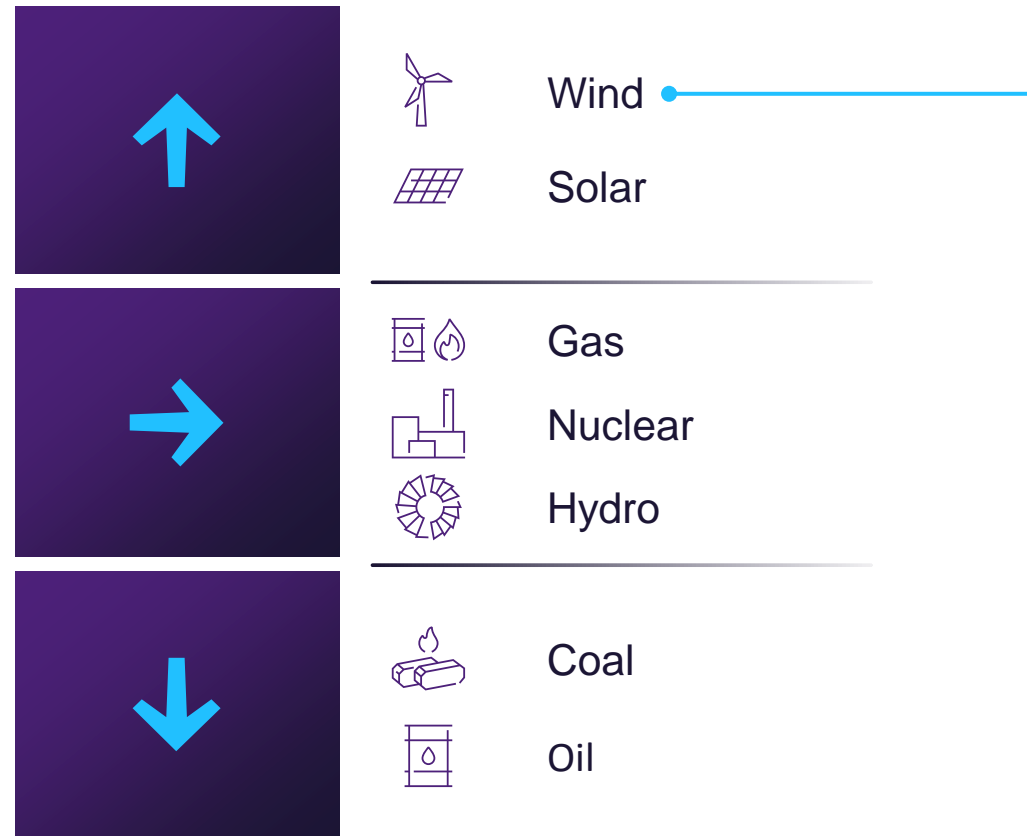
Service revenue

<sup>1</sup> Market position relates to Siemens Energy's "Transmission" business # Market position

# Wind plays a crucial and increasingly important role to enable a sustainable future...

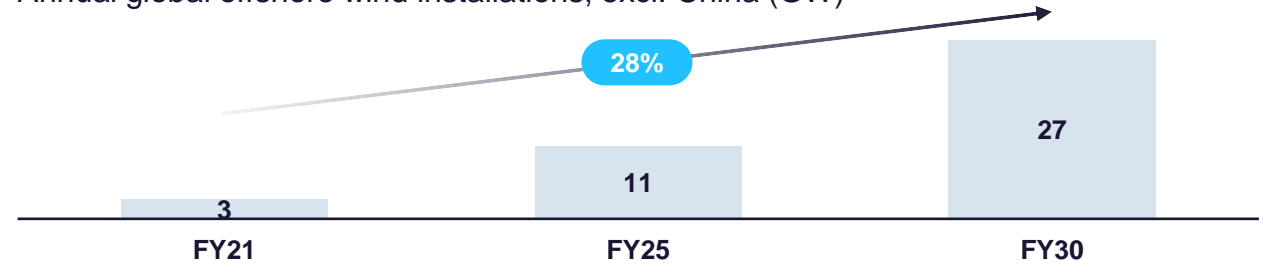
## Increasing share of wind in energy mix ...

Shift of resource base (2018 – 2040)

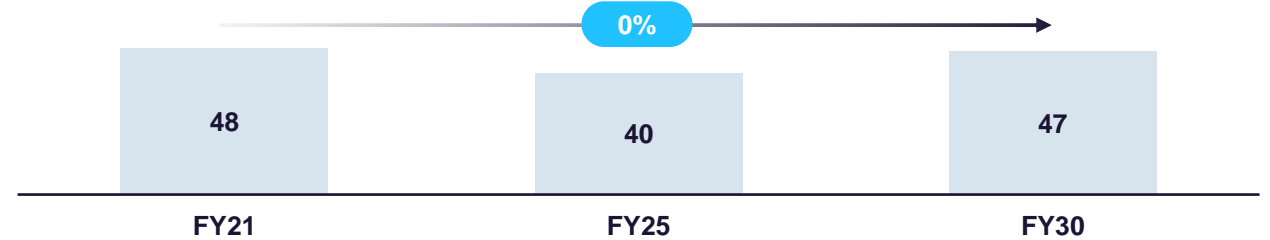


## ... reflected in high growth rates and increased service potential

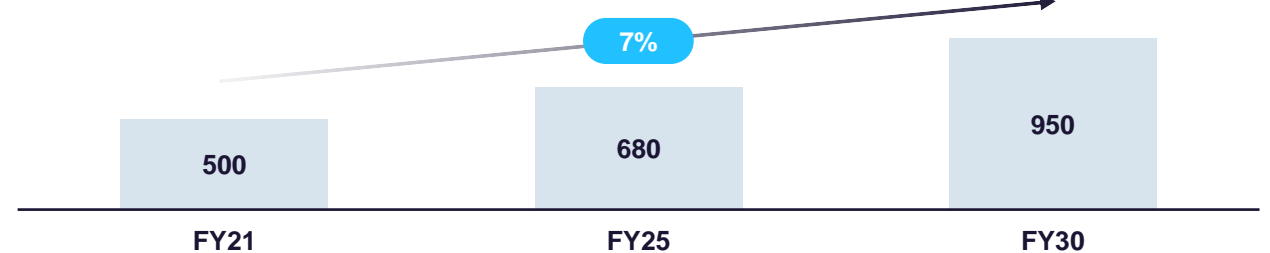
Annual global offshore wind installations, excl. China (GW)<sup>(1)</sup>



Annual global onshore wind installations, excl. China (GW)<sup>(1)</sup>



Global installed capacity in wind, excl. China (GW)<sup>(2)</sup>



Source: BloombergNEF; IHS Markit Energy and Climate Scenarios, July 2021 (Green Rules); shift of resource base related to electricity generation

1 Based on BloombergNEF, 2H 2021 Global Wind Market Outlook 2 Based on BloombergNEF, Wind Cumulative Installed Capacity and Forecast by Country (2022)




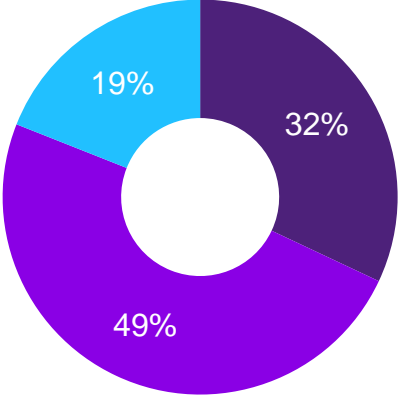



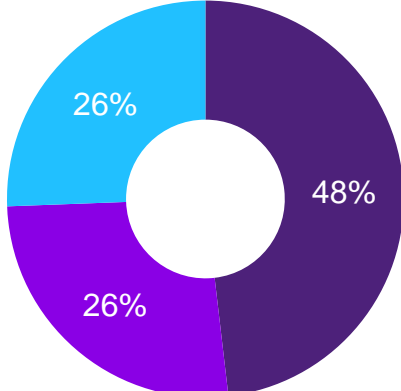
May 2022

# ... and post-integration, SGRE will be best positioned to capture the opportunity

## SGRE's market leading positions in attractive segments

<p><b>#1</b> Offshore<sup>1</sup></p>	<p>Market leader, best positioned to satisfy fast-growing offshore demand</p>
<p><b>#2</b> Service<sup>2</sup></p>	<p>Strong service and digitalization opportunity from extensive installed base</p>
<p><b>#3</b> Onshore<sup>1</sup></p>	<p>Leading position in large Onshore market, well positioned for further growth</p>

## SGRE's key facts (FY21)

<ul style="list-style-type: none"> <li> Offshore</li> <li> Onshore</li> <li> Service</li> </ul>		<p><b>€10.2 bn</b> Sales</p>
<ul style="list-style-type: none"> <li> EMEA</li> <li> Americas</li> <li> Asia, Australia</li> </ul>		<p><b>€33 bn</b> Order backlog</p>
		<p><b>€17 bn</b> Service backlog</p>

<sup>1</sup> Based on global installed base (ex. China) (BloombergNEF Wind Turbine Market Share Dashboard (May 2022))  
<sup>2</sup> Based on fleet under management (ex. China) (Wood Mackenzie Global Wind Power Project Installation Database)  
 May 2022



# Integration will allow Siemens Energy and SGRE to deliver to their full potential...

## Cost Synergies<sup>1</sup>

Up to ~€300M profit impact

- Supply chain and logistics synergies
- Project execution excellence
- Joint and integrated R&D efforts
- Cost reduction through an optimized administrative setup

## Growth Synergies<sup>2</sup>

Mid triple digit topline impact

- Joint go-to-market approach
- Fully integrated and complete energy offering
- Value-add through data driven capabilities

<sup>1</sup> p.a. within three years after full integration

<sup>2</sup> p.a. by the end of the decade



**Improved profitability,  
predictability and growth with  
higher earnings stability**



# ...create substantial benefits for all stakeholders...



## Customers

- ✓ Stronger offering of more complex, integrated solutions
- ✓ Improved support in customers' energy transition strategies
- ✓ Unified customer coverage approach across full energy spectrum



## Suppliers

- ✓ Enhanced supplier/product focus
- ✓ Increased volumes
- ✓ Deeper relationship with strategic suppliers



## Shareholders

- ✓ Improved cost structure and accelerated turnaround
- ✓ New opportunities in the attractive Wind market
- ✓ Robust & solid cash management and dividend capacity



## Employees

- ✓ Augmented career opportunities and work environment
- ✓ Spain continues to play central role in Siemens Energy's operations
- ✓ Fully maintaining SGRE's operations in the Basque country



## Society

- ✓ Broader clean energy offering
- ✓ ESG leader
- ✓ Strong support to local communities

Long-term value driven by:

**Simplification**

**Joint strategy**

**Cost reduction**

## ...and unlock significant value



**Simplified and more coherent structure**



**More efficient control and better governance**



**Fully integrated and complete energy offering**



**Single and broader go-to-market approach**



**Improved project execution**



**Unified supply chain and logistics**



**Efficient, focused and coordinated capital management**



**Streamlined R&D activities**



**Enhanced data driven capabilities and value-add**

## Transaction structure

## Purchase price

# Key terms of the voluntary cash tender offer with intention to delist

- Voluntary tender offer covering all outstanding shares of SGRE with intention to delist
  - The audit firm PwC was engaged as an independent valuator to issue a valuation report in order to comply with Spanish rules on delisting
- 
- €18.05 per share
  - 27.7% over SGRE's last unaffected closing price on 17 May 2022
  - The offer price exceeds the 6-month Volume Weighted Average Price ("VWAP") of the SGRE share prior to the date of this announcement<sup>3</sup>

## Tentative timeline



<sup>1</sup> Tentative timeline subject to CNMV review and overall process

<sup>2</sup> 15 – 70 days acceptance period to be determined by Siemens Energy

<sup>3</sup> Calculated in accordance with Spanish market practice and Spanish Takeover Regulations

## Funding requirement

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## Rating commitment

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## Funding structure

# Envisaged offer funding and rating commitment

- Funding requirement driven by tender offer acceptance
  - Assuming a 100% offer acceptance (i.e. by all SGRE minority shareholders), transaction value amounts to approximately €4.0bn (at an offer price of €18.05)
- 
- Balance sheet strength is a core part of Siemens Energy's strategy
  - Siemens Energy is and remains committed to a solid investment grade credit rating
  - Financing package designed to support this key objective
- 
- The funding of the acquisition is fully underwritten by Bank of America and J.P. Morgan
  - Assuming a full acceptance of the offer, Siemens Energy intends to finance up to € 2.5 billion of the transaction value with equity or equity like instruments
  - The remainder of the transaction would be financed with debt as well as cash on hand
  - As a first step, equity may be offered without subscription rights, subject to market conditions

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