Gamesa GLOBAL TECHNOLOGY EVERLASTING ENERGY

January - June 2015 Results

Results aligned with the 2015 commitments; profitable growth and a sound balance sheet in line with the goals of the new 15-17 plan

29 July 2015

Contents


Period highlights

Earnings aligned with targets for the year

- **1,835 MW in firm orders in H1 15 (1,017 MW in Q2 15[1])**

  +41% a/a (+27% a/a in Q2)

- **€1,651mn sales in H1 15**

  +31% y/y

- **€136mn EBIT[2] in H1 15 — EBIT margin of 8.2% (8.4% in Q2 15)**

  +64% vs. EBIT 1H 14

- **€86mn net profit[2]**

  2x NP H1 14

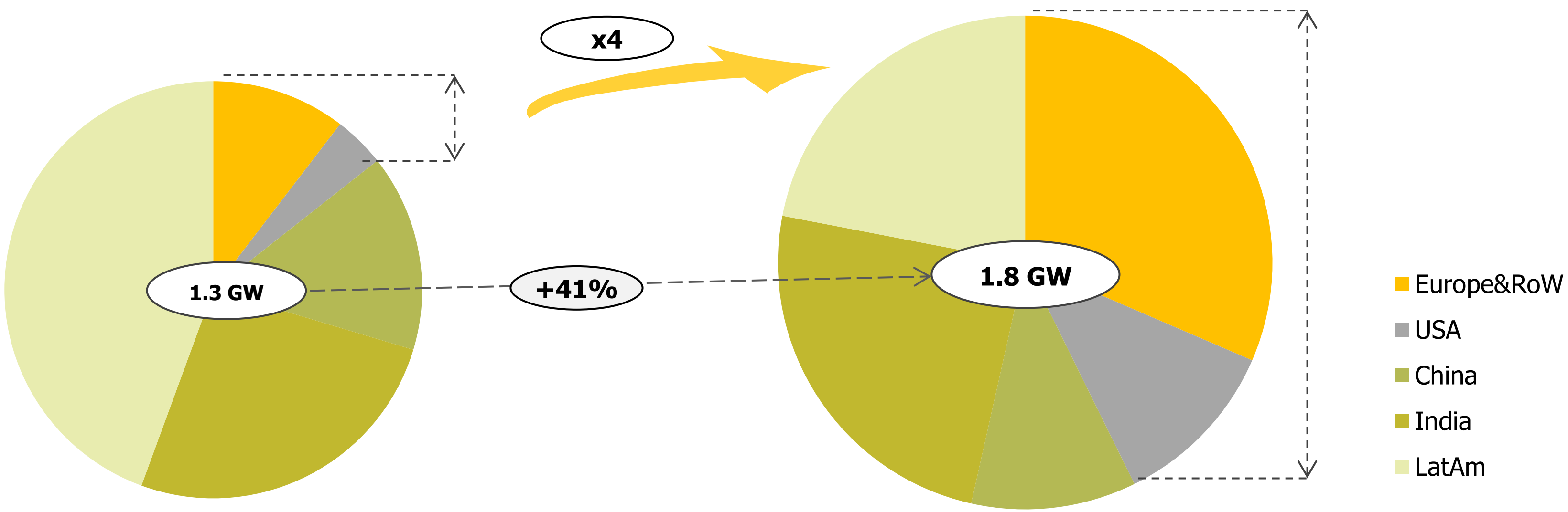
- **€39mn net cash on the balance sheet**

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes 468 MW in orders signed through June 2015 and announced in July (208 MW for Iberdrola in the US, 200 MW for Orange in India and 60 MW for PowerChina ZhongNan in Thailand).
2. EBIT and net profit excluding impact of creating and consolidating Adwen: +€29mn in EBIT and + €11.2mn in net profit

Commercial strength supported by a diversified presence and by a solid product portfolio

A leading position in emerging countries and growth in developed countries: orders from Europe & RoW and US increased four-fold with respect to H1 2014, accounting for 43% of the total (14% in H1 2014)

Geographical breakdown of order intake in H1 15 vs. H1 14

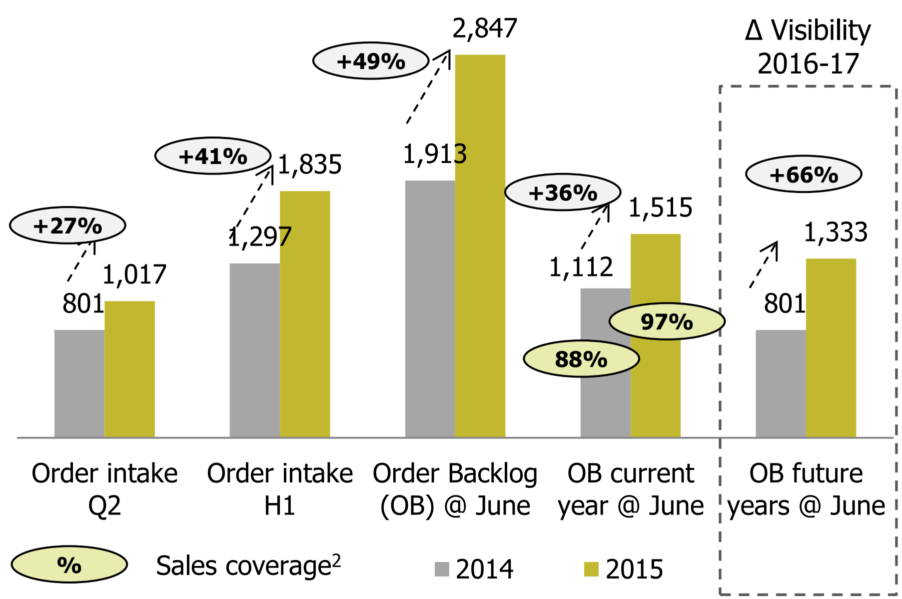


G114-2.0 MW and G114-2.5 MW accounted for c. 45% of order intake in H1 2015 (vs. 6% in 1H 2014)

With an order entry and order backlog aligned with the growth objectives of the BP 15-17

The volume commitment for 2015 has been attained (c. 3,100 MW) and visibility of sales for 2016-17 has increased (order book for ≥2016: +66%)

Order intake and order book 2014-15 (MW)[1]



Continuous improvement in the Book-to-Bill ratio:

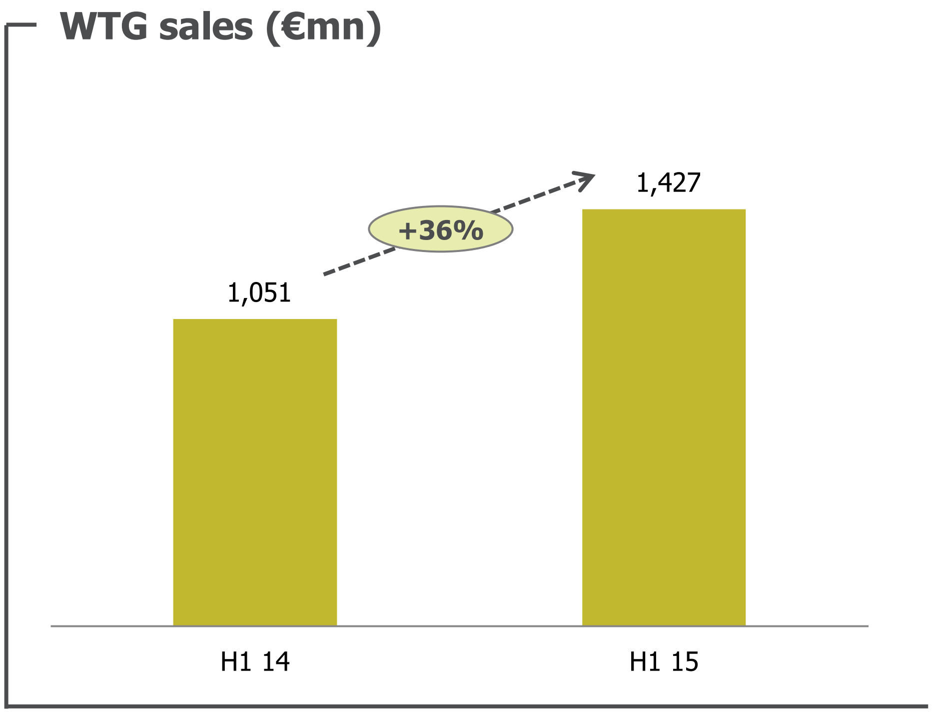
- 1,24x in H1 15 vs. 1,09 in H1 14
- 1,32x in Q2 15 vs. 1,15x in Q1 15

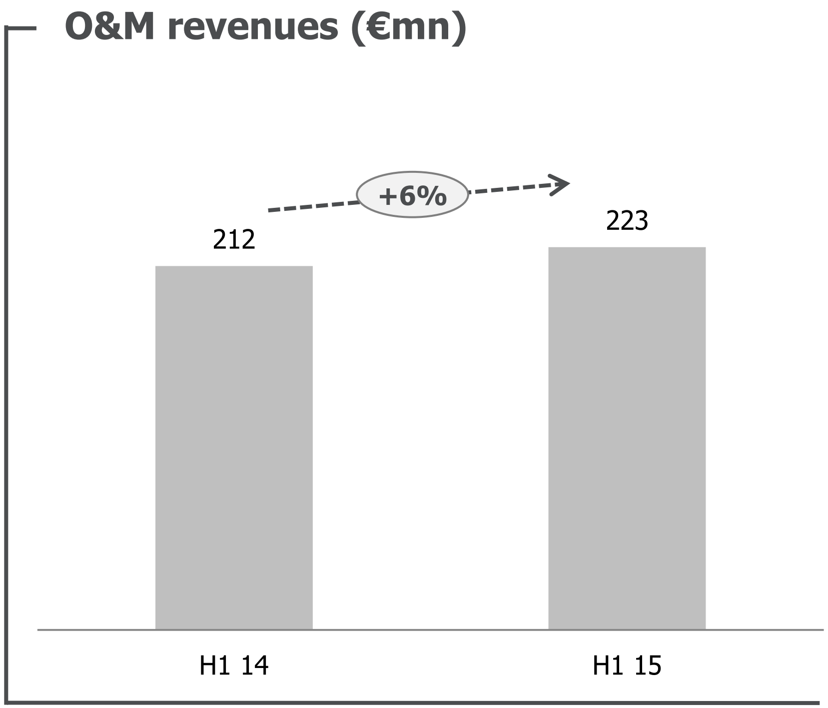
3,853 MW in order intake in the last 12 months

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes 468 MW in orders signed through June 2015 and announced in July (208 MW for Iberdrola in the US, 200 MW for Orange in India and 60 MW for PowerChina ZhongNan in Thailand).
2. Coverage based on total order intake through 30 June 2015 for activity in 2015 with respect to adjusted volume guidance for 2015 (3,100 MWe). Quarterly coverage in 2014 based on order intake with respect to final sales of 2,623 MWe.

Revenues up 31% y/y, or 19% at constant exchange rates[1]

Supported by strong growth in WTG sales with volume growth of 25% y/y

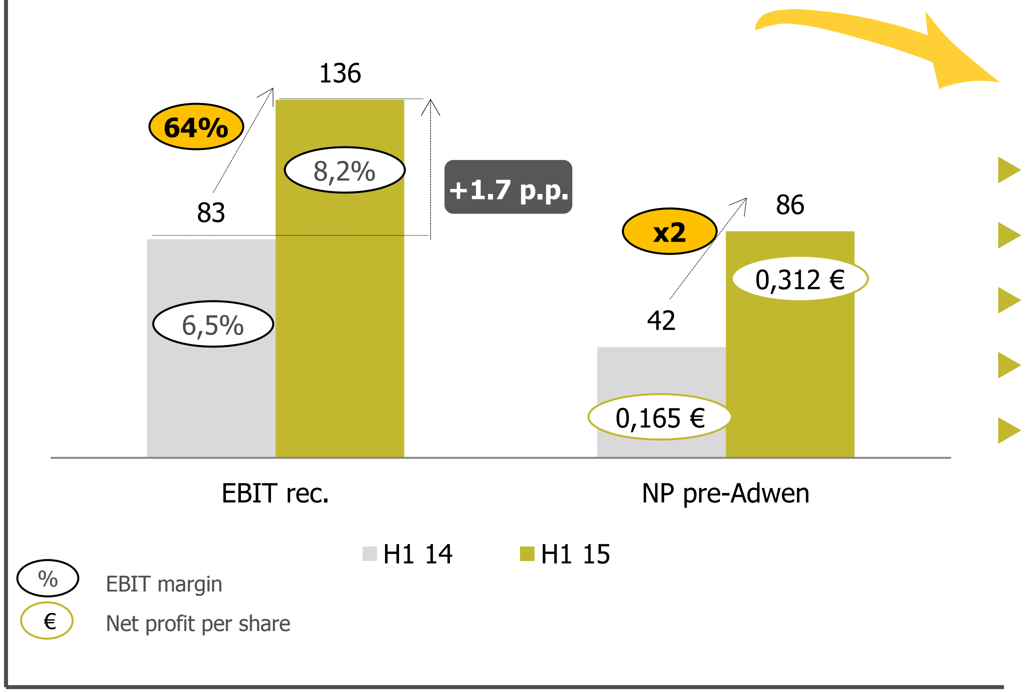




1. At H1 14 average FX

Steady growth in operating profitability[1], both EBIT (+64% on H1 14) and net profit (2x H1 14)

EBIT and net profit (€mn)[1]



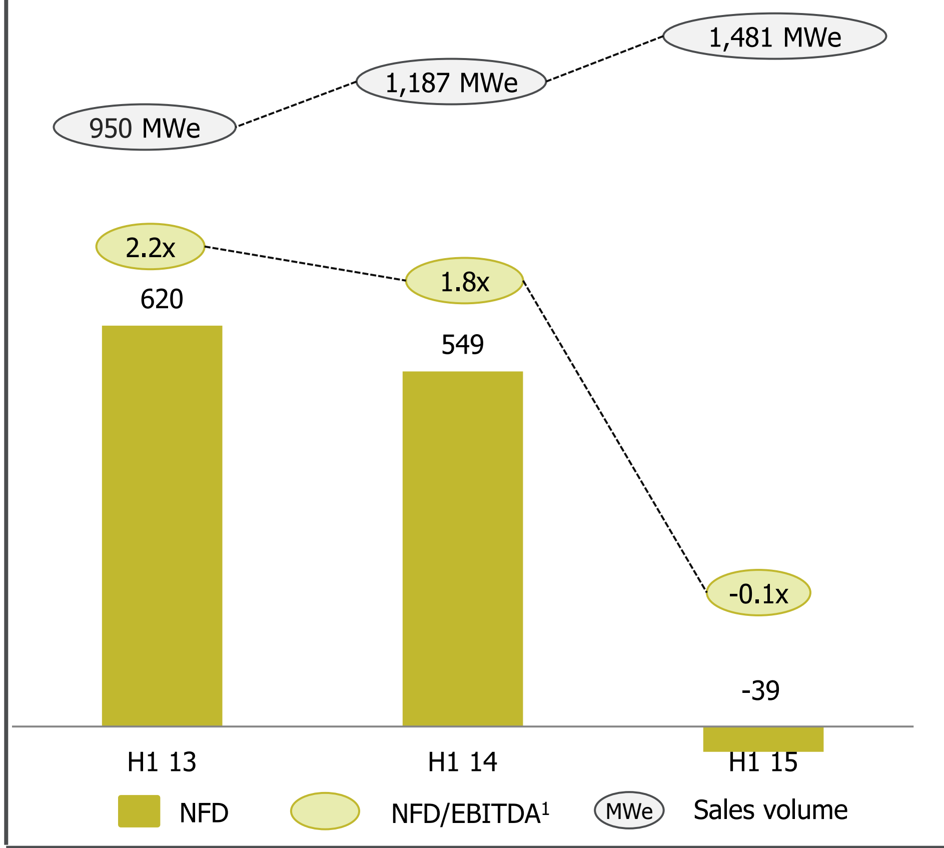
- Rising sales
- Strict control over structure
- Ongoing optimisation of variable expenses
- Net positive currency effect
- Capital structure ready for higher volumes

1. EBIT and net profit excluding impact of creating and consolidating Adwen: €29mn in EBIT and €11.2mn in net profit

A sound balance sheet remains a priority

Debt under control in a context of rising activity

NFD trend y/y (€mn)



NFD under control in a context of rising activity

- Production (MWe): +25% y/y
- NFD/EBITDA[1]: -0.1x

Supported by

- **Rising profitability**
- **Control of working capital**
- **Capex planning**

Increase since December 2014 due to normal seasonality

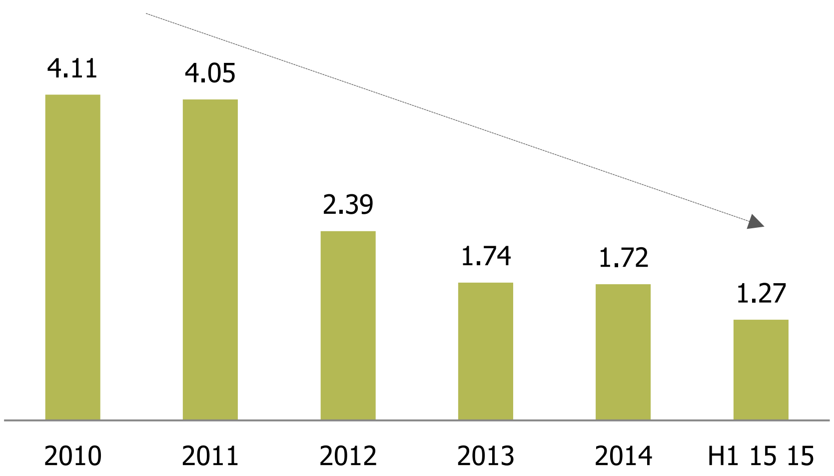
1. EBITDA LTM

Gamesa GLOBAL TECHNOLOGY EVERLASTING ENERGY

Leader in workplace health and safety

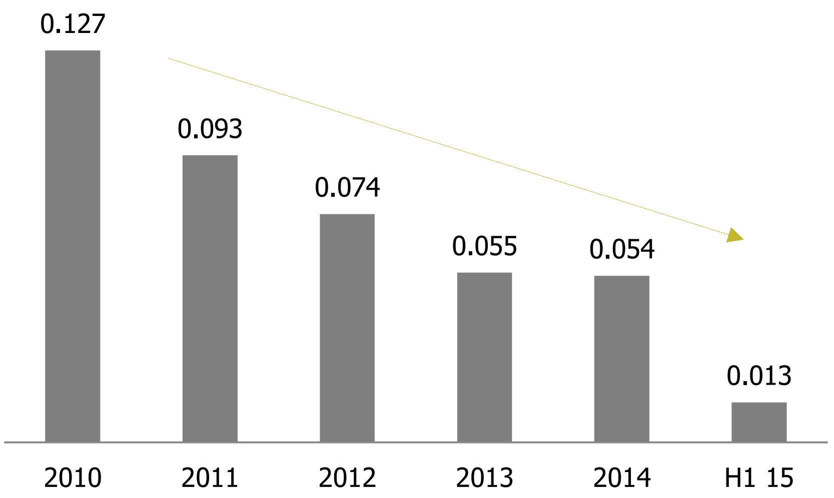
Safety indexes (frequency and severity) developing in line with targets

Frequency index[1]



[1] Frequency index: No. of accidents with days lost * 10^6/No. of hours worked

Severity index[2]



[2] Severity index: No. of days lost * 10^3/No. of hours worked

January-June 2014 Results
2015 and KPIs

Consolidated group - Key figures

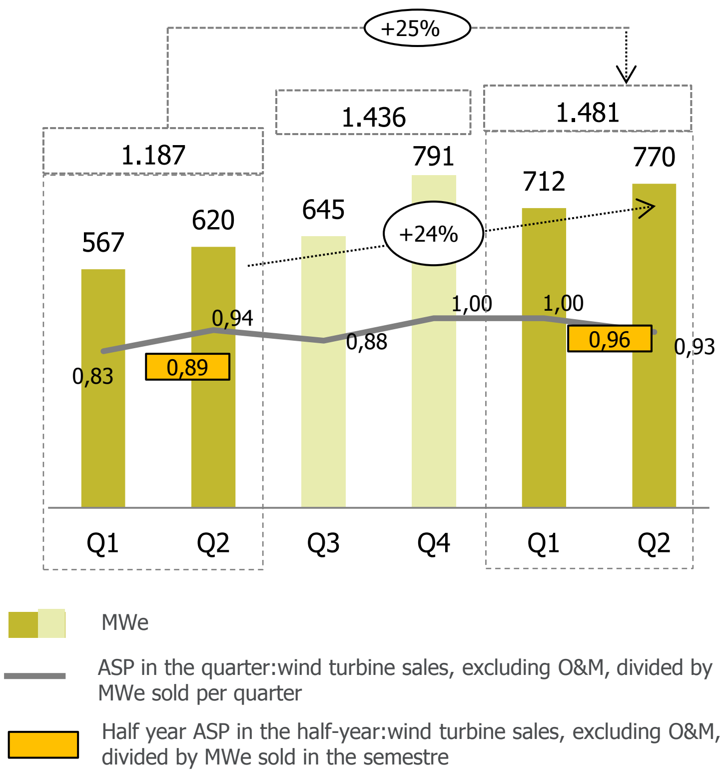
€mn	H1 2014	H1 2015	Chg. %	Q2 2015	% Chg.
Group revenues	1,262	**1,651**	+30.8%	830	20.6%
MWe	1,187	**1,481**	+24.9%	770	24.2%
O&M revenues	212	**223**	+5.6%	116	8.1%
Underlying EBIT	83	**136**	+64.4%	70	44.8%
Underlying EBIT margin	*6.5%*	***8.2%***	*+1.7 p.p.*	*8.4%*	*+1.4 p.p.*
O&M EBIT margin	*12.3%*	***12.9%***	*+0.6 p.p.*	*13.2%*	*+1.5 p.p.*
EBIT[1]	83	**165**	2.0x	70	44.8%
Net profit (NP) pre-Adwen	42	**86**	2.0x	42	67.2%
NP per share pre-Adwen (€)	0.17	**0.31**	1.9x	0.15	51.9%
Net profit[1]	42	**97**	2.3x	35	38.4%
Working capital (WkC)	418	**274**	-34.4%	274	-34.4%
WkC/sales LTM	16.8%	**8.5%**	-8.3 p.p.	8.5%	-8.3 p.p.
Net financial debt (NFD)	549	**-39**	NA	-39	NA
NFD/EBITDA LTM	1.8x	**-0.1x**	-1.9x	-0.1	-1.9x

1. Impact of creating and consolidating Adwen: + €29 million in EBIT and +€11.2mn in net profit.

Activity. WTG

Firming growth in activity as a result of competitive positioning

MWe sold



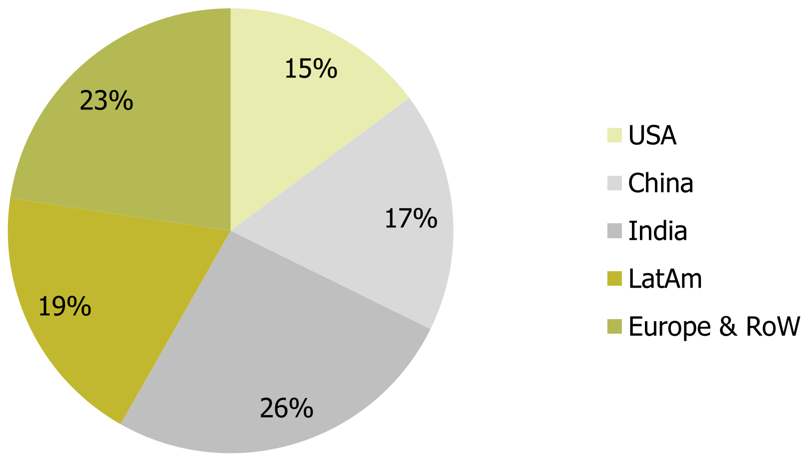
- **Activity in the period (+25% y/y in H1 and +24% y/y in Q2) aligned with the volume commitment** for the year (c.3,100 MWe) and covered by the order book at end-Q2
- **Stable prices** per region and scope of contract
- **Trend in ASP in the first half (+9%) aligned with projections for 2015 and expected revenues** (c. €3,400mn)
- **Quarterly volatility in ASP, with no effect on margin, as a result of**
  - Currency effect (+11% a/a in H1 15)
  - New product launches (G114 and taller towers)
  - Geographic mix (Δ contribution by China in H1 15)
  - Contract scope (contribution by civil engineering) and quarterly contribution of assembly and commissioning (negative impact in Q2 15 vs. Q1 15 and Q2 14).

Activity. WTG

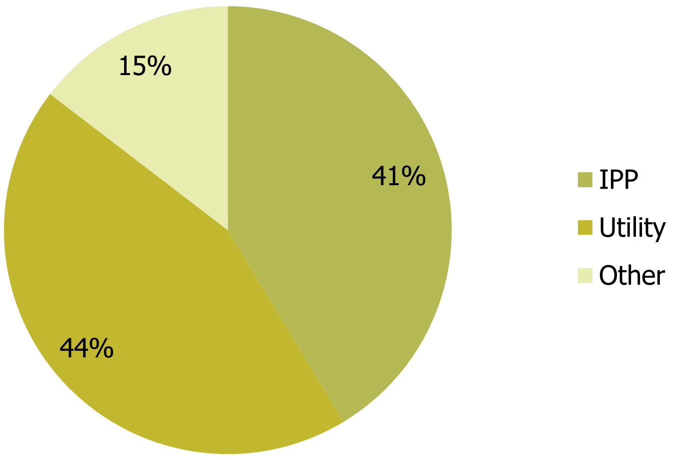
Diversification in terms of geographies and customers and a solid position in growth markets continue to define the activity

- ✓ Commercial presence in 18 countries
- ✓ 32,732 MW installed in 47 countries
- ✓ Relations with over 200 customers (utilities, IPPs, financial investors and self-providers)

Geographic mix (MWe sold)



Breakdown of MWe sold, by customer type

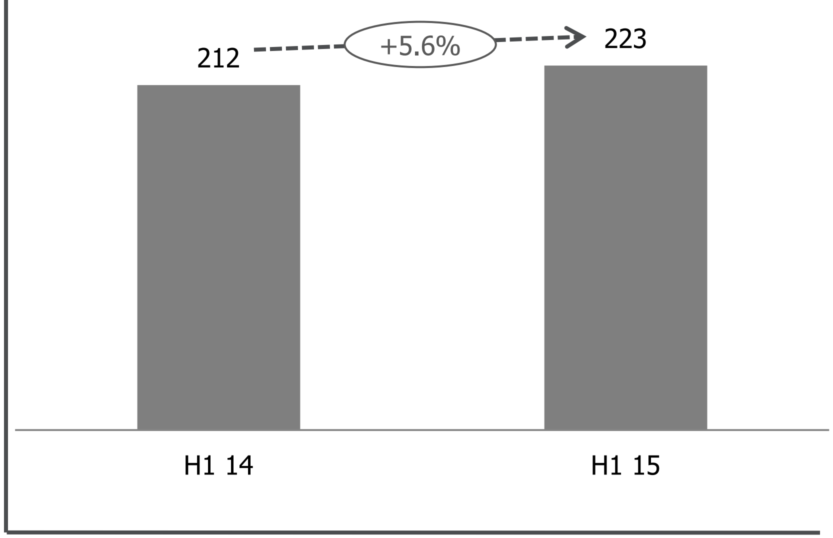


Recovery in demand from utilities and "others" is aligned with projections in the BP 15-17

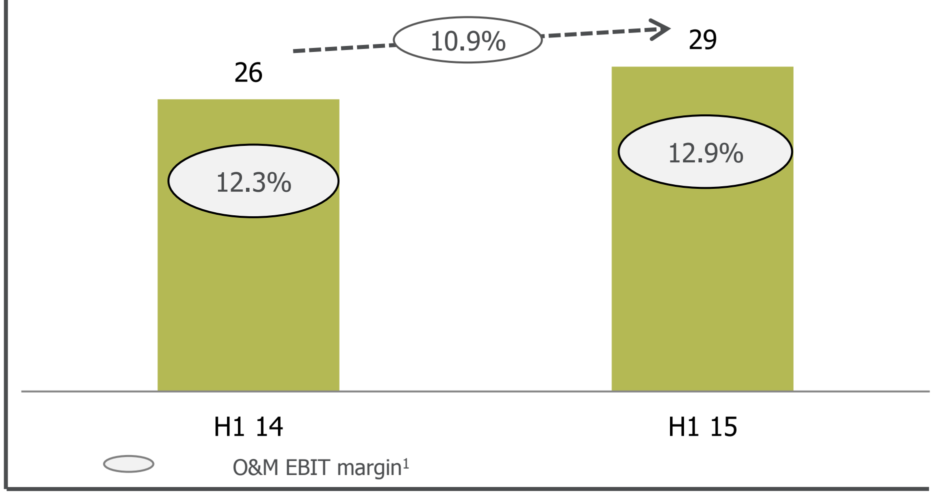
Activity. Operation and maintenance

Sales growth and profitability aligned with projections for the year

O&M revenues (€mn)



O&M EBIT[1] (€mn)



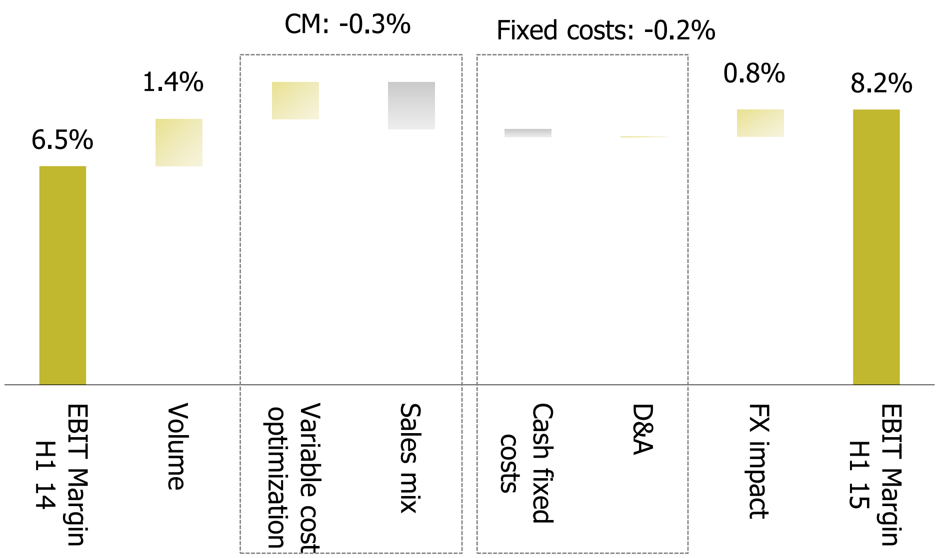
1. EBIT including parent company and structural expenses

Gamesa GLOBAL TECHNOLOGY EVERLASTING ENERGY

Profitability - EBIT

Rising volume with a rationalised structure, optimisation of variable costs, and favourable exchange rate trend were the main factors driving growth in EBIT margin in H1 15

EBIT margin (%)



Levers for improving the margin aligned with 2015 projections

Positive impact of

- **Growth in volume**
- **Optimization of variable expenses**
- **FX**

Partly offset by

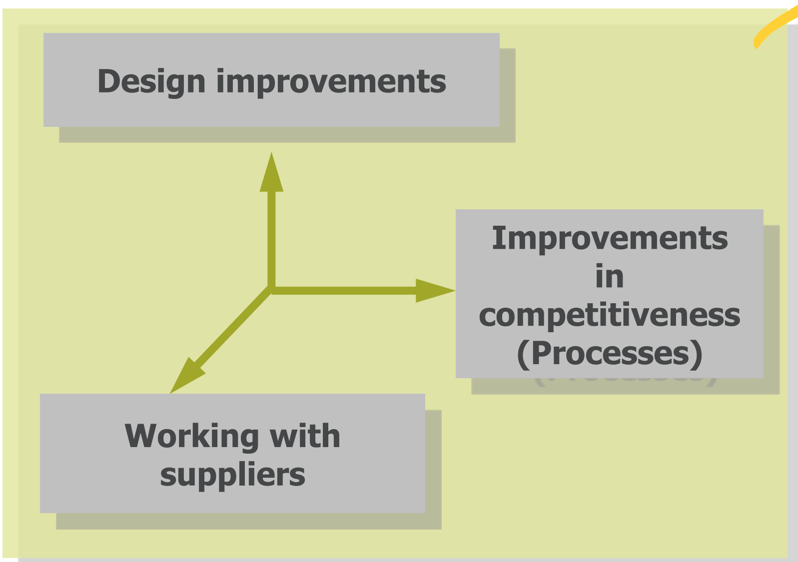
- **Sales mix incl. lower O&M contribution**

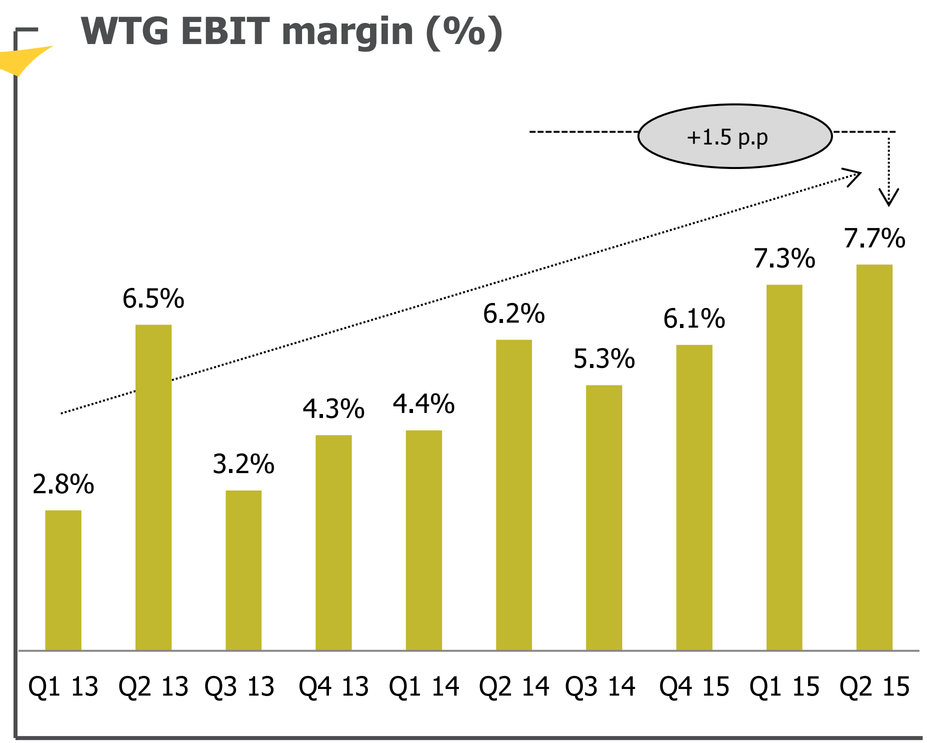
Profitability - EBIT

Continuous improvement programme and quality leadership support steady improvement in WTGs based on the pillars of the previous business plans, compensating for cost pressures caused by growth and new product launches

Gamesa Quality Leader

mci
Continuous improvement programmes

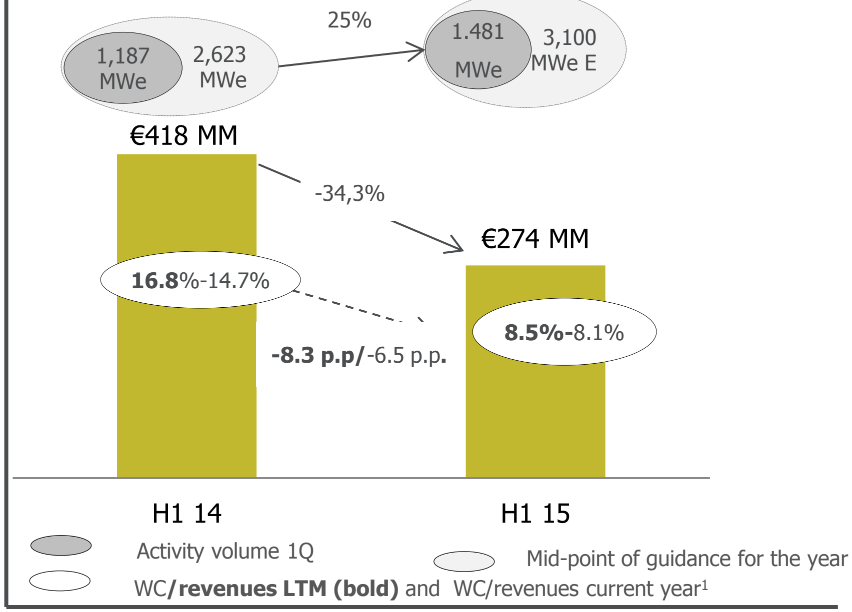




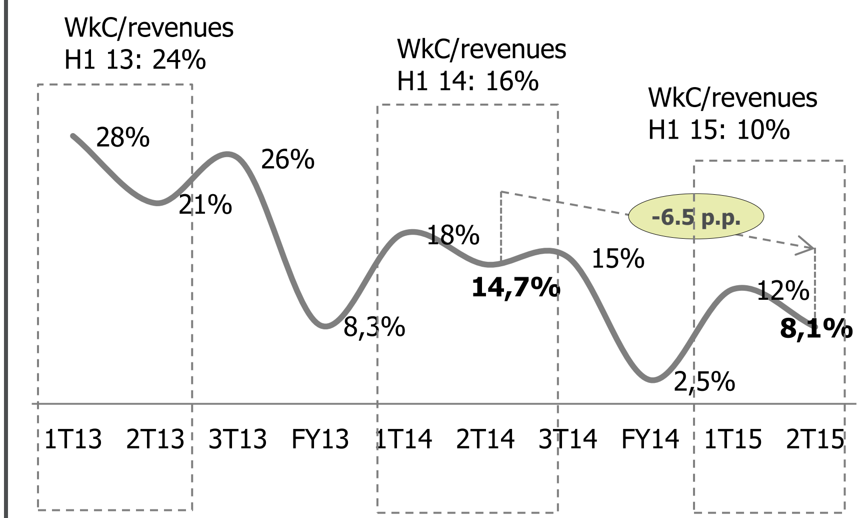
Working capital

Delivering better working capital in a context of strong growth

Reduction in working capital



Working capital/revenues improving steadily [1]



Reducing working capital in a context of rising activity as a result of

- Alignment of manufacturing with deliveries and receipts
- Active management of accounts payable and receivable
- Control of investment in wind farms
- Monetising operational assets

Working capital trending in line with guidance for the year

Increase YTD due to seasonal fluctuations

Steady decline in average working capital

1. Revenues of €2,846mn in 2014 and sales guidance for 2015 (€3,400mn)

Formalisation of JV with Areva and consolidation of Adwen

Result from the creation and consolidation of Adwen on the P&L (€mn)

DETAILED IMPACT ON P&L		
Gross capital gain[1]	29.2	EBIT
Profit in H1 from 50% of Adwen recognised by the equity method	(9.7)	Result Equity-accounted
Estimated corporate income tax expense	(8.2)	Corporate income tax expense
Net profit	**11.2**	**Net profit**

1. Non-recurring gross capital gain=Total assigned value (€195 MM)-Total value contributed and transaction costs (165,8 MM €)

Adwen activity focused on:

- Operational improvement (installation of GT1 & BW2 and O&M of the already commissioned projects)
- Execution and commissioning of Wikinger (350 MW, 70 WTG AD 135-5MW)
- Development of the 8 MW
- Commercial development in Europe in the short term

Outlook

2015 Outlook intact

	1H 2015	2015 Guidance		
Volume (MWe)	1,481	c.3,100	✓	**Profitable growth**
Revenues (€mn)	1,651	c.3,400	✓	
EBIT margin	8.2%	≥8%	✓	
WC/revenues	8.5%	<5%	✓	**Control of capital consumption and capex**
Capex/revenues	€56mn	4%-5%	✓	
ROCE		**≥WACC+4%**		**Creating value**
Dividend proposal: pay-out ratio		25%		**Resuming dividends**

- ✓ **Sales growth: 25% in activity and 31% in sales in H1 15,** supported by attained coverage and trends in €/Mwe, **aligned with FY sales guidance**
  - Coverage[1] in June 15: 97%
  - Positive exchange rate impact on €sale/MWe (+11% in H1 15), partially offset by the higher contribution by China and India
- ✓ **Growth in EBIT margin: 8.2% en H1 15 and 8.4% in Q2 15** aligned with projections for the full year (≥8%)
  - EBIT margin sensitivity to exchange rate in H1 15 (+0,8% vs. H1 14) aligned with projections for 2015: +/- 0,5% (lower impact expected in H2 2015)
  - Lower currency impact due to greater localization and dynamic hedging
- ✓ **Debt/cash position on the balance sheet: -0.1x in H1 15**
  - Expected increased in capex in H2 to reach 4-5% of revenues in order to undertake planned growth
  - Dividend paid in Q3 2015

1. Coverage based on total order intake through 30 June 2015 for activity in 2015 with respect to adjusted volume guidance for 2015 (3,100 MWe).

Profitable growth and a sound balance sheet in line with the BP 15-17

Higher sales coverage in the medium term and higher operating profitability on a sound balance sheet

	2014A	2015E	2017E	
Volume (MWe)	2,623	c.3,100	3,500-3,800	
EBIT margin[1]	6.4%	≥8%	>8%	**Profitable growth**
EBIT (€mm)	181		x2[1]	
WC/revenues	2.5%	<5%	<5%	**Control of working capital and capex**
Capex/revenues	3.8%	4%-5%[2]	<3.5%[3]	
ROCE	**WACC +2%**	**WACC+4%**	**Growing in the period**	**Accelerating value creation**

1. At January-May 2015 average exchange rates, aligned with FX estimates for the year
2. Includes organic maintenance capex (3.5% of revenues) and growth capex
3. Guidance includes organic maintenance capex.

Progress with the general lines of action set out in the plan

In addition to profitable growth and a sound balance sheet, in Q3 Gamesa moves forward with additional areas set out in the BP 15-17

- Regarding O&M strategy based on the optimization of the fleet under maintenance and the sale of value-added products
  - ✓ **Energy Thrust[1] contract for c. 900 MW of wind farms** signed in Q3 2015

- Regarding wind farm development that allows for value realization of development assets through co-development agreements
  - ✓ **MoU with SunEdison to develop up to 1,000 MW in 3 years**

- In analysing opportunities for additional growth including solar EPC business in India
  - ✓ First **solar contract for 10 MW signed**

1. Energy Thrust increases annual energy output by 3% to 5% output

As progress continues to be made with renewable commitments and regulatory visibility

Europe

- **Parliamentary approval of the proposed law to establish a market stability reserve (MSR) for the European Carbon Market** (beginning 2019). with potential to **Δ the price of emission rights to €30/ton in 2030,** from €7-8/ton at present**.**
- **Approval of the Energy Transition Law in France:** ▽ nuclear contribution to the electricity production to 50% by 2025 (today:75%) with a ceiling of 63.2GW installed; goal of renewable energy in primary energy: 32% by 2030 and 40% in the electricity sector (19.5% in 2014). **1,600 MW/year of onshore wind required to meet that objective** [1].
- **Elimination of the Levy Exemption Certificate** and announcement of a primary legislation to eliminate **onshore subsidies a year ahead of planned in the UK**

India

- Ministry of New and Renewable Energy (RE) has proposed a **Renewable Energy Law 2015** to provide the necessary framework to drive growth in RE effectively and in a coordinated manner so as **to fulfill the objectives for solar (100 GW) and wind (60 GW) by 2022.**
- Among the measures recommended are: secure payments to RE producers; obligation to connect all RE producers to the grid; creation of national and state funds to promote RE by means of a coal tax and the promotion of distributed generations and off-grid installations.

.

Other

- **Commitment by the US and Brazil** to reach a global agreement on climate change at the Paris summit. The commitment for 2030 is for 20% of power generation in their respective countries to be from renewable sources other than hydroelectric

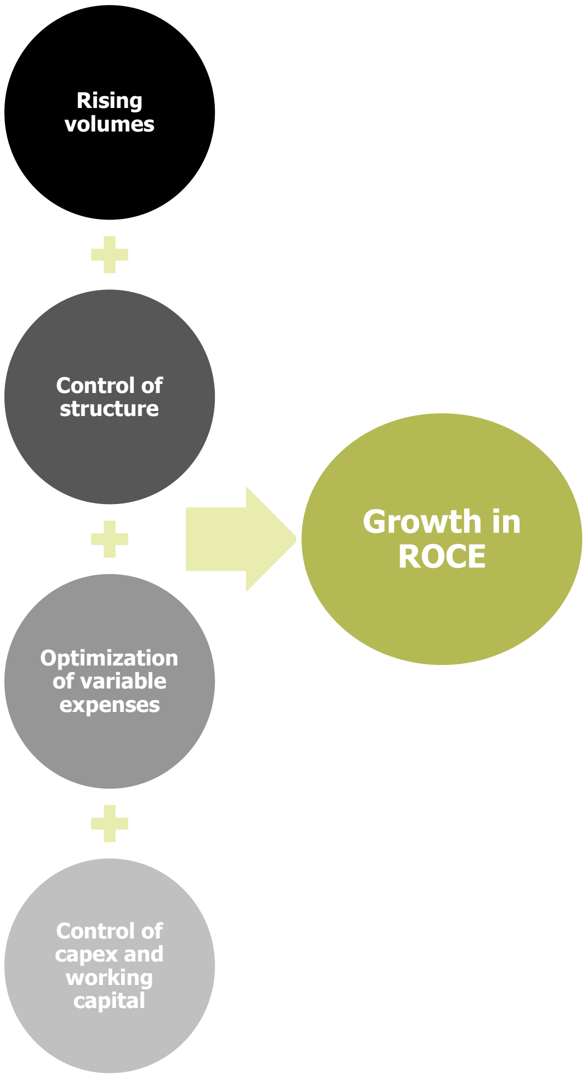
1. According to the French Wind Energy Association
2. RE: Renewable Energy

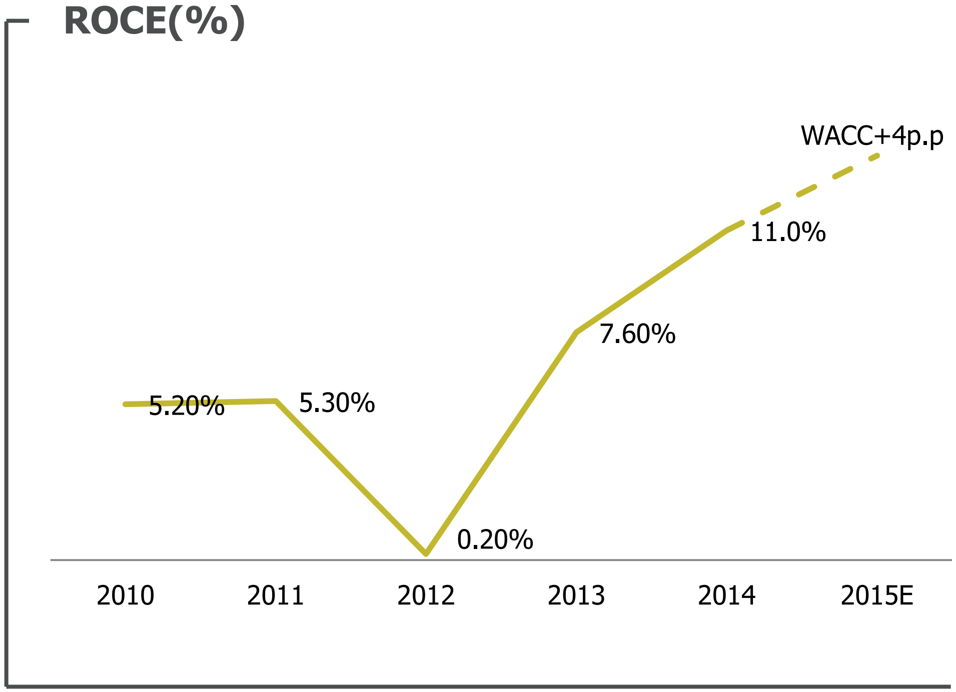
Conclusions

Earnings aligned with the 2015 commitments: profitable growth trend in line with the BP 15-17

- **Growth, profitability and balance sheet in the first half aligned with the** guidance for 2015
- **Commercial activity enables the volume commitment for 2015 to be attained and increased sales visibility in the medium term**
  - Firm orders signed in the last 12 months:3,853 MW
  - 2015 sales coverage: 97%
  - order backlog 2016-17:+66% y/y
- **Operating profitability improving steadily as a result of continuous improvement programs and quality leadership,** in line with the profitable growth target in the BP 2015-17
- **Strict control of the balance sheet remains a priority**, with a net cash position of €39mn at the end of 1H 2015
- **Progress along several lines of work to secure profitable growth** within and outside the business plan time horizon

Accelerating value creation





Aligned with the main international principles of corporate ethics

Committed to respecting human rights and the environment

THE GLOBAL COMPACT
Red Pacto Mundial España
WE SUPPORT

Global Reporting Initiative™ Organizational Stakeholder 2015

Caring for Climate

We Support
WOMEN'S EMPOWERMENT PRINCIPLES
EQUALITY MEANS BUSINESS
UN WOMEN
UNITED NATIONS GLOBAL COMPACT
www.weprinciples.org

We've signed The Carbon Price Communiqué

We form part of the main sustainability and corporate responsibility indices

FTSE4Good Index Series

member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE

included in ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe

cleantech™ INDICES LLC

Global Challenges Index

Disclaimer

“This material has been prepared by Gamesa Corporación Tecnológica, S.A., and is disclosed solely for information purposes.

This document contains declarations which constitute forward-looking statements, and includes references to our current intentions, beliefs or expectations regarding future events and trends that may affect our financial condition, earnings and share value. These forward-looking statements do not constitute a warranty as to future performance and imply risks and uncertainties. Therefore, actual results may differ materially from those expressed or implied by the forward-looking statements, due to different factors, risks and uncertainties, such as economical, competitive, regulatory or commercial factors. The value of any investment may rise or fall and, furthermore, it may not be recovered, partially or completely. Likewise, past performance is not indicative of future results.

The facts, opinions, and forecasts included in this material are furnished as of the date of this document, and are based on the company’s estimates and on sources believed to be reliable by Gamesa Corporación Tecnológica, S.A., but the company does not warrant their completeness, timeliness or accuracy, and, accordingly, no reliance should be placed on them in this connection. Both the information and the conclusions contained in this document are subject to changes without notice. Gamesa Corporación Tecnológica, S.A. undertakes no obligation to update forward-looking statements to reflect events or circumstances that occur after the date the statements were made.

The results and evolution of the company may differ materially from those expressed in this document. None of the information contained in this document constitutes a solicitation or offer to buy or sell any securities or advice or recommendations with regard to any other transaction. This material does not provide any type of investment recommendation, or legal, tax or any other type of advice, and it should not be relied upon to make any investment or decision.

Any and all the decisions taken by any third party as a result of the information, materials or reports contained in this document are the sole and exclusive risk and responsibility of that third party, and Gamesa Corporación Tecnológica, S.A. shall not be responsible for any damages derived from the use of this document or its content.

This document has been furnished exclusively for information purposes, and it must not be disclosed, published or distributed, partially or totally, without the prior written consent of Gamesa Corporación Tecnológica, S.A.

In the event of doubt, the Spanish language version of this document will prevail."

Q&A

Muchas Gracias

Obrigado

Thank you

谢谢！

धन्यवाद

Gamesa