January-March

2013 Results

Back to profits

Gamesa

29 April 2013 // Zamudio (Spain)

Contents

Period highlights

Return to profitability in line with the commitments in the BP 13-15

- **Positive trend in profitability despite falling volumes and pressure on prices**
  - The Group EBIT margin increased by 7 p.p. to 4.4%
  - Sales (446 MWe) and order intake (228 MW[1]) are in line with the goals of the BP for 2013
- **Solid O&M performance,** with sales growth (1Q 13 vs. 1Q 12) of +18%, outstripping volume growth
- **Reduction in total indebtedness plus non-recourse factoring**, in line with the commitment to a solid balance sheet
  - NFD of €729 MM in March 2013
  - Reduction of total non-recourse factoring from €449 MM € in Decembre 2012 to €200 MM € in March 2013 (280 MM € in March 2012)

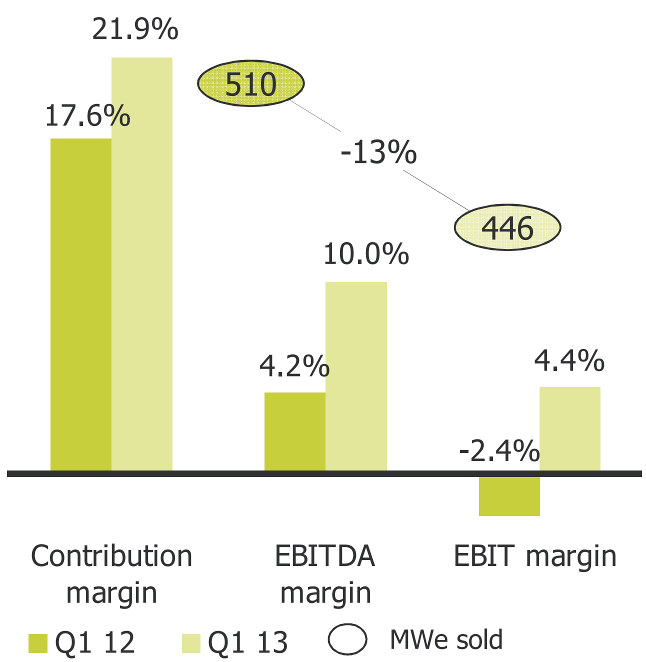
1. Firm, irrevocable orders and confirmation of framework agreements for delivery in 2013 and subsequent years. Orders signed in April exceed total intake in 1Q 13, bringing order intake YTD to 506 MW

Period highlights

Margins growing despite lower volumes

Significant improvement in profitability ratios[1] on a 13% y/y reduction in volume

Trend in group profitability[1] (%)



Profitability improved on the back of:

- Geographic mix, wind farm mix, and higher O&M contribution
- Higher productivity/optimisation of variable costs
- Reduction in fixed costs (-26% y/y in Q1 13)
- Lower depreciation and amortisation

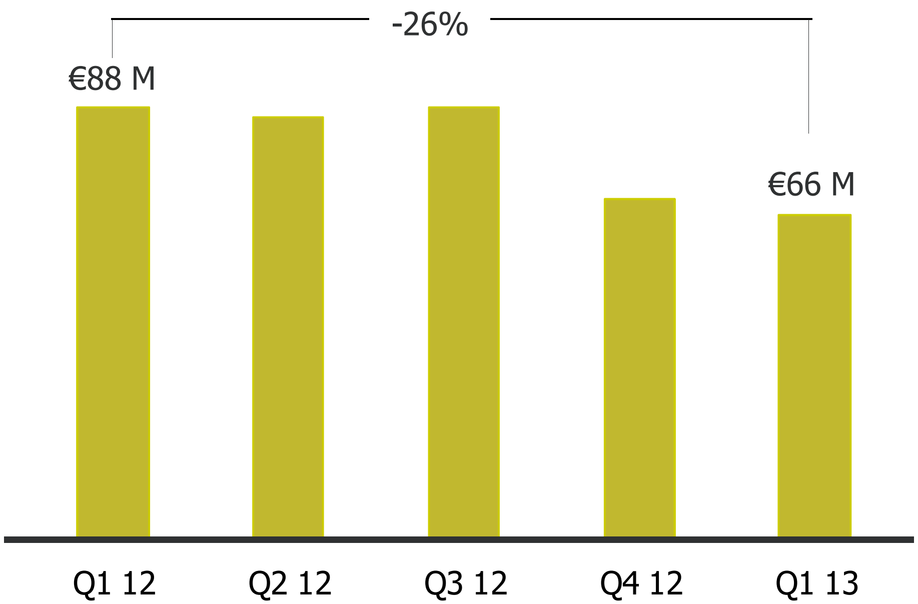
1. Analysis of group profitability, excluding restructuring costs (2 M€ in Q1 12 at EBITDA and EBIT level, 0 M€ in Q1 13).

Period highlights

100% of measures to save fixed costs are under way

The trend in the first quarter of 2013 reflects the attainment of the savings envisaged in the BP 13-15[1]

Quarterly evolution of fixed costs



- **Adjustment of staff** associated to the group structure in line with the business plan
- **15 locations closed in Q1 13;** 39 since end-2011; additional savings from sub-letting and renegotiating leases
- **Logistics centre is operational**, consolidating 7 warehouses

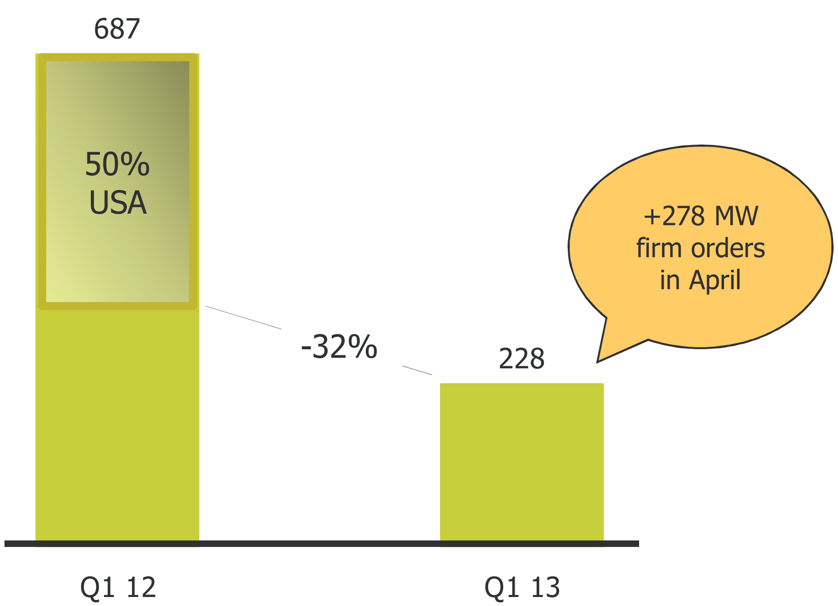
1. Fixed costs of €286 MM in 2013 vs. 2011 cost base of €385 MM (annualized figures)

Period highlights

Order intake and activity impacted by US

Order intake in the quarter (228 MW[1]) on track to fulfil 2013 guidance but reflects impact of decline in US market

Order intake Q1 12 – Q1 13 (MW)[1]



1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years
2. Coverage in terms of average volume range (1,800 - 2,000 MW)

- **Order intake** (1) **in Q1 impacted** by
  - Decline in US market after belated extension of production tax credits (PTC)
  - Slowdown in project finance due to regulatory volatility (Europe and India)
  - Order intake in Latin America slipped
  - **Coverage of 2013 guidance through March**: **67%[2]**
- **Recovery commenced in April**
  - **Order intake in April** matches total for Q1 13**, boosting coverage of sales guidance to 74%[2]**

Period highlights

Solid O&M performance

O&M activity in line with the business plan: revenues and profitability rising faster than volumes

- **Sales growth (+18%)** coupled with solid order intake in Q1 13
  - **Rate of post-warranty renewal** in the quarter rose faster than average (76%)
    - Renewed contract with Iberdrola to maintain 2,286 MW in Spain and Portugal and 108 MW in Hungary
  - **Average contract terms are gradually rising**
    - 10-year contracts with NedPower in the US (264 MW) and Tuuliwatti in Finland (18MW in firm order plus frame agreement for 117 MW[1])
- **72% of MW under maintenance are under contracts that extend throughout the plan period**
- **Major improvement in profitability** coupled with cost optimisation measures

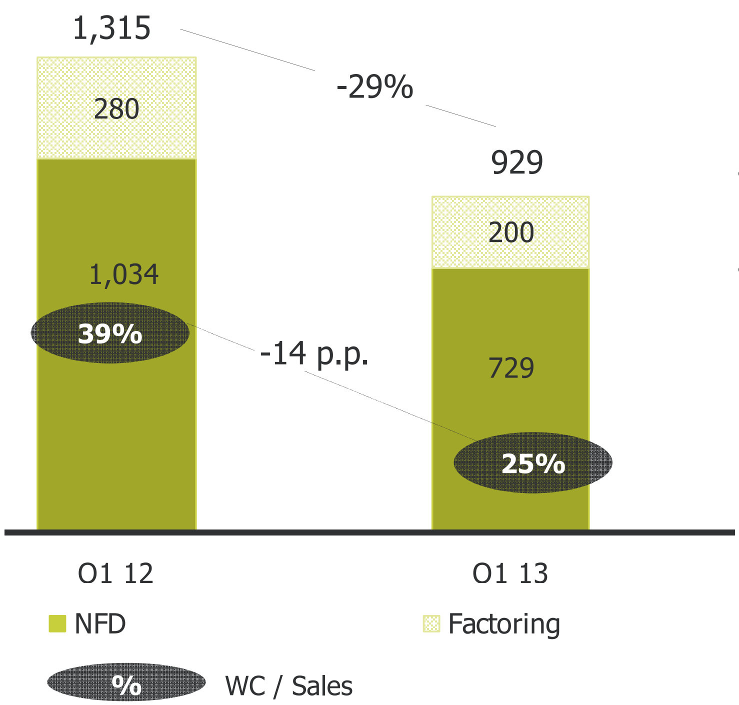
1. 74% of frame agreement is already a firm order

Period highlights

Reduction in balance of debt + factoring

In line with its commitment to a sound balance sheet, Gamesa has reduced the balance of debt + factoring by 15 M€ since December and by 386 M€ in the last twelve months

NFD+ factoring (€ M)



- Sharp decline y/y (2013 vs. 2012) in the working capital/sales ratio (14 p.p.)
- Sequential change (Q1 13 vs. Q4 12)
    - Increase in NFD (729 MM €) linked to the working capital increase on the back of the business seasonality and the reduction in factoring (from €449 MM in December 2012 to €200 MM in March 2013)

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Q1 2013 Results and KPIs

Consolidated group - Key figures

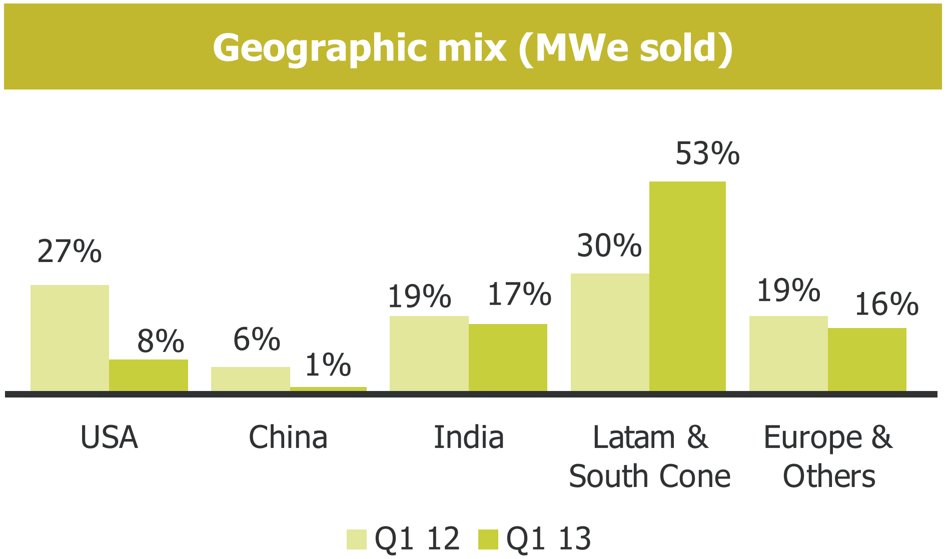
M€	Q1 12[2]	Q1 13	Chg. %
Sales	559	491	-12.2%
MWe	510	446	-12.5%
Contribution margin	98	107	9.3%
Contribution margin/Sales	17.6%	21.9%	+4.3 p.p.
EBIT excl. extraordinary items[1]	-14	22	NA
EBIT Margin	-2.4%	4.4%	+6.8 p.p.
Net income excl. extraordinary items[1]	-19	7	NA
Working capital	1,175	660	-43.9%
WC/sales	39%	25%	-14.0 p.p.
NFD	1,034	729	-29.6%
NFD/EBITDA	3.2x	2.8x	0.4x

(1) 2 M€ in restructuring costs in Q1 12 not included; there were no extraordinary expenses in 2013

(2) Proforma quarterly financial figures for comparison purposes, excluding extraordinary items and Gamesa Energía USA (discontinued operation)

Q1 2013 Results and KPIs
Activity- Manufacturing

Latin America is still the main growth driver



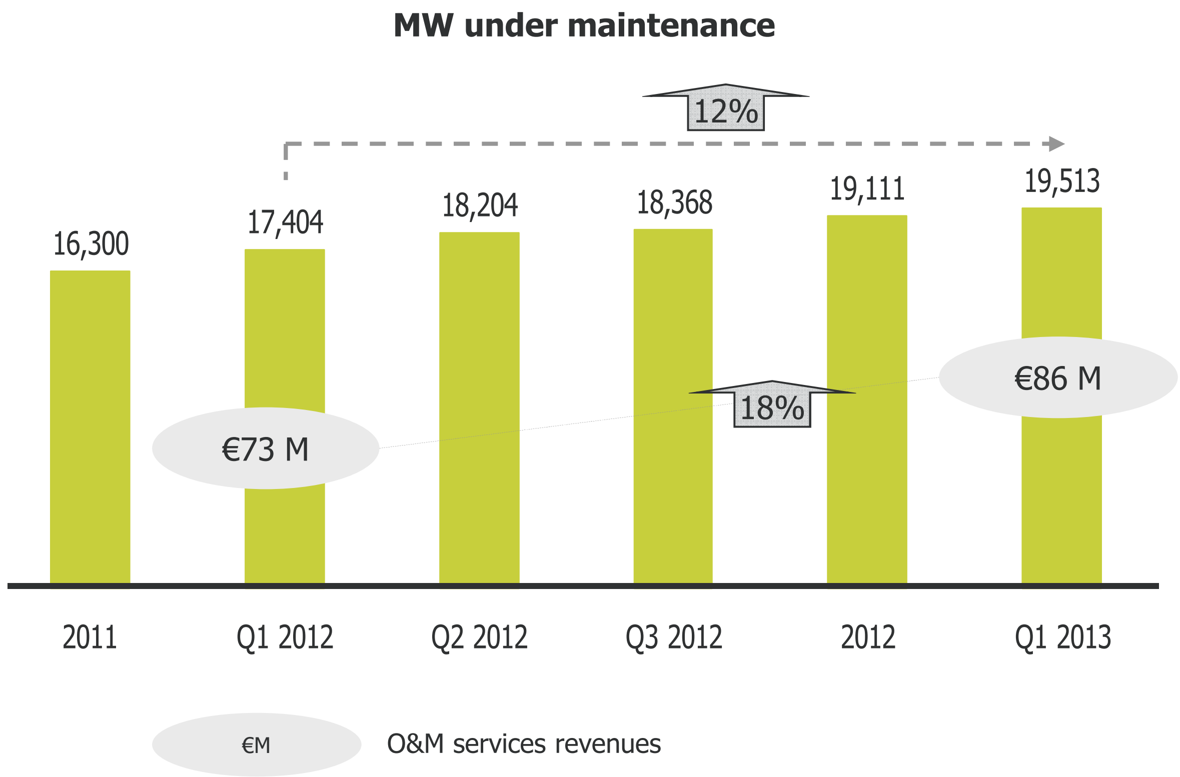
- **Temporary decline in contribution from US and China** due to:
  - Late extension of subsidies for renewable production in the US
  - Grid constraints in China

  ➔ **Opportunity for improvement in the future in both markets**

- **Improvements expected in India** following approval of generation-based incentive (GBI)

Activity: Operation & Maintenance

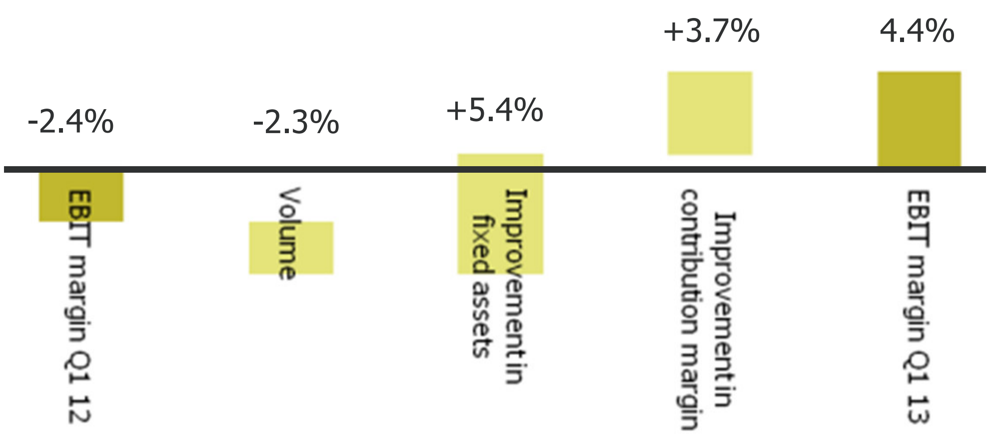
O&M action plans increase revenues and profitability faster than growth in MW under maintenance



Profitability: EBIT margin evolution

Reduction of the fixed cost structure, higher productivity and a favourable project mix allow for a significant improvement in profitability despite declining business volume

EBIT margin excl. extraordinary items in 2012 (%)



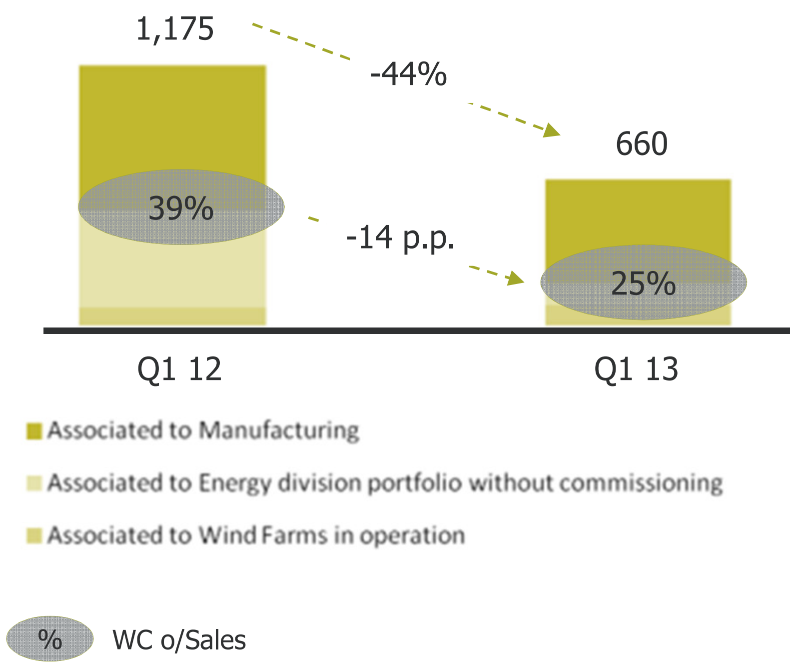
- **Higher contribution margin under the BP 13-15, supported by**
  - Optimisation of variable costs
  - Boosted in 1Q 13 by a positive geographic mix of projects
  - Offsetting the decline in prices and the impact of lower volumes

Q1 2013 Results and KPIs

Working capital: reduction in line with the new business plan

Control of working capital aligned with the priority of a sound balance sheet

Working capital (M€)



Reduction y/y (Q1 13 vs. Q1 12) in working capital due to implementation of the BP 2013-15:

- Monetisation of wind farms that were operational in 2012 (390 MW delivered excluding wind farms delivered in the US[1])
  - 89 M€ associated with 83 MW commissioned in Q1 13
- New business model in Energía, without drawing on the parent company balance sheet
- Progressive alignment of manufacturing to deliveries
  - Working capital/sales in manufacturing[2] 1Q 13 c. 20% (< 28% in 1Q 12)

1. Wind farm deliveries including US of 694 MW
2. Wind Turbine Generator Division 2012

Contents

Fulfilment of 2013 guidance in a context of slowing demand growth

- The **commercial strategy is tailored to demand trends in terms of geographies and timing** (short, medium and long term)
  - **Launch of G114-2/2.5 MW** is key for commercial positioning in 2014
- **Restructuring and cost optimisation process is ongoing**. After implementing the fixed cost reduction measures in the plan, the process of **optimising variable costs (9/15) continues**
  - Analysis of additional adjustments to in-house capacity in line with demand evolution in Europe and Africa under way, in line with BP 2013-2015
- The **O&M** unit continues to launch new value-added products and is **a key component of the plan for profitability and cash flow**
- **The 2013 guidance is maintained**, supported by a solid commercial strategy, progress in cutting costs, and good O&M performance

Outlook

Confirmation of the 2013 guidance

Higher profitability in a context of lower volume, prioritising a sound balance sheet and net free cash flow

	2013 guidance
Volume (MWe)	1,800-2,000
Contribution margin	17%-18%
EBIT Margin	3%-5%
WTG working capital/sales	c.15%
Capex (M€)	<150
NFD/EBITDA	<2.5x
Net free cash flow	>0

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Conclusions

In line with the BP 2013-15: profitability and a sound balance sheet in a context of slowing demand

- **Sharp increase in profitability despite falling activity volumes and pressure on prices.**
  - The Group EBIT margin increased by 7 p.p. to 4.4%
- **Order intake slowed in Q1 13 (228 MW[1]) but recovered in April (278 MW[1])** as a result of the sound commercial strategy and product portfolio
  - Sales coverage ratio is 74%[2] (April)
- **Reduction in total indebtedness plus non-recourse discounting**, in line with the commitment to a solid balance sheet
  - NFD of €729 M plus €200 M of factoring in Q1 13
- **Confirmation of 2013 guidance** supported by progress with cost reduction, order intake and the sound balance sheet

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years
2. Coverage in terms of average volume range (1,800 - 2,000 MW)

Conclusions

Aligned with international corporate integrity principles

Committed with human rights and the environment

THE GLOBAL COMPACT
WE SUPPORT

United Nations Development Fund for Women
UNIFEM

Global Reporting Initiative
Organizational Stakeholder 2013

WOMEN'S EMPOWERMENT PRINCIPLES
EQUALITY MEANS BUSINESS

We've signed The Carbon Price Communiqué

CARING FOR CLIMATE:
THE BUSINESS LEADERSHIP PLATFORM

CARBON DISCLOSURE PROJECT

Included in leading sustainability and corporate responsibility indexes

Dow Jones Sustainability Indexes
Member 2012/13

ROBECOSAM
Sustainability Award
Sector Leader 2013

ROBECOSAM
Sustainability Award
Gold Class 2013

FTSE4Good
Index Series

member of the INVESTMENT REGISTER
ETHIBEL
EXCELLENCE

included in
ETHIBEL
SUSTAINABILITY INDEX
EXCELLENCE Europe

cleantech INDICES LLC

Global Challenges Index

S&P Global Clean Energy Index

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Questions & Answers
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Thank you
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