



## Gamesa

Record performance and higher guidance:  
creating value at cruising speed



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# 01 ■ Period highlights

# Performance in 9M 16 supports upward adjustment of minimum guidance for 2016 and growth in 2017



## ► Growth-oriented competitive positioning

- 3.3 GW<sup>1</sup> of new orders in 9M 16 (+16% y/y) and 1.1 GW<sup>1</sup> in Q3 16 (+8% y/y)

## ► Management focused on value creation, ROCE: 23%

Through **profitable growth** and control of the operating break-even point

- +32% y/y in 9M 16 revenues: €3,339mn
- +65%<sup>2</sup> y/y in 9M 16 EBIT: €340mn; EBIT margin: 10.2% in 9M 2016
- +84%<sup>2</sup> y/y in net profit<sup>2</sup>: €225mn in 9M 2016

**focused investment** (working capital and capex),

- -€112mn y/y in working capital at 30 September
- +€57mn y/y in capex 9M 16

and a **sound balance sheet**

- €167mn in net cash @ Sept. 16

## ► Upward adjustment in volume and EBIT guidance for 2016

- Sales volume: ≥4,300 MWe
- EBIT: €450-470mn; EBIT margin c.10%

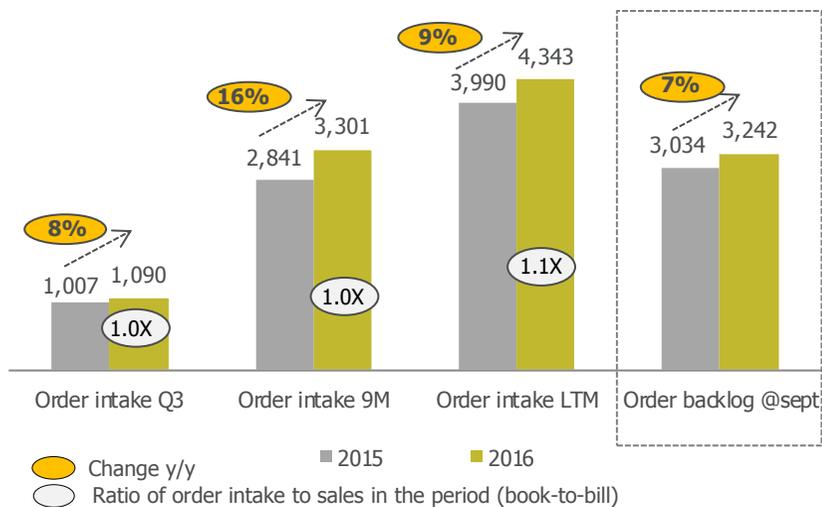
## ► Progress in the long term strategy of value creation: Gamesa shareholders approved the merger with Siemens Wind Power

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years, including 498 MW signed in Q3 16 and announced in Q4 16.  
2. Growth using underlying figures pre-Adwen, excl. €29mn at EBIT level in 9M 15 (no impact in 9M 16) and €4mn at net profit level in 9M 15 and -€18mn in 9M 16.

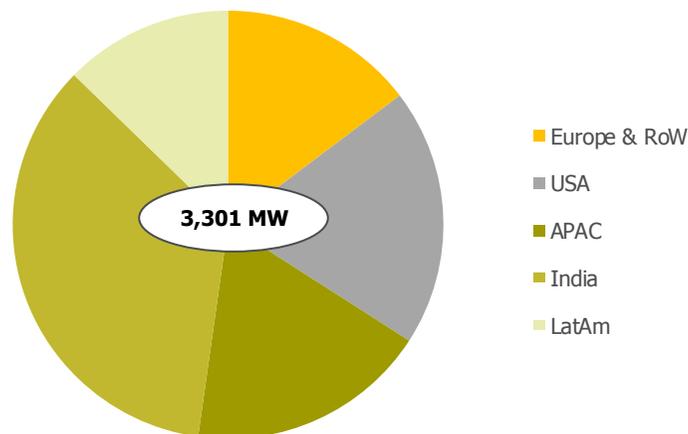
# Commercial performance remains strong: record order intake in 9M and Q3

1,090 MW of new orders<sup>1</sup> in Q3 16 (+8% y/y), 3,301 MW in 9M (+16% y/y) and 4,343 MW in the last 12 months (+9% y/y)

Strong commercial performance (MW)<sup>1</sup>



Geographical diversification of order intake in 9M 16 (%)<sup>1</sup>



► **High visibility on growth in 2016 and 2017**

- 100% coverage<sup>2</sup> of the new minimum volume guidance ( $\geq$  4,300 MWe)
- LTM Book-to-bill ratio: 1.1x

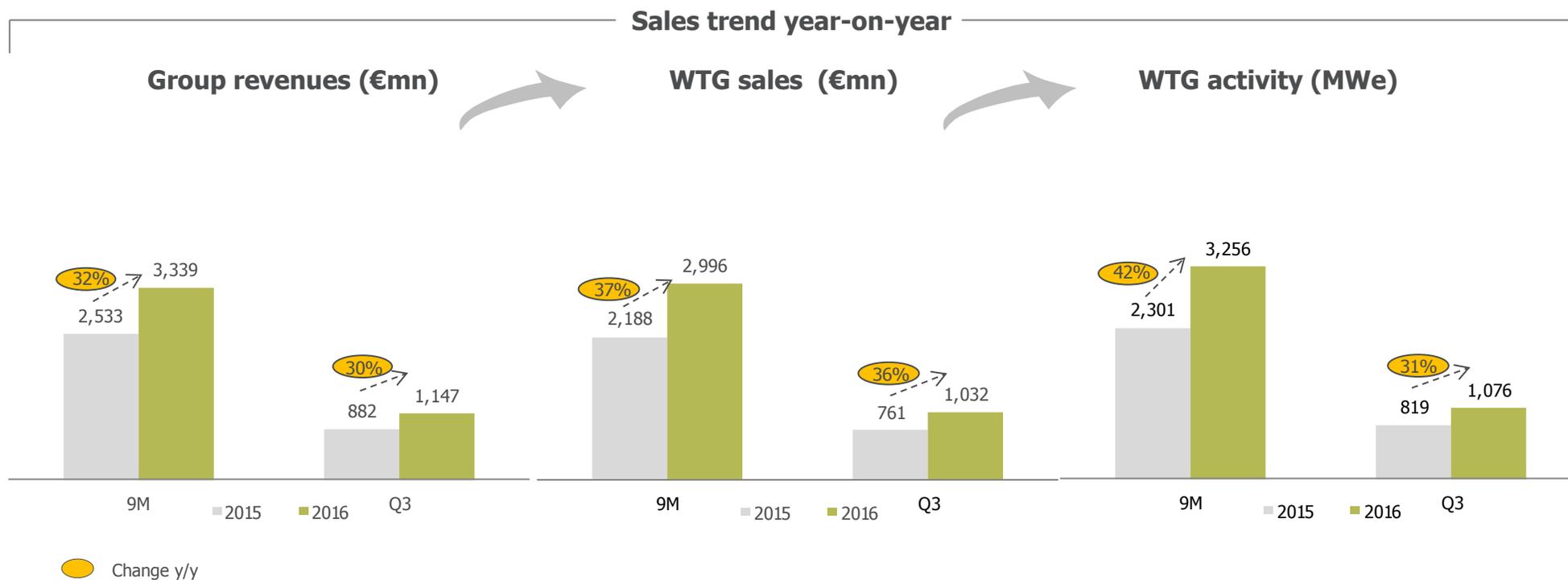
► Strong commercial activity in USA, APAC and India

- **G114-2.0 MW and G114-2.5 MW: 59% of orders 9M 16** (vs. 47% in 9M 15)

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years, including 498 MW signed in Q3 16 and announced in Q4 16.  
 2. Coverage based on total order intake through 30 September 2016 for activity in 2016 with respect to volume guidance for 2016 @ Nov. 16  $\geq$  4,300 MWe.

# And growth in sales

**+32% y/y in 9M 16 and +30% y/y in Q3 16 supported by strong growth in wind turbine sales**



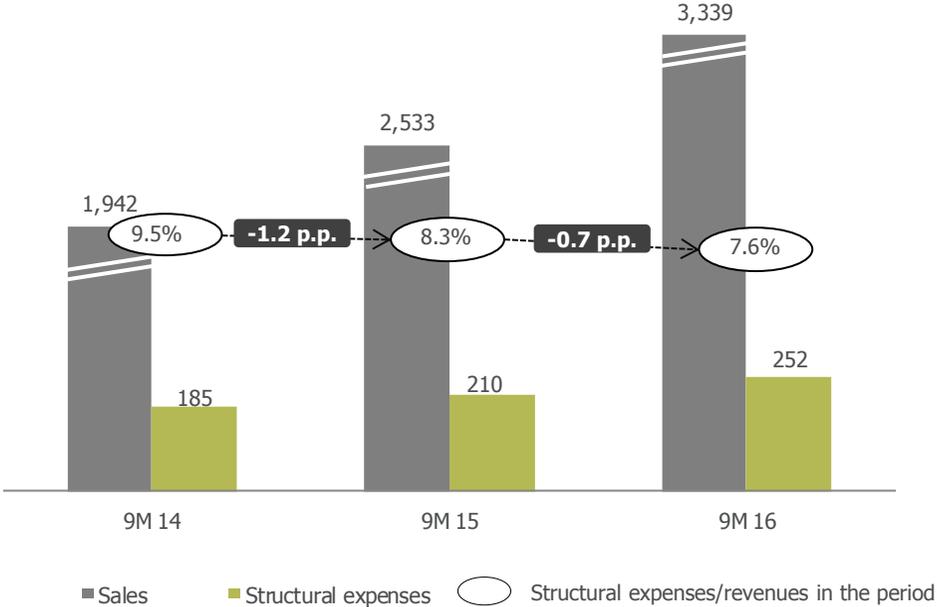
**Sales in 9M 16 at constant exchange rates<sup>1</sup> rose 39% y/y vs. 32% in real terms, reflecting a 7-point currency impact on sales growth**

1. At the 9M 2015 average exchange rate.

# Controlling growth of structural expenses

The operating break-even point is maintained as a critical area of management focus: structural expenses/revenues: 7.6%

Trend in revenues and structural expenses<sup>1</sup> (€mn)



Goal of BP15-17E: Fixed expenses<sup>1</sup>/revenues <8% in 2017 ✓

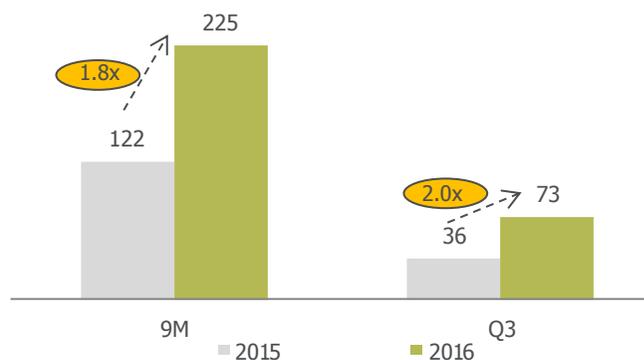
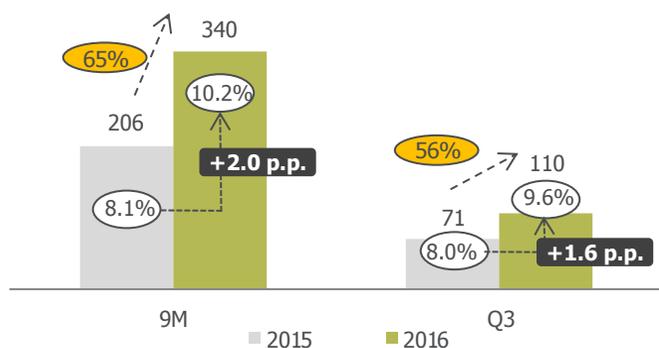
1. Structural expenses with a cash impact (excluding D&A),

# And improving operating and net profit margins

**EBIT increased by 65% y/y in 9M 16 and by 56% y/y in Q3 16, while net profit doubled. The EBIT margin in 9M 16 was over 10%: 2 percentage points more than in 9M 15**

**EBIT (€mn)<sup>1</sup>**

**Net profit (€mn)<sup>2</sup>**



- ▶ Rising sales
- ▶ Strict control of structural expenses
- ▶ Ongoing optimisation of variable expenses
- ▶ Net negative currency effect is under control
  - -0.2 p.p. in 9M 16

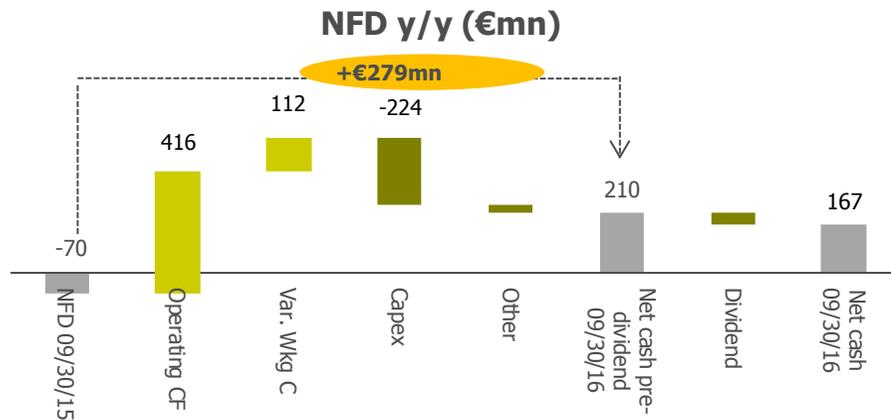
Change y/y (%)  
EBIT margin

Change y/y (times)

1. Underlying EBIT pre-Adwen excluding €29mn in capital gains from creating Adwen in 9M 15 (no difference with respect to reported EBIT in 9M 16). Underlying net profit pre-Adwen excluding impact of consolidating Adwen (-€18mn) in 9M 16 and the impact of capital gains and of consolidating Adwen in 9M 15 (€4mn in total).

# With a sound balance sheet

Maintaining the focus on cash flow: cash consumption reduced by 51% in 9M 16 vs. 9M 15, and €279mn generated in net free cash flow<sup>1</sup> in the last twelve months



**Improved operating profitability**

- **Rising recurring gross operating cash flow**
  - €335mn in 9M 16 (€219mn in 9M 15)
  - **€416mn in the last twelve months**

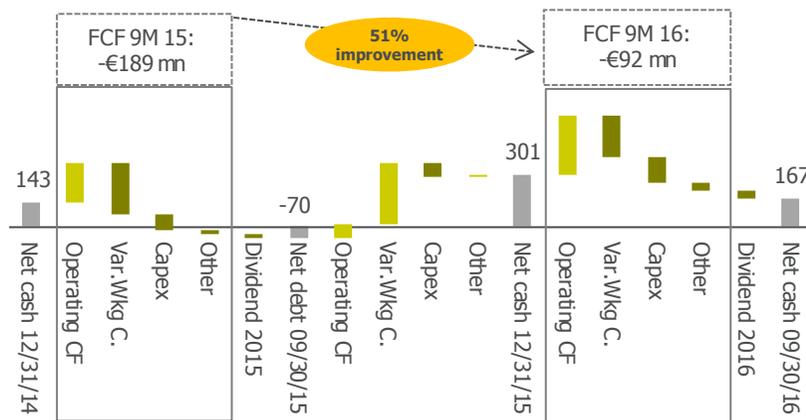
**Control of working capital**

- **Reduction in working capital:**
  - -€112mn y/y: €253mn in Sept. 16 vs. €365mn in Sept. 15
  - **-€140mn average in the last twelve months**

**Focused capex**

- **Modular capex focused on growth:** Opening capacity and introducing new products
  - €148mn in 9M 16 and **€224mn in the last twelve months**

**NFD and FCF<sup>2</sup> performance in the first nine months (€mn)**

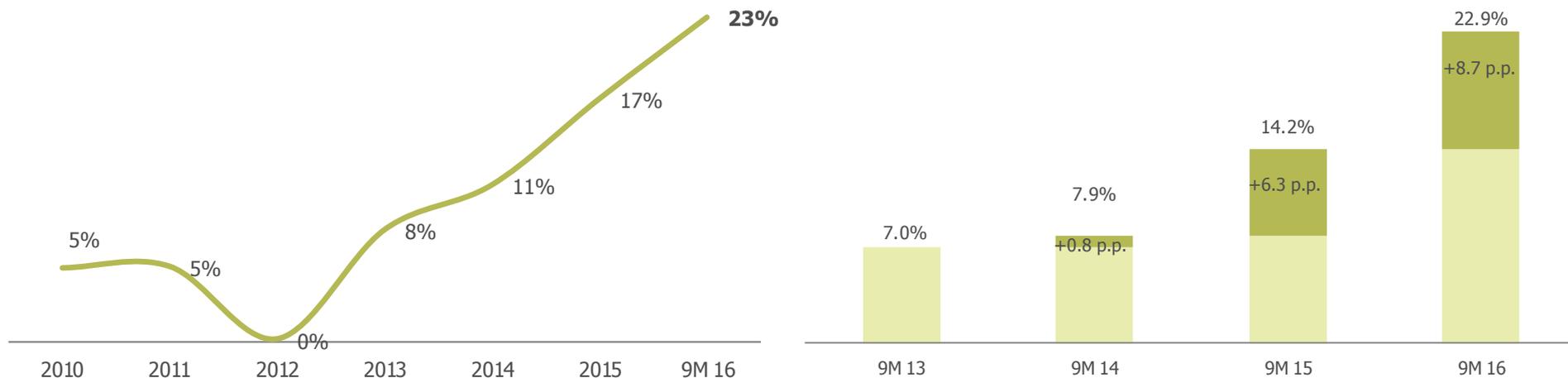


1. Net cash pre-dividend  
2. FCF (€mn): net free cash flow pre-dividend

# To accelerate shareholder value creation

**+9 p.p. increase in ROCE<sup>1</sup> in 9M 16 vs. 9M 15**

## ROCE<sup>1</sup>



## VALUE CREATION PILLARS

### Profitable growth through

- Competitive positioning
- Programmes for continuous optimisation of variable costs, plus quality leadership
- Control of structural costs: focus on break-even point

### Strong balance sheet

- Through control of working capital and modular capex focused on assuring expected growth

### Cash flow

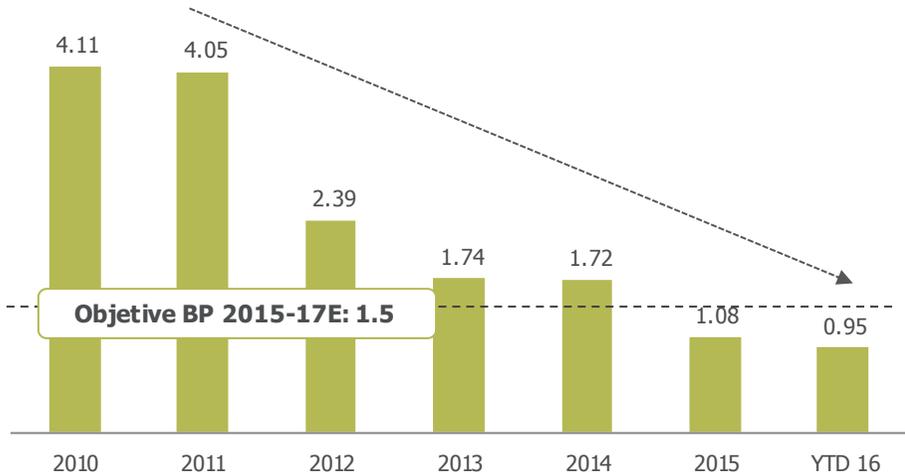
- At cycle peak and trough

1. ROCE: LTM EBIT\*(1-t)/average capital employed. Average capital employed is calculated as the arithmetic mean of capital employed between the beginning of the current year and the end of the period. "t" is the estimated income tax rate for the current year (27% in 2016).

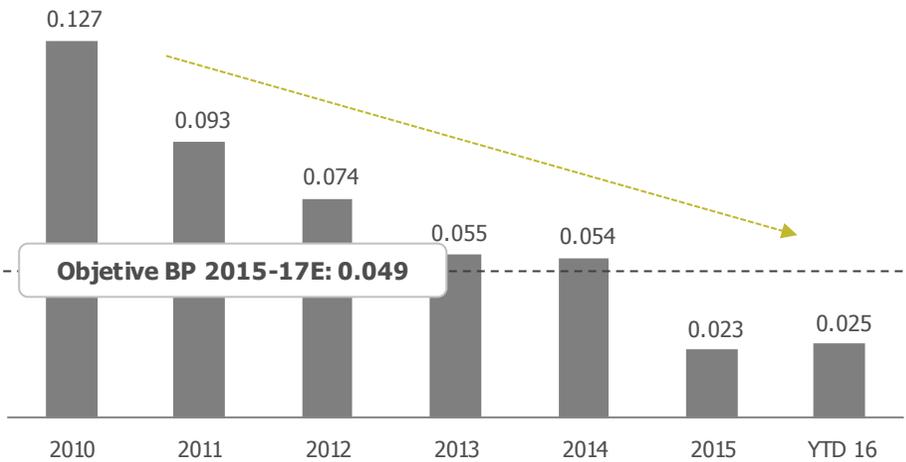
# Improving commitment to workplace health and safety

**Accident frequency and severity indices improved ahead of the objectives in the BP 15-17**

**Accident frequency index<sup>1</sup>**



**Accident severity index<sup>2</sup>**



<sup>1</sup> Frequency index: No. of accidents with days lost \* 10<sup>6</sup>/No. of hours worked

<sup>2</sup> Severity index: No. of days lost \* 10<sup>3</sup>/No. of hours worked



# 02 ■ January-September 2016 Results and KPIs

# Consolidated group - Key figures

Underlying P&L pre-Adwen <sup>1</sup> (€mn)	9M 2015	9M 2016	Var. %	Q3 16	Var. %
Group revenues	2,533	3,339	31.8%	1,147	30.1%
MWe	2,301	3,256	41.5%	1,076	31.3%
O&M revenues	345	343	-0.6%	115	-5.5%
Underlying EBIT	206	340	64.9%	110	55.7%
Underlying EBIT margin	8.1%	10.2%	2.0 p.p.	9.6%	1.6 p.p.
O&M EBIT margin	11.7%	12.7%	1.0 p.p.	10.6%	1.0 p.p.
Underlying net profit (NP)	122	225	83.6%	73	101.7%
Underlying NP per share (€)	0.44	0.81	82.8%	0.27	101.2%

1. The 50% stake in Adwen is carried by the equity method. The figures in the table above exclude Adwen and also exclude the impact of non-recurring items. In 2016 there are no non-recurring impacts. Number of shares for EPS calculation purposes: in 2015: 276,120,607 (9M) and 276,123,824 (Q3) and in 2016: 277,337,699 (9M) and 276,888,950 (Q3). **There are not non-recurring items in 2016.**

Reported P&L (€mn)	9M 2015	9M 2016	Var. %	Q3 16	Var. %
EBIT <sup>2</sup>	235	340	44.5%	110	55.7%
Net profit <sup>2</sup>	126	206	63.3%	69	135.2%

2. Reported EBIT and NP are purely accounting figures and include the impact of creating and consolidating Adwen (offshore JV): €29mn of capital gains in EBIT and €4mn in net profit in 9M 2015. 9M 2016 net profit includes a negative impact of €18mn from consolidating Adwen's operations. **There are not non-recurring items in 2016.**

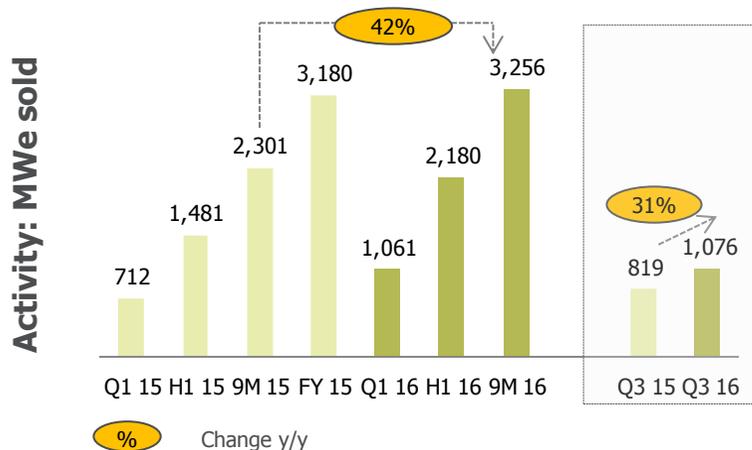
Balance sheet (€mn)	9M 2015	9M 2016	Var. %	Q3 16	Var. %
Working capital (WC)	365	253	-112	253	-112
WC/revenues LTM	10.6%	5.9%	-4.7 p.p.	5.9%	-4.7 p.p.
Net financial debt (NFD)	70	-167	-236	-167	-236

3. Working capital: Inventories + Trade and other accounts receivable (inc. related companies) + Due from public authorities + Other receivables - Trade and other accounts payable (inc. related companies) - Due to public authorities - Other current liabilities exc. financial items amounting to €8.7mn in 9M 2016.

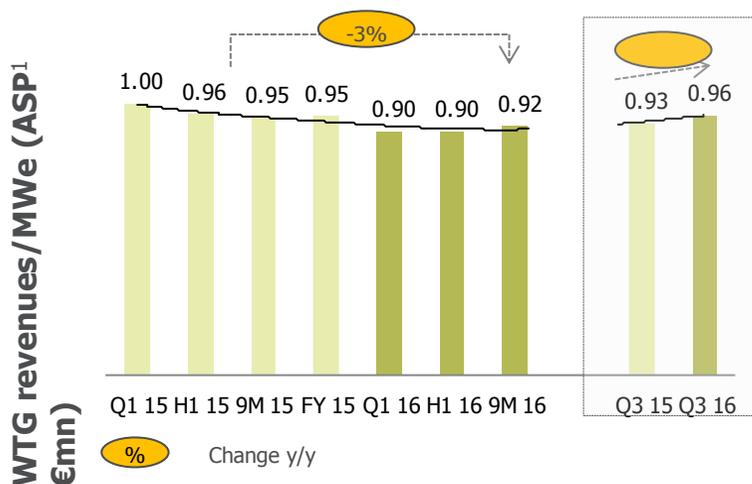
4. Net financial debt/cash: Financial debt (current and non-current) + financial derivatives (current and non-current liabilities) + other non-current financial liabilities (excluding €6mn non-financial) + current financial liabilities (€8.7mn in 9M 16) - cash and cash equivalents - other current financial assets - financial derivatives (assets)

# Activity. WTG

**Strong growth in volume: +42% y/y in M9 and +31% in Q3, and a recovery in assembly activity with a positive impact on ASP from Q3 onwards**



► **Activity trend supports attaining new minimum sales volume target for 2016E  $\geq$  4,300 MWe**



► **Trend in ASP<sup>1</sup> aligned with expectations:**

- (-) Currency effect (-6% in 9M 16 and Q3 16)
- (-) Scope of activity: although 9M remains negative, **there is an incipient recovery in assembly with a positive impact on ASP from Q3 onwards**. MW assembled/MWe ratio:
  - 9M: 0.72 in 2016 vs. 0.97 in 2015: -24 bp y/y
  - **Q3: 1.08 in 2016 vs. 0.89 in 2015: +19 bp y/y**
- (+) New product launches (G114-2 MW and taller towers)
- The trend in ASP is not indicative of the level or trend in profitability

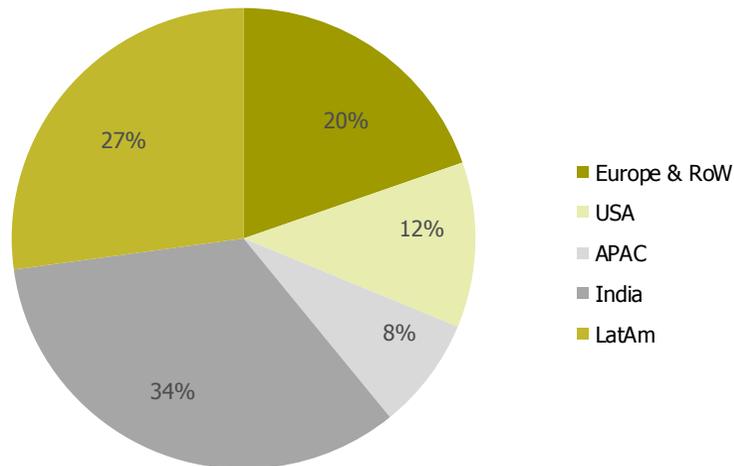
1. ASP (€mn): WTG revenues in period (€)/MWe sold in period

# Activity. WTG

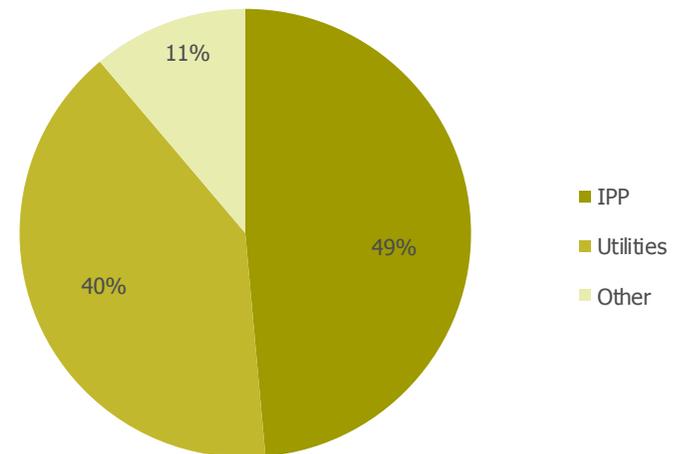
Activity continues to be shaped by diversification in terms of geographies and clients

- ▶ Commercial presence in 18 countries
- ▶ 36,958 MW installed in 54 countries
- ▶ Relations with over 200 customers (utilities, IPPs, financial investors and self-providers)

### Geographic mix (MWe sold)

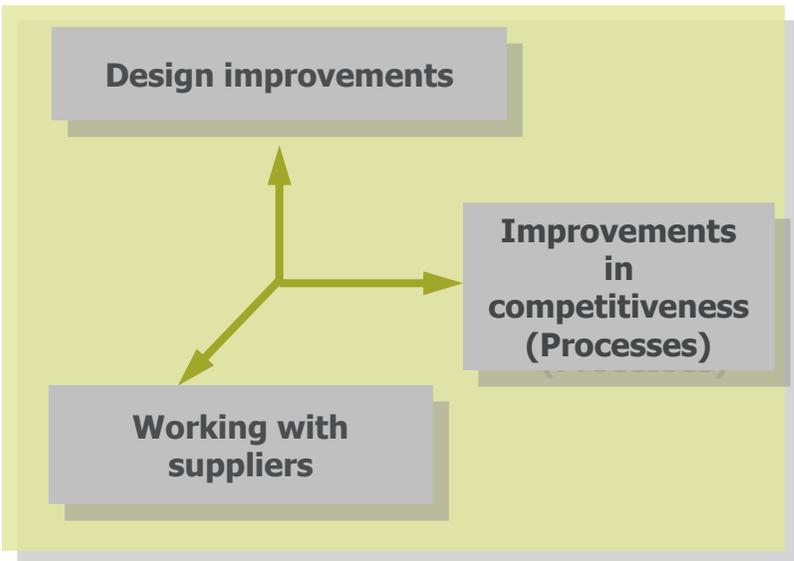


### Breakdown of MWe sold, by customer type

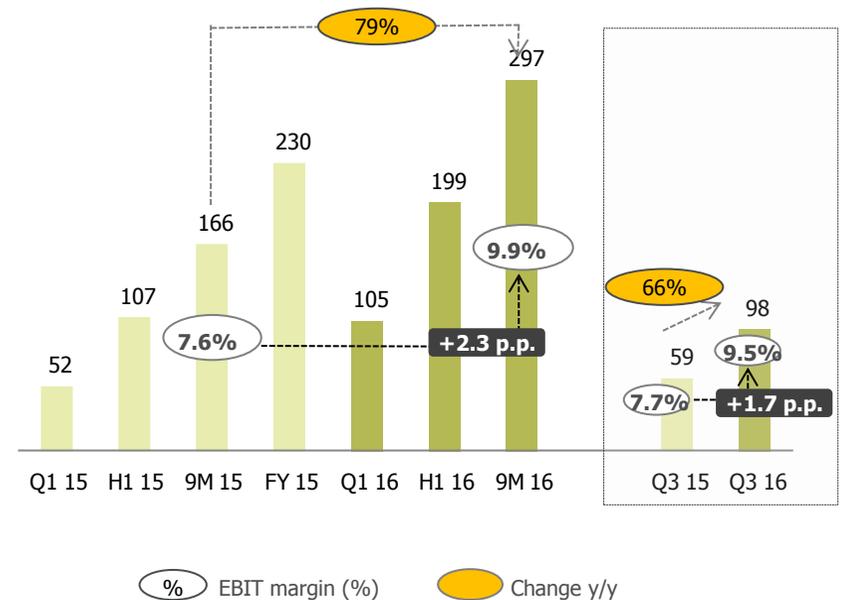


# Profitability. WTG

Rising manufacturing profitability: +79% y/y in 9M 16 and +66% y/y in Q3 16, supported by sales volume, fixed cost containment and continuous improvement of variable costs, offsetting the higher competitive pressure



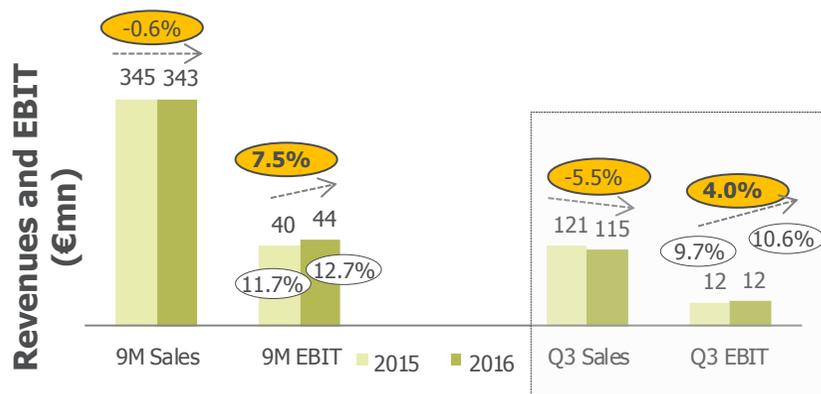
EBIT<sup>1</sup> WTG (€mn)



1. Underlying EBIT coincides with reported EBIT since there were no non-recurring items in the WTG division in 2015 or 2016

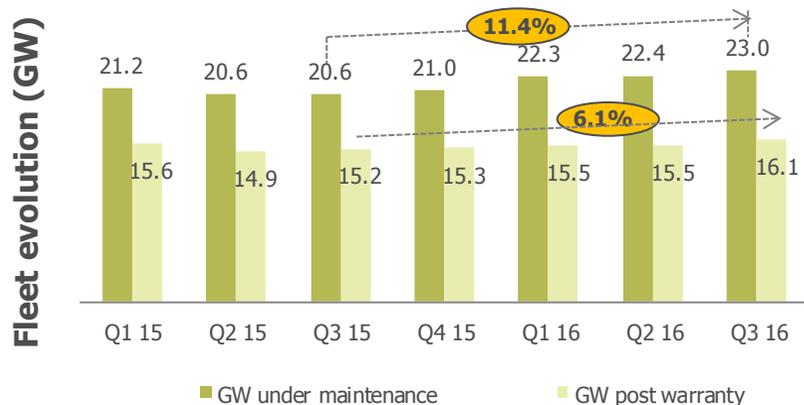
# Activity and Profitability. Operation and maintenance

Aligned with 2016 guidance and BP 15-17E: management focused on cost improvement ensures profitable growth in 2016 and thereafter, and the recovery in the fleet under maintenance and the order book support revenue growth in 2017



% O&M EBIT margin<sup>1</sup>

1. Underlying EBIT including corporate and structural expenses Underlying EBIT matches reported EBIT as there were no non-recurring items



**Management plan** offsets pressure on prices and contract scope and ensures profitable growth in 2016 and thereafter:

- Cost-cutting programmes
- Penetration of value-added products in mature markets
- Capture longer-term contracts in emerging markets

In an environment of scope reduction and price pressure **revenues in 9M and Q3 were affected** by

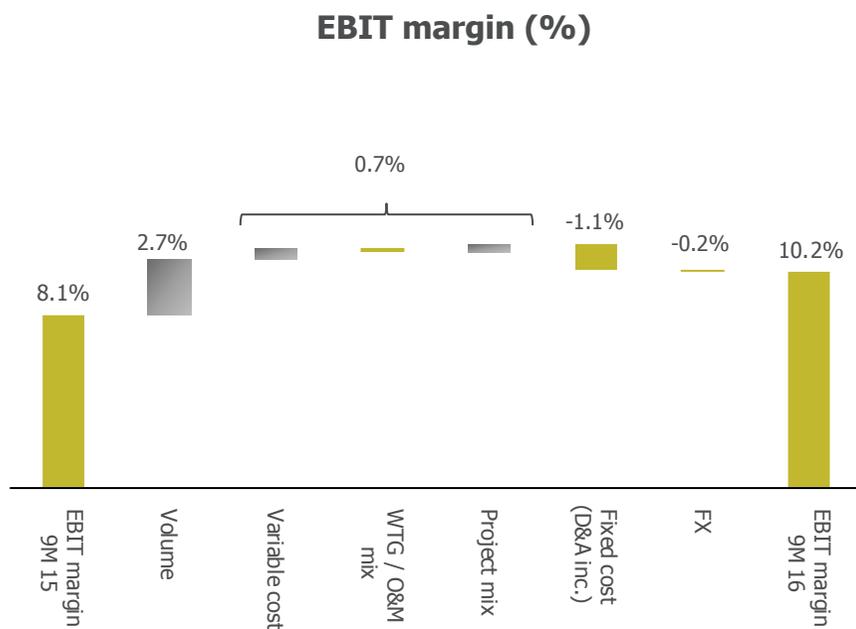
- Currency,
- Accrual of value-added services

**Revenue growth to resume in 2017** supported by growth in fleet size and order book, **meeting the BP 2015-17E targets**

- Firming recovery of fleet under maintenance as a result of growth in emerging markets and improved renewal rate**
  - Third consecutive quarter of improvement in the renewal rate: 74% in Q3 vs. 69% in Q2 and 25% in Q3 15
- Order book +15% y/y (>2,300 MM €)**

# Consolidated group - EBIT

Greater activity, continuous improvement of variable costs, and a favourable project mix were the main factors driving growth in EBIT margin in M9 16. Trend in line with guidance for the year



## Margin improvement levers aligned with 2016 projections

### Positive impact of

- ▶ **Growth in volume**
- ▶ **Optimisation of variable costs** (inc. raw materials)
- ▶ **Favourable project scope and mix**

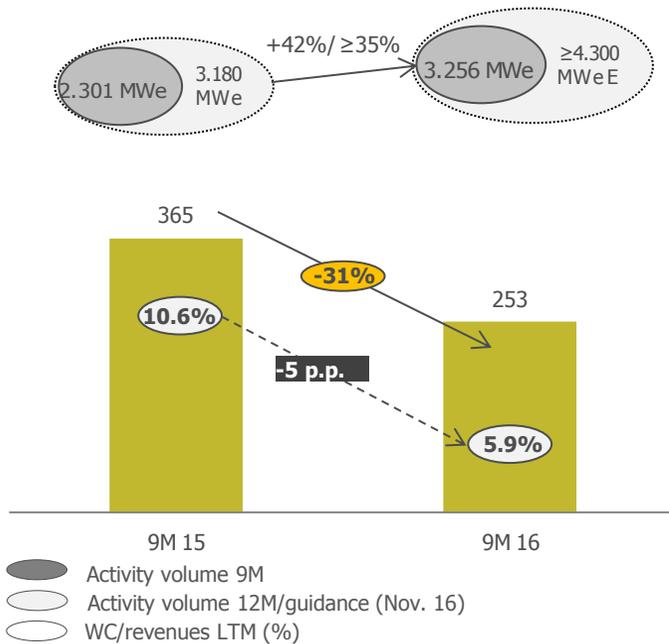
### Partly offset by

- ▶ **Adverse exchange rate effect**
- ▶ **Lower O&M contribution** to sales mix
- ▶ Higher fixed expenses, including D&A, needed to grow, and in line with increase in capex

# Consolidated Group - Working capital

## Optimisation of working capital with record levels of activity

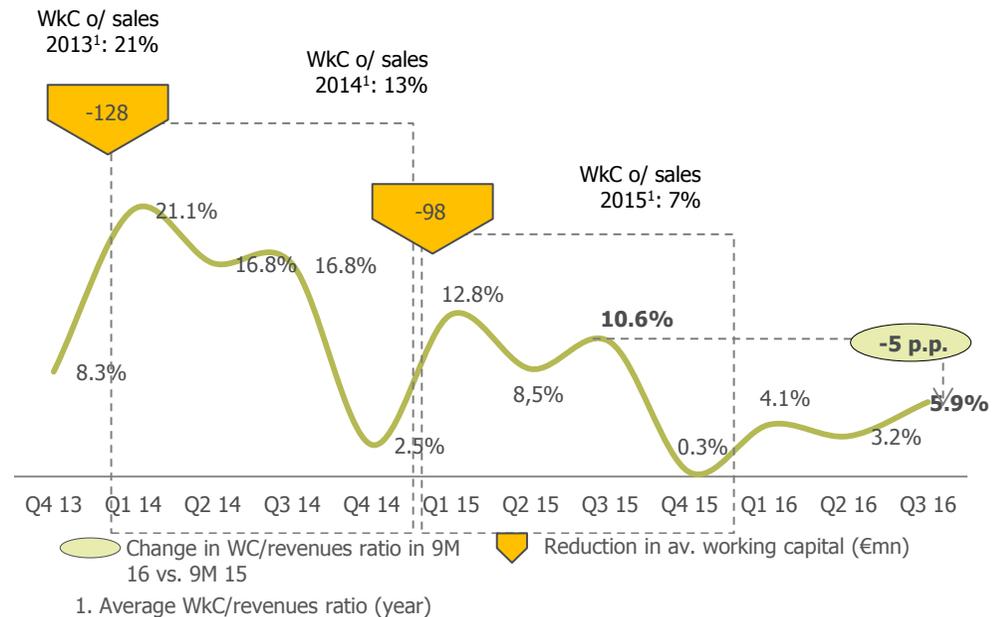
### Reduction in working capital (€mn)



**Reducing working capital in a context of rising activity** as a result of policies to

- ▶ Align manufacturing with deliveries and receipts
- ▶ Actively manage accounts payable and receivable
- ▶ Control capex in wind farms, and monetise operational assets

### Improvement in working capital/revenues LTM is secure



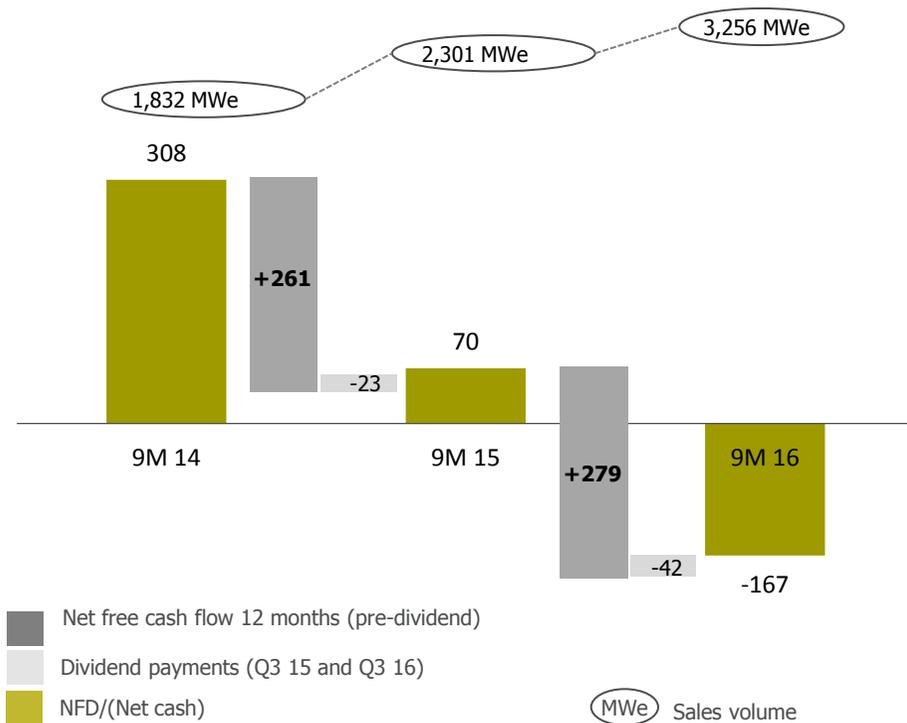
### Trend in 9M 16 vs. 9M 15 aligned with guidance for 2016

- ▶ ▽ average working capital LTM (end September) €140mn
- ▶ ▽ Average ratio of working capital/revenues LTM: 3.2% in 9M 16 vs. 8% in 9M 15
- ▶ Sequential increase in line with business seasonality

# Consolidated group - Net debt/(cash)

Sound balance sheet in a context of strong growth

NFD trend y/y in 9M (€mn)



## Control of net debt/(cash) position in a context of rising activity

▶ Activity (MWe): +42% y/y

## Supported by

- ▶ Rising profitability
- ▶ Control of working capital
- ▶ Focused capex

Reduction in net cash position vs. Dec. 2015 due to normal seasonal fluctuations in the business

Access to c. €1,800mn in credit lines and no significant maturities in the plan horizon

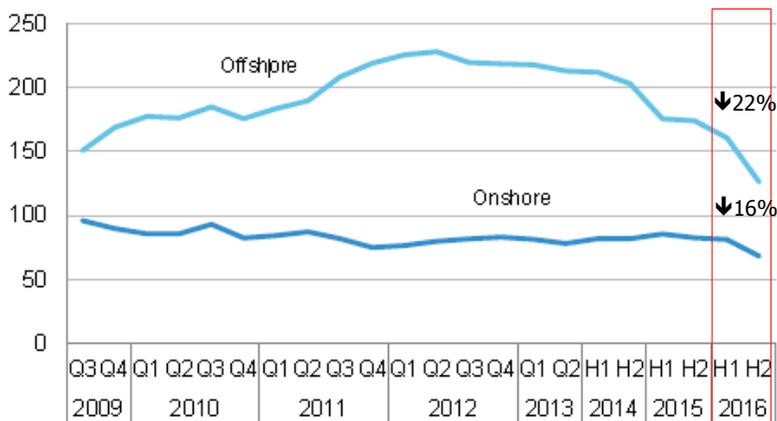
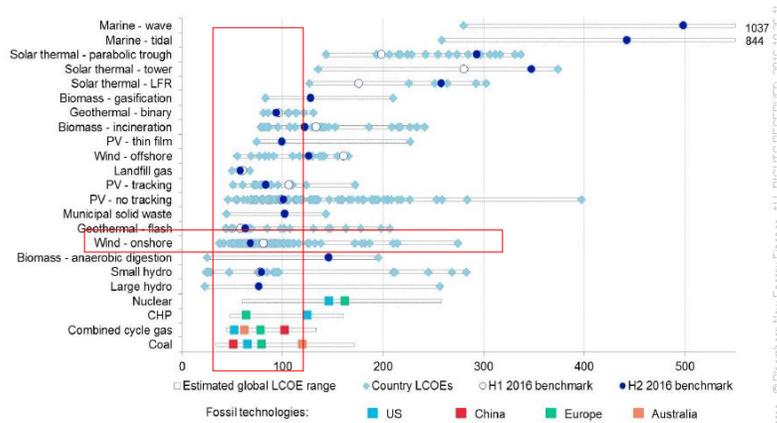


# 03 ■ Outlook

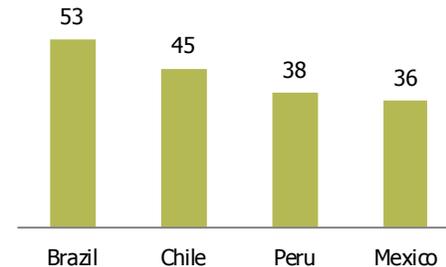
# Good long-term demand prospects

Supported by growing wind competitiveness: LCOE down 16% in onshore and 22% in offshore<sup>1</sup>, and by renewable commitments: entry into force of the Paris Agreement

**LCOE prospects H2 16** (Source: Bloomberg New Energy Finance/BNEF. USD/MWh)



**Wind power price in LatAm auctions 2016** (Source: BNEF. USD/MWh)



▶ Offshore tenders in Netherlands and Denmark resulted in prices <100€/MWh

"We are witnessing a **transformation of global power markets led by renewables** ... Part of the growth was caused by **falls in the cost of solar and onshore wind power** that would have been 'unthinkable' only five years ago."

"Average global generation costs for new onshore wind farms fell by an estimated 30 per cent between 2010 and 2015 ... The Agency (says) costs are likely to fall even further over the next five years, by 15 per cent ..."

"It has revised its five-year forecasts to show renewables' capacity will grow 13 per cent more than its estimate made [in 2015], mostly because of stronger policy backing in the US, China, India and Mexico."  
Source: IAE (Financial Times 25/10/2016)

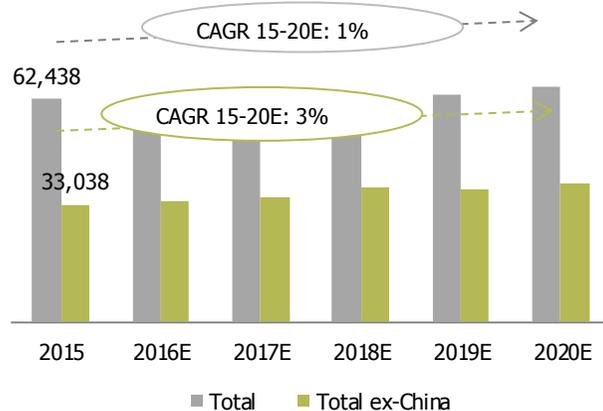
**On 5 October 2016, the threshold for the entry into force of the Paris Agreement was attained**, as 86 countries accounting for at least 55% of total emissions had signed it. The agreement will come into force 30 days later (4 November 2016). Source: UNFCCC

1. Bloomberg New Energy Finance: LCoE comparison in H2 2016 vs. H1 2016

# No change in short- and medium-term projections

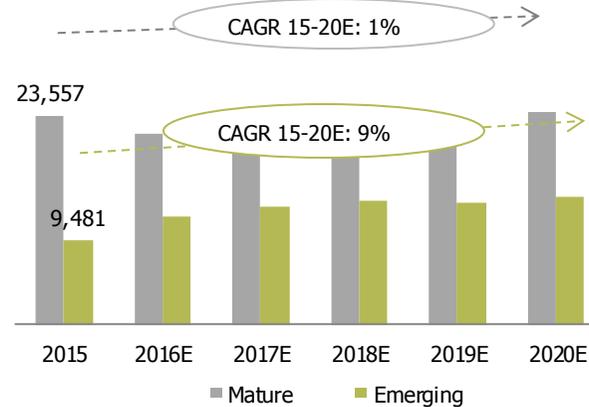
Growth is still being sustained by the emerging economies...

Wind installations<sup>1</sup> 2015-2020E (MW)<sup>1</sup>

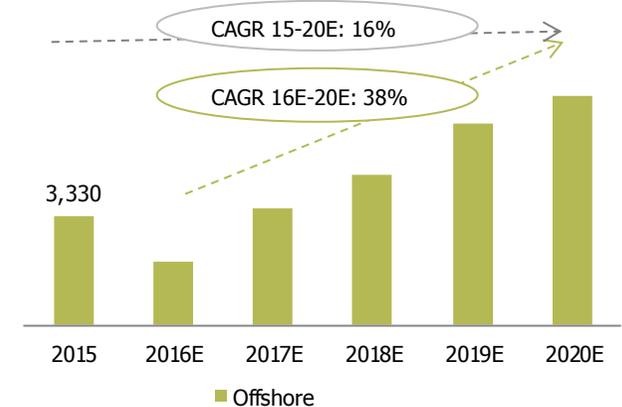


Source: MAKE Q3 2016

Wind installations ex-China<sup>1</sup> 2015-2020E (MW)<sup>1</sup> Offshore wind installations 2015-2020E (MW)



Source: MAKE Q3 2016



Source: MAKE Q3 2016

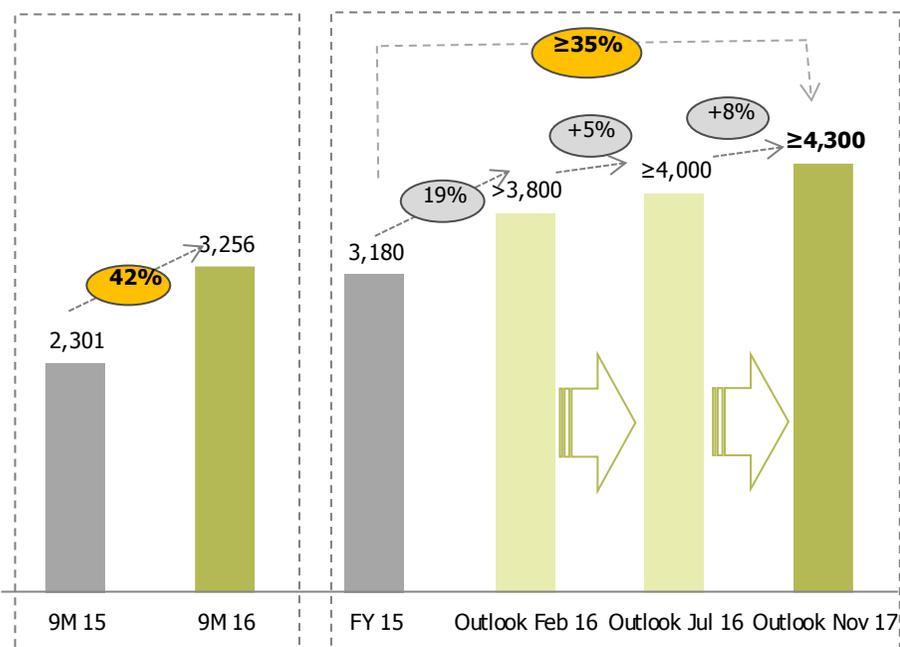
...and offshore which is expected to grow at a high double digit compounded annual rate from 2016E to 2020E, reaching a cumulative installation level of 35 GW to 40 GW

1. It includes onshore and offshore installations.

# 9M 16 performance supports beating (and upgrading) the minimum guidance set in July

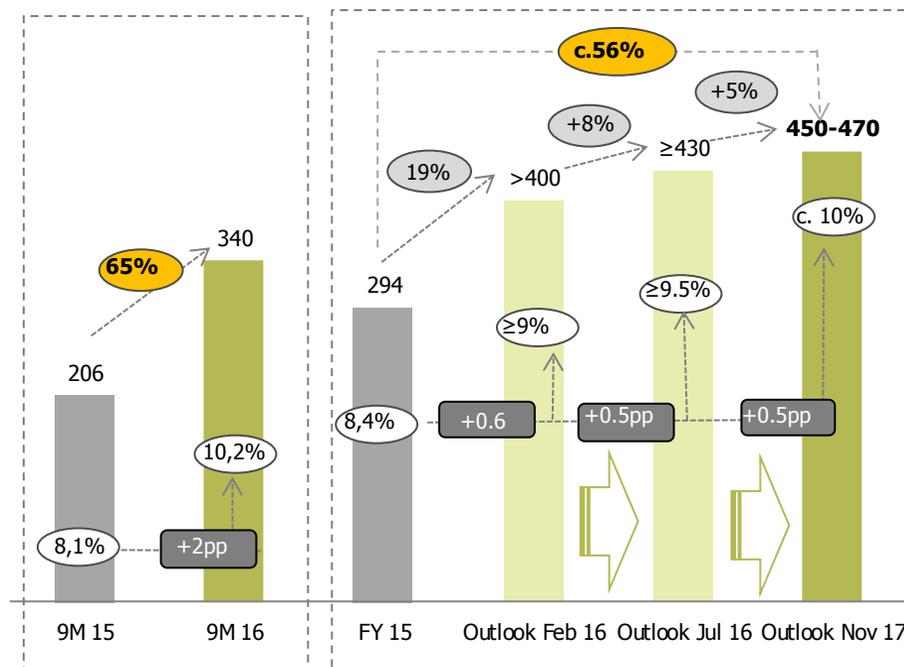
**New commitments<sup>1</sup>: 2016 sales volume  $\geq 4,300$  MWe and EBIT  $\text{€}450\text{-}470\text{mn}$ , equivalent to a margin of c.10%. The targets for working capital and capex/revenues are maintained**

### Sales volume and guidance (MWe)



● Change y/y     
 ● Guidance Nov. vs. FY 15     
    Interim changes

### EBIT and EBIT margin performance and guidance (€mn/%)



   EBIT margin (%)     
 ● Guidance Nov. vs. FY 15     
 ● Guidance Nov. vs. FY 15     
    Interim changes

**Prospects for commercial strength and profitable growth beyond 2016 remain intact**

1. At 9M 2016 average exchange rate and assuming no change in consolidation scope

# The merger with Siemens Wind Power was approved with 99.75% of present or represented shares voting in favour<sup>2</sup>

Improving the competitive position and value-creation prospects for 2017 and thereafter in a market increasingly dominated by the cost of energy (LCOE)

## TENTATIVE CALENDAR

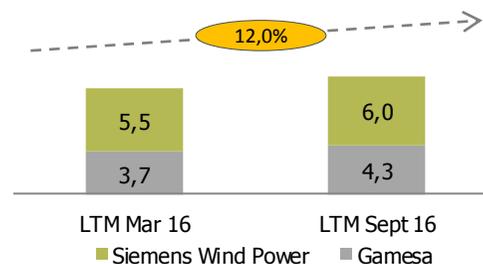
Siemens Wind Power carve out commences/	May 2016	✓
Gamesa AGM	October 2016	✓
Authorisation by CNMV and competition authorities <sup>1</sup>	Q4 16/Q1 17	
End of carve out	Q4 16 /Q1 17	
Merger takes effect	End Q1 2017	
Payment of the cash component <sup>2</sup>	12 business days after the merger	

## Adwen

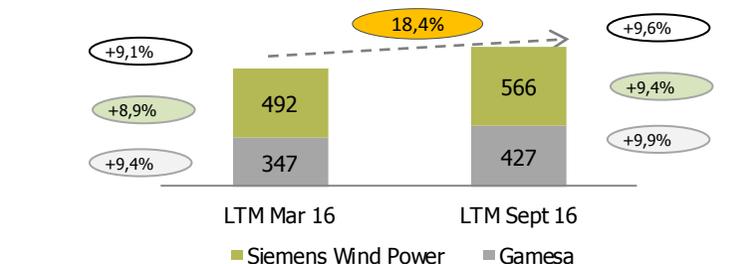
- 630 MW operational, 350 MW under construction (Wikingier) and 1.5 GW of preferential agreements (French auction)
- Areva exercises purchase option (3Q)✓
- German competition authorities approve the deal (Q4)✓
- Payment in 2017 (no impact on exchange equation)
- In Gamesa's Q3 16 financials, Adwen is still equity-accounted

## Proforma merged company (excluding synergies and integration costs) Sept16

### Sales LTM ('000 MM €)



### EBIT LTM (MM €) y margin EBIT<sup>3</sup> (%)



○ Margin EBIT (%) Gamesa  
 ○ Margin EBIT (%) SWP<sup>3</sup>  
 ○ Margin EBIT (%) Proforma merged company<sup>3</sup>

- Combined order backlog @Sept. 16: €20.4 Bn € (€20.2 Bn @Mar 16)

- More scale
- More scope and diversification
- Stronger balance sheet
- Better product and service offer
- More value: expanding profitable growth + Synergies

## Maintaining a management approach focused on profitable growth and cash flow generation

- At the date of this presentation, the deal has been cleared by China, India and Brazil
- Extraordinary Shareholders' Meeting
- Including normalization adjustments (-€9mn), standalone (+€121mn) and consolidation scope (-€10mn) as of September 2016



# 04 ■ Conclusions

# Record performance and higher guidance: creating value at cruising speed

- ▶ **Record order intake in Q3 16: 3.3 GW<sup>1</sup>, +16% y/y (1.1 GW in Q3 and 4.3 GW in 12 months) reaching 100% coverage of the low end of the new volume guidance and enhancing visibility on volume growth in 2017**
  
- ▶ **Management focused on value creation: 23% ROCE, +9 p.p. y/y**
  - **Through profitable growth (9M 16 vs. 9M 15):**
    - +32% y/y in revenues
    - +65%<sup>2</sup> y/y in EBIT
    - +84%<sup>2</sup> y/y in BN
  - **And a sound balance sheet**, supported by control of working capital and modular capex tailored to expected growth
    - Working capital/revenues: 5,9%
    - €167mn net cash @ 09/30/2016
  
- ▶ **2016 volume and profitability targets upgraded**
  - **Volume ≥ 4,300 MWe**
  - **EBIT €450-470mn and margin c.10%**
  
- ▶ **Approval of the merger between Gamesa and Siemens Wind Power by Gamesa's Shareholders, improving the competitive position and value-creation prospects**
  - In a market environment with positive demand prospects and changing competitive conditions, in which optimising the cost of energy is increasingly important

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years, including 498 MW signed in Q3 16 and announced in Q4 16.  
2. Growth using underlying figures pre-Adwen, excl. €29mn at EBIT level in M9 15 (no impact in M9 16) and +€4mn at net profit level in M9 15 and -€18mn in M9 16.

# Aligned with the main international principles of corporate ethics

Committed to respecting human rights and the environment



Red Pacto Mundial España  
WE SUPPORT



Caring for Climate



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We form part of the main sustainability and corporate responsibility indices



FTSE4Good  
Index Series



# Glossary of financial terms and indicators of activity

## FINANCIAL TERMS

**Contribution margin:** The contribution Margin (CM) is the difference between revenues and variable costs. EBIT is obtained by deducting the fixed costs, structure costs (SG&A - "Selling, General and Administration Expense") and depreciation and impairments from the contribution margin. The contribution margin analysis allows determine break-even point, it is the activity volume where the contribution margin offsets the fix costs. Contribution Margin is usually presented as a ratio linked to sales, considering as sales the revenues from Financial Statements (total or by segments, as appropriate).

**Reported EBIT (Earnings before Interest and Taxes):** operating profit before income from equity-accounted affiliates, net financial results including exchange gains/losses, taxes and income from discontinued operations/available-for-sale assets and non-controlling interests.

**Underlying EBIT (Earnings Before Interest and Taxes):** Reported EBIT excluding the impact of special items that are non-recurring or fall outside the normal course of business (i.e. unusual or unlikely to recur).

**Reported EBIT margin:** ratio obtained by dividing reported EBIT by revenues in the period (i.e. turnover in the consolidated profit and loss account).

**Underlying EBIT margin:** ratio obtained by dividing underlying EBIT by revenues in the period (i.e. turnover in the consolidated profit and loss account).

**Break-even point:** may be defined in terms of EBIT or net profit. Minimum number of units that must be sold to achieve zero EBIT or net profit. Above that minimum volume of production or sales, the company is profitable in EBIT or net profit terms.

**Reported net profit:** consolidated profit for the year attributable to the parent.

**Underlying net profit:** reported net profit excluding the net (after-tax) impact of non-recurring items

**Underlying net profit per share (EPS):** the result of dividing underlying net profit by the average number of shares outstanding in the period (excluding treasury shares).

**Pre-Adwen figures:** in its presentations to the financial markets, in addition to underlying and reported figures from the profit and loss account, Gamesa reports pre-Adwen figures, which exclude Adwen as an equity-accounted item Since it is carried by the equity method, Adwen affects the group figures below the EBIT line; consequently, EBIT pre-Adwen and reported EBIT refer to the same amount, except in 2015. In 2015, reported EBIT included €29mn of capital gains from creating Adwen that were not included in EBIT pre-Adwen or in underlying EBIT as it is an item that will not recur in the future. Therefore, in 2015, EBIT pre-Adwen matches underlying EBIT but not reported EBIT.

**Net financial debt/(cash):** gross interest-bearing debt (i.e. interest-bearing debt, both current and non-current plus other current and non-current liabilities that are classified as financial liabilities, plus liability financial derivatives) LESS cash and cash equivalents, financial derivatives and other current financial assets.

# Glossary of financial terms and indicators of activity

**Working capital:** capital invested in working assets net of net working liabilities required for the ordinary course of business. XXXXXX It is calculated as the difference between current assets and current liabilities, excluding any item that is classified as net financial debt (e.g. cash and cash equivalents). Working capital is the sum of: inventories, trade and other accounts receivable (including related companies), due from public authorities and other non-financial current accounts receivable, LESS: trade and other accounts payable (including related companies), due to public authorities, and other non-financial current liabilities.

**Working capital/revenues:** ratio calculated as working capital at any given date divided by the revenues in the twelve months prior to that date.

**Capital Expenditure (Capex):** investments made during the period in productive fixed assets (tangible and intangible) in order to generate future profits (and maintain the capacity to generate current capacity, in the case of maintenance capex). The amount of capital expenditure matches the items "Investments in intangible assets" and "Investments in property, plant and equipment" in the Statement of cash flows.

**Gross operating cash flow:** amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (capex). Gamesa reports the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adding, to reported income for the period, the ordinary non-cash items (depreciation and amortisation, and ordinary over-provisions) and non-recurring or special items (whether or not they have a cash impact).

**Net operating cash flow:** the result of deducting working capital from gross operating cash flow. Gamesa reports the cash impact of non-recurring items (non-recurring provisions or non-recurring income with a cash impact) under operating cash flow.

**Free cash flow:** obtained by deducting capital expenditure (capex) from operating cash flow. It indicates the funds available for use to distribute dividends, buy back shares, pay down debt or other corporate activities not related to the day-to-day business.

**Return On Capital Employed (ROCE):** ROCE is a measure of profitability and efficiency on capital invested (equity and debt) that assesses the operating assets' capacity to generate profits. ROCE is calculated as EBIT in the period, net of taxes, divided by average capital employed in the period. Capital employed is defined as net equity plus net financial debt; the average is calculated as the arithmetic mean of capital employed at the beginning of the year and the end of the period. The tax rate in the period is the average rate estimated for the period in which ROCE is measured. ROCE is calculated for 12-month periods: for interim periods that do not amount to a full year, the EBIT net of taxes in the last twelve months is divided by average capital employed in that period. In order for ROCE to be the best representation of operating assets' capacity to generate profit, underlying EBIT is used, eliminating any special items that are not expected to recur in the future.

# Glossary of financial terms and indicators of activity

## OTHER INDICATORS:

**Coverage of WTG sales volume:** the sales coverage ratio expresses the likelihood of achieving the WTG sales volume targets set by the company for a given year. It is calculated as orders received in the period (in MW) for activity/sale in a given year, divided by the activity/sales guidance for that year. Where the commitment is expressed as a range, the mid-point of the range is used. Where the commitment is expressed as a minimum volume, the ratio is calculated using that minimum volume.

**Book-to-bill:** ratio of order intake (in MW) to activity/sales in the same period (MWe). The Book-to-bill ratio gives an indication of the future trend in sales volume.

**MWe:** an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacture in terms of work in progress. Manufacturing begins to be accounted for with the production of the nacelle, followed by the rotor and tower, up until a unit of manufacturing (MWe) is completed. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenues.

**Average Selling Price (ASP):** average monetary revenue collected by the Wind Turbine division per unit sold (measured in MWe). ASP is affected by a number of factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

**Cost of energy (LCOE/COE):** the cost of converting a source of energy, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking account of all costs incurred during the asset's life cycle (including construction, finance, fuel, operation and maintenance, taxes and incentives), divided by the total output expected from the asset during its useful life.

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## Q&A

Muchas Gracias  
Obrigado  
Thank you

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