

Results January - December 2015



**Exceeding our goals, bringing forward and enhancing
our commitments**



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An aerial photograph of a wind farm at sunrise. The sun is low in the sky, creating a bright lens flare and casting long, soft shadows from the wind turbines across a layer of low-lying clouds or fog. In the foreground, the curved, metallic surface of a drone is visible, suggesting the photo was taken from an aerial perspective. The overall mood is serene and clean.

Period highlights

We exceeded our goals for 2015



- ▶ **Commercial activity** aligned with the upper end of volumes projected in the BP 2015-17E:
 - **3,883 MW** of firm orders 2015¹: +17% y/y
 - 1,042 MW in Q4 15
 - **3,197 MW** order book @ Dec. 15: +28% vs. Dec. 14
 - **Among the top four players worldwide** by commissioned capacity in 2015

- ▶ Sustained **profitable growth**:
 - **+23%** y/y in revenues: €3,504mn
 - **+54%** y/y in EBIT²: €294mn; EBIT margin: 8,4%
 - EBIT margin Q4 15: 9,0%
 - **+73%** y/y in net profit²: €175mn

- ▶ **Strong cash flow and a solid balance sheet**
 - **€182mn** net free cash flow in 2015
 - **€301mn** net cash on the balance sheet at 31 Dec. 2015

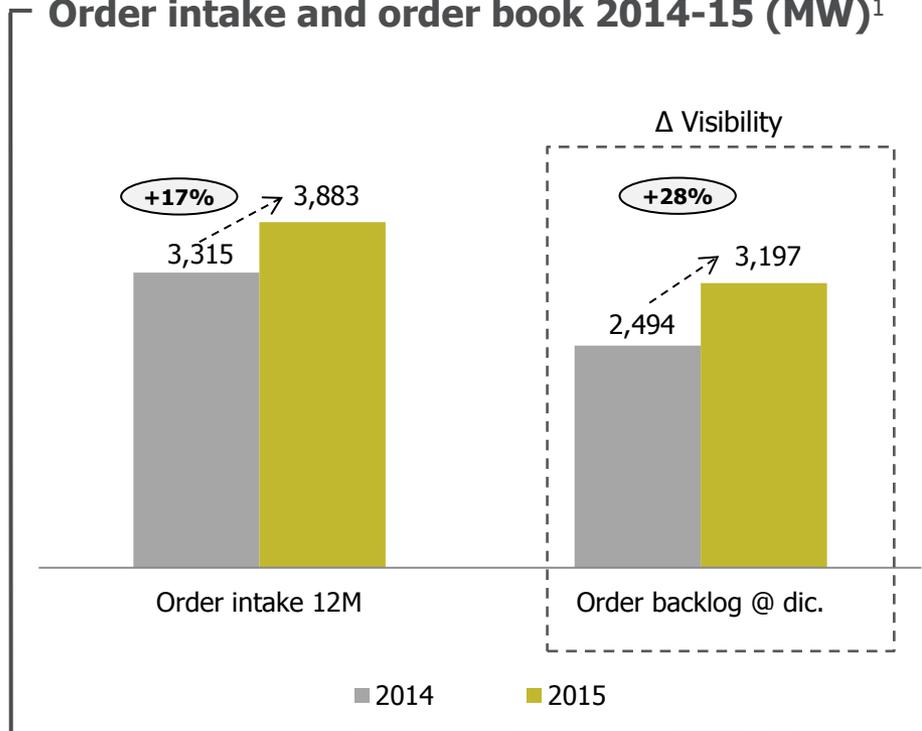
The shareholder value creation commitment was exceeded: ROCE 2015 = 2x WACC: 17%

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Including 604 MW in orders signed through end-2015 and announced in Q1 16
2. EBIT and net profit excluding impact of creating and consolidating Adwen (which would increase EBIT by €29mn and reduce net profit by €5mn).

Strong commercial activity

Aligned with the upper end of the commitment in the BP15-17E: 3.9 GW in orders in FY 15; 3.2 GW in the order book at end-2015, + 28% y/y

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



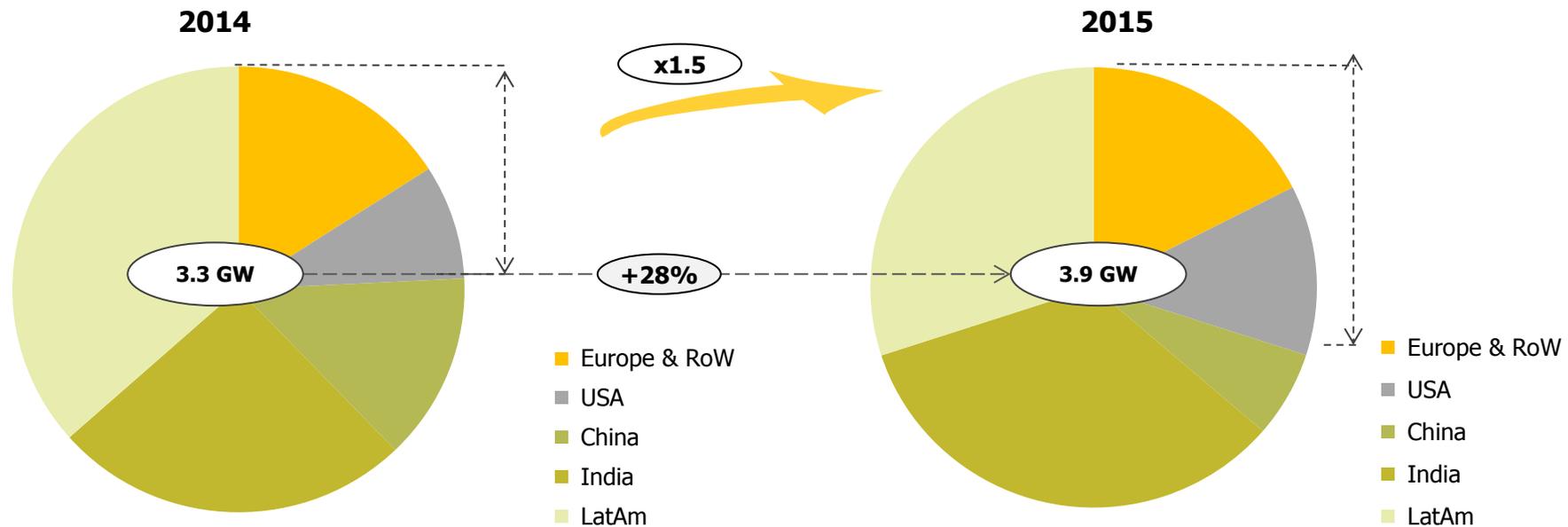
- ▶ **Ratio of order intake to sales in the period (book to bill): 1.22x in 2015 (1.18x in Q4)**
- ▶ **Coverage² of activity in 2016: 71%, 7 p.p higher than coverage of 2015 activity as of 2014 year-end (64%)**

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes 604 MW in orders signed in 2015 and announced in the first quarter of 2016.
2. Coverage based on total order intake through 31 December 2015 for activity in 2016 with respect to average volume guidance for 2016 ($\geq 3,800$ MWe).

Combined with strong geographical diversification

Presence in 54 countries¹; Kuwait and Thailand added in 2015. A leading position in emerging markets and growth in developed markets, where volume rose 45% vs. 2014, to account for 30% of the total (vs. 24% in 2014)

Geographical breakdown of order intake in 2015 vs. 2014



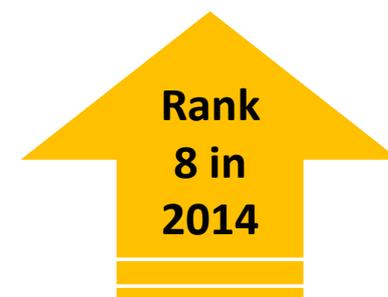
G114-2.0 MW and G114-2.5 MW accounted for c. 50% of order intake in 2015 (vs. 26% in 2014)

1. Kuwait included

Among the 4 largest players globally

Improvement in market positioning by commissioned capacity in 2015, reaching position number 4

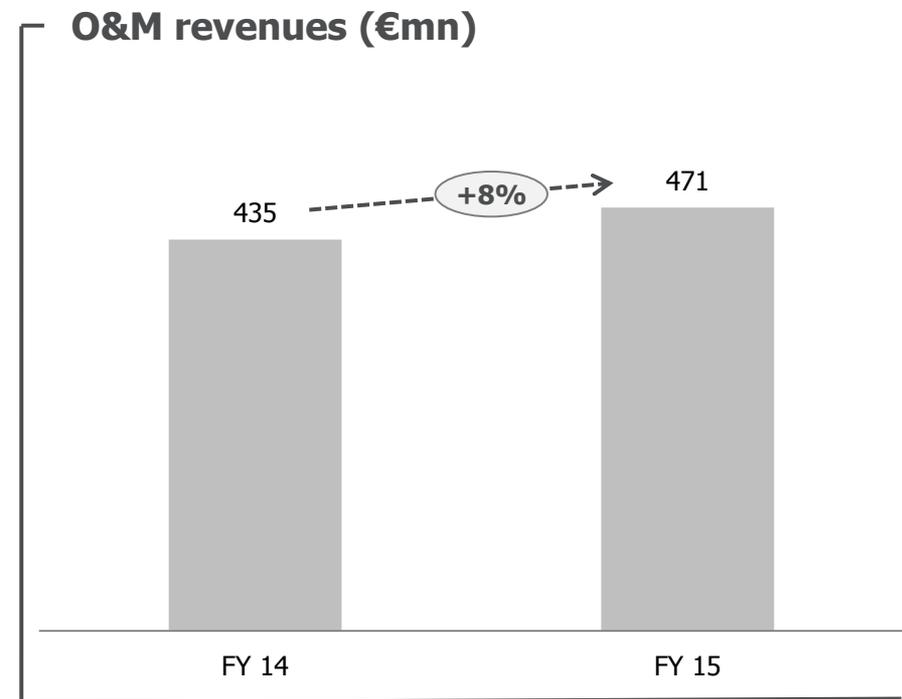
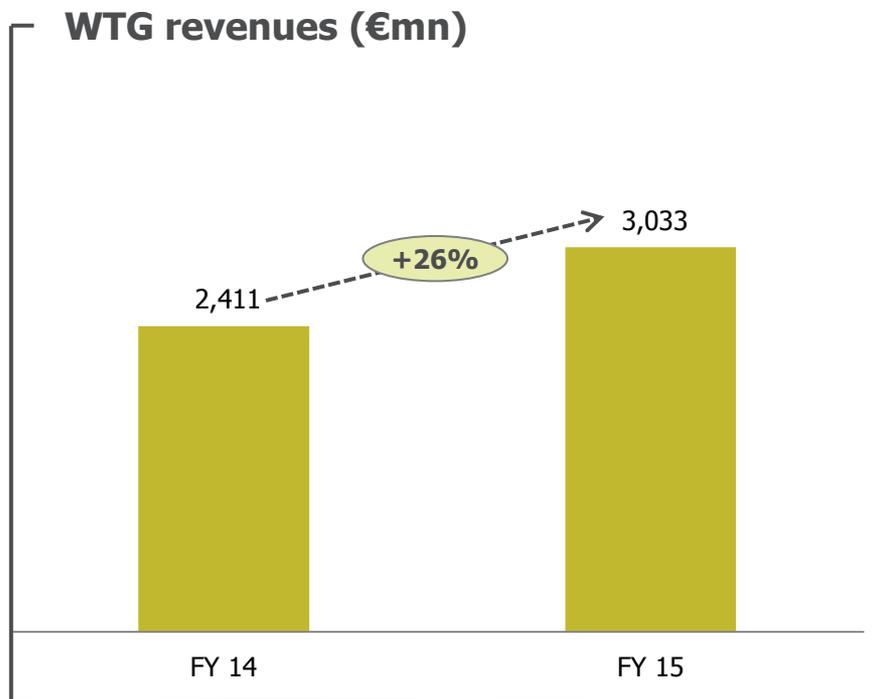
Turbine supplier	Commisioned capacity in 2015(GW)	Commisioned market share	Rank 2015
Goldwind	7,8	14%	1
Vestas	7,3	13%	2
GE	5,9	10%	3
Siemens	3,1	5%	4
Gamesa	3,1	5%	4
Enercon	3,0	5%	6
Guodian	2,8	5%	7
Ming Yang	2,7	5%	8
Envision	2,7	5%	8
CSIC	2,0	3%	10



1. Source: Bloomberg New Energy Finance

Sales growth consolidation: +23% y/y, 17% at constant exchange rates¹

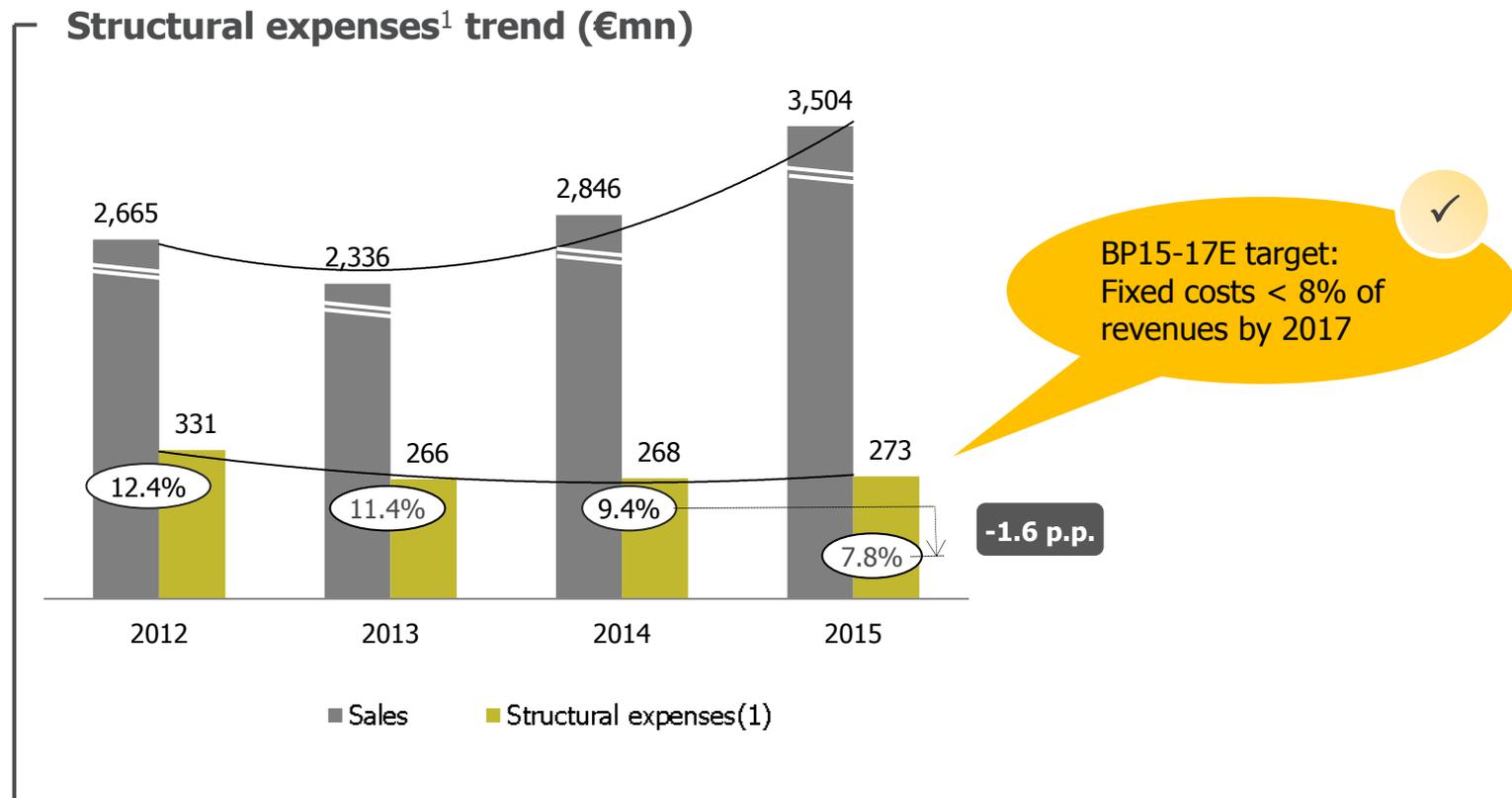
Supported by strong growth in WTG sales: +21% y/y in terms of MWe



1. At the 2014 average exchange rate

Control of structural expenses

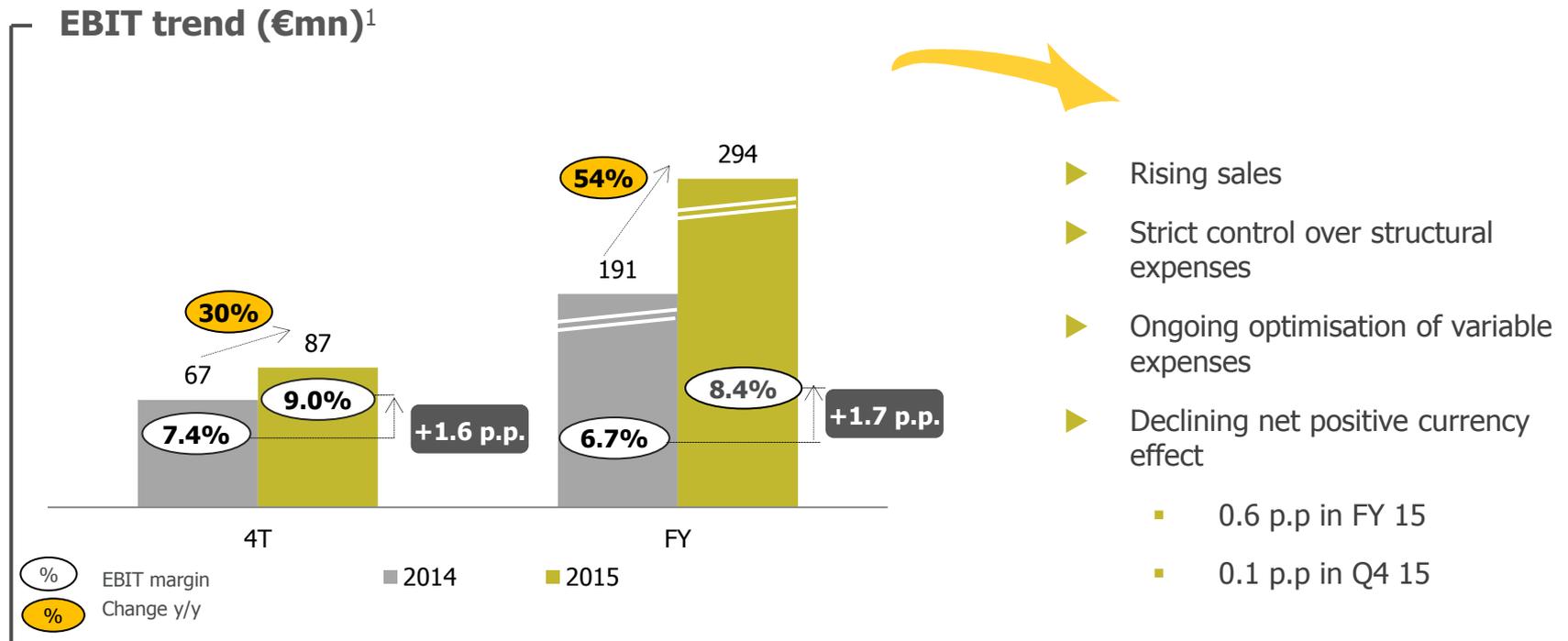
Focus on operating break-even point: structural expenses reduced by 1.6 points to 7.8% of revenues



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

Steady improvement in profitability¹: EBIT FY 15 +54% y/y

**EBIT margin FY 15: 8.4% vs. 6.7% in FY 14 and
EBIT margin 4Q 15: 9.0% vs. 7.4% 4Q 14**

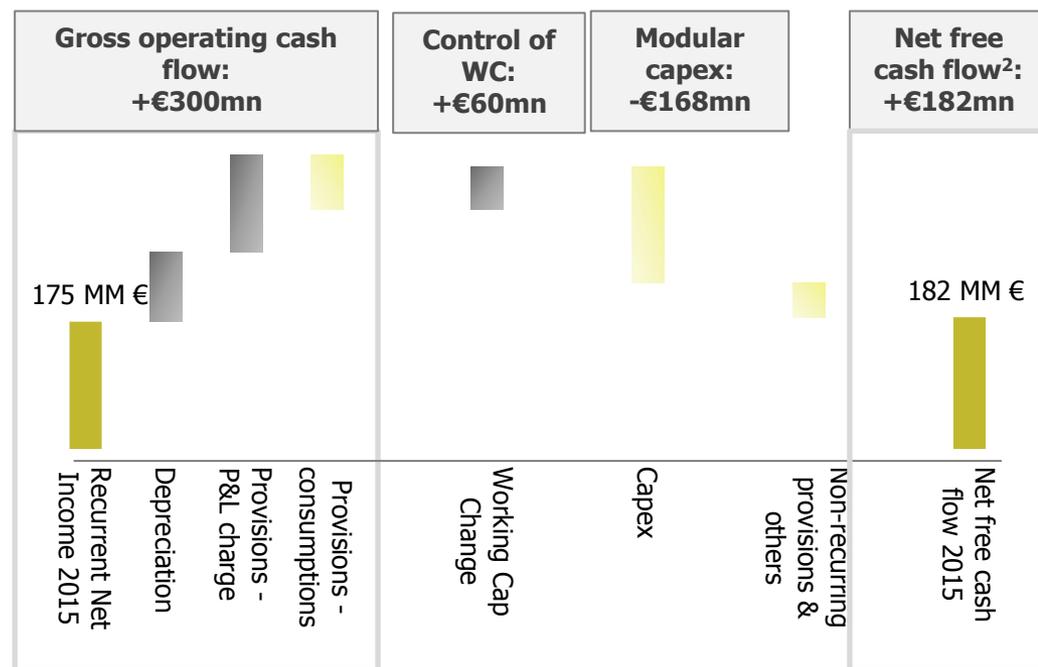


1. EBIT excluding impact of creating and consolidating Adwen in 2015 (€29mn in Q1 2015) and non-recurring provisions in 2014 (€9,4mn in Q4 2014)

Strong cash flow: €182mn

Working on converting net profit¹ into cash

Net free cash flow



Through:

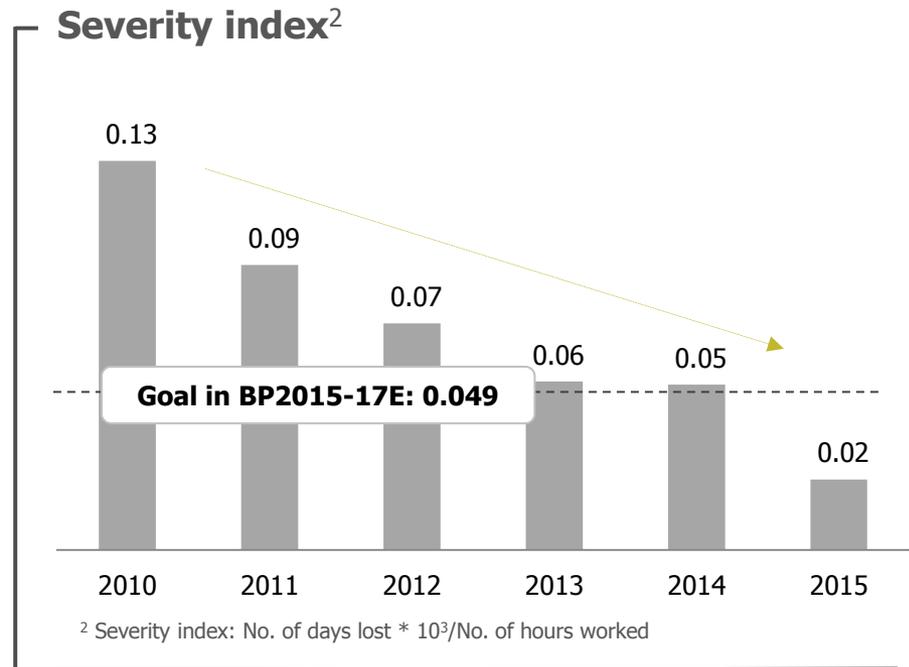
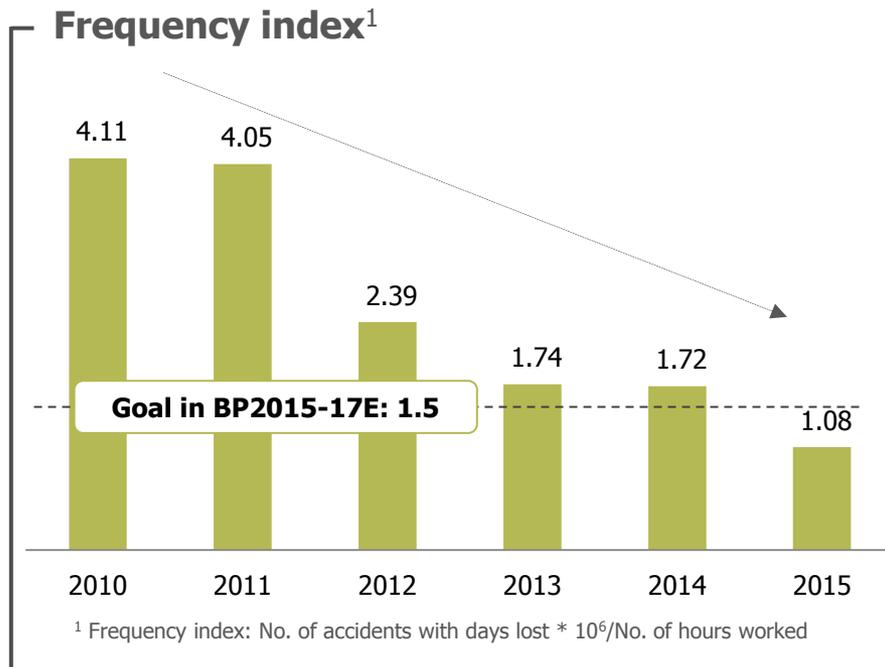
- ▶ **Profitable growth: €300mn gross operating cash flow (vs. €200mn in 2014)**
- ▶ **Strict control of working capital (WC): €12mn vs. €71mn in 2014**
 - ▽ Ratio over revenues: -2.2p.p.
- ▶ **Modular capex** focused on growth: €168mn, or 4.8% of revenues
 - R&D (1.3% of revenues)
 - Blade capacity (new product and Δ capacity) in all regions
 - Logistics and tooling

Net cash on the balance sheet: €301 mm at end-2015 vs. €143 mm at end-2014

1. Underlying net profit excluding impact of creating and consolidating Adwen (which would increase EBIT by €29mn and reduce net profit by €5mn).
 2. Cash flow before dividend payments (€23mn in Q3 2015)

Leader in workplace health and safety

Safety indexes (frequency and severity) in line with targets



Conclusion: All objectives were exceeded...

	2014	2015	2015 Guidance		
Volume (MWe)	2,623	3,180	c.3,100	✓	Profitable growth: revenues +23% y/y and EBIT +54% 2015 vs. 2014
Revenues (€mn)	2,846	3,504	c.3,400	✓	
EBIT margin ¹	6.7%	8.4%	≥8%	✓	
WC/revenues	2.5%	0.3%	<5%	✓✓	Control of capital consumption and capex
Capex/revenues	3.1%	4.8%	4%-5%	✓	
ROCE	11%	17%	≥WACC+4%	✓✓	Creating value
Dividend proposal: pay-out ratio		25%	≥25%		Dividends resumed

Exchange rate impact in line with projections for 2015

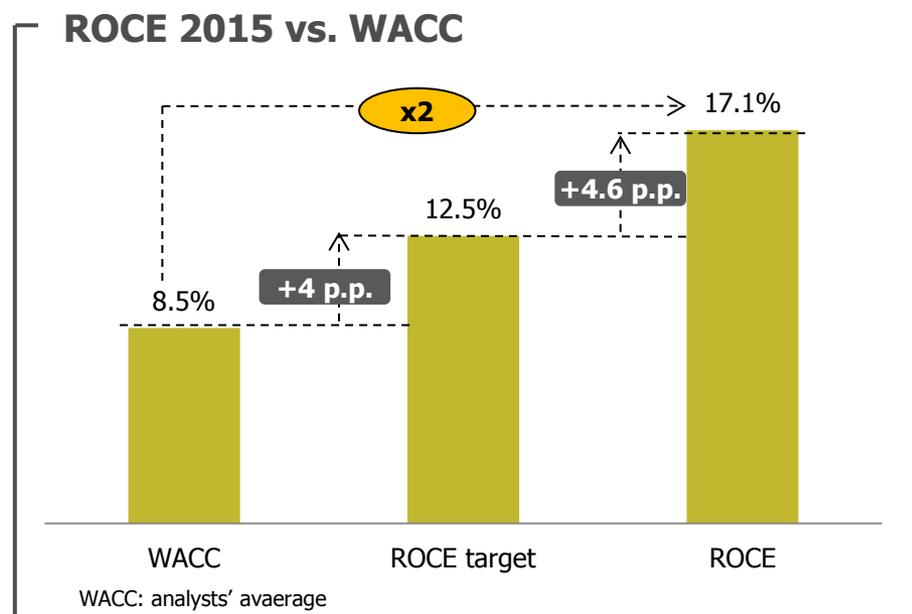
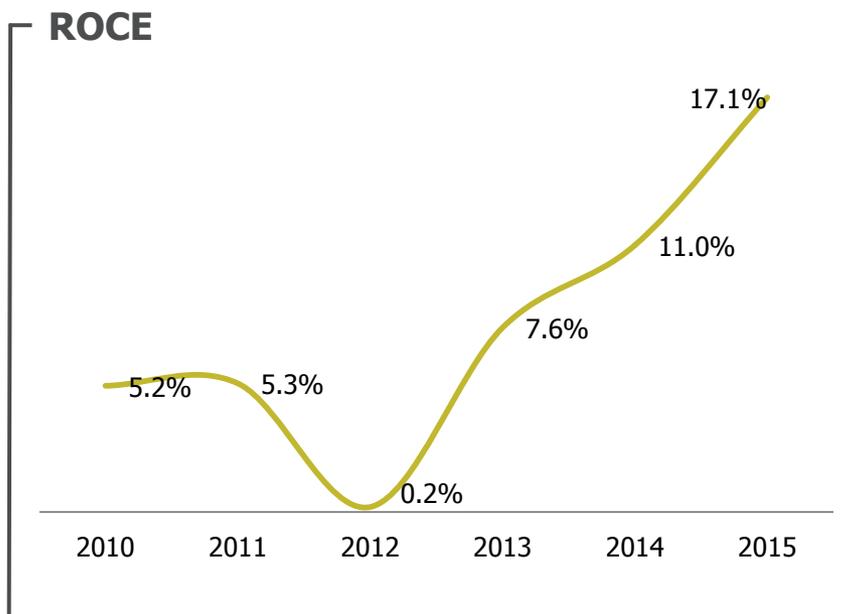
- ▶ EBIT margin: +0.6% in FY 15 vs. FY 14 and +0.1% in Q4 15 vs Q4 14, aligned with the 2015 guidance: ±0.5%
- ▶ Lower currency impact due to greater localisation and dynamic hedging

€182mn in cash flow in 2015, leading to a net cash position on the balance sheet: €301mn, maintaining the long-term leverage limit (NFD/EBITDA <1.5x)

1. Underlying EBIT margin excluding impact of creating and consolidating Adwen in 2015 (which would increase EBIT by €29mn and boost the EBIT margin to 9.2%); underlying EBIT margin excluding the impact of non-recurrent items amounting to €9.4 mn in 2014.

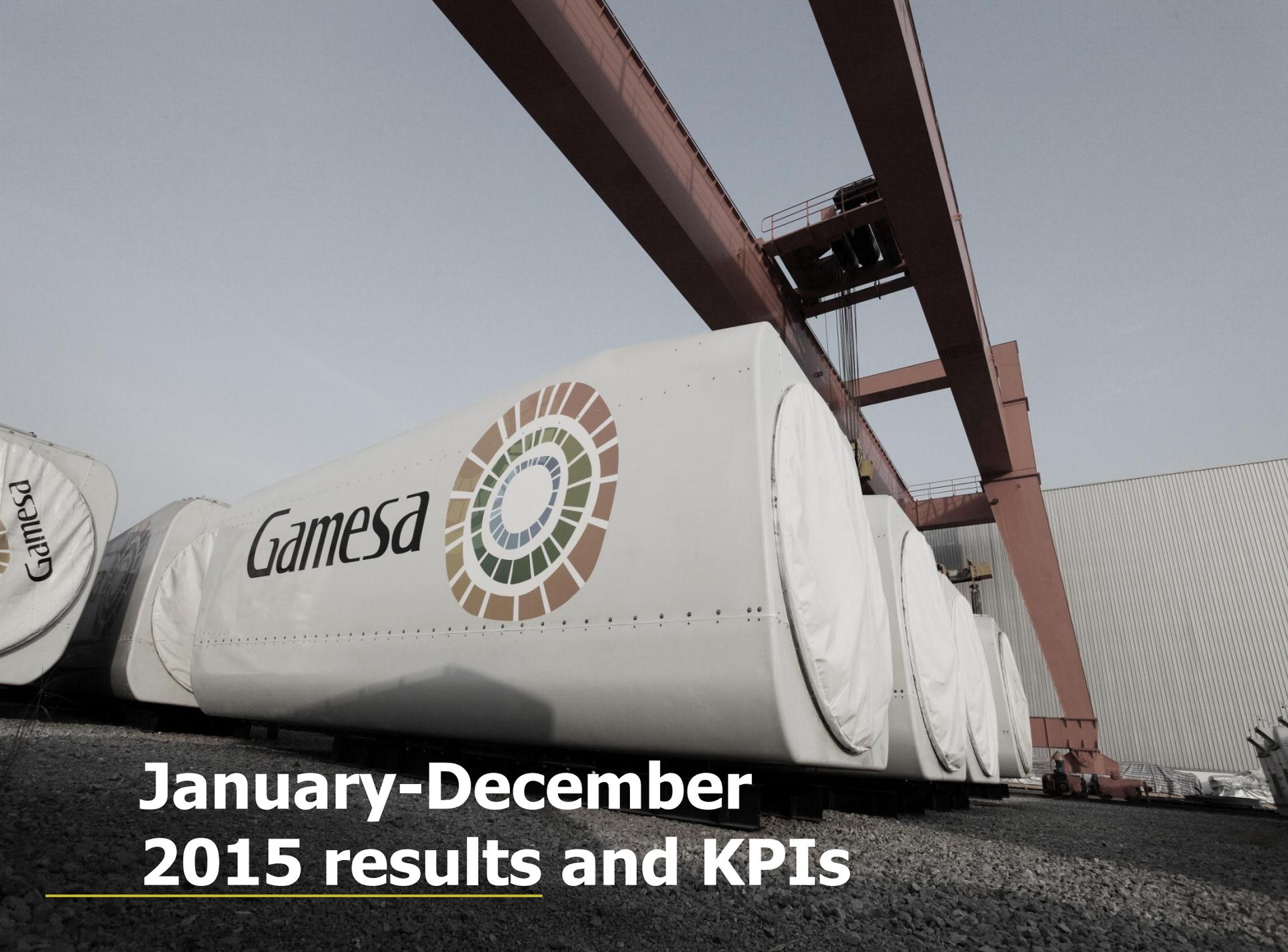
... working to create shareholder value

ROCE 2015: 2x WACC



VALUE CREATION PILLARS

- ▶ **Profitable growth through**
 - Competitive positioning
 - Programmes for continuous optimisation of variable costs, plus quality leadership
 - Control of structural costs
- ▶ **Generating cash flow** by controlling capex, focused on ensuring profitable growth



**January-December
2015 results and KPIs**

Consolidated group - Key figures

Underlying P&L pre-Adwen ¹ (€mn)	2014	2015	Chg. %	Q4 2015	% Chg.
Group revenues	2,846	3,504	+23.1%	971	7.4%
MWe	2,623	3,180	+21.3%	880	11.2%
O&M revenues	435	471	+8.2%	126	11.7%
Underlying EBIT	191	294	+54.1%	87	30.0%
Underlying EBIT margin	6.7%	8.4%	+1.7 p.p.	9.0%	+1.6 p.p.
O&M EBIT margin	12.7%	13.4%	+0.7 p.p.	18.0%	1.5 p.p.
Underlying net profit (NP)	101	175	73.2%	51	38.6%
Underlying NP per share (€)	0.39	0.63	62.5%	0,18	38.6%

(1) The 50% stake in Adwen is carried by the equity method.

Reported P&L (€mn)

EBIT ²	181	323	78.1%	87	51.0%
Net profit ²	92	170	85.3%	44	59.3%

(2) Reported EBIT and NP include impact of creating and consolidating Adwen (offshore JV): €29mn capital gains in EBIT and a €5mn net loss in FY 2015. Net profit in 4Q included a negative impact of €7mn. Reported figures in Q4 and FY 2014 include non-recurring provisions amounting to €9.4mn.

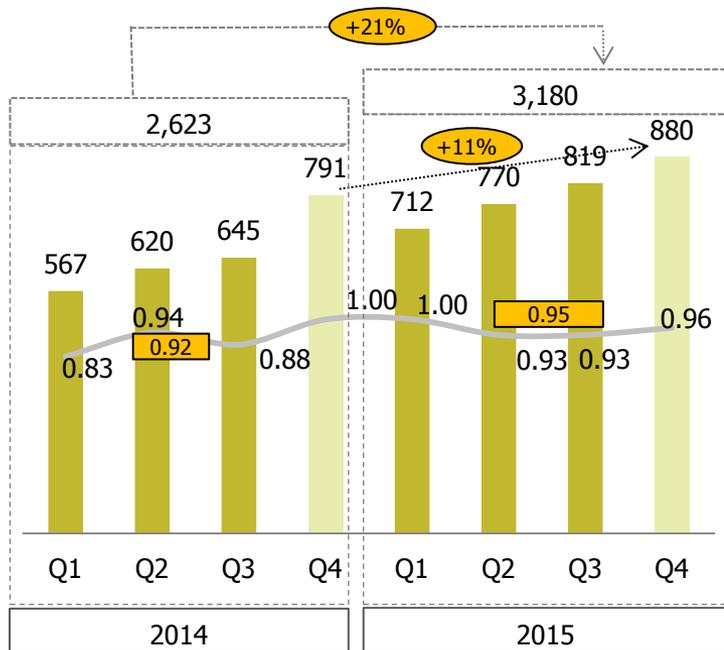
Balance sheet (€mn)

Working capital (WC)	71	12	-83.6%	12	-83.6%
WC/revenues LTM	2.5%	0.3%	-2.2 p.p.	0.3%	-2.2 p.p.
Net financial debt (NFD)	-143	-301	111.3%	-301	111.3%
NFD/EBITDA LTM	-0.4x	-0.6x	-0.2x	-0.6x	-0.2x

Activity. WTG

Firming growth in activity as a result of competitive positioning: 9 consecutive quarters of double-digit growth y/y

MWe sold



- MWe
- ASP in the quarter: wind turbine sales, excluding O&M, divided by MWe sold per quarter
- ASP FY: wind turbine sales, excluding O&M, divided by MWe sold in the period

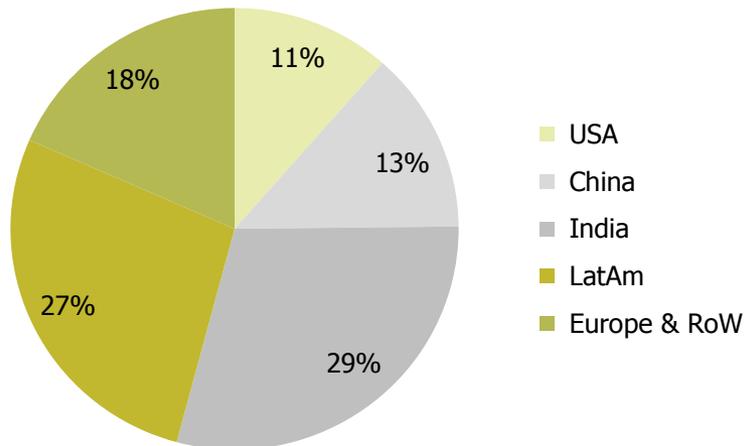
- ▶ **Activity (3,180 MWe) aligned with the volume commitment for 2015 (c.3,100 MWe)**
 - **MWe +21% y/y in FY 2015 and +11% y/y in Q4**
- ▶ Trend in **ASP in FY 2015 including FX (+3.7%)** aligned with ASP projections and expected revenues
 - (+) Currency effect (+4.4% in FY 2015 and -1.6% in Q4 15)
 - (+) New product launches (G114 2MW and taller towers) and contract scope
 - (-) Geographic mix (Δ contribution by China and India)
- ▶ This trend in ASP is not indicative of the level or trend in profitability

Activity. WTG

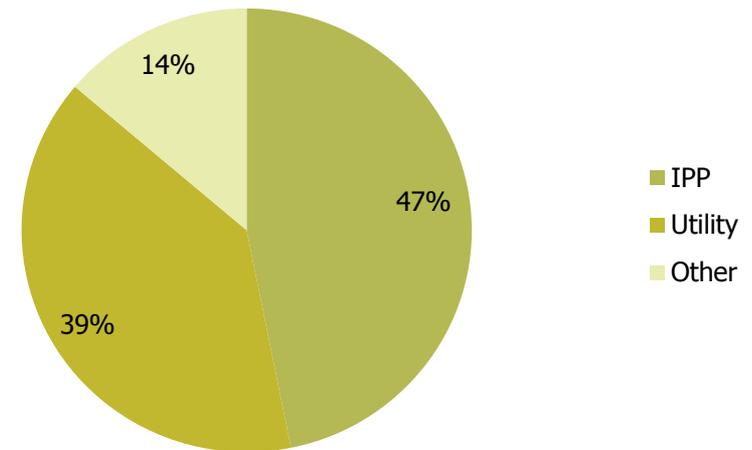
Activity continues to be shaped by diversification in terms of geographies and clients

- ▶ Commercial presence in 18 countries
- ▶ 34,613 MW installed in 53 countries
- ▶ Relationship with over 200 customers (utilities, IPPs, financial investors and self-providers)

Geographic mix (MWe sold)



Breakdown of MWe sold, by customer type



Double-digit growth in all customer groups. Recovery in demand from utilities, aligned with projections in the BP 15-17E and strong growth in industrials and developers group

Profitability. WTG

Cost containment and continuous improvement programme plus quality leadership support steady improvement in WTG profitability based on the pillars of 9/15, compensating for cost pressures caused by growth and new product launches

Gamesa
Quality Leader



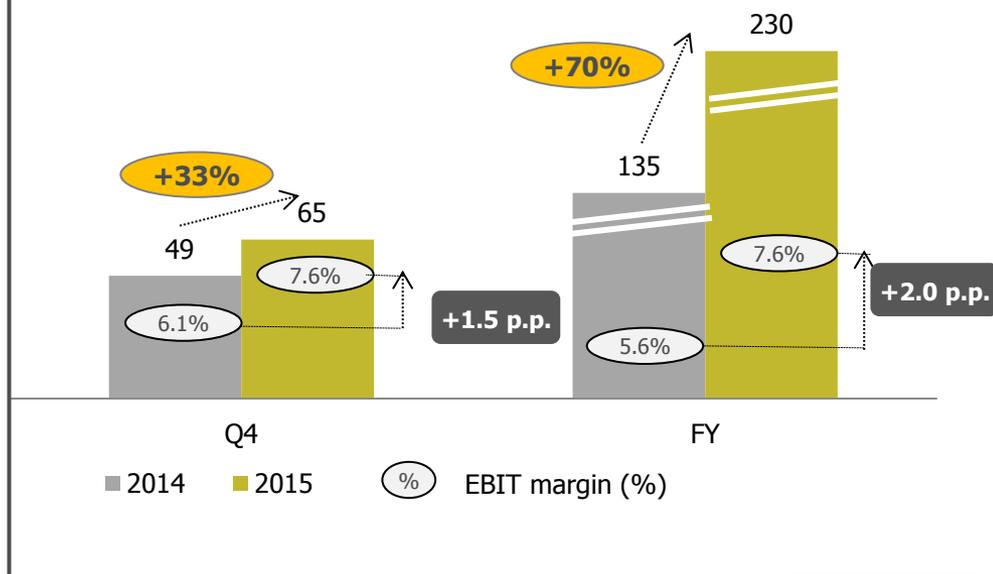
mci
Continuous
improvement
programmes

Design improvements

Improvements in
competitiveness
(Processes)

Working with
suppliers

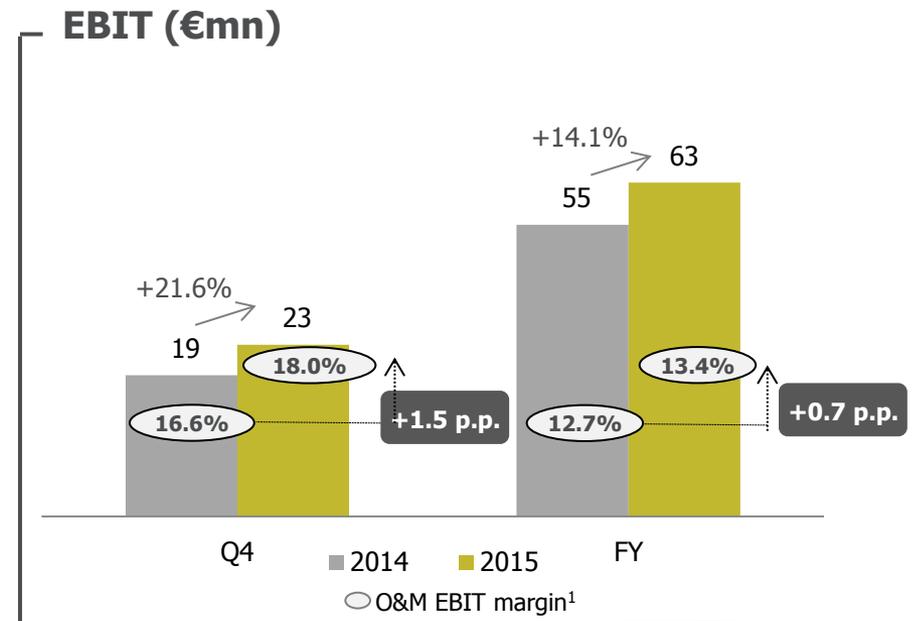
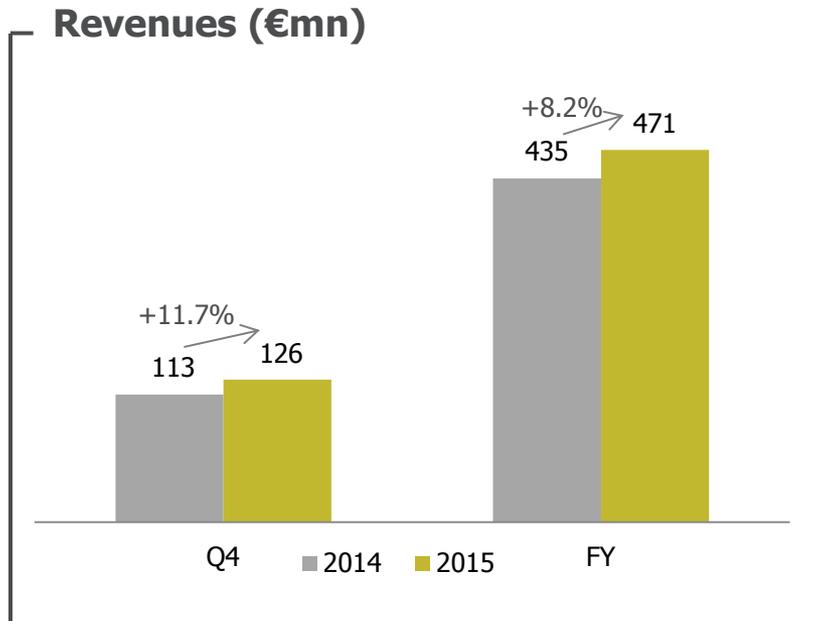
WTG EBIT (€mn)



► Decreasing impact of exchange rate on EBIT margin

Activity and Profitability. Operation and maintenance

Sales growth and profitability aligned with projections for the year

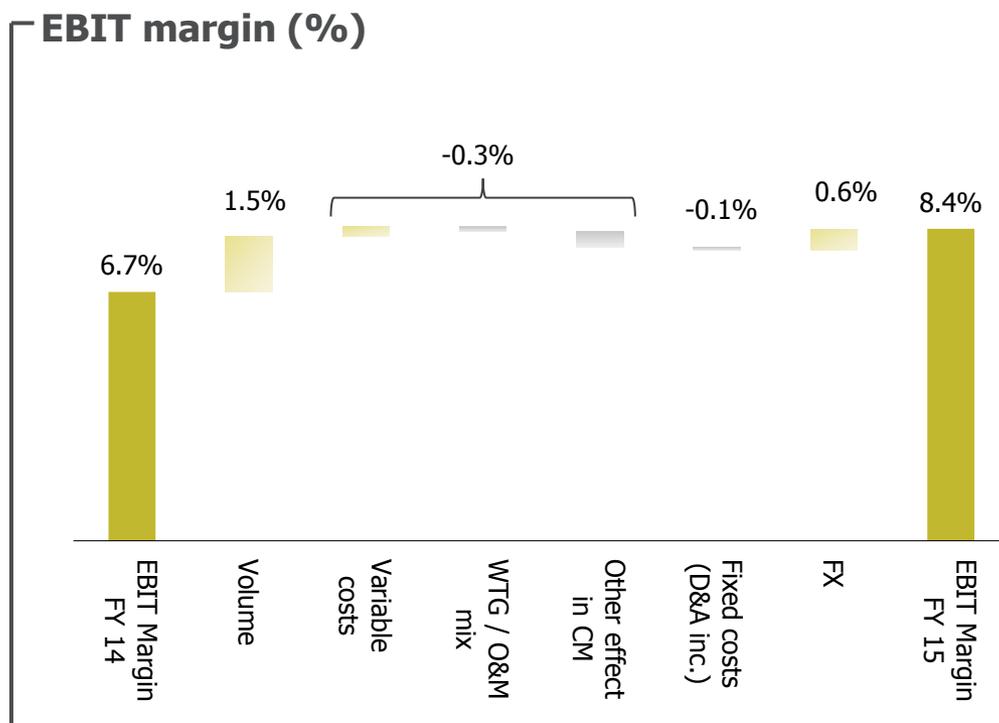


- ▶ Year-on-year growth in revenues (+8%) and EBIT (14%) in line with FY and BP 15-17 objectives
- ▶ Order book: +22% y/y (>2bn)
 - Average duration of contracts: 6 years
- ▶ Acquisition of 50% of stake in NEM (Q4 15) within the strategy of optimizing O&M costs and developing predictive maintenance services

1. EBIT including parent company and structural expenses

Consolidated group - EBIT

Greater activity supported by a rationalised structure, continuous improvement of variable costs, and favourable exchange rate trend were the main factors driving growth in EBIT margin in 2015



Levers for improving the margin aligned with 2015 projections

Positive impact of

- ▶ Growth in volume
- ▶ Optimisation of variable expenses
- ▶ FX

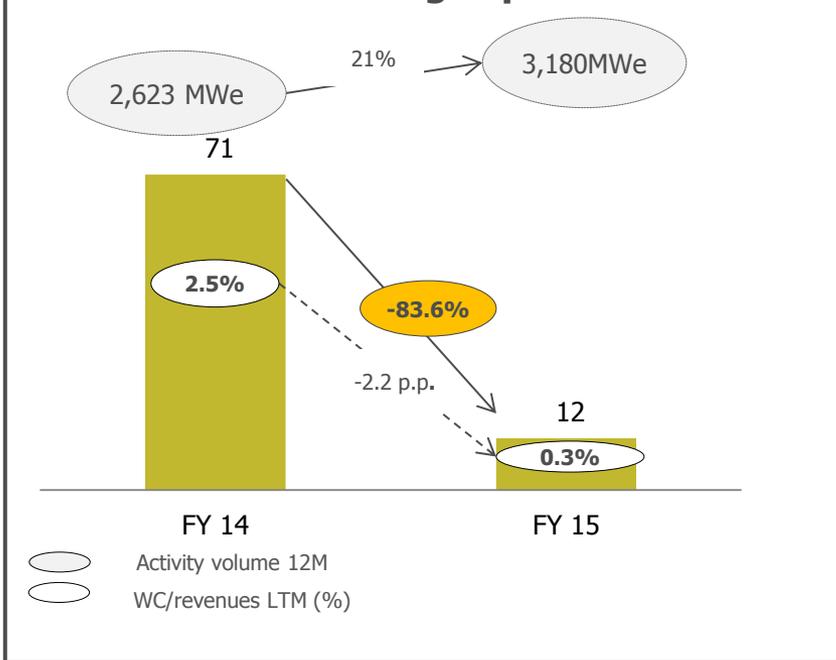
Partly offset by

- ▶ Sales mix incl. lower O&M contribution
- ▶ Other effects on CM:
 - Pipeline impairment charges
 - Industrialisation of new platforms, models and factories

Consolidated Group - Working capital

Consolidating working capital improvement in a context of strong growth

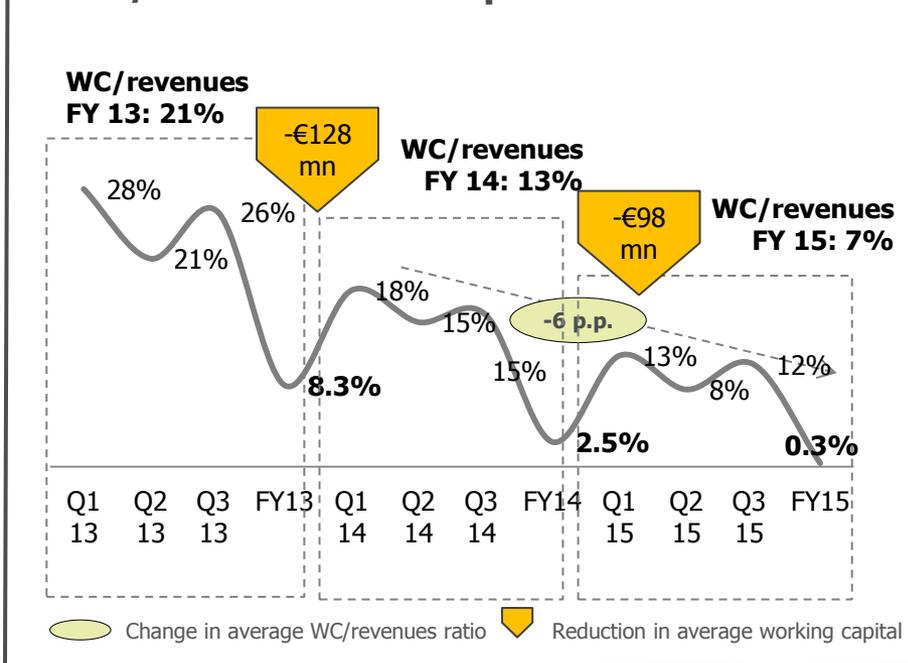
Reduction in working capital



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 investment in wind farms
- ▶ Monetise operational assets

WC/revenues ratio improvement locked in

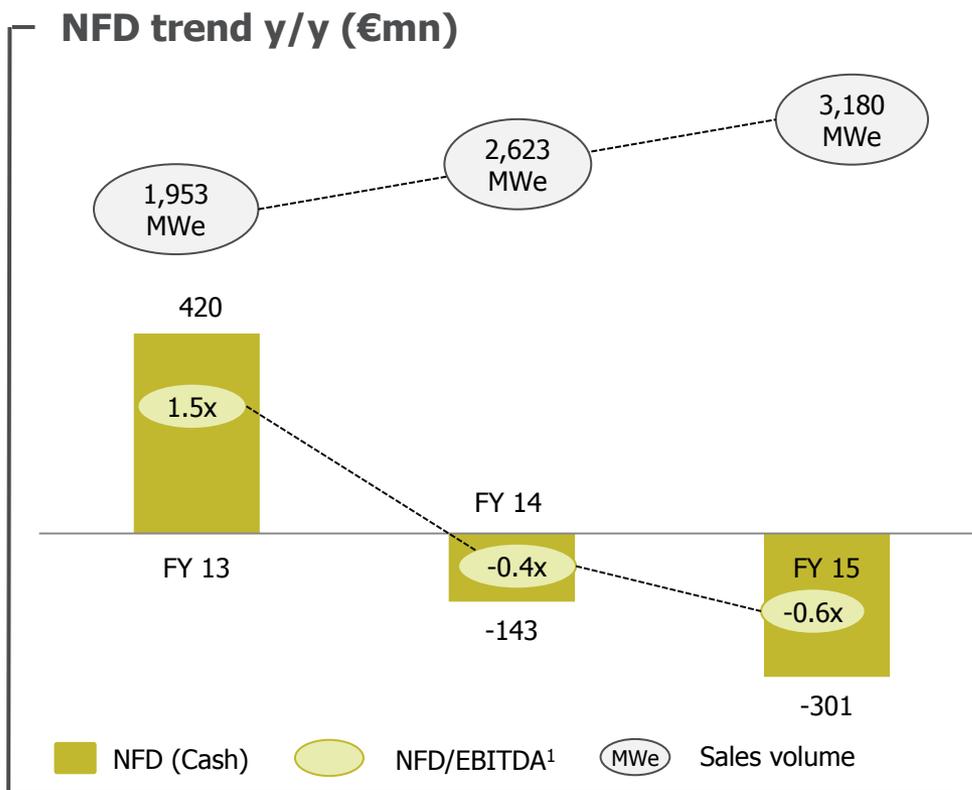


Progress aligned with the 2015 guidance

- ▶ Decline in average working capital (-6 p.p.): -€98mn in 2015 vs .2014
- ▶ Working capital FY 2015: 0.3% below target ceiling (<5%)

Consolidated group - Balance sheet

A sound balance sheet remains a priority: €301mn in net cash on the balance sheet at end-2015 vs. €143mn at end-2014



1. EBITDA LTM

Net cash of €301mn in a context of expanding activity and after resuming dividends

- ▶ Activity (MWe): +21% y/y
- ▶ Dividend paid in Q3 15: €23mn
- ▶ NFD/EBITDA¹ ratio (-0.6x FY 15 vs. -0.4x FY 14): -0.2 points y/y

Supported by

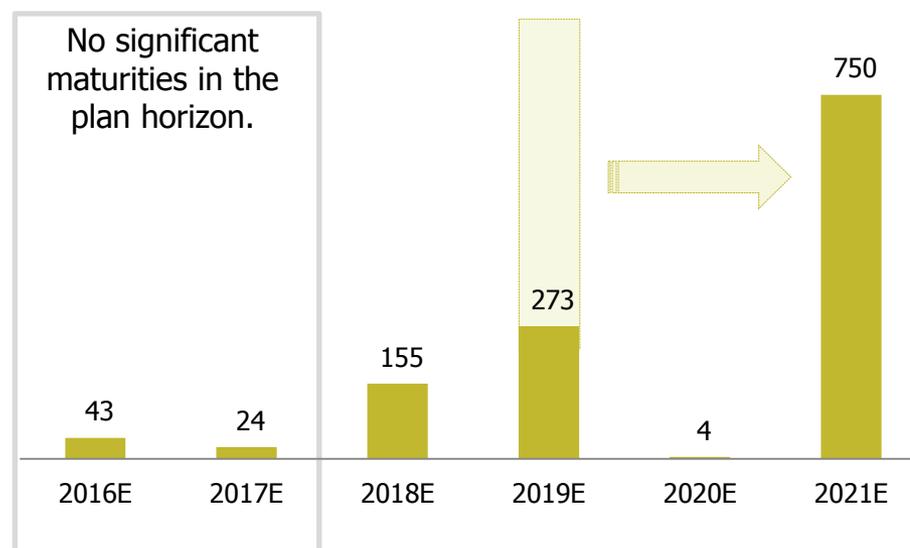
- ▶ **Rising profitability**
- ▶ **Control of working capital**
- ▶ **Modular capex:** planning investment in line with growth

Consolidated group - Funding lines

Extending maturities and improving funding costs

€ mn	Limits on available funding ¹
Syndicated – credit account	750
EIB – loan	420
Other loans	101
Bilateral – credit accounts	499
Total lines	1,770

Funding line maturities² (€mn)



1. Funding limits at 31 December 2015.

2. Excluding bilateral credit accounts that mature and are renewable from year to year

Formalisation of JV with Areva and consolidation of Adwen

Impact on P&L of creating and consolidating Adwen (€mn)

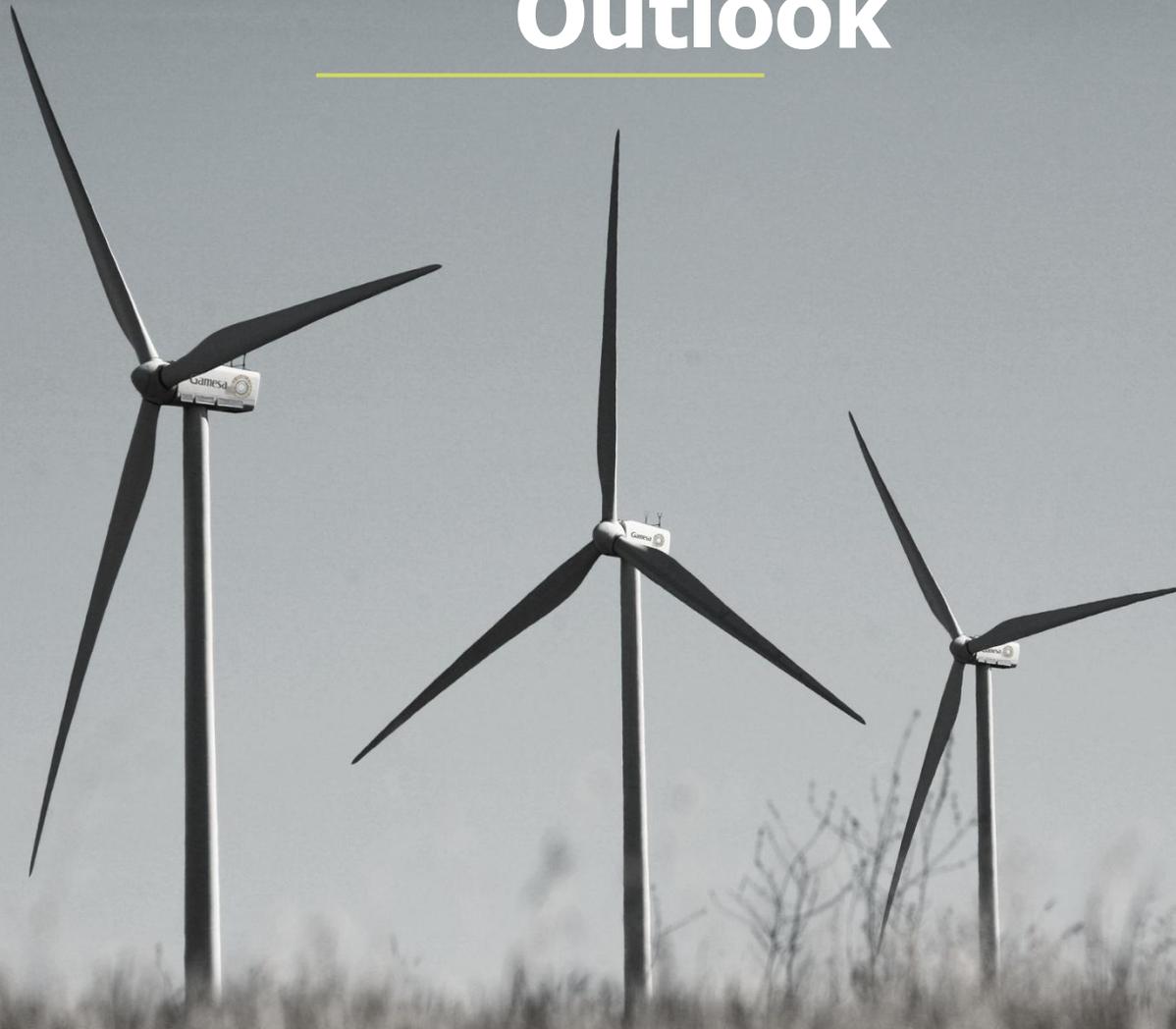
DETAILED IMPACT ON P&L		
Gross capital gain ¹	29.2	EBIT
Equity-accounted income from 50% of Adwen in FY 15	(26.0)	Equity-accounted income
Estimated corporate income tax expense ²	(8.2)	Corporate income tax expense
Net profit	(5.0)	Net profit

1. Non-recurring capital gain = Total value assigned (€195mn) - Total value of contribution and transaction costs (€165.8mn)
2. Tax on gross capital gain (28%), with no cash impact. Adwen earnings are recognised by the equity method and are net of tax; therefore, they have no tax effect at Gamesa.

Adwen activity focused on:

- ▶ Operational improvements (installation of GT1 and BW2 projects and O&M of already installed projects)
- ▶ Execution and commissioning of Wikinger (350 MW, 70 AD 135-5MW WTGs)
 - Start-up of blade production in Bremerhaven
- ▶ Development of the 8 MW machine
 - Internal design certification
- ▶ Commercial development in Europe and Asia

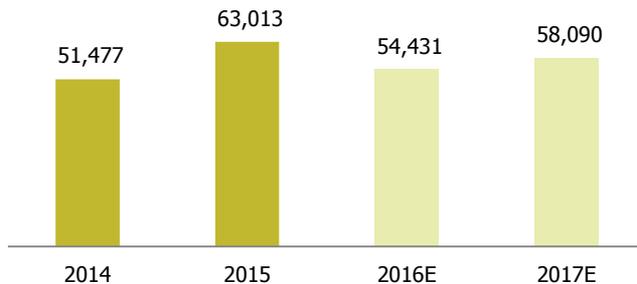
Outlook



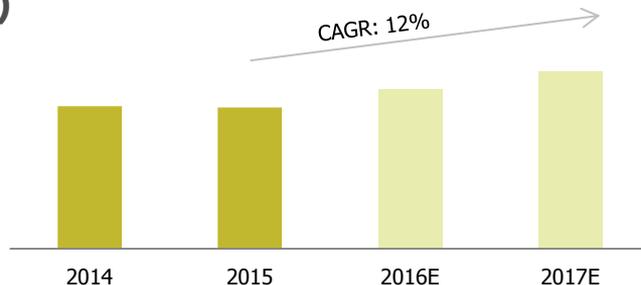
Growth in installations in 2016-17 will continue to be concentrated in emerging markets

Where Gamesa has a solid position

Wind installations worldwide (MW)



Wind installations ex. China, US & Germany (MW)



- ▶ **Peak installations in 2015** driven by prospects of regulatory changes¹ in China and the US, and a record volume of offshore installations in Germany¹
- ▶ **Normalisation of demand** in these three markets explains **the reduction in demand projected for 2016-17²**
- ▶ Excluding China, USA and Germany, **expected growth rate in annual installations 2015-17E: 12%**
 - Asia Pacific ex. China: 22% (India:18%)
 - Latin America: 7% (Mexico: 31%)
 - Africa and Middle East: 65%

Source: MAKE Q4 Market Outlook Update, including US market update January 2016;
Installations 2014-15: GWEC

1. Reduction of FIT for wind projects commissioned from 2016 onwards in China; uncertainty about PTC extension in the US; resolution of grid connection problems for offshore farms in Germany, which have existed since 2013.
2. After estimated 30 GW of installations in China in 2015, the pace is expected to decline to an average of 22 GW per year in 2016-17; in the US, from 8.5 GW in 2015, the annual average is expected to decline to 7.4 GW in 2016-17; and in Germany, the pace is expected to fall from 6.3 GW in 2015 to an annual average of 4.6 GW in 2016-17.

Improved regulatory visibility and rising renewable commitments

Supporting stable long-term demand growth

COP 21

- Global target: **Δ temperature <2°C**, with a goal of 1.5°C
- 186 countries signed voluntary commitments to reduce GHG¹ emissions**
 - 100 countries** target a higher contribution by **renewables**
 - 70 specifically mention wind power.** Some have specific wind power targets: 200 GW by 2020 (China); 60 GW by 2022 (India); 16 GW by 2030 (Turkey); 14% wind (Morocco), among others
- Mechanism for **upgrading those targets every five years** to achieve the objective of controlling the temperature rise
- Market mechanisms** to enable emission reduction targets to be met in another country. Similar to current CDM¹

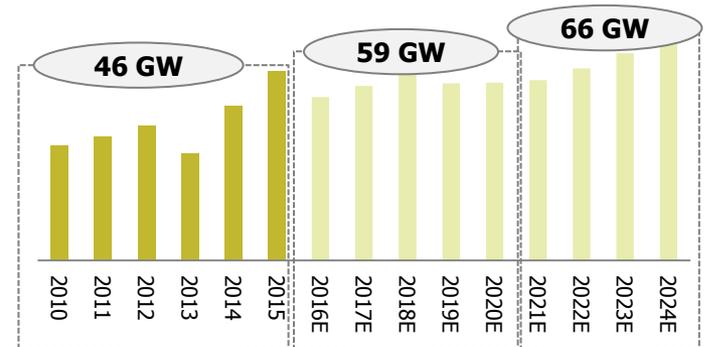
1. GHG (greenhouse gases); CDM (clean development mechanism)

USA

- PTC extension: 5 years, tailing off steadily in the basis of when construction commenced**
 - 100% in 2016; 80% in 2017; 60% in 2018; 40% in 2019 and 0% in 2020
- Pending clarification of the rules on "construction commencement"² by the IRS**

2. The latest PTC extension included "significant work" and "safe harbour" rules.

Wind installations worldwide trend (MW)

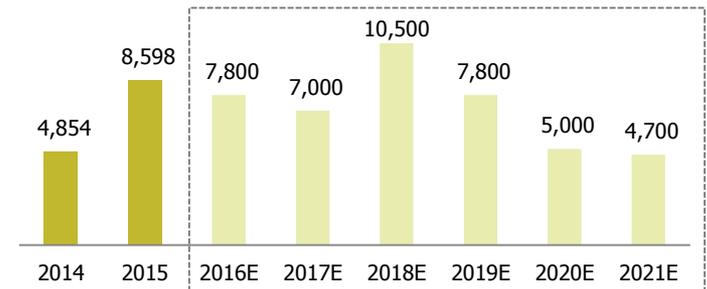


○ Average wind installations per year

Source: MAKE 4Q 2015 inc. including US market estimates January 2016; historic data from GWEC

Wind installations trend in the US (MW)

Annual average 2016-21E: 7GW



Source: MAKE US market estimates January 2016; historic data from GWEC

Gamesa ended 2015 fully aligned with its priorities for 2016-17E

Having surpassed the goals for 2015

Gamesa priorities for 2015-17:

1 **Seize growth** opportunities in emerging and mature markets.

2 **Controlling structural expenses and improving variable costs continuously.**

3 Maintaining **a sound balance sheet.**

4 Working to **boost the competitiveness of the product and service pipelines**, improving our position in mature markets.

5 **Preparing Gamesa for beyond 2017.**

✓
Revenues
2015:
+23% y/y
Order book:
+28%

✓✓
€301mn net
cash on the
balance
sheet

✓
Offshore:
launch of
Adwen;
Solar:
orders for
59MW¹

✓✓
Fixed
expenses/rev
enues < 8%

Gamesa
Quality Leader

Continuous
improvement
programme

✓
Launch of
the 3.3MW
platform

1. 11MW delivered; 48MW of additional orders

Making it possible to step up commitments and bring them forward from 2017 to 2016

	2015	2016 Guidance ¹	2015 Guidance	
Volume (MWe)	3,180	>3,800	3,500-3,800	More profitable growth: activity >19%; operating profitability ≥36%
Underlying EBIT	294	>400	c. 362	
EBIT margin	8.4%	≥9%	>8%	
WC/revenues	0.3%	≤2.5%	<5%	Keeping capex and working capital under control
Capex/revenues	4.8%	4%-5%	<3.5%	
ROCE	17%	Rising y/y	Rising y/y	Accelerating value creation
Dividend proposal: pay-out ratio	25%	≥25%	≥25%	Offering attractive remuneration

1. At January-February 2016 average exchange rate and assuming no change in consolidation scope

- ▶ Sensitivity to the exchange rate in 2016: ± 0,5% p.p. in EBIT margin
- ▶ Minimum-remuneration increase depending on opportunities to create additional value for shareholders under strict control of ROCE > WACC and cash generation

While the expectations of commercial strength and further profitable growth beyond 2016 remain

A low-angle, upward-looking photograph of a white wind turbine. The tower and nacelle are visible, with three long, slender blades extending outwards. The background is a clear, bright blue sky. The word "Conclusions" is overlaid in white text on the right side of the image, underlined with a thin yellow line.

Conclusions

2015 targets exceeded, and commitments for future years have been upgraded and brought forward

- ▶ **Management is focused on creating shareholder value**
 - ROCE 2015: 2x WACC
- ▶ **Through profitable growth**
 - Revenues +23%
 - EBIT¹ +54%
 - Net profit¹ +73%
- ▶ **And cash flow**, through modular investment tailored to growth projections
 - €182mn net free cash flow
 - €301mn net cash on the balance sheet
- ▶ **Commercial activity aligned with the upper end of the activity projected in the BP 15-17E**
 - c.4 GW in orders in 2015
 - 3.2 GW order book, covering 71% of projected revenues for 2016E
- ▶ **Against a backdrop of stable regulatory and demand conditions**
- ▶ **Making it possible to step up the commitments in the BP15-17E and bring them forward to 2016**

1. EBIT and NP excluding the impact of the creation and consolidation of Adwen: +€29mn at EBIT level and -€5mn at net profit level.

Aligned with the main international principles of corporate ethics

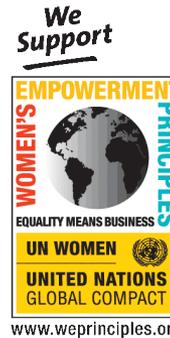
Committed to respecting human rights and the environment



Red Pacto Mundial España
WE SUPPORT



Caring for Climate



We form part of the main sustainability and corporate responsibility indices



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Q&A

Muchas Gracias

Obrigado

Thank you

谢谢！

धन्यवाद

Gamesa

