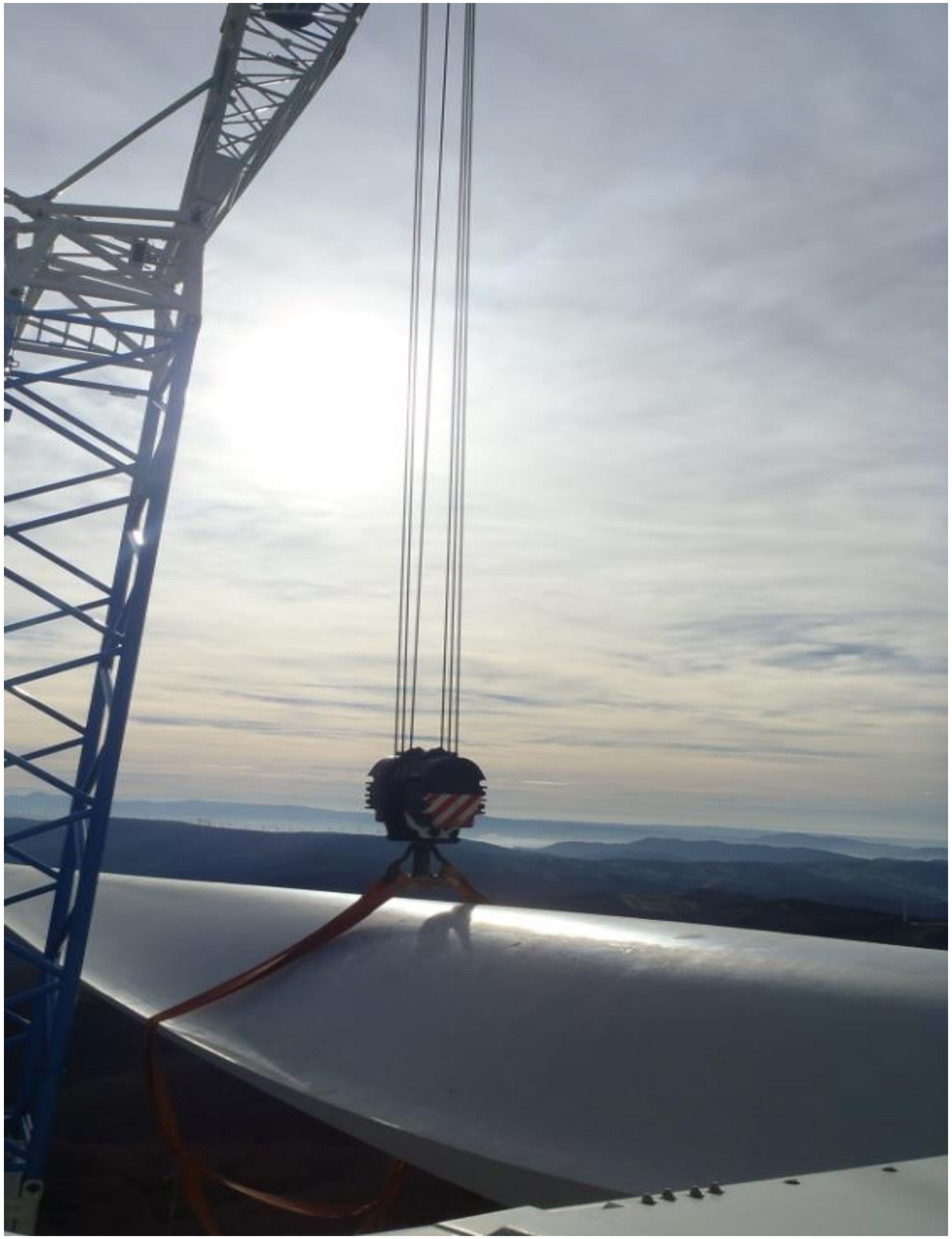
Gamesa

Working to create value for the short, medium and long term



Contents

01 ▪ Period highlights

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Maintaining commercial strength and profitable growth while advancing with the strategy 2017+

- **Competitive position focused on growth, with record order intake in Q2 16: 1.2 GW[1] (+16% y/y)**
  - **Coverage** of the low end of sales guidance (feb.16) for 2016 (>3,800 MWe) **>100%**

- **Management focused on value creation, ROCE: 22%**

  Through profitable growth,
  - **+33%** y/y in revenues in H1 16: €2,192bn
  - **+70%**[2] y/y in EBIT: €230mn; EBIT margin: 10.5% in H1 2016
  - **+76%**[2] y/y in net profit[2]: €151mn in H1 2016

  focused investment (working capital and capex),
  - **-€146mn** y/y in working capital @ 30th June
  - **+€30mn** y/y in capex H1 16

  and a sound balance sheet
  - **€287mn in net cash** @ June 2016

- **Performance H1 16 > projections: guidance for 2016 upgraded**
  - **Volume: ≥4,000 MWe**
  - **Underlying EBIT: ≥€430mn; Margin ≥9.5%**

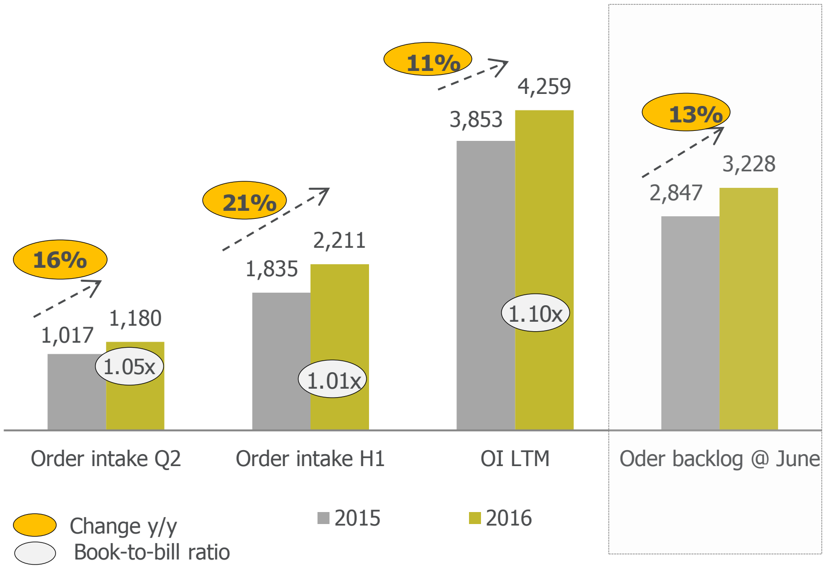
- **Announcement of agreement to merge with Siemens Wind Power to create a global leader in the wind power industry**

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years, including 916 MW signed in Q2 16 and announced in Q3 16
2. Growth using underlying figures pre-Adwen, excl. €29mn at EBIT level in H1 15 (no impact in H1 16) and €11.2mn at net profit level in H1 15 and -€13.5mn in H1 16

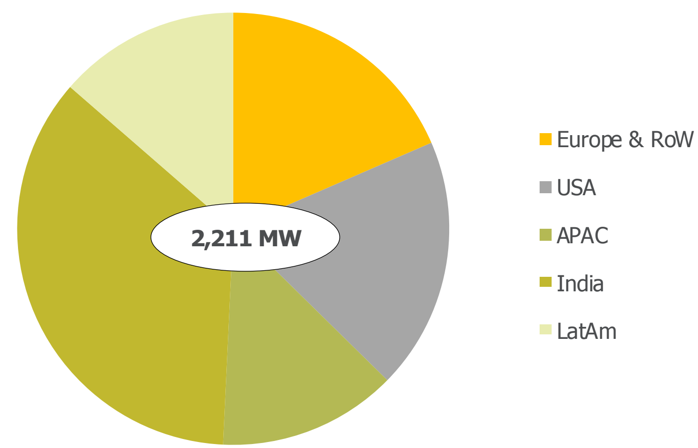
Record order intake

1,180 MW of new orders[1] in Q2 16 (+16% y/y) and 4,259 MW in the last twelve months, exceeding 100% of the low end of February volume guidance for 2016[2]

Strong commercial activity (MW)[1]



Geographical breakdown of H1 16 order intake (%)[1]



- **High visibility**
  - >100% coverage[2] of activity projected in February for 2016 (>3,800 MWe); aligned with new forecasts of activity (≥ 4,000 MWe)
  - LTM Book-to-bill ratio: 1.1x
- **Leadership in emerging markets and growth in mature markets**
  - Mature markets contributed 37% of the total (40% in Q2 16)
- **G114-2.0 MW and G114-2.5 MW: 55% of orders in H1 16** (vs. 45% in H1 15)

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years, including 916 MW signed in Q2 16 and announced in Q3 16)
2. Coverage based on total order intake through 30 June 2016 for activity in 2016 (>3,800 MWe in february 2016, adjusted to ≥ 4,000 Mwe in July 2016)

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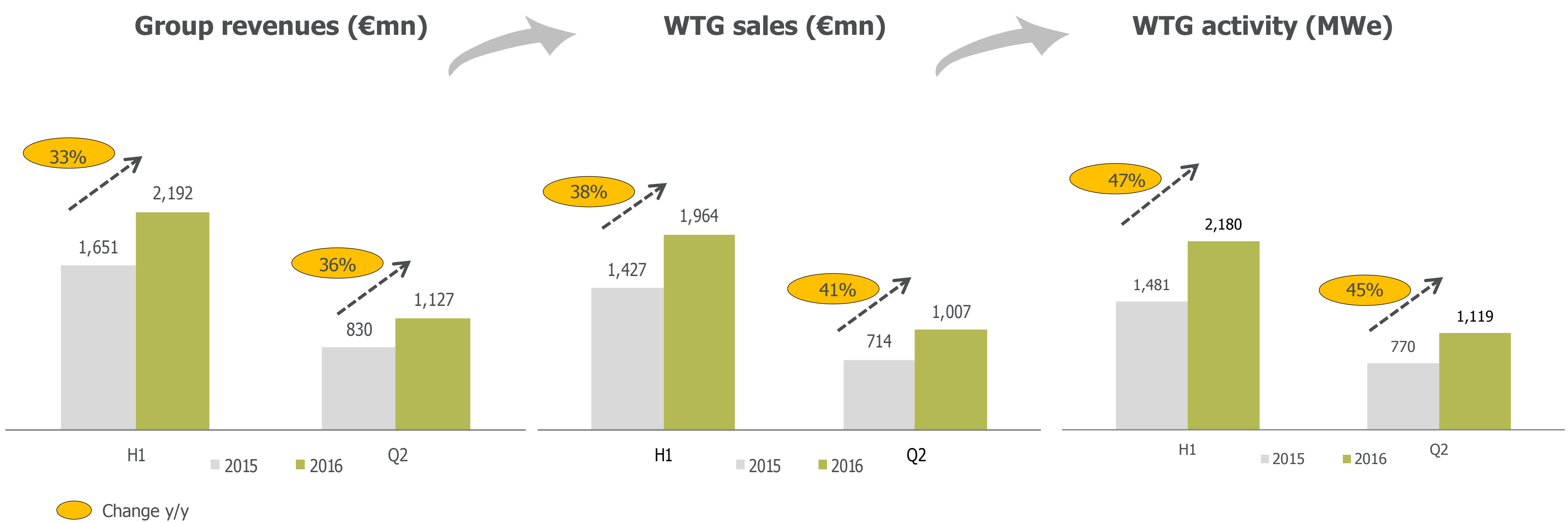
Record sales

+33% y/y in H1 16 and +36% y/y in Q2 16 supported by strong growth in WTG sales

Sales trend year-on-year

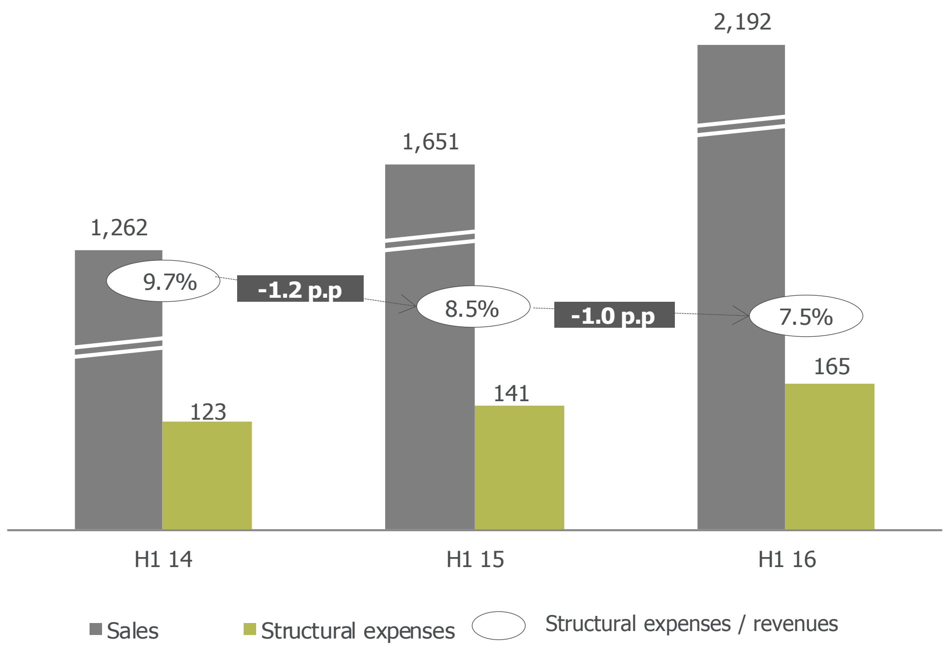


Increase in volume guidance for 2016: ≥4,000 MWe, up 5 points of annual growth vs. February 2016 guidance and 26% higher than 2015 activity

Controlling growth of structural expenses

Focus on operating break-even: structural expenses reduced by 1.0 point y/y to 7.5% of revenues

Revenues and structural expenses[1] (€mn)

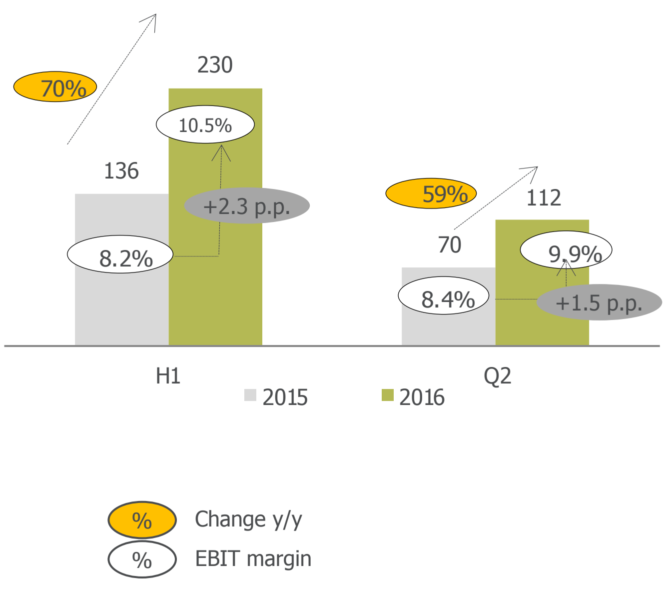


1. Structural expenses with a cash impact (excluding D&A)

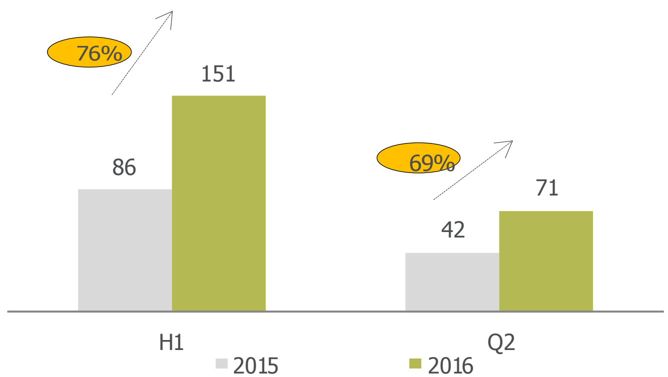
Improving operating and net profit margins

H1 16 EBIT grows +70% y/y; H1 16 NP grows +76% y/y
H1 16 EBIT margin reaches 10.5% over revenues, +2.3 p.p. above H1 15

EBIT (€mn)[1]



Net profit (€mn) [1]



- Rising sales
- Strict control of structural expenses
- Ongoing optimization of variable expenses
- Net negative currency effect under control
  - -0.2 p.p. in H1 16

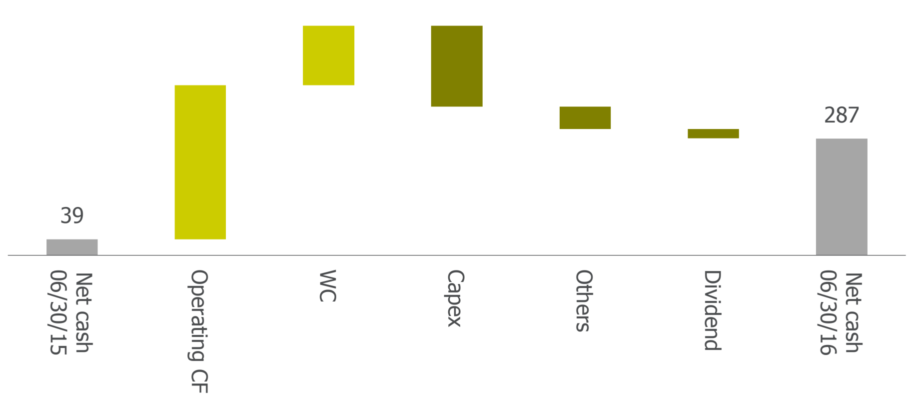
Increase in EBIT guidance for 2016: ≥€430mn and EBIT margin ≥9.5%

1. EBIT excluding impact of capital gains on the creation of Adwen in H1 15 amounting to €29mn (no EBIT impact in H1 16). Net profit excluding impact of consolidating Adwen of -€13.5mn in H1 16, and impact of capital gains and Adwen consolidation in H1 15 amounting to €11.2mn net

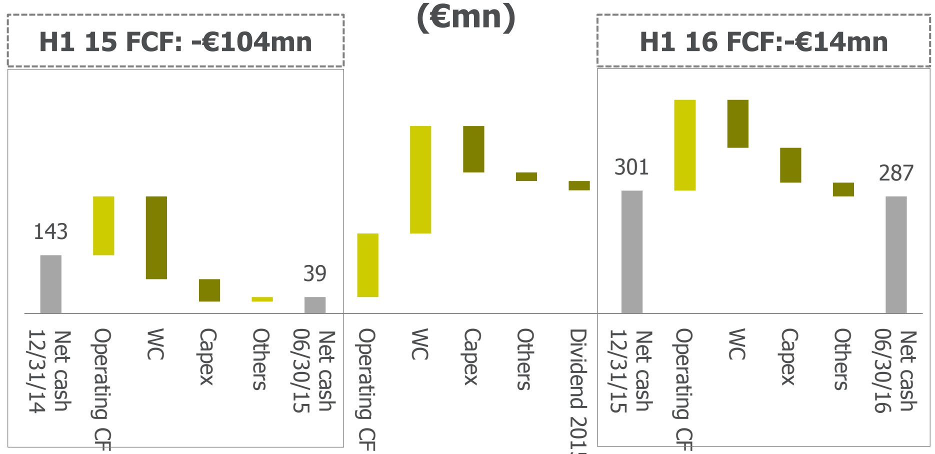
Maintaining balance sheet commitments in a context of strong growth

Focus on cash management: €271mn free cash flow in the last twelve months, improving H1 16 net free cash flow generation y/y by €90mn y/y

NFD y/y (€mn)



NFD and FCF[1] performance in the last twelve months (€mn)



1. FCF (€mn): net free cash flow generation

Improved operating profitability

- **Rising recurring gross operating cash flow**
  - €222mn in H1 16 (€145mn in H1 15)
  - **€377mn in the last twelve months**

Control of working capital

- **Reduction in working capital:** by **€146mn in H1 16 y/y** (€129mn in H1 16 vs. €275mn in H1 15)
  - Project management linked to cash flow
  - Energía business model without recourse to balance sheet

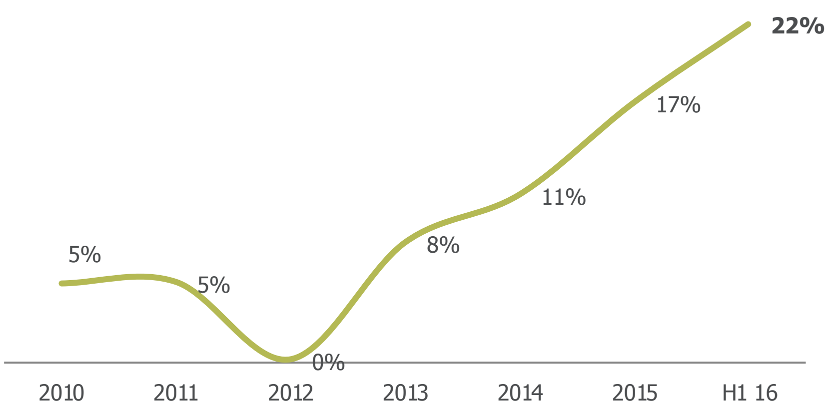
Focused capex

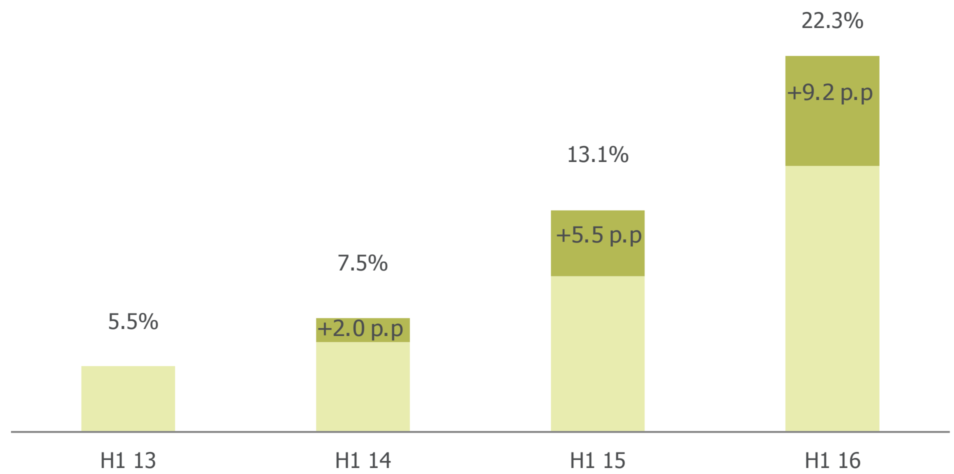
- **Modular capex focused on growth:** €85mn in H1 16 **and €197mn in the last twelve months**
  - Opening capacity and introducing new products

To accelerate shareholder value creation

+9 p.p. increase in ROCE in H1 16 vs. H1 15

ROCE





VALUE CREATION PILLARS

Profitable growth through	Strong balance sheet	Cash flow
▪ Competitive positioning ▪ Programmes for continuous optimization of variable costs and quality leadership ▪ Control of structural costs: focus on operating break-even	▪ Through working capital control and modular capex focused on assuring expected growth	▪ At cycle peak and trough

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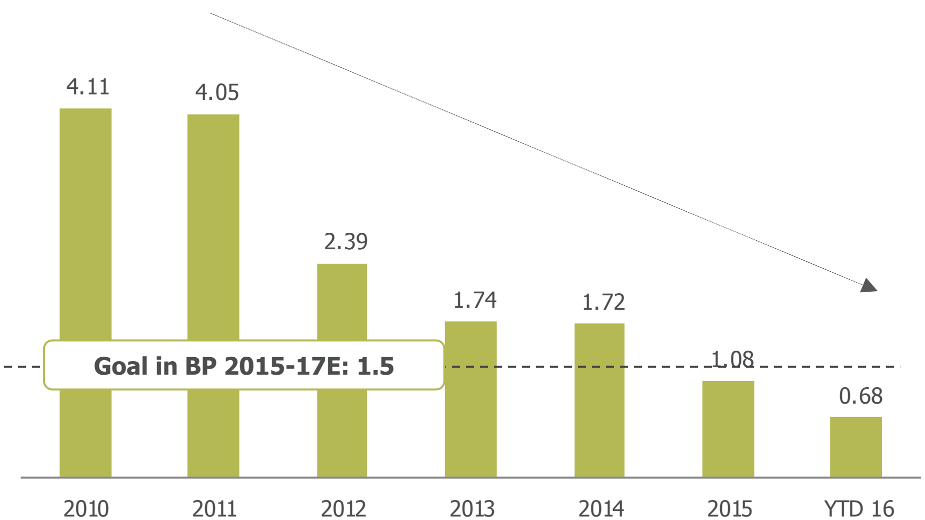
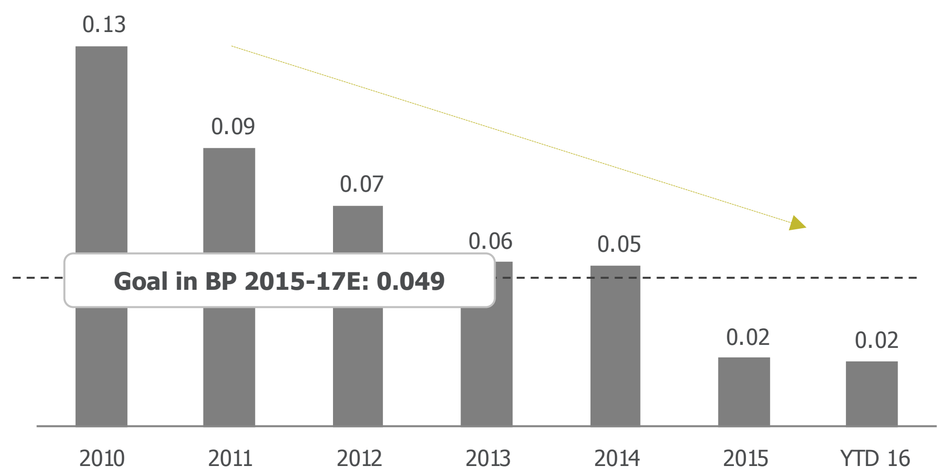
Improving commitment to workplace health and safety

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

Frequency index[1]



Severity index[2]



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

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

02 · January-June 2016 results and KPIs

Consolidated group - Key figures

Underlying P&L pre-Adwen1 (€mn)	H1 2015	H1 2016	Chg. %	Q2 16	Chg. %
Group revenues	1,651	**2,192**	32.8%	**1,127**	35.8%
MWe	1,481	**2,180**	47.1%	**1,119**	45.4%
O&M revenues	223	**228**	2.0%	**120**	3.9%
Underlying EBIT	136	**230**	69.7%	**112**	59.1%
Underlying EBIT margin	8.2%	**10.5%**	2.3 p.p	**9.9%**	1.5 p.p
O&M EBIT margin	12.9%	**13.7%**	0.9 p.p	**14.3%**	1.1 p.p
Underlying net profit (NP)	86	**151**	75.9%	**71**	69.4%
Underlying NP per share (€)	0.31	**0.55**	75.7%	**0.26**	69.0%

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

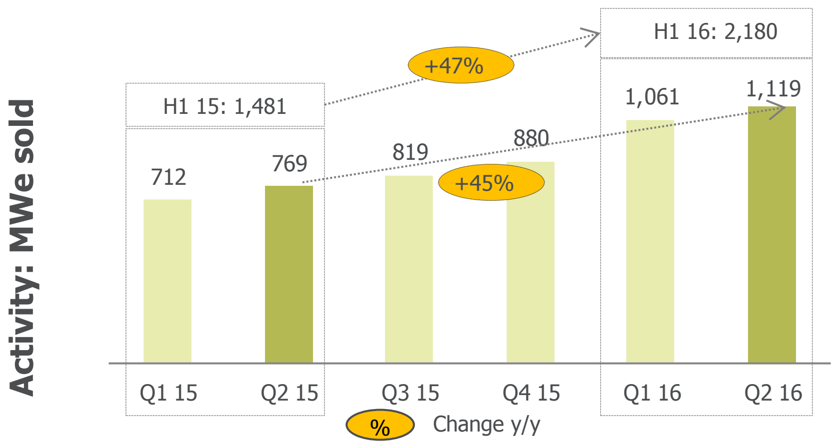
Reported P&L (€mn)					
EBIT[2]	165	**230**	39.6%	**112**	59.2%
Net profit[2]	97	**138**	41.7%	**66**	89.1%

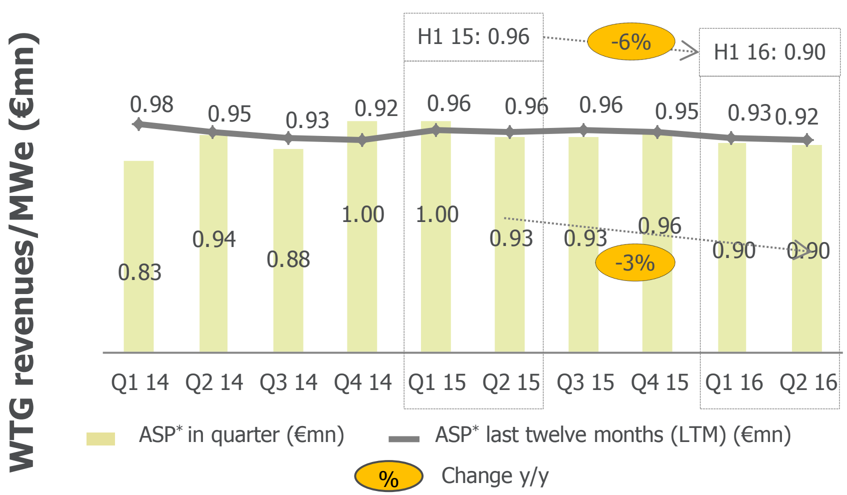
(2) Reported EBIT and NP include impact of creating and consolidating Adwen (offshore JV): €29mn of capital gains in EBIT and €11.2mn in net profit in H1 2015. H1 2016 net profit includes a negative impact of €13.5mn from consolidating Adwen's operations.

Balance sheet (€mn)					
Working capital (WC)	275	**129**	-146	**129**	-146
WC/revenues LTM	8.5%	**3.2%**	-5.3 p.p	**3.2%**	-5.3 p.p
Net debt (cash)	-39	**-287**	-248	**-287**	-248
NFD/EBITDA LTM	-0.1 x	**-0.5 x**	-0.4 x	**-0.5 x**	-0.4 x

Activity. WTG

Record quarterly activity after 11 consecutive quarters of double-digit y/y growth





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

- **Activity expanding in line with new volume guidance for 2016E: ≥4,000 MWe and with activity planned for H2 16 (<H1 16)**
  - H1: 2,180 MWe, +47% y/y
  - Q2: 1,119 MWe, +45% y/y

- **Trend in ASP* aligned with projections for the year, with assembly activity concentrated in H2 16**
  - (-) Currency effect (-7.7% in H1 16 and -10.1% in Q2 16)
  - (-) Scope of activity: ▽ ratio of assembly/MWe
    - -46 bp in H1: 0.54 in H1 16 vs. 1.01 in H1 15
    - -61 bp in Q2: 0.48 in 16 vs. 1.09 in 15
    - **Ratio to recover in H2 16, with positive impact on ASP**
  - (+) New product launches (G114-2 MW and taller towers)
  - The trend in ASP is not indicative of the level or trend in profitability

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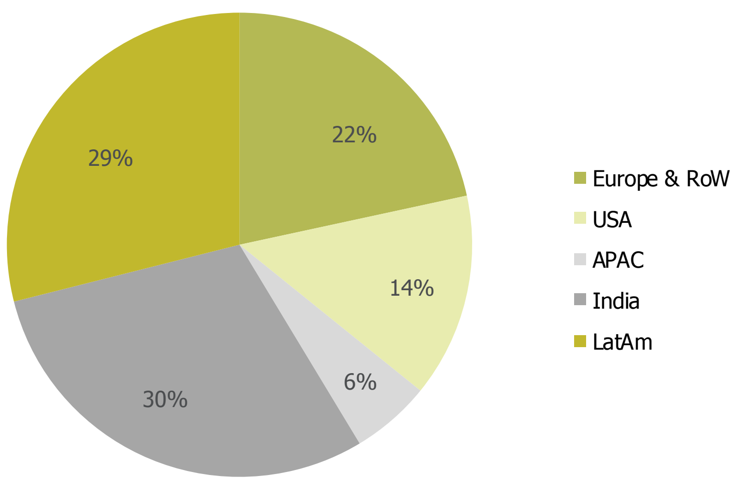
Activity. WTG

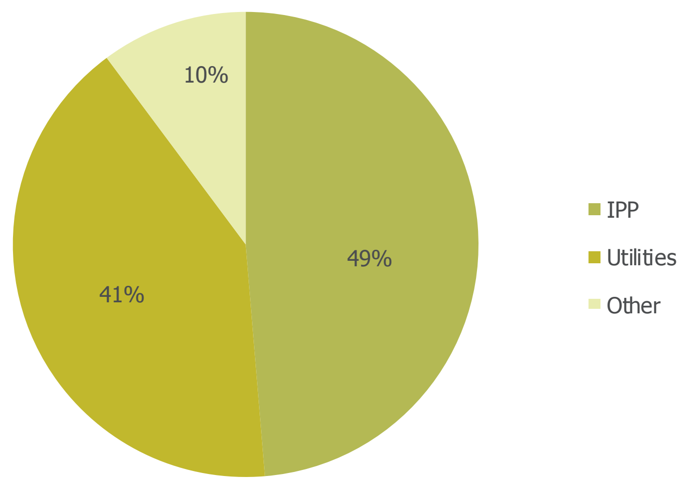
Activity continues to be shaped by diversification in terms of geographies and clients

- Commercial presence in 18 countries
- 35,795 MW installed in 54 countries
- Relations with over 200 customers (utilities, IPPs, financial investors and self-providers)

Geographic mix (MWe sold)



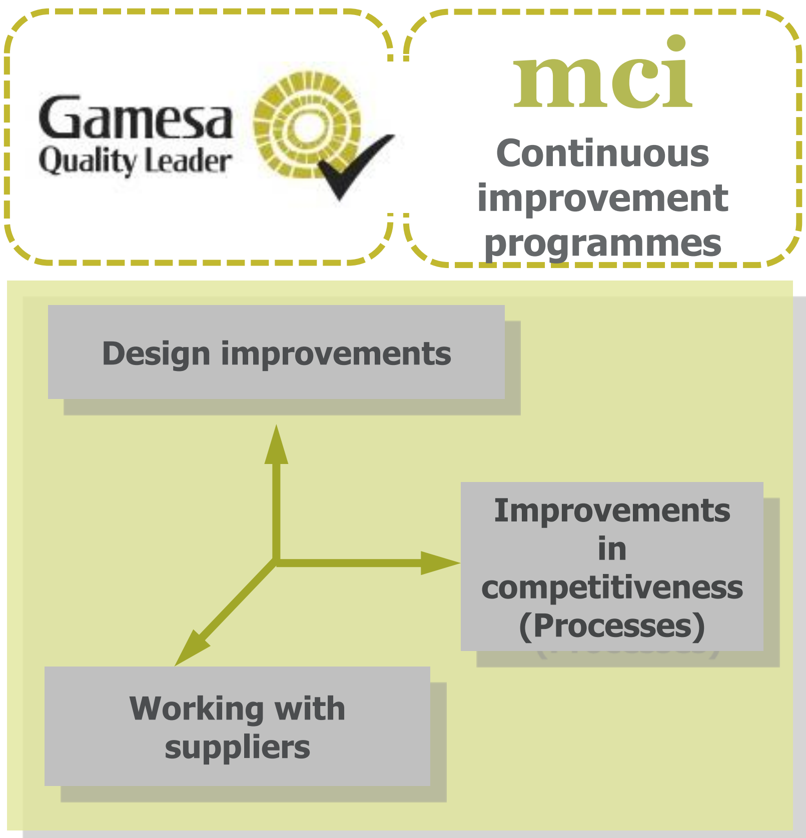
Breakdown of Mwe sold by customer type



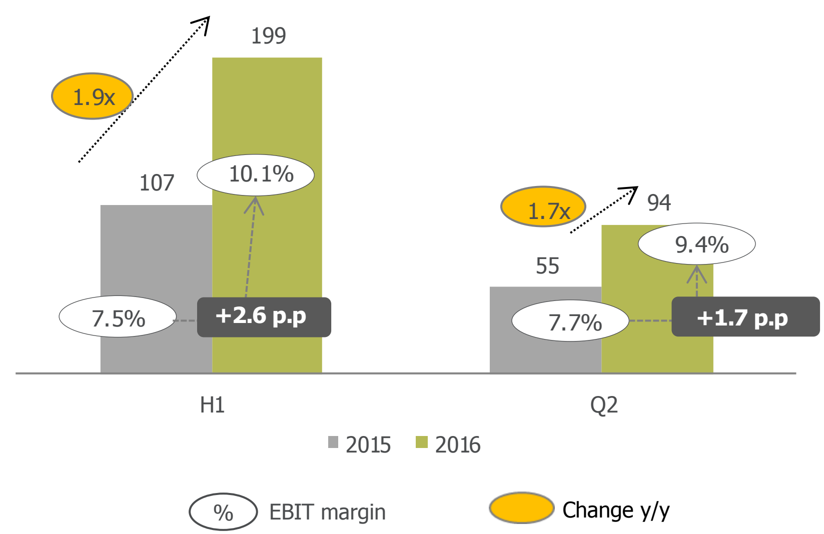
Strong growth in sales to utilities and IPPs

Profitability. WTG

Year-on-year increase in profitability supported by stronger activity, containment of fixed costs and continuous improvement of variable costs, compensating for cost pressures caused by growth and new product launches



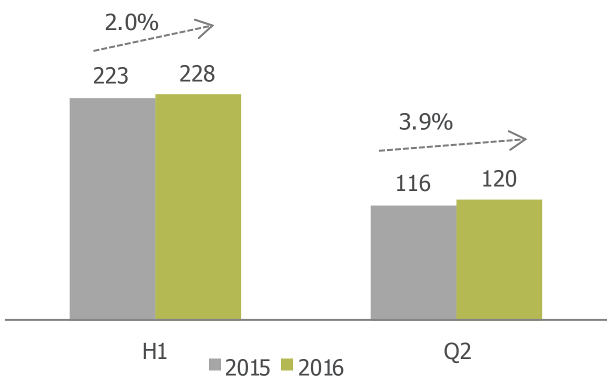
WTG EBIT (€mn)



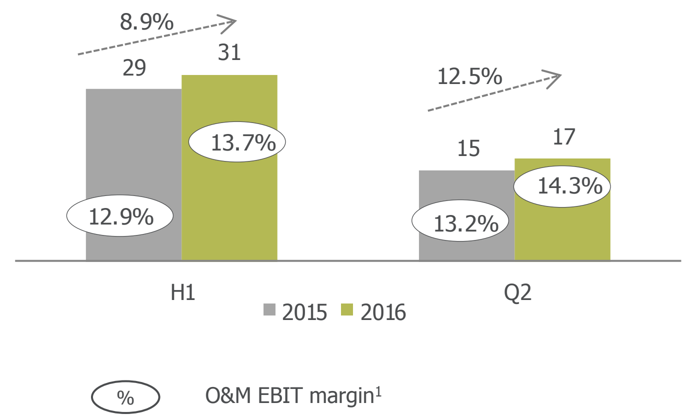
Activity and Profitability. Operation and maintenance

Revenues and EBIT aligned with guidance for the year and BP 15-17E. Steady improvement in the main business indicators

Revenues (€ mn)



EBIT (€ mn)



- **First signs of a recovery in the fleet under maintenance as a result of growth in the fleet in emerging markets**:
  - Total fleet under maintenance in June 16 (22,436 MW): +7% vs. Dec. 2015; +9% y/y
  - Post-warranty fleet (15,486 MW): +2% vs. Dec. 2015; +4% y/y
- **Order book: +13% y/y** (>€2,200mn)

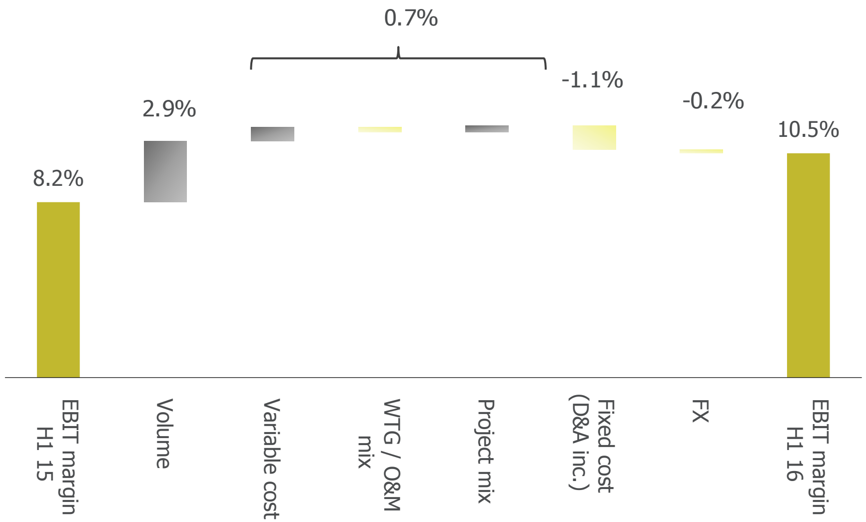
- **Management plan focused on offsetting price pressure and on contract scope in order to ensure profitable growth:**
  - Launch of cost-cutting programmes: Diagnostika; Craneless; TROM; Lean Organization Service
  - Growing penetration in **value-added products** in mature markets
  - **Capture** longer-term **O&M contracts in emerging markets**

1. EBIT including parent company and structural expenses

Consolidated group - EBIT

Greater activity, continuous improvement of variable costs, and a favorable project mix were the main factors driving growth in EBIT margin in H1 16. Trend in line with guidance for the year

EBIT margin (%)



Levers for improving the margin aligned with 2016 projections

Positive impact of

- **Growth in volume**
- **Optimization of variable costs** (Inc. raw materials)
- **Favorable project scope and mix**

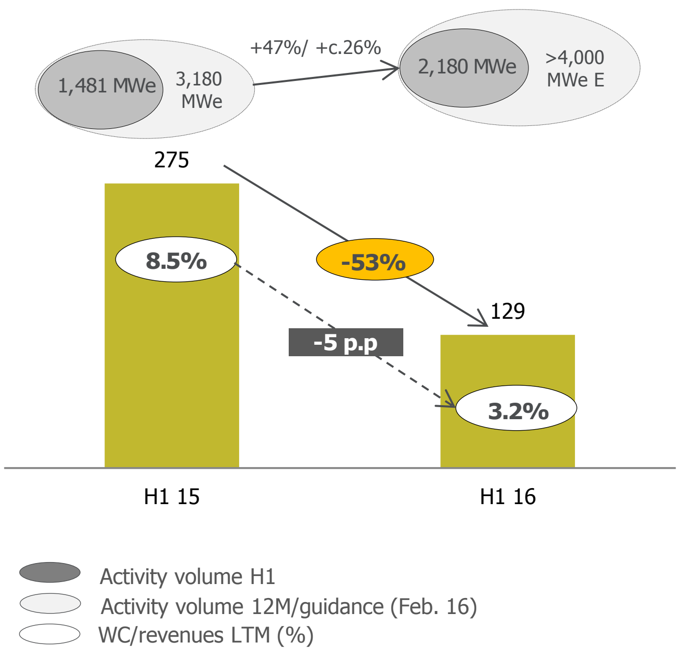
Partly offset by

- **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

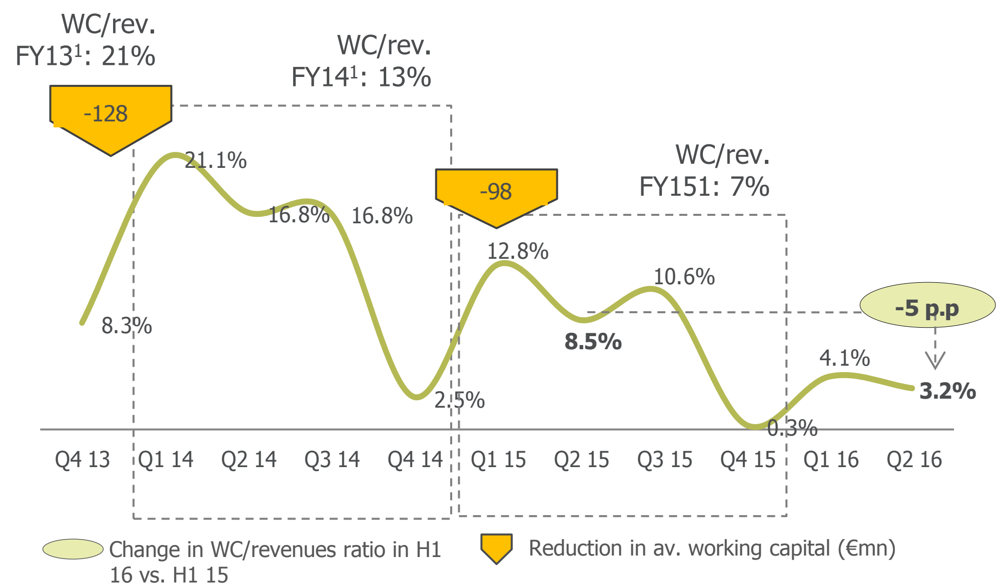
Consolidated Group - Working capital

Consolidating the improvement in working capital with record levels of activity

Reduction in working capital



Improvement in working capital/revenues LTM



1. Average WC/revenues ratio (year)

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

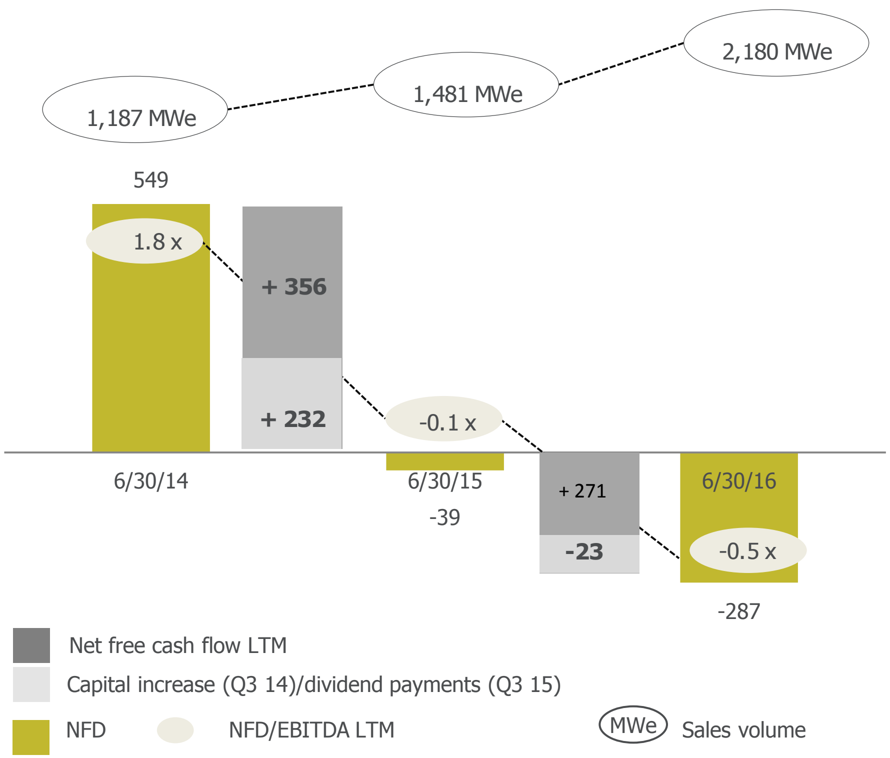
Trend in H1 16 vs. H1 15 aligned with guidance 2016

- ▽ **average working capital LTM:** €131mn
- ▽ **Average ratio of working capital/revenues LTM**: 4.1% vs. 9.1% in H1 15

Consolidated group - Net debt/(cash)

In a context of strong growth

NFD trend y/y in H1 (€mn)



NFD under control in a context of rising activity

- Activity (MWe): +47% y/y
- NFD/EBITDA ratio: -0.5x

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

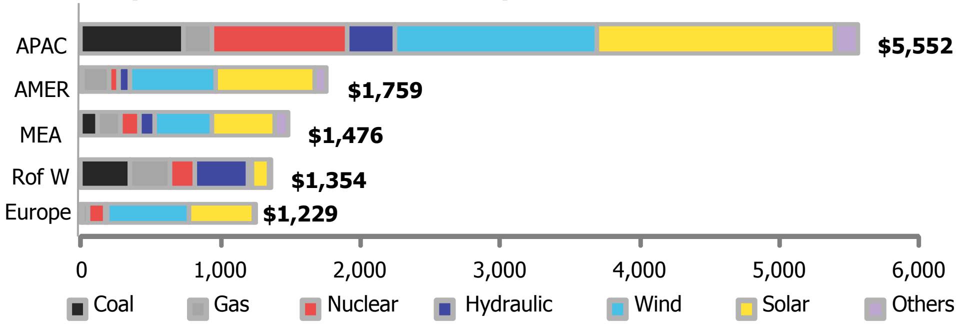
Access to €1.7bn in credit lines and no significant maturities in the plan horizon

03 ▪ Outlook

Positive outlook supported on increasing wind competitiveness

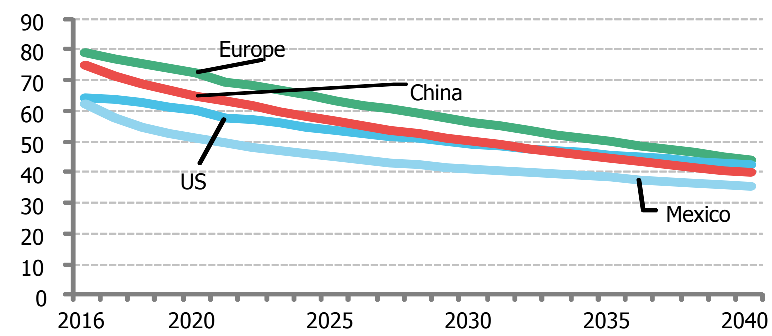
3,000 Bn USD investment and nearly 2,000 GW in new facilities between 2016-2040, supported by the increasing expected competitiveness of wind power, the global reach parity in 2027E. The continuous growth in the medium term leveraged in emerging markets

Investment in power generation capacity by region and technology, 2016-40 (USD 1,000 Mn, 2015 actual)



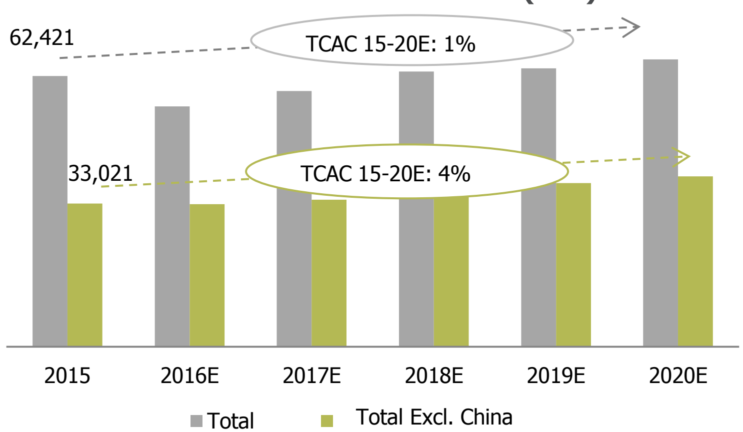
Source: Bloomberg New Energy Finance. Excluding other and flexible capacity

Wind energy onshore: LCOE trend ($/MWh, 2015 actual)



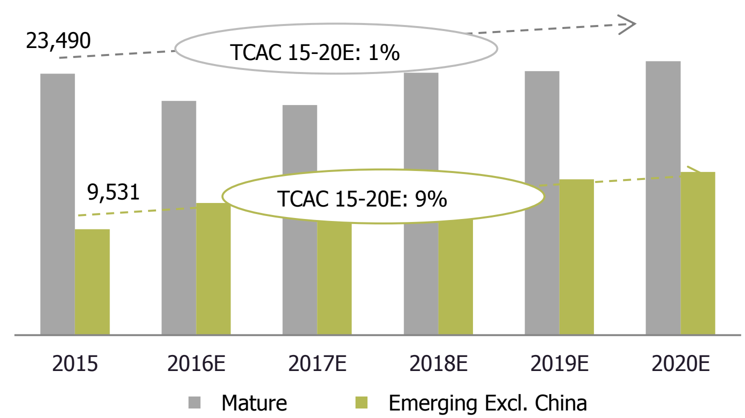
Source: Bloomberg New Energy Finance. Capacity factor implicit in Europe: 27%, USA. 37%, China 25%, Mexico 45% .. * Except Thailand and Japan

Wind installations 2015-2020E (MW)



Source: MAKE Q2 2016

Wind installations excl. China 2015-2020E (MW)

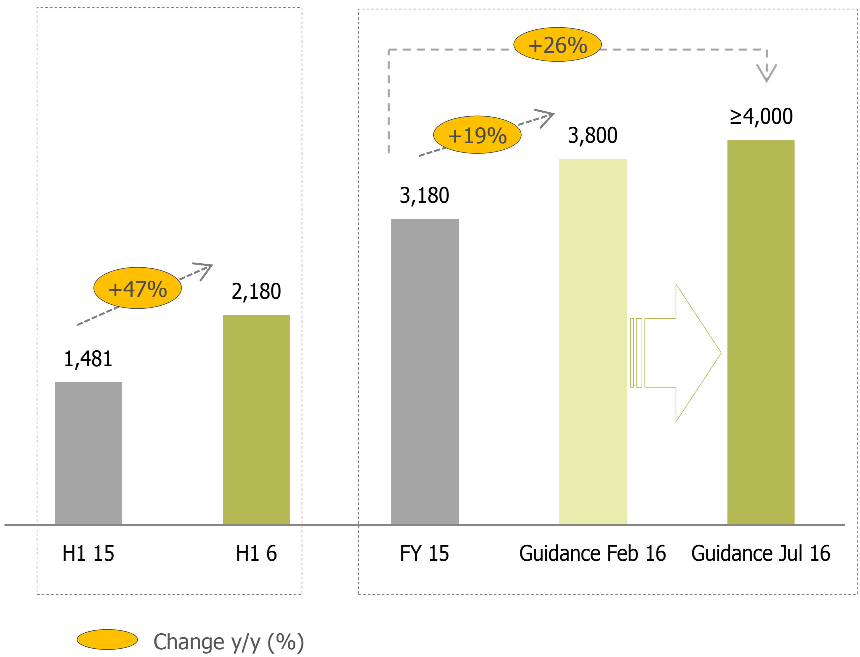


Source: MAKE Q2 2016

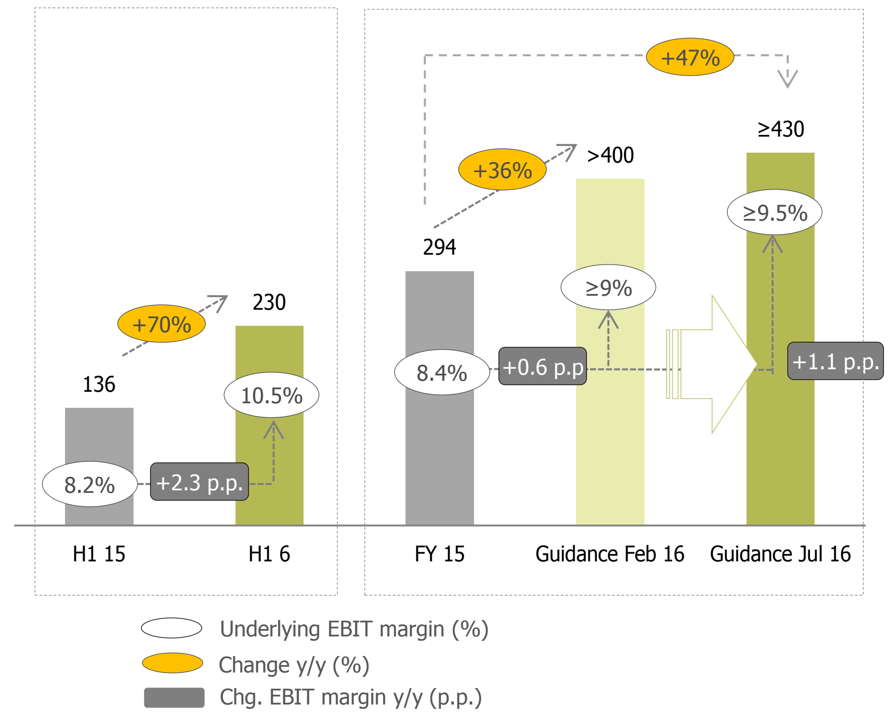
2016 guidance upgraded supported by H1 2016 performance

Volume and profitability guidance for 2016 upgraded after H1 outperformance

Volume: change y/y in H1 and 2016 guidance (MWe)



Trend in operating profitability in H1 (€mn and %) and guidance (€mn and %)



Revision includes seasonality projected for H2 16

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Growing visibility on value-creation prospects

	H1 2016	Var. H1 16 vs H1 15 (%)[1]	Guidance 2016	Min. Var. In2016 guidance vs. FY 15 (%)			Guidance July 2016[2]	Var. Guidance Jul 16 vs. FY 15 (%)	
Volume (MWe)	2,180	**+47%**	**>3,800**	+19%	✓✓	↑	**≥4,000**	**+26%**	✓✓
Underlying EBIT	230	**+70%**	**>400**	+36%	✓✓	↑	**≥430**	**+47%**	✓✓
EBIT margin	10.5%	**+2.3 p.p**	**≥9%**	+0.6 p.p	✓✓	↑	**≥9.5%**	**+1.1 p.p.**	✓✓
WC / revenues	3.2%	**-5.3 p.p**	**≤2.5%**	NA	✓		**≤2.5%**		✓
Capex (€ mn) (guidance: capex / revenues)	85	**30 MM €**	**4%-5%**	NA	✓		**4%-5%**		✓
ROCE	**22.3%**	**9.2 p.p**	**Rising y/y**	**NA**	✓		**Rising y/y**		✓
Dividend proposal: pay-out ratio	25%		≥25%		✓		≥25%		✓

More profitable growth: activity >26%; operating profitability ≥47%

Keeping capex and working capital under control

Accelerating value creation

Offering attractive remuneration

1. Change in H1 15 vs. underlying pre-Adwen numbers in H1 15. Impact of Adwen on EBIT H1 15: €29mn. No impact on EBIT in H1 16
2. At H1 2016 average exchange rate and assuming no change in consolidation scope

- Planned activity volume H1 16 > H2 16
- After an exceptional Q1 16, EBIT margin is expected to normalise to FY guidance in the coming quarters
- Q3 trough in activity and profitability due to normal seasonality
- Guidance sensitivity to exchange rates in 2016E: ± 0.5% p.p. in EBIT margin
- 25% dividend out of 2015 income (€42mn) paid in Q3 16 (07/04/2016)

Prospects for strong sales and profitable growth beyond 2016 remain intact

While Gamesa prepares for the medium and long term: merger agreement with Siemens Wind Power to create a global leader

The combination, with a solid strategy rationale, of two platforms that are highly complementary in terms of markets, businesses, customers, products and operational and management capabilities

1 Optimal value proposition and LCoE for customers

- **Scale:** 69 GW installed and 47 GW under O&M; €20.2bn in the pipeline and €9.3bn in sales LTM[1]
- **Global reach:** a leader in key markets
- **Comprehensive & complementary portfolio of products and services** with access to the broadest spectrum of technologies

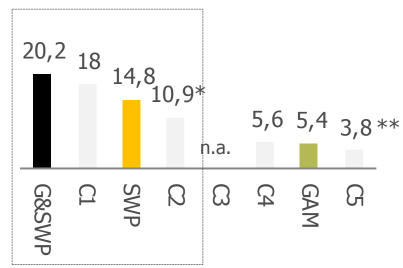
2 Value creation for all stakeholders in the medium and long term

- **Extending the growth profile:** access to markets/segments with above-average growth: onshore emerging, offshore and services
- **Strong potential for value creation through synergy:** €230mn/year from year 4 (50% in year 2)
- **Lower risk profile:** greater visibility of the pipeline (2016-2020/24[2]), business diversification and commitment to a sound balance sheet
- **Respect for commitments made to other stakeholders:** customers, suppliers, employees, shareholders, etc.

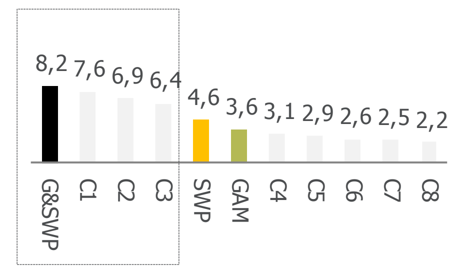
3 Supported by core shareholders

- **Siemens:** a strategic global partner, financial support for offshore, and key component supplier
- **Iberdrola:** Long-term investment supporting the company's industrial model

Backlog (€bn) excl. Chinese OEMs @March 16

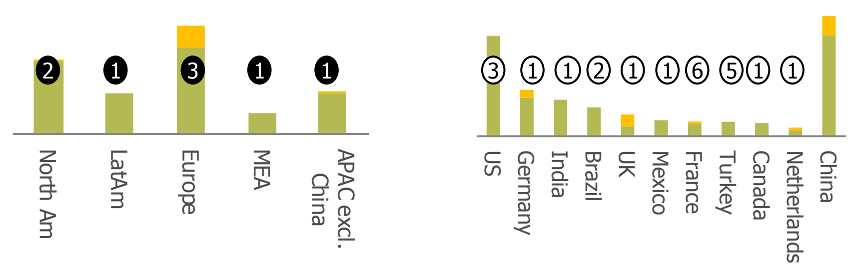


Net installations (GW) 2015



*Renewable energy division @FX 31/03/2016
** € data December 2015

Position of merged company (Gamesa Siemens Wind Power) based on installations in 2014-15



* Bar size refers to projected accumulated net installations in 2016-2020, according to MAKE

In a market environment characterized by **1) positive demand prospects** and **2) changing competitive conditions: LCoE is the main driver in investment decisions** due to the introduction of competitive auctions and as other renewables become steadily more competitive

1. LTM: last twelve months to March 2016
2. Average O&M contract duration (8 years); onshore backlog: 2016-18; offshore backlog: 2016-2020

While Gamesa prepares for the medium and long term: merger agreement with Siemens Wind Power to create a global leader

Main characteristics of the transaction

Proforma merged company, excluding transaction adjustments, synergies and integration costs

	Gamesa Mar 2016	Siemens WP Mar 2016	Proforma merged company (excluding synergies and integration costs)
Backlog (WTG & O&M)[2]	€5.4 bn	€14.8 bn	€20.2 bn
Revenues LTM[1]	€3.7 bn	€5.5 bn	€9.3 bn
Underlying EBIT LTM[1]	€347 m	€492 m[3]	€839 m
Underlying EBIT margin LTM[1]	9.2%	8.9% [3]	9.1%
Net cash position[2]	€194 m	N.A.	Cash positive
Accumulated installed fleet[2]	35 GW	34 GW	69 GW
GW installed LTM[1]	3.3 GW	5.9 GW[4]	9.2 GW
GW under maintenance[2]	22.3 GW	24.6 GW	46.9 GW

- Accretive in terms of EPS for Gamesa shareholders from year 1[5]

1. LTM: last twelve months to March 2016
2. At 31/03/2016
3. Including normalization adjustments (+€74mn), standalone (+€114mn) and consolidation scope (-€8mn)
4. Based on completed projects in the last twelve months
5. Including share ownership structure equation and cash payment but excluding synergies and integration costs

Main terms, structure, approvals and timing

- Transaction structure: Merger
- Ownership structure: Siemens 59% and Gamesa shareholders collect extra cash dividend: €3.75 per Gamesa share[1]
- Headquarters in Zamudio, onshore center in Spain and offshore centers in Germany and Denmark
- Listing in Spain
- Support from Iberdrola[2]
- Transaction subject to the following conditions: Approval by Gamesa shareholders, Siemens not required by CNMV to make takeover bid, and approval by the competition authorities. Binding agreement with Areva eliminating the non-compete/exclusivity restrictions in Adwen

CALENDAR		
Commencement of the Siemens Wind Power/*Carve out*	May 2016	✓
Signature of carve-out	Q3 2016	
Gamesa Shareholders' Meeting	Q3 2016	
Carve-out completion	Q4 16 /Q1 17	
Merger takes effect	Q1 2017	
Payment of cash consideration to Gamesa shareholders	Q1 2017	

1. Siemens will pay €3.75 cash per Gamesa share. This special dividend will be paid to Gamesa shareholders once the merger is completed, net of any ordinary dividend paid to Gamesa shareholders since the merger announcement
2. Iberdrola will retain an 8.1% stake in the merged company

04 ▪ Conclusions

Creating value in the short, medium and long term

- **Record order intake in Q2 16: 1.2GW[1], +16% y/y, leading to surpass100% coverage of the low end activity guidance issued in February 2016**
  - 4.3 GW of orders signed in the last twelve months

- **Management focused on value creation: 22% ROCE, +9 p.p y/y**
  - **Through profitable growth (H1 16 vs. H1 15):**
    - +33% y/y in revenues
    - +70%[2] y/y in EBIT
    - +76%[2] y/y in net profit
  - **And a sound balance sheet,** supported by control of working capital and modular capex tailored to expected growth
    - Working capital/revenues: 3,2%
    - €287mn in net cash at 30/06/2016

- **Volume and profitability guidance upgraded** following H1 16 performance
  - **Volume ≥4,000 MWe**
  - **EBIT ≥€430mn and EBIT margin ≥9.5%**

- Progress with strategy for >2017: **merger agreement between Gamesa and Siemens Wind Power to create a global leader in wind power**
  - In a market environment with positive demand prospects and changing competitive conditions

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years, including 916MW signed in Q2 16 and announced in Q3 16.
2. Growth rates using underlying figures pre-Adwen, excluding +€29mn at EBIT level in H1 15 (no impact in H1 16) and +€11.2mn at net profit level in H1 15 and -€13.5mn in H1 16.

Aligned with the main international principles of corporate ethics

Committed to respecting human rights and the environment

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GRI GOLD Community 2016

Caring for Climate

We Support
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Gamesa

Q&A

Muchas Gracias
Obrigado
Thank you

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