Profitable growth is firming up

6 May 2015
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Period highlights
A solid start to 2015

- **818 MW of new firm orders**
  +65% y/y

- **€820mn in sales**
  +43% y/y

- **€66mn underlying EBIT** (8% of revenues)
  2x Q1 14 EBIT

- **€44mn underlying net profit**
  2.6x Q1 14 net profit

- **Control over debt** in a context of rising activity
  **€125mn NFD in March 2015**

- **Launch of Adwen**

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1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Including 562 MW in orders signed through March 2015 and announced in April and May (98 MW in China, 50MW in Uruguay, 220 MW in Egypt and 194 MW in India)
2. EBIT and net profit excluding non-recurring impact of creating and consolidating Adwen: €29 million in EBIT and €18.5mn in net profit.
Sustained strong commercial activity

Order intake rose 65% y/y and sales volume coverage increased to 83%², almost 20 points more than at 2014 year-end for 2015 sales

Order intake and order book 2013-15 (MW)¹

1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes deals signed through March and announced in April and May for a total of 562MW (98 MW in China, 50MW in Uruguay, 220 MW in Egypt y 194 MW in India)
2. Coverage based on total order intake through 31 March 2015 for production in 2015 with respect to mid-point of volume guidance for 2015 (2,800-3,100 MWe). Coverage in 1Q14 for sales in 2014 and in 1Q13 for sales in 2013 based on order intake/final sales (2,623 MWe in 2014 and 1,953 MWe in 2013)

Rising book-to-bill ratio reflects growth is gaining traction

Rising coverage ratio provides more sales visibility

January-March 2015 Results
Supported by a leading position in markets with above-average growth

Gamesa is number 1 in India and Mexico for the second consecutive year, and is the second-largest manufacturer in Brasil

Annual installations (MW) and India market share

- 2013: 376 (21%)
- 2014: 569 (32%)

Market position according to BTM, March 2015 and March 2014

Market share according to BTM, March 2015 and March 2014 (MW installed)

Annual installations (MW) and Mexico market share

- 2013: 347 (73%)
- 2014: 450 (73%)

Annual installations (MW) and Brazil market share

- 2013: 351 (20%)
- 2014: 416 (22%)

Market position according to BTM, March 2015 and March 2014

Among the first 5 OEMs in 2014 in countries like UK, France, Italy, Sweden, USA...
Revenues up 43% y/y, or 29% at constant exchange rates\(^1\)

Supported by strong growth in WTG sales (+52% y/y, 35% at constant exchange rates\(^1\)) with 26% more activity

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1. Revenues at Q1 14 average exchange rate. The comparative impact of the currency effect is expected to decline in the coming quarters.
Steady growth in underlying profitability, both EBIT (2x Q1 14 figure) and net profit (2.6x Q1 14 figure)

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

**EBIT and net profit (€mn)**

- **Q1 14**
  - Rec. EBIT: €34 million, 6% EBIT margin
  - Rec. NP: €17 million, 0.067 € net profit per share

- **Q1 15**
  - Rec. EBIT: €66 million, 8% EBIT margin
  - Rec. NP: €44 million, 0.159 € net profit per share

**Exchange rate impact on EBIT**

- 20.067 €
- 0.159 €

**EBIT and net profit excluding impact of creating and consolidating Adwen**

- €29 million in EBIT
- €18.5 mn in net profit

**Management calculation of currency effect (Q1 14 average exchange rate) on EBIT**

- €12.5 mn
Leading in Health and Safety

Safety indexes developing in line with targets, in terms of frequency and severity

**Frequency index**

- 2010: 4.11
- 2011: 4.05
- 2012: 2.39
- 2013: 1.74
- 2014: 1.72
- Q1 15: 1.14

**Severity index**

- 2010: 0.127
- 2011: 0.093
- 2012: 0.074
- 2013: 0.055
- 2014: 0.054
- Q1 15: 0.007

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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
NFD trend aligned with the goal of balance sheet strengthening

In a context of rising activity, a sound balance sheet is still a priority

NFD trend y/y (€mn)

- Production (MWe): +26% y/y
- NFD/EBITDA: 0.3x

Supported by
- Rising profitability
- Control of working capital
- Focused capex

Sequential increase due to normal seasonality

1. EBITDA LTM
January-March 2015 Results and KPIs
## Consolidated group - Key figures

<table>
<thead>
<tr>
<th>€mn</th>
<th>Q1 2014</th>
<th>Q1 2015</th>
<th>Chg. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group revenues</td>
<td>573</td>
<td>820</td>
<td>+43.1%</td>
</tr>
<tr>
<td>MWe</td>
<td>567</td>
<td>712</td>
<td>+25.6%</td>
</tr>
<tr>
<td>O&amp;M revenues</td>
<td>104</td>
<td>108</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Underlying EBIT</td>
<td>34</td>
<td>66</td>
<td>+92.2%</td>
</tr>
<tr>
<td>Underlying EBIT margin</td>
<td>6.0%</td>
<td>8.0%</td>
<td>+2.0 p.p.</td>
</tr>
<tr>
<td>O&amp;M EBIT margin</td>
<td>12.8%</td>
<td>12.5%</td>
<td>-0.4 p.p.</td>
</tr>
<tr>
<td>EBIT(^1)</td>
<td>34</td>
<td>95</td>
<td>2.8x</td>
</tr>
<tr>
<td>Underlying net profit</td>
<td>17</td>
<td>44</td>
<td>2.6x</td>
</tr>
<tr>
<td>Net profit(^1)</td>
<td>17</td>
<td>62</td>
<td>3.7x</td>
</tr>
<tr>
<td>Underlying net profit per share (€)</td>
<td>0.067</td>
<td>0.159</td>
<td>2.4x</td>
</tr>
<tr>
<td>Working capital</td>
<td>510</td>
<td>395</td>
<td>-22.5%</td>
</tr>
<tr>
<td>NFD</td>
<td>655</td>
<td>125</td>
<td>-81.0%</td>
</tr>
<tr>
<td>NFD/EBITDA LTM</td>
<td>2.1x</td>
<td>0.3x</td>
<td>-1.8x</td>
</tr>
</tbody>
</table>

1. Impact of creating and consolidating Adwen: €29 million in EBIT and €18.5mn in net profit.
Activity. WTG

Firming growth in activity as a result of strong commercial activity

Activity in the quarter: 712 MWe, aligned with the guidance
- 2,800-3,100 MWe

ASP (+21% y/y) trend aligned with prospects for 2015, reflecting expected impact of
- Currency effect (+13.7% y/y in Q1 15)
- New product launches (G114 and taller towers)
Partly offset by
- Geographic mix (China)

MWe Sold

- ASP: wind turbine sales, excluding O&M, divided by MWe sold
- ASP Q1 15 at Q1 14 average exchange rate

January-March 2015 Results
Activity. WTG

Diversification in geographies and customers and a solid position in growth markets

- Commercial presence in 18 countries
- 31,887 MW installed (accumulated) in 47 countries
- Relations with over 200 customers (utilities, IPPs, financial investors, IPPs and self-providers)

**Geographic mix (MWe sold 2015)**

- USA: 18%
- China: 24%
- India: 27%
- LatAm: 17%
- Europe & RoW: 14%
- Other: 12%

**Breakdown of MWe sold (2015) by customer type**

- Utility: 45%
- IPP: 43%
- Other: 12%
Activity. Operation and maintenance

Sales growth and profitability aligned with projections for the year

O&M revenues (€mn)

- Q1 14: 104
- Q1 15: 108 (+3%)

O&M EBIT (€mn)¹

- Q1 14: 13 (12.8%)
- Q1 15: 13 (12.5%)

¹ EBIT including parent company and structure expenses.
Profitability - EBIT

Rising volume with a rationalised structure, optimisation of variable costs, and favourable exchange rate trend are the main factors driving growth in EBIT margin in Q1 15.

Levers for improving the margin aligned with 2015 projections:

Positive impact of:
- Volume growth
- Optimization of variable expenses:
  - FX

Partly offset by:
- Sales mix\(^1\)
- Increase in D&A

WTG operating margin: 7.3%:
- 3 p.p. vs. Q1 14
- 2 p.p. vs. Q1 14 @FX\(_{Q1 14}\)

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1. Including project (=) and product (+) mix and change in contribution by O&M (-)
**Working capital**

**Delivering better WC in a context of strong growth**

**Reduction in working capital**

- **Q1 14**
  - Activity volume 1Q
  - WkgC/sales LTM (bold)
  - Mid-point of guidance for the year
- **Q1 15**
  - Activity volume 1Q
  - WkgC/sales current year

**Reduction in working capital in a context of rising activity** as a result of:

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

**Working capital/revenues** improving steadily

- **Q1** 2012
  - 44%
- **Q2** 2013
  - 37%
  - 38%
- **Q3** 2013
  - 28%
- **FY**
  - 16.4%
  - 21%
  - 26%
- **Q1** 2014
  - 18%
- **Q2**
  - 15%
- **Q3**
  - 15%
- **FY**
  - 2.5%
- **Q1** 2015
  - 12.1%

Increase YTD due to seasonal fluctuations

1. Revenues of €2,846mn in 2014 and average guidance for 2015 (€3,275mn)
## Creation of Adwen: accounting impact

### Impact of Adwen on Gamesa’s Balance Sheet (MM €) – Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS CONTRIBUTED TO JV &amp; RETIRED FROM GAMESA’S BALANCE SHEET</strong></td>
<td></td>
</tr>
<tr>
<td>Intangible (MultiMW Offshore R&amp;D) and tangible assets</td>
<td>161.3</td>
</tr>
<tr>
<td>Other</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>TOTAL Contribution (A)</strong></td>
<td>165.8</td>
</tr>
<tr>
<td><strong>VALUE ASIGNED TO GAMESA’S CONTRIBUTION &amp; REGISTERED IN GAMESA’S BALANCE SHEET</strong></td>
<td></td>
</tr>
<tr>
<td>Equity accounted investments (50% of the JV Adwen)</td>
<td>100.0</td>
</tr>
<tr>
<td>Non current financial assets (Shareholders loans: receivables)</td>
<td>95.0</td>
</tr>
<tr>
<td><strong>TOTAL assigned value (B)</strong></td>
<td>195.0</td>
</tr>
</tbody>
</table>

### Non recurrent impact of the launch and consolidation of Adwen on Gamesa’s P&L (MM €)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DETAILED IMPACT ON GAMESA’S P&amp;L</strong></td>
<td></td>
</tr>
<tr>
<td>Non recurrent capital gain (B-A)</td>
<td>29.2</td>
</tr>
<tr>
<td>Equity accounted income 50% Adwen Q1 15¹</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Estimated Tax expenditure</td>
<td>(8.2)</td>
</tr>
<tr>
<td><strong>Non recurrent net profit</strong></td>
<td>18.5</td>
</tr>
</tbody>
</table>

1. In the consolidation perimeter from March 2015
Outlook
### Value creation prospects in 2015 are unaltered

<table>
<thead>
<tr>
<th></th>
<th>2015 Guidance</th>
<th>Profitable growth</th>
<th>Control of capital consumption and investment</th>
<th>Enhancing value creation</th>
<th>Resuming dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume (MWe)</strong></td>
<td>2,800-3,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues (€mn)</strong></td>
<td>3,150-3,400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>≥8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WC/sales</strong></td>
<td>&lt;5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capex/revenues</strong></td>
<td>≤4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>≥WACC+4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dividend proposal:</strong></td>
<td>pay-out ratio</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Growth (26% in activity and 43% in sales in Q1 15)** supported by pipeline and projections for commercial activity in 2015
  - Coverage\(^1\) in March 15: 83% (vs. 64% in Dec. 14)
  - Positive exchange rate impact on sale prices €/MWe (+13% in 1Q15), partially offset by the higher contribution by China and India
- **EBIT margin of 8% in Q1 15** aligned with projections for year (≥8%)
  - EBIT margin sensitivity to exchange rate in 1Q15 (+0.8 points vs. Q1 14) aligned with projections for 2015: +/- 0.5 p.p.
  - Lower currency impact due to greater localization and dynamic hedging
- **Debt/cash position on the balance sheet 0.3x in Q1 15**

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1. Coverage based on total order intake through 31 March 2015 for activity in 2015 with respect to mid-point of volume guidance for 2015 (2,800-3,100 MWe).
Conclusions
Consolidating the trend in profitable growth

► **A sound beginning to the year**, with rising activity and profitability in line with the 2015 guidance

► **Commercial activity firming up** with strong growth in order intake reflecting the company's competitiveness

► **A sound balance sheet remains a priority** in a context of rising activity

► **Outlook 2015-17** to be presented in Madrid on June 16th
Accelerating value creation

- Rising volumes
- Control of structure
- Optimization of variable expenses
- Control of capex and working capital

Growth in ROCE

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5.20%</td>
</tr>
<tr>
<td>2011</td>
<td>5.30%</td>
</tr>
<tr>
<td>2012</td>
<td>0.20%</td>
</tr>
<tr>
<td>2013</td>
<td>7.60%</td>
</tr>
<tr>
<td>2014</td>
<td>11.0%</td>
</tr>
<tr>
<td>2015E</td>
<td></td>
</tr>
</tbody>
</table>

WACC+4p.p
Aligned with the main international principles of corporate ethics

Committed to respecting human rights and the environment

We form part of the main sustainability and corporate responsibility indices

January-March 2015 Results
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Q&A

Muchas Gracias
Obrigado
Thank you
谢谢！
धन्यवाद