

**Audit Report on Financial Statements  
issued by an Independent Auditor**

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.  
Financial Statements and Management Report  
for the nine month period ended  
September 30, 2017**

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 24)

## AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of SIEMENS GAMESA RENEWABLE ENERGY, S.A.:

### Report on the financial statements

#### Opinion

We have audited the financial statements of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (hereinafter the Company), which comprise the balance sheet as at September 30, 2017, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the nine month period then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at September 30, 2017 and of its financial performance and its cash flows for the nine month period then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

#### Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

#### MERGER OF THE SIEMENS WIND POWER BUSINESS WITH GAMESA

Reason for classification as a key audit matter:

On April 3, 2017, the merger of the Siemens Wind Power business with Gamesa Corporación Tecnológica S.A., ("Gamesa") was completed. The Siemens Group holds 59% of the shares while Gamesa's existing shareholders hold 41% of the shares of the combined company. This transaction is accounted in accordance with the standard number 19 "Business Combinations" of the Spanish Accounting Plan. For accounting purposes, this merger qualifies as a reverse acquisition, by which the Siemens Wind Power Business is considered as accounting acquirer (legal acquiree) and GAMESA as the accounting acquiree (legal acquirer). This is because the Siemens Wind Power HoldCo shareholders as a group received the majority of the voting rights in the merged entity. Accordingly, the assets and liabilities of former GAMESA are measured in these Financial Statements at their fair values as of the acquisition date.

Due to the complexity of the transaction and the associated significant risk of material misstatement, and considering the assumptions and estimates required to be made by management as part of the purchase price allocation, the accounting treatment for this business combination was, in our professional judgment, a key audit matter.

Audit procedures:

Our audit procedures in relation to the preliminary purchase price allocation included, in addition to assessing the consideration transferred by Siemens, the evaluation of the methodological approach of the external expert engaged by management with respect to the identification of assets acquired as well as the conceptual evaluation of valuation models considering the requirements of the Spanish accounting standard number 19 "Business Combinations". With the assistance of our internal valuation specialists, we examined the valuation methods applied. Furthermore, we analyzed whether the assumptions and estimates (such as growth rates, cost of capital or remaining useful lives) used in determining the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date correspond to general and industry-specific market expectations. Additionally, we reperformed the calculations in the models and reconciled the expected future cash flows underlying the measurements with, inter alia, internal business plans. We inquired management about the key assumptions and obtained evidence for the explanations provided by comparing key assumptions to market data, underlying accounting records, past performance of the acquired business and the company's forecasts.

Furthermore, we audited the application of uniform accounting policies within the entities and the tax implications of the merger. We also assessed the disclosures regarding the merger of Siemens' wind power business with Gamesa with regard to the requirements under the accounting standard number 19 "Business Combinations" of the Spanish Accounting Plan.



Reference to the accompanying disclosures:

The Company's disclosures regarding the accounting treatment of the merger of the Siemens' Wind Power Business with Gamesa are presented in the notes to the consolidated financial statements under notes 1.2 "Merger of Siemens wind power business with Gamesa" and 2.4 "Critical aspects of the valuation and estimation of uncertainty". The Company's disclosures regarding the transaction as well as disclosures regarding the preliminary purchase price allocation are presented under note 3 "Acquisitions, dispositions and discontinued operations".

## INVESTMENT IN GROUP COMPANIES AND ASSOCIATES

Reason for classification as a key audit matter:

Investments in group companies and associates must be tested for impairment on at least at year-end when there is objective evidence that the carrying amount of an investment will not be recovered. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, has been considered a Key audit matter as it requires a significant judgement valuing the relevant investments. Additionally, recoverable amounts are based on management's view of the business plans of the subsidiaries, considering for all of them variables and market conditions such as future price and volume growth rates, the timing of future operating expenditure, and the most appropriate discount and long term growth rates. The assumptions in the annual impairment test are disclosed in note 10 of the accompanying financial statements.

Audit procedures:

In relation to the impairment test, our audit procedures, amongst others, have been to evaluate the appropriateness of management's evaluation and tested the operation of the Company's controls. We validated the (key) assumptions as disclosed in note 10 of the financial statements where possible with external data. We also tested management's sensitivity analyses around key assumptions; average future growth rates, long-term average growth rate and discount rate applied and challenged management on the outcomes of the assessment. We also tested the carrying values of the investments in group companies and associates, corrected for any unrealized gains existing at the measurement date, with their respective net asset values. Furthermore, we assessed the adequacy of the Company's disclosures.

Reference to the accompanying disclosures:

The Company's disclosures regarding the accounting treatment of investment in group companies and associates and the basis of impairment of these investments are presented in the notes 5.6 "Impairment of financial assets" and 10 "Non-current financial instruments" to the financial statements.



### **Other information: management report**

Other information refers exclusively to the 2017 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the management report is to assess and report on the consistency of the management report with the financial statements based on the knowledge of the entity we obtained while auditing the financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the management report is consistent with that provided in the 2017 financial statements and their content and presentation are in conformity with applicable regulations.

### **Responsibilities of the directors and the audit committee for the financial statements**

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### **Report on other legal and regulatory requirements**

#### **Additional report to the audit committee**

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on November 30, 2017.

#### **Term of engagement**

The ordinary general shareholders' meeting held on June 20, 2017 appointed us as auditors for one year, commencing on January 1, 2017.

Previously, we were appointed as auditors by the shareholders for three years and we have been carrying out the audit of the financial statements continuously since January 1, 2014.

ERNST & YOUNG, S.L.

Signed on the original in Spanish

November 30, 2017

# **SIEMENS GAMESA RENEWABLE ENERGY, S.A.**

Financial Statements and Management Report for the  
9-month period ended September 30, 2017



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Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 24). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**BALANCE SHEET AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**  
(Thousands of euros)

| ASSETS   | Notes                  | 09.30.2017       | 12.31.2016       | EQUITY AND LIABILITIES                                    | Notes          | 09.30.2017         | 12.31.2016       |
|--|------------------------|------------------|------------------|---|----------------|--------------------|------------------|
| <b>NON-CURRENT ASSETS</b>  |                        | <b>7,817,885</b> | <b>3,059,905</b> | <b>EQUITY</b>   | <b>Note 13</b> | <b>8,001,620</b>   | <b>2,730,427</b> |
| <b>Intangible assets</b>   | <b>Note 7</b>          | <b>260</b>       | <b>-</b>         | <b>SHAREHOLDER'S EQUITY</b>                               |                | <b>8,001,620</b>   | <b>2,730,427</b> |
| Software   |                        | 260              | -                | - Share capital   |                | 115,794            | 68,319           |
| <b>Property, plant and equipment</b>                             | <b>Note 8</b>          | <b>1,276</b>     | <b>-</b>         | - Share premium   |                | <b>8,613,935</b>   | <b>2,661,584</b> |
| Plants, tools and furniture                                      |                        | 891              | -                | - Reserves  |                | 1,076,666          | 950              |
| Other items of property, plant and equipment                     |                        | 385              | -                | - Other reserves  |                | 1,076,666          | 950              |
| <b>Non-current investments in Group companies and associates</b> | <b>Note 10</b>         | <b>7,814,740</b> | <b>3,059,905</b> | - Treasury shares   |                | <b>(21,505)</b>    | <b>-</b>         |
| Investments in Group companies and associates                    |                        | 7,814,740        | 3,059,905        | - Prior year losses                                       |                | <b>(426)</b>       | <b>(1)</b>       |
| <b>Non-current financial assets</b>                              | <b>Note 10</b>         | <b>1,108</b>     | <b>-</b>         | - Profit for the year                                     |                | <b>(1,782,844)</b> | <b>(425)</b>     |
| Long-term credits  |                        | 600              | -                |   |                | <b>5,017</b>       | <b>-</b>         |
| Guarantees and deposits given                                    |                        | 508              | -                | <b>NON-CURRENT LIABILITIES</b>                            |                | <b>199</b>         | <b>-</b>         |
| <b>Deferred tax assets</b>                                       | <b>Note 17</b>         | <b>501</b>       | <b>-</b>         | - Long-Term Provisions                                    |                | 199                | -                |
|  |                        |                  |                  | Provisions for employee commitments                       | Note 14        | 4,818              | -                |
|  |                        |                  |                  | <b>Non-current payables</b>                               |                | 4,818              | -                |
|  |                        |                  |                  | Other financial liabilities                               | Note 16        | -                  | -                |
| <b>CURRENT ASSETS</b>  |                        | <b>1,688,381</b> | <b>383,721</b>   | <b>CURRENT LIABILITIES</b>                                |                | <b>1,499,629</b>   | <b>713,199</b>   |
| <b>Trade and other receivables</b>                               |                        | <b>37,198</b>    | <b>-</b>         | <b>Short-term provisions</b>                              | <b>Note 14</b> | <b>170</b>         | <b>-</b>         |
| Receivables from Group companies and associates                  | Note 11 and 20         | 27,667           | -                | - Other provisions  |                | 170                | -                |
| Accounts receivables   | Note 11                | 1,058            | -                | - Current payables  |                | <b>2,954</b>       | <b>-</b>         |
| Personnel  | Note 11                | 27               | -                | - Bank borrowings   |                | 9                  | -                |
| Other accounts receivables from public administrations           | Note 17                | 8,446            | -                | Derivatives   | Note 15        | 2,738              | -                |
| <b>Current investments in Group companies and associates</b>     | <b>Notes 11 and 20</b> | <b>1,119,772</b> | <b>383,132</b>   | Other financial liabilities                               |                | 207                | -                |
| Short-term loans to Group companies                              |                        | 1,119,772        | 383,132          | <b>Current payables to Group companies and associates</b> | <b>Note 20</b> | <b>1,443,947</b>   | <b>382,984</b>   |
| <b>Current financial assets</b>                                  | <b>Note 11</b>         | <b>423</b>       | <b>-</b>         | <b>Trade and other payables</b>                           |                | <b>52,558</b>      | <b>330,215</b>   |
| Short-term loans to third parties                                |                        | 365              | -                | - Suppliers, group companies and associates               | Note 20        | 20,610             | 330,120          |
| Derivatives  | Note 15                | 58               | -                | - Other payables  |                | 15,144             | 95               |
| <b>Short-terms accruals</b>                                      |                        | <b>1,732</b>     | <b>-</b>         | Personnel   |                | 10,756             | -                |
| <b>Cash and cash equivalents</b>                                 | <b>Note 12</b>         | <b>529,256</b>   | <b>589</b>       | Other accounts payables to public administrations         | Note 17        | 6,048              | -                |
| Cash   |                        | 529,256          | 589              |   |                | <b>9,506,266</b>   | <b>3,443,626</b> |
| <b>TOTAL ASSETS</b>  |                        | <b>9,506,266</b> | <b>3,443,626</b> | <b>TOTAL EQUITY AND LIABILITIES</b>                       |                | <b>9,506,266</b>   | <b>3,443,626</b> |

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 24). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**INCOME STATEMENTS FOR THE 9 – MONTH PERIOD ENDED SEPTEMBER 30, 2017**  
**AND FOR THE YEAR ENDED DECEMBER 31, 2016**

(Thousands of euros)

|   | Notes                | Year<br>2017       | Year<br>2016   |
|---|----------------------|--------------------|----------------|
| <b>CONTINUING OPERATIONS:</b>   |                      |                    |                |
| <b>Revenue</b>  |                      | <b>10,051</b>      | <b>1,466</b>   |
| Income from loans granted to Group companies and associates                           | Notes 19.1 and 20.2  | 10,051             | 1,466          |
| <b>Other operating income</b>   |                      | <b>21,504</b>      | <b>2</b>       |
| Non-core and other current operating income   | Note 19.2            | 21,494             | 2              |
| Income-related grants transferred to profit or loss                                   |                      | 10                 | -              |
| <b>Staff costs</b>  | <b>Note 19.4</b>     | <b>(30,770)</b>    | <b>-</b>       |
| Wages, salaries and similar expenses  |                      | (27,463)           | -              |
| Employee benefit costs  |                      | (3,307)            | -              |
| <b>Other operating expenses</b>   |                      | <b>(41,008)</b>    | <b>(426)</b>   |
| External services   | Note 19.3            | (40,282)           | (426)          |
| Taxes other than income tax   | Note 19.3            | (126)              | -              |
| Losses on, impairment of and change in trade provisions                               |                      | (600)              | -              |
| <b>Depreciation and amortization</b>  | <b>Notes 7 and 8</b> | <b>(191)</b>       | <b>-</b>       |
| <b>Impairment and profit/loss on disposals of financial instruments</b>               |                      | <b>(1,736,352)</b> | <b>-</b>       |
| Impairment and profit/loss on disposals of group companies investments and associates | Note 10              | (1,736,352)        | -              |
| <b>OPERATING PROFIT/(LOSS)</b>  |                      | <b>(1,776,766)</b> | <b>1,042</b>   |
| <b>Financial expense</b>  |                      | <b>(5,528)</b>     | <b>(1,466)</b> |
| On debts to group companies and associates  | Note 20.2            | (2,839)            | (1,466)        |
| On debts to third parties   |                      | (2,689)            | -              |
| <b>Exchange differences</b>   | <b>Note 21</b>       | <b>3,611</b>       | <b>(1)</b>     |
| <b>FINANCIAL PROFIT/(LOSS)</b>  |                      | <b>(1,917)</b>     | <b>(1,467)</b> |
| <b>PROFIT/(LOSS) BEFORE TAX</b>   |                      | <b>(1,778,683)</b> | <b>(425)</b>   |
| Income tax  | Note 17              | (4,161)            | -              |
| <b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>                          |                      | <b>(1,782,844)</b> | <b>(425)</b>   |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>   |                      | <b>(1,782,844)</b> | <b>(425)</b>   |

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**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE 9 – MONTH PERIOD ENDED SEPTEMBER 30, 2017**  
**AND FOR THE YEAR ENDED DECEMBER 31, 2016**  
(Thousands of euros)

**A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSES FOR THE 9 - MONTH PERIOD ENDED SEPTEMBER 30, 2017  
AND 12 - MONTH PERIOD ENDED DECEMBER 31, 2016**

|   | Year<br>2017       | Year<br>2016 |
|---|--------------------|--------------|
| Profit for the year                               | (1,782,844)        | (425)        |
| Income and expenses recognised directly in equity | -                  | -            |
| Transfers to income statements                    | -                  | -            |
| <b>TOTAL INCOME AND EXPENSES RECOGNISED</b>       | <b>(1,782,844)</b> | <b>(425)</b> |

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## SIEMENS GAMESA RENEWABLE ENERGY, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR FOR THE 9 – MONTH PERIOD ENDED SEPTEMBER 30, 2017 AND FOR THE YEAR ENDED DECEMBER 31, 2016

(Thousands of euros)

#### B) STATEMENTS OF CHANGES IN TOTAL EQUITY

|  | Share capital  | Share premium    | Other reserves   | Treasury shares | Losses from previous year | Profit for the year | Total            |
|--|----------------|------------------|------------------|-----------------|---------------------------|---------------------|------------------|
| <b>BEGINNING BALANCE AT JANUARY 1, 2016</b>                                | <b>3</b>       | <b>-</b>         | <b>(1)</b>       | <b>-</b>        | <b>-</b>                  | <b>(1)</b>          | <b>1</b>         |
| Total comprehensive income for the 12-month period ended December 31, 2016 | -              | -                | -                | -               | -                         | (425)               | (425)            |
| Issued capital   | 68,316         | 4,981,887        | -                | -               | -                         | -                   | 5,050,203        |
| Other transactions with shareholders and owners                            | -              | -                | 1,010            | -               | -                         | -                   | 1,010            |
| Prior year ´s result distribution  | -              | -                | -                | -               | (1)                       | 1                   | -                |
| Other movements  | -              | (2,320,303)      | (59)             | -               | -                         | -                   | (2,320,362)      |
| <b>ENDING BALANCE AT DECEMBER 31, 2016</b>                                 | <b>68,319</b>  | <b>2,661,584</b> | <b>950</b>       | <b>-</b>        | <b>(1)</b>                | <b>(425)</b>        | <b>2,730,427</b> |
| Total comprehensive income for the 9-month period ended September 30, 2017 | -              | -                | -                | -               | -                         | (1,782,844)         | (1,782,844)      |
| Treasury shares transactions (Note 13.4)                                   | -              | -                | (16,205)         | 15,905          | -                         | -                   | (300)            |
| Issuance of shares (Notes 1.2 , 1.3 and 13.4)                              | 47,475         | 6,192,785        | -                | (37,410)        | -                         | -                   | 6,202,850        |
| Extraordinary Dividend payment (Note 1.2)                                  | -              | (998,674)        | -                | -               | -                         | -                   | (998,674)        |
| Ordinary Dividend (Note 13.3)  | -              | (75,140)         | -                | -               | -                         | -                   | (75,140)         |
| Other shareholders contributions (Notes 10 and 13.2)                       | -              | 833,380          | 1,091,921        | -               | -                         | -                   | 1,925,301        |
| Other changes in equity  | -              | -                | -                | -               | (425)                     | 425                 | -                |
| <b>ENDING BALANCE AT SEPTEMBER 30, 2017</b>                                | <b>115,794</b> | <b>8,613,935</b> | <b>1,076,666</b> | <b>(21,505)</b> | <b>(426)</b>              | <b>(1,782,844)</b>  | <b>8,001,620</b> |

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 24). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**STATEMENTS OF CASH FLOWS FOR THE 9 – MONTH PERIOD ENDED SEPTEMBER 30, 2017**  
**AND FOR THE YEAR ENDED DECEMBER 31, 2016**

(Thousands of euros)

|  | Notes         | Year<br>2017       | Year<br>2016 |
|--|---------------|--------------------|--------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES (I)</b>   |               | <b>(46,652)</b>    | <b>(275)</b> |
| <b>Profit for the year before tax</b>  |               | (1,778,683)        | (425)        |
| <b>Adjustments for:</b>  |               |                    |              |
| - Depreciation and amortization  | Notes 7 and 8 | 191                | -            |
| - Impairment losses  | Note 10       | 1,736,952          | -            |
| - Changes in provisions (incentive plan)   | Note 19.4     | 1,376              | -            |
| - Financial expenses   |               | 5,528              | -            |
| - Exchange differences   | Note 21       | (3,611)            | 1            |
| <b>Change in working capital</b>   |               |                    |              |
| - Trade and other receivables  |               | (15,273)           | -            |
| - Trade and other payables   |               | 6,809              | 149          |
| - Accruals   |               | 7,427              | -            |
| - Other current liabilities  |               | (1,979)            | -            |
| <b>Other cash flows from operating activities</b>  |               |                    |              |
| - Interests paid   |               | (5,389)            | -            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>   |               | <b>(2,030,201)</b> | <b>-</b>     |
| <b>Payments due to investments</b>   |               |                    |              |
| - Group companies and associates   | Note 10       | (1,033,163)        | -            |
| - Acquisitions of businesses, net of cash acquired   | Note 1.2      | (996,169)          | -            |
| - Other financial assets   |               | (31)               | -            |
| - Investments in intangible assets and property, plant and equipment                         | Notes 7 and 8 | (838)              | -            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>  |               | <b>2,599,229</b>   | <b>862</b>   |
| <b>Receipts and payments for equity instruments</b>  |               |                    |              |
| - Issue of equity instruments  |               | 1,905,271          | 1,010        |
| - Purchase of treasury shares  | Note 13.4     | (300)              | -            |
| <b>Receipts and payments for financial liability instruments</b>                             |               |                    |              |
| - Issue/(amortization) of borrowings from financial entities and other financial liabilities |               | (3,460)            | (148)        |
| - Issue/(amortization) of borrowings from Group companies and associates                     | Note 20       | 772,858            | -            |
| <b>Dividend payments and remunerations of other equity instruments</b>                       |               |                    |              |
| - Dividends  | Note 13.3     | (75,140)           | -            |
| <b>IMPACT OF CHANGES IN EXCHANGE RATE (IV)</b>   |               | <b>6,291</b>       | <b>-</b>     |
| <b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>                      |               | <b>528,667</b>     | <b>587</b>   |
| Cash and cash equivalents at beginning of the year   |               | 589                | 2            |
| Cash and cash equivalents at year end  |               | <b>529,256</b>     | <b>589</b>   |

*Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 24). In the event of a discrepancy, the Spanish-language version prevails.*

## **SIEMENS GAMESA RENEWABLE ENERGY, S.A.**

Notes to the Financial statements for the  
9-month period ended September 30, 2017

### **1. ACTIVITIES AND CORPORATE PURPOSE**

#### **1.1 GENERAL INFORMATION**

SIEMENS GAMESA Renewable Energy, S.A. (previously, Gamesa Corporación Tecnológica, S.A) (hereinafter “the Company” or “SIEMENS GAMESA”) was incorporated as a public limited liability company on January 28, 1976. Its registered office is located in Zamudio, Parque Tecnológico de Bizkaia, Edificio 222 (Vizcaya – Spain).

The Shareholders Meeting of the Company held on June 20, 2017 approved, among others, the change of the Company name, from GAMESA Corporación Tecnológica, SA, to SIEMENS GAMESA Renewable Energy, SA, as well as the year end closing date from December 31 to September 30.

Its corporate purpose is the promotion and development of companies, for which it can perform the following operation:

- a) The subscription and purchase of shares or stocks, or securities that can be converted into these, or which grant rights for their preferential acquisition, in companies whose shares may be listed or not on Spanish or foreign stock markets.
- b) The subscription and purchase of fixed-income securities or any other securities issued by the companies in which it holds an interest, as well as the granting of participating loans or guarantees.
- c) To directly provide advisory services and technical assistance to the companies in which they hold a stake, as well as other similar services related to the management, financial structure, or production or marketing processes of those companies.

These activities will focus on the development, design, construction, manufacture and supply of products, installations and technologically advanced services in the renewable energy sector.

All the above mentioned activities can be undertaken both in Spain and abroad and can be carried out completely or partially, in an indirect manner, through the ownership of company shares or investments with the same or similar purpose.

The Company will not undertake any activities for which the laws require specific conditions or limitations, so long as these conditions or limitations are not exactly fulfilled.

The Company’s bylaws and other public information is available on [www.siemensgamesa.com](http://www.siemensgamesa.com) and at its registered address.

The Company is the parent of a group of subsidiaries and in accordance with current legislation it is required to prepare separate Consolidated Financial Statements. The Consolidated Financial Statements of SIEMENS GAMESA Renewable Energy, S.A. and subsidiaries (hereinafter “SIEMENS GAMESA Group”) for the 9-month period ended September 30, 2017 have been prepared by the Directors at a Board of Directors meeting held on November 30, 2017.

The GAMESA Group currently operates as a manufacturing Group and principal supplier of cutting-edge products, facilities and services in the renewable energy industry, as well as maintenance services rendered, structured into the following business units:

- Wind Turbines (\*)
- Operation and Maintenance

(\*) Wind turbine manufacturing includes the development, construction and sale of wind farms.

## **1.2 MERGER OF SIEMENS WIND POWER BUSINESS WITH GAMESA**

On 17 June 2016, Gamesa Corporación Tecnológica, S.A. ("GAMESA") and Siemens AG ("SIEMENS") signed a binding Merger agreement whereby both parties agreed on the terms and conditions pursuant to which GAMESA and the Siemens Wind Power Business (as defined therein) would be combined by way of a statutory Merger by absorption of Siemens Wind HoldCo, S.L. (as absorbed entity) by and into GAMESA (as absorbing entity) (the "Merger") with the dissolution without liquidation of the former and the en bloc transfer of all of its assets and liabilities to the latter, which has acquired by universal succession all of the rights and obligations of Siemens Wind HoldCo, S.L..

At the signing date of the Merger agreement, the Siemens Wind Power Business was not held by a separate sub-group within the Siemens Group but by various entities within it. In order to allow for the integration of the Siemens Wind Power Business with GAMESA's business through the Merger, Siemens implemented an internal carve-out process, as a result of which the Siemens Wind Power Business was held, directly or indirectly, by Siemens Wind HoldCo, S.L., Zamudio/Spain.

The carve-out was implemented through (i) the execution of asset transfer agreements and/or (ii) the acquisition, transfer or contribution of shares. As a result of the foregoing, Siemens Wind HoldCo, S.L. became the direct or indirect owner of the Siemens Wind Power Business.

In the context of the Siemens Wind Power carve-out, the shares in Siemens Wind HoldCo, S.L. were split and assigned a nominal value of EUR 0.17 per share and a share capital increase of Siemens Wind HoldCo, S.L. by contributions in kind was approved by Siemens, effective as of 31 December 2016. As a result, the share capital in Siemens Wind HoldCo, S.L. amounted to EUR 68,318,681.15, divided into 401,874,595 shares of EUR 0.17 par value each, fully subscribed and paid in; and Siemens Wind HoldCo, S.L. ceased to be a sole shareholding company, being its shareholders SIEMENS (holder of 51.06% of the share capital) and Siemens Beteiligungen Inland GmbH (holder of 48.94% of the share capital).

The Merger was approved at the Extraordinary General Shareholders' Meeting of GAMESA on October 25, 2016 and by SIEMENS, as sole shareholder of Siemens Wind HoldCo, S.L. ("Siemens Wind Power Parent"), on October 26, 2016. As mentioned before, in addition to SIEMENS, another company within the Siemens Group (Siemens Beteiligungen Inland GmbH) also became shareholder of Siemens Wind Power Parent, and consequently and pursuant to the Merger, also became a shareholder of SIEMENS GAMESA. SIEMENS and Siemens Beteiligungen Inland according to the Merger exchange ratio, received GAMESA shares representing approximately 59% of share capital (401,874,595 shares), while GAMESA's remaining shareholders hold shares representing approximately 41% of the merged company.

The Merger exchange ratio for the shares of GAMESA and Siemens Wind HoldCo, S.L. was determined based on the fair value of their assets and liabilities, which in the case of Siemens Wind HoldCo, S.L. are those held by the company upon completion of the carve-out process, agreed upon between the parties as one GAMESA share, with a nominal value of EUR 0.17 for each share of Siemens Wind HoldCo, S.L.

The exchange ratio has been covered by newly-issued shares in GAMESA created as a consequence of a capital increase for a nominal amount of EUR 68,318,681.15 represented by 401,874,595 shares, each with a nominal value of EUR 0.17, in aggregate representing approximately 59% of the share capital in GAMESA upon effectiveness of the Merger. All the shares of Siemens Wind HoldCo, S.L. representing its entire share capital (i.e., 401,874,595 shares of EUR 0.17 par value each, amounting to a total of EUR 68,318,681.15) was part of the exchange.



The Merger exchange ratio has been determined under certain assumptions with regard to the level of working capital and net debt of the GAMESA Group and the Siemens Wind Power Business as at 31 December 2016. The deviation of the net debt and working capital of GAMESA Group and the Siemens Wind Power Business as at December 31, 2016 with respect to those assumptions has been offset, and the net deviation has been corrected by SIEMENS on the Merger Effective Date by extracting cash, for no consideration, out of Siemens Wind HoldCo, S.L in amount of EUR 233,908 thousands, so that the exchange ratio agreed between the parties is not affected by the aforementioned deviation (the "Exchange Ratio Settlement"). For certain individual items in the calculation of the deviation, as agreed between the parties, the amounts have been fixed, and for the majority of the items the amounts are those as of December 31, 2016.

The Merger was registered with the Mercantile Register on April 3, 2017 ("Merger Effective Date"), and the accounting effects of the Merger have been considered from such date. This merger has benefited from the special fiscal neutrality regime foreseen in Directive 2009/133 / EC, and included in chapter VII of title VI of Provincial Regulation 11/2013, of December 5, on Corporate Tax in Bizkaia (the " Norma Foral del Impuesto sobre Sociedades") and in Chapter VII of Title VII of the State Law 27/2014, of November 27.

As part of the Merger closing actions, GAMESA's Extraordinary General Shareholders' Meeting approved on October 25, 2016, an Extraordinary Merger dividend in a gross amount of EUR 3.75 per share.

The shares issued by GAMESA for the exchange entitled the Siemens Wind HoldCo, S.L. shareholders, as from the Merger Effective Date, to participate in the earnings of GAMESA under the same terms and conditions as the other shares of GAMESA in trading at that date. However, the Siemens Wind HoldCo, S.L. shareholders were not entitled to receive the Extraordinary Merger Dividend. In this regard, the Extraordinary Merger dividend was payable to a maximum of 279,268,787 shares and, consequently, amounts to a maximum of EUR 1,047,257,951.25 in aggregate. However, the gross amount of the Extraordinary Merger Dividend should be reduced by the ordinary dividend effectively paid by GAMESA to its shareholders pursuant to the distribution approved by the General Shareholders' Meeting of GAMESA held on June 22, 2016, on second call, in a gross maximum amount of EUR 0.1524 per share (reduction of the initial gross amount to EUR 999 million). 70 million euros of the 999 million euro extraordinary dividend corresponds to dividends received by GAMESA Coproración Tecnológica, S.A. prior to the Merger date arising from distributions from China Gamesa Wind Tianjin Co. Ltda., creating income which is not included in the previous years tax base for corporate income tax. GAMESA has not paid any other ordinary dividend to its shareholders prior to the effective acquisition date.

### 1.3 REVERSE ACQUISITION

For accounting purposes, the Merger qualifies as a reverse acquisition, by which Siemens Wind Power Business will be considered as accounting acquirer (legal acquiree) and GAMESA as accounting acquiree (legal acquirer). This is because the Siemens Wind Power HoldCo Shareholders as a Group receive the largest portion of the voting rights in the merged entity. Accordingly, the assets and liabilities of GAMESA are included in the Financial Statements at their acquisition-date fair values.

Siemens Wind HolCo, S.L. assets and liabilities are stated at the amounts historically disclosed in the Financial Statements.

### 1.4 COMPOSITION OF THE FINANCIAL STATEMENTS

As a result, the Consolidated Financial Statements reflect the following structure of SIEMENS GAMESA and their initial measurement:

| Prior Year  | Current Year  |   |  |
|---|---|---|--|
|   | 01.01.2017 – 04.02.2017                                   | 04.03.2017 – 09.30.2017                                   |  |
| <b>SIEMENS Wind Holco, S.L.<br/>(Siemens Wind Power Business)</b> | SIEMENS Wind Holco, S.L.<br>(Siemens Wind Power Business) | SIEMENS Wind Holco, S.L.<br>(Siemens Wind Power Business) | GAMESA   |
| Historical Cost (Predecessor Accounting)                          | Historical Cost (Predecessor Accounting)                  | Historical Cost (Predecessor Accounting)                  | Fair Value at acquisition date, subsequent movement at historical cost |

## 1.5 ENVIRONMENTAL INFORMATION

In view of the business activities carried on by SIEMENS GAMESA, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, the directors did not include any specific disclosures relating to environmental issues in these notes to the Financial Statements.

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

### 2.1 FINANCIAL REPORTING LEGISLATION APPLICABLE TO THE COMPANY

These Financial Statements have been prepared by the Directors in accordance with the Spanish General Accounting Plan of November 16 approved by Royal Decree 1514/2007 which has been modified on by Royal Decree 602/2016 of December 2, as well as the Commercial Code and other mercantile legislation.

The Financial Statements have been formulated by the Company's Directors for its submission to the approval of the General Shareholders' Meeting, it is considered that they will be approved without any modification.

The figures contained in the Balance Sheet and the notes are expressed in thousands of euros (the Company's functional currency). Due to rounding, numbers presented may not add up precisely to totals provided.

### 2.2 TRUE AND FAIR VIEW

The accompanying Financial Statements have been prepared on the basis of the Company's accounting records and are presented in compliance with applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the Company's net worth, its financial situation, the results of its operations and cash flows for the year.

### 2.3 NON-MANDATORY ACCOUNTING PRINCIPLES APPLIED

No non-mandatory accounting principles have been applied. In addition, the Directors have prepared these Financial statements bearing in mind all applicable accounting principles and standards that are mandatory and have a significant effect on these Financial statements.

All accounting principles having a significant effect on the accounts have been applied.

### 2.4 CRITICAL ASPECTS OF THE VALUATION AND ESTIMATION OF UNCERTAINTY

When preparing the accompanying Financial Statements estimates made by Company's Directors have been used in order to measure some assets, liabilities, income, expenses and commitments recorded in the accounts. These estimates relate basically to the following:

- In a business combination, the acquirer measures the fair value of its assets and liabilities acquired (including contingent liabilities) identified at their fair value of acquisition. Fair value estimates of acquisitions are based on judgments and are established using measurement techniques which are also supported by third-party appraisals. The measurement period, which is subsequent to the acquisition date during which the acquirer may adjust any provisional amounts recognized for a business combination, ends April 3, 2018 for the merger between GAMESA and Siemens Wind HoldCo, S.L. In accordance with recognition and measurement and rule 19 of Spanish accounting principles (Note 3), the measurement period provides the acquirer a reasonable period for obtaining the information necessary to detect and measure the identifiable assets acquired and liabilities assumed, consideration paid, or resulting goodwill.
- Impairment in Group companies and associates investments: Long term value of "long term investments in Group companies", requires to estimate the recoverable amount to assess a possible impairment. To determine this recoverable amount, the Entity estimates the expected future cash flows resulting from the mentioned investments by reference to future benefits and uses an appropriate discount rate to calculate the present value of the cash flows (Note 10).

- Useful life of property, plant and equipment and intangible assets: Company management estimates the useful life and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets, respectively (Notes 7 and 8).
- Calculation of provisions: At the end of each reporting period Company's Director estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature (Note 14).
- Contingent liabilities: The Company's management considers that there are no significant contingent liabilities for 9-month period ended September 30, 2017 and December 31, 2016.
- Corporate income tax and deferred tax assets: The status of tax regulations applicable to the Company entails the need for estimated calculations and a final quantification of the uncertain tax. The calculation of the tax is carried out based on Company management's best estimates in accordance with the current tax situation and bearing in mind the foreseeable evolution of tax legislation.

The Company evaluates the recovery of deferred tax assets based on estimates of future taxable income by analysing whether or not this income will be sufficient for the Company and the tax Group to which it belongs during the periods in which the deferred tax assets are deductible.

Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact income tax in the period in which such determination is made (Note 17).

Despite the fact that these estimates have been made based on the best information available at the end of the 9 month period ended on September 30, 2017, it is possible that events may take place in the future which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

## **2.5 COMPARISON OF INFORMATION**

In accordance with the current mercantile legislation, is presented for comparative purposes with each one of the headings in the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement, in addition to the figures for the 9-month period ended, the corresponding to the previous 12-month period.

When comparing the current year figures with the previous year ones the reverse acquisition explained in Note 1.3 has to be taken in to consideration. The comparative financial information shows the Siemens Wind Power Business as acquiree for accounting purposes. These information comes from the Siemens Wind Holdco, S.L. Annual Accounts.

The notes to the Financial Statements include quantitative information from the prior financial year, except when an accounting rule specifically provides that it is not necessary.

On the 2016 Profit and Loss Account, the acquired entity Siemens Wind Holdco, S.L. included under the heading "Activity expenses" an amount of EUR 1,466 thousands corresponding to Group debt interests under "operating results". In order to improve the comparability of information between reporting periods, the aforementioned amount has been reclassified under the heading "Financial expenses - Interest on debts with Group companies and associates".

## **2.6 PRINCIPLE OF GOING CONCERN**

In 2017, the Company had negative results amounting to EUR 1,782,844 thousands. The Company's directors have prepared the financial statements in keeping with the going concern principle on the understanding that the Company's business outlook, once the necessary steps have been taken, is that it will make a profit and have positive cash flows in the near future.

## 2.7 GROUPING OF ITEMS

For the purposes of facilitating the understanding of the Balance Sheet, the Profit and Loss Account, the Statement of Changes in Equity and the Cash flow, these Financial Statements are presented in a Group format and all necessary analysis is set out in the notes to the Financial Statements.

## 3. ADQUISITIONS, DISPOSITIONS AND DISCONTINUED OPERATIONS

As described in Note 1.3, the Merger qualifies for accounting purposes as a reverse acquisition, by which Siemens Wind HoldCo, S.L. will be considered as accounting acquirer and GAMESA as accounting acquiree. SIEMENS acquired 59% of GAMESA in exchange for 41% of its Wind Power Business and an extraordinary Merger dividend of EUR 998.7 million. As SIEMENS and GAMESA only exchange equity interests, the market share price of GAMESA at the Effective date of the merger is the best indicator of the consideration paid for the assets and liabilities of GAMESA, which has been EUR 22.345 per share (relevant share price at April 3, 2017). Accordingly, the consideration transferred amounts to EUR 6,203 million.

The assets and liabilities of GAMESA as accounting acquire, are included in the Financial Statements at their acquisition-date fair values. The following figures result from the preliminary purchase price allocation as of the acquisition date: Other intangible assets EUR 152 thousands, Property, plant and equipment EUR 737 thousands, Trade and other receivables EUR 22,400 thousands, Other financial assets EUR 6,233,352 thousands (including 5,708,600 thousands Group investments and associated), Cash and cash equivalents EUR 2,505 thousands, Deferred tax assets EUR 225 thousands, Debt including outstanding financial debt settled EUR 9,666 thousands, Trade payables EUR 41,057 thousands, Other current liabilities EUR 5,627 thousands and Provisions EUR 170 thousands (current and non-current).

The preliminary Goodwill that results from the business combination amounts to EUR 5,299 million that have been provisionally allocated as an increase in the investment value (Note 10). The recognition of these business combination has been determined temporary as of the date of preparation of these financial statements as the valuation of the assets and liabilities acquired has not been finalised yet and the twelve months period since the GAMESA acquisition has not come to an end as established in the Registration rule 19<sup>a</sup> Business Combination of the Spanish Accounting Standards.

The acquired business contributed revenues of EUR 25,501 thousands and a negative net income of EUR 341,513 thousands to SIEMENS GAMESA in the elapsed period from acquisition and September 30, 2017 (290,072 thousands corresponds to the impairment recognised in the 9 months period ended on September 30, 2017 on the investment the Company has in GAMESA Technology Corporation Inc., after the allocation of part of the goodwill to this investment). The revenue of the combined entity for the current reporting period as though the acquisition date had been as of the beginning of the annual reporting period amounts to EUR 39,292 thousands and the negative net income amounts to EUR 1,807,734 thousands.

The account "Acquisition of businesses net of cash acquired" in the Statement of Cash-Flow includes the extraordinary merge dividend amounting to EUR 998.7 million net of the cash of the former GAMESA Group at the date of acquisition.

Transaction cost of EUR 20 million was expensed and is included in administrative expenses (Note 20).

#### 4. DISTRIBUTION OF RESULT

The distribution of the net profit for 9-month period ended September 30, 2017 that the Board of Directors of SIEMENS GAMESA will propose for approval by the shareholders at the General Meeting is as follows:

| <b>(Thousands of euros)</b>          | <b>2017</b>        |
|--------------------------------------|--------------------|
| <b>Distribution basis:</b>           |                    |
| Profit/(loss) for the year           | (1,782,844)        |
| <b>Total</b>                         | <b>(1,782,844)</b> |
| <b>Allocation:</b>                   |                    |
| Negative results from previous years | (1,782,844)        |
| <b>Total</b>                         | <b>(1,782,844)</b> |

##### 4.1 LIMITATIONS FOR THE DISTRIBUTION OF DIVIDENDS

The Company is required to allocate 10% of the exercise benefits to the constitution of the legal reserve, until it reaches at least 20% of the share capital. This reserve, while it does not exceed the limit of 20% of the share capital, is not distributable to the shareholders (Note 13).

Once the care provided for by the law or the bylaws are covered, dividends only can be shared with charge to the exercise benefit, or freely available reserves, if the value of the equity is not or, as a result of the deal, less than the capital. For these purposes, benefits charged directly to equity cannot be subject to distribution, direct or indirect. If there are losses from prior years that did the net value of the Company less than the figure of the social capital, the benefit will go to offset these losses.

At September 30, 2017 and December 31, 2016, the legal reserve had not reached the legally required minimum.

#### 5. ACCOUNTING POLICIES AND MEASUREMENT BASIS

The main accounting and measurement policies followed by SIEMENS GAMESA during the preparation of the Financial Statements, in accordance with those stipulated in the Spanish General Accounting Plan, are as follows:

##### 5.1 INTANGIBLE ASSETS

As a general rule, intangible assets are initially recognized at acquisition or production cost. Subsequently they are measured at cost, less accumulated amortization and any applicable impairment loss. These assets are amortised over their useful life (Note 7).

###### Computer software

The Company records under this heading the costs incurred on the acquisition and development of software. Software maintenance costs are recorded in the income statement for the year in which they arise. Software is amortised on a straight-line basis over three years.

##### 5.2 IMPAIRMENT OF ASSETS

At least at the end of each year, the Company assesses the possible existence of impairment indicators on intangible asset or in cash generating units and, in such case, the recoverable amounts are estimated.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment.

### 5.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognized at acquisition or production cost (Note 8) and subsequently reduced by accumulated depreciation and any impairment losses, in accordance with the policy mentioned under Note 5.2.

Property, plant and equipment upkeep and maintenance expenses are recognized in the income statement for the year in which they are incurred. However, the costs of improvements leading to increase capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

Depreciation expenses are recognised using the straight line method. The following useful lives are assumed.

|                                       | Average estimated useful life |
|---------------------------------------|-------------------------------|
| Other equipment and furnishings       | 6 – 10                        |
| Tooling                               | 3 – 4                         |
| Another property, plant and equipment | 3 – 5                         |

### 5.4 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company only records leases of the latter type (Note 9).

Revenues and expenses arising from operating leases are charged to the income statement in the year incurred.

Any payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortized over the lease term in accordance with the pattern of benefits provided.

### 5.5 FINANCIAL INSTRUMENTS

#### Recognition and measurement

#### Loans and receivables

The Company recognizes trade and non-trade receivables under this heading, which includes financial assets with fixed or determinable payments not quoted on active markets and for which the Company expects to recover the full initial investment, except, where applicable, in cases of credit impairment.

They are initially measured on the balance sheet at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

They are subsequently measured at amortized cost.

Nevertheless, trade receivables which mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, dividends receivable and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting the cash flows is not significant.

The difference between fair value and amounts paid for operating lease security deposits is recognized in the income statement as an advance lease payment over the lease term. When estimating the fair value of guarantees, the minimum contractual term during which the amount may not be reimbursed is considered as the remaining period.

### *Investments in the equity of Group companies and associates*

This category includes equity investments in companies in which the entity exercises control (Group companies), joint control via bylaw resolutions or contractual arrangements with one or more partners (joint ventures), or has significant influence (associates).

They are initially measured on the balance sheet at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

Investments in Group companies are recognized, where applicable, based on accounting principles for transactions with Group companies (Note 5.16).

When an investment is reclassified as an investment in a Group company, jointly controlled entity or associate, the cost of the investment will be considered to be the carrying amount the investment ought to have immediately before classification. Where applicable, previous value adjustments associated with this investment recognized directly in equity will remain there until the investment is either sold or impaired.

Initial measurement includes pre-emptive and similar rights acquired.

After their initial recognition, equity investments in Group companies, jointly controlled entities and associates are subsequently measured at cost less any accumulated impairment.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

SIEMENS GAMESA has majority stakes in the capital of certain companies and has shareholdings that are equal to or exceed 20% of the share capital in others (Appendix). These Financial Statements do not reflect the effect of applying consolidation or equity method criteria, as appropriate. As a company whose shares are listed on a stock market, SIEMENS GAMESA has presented its Consolidated Financial Statements for 2017 in accordance with International Financial Reporting Standards. Note 10.1 indicates the effect that the application of consolidation criteria in accordance with International Financial Reporting Standards would have on these Financial Statements.

### *Hedging derivatives*

These hedings include derivatives classified as hedging instruments. Financial instruments which have been designated as hedging instruments are measured as indicated in Note 5.8.

### *Derecognition*

Financial assets are derecognized only when the contractual rights to related cash flows have expired or when the assets are transferred, provided that the related risks and rewards incidental to ownership are substantially transferred.

If the Company has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it is derecognized when control over the asset is not retained. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing the associated liability as well.

The gain or loss on derecognition of the financial asset is determined as the difference between the consideration received net of attributable transaction costs, including any new asset obtained less any liability assumed, and the carrying amount of the financial asset, plus any accumulated amount recognized directly in equity. The gain or loss is recognized in profit or loss for the reporting period in which it arises.

The Company does not derecognize financial assets in transfers whereby it retains substantially all the risks and rewards of ownership. These include discounted bills, factoring with recourse, sales of financial assets with an agreement to repurchase them at a fixed price or at the sales price plus interest, and securitizations of financial assets whereby the Company retains subordinated financing or another type of guarantee that absorbs substantially all expected losses. In these cases, it recognizes a financial liability at an amount equal to the compensation received.

#### Interest and dividends received from financial assets

Interest and dividends accrued on financial assets after acquisition are recognized as income. Interests are recognized using the effective interest rate method and dividends are recognized when the right to receive them is established.

Financial assets are recognized separately on initial measurement based on maturity, accrued explicit interest receivable at that date, and the dividends approved by the competent governing body up to the date the assets are acquired. Explicit interest refers to the contractual interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the cost of the investment.

### **5.6 IMPAIRMENT OF FINANCIAL ASSETS**

The carrying amount of financial assets is adjusted against the short-form income statement when there is objective evidence of an impairment loss.

To determine impairment loss of financial assets, the Company assesses the potential loss of individual as well as groups of assets with similar risk characteristics.

#### Debt instruments

There is objective evidence that debt instruments (trade receivables, loans, and debt securities) are impaired when an event has occurred after initial recognition of the instrument that has a negative impact on related estimated future cash flows.

The Company classifies as impaired assets (doubtful exposures) debt instruments for which there is objective evidence of impairment, which refers basically to the existence of unpaid balances, non-compliance issues, refinancing, and data which evidences the possible irrecoverability of total agreed-upon future cash flows or collection delays.

For financial assets measured at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the market rate prevailing upon initial recognition. For financial assets with floating interest rates, the effective interest rate at the balance sheet date is used. Fair value is used instead of the present value of estimated future cash flows in the case of quoted instruments, provided that it is considered sufficiently reliable.

Reversals of impairment are recognized as income in the income statement up to the limit of the carrying amount of the financial asset that would have been recorded at the reversal date had the impairment loss not been recognized.

#### Equity instruments

There is objective evidence that equity instruments are impaired when one or more events have occurred after initial recognition which indicates that the cost of the investment in equity instruments may not be recovered due to a prolonged or significant decline in fair value. In this respect, the Company considers equity instruments to be impaired after a decline of a year and a half and of 40% of their quoted price with no recovery in value.



For equity instruments measured at cost and included in “Equity investments in Group companies, jointly controlled entities and associates,” the impairment loss is measured as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the present value of future cash flows from the investment. In line with this, the Company calculates the future cash flow’s present value of these investments by reference to the mentioned entities’ budget for coming years (Strategic Plan). Unless better evidence is available, impairment of this type of asset is estimated based on the subsidiary’s equity adjusted for any unrealized capital gains existing on the measurement date. In the case of investments in Group companies, jointly controlled companies and associates, the reversal of any impairment loss is recognized in the income statement and is limited to the carrying amount of the investment at the date of reversal had no impairment been recognized.

## **5.7 FINANCIAL LIABILITIES**

### Recognition and measurement

#### *Trade and other payables*

This item includes financial liabilities generated by the purchase of goods and services in trade transactions, and non-trade payables that are not derivative instruments.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Held-to-maturity investments are subsequently measured at amortized cost. Interest accrued is recognized in the income statement using the effective interest rate method.

Nevertheless, trade receivables which mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, dividends receivable and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting the cash flows is not significant.

In warranties received for operating leases, the difference between the fair value and the amount disbursed is considered revenues received in advance for the lease and recognized in profit and loss over the least term. When estimating the fair value of guarantees, the minimum contractual term during which the amount may not be reimbursed is considered as the remaining period.

#### *Hedging derivatives*

These include derivatives classified as hedging instruments. Financial instruments which have been designated as hedging instruments are measured as indicated in Note 5.8.

### Derecognition

The Company derecognizes a financial liability when the obligation under the liability is extinguished.

When debt instruments are exchanged with a lender, provided that their contractual terms are substantially different, the original financial liability is derecognized, and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the carrying amount of the financial liability or part of the financial liability and the amount paid to extinguish the liability, including attributable transaction costs and any asset transferred other than cash or liability assumed, is recognized in the income statement for the period.

When the debt instrument is replaced by another on terms that are not substantially different, the original liability is not derecognized, and the carrying amount is adjusted for the fees paid. The new amortized cost of the financial asset is calculated using the effective interest rate, which is the discount rate that equates the carrying amount of the financial liability at the modification date to the cash flows payable under the new terms.

Accordingly, the contractual terms are considered to be substantially different when the same lender granted the original loan and the present value of the cash flows from the new financial liability, including net commissions, differs by at least 10% of the present value of the cash flows yet to be paid on the original financial liability, when the effective interest rate of the original liability has been applied to both.

## **5.8 ACCOUNTING HEDGES**

The Company carries out cash-flow hedges primarily to reduce the risk associated with receivables in foreign currencies.

Transactions are only deemed hedges when they efficiently eliminate any risk inherent to the hedged item or position throughout the forecast duration of the hedge, which implies that at the inception of the hedge it is expected to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge has proven itself effective throughout the life of the hedged item or position (retrospective effectiveness).

The Company adequately documents the hedge, including how it intends to achieve and measure its effectiveness under its current risk management policy.

The hedge effectiveness is measured by testing to verify that the differences arising from changes in the value of the hedged item and the corresponding hedging instrument remain within a range of 80% to 125% over the remaining term to maturity, and comply with forecasts established at the related contract dates.

If at any time this range is breached, hedging transactions cease to be treated as hedges and are reclassified as held-for-trading derivatives.

For measurement purposes, the Company classifies hedging transactions in the following categories:

- Fair value hedges: Fair value hedges when hedging the risk of exposure to changes in the fair value of trade receivables due to interest rate fluctuations. Changes in value arising from exchange differences, both for the hedging instrument as well as the hedged item are recorded in the Income Statements.
- Cash flow hedges: Hedges the exposure to cash flow variation risks related to interest rates changes of loans received.

## **5.9 TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY**

The Company's functional currency is the euro. As a result, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the transaction dates.

At the end of the year monetary assets and liabilities denominated in foreign currency are converted using the exchange rate in force at the balance sheet date. Any resulting gains or losses are recognized directly in the income statement in the year in which they arise.

Non-monetary assets and liabilities which are measured at fair value and are denominated in foreign currency are translated at the exchange rates prevailing on the date on which fair value was determined. Gains or losses that are revealed are taken to equity or to profit and loss in accordance with the same criteria used to recognize changes in fair value.

## **5.10 CORPORATE INCOME TAX**

Since 2002 SIEMENS GAMESA (at that time GAMESA Corporación Tecnológica, S.A) and certain subsidiaries located in the Basque Country subject to local corporation tax legislation have filed income tax returns under the special consolidated tax regime. This regime is now regulated under the chapter VI of the title VI of the local Income Tax Regulation 11/2013, of December 5, of the Vizcaya Historical Area. SIEMENS GAMESA therefore applies the criteria established by the Accounting and Audit Institute Resolution dated October 9, 1997 when recognizing the accounting effects of that tax consolidation (Note 17).

Corporate income tax expense and revenue consists of the expense or revenue from current taxes and a portion of deferred tax expense or revenue.

Current tax is the amount that the Company pays as a result of the tax returns it files each for corporate income tax purposes. Deductions and other tax benefits applied to tax payable, without taking into consideration withholdings and interim payments, as well as tax-loss carryforwards from prior years effectively applied this year, reduce current taxes.

Deferred tax expense and revenue relates to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are recorded by applying the timing difference or credit relating to the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities for all taxable timing differences are recognized, except those deriving from initial recognition of goodwill or other assets and liabilities in a transaction that does not affect taxable or book results and is not a business combination.

Deferred tax assets are recognized to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilized.

Deferred tax assets and liabilities deriving from transactions involving direct charges or credits to Equity are also recorded under Equity.

At each year end recognized deferred tax assets will be reconsidered and all appropriate adjustments will be made to the extent that there are any doubts regarding future recovery. Deferred tax assets not recognized in the balance sheet are also reviewed at each year end in order to recognize the extent to which it is likely that they may be offset against future taxable profits.

## **5.11 INCOME AND EXPENSES**

Income and expense are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred, rather than the period in which the cash is actually received or disbursed. Such income is measured at the fair value of the consideration received, less any discounts and taxes.

Revenue from the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the benefit can be estimated reliably.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established. In any event, interest and dividends from financial assets accrued after the time of acquisition will be recognized as revenue in the income statement. Notwithstanding the foregoing, if distributed dividends arise from results generated prior to the date of acquisition are not recognized as income, decreasing the carrying amount of the investment.

Interest income and dividends received from Group companies and associates as well as income from the accrual of interest from credit accounts are presented as part of revenue pursuant to consultation no. 2 in issue 79 of the Official Gazette of the Spanish Accounting and Audit Institute (Boletín Oficial del Instituto de Contabilidad y Auditoría de Cuentas) published on September 30, 2009. According to this consultation, a line item should also be created within the operating margin with the subdivision needed to collect the valuation adjustments for impairment in investments in Group companies and associates, as well as losses and expenses are incurred due to its sale or valuation at fair value (Note 10).

## **5.12 DISMISSAL INDEMNITIES**

In accordance with prevailing legislation, SIEMENS GAMESA is obliged to pay indemnities to employees if they are dismissed under certain circumstances. Reasonably quantifiable severance indemnities are therefore recognized as an expense in the year in which the decision to terminate employment is made and communicated. During the 9-month period ended September 30, 2017, a total of EUR 7,592 thousands were recognized as dismissal indemnities and for contract termination compensations (Note 19.4).

### **5.13 ENVIRONMENTAL ASSETS**

Environmental assets are considered to be those which are used on a lasting basis in the Company's activity and whose main purpose is to minimize environmental impacts and to protect and improve the environment, including the reduction or elimination of future pollution.

Due to its nature, the Company's activity does not have any significant environmental impact.

### **5.14 EQUITY INSTRUMENTS**

Treasury shares are recognized in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is shown in the income statement on sale or cancellation. Income and expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves (Note 13.4).

### **5.15 PROVISIONS AND CONTINGENCIES**

When preparing the Financial Statements, the Company's Directors make a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations (Note 14).
- b) Contingent liabilities: possible obligations as a result of past events whose occurrence depends on the occurrence or non-occurrence of one or more separate future events not within the control of the consolidated entities (Note 14).

The Financial Statements include all provisions for obligations classed as more likely than not to arise. Contingent liabilities are not recognized in the Financial statements, but rather they are reported in the notes to the accounts to the extent that they are not considered to be remote.

Provisions are stated at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences, and recognizing those adjustments that arise from the restatement of those provisions as a financial expense as they accrue.

The compensation to be received from a third party on settlement of the obligation is recognized as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalized as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognized.

### **5.16 TRANSACTIONS AND BALANCES WITH RELATED-PARTIES**

Transactions between Group companies are initially recognized at fair value. Transactions are subsequently measured in accordance with applicable standards.

Transactions with Group companies are recognized based on the above measurement and recognition criteria, except for mergers, spin-offs, and the contribution of an indirect or direct subsidiary, in which case the acquired assets are measured at their consolidated Group carrying amounts. Due to the lack of consolidated values, at the time of the contribution, applying the criteria set forth in the Code of Commerce and enacting regulations, the Company recognized investments received through non-monetary contributions at the carrying amount prior to the recognition of the transaction on the separate financial statements of the contributing Company. Any resulting gains or losses are recognized in reserves.

Transfer prices are duly documented so that the Company's directors believe that it is not exposed to a risk of significant tax liabilities on related party transactions.

## **5.17 CASH AND CASH EQUIVALENTS**

This balance sheet heading includes petty cash bank accounts and any deposits and assets acquired under repurchase agreements that meet all of the following requirements:

- Convertible into cash.
- At the time of acquisition, the maturity date did not exceed three months.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's normal cash management policy.

## **5.18 EQUITY**

Share capital consists of ordinary shares.

The cost of issuing new shares is charged directly against equity, as a reduction in reserves.

In the event that the Company's acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When these shares are subsequently sold or reissued, any amount received is taken to Equity net of directly attributable incremental costs (Note 13.4).

## **5.19 ESTIMATION OF FAIR VALUE**

The fair value of the financial instruments sold in active markets (such as held-for-trading and available-for-sale equities) is based on the market prices at the balance sheet date. The listed market price used for financial assets is the ordinary purchase price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and develops assumptions that are based on market conditions existing at each balance sheet date. For long-term debt market prices or agent quotation prices are used. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of forward foreign exchange contracts is determined using listed forward exchange market rates at the balance sheet date.

The carrying amounts of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## **5.20 CLASSIFICATION OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES**

The Company presents current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its balance sheet. Current assets and current liabilities are those which meet the following criteria:

- Assets are classified as current when they are expected to be realized in, or are intended for sale or consumption in, the entity's normal operating cycle, when they are held primarily for the purpose of being traded, when they are expected to be realized within twelve months after the balance sheet date, or when they constitute cash or a cash equivalent, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

- Liabilities are classified as current when they are expected to be settled in the entity's operating cycle, when they are held primarily for the purpose of being traded, when they are due to be settled within twelve months after the balance sheet date, or when the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.
- The Company classified its financial liabilities as current when they are due to be settled within twelve months after the balance sheet date, even if the original term was for a period longer than twelve months or an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorized for issue.

## **6. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS**

Bu the nature of its activities, SIEMENS GAMESA is exposed to several financial risks: (i) market risk, especially foreign Exchange risk and interest risk, (ii) liquidity risk and (iii) credit risk. The objective of Financial Risk Management is to identify, to calculate, control and reduce these risks and their possible negatives effects over the operating and financial Group performance. The Financial Risk Management compliance general conditions are established through policies approved by executive management. The identification, assessment and hedging of financial risk is a responsibility of each business unit.

### **6.1 MARKET RISK (EXCHANGE RATE)**

SIEMENS GAMESA conducts transactions with international counterparties in the ordinary course of its business, leading to revenues and income generation in currencies different from EUR, and to future cash flows generation in SIEMENS GAMESA entities denominated in a currency other than their functional currencies, and is therefore exposed to risks from changes in foreign currency exchange rates.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the local markets where the business is being conducted currencies as well as by locating the production activities and other contributions along the value chain in those local markets. Furthermore, to the extent possible, exchange rates are fixed by currency clauses integrated into third party contracts to avoid the consequences from unfavourable foreign currency developments.

In the cases where the measures described above are not possible, SIEMENS GAMESA uses financial instruments to hedge the remaining risk exposure, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations (Note 15). For this purpose, the Group analyzes the foreign currency exposure of its confirmed order book as well as of the planned and highly probable foreign currency transactions. In addition, risk exposure limits are established and updated each year aimed at managing the remaining risk levels, and could be updated under a time period of less than one year in case that the Group needs to adapt quickly to changing market trends.

According to the general FX risk management framework of SIEMENS GAMESA, foreign currency risk has to be hedged within a band of at least 75% up to a maximum of 100%.

The financial instruments utilized to hedge against this risk are primarily foreign currency exchange forward contracts and foreign currency swaps. Due to the international set-up of the Group, cash flows are generated in numerous different currencies. The majority of foreign currency transactions are denominated in US dollar, Canadian dollar, Danish krone, Chinese yuan, Indian rupee, Sterling pound Brazilian real and Mexican peso (Note 5.8).

The breakdown of the main foreign currency balances at September 30, 2017 and December 31, 2016 is as follows:

| Currency         | Equivalent value in thousands of euros |                  |               |                |
|------------------|--|------------------|---------------|----------------|
|                  | 09.30.2017                             |                  | 12.31.2016    |                |
|                  | Assets                                 | Liabilities      | Assets        | Liabilities    |
| Pound sterling   | 63,060                                 | 51,682           | 15,263        | 70,054         |
| US dollar        | 316,696                                | 66,757           | -             | -              |
| Danish Krone     | 60,270                                 | 850,697          | -             | -              |
| Other currencies | 24,484                                 | 85,376           | 2,496         | 584,249        |
| <b>Total</b>     | <b>464,510</b>                         | <b>1,054,512</b> | <b>17,732</b> | <b>654,303</b> |

The detail of the main foreign currency balances, at September 30, 2017 and December 31, 2016, based on the nature of the items concerned, is as follows:

| Nature of the balances                                | Equivalent value in thousands of euros |                  |               |                |
|---|--|------------------|---------------|----------------|
|   | 09.30.2017                             |                  | 12.31.2016    |                |
|   | Assets                                 | Liabilities      | Assets        | Liabilities    |
| Current investments in Group companies and associates | 378,781                                | -                | 17,732        | -              |
| Receivables from Group companies and associates       | 8                                      | -                | -             | -              |
| Accounts receivables                                  | 1,056                                  | -                | -             | -              |
| Cash and cash equivalents                             | 84,665                                 | -                | -             | -              |
| Short term Group debts                                | -                                      | 1,054,450        | -             | 324,503        |
| Current payables to Group companies and associates    | -                                      | -                | -             | 329,800        |
| Trade and other payables                              | -                                      | 62               | -             | -              |
| <b>Total</b>  | <b>464,510</b>                         | <b>1,054,512</b> | <b>17,732</b> | <b>654,303</b> |

## 6.2 MARKET PRICE RISK

SIEMENS GAMESA Group is exposed to risks relating to fluctuations in the prices of the commodities used in the supply chain. These risks are mainly managed in the procurement process. Only in few cases, SIEMENS GAMESA Group uses derivatives instrument to mitigate these market price risks.

## 6.3 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises whenever interest terms of financial assets and liabilities are different. SIEMENS GAMESA uses external sources to finance parts of their operations. Loans at variable rates expose the Group to interest rate risks, while Loans at fixed rates expose the Group to fair value interest rate risk. The variable rates are mainly linked to the LIBOR or the EURIBOR. The Group SIEMENS GAMESA continuously analyses the split of external financing at variable and fixed rates to optimize the interest rate exposure.

The Group uses derivatives financial instruments to reduce the foreign exchange risk. These foreign exchange hedgings are specifically allocated to debt instruments and adjusted at maturity at its nominal value.

## 6.4 LIQUIDITY RISK

Liquidity risk is the risk that SIEMENS GAMESA is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. SIEMENS GAMESA mitigates the liquidity risk by the implementation of an effective working capital and cash management as well as with arranged credit facilities with highly rated financial institutions.

Furthermore, the Group attempts to maintain a financial debt structure that is in line with the maturity of the assets to be financed, therefore non-current assets are financed with long-term debt or equity, whereas working capital is largely financed with current borrowings.

## 6.5 CREDIT RISK

Credit risk arises when a counterparty does not comply with the commitments related to a customer contract, leading to a financial loss for SIEMENS GAMESA.

SIEMENS GAMESA deals in principle with customers that have an appropriate credit history and rating. The customers mainly consist of companies within the energy sector where a steady cash-inflow from the sale of electricity leads to an above average credit rating. Nevertheless, in cases of customers with no or a below average rating or credit history SIEMENS GAMESA uses a variety of mitigation measures, such as irrevocable letters of credit or export insurances to cover the increased credit risk. Furthermore, the customer contract is individualized according to the credit risk exposure to safeguard SIEMENS GAMESA from an insolvency of the counterparty.

## 7. INTANGIBLE ASSETS

The movements produced during the year 2017 and 2016 in the Heading "Intangible assets" on the balance sheet have been the following:

| (Thousands of euros) | 12.31.2016 | Additions through<br>GAMESA Merger | Additions/<br>(Depreciation) | 09.30.2017  |
|----------------------|------------|------------------------------------|------------------------------|-------------|
| <b>COST</b>          |            |                                    |                              |             |
| Software             | -          | 152                                | 163                          | 315         |
|                      | -          | 152                                | 163                          | <b>315</b>  |
| <b>DEPRECIATION</b>  |            |                                    |                              |             |
| Software             | -          | -                                  | (55)                         | (55)        |
|                      | -          | -                                  | <b>(55)</b>                  | <b>(55)</b> |
| <b>Net total</b>     | -          | <b>152</b>                         | <b>108</b>                   | <b>260</b>  |

At September 30, 2017 the Company has no fully amortized intangible assets.

## 8. PROPERTY, PLANT AND EQUIPMENT

Movements in the accounts included under Property, plant and equipment during 2017 and 2016 are as follows:

| (Thousands of euros)                      | 12.31.2016 | Additions through<br>GAMESA Merger | Additions/<br>(Depreciation) | 09.30.2017   |
|---|------------|------------------------------------|------------------------------|--------------|
| <b>COST</b>                               |            |                                    |                              |              |
| Other installations, tooling and fixtures | -          | 614                                | 335                          | 949          |
| Other property, plant and equipment       | -          | 123                                | 340                          | 463          |
|   | -          | <b>737</b>                         | <b>675</b>                   | <b>1,412</b> |
| <b>DEPRECIATION</b>                       |            |                                    |                              |              |
| Other installations, tooling and fixtures | -          | -                                  | (58)                         | (58)         |
| Other property, plant and equipment       | -          | -                                  | (78)                         | (78)         |
|   | -          | -                                  | <b>(136)</b>                 | <b>(136)</b> |
| <b>Net total</b>                          | -          | <b>737</b>                         | <b>539</b>                   | <b>1,276</b> |

SIEMENS GAMESA's policy is to obtain insurance policies to cover all risks that could affect its property, plant and equipment (Note 20.2). At the end of 2017 and 2016 there was no shortfall in the coverage for these risks.



At September 30, 2017 the Company recorded fully depreciated property, plant and equipment that continued to be used, as follows:

| (Thousands of euros)                  | 09.30.2017 |
|---------------------------------------|------------|
| Another property, plant and equipment | 27         |
| <b>Total</b>                          | <b>27</b>  |

The Company has commitments amounting to EUR 40 thousands at September 30, 2017 (EUR 0 as at December 31, 2016).

## 9. LEASES

As of September 30, 2017, according to the current agreements, the Company has the following future minimum lease payments without taking into account the impact of common expenses, CPI increases, or future updates of contracted rentals (at December 31, 2016 the Company had no lease installments commitments):

| (Thousands of euros)  | Nominal value<br>09.30.2017 |
|-----------------------|-----------------------------|
| Less than a year      | 2,728                       |
| Between 1 and 5 years | 9,305                       |
| More than 5 years     | 2,426                       |
| <b>Total</b>          | <b>14,459</b>               |

At September 30, 2017 the Company maintains various lease contracts, mainly related with offices located in Zamudio, Pamplona and Madrid. There are no individual material vehicle lease contracts.

At September 30, 2017, of the entire amount recognized under "Non-current financial investments - Deposits and guarantees given (Note 10)," the Company recorded 508 thousands euros (of which 477 thousands euros corresponded to additions arising from the GAMESA Merger) related to lease security deposits for the buildings in which SIEMENS GAMESA mainly carries out its activities.

## 10. NON-CURRENT FINANCIAL INSTRUMENTS

The balance under the heading "Long-term investments in Group companies and associates" and "Non-current financial assets" at September 30, 2017 and December 31, 2016 is as follows:

| (Thousands of euros)                          | Non-current financial instruments |                                  |                  |
|---|-----------------------------------|----------------------------------|------------------|
|   | Equity<br>instruments             | Loans, derivatives<br>and others | Total            |
| <b>Year 2017</b>                              |                                   |                                  |                  |
| Investments in Group companies and associates |                                   |                                  |                  |
| Equity investments in Group companies         | 7,814,740                         | -                                | 7,814,740        |
| Non-current financial assets                  |                                   |                                  |                  |
| Non-current loans to third parties            | -                                 | 600                              | 600              |
| Guarantees and deposits received (Note 9)     | -                                 | 508                              | 508              |
| <b>Total</b>                                  | <b>7,814,740</b>                  | <b>1,108</b>                     | <b>7,815,848</b> |
| <b>Year 2016</b>                              |                                   |                                  |                  |
| Investments in Group companies and associates |                                   |                                  |                  |
| Equity investments in Group companies         | 3,059,905                         | -                                | 3,059,905        |
| <b>Total</b>                                  | <b>3,059,905</b>                  | <b>-</b>                         | <b>3,059,905</b> |

Movement during 2017 and 2016 in "Non-current investments in Group companies and associates" and "Non-current financial investments" is as follows:

| (Thousands of euros)  | Non-current financial instruments |  |                |                           |                          |
|---|-----------------------------------|--|----------------|---------------------------|--------------------------|
|   | Balance at<br>12.31.2016          | Additions<br>through<br>GAMESA<br>Merger | Additions      | (Impairment)<br>/reversal | Balance at<br>09.30.2017 |
| <b>Year 2017</b>  |                                   |  |                |                           |                          |
| Investments in Group companies<br>and associates (Notes 3 and 10) | 3,059,905                         | 5,708,600                                | 782,587        | (1,736,352)               | 7,814,740                |
| Non-current loans to third parties                                | -                                 | 600                                      | -              | -                         | 600                      |
| Deposits and guarantees   | -                                 | 477                                      | 31             | -                         | 508                      |
| <b>Total</b>  | <b>3,059,905</b>                  | <b>5,709,677</b>                         | <b>782,618</b> | <b>(1,736,352)</b>        | <b>7,815,848</b>         |

| (Thousands of euros)                             | Non-current financial instruments |                  |  |                           |                          |
|--|-----------------------------------|------------------|--|---------------------------|--------------------------|
|  | Balance at<br>12.31.2015          | Additions        |  | (Impairment)<br>/reversal | Balance at<br>12.31.2016 |
| <b>Year 2017</b>                                 |                                   |                  |  |                           |                          |
| Investments in Group companies<br>and associates | -                                 | 3,059,905        |  | -                         | 3,059,905                |
| <b>Total</b>                                     | <b>-</b>                          | <b>3,059,905</b> |  | <b>-</b>                  | <b>3,059,905</b>         |

## 10.1 INVESTMENT IN GROUP COMPANIES AND ASSOCIATES

The most significant information relating to Group companies and associates at September 30, 2017 and December 31, 2016 is as follows:

| Thousands of euros  |                    |                         |                  |                    |                  |                                    |                      |                 |
|---|--------------------|-------------------------|------------------|--------------------|------------------|------------------------------------|----------------------|-----------------|
| Company or Group of companies<br>(Appendix)                         | Registered address | Percentage of ownership | Book value       | Impairment         | Core capital (1) | Rest of equity without results (1) | Operating profit (1) | Net results (1) |
| <b>Year 2017</b>  |                    |                         |                  |                    |                  |                                    |                      |                 |
| <b>Group companies:</b>   |                    |                         |                  |                    |                  |                                    |                      |                 |
| SIEMENS GAMESA Wind Farms, S.A. (**)                                | Spain              | 100%                    | 4,676,072        | -                  | 35,491           | 242,486                            | (5,273)              | 50,213          |
| Gamesa Technology Corporation, Inc. (**)                            | United States      | 100%                    | 958,709          | (290,072)          | 27,834           | 448,225                            | 4,560                | 4,664           |
| SIEMENS GAMESA Renewable Energy International Wind Services, S.A.U. | Spain              | 100%                    | 600              | -                  | 600              | (103)                              | (65)                 | (56)            |
| 9Ren España, S.L. (**) (2)  | Spain              | 100%                    | 8,185            | -                  | 11,957           | 6,732                              | (1,331)              | (1,335)         |
| Siemens Wind Power SpA. (*)   | Chile              | 100%                    | 2,740            | -                  | 2,740            | 6,685                              | 3,627                | 4,077           |
| SIEMENS GAMESA Renewable Pty. Ltd. (**)                             | Australia          | 100%                    | 31,269           | -                  | 31,269           | (20,310)                           | 12,832               | 9               |
| SIEMENS Wind Power GmbH. (*)  | Austria            | 100%                    | 9,966            | -                  | 35               | 9,931                              | 44                   | (231)           |
| SIEMENS Wind Power Ltd. (**)  | Canada             | 100%                    | 317,400          | (148,420)          | 313,867          | (270,412)                          | 12,674               | 11,045          |
| SIEMENS Wind Power Blades SH - SWPB (**)                            | China              | 100%                    | 59,483           | -                  | 43,481           | (1,343)                            | 20,669               | 14,789          |
| SIEMENS Wind Power Ltd. (**)  | Thailand           | 100%                    | 5,439            | -                  | 5,439            | (662)                              | 1,463                | 2,667           |
| SIEMENS Wind Power Sp. z o. o. (**)                                 | Poland             | 100%                    | 11,758           | -                  | 5,899            | 7,286                              | 517                  | 3,523           |
| SIEMENS Wind Power REAS (*)   | Turkey             | 100%                    | 43,849           | -                  | 3,704            | (38)                               | 2,673                | 2,072           |
| SIEMENS Wind Power S.L. (*)   | Spain              | 100%                    | 14,739           | -                  | 3                | 14,736                             | 235                  | (657)           |
| SIEMENS Wind Power SAS (*)  | France             | 100%                    | 29,902           | -                  | 1,001            | -                                  | 2,483                | 1,642           |
| SIEMENS Wind Power BVBA (*)   | Belgium            | 100%                    | 5,000            | -                  | 5,000            | -                                  | 1,004                | 679             |
| SIEMENS Wind Power B.V. (**)  | The Netherlands    | 100%                    | 113,017          | -                  | 1                | (8,198)                            | 11,046               | 8,199           |
| SIEMENS Wind Power S.A.C. (*)                                       | Peru               | 100%                    | 5,688            | -                  | 5,689            | (5,595)                            | 275                  | 165             |
| SIEMENS Wind Power AB (**)  | Sweden             | 100%                    | 96,304           | -                  | 5                | (554)                              | 7,406                | 5,690           |
| SIEMENS GAMESA Renewable Energy Limited (**)                        | United Kingdom     | 100%                    | 202,329          | -                  | 207,141          | (17,347)                           | 22,600               | (5,010)         |
| SIEMENS GAMESA Renewable Energy Ltd. (**)                           | Ireland            | 100%                    | 95,082           | -                  | -                | 87,077                             | 9,312                | 8,005           |
| SIEMENS Wind Power S.r.l. (*)                                       | Italy              | 100%                    | 6,084            | -                  | 1,000            | 1,537                              | 741                  | 480             |
| SIEMENS Wind Power AS (**)  | Norway             | 100%                    | 20,126           | -                  | 271              | (153)                              | 3,780                | 2,870           |
| SIEMENS Wind Power Inc. (**)  | United States      | 100%                    | 2,313,229        | (1,297,860)        | -                | 69,086                             | (12,605)             | (7,525)         |
| SIEMENS Wind Power Pvt. Ltd. (**)                                   | India              | 100%                    | 1,323            | -                  | 1,323            | 1,514                              | 1,092                | 1,220           |
| SGRE A/S, Brande (**)   | Denmark            | 100%                    | 330,986          | -                  | 2,690            | 86,181                             | 188,970              | 151,716         |
| SIEMENS Wind Power LLC (*)  | Egypt              | 100%                    | 3,868            | -                  | 3,871            | (1,071)                            | (201)                | (321)           |
| SIEMENS Wind Power KG (**)  | Germany            | 100%                    | 105,631          | -                  | 1,000            | 99,744                             | 23,600               | 28,006          |
| SIEMENS Wind Power (PTY) LTD (**)                                   | South Africa       | 70%                     | 5,005            | -                  | 8,006            | (7,725)                            | 12,834               | 8,691           |
| SIEMENS Wind Power Inc (**)   | The Philippines    | 100%                    | 10,760           | -                  | 10,760           | (7,117)                            | 117                  | (80)            |
| Other investments   | -                  | -                       | 1,515            | -                  | -                | -                                  | -                    | -               |
| <b>Associates:</b>  |                    |                         |                  |                    |                  |                                    |                      |                 |
| Windar Renovables, S.L. (2)   | Spain              | 32%                     | 65,034           | -                  | 9                | 85,215                             | 9,100                | 5,407           |
| <b>Total</b>  |                    |                         | <b>9,551,092</b> | <b>(1,736,352)</b> |                  |                                    |                      |                 |

(1) This information makes reference to the individual Financial Statements at September 30, 2017, not consolidated, for the respective companies. None of the abovementioned companies is listed.

(2) 49% direct interest and 51% indirect stake.

(\*) Companies not legally required to audit their Financial statements.

(\*\*) Companies audited by EY.

(\*\*\*) Audited by another audit firm.

| (Thousands of euros)                        |                    |                     |                  |                  |                                    |                      |                            |
|---|--------------------|---------------------|------------------|------------------|------------------------------------|----------------------|----------------------------|
| Company or Group of companies<br>(Appendix) | Registered address | % direct investment | Book Value       | Core capital (1) | Rest of equity without results (1) | Operating profit (1) | Profit/(loss) for the year |
| <b>Year 2016</b>                            |                    |                     |                  |                  |                                    |                      |                            |
| <b>Group companies:</b>                     |                    |                     |                  |                  |                                    |                      |                            |
| SIEMENS GAMESA Renewable Energy A/S, Brande | Denmark            | 100%                | 330,985          | 2,690            | 79,824                             | 67,506               | 50,649                     |
| SIEMENS Wind Power Inc                      | United States      | 100%                | 2,313,229        | -                | 74,312                             | 10,180               | 15,262                     |
| SIMENES Wind Power Ltd                      | Canada             | 100%                | 302,400          | -                | 313,308                            | 1,458                | 1,256                      |
| SIMENES Wind Power KG                       | Germany            | 100%                | 85,601           | 1,000            | 72,881                             | (7,723)              | (7,845)                    |
| SIEMENS GAMESA Renewable Energy Limited     | United Kingdom     | 100%                | 27,400           | 25,346           | (76,581)                           | 2,272                | (1,566)                    |
| Other investments                           | -                  | -                   | 290              | -                | -                                  | -                    | -                          |
| <b>Total</b>                                |                    |                     | <b>3,059,905</b> |                  |                                    |                      |                            |

(1) Information on capital, results, and equity at December 31, 2016 (unaudited). None of the abovementioned companies is listed.

A breakdown of investments recognized under "Other investments" are as follows:

| (Thousands of euros) | Name                               | Book value   | Direct ownership | Country     |
|----------------------|------------------------------------|--------------|------------------|-------------|
| <b>2017</b>          |                                    |              |                  |             |
|                      | Siemens Wind Power Management GmbH | 85           | 100%             | Germany     |
|                      | Siemens Wind Power d.o.o           | 843          | 100%             | Croatia     |
|                      | Siemens Wind Power Ltd.            | 576          | 100%             | South Korea |
|                      | Siemens Wind Power Kft.            | 10           | 100%             | Hungary     |
|                      | Siemens Wind Energy, SARL          | 1            | 100%             | Morocco     |
|                      | <b>Total</b>                       | <b>1,515</b> |                  |             |

| (Thousands of euros) | Name                                  | Book value | Direct ownership | Country     |
|----------------------|---------------------------------------|------------|------------------|-------------|
| <b>2016</b>          |                                       |            |                  |             |
|                      | SIEMENS Wind Power SpA.               | 1          | 100%             | Chile       |
|                      | SIEMENS Wind Power GmbH.              | 35         | 100%             | Austria     |
|                      | SIEMENS Wind Power Ltd.               | 26         | 100%             | Thailand    |
|                      | SIEMENS Wind Power Sp. z o. o.        | 1          | 100%             | Poland      |
|                      | SIEMENS GAMESA Renewable Energy d.o.o | 3          | 100%             | Croatia     |
|                      | SIEMENS Wind Power BVBA               | 19         | 100%             | Belgium     |
|                      | SIEMENS Wind Power S.A.C. Lima        | 1          | 100%             | Peru        |
|                      | SIEMENS Wind Power LLC                | 25         | 100%             | Egypt       |
|                      | SIEMENS Wind Power Management GmbH    | 85         | 100%             | Germany     |
|                      | SIEMENS WIND Power S.L.               | 3          | 100%             | Spain       |
|                      | SIEMENS Wind Power Ltd.               | 80         | 100%             | South Korea |
|                      | SIEMENS Wind Power Kft.               | 10         | 100%             | Hungary     |
|                      | SIEMENS Wind Energy, SARL             | 1          | 100%             | Morocco     |
|                      | <b>Total</b>                          | <b>290</b> |                  |             |

Changes in the cost of investments arising from the increases, and partner contributions and other movements follow:

| (Thousands of euros) | Company                              | Country         | Book value     |
|----------------------|--------------------------------------|-----------------|----------------|
| <b>2017</b>          |                                      |                 |                |
|                      | SIEMENS Wind Power Blades SH - SWPB  | China           | 59,483         |
|                      | SIEMENS Wind Power REAS              | Turkey          | 43,849         |
|                      | SIEMENS Wind Power SAS               | France          | 29,902         |
|                      | SIEMENS Wind Power B.V.              | The Netherlands | 113,017        |
|                      | SIEMENS Wind Power AB                | Sweden          | 96,304         |
|                      | SIEMENS Wind Power S.r.l.            | Italy           | 6,084          |
|                      | SIEMENS Wind Power AS                | Norway          | 20,126         |
|                      | SIEMENS Wind Power Ltd.              | Canada          | 15,000         |
|                      | SIEMENS Wind Power (PTY) LTD         | South Africa    | 5,005          |
|                      | SIEMENS Wind Power Inc.              | The Philippines | 10,760         |
|                      | SIEMENS Wind Power SpA               | Chile           | 2,738          |
|                      | SIEMENS GAMESA Renewable Pty. Ltd.   | Australia       | 31,269         |
|                      | SIEMENS Wind Power d.o.o             | Croatia         | 840            |
|                      | SIEMENS Wind Power GmbH.             | Austria         | 9,931          |
|                      | SIEMENS Wind Power Ltd.              | Thailand        | 5,413          |
|                      | SIEMENS Wind Power Sp. z o. o.       | Poland          | 11,757         |
|                      | SIEMENS Wind Power Ltd.              | South Korea     | 496            |
|                      | SIEMENS Wind Power S.L.              | Spain           | 14,736         |
|                      | SIEMENS Wind Power BVBA              | Belgium         | 4,981          |
|                      | SIEMENS Wind Power S.A.C.            | Peru            | 5,688          |
|                      | SIEMENS Wind Power Ltd. Hull         | United Kingdom  | 174,930        |
|                      | SIEMENS GAMESA Renewable Energy Ltd. | Ireland         | 95,082         |
|                      | SIEMENS Wind Power Pvt. Ltd.         | India           | 1,322          |
|                      | SIEMENS Wind Power LLC               | Egypt           | 3,843          |
|                      | SIEMENS Wind Power GmbH & Co. KG     | Germany         | 20,031         |
|                      |                                      |                 | <b>782,587</b> |

| (Thousands euros) | of Company  | Country        | Book value       |
|-------------------|---|----------------|------------------|
| 2016              | SIEMENS Wind Power Ltd. (Note 13.2)                 | Canada         | 302,400          |
|                   | SIEMENS GAMESA Renewable Energy Limited (Note 13.2) | United Kingdom | 27,400           |
|                   | SIEMENS GAMESA Renewable Energy A/S                 | Denmark        | 330,985          |
|                   | SIEMENS Wind Power Inc.                             | USA            | 2,313,229        |
|                   | SIEMENS Wind Power GmbH & Co.KG                     | Germany        | 85,601           |
|                   | SIEMENS Wind Power SpA.                             | Chile          | 1                |
|                   | SIEMENS Wind Power d.o.o                            | Croatia        | 3                |
|                   | SIEMENS Wind Power GmbH.                            | Austria        | 35               |
|                   | SIEMENS Wind Power Ltd.                             | Thailand       | 26               |
|                   | SIEMENS Wind Power Sp. Z o. o.                      | Poland         | 1                |
|                   | SIEMENS Wind Power Ltd.                             | South Korea    | 80               |
|                   | SIEMENS Wind Power S.L.                             | Spain          | 3                |
|                   | SIEMENS Wind Power BVBA                             | Belgium        | 19               |
|                   | SIEMENS Wind Power S.A.C.                           | Peru           | 1                |
|                   | SIEMENS Wind Power Kft                              | Hungary        | 11               |
|                   | SIEMENS Wind Power LLC                              | Egypt          | 25               |
|                   | SIEMENS Wind Power Management GmbH                  | Germany        | 85               |
|                   |   |                | <b>3,059,905</b> |

The main changes in 2017 were as follows:

- As included in Note 3, preliminary Goodwill coming from the merger, amounting to EUR 5,299 million have been provisionally allocated as an increase of the investment on SIEMENS GAMESA Wind Farms, S.A. investment, GAMESA Technology Corporation, Inc and Windar Renovables amounting to EUR 4,506,788 thousands, EUR 733,288 thousands and EUR 59,930 thousands respectively.
- Effective January 2017, the Company acquired 100% of Siemens Wind Power Blades SH - SWPB (China) for 59,483 thousand euros, which were pending payment at September 30, 2017 and recognized under "Current payables to Group companies" (Note 20). Also effective during January 2017, the Company acquired 100% of Siemens Wind Power B.V. (the Netherlands) at a starting purchase price of EUR 77,904 thousands, which at February 23, 2017 were adjusted in the amount of 113,017 thousand euros. Effective January 2017, SIEMENS GAMESA acquired 100% of Siemens Wind Power AB, Stockholm (Sweden) at a preliminary price of 84,810 thousand euros, adjusted during February 2017 to 96,304 thousand euros.
- In February of 2017, the Company received 100% of the shares in SIEMENS GAMESA Renewable Energy Ltd. (United Kingdom) as a contribution amounting to EUR 174,930 thousands. On February 23, 2017, it received 100% of Siemens Wind Power Ltd. (Ireland) for EUR 95,082 thousands as a contribution.
- In 2017, the investment in Siemens Wind Power GmbH & Co (Germany) was increased thanks to an additional contribution of EUR 20,031 thousands arising from an updated valuation of the investment arising from information received subsequent to 2016 year end.
- At September 30, 2017 year end, as a consequence of the transition initiated towards competitive modes of wind power, the increase in volatility in the US market, one of the most important ones for the Group, has translated on one hand in onshore sales volume decrease, and, on the other hand, in Group inventories adjustment in this country.

This fact, together with the uncertainty existing over the continuance of tax incentives on renewable energies, as well as the effect of a possible tax reform, has been considered as an impairment indicator of the shareholding the Company holds in its subsidiaries Siemens Wind Power Inc and GAMESA Technology Corporation Inc (USA), and an impairment test have been performed.

The recoverable amount of these shareholdings have been estimated using the future cash flows for the next 5 years, using the most updated business plan available and considering a post tax discount rate of 8.5% and an growth rate of 1.3%. For 2018, an operating margin of 6.5% (including restructuring costs) has been considered. For 2019 an increase up to 10.1% is expected, up to 12.8% in 2020. For consecutive years, as well as for the terminal value, a reduction of sales volume close to 30% has been considered (significant decrease on tax incentives situation), expecting this margin remains flat. Terminal value obtained through the methodology generally accepted for business valuation (cash flows discounts), represents 58% of the total recoverable value. As a result of this estimation, an impairment amounting to EUR

1,297,860 thousands arose in SIEMENS Wind Power Inc and EUR 290,072 thousands in GAMESA Technology Corporation Inc.

- In addition, the Company has detected impairment indicators in the shareholding of Siemens Wind Power Ltd (Canada), as a consequence of July 2017 closing, the blades facility of Tillsonburg (owned by the mentioned entity) as a result of the improved "footprint" process.

The recoverable amount of this shareholding has been estimated using the future cash flows for the next 5 years, taking into consideration the most updated business plan available, considering a post tax discount rate of 8.5% and a growth rate of 1.3%. For 2018, an operating margin of 5.5% have been considered. For 2019 and subsequent periods, including terminal value, a margin close to 4.5% as well as a decrease of the actual sales volume have been considered. The terminal value obtained through the methodology generally accepted for business valuation (cash flows discount), represents a 49% of the total recoverable value. As a consequence of this estimation an impairment amounting to EUR 148,420 thousands arose in Siemens Wind Power Ltd.

The main changes in 2016 were as follows:

- On December 21, 2016, the Company received the entirety of the shares in Siemens Wind Power Inc. (United States) as a non-monetary contribution, after a previous purchase, amounting to EUR 2,313,229 thousands.

Within the framework of these legal proceedings, the Company received non-monetary contributions equivalent to 100% of the shares in Siemens Wind Power GmbH&Co KG (Germany) totaling 85,601 thousand euros, with a market value of EUR 264,761 thousands, and 100% of the investment in SIEMENS GAMESA Renewable Energy A/S amounting to EUR 330,985 thousands, with a market value of EUR 2,472,129 thousands. In accordance with prevailing legislation, these investments were valued at their net carrying amount on the contributing Company's books, prior to the non-monetary contribution. Any differences between this amount and its market value were recognized as a decrease in share premium in 2016.

- In December 2016, 100% of the shares in Siemens Wind Power Ltd. (Canada) were also acquired at a purchase price of EUR 302,400 thousand, and 100% of Siemens Gamesa Renewable Energy Limited (United Kingdom) at an acquisition price of EUR 27,400 thousand.

The Appendix reflects a breakdown of the subsidiaries, jointly-controlled entities, and associates included in the consolidation of the SIEMENS GAMESA Group, as well as information on them.

None of SIEMENS GAMESA's subsidiaries, jointly-controlled entities, and associates are listed on organized markets.

## 10.2 NON-CURRENT FINANCIAL ASSETS

The breakdown by maturity of the items composing "Long-term financial investments" at September 30, 2017 is as follows:

| (Thousands of euros)                      | 2018       | 2019     | 2020       | Total      |
|---|------------|----------|------------|------------|
| <b>Year 2017</b>                          |            |          |            |            |
| Deposits and guarantees provided (Note 9) | 228        | -        | 280        | 508        |
| <b>Total</b>                              | <b>228</b> | <b>-</b> | <b>280</b> | <b>508</b> |

"Other non-current financial assets" are recognised at amortised cost, which fundamentally coincides with their market value.

## 10.3 EFFECT OF NON-CONSOLIDATION

SIEMENS GAMESA's Financial Statements are presented in compliance with current mercantile legislation. However, the management of SIEMENS GAMESA and Group companies is carried out on a consolidation basis. As a result, SIEMENS GAMESA's Financial Statements do not reflect the financial-equity changes that result from applying consolidation criteria to those shares or the transactions carried out by them, some of which derive from the Group's global strategy. These changes are reflected in the Consolidated Financial Statements for SIEMENS GAMESA Group for the 9-month period ended September 30, 2017.

The main figures in SIEMENS GAMESA's consolidated accounts for 2017, prepared in accordance with International Financial Reporting Standards approved by the European Union (IFRS-EU) are as follows:

| <b>(Thousands of euros)</b>             | <b>09.30.2017</b> | <b>12.31.2016</b> |
|---|-------------------|-------------------|
| Total assets                            | 16,467,130        | 4,789,230         |
| Equity                                  |                   |                   |
| Parent Company                          | 6,447,052         | 586,041           |
| Minority shareholders                   | 2,814             | 66                |
| Net revenues from continuing operations | 6,538,198         | 6,163,896         |
| Profit for the year                     |                   |                   |
| Parent Company                          | (15,207)          | 442,903           |
| Minority shareholders                   | 2,428             | 135               |

## 11. CURRENT FINANCIAL INSTRUMENTS

The breakdown of current financial instruments at September 30, 2017 and December 31, 2016 is as follows:

| <b>(Thousands of euros)</b>        | <b>Current financial instruments</b>    |                  |
|------------------------------------|---|------------------|
|                                    | <b>Loans, derivatives<br/>and other</b> | <b>Total</b>     |
| <b>Year 2017</b>                   |   |                  |
| <b>Loans and receivables:</b>      |   |                  |
| Group trade receivables (Note 20)  | 27,667                                  | 27,667           |
| Trade receivables                  | 1,058                                   | 1,058            |
| Personel                           | 27                                      | 27               |
| Loans to Group companies (Note 20) | 1,119,772                               | 1,119,772        |
| Current financial investments      | 365                                     | 365              |
| Derivatives (Note 15)              | 58                                      | 58               |
| <b>Total</b>                       | <b>1,148,947</b>                        | <b>1,148,947</b> |
| <b>Year 2016</b>                   |   |                  |
| <b>Loans and receivables:</b>      |   |                  |
| Loans to Group companies (Note 20) | 383,132                                 | 383,132          |
| <b>Total</b>                       | <b>383,132</b>                          | <b>383,132</b>   |

## 12. CASH AND OTHER CASH EQUIVALENTS

"Cash and cash equivalents" includes mainly the cash and short-term bank deposits with an initial maturity of three months or less. Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of the balances.

## 13. EQUITY AND RESERVES

### 13.1 SHARE CAPITAL

The Share capital of SIEMENS GAMESA Renewable Energy, S.A. at September 30, 2017 amounts to EUR 115,794 thousands being composed of 681,143,382 ordinary shares of EUR 0.17 of nominal value each, represented by means of annotations into account, fully subscribed and disbursed.



Per public information in the possession of the Company, the shareholder structure of SIEMENS GAMESA at September 30, 2017 was as follows:

|                 | %<br>Shareholding<br>09.30.2017 |
|-----------------|---------------------------------|
| Siemens AG (*)  | 59.000%                         |
| Iberdrola, S.A. | 8.071%                          |
| Others (**)     | 32.929%                         |
| <b>Total</b>    | <b>100.000%</b>                 |

(\*)28.877% through Siemens Beteiligungen inland GMBH .

(\*\*)In accordance with Article 32 of Royal Decree 1362/2007, dated October 19, on shareholders obliged to notify their residence in tax havens or in countries not requiring the payment of taxes, or with whom there is no effective exchange of tax information, any investments under 3%.

The SIEMENS GAMESA shares are listed on the IBEX 35 through the Spanish Stock Market Interconnection System (Continuous Market) on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

### 13.2 RESERVES

#### Share premium

The Spanish Companies Act expressly allows the use of the share premium account to increase share capital and there are no specific restrictions with respect to the availability of this balance.

#### Legal reserve

Under the Spanish Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Except for the aforementioned purpose, until it exceeds 20% of the share capital, this reserve may be used only to set off losses and this may only be done if other available reserves are insufficient for this purpose. This reserve had not been set aside at either year-end 2017 or 2016.

#### Contributions

During January, February and March 2017 SIEMENS AG has made direct or indirect contributions to SIEMENS GAMESA for an aggregate amount of EUR 1.905 million. In addition an amount of EUR 20 million contribution was made as share premium in 2017 (Note 10). These contributions were made to increase the Entity's equity amount to attend the Merger Extraordinary Dividend amounting to EUR 1.047 million (Note 1.2) being, after the exchange rate settlement amounting to EUR 234 million (Note 1.2), a net amount of EUR 813 million recognised as Share Premium. On the other hand, with the remaining contributions amounting to EUR 1.092 million, recognised under "Other reserves", investments in Group companies' shares have been integrated in exchange in 2017 amounting to EUR 762 million (Note 10), as well as the debt settlement as a consequence of the integration of subsidiaries in Canada in 2016 (EUR 302.4 million) and United Kingdom (EUR 27.4 million) (Note 10).

### 13.3 DIVIDENDS

The Ordinary Shareholders' Meeting of SIEMENS GAMESA approved, on June 20, 2017, a distribution of a dividend against 2016 profit of GAMESA Corporacion Tecnológica, S.A. amounting to a gross amount of EUR 75,140 thousands, 0.11058 euros per share, that has been paid on July 2017.

### 13.4 TREASURY SHARES

The detail of the total number of treasury shares and the changes therein as a result of the transactions performed in 9-month period ended September 30, 2017 and at December 31, 2016, is as follows:

|                                      | Number of<br>shares | (Thousands of<br>euros) |
|--------------------------------------|---------------------|-------------------------|
| <b>Balance at January 1, 2016</b>    | -                   | -                       |
| Acquisitions                         | -                   | -                       |
| Disposals                            | -                   | -                       |
| <b>Balance at December 31, 2016</b>  | -                   | -                       |
| Additions through GAMESA Merger      | 1,674,209           | (37,410)                |
| Acquisitions                         | 9,433,101           | (156,624)               |
| Disposals                            | (9,399,802)         | 172,529                 |
| <b>Balance at September 30, 2017</b> | <b>1,707,508</b>    | <b>(21,505)</b>         |

The nominal value of the treasury shares acquired directly or indirectly by SIEMENS GAMESA, together with those already held by SIEMENS GAMESA Group and its subsidiaries does not exceed 10% of share capital in 2017.

On October 30, 2012 Gamesa Corporación Tecnológica, S.A. signed a liquidity agreement with Santander Investment Bolsa, which was reported to the National Securities Market Commission through Relevant Fact of October 31, 2012. Within the framework of this agreement, during the period ranging from April to June, SIEMENS GAMESA acquired 4,562,229 own shares at the average price of 20 euros, and sold 4,600,909 own shares at an average price of 20.90 euros. On July 10, 2017, SIEMENS GAMESA entered into a new liquidity contract with Santander Investment Bolsa, which was communicated to the National Securities Market Commission through a notice of a significant event on July 10, 2017. Within the framework of this agreement, during the months of July, August, and September 2017, SIEMENS GAMESA acquired 4,870,872 own shares at the average price of 13.43 euros, and sold 4,798,893 own shares at an average price of 15.92 euros. The EUR 300 thousands difference between the cost and sales price was recognized under "Other reserves."

### 14. PROVISIONS AND CONTINGENCIES

The breakdown of provisions in the balance sheet at September 30, 2017 (during 2016 no amounts had been recognized for this item) is as follows:

| Thousands of euros           | 12.31.2016 | Additions<br>through<br>GAMESA<br>Merger | Others     | 09.30.17   |
|------------------------------|------------|--|------------|------------|
| <b>Long-term provisions</b>  |            |  |            |            |
| Non-current liabilities      | -          | -  | 199        | 199        |
| <b>Short-term provisions</b> |            |  |            |            |
| Other current provisions     | -          | 170                                      | -          | 170        |
| <b>Total short term</b>      | <b>-</b>   | <b>170</b>                               | <b>199</b> | <b>369</b> |

## 15. DERIVATIVES

The Company uses derivatives to hedge the risks to which its activities and transactions related to exchange rate fluctuations are exposed (Note 5.8).

The breakdown of balances representing the valuation of derivatives on the September 30, 2017 balance sheet (2016: there were none) follows:

| 09.30.2017                     | Thousand euros   |              |           |             |
|--------------------------------|------------------|--------------|-----------|-------------|
|                                | Short-term       |              | Long-term |             |
|                                | Assets (Note 11) | Liabilities  | Assets    | Liabilities |
| <b>FOREIGN CURRENCY HEDGES</b> |                  |              |           |             |
| Exchange differences           | 58               | 2,738        | -         | -           |
| <b>Total</b>                   | <b>58</b>        | <b>2,738</b> | <b>-</b>  | <b>-</b>    |

During 2017, the Company has met all the requirements outlined in Note 5.8 above for qualifying its derivatives as hedging instruments for accounting purposes.

At the end of the 9-month period ended September 30, 2017, the amounts recorded on the income statement under "Exchange differences" at the fair value of derivative instruments amounted to a positive difference of 1,129 thousand euros.

SIEMENS GAMESA uses derivatives as foreign currency hedges to offset the potential negative effects that fluctuations in exchange rates on future cash flows for transactions in currencies other than the Company's functional currency. SIEMENS GAMESA also designates exchange rate hedges for certain intragroup monetary transactions carried out by companies with different functional currencies. At September 30, 2017, the total nominal value hedged by the currency derivatives is as follows:

| Currency            | (Thousands of euros) |
|---------------------|----------------------|
|                     | 09.30.2017           |
| Danish krona        | 779,445              |
| Sterling pounds     | 11,340               |
| South African rands | 5,043                |
| Chinese yuan        | 56,360               |
| Australian dollars  | 6,633                |
| Japanese yen        | 1,502                |
| Canadian dollars    | 44,257               |
| Swedish crown       | 13,991               |
| <b>Total</b>        | <b>918,571</b>       |

## 16. OTHER NON CURRENT FINANCIAL LIABILITIES

This heading includes the provision for outstanding remuneration to staff derived from Incentive Plan 2016-2017 (Notes 20.3 y 20.4) by amount of EUR 4,818 thousands (EUR 3,441 thousands corresponds to additions due to the merge).

## 17. PUBLIC ADMINISTRATIONS AND TAX SITUATION

Since 2002 SIEMENS GAMESA (previously Gamesa Corporación Tecnológica, S.A.) and some of its subsidiaries subject to Basque Country income tax legislation have filed their income tax returns under the special consolidated tax regime.

Also, since 2009, SIEMENS GAMESA (previously Gamesa Corporación Tecnológica, S.A.) and its subsidiary companies are resolved to be under the Group's Special Regime of Value Added Tax included in Chapter IX of the Provincial Law 7/1994 of November 9, of Vizcaya which regulate this tax at its basic level, being SIEMENS GAMESA the parent company of the Tax Group.

The companies composing the Consolidated Tax Group regarding the Income Tax in 2017 are as follows:

|   |  |
|---|--|
| Siemens Gamesa Renewable Energy, S.A. (Parent company)            | Sistemas Energéticos Sierra de Valdefuentes, S.L.U.  |
| Siemens Gamesa Renewable Energy Europa, S.L.                      | Sistemas Energéticos Fonseca, S.A.U.                 |
| Siemens Gamesa Renewable Energy Wind Farms, S.A.                  | Sistemas Energéticos Serra de Lourenza, S.A.U.       |
| Siemens Gamesa Renewable Energy International Wind Services, S.A. | Sistemas Energéticos Balazote, S.A.U.                |
| Siemens Gamesa Renewable Energy Invest, S.A.                      | Sistemas Energéticos Sierra del Carazo, S.L.U.       |
| International Windfarm Developments II, S.L.                      | Sistemas Energéticos Monte Genaro, S.L.U.            |
| Sistemas Energéticos Tablero Taboro, S.L.                         | Sistemas Energéticos Argañoso, S.A.U.                |
| Sistemas Energéticos Tarifa, S.A.U.                               | Sistemas Energéticos Carril, S.A.U.                  |
| International Windfarm Development IV, S.L.                       | Sistemas Energéticos Jaralón, S.A.U.                 |
| International Windfarm Development V, S.L.                        | Sistemas Energéticos Lomas del Reposo, S.A.U.        |
| International Windfarm Development VII, S.L.                      | International Windfarm Developments VI, S.L.         |
| Siemens Gamesa Renewable Finance, S.A.                            | International Windfarm Developments IX, S.L.         |
| Parque Eólico Dos Picos, S.L.                                     | Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal |
| Sistemas Energéticos Loma del Viento, S.A. Unipersonal            | Sistemas Energéticos Tomillo, S.A. Unipersonal       |
| Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal    | Sistemas Energéticos Ladera Negra, S.A. Unipersonal  |
| Sistemas Energéticos Alto da Croa, S.A. Unipersonal               | Sistemas Energéticos Cabanelas, S.A. Unipersonal     |
| Sistemas Energéticos Edreira, S.A. Unipersonal                    | Sistemas Energéticos del Umia, S.A. Unipersonal      |
| Sistemas Energéticos Cuntis, S.A. Unipersonal                     | Sistemas Energéticos Barandón, S.A.                  |
| Sistemas Energéticos Alcohujate, S.A. Unipersonal                 | Sistemas Energéticos La Plana, S.A.                  |
| Sistemas Energéticos Campoliva, S.A. Unipersonal                  | Sistemas Energéticos Cabezo Negro, S.A. Unipersonal  |
| Sistemas Energéticos La Cámara, S.L.                              |  |

The same societies, except the ones indicated in the next table are covered by the Special Regime of the Group of Entities of Value Added Tax:

|   |  |
|---|--|
| Siemens Gamesa Renewable Energy International Wind Services, S.A. | International Windfarm Development VII, S.L.                   |
| International Windfarm Development IV, S.L.                       | Siemens Gamesa Renewable Finance, S.A.                         |
| International Windfarm Development V, S.L.                        | Siemens Gamesa Renewable Energy Invest, S.A.                   |
| International Windfarm Development VI, S.L.                       | Sistemas Energéticos Tablero Taboro, S.L.                      |
| Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal              | Sistemas Energéticos Loma del Viento, S.A. Unipersonal         |
| Sistemas Energéticos Tomillo, S.A. Unipersonal                    | Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal |
| Sistemas Energéticos Ladera Negra, S.A. Unipersonal               | Sistemas Energéticos Alto da Croa, S.A. Unipersonal            |
| Sistemas Energéticos Cabanelas, S.A. Unipersonal                  | Sistemas Energéticos Edreira, S.A. Unipersonal                 |
| Sistemas Energéticos del Umia, S.A. Unipersonal                   | Sistemas Energéticos Cuntis, S.A. Unipersonal                  |
| Sistemas Energéticos Barandón, S.A.                               | Sistemas Energéticos Alcohujate, S.A. Unipersonal              |
| Sistemas Energéticos La Plana, S.A.                               | Sistemas Energéticos Campoliva, S.A. Unipersonal               |
| Sistemas Energéticos Cabezo Negro, S.A. Unipersonal               | Sistemas Energéticos La Cámara, S.L.                           |

## 17.1 CURRENT PAYABLES TO PUBLIC ADMINISTRATION

The breakdown of balances with public bodies at September 30, 2017 and December 31, 2016 was the following:

| (Thousands of euros)  | 2017         | 2016     |
|---|--------------|----------|
| <b>Non-current receivables</b>                                    |              |          |
| Deferred tax assets   | 501          | -        |
| <b>Current receivables</b>  |              |          |
| VAT receivable from Spanish tax authorities                       | 1,116        | -        |
| Withholdings and payments on account receivable from the Treasury | 7,330        | -        |
| <b>Total</b>  | <b>8,947</b> | <b>-</b> |
| <b>Current payables</b>   |              |          |
| Income Tax payable  | 4,888        | -        |
| Accounts payable to the Treasury for withholdings                 | 761          | -        |
| Social Security   | 399          | -        |
| <b>Total</b>  | <b>6,048</b> | <b>-</b> |

## 17.2 RECONCILIATION OF REPORTED RESULTS AND TAXABLE RESULTS

The reconciliation between reported profits and taxable profits for SIEMENS GAMESA at the individual level is set out below:

| (Thousands of euros)                                    |                    |
|---|--------------------|
| <b>Year 2017</b>  |                    |
| <b>Book profit before taxes</b>                         | <b>(1,778,683)</b> |
| Plus (less) – Permanent differences                     | 1,827,904          |
| Plus (less) – Timing differences                        | (986)              |
| Other provisions  | -                  |
| <b>Individual tax base</b>                              | <b>48,235</b>      |
| Plus (less) – Eliminations due to consolidated taxation | -                  |
| <b>Individual tax base contributed to the Group</b>     | <b>48,235</b>      |
| <b>Year 2016</b>  |                    |
| <b>Book profit before taxes</b>                         | <b>(425)</b>       |
| Plus (less) – Permanent differences                     | (60)               |
| Plus (less) – Timing differences                        | -                  |
| Other provisions  | -                  |
| <b>Individual tax base</b>                              | <b>(485)</b>       |

## 17.3 CONSOLIDATION OF REPORTED PROFITS AND INCOME TAX EXPENSE/ (INCOME)

The reconciliation between reported profits and taxable profits is set out below:

| (Thousands of euros)  | 2017          | 2016         |
|---|---------------|--------------|
| Book profit before taxes  | (1,778,683)   | (425)        |
| Impact of permanent differences   | 1,827,904     | (60)         |
| <b>Tax payable at 28%</b>   | <b>13,782</b> | <b>(136)</b> |
| Others  | (991)         | -            |
| Regularisation current and deferred taxes, Tax-loss carryforwards yet to be applied and deductions applied in 2016 settlement | (8,630)       | -            |
| <b>Total Corporate Income Tax expense / (income)</b>  | <b>4,161</b>  | <b>-</b>     |

The Corporate Income Tax related to GAMESA Corporación Tecnológica, S.A (as accounting acquiree, Note 1.3) has been included in the Income Statement since the Merger Effective Date.

## 17.4 BREAKDOWN OF TOTAL CORPORATE INCOME TAX EXPENSE/ (INCOME)

The detail of the Corporate Income Tax income is as follows:

| Thousands of euros                                   | 2017         | 2016     |
|--|--------------|----------|
| <b>Current tax</b>                                   |              |          |
| From continuing operations                           | 3,885        | -        |
| <b>Deferred tax</b>                                  |              |          |
| For continuing operations                            | 276          | -        |
| <b>Total Corporate Income Tax expense / (income)</b> | <b>4,161</b> | <b>-</b> |

## 17.5 DEFERRED TAX ASSETS RECOGNIZED

The breakdown at September 30, 2017 and December 31, 2016 and movements in this account during the year are as follows:

| Thousands of euros                      | 12.31.2016 | Additions from the Gamesa merger | Increases / disposals | Transfers | 09.30.2017 |
|---|------------|----------------------------------|-----------------------|-----------|------------|
| Deferred tax assets                     | -          | 225                              | 276                   | -         | 501        |
| Available tax-loss carryforwards        | -          | -                                | -                     | -         | -          |
| Deductions capitalized by the Tax Group | -          | -                                | -                     | -         | -          |
| <b>Total deferred tax assets</b>        | <b>-</b>   | <b>225</b>                       | <b>276</b>            | <b>-</b>  | <b>501</b> |

Tax-loss carryforwards and deductions yet to be applied by the Company may be offset in coming successive years up to the time they become statute barred in 15 years following 2014. At September 30, 2017, the tax Group of SIEMENS GAMESA is the dominant Company has outstanding bases to compensate for that has not been recorded by amount EUR 162,054 thousand.

Likewise, as of September 30, 2017, SIEMENS GAMESA (previously Gamesa Corporación Tecnológica, S.A.) has tax credits amounting EUR 4.386 thousands yet to be applied prior to its inclusion under the Special Tax Consolidation Regime. To the extent that these items concern tax credits generated before entering onto the tax consolidation system, they are only applied against individual future tax bases generated by GAMESA. Given its activities, and in accordance with the prudence principle, Siemens Gamesa has not capitalized the tax effect of these tax credits, which will be recognized as a reduction in Corporate Income Tax expense in the years in which they are effectively applied.

On the other hand, due to its position as the parent of the Tax Group, Siemens Gamesa records the capitalized deductions pending application on September 30, 2017 under the heading "Deductions capitalized by the tax Group". These items were generated by the companies in its Tax Group this year and in prior years and they have been capitalized and are recognized in accounts payable to those companies. At September 30, 2017 Siemens Gamesa has unrecognized tax credits amounting EUR 97,840 thousand.

As a result of the Corporate Income Tax expense estimates made by members of the tax Group and the deductions and tax credits recognized, Siemens Gamesa, as the parent of the tax Group, has recorded an increase in the existing account payable Group in an amount of EUR 481 thousands in 9-months period ended September 30, 2017.

## 17.6 YEARS OPEN TO INSPECTION AND TAX AUDIT ACTION

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing. At September 30, in Spain the Group had all years since 2013 open for review for corporate income tax and all years since 2014 for the other taxes to which it is liable. The Company's Directors consider that all tax returns have been properly prepared and therefore should there be any dispute regarding the interpretation of the current legislation with respect to the tax treatment of operations, any liabilities that may arise will not significantly affect the accompanying Financial Statements.

## **18. GUARANTEES**

On December 19, 2008, SIEMENS GAMESA Renewable Energy Eólica, S.L.U. (previously denominated as Gamesa Eólica, S.L.U., an indirectly wholly-owned investee of Siemens Gamesa), entered into a financing agreement with the European Investment Bank for a maximum of EUR 200 million, divided into two parts, EUR 140 million and EUR 60 million, respectively. SIEMENS GAMESA, together with other SIEMENS GAMESA Group companies directly or indirectly wholly owned by the Company, are joint and several guarantors on first demand to the European Investment Bank with respect to the repayment of the principal, interest, commissions, expenses or any other items, in the event that SIEMENS GAMESA Renewable Energy Eólica, S.L. is unable to make the related repayments. This loan is fully disposed by SIEMENS GAMESA Renewable Energy Eólica, S.L. at December 31, 2014. On March 31, 2015, Siemens Gamesa Renewable Energy Eólica, S.L. amortized in advance 40 million of this credit, maintaining disposed at September 30, 2017 the remaining amount of the loan amounting 160 million euros.

On November 29, 2012, Siemens Gamesa Renewable Energy Eólica, S.L. (indirectly investee company at 100% of SIEMENS GAMESA) obtained a EUR 260,000 thousands loan from the European Investment Bank to finance innovation, research and development projects relating to the processes of improving existing wind turbines, and the development of new products. The conditions of the new loan establish its maturity date in 2019 and it accrues an interest rate referenced to the Euribor rate plus a market spread. This loan is completely disposed by Siemens Gamesa Renewable Energy Eólica, S.L. (Sole-Shareholder Company) at September 30, 2017

During the 9-month period ended September 30, 2017 the Company provided guarantees for obtaining lines of credit and warranties by its Spanish subsidiary: Adwen Offshore, S.L. amounting a maximum of the equivalent of EUR 526 million and EUR 481 million respectively; to Siemens Gamesa Renewable Energy Wind Farms, S.A. amounting a maximum of the equivalent of EUR 335 million and to Siemens Gamesa Renewable Energy Eólica, S.L. amounting a maximum of EUR 205 and EUR 61 million respectively; to its subsidiary in Brazil, Siemens Gamesa Energia Renovável Ltda. Amounting a maximum of the equivalent of EUR 251 million; to its subsidiary in India Siemens Gamesa Renewable Private Limited amounting a maximum of the equivalent of EUR 50 million and 252 million respectively; to Gamesa Technology Corporation, INC (United States) amounting a maximum of the equivalent of EUR 3 million and 35 million respectively.

SIEMENS GAMESA believes that no significant liabilities will arise for the Company as a result of these warranties.

## **19. OPERATING INCOME AND EXPENSES**

### **19.1 REVENUE**

The net revenue at September 30, 2017 and December 31, 2016 corresponds entirely with operations performed in domestic territory.

### **19.2 OTHER OPERATING, ACCESSORY AND OTHER ORDINARY REVENUES**

The heading "Other operating income - Accessory and other current revenues" in the accompanying September 30, 2017 income statement records EUR 21,494 thousands (EUR 2 thousands in 2016) fundamentally relates to services at market value rendered by Company management to other Group companies for advisory, assistance and support services rendered to management and other departments, consisting of the monitoring of the business objectives set by the Company (Note 20).

### 19.3 OTHER OPERATING EXPENSES

The breakdown of the heading "Other operating expenses – External Services and Other than Income" in the income statements for September 30, 2017 and 2016 is as follows:

| Thousands of euros                          | 2017          | 2016       |
|---|---------------|------------|
| Leases and royalties                        | 2,779         | 2          |
| Repairs and maintenance                     | 374           | -          |
| Independent professional services           | 29,108        | 414        |
| Transport costs                             | 10            | 1          |
| Insurance premiums                          | 3,014         | -          |
| Bank commissions                            | 2             | 1          |
| Advertising, publicity and public relations | 821           | -          |
| Utilities                                   | 435           | -          |
| Other services                              | 3,739         | 8          |
| Other taxes                                 | 126           | -          |
| <b>Total</b>                                | <b>40,408</b> | <b>426</b> |

The heading of "Independent professional services" includes mainly expenses related to the merge (Note 1.2).

### 19.4 STAFF COSTS

The breakdown of the heading "Staff Costs" in the accompanying income statements for September 30, 2017 and 2016 is as follows:

| (Thousands of euros)                | 2017          |
|-------------------------------------|---------------|
| Salaries and wages                  | 14,898        |
| Variable compensation               | 3,596         |
| 2016-2017 Incentives Plan (Note 16) | 1,377         |
| Termination benefits (Note 5.12)    | 7,592         |
| Social security costs               | 1,885         |
| Employee benefits expense           | 1,422         |
| <b>Total</b>                        | <b>30,770</b> |

The "Objective variable compensation" registers the amount accruing in 9-month year ended at September 30, 2017 and December 31, 2016 to Company executives and employees based on the extent to which the objectives set in those years were met.

Linked to achievement linked of strategic medium – and long – term objectives, during 2016 GAMESA's Board of Directors approved its 2016-2017 incentive scheme for key personnel, approximately 100 employees, which are linked to attaining EBIT operating results for the period commencing January 1, 2016 until the effective date of the merger. This incentives plan includes a permanence plans for the complete payment for two years. During the 9-month period ended September 30, 2017, SIEMENS GAMESA recognized 1.4 million euros for this item.

The average number of employees during the 9 months period ended on September 30, 2017 (0 employees in 2016), distributed by professional categories and gender is as follows:

|               | Number of employees |           |            |
|---------------|---------------------|-----------|------------|
|               | Male                | Female    | Total      |
| <b>2017</b>   |                     |           |            |
| Board Members | 5                   | 4         | 9          |
| Management    | 24                  | 1         | 25         |
| Executives    | 24                  | 32        | 56         |
| Employees     | 34                  | 60        | 94         |
| <b>Total</b>  | <b>87</b>           | <b>97</b> | <b>184</b> |

During the year 2017 the Company has no staff with a disability equal to or greater than 33%.



The distribution of employees by gender in September 30, 2017 is as follows:

|               | Number of employees |            |            |
|---------------|---------------------|------------|------------|
|               | Male                | Female     | Total      |
| <b>2017</b>   |                     |            |            |
| Board Members | 6                   | 6          | 12         |
| Management    | 38                  | 2          | 40         |
| Executives    | 40                  | 49         | 89         |
| Employees     | 52                  | 94         | 146        |
| <b>Total</b>  | <b>136</b>          | <b>151</b> | <b>287</b> |

## 20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

### 20.1 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The balances maintained with Group companies and related parties at September 30, 2017 and December 31, 2016 are summarised below:

| (Thousands of euros)                                  |                 |   |  |                                |   |  |                       |
|---|-----------------|---|--|--------------------------------|---|--|-----------------------|
| 2017  | Country         | Receivables from<br>different services<br>(Note 11) | Current loans to<br>Group companies<br>(Note 11) | Derivative assets<br>(Note 15) | Derivative financial<br>liabilities (Note 15) | Current loans to<br>Group<br>companies | Suppliers<br>payables |
| Siemens Gamesa Renewable Energy A/S                   | Denmark         | -   | -  | -                              | -   | (885,400)                              | -                     |
| Siemens Gamesa Renewable Energy Wind Farms, S.A.      | Spain           | -   | 502,740  | -                              | -   | (1)                                    | -                     |
| Siemens Wind Power Inc.                               | USA             | -   | 361,661  | -                              | -   | -                                      | -                     |
| Siemens AG  | Germany         | -   | -  | 58                             | (2,381)                                       | (264,572)                              | (20,110)              |
| Siemens Wind Power GmbH & Co.                         | Germany         | -   | 109,483  | -                              | -   | (75,857)                               | -                     |
| Siemens Gamesa Renewables Energy Limited              | United Kingdom  | -   | 28,937   | -                              | -   | (53,510)                               | -                     |
| Siemens Ltd.  | China           | -   | -  | -                              | -   | (56,027)                               | -                     |
| Siemens Wind Power Blades, SAR                        | Morocco         | -   | 48,243   | -                              | -   | -                                      | -                     |
| Siemens Gamesa Renewables Energy Limited, Hull        | United Kingdom  | -   | 32,819   | -                              | -   | -                                      | -                     |
| Siemens Gamesa Renewable Energy Eolica, S.L.          | Spain           | 13,090  | 126  | -                              | -   | (16,474)                               | (55)                  |
| Siemens Wind Power B.V.                               | The Netherlands | -   | -  | -                              | -   | (27,144)                               | -                     |
| Siemens Gamesa Renewable Pty Ltd                      | Australia       | -   | -  | -                              | -   | (21,430)                               | -                     |
| Siemens Wind Power AB                                 | Sweden          | -   | -  | -                              | -   | (16,785)                               | -                     |
| Siemens Wind Power BVBA                               | Belgium         | -   | -  | -                              | -   | (14,258)                               | -                     |
| Siemens Gamesa Renewable Energy S.A.S.                | France          | -   | 7,770  | -                              | -   | -                                      | -                     |
| Siemens Wind Power GmbH                               | Australia       | -   | 6,888  | -                              | -   | -                                      | -                     |
| Gamesa Wind Turbines Private                          | India           | 6,117   | -  | -                              | -   | -                                      | (37)                  |
| Siemens Wind Power d.o.o.                             | Croatia         | -   | 5,849  | -                              | -   | -                                      | -                     |
| Siemens Wind Power (PTY) LTD                          | South Africa    | -   | 5,482  | -                              | -   | -                                      | -                     |
| Other Siemens Gamesa Group Companies                  | -               | 8,460   | 9,774  | -                              | -   | (12,489)                               | (408)                 |
| <b>Total balances, Group companies and associates</b> |                 | <b>27,667</b>                                       | <b>1,119,772</b>                                 | <b>58</b>                      | <b>(2,381)</b>                                | <b>(1,443,947)</b>                     | <b>(20,610)</b>       |

| Thousands of euros                                    |                 |  |  |                   |
|---|-----------------|--|--|-------------------|
| 2016  | Country         | Current loans to Group companies (Note 11) | Current borrowings from Group companies and associates | Suppliers payable |
| <b>Group companies</b>                                |                 |  |  |                   |
| Siemens Wind Power Limited                            | Canada          | 6,889                                      | (42,654)   | ( 302,400)        |
| Siemens Wind Power Sp.zoo                             | Poland          | 115  | -  | -                 |
| Siemens Wind Power Limited- EWP Factory-Wind Blade    | Canada          | 2,381                                      | -  | -                 |
| Siemens Wind Power Limited, Hu                        | United Kingdom  | 8,347                                      | -  | -                 |
| Siemens AG  | Germany         | 365,400                                    | -  | (4)               |
| Siemens Wind Power GmbH & Co                          | Germany         | -  | (58,392)   | -                 |
| Siemens Wind Power d.o.o                              | Croatia         | -  | (1,508)  | -                 |
| Siemens Wind Power GmbH                               | Austria         | -  | (47)   | -                 |
| Siemens Wind Power Kft                                | Hungary         | -  | (928)  | -                 |
| Siemens Wind Power Inc                                | USA             | -  | (279,413)  | -                 |
| Siemens Wind Power Management                         | Germany         | -  | ( 42)  | -                 |
| Siemens Wind Power SpA                                | Chile           | -  | -  | ( 1)              |
| Siemens Wind Power Pty Ltd                            | Australia       | -  | -  | -                 |
| Siemens Wind Power Sociedad Anónima                   | Peru            | -  | -  | (1)               |
| Siemens Wind Power Private Limited                    | India           | -  | -  | -                 |
| Siemens International Holding                         | The Netherlands | -  | -  | (27,400)          |
| Siemens Capital Company LLC                           | USA             | -  | -  | (252)             |
| Siemens Wind Power Limited                            | Thailand        | -  | -  | (27)              |
| Siemens, S.A.   | Spain           | -  | -  | (32)              |
| Siemens Holding, S.L                                  | Spain           | -  | -  | ( 3)              |
| <b>Total balances, Group companies and associates</b> |                 | <b>383,132</b>                             | <b>( 382,984)</b>                                      | <b>(330,120)</b>  |

## 20.2 RELATED-PARTY TRANSACTIONS

Transactions performed with Group companies during the 9-month period ended at September 30, 2017 and 2016 is as follows:

| (Thousands euros)                      | Group parent<br>(*) | Other Group<br>companies | Associates | Total    |
|--|---------------------|--------------------------|------------|----------|
| <b>2017</b>                            |                     |                          |            |          |
| Finance income - interest              | -                   | 10,051                   | -          | 10,051   |
| Finance costs                          | -                   | (2,839)                  | -          | (2,839)  |
| Non-trading and other operating income | -                   | 21,039                   | -          | 21,039   |
| External services                      | (20,223)            | (637)                    | (577)      | (21,349) |
| <b>2016</b>                            |                     |                          |            |          |
| Finance income - interest              | -                   | 1,466                    | -          | 1,466    |
| Finance costs                          | -                   | (1,466)                  | -          | (1,466)  |
| Income from sundry services            | (50)                | -                        | -          | (50)     |

(\*) Siemens AG, Group parent.

### Main financing arrangements between SIEMENS GAMESA Group companies

At September 30, 2017, SIEMENS GAMESA had loans granted at market conditions amounting to EUR 616,282 thousands to Group companies under the Stern project.

This project is based on the premise that all transactions between the Group's wind power companies are managed by SIEMENS GAMESA, which records amounts receivable from Group companies and payable to the parent of the Group, Siemens, so that it minimizes its receivables from Group companies.

A breakdown of this item follows:

| Thousands of euros                                | Country        | 2017           |
|---|----------------|----------------|
| Siemens Wind Power d.o.o.                         | Croatia        | 5,849          |
| Siemens Wind Power GmbH                           | Australia      | 6,888          |
| Siemens Wind Power Energia Eólica Ltda            | Brazil         | 182            |
| Siemens Wind Power Limited                        | Thailand       | 401            |
| Siemens Wind Power (PTY) LTD                      | South Africa   | 5,482          |
| Siemens Wind Power Rüzgar Enerjisi Anonim Sirketi | Turkey         | 3,455          |
| Siemens Wind Power, S.L.                          | Spain          | 125            |
| Siemens Gamesa Renewable Energy S.A.S.            | France         | 7,770          |
| Siemens Wind Power Limited                        | United Kingdom | 28,937         |
| Siemens Wind Power Inc.                           | USA            | 361,661        |
| Siemens Wind Energy, SARL                         | Morocco        | 3,982          |
| Siemens Wind Power LLC                            | Egypt          | 4              |
| Siemens Wind Power Limited - E                    | Canada         | 1,001          |
| Siemens Wind Power Limited, Hu                    | United Kingdom | 32,819         |
| Siemens Wind Power Blades, SAR                    | Morocco        | 48,243         |
| Siemens Wind Power GmbH & Co.                     | Germany        | 109,483        |
| <b>Total</b>                                      |                | <b>616,282</b> |

Interest accrued during the 9-month period ended September 30, 2017 on the Stern project totaled EUR 9,136 thousands included under the heading "Revenue - income from loans granted to Group companies and associates on the Income Statement" .

At September 30, 2017, SIEMENS GAMESA has diverse loans with SIEMENS GAMESA Renewable Energy Wind Farms, S.A. (former GAMESA Energía, S.A.U.) totaling EUR 451,340 thousands and interest accrued to be paid amounting to EUR 51,401 thousand. During the 9-month period ending September 30, 2017 a total of EUR 915 thousands interest was accrued under "Revenue-Income from loans granted to Group companies and associates" on the income statement.

### Goods and services purchased

On June 17, 2016, effective April 3, 2017, SIEMENS GAMESA Renewable Energy, S.A. (previously "Gamesa Corporación Tecnológica, S.A.") and Siemens Aktiengesellschaft (Siemens) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which Siemens became the strategic supplier of gears, segments, and other products and services offered by the Siemens Group to SIEMENS GAMESA. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.01% of SIEMENS GAMESA Renewable Energy, S.A.'s share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold less than 15% of share capital. Therefore, in cases of change of control, the parties are entitled to terminate the strategic alliance, although the strategic supply contract will have a minimum duration of at least three (3) years (i.e., until April 3, 2020). The award system warrants that the supplies will be carried out under market conditions, as well as the involvement of and access to other suppliers.

On March 31, 2017, SIEMENS GAMESA Renewable Energy, S.A. (at that time, "Gamesa Corporación Tecnológica, S.A."), and Siemens Aktiengesellschaft (Siemens) entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the Siemens brand in its company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.01% of SIEMENS GAMESA Renewable Energy, S.A.'s share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold less than 15% of share capital. Accordingly, in the event of change of control, license would expire subject to certain transition periods to discontinue the use of the name and trademark SIEMENS.

Dated on April 28, 2017 Gamesa Corporación Tecnológica, S.A. and Siemens Aktiengesellschaft signed a framework agreement over certain information rights and obligations and related matters concerning the relationship between the parties and certain principles governing the rendering of services between the SIEMENS GAMESA Group and the Siemens Group, as the main shareholder of SIEMENS GAMESA.

By virtue of certain agreements reached as a result of the Merger between SIEMENS GAMESA Renewable Energy, S.A. and Siemens Wind HoldCo, S.L. (sole shareholder company), the Siemens Group will have and grant certain guarantees with regard to the joint venture. The above agreements may be terminated, and their applicable terms granted may be amended should a change of control take place.

Finally, as is customary for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, thereby providing each reciprocal power to terminate them should such a situation arise, especially in cases in which the new controlling party is the other party's competitor.

During the reporting period, the SIEMENS GAMESA Group has purchased supplies for the construction of Wind Turbines from Siemens Group, mainly from the Siemens "Process Industries and Drives" and "Energy Management" Divisions. In addition, Siemens Group has provided services to SIEMENS GAMESA Group based on transitional service agreements such as tax, human resources, legal and treasury services.

### Hedging

The Group's hedging activities are partially performed via Siemens AG and Siemens Capital Company LLC on an arm's length basis. The consideration is based on the normal market rates. The related receivables and payables are disclosed in the lines "Other (current) financial assets and liabilities".

### Borrowings from Group companies

At September 30, 2017, SIEMENS GAMESA has loans to Group companies amounting to EUR 1,370,048 thousands within the Stern project.

A breakdown of this item is as follows:

| Thousands of euros                  | Country           | 2017             |
|-------------------------------------|-------------------|------------------|
| Siemens Gamesa Renewable Energy A/S | Denmark           | 885,400          |
| Siemens AG                          | Germany           | 264,536          |
| Siemens Wind Power GmbH & Co.       | Germany           | 76,056           |
| Siemens Wind Power Limited          | Canada            | 49,409           |
| Siemens Wind Power B.V.             | The Netherlands   | 27,144           |
| Siemens Gamesa Renewable Pty Ltd    | Australia         | 21,430           |
| Siemens Wind Power AB               | Sweden            | 16,785           |
| Siemens Wind Power BVBA             | Belgium           | 14,258           |
| Siemens Wind Power AS               | Norway            | 4,166            |
| Siemens Wind Power Limited          | Ireland           | 3,992            |
| Siemens Wind Power S.r.l.           | Italy             | 2,067            |
| Siemens Wind Power Kft.             | Hungary           | 1,869            |
| Siemens Wind Power Sp. z o.o.       | Poland            | 1,091            |
| Siemens Wind Power, Inc.            | The Philippines   | 602              |
| Siemens Wind Power Private Limited  | India             | 584              |
| Siemens Wind Power SpA              | Chile             | 243              |
| Siemens Wind Power Sociedad Anónima | Peru              | 186              |
| Siemens Wind Power Limited          | Republic of Korea | 109              |
| Siemens Wind Power GmbH Viena       | Romania           | 80               |
| Siemens Wind Power Management       | Germany           | 41               |
| <b>Total</b>                        |                   | <b>1,370,048</b> |

Interest accrued during the 9-month period ended September 30, 2017 on the Stern project totaled 2,836 thousand euros recognised under “Financial expenses – On debts to Group companies and associates” in the income statement.

“Financial cost from Group companies and associates” includes the amount pending payment for the acquisition of 100% of Siemens Wind Power Blades SH - SWPB (China) (Note 10.1).

#### Agreements relating to the Wind turbine and Operations and Maintenance segments

On December 21, 2011 the Group SIEMENS GAMESA through its subsidiary SIEMENS GAMESA Renewable Energy Eólica, S.L.Unipersonal (former Gamesa Eólica, S.L. Unipersonal), SIEMENS GAMESA and Iberdrola, S.A. concluded a framework agreement relating to the supply and maintenance of wind turbines. Under that framework agreement, SIEMENS GAMESA Group and Iberdrola, S.A. have assumed the following commitments:

- Iberdrola, S.A shall acquire from SIEMENS GAMESA Group a minimum quota of megawatts equivalent to 50% of the total on-shore wind turbine fleet that Iberdrola, S.A. acquires for its Renewables Business Unit during the term of the Framework Agreement.

This commitment will be in force between January 1, 2013 and December 31, 2022 or the date on which the number of megawatts acquired by Iberdrola Group from GAMESA Group under the Framework agreement totals 3,800, whichever occurs first.

The framework agreement replaces the previous contract. Nevertheless, the rights and obligations resulting from the framework agreement remain in force with respect to prior supplies to the framework agreement, which includes the planning of 502 MW.

- SIEMENS GAMESA and Iberdrola, S.A will closely collaborate with new opportunities relating to the offshore wind business.
- Gamesa and Iberdrola, S.A will collaborate within the area of maintenance services so that SIEMENS GAMESA Renewable Energy Eólica, S.L.Unipersonal (former Gamesa Eólica, S.L. Unipersonal) will become a company of reference with respect to wind farm maintenance throughout Iberdrola S.A. business. In particular, the following agreements have been reached:
  - Establish new areas of study and analysis for the rendering of maintenance services by Gamesa to Iberdrola, particularly the rendering of those services in the United States, the sale and installation of wind turbine reliability improvements or the extension of their useful lives and the conversion and update of wind turbine models.
  - The extension of current maintenance services.

During the years 2015 and 2014, the financial and commercial equipment of SIEMENS GAMESA and Iberdrola S.A. laid the foundations for the objective novation of certain terms of the Framework Agreements signed between the two companies and with validity until December 31, 2015 by which SIEMENS GAMESA came to provide maintenance services in various wind farms owned by Iberdrola. This objective novation affects certain technical aspects, scope of the services to be provided and economic aspect in order to suit the prevailing market conditions. It also forecasts the modification of the duration of the services to be provided to Iberdrola S.A., extending them until December 31, 2017, with the possibility of being extended for two other annual additional periods.

In the field of these negotiations, the parties formalized in March 2015 a new Framework Agreement that resolved the previous one dated on January 1, 2013 for the G8x and on January 1, 2012 for the G4x and G5x, incorporate, on the clauses of these, the amendments referred to above and with effect from January 1, 2014 for a total of 4,383 MW.

In addition, on October 2015, SIEMENS GAMESA and Iberdrola reached an agreement to implement the product "Energy Thrust", aimed to increase the efficiency of the turbines and therefore their production ratios, for a total of 1,602 MW.

At December 2016, a later addendum to the previous contract has been signed extending it by additional 612MW for the 2MW platform. Moreover, for different companies in the Iberdrola Group an additional 795MW have been negotiated.

#### Agreements between SIEMENS GAMESA Group and Windar Renovables, S.L.

On June 25, 2007 SIEMENS GAMESA (through its subsidiary SIEMENS GAMESA Renewable Energy Eólica, S.L.Unipersonal, former Gamesa Eólica, S.L. Unipersonal) concluded a power supply agreement with Windar Renovables, S.L. The conditions for transactions with associates are equivalent to those carried out with independent parties.

#### Insurance

As member of the SIEMENS Group, on October 1, 2017, Siemens Gamesa Renewable Energy, S.A. Joined the Siemens Group's insurance program which comprises a comprehensive policy covering material damages, civil liability, transportation, ship freights, and comprehensive construction risk. Should Siemens Gamesa no longer be a member of the SIEMENS Group, its inclusion the above insurance policies will be rejected.

#### Warranties provided by Siemens Group

As at September 30, 2017, Siemens Group has provided warranties to third parties for the performance of the SIEMENS GAMESA Group amounting to EUR 20,850 million (December 31, 2016: EUR 19,034 million).

#### Stock option benefits

Certain SIEMENS GAMESA Group employees were transferred to other Siemens entities, and receive share-based payments implemented by SIEMENS. SIEMENS delivers the respective shares in the name of SIEMENS GAMESA. Due to the limited degree of participation in share-based programs, the effect on the financial statements is not significant for the presented years.

### 20.3 DIRECTORS' REMUNERATION

In 2017, the Board of Directors of SIEMENS GAMESA received fixed and variable salaries, Board meeting attendance fees, and other amounts totaling approximately EUR 5,378 thousands. The remuneration paid to the Board members encompasses the period commencing the effective merger date, April 3, 2017, to September 30, 2017. The detail of this heading is the following:

| Thousands of euros              | 09.30.2017   |
|---------------------------------|--------------|
| <b>Board of Directors</b>       |              |
| <b>Type of remuneration</b>     |              |
| Fixed compensation              | 1,065        |
| Variable annual compensation    | 1,078        |
| Long-term variable remuneration | -            |
| Attendance fees                 | 240          |
|                                 | <b>2,383</b> |
| <b>Others</b>                   | <b>2,995</b> |
| <b>Total</b>                    | <b>5,378</b> |

Siemens Wind Holdco, S.L. did not have an equivalent Board of Directors prior to the GAMESA merger. Prior year remuneration is not comparable, and therefore it is not reflected.

At September 30, 2017, "Others" corresponds to (i) the amount of death insurance and disability premiums paid, which amounts to EUR 10 thousands. (ii) the allocation of Group insurance for its executives, managers, and other employees in the amount of EUR 20 thousands, and (iii) amounts related to contract termination totaling EUR 2,965 thousands.

No advances or loans were given to current or prior Board members, and there are no present obligations with them. Likewise, the CEO is entitled to receive contributions for pensions, which are formalized in the coming months. In addition to this, he has granted some shares options of Siemens AG as of September 30, 2017, the cost of which is assumed by the aforementioned company.

Remuneration paid to the above Board members does not include the provision set aside for the 2016-2017 incentive paid to GAMESA's prior Chairman and Chief Executive Officer in the amount of EUR 942 thousands. This remuneration is subject to and will be effective once objectives are assessed by the governing bodies. Also, previous remuneration does not include 50% of the non-competition clause affecting the prior Chairman and Chief Executive Officer of GAMESA totaling EUR 331 thousands.

Finally, the current CEO has a contractual agreement to receive financial compensation in the event of termination for reasons attributable to the Company. The financial compensation agreed for such termination consists of the payment of a compensation up to a maximum of his annual fixed cash compensation according to the new Board members remuneration policy approved in the General Shareholders meeting of June 20, 2017.

### 20.4 REMUNERATION OF SENIOR MANAGEMENT

Apart from those who are simultaneously members of its Board of Directors (whose remuneration is detailed in Note 20.3), any other compensation paid to management for services rendered in prior employment is included in the table below:

|  | Thousand euros |
|--|----------------|
|  | 09.30.2017     |
| Salaries and other short-term remuneration | 4,959          |
| <b>Total</b>                               | <b>4,959</b>   |

Siemens Wind Power, as GAMESA's acquirer, had a different management structure in prior year. Therefore, top management remuneration is not comparable. Information on remuneration only includes that for management during 2017, and covers the period from the effectiveness of the merger (April 3, 2017).



The above executive management remuneration does not include the provision for incentives recorded for 2016-2017, whose beneficiaries are members of senior management. Charges during the current period amount to 214 thousand euros. This remuneration is to be made effective at the end of the assessment period, with payment depending on degree of compliance with set objectives.

Certain members of senior management are entitled to receive pension plan contributions to be determined in upcoming months. At September 30, 2017, certain members of Siemens AG management were granted share options, the cost of which is paid by this company.

Dismissal indemnities paid to top management include the payment of a maximum one year fixed remuneration at the date of termination, without prejudice to any preexisting situations, as well as the amount which might be higher due to the application of prevailing legislation.

During 2017 and 2016, no transactions were performed with management apart from those carried out as part of the normal course of business.

## 20.5 INFORMATION REGARDING ANY CONFLICTS OF INTEREST AS REGARDS THE DIRECTORS

At year-end 2017, none of the members of the SIEMENS GAMESA Renewable Energy, S.A. Board or related parties as defined in the Spanish Corporate Enterprise Act had shares in the company capital, having identical, similar or complementary activities to those of the Company. Also, any positions or duties they exercise are also included.

| Director                           | Company             | Business  | Number of shares | Position or duties   |
|------------------------------------|---------------------|---|------------------|--|
| Tacke, Markus                      | Siemens AG          | Industrial, health, energy, and infrastructure sector | 10,195           | -  |
| Sen, Michael                       | Siemens AG (1)      | Industrial, health, energy, and infrastructure sector | 12,904           | Member of the Board of Directors   |
| Von Schumann, Mariel               | Siemens AG          | Industrial, health, energy, and infrastructure sector | 8,852            | Corporate governance and market manager                                      |
| Rubio Reinoso, Sonsoles            | Iberdrola S.A.      | Energy sector   | 24,811           | Director of Internal Audit   |
| García García, Rosa María          | Siemens AG          | Industrial, health, energy, and infrastructure sector | 5,451            | Chairwoman and CEO of Siemens, S.A., and Chairwoman of Siemens Holding S.L.U |
| Thomas, Ralf                       | Siemens AG          | Industrial, health, energy, and infrastructure sector | 16,241           | Member of the Board of Directors and Finance Director                        |
| Villalba Sánchez, Francisco Javier | Iberdrola S.A. (2)  | Energy sector   | -                | -  |
| Codes Calatrava, Gerardo           | Iberdrola S.A. (3)  | Energy sector   | -                | Corporate Legal Director   |
| Ciarsolo Arregui, Juan Luis        | Iberdrola, S.A. (4) | Energy sector   | 30,284,584       | -  |
| Helmrich, Klaus                    | Siemens AG (5)      | Industrial, health, energy, and infrastructure sector | 19,601           | Member of the Board of Directors   |
| Rosenfeld, Klaus                   | Schaeffler AG       | Automotive and industrial sector                      | -                | Chief Executive Officer  |
| Davis, Lisa                        | Siemens AG          | Industrial, health, energy, and infrastructure sector | -                | Member of the Board of Directors   |

(1) On March 31, 2017, Michael Sen stepped down from his position as Finance Director of EON SE, and since April of 2017, has been a member of the Siemens AG Board of Directors.

- (2) Francisco Javier Villalba Sánchez, stepped down as a member of the Board of Directors of Siemens Gamesa Renewable Energy, S.A on March 29, 2017.
- (3) Gerardo Codes Calatrava, stepped down as a member of the Board of Directors of Siemens Gamesa Renewable Energy, S.A on April 3, 2017.
- (4) Juan Luis Ciarsolo Arregui, stepped down as a member of the Board of Directors of Siemens Gamesa Renewable Energy, S.A on April 3, 2017.
- (5) Klaus Helmrich, stepped down as a member of the Board of Directors of SIEMENS GAMESA on May 8, 2017.

The following Board members had conflicts of interest during the year:

Sen, Michael. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Siemens AG and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on June 20, July 26, September 27, and September 29 of 2017.

Von Schumann, Mariel. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Siemens AG and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on April 28, June 20, July 26, September 27, and September 29 of 2017.

Rubio Reinoso, Sonsoles. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Iberdrola, S.A. and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on July 26 and September 13 of 2017.

García García, María Rosa. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Siemens AG and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on April 28, June 20, July 26, September 27, and September 29 of 2017.

Thomas, Ralf. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Siemens AG and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on April 28, June 20, July 26, September 27, and September 29 of 2017.

Helmrich, Klaus. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Siemens AG and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on July 28 and September 13 of 2017.

Rosenfeld, Klaus. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Schaeffler AG in which he held the position of Chief Executive Officer they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on July 26 and September 13 of 2017.

Davis, Lisa. In accordance with procedures established in Article 31 of the Board of Directors Regulations of Siemens Gamesa Renewable Energy, S.A., any meetings in which agreements have been debated and reached on transactions with Siemens AG and/or Group companies, they were absent and did not participate in discussions, voting, decisionmaking, or execution of the corresponding agreement. The above took place during the Board of Directors meetings held on April 28, June 20, July 26, September 27, and September 29 of 2017.

## 21. FOREIGN CURRENCY

Note 6.1 includes a breakdown of the assets and liabilities denominated in foreign currency at September 30, 2017 and December 31, 2016.

Apart from those from financial instruments measured at fair value with changes on the income statement (Note 15), a breakdown of exchange differences recognized on the income statement, at the 9-month period ended at September 30, 2017 amounted to EUR 2,482 thousands (2016: negative EUR 1 thousands).

## 22. OTHER INFORMATION

### 22.1 AUDIT FEES

In 9-month period ended at September 30, 2017 and December 31, 2016 the fees for financial audit and other services provided by the auditor of the Group's Consolidated Financial Statements, and the fees billed by the auditors of the separate Financial Statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

| (Thousands of euros)                    | Services rendered by EY | Services provided by other audit firms |
|---|-------------------------|--|
| <b>Year 2017</b>                        |                         |  |
| Audit services                          | 4,498                   | 14                                     |
| Other attest services                   | 1,290                   | -                                      |
| <b>Total audit and related services</b> | <b>5,788</b>            | <b>14</b>                              |
| Tax counselling services                | -                       | -                                      |
| Other services                          | -                       | -                                      |
| <b>Total other services</b>             | <b>-</b>                | <b>-</b>                               |
| <b>Total professional services</b>      | <b>5,788</b>            | <b>14</b>                              |

| (Thousands of euros)                    | Services rendered by EY | Services provided by other audit firms |
|---|-------------------------|--|
| <b>Year 2016</b>                        |                         |  |
| Audit services                          | 297                     | -                                      |
| Other attest services                   | 39                      | -                                      |
| <b>Total audit and related services</b> | <b>336</b>              | <b>-</b>                               |
| Tax counselling services                | -                       | -                                      |
| Other services                          | -                       | -                                      |
| <b>Total other services</b>             | <b>-</b>                | <b>-</b>                               |
| <b>Total professional services</b>      | <b>336</b>              | <b>-</b>                               |

The information for 2017 does not include those services provided to the former GAMESA Group from the period of January 1, 2017 to April 2, 2017 for an amount of EUR 301 thousands (EUR 290 thousands relates to audit related services and EUR 11 thousands relates to tax services) of which EUR 290 thousands relates to the holding company (EUR 290 thousands relates to audit related services).

Out of the amount relating to the services rendered by the principal auditor, EUR 1,220 thousands relate to audit services provided to SIEMENS GAMESA Renewable Energy, S.A. (EUR 20 thousands in 2016). Likewise, taking into account the corresponding amount related to other attest services provided by the principal auditor, EUR 8 thousands correspond to SIEMENS GAMESA Renewable Energy, S.A. (EUR 0 in 2016).

## **22.2 INFORMATION ON THE AVERAGE PAYMENT PERIOD TO SUPPLIERS, THIRD ADDITIONAL PROVISION, "INFORMATION DUTY" OF LAW 15/2010 OF JULY 5**

The information related with the deferral of payments made to suppliers is as follows:

|                          | <b>2017</b>                 | <b>2016</b> |
|--------------------------|-----------------------------|-------------|
|                          | <b>Days</b>                 | <b>Days</b> |
| Average payment period   | 57                          | 31          |
| Settled operations ratio | 59                          | 34          |
| Pending operations ratio | 53                          | 30          |
|                          | <b>(thousands of euros)</b> |             |
| Total settled payments   | 30,712                      | 423         |
| Total pending payments   | 23,496                      | 1,988       |

## **23. POST-BALANCE SHEET EVENTS**

There are no significant subsequent events, except for the November 2017 announcement of further capacity adjustment measures to address changing market conditions, with no impact on the accompanying Financial Statements.

## **24. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

These Financial Statements are presented on the basis of Spanish Accounting Standards, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries.

| COMPANIES   | BUSINESS LINE                        | AUDITOR | LOCATION          | % OF DIRECT AND INDIRECT OWNERSHIP | CAPITAL     | RESERVES      | NET PROFIT FOR THE YEAR |
|---|--------------------------------------|---------|-------------------|------------------------------------|-------------|---------------|-------------------------|
| <b>A) FORMER SIEMENS WIND POWER BUSINESS COMPANIES - FULLY CONSOLIDATED</b> |                                      |         |                   |                                    |             |               |                         |
| Siemens Gamesa Renewable Energy A/S   | Production/distributing company      | EY      | Denmark           | 100%                               | 2,690,468   | 86,181,319    | 151,716,415             |
| Siemens Wind Power Blades (Shanghai) Co., Ltd.                              | Production/distributing company      | -       | China             | 100%                               | 43,481,213  | (1,343,407)   | 14,789,448              |
| Siemens Wind Power Blades, SARL, AU   | Production/distributing company      | -       | Morocco           | 100%                               | 40,930,000  | (155,175)     | (5,792,429)             |
| Siemens Gamesa Renewable Pty Ltd  | Service and distribution company     | EY      | Australia         | 100%                               | 31,268,723  | (20,309,998)  | 8,947                   |
| Siemens Wind Power GmbH   | Service and distribution company     | -       | Austria           | 100%                               | 35,000      | 9,931,071     | (231,126)               |
| Siemens Wind Power BVBA   | Service and distribution company     | EY      | Belgium           | 100%                               | 5,000,000   | -             | 678,896                 |
| Siemens Wind Power Energia Eólica Ltda.                                     | Service and distribution company     | EY      | Brazil            | 100%                               | 277         | -             | 1,891,273               |
| Siemens Gamesa Renewable Energy Limited                                     | Production/distributing company      | EY      | Canada            | 100%                               | 313,867,096 | (270,411,783) | 11,045,410              |
| Siemens Wind Power SpA  | Service and distribution company     | EY      | Chile             | 100%                               | 2,739,762   | 6,685,017     | 4,077,324               |
| Siemens Gamesa Renewable Energy d.o.o.                                      | Service and distribution company     | EY      | Croatia           | 100%                               | 3,000       | 284,888       | 2,504,510               |
| Siemens Gamesa Renewable Energy S.A.S.                                      | Service and distribution company     | EY      | France            | 100%                               | 1,001,000   | -             | 1,642,111               |
| Siemens Wind Power GmbH & Co. KG  | Production/distributing company      | EY      | Germany           | 100%                               | 1,000,000   | 99,744,438    | 28,005,936              |
| Siemens Wind Power Kft.   | Service and distribution company     | EY      | Hungary           | 100%                               | 9,905       | 408,305       | 2,050                   |
| Siemens Wind Power Limited  | Service and distribution company     | EY      | Ireland           | 100%                               | 1           | 87,077,345    | 8,004,728               |
| Siemens Wind Power S.r.l.   | Service and distribution company     | EY      | Italy             | 100%                               | 1,000,000   | 1,536,925     | 479,532                 |
| Siemens Wind Power B.V.   | Service and distribution company     | EY      | Netherlands       | 100%                               | 1,000       | (8,198,485)   | 8,198,486               |
| Siemens Gamesa Renewable Energy AS  | Service and distribution company     | EY      | Norway            | 100%                               | 271,082     | (152,503)     | 2,869,635               |
| Siemens Wind Power Sociedad Anonima Cerrada                                 | Service and distribution company     | -       | Peru              | 100%                               | 5,689,432   | (5,595,439)   | 165,106                 |
| Siemens Wind Power, Inc.  | Service and distribution company     | EY      | Philippines       | 100%                               | 10,759,506  | (7,116,617)   | (80,085)                |
| Siemens Wind Power Sp. z o.o.   | Service and distribution company     | EY      | Poland            | 100%                               | 5,899,475   | 7,285,975     | 3,523,216               |
| SIEMENS WIND POWER (PTY) LTD  | Service and distribution company     | EY      | South Africa      | 70%                                | 8,005,594   | (7,725,204)   | 8,691,386               |
| Siemens Gamesa Renewable Energy Limited                                     | Service and distribution company     | -       | Republic of Korea | 100%                               | 576,187     | (9,562)       | 147,348                 |
| Siemens Wind Power, S.L.  | Service and distribution company     | EY      | Spain             | 100%                               | 3,000       | 14,735,613    | (657,299)               |
| Siemens Wind Power AB   | Service and distribution company     | EY      | Sweden            | 100%                               | 5,194       | (553,945)     | 5,689,726               |
| Siemens Gamesa Renewable Energy Limited                                     | Service and distribution company     | EY      | Thailand          | 100%                               | 5,438,964   | (661,585)     | 2,666,677               |
| Siemens Wind Power Rüzgar Enerjisi Anonim Sirketi                           | Service and distribution company     | EY      | Turkey            | 100%                               | 3,703,930   | (37,856)      | 2,071,889               |
| Siemens Gamesa Renewable Energy Limited                                     | Production/distributing company      | EY      | United Kingdom    | 100%                               | 207,141,442 | (17,346,964)  | (5,009,947)             |
| Siemens Wind Power Inc.   | Production/distributing company      | EY      | United States     | 100%                               | -           | 69,085,938    | (7,525,459)             |
| Siemens Wind Power Private Limited  | Service and distribution company     | EY      | India             | 100%                               | 1,322,515   | 1,513,616     | 1,219,721               |
| Siemens Wind Energy, SARL   | Service and distribution company     | -       | Morocco           | 100%                               | 943         | (55,167)      | 577,291                 |
| Siemens Wind Power Management GmbH  | Other                                | -       | Germany           | 100%                               | -           | -             | -                       |
| Siemens Wind Power LLC  | Service and distribution company     | -       | Egypt             | 100%                               | 3,871,486   | (1,071,051)   | (321,387)               |
| <b>B) FORMER GAMESA COMPANIES - FULLY CONSOLIDATED</b>                      |                                      |         |                   |                                    |             |               |                         |
| Diversified Energy Transmissions, LLC                                       | Development and distribution company | -       | United States     | 100%                               | 1,461,449   | (25,078,081)  | -                       |
| GM Navarra Wind Energy Pvt Ltd, Chennai                                     | Development and distribution company | -       | India             | 100%                               | 125,861     | 137,980       | 1,135,704               |
| Kadapa Wind Farms Pvt. Ltd., Chennai  | Development and distribution company | -       | India             | 100%                               | 1,439       | (1,382)       | (186)                   |
| Kurnool Wind Farms Pvt Ltd, Chennai   | Development and distribution company | -       | India             | 100%                               | 1,439       | (1,025)       | (6,457)                 |
| RSR Power Pvt Ltd, Chennai  | Development and distribution company | -       | India             | 100%                               | 1,578       | (1,002)       | (1,747)                 |
| Raigarh Wind Park Private Pvt Ltd, Chennai                                  | Development and distribution company | -       | India             | 100%                               | 2,053       | -             | (2,176)                 |
| Anantapur Wind Farms Pvt Ltd, Chennai                                       | Development and distribution company | -       | India             | 100%                               | 1,439       | -             | (6,457)                 |
| Gamesa Wind Tianjin Co., Ltd.   | Development and distribution company | EY      | China             | 100%                               | 14,544,437  | 140,592,353   | 4,050,070               |
| Gamesa (Beijing) Wind Energy System Development Co, Ltd                     | Development and distribution company | EY      | China             | 100%                               | 200,000     | (3,474,501)   | (2,747,588)             |
| Gamesa Blade Tianjin Co., Ltd.  | Development and distribution company | EY      | China             | 100%                               | 12,000,000  | 7,135,210     | (5,913)                 |
| Jilin Gamesa Wind Co., Ltd.   | Development and distribution company | EY      | China             | 100%                               | 1,630,335   | (6,993,263)   | (124,876)               |
| Inher Mongolia Gamesa Wind Co., Ltd.  | Development and distribution company | EY      | China             | 100%                               | 1,650,570   | (6,940,129)   | (221,786)               |
| Siemens Gamesa Renewable Finance, S.A.                                      | Finance company                      | -       | Spain             | 100%                               | 60,000      | -             | (719)                   |
| Gamesa Wind GmbH  | Holding company                      | -       | Germany           | 100%                               | 994,990     | (23,871,801)  | (313,456)               |
| International Wind Farm Development IV Limited                              | Holding company                      | -       | Hong Kong         | 100%                               | 3,006       | -             | (3,040)                 |
| Adwen GmbH  | Holding company                      | EY      | Germany           | 100%                               | 6,052,000   | (70,869,162)  | (36,007,619)            |
| Gamesa Wind US, LLC   | Holding company                      | EY      | United States     | 100%                               | 93,800      | (329,620,674) | 18,410,218              |
| International Wind Farm Development V Limited                               | Holding company                      | -       | Hong Kong         | 100%                               | 3,006       | -             | (2)                     |
| Siemens Gamesa Renewable Energy Eólica, S.L.                                | Holding company                      | EY      | Spain             | 100%                               | 200,500     | 389,485,542   | 134,173,734             |
| International Wind Farm Development I Limited                               | Holding company                      | -       | Hong Kong         | 100%                               | -           | -             | -                       |
| International Wind Farm Development II Limited                              | Holding company                      | -       | Hong Kong         | 100%                               | -           | -             | -                       |
| International Wind Farm Development VII Limited                             | Holding company                      | -       | Hong Kong         | 100%                               | 3,006       | (1,245)       | (22)                    |
| Gerr Grupo Energético XXI, S.A. Unipersonal                                 | Holding company                      | -       | Spain             | 100%                               | 1,605,032   | (8,493,667)   | (231,030)               |
| Navitas Energy Inc  | Holding company                      | -       | United States     | 97%                                | 252,019     | (12,601,736)  | (155,414)               |
| Siemens Gamesa Renewable Energy Europa S.L.                                 | Holding company                      | -       | Spain             | 100%                               | 3,006       | -             | 22,861                  |
| Siemens Gamesa Renewable Energy Wind Farms, S.A.                            | Holding company                      | EY      | Spain             | 100%                               | 35,490,984  | 242,485,478   | 50,212,564              |
| Siemens Gamesa Renewable Energy Wind Limited                                | Holding company                      | EY      | United Kingdom    | 100%                               | 16,128,021  | (14,267,779)  | (7,528,788)             |
| Adwen Offshore, S.L.  | Holding company                      | EY      | Spain             | 100%                               | 50,000,000  | 63,365,076    | (13,455,579)            |
| Siemens Gamesa Renewable Energy gREN, S.L.                                  | Holding company                      | EY      | Spain             | 100%                               | 11,956,926  | 6,732,091     | (1,334,672)             |
| Siemens Gamesa Renewable Energy Invest, S.A.                                | Holding company                      | EY      | Spain             | 100%                               | 1,200,000   | (3,392,038)   | 702,470                 |
| Siemens Gamesa Renewable Private Limited                                    | Holding company                      | EY      | India             | 100%                               | 204,029,106 | 156,263,526   | (45,661,250)            |
| Gamesa Wind Sweden AB   | Holding company                      | EY      | Sweden            | 100%                               | 2,525,086   | -             | (237,753)               |
| Siemens Gamesa Renewable Energy Latam, S.L.                                 | Holding company                      | EY      | Spain             | 100%                               | 3,000       | 56,845,468    | 6,361,744               |
| Siemens Gamesa Renewable Energy Apac, S.L.                                  | Holding company                      | -       | Spain             | 100%                               | 3,000       | 45,822        | 86,766                  |
| Gamesa Technology Corporation, INC  | Holding company                      | EY      | United States     | 100%                               | 27,834,231  | 448,225,047   | 4,664,049               |
| Jalore Wind Park Private Limited, Chennai                                   | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Bidwai Renewable Private Limited, Chennai                                   | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Mattak Wind Farms Private Limited, Chennai                                  | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Tirupur Renewable Pvt Ltd, Chennai  | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Sanchore Renewable Private Limited, Chennai                                 | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Beed Renewable Energy Private Limited, Chennai                              | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Tuljapur Wind Farms Private Limited, Chennai                                | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Rangareddy Renewable Pvt Ltd  | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Nellore Renewable Pvt Ltd   | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |
| Gadag Renewable Private Limited, Chennai                                    | Other                                | -       | India             | 100%                               | 132         | -             | (1)                     |

| COMPANIES   | BUSINESS LINE                       | AUDITOR | LOCATION           | % OF DIRECT AND INDIRECT OWNERSHIP | CAPITAL    | RESERVES     | NET PROFIT FOR THE YEAR |
|---|-------------------------------------|---------|--------------------|------------------------------------|------------|--------------|-------------------------|
| Channapura Renewable Private Limited, Chennai                     | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Kutch Renewable Pvt Ltd   | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Uppal Renewable Pvt. Ltd., Chennai                                | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Gudadanal Renewable Private Limited                               | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Haveri Renewable Private Limited                                  | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Nrirooti Renewable Private Limited                                | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Neelagund Renewable Private Limited                               | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Hungund Renewable Private Limited                                 | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Saunshi Renewable Private Limited                                 | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Chikkodi Renewable Private Limited                                | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Umrani Renewable Private Limited                                  | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Zaki Renewable Private Limited                                    | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Hattarwat Renewable Private Limited                               | Other                               | -       | India              | 100%                               | 130        | -            | -                       |
| Gamesa Wind PA, LLC   | Other                               | EY      | United States      | 100%                               | 93,800     | 298,135,166  | (311,502)               |
| Siemens Gamesa Renewable Energy International Wind Services, S.A. | Other                               | -       | Spain              | 100%                               | 600,000    | (103,355)    | (56,385)                |
| Parques Eólicos del Caribe, S.A.                                  | Other                               | -       | Dominican Republic | 57%                                | 1,183,774  | (3,406,319)  | -                       |
| Convertidor Solar Doscientos Noventa y Nueve, S.L.U.              | Other                               | -       | Spain              | 100%                               | 3,006      | (897)        | (346)                   |
| Convertidor Solar Doscientos Noventa y Siete, S.L.U.              | Other                               | -       | Spain              | 100%                               | 3,006      | (817)        | (346)                   |
| SEPE de Source de Seves SARL                                      | Other                               | -       | France             | 100%                               | 3,700      | (639)        | (5,756)                 |
| Devarabanda Renewable Energy Pvt. Ltd.                            | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Ghatsingri Renewable Pvt. Ltd.                                    | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Poojari Wind Farms Pvt. Ltd.                                      | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Kod Renewable Pvt. Ltd.   | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| VIRALPATTI RENEWABLE Pvt. Ltd.                                    | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Gagodar Renewable energy Pvt. Ltd.                                | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Thoothukudi Renewable Pvt Ltd, Chennai                            | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Latur Renewable Private Limited, Chennai                          | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Sankarur Renewable Pvt Ltd, Chennai                               | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Osmanabad Renewable Pvt Ltd, Chennai                              | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Pugalur Renewable Pvt Ltd, Chennai                                | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Dhone Renewable Private Limited, Chennai                          | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Bhuj Renewable Private Limited, Chennai                           | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Bapuram Renewable Private Limited, Chennai                        | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Koppal Renewable Pvt Ltd, Chennai                                 | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Joshipur Renewable Pvt Ltd, Chennai                               | Other                               | -       | India              | 100%                               | 132        | (1)          | (16)                    |
| Adwen Blades GmbH   | Production and distributing company | EY      | Germany            | 100%                               | 1,000,000  | 5,784,301    | (5,103,739)             |
| AD BMW GmbH & Co. KG  | Production and distributing company | -       | Germany            | 100%                               | 2,500      | -            | -                       |
| Adwen Verwaltungs GmbH  | Production and distributing company | -       | Germany            | 100%                               | 25,000     | -            | -                       |
| Estructuras Metalicas Singulares, S.A. Unipersonal                | Production and distributing company | -       | Spain              | 100%                               | 61,000     | 6,792,747    | 89,752                  |
| Adwen France SAS  | Production and distributing company | EY      | France             | 100%                               | 1,253,873  | 31,281,666   | (2,701,651)             |
| Gamesa Energy Transmission, S.A. Unipersonal                      | Production company                  | EY      | Spain              | 100%                               | 21,660,000 | 62,634,352   | 5,107,253               |
| Pocahontas Wind, LLC  | Production company                  | EY      | United States      | 100%                               | 68         | (72,350,347) | (2,571,065)             |
| Gamesa Electric, S.A. Unipersonal                                 | Production company                  | EY      | Spain              | 100%                               | 9,394,900  | 60,821,790   | 6,717,416               |
| EBV Holding Verwaltung GmbH                                       | Project company                     | -       | Germany            | 100%                               | 25,000     | 17,815       | (479)                   |
| Windfarm Groß Haßlow GmbH   | Project company                     | -       | Germany            | 100%                               | 4,215,000  | (4,459,342)  | 10,922                  |
| Gamesa Energie Deutschland GmbH                                   | Project company                     | -       | Germany            | 100%                               | 575,000    | (7,261,902)  | (3,633,491)             |
| Windfarm Ringsted II GmbH   | Project company                     | -       | Germany            | 100%                               | 4,670,000  | (4,899,680)  | 1,501                   |
| Windfarm 35 GmbH  | Project company                     | -       | Germany            | 100%                               | 25,000     | 4,213        | 721                     |
| Windfarm 40 GmbH  | Project company                     | -       | Germany            | 100%                               | 25,000     | (4,711)      | (1,135)                 |
| Windfarm Ganderkesee-Lemwerder GmbH                               | Project company                     | -       | Germany            | 100%                               | 25,000     | (687,247)    | (354)                   |
| Windfarm 33 GmbH  | Project company                     | -       | Germany            | 100%                               | 25,000     | (24,219)     | (352)                   |
| Sistemas Energéticos Sierra de Valdefuentes, S.L.U.               | Project company                     | -       | Spain              | 100%                               | 3,006      | 9,208        | (16,183)                |
| Windfarm 41 GmbH  | Project company                     | -       | Germany            | 100%                               | 25,000     | (44,602)     | (354)                   |
| Sistemas Energéticos de Tarifa, S.L. Unipersonal                  | Project company                     | -       | Spain              | 100%                               | 61,000     | 447,514      | (86,133)                |
| International Wind Farm Development V, S.L.                       | Project company                     | -       | Spain              | 100%                               | 3,006      | (1,230)      | (22)                    |
| Sistemas Energéticos La Cámara, S.L.                              | Project company                     | -       | Spain              | 100%                               | 3,006      | 1,855,055    | 500,300                 |
| Sistemas Energéticos Finca San Juan, S.L.U.                       | Project company                     | -       | Spain              | 100%                               | 3,006      | (7,094)      | (2)                     |
| Sistemas Energéticos Islas Canarias, S.L.U.                       | Project company                     | -       | Spain              | 100%                               | 3,006      | (67,795)     | (761,678)               |
| International Wind Farm Development IV, S.L.                      | Project company                     | -       | Spain              | 100%                               | 3,006      | (3,040)      | (22)                    |
| International Wind Farm Development VI, S.L.                      | Project company                     | -       | Spain              | 100%                               | 3,006      | (905)        | (22)                    |
| International Wind Farm Development VII, S.L.                     | Project company                     | -       | Spain              | 100%                               | 3,006      | (1,245)      | (22)                    |
| SEPE de Mantoche SARL   | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| Sistemas Energéticos La Plana, S.A.                               | Project company                     | Attest  | Spain              | 90%                                | 421,000    | 1,887,653    | 14,215                  |
| Sistemas Energéticos del Sur S.A.                                 | Project company                     | -       | Spain              | 70%                                | 600,000    | (47,814)     | (31)                    |
| SEPE de Pouilly-sur-Vingeanne SARL                                | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| Sistemas Energéticos Monte Genaro, S.L.U.                         | Project company                     | -       | Spain              | 100%                               | 3,006      | (1,514)      | (22)                    |
| Convertidor Solar Trescientos Sesenta y Nueve, S.L.U.             | Project company                     | -       | Spain              | 100%                               | 3,006      | (1,503)      | (327)                   |
| Convertidor Solar Trescientos Sesenta y Ocho, S.L.U.              | Project company                     | -       | Spain              | 100%                               | 3,006      | (1,503)      | (1)                     |
| Sistemas Energéticos Cabanetas, S.A. Unipersonal                  | Project company                     | -       | Spain              | 100%                               | 61,000     | (55,268)     | (9,458)                 |
| Sistemas Energéticos del Umia, S.A. Unipersonal                   | Project company                     | -       | Spain              | 100%                               | 61,000     | (54,669)     | (1,253)                 |
| Sistemas Energéticos Loma del Viento, S.A. Unipersonal            | Project company                     | -       | Spain              | 100%                               | 61,000     | (5,781)      | (26,135)                |
| SEPE de Vernierfontaine SARL                                      | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| SEPE de Sonyy SARL  | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| Εολική Πελοποννησιακή Ενέργεια S.A.                               | Project company                     | -       | Greece             | 95%                                | 58,600     | (73,193)     | (4,566)                 |
| SEPE de Sommesous SARL  | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal              | Project company                     | -       | Spain              | 100%                               | 61,000     | 2,085,553    | 42,202                  |
| Sistemas Energéticos Loma del Reposo, S.L. Unipersonal            | Project company                     | -       | Spain              | 100%                               | 61,000     | (16,624)     | (26)                    |
| Sistemas Energéticos Campoliva, S.A. Unipersonal                  | Project company                     | -       | Spain              | 100%                               | 61,000     | (9,525)      | (26)                    |
| SEPE de Cernon SARL   | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| SEPE de Broyes SARL   | Project company                     | -       | France             | 100%                               | 1          | -            | (20)                    |
| Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal    | Project company                     | -       | Spain              | 100%                               | 61,000     | (10,218,468) | (152,121)               |
| Sistemas Energéticos Cuntis, S.A. Unipersonal                     | Project company                     | -       | Spain              | 100%                               | 61,000     | 17,996       | -                       |
| Sistemas Energéticos Tornillo, S.A. Unipersonal                   | Project company                     | -       | Spain              | 100%                               | 61,000     | (9,467)      | (874)                   |
| Sistemas Energéticos Edeira, S.A. Unipersonal                     | Project company                     | -       | Spain              | 100%                               | 61,000     | (39,448)     | (545)                   |

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|--|-----------------|---------|----------------|------------------------------------|------------|--------------|-------------------------|
| SEPE de Saint Bon SARL                                   | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Sistemas Energéticos Tablero Taborado, S.L.              | Project company | -       | Spain          | 100%                               | 3,006      | 48,763       | 1,212                   |
| Sistemas Energéticos Carril, S.L. Unipersonal            | Project company | -       | Spain          | 100%                               | 61,000     | 5,299        | (26)                    |
| Sistemas Energéticos Fonseca, S.A. Unipersonal           | Project company | -       | Spain          | 100%                               | 61,000     | 518,961      | 1,067                   |
| Sistemas Energéticos Argaño, S.L. Unipersonal            | Project company | -       | Spain          | 100%                               | 61,000     | (26,992)     | (22)                    |
| SEPE de Champsevaine, SARL                               | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| International Wind Farm Developments IX, S.L.            | Project company | -       | Spain          | 100%                               | 3,006      | 536,533      | 688,076                 |
| Lindorn Windenergy AB                                    | Project company | -       | Sweden         | 100%                               | 5,197      | (177)        | (78)                    |
| Sistemas Energéticos Serra de Lourenza, S.A. Unipersonal | Project company | -       | Spain          | 100%                               | 61,000     | -            | 387                     |
| Siemens Gamesa Renewable Energy UK Limited               | Project company | EY      | United Kingdom | 100%                               | 14,361,263 | (13,739,000) | (1,167,704)             |
| SEPE de Margny SARL                                      | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Bargrennan Renewable Energy Park Limited                 | Project company | -       | United Kingdom | 100%                               | 1          | (1)          | -                       |
| Siemens Gamesa Renewable Energy AE                       | Project company | -       | Greece         | 100%                               | 837,110    | (276,324)    | (971,165)               |
| Sistemas Energéticos Mansilla, S.L.                      | Project company | -       | Spain          | 78%                                | 6,000      | (50,097)     | (284,347)               |
| Parque Eólico Dos Picos, S.L.U.                          | Project company | -       | Spain          | 100%                               | 1,228,100  | (178,076)    | 39,615                  |
| Sistemas Energéticos Sierra del Carazo, S.L.U.           | Project company | -       | Spain          | 100%                               | 3,006      | 9,141        | (300)                   |
| Sistemas Energéticos Cabezo Negro, S.A. Unipersonal      | Project company | -       | Spain          | 100%                               | 61,000     | (158,120)    | (116,775)               |
| SEPE de Romigny SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Glenouther Renewables Energy Park Limited                | Project company | -       | United Kingdom | 100%                               | 1          | -            | -                       |
| International Wind Farm Developments II, S.L.            | Project company | -       | Spain          | 100%                               | 3,006      | 1,012,550    | (97,944)                |
| Gasas Eólica Mexico, S.A. de C.V.                        | Project company | EY      | Mexico         | 100%                               | 2,464      | -            | -                       |
| Energiaki Arvanikou M.E.P.E.                             | Project company | -       | Greece         | 100%                               | 4,500      | (311,805)    | 70,332                  |
| Sistemas Energéticos Barandon, S.A.                      | Project company | -       | Spain          | 100%                               | 61,000     | (14,463)     | (376)                   |
| Gamesa Eólica France, S.A.R.L., Saint Priest             | Project company | EY      | France         | 100%                               | 7,500      | 5,963,378    | (144,517)               |
| Sistemas Energéticos Balazote, S.A. Unipersonal          | Project company | -       | Spain          | 100%                               | 61,000     | 2,646,305    | 29,520                  |
| Sistemas Energéticos Jaraón, S.A. Unipersonal            | Project company | -       | Spain          | 100%                               | 61,000     | 1,119,718    | 12,921                  |
| Sellaflinth Renewable Energy Park Limited                | Project company | -       | United Kingdom | 100%                               | 1          | (1)          | -                       |
| Sistemas Energéticos Ladera Negra, S.A. Unipersonal      | Project company | -       | Spain          | 100%                               | 61,000     | (60,624)     | (523)                   |
| SEPE de Saint-Lumer en Champagne SARL                    | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Saint Amand SARL                                 | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Landresse SARL                                   | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Convertidor Solar Trescientos Veinte, S.L.U.             | Project company | -       | Spain          | 100%                               | 3,006      | (1,503)      | 3,003                   |
| Convertidor Solar G.F. Uno S.L.U., Madrid                | Project company | -       | Spain          | 100%                               | 3,006      | 685          | (341)                   |
| Gasacías Desarrolladora, S.A. de C.V.                    | Project company | EY      | Mexico         | 100%                               | 5,951      | 2,994,596    | 808,274                 |
| SEPE de Ciarnages SARL                                   | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Convertidor Solar Trescientos Setenta, S.L.U.            | Project company | -       | Spain          | 100%                               | 3,006      | (1,504)      | (326)                   |
| Convertidor Solar Uno, S.L.U.                            | Project company | -       | Spain          | 100%                               | 3,006      | (1,423)      | (364)                   |
| Sistemas Energéticos Arinaga, S.A. Unipersonal           | Project company | -       | Spain          | 100%                               | 61,000     | 6,639,256    | 168,494                 |
| SEPE de Mailly-le-Camp SARL                              | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Smardzewo Windfarm Sp. z o.o.                            | Project company | -       | Poland         | 100%                               | 1,140      | (8,035)      | (31,177)                |
| Osiek Sp. z o.o.   | Project company | -       | Poland         | 100%                               | 11,182     | (220,579)    | (27,258)                |
| Sistemas Energéticos Alcohujate, S.A. Unipersonal        | Project company | -       | Spain          | 100%                               | 61,000     | (49,999)     | (7,435)                 |
| Adwen UK Limited   | Project company | -       | United Kingdom | 100%                               | 688,999    | (2,072,057)  | (405,381)               |
| Sistemas Energéticos El Valle, S.L.                      | Project company | -       | Spain          | 100%                               | 3,006      | (3,003)      | (15)                    |
| SEPE de la Brie des Etangs SARL                          | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Sistemas Energéticos Fueireventura, S.A. Unipersonal     | Project company | -       | Spain          | 100%                               | 61,000     | (62,578)     | (44,788)                |
| Sistemas Energéticos Boyal, S.L.                         | Project company | -       | Spain          | 60%                                | 3,006      | (2,416,863)  | (605,544)               |
| Sistemas Energéticos Ato da Croa, S.A. Unipersonal       | Project company | -       | Spain          | 100%                               | 61,000     | (58,336)     | (4,502)                 |
| Lingbo SPW AB  | Project company | EY      | Sweden         | 100%                               | 408,953    | 556,969      | (355,526)               |
| Lichnow Windfarm Sp. z o.o.                              | Project company | -       | Poland         | 100%                               | 1,233      | (20,405)     | (7,788)                 |
| Elilinki Eoliki Attiki Energiaki S.A.                    | Project company | -       | Greece         | 86%                                | 58,600     | (72,575)     | (3,855)                 |
| GESA Energía, S. De R.L. de C.V.                         | Project company | EY      | Mexico         | 100%                               | 11,526,228 | (8,404,916)  | 335,566                 |
| SEPE de Souvans SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Convertidor Solar G.F. Dos, S.L.U.                       | Project company | -       | Spain          | 100%                               | 3,006      | (98)         | (341)                   |
| SEPE de Plancy l'Abbaye SARL                             | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Ujazd Sp. z o.o.   | Project company | -       | Poland         | 100%                               | 1,233      | (67,637)     | (59,333)                |
| SEPE de Pringy SARL                                      | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Elilinki Eoliki Kseropousi S.A.                          | Project company | -       | Greece         | 86%                                | 107,715    | (25,019)     | (3,964)                 |
| Elilinki Eoliki Likourdi S.A.                            | Project company | -       | Greece         | 86%                                | 24,000     | (8,304)      | (10,898)                |
| Siemens Gamesa Renewable Energy France SAS               | Project company | EY      | France         | 100%                               | 65,280     | 1,041,299    | (2,490,455)             |
| Elilinki Eoliki Kopriaza S.A.                            | Project company | -       | Greece         | 86%                                | 24,000     | (5,468)      | (4,694)                 |
| Gasas Mexico 1 S.A.P.I de C.V.                           | Project company | -       | Mexico         | 100%                               | 1          | -            | -                       |
| SEPE de Chainrix Berges SARL                             | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Soude SARL                                       | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Elilinki Eoliki Energiaki Prgos S.A.                     | Project company | -       | Greece         | 86%                                | 175,543    | (40,219)     | (4,063)                 |
| SEPE de Bouclans SARL                                    | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Savigny SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Longueville sur Aube SARL                        | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Coupetz SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Gamesa Energía Polska Sp. z o.o.                         | Project company | EY      | Poland         | 100%                               | 7,086,260  | 3,072,929    | (1,346,391)             |
| SEPE de la Loye SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Trepot SARL                                      | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Central Eólica de México I S.A. de C.V.                  | Project company | EY      | Mexico         | 100%                               | 7,113      | (342,454)    | 415,288                 |
| SEPE de Sambourg SARL                                    | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Gamesa Energía (Portugal), S.A.                          | Project company | EY      | Portugal       | 100%                               | 475,000    | 5,900,702    | (784,363)               |
| SEPE de Sceaux SARL, Saint Priest                        | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Guerfand SARL                                    | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE de Vaudrey SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| SEPE d'Orchamps SARL                                     | Project company | -       | France         | 100%                               | 1          | -            | (20)                    |
| Convertidor Solar Trescientos Dieciséte, S.L.U.          | Project company | -       | Spain          | 100%                               | 3,006      | 52,274       | 12,876                  |
| SEPE de la Cote du Cerisat SAS                           | Project company | -       | France         | 100%                               | 27,448     | -            | (2,370)                 |
| Convertidor Solar Trescientos Dieciocho, S.L.U.          | Project company | -       | Spain          | 100%                               | 3,006      | 15,699       | (72,416)                |
| SEPE du Vireaux SAS                                      | Project company | EY      | France         | 100%                               | 3,700      | -            | (2,507)                 |
| SEPE de Dampierre Frudemanche SAS                        | Project company | EY      | France         | 100%                               | 27,420     | 34,812       | (38,396)                |

| COMPANIES  | BUSINESS LINE                        | AUDITOR  | LOCATION              | % OF DIRECT AND INDIRECT OWNERSHIP | CAPITAL    | RESERVES     | NET PROFIT FOR THE YEAR |
|--|--------------------------------------|----------|-----------------------|------------------------------------|------------|--------------|-------------------------|
| SEPE de Orge et Ormain SARL  | Project company                      | -        | France                | 100%                               | -          | -            | (20)                    |
| Parco Eolico Manca Bernarda S.r.l.                                     | Project company                      | EY       | Italy                 | 100%                               | 30,000     | (15,141)     | 566                     |
| SEPE de Germainville SAS   | Project company                      | EY       | France                | 100%                               | 13,150     | 35,160       | (13,978)                |
| SEPE de Moulins du Puits SAS   | Project company                      | EY       | France                | 100%                               | 3,700      | -            | (2,507)                 |
| Parco Eolico Banzy S.r.l.  | Project company                      | -        | Italy                 | 100%                               | 30,000     | (14,919)     | (578)                   |
| Convertidor Solar Ciento Veintiseiete, S.L.U.                          | Project company                      | -        | Spain                 | 100%                               | 3,006      | 252,630      | 93,653                  |
| Shuangpai Majiang Wuangling Wind Power Co., Ltd                        | Project company                      | -        | China                 | 100%                               | 23,944,744 | -            | -                       |
| SEPE de Bortolotto SARL  | Project company                      | -        | France                | 100%                               | 1          | -            | (20)                    |
| SEPE de Saint Loup de Saintonge SAS                                    | Project company                      | EY       | France                | 100%                               | -          | 10,936       | (8,761)                 |
| Sistema Eléctrico de Conexión Montes Orientales, S.L.                  | Project company                      | -        | Spain                 | 83%                                | 44,800     | (6,555)      | (58,779)                |
| Aljaraque Solar, S.L.  | Project company                      | -        | Spain                 | 100%                               | 3,000      | 49,319       | 18,521                  |
| Convertidor Solar Trescientos Sesenta y Siete, S.L.U.                  | Project company                      | -        | Spain                 | 100%                               | 3,006      | (1,503)      | (327)                   |
| Convertidor Solar G.F. Tres, S.L.U.                                    | Project company                      | -        | Spain                 | 100%                               | 3,006      | (1,503)      | (348)                   |
| SEPE de la Tele des Boucas SARL  | Project company                      | -        | France                | 100%                               | 1          | -            | (20)                    |
| SEPE de Chepriers SARL   | Project company                      | -        | France                | 100%                               | 1          | -            | (20)                    |
| Fantyn2 Vindenergi AB  | Project company                      | -        | Sweden                | 100%                               | 5,699      | (2,790)      | (1,122)                 |
| Convertidor Solar Trescientos, S.L.U.                                  | Project company                      | -        | Spain                 | 100%                               | 3,006      | -            | (887)                   |
| Convertidor Solar Trescientos Diecinueve, S.L.U.                       | Project company                      | -        | Spain                 | 100%                               | 3,006      | (1,503)      | (337)                   |
| Siemens Gamesa Renewable Energy Innovation & Technology, S.L.          | Research and development company     | EY       | Spain                 | 100%                               | 4,355,000  | 408,289,000  | 22,802,622              |
| Siemens Gamesa Energia Renovável Ltda.                                 | Service and distribution company     | EY       | Brazil                | 100%                               | 98,255,570 | 29,927,459   | 26,175,424              |
| Gamesa Canada LLC  | Service company                      | EY       | Canada                | 100%                               | -          | (157,353)    | (56,863)                |
| Gamesa Japan K.K.  | Service company                      | EY       | Japan                 | 100%                               | 4,307,639  | (3,677,423)  | 42,006                  |
| Gamesa Singapore Private Limited                                       | Service company                      | -        | Singapore             | 100%                               | 1          | (4,430,288)  | (400,933)               |
| Servicios Eólicos Globales S. de R.L. de C.V.                          | Service company                      | EY       | Mexico                | 100%                               | 2,503      | 226,029      | 240,093                 |
| Gamesa Ukraine, LLC  | Service company                      | -        | Ukraine               | 100%                               | -          | -            | -                       |
| Gamesa Eólica Costa Rica, S.R.L.                                       | Service company                      | -        | Costa Rica            | 100%                               | 8,651,323  | (7,053,000)  | 567,233                 |
| GESA Eólica Honduras, S.A.   | Service company                      | -        | Honduras              | 100%                               | 5,763,800  | (4,205,443)  | 2,152,092               |
| Siemens Gamesa Renewable Energy B9 Limited                             | Service company                      | EY       | United Kingdom        | 100%                               | 1,372,775  | (1,423,358)  | (139,650)               |
| Siemens Gamesa Renewable Energy Limited Liability Company              | Service company                      | -        | Azerbaijan            | 100%                               | 71         | 289,735      | 65,679                  |
| Gamesa Wind Bulgaria, EOOD   | Service company                      | EY       | Bulgaria              | 100%                               | 143,055    | 3,709,452    | 576,423                 |
| Siemens Gamesa Megújuló Energia Hungary Kft                            | Service company                      | EY       | Hungary               | 100%                               | 11,973     | 6,739,448    | -                       |
| GER Baneasa, S.R.L.  | Service company                      | -        | Romania               | 100%                               | 49         | (21,070)     | (1,924)                 |
| Gamesa Wind Romania, S.R.L.  | Service company                      | EY       | Romania               | 100%                               | 110,772    | 24,263,829   | 2,664,716               |
| Gamesa Dominicana, S.A.S.  | Service company                      | EY       | Dominican Republic    | 100%                               | 7,619,208  | (3,332,595)  | 225,195                 |
| Gamesa Energy Romania, S.R.L.  | Service company                      | -        | Romania               | 100%                               | 319        | (11,532,757) | (1,017,585)             |
| GER Independenta, S.R.L.   | Service company                      | -        | Romania               | 100%                               | 49         | (20,135)     | (1,921)                 |
| Gamesa Puerto Rico, CRL  | Service company                      | -        | Puerto Rico           | 100%                               | 813        | (3,722)      | (62,054)                |
| Gamesa Eólica VE, C.A.   | Service company                      | -        | Republic of Venezuela | 100%                               | 17,649     | 14,057       | (53,812)                |
| Gamesa Ireland Limited   | Service company                      | EY       | Ireland               | 100%                               | 100        | (296,900)    | (130,274)               |
| Siemens Gamesa Renewable Energy Wind S.R.L.                            | Service company                      | EY       | Italy                 | 100%                               | 100,000    | 4,066,012    | (91,826)                |
| GER Banagani, S.R.L.   | Service company                      | -        | Romania               | 100%                               | 49         | (19,688)     | (1,923)                 |
| Gamesa Eólica Nicaragua S.A.   | Service company                      | -        | Nicaragua             | 100%                               | 1,363,089  | (361,081)    | 148,170                 |
| Gamesa Israel, Ltd   | Service company                      | EY       | Israel                | 100%                               | -          | 601,809      | 417,272                 |
| Siemens Gamesa Renewable Energy New Zealand Limited                    | Service company                      | -        | New Zealand           | 100%                               | 93         | 467,215      | (25,639)                |
| Siemens Gamesa Turkey Renewable Energy Limited Company                 | Service company                      | -        | Turkey                | 100%                               | 40,793     | 2,753,666    | 434,397                 |
| Gamesa Morocco, SARL   | Service company                      | -        | Morocco               | 100%                               | 866        | 136,190      | 66,497                  |
| Siemens Gamesa Renewable Energy Limited                                | Service company                      | EY       | Kenya                 | 100%                               | 2,497      | (34,629)     | (14,390)                |
| Gamesa (Thailand) Co. Ltd.   | Service company                      | EY       | Thailand              | 100%                               | 2,832,978  | (110,300)    | 376,565                 |
| Siemens Gamesa Renewable Energy Oy                                     | Service company                      | EY       | Finland               | 100%                               | 2,500      | 2,808,250    | 99,887                  |
| BREN Israel Ltd.   | Service company                      | -        | Israel                | 100%                               | -          | 36,973       | -                       |
| Siemens Gamesa Renewable Energy Belgium, SPRL                          | Service company                      | EY       | Belgium               | 100%                               | 48,550     | (9,994)      | 8,960                   |
| Gamesa Wind South Africa (Proprietary) Limited                         | Service company                      | -        | South Africa          | 100%                               | 126,338    | (100,639)    | (36,606)                |
| Siemens Gamesa Renewable Energy, Ltd                                   | Service company                      | EY       | Mauritius             | 100%                               | 3,005      | 93,565       | 83,405                  |
| Siemens Gamesa Renewable Energy Italy, S.P.A.                          | Service company                      | -        | Italy                 | 100%                               | 570,000    | 1,932,046    | (518,870)               |
| Siemens Gamesa Renewable Energy Lanka Pvt. Ltd.                        | Service company                      | -        | Sri Lanka             | 100%                               | 36,685     | 179,721      | (142,222)               |
| Gamesa Chile SpA   | Service company                      | -        | Chile                 | 100%                               | 7,064      | 4,431,798    | 1,283,556               |
| Gamesa Uruguay S.R.L.  | Service company                      | EY       | Uruguay               | 100%                               | 882        | 3,955,221    | (2,108,332)             |
| Siemens Gamesa Renewable Energy Greece E.P.E.                          | Service company                      | -        | Greece                | 100%                               | 18,000     | 2,656,356    | (256,883)               |
| Siemens Gamesa Renewable Energy, SARL                                  | Service company                      | Other    | Mauritania            | 100%                               | 2,539      | 493,412      | 358,063                 |
| BREN Services Italia S.r.l.  | Service company                      | -        | Italy                 | 100%                               | 10,000     | (2,061)      | (2,854)                 |
| Siemens Gamesa Renewable Energy Limited                                | Service company                      | EY       | Cyprus                | 100%                               | 1,000      | 1,637,468    | (24,282)                |
| Whitehall Wind, LLC  | Project company                      | -        | United States         | 100%                               | 102        | -            | (17)                    |
| Cedar Cap Wind, LLC  | Project company                      | -        | United States         | 100%                               | 80         | 5            | -                       |
| Pocahontas Prairie Wind, LLC   | Project company                      | -        | United States         | 100%                               | -          | -            | -                       |
| Wind Portfolio Memberco, LLC   | Project company                      | -        | United States         | 100%                               | 85         | -            | -                       |
| Ecobharmony West Wind, LLC   | Project company                      | -        | United States         | 100%                               | 85         | -            | -                       |
| Gamesa Australia Pty. Ltd.   | Social company                       | -        | Australia             | 100%                               | 1          | -            | -                       |
| Siemens Gamesa Renewable Energy Installation & Maintenance, Compañía L | Distribution company                 | -        | Guatemala             | 100%                               | 577        | (2,264,528)  | (157,887)               |
| Gesa Oax I Sociedad Anónima de Capital Variable                        | Project company                      | -        | Mexico                | 100%                               | 2,330      | -            | -                       |
| Gesa Oax II Sociedad Anónima de Capital Variable                       | Project company                      | -        | Mexico                | 100%                               | 2,330      | -            | -                       |
| Gesa Oax III Sociedad de Responsabilidad Limitada de Capital Variable  | Project company                      | -        | Mexico                | 100%                               | 2,330      | -            | -                       |
| Siemens Gamesa Renewable Energy LLC                                    | Distribution company                 | -        | Vietnam               | 100%                               | 338,800    | -            | -                       |
| Gamesa Pakistan (Private) Limited                                      | Other                                | -        | Pakistan              | 100%                               | 804        | -            | -                       |
| <b>C) FORMER GAMESA COMPANIES - ACCOUNTED BY EQUITY METHOD</b>         |                                      |          |                       |                                    |            |              |                         |
| Kintech Santalpur Wind Park Pvt Ltd, Chennai                           | Development and distribution company | -        | India                 | 49%                                | 66,174     | (142,769)    | (32,190)                |
| Windar Renovables, S.L.  | Production and distributing company  | PWC      | Spain                 | 32%                                | -          | -            | -                       |
| Energía Eólica de Mexico S.A. de C.V.                                  | Project company                      | -        | Mexico                | 50%                                | 432,000    | (420,000)    | -                       |
| Windkraft Treiwetteranlagen Entwicklungsgesellschaft mbH               | Project company                      | -        | Germany               | 50%                                | 51,129     | 727,954      | 26,680                  |
| Siemens Electric España, S.A.  | Project company                      | -        | Spain                 | 50%                                | 61,000     | (509,841)    | (17,897)                |
| Energías Renovables San Adrián de Juarros, S.A.                        | Project company                      | -        | Spain                 | 45%                                | 60,200     | 5,907        | (5,775)                 |
| Generación Eólica Extremeña, S.L.                                      | Project company                      | -        | Spain                 | 30%                                | -          | -            | -                       |
| Nuevas Estrategias de Mantenimiento, S.L.                              | Service company                      | Deloitte | Spain                 | 50%                                | -          | -            | -                       |
| Baja Wind US LLC   | Venture Capital Investment           | -        | United States         | 50%                                | 1          | -            | -                       |
| Energía Renovable del Istmo S.A. de C.V.                               | Operation of wind farms              | -        | Mexico                | 50%                                | -          | -            | -                       |



CARLOS RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302 A, SECRETARY OF THE BOARD OF DIRECTORS "SIEMENS GAMESA RENEWABLE ENERGY, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222 WITH EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFY:

That the text of the annual accounts for 2017 of SIEMENS GAMESA RENEWABLE ENERGY, S.A., authorized for issue by the Board of Directors at its meeting held on November 30, 2017, is the content of the preceding 55 sheets of unstamped paper, on the obverse only, and for authentication purposes, bear the signature of the President and the Secretary of the Board of Directors on its first sheet and the stamp of the Company in the total remaining sheets.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

\_\_\_\_\_  
Rosa María García García  
Chairwoman

\_\_\_\_\_  
Markus Tacke  
CEO

\_\_\_\_\_  
Carlos Rodríguez-Quiroga Menéndez  
Secretary of the Board of Directors

\_\_\_\_\_  
Lisa Davis  
Member of the Board of Directors

\_\_\_\_\_  
Swantje Conrad  
Member of the Board of Directors

\_\_\_\_\_  
Klaus Rosenfeld  
Member of the Board of Directors

\_\_\_\_\_  
Sonsoles Rubio Reinoso  
Member of the Board of Directors

\_\_\_\_\_  
Ralf Thomas  
Member of the Board of Directors

\_\_\_\_\_  
Mariel von Schumann  
Member of the Board of Directors

\_\_\_\_\_  
Gloria Hernández García  
Member of the Board of Directors

\_\_\_\_\_  
Michael Sen  
Member of the Board of Directors

\_\_\_\_\_  
Andoni Cendoya Aranzamendi  
Member of the Board of Directors

\_\_\_\_\_  
Alberto Alonso Ureba  
Member of the Board of Directors

Statement by the Secretary of the Board of Directors to let the record reflect that: (i) Ms. Lisa Davis and Mr. Ralf Thomas do not sign this document as they have not physically attended the meeting of the Board of Directors due to force majeure; that (ii) both have delegated their representation and vote for the items included in the agenda to the director Mr. Michael Sen, and that (iii) Michael Sen, who holds an express authorization conferred for these purposes by the aforementioned directors, has signed this document on their behalf. It is also stated that Mr. Klaus Rosenfeld attends the meeting by telephone and therefore he does not sign this document and that Ms. Swantje Conrad has signed this document on his behalf in virtue of an express authorization conferred for these purposes by Mr. Klaus Rosenfeld.

Madrid , November 30, 2017. In witness whereof

Approval of the Chairwoman

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Rosa María García García  
Chairwoman

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Carlos Rodríguez-Quiroga Menéndez  
Secretary of the Board of Directors