SPEECH FOR MARKUS TACKE, CEO
ANNUAL GENERAL MEETING
MARCH 23, 2018

Dear shareholders, ladies and gentlemen, *señoras y señores*,

It is a great pleasure and honor for me to welcome all of you to this year's Annual General Meeting of Siemens Gamesa Renewable Energy. It is also a pleasure to welcome you to Zamudio, here in the Basque Country – the home of our global company.

This is my second time to speaking to you from this stage. Much has changed since our meeting of 2017.

As Rosa García, Chair of our company's Board of Directors, said a moment ago, this past year has been defined by "continued progress in building our company and laying the foundations for the future".

I would like to report to you on these changes: on the steps our company has taken to become stronger and better.

It's been a busy year, and we all know there have been some bumps in the road. But the important question is not "Were there bumps in the road?" The important question is "Are we on the *right* road?"

I'm confident that we are!

So, in addition to a review of this past year, I'd like to look forward. I'd like to tell you where we're going and how we intend to get there.

We have ambitious goals, and a clear plan on how to reach them. But if we're going to succeed, we will need your continued support. I hope that we can continue to earn that support.

REVIEW OF 2017

Let's begin with a look back. The past year was exceptionally busy. And yes, there were some problems we had to tackle. Allow me to put these issues into context.

When I was appointed CEO, one month after the merger date, there were a number of problems that had already become quite urgent.

1. The freeze of the Indian market on the back of the disruptive transition from feed-in tariffs to auctions in February of 2017. The Indian market represented approximately 30% of Gamesa's revenue, and an over-proportional part of its profit, making this a serious issue for our company.
2. The Adwen situation. The matter was analyzed in depth by three independent experts. Quality deficiencies and a difficult contractual landscape made a significant increase of the existing provisions necessary.
3. Inventories, which had to be dealt with through write-downs during Q4 in response to fast-changing market conditions. This led to an adjustment of the evaluation of assets in India, the U.S., and South Africa.

When these problems became apparent, we had to react quickly. Each of these problems had the potential to seriously impact our business.

Looking back, it's clear that the approaches we took were the right ones. And today I am pleased to report that all three issues are now under control.

As shareholders, I know that many of you were concerned by the movement of our share price during the last fiscal year.

Yes, the performance of our share price post-merger was disappointing. This must be seen in context.

The problems I just mentioned clearly had an impact on our share price. But despite these problems – and taking into account the impact of our extraordinary dividend – the performance of our share price was in line with overall wind market trends.

The entire wind power sector went through a period of transition last year.

Over the course of 2017, we saw wind power evolve into a mainstream energy, as prices dropped to record lows. This was the result of developments on both the supply and demand sides.

On the supply side these price drops were was driven by continuous technological improvements, further consolidation, and improved energy integration through digitalization and new storage solutions. Meanwhile, on the demand side, we saw a sustained commitment to renewable energy, high liquidity in the market, and low funding costs.

The transition to auctions in several major markets created a process that resulted in record-low prices. These low prices contributed to a very dynamic market; a market poised for growth.

Recent developments lead us to believe that the price development will return to more normal levels experienced in the past.

Looking ahead, we expect the onshore market to grow at 5% until 2020; the offshore market will grow by 13% by 2025. For Service, the market size will increase by 11% by 2020. It is our intention to out-perform this growing market.

Meeting the expectations of the market and investors is a priority for our company. As Rosa said, we were the first company in our industry to fully grasp the changes taking place in the market. We were the first to report to the market on the developments that we saw, and we were the first to respond. This may not be immediately reflected in short-term share price activity. But it gives us an important head-start over our competitors.

Looking back, it is also clear that we merged at the right time. As I've said before, had we not merged when we did, it would have been exceedingly difficult for both of our former companies to withstand the market turbulence of this past year. We are definitely on solid ground and the rationale for our merger has been strongly confirmed throughout the integration process.

This rationale brings us a great advantage in comparison with our competitors, as Rosa has already mentioned. But due to its importance I would like to highlight it also: our size and scale; our unmatched business and geographic diversification; our technological leadership; and the extraordinary synergy and transformation potential resulting from the merger.

Scale is essential in today's global marketplace. Thanks to our merger, we now have the scale and strength to compete in this market and to deal with its risks.

Second, we are highly diversified, both geographically and in terms of our business. We are the only company that operates successfully in all three areas: Onshore, Offshore and Service. And we have established a geographic diversification that puts us close to customers and builds on global supply chains that extend into all regions.

Our third competitive advantage is our technological leadership. We are uniquely qualified to offer award-winning products for all wind and geographic conditions and customer needs. Few other companies can offer this type of product flexibility.

Finally, we're ahead of our competitors because of the synergy and transformation potential of our merger. We anticipate synergies of at least 400 million euros annually by 2020!

These advantages provide us with extraordinary strengths to build on.

Let's take a closer look at some of the decision we've taken. As we look back over the past months, there are a number of important steps that we took to stabilize our company and prepare for the future.

In every merger, much of the initial period after two companies come together is taken up with various integration and stabilization efforts. In our case, this integration work began immediately on Day 1, and proceeded very efficiently.

This integration work was overseen by our Integration Management Office, which managed the process of bringing our two organizations together, taking the best of each, fusing it together into a highly effective and unified organization. Our integration measures have aligned our various departments, while at the same time allowing our business to continue to operate seamlessly.

For example, even as our global sales organization was being integrated, their vital work continued uninterrupted, bringing our products to market and bringing in new business. The agreement we entered into in July, to supply 94 of our 8 MW offshore turbines for the Borssele 1 and 2 wind power plants in Dutch waters, stands out as just one excellent example of this business continuity.

Integration work is of course ongoing. But as of today, more than 90% of integration decisions have been taken, with all key business decisions closed.

One of the most important decisions we made was with regard to our product portfolio. Not surprisingly, when our two companies merged there was a degree of duplication in our combined product offering. We were determined to take the best from both organizations – and we did so.

In November at Wind Europe in Amsterdam, we announced an important decision to streamline our product portfolio. Going forward, our Offshore products will use our Direct-Drive technology. Our Onshore products will be geared.

This "One Segment/One Technology" approach enables us to serve new and existing markets with greater efficiency. In our Onshore portfolio, for example, we have gone from 25 variants to nine! This allows us to achieve significant savings in the production and design stages, as well as during service and maintenance. All of this means lower costs to customers and ultimately to consumers.

A third area where we've been very active is efforts to enhance our company's global set-up and footprint.

Rosa Garcia has told us about the promising future of renewable energy globally.

We are determined to be part of this growth. We are well established in existing markets. We intend to maintain and increase our markets share in these countries. And we aim to become a reference OEM in new markets.

We've taken steps to improve our supply chain and manufacturing footprint. In some markets we did not see strong prospects for short-term growth, and we determined that these markets could be served by factories in adjacent countries. On the other hand, there are new markets where growth prospects are strong, including in North Africa, the Middle East and the Asia Pacific region. We therefore acted decisively and, in record time, built a new blade factory in Tangier, Morocco. This is the first blade plant in Africa and the Middle East and will produce blades for export to Europe, and throughout Africa and the Middle East.

We are also engaged in company-wide restructuring efforts, affecting up to 6,000 employees in 24 countries, in an effort to ensure that we are responding to changing market demands and dynamics. As technology advances, and markets evolve, our internal structures and set-up must keep pace with these changes. In this context, the adjustments to our set-up also ensure that we have the right people, in the right locations, with the right skills. This is essential in today's competitive environment.

Finally, there were a number of changes in our senior management team. Many of the people who managed the merger saw that transaction as the concluding chapter of their work. Some people took the decision to move on, partially taking advantage of attractive conditions offered by 'change of control' clauses.

The team we now have in place is the right team to take our company forward:

- Miguel Ángel López, our CFO
- David Mesonero, our Managing Director of Corporate Development, Strategy and Integration
- Jürgen Bartl, our General Secretary
- Andreas Nauen, who serves as our Offshore CEO,
- Mark Albenze, our Service CEO
- And Ricardo Chocarro, our Onshore CEO

<u>This team represents a strong balance of nationalities and backgrounds. And it brings together a remarkable amount of experience, energy and expertise.</u>

This is a team built for the future; built to lead. And it is the team that developed the Strategic Plan that we announced at our Capital Markets Day in February and which serves as our roadmap going forward.

FINANCIAL REVIEW

Ladies and gentlemen, let me now provide you with a brief overview of our financial performance this past year.

SHARE PRICE

2017 was a transitional year for our company and our share price reflected this fluidity. As I mentioned before, the share price declined in the months following the merger, as various factors impacted our financial performance.

During the last fiscal year, our share price dipped to a low of just above 9 euros. Since then, it has recovered significantly, gaining more than 40 percent.

This gain reflects the recovery in order intake as well as the market's growing confidence in the decisions being taken to improve our performance, and our Strategic Plan.

Let me now turn to our financial performance in fiscal 2017

Pro-forma figures for the last twelve months are as follows:

Our revenue stood at approximately 11 billion euros. That represents approximately a 5 percent increase than in the twelve months to September 2016 when the comparable figure was 10.4 billion euros.

Our underlying EBIT, pre-PPA, was 774 million euros – an 18 percent decline from the comparable figure for fiscal 2016.

Our underlying EBIT margin, pre-PPA, was 7.1 percent. This is two percentage points lower than in fiscal 2016, when the EBIT margin was 9.1 percent.

Excluding the inventory impairment, which has no cash effect, underlying EBIT, pre-PPA, amounted to 909 million euros. This is equivalent to an EBIT margin of 8.3 percent, 0.8 percentage points lower than in the same period of the previous year.

On February 15th, we presented our business plan, designed to deliver global leadership. It sets the foundations for sustainable and profitable growth in the years ahead, and it includes clear growth and profitability targets to be achieved by 2020:

- Increasing the top line by growing faster than the market in both MW and EUR
- Achieving an EBIT margin excluding PPA and Integration & Restructuring costs in the range of 8-10%
- Managing CAPEX to less than 5% of sales
- Generating positive cash flow every year
- Enhancing capital efficiency with a ROCE in the range of 8-10%
- A dividend policy of 25% of net income

With our targets clearly established, and our strategic plan in place, we must now shift our focus to *action*. A plan is only as good as its execution.

Looking ahead, it's time for us to be more agile: to shift gears. It's time for a sharp and determined focus on growth.

In order to out-perform the market, we will further increase customer proximity and enhance our flexible offerings. This includes more effective account management and more targeted market strategies.

Also, we will continue to explore adjacent business fields like solar PV & Hybrid, storage, and offgrid solutions.

Transformation is essential, as we pursue our goal of offering best-in-class LCoE. This remains our core value proposition. To achieve this, we are looking at an aggressive cost-reduction target of 2 billion euros by 2020. We anticipate that a minimum of 400 million euros of this will be achieved through synergies, the remaining 1.6 billion through productivity enhancements. The streamlining of our product portfolio is a crucial basis for these cost savings.

The third lever of our business program is Digitalization. It's clear that digitalization is transforming our world – and it's also transforming our industry, changing the way we build and operate wind turbines. We intend to use digitalization more effectively in maintenance services, with things like self-diagnostics and predictive maintenance, to enhance performance, lower costs, and increase our market share.

We will more effectively deploy design through installation, allowing faster time-to-market and a leaner set-up, both of which contribute to cost-savings. And turbine operation will also change, as 'smart turbines' engage in real-time part optimization applying information from the site and energy market environment. This is a clear differentiator for our customers.

CHANGE MANAGEMENT/PEOPLE & CULTURE

Finally, let's take a closer look at People & Culture. It is essential, particularly at a time like this, that we remain focused on our single most important asset: our people.

Our company has a remarkably talented and passionate team of employees. The best in the business! For a merger like this to succeed, it is vital that we build a corporate culture that brings all of us together. One key element of building a strong, united team that pulls people together is identifying and embracing a common set of values. We've done that.

Our strategic values are:

- An orientation on results
- A strong customer focus
- And a commitment to innovation

It also requires enabling values – and these, too, are in place:

- Effective, impactful leadership
- A company-wide and deep ownership attitude
- And valuing people

Another key element is strategic capability management: attracting the right people, not only for our work today but for tomorrow – for example digital competence. And of course we need also to retain the best people through effective talent management, by being a global, forward-looking, globally- engaged company. I'm confident that we have the right team to achieve our goals.

Let me conclude by emphasizing three final points.

First: despite the disruption and challenges of this past year, our business continued to operate at a high level. We have not allowed ourselves to be distracted by internal issues. Proof of this is our recent record of wins.

Our Offshore business won an order to supply 1.4 GW to Ørsted for Hornsea, the world's largest offshore wind farm in the UK. We will also supply 950 MW to Vattenfall for three offshore projects in Denmark. And we are supplying 752 MW to DONG Energy in the Netherlands.

Onshore, our achievements this past year were equally impressive.

We've signed an agreement to supply up to 1 GW in Turkey. We continue to lead the Indian market, with the construction of a 200 MW turnkey wind project. Our performance in the U.S. market continues to be strong with approximately 1.5 GW of order entry since the merger. And we've re-enforced our presence in Asia with a new order for 300 MW in China, one of the largest ever in this market, as well as the largest-ever order in Thailand for 260 MW. In India we also won the first order for a hybrid wind-solar project.

Let's make sure we don't overlook the successes we've had – and there have been many!

Second: we are a global company with products and technology installed in more than 90 countries. We have our headquarters in Spain, here in the Basque Country. In addition, we have an R&D centre, manufacturing facilities and a strong supply base in the region. We are proud of our roots in the Basque Country, and we greatly appreciate the favourable industrial environment which we're also happy to contribute to.

Finally, let me once again express my gratitude for your confidence in our company. Together, we have completed a number of very challenging tasks this year. Now it's time to look forward – and the future ahead of us is bright. It's time for us to take advantage of our strengths, to reap the rewards of our hard work and to seize the opportunities before us.

When we succeed, it's not only our company and our shareholders who benefit. Clean, affordable, reliable power helps to build a stronger world, providing real and lasting benefits to people and communities across the globe. That's a mission I take very seriously.

I'm very confident that we have a bright future ahead of us! And I'm looking forward to sharing it with you.

Thank you.