

2016 Annual General Meeting

Zamudio, 22 June 2016

Ignacio Martín,

Executive Chairman of Gamesa

Dear shareholders,

It is my personal honour to address you at such a special time for Gamesa. I think it is safe to say that we are at an historical juncture:

- On the one hand, we are celebrating 40 years from Gamesa's creation.
- On the other, as you are all aware, we have just announced the merger between Gamesa and Siemens's wind power business.

Allow me to talk to you about the agreement reached with Siemens a little later on and to focus for the time being on the present.

I would like to start my speech with a few words of gratitude for Gamesa's founder, Juan Luis Arregui, who, as a member and Vice-Chairman of the Board of Directors, is here with us at today's general meeting.

We are very fortunate to have such a talented businessman as Juan Luis in our boardroom. He brings strategic vision, experience and a human touch. Over the past 40 years he has played a key role in transforming the company into a success story, a story of growth and profitability.

He laid the foundations of what Gamesa is today and throughout the last four decades, during which time he has always been associated with the group, Juan Luis has strived to keep Gamesa's essence intact. I can personally vouch for the fact that the strategy rolled out in 2012 was shaped by the principles Juan Luis embedded into this company.

My heartfelt thanks!

Gamesa's evolution since 2011: *Back to basics*

In order to analyse the present and the challenges that lie in store, it is always useful to cast our minds back in time. I won't go all the way back to when it all began, in 1976, just to 2012, the year in which you placed your trust in me for the first time.

You will recall that the 2012 general meeting took place against a very different backdrop to the one the company enjoys today: we were going through very difficult times and were forced to take hard decisions which implied radical change in the business model and management.

The objective, ladies and gentlemen, was to ensure Gamesa's survival and we did this by going back to basics, namely recovering our essence as an industrial and technological company with a clear focus on customer service, profitability, cost control, financial discipline and continuous improvement.

All of which with a view to readying the company for the future growth we were certain would arrive. These changes were not easy to execute because they entailed sacrifices which affected our people, ours and any company's most valuable asset.

Allow me to insist that these changes were not based on complicated theories or sophisticated management systems: more simply, they were the result of looking back to dig out our roots as a well-managed company, one that was, most importantly, people oriented. Anyone who forgets this last tenet, the fact that we are a people organisation, is destined to fail, one way or another.

These then are the principles that have guided us during these last four years and that have made Gamesa a sector benchmark today, a leader on account of its number-four ranking in the onshore OEM market but also on account of its management and leadership model.

Gamesa in 2015: launch of the 2015-2017 Business Plan

Next let me turn to the present.

Before weighing up the events of 2015, I would like to allude to the global economic environment, which as you all know, was more sluggish than initially expected.

The developed economies extended their slow recovery. Growth in the emerging economies, meanwhile, slowed. These trends are continuing so far in 2016: a global panorama marked by economic and social uncertainty is not something to be glossed over.

Global demand for wind power was not, however, affected by this macroeconomic context. To the contrary. Demand rose by 22%, with 63 GW of capacity installed in 2015, underpinned by reasonable financing conditions, growth in energy needs in emerging economies, enhanced regulatory visibility and a more robust political commitment to renewable energy. Another important factor was the increasing competitiveness of wind power, enabling it to compete in cost of energy terms with traditional less environmentally-friendly sources.

Against this backdrop, having delivered our 2013-2015 Business Plan targets ahead of schedule, we unveiled our new Business Plan in June of last year. The goal of this new plan, which runs until 2017, is to consolidate our profitable growth trajectory, gain scale without sacrificing profitability or financial discipline and, in short, accelerate value creation for all of you, while continuing to offer an attractive dividend policy.

In 2015 and so far in 2016, we have been focused on execution and delivery of this plan. And I am proud to say that we have successfully completed year one, harvesting results which have topped all forecasts, enabling us to bring the guidance initially set for 2017 forward by one year. I would like to extend my thanks to all those who, with considerable effort, are making this possible, most especially the employees who I am pleased to see here today in their capacity as shareholders.

As I mentioned earlier, Gamesa took advantage of rising demand for wind power to make progress on its business plan priorities. Next I will outline some of the milestones achieved last year.

1) Leveraging business opportunities

Firstly, Gamesa - thanks to its markedly global footprint - continued to work hard to **leverage the business opportunities that arose**, entering new markets such as Kuwait, Thailand and Jamaica, lifting our presence to 55 countries in which we have installed 27,100 turbines with aggregate capacity of 32.5 gigawatts.

This international expansion effort is the result of the company's solid business strategy, which is underpinned by:

- ✓ diversification, by both geographies and customers;
- ✓ a broad and competitive product and service offering;
- ✓ excellent end-to-end management of the entire value chain.

Combined, as I have already mentioned, these levers have placed Gamesa in fourth position in the global ranking of onshore wind turbine OEMs (with top-10 placement in all regions), according to the latest Make Consultancy figures.

This business positioning also drove revenue higher: in 2015 Gamesa registered double-digit revenue growth to €3.5 billion. In parallel, order intake momentum gathered traction: the orderbook at year-end stood at 3,197 megawatts, injecting significant visibility into our ability to deliver our sales targets. These figures, coupled with the operations and maintenance orders, yield a contract portfolio worth €5.4 billion, an all-time record for Gamesa.

At this point, I would like to highlight the strong contribution to sales by the newest-generation products: the G114-2.0 MW and the G114-2.5 MW, which are garnering a growing share of new orders, namely 50% in 2015, compared to 26% in 2014. This demonstrates that the product decisions we have been taking have been the right ones.

2) Fine-tuning the competitiveness of the product and service portfolio

Related to this snapshot of how well new platforms are being received in the market, another of our strategic priorities consists of **boosting the competitiveness of our products and services** in order to fortify our global profile.

In this respect, in 2015, we presented two new wind turbine models and platforms: the G126-2.5 MW for low wind speeds and the 3.3 MW platform, for which the first prototype will be ready in 2016, with mass production slated for 2017. These developments give Gamesa access to 100% of the onshore market and enhance its positioning in markets in which a 3-MW turbine is essential, such as Canada, South Africa, Australia and northern Europe.

Turning to the operations and maintenance division, in 2015 we embarked on a management plan designed to counteract the downward pressure on prices and contract scope in emerging markets in order to guarantee, first and foremost, profitable growth. This effort is being helped by the rollout of cost-cutting programmes such as Diagnostika, Craneless and TROM. In addition, our investment in NEM Solutions, in which we have taken a 50% stake, will enhance our positioning in the services segment by leveraging big data opportunities.

3 & 4) Focusing on profitability and capital structure strength

Until now I have talked to you about growth; however, I want to stress that at Gamesa growth must be accompanied by **profitability and a robust capital structure**: i.e., we do not prioritise volumes over profitability. We always say we want to be a great company, but not a big company. What's more, I can assure you that we are capable of delivering growth without sacrificing margins, of maintaining a breakeven level that would enable us to remain profitable even if demand were to contract.

Gamesa drives cost cutting by keeping its fixed cost structure in check, albeit aligned with its expected business needs, and championing continuous improvement programmes that target variable costs. These lines of initiative enabled us to end the year with a recurring EBIT margin of 8.4%, which is 1.7 percentage points above the 2014 margin.

In tandem, efficient financial management all year long enabled us to secure enough financing by year-end 2015 to cover our needs beyond the current business plan horizon, bolstered by a moderate working capital requirement, modular capex and a net cash position of €301 million. All of which highlights the fact that operational excellence is part of Gamesa's DNA and that we are unwaveringly committed to balance sheet strength.

5) Searching for opportunities to complement the onshore business

The last axis of our Business Plan is a nod to new opportunities that lie in store. As a result, throughout 2015, Gamesa made progress on its **search for alternatives that add to the onshore business** and facilitate the company's growth and value creation beyond the horizon of the current business plan.

As a result, in 2015:

- Gamesa established a foothold in the photovoltaic solar power business in India, a line of business that complements the wind power chain to a significant degree. Gamesa has already installed 68 MW of solar power in India and will install a further 92 MW throughout the remainder of this year.
- Another of these identified add-on opportunities is the firm's still-incipient offgrid business for the supply of power to remote areas without access to the grid, such as islands, mines and certain rural areas.

In 2015, Gamesa focused on the development of a prototype in Aragón, which we inaugurated in early May 2016. Development of this system represents another milestone in Gamesa's quest to resolve energy needs in a sustainable manner, generating cheaper and cleaner power.

At present over 1.2 billion people lack access to electricity and where there is no electricity there is no lighting, no security, no sustainable agriculture, no equality and no well-being and here at Gamesa we are all about development. There is no doubt in my mind that electricity is key to the development of humanity, one of the ways in which the future will be shaped in terms of quality of living, sustainability and environmental balance.

In short, in 2015, execution of our business plan enabled Gamesa to top our guidance by posting a net profit of €170 million, which is nearly twice the 2014 figure, driven by revenue of €3.5 billion and a recurring EBIT margin of 8.4%.

As already mentioned, this earnings performance has also enabled us to bring our guidance for 2017 forward by one year with the aim of accelerating shareholder value creation and offering compelling remuneration underpinned by a dividend payout ratio of at least 25% of profit.

As you can see in the presentation, our new sales target for 2016 calls for a sales volume of over 3,800 MWe, compared to original guidance for 3,500 - 3,800 MWe, initially slated for delivery next year. In parallel, astute cost and financial management has paved the way for new margin guidance for 2016: we are now looking for an EBIT margin of 9% or higher, compared to an initial target of 8% in 2017, and EBIT of over €400 million in absolute terms.

This strong earnings momentum continued in the first quarter of 2016; the first-quarter results point to delivery of these new targets, underpinned by record sales volumes and revenue (of €1.06 billion), an order intake in excess of 1,000 MW, milestone margins and an improvement in our annualised ROCE to 19%.

These achievements have been applauded by the markets. Gamesa's share price gained 109% in 2015, ending the year at €15.82, despite the correction in most stock market indices in 2015. Year-to-date in 2016, the rally has continued: our share price closed at €17.30 yesterday, up 9.5% for the year.

In addition to these share price gains, Gamesa earmarked €23 million of cash to paying dividends from 2014 profits, specifically paying out 8.25 cents per share in July 2015. For this year the motion presented at today's general meeting is to pay a total of €42.56 million from 2015 profits which would translate into a cash dividend of 15.24 cents per share.

Gamesa, committed to society

So far I have talked about numbers and managerial achievements. But it is also worth highlighting our social performance, having demonstrated our commitment to sustainable development as the way to generate value for all of our stakeholders.

We are firmly committed to society's development and progress, to which end in 2015 we presented a new Master Corporate Social Responsibility Plan for 2015-2017 which complements the Business Plan and is articulated around programmes designed to improve how we meet all of our stakeholders' expectations.

Gamesa is an important driver of economic progress in its business communities. In 2015, the company earmarked almost all of the €3.5 billion of economic value it generated to its stakeholders, driving industrial development by means of its capital expenditure effort and supplier purchases, as well as generating tax revenue for the various governments and making a contribution to the stability of local economies.

Allow me to refer one by one to our stakeholders, starting with our **employees**. They are the key to Gamesa's success. We are and want to continue to be a people-oriented company. The company's strong performance is the result of the hard work and professionalism of our team, made up of nearly 8,000 people worldwide.

That is why we prioritise talent training, management and retention and strive to nurture and protect diversity and gender equality, essential at a company with people of 54 different nationalities. This diversity is what makes Gamesa more innovative, creative, sensitive and committed.

Specifically in 2015 we consolidated various career development and talent programmes. Here is it worth mentioning the lengths the company is going to in order to increase the number of women within the organisation. In fact we have set ourselves the target of increasing the number of women in pre-management positions from 19% today to 25% in 2018 and in management positions (including the female presence on the management committee) from 9% to 20%.

Other noteworthy programmes include the High Potential, Gamesa Leadership, Gamesa Premium Scholarships, Mentoring, International Mobility and Promotion Programmes.

Our employees' commitment was also reinforced by taking our workplace health and safety efforts - a corporate priority - further. In 2015, the key performance indicators tracking these

variables registered further improvement while we continued to implement next-generation systems designed to guarantee the continuity of these standards going forward.

As part of our employee relations effort, in 2015, we set up a committee for monitoring the Global Labour Agreement signed with the firm's Spanish unions and IndustriALL Global Union to foster the application of good social, labour and environmental practices company-wide.

Gamesa also signed the first collective bargaining agreement covering office workers which applies to all office employees in Spain, a group of nearly 2,000 people. This agreement marks a milestone for the company as it establishes a single framework for all of its office workplaces in Spain and improves these employees' working conditions.

Next I would like to single out the work Gamesa performs daily to strengthen the company's **customer relations**. Gamesa works tirelessly to satisfy customer needs optimally, reliably and competitively.

Evidencing this ambition, the company worked throughout 2015 on a specific action plan, developed in close collaboration with its customers and focused on identified areas for improvement.

In order to make good on our customer service pledge, Gamesa has an extensive and professional network of **suppliers**. Gamesa is striving to build a supply chain that is not only competitive but is also ethical, responsible and sustainable.

Indeed, one of the programmes which Gamesa's 2015-2017 Master CSR Plan pivots around is the responsible development of its supply chain. Gamesa is working on a system for registering, classifying and controlling suppliers in order to evaluate their contribution to the company's strategic objectives.

Gamesa has more than 9,528 suppliers worldwide and purchase volumes topping €3 billion, concentrated in Spain, India, China and Brazil. The company also fosters its suppliers' global development by offering them the possibility of supplying beyond their home markets to other regions in which Gamesa has business operations.

In parallel, Gamesa plays an active role as an **agent of social change** through its community work programmes in which our employees are assiduously involved; in 2015, these employee-instigated initiatives focused on India, Mexico and Spain and the fields of healthcare, education, care for the environment and infrastructure development. For example, in India, through a football programme, we have created schools for children which combine classroom education with education inspired by the values of sport.

On the **environmental front**, Gamesa is determined to become an industry leader, setting itself the target of becoming a carbon-neutral company by 2025 and championing a more sustainable energy paradigm.

All of these initiatives are aimed at driving the company's development by deploying a responsible business model which, coupled with our financial performance, the commitment of our employees and the trust of our customers, shareholders and investors, will enable us to meet all of our objectives and continue to contribute to progress across our business communities.

Culture of transparency

Good governance is another priority element of Gamesa's pledge to uphold its various stakeholders' interests.



In order to promote its desired culture of transparency, in January 2015, Gamesa overhauled the Ethics and Compliance Department, which reports directly to the Audit and Compliance Committee. This Department's mission is to ensure application of and compliance with our Code of Conduct and Crime and Fraud Prevention Policy.

At the heart of our governance efforts is our Board, which we fortified in 2015, increasing the number of seats from 10 to 12, as approved at the 2015 AGM. This has brought new skills into the boardroom to ensure appropriate business oversight and foster broader debate before decisions are taken.

Moreover, the Appointments and Remuneration Committee was split into two independent committees, in keeping with recommendation 48 of Spain's Good Governance Code, guaranteeing better governance and excellent management. I would also like to call your attention to the improvements made to our body of in-house regulations and corporate policies (as many as 15) during the year; they define a common management framework while respecting the idiosyncrasies of our operating regions.

Lastly, to wrap up this section of my speech, and as you are already aware, today we are asking you to ratify the motion to re-elect Gema Góngora and Sonsoles Rubio as proprietary directors and my own re-election as executive director.

My thanks to all of the members of the Board for their commitment and dedication to Gamesa.

Outlook

Having weighed up our solid performance in 2015, I would like to spend the next few minutes talking about the macroeconomic environment in general and the outlook for wind power more specifically.

Despite scant economic growth, as I mentioned earlier, the outlook for wind capacity remains upbeat, driven by the energy needs of less developed economies and global support for renewable sources of energy. Demand growth is expected to be stable until 2024, by which time the world is expected to be home to more than 600 GW of installed wind generation capacity.

During the recent COP 21 conference in Paris, 195 countries presented voluntary emission-cutting targets; in order to achieve them, around 100 of these countries proposed increasing the contribution of renewable sources in their energy mixes, specifically referring to wind power.

At this juncture I'd like to briefly overview the outlook for each of Gamesa's core markets. As you know, Gamesa's global footprint is well diversified. It has a significant presence in emerging markets, such as India, Latin America and Asia, which account for close to 70% of our sales volume. This is complemented by a noteworthy presence in mature markets, particularly the US and Europe, which account for 30%.

First let me refer to Asia-Pacific, the world's largest market, with installed capacity of 175 GW and the highest growth forecasts in the short, medium and long term, led by China, which has already installed over 145 GW and plans to get to 200-300 GW by 2020.

Gamesa boasts a prominent position in this region, with a priority focus on China, a market that is not easy for foreign OEMs to penetrate. Nevertheless, in 2015 we ranked as the number-one non-Chinese OEM in terms of capacity installed during the year. China is, alongside Spain, the hub from which we produce for and supply to other regions, accounting for 13% of our sales volume.

India, meanwhile, is the second-largest market by installed capacity, at 25 GW to date, a figure it plans to lift to 60 GW by 2022. In this market, Gamesa emerged as the number-one OEM for the third year running, with a market share of 34%, bolstered by the combination of a local team with deep market knowledge, the introduction of products custom-configured for the country's characteristics, a solid manufacturing presence and an extensive network of local suppliers.

However, just as important - in my opinion - as this business success, are Gamesa's achievements on the community work front, thanks to a country-specific programme focused on working with local communities on initiatives designed to promote education, healthcare, housing and social inclusion.

Latin America is another of our priority markets, particularly Brazil and Mexico, countries in which we are similarly top ranked.

Installed capacity in Latin America stands at 15 GW, the largest markets being Brazil (with almost 9 GW) and Mexico (with 3 GW). According to MAKE Consultancy, these two markets are among the 10 countries set to install the most capacity between now and 2024.

Despite the prevailing economic and political uncertainty in Brazil, its wind market presents solid fundamentals, which, coupled with the nation's energy requirement and favourable wind resources, bodes well for growth. According to the Global Wind Energy Council, Brazil will install between 12 and 13 GW during the next five years, which would make wind energy the second biggest source of power generation in 2017.

In Mexico, meanwhile, the electricity sector reforms initiated in 2015 include a commitment to having 35% of the energy mix come from renewable sources by 2024. This objective marks a significant milestone for the wind industry, with some analysts forecasting annual installations of over 1 GW from 2016, so that installed capacity would jump from 3 GW at present to 15 GW by 2024.

We also rank among the top five OEMs in the US and EMEA markets, having secured orders for the installation of our turbines in Germany, the UK, Poland, France, Italy and Egypt in 2015.

In the US, renewal of the wind investment and production tax credits for the next five years had a positive impact on sector investment. Current medium and long-term forecasts rank the US as the world's second largest market, behind China; the US is expected to install over 50 GW over the next decade.

Europe, with cumulative installed capacity of close to 148 GW, ceded leadership of the global wind power market to China in 2015 as a result of the slowdown in Europe's economies, pared-back aid for renewable investments and market maturity. It remains, however, a significant market, installing over 10 MW per year.

As for Spain, as you all now, our home market continues to account for 10% of overall revenue thanks to the contribution by the operations and maintenance service division. Although we did not install any new capacity in 2015, our strategic commitment to Spain is clear-cut, as is evident in its status as our main production centre and supply hub for the rest of the world, as well as being home to our R&D efforts.

To illustrate this commitment, I would like to highlight the reinforcement of our manufacturing presence last year with the addition of a third production line at the blade factory in As Samozas (in Galicia) to enable the production of blades for the 2.0 MW and 2.5 MW G114 turbines. The expansion of this facility is paving the way for around 100 new hires.



In short, although turbine sales have not been meaningful in Spain in recent years, this market remains our headquarters and our main manufacturing and supply base, with 13 factories, close to 4,000 employees and nearly €900 million of purchases from local suppliers.

Our performance in 2015 and year-to-date in 2016, coupled with the outlook for the wind power market, foreshadow a promising future for Gamesa.

Siemens agreement

Looking forward, however, Gamesa is set to assume a scale that marks a step change from its current size. I am of course referring to the transaction with Siemens we announced last Friday, specifically the merger of the two companies' wind power businesses to create a leading global player in the sector.

I can assure you that this merger will enable us to acquire scale and enhance our competitive leadership, which in today's - increasingly mature - wind industry will translate into advantages.

I would like to stress the fact that this transaction is a merger of equals, the union of two companies with highly complementary businesses in terms of both their geographic footprints and their portfolios of products and technologies.

The sum of their parts will create **one of the leading global players in both the onshore and offshore segments**; a single company with a single business and management strategy, a global reach that takes in all the main wind markets, an industrial presence on all five continents and a benchmark shareholder roster including Siemens, which will hold a 59% interest, and Iberdrola, with 8%.

From this podium I would like to highlight the strategic commitment to Gamesa displayed by the company chaired by Ignacio Sánchez Galán.

I would also like to underscore Gamesa's commitment to maintaining its ties with Spain, with the Basque region and the other regions in which we are present. As you all know already, the company resulting from the merger will continue to be headquartered in Zamudio. Its onshore business will have its corporate offices in Spain, while the offshore business will have its corporate base in Germany and Denmark.

Moreover, the company, which will continue to be listed on the Spanish stock exchange, will boast a team of 20,000 professionals, headed up by myself as CEO of the newco.

I sincerely believe that we all have reasons to feel proud of this agreement with an industrial group of the calibre of Siemens, as it evidences the professionalism and hard work of the company's employees while endorsing our fundamentals and business model.

The transaction will **maximise the benefits for everyone comprising Gamesa**: shareholders, employees, customers and suppliers alike.

Existing shareholders will receive a special dividend of €3.75 per share.

Our customers and suppliers will continue to work with the company, one that is stronger than ever, has an even broader geographical reach and a presence in both the onshore and offshore businesses, all underpinned by an even more extensive product and technology portfolio.

Our employees will belong to a bigger group, one focused on profitable growth and better prepared to compete in a global market.



We expect the transaction to close in the first quarter of 2017 and will be asking for your approval at an upcoming Extraordinary General Meeting to be called shortly. You will be asked to vote on both the merger and the special dividend of €3.75 per share.

Believe me that we have enthralling times ahead of us. Gamesa will become one of the global leaders while preserving the fundamental traits underpinning the identity we have forged during our 40-year history.

We find ourselves at the cusp of a new era, replete with challenges and opportunities yet guided by the same premise as always: creating as much value as possible for our stakeholders, striving to deliver profitable and sustainable growth. Our next steps will be to make progress on closing the merger and giving shape to the new company.

It is my hope that all of you will remain with us and continue to lend your support during these new and exciting times.

Gamesa has proven throughout its 40-year history that thanks to the fundamentals I outlined at the start of my speech - our industrial and technological profile - it is ready to tackle new challenges.

I would like to wrap up by sharing my conviction that we are helping to develop a sector that will shape the future for our children and grandchildren in terms of sustainability and well-being.

Many thanks for listening and for your support.