

2017 Shareholders' Annual Meeting

**Speech by Markus Tacke, Chief Executive Officer of
Siemens Gamesa Renewable Energy**

Zamudio (Vizcaya), 20 June 2017

---- 1. OPENING COMMENTS ----

Dear shareholders,

Dear employees,

Estimada audiencia,

Thank you for this kind introduction and warm welcome.

And thank you, Rosa, for these inspirational and insightful remarks.

I found your comments on corporate governance to be particularly valuable. I certainly share your commitment to very high standards of corporate governance. And I give you, and the entire Board of Directors, my personal commitment that we will strive to uphold these standards – every day, everywhere.

Like Rosa, I regard it as a great honor and privilege to be here with all of you for the 2017 Shareholders' General Meeting. Not only is it the first shareholders' meeting for our newly-merged company, it is also my first opportunity to speak directly with all of you.

I am a strong believer in accountability and transparency. Taken together, they form an essential part of effective management and corporate governance. And both accountability and transparency are enhanced through meetings like this. I can assure you that our company will

continue to do all we can to remain accessible to our shareholders, and that the decisions we make reflect our shared vision and common goals.

I would like to use my time today to focus on three subjects that are relevant for our company:

- our strengths,
- our goals,
- and our vision for the future.

My personal approach to management places a very high value on clear goals, ambitious targets, and the creation of a high-performance culture throughout the entire organization. I'm an engineer by training; I prefer to have a clear sense of what we're aiming to achieve, and a clear plan for how to get there! That's how I work. And that's how I want our company to work.

We need to follow this approach to ensure that all of us are pulling in the same direction. This approach must be built on a solid base of trust, and it will allow us to remain agile and lean. I want to ensure that this happens. This will be a personal priority for me.

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As Rosa mentioned, this meeting comes at an important point in our history. Our united company – Siemens Gamesa Renewable Energy – has now been operational for almost three months, officially since April 3rd, and I assumed responsibility for my current role only six weeks ago.

So it's fair to say we are still in the early days of integration and planning for the future. We have a lot of work ahead of us. But it's also true that much has already been accomplished. And of course we are building on a very strong foundation.

---- 2. LOOK AT THE PAST YEAR ----

This meeting is also an occasion for us to share Gamesa's financial results with you. As you already know, 2016 was a very successful year for Gamesa.

I, myself, was not actively involved in Gamesa's activities during 2016. But, nonetheless, these results give all of us tremendous confidence as we prepare for the future.

Let me share some highlights with you:

- In 2016, Gamesa installed 4.3 GW of capacity
- A strong focus on value creation led to results exceeding the twice upgraded guidance:

- Revenue increased by 32% year-over-year, to more than 4.6 billion euros [€4.612bn]
- Gamesa's EBIT rose by 48% year-over-year, to 477 million euros in 2016. That's an EBIT margin of 10.4%.
- Net profit rose by 77%, to 301 million euros.
- Business operations also showed some very impressive data. Orders were received from 21 countries, led by the U.S. and APAC region, followed by India, Europe, and the rest of the world.

Additionally, the three-year business targets that had been set for us in 2015 for delivery by year-end 2017 were delivered one year ahead of schedule. We are very proud that this has been achieved for the second time in a row.

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Results from the past are, of course, not a perfect indicator of what's ahead. But they do demonstrate that we have a very solid foundation to build on. Siemens Wind Power, formerly a division of Siemens AG, also posted very strong results.

We've always said that our two former companies – Siemens Wind Power and Gamesa – both entered the merger from a position of strength. This merger enabled the creation of one of the leading global industry players in both the onshore and offshore segments. Our widely complementary businesses are convincing proof points for our joint strategy. We will benefit from economies of scale and scope in the ongoing market consolidation.

During the past months, we've already had a number of business successes that underscore the strength of our company and our commitment to generate shareholder value.

- In Spain we will service 146 MW for Eolia Renovables at eight wind farms in Castile La Mancha for five years, until 2022.
- In Germany, we will deliver wind turbines for four onshore projects with a total capacity of 50 MW. All four projects will be commissioned in 2017.
- EnBW has awarded us the installation of the 112-MW-offshore project Albatros. The scope of supply includes 16 direct-drive 7 MW wind turbines on monopile foundations and the grid connection via a Siemens Offshore Transformer Module (OTM). After commissioning in 2019, Siemens Gamesa will initially also provide service and maintenance for the turbines over a period of five years.

We have a very strong global presence, solid relationships with customers around the world, and a broad global manufacturing footprint.

We have some of the most reliable and efficient products in the industry, as well as the broadest and most comprehensive product portfolio.

We have a very impressive installed base of 75 GW, and a strong order book of more than 20 billion euros.

And most important, we have a superb team of highly motivated and talented employees.

Let me also emphasize one more point: our company has very deep roots here in Spain, in the Basque region, where Gamesa was founded, and in Navarre. These roots do not only apply to our own organization, but also to a very strong and growing network of Spanish suppliers. This has always been the case, and this will not change. Our company is proud of this heritage.

For any organization to grow and expand throughout the world, strong roots are essential.

In addition to our Spanish roots, we also have a long history in Denmark – a nation that was a pioneer in the wind power industry. In addition to a valuable heritage, these roots give us the strength and stability necessary to grow.

---- 3. OUR OBJECTIVES ----

Our company has been very open about its goals and priorities.

Our objectives are clear for the short and longer term and focused on creating shareholder value:

- Number One: Business continuity
- Number Two: Ensuring a quick and smooth integration
- Number Three: Winning new business. And maintaining our profitability level at the same time.

If we successfully meet these three goals, we will be well on our way to building a company positioned to respond to the challenges our industry is facing.

Let me speak briefly about these three objectives.

Number One: Business Continuity. We cannot let our integration efforts distract us from our business priorities. The wheels must keep turning!

We are continuing our strong focus on research & development. We are continuing to provide the excellent service and maintenance for which we are known. And our sales efforts are proceeding with renewed enthusiasm and confidence.

Our customers and many other stakeholders want our integration to succeed. But what's much more important to them is that their own projects and products continue to operate effectively. Business continuity is one of my top personal priorities.

Number Two: A smooth and seamless integration. Our two former companies were highly complementary, and the business logic behind the merger has been validated. But the hard work of actual integration is an ongoing effort.

We have a comprehensive integration roadmap in place with accurately defined milestones.

We have appointed our senior leadership team, installed a highly qualified integration team, and staffed the integration work streams. All integration efforts are on track and on schedule.

Throughout the company, we are working to align processes and systems. In total, we have sixteen integration work streams, all reporting to a central Integration Management Office. We are uniting teams, harmonizing sales and marketing efforts, and working on our joint business plan and strategy for the years ahead – just to name some of our current integration activities.

We have already communicated that we will be holding a Capital Markets Day this autumn. This will be an occasion for us to outline, in detail, our financial targets and business objectives

Number Three: Winning new business. It is our clear objective to grow our business by developing existing markets and entering new ones.

And we have a powerful message to take to: This merger makes us stronger. It enhances our offering of products and services, and it extends our geographic reach. This merger puts us in a strong position and helps us to grow.

Siemens Gamesa will create value for its customers and its shareholders. Our company is not only here to compete. Siemens Gamesa is here to win!

This means also that our growth will not happen at the cost of our profitability. A major lever to secure our longer-term success is our stable financial policy. It has proven its effectiveness in the past years. Our financial policy is based on three pillars:

- 1) Rigorous financial discipline to drive our costs down,
- 2) Active management of the balance sheet to spur capital efficiency,
- 3) And strong technological capabilities.

Based on these pillars, we will continue to develop products that contribute to lowering the LCoE, and to create sustainable customer value with world-class products and services.

If we can successfully meet our goals – business continuity; a quick and smooth integration; and winning new business – we will be able to proceed with the bigger task of building a company positioned to succeed in the years to come.

---- 4. BROADER INDUSTRY LANDSCAPE ----

Let's step back for a moment and look at the broader industry landscape. It is clear that we are operating in a highly competitive and rapidly changing business environment. Rosa has already elaborated on the broad political commitment for containing climate change. Decarbonization is a global trend which has a massive positive impact on our industry, and in return, the industry further enhances this development by constantly improving its offerings and reducing the LCoE.

In this context, I see four significant drivers that are transforming the wind power industry – changes we must be aware of, and prepare for.

The first of these is Globalization. Globalization presents us with both challenges and opportunities.

It's clear that we are facing growing cost pressure, largely as a result of global competition between technologies and competitors in the wind industry. Against a backdrop of ongoing change, the merger of our two legacy companies comes at the perfect time. We have created a company with the size needed to compete in the global marketplace.

While respecting our roots in Europe, specifically in Spain and Denmark, we need to pursue customers and invest in markets around the globe, as we have recently done in the Middle East and in Russia. This company has managed this successfully before, and we will do it again.

Industrialization is another parallel development. Today's wind industry is, by every measure, a "mature" industry. Scale and size are more important than ever before, and our business challenges are not those of a small start-up, but those of a large, established company.

The second major change is digitalization.

Digitalization has transformed our world, changing the way we shop, get our news, and communicate with one another. It has changed our approach to healthcare, education, investing, and entertainment. And it's done all this in the space of one generation.

The wind power industry is not insulated from these changes. The border between the so-called "industrial" economy and the "digital" economy was erased long ago.

We have started to become a part of the digital economy already. We've all heard of so-called Big Data. But this isn't just an issue for Google and Facebook. Here at Siemens Gamesa, we also rely on digital data. And this will grow in the years ahead.

One example: Digitalization plays an increasingly important role in our product development and testing process. We use systems that allow engineers to work on the same job from multiple locations at the same time. And we do Design Risk Assessment in a 3D environment before a product is actually manufactured, reducing the need and cost for test equipment.

A second example: we operate Remote Diagnostics Centers in Denmark and in Pamplona. At these centers, we collect digital data from more than 20,000 turbines around the world. This data that we gather allows us to identify small problems before they become big problems and any serious damage occurs, thereby providing better value to our customers.

The next step in this digitalization process is for our turbines to use this data themselves, to become truly "smart turbines", that automatically respond to changing situations and circumstances, without any human monitoring.

There are also ways to leverage this data; create value from it. I want us to seek new ways to creatively commercialize data like this. In fact we have already started to do so in our monitoring center in Pamplona.

The third mega-trend is the increasing speed of the technological changes that are transforming our industry.

The wind power industry has always operated on a steep growth curve. But the past years have been truly remarkable. Some people actually talk about Hyper-Innovation.

Just 25 years ago, we installed the world's first offshore wind farm – Vindeby – with a total capacity of 5MW. Today we're building wind farms of 1,200 MW!

Two years ago, a 3.4MW turbine was seen as a spectacular achievement. Today, manufacturers are speaking about over 4 MW products for onshore.

It's hard to think of another industry where advances have been so spectacular – with the possible exception of computer processing.

The current market conditions are fuelling larger power ratings, larger rotor diameters, and increased hub heights. All of which is intended to drive the cost of electricity down.

The lesson for all of us: we cannot rely on the technologies of last year or the last decade. We must do the hard work, and invest the time and effort, to remain at the forefront of these dramatic technological leaps forward. Our customers demand no less.

It's also clear that size and scale are more important than ever, particularly in this kind of environment. The merger creating our company took place at precisely the right time. It gives us size and scale. Our objective, as I've said before, is not only to "compete" in today's competitive industry environment, but to win! We are now perfectly positioned to do that.

Finally, the fourth development that is transforming our industry is the political and public policy environment in which we operate.

We need to be keenly aware of the changing political landscape in many countries. Business models and frameworks are being transformed – for example, the shift from feed-in tariffs to auctions.

These changes have significant impact on how we drive our business. Some recent examples include the transition from feed-in tariffs to auctions in India and recent auctions for offshore locations in the North Sea.

While these disruptive changes force us to be flexible and adapt to them, they also help to establish our industry as a mainstream technology for power generation and open up new market opportunities.

---- 5. CONCLUDING COMMENTS ----

Let me conclude by reminding everyone of what drives us.

We are the industry, the company that supports the energy transition around the globe, driving the world towards clean, secure, and highly competitive power.

Within this, I see Siemens Gamesa perfectly positioned to deliver continuous shareholder value. I'm very excited about the future of our company.

Thank you, Chair and the Board of Directors. Muchas gracias. Eskerrik asko.