

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

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.  
Financial Statements and Management Report  
for the fiscal year ended  
September 30, 2018**

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, 2018, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the fiscal year 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, 2018 and of its financial performance and its cash flows for the fiscal year 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 former shareholders hold 41% of the shares of the combined entity. This transaction has been accounted for in accordance with the Spanish accounting standard number 19 “Business Combinations” and the purchase price allocation was completed during the measurement period of one year. For accounting purposes, this merger qualified as a reverse acquisition, by which the Siemens wind power business was considered as the accounting acquirer (legal acquiree) and GAMESA as the accounting acquiree (legal acquirer). This was 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 were measured in the 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 final 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.

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 financial statements under notes 1.B "Merger of Siemens wind power business with Gamesa" and 2.H "Critical aspects of the valuation and estimation of uncertainty". The Company's disclosures regarding the transaction as well as disclosures regarding the final purchase price allocation are presented under note 4 "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 9 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 9 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 3.H "Impairment of financial assets" and 9 "Non-current financial instruments" to the financial statements.

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

Other information refers exclusively to the 2018 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. Our responsibility for the information contained in the management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a) A specific level applicable to the non-financial information statement, as well as certain information included in the Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the management report or where applicable, that the management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.
- b) A general level applicable to the remaining information included in the management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on knowledge of the entity obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part 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 above, we have verified that the information referred to in paragraph a) above is provided in the management report, and that the remaining information contained therein is consistent with the information provided in the 2018 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.

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 23, 2018.

#### **Term of engagement**

The ordinary general shareholders' meeting held on March 23, 2018 appointed us as auditors for one year, commencing on October 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 23, 2018

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

Financial Statements and Management Report for  
the year ended September 30, 2018



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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.

STATEMENT OF PROFIT AND LOSS FOR THE  
YEAR ENDED SEPTEMBER 30, 2018 AND 2017

Thousands of euros

	Notes	12 months period ended 09.30.2018	9 months period ended 09.30.2017 (*)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>Note 18</b>	<b>222,437</b>	<b>10,051</b>
Dividends from investments in group companies and associates		189,583	-
Income from credits to group companies and associates		32,854	10,051
<b>Other operating income</b>		<b>41,310</b>	<b>21,504</b>
Accessory and other current income	Note 17	41,183	21,494
Grants incorporated to income		127	10
<b>Staff costs</b>	<b>Note 17</b>	<b>(49,578)</b>	<b>(30,770)</b>
Wages, salaries and similar expenses		(42,155)	(27,463)
Social security costs		(7,423)	(3,307)
<b>Other operating expenses</b>		<b>(87,166)</b>	<b>(41,008)</b>
External services	Note 17	(87,136)	(40,282)
Taxes other than income tax	Note 17	(30)	(126)
Losses on, impairment of and change in trade provisions		-	(600)
<b>Depreciation and amortization</b>	<b>Notes 7 and 8</b>	<b>(445)</b>	<b>(191)</b>
<b>Impairment and losses on disposals of financial instruments</b>	<b>Note 9</b>	<b>(58,379)</b>	<b>(1,736,352)</b>
Impairment and losses on disposals of group companies investments and associates		(58,379)	(1,736,352)
<b>OPERATING RESULT</b>		<b>68,179</b>	<b>(1,776,766)</b>
<b>Financial expenses</b>		<b>(8,168)</b>	<b>(5,528)</b>
On debts to group companies and associates	Note 18	(1,482)	(2,839)
On debts to third parties		(6,686)	(2,689)
<b>Exchange differences</b>	<b>Notes 14 and 17</b>	<b>(2,629)</b>	<b>3,611</b>
<b>FINANCIAL RESULT</b>		<b>(10,797)</b>	<b>(1,917)</b>
<b>RESULT BEFORE TAX</b>		<b>57,382</b>	<b>(1,778,683)</b>
Income tax	Note 15	(7,530)	(4,161)
<b>RESULT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>49,852</b>	<b>(1,782,844)</b>
<b>RESULT FOR THE YEAR</b>		<b>49,852</b>	<b>(1,782,844)</b>

(\*) Presented for comparison purposes only.

The accompanying Notes from 1 to 24 are an integrated part of these Financial Statements.

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.**

STATEMENT OF CHANGES IN EQUITY FOR THE  
YEAR ENDED SEPTEMBER 30, 2018 AND 2017

Thousands of euros

**A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2018 AND 2017**

	12 months period ended 09.30.2018	9 months period ended 09.30.2017 (*)
<b>Result for the year</b>	<b>49,852</b>	<b>(1,782,844)</b>
Income and expenses recognised directly in equity	-	-
Transfers to the Statement of Profit and Loss	-	-
<b>TOTAL INCOME AND EXPENSES RECOGNISED</b>	<b>49,852</b>	<b>(1,782,844)</b>

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**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2018 AND 2017  
Thousands of euros

**B) STATEMENT OF CHANGES IN TOTAL EQUITY**

	Issued capital	Capital reserve	Other reserves	Treasury shares, at cost	Prior period's losses	Result for the year	Total
<b>Ending balance as of December 31, 2016 (*)</b>	<b>68,319</b>	<b>2,661,584</b>	<b>950</b>	-	<b>(1)</b>	<b>(425)</b>	<b>2,730,427</b>
Total comprehensive income for the year ended September 30, 2017	-	-	-	-	-	(1,782,844)	(1,782,844)
Treasury shares transactions (Note 12.D)	-	-	(16,205)	15,905	-	-	(300)
Issuance of shares (Notes 1.B , 1.C and 12.D)	47,475	6,192,785	-	(37,410)	-	-	6,202,850
Extraordinary Dividend (Note 1.B)	-	(998,674)	-	-	-	-	(998,674)
Ordinary Dividend (Note 12.C)	-	(75,140)	-	-	-	-	(75,140)
Shareholders contributions (Note 12.B)	-	833,380	1,091,921	-	-	-	1,925,301
Other changes in equity	-	-	-	-	(425)	425	-
<b>Ending balance as of 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>
Total comprehensive income for the year ended September 30, 2018	-	-	-	-	-	49,852	49,852
Treasury shares transactions (Note 12.D)	-	-	(1,184)	1,162	-	-	(22)
Incentive Plan (Note 12.D)	-	-	1,181	-	-	-	1,181
Other changes in equity	-	-	14	-	(1,782,844)	1,782,844	14
<b>Ending balance as of September 30, 2018</b>	<b>115,794</b>	<b>8,613,935</b>	<b>1,076,677</b>	<b>(20,343)</b>	<b>(1,783,270)</b>	<b>49,852</b>	<b>8,052,645</b>

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**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**AND 2017**  
Thousands of euros

	Notes	12 months period ended 09.30.2018	9 months period ended 09.30.2017 (*)
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)</b>		<b>131,162</b>	<b>(46,652)</b>
<b>Result before tax</b>		57,382	(1,778,683)
<b>Adjustments to result:</b>			
- Depreciation and amortization	Notes 7 and 8	445	191
- Impairment losses	Note 9	58,379	1,736,952
- Changes in provisions		(2,130)	1,376
- Financial expenses		8,168	5,528
- Exchange differences		2,629	(3,611)
<b>Change in working capital</b>			
- Trade and other receivables		(4,478)	(15,273)
- Trade and other payables		12,792	6,809
- Current accruals		994	7,427
- Other current liabilities		731	(1,979)
<b>Other cash flows from operating activities</b>			
- Interests paid		(7,019)	(5,389)
- Income taxes (payments) returns		3,269	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>		<b>(1,079,589)</b>	<b>(2,030,201)</b>
<b>Payments due to investments</b>			
- Group companies and associates		(1,125,863)	(1,033,163)
- Acquisitions of businesses, net of cash acquired	Note 1.B	-	(996,169)
- Other financial assets		(15)	(31)
- Investments in intangible assets and property, plant and equipment	Notes 7 and 8	(622)	(838)
<b>Receipts due to disposals</b>			
- Group companies and associates	Note 9	46,911	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>		<b>1,462,990</b>	<b>2,599,229</b>
<b>Receipts and payments for equity instruments</b>			
- Issue of equity instruments		-	1,905,271
- Purchase / disposal of treasury shares	Note 12.D	(22)	(300)
<b>Receipts and payments for financial liability instruments</b>			
- Issue / (amortization) of debts from financial entities and other financial liabilities		1,177,241	(3,460)
- Issue / (amortization) of debts from group companies and associates		285,771	772,858
<b>Dividend payments and remunerations of other equity instruments</b>			
- Dividends	Note 12.C	-	(75,140)
<b>IMPACT OF CHANGES IN EXCHANGE RATE (IV)</b>		<b>(5,009)</b>	<b>6,291</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>509,554</b>	<b>528,667</b>
Cash and cash equivalents at the beginning of the year		529,256	589
Cash and cash equivalents at year end		1,038,810	529,256

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

Notes to the Financial statements for the year ended  
September 30, 2018

### **1. Activities and corporate purpose**

#### **A. 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 corporate address is located at Parque Tecnológico de Bizkaia, Building 222, Zamudio (Bizkaia, Spain).

The General Shareholders’ Meeting of the Company held on June 20, 2017 approved, among others, the change of the Company name from Gamesa Corporación Tecnológica, S.A., to Siemens Gamesa Renewable Energy, S.A., as well as the change of the year end closing date, from December 31 to September 30.

SIEMENS GAMESA specialises in the development and construction of wind farms, as well as the engineering solutions, design, production and sale of wind turbines. The corporate purpose of the Company is to promote and foster companies, and to do so it may carry out the following operations:

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

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

All the activities comprising the aforementioned corporate purpose can be undertaken both in Spain and abroad and can be carried out completely or partially, in an indirect manner, through the ownership of shares or stocks in companies with the same or similar purpose.

The Company will not undertake any activity for which the laws require specific conditions or legal limitations, unless these conditions or limitations are not exactly fulfilled.

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 year ended September 30, 2018 have been issued for approval by the Directors at the Board of Directors held on November 23, 2018.

The Company's Bylaws and other public information of the Company can be consulted on the website [www.siemensgamesa.com](http://www.siemensgamesa.com) and at its corporate address.

SIEMENS GAMESA prepares and reports its Financial Statements in thousands of euros. Due to rounding, numbers presented may not add up precisely to the provided totals.

## **B. MERGER OF SIEMENS'S WIND POWER BUSINESS WITH GAMESA**

On June 17, 2016 Gamesa Corporación Tecnológica, S.A. (hereinafter, "GAMESA") and SIEMENS AG (hereinafter, "SIEMENS") signed a binding merger agreement whereby both parties agreed on the terms and conditions pursuant to which GAMESA and the SIEMENS's Wind Power Business (as defined in the agreement) 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) (hereinafter 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 would acquire 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's Wind Power Business was not held by a separate subgroup within the SIEMENS Group but by various entities within it. In order to allow the integration of the SIEMENS's Wind Power Business with GAMESA's business through the Merger, SIEMENS implemented an internal carve-out process, as a result of which the SIEMENS's 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's Wind Power Business.

In the context of the SIEMENS's Wind Power Business carve-out, Siemens Wind HoldCo, S.L.'s shares were split and assigned a nominal value of EUR 0.17 per share and SIEMENS approved a share capital increase of Siemens Wind HoldCo, S.L. by contributions in kind, effective as of December 31, 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 nominal value each, fully subscribed and paid up. Siemens Wind HoldCo, S.L. ceased to have a sole shareholder, 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 by GAMESA's Extraordinary General Shareholders' Meeting on October 25, 2016 and by SIEMENS, as sole shareholder of Siemens Wind HoldCo, S.L. ("Siemens's Wind Power Parent"), on October 26, 2016. As mentioned before, apart from SIEMENS, another company within the SIEMENS Group (Siemens Beteiligungen Inland GmbH) also became shareholder of Siemens's Wind Power Parent, and consequently and pursuant to the Merger, also become SIEMENS GAMESA's shareholder. SIEMENS and Siemens Beteiligungen Inland GmbH received according to the Merger exchange ratio, GAMESA's shares representing approximately 59% of the capital (401,874,595 shares), while GAMESA's remaining shareholders held shares representing approximately the other 41% of the merged company.

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

The exchange ratio was 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 GAMESA's share capital once the Merger was effective. All Siemens Wind HoldCo, S.L.'s shares representing its entire share capital (i.e., 401,874,595 shares of EUR 0.17 nominal value each, amounting to a total of EUR 68,318,681.15) were part of the exchange.

The Merger exchange ratio was determined under certain assumptions with regard to the level of working capital and net debt of the GAMESA Group and the SIEMENS's Wind Power Business as at December 31, 2016. The deviation of the net debt and working capital of the GAMESA Group and the SIEMENS's Wind Power Business as at December 31, 2016 with respect to those assumptions was offset, and the net deviation was corrected by SIEMENS on the Merger Effective Date by extracting cash, for no consideration, out of Siemens Wind HoldCo, S.L. amounting to EUR 233,908 thousands (Note 12.B), so that the exchange ratio agreed between the parties was 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 were fixed, and for the majority of the items the amounts were those as of December 31, 2016.

The Merger was registered with the Mercantile Register on April 3, 2017 (hereinafter, “Merger Effective Date”), and the accounting effects of the Merger have been considered from then on. This merger has benefited from the special neutral fiscal regime foreseen in Directive 2009/133/CE, and included in Chapter VII of Title VI of Regional Law 11/2013, of December 5, on Bizkaia’s Income Tax (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 GAMESA’s shares 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, amounted to a maximum of EUR 1,047,257,951.25. 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 GAMESA’s General Shareholders’ Meeting 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 998.7 million). Out of the Extraordinary Dividend amounting to EUR 998.7 million, EUR 70 million corresponds to dividends received by Gamesa Corporación Tecnológica, S.A. prior to the Merger date and arising from distributions from the Chinese company Gamesa Wind Tianjin co. Ltd., which resulted in incomes not integrated into the taxable income tax base of previous years. No additional ordinary dividend was effectively distributed by GAMESA to its shareholders before the Merger Effective Date.

### C. REVERSE ACQUISITION

For accounting purposes, the Merger qualified as a reverse acquisition, by which SIEMENS’s Wind Power Business was considered as accounting acquirer (legal acquiree) and GAMESA as accounting acquiree (legal acquirer). This was because the SIEMENS’s Wind Power HoldCo’s shareholders as a group received the largest portion of the voting rights in the merged entity. Accordingly, the GAMESA’s assets and liabilities were included in the SIEMENS GAMESA Financial Statements at their acquisition-date fair values. Siemens Wind HoldCo, S.L. assets and liabilities were stated at the amounts historically disclosed in the Financial Statements.

### D. COMPOSITION OF THE FINANCIAL STATEMENTS

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

Prior Year			Current Year	
01.01.2017 – 04.02.2017	04.03.2017 – 09.30.2017		10.01.2017 – 09.30.2018	
Siemens Wind HoldCo, S.L. (SIEMENS’s Wind Power Business holder)	Siemens Wind HoldCo, S.L. (SIEMENS’s Wind Power Business holder)	GAMESA	Siemens Wind HoldCo, S.L. (SIEMENS’s Wind Power Business holder)	GAMESA
Historical Cost (predecessor’s accounting)	Historical Cost (predecessor’s accounting)	Fair Value at acquisition date, subsequent movement at historical cost	Historical Cost (predecessor’s accounting)	Fair Value at acquisition date, subsequent movement at historical cost

## **E. ENVIRONMENTAL INFORMATION**

In view of the business activities carried out by SIEMENS GAMESA, it does not have any environmental responsibilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, the Directors do not include any specific disclosures relating to environmental matters in the accompanying Financial Statements.

## **2. Basis of presentation of the Financial Statements**

### **A. FINANCIAL REPORTING LEGISLATION APPLICABLE TO THE COMPANY**

These Financial Statements have been prepared by the Company's Directors in accordance with the Spanish General Accounting Plan of November 16, approved by the Royal Decree 1514/2007, which was modified on by the 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, expecting that they will be approved without any modification.

### **B. 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.

### **C. 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.

### **D. COMPARISON OF INFORMATION**

In accordance with the current mercantile legislation, the Financial Statements are shown together with comparative information in respect of the prior period for all amounts reported in the current period's Financial Statements.

All references to the year ended September 30, 2018 refer to the 12-months period ended on that date, whereas references to the period 2017 refer to the 9-months period ended September 30.

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

### **E. GOING CONCERN ASSUMPTION**

As of September 30, 2018 the Company has a negative working capital amounting to EUR 948,020 thousands (a positive working capital amounting to EUR 188,752 thousands as of September 30, 2017) mainly due to "Short – term payables to group companies and associates" amounting to EUR 2,521 thousands (Note 18). Nevertheless, the Company's liquidity needs are guaranteed at all moments through credit lines (Note 13). The Company's Directors have prepared the Financial Statements according to the going concern principle on the understanding that the Company's business outlook, once the necessary steps have been taken, will result in profits and positive cash flows in the coming years.

## **F. GROUPING OF ITEMS**

For the purposes of facilitating the understanding of the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of 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.

## **G. FUNCTIONAL AND PRESENTATION CURRENCY**

These Financial Statements are presented in euros, which is SIEMENS GAMESA's functional currency. All amounts have been rounded to the nearest thousands, unless otherwise indicated.

Transactions denominated in currencies other than the euro are recognised in accordance with the policies described in Note 3.U.

## **H. CRITICAL VALUATION ASPECTS AND SOURCES OF UNCERTAINTY**

The preparation of the Financial Statements requires management to make judgments and use, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from Management's estimates: although the estimates are done based on the best information available of the analysed facts as of September 30, 2018 and 2017, future events might make it necessary to modify them (upwards or downwards) in later years. These estimates relate basically to the following:

- In a business combination: the estimates of the acquisition-date's fair value are based on judgements and are determined by using certain measurement techniques, which are also supported by independent third-party appraisers. Additionally, the measurement period, which is the later period to the acquisition date in which the acquirer can adjust the provisional amounts booked for the business combination, has been finished during the year ended September 30, 2018 for the Merger of GAMESA and Siemens Wind HolCo, S.L. The measurement period provides to the acquirer a reasonable period of time to obtain the necessary information to identify and measure, at the acquisition-date, among others, the identifiable acquired assets, the assumed liabilities, the consideration given or the arising Goodwill (Note 4).
- Impairment in group companies and associates investments: long term investments valuation, requires estimating the recoverable amount to assess a possible impairment. To determine this recoverable amount, the Company 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 9).
- Useful life of property, plant and equipment and intangible assets: the Company's management estimates the useful life and relevant amortization/depreciation charges for its intangible assets and property, plant and equipment. The Company will increase the amortization charge when useful lives are shorter than previously estimated, and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold (Notes 7 and 8).
- Calculation of provisions: at the end of each reporting period the Company's management estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature.
- Contingent liabilities: the Company's management considers that there are no significant contingent liabilities for the year ended September 30, 2018 and 2017.

- Corporate income tax and deferred tax assets: 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 recognises deferred tax assets only to the extent that its future recovery or use is sufficiently guaranteed. As future circumstances are uncertain and are partially beyond the control of SIEMENS GAMESA, it is necessary to make hypotheses to estimate future taxable income, as well as the period in which the deferred taxes will be recovered. The estimates are reviewed in the period in which there is sufficient evidence to review the hypotheses.

When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise (Note 15).

### **3. Accounting policies**

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

#### **A. STATEMENT OF CASH FLOWS**

SIEMENS GAMESA presents the Statement of Cash Flows using the indirect method, whereby net profit or loss is adjusted by the non-monetary transactions, by all deferred payments and accumulations (or accruals) that are caused by past or future collections and payments, as well as associated profit and loss accounts which have cash flows classified as investing or financing activities.

The following terms are used in the Statement of Cash Flows with the meanings as specified below:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash equivalents: short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to a not significant risk of changes in value.
- Operating activities: SIEMENS GAMESA's main revenue-producing activities and other activities that are not related to investing or financing activities.
- Investing activities: the acquisition, sale or disposal through other means of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the contributed equity and of borrowings of the Company.

#### **B. BUSINESS COMBINATIONS**

In a business combination the acquirer shall measure the identifiable acquired assets and the assumed liabilities at their acquisition-date fair values (Note 2.H).

#### **C. 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 its Balance Sheet. Current assets and 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 company'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 company'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 the 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.

#### **D. INTANGIBLE ASSETS**

As a general rule, intangible assets are initially recognised at acquisition or production cost and subsequently they are measured at cost, less accumulated amortization and any applicable impairment loss (Note 7), if any, in accordance with the criteria mentioned in Note 3.F. Such assets are amortized in their useful life (Note 2.H).

##### Software

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

#### **E. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is initially recognised at acquisition price or production cost (Note 8), and subsequently reduced by accumulated depreciation and impairment losses, if any, in accordance with the policy mentioned under Note 3.F. In addition to the purchase price, acquisition costs include non-recoverable indirect taxes and any other costs directly attributable to transportation of the asset and conditioning for its intended use (including borrowing costs incurred during the construction period).

Upkeep and maintenance expenses are recognised in the Statement of Profit and Loss 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 life of the assets are capitalised.

The Company depreciates the property, plant and equipment on a straight-line basis according to percentages calculated based on asset's useful life, in accordance with the following detail:

	<b>Estimated useful life</b>
Other plants and furniture	6 – 10
Tooling	3 – 4
Other items of property, plant and equipment	3 – 5

#### **F. 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 book value and recoverable amount, understood as the higher of fair value less selling costs and the present value of cash flows from the investment.

Whenever “Intangible assets” and “Property, plant and equipment” have to be subject to the impairment test, the determination of the recoverable amount of the assets involves the use of estimates chosen by the Management, and may have a substantial impact on the respective values and, ultimately, in the impairment amount.

## **G. FINANCIAL ASSETS**

### Classification and measurement

#### *Loans and receivables*

The Company recognises 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 and with no contractual interest rate, as well as advances and loans to personnel, receivable dividends and called-up payments on equity instruments, the amount of which is expected to be received 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 recognised in the Statement of Profit and Loss as an advance lease payment over the lease term. When estimating the fair value of the security deposits, 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, joint ventures 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 which 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 recognised, where applicable, based on accounting principles for transactions with group companies (Note 3.T).

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

Initial measurement includes preemptive and similar rights acquired.

After their initial recognition, equity investments 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 share capital of certain companies and has stakes 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 the year ended September 30, 2018 in accordance with International Financial Reporting Standards. Note 9.C indicates the effect that the application of consolidation criteria in accordance with International Financial Reporting Standards would have on these Financial Statements.

#### *Hedging derivatives*

This category includes derivatives classified as hedging instruments. Financial instruments which have been designated as hedging instruments are measured as indicated in Note 3.M.

As of September 30, 2018 and 2017 the company has no financial assets recognised under hedge accounting.

#### *Derecognition*

Financial assets are derecognised from the Company's Balance Sheet when the contractual rights related to 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 derecognised when control over the asset is not retained. If control over the asset is retained, the Company continues to recognise 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, recognising 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 recognised directly in equity. The gain or loss is recognised in the Statement of Profit and Loss for the reporting period in which it arises.

The Company does not derecognise 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 sale 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, the Company recognises a financial liability at an amount equal to the compensation received.

#### *Interests and dividends received from financial assets*

Interests and dividends accrued on financial assets after acquisition are recognised as income in the Statement of Profit and Loss. Interests are recognised using the effective interest rate method and dividends are recognised when the right to receive them is established.

On the initial measurement, accrued explicit but not expired interests receivable at that date and the dividends approved by the competent governing body up to the date of the acquisition, are recognised separately based on maturity. Explicit interests refer 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 recognised as income and decrease the book value of the investment.

## **H. IMPAIRMENT OF FINANCIAL ASSETS**

The carrying amount of financial assets is adjusted against the Statement of Profit and Loss 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, understood as trade receivables, credits, and debt securities, are impaired when an event has occurred after the initial recognition of the instrument that has a negative impact on its related estimated future cash flows.

The Company classifies as impaired assets (doubtful assets) 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 recognised as income in the Statement of Profit and Loss up to the limit of the carrying amount of the financial asset that would have been recorded at the reversal date if the impairment loss had not been recognised.

### 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 "Investments in group companies 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 selling costs 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 plans). Unless better evidence is available, impairment of this type of asset is estimated based on the subsidiary's equity adjusted for any unrealised 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 recognised in the Statement of Profit and Loss and is limited to the carrying amount of the investment at the date of reversal if no impairment have been recognised.

## **I. CASH AND CASH EQUIVALENTS**

This Balance Sheet heading includes petty cash, bank accounts and, as the case may be, 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 are part of the Company's normal cash management policy.



## **J. EQUITY AND TREASURY SHARES**

Share capital consists of ordinary shares.

The costs of issuing new treasury shares are charged directly against Equity, as a reduction in reserves.

In the event that the Company 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 treasury shares are afterwards sold or reissued, any amount received is taken to Equity net of directly attributable incremental costs (Note 12.D).

## **K. SHARE-BASED PAYMENTS**

Equity-settled share-based payments are measured at the fair value of the equity instruments granted. This fair value is expensed on a straight-line basis over the vesting period, based on SIEMENS GAMESA estimate of the shares that will ultimately be delivered and credited to "Equity" (Note 12.D).

Fair value is measured using the market prices available on the measurement date, taking into account the terms and conditions upon which those equity instruments were granted.

If a grant of equity instruments is cancelled or settled during the vesting period (for a reason other than a grant cancelled by forfeiture when the vesting conditions are not met), SIEMENS GAMESA accounts for the cancellation or settlement as an acceleration of the vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

For cash-settled share-based payments, a liability equal to their current fair value determined at the end of each reporting period is recognised.

SIEMENS GAMESA has made certain assumptions in order to calculate the liability arising from the obligations with employees. The fair value of those financial instruments granted as share-based payments (Note 12.D) that are not traded in an active market is determined by using measurement techniques. The company uses judgments to select a series of methods and to make assumptions, that are mainly based on the market conditions existing at each Balance Sheet date. Changes in these assumptions would not have a significant impact on these Financial Statements.

In the cases in which SIEMENS GAMESA grants treasury shares to subsidiaries to make payment of these instruments to employees, the fair value balancing entry for the equity instruments delivered is considered to be an increase in the value of the investment that SIEMENS GAMESA has in the subsidiary, unless it is not likely that profits or financial yields will be obtained, in which case it would be an expense (Note 12.D).

## **L. FINANCIAL LIABILITIES**

### Classification and measurement

#### *Loans and other payables*

Loans and other payables include payables from trading and non trading transactions, with fixed or determinable payments that are not quoted in an active market and that are not classified in other financial liability category.

They are initially measured on the Balance Sheet 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.

After their initial recognition, those financial liabilities are measured at amortized cost. Interests accrued are recognised in the Statement of Profit and Loss using the effective interest rate method.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate, as well as 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 deposits received for operating leases, the difference between the fair value and the amount disbursed is considered revenues income in advance for the lease and recognised in the Statement of Profit and Loss over the lease term. When estimating the fair value of deposits, the remaining period is considered to be the minimum contractual term during which the amount may not be reimbursed.

#### *Hedging derivatives*

This category includes derivatives classified as hedging instruments. Financial instruments which have been designated as hedging instruments are measured as indicated in Note 3.M.

As of September 30, 2018 and 2017 the company has no financial liabilities recognised under hedge accounting.

#### Derecognition

The Company derecognises 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 derecognised, and the new financial liability is recognised. 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 that has been derecognised and the amount paid to extinguish the liability, including attributable transaction costs and any asset transferred other than cash or liability assumed, is recognised in the Statement of Profit and Loss for the period.

When the debt instrument is replaced by another on terms that are not substantially different, the original liability is not derecognised from the Balance Sheet, and the carrying amount is adjusted for the fees paid. The new amortized cost of the financial liability 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% from the present value of the outstanding cash flows of the original financial liability, discounting both by the effective interest rate of the original liability.

### **M. ACCOUNTING HEDGES**

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

Transactions are only deemed as accounting 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).

Hedging transactions are properly documented, including how it intends to achieve and measure its effectiveness in accordance with the management policy of the Company.

The hedge effectiveness is measured by testing 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 accounting hedges and are reclassified as held-for-trading derivatives.

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

- **Fair value hedges:** hedges of the exposure to changes in the fair value of a recognised asset or liability, or unrecognised firm commitment, or an identified portion thereof, that is attributable to a particular risk and could affect the Statement of Profit and Loss. Changes in value of the hedging instrument and the hedged item attributable to the hedged risk shall be recognised in the Statement of Profit and Loss.
- **Cash flow hedges:** hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, provided it can have an effect on the Statement of Profit and Loss. A hedge of the foreign currency risk of a firm commitment may be accounted for as a cash flow hedge. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall temporarily be recognised in equity and allocated to the Statement of Profit and Loss in the reporting period or periods in which the forecast hedged transaction affects profit or loss, except where the hedge relates to a forecast transaction that requires recognition of a non-financial asset or liability. In the latter case, the amounts recognised in equity shall be included in the cost of the asset or liability when it is acquired or assumed.

#### ***N. ESTIMATION OF FAIR VALUE***

The fair value of the financial instruments sold in active markets 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.

## **O. PROVISIONS AND CONTINGENCIES**

A distinction is drawn between:

- **Provision:** a present obligation (legal or constructive) as a consequence of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- **Contingent liability:** a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the company; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Financial Statements include all material provisions that are considered likely that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are disclosed, but not recognised in the Financial Statements, except for those which arise from business combinations.

Provisions are recognised based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

Provisions are recognised when the obligation arises, with a charge to the relevant heading in the Statement of Profit and Loss based on the nature of the obligation. Provisions are recognised at the present value of the expected expenditure, when the effect of the time value of money is material.

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 recognising 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 recognised 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 recognised.

## **P. 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 recognised as an expense in the year in which the decision to terminate employment is made and communicated. During the period ended September 30, 2018 and during the 9-month period ended September 30, 2017 a total of EUR 4,956 thousands and EUR 7,592 thousands have been recognised, respectively, as dismissal indemnities and for contract termination compensations (Note 17.C).

## **Q. CORPORATE INCOME TAX**

The expense or income for Corporate income tax includes the part that corresponds to the expense or income by the current tax and the part that corresponds to the deferred tax expense or income. Both the current and deferred tax income or expense is recorded in the Statement of Profit and Loss. However, is recognised in Equity the tax effect related to items that are recorded directly in Equity.

The current tax is the amount that the Company settles as a result of the tax filings of the income tax relating to a fiscal year. The deductions and other tax benefits in the tax liability, excluding the withholdings and payments on account, as well as the tax loss carryforwards from previous years, give rise to a lower amount of current tax.

The deferred tax expense or income corresponds to the cancellation and recognition of deferred tax assets and liabilities. These include the temporary differences that are identified as those amounts that are expected to be payable or recoverable derived from the differences between the carrying amounts of the assets and liabilities and their tax value, as well as the tax loss carryforwards pending to be compensated and the tax credits not applied. These amounts are recorded at the expected tax rate from the moment it is probable they are going to be recovered or settled.

Under the liability method, temporary differences that arise from assets or liabilities are the difference between the tax base of an asset or liability and its carrying amount in the Consolidated Balance Sheet. The tax base of an asset or liability is the amount attributed to the asset or liability for tax purposes.

Deferred tax liabilities will be recognised for all taxable temporary differences, except those deriving from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax base nor the accounting result and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered probable that the Company and/or the Tax Group to which it belongs will have taxable profits in the future against which the deferred tax assets can be utilized.

At each year end recognised 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 recognised in the Balance Sheet are also reviewed at each year end in order to recognise the extent to which it is likely that they may be offset against future taxable profits.

## **R. INCOME AND EXPENSES**

Income and expenses 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 recognised by reference to the stage of completion of the transaction at the Balance Sheet date, provided the outcome of the benefit can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised 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 recognised as revenue in the income statement. Notwithstanding the foregoing, if distributed dividends arise from results generated prior to the date of acquisition are not recognised as income, decreasing the carrying amount of the investment.

The income obtaining by the company referring to "Dividends from investments in group companies and associates" and "Income from credits to group companies and associates" 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 9).

## **S. 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 17.D).

Revenues and expenses arising from operating leases are charged to the Statement of Profit and Loss 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.

#### **T. TRANSACTIONS AND BALANCES WITH RELATED-PARTIES**

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

Transactions with group companies are recognised 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 recognised 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 recognised 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.

#### **U. 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 recognised directly in the Statement of Profit and Loss 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 the Statement of Profit and Loss accordance with the same criteria used to recognise changes in fair value.

### **4. Acquisitions, dispositions and discontinued operations**

As described in Note 1.C, the Merger qualified for accounting purposes as a reverse acquisition, by which SIEMENS's Wind Power Business is 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 exchanged equity interests, GAMESA's market share price at the Merger Effective Date was the best indicator of the consideration paid for GAMESA's assets and liabilities, which was EUR 22.345 per share (relevant share price as of April 3, 2017). Accordingly, the consideration transferred amounted to EUR 6,203 million.

GAMESA's assets and liabilities as accounting acquiree, were included in the Financial Statements at their acquisition-date fair values. The following figures result from the final 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 current and non current assets EUR 6,233,352 thousands (including EUR 5,708,600 thousands in group investments and associated), Cash and cash equivalents EUR 2,505 thousands, Deferred tax assets EUR 225 thousands, Financial Debt EUR 9,666 thousands, Trade payables EUR 41,057 thousands, Other current and non current liabilities EUR 5,627 thousands and Provisions current and non-current EUR 170 thousands.

The Goodwill that resulted from the business combination amounted to EUR 5,299 million have been allocated as an increase in the investment value (Note 9).

During the year ended September 30, 2018 the recognition of this business combination has been finalised and therefore the valuation of the assets and liabilities is definitive as of September 30, 2018.

The acquired business contributed revenues ("Revenue" and "Other operating income") of EUR 25,101 thousands and a negative net income of EUR 341,513 thousands to SIEMENS GAMESA for the period from the acquisition date to September 30, 2017 (EUR 290,072 thousands corresponds to the impairment recognised in the 9 months period ended on September 30, 2017 on the investment the Company had in Siemens Gamesa Renewable Energy USA, Inc., previously Gamesa Technology Corporation Inc, after the allocation of part of the goodwill to this investment). The revenue ("Revenue" and "Other operating income") and profit of the combined company if the business acquisition had been as of January 1, 2017 would amount to EUR 39,292 thousands and the negative net income would amount to EUR 1,807,734 thousands.

The heading "Acquisition of businesses net of cash acquired" in the Statement of Cash Flows for the 9-month period ended September 30, 2017 included the Extraordinary Merger Dividend amounting to EUR 998.7 million net of the cash of the former GAMESA Group at the date of acquisition.

Transaction costs of EUR 20 million were recorded in the Statement of Profit and Loss of the year ended September 30, 2017 under the heading "External Services" (Note 17).

## **5. Financial risk policy management**

Due to the nature of its activities, SIEMENS GAMESA is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange, price risk and interest rate risk, (ii) liquidity risk and (iii) credit risk. The aim of the Financial Risk Management is to identify, measure, monitor and mitigate those risks and their potential adverse effects on the Company's operating and financial performance. The general conditions for compliance with the Group's Financial Risk Management process are set out through policies approved by Executive Management. The identification, assessment and hedging of financial risks is the responsibility of each business unit.

### **A. MARKET RISK**

#### **a) Foreign exchange risk**

The SIEMENS GAMESA Group conducts transactions with international counterparties in the ordinary course of its business, leading to revenue and income generation in currencies different from the euro, and to future cash flow generated in the SIEMENS GAMESA Group entities that are 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 partially balanced by purchasing of goods, commodities and services in the local markets where the business is being conducted 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 contracts with third parties to avoid the consequences from unfavourable foreign currency developments.

In the cases where the measures described above are not possible, SIEMENS GAMESA group 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 with the exchange rate fluctuations (Note 14). For this purpose, the Group analyses 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.

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. According to the general Foreign Exchange risk management framework of SIEMENS GAMESA, transaction 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 this risk are primarily foreign currency exchange forward contracts and foreign currency swaps.

The equivalent value in euros of the monetary assets and liabilities denominated in currencies other than euro held by the SIEMENS GAMESA as of September 30, 2018 and 2017 is as follows:

Currency	Equivalent value in thousands of euros			
	09.30.2018		09.30.2017	
	Assets	Liabilities	Assets	Liabilities
Sterling pound	132,816	(207,069)	63,060	(51,682)
US dollar	150,305	(21,942)	316,696	(66,757)
Danish krone	118,612	(750,384)	60,270	(850,697)
Other currencies	17,619	(91,815)	24,484	(85,376)
<b>Total</b>	<b>419,352</b>	<b>(1,071,210)</b>	<b>464,510</b>	<b>(1,054,512)</b>

The equivalent value in euros of the main SIEMENS GAMESA balances denominated in currencies other than euro, based on the nature of the items concerned, is as follows:

Nature of the balances	Equivalent value in thousands of euros			
	09.30.2018		09.30.2017	
	Assets	Liabilities	Assets	Liabilities
Receivables from group companies and associates	95	-	8	-
Trade receivables	-	-	1,056	-
Short-term credits in group companies	223,923	-	378,781	-
Cash and cash equivalents (Note 11)	195,334	-	84,665	-
Short-term payables to group companies and associates	-	(1,071,071)	-	(1,054,450)
Suppliers, group companies and associates	-	(70)	-	-
Trade and other payables	-	(69)	-	(62)
<b>Total</b>	<b>419,352</b>	<b>(1,071,210)</b>	<b>464,510</b>	<b>(1,054,512)</b>

#### b) Market price risk

The SIEMENS GAMESA Group is exposed to risks relating to fluctuations in the prices of the commodities, as well as import tariffs for certain products in some countries that may affect the costs of the supply chain. These risks are mainly managed in the procurement process. Only in few cases, the SIEMENS GAMESA Group uses derivatives instrument to mitigate these market price risks.

The exit of the United Kingdom from the European Union triggers an extended period of uncertainty, which adversely impacts future investments in the United Kingdom's energy market and also increases the uncertainty in the business development of the SIEMENS GAMESA Group in the United Kingdom. The SIEMENS GAMESA Group currently estimates that it will be able to cover these uncertainties through several risk mitigation measures and sees therefore no immediate risk for the Financial Statements, e.g. on the recoverability of assets resulting from past investments in the United Kingdom.

#### c) 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. The SIEMENS GAMESA Group uses external sources to finance parts of its 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 SIEMENS GAMESA Group continuously analyses the split of external financing at variable and fixed rates to optimise the interest rate exposure.

The Group uses derivative financial instruments to mitigate the interest rate risk. These interest rate hedges are assigned specifically to debt instruments and are matching their maturity as well as the nominal amount.

## B. LIQUIDITY RISK

Liquidity risk is the risk that the SIEMENS GAMESA Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. The SIEMENS GAMESA Group 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. As of September 30, 2018, SIEMENS GAMESA has unused credit facilities amounting



to EUR 1,805 million which represents 60.4% of total credit facilities (as of September 30, 2017 the Company had no “Debt with 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.

### **C. CREDIT RISK**

The credit risk is the risk that exists when a counterparty or customer does not meet its contractual payment obligations, and this leads to a loss for the SIEMENS GAMESA Group.

The Group generally deals with customers that have an appropriate credit history and rating. The customers usually are companies within the energy sector where the steady cash-inflows from the sale of electricity leads to an above average credit rating. Nevertheless, in cases of customers with a below average rating or credit history, the SIEMENS GAMESA Group 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 individually analysed, including specific conditions according to the credit risk exposure to safeguard the SIEMENS GAMESA Group from an insolvency of the counterparty.

## **6. Earnings allocation**

At the date of preparation of these Financial Statements, SIEMENS GAMESA’s Board of Directors, estimates that it will propose to the General Shareholders’ Meeting for its approval the following allocation of results for the year ended September 30, 2018 as shown below, determined according to Spanish accounting regulations applicable to the Statutory Financial Statements of the Company:

<b>Thousands of euros</b>	<b>09.30.2018</b>
<b>Basis of distribution</b>	
Result for the year	49,852
<b>Total</b>	<b>49,852</b>
<b>Distribution</b>	
Legal reserve	4,985
Other reserves	27,382
Dividend	17,485
<b>Total</b>	<b>49,852</b>

### **A. LIMITATIONS FOR THE DISTRIBUTION OF DIVIDENDS**

The Company is required to allocate 10% of the year’s profit to the constitution of the legal reserve, until it reaches at least 20% of the issued capital. While this reserve does not exceed the limit of 20% of the issued capital, is not distributable to the shareholders (Note 12.B).

Once the care provided for by the Law or the Bylaws is covered, dividends can only be distributed with charge to the year’s profit, or freely available reserves, if the value of the Equity is not or, as a result of the distribution, less than the issued capital. For these purposes, benefits charged directly to Equity cannot be subject to direct or indirect distribution. If there were losses from prior years that made the Equity of the Company less than the figure of the share capital, the profit will be allocated to offset these losses.

## 7. Intangible assets

The movements produced during the years 2018 and 2017 in the heading "Intangible assets" on the Balance Sheet have been the following:

Thousands of euros	09.30.2017	Additions/ (Amortization)	09.30.2018
<b>COST</b>			
Software	315	121	436
	<b>315</b>	<b>121</b>	<b>436</b>
<b>AMORTIZATION</b>			
Software	(55)	(127)	(182)
	<b>(55)</b>	<b>(127)</b>	<b>(182)</b>
<b>Net total</b>	<b>260</b>	<b>(6)</b>	<b>254</b>

Thousands of euros	12.31.2016	Additions through the Merger	Additions/ (Amortization)	09.30.2017
<b>COST</b>				
Software	-	152	163	315
	-	<b>152</b>	<b>163</b>	<b>315</b>
<b>AMORTIZATION</b>				
Software	-	-	(55)	(55)
	-	-	<b>(55)</b>	<b>(55)</b>
<b>Net total</b>	-	<b>152</b>	<b>108</b>	<b>260</b>

As of September 30, 2018 the fully amortized intangible assets that remained in use amounted to EUR 26 thousands (as of September 30, 2017 the Company did not have fully amortized intangible assets).

## 8. Property, plant and equipment

Movements in the accounts included under the heading "Property, plant and equipment" at the Balance Sheet during 2018 and 2017 are as follows:

Thousands of euros	09.30.2017	Additions/ (Depreciation)	09.30.2018
<b>COST</b>			
Other installations, tooling and fixtures	949	151	1,100
Other property, plant and equipment	463	350	813
	<b>1,412</b>	<b>501</b>	<b>1,913</b>
<b>DEPRECIATION</b>			
Other installations, tooling and fixtures	(58)	(94)	(152)
Other property, plant and equipment	(78)	(224)	(302)
	<b>(136)</b>	<b>(318)</b>	<b>(454)</b>
<b>Net total</b>	<b>1,276</b>	<b>183</b>	<b>1,459</b>

Thousands of euros	12.31.2016	Additions through the Merger	Additions/ (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 18.B). At the end of 2018 and 2017 there was no shortfall in the coverage for these risks.

As of September 30, 2018 and 2017 the Company has fully depreciated property, plant and equipment that are still in use, according to the following detail:

Thousands of euros	09.30.2018	09.30.2017
Other installations, tooling and fixtures	28	-
Other property, plant and equipment	39	27
<b>Total</b>	<b>67</b>	<b>27</b>

As of September 30, 2018 the Company has commitments amounting to EUR 151 thousands and EUR 40 thousands, respectively.

## 9. Long-term financial instruments

The balance under the heading "Long-term investments in group companies and associates" as of September 30, 2018 and 2017 is as follows:

Thousands of euros	Long – term financial instruments		
	Equity instruments	Credits, derivatives and others	Total
<b>Year 2018</b>			
Long- term investments in group companies and associates			
Investments in group companies and associates	9,190,858	-	9,190,858
Credits to group companies and associates (Note 18)	-	500,000	500,000
Long- term financial investments			
Guarantees and deposits given	-	523	523
<b>Total</b>	<b>9,190,858</b>	<b>500,523</b>	<b>9,691,381</b>
<b>Year 2017</b>			
Long- term investments in group companies and associates			
Investments in group companies and associates	7,814,740	-	7,814,740
Long- term financial investments			
Long-term credits	-	600	600
Guarantees and deposits given	-	508	508
<b>Total</b>	<b>7,814,740</b>	<b>1,108</b>	<b>7,815,848</b>

Movement during 2018 and 2017 in "Long-term investments in group companies and associates" and "Long – term financial investments" is as follows:

Thousands of euros	Long – term investments in group companies and associates				
	09.30.2017	Additions	Disposals	(Impairment) /Reversal	09.30.2018
Investments in group companies and associates	7,814,740	1,481,408	(46,911)	(58,379)	9,190,858
Credits to group companies and associates (Note 18)	-	500,000	-	-	500,000
<b>Total</b>	<b>7,814,740</b>	<b>1,981,408</b>	<b>(46,911)</b>	<b>(58,379)</b>	<b>9,690,858</b>

Thousands of euros	Long – term investments in group companies and associates					
	12.31.2016	Additions through the Merger	Additions	Disposals	(Impairment) /Reversal	09.30.2017
Investments in group companies and associates	3,059,905	5,708,600	782,587	-	(1,736,352)	7,814,740
<b>Total</b>	<b>3,059,905</b>	<b>5,708,600</b>	<b>782,587</b>	<b>-</b>	<b>(1,736,352)</b>	<b>7,814,740</b>

## A. INVESTMENT IN GROUP COMPANIES AND ASSOCIATES

The most significant information relating to group companies and associates as of September 30, 2018 and 2017 is as follows:

Thousands of euros Year 2018 (Appendix)	Registered address	% of ownership	Cost	Accumulated Impairment	Issued capital <sup>(1)</sup>	Rest of equity without results <sup>(1)</sup>	Operating profit <sup>(1)</sup>	Net results <sup>(1)</sup>
Siemens Gamesa Renewable Energy Wind Farms, S.A. (**)	Spain	100%	6,156,864	-	35,491	1,740,702	19,668	(1,693,440)
Siemens Gamesa Renewable Energy 9Ren, S.L. (2) (**)	Spain	100%	8,185	-	11,957	3,002	(4,724)	(4,792)
Siemens Wind Power SpA. (*)	Chile	100%	2,740	-	2,740	3,628	391	90
Siemens Gamesa Renewable Energy Pty. Ltd. (**)	Australia	100%	31,269	-	31,269	(25,151)	13,895	13,556
Siemens Wind Power GmbH. (*)	Austria	100%	9,966	-	35	9,110	(768)	(609)
Siemens Gamesa Renewable Energy Limited (**)	Canada	100%	270,489	(130,533)	266,956	(260,333)	24,440	20,045
Siemens Gamesa Renewable Energy (Shanghai) Co, Ltd. (**)	China	100%	59,488	-	43,481	16,508	21,217	15,514
Siemens Gamesa Renewable Energy Limited (**)	Thailand	100%	5,439	-	5,439	(5,608)	1,723	1,343
Siemens Gamesa Renewable Energy Sp. z.o.o (**)	Poland	100%	11,758	-	5,899	6,016	797	651
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (*)	Turkey	100%	43,849	-	3,704	(1,562)	4,679	3,707
Siemens Gamesa Renewable Energy Iberica S.L. (**)	Spain	100%	14,739	-	3	14,104	(945)	(1,246)
Siemens Gamesa Renewable Energy S.A.S (*)	France	100%	29,902	-	1,001	82	3,457	2,289
Siemens Gamesa Renewable Energy Belgium BVBA (**)	Belgium	100%	5,000	-	5,000	26	16,225	10,486
Siemens Gamesa Renewable Energy B.V. (**)	Netherlands	100%	113,017	-	1	8,198	7,096	5,331
Siemens Gamesa Renewable Energy S.A.C. (*)	Peru	100%	5,688	-	5,689	176	1,164	946
Siemens Gamesa Renewable Energy AB (**)	Sweden	100%	96,304	-	5	4,787	7,459	5,689
	United Kingdom	100%						
Siemens Gamesa Renewable Energy Limited (**)	Kingdom	100%	202,359	-	207,141	(204,756)	126,054	77,162
Siemens Gamesa Renewable Energy Limited (**)	Ireland	100%	95,082	-	-	(2,484)	7,095	5,949
Siemens Gamesa Renewable Energy Italia S.r.l. (**)	Italy	100%	6,088	-	1,000	1,556	798	500
Siemens Gamesa Renewable Energy AS (**)	Norway	100%	20,126	-	271	3,430	984	740
Siemens Gamesa Renewable Energy, Inc. (**)	United States	100%	3,272,023	(1,664,198)	27,834	520,444	15,947	(27,767)
Siemens Gamesa Renewable Energy Engineering Centre Private Limited (**)	India	100%	1,323	-	1,323	(920)	2,309	1,467
Siemens Gamesa Renewable Energy A/S (**)	Denmark	100%	331,126	-	2,690	102,436	288,535	230,032
Siemens Gamesa Renewable Energy Egypt LLC (**)	Egypt	100%	3,868	-	3,871	(812)	(499)	(330)
Siemens Gamesa Renewable Energy GmbH & Co. KG (**)	Germany	100%	105,842	-	1,000	99,746	31,834	22,743
Siemens Wind Power (PTY) LTD (**)	South Africa	70%	5,005	-	8,006	(626)	6,260	4,758
Siemens Gamesa Renewable Energy, Inc (**)	Philippines	100%	10,760	-	10,760	(8,514)	566	348
PT Siemens Gamesa Renewable Energy (*)	Indonesia	95%	141	-	149	(11)	(12)	9
Other investments	-	-	2,115	-	-	-	-	-
<b>Associates:</b>								
Windar Renovables, S.L. (***)	Spain	32%	65,034	-	9	87,721	8,365	1,731
<b>Total</b>			<b>10,985,589</b>	<b>(1,794,731)</b>				

(1) This information refers to the individual Financial Statements as of September 30, 2018 for the respective companies except for the Windar Renovables data that refers to its Consolidated Financial Statements as of September 30, 2018. None of the abovementioned companies are listed.

(2) 49% of direct ownership and 51% of indirect ownership.

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

(\*\*) Companies audited by EY.

(\*\*\*) Companies audited by another audit firm.

Thousands of euros Year 2017	Registered address	% of ownership	Book value	Accumulated impairment	Issued Capital <sup>(1)</sup>	Rest of equity without results <sup>(1)</sup>	Operating profit <sup>(1)</sup>	Net results <sup>(1)</sup>
Siemens Gamesa Renewable Energy Wind Farms, S.A.. (**)	Spain	100%	4,676,072	-	35,491	242,486	(5,273)	50,213
Siemens Gamesa Renewable Energy USA, Inc (**)	United States	100%	958,709	(290,072)	27,834	448,225	4,560	4,664
Siemens Gamesa Renewable Energy 9Ren, 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 Energy 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 Gamesa Renewable Energy Limited (**)	Canada	100%	317,400	(148,420)	313,867	(270,412)	12,674	11,045
Siemens Gamesa Renewable Energy (Shanghai) Co, Ltd (**)	China	100%	59,483	-	43,481	(1,343)	20,669	14,789
Siemens Gamesa Renewable Energy Limited (**)	Thailand	100%	5,439	-	5,439	(662)	1,463	2,667
Siemens Gamesa Renewable Energy Sp. z.o.o (**)	Poland	100%	11,758	-	5,899	7,286	517	3,523
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (*)	Turkey	100%	43,849	-	3,704	(38)	2,673	2,072
Siemens Gamesa Renewable Energy Iberica S.L. (*)	Spain	100%	14,739	-	3	14,736	235	(657)
Siemens Gamesa Renewable Energy S.A.S (*)	France	100%	29,902	-	1,001	-	2,483	1,642
Siemens Gamesa Renewable Energy Belgium BVBA (*)	Belgium	100%	5,000	-	5,000	-	1,004	679
Siemens Gamesa Renewable Energy B.V.(**)	Netherlands	100%	113,017	-	1	(8,198)	11,046	8,199
Siemens Gamesa Renewable Energy S.A.C.(*)	Peru	100%	5,688	-	5,689	(5,595)	275	165
Siemens Gamesa Renewable Energy 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 Limited (**)	Ireland	100%	95,082	-	-	87,077	9,312	8,005
Siemens Gamesa Renewable Energy Italia S.r.l.(*)	Italy	100%	6,084	-	1,000	1,537	741	480
Siemens Gamesa Renewable Energy AS (**)	Norway	100%	20,126	-	271	(153)	3,780	2,870
Siemens Gamesa Renewable Energy, Inc.(**)	United States	100%	2,313,229	(1,297,860)	-	69,086	(12,605)	(7,525)
Siemens Gamesa Renewable Energy Engineering Centre Private Limited (**)	India	100%	1,323	-	1,323	1,514	1,092	1,220
Siemens Gamesa Renewable Energy A/S (**)	Denmark	100%	330,986	-	2,690	86,181	188,970	151,716
Siemens Gamesa Renewable Energy Egypt LLC (*)	Egypt	100%	3,868	-	3,871	(1,071)	(201)	(321)
Siemens Gamesa Renewable Energy GmbH & Co.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 Gamesa Renewable Energy, Inc. (**)	Philippines	100%	10,760	-	10,760	(7,117)	117	(80)
Oher investments	-	-	2,115	-	-	-	-	-
<b>Associates:</b>								
Windar Renovables, S.L. (***)	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 refers to the individual Financial Statements as of September 30, 2017 for the respective companies except for the Windar Renovables data that refers to its Consolidated Financial Statements. None of the abovementioned companies are listed.

(2) 49% of direct ownership and 51% of indirect ownership.

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

(\*\*) Companies audited by EY.

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

The breakdown of investments grouped under “Other investments” as of September 30, 2018 and 2017 is as follows:

Thousands of euros	Book value	% of direct ownership	Country
Siemens Gamesa Renewable Energy Management GmbH	85	100%	Germany
Siemens Gamesa Renewable Energy d.o.o	843	100%	Croatia
Siemens Gamesa Renewable Energy International Wind Services, S.A.	600	100%	Spain
Siemens Gamesa Renewable Energy Limited	576	100%	South Korea
Siemens Gamesa Renewable Energy Kft.	10	100%	Hungary
Siemens Gamesa Renewable Energy SARL	1	100%	Morocco
<b>Total other investments</b>	<b>2,115</b>		

Changes in the cost of investments are as follows:

Thousands of euros	Country	Additions/ (disposals)
<b>Year 2018</b>		
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Spain	1,480,792
Siemens Gamesa Renewable Energy, Inc	United States	958,794
Siemens Gamesa Renewable Energy USA, Inc	United States	(958,709)
Siemens Gamesa Renewable Energy Limited	Canada	(46,911)
PT Siemens Gamesa Renewable Energy	Indonesia	141
Siemens Gamesa Renewable Energy GmbH & Co. KG (Note 12.D)	Germany	211
Siemens Gamesa Renewable Energy A/S (Note 12.D)	Denmark	140
Siemens Gamesa Renewable Energy Limited (Note 12.D)	United Kingdom	30
Siemens Gamesa Renewable Energy (Shanghai) Co. Ltd. (Note 12.D)	China	5
Siemens Gamesa Renewable Energy Italia S.r.l. (Note 12.D)	Italy	4
<b>Total additions/ (disposals)</b>		<b>1,434,497</b>
<b>Year 2017</b>		
Siemens Gamesa Renewable Energy (Shanghai) Co. Ltd.	China	59,483
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi	Turkey	43,849
Siemens Gamesa Renewable Energy S.A.S.	France	29,902
Siemens Gamesa Renewable Energy B.V.	Netherlands	113,017
Siemens Gamesa Renewable Energy AB	Sweden	96,304
Siemens Gamesa Renewable Energy Italia S.r.l.	Italy	6,084
Siemens Gamesa Renewable Energy AS	Norway	20,126
Siemens Gamesa Renewable Energy Limited	Canada	15,000
Siemens Wind Power (PTY) LTD	South Africa	5,005
Siemens Gamesa Renewable Energy, Inc.	Philippines	10,760
Siemens Wind Power SpA	Chile	2,738
Siemens Gamesa Renewable Energy Pty. Ltd.	Australia	31,269
Siemens Gamesa Renewable Energy d.o.o	Croatia	840
Siemens Wind Power GmbH.	Austria	9,931
Siemens Gamesa Renewable Energy Limited	Thailand	5,413
Siemens Gamesa Renewable Energy Sp. z.o.o	Poland	11,757
Siemens Gamesa Renewable Energy Limited	South Korea	496
Siemens Gamesa Renewable Energy Iberica S.L.	Spain	14,736
Siemens Gamesa Renewable Energy Belgium BVBA	Belgium	4,981
Siemens Gamesa Renewable Energy S.A.C.	Peru	5,688
Siemens Wind Power Limited	United Kingdom	174,930
Siemens Gamesa Renewable Energy Limited	Ireland	95,082
Siemens Gamesa Renewable Energy Engineering Centre Private Limited	India	1,322
Siemens Gamesa Renewable Energy Egypt LLC	Egypt	3,843
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	20,031
<b>Total additions</b>		<b>782,587</b>

The main changes in the fiscal year 2018 has been as follows:

- As of September 13, 2018 SIEMENS GAMESA, as the sole shareholder of Siemens Gamesa Renewable Energy Wind Farms, S.A. (Spain), has approved a capital increase of such company in cash of EUR 1,070,000 thousands. Additionally, on the same date, SIEMENS GAMESA has approved a non-monetary contribution for Siemens Gamesa Renewable Energy Wind Farms, S.A. by capitalising existing shareholder

loans to the parent company of an amount of EUR 410,465 thousands. The remaining amount, EUR 327 thousands, corresponds to the long-term incentive allocation (Note 12.D).

- As of September 18, 2018 an agreement of reorganization has been entered into by and among the following american companies: Siemens Gamesa Renewable Energy, Inc., Siemens Gamesa Renewable Energy USA, Inc. and Siemens Gamesa Renewable Energy Wind, LLC. All of these companies' issued and outstanding shares are owned, directly or indirectly by SIEMENS GAMESA. This agreement has been carried out in 2 steps:
  - As of September 24, Siemens Gamesa Renewable Energy USA, Inc., as the owner of all of the issued and outstanding equity interests in Siemens Gamesa Renewable Energy Wind, LLC., has contributed and transferred to the subsidiary all the contributed indebtedness with the results that all of them have been extinguished as of the effective date.
  - As of September 30, 2018, Siemens Gamesa Renewable Energy USA, Inc. has been merged with and into Siemens Gamesa Renewable Energy, Inc., being this second the surviving company.

Additionally, an amount of EUR 85 thousands has been recognised for the long-term incentive (Note 12.D)

- As of August 8, 2018, SIEMENS GAMESA, as the sole shareholder of Siemens Gamesa Renewable Energy Limited (Canada), has approved a capital decrease of such company, with effective date August 15, 2018, of CAD 71,100 thousands equivalent to EUR 46,911 thousands.
- On April 6, 2018, PT Siemens Gamesa Renewable Energy (Indonesia) has been established through SIEMENS GAMESA's disbursement of EUR 141 thousands and in which SIEMENS GAMESA holds a 95% of ownership.
- During the year 2018, once a significant part of the existing uncertainties at the end of the previous fiscal year have materialized (incentives and fiscal reform), as well as new factors that affect the business development have appeared in the United States (e.g. import tariffs), the impairment test performed in 2017 has been updated for this country, recording an additional impairment amounting to EUR 76,266 thousands as of September 30, 2018 for Siemens Gamesa Renewable Energy, Inc.

The recoverable amount has been estimated using the future cash flows for the next 5 years based on the most updated business plan available, considering a post tax discount rate of 8.5% and a growth rate of 1.3%. For the year 2019, an operating margin of 1.6% has been considered. For the year 2020 and subsequent periods, including the terminal value, an average margin close to 6.3% has been considered. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 64% of the total recoverable value.

- At year end 2018, the impairment recorded in 2017 for its subsidiary in Canada has been updated and as a result, SIEMENS GAMESA has partially reversed the impairment provision for the shareholding in Siemens Gamesa Renewable Energy Limited (Canada) in an amount of EUR 17,887 thousands mainly due to the slight improvement in the company's perspectives.

The recoverable amount of the Canadian shareholding has been estimated using the future cash flows for the next 5 years, based on the most updated business plan available, considering a post tax discount rate of 8.5% and a growth rate of 1.3%. In the projections, an average operating margin close to 10.4% has been considered (including terminal value with an operating margin close to 8.9%). The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 80% of the total recoverable value.

The main changes in the fiscal year 2017 were as follows:

- As indicated in Note 4, Goodwill coming from the Merger, amounting to EUR 5,299 million was allocated as an increase of the investment on Siemens Gamesa Wind Farms, S.A. (Spain), Siemens Gamesa Renewable Energy USA, Inc. (previously denominated Gamesa Technology Corporation, Inc) and Windar Renovables (Spain) amounting to EUR 4,506 million, EUR 733 million and EUR 60 million respectively.
- Effective January 2017, the Company acquired 100% of the Chinese company Siemens Gamesa Renewable Energy (Shanghai) Co, Ltd. (previously denominated Siemens Wind Power Blades SH – SWPB) for a purchase amount EUR 59,483 thousands, which were pending payment as of September 30, 2017 and recognised under “Short – term payables to group companies and associates” (Note 18). Also effective January 2017, the Company acquired 100% of the Dutch company Siemens Gamesa Renewable Energy B.V. (previously denominated Siemens Wind Power B.V.) at a starting purchase price of EUR 77,904 thousands, which at February 23, 2017 was adjusted in the amount of EUR 113,017 thousands. Finally, effective January 2017, SIEMENS GAMESA acquired 100% of the Swedish company Siemens Gamesa Renewable Energy AB (previously denominated Siemens Wind Power AB) at a preliminary price of EUR 84,810 thousands, adjusted during February 2017 to EUR 96,304 thousands.
- During February 2017, the Company received 100% of the shares in the United Kingdom’s company Siemens Wind Power Limited (previously denominated Siemens Wind Power Ltd. Hull) as a contribution amounting to EUR 174,930 thousands. On February 23, 2017, it received 100% of Siemens Gamesa Renewable Energy Limited (Ireland) (previously denominated Siemens Wind Power Limited) for EUR 95,082 thousands as a contribution.
- In 2017, the investment in the German company Siemens Gamesa Renewable Energy GmbH & Co. KG (previously denominated Siemens Wind Power GmbH & Co. KG) 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 year end 2017, as a consequence of the transition initiated towards totally competitive modes of wind power, the increase in volatility in the US market, one of the main markets for the Group, was on one hand, in onshore sales volume decrease, and, on the other hand, in Group inventories value adjustment in this country.

This fact, together with the existing uncertainty over the continuance of tax incentives on renewable energies, as well as the effect of a possible tax reform, was considered as an impairment indicator of the shareholding that the Company held in its subsidiaries Siemens Gamesa Renewable Energy, Inc (previously denominated Siemens Wind Power Inc) and Siemens Gamesa Renewable Energy USA, Inc (United States). Because of this, an impairment test was performed.

The recoverable amount of these shareholdings was 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 a growth rate of 1.3%. For the year 2018, an operating margin of 6.5% (including restructuring costs) was considered. For the year 2019 an increase up to 10.1% was 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% was considered (significant decrease on tax incentives situation), expecting this margin remained flat. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represented 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 detected impairment indicators in the shareholding of the Canadian company Siemens Gamesa Renewable Energy Limited (previously denominated Siemens Wind Power Ltd), as a consequence of closing, on July 2017, of the blades facility of Tillsonburg (owned by the mentioned company) as a result of the improved “footprint” process.



The recoverable amount of this shareholding was 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 the year 2018, an operating margin of 5.5% was considered. For the year 2019 and subsequent periods, including terminal value, a margin close to 4.5% as well as a decrease of the actual sales volume were considered. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represented 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 Appendix reflects a breakdown of the subsidiaries, joint ventures, and associates included in the consolidation of the SIEMENS GAMESA Group, as well as information on them.

None of SIEMENS GAMESA's subsidiaries, joint ventures, and associates are listed on organized markets.

## **B. NON-CURRENT FINANCIAL ASSETS**

The breakdown, by years, of the maturity of the items composing "Long-term financial investments - Guarantees and deposits given" as of September 30, 2018 and 2017 is as follows:

Thousands of euros	2019	2020	2021	2022	Total
<b>Year 2018</b>					
Guarantees and deposits given	120	282	40	81	523
<b>Total</b>	<b>120</b>	<b>282</b>	<b>40</b>	<b>81</b>	<b>523</b>

Thousands of euros	2018	2019	2020	2021	Total
<b>Year 2017</b>					
Guarantees and deposits given	228	-	280	-	508
<b>Total</b>	<b>228</b>	<b>-</b>	<b>280</b>	<b>-</b>	<b>508</b>

"Long-term financial investments" are recognised at amortised cost, which fundamentally coincides with their market value.

## **C. 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 the SIEMENS GAMESA Group for the period ended September 30, 2018 and 2017.

The main figures in the SIEMENS GAMESA Group Consolidated Financial Statements for 2018 and 2017, prepared in accordance with International Financial Reporting Standards approved by the European Union (IFRS-EU) are as follows:

Thousands of euros	09.30.2018	09.30.2017
Total assets	16,152,737	16,321,927
Equity		
Parent Company	5,928,725	6,082,033
Non - controlling interests	2,226	2,814
Revenue from continuing operations	9,122,272	6,538,198
Net income for the year		
Parent Company	69,993	(15,207)
Non - controlling interests	(63)	2,428

## 10. Short-term financial instruments

The breakdown of short-term financial instruments, without considering the current tax assets and liabilities balances, as of September 30, 2018 and 2017 is as follows:

<b>Thousands of euros</b>	<b>09.30.2018</b>	<b>09.30.2017</b>
Receivables from group companies and associates (Note 18)	34,682	27,667
Trade receivables	-	1,058
Personnel	31	27
Short-term investments in group companies and associates (Note 18)	1,056,299	1,119,772
Credits to third parties	-	365
Derivatives (Note 14)	631	58
<b>Total</b>	<b>1,091,643</b>	<b>1,148,947</b>

## 11. Cash and cash equivalents

The breakdown of “Cash and cash equivalents” as of September 30, 2018 and 2017 is as follows:

<b>Thousands of euros</b>	<b>09.30.2018</b>	<b>09.30.2017</b>
Cash in euros	843,476	444,591
Cash in foreign currency (Note 5.A)	195,334	84,665
<b>Total</b>	<b>1,038,810</b>	<b>529,256</b>

Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of these balances.

## 12. Equity

### A. **ISSUED CAPITAL**

SIEMENS GAMESA's issued capital as of September 30, 2018 and 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.

According to information of the Company, the shareholder structure of SIEMENS GAMESA as of September 30, 2018 and 2017 is as follows:

<b>Shareholders</b>	<b>% shareholding</b>	
	<b>09.30.2018</b>	<b>09.30.2017</b>
SIEMENS AG (*)	59.000%	59.000%
Iberdrola, S.A.	8.071%	8.071%
Others (**)	32.929%	32.929%
<b>Total</b>	<b>100.000%</b>	<b>100.000%</b>

(\*) 28.877% by Siemens Beteiligungen Inland GmbH.

(\*\*) Includes all shareholders with an ownership stake of less than 3%, who are not considered as significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

SIEMENS GAMESA's shares are listed on the IBEX 35 through the Automated Quotation System (*Mercado Continuo*) at the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

## B. RESERVES

### Capital reserve

The Spanish Companies Act allows the use of the capital reserve to increase issued capital and there is not specific restrictions for it.

### Legal reserve

Under the Spanish Companies Act, limited responsibility companies (*Sociedad Anónima*) must transfer the 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the issued capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of issued capital, it can only be used to offset losses, provided that other reserves are not available for this purpose.

As of September 30, 2018 and 2017 this reserve is not fully set up.

### Shareholders' contributions

During January, February and March 2017 SIEMENS AG 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 9). These contributions were made to increase the Company's equity amount to attend the Merger Extraordinary Dividend amounting to EUR 1,047 million (Note 1.B) being, after the exchange rate settlement amounting to EUR 234 million (Note 1.B), a net amount of EUR 813 million recognised as "Capital reserve".

On the other hand, with the remaining contributions amounting to EUR 1,092 million, recognised under "Other reserves", investments in group companies' shares were integrated in exchange in 2017 amounting to EUR 762 million (Note 9), 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).

## C. DIVIDENDS

The Ordinary Shareholders' Meeting of SIEMENS GAMESA approved, on June 20, 2017, a distribution of a dividend charged to profit of the year 2016 of Gamesa Corporacion Tecnológica, S.A. amounting to EUR 75,140 thousands, EUR 0.11058 per share that was paid on July 2017.

## D. TREASURY SHARES, AT COST

The change in treasury shares held, as well as of the item "Treasury shares, at cost" of "Total Equity" as a consequence of the transactions during 2018 and 2017, is as follows:

	Number of shares	Thousands of euros	Average price
<b>Balance at 10.01.2017</b>	<b>1,707,508</b>	<b>(21,505)</b>	<b>12.594</b>
Acquisitions	22,995,111	(281,552)	12.244
Disposals	(23,003,889)	282,714	12.290
<b>Balance at 09.30.2018</b>	<b>1,698,730</b>	<b>(20,343)</b>	<b>11.975</b>

	Number of shares	Thousands of euros	Average price
<b>Balance at 01.01.2017</b>	-	-	-
First time consolidation at April 3, 2017	1,674,209	(37,410)	22.345
Acquisitions	9,433,101	(156,624)	16.604
Disposals	(9,399,802)	172,529	18.355
<b>Balance at 09.30.2017</b>	<b>1,707,508</b>	<b>(21,505)</b>	<b>12.594</b>

The nominal value of the treasury shares acquired directly or indirectly by SIEMENS GAMESA, together with those already held by the SIEMENS GAMESA Group and its subsidiaries does not exceed 10% of the issued capital neither in the year 2018 nor in year 2017.

On October 30, 2012 SIEMENS GAMESA signed a liquidity agreement with Santander Investment Bolsa, which was reported to the National Securities Market Commission (CNMV) through the Significant Event on October 31, 2012. Within the framework of this agreement, during the period ranging from April to June, 2017 SIEMENS GAMESA acquired 4,562,229 treasury shares at an average price of EUR 20.00, and sold 4,600,909 treasury shares at an average price of EUR 20.90.

On July 10, 2017, SIEMENS GAMESA entered into a new liquidity contract with Santander Investment Bolsa, which was communicated to the CNMV through a notice of a Significant Event on the same date. Within the framework of this agreement, during the months of July, August, and September 2017, SIEMENS GAMESA acquired 4,870,872 treasury shares at an average price of EUR 13.43, and sold 4,798,893 treasury shares at an average price of EUR 15.92. During the period between October 1, 2017 and September 30, 2018 SIEMENS GAMESA has acquired 22,995,111 treasury shares at an average price of EUR 12.24 per share, and has sold 23,003,889 treasury shares at an average price of EUR 12.29 per share.

The EUR 22 thousands difference between the cost and sales price has been recognised under "Other reserves" (EUR 300 thousands in the year ended September 30, 2017).

#### Long term incentive

The General Shareholders' Meeting held on March 23, 2018 approved a Long Term Incentive Plan for the period between 2018 and 2020, which includes the delivery of shares of the Company linked to the achievement of certain strategic objectives after measurement periods of 3 years. This Long Term Incentive Plan is addressed to the Chief Executive Officer, Senior Executives, certain Directors and employees of the Company and, where appropriate, of subsidiaries of the SIEMENS GAMESA Group.

The plan has a duration of 5 years divided into three independent cycles with a measurement period of three years each.

The Company must recognise services when they are received. The SIEMENS GAMESA has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as personnel expenses on an accrual basis, apportioning the estimate of the fair value of the equity instruments assigned over the term of the plan (between October 1, 2017 and October 1, 2020), which have given rise to a debit amounting EUR 379 thousands in "Staff costs" in the Statement of Profit and Loss for the year ended September 30, 2018 (Note 17.C), crediting the heading "Reserves - Other reserves" under Equity in the accompanying Balance Sheet as of September 30, 2018.

In those cases in which SIEMENS GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded EUR 802 thousands under the heading "Long-term investments in group companies and associates - Investments in group companies and associates" in the accompanying Balance Sheet as of September 30, 2018 (Note 9), crediting the heading "Reserves - Other reserves" under Equity, equivalent to the services received and accrued by beneficiaries at subsidiaries.

The settlement period of the Plan will fall within fiscal years 2021, 2022 and 2023. The Shares will be delivered, as appropriate, within sixty (60) calendar days from the date on which the Company's Board of Directors prepares the Financial Statements for the relevant period, in order to determine the degree of achievement of the objectives for each cycle ("Delivery Date"). The Plan will end on the Delivery Date for cycle FY2020 (i.e. following the preparation of the 2022 Financial Statements).

To measure this programme, the SIEMENS GAMESA Group has used a Monte Carlo simulation based on the assumptions of the Black Scholes pricing model, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main market parameters used in the measurement were as follows:

- The risk-free rate is -0.05%.
- The share price volatility is 43.6% which corresponds to the average value of the historic share price variations since January 2010.
- Estimation of the degree of achievement of the strategic objectives of the first cycle: 55%.

The Plan is addressed to a maximum of 300 beneficiaries, and the designation of an individual as a beneficiary of a Plan cycle will not necessarily entitle that individual to participate in other Plan cycles. The number of employees entitled to the Plan's first cycle amounts to 174.

The Plan may not exceed, as a maximum, the delivery of a total of 5,600,000 shares. This total limit, which represents 0.82% of SIEMENS GAMESA's issued capital, is calculated taking into account the potential inclusion of additional beneficiaries. The Company will allocate Shares of treasury stock to cover the Plan or otherwise meet the commitments derived from the Plan with a financial instrument that provides adequate coverage.

### 13. Current and non-current financial liabilities

The current and non-current financial liabilities as of September 30, 2018 and 2017 is as follows:

<b>Thousands of euros</b>	<b>09.30.2018</b>	<b>09.30.2017</b>
<b>Long-term debts</b>		
Debt with financial institutions	693,668	-
Other financial liabilities	-	4,818
<b>Short-term debts</b>		
Debt with financial institutions	484,730	9
Derivatives (Note 14)	1,271	2,738
Other financial liabilities	2,895	207
<b>Total</b>	<b>1,182,564</b>	<b>7,772</b>

#### **A. DEBT WITH FINANCIAL INSTITUTIONS**

The amounts of "Debt with financial institutions" include in the Balance Sheet as of September 30, 2018 (the company had no "Debt with financial institutions" as of September 30, 2017) relates mainly to the following multi-currency term and revolving credit facility:

- At May 30, 2018, SIEMENS GAMESA signed a multi-currency term and revolving credit facility amounting both to a total EUR 2,500 million. The facility includes a fully drawn term loan tranche of EUR 500 million maturing in 2021 and a revolving credit line tranche of EUR 2,000 million maturing in 2023 with two one-year extension options. As of September 30 EUR 700 million have been drawn. It may be used for general corporate purposes and to refinance outstanding debt.

As of September 30, 2018 the average cost of the debt is of 0.43% (the Company had no "Debt with financial institutions" as of September 30, 2017). As of September 30, 2018 the Company does not have financing debt subject to financial covenants.

## B. OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

As of September 30, 2018 and 2017, these headings include the provision for outstanding remuneration to staff derived from Incentive Plan 2016-2017 amounting to EUR 2,565 thousands (registered as short-term as of September 30, 2018) and EUR 4,818 thousands (registered as long-term as of September 30, 2017). During fiscal year 2018, the first 50% has been paid and the second 50% is expected to be paid in fiscal year 2019.

### 14. Derivatives

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

The breakdown of balances representing the valuation of derivatives on the September 30, 2018 and 2017 Balance Sheet is as follows:

Thousands euros	Short-term	
	Assets (Note 10)	Liabilities (Note 13)
<b>Year 2018</b>		
<b>Foreign currency derivatives</b>		
Foreign currency derivatives (Note 18)	631	1,271
<b>Total</b>	<b>631</b>	<b>1,271</b>
<b>Year 2017</b>		
<b>Foreign currency derivatives</b>		
Foreign currency derivatives	58	2,738
<b>Total</b>	<b>58</b>	<b>2,738</b>

At the end of the periods ended September 30, 2018 and 2017, the amounts recorded on the Statement of Profit and Loss under "Exchange differences" at the fair value of derivative instruments amounted to a negative difference of EUR 1,212 thousands and a positive difference of EUR 1,129 thousands, respectively.

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. As of September 30, 2018 and 2017, the total nominal value hedged by the currency derivatives is as follows:

Currency	Thousands of euros	
	09.30.2018	09.30.2017
Danish krona	632,124	779,445
Sterling pounds	99,063	11,340
Australian dollar	42,000	6,633
Norwegian krone	27,754	-
Swedish crown	26,102	13,991
United States dollar	11,049	-
South African rand	6,537	5,043
Canadian dollar	5,000	44,257
New Zealand dollar	1,700	-
Japanese yen	1,660	1,502
Chinese yuan	-	56,360
<b>Total</b>	<b>852,989</b>	<b>918,571</b>

### 15. Current tax assets/liabilities and income tax

Since 2002 SIEMENS GAMESA and some of its subsidiaries located in the Basque Country, subject to the Bizkaia's Corporate Tax Regulations, are taxed under the Special Consolidated Tax Regime, being SIEMENS GAMESA the Parent Company. This regime is now regulated under the chapter VI of the title VI of the *Norma Foral 11/2013* (Local Income Tax regulation), of December 5, and *Norma Foral 2/2018*, of March 21, of the Bizkaia Historical Territory.

Moreover, since 2009, SIEMENS GAMESA and its subsidiaries which meet the requirements are resolved to be under the Group's Special Regime of Value Added Tax included in chapter IX of the *Norma Foral 7/1994* of November 9, of Bizkaia which regulates this tax at its basic level, being SIEMENS GAMESA the Parent company of the Tax Group.

The companies that integrate the Consolidated Tax Group under the Regional Regulations of Bizkaia for the purposes of Income tax for the fiscal year 2018 are the following:

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.	Adwen Offshore, S.L.
Sistemas Energéticos Tablero Taborado, S.L.	Sistemas Energéticos Argañoso, S.L.U.
Sistemas Energéticos Tarifa, S.L.U.	Sistemas Energéticos Carril, S.L.U.
Siemens Gamesa Renewable Finance, S.A.	Sistemas Energéticos Jaralón, S.A.U.
Parque Eólico Dos Picos, S.L.U.	Sistemas Energéticos Loma del Reposo, S.L.U.
Sistemas Energéticos Loma del Viento, S.A.U.	Sistemas Energéticos Cabezo Negro, S.A.U.
Sistemas Energéticos Sierra de Las Estancias, S.A.U.	International Windfarm Developments IV, S.L.
International Windfarm Developments V, S.L.	International Windfarm Developments VI, S.L.
International Windfarm Developments VII, S.L.	International Windfarm Developments IX, S.L.
Sistemas Energéticos Cuntis, S.A.U.	Sistemas Energéticos Cuerda Gitana, S.A.U.
Sistemas Energéticos Alcohujate, S.A.U.	Sistemas Energéticos Tomillo, S.A.U.
Sistemas Energéticos La Cámara, S. L	Sistemas Energéticos Ladera Negra, S.A.U.
Sistemas Energéticos Barandón, S.A.	Sistemas Energéticos Cabanelas, S.A.U.
Sistemas Energéticos La Plana, S.A.	

The following companies are subject to the aforementioned Group's Special Regime of Value added Tax in the year 2018:

Siemens Gamesa Renewable Energy, S.A. (Parent company)	Siemens Gamesa Renewable Energy Wind Farms, S.A.
Adwen Offshore, S.L.	Sistemas Energéticos La Cámara, S.L.
Sistemas Energéticos La Plana S.A.	Sistemas Energéticos Cabezo Negro S.A.

#### A. NON-CURRENT AND CURRENT TAX ASSETS AND LIABILITIES

The breakdown of balances between non-current and current receivables as of September 30, 2018 and 2017 is the following:

Thousands of euros	09.30.2018	09.30.2017
<b>Non-current receivables</b>		
Deferred tax assets	1,239	501
<b>Current receivables</b>		
VAT receivable	7,045	1,116
Withholdings and payments on account receivable from the Treasury	-	7,330
<b>Total</b>	<b>8,284</b>	<b>8,947</b>
<b>Current payables</b>		
Income tax payable	(5,690)	(4,888)
Accounts payable to the Treasury for withholdings	(2,830)	(761)
Social Security	(556)	(399)
<b>Total</b>	<b>(9,076)</b>	<b>(6,048)</b>

#### B. RECONCILIATION BETWEEN REPORTED PROFITS AND TAXABLE PROFITS

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

Thousands of euros	
<b>Year 2018</b>	
<b>Result before tax</b>	<b>57,382</b>
Plus (less) - Permanent differences	(103,969)
Plus (less) - Temporary differences	
Other provisions	2,977
<b>Individual tax base</b>	<b>(43,610)</b>
Plus (less) - Eliminations due to consolidated taxation	-
<b>Individual tax base contributed to the Group</b>	<b>(43,610)</b>
<b>Year 2017</b>	
<b>Result before tax</b>	<b>(1,778,683)</b>
Plus (less) - Permanent differences	1,827,904
Plus (less) - Timing differences	
Other provisions	(986)
<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>

#### C. RECONCILIATION BETWEEN REPORTED PROFITS AND THE CORPORATE INCOME TAX / (TAX EXPENSE)

The reconciliation between reported profits and the income tax / (tax expense) is set out below:

Thousands of euros	2018	2017
<b>Result before tax</b>	<b>57,382</b>	<b>(1,778,683)</b>
Impact of permanent differences	(103,969)	1,827,904
<b>Tax payable at 28%</b>	<b>13,044</b>	<b>(13,782)</b>
Regularisation current and deferred taxes, Tax-loss carryforwards yet to be applied and deductions applied in 2016 settlement	(20,574)	8,630
Others	-	991
<b>Total Corporate Income Tax income / (expense)</b>	<b>(7,530)</b>	<b>(4,161)</b>

The Income Tax related to Gamesa Corporación Tecnológica, S.A (as accounting acquiree, Note 1.C) was included since the Merger Effective Date in the Statement of Profit and Loss for the year ended September 30, 2017.



#### **D. BREAKDOWN OF TOTAL INCOME TAX / (TAX EXPENSE)**

The detail of the Income tax for the periods ended September 30, 2018 and 2017 is as follows:

<b>Thousands of euros</b>	<b>2018</b>	<b>2017</b>
<b>Current tax</b>		
From continuing operations	(8,268)	(3,885)
<b>Deferred tax</b>		
From continuing operations	738	(276)
<b>Total Income tax / (tax expense)</b>	<b>(7,530)</b>	<b>(4,161)</b>

#### **E. RECOGNISED DEFERRED TAX ASSETS**

The breakdown as of September 30, 2018 and 2017 and movements in this account during the year are as follows:

##### **Year 2018**

<b>Thousands of euros</b>	<b>09.30.2017</b>	<b>Additions / (disposals)</b>	<b>09.30.2018</b>
Deferred tax assets	501	833	1,334
Tax-rate change regularization	-	(95)	(95)
<b>Total deferred tax assets</b>	<b>501</b>	<b>738</b>	<b>1,239</b>

##### **Year 2017**

<b>Thousands of euros</b>	<b>12.31.2016</b>	<b>Additions from the Merger</b>	<b>Additions / (disposals)</b>	<b>09.30.2017</b>
Deferred tax assets	-	225	276	501
<b>Total deferred tax assets</b>	<b>-</b>	<b>225</b>	<b>276</b>	<b>501</b>

During fiscal year 2018, as a result of the reduction of the tax rate approved in Bizkaia (26%), the deferred taxes have been valued with such future taxation rate.

The applicable legislation for tax periods from January 1, 2014 establishes a temporary limitation of 15 years for tax-loss carryforwards and deductions, further establishing that for those deductions and tax-loss carryforwards existing prior to the aforementioned date, the 15 year period begins on January 1, 2014. As of September 30, 2018, the tax Group of which SIEMENS GAMESA is the Parent Company has outstanding bases to compensate for that have not been recorded by amount EUR 560,530 thousands (EUR 162,054 thousands as of September 30, 2017).

Likewise, as of September 30, 2018, SIEMENS GAMESA has tax credits amounting EUR 4,386 thousand (EUR 4,386 thousands as of September 30, 2017) 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 SIEMENS GAMESA. Given its activities, and in accordance with the prudence principle, SIEMENS GAMESA has not capitalised the tax effect of these tax credits, which will be recognised 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 capitalised deductions pending application on September 30, 2018, if applicable, as deductions capitalised 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 capitalised and are recognised in accounts payable to those companies. As of September 30, 2018 SIEMENS GAMESA has unrecognised tax credits amounting EUR 96,001 thousands (EUR 97,840 thousands as of September 30, 2017).

As a result of the Corporate Income Tax expense estimates made by members of the tax Group and the deductions and tax credits recognised, SIEMENS GAMESA, as the parent of the tax Group, has recorded an increase in the existing account payable group in an amount of EUR 3,095 thousands (EUR 481 thousands in the 9-months period ended September 30, 2017).

#### **F. 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. As of September 30, 2018 in Spain the Group has all years since 2014 open for review for corporate income tax and all years since 2015 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.

#### **16. Guarantees**

On December 19, 2008, Siemens Gamesa Renewable Energy Eólica, S.L. Unipersonal (former Gamesa Eólica, S.L. Unipersonal, 100% indirectly owned by 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 100% by the Company, were 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. Unipersonal was unable to make the related repayments. This loan has been fully redeemed in fiscal year 2018, ascending the amount disposed as of September 30, 2017 to EUR 160 million. This loan was subject to financial covenants, all of which were complied with.

On November 29, 2012, Siemens Gamesa Renewable Energy Eólica, S.L. Unipersonal obtained a EUR 260 million loan from the European Investment Bank to finance innovation, research and development projects relating to the improvements processes of existing wind turbines, and the development of new products. The terms of this loan established its maturity date in 2019 and it accrued an interest rate referenced to the Euribor rate plus a market spread. This loan was subject to financial covenants all of which were complied with. This loan has been fully redeemed in fiscal year 2018, ascending the amount disposed as of September 30, 2017 to EUR 260 million.

SIEMENS GAMESA has provided guarantees during the year 2018, for obtaining lines of credit and warranties, to the following SIEMENS GAMESA Group companies in Spain: Adwen Offshore, S.L. amounting a maximum of the equivalent of EUR 406 million and EUR 150 million respectively; to Siemens Gamesa Renewable Energy Wind Farms, S.A, Gamesa Electric, S.A., Siemens Gamesa Renewable Eólica, S.L. Unipersonal and Siemens Gamesa Renewable Energy US Inc, amounting a maximum amount of EUR 250 million for warranties; to Siemens Gamesa Renewable Energy Eólica, S.L. Unipersonal amounting a maximum amount of EUR 15 million and EUR 22 million respectively; to its subsidiary in Brazil, Siemens Gamesa Energia Renovável Ltda. amounting a maximum of the equivalent of EUR 75 million for warranties; to its subsidiary in India, Siemens Gamesa Renewable Private Limited amounting a maximum of the equivalent of EUR 67 million and EUR 192 million respectively; to its subsidiary in China, Gamesa Wind Tianjin amounting a maximum of the equivalent of EUR 26 million for warranties; to Siemens Gamesa Renewable Energy Eólica, S.L. Unipersonal and Siemens Gamesa Renewable Energy Wind Farms, S.A. amounting a maximum of the equivalent of EUR 75 million for warranties and to Siemens Gamesa Renewable Energy USA, INC and Siemens Gamesa Renewable Energy Eólica, S.L. Unipersonal amounting a maximum of the equivalent of EUR 15 million for warranties.

Likewise, during 2017 the Company provided guarantees for obtaining lines of credit and warranties to the following SIEMENS GAMESA Group companies in Spain: 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. Unipersonal 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 Siemens Gamesa Renewable Energy 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 guarantees.

## 17. Income and expenses

### A. REVENUE

The Revenue for the year ended September 30, 2018 and 2017 corresponds entirely with operations performed in domestic territory.

### B. OTHER OPERATING INCOME, ACCESSORY AND OTHER ORDINARY INCOME

The heading "Other operating income - Accessory and other current income" in the accompanying Statement of Profit and Loss for the year ended September 30, 2018 and 2017 amounts EUR 41,183 thousands (Note 18) and EUR 21,494 thousands, respectively, fundamentally relates to services rendered by the Company management to other group companies for advisory, assistance and support to management and other departments, consisting of the monitoring of the business objectives set by the Company.

### C. STAFF COSTS

The breakdown of the heading "Staff Costs" in the accompanying Statement of Profit and Loss for the year ended September 30, 2018 and 2017 is as follows:

<b>Thousands of euros</b>	<b>2018</b>	<b>2017 (9-month period)</b>
Salaries and wages	29,642	14,898
Variable compensation	5,795	3,596
2016-2017 Incentives Plan	1,383	1,377
2018-2020 Incentives Plan (Note 12.D)	379	
Termination benefits (Note 3.P)	4,956	7,592
<b>Wages, salaries and similar expenses</b>	<b>42,155</b>	<b>27,463</b>
Social security costs	4,677	1,885
Employee benefits expense	2,746	1,422
<b>Social security costs</b>	<b>7,423</b>	<b>3,307</b>
<b>Total</b>	<b>49,578</b>	<b>30,770</b>

The "Variable compensation" registers the amount accruing in the years ended as of September 30, 2018 and 2017 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 SIEMENS 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 year ended September 30, 2018, SIEMENS GAMESA recognised EUR 1,383 thousands for this item (EUR 1,377 thousands during the 9-month period ended September 30, 2017).

The amount for termination benefits includes EUR 2,434 thousands which make reference to the voluntary redundancy scheme occurred during the year 2018 in relation to the November 2017 announcement of further capacity adjustment measures to address changing market conditions.

The average number of employees during the years ended on September 30, 2018 and 2017, distributed by professional categories and gender is as follows:

Average number of employees	2018			2017 (*)		
	Male	Female	Total	Male	Female	Total
Board Members	7	6	13	5	4	9
Executives / Senior management	49	8	57	24	1	25
Management	48	49	97	24	32	56
Employees	77	111	188	34	60	94
<b>Total</b>	<b>181</b>	<b>174</b>	<b>355</b>	<b>87</b>	<b>97</b>	<b>184</b>

(\*) For the comparative figures of 2017 it has to be taken into account that the average is weighted by 9 months for the employees coming from the Siemens Wind HoldCo, S.L., which had not staff costs, and 6 months for the employees coming from the GAMESA business (Note 1.D).

The distribution of employees in September 30, 2018 and 2017 is as follows:

Number of employees	09.30.2018			09.30.2017		
	Male	Female	Total	Male	Female	Total
Board Members	7	6	13	6	6	12
Executives / Senior management	51	8	59	38	2	40
Management	49	50	99	40	49	89
Employees	81	119	200	52	94	146
<b>Total</b>	<b>188</b>	<b>183</b>	<b>371</b>	<b>136</b>	<b>151</b>	<b>287</b>

The Executive Management is formed by 7 members as of September 30, 2018 and 2017, all of them male.

The employees increase during the year 2018 is mainly due to the integration process, since all central services employees that join corporate departments are being hired through the SIEMENS GAMESA company.

The average number of employees of SIEMENS GAMESA in 2018 with a disability equal to or greater than 33%, by category, is as follows (during the year 2017 the Company has no staff with a disability equal to or greater than 33%):

Categories	2018
Managers staff	2
<b>Total</b>	<b>2</b>

#### **D. OTHER OPERATING EXPENSES**

The breakdown of the "External Services" and "Taxes other than income tax" under the heading "Other operating expenses" in the Statement of Profit and Loss for the year ended September 30, 2018 and 2017 is as follows:

<b>Thousands of euros</b>	<b>2018</b>	<b>2017 (9-month period)</b>
Leases and royalties	5,377	2,779
Repairs and maintenance	776	374
Independent professional services	59,283	29,108
Transport costs	25	10
Insurance premiums	10,697	3,014
Bank commissions	5	2
Advertising, publicity and public relations	1,150	821
Utilities	1,129	435
Other services	8,694	3,739
Other taxes	30	126
<b>Total</b>	<b>87,166</b>	<b>40,408</b>

As of September 30, 2018 and 2017, the future minimum lease payments under non-cancellable operating leases arranged by the SIEMENS GAMESA amount approximately to EUR 12,431 thousands and EUR 14,459, respectively. By fiscal years, the due dates of payments for the operating lease instalments that cannot be cancelled are as follows:

<b>Thousands of euros</b>			
<b>09.30.2018</b>	<b>2019</b>	<b>2020-2023</b>	<b>2024 onwards</b>
Operating lease instalments that cannot be cancelled	3,081	6,801	2,549

<b>Thousands of euros</b>			
<b>09.30.2017</b>	<b>2018</b>	<b>2019-2022</b>	<b>2023 onwards</b>
Operating lease instalments that cannot be cancelled	2,728	8,011	3,720

As of September 30, 2018 and 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.

As of September 30, 2018, the Company keeps under "Long-term financial investments - Guarantees and deposits given" (Note 9), an amount of EUR 441 thousands related to lease security deposits for the buildings in which SIEMENS GAMESA mainly carries out its activities (a total amount of EUR 508 thousands as of September 30, 2017).

The increase in the heading "Independent professional services" is mainly due to services provided under a service level agreement signed with the group company Siemens Gamesa Renewable Energy GmbH & Co.KG (Note 18).

#### **E. EXCHANGE DIFFERENCES**

Note 5.A includes a breakdown of the assets and liabilities denominated in foreign currency as of September 30, 2018 and 2017.

The exchange differences recognised in the Statement of Profit and Loss, except for those from financial instruments measured at fair value with changes in the Statement of Profit and Loss (Note 14), amount for the year ended September 30, 2018 to a negative exchange difference of EUR 1,417 thousands (a positive exchange difference of EUR 2,482 thousands for the 9-month period ended as of September 30, 2017).

## 18. Transactions and balances with related parties

### A. **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The balances maintained with group companies and related parties, without considering the investments in Group companies and associates, as of September 30, 2018 and 2017 are as follow:

Thousands of euros		2018						
Company	Country	Long-term credits to group companies and associates (Note 9)	Receivables from group companies and associated (Note 10)	Short-term credits to group companies and associates (Note 10)	Derivative assets (Note 14)	Derivative liabilities (Note 14)	Short-term payables to group companies and associates	Suppliers, group companies and associates
Siemens AG	Germany	-	-	-	631	(1,271)	(248,227)	(1,098)
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	-	-	-	-	-	(152,116)	-
Siemens Gamesa Renewable Energy Pty Ltd	Australia	-	291	-	-	-	(52,927)	-
Siemens Wind Power GmbH	Austria	-	8	10,138	-	-	-	-
Siemens Gamesa Renewable Energy Eólica, S.L.	Spain	380,000	6,571	288,675	-	-	(131)	(118)
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi	Turkey	-	238	5,015	-	-	-	-
Siemens Gamesa Renewable Energy S.A.S.	France	-	67	-	-	-	(7,045)	-
Siemens Gamesa Renewable Energy BVBA	Belgium	-	42	-	-	-	(26,220)	-
Siemens Gamesa Renewable Energy B.V.	Netherlands	-	-	-	-	-	(44,856)	-
Gamesa Energy Transmission, S.A. Unipersonal	Spain	-	1	-	-	-	(15,419)	-
Siemens Gamesa Renewable Energy AB	Sweden	-	47	-	-	-	(21,130)	-
Siemens Gamesa Renewable Energy Limited (Frimley)	United Kingdom	-	185	-	-	-	(160,970)	-
Siemens Gamesa Renewable Energy Limited	Ireland	-	84	-	-	-	(6,681)	-
Siemens Gamesa Renewable Energy AS	Norway	-	151	-	-	-	(29,893)	-
Siemens Gamesa Renewable Energy, Inc.	United States	-	608	135,379	-	-	-	-
Siemens Gamesa Renewable Energy SARL	Morocco	-	58	3,656	-	-	-	-
Siemens Gamesa Renewable Energy A/S	Denmark	-	10,482	-	-	-	(797,825)	(5,555)
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Spain	120,000	4	243,381	-	-	-	(3)
Adwen Offshore, S.L.	Spain	-	155	-	-	-	(954,363)	-
Siemens Gamesa Renewable Power Private Limited	India	-	7,754	-	-	-	-	(65)
Gamesa Wind (Tianjin) Co., Ltd.	China	-	3,691	-	-	-	-	-
Siemens Gamesa Renewables Energy Limited (Hull)	United Kingdom	-	-	100,817	-	-	-	-
Siemens Gamesa Renewable Energy Blades, SARL AU	Morocco	-	2	66,879	-	-	-	-
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	-	185	196,376	-	-	-	(36,462)
Other SIEMENS GAMESA group companies	-	-	4,058	5,983	-	-	(3,043)	(1,293)
<b>Total balances, group companies and associates</b>		<b>500,000</b>	<b>34,682</b>	<b>1,056,299</b>	<b>631</b>	<b>(1,271)</b>	<b>(2,520,846)</b>	<b>(44,594)</b>

Thousands of euros		2017					
Company	Country	Receivables from group companies and associated (Note 10)	Short-term credits to group companies and associates (Note 10)	Derivative assets (Note 14)	Derivative liabilities	Short-term payables to group companies and associates	Suppliers, group companies and associates
Siemens AG	Germany	-	-	58	(2,381)	(264,572)	(20,110)
Siemens Ltd.	China	-	-	-	-	(56,027)	-
Siemens Gamesa Renewable Energy A/S	Denmark	-	-	-	-	(885,400)	-
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Spain	-	502,740	-	-	(1)	-
Siemens Gamesa Renewable Energy Inc.	United States	-	361,661	-	-	-	-
Siemens Gamesa Renewable Energy GmbH & Co.KG	Germany	-	109,483	-	-	(75,857)	-
	United Kingdom	-	28,937	-	-	(53,510)	-
Siemens Gamesa Renewables Energy Limited	Kingdom	-	-	-	-	-	-
Siemens Gamesa Renewables Energy Blades, SAR AU	Morocco	-	48,243	-	-	-	-
	United Kingdom	-	32,819	-	-	-	-
Siemens Gamesa Renewables Energy Limited	Spain	13,090	126	-	-	(16,474)	(55)
Siemens Gamesa Renewable Energy Eólica, S.L.	Spain	-	-	-	-	(27,144)	-
Siemens Gamesa Renewable Energy B.V.	Netherlands	-	-	-	-	(21,430)	-
Siemens Gamesa Renewable Energy Pty Ltd	Australia	-	-	-	-	(16,785)	-
Siemens Gamesa Renewable Energy AB	Sweden	-	-	-	-	(14,258)	-
Siemens Gamesa Renewable Energy BVBA	Belgium	-	-	-	-	-	-
Siemens Gamesa Renewable Energy S.A.S.	France	-	7,770	-	-	-	-
Siemens Wind Power GmbH	Austria	-	6,888	-	-	-	-
Siemens Gamesa Renewable Power Private Limited	India	6,117	-	-	-	-	(37)
Siemens Gamesa Renewable Energy 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>

## B. RELATED-PARTY TRANSACTIONS

The breakdown of the transactions with group, associates and related parties during the year ended September 30, 2018 and 2017 is as follow:

Thousands euros	Siemens AG	Other Siemens Group companies	SIEMENS GAMESA Group companies	Associates	Total
<b>Year 2018</b>					
Dividends from investments in group companies and associates	-	-	189,583	-	<b>189,583</b>
Income from credits to group companies and associates	-	-	32,854	-	<b>32,854</b>
Accessory and other current revenues (Note 17.B)	-	-	41,183	-	<b>41,183</b>
External services (Note 17.D)	(1,096)	(587)	(43,330)	(761)	<b>(45,774)</b>
Financial expenses on debts to group companies and associates	-	-	(1,482)	-	<b>(1,482)</b>
Exchange differences	(666)	-	-	-	<b>(666)</b>
<b>Year 2017</b>					
Income from credits to group companies and associates	-	-	10,051	-	<b>10,051</b>
Accessory and other current revenues	-	-	21,039	-	<b>21,039</b>
External services	(20,223)	-	(637)	(577)	<b>(21,437)</b>
Financial expenses on debts to group companies and associates	-	-	(2,839)	-	<b>(2,839)</b>
Exchange differences	11	-	-	-	<b>11</b>

### Dividends from investments in group companies and associates

During the year 2018 the following “Dividends from investments in group companies and associates” have been approved (no dividends were received during the year 2017):

Thousands euros	Year 2018			
	Company	Country	Dividend	Date of approval
	Siemens Gamesa Renewable Energy A / S	Denmark	155,491	January 18, 2018
	Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	28,004	March 7, 2018
	Siemens Wind Power (PTY) Ltd	South Africa	2,857	December 4, 2017
	Siemens Gamesa Renewable Energy S.A.S.	France	1,560	March 30, 2018
	Siemens Gamesa Renewable Energy Limited	Thailand	816	March 25, 2018
	Siemens Gamesa Renewable Energy BVBA	Belgium	485	February 13, 2018
	Siemens Gamesa Renewable Energy Italia S.r.l.	Italy	370	December 21, 2017
	<b>Total dividends received</b>		<b>189,583</b>	

### Main financing arrangements between SIEMENS GAMESA Group companies

#### **Long-term credits to group companies and associates**

On July 2, 2018 a credit has been granted to Siemens Gamesa Renewable Energy Eólica S.L. Unipersonal (Spain) for EUR 200,000 thousands and whose maturity will be July 2, 2021. This credit has accrued interest of EUR 246 thousands during the fiscal year 2018. As of September 30, 2018 the interests are pending to collect and therefore, registered under the heading “Short-term credits to group companies and associates”. In addition, on July 24, 2018 another credit has been granted to the Company amounting to EUR 180,000 thousands and whose maturity will be July 23, 2021, accruing interest during the year 2018 of EUR 345 thousands.

On July 3, 2018 a credit has been granted to Siemens Gamesa Renewable Energy Wind Farms, S.A. (Spain) for an amount of EUR 120,000 thousands and whose maturity will be June 30, 2021. This credit has accrued interest of EUR 148 thousands during the year 2018 which are pending of collection and therefore registered under “Short-term credits to group companies and associates”.



### **Short-term credits to group companies and associates**

On January 15, 2018 a credit has been granted to Siemens Gamesa Renewable Energy Wind Farms, S.A. (Spain) for an amount of EUR 140,000 thousands. This credit has accrued an interest of EUR 2,007 thousands during the year 2018, outstanding as of September 30, 2018.

As of September 30, 2018 there is still a credit with Siemens Gamesa Renewable Energy Wind Farms, S.A. (Spain) amounting to EUR 99,214 thousands. The interest accrued in the year 2018 for that credit amounts to EUR 2,012 thousands and is pending of collection as of September 30, 2018.

On February 20, 2018 a credit has been granted to Siemens Gamesa Renewable Energy Eólica S.L. Unipersonal (Spain) for a initial amount of EUR 100,000 thousands and extended on April 3, 2018 to EUR 170,000 thousands and on May 21 to EUR 270,000 thousands. Interest accrued during 2018 amount to EUR 2,536 thousands. They are pending of collection as of September 30, 2018.

As of September 30, 2018 and 2017, SIEMENS GAMESA has credits granted at market conditions amounting to EUR 539,047 thousands and EUR 616,282 thousands, respectively, to Group companies under the SIEMENS GAMESA Cash Management System (ICC).

This system is based on the premise that all transactions between certain group companies are managed through SIEMENS GAMESA, which records amounts receivable from group companies and payable to the parent SIEMENS Group company, so that it minimizes its receivables from group companies.

Interest accrued during the year ended September 30, 2018 and 2017 on the SIEMENS GAMESA Cash Management System added up EUR 16,017 thousands and EUR 9,136 thousands, respectively, included under the heading "Revenue-Income from credits to group companies and associates of the Statement of Profit and Loss.

In addition, during the year 2018 a credit line has been granted to the group company Adwen Offshore, S.L. with a EUR 140,000 thousands of maximum disposition and which have accrued during the year EUR 881 thousands. Such credit and interests have been liquidated for the year ended September 30, 2018.

Throughout the year 2018, several credits that SIEMENS GAMESA had with Siemens Gamesa Renewable Energy Wind Farms, S.A. have been liquidated. These have been accrued interest during the year amounting to EUR 6,804 thousands registered under the heading "Revenue- Income from credits to group companies and associated" of the Statement of Profit and Loss for the year ended September 30, 2018.

In addition, EUR 1,858 thousands have been accrued during the year 2018 for other financial services provided to group companies.

### **Short-term payables to group companies and associates**

As of September 30, 2018 SIEMENS GAMESA has loans to group companies amounting to EUR 2,519,451 thousands within the SIEMENS GAMESA Cash Management system (EUR 1,370,048 thousands as of September 30,2017) .

Interest accrued during 2018 on this project added up EUR 1,482 thousands (EUR 2,836 thousands in 2017) recognised under "Financial expenses – On debts to group companies and associates" in the Statement of Profit and Loss.

Likewise, the heading "Short-term payables to group companies and associates" included at September 30, 2017 the amount pending for the acquisition of 100% of Siemens Wind Power Blades SH-SWPB (China) (Note 9).

### **C. TRANSACTIONS WITH THE SIEMENS GROUP**

#### Goods and services purchased

On June 17, 2016, SIEMENS GAMESA 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. The abovementioned alliance will continue in force during the period during which SIEMENS: (a) directly or indirectly holds more than 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 years (i.e., until April 3, 2020). The award system ensures 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 and Siemens Aktiengesellschaft entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the SIEMENS brand during the period in which SIEMENS: (a) directly or indirectly holds more than 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 at least 15% of share capital. Accordingly, in the event of change of control, license would expire subject to certain transition period to discontinue the use of the SIEMENS name and trademark.

Dated on April 28, 2017 SIEMENS GAMESA 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 applicable to 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 and Siemens Wind HoldCo, S.L. (sole shareholder company), the Siemens Group will have and grant certain warranties with regard to the business combination. The above agreements may be terminated, and their applicable terms granted amended in case of change of control.

On April 10, 2018 SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy GmbH & Co. KG, and SIEMENS entered into a contractual agreement by which both parties cooperate in the development and deployment of thermal energy storage systems. The project is co-funded by the Federal Ministry of Economic Affairs and Energy of Germany.

On August 1, 2018 SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides procurement services enabling the SIEMENS GAMESA Group to benefit from collective bargaining power. The initial term of the agreement is one year for operational procurement services while the initial term for other procurement services is two years from effective date, both extendable for two additional years. For the approval of this related party transaction, the Audit, Compliance and Related Party Transactions Committee was advised by an independent expert.

On September 3, 2018 SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy LLC, and SIEMENS, through its subsidiary OOO Siemens Gas Turbines Technologies, entered into a contract manufacturing agreement for the assembly of wind turbines for the Russian market. The initial term is set to three years.

During the current year, the SIEMENS GAMESA Group has purchased supplies for the Wind Turbines construction from SIEMENS Group, mainly from the "Process Industries and Drives" and "Energy Management" SIEMENS divisions. In addition, SIEMENS Group has provided services to SIEMENS GAMESA Group based on transitional service agreements such as tax services, selling support, human resources, legal and treasury services, among others.

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

### Guarantees provided by Siemens Group

As of September 30, 2018, SIEMENS Group has provided guarantees to third parties for the performance of the SIEMENS GAMESA Group amounting to EUR 20,839 million (EUR 20,850 million as of September 30, 2017).

### Share-based payments

Certain employees of the SIEMENS GAMESA Group that have transferred from other SIEMENS entities participate in share-based payment awards implemented by SIEMENS. SIEMENS delivers the respective shares on behalf of SIEMENS GAMESA. Due to the limited extent of participation in the share-based programs, the effect on the Financial Information is not significant in the periods presented.

### Hedging

The Group's hedging activities are partially performed via SIEMENS and Siemens Capital company LLC on an arm's length basis. The consideration is based on the market rates. The related receivables and payables are disclosed in the lines "Short – term financial investments" and "Short – term debts".

### Insurance program

At the end of September 2017, SIEMENS GAMESA, as a company member of the SIEMENS Group, adhered, with an effective date from October 1, 2017, to a global stand-alone insurance program including all-risk property damages insurance policies, civil liability insurance policies, transport, chartering of ships and all-risk construction insurance policies. Siemens Financial Services acts as insurance broker and service provider for the Global Insurance Program.

## ***D. AGREEMENTS WITH THE IBERDROLA GROUP RELATED TO THE WIND TURBINE AND OPERATIONS AND MAINTENANCE SEGMENTS***

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

- Iberdrola, S.A shall acquire from the SIEMENS GAMESA Group a 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 the Iberdrola Group from the SIEMENS GAMESA Group totals 3,800 MW, whichever occurs first.

During this fiscal year, several sales have been made in the framework of the abovementioned contract amounting to 512 MW.

- SIEMENS GAMESA and Iberdrola, S.A. will closely collaborate with new opportunities relating to the offshore wind business.
- SIEMENS GAMESA and Iberdrola, S.A. will collaborate within the area of maintenance services so that Siemens Gamesa Renewable Energy Eólica, S.L. Unipersonal will become a company of reference with respect to wind farm maintenance throughout the Iberdrola Group's business.
- Likewise, during the period different minor components have been delivered, mainly spare parts.

In April 2018 SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy Eólica S.L. Unipersonal (former Gamesa Eólica, S.L. Unipersonal), closed an agreement with the Iberdrola Group for the maintenance of wind farms in the Iberian Peninsula of about 1,265 MW for a period of two years plus another optional year.

Currently, the total of MW under maintenance in the Iberdrola Group's wind farms amounts approximately to 4,000 MW.

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

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

In July of the current period, an agreement has been reached with the Iberdrola Group for the installation and activation of the Energy Thrust product in 941 Wind Turbines of the Avangrid Fleet, and in August of this same period, for the installation and activation of the same product in part of the Scottish Power's fleet.

#### **E. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND WINDAR RENOVABLES, S.L.**

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

#### **F. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND SCHAEFFLER TECHNOLOGIES AG&CO. KG**

On September 28, 2018, the SIEMENS GAMESA Group reached a settlement agreement with Schaeffler Technologies AG&Co. KG regarding a previous supply contract. This agreement consists mainly in a payment to the SIEMENS GAMESA Group in amount of EUR 4,000 thousands.

### **19. Directors' remuneration**

In 2018 and 2017, the Directors of SIEMENS GAMESA Board earned fixed and variable salaries, attendance allowances, and other items amounting to approximately EUR 3,563 thousands and EUR 5,378 thousands, respectively. The compensation for to the Directors for 2017 covers the period from the Merger Effective Date, April 3, 2017 until September 30, 2017. The breakdown is as follows:

<b>Thousands of euros</b>	<b>2018</b>	<b>2017 (*)</b>
<b>Members of the Board of Directors</b>		
<b>Type of remuneration</b>		
Fixed compensation	2,559	1,065
Annual variable compensation	349	1,078
Attendance allowances	423	240
Pension contributions	167	-
	<b>3,498</b>	<b>2,383</b>
<b>Others</b>	<b>65</b>	<b>2,995</b>
<b>Total</b>	<b>3,563</b>	<b>5,378</b>

(\*) Siemens Wind HoldCo, S.L. did not have a Board of Directors equivalent or a different management structure previous to the merger with GAMESA (April 3, 2017).

The concept of Others as of September 30, 2018 and 2017 corresponds to (i) the amount of the premiums paid for the coverage of death and disability insurances amounting to EUR 23 thousands and EUR 10 thousands, respectively; (ii) the allocation of the civil liability collective insurance for executives, directors and other employees in an amount of EUR 42 thousands and EUR 20 thousands, respectively. Additionally, in the fiscal year 2017 this concept included contract termination costs amounting to EUR 2,965 thousands.

No advances or loans were given to current or prior Board members, and there are no pension obligations with them. Only the CEO receives contributions for pensions.

Likewise, derived from its previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), the CEO has recognised rights on shares of SIEMENS and has received this year the last payment of a complementary incentive amounting to EUR 284 thousands that was recognised prior to the Merger.

Also the remunerations to the Chief Executive Officer do not include the provision recorded for the long-term incentive plan 2018-2020 in the amount of EUR 60 thousands, which will be effective once the period of measurement of the plan is completed and whose settlement (when applicable) will depend on the degree of effective fulfilment of the objectives to which it is subject in the year 2020.

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.

At the end of 2018 the members of the Board of Directors of SIEMENS GAMESA and certain persons related to them as defined in the Spanish Companies Act held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's purpose. Also, following is a breakdown of the positions held and functions discharged at those companies:

Owner	Investee company	Line of Business	Number of Shares	Functions
Tacke, Markus	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	10,195	-
Sen, Michael	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	12,904	Member of the Managing Board and Chair of the Supervisory Board of Siemens Healthineers AG
Von Schumann, Mariel	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	11,652	Chief of Staff Governance and Head of Governance and Markets Department and member of the Board of Directors of Siemens Ltd. India
Rubio Reinoso, Sonsoles	Iberdrola S.A.	Power & Utilities	47,828	Internal Audit Director
García García, Rosa María	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	5,451	President and CEO of Siemens, S.A. and President of Siemens Holding, S.L.U.
Thomas, Ralf	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	16,241	Member of the Managing Board and CFO and member of the Supervisory Board of Siemens Healthineers AG
Rosenfeld, Klaus	Schaeffler AG	Automotive and Industrial Sector	-	CEO
Davis, Lisa	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	-	Member of the Managing Board; and Chairwoman and CEO of Siemens Corporation, USA

On the other hand, the members of the Board of Directors were affected by the following conflicts of interest during 2018:

Sen, Michael. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 20, 2017, January 29, 2018, March 23, 2018, April 17, 2018, May 18, 2018, June 13, 2018 and July 26, 2018.

Von Schumann, Mariel. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 20, 2017, January 29, 2018, March 23, 2018, April 17, 2018, May 18, 2018 and June 13, 2018, and it happened also in the meeting of the Board of Directors of July 26, 2018 where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Rubio Reinoso, Sonsoles. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Iberdrola, S.A. and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 20, 2017, November 30, 2017, December 19, 2017, January 29, 2018, February 13, 2018, February 26, 2018, March 23, 2018, April 17, 2018, May 3, 2018, June 13, 2018 and July 26, 2018.

García García, Rosa María. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 20, 2017, January 29, 2018, March 23, 2018, April 17, 2018, May 18, 2018, June 13, 2018 and July 26, 2018.

Thomas, Ralf. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 20, 2017, March 23, 2018 and April 17, 2018, and it happened also in the meetings of the Board of Directors of January 29, 2018 May 18, 2018, June 13, 2018 and July 26, 2018 where he was represented by a proxy and his proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Rosenfeld, Klaus. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions including Schaeffler AG, where he holds the post as CEO, were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 19, 2017 and June 13, 2018.

Davis, Lisa. According to the procedure established in article 31 of the Regulations of the Board of Directors of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 20, 2017, March 23, 2018, April 17, 2018, May 18, 2018 and July 26, 2018, and it happened also in the meetings of the Board of Directors of January 29 and June 13, 2018 where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Hernández García, Gloria. According to the procedure established in article 31 of the Regulations of the Board of Directors of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions including Bankinter and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meeting of the Board of Directors of May 18, 2018.

## 20. Remuneration of Senior Management

Excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed in the Note 19), the compensation for the year, paid or payable, to members of Senior Management for employment services rendered before the closing of 2018 and 2017 is disclosed in the following table:

Thousands of euros	2018	2017 (*)
Salaries and other short-term compensation	7,547	4,959
<b>Total</b>	<b>7,547</b>	<b>4,959</b>

(\*) Siemens Wind HoldCo, S.L. did not have a Board of Directors equivalent or a different management structure previous to the merger with GAMESA (April 3, 2017).

The Senior Management remuneration includes the 50% payment of the incentive for 2016-2017, whose beneficiaries are members of the Senior Management. Charges during 2018 and 2017 amount to EUR 228 thousands and EUR 214 thousands, respectively. The remaining 50% will be effective in February 2019 as provided in the plan's rules.

Likewise, deriving from its previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), certain members of the management have recognised rights on shares of SIEMENS and have received this year the last payment of a complementary incentive that was recognised before the Merger.

Pension contributions have been made in the amount of EUR 273 thousands and are included as remuneration in the table above.

Equally, the remunerations to the top management, do not include the provision recorded for the long-term incentive plan 2018-2020 in the amount of EUR 185 thousands, which will be effective once the period of measurement of the plan is completed and whose settlement (when applicable) will depend on the degree of effective fulfilment of the objectives to which it is subject in the year 2020.

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 pre-existing situations, as well as the amount which might be higher due to the application of prevailing legislation.

During 2018 and 2017, no transactions were performed with management apart from those carried out as part of the normal course of business.

## 21. Information regarding the deferral of payments made to suppliers

In accordance with the requirement of the Resolution of January 29, 2016 of the Accounting and Audit Institute in Spain, about the information to include in the notes to the Financial Statements related to the deferral of payments made to suppliers in commercial operations.

The average payment period to suppliers in the year 2018 and 2017 is the following:

Days	2018	2017
		(9-month period)
Average payment period	42	57
Settled operations ratio	44	59
Pending operations ratio	32	53

  

Thousands of euros	2018	2017
		(9-month period)
Total settled payments	55,725	30,712
Total pending payments	11,731	23,496

## 22. Audit fees

In the periods ended as of September 30, 2018 and 2017 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 2018</b>		
Audit services	4,216	16
Other attest services	344	-
<b>Total audit and related services</b>	<b>4,560</b>	<b>16</b>
Tax counselling services	-	-
Other services	-	-
<b>Total other services</b>	<b>-</b>	<b>16</b>
<b>Total professional services</b>	<b>4,560</b>	<b>16</b>

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>

The above table for the year 2017 does not include those services provided to the former GAMESA Group from the period of January 1, 2017 to April 3, 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.

Out of the amount relating to the services rendered by the principal auditor, EUR 731 thousands relate to audit services provided to SIEMENS GAMESA. (EUR 1,220 thousands in 2017). Likewise, taking into account the corresponding amount related to other attest services provided by the principal auditor, EUR 191 thousands correspond to SIEMENS GAMESA (EUR 8 thousands in 2017).

## 23. Post-balance sheet events

There are no significant subsequent events at the year ended.

## 24. Explanation added for translation to english

These Financial Statements are presented on the basis of Spanish Accounting Standards. Certain accounting practices applied by the Company that conform to Spanish Accounting Standards may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.



## Amounts in EUR

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
<b>A) FULLY CONSOLIDATED COMPANIES</b>							
Jalore Wind Park Private Limited	Other	-	India	100%	132	(25)	(169)
Mathak Wind Farms Private Limited	Other	-	India	100%	132	(25)	(169)
Tirupur Renewable Energy Private Limited	Other	-	India	100%	132	(29)	(169)
Siemens Gamesa Renewable Energy Canada ULC	Service company	-	Canada	100%	-	(277,058)	(81,074)
Beed Renewable Energy Private Limited	Other	-	India	100%	132	(25)	(163)
Tuljapur Wind Farms Private Limited	Other	-	India	100%	132	(25)	(169)
Rangareddy Renewable Private Limited	Other	-	India	100%	132	(25)	(168)
Nellore Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Gamesa Wind GmbH	Holding company	-	Germany	100%	994,990	(24,701,018)	(3,857,927)
Gadag Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
EBV Holding Verwaltung GmbH	Project company	-	Germany	100%	25,000	17,336	(1,141)
Channapura Renewable Private Limited	Other	-	India	100%	132	(29)	(169)
Windfarm Groß Haßlow GmbH	Project company	-	Germany	100%	4,215,000	(4,448,420)	(6,976)
Kutch Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Gamesa Energie Deutschland GmbH	Project company	-	Germany	100%	575,000	(10,915,393)	(2,056,023)
Windfarm Ringstedt II GmbH	Project company	-	Germany	100%	4,670,000	(4,898,179)	(10,968)
Windfarm 35 GmbH	Project company	-	Germany	100%	25,000	5,034	(12)
Siemens Wind Power SpA	Service and distribution company	EY	Chile	100%	2,739,762	3,628,018	90,356
Adwen Blades GmbH	Production and distribution company	EY	Germany	100%	1,000,000	(14,964,453)	(951,036)
Siemens Gamesa Renewable Energy Pty Ltd	Service and distribution company	EY	Australia	100%	31,268,723	(25,150,834)	13,555,854
Windfarm 40 GmbH	Project company	-	Germany	100%	25,000	(5,846)	(1,141)
Siemens Gamesa Renewable Energy d.o.o.	Service and distribution company	EY	Croatia	100%	3,000	2,391,866	5,965,811
Uppal Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Windfarm Ganderkesee-Lemwerder GmbH	Project company	-	Germany	100%	5,172,000	(687,601)	(22,142)
Siemens Wind Power GmbH	Service and distribution company	-	Austria	100%	35,000	9,109,654	(609,022)
International Wind Farm Development IV Limited	Holding company	-	Hong Kong	100%	1,104	-	(12,918)
Adwen GmbH	Holding company	EY	Germany	100%	6,052,000	(1,122,755,611)	(36,124,476)
Siemens Gamesa Renewable Energy Wind, LLC	Holding company	EY	United States	100%	93,800	497,970,682	(68,275,642)
International Wind Farm Development V Limited	Holding company	-	Hong Kong	100%	1,103	(498,052)	(14,991)
Siemens Gamesa Renewable Energy Eolica, S.L.	Holding company	EY	Spain	100%	200,500	561,498,439	47,043,386
Windfarm 33 GmbH	Project company	-	Germany	100%	25,000	(25,429)	(1,141)
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Canada	100%	266,955,963	(260,332,548)	20,045,072
Siemens Gamesa Renewable Energy Japan K.K.	Service company	EY	Japan	100%	4,307,639	(3,630,549)	394,374
International Wind Farm Development I Limited	Holding company	-	Hong Kong	100%	-	-	(4,587)
Siemens Wind Power Energia Eólica Ltda.	Service and distribution company	EY	Brazil	100%	277	1,547,300	871,903
Sistemas Energéticos Sierra de Valdefuentes, S.L.U.	Project company	-	Spain	100%	3,006	1,025	(472)
International Wind Farm Development II Limited	Holding company	-	Hong Kong	100%	-	-	(4,582)
Windfarm 41 GmbH	Project company	-	Germany	100%	25,000	(5,044)	(1,141)
Siemens Gamesa Renewable Energy PA, LLC	Other	EY	United States	100%	93,800	303,728,907	(582,890)
International Wind Farm Development VII Limited	Holding company	-	Hong Kong	100%	1,104	-	(5,410)
Siemens Gamesa Renewable Energy Singapore Private Limited	Service company	-	Singapore	100%	1	(4,893,879)	(1,029,443)
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd.	Production and distribution company	EY	China	100%	43,481,213	16,507,855	15,513,549
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Thailand	100%	5,438,964	(5,608,332)	1,342,809
Sistemas Energéticos de Tarifa, S.L. Unipersonal	Project company	-	Spain	100%	61,000	361,381	(109,310)
Sistemas Energéticos La Cámara, S.L.	Project company	-	Spain	100%	3,006	2,355,355	596,539
Siemens Gamesa Renewable Energy Sp.z.o.o.	Production and distribution company	EY	Poland	100%	5,899,475	6,016,065	651,377
Estructuras Metalicas Singulares, S.A. Unipersonal	Production and distribution company	-	Spain	100%	61,000	6,882,499	124,770
SIEMENS WIND POWER (PTY) LTD	Production and distribution company	-	South Africa	70%	8,005,594	(625,568)	4,757,910
Siemens Gamesa Renewable Energy Limited	Service and distribution company	-	Korea, Republic of	100%	576,187	(127,344)	869,653
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi	Production and distribution company	EY	Turkey	100%	3,703,930	(1,561,771)	3,706,813
Sistemas Energéticos Finca San Juan, S.L.U.	Project company	-	Spain	100%	3,006	1,904	(2,478)
Siemens Gamesa Renewable Energy Iberica S.L.	Production and distribution company	EY	Spain	100%	3,000	14,103,556	(1,246,126)
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	Philippines	100%	10,759,506	(8,514,344)	347,899
Siemens Gamesa Renewable Energy S.A.S.	Service and distribution company	EY	France	100%	1,001,000	82,015	2,289,259
Siemens Gamesa Renewable Energy BVBA	Service and distribution company	EY	Belgium	100%	5,000,000	25,508	10,486,039
Siemens Gamesa Renewable Energy B.V.	Production and distribution company	EY	Netherlands	100%	1,000	8,198,485	5,330,566
Gamesa Energy Transmission, S.A. Unipersonal	Production company	EY	Spain	100%	21,660,000	66,539,140	3,338,096
Siemens Gamesa Renewable Energy S.A.C.	Production and distribution company	-	Peru	100%	5,689,432	176,334	946,056
SIEMENS GAMESA RENEWABLE ENERGY INSTALLATION & MAINTENANCE COMPAÑIA LIMITADA	Service and distribution company	-	Guatemala	100%	541	258,754	(6,060,244)
Siemens Gamesa Renewable Energy AB	Production and distribution company	EY	Sweden	100%	5,194	4,786,519	5,689,375
Societe d'Exploitation du Parc Eolien de Mantoche SARL	Project company	-	France	100%	1	(20)	(40)
Gudadanal Renewable Private Limited	Other	-	India	100%	-	-	-
Sistemas Energéticos La Plana, S.A.	Project company	Attest	Spain	90%	421,000	1,901,868	131,816

## Amounts in EUR

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
Haveri Renewable Power Private Limited	Other	-	India	100%	-	-	-
Siemens Gamesa Renewable Energy Limited	Production and distribution company	EY	United Kingdom	100%	207,141,442	(204,755,572)	77,161,810
Nirlooti Renewable Private Limited	Other	-	India	100%	-	-	-
Gerr Grupo Energético XXI, S.A. Unipersonal	Holding company	-	Spain	100%	1,605,032	(513,413)	(145,288)
Neelagund Renewable Private Limited	Other	-	India	100%	-	-	-
Siemens Gamesa Renewable Energy Kft.	Production and distribution company	EY	Hungary	100%	9,905	(2,515,441)	35,375
Hungund Renewable Energy Private Limited	Other	-	India	100%	-	-	-
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Ireland	100%	1	(2,483,789)	5,948,892
Sistemas Energéticos del Sur S.A.	Project company	-	Spain	70%	600,000	(471,845)	(6,228)
Saunshi Renewable Energy Private Limited	Other	-	India	100%	-	-	-
Siemens Gamesa Renewable Energy Italia S.r.l.	Production and distribution company	EY	Italy	100%	1,000,000	1,556,411	500,000
Societe d'Exploitation du Parc Eolien de Pouilly-sur-Vingeanne SARL	Project company	-	France	100%	1	(20)	(40)
Chikkodi Renewable Power Private Limited	Other	-	India	100%	-	-	-
Siemens Gamesa Renewable Finance, S.A.	Finance company	-	Spain	100%	60,000	(1,675)	-
Umrani Renewable Private Limited	Other	-	India	100%	-	-	-
SIEMENS GAMESA RENEWABLE ENERGY AS	Production and distribution company	EY	Norway	100%	271,062	3,430,233	739,773
Siemens Gesa Renewables Energy Services S. de R.L. de C.V.	Service company	EY	Mexico	100%	2,503	511,224	809,965
Zalki Renewable Private Limited	Other	-	India	100%	-	-	-
Sistemas Energéticos Monte Genaro, S.L.U.	Project company	-	Spain	100%	3,006	(1,536)	(13,781)
Hattarwat Renewable Private Limited	Other	-	India	100%	-	-	-
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	United States	100%	27,834,231	520,444,245	(27,766,642)
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Project company	-	Spain	100%	61,000	-	32
Siemens Gamesa Renewable Energy Europa S.L.	Holding company	-	Spain	100%	3,006	583,299	(15,368)
Siemens Gamesa Renewable Energy LLC	Service company	-	Ukraine	100%	-	-	-
Sistemas Energéticos Loma del Viento, S.A. Unipersonal	Project company	-	Spain	100%	61,000	18,084	(24,831)
Cedar Cap Wind, LLC	Project company	-	United States	100%	80	(80)	-
Societe d'Exploitation du Parc Eolien de Vernierfontaine SARL	Project company	-	France	100%	1	(20)	(40)
Societe d'Exploitation du Parc Eolien de Songy SARL	Project company	-	France	100%	1	(20)	(40)
Eoliki Peloponnissou Lakka Energiaki S.A.	Project company	-	Greece	86%	58,600	(77,759)	(11,925)
Gesa Oax I Sociedad Anonima de Capital Variable	Project company	EY	Mexico	100%	-	-	35,312
Siemens Gamesa Renewable Energy Engineering Centre Private Limited	Production and distribution company	EY	India	100%	1,322,515	(919,895)	1,466,655
Societe d'Exploitation du Parc Eolien de Sommesous SARL	Project company	-	France	100%	1	(20)	(40)
Gesa Oax III Sociedad Anonima de Capital Variable	Project company	-	Mexico	100%	-	-	26,001
Siemens Gamesa Energy Tajdidpazir SSK	Service and distribution company	-	Iran, Islamic Republic of	100%	-	1,162,592	(693,351)
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal	Project company	-	Spain	100%	61,000	2,127,755	102,705
Gesa Oax II Sociedad de Responsabilidad Limitada de Capital Variable	Project company	EY	Mexico	100%	-	-	35,084
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Project company	-	Spain	100%	61,000	(16,650)	(348)
Societe d'Exploitation du Parc Eolien de Cernon SARL	Project company	-	France	100%	1	(20)	(40)
Societe d'Exploitation du Parc Eolien de Broys SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy SARL	Production and distribution company	-	Morocco	100%	943	2,673,463	1,408,863
Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(10,170,589)	(202,261)
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Viet Nam	100%	375,043	(34,559)	(36,426)
Sistemas Energéticos Curtis, S.A. Unipersonal	Project company	-	Spain	100%	61,000	-	(635)
Sistemas Energéticos Tomillo, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(10,341)	(17,551)
Siemens Gamesa Renewable Energy (Private) Limited	Other	-	Pakistan	100%	-	-	-
Societe d'Exploitation du Parc Eolien de Saint Bon SARL	Project company	-	France	100%	1	(20)	(40)
Sistemas Energéticos Tablero Tabordo, S.L.	Project company	-	Spain	100%	3,006	49,975	1,369
Sistemas Energéticos Carril, S.L. Unipersonal	Project company	-	Spain	100%	61,000	(5,325)	(348)
Sistemas Energéticos Fonseca, S.A. Unipersonal	Project company	-	Spain	100%	61,000	520,028	1,110
Sistemas Energéticos Argañoso, S.L. Unipersonal	Project company	-	Spain	100%	61,000	(27,014)	(4,433)
Pocahontas Prairie Holdings, LLC	Project company	-	United States	100%	-	-	-
Siemens Gamesa Renewable Energy A/S	Production and distribution company	EY	Denmark	100%	2,690,468	102,435,928	230,032,395
Diversified Energy Transmissions, LLC	Development and distribution company	-	United States	100%	1,461,449	(25,547,312)	-
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Holding company	EY	Spain	100%	35,490,984	1,740,702,477	(1,693,439,510)
Societe d'Exploitation du Parc Eolien de Champsevraine, SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy International Wind Services, S.A.	Other	EY	Spain	100%	600,000	(146,525)	(170,002)
International Wind Farm Developments IX, S.L.	Project company	-	Spain	100%	3,006	1,234,609	101,286
Siemens Gamesa Renewable Energy Innovation & Technology, S.L.	Research and development company	EY	Spain	100%	4,355,000	443,336,771	(127,392,341)
Lindom Vindenergi AB	Project company	-	Sweden	100%	5,197	(601)	(1,946)
Siemens Gamesa Renewable Energy Wind Limited	Holding company	EY	United Kingdom	100%	16,128,021	(15,177,737)	(20,791,234)
Sistemas Energéticos Serra de Lourenza, S.A. Unipersonal	Project company	-	Spain	100%	61,000	177,175	(998)
Siemens Gamesa Renewable Energy UK Limited	Project company	EY	United Kingdom	100%	14,361,263	(14,902,497)	65,162
Gamesa Eólica Costa Rica, S.R.L.	Service company	-	Costa Rica	100%	8,755,306	(6,563,809)	1,879,184
Societe d'Exploitation du Parc Eolien de Margny SARL	Project company	-	France	100%	1	(20)	(40)
Bargrennan Renewable Energy Park Limited	Project company	-	United Kingdom	100%	1	(1)	-
Siemens Gamesa Renewable Energy AE	Project company	-	Greece	100%	837,110	(1,247,489)	(1,038,462)

## Amounts in EUR

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
GESA Eólica Honduras, S.A.	Service company	-	Honduras	100%	5,763,800	(2,078,829)	(2,384,637)
Sistemas Energéticos Mansilla, S.L.	Project company	-	Spain	78%	6,000	(334,444)	(8,103)
Adwen Offshore, S.L.	Holding company	EY	Spain	100%	50,000,000	1,301,282,484	(1,569,175,253)
Parque Eolico Dos Picos, S.L.U.	Project company	-	Spain	100%	1,229,100	(138,463)	19,170
Siemens Gamesa Renewable Energy Egypt LLC	Service and distribution company	EY	Egypt	100%	3,871,486	(811,945)	(329,801)
Siemens Gamesa Renewable Energy B9 Limited	Service company	EY	United Kingdom	100%	1,372,775	548,372	(983,210)
Sistemas Energéticos Sierra del Carazo, S.L.U.	Project company	-	Spain	100%	3,006	8,841	(44,017)
Siemens Gamesa Renewable Energy 9REN, S.L.	Holding company	EY	Spain	100%	11,956,926	3,002,471	(4,791,752)
Sistemas Energéticos Cabezo Negro, S.A. Unipersonal	Project company	-	Spain	100%	61,000	-	(1,117,977)
Siemens Gamesa Renewable Energy Invest, S.A.	Holding company	EY	Spain	100%	1,200,000	3,001,604	(470,030)
Wind Portfolio Memberco, LLC	Project company	-	United States	100%	-	-	-
Societe d'Exploitation du Parc Eolien de Romigny SARL	Project company	-	France	100%	1	(20)	(40)
Glenouther Renewables Energy Park Limited	Project company	-	United Kingdom	100%	1	(1)	-
International Wind Farm Developments II, S.L.	Project company	-	Spain	100%	3,006	914,606	1,179,514
Siemens Gesa Renewable Energy, S.A. de C.V.	Project company	EY	Mexico	100%	2,494	178,639,923	29,678,928
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Russian Federation	100%	144	392,421	(420,837)
Siemens Gamesa Renewable Energy Limited Liability Company	Service company	-	Azerbaijan	100%	71	362,276	(94,649)
Sistemas Energéticos Barandon, S.A.	Project company	-	Spain	100%	61,000	(14,839)	(23,795)
Siemens Gamesa Renewable Energy Wind SARL	Project company	EY	France	100%	7,500	6,175,614	(9,568,171)
Sistemas Energéticos Balazote, S.A. Unipersonal	Project company	-	Spain	100%	61,000	2,675,825	39,145
Siemens Gamesa Renewable Energy EOOD	Service company	EY	Bulgaria	100%	143,055	3,689,086	(592,327)
Sistemas Energéticos Jaralón, S.A. Unipersonal	Project company	-	Spain	100%	61,000	1,132,639	15,249
Siemens Gamesa Megújuló Energia Hungary Kft	Service company	EY	Hungary	100%	11,973	6,214,913	276,957
EcoHarmony West Wind, LLC	Project company	-	United States	100%	-	-	-
GER Baneasa, S.R.L.	Service company	-	Romania	100%	49	(22,671)	(2,552)
Sellafirth Renewable Energy Park Limited	Project company	-	United Kingdom	100%	1	(1)	-
Sistemas Energéticos Ladera Negra, S.A. Unipersonal	Project company	-	Spain	100%	61,000	-	(17,275)
Siemens Gamesa Renewable Energy Romania S.R.L.	Service company	EY	Romania	100%	110,772	26,345,542	1,843,441
Siemens Gamesa Renewable Power Private Limited	Holding company	EY	India	100%	204,029,106	1,228,631,005	(31,388,704)
Adwen France SAS	Production and distribution company	EY	France	100%	1,253,873	22,680,009	(7,479,315)
Societe d'Exploitation du Parc Eolien de Saint-Lumier en Champagne SARL	Project company	-	France	100%	1	(20)	(40)
Gamesa Dominicana, S.A.S.	Service company	EY	Dominican Republic	100%	7,534,661	(3,127,331)	(165,035)
Societe d'Exploitation du Parc Eolien de Saint Amand SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy Wind Farms S.R.L.	Service company	-	Romania	100%	319	(12,375,319)	(676,211)
Siemens Gamesa Renewable Energy Australia Pty Ltd	Social company	-	Australia	100%	1	(2,128,039)	(262,063)
Societe d'Exploitation du Parc Eolien de Landresse SARL	Project company	-	France	100%	1	(20)	(40)
GER Independenta, S.R.L.	Service company	-	Romania	100%	49	(21,746)	(2,537)
Gesacisa Desarrolladora, S.A. de C.V.	Project company	EY	Mexico	100%	3,397	(3,397)	-
Societe d'Exploitation du Parc Eolien de Clamanges SARL	Project company	-	France	100%	1	(19)	(40)
Gamesa Eólica VE, C.A.	Service company	-	Venezuela, Bolivarian Republic of	100%	17,649	(17,661)	(637)
Sistemas Energéticos Arinaga, S.A. Unipersonal	Project company	-	Spain	100%	61,000	6,807,750	(3,395,663)
Societe d'Exploitation du Parc Eolien de Mailly-le-Camp SARL	Project company	-	France	100%	1	(20)	(40)
Smardzewo Windfarm Sp. z o.o.	Project company	-	Poland	100%	1,140	(39,567)	(71,604)
Osiek Sp. z o.o. w Likwidacji	Project company	-	Poland	100%	11,182	206,012	(340,181)
Sistemas Energéticos Alcohuñate, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(57,434)	(38,690)
Adwen UK Limited	Project company	-	United Kingdom	100%	688,999	(2,467,597)	(218,750)
Sistemas Energéticos El Valle, S.L.	Project company	-	Spain	100%	3,006	(18)	(350)
Societe d'Exploitation du Parc Eolien de la Brie des Etangs SARL	Project company	-	France	100%	1	(20)	(40)
Sistemas Energéticos Fuerteventura, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(107,366)	(97,813)
Siemens Gamesa Renewable Energy Ireland Limited	Service company	EY	Ireland	100%	100	(4,967,072)	(1,059,064)
Sistemas Energéticos Boyal, S.L.	Project company	-	Spain	60%	3,006	(3,023,407)	(196,178)
Siemens Gamesa Renewable Energy Wind S.R.L.	Service company	EY	Italy	100%	100,000	(2,851,582)	(6,043,407)
GER Baraganu, S.R.L.	Service company	-	Romania	100%	49	(21,307)	(2,548)
Siemens Gamesa Energia Renovável Ltda.	Distribution and service company	EY	Brazil	100%	98,255,570	24,226,628	(4,765,113)
GM Navarra Wind Energy Private Limited	Development and distribution company	-	India	100%	108,912	1,192,418	99,084
Lingbo SPW AB	Project company	EY	Sweden	100%	408,953	352,249	(253,025)
Kadapa Wind Farms Private Limited	Development and distribution company	-	India	100%	1,439	(1,555)	(291)
Lichnowy Windfarm Sp. z o.o.	Project company	-	Poland	100%	202,120	(30,267)	(30,443)
Elliniki Eoliki Attikis Energiaki S.A.	Project company	-	Greece	86%	58,600	(76,430)	23,860
Gamesa Eólica Nicaragua S.A.	Service company	-	Nicaragua	100%	1,363,089	(265,344)	572,899
Kurnool Wind Farms Private Limited	Development and distribution company	-	India	100%	1,439	(7,025)	5,141
Siemens Gesa Renewable Energy México, S. de R.L. de C.V.	Project company	EY	Mexico	100%	10,010,461	(5,362,066)	(2,522,578)
Societe d'Exploitation du Parc Eolien de Souvans SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy Ltd	Service company	EY	Israel	100%	-	1,006,190	95,073
RSR Power Private Limited	Development and distribution company	-	India	100%	1,579	(2,636)	(2,433)
Rajgarh Windpark Private Limited	Development and distribution company	-	India	99%	2,053	(2,335)	(314)

## Amounts in EUR

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
SIEMENS GAMESA YENILENEBILIR ENERJICI VE DIS TICARET LIMITED SIRKETI	Service and distribution company	-	Turkey	100%	43,386	(81,933)	(1,483,519)
Societe d'Exploitation du Parc Eolien de Plancy l'Abbaye SARL	Project company	-	France	100%	1	(20)	(40)
Ujazd Sp. z o.o.	Project company	-	Poland	100%	875,145	(126,733)	(136,367)
Societe d'Exploitation du Parc Eolien de Pringy SARL	Project company	-	France	100%	1	(20)	(40)
Maski Renewable Energy Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Renewable Energy New Zealand Limited	Service company	-	New Zealand	100%	93	412,699	106,423
Elliniki Eoliki Kseropousi S.A.	Project company	-	Greece	86%	107,715	(28,983)	(11,719)
Gangavathi Renewable Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi	Other	-	Turkey	100%	25,753	992,070	2,955,984
Elliniki Eoliki Likourdi S.A.	Other	-	Greece	86%	24,000	(28,798)	(14,137)
Kanigiri Renewable Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Renewable Energy France SAS	Other	EY	France	100%	65,280	(1,449,156)	4,751,650
Elliniki Eoliki Koprizeza S.A.	Other	-	Greece	86%	24,000	(10,073)	(11,590)
Kollapur Renewable Private Limited	Other	-	India	100%	119	-	-
Gesan I S.A.P.I de C.V.	Other	-	Mexico	100%	-	-	-
Societe d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	Other	-	France	100%	1	(20)	(40)
Jamkhandi Renewable Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Renewable Energy Morocco SARL	Other	-	Morocco	100%	866	206,638	146,563
Societe d'Exploitation du Parc Eolien de Soude SARL	Other	-	France	100%	1	(20)	(40)
Rayachoty Renewable Private Limited	Other	-	India	100%	119	-	-
SIEMENS GAMESA RENEWABLE ENERGY SWEDEN AB	Other	EY	Sweden	100%	2,525,695	(2,007,806)	(1,782,592)
Elliniki Eoliki Energiaki Pirgos S.A.	Other	-	Greece	86%	175,543	(44,282)	(11,489)
Shivamogga Renewable Energy Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Renewable Energy Limited	Other	EY	Kenya	100%	2,497	(51,108)	(29,673)
Societe d'Exploitation du Parc Eolien de Bouclans SARL	Other	-	France	100%	1	(20)	(40)
Nandkeshwar Renewable Energy Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Renewable Energy (Thailand) Co., Ltd.	Other	EY	Thailand	100%	2,832,978	417,712	971,662
Sindhaur Renewable Energy Private Limited	Other	-	India	100%	119	-	-
Siemens Gamesa Renewable Energy Latam, S.L.	Other	EY	Spain	100%	3,000	58,880,960	16,212,859
Pocahontas Prairie Wind, LLC	Other	EY	United States	100%	26	(74,856,079)	(5,517,314)
Vempalli Renewable Energy Private Limited	Other	-	India	100%	119	-	-
Societe d'Exploitation du Parc Eolien de Savoisy SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy Oy	Service company	EY	Finland	100%	2,500	2,908,137	(161,530)
Anantapur Wind Farms Private Limited	Development and distribution company	-	India	100%	1,439	(7,015)	5,131
9REN Israel Ltd.	Service company	-	Israel	100%	1	151,932	(40,984)
Societe d'Exploitation du Parc Eolien de Longueville sur Aube SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy Belgium BVBA	Service company	EY	Belgium	100%	48,550	(1,034)	407,057
Societe d'Exploitation du Parc Eolien de Coupetz SARL	Project company	-	France	100%	1	-	(30)
Siemens Gamesa Renewable Energy Poland Sp. z o.o.	Project company	EY	Poland	100%	7,086,260	406,377	2,653,912
Societe d'Exploitation du Parc Eolien de la Loye SARL	Project company	-	France	100%	1	(20)	(40)
Gamesa Wind South Africa (Proprietary) Limited	Service company	-	South Africa	100%	126,338	(137,784)	(39,368)
Societe d'Exploitation du Parc Eolien de Trepot SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy Apac, S.L.	Holding company	EY	Spain	100%	3,000	85,412	652,399
Gamesa Wind (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%	14,544,437	557,905,031	4,440,028
Central Eólica de México S.A. de C.V.	Project company	EY	Mexico	100%	7,113	71,664	(1,308,052)
Societe d'Exploitation du Parc Eolien de Sambourg SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy, S.A.	Project company	EY	Portugal	100%	475,000	4,906,187	83,638
Gamesa (Beijing) Wind Energy System Development Co, Ltd	Development and distribution company	EY	China	100%	318,151	(4,281,427)	(4,598,793)
SIEMENS GAMESA RENEWABLE ENERGY SARL	Service and distribution company	-	New Caledonia	100%	8,406	31	-
Gamesa Electric, S.A. Unipersonal	Production company	EY	Spain	100%	9,394,900	66,896,367	7,124,460
Societe d'Exploitation du Parc Eolien de Sceaux SARL	Project company	-	France	100%	1	(20)	(40)
Siemens Gamesa Renewable Energy, Ltd	Service company	EY	Mauritius	100%	3,005	177,911	93,999
Societe d'Exploitation du Parc Eolien de Guerfand SARL	Project company	-	France	100%	1	(20)	(40)
Societe d'Exploitation du Parc Eolien de Vaudrey SARL	Project company	-	France	100%	1	(20)	(40)
Societe d'Exploitation du Parc Eolien d'Orchamps SARL	Project company	-	France	100%	1	(20)	(40)
Convertidor Solar Trescientos Diecisiete, S.L.U.	Project company	-	Spain	100%	3,006	65,152	5,334
Societe d'Exploitation du Parc Eolien du Vireaux SAS	Project company	EY	France	100%	3,700	(2,507)	(8,406)
Societe d'Exploitation du Parc Eolien de Dampierre Prudemanche SAS	Project company	EY	France	100%	27,420	(3,584)	(8,781)
Societe d'Exploitation du Parc Eolien de Orge et Ormain SARL	Project company	-	France	100%	1	(20)	(40)
Ganquan Chaiguanshan Wind Power Co., Ltd.	Other	-	China	100%	1,812,910	-	-
Parco Eolico Manca Vennarda S.r.l.	Project company	EY	Italy	100%	30,000	(14,574)	(894)
Yongzhou Shuangpai Daguping Wind Power Co., Ltd.	Other	-	China	100%	-	-	-
Societe d'Exploitation du Parc Eolien de Germainville SAS	Project company	EY	France	100%	13,150	21,182	(5,420)
Tai'an Sanglin Wind Power Co. Ltd.	Other	-	China	100%	1,501,483	14,855,660	-
Societe d'Exploitation du Parc Eolien de Moulins du Puits SAS	Project company	EY	France	100%	3,700	(2,507)	(2,395)
Parco Eolico Banzy S.r.l.	Project company	-	Italy	100%	30,000	(15,497)	(894)
Gamesa Blade (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%	12,000,000	6,858,430	(5,121)

## Amounts in EUR

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
Convertidor Solar Ciento Veintisiete, S.L.U.	Project company	-	Spain	100%	3,006	346,283	127,681
Shuangpai Majiang Wuxingling Wind Power Co., Ltd	Project company	-	China	100%	-	-	-
Siemens Gamesa Renewable Energy Italy, S.P.A.	Service company	EY	Italy	100%	570,000	1,413,176	(942,962)
Siemens Gamesa Renewable Energy Lanka (Private) Limited	Service company	-	Sri Lanka	100%	28,561	41,764	53,232
Siemens Gamesa Renewable Energy Chile SpA	Service company	-	Chile	100%	7,064	4,946,243	2,089,228
Jilin Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%	1,630,335	(7,040,434)	(167,738)
Inner Mongolia Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%	1,650,570	(7,083,857)	(162,418)
Societe d'Exploitation du Parc Eolien de Borboillon SARL	Project company	-	France	100%	1	(20)	(40)
Societe d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	Project company	EY	France	100%	3,700	2,155	(3,125)
SIEMENS GAMESA RENEWABLE ENERGY S.R.L.	Service company	EY	Uruguay	100%	822	(686,809)	9,795,800
Societe d'Exploitation du Parc Eolien de Source de Seves SARL	Other	-	France	100%	3,700	(6,395)	(8,339)
Siemens Gamesa Renewable Energy Greece E.P.E.	Service company	EY	Greece	100%	18,000	2,435,567	(308,881)
Siemens Gamesa Renewable Energy, SARL	Service company	Otros	Mauritania	100%	2,539	849,731	(375)
Sistema Eléctrico de Conexión Montes Orientales, S.L.	Project company	-	Spain	83%	44,900	(65,334)	(238)
Aljaraque Solar, S.L.	Project company	-	Spain	100%	3,000	67,840	(3,510)
Societe d'Exploitation du Parc Eolien de la Tete des Boucs SARL	Project company	-	France	100%	1	(20)	(40)
Societe d'Exploitation du Parc Eolien de Chepniers SARL	Project company	-	France	100%	1	(20)	(40)
Kintech Santalpur Windpark Private Limited	Other	-	India	99%	141,867	(202,550)	10,184
Siemens Gamesa Renewable Energy Limited	Service company	EY	Cyprus	100%	1,000	1,613,186	6,505
Fanbyn2 Vindenergi AB	Project company	-	Sweden	100%	5,699	(4,039)	(815)
Devarabanda Renewable Energy Private Limited	Other	-	India	100%	132	(25)	(169)
Ghatpimpri Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Siemens Gamesa Renewable Energy Management GmbH	Other	-	Germany	100%	25,000	43,050	(1,331)
Poovani Wind Farms Private Limited	Other	-	India	100%	132	(25)	(169)
Kod Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Viralpatti Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
PT Siemens Gamesa Renewable Energy	Service and distribution company	-	Indonesia	95%	148,910	(11,229)	8,857
Siemens Gamesa Renewable Energy Blades, SARL AU	Production and distribution company	-	Morocco	100%	40,000,000	(5,600,460)	(4,805,436)
Gagodar Renewable Energy Private Limited	Other	-	India	100%	132	(25)	(169)
Thoothukudi Renewable Energy Private Limited	Other	-	India	100%	132	(25)	(169)
Sankanur Renewable Energy Private Limited	Other	-	India	100%	132	(25)	(169)
Osmanabad Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Dhone Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Siemens Gamesa Renewable Energy GmbH & Co. KG	Production and distribution company	EY	Germany	100%	1,000,000	99,746,143	22,742,763
Bhuj Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Bapuram Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
Koppal Renewable Private Limited	Other	-	India	100%	132	(25)	(169)
<b>B) COMPANIES ACCOUNTED BY EQUITY METHOD</b>							
Windar Renovables, S.L.	Production and distribution company	PWC	Spain	32%	9,394	87,721,000	1,731,000
Energia Eólica de Mexico S.A. de C.V.	Project company	-	Mexico	50%	386,431	(374,716)	(8)
Windkraft Trinwillershagen Entwicklungsgesellschaft mbH	Project company	-	Germany	50%	51,129	754,614	101,865
Sistemas Electricos Espluga, S.A.	Project company	-	Spain	50%	61,000	(527,338)	(84,941)
Energías Renovables San Adrián de Juarros, S.A.	Project company	-	Spain	45%	60,200	15,132	(31,455)
Generación Eólica Extremeña, S.L.	Project company	-	Spain	30%	-	-	-
Nuevas Estrategias de Mantenimiento, S.L.	Service company	Deloitte	Spain	50%	570,000	3,579,000	-
Baja Wind US LLC	Venture Capital Investment	-	United States	50%	-	-	-
Energia Renovable del Istmo S.A. de C.V.	Operation of wind farms	-	Mexico	50%	372,225	(383,319)	(4,450)

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 2018 of SIEMENS GAMESA RENEWABLE ENERGY, S.A., authorized for issue by the Board of Directors at its meeting held on November 23, 2018, is the content of the preceding 60 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) Mr. Michael Sen does not sign this document as he hasn't physically attended the meeting of the Board of Directors due to force majeure; that (ii) he has delegated his representation and vote for the items included in the agenda to the director Mr. Ralf Thomas, and that (iii) Mr. Ralf Thomas, who holds an express authorization conferred for these purposes by Mr. Michael Sen, has signed this document on his behalf. It is also stated that Ms. Gloria Hernández García and Ms. Lisa Davis attend the meeting by telematic means and therefore they do not sign this document and that (i) Mr. Andoni Cendoya Aranzamendi has signed this document on behalf of Ms. Gloria Hernández García in virtue of an express authorization conferred for these purposes by her; and that (ii) Mr. Ralf Thomas has signed this document on behalf of Ms. Lisa Davis in virtue of an express authorization conferred for these purposes by her.

Zamudio, November 23, 2018. 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