Business plan 2011-2013

Becoming the industry benchmark for Cost of Energy

London, October 7th, 2010

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A. New industry environment

The wind industry is transforming itself rapidly

THE SLOWDOWN OF 2009 AND 2010 HAS TRANSFORMED THE WIND INDUSTRY

1 MARKET:

- Recent volatility driven by regulatory uncertainty
- Long term growth trend supported by:
  - Onshore in Europe through Eastern Europe
  - Growth coming from Asia and other emerging markets – plus US once regulation clarifies
  - Offshore taking off after 2013
- Wind technology close to grid parity/acceptance as established generation technology in relevant markets

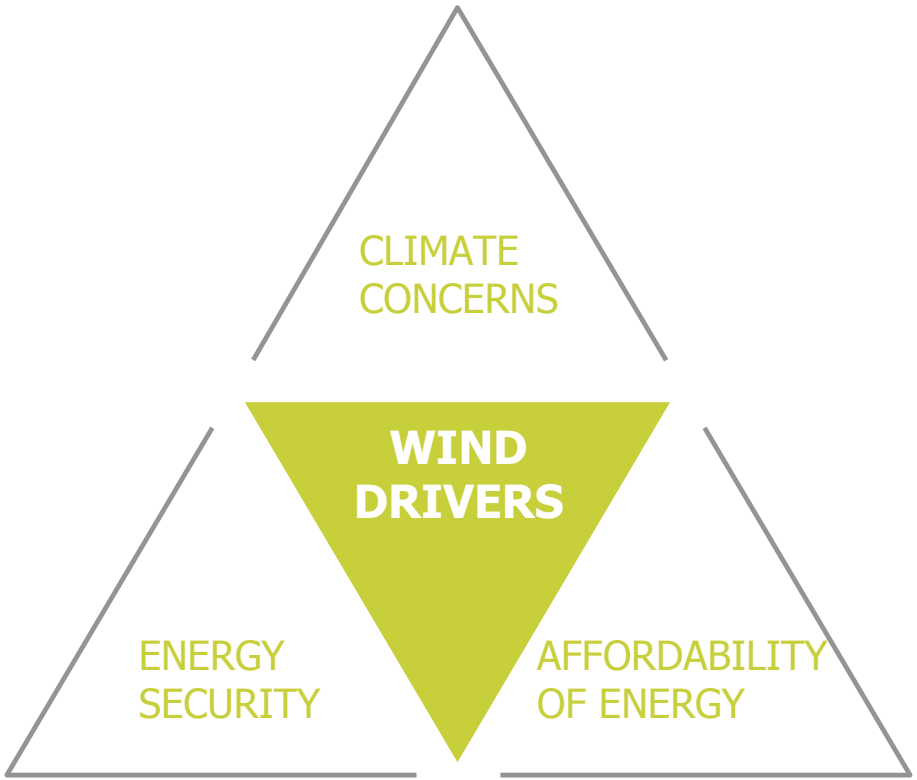
2 CLIENTS:

- Moving towards professional operators – utilities and large IPPs- seeking reliable, long term WTM partners that offer expertise along the whole value chain
- Wind power internationalization requires WTM global support Basis for competition is offering the best possible CoE as a combination of project CAPEX, O&M costs, performance and availability over the wind farm's life

3 SUPPLIERS:

- Large industrial conglomerates (Western present, Asian entering) have increased their market share at the expense of pioneers
- Smaller, local players are reducing their presence

But the growth fundamentals are still in place



WHY WIND?

- **Reduces CO_2 emissions**
- **Reduces dependence from fossil resources**
- **Increases energy security**
- **Increases price stability**

Competitive Cost of Energy (CoE) is key

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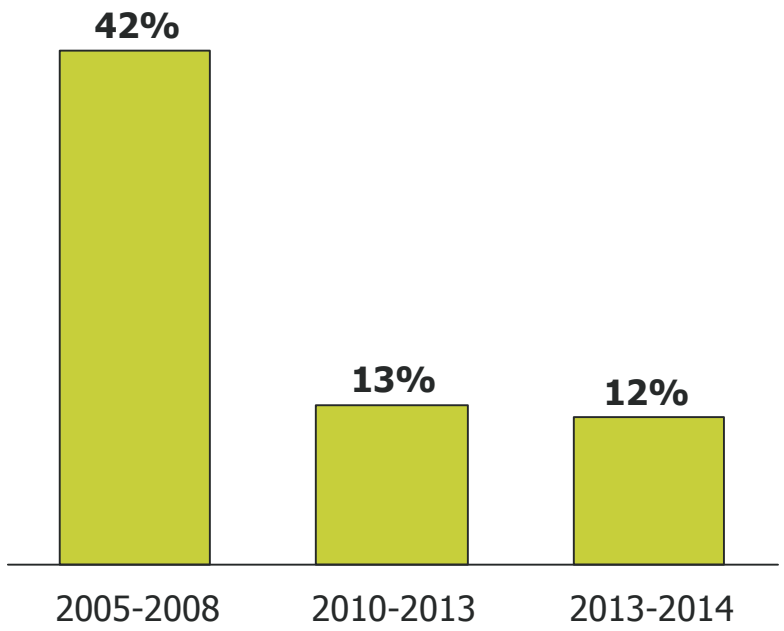
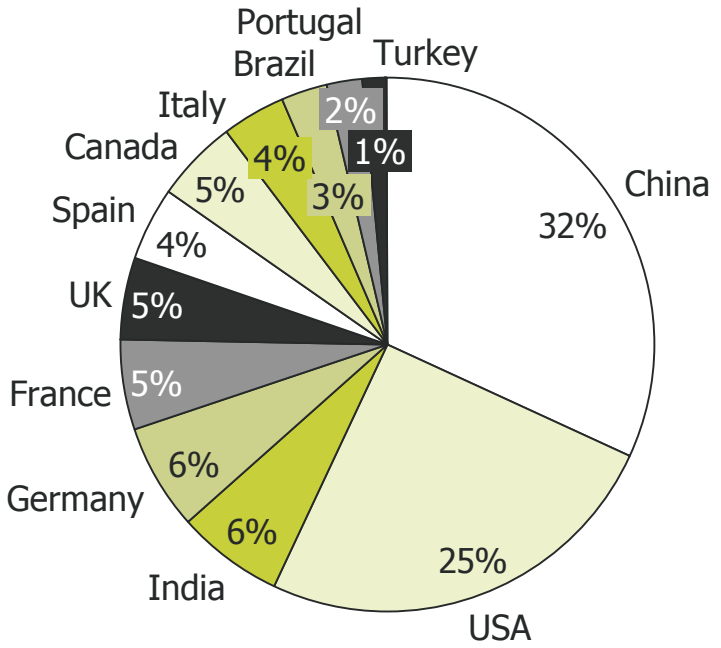
Despite the slow down, there is an unbroken growth trend

Incremental wind power capacity (GW)

CAGR (%)



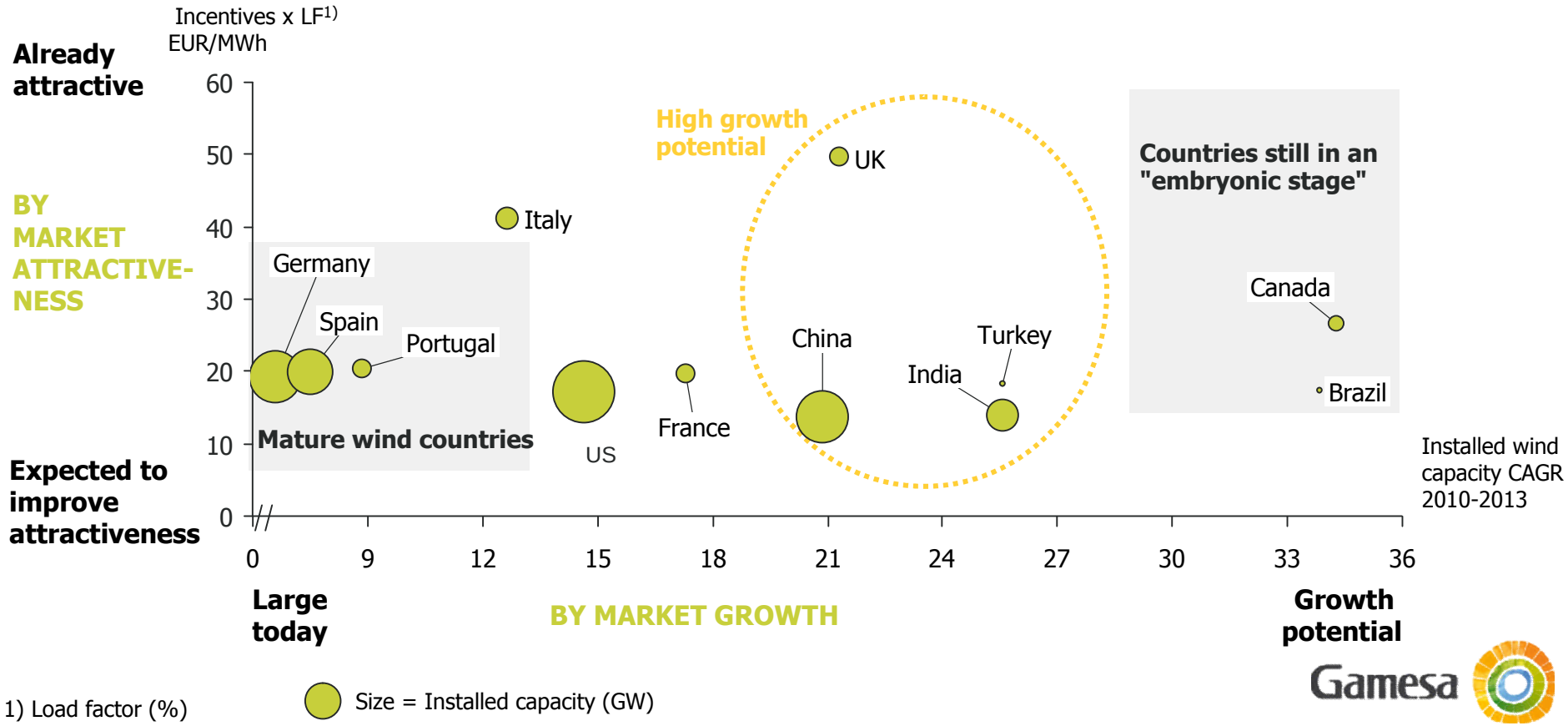
PER GEOGRAPHY, 2013



Source: BTM; GWEC; EER; Companies; Press; Roland Berger Strategy Consultants

With attractive opportunities mostly in emerging markets

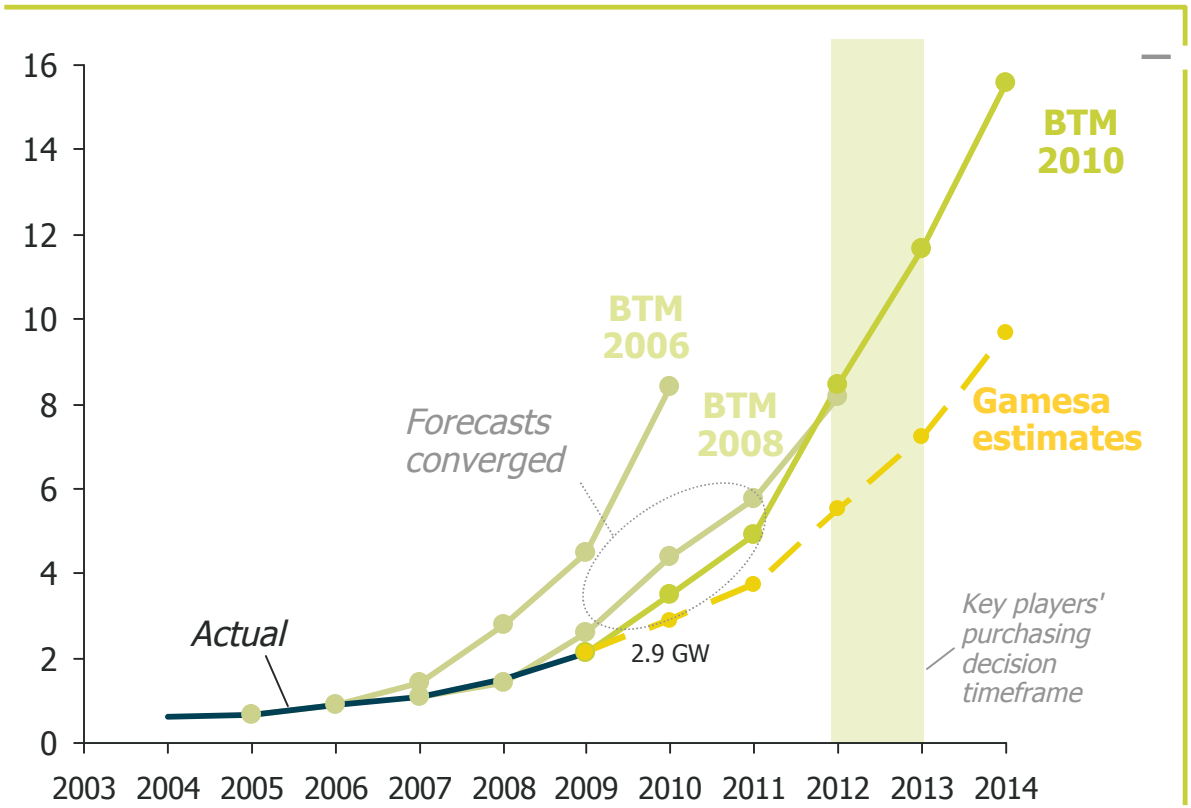
Wind power market attractiveness, 2010-2020



1) Load factor (%)

Offshore "is here" and expected to takeoff after 2013

Offshore, 2006-2014 (accumulated installed capacity, GW)

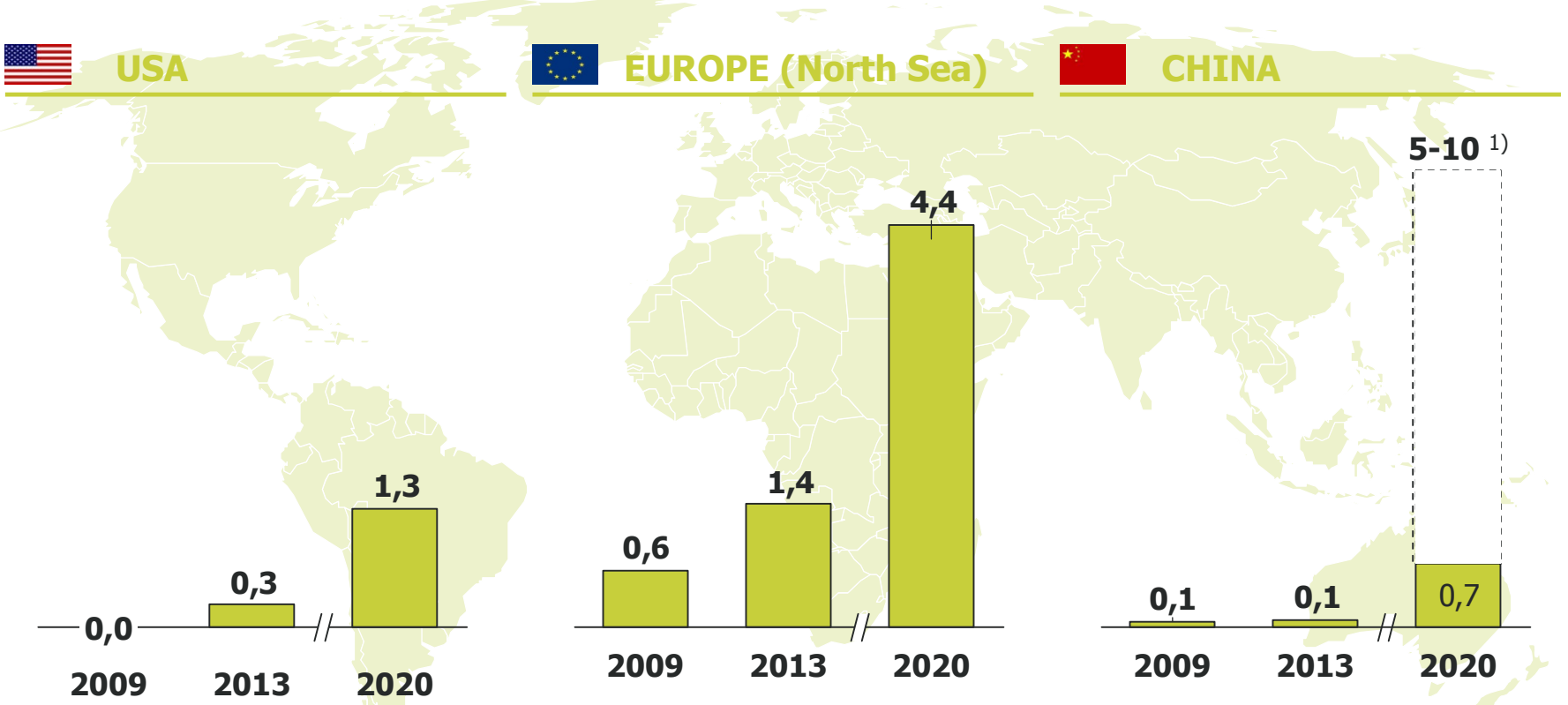


- **Large utilities will drive market development**
- **Purchasing decisions around 2012/13,** following explicit commitments and bidding processes of German and UK governments
- **Offshore projects will still take 2-5 years to mature – more ambitious annual growths only after 2015**

Source: BTM 2004, 2006, 2008, 2010; 4C Offshore database; thewindpower.net; Roland Berger Strategy Consultants

Starting in the North Sea, China and US to follow

Annual added offshore capacity, 2009-2020 (GW)



1) Recently announced by the Chinese govt. (cumulative)

Source: BTM; EWEA; DENA; EER; Airtricity; Roland Berger Strategy Consultants

Regulatory outlook positive in most markets

Regulatory outlook mostly positive with uncertainty in the US and Southern Europe

USA

- **UNTIL NOW – American Recovery and Reinvestment Act (2009)**. Extension of PTC until Dec. 2012, introduction of ITC, Treasury Cash Grants, manufacturing tax credits, and DOE loan guarantee programme.
- **OUTLOOK – RES[1] under discussion**, but **positive perspectives in the M/T**: a bipartisan group of senators reintroduced a RES[1] bill (Sep. 2010)

UK

- **UNTIL NOW** – two support mechanisms, ROCs[3] (large facilities) and FIT (small facilities). Additional **financial support for offshore wind**
- **OUTLOOK** – target of reaching **15%** of final energy consumption from renewable sources by 2020 and **25 GW additional offshore** (UK earmarked up to **GBP 120 m to support offshore wind industry**)

CHINA

- **UNTIL NOW** – obligation to purchase the full amount of the electricity produced from renewable sources: **Wind energy as a priority to diversify the energy mix. Feed in Tariff scheme introduced in 2009.** Target of 100 GW by 2020 for wind power.
- **OUTLOOK – " Development of the Emerging Energy Industry Plan" and 12th five year plan (2011-2015)**

BRAZIL

- **UNTIL NOW – PROINFA[2]** scheme to boost the share of renewable energy sources in the Brazilian electricity mix. **Capacity allocated through auctions**: 1st wind auction in Dec. 2009 (1 GW), 2nd auction in Aug. 2010 (c. 2 GW) with an average price of R$/MWh 131
- **OUTLOOK** – PROINFA's main objective is to **increase the share of renewable energy up to 10% of Brazil's electricity supply by 2020**

CONTINENTAL EUROPE

- **UNTIL NOW – Feed it tariffs** with significant differences among countries. **Reduced incentives** due to current budgetary shortages
- **OUTLOOK** – explicit commitment with sustainability. **Ambitious targets** in emission reductions and **renewable generation** – **Energy-Climate package (20/20/20)**

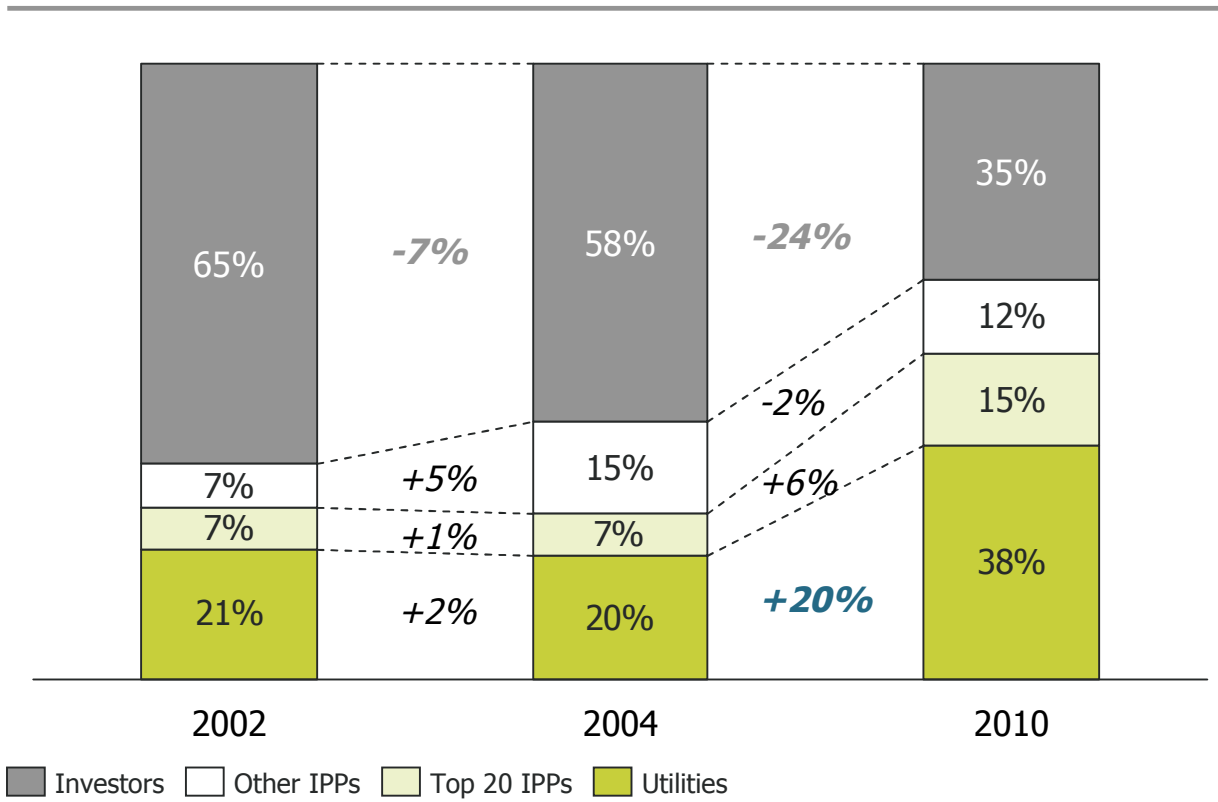
INDIA

- **UNTIL NOW –**Incentives for wind introduced at state level – **RPS[1] and financial incentives as well as Feed in Tariffs. Introduction of generation based incentive in December.**
- **OUTLOOK – 10% contribution of renewable energy sources by 2015.** National renewable energy policy currently under consideration

1) Renewable Electricity Standard; 2) *"Programa de Incentivo às Fontes Alternativas de Energia Elétrica"*;
3) Renewables Obligation Certificates

Utilities and large operators are driving industry consolidation

Client mix in owned MW – Europe (% market share)



- **Utilities building up portfolios domestically to fulfill renewable obligations**
- **Utilities expanding into new markets via wind**
- Many new **IPPs** created by Private Equities, construction, oil – **aiming to sell their portfolios to utilities**
- More traditional developers looking to evolve into wind IPPs

Source: EER; Roland Berger Strategy Consultants

While aiming at fulfilling renewable targets and gaining operational scale

Utilities and large operators – key trends

MAINSTREAM TECHNOLOGY:

- **Renewables units** moving from "exotic" nice-to-have to **mainstream generation** units with similar targets and requirements
- **Generation equipment sourced** through same procedures **as conventional equipment**

GRADUAL APPROACH:

- Wind gradually added into the generation portfolios
- **Major acquisitions to support growth** while building up internal teams to perform activities **in-house**

INTERNATIONAL:

- **Venture outside home markets with renewable technologies as they are more "predictable"** and seen as less aggressive by incumbents

- **Utilities** have steadily migrated **from risk-averse turnkey project acquisition, to greater vertical integration** to capture more value
- **Advanced operators use wind power as "peakers" in their generation portfolio**

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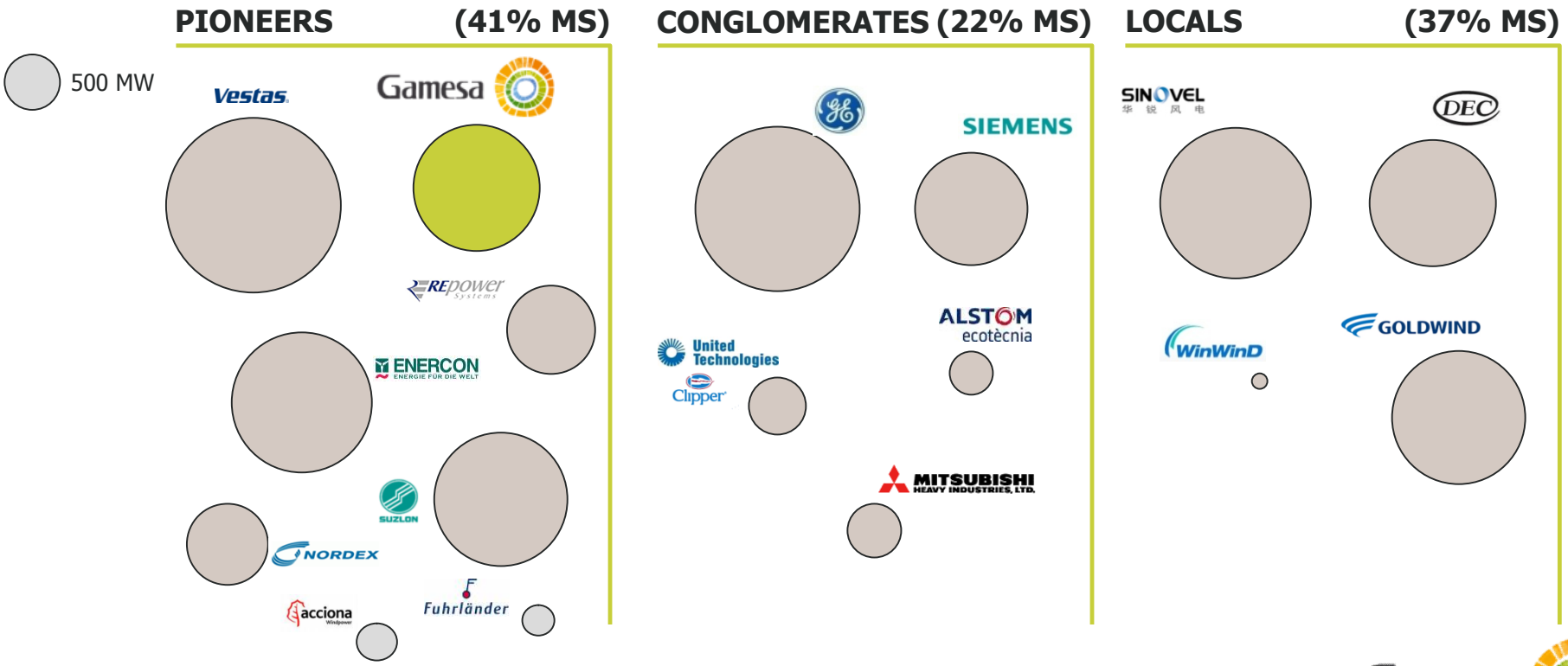
Source: EWEA; Roland Berger Strategy Consultants

Pioneer manufacturers maintain the lead in market share

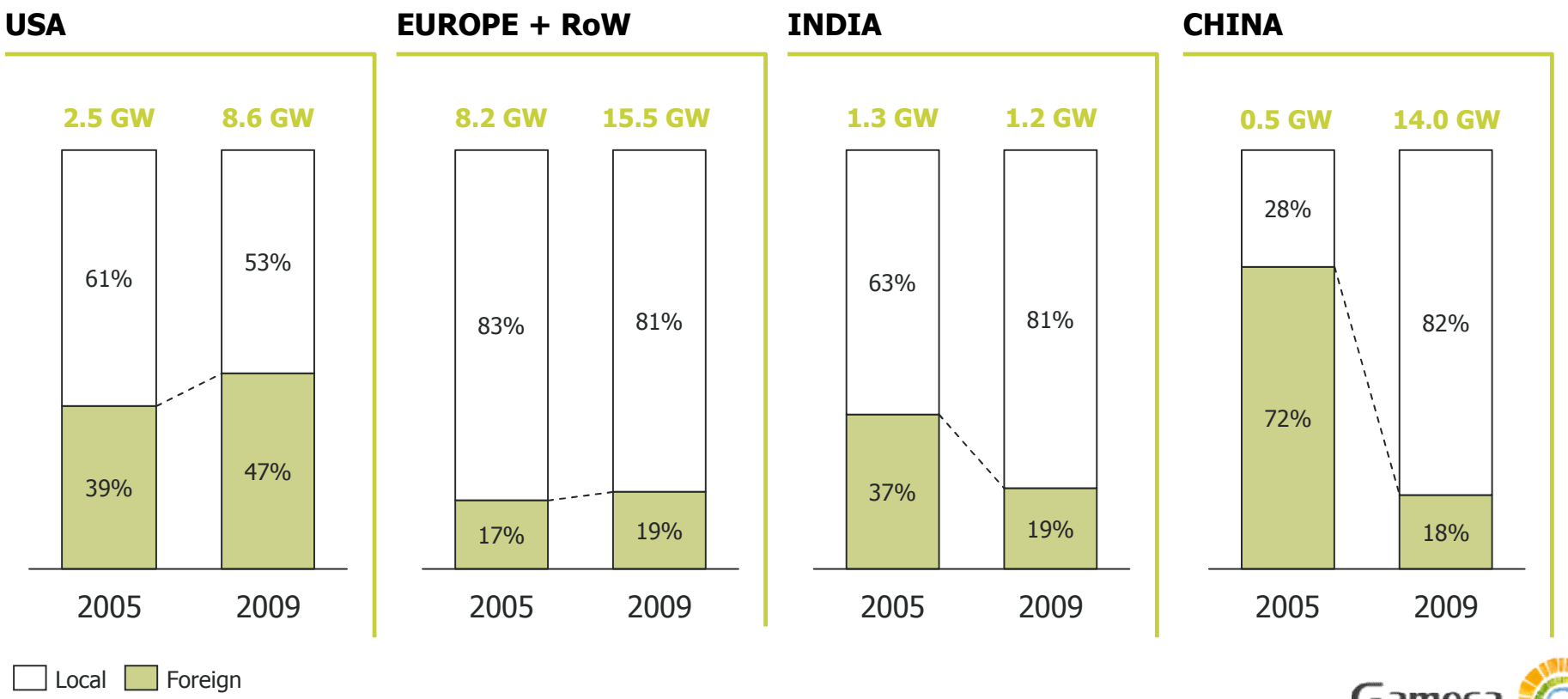
Main players in the industry, 2009 (market share; size)



Source: Companies; BTM, Roland Berger Strategy Consultants

While local and international operators fight their way in their markets

Local vs. international WTM per region, 2005-2009 (Installed GW per year; market share)



Source: BTM; Roland Berger Strategy Consultants

Positive outlook with competitive CoE a key for success

Characteristics of the "new wind industry"

		TAKEAWAYS
DEMAND	o Despite current single digit growth, unbroken trend o Shift in demand to new geographies (China, India) o **CoE reduction decreases regulatory dependency** o Offshore still developing – takeoff only after 2013	✓ **Be global** ✓ **CoE competitive**
CLIENTS	o More sophisticated customers o Move towards utilities and IPPs o Clients seek long term partners o Demand for expertise along the value chain – industry internationalization requires WTM global support	✓ **Be close** ✓ **Be integrated**
COMPETITION	o Western players are differentiating technologically o New players continuously entering, particularly in Low Cost Countries (LCCs)	✓ **Be technologically innovative** ✓ **Be cost efficient**

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B. Gamesa's value proposition

Value proposition based on client expectations

GAMESA VALUE PROPOSITION

- Competitive CoE
- Superior reliability and service offering
- The right products with superior technology
- Extensive geographical presence
- Flexible response times

A proven track record

1. Global company

2. Consistent technology innovation

3. Integrated player

4. Financially sound

5. Consistent delivery on business plans

6. Profitable through the economic cycle

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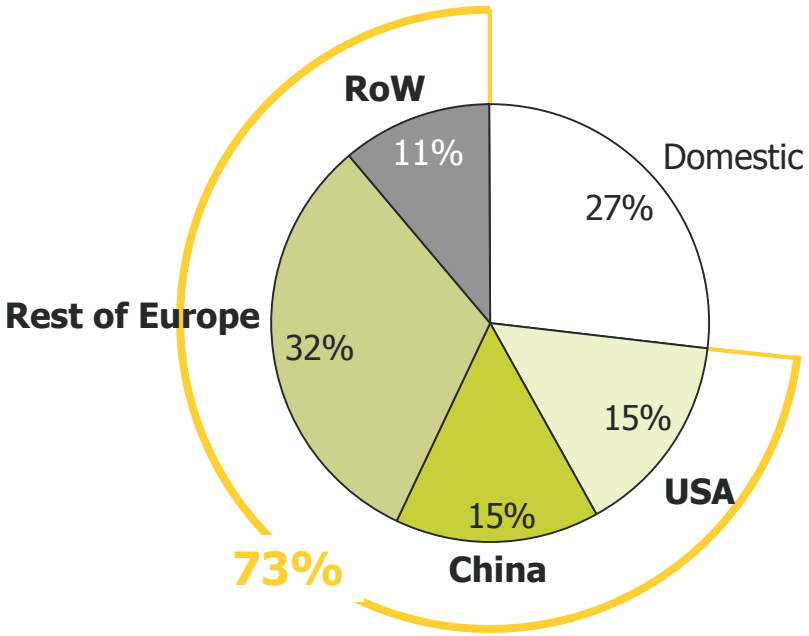
Global player in activity, management and financing

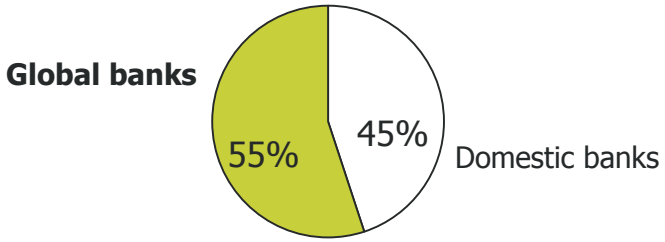
Gamesa is a global company

3,145 MW sold worldwide, 2009



Syndicated loan

BARCLAYS
BBVA
BNP PARIBAS
citibank
COMMERZBANK
ING
Lloyds TSB
RBS
The Royal Bank of Scotland Group
Santander
...



- **More than half of the participants** in current syndicated loan (EUR 1.2 bn) are **global banks**
- The **contribution** of those international institutions amounts up to **c. 40% of the authorized limit**

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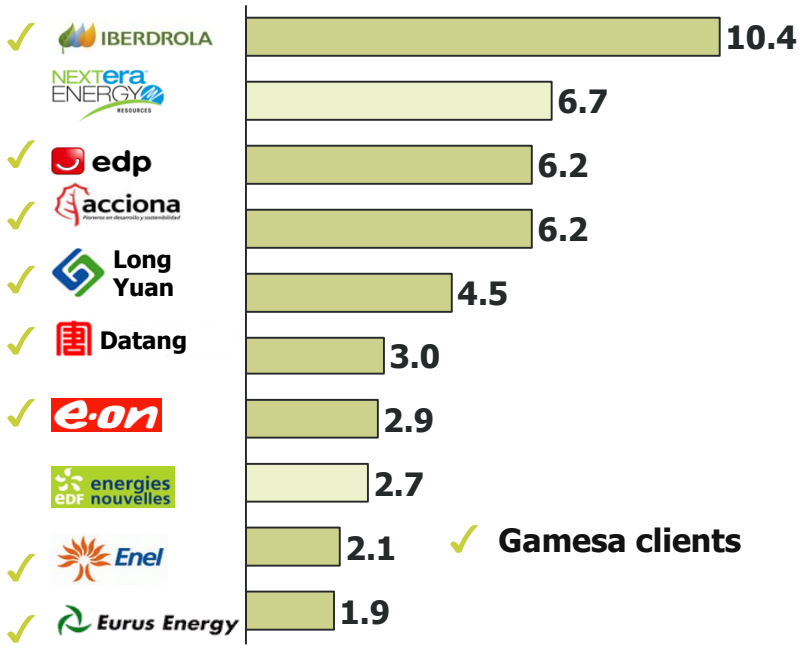
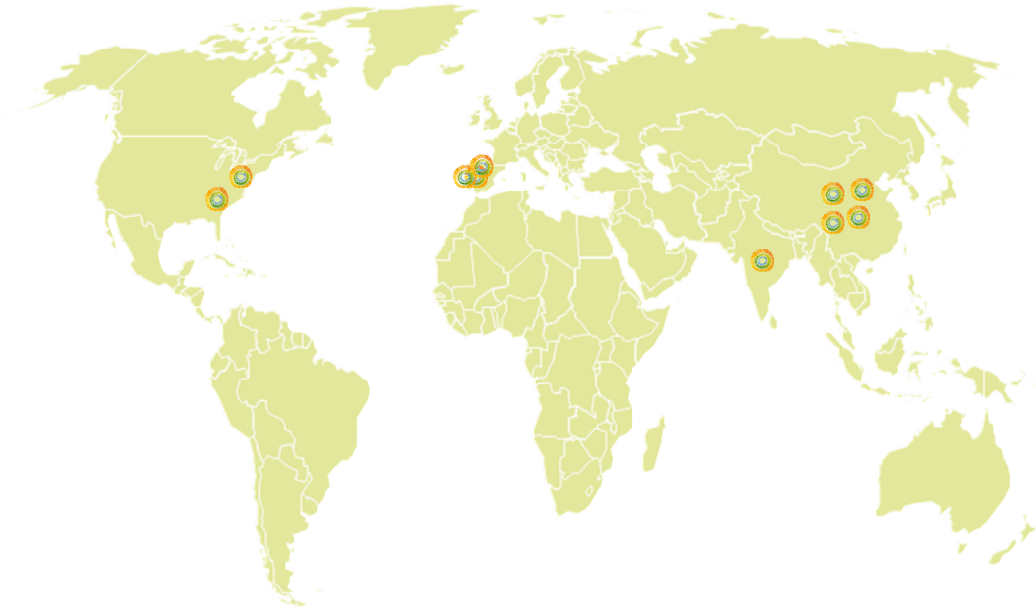
Global client base and footprint

Top 10 wind power ranking, 2009



Footprint



Manufacturing facilities (blades and nacelles)

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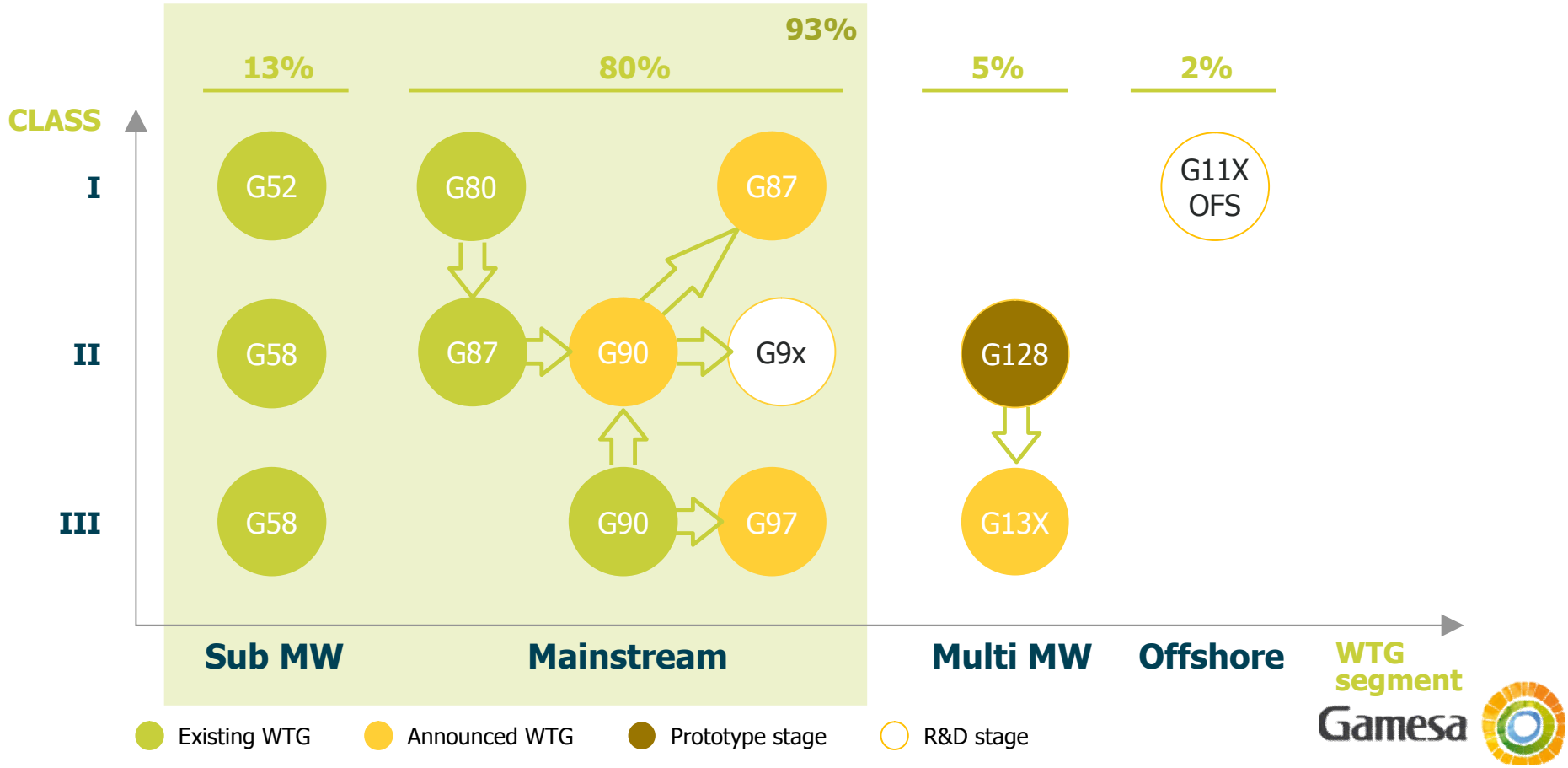
Source: BTM; Macquarie; Roland Berger Strategy Consultants

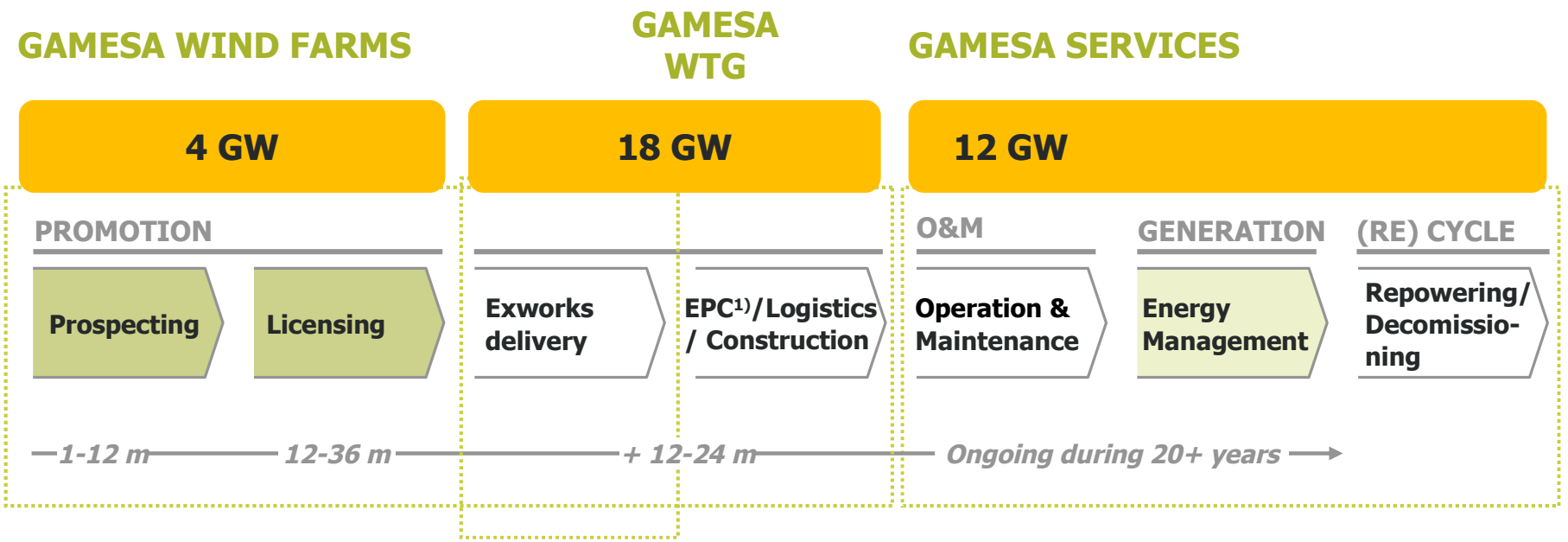
Product innovation to cover >90% of existing installations

Product line, 2005-2009 (vs. % installed capacity per WTG segment)



Uniquely positioned as "one-stop-shop"

Value chain presence and track-record, as of Dec. 2009



Gamesa's experience

Not covered by Gamesa

1) Engineering, Procurement, Construction

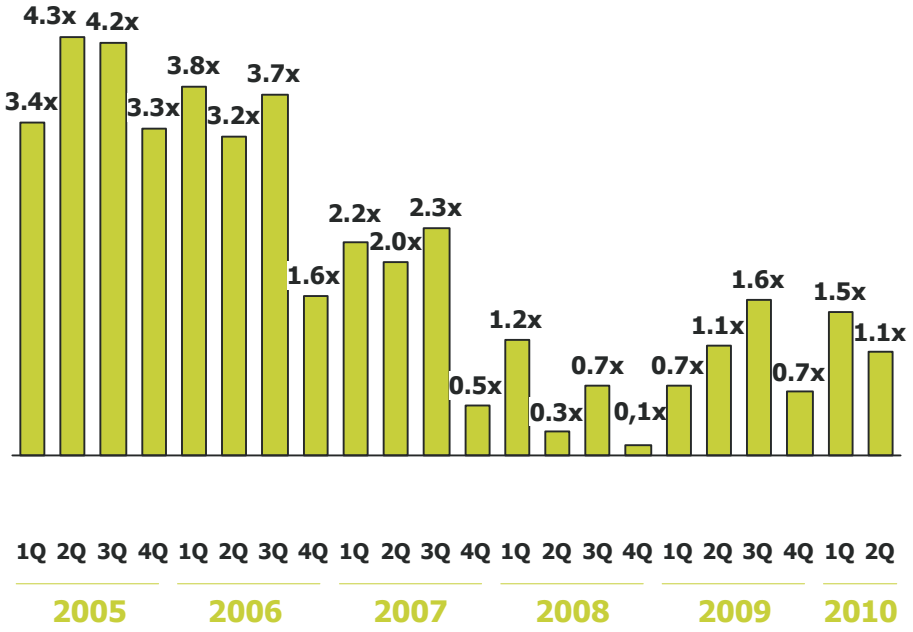
Financially sound without accessing to the equity markets

Debt structure

Credit facilities, 2010

EUR MM	Maturity date
1,200	October 2012
200	2018
113	Long term loans of different maturities >12 months
731	Bilateral credit lines with annual extensions
c.2,250	

NFD/EBITDA, 2005-2010 (x)

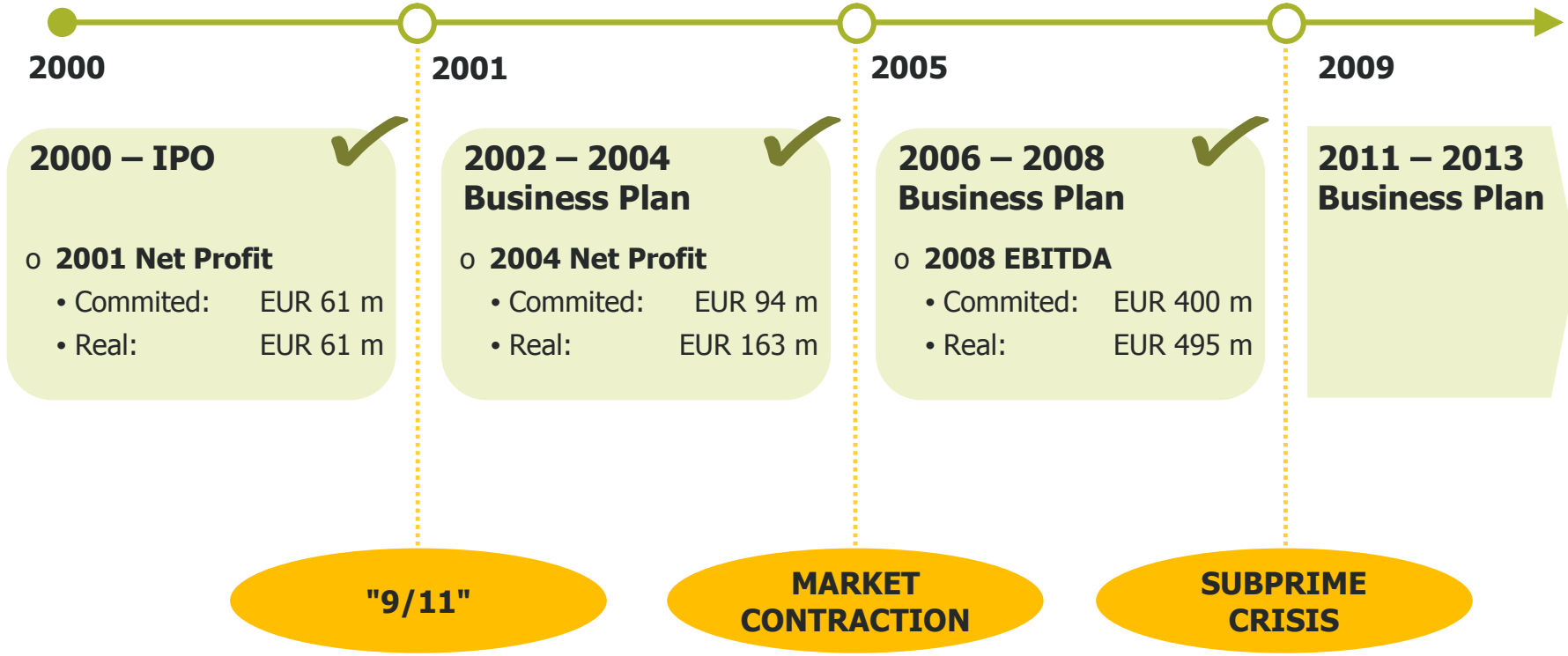


Group NFD/EBITDA

Consistent delivery of business plan targets

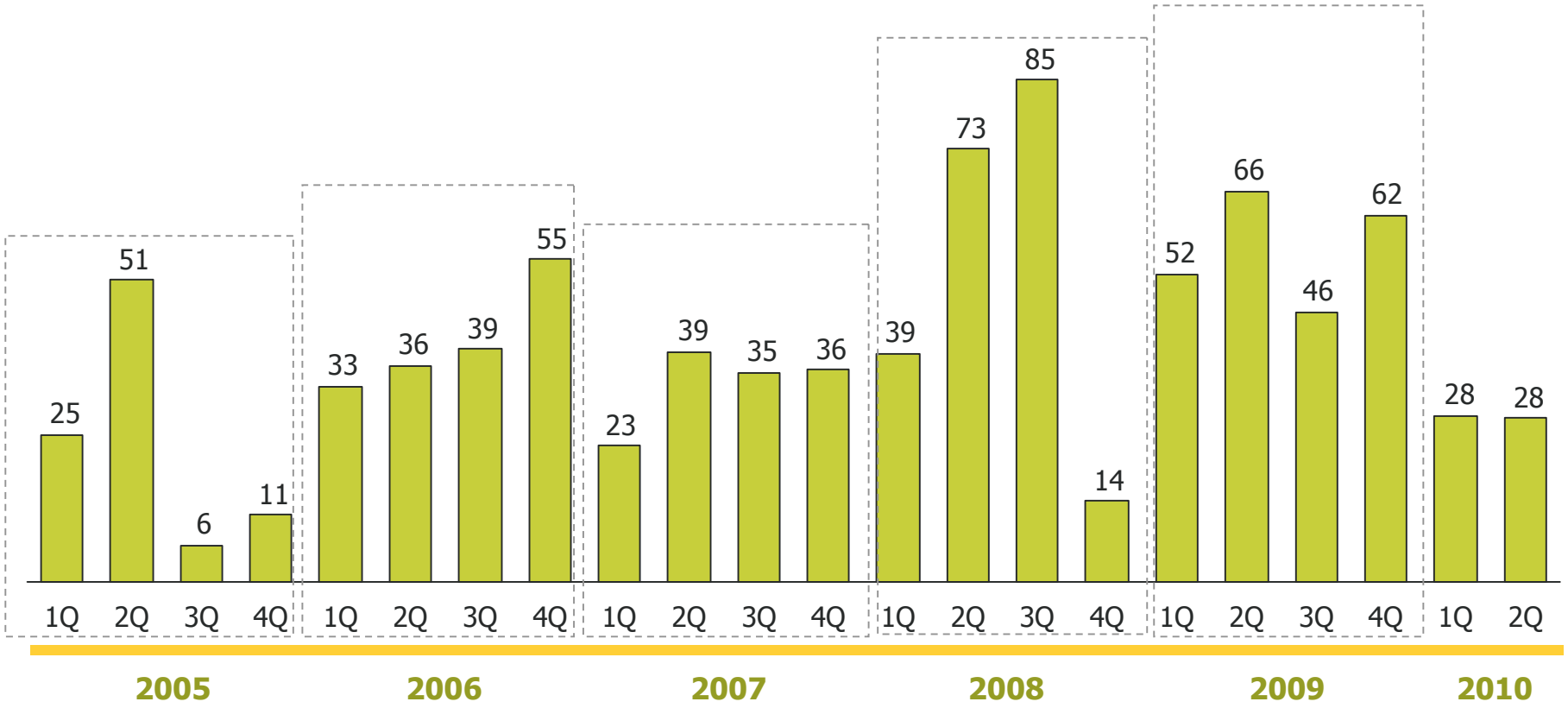
Fulfillment of business plans since 2000

✔ Objectives achieved



Consistent quarterly profitability

EBIT evolution per quarter, 2005-2010 (EUR m)

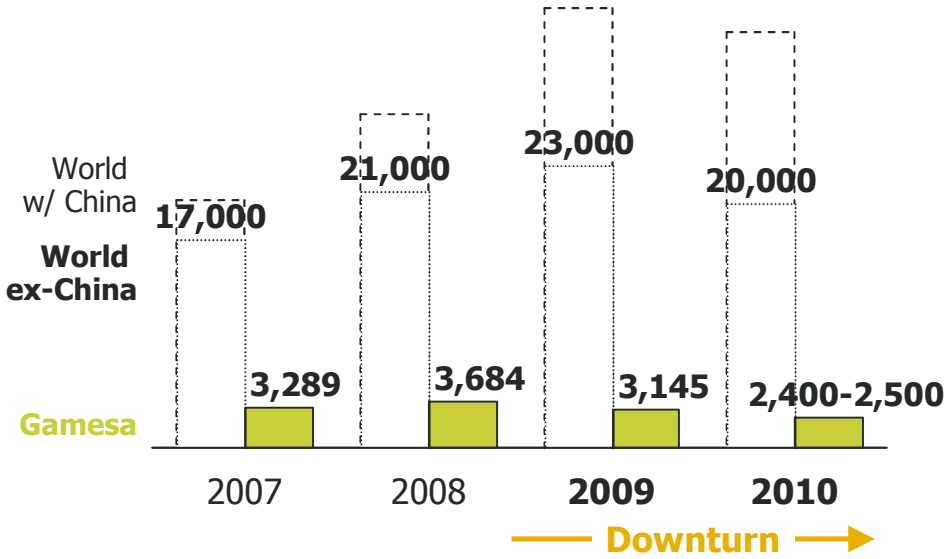


Note: WTG division

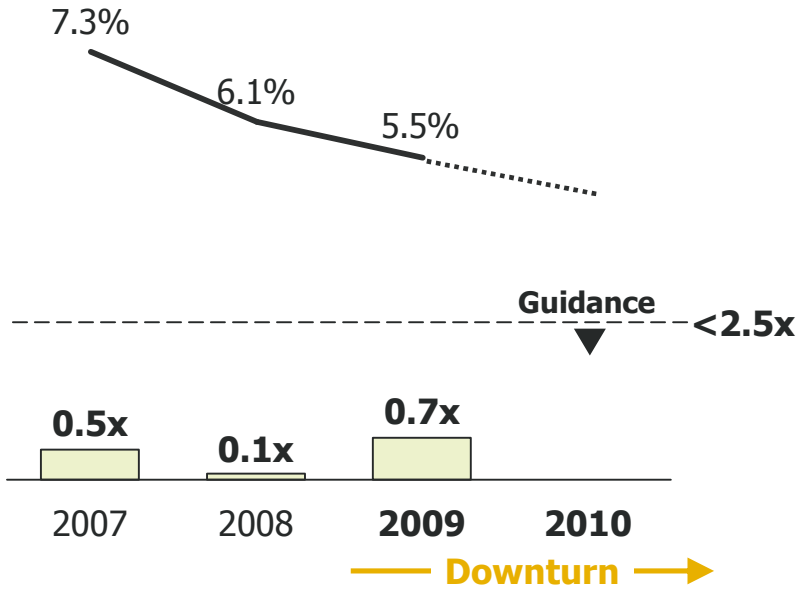
Proactive management of the industry downturn

Proactive management of industry downturn, 2007-2010

Activity – worldwide and Gamesa (MW)



Group EBIT margin (%) and NFD/EBITDA (x)



Growth below market evolution is consistent with a policy of margins before volumes and production aligned with deliveries

While investing in growth and optimizing the cost structure

Profitable downturn management – specific examples, 2008-2010

P&L management

- **Continuous sales growth in China, India, USA**
- **Successful implementation of the Cost Optimization Plan**
- **Cost reduction through capacity adjustments in Spain** (16%manufacturing workforce – FTE- reduction in Spain in 2009)

Balance sheet management

- **EUR 1.2 bn syndicated loan extended from Dec. 2010 to Oct. 2012**
- **Alignment of manufacturing and deliveries** – Reduce manufacturing by 22% in 2010 and adjust guidance figures provided to the market in Feb. 2010
- **Continuous dividend payment and no access to equity capital markets**

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C. Three strategic vectors: Cost of Energy, Growth and Efficiency

Value Proposition and strategic vectors

GAMESA'S VALUE PROPOSITION:

"A Client-focused wind power value innovator"

Gamesa will…

… deliver wind projects with a competitive generation cost,

… lead in developing long lasting relationships,

… offer a complete and flexible range of leading technology products and services

… therefore maximizing the clients wind projects' return

… while optimizing system integration of wind power

STRATEGIC VECTORS

1. COST OF ENERGY
2. GROWTH
3. EFFICIENCY

Three strategic vectors to achieve financial targets

1 **COST OF ENERGY**

2 **GROWTH**

3 **EFFICIENCY**

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Gamesa's differentiation driver to maximize the value for the customer

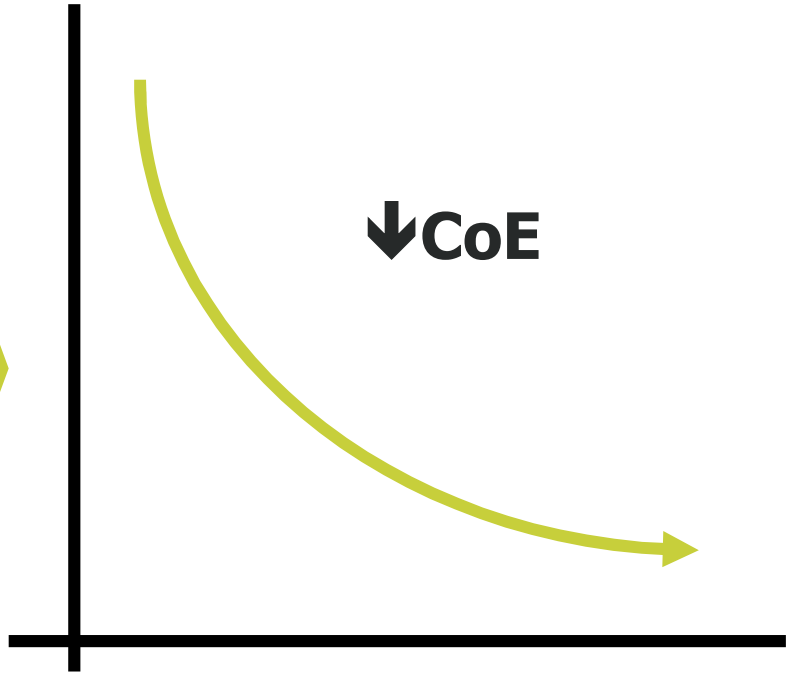
RELIABILITY

EFFICIENCY

AVAILABILITY

COST OF ENERGY

[EUR / MWh]



Becoming the Cost of Energy reference: 30% reduction in 5 years

1a

PRODUCT RANGE AND PERFORMANCE

- **Ambitious 5-year product plan:** 5 new product families
- Develop the **new offshore platform** in two stages, first stage in 2012, second in 2014
- **New technologies** applied to product platforms (e.g. permanent magnet generator, medium speed gearbox, full converter, sectional blade design, …)

1b

FLEET PERFORMANCE AND BEST IN CLASS AVAILABILITY

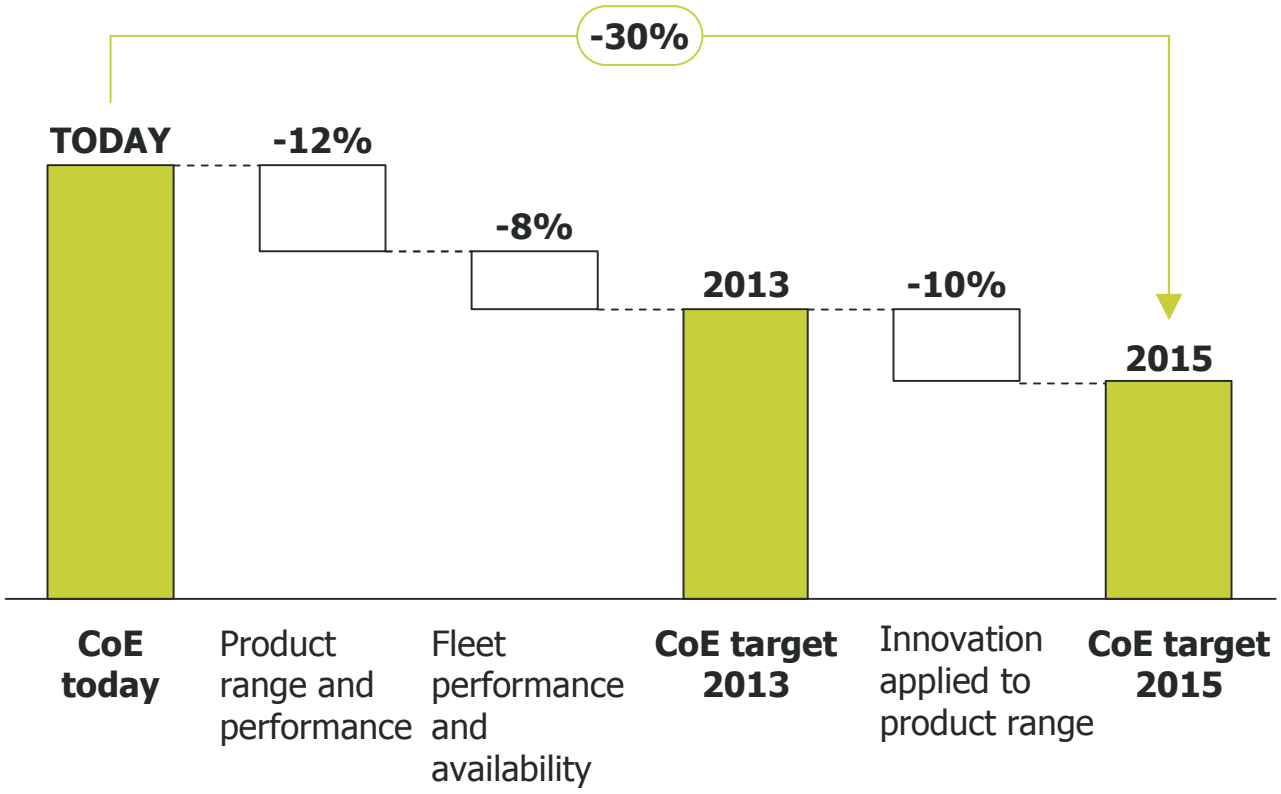
- **Maintenance enhancements** to lower costs
- **Innovative methodologies** to minimize downtimes, energy losses and stoppages
- **WTG life extension programs** to avoid the increase of running costs of ageing turbines, and extend the return of the current projects

OBJECTIVES

- **IN 3 YEARS: 20% reduction in Cost of Energy**
- **IN 5 YEARS: 30% reduction in Cost of Energy**

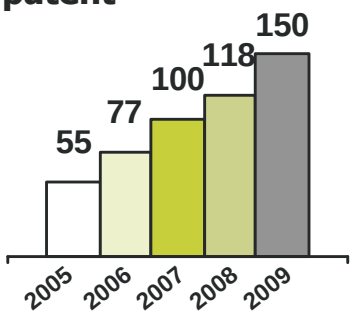
Reduction to be achieved through product range and availability improvements

Impact of levers on CoE (illustrative)



Supported by …

- **Supported by over 1,500,000 engineering hours per year**
- **To double R&D personnel by 2013**
- **More than 150 patent families**



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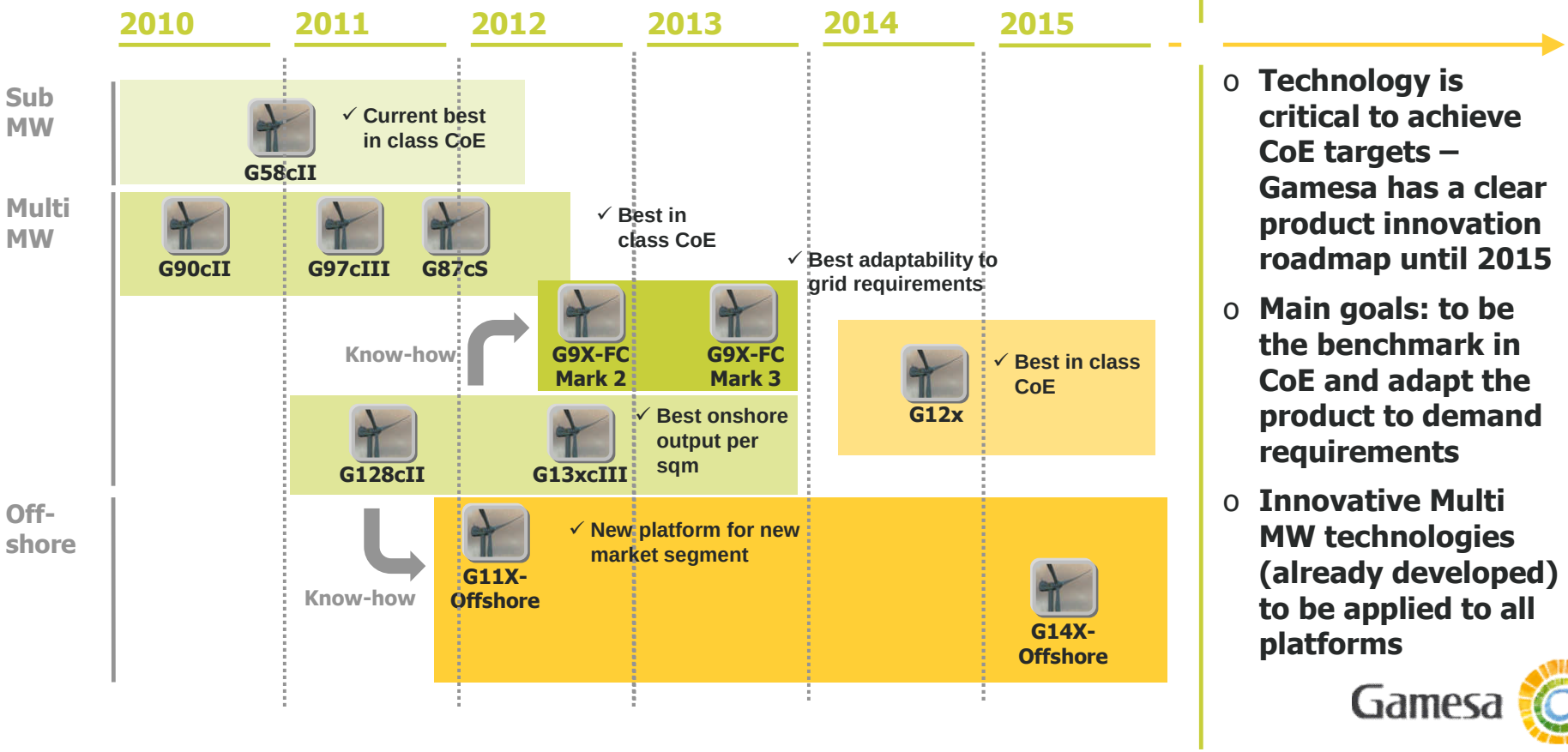
Ambitious product innovation roadmap until 2015 …

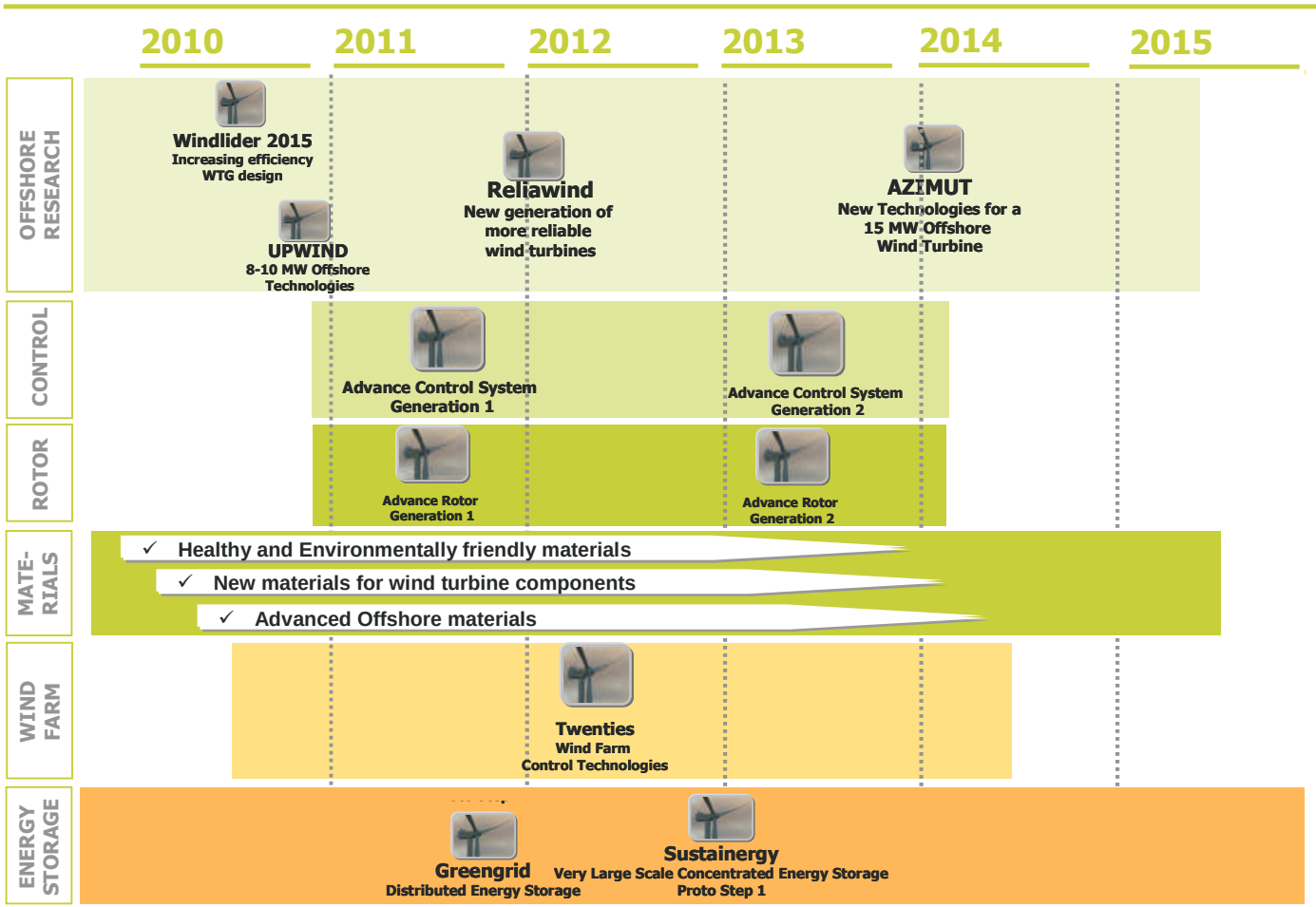
Innovation roadmap – 5 new product families in 5 years



- **Technology is critical to achieve CoE targets – Gamesa has a clear product innovation roadmap until 2015**
- **Main goals: to be the benchmark in CoE and adapt the product to demand requirements**
- **Innovative Multi MW technologies (already developed) to be applied to all platforms**

… added to continuous development of advanced technologies

Research roadmap, 2010-2015



- Leading several European projects on Multi-MW WTG development and wind farm management
- Maintaining the leading edge in rotor, control and material development
- Leading applied research in energy storage

Two development stages for offshore product platform

Technology projects and offshore platform timeline, until 2015

2011 2012 2013 2014 2015

G11XOFS Technology project

- **Prototype** (Q2-2012)
- **Serial production** (2013)

- **In-house design** of compliant, reliable, profitable **5 MW** offshore WTG **based on internally developed Multi MW** platform
- **Expertise in marine technologies** (ie. Northrop Grumman Shipbuilding)

G14XOFS Technology project

- **Prototype** (Q2-2014)
- **Serial production** (2015)

- **In-house design** of compliant, reliable, profitable **6-7 MW offshore WTG**

ROADMAP

- **Technology ready for series production in 2013**
- **UK: wind turbine erection starts by 2014**

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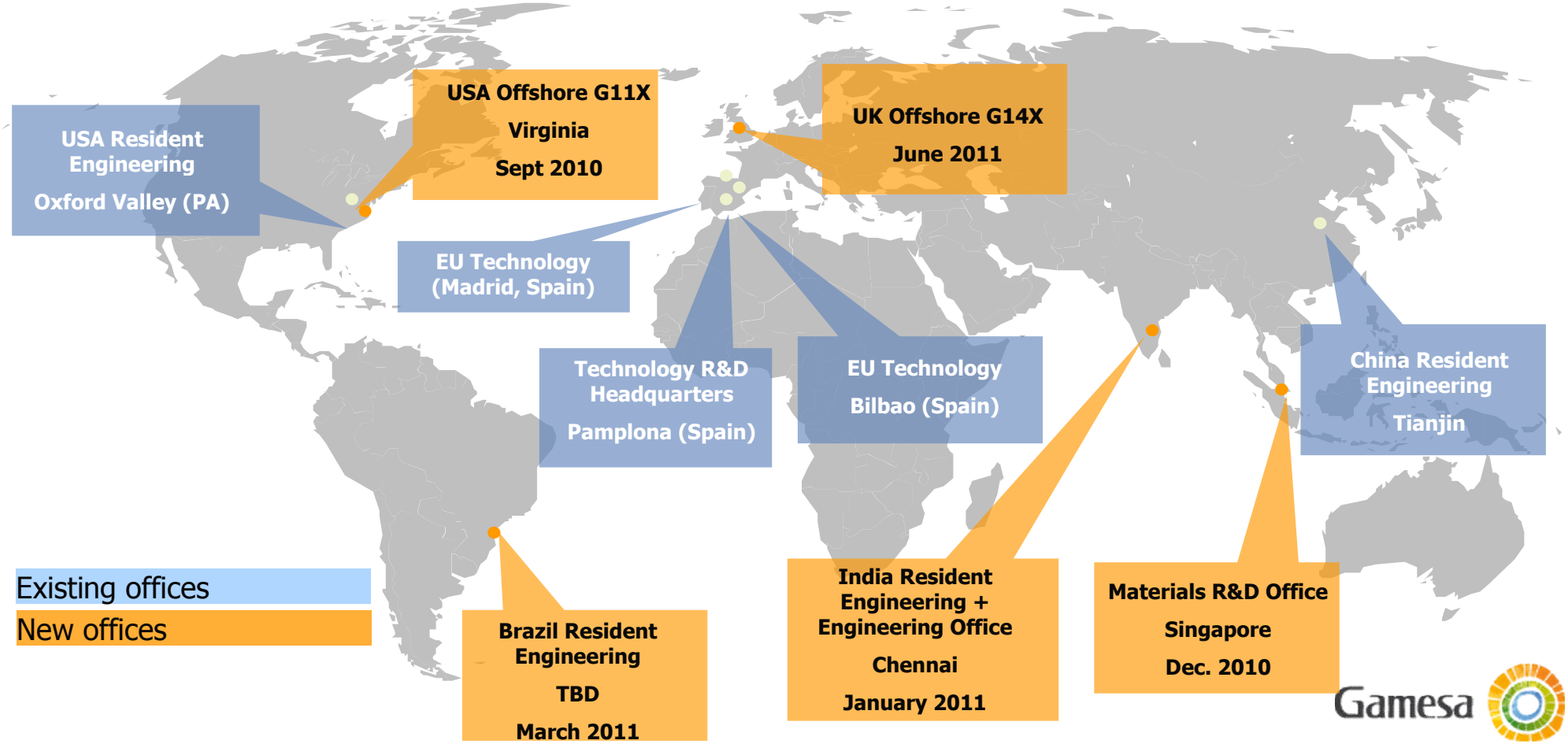
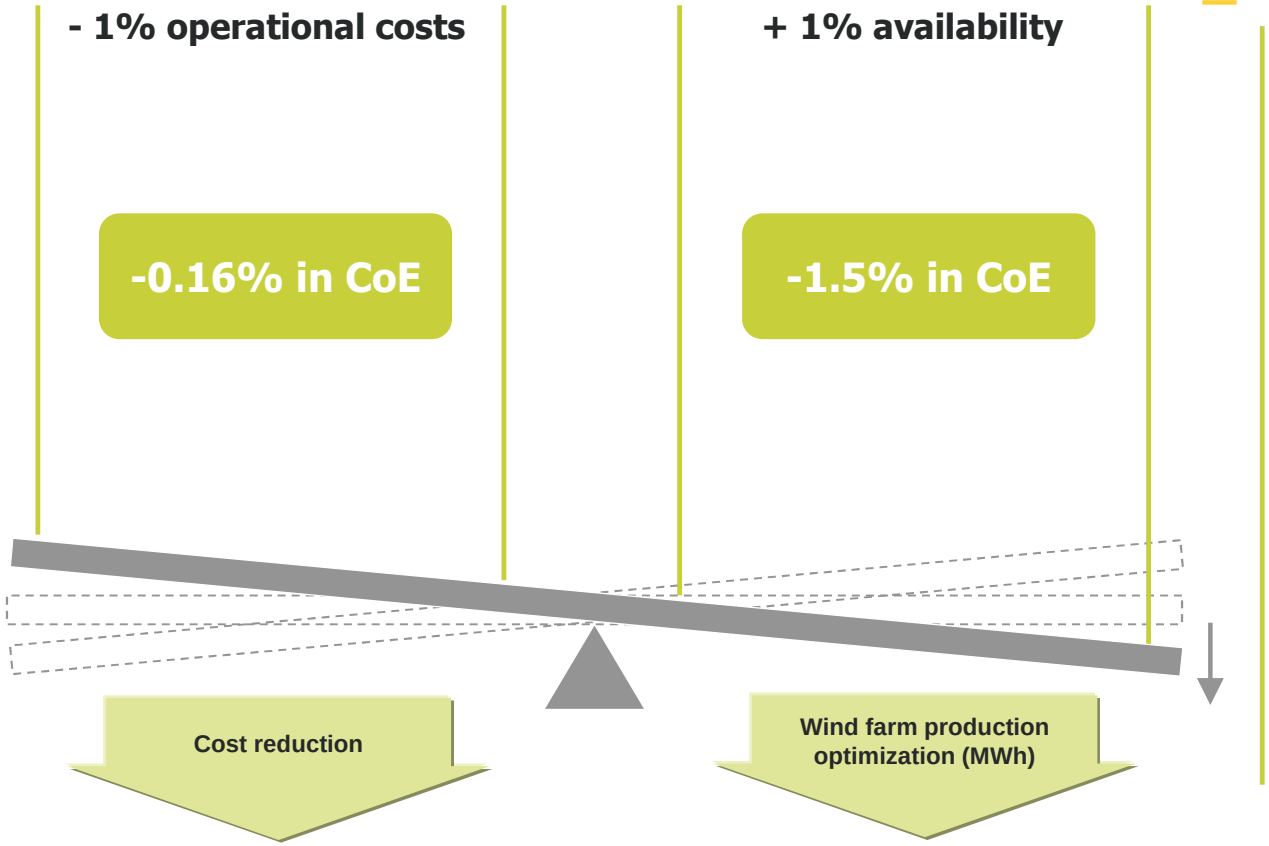
Bringing the best minds worldwide to the GAMESA technology team

50% of 2013 technology workforce in international centers, global leadership through key partnerships



Optimizing CoE through wind farm production improvement and O&M cost reduction

Impact of availability vs. Opex on CoE



- **Availability has a positive impact on CoE by increasing energy production and reducing operational costs**
- **Availability has a much higher impact on more advanced and high CAPEX machines**

Program set up to improve availability and fleet performance

	DESCRIPTION (EXAMPLES)	IMPACT
DESIGN FOR RELIABILITY	o Integration of field knowledge to change WTG design o Reliability Centered Maintenance	o Availability without maintenance o Extension of WTG's useful life
COMPONENTS REPAIR	o In-house repairing, reconditioning of small and large components o Components stock management close to field	o Reduction of WTG downtime o New source of income
MAINTENANCE PROGRAMS	o Improve on large components logistics o Process automation and innovation o Scheduled maintenance in low wind conditions o Predictive and customized maintenance programs	o Reduction of running costs o Decreased risk of large interventions
SERVICES SOURCING	o Performance-based contracts for subcontractors o Training and certification programs	o Lower manpower costs o Better service levels

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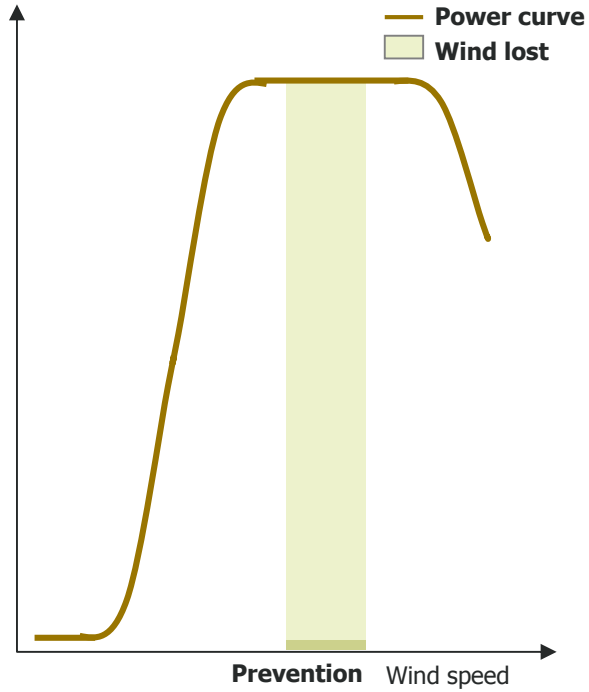
Optimization of preventive program – better at low winds

From…

- Inflexible date of prevention



Gamesa's Wind forecast technology application

+

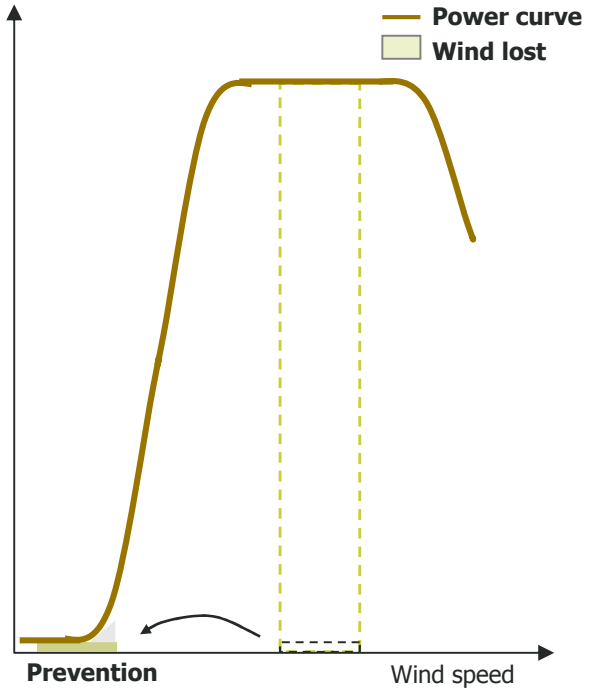
Perform preventive maintenance in low wind conditions

+

Adjust preventive program to specific conditions of wind farm

To…

- Prevention program scheduled depending on wind speed



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Three strategic vectors to achieve financial targets

1 COST OF ENERGY

2 GROWTH

3 EFFICIENCY

Grow by serving global markets with an integrated value proposal

2a WTG SALES

- Access to new product segments (Multi MW; offshore)
- Commercial expansion to new geographies and client segments
- Proactive tailored offering

2b WIND PROJECTS DEVELOPMENT

- Development and sale of complete wind projects through Gamesa Energía (4 GW know-how) – access to new clients, like industrial energy consumers
- Advance the business model from pure greenfield and extend the successful market approach to all markets

2c SERVICES

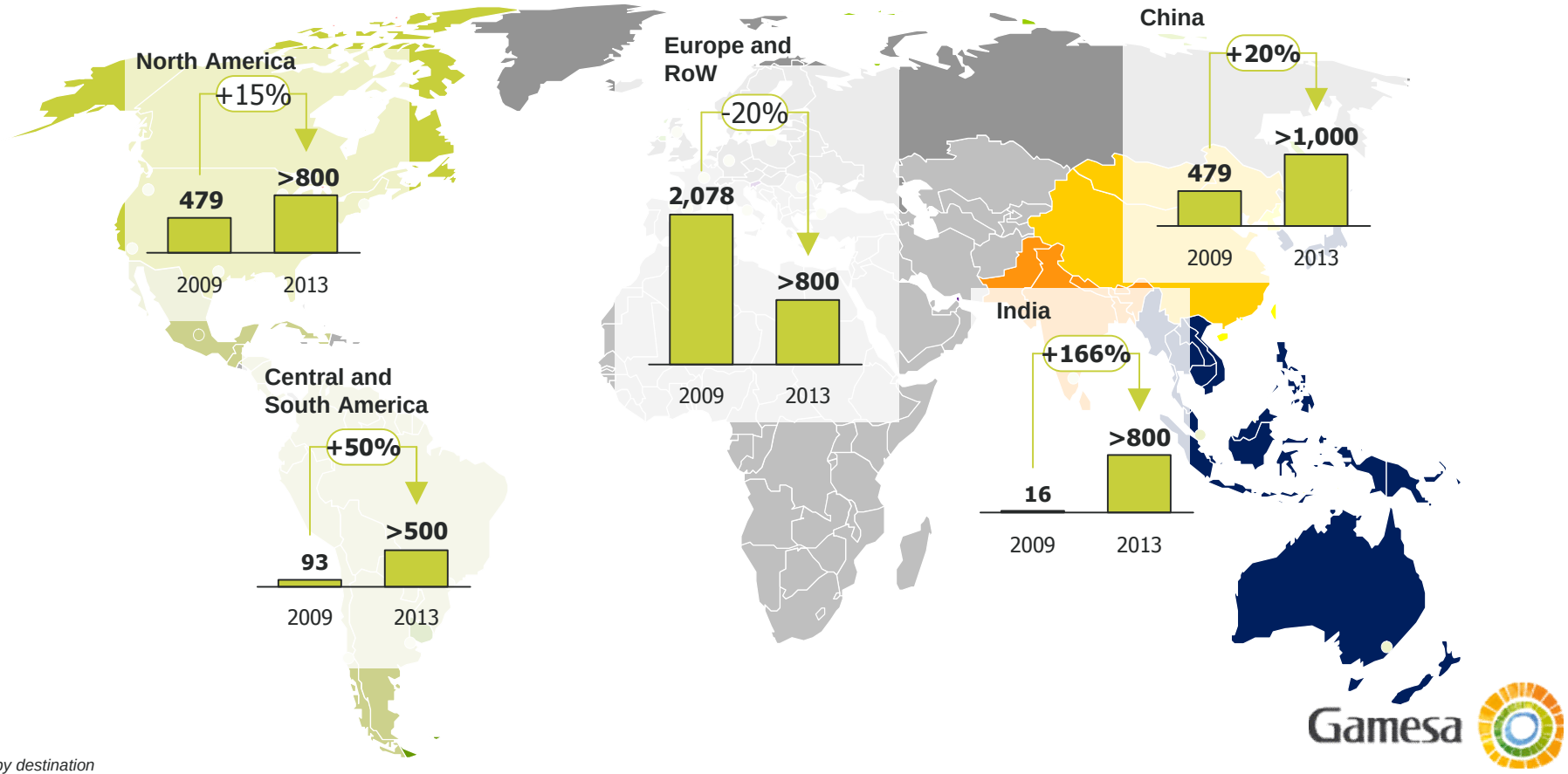
- Back-to-back O&M framework contracts (utilities and IPPs)
- Large components repair and overhaul

OBJECTIVES

- **4 GW in 33 target markets by 2013**
- **Deliveries of 700 MW p.a. by 2013**
- **24 GW under O&M by 2013**

4 GW in 33 target markets by 2013

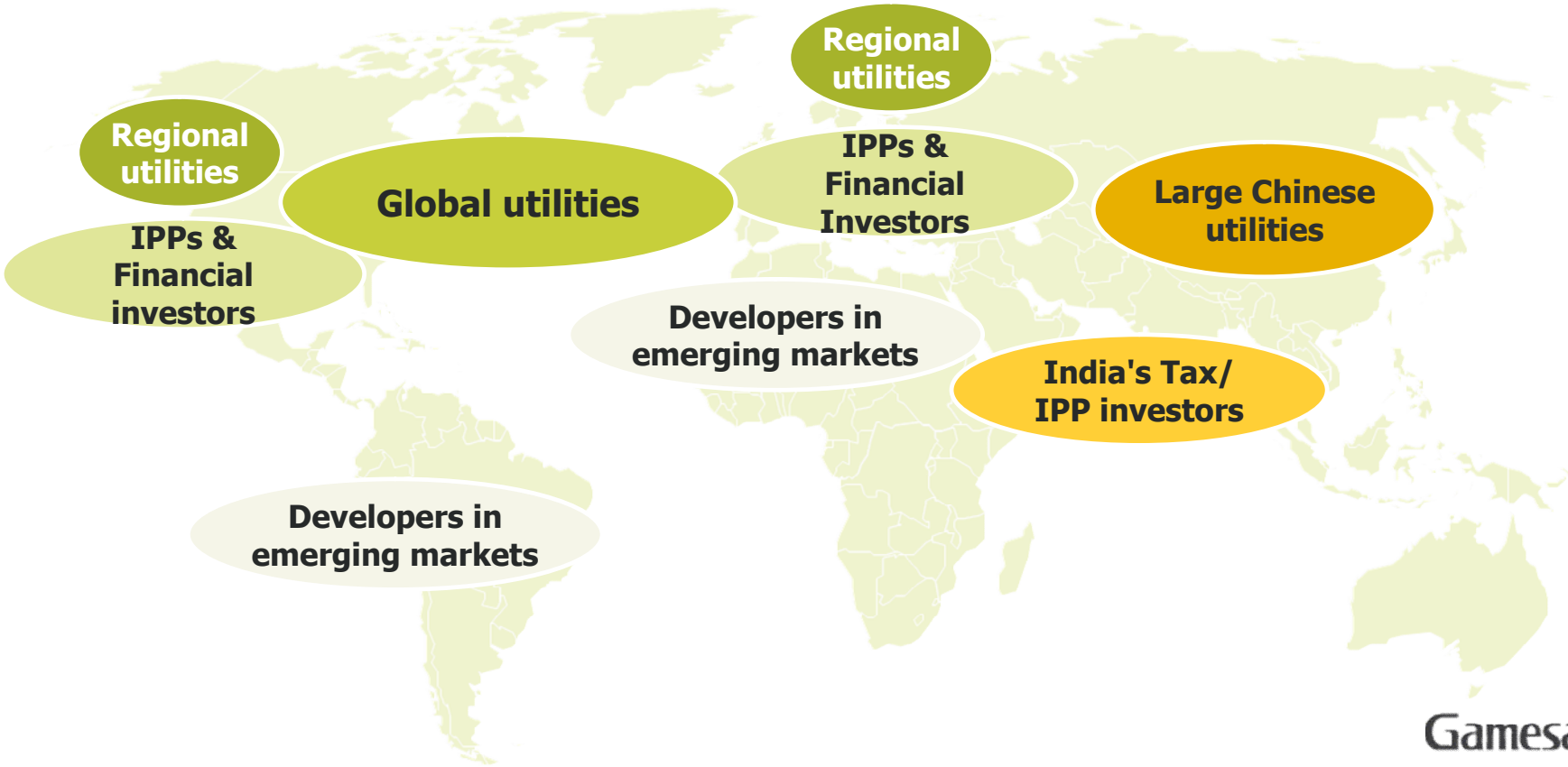
Gamesa sales, 2009-2013 (MWe sold; CAGR 09-13)



Note: MWe sold by destination

Six segments according to scale, geography and corporate typology

Wind power global segmentation



Tailored value proposal : Global utilities, Regional utilities

	CLIENT NEEDS	GAMESA'S OFFER
GLOBAL UTILITIES	o Flexible multi-geography multi-project sourcing o Joint short and medium term planning o Quick capacity build up o Global geographical expansion o Large scale O&M	o Localized capacity in main markets o Global joint planning experience at large scale o Full range of products and services o Minimum delivery and construction lead times o Full services to minimize CoE
REGIONAL UTILITIES	o Reach renewables targets o Partnering in the full value chain (from greenfield to EPC construction and plant operation)	o Localized manufacturing capacity in all main markets o Full range of products maximizing NPV and IRR o Widest experience in all value chain activities o Tailored offering

o **Gamesa can leverage in an extensive experience along the value chain with most leading utilities, both globally and locally. Examples:**

- **Leading global Utilities such as Iberdrola, Enel, RWE, E.ON, EDPR,..**
- **Many local utilities (Long Yuan, Datang, China Guandong Nuclear, ONE, Comisión Federal de Energía, NREA, Union Fenosa/Gas Natural, etc.)**

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Tailored value proposal : IPPs/Financial Investors, Industrial companies

	CLIENT NEEDS	GAMESA'S OFFER
IPPs AND FINANCIAL INVESTORS	o IRR risk related o Access to project finance o General outsourcing of technical activities	o Products and services that maximize IRR o Support on all value chain activities including support to structure financing o Technical support in EPC, grid integration, certification, etc.
DEVELOPERS IN EMERGING MARKETS	o Monetize value of development lobby and local development capabilities o Minimize equity o Upside from asset sale – not from energy sales o Full technical support	o Business case certainty – combining development, efficient WTGs and wind sale know-how o Worldwide networking allowing access to multiple larger scale investors o Complete EPC plus long term O&M commitments

- **Gamesa is applying the experience gained with these segments in the Spanish market to global (incl. emerging) markets**
- **Significant cross-selling advantages with Gamesa Energía – these clients tend to prefer complete solutions for some markets**

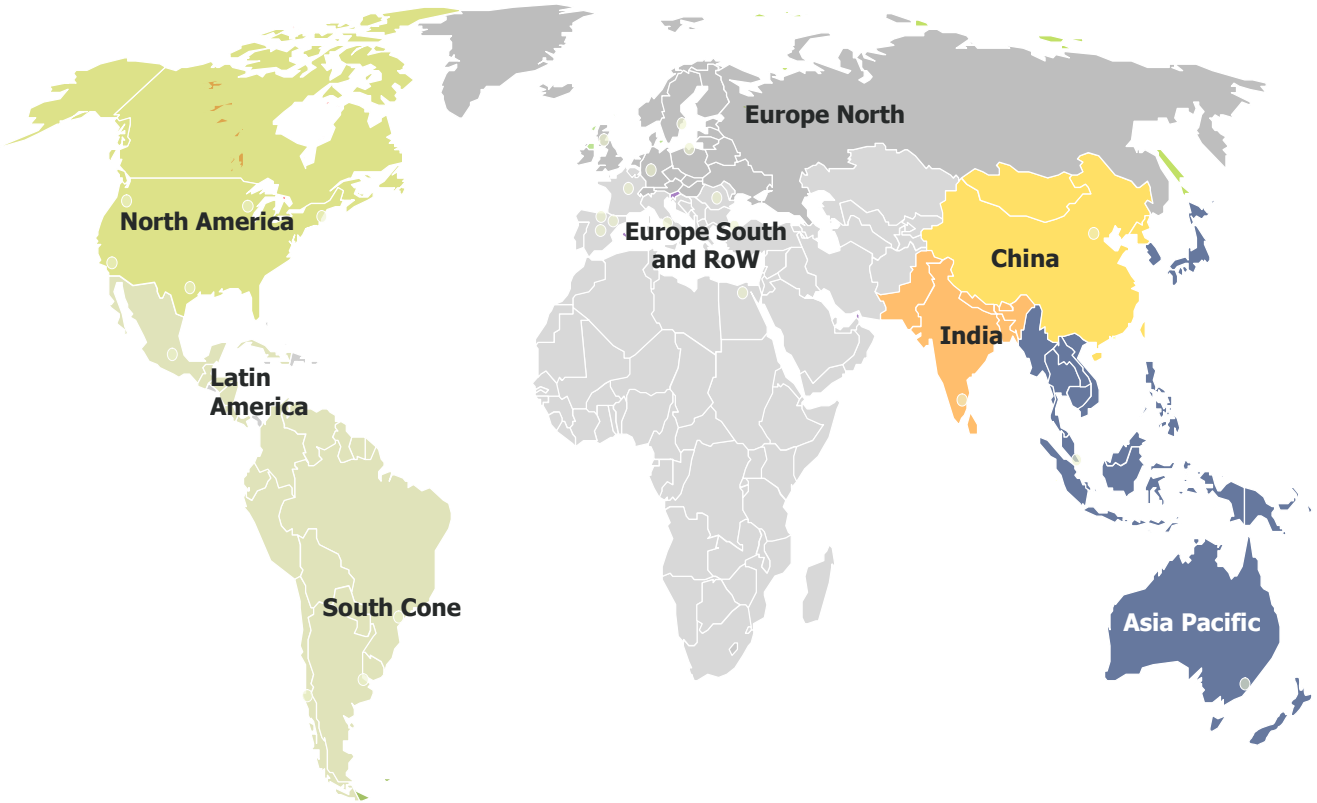
Tailored value proposal : Chinese state-owned utilities, Indian financial investors

	CLIENT NEEDS	GAMESA'S OFFER
CHINESE UTILITIES	o Fulfill demanding yearly installation targets o Joint short term planning o Focus on capex o Long term relationship o Full control over construction and financing	o Strong complete local presence and track record with most leading utilities o Competitive and local supply chain (cost & time) o Performance o Products adapted to local requirements (high altitude, low temperature,…) o In house development capacity o Adjusted scope minimizing capex
INDIA'S FINANCIAL/ TAX INVESTORS	o Tax-driven returns o Low execution risk o Investment volume quickly adapted to tax needs o High performance in low winds with contained capex	o Products with extensive track-record, lowest capex per MWh and reduced running O&M costs o Competitive pricing and local supply chain (ramp-up underway) o In house development experience with proven sites portfolio

- **Gamesa has already long standing relationships in China with national leaders such as Long Yuan, Datang, China Guandong Nuclear, …**
- **Strong growth in India reveals successful approach for Tax-driven Investors – supported with local content manufacturing**

New global commercial organization

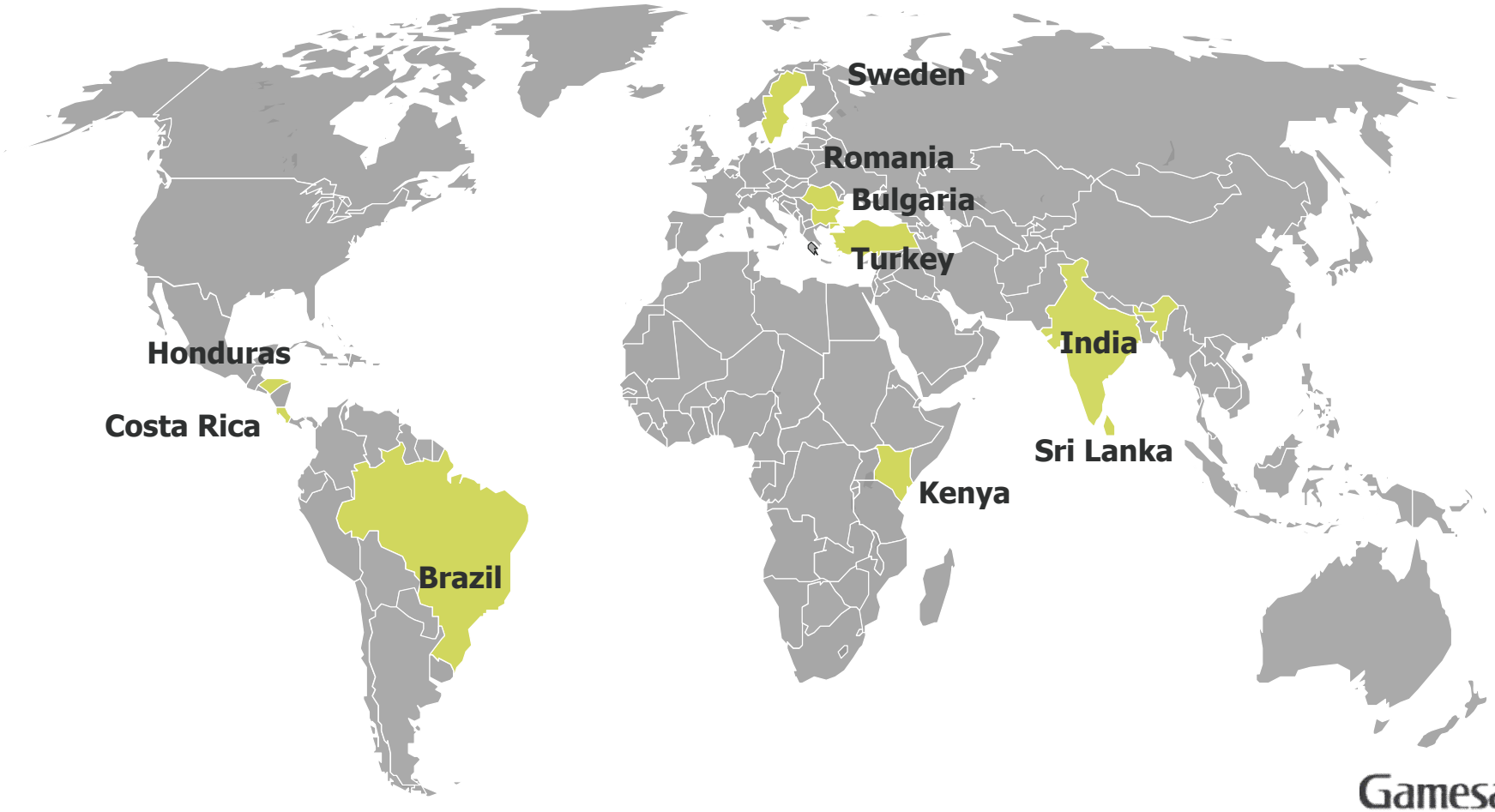
New commercial organization: 8 regions



New commercial model

- More time with and better understanding of clients
- One commercial approach for global clients
- Increased local presence: 8 regions and 24 local offices
- Reduced response time + agility with customers
- Improved work mode

First results of the new commercial model - 10 new markets …



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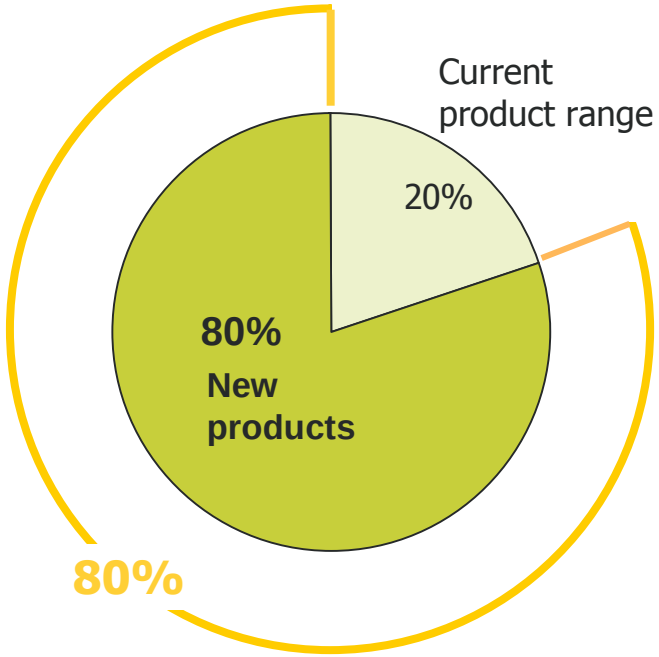
…and 20 new clients in the last 12 months

Customer base expanded

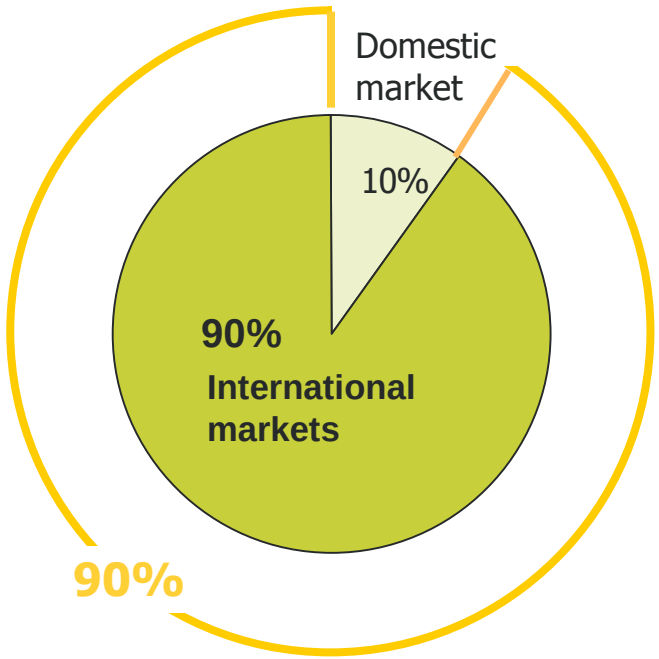
- Aresa
- Drace
- Baja Energy
- Enhol
- Fersa
- Bonny
- Viridian
- Volkswind
- Hubei
- China Guandong Nuclear
- Huadian
- Triventus
- VAPAT
- Coopesantos
- ABK
- Italcementi
- Datang
- Mesoamerica
- Renovalia
- Indian private customers
- …

Strong expansion of commercial offering in the next 3 years

Product range extension, (% MWe sold 2013)

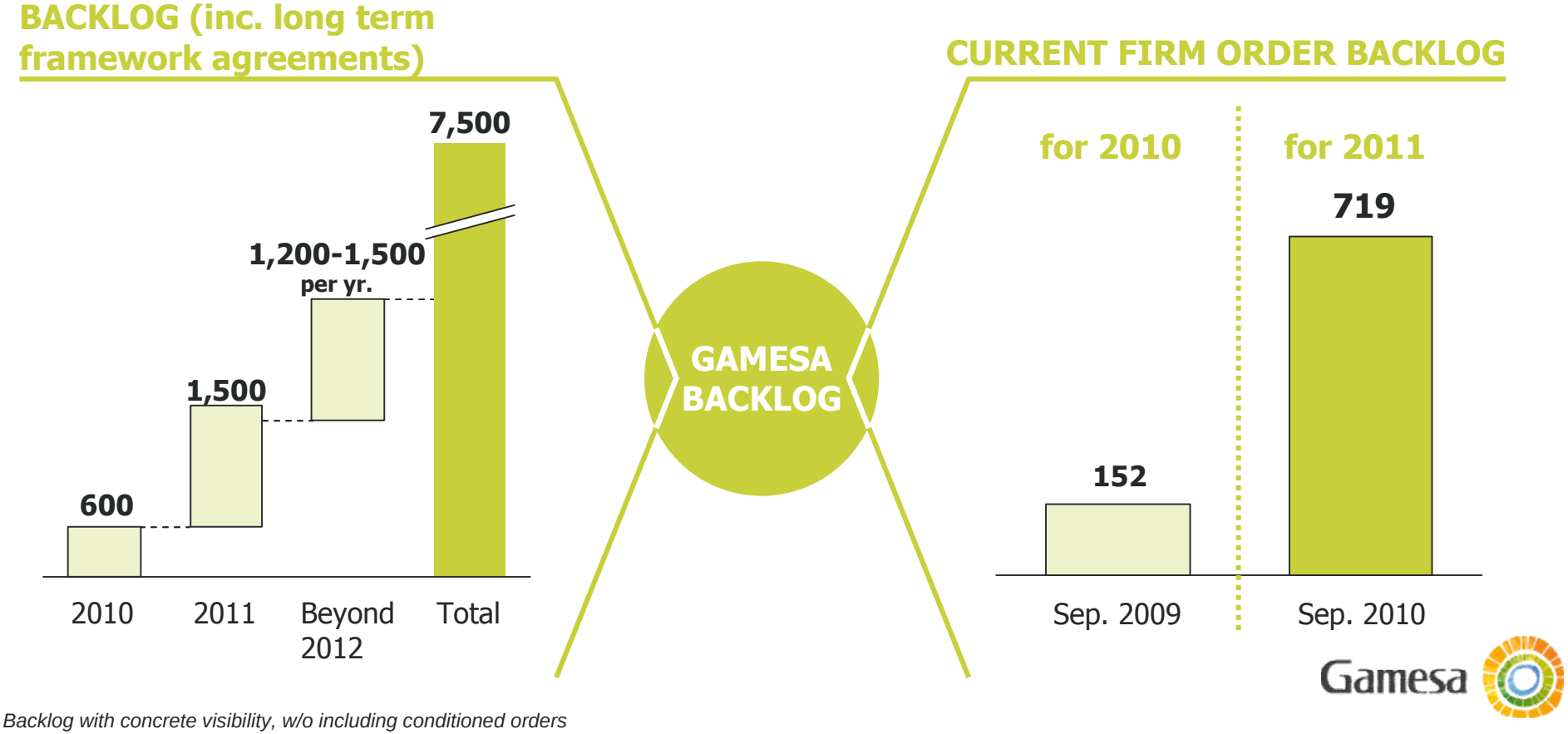


Geographical extension, (% MWe sold 2013)



Gamesa backlog

Gamesa backlog (in MW as of 01/10/2010)



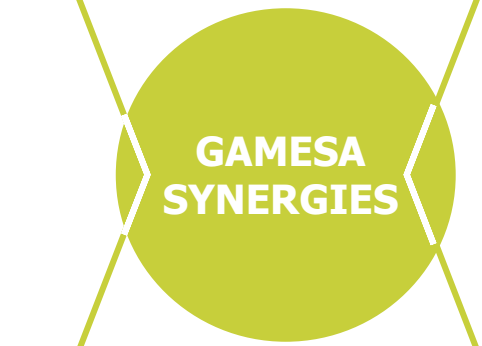
Note: Backlog with concrete visibility, w/o including conditioned orders

Synergies of combined wind farm and wind turbine sales

Why Gamesa Energía – synergies…

… for the development business

- **Better project planning** due to turbine knowledge (existing and future products)
- **Stronger balance sheet**
- Better **brand image** towards clients, banks and administration
- **Leverage on supply chain** related **investments** and **job creation to secure tender awarding**
- **Ability to provide EPC** solutions to project buyers

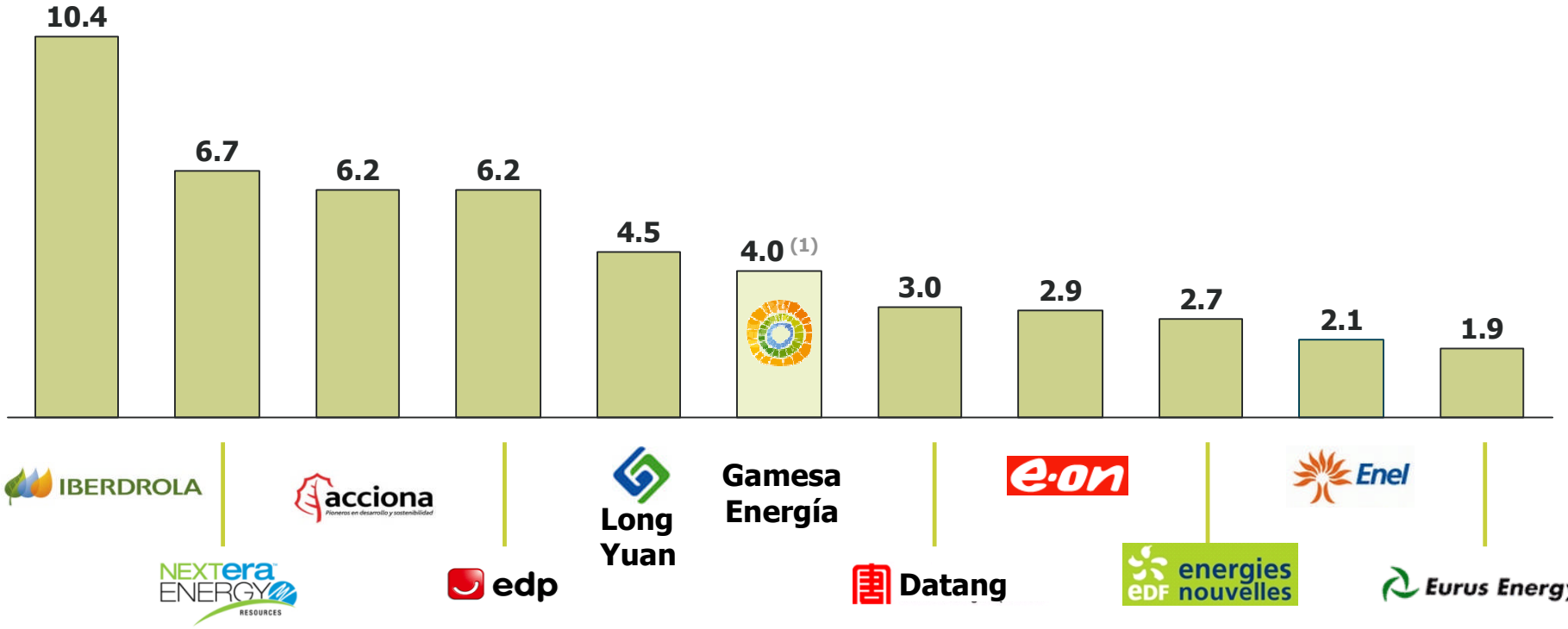


… for the OEM business

- More **feedback for product design and improvement** (efficiency, O&M, environmental issues, permitting issues, …)
- Improved **visibility of order book**
- Good **value added product for customers** willing to enter the industry (start buying projects, then buying WTG for own developments)
- Project development as a low cost **tool to enter new markets**
- **Better know-how on grid connection and civil works** implications on the turbine

Gamesa Energía's capabilities – in the top 6, with close relationship with 6 out of 9 operators

Wind power ranking by installed capacity, YE2009 (GW)

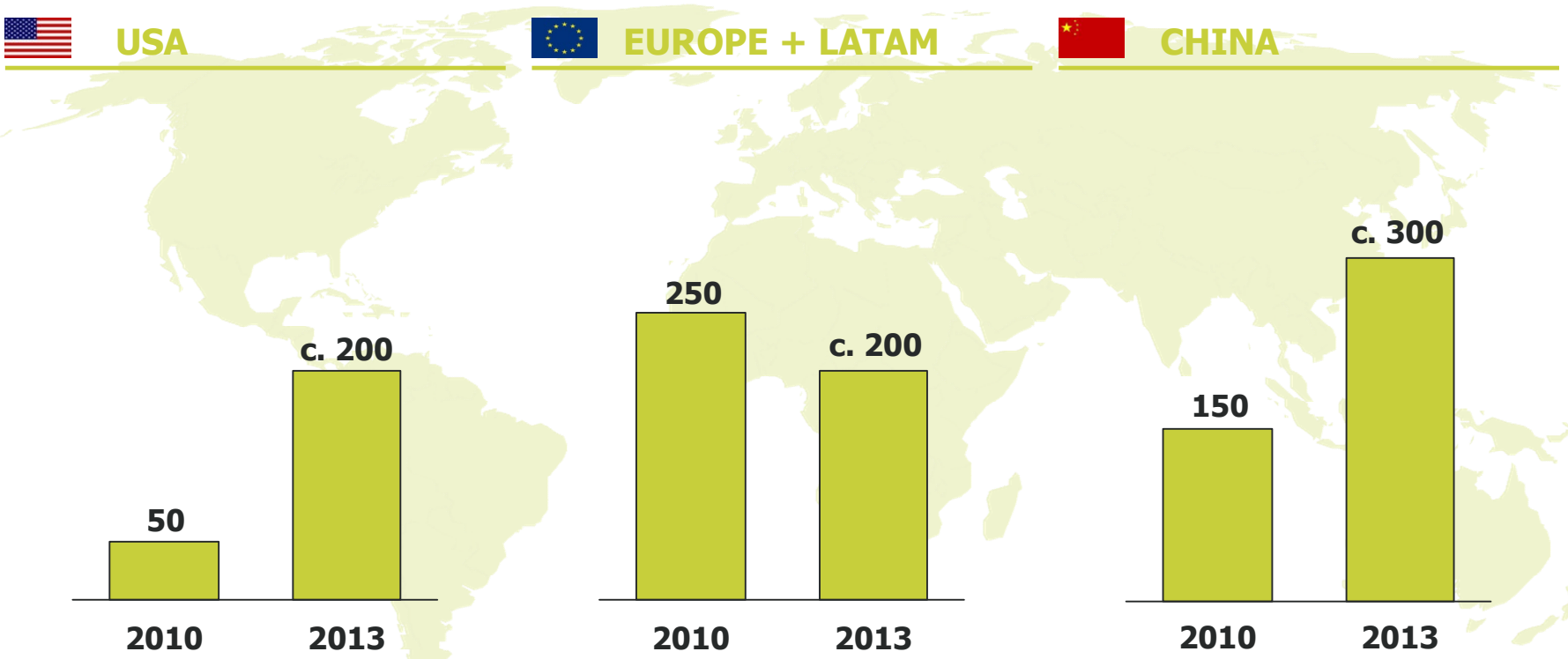


(1) 3,578MW installed and 355 under construction. Projects developed by Gamesa and sold to third parties

Source: BTM Consult ApS – 2009; Companies web sites; GWEC; Roland Berger Strategy Consultants

Deliveries of 700 MW p.a. until 2013

Gamesa Energía's deliveries and joint agreements, 2010-2013 (MW)



Gamesa Energía expanding in all relevant markets

Gamesa Energía's globalization – approach per region

USA

- Accelerate development in areas of high energy consumption (higher energy prices)
- Selective project acquisition to speed up development
- Approach utilities wanting to purchase projects to own and operate (no need for PPA)
- Start construction of feasible projects during 2010

EUROPE

- Selected acquisition of projects to complete and sell
- Leverage on Gamesa's track record and technical strength to provide EPC solutions
- Offer projects to new IPP's (e.g. IKEA)
- Sign up for long term relationships with local utilities (e.g. Edison)

CHINA

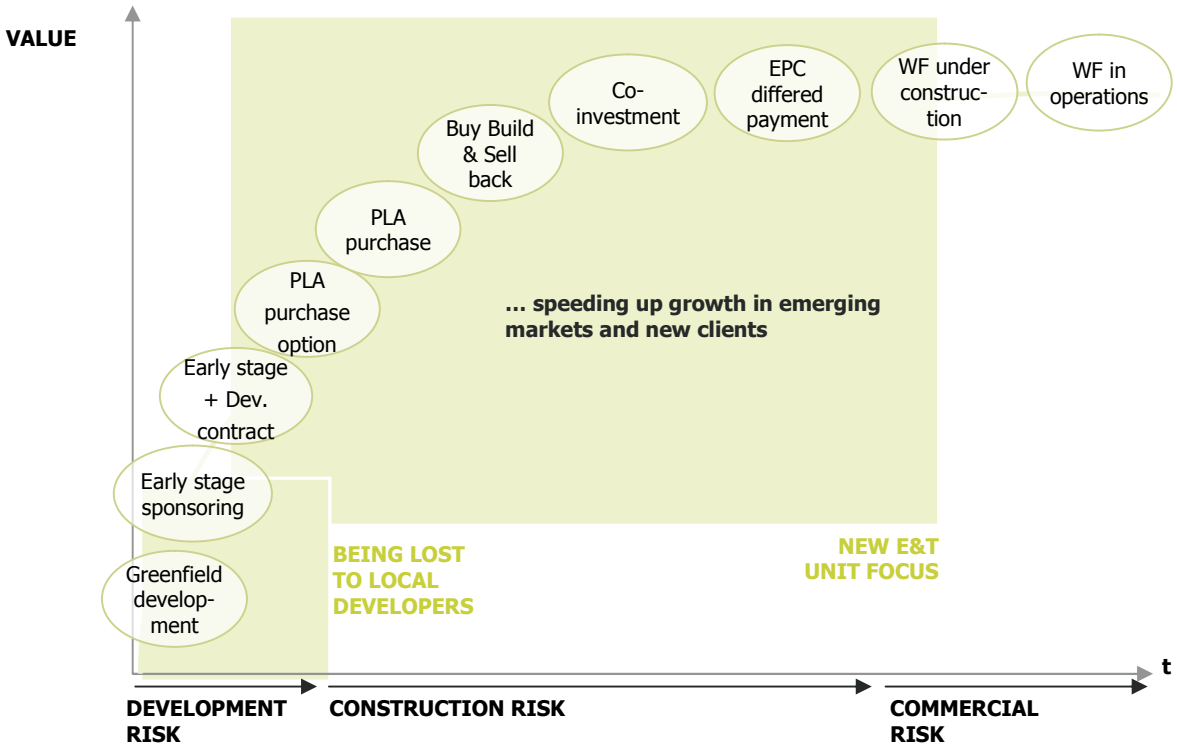
- Offer projects as a tool to accelerate build up of a sizeable installed base
- Increase turbine demand by selling projects developed by Gamesa
- Continue talks to foreign investors to measure the value of the project without CDM
- WF fully funded by customers (up to 25% equity from Gamesa)

RoW

- Open up local offices together with Commercial and strengthen position via local developers (Joint Ventures/Acquisitions)
- Leverage on commercial relationship with global IPPs to offer bundled projects
- Help local banks to get support from European banks with project finance experience

New business model from pure greenfield to project development

Gamesa Energía's value chain



POTENTIAL CLIENTS

- **Utilities with growth needs in new markets** (mostly emerging markets)
- **IPPs from small developers or large industrials** that need financing, know-how, risk sharing
- **IPPs from financial players** that look for returns and know-how

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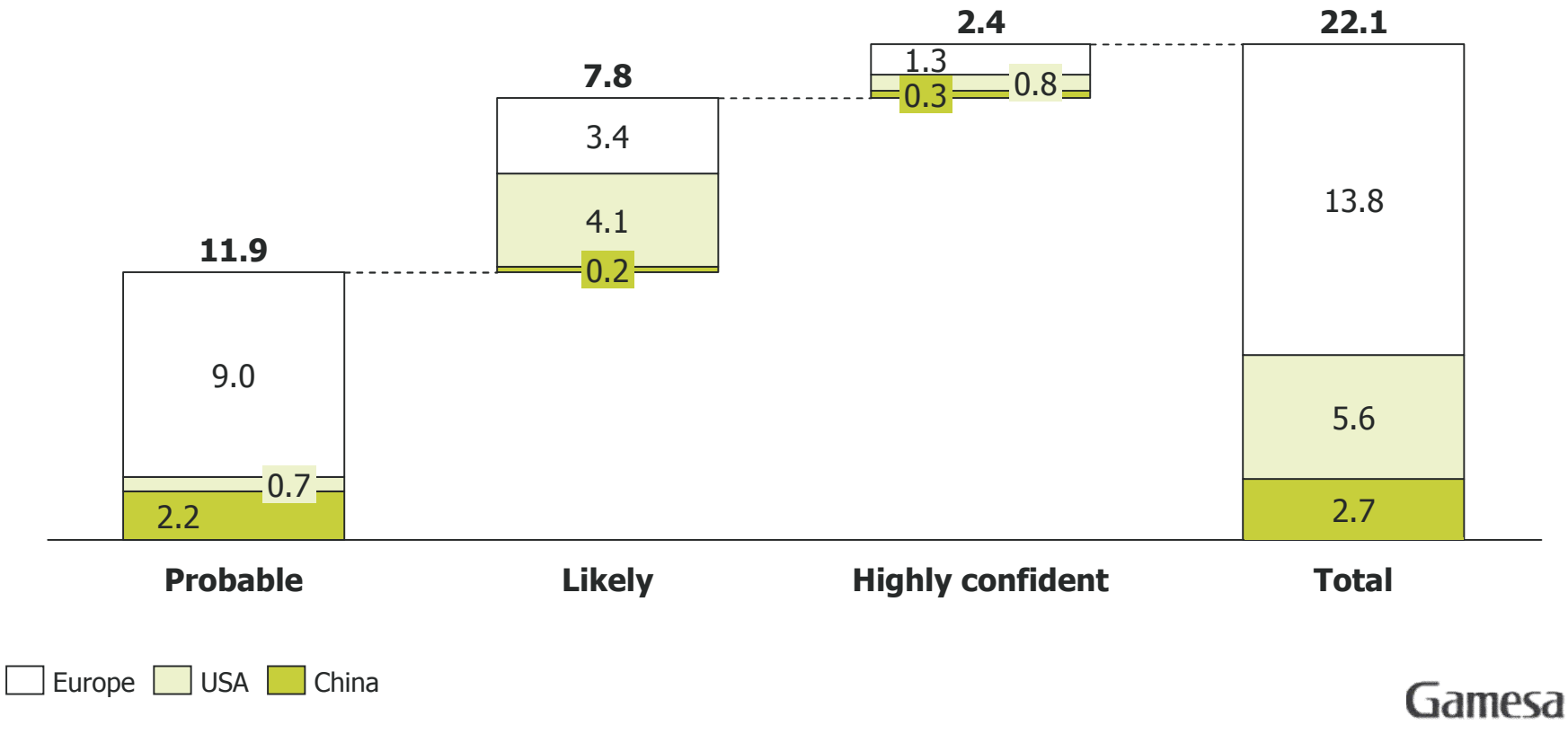
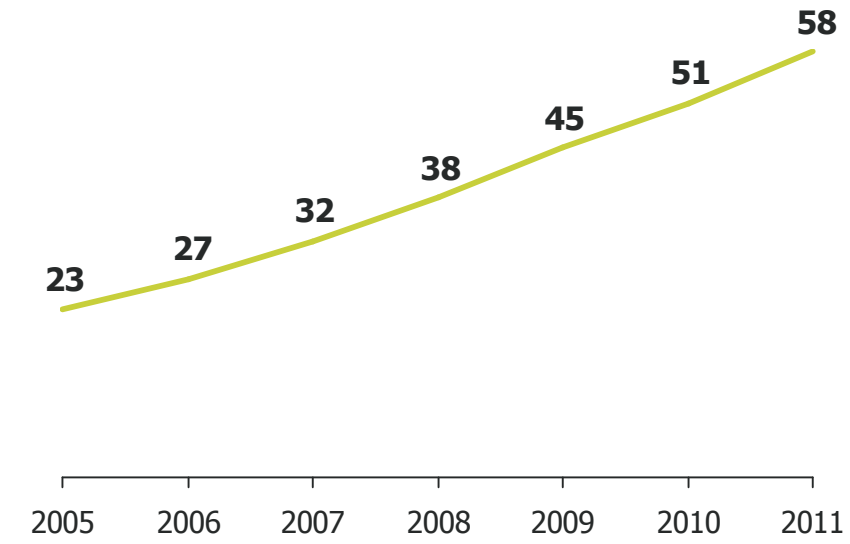
Gamesa Energía's pipeline – 22 GW in total over 10% highly confident

Gamesa Energia's pipeline by June 2010 – per geography (GW)

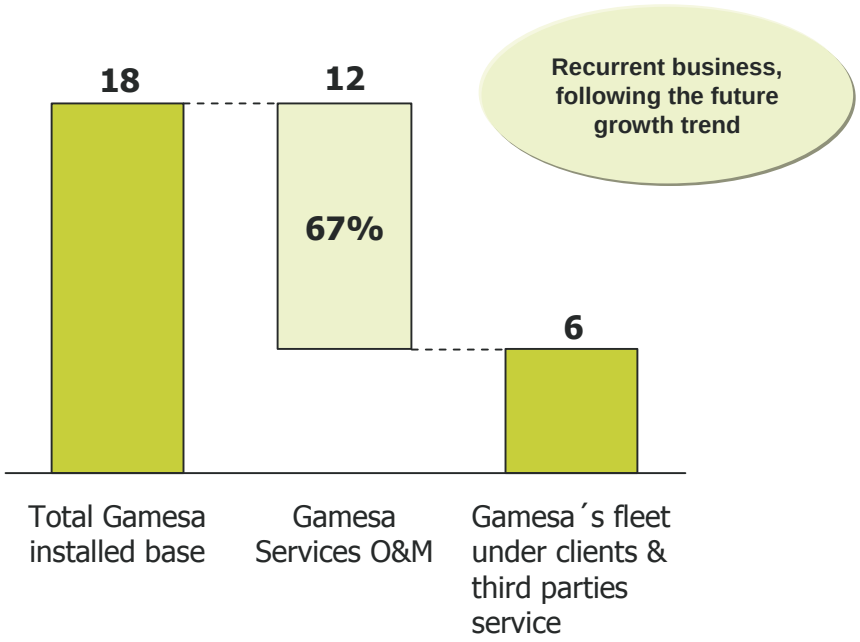


Gamesa Services – 12 GW already contracted, with strong growth expected in O&M

O&M services potential – Western Europe[1)]



Gamesa serviced fleet, 2009 (average)



1) France, Germany, Italy, Spain and UK. Assumes standard 2-year warranty period

Repair services are gaining relevance

Gamesa's approach to repairs is changing …

- Gamesa is developing **repair services** as a reaction to **new players** not related with wind turbine **entering the repair market**
- **New full maintenance services** offered by Gamesa require an additional level of optimization on repairs
- Additionally, Gamesa is creating a **centralized failure analysis centre** to **identify root causes of failures**, repairing alternatives and performance improvements

… to capture new opportunities

- **Increase sales** in services through equipment repairs
- Get closer to **exclusivity of clients** by increasing service levels and become the **benchmark in the market**
- **Increase** availability by increasing level of understanding of failures and **improve component reliability** by providing repair solutions

Three strategic vectors to achieve financial targets

1 COST OF ENERGY

2 GROWTH

3 EFFICIENCY

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1,000 MW production capacity in each key region

3a SUPPLY CHAIN

- Localization to reduce manufacturing and logistics costs. e.g. China, India, Brazil
- Material cost reduction through supply chain optimization
- Joint development with manufacturers to improve cost-effectiveness of designs (LM, Ingeteam, Hansen, …)

3b INDUSTRIAL BASE

- Ramp-up capacity in key emerging markets (e.g. India, Brazil) or large volume regions (China, USA)
- Adjust manufacturing capacity in Spain
- Key advantages from in-house plus outsourcing combination

3c CONSTRUCTION AND LOGISTIC COSTS

- Integrated, global logistics model
- Optimized construction processes to reduce construction times

3d STRUCTURE AND OVERHEADS

- Overhead cost reduction: Significantly reduce FTEs/MW

OBJECTIVES

- **Increase capacity and production autonomy in key emerging markets**
- **Capacity adjustment in Spain (from 2,200 to 1,000 MW)**
- **Targeted structure reduction of 15% per MW by 2013**

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Sourcing footprint optimization aimed at cost competitiveness

Gamesa – sourcing footprint, 2010

- **Globalization of sales footprint** increases current **supply chain costs**
- Increasingly larger **import duties** in target countries
- Regulatory support linked to **local content requirements**
- New **opportunities from cost competitive LCC** suppliers

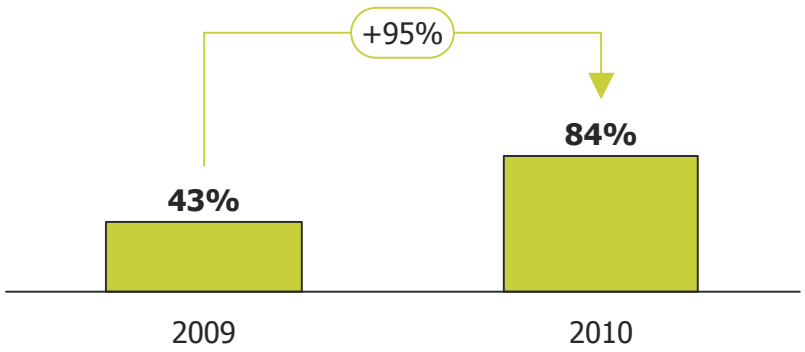
Globalization of sourcing footprint by …

- leveraging **global suppliers** with local presence
- developing new **local suppliers**
- helping **current supplier base to internationalize** ensuring that they follow Gamesa's global footprint

… without affecting **quality and product performance** negatively

Localization success in China and USA – Accelerating footprint in India and Brazil

CHINA – Fast localization for G8x



Scope of supply in China: Nacelle and Blades

Fast localization achieved by combining development of:

- o Local suppliers
- o Global suppliers with local presence
- o Domestic suppliers moving to China

INDIA – Localization on track

2010
- o Nacelles
- o Towers

2011
- o Gearbox
- o Generator

2012
- o Blades

BRAZIL – +60% local content by 2012

Cost of materials – three optimization levers

Technical levers

- Simplified specifications and shift to functional specifications
- Find substitutes
- Design to cost/Modify to cost
- Design for manufacturing and assembly
- Involve suppliers in product development

Via cross-functional work with technology

Operational levers

- Support suppliers sophisticate their manufacturing processes (microanalysis)
- Support suppliers optimizing materials cost
- Streamline product and delivery process
- Establish follow-up and supplier evaluation process

Via joint work with suppliers

Sourcing levers

- Negotiate with clear target price and in-depth knowledge of supplier situation based on
  - Supplier cost drivers
  - Clean sheets
- Explore opportunities in global/LCC sourcing

Via sophistication of sourcing tools

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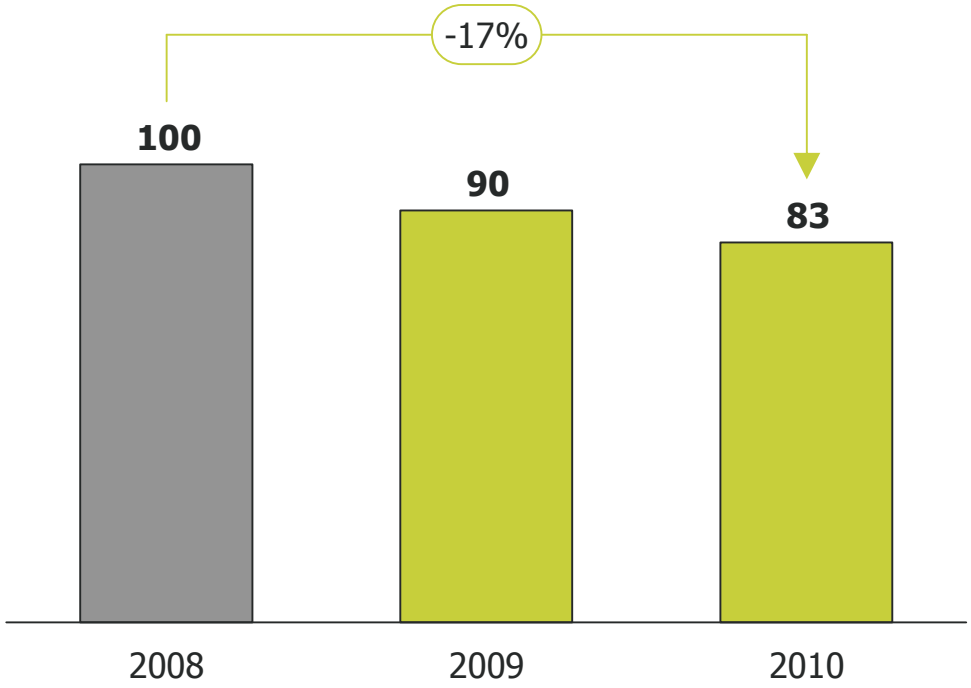
Supply chain optimization generated significant savings

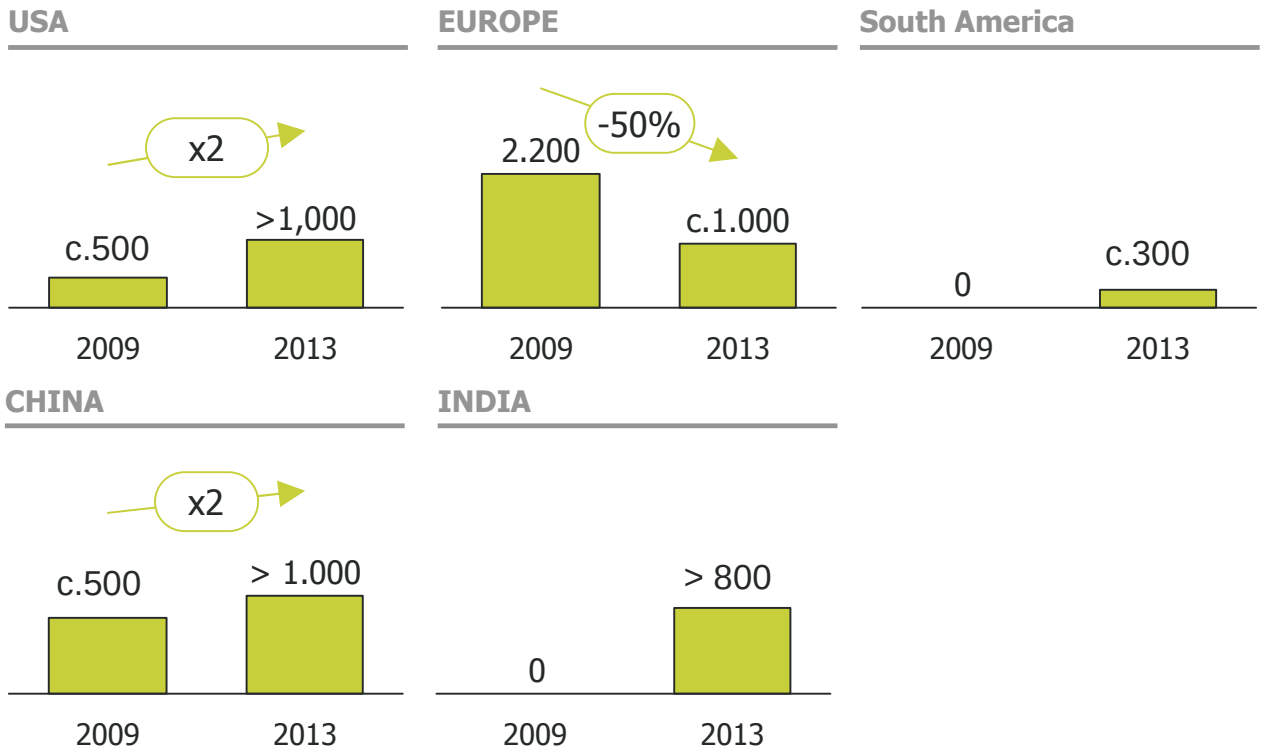
Material Cost reduction – example, 2008-2010

Cost reduction in product BOM (material costs – Base 100)



Localization following TCO criteria: towards 1,000 MW capacity in key regions

Effective blade manufacturing capacity[1], 2009-2013 (MW)



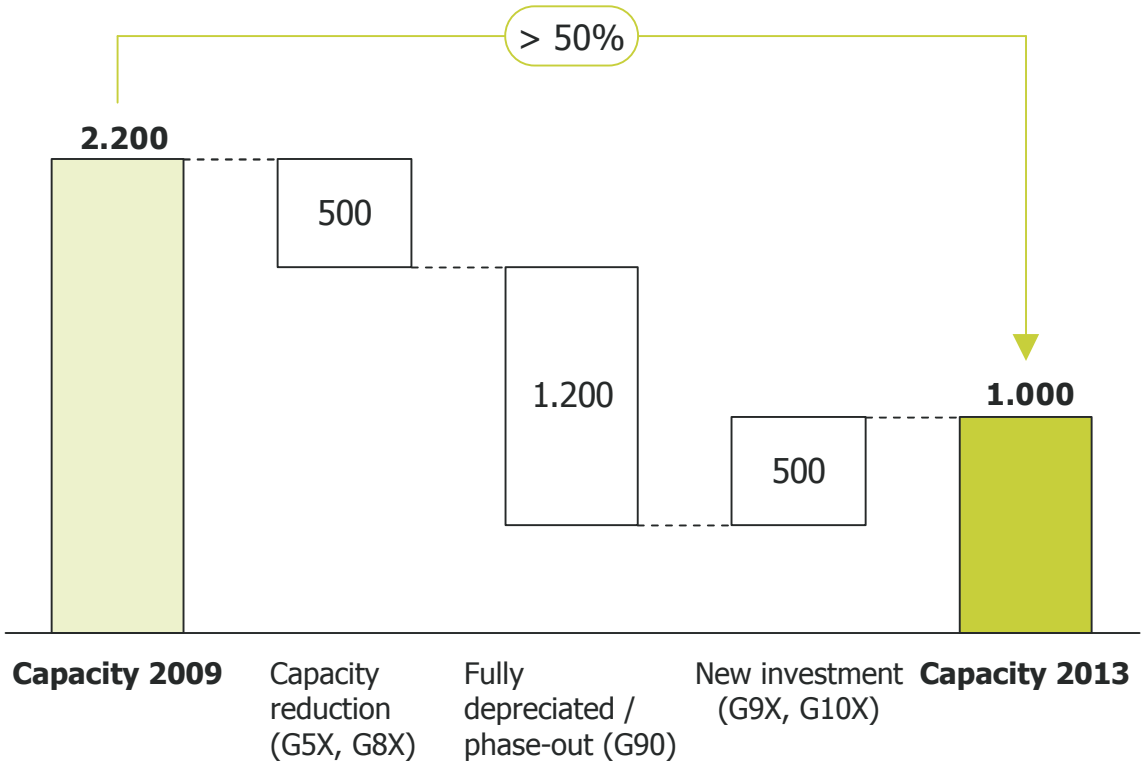
1) Capacity based on workforce size rather than equipment

ACTIONS

- **Review of TCO for each component taking into account:**
  - **Manufacturing costs**
  - **Transportation costs**
  - **Import duties**
  - **Non quality costs**
  - **…**
- **Critical review of any expansion/upgrade investment**
- **Critical review of diversification plans**

Critical review of internal manufacturing in Spain

European industrial platform capacity adjustment – blades (MW)



- **Adjustment of plants with 14 moulds and c. 2,200 MW manufacturing capacity to 1,000 MW which will be required in the future**
- **Use of new investments (G9X, G10X) to optimize number of plants and moulds in Spain**
- **Restructuring costs 2011: EUR c.10 m**

Vertical Integration offers a competitive advantage…

Competitive advantages from vertical integration

TECHNOLOGY:

- Deep knowledge of **design criteria** of key components allows **fast implementation** of **leading edge technologies** into new model designs (segmented blades, PM generators, medium speed gearboxes,…)

INDUSTRIAL:

- Deep understanding of **cost structure** and **cost drivers** of key and high value components allows **effective sourcing**

SERVICE:

- Experience of key components **operative behavior** allows to optimize **maintenance** and **repair**

BLADES

POWER ELECTRONICS

GEARBOXES

CASTING PARTS

GENERATORS

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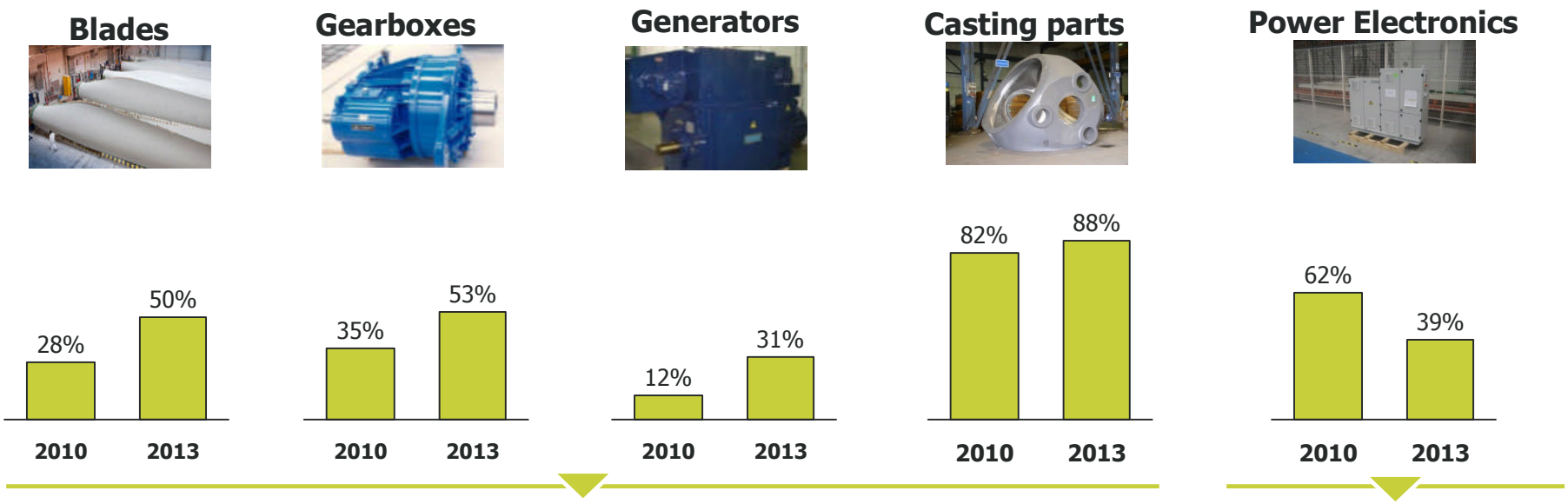
…while Make & Buy strategy allows large footprint with low CAPEX

Share of externally sourced components



- Highly intensive in capital
- Relying on top suppliers for footprint evolution

- Not capital intensive
- Valuable know-how

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Better construction and logistics contribute to 13% cost reduction targets

Construction and Logistic costs – ongoing initiatives

Domestic transportation

- **Renegotiation** of current **contracts**
- Increase the **suppliers base**

Reorganization of logistic centers

- **Optimization** of **resources** for seasonality
- Reorganization of **tooling maintenance:**
  - Decentralization of basic O&M operations
  - Locate in one of the warehouses
- **Renegotiation with suppliers**:
  - LM: definition of warehousing and billing conditions
  - Windar: optimization of warehouse space in Avilés

Incident management

- **Traffic department** creation (25% incident reduction)

TARGETS

- **Overall 13% cost reduction target**
- **OTD from 95% to 100%**
- **Leadtime from 12 to 4 months**

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15% reduction in overhead cost per MWe by 2013

Structure and overheads efficiency

Strengthening positioning in growing regions …

Growing markets:
- o India
- o China
- o New regions: i.e. Latin America (Brazil)

Strengthening key areas:
- o Technology (80% of 2013 sales from new platforms)
- o Services (faster growth than sales)

… while optimizing structural cost

Europe – actions already in place
- o Optimized number of storage centers
- o Reduced number of offices

Global shared services

TARGETS

EFFICIENT GROWTH

- o **Reduce overhead costs per MWe sold until 2013 by 15%**
- o **Reduction of office centers (by 4) and storage centres (by 3) in Spain**

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D. Financial targets

Guidance Wind Turbine division 2010-2013

		2010 FCST	2013 FCST
GROWTH	MWe sold	2,400-2,500	c.4,000
	CAGR 10-13 MWe sold		>15%
PROFITABILITY	EBIT margin	4.5%-5.5%	6%-7%
SUSTAINABILITY	WC/Sales	c.20%	c.20%
	Annual CAPEX (EUR m)	150	c.250 *INCLUDING offshore :* EUR 60 m

Guidance Wind Farm division 2010-2013

		2010 FCST	2013 FCST
GROWTH	**MW delivered (ex-China)**	c.300	c.400
	Join promotion in China	150	300
PROFITABILITY	**EBIT** (EUR m)	c.0	c.25
SUSTAINABILITY	**Net Debt** (EUR m)	c.300	c.500

Guidance 2010-2013: Roadmap

WTG Manufacturing

Wind farm Development & Sales

Gamesa

	Guidance 2010	Guidance 2011	Guidance 2013
WTG			
o MWe sold	2,400 - 2,500	2,800 - 3,100	CAGR2010-13 ➡15%
o EBIT Margin	4.5% - 5.5%	4% - 5%	6% - 7%
o WC as % of sales	c.20%	20-25%	c.20%
o CAPEX (EUR m, annual)	150	250 [2)]	250 [2)]
WIND FARMS			
o MW delivered, ex-China	c.300 [1)]	c.400	c.400
o Joint promotion China (MW)	c.150	c.300	c.300
o EBIT (EUR m)	c.0	c.20	c.25
o Net debt (EUR m)	c.300	c.500	c.500
GROUP			
o **NFD/EBITDA (x)**	<2.5x	<2.5x	<2.5x

1) FY 2010 guidance does not include 244 MW delivered to Iberdrola in the 1Q
2) Offshore included: EUR 30 m in 2011, EUR 60 m in 2013

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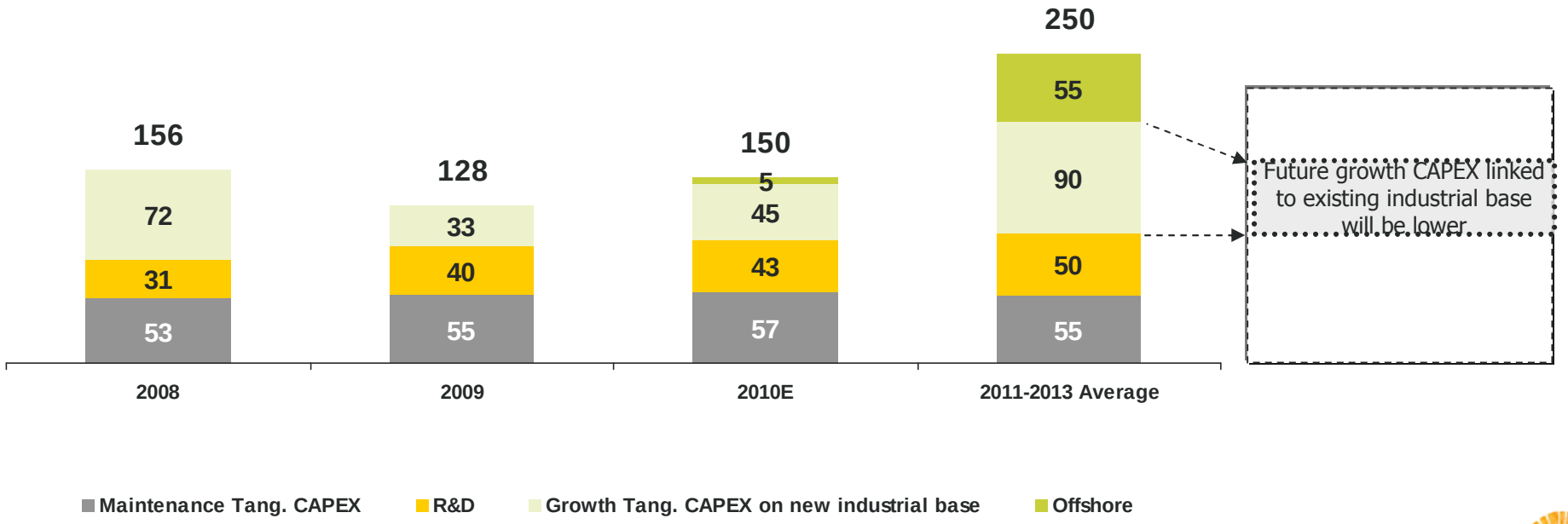
2011-2013: Supporting double digit growth with strong investment

Investment in the new industrial base and product platforms supports growth in 2010-2013 (15% CAGR) and beyond

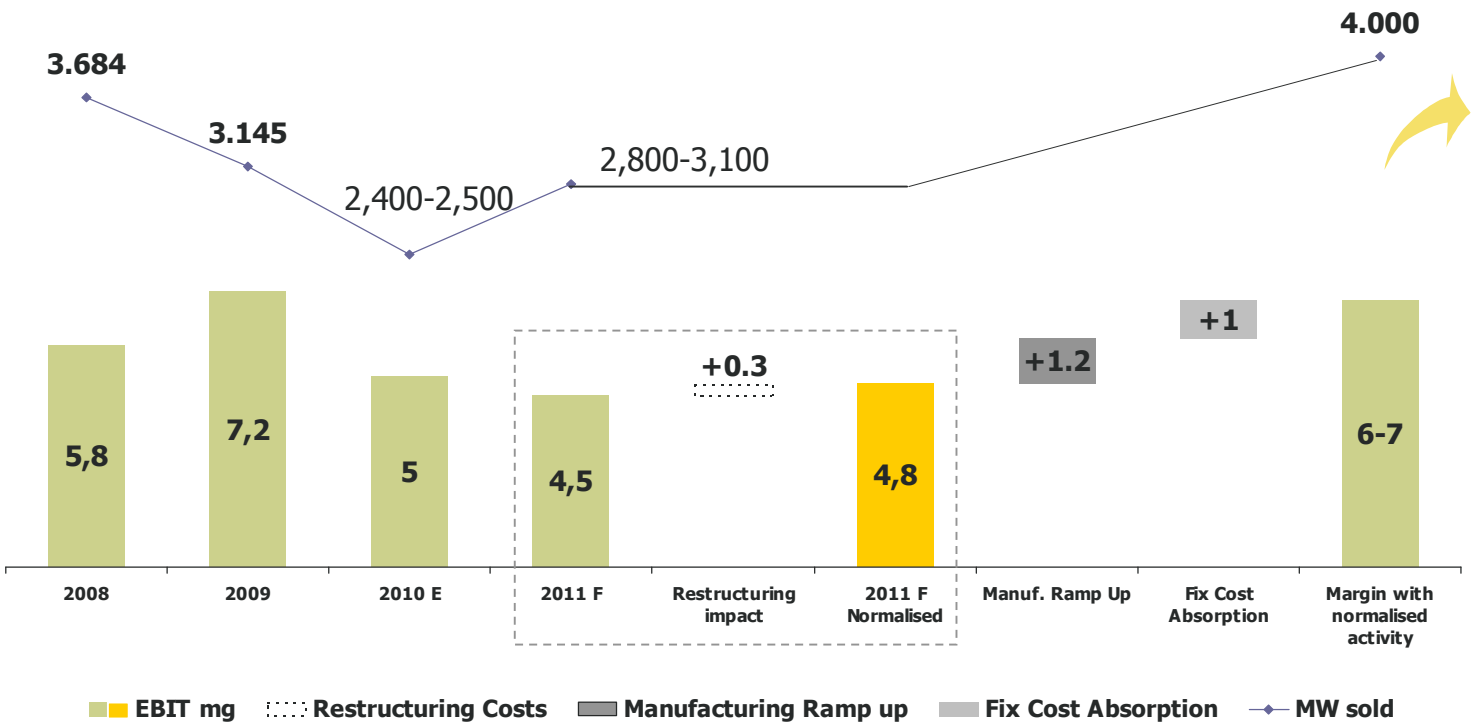
Detailed TANGIBLE CAPEX and R&D (EUR m)



Understanding margin outlook

2011 margin is impacted by non recurrent factors

EBIT / Sales evolution (%) and Sales volume (MW)



Future margin progression supported by a fully established new industrial and product platform

E. Conclusion

The industry benchmark for long term customers relationships

- ✓ **Industry double digit long-term growth rates secured**
  ➔ need to guarantee energy security and contain the effects of climate change
- ✓ **Gamesa´s key strategic vectors: competitive Cost of Energy, top line Growth and Efficiency support:**
  - ✓ **Double digit volume growth** ➔ CAGR 10-13: >15% (1)
  - ✓ **Return to 2009 margins** ➔ 2013 EBIT Margin: 6%-7% (1)
  - ✓ **Solid financial position** ➔ Net debt/EBITDA <2.5x
  - ✓ **Industry leading position by and beyond 2013**
    - ➔ CoE optimization by 20% in 2013 (by 30% in 2015)
    - ➔ Renewed product range in onshore and offshore
    - ➔ Integral offer along the wind value chain (from development to O&M)
    - ➔ Global commercial, industrial and technological footprint

(1) Gamesa WTG division

Questions & Answers

Muchas Gracias

Thank you

谢谢！

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Business plan 2011-2013
Gamesa