

ANNEX I

GENERAL

1st

HALF-YEARLY FINANCIAL REPORT FOR FINANCIAL YEAR

2017/2018

REPORTING DATE

03/31/2018

I. IDENTIFICATION DATA

Registered Company Name: SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Registered Address: Parque Tecnológico de Zamudio, Edificio 222. 48170 Zamudio, Vizcaya

Tax Identification  
Number

A-01011253

II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

Explanation of the main modifications with respect to the previously released periodic information:  
(complete only in the situations indicated in Section B) of the instructions)

As explained in the Notes 2.B,2.C and 3 to Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2018, the Consolidated Financial Statements for the year ended September 30, 2017 have been modified in order to reflect the application of IFRS 15 (Note 2.B to the Interim Condensed Consolidated Financial Statements) and the final accounting for the Business Combination (Notes 1.B and 3 of the Interim Condensed Consolidated Financial Statements).

The following tables disclose the effect that these changes have had in the previously released periodic information on the Consolidated Financial Statements:

ASSETS		Consolidated BS as of 30/09/2017	Transition to IFRS 15	Business combination adjustments	Currency translation differences	Consolidated BS 30/09/2017 after adjustments
<b>Thousands of euros</b>						
<b>A) Fixed Assets</b>	<b>1040</b>	<b>9,503,896</b>	<b>4</b>	<b>220,736</b>	<b>(365,019)</b>	<b>9,359,617</b>
1. Intangible assets	1030	6,363,069		232,946	(365,019)	6,830,996
a) Goodwill	1031	4,660,212		276,550	(365,019)	4,571,743
b) Other intangible assets	1032	2,302,857		(43,604)		2,259,253
2. Property plant and equipment	1033	1,537,357		(17,841)		1,519,516
3. Investment properties	1034					
4. Non current investments in associated companies	1035	73,609				73,609
5. Non current financial assets	1036	285,832		(40,000)		245,832
6. Deferred tax assets	1037	534,644	4	45,631		580,279
7. Other non current assets	1038	109,385				109,385
<b>B) Current Assets</b>	<b>1085</b>	<b>6,363,234</b>	<b>(100,757)</b>	<b>(17,167)</b>		<b>6,845,310</b>
1. Non fixed assets held for sale	1050					
2. Inventories	1055	3,455,098	(1,344,481)	(14,624)		2,095,993
3. Trade receivables and other accounts receivable	1060	1,331,543		(143)		1,331,400
a) Trade receivables	1061	1,081,139				1,081,139
b) Other accounts receivable	1062	62,010				62,010
c) Current tax assets	1063	188,394		(143)		188,251
4. Other current financial assets	1070	175,669				175,669
5. Other current assets	1075	341,456	1,243,724	(2,400)		1,582,780
6. Cash and cash equivalent	1072	1,659,468				1,659,468
<b>Total Assets (A+B)</b>	<b>1100</b>	<b>16,467,130</b>	<b>(100,753)</b>	<b>203,569</b>	<b>(365,019)</b>	<b>16,204,927</b>

SELECTED FINANCIAL INFORMATION  
SIEMENS GAMESA RENEWABLE ENERGY, S.A  
1<sup>st</sup> HALF-YEAR OF FISCAL YEAR 2018

LIABILITIES AND EQUITY		Consolidated BS as of 30/09/2017	Transition to IFRS 15	Business combination adjustments	Currency translation differences	Consolidated BS 30/09/2017 after adjustments
<b>Thousands of euros</b>						
<b>A) Equity (A.1+A.2+A.3)</b>	<b>1195</b>	<b>6,449,866</b>			<b>(365,019)</b>	<b>6,084,847</b>
<b>A.1) Shareholder's Equity</b>	<b>1180</b>	<b>6,519,908</b>				<b>6,519,908</b>
1. Share Capital	1171	115,794				115,794
a) Integrated Capital	1161	115,794				115,794
b) Less: Not integrated capital	1162					
2. Share premium	1172	5,331,874				5,331,874
3. Reserves	1173	508,952				508,952
4. Less: Treasury shares	1174	(21,505)				(21,505)
5. Profit for the year	1178					
6. Other shareholder contributions	1179					
7. Net profit for the period	1175	(15,207)				(15,207)
8. Less: Interim dividends	1176					
9. Other equity instruments	1177					
<b>A.2) OTHER ACCUMULATED RESULTS</b>	<b>1188</b>	<b>(72,856)</b>			<b>(365,019)</b>	<b>(437,875)</b>
1. Items not reclassified to income statement	1186					
2. Items that may be reclassified to income statement subsequently	1187	(72,856)			(365,019)	(437,875)
a) Financial assets held for sale	1181					
b) Hedging	1182	55,782				55,782
c) Currency conversion (*)	1184	(128,638)			(365,019)	(493,657)
d) Others	1183					
<b>NET EQUITY ATTRIBUTED TO THE ENTITY (A.1 + A.2)</b>	<b>1189</b>	<b>6,447,052</b>			<b>(365,019)</b>	<b>6,082,033</b>
<b>A.3) NON CONTROLLING SHAREHOLDERS</b>	<b>1193</b>	<b>2,814</b>				<b>2,814</b>
<b>B) NON CURRENT LIABILITIES</b>	<b>1120</b>	<b>3,126,056</b>	<b>(3,200)</b>	<b>110,848</b>	-	<b>3,233,704</b>
1. Subsidies	1117					-
2. Non-current provisions	1115	1,714,257	(3,200)	135,683		1,846,740
3. Non-current financial liabilities:	1116	686,104				686,104
a) Debts with banks or others	1131	485,116				485,116
b) Other financial liabilities	1132	200,988				200,988
4. Deferred taxes liabilities	1118	703,383		(25,544)		683,845
5. Other non-current liabilities	1135	16,306		703		17,015
<b>C) CURRENT LIABILITIES</b>	<b>1130</b>	<b>6,891,208</b>	<b>(97,553)</b>	<b>92,721</b>		<b>6,886,376</b>
1. Liabilities associated with non current assets classified as held for sale	1121					
2. Current Provisions	1122	603,487	114,257	51,231		769,035
3. Current financial liabilities:	1123	833,285				833,285
a) Debts with banks or others	1133	797,018				797,018
b) Other financial liabilities	1134	96,267				96,267
4. Current payables to Group companies and associates	1124	2,749,678		33,310		2,782,988
a) Trade payables	1125	2,231,589		33,400		2,264,989
b) Other payables	1126	363,543				363,543
c) Taxes liabilities	1127	154,546		(90)		154,456
5. Other Current Liabilities	1136	2,644,758	(211,810)	8,120		2,441,068
<b>TOTAL LIABILITIES AND EQUITY(A + B + C)</b>	<b>1200</b>	<b>16,467,130</b>	<b>(100,753)</b>	<b>203,563</b>	<b>(365,019)</b>	<b>16,204,927</b>

(\*) As a consequence of this adjustment, the fields 3110 and 3115 from the Consolidated Statement of Changes in Equity (IFRS Adopted) ((1/2) Actual period) is modified in the columns "Valuation adjustments" and "Total equity".

The accompanying table details the effect that these changes have had on the previously released periodic information on the Consolidated Statement of Recognised Income and Expenses:

Thousands of euros		Consolidated Statement of Recognised Income and Expenses as of 30/06/2017	Currency translation differences	Consolidated Statement of Recognised Income and Expenses as of 30/06/2017 after adjustments
<b>A) CONSOLIDATED PROFIT FOR THE YEAR (from the profit and loss account)</b>	<b>1305</b>	<b>131,643</b>	<b>0</b>	<b>131,643</b>
<b>B) OTHER RESULTS - ITEMS NOT RECLASSIFIED TO INCOME STATEMENT</b>	<b>1310</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C) OTHER RESULTS - ITEMS THAT MIGHT BE RECLASSIFIED TO INCOME STATEMENT SUBSEQUENTLY</b>	<b>1350</b>	<b>(56,648)</b>	<b>(230,095)</b>	<b>(286,743)</b>
<b>2. Hedges of cash flows:</b>	<b>1360</b>	<b>39,486</b>	<b>0</b>	<b>39,486</b>
a) Valuation gains / (losses)	1361	38,872	0	38,872
b) Amounts transferred to the profit and loss account	1362	614	0	614
c) Amounts transferred to the initial value of hedged items	1363	0	0	0
c) Other reclassifications	1364	0	0	0
<b>3. Currency conversion:</b>	<b>1365</b>	<b>(85,137)</b>	<b>(230,095)</b>	<b>(315,232)</b>
a) Valuation gains / (losses) (*)	1366	(85,137)	(230,095)	(315,232)
b) Amounts transferred to the profit and loss account	1367	0	0	0
c) Other reclassifications	1368	0	0	0
<b>6. Tax effect</b>	<b>1380</b>	<b>(10,997)</b>	<b>0</b>	<b>(10,997)</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) (A + B + C)</b>	<b>1400</b>	<b>74,995</b>	<b>(230,095)</b>	<b>(155,100)</b>
a) Attributed to parent company	1398	74,690	(230,095)	(155,405)
b) Attributed to non-controlling shareholdings	1399	305	0	305

(\*) As a consequence of this adjustment, the fields 3160 and 3180 from the Consolidated Statement of Changes in Equity (IFRS Adopted) ((2/2) Prior period) are modified in the columns "Valuation adjustments" and "Total equity".

**III. STATEMENT(S) BY THE PERSON(S) RESPONSIBLE FOR THE INFORMATION**

*To the best of our knowledge, the accompanying condensed annual financial statements, which have been prepared in accordance with applicable accounting principles, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or of the undertakings included in the consolidated financial statements taken as a whole, and the interim management report includes a fair review of the information required.*

**Comments on the above statement(s):**

**Person(s) responsible for this information:**

**In accordance with the power delegated by the board of directors, the board secretary certifies that the half-yearly financial report has been signed by the directors.**

<b>Name/Company Name</b>	<b>Office</b>
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
Andoni Cendoya Aranzamendi	Member of the Board of Directors
Michael Sen	Member of the Board of Directors
Alberto Alonso Ureba	Member of the Board of Directors

**Date this half-yearly financial report was signed by the corresponding governing body: 05/03/2018**

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

ASSETS		CURRENT P. 31/03/2018	COMPARATIVE P. 30/09/2017
<b>A) NON-CURRENT ASSETS</b>		<b>7,759,324</b>	<b>7,817,885</b>
1.	Intangible assets:	306	260
	a) Goodwill		
	b) Other intangible assets	306	260
2.	Property, plant and equipment	1,494	1,276
3.	Investment property		
4.	Long-term investments in group companies and associates	7,755,625	7,814,740
5.	Long-term financial investments	1,128	1,108
6.	Deferred tax assets	771	501
7.	Other non-current assets		
<b>B) CURRENT ASSETS</b>		<b>1,826,166</b>	<b>1,688,381</b>
1.	Non-current assets held for sale		
2.	Inventories		
3.	Trade and other receivables:	43,357	37,198
	a) Trade receivables	30,206	27,667
	b) Other receivables	13,151	9,531
	c) Current tax assets		
4.	Short-term investments in group companies and associates	1,302,967	1,119,772
5.	Short-term financial investments	120	423
6.	Prepayments for current assets	3,081	1,732
7.	Cash and cash equivalents	476,641	529,256
<b>TOTAL ASSETS (A + B)</b>		<b>9,585,490</b>	<b>9,506,266</b>
<b>EQUITY AND LIABILITIES</b>		<b>CURRENT P. 31/03/2018</b>	<b>COMPARATIVE P. 30/09/2017</b>
<b>A) EQUITY (A.1 + A.2 + A.3)</b>		<b>8,116,182</b>	<b>8,001,620</b>
<b>A.1) CAPITAL AND RESERVES</b>		<b>8,116,182</b>	<b>8,001,620</b>
1.	Capital:	115,794	115,794
	a) Registered capital	115,794	115,794
	b) <i>Less: Uncalled capital</i>		
2.	Share premium	8,613,935	8,613,935
3.	Reserves	1,076,814	1,076,666
4.	<i>Own shares and equity holdings</i>	(21,206)	(21,505)
5.	Prior periods' profit and loss	(1,783,270)	(426)
6.	Other shareholder contributions		
7.	Profit (loss) for the period	114,115	(1,782,844)
8.	<i>Less: Interim dividend</i>		
9.	Other equity instruments		
<b>A.2) VALUATION ADJUSTMENTS</b>			
1.	Available-for-sale financial assets		
2.	Hedging transactions		
3.	Other		
<b>A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED</b>			
<b>B) NON-CURRENT LIABILITIES</b>		<b>2,565</b>	<b>5,017</b>
1.	Long-term provisions		199
2.	Long-term debts:	2,565	4,818
	a) Debt with financial institutions and bonds and other marketable securities		
	b) Other financial liabilities	2,565	4,818
3.	Long-term payables to group companies and associates		
4.	Deferred tax liabilities		
5.	Other non-current liabilities		
6.	Long-term accrual accounts		
<b>C) CURRENT LIABILITIES</b>		<b>1,466,743</b>	<b>1,499,629</b>
1.	Liabilities associated with non-current assets held for sale		
2.	Short-term provisions	170	170
3.	Short-term debts:	412,015	2,954
	a) Bank borrowings and bonds and other negotiable securities	410,229	9
	b) Other financial liabilities	1,786	2,945
4.	Short-term payables to group companies and associates	1,015,783	1,443,947
5.	Trade and other payables:	38,775	52,558
	a) Suppliers	141	20,610
	b) Other payables	38,634	31,948
	c) Current tax liabilities		
6.	Other current liabilities		
7.	Current accrual accounts		
<b>TOTAL EQUITY AND LIABILITIES (A + B + C)</b>		<b>9,585,490</b>	<b>9,506,266</b>

**IV. SELECTED FINANCIAL INFORMATION**  
**2. INDIVIDUAL PROFIT AND LOSS ACCOUNT**  
**(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousand euros

		PRESENT CURR. PERIOD (2nd HALF YEAR)		PREVIOUS CURR. PERIOD (2nd HALF YEAR)		CURRENT CUMULATIVE 01/10/2017 -31/03/2018		COMPARATIVE CUMULATIVE 01/01/2017 - 30/06/2017	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Revenue	0205					203,702	100.00	6,196	100.00
(+/-) Change in inventories of finished products and work in progress	0206								
(+) Own work capitalised	0207								
(-) Supplies	0208								
(+) Other operating revenue	0209					20,591	10.11	12,185	196.66
(-) Personnel expenses	0217					(25,745)	(12.64)	(20,965)	(338.36)
(-) Other operating expenses	0210					(23,581)	(11.58)	(27,838)	(449.29)
(-) Depreciation and amortisation charge	0211					(198)	(0.10)	(47)	(0.76)
(+) Allocation of grants for non-financial assets and other grants	0212								
(+) Reversal of provisions	0213								
(+/-) Impairment and gain (loss) on disposal of fixed assets	0214					(59,115)	(29.02)		
(+/-) Other profit (loss)	0215								
<b>= OPERATING PROFIT (LOSS)</b>	<b>0245</b>					<b>115,654</b>	<b>56.78</b>	<b>(30,469)</b>	<b>(491.75)</b>
(+) Finance income	0250								
(-) Finance costs	0251					(1,905)	(0.94)	(7,229)	(116.67)
(+/-) Changes in fair value of financial instruments	0252								
(+/-) Exchange differences	0254					(1,757)	(0.86)	5,772	93.16
(+/-) Impairment and gain (loss) on disposal of financial instruments	0255								
<b>= NET FINANCE INCOME (COSTS)</b>	<b>0256</b>					<b>(3,662)</b>	<b>(1.80)</b>	<b>(1,457)</b>	<b>(23.52)</b>
<b>= PROFIT (LOSS) BEFORE TAX</b>	<b>0265</b>					<b>111,992</b>	<b>54.98</b>	<b>(31,926)</b>	<b>(515.27)</b>
(+/-) Income tax expense	0270					2,123	1.04	1,774	28.63
<b>= PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES</b>	<b>0280</b>					<b>114,115</b>	<b>56.02</b>	<b>(30,152)</b>	<b>(486.64)</b>
(+/-) Profit (loss) from discontinued operations, net of tax	0285								
<b>= PROFIT (LOSS) FOR THE PERIOD</b>	<b>0300</b>					<b>114,115</b>	<b>56.02</b>	<b>(30,152)</b>	<b>(486.64)</b>

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	0290				
Diluted	0295				

In the half-yearly financial report for the first half of the year, the data relating to the present period match the cumulative data, which do not therefore need to be completed.

<b>IV. SELECTED FINANCIAL INFORMATION</b>
<b>3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY</b>
<b>INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)</b>

Units: Thousand euros

		CURRENT CUMULATIVE 01/10/2017 - 31/03/2018	COMPARATIVE CUMULATIVE 01/01/2017 - 30/06/2017
<b>A)</b>	<b>PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)</b>	0305	114,115
			<b>(30,152)</b>
<b>B)</b>	<b>INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>	0310	
<b>1.</b>	<b>From measurement of financial instruments:</b>	0320	
	a) Available-for-sale financial assets	0321	
	b) Other income/(expenses)	0323	
<b>2.</b>	<b>From cash flow hedges</b>	0330	
<b>3.</b>	<b>Grants, donations and bequests received</b>	0340	
<b>4.</b>	<b>From actuarial gains and losses and other adjustments</b>	0344	
<b>5.</b>	<b>Other income and expense recognised directly in equity</b>	0343	
<b>6.</b>	<b>Tax effect</b>	0345	
<b>C)</b>	<b>TRANSFERS TO PROFIT OR LOSS</b>	0350	
<b>1.</b>	<b>From measurement of financial instruments:</b>	0355	
	a) Available-for-sale financial assets	0356	
	b) Other income/(expenses)	0358	
<b>2.</b>	<b>From cash flow hedges</b>	0360	
<b>3.</b>	<b>Grants, donations and bequests received</b>	0366	
<b>4.</b>	<b>Other income and expense recognised directly in equity</b>	0365	
<b>5.</b>	<b>Tax effect</b>	0370	
<b>TOTAL RECOGNISED INCOME/(EXPENSE) (A + B + C)</b>		0400	114,115
			<b>(30,152)</b>

IV. SELECTED FINANCIAL INFORMATION

4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (1/2)

INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY  
 (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

CURRENT PERIOD		Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Closing balance at 01/10/2017	3010	115,794	9,690,175	(21,505)	(1,782,844)			8,001,620	
Adjustments for changes in accounting policy	3011							0	
Adjustment for errors	3012							0	
Adjusted opening balance	3015	115,794	9,690,175	(21,505)	(1,782,844)	0	0	8,001,620	
I. Total recognised income/(expense)	3020				114,115			114,115	
II. Transactions with shareholders or owners	3025	0	148	299	0	0	0	447	
1. Capital increases/ (reductions)	3026							0	
2. Conversion of financial liabilities into equity	3027							0	
3. Distribution of dividends	3028							0	
4. Net trading with treasury stock	3029		148	299				447	
5. Increases/ (reductions) for business combinations	3030							0	
6. Other transactions with shareholders or owners	3032							0	
III. Other changes in equity	3035	0	(1,782,844)	0	1,782,844	0	0	0	
1. Equity-settled share-based payment	3036							0	
2. Transfers between equity accounts	3037		(1,782,844)		1,782,844			0	
3. Other changes	3038							0	
Closing balance at 31/03/2018	3040	115,794	7,907,479	(21,206)	114,115	0	0	8,116,182	

(1) The column of Share premium and Reserves, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: Interim dividend.

**IV. SELECTED FINANCIAL INFORMATION**

**4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (2/2)**

**INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY**  
**(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousand euros

COMPARATIVE PERIOD		Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Starting balance at 01/01/2017 (comparative period)	3050	68,319	2,662,533		(425)				2,730,427
Adjustments for changes in accounting policy	3051								0
Adjustment for errors	3052								0
Adjusted opening balance (comparative period)	3055	68,319	2,662,533	0	(425)	0	0	0	2,730,427
I. Total recognised income/(expense)	3060				(30,152)				(30,152)
II. Transactions with shareholders or owners	3065	47,475	7,040,065	(32,487)	0	0	0	0	7,055,053
1. Capital increases/ (reductions)	3066								0
2. Conversion of financial liabilities into equity	3067								0
3. Distribution of dividends	3068		(1,073,814)						(1,073,814)
4. Net trading with treasury stock	3069		(4,207)	4,923					716
5. Increases/ (reductions) for business combinations	3070	47,475	6,192,785	(37,410)					6,202,850
6. Other transactions with shareholders or owners	3072		1,925,301						1,925,301
III. Other changes in equity	3075	0	(425)	0	425	0	0	0	0
1. Equity-settled share-based payment	3076								0
2. Transfers between equity accounts	3077		(425)		425				0
3. Other changes	3078								0
Closing balance at 30/06/2017 (comparative period)	3080	115,794	9,702,173	(32,487)	(30,152)	0	0	0	9,755,328

(1) The column of **Share premium and Reserves**, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. *Less: Interim dividend.*



**IV. SELECTED FINANCIAL INFORMATION**  
**5. INDIVIDUAL STATEMENT OF CASH FLOWS**  
**(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousand euros

		CURRENT CUMULATIVE 31/03/2018	COMPARATIVE CUMULATIVE 30/06/2017
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)</b>		<b>0435</b>	<b>113,198</b>
1. Profit (loss) before tax		0405	(31,926)
2. Adjustments to profit (loss):		0410	(142,285)
(+) Depreciation and amortisation charge		0411	198
(+/-) Other net adjustments to profit (loss)		0412	(142,483)
3. Changes in working capital		0415	(26,022)
4. Other cash flows from operating activities:		0420	169,513
(-) Interest paid		0421	(1,546)
(+) Dividends received		0422	155,460
(+) Interest received		0423	9,059
(+/-) Income tax recovered/(paid)		0430	7,889
(+/-) Other sums received/(paid) from operating activities		0425	(1,349)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)</b>		<b>0460</b>	<b>(56,206)</b>
1. Payments for investments:		0440	(56,206)
(-) Group companies, associates and business units		0441	(55,725)
(-) Property, plant and equipment, intangible assets and investment property		0442	(461)
(-) Other financial assets		0443	(20)
(-) Other assets		0444	
2. Proceeds from sale of investments		0450	
(+) Group companies, associates and business units		0451	
(+) Property, plant and equipment, intangible assets and investment property		0452	
(+) Other financial assets		0453	
(+) Other assets		0454	
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)</b>		<b>0490</b>	<b>(106,005)</b>
1. Sums received/(paid) in respect of equity instruments		0470	447
(+) Issuance		0471	1,905,275
(-) Redemption		0472	
(-) Acquisition		0473	
(+) Disposal		0474	447
(+) Grants, donations and bequests received		0475	716
2. Sums received/(paid) in respect of financial liability instruments:		0480	(106,452)
(+) Issuance		0481	410,000
(-) Repayment and redemption		0482	(516,452)
3. Payment of dividends and remuneration on other equity instruments		0485	
<b>D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>0492</b>	<b>(3,602)</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)</b>		<b>0495</b>	<b>(52,615)</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>0499</b>	<b>529,256</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)</b>		<b>0500</b>	<b>476,641</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>CURRENT CUMULATIVE 31/03/2018</b>	<b>COMPARATIVE CUMULATIVE 30/06/2017</b>
(+) Cash on hand and at banks		0550	476,641
(+) Other financial assets		0552	507,093
(-) Less: Bank overdrafts repayable on demand		0553	
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>0600</b>	<b>476,641</b>

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (1/2)

Units: Thousand euros

ASSETS		CURRENT PERIOD 31/03/2018	COMPARATIVE PERIOD 30/09/2017
<b>A) NON-CURRENT ASSETS</b>		<b>1040</b>	<b>8,763,923</b>
1.	Intangible assets:	1030	6,593,648
	a) Goodwill	1031	4,481,473
	b) Other intangible assets	1032	2,112,175
2.	Property, plant and equipment	1033	1,463,513
3.	Investment property	1034	
4.	Investments accounted for using the equity method	1035	73,851
5.	Non-current financial assets	1036	258,124
6.	Deferred tax assets	1037	266,530
7.	Other non-current assets	1038	108,257
<b>B) CURRENT ASSETS</b>		<b>1085</b>	<b>6,263,794</b>
1.	Non-current assets held for sale	1050	
2.	Inventories	1055	1,804,687
3.	Trade and other receivables:	1060	1,255,433
	a) Trade receivables	1061	1,050,277
	b) Other receivables	1062	40,989
	c) Current tax assets	1063	164,167
4.	Other current financial assets	1070	147,623
5.	Other current assets	1075	1,551,672
6.	Cash and cash equivalents	1072	1,504,379
<b>TOTAL ASSETS (A + B)</b>		<b>1100</b>	<b>15,027,717</b>

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (2/2)

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT PERIOD	COMPARATIVE PERIOD
		31/03/2018	30/09/2017
<b>A) EQUITY (A.1 + A.2 + A.3)</b>	<b>1195</b>	<b>5,937,735</b>	<b>6,084,847</b>
<b>A.1) CAPITAL AND RESERVES</b>	<b>1180</b>	<b>6,540,248</b>	<b>6,519,908</b>
1. Capital	1171	115,794	115,794
a) Registered capital	1161	115,794	115,794
b) <i>Less: Uncalled capital</i>	1162		
2. Share premium	1172	5,931,874	5,931,874
3. Reserves	1173	513,452	508,952
4. <i>Own shares and equity holdings</i>	1174	(21,206)	(21,505)
5. Prior periods' profit and loss	1178		
6. Other shareholder contributions	1179		
7. Profit (loss) for the period attributable to the parent company	1175	334	(15,207)
8. <i>Less: Interim dividend</i>	1176		
9. Other equity instruments	1177		
<b>A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME</b>	<b>1188</b>	<b>(604,210)</b>	<b>(437,875)</b>
1. Items that are not reclassified to profit or loss	1186		
2. Items that may subsequently be reclassified to profit or loss	1187	(604,210)	(437,875)
a) Available-for-sale financial assets	1181		
b) Hedging transactions	1182	41,451	55,782
c) Translation differences	1184	(645,661)	(493,657)
d) Other	1183		
<b>EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (A.1 + A.2)</b>	<b>1189</b>	<b>5,936,038</b>	<b>6,082,033</b>
<b>A.3) NON-CONTROLLING INTERESTS</b>	<b>1193</b>	<b>1,697</b>	<b>2,814</b>
<b>B) NON-CURRENT LIABILITIES</b>	<b>1120</b>	<b>2,824,040</b>	<b>3,233,704</b>
1. Grants	1117		
2. Long-term provisions	1115	1,744,398	1,846,740
3. Long-term financial liabilities:	1116	620,101	686,104
a) Debt with financial institutions and bonds and other marketable securities	1131	444,845	485,116
b) Other financial liabilities	1132	175,256	200,988
4. Deferred tax liabilities	1118	430,733	683,845
5. Other non-current liabilities	1135	28,808	17,015
<b>C) CURRENT LIABILITIES</b>	<b>1130</b>	<b>6,265,942</b>	<b>6,886,376</b>
1. Liabilities associated with non-current assets held for sale	1121		
2. Short-term provisions	1122	730,319	769,035
3. Short-term financial liabilities:	1123	1,250,373	893,285
a) Debt with financial institutions and bonds and other marketable securities	1133	1,171,893	797,018
b) Other financial liabilities	1134	78,480	96,267
4. Trade and other payables:	1124	1,977,688	2,782,988
a) Suppliers	1125	1,806,694	2,264,989
b) Other payables	1126	70,597	363,543
c) Current tax liabilities	1127	100,397	154,456
5. Other current liabilities	1136	2,307,562	2,441,068
<b>TOTAL EQUITY AND LIABILITIES (A + B + C)</b>	<b>1200</b>	<b>15,027,717</b>	<b>16,204,927</b>

IV. SELECTED FINANCIAL INFORMATION

7. CONSOLIDATED PROFIT AND LOSS ACCOUNT (ADOPTED IFRS)

Units: Thousand euros

		PRESENT CURR. PERIOD (2nd HALF YEAR)		PREVIOUS CURR. PERIOD (2nd HALF YEAR)		CURRENT CUMULATIVE 01/10/2017 - 31/03/2018		COMPARATIVE CUMULATIVE 01/01/2017 - 30/06/2017	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Revenue	1205					4,368,533	100.00	4,209,351	100.00
(+/-) Change in inventories of finished products and work in progress	1206					(312,180)	(7.15)	151,308	3.59
(+) Own work capitalised	1207					58,005	1.33	73,311	1.74
(-) Supplies	1208					(2,448,530)	(56.05)	(2,683,793)	(63.76)
(+) Other operating revenue	1209					12,121	0.28	3,724	0.09
(-) Personnel expenses	1217					(840,802)	(19.25)	(763,466)	(18.14)
(-) Other operating expenses	1210					(496,333)	(11.36)	(606,209)	(14.40)
(-) Depreciation and amortisation charge	1211					(317,248)	(7.26)	(234,387)	(5.57)
(+) Allocation of grants for non-financial assets and other grants	1212								
(+/-) Impairment and gain (loss) on disposal of fixed assets	1214					(1,895)	(0.04)	844	0.02
(+/-) Other profit (loss)	1215					66,789	1.53	46,261	1.10
<b>= OPERATING PROFIT (LOSS)</b>	<b>1245</b>					<b>88,460</b>	<b>2.02</b>	<b>196,944</b>	<b>4.68</b>
(+) Finance income	1250					6,797	0.16	5,547	0.13
(-) Finance costs	1251					(29,713)	(0.68)	(17,212)	(0.41)
(+/-) Changes in fair value of financial instruments	1252								
(+/-) Exchange differences	1254								
(+/-) Impairment and gain (loss) on disposal of financial instruments	1255								
<b>= NET FINANCE INCOME (COSTS)</b>	<b>1256</b>					<b>(22,916)</b>	<b>(0.52)</b>	<b>(11,665)</b>	<b>(0.28)</b>
(+/-) Profit (loss) of equity-accounted investees	1253					884	0.02	(429)	(0.01)
<b>= PROFIT (LOSS) BEFORE TAX</b>	<b>1265</b>					<b>66,428</b>	<b>1.52</b>	<b>184,850</b>	<b>4.39</b>
(+/-) Income tax expense	1270					(67,013)	(1.53)	(53,207)	(1.26)
<b>= PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES</b>	<b>1280</b>					<b>(585)</b>	<b>(0.01)</b>	<b>131,643</b>	<b>3.13</b>
(+/-) Profit (loss) from discontinued operations, net of tax	1285								
<b>= CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD</b>	<b>1288</b>					<b>(585)</b>	<b>(0.01)</b>	<b>131,643</b>	<b>3.13</b>
A) Profit (loss) for the period attributable to the parent company	1300					334	0.01	131,338	3.12
B) Profit (loss) attributable to non-controlling interests	1289					(919)	(0.02)	305	0.01
<b>EARNINGS PER SHARE</b>		<b>Amount (X.XX euros)</b>		<b>Amount (X.XX euros)</b>		<b>Amount (X.XX euros)</b>		<b>Amount (X.XX euros)</b>	
Basic	1290					0.00		0.25	
Diluted	1295					0.00		0.25	

In the half-yearly financial report for the first half of the year, the data relating to the present period match the cumulative data, which do not therefore need to be completed.

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (ADOPTED IFRS)

Units: Thousand euros

		CURRENT CUMULATIVE 01/10/2017 - 31/03/2018	COMPARATIVE CUMULATIVE 01/01/2017 - 30/06/2017
A) CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	1305	(585)	131,643
<b>B) OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS:</b>	1310		
1. From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	1311		
2. From actuarial gains and losses	1344		
3. Share in other comprehensive income of investments in joint ventures and associates	1342		
4. Other income and expenses that are not reclassified to profit or loss	1343		
5. Tax effect	1345		
<b>C) OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS:</b>	1350	(150,977)	(286,743)
1. Available-for-sale financial assets:	1355		
a) Valuation gains/(losses) taken to equity	1356		
b) Amounts transferred to profit or loss	1357		
c) Other reclassifications	1358		
2. Cash flow hedges:	1360	4,419	39,486
a) Valuation gains/(losses) taken to equity	1361	4,816	38,872
b) Amounts transferred to profit or loss	1362	(397)	614
c) Amounts transferred at initial carrying amount of hedged items	1363		
d) Other reclassifications	1364		
3. Foreign currency translation:	1365	(152,004)	(315,232)
a) Valuation gains/(losses)	1366	(152,004)	(315,232)
b) Amounts transferred to profit or loss	1367		
c) Other reclassifications	1368		
4. Share in other comprehensive income of investments in joint ventures and associates:	1370		
a) Valuation gains/(losses) taken to equity	1371		
b) Amounts transferred to profit or loss	1372		
c) Other reclassifications	1373		
5. Other income and expenses that may subsequently be reclassified to profit or loss	1375		
a) Valuation gains/(losses) taken to equity	1376		
b) Amounts transferred to profit or loss	1377		
c) Other reclassifications	1378		
6. Tax effect	1380	(3,392)	(10,997)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)</b>	1400	(151,562)	(155,100)
a) Attributable to the parent company	1398	(150,643)	(155,405)
b) Attributable to non-controlling interests	1399	(919)	305

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ADOPTED IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD		Equity attributable to the parent company						Non-controlling interests	Total equity
		Capital and reserves					Valuation adjustments		
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments			
Starting balance at 01/10/2017	3110	115,794	6,496,608	(21,505)	(15,207)		(493,657)	2,814	6,084,847
Adjustments for changes in accounting policy	3111								
Adjustment for errors	3112								
Adjusted opening balance	3115	115,794	6,496,608	(21,505)	(15,207)		(493,657)	2,814	6,084,847
I. Total comprehensive income/(expense) for the period	3120		1,027		334		(152,004)	(919)	(151,562)
II. Transactions with shareholders or owners	3125	0	148	299	0	0	0	0	447
1. Capital increases/(reductions)	3126								0
2. Conversion of financial liabilities into equity	3127								0
3. Distribution of dividends	3128								0
4. Purchase / sale of treasury stock	3129		148	299					447
5. Equity increase/(decrease) resulting from business combinations	3130								0
6. Other transactions with shareholders or owners	3132								0
III. Other changes in equity	3135	0	(11,006)	0	15,207	0	0	(198)	4,003
1. Equity-settled share-based payment	3136		352						352
2. Transfers among components of equity	3137		(15,207)		15,207				0
3. Other changes	3138		3,849					(198)	3,651
Closing balance at 31/03/2018	3140	115,794	6,486,777	(21,206)	334	0	(645,661)	1,697	5,937,735

(1) The column of Share premium and Reserves, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: Interim dividend

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ADOPTED IFRS) (2/2)

Units: Thousand euros

COMPARATIVE PERIOD		Equity attributable to the parent company						Non-controlling interests	Total equity
		Capital and reserves					Valuation adjustments		
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments			
Starting balance at 01/01/2017 (comparative period)	3150	68,319	81,750	0	442,903	0	(6,931)	66	586,107
Adjustments for changes in accounting policy	3151	0	0	0	0	0	0	0	0
Adjustment for errors	3152	0	0	0	0	0	0	0	0
Adjusted opening balance (comparative period)	3155	68,319	81,750	0	442,903	0	(6,931)	66	586,107
I. Total comprehensive income/(expense) for the period	3160	0	28,489	0	131,338	0	(315,232)	305	(155,100)
II. Transactions with shareholders or owners	3165	47,475	5,927,667	(32,487)	0	0	0	448	5,943,103
1. Capital increases/ (reductions)	3166	0	0	0	0	0	0	0	0
2. Conversion of financial liabilities into equity	3167	0	0	0	0	0	0	0	0
3. Distribution of dividends	3168	0	(1,073,814)	0	0	0	0	0	(1,073,814)
4. Purchase / sale of treasury stock	3169	0	(4,207)	4,923	0	0	0	0	716
5. Equity increase/ (decrease) resulting from business combinations	3170	47,475	6,192,337	(37,410)	0	0	0	448	6,202,850
6. Other transactions with shareholders or owners	3172	0	813,351	0	0	0	0	0	813,351
III. Other changes in equity	3175	0	448,639	0	(442,903)	0	0	686	6,422
1. Equity-settled share-based payment	3176	0	9,924	0	0	0	0	0	9,924
2. Transfers among components of equity	3177	0	442,903	0	(442,903)	0	0	0	0
3. Other changes	3178	0	(4,188)	0	0	0	0	686	(3,502)
Closing balance at 30/06/2017 (comparative period)	3180	115,794	6,486,545	(32,487)	131,338	0	(322,163)	1,505	6,380,532

(1) The column of Share premium and Reserves, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: Interim dividend

IV. SELECTED FINANCIAL INFORMATION

10.A. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros

		CURRENT CUMULATIVE 31/03/2018	COMPARATIVE CUMULATIVE 30/06/2017
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)</b>		<b>1435</b>	<b>(261,384)</b>
1. Profit (loss) before tax		1405	66,428
2. Adjustments to profit (loss):		1410	344,211
(+) Depreciation and amortisation charge		1411	317,248
(+/-) Other net adjustments to profit (loss)		1412	26,963
3. Changes in working capital		1415	(632,240)
4. Other cash flows from operating activities:		1420	(39,783)
(-) Interest paid		1421	
(-) Payment of dividends and remuneration on other equity instruments		1430	
(+) Dividends received		1422	0
(+) Interest received		1423	6,971
(+/-) Income tax recovered/(paid)		1424	(46,754)
(+/-) Other sums received/(paid) from operating activities		1425	0
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)</b>		<b>1460</b>	<b>(165,897)</b>
1. Payments for investments:		1440	(167,547)
(-) Group companies, associates and business units		1441	
(-) Property, plant and equipment, intangible assets and investment property		1442	(166,322)
(-) Other financial assets		1443	(1,225)
(-) Other assets		1444	
2. Proceeds from sale of investments		1450	1,650
(+) Group companies, associates and business units		1451	
(+) Property, plant and equipment, intangible assets and investment property		1452	1,650
(+) Other financial assets		1453	
(+) Other assets		1454	
3. Other cash flows from investing activities		1455	
(+) Dividends received		1456	
(+) Interest received		1457	
(+/-) Other sums received/(paid) from investing activities		1458	
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)</b>		<b>1490</b>	<b>304,672</b>
1. Sums received/(paid) in respect of equity instruments		1470	447
(+) Issuance		1471	
(-) Redemption		1472	
(-) Acquisition		1473	
(+) Disposal		1474	447
2. Sums received/(paid) in respect of financial liability instruments:		1480	329,643
(+) Issuance		1481	329,643
(-) Repayment and redemption		1482	
3. Payment of dividends and remuneration on other equity instruments		1485	
4. Other cash flows from financing activities		1486	(25,418)
(-) Interest paid		1487	(25,418)
(+/-) Other sums received/(paid) from financing activities		1488	
<b>D) EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS HELD</b>		<b>1492</b>	<b>(32,480)</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)</b>		<b>1495</b>	<b>(155,089)</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>1499</b>	<b>1,659,468</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)</b>		<b>1500</b>	<b>1,504,379</b>

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		CURRENT CUMULATIVE 31/03/2018	COMPARATIVE CUMULATIVE 30/06/2017
(+)	Cash on hand and at banks	1550	1,255,718
(+)	Other financial assets	1552	248,661
(-)	Less: Bank overdrafts repayable on demand	1553	
	<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1600</b>	<b>1,504,379</b>

This template of the consolidated statement of cash flows (indirect method) allows the alternatives for classifying interest and dividends, both received and paid, provided for in the adopted IFRS. Each of the above items shall be classified in a single consistent manner, in each period, as operating, investing or financing activities.



IV. SELECTED FINANCIAL INFORMATION

10.B. CONSOLIDATED STATEMENT OF CASH FLOWS (DIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros

		CURRENT PERIOD XX/XX/XXXX	COMPARATIVE PERIOD XX/XX/XXXX
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)</b>		8435	
(+) Proceeds from operating activities		8410	
(-) Payments to suppliers and to personnel for operating expenses		8411	
(-) Interest paid		8421	
(-) Payment of dividends and remuneration on other equity instruments		8422	
(+) Dividends received		8430	
(+) Interest received		8423	
(+/-) Income tax recovered/(paid)		8424	
(+/-) Other sums received/(paid) from operating activities		8425	
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)</b>		8460	
<b>1. Payments for investments:</b>		8440	
(-) Group companies, associates and business units		8441	
(-) Property, plant and equipment, intangible assets and investment property		8442	
(-) Other financial assets		8443	
(-) Other assets		8444	
<b>2. Proceeds from sales of investments</b>		8450	
(+) Group companies, associates and business units		8451	
(+) Property, plant and equipment, intangible assets and investment property		8452	
(+) Other financial assets		8453	
(+) Other assets		8454	
<b>3. Other cash flows from investing activities</b>		8455	
(+) Dividends received		8456	
(+) Interest received		8457	
(+/-) Other flows from investing activities		8458	
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)</b>		8490	
<b>1. Sums received/(paid) in respect of equity instruments</b>		8470	
(+) Issuance		8471	
(-) Redemption		8472	
(-) Acquisition		8473	
(+) Disposal		8474	
<b>2. Sums received/(paid) in respect of financial liability instruments:</b>		8480	
(+) Issuance		8481	
(-) Repayment and redemption		8482	
<b>3. Payment of dividends and remuneration on other equity instruments</b>		8485	
<b>4. Other cash flows from financing activities</b>		8486	
(-) Interest paid		8487	
(+/-) Other sums received/(paid) from financing activities		8488	
<b>D) EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS HELD</b>		8492	
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)</b>		8495	
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		8499	
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)</b>		8500	

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

		CURRENT PERIOD XX/XX/XXXX	COMPARATIVE PERIOD XX/XX/XXXX
(+) Cash on hand and at banks		8550	
(+) Other financial assets		8552	
(-) <i>Less: Bank overdrafts repayable on demand</i>		8553	
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		8600	

This template of the consolidated statement of cash flows (direct method) allows the alternatives for classifying interest and dividends, both received and paid, provided for in the adopted IFRS. Each of the above items shall be classified in a single consistent manner, in each period, as operating, investing or financing activities.



IV. SELECTED FINANCIAL INFORMATION

12. DIVIDENDS PAID

		CURRENT PERIOD 01/10/2017 - 31/03/2018			COMPARATIVE PERIOD 01/01/2017 - 30/06/2017		
		% of nominal value	Euros per share (X.XX)	Amount (thousand euros)	% of nominal value	Euros per share (X.XX)	Amount (thousand euros)
Ordinary shares	2158				2,117.65	3.60	998,674
Other shares (non-voting shares, redeemable shares, etc.)	2159						
<b>Total dividends paid</b>	<b>2160</b>						<b>998,674</b>
a) Dividends charged to profit and loss	2155						
b) Dividends charged to reserves or share premium	2156						998,674
c) Dividends in kind	2157						

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (1/2)

Units: Thousand euros

FINANCIAL ASSETS: NATURE/CATEGORY		CURRENT PERIOD					
		Financial assets held for trading	Other financial assets at FVTPL	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	2061						
Debt securities	2062						
Derivatives	2063						
Other financial assets	2064				1,128		
<b>Long-term/non-current</b>	<b>2065</b>				<b>1,128</b>		
Equity instruments	2066						
Debt securities	2067						
Derivatives	2068						
Other financial assets	2069				1,302,967		120
<b>Short-term/current</b>	<b>2070</b>				<b>1,302,967</b>		<b>120</b>
<b>INDIVIDUAL TOTAL</b>	<b>2075</b>				<b>1,304,095</b>		<b>120</b>
Equity instruments	2161						
Debt securities	2162						
Derivatives	2163						110,552
Other financial assets	2164			28,897	118,675		
<b>Long-term/non-current</b>	<b>2165</b>			<b>28,897</b>	<b>118,675</b>		<b>110,552</b>
Equity instruments	2166						
Debt securities	2167						
Derivatives	2168						56,409
Other financial assets	2169				91,214		
<b>Short-term/current</b>	<b>2170</b>				<b>91,214</b>		<b>56,409</b>
<b>CONSOLIDATED TOTAL</b>	<b>2175</b>			<b>28,897</b>	<b>209,889</b>		<b>166,961</b>

FINANCIAL LIABILITIES: NATURE/CATEGORY		CURRENT PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FVTPL	Debts and payables	Hedging derivatives
Bank borrowings	2076				
Bonds and other negotiable securities	2077				
Derivatives	2078				
Other financial liabilities	2079			2,565	
<b>Long-term debts/Non-current financial liabilities</b>	<b>2080</b>			<b>2,565</b>	
Bank borrowings	2081			410,229	
Bonds and other marketable securities	2082				
Derivatives	2083				1,292
Other financial liabilities	2084			1,016,277	
<b>Short-term debts/Current financial liabilities</b>	<b>2085</b>			<b>1,426,506</b>	<b>1,292</b>
<b>INDIVIDUAL TOTAL</b>	<b>2090</b>			<b>1,429,071</b>	<b>1,292</b>
Bank borrowings	2176			444,845	
Bonds and other negotiable securities	2177				
Derivatives	2178				12,949
Other financial liabilities	2179			162,307	
<b>Long-term debts/Non-current financial liabilities</b>	<b>2180</b>			<b>607,152</b>	<b>12,949</b>
Bank borrowings	2181			1,171,893	
Bonds and other negotiable securities	2182				
Derivatives	2183				72,433
Other financial liabilities	2184			6,047	
<b>Short-term debts/Current financial liabilities</b>	<b>2185</b>			<b>1,177,940</b>	<b>72,433</b>
<b>CONSOLIDATED TOTAL</b>	<b>2190</b>			<b>1,785,092</b>	<b>85,382</b>

(FVTPL: fair value through profit or loss)

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (2/2)

Units: Thousand euros

FINANCIAL ASSETS: NATURE/CATEGORY		COMPARATIVE PERIOD					
		Financial assets held for trading	Other financial assets at FVTPL	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	5061						
Debt securities	5062						
Derivatives	5063						
Other financial assets	5064				1,108		
<b>Long-term/non-current</b>	<b>5065</b>				<b>1,108</b>		
Equity instruments	5066						
Debt securities	5067						
Derivatives	5068						58
Other financial assets	5069				1,120,137		
<b>Short-term/current</b>	<b>5070</b>				<b>1,120,137</b>		<b>58</b>
<b>INDIVIDUAL TOTAL</b>	<b>5075</b>				<b>1,121,245</b>		<b>58</b>

Equity instruments	5161						
Debt securities	5162						
Derivatives	5163						80,172
Other financial assets	5164			26,935	138,725		
<b>Long-term/non-current</b>	<b>5165</b>			<b>26,935</b>	<b>138,725</b>		<b>80,172</b>
Equity instruments	5166						
Debt securities	5167						
Derivatives	5168						78,677
Other financial assets	5169				96,992		
<b>Short-term/current</b>	<b>5170</b>				<b>96,992</b>		<b>78,677</b>

<b>CONSOLIDATED TOTAL</b>	<b>5175</b>			<b>26,935</b>	<b>235,717</b>		<b>158,849</b>
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FINANCIAL LIABILITIES: NATURE/CATEGORY		COMPARATIVE PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FVTPL	Debts and payables	Hedging derivatives
Bank borrowings	5076				
Bonds and other negotiable securities	5077				
Derivatives	5078				
Other financial liabilities	5079			4,818	
<b>Long-term debts/Non-current financial liabilities</b>	<b>5080</b>			<b>4,818</b>	
Bank borrowings	5081			9	
Bonds and other negotiable securities	5082				
Derivatives	5083				2,738
Other financial liabilities	5084			1,444,154	
<b>Short-term debts/Current financial liabilities</b>	<b>5085</b>			<b>1,444,163</b>	<b>2,738</b>
<b>INDIVIDUAL TOTAL</b>	<b>5090</b>			<b>1,448,981</b>	<b>2,738</b>

Bank borrowings	5176			485,116	
Bonds and other negotiable securities	5177				
Derivatives	5178				15,297
Other financial liabilities	5179			185,691	
<b>Long-term debts/Non-current financial liabilities</b>	<b>5180</b>			<b>670,807</b>	<b>15,297</b>
Bank borrowings	5181			797,018	
Bonds and other negotiable securities	5182				
Derivatives	5183				82,913
Other financial liabilities	5184			13,354	
<b>Short-term debts/Current financial liabilities</b>	<b>5185</b>			<b>810,372</b>	<b>82,913</b>

<b>CONSOLIDATED TOTAL</b>	<b>5190</b>			<b>1,481,179</b>	<b>98,210</b>
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(FVTPL: fair value through profit or loss)

IV. SELECTED FINANCIAL INFORMATION

14. Segment information

Units: thousand euros

Table 1:

GEOGRAPHIC AREA		Distribution of revenue by geographic area			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	COMPARATIVE PERIOD	CURRENT PERIOD	COMPARATIVE PERIOD
Domestic market	2210	203,702	6,196	192,985	46,492
Exports:	2215			4,175,548	4,162,859
a) European Union	2216			1,355,166	1,312,425
b) OECD countries	2217			1,556,861	2,267,349
c) Other countries	2218			1,263,521	583,085
<b>TOTAL</b>	<b>2220</b>	<b>203,702</b>	<b>6,196</b>	<b>4,368,533</b>	<b>4,209,351</b>

Table 2:

SEGMENTS		Ordinary revenue					
		CONSOLIDATED					
		Ordinary revenue from foreign customers		Ordinary revenue between segments		Total ordinary revenue	
CURRENT PERIOD	COMPARATIVE PERIOD	CURRENT PERIOD	COMPARATIVE PERIOD	CURRENT PERIOD	COMPARATIVE PERIOD		
Wind Turbines	2221	3,813,133	3,656,723			3,813,133	3,656,723
Operation and Maintenance	2222	555,400	552,628			555,400	552,628
	2223						
	2224						
	2225						
	2226						
	2227						
	2228						
	2229						
	2230						
(-) Adjustments and elimination of ordinary revenue between segments	2231						
<b>TOTAL</b>	<b>2235</b>	<b>4,368,533</b>	<b>4,209,351</b>			<b>4,368,533</b>	<b>4,209,351</b>

Table 3:

SEGMENTS		Profit (loss)	
		CONSOLIDATED	
CURRENT PERIOD	COMPARATIVE PERIOD		
Wind Turbines	2250	7,222	111,534
Operation and Maintenance	2251	81,238	85,410
	2252		
	2253		
	2254		
	2255		
	2256		
	2257		
	2258		
	2259		
<b>Total profit (loss) of segments reported</b>	<b>2260</b>	<b>88,460</b>	<b>196,944</b>
(+/-) Unallocated profit (loss)	2261	(22,032)	(12,094)
(+/-) Elimination of internal profit (loss) (between segments)	2262		
(+/-) Other profit (loss)	2263		
(+/-) Income tax and/or profit (loss) from discontinued activities	2264		
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>2270</b>	<b>66,428</b>	<b>184,850</b>

**IV. SELECTED FINANCIAL INFORMATION**

**15. AVERAGE WORKFORCE**

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	COMPARATIVE PERIOD	CURRENT PERIOD	COMPARATIVE PERIOD
<b>AVERAGE WORKFORCE</b>	<b>2295</b>	<b>329</b>	<b>135</b>	<b>24,207</b>	<b>20,828</b>
Men	2296	157	63	19,812	17,024
Women	2297	172	72	4,395	3,804

**IV. SELECTED FINANCIAL INFORMATION**

**16. REMUNERATION RECEIVED BY DIRECTORS AND MANAGING DIRECTORS**

DIRECTORS:		Amount (thousand euros)	
		CURRENT PERIOD	COMPARATIVE PERIOD
<b>Type of remuneration:</b>			
Fixed remuneration	2310	1,128	502
Variable remuneration	2311	349	1,142
Attendance fees	2312	255	156
Directors' fees	2313	20	10
Options on shares and/or other financial instruments	2314		
Other	2315	0	2,965
<b>TOTAL</b>	<b>2320</b>	<b>1,752</b>	<b>4,775</b>

**Other benefits:**

Advances	2326		
Loans granted	2327		
Pension funds and plans: Contributions	2328		
Pension funds and plans: Contracted obligations	2329		
Life insurance premiums	2330	11	4
Guarantees granted to directors	2331		

MANAGING DIRECTORS:		Amount (thousand euros)	
		CURRENT PERIOD	COMPARATIVE PERIOD
Total remuneration paid to managing directors	2325	5,332	3,231

**IV. SELECTED FINANCIAL INFORMATION**

**17. RELATED-PARTY TRANSACTIONS (1/2)**

Units: Thousand euros

RELATED-PARTY TRANSACTIONS		CURRENT PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
<b>EXPENSES AND REVENUE</b>						
1) Finance costs	2340					
2) Management and cooperation contracts	2341					
3) R&D transfers and licence agreements	2342					
4) Leases	2343					
5) Receipt of services	2344	305,490		34,777	676	340,943
6) Purchase of goods (finished or in progress)	2345					
7) Allowance for bad and doubtful debts	2346					
8) Losses on retirement or disposal of assets	2347					
9) Other expenses	2348					
<b>EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)</b>	<b>2350</b>	305,490		34,777	676	340,943

10) Finance income	2351					
11) Management and cooperation contracts	2352					
12) R&D transfers and licence agreements	2353					
13) Dividends received	2354					
14) Leases	2355					
15) Provision of services	2356	237,768		691	273,050	511,509
16) Sale of goods (finished or in progress)	2357					
17) Gains on retirement or disposal of assets	2358					
18) Other revenue	2359					
<b>REVENUE (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)</b>	<b>2360</b>	237,768		691	273,050	511,509

OTHER TRANSACTIONS:		CURRENT PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
Purchase of property, plant and equipment, intangible assets and other assets	2371					
Financing agreements: loans and capital contributions (lender)	2372					
Finance lease arrangements (lessor)	2373					
Repayment or cancellation of loans and lease arrangements (lessor)	2377					
Sale of property, plant and equipment, intangible assets and other assets	2374					
Financing agreements: loans and capital contributions (borrower)	2375					
Finance lease arrangements (lessee)	2376					
Repayment or cancellation of loans and lease arrangements (lessee)	2378					
Collateral and guarantees given	2381					
Collateral and guarantees received	2382					
Commitments assumed	2383					
Commitment/Guarantees cancelled	2384					
Dividends and other earnings distributed	2386					
Other transactions	2385					



**IV. SELECTED FINANCIAL INFORMATION**


**17. RELATED-PARTY TRANSACTIONS (2/2)**

Units: Thousand euros

RELATED-PARTY TRANSACTIONS		COMPARATIVE PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
<b>EXPENSES AND REVENUE</b>						
1) Finance costs	6340					
2) Management and cooperation contracts	6341					
3) R&D transfers and licence agreements	6342					
4) Leases	6343					
5) Receipt of services	6344	319,498		32,491		351,989
6) Purchase of goods (finished or in progress)	6345					
7) Allowance for bad and doubtful debts	6346					
8) Losses on retirement or disposal of assets	6347					
9) Other expenses	6348					
<b>EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)</b>	<b>6350</b>	<b>319,498</b>		<b>32,491</b>		<b>351,989</b>
10) Finance income	6351					
11) Management and cooperation contracts	6352					
12) R&D transfers and licence agreements	6353					
13) Dividends received	6354					
14) Leases	6355					
15) Provision of services	6356	312,263		48	1,164,478	1,476,789
16) Sale of goods (finished or in progress)	6357					
17) Gains on retirement or disposal of assets	6358					
18) Other revenue	6359					
<b>REVENUE (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)</b>	<b>6360</b>	<b>312,263</b>		<b>48</b>	<b>1,164,478</b>	<b>1,476,789</b>

OTHER TRANSACTIONS:		COMPARATIVE PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
Purchase of property, plant and equipment, intangible assets and other assets	6371					
Financing agreements: loans and capital contributions (lender)	6372					
Finance lease arrangements (lessor)	6373					
Repayment or cancellation of loans and lease arrangements (lessor)	6377					
Sale of property, plant and equipment, intangible assets and other assets	6374					
Financing agreements: loans and capital contributions (borrower)	6375					
Finance lease arrangements (lessee)	6376					
Repayment or cancellation of loans and lease arrangements (lessee)	6378					
Collateral and guarantees given	6381					
Collateral and guarantees received	6382					
Commitments assumed	6383					
Commitment/Guarantees cancelled	6384					
Dividends and other earnings distributed	6386					
Other transactions	6385					

V. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS/CONDENSED ANNUAL FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

Annex  
  
Explanatory notes to the  
financial statements <sup>(1)</sup>

Annex  
  
Condensed annual  
financial statements <sup>(2)</sup>

(Text field)

(1) **Explanatory notes to the financial statements:** *Explanatory notes to the interim financial statements* and other Selected financial information required in Chapter IV of this template should be attached here, and shall contain at least the minimum disclosures required in the instructions for the preparation of the half-yearly financial report.

(2) **Condensed annual financial statements:**

(2.1) **Issuers that prepare condensed consolidated annual financial statements:** If the consolidated financial statement templates of Sections 6, 7, 8, 9 and 10.A or 10.B of Chapter IV of the Selected financial information do not meet the requirements established in the adopted international accounting standard applicable to interim financial information, or if the issuer voluntarily chooses to prepare condensed consolidated annual financial statements for the interim period including its own condensed financial statement templates, it shall attach in this section the condensed consolidated annual financial statements for the interim period, which shall contain, at least, all the minimum disclosures required under the adopted international accounting standard applicable to interim financial information, without prejudice to the obligation to additionally complete the financial information contained in Chapter IV on Selected financial information.

(2.2) **Issuers that do not prepare condensed consolidated annual financial statements:** In the exceptional case that the individual financial statement templates of Sections 1, 2, 3, 4 and 5 of Chapter IV on Selected financial information do not comply with the requirements established by Article 13 of Royal Decree 1362/2007; or if the issuer voluntarily draws up condensed individual annual financial statements for the interim period including its own condensed financial statement templates, it shall attach in this section the condensed individual annual financial statements for the interim period, which shall contain, at least, all the minimum disclosures required under the adopted international accounting standard applicable to interim financial information, without prejudice to the obligation to additionally complete the financial information contained in Chapter IV on Selected financial information.

VI. INTERIM MANAGEMENT REPORT



*(Text field)*



VII. AUDIT REPORT

Annex  
  
Audit report

*(Text field)*

**Report on Limited Review**

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

**Interim Condensed Consolidated Financial Statements and  
Consolidated Interim Management's Report for the six-month  
period ended March 31, 2018**

(Translation for the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

## REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of SIEMENS GAMESA RENEWABLE ENERGY, S.A., at the request of the Directors:

### Report on the interim condensed consolidated financial statements

#### *Introduction*

We have carried out a limited review of the accompanying interim condensed consolidated financial statements of SIEMENS GAMESA RENEWABLE ENERGY, S.A., which consists of the balance sheet at March 31, 2018, the income statement, the statement of changes in equity, the cash flow statement and the explanatory notes thereto, all of them condensed and consolidated, for the six-month period then ended. The parent's Directors are responsible for the preparation of the Company's interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information as included in Article 12 of the Royal Decree 1362/2007. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

#### *Scope of the review*

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

#### *Conclusion*

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements for the six-month period ended at March 31, 2018 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as included in Article 12 of the Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

*Emphasis of matter*

We draw attention to the matter described in accompanying explanatory note 2.a which indicates that the abovementioned interim condensed financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim condensed financial statements should be read in conjunction with the financial statements for the year ended September 30, 2017. This matter does not modify our conclusion.

*Report on other legal and regulatory reporting requirements*

The accompanying consolidated interim management report for the six-month period ended March 31, 2018 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned management report agrees with the interim financial statements for the six-month period ended on March 31, 2018. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries

*Paragraph on other issues*

This report has been prepared at the request of management of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries with regard to the publication of the semi-annual financial report required by article 119 of Royal Decree Law 4/2015, of October 23, which approves the refunded text of Securities Market Law developed by Royal Decree 1362/2007, of October 19.

ERNST & YOUNG, S.L.

(Signed on original in Spanish)

May 4, 2018



**Siemens Gamesa Renewable Energy, S.A.  
and subsidiaries composing the SIEMENS  
GAMESA Group**

Interim Condensed Consolidated Financial Statements  
and Management's Report for the 6-month period  
ended March 31, 2018

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 21)

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES**  
**COMPOSING SIEMENS GAMESA GROUP**

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AT MARCH 31, 2018 AND SEPTEMBER 30, 2017  
Thousands of euros

	Note	03.31.2018	09.30.2017 (*)
<b>Assets</b>			
Cash and cash equivalents	14	1,504,379	1,659,468
Trade and other receivables		1,050,277	1,081,139
Other current financial assets	12.A	147,623	175,669
Receivables from Siemens Group		40,989	62,010
Contract assets	2.C	1,147,678	1,240,915
Inventories	13	1,804,687	2,095,993
Current income tax assets		164,167	188,251
Other current assets		403,994	341,865
<b>Total current assets</b>		<b>6,263,794</b>	<b>6,845,310</b>
Goodwill	8	4,481,473	4,571,743
Other intangible assets		2,112,175	2,259,253
Property, plant and equipment		1,463,513	1,519,516
Investments accounting for using the equity method	11	73,851	73,609
Other financial assets	12.A	258,124	245,832
Deferred tax assets		266,530	580,279
Other assets		108,257	109,385
<b>Total non-current assets</b>		<b>8,763,923</b>	<b>9,359,617</b>
<b>Total assets</b>		<b>15,027,717</b>	<b>16,204,927</b>
<b>Liabilities and equity</b>			
Financial debt	12.B	1,171,893	797,018
Trade payables		1,806,694	2,264,989
Other current financial liabilities	12.B	78,480	96,267
Payables to Siemens Group		70,597	363,543
Contract liabilities	2.C	1,599,390	1,744,581
Current provisions	16	730,319	769,035
Current income tax liabilities		100,397	154,456
Other current liabilities		708,172	696,487
<b>Total current liabilities</b>		<b>6,265,942</b>	<b>6,886,376</b>
Financial debt	12.B	444,845	485,116
Post-employment benefits		10,510	12,617
Deferred tax liabilities		430,733	683,845
Provisions	16	1,733,888	1,834,123
Other financial liabilities	12.B	175,256	200,988
Other liabilities		28,808	17,015
<b>Total non-current liabilities</b>		<b>2,824,040</b>	<b>3,233,704</b>
Issued capital	15.A	115,794	115,794
Capital reserve		5,931,874	5,931,874
Unrealised asset and liability revaluation reserve		41,451	55,782
Retained earnings		513,786	493,745
Treasury shares, at cost	15.B	(21,206)	(21,505)
Currency translation differences		(645,661)	(493,657)
Non-controlling interest		1,697	2,814
<b>Total Equity</b>		<b>5,937,735</b>	<b>6,084,847</b>
<b>Total Liabilities and Equity</b>		<b>15,027,717</b>	<b>16,204,927</b>

(\*) Adjusted figures at September 30, 2017 (see Note 2.C)

The accompanying Notes 1 to 21 are an integral part of these Interim Condensed Consolidated Financial Statements.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 21)

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES  
COMPOSING SIEMENS GAMESA GROUP**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR  
THE 6-MONTH PERIOD ENDED MARCH 31, 2018 AND THE 6-MONTH PERIOD ENDED JUNE 30, 2017  
Thousands of euros

	Note	6-month period ended 03.31.2018	6-month period ended 06.30.2017 (*)
Revenue	7	4,368,533	4,209,351
Cost of sales		(3,908,980)	(3,643,057)
<b>Gross profit</b>		<b>459,553</b>	<b>566,294</b>
Research and development expenses		(88,696)	(101,691)
Selling and general administrative expenses		(280,982)	(257,983)
Other operating income		8,101	2,631
Other operating expenses		(9,516)	(12,307)
Income (loss) from investments accounted for using the equity method, net	11	884	(429)
Interest income		3,987	5,547
Interest expenses		(29,713)	(14,937)
Other financial income (expenses), net		2,810	(2,275)
<b>Income from continuing operations before income taxes</b>		<b>66,428</b>	<b>184,850</b>
Income tax expenses	7	(67,013)	(53,207)
<b>Income from continuing operations</b>		<b>(585)</b>	<b>131,643</b>
Income from discontinued operations, net of income taxes		-	-
<b>Net income</b>		<b>(585)</b>	<b>131,643</b>
<b>Attributable to:</b>			
Non-controlling interests		(919)	305
Shareholders of Siemens Gamesa Renewable Energy, S.A.		334	131,338
<b>Earnings per share in euros (basic and diluted)</b>		-	0.25

(\*) The Interim Condensed Consolidated Statement of Profit and Loss for the 6-month period ended June 30, 2017 is presented for comparative purposes only.  
The accompanying Notes 1 to 21 are an integral part of these Interim Condensed Consolidated Financial Statements.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 21)

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES  
COMPOSING SIEMENS GAMESA GROUP**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR  
THE 6-MONTH PERIOD ENDED MARCH 31, 2018 AND THE 6-MONTH PERIOD ENDED JUNE 30, 2017

Thousands of euros

	6- month period ended 03.31.2018	6- month period ended 06.30.2017 (*)
<b>Net income (Interim Condensed Consolidated Statement of Profit and Loss)</b>	<b>(585)</b>	<b>131,643</b>
<b>Items that may be subsequently reclassified into profit and loss</b>		
Currency translation differences	(152,004)	(315,232)
Derivative financial instruments	4,816	38,872
Tax effect	(3,616)	(10,895)
<b>Amounts transferred to Profit and Loss</b>		
Derivative financial instruments	(397)	614
Tax effect	224	(102)
<b>Other comprehensive income</b>	<b>(150,977)</b>	<b>(286,743)</b>
<b>Total comprehensive income</b>	<b>(151,562)</b>	<b>(155,100)</b>
<b>Attributable to:</b>		
Non-controlling interests	(919)	305
Shareholders of Siemens Gamesa Renewable Energy, S.A.	(150,643)	(155,405)

(\*) Adjusted figures for the 6-month period ended June 30, 2017 (see Note 2.C)

The accompanying Notes 1 to 21 are an integral part of these Interim Condensed Consolidated Financial Statements.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 21)

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES**  
**COMPOSING SIEMENS GAMESA GROUP**  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR  
 THE 6-MONTH PERIOD ENDED MARCH 31, 2018 AND THE 6-MONTH PERIOD ENDED JUNE 30, 2017  
 Thousands of euros

	Issued capital	Capital reserve	Unrealised asset and liability revaluation reserve	Retained earnings	Treasury shares, at cost	Currency translation differences	Non-controlling interests	Total equity
<b>Balances at January 1, 2017</b>	<b>68,319</b>	-	<b>21,971</b>	<b>502,682</b>	-	<b>(6,931)</b>	<b>66</b>	<b>586,107</b>
Total comprehensive income for the 6-month period ended June 30, 2017	-	-	-	131,338	-	-	305	131,643
Other comprehensive income, net of income taxes	-	-	28,489	-	-	(315,232)	-	(286,743)
Share-based payments	-	-	-	9,924	-	-	-	9,924
Treasury shares transactions (Note 15.B)	-	-	-	(4,207)	4,923	-	-	716
Issuance of shares	47,475	6,192,337	-	-	(37,410)	-	448	6,202,850
Contribution	-	813,351	-	-	-	-	-	813,351
Extraordinary Dividend payment (Note 6)	-	(998,674)	-	-	-	-	-	(998,674)
Normal dividend (Note 6)	-	(75,140)	-	-	-	-	-	(75,140)
Other changes in equity	-	-	-	(4,188)	-	-	686	(3,502)
<b>Balances at June 30, 2017 (*)</b>	<b>115,794</b>	<b>5,931,874</b>	<b>50,460</b>	<b>635,549</b>	<b>(32,487)</b>	<b>(322,163)</b>	<b>1,505</b>	<b>6,380,532</b>
<b>Balances at October 1, 2017 (**)</b>	<b>115,794</b>	<b>5,931,874</b>	<b>55,782</b>	<b>493,745</b>	<b>(21,505)</b>	<b>(493,657)</b>	<b>2,814</b>	<b>6,084,847</b>
Total comprehensive income for the 6-month period ended March 31, 2018	-	-	-	334	-	-	(919)	(585)
Other comprehensive income, net of income taxes	-	-	1,027	-	-	(152,004)	-	(150,977)
Share-based payments	-	-	-	352	-	-	-	352
Treasury shares transactions (Note 15.B)	-	-	-	148	299	-	-	447
Other changes in equity	-	-	(15,358)	19,207	-	-	(198)	3,651
<b>Balances at March 31, 2018</b>	<b>115,794</b>	<b>5,931,874</b>	<b>41,451</b>	<b>513,786</b>	<b>(21,206)</b>	<b>(645,661)</b>	<b>1,697</b>	<b>5,937,735</b>

(\*) Adjusted figures at June 30, 2017 (see Note 2.C)

(\*\*) Adjusted figures at September 30, 2017 (see Note 2.C)

The accompanying Notes 1 to 21 are an integral part of these Interim Condensed Consolidated Financial Statements.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES**  
**COMPOSING SIEMENS GAMESA GROUP**  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6-MONTH PERIOD  
 ENDED MARCH 31, 2018 AND THE 6-MONTH PERIOD ENDED JUNE 30, 2017  
 Thousands of euros

	Note	6-month period ended 03.31.2018	6-month period ended 06.30.2017 (*)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before taxes		66,428	184,850
<b>Adjustments to reconcile income before taxes to cash flows from operating activities</b>			
Interest (income) expenses, net		22,916	3,304
Amortization and depreciation		317,248	234,387
(Gains) losses on disposals of assets related to investment activities, net		1,895	-
Other (income) losses from investments		(884)	(426)
Other non-cash (income) expenses		3,036	2,641
Change in operating net working capital			
Contract assets		78,010	(101,471)
Inventories		245,732	(574,006)
Trade and other receivables		1,680	(57,742)
Trade payables		(668,975)	186,186
Contract liabilities		(108,905)	(634,691)
Change in other assets and liabilities		(179,782)	319,035
Income taxes paid		(46,754)	(73,297)
Dividends received		-	2
Interest received		6,971	905
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(261,384)</b>	<b>(510,323)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to intangible assets and property, plant and equipment	9 and 10	(166,322)	(304,035)
Acquisitions of businesses, net of cash acquired		-	(38,436)
Purchase of investments		(1,225)	(2,007)
Disposal of intangible assets and property, plant and equipment		1,650	601
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(165,897)</b>	<b>(343,877)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase/sale of treasury shares		447	716
Other transactions with owners		-	813,351
Changes in financial debt		347,357	566,592
Interest paid		(25,418)	(7,369)
Changes in intercompany financing		(17,714)	834,016
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>304,672</b>	<b>2,207,306</b>
<b>EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS</b>		<b>(32,480)</b>	<b>(26,187)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(155,089)</b>	<b>1,326,919</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>1,659,468</b>	<b>148,225</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,504,379</b>	<b>1,475,144</b>

(\*) Adapted according to IFRS 15.

The accompanying Notes 1 to 21 are an integral part of these Interim Condensed Consolidated Financial Statements.

## **SIEMENS GAMESA Renewable Energy, S.A. and Subsidiaries composing the SIEMENS GAMESA Group**

Notes to the Interim Condensed Consolidated Financial  
Statements for the 6-month period ended March 31, 2018

### **1. Formation of the Group and its activities**

#### **A. GENERAL INFORMATION**

The Interim Condensed Consolidated Financial Statements present the financial position and the results of operations of SIEMENS GAMESA Renewable Energy, S.A. (previously Gamesa Corporación Tecnológica, S.A.) (hereinafter “the Company” or “SIEMENS GAMESA”), headquartered at Parque Tecnológico de Bizkaia, Edificio 222, Zamudio (Bizkaia, Spain), and its subsidiaries (together referred to as the “Group”).

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 (Note 2.C).

SIEMENS GAMESA specializes in the development and construction of wind farms, as well as the engineering, 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 the 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 they hold 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 development, design, construction, 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 limitations, as long as these conditions or limitations are not exactly fulfilled.

Its activities are divided into two business segments: Wind Turbines and Operation and Maintenance. The Wind Turbines segment offers wind turbines for various pitch and speed technologies, as well as provides the development, construction and sale of wind farms. The Operation and Maintenance segment is responsible for the management, monitoring and maintenance of wind farms.

In addition to the operations carried out directly, SIEMENS GAMESA, is the head of a Group of subsidiaries that engages in various business activities and which compose, together with the Company, the SIEMENS GAMESA Group (“the Group” or “the SIEMENS GAMESA Group”). Therefore, in addition to its own separate Financial Statements, the Company is obliged to present Consolidated Financial Statements for the Group including its interests in joint ventures and investments in associates.

The SIEMENS GAMESA Group Consolidated Financial Statements for the 9-month period ended September 30, 2017 were prepared on November 30, 2017 and approved by the Company's shareholders at the General Shareholders' Meeting held on March 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 registered office.

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

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

On 17 June 2016, Gamesa Corporación Tecnológica, S.A. (“GAMESA”) and SIEMENS AG (“SIEMENS”) signed a binding Merger agreement whereby both parties agreed on the terms and conditions pursuant to which GAMESA and the Siemens Wind Power Business (as defined in the agreement) would be combined by way of statutory Merger by absorption of Siemens Wind HoldCo, S.L (as absorbed entity) by and into GAMESA (as absorbing entity) (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 has acquired by universal succession all of the rights and obligations of Siemens Wind HoldCo, S.L.

The Merger was registered with the Mercantile Register on April 3, 2017 (“Merger Effective Date”), and the accounting effects of the Merger were considered from then on (for a complete comprehension, refer to Notes 1.B, 1.C and 1.D of the Group's Consolidated Financial Statements for the year ended September 30, 2017).

## **2. Basis of presentation of the Interim Condensed Consolidated Financial Statements and basis of consolidation**

### **A. BASIS OF PRESENTATION**

These Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2018 have been prepared in accordance with IAS 34 on “Interim Financial Information” and in accordance with the provisions of Article 12 of Royal Decree 1362/2007.

As established in IAS 34, the Interim Financial Information is prepared only with the intention of providing updates to the content of the latest Consolidated Financial Statements reported by the Group, emphasizing any new activities, events or circumstances that have taken place during the 6-month period without duplicating the information previously reported. Therefore, for a proper comprehension of the information included in these Interim Condensed Consolidated Financial Statements, they should be read together with the SIEMENS GAMESA Group Consolidated Financial Statements for the year ended September 30, 2017.

The issuance of these Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2018 has been approved by SIEMENS GAMESA's Board of Directors on May 3, 2018.



## **B. ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

### B.1) New standard applied in the 6-month period ended March 31, 2018. First-time application of IFRS 15, Revenue from contracts with customers:

According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

Although the new standard is not mandatorily applicable before the annual reporting period beginning January 1, 2018, SIEMENS GAMESA, making use of the option included in IFRS 15, has early applied the standard for the year beginning as of October 1, 2017 using the full retrospective approach, the comparable period is presented in accordance with IFRS 15 (Note 2.C).

As a result of this decision, SIEMENS GAMESA has changed its accounting policies and updated its internal processes and controls relating to revenue recognition (Note 5).

The preparation of the comparable period at September 30, 2017 has had for SIEMENS GAMESA, the following effects in the Consolidated Balance Sheet:

- Under IFRS 15, recognition of a provision for an onerous contract does not require an impairment of contract assets. As a result, a netting of contract assets according to IFRS 15 and a provision for an onerous contract according to the regulations for provisions (IAS 37) is not permitted. Due to this specific regulation, contract assets (previously included in the line item "Inventories") have increased by EUR 117 million together with an equivalent increase of provisions for onerous contracts (Note 2.C).
- Reclassifications of contract's receivable and payable amounts due to the specific newly introduced Balance Sheet line items "Contract assets" (from "Inventories") and "Contract liabilities" (mainly from "Other current liabilities") amounting (before the netting explained below) to EUR 1,461 million and EUR 1,954 million, respectively (Note 2.C).
- The regulations of IFRS 15 specifies for the fact that for each contract only one contract asset or one contract liability can be presented. As consequence of the application of this new standard, contract liabilities (previously included in the line item "Other current liabilities") and contract assets (previously included in the line item "Inventories") have decreased by EUR 218 million (Note 2.C).
- As a consequence of the IFRS 15 application, there are no impacts in Retained earnings as of October 1, 2017.

### B.2) New standards and amendments not applied in the 6-month period ended March 31, 2018 that will be applicable in future periods:

#### *IFRS 9 Financial Instruments*

IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018, while early application is allowed. SIEMENS GAMESA will apply IFRS 9 for the first time with the beginning of fiscal year 2019, on October 1, 2018. The Group will use the option provided by the standard not to restate prior year figures. Due to the principally retrospective application (except hedge accounting) transitional effects will be presented within equity in the opening

balance for fiscal year 2019. Although, SIEMENS GAMESA is currently assessing the impacts of its adoption, the Group does not expect a significant impact on the Consolidated Financial Statements.

#### *IFRS 16 Leases*

In January 2016, the IASB issued IFRS 16, Leases, which eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognise right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. SIEMENS GAMESA will adopt the standard for the fiscal year beginning as of October 1, 2019, presumably by applying the modified retrospective approach, i.e. comparative figures for the preceding year would not be adjusted. Currently, it is expected that the majority of the transition effect relates to real estate leased by SIEMENS GAMESA.

#### *Remaining standards, amendments and interpretations*

<b>Standards, amendments and interpretations</b>		<b>IASB Effective Date</b>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018
Amendments to IAS 40	Transfers of Investment Property	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over income Tax treatments	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021

SIEMENS GAMESA is currently analysing the expected impact resulting from the remaining standards, amendments and interpretations mentioned above which have been published by the IASB, but are not yet effective. The Group does not expect a significant impact on the Consolidated Financial Statements resulting from these changes.

### **C. COMPARATIVE INFORMATION OF PRIOR PERIOD**

All references to March 31, 2018 and June 30, 2017 refer to the 6-month periods ended at those dates.

When comparing the current period figures with the previous period ones, the reverse acquisition explained in Note 1.D of the Consolidated Financial Statements for the year ended September 30, 2017 has to be taken into consideration.

As explained in Note 2.B and 3, the Consolidated Financial Statements for the year ended September 30, 2017 have been modified in order to reflect the application of IFRS 15 (Note 2.B) and the final accounting for the Business Combination (Notes 1.B and 3). The following table discloses the effect that these changes have had on the affected line items in the Consolidated Balance Sheet (only affected Balance Sheet line items are shown below):

Thousands of euros	Financial Statements 09.30.2017	Transition to IFRS 15 (Note 2.B)	Business Combination adjustments (Note 3)	Currency translation differences (Note 3) (*)	10.01.2017 after adjustments
<b>Assets</b>		<b>(100,753)</b>	<b>203,569</b>	<b>(365,019)</b>	
Contract assets	-	1,243,315	(2,400)	-	1,240,915
Inventories	3,455,098	(1,344,481)	(14,624)	-	2,095,993
Current income tax assets	188,394	-	(143)	-	188,251
Other current assets	341,456	409	-	-	341,865
<b>Within current assets</b>	<b>3,984,948</b>	<b>(100,757)</b>	<b>(17,167)</b>	<b>-</b>	<b>3,867,024</b>
Goodwill	4,660,212	-	276,550	(365,019)	4,571,743
Other intangible assets	2,302,857	-	(43,604)	-	2,259,253
Property, plant and equipment	1,537,357	-	(17,841)	-	1,519,516
Other financial assets	285,832	-	(40,000)	-	245,832
Deferred tax assets	534,644	4	45,631	-	580,279
<b>Within non-current assets</b>	<b>9,320,902</b>	<b>4</b>	<b>220,736</b>	<b>(365,019)</b>	<b>9,176,623</b>
<b>Liabilities &amp; Equity</b>		<b>(100,753)</b>	<b>203,569</b>	<b>(365,019)</b>	
Trade payables	2,231,589	-	33,400	-	2,264,989
Contract liabilities	-	1,736,461	8,120	-	1,744,581
Current provisions	603,487	114,257	51,291	-	769,035
Current income tax liabilities	154,546	-	(90)	-	154,456
Other current liabilities	2,644,758	(1,948,271)	-	-	696,487
<b>Within current liabilities</b>	<b>5,634,380</b>	<b>(97,553)</b>	<b>92,721</b>	<b>-</b>	<b>5,629,548</b>
Deferred tax liabilities	709,389	-	(25,544)	-	683,845
Provisions	1,701,640	(3,200)	135,683	-	1,834,123
Other liabilities	16,306	-	709	-	17,015
<b>Within non-current liabilities</b>	<b>2,427,335</b>	<b>(3,200)</b>	<b>110,848</b>	<b>-</b>	<b>2,534,983</b>
Currency translation differences	(128,638)	-	-	(365,019)	(493,657)
<b>Within Equity</b>	<b>(128,638)</b>	<b>-</b>	<b>-</b>	<b>(365,019)</b>	<b>(493,657)</b>

(\*) The impact of currency translation differences as of June 30, 2017 amounts to EUR 230,095 thousands.

#### D. CONTINGENT ASSETS AND LIABILITIES

During the 6-month period ended March 31, 2018 there have been no significant changes in the Group's contingent assets and liabilities (Notes 4.Q and 23 of the Group's Consolidated Financial Statements for the year ended September 30, 2017).

#### E. SEASONALITY OF THE GROUP'S TRANSACTIONS

Given the activities in which the Group companies are engaged, the Group's transactions do not have cyclical or seasonal nature. For this reason, no specific breakdowns are included in these Explanatory Notes to the Interim Condensed Consolidated Financial Statements for the 6-month period ended March 31, 2018. Although production is not cyclical in nature, there is a concentration of wind turbine assembly activities at wind farm sites during the second half of the fiscal year.

#### F. CHANGES IN THE SCOPE OF CONSOLIDATION

The consolidation principles used when preparing these Interim Condensed Consolidated Financial Statements are consistent with those disclosed in the Note 2.E of the Consolidated Financial Statements for the year ended September 30, 2017.

The Appendix to the Consolidated Financial Statements for the year ended September 30, 2017, provides relevant information regarding the Group companies consolidated at that date and those measured using the equity method.

During the 6-month period ended March 31, 2018 the following corporate transactions have taken place:

- The following entities have been constituted or acquired:

Company constituted / acquired	Holding company of the investment	Percentage of stake of the Group
Siemens Gamesa Renewable Energy LLC (Russia)	Siemens Gamesa Renewable Energy Eolica, S.L.	99%
Siemens Gamesa Renewable Energy LLC (Russia)	Siemens Gamesa Renewable Energy Wind Farms, S.A.	1%
Siemens Gamesa Yenylenebylyr Energy yc ve dis Ticaret Ltd.Sti (Turkey)	Siemens Gamesa Renewable Energy Eolica, S.L.	100%
Maski Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Gangavathi Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Kanigiri Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Kollapur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Jamkhandi Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Rayachoty Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Shivamogga Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Nandikeshwar Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Sindhanur Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Vempalli Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Siemens Gamesa Renewable Energy Sarl (New Caledonia)	Siemens Gamesa Renewable Energy Apac, S.L.	100%
Ganquan Chaiguanshan Wind Power Co. Ltd. (China)	International Wind Farm Development IV Limited	100%
Yongzhou Shuangpai Daguping Wind Power Co. Ltd. (China)	International Wind Farm Development VII Limited	100%
Tai'an Sanglin Wind Power Co. Ltd. (China)	International Wind Farm Development V Limited	100%
Gamesa Wind Power Technologies S.A. (Iran)	Siemens Gamesa Renewable Energy, S.A.	99.98%

- The following entities have been dissolved:

Company dissolved	Holding company of the stake	Percentage of stake of the Group
Convertidor Solar Doscientos Noventa y Siete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos Sesenta y Siete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos Sesenta y Nueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos Setenta, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar G.F. Dos, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar G.F. Tres, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
International Wind Farm Development V, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.	100%

Company dissolved	Holding company of the stake	Percentage of stake of the Group
International Wind Farm Development IV, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.	100%
International Wind Farm Development VI, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.	100%
Convertidor Solar Doscientos Noventa y Nueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos Veinte, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar G.F. Uno S.L.U., Madrid (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos Diecinueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
9REN Services Italia S.r.l. (Italy)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Uno, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
Convertidor Solar Trescientos Sesenta y Ocho, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.	100%
International Wind Farm Development VII, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.	100%
Whitehall Wind, LLC (USA)	Navitas Energy Inc	100%
Navitas Energy Inc (USA)	Siemens Gamesa Renewable Energy Wind Farms, S.A.	94.63%
Navitas Energy Inc (USA)	Siemens Gamesa Renewable Energy USA, INC	2.48%

- The following entities have been sold:

Company sold	Holding company of the stake	Percentage of stake of the Group
Sistemas Energéticos Islas Canarias, S.L.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.	100%
Sanchore Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Bidwal Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Parques Eólicos del Caribe, S.A. (Dominican Republic)	Siemens Gamesa Renewable Energy Wind Farms, S.A.	57.01%
Latur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Pugalur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Jodhpur Wind Farms Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Sistemas Energéticos Alto da Croa, S.A. Unipersonal (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.	100%
Sistemas Energéticos del Umia, S.A. Unipersonal (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.	100%
Sistemas Energéticos Edreira, S.A. Unipersonal (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.	100%

The exclusions from the scope of consolidation are mainly related to companies' dissolutions or to wind farms that were disposed of during the 6-month period ended March 31, 2018 whose net assets are classified as inventories and, therefore, the sale, as indicated in Note 4.A of the Consolidated Financial Statements as of September 30, 2017, are recognised under "Revenue" in the accompanying Interim Condensed Consolidated Statement of Profit and Loss for the 6-month period ended March 31, 2018.

- The name of the following entities has been modified:

Previous Denomination	New denomination
Gamesa Wind US, LLC (USA)	Siemens Gamesa Renewable Energy Wind, LLC (USA)
Gamesa Wind PA, LLC (USA)	Siemens Gamesa Renewable Energy PA, LLC (USA)
Siemens Wind Power Inc (USA)	Siemens Gamesa Renewable Energy Inc. (USA)
Gamesa Energía (Portugal), S.A. (Portugal)	Siemens Gamesa Renewable Energy, S.A. (Portugal)
Siemens Wind Power Limited, Hull (United Kingdom)	Siemens Gamesa Renewables Energy Limited, Hull (United Kingdom)
Gamesa Technology Corporation, INC (USA)	Siemens Gamesa Renewable Energy USA, INC (USA)
Siemens Gamesa Renewable Pty Ltd (Australia)	Siemens Gamesa Renewable Energy Pty Ltd (Australia)
Gamesa Singapore Private Limited (Singapore)	Siemens Gamesa Renewable Energy Singapore Private Limited (Singapore)
Siemens Wind Power, Inc. (Philippines)	Siemens Gamesa Renewable Energy, Inc. (Philippines)
Siemens Wind Power BVBA (Belgium)	Siemens Gamesa Renewable Energy BVBA (Belgium)
Siemens Wind Power B.V. (Netherlands)	Siemens Gamesa Renewable Energy, B.V. (Netherlands)
Siemens Gamesa Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited (India)
Gamesa Australia Pty. Ltd. (Australia)	Siemens Gamesa Renewable Energy Australia Pty Ltd (Australia)
Gamesa Wind Sweden AB (Sweden)	Siemens Gamesa Renewable Energy Sweden AB (Sweden)
Siemens Wind Power Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Sp. z o.o. (Poland)
Siemens Wind Power AB(Sweden)	Siemens Gamesa Renewable Energy AB (Sweden)
Siemens Wind Power Kft. (Hungary)	Siemens Gamesa Renewable Energy Kft. (Hungary)
Siemens Wind Power S.r.l. (Italy)	Siemens Gamesa Renewable Energy Italia S.r.l (Italy)
Siemens Wind Power Private Limited (India)	Siemens Gamesa Renewable Energy Engineering Centre Private Limited (India)
Gamesa Eólica France, S.A.R.L., Saint Priest (France)	Siemens Gamesa Renewable Energy Wind, Saint Priest (France)
Gamesa Wind Bulgaria, EOOD (Bulgaria)	Siemens Gamesa Renewable Energy, EOOD (Bulgaria)
Gamesa Israel, Ltd (Israel)	Siemens Gamesa Renewable Energy Ltd (Israel)
Gamesa (Thailand) Co. Ltd.	Siemens Gamesa Renewable Energy (Thailand) Co. Ltd.
Gamesa Canada ULC (Canada)	Siemens Gamesa Renewable Energy Canada ULC (Canada)
Gamesa Japan K.K. (Japan)	Siemens Gamesa Renewable Energy Japan K.K. (Japan)
Siemens Wind Power Rüzgar Enerjisi Anonim Sirketi (Turkey)	Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey)
Siemens Wind Power, S.L. (Spain)	Siemens Gamesa Renewable Energy Iberica, S.L. (Spain)
Servicios Eólicos Globales S. de R.L. de C.V. (Mexico)	Siemens Gesa Renewables Energy Services S. de R.L. de C.V. (Mexico)
Gamesa Ukraine, LLC (Ukraine)	Siemens Gamesa Renewable Energy, LLC (Ukraine)
Gesa Eólica México, S.A. de C.V. (Mexico)	Siemens Gesa Renewable Energy, S.A. de C.V. (Mexico)
Siemens Gamesa Renewable Energy Wind, Saint Priest (France)	Siemens Gamesa Renewable Energy Wind SARL (France)

Previous Denomination	New denomination
Gamesa Wind Romania, S.R.L. (Romania)	Siemens Gamesa Renewable Energy S.R.L. (Romania)
Gamesa Energy Romania, S.R.L (Romania)	Siemens Gamesa Renewable Energy Wind Farms S.R.L. (Romania)
Gesa Energía, S. de R.L. de C.V. (Mexico)	Siemens Gesa Renewable Energy México, S. de R.L. de C.V. (Mexico)
Gamesa Energía Polska Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Poland Sp. z o.o. (Poland)
Gamesa Chile SpA (Chile)	Siemens Gamesa Renewable Energy Chile SpA (Chile)
Siemens Wind Power LLC (Egypt)	Siemens Gamesa Renewable Energy Egypt LLC (Egypt)
Siemens Gamesa Renewable Energy S.R.L. (Romania)	Siemens Gamesa Renewable Energy Romania S.R.L. (Romania)
Gamesa Ireland Limited (Ireland)	Siemens Gamesa Renewable Energy Ireland Limited (Ireland)
Siemens Gamesa Turkey Renewable Energy Limited Company (Turkey)	Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey)
Siemens Wind Power S.A.C (Peru)	Siemens Gamesa Renewable Energy S.A.C. (Peru)
Gamesa Pakistan Private Limited (Pakistan)	Siemens Gamesa Renewable Energy Private Limited (Pakistan)
Siemens Gamesa Renewables Energy Limited (United Kingdom)	Siemens Gamesa Renewable Energy Limited (United Kingdom)
Siemens Wind Power Limited (Republic of Korea)	Siemens Gamesa Renewable Energy Limited (Republic of Korea)
Siemens Wind Power Limited (Canada)	Siemens Gamesa Renewable Energy Limited (Canada)

### **3. Acquisitions, disposals and discontinued operations**

As described in Note 1.D of the Consolidated Financial Statements for the year ended September 30, 2017, the Merger qualifies for accounting purposes as a reverse acquisition, by which Siemens Wind Power Business will be 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 exchange equity interests, the market share price of GAMESA at the Merger Effective Date is the best indicator of the consideration paid for the assets and liabilities of GAMESA, which has been EUR 22.345 per share (relevant share price as of April 3, 2017). Accordingly, the consideration transferred amounts to EUR 6,203 million.

The assets and liabilities of GAMESA as accounting acquiree, including the assets and liabilities of ADWEN, are included in the Consolidated Financial Statements at their acquisition-date fair values. The following figures result from the Final Purchase Price Allocation as of the acquisition date (Note 2.C): Other intangible assets EUR 2,490 million, Property, plant and equipment EUR 610 million, Trade and other receivables EUR 1,073 million, Inventories EUR 1,099 million, Other financial assets EUR 373 million (current and non-current), Cash and cash equivalents EUR 1,003 million, Other current assets EUR 206 million, Current income tax assets EUR 179 million, Deferred tax assets EUR 478 million, Debt including outstanding financial debt EUR 1,019 million (short term and long term), Trade payables EUR 1,779, million, Other current liabilities EUR 668 million, Other financial liabilities EUR 286 million (current and non-current), Provisions EUR 1,416 million (current and non-current), Current income tax liabilities EUR 117 million and Deferred tax liabilities EUR 798 million. Intangible assets mainly relate to technology of EUR 1,147 million, customer relationships of EUR 958 million and order backlog of EUR 385 million.

Goodwill amounts to EUR 4,714 million and comprises intangible assets that are not separable such as employee know-how and expected synergy effects.

During the second quarter of fiscal year 2018 the allocation of the Goodwill to the different countries and currencies has been performed, based on an external expert report. Due to the significant change in the exchange rate of several currencies since April 3, 2017, especially the Indian Rupee, the calculation of negative currency translation

differences up to March 31, 2018 amounts to EUR 397 million (EUR 365 million negative as of September 30, 2017) (Note 2.C).

The accounting for this business combination has been finished by the date of preparation of these Interim Condensed Consolidated Financial Statements. All adjustments have been done in order to reflect the valuation of the acquired assets and liabilities and within 12 months from the acquisition of GAMESA as required by IFRS 3 "Business Combination" (Note 2.C).

#### **4. Financial risk management policy**

By the nature of its activities, SIEMENS GAMESA Group is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange 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 Group's operational and financial performance. The general conditions for compliance with the Group's Financial Risk Management process are set out through policies approved by the Executive Management. The identification, assessment and hedging of financial risks lies in the responsibility of each business unit.

Given that the Interim Condensed Consolidated Financial Statements do not include all of the information and breakdowns regarding Financial Risk Management that are mandatory for the year ended Financial Statements, they should be read together with the Group's Consolidated Financial Statements for the year ended September 30, 2017.

There have been no changes in any risk management policy since the closing of the year ended September 30, 2017.

The consideration of own credit risk in the measurement of derivatives at March 31, 2018 does not give rise to any significant impact on the measurement of their fair value.

The fair value of the rest of the financial assets and liabilities measured at amortized cost is considered to approximate their carrying value.

#### **5. Key accounting judgments and estimates**

The preparation of the Interim Condensed Consolidated 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, revenues and expenses. Actual results may differ from management's estimates. Estimates and assumptions are reviewed on an ongoing basis, and changes in estimates and assumptions are recognised in the period in which the changes occur and in future periods impacted by such changes. The main accounting principles and policies and measurement methods applied as well as estimates and sources of uncertainty, are disclosed in Notes 4 and 6 of the Consolidated Financial Statements for the year ended September 30, 2017. The estimates with a significant effect on the accompanying Interim Condensed Consolidated Financial Statements are as follows:

- SIEMENS GAMESA Group determines the estimated useful lives and the relevant amortization/depreciation charges for its intangible assets and property, plant and equipment, as disclosed in Notes 4.F and 4.G of the Consolidated Financial Statements for the year ended September 30, 2017. The Group will increase the amortization/depreciation charge where 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.
- SIEMENS GAMESA Group estimates the warranty provisions required for possible repair costs that the Group will incur within the warranty period. Warranty provisions related to wind turbines are generally calculated using estimates regarding the number of component failures (failure rate estimate) and their rectifications costs (Note 4.Q of the Consolidated Financial Statements for the year ended September 30, 2017).



- SIEMENS GAMESA Group has made certain assumptions in order to calculate the liability arising from obligations to employees (Notes 4.R, 4.S and 4.T of the Consolidated Financial Statements for the year ended September 30, 2017). The fair value of those financial instruments granted as share-based payments that are not traded in an active market is determined by using measurement techniques. The Group uses judgments to select a series of methods and to make assumptions that are primarily based on the market conditions existing at each Balance Sheet date. Changes in these assumptions would not have a significant impact on these Interim Condensed Consolidated Financial Statements.
- The allowance for doubtful accounts involves significant management judgement and the review of receivables based on customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio (Note 4.J of the Consolidated Financial Statements for the year ended September 30, 2017).
- Corporate income tax expense is recognised in interim periods based on the best estimate of the average weighted tax rate that the Group expects for the year, in accordance with IAS 34.
- SIEMENS GAMESA Group recognises deferred tax assets only to the extent that their future realisation or utilisation is sufficiently assured. As future developments are uncertain and partly beyond SIEMENS GAMESA Group's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recovered. Estimates are reviewed in the period in which there is sufficient evidence to review the assumption (Note 4.O of the Consolidated Financial Statements for the year ended September 30, 2017).
- The exit of the UK from the European Union triggers an extended period of uncertainty, which adversely impacts future investments in the UK energy market and also increases the uncertainty in the business development of SIEMENS GAMESA in the UK. 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 Interim Condensed Consolidated Financial Statements, e.g. on the recoverability of assets resulting from past investments in the UK.
- In a business combination the acquirer shall measure the identifiable assets acquired and the liabilities assumed (including contingent liabilities) at their acquisition-date fair values. The estimates of the acquisition-date fair values are based on judgement and are determined by using certain measurement techniques, which are also supported by independent third party appraisers.
- SIEMENS GAMESA Group takes into consideration estimates and judgements when recognising revenue from customers pursuant to IFRS 15, mainly related to the following:
  - The criteria established for determining commitment and collectability from the customer: approval, compliance with contractual conditions, effective transfer of goods or services, assessment of the customer's credit risk.
  - The identification of performance obligations in each contract and the determination of the transaction price when the transaction price is not disclosed in the contract (if there is more than one performance obligation) or it is not directly observable.
  - Determining prices when the consideration includes a variable amount; only revenue that is highly probable which will not reverse in the future.
  - For construction projects accounted for using the percentage-of-completion method revenue is recognised as performance on a contract progresses. This method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks, (including technical, political and regulatory risks), and other judgments. Under the percentage-of-completion method, such changes in estimates may lead to an increase or decrease of revenues in the respective reporting period.

- The impairment tests require the estimation of the future development of the businesses and the most appropriate discount rate in each case. SIEMENS GAMESA Group believes that its estimates in this area are adequate and coherent with the current economic environment and they reflect its investment plans and the best estimates available regarding its future revenues and income, and it considers that its discount rates adequately reflect the risks relating to each cash generating unit (Notes 4.E and 4.F of the Consolidated Financial Statements for the year ended September 30, 2017).

Although these estimates on the events analysed were made on the basis of the best information available at March 31, 2018 and September 30, 2017, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related Consolidated Statement of Profit and Loss.

## **6. Dividends paid by the company**

No dividends have been paid during the 6-month period ended March 31, 2018. In April 2017 the Extraordinary Merger Dividend, approved by the General Shareholders' Meeting of GAMESA held on June 22, 2016 amounting to EUR 998.7 million, was paid.

<b>Thousands of euros</b>	<b>06.30.2017 (6-month period)</b>
<b>Dividends paid</b>	
Ordinary shares	998,674
<b>Total Dividends paid</b>	<b>998,674</b>
<b>Dividends charged to share premium</b>	<b>998,674</b>

The General Shareholders' Meeting of SIEMENS GAMESA held on June 20, 2017 approved a dividend amounting EUR 75 million. At June 30, 2017 this dividend was outstanding and was recognised under current liabilities. It was paid in July 2017.

## **7. Segment reporting**

The reportable segments of the SIEMENS GAMESA Group are adapted to the operating configuration of the business units and to the financial and management information used by the executive boards of the Group, being the following in 2018 and also for comparative purposes in 2017:

- Wind Turbines (\*)
- Operation and maintenance

(\*) Wind Turbines includes the manufacturing of wind turbine generators and the development, construction and sale of wind farms (onshore and offshore).

The segments taken into account are the business units, since SIEMENS GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors is also presented in this way.

### **A. INFORMATION BY BUSINESS UNITS**

#### **Revenue**

The breakdown, by segment, of consolidated revenue for the 6-month period ended March 31, 2018 and for the 6-month period ended June 30, 2017 is as follows:

Segments	Thousands of euros	
	03.31.2018 (6-month period)	06.30.2017 (6-month period)
Wind Turbines	3,813,133	3,656,723
Operation and Maintenance	555,400	552,628
<b>Net revenue from continued operations</b>	<b>4,368,533</b>	<b>4,209,351</b>

The performance obligations related to Wind Turbines and Operation and Maintenance contracts are generally satisfied over time.

#### Reconciliation

The reconciliation of ordinary revenues by segment with consolidated ordinary revenues for the 6-month period ended March 31, 2018 and for the 6-month period ended June 30, 2017 is as follows:

Ordinary revenue	Thousands of euros					
	03.31.2018 (6-month period)			06.30.2017 (6-month period)		
	External revenue	Inter-segment revenue	Total revenue	External revenue	Inter-segment revenue	Total revenue
Wind Turbines	3,813,133	-	3,813,133	3,656,723	-	3,656,723
Operation and Maintenance	555,400	-	555,400	552,628	-	552,628
<b>Total</b>	<b>4,368,533</b>	<b>-</b>	<b>4,368,533</b>	<b>4,209,351</b>	<b>-</b>	<b>4,209,351</b>

#### Net income

The breakdown, by segment, of the contribution to the net income after tax for 6-month period ended March 31, 2018 and for the 6-month period ended June 30, 2017 is as follows:

Thousands of euros	03.31.2018 (6-month period)	06.30.2017 (6-month period)
<b>Continuing Operations</b>		
Wind Turbines	7,222	111,534
Operation and Maintenance	81,238	85,410
<b>Total Results of operations of Segments</b>	<b>88,460</b>	<b>196,944</b>
Unassigned results (*)	(21,113)	(12,399)
Corporate income tax	(67,013)	(53,207)
<b>Net income attributable to the Parent Company</b>	<b>334</b>	<b>131,338</b>

(\*) This item includes financial results, results attributable to non-controlling interests and income (loss) from investments accounted for using the equity method.

Structure costs supporting both business units, whose amount is subject to allocation among both segments, are allocated to the business units according mainly to the contribution that each business unit has to the amount of consolidated turnover.

Financial expenses and income, and corporate income tax expense have not been assigned to the operating segments because those concepts are jointly managed by the Group.

Corporate income tax expense is recognised in interim periods based on the best estimate of the average weighted tax rate that the Group expects for the year, in accordance with IAS 34.

The Tax Cuts and Jobs Act, signed into law on 22 December, 2017 established a flat federal corporate income tax rate of 21% to replace previous rates that ranged from 15% to 35%, effective from January 1, 2018. A blended rate for the fiscal year ended September 30, 2018 of 24.53% is applicable for the Group subsidiaries in the United States. The blended rate of 24.53% is based upon a weighted average of the ratio of days in the fiscal year prior to and after enactment in accordance with Internal Revenue Code Section 15.

The corporate Alternative Minimum Tax was repealed. AMT credit carryovers can be used to offset regular tax liability for any taxable year. In addition, the AMT credit is refundable in taxable years beginning after 2017 and before 2022.

The deferred tax assets and liabilities of the group's US subsidiaries have been measured following the entry into effect of the new legislation, and, as a consequence of that, the income tax expense as at March 31, 2018 includes a negative impact, without effect in the cash-flows in the current period, amounting to EUR 38 million.

## B. GEOGRAPHICAL INFORMATION (REVENUE)

In addition, the SIEMENS GAMESA Group currently operates in several geographical markets. The main areas are EMEA (including Spain), AMERICA and APAC. The main countries included in each of those areas are the following:

- EMEA: Denmark, Germany and Great Britain
- AMERICA: USA, Brazil and Mexico
- APAC: India, China and Australia

### Revenue

The breakdown, by geographical segment, of consolidated revenue for the 6-month period ended March 31, 2018 and for the 6-month period ended June 30, 2017 is as follows:

Geographic area	03.31.2018 (6-month period)		06.30.2017 (6-month period)	
	Thousands of euros	%	Thousands of euros	%
Spain	192,985	4.4%	46,492	1.1%
EMEA	2,013,654	46.1%	2,665,558	63.3%
AMERICA	1,176,238	26.9%	1,094,443	26.0%
APAC	985,656	22.6%	402,858	9.6%
	<b>4,368,533</b>	<b>100%</b>	<b>4,209,351</b>	<b>100%</b>

## 8. Goodwill

The allocation of Goodwill by segments at March 31, 2018 and September 30, 2017 is as follows:

Thousands of euros	03.31.2018	09.30.2017 (Note 2.C)
"Wind Turbines" segment	1,775,842	1,811,607
"Operation and Maintenance" segment	2,705,631	2,760,136
	<b>4,481,473</b>	<b>4,571,743</b>

The goodwill impairment test is performed at the level of the segments, "Wind Turbines" and "Operation and Maintenance", since they are both the smallest identifiable groups of assets that the Group's directors monitor, and they are consistent with the segments identified in Note 7. The impairment analysis policies applied by the Group for intangible assets and goodwill in particular, are described in Notes 4.E and 4.F of the Consolidated Financial Statements for the year ended September 30, 2017.

At March 31, 2018 there were no significant changes to the estimates set out in Note 9 of the Consolidated Financial Statements for the year ended September 30, 2017 with respect to the recovery of the goodwill that could negatively affect the segments.

## **9. Other intangible assets**

During the 6-month periods ended March 31, 2018 and June 30, 2017, the main increase in the capitalized development costs is due to the development of new wind turbine models, software and the optimization of the components' performance for an amount of EUR 58 million and EUR 62 million respectively. During the 6-month period ended March 31, 2018 these additions are mainly in Denmark and in Spain amounting to EUR 45 million and EUR 13 million, respectively, and during the 6-month period ended June 30, 2017 they were mainly in Denmark amounting to EUR 26 million.

Acquired technology includes technologies identified in line with the Merger valued on platform basis in amount of EUR 977 million as of March 31, 2018 (EUR 1,060 million as of September 30, 2017). The fair value at the Merger effective date of technology identified in line with the Merger amounted to EUR 1,147 million. The remaining useful life for these intangible assets, depending on the different platform types, is between 4.00 and 19.00 years (in average 7.51 years).

The fair value of customer relationships identified in line with the Merger amounted to EUR 958 million at the Merger effective date. The remaining useful life depends on the business segment for which the customer relationship has been identified: 5.01 years on average for the Wind Turbine segment and 18.91 years on average for the Operation and Maintenance segment.

Furthermore, an order backlog in amount of EUR 385 million at the Merger effective date (Note 2.C) has been identified in line with the Merger. The remaining useful life depends on the individual contracts and is 0.25 years on average for the Wind Turbine segment and between 2.75 and 18.75 years (15,98 years in average) for the Operation and Maintenance segment.

The carrying amount of customer relationships and order backlog as of March 31, 2018 is EUR 998 million (EUR 1,145 million as of September 30, 2017).

Research and development expenses not capitalised during the 6-month periods ended March 31, 2018 and June 30, 2017 amount to EUR 89 million and EUR 102 million, respectively.

As of March 31, 2018 and September 30, 2017, there were not significant contractual commitments for the acquisition of intangible assets.

During the 6-month period ended March 31, 2018 there have been no significant changes to the estimates included in the Financial Statements for the year ended September 30, 2017 with respect to the recoverability of capitalized development costs.

## **10. Property, plant and equipment**

The acquisitions of Property, plant and equipment in the 6-month period ended March 31, 2018 amount to EUR 108 million and are mainly related to the normal maintenance capital expenditure in Denmark, Spain and Germany. In the 6-month period ended June 30, 2017 property, plant and equipment amounting EUR 868 million (EUR 626 million were additions through the SIEMENS GAMESA Merger) was acquired and, excluding the effect of the Business Combination, was mainly related to the investments in new manufacturing plants in Germany (Cuxhaven) and Morocco (Tangier).

At March 31, 2018, the SIEMENS GAMESA Group companies had property, plant and equipment purchase commitments amounting to EUR 74 million approximately (EUR 76.5 million at September 30, 2017), which are mainly related to production facilities for new developments of wind facilities and its components.

During the 6-month period ended March 31, 2018 no significant impairments in the value of SIEMENS GAMESA Group's property, plant and equipment have been identified.

## 11. Investments carried under the equity method

The breakdown of the investments carried under the equity method of the SIEMENS GAMESA Group at March 31, 2018 and September 30, 2017 is as follows:

Company	Shareholding %	Thousands of euros	
		03.31.2018	09.30.2017
Windar Renovables, S.L.	32%	65,809	64,900
Nuevas Estrategias de Mantenimiento, S.L.	50%	4,154	4,638
Others	-	3,888	4,071
<b>Total</b>		<b>73,851</b>	<b>73,609</b>

The changes occurred during the 6-month periods ended March 31, 2018 and June 30, 2017 are as follows:

	Thousands of euros
<b>Balance at October 1, 2017</b>	<b>73,609</b>
Profit for the 6-month period	884
Other changes	(642)
<b>Balance at March 31, 2018</b>	<b>73,851</b>
<b>Balance at December 31, 2016</b>	<b>-</b>
First time consolidation of GAMESA on April 3, 2017	74,340
Profit for the 6-month period	(429)
Other changes	(775)
<b>Balance at June 30, 2017</b>	<b>73,136</b>

### A. FINANCIAL INFORMATION RELATED TO JOINT VENTURES

The Condensed Consolidated Financial Information at March 31, 2018 and at September 30, 2017 (at 100% and before intercompany eliminations) related to the most significant joint ventures carried under the equity method is as follows:

Nuevas estrategias de Mantenimiento, S.L.	Thousands of euros	
	03.31.2018	09.30.2017
Total current assets	4,948	4,973
Total non-current assets	821	894
<b>TOTAL ASSETS</b>	<b>5,769</b>	<b>5,867</b>
Total current liabilities	729	535
Total non-current liabilities	563	608
Total equity	4,477	4,724
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,769</b>	<b>5,867</b>

Nuevas Estrategias de Mantenimiento, S.L.	Thousands of euros	
	03.31.2018	09.30.2017
<b>Profit and Loss information</b>		
Income from ordinary activities	2,380	2,756
Net profit from continued operations	(247)	64

Nuevas Estrategias de Mantenimiento, S.L.	Thousands of euros	
	03.31.2018	09.30.2017
<b>Balance sheet information</b>		
Cash and cash equivalents	2,288	2,298
Current financial liabilities	560	-
Non-current financial liabilities	563	608

During the 6-month period ended March 31, 2018 and ended June 30, 2017 no dividends were received from this company.

## B. FINANCIAL INFORMATION RELATED TO ASSOCIATED COMPANIES

The Condensed Consolidated Financial Information at March 31, 2018 and at September 30, 2017 (at 100% and before intercompany eliminations) related to the most significant associated companies carried under the equity method is as follows:

Windar Renovables, S.L. and subsidiaries	Thousands of euros	
	03.31.2018	09.30.2017
Total current assets	152,509	158,727
Total non-current assets	74,644	77,321
<b>Total Assets</b>	<b>227,153</b>	<b>236,048</b>
Total current liabilities	118,425	122,483
Total non-current liabilities	15,254	22,934
Total equity	93,474	90,631
<b>Total Equity and Liabilities</b>	<b>227,153</b>	<b>236,048</b>

Windar Renovables, S.L. and subsidiaries	Thousands of euros	
	03.31.2018	09.30.2017
<b>Profit and Loss information</b>		
Income from ordinary activities	90,717	93,855
Net profit from continued operations	4,299	2,307

During the 6-month period ended March 31, 2018 and June 30, 2017 no dividends were received from this company.

The book value of the net investment in Windar Renovables, S.L. at March 31, 2018 and September 30, 2017 amounts to EUR 66 million and EUR 65 million, respectively, and it includes the capital gain which emerged at the moment of the acquisition of the investment in the associate (EUR 35 million approximately, representing the difference between the total consideration given and the share of the entity's book value at the time of the acquisition as of April 3, 2017).

## 12. Financial instruments by category

### A. COMPOSITION AND BREAKDOWN OF FINANCIAL ASSETS

The breakdown of the Group's financial assets at March 31, 2018 and September 30, 2017, presented by nature and category for measurement purposes is as follows:

03.31.2018	Thousands of euros						Total
	Other financial assets at fair value through P&L	Available-for-sale financial assets	Loans, Receivables and others	Held-to-maturity investments	Hedge derivatives		
Derivatives	-	-	-	-	56,409	56,409	
Other financial assets	-	-	91,214	-	-	91,214	
<b>Short-term / Current</b>	-	-	<b>91,214</b>	-	<b>56,409</b>	<b>147,623</b>	
Derivatives	-	-	-	-	110,552	110,552	
Other financial assets	-	28,897	118,675	-	-	147,572	
<b>Long-term / Non-current</b>	-	<b>28,897</b>	<b>118,675</b>	-	<b>110,552</b>	<b>258,124</b>	
<b>Total</b>	-	<b>28,897</b>	<b>209,889</b>	-	<b>166,961</b>	<b>405,747</b>	

09.30.2017	Thousands of euros						Total
	Other financial assets at fair value through P&L	Available-for-sale financial assets	Loans and Receivables and others (Note 2.C)	Held-to-maturity investments	Hedge derivatives		
Derivatives	-	-	-	-	78,677	78,677	
Other financial assets	-	-	96,992	-	-	96,992	
<b>Short-term / Current</b>	-	-	<b>96,992</b>	-	<b>78,677</b>	<b>175,669</b>	
Derivatives	-	-	-	-	80,172	80,172	
Other financial assets	-	26,935	138,725	-	-	165,660	
<b>Long-term / Non-current</b>	-	<b>26,935</b>	<b>138,725</b>	-	<b>80,172</b>	<b>245,832</b>	
<b>Total</b>	-	<b>26,935</b>	<b>235,717</b>	-	<b>158,849</b>	<b>421,501</b>	

The principles, accounting policies and measurement criteria applicable to the financial assets are described in the Note 4.J of the Consolidated Financial Statements for the year ended September 30, 2017.

### B. COMPOSITION AND BREAKDOWN OF FINANCIAL LIABILITIES

The breakdown of the Group's financial liabilities at March 31, 2018 and September 30, 2017, presented by nature and category for measurement purposes is as follows:



Thousands of euros				
03.31.2018				
Financial liabilities: Nature / Category	Other financial liabilities at fair value through P&L	Creditors, payables and others	Hedge derivatives	Total
Financial debt	-	1,171,893	-	1,171,893
Derivatives	-	-	72,433	72,433
Other financial liabilities	-	6,047	-	6,047
<b>Short-term / Current</b>	-	<b>1,177,940</b>	<b>72,433</b>	<b>1,250,373</b>
Financial debt	-	444,845	-	444,845
Derivatives	-	-	12,949	12,949
Other financial liabilities	-	162,307	-	162,307
<b>Long-term / Non-current</b>	-	<b>607,152</b>	<b>12,949</b>	<b>620,101</b>
<b>Total</b>	-	<b>1,785,092</b>	<b>85,382</b>	<b>1,870,474</b>

Thousands of euros				
09.30.2017				
Financial liabilities: Nature / Category	Other financial liabilities at fair value through P&L	Creditors, payables and others	Hedge derivatives	Total
Financial debt	-	797,018	-	797,018
Derivatives	-	-	82,913	82,913
Other financial liabilities	-	13,354	-	13,354
<b>Short-term / Current</b>	-	<b>810,372</b>	<b>82,913</b>	<b>893,285</b>
Financial debt	-	485,116	-	485,116
Derivatives	-	-	15,297	15,297
Other financial liabilities	-	185,691	-	185,691
<b>Long-term / Non-current</b>	-	<b>670,807</b>	<b>15,297</b>	<b>686,104</b>
<b>Total</b>	-	<b>1,481,179</b>	<b>98,210</b>	<b>1,579,389</b>

### C. CATEGORY OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The analysis of the financial instruments, which at March 31, 2018 and September 30, 2017 were measured at fair value subsequent to their initial recognition, grouped by categories from 1 to 3, depending on the system for computing the fair value, is provided as follows:

- Category 1: the fair value is obtained from directly observable quoted prices in active markets for identical assets and liabilities.
- Category 2: the fair value is determined using observable market inputs other than the quoted prices included in category 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).
- Category 3: the fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

Thousands of euros	Fair value at March 31, 2018			
	Category 1	Category 2	Category 3	Total
<b>Current Financial Assets</b>				
Derivatives	-	56,409	-	56,409
<b>Non-current Financial Assets</b>				
Derivatives	-	110,552	-	110,552
<b>Current Financial Liabilities</b>				
Derivatives	-	(72,433)	-	(72,433)
<b>Non-current Financial Liabilities</b>				
Derivatives	-	(12,949)	-	(12,949)
<b>Total</b>	<b>-</b>	<b>81,579</b>	<b>-</b>	<b>81,579</b>

Thousands of euros	Fair value at September 30, 2017			
	Category 1	Category 2	Category 3	Total
<b>Current Financial Assets</b>				
Derivatives	-	78,677	-	78,677
<b>Non-current Financial Assets</b>				
Derivatives	-	80,172	-	80,172
<b>Current Financial Liabilities</b>				
Derivatives	-	(82,913)	-	(82,913)
<b>Non-current Financial Liabilities</b>				
Derivatives	-	(15,297)	-	(15,297)
<b>Total</b>	<b>-</b>	<b>60,639</b>	<b>-</b>	<b>60,639</b>

Derivative financial instruments consist on forward exchange rate contracts, interest rate swaps and raw material swaps (electricity):

- Interest rate swaps:

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

- Forward exchange rate contracts:

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

- Raw material swaps (electricity):

Raw material swaps are measured at fair value using the prices and interests from observable yield curves. The fair value of raw material swap contracts is calculated by discounting the estimated cash flows using the future prices at the closing date.

The effects of discounting have not been significant for category 2 financial instruments.

There have been no transfers in between the fair value levels during the 6-month periods ended March 31, 2018 and June 30, 2017.

The SIEMENS GAMESA Group uses derivatives as foreign currency hedges to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. In addition, the Group designates hedges for the exchange rate risk deriving from certain intragroup monetary transactions carried out by companies with different functional currencies. At March 31, 2018 and September 30, 2017 the total nominal value hedged by exchange rate hedges is as follows:

Currency	Thousands of euros	
	03.31.2018	09.30.2017
Danish Krone	2,621,504	3,862,446
Sterling Pound	561,204	524,591
US Dollar	278,311	153,381
Chinese Yuan	154,289	140,859
Norwegian Krone	143,083	59,553
Indian Rupee	114,719	115,867
Japanese Yen	62,824	42,721
Canadian Dollar	36,847	58,144
Swedish Krona	34,996	52,891
Australian Dollar	19,997	31,737
Moroccan Dirham	13,294	19,219
Romanian Leu	12,370	11,406
Brazilian Real	12,013	14,795
South African Rand	11,703	8,038
Turkish Lira	9,687	20,710
Mexican Peso	9,297	12,381
Others	38,889	56,113
<b>Total</b>	<b>4,135,027</b>	<b>5,184,852</b>

In addition, the SIEMENS GAMESA Group enters into interest rate hedges in order to mitigate the effect of interest rate fluctuations on future cash flows from loans tied to variable interest rates. At March 31, 2018 and September 30, 2017, the nominal value of the liabilities hedged by interest rate hedges amounted to EUR 210,000 thousands and EUR 217,260 thousands, respectively.

The main features of the interest rate hedges are as follows:

03.31.2018	Hedge estimated maturity (Nominal value in thousands of euros)	
	2018	2019 and subsequent
Interest rate hedges	-	210,000

03.31.2018	Estimated cash-flows in the period (Thousands of euros)	
	2018	2019 and subsequent
Interest rate hedges	(626)	(887)

09.30.2017	Hedge estimated maturity (Nominal value in thousands of euros)	
	2018	2019 and subsequent
Interest rate hedges	1,120	216,140

09.30.2017	Estimated cash-flows in the period (Thousands of euros)	
	2018	2019 and subsequents
Interest rate hedges	(1,301)	(686)

#### Financial debt

During the 6-month period ended March 31, 2018, SIEMENS GAMESA has not drawn any additional amount from the syndicated loan renewed in December, 2016. The characteristics of this syndicate loan were explained in the Note 21 of the Consolidated Financial Statements for the year ended September 30, 2017.

As of March 31, 2018, the SIEMENS GAMESA Group companies had been granted loans and had drawn from credit facilities that accounted for 45% (48% at September 30, 2017) of the total financing granted to them, maturing between 2018 and 2026 and bearing weighted average interest at Euribor plus a market spread. The loans outstanding at March 31, 2018 bore an annual weighted average interest of approximately 1.80% (2.21% at September 30, 2017).

At March 31, 2018 the companies of the Group were using loan agreements amounting to EUR 280 million (EUR 424 million at September 30, 2017) with certain obligations, as the compliance with financial ratios throughout the life of the agreement relating to the capacity to generate resources in the operations, to the debt level and financial duties. Also, these arrangements establish certain limits to the arrangement of additional borrowings and to the distribution of dividends, as well as other additional conditions. Not meeting these contractual conditions would enable the banks to demand early repayment of the related amounts. At March 31, 2018, the established financial ratios are met and the Group estimates that they will continue to be met in the future.

#### Financial asset impairment

During the 6-month periods ended March 31, 2018 and June 30, 2017 no significant impairment of SIEMENS GAMESA's financial assets has been detected.

### **13. Inventories**

The breakdown of "Inventories" at March 31, 2018 and September 30, 2017 is as follows:

Thousands of euros	03.31.2018	09.30.2017 (Note 2.C)
Raw materials and supplies	742,015	765,158
Work in progress and finished goods	1,177,393	1,489,573
Advances for inventories	121,120	125,735
Inventory write-downs	(235,841)	(284,473)
<b>Total</b>	<b>1,804,687</b>	<b>2,095,993</b>

### **14. Cash and other cash equivalents**

The breakdown of "Cash and Cash Equivalents" at March 31, 2018 and at September 30, 2017 is as follows:

Thousands of euros	03.31.2018	09.30.2017
Cash	699,415	749,850
Cash in foreign currency	556,303	585,609
Liquid assets; initial maturity less than three months	248,661	324,009
<b>Total</b>	<b>1,504,379</b>	<b>1,659,468</b>

“Cash and cash equivalents” includes mainly the Group's cash and short-term bank deposits with an initial maturity of three months or less. Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of these balances.

## **15. Equity of the Parent Company**

### **A. ISSUED CAPITAL**

The Share capital of SIEMENS GAMESA Renewable Energy, S.A. at March 31, 2018 and September 30, 2017 amounts 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 at March 31, 2018 and September 30, 2017 was as follows:

	<b>% Shareholding 03.31.2018</b>	<b>% Shareholding 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% through Siemens Beteiligungen Inland GmbH.

(\*\*) All with an ownership interest of less than 3% and there are no significant shareholders according to article 32 of the Royal Decree 1362/2007 of October 19 on shareholders requirement to notify their stake due to the residence in a tax haven or in a country of zero taxation or with no effective exchange of tax information.

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

### **B. TREASURY SHARES**

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 the first 6-month period ended March 31, 2018 and June 30, 2017, is as follows:

	<b>Number of shares</b>	<b>Thousands of euros</b>
<b>Balance at October 1, 2017</b>	<b>1,707,508</b>	<b>(21,505)</b>
Acquisitions	13,693,876	(163,126)
Disposals	(13,740,385)	163,425
<b>Balance at March 31, 2018</b>	<b>1,660,999</b>	<b>(21,206)</b>
<b>Balance at December 31, 2016</b>	-	-
First time consolidation at April 3, 2017	<b>1,674,209</b>	<b>(37,410)</b>
Acquisitions	4,562,229	(91,231)
Disposals	(4,600,909)	96,154
<b>Balance at June 30, 2017</b>	<b>1,635,529</b>	<b>(32,487)</b>

The nominal value of the treasury shares acquired directly or indirectly by SIEMENS GAMESA, together with those already held by SIEMENS GAMESA and its subsidiaries do not exceed 10% of share capital at March 31, 2018 and September 30, 2017.

Movements in treasury shares during the 6-month period ended March 31, 2018 are mainly related to the liquidity agreement signed on July 10, 2017 with Santander Investment Bolsa described in Note 19.E of the Consolidated Financial Statements for the year ended September 30, 2017.

### Long term incentive

The General Shareholders' Meeting held on March 23, 2018 has 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 three 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 five years divided into three independent cycles with a measurement period of three years each.

The number of employees entitled to the plan's first cycle amounts to 174. The cost of the plan will be recorded starting in the third quarter of fiscal year 2018.

## **16. Provisions**

The breakdown of current and non-current provisions at March 31, 2018 and September 30, 2017 is indicated as follows:

<b>Thousands of euros</b>	<b>03.31.2018</b>	<b>09.30.2017 (Note 2.C)</b>
<b>Current provisions</b>		
Warranties	567,493	567,653
Order related losses and risks and others	162,826	201,382
<b>Total current provisions</b>	<b>730,319</b>	<b>769,035</b>
<b>Non-Current provisions</b>		
Warranties	1,517,748	1,543,545
Order related losses and risks and others	216,140	290,578
<b>Total non-current provisions</b>	<b>1,733,888</b>	<b>1,834,123</b>
<b>Total</b>	<b>2,464,207</b>	<b>2,603,158</b>

Provisions are recognised if the SIEMENS GAMESA Group has a present legal or constructive obligation as a result of past events, which will lead to a probable outflow in the future of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the present value of the expenditure required to settle the present obligation. The majority of the provisions of the Group are generally expected to result in cash outflows during the next 1 to 10 years, but in exceptional technical issues could reach beyond that time frame.

### Warranties

Warranty provisions are related to repair and replacement costs resulting from component defects or functional errors, which are covered by SIEMENS GAMESA Group during the warranty period. In addition to this, non-recurring provisions derived from various factors, such as customer complaints and quality issues that, in general, relate to situations in which the expected failure rates are above normal levels, are recorded.

The change in these provisions during the 6-month period is fundamentally the result of recurring re-estimation of warranty provisions due to the normal course of the business, as well as the application of the provisions for its intended purpose.

### Order related losses and risks and others

SIEMENS GAMESA recognises provisions for order related losses and risks when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In this regard, in relation to loss incurring contracts, the amount as at March 31, 2018 and September 30, 2017 includes,

fundamentally, expected losses of onerous contracts signed in previous years by a SIEMENS GAMESA Group subsidiary (Adwen) for the construction of an offshore wind farm in northern Europe.

Other provisions include, among others, provisions for legal proceedings or personnel-related provisions.

During the 6-month period ended March 31, 2018 there were no significant changes in the provisions recognised at September 30, 2017 with respect to liabilities arising from litigation in progress and indemnities, obligations, guarantees or other security deposits for which the Group is legally responsible.

## **17. Directors and executives remuneration and other compensations**

Notes 31 and 32 of the Group's Consolidated Financial Statements for the year ended September 30, 2017 provides details of the existing agreements regarding compensation for members of Board of Directors and Senior Executives, respectively.

A summary of the most significant information regarding the remuneration and benefits for the 6-month periods ended March 31, 2018 and June 30, 2017 is set out below:

Thousands of euros	03.31.2018 (6-month period)	06.30.2017 (6-month period) (*)
<b>Members of the Board of Directors:</b>		
<b>Type of remuneration:</b>		
Fixed compensation	1,128	502
Annual variable compensation	349	142
Long-term variable compensation	-	1,000
Attendance allowances	255	156
<b>Others</b>	<b>31</b>	<b>2,979</b>
<b>Total</b>	<b>1,763</b>	<b>4,779</b>
<b>Senior Executives</b>		
Salary and other short-term compensation	5,332	3,231
<b>Total</b>	<b>7,095</b>	<b>8,010</b>

(\*)Siemens Wind Power had no equivalent Board of Directors and had a different management structure before the Merger with GAMESA (April 3, 2017).

The concept of Others at March 31, 2018 corresponds to (i) the amount of the premiums paid for the coverage of death and disability insurances amounting to EUR 11 thousands (EUR 4 thousands at June 30, 2017); (ii) the allocation of the Group insurance for executives, directors and other employees in amount of EUR 20 thousands (EUR 10 thousands at June 30, 2017); and (iii) contract termination costs amounted to EUR 2,965 thousands at June 30, 2017.

No advances or loans were granted to current or former Board members and there are no pension obligations to them. Additionally, the CEO is entitled to join a supplementary pension scheme, which will be formalised in the coming months. On the other hand, he was awarded share plans granting rights over shares of Siemens AG. Likewise, he is entitled to certain complementary incentive. In both cases, the cost will be borne by Siemens AG.

Finally, the current CEO has a contractual agreement to receive financial compensations 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.

The remuneration of Senior Management disclosed above does not include the provision charges recognised for the 2016-17 incentive of which members of the Senior Management are beneficiaries. During the current reporting period, those charges amount to EUR 157 thousands (EUR 184 thousands at June 30, 2017). This remuneration will

be effective according to the rules of this incentive, which in general establish the payment during this and next year, once the measurement has been finished by governing bodies.

Certain senior managers are entitled to join a supplementary pension scheme, which will be formalised in the coming months.

On the other hand, certain senior managers were awarded share plans granting rights over shares of Siemens AG. Likewise, they are entitled to certain complementary incentive. In both cases, the cost will be borne by Siemens AG.

Related to the Senior Management compensations due to labour relationship early termination, the planned policy agreed by the Company is a payment of a maximum of his/her annual fixed cash compensation at the termination date, without prejudice, in any case of pre-existing conditions and the amount that corresponds when applying the labour rules if greater.

In the 6-month periods ended March 31, 2018 and June 30, 2017 there were no transactions with Senior Management other than those carried out in the ordinary course of the business.

### **18. Related party transactions**

All the significant transactions between the consolidated companies during the period were eliminated in consolidation. The breakdown of the transactions for the 6-month periods ended March 31, 2018 and June 30, 2017 with related parties which were not eliminated in consolidation is as follows:

<b>6-month period ended 03.31.2018</b>	<b>Thousands of euros</b>	
	<b>Sales and services rendered</b>	<b>Purchases and services received</b>
Siemens Group	932	301,282
Iberdrola Group	236,836	4,208
Windar Renovables	691	34,777
VejaMate Offshore Project GmbH	38,631	-
Galloper Wind Farm Limited	202,628	676
ZeeEnergie C.V., Amsterdam	7,556	-
Buitengaats C.V., Amsterdam	7,556	-
OWP Butendiek GmbH & Co. KG	16,361	-
Others	318	-
<b>Total</b>	<b>511,509</b>	<b>340,943</b>

<b>6-month period ended 06.30.2017</b>	<b>Thousands of euros</b>	
	<b>Sales and services rendered</b>	<b>Purchases and services received</b>
Siemens Group	1,444	318,145
Iberdrola Group	310,819	1,353
Windar Renovables	48	32,491
VejaMate Offshore Project GmbH	645,699	-
Galloper Wind Farm Limited	442,951	-
ZeeEnergie C.V., Amsterdam	25,811	-
Buitengaats C.V., Amsterdam	25,811	-
Others	24,206	-
<b>Total</b>	<b>1,476,789</b>	<b>351,989</b>

All transactions with related parties were carried out under market conditions.



## **A. TRANSACTIONS WITH SIEMENS GROUP**

### Goods and services purchased

On June 17, 2016, SIEMENS GAMESA Renewable Energy, S.A. (then “Gamesa Corporación Tecnológica, S.A.”) 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 to SIEMENS GAMESA. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 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 (3) years (until April 3, 2020). The award system warrants 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 Renewable Energy, S.A. (at that time, “Gamesa Corporación Tecnológica, S.A.”), and Siemens Aktiengesellschaft (Siemens) entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the Siemens brand in its company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 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. Accordingly, in the event of change of control, license would expire subject to certain transition periods to discontinue the use of the name and trademark SIEMENS.

Dated on April 28, 2017 Gamesa Corporación Tecnológica, S.A. 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 governing 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 Renewable Energy, S.A. and Siemens Wind HoldCo, S.L. (sole shareholder company), the Siemens Group will have and grant certain warranties with regard to the joint venture. The above agreements may be terminated and their applicable terms granted may be amended should a change of control take place.

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

During the reporting period, the SIEMENS GAMESA Group has purchased supplies for the construction of Wind Turbines from Siemens Group, mainly from the Siemens “Process Industries and Drives” and “Energy Management” Divisions. In addition, Siemens Group has provided services to SIEMENS GAMESA Group based on transitional service agreements such as tax, human resources, legal and treasury services.

### Warranties provided by Siemens Group

As at March 31, 2018, Siemens Group has provided warranties to third parties for the performance of the SIEMENS GAMESA Group amounting to EUR 20,633 million (September 30, 2017 EUR 20,850 million).

### 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 AG. Siemens AG 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 was not significant in the periods presented.

## Hedging

The Group's hedging activities are partially performed via Siemens AG and Siemens Capital Company LLC on an arm's length basis. The consideration is based on the normal market rates. The related receivables and payables are disclosed in the lines "Other (current) financial assets and liabilities".

## Insurance programme

At the end of September 2017, SIEMENS GAMESA, as a company member of the Siemens Group, has adhered, with an effective date from October 1, 2017, to the Siemens Group insurance program, which includes all-risk property damages insurance policies, civil liability insurance policies, transport, chartering of ships and all-risk construction insurance policies. If SIEMENS GAMESA lost its status as a company member of Siemens AG Group, it would lose its right to adhere the aforementioned insurance program.

## **B. AGREEMENTS RELATING 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. have assumed the following commitments:

- Iberdrola, S.A. shall acquire from 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 GAMESA Group under the framework agreement totals 3,800 MW, whichever occurs first.

- 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 Iberdrola's business.

Once the framework agreement with Iberdrola for the maintenance of wind farms in the Iberian Peninsula has finished, Iberdrola's tendering process for the maintenance of a large portion of its wind farms in the Iberian Peninsula has recently concluded, with the result of SIEMENS GAMESA being awarded with 1,265 MW for a period of two years plus another optional year.

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

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

At 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.

Currently, negotiations are ongoing with Iberdrola Group for the installation and activation of the "Energy Thrust" product in 941 Wind Turbines of the Avangrid Fleet.

### C. 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 power supply agreement with Windar Renovables, S.L. The conditions for transactions with associates are equivalent to those carried out with independent parties.

#### **19. Average number of employees**

The average number of employees for the 6-month periods ended March 31, 2018 and June 30, 2017 is as follows:

<b>Average number of employees</b>	<b>03.31.2018 (6-month period)</b>	<b>06.30.2017 (6-month period)</b>
Male	19,812	17,024
Female	4,395	3,804
<b>Total</b>	<b>24,207</b>	<b>20,828</b>

On November 6, 2017 SIEMENS GAMESA Group announced a global restructuring plan affecting up to 6,000 workforce positions in 31 countries in order to prepare the company to lead the future of the global Wind Power business. To achieve this, SIEMENS GAMESA Group has needed to take appropriate measures to enhance competitiveness, be better equipped for the changing demands of the customers and to establish a lean and agile set-up, driven by the integration of legacy structures.

During the 6-month period ended March 31, 2018, SIEMENS GAMESA Group has recognized personnel restructuring costs amounting to EUR 67 million related, among others, to the execution of its voluntary redundancy scheme in Spain, as well as the closure of the plant of Miranda de Ebro (Burgos) in total amount of EUR 44 million for both. Other main countries affected by the restructuring plan are Denmark, USA and Canada.

#### **20. Subsequent events**

There are no significant subsequent events until the preparation date of these Interim Condensed Consolidated Financial Statements, except for the agreement in April 2018 of the restructuring plan mainly at the Hamburg and Bremen locations, which will impact the consolidated results of coming quarters.

#### **21. Explanation added for translation to English**

These Interim Condensed Consolidated Financial Statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries.

# MANAGEMENT REPORT

## SGRE INTERIM MANAGEMENT REPORT

The comparable figures for previous periods have been calculated on a proforma basis, as if the merger transaction had already occurred before the period used for comparison purposes, including full consolidation of Adwen, standalone savings and normalization adjustments.

### 1. COMPANY'S EVOLUTION DURING THE YEAR

#### STRONG COMMERCIAL PERFORMANCE. FIRST-HALF RESULTS IN LINE WITH THE GUIDANCE FOR 2018

Siemens Gamesa Renewable Energy<sup>1</sup>'s financial performance in the first half of the year was in line with the guidance issued to the market for 2018, a year in which results are expected to improve steadily due to the first synergies and restructuring. Group revenues amounted to €4,369 million in the first half, with EBIT before PPA and integration and restructuring costs amounting to €322 million, i.e. an EBIT margin of 7.4%. Revenues in the second quarter of 2018 amounted to €2,242 million, with EBIT before PPA, integration and restructuring amounting to €189 million, i.e. an EBIT margin of 8.4%. The net debt position at end-March was €112 million, and working capital amounted to €263 million, i.e. 2.8% of LTM revenues.

Commercial activity continued to gain in strength in the second quarter of 2018, bringing the order book up to €22,041 million at the end of March 2018, i.e. practically in line with the figure at end-March 2017, which marked the peak of the previous cycle in the wind market. That order book enabled the group to end March 2018 with 100%<sup>2</sup> coverage of the sales guidance for the current year. A total of 2.5 GW of orders were signed for Onshore WTGs, i.e. 54%<sup>3</sup> more than in the second quarter of 2017, with the book-to-bill ratio reaching<sup>4</sup> 1.8x. Order intake for onshore (in MW) exceeded the record intake registered in the first quarter of 2015<sup>3</sup>. Offshore WTG order intake was more volatile; firm contracts were signed for 328 MW in the second quarter of 2018, together with a preferred supplier agreement with Ørsted to develop the world's largest offshore wind farm to date: 1,386 MW. The Services order book expanded by 2%<sup>3</sup> year-on-year to €10,524 million.

The pattern of intense activity seen in the first quarter of 2018 continued in the second quarter. Between October and December 2017, integration work focused on the product area: the group made major decisions, such as the "one segment, one technology" strategy and simplification of the product line, it began commercialising wind turbine generators with 20% higher AEP<sup>5</sup>, such as the SG 4.2-145 (Onshore) and SG 8.0-167 DD (Offshore), and expanded the range of value-added services such as useful life extensions and retrofits to increase AEP, in the multi-technology segment. In the second quarter, from January to March 2018, the company launched the L3AD 2020 programme, which was presented to the financial community on 15 February during the Capital Markets Day; the programme pursues a leading position focusing

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<sup>1</sup> Siemens Gamesa Renewable Energy (Siemens Gamesa) is the result of merging Siemens Wind Power, which is the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The group engages in wind turbine development, manufacture and sale (Wind Turbine segment) and provides operation and maintenance services (Services segment).

<sup>2</sup> Sales coverage: total firm orders (€) at end-March 2018 for activity in 2018/sales guidance published for 2018 (€9.0-9.6 billion). Existing orders cover 100% of the low end of the range.

<sup>3</sup> Variations in firm order intake and in the order book between and within years are calculated using pro-forma figures for 2017 (and previous years) obtained by adding the respective figures from Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

References to order intake and order book prior to the merger refer to pro-forma figures calculated in the same way.

<sup>4</sup> Book-to-bill (MW): order intake in MW divided by activity in MWe (applicable at group, business unit and segment level).

<sup>5</sup> Annual Energy Production

# MANAGEMENT REPORT

on four areas: above-market growth, transformation (costs), technology and digitalisation, and change management. During the Capital Markets Day, the company also presented its financial targets for 2018-2020, including notably: faster-than-market growth; 8-10% operating profitability before PPA and integration and restructuring costs; positive cash flow in every year of the plan; all with the goal of attaining 8%-10% ROCE and distributing 25% of reported net profit as dividends each year.

## Main consolidated figures for January-March 2018

- **Revenues<sup>6</sup>**: €2.242 bn (-29% y/y)
- **EBIT before PPA and restructuring and integration costs<sup>7</sup>**: €189 mn (-40% y/y)
- **Net profit before PPA and restructuring and integration costs<sup>8</sup>**: €133 mn
- **Net profit**: €35 mn
- **Net financial debt (NFD)/(Net cash)<sup>9</sup>**: €112 mn
- **MWe sold**: 1,830 MWe (-38% y/y)
- **Firm wind turbine order intake**: 2,792 MW (+28% y/y)

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<sup>6</sup> Historical pro-forma sales, which are used to calculate year-on-year variations, are calculated as the sum of the sales reported by Siemens AG for its Wind Power division and those reported by Gamesa in the quarter from January to March 2017, plus 100% of Adwen's revenues. The amount was €3,178 million in the second quarter of 2017.

<sup>7</sup> EBIT pre-PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of €61 million and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €75 million. To compare profitability, pro-forma EBIT in the same period of the previous year is calculated as the sum of Gamesa's EBIT, the EBIT of Siemens AG's Wind Power division, including normalisation, consolidation scope and standalone adjustments, and the EBIT of Adwen (fully consolidated). EBIT in the second quarter of 2017 amounted to €313 million, excluding €8 million of merger expenses.

<sup>8</sup> Profit before PPA and integration and restructuring costs excludes €98 million of integration and restructuring costs and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation), net of taxes.

<sup>9</sup> Net financial debt is defined as long-term plus short-term financial debt less cash and cash equivalents.

# MANAGEMENT REPORT

## MARKETS AND ORDERS

Commercial activity in the second quarter of 2018 maintained the strong performance observed in 2017 and in the first quarter of 2018. After three consecutive quarters of growth in order intake, **the group's order book at end-March 2018 was back at the levels attained at the end of March 2017**, when the wind industry reached the peak of the 2012-2017 cycle, **with €22,041 million**. Close to 50% of the order book (€10,524 million) was in Service, which has higher margins and grew at a pace of c.2% per year. The WTG order book is split €7,091mn offshore (-8% a/a) and €4,426mn onshore (+7% a/a).

The breakdown of order intake in the first quarter enabled the group to attain **100% of the orders required to reach the low end of the 2018 guidance range** (€9.0-9.6 billion), and to enhance coverage of future years' sales targets in the onshore business unit, where visibility is lower. As a result, the **book-to-bill ratio was 1.4x in the second quarter**.

Order Intake (€m)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
WTG	2,059	2,997	1,048	2,362	2,313	2,367
Onshore	1,491	1,460	680	1,498	1,688	1,834
Offshore	568	1,537	367	863	625	533
Service	656	1,016	350	429	599	676
<b>Total Group</b>	<b>2,715</b>	<b>4,013</b>	<b>1,398</b>	<b>2,791</b>	<b>2,912</b>	<b>3,043</b>

Note: pre-merger data are pro-forma unaudited figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in monetary terms includes all firm orders received in the period. Solar orders are counted in WTG Onshore (€88 million in Q1 18).

After two quarters of growth in onshore order intake accompanied by progressive normalisation of auction systems in the main markets, the **second quarter of 2018 ended with a record order intake for the group, c. 2,464 MW**, i.e. 54% more than in the same period of the previous year. **That was equivalent to 1.8 times onshore sales (MWe) in the quarter**. India and the US were the main sources of new orders, accounting for 25% and 22% of the total, respectively; this is a reflection of Siemens Gamesa RE's strong competitive position and a sign that both markets are normalising. Norway (12%), Spain (10%) and Australia (8%) rank third, fourth and fifth as contributors to onshore order intake.

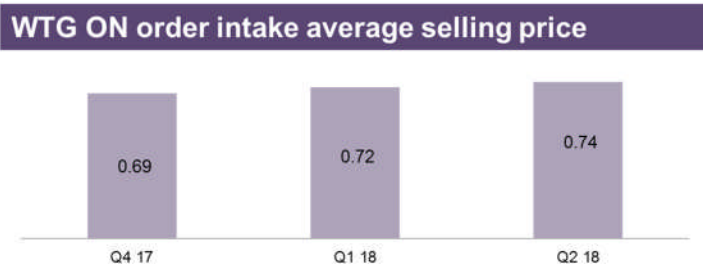
Onshore order intake included notably a pioneering 194 MW contract for the Bulgana Green Energy Hub in Australia, which will combine 194 MW of wind capacity with 20MW/34 MWh of lithium ion batteries to partly cover periods of low wind. Siemens Gamesa RE will also be in charge of maintaining the farm for the next 25 years.

Order intake WTG ON (MW)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
EMEA	553	509	316	678	639	918
America	764	510	265	885	655	699
APAC	545	580	112	603	914	847
<b>Total WTG ON</b>	<b>1,862</b>	<b>1,599</b>	<b>693</b>	<b>2,167</b>	<b>2,208</b>	<b>2,464</b>

Note: pre-merger data are pro-forma unaudited figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in MW includes firm wind orders received in the period.

In addition to normalisation of order intake, **average sale prices stabilized in contracts signed between January and March 2018, in line with the trend in the first quarter of 2018**. The slight increase with respect to the quarter from October to December 2017 was due to greater project scope and to the geographic mix. **The double-digit decline in prices with respect to the same period of 2017 was maintained**.

# MANAGEMENT REPORT



Note: pre-merger data are pro-forma unaudited figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

**Siemens Gamesa RE offshore was very active in the markets in the second quarter of 2018.** The preferred supplier agreements signed with Vattenfall for the Vesterhav North and South wind farms (a total of 41 SG 8.0-167 DD wind turbine generators) in the first quarter of 2018 were converted into firm orders in the second quarter. Also in the second quarter, Siemens Gamesa RE **signed a preferred supplier agreement with Ørsted to supply SG 8.0-167 DD wind turbine generators for what will be the world's largest offshore wind farm: Hornsea 2 in the UK (1,386 MW).**

The company also worked to **strengthen its offshore commercial presence in Asia**, where it undertook a range of actions in China and Taiwan.

In China, it signed a licensing agreement with multinational Shanghai Electric for the 8MW WTG technology, on top of the agreement already in place for the 4.0 MW, 6.0 MW and 7.0 MW technologies, under which the two companies have installed 1,200 MW offshore in China. Under the agreement, Shanghai Electric, China's leading offshore wind company, will manufacture, sell and install the SG 8 MW DD turbine in offshore projects in Chinese waters.

In Taiwan, a memorandum of understanding was signed with Yeong Guan Energy (YGG), a technology group, to develop the offshore supply chain in Taiwan with the possibility of setting up a smelter and machining and paint shops there. This agreement follows the one signed in December 2017 with state-owned company Taiwan International Ports Corporation to study the possibility of establishing production facilities, offices and an area for component handling in the port of Taichung. It is important to note that the government of Taiwan has increased its target for offshore wind capacity from 3 GW to 5.5 GW by 2025 and that there are projects under consideration that amount to more than 10 GW.

# MANAGEMENT REPORT

## KEY FINANCIAL PERFORMANCE METRICS

The table below shows the main financial performance metrics for the January-March 2018 and 2017 quarters and for the first half of 2018 (October 2017 - March 2018). The figures for financial year 2017 are unaudited pro-forma numbers representing the sum of the numbers reported individually by Gamesa and Siemens Wind Power, plus Adwen (fully consolidated). The comparable EBIT numbers for 2017 include standalone, consolidation scope and normalisation adjustments for Siemens Wind Power.

€m	Jan-Mar 17	Jan-Mar 18	Var. y/y %	Oct-Mar 18	Var. y/y %
Group sales	3,178	2,242	-29%	4,369	-26%
WTG	2,891	1,973	-32%	3,813	-29%
O&M	287	268	-7%	555	-4%
WTG volume (MWe)	2,964	1,830	-38%	3,826	-27%
Onshore	2,534	1,397	-45%	3,048	-30%
Offshore	430	432	1%	778	-9%
Gross profit pre PPA, I&R costs	466	348	-25%	597	-34%
Gross profit margin pre PPA, I&R costs	14.7%	15.5%	0.9	13.7%	-1.5
EBIT pre-PPA, I&R costs	313	189	-40%	322	-45%
EBIT margin pre-PPA, I&R costs	9.9%	8.4%	-1.4	7.4%	-2.4
WTG EBIT margin pre-PPA, I&R costs	9.1%	6.5%	-2.6	5.2%	-3.6
Service margin pre-PPA, I&R costs	17.0%	22.3%	5.3	22.3%	2.7
PPA amortization		75	NA	158	NA
Integration & restructuring costs		61	NA	75	NA
Reported EBIT	305	54	-82%	88	-85%
Reported Net Income to SGRE shareholders		35	NA	0	NA
Net Income per share to SGRE shareholders		0.05	NA	0.00	NA

Note: pre-merger data are pro-forma unaudited figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

Average number of shares outstanding in the second quarter of 2018 (EPS Q2 18): 679,488,800

Average number of shares outstanding in the first half of 2018: (EPS H1 2018): 679,481,738

**The group's financial performance in the second quarter and first half of 2018 was in line with the guidance for 2018**, within the expected seasonal fluctuations; performance is expected to strengthen steadily in the second half, benefiting from the first synergies and the early benefits of the restructuring process.

**Revenues in the second quarter amounted to €2,242 million, 29% less than the pro-forma figure for the first quarter of 2017, mainly because of the decline in Wind Turbine sales**, which is attributable primarily to lower volumes and prices in the onshore market.

Those factors (lower WTG volumes and prices) depressed the group EBIT before PPA and restructuring and integration costs by 40% y/y to €189 million, **equivalent to an EBIT margin before PPA and restructuring and integration costs of 8.4%**, 1.4 percentage points lower than the pro-forma EBIT margin in the same period of the previous year: (9.9%) but in line with the target for profitability in 2018 and the positive impact expected from synergies and restructuring in the second half of 2018. EBIT in the second quarter was positively affected by the reversal of part of an inventory provision in the WTG unit (€25 million) and the currency effect in the Services unit (€19 million). Excluding both effects, the EBIT margin before PPA and restructuring and integration costs would have been 6.5%.

The impact of PPA on amortisation of intangible assets was €75 million, while integration and restructuring expenses amounted to €61 million.



# MANAGEMENT REPORT

The group incurred net financial expenses amounting to €10 million in the second quarter, and €11 million in tax expenses.

As a result, the group reported **net profit before PPA and integration and restructuring expenses of €133 million. Reported profit**, including the impact of amortisation from the PPA as well as integration and restructuring expenses, both net of taxes, totalling €98 million, **amounted to €35 million in the quarter, equivalent to €0.05 per share.**

## WTG

€m	Q2 17	Q2 18	Var.
Sales	2,891	1,973	-32%
ON	2,181	1,277	-41%
OF	709	696	-2%
EBIT pre PPA, I&R	264	129	-51%
EBIT margin pre PPA, I&R	9.1%	6.5%	-2.6
Sales volume ON (MWe)	2,964	1,830	-38%
ON	2,534	1,397	-45%
OF	430	432	1%

Note: pre-merger data are pro-forma unaudited figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

The **Wind Turbine division's revenues declined by 32% y/y to €1,973 million and the onshore business remains under pressure** as it transitions to fully competitive markets. This transition, which will have very favourable consequences in the long term, is nevertheless resulting in **double-digit price adjustments** in the short term. Additionally, the decline in volumes (-38% y/y) was exacerbated by comparison with the exceptionally high volumes registered in the second quarter of 2017 (2,534 MW). Projects in India were accelerated ahead of the regulatory change in March 2017 (sales volumes in India in Q2 17 totalled 554 MWe, the highest figure in the company's history) and the volumes under the Safe Harbor system with 100% PTC were delivered, which far exceed the Safe Harbor volumes under the 80% PTC that were delivered in Q2 18. The main contributors to sales were the US, Mexico and India. Offshore sales declined by 2% y/y, reflecting execution in line with expectations, and were fully in line with projections for the year, which envisage a year-on-year decline due to the strength of the offshore business in 2017.

**Lower revenues** in an industry where leverage plays a vital role **are the main reason for the decline in profitability in the WTG segment:** down 2.6 percentage points y/y to 6.5% before PPA and restructuring and integration costs.

Part (€25 million) of an inventory impairment provision booked in the fourth quarter of 2017 was reversed in the second quarter of 2018 due to better market performance. Excluding the provision reversal, the margin in the WTG unit would have been 5.3%.

# MANAGEMENT REPORT

## Operation and Maintenance Services

€m	Q2 17	Q2 18	Var.
Sales	287	268	-7%
EBIT pre PPA, I&R	49	60	23%
EBIT margin pre PPA, I&R	17.0%	22.3%	5.3
Fleet under maintenance	53,358	55,454	4%

Note: pre-merger data are pro-forma unaudited figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%).

In the **Services segment**, revenues fell 7% with respect to the year-ago quarter, to **€268 million**, due to volatility in the sale of value-added services. Excluding the impact of lower sales of value-added services, services revenues would have remained stable.

The fleet under maintenance increased by 4% year-on-year to 55.5 GW due to 25% y/y expansion of the offshore fleet under maintenance to 9 GW, whereas the onshore fleet under maintenance expanded by 1% y/y, mainly because of the negative impact of non-renewal of part of the Iberdrola fleet under maintenance in Spain.

Services EBIT before PPA and restructuring and integration costs benefited from a €19 million positive impact from foreign currency, resulting in an EBIT margin of 22.3%, 5.3 percentage points higher than in the second quarter of 2017. Excluding that impact, the Services EBIT margin would have been 15.3%, i.e. lower than in the second quarter of 2017 but in line with expectations for the year given the seasonal fluctuations in the quarter.

**Siemens Gamesa ended the year with €263 million in working capital, equivalent to 2.8% of LTM revenues**, i.e. 4.6 percentage points more than in December 2017, equivalent to €448 million in absolute terms. The increase in working capital was due to seasonal fluctuations in the manufacturing business, particularly execution of offshore projects. Nevertheless, the ratio of working capital to revenues remained within the guidance range for the year (-3% to +3%) and is expected to improve in the second half.

**The company invested €84 million in property, plant and equipment and intangible assets in the second quarter of 2018 and €166 million in the first half**, i.e. €158 million less than in the first half of 2017, in line with the cutback in capital expenditure set out in the BP2018-2020.

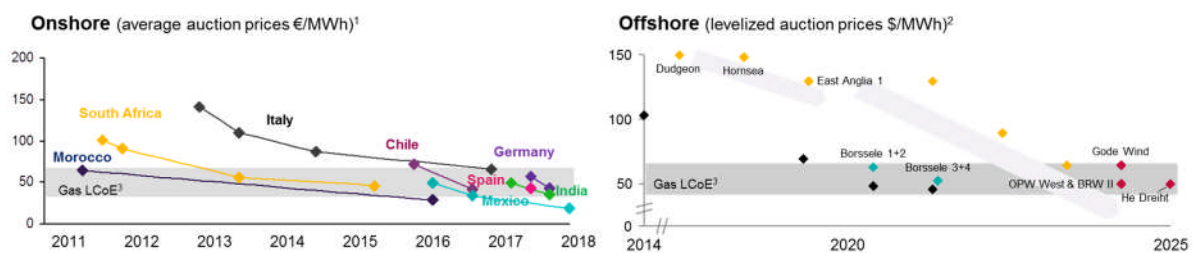
**Net debt amounted to €112 million**. That includes the usage of quality-related provisions (Adwen) amounting to €61 million (€49 million in the first quarter of 2018 and €12 million in the second quarter of 2018). In the second half of the year, the group will regain positive cash flow before Adwen-related quality provisions.

# MANAGEMENT REPORT

## 2. OUTLOOK

The transition towards fully competitive energy models, which commenced in 2016 with the first auctions in Mexico and Spain and the approval of declining subsidies in the US, has been accompanied in the recent past by temporary disruptions of demand in some of the leading wind markets, such as India, the US and Germany. Despite those disruptions, which began to ease in the first quarter of 2018 as markets started to normalise, there should not be any doubt about **the huge potential of wind power over the long term.**

**That potential is supported mainly by wind's growing competitiveness,** as reflected in auctions over the last year in which wind beat conventional fossil fuels in price (e.g. USD 19 for wind in the Mexican auction) and in **governments' clear commitment to renewable energy.** All these factors are driving growth in wind's contribution to the world's energy mix, from **7% in 2016 to 14% by 2040,** according to the International Energy Agency (*IEA WEO 2017- New Policies Scenario*), capturing USD 3.3 trillion in investment in 2017-40E according to BNEF's new scenario in 2017.

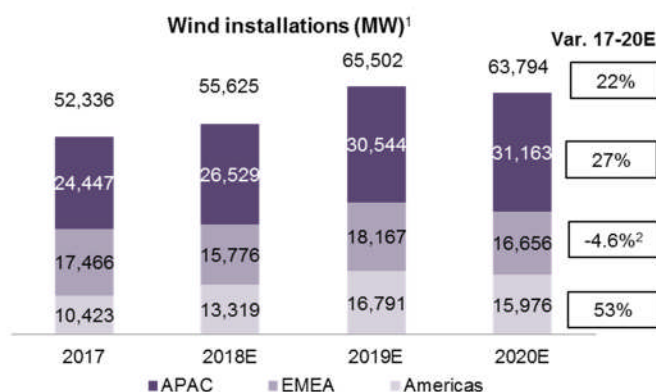


The steady flow of commitments to support renewable energies includes notably:

- European Parliament support for a renewable target of 35% by 2030, above the 27% target adopted by the European Commission,
- Germany's proposal to increase the target for renewable energy's contribution to 65% in 2030 (compared with the current targets of 35% in 2020, 40-45% in 2025, and 55-60% in 2035),
- normalisation of the auction mechanism in India, where 7,500 MW have been auctioned since May 2017 (SECI I, II, III and Gujarat, Tamil Nadu and Maharashtra) and where auctions are expected in Gujarat and Tamil Nadu, plus the intention of NTCP, India's largest electric utility, to buy 2 GW of wind capacity by competitive tender,
- reactivation of auctions in Brazil, although still with limited volumes, and the launch of additional auctions in Argentina (RenovAr3) and Mexico,
- the first auctions in countries with a low level of renewable penetration, such as Saudi Arabia and Pakistan,
- In fact, the final document of the US tax reform maintained the PTC regulation intact (though some details are pending clarification).

All these factors support the long-term potential and also **demand in the short term (2018-2020), in which there is a prospect of single-digit growth in onshore and double-digit growth in offshore.** In the offshore segment, wind's growing competitiveness is opening up new markets in America and Asia, to be accompanied by demand from northern Europe countries, foreseeably from 2020 onwards. Notable in this connection is the recent increase in Taiwan's commitment, to 5.5 GW by 2025, and commitments from a number of US states (Massachusetts, New York, New Jersey, and Maryland) to reach a total of 8 GW by 2030.

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1. Source 2017 GWEC; Source 2018-20: average of MAKE and BNEF Q1 18 Outlook  
 2. Comparative EMEA reflects 1) the volatility of offshore installations in Germany and the UK and 2) the strength of onshore installations in both markets in 2017 before the introduction of the auctions in Germany and the expiration of the subsidies in the UK

In order to achieve the competitiveness required by the new renewable energy model, and sustain the long-term growth potential, wind turbine manufacturers must improve both their product portfolio and their cost structures in order to enhance the cost of energy. The demand for more competitive products is evident in the price trend observed in onshore and offshore auctions, and is behind the pressure on wind turbine prices being observed in the short term; nevertheless, that pressure is beginning to stabilise after double-digit declines in prices in 2017.

## L3AD 2020

In this situation of competitive pressure combined with long-term growth potential, **Siemens Gamesa RE is superbly placed to emerge from the industry transition in a position of leadership going forward.** This is due not only to the advantages achieved from the merger but also to the L3AD 2020 plan.

L3AD 2020, which was presented to the financial community during the Capital Markets Day on February 15, is supported by three strategic levers: a lean business model, optimised cost of energy, and digitalisation, and it focuses on four areas to achieve leadership:

- **Above-market growth** in both physical and monetary terms, due to the range of products and services, the commercial and manufacturing footprint, and a focus on customers. The group is already a leader in the offshore market and in emerging onshore markets, and has a strong position in services. Siemens Gamesa RE led the field in installation volume in 2017, with 9.5 GW of installed capacity<sup>10</sup> and ranked second in offshore installations, with a 15% share of the market, just one point behind the leading manufacturer.
- **Transformation (costs)**, pursuing a reduction of €2,000 million by 2020: €1,600 million in productivity improvements, and €400 million in synergies. 65% of the cost savings will be achieved in the bill of materials, due to volumes, product design and procurement policies; the other 35% will be through savings split evenly between general and operating expenses (optimisation of manufacturing capacity in terms of volume and location, excellence programmes, etc.).
- **Technology and digitalisation**: during the first quarter of 2018, the company implemented a product strategy based on the principle of "one segment, one technology", on simplifying the current portfolio and on launching the 4 MW platform with 20% higher AEP than previous models. It is important to note that simplifying the product portfolio and adopting a "one segment, one technology" are fundamental for transforming costs. In the area of digitalisation, Siemens Gamesa RE has the best foundation for leadership in the industry: a team dedicated to developing and implementing digital solutions, partnered with NEM Solutions; two remote control centres with a global reach; and it is the first manufacturer to install remote diagnostic sensors on wind turbine generators.

<sup>10</sup> BNEF Global Wind Market Shares 2017 (an external source for comparison of data and measurement criteria)

# MANAGEMENT REPORT

## Change management

### GUIDANCE FOR 2020

The L3AD 2020 plan, which is focused on growth and on cost-cutting, also seeks to resume value creation for all the company's stakeholders, including shareholders.

	PN2018E-2020E
Book to Bill	>1
Revenues (€m)	> market growth
EBIT margin pre PPA,I&R (%)	8% to 10%
Working capital to sales (%)	<2%
Capex to sales (%)	<5%
Cash conversion rate (excl. Adwen)	>1-growth
Net financial debt/EBITDA	<1x
ROCE (%)	8% to 10%
Dividend policy	25% of net income

Note: for full details:

<http://www.siemensgamesa.com/recursos/doc/accionistas-inversores/presentaciones/cmd2018/presentation-cmd.pdf>

### GUIDANCE FOR 2018

However, in the shorter term the company is experiencing considerable price pressure, which is reflected in its guidance for 2018, as set out in the following table.

€m	H1 18	FY 2018E	
Revenues (€m)	4,369	9,000-9,600	✓
EBIT margin pre PPA,I&R (%)	7.4%	7% to 8%	✓
Working capital to LTM sales (%)	2.8%	-3% to +3%	✓
Capex (€m)	166	500	✓

**Performance in the second quarter and the first half of 2018 was fully in line with the guidance for the year**, which envisages an improvement as the year advances, due particularly to the impact of achieving synergies and the benefits of the restructuring programme, but also to projected project execution times.

With regard to sales projections, the company began the year with practically 100% of offshore and services sales targets already covered, and during the first quarter it achieved a material improvement in coverage in onshore, to c.80% at the end of December 2017<sup>11</sup>. **Strong order intake in the second quarter enabled Siemens Gamesa to achieve 100%<sup>12</sup> coverage of the sales guidance for 2018.**

The projected 7%-8% profit margin assumes synergies amounting to around 1.5% of revenues, to be achieved in the second half of the year. It is the achievement of those synergies that will distinguish performance in the second half from the first-half figures. It should be noted that part of the inventory provision booked in 2017 was reversed in the second quarter of 2018 due to good market performance. That reversal, which was initially expected in the third quarter, partly offset the imbalance in performance between the two halves of the year.

The impact of PPA during the year is estimated at €321 million (€158 million in the first half and €75 million in the second quarter) while restructuring and integration expenses will amount to €160 million (€76 million in the first half and €61 million in the second quarter).

<sup>11</sup> Onshore coverage: firm onshore orders received through December 2018 for sales activity in 2018 (MW) / Average onshore sales volume implicit in the 2018 guidance.

<sup>12</sup> Coverage (total orders received for execution in 2018 / sales guidance for the year) of the low end of the group's sales guidance: €9.0-9.6 billion.

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This guidance does not include charges for litigation or regulatory issues.

## CONCLUSIONS

**Siemens Gamesa Renewable Energy came into being ready to address the challenges and seize the opportunities that the wind business offers in the short, medium and long term, so as to create value for all stakeholders. In a changing environment with increasingly demanding wind markets, the merger's strategic rationale is even more compelling. Global scale and reach have become essential in order to compete profitably. Meanwhile the combined company's diversification and balance and its leading position in emerging markets and offshore provide the group with resilience and growth potential above the market average.**

Siemens Gamesa, which was registered on April 3, 2017, is half-way through its first full year, having ended a first half that is notable for continuing strong commercial performance in all segments. This strength, which is indicative of the company's sound competitive position, resulted in 2.8 GW of wind turbine order intake, 29% more than in the same period of 2017, which was exceptional in itself. As a result, the group's book-to-bill ratio amounted to 1.4x in the second quarter of 2018, slightly above the 1.3x registered in the year-ago quarter. The onshore business unit registered record order intake, raising sales coverage to c.100% of the low end of the guidance for the year. The Services segment had a strong start to the year in terms of commercial performance, having ended the quarter with a 2% year-on-year increase in its backlog.

In addition to sound commercial performance, Siemens Gamesa ended the second quarter and the first half of 2018 with financial performance in line with the 2018 guidance within seasonal fluctuations that point to a steady improvement in the second half of the year. Revenues in the quarter amounted to €2,242 million, while EBIT before PPA and restructuring and integration costs amounted to €189 million, i.e. an 8.4% EBIT margin, affected by lower volumes and falling onshore prices. The company ended the year with a net debt position of €112 million, and €263 million in working capital (2.8% of LTM revenues). Those working capital and net debt figures are the result of seasonal fluctuations in projects, particularly offshore. Cash flow will improve steadily in the second half of the year.

The integration process is ongoing; a notable development in the quarter was the launch of the L3AD 2020 plan, focused on four areas — transformation of costs, above-market growth, technology and digitalisation, and change management — with the goal of achieving global leadership in the renewables industry.

## 3. MAIN BUSINESS RISKS

The SIEMENS GAMESA Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. SIEMENS GAMESA's Corporate Division and the business units coordinate the management and limitation of financial risks through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are responsibility of each business unit, together with the Corporate management.

The risk associated with changes in exchange rates assumed for SIEMENS GAMESA's transactions involve the purchase and sale of products and services relating to its activity that are denominated in various currencies.

In order to mitigate this risk, SIEMENS GAMESA has obtained financial hedging instruments from financial institutions.

# MANAGEMENT REPORT

## 4. USE OF FINANCIAL INSTRUMENTS

The SIEMENS GAMESA Group uses financial hedges which allow the Group to mitigate risks involving exchange rates, interest rates, and equity volatility that could affect the Groups' estimated results, based on estimates of expected transactions in its various areas of activity.

## 5. SUBSEQUENT EVENTS

There are no significant subsequent events until the preparation date of these Interim Condensed Consolidated Financial Statements, except for the agreement in April 2018 of the restructuring plan mainly at the Hamburg and Bremen locations, which will impact the consolidated results of coming quarters.

## 6. RESEARCH AND DEVELOPMENT ACTIVITIES

Technological development is established within a multi-year framework that is rolled out in the Annual Technological Development Plan, where activities and deliverables are established for each year, and to which a budget is finally assigned.

During the 6-month periods ended March 31, 2018 and June 30, 2017, the main increase in the capitalized development costs under the Balance Sheet line item "Internally generated technology" of the Other intangible assets is due to the development of new wind turbine models, software and the optimization of the components' performance for an amount of EUR 58 million and EUR 62 million respectively. During the 6-month period ended March 31, 2018 these additions are mainly in Denmark and in Spain amounting to EUR 45 million and EUR 13 million, respectively, and during the 6-month period ended June 30, 2017 they were mainly in Denmark amounting to EUR 26 million.

## 7. TREASURY SHARE OPERATIONS

At March 31, 2018 SIEMENS GAMESA holds a total of 1,660,999 treasury shares, representing 0.24% of Share Capital.

The total cost for these treasury shares amounts EUR 21,206 thousands, each with a par value of EUR 12.767.

A more detailed explanation of transactions involving treasury shares is set out in Note 15.B to the Interim Condensed Consolidated Financial Statements.

## 8. CAPITAL STRUCTURE

**THE CAPITAL STRUCTURE, INCLUDING SECURITIES THAT ARE NOT TRADED ON A REGULATED EEC MARKET, THE DIFFERENT CLASSES OF SHARE, THE RIGHTS AND OBLIGATIONS CONFERRED BY EACH AND THE PERCENTAGE OF SHARE CAPITAL REPRESENTED BY EACH CLASS:**

In accordance with Article 7 of SIEMENS GAMESA Renewable Energy, S.A.'s bylaws, reflected in the version approved by the shareholders in general meeting held June 20, 2017, "*Share capital amounts to ONE HUNDRED FIFTEEN MILLION SEVEN HUNDRED NINETY FOUR THOUSAND, THREE HUNDRED SEVENTY FOUR EUROS AND NINETY FOUR CENTS (115,794,374.94 EUR ), represented by 681,143,382 ordinary shares of seventeen euro cents of nominal value each, in numbers from 1 to 681,143,382, comprised of a sole class and series, all entirely subscribed and paid in.*"

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## SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

According to public information for SIEMENS GAMESA Renewable Energy, S.A., its share capital structure at March 31, 2018 follows:

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Number of voting rights linked to the exercise of financial instruments	% of total voting rights
SIEMENS AKTIENGESELLSCHAFT	205,178,132	196,696,463	-	59.00%
IBERDROLA, S.A.	-	54,977,288	-	8.071%

(\*) Through:

Name or corporate name of direct shareholder	Number of direct voting rights	% of total voting rights
SIEMENS BETEILIGUNGEN INLAND GMBH	196,696,463	28.877%
IBERDROLA PARTICIPACIONES, S.A. SOLE SHAREHOLDER COMPANY	54,977,288	8.071%

## 9. RESTRICTIONS ON THE TRANSFER OF SECURITIES

No restrictions on the transfer of securities exist.

## 10. SIGNIFICANT % OF DIRECT OR INDIRECT OWNERSHIP

See Point 8.

## 11. RESTRICTIONS ON VOTING RIGHTS

There are no legal or bylaw stipulated restrictions on exercising voting rights.

## 12. SIDE AGREEMENTS

In compliance with the stipulations set forth in Article 531 of the revised Spanish Corporation Law enacted by Royal Decree 1/2010, of July 2 ("Capital Companies Law"), Iberdrola S.A. notified Gamesa Corporación Tecnológica, S.A. (currently "SIEMENS GAMESA Renewable Energy, S.A.") on June 17, 2016 regarding the signing of a side agreement between Iberdrola S.A. and Iberdrola Participaciones, S.A. Sole Shareholder Company, as shareholders (indirect and direct or indirect, respectively) of Gamesa Corporación Tecnológica, S.A. ("the Company") and Siemens AG. The contract refers to the (i) Company in the context of a merger of its wind energy businesses and Siemens AG ("the Merger"); and (ii) its relationships as future shareholder of the Company subsequent to the merger (the "Shareholders' Agreement").

The Shareholders' Agreement includes terms which qualify it as a side agreement under the terms set forth in Article 530 of Capital Companies Law, even when the effectiveness of certain agreements was contingent upon the Merger taking place.



# MANAGEMENT REPORT

## 13. RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE COMPANY'S BYLAWS

Article 30 of the SIEMENS GAMESA Renewable Energy, S.A. bylaws state that the members of the Board of Directors are “designated or ratified by the shareholders in general meeting,” and that “should during the appointment period any vacancies arise, the Board of Directors may designate any parties having held them until the first general Shareholders Meeting is held,” in accordance with the terms reflected in Capital Companies Law and bylaws.

In conformity with Article 13.2 of the Board of Directors Regulations, “proposals for appointing Board members submitted to the Board of Directors for consideration by the shareholders in general meeting, and appointment decisions made through the reappointment should be preceded by (a) in the case of independent directors, a proposal made by the Appointments and Remuneration Committee, and (b) in other cases, a report from the abovementioned committee.” Article 13.3 of the Board of Directors Regulations states that “when the Board of Directors extracts itself from the proposal or abovementioned report from the Appointments and Remuneration Committee, reasons for doing so must be reflected in the minutes.”

Article 14 of the same regulations states that “when appointing external directors, the Board and the Appointments and Remuneration Committee will ensure that the directors selected are of recognized solvency, skill, and experience.

*Should the Board Member be a legal person, the individual representing it during the exercise of the functions inherent to the post are subject to the abovementioned conditions.”*

Finally, Article 7.4 of the Appointments and Remuneration Committee Regulations grant it the responsibility for “ensuring that the selection procedures are not affected by implicit skewed processes tantamount to discrimination.”

As regards the reappointment of the Directors, Article 15 of the Board of Directors’ Regulations indicates that “Proposals for reappointing the Directors which the Board of Directors choose to submit to the general shareholders for approval must be accompanied by the corresponding supporting documentation under the terms established by Law. The Board of Directors’ Agreement submitted to the shareholders in general meeting for approval for the reappointment of the independent directors must be adopted at the proposal of the Appointments and Remuneration Committee, while the remaining directors must submit a prior favorable report.

*The members comprising the Appointments and Remuneration Committee must refrain from participating in deliberating and voting on their own.*

*The reappointment of a board member who forms part of a committee or holds an internal position on the Board of Directors or any of its committees will determine his/her continuity in the post; express reelection is unnecessary, without prejudice to the revocation faculties corresponding to the Board of Directors.*

Board member termination is regulated by Article 16 of the Board of Directors Regulations, which states that “board members will step down after their appointment period has transpired, without prejudice to the possibility of reelection, and when the general shareholders meeting so decides at the proposal of the Board of Directors or the shareholders under legislation.”

The steps and criteria established in this regard are set forth in Capital Companies Law and the Mercantile Register Regulations.

Article 16.2 of the Board of Directors Regulations states that “board members or individuals representing a legal person member must make their positions available to the Board and arrange any corresponding resignation, in any case based on a prior report from the Appointments and Remuneration Committee for the following cases:

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- a) *For proprietary directors when they or the shareholder they represent cease to own significant shareholdings in the Company, and when they revoke representation.*
- b) *When executive directors step down from their positions associated to their appointment as board members and when the Board of Directors considers it appropriate.*
- c) *Non-executive directors are integrated into the Company's executive line or that of any of the Group companies.*
- d) *When they are involved in any of the situations representing incompatibility or prohibition as foreseen in Corporate Governance Regulations or law.*
- e) *When they are immersed in legal procedures arising from alleged criminal activity, or tried for any of the crimes indicated in the terms outlined in Capital Companies Law regulations prohibiting individuals from holding director posts, or have been fined by the supervisory authorities due to serious or very serious infringement.*
- f) *Where there have been serious reprimands from the Board of Directors or fines resulting in serious or very serious infractions arising from not complying with their obligations as Company directors.*
- g) *When their continued presence on the Board could jeopardize the interests of the Company or when the reasons for which they were appointed cease to apply.*
- h) *When, as a result of actions attributable to the director in the performance of this role, serious damage occurs to Company assets or reputation, or should said person lose the professional reputation required to be one of the Company's directors."*

In accordance with Sections 3, 4, and 5, *"in any of the above circumstances, the Board of Directors shall request the director to step down from his/her directorship, and where appropriate, submit a proposal for this cessation at the General Shareholders' Meeting. As an exception, the aforementioned reflected in sections a), d) f), and g) shall not be applicable in the cases of grounds for resignation when the Board of Directors considers that there are sufficient reasons to justify the continuing appointment of the director, without prejudice to the effect that the new situation might have on the person's qualifications for the position.*

*The Board of Directors may only propose that an independent director be removed before the period established in the bylaws has expired in the event that the Board of Directors considers that there is just cause following a report from the Appointments and Remuneration Committee. Specifically, due to not complying with the duties inherent to his/her position or arising from any of the legally-established circumstances representing lack of compatibility due to pertaining to this category.*

*Board members stepping down from their positions prior to the end of their mandates must send a letter to all Board members explaining their reasons for doing so."*

## **Rules governing bylaw amendments**

Amendments made to the SIEMENS GAMESA bylaws are governed by the terms of Articles 285 to 290 of Capital Companies Law approved by Royal Decree Law 1/2010 of July 2 ("Capital Companies Law").

Additionally, amendments made to the SIEMENS GAMESA bylaws are covered by the terms outlined in the Company's bylaws and the Regulations of the General Shareholders' Meeting.

As regards the competencies for making amendments, Articles 14. h) of bylaws and 6.1 h) of the Regulations of the General Shareholders' Meeting indicate that this role corresponds to the SIEMENS GAMESA General Shareholders' Meeting.

Articles 18 of bylaws, and 26 of the Regulations of the General Shareholders' Meeting include the quorum requirements for the General Shareholders Meeting adoption of agreements. Articles 26 of its

# MANAGEMENT REPORT

bylaws, and 32 of the General Shareholders Regulations indicate the necessary majority for these purposes.

Article 31.4 of the General Shareholder's Regulations indicates that in accordance with legislation, the Board of Directors will make proposals for different agreements regarding matters which are substantially independent, so that shareholders may individually exercise their voting preferences. The above is specifically applicable in the case of amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

In accordance with Article 518 of Capital Companies Law, due to the call for a general Shareholders Meeting devoted to amending bylaws, the Company website will include the complete text of the agreement proposals on the Agenda in which the amendments are proposed, as well as reports from competent bodies in this regard.

## 14. THE POWERS OF BOARD OF DIRECTORS AND, SPECIFICALLY, POWERS TO ISSUE OR BUY BACK SHARES

### Powers of Directors

During its meeting held on June 20, 2017, the Board of Directors of SIEMENS GAMESA Renewable Energy, S.A. unanimously agreed to reappoint Markus Tacke as the Company's Chief Executive Officer, thereby delegating all the legally and statutory faculties corresponding to the Board, except those which are not covered by Law and the Bylaws, which Mr. Tacke accepted, as reflected in the meeting minutes.

### Powers to buy back shares

At the date of approval of this Report, authorization was still pending from the Company's General Shareholders Meeting held on May 8, 2015, by virtue of which the Board of Directors will be entitled to acquire treasury shares. The following is the literal text of the agreement adopted by the above reflected under point 9 of the Agenda:

*"In accordance with Article 146 of Capital Companies Law, with express substitution faculties, authorize the Board of Directors to acquired shares in Gamesa Corporación Tecnológica, Sociedad Anónima ("Gamesa" or "the Company") under the following conditions:*

- (a) The acquisitions may be made by Gamesa or indirectly through its subsidiaries, on the same terms as described herein.*
- (b) The share acquisitions will be accomplished by way of sale or exchange transactions or as otherwise permitted by law.*
- (c) The acquisitions may, from time to time, be made up to the maximum figure permitted by law.*
- (d) The minimum share price will be their nominal value, with a maximum price not to surpass 110% of their listed value at the date of acquisition.*
- (e) Shares acquired may be subsequently be sold at freely-determined conditions.*
- (f) This authorization is granted for a maximum period of 5 years, and expressly renders the authorization granted during the general Shareholders Meeting held on May 28, 2010 for the unused portion without effect.*
- (g) As a result of the acquisition of shares, including those which the Company or party acting in its own name yet on behalf of the Company acquired previously and held in portfolio, the resulting equity may not be reduced to under the amount of share capital plus legal reserves or those restricted, all without prejudice to letter b) of Article 146.1 of Capital Companies Law.*

*Finally, regarding the contents of the final paragraph of the Article 146.1.a) of the Capital Companies Law, shares acquired as a result of this authorization may be used by the company to deliver to its employees or its directors, either directly or through the exercise of options or other rights contemplated in the incentives plan for owners/beneficiaries as stipulated in legal, statutory, and regulatory guidelines."*

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## **15. SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS A PARTY AND WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID AND THE EFFECTS THEREOF, EXCEPT WHERE DISCLOSURE WOULD SEVERELY PREJUDICE THE COMPANY'S INTERESTS. THIS EXCEPTION IS NOT APPLICABLE WHERE THE COMPANY IS SPECIFICALLY OBLIGED TO DISCLOSE SUCH INFORMATION ON THE BASIS OF OTHER LEGAL REQUIREMENTS**

In conformity with the framework agreement dated December 21, 2011 (significant event 155308) between IBERDROLA, S.A. and the subsidiary of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., GAMESA EÓLICA, S.L. Sole Shareholder Company, the supposed change of control in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

On December 17, 2015, SIEMENS GAMESA Renewable Energy Wind Farms, S.A. (former Gamesa Energía, S.A.U.) (buyer) and GESTIÓN, ELABORACIÓN DE MANUALES INDUSTRIALES INGENIERÍA Y SERVICIOS COMPLEMENTARIOS, S.L., INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U., CAF POWER & AUTOMATION, S.L.U. and FUNDACIÓN TECNALIA RESEARCH & INNOVATION (seller) signed a purchase-sale agreement for the shares. On the same date, to oversee the relationship between Gamesa Energía, S.A. Unipersonal and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF), as future NEM partners (where applicable), the parties signed the Partners' Agreement. By virtue of the terms established in the abovementioned agreement, should control over SIEMENS GAMESA RENEWABLE ENERGY, S.A. (former GAMESA CORPORACIÓN TECNOLÓGICA, S.A.) subsequently take place, Gamesa Energía, S.A.U. must offer the remaining partners direct acquisition of its NEM shares.

On June 17, 2016, effective April 3, 2017, SIEMENS GAMESA Renewable Energy, S.A. (at the time "Gamesa Corporación Tecnológica, S.A.") 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 to SIEMENS GAMESA. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 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 its minimum duration in any case would be three (3) years (i.e., until April 3, 2020).

On March 31, 2017, SIEMENS GAMESA Renewable Energy, S.A. (at that time, "Gamesa Corporación Tecnológica, S.A."), and SIEMENS AKTIENGESELLSCHAFT (Siemens) entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the Siemens brand in its company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 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, a change of control might lead to termination of the licensing agreement.

By virtue of certain agreements reached as a result of the merger between SIEMENS GAMESA Renewable Energy, S.A. and Siemens Wind HoldCo, S.L. (sole shareholder company), the Siemens Group will have and grant certain guarantees with regard to the joint venture. The above agreements may be terminated and their applicable terms granted may be amended should a change of control take place.

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

Finally, SIEMENS GAMESA Renewable Energy, S.A., as a company member of the Siemens Group, has adhered, with an effective date from October 1, 2017, to the Siemens Group insurance program, which includes all-risk property damages insurance policies, civil liability insurance policies, transport, chartering of ships and all-risk construction insurance policies. If SIEMENS GAMESA lost its status as a company member of Siemens AG group, it would lose its right to adhere the aforementioned insurance program.

## **16. ANY AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS, OFFICERS OR EMPLOYEES THAT PROVIDE FOR SEVERANCE PAYMENTS IF THEY RESIGN, ARE UNFAIRLY DISMISSED OR IF THEIR EMPLOYMENT CONTRACTS TERMINATE AS A RESULT OF A TAKEOVER BID**

In general, the contracts of executive directors and some managers of the steering committee include a clause giving them the right to receive the economic compensation indicated below in the event that their employment relationship is ended for reasons attributable to the Company and/or due to objective reasons such as a change of ownership. In general terms, the agreed upon economic compensation consists in payment of the amounts corresponding to different periods to a maximum of eighteen months, depending on the personal and professional circumstances, and the applicable labor legislation under which, as well as the moment when, the agreement was signed. In accordance with the new Remuneration Policy agreed upon by the directors during the general Shareholders Meeting held on June 20, 2017, the above economic compensation has a one-year limit.

Employees recognized for their work who are not directors in general do not receive economic termination benefits different from those established by prevailing law.

# MANAGEMENT REPORT

## ANNEX

### Conciliation pro-forma

Million Eur	2Q17 (Pro- forma)	2Q18
Revenues	3,178	2,242
WTG	2,891	1,973
Services	287	268
Gamesa	1,546	na
Siemens Wind Power	1,516	na
Adwen	116	na
EBIT Pre PPA and integration & restructuring costs	313	189
Margin	9.9%	8.4%
Gamesa	181	na
Siemens Wind Power	146	na
Adwen	-15	na

# MANAGEMENT REPORT

## Annex

### Alternative Performance Measures

Siemens Gamesa Renewable Energy ("SGRE") financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APM). The APM are considered to be "adjusted" magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE's Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE's financial disclosures that cannot be directly reconciled with them are as follows:

#### 1. Net financial debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings less cash and cash equivalents.

Net Financial Debt is the main APM used by Siemens Gamesa Renewable Energy's management to measure the Group's indebtedness and leverage.

Millions Eur					
<i>Financial Statements line item</i>	<b>09.30.2017 (Reported)</b>	<b>09.30.2017 (comparable)*</b>	<b>12.31.2017 (reported)</b>	<b>12.31.2017 (comparable)*</b>	<b>03.31.2018</b>
Cash and cash equivalents	1,659	1,659	1,878	1,878	1,504
Short-term debt and current maturities of long-term debt	(797)	(797)	(1,082)	(1,082)	(1,172)
Long-term debt	(485)	(485)	(455)	(455)	(445)
<b>Cash/(Net Financial Debt)</b>	<b>377</b>	<b>377</b>	<b>341</b>	<b>341</b>	<b>(112)</b>

\*) comparable for IFRS15 and OBS/PPA adjustments

#### 2. Working capital (WC)

Working Capital (WC) is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

# MANAGEMENT REPORT

Million Eur					
<i>Financial Statements line item</i>	<b>09.30.2017 (Reported)</b>	<b>09.30.2017 (comparable)*</b>	<b>12.31.2017 (Reported)</b>	<b>12.31.2017 (comparable)*</b>	<b>03.31.2018</b>
Trade and other receivables	1,081	1,081	1,122	1,122	1,050
Trade receivables from related companies	62	62	50	50	41
Contract Assets	-	1,241	1,081	1,079	1,148
Inventories	3,455	2,096	1,999	1,993	1,805
Other current assets	341	342	397	397	404
Trade payables	(2,232)	(2,265)	(1,792)	(1,825)	(1,807)
Trade payables to related companies	(364)	(364)	(379)	(379)	(71)
Contract Liabilities	-	(1,745)	(1,898)	(1,901)	(1,599)
Other current liabilities	(2,645)	(696)	(722)	(722)	(708)
<b>Working Capital</b>	<b>(300)</b>	<b>(248)</b>	<b>(141)</b>	<b>(185)</b>	<b>263</b>

\*) comparable for IFRS15 and OBS/PPA adjustments

**The ratio of working capital to revenue** is calculated as working capital at any given date divided by the revenue in the twelve months prior to that date.

### 3. Capital Expenditure (Capex)

Capital Expenditure (capex) refers to investments made in the period in property, plant and equipment and intangible assets in order to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance capex). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of the merger transaction of Siemens Wind Power and Gamesa (the business combination).

The amount of Capex is the following:

Million Eur	Pro-forma		
	1Q 17	2Q 17	2Q 18
Acquisition of intangible assets	(42)	(29)	(26)
Acquisition of Property, Plant and Equipment	(120)	(134)	(58)
<b>CAPEX</b>	<b>(162)</b>	<b>(163)</b>	<b>(84)</b>

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:



# MANAGEMENT REPORT

Million Eur	1Q 17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro- forma
Additions to intangible assets	(2)	(20)	(19)	(42)
Additions to Property, Plant and Equipment	(62)	(43)	(15)	(120)
<b>CAPEX</b>	<b>(65)</b>	<b>(64)</b>	<b>(34)</b>	<b>(162)</b>

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

Million Eur	2Q 17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro- forma
Additions to intangible assets	(3)	(18)	(8)	(29)
Additions to Property, Plant and Equipment	(112)	(18)	(5)	(134)
<b>CAPEX</b>	<b>(115)</b>	<b>(35)</b>	<b>(13)</b>	<b>(163)</b>

#### 4. Definitions of cash flow

**Gross operating cash flow:** amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (capex). SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adding, to reported income for the year, the ordinary non-cash items (depreciation and amortisation, and provision charges) and income from equity-accounted affiliates.

**Net operating cash flow:** the result of deducting working capital (defined in item 2) from gross operating cash flow. Gamesa includes the cash impact of other provisions and other non-operating items under operating cash flow.

**Free cash flow:** obtained by deducting capital expenditure (capex) from operating cash flow. It indicates the funds available for use to distribute dividends, buy back shares, pay down debt or other corporate activities not related to ordinary business.

**Cash flow** is calculated as the variation in Net Financial Debt (NFD) between October 1<sup>st</sup>, 2017 and March 31<sup>st</sup>, 2018 (defined in item 1 above).

# MANAGEMENT REPORT

## 5. Average Selling Price (ASP)

### a. ASP - Monetary revenue

Average monetary revenue collected by Onshore Wind Turbine division per unit sold (measured in MWe). ASP is affected by a number of factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

Million Eur	Pro-Forma		3Q17	4Q17	1Q18	2Q18
	1Q17	2Q17				
Revenue Onshore (million Eur)	1,812	2,181	1,363	1,207	1,197	1,277
MWe Onshore	1,845	2,534	1,488	1,384	1,651	1,397
<b>ASP Onshore</b>	<b>0.98</b>	<b>0.86</b>	<b>0.92</b>	<b>0.87</b>	<b>0.73</b>	<b>0.91</b>

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. Further details of this pro forma calculation are as follow:

Million Eur	1Q17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Revenue Onshore (million Eur)	667	1,145		1,812
MWe Onshore	769	1,076		1,845
<b>ASP Onshore</b>	<b>0.87</b>	<b>1.06</b>	<b>-</b>	<b>0.98</b>

Million euro	2Q17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Revenue Onshore (million Eur)	769	1,412		2,181
MWe Onshore	1,044	1,490		2,534
<b>ASP Onshore</b>	<b>0.74</b>	<b>0.95</b>	<b>-</b>	<b>0.86</b>

### b. ASP - Monetary order entry

Average monetary order entry collected by Onshore Wind Turbine division per unit booked (measured in MW). ASP is affected by a number of factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

Million Eur	Pro-Forma		3Q17	4Q17	1Q18	2Q18
	1Q17	2Q17				
Order Entry Onshore Wind (million Eur)	1,491	1,460	680	1,498	1,600	1,834
Order Entry Onshore Wind (MW)	1,862	1,599	693	2,167	2,208	2,464
<b>ASP OE Wind Onshore</b>	<b>0.80</b>	<b>0.91</b>	<b>0.98</b>	<b>0.69</b>	<b>0.72</b>	<b>0.74</b>

# MANAGEMENT REPORT

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. Further details of this pro forma calculation are as follow:

Million Eur	1Q17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Order Entry Onshore Wind (million Eur)	439	1,052		1,491
Order Entry Onshore Wind (MW)	475	1,386		1,862
<b>ASP OE Wind Onshore</b>	<b>0.92</b>	<b>0.76</b>	<b>-</b>	<b>0.80</b>

Million Eur	2Q17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Order Entry Onshore Wind(million Eur)	758	702		1,460
Order Entry Onshore Wind (MW)	772	827		1,599
<b>ASP OE Wind Onshore</b>	<b>0.98</b>	<b>0.85</b>	<b>-</b>	<b>0.91</b>

## 6. Revenues and EBIT

**Revenues LTM (Last Twelve Months):** this APM is calculated by aggregation of the quarterly revenues for the last four quarters.

Million Eur	3Q17	4Q17	1Q18	2Q18	LTM Mar 18
WTG	2,393	2,008	1,840	1,973	8,214
Services	300	321	287	268	1,177
<b>TOTAL</b>	<b>2,693</b>	<b>2,329</b>	<b>2,127</b>	<b>2,242</b>	<b>9,390</b>

Million Eur	Pro-forma 2Q17	3Q17	4Q17	1Q18	LTM Dec 18
WTG	2,891	2,393	2,008	1,840	9,131
Services	287	300	321	287	1,196
<b>TOTAL</b>	<b>3,178</b>	<b>2,693</b>	<b>2,329</b>	<b>2,127</b>	<b>10,327</b>

Million Eur	Pro-Forma				
	3Q16	4Q16	1Q17	2Q17	LTM Mar 17
WTG	2,621	2,535	2,475	2,891	10,521
Services	278	292	289	287	1,147
<b>TOTAL</b>	<b>2,899</b>	<b>2,827</b>	<b>2,764</b>	<b>3,178</b>	<b>11,667</b>

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

# MANAGEMENT REPORT

Million Eur	3Q16 (Pro-forma)				4Q16 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro- forma	Siemens Wind Power	Gamesa	Adwen	SGRE Pro- forma
WTG	1,565	1,007	49	2,621	1,419	1,032	83	2,535
Services	157	120		278	177	115		292
<b>TOTAL</b>	<b>1,722</b>	<b>1,127</b>	<b>49</b>	<b>2,899</b>	<b>1,597</b>	<b>1,147</b>	<b>83</b>	<b>2,827</b>

Million Eur	1Q17 (Pro-forma)				2Q17 (Pro-forma)			
	Siemens Wind Power	Games a	Adwen	SGRE Pro- forma	Siemen s Wind Power	Games a	Adwe n	SGRE Pro- forma
WTG	1,223	1,145	107	2,475	1,363	1,412	116	2,891
Services	161	128		289	153	134		287
<b>TOTAL</b>	<b>1,384</b>	<b>1,273</b>	<b>107</b>	<b>2,764</b>	<b>1,516</b>	<b>1,546</b>	<b>116</b>	<b>3,178</b>

**EBIT (Earnings Before Interest and Taxes):** operating profit per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

**EBIT (Earnings Before Interest and Taxes) pre-PPA and integration & restructuring costs:** EBIT excluding integration and restructuring costs related to the merger transaction and the impact on amortization of intangibles' fair value from of the Purchase Price Allocation (PPA).

Million Eur		
	2Q17 (Pro-forma)	2Q18
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	276	44
(-) Income from investments acc. for using the equity method, net	21	(0)
(-) Interest income	(9)	0
(-) Interest expenses	13	12
(-) Other financial income (expenses), net	3	(3)
<b>EBIT</b>	<b>305</b>	<b>54</b>
(-) Integration costs	8	61
(-) PPA impact	-	75
<b>EBIT pre-PPA and integration &amp; restructuring costs</b>	<b>313</b>	<b>189</b>

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation are as follow:

# MANAGEMENT REPORT

Million Eur	2Q 17 (Pro Forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro forma adjustments	SGRE proforma
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	145	149	(18)	-	276
(-) Income from. investments acc. for using the equity method, net	-	20	-		21
(-) Interest income	1	(10)	(0)		(9)
(-) Interest expenses	0	11	2		13
(-) Other financial income (expenses), net	(0)	3	0		3
<b>EBIT</b>	<b>146</b>	<b>173</b>	<b>(16)</b>	<b>-</b>	<b>305</b>
(-) Integration and restructuring costs		8			8
(-) PPA impact					-
<b>EBIT pre-PPA and integration &amp; restructuring costs</b>	<b>146</b>	<b>181</b>	<b>(16)</b>	<b>-</b>	<b>313</b>

**EBIT margin:** ratio of EBIT to Revenue in the period (i.e. revenue in the consolidated profit and loss account).

## 7. Net income and Net income per share (EPS)

**Net income:** consolidated profit for the year attributable to the parent company.

**Net income per share (EPS):** the result of dividing net profit by the average number of shares outstanding in the period (excluding treasury shares).

	H1 18	2Q18
Net Income (Million Eur)	0	35
Number of shares (units)	679,481,738	679,488,800
<b>Earnings Per Share (€/share)</b>	<b>0.00</b>	<b>0.05</b>

## 8. Other indicators

**Revenue coverage:** the revenue coverage ratio expresses the likelihood of achieving the sales volume targets set by the company for a given year. It is calculated as the revenue booked until one period (including the activity/sale expected for the rest of the year) divided by the activity/sales guidance for that year.

Million Eur	2Q18
Actual revenue year N (1)	4,369
Order Backlog for delivery year N(2)	4,613
Low end Sales guidance year (3)	9,000
<b>Revenue Coverage ((1+2)/3)</b>	<b>100%</b>

# MANAGEMENT REPORT

**Book-to-bill:** ratio of order intake (in Eur) to activity/sales (in Eur) in the same period. The Book-to-Bill ratio gives an indication of the future trend in sales volume.

Million Eur	Pro-Forma		3Q17	4Q17	1Q18	2Q18
	1Q17	2Q17				
Order Entry	2,715	4,013	1,398	2,791	2,912	3,043
Revenues	2,764	3,178	2,693	2,329	2,127	2,242
<b>Book to bill</b>	<b>1.0</b>	<b>1.3</b>	<b>0.5</b>	<b>1.2</b>	<b>1.4</b>	<b>1.4</b>

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. The components of this pro forma calculation follow:

Million Eur	1Q17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Order Entry	1,435	1,279		2,715
Revenue	1,384	1,273	107	2,764
<b>Book to bill</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>

Million Eur	2Q17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Order Entry	3,142	872		4,013
Revenue	1,516	1,546	116	3,178
<b>Book to bill</b>	<b>2.1</b>	<b>0.6</b>	<b>0.0</b>	<b>1.3</b>

**MWe:** an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacture in terms of work in progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

**Cost of energy (LCOE/COE):** the cost of converting a source of energy, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking account of all costs incurred during the asset's life cycle (including construction, finance, fuel, operation and maintenance, taxes and incentives), divided by the total output expected from the asset during its useful life.

CARLOS RODRÍGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276.302-A, SECRETARY OF THE BOARD OF DIRECTORS OF "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 interim condensed consolidated financial statements and the interim management report correspond to the first six months of the 2018 financial year of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and its subsidiaries that compound the SIEMENS GAMESA Group, which have been authorized for issue by the Board of Directors at its meeting held on May 3, 2018, is the content of the preceding 64 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 fulfillment of article 11.3 of Royal Decree 1362/2007, of October 9.

\_\_\_\_\_  
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. Klaus Rosenfeld does not sign this document as he hasn't physically attended the meeting of the Board of Directors due to unavoidable professional commitments; that (ii) he has delegated his representation and vote for the items included in the agenda to the director Ms. Swantje Conrad, and that (iii) Ms. Swantje Conrad, who holds an express authorization conferred for these purposes by Mr. Klaus Rosenfeld, has signed this document on his behalf. It is also stated that Ms. Mariel von Schumann, Mr. Ralf Thomas, Ms. Lisa Davis and Mr. Michael Sen attend the meeting by videoconference and therefore they don't sign this document and that Ms. Rosa María García García has signed this document on their behalf in virtue of an express authorization conferred for these purposes by Ms. Mariel von Schumann, Mr. Ralf Thomas, Ms. Lisa Davis and Mr. Michael Sen.

Zamudio, May 3, 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