29 July 2015

January-June 2015 Results

RESULTS ALIGNED WITH TARGETS FOR 2015. PROFITABLE GROWTH AND A SOUND BALANCE SHEET IN LINE WITH THE BUSINESS PLAN 2015-17

Gamesa Corporación Tecnológica[1] ended the first half of 2015 with sound earnings in line with guidance for the year. Commercial activity remained strong: order intake amounted to 1,835 MW in the first half, 41% more than in the same period of 2014. The order book totalled 2,847 MW, 49% more than at 30 June 2014 and accounted for 97%[2] of sales guidance for the year, over 30 percentage points more than at the beginning of 2015. Medium-term sales visibility also increased due to the 66% increase in the order book for 2016-17. Revenues in the first half of 2015 amounted to €1,651 million, 31% more than in H1 2014, and underlying EBIT, excluding the impact of consolidating the stake in Adwen, totalled €136 million[3], i.e. 64% growth y/y and an EBIT margin of 8.2%, 1.7 percentage points better than in H1 2014. Together with stronger profitable growth, Gamesa continues working to reinforce improvements in working capital, which has declined by 34% year-on-year, providing a working capital/revenues ratio of 8.5%[4], over eight percentage points lower than in the same period of 2014 (16.8%). Control of working capital and focused capex enabled Gamesa to maintain a sound balance sheet in a context of rising activity, ending the semester with a net cash position of €39 million, -0.1 times group EBITDA.[5] Additionally, the creation and consolidation of Adwen, the joint venture with Areva to operate in the offshore business, had an impact on group earnings: a positive non-recurring increase of €29 million in EBIT and €11.2 million in net profit. Excluding that impact, net profit amounted to €86 million.

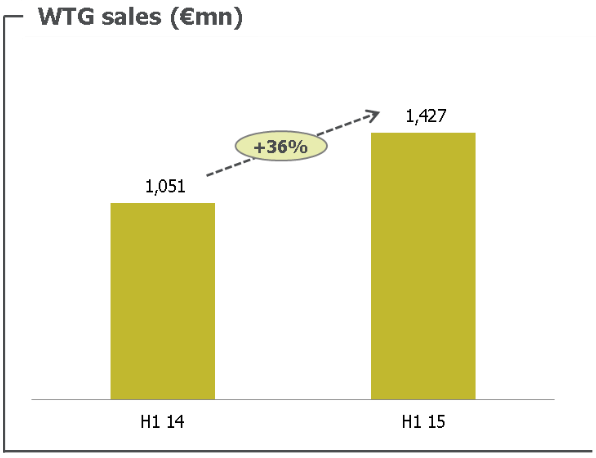
Main consolidated figures for H1 2015:

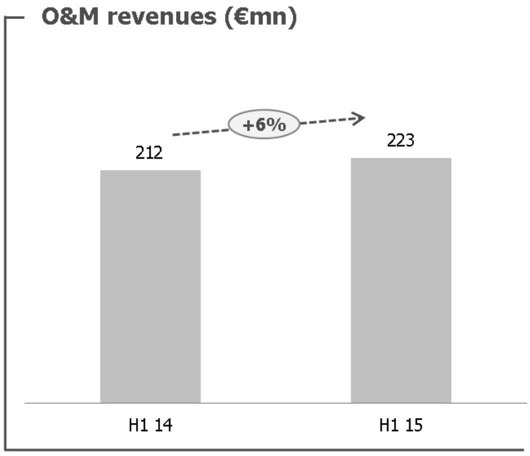
- **Revenues:** €1,651 million (+30.8% y/y)
- **Underlying EBIT[2]**: €136 million (+64.4% y/y)
- **Net income excluding Adwen[2]:** €86 million (2x y/y)
- **Net financial debt (NFD)[6]:** -€39 million (-0.1x EBITDA[5])
- **MWe sold:** 1,481 MWe (+24.9% y/y)
- **Firm order intake:** 1,835 MW (+41.4% vs. H1 2014)

Gamesa Corporación Tecnológica ended H1 2015 with revenues of €1,651 million, a 31% increase over H1 2014, **due to strong growth in wind turbine manufacturing and sales.** Sales in the WTG division increased by 36% y/y, to €1,427 million, due to strong growth in activity (+25% y/y to 1.481 MWe), positive currency performance, and the launch of new products such as the G114-2.0 MW and G114-2.5 MW and taller towers, partly offset by the increase in activity in such countries as China and India. The recovery in sales in Europe and China, which began in the second half of 2014, was the main driver of volume growth in the first half of 2015.

[1] Gamesa Corporación Tecnológica engages in wind turbine manufacture, which includes the development, construction and sale of wind farms, as well as operation and maintenance services.
[2] Sales coverage is calculated with respect to the guidance for sales in the year, adjusted upwards in the new business plan from an initial range of 2,800-3,100 MWe to 3,100 MWe.
[3] EBIT and net profit are expressed net of items amounting to €29 million and €11.2 million, respectively, in H1 2015, which relate to the creation and consolidation of Adwen. Variations with respect to the 2014 numbers are calculated by excluding those items in 2015. There were no non-recurring items in H1 2014.
[4] Ratio of working capital to revenues in the last twelve months.
[5] Underlying EBITDA in the last 12 months.
[6] Net financial debt including interest free loans and derivative instruments less current financial assets and cash.

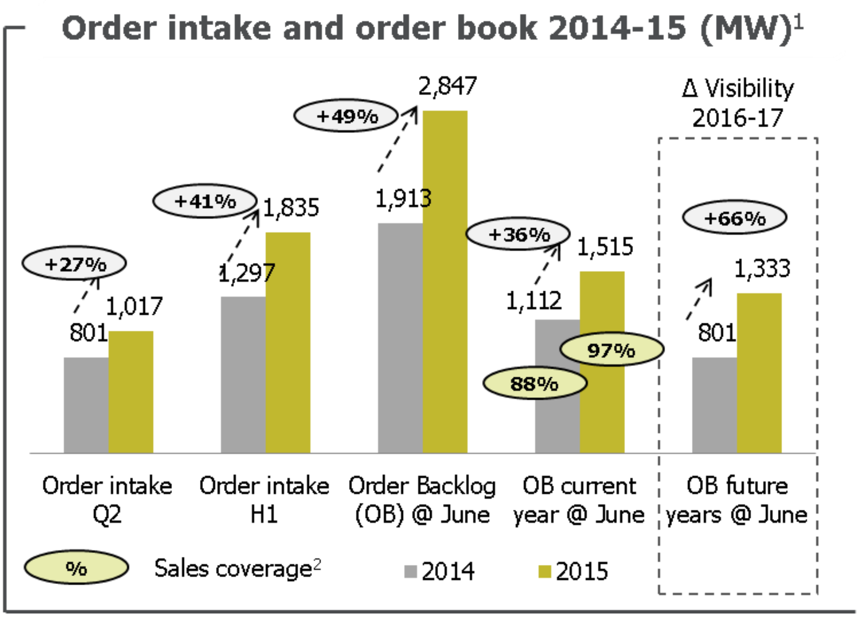
Revenues from O&M services amounted to €223 million, i.e. 5.6% higher than in H1 2014, supported by 11% y/y growth in the average post-warranty fleet under maintenance, offset by a reduction in the sale of spare parts.





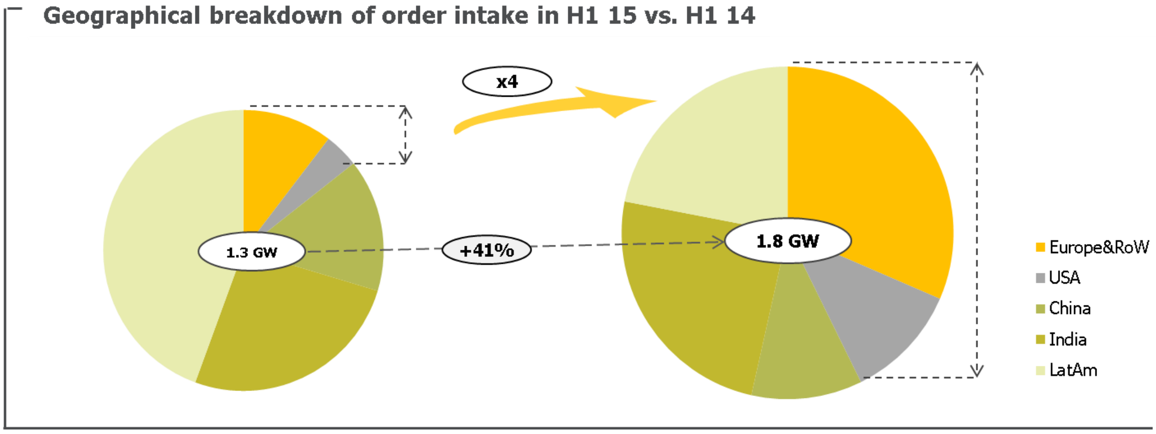
Growth in activity and sales is supported by Gamesa's strong commercial performance and by growth in global demand, driven by the recovery in the US market that commenced in 2014 and by double-digit growth in emerging wind markets such as India, Brazil and Mexico, where Gamesa has a strong position. Gamesa's sound competitive position, supported not only by a diversified geographic footprint but also by an extensive customer base, a portfolio of products and services aimed at maximizing the return on wind assets, and a presence throughout the wind value chain, enabled the company to leverage the rising trend in order intake. In this regard, Gamesa signed orders for **1,835 MW[7] in the first half of 2015,** 41% more than in H1 2014m, and order intake in the second quarter amounted to 1,017 MW, 27% more than in Q2 2014. **As a result, Gamesa increased its book-to-bill ratio[8] from 1.09 in the first half of 2014 to 1.24 in the first half of 2015**. **The order book at the end of June 2015 stood at 2,847 MW, 49% more than** a year earlier, **achieving coverage of the sales volume projected for the period (97%)[9]** one quarter earlier than in 2014. Additionally, **the order book for 2016 and subsequent years (2016+) expanded by 66%**, from 801 MW in H1 2014 (for 2015+) to 1,333 MW in H1 2015, thereby increasing the visibility of the sale commitments under the new business plan 2015-17.

[7] Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes firm orders signed in Q2 2015 (468 MW) that were published individually in Q3 2015.
[8] Ratio of order intake to sales in the period (MWe).
[9] Coverage based on 2015 guidance (c. 3,100 MWe).



1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes 468 MW in orders signed through June 2015 and announced in July (208 MW for Iberdrola in the US, 200 MW for Orange in India and 60 MW for PowerChina ZhongNan in Thailand).
2. Coverage based on total order intake through 30 June 2015 for activity in 2015 with respect to adjusted volume guidance for 2015 (3,100 MWe). Quarterly coverage in 2014 based on order intake with respect to final sales of 2,623 MWe.

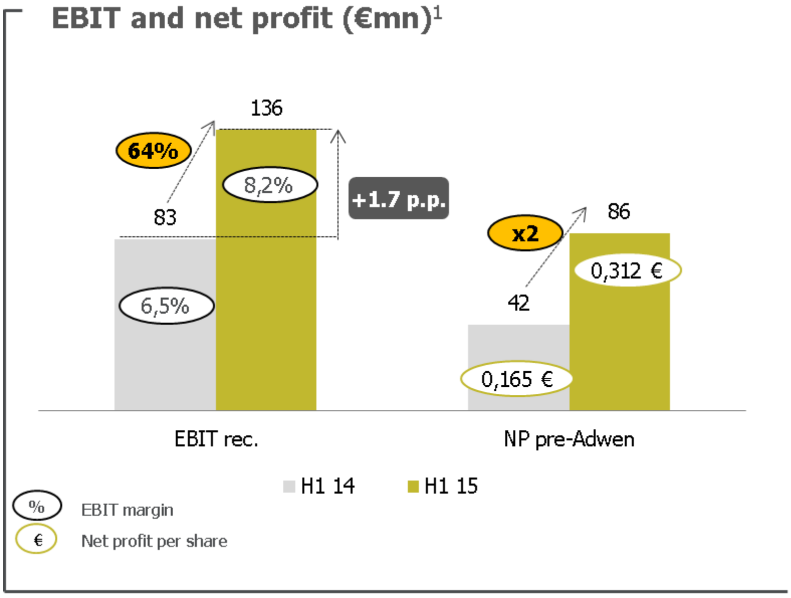
Order intake in the first half included a strong contribution from new generations of products, the G114 2.0-2.5 MW, whose contribution has risen from 6% in the first half of 2014 to 45% in the same period this year. There was also a sharp increase in order intake from developed markets, the US, Europe and the Rest of the World, which increased four-fold with respect to the first half of 2014, rising from 14% of order intake in the first half of 2014 to 45% in the first half of 2015.



In this context of growing activity, control of structural costs and the balance sheet remains a priority. Strict control of fixed costs, together with the ongoing optimization of variable costs, has enabled Gamesa to offset a lower relative contribution to group revenues from O&M as well as higher depreciation and amortization charges, leading to rising operating profitability. The improvement in profitability was also favored by a positive exchange rate impact, which contributed 0.8 percentage points to the improvement in operating profitability ratios in the period. **As a result, Gamesa ended**

the first half of 2015 with an underlying EBIT margin of 8.2%[10], nearly two percentage points (+1.7 p.p.) higher than in the same period of 2014 and in line with guidance for the year (≥8%). **Underlying EBIT in the half-year totalled €136 million[10], 64% more than in the same period of 2014.**Profitability has improved steadily this year: the underlying EBIT margin was 8%[10] in the first quarter of 2015 and 8.4%[10] in the second quarter.

Solid growth in volume and revenues, combined with higher business profitability and the decline in financial expenses and in losses at certain investees, partially offset by the increase in the tax burden, resulted in **Gamesa increasing underlying net profit 2-fold in the period to €86 million[11] in H1 2015.**

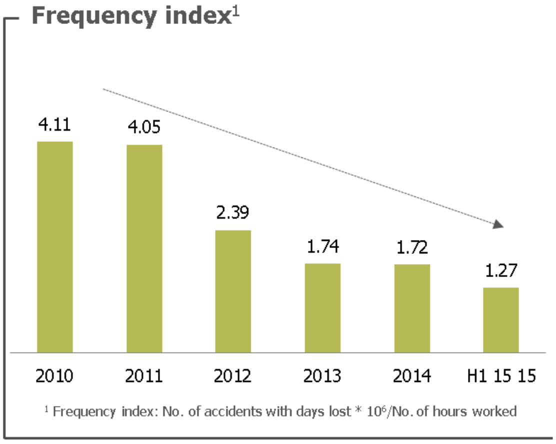


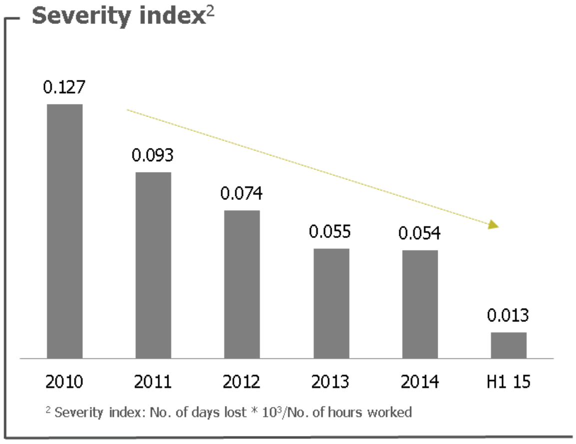
1. EBIT and net profit excluding impact of creating and consolidating Adwen: €29mn in EBIT and €11.2mn in net profit

The launch of Adwen, the joint venture with Areva to operate in the offshore segment, had a non-recurring impact on Gamesa's EBIT and net profit. This impact on EBIT was €29 million and was recognized in the first quarter; it raised reported EBIT in the first half to €165 million, while the non-recurring impact on net profit, €11.2 million, boosted reported net profit to €97 million.

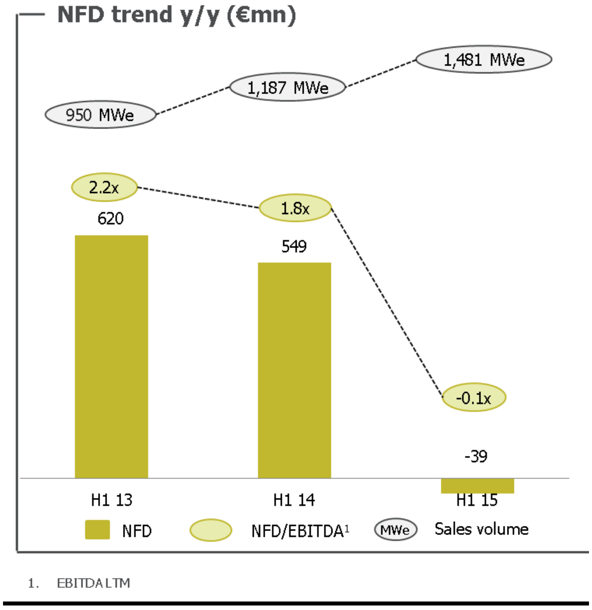
Together with strict control of group structure and a sound balance sheet, health and safety is another priority for the company and one of the areas in which Gamesa is positioned among industry leaders, as visible in the downward trend in frequency and severity indices.

[10] EBIT and EBIT margin excluding non-recurring impact of capital gains from the creation of the joint venture with Areva, which amounted to €29 million in 1Q 2015 (no impact in Q2 2015).
[11] Positive impact on net profit from the consolidation of Adwen amounts to €11.2 MM





Gamesa is focused on maintaining a sound financial position in a context of rising activity, by controlling working capital and investment in tangible and R&D assets. The company ended the first half with a working capital/LTM revenues ratio of 8.5%, more than eight percentage points lower than in H1 2014, with capex amounting to €56 million. This level of working capital and capex, coupled with rising operating cash flow, enabled the company to end the quarter with a net cash position of €39 million, i.e. -0.1 times EBITDA[5]. In connection with quarterly cash flow, it's important to note that the dividend payment and the estimated increase in capital expenditure, in line with the guidance for 2015, will have an impact in the third quarter.



Main factors

Activity

Gamesa sold 1,481 MW in the first half of 2015, i.e. 25% more than in H1 2014. This growth was driven mainly by China and Europe. Although the geographical contribution in one half of the year does not necessarily reflect the performance expected in the full year, the projection is in line with this sales breakdown.

	H1 2014	H1 2015	Chg.
WTG sold (MWe)	1,187	1,481	24.9%

Geographical breakdown of wind turbine sales (MWe) (%)	H1 2014	H1 2015
USA	20%	15%
China	1%	17%
India	30%	26%
Latin America	36%	19%
Europe and RoW	13%	23%
TOTAL	**100%**	**100%**

Activity in the first quarter of 2015 was concentrated in the Gamesa 2.0 MW segment, which represented 98% of total MW sold, vs. 96% in the same period last year. The Gamesa G114 2.0 MW platform accounted for 23% of activity in the quarter, evidencing the new platforms' growing importance.

In the services division, Gamesa had 20,622 MW under operation and maintenance, 4.6% more than at the end of June 2014. The growth is mainly attributable to the increase in MW under operation and maintenance in India and Brazil.

	H1 2014	H1 2015	Chg.
MW under operation and maintenance at end of period	19,724	20,622	4.6%

Profitability

Revenues amounted to €1,651 million in the period, 31% more than in the same period of 2014. This increase is due mainly to sales by the WTG division.

The main drivers of growth in WTG revenues (which increased by 36% year-on-year) are:

- +25% increase in volume
- Currency appreciation compared with average rates in H1 2014 (11% positive impact)

- Increase in the average price of WTGs due to larger rotors and higher towers, partially offset by China's greater contribution to total revenues

Services revenues increased by 5.6% with respect to the same period of 2014. Post-warranty revenues performed in line with growth in the average post-warranty fleet in the first half (+11% vs. H1 2014), offset by lower spare parts sales.

Gamesa obtained €136 million in underlying consolidated EBIT in H1 2015 and an EBIT margin of 8.2% (vs. 6.5% in H1 2014). EBIT performance is attributable to:

- higher sales volumes (+1.4 percentage points)
- fixed cost performance (-0.2 p.p.)
- contribution margin performance (-0.3 p.p.)
- currency performance (+0.8 p.p.)

The lower contribution margin in the first half of 2015 is due to the lower contribution by Operation & Maintenance to total revenues (14%, vs. 17% in H1 2014) and to the sales mix with lower contribution from Europe, partly compensated by the positive impact of the continuous optimization programs.

Financial expenses in the period totalled -€15.8 million and exchange gains (positive) amounted to €1 million. As a result, **consolidated net profit before consolidating Adwen totalled €86 million (€42 million in H1 2014).**

The **impact of consolidating Adwen on consolidated income was as follows**:

- Capital gain: €29.2 million
- Result of consolidating 50% of Adwen income in H1: -€9.8 million
- Tax expense estimate: -€8.2 million
- Total impact on net profit: €11.2 million

As a result, including Adwen, EBIT amounted to €165 million, while net profit totalled €97 million.

Balance sheet

As reflected by the main balance sheet indicators**, Gamesa maintained a sound financial position in a context of rising activity.**

	H1 2014	H1 2015
Working Capital/Revenues	16.8%	8.5%
NFD/EBITDA	1.8x	-0.1x
ROCE	7.5%	13.1%

The impact of the integration of Adwen (50%) on Gamesa can be summarized as follows:

- **Net assets contributed to Adwen and derecognized on Gamesa's balance sheet and transaction costs: €165.8 million** (mainly property, plant and equipment and intangibles)
- **Value assigned to the contribution recognized on Gamesa's balance sheet: €195 million** (€100 million for the equity-accounted 50% stake in the Adwen joint venture, and €95 million in non-current financial assets, i.e. the shareholder loan).

Consolidated Income Statement and Balance Sheet, Key Figures

(€ million)	**H1 2014**	**H1 2015**	*% Chg.*
Revenues	1,262	1,651	*+30.8%*
Underlying EBITDA	161	231	*+43.3%*
Underlying EBITDA/Revenues (%)	12.8%	14.0%	*+1.2pp*
Underlying EBIT	83	136	*+64.4%*
Underlying EBIT/Revenues (%)	6.5%	8.2%	*+1.7pp*
EBIT	83	165	*x2.0*
EBIT/Revenues (%)	6.5%	10.0%	*+3.4pp*
Profit (loss) pre-Adwen	42	86	*2.0x*
Profit (Loss)	42	97	*2.3x*
NFD	549	-39	*-588*
Working capital	418	275	*-143*
Capex	56	56	-

Outlook

Outlook for 2015 intact

Activity and financial performance in the first half of 2015 corroborate the company's outlook for the full year.

Growth in the first half (25% in volume and 31% in revenues), the order book at end-June (2,847 MW), which covers the sales guidance for the full year (c. 3,100 MWe), and the trend in average sale value per MWe sold support the sales guidance for 2015 (c. €3,400 MM). As expected, the average value per MWe sold was positively impacted by currency fluctuations and new product launches, offset by a higher contribution by sales in China. Contract scope, the volume of installation and commissioning and the geographical mix explain the quarterly volatility (past and projected) in the average value per MWe sold, but do not alter the projections for total sales or sales margins.

Likewise, underlying operating profitability that followed a rising trend with the first half the EBIT margin of 8.2% and 8.4% in the second quarter, is fully in line with projections for the full year (≥8%).

As for the balance sheet, the sequential increase in working capital in the first half is attributable to normal seasonality, while the working capital/revenue ratio has declined by 8 percentage points in the last twelve months, supporting the guidance for the full year (≤5%). Factors that will impact the balance sheet in future quarters include the dividend payment in July (€23 million), and the estimated increase in capital expenditure (€56 million in H1 2015), in line with commitments and growth prospects, with capex set to reach 4-5% of revenues.

The company is consequently able to confirm its guidance for 2015 and project greater value creation boosting ROCE to exceed WACC by four percentage points.

	1H 2015	2015 Guidance		
Volume (MWe)	1,481	c.3,100	✓	**Profitable growth**
Revenues (€mn)	1,651	c.3,400	✓	
EBIT margin	8.2%	≥8%	✓	
WC/revenues	8.5%	<5%	✓	**Control of capital consumption and capex**
Capex/revenues	€56mn	4%-5%	✓	
ROCE		**≥WACC+4%**		**Creating value**
Dividend proposal: pay-out ratio		25%		**Resuming dividends**

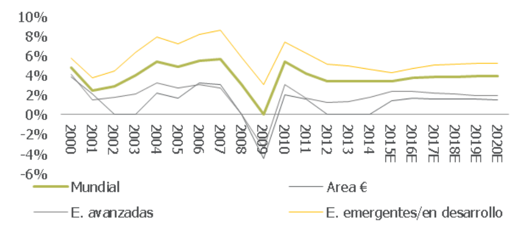
Profitable growth and sound balance sheet trends in line with the BP 15-17

Beyond strict compliance with the commitments for 2015, Gamesa, as an industrial, wind energy and technology group, operates with a focus on creating sustainable value that trends upwards in the medium and long term. The results of the first half of 2015, characterized by profitable growth and a sound balance sheet, and the lines of action implemented in the first half, dovetail with the objectives of the new business plan 2015-17 that was unveiled on 16 June.

The new plan was developed after achieving the goals of the 2013-15 plan ahead of schedule. Contrasting with the market environment in which the 2013-15 plan was launched, the current situation is characterized by a steady upswing in economic growth and a resumption of growth in energy demand, concentrated mainly in emerging markets, better access to funding, a greater commitment to renewable energy and more regulatory visibility, and an industry situation which, though still very competitive, now has a sound cost structure and a solid balance sheet.

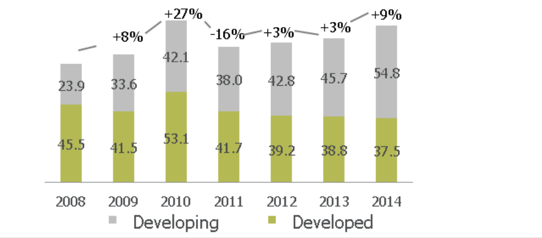
Better macro environment and better access to financing

GDP evolution (y-o-y %)



Source: IMF (GDP evolution at constant prices)

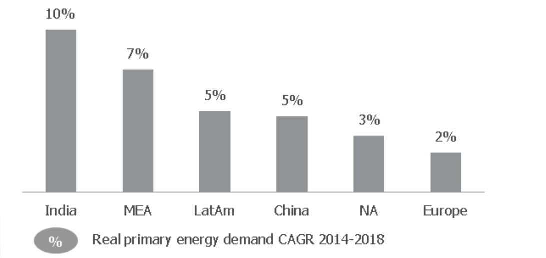
Funding in new wind assets ('000 $mm)



Source: BNEF Q1 2015 Global Wind Market Outlook

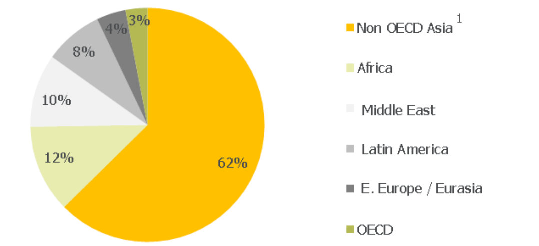
Growth in energy demand especially in merging markets

2014-18 primary energy growth



Source: Economist Intelligence Unit

2012-40 contribution to primary energy demand growth



Source: International Energy Agency. 2014 Perspectives *(1) Asia, excluding Japan and South Korea*

Greater regulatory visibility and commitment to renewables

International agreements

International agreements advancing towards setting new renewable targets

- European Union 2030 Climate and Energy Framework
- U.S. – China Joint agreement on Climate Change to reduce emissions
- COP 21 meeting to replace The Kyoto Protocol beyond 2020

Auctions in Europe

Trend towards competitive auction systems in Europe from 2017 onwards

U.S.

Pending decision on PTC extension in the U.S. in the mid term, however with an attractive proposal for the long term: renewable energy contribution to the mix up to 13% in 2030 (EPA[1])

Emerging markets demand

Growth in emerging markets leveraged on increasing energy demand.

- New renewable targets and regulation in India
- 2017-2020 Plan in China: 20 GW/year of wind onshore installations and cumulative objective of 200 GW by 2020; 10 GW by 2020 of offshore wind
- Renewable energy auctions (production and/or installations): Brazil, Egypt, South Africa, Chile, Guatemala…

(1) EPA: Environmental Protection Agency

In this context, with wind energy becoming steadily more competitive, Gamesa launched a plan to ensure profitable growth in the short, medium and long term and to remain profitable with a sound balance sheet at both the peak and trough of the demand cycle. To achieve this objective, the plan set out five lines of action:

- Seize growth opportunities in emerging and developed markets

- Control structural costs and steadily improve variable costs through continuous improvement programmes and quality leadership
- Maintain a sound balance sheet
- Pursue competitiveness in the portfolio of products and services, enhancing the position in developed markets and in emerging markets where Gamesa does not yet have a presence.
- Prepare the company for after 2017

Profitable growth and sound balance sheet in the short, medium & long term

1 INDUSTRIAL GROUP

- ✓ Strategic and operating decisions **focused on medium and long term**
- ✓ **Fixed costs control while continuously improving variable costs**
  - **Strict control of break even point**
- ✓ **Balance sheet strength as a priority**

2 TECHNOLOGY COMPANY

- ✓ **Improving the competitiveness of the product and service portfolio,** maintaining a leading position in high growth markets and enhancing positioning in mature markets
  - More rotors >100m and wider nominal power range

3 OPERATING IN WIND

- ✓ **Tapping growth opportunities** both in emerging and mature markets
- ✓ **Preparing for 2017+** looking for growth opportunities in wind and synergy-sharing areas under a strict criterion of value creation

Profitability and sound balance sheet in the peak and trough of demand

Working along those lines, Gamesa plans to generate growing sustainable value and maintain an attractive dividend policy as a result of

1) Double-digit growth in activity, adding 1,000 MWe between 2014 and 2017, to achieve a volume of 3,500-3,800 MWe
2) Rising EBIT and net margins, doubling EBIT between 2014 and 2017
3) Generate net free cash flow in the period
4) Maintaining a sound balance sheet

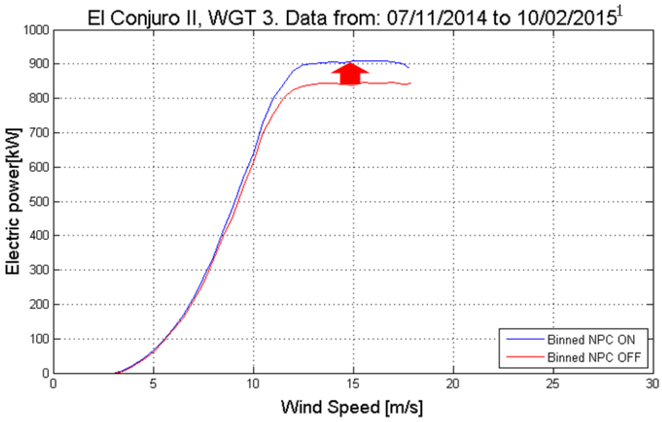
	2014A	2015E	2017E	
Volume (MWe)	2,623	c.3,100	3,500-3,800	Profitable growth
EBIT margin[1]	6.4%	≥8%	>8%	
EBIT (€mm)	181		x2[1]	
WC/revenues	2.5%	<5%	<5%	Control of working capital and capex
Capex/revenues	3.8%	4%-5%[2]	<3.5%[3]	
ROCE	**WACC +2%**	**WACC+4%**	**Growing in the period**	**Accelerating value creation**

1. At January-May 2015 average exchange rates, aligned with FX estimates for the year
2. Includes organic maintenance capex (3.5% of revenues) and growth capex
3. Guidance includes organic maintenance capex.

Progress with the general lines of action set out in the plan

Not only do the results and financial trends in the first half conform to the long-term goals of the BP15-17, but Gamesa has also progressed along several of the lines of action since the plan was announced.

- ✓ **Within the O&M segment,** Gamesa maintains its strategy of selling value-added products; in the third quarter, it signed **the sale of a package of Energy Thrust value-added services for an installed fleet of nearly 900 MW**. This will make it possible to increase fleet output by up to 5% through certified upgrades to turbine software and hardware, requiring no upfront investment by the client, at a price linked to the additional productivity.



1. In some cases, such as G58 WTG (represented in above graphic), higher improvements are achieved (+ 7%)

- ✓ **In the wind farm development business**, whose business model accommodates co-development agreements to realize the value of available resources, Gamesa has signed a **letter of intent with SunEdison to create a 50:50 joint venture to develop up to 1,000 MW of wind projects,** selected by SunEdison from Gamesa's global portfolio of wind farms, particularly in India and Mexico, between now and 2018. In line with the business model of technology development without drawing on the balance sheet, upon reaching the construction phase, SunEdison will acquire the projects, taking charge of funding, with a view to transferring them to Terraform once they are operational.

  The agreement envisages that Gamesa will supply wind turbine generators to the farms that are developed under this agreement and that it may be awarded a turnkey construction contract. The company will also provide long-term O&M services for the farms that are developed under the agreement. The MoU contains a commitment by SunEdison to acquire additional turbines from Gamesa for its wind farms, depending on the MW developed in the framework of the agreement.

The final agreements to create the joint venture and the initial selection of projects to be developed are scheduled for late in 2015.

- ✓ As regards the **search for opportunities to sustain growth beyond 2017**, Gamesa has reached **an agreement to develop 10 MW of solar capacity in India**. This project, which will come into operation in September, represents Gamesa's first incursion into solar photovoltaic, a sector with potential to reach 750 GW in India and for which the government target is 100 GW by 2022 (from the current 3.8 GW). Gamesa will take charge of turnkey (EPC) development of four solar plants located in the state of Tamil Nadu, in south-east India, for three major textile companies in the area, some of which are already customers of Gamesa in the wind sector. The PV inverters for these projects will be supplied by Gamesa Electric.

Progress with renewable commitments

As mentioned at the beginning of the Outlook section, the new business plan 2015-17 was launched against a more favorable market backdrop than its predecessor, including a greater commitment to renewables and more regulatory visibility; the commitment and regulation were outlined broadly at the beginning of this section. Since publication of the plan, progress has been made towards significant milestones for achieving the objectives of the new plan in key markets, such as India, Mexico, Brazil, the USA and Europe.

India's Ministry of New and Renewable Energy has proposed a **National Renewable Energy Act 2015** to provide the necessary framework to drive growth in renewable energy effectively and in a coordinated manner so as to fulfill the objectives for solar (100 GW) and wind (60 GW) by 2022.

- Payment security: distribution companies will develop mechanisms that guarantee the timely payment of the renewable energy generated.
- Renewable energy fund: a National Renewable Energy Fund will be set up, finance with a tax on coal, to promote renewable energy development. Similarly all states will set up Green Funds to develop renewable energy in their jurisdictions.
- Grid connection: network distribution and transmission operators will be obliged to connect all renewable energy producers.
- Committees: a National Committee for Renewable Energy will be set up to launch the Law. Additionally, a National Renewable Energy Advisory Group will help the Committee prepare the National Policy and National Plan of Renewable Energies. The states will also have committees and nodal agencies that will advise the central government taking into account the national plans and policies.
- Decentralized generation: the central and state governments will promote distributed generation and off-grid installations. They will also regulate aspects like the tariffs received by the clients supplying electricity into the grid.

Among the global commitments to reduce emissions, the US and Brazil have undertaken to work to achieve an "ambitious and balanced" world agreement on climate change at the summit to be held in Paris in December. The commitment for **2030** is for **20%** of power generation in their respective countries to be **from renewable sources other than hydroelectric**.

Finally, as regards the **carbon market**, the European Parliament approved the legislative proposal to establish a market stability reserve (MSR) for the European carbon market (ETS). The MSR is a mechanism to balance supply and demand for **emission rights**. It will work by retaining emission rights when there is a surplus in order to boost prices above their current level of €7-8/ton. The mechanism will come into operation in 2019 and is expected to raise the price of emission rights to €30/ton in 2030.

Within Europe, after a year of debates, France passed its **Energy Transition Law with the goal of changing the energy matrix by reducing nuclear dependency and increasing the contribution by renewable energies.** The main measures under the law are as follows:

- Reduction of nuclear's share of power generation from the current 75% to 50% by 2025. Additionally, installed capacity is to be capped at 63.2 GW.
- Renewables will account for 32% of primary energy by 2030.
- Renewables contribution to the electricity industry: 40% of electricity generation (19.5% in 2014), which, according to the French wind energy association, will require at least 1,600 MW per year of onshore wind capacity to reach the target.
- Reduction of GHG emissions by 40% by 2030 with respect to the 1990 baseline (in line with the targets for the European market — EU ETS).
- Energy efficiency:
    - Primary energy consumption: reduction of 20% by 2030 and 50% by 2050, with respect to the 2012 baseline.
    - Primary consumption of fossil fuel: 30% reduction by 2030 with respect to the 2012 baseline.
- Carbon tax: the tax on fossil fuel consumption will be raised to €56/tCO_2 in 2020 and €100/tCO_2 in 2030, from €14.5 at present.

Lastly, also in Europa, renewable support in the United Kingdom saw less positive developments:

- On one hand the Levy Exemption Certificate (LEC) will be eliminated from the first of August 2015. Since 2001 industrial companies paid a tax (the climate Charge Levy or CCL) through the purchase of renewable energy (LEC) for 5.4 GBP/MWh linked to inflation that now disappears.
- On the other, the government officially announced the introduction of primary legislation to eliminate onshore wind subsides ahead of plan (starting 04/01/2016).

Conclusions

In a context of a global recovery in demand and strengthening of Gamesa's competitive position, **the company ended the first half of 2015 with solid earnings, aligned with the target for 2015** and with the priorities set out in the new business plan 15-17: profitable growth and a sound balance sheet to achieve rising sustainable value creation and an attractive dividend policy.

Revenues amounted to €1,651 million, i.e. 31% higher than in 2014, with an underlying EBIT margin of 8.2%[12], nearly two percentage points higher than in 2014. Favorable currency performance accounted for 11.6% growth in revenues and a 0.8 point increase in the margin. **Additionally, net profit before consolidating Adwen increased two-fold to €86 million[12].**

The company's sound competitive position was confirmed as it maintained its leading position in key countries such as India, Mexico and Brazil for the second consecutive year, while order intake from developed markets increased four-fold in year-on-year terms, and ongoing strong sales activity resulted in **sharp growth in order intake, to 1,835 MW**, i.e. 41% higher than in 2014. This enabled **Gamesa to increase revenue visibility for this year and 2016 since it ended H1 2015 with an order book of 2,847 MW, 49% more than at the end of June 2014 and covering 97% of the volume guidance for 2015**[13].

Growth in revenues and profitability aside, Gamesa continues to prioritize a sound balance sheet, by controlling both working capital and capex. In a context of increasing activity, Gamesa reduced working capital by 34% with respect to H1 2014 and improved the working capital/revenues ratio by over 8 percentage points, to 8.5%. This reduction in working capital, together with greater operating cash flow and accrual of capex**, enabled Gamesa to end H1 2015 with a net cash position of €39 million, i.e. a NFD/EBITDA ratio of -0.1x.**

Summing up, Gamesa ended the first half of 2015 in line with guidance for the year and in a position to accelerate value creation for shareholders, as set out in the new business plan.

[12] EBIT and net profit are expressed net of non-recurring items amounting to €29 million and €11.2 million, respectively.

[13] Coverage calculated as orders for activity in 2015 with respect to the volume guidance for 2015 (3,100 MWe).

Annex

Financial Statements January-March 2015

Gamesa Corporación Tecnológica - Consolidated

Profit and Loss Account –'000 €	H1 2014	H1 2015
Turnover	1.262.188	1.650.828
'+/- Variation in inventories of finished products and WIP	-9.017	95.912
Consumption	-856.229	-1.210.516
Other operating revenues	1.972	3.121
Work performed on own assets	29.570	26.014
Personnel expenses	-144.682	-168.545
Other operating expenses	-125.468	-165.475
EBITDA	**158.334**	**231.339**
Depreciation and amortization	-46.074	-47.733
Provisions	-29.366	-48.224
Impairments	-325	
Profit/Loss from assets disposals		29.488
EBIT	**82.569**	**164.869**
Financial revenues	2.396	6.389
Financial expenses	-25.268	-22.182
Exchange differences (profit/loss)	119	862
Equity-accounted affiliates	-698	-9.595
EBT	**59.119**	**140.343**
Taxes	-15.075	-42.028
Incoem after taxes (Continuing operations)	**44.043**	**98.314**
Income for the year from discontinued operations	-2.026	-1.223
Outside shareholders	141	155
Income attributable to the controlling company	**42.158**	**97.247**

Balance Sheet –'000 €	1S 2014	1S 2015
Goodwill	386.756	386.756
Operational fixed assets, net	594.994	442.274
Non-current financial assets, net	100.268	274.840
Deferred taxes	378.716	396.164
Inventories	576.501	772.554
Customer receivables and other receivables	1.315.914	1.444.028
Receivable from public authorities	249.857	173.992
Current financial assets	23.961	27.321
Cash and cash equivalents	734.660	691.425
Assets held for sale and discontinued operations	30.029	33.494
Total assets	**4.391.656**	**4.642.849**
Capital and reserves	1.062.753	1.482.970
Non-current provisions and deferred revenues	224.588	272.365
Non-current financial debt	1.035.217	457.929
Other non-current financial liabilities	55.217	46.503
Deferred tax liabilities	71.347	81.674
Current bank loans	198.165	178.711
Trade and other accounts payable	1.530.668	1.951.706
Payable to public authorities	108.030	54.829
Other current liabilities	105.071	114.014
Liabilities associated with assets held for sale	601	2.149
Total Liabilities	**4.391.656**	**4.642.849**

Cash Flow – '000 €	1S 2015
Profit (including discontinued activities)	97.247
+ Depreciation and amortisation	47.733
+ Provisions	48.224
+ Impairment	
- Operating provisions paid	-37.063
- Non-recurring results	-11.239
Gross Operating Cash Flow	**144.902**
- Non-recurrent provisions paid	-9.293
- Variation in working capital	-203.265
- Others	20.457
Operating Cash Flow	**-47.199**
- Investments	-55.785
Cash Flow for the Period	**-102.984**
- Variation in treasury stock	-584
- Others	
Cash Flow	**-103.568**
Initial net interest-bearing debt	-142.513
End net interest-bearing debt	-38.945

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