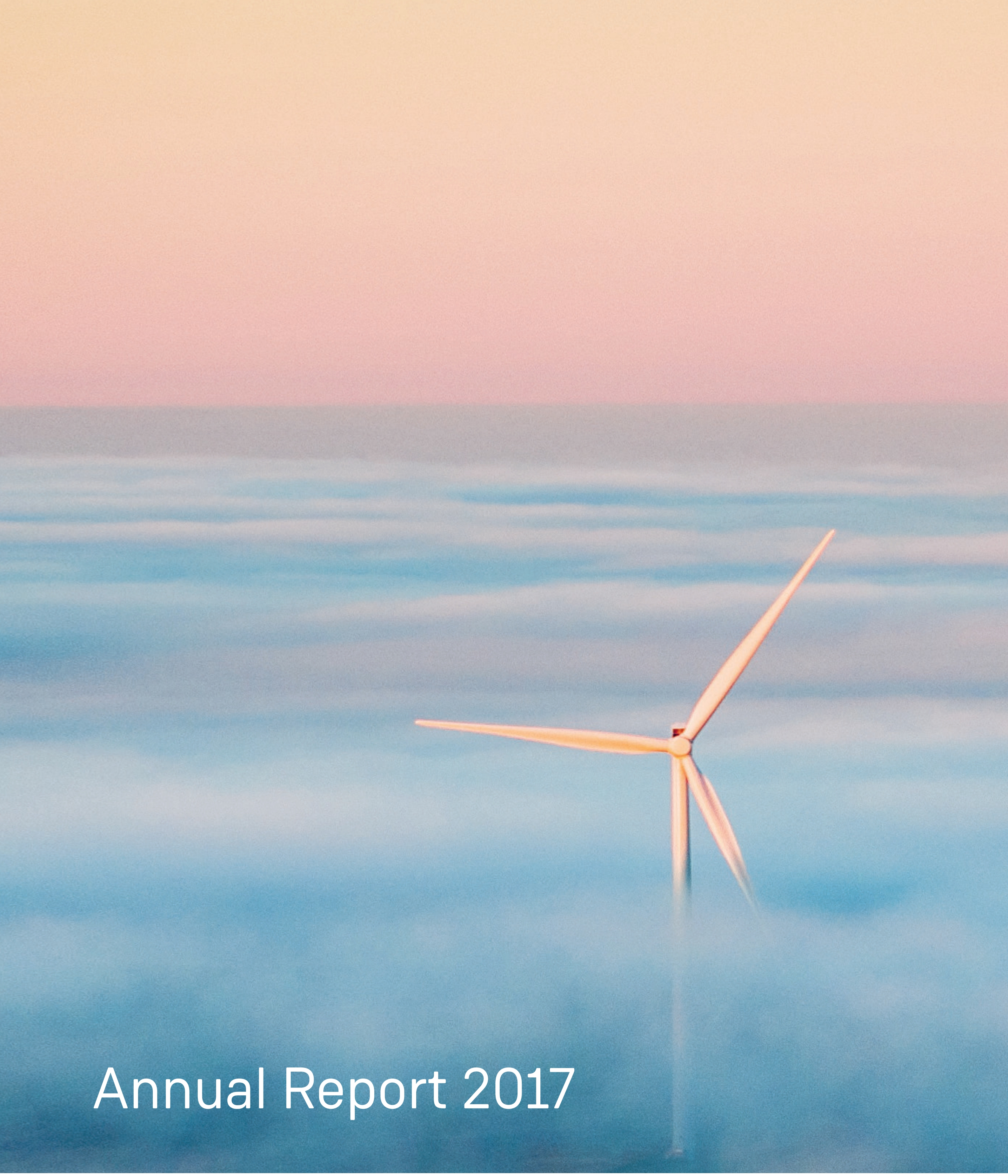


Annual Report 2017

SIEMENS Gamesa
RENEWABLE ENERGY

Key facts[1]

84.5 GW
globally installed

25,000
employees

11 billion euros
annual revenue

7.8 billion euros
market capitalization

8 GW
order entry

21.3 billion euros
order book

1 End of December 2017

Portfolio covering all requirements

Onshore

The technology partner of choice for onshore wind power projects

Offshore

The most experienced offshore wind company with the most reliable product portfolio in the market

Service

Helping customers achieve their business objectives by ensuring that turbines work at peak efficiency throughout their life cycle

United in shaping the renewable energy industry

Our scale, global reach, and proven track record of success ensure that we will play a central role in shaping the energy landscape of tomorrow.

Content


Unit
to face the energy challenges of tomorrow


ed

Letter from

Rosa María García, Chairwoman

Dear Stakeholder,

Siemens Gamesa Renewable Energy is celebrating its first anniversary. I would like, first of all, to take stock of the goals achieved as a new company. This journey begun with the creation of a new Board of Directors formed by a group of experts, including five independent professionals which guarantees the highest standards of good corporate governance.

Subsequently, the first Siemens Gamesa Renewable Energy Shareholders' Meeting was held in June 2017, which was a relevant step forward to the consolidation of the new company. Following the merger of Siemens Wind Power and the Spanish company Gamesa on 3 April 2017, we have created a world leader in the manufacture of wind turbines, with the best possible management team comprising diverse experienced professionals, with multiple languages and cultures and a global workforce from 90 different countries with a solid corporate culture and great motivation.

"We have created a world leader in the manufacture of wind turbines"

We have achieved high levels of customer satisfaction. During the last twelve months we have stubbornly pushed ahead and successfully moved forward with the integration process and learned from the best practices of both companies. But above all, we have taken the appropriate steps to consolidate our position as a benchmark in the global energy market place with a solid three year business plan that was presented at the Capital Market Day.

“As an agile company we will anticipate the needs of our customers with the highest levels of competitiveness and a solid capacity for creating value”

But this has not been an easy path. To the usual difficult challenges that need to be faced in the first fiscal year after a merger, we have to manage an extremely competitive market environment. A slowdown of main markets such as India and US and low prices at record levels as a consequence of the global market transition to auction systems have impacted the wind industry worldwide. This is a new framework that we have to get used to from now on. Within this market context, Siemens Gamesa Renewable Energy faced the goal of becoming increasingly more efficient and competitive, what forced us to make important decisions regarding the company’s processes, business models and implement stringent cost reduction programs.

After this tough process, Siemens Gamesa Renewable Energy is ready to achieve the global leadership in the Wind Energy Industry due to several reasons. We are in an attractive and dynamic energy sector where wind accounts for most of the investments pickup in demand in key markets. In addition, the merger provides Siemens Gamesa Renewable Energy with a unique foundation to achieve industry leadership based on four strategic pillars: scale, business and geographical diversification, technological leadership and extraordinary synergy and transformation potential. With a best in class offering, deep domain know-how, great business agility, digital capabilities and proven use cases we offer global answers. As an agile company we will anticipate the needs of our customers with the highest levels of competitiveness and a solid capacity for creating value.

Finally, I would like to express my total gratitude to shareholders and employees for the confidence and trust in the project. Even still immersed in a relevant transition process, all of them have shown its reliance with the conviction that we are heading in the right direction, guided by our vision, to set the pace and meet the challenge of covering the growing demand for energy in a safe and reliable way, transitioning towards a sustainable world. To ensure that we keep this mindset, the company has established the goal to keep its presence in FTSE4Good, Dow Jones and Ethibel Sustainability Indexes. We will overcome the challenges by working together, enabling us to create a more efficient and sustainable future, and meet our mission to make real what really matters: clean energy for generations to come.

Yours faithfully,

Rosa María García
Chairwoman, Siemens Gamesa Renewable Energy

Letter from

Markus Tacke, CEO

Dear Stakeholder,

As CEO of Siemens Gamesa, I'm proud of what we've achieved during this past fiscal year. It was a year of significant changes, of steps forward and of important decisions being taken and executed quickly.

The merger between Siemens Wind Power and Gamesa has given us important new strengths and created exciting new opportunities. I am confident that we are moving decisively to take advantage of these strengths and opportunities.

Our capacity for global growth has been enhanced. We've taken bold steps to adapt our global footprint and grow our customer base. We've opened a new factory in Morocco, and we've expanded into new markets. Our company has presence across the globe, with 50 sales offices in 39 countries, providing us with access to our customers of today and to the growing markets of tomorrow.

"We've been able to enhance our portfolio, building on our successful track record and proven expertise in Onshore, Offshore and Service"

We've been able to enhance our portfolio, building on our successful track record and proven expertise in Onshore, Offshore and Service. We've taken steps to ensure our product offering integrates the best of our proven know-how and industry-leading quality. And our customers have expressed a high level of satisfaction with the results.

Our ability to withstand market fluctuations is stronger than ever before; our merger took place at the right time. Our size and scale now position us to compete successfully in today's challenging marketplace. And our capacity for technological innovation is greater than ever before.

We also need to acknowledge that this past year has had its challenges. Some of these we anticipated, others caught us by surprise, for example the sharp downturn in some of our key markets like India. We knew integration would be a complex challenge for our entire organization, *“We are now in a position to focus on what we do best: developing and delivering products and solutions to customers worldwide to provide clean, reliable and affordable energy”*

and it required difficult decisions to be made, like those regarding restructuring and our product portfolio. The transition the energy market is currently going through has forced us to be decisive and cost-focused in our decision-making.

Through all of these changes, our workforce demonstrated an admirable sense of purpose and confidence. I thank all of our employees worldwide for their commitment to our company.

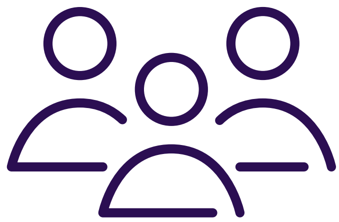
Our many stakeholders – particularly investors, customers and political decision-makers – have worked closely with us throughout this year and have given us their confidence and trust. I consider it an honor to work with you, and give you my commitment that all of us will work hard to justify the trust you have placed in us.

Much of the ‘heavy lifting’ is behind us, including most of the integration efforts, and we are now in a position to focus on what we do best: developing and delivering products and solutions to customers worldwide to provide clean, reliable and affordable energy.

In our plan for the years ahead, we have clearly laid out our strategy for how to succeed in a market environment in transition, and how to become the leader in the global wind power industry. That’s our mission, and I’m proud to embrace it. And I know that our entire organization shares my commitment to these goals.

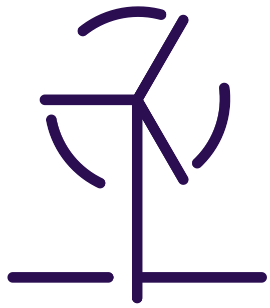
With best regards,

Markus Tacke
CEO, Siemens Gamesa Renewable Energy



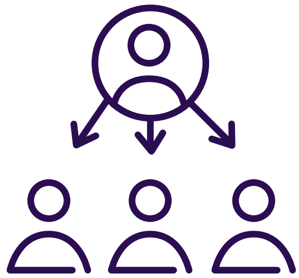
United
in our commitment to help customers create sustainable value

We are committed to working together with our customers, understanding their concerns, and earning their trust, thereby building enduring partnerships. Our core value proposition is to assist partners across the globe in realizing the lowest possible energy costs: best-in-class Levelized Cost of Energy (LCoE). This provides real and lasting benefits not only to customers but to consumers, enhancing our business and strengthening the entire renewable energy sector.



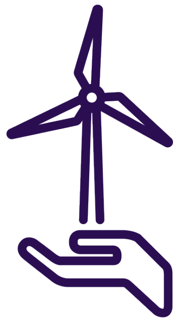
United
in our mission to develop and harness technology

To make wind power even more affordable and reliable, we constantly look for ways to enhance our products and our service by investing in cutting edge research, exploring the most innovative ideas, using digital intelligence more effectively, and attracting and encouraging the most creative minds – always looking to the future, always asking 'How can we improve?' That's what we've been doing for more than three decades: using the power of technology to build our business and to help wind power emerge as an essential part of today's energy mix.



United in our determination to earn the confidence of investors and stakeholders

By operating our business in a profitable, professional, and financially disciplined way, we continually work to improve all aspects of our operations, and we act decisively to expand our market share, grow into new markets, and seek new business opportunities in adjacent fields. We operate with clear financial targets and with a determination to grow our top line, enhance our capital efficiency, and strengthen our balance sheet.



United in embracing our responsibility to people, society and the environment

Throughout our entire organization we are committed to the highest standards of business ethics, corporate responsibility, and transparency. We know that people are the foundation of our success, and we encourage all employees to act as owners. And we are inspired, every day, by our desire to provide the world with clean energy, providing people and communities with a viable alternative to fossil fuels and helping to mitigate the harmful effects of climate change.

Milestones

2017 was a decisive year for our company.

On April 3, the merger between Siemens Wind Power and Gamesa took effect, and our united company came to life. Since then, we have experienced important progress and reached numerous significant milestones, as our integration efforts successfully fused our two entities together, combining the best of both legacy organizations.

Major Siemens Gamesa achievements of the past year include:

April

April 3: Merger, Day 1.

May

American Wind Energy Association (AWEA) Conference & Exhibition in the U.S. Our first major opportunity to showcase the united company to a broader industry audience including key customers and stakeholders.

Integration Kick Off, Bilbao. More than 90 experts from the various integration workstreams met in Bilbao for a two-day Integration Kick-Off meeting. All workstreams were staffed with experts from the organization, and teams worked to develop masterplans and align on milestones and action items.

May 9: Markus Tacke, former CEO of Siemens Wind Power, named as CEO of Siemens Gamesa Renewable Energy.

IMO Roadshow begins. The goal of the Integration Management Office (IMO) is to make the merger a success for all and to integrate the regional units into this effort. With this in mind, the Roadshow visited Siemens Gamesa's key operating regions in order to engage them in the integration process, better understand their priorities, and define the next steps with each region's executives. The first stop of the roadshow was Chennai, India, where the company has three offices and more than 500 employees.

New visual identity and new corporate design guidelines finalized, giving the united company a strong and distinctive look. The new identity and guidelines were shared with all employees and locations worldwide, deepening the effort to create the new brand.

June

IMO Roadshow goes to Latin America. The IMO continued its global effort to engage with regional units in Latin America. Representatives of the IMO and regional executives came together to work on “the main rules and the main objectives of the integration to achieve a fantastic integration success,” as David Mesonero, Corporate Development, Strategy and Integration Managing Director, put it.

Expansión recognizes the merger between Siemens Wind Power and Gamesa as the Corporate Transaction of the Year. The prestigious Spanish business newspaper praised the creation of a global leader in the wind power industry, and the way the complex corporate transaction was carried out.

June 20: First Annual General Meeting as a combined company. The event for the company’s shareholders took place in Zamudio, Spain. The event was led by Rosa María García, Chairwoman of the Board of Directors and featured a presentation by CEO Markus Tacke, whose position as CEO was ratified by shareholders. Approval was also given to a change in the company’s fiscal year and the official change in the company’s name to Siemens Gamesa Renewable Energy.

July

Markus Tacke speaks to senior business leaders at the Hamburg Globalization Forum in August, emphasizing the company’s commitment to global business and free trade. “Globalization,” said Tacke, “is here to stay. While it presents challenges, and occasional setbacks, it is overwhelmingly a force for good. It is not simply a mechanism to increase corporate profits, as some critics argue. It is a positive force for progress, creating real and lasting benefits for people and communities and, in our case, for the environment and the planet.”

Siemens Gamesa and Ørsted sign an agreement for the supply of 94 8 MW turbines (752 MW) for the Borssele 1 and 2 offshore wind power plants being developed in Dutch waters.

Development of a common corporate culture. The People and Culture module of the Integration Management Office, together with senior management, defined the pillars to guide the process of building a Siemens Gamesa Culture:

- Company DNA: “United we will shape the renewables sector and its entire value chain, leveraging our industrial, technological, and innovative capabilities to contribute to a cleaner and more sustainable environment for generations to come.”
- Mission: “We make real what matters – clean energy for generations to come.”
- Vision: “We will be the global leader in the renewable energy industry, driving the transition towards a sustainable world.”

Production begins at new offshore nacelle factory in Cuxhaven, the first Siemens Gamesa offshore wind production site in Germany. The Cuxhaven factory – an investment of 200 million euros – is part of the company’s new logistical setup for offshore markets and utilizes two purpose-built transport vessels; instead of loading large turbine components by crane, they are rolled on and off of these vessels.

July

The team also defined the six values of Siemens Gamesa: valuing people, innovativeness, customer focus, ownership attitude, impactful leadership and result orientation.

Milestones

September

Siemens Gamesa retains its position in the Dow Jones Sustainability World Index (DJSI World), which tracks the economic, social and environmental performance of leading sustainability-driven companies worldwide. This is the eighth time the company has been selected for this index.

July

Siemens Gamesa Renewable Energy releases its financial results for the third quarter of the 2017 fiscal year. During this period, the company accelerated its integration program and announced that the previous synergy target of 230 million euros was now a 'minimum' and would be surpassed.

August

August 8: Siemens Gamesa successfully installs Asia's tallest wind turbines in Thailand. The turbines are equipped with 153-meter tall towers, and 56-meter blades, reaching a total height of 210 meters.

September

Siemens Gamesa wins the first order for hybrid wind-solar project in India, connecting a 28.8 MW solar facility to an existing 50 MW wind farm – the first project of its kind for the company.

Siemens Gamesa makes its first joint appearance in Germany after the merger, with its strong presence at the HUSUM Wind 2017 congress.

Major business successes including the company's debut in Pakistan with an EPC contract for the supply of 50 MW, and major orders in the U.S. totaling more than 780 MW.

October

Senior Management Team strengthened with the addition of Miguel Ángel López as CFO, Andreas Nauen as CEO of the company's Off-shore business, and Jürgen Bartl as General Counsel and General Secretary. Miguel Ángel López brings significant experience to his role as CFO, with more than 25 years in key financial positions. Andreas Nauen, the newly appointed Head of Offshore business, has an excellent track record spanning more than eleven years in the renewable industry and more than 25 years in power generation. Jürgen Bartl served as Business General Counsel for Siemens Gamesa since the two companies merged.

October

October 11: Official inauguration of a factory in Tangier, Morocco – the first blade plant in Africa and the Middle East. The 37,500 square meter factory will produce blades for export to Europe, Africa and the Middle East, as well as for local projects. The event was chaired by Morocco's Minister of Industry, Invest-ment, Trade and Digital Economy, Moulay Hafid El Alamy, and Markus Tacke, CEO of Siemens Gamesa.

November

Wind Europe Conference and Exhibition in Amsterdam. Launch of two “next-generation” products: a new 8-MW offshore turbine with a 167-meter rotor, and the first product of our new onshore geared platform, the SG 4.2-145. The company also used the Wind Europe trade show to announce the decision to streamline its product technologies in accordance with its “One Segment/One Technology” philosophy.

During the opening session of the Wind Europe Conference & Exhibition, Markus Tacke met with Ando Leppiman, Deputy Secretary of State for Energy of Estonia, which holds the EU presidency in the second half of 2017, and Žygimantas Vaičiūnas – Energy Minister of Lithuania, a country that has fulfilled its 2020 obligations from the Renewables Directive ahead of schedule.

Start of a research and development agreement with Fraunhofer-IWES, which began working with Siemens Gamesa to test new offshore products, helping to ensure that customers receive the best technology and the fastest time-to-market.

November

Awarded 2017 Rotor Blade of the Year by Wind Power Monthly. The Siemens Gamesa B82 rotor blade received the prestigious designation Blade of the Year based on criteria including “radical thinking and innovative technology, the quality of the product’s design and manufacture, its track record, impact on the market, service friendliness and reliability-enhancing aspects.”

November

Her Majesty Queen Elizabeth II visits Siemens Gamesa’s offshore wind turbine blade manufacturing factory at Alexandra Dock, Hull, UK. Her Majesty was introduced to leading figures from Siemens Gamesa including Global CEO Markus Tacke, UK Managing Director Clark MacFarlane, the CEO of Siemens AG Joe Kaeser, and the CEO of Siemens PLC Juergen Maier. Clark MacFarlane accompanied Her Majesty on a short tour of the factory, taking in a visit to the moulds where the mammoth 75 meter turbine blades are made, and introduced The Queen to employees including apprentices who explained their work.

Siemens Gamesa awarded the Impulsa 2017 Prize at the eighteenth Capcorp, Annual Congress in Madrid on 6 and 7 November. Siemens Gamesa was selected for this prize for its pursuit of M&A-led growth, having closed the largest ever merger in the wind power sector. David Mesonero, Managing Director of Corporate Development, Strategy and Integration at Siemens Gamesa, accepted the award on behalf of the company.

Major offshore order from Vattenfall, which entered into a contract with Siemens Gamesa to supply 950 MW to three offshore projects in Denmark including Kriegers Flak, which will be the largest Offshore wind power plant in the Baltic Sea.

Start of construction of “Future Energy System” (FES) heat-storage project for wind energy in Hamburg, an innovative thermodynamic storage technology being developed to supply energy from hot stones. The project utilizes approximately 1,000 tons of rock fill to provide up to 30 MWh of electric energy at temperatures of 600 degree Celsius. Via a steam turbine, the heat can be re-converted into electricity.

Siemens Gamesa releases its annual results including revenue of 11 billion euros and an EBIT margin of 7 percent in FY17. The company also announces a restructuring plan for a maximum of 6,000 employees located in 24 countries to be implemented in the coming months.

December

Siemens Gamesa signs MoU with Taiwan International Ports Corporation for offshore wind development.

Business set-up

One of Siemens Gamesa's strongest competitive advantages is the fact that we are successfully and actively engaged in all three areas of the wind power business: Onshore, Offshore and Service.

No other company can match this level of business diversification.

This balanced and diversified set-up provides numerous advantages. Our businesses are highly complementary allowing us to benefit from synergies, knowledge transfer, and economies of scale. This set-up also enables us to take advantage of growth in all three business areas – and the growth opportunities are strong!

Offshore

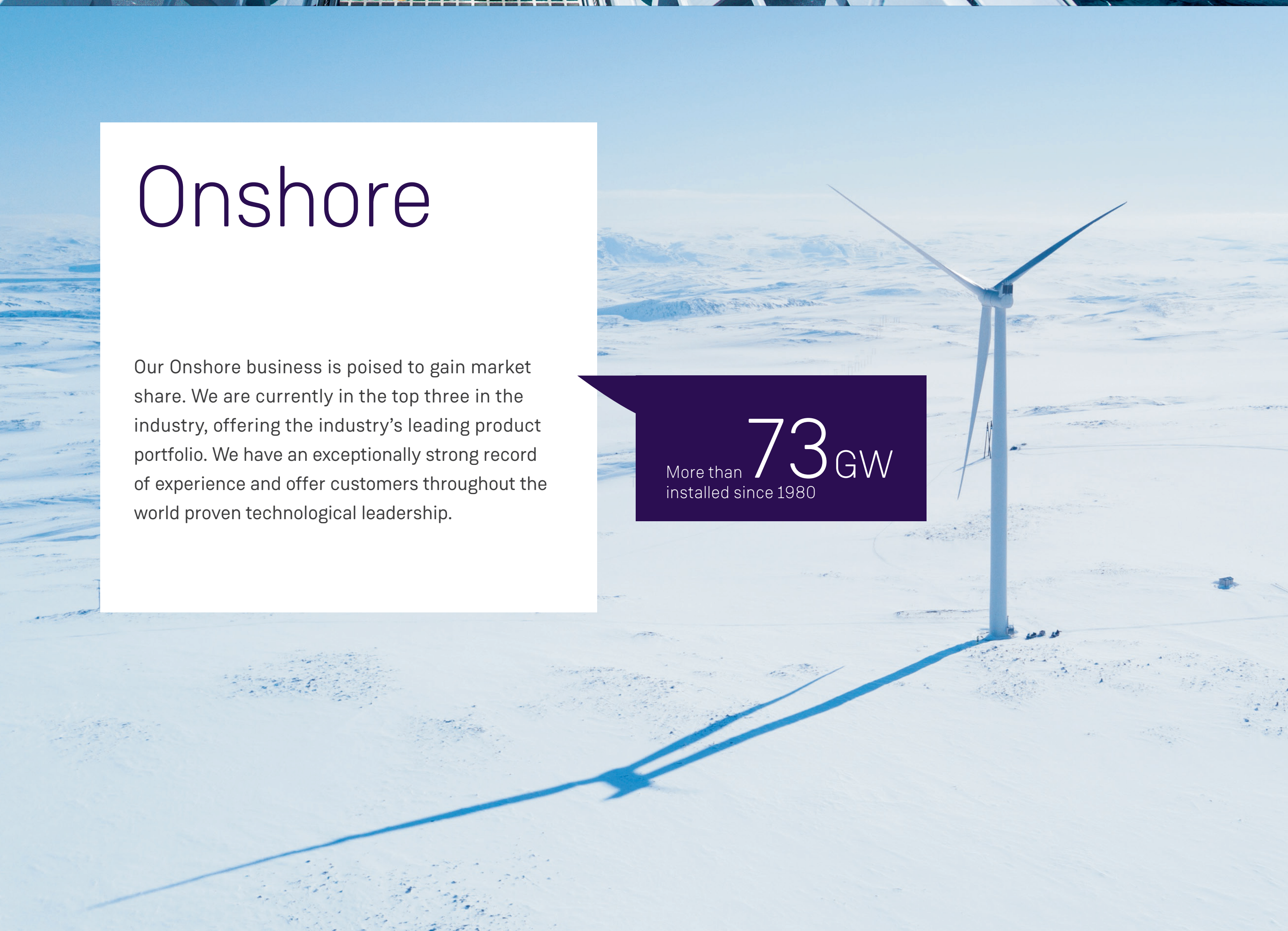
In Offshore, we remain the clear market leader. This is a position we are determined to maintain. We provided turbines for the world's first offshore wind power plant in Vindeby off the coast of Denmark in 1991, and have remained the industry leader, offering the most reliable product portfolio in the market. We are confident that the offshore wind power business will enjoy strong growth in the coming years and we believe that we are perfectly positioned to be a central part of this growth.

More than 11GW installed since 1991

Service

Our Service business has been highly profitable, and we expect this strong performance to continue. We have more than 55 GW of turbines under operation and maintenance in 55 countries, and hold a position in the top two in the industry. Our unmatched experience with advanced digital capabilities and continuous development of multi-brand expertise, together with our strong focus on growth, innovation, productivity and safety allow us to help customers worldwide to attain their profitability objectives.

55GW
under service and maintenance



Onshore

Our Onshore business is poised to gain market share. We are currently in the top three in the industry, offering the industry's leading product portfolio. We have an exceptionally strong record of experience and offer customers throughout the world proven technological leadership.

More than 73GW
installed since 1980

Organization

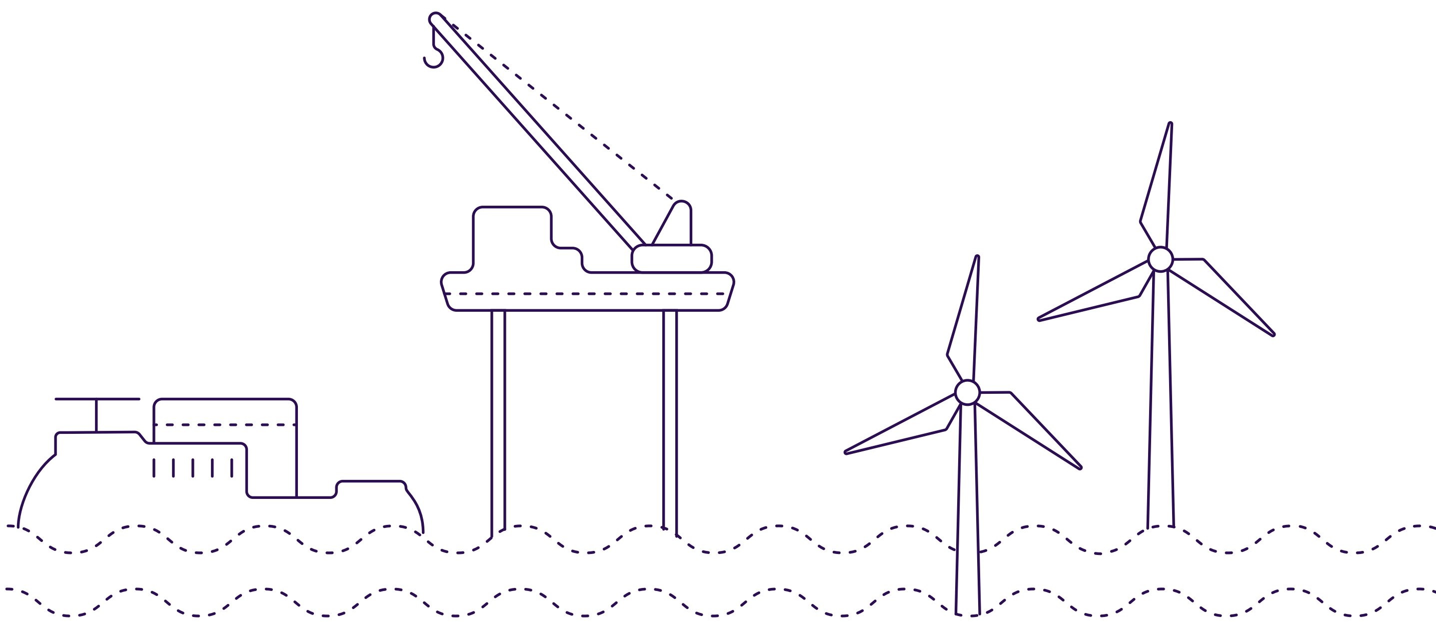
Board of Directors[1]

Chairwoman
Rosa María García (Proprietary)

Chief Executive Officer
Markus Tacke (Executive)

Members
Lisa Davis (Proprietary)
Mariel von Schumann (Proprietary)
Gloria Hernández (Independent)
Michael Sen (Proprietary)
Dr. Ralf Thomas (Proprietary)
Sonsoles Rubio (Proprietary)
Swantje Conrad (Independent)
Klaus Rosenfeld (Independent)
Andoni Cendoya (Independent)
Alberto Alonso (Independent)

Secretary and Board Member
Carlos Rodríguez-Quiroga (Executive)



From left to right: Andreas Nauen (Offshore CEO), Ricardo Chocarro (Onshore CEO), David Mesonero (Corporate Development, Strategy and Integration Managing Director), Markus Tacke (CEO), Miguel Ángel López (CFO), Mark Albenze (Service CEO) and Jürgen Bartl (General Secretary)

Management[2]

Chief Executive Officer
Markus Tacke

Chief Financial Officer
Miguel Ángel López

Onshore CEO
Ricardo Chocarro

Offshore CEO
Andreas Nauen

Service CEO
Mark Albenze

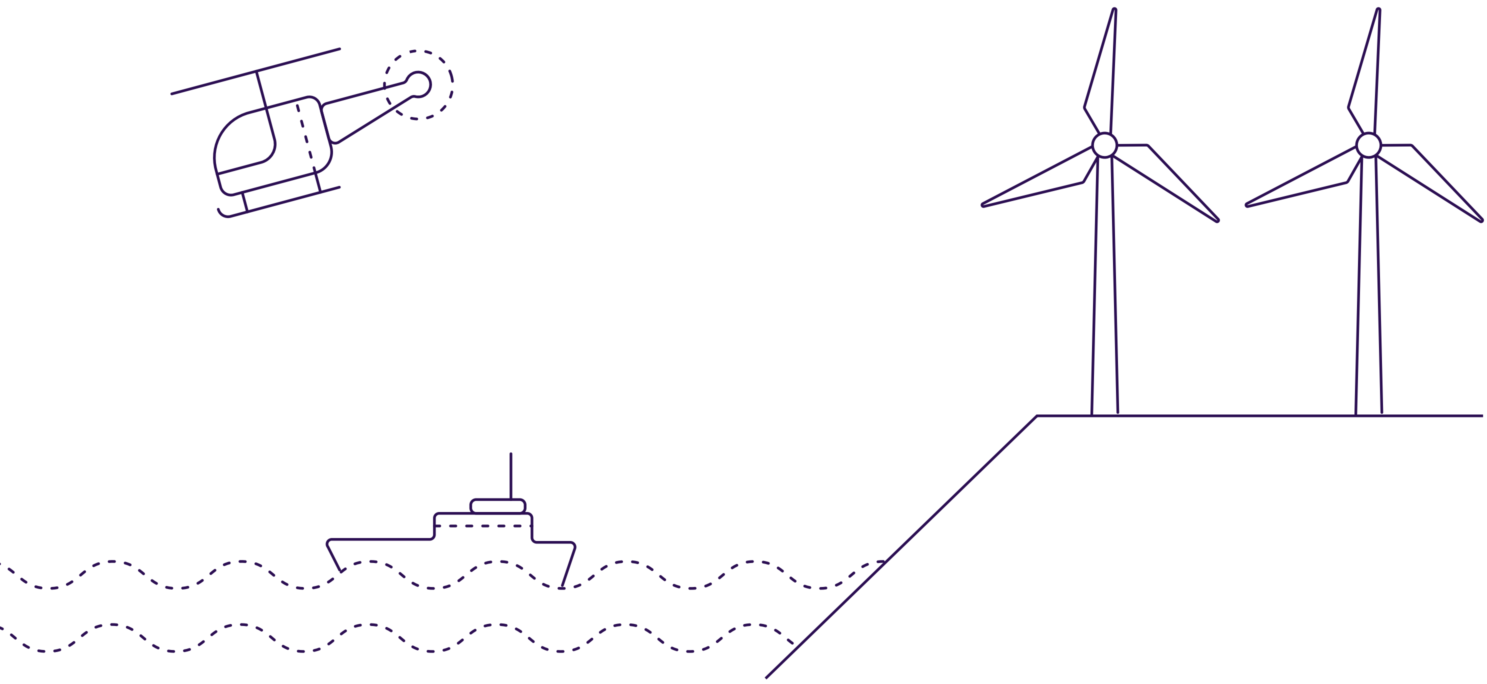
Corporate Development, Strategy and Integration Managing Director
David Mesonero

General Secretary
Jürgen Bartl

For the current list please see our company website.

1 As of December 2017 Organization

2 As of December 2017



Business plan and outlook

Siemens Gamesa was created in early 2017. During the company's first year we successfully managed numerous complex integration and stabilization measures. With this phase coming to a strong conclusion, the company is now embarking on a strategic business plan designed to secure sustainable profitability in the years ahead.

True global, modern and scalable footprint

Advanced digital capabilities

Our company's goal is global leadership. We are confident that this goal is attainable, and that we have the plan in place to reach it. Our plan builds on our core strengths: scale, business and geographic diversification, technological leadership, and our exceptional post-merger synergy and transformation potential. The plan utilizes three key strategic levers: offering customers best-in-class Levelized Cost of Energy (LCoE), business model agility, and making more effective use of digital intelligence.

Best-in-class LCoE is our core value proposition. We aim to achieve this in three ways. First, through cost-optimized product design and set-up. Second, by furthering our industry-leading technological leadership. And third, through operational excellence, including efficient and optimized operations – while maintaining the highest quality and highest commitment to health and safety.

We are determined to make our products affordable to customers in all markets. Our streamlined portfolio, adapted to correspond to our One Technology/One Segment philosophy, allows us to offer a simplified yet comprehensive product offering, taking full advantage of synergies, best practice sharing, and economies of scale in procurement. We are also intensifying our efforts to rationalize our production footprint and to better respond to changing demand dynamics.

Agility means acting quickly and decisively to benefit from opportunities that arise in today's highly diversified environment. It means being creative in identifying new business openings, and being flexible in responding to changes in today's dynamic marketplace.

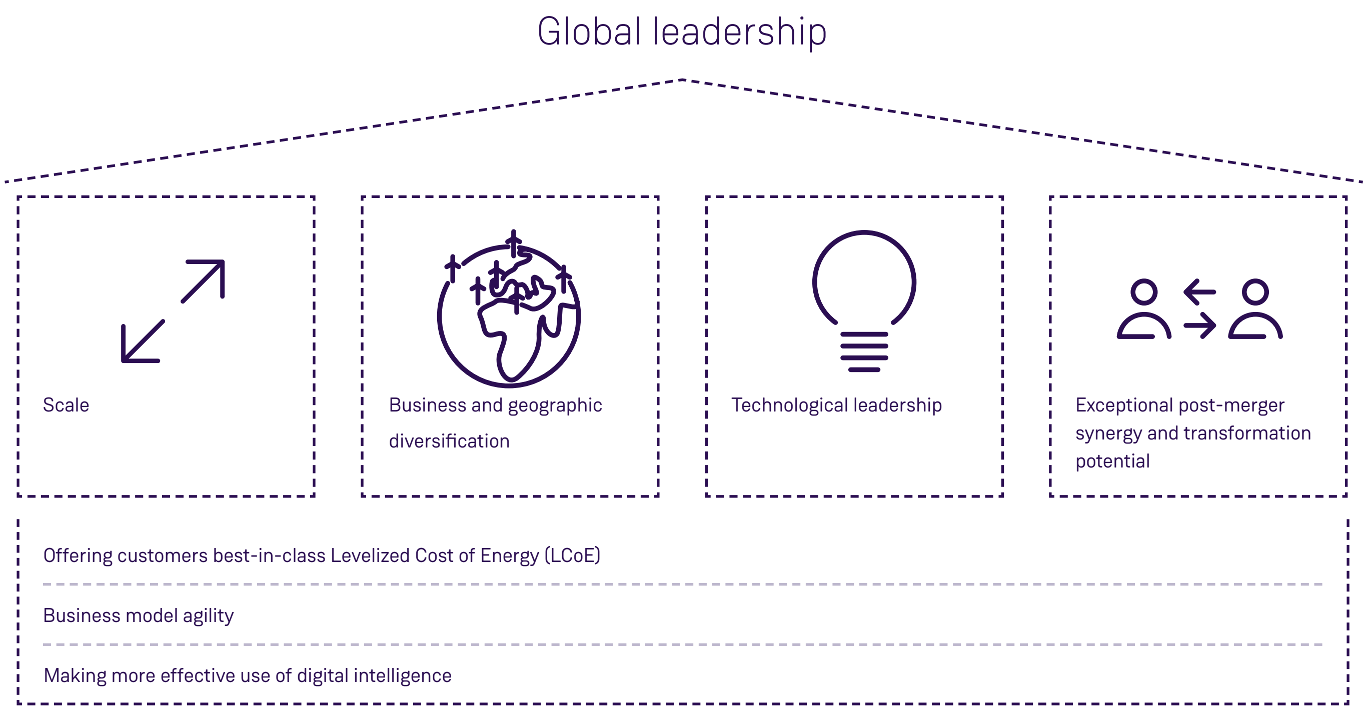
Siemens Gamesa has a history of this type of agility, and much of our success is built on these qualities. In the coming years we will be decisive, quick, creative and flexible with our product offering, our footprint, and in exploring and entering adjacent business fields – areas like power storage, solar PV, or off-grid energy solutions.

Our third strategic lever: we will use digitalization to become more effective, furthering the digital capabilities of our organization and of our products. Digitalization is transforming our world – and the wind power industry must keep pace with these changes.

Digitalization will transform the way we design and build turbines, as well as their operation and maintenance. Taking advantage of digital technology will result in higher efficiency and in lower costs along the entire value chain. Self-diagnostics and "smart turbines" will generate further cost savings. And real-time park optimization will enhance the value to cost ratio for each customer's unique requirements.

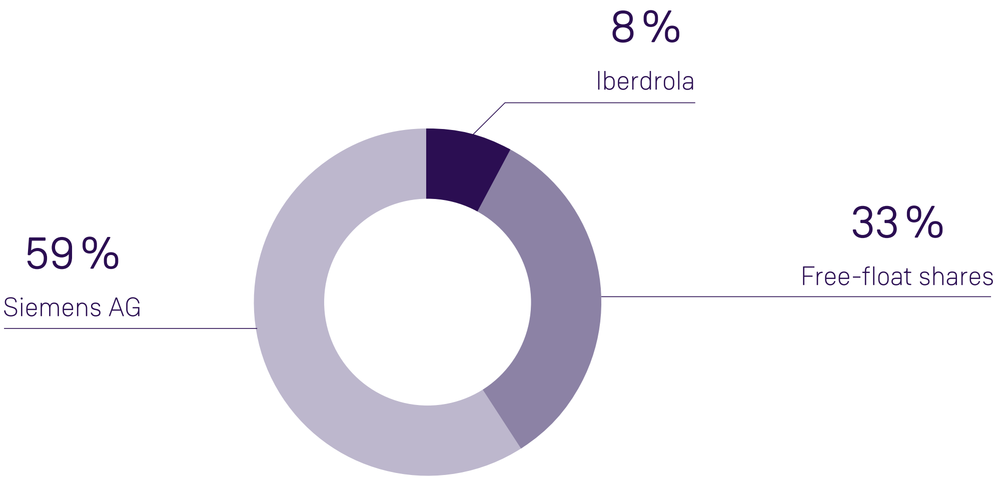
These key strategic levers rest on a solid foundation of people, culture and values.

With this plan in place, we are confident that we are on the right track to global leadership.



Ownership and stock listing information

Siemens Gamesa is a publicly-traded company listed on the Spanish Stock Exchange Ibex 35. The company is traded on the Madrid, Barcelona, Valencia and Bilbao stock exchanges.



2017 was a transitional year for our company, and our share price reflected this fluidity. The share price declined in the months following the merger, as various factors impacted our financial performance. At the end of the 2017 fiscal year, the share price stood at approximately 11 euros. It then began to gain ground during December, reflecting the recovery in order intake and the market's growing confidence in the decisions being taken to improve our performance.

The merger rationale and the company's long term prospects for profitable growth remain intact.

Management Report

(Summary)[1]

1 This is a condensed version of the Management Report. To view the complete Management Report, please visit our website.

Siemens Gamesa Renewable Energy Management Report Summary

General information

As described in Note 1.D of the Notes to the Consolidated Financial Statements and Note 1.3 to the Stand Alone Financial Statements as of September 30, 2017, the merger of Siemens Wind Power business with Gamesa qualifies for accounting purposes as a reverse acquisition, by which Siemens Wind Power will be considered as accounting acquirer and Gamesa as accounting acquiree. As a result of that, the Consolidated Income Statement of the Group until the merger effective date (April 3, 2017) reflects the transactions of the Siemens Wind Power business only. After the merger effective date the Consolidated Income Statement includes the transactions of Gamesa also, being the half-year from April to September 2017 the first half-year of operation of the Group after the business combination.

For our full Management Report, please visit http://www.siemensgamesa.com/en/investors-and-shareholders/financial-information/audited-annual-accounts/

The following chapter on 'company's evolution during the year' refers to the performance of the Group as a combined business and therefore focuses mainly on the results after the business combination, that is, the period from April to September 2017. The breakdown of the Consolidated Income Statement of the Group for the year 2017 into quarters is as shown in the table below.

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

Consolidated Income Statement

millions of euros	(a) Jan–Mar	(b) Apr–Jun	(c) Jul–Sep	(d) = (b)+(c) Apr–Sep	(a)+(d) FY 2017
Revenue	1,516	2,693	2,329	5,022	6,538
Cost of sales	(1,257)	(2,386)	(2,314)	(4,700)	(5,957)
Gross profit	**259**	**307**	**15**	**322**	**581**
Research and development expenses	(51)	(51)	(39)	(90)	(141)
Selling and general administrative expenses	(66)	(192)	(156)	(348)	(414)
Other operating income	4	(2)	2	–	4
Other operating expenses	–	(12)	(18)	(30)	(30)
Income (loss) from investments accounted for using the equity method, net	–	–	–	–	–
Interest income	(1)	7	3	10	9
Interest expenses	–	(15)	(16)	(31)	(31)
Other financial income (expenses), net	–	(3)	2	(1)	(1)
Income from continuing operations before income taxes	**145**	**39**	**(207)**	**(168)**	**(23)**
Income tax expenses	(26)	(27)	63	36	10
Income from continuing operations	**119**	**12**	**(144)**	**(132)**	**(13)**
Income from discontinued operations, net of income taxes	–	–	–	–	–
Net income	**119**	**12**	**(144)**	**(132)**	**(13)**

Consolidated Income Statement (continued)

millions of euros	(a) Jan–Mar	(b) Apr–Jun	(c) Jul–Sep	(d) = (b)+(c) Apr–Sep	(a)+(d) FY 2017
Net income	**119**	**12**	**(144)**	**(132)**	**(13)**
Attributable to:					
Non-controlling interests	–	–	2	2	2
Shareholders of Siemens Gamesa Renewable Energy, S.A.	**119**	**12**	**(146)**	**(135)**	**(15)**
Underlying net profit	**120**	**135**[1]	**(17)**[2]	**118**	**238**
Underlying EBIT Pre-PPA	**146**	**211**[1]	**(18)**[2]	**192**	**339**

1 Underlying EBIT pre-PPA and underlying net profit pre-PPA exclude the impact of 36 million euros in integration costs and the impact of the Purchase Price Allocation (PPA) amounting to 124 million euros in EBIT and 87 million euros in Net Income in the period April–June 2017.

2 Underlying EBIT pre-PPA and underlying net profit pre-PPA exclude the impact of integration costs amounting to 67 million euros in EBIT and 51 million euros in Net Income and the impact of the Purchase Price Allocation (PPA) amounting to 111 million euros in EBIT and 78 million euros in Net Income in the period July–September 2017.

Company's evolution during the year

Siemens Gamesa's first financial results reflect the increase in volatility in some of the Group's main onshore markets

Siemens Gamesa commenced combined operations on April 3, 2017 when the company was registered in the mercantile registry of Bilbao. In its first half-year, the company focused on integrating the separate businesses of Siemens Wind Power and Gamesa in order to bring forward the attainment of the synergies to which the company is committed; the announced amount of such synergies (230 million euros annually) was confirmed as the minimum target.

The group's financial results in the second half of 2017 (the first six-month period in which the merged company was operational) reflect the impact of higher volatility in some of the company's main markets, such as India and the U.S. That volatility is the result of the transition towards fully competitive wind energy models, which has resulted in a decline in onshore sales volume and also in an inventory impairment, with no cash impact, as a result of price pressure in those markets. Consequently, sales in the six-month period declined by 12 percent with respect to the pro-forma[1] sales figure for the same period of the previous year, and the underlying EBIT margin, excluding the impact of the PPA, stood at 3.8 percent[2], and at 6.5 percent excluding the inventory impairment. Excluding the impact of the hiatus in the Indian market, which was main cause of the decline in sales

1 Historical pro-forma sales are calculated as the sum of the sales reported by Siemens AG for its Wind Power division and those reported by Gamesa in the six months from April to September 2016, plus 100 percent of Adwen's revenues.

2 Underlying EBIT pre-PPA and underlying net profit pre-PPA exclude the impact of 103 million euros in integration and restructuring costs and the impact of amortization on intangibles' fair value from the Purchase Price Allocation (PPA) amounting to 235 million euros at EBIT level. Overall impact of 252 million euros at net profit level (combining PPA and integration and restructuring costs, net of taxes) in the period April-September 2017. The inventory impairment had an impact amounting to 134 million euros in EBIT and 88 million euros in net profit. For comparison purposes, the pro-forma underlying EBIT in the same period of the previous year is calculated as the sum of Gamesa's underlying EBIT, the EBIT of Siemens AG's Wind Power division, including normalisation, consolidation scope and standalone adjustments, and the EBIT of Adwen (fully consolidated).

In its first six months of operation, Siemens Gamesa focused on integration and stabilization measures.

volumes, group sales fell by 2.4 percent y/y, mainly due to the currency effect, and the underlying EBIT margin pre-PPA and before the inventory impairment was 7.3 percent. The company ended the period with a net cash position of 377 million euros, after paying out a 3.6 euros per share special dividend in April as part of the merger agreement, and a 0.11 euros per share ordinary dividend out of 2016 earnings.

After experiencing a sharp decrease in the third quarter, commercial activity surged in the fourth quarter, in line with the company's expectations, to attain 3.3 GW in orders, 40 percent more than in the same period of 2016[1]. Onshore order intake amounted to 2.2 GW, the largest quarterly intake since Q1 2015.

Main consolidated figures for April–September 2017:

- **Revenues:** 5,022 million euros (–12 percent y/y)
- **Underlying EBIT pre-PPA[2]:** 192 million euros (–63 percent y/y)
- **Underlying EBIT pre-PPA excl. inventory impairment:** 326 million euros (–38 percent y/y)
- **Underlying net profit pre-PPA[2]:** 118 million euros
- **Underlying net profit pre-PPA excl. inventory impairment[2]:** 206 million euros
- **Net financial debt (NFD)[3]:** –377 million euros
- **MWe sold:** 3,599 MWe (–26 percent y/y)
- **Firm order intake:** 3,724 MW

In its first six months of operation, Siemens Gamesa focused on rapidly integrating Siemens Wind Power and Gamesa in order to bring forward the attainment of the announced synergies of 230 million euros, which is now considered as the minimum amount. Achieving those synergies is crucial for strengthening the group's competitive position in a changing and increasingly demanding market context.

The integration process confirms the soundness of the strategic rationale behind the merger in this changing environment, where scale and global reach are absolutely essential in order to compete profitably. Siemens Gamesa offers a unique business proposition since it combines:

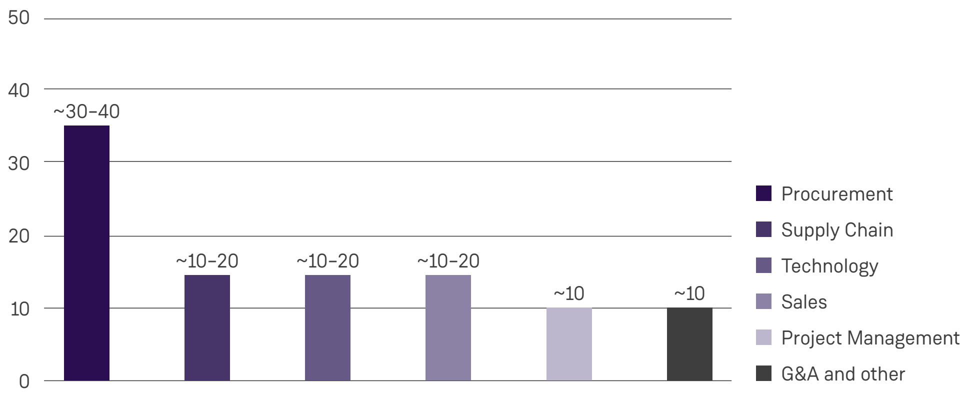
- An Onshore platform positioned to gain market share based on an optimised, comprehensive product pipeline and a global commercial, manufacturing and supply presence. This platform will also be the main beneficiary of the merger synergies, which will enable it to compete more efficiently in the coming years.
- Offshore platform with broader experience than the nearest competitor, having installed almost 70 percent of the world's offshore fleet and logged over 500 million hours of operation.
- A leading Service platform with global reach.
- Access to Siemens AG, including Siemens Financial Services.

1 The order volume used for comparison is the sum of the two companies' order intake in the same period of the previous year.

2 Underlying EBIT pre-PPA and underlying net profit pre-PPA exclude the impact of 103 million euros in integration and restructuring costs and the impact of amortization on intangibles' fair value from the Purchase Price Allocation (PPA) amounting to 235 million euros at EBIT level. Overall impact of 252 million euros at net profit level (combining PPA and integration and restructuring costs, net of taxes) in the period April–September 2017. The inventory impairment had an impact amounting to 134 million euros in EBIT and 88 million euros in net profit. For comparison purposes, the pro-forma underlying EBIT in the same period of the previous year is calculated as the sum of Gamesa's underlying EBIT, the EBIT of Siemens AG's Wind Power business unit, including normalisation, consolidation scope and standalone adjustments, and the EBIT of Adwen (fully consolidated).

3 Net financial debt is defined as long-term plus short-term financial debt less cash and cash equivalents.

Synergy target by function (in %)



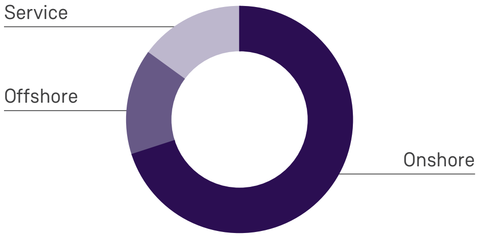
Within the first six months and as a result of the integration work, the new organisation was defined and decisions were made regarding product portfolio and manufacturing footprint. Those decisions include notably the integration of Adwen into the group's Offshore division, making it possible to reduce the division's operation losses, better attend to customer needs, and maximise market opportunities. Work also continued in the optimization of the manufacturing footprint, a process that the two companies had been undertaking separately and which makes more sense following the merger. As part of this process, the closure of the Tillsonburg blade plant (Canada) was announced in July, it was decided to reduce capacity at Aalborg (Denmark), and the Tangier (Morocco) plant was opened. The speed with which the integration process is proceeding should make it possible to reap the announced synergies almost one year ahead of schedule.

Detailed analysis of synergies has identified the main sources and beneficiaries in detail: procurement, accounting for 4,000 million euros in expenditure, is the main source, while Onshore is the main contributor, as shown in the charts below. As a result of that analysis, the committed amount of synergies is now seen as the minimum amount that can be attained.

Annual estimated synergy impact

≥ 230 million euros

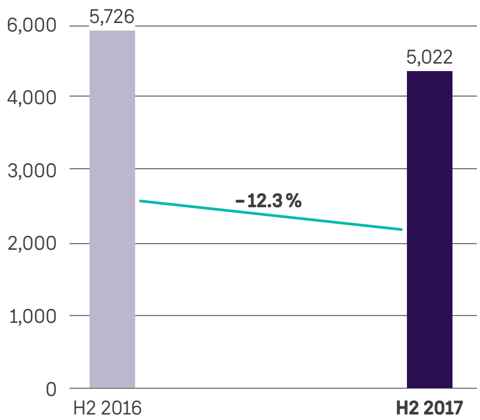
Estimated synergy impact by business unit



Coordination of the integration work by the Integration Management Office has enabled the company to maintain its normal business performance, a performance that has been clearly impacted by very specific market conditions arising from the transition to fully competitive renewable energy models. Included in this situation, the temporary halt in the Indian market, the Group's second-largest onshore market, stands out notably after the introduction of wind auctions in February 2017, and the reduction in onshore installations in the U.K., the Group's third-largest onshore market, after wind was excluded from the contract for differences mechanism in 2016. These changes resulted in a 26 percent reduction in sales volume (MWe) in the second half of 2017 compared with the same period of last year. In addition to the temporary impact on volumes, this transition is also pressuring prices, as a result of which the company booked a 134 million euros inventory impairment.

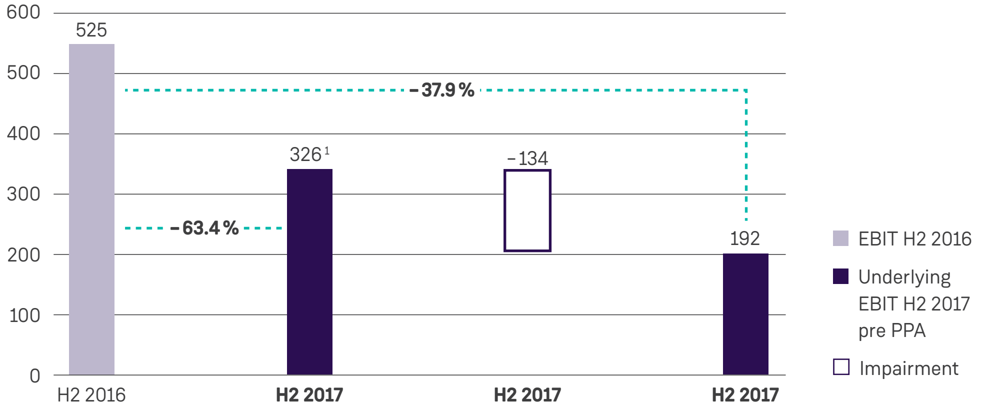
The decline in sales volumes resulted in a 12 percent reduction in sales revenues in the second half with respect to the pro-forma revenues in the same period last year, to 5,022 million euros, with an underlying EBIT margin of 6.5 percent pre-PPA and before the inventory impairment, 2.7 percentage points lower than the underlying pro-forma EBIT margin in the same period last year. Including the inventory impairment, the EBIT margin has been 3.8 percent in the period. Excluding the impact of operations in India in both years and the inventory impairment, sales would have declined by 2.4 percent and the underlying EBIT margin pre-PPA would have been 7.3 percent[1].

Revenue (millions of euros)



1 India contributed 626 million euros in revenues and 80 million euros in EBIT in H2 2016 (April-September), and 44 million euros in revenues and – 37 million euros in EBIT in H2 2017 (April-September).

Underlying EBIT pre PPA H2 2016 vs. H2 2017 (millions of euros)



1 pre impairment

Group underlying net profit pre-PPA amounted to 118 million euros in the half-year, equivalent to 0.2 euros per share. Excluding the impact of the inventory impairment, underlying net profit pre-PPA would have been 206 million euros, equivalent to 0.3 euros per share. Reported net income amounted to – 135 million euros. Reported profit includes the 88 million euros impact of the inventory impairment and 252 million euros in connection with integration and restructuring expenses and amortization of intangibles' fair value coming from the PPA (net of taxes).

The net cash position on the balance sheet was 377 million euros, due mainly to the seasonal upswing in working capital.

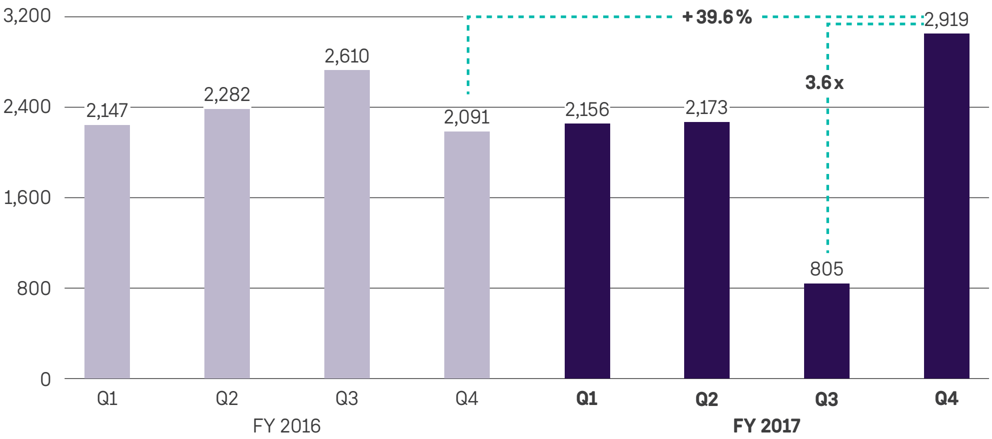
Markets and orders

Following the slowdown in commercial activity in the quarter from April–June 2017, in which new orders were signed for 805 MW, order intake rebounded strongly in the fourth quarter (July–September), as the company expected. Those expectations were underpinned by the company's stronger competitive position but also by the factors that had produced the weakness in the third quarter, none of which were structural: the expected conversion of the Safe Harbor contracts in the U.S. in the second half of the calendar year, the slippage in orders in EMEA, APAC and the Americas from the first and second quarters of the calendar year, and the volatility that is typical of the Offshore division. Consequently, orders in the fourth quarter totalled 2,919 MW, 40 percent more than the two companies' order intake in the same quarter of the previous year.

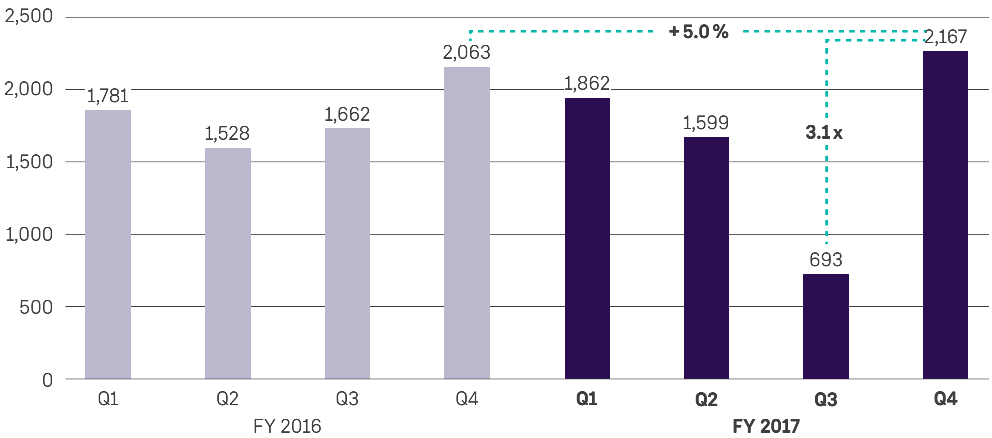
As for Onshore, order intake amounted to 2,167 MW in the fourth quarter, 5 percent more than the intake logged by the two companies in the fourth quarter of 2016 and the largest quarterly order intake since the first quarter of FY 2015 (October–December 2014).

As for Offshore, in the fourth quarter of FY 2016, the contract was signed for Borssele 1 and 2, totalling 752 MW, which had been announced at the earnings presentation for April–June 2017.

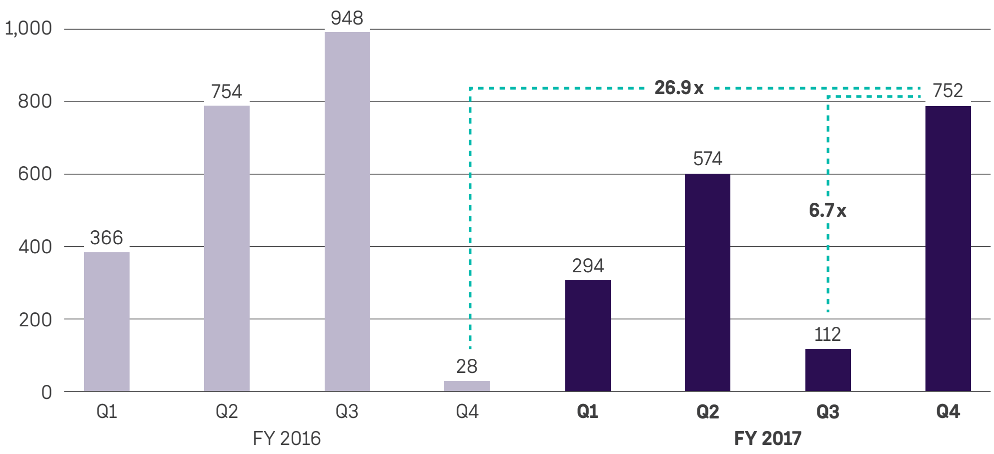
WTG Order Intake (MW)



Onshore WTG Order Intake (MW)

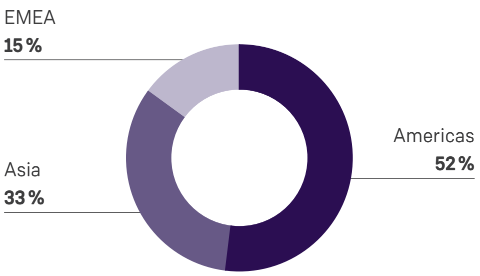


Offshore WTG Order Intake (MW)

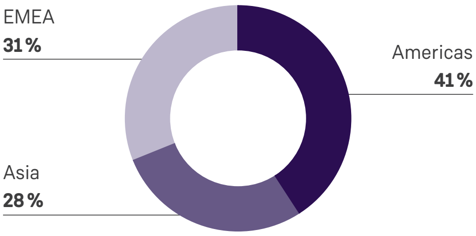


As for Onshore, EMEA was the region that contributed the most to order intake growth, tripling its contribution with respect to the same period of 2016, with Norway in the lead (378 MW signed in the quarter). Along with Norway, the markets that contributed the most to order intake in July–September 2017 were the U.S. and China. In connection with order intake in the period, it is important to note that Siemens Financial Services is an investing partner in one of the contracts signed in Norway (281 MW), highlighting the importance of the relationship with the Siemens AG group for generating joint value propositions for our customers.

Onshore Order Intake evolution Q4 2016 vs. Q4 2017 (MW)



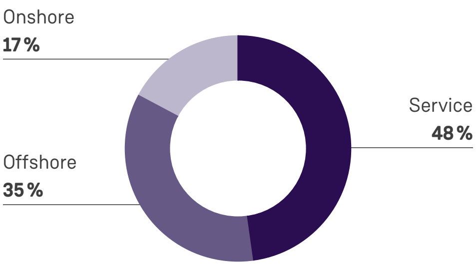
Q4 2016: 2,063 MW



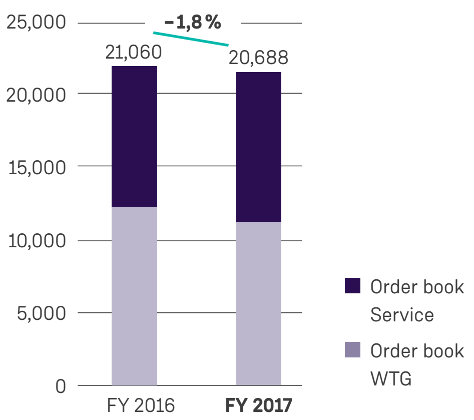
Q4 2017: 2,167 MW

As a result of the recovery by commercial activity in the fourth quarter, the Group order book was slightly higher than in June, containing the y/y decline at 2 percent, contrasting with the 7 percent decline with respect to the combined order book in June 2016. The Service backlog increased by 6 percent y/y while the WTG backlog shrank by 8 percent, resulting in a total backlog of 20,688 million euros.

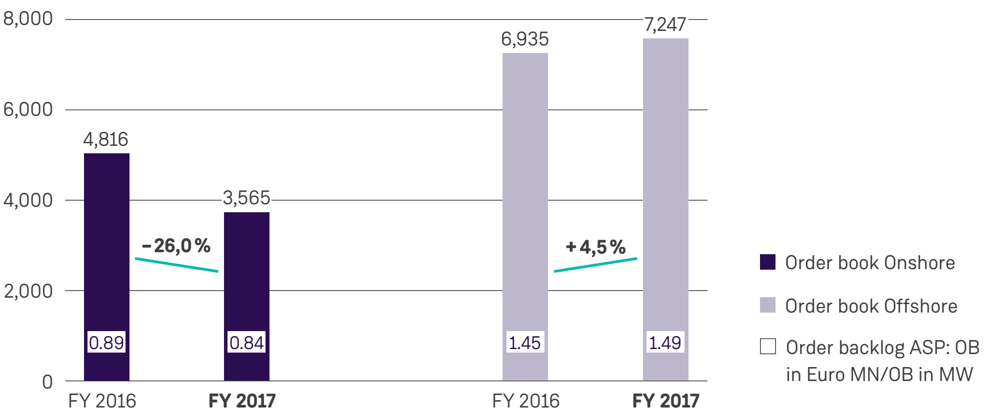
Order book September 2017
Sept. 2017: 20.7 billion euros



Order book (millions of euros)



WTG Order book (millions of euros)



Financial performance

The table below shows the main financial aggregates for the six-month period from April–September 2016 and 2017. The figures for 2016 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 2016 include standalone, consolidation scope and normalisation adjustments for Siemens Wind Power.

Profit & Loss

millions of euros	April–Sept. 16 P[2]	April–Sept. 17	Var. y/y %	July–Sept. 17	Var. y/y %
Group sales	5,726	5,022	(12,3)	2,329	(17.6)%
WTG	5,156	4,401	(14.6)%	2,008	(20.8)%
O&M	570	621	9.0%	321	9.9%
Gross profit (Pre PPA)	828	410	(50.5)%	53	(87.0)%
Gross profit margin (Pre PPA)	14.5%	8.2%	(6.3)	2.3%	(12.2)
Reported EBIT	**525**	**(146)**	**(127.9)%**	**(197)**	**(175.9)%**
Underlying EBIT[3] (Pre PPA)	525	192	(63.4)%	(19)	(107.2)%
Underlying EBIT margin (Pre PPA)	9.2%	3.8%	(5.3)	(0.8)%	(10.0)
Underlying WTG EBIT margin (Pre PPA)	8.1%	1.9%	(6.2)	(3.9)%	(12.0)
Underlying Service margin (Pre PPA)	19.1%	17.4%	(1.6)	(18.7)%	0.07
Reported Net Income		**(135)**	**NA**	**(147)**	**NA**
Underlying Net Income pre PPA[3]		118	NA	(17)	NA
Underlying Net Income per share pre PPA[4]		0.17	NA	(0.03)	NA

Balance sheet[6]

millions of euros	April–Sept. 16 P[2]	April–Sept. 17	Var. y/y %	July–Sept. 17	Var. y/y %
Working capital[5]	621	(300)	(921)	(300)	(921)
Working capital o/sales LTM proforma	5.9%	(2.7)%	(8.7)	(2.7)%	(8.7)
Capex	315	297	(5.9)%	107	(43.5)%
Net financial debt/(cash)		(377)	NA	(377)	NA

1 All financial information and KPIs are non-audited. All historic information is pro-forma.

2 April–Sept. 16 financial data corresponds to non-audited pro-forma data, based on legacy businesses's reported information (Siemens Wind Power, Gamesa and 100 percent of Adwen) including standalone, normalization and scope adjustments for SWP operations, amounting to 58 million euros in the april–Sept. 2016 period. Adwen ist fully consolidated in the historic pro-forma data with an impact of 132 million euros at revenue level and of –16 million euros at EBIT level.

3 Underlying data excludes integration and restructuring costs for 103 million euros and the impact on amortization on intangibles' fair value from the PPA amount of 235 million euros at EBIT level. The total impact at net income level (net of taxes) amounts to 252 million euros.

4 Number of shares for EPS calculation: in H2 2017: 676,417,806 and Q4 2017: 679,471,221

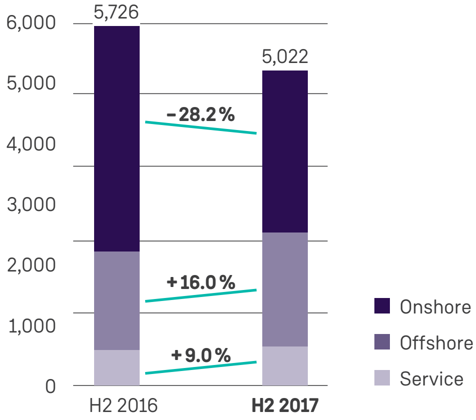
5 See definition of working capital, net financial debt and EBIT in the glossary of terms that can be found in the H2 2017 earnings release together with the reconciliation of both items to the H2 2017 consolidated financial statements.

6 LTM pro forma, non-audited, is calculated adding revenues and EBIT reported by Siemens AG for Siemens Wind Power, those reported by Gamesa and 100 percent of those reported by Adwen. Pro forma profitability includes standalone, normalization and scope adjustments for Siemens Wind Power.

The group's financial performance in the first six-month period in which Siemens Gamesa operated as one company reflects specific market conditions, which affected volumes and prices, resulting in a reduction in the group's sales and margins. A significant part of the reduction in volume was due to the temporary suspension of the Indian market and the reduction in installations in the U.K. During the period April–September 2016 India contributed 819 MWe to the sales volume, and U.K. 449 MWe, representing a 33 percent on the period's sales volume. Group margins were affected not only by the decline in volumes but also by the fact that Adwen's losses increased y/y as well as by the inventory impairment.

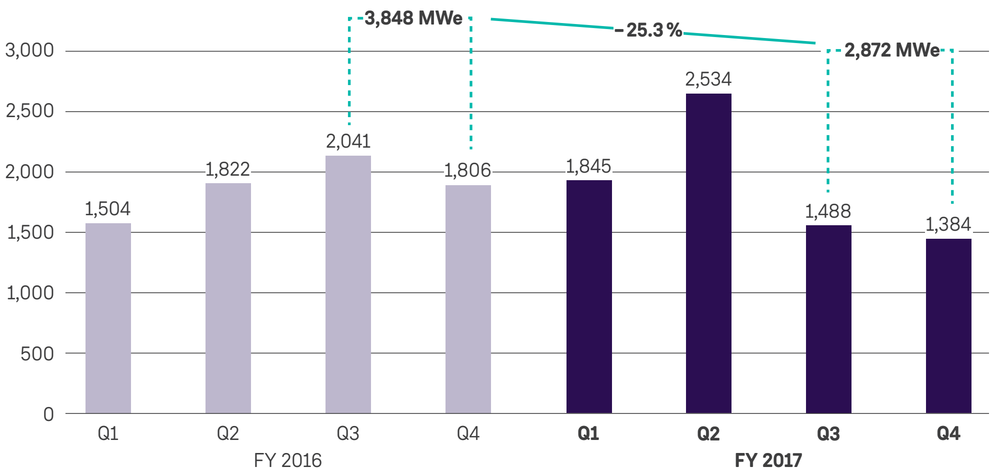
Sales fell by around 12 percent y/y as a result of the reduction in the sale of Onshore wind turbines, in India primarily but also, to a lesser extent, in the U.K. Adjusting for the impact of the halt in the Indian market, sales fell by 2.4 percent due to strong Offshore sales, which registered double-digit growth, and a 9 percent y/y increase in service revenues.

Sales trend y/y (millions of euros)



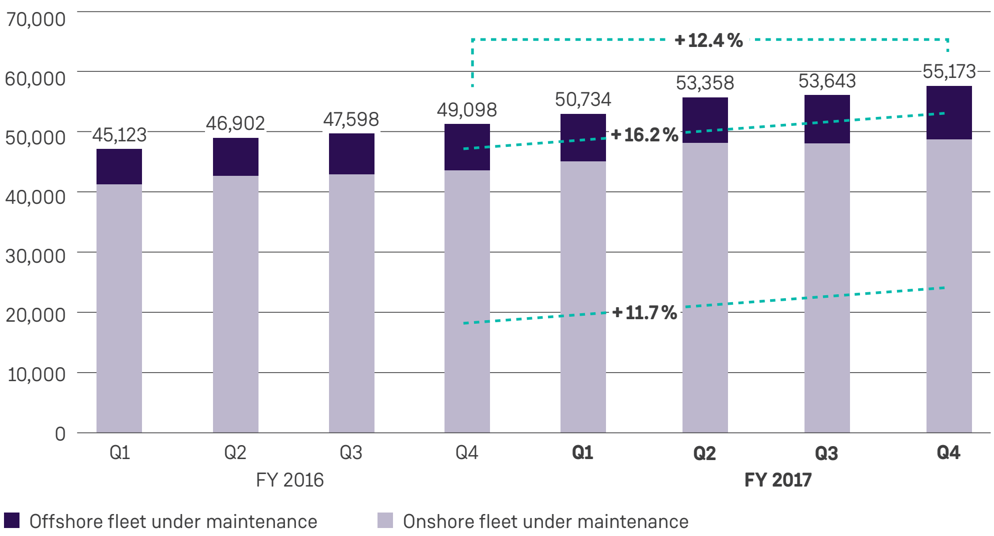
WTG revenues fell 15 percent as a result of a 26 percent y/y decline in volume (MWe); this fall was concentrated in the onshore business, which shrank by 25 percent y/y, due to the reduction in activity mainly in India and the U.K. The ASP increased by 16 percent y/y, positively impacted by the concentration of activity in Offshore installations in the six-month period. The ASP in the Onshore business declined by 4 percent to 0.89 million euro/MW.

Onshore WTG sales volume (MWe)



Service revenue increased by 9 percent, boosted by the fleet under maintenance.

Fleet under maintenance (GW)



Group underlying EBIT pre-PPA declined by 63 percent y/y as a result of the inventory impairment due to market conditions (134 million euros), the decline in sales volumes (MWe) (26 percent y/y), and the higher losses booked by Adwen. As a result, the underlying EBIT margin pre-PPA was 3.8 percent, 5.3 percentage points lower than the pro-forma underlying EBIT margin in the same period of the previous year: 9.2 percent.

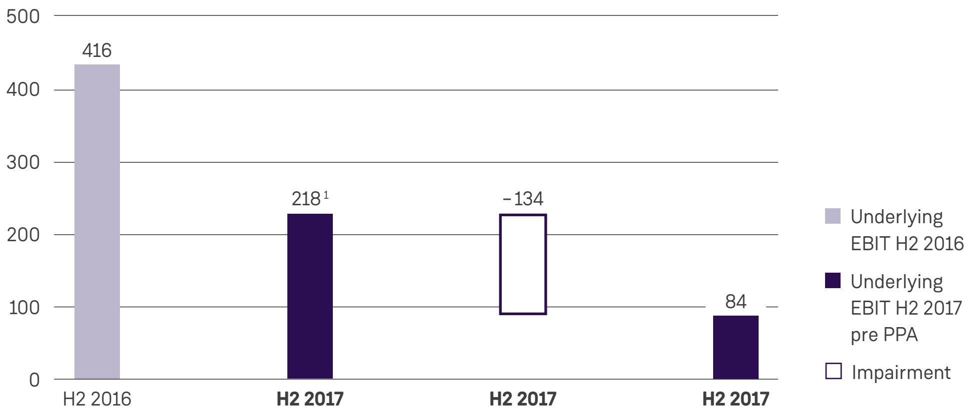
Adjusting for the impact of the inventory impairment, the underlying EBIT margin pre-PPA would have been 6.5 percent, 2.7 percentage points lower than in the same period of 2016.

Following the inventory impairment, the main factors impacting y/y performance of group profitability were the decline in volumes caused by suspension of the Indian market and the increase in operating losses at Adwen (to 36 million euros in the period, from 16 million euros losses in the same period last year). None of these factors are structural: the Indian market is expected to normalise in 2019, and integrating Adwen into the broader offshore operations will enhance performance and reduce the unit's operating losses in the coming years. The underlying EBIT margin pre-PPA and before the inventory impairment would have been 8.3 percent.[1]

Underlying EBIT pre-PPA in the Wind Turbine segment fell 80 percent and the underlying EBIT margin pre-PPA was 1.9 percent at the end of the period, due to the inventory impairment and the decline in sales volumes. Excluding the inventory impairment, profitability fell 48 percent to a margin of 5 percent, 3 percentage points lower than in the same period of 2016, affected by a 26 percent reduction in sales volumes (MWe).

1 In the second half of 2017, the impact of India was – 37 million euros and that of Adwen was – 36 million euros. Adwen contributed 199 million euros in revenues in the second half of 2017.

WTG half year underlying pre PPA EBIT (millions of euros)



1 pre impairment

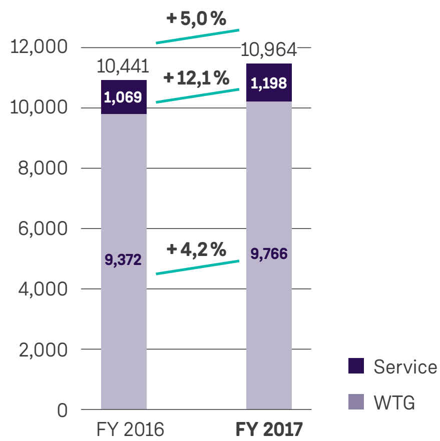
The Service division ended the period with 108 million euros in underlying EBIT pre-PPA, i. e. flat with respect to the same period of the previous year, and equivalent to a margin of 17.4 percent, 1.7 percentage points lower than in the second half of 2016, a period in which a currency hedge provided a gain of 8 million euros. But for that impact, EBIT would have been flat in y/y terms.

During the six-month period, the group incurred 22.4 million euros in financial expenses and in a positive tax effect of 36 million euros (resulting from tax impact on inventory valuation of 46 million euros). The gross impact of amortization of intangibles' fair value coming from the PPA in the period was 235 million euros.

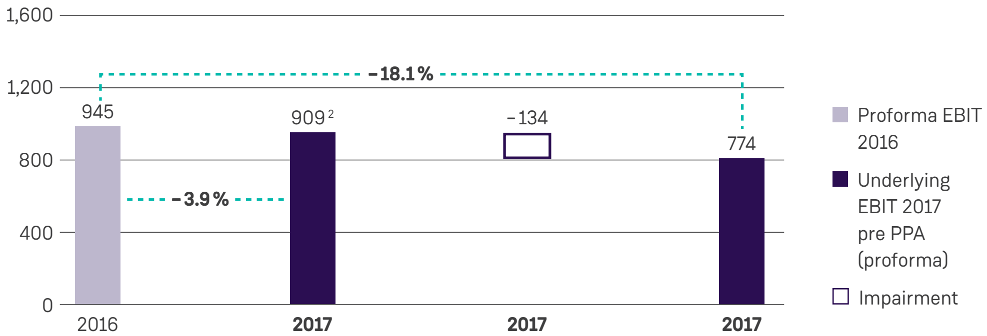
As a result, the group reported underlying net profit pre-PPA of 118 million euros, equivalent to 0.2 euros per share. Including the 252 million euros impact of PPA amortization and integration and restructuring expenses, and the 88 million euros impact of the inventory impairment, the company reported a loss of 135 million euros in the six-month period.

Pro-forma figures for the last twelve months are as follows: revenues amounting to 10,964 million euros (5 percent more than in the twelve months to September 2016) and underlying EBIT pre-PPA amounting to 774 million euros (– 18 percent y/y), i. e. an EBIT margin of 7.1 percent (2.0 percentage points lower than in the twelve months to September 2016. Excluding the inventory impairment, which has no cash effect, underlying EBIT pre-PPA amounted to 909 million euros, in line with the guidance announced in July, and equivalent to an EBIT margin of 8.3 percent, 0.8 percentage points lower than in the same period of the previous year.

Non-audited proforma revenue (millions of euros)



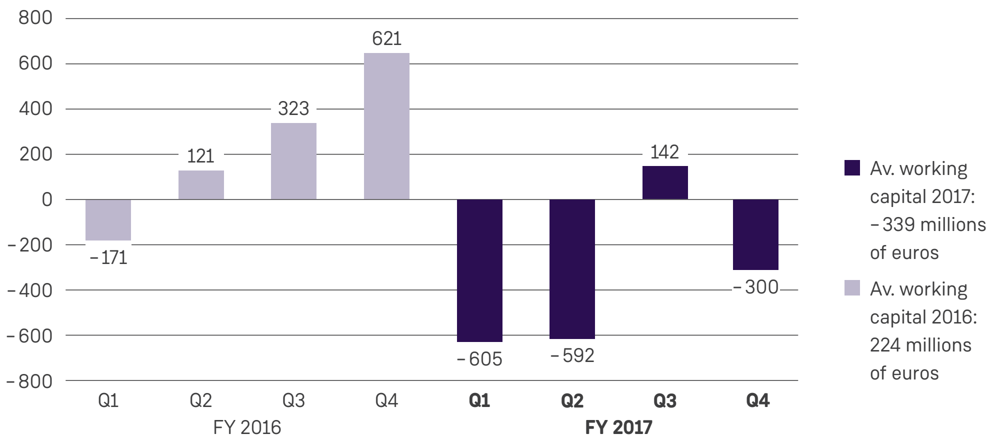
Non-audited proforma underlying EBIT pre PPA (millions of euros)[1]



1 Pro forma EBIT pre PPA figures excluding integration costs and the impact on amortization of intangibles' fair value from the PPA, and including full consolidation of Adwen, standalone savings and normalization adjustments. Underlying EBIT LTM September 2017 excludes 103 million euros in integration, transaction and restructuring costs and 235 million euros in PPA (April–September 2017).
2 pre impairment

Siemens Gamesa ended the year with – 300 million euros in working capital, equivalent to – 2.7 percent of LTM revenues, i.e. almost 9 percentage points less than in September 2016, and more than 900 million euros lower in absolute terms. Working capital declined as a result of the reduction in sales, the improvement in commercial activity in the fourth quarter, and the reduction in inventory value as a result of the inventory impairment. The increased commercial activity also explains the sequential improvement in working capital.

Working capital evolution[1] (millions of euros)

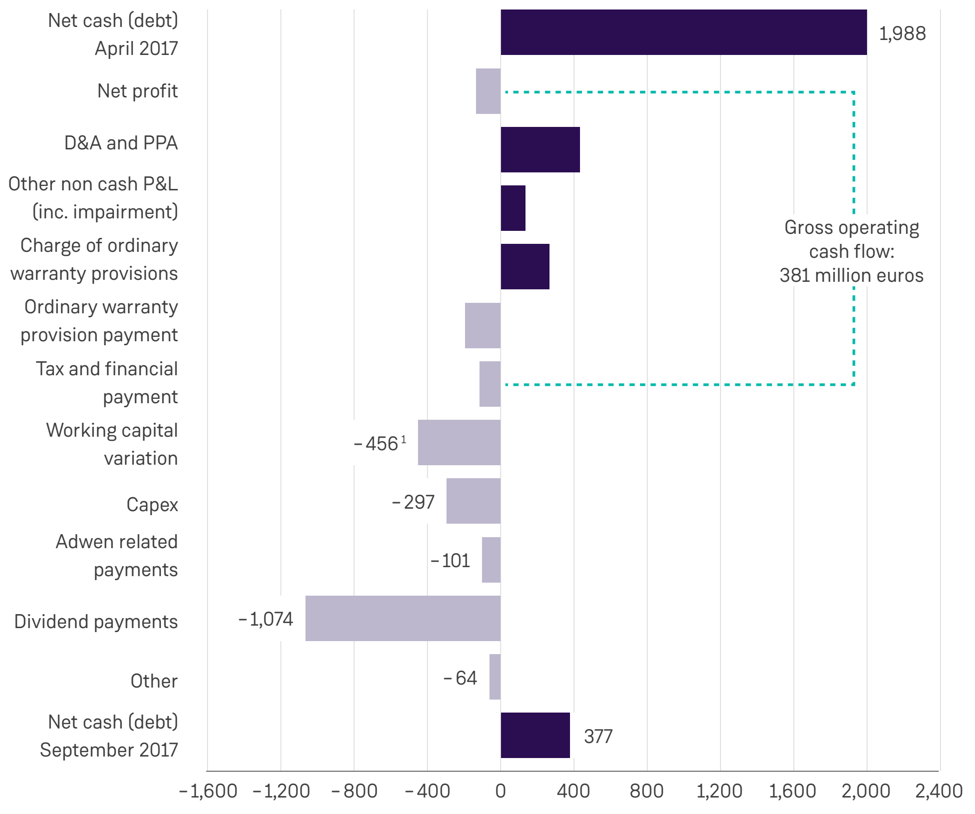


1 Pro forma working capital as addition of Siemens Wind Power working capital, Gamesa working capital and Adwen working capital for Q1 16 to Q2 17

In the second half of 2017, the company invested 297 million euros in property, plant and equipment and intangible assets, mainly to start up the factories in Cuxhaven (Germany) and Tangier (Morocco).

The net cash position was 377 million euros.

Net financial debt (cash) variation (millions of euros)



1 Working capital variation of – 456 million euros exluding the non-cash impact of the inventory write down and exchange rate

Forecasted evolution

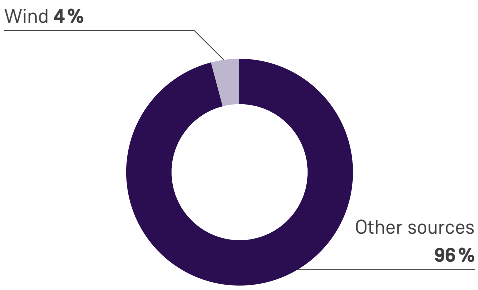
The transition towards fully competitive energy models enhances wind power's long-term potential

The renewable energy industry is in transition towards fully competitive models. This transition is being made possible by the efficiency achieved by renewable energy, particularly wind power, in recent years and that projected for the future. In the transition, all players in the industry are expected to attain efficiencies in addition to those already achieved. In the supply chain, these efficiencies are achieved through improvements in technology and costs, which are passed on to end customers through higher-performance products (in terms of annual energy output), via such factors as larger rotors and higher rated capacities, and lower cost per MW in wind turbines.

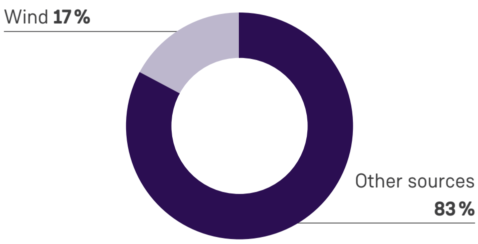
The return being demanded of wind power projects is also declining as the industry matures. In its new Energy Outlook 2017, BNEF expects real returns on capital investment to be around 5 percent by 2030, while funding costs are projected to be around 2.75 percent in real terms. Efforts on the part of the supply chain and operators/investors will lead to a reduction in the cost of wind power of 30–60 percent onshore and 75 percent offshore by 2040[1].

Achievements to date plus those expected in the coming years greatly enhance wind power's long-term potential. Whereas its contribution to the world energy mix is currently a marginal 4 percent, wind will reach 17 percent by 2040[1].

Global energy generation mix 2017



Global energy generation mix 2040



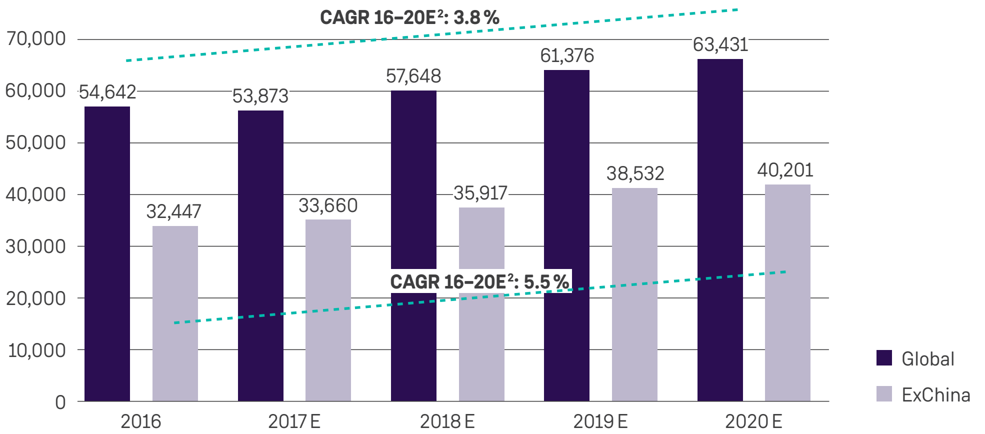
1 BNEF: New Energy Outlook 2017

To attain that level, it will be necessary to install 1,873 GW onshore and 178 GW offshore in the next 24 years, with the Onshore division becoming the largest single target of investment in the period, about 3 trillion euros, ahead of coal, gas, nuclear and utility-scale solar. It is also important to note that wind demand will shift to emerging countries, mainly Asia, the Middle East and Africa.

Wind power demand prospects for the short and medium term are relatively stable

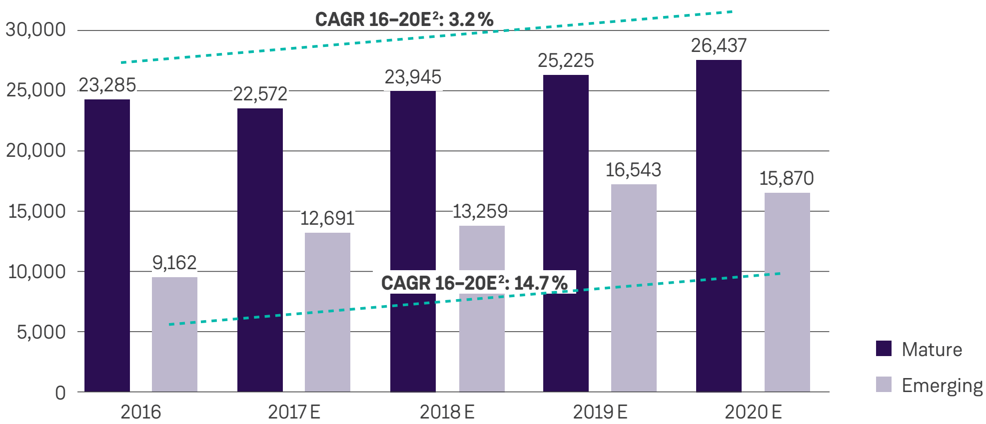
While the industry is moving towards its long-term potential, the prospects of wind demand are relatively stable in the short and medium term, during which there will be temporary disruptions as the model normalises. The halt in the Indian market, expected to normalise in 2019, is one such market disruption.

Wind installations 2016–2020 E (MW)[1]



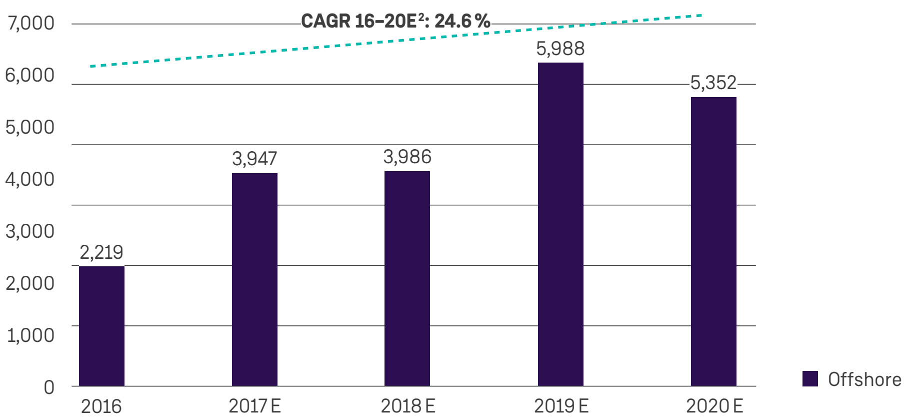
1 Source: BNEF and MAKE Q3 17 Market Outlook
2 Compound annual growth rate calculated on the basis of BNEF and MAKE estimates of installations at the date of their Q3 17 reports and GWEC figures for 2016 reported on April 17. Growth in mature markets includes growth coming from the offshore activity

Wind installations ex China 2016–2020 E (MW)[1]



1 Source: BNEF and MAKE Q3 17 Market Outlook
2 Compound annual growth rate calculated on the basis of BNEF and MAKE estimates of installations at the date of their Q3 17 reports and GWEC figures for 2016 reported on April 17. Growth in mature markets includes growth coming from the offshore activity

Offshore wind installations 2016–2020 E (MW)[1]



1 Source: BNEF and MAKE Q3 17 Market Outlook
2 Compound annual growth rate calculated on the basis of BNEF and MAKE estimates of installations at the date of their Q3 17 reports and GWEC figures for 2016 reported on April 17. Growth in mature markets includes growth coming from the offshore activity

In this context, Siemens Gamesa is uniquely positioned to benefit from the industry's long-term potential.

The transition to a fully competitive renewable energy model requires players to be more efficient. In this connection, the rationale for the merger still stands: to create a group with the scale, scope and portfolio of products and services required to provide an optimised cost of energy. Another plus is the relationship with the Siemens group, which will make it possible to develop more competitive offers for our customers.

However, the group is not only positioned to benefit from the long-term potential, once the transition to the new model is complete; it is also well placed to surmount the transition while creating the maximum value for all stakeholders. This will be achieved through a diversified, balanced and complementary business model including leading positions in offshore, in onshore markets with above-average growth, and in service. Balance, diversification and leadership increase the group's resilience at a time when the market may suffer disruptions in specific geographies.

Scale & Global Reach	**Complementarity & diversification**	**Enhanced offering to clients**
Leading wind turbine manufacturer globally with 83 GW installed	Complementary platforms	Comprehensive Service and WTG product portfolio
Number 1 in Offshore: 11 GW	Complementary operational and management strengths	Strategic agreements with Siemens AG to explore differential value enhancig initiatives
Top 3 in emerging markets (LatAm, MEA, and Asia): 72 GW	Diversified, balanced and complementary geographical footprint and business mix	
55 GW under maintenance		
Cost Competitiveness	**Resilience & Growth**	**Best in class LCOE**

Unique access to synergies of at least 230 million euros annually, fully achieved in year 3, with Onshore the main contributor

The 2018 guidance reflects new pricing levels and a higher demand volatility, all this in the Onshore division, and the achievement of synergies starting in the second half of 2018.

As described earlier, the industry is transitioning towards fully competitive energy models that require all players in the wind industry, including the supply chain, to pursue additional efficiency. These efficiencies will materialise, inter alia, in more competitive wind turbine prices. Moreover, markets will be more volatile during the transition, resulting in temporary disruptions to demand, such as the hiatus in the Indian market. This is all reflected in the guidance for 2018, shown in the next table.

Guidance 2018

millions of euros	Pro-forma FY 2017	Guidance FY 2018
Revenues	10,964	9,000–9,600
Underlying EBIT margin pre-PPA (1)	7%	7% – 8%
Working capital to sales ration	– 3%	– 3% to + 3%
Capex	621	c. 500

On September 30, 2017, SGRE had fully covered its offshore sales volume guidance, with sales expected to decline slightly after the strong growth registered in 2017, while its onshore average sales volume (MWe) was 58 percent covered. SGRE's guidance includes projected low double-digit price deflation, in line with market trends and with order intake in the fourth quarter of 2017.

The projected range of 7 percent to 8 percent profit margin assumes synergies amounting to around 1.5 percent of revenue, to be achieved in the second half of the year. It is the achievement of those synergies that will separate performance in the second half from the weaker first-half figures.

The impact of the PPA in the year is expected to amount to 321 million euros, while the tax rate is projected to be 30 percent.

All guidance figures are expressed in constant 2017 money.

Conclusions

Siemens Gamesa 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 and offshore markets provide resilience and above-average growth potential.

After the creation of the company, which was registered on April 3, 2017, Siemens Gamesa concentrated its efforts during the second half of 2017 on accelerating the integration, aware of the importance of acting as a single group in order to achieve the announced synergies. The goal now is to achieve these synergies, which amount to 230 million euros per year, almost one year ahead of the originally announced date; moreover, that figure is now seen as the minimum achievable amount. The onshore business will be the main beneficiary.

In addition to the integration activities driven by the Integration Management Office, Siemens Gamesa continued with its normal business activity, though it was materially affected by temporary volatility in some of the group's core markets, which impacted sales volumes and pofitability. In this context, three factors had a significant impact on the half-yearly results: an inventory impairment to adapt to new market conditions, amounting to 134 million euros; the halt in the Indian market (the company's second-largest market); and higher losses booked by Adwen. As a result, revenues fell 12 percent y/y in the quarter to 5,022 million euros and underlying EBIT pre-PPA fell 63 percent to 192 million euros, equivalent to a margin of 3.8 percent, i. e. 5.3 percentage points below the pro-forma margin in the second half of 2016. Whereas commercial activity was weak in the merged company's first quarter (Q3), with 805 MW of firm orders, it recovered strongly in the fourth quarter, to 2,919 MW, 40 percent more than the combined figures of the merged companies in the same period of 2016. Order intake in the Onshore business unit (2,167 MW) was at its highest since the first quarter of 2015, as a result of the materialisation of the trends that were visible in Q3, which impacted order intake in that quarter: conversion of Safe Harbor contracts in the U.S., expected in the second half of the calendar year, volatility of offshore order intake, and the shift of larger onshore orders to the second half of the year. In offshore, where order intake is more volatile, the contract for Borssele 1 and 2 (752 MW) was signed, as had been announced in Q3. As a result of stronger commercial activity, the order book at end-September amounted to 20,688 million euros, broken down as follows: Wind Turbines 10,811 million euros (– 8 percent y/y); and Service 9,877 million euros (+ 6 percent y/y).

After paying a special dividend (3.6 euros per share) and an ordinary dividend (0.11 euros per share) in this six-month period, the company ended the period with a net cash position of 377 million euros and working capital amounting to – 300 million euros, – 2.7 percent of revenues LTM.

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.

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 Group's estimated results, based on estimates of expected transactions in its various areas of activity.

Subsequent events

There are no significant subsequent events, except for the November 2017 announcement of further capacity adjustment measures to address changing market conditions, with no impact on the accompanying Consolidated Financial Statements.

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 reporting period, the main increase under the caption “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 73,647 thousand euros (5,812 thousand euros in 2016) mainly in Denmark and Spain in amounts of 46,570 thousand euros and 19,571 thousands euros, approximately and respectively.

Treasury share operations

At September 30, 2017 Siemens Gamesa holds a total of 1,707,508 treasury shares, representing 0.25 percent of share capital.

The total cost for these treasury shares amounts 21,505 thousands euros, each with a par value of 12,594 euros.

A more detailed explanation of transactions involving treasury shares is set out in Note 19.E to the Consolidated Financial Statements and Note 13.4 to the Stand Alone Financial Statements of the Notes to the Consolidated Financial Statements at September 30, 2017.

Sustainability[1]

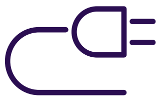
1 This is a condensed version of the Sustainability Report. To view the complete Sustainability Report, please visit our website.

Sustainability at Siemens Gamesa Renewable Energy

A commitment to sustainability

Sustainability is at the heart of Siemens Gamesa Renewable Energy. It is the driving philosophy of our company, and we regard it as both a means and an end. We want Siemens Gamesa to be a force for sustainable development in the world, and we want everything we do to reflect that.

There are factors at play in the world today that represent enormous potential threats to sustainability, and can dramatically affect businesses such as ours. Climate change, water scarcity, geopolitical conflicts, resource depletion, economic inequality – these must all be acknowledged as the challenges they are, and then they must be met and overcome.



from emission-intensive coventional power generation sources

to **renewable energy-based**

electricity source

Siemens Gamesa was created with the belief that sustainable development and commercial success can go hand in hand. In fact, we believe that they must go hand in hand. At SGRE, sustainability excellence is a badge of honor, and a mark of operational and management quality. For us, this means being a company that responds to evolving market trends. It means being a company with engaged, productive and valued employees. And it means being a company that does not just respond to social progress, but aligns with and helps to lead it.

Siemens Gamesa is such a company. We are in the sustainability business. More than 82 GW of the wind power capacity around the world have helped our customers to reduce CO_2 emissions by more than 210 million tons a year, thus contributing to a reduction in greenhouse gases and mitigating their harmful effects. We support the world's climate protection goals, and have joined in the global movement to de-carbonize economies. We have committed to becoming a carbon-neutral company by 2025, and to that end are switching our operations from emission-intensive conventional power generation sources to renewable energy-based electricity source.

Sustainability and corporate responsibility

Siemens Gamesa wishes to be recognized for its distinctive business model, committed to the creation of value and sustainable development. Our vision for corporate responsibility involves being accountable to a range of stakeholders beyond our immediate shareholders and investors. This is integral to our overall sustainability. Our company feels a strong sense of responsibility in many areas, including environmental protection, the wellbeing of our employees, the broader community, and civil society in general, both now and in the future. We know that the success and sustainability of our business is underpinned by a skilled workforce, a stable community and healthy environment.

For that reason, the SGRE Board of Directors of Siemens Gamesa is committed to ensuring that all of our activities are carried out in accordance with a set of values, principles, criteria and attitudes aimed at creating and sustaining value for our shareholders, employees and clients, and also for society in general.

To that end, we have made a number of commitments that provide information on everything we do we do, and through which we achieve sustainability at the corporate, business and regional level.

These are:

Corporate Responsibility: Our Commitments

Integrity

- Fulfill prevailing legislation in the countries where the company operates.
- Adopt company values, principles and ethical and regulatory compliance guidelines set out in the Code of Conduct.
- Adopt advanced corporate governance practices.
- Reject any practices conducive to obtaining benefit through the use of unethical actions.
- Promote socially responsible actions in any companies in which the company exerts management capacities or holds power through shareholdings.
- Disclose relevant and truthful information on all activities performed.
- Promote channels of communication and dialogue with the different groups connected with the company's activities.
- Encourage transparency and free market rules by respecting free competition, and rejecting any illegal, fraudulent or unethical practices.
- Develop responsible practices in the value chain.

People and Labor Rights

- Respect the human and labor rights recognized in the legislation of the territories where the company operates.
- Develop a framework which fosters labor relations based on equal opportunities, non-discrimination and respect for diversity.
- Safeguard a safe and healthy working environment, along with areas of influence.

Community

- Promote the socioeconomic development of the communities in which the company is present.
- Promote higher levels of well-being through actions of local development cooperation.

Environmental Protection

- Foster a sustainable use of resources and a culture of respect for the natural environment and contribute to the fight against climate change.

Seven programs with 50 actions

Sustainability programs

A significant focus in 2017 was fulfilling the vision and achieving the targets in our Corporate Social Responsibility master plan. This plan, which was adapted and carried over from the Gamesa CSR master plan 2015–2017, set sustainability targets and focused on positioning SGRE for the long term by incorporating stakeholder expectations into the company's decision-making and the day-to-day management of its business. The pillars of this plan include seven programs with 50 actions which are continuously monitored and annually reviewed:

Program 1: The development of an integrity model to promote the distribution, knowledge of, and compliance with, the SGRE Code of Conduct, as well as the regulations and "zero tolerance" procedures surrounding the prevention of crimes such as fraud.

Program 2: The improvement of transparency through the implementation of tools to consolidate the corporate CSR information. This includes making a systematic track record of non-financial KPIs, and facilitating a report in real time of these data (alignment with best practices IBEX-35 and wind energy sector peers).

Program 3: The incorporation of human rights in all of our management processes so that human rights are more integrated in our operations and thereby more fundamental to the SGRE culture.

Program 4: The development of fair practices in matters of employment, work conditions, social dialogue, professional development and workplace health and safety.

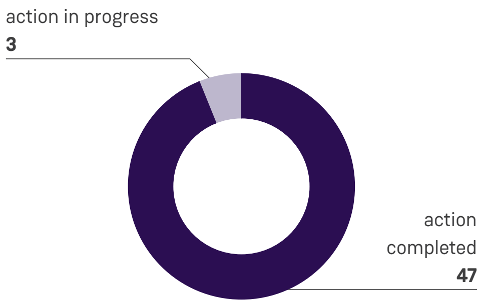
Program 5: Responsible supply chain development, incorporating due diligence procedures on matters of ethics and transparency and supervision of suppliers.

Program 6: The creation of efficient relationships with local communities, through increasing support for education and culture, job creation and well-being, and developing local capacity to generate income.

Program 7: The protection of environmental capital by incorporating best practices for reducing pollution, the sustainable use of natural resources, production and/or restoration of habitats and supporting the fight against climate change.

By the end of 2017, the plan had been completed with a remarkably high level of success. 47 of the 50 identified actions had been completed, with the other three still in progress. The success of this will provide a solid foundation for the next iteration now in development – a Sustainability master plan for the period 2018–2020.

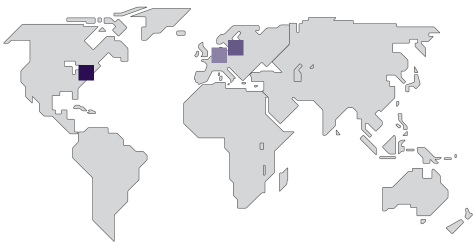
CSR master plan: status quo



Sustainability collaborations

As a new company, Siemens Gamesa has been proud to join other members of the global community who share our commitment to sustainability through corporate and social responsibility. To that end, we have joined in a number of worldwide collaborations, lending whatever influence we can to the cause of worldwide sustainability. These collaborations include:

Worldwide collaborations



- United Nations Global Compact: Headquarters New York, U.S.
  Caring for Climate: Headquarters New York
  Women's Empowerment Principles: Headquarters New York, U.S
- Global Reporting Initiative: Headquarters Amsterdam
- Paris Pledge for Action: Headquarters Paris

The United Nations Global Compact

The United Nations Global Compact is the world's largest corporate sustainability initiative. It aims to mobilize a global movement of sustainable companies and stakeholders to align strategies and operations around basic commitments to human rights, labour fairness, environmental protection and anti-corruption, and to take actions that advance societal goals. The UN Global Compact establishes ten principles which should underpin a company's value system and approach to doing business.

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should uphold the effective abolition of child labor.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

United Nations Global Compact website
www.unglobalcompact.org

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Siemens Gamesa is a proud signatory of this global initiative, and we are strongly committed to the ten principles. We publish an annual Communication on Progress (COP) report, which reviews our compliance with these principles. This document is publicly available on the United Nations Global Compact website.

Global Reporting Initiative (GRI)
www.globalreporting.org

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an independent international organization that has promoted sustainability reporting since 1997. The organization encourages businesses around the world to be transparent about the manner in which they are dealing with critical sustainability issues such as climate change, human rights, governance and social well-being.

Siemens Gamesa is a proud member of the GRI community, as we share in the belief that disclosing sustainability information inspires accountability, helps identify and manage risks, and enables organizations to seize new opportunities. We actively participate at GRI's Corporate Leadership Group on Reporting on the Sustainable Development Goals, to formulate innovative solutions to common challenges and ultimately shape the future of reporting.

Paris Pledge for Action
www.parispledgeforaction.org

Paris Pledge for Action

SGRE has signed the Paris Pledge for Action, affirming our commitment to a safe and stable climate in which global temperature rise is kept under 2 degrees Celsius, and welcoming the adoption of the universal agreement reached at the COP 21 in Paris. We also pledged our support in ensuring that the aspirations established by that agreement will be attained or surpassed.

Caring for Climate
www.unglobalcompact.org/engage-locally/manage/engagement/caring-for-climate

Caring for Climate

Caring for Climate: The business leadership platform is an initiative of the UN Global Compact, and one we support. Its goal is the involvement of businesses and governments in taking action on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions.

Women’s Empowerment Principles

Women’s Empowerment Principles are promoted by UN Women/UN Global Compact. They are built on the belief that empowering women to participate fully in economic life helps build stronger economies, establishes a more stable and just society, furthers sustainability and human rights, and improve the quality of life of not just women but also men, families and communities. Siemens Gamesa shares this belief and has acceded voluntarily to the Women’s Empowerment Principles.

Sustainability recognition

At Siemens Gamesa, we monitor sustainability performance constantly, and take real pride in never allowing it to falter. We take additional pride in having our commitment to sustainability recognized by the world’s most renowned and relevant sustainability indexes and ratings.

We are listed in the Dow Jones Sustainability Index, ranked as one of the most sustainable companies in the machinery and electrical equipment industry group. Within that Index, SGRE ranks #12 in the Economic Dimension (73); ranks #3 in the Environmental Dimension (91) and ranks #10 in the Social Dimension (71). Overall, SGRE leads our Industry in three out of 22 categories or criteria.

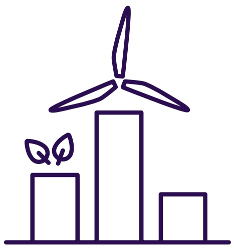
The Financial Times Stock Exchange (FTSE) included Siemens Gamesa in its FTSE4Good series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

The Global Challenges index (GCX) included Siemens Gamesa among the 50 securities in the world which are promoting sustainable development through products and services, and actively making substantial, forward-looking contributions to surmounting the following global challenges:

- Combating the causes and consequences of climate change.
- Securing adequate provision of drinking water.
- Stopping deforestation and promoting sustainable forest management.
- Preserving biodiversity.
- Tackling population development.
- Combating poverty.
- Supporting responsible management (governance) structures.

In addition, Siemens Gamesa is included in the Ethibel Excellence Europe, which includes companies that are included in the Russell Global Index and display the best performances in terms of corporate social responsibility (CSR).

Women’s Empowerment Principles
www.weprinciples.org



Dow Jones Sustainability Index

#12 Economic Dimension
#3 Environmental Dimension
#10 Social Dimension

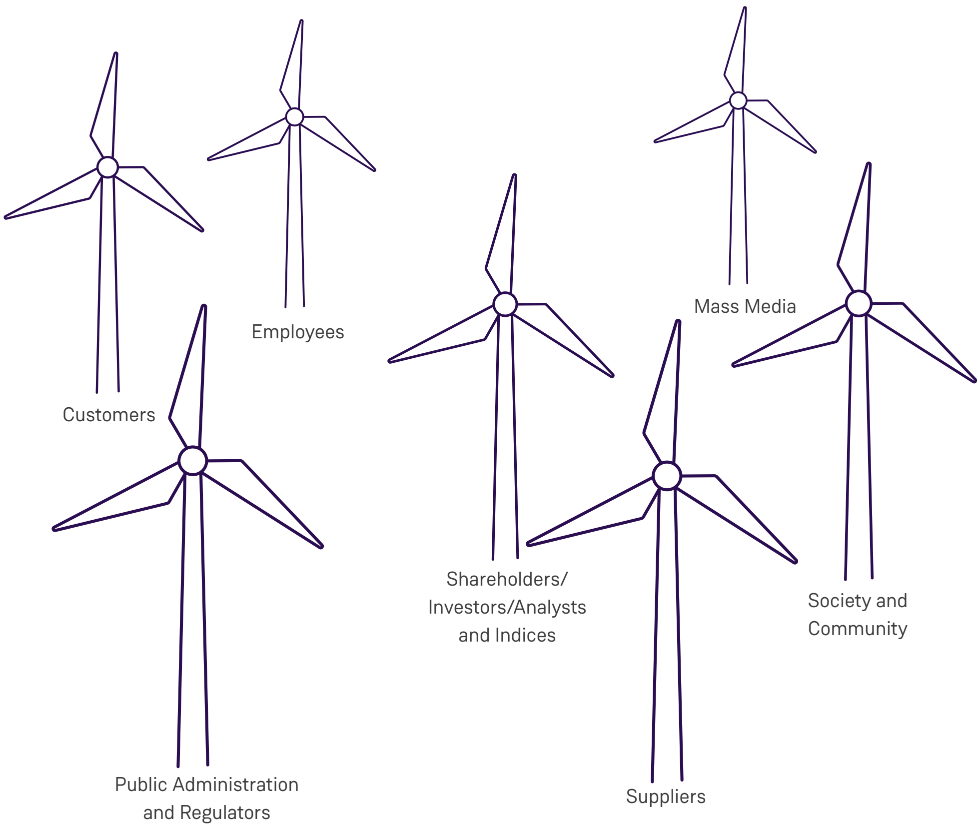
Sustainability through stakeholder engagement

We are well aware that there are a great many groups around the world affected by, and dependent on, our company's activities. They include our stakeholders, and we are committed to working closely with them to ensure their experiences with SGRE are all positive.

Our engagement and interactions with stakeholder groups have two different motivations. From the standpoint of social responsibility, we are committed to responding to their expectations and whenever possible meeting their needs. From a reputational perspective, we work hard to manage the perception these stakeholders have of our company.

Our company consolidates preferential communication channels with these groups in order to identify the most relevant topics and provide a reasonable response to their expectations, whenever as possible. These channels have their own specific features as regards format, responsibilities, intensity of the relationship and frequency of use, ranging from permanently available means of engagement, like mailboxes and portals, to annual or multiannual means, such as surveys.

An overarching structure of the company's stakeholders



Employee sustainability

In many ways, Siemens Gamesa's commitment to sustainability begins with our employees. We believe that if they are succeeding, then our company is succeeding. Social and professional development, therefore, is seen as a core component of our future success. We aim to be an employer of choice by pursuing improvements in people's quality of life, and by empowering and motivating all employees with a high-performance culture, life-long learning and development possibilities.

SGRE's employment model is based on respect for and compliance with universal human rights standards and progressive labor legislation. A good example of this can be found in the work-life balance measures designed and implemented by Siemens Gamesa. Notable among these are flexi-time schemes, continuous/shorter working day arrangements, vacation packages and the provision of end-to-end assistance to personnel posted abroad.

Learning and training

SGRE offers professional development opportunities in the form of training and job experience, in a multicultural and multinational environment. During this past reporting period, 20,927 employees received training (82 percent of the total) with a cumulative number of training hours of 286,812.

Additionally, Siemens Gamesa has talent management tools that incorporate individual development plans for a number of high potential employees. Such plans are aimed at contributing to personal growth and developing desired competencies and skills. In addition to individual development plans, the company has also other programs for developing talent.

Labor relations

Siemens Gamesa is firmly committed to pursuing labor relationships that are based on trust, transparency, and good faith negotiations. We believe in, and promote, workers' rights to freedom of association, union membership and collective bargaining. The importance of this fundamental labor right is set out in the company's Code of Conduct.

Labor relations between SGRE and our employees are regulated by the legal regulations of each country and such pacts and agreements as may have been reached with workers' representatives. Additionally, agreements that were in place prior to the merger, such as the Global Framework Agreement signed by legacy Gamesa, the IndustriALL Global Union, CCOO de Industria, MCA-UGT and FITAGUGT on social, labor and environmental matters, are currently in force and represent the first global agreement to guarantee labor rights by a company in the renewable energy sector.

Diversity

Close to
100 different nationalities
are employed by Siemens Gamesa worldwide

Close to 100 different nationalities are employed by Siemens Gamesa worldwide. Ours is a diverse workforce, and we value that deeply. SGRE has a Diversity and Inclusion Policy that applies to all geographic regions where we are present. This policy aims to ensure equality and inclusion, and avoid any kind of discrimination based on race, gender, civil status, ideology, political opinions, nationality, religion or any other personal, physical or social characteristic.

SGRE has a harassment protocol in place that stipulates how to prevent harassment in the workplace. The message is very clear. Any form of sexual, gender-based and/or psychological harassment is absolutely unacceptable. It offends dignity, it is harmful to the working environment and has undesirable effects on people's health, morale, confidence and self-esteem. It has no place anywhere in our company.

With respect to gender diversity in the composition of the Board of Directors, Siemens Gamesa at the end of fiscal year already exceeds our established target of having the presence of at least 30 percent women by 2020. Our company has six women on the Board of Directors, which represents 46 percent of its members. The share of female employees represents an overall 17.92 percent of the total workforce.

Occupational health & safety

Occupational health & safety is an essential part of our Business Code of Conduct, internal monitoring systems, risk management work and internal controls. It is quite simply embedded in the SGRE culture. Our company complies with prevailing legislation in every market where we have a presence, and we establish as many preventative measures as are needed. Beyond specific market requirements, we are guided at all times by the criteria of excellence and continuous improvement, and we apply an integrated health and safety, environment and quality management policy lens to all that we do. We have a zero tolerance policy towards negligent occupational health and safety conduct.

Human rights

Siemens Gamesa has made an explicit undertaking, in its Code of Conduct, to defend human rights. We are committed to observing minimum international standards on the protection of the fundamental rights and freedoms of the people affected by our operations. More specifically, we are guided by the United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to human rights, the guidelines of the OECD, the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization (OIT/ILO) and the Women's Empowerment Principles of the United Nations Development Fund for Women (UNIFEM).

Our Suppliers Code of Conduct sets out rules to ensure that working conditions in the company's supply chain are safe, that workers are treated decently and with respect and that all business transactions are ethically, socially and environmentally responsible. The Corporate Social Responsibility Policy, approved by the Board of Directors, covers respect for human rights, particularly any right the violation of which would degrade employees, and rejects child labor and forced or compulsory labor.

Siemens Gamesa has a Whistleblowing Channel through which our employees can report activities that are unethical, lack integrity or go against the principles contained in the Code of Conduct. Compliance cases reported and confirmed during the reporting period amounted to 28. The number of disciplinary sanctions put in place during the period amounted to six.

Sustainable supply chain

The merger of Siemens Wind Power and Gamesa created, in effect, two different legacies of excellence. Both of these have been built, in large measure, through a strong, sustainable relationship with our suppliers and contributors. We are building on that history, with sustainability as a key catalyst for the supply chain in Siemens Gamesa. We all feel that clean business is the critical item with regards to sustainability. At all times, our message to suppliers is that they must share with us the common goal of behaving in an ethical, law-abiding manner.

Supply chain management principles

The principles followed by our supply chain support several key activities that have consistently created positive value with our suppliers and stakeholders:

- Development of the local supply base while contributing to local wealth creation.
- Planning with suppliers to achieve world-class component design in order to reduce costs.
- Creating opportunities for qualified suppliers to export to other regions based on their competitiveness.

All these activities are important contributors to internal activities such as definition of Commodity Strategies, New Product Introduction and Engineering Change Management.

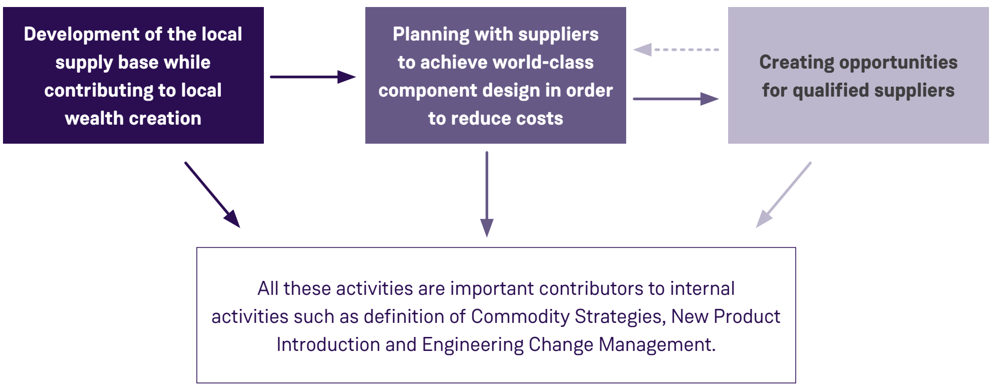
The Supplier Lifecycle Management (SLM) community within Siemens Gamesa is established and engaged, and its work encompasses sustainability topics.

Code of Conduct
www.siemensgamesa.com/en/sustainability/commitments/suppliers/suppliers-code-of-conduct.html

During the process integration period that SGRE is undergoing, the Procurement Integration team is working to define and implement the new joint processes that will support the common vision from both legacy companies. The direction is to keep in place best practices and to use the opportunity to integrate innovations and optimized procedures in the new company, that impact how we select and qualify our suppliers, how we monitor their performance and develop them for top quality.

The Code of Conduct for Suppliers is being harmonized. Both legacies have strong documents that apply to the supplier database. During fiscal year 2018, a new Code of Conduct for SGRE is being developed, respecting and maintaining the same level of strictness regarding requirements for our suppliers.

Supply chain: key activities



Integration of sustainability into Supply Chain Management strategy

The available processes and tools in SGRE provide strategic buyers with levers, risk indicators and transparency to support making the best sourcing decision. The risk screening is based on financial analysis and commodity reports provided by external consulting companies, which feed indicators in our internal supplier comparison tool.

Sustainability self-assessments are applied to strategic suppliers or suppliers located in high risk countries. The answers provided are then screened, and suppliers who fail to meet the requirements are either immediately blocked from further business with SGRE, or may be conditionally approved if the issues are not critical.

An External Sustainability Audit is executed by different external providers in both legacies, and is the strongest detection module. Monitoring may include re-audits or follow-up audits by our external partners.

Sustainability requirements for suppliers

Until the full integration process for the two companies has been completed, Siemens Gamesa requires that all suppliers follow either the Code of Conduct for Siemens Suppliers and Third-Party Intermediaries or the Gamesa Code of Conduct for Suppliers (referred to together as the “Codes”). Both legacy Codes are still valid and are considered equivalent. They follow the high standard requirements of the United Nations Global Compact, the principles of the International Labor Organization (ILO), the Universal Declaration of Human Rights, the EICC Code of Conduct and other benchmarks with strong positions on sustainability topics such as legal compliance, prohibition of corruption and bribery, fair operation practices, labor practices, environmental, health and safety protection. The new Siemens Gamesa Code for suppliers will be released during 2018.

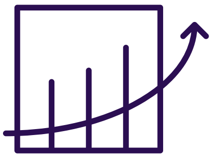
Community sustainability

Siemens Gamesa is deeply anchored in the societies in which we operate. We are there to contribute to their sustainable development. That is our business model. We assume that our organization is part of a social framework that can strengthen our own capacity or, on occasion, condition and limit our development and competitiveness. We fully support this. Commitment to a more prosperous society is not only compatible but interdependent with enduring business success.

At Siemens Gamesa, our commitment to society is genuine and permanent. Wealth creation and improved quality of life in the communities where we operate is a constant goal of our standard commercial activities, supplemented by socioeconomic development through our many non-business channels.

SGRE’s relationship with the community is guided at all times by the following principles:

- Awareness of social change. If we understand how the needs of society in general are evolving, we can anticipate future demands in the environment.
- Systematic, fluid and truthful information. This will create a climate of trust and credibility.
- Respect for the environment by complying with prevailing legislation and collaborating in the environment’s conservation and improvement.
- Job creation by leading new competitive business developments.
- Providing support to the development of disadvantaged groups and sectors.
- Supporting research to raise the scientific and technological level of our environment, as well as promoting the use of technologies and other actions which are respectful to the environment.
- Collaborating with other institutions and groups for the community’s improvement and development.
- Establishing relationships with public authorities based on institutional respect and compliance with the law.



7 new programs

were implemented in the course of 2017

Community action programs

Community Action Programs are aimed at creating wellbeing, increasing local income and driving local technological development. Initiatives to support this strategy include, but are not limited to, the following:

- Local development cooperation programs.
- Educational access and skills development programs.
- Programs aimed at conserving local culture.
- Providing health services.
- Programs aimed at strengthening the community's institutions, groups and local authorities.
- Environmental, social and cultural programs involving local networks and other institutions.

These social initiatives designed to benefit of local communities are carried out directly by Siemens Gamesa or by its subsidiaries or associate companies in their respective areas of action. The following programs were implemented in the course of 2017:

Training indigenous women in the region of Gujarat, India
Training indigenous women in the region of Gujarat, India and empowering them economically through agricultural microcredits. In conjunction with the Juan Bonal Foundation, 100 local women deemed to be in a precarious situation and/or suffering a severe risk of social exclusion are being provided with the knowledge and tools needed to work arable land. The target is to train them so that they can get the most out of their land at different times of year and supply them with the materials that they need.

Kindergarten in Motiya, Rajasthan, India
In conjunction with Bal Vikas India, this is a project to build a kindergarten to care for the village's children while their parents work. The idea is to make it easier for parents to remain employed while their children get their first taste of education as well as being cared for and safe.

Soccer League III in India
Youngsters from India's rural areas are taking part in this new edition of a Siemens Gamesa program implemented in conjunction with Krida Vikas Sanstha Nagpur to hone their sporting skills at a soccer training campus. At the same time, they are being shown how to care for the environment and taught good eating habits.

Telecentros Project II in Brazil
This is being carried out in conjunction with Coordenaçao Regional das Obras de Promoçao Humana (CROPH). It is aimed at fostering technology literacy by opening free centers where teenagers at risk of exclusion can develop their computer skills.

Fostering healthy lifestyles in Mexico
Fostering healthy lifestyles among young people from Unión Hidalgo in the Isthmus of Oaxaca Region of Mexico. In collaboration with CESAL, this project will foster better community health, which has a positive impact on overall quality of life.

Mulheres que criam – Camaçari in Brazil
Fostering the economic sustainability of the Nossa Senhora do Amparo mothers group by sustaining the activities of a printing school, thereby generating jobs and resources for economically vulnerable women.

Foundation for Research into Ethology and Biodiversity (FIEB)
This is the first gene bank for Iberian birds of prey. In its most recent report, the European Environment Agency warns of ongoing biodiversity loss in Europe. It is calculated that 25 percent of Europe's species are virtually extinct and this percentage is expected to rise. Some 80 percent of Europe's species are present in Spain, making it a crucial focal point. Siemens Gamesa is collaborating on a project backed by the FIEB for the creation of the first national gene bank for Iberian species, a tool designed to help their conservation. Among other benefits, this initiative fosters genetic diversity, enhances efforts to breed in captivity and facilitates access to the genetic make-up of specimens from species with residual populations.

Sustainable environment

Environmental protection was inherent to the culture of both Siemens Wind Power and Gamesa. It is now absolutely inherent to the culture of our united company. It could hardly be otherwise. Both companies had been role models within the sector in these areas. SGRE was born with the knowledge, expertise and qualified teams to raise environmental protection to a level of excellence, and by combining the best of both companies we are doing just that.

Environmental principles in the Code of Conduct

Preserving the environment is one of SGRE's guiding principles, as declared in our Code of Conduct. This Code applies globally to all Siemens Gamesa employees, who should be familiar with it and adopt it in their functional areas. Further, all SGRE employees and business partners are expected to act in accordance with the criteria by adopting a pro-environmental mindset, applying environmental best practices and positively contributing to achieving the objectives which have been established and communicated. They should also endeavor to make efficient use of their facilities, equipment and resources while making continuous efforts to minimize the associated environmental impact of these.

Environmental principles in the CSR Policy

Our global Corporate Social Responsibility policy sets out basic principles that apply to all Siemens Gamesa companies. These include:

Environmental principles

- Boosting the sustainable use of resources.
- Creating a culture of respect for the natural world.
- Contributing to the fight against climate change.
- Reducing the environmental impact of the activities of the company.
- Defending biodiversity.
- Promoting information about our environmental sustainability culture.

Siemens Gamesa Policy

The Siemens Gamesa Policy is a new company policy released in 2017. It encompasses the previous Quality, Environment, Health and Safety Policies from both legacy companies. The Policy, which will be the basis of our success and guide us towards continual improvement, is based on six pillars:

- Leadership commitment
- Compliance assurance
- Risk management
- Stakeholder engagement
- Product stewardship
- Operational excellence

The following, taken from the Policy, clearly articulates our core philosophy:

“United we will shape the renewables sector and its entire value chain, leveraging our industrial, technological and innovative capabilities to contribute to a cleaner and more sustainable environment for generations to come.”

Climate Change Policy

Siemens Gamesa is aware that climate change is a fundamental threat the markets and sustainable development face. It has therefore adopted a Climate Change Policy which applies company-wide and seeks to foster the renewable energies which are deemed suitable and within its reach to attain a global low-carbon energy generation model that reduces environmental impact. SGRE is committed to fostering the sustainable use of resources, a culture of respect for the natural environment and to leading the fight against climate change by reducing the environmental impact of our company’s activities, defending biodiversity and encouraging information and training on our sustainable culture. Our company has made undertakings to several business initiatives aimed at reducing greenhouse gas emissions, such as the American Business Act on Climate Pledge or the Paris Pledge for Action.

Greenhouse gas emissions

Siemens Gamesa has taken up the challenge of reaching carbon neutrality by 2025. This is one of the most ambitious climate targets any organization can set. The global roadmap for meeting this commitment includes a combination of adaptation and mitigation actions such as:

- Energy efficiency measures to reduce logistics area emissions.
- Measures to purchase clean electric power for plants and offices.
- Adaptation measures, such as fostering the use of electric vehicles, mobility plans which are more respectful to the environment and projects to achieve the complete recycling of wind turbine materials at the end of their life cycle.
- CO_2 emission offsetting measures, which will take the form of an exchange of emission rights depending on different scenarios.

Helping our customers reduce their carbon dioxide footprint

Siemens Gamesa is quite literally in the business of reducing greenhouse gas emissions and furthering climate and environmental protection. In 2017 alone, the new wind power capacity installed by Siemens Gamesa (6,446 MW) resulted in CO_2 reductions of 16.7 million metric tons when compared to conventional fossil-based energy production sources. With the total of our wind turbines installed at customer locations since 1998, which remain in use today according to a minimum life expectancy of 20 years, we reduced accumulated annual customer carbon dioxide emissions by 210 million metric tons by the end of 2017.

Biodiversity

Siemens Gamesa products and services require certain natural resources, such as water, fossil fuels and wind, to perform their activities, thereby interacting with, and potentially affecting, ecosystems, landscapes and species.

Some impacts to biodiversity can include, for example:

- Potential land use changes by using vehicles and machinery to open up paths and remove vegetation.
- Prolonged human presence which temporarily affects the behavior of species of fauna in a generally reversible way.
- Potential species mortality due to collisions with our customers' wind turbines.

We are very aware of these potential impacts on biodiversity, and are committed to doing everything we can to mitigating them. Siemens Gamesa wind projects are constructed in a sustainable way that allows for a balanced coexistence, thus conserving and protecting natural biodiversity and climate. This respect for biodiversity and ecosystems plays a leading role in our company's business strategy.

SGRE uses several regulatory and voluntary instruments to achieve a positive net balance in relation to biodiversity and the environment, including:

- company policies and procedures under the integrated management system.
- Full compliance with permits granted by environmental and conservation authorities at each region, which set out requirements to ensure the local environment's protection.
- Setting environmental and control plans and implementing management systems, the majority of which have been certified according to the ISO 14001 standard to prevent and control environmental risks.
- Fulfilling legislation on conducting environmental impact studies, which include analysis and prevention mechanisms that take into account different alternatives and lay down corrective measures to avoid, mitigate or offset any possible damage.

Corporate Governance[1]

1 This is a condensed version of the Corporate Governance Report. To view the complete Corporate Governance Report, please visit our website.

Corporate Governance at Siemens Gamesa Renewable Energy

Siemens Gamesa Renewable Energy was born in April of 2017, when the merger of Siemens Wind Power and Gamesa became effective. The business rationale for the merger was extremely sound, and the months following the merger were used to solidify the united company's strengths. Much of 2017 was used to find our feet as a new company, albeit one with an extremely solid foundation. Siemens Gamesa established a strong corporate governance strategy, one informed by a commitment to transparency and managerial excellence, rooted in ethical business practices, and designed to safeguard the interests of our stakeholders.

More information: http://www.siemensgamesa.com/en/investors-and-shareholders/

Transparency and public accessibility are the starting points in our governance philosophy. The SGRE website – http://www.siemens-gamesa.com/en/investors-and-shareholders/ – contains all of the content that we are required by law to publish, as well as a great deal of other information that might be of interest, particularly to shareholders and investors. That content includes the annual corporate governance report, the annual report on remunerations and other informative instruments of the listed companies.

Board of Directors

The Board of Directors (Board) is our company's top decision-making body in all matters except those that require a shareholder vote in a Shareholders' Meeting. Our Board is responsible for general supervision of the company, and specifically for setting SGRE's strategies and policies. The ultimate goal, always, is to generate value for our shareholders and other stakeholders, while acting as the good and ethical corporate citizen we are determined to be.

Committees

The Board is supported by expert committees such as the Audit, Compliance and Related Party Transactions Committee and the Appointments and Remunerations Committee.

Audit, Compliance and Related Party Transactions Committee	Appointments and Remunerations Committee
The duties of the Audit, Compliance and Related Party Transactions Committee include oversight of the company's internal audit, reviewing the internal control systems for drawing up economic and financial information, and auditing accounts and compliance.	The primary functions of this committee are to oversee the composition and functioning, as well as the remuneration, of the company's Board of Directors and of the Senior Management.

Gender representation

Article 7.5 of the Regulations of the Appointments and Remunerations Committee states that the duties of the Committee include setting "a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it". To that end, the Appointments and Remunerations Committee actively seeks to include female candidates for consideration when looking to appoint new directors. Siemens Gamesa has set a target of at least 30 percent female representation on the Board of Directors in 2020.

During the 2017 fiscal year, four women were appointed as members of the Board of Directors. As of September 30, 2017, the company had 6 women on the 13-member Board of Directors. That roughly 46 percent female representation far exceeds our 30 percent target, three years in advance.

Selection and appointment procedures

Article 30 of SGRE's bylaws states that the members of the Board of Directors must be "appointed or approved by the Shareholders' General Meeting," with the provision that "if there are openings during the period for which Directors were appointed, the Board of Directors can appoint individuals to occupy them until the first Shareholders' General Meeting is held."

The Appointments and Remunerations Committee, in application of article 14 of the Regulations of the Board of Directors, has established that director selection criteria shall entail recognized reputation/credibility, solvency, competence and experience, procuring that female candidates meeting this profile are selected in this selection process.

Article 7.4 of the Regulations of the Appointments and Remunerations Committee stipulates also a further duty of the Committee, namely to "ensure that the selection procedures are not implicitly biased so as to imply discrimination".

Section 4 c) of the “Policy on selecting Directors” likewise states that “the selection of directors must be safeguarded from any implicit bias that could entail discrimination of any sort and, in particular, interfere in the selection of female directors”.

Re-election

Article 15 of the Regulations of the Board of Directors states that the “proposals for re-election of Directors submitted by the Board of Directors to the General Shareholders’ Meeting must be accompanied by the corresponding explanatory report in the terms set forth by the law. The resolution of the Board of Directors to submit the re-election of Independent Directors to the General Shareholders’ Meeting must be adopted upon proposal of the Appointments and Remuneration Committee, while the re-election of other Directors must have a prior favorable report from this committee.”

Section 2 of the cited article adds that directors who serve on the Appointments and Remuneration Committee must abstain from taking part in the deliberations and votes that affect them.

Assessment

Article 25.8 of the Regulations of the Board of Directors establishes that the Board of Directors shall, at least once a year, evaluate:

- The quality and effectiveness of its operation
- The performance of duties of the Chairman of the Board of Directors, and if applicable, of the CEO and Coordinating Director, based on a report submitted to the Appointments and Remuneration Committee
- The operation of the committees based on the reports they submit to the Board of Directors

The assessments conducted during 2017 was carried out with the support of external consultants and through work sessions led by the Chairwoman of the Board of Directors and the Chairmen of the Audit, Compliance and Related Party Transactions Committee and of the Appointments and Remuneration Committee, assistance from the internal areas responsible for the corporate governance of the company, the review of minutes and internal company’s documentation, and, finally, through a comparative analysis with the best practices and reference and comparable companies.

Removal

Members of the Board serve in their position for a period of four years, unless the General Shareholders’ Meeting, for some reason, agrees on their removal. Article 16 of the Regulations of the Board of Directors states that “directors will be removed from their position once the term for which they were appointed has passed, notwithstanding the possibility of being re-elected, and whenever the General Shareholders’ Meeting decides to do so as proposed by the Board of Directors or the shareholders, in the terms set forth by law.”

Section 2 of the cited article contemplates the circumstances in which directors must place their position at the disposal of the Board of Directors and formalize their resignation, should the Board find it appropriate, subject to a report from the Appointments and Remunerations Committee.

Conflicts of interest

It is, of course, inevitable in companies the size of ours that from time to time, conflicts of interest will arise between the company and/or its group, and its directors, executives or significant shareholders. Our company has gone to great lengths to ensure that in such cases, we have mechanisms in place for dealing with any real or perceived conflicts.

Possible conflicts of interest between the company and/or its group, and its directors

Article 31 of the Regulations of the Board of Directors regulates the conflicts of interest between the company or any other company within its group and its directors. Any director who finds himself or herself in a conflict of interest or who notices the possibility of such a conflict must notify the Board of Directors. The Chairman of the Board of Directors must include the conflict of interest in question on the agenda of the next meeting of the Board so that it may adopt a resolution as soon as possible regarding the issue. For obvious reasons, the Board member whose conflict or possible conflict is at issue must refrain from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters affecting the said conflict.

Possible conflicts of interest between the company and/or its group, and its managers

Senior management and professionals at SGRE are held to a very high standard when it comes to potential conflict of interest. They are responsible for immediately informing either their supervisor or senior manager, or the Ethics and Compliance Division, about situations that could potentially give rise to a conflict of interest. In situations where there it is clear that there is, in fact, a conflict of interest, they must inform the Ethics and Compliance Division.

Possible conflicts of interest between the company and/or its group and significant shareholders

The procedure for resolution of conflicts of interest with significant shareholders is set forth in article 33 of the Regulations of the Board of Directors.

Remuneration policy

The Siemens Gamesa policy regarding the remuneration of the company's directors was approved by the Annual General Meeting held on June 20, 2017 and is available in the corporate website: http://www.siemensgamesa.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/corp-governance-policies/policy-of-remuneration-of-directors.pdf.

The aforementioned policy states that the remuneration of directors, which must always be based on the principle of proportionality, shall be consistent with what is paid in the market in entities comparable in size, activity, complexity of businesses and geographic distribution of operations. With regard to non-executive directors, the amount of their remuneration should be adequate and encourage their dedication, without compromising their independence. In regards to executive directors, the fundamental criterion is to offer remuneration systems that attract, retain and motivate the most qualified professionals so that Siemens Gamesa can fulfill its business objectives.

The Siemens Gamesa policy:
http://www.siemens-gamesa.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/corp-governance-policies/policy-of-remuneration-of-directors.pdf

Siemens Gamesa directors receive a fixed annual amount for their membership and position on the Board of Directors and its committees and allowances for attendance for each one of the Board of Directors and committees sessions that they effectively attend, regardless of the number of sessions held.

For performance of his executive duties, the CEO also receives a fixed salary, as well as bonuses (annual and long-term) that are tied to delivery of specific, quantifiable objectives. The Board of Directors, at the recommendation of the Appointments and Remuneration Committee, is responsible for determining the level of delivery of these targets.

According to Article 45.3 of the Bylaws, the General Shareholders' Meeting will determine the maximum payment for annual remuneration that Siemens Gamesa will allocate to the group of its directors as such. The Board of Directors will be responsible for determining the exact amount to be paid for each period within this limit and its distribution among the various directors. According to the provisions of the Bylaws, this remuneration is compatible with and independent of that designated for executive directors, which is not subject to the above quantitative limit. The last limit approved by the General Shareholders' Meeting is three million euro (€3,000,000).

Risk control and management

Siemens Gamesa has established an integrated Risk & Internal Control (RIC) system designed to ensure that we are at all times compliant with the law, as well as with any regulations, rules and contractual obligations to which our company may be bound. Additionally, we have policies and procedures in place to ensure that we are well protected from an economic, social and environmental perspective.

An integral part of the RIC system is the Enterprise Risk Management (ERM) which is aimed at monitoring and managing the overarching risks of the company. The SGRE RIC system is supported by the Board of Directors and Senior Management and implemented throughout the entire organization.

Risk management process

The risk management process identifies risks along the following four categories:

Strategic – Risks that are directly influenced by strategic decisions, arise from long-term strategies or relate to high-level goals.

Operations – Risks arising from the day-to-day business and relating to effectiveness and efficiency of our operations, including performance and profitability goals.

Financial – Risks arising from finance operations, non-compliance with tax authorities or accounting and reporting requirements.

Compliance – Risks arising from non-compliance with the code of conduct, legal, contractual or regulatory requirements.

The key to any successful risk management process is continuous improvement in a constantly changing environment. We need to constantly review and assess to ensure that we are adapting to such changes and remain protected. The ERM process is a continuous cycle that proactively identifies and manages business risks. It encompasses five phases:

Identify – At SGRE, we all have a responsibility to detect relevant risks and opportunities (R/O) that could have either a negative or positive impact on the achievement of our strategic, operational, financial and compliance objectives.

Assess – At this phase of the process, risks and opportunities that have been identified are evaluated and prioritized in order to focus management's attention and resources on the most important matters. All identified R/O are assessed with respect to their potential impact in areas such as business objectives, reputation, regulatory and economic matters. The time horizon for these impacts is usually three years.

Respond – This is where we focus on the definition and implementation of response plans to manage the identified risks, choosing one of several general response strategies such as avoidance, transfer, reduction or acceptance.

Monitor – Continuous monitoring is required to enable timely notification in the event of fundamental changes in the R/O situation, and to ensure that the progress of any response plans is satisfactory.

Report and Escalate – This focuses on ensuring that there is a standardized and structured reporting framework for identified R/O.

Response plans

SGRE has a number of response and supervision actions that apply to significant risks. The following stand out:

Strategic

- Development of new business opportunities, entry into new countries and cost reduction programs in all units to mitigate pressure on margins and volumes
- Mitigation of potential effects of specific country risks through balanced diversification of the sales in other countries/ regions and a Security Model that ensures the continuity and security of the business, people and assets in the countries in which the company operates
- Development of a new Business Plan

Operational

- Establishment and continuous improvement of an Information Security Model capable of preventing and mitigating external threats of cyber-attack
- Development of various control activities associated with our interaction with suppliers, including establishment of multiple sourcing and Ethics and Compliance controls, to minimize risks within the supply chain
- Continuous reduction of costs through specific programs in all regions

Financial

- Mitigation of balance-sheet risks through continuous monitoring of cash flow and relevant matters that could cause deterioration of assets
- Development of hedging strategies via use of derivative instruments to minimize risks from fluctuating commodity prices
- Mitigation of risk exposure to exchange rates, with measures including but not limited to:
  - increase in local content
  - coverage by means of derivative financial instruments
  - monitoring of open exposure to fluctuation fulfilling the coverage of the company
  - sensitivity analysis for different currencies
- Siemens Gamesa continuously analyses the split of external financing at variable and fixed rates to optimize the interest rate exposure. The company uses derivative financial instruments to mitigate the interest rate risk
- Siemens Gamesa deals with customers who have an appropriate credit history and rating, and companies within the energy sector with an above average credit rating. In cases of customers with no or a below average rating or credit history, a variety of mitigation measures are used, such as irrevocable letters of credit or export insurances to cover the increased credit risk
- Fiscal risks are controlled through various mechanisms established in the Fiscal Risks Control and Analysis Framework, among which are:
  - Periodic reporting to the management and supervision bodies of the company on compliance with good tax practices
  - Application of the Corporate Tax Policy
  - Specific control, in every region, of compliance with fiscal legal requirements

Compliance

- Mitigation of severe accidents and fatalities risk takes several forms, including:
  - Reinforcement of zero tolerance policy
  - Specific shock plans for each severe accident and global prevention plans for regions with a specifically high risk profile
  - Preventive measures for H&S before operating in a new geographical location
  - System of monitoring of regulatory changes and manuals for the prevention of crimes as requirements of the main operational regions

Business ethics and transparency

As has been noted elsewhere in this report, Siemens Gamesa is a new company, but it was born from the merger of two established companies each with a strong history of commitment to business ethics and transparency. That commitment remains alive and well at SGRE. There is no place for illicit or fraudulent conduct in our company. There is zero tolerance for corruption. We expect this from ourselves, and we expect it from the people and organizations with which we deal. Our governance principles are founded on corporate transparency and mutual trust between our company, our shareholders and stakeholders, and the general public.

Code of Conduct

The Siemens Gamesa Code of Conduct, which is reviewed periodically, embodies our company's commitment to ethical conduct and transparency. It sets out a number of principles and rules of conduct designed to guarantee the ethical and responsible behaviour of all Siemens Gamesa employees. These include:

Respect for human rights and civil liberties
Siemens Gamesa is committed to the application of the United Nations Global Compact, as well as the UN Norms on the Responsibilities of Transnational Corporations and Other Business with Regard to Human Rights, the United Nations Convention against Corruption (UNCAC), OECD Guidelines, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the social policy of the International Labor Organization. In addition, our company adheres to the Women's Empowerment Principles of the United Nations Development Fund for Women (UNIFEM).

Compliance with the law
Siemens Gamesa and its employees are committed to observing any and all legislation that is in force in countries where they carry out their activities, fully abiding with their spirit and purpose.

Equal opportunity, diversity and inclusion
Siemens Gamesa undertakes to ensure that its policies and practices of recruitment, selection, hiring and paying focus on criteria of merit and, in particular, are carried out in the spirit of the principle of gender equality. In addition, we observe the legislation in each country regarding diversity and inclusion. We are committed to providing a working environment that promotes dignity and respect, rejects any manifestation of violence or abuse of authority in the workplace, and allows for no conduct that would generate an environment that is intimidating or offensive to the personal rights of any employee.

Occupational health and safety
Siemens Gamesa promotes a policy and culture of occupational risk prevention, ensuring its dissemination to all staff to guarantee occupational health and safety. We also insist on compliance with the pertinent legislation in force in each country. The goals of this policy include zero tolerance toward negligent occupational health and safety conduct, a commitment to continuous improvement and the implementation of an occupational risk prevention management system to consolidate the observance of international practices and standards guided by excellence criteria in the application of an occupational risk prevention management system.

Environmental respect
The preservation of natural resources, the environment and the health and well-being of the people in our communities are priorities for Siemens Gamesa. We have zero tolerance for negligent environmental conduct, and are working towards the implementation of an Environmental Management System to consolidate the observance of international practices and standards guided by excellence criteria.

Public health protection
The products that Siemens Gamesa puts on the market must satisfy health and safety legislation in the various countries where they operate. Our employees have an obligation to inform their direct managers of the existence of any alteration or poor condition of the products that they use, handle or store, that could compromise the public health and safety of people in their environment.

Professional, family and personal reconciliation
Siemens Gamesa is aware of the importance of comprehensive personal development, and will promote family reconciliation policies with a view to rendering the necessary balance between the professional, family and personal lives of its employees.

The fight against fraud. Rejection of corruption and bribery
At Siemens Gamesa, we believe in the principles of legality and are committed to the fight against corruption in all its forms. Our employees know that we have zero tolerance for any practices that could be considered to be irregular in developing their relationships with clients, suppliers, providers, competitors, and authorities, including actions concerning money laundering.

We have specific directives concerning gifts, tokens, invitations, trips and other types of remuneration that tend to limit and in some cases ban gifts and invitations from and to our employees. Should there be any doubt or concerns in this regard, employees must notify or formulate a consultation through their direct manager or Ethics and Compliance Division.

Preventing conflicts of interest
A “conflict of interest” exists when there is direct or indirect collision between the personal interest of an employee and the interests of the company. Professionals must avoid situations that could give rise to a conflict of interest and refrain from influencing or intervening in the decision-making in situations in which they have a personal interest in favoring other related persons, themselves or third-party companies to the detriment of the interests of Siemens Gamesa and its group, or undermining the interests of other persons or companies.

When facing any potential conflict of interest, company employees must notify Siemens Gamesa, their direct manager and the Ethics and Compliance Division. The hierarchical manager shall report all potential conflicts of interest in his/her area to the Ethics and Compliance Division.

Financial calendar

11/06/2018
Full year 2018

07/27/2018
Third quarter 2018

05/04/2018
Second quarter 2018

02/15/2018
Capital Market Day 2018

01/30/2018
First quarter 2018

Forward looking information

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Gamesa Renewable Energy group that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens Gamesa Renewable Energy’s management, of which many are beyond Siemens Gamesa Renewable Energy’s control. These are subject to a number of risks, uncertainties and factors, including, but not limited to: (1) general market, macro-economic, industry, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties.

Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens Gamesa Renewable Energy may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens Gamesa Renewable Energy neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated. Forward-looking statements speak only as of the date of this document and are based on the knowledge, information available and views taken on such date; such knowledge, information and views may change at any time. Siemens Gamesa Renewable Energy does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. The following document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa Renewable Energy net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently. The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Management Report, excerpts of which appear in this Annual Report, was originally published in Spanish and in the event of any discrepancies the Spanish-language version, which is available in full on our company website, should prevail. For all other parts of this Report, the English-language versions take precedence in case of any discrepancies. The Sustainability and Corporate Governance sections of this Annual Report are condensed versions of the full documents, which are available on our company website. In case of any discrepancies, the full versions of both documents are to be treated as authoritative and valid.

Disclaimer

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