Margins and debt beat the company's own guidance in 2009

GAMESA REPORTS NET PROFIT OF 115 MILLION EURO

Main consolidated figures:

- **Revenues: 3.229 billion euro (-16%)**
- **EBIT: 177 million euro (-24%). Wind turbine division EBIT: +7%**
- **Net profit: 115 million euro, which is not comparable with 2008 (when results included 143 million euro of extraordinary income on the sale of the solar business)**
- **The debt/EBITDA ratio is 0.7**

EBIT margin in the core business improved notably to 7.2% (5.8% in 2008)

The efficiency plan saved 150 million euro

Gamesa's global footprint is the key to its future: Europe, USA and Asia account for 73% of wind turbine sales

The company expects to steadily regain a growth trend in the second half of 2010, followed by a strong recovery in 2011

Gamesa is readying for a new phase of growth by strengthening its position in new markets, customers and businesses (maintenance), promoting R&D and innovation in new products, and constantly optimising costs and capacity

Madrid/Bilbao, 25 February 2010. By focusing on actively managing working capital (synchronising production and delivery) and implementing an ambitious efficiency programme (which has already saved 150 million euro), Gamesa significantly improved margins in its core wind turbine manufacture division in 2009: the EBIT margin was 7.2%, above the company's guidance (6%-7%) and a notable 140 basis points higher than in 2008 (5.8%).

Synchronisation of production and deliveries, and 7% growth in wind turbine EBIT
Gamesa's consolidated revenues in 2009 amounted to 3.229 billion euro (-16%) as a result of the weak macroeconomic situation worldwide, which slowed wind developers' plans, and the deceleration in the industry in Spain, as well the company's focus on aligning production with customer orders and deliveries.

Impacted by the slowdown, sales amounted to 3,145 MWe, i.e. slightly over 95% of the company's guidance (3,300-3,600 MW).

Consolidated EBIT amounted to 177 million euro (-24% with respect to 2008), and the wind turbine division performed well, with EBIT up 7.1% in the year to 225 million euro. However, the wind farm development business (carried as a continuing operation in Gamesa's financial statements in 2009) penalised the consolidated figures due to delays in obtaining approval for wind projects in Spain and to non-recurring factors such as the recovery of 628 MW in the US portfolio.

The wind turbine division's EBIT margin improved by 140 basis points to 7.2%, boosted by the Cost Improvement Plan, which aims to enhance operating efficiency and steadily improve margins. In 2009, Gamesa identified 130 cost-saving measures worth a total of 400 million euro for implementation over a period of 18 months.

Net profit amounted to 115 million euro, compared with 320 million euro in 2008 (when the company booked 143 million euro in extraordinary gains on the sale of the solar business). Excluding extraordinary items, net profit fell by 35%.

Significant reduction in debt, and solid financial structure

Group net debt was reduced by 450 million euro in the fourth quarter, to 259 million euro at year-end. The net debt/EBITDA ratio was 0.7, i.e. considerably less than the company's guidance of 2.5.

The adoption of a strategy to synchronise production with deliveries improved the working capital/revenues ratio in the wind turbine division to 12% (guidance: 20%).

Gamesa ended the year with a sound financial position after extending 1.2 billion euro of syndicated finance to October 2012. The company also has a 200 million euro 10-year loan from the European Investment Bank (EIB) to finance R&D and innovation projects. At year-end, the company had credit lines amounting to 1.600 billion euro (including the EIB loan).

Expanding in international markets, with more production capacity

In 2009, Gamesa continued to pursue its internationalisation strategy: international markets now account for 73% of wind turbine sales (61% in 2008), with Europe accounting for 32% (mainly Italy, Poland, Hungary and Romania), the US for 15%, China for 15% and the RoW (11%).

Investment in growing markets is focused on developing new products tailored to local needs and on expanding production capacity in target countries:

- USA: the first G90-2MW units came off the assembly line, and production capacity has been ramped up to 1,200 MW;
- China: the industrial development plan for the G8x-2MW turbine continued with the addition of 400 MW of new capacity, set to culminate in 2010 with a total of 1,000 MW local capacity;
- India: the first production plant started up with initial capacity of 200 MW and scope for expansion to 500 MW.

The wind farm development division, which has 22,000 MW of installed capacity worldwide, also strengthened its international presence by an agreement with Iberdrola Renovables which will revive the sale of wind farms in Europe; GAMESA also expanded in China, where it signed agreements to develop over 700 MW in partnership with local firms in the provinces with the greatest wind power potential.

Steady recovery in 2H10 and upswing in 2011

The volume of installations approved in Spain for 2010 coupled with difficult access to finance worldwide in 2009 suggest that activity will remain sluggish in the first half of 2010, recovering steadily in the second half.

Gamesa expects growth to accelerate in 2011, with strong growth in sales (faster than in 2008) and margins in excess of 2009 levels.

These projections are based on the schedule of deliveries to large accounts and the medium-long term prospects for the industry: the European Union's 20/20/20 objective; tax credits for production and investment in the US, as well as Treasury grants and the debate on the Energy Bill; and the likelihood that China's new five-year plan will increase the initial 2020 objective of 15% renewable capacity.

Promoting new businesses, launching new products

Gamesa has prepared for the new scenario facing the industry (more selectivity, requiring higher levels of efficiency and flexibility), which will enable it to reap the full benefits of the next growth phase on the basis of:

- A new commercial approach: entering up to 33 new markets and expanding into new customer segments (small and medium-sized developers);
- Boosting the operation and maintenance business with the goal of doubling revenues to 400 million euro by 2012, and raising the EBIT margin to 15% in the same period;
- Launching new products, including turbines for medium and low wind speeds, and the G10X-4.5MW platform;
- The strategic decision to move into the offshore wind business, which could accelerate if negotiations with BARD, a German company that is among the world leaders in this field, prove successful;
- Continuous improvement of efficiency by optimising costs and tailoring capacity and investment to demand.

New proposal of remuneration system, in study

The Board of Directors of Gamesa has resolved to study the possibility of offering a new remuneration system for the shareholders of the Company. This system involves the offer of a new alternative for the shareholders, which would allow them to receive, through a capital increase from reserves, paid-up shares of the Company. This possibility would not limit their possibility of receiving in cash the payment of the dividend of the fiscal year 2009.

After analyzing the different aspects of the new remuneration system (including among others, corporate, regulatory, accounting and tax aspects), the Board of Directors of Gamesa should submit this new proposal of remuneration system to the approval of the next Shareholders' General Meeting.