

# ACCIONA

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## and its context

- a. Bases for the future
- b. 2014, a year of challenges and achievements
- c. A business of shared value
- d. Our strategy for new challenges
  - Responding to global trends
  - A definitive strategy: return to growth

# BASES FOR THE FUTURE

With more than 100 years of activity –50 of which with an international presence–, today ACCIONA is a benchmark in the energy and infrastructure sectors, with a presence in more than 30 countries.

More than 33,500 employees are working towards the sustainable development of profitable economic projects, focused on the long term and the generation of value that transcends future generations without compromising their well-being.

The cornerstones of the Company's growth are based on the construction

and development of environmentally and socially responsible projects, with innovation as the driving force and a business model aimed at strengthening the competitive advantages of its strategic divisions.

ACCIONA is involved in 100% renewable energy projects and assets on all five continents; it is developing its water business to counter the scarcity of this resource, serving millions of people; and it is constructing efficient infrastructure, always using the latest technology.

# ACCIONA'S MISSION, VISION AND VALUES



## Mission

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To be a leader in the creation, development and management of infrastructure, energy, water and services; actively contributing to social well-being, sustainable development and the creation of value for our stakeholders.



## Vision

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To meet the challenge of achieving sustainable development in all our business areas, so that the generations of today and the future will have a better life.



## Values

### Honesty

**ANNUAL TRAINING** IN THE CODE OF CONDUCT

### Leadership

**CDP CLIMATE PERFORMANCE LEADERSHIP** AWARD AS LEADERS IN THE FIGHT AGAINST CLIMATE CHANGE

### Excellence

**ROBECOSAM SILVER CLASS** 2015 FOR EXCELLENT PERFORMANCE IN SUSTAINABILITY

### Concern for the environment

**€560 M** ALLOCATED TO ENVIRONMENTAL ACTIVITIES IN 2014

### Social responsibility

**SOCIAL IMPACT MANAGEMENT** METHODOLOGY IN 20 PROJECTS IN 12 COUNTRIES

### Care for people

**0 FATAL ACCIDENTS** AMONG OUR EMPLOYEES IN THE LAST THREE YEARS

### Financial strength

**€3,218 M** IN STOCK MARKET CAPITALIZATION (AT 12/31/2014)

### Customer focus

**86%** IN THE CUSTOMER SATISFACTION INDEX IN 2014

### Innovation

**€174.9 M** IN INNOVATION IN 2014

### Long-term approach

AVERAGE TERM OF APPROXIMATELY **30 YEARS** FOR CONCESSION ARRANGEMENTS AND MORE THAN **25 YEARS** FOR THE USEFUL LIFE OF WIND ASSETS

# BUSINESS ACTIVITIES



## ACCIONA Energy

ACCIONA is a global renewable energies operator with a unique presence throughout the value chain. It is involved in wind, solar, hydro and biomass energy projects, with the future growth of its activities coming from wind and solar photovoltaic technologies. It is one of the largest developers and operators in the world, and also designs and manufactures wind turbines using its own technology.  
[www.acciona-energia.com](http://www.acciona-energia.com)



## ACCIONA Infrastructure

ACCIONA Infrastructure has significant experience in the development and execution of large-scale projects. Its activities are broken down into the Construction, Industrial, Water and Services divisions.

- **Construction** activities are mainly focused on the construction of civil works, buildings and concessions.  
[www.acciona-infrastructure.com](http://www.acciona-infrastructure.com)
- **Industrial** activities are focused on the development of industrial projects in the field of industrial and civil engineering.  
[www.acciona-engineering.com](http://www.acciona-engineering.com)
- The **Water** division is a leader in the water treatment sector with the ability to manage the entire water cycle and to have a presence in the various stages.  
[www.acciona-agua.com](http://www.acciona-agua.com)
- The **Services** division offers comprehensive and personalized solutions for public and private organizations, from the design to the operation of a wide range of services.  
[www.acciona-service.com](http://www.acciona-service.com)

### → Key indicators for 2014

Revenue
EBITDA
Capex
Employees

ENERGY
€2,200 M
€788 M
€282 M
2,375

INFRASTRUCTURE
€3,727 M
€173 M
€70 M
28,999

## Other businesses of ACCIONA



### TRASMEDITERRANEA

With **Trasmediterranea**, ACCIONA has the largest shipping line in Spain and one of the largest companies in Europe engaged in the maritime transport of passengers and cargo.

[www.trasmediterranea.es/en](http://www.trasmediterranea.es/en)



### REAL ESTATE

**ACCIONA Real Estate** is a company that focuses on the development and management of property complexes and is at the forefront in the development of eco-efficient housing.

[www.acciona-inmobiliaria.com](http://www.acciona-inmobiliaria.com)



### FINANCIAL

ACCIONA provides financial services, such as asset management using mutual funds, pension funds and open-end investment companies (SICAVs) via **Bestinver**. This activity complements its stock market brokerage services.

[www.bestinver.es](http://www.bestinver.es)



### WINERIES

ACCIONA is also involved in wine production, owning one of Spain's century-old wineries, **Hijos de Antonio Barceló**, which is active in five of the most prestigious wine growing areas of Spain.

[www.habarcelo.com](http://www.habarcelo.com)

TRASMEDITERRANEA
€417 M
€30 M
-
1,400

REAL ESTATE
€94 M
€3 M
-
119

FINANCIAL
€135 M
€96 M
-
58

WINERIES
€40 M
€5 M
-
200

# 2014, A YEAR OF CHALLENGES AND ACHIEVEMENTS

2013

2014

After a difficult year...

... we did what we had to do, exceeding our targets...

**€-256 M**  
**IMPACT**  
energy regulations

**€1,062 M**  
EBITDA

**€-1,832 M**  
EBIT

**€-1,972 M**  
Attributable net profit

**€6,040 M**  
Net financial debt

**178%**  
Leverage ratio

**DIVIDEND**  
payment canceled

**2013-2014 TARGETS**

**ACHIEVED**

**€550-630 M**  
Energy: limited to committed investments



**€487 M**  
Investment in Energy for 2013-2014

**€500-1,000 M**  
Minority partnerships / Asset rotation 2013-2014



**€1,000 M**  
Minority partnerships / Asset rotation 2013-2014

From **5.7x** to **< 5x**  
Target of reducing the NFD/EBITDA leverage ratio



**4.9X**  
Reduction in the leverage ratio

**€35-40 M**  
Cost reduction in Energy 2013-2014



**€39 M** in 2013  
**€43 M** in 2014

**25%**  
Reduction in the COE of AWP



**28%**  
Reduction in the COE of AWP

Reorganization of the **Infrastructure** division in order to improve return



**€91 M**  
Increase in pre-tax profit

**Reduce debt** and diversify sources of financing



Bank debt	Average life of debt with recourse
<b>2013: 77%</b>	<b>2013: 1.35</b>
<b>2014: 25%</b>	<b>2014: 2.44</b>

These results have been possible thanks to the Company's firm commitment to with the great ability to adapt in complicated environments, have demonstrated

2015

... and we are doing so...

... with sustainability as a guarantee for growth...

... with future prospects

€-346 M  
**IMPACT**  
energy regulations

€1,087 M  
EBITDA

€572 M  
EBIT

€185 M  
Attributable net profit

€5,294 M  
Net financial debt

147%  
Leverage ratio

€115 M  
**DIVIDEND**

CO<sub>2</sub> 67%

Reduction in CO<sub>2</sub> emissions in 2014 with regard to 2007

CO<sub>2</sub> 28

In 2014 ACCIONA avoided 28 times the CO<sub>2</sub> generated

93%

local suppliers

€174.9 M

in innovation

+20

The social impact management methodology was implemented in more than 20 projects in 12 countries.

▲  
INCOME

▲  
EBITDA



Consolidation of the EBIT of AWP

€~320 M

of estimated Capex of Energy and Infrastructure



Maintain the **project backlog** and increase the weight of the **international backlog**

its long-term vision and its more than 33,500 employees who, that ACCIONA is a solid project.

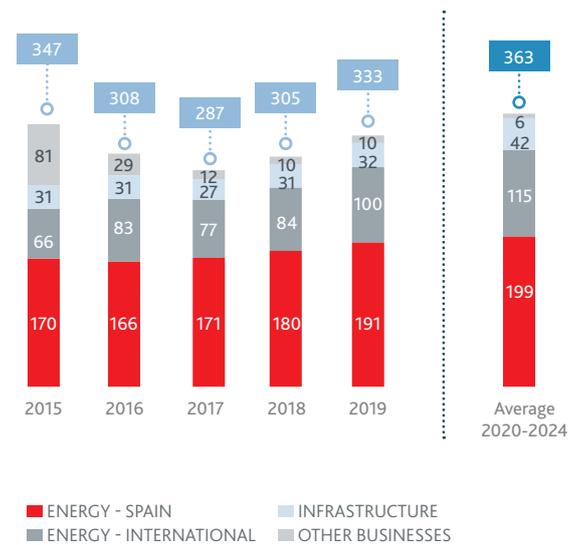
# CHANGES IN DEBT IN 2014 AND FUTURE OUTLOOK

Within the framework of the Action Plan that was carried out, ACCIONA reduced its debt with regard to 2013 by almost 750 million euros, which translated into a significant improvement in its financial leverage ratios, with the net debt/EBITDA ratio dropping from 5.7x in 2013 to 4.9x in 2014.

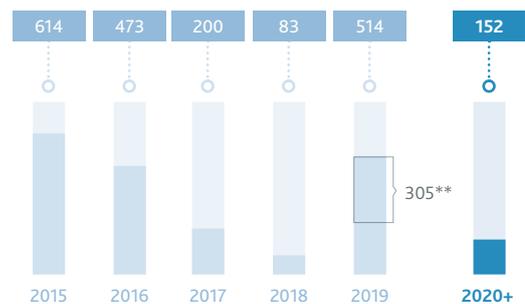
In addition, ACCIONA successfully implemented an ambitious plan to transform the structure of its debt with recourse, by means of diversifying its sources of financing –significantly reducing the role of its bank debt which only represented 25% of the total in 2014, compared to 77% in the previous year, thanks to the Group’s participation in capital markets– and by significantly improving its maturity profile, whereby the average life of the debt went from 1.35 years in 2013 to 2.44 years in 2014.

As a result of this process, ACCIONA recently entered into a five-year syndicated loan agreement for 1.8 billion euros, which will allow the Group to improve its lending profile and to simplify and optimize the structure of its lines of credit. This transaction covers all of the Group’s corporate maturities until 2019.

→ **Non-recourse debt amortization schedule**  
Principal repayments 2014-2024 (€M)



→ **Debt with recourse amortization schedule**  
(€M)\*



\* Average life 2.44 years vs. 1.35 years at Dec. 2013.

\*\* Convertible bond.

# THE SHARE PRICE IN 2014

In 2014, despite the impact of the regulatory changes on 2013 results, the market continued to show confidence in ACCIONA and the share price performed favorably, demonstrating the success of the Action Plan and an improvement in the Company's visibility.

## → Share performance vs. performance of the IBEX 35 in 2014



**56.20**  
PRICE AT 12/31/2014  
(€/SHARE)

**41.77**  
PRICE AT 1/1/2014  
(€/SHARE)

**34.6**  
CHANGE IN THE  
YEAR (%)

**41.05**  
MINIMUM PRICE IN  
2014 (1/2/2014)  
(€/SHARE)

**67.40**  
MAXIMUM PRICE IN  
2014 (7/3/2014)  
(€/SHARE)

**57,259,550**  
NUMBER OF SHARES

**3,218**  
STOCK MARKET CAPITALIZATION  
12/31/2014 (€M)

# ACCIONA'S SOCIAL CASH FLOW IN 2014

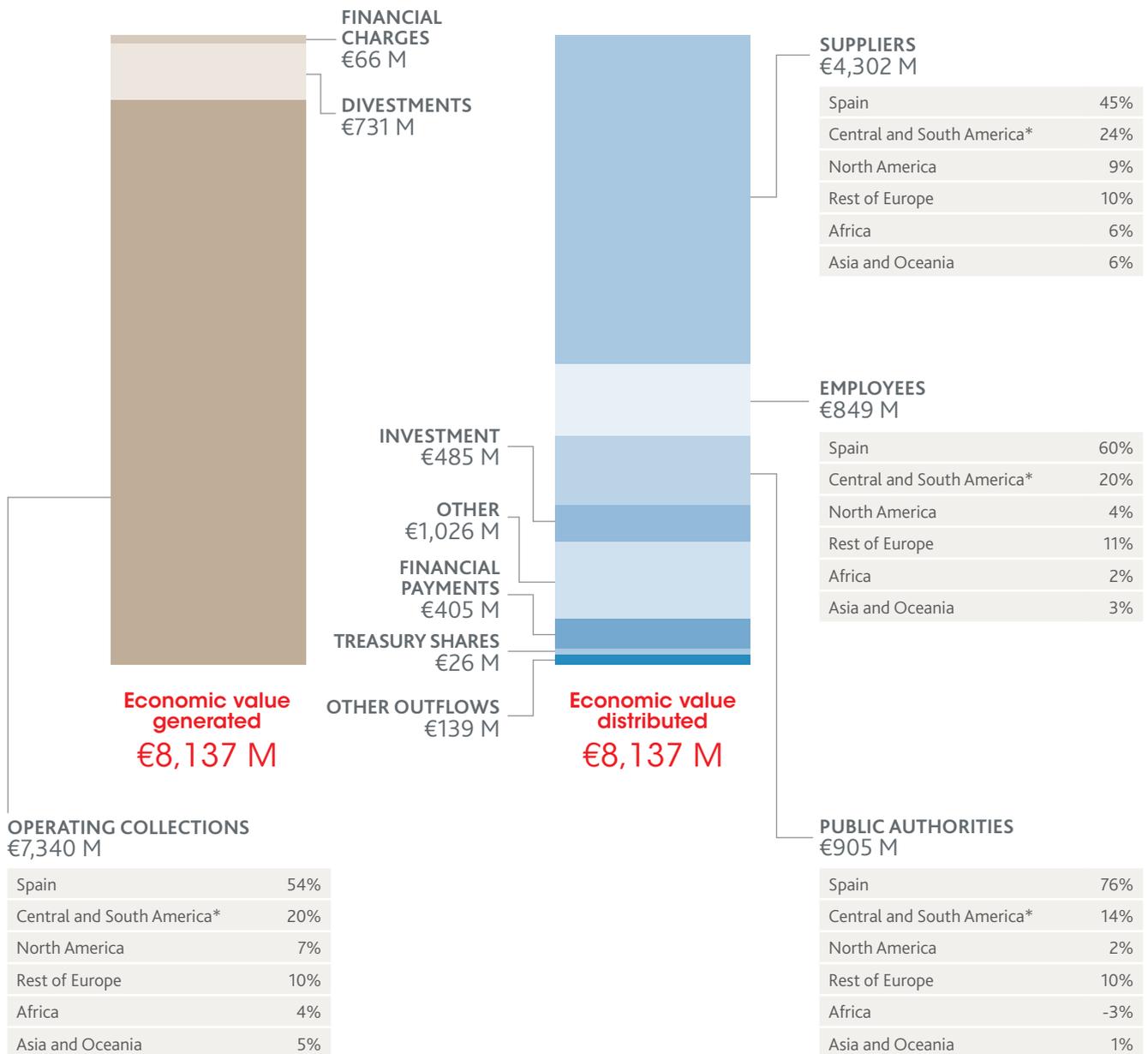
The social cash flow allows the actual contribution of value to society to be measured through the cash flows generated and distributed by the Company\*.

In 2014, the economic and social contribution, through the payment of taxes by ACCIONA to the tax authorities, amounted to 905 million euros, of which

443 million euros related to taxes incurred and 462 million euros related to taxes collected. Therefore, for every 100 euros of ACCIONA's revenue in 2014, 14 euros were allocated to the payment of taxes, with 6.9 euros relating to the payment of taxes incurred and 7.1 euros to the payment of taxes collected.



\* The items that represent an actual inflow and outflow of cash and have an impact on the various stakeholders are taken into account. This contribution of value is measured by the cash flows generated by the Company –received from its customers, divestments, financial transactions, etc.– and by the cash flows distributed by means of payments to suppliers, shareholders, employees and public authorities, among others.



\* Including Mexico

# TIMELINE OF MILESTONES IN 2014





07/01

ACCIONA is awarded the construction of several sections of the new Line 3 of the Santiago de Chile metro

The Company's experience and record in **constructing metro lines and tunnels in complex environments** was the determining factor for awarding this project.



09/17

Consolidation in the Middle East

ACCIONA obtains its first water contract in Oman. The Company will manage the operation, maintenance and technical remodeling of the Sohar desalination plant.



10/06

ACCIONA and KKR create an alliance in the global renewable energies market

KKR acquired one third of the share capital of ACCIONA Energy International, which includes the renewable energy generating assets of ACCIONA Energy outside of Spain, and **will contribute to financing the future growth of its portfolio.**



11/ 18

Ikea renewable energy project

ACCIONA Windpower reached an agreement for the supply of wind turbines with **Apex Clean Energy, the developer of the Cameron wind farm in Texas**, a facility that was acquired by the **IKEA Group.**



12/10

ACCIONA launches the Sishen solar photovoltaic plant in South Africa

This photovoltaic plant has the largest output in Africa, with **319,600 photovoltaic modules** and an estimated **216 GWh of electricity generated per year.**

JULY

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

07/16



First wind farm in Costa Rica

The construction of the Chiripa wind farm represented an investment of **92 million euros**, and the wind farm has 33 AW77/1500 wind turbines using ACCIONA Windpower's technology.

09/29



Changes to ACCIONA's senior management

**Walter de Luna**, with **more than 20 years of experience**, became the chief executive officer of ACCIONA Real Estate. Likewise, **Beltrán de la Lastra** became the **General Manager of Investments at Bestinver.**

10/27



ACCIONA launches the Punta Palmeras wind farm in Chile

The **Punta Palmeras wind farm** has the wind turbines with the greatest installed capacity in the country. The energy generated per year will be equal to the consumption of more than **60,000 Chilean homes.**

12/17



Sydney light rail

ACCIONA is responsible for the **design, construction and integration** of the civil works of the Sydney light rail (Australia), over a stretch of **12 km.**

# A BUSINESS OF SHARED VALUE

## ACCIONA Infrastructure



### Project: Copiapó desalination plant. Chile



Following the primary development and construction phases, the assets enter the maturity process. Once the projects are operational, their risk profile decreases significantly, in line with consolidation of an economic model that is well

developed, proven and profitable. At this stage ACCIONA invites others to invest, as the project will now have a solid operating history, despite yielding lower returns than during the initial phases. The stability of these assets,

along with their growth potential, makes them an attractive option for those investors seeking leading companies with conservative profiles.



# ACCIONA Energy



## Project: Chiripa wind farm. Costa Rica

### Stage 1 DEVELOPMENT

- Project put out to tender by the **Costa Rican Electricity Institute (ICE)**.
- **Awarded in 2011**  
Investment: **125 million US dollars**.
- In association with the local company **Grupo Ecoenergía** (35% Ecoenergía, 65% ACCIONA Energy).
- Contract for the sale of energy through a PPA ("Power Purchase Agreement") for the next **20 years**.
- The role of the local partner is a determining factor in **managing the acquisition of land and contracts with the municipality**.

- Development of the **environmental and social impact management pilot project**.
- **8 meetings** with the local community and **61 surveys** to local leaders. Main concerns detected: unemployment and water scarcity.
- **Favorable environmental viability study**. Approval in **6 months**, less time than normal.

### Stage 2 CONSTRUCTION

- Commencement of the **construction in 2013**.
- Construction time: **1.5 years**, less than the agreed-upon term (2 years).
- **Total installed capacity** of 49.5 MW. **33 wind turbines manufactured by ACCIONA Windpower**, 80 meters high and with a capacity of 1.5 MW.
- High satisfaction from ICE (4 out of 5). **Compliance with quality and technical requirements** in less time than expected
- **Opening of lines in the country**. A 230 kV connection substation is introduced

- Environmental and Social Manager at the worksite. **7 meetings with the local community and local leaders**.
- **295 employees contracted**: 49% local suppliers and all local subcontractors. Use of local steel in the foundations.
- Social contribution: ACCIONA **begins construction of a well** to alleviate the problem of water scarcity and improve local infrastructure in the communities.

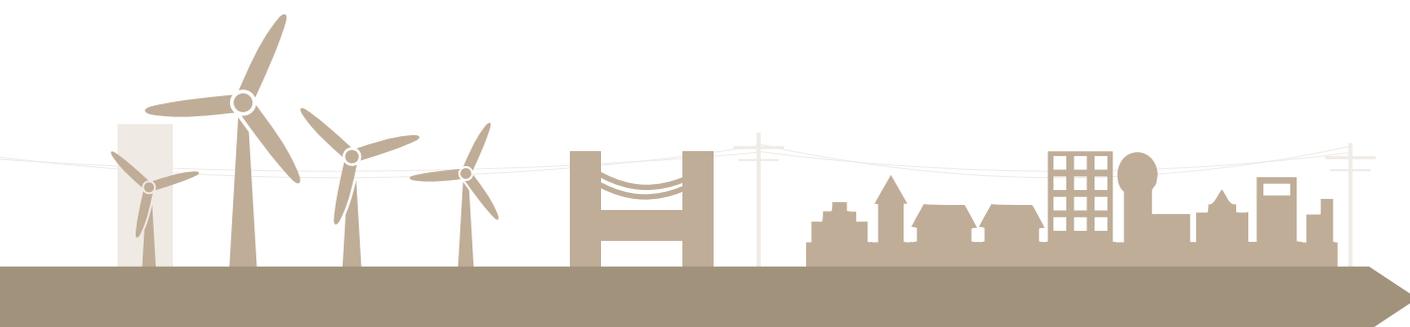
THE PROJECT



VALUE FOR THE COMMUNITY



PROFITABILITY ACHIEVED



### Stage 3 ENERGY PRODUCTION AND SALE

- Wind asset with the greatest number of hours of output in ACCIONA's portfolio.
- Commencement of operations in July 2014. O&M of the wind farm for 20 years.
- Operated from the CECOER: first remotely controlled wind farm in Costa Rica.
- Availability of 97.4%.
- Average load factor of 56%, which in some months exceeds 70%.
- Estimated annual output of 200 GWh.
- 234.2 GWh generated in less than 10 months.

- Certified Emission Reduction (CERs) certification by the United Nations.
- Consumption equal to 80,000 Costa Rican homes per year.
- Fostering local hiring and supply.
- 192,000 tons of CO<sub>2</sub> avoided.
- Local actions carried out will be monitored by a work committee. In 2015, new measures with the local community were defined:
  - Completion of the construction of the well for the local community
  - Grant to purchase equipment for the cultural radio broadcaster
  - Technical and economic assistance for reconstructing the communal room
  - Improvement to the sewer system
  - Donation to the Tilarán food bank

The construction of the wind farm provides a boost to the development of wind energy in Costa Rica and will contribute to the Costa Rican government's strategic objective of reducing the country's carbon footprint.

# OUR STRATEGY FOR NEW CHALLENGES

The Company's excellent asset base, its recognized brand and its good practices have allowed it to once again return to growth.

## Responding to global trends

As a company convinced of the possibility of sustainable development and the opportunities that this may present, ACCIONA considers a key part of its strategy to be following the main trends that will define its business in the future.

ACCIONA's experience and its presence in strategic markets have allowed the Company to anticipate the response and to adapt its business models to trends in the energy, construction, water and services sectors.

### Growing urbanization and the need for infrastructure in emerging markets

The development of infrastructure represents a significant step in the eradication of poverty, equality, health care, job creation and education. Each month, five million people move to the cities in developing countries<sup>1</sup>. The growth in the world population, together with the urbanization process and the increase of the middle class in emerging markets, point to a significant increase in the demand for infrastructure in these markets.

While the problem in developing countries will center around the lack of infrastructure (according to the International Energy Agency<sup>2</sup>, 85% of the

demand for infrastructure over the next 40 years will come from countries outside the OECD), the opportunities that will arise with regard to operation and maintenance activities in the infrastructure of developed countries should not be overlooked.

As the cities of developing countries expand, the construction of infrastructure will most likely not be able to keep up with the growth rate or expectations of the population<sup>3</sup>.

In the search for efficiency and cost savings to cover this gap, infrastructure systems will be highly interdependent, which could cause a domino effect in the event of an error or

accident. In other words, the urgency required to close the infrastructure gap will affect the potential for these risks to have catastrophic effects on the population.

Governments have presented three main options for reducing the infrastructure gap:

- Decreasing demand: for example, reducing the energy demand (promoting energy saving measures among the population) will decrease the need for energy infrastructure.
- Building new assets: an option that is resource intensive and more complex in a world in which both public and private budgets are limited.

- Optimizing existing infrastructure: an option that is used very little and that may represent significant budgetary savings.

In line with the reality of these trends, new models of smart cities will take on significant importance. From the point of view of the infrastructure, as well as the energy and services that a city requires, numerous companies will have extensive opportunities in mature and emerging markets as a result of the urbanization phenomenon.

1. World bank: <http://www.worldbank.org/en/news/speech/2014/03/23/urbanization-and-urban-rural-integrated-development>

2. International Energy Agency: [http://www.iea.org/publications/freepublications/publication/transportinfrastructureinsights\\_final\\_web.pdf](http://www.iea.org/publications/freepublications/publication/transportinfrastructureinsights_final_web.pdf)

3. "Global Risk 2015", World Economic Forum: [http://www3.weforum.org/docs/WEF\\_Global\\_Risks\\_2015\\_Report15.pdf](http://www3.weforum.org/docs/WEF_Global_Risks_2015_Report15.pdf)

## ACCIONA's position today

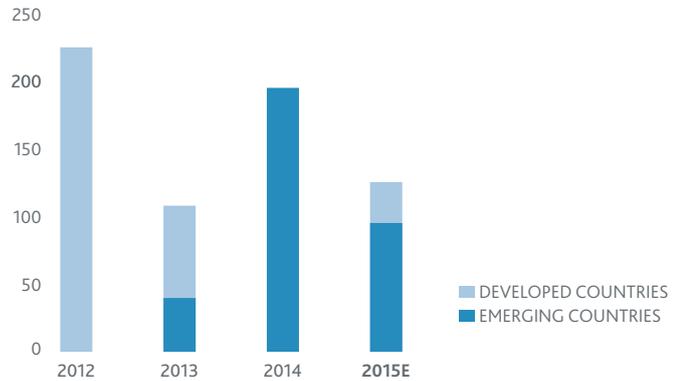
The sectors in which ACCIONA carries out its business activities have allowed it to take advantage of the opportunities presented by the growing demand for infrastructure and energy in emerging markets. The Company's broad experience in executing technical projects in many of these geographical areas has positioned it as a solid option for covering the estimated demand.

90% of the new installed capacity of ACCIONA Energy in the 2014-2015 period will be in emerging countries in terms of energy.

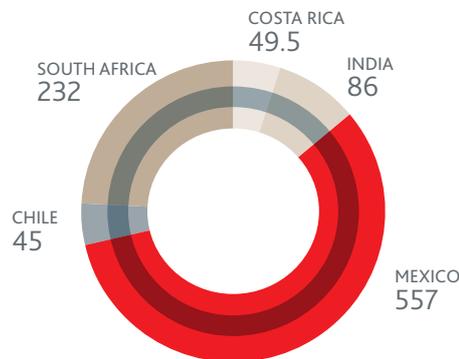
In total, ACCIONA Energy has almost 1,000 MW installed or under construction in these countries.

Accordingly, the growth experienced by ACCIONA Agua is mainly taking place in emerging countries in Africa, the Middle East and Latin America, where the Company is obtaining the latest water management contracts, for both desalination and drinking water treatment plants, and service agreements.

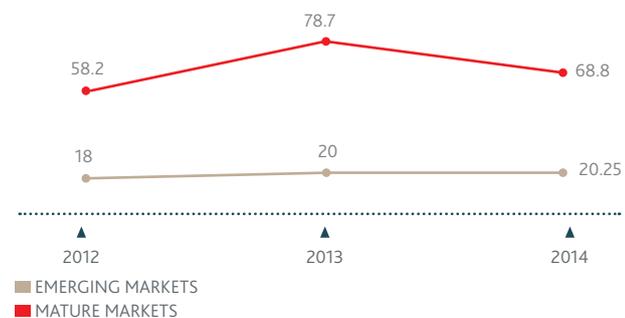
→ ACCIONA Energy: New installed capacity MW



→ ACCIONA Energy: MW installed and under construction in emerging countries



→ ACCIONA Agua: Drinking water production (desalinated) (hm<sup>3</sup>)



## Climate change

90% of the companies belonging to the *S&P Global 100 Index* identify climate risk –extreme storms, floods, coastal erosion, droughts, an increase in sea level, fires and interruptions to supply chains– to be a present or future threat to their business<sup>4</sup>.

The scientific evidence on climate change is currently undeniable. The Intergovernmental Panel on Climate Change (IPCC) indicates that the future consequences of climate change will include a reduction in the energy demand for heating and an increase in the demand for cooling residential and commercial sectors.

The global impact of climate change in economic terms is difficult to estimate. Over the last 20 years, estimates have varied within the scope of the economic subsectors and include a significant number of variables.

Despite these recognized limitations and based on the *Climate Change 2014 Impacts, Adaptation and Vulnerability* study, carried out by the IPCC, the estimated global economic losses in income per year for additional temperature increases of ~2°C are between 0.2% and 2.0%. The same report also affirms that there are significant differences between countries. These losses will accelerate with greater temperature increases, despite the fact that few quantitative estimates have been made for temperature increases of 3°C or more.

Extreme climate events, which are becoming ever more frequent, will

increase these economic losses and their variability. This fact represents a risk for insurance companies when offering affordable coverage as the levels of capital increase based on risk, particularly in developing countries.

The most realistic alternative for the trend towards economic activity that will allow the levels of human development to continue based on less carbon-intensive activities is defined by the United Nations Environment Programme (UNEP) as a green economy. The UNEP considers that a green economy must improve human well-being and social equality while significantly reducing environmental risks.

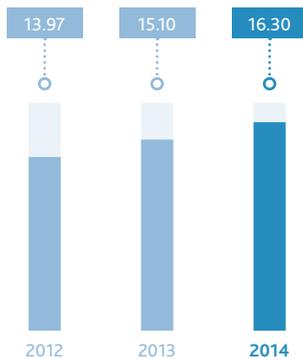
International organizations, governments and companies in all countries have shown their support for initiatives aimed at combating climate change. As a result of its cross-border nature, this phenomenon has become one of the main and most important areas of work in the international agenda. Events such as the Conference on Climate Change are attended by an increasing number of political leaders and drive the role of the private sector in the fight against climate change.

The Sustainable Development Goals (SDG) will also be a key item on the post-2015 development agenda in the fight against climate change. The goals that will make up the new framework, proposed by the United Nations at the Rio+20 Conference, include adopting urgent measures to fight climate change and its effects, which will involve the participation of all social players.

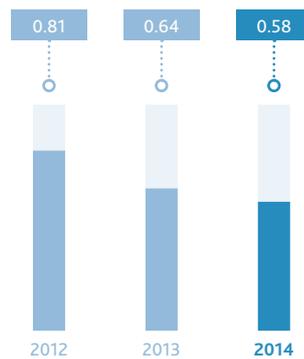
4. Center for Climate and Energy Solution: <http://www.c2es.org/newsroom/articles/claussen/how-business-weather-storm>

## ACCIONA's position today

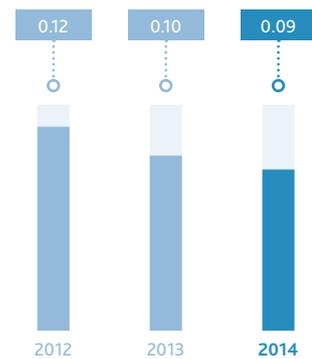
→ **Emissions avoided**  
(millions of tons of CO<sub>2</sub>)



→ **Emissions generated - Scopes 1 and 2**  
(millions of tons of CO<sub>2</sub>)



→ **Emissions ratio**  
(tons of CO<sub>2</sub>/revenue in thousands of euros)



The fight against climate change is a strategic priority for ACCIONA. The Company offers a wide range of products and services that benefit and positively affect the environment. In 2014, 41% of ACCIONA's sales worldwide and 76% of the EBITDA arose from its activities relating to renewable energies and water, as well as other environmental activities carried out by the Company, all of which are low-carbon activities.

In 2014 ACCIONA avoided the emission of a total of 16.3 million tons of CO<sub>2</sub>, in other words, 28 times the CO<sub>2</sub> that is generated by its production activities, mainly due to the generation of energy from renewable sources. Other activities of the Company that contribute to avoiding emissions include the manufacture of wind turbines for third parties, eco-efficient building and employee commutes to work.

The Company also leads the debate in several international forums regarding the need to decarbonize the economy. The most relevant milestones in this regard in 2014 were as follows:

- Participation in the launch of the United Nations Decade of Sustainable Energy for All 2014-2024 (SE4ALL) in Latin America and the Caribbean.
- Support for the EU call to drive green growth for 2030.
- Adherence to the Trillion Tonne Communiqué, an initiative led by the European platform EU Corporate Leaders Group, and the Caring for Climate Business Leadership Criteria on Carbon Pricing within the framework of the UN.
- Support for the "Put a Price on Carbon" statement led by the World Bank.
- Participation in the launch of the CEO Climate Leadership Group in the World Economic Forum in Davos, and the We Mean Business coalition that focuses on driving the agenda of the Climate Change Conference (COP21) to be held in Paris.

**In 2014, ACCIONA measured the greenhouse gas emissions associated with the activity of its 28,000 suppliers**

## Increasing energy demand and water shortages

Understanding the water-energy binomial is the key in the sustainable evolution of the availability of both resources. The energy sector is responsible for a significant portion of the water used by a country (both with regard to that consumed and not consumed).

The United Nations World Water Development Report 2014 affirms that 90% of global power generation is water intensive. Each year between 15 and 18 billion m<sup>3</sup> of fresh water are contaminated by the production of fossil fuels, with significant consequences to the ecosystems and communities that depend on this water. In the long term, the climate change caused by the combustion of fossil fuels will have a significant global impact on the availability and quality of water for the entire planet.

The New Policies Scenario of the International Energy Agency (IEA) forecasts that the global energy demand will grow by more than one third over the period to 2035, with China, India and the Middle East accounting for 60% of the increase. This same agency currently estimates that the demand for electricity of countries that do not belong to the OECD will increase by 70%.

The estimates of the OECD forecast that by 2050 water extractions will increase by 55%, mainly as a result of the growing demand by the industry, the generation of thermal energy, agriculture and domestic use<sup>5</sup>. However, according to the World Health Organization, today 768 million people do not have access to improved water sources.

The opportunity for growth for companies in the water sector is clear, since it is estimated that 1.4 billion people will not have access to sanitation facilities by 2050, with the resulting consequences on the environment and health conditions. In rural areas, more than 240 million people will still not have access to improved water sources. In addition, almost 4 million people throughout the world will live in riverbank areas with water stress<sup>6</sup>.

From an energy point of view, 1.3 billion people currently do not have access to electricity. Renewable energies are a unique solution for providing this electricity through competitive and sustainable technologies with very low water consumption and that guarantee the security of supply<sup>7</sup>.

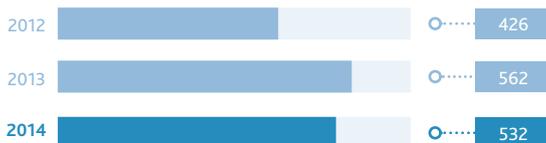
5. *Water Outlook to 2050*: [http://www.right2water.eu/sites/water/files/Water-Outlook-to-2050\\_-The-OECD-calls-for-early-and-strategic-action-GWF-1219.pdf](http://www.right2water.eu/sites/water/files/Water-Outlook-to-2050_-The-OECD-calls-for-early-and-strategic-action-GWF-1219.pdf)

6. *OECD*: <http://www.oecd.org/centrodemexico/medios/49912980.pdf>

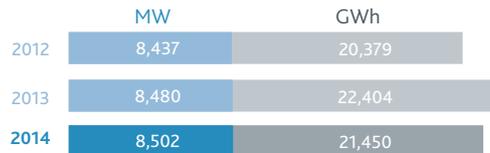
7. *International Energy Agency, WEO 2014*

## ACCIONA's position today

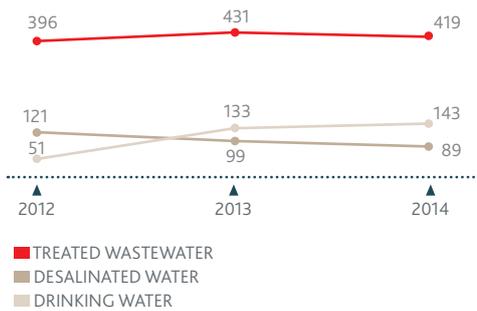
### → Water footprint: net positive contribution (hm<sup>3</sup>)



### → ACCIONA Energy: installed capacity (MW) and total production (GWh) of renewable energy



### → ACCIONA Agua: Volume of water managed (hm<sup>3</sup>)



As a global leader in renewable energies, ACCIONA Energy is working to develop a sustainable energy model. This unique expertise in the clean energy sector and its strong commitment to innovation allow the Energy division to carry out projects that are at the forefront of the sector from a technology and sustainability point of view.

Both wind and solar photovoltaic energy –the Company's two main energy activities– have a significant advantage over traditional energy sources from the point of view of the energy-water binomial. Both technologies require a very limited use of water at their facilities, and none in the electricity generation process, and they have no impact on the quality of the water, which makes them eligible energy sources for a low-carbon future with water scarcity.

ACCIONA's presence in the strategic energy and water sectors allow the Company to manage the water-energy binomial based on its experience acquired in both activities. At the corporate level, in 2014 ACCIONA reduced its energy consumption by 10.5%. The Company is also committed to the use of recycled and reused water from tertiary networks and collected rainwater, with 17% of the Company's total water consumption coming from these sources.

In addition, in 2014 ACCIONA's water footprint generated a positive impact on the planet of 532 hm<sup>3</sup>, which is equivalent to the annual consumption of a town of over 6.5 million inhabitants.

Through ACCIONA Agua, the Company is capable of covering the basic needs of large populations. Throughout its history, it has been responsible for producing drinkable, purified and desalinated water for more than 70 million inhabitants worldwide.

**In 2014, ACCIONA processed 648 hm<sup>3</sup> of water and defined its water management principles included in the Water Policy**

## New funding sources

Until now, funding from governments represented the most traditional way of financing infrastructure. However, the tax restrictions as a result of the financial crisis have reduced the budgets of many governments, which can no longer cover by themselves the investment needs in emerging markets and developed economies.

Public-Private Partnerships (PPPs) are put forward as a more attractive option that contributes to speeding up the development of infrastructure using private sector funding and skills to optimize costs in all stages of the value chain. The interest of large institutional investors, with significant asset portfolios, in long-term investments is increasingly more important. Today, private investment in financing infrastructure is estimated to represent less than 20% of global investment, despite having increased to 180 billion dollars.

Currently, there are still very few projects that obtain the necessary financing under this public-private partnership model, especially in developing economies. The problem is due to the lack of experience of emerging markets in the development of efficient PPPs, which occasionally entail the problem of cost overruns and renegotiations. In addition, there are a series of emerging challenges that could undermine even the most attractive long-term private investment in infrastructure projects<sup>8</sup>. One of these challenges is the financial regulatory reform, which is expected to have a negative impact on more long-term private demand and on less liquid investments, which is the case with infrastructure. The World Bank considers it likely that the weakness and deleveraging of European banks will continue in the medium term, which will give rise to a growing imbalance between the time horizon of the capital available and that of productive long-term investment projects.

8. Financial Stability Board: [http://www.financialstabilityboard.org/wp-content/uploads/r\\_140916.pdf](http://www.financialstabilityboard.org/wp-content/uploads/r_140916.pdf)

## ACCIONA's position today

### LOCAL FINANCING

ACCIONA strategically diversifies the financing for its investment projects, prioritizing local sources of financing in the countries in which the Company has a presence.

### CAPITAL MARKETS

In 2014, ACCIONA carried out the first issue of corporate debt in the capital market with the launch of an issue of convertible bonds maturing in 2019 for an amount of 342 million euros. In addition, ACCIONA's first European Medium Term Note (EMTN) program was launched and various private placements amounting to 166 million euros were carried out.

ACCIONA's Euro-Commercial Paper (ECP) program ended the year with a placement of 433 million euros.

### BILATERAL AND MULTILATERAL ENTITIES

Over recent years, we have financed projects in collaboration with multilateral entities such as the IFC (World Bank), the IDB; the EIB, CAF and the EBRD; local development banks, such as Banobras, NAFIN, Bancomext, COFIDES and BNDES; and bilateral entities such as the ICO, DEG, Proparco and KfW.

### DEBT DIVERSIFICATION

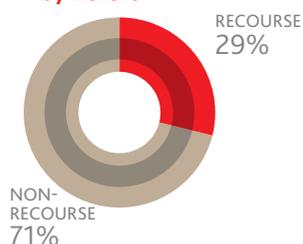
By diversifying its sources of financing, ACCIONA was able to reduce and optimize its debt structure throughout 2014, thereby reducing its dependency on banks, the Group's net debt and the Company's debt ratio.



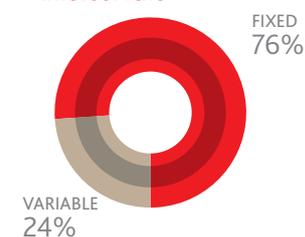
Debt (€M) 12/31/2014				
Debt with recourse	Non-recourse debt	Gross debt	Cash and current financial assets	Net debt
2,036	4,954	6,990	-1,696	5,294

Liquidity (€bn) 12/31/2014		
Cash	Available committed credit lines	Total
1.6	2.0	3.6

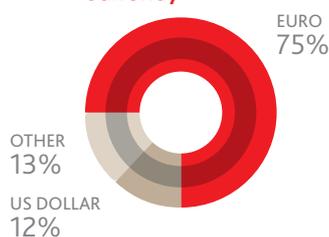
#### → Gross debt by nature



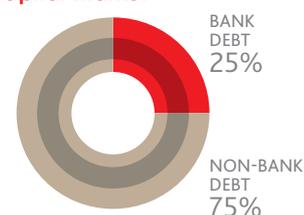
#### → Gross debt by interest rate



#### → Gross debt by currency



#### → Bank debt vs. capital market



## Innovation without barriers

Over the last 20 years, with the phenomenon of globalization, the level of interrelationships between people, businesses and organizations has increased exponentially and will continue to do so.

Connectivity is no longer a technological trend, but rather has become a social and cultural expression that businesses must adapt to in order to continue being competitive. At the same time, globalization also gives rise to a liberalization of more markets and lower transport costs, thereby offering new commercial opportunities.

Within this context, hyperconnectivity also presents an opportunity and a challenge. On the one hand, it allows companies to be aware of the latest technological advances and operating efficiencies achieved in their sectors, however, on the other hand, it means that competitive advantages are rapidly lost as a result of this easy access to technology.

The speed at which technology advances and the ability of these advances to change market conditions make innovation an increasingly important and urgent matter to be managed by companies.

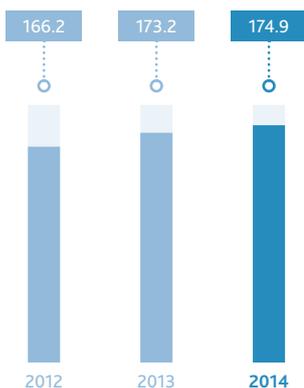
## ACCIONA's position today

Innovation at ACCIONA focuses on improving efficiency, reducing costs and offering added value to projects, thereby putting us ahead of the competition. The Company has three technology centers in Spain that research innovation in the areas of construction, renewable energies and water management technologies.

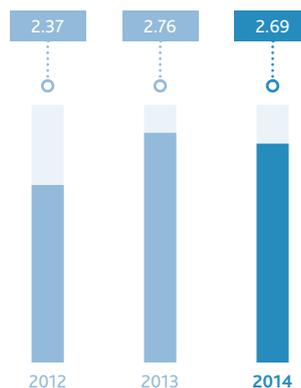
The most noteworthy innovation milestones for 2014 are as follows:

- The amount dedicated to innovation rose to 174.9 million euros, almost double the figure of 2010.
- ACCIONA worked on 225 projects and has a portfolio of 118 patents.
- In 2014 strategic plans were defined for the Energy, Water, Construction and Industrial businesses. The respective business heads, R&D and senior management participated in this process, underscoring the Company's commitment to innovation focused on its business lines that provide customers with solutions.
- ACCIONA's position in the main innovation rankings remains solid with regard to the effort made in R&D: ACCIONA is the 5th ranking Spanish company and the 139th European company in the 2014 EU Industrial R&D Investment Scoreboard, and the global consulting firm Booz & Company ranks ACCIONA 447th in its global innovation ranking.
- Thanks to ACCIONA's efforts, innovation outside Spain accounts for 23% of the Group's total today.

→ **Total R&D**  
(millions of euros)



→ **Total R&D/revenue**  
(%)



## A DEFINITIVE STRATEGY: RETURN TO GROWTH

The year 2014 represented a turning point for the future of ACCIONA's main lines of business. The success of the Action Plan in 2013 and 2014, launched to counteract the impact of the changes in Spanish energy regulations, will allow the Company to return to growth and make it compatible with shareholder remuneration and the improvement to its financial profile. The decisions made by the Company did not respond to external or short-term pressures and are the result of an in-depth process of reflection that intends to reduce financial risk and preserve the capacity for sustained growth in the Company's businesses. In this context, the Company can resume its strategy focused on sustained growth that is underpinned by the following pillars:

### INTERNATIONALIZATION AS A KEY FOR GROWTH

ACCIONA is committed to offering comprehensive solutions to global challenges in the energy, infrastructure and water sectors, among others. The ongoing and responsible search for opportunities in international markets will therefore continue to be part of the Company's nature. The trends on which ACCIONA's activities are based present significant opportunities for its businesses in emerging markets over the coming years.

The Action Plan has already set forth the effects of the new regulations and the actions necessary that will contribute to mitigating their effects on the Company's results, through the development of new international opportunities and support from new partners.

The ongoing and responsible search for opportunities in international markets forms part of the Company's nature





	USA, Canada and Mexico	Latin America
Turnover (€M)	901	905
Energy produced (GWh)	4,967	171
Water managed (hm <sup>3</sup> )	5.6	0.7
R&D and Innovation (€M)	4.9	18.3
Employees*	1,376	5,210

\* Employee data relates to the average equivalent workforce.



Spain	Europe (excl. Spain)	Africa	Asia and Oceania
3,524	672	176	321
14,015	1,027	47	1,165
394.6	130.3	19.5	97
134.2	9.7	2.7	5.1
20,957	5,016	481	260

### **NEW PARTNERS TO REDUCE THE LEVERAGE RATIO AND INVESTMENT INTENSITY**

The strategic alliance entered into with the global infrastructure fund KKR, for the transfer of one third of the international business of ACCIONA Energy, has allowed ACCIONA to obtain the necessary liquidity and access to new capital markets as guarantors of the growth of its activities in different geographical areas. This alliance opens the door to new investments for carrying out projects, which allows ACCIONA to continue along the line of growth with a sound balance sheet and less investment intensity.

### **OPTIMIZATION OF OPERATIONS AND THE SEARCH FOR SYNERGIES**

The Action Plan also focuses on the first steps of the operational restructuring of the Company's divisions and activities that began in 2014, in search of maximum levels of operating efficiency. Important measures were therefore taken, such as the reorganization of the Infrastructure division for the purpose of seeking out synergies and joint opportunities for the construction, water and services businesses. The Company's other businesses are also working on optimizing their operations.

Specific actions have also been carried out such as containing investment, revising overhead costs, canceling the payment of dividends and other occasional divestment activities, which have allowed the Company to meet the challenges it was facing.

With regard to ACCIONA Windpower, it should be noted how a strategic change allowed it to once again post profits and put forward important future projections in this activity that is so important to the Company.

### **SUSTAINABILITY AS A PREMISE FOR ACCIONA'S BUSINESSES**

Sustainability is one of ACCIONA's strategic pillars. The Company's strategy is carried out through its 2015 Sustainability Master Plan (SMP 2015), which sets objectives for innovation, the environment, society, people, our value circle, corporate governance, our commitments to stakeholders, dissemination and leadership, and accountability.



The Company promotes sustainability actions through the Sustainability Committee of the Board of Directors, a body that is in charge of supervising and approving the targets in accordance with the Master Plan. Through the sustainability committees of the main divisions, the Company drives and monitors specific

initiatives for each business within the framework of the SMP 2015. The Company's commitment is also reflected in the sustainability matters brought to the attention of the shareholders at the General Shareholders' Meeting, which have revised and voted on the approval of ACCIONA's Sustainability Report since 2012.

## Main advances of the Sustainability Master Plan 2010-2015

### INNOVATION

€696 M

in innovation for the 2010-2014 period, compared to the target of €500M in the SMP 2015.

### REDUCTION OF EMISSIONS

68.5 M

tons of CO<sub>2</sub> avoided in the 2010-2014 period and a reduction of 46% in CO<sub>2</sub> emissions (scopes 1 and 2) in 2014 compared to 2010.

2010 - 2015

### CORPORATE GOVERNANCE

Advances in the progressive implementation of corporate governance improvements: Approval of the Policy Book by the Sustainability Committee of the Board of Directors.

### SUPPLY CHAIN

Approval of the ethical principles for suppliers, contractors and collaborators in 2011 and the inclusion of ethical clauses in bidding processes, orders and contracts.

Throughout 2015, ACCIONA will be defining a new sustainability strategy for the period until 2020. The purpose is to maintain its position as a leader in the implementation of solutions that contribute to sustainable development.

## CORPORATE VOLUNTEERING

1,680

Participation of more than 1,680 volunteers in the Company's corporate volunteer actions over the last three years.

## REMUNERATION AND SUSTAINABILITY

3.5%

Inclusion of sustainability targets in the variable remuneration of employees: in 2014, 3.5% of the ACCIONA BONUS was tied to sustainability.

## SOCIAL IMPACT MANAGEMENT

Development and implementation of its own methodology for evaluating and managing the social impact of the projects of the Company's main divisions: in 2014 it was implemented in more than 20 projects in 12 countries.

## INTERNATIONAL PRESENCE

Strengthened active presence in international organizations such as the *Global Compact Lead* of the United Nations, the *World Business Council for Sustainable Development*, the *Corporate Leaders Group on Climate Change* and the *Sustainable Energy for All* initiative, among others.

## SUSTAINABILITY INDICES

Presence in the main sustainability indices: *Dow Jones Sustainability World Index*; *FTSE4Good*; *CDP Climate Performance Leadership Index 2014*; *CDP Iberia 125 Climate Disclosure Leadership Index 2014* and *CDP Supplier Climate Performance Leadership Index*.