The division culminated 2014 with the implementation of an action plan that is designed to offset the negative impact of the energy reform and focused on cutting costs, containing capital expenditure and enhancing turbine efficiency.

The Energy division registered a turnover of 2.2 billion euros in 2014, 11.6% more than in 2013 (applying uniform accounting criteria), due to the strong contribution from ACCIONA Windpower.

Turnover from energy production declined by 13.4% to 1.24 billion euros, mainly as a result of the regulatory impact, but turnover from the industrial, development and other units increased by 77.7% to 960 million euros.

**788 million euros in EBITDA**
The Division’s EBITDA amounted to 788 million euros, a 7.7% decline, mainly due to the severe impact of regulatory changes in Spain. But for that effect, ACCIONA Energy’s EBITDA would have increased by 4.7%.

Power generation EBITDA totalled 824 million euros (16.5% less due to the new regulations on renewable energy in Spain), while the industrial, development and other units obtained a loss of 36 million euros, much less than the 133 million euro loss reported in 2013.

Earnings before taxes (EBT) amounted to 86 million euros, compared with 7 million euros in 2013. The impact of regulatory changes in Spain on EBT has amounted to 346 million euros since 2012.

ACCIONA Energy-owned capacity remained stable at 8,502 MW, and the new installations (97.5 MW of wind and 94.3 MWp of photovoltaic) were offset by the sale of 150.3 MW of wind and 40.8 MW of hydroelectric capacity.

The company’s total output, 21,450 GWh, declined slightly (-4.3%) compared with 2013, mainly due to the lower wind load factor in Spain.

Ordinary net capital expenditure by the Division was 282 million euros.
The division reinforced its wind turbine sales and EPC contracts for external clients, and extended its footprint to two new countries.

International partner
The sale to KKR of one-third of ACCIONA Energy International, which comprises almost all of the company’s capacity outside Spain (2.2 GW net of installed wind, photovoltaic and solar thermal capacity), was completed in October. This transaction provided an influx of 397 million euros. The deal represents a strategic fit between a financial investor focused on value creation and an experienced industrial partner with a proven track record.

The two companies are highly complementary and share a long-term vision. The deal expands the scope of attractive growth opportunities in renewables, in both mature and emerging markets in all technologies.

Activities with clients
The company strengthened its relations with external clients during the year, signing EPC contracts to build wind farms in Mexico (301 MW), completing a photovoltaic plant for a third party in Australia (24 MWp) and commencing work on another photovoltaic plant (7.2 MWp) in Chile.

ACCIONA Windpower significantly increased its activity with the assembly of 281 nacelles (840 MW) and 915 MW of new wind turbine sales. The company has reduced the CoE of its wind turbines by 28% in the last two years, making them highly competitive.

Growth in employment
The Energy division ended the year with 2,807 employees, 536 more than in 2013 (+23.6%). The industrial business was responsible for 88% of that increase, ending the year with 1,236 employees (474 more than at 2013 year-end).

66% of Energy Division employees are located in Spain and the other 34% are in other countries.

Accumulated installed capacity at 2014 year-end, by technology

<table>
<thead>
<tr>
<th>Technology</th>
<th>Total capacity (MW)</th>
<th>Consolidated capacity (MW) (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>7,087</td>
<td>5,567</td>
</tr>
<tr>
<td>Hydroelectric</td>
<td>888</td>
<td>888</td>
</tr>
<tr>
<td>Biomass</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Solar thermal</td>
<td>314</td>
<td>314</td>
</tr>
<tr>
<td>Photovoltaic</td>
<td>143</td>
<td>98</td>
</tr>
<tr>
<td>Cogeneration</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,502</strong></td>
<td><strong>6,937</strong></td>
</tr>
</tbody>
</table>

(*) The company recognised another 698 MW by the equity method (668 MW wind and 30 MW photovoltaic).
At 2014 year-end, ACCIONA Energy owned a total of 8,502 MW in 15 countries on the five continents, and had another 123 MW under construction.
The facilities in Spain generated 14,119 GWh, compared with 15,209 GWh the previous year, due mainly to lower wind output (-9%). Hydroelectric output increased with respect to the already-high 2013 levels, while solar thermal and biomass output declined, by 7.3% and 10.8% respectively.

Facilities outside Spain generated 7,331 GWh, 1.9% more than in 2013, due to growth in output in Mexico (+311 GWh) and the US (+164 GWh), the addition of power generation facilities for part of the year in Costa Rica and at the end of the year in Chile and South Africa, and to production throughout 2014 by the most recent wind farms installed in Poland and Croatia.

That offset the lack of contribution from countries where ACCIONA Energy ceased operations (Germany and South Korea), and lower output in Australia, Portugal, Canada and India.

Spain accounted for 65.8% of ACCIONA output in 2014 (2 percentage points less than in 2013), the US for 10.6% and Mexico for 10.1%. They were followed by Australia (4.3%), Canada (2.4%), Portugal (1.8%), Italy and India (1.1% each).

In terms of technology, wind accounted for 81.5% of ACCIONA’s power generation and hydroelectric for 13.7%. Other energies accounted for considerably less, including solar thermal (2.4%), biomass (1.9%) and photovoltaic (0.5%).

The commissioning of the Sishen plant in South Africa will increase the photovoltaic contribution to ACCIONA’s power output in the coming years.
More than 5% of electricity demand in Spain

Electricity output from ACCIONA Energy-owned facilities in Spain (14,119 GWh) accounted for 5.5% of total domestic demand (258,067 GWh), according to REE’s Preliminary 2014 Report on the Spanish Electricity System.

In terms of net power generation in Spain (267,012 GWh), ACCIONA’s share of production was 5.3%.

Total wind output by the facilities in which the Company has a stake in Spain (10,378 GWh) accounted for 20.2% of total domestic wind energy production (51,439 GWh).

ACCIONA’s non-conventional hydroelectric output (857 GWh) accounted for 12.1% of the total in Spain (7,056 GW).

The Company’s solar thermal plants produced 399 GWh, i.e. 8% of the total in
Spain, and its biomass plants generated 405 GWh, i.e. 8.5% of Spain’s total biomass output.

16 million tonnes of CO₂ avoided
Considering the emission factor in each country where ACCIONA generated electricity in 2014 - which varies as a function of the energy mix - the company avoided 16.1 million tonnes of CO₂ emissions.

That figure is similar to 2013, and is equivalent to photosynthesis performed by 805 million trees.

Wind farms accounted for 81.5% of total production, hydroelectric plants for 13.7%, and other renewable energies for 4.8%
In 2014, ACCIONA Energy commissioned wind farms in Costa Rica and Chile. In the Central American country, the company brought into operation the Chiripa facility (49.5 MW), of which 7.5 MW were installed during the year; and in Chile it installed and commissioned the Punta Palmeras wind farm (45 MW).

The company also built 45 MW of the 138 MW wind farm in Gouda, South Africa. The facility will become operational in 2015.

In addition to the 93 MW built in South Africa at year-end, ACCIONA Energy also began work on the Gostyn 2 wind farm in Poland. The 30 MW plant will enter into operation in 2015. As a result, the company will have 101 MW in that country.

ACCIONA ended the year with a total of 7,087 MW in Company-owned wind capacity installed in 15 countries. Spain accounts for 67% of total wind capacity, followed by the US (9%) and Mexico (8%).

Wind declined by 5% (17,482 GWh, compared with 18,399 GWh in 2013).

Wind farms in Spain produced 10,378 GWh (down 9%) and those in other countries produced 7,104 GWh (up 1.7%).

Wind output in Spain accounted for 59.4% of the total. The US and Mexico each accounted for 12.4%. 

Output declined by 5% (17,482 GWh, compared with 18,399 GWh in 2013).

Wind farms in Spain produced 10,378 GWh (down 9%) and those in other countries produced 7,104 GWh (up 1.7%).

Wind output in Spain accounted for 59.4% of the total. The US and Mexico each accounted for 12.4%. 

Wind output
Total wind capacity at 2014 year-end

- SPAIN: 4,743 MW (66.9%)
- OTHER COUNTRIES: 2,344 MW (33.1%)

Total: 7,087 MW

Wind farms in Spain generated 59.4% of total wind output, after reducing their contribution by 9% due to a lower load factor.

Wind capacity installed in 2014

- OTHER COUNTRIES: 97.5 MW (100%)
- SPAIN: 2,344 MW (66.9%)

Total: 97.5 MW

Total wind output by country

<table>
<thead>
<tr>
<th>Countries</th>
<th>2013 (GWh)</th>
<th>2014 (GWh)</th>
<th>Difference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>11,410</td>
<td>10,378</td>
<td>-9%</td>
</tr>
<tr>
<td>USA</td>
<td>1,998</td>
<td>2,160</td>
<td>+8.1%</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,863</td>
<td>2,174</td>
<td>+16.7%</td>
</tr>
<tr>
<td>Australia</td>
<td>1,002</td>
<td>932</td>
<td>-6.8%</td>
</tr>
<tr>
<td>Canada</td>
<td>555</td>
<td>516</td>
<td>-7%</td>
</tr>
<tr>
<td>Portugal</td>
<td>321</td>
<td>308</td>
<td>-4%</td>
</tr>
<tr>
<td>India</td>
<td>242</td>
<td>226</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>242</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>236</td>
<td>239</td>
<td>+1.3%</td>
</tr>
<tr>
<td>South Korea</td>
<td>179</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Greece</td>
<td>125</td>
<td>119</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Poland</td>
<td>108</td>
<td>148</td>
<td>+37%</td>
</tr>
<tr>
<td>Croatia</td>
<td>66</td>
<td>79</td>
<td>+19.7%</td>
</tr>
<tr>
<td>Hungary</td>
<td>50</td>
<td>47</td>
<td>-6%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>-</td>
<td>127</td>
<td>-</td>
</tr>
<tr>
<td>Chile</td>
<td>-</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>18,399</td>
<td>17,482</td>
<td>-5%</td>
</tr>
</tbody>
</table>

In consolidated terms, in accordance with the new accounting standard, ACCIONA wind farms generated 13,690 GWh (4.1% less than in 2013). Consolidated wind output in Spain amounted to 7,295 GWh (53% of the total) and total production in the other countries was 6,395 GWh (47%).
ACCIONA has 888 MW of Company-owned hydroelectric capacity in 79 plants in Spain. Of those, 640 MW are ordinary regime (conventional) and output is sold in the electricity pool, while another 248 MW are non-conventional regime facilities.

At the end of 2014, a 40.8 MW hydroelectric plant in Aragón, La Fortunada Cinqueta, which ACCIONA acquired from Endesa in 2009, reverted back to that company since the conditions precedent in connection with the transaction had not been fulfilled by Endesa.

Due to very high precipitation in the year, ACCIONA generated 2,933 GWh at its hydroelectric plants, 1.8% more than in 2013, which was also a very strong year. A total of 71% of output (2,076 GWh) was from conventional regime plants and 29% (857 GWh) from non-conventional regime plants.

Hydroelectric output accounted for 16.7% of ACCIONA’s total output and 16.7% of its consolidated output.

Hydroelectric output reached a record **2,933 GWh** in 2014 due to high precipitation during the year.
In 2014, ACCIONA installed and commissioned the Sishen photovoltaic plant in South Africa, the Company’s largest photovoltaic plant, with a capacity of 94.3 MWp (75 MW in nominal terms). At the time of its entry into operation, it was the photovoltaic plant with the greatest output in Africa.

The commissioning of this plant, which is located in the Northern Cape province and is owned by a consortium in which ACCIONA holds a 51% stake, tripled the company’s own photovoltaic capacity, from 49 MWp to 143 MWp at year-end.

ACCIONA also has a 45.8 MWp photovoltaic plant in Amareleja, Portugal, which is owned jointly with Mitsubishi Corp, as well as its own 3.2 MWp plant in Spain, where the company has developed facilities totalling 67 MWp, mainly for third parties.

The Company’s photovoltaic facilities generated 113 GWh in 2014 (19% more than in 2013) as a result of output by the Sishen plant towards the end of the year. Consolidated production was 27 GWh, as the plant in Portugal was excluded due to application of the new IFRS accounting criteria.
ACCIONA Energy owns 314 MW of operational solar thermal capacity. Of those, 250 MW are distributed over five plants in Spain, with 50 MW each (three in Extremadura and two in Andalucía); while a sixth plant, in the US (Nevada desert), has 64 MW capacity.

Those plants, all of which use parabolic trough collectors, produced 516 GWh, i.e. 5.5% less than in 2013. The plants in Spain generated 398.6 GWh (7.4% less than in 2013) as they were affected by the new regulatory framework, and the plant in Nevada produced 117.8 GWh (+1.8%).

Solar thermal energy accounted for almost 2.4% of ACCIONA's total output and 2.9% of its consolidated output.
ACCIONA has three operational biomass-fired power plants in Spain: Sangüesa (31 MW), in Navarra; Briviesca (15 MW), in Castilla y León; and Miajadas (15 MW), in Extremadura. The first two burn cereal straw, and the third plant burns a mix of agricultural waste and wood.

Total output by these plants was 405 GWh, down 10.8% with respect to 2013 due to the need to adjust their functioning to the new operating framework.

Biomass accounted for 1.9% of ACCIONA’s total production and 2.3% of its consolidated production.

The biomass plants in Spain reduced their output in 2014, due to the need to adapt operations to the country’s new regulatory framework.
ACCIONA Windpower, the Group’s subsidiary dedicated to wind turbine design, production and sales, achieved wind turbine orders for a total capacity of 915 MW in 2014, 94% of which were 3 MW units (861 MW in total) and the remaining 6% of which were 1.5 MW units (54 MW).

By year-end, the company had sold 2,088 MW of AW3000 wind turbines and 6,201 MW in total.

ACCIONA Windpower (AWP) has wind turbines installed or in the pipeline in 18 countries on the five continents. Orders for 3 MW turbines have mainly come from 9 countries to date.

Of the 6,201 MW in wind turbine sales, the company assembled nacelles totalling 5,210 MW and installed 4,622 MW in the field in 2014.

Brazil, Mexico, the US and Poland
Of AWP’s total order intake in 2014, 45% (414 MW) were for two 207 MW wind farms to be built in Brazil: the Itarema complex in Ceará, for Río Energy, and the Santa Vitoria do Palmar complex (Mangeuria and Mirim) in Rio Grande do Sul, for Atlantic.

Another 301 MW (33% of the total) correspond to two contracts in Mexico: Ventika and Ventika II, totalling 252 MW of 3 MW wind turbine generators in the state of Nuevo León for a consortium comprising Fisterra, Cemex and private investors; and Ingenio, in Oaxaca, a 49.5 MW wind farm with 1.5 MW turbines for a consortium comprising Actis and Comexhidro.

In the US, a contract was signed for the sale of 3 MW wind turbine generators to Apex Clean Energy, which is developing the Cameron wind farm (165 MW) in Texas, which has been acquired by IKEA. It accounted for 18% of orders in 2014.

In Poland, the company signed a 30 MW contract (3% of last year’s total) for the Gostyn 2 wind farm, owned by ACCIONA Energy.

Additionally, three other contracts were signed, each for 1.5 MW facilities (two in the UK and one in Turkey).
Larger rotors and towers
The 3 MW models with the greatest demand in 2014 were those with the largest rotor diameter: 171 units of the AW 125/3000, measuring 125 metres, and 116 units of the AW 116/3000, with a diameter of 116 metres.

In terms of technology and tower height, within the 3 MW platform the company sold 194 wind turbine generators with a 120-metre concrete tower, 38 units with a 100-metre concrete tower, and 55 units with an 87.5-metre steel tower.

In 2014, contracts for concrete towers in Brazil, Mexico and Poland accounted for 81% of total capacity, while contracts for steel towers (in the US) accounted for 19%.

Strong wind turbine manufacturing performance
In terms of industrial activity, 259 nacelles for 3 MW turbines (837 MW) and two nacelles for 1.5 MW turbines (3 MW) were assembled at ACCIONA Windpower plants, i.e. a total of 840 MW.

The nacelles were used for the following wind farms:

• 27 units of the 3 MW turbine (81 MW) for the Aria Branca wind farm, owned by Voltalia, in Rio Grande do Norte, Brazil. Another three units were assembled in 2013 to make up the farm’s 90 MW; it will become operational in 2015.

• 36 units of the 3 MW turbine (108 MW) for the Sao Miguel de Gostoso wind farm, also owned by Voltalia, in Rio Grande do Norte, Brazil, which will be commissioned in 2015.

• 50 nacelles (150 MW) for the Green Pastures I wind farm, in Texas, and another 16 (48 MW) for Green Pastures II, for which another 34 wind turbines will be assembled in 2015. The 300 MW wind farm, owned by fund manager Capital Dynamics, will be commissioned in 2015.

• 34 units (102 MW) for the South Canoe wind farm, in Nova Scotia, Canada, owned by local companies Oxford Frozen Foods, Minas Basin Pulp and Nova Scotia Power. The farm will be operational in 2015.
Between 2013 and 2014, ACCIONA Windpower reduced the Cost of Energy (CoE) associated with each turbine it manufactures by 28%.

- 15 units (45 MW) for the Vila Amazonas wind farm, in Rio Grande do Norte, Brazil, owned by a joint venture comprising Voltalia, Chesf and Encalso. Another 16 units, to complete the wind farm’s 93 MW, will be built in 2015.

- 46 nacelles (138 MW) for the Gouda wind farm, in Western Cape, South Africa, owned by ACCIONA Energy. The facility will become operational in 2015.

- 15 units (45 MW) for the Punta Palmeras wind farm, in Coquimbo region, Chile, owned by ACCIONA Energy. This facility was commissioned in October 2014.

- 21 nacelles for 3 MW turbines (63 MW) for the Ventika wind farm in Nuevo León, Mexico. The other 63 units will be manufactured in 2015.

- 19 units (57 MW) for the Çerçikaya wind farm, in Turkey, which will be commissioned in 2015.

- Two nacelles for 1.5 MW turbines were assembled for two wind farms in the UK (Greenwale March and Longlands Lane).

28% reduction in the Cost of Energy

In 2013, ACCIONA Windpower undertook a programme to reduce the cost of energy (CoE) associated with each wind turbine, which includes the machine’s capital cost (acquisition of components, manufacturing process, transportation, installation and commissioning) and the cost of operation and maintenance during its useful life (25 years on average). Between 2013 and 2014, the company reduced the CoE by 28%.

Manufacturing plants

At the end of 2014, ACCIONA Windpower opened a wind turbine nacelle assembly plant in Brazil (Bahia state). The plant has the capacity to produce 150 3 MW units per year (450 MW) and will manufacture all AWP wind turbines to be installed in Brazil.

ACCIÓN A Windpower has also installed plants to manufacture concrete tower segments in Mexico (State of Nuevo León) and Brazil (Rio Grande do Norte) to supply wind towers for nearby wind farms.

EPC CONTRACTS FOR CLIENTS

Five facilities

As for EPC contracts (turnkey contracts for third parties), ACCIONA Energy supplied five projects for a total of 434 MW in 2014.

- Royalla photovoltaic plant in Australia, with 20 MW nominal capacity (24 MWp). The largest photovoltaic plant in the country, just a few kilometres from Canberra, in Australian Capital Territory. It became operational in the second half of 2014.

- South Canoe wind farm (102 MW) in Nova Scotia, Canada. Of the 34 wind turbines, 6 have been installed (18 MW). The farm will enter into operation in March 2015.

- Ventika and Ventika II wind farms in Nuevo León, Mexico (252 MW). Work has commenced and 21 of the farm’s 84 wind turbine generators have been installed (63 MW).

- Ingenio wind farm in Oaxaca, Mexico (49.5 MW). Construction of the farm began at the end of the year.

- Pampa Camarones solar farm in Arica and Parinacota, Chile (7.2 MWp). Construction has commenced and will conclude in 2015.
All wind farm EPC contracts developed by ACCIONA use ACCIONA Windpower 3 MW and 1.5 MW turbines.

ACCIONA has EPC projects in Mexico, Chile and South Africa in its backlog.

The company’s experience in developing, building and operating its own wind and photovoltaic facilities is an asset for its services offering.

ACCIONA Energy handles the development, engineering, construction and assembly of facilities, and also provides operation and maintenance services under long-term contracts.

The company has installed more than 1,300 MW in wind farms in Spain under EPC contracts with clients.

It has also installed 67 MWp of photovoltaic power for third parties, mostly in ‘solar gardens’.

All this experience is useful in this client-centric area of ACCIONA Energy’s activity.

ACCIONA Green Energy Developments, the ACCIONA subsidiary responsible for renewable energy sales, supplied 3.9 TWh of electricity to large clients in Spain in 2014.

ACCIONA sold 100% renewable electricity, certified by the National Commission for Markets and Competition, to leading companies such as Metro de Madrid, Aeropuertos Españoles y Navegación Aérea (AENA), Aguas de las Cuencas Mediterráneas (ACUAMED), Tetrapak, Canal de Isabel II Gestión, Seat Volkswagen and Danone.

ACCIONA Green also manages the sale of energy to Spain’s electricity pool from Group-owned and customer-owned facilities, which total 6,174 MW. In 2014 the Company sold 14,760 GWh in the market. ACCIONA Green Energy Developments also began participating in auctions of interconnection capacity between Spain and France.

**Energy Sales**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Technology</th>
<th>Capacity (*)</th>
<th>Commissioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Photovoltaic</td>
<td>24</td>
<td>2H 2014</td>
</tr>
<tr>
<td>Canada</td>
<td>Wind</td>
<td>102 (**)</td>
<td>2015</td>
</tr>
<tr>
<td>Mexico</td>
<td>Wind</td>
<td>301</td>
<td>2015-2016</td>
</tr>
<tr>
<td>Chile</td>
<td>Photovoltaic</td>
<td>7</td>
<td>2015</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>434</strong></td>
<td></td>
</tr>
</tbody>
</table>

(*) Wind, in MW; photovoltaic, in MWp  
(**) 45 MW were installed in 2014