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Innovative Technology Solutions for Sustainability

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Understanding the Value in Concessions

Analyst & Investor Day

Eduard Soler

May 2012

1 Our Portfolio of Concessions today

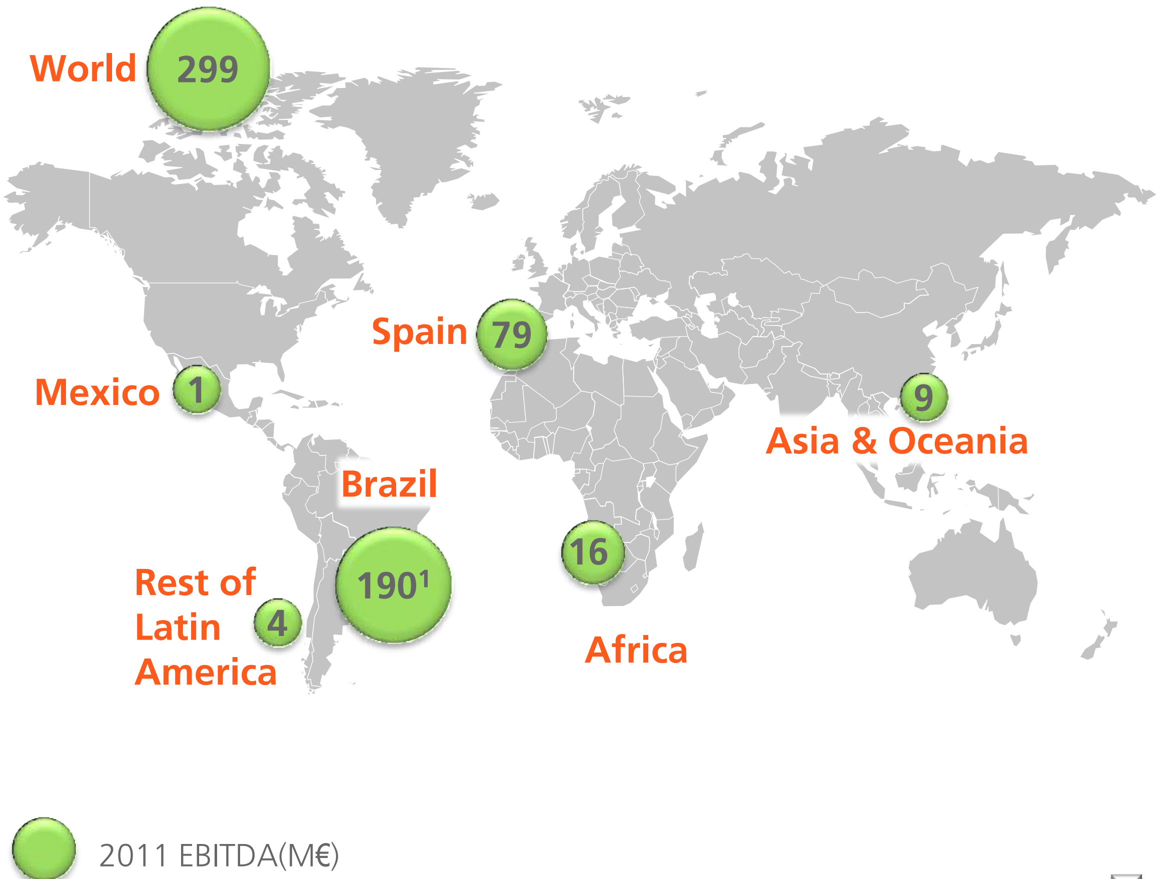
2 Our Business Model for Concessions

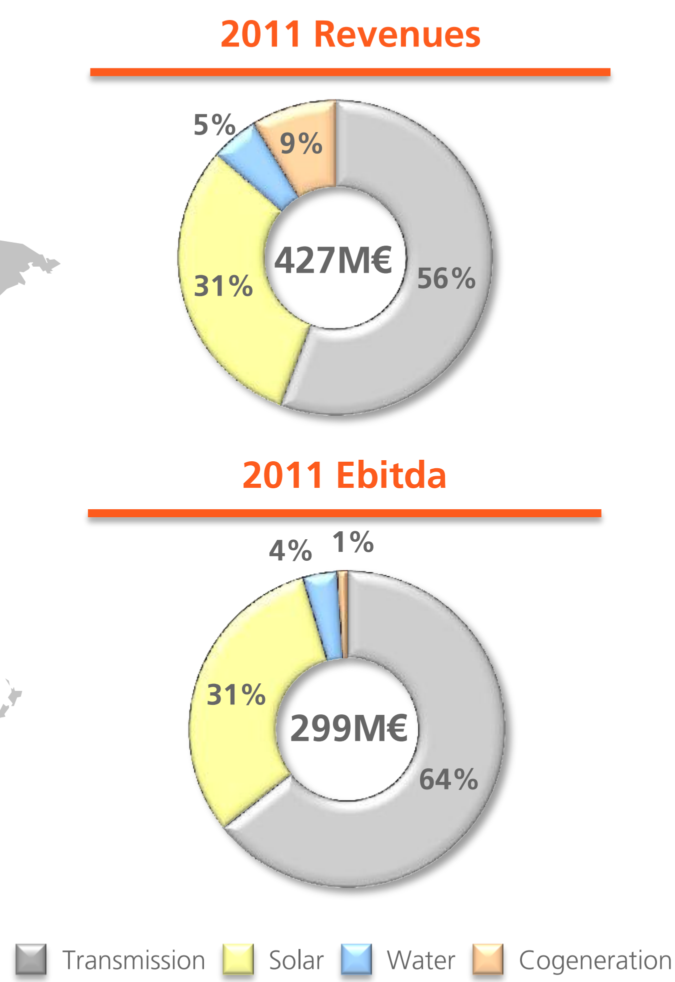
3 Our Concessions going forward

Abengoa owns a young and wide range portfolio of concession-type infrastructure assets both in operation and under construction

		Operating	Under Construc./ Developm.	Remaining life (in operation)	ABG Equity (assets in operation)
Transmission Lines	Public and private transmission line concessions in Peru, Chile and Brazil	1,771 km	5,088 km	>25 years	400 M€
Solar CSP	Global presence, with strong position in US and Spain and growing internationally	543 MW	1,100 MW	>25 years	587 M€
Cogeneration & Other	Cogeneration plants (Spain and Mexico), water services, hospitals, renewables and others	393 MW	300 MW	>20 years	47 M€
Water	Operations mainly in Algeria, India, China, Spain, Ghana	560,000 m^3/day	360,000 m^3/day	>24 years	42 M€
					1,076 M€

And are already generating income through long-term take or pay contracts and power purchase agreements





(1) 26M € excluding EBITDA from projects sold to Cemig

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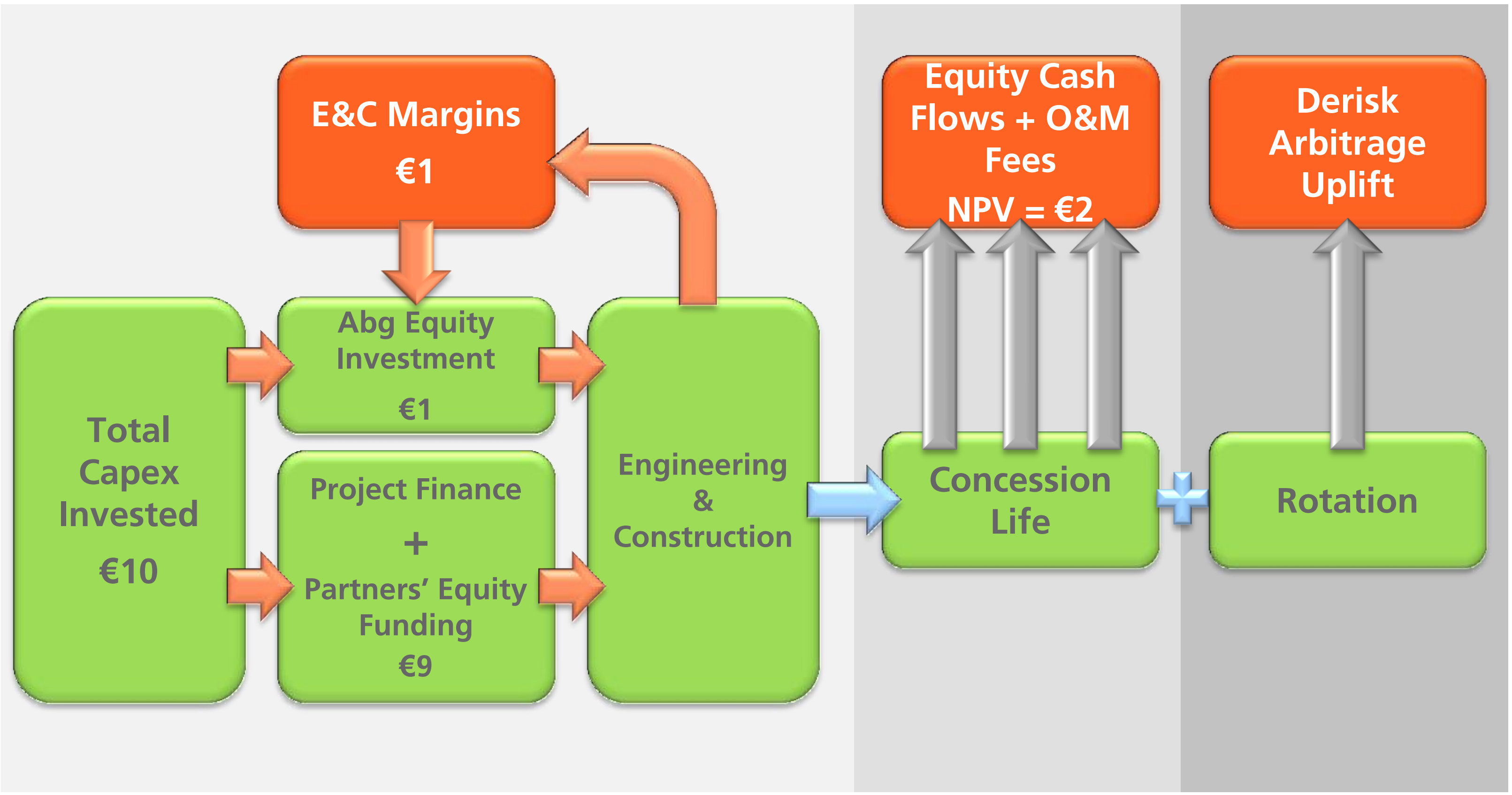
Bringing an extra dimension to our integrated business model

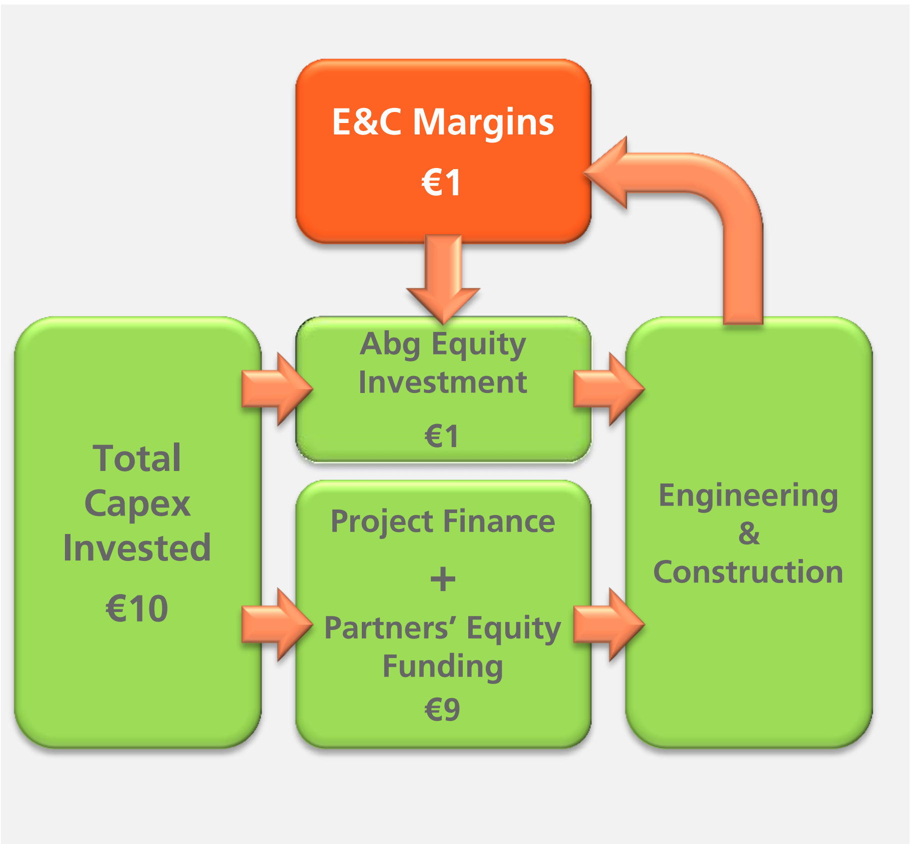
- A response to our customer demands for integrated solutions
- Allows Abengoa to capture a larger share of the value chain profit
- Provides greater revenue and earnings visibility
- Generates over time stable cash flows supporting non-recourse debt as well as progressive dividend policy
- Enables to maximize returns for shareholders by rotating de-risked assets

The integrated model allows to generate incremental value along the whole project cycle, with limited downside risk



Illustrative figures

Financial discipline in the investment phase is ensured by limiting equity contribution



Abengoa's **equity investment in projects is generally limited to** the amount it can recover under its **E&C margin**. This rule is strictly applied to any new concession projects

Abengoa's E&C expertise **limits construction risk**

Commitment to **invest only when financing is in place**

Maximize third-party financing helps **increase equity returns** and **minimize own equity contribution and risks:**

- Non-recourse financing, up to 80% of investment
- Equity from partnerships

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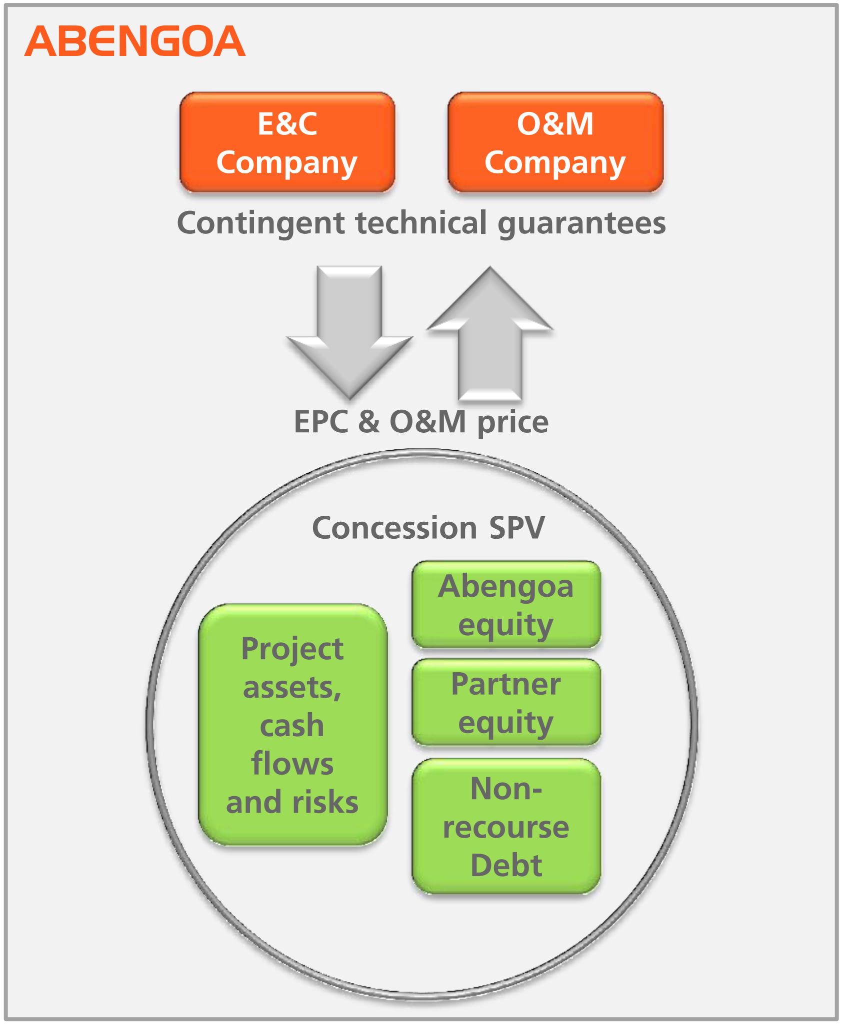
Our Business Model for Concessions

(1) Development and construction

Financing of Concessions is structured through a non-recourse project finance scheme that ring-fences the project from Abengoa



Concession projects offer **high predictability and stability of cash flows** allowing for a typical project finance structure:

- Debt sizing based exclusively on project cash flows, with DSCR in the range of 1.2-1.5x
- High leverage, up to ~8 Net Debt/EBITDA, thanks to high visibility of cash-flows

Once in operation, the **risks are ring-fenced** from Abengoa:

- No Abengoa guarantee for Senior Lenders regarding counter-party or regulatory risks
- Security package based on pledges over assets and shares of the Concession SPV only
- Contingent technical guarantees from Abengoa are capped, limited in time and, when possible, externalized through insurance

Successfully secured non-recourse financing from a diversity of leading financial institutions

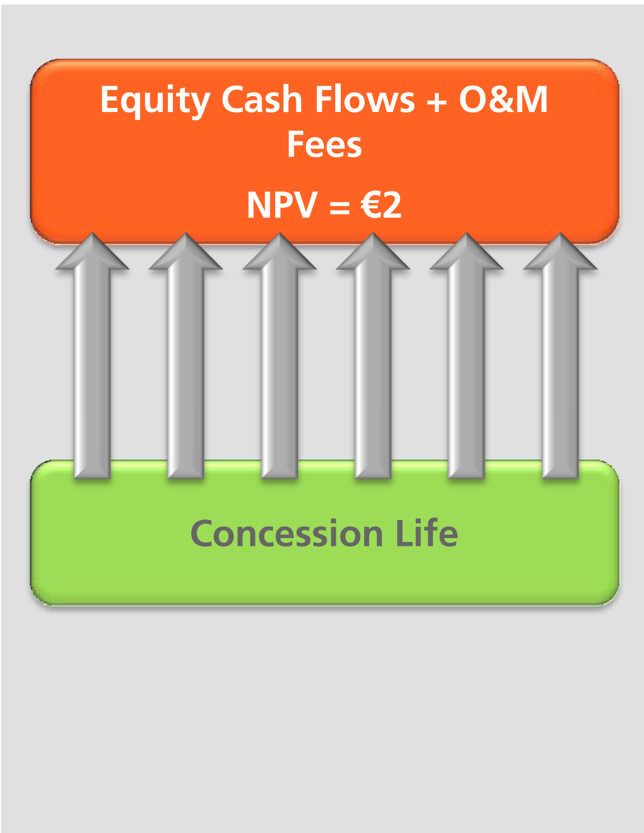
Projects	Financial Close	Facility Size and Currency
Manaus	Q3 2011	800 MBRL
Norte Brasil*	Q1 2010	295 MBRL
Linha Verde*	Q1 2010	300 MBRL
ATN	Q4 2010	74M $
ATS	Q3 2011	344 M$
PS10 and PS20	Q4 2006	43M € and 97M €
Solnova 1	Q4 2007	234M €
Solnova 3	Q1 2008	227M €
Solnova 4	Q3 2008	217M €
Helioenergy 1 y 2	Q2 2010	158 M€ and 158M €
Solacor 1 y 2	Q3 2010	178 M€ and 176 M€
Solaben 2 y 3	Q4 2010	169 M€ and 171M€
Helios 1 y 2	Q2 2011	144 M€ and 145 M€
Solana	Q4 2010	1,450 M$
Mojave	Q3 2011	1,200 M$
Hassi R'Mel	Q2 2007	253M €
Cogener. Pemex	Q2 2010	460 M$
Skikda	Q3 2005	84M$
Tlenclem	Q2 2007	233 M$
Tenes	Q3 2008	185 M$
Quingdao	Q3 2009	880 MRMB

*Facility size refers to bridge loan amount

Successfully raised equity from leading partners

Partner	Date	Location	Project Type / Size	Partner's equity
Total Masdar	May 2010	 Abu Dhabi	100 MW trough plant	80%
e.on	Nov. 2009	 Spain	2x50 MW trough plants	50%
Eletrobras	May, 2008	 Brazil	3 Transmission lines (one in DC)	49%
NEAL New Energy Algeria	Jan. 2007	 Algeria	150 MW solar-combined cycle hybrid plant (20 MW parabolic trough	34%
ITOCHU	Dec. 2010	 Spain	2x50 MW trough plants	30%
JGC	Sept. 2010	 Spain	2x50 MW trough plants	26%
Santander	April 2012	 USA	280 MW trough plant	22%

Value creation through the operation and ownership of selected assets



Profitable assets: investment decisions based on standalone concession returns **(target 10-15% equity IRR)**

Recurrent long-term revenues with **credit worthy counterparties** (PPA, tariff, etc…), limiting risk

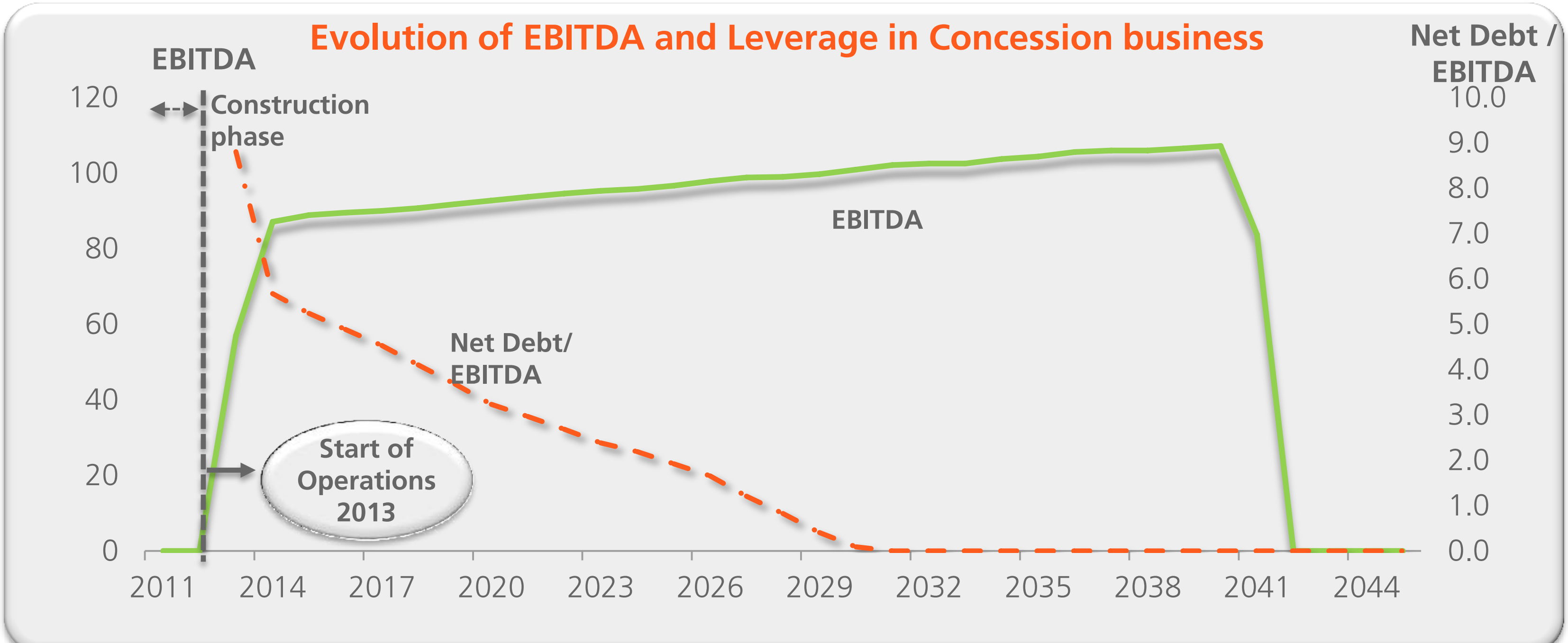
High cash flow generation derived from strong EBITDA margins (up to 80%) and low maintenance capex requirements

Enables **further development of** the underlying **technologies,** retrofitting into E&C capabilities

Further **development of O&M capabilities**

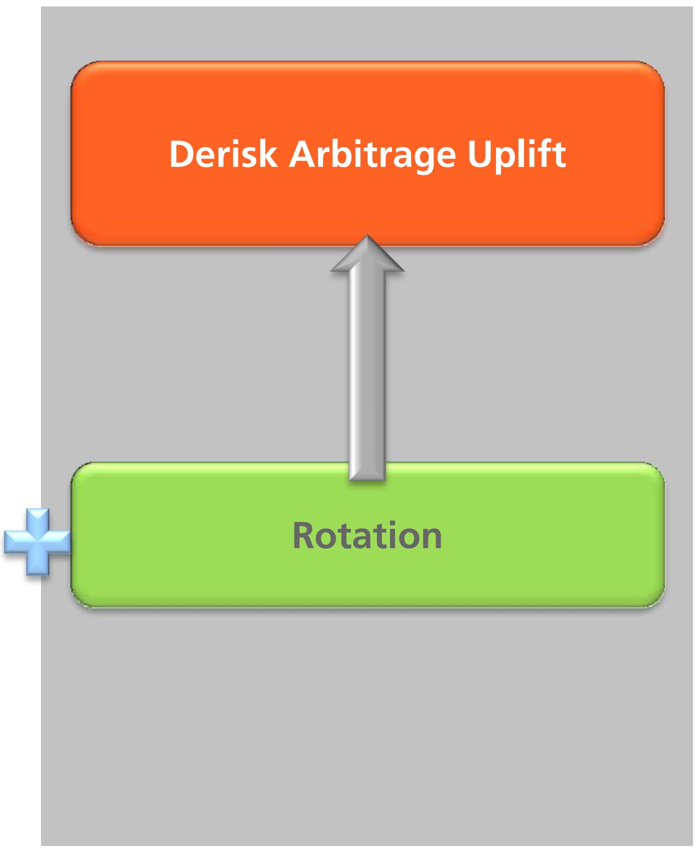
Natural deleverage once in operation

- **Good quality of cash-flows and assets** of the project allow for high initial leverage
  - Mostly investment grade counterparty risk
- **Continuous reduction of leverage,** as a result of (i) high EBITDA generation and (ii) pre-agreed debt service, matching the project cash-flow generation profile
- **No refinancing risk** for the sponsor thanks to long-term project finance contracts



Illustrative example

Rotating assets allows to recycle capital and increase returns



Abengoa considers a **strategic priority** rotation of assets once construction and operational/performance risks are mitigated

Rotation strategy is **opportunistic**, selecting the best moment to execute a transaction for each asset:

1. Finding the **best timing** to capture the de-risk arbitrage based on the life cycle of the project
2. Being able to **maximize current market valuations**
3. Always considering the **expansion strategy of the business** in terms of:
   - **Geography**: Do we need to keep a critical mass of concessions in a particular market to win new contracts?
   - **Technology**: Can we improve the value creation potential of the concession through technology improvements if we keep (or control) the asset?

Our Business Model for Concessions

(3) Asset rotation

Asset rotation when the risks of the projects have decreased from an investor point of view

(+) ← Risk → (-)

Development	Construction	Start - up	Fully operational

Equity IRR – Illustrative Example

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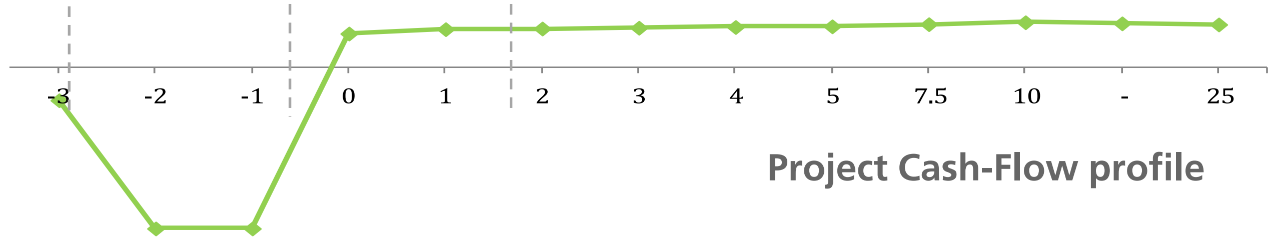
Shareholder IRR : 10-15% ⟷ < 10%

Year:



Project Cash-Flow profile

Abengoa Shareholder IRR:

Asset Rotation Scenarios – Illustrative Example

Scenario	Abengoa Shareholder IRR
Rotation at year 5	~15%
Rotation at year 10	~14%
No Rotation	~13%

When considering E&C margins (the Global IRR) for Abengoa, returns increase significantly

Note: Abengoa EPC margin, or refinancing, not considered

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Delivery of Abengoa's rotation strategy with high returns on divestments

ETIM & ETEE / Oct 2010

- ✓ Sale of 25% stake in a 787km transmission line to State Grid International
- ✓ Cash proceeds of 90 M€

121% Global IRR for Abengoa

NTE / June 2011

- ✓ 100% sale of Nordeste Transmissora de Energia (NTE), 386km transmission line to TAESA, subsidiary of CEMIG
- ✓ Cash proceeds of 139 M€

35% Global IRR for Abengoa

Subholding Unisa 1 / June 2011

- ✓ Sale of 50% sub-holding including STE, ATE, ATE II and ATE III totalling 2,132km of transmission lines to TAESA, subsidiary of CEMIG
- ✓ Cash proceeds of 343 M€

18% Global IRR for Abengoa

Subholding Unisa 2 / March 2012

- ✓ Sale of remaining 50% stake in the sub holding
- ✓ Cash proceeds of 376[1] M€

28% Global IRR for Abengoa[1]

1 Final amount will depend on timing of closing of the transaction and exchange rate

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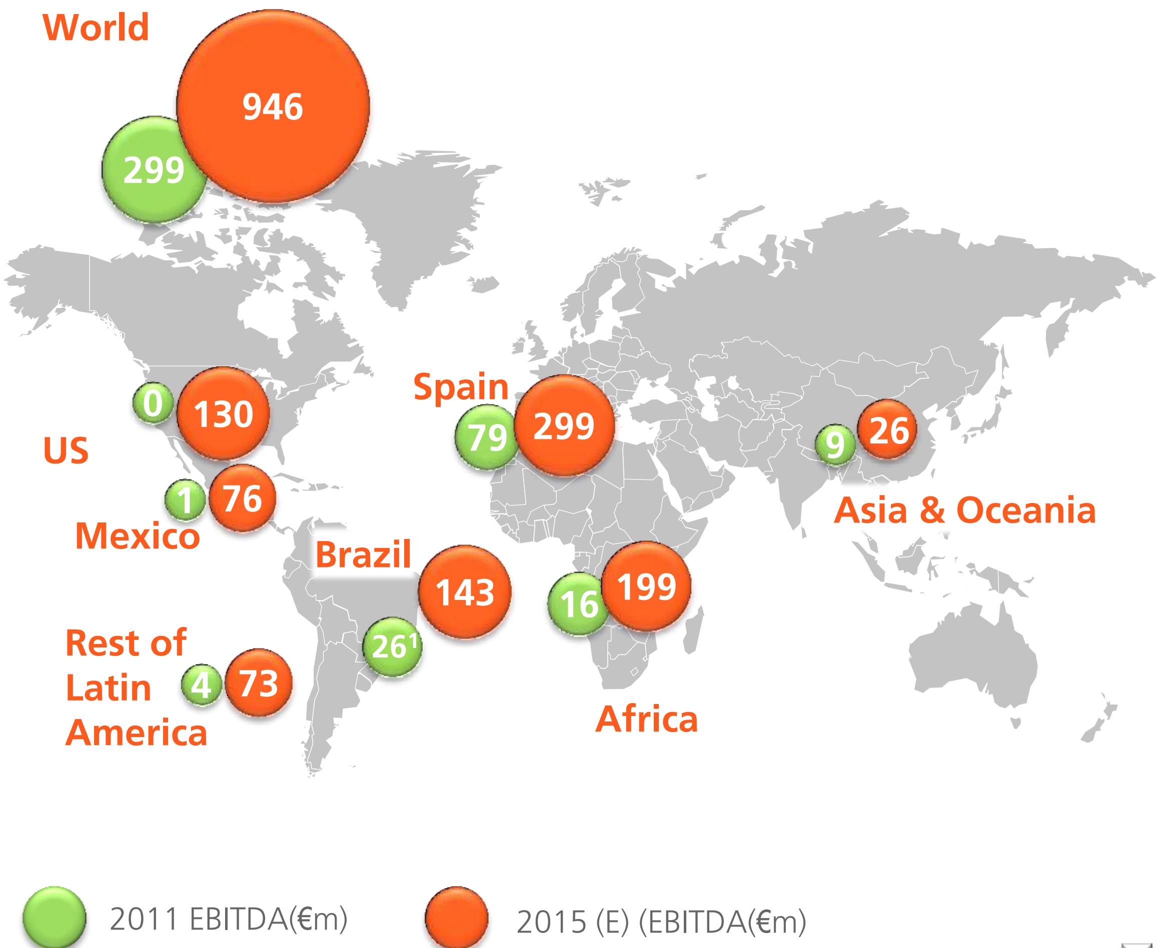
Large portfolio of selected assets once our capex plan is completed

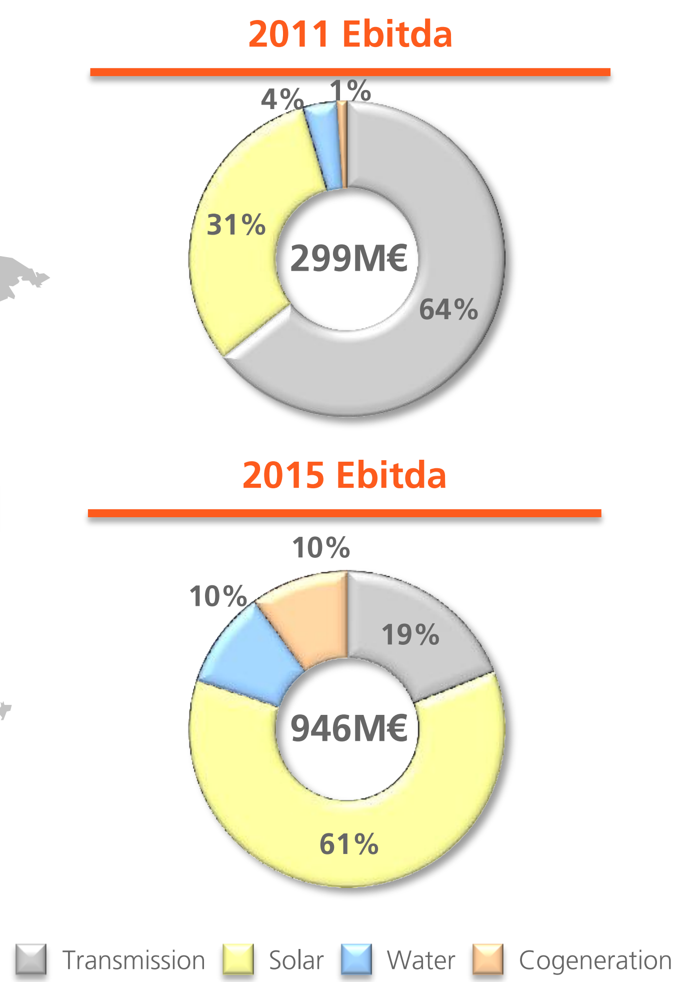
		In operation in 2015	Net assets(1)	Non Recourse Net Debt	Partners	ABG Equity
Transmission Lines	Brazil will continue to be the main market, with Peru gaining size	6,859 km	2,717 M€	1,375 M€	400 M€	942 M€
Solar CSP	Consolidation of operations, with an asset base in operation in several geographies	1,653 MW	6,560 M€	4,395 M€	397 M€	1,768 M€
Cogeneration & Other	Landmark cogeneration project in Mexico completed	807 MW	860 M€	529 M€	65 M€	266 M€
Water	Consolidation of operations, with a presence in several geographies	920,000 m^3/day	787 M€	672 M€	20 M€	95 M€
			10,924 M€	6,971 M€	882 M€	3,071 M€

Estimated figures in 2015

(1) Net assets calculated as gross assets less accumulated D&A

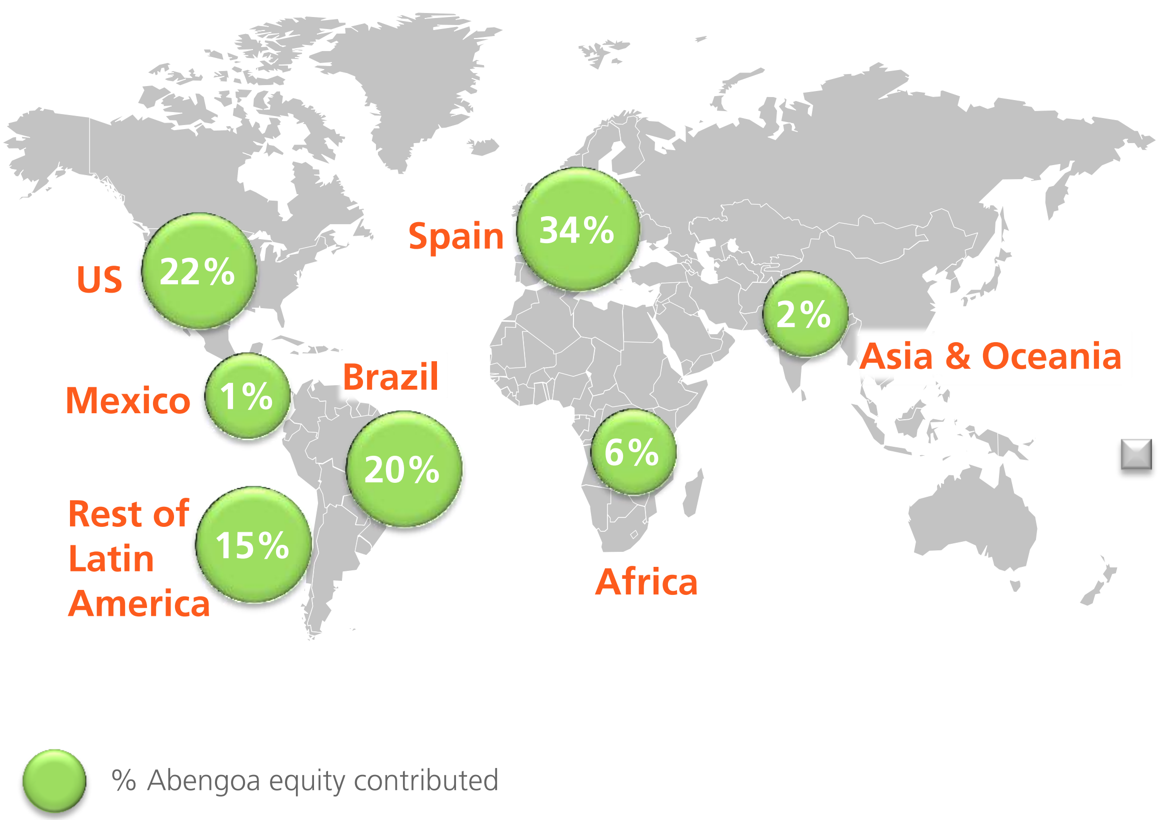
Building a diversified portfolio both in terms of geography and sector



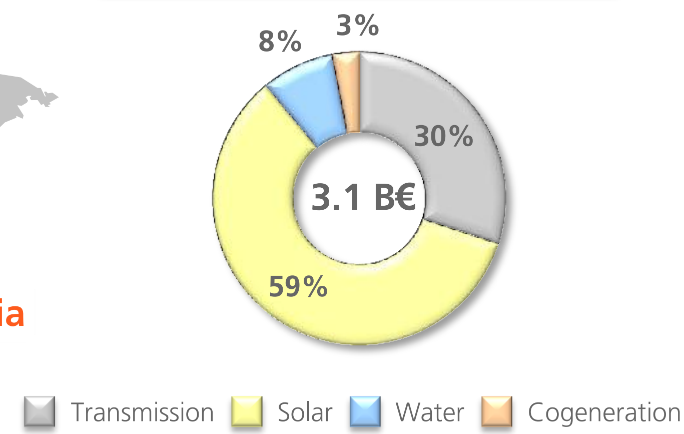


(1) 190M€ including the EBITDA from projects sold to Cemig

A portfolio where Abengoa will have contributed €3.1 bn, which will become a sizeable source of cash by recycling this capital through asset rotation



Total Abengoa Equity contributed in Concession projects



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Thank you!

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