

# ABENGOA



## **Evolution of the Business**

### **First Quarter 2014**

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### 1. Key Figures

#### Financial Figures

- Revenues fell by 3.9% to €1,584 M compared to the same period in 2013.
- Ebitda increased by 23.9% to €302 M compared to the same period the previous year.

<b>Consolidated P&amp;L (€M)</b>	<b>Q1 2014</b>	<b>Var (%)</b>	<b>Q1 2013</b>
<b>Revenues</b>	1,584	(3.9%)	1,648
<b>Ebitda</b>	302	+23.9%	244
<b>Ebitda Margin</b>	19.1%		14.8%
<b>Net Profit</b>	33	(55.0%)	72
<b>Proforma Net Profit (*)</b>	42	+94.0%	22

  

<b>Statement of Financial Position (€M)</b>	<b>03/31/2014</b>	<b>Var (%)</b>	<b>12/31/2013</b>
<b>Total Assets</b>	21,688	+2.5%	21,153
<b>Total Equity</b>	1,864	(1.6%)	1,893
<b>Net Corporate Debt</b>	(2,421)	+14.0%	(2,124)

  

<b>Share Performance</b>	<b>Q1 2014</b>	<b>Var (%)</b>	<b>Q1 2013</b>
<b>Last Quote (€/B share) (March 28)</b>	3.37	+74.6%	1.93
<b>Capitalization (shares A+B) (€M) (March 28)</b>	2,843.1	+167.5%	1,062.7
<b>Daily average traded volume (shares A+B) (€M)</b>	28.6	+439.6%	5.3

(\*)"Pro-forma net income excludes the mark-to-market of derivatives and hedging and embedded options in convertible bonds: -9 M€ in Q1'14 and +50 M€ in Q1'13"

#### Operating Figures

- The international activity represents approximately 90% of the consolidated revenues, with North America (USA & Mexico) being the leading region accounting for 46% of the total.
- The Engineering backlog as of March 31, 2014 was €7,244 M, 7% higher than backlog as of December 31, 2013.

<b>Key Operational Metrics</b>	<b>mar-14</b>	<b>mar-13</b>	<b>Var (%)</b>
<b>Transmission Lines</b> (km)	2,660	2,062	+29.0%
<b>Water Desalination</b> (Cap. ML)	660	660	+0.0%
<b>Cogeneration</b> (GWh)	693	693	+0.0%
<b>Solar Power Assets</b> (MW)	1,223	843	+45.1%
<b>Biofuels</b> (ML per year)	3,175	3,175	+0.0%

## 2. Consolidated Income Statements

M€	Q1 2014	Q1 2013	Var (%)
Revenues	1,584	1,648	(3.9%)
Operating Expenses	(1,282)	(1,404)	(8.7%)
<b>Ebitda</b>	<b>302</b>	<b>244</b>	<b>+23.9%</b>
Depreciation and amortization	(96)	(88)	+9.6%
<b>Net Operating Profit</b>	<b>206</b>	<b>156</b>	<b>+32.0%</b>
<b>Financial Expense, net</b>	<b>(183)</b>	<b>(78)</b>	<b>+134.6%</b>
<b>Share of (loss)/(profit) of associates</b>	<b>(3)</b>	<b>(9)</b>	<b>(68.4%)</b>
<b>Profit Before Income Tax</b>	<b>20</b>	<b>69</b>	<b>(71.6%)</b>
Income Tax Expense	9	2	+340.4%
<b>Profit for the year from continuing operations</b>	<b>29</b>	<b>71</b>	<b>(60.0%)</b>
<b>Profit (loss) from discontinued operations, net of tax</b>	<b>0</b>	<b>9</b>	<b>(100.0%)</b>
<b>Profit of the year</b>	<b>29</b>	<b>80</b>	<b>(64.4%)</b>
Non-controlling interest	4	(8)	n.a.
<b>Net Income attributable to the parent company</b>	<b>33</b>	<b>72</b>	<b>(55.0%)</b>

### Revenues

Abengoa's consolidated revenues for the first quarter of 2014 fell by 3.9% to €1,584 M compared to €1,648 M in the same period of 2013. This decline is primarily due to lower revenues in Engineering and Construction as a result of the completion of major projects, such as the Solana solar-thermal plant in the USA, and lower level of execution in projects that will end this year, such as the Mojave solar-thermal plant in the USA, the Norte transmission line in Brazil or the Palmatir wind farm in Uruguay.

### Ebitda

EBITDA for the first quarter of 2014 was €302 M, an increase of 23.9% compared to €244 M in the same period of the previous year. This increase was primarily driven by a higher contribution from the concessions activity and larger margins in the bioenergy activity.

## **Net Financial Expense**

The net financial expense increased from -€78 M in the first three months of 2013 to -€183 M in the same period in 2014. This increase was mainly due to the increase in interest expenses from loans with credit entities due to the lower capitalization of interest expenses for financing projects under construction, as a result of the entry in operations of various large projects; also due to the higher interest accrued on other debts as a consequence of the new notes issued in the last quarter of 2013, as well as, the negative effect on the valuation of interest rate derivatives. Finally, this increased in financial expenses were also due to the change in fair value of embedded derivatives of the convertible notes, net of change in fair value of the call options over Abengoa's own share, which hedge the embedded derivatives partially.

## **Corporate Income Tax**

Corporate income tax increased from a benefit of €2 M in the first three months of 2013 to a benefit of €9 M for the same period in 2014 and was affected by various incentives for exporting goods and services from Spain; investment in R&D+i activities and the contribution to Abengoa's profit from results from other countries; as well as existing tax legislation.

## **Profit for the year from continuing operations**

Given all of the above, Abengoa's income from continuous operations fell by 60.0%, from €71 M in the first three months of 2013 to €29 M for the same period in 2014.

Excluding the impact of the mark-to-market valuation of the derivatives and of the hedging and embedded options in the convertible bonds, the profit would have increased by 81.0% from €21 M in the first quarter of 2013 to €38 M in the same period of 2014.

## **Profit from discontinued operations, net of tax**

Includes income from Befesa in March 2013, sold in June 2013.

## **Profit for the year attributable to the parent company**

The profit attributable to Abengoa's parent company decreased by 55.0% from €72 M for the first quarter of 2013 to €33 M for the same quarter in 2014.

Excluding the impact of the mark-to-market valuation of the derivatives and of the hedging and embedded options in the convertible bonds, the net income would have increased by 94.0% from €22 M in the first quarter of 2013 to €42 M in the same period of 2014.

### 3. Results by activities

M€	Revenues			Ebitda			Margin	
	Q1 2014	Q1 2013	Var (%)	Q1 2014	Q1 2013	Var (%)	Q1 2014	Q1 2013
<b>Engineering and Construction</b>								
E&C	995	1,083	(8.1%)	138	137	+1.1%	13.9%	12.7%
Technology & Others	57	91	(37.5%)	43	70	(38.3%)	75.9%	76.8%
<b>Total</b>	<b>1,052</b>	<b>1,174</b>	<b>(10.4%)</b>	<b>181</b>	<b>207</b>	<b>(12.2%)</b>	<b>17.3%</b>	<b>17.6%</b>
<b>Concession-type infrastructures</b>								
Solar	55	36	+49.5%	29	15	+89.2%	52.8%	41.7%
Water	10	9	+12.1%	7	6	+17.6%	67.4%	64.2%
Transmission	23	12	+99.6%	16	7	+133.4%	69.7%	59.6%
Cogeneration & Others	38	11	+253.0%	30	1	+5571.9%	79.0%	4.9%
<b>Total</b>	<b>126</b>	<b>68</b>	<b>+85.1%</b>	<b>82</b>	<b>29</b>	<b>+186.5%</b>	<b>65.0%</b>	<b>42.0%</b>
<b>Industrial Production</b>								
Bioenergy	406	406	+0.0%	39	8	+360.0%	9.5%	2.1%
<b>Total</b>	<b>406</b>	<b>406</b>	<b>+0.0%</b>	<b>39</b>	<b>8</b>	<b>+360.0%</b>	<b>9.5%</b>	<b>2.1%</b>
<b>Total</b>	<b>1,584</b>	<b>1,648</b>	<b>(3.9%)</b>	<b>302</b>	<b>244</b>	<b>+23.9%</b>	<b>19.1%</b>	<b>14.8%</b>

#### Engineering and Construction

- Revenues in Engineering and Construction fell by 10.4% to €1,052 M compared to €1,174 M the previous year, while EBITDA declined by 12.2% to €181 M versus €207 M in the first quarter 2013. The decline in revenues was mainly as the result of the finalization in the execution of various major projects, such as the Solana solar-thermal plant in the USA; a lower level of execution in projects that will be completed this year, such as the Mojave solar-thermal plant in the USA, the Norte transmission line in Brazil or the Palmatir wind plant in Uruguay; as well as lower technology license revenues in Solar. These declines were partially offset by a higher execution in combined cycle plants in Mexico and the USA and new transmission lines in Brazil, as well as the start of the engineering and design of a solar-thermal project in Chile.



## Concession-type infrastructures

- Revenues in Concession-type Infrastructures increased by 85.1%, to €126 M compared to €68 M in the same period of 2013, while EBITDA increased by 186.5% from €29 M during the first quarter of 2013 to €82 M for the same period of 2014. These increases were primarily due to the contribution of several concessional assets that were brought in operation during the last quarters, which did not have any contribution in the first quarter of 2013. These assets were the Manaus transmission line in Brazil and the ATS line in Peru, the cogeneration plant for Pemex in Mexico and the Solana solar-thermal plant in the USA, among others.

## Industrial Production

- Bioenergy revenues remained stable at €406 M, EBITDA rose from €8 M in the first quarter of 2013 to €39 M in the first quarter of 2014, mainly driven by higher margins in the USA during the first three months of the year caused by an improvement in the Crush Spread.

## 4. Consolidated Balance Sheet

### Consolidated Balance Sheet

Assets (€M)	03/31/2014	12/31/2013
Intangible assets	838	842
Tangible fixed assets	1,268	1,274
Fixed assets in projects	10,172	9,914
Financial in associates	825	836
Financial investments	715	761
Deferred tax assets	1,300	1,281
<b>Non-current assets</b>	<b>15,118</b>	<b>14,908</b>
Inventories	342	331
Clients and other receivable accounts	1,905	1,870
Financial investments	975	926
Cash and cash equivalents	3,181	2,952
Assets held for sale	167	166
<b>Current assets</b>	<b>6,570</b>	<b>6,245</b>
<b>Total Assets</b>	<b>21,688</b>	<b>21,153</b>
Shareholders' Equity and Liabilities (€M)	03/31/2014	12/31/2013
Capital and reserves	1,258	1,321
Non-controlling interest	606	572
<b>Total Equity</b>	<b>1,864</b>	<b>1,893</b>
Long-term non-recourse financing	5,413	5,736
Corporate financing	4,970	4,735
Grants and other liabilities	956	646
Provisions and Contingencies	80	78
Derivative financial instruments	275	267
Deferred tax liabilities and	344	327
Personnel liabilities	34	30
<b>Total non-current liabilities</b>	<b>12,072</b>	<b>11,819</b>
Short-term non-recourse financing	1,022	585
Corporate financing	1,402	919
Trade payables and other current liabilities	4,865	5,514
Current tax liabilities	281	247
Derivative financial instruments	56	45
Provisions for other liabilities and expenses	7	10
Liabilities held for sale	119	121
<b>Total current liabilities</b>	<b>7,752</b>	<b>7,441</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>21,688</b>	<b>21,153</b>

## Composition of Net Debt

€M	03/31/2014	12/31/2013	03/31/2013
Total net corporate debt	2,421	2,124	2,374
Total non-recourse debt	6,087	5,850	4,883
<b>Total Net Debt Position</b>	<b>8,508</b>	<b>7,974</b>	<b>7,257</b>
LTM Total Ebitda	1,423	1,365	994
LTM Corporate Ebitda	975	978	711
<b>Total net corporate debt / Ebitda Corporate</b>	<b>2.5</b>	<b>2.2</b>	<b>3.3</b>
<b>Total Net debt / Ebitda</b>	<b>6.0</b>	<b>5.8</b>	<b>7.3</b>

## 5. Consolidated cash flow statements

€M	Q1 2014	Q1 2013
<b>Profit from continuing operations</b>	<b>29</b>	<b>71</b>
Non-monetary adjustments to the profit	222	148
<b>Profit from continuing operations adjusted by non-monetary items</b>	<b>251</b>	<b>219</b>
<b>Variations in working capital</b>	<b>(573)</b>	<b>(232)</b>
Income tax received / paid	8	18
Interest received/paid	(135)	(95)
Discontinued operations	0	21
<b>Net Cash Flows from operating activities</b>	<b>(449)</b>	<b>(68)</b>
Total CAPEX invested	(360)	(628)
Other net investments	(19)	(73)
<b>Net Cash Flows from investing activities</b>	<b>(379)</b>	<b>(701)</b>
<b>Net Cash Flows from financing activities</b>	<b>1,055</b>	<b>638</b>
<b>Net increase/(decrease) of cash and equivalent</b>	<b>227</b>	<b>(132)</b>
Cash at beginning of year	2,952	2,413
Translation differences cash or equivalent	2	36
Discontinued operations	0	(79)
<b>Cash and cash equivalent at end of the period</b>	<b>3,181</b>	<b>2,237</b>

### 6. Capex plan

#### Pending Capex as of March 31, 2014.

(M€)	Capacity	Abengoa(%)	Country	Start Up	Ann. EBITDAe (M€)	Investment	Pending Capex	Total		
							ABG Equity	Partners	Debt	
<b>Solar</b>						<b>1,946</b>	<b>316</b>	<b>46</b>	<b>21</b>	<b>249</b>
Mojave <sup>1</sup>	280 MW	100%	US	Q3 14	55	1,128	110	24	0	86
South Africa 100 MW <sup>1</sup>	100 MW	51%	S.Africa	Q1 15	81	537	146	14	13	119
South Africa 50 MW <sup>1</sup>	50 MW	51%	S.Africa	Q1 15	46	281	60	8	8	44
<b>Biofuels</b>						<b>538</b>	<b>85</b>	<b>16</b>	<b>38</b>	<b>31</b>
Hugoton <sup>1</sup>	95 ML	100%	US	Q2 14	-	538	85	16	38	31
<b>Power Generation</b>						<b>193</b>	<b>47</b>	<b>15</b>	<b>13</b>	<b>19</b>
Uruguay Wind (Palmatir)	50 MW	50%	Uruguay	Q2 14	11	106	2	2	0	0
Cadonal Wind	50 MW	50%	Uruguay	Q1 15	8	87	45	13	13	19
<b>Water</b>						<b>779</b>	<b>398</b>	<b>116</b>	<b>159</b>	<b>123</b>
Tenes	200,000 m3/day	51%	Algeria	Q3 14	17	192	27	3	3	21
Ghana	60,000 m3/day	56%	Ghana	Q1 15	10	92	26	4	3	19
Zapotillo	3.80 m3/sec	100%	Mexico	Q1 17	12	495	345	109	153	83
<b>Transmission</b>						<b>1,049</b>	<b>141</b>	<b>62</b>	<b>54</b>	<b>25</b>
Norte Brasil	2,375 km	51%	Brazil	Q3 14	66	934	116	56	54	6
ATN 3	355 km	100%	Peru	Q3 16	10	115	25	6	0	19
						<b>4,505</b>	<b>987</b>	<b>255</b>	<b>285</b>	<b>447</b>

#### Additional Projects with Limited Equity Investment <sup>2</sup>

Ashalim CSP Plant	110 MW	50%	Israel	Q2 17	n/a	805	n/a	54	n/a	n/a
Xina	100 MW	40%	S.Africa	Q4 16	n/a	647	n/a	68	n/a	n/a
Uruguay Wind (Palomas)	70 MW	50%	Uruguay	Q4 15	n/a	114	n/a	11	n/a	n/a
New Brazilian T&D lines	5,783 Km	Limited to EPC Margin	Brazil	Q1-Q4 16	n/a	1,925	n/a	197	n/a	n/a
A3T	240 MW	100%	Mexico	Q1 17	n/a	591	333	93	0	240
Hospital Manaus	300 beds	60%	Brazil	Q1 17	n/a	168	138	15	10	113
Corfo CSP Plant	110 MW	30%	Chile	Q4 16	n/a	n/a	n/a	58	n/a	n/a

Total Equity Capex **751**

(M€)	2014				2015				2016+			
	Pending Capex	ABG Equity	Partners	Debt	Pending Capex	ABG Equity	Partners	Debt	Pending Capex	ABG Equity	Partners	Debt
<b>Solar</b>	<b>288</b>	<b>43</b>	<b>19</b>	<b>226</b>	<b>28</b>	<b>3</b>	<b>2</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Mojave <sup>1</sup>	110	24	0	86	0	0	0	0	0	0	0	0
South Africa 100 MW <sup>1</sup>	118	11	11	96	28	3	2	23	0	0	0	0
South Africa 50 MW <sup>1</sup>	60	8	8	44	0	0	0	0	0	0	0	0
<b>Biofuels</b>	<b>85</b>	<b>16</b>	<b>38</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Hugoton <sup>1</sup>	85	16	38	31	0	0	0	0	0	0	0	0
<b>Other Power Generation</b>	<b>47</b>	<b>15</b>	<b>13</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Uruguay Wind	2	2	0	0	0	0	0	0	0	0	0	0
Cadonal Wind	45	13	13	19	0	0	0	0	0	0	0	0
<b>Water</b>	<b>103</b>	<b>12</b>	<b>30</b>	<b>61</b>	<b>155</b>	<b>59</b>	<b>63</b>	<b>33</b>	<b>140</b>	<b>45</b>	<b>66</b>	<b>29</b>
Tenes	27	3	3	21	0	0	0	0	0	0	0	0
Ghana	26	4	3	19	0	0	0	0	0	0	0	0
Zapotillo	50	5	24	21	155	59	63	33	140	45	66	29
<b>Transmission</b>	<b>116</b>	<b>56</b>	<b>54</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>6</b>	<b>0</b>	<b>19</b>
Norte Brasil	116	56	54	6	0	0	0	0	0	0	0	0
ATN 3	0	0	0	0	0	0	0	0	25	6	0	19
Ashalim <sup>2</sup>	n/a	0	n/a	n/a	n/a	54	n/a	n/a	n/a	0	n/a	n/a
Xina <sup>2</sup>	n/a	15	n/a	n/a	n/a	33	n/a	n/a	n/a	20	n/a	n/a
Uruguay Wind (Palomas) <sup>2</sup>	n/a	3	n/a	n/a	n/a	8	n/a	n/a	n/a	0	n/a	n/a
New Brazilian T&D lines <sup>2</sup>	n/a	0	n/a	n/a	n/a	131	n/a	n/a	n/a	66	n/a	n/a
ACT3 <sup>2</sup>	88	32	n/a	56	152	38	n/a	114	93	23	n/a	70
Hospital Manaus <sup>2</sup>	121	13	9	99	17	2	1	14	n/a	n/a	n/a	n/a
Corfo CSP Plant <sup>2</sup>	41				14				3			

Total Equity Capex **246**

**342**

**163**

<sup>1</sup> This project falls under the scope of IFRS 10 and is therefore consolidated through equity method until entry into operation

<sup>2</sup> Projects where financing and/or partner's contribution still pending to be secured

## 7. Significant Events Reported to the CNMV

Details of the Relevant Event corresponding to the first quarter of 2014:

- Written Communication of 17/01/14, Capital reduction to meet requests to convert the company's Class A shares into Class B shares.
- Written Communication of 11/02/14, Quarterly information on the Class B liquidity agreement with Santander Investment Bolsa, S,V, corresponding to the fifth quarter of transactions carried out under the liquidity agreement.
- Written Communication of 20/02/14, Half-yearly financial information relating to the second half of 2013, CNMV file format.
- Written Communication of 24/02/14, Quarterly information on the Class A liquidity agreement with Santander Investment Bolsa, S,A.
- Written Communication of 26/02/14, Admission to trading of the new Class B shares at the end of the eighth partial conversion period.
- Written Communication of 03/03/14, Confidential filing with the SEC in the USA about a "yieldco" vehicle.
- Written Communication of 04/03/14, Notice of the Ordinary General Shareholders' Meeting.
- Written Communication of 12/03/14, Report of 20 February 2014 on Abengoa's process of submitting its financial statements for 2013.
- Written Communication of 12/03/14, Supplementary filing clarifying Significant Event N<sup>o</sup>, 201810.
- Written Communication of d 19/03/14, Filing of Financial Statements in format "20-F" with the US Securities and Exchange Commission (SEC) .
- Written Communication of 21/03/14, Pricing of the bond issue by Abengoa Finance, S,A,U, for €500 M.

## 8. Evolution of the share price

According to data provided by Bolsas y Mercados Españoles (BME), in the first quarter of 2014 a total of 45,965,253 Class A shares and 558,254,461 Class B shares in the company were traded, equivalent to an average daily trading volume of 729,607 Class A shares and 8,861,181 Class B shares, The average daily traded cash volume was €2.6 M for Class A shares and €25.6 M for Class B shares.

Stock Price	Share A		Share B	
	Total	Daily	Total	Daily
Volume (thousands of shares)	45,965	730	558,254	8,861
In Cash (M€)	161	3	1,612	26

  

Quotes	Value	Date	Value	Date
Last	4.06	31 mar	3.37	31 mar
Maximum	4.41	10 mar	3.60	10 mar
Average	3.50		2.88	
Minimum	2.36	03 ene	2.06	02 Jan

The last price of Abengoa's shares in the first quarter of 2014 was 4.062 euros for Class A shares, some 68% higher than at the end of 2013; and 3.374 euros per Class B share, 55% higher than the close of 2013.

Since its IPO in November 29, 1996, the value of the company has risen by 1,279%, which means its initial value has increased more than 12 times. The selective IBEX-35 index has risen by 122% during the same period.

