Activity Report 2009

ABENGOA

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Consolidated Analytical Report

Consolidated Analytical Report

The objective of the analytical information outlined as follows is to provide interested parties with further details of the different Business Units that make up Abengoa. In certain cases, in order to facilitate the detailed internal analysis, the information follows "aggregate" criteria instead of consolidation criteria.

In order to help users understand and make like-for-like comparisons of the financial information in this report, the figures in the balance sheet, income statement and the cash flow statement for 2008 include the Information Technologies business segment in accordance with Note 14 (Assets and non-current liabilities held for sale) of Abengoa's Consolidated Financial Statements.

Main Items

In the 2009 financial year, Abengoa achieved growth in its main items of the Income Statement. Especially significant has been the increase in the EBITDA margin on sales of 18 %.

M€	2009	2008	2007	2006	2005	CAGR (*) 05-09 (%)
Sales	4,147	3,769	3,214	2,677	2,024	20
Gross Cash Flows	916	627	452	288	216	43
EBITDA	750	541	384	288	216	36
Margin (EBITDA / Sales) (%)	18	14	12	11	11	-
Net Income	170	140	120	100	66	27
Total Assets	12,370	9,795	8,110	5,456	3,323	39
Equity	1,171	627	797	541	526	22

(*) CAGR: Compound Annual Growth Rate

Sales

Abengoa's consolidated Sales to 31 December 2009 were €4,147.3 M, a 10.0 % increase on the previous year (€3,769.2 M).

Consolidated Sales (M€)	2009	2008	Var. (09-08) (%)	2007
Solar	115.9	65.0	78.4	17.7
Bioenergy	1,010.0	830.1	21.7	613.7
Environmental Services	721.8	873.4	-17.4	769.7
Information Technologies	759.0	696.9	8.9	597.2
Industrial Engineering and Construction (*)	2,576.2	1,993.5	29.2	1,546.6
Eliminations in Industrial E&C works (**)	-1,035.6	-689.7	n,a,	-330.5
Total Consolidated Sales	4,147.3	3,769.2	10.0	3,214.5

(*) Include corporate activity and consolidation adjustments
(**) Eliminations in Industrial Engineering and Construction for the internal works of non concessional projects

Gross Cash Flows

At 31 December, the Gross Cash Flow from Operating Activities figure was €915.6 M, a 46.0 % increase on the previous year's figure.

Gross Cash Flows (*) (M€)	2009	2008	Var. (09-08) (%)	2007
Solar	73.1	40.6	79.9	9.5
Bioenergy	188.2	111.6	68.7	79.8
Environmental Services	118.7	157.8	-24.7	123.8
Information Technologies	172.7	81.0	113.2	55.9
Industrial Engineering and Construction (**)	362.9	236.3	53.6	183.3
Total Gross Cash Flows	915.6	627.2	46.0	452.4

(*) Earnings before interest, tax, depreciation and amortization, adjusted by the works flows done for own fixed assets
(**) Include corporate activity and consolidation adjustments

EBITDA

EBITDA for 2009 increased by 38.7 % to €750.4 M compared to €541.2 M in 2008.

EBITDA (M€)	2009	2008	Var. (09-08) (%)	2007
Solar	21.6	9.2	133.4	10.1
Bioenergy	123.4	90.7	36.0	54.3
Environmental Services	118.7	157.8	-24.7	123.8
Information Technologies	172.7	81.0	113.2	55.9
Industrial Engineering and Construction (*)	362.9	236.3	53.6	183.3
Eliminations in Industrial E&C works (**)	-48.9	-33.8	n.a.	-43.7
Total EBITDA	750.4	541.2	38.7	383.7

(*) Include corporate activity and consolidation adjustments
(**) Eliminations in Industrial Engineering and Construction for the internal works of non concessional projects

Corporate EBITDA and Non-Recourse EBITDA rose 71.0 % and 9.9 % from 2008.

(M€)	2009	2008	Var. (09-08) (%)
Corporate EBITDA	633.5	370.5	71.0
Non-Recourse EBITDA	282.1	256.8	9.9
Eliminations	-165.2	-86.0	92.0
Total	750.4	541.2	38.7

The contribution of the different Business Units to the formation of the main items of Abengoa's Income Statement is as follows:

	Solar	Bioenergy	Environm. Services	Inform. Tech.	Industrial E&C	Adjust. (*)	Total (%)
Sales (M€)	115.9	1,010.0	721.8	759.0	2,576.2	-1,035.6	4,147.3
Δ % s / 2008	78.4	21.7	-17.4	8.9	29.2	-	10.0
Gross Operating Flows (M€)	73.1	188.2	118.7	172.7	362.9	-	915.6
Δ % o / 2008	79.9	68.7	-24.7	113.2	53.6	-	46.0
% Gross Cash Flows / Sales	63.0	18.6	16.4	22.8	14.1	-	22.1
EBITDA (M€)	21.6	123.4	118.7	172.7	362.9	-48.9	750.4
Δ % o / 2008	133.4	36.0	-24.7	113.2	53.6	-	38.7
% EBITDA s / Sales	18.6	12.2	16.4	22.8	14.1	-	18.1

(*) Eliminations in Industrial Engineering and Construction for the internal works of non concessional projects

Net Income

The earnings after tax attributable to the parent company reached €170.3 M, which is a 21.3 % increase over the previous year's figure of €140.4 M.

Earnings per share for 2009 were 1.88 €/share against 1.55 €/share achieved in 2008.

Backlog

At 31 December 2009, Abengoa's order book of projects pending execution had increased by 86 % to €7,655 M, compared to 2008, equivalent approximately to 26 months of new contract sales.

	Backlog Dec. 2009 (M€)	Backlog Dec. 2008 (M€)	Var. (09-08) (%)	Execution Period
Total Abengoa Backlog	7,665	4,124	86	26 months

Additionally, and not included in the figure above, it should be mentioned that the order book, at the end of 2009 for concession activities totals €30,666 M with an average lifespan of 24 years.

Analysis of the Consolidated Income Statement

A summary of the Consolidated Income Statement of Abengoa at the close of 2009, 2008, and 2007 with the main variations per item, is given below:

Summary of Income Statement (M€)	2009	2008	Var. (09-08) (%)	2007
Net Turnover	4,147.3	3,769.2	10.0	3,214.5
Operantig expenses	-3,793.7	-3,643.2	4.1	-2,655.2
Other operanting Income and Expenses	77.4	236.8	-67.3	-273.0
Operating Profit	**431.0**	**362.8**	**18.8**	**286.3**
Finanacial Profit	-181.4	-313.9	-42.2	-140.5
Participation in Profits of Associated Comp.	11.2	9.2	21.7	4.2
Consolidated Profit Before Tax	**260.8**	**58.1**	**348.5**	**150.1**
Corporation Tax	-58.1	107.6	-153.9	-14.3
Profit for the year from continuing operations	**202.7**	**165.8**	**22.3**	**135.8**
Profit for the year from discontinued op.	0.0	0.0	n.a.	0.0
Profit attributable to minority interest	-32.4	-25.4	27.8	-15.4
Profit attributable to Parent Company	**170.3**	**140.4**	**21.3**	**120.4**
Earnings per share (€)	1.88	1.55	21.3	1.33

The following comments are made concerning the main variations in the income statement:

- A 10.0 % increase in revenues to €4,147.3 M. Significant factors include the start of operations of the PS20 solar power plant, higher Bioenergy volumes from the increase in capacity in Europe (France and Salamanca plants), the construction of high voltage lines in Brazil and Peru, as well as the execution of solar projects for third parties.
- Operating income rose by 18.8 % to €431.0 M compared to €362.8 M the year before, representing a margin on sales of 10.4 % (9.6 % in 2008). It is important to note that the operating income includes investments made by Abengoa in R&D&I, which was recorded as -€61.5 M in the income statement in 2009 (-€51.2 M in research and innovation expenses and -€10.3 M in the depreciation of development assets).

  Some €17.9 M was recorded as a deduction for export activities, against Other Operating income and expenses (compared to €68 M in 2008), in accordance with IAS 12 (for more details see point 20.2 in the Report, Volume III) as well as income of €11.4 M for the valuation of the company's management share plan.

  At the end of 2009 provisions for other liabilities and expenses totaling -€16.4 M were recorded against operating income, to provide sufficient coverage for specific risks associated with the evolution of business primarily outside Spain. Furthermore, provisions of €46.3 M (made in previous years) were applied during the year based on the recommendations of IAS 37 due to their classification as remote contingent liabilities or due to the realization of the risk for which the provisions were made.

Some €121.1 M in revenues were recorded from the sale of a 23.9 % stake of Abengoa's shareholding in Telvent and from the difference between the acquisition cost and the fair value of the net assets acquired by 50 % of the company Biocarburantes Castilla y León and 100 % of the three salt slags recycling and treatment plants in Germany (see Notes 2.2 and 37 of the Report). Conversely, losses of -€118.4 M were recorded after reducing the book values of certain assets related to the solar and Bioenergy activities after evaluating signs of impairment in the value of these assets (see Notes 5 and 8 of the Report).

- In conclusion, the net amount of these headings represents €1.0 M in income and therefore does not significantly affect the company's operating income.

- Financial income went from -€313.9 M in 2008 to -€181.4 M in 2009. In addition to the effect of the fall in interest rates, it is important to note that the appreciation of the Brazilian Real against the US Dollar during the year generated a lower financial book expense (which was not incoming cash), due to the conversion of US Dollar denominated debts into local currency in the transmission lines business, which led to a positive impact on financial income of €54.4 M. Revenues of €57.3 M have also been recorded from the cancellation of various financial exchange rate derivatives in Brazil. In addition to all of the above, non-cash provisions of -€58.5 M were made against financial income, for the negative valuation of financial derivatives on interest rates, exchange rates and commodity prices (see Notes 11 and 16.3 of the Report). Lastly, impairments have been recorded on certain loans and financial assets totaling -€12.4 M.

Summary of Financial Income (M€)	2009	2008	Cash or non-cash effect
Non-cash Fx loss ($ debt in Brazil)	54.4	-90.0	non-cash
BRL/$ Fx option profit	57.3	56.3	cash
Non-cash charge for derivatives	-58.5	-64.9	non-cash
Impairment in financial assets	-12.4	-	non-cash
Other Financial Income	-222.2	-215.3	Cash / non cash
Total Financial Income	-181.4	-313.9	

- Consolidated income before tax rose by 348.5 % to €260.8 M compared to €58.1 M the year before.
- Corporation tax in 2009 was a book expense of -€58.1 M compared to income of €107.9 M in 2008. Logically, this result has been impacted by investment and dedication to R&D&I activities, the contribution of income from other countries to Abengoa's profit as well as prevailing tax legislation.
- Profit attributed to the parent company grew by 21.3 % in financial year 2009 to €170.3 M, which means earnings per share of €1.88 (a 21.3 % increase on 2008).

For further information, please see the Consolidated Income Statement and the Notes to the Consolidated Annual Accounts in Volume III.

Analysis of the Consolidated Balance Sheet

A summary of Abengoa's Consolidated Balance Sheet at the end of the 2009, 2008 and 2007 financial years, with the main variations in the Balance Sheet, is shown below:

Summary of Balance Sheet (M€)	2009	2008	Var. (09-08) (%)	2007
Intangible Fixed Assets	1,490.9	1,451.5	2.7	1,227.0
Tangible Fixed Assets	1,864.2	1,100.7	69.4	870.9
Fixed Assets in Projects	3,623.3	2,283.7	58.7	1,638.1
Financial Investments non-currents	1,015.4	815.3	24.5	416.5
Total Non-current Assets	7,993.7	5,651.2	41.5	4,152.5
Total Current Assets	4,376.2	4,143.4	5.6	3,957.6
Total Assets	**12,369.9**	**9,794.6**	**26.3**	**8,110.2**
Equity	1,171.0	627.5	86.6	797.5
Non-current liabilities	6,157.7	5,076.6	21.3	4,110.1
Current liabilities	5,041.1	4,090.5	23.2	3,202.6
Total Liabilities	**12,369.9**	**9,794.6**	**26.3**	**8,110.2**

- Non-current assets increased by 41.5 % to €7,993.7 M primarily due to the increase in the fixed assets of projects under construction for the solar business area (Solar plants in Spain and Algeria), Bioenergy (plants in Rotterdam, Indiana and Illinois), power transmission line concessions in Brazil and Peru, and desalination plants in Algeria, India and China, as well as due to the appreciation of the Brazilian Real and the increase in deferred tax assets (DAEX, R&D and tax credits).
- Current assets increased by 5.6 % to €4,376.2 M mainly driven by the increase in accounts receivable (increases in the implementation of Information Technologies and Industrial Engineering and Construction projects) and in cash (bond issues).
- Shareholders' equity has increased by 86.6 % to €1,171.0 M, primarily due to the better results for the year, the positive impact of the exchange rate differences arising from the appreciation of the Brazilian Real, and the increase in external shareholders following the sale of a minority stake in Telvent during the year.
- Non-current liabilities increased by 21.3 % to €6,157.7 M, mainly due to the increase in long term non-recourse financing, which rose from €2,023.9 M in 2008 to €2,748.0 M in 2009 and from the two bond issues carried out by Abengoa in 2009 which had a €442.4 M impact on this heading.
- Current liabilities increased by 23.2 % to €5,041.1 M, driven mainly by the increase in suppliers and other accounts payable related to various engineering projects and due to the increase in debt with credit entities after the maturity of €266.7 M of syndicated loan was reclassified as short-term.

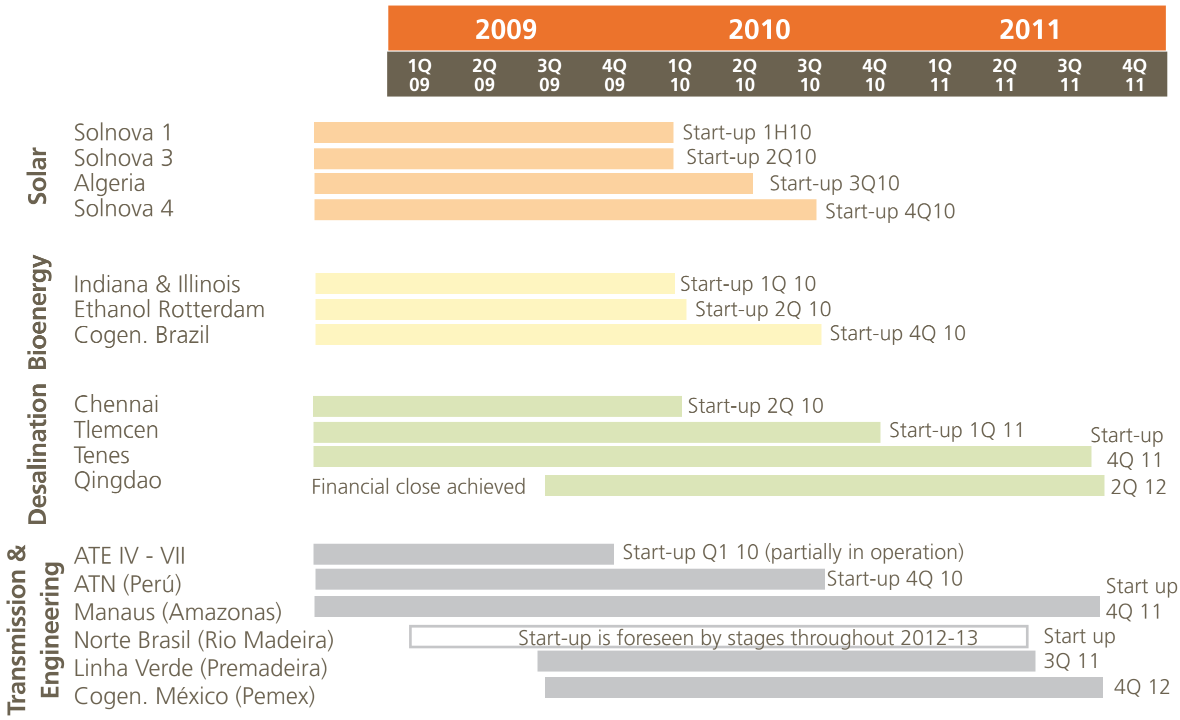
- At consolidated level, Net Debt amounted to €1,257.2 M, compared to a net debt position of €529.9 M in 2008.

Composition of Net Debt (M€)	2009	2008	Var. (09-08) (%)
Net debt (corporate)			
Long-term and Short-term Bank loans	-2,709.9	-2,561.8	5.8
Long-term and Short-term Bank Bonds	-506.0		-
Leasing & other adjustments	-69.7	-57.4	21.4
Financial Investment	482.0	690.7	-30.2
Cash and Cash Equivalents	1,546.4	1,398.7	10.6
Total Net Corporate Debt (Non-Recourse Financing)	-1,257.2	-529.9	137.3
Corparte EBITDA	633.5	370.5	71.0
R+D expense	51.1	41.7	22.6
Corporate EBITDA (ex R+D expense)	684.7	412.2	66.1
Net Corporate Debt / Corporate EBITDA	1.84	1.29	42.8
Non Recourse debt			
Long-term non-recourse financing	-2,748.0	-2,023.9	35.8
Short-term non-recourse financing	-185.4	-278.1	-33.3
Total Non Recourse Debt	-2,933.4	-2,302.0	27.4
Total Net Debt	-4,190.5	-2,831.9	48.0
EBITDA Total	750.4	541.2	38.7
Net debt / EBITDA (Total)	5.58	5.23	6.7
Preoperational Net Debt (1)	2,372.9	1,481.2	60.2
Total Net Debt adjusted for preop. Net Debt	-1,817.6	-1,350.7	34.6
EBITDA adjusted for margin on work done for fixed assets (2)	915.6	627.2	46.0
Net Debt Adjusted / EBITDA Adjusted	1.99	2.15	-7.8

(1) Total Net Debt drawn related to projects under construction

(2) Margin on work done for fixed assets: is cash available for debt repayment but is accountingwise eliminated (€136 M)

It is important to take into account that of Abengoa's total net debt (€4,190.5 M), a total of €2,372.9 M relates to debt on projects that are under construction and which will therefore generate cash flows in future years. Excluding this pre-operational debt, the net debt figure for Abengoa would be €1,817.6 M.



For further information, refer to the Consolidated Balance Sheet and the Notes to the Consolidated Annual Accounts.

Analysis of the Consolidated Cash Flow Statemen

A summary of the Consolidated Cash Flow Statement of Abengoa at the close of 2009, 2008 and 2007 with the main variations per item, is given below:

Consolidated Cash Flow Statement (M€)	2009	2008	Var. (09-08) (%)	2007
Cash generated by operations	535.3	282.3	89.6	313.1
Variations in Working Capital	268.2	479.3	-44.0	148.1
Net Cash Flow from Operating Activities	803.5	761.5	5.5	461.2
Investments	-2,140.8	-1,907.0	12.3	-1,300.6
Divestments	335.3	193.9	72.9	136.2
Net Cash Flow from Investment Activities	-1,805.5	-1,713.1	5.4	-1,164.4
Net Cash Flow from Financing Activities	1,149.8	652.3	76.3	1,373.1
Net increase / reduction in cash and equivalents	147.8	-299.2	-149.4	669.9
Cash or cash equivalent at the start of the year	1,398.7	1,697.9	-17.6	1,028.0
Cash in Banks at the Close of the Year	1,546.4	1,398.7	10.6	1,697.9

Net cash flows from operations increased by 5.5 % to €803.5 M compared to €761.5 M the year before. It is worth highlighting the increase in cash from operations which totaled €535.3 M in 2009 and the management of working capital which generated €268.2 M in cash.

In terms of net cash flows from investment activities, the most significant investments were in the construction of bioethanol plants in Europe and the USA; in solar thermal plants in Spain; and in the construction of desalination plants in Algeria, India and China and high-voltage lines in Brazil and Peru.

In terms of net cash flows from financing activities, it is worth noting that the Group managed to arrange financing for €1,230.2 M under difficult financing conditions, taking the figure for net cash flows from financing activities to €1,149.8 M. It is worth noting the two bond issues carried out by Abengoa in 2009 which allowed the company to raise €500 M in long-term financing in the capital markets

Analysis of the Global Consolidated Result Statement

A summary table on Abengoa's Global Consolidated Result at the end of 2009 and 2008 is shown below, which includes all the results from those years that directly affected Abengoa's consolidated equity.

Statement of the Global Consolidated Result (M€)	2009	2008	Var. (09-08) (%)
A. Consolidated Result after Taxes	202.7	165.8	22.3
Valuation of Financial assets available for sale	3.4	-3.2	205.3
Valuation of Other Revenues / Expenses	12.6	-27.7	145.4
Valuation of Cash Flow Hedges	-150.3	99.5	-251.0
Exchange differences	284.6	-265.5	207.2
Tax Effect	50.6	-24.9	303.1
Other movements	16.1	-47.5	134.0
I. Income and Expenses directly attribute to Equity	217.0	-269.3	180.6
Valuation of Financial assets available for sale	-3.6	-2.2	-66.8
Valuation of Cash Flow Hedges	4.3	-92.1	104.6
Tax Effect	-0.2	28.3	-100.7
II. Transfers to the Income Staments	0.5	-66.0	100.7
B. Total Recognised Income / Expense (I+II)	217.4	-335.2	164.9
C. Total Global Result (A+B)	420.2	-169.4	348.0
Total Global Result attributable to minority interest	-32.4	-25.4	-27.8
D. Total Global Result attributable to minority interest	387.7	-194.8	299.0

Performance of Business Units

Analysis of the Solar Business Unit Income Statement

In 2009 the Solar Business Unit began commercial operations of the largest tower technology plant in the world. The PS20 plant, as it is called, is located at the Solúcar Platform and incorporates a more efficient receiver as well as improvements in the control, operation and supply system compared to its predecessor, the PS10. Abengoa Solar now has an installed generation capacity using solar thermal and photovoltaic technology of 43 MW in Spain.

Furthermore, work is continuing on the construction of 150 MW of power in three solar thermal plants using parabolic trough technology at the Solúcar Platform in Sanlúcar la Mayor (Seville), as well as the 150 MW gas-solar hybrid plant in Algeria. All of these

plants are expected to come online in 2010.
In addition, construction has begun on two new 50 MW plants in Écija (Seville), both using parabolic trough technology, and on one new 50 MW .plant in Logrosán (Caceres), applying the same technology.

With regard to the promotion of new projects, 13 plants (650 MW) have been included in the register created by the Ministry of Industry, Tourism and Trade, which guarantees them the existing regulatory and tariff framework. Abengoa Solar has become the leading company in Spain for its portfolio of solar energy projects. All of the plants will be operational by 2013, although they will be rolled out gradually starting in 2010. The group will then have platforms in ÉEcija (Seville), El Carpio (Córdoba), Logrosán (Cáceres) and Alcázar de San Juan (Ciudad Real), as well as in Sanlúcar la Mayor (Seville).

Internationally, the company has signed a contract in the USA with Pacific, Gas & Electric to supply energy from the future Mojave Solar plant, which will have a net capacity of 250 MW. This project joins the Solana plant in Arizona which is currently obtaining its permits and licenses.

In relation to strategic alliances and agreements, Abengoa Solar is participating as a founding member of the Desertec Industrial Initiative, which under the auspices of the Club of Rome and other institutions, aims to develop the production of renewable energies in the desert regions of North Africa and the Middle East for local consumption and export to Europe. This initiative, which Abengoa Solar is promoting in collaboration with 11 other international companies, aims to supply 15 % of the energy demand in Europe and a substantial part of the electricity requirement in North Africa and the Middle East from solar thermal plants and other sources of renewable energy by 2050.

The Solar Business Unit reported the following results:

Solar (M€)	2009	2008	Var. (09-08) (%)	2007
Consolidated Sales	115.9	65.0	78.4	17.7
Gross Cash Flows	73.1	40.6	79.9	9.5
Gross Flows / Sales Margin (%)	**63.0**	**62.5**		**53.7**
EBITDA	21.6	9.2	133.4	10.1
EBITDA / Sales Margin (%)	**18.6**	**14.2**		**57.0**

Consolidated sales in this Business Unit correspond to:

- Revenues from electricity generation totaled €23.5 M from the plants in operation with solar thermal and photovoltaic technology.
- Sales of solar technology totaled €54.5 M. The important areas in this field include industrial systems and components for solar plants.
- The solar promotions under development as part of our strategic plan generated revenues of €37.9 M.

In 2009 the workforce grew by nearly 100 new professionals to 388 people as at 31 December (57 % engineers and graduates), of which 20 % work outside Spain, mainly in the USA.

During the year, the Business Unitroup has invested more than €300 M in the construction of new plants, as well as participating in projects to develop solar technologies. Revenues from energy sales will grow considerably as these plants currently under construction come online during 2010.

Investment in R&D&I, worth €32.4 M, was also significant as well as a strategy to develop more efficient technologies that reduce existing generation costs. We have therefore been carrying out proprietary projects as well as working in collaboration with other leading institutions and universities in the solar energy sector.

Analysis of the Bioenergy Business Unit Income Statement

Despite the adverse raw materials scenario, Bioenergy improved on the results reported in 2008, with the following figures:

Bioenergy (M€)	2009	2008	Var. (09-08) (%)	2007
Consolidated Sales	1,010.0	830.1	21.7	613.7
Gross Cash Flows	188.2	111.6	68.7	79.8
Gross Flows / Sales Margin (%)	**18.6**	**13.4**		**13.0**
EBITDA	123.4	90.7	36.0	54.3
EBITDA / Sales Margin (%)	**12.2**	**10.9**		**8.9**

Sales by Abengoa Bioenergy increased by 21.7 % to €1,010.0 M compared to €830.1 M in 2008. The growth in sales is primarily due to higher volumes from the increase in capacity in Europe (France and Salamanca), as well as from higher sugar prices in Brazil.

Gross operating cash flows rose by 68.7 % compared to the previous year, climbing from €111.6 M in 2008 to €188.2 M to date.

EBITDA rose by 36.0 % compared to the previous year, from €90.7 M in 2008 to €123.4 M to date. The improvement was mainly driven by higher production and better margins in Brazil and Europe thanks to the entry into production for the full year of Lacq in France and Salamanca in Spain.

Performance in Europe:

- The volume of bioethanol sold increased to 716.5 ML (45.5 % more than 2008), primarily due to nearly a whole year of operations from Salamanca and the entry into production of the cereals plant in Lacq (France).
- Bioethanol prices fell slightly from €0.602 L in 2008 to €0.538 L due to the fall in oil prices, especially in the latter part of the year.
- However, these effects were offset by the decrease in the cereal price, which in 2009 had an average price of €151.3 t (€172.2 t in 2008).
- Also of note is the effect of the decreases in the cost of natural gas, from €26,8 MWh in 2008 to €22,2 MWh in 2009.
- Construction on a new plant in Holland continues, with an expected annual capacity of 480 ML. In the last quarter of 2009 the new San Roque plant (Cadiz) came into operation, with a planned production of 200,000 t/year of biodiesel and 19,000 t/year of glycerin.

Performance in the United States:

- The volume of bioethanol sold reached 168.6 Mgal, 9.7 % more than in 2008, with the optimization of production in Ravenna and York being the main driver of this significant increase.
- Bioethanol prices were also lower than in 2008, falling from $2.3 gal in 2008 to $1.74 gal in 2009.
- The cereal price has decreased a 15.5 %, to $3.8 bsh in 2009 ($4.5 bsh in 2008).
- Also of note is the effect of the decreases in the cost of natural gas, from $7.1 Mbtu in 2008 to $4.7 Mbtu in 2009.
- Construction on two new plants in the US States of Illinois and Indiana has been completed with an expected capacity of 88 Mgal each, which will start production in early 2010.

Performance in Brazil:

The main product volumes and prices achieved in Brazil were as follows:

- The volume of bioethanol in 2009 fell to 133.6 ML for hydrated bioethanol, from 141 ML in 2008, while dehydrated bioethanol increased to 26.6 ML in 2009 compared to 17.2 ML in 2008.
- The price of hydrated bioethanol increased in 2009 to 0.800 BRL/L compared to 0.730 BRL/L in 2008, echoed by dehydrated bioethanol, which rose to 0.864 BRL/L from 0.850 BRL/L in 2008.
- The volume of sugar in the domestic market in 2009 was 44,600 t compared to 215,000 t in 2008, while the external market recorded a volume of 265,000 t in 2009 compared to 408,200 t in 2008.
- The price of sugar in the domestic market in 2009 rose to 665 BRL/t compared to 454 BRL/t the year before, and in the external market to 710 BRL/t in 2009 versus 530 BRL/t in 2008. Abengoa Bioenergy redirects production to the external market faced with higher prices

Analysis of the Environmental Services Business Unit Income Statement

In financial year 2009, Environmental Services reported.

Environmental Services (M€)	2009	2008	Var. (09-08) (%)	2007
Consolidated Sales	721.8	873.4	-17.4	769.7
EBITDA	118.7	157.8	-24.7	123.8
EBITDA / Sales Margin (%)	**16.4**	**18.1**		**16.1**

Despite the fact that the markets in which Befesa operates continue to suffer the effects of the economic crisis in general, in the last few months of 2009 a modest improvement was seen in the main economic indicators, which is reflected in the results of the company for 2009, helping to offset the decline in sales compared to previous months.

The economic crisis is reflected in the decline in total sales for the Environmental Services

Business Unit, which fell by 17.4 % from €873.4 M in 2008 to €721.8 M in 2009, while EBITDA fell by 24.7 %, from €157.8 M in 2008 to €118 .7 M in 2009. Excluding the effect of extraordinary income in 2008 from the sale of land of Befesa's desulphurization plant in the municipality of Baracaldo (Biscay), there was a 0.8 % increase in 2009 compared to the €117.8 M in 2008.

Nevertheless, EBITDA margin on sales has improved, excluding the effect of extraordinary income from the sale of Befesa land, from 13.5 % in 2008 to 16.4 % in 2009. This improvement in profitability clearly demonstrates the robustness of Befesa's business model, which continues to record good levels of returns despite the overall worsening situation of the industry.

Analyzing the two segments of Befesa's activity shows that sales in the industrial waste recycling business have fallen by 34 % compared to 2008.

By contrast, the water business segment recorded significant growth in 2009, with sales up by 29 % compared to 2008.

Performance by Business Unit is as follows:

- Aluminum Waste Recycling. Accumulated sales during 2009 totaled €132.0 M compared to €252.4 M in 2008. This lower sales figure is primarily due to lower volumes of treated waste as well as lower margins per ton treated.
- Steel Waste Recycling and Galvanization. In 2009, sales amounted to €195.8 M, compared to €253.6 M the previous year. As in the case of aluminum, the decline is primarily due to lower volumes of treated waste caused by the downturn in the industry that it serves.
- Industrial Waste Management. This division reported sales of €95.5 M, compared to €136.9 M the previous year, representing a decrease of 30.2 %. The slump in Spain's industrial production index reflects the downturn in the industry, which is affecting the volume of waste to be treated.
- Water. This division reported a cumulative turnover of €298.5 M in 2008, 29.3 % up on the previous year's €230.8 M, as a result of the execution of the desalination contracts abroad.

One of Befesa's principal achievements in 2009 was the completion of the financing to design, construct and operate the seawater desalination plant in Qingdao, China, for a period of 25 years, with a total investment of €135 M, which will be financed by a syndicate of Chinese banks. This important contract has given Befesa a solid presence in China, one of the strategic markets for the future growth of Befesa Agua.

Furthermore, in June 2009, Befesa acquired a set of production assets for €24 M for treating and recycling salt slags. The assets consist of three production plants in the German city of Hannover and the towns of Lünen and Töging with a combined treatment capacity of 380,000 t of waste per year, equipped with the most advanced technology available in the market.

This acquisition has made Befesa the leading salt slags manager in Europe, a market with a potential of around 1 Mt per year and, thanks to the experience and technological knowledge accumulated over the years, it has significant development potential for new projects in other markets, such as North America.

Given the situation of the global economy and in the markets in which Befesa operates, and following a criteria of cash accumulation, investments in 2009 were limited to those that are clearly strategic to the future of Befesa. These included the aforementioned investments to acquire the salt slag treatment plants in Germany, made with non-recourse financing.

Analysis of the Information Technologies Business Unit Income Statement

During financial year 2008, our turnover grew by 8.9 % compared to the figure for the previous year. We closed the year with sales of €759.0 M.

Information Technologies (M€)	2009	2008	Var. (09-08) (%)	2007
Consolidated Sales	759.0	696.9	8.9	597.2
EBITDA	172.7	81.0	113.2	55.9
EBITDA / Sales Margin (%)	**22.8**	**11.6**		**9.4**

This Business Unit has performed excellently during 2009, one of the most difficult years for decades. Furthermore, as well as its continuous growth, it has significantly improved its operating margins, becoming a more profitable and efficient company, while also strengthening the position of the Business Unit in key markets and regions.

The growth in sales has been driven by the strong performance of the energy activity, both in the electricity business and in the oil and gas business, as well as by the boost from the contribution of Telvent DTN.

In 2009 Abengoa sold a 23.9 % stake in the shareholding that it held in Telvent, leaving Abengoa still as the main shareholder with effective control of the company, with 40 % of the share capital. This sale gave rise to a capital gain of €56.3 M, recorded at EBITDA level. Excluding this capital gain, the increase in EBITDA is 43.7 % and EBITDA margin on sales would rise from 11.6 % in 2008 to 15.3 % in 2009, as a result of an improvement in gross margin, improved operating efficiencies being implemented and, in general, due to the better operating profile.

One year on and clients continue to place their trust in Telvent, as shown by the figures for new business and in the order book at the end of the year, which allows us to be confident in 2010 and to continue growing in the future. Telvent has also continued to strengthen its position in every region where it is present, winning new contracts for strategically important projects and positioning itself as one of the leading companies in the Smart Grid market or in intelligent electricity networks.

Last year was also important because of the successful integration of DTN, both in terms of the business and its people, so that it is now a better company with synergies yet to be exploited, which will position the Group well in order to compete in the expanding information services sector. Furthermore, 2009 also saw the acquisition of assets from North Lakes Data Corp., including its TollPro administration software for toll collection, which strengthens the company's position as a leading supplier of electronic toll collection systems around the world. Finally, an agreement was also reached to acquire the remaining 42 % of the international company Matchmind, which will help consolidate its complete integration two years earlier than expected.

All of these achievements have been recognized by the market. Telvent was ranked 70th in the annual classification of the 100 fastest growing companies in the world, according to America's Fortune magazine, and 15th within technology companies. Telvent has also been selected to form part of the new NASDAQ OMX® Clean Edge® Smart Grid Infrastructure stock index, proof that Telvent is seen as one of the leading companies in the development of intelligent electricity networks.

In 2009, Telvent continued to offer high value added products and solutions in all its business activities while as expanding its presence in key geographical regions, laying the groundwork to create new opportunities and becoming a more diversified company.

- Energy accounted for around 30.8 % of total business in 2008 with sales of €235.1 M, an increase of 13.6 % over the previous year. It is worth highlighting the increase in activity in the USA and Latin America. During 2009 Telvent's customers have expressed great interest in the Smart Grid solutions, which has translated into an increase in new business as well as a larger customer base, winning new strategically important contracts that will act as global references, such as Fortum in Finland, Guizhou Power in China or Progress Energy in the USA.
- Transport was the second most important segment in terms of sales in 2009, accounting for 28.6 % of the activity during the year, despite a slow down in Telvent's business in this area compared to the previous year due to a predicted decline in new business in the international transport division.
- Environment ended the year with sales of more than €61.8 M, a jump of 28.8 % compared to the previous year. Telvent has consolidated its meteorological forecasting and observation services and solutions, strengthening its presence in the USA.
- Agriculture ended the year with sales of €77.5 M, EBITDA margin of around 80 % and nearly 600,000 subscribers. This segment supplies real time information that helps to optimize the production and distribution of agricultural products as well as offering services and information that help to increase the transparency of broker transactions in organized markets for agricultural products. The business is based in the USA and continues to have a subscriber retention rate of more than 90 %.
- Global Services has also recorded growth during the year with sales of €170.8 M, an increase of 2.1 %, despite a decline in business related to public administrations in Spain. This segment serves the technology requirements of customers in all other areas, offering consultancy, outsourcing and systems integration services primarily in Spain.

Analysis of the Industrial Engineering and Construction Business Unit Income Statement

During 2009, the Industrial Construction and Engineering Business Unit continued its growth from previous years with a 29.2 % increase in sales to €2,576.2 M compared to 2008.

The higher sales were driven by the healthy performance of all of Abeinsa's aforementioned business lines. This positive evolution has improved the operating margins of projects, which combined with the coming online of new transmission line concessions in Brazil has allowed the company to improve its EBITDA/Sales ratio to 14.1 %.

Industrial Engineering and Construction (M€)	2009	2008	Var. (09-08) (%)	2007
Consolidated Sales	2,576.2	1,993.5	29.2	1,485.4
EBITDA	362.9	236.3	53.6	204.0
EBITDA / Sales Margin (%)	**14.1**	**11.9**		**13.7**

In terms of the performance of the Business Unit, important contributions came from the construction of biofuels and solar thermal plants by Abener; an increase in the international activity of Inabensa; and concessions for high voltage lines in Latin America, most notably the start of construction of the Río Madeira direct current line that will be 2,375 km long.

This growth in the business and international development has positioned Abeinsa as one of the global leaders in its sectors. According to the latest data published by the magazine Engineering New Record, Abeinsa is the leading company in the world in terms of international contracts related to the construction of electricity distribution and transmission infrastructures, and is ranked second in terms of energy infrastructure construction.

By divisions:

- In the Energy activity, Abener Energía has performed well thanks to the turn-key construction of plants for Abengoa Bioenergy (bioethanol plant in Holland with the capacity to produce up to 480 ML of bioethanol from corn or wheat, and two bioethanol plants in the USA in Indiana and Illinois, with a capacity of 333 ML each) and for Abengoa Solar (construction of three 50 MW parabolic trough plants).
    - It is also worth highlighting the turn-key construction of the world's first combined cycle-solar hybrid plant with 150 MW (in Hassi-R'Mel, Algeria), as well as the Ain-Beni-Mathar plant (Morocco) with 470 MW of power, which will use combined cycle technology integrated with a solar field of parabolic trough collectors. Both projects represent a combined investment of nearly €800 M.
    - In this international development, Abener Energía, together with Abengoa México, has been awarded the contract to construct and operate for 20 years, a 300 MW co-generation plant in Tabasco (Mexico).
- In Facilities, we consolidated the figures reported in 2008, due to the correct execution of our projects during 2009.
    - The implementation of Lot 2 of the Siepac project (the electrical interconnection system for Central American countries), consists of a 230 kV power transmission line and the simple circuit 400 kV Misurata-Surt-Ras Lanouf-Agdabia line, which is 575 km long.
    - The award of the contract for Lot A4 and Lot A7 of an 800 kV direct current transmission line from Biswanath Chariyali to Agra and from Gorakhpur and the River Gomti. The combined projects will require the construction of 401 km of direct current line in India.
- In Installations, the concessions activity of Inabensa has developed well through participation in the construction of singular buildings and the subsequent management of the concession company. This business line includes the ongoing construction of the new hospital and external consultations building of the Hospital

Costa del Sol in Marbella (Málaga) and construction has begun on the State of Mexico Cultural Centre in Texcoco.

- In Marketing and Ancillary Manufacturing it is worth noting the 100 % increase in sales compared to 2008, which was consistent across all companies in this business line both for sales agents and Eucomsa. Manufacturing for the solar energy parabolic trough collector plants is particularly important for the latter.
- In Telecommunications, Abeinsa has continued to develop its traditional telecommunications network integration and turnkey projects activity during the year.
- In Latin America the activity has grown significantly by 8.6 % compared to 2008. Operations in Brazil included the construction of 3,900 km of high voltage lines. In the transmission line concessions business, Abeinsa recorded annual EBITDA of approximately €120 M.

Transmissions Lines (M€)	2009	2008	Var. (09-08) (%)	2007
Consolidated Sales	142.1	130.9	8.6	107.2
EBITDA	120.2	114.7	4.8	91.1
EBITDA / Sales Margin (%)	**84.6**	**87.6**		**85.0**

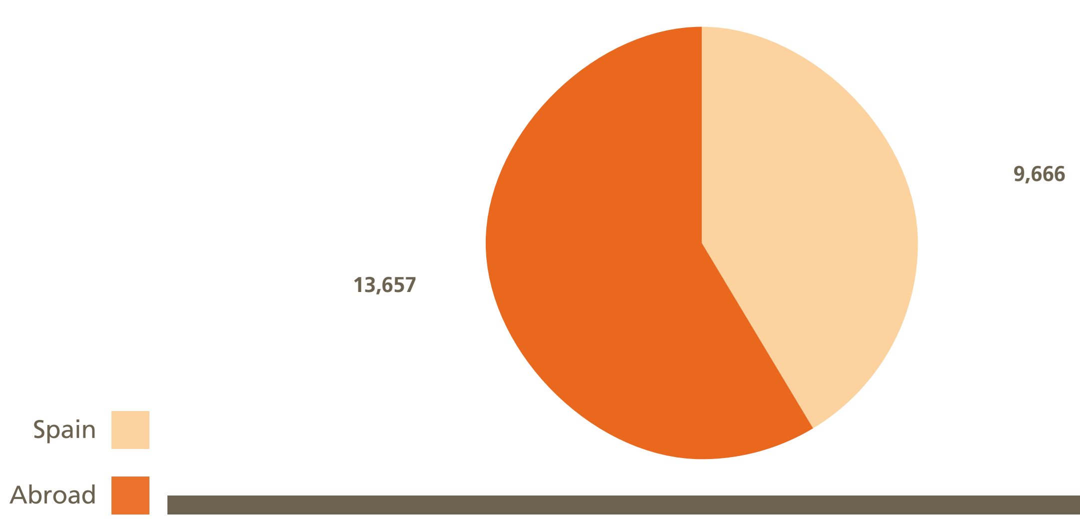
  - In Latin America in 2009, Abeinsa was awarded new concessions for high voltage lines, which consolidates its concession activity in Brazil, Chile and Peru. In Brazil it was awarded the contract for two 230 kV sections of electricity transmission lines with a total length of 1,500 km.
  - In Peru, Abeinsa was awarded the concession to operate the 200 kV Carhuamayo-Carhuaquero transmission line over a distance of 670 km.
  - The progress of Teyma Uruguay has been very important this year with the establishment of Teyma Internacional and Teyma España, with works in Europe and Africa and its consolidation as the leading Uruguayan construction company.

- In the environment segment, Abeinsa New Horizons has continued to develop its commitment to sustainability, significantly increasing its investment in R&D&I in fuel and hydrogen cells through its subsidiary Hynergreen Technologies, as well as in new energy efficient and renewable energies through the R&D division of Instalaciones Inabensa.
- Zeroemissions Technologies encompasses the carbon “trading” activities and CDM projects associated with the Kyoto protocol. We have signed contracts for carrying out CDM (Clean Development Mechanisms) projects with companies in various countries, such as China and India.

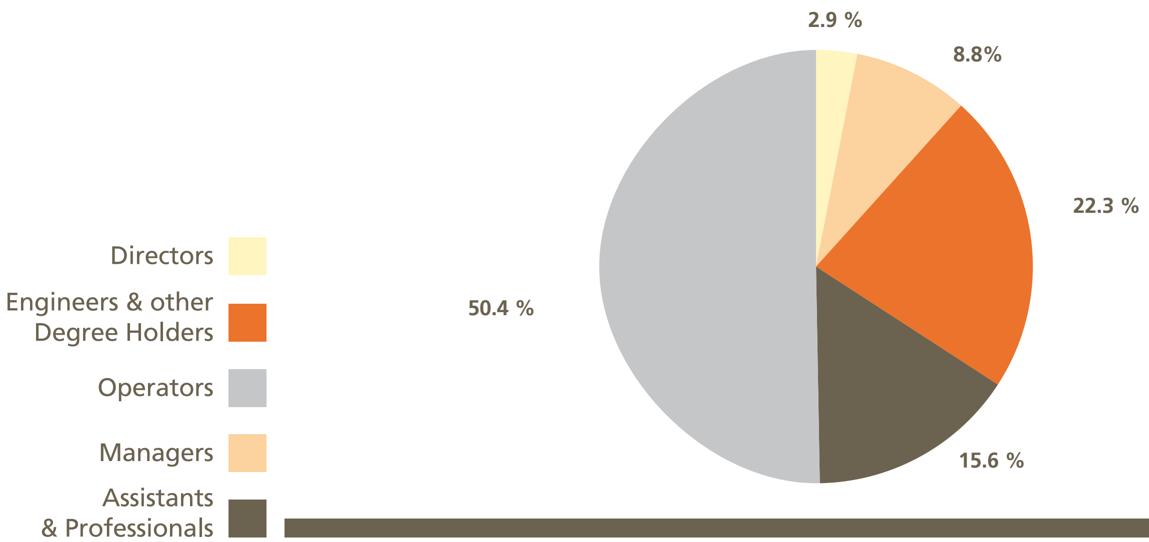
Evolution of the Workforce

The average workforce of Abengoa in 2009 was 23,323, a 0.4 % increase on the previous year (23,234)

Geographical distribution



Professional Groups



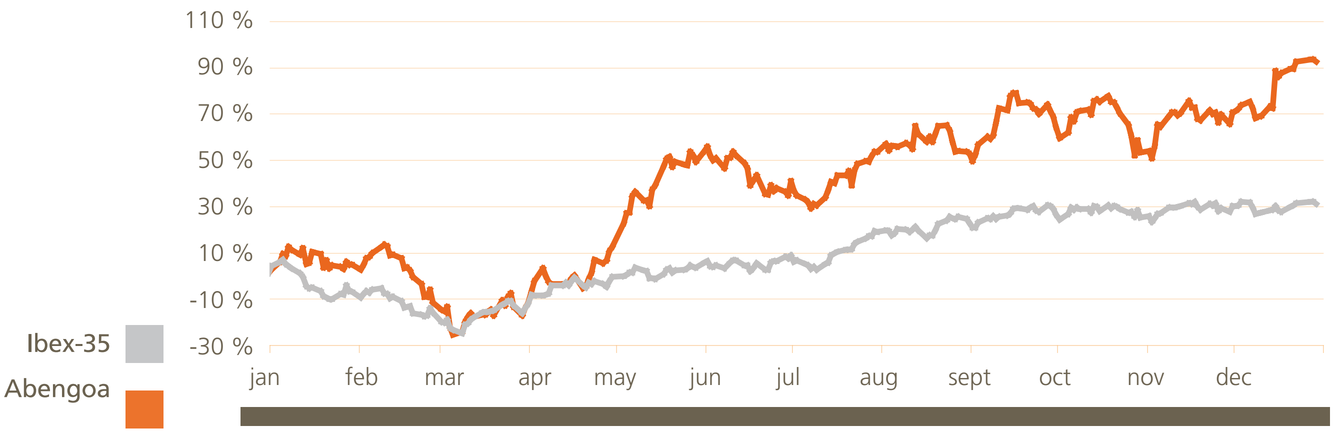
Stock Exchange Evolution

According to the figures supplied to the company by Bolsas y Mercados Españoles, 91,400,098 shares were traded in 2009 equivalent to an average daily volume of 359,842 shares and an average traded cash value of €5.9 M per day.

	2009	2008	2007	2006	2005
Thousands of Shares	90,470	90,470	90,470	90,470	90,470
Earning per share (€)	1.88	1.55	1.33	1.11	0.73
Dividend per share (€)	0.19	0.18	0.17	0.17	0.16
Quotation (€)	22.60	11.80	24.18	27.81	12.41
Capitalisation (M€)	1,792	1,068	2,188	2,516	1,123
Average daily trading volume (M€)	5.9	8.3	14.4	9.4	2.3

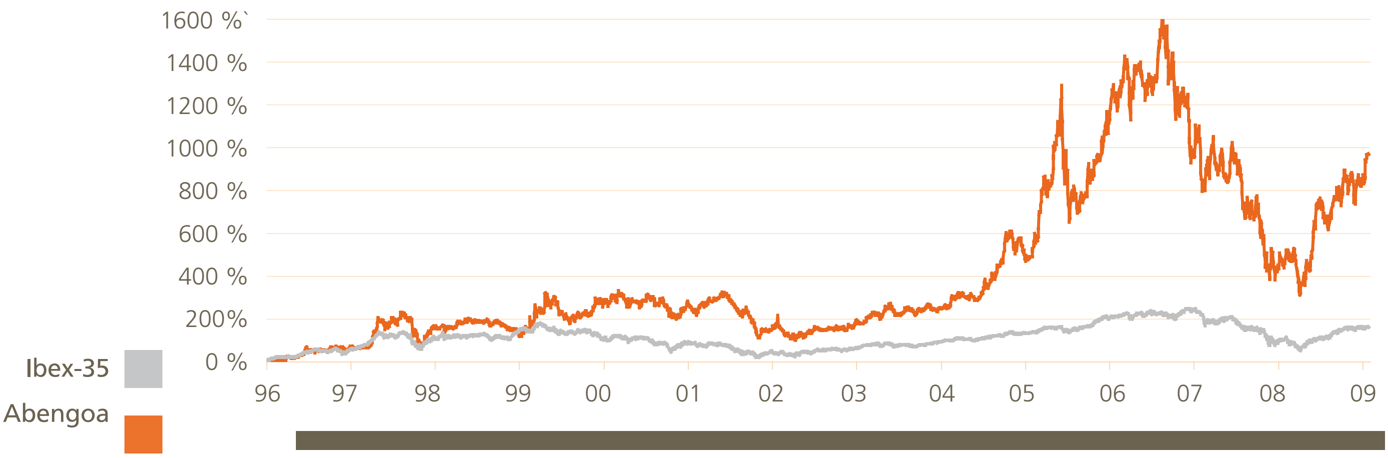
The final listed price of Abengoa's shares in 2009 was €22.60, which is a 91.5 % increase on the closing price for the previous year (€11.80). Minimum, maximum and average listed share prices in 2009 were €8.55 (March 9th), €23.15 (December 28th) and €16.28, respectively.

Evolution on the Stock Exchange 2009



As a historical reference, since Abengoa's Initial Public Offering on November 29, 1996, the company's shares have revalorized 961.7 % which is more than ten times the initial price. During this same period, the select IBEX-35 has revalorized 155.8 %.

Evolution since Abengoa Initial Public Offering (11.29.1996)

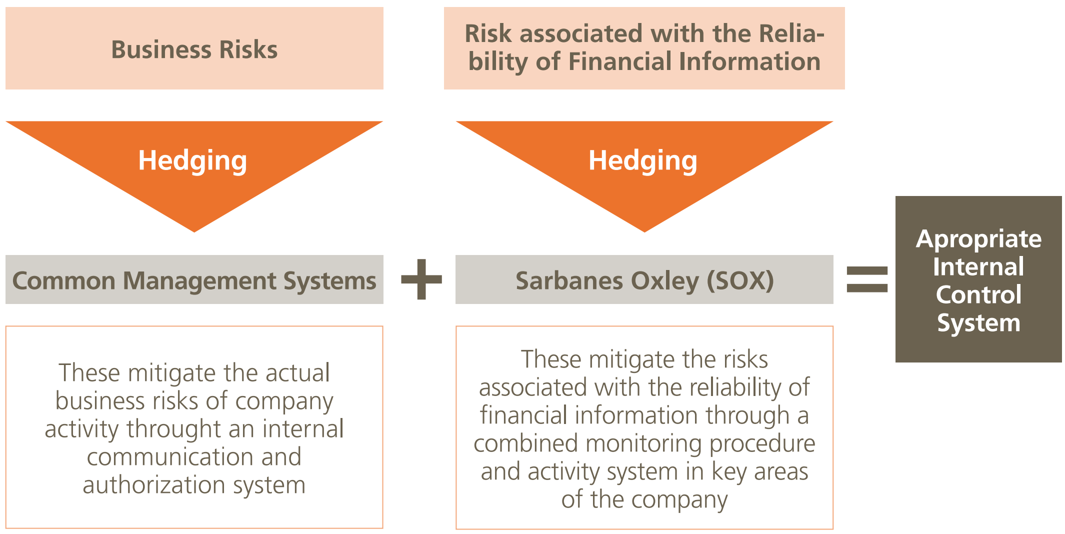


Risk Management in Abengoa

Our environment is defined by the extraordinary acceleration in technology; the speed of social, economic and political change; and the need to create value.

To deal with the threats in the above scenario, as well as to make the most of the opportunities that may arise, Abengoa believes that risk management is an essential activity and function for taking strategic decisions and that it is necessary to have criteria and methodologies to ensure safe the business growth.

Our risk management model comprises two key elements



Both elements comprise an integrated system that allows risks and controls to be appropriately managed at every level of the organization.

This is a dynamic system that undergoes continuous modifications in order to stay up to date with the reality of the business.

Business Risk

Our "Common Management Systems" represent a common culture for Abengoa's different businesses. They identify the risks, establish the coverage and define the control mechanisms. They are comprised of eleven rules that define how each of the potential risks included in the Abengoa risk model must be managed.

The "Common Management Systems", which carry out the necessary business and risk management processes in Abengoa, encompass every business group and area of activity and involve the different levels of responsibility. They include specific procedures that cover any action that may generate a risk to the organization, both financial and non-financial.

The people responsible for each of the Rules of the Common Management Systems must verify and certify compliance with these procedures. This annual certification is issued and presented to the Audit Committee in January of the following year.

The risk universe in Abengoa is structured in the following way:

The analysis methodology for these risks is described in one of these Rules and comprises the following phases:

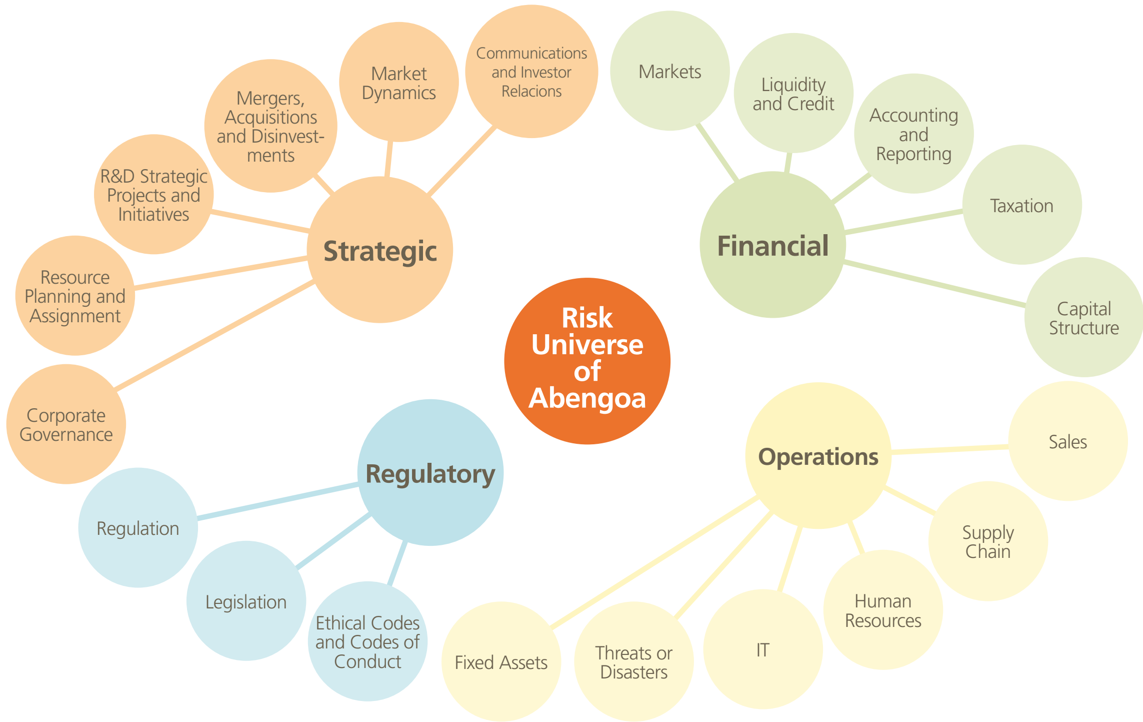
1. Identification of the risks: carried out using the Preliminary Risk Identification document in order to detect the level of risk of a business or project and to determine if it requires a more in-depth risk analysis.
2. Qualitative risk analysis: examines the risks of the business or project that are deemed necessary due to their significance; it indicates the consequences that could arise in the event that they occur; and it determines the coverage to implement.
3. Risk quantification: financially assesses the impact of each risk.

Risks relating to the reliability of financial information

In 2004 Abengoa began a process to adapt its internal control structure for financial information to the requirements of Section 404 of the Sarbanes-Oxley Act (SOX). This process continues to be implemented in new corporate acquisitions.

The SOX Act was passed in the USA in 2002 in order to guarantee transparency in the management, accuracy and reliability of the financial information published by companies listed in the US market ("SEC registrants"). This law requires these companies to subject their internal control systems to a formal audit by their annual accounts auditor, which must also issue an independent opinion.

According to the instructions of the Securities and Exchange Commission (SEC), all listed companies and groups in the North American market must comply with this law. Although only one of Abengoa's business groups (Information Technology, Telvent) is required to comply with the SOX, Abengoa believes that these requirements should apply to all its companies, including its NASDAQ listed subsidiary, and these requirements are supplementary to the risk control model used by the company.



At Abengoa we see this legal requirement as an opportunity for improvement and far from being satisfied with the conditions included in this law, we have tried to further develop our internal control structures, control procedures and the evaluation procedures applied, as much as possible.

This initiative has arisen in response to the rapid expansion of the group over the last few years and its expectations for future growth, in order to be able to continue guaranteeing our investors precise, timely and comprehensive financial reports.

In order to comply with the requirements of Section 404 of the SOX, Abengoa has redefined its internal control structure following a top-down approach that involves the initial identification of the important risk areas and an evaluation of the controls that the company has for them, beginning with those carried out at the highest level (corporate and supervision controls) and proceeding to evaluate the operational controls in each process.

Some 53 different processes have been identified that could have a potential impact on the generation of the company's financial information. There are more than 400 essential control activities in total, which are subjected to continuous supervision by the Group's internal audit teams.

Furthermore, our internal control system is evaluated by our external auditors, who issue an opinion on it based on the PCAOB (Public Company Accounting Oversight Board) auditing standards applicable to listed companies in the United States (SEC registrants).