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Report from the chairman

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2011 was a good year for Abengoa. Our innovative technology solutions for sustainability enabled us to once again report double-digit growth in spite of the adverse conditions plaguing current financial markets. We continue to reinforce our commitment to technology, the key driver of the company's business today, in order to continue contributing to the enhancement of quality of life for all.

We are executing our strategic plan, making investments and closing financing on the corresponding projects. This, in conjunction with asset rotation and positive cash-flow generation from both engineering projects and industrial plants and concessions, helped us bring down our net debt and generate a total of 1,353 M€ in cash flow from operations.

Our revenues increased by 46 % over 2010, totaling 7,089 M€; ebitda totaled 1,103 M€, climbing by 36 %, and net income rose by 24 % from last year's figure for a total of 257 M€.

Our objective in 2012 is to keep growing and strengthen our financial structure, while taking into consideration today's complicated global context. It was for this reason that, in 2011 we welcomed First Reserve as a shareholder. As one of the major international investment funds specializing in the energy industry, their investment of 300 M€ reflects unequivocal support of our strategy. We also secured a significant strategic alliance with the Companhia Energética de Minas Gerais (CEMIG), one of Brazil's largest electrical power companies, which will enable us to develop new projects together. This alliance generated 479 M€ in cash proceeds for Abengoa and a reduction in net consolidated debt of 642 M€. Finally, the sale of our stake in Telvent allowed us to decrease net debt by 725 M€ and this move also marked the successful culmination of our presence in the systems integration sector.

As an overall result of the above, at year-end 2011, net corporate debt dropped to 0.1 times our corporate ebitda, for a total of 120 M€, and total net debt, including non-recourse financing associated fundamentally with our concessions, was lowered to 5,510 M€, representing 5.0 times our consolidated ebitda. We ended the year with a cash position of 4,752 M€, which will allow us to meet our anticipated investment and debt commitments in 2012 with confidence.

The innovative spirit that inspired our founders more than 70 years ago is still alive today at Abengoa. We ended the year with a total of 190 patents, 43 granted and the others pending, thanks to the team of 682 people devoted to R&D+i under the direction of Abengoa Research.

The technological foundation for our products gives us our leadership position in the energy and environmental sectors where we operate in three business segments: engineering and construction, concession-type infrastructure, and industrial production.

Engineering and construction

Our solid geographical diversification, coupled with the rise in demand for our solutions, contributed to our 53 % growth in revenue, totaling 3,526 M€. New project orders over the past twelve months helped us to end the year with a backlog worth 7,779 M€.

Such projects include the Zapotillo aqueduct in Mexico, two new CSP plants in South Africa (one of which employs tower technology): new high-voltage lines in Latin America and Southeast Asia, and new desalination facilities in Africa.

In the meantime, construction is progressing well on the two largest CSP plants in the world, located in Arizona and California (USA).

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Concession-type infrastructures

Over the course of 2011, we produced more than 2,500 GWh of power through our solar, hybrid and cogeneration plants, including bringing 3 new plants online with an installed power output capacity of 250 MW. In addition, we generated 82,405 ML of desalinated water with the start-up of our new plant in Algeria.

The total power output capacity of our power plants, installed and under construction, is 2,405 MW, and we have plants, located in the US, Mexico, Brazil, Uruguay, Spain, South Africa, India and Holland. Additionally, we are currently building new desalination plants in China, Algeria, and Ghana, as well as various power transmission lines in Brazil and Peru.

Industrial production

Our industrial recycling and biofuel businesses continue to grow, bringing in revenues of 3,136 M€, a 39 % increase over last year. This is the result of producing 2,758 ML of biofuel, recycling 1.24 Mt of steel and aluminum, and managing more than 0.93 Mt of industrial waste.

Our future options include: Abengoa Water, Abengoa Hydrogen, Abengoa Seapower, and Abengoa Energy Crops.

Diversification and growth

The company's growth model is based on simultaneous management of our three horizons, or short, medium and long term objectives.

We maintain steady cash flow in our conventional Horizon 1 businesses, we invest in the growth of emerging Horizon 2 businesses, and we support numerous options for the future along Horizon 3 that will transition to Horizons 1 and 2 in the coming years.

Our international business accounts for 73 % of our total revenues, with Brazil standing out at 21 %, as well as the US, representing 19 % of the total figure.

Human capital, innovation, and employment

We have always said that the future depends on the creativity of the present. An the present, in turn, depends on the training and dedication of the people who make up Abengoa, which today totals more than 22,000 professionals, up by 9 % over last year.

In 2011, we invested in more than of 1.4 M hours in training, and we introduced joint programs with renowned universities in various locations where we operate around the world.

We also unveiled the Loyola-Abengoa Research Center for the purpose of promoting the development of research activities and teaching focused on renewable energies and sustainable development.

Auditing

Once again this year, our internal control system underwent an independent evaluation process in accordance with the PCAOB auditing standards. Our Annual Report incorporates five independently verified reports covering the following areas: annual accounts, the SOX (Sarbanes Oxley)-based internal control system, Corporate Social Responsibility, Corporate Governance, and design and application of the company's risk management system in compliance with ISO 31000 specifications.

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Sustainable development

Abengoa's commitment to sustainability is a priority in all of our actions. We strive to reduce the environmental impact of our business with the help of an integrated sustainability management system that makes it possible for us to measure and compare our activities footprint and set improvement targets.

Another expression of Abengoa's corporate social responsibility is the Focus-Abengoa Foundation which contributes to the cultural and social enrichment of the communities where we are present.

Our stakeholders and all interested parties can learn more about our activities and performance, including our accomplishments, areas for improvement, future challenges, and 2012 goals in the Corporate Social Responsibility Report, which was prepared applying the principles of the Global Reporting Initiative (GRI) and the AA1000 Sustainability Assurance Standard.

We welcome all ideas or opinions that may help us improve and meet our objectives in upholding the commitment to sustainability we have undertaken. Feedback is welcome through the corporate social responsibility mailbox (csr@abengoa.com), our website (www.abengoa.com) and our corporate blog (blog.abengoa.com).

In summary, 2011 was a year of growth and accomplishments, which is a particularly significant given today's adverse economic environment. We are confident that 2012 will be a year of opportunities. We shall continue investing to solidify our businesses in high-growth sectors, contributing to the expansion of future options, and exploring new opportunities that allow us to create sustainable value.