03. Management of capitals

03.1. Financial capital

Current financial situation

Goals set forth in the 2019-2023 SPCSR

Transparency

- **Prepare and disseminate** materials that show the company's **positioning** and respond to the **needs** of institutional **investors** who value the commitment to sustainable development.
- Recover **presence in sustainability indices**, FTSE4Good, CDP, Robecosam, etc.

2018 has been marked not only at the financial level, but also from an organisation and business standpoint, by the restructuring completed in March 2017 and by the new financial restructuring process that began at the end of 2018 and completed on 26 April 2019, which will allow the company to continue its activity in a competitive and sustainable way in the future.

The restructuring completed in 2017 had a very profound impact at different levels:

- **Reduction of financial risk** due to the significant decrease in financial debt.
- **Increased liquidity** used for repayment of old debt and restructuring costs.
- **Reorientation of the business model** with a focus on EPC activities for third parties, without the need for investment.
- **Reduction of the size of the organisation**, adapting it to the new business strategy, with the consequent reduction in overheads.

However, **getting activity back to normal** following the financial restructuring process completed in March 2017 has been slower than expected and, therefore, in order to ensure the group's viability in the short and medium term and to be able to continue its activity in a competitive and sustainable manner in the future, **it is necessary**:

- To have a stable platform that allows **access to capital markets** to finance its working capital.
- To **access new lines of guarantees** to ensure the growth of its engineering and construction business.
- To maintain an **adequate financial structure** for the business model to be developed in the future.

To achieve these objectives, the company has been working on additional actions, specifically a **new 10-year viability plan**, as well as a new financial restructuring process.

Abengoa's financing model

The financial restructuring completed on 31 March 2017 involved a significant change in the capital structure, shareholding composition and medium-term financing model.

The financial debt at 31 December 2018 amounted to € 4,727 million [1] and, in relation to the financial restructuring, is classified in the following **categories**:

- **New money**: this represents the new liquidity injected into the company in 2017, amounted to € 629 million at 31 December 2018 (during 2018 this tranche of debt has been partially repaid through sale of the stake in Atlantica Yield). Despite maturing in 2021, this debt is classified as short-term in accordance with the applicable accounting principles in connection with the new debt restructuring in progress. This tranche is expected to be repaid with the proceeds from the sale of the A3T cogeneration plant in Mexico.
- **Old money**: € 2,714 million in substitution of pre-existing debt that was in remission or capitalised. This tranche of debt has a long-term maturity (2022/23 extendable for a further two years) but is accounted for on a short-term basis in accordance with the applicable accounting principles in connection with the new restructuring under way.
- **Other corporate debt**: debt of various types and maturities that has not been restructured, amounting to € 1,064 million.
- **Project debt**: € 320 million.

Note 1 For further information, consult the financial statements available at www.abengoa.com. This figure excludes € 929 million corresponding to debt from projects classified as held for sale.

Depending on the **type of financial instrument**, the € 4,727 million of financial debt is classified into:

- **Capital markets** (40 % of financing): consisting mainly of new bonds issued under the headings "New money" and "Old money".
- **Loans with credit institutions** (38 % of financing): consisting of new loans signed mainly with credit institutions for "new money" and "old money".
- **Other borrowing** (22 % of financing): mainly includes executed collateral and financial guarantees.

Transparent communication *102-34, 102-44*

Abengoa finds it **essential to continuously enrich the information provided to its stakeholders**, providing contents that are increasingly completer and appropriate to their demands and circumstances, thus building better relationships while perfecting the channels of dialogue in order to offer a greater flow of information. This commitment becomes even more relevant, given the delicate situation of the company in recent years and the huge impact this situation has had on its stakeholders.

During 2018, the usual activity in communication with investors continues to be clearly marked by the financial crisis of the last three years. In these extraordinary circumstances, for example, roadshows and conferences with investors have not been held. However, **presentations of quarterly results to the market** continue and **individual meetings have been held with institutional investors** to re-establish dialogue about the company's business activity and future. In addition, in 2018 **regular meetings were held with groups of individual shareholders**.

Throughout this time, the company has continued the efforts that started in 2016 to keep its investors (both shareholders and creditors) and shareholders informed of the progress of financial restructuring and to explain the details thereof and the economic impact it would have on their investments in Abengoa.

These initiatives materialised in 2018 in the following actions:

Conference calls	› Carrying out four conference calls through the website for the presentation of quarterly or half-yearly financial results. › Conference call through the website to explain the proposed new financial restructuring carried out on 1 October.
Institutional investors and shareholders	› Several meetings with key institutional investors to obtain the necessary consent for execution of the company's strategy, in accordance with the terms of the new money. › Three meetings with shareholders.
Shareholders website	› Number of visits to the shareholder website: 135,348 visits, equivalent to 21% of the total number of visits received through www.abengoa.com.
Shareholder mailbox	› Management of around 3,400 requests through the shareholder mailbox.
Telephone helpdesk	› Telephone helpdesk for all shareholders, bondholders and bond custodians who have doubts about the restructuring processes.
Analysis agencies	› Very limited communication with analysis agencies, many of which ceased to cover Abengoa due to the company's situation. None of these agencies closed the year with a positive recommendation.

The main doubts and questions received from stakeholders in the shareholder mailbox and through telephone queries have been related to:

- **Effect of** the March 2017 **restructuring** for investors:
  - Dilution for existing shareholders and issuance of warrants [2].
  - New debt instruments issued.
- 10-year **viability plan** published.
- **Financial results** throughout the year.
- Progress in the **sale of assets**: stake in Atlantica Yield and A3T cogeneration plant in Mexico.
- Effects of the **new restructuring proposal**.
  - Exchange of debt instruments for new convertible instruments.
- Information on the various **consents requested from financial creditors** for the ongoing financial restructuring.

The **shareholders and investors section** of Abengoa's website is the most visited, followed by the home page, with approximately 20% of the visits. Within this section, stakeholders will be able to find a large amount of relevant information, the most prominent of which is as follows:

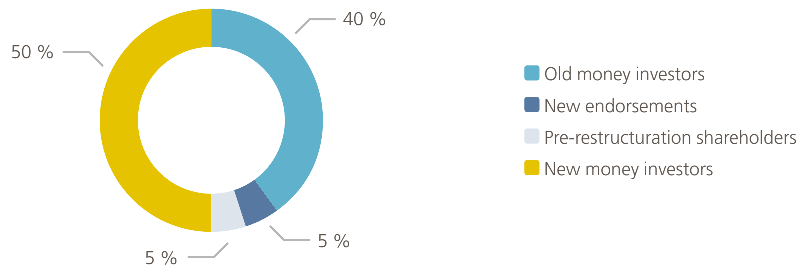
- Section devoted to financial restructuring.
- Relevant facts and other communications to the CNMV (Spanish stock market commission).
- Annual Report.
- Presentations.
- Share information.
- Fixed income and bonds.
- Structure of governing bodies.

Among all these aspects, far and away the most visited sections have been those devoted to the restructuring process and the relevant facts.

Note 2 Share purchase rights

Shareholding structure

The new shareholder structure resulting from the March 2017 financial restructuring was as follows: *102-5,102-7*



Since then, there has been a high turnover among Abengoa shareholders, meaning that currently there are only two shareholders with significant shareholdings (more than 3 % of the vote):

- Secretary of State for Trade - Ministry of Economy, Industry and Competitiveness with 3.15 % [3].

Abengoa is a listed company with a share capital of € 36,865,862.17, represented by 18,836,119,300 shares, fully subscribed and paid up, belonging to two different classes:

- 1,621,143,349 Class A shares [4], with an individual face value of € 0.02, which individually confer 100 votes.
- 17,214,975,951 Class B shares [5], with an individual face value of € 0.0002, which individually confer one vote.

Class A and Class B shares are admitted to official trading on the Madrid and Barcelona Stock Exchanges and on the Spanish Stock Exchange Interconnection System (Continuous Market) [6].

Note 3 Figures as of 31 March 2019.
Note 4 Class A shares: shares having one hundred votes per share (+ info)
Note 5 Class B shares: shares having one vote per share (+ info)
Note 6 Spanish Stock Exchange Interconnection System (SIBE): an electronic platform for trading national stock exchange equities that provides real-time information on the activity and trend of each security.

Class A shares have been admitted to trading since 29 November 1996 and class B shares since 25 October 2012.

Share trend

The stock market evolution of Abengoa's shares during 2018 has been determined by the implementation of the restructuring process completed in March 2017 and the dilution of the pre-existing shareholders through the share capital increase carried out. This dilution was reflected in the share price as from 31 March 2017, the date on which the newly issued shares began to be listed.

The class B share began in 2018 at € 0.011/share, in line with the end of 2017, reaching a peak on 15 January with a price of € 0.015/share. From then on, the share maintained a downward trend, characterised by the high volatility that facilitated continuous speculative movements that bore little correlation with the news on the company's progress until 16 April when the company bottomed out at € 0.010/share (the minimum price of the Spanish stock exchange) which remained until 26 October when it fell to € 0.004/share due to the regulatory change that set the new minimum price of the Spanish stock exchange at € 0.0001/share. Thus, share B closed 2018 at € 0.003/share.

The Class A share began the year at a price of € 0.028/share, reaching its maximum price in June (€ 0.037/share) and closing the year at a price of € 0.015/share.