



BUSINESS AS UNUSUAL

EXECUTIVE SUMMARY

2017

INTEGRATED
REPORT



INTERVIEW WITH THE CHAIRMAN

José Manuel Entrecanales

Chairman of ACCIONA

WHAT DO YOU THINK IS THE MOST OUTSTANDING FEATURE OF THE 2017 RESULTS?

The 2017 results were solid, and actually exceeded our expectations. ACCIONA's strategic decisions in recent years have contributed to strengthening its value generation model and fulfil the financial objectives, not only in terms of growth, but also in terms of the balance sheet.

This is confirmed by the figures, with 7 % EBITDA growth compared to 2016 despite lower power generation by the Energy division — attributable to events of force majeure such as the lower wind and rain, and the earthquakes in Mexico — which were offset by the good results in the Infrastructure division, with EBITDA up 33 % on the previous year.

2017 was also important from the perspective of disinvestment operations. With the recent culmination of the operation to sell solar thermal assets in Spain, a process of disinvestment that began in 2013 has now been concluded. The transaction allows us to free up capital for new international projects that offer greater returns and will contribute to balancing the company's presence in different regions. The agreement to sell Trasmediterranea should also be mentioned. At the time of writing, we are awaiting the final administrative authorizations, which are imminent. The sale has been carried out at an opportune moment for the Company, following an efficiency and competitiveness drive.

As a result, we strengthened our balance sheet and improved our leverage projections, reaching our debt target one year ahead of schedule, with lower funding costs and better interest cover.

Moreover, in line with the commitment made during 2016, gross capital expenditure amounted to EUR 900 million in 2017, concentrated mainly in the Energy and Infrastructure divisions.

WHAT ARE THE SHORT- AND MEDIUM-TERM GROWTH PROSPECTS FOR THE ENERGY AND INFRASTRUCTURE DIVISIONS? WHAT CHALLENGES DO THEY FACE?

In the field of energy, demand for renewables continues to grow, which translates into a solid short-term order book driven by the global will to contain the effects of climate change and by renewable energy's growing competitiveness in comparison with conventional energy sources.

However, we must be cautious and look for profitable alternatives to auctions, where competition has intensified in recent years following the excessive liquidity in financial markets and the entrance of new actors applying a speculative model that undermines the market's profitability.

Companies' greater sensitivity to the consequences of global warming and growing environmental awareness on the part of society as a whole are driving the renewable energy supply contracts' market in the private sector. ACCIONA Energy's current client portfolio covers the most strategic markets, including important corporate and institutional clients from a broad range of industries, and that trend is expected to continue in the coming years.

Moreover, microgrid technology hints at the possibility of realistically affordable storage.

ACCIONA'S
STRATEGIC
DECISIONS IN
RECENT
YEARS HAVE
CONTRIBUTED TO
ENHANCING ITS
VALUE CREATION
MODEL

As for the Infrastructure division, internationalisation has enabled us to continue expanding in the last ten years. The year 2017 will be a watershed not only because of the good results, including sizeable growth in construction volumes, but also in terms of new contracts that contribute to strengthening ACCIONA Infrastructure's position in markets where the division is already firmly established.

Some global trends are contributing to demand growth, such as significant expansion by urban and metropolitan areas; the need to adapt to social and environmental requirements, as extreme climate events create a demand for greater resilience; not to mention the growth of the middle class and rising living standards in developing markets.

In this context, ACCIONA is adopting a selective approach to choosing opportunities, focusing on large contracts that are more demanding in technology terms and require high levels of specialisation but offer more attractive returns and better risk profiles.

IN 2017, THE COMPANY'S STRATEGY EMPHASISED FOCUSED GROWTH. HOW DO THE OTHER BUSINESSES FIT IN?

Our mission has not changed: ACCIONA is positioned as a developer of infrastructure – both energy and infrastructure – that is essential for society, taking a long view in pursuit of durability over time. We are also entrepreneurial and constantly seeking new opportunities that are in line with our track record.

Beyond the field of renewable energies and infrastructure development, we are involved in a range of other businesses which, while requiring less capital investment and debt, make a contribution to the group's consolidated bottom line.

Their potential for growth also allows us to maximize their value through strategic operations. In this respect, attention should be drawn to the contribution of productive real estate to Testa Residencial, in line with our strategy of obtaining value from the asset portfolio. ACCIONA Inmobiliaria is indeed centered on the residential development business, in a market that is growing again after several years of recession and which, as well as being more profitable, allows the monetization of our property portfolio and development of synergies with the Company's own construction activities. Meanwhile, Bestinver has consolidated itself as the leader in the independent asset management sector in Spain.

ACCIONA is ready to meet the future. Our highly specialised teams of committed professionals work determinedly to offer sustainable solutions where there are opportunities with a balance between risk and return. Our focus on innovation enables us to handle the most demanding projects and makes us the best choice.

The commitment to sustainability that is a hallmark of ACCIONA is materialised in the Sustainability Master Plan 2020. We are also involved in the main sustainable initiatives worldwide and we participate in the dialogues and debates where decisions are made and major global commitments to the planet and future generations are adopted. We do this out of conviction, and we will continue in this line, encouraged by the progress that has been made in recent years and convinced that we will be part of the solution.

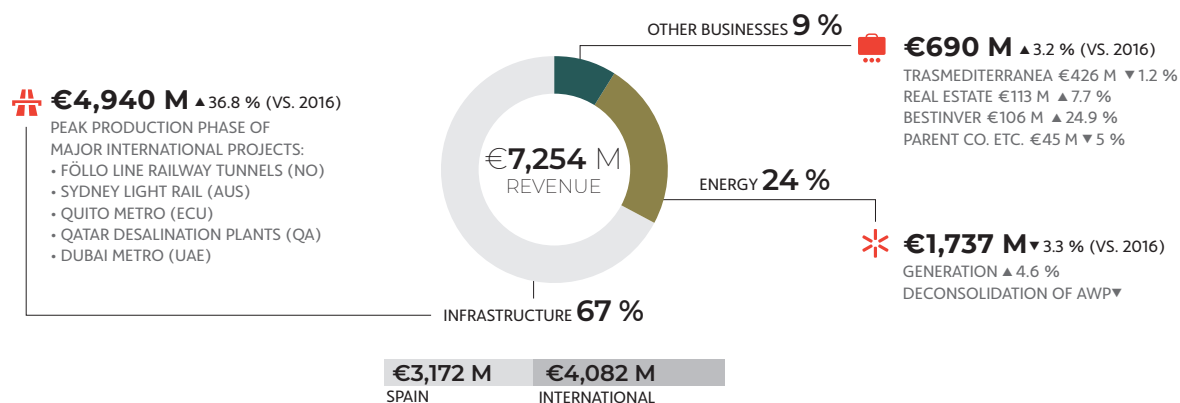
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POSITIONED AS
A DEVELOPER
OF
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OF DURABILITY
OVER TIME

THE COMMITMENT
TO SUSTAINABILITY
THAT IS A
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MASTER PLAN 2020

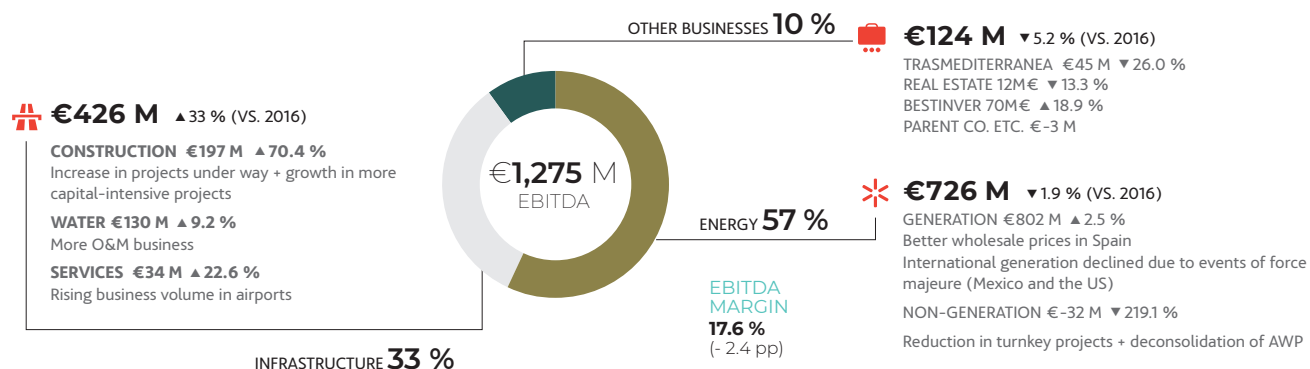
MILESTONES IN 2017

Growth in earnings

GOOD OPERATING RESULTS. A YEAR OF INTENSIVE INVESTMENT, FOCUSED ON PRESERVING PORTFOLIO YIELDS AND ON STRATEGIC DIVESTMENTS



Note: includes €-113 M in consolidation adjustments.



€382 M
ORDINARY EBT

€220 M
ATTRIBUTABLE NET PROFIT

€920 M
GROSS CAPITAL EXPENDITURE

2018 OUTLOOK

MODERATE GROWTH IN EBITDA WHILE MAINTAINING HIGH CAPEX AND PRESERVING BALANCE SHEET STRENGTH

▲ **EBITDA**
(MID-SINGLE DIGIT)

~ **4.0X**
NFD/EBITDA

€~ **900 M**
GROSS CAPITAL EXPENDITURE

€~ **200-250 M**
WORKING CAPITAL

37,403 PEOPLE CONTRIBUTE TO THESE RESULTS EVERY DAY WITH THEIR WORK

ACCIONA ENERGY

Building a sustainable energy system for the world

ACCIONA Energy, with a 20-year track record, is the world's largest renewables-only power generator. The company is positioned as a key actor at the forefront of the global commitment and will to halt climate

change, materialised in the need to transform the current energy model to ensure a secure energy supply that is cost-competitive and environmentally friendly.

BUSINESS MODEL

100 % RENEWABLE

- Leader of the *Top 100 Green Utilities* ranking for the third consecutive year

DIVERSIFIED

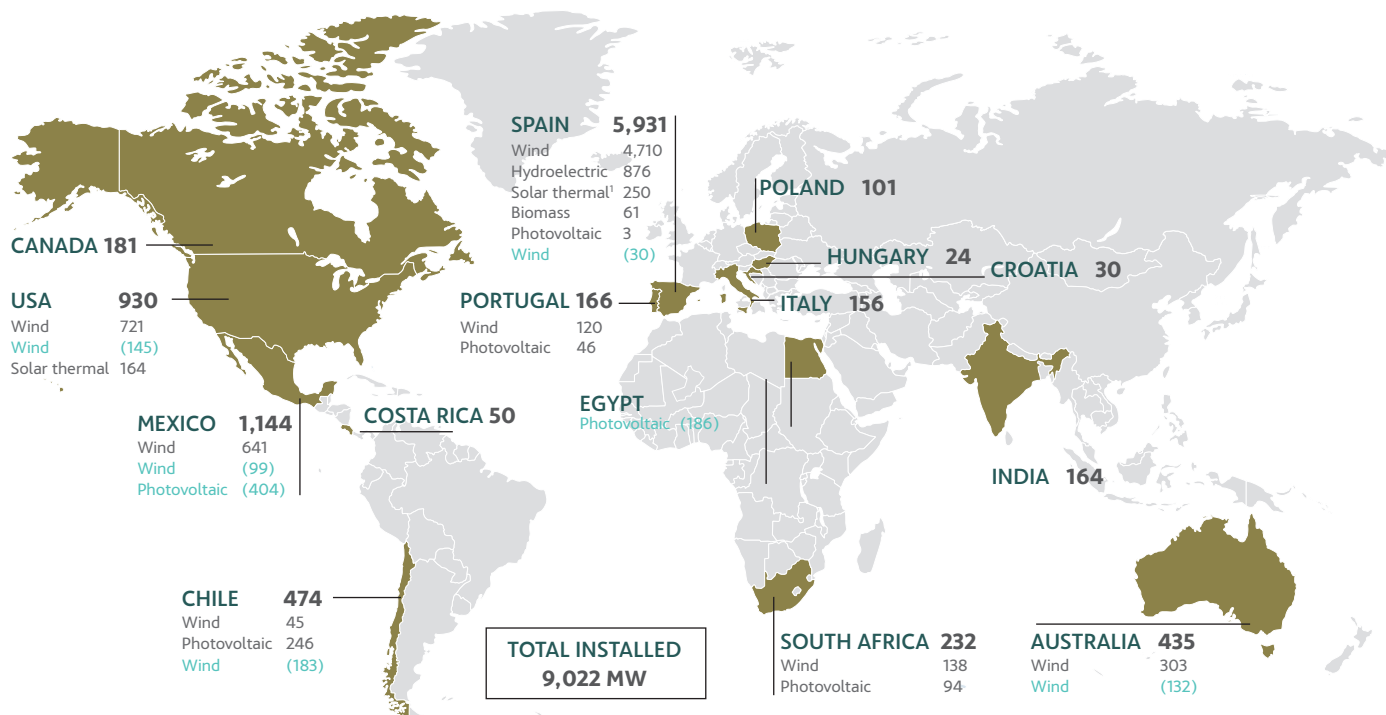
- 44 % of power generation EBITDA in 2017 was from outside Spain
- 47 % of construction in 2018 is photovoltaic
- Two new storage plants

EXPANDING

- 1,263 MW under construction in 2018

A key actor in the international market with a geographically diversified footprint and owned assets in 15 countries

Installed capacity in MW as of 31.12.2017 (photovoltaic: MWp)



Company-owned facilities. Wind, except where indicated otherwise.

(XXX) Capacity under construction in 2018

Note 1. Divestment of 250 MW of thermosolar capacity in Spain in 2018

Note 2. El Cortijo 183 MW (Mexico), under construction to day 30.05.2018, but with 84 MW installed (non-operational) to 31.12.2017

ACCIONA ENERGY IN 2017



ACCIONA INFRASTRUCTURE

ACCIONA Infrastructure is a specialist in developing innovative solutions that respond effectively to the global challenges facing humanity and meet the growing demand for infrastructure and services.

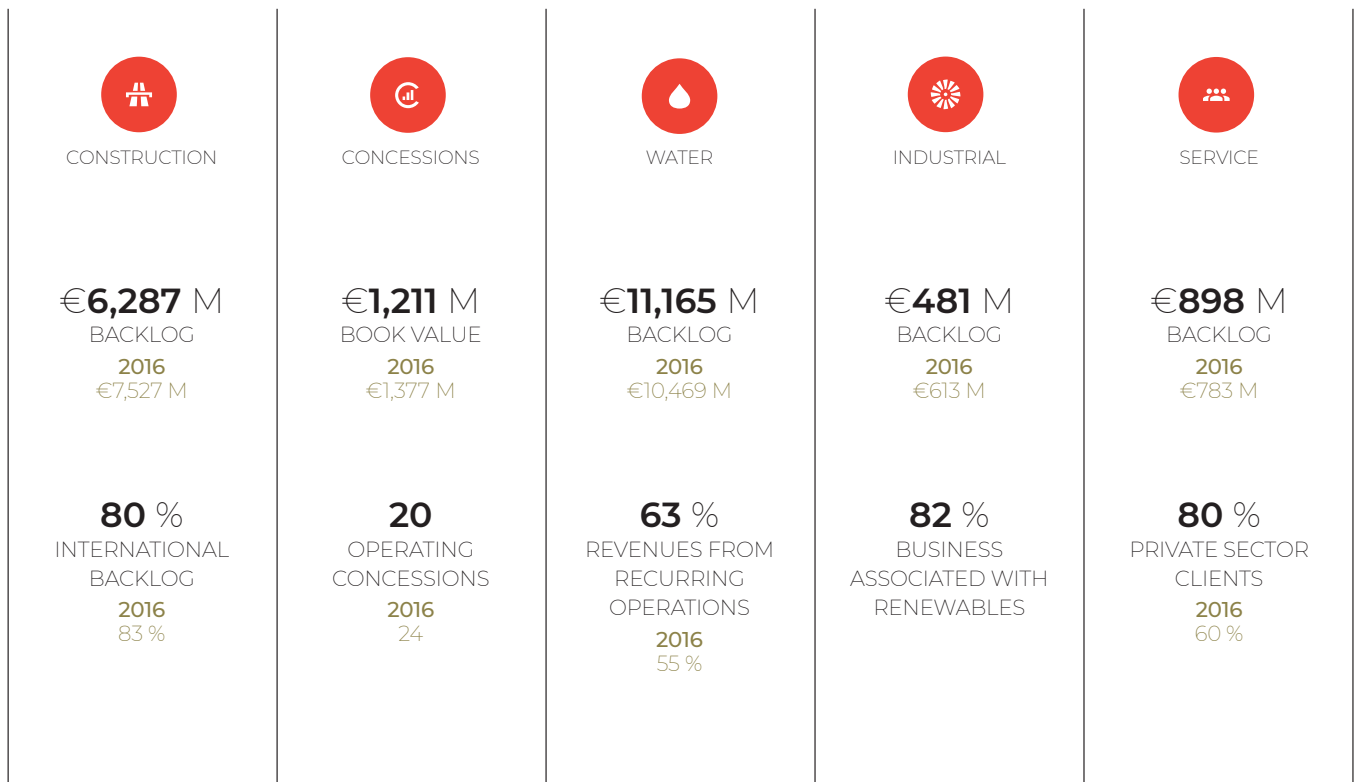
2017 will be remembered for the high output of important international projects, with revenues increasing to EUR 4.94 billion.

The international profile of the division is stronger, with 70 % of the pipeline outside Spain (without taking ATLL into account), and the company has consolidated in its priority regions. This is reflected in:

- Australia, through the Geotech acquisition;
- Mexico and Canada, where the Water business has consolidated, and;
- Chile, with the Andes LATAM Handling acquisition.

ACCIONA
INFRASTRUCTURE
STRENGTHENING ITS
FOOTPRINT IN MARKETS
WITH HIGH POTENTIAL
FOR DEVELOPING
INFRASTRUCTURE AND
SERVICES

BUSINESS PERFORMANCE



ACCIONA INFRASTRUCTURE IN 2017



OTHER BUSINESSES

ACCIONA Inmobiliaria

Over 9,000 homes developed in 25 years

In line with the industry's steady recovery and better current market conditions, the company has implemented a new strategy to focus on real estate development.

Consequently, in 2017 it sold its portfolio of rental properties to Testa Residencial in exchange for 20% of that company, and sold major commercial properties at a 31% premium over net asset value (NAV).

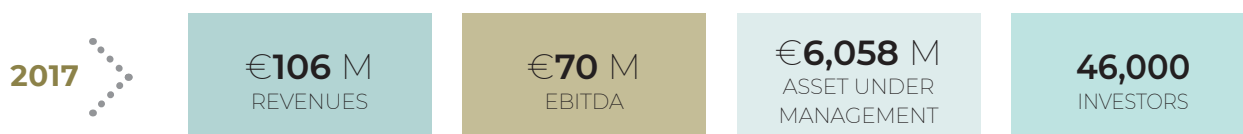


BESTINVER

Bestinver is Spain's leading independent asset manager

Bestinver seeks steady growth in assets under management and works to define consistent portfolios that offer attractive long-term returns.

In the last three years, its Bestinver Internacional fund has appreciated by 40.5% and its Bestinfond by 39.2%.



TRASMEDITERRANEA

Sale agreement

In 2017, ACCIONA reached an agreement to sell its 92.7% stake in Trasmediterranea to Grupo Naviera Armas, under which the enterprise value of 100% of Trasmediterranea is recognised as between €419 M and €436 M, depending on fulfilment of the earn-out conditions

agreed with the buyer. The sale price of ACCIONA's stake is EUR 260.4 million, and the buyer will assume EUR 127.3 million of debt owed by Trasmediterranea to other ACCIONA companies.

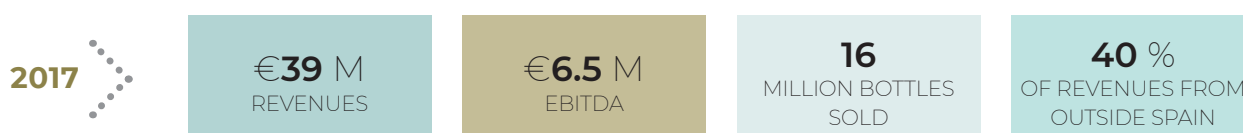


GRUPO BODEGAS PALACIO 1894

Over 120 years' experience in producing and ageing quality wines

Grupo Bodegas Palacio 1894 is one of Spain's leading producers of quality wine, with a presence in 40 markets worldwide. It has over a century of tradition in producing and ageing quality wines in Spain' leading wine regions (D.O. Rioja, D.O. Ribera del Duero, D.O. Rueda,

D.O. Toro). In 2017, Grupo Bodegas Palacio 1894 stepped up efforts with the aim of being recognised as a leading player in the quality wine segment.



ACCIONA AROUND THE WORLD

... WITH A PRESENCE
IN OVER 40 COUNTRIES
ON FIVE CONTINENTS ...

 ENERGY	 INDUSTRIAL
 CONSTRUCTION	 TRASMEDITERRANEA
 CONCESSIONS	 REAL ESTATE
 WATER	 OTHER BUSINESSES
 SERVICE	



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