



BUSINESS AS UNUSUAL

2017

INTEGRATED
REPORT



BUSINESS AS UNUSUAL

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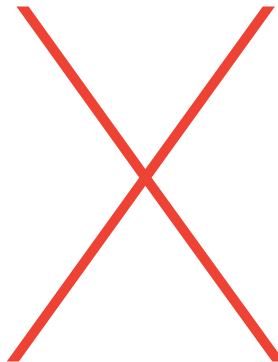
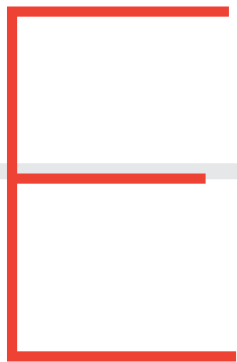
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ABOUT THIS REPORT

This is ACCIONA's sixth consecutive Integrated Report, drawn up in accordance with the conceptual framework provided by the International Integrated Reporting Council (IIRC)⁽¹⁾.

The document seeks to give the reader a simple, coherent and transparent overview of the company's situation and strategy, providing an insight into the key value creation factors and their significance for the company's context and the global challenges facing humanity in the short, medium and long term.

IDENTIFICATION OF RELEVANT MATTERS

This report was drafted having regard to the global context and the trends in the markets in which the company operates, identifying the issues that have the greatest impact on its business.

ACCIONA also provides additional information on issues of relevance to its stakeholders. In 2017, in addition to considering the opinions and assessments of the company's senior management (who are conversant with ACCIONA's business, strategy and the context in which it operates), the report also took account of concerns expressed by investors in connection with events during the year and the company's future prospects.

Additionally, in the framework of analysing relevant matters in the area of sustainability, external information was obtained from associations and industry bodies of reference for ACCIONA's business.

REPORTING SCOPE

The quantitative data in the report are for 2017 and refer to the entire scope of the company or of each of its businesses, as indicated in each case.

To facilitate comprehension of the business and its past performance, the report does not confine itself to the organisation's current results but also includes past figures and facts so as to give a broader picture.

Prospective information contained in this report is based on an analysis of the current context and its expected development, but goals should not be construed as commitments⁽²⁾.

(1) Final version published in December 2013. For more information, visit the website of the International Integrated Reporting Council (IIRC) [<http://integratedreporting.org/>]

(2) Due to risks and uncertainties in the external environment.

RELEVANT MATTERS FOR DISCLOSURE

Based on the analysis performed, a number of relevant matters have been identified and are discussed in the report. Some are related to exogenous factors (external context and trends) but have an impact on the Company's performance and strategy. Others are related to ACCIONA's reality, its processes, management style and future prospects.

EXOGENOUS FACTORS

- International commitments to contain global warming.
- Stability and profitability of international markets.
- Suitability of the regulatory frameworks in the areas where the company operates.
- Prospects for the electricity market: energy price variability, auctions, etc.
- Technology applied in the areas of energy, infrastructure and services.
- Global challenges: infrastructure gap, population growth and urban concentration, resource scarcity, growing energy demand and digitalisation and technology.

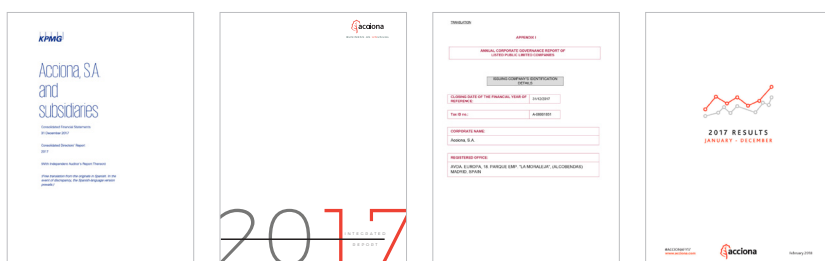
INTERNAL ISSUES

- Balance between capital expenditure and balance sheet structure.
- Strategy in connection with complementary businesses.
- Share performance and dividend policy.
- Capacity to fulfill commitments.
- Innovation and new business models.
- Human resources management.
- Stakeholder engagement.

CONNECTIVITY

In line with the connectivity of information principle, the content of this Report can be supplemented by referring to other corporate reports and the group's websites.

Corporate reports



Group websites

CORPORATE

www.acciona.com

ACCIONA ENERGY

www.acciona-energia.com

ACCIONA INFRASTRUCTURE

www.acciona-infraestructuras.com

ACCIONA INMOBILIARIA

www.acciona-inmobiliaria.es

BESTINVER

www.bestinver.es

TRASMEDITERRANEA

www.trasmediterranea.es

GRUPO BODEGAS PALACIO 1894

www.grupobodegaspalacio.es



INTERVIEW WITH THE CHAIRMAN

Welcome to ACCIONA's 2017 Integrated Report, which sets out, concisely and transparently, the company's purpose and the context in which it operates. The goal of this document is not only to describe the outcome of the last year but also, above all, to set out how the company understands its opportunities and challenges and how it addresses them to create value and contribute to meeting the global challenges, which require a determined sustainable position.

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 fulfilling the financial objectives, not only in terms of growth, but also in terms of the strength and efficiency 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 lower wind and rain, and the earthquakes in Mexico — which was offset by the good results in the Infrastructure division, with EBITDA up 33 % on the previous year.

It was also an important year for divestments. The recent completion of the sale of solar thermal energy assets in Spain marked the conclusion of the divestment process that commenced in 2013. That transaction released capital for more profitable new projects around the world, which will help to balance the company's geographical footprint. I would also like to mention the sale of Trasmediterranea, currently pending the final administrative authorisations, which was very well timed, after work to enhance the company's efficiency and competitiveness.

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 900 million euros in 2017, concentrated mainly in the Energy and Infrastructure divisions.

WHAT ARE THE GROWTH PROSPECTS FOR ENERGY AND INFRASTRUCTURE IN THE SHORT AND MEDIUM TERM? 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 due to the surplus liquidity in the financial markets and the entrance of new actors applying a speculative model that undermines the market's profitability.

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

Companies' greater sensitivity to the consequences of global warming and raising social awareness are driving the market in renewable power purchase agreements 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.

As for the Infrastructure division, internationalisation in the last ten years has enabled us to continue expanding. The year 2017 was a milestone 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 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 growth potential also enables us to maximise their value through strategic transactions. Here I would like to note the contribution of rental properties to Testa Residencial, in line with our strategy of crystallising the value of the rental portfolio. In this way, ACCIONA Inmobiliaria will focus on residential development in a market that is rebounding after several years of recession; apart from being the most profitable segment of this business, it also enables us to monetise our land bank and reap synergies with our construction business. Bestinver has also firmly established itself as Spain's leading independent asset manager.

ACCIONA IS
POSITIONED AS
A DEVELOPER OF
INFRASTRUCTURE
THAT IS
ESSENTIAL FOR
SOCIETY, TAKING
A LONG VIEW
IN PURSUIT OF
DURABILITY
OVER TIME

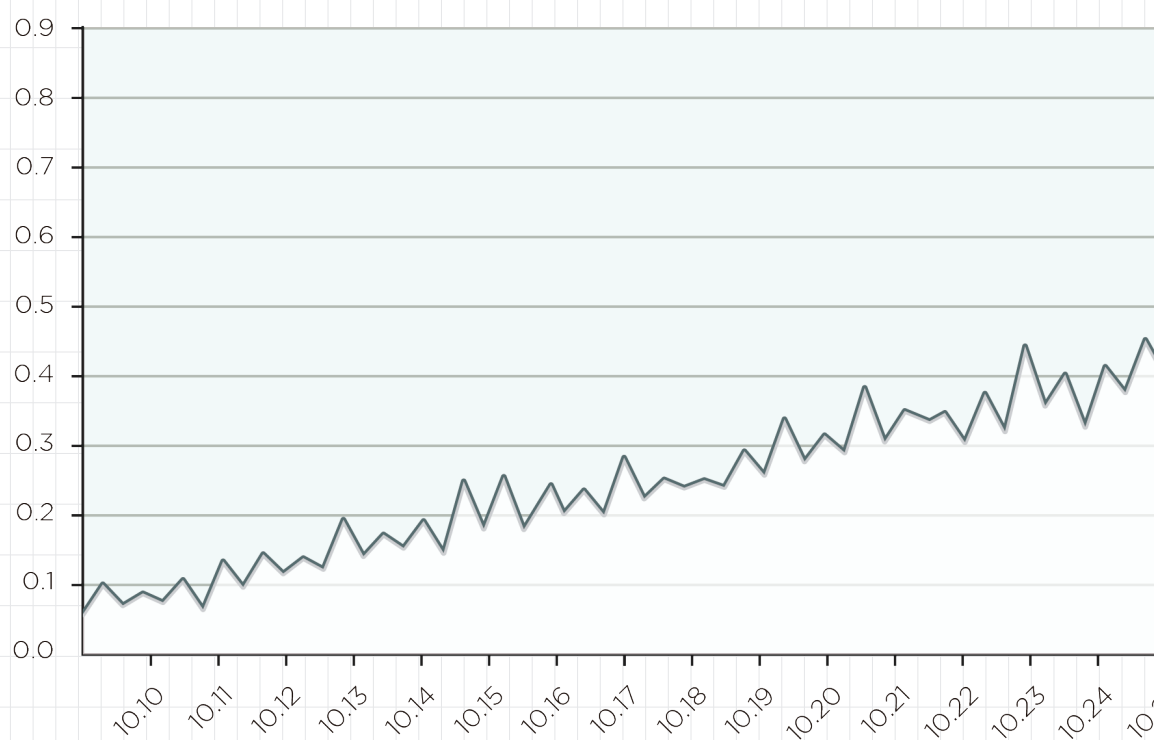
ACCIONA is ready to meet the future. Our highly specialised teams of committed professionals work determinedly to offer sustainable solutions where there are opportunities with a balanced risk/return trade-off. Our focus on innovation enables us to handle the most demanding projects and makes us the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

THE
COMMITMENT TO
SUSTAINABILITY
THAT IS A
HALLMARK OF
ACCIONA IS
MATERIALISED
IN THE
SUSTAINABILITY
MASTER PLAN
2020



BUSINESS AS UNUSUAL





A
BUSINESS

WITH A
PURPOSE

A BUSINESS WITH A PURPOSE

ABOUT ACCIONA

ACCIONA is a leading supplier of sustainable infrastructure solutions and renewable energy projects worldwide. Its offer covers the entire value chain: design, construction, operation and maintenance.

The company posted revenues of 7,254 million euros in 2017; it has a presence in more than 40 countries and carries out its activities within a commitment to contribute to the economic and social development of the communities where it operates.

ACCIONA's aim is to lead the transition to a low-carbon economy, by applying criteria of quality and innovation processes to all its projects with a view to achieving efficient use of resources and caring for the environment.



MISSION

Our mission is to be leaders in building, developing and managing infrastructure, energy, water and services; and to contribute actively to social well-being, sustainable development and value creation for our stakeholders.



VISION

Our vision is to face the challenge of achieving sustainable development in all of our business areas so that the generations of today and tomorrow will have a better life.



VALUES

Our core values include:

- Honesty
- Leadership
- Excellence
- Concern for the environment
- Social responsibility
- Long-term view
- Financial strength
- Customer focus
- Innovation
- Care for people

THE WORLD POSES CHALLENGES TO WHICH ACCIONA RESPONDS

ACCIONA is positioned in the sectors with the greatest future prospects as a result of the infrastructure needs that will concentrate investment in the areas of transport, energy and water infrastructure.

CHALLENGES

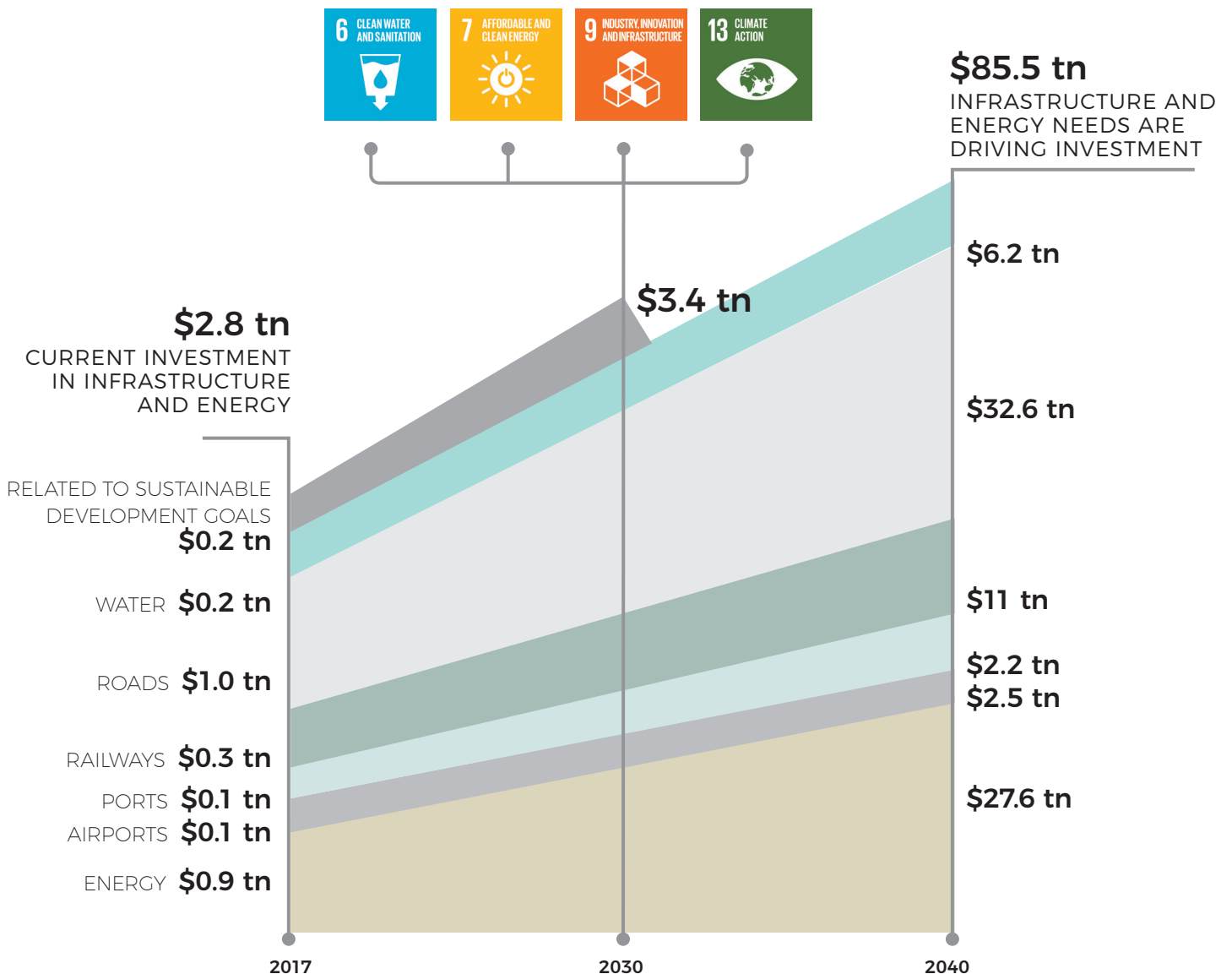
ALLEVIATE
POPULATION
PRESSURE
AND URBAN
CONCENTRATION

PALLIATE WATER
SCARCITY AND
GUARANTEE SUPPLY

RESPOND TO
GROWING DEMAND
FOR ENERGY WITH
A SUSTAINABLE
APPROACH

MITIGATE AND
ADAPT TO THE
EFFECTS OF CLIMATE
CHANGE

CHALLENGES
ASSOCIATED
WITH THE DIGITAL
TRANSFORMATION
OF SOCIETY



Source: Global Infrastructure Hub, Global Infrastructure Outlook

https://outlook.gihub.org/?utm_source=GIHub%20Homepage&utm_medium=Project%20tile&utm_campaign=Outlook%20GIHub%20Tile

VALUE CREATION MODEL

GLOBAL CHALLENGES TO WHICH ACCIONA RESPONDS WITH ITS ACTIVITY...



RELIEVE POPULATION PRESSURE AND URBAN CONCENTRATION



PALLIATE WATER SCARCITY AND GUARANTEE SUPPLY

37,403
EMPLOYEES

920 M€
GROSS CAPITAL EXPENDITURE

209.4 M€
TOTAL INNOVATION EXPENDITURE

94 %
LOCAL SUPPLIERS

7,05 hm³
WATER USE

2,63
TJ/REVENUES M€
ENERGY INTENSITY

300
WASTE WATER TREATMENT PLANTS

115
DRINKING WATER TREATMENT PLANTS

309
OWNED ENERGY FACILITIES

7,881
WIND TURBINES INSTALLED

RESOURCES 2017

ACCIONA INFRASTRUCTURE

- CONSTRUCTION
- CONCESSIONS
- INDUSTRIAL
- WATER
- SERVICE

ACCIONA ENERGY

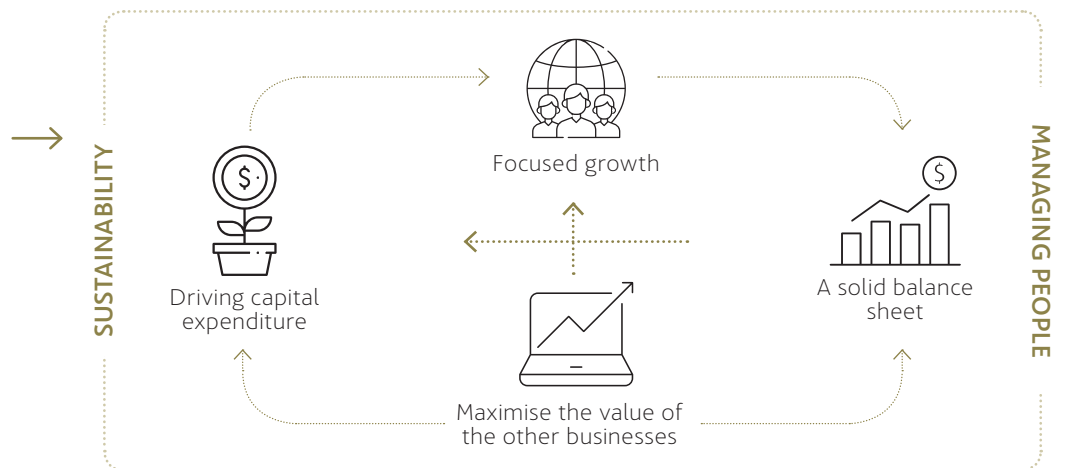
- WIND
- PHOTOVOLTAIC
- HYDROELECTRIC
- SOLAR THERMOELECTRIC
- BIOMASS

OTHER BUSINESSES

- BESTINVER
- ACCIONA INMOBILIARIA
- GRUPO BODEGAS PALACIO 1894



... WITH FOCUSED GROWTH AT THE CORE OF ITS STRATEGY ...



... CONTRIBUTING TO THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS, FOCUSING MAINLY ON ...



REPOUND TO GROWING
DEMAND FOR ENERGY WITH
A SUSTAINABLE APPROACH

MITIGATE AND ADAPT
TO THE EFFECTS OF
CLIMATE CHANGE

CHALLENGES ASSOCIATED
WITH THE DIGITAL
TRANSFORMATION OF
SOCIETY

2017 RESULTS

7,254 M€

REVENUES

1,275 M€

EBITDA

67 % EBITDA FROM
GREEN ECONOMY ACCORDING TO UNEP

3€ / share

DIVIDEND

1,160 M€

TAX CONTRIBUTION

12.3 M€

SOCIAL CONTRIBUTION

20,431 GWh

ENERGY PRODUCED FROM RENEWABLE SOURCES

5.7 TWh

GREEN ENERGY SUPPLIED

9,022 MW

RENEWABLE INSTALLED CAPACITY

775 hm³

WATER MANAGED

> 1,700 km

ROADS IN THE LAST 10 YEARS

> 600

BRIDGES IN THE LAST 10 YEARS

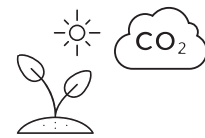
30 PORTS AND > 50 DAMS

IN 12 COUNTRIES IN THE LAST 10 YEARS

100

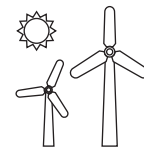
PROJECTS IN 33 COUNTRIES WHERE THE SOCIAL
IMPACT MANAGEMENT METHODOLOGY IS
IMPLEMENTED

IMPACT IN 2017



0

NET BALANCE OF CO₂
EMISSIONS
CARBON NEUTRAL FOR THE
SECOND CONSECUTIVE YEAR



14.4 Mt

CO₂ EMISSIONS AVOIDED
BY RENEWABLE GENERATION



374 hm³

WATER FOOTPRINT:
NET POSITIVE
CONTRIBUTION



100 million

PEOPLE WITH WATER SUPPLY,
THROUGHOUT HISTORY



99.8 %

CLIENT SATISFACTION INDEX

A STRATEGY TO GROW

Focused growth

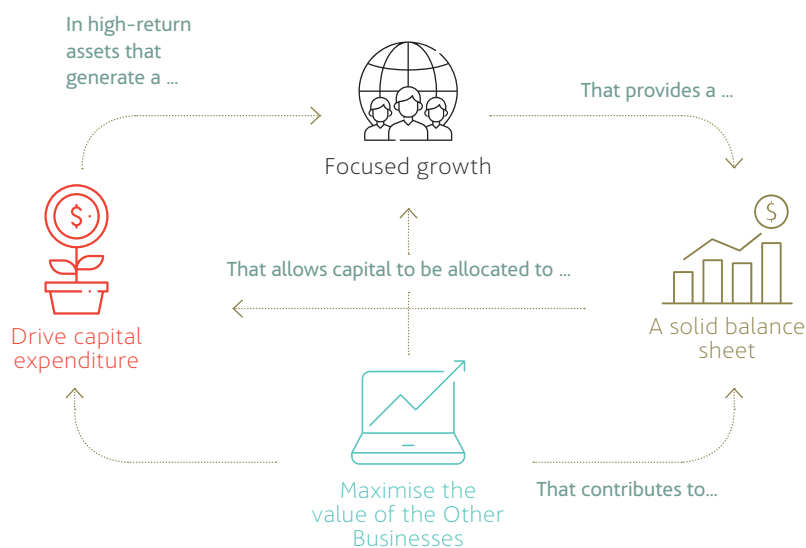
- Growth focused on profitability.
- Long-term contracts that generate stable cash flows over time.
- Continuous search for new opportunities in attractive industries and regions.
- Energy: selective growth in the technologies with the greatest development potential and optimisation of existing assets to maximise production.
- Infrastructure: obtain new projects to maintain portfolio levels; sustained growth in platform countries and selective entry into new markets.

A solid balance sheet

- Preserve balance sheet strength.
- Continuous improvement of the net financial debt/ EBITDA ratio.
- Credit profile in line with the risks assumed by the company.

SUSTAINABILITY MAKES US BETTER

DIFFERENTIAL MANAGEMENT OF PEOPLE



Step up investment

- New opportunities in international markets to channel investment.
- In assets with recurring revenues → investment in renewable energy and equity contributions in concessions, water and services.
- Energy: strict investment policy, prioritising profitability over growth.
- Take advantage of favourable economic cycles in Other Businesses.

Maximise the value of the Other Businesses

- Differential management of Other Businesses.
- Recurrent contribution to the bottom line.
- Strategic divestments.
- ACCIONA Inmobiliaria: focus on real estate development and international expansion.
- Bestinver: steady increase in assets under management and a long-term vision.
- Wineries: brand strengthening and international expansion.

SUSTAINABILITY MAKES US BETTER

Through its sustainability strategy, ACCIONA responds to the main challenges of sustainable development. The current Sustainability Master Plan 2020 (smp2020.accionacom.com) is structured into strategic and operational objectives, which are applicable to the entire organisation, with specific goals for the lines of business.



MORE INFORMATION

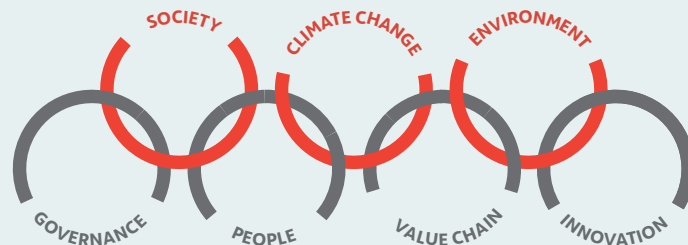
on the company's commitments and performance in the area of sustainability, see the 2017 Sustainability Report and ACCIONA's website: <https://www.accionacom.com/sustainability>

SUSTAINABILITY MASTER PLAN 2020

SOCIETY: the goal is to work together to improve people's living standards. To this end, the Company is working on social impact management, engagement and leadership, community action and volunteer work.

CLIMATE CHANGE: ACCIONA has adopted climate change mitigation as one of its main strategic objectives.

ENVIRONMENT: the company sets objectives in order to offer sustainable environmental solutions from its businesses.



GOVERNANCE: goals have been set in the areas of human rights, ethics, governance, risk management and transparency.

PEOPLE: goals have been established in connection with workplace health and safety, development and incentives, diversity, inclusiveness and training.

VALUE CHAIN: the company aims to step up mitigation of environmental, social and governance-related risks in its supply chain and among partners and customers.

INNOVATION: in addition to maintaining innovation spending above the European average as a percentage of revenues, ACCIONA has set objectives in connection with collaborative and operational innovation.

With the horizon of 2030, the Sustainable Development Goals (SDGs) address the greatest challenges facing humanity from a global and horizontal perspective, requiring the active involvement of all, including companies, to achieve them. Through its water, renewable energy and infrastructure projects, ACCIONA contributes to key objectives, among other reasons because they are an essential prerequisite for achieving the others. Those are, in particular the SDGs related to water (#6), energy (#7), infrastructure (#9) and mitigating climate change (#13).

DISTINCTIVE MANAGEMENT APPROACH: PEOPLE AT THE CENTRE OF THE STRATEGY

ACCIONA is active in convergent businesses that have strong synergies but require very diverse professional profiles depending on the specific needs of each activity.

The common link between all professionals is a shared culture and talent management aimed at contributing to the creation of value in the short, medium and long term. ACCIONA's objective is to contribute to the development of highly specialised professionals who not only have advanced technical, commercial and management skills but also have the potential to be leaders and trend-setters within the industry. The main challenge is to achieve this in a highly disruptive context in which changes in technologies, processes and culture require the company's professionals to constantly adapt and, therefore, in the form of management.

During the year, ACCIONA worked to define and implement a Strategic Plan for 2018-2020 based on 5 pillars: This new leadership model drives communication and greater autonomy for teams.



MORE INFORMATION
see the chapter on People in the 2017
Sustainable Report



A DYNAMIC LEADERSHIP MODEL WITH A
VISION OF ACHIEVEMENT + A FOCUS ON THE
TEAM → CENTRED ON THE FUTURE



AN AGENT FOR CHANGE

ACCIONA contributes to raise social awareness in governments, society and business in the transition towards a sustainable and low-carbon economic model.

“At ACCIONA, we’ve identified carbon pricing as an outstanding tool to boost decarbonization and support the transition to a zero-carbon economy.”

JOSÉ MANUEL ENTRECANALES
DOMEQ, CEO ACCIONA

“The Task Force on Climate-Related Financial Disclosure, TCFD, represents a step beyond in essential progress through the inclusion and monetisation of the impact of climate change in our current and future investments. These recommendations, which are also supported by financial leaders, will lend considerable support to ACCIONA’s pathway towards the implementation of ambitious, effective and incremental targets for enabling the transition to a low carbon economy.”

José Manuel Entrecanales Domecq,
Chairman and Chief Executive Officer, ACCIONA

CARBON PRICING
LEADERSHIP REPORT
CPLC – APRIL 2017

TCFD TCFD WEBSITE – SUPPORT
FOR THE RECOMMENDATIONS
JUNE – 2017

PRESENCE IN INTERNATIONAL ORGANISATIONS AND INITIATIVES



WORLD BANK GROUP



**CARBON PRICING
LEADERSHIP COALITION**



wbcsd



**WE MEAN
BUSINESS**



THE PRINCE OF WALES'S
CORPORATE LEADERS GROUP



GREEN GROWTH PLATFORM

**WE MEAN
BUSINESS**



CLIMATE
INITIATIVE



ALLIANCE OF CEO
CLIMATE LEADERS



Grupo
Español
Crecimiento
Verde

ACCIONA



A common framework should reflect, at least: binding targets on Member States; indicative paths to achieve final targets; transparent, stable and predictable support systems and market rules; prohibition of retroactivity and other measures against achieving renewable targets; coherence with fiscal policy (environmental taxes); a specific procedure enabling the Commission to verify in advance the effective implementation of the methodology, as well as to resolve potential deviations from the national targets; discrimination against conventional energies (remove fossil fuel subsidies).



REPORT: 21ST CENTURY ENERGY:
BUSINESS REFLECTIONS ON
RENEWABLES IN EUROPE
CLG - APRIL 2017



Carbon Pricing Corridors can be used by companies, investors and policymakers to help manage climate risk and to actively shift investments to the growing clean economy — ACCIONA will be including them in our own business planning going forward.

José Manuel Entrecanales Domecq
ACCIONA Chairman & CEO

CARBON PRICING CORRIDORS
REPORT: THE MARKET VIEW
CDP - JUNE - 2017

PRESENCE IN INDICES AND AWARDS

2018 Global 100 Most
Sustainable Corporations
in the World



Ranked among the 2018 Global 100 Most Sustainable Corporations by Corporate Knights, published during the World Economic Forum at Davos.



Top 1 of the New Energy Top 100 Green Utilities ranking, produced by Energy Intelligence, for the third consecutive year.



Water Company of the Year, because of its contribution to the international development of the water industry.



National Environment Award in Chile for the commitment to sustainability and for carbon neutrality.



CDP Europe Award 2017 and the highest possible score in the CDP Climate 2017 and CDP Water 2017 ratings due to its work against climate change and for sustainable water management.

STOXX® Global Climate
Change Leaders



FTSE4Good



ACCIONA AROUND THE WORLD

... WITH A PRESENCE
IN OVER 40 COUNTRIES
ON 5 CONTINENTS ...

NORTH AMERICA

CANADA * ⚙️ 🏗️ 💧 👥

USA * 💧

MEXICO * ⚙️ 🏗️ 🏭 💧 👥 🏠

KEY INDICATORS 2017

Revenues (M€)	645
Electricity produced (total GWh)	4,538
Water treated (hm³)	5.5
R&D&I spending (M€)	57
Average workforce (FTE)	2,651

SPAIN * ⚙️ 🏗️ 🏭 💧 👥 🏠 ...

KEY INDICATORS 2017

Revenues (M€)	3,172
Electricity produced (total GWh)	12,529
Water treated (hm³)	463.4
R&D&I spending (M€)	43.6
Average workforce (FTE)	20,873

CENTRAL AND SOUTH AMERICA

BRAZIL ⚙️ 🏗️ 💧 👥

CHILE * ⚙️ 🏗️ 💧 👥

COLOMBIA ⚙️ 💧 👥

COSTA RICA * 💧

ECUADOR ⚙️ 💧

NICARAGUA 💧

PANAMA ⚙️ 💧

PERU ⚙️ 💧 👥

DOMINICAN REPUBLIC ⚙️ 💧

TRINIDAD AND TOBAGO 💧

KEY INDICATORS 2017

Revenues (M€)	1,035
Electricity produced (total GWh)	615
Water treated (hm³)	14.0
R&D&I spending (M€)	49.6
Average workforce (FTE)	6,886

* ENERGY

⚙️ CONSTRUCTION

🏗️ CONCESSIONS

💧 WATER

👥 SERVICES

🏭 INDUSTRIAL

🚢 TRASMEDITERRANEA

🏠 REAL ESTATE

... OTHER BUSINESSES

EUROPE (EXCL. SPAIN)

GERMANY 
 AUSTRIA 
 CROATIA 
 DENMARK 
 HUNGARY 
 ITALY 
 NORWAY 

THE NETHERLANDS 
 POLAND 
 PORTUGAL 
 UNITED KINGDOM 
 ROMANIA 
 TURKEY 

KEY INDICATORS 2017

Revenues (M€)	853
Electricity produced (total GWh)	979
Water treated (hm³)	132.4
R&D&I spending (M€)	31.4
Average workforce (FTE)	4,952

AFRICA

ALGERIA 
 EGYPT 
 CAPE VERDE 
 MOROCCO 
 SOUTH AFRICA 

KEY INDICATORS 2017

Revenues (M€)	246
Electricity produced (total GWh)	577
Water treated (hm³)	20.7
Average workforce (FTE)	171

ASIA AND OCEANIA

SAUDI ARABIA 
 AUSTRALIA 
 BAHRAIN 
 QATAR 
 THE PHILIPPINES 
 INDIA 
 NEW ZEALAND 
 OMAN 
 UNITED ARAB EMIRATES 

KEY INDICATORS 2017

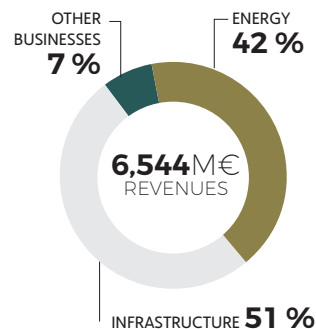
Revenues (M€)	1,303
Electricity produced (total GWh)	1,193
Water treated (hm³)	138.9
R&D&I spending (M€)	27.8
Average workforce (FTE)	1,718

MILESTONES IN 2017

Consolidation of results

2015

SOLID BASIS FOR
SUSTAINED GROWTH

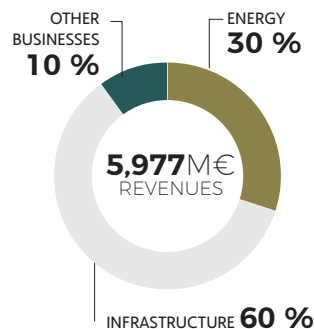


3,213 M€ SPAIN
3,331 M€ INTERNATIONAL

Note: includes consolidation adjustments amounting to -95 M€.

2016

CHANGE OF TREND
WITH AN INCREASE IN
CAPEX

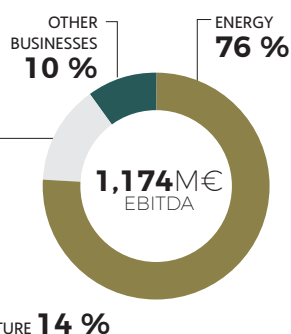


3,087 M€ SPAIN
2,890 M€ INTERNATIONAL

Note: Consolidation adjustments amounting to -98 M€.

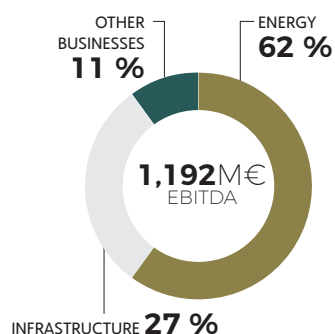
-8.7 %

+21.4 %



EBITDA margin **17.9 %** (+1.2 pp)

Note: includes consolidation adjustments amounting to -3 M€.



EBITDA margin **19.9 %** (+2.0 pp)

+1.5 %

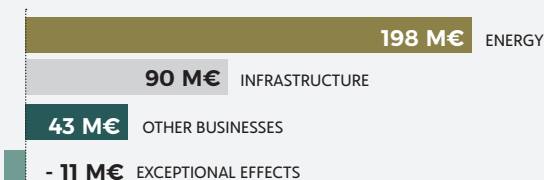
+7.0 %

330 M€ ORDINARY EBT

-5.3 %

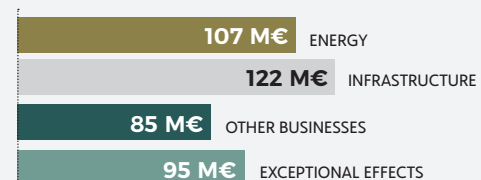
312 M€ ORDINARY EBT

+22.3 %



319 M€ TOTAL EBT

Note: includes consolidation adjustments amounting to -1 M€.



408 M€ TOTAL EBT

Note: includes consolidation adjustments amounting to -3 M€.

+28.0 %

-12.6 %

207 M€ ATTRIBUTABLE NET PROFIT

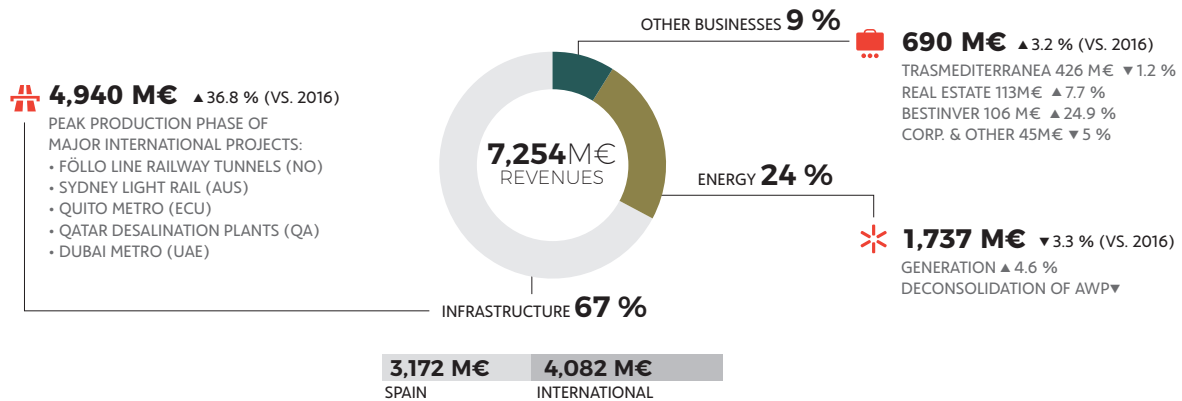
+69.8 %

352 M€ ATTRIBUTABLE NET PROFIT

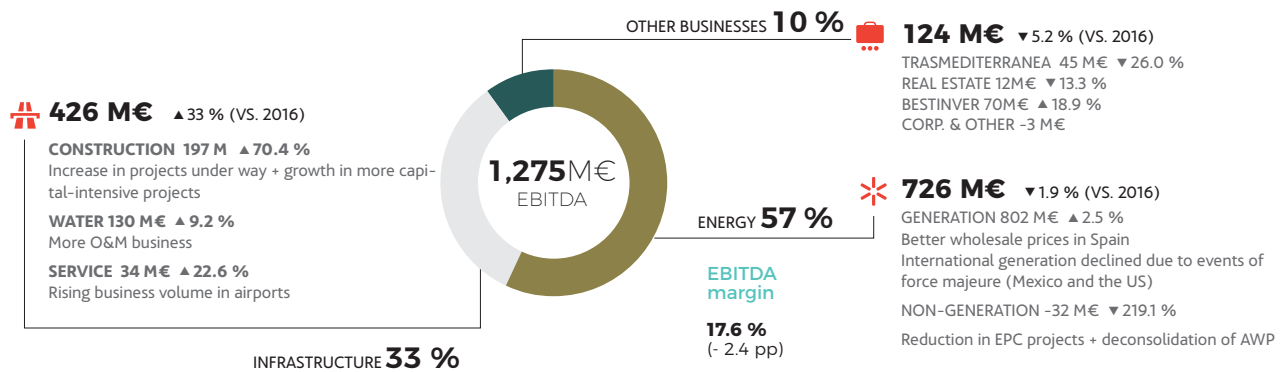
-37.5 %

2017

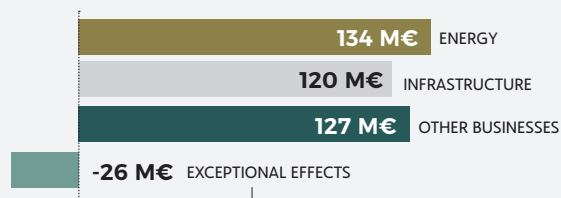
GOOD RESULTS AT OPERATIONAL LEVEL. A YEAR OF INTENSIVE INVESTMENT, FOCUSED ON PRESERVING PROFITABILITY OF PORTFOLIO AND ON STRATEGIC DIVESTMENTS



Note: includes consolidation adjustments amounting to -113 M€.



382 M€ ORDINARY EBT



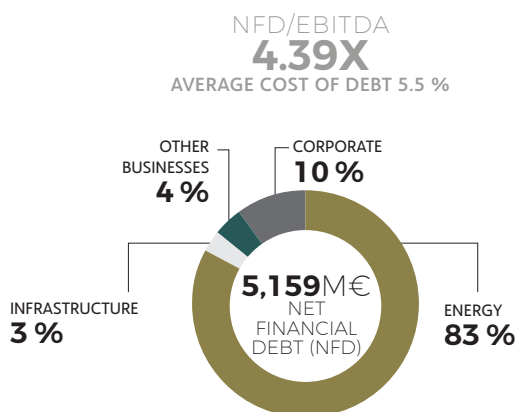
356 M€
TOTAL EBT

- Contribution of real estate assets to Testa Residencial
- Capital gain on Ruta 160
- Impairment of stake in Nordex

Note: includes consolidation adjustments amounting to -1 M€.

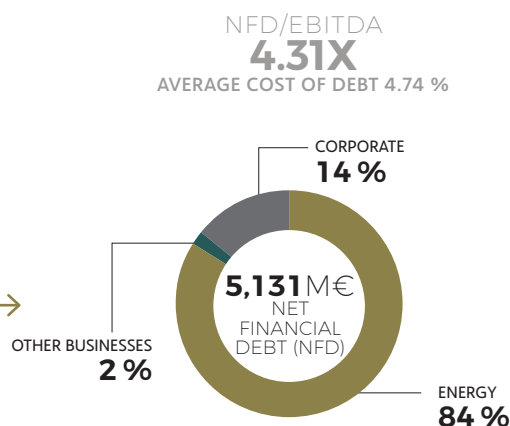
220 M€ ATTRIBUTABLE NET PROFIT

2015

SOLID BASIS FOR
SUSTAINED GROWTH

-0.5 %

2016

CHANGE OF TREND
WITH AN INCREASE
IN CAPEX

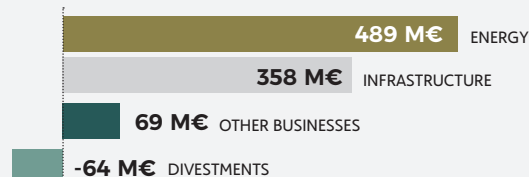
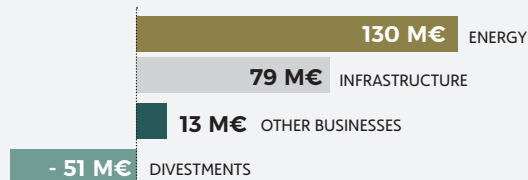
+1.8 %

222 M€ GROSS CAPEX

+310 %

916 M€ GROSS CAPEX

+0.4 %



171 M€ NET CAPEX

+398 %

852 M€ NET CAPEX

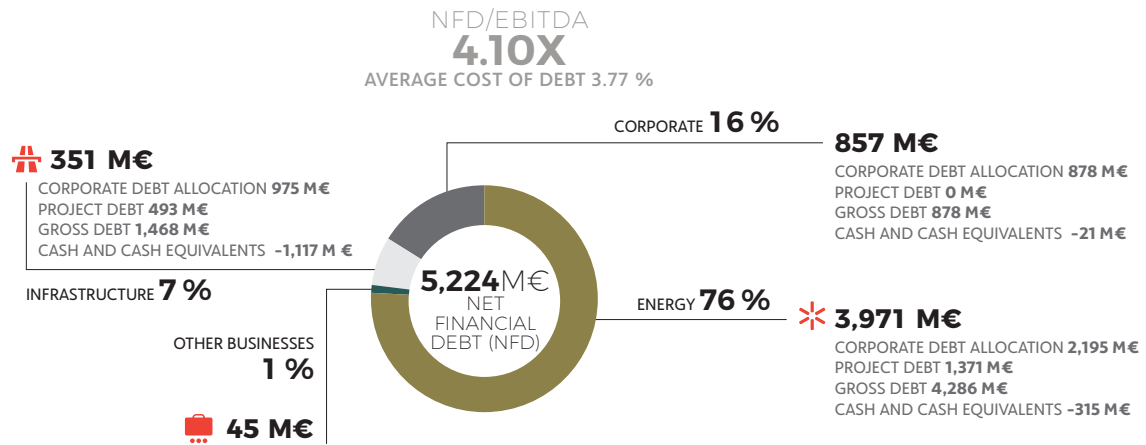
-15.7 %

SUSTAINABILITY MASTER PLAN 2020

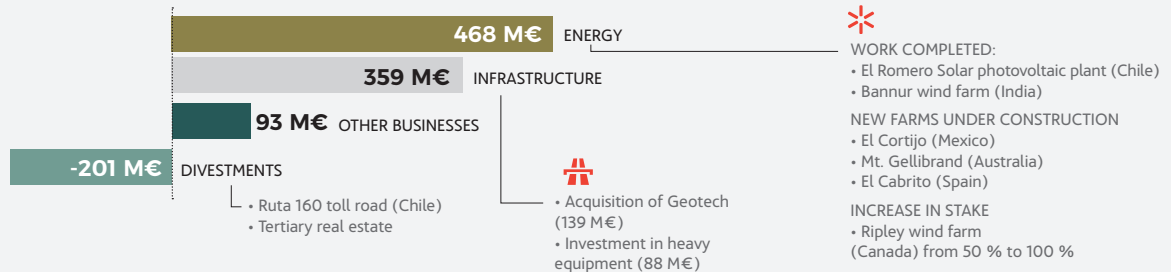
	SOCIETY	CLIMATE CHANGE	ENVIRONMENT	CORPORATE GOVERNANCE	PEOPLE	VALUE CHAIN	INNOVATION
PROGRESS IN 2017	Social impact management on 100 projects (18 more than in 2016) in 33 countries	The company was carbon-neutral for the second consecutive year: net balance of GHG emissions = 0	Water footprint: net positive contribution 374 hm ³	Content on human rights has been incorporated into two courses for employees and one course for suppliers	Reduction in employee and subcontractor frequency rate to 2.7 (vs. 3 in 2016)	The Risk Map includes 16,712 suppliers, 66 % more than in 2016	Innovation spending amounts to 2.9 % of turnover, more than double the European average
OBJECTIVE 2020	Enhance management of the social impact of the Company's activities	Carbon neutrality: reduce and offset our GHG emissions	Cooperate in sustainable water management	Progress with fulfilment of goals in the areas of human rights, ethics, corporate governance, risk management and transparency	Reduce the frequency rate by 15% with respect to 2015	Mitigate the environmental, social and governance risk in the supply chain	Maintain innovation spending above the European average as a percentage of revenues

2017

GOOD RESULTS AT OPERATIONAL LEVEL. A YEAR OF INTENSIVE INVESTMENT, FOCUSED ON PRESERVING PROFITABILITY OF PORTFOLIO AND ON STRATEGIC DIVESTMENTS



920 M€ GROSS CAPEX



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
OUTFLOW

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

KEY EVENTS IN 2017

JANUARY

ACCIONA ENTERS THE AUSTRALIAN WATER TREATMENT MARKET

- ▶ Adjudication of the Kawana plant.
- ▶ Capacity to serve 200,000 people.
- ▶ Contract worth 52 M€.

ACCIONA AWARDED CONTRACT TO WIDEN ONE OF MEXICO'S MAIN HIGHWAYS

- ▶ Linking Mexico, the US and Canada.
- ▶ Project worth 42 M€.

ACCIONA INVOLVED IN CONSORTIUM THAT WILL BUILD THE WORLD'S LARGEST PHOTOVOLTAIC PLANT, IN DUBAI

- ▶ EPC project for DEWA (Dubai Electricity and Water Authority) and Masdar (Abu Dhabi's renewable energy company).
- ▶ 1,054 MW capacity
- ▶ Avoidance of 1.4 Mt of CO₂ per year.

FEBRUARY

ACCIONA AND TUTO ENERGY EXPAND PUERTO LIBERTAD SOLAR PROJECT IN MEXICO BY 50 %

- ▶ Mexico's largest solar plant (404 MWp).
- ▶ First power purchase agreement (PPA) with a private sector customer under the new Electricity Industry Law.
- ▶ Entry into operation in 2019.

ACCIONA SIGNS CONTRACT TO BUILD THE TERMINAL AT MEXICO CITY'S NEW INTERNATIONAL AIRPORT

- ▶ The terminal sets the trend in sustainability and technological innovation.
- ▶ Capacity for 68 M travellers per year.
- ▶ Contract worth 3,800 M€.

MARCH

ACCIONA BUILDS FIRST RENEWABLE PROJECT IN MEXICO LINKED TO ELECTRICITY AUCTIONS

- ▶ El Cortijo wind farm (168 MW).
- ▶ Investment: 210 M€.

ACCIONA STRENGTHENS POSITION IN AUSTRALIA WITH GEOTECH ACQUISITION

- ▶ Transaction worth 188 M€.
- ▶ Projected growth in Australia: 90 B€ over the next decade.

APRIL

ACCIONA SIGNED A GREEN LOAN WITH BBVA TO FUND RENEWABLE PROJECTS IN CHILE

- ▶ 100 M€ loan firmly establishes the company's participation in a funding mechanism that certifies its sustainability.

ACCIONA AWARDED A WASTEWATER TREATMENT PLANT IN VANCOUVER, CANADA

- ▶ Project worth 370 M€.
- ▶ Processing capacity: 102 million litres/day.

ACCIONA AGUA NAMED WATER COMPANY OF THE YEAR

- ▶ Global Water Intelligence (GWI) acknowledged the company's contribution to the industry's international development in 2016.

ACCIONA ENERGY COMMENCES CONSTRUCTION OF THE MT. GELLIBRAND WIND FARM IN AUSTRALIA

- ▶ Project worth 258 M AUD.
- ▶ 132 MW capacity.
- ▶ Purchase of green certificates equivalent to the power generated by 66 MW.

MAY

ACCIONA TO BUILD AND OPERATE TWO DRINKING WATER TREATMENT PLANTS IN PANAMA

- ▶ Contract worth 300 M€.
- ▶ 500,000 people served.

ACCIONA STARTS UP SPAIN'S FIRST BATTERY-BASED WIND ENERGY STORAGE PLANT

- ▶ Storage solution for commercial wind farms.
- ▶ Eolo 2017 award for Innovation from wind energy trade group AEE due to the use of software for simulating storage systems with renewables.

JUNE

TELEFÓNICA AND ACCIONA SIGN AN AGREEMENT FOR RENEWABLE ELECTRICITY SUPPLY IN 2018

- ▶ Strengthening the strategy of sales to large accounts.
- ▶ 71.6 % of the power will be high-tension, 430 GWh in total, in 2018.

JULY

ACCIONA CONTRIBUTES ITS HOUSING BUSINESS TO TESTA RESIDENCIAL IN EXCHANGE FOR AN EQUITY STAKE

- Gross asset value: 400 M€.
- Portfolio contributed: 1,058 homes.

ACCIONA TO SUPPLY RENEWABLE ENERGY TO ALMOST 100 FACILITIES OF GRUPO FALABELLA IN CHILE

- Supply to the leading chain of stores in Latin America.
- Avoidance of 225,000 tons of CO₂ per year.

ACCIONA WILL BEGIN OPERATING THE NEW CAIRO WATER SUPPLY SYSTEM IN EGYPT

- Contract worth 35 M€.
- Project to capture, transport, treat and store drinking water.
- Capacity to supply 500,000 m³/day.

AUGUST

ACCIONA SELLS A CONCESSION IN CHILE TO GLOBALVIA

- Disposal of the entire stake in Ruta 160 toll road in southern Chile.
- Transaction worth 335 M€.

ACCIONA EXPANDS STAKE IN WIND FARM IN ONTARIO (CANADA)

- ACCIONA Energy International will control 100% of the Ripley wind farm.
- Awarded 76 MW.

SEPTEMBER

ACCIONA LAUNCHES SPAIN'S FIRST CORPORATE ACCELERATOR FOR INFRASTRUCTURE AND RENEWABLE ENERGY STARTUPS

- 1st initiative under the I'MNOVATION programme, a model of open innovation.
- Cooperation with startups to develop innovative projects and solutions in a real setting.

ACCIONA ENERGY COMMISSIONS ITS FOURTH WIND FARM IN INDIA

- The Bannur (78 MW) wind farm raises the company's installed capacity in India to 164 MW.
- Power generation capacity: 242 GWh/year, equivalent to the electricity consumption of over 224,000 households.
- Avoidance of 232,562 t CO₂/year from coal-fired plants.

ACCIONA'S CARBON NEUTRALITY RECEIVES CHILE'S NATIONAL ENVIRONMENTAL AWARD

- Award for ACCIONA's global leadership in implementing a crucial policy in combating climate change.

OCTOBER

ACCIONA SELLS TRASMEDITERRANEA TO NAVIERA ARMAS

- The agreement recognises the enterprise value as between 419 M€ and 436 M€.

ACCIONA STRENGTHENS ITS POSITION IN THE CHILEAN HANDLING MARKET BY ACQUIRING ANDES AIRPORT SERVICES

- Acquisition of 100 % of the main handling operator at Santiago de Chile airport.
- Long-term contract with LATAM for ramp handling.

ACCIONA ENERGY ENTERS THE EGYPTIAN MARKET

- Construction of three photovoltaic plants.
- Rated capacity 150 MW.
- Investment: 180 M\$.

NOVEMBER

ACCIONA NAMED GREENEST ELECTRIC UTILITY IN THE WORLD FOR THE THIRD CONSECUTIVE YEAR

- Leader of the Top 100 Green Utilities ranking published by Energy Intelligence, due to its renewable installed capacity, among other factors.

ACCIONA BEGINS THE CONSTRUCTION OF ITS SECOND WIND FARM IN CHILE

- Wind capacity 183 MW.
- First wind farm in Chile to use concrete towers.
- Increase in the country's renewable capacity: 474 MW.

DECEMBER

ACCIONA TO BUILD TWO POWER TRANSMISSION LINES IN KENYA

- A combined 177 km plus a number of substations.
- Contract worth 40 M€.

ACCIONA OBTAINS A CONTRACT TO BUILD A BRIDGE IN THE PHILIPPINES

- ACCIONA's second major contract in the Philippines
- Expected to provide numerous benefits to local residents.
- Contract worth 400 M USD.

SHARE PRICE AND SHAREHOLDER RETURN

Share performance and outlook³

	2016	2017
Share price at year-end (€)	69.93	68.04
Share price at beginning of year (€)	79.08	70.72
Appreciation (%)	-11.57	-3.79
Low (€)	61.99 (11/02/16)	64.85 (10/11/17)
High (€)	79.08 (01/01/16)	85.87 (06/06/17)
Average daily trading (shares)	213,129	172,797
Average daily trading (€)	14,433,468	12,753,544
Number of shares	57,259,550	57,259,550
Market capitalisation at year-end (M€)	4,004	3,896
Dividend (€/share)	2.875	3.00 ⁴

In 2017, ACCIONA's share price depreciated by 3.79 % despite very positive performance in the first half, when it reached 85.87 euros in June. The share's performance was penalised by a number of factors in the second half, particularly the upswing in the perception of regulatory risk in Spain following government statements about the regulatory review scheduled for 2019, and the trend in the company's working capital in 2017.

Shareholder return: ACCIONA vs. Ibex 35 in 2017



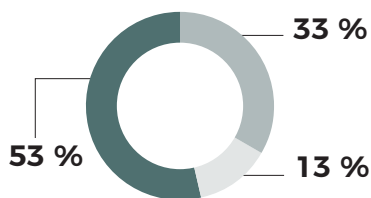
(3) For more information, visit the share performance page on the ACCIONA website [<https://www.acciona.com/shareholders-investors/>]

(4) Proposed to the Shareholders' Meeting by the Board of Directors.

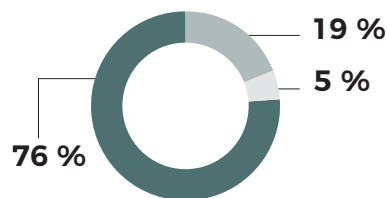
In 2017, sell-side analysts published 57 research reports on ACCIONA in which they updated their valuation or target price for the company; 56 % upgraded their target price, 17 % kept it unchanged, and 28 % reduced it. The average target price was 85.16 euros per share.

Analyst recommendations

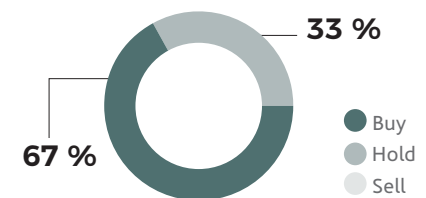
December 2015



December 2016



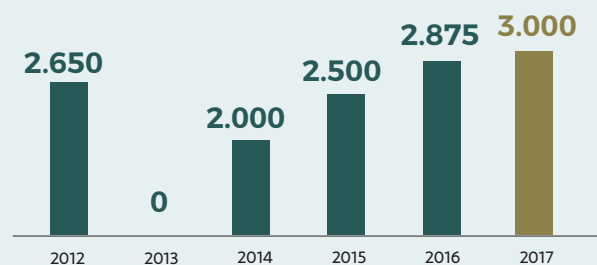
December 2017



CONSOLIDATION OF THE DIVIDEND

In line with business performance in the year, and reflecting the company's strong strategic and financial position, the Board of Directors has proposed that the Shareholders' Meeting approve a dividend of 3 euros per share in 2018, charged to 2017 income, i.e. 4.3 % more than the dividend distributed by ACCIONA in July 2017.

Dividend
(€/share)



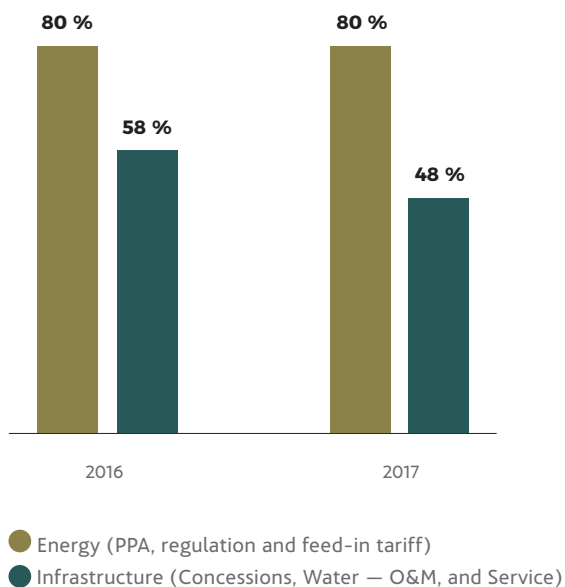
STABLE AND PREDICTABLE EBITDA

In recent years, ACCIONA has been very selective in its asset investment decisions and in bidding for contracts with a large component of stable and secure long-term cash flows. This strategy has enabled it to increase recurring revenues and provide a solid, stable framework of revenues and cash flows going forward, while improving the company's debt profile and leverage.

Through facilities with PPA -Power Purchase Agreement- or regulated power sale price mechanisms, ACCIONA Energy provides EBITDA that is stable over the long term, affected only to a very limited extent by load or resource factors.

ACCIONA Infrastructure also lends considerable stability to Group EBITDA, whether through availability payments in its concession business and end-to-end water management contracts or under long-term services contracts in areas that offer the prospect of stable demand in the future.

EBITDA from long-term assets and contracts



CURRENT AND PROJECTED DEBT

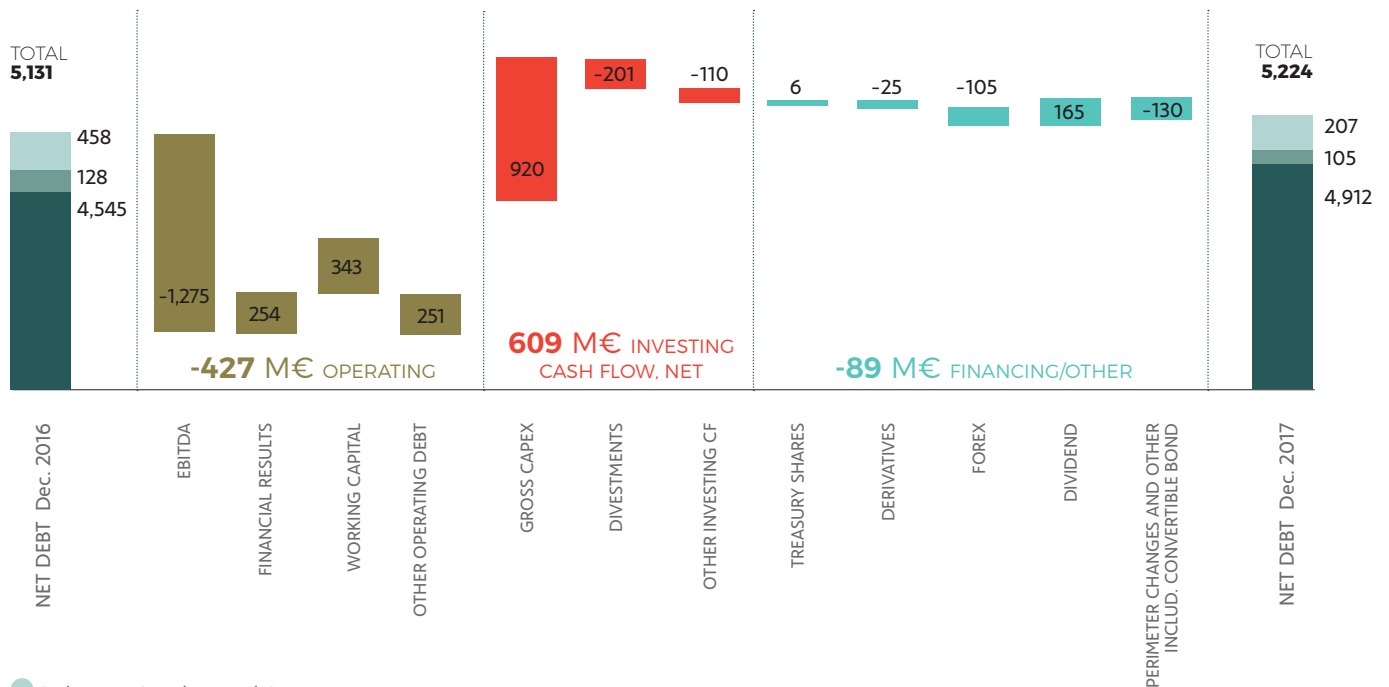
Pro-active debt management and the reduction of financial costs strengthen the company's balance sheet and protect liquidity, making it possible to generate cash flow over the long term and providing a very stable foundation from which to undertake future investments.

Net interest-bearing debt increased by 1.8 % in 2017 to 5,225 million euros as a result of the variation in operating cash flow (427 million euros), net investing cash flow (619 million euros negative)⁵, and the positive exchange difference.

The net interest-bearing debt/EBITDA ratio declined to 4.10x- (from 4.31x in 2016) and the prospect is that it will continue to decline in the near future. Leverage stood at 132 % (7 basis points less than the previous year).

Reconciliation of net debt 2017

(M€)



(5) Includes non-recurring investment in Infrastructure and Energy.

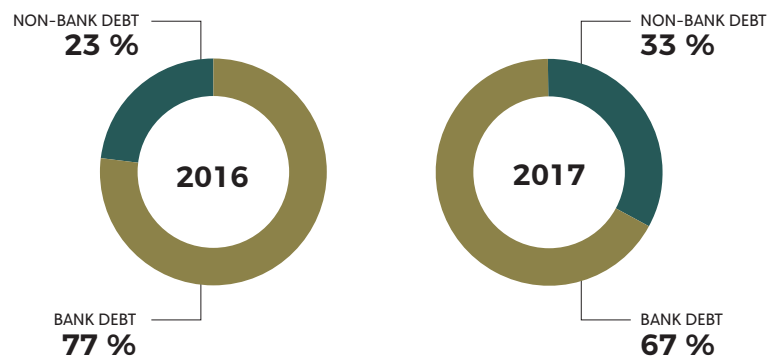
IMPROVED DEBT PROFILE AND LOWER AVERAGE COST OF DEBT

The cost of debt was reduced again in 2017, by 97 basis points with respect to 2016, to an average of 3.77 %, and the net interest coverage ratio improved significantly, from 3.6x to 5x. The average term of debt declined slightly, to 4.13 years, at the end of 2017.

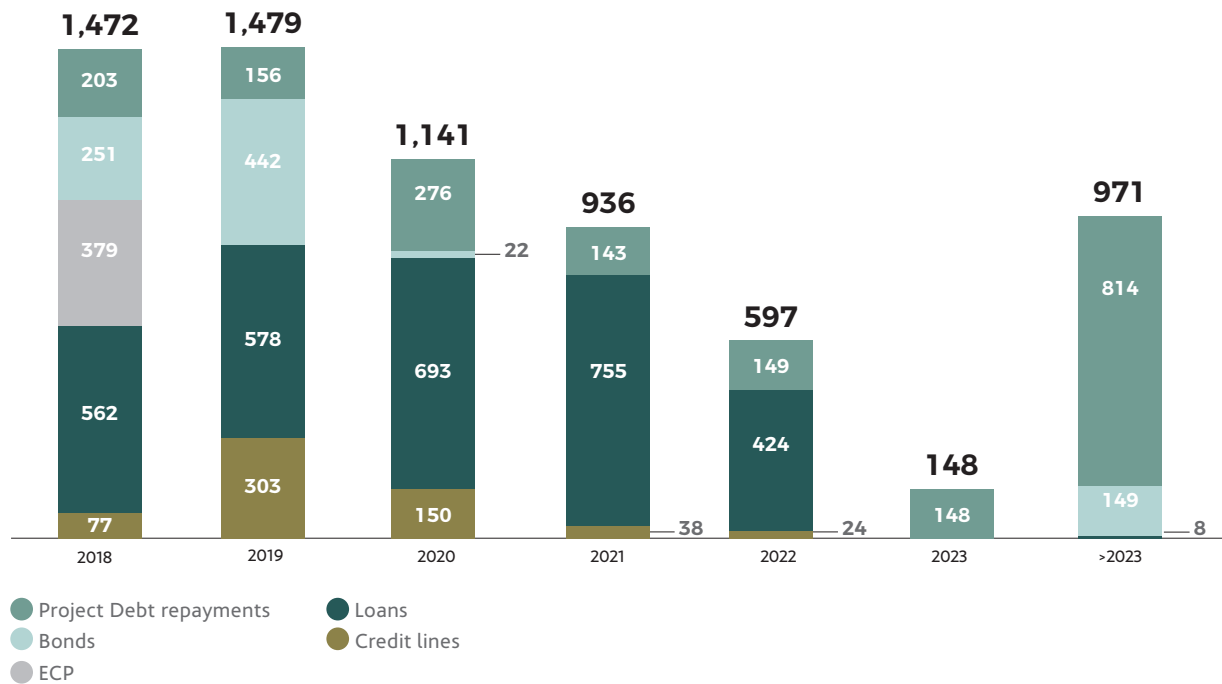
This reduction in the average cost of debt was driven by ACCIONA's higher capital and liquidity, due mainly to the excellent response to the company's capital market issuance, which also enhanced the company's corporate debt profile.

In 2017, gross corporate debt amounted to 72 % of total gross debt, and non-bank debt increased its share of the total by 10 basis points with respect to 2016, to 33 % of the total. Gross non-bank corporate debt includes 379 million euros in commercial paper, 862 million euros in bonds and 367 million euros in other debt, including ECAs and multilateral agencies.

Corporate debt: bank vs. non-bank debt



Madurity profile of Group gross debt (M€)



A number of green loans were arranged in 2017 to finance investments in renewable energy and in environmental sustainability projects⁽⁶⁾:

- 100 million euros loan from BBVA arranged in April 2017 and maturing in 3 years;
- 50 million euros loan from Unicredit arranged in May 2017 and maturing in 2019;
- Two private placements, in June and September, totalling 77 million euros.
- A tap on the November 2016 Schuldschein in the amount of 17 million euros.

(6) See Annex II: Information on green funding projects

GROSS CAPITAL
EXPENDITURE
AMOUNTED TO
920 MILLION
EUROS IN 2017,
MAINLY
IN THE
ENERGY AND
INFRASTRUCTURE
DIVISIONS

STABLE CAPITAL EXPENDITURE

In line with the projections made the previous year, 2017 was a year of intensive capital expenditure focused essentially on preserving the profitability of the company's portfolio.

Gross capital expenditure amounted to 920 million euros, concentrated in the Energy and Infrastructure divisions.

ACCIONA Energy invested 468 million euros during the year to complete the El Romero Solar photovoltaic plant in Chile and the Bannur wind farm in India, and to initiate construction of new wind farms in Mexico (El Cortijo), Australia (Mt. Gellibrand) and Spain (El Cabrito); it also increased the stake in the Ripley wind farm in Canada from 50 % to 100 %.

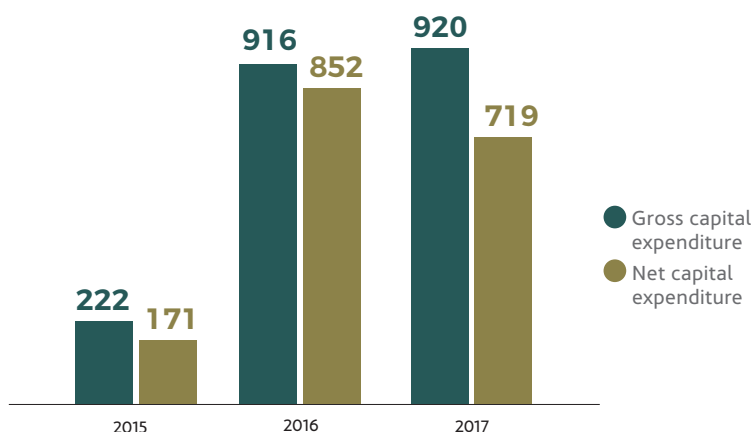
ACCIONA Infrastructure invested 359 million euros, notably to acquire Geotech in Australia for 139 million euros in order to accelerate ACCIONA's expansion into the Australian infrastructure market, and also 88 million euros in heavy equipment and installations in the Construction and Industrial divisions worldwide.

Divestments amounted to 201 million euros, including Ruta 160 toll road in Chile (182 million euros) and a tertiary property owned by ACCIONA Inmobiliaria.

Net capital expenditure amounted to 719 million euros, representing 609 million euros in terms of net investing cash flow⁷.

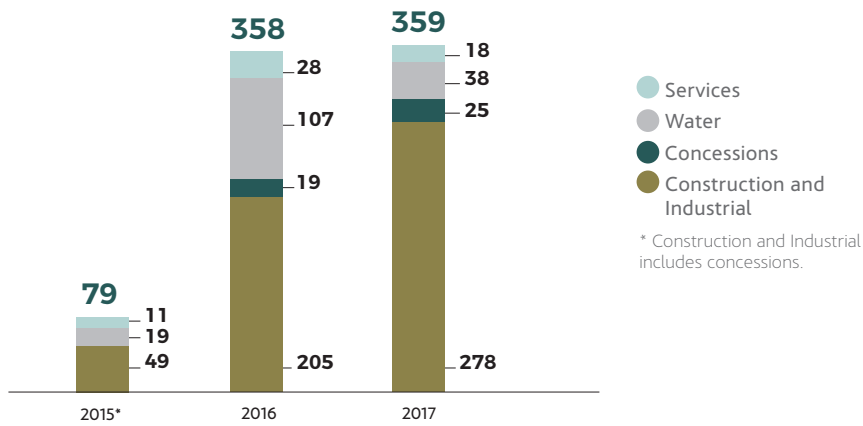
Investment in 2015-2017

ACCIONA: Gross vs. net CAPEX
(M€)

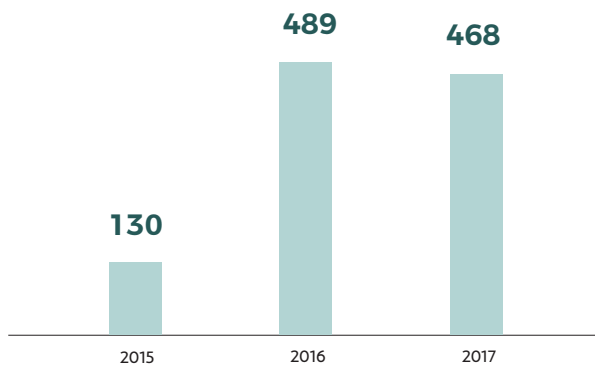


(7) Net investing cash flow calculated as gross capital expenditure less divestments plus/minus other investing flows (in connection with deferred payments).

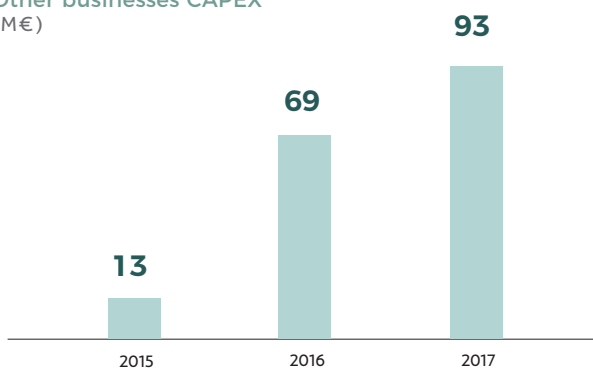
ACCIONA Infrastructure CAPEX (M€)



ACCIONA Energy CAPEX (M€)



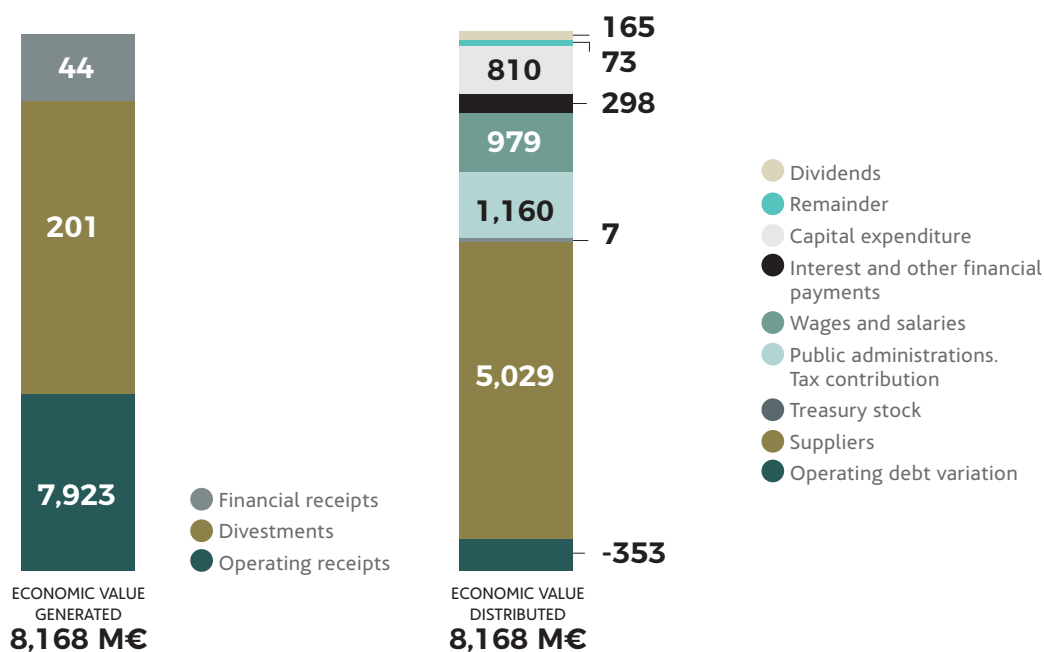
Other businesses CAPEX (M€)



In 2018, ACCIONA plans to maintain gross investment at similar levels to 2017, i.e. around 900 million euros. Capital expenditure will be partly offset with the sale of Trasmediterranea and the CSP business in Spain.

SOCIAL CASH FLOW AND TAX CONTRIBUTION IN 2017

Social cash flow is a way of calculating ACCIONA's impact on, and contribution of value to, society through the cash flows generated by its activity, considering items that represent real cash inflows and outflows and have an impact on stakeholders.

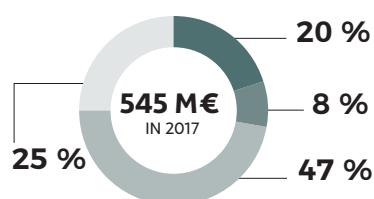


Operating receipts and payments to public administrations, suppliers and employees. Breakdown by region

Region	Operating receipts (%)	Public administrations. Tax contribution (%)	Suppliers (%)	Wages (%)
Spain	44	67	33	52
Rest of Europe	11	11	12	11
North America	4	2	6	4
Central and South America	21	13	22	21
Africa	4	2	4	2
Asia and Oceania	16	5	23	11
TOTAL (M€)	7,923 M€	1,160 M€	5,029 M€	979 M€

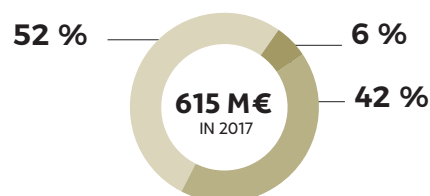
In 2017, the economic and social contribution made by ACCIONA to public administrations through tax payments totalled 1,160 million euros, of which 545 million euros correspond to taxes paid (47 %) and 615 million euros to taxes collected (53 %).

Taxes paid



- Income tax
- Property tax
- Taxes associated with employment
- Taxes on products and services

Taxes collected



- Income tax
- Taxes associated with employment
- Taxes on products and services

The Group's tax contribution increased by 14.5 % with respect to 2016 and amounted to 5.3 times attributed after-tax profit⁸. This means that, out of every 100 euros of revenues booked by ACCIONA, 16 were paid in taxes, mainly in Spain, Mexico, Poland, Australia, Chile, Brazil and Portugal. Employment-related taxes are the largest single component of the tax contribution.

In line with group policy, ACCIONA continues to enhance reporting so as to improve tax transparency year after year. In addition to providing a breakdown of taxes paid in the main geographies, it also produces the Group's Annual Tax Transparency Report on a voluntary basis⁹.

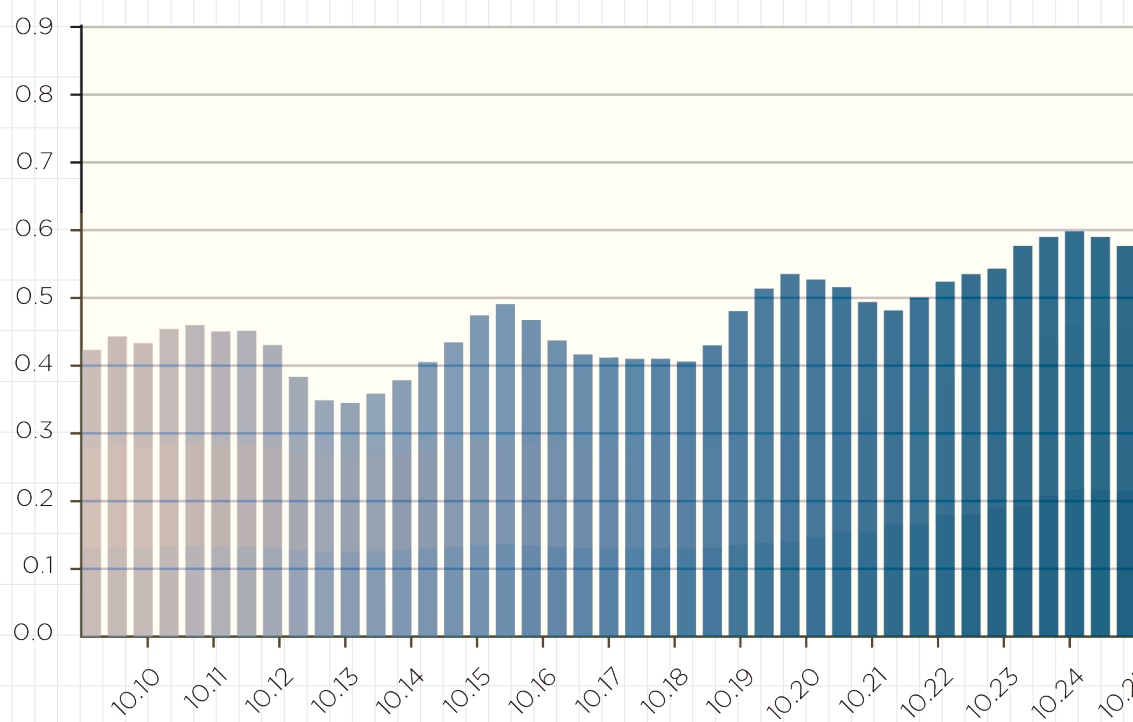
In 2017, the ACCIONA group undertakings in Australia adopted Australia's Voluntary Tax Transparency Code.

Total tax contribution in 2017. Breakdown by country

Country	Taxes paid (M€)	Taxes collected (M€)	Total (M€)	% of total
Spain	378.4	400.5	778.9	67 %
Mexico	14.2	38.7	52.9	5 %
Poland	15.8	36.5	52.4	5 %
Australia	18.1	25.3	43.4	4 %
Chile	26.9	10.8	37.7	3 %
Brazil	22.8	2.8	25.7	2 %
Portugal	7.9	13.2	21.1	2 %
Germany	7.9	4.4	12.3	1 %
Italy	10.6	0.4	11.0	1 %
USA	7.2	2.9	10.2	1 %
Canada	2.6	6.8	9.4	1 %
Colombia	1.8	6.3	8.1	1 %
Other countries	30.8	66.5	97.3	8 %
TOTAL	545.1	615.2	1,160.3	100%

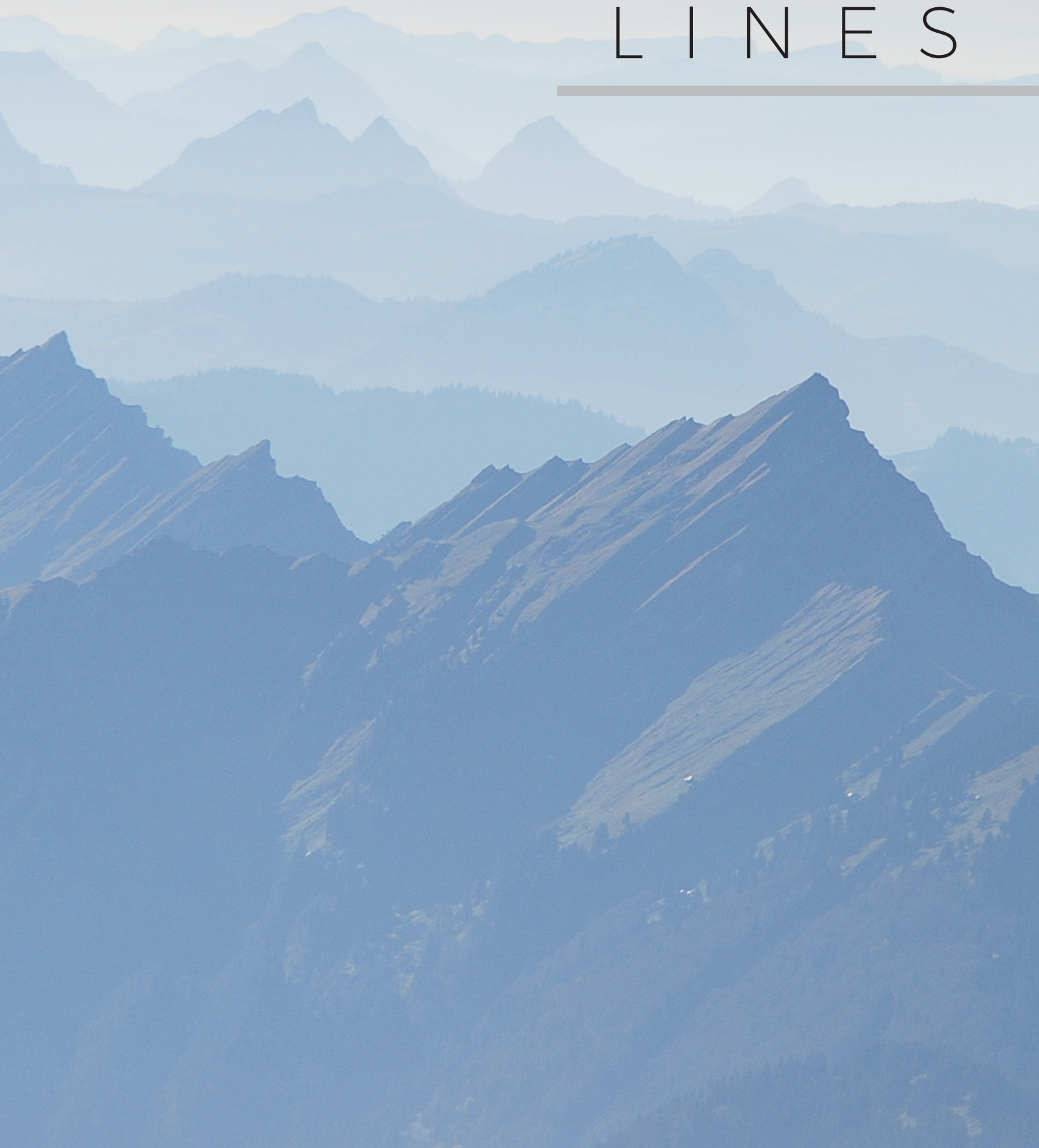
(8) Taxes borne amounted to 2.5 times net profit.

(9) Annex to the Spanish tax agency's Code of Good Tax Practices.



BUSINESS AS UNUSUAL

B U S I N E S S L I N E S



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



MORE INFORMATION

visit ACCIONA Energy's website:
www.accion-energy.com



ACCIONA ENERGY



WIND



SOLAR PHOTOVOLTAIC



HYDROELECTRIC



SOLAR THERMOELECTRIC



BIOMASS

- ▶ Sound experience in the main renewable technologies and a focus on the most competitive energies: onshore wind and solar photovoltaic.
- ▶ Our assets cover the entire value chain.
- ▶ Sale of energy, capacity and certificates of renewable origin.
- ▶ Supply of 100% renewable electricity.
- ▶ Services to third parties.

BUSINESS MODEL

100 % RENEWABLE

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

DIVERSIFIED

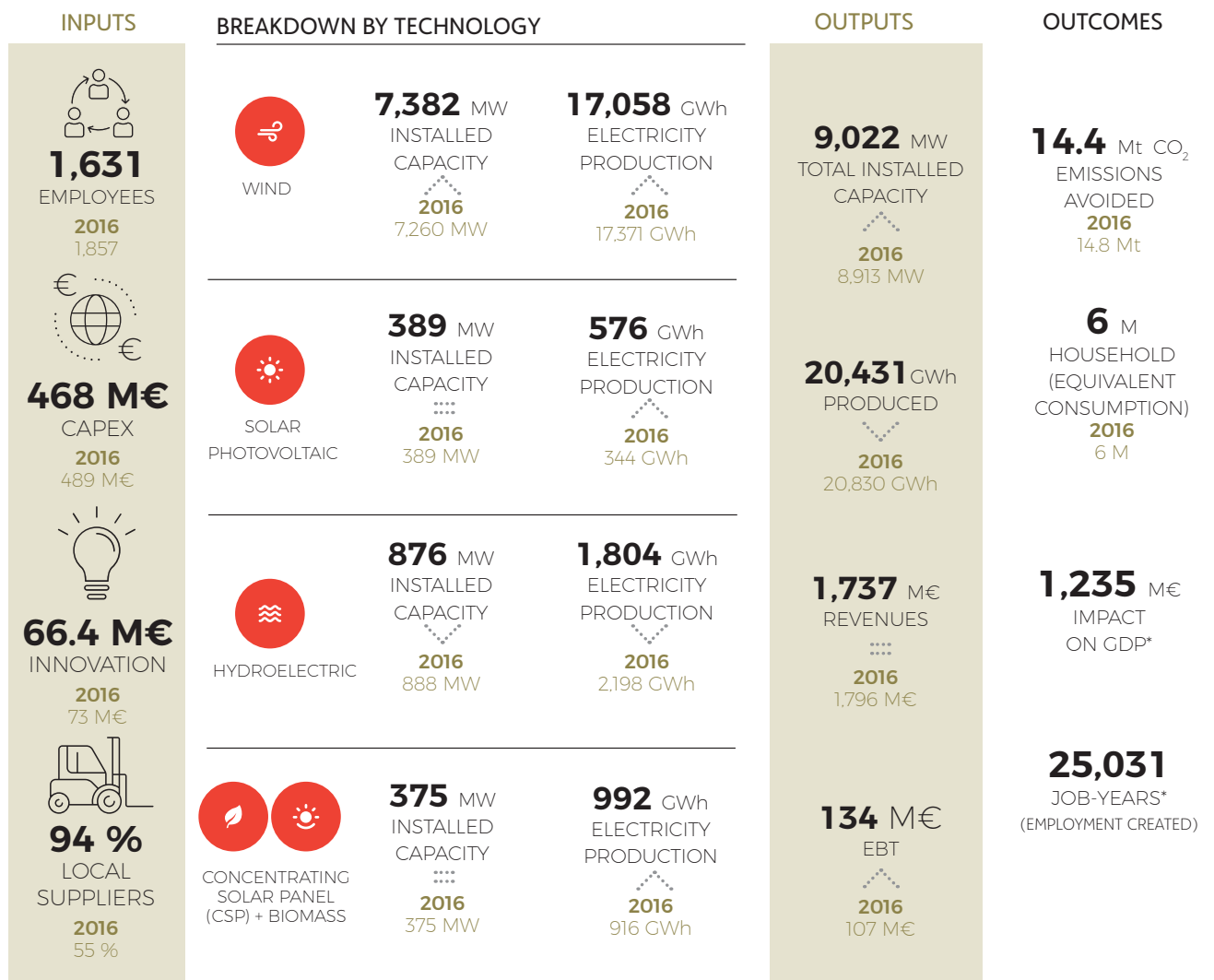
- 44 % of power generation EBITDA in 2017 was from outside Spain
- 47 % of construction in 2018 is photovoltaic
- Two new storage plants

EXPANDING

- 1,263 MW under construction in 2018

ACCIONA ENERGY IN 2017

ONE OF THE SOUNDEST TRACK RECORDS IN THE INDUSTRY, WITH A LARGE OFFER OF COMPETITIVE RENEWABLE PRODUCTS



* According to ACCIONA Energy's specific socioeconomic impact measurement methodology; scope: the countries where we operate; timescale: 2017.

OBJECTIVES 2018

CONTINUOUS
IMPROVEMENT OF
PRODUCTION

GREATER
DIVERSIFICATION IN
TERMS OF GEOGRAPHY,
TECHNOLOGY AND
OFFTAKERS

GROWTH IN
CORPORATE PPAs

PROFITABLE GROWTH
AND MEETING THE
PLANNING

THE VALUE OF ACCIONA ENERGY

KEY SUCCESS FACTORS

100 % RENEWABLE

Only clean energy

- Top 1 of the Green Utilities ranking worldwide for the third consecutive year⁽¹¹⁾.
- The company is recognised as a global sustainable energy player whose activity contributes to avoiding CO₂ emissions into the atmosphere.
- Actively fighting climate change in all our operations.
- Participation in carbon markets and clean development mechanisms (CDM).

FOCUS ON THE MOST EFFICIENT TECHNOLOGIES

Proven ability in the main renewable technologies

- Extensive experience and proven ability in the main renewable technologies.
- Future portfolio growth is concentrated in wind and photovoltaic, the technologies that are most mature and most competitive.
- In addition to wind and photovoltaic, it also has solar thermoelectric, biomass and hydroelectric assets.

EXTENSIVE EXPERTISE

Horizontal knowledge and greater reliability throughout the value chain

- Accumulated experience in a fast-growing sector with many new players and a diversity of approaches.
- In-depth knowledge of the entire value chain, from project development through engineering and construction, operation and maintenance to energy management and sale, in different regulatory and financial environments.

A GLOBAL COMPANY

Gaining traction in strategic markets

- Owned assets in 15 countries on five continents in order to maintain the focus on profitable growth.
- Development of multidisciplinary teams that combine talent with local and international knowledge.

ENERGY SALES

The division evaluates and manages the social and environmental implications of its projects for the environment and communities.

- Sale of energy from owned assets and other producers we represent.
- Diversification in terms of products (energy, capacity, certificates of renewable origin...).
- Diversification in terms of offtakers, combining PPAs obtained in public auctions with sales at FiT, corporate PPAs, etc.
- Promotion of corporate PPAs with customers who want a competitive, reliable and guaranteed renewable supply to reduce their carbon footprint and energy costs.
- Offer of flexible transparent products adapted to each customer.
- 100% renewable origin accredited in Spain by the CNMC (the National Commission on Markets and Competition).

(11) 'New Energy Top 100 Green Utilities' ranking table published annually by Energy Intelligence, an independent consultancy specialising in energy markets.

MARKET LEADER IN INNOVATION APPLIED TO BUSINESS A permanent focus on developing new technologies for the business	• Permanent objective of maximising operational efficiency: through new construction techniques, application of big data and digital transformation, etc. • Greater competitiveness derived from cost cutting and continuous progress in maximising output. • Pioneers in grid integration and storage.
GOOD CORPORATE CITIZENSHIP Creating value at a local level and contributing to progress	• Contribution to local development through training, health, culture and sports, and self-employment programmes in the countries in which it operates. • Assistance to improve basic community services in developing countries. • Analysis of ACCIONA Energy's socioeconomic footprint in the countries where it operates.
LONG-TERM VIEW A reliable company that is committed to the future	• A key player in an electrical system with an accelerating renewable presence. • Projects are undertaken for the long term: we develop projects in order to build, maintain and operate them. • Selective focus on attractive markets. • Well positioned to materialise the objectives of the Paris Agreement to achieve a decarbonised economy. We are driving the energy transition towards renewables.

AN AGILE AND CUSTOMIZED RESPONSE, ADAPTED TO CLIENTS AND THE SURROUNDINGS

ACCIONA Energy adapts its projects to the specific requirements and needs of each client, in both financial and operational terms, as well as the environmental conditions, regulation and the local context.

Construction commenced in 2017 of two wind farms that evidence the division's immediate adaptation to the environment, by optimising resources and offering competitive proposals.

EL CORTIJO - MEXICO

Wind speeds and cost conditions in the region enable the company to install **concrete towers**.

- Location: Reynosa, Tamaulipas
- Capacity: 183 MW
- Wind turbine: 61 Nordex 3 MW turbines
- Tower: concrete, 120 m hub height

MT GELLIBRAND - AUSTRALIA

Cost optimisation, thanks to the possibility of developing and installing **metal towers** faster.

- Location: Colac, Victoria
- Capacity: 132 MW
- Wind turbine: 44 Nordex 3 MW turbines
- Tower: steel, 87.5 m hub height

2017 MILESTONES: INCREASED INSTALLED CAPACITY AND ENHANCED COMMERCIAL POSITIONING

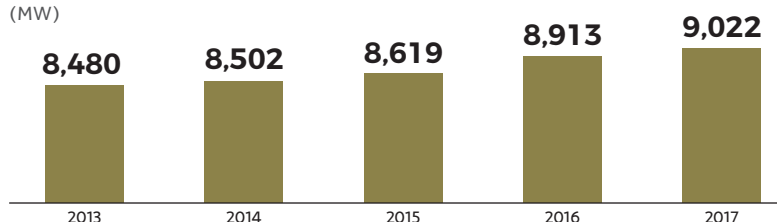
Constant and assured growth

ACCIONA Energy continued to expand total installed capacity in 2017, with 9,022 MW in operation and an additional 1,263 MW to be built in 2018. This growth in installed capacity is diversified in terms of technology (mainly wind and photovoltaic) and geography.

In the last twelve months, the portfolio has increased by 110 MW (1.1 %) with respect to 2016 year-end due to the addition of 84 MW of wind capacity in Mexico, 38 MW in Canada and 75 MW in India¹².

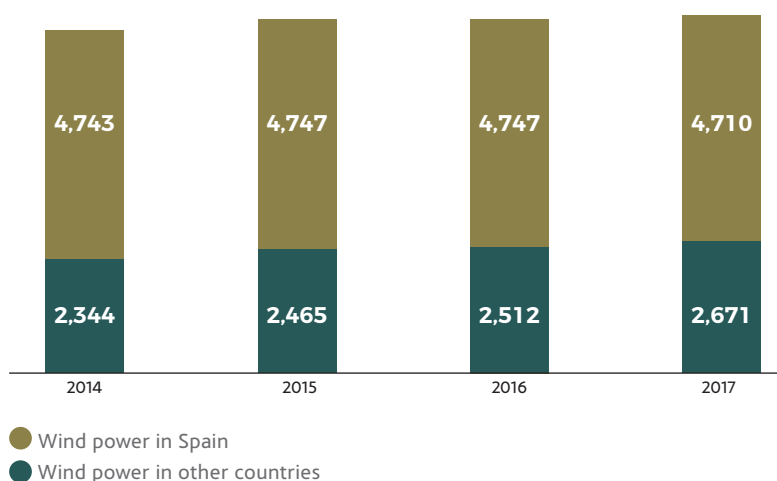
2018 is an inflection point for the company, since it has over 1.2 GW under construction. This increase will bring the division closer to the 10,500 MW target set out in its strategic plan for 2020.

Total installed capacity (MW)



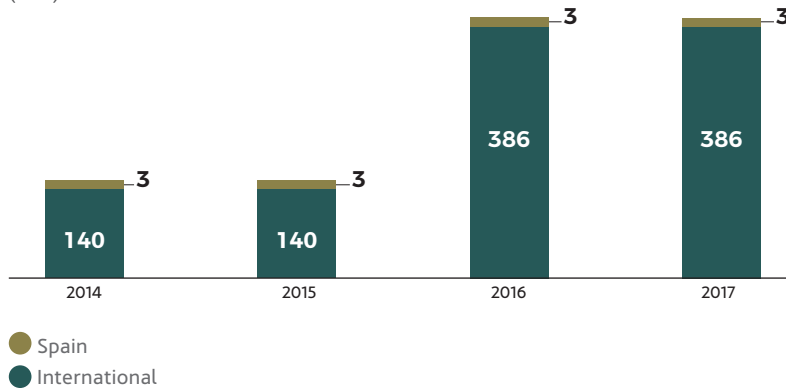
Growth is international and diversified in terms of technologies

Installed wind capacity (MW)



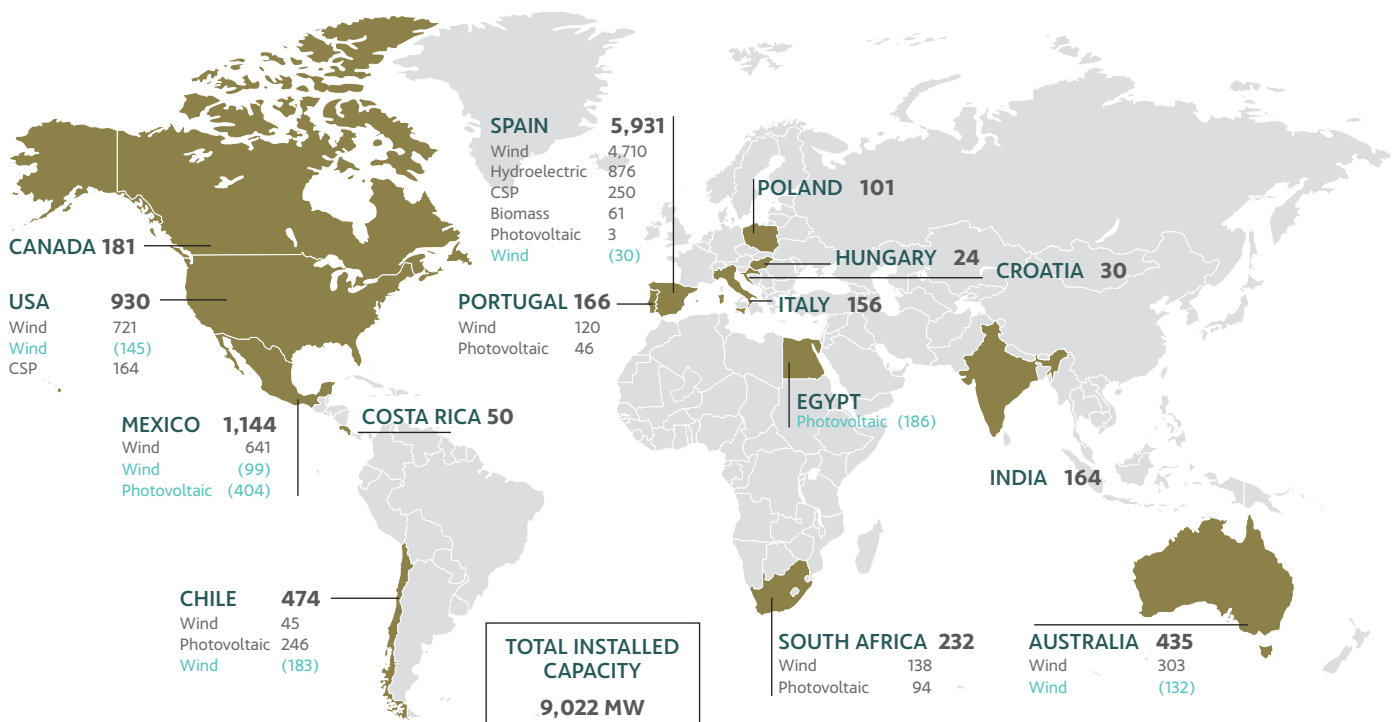
(12) During the year, 49 MW were derecognised in Spain as a result of repowering the El Cabrito wind farm (30 MW will become operational in 2019 as a result of that repowering) and the expiration of three hydroelectric concessions.

Installed photovoltaic capacity (MW)



A key actor in international markets 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 solar thermoelectric capacity in Spain in 2018

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

Diversification in terms of offtakers

During 2017, the division continued to develop its commercial capabilities so as to boost growth by combining different energy sales mechanisms (FiT, auctions, corporate PPAs, etc.).

Due to renewables' technical maturity and competitiveness, corporations are increasingly interested in acquiring renewable energy directly from producers. ACCIONA Energy has an important competitive advantage in this regard because of its experience, reliability and professionalism. This situation is also aligned with the company's strategy of diversifying offtakers; consequently, in 2017 it focused on arranging more corporate PPAs while also participating selectively in auctions and diversifying mechanisms to ensure long-term sustainable investment.

ACCIONA Energy is uniquely placed to respond to companies' search for reliable, efficient long-term green energy supplies.

Specifically, following the contract signed in Chile with Google to supply its data centre, the main corporate PPA signed in 2017 was with the Chilean Falabella group.

Storage as a new business

ACCIONA Energy established Spain's first hybrid battery storage plant integrated into a grid-connected wind farm in Barásoain (Navarra). This initiative places the company at the forefront of solutions of this type, which aimed at facilitating the integration into the grid of renewables, whose production is variable, and managing renewable generation optimally.

Also in 2017, the division invested in the development and deployment of this technology through the creation of two software applications for full integration into the process of renewable energy management carried out at CECOER (Renewable Energy Control Centre), making it just another technology in our product portfolio, with all the advantages of centralised management and control integrated with the other clean technologies.

Entrance into a market with great potential: Egypt

ACCIONA Energy is to build three company-owned photovoltaic plants in Egypt in partnership with the Swicorp renewable platform. Peak capacity will be 186 MWp and the approximate investment will amount to 180 million dollars.

This investment was subjected to exhaustive financial oversight using funding and multilateral underwriting via the World Bank in an innovative formula in terms of investment and risk mitigation. This and similar formulae open the doors to new markets with potential.

Measuring ACCIONA Energy's socioeconomic impact

Since 2015, ACCIONA has been working to measure the socioeconomic and environmental impact that its projects produce in a given country, obtaining quantitative results as to the impact of the company's activity in terms of job creation (direct, indirect and induced) and the contribution to the country's GDP, in addition to contemplating other positive effects on the environment and communities.

In recent years, the socioeconomic impact of a number of energy projects has been measured in Mexico (Oaxaca II, III and IV, EURUS, Ventika I, II, and Ingenio wind farms), South Africa (Gouda wind farm and Sishen photovoltaic plant) and Chile (El Romero Solar photovoltaic plant).

The main advances in 2017 were as follows:

- Analysis of the impact of all of ACCIONA Energy's assets worldwide in 2017:
 - Global contribution to GDP: 1,235 M€
 - Contribution to job creation: 25,031 job-years (full-time equivalent job lasting one year).
- New socioeconomic footprint calculations for the entire life cycle of the San Roman wind farms in the United States and all of the assets in Australia (including Cathedral Rocks, Waubra, Gunning and Mt. Gellibrand).
- Continuing to compare with non-renewable technologies.

ACCIONA
ENERGY TO
BUILD THREE
PHOTOVOLTAIC
PLANTS
IN EGYPT
WITH A PEAK
CAPACITY
OF 186 MWp
AT AN
INVESTMENT
OF
APPROXIMATELY
180 M USD



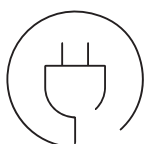
MORE INFORMATION

for details on the socioeconomic impact measurement in the main countries, see the "Where ACCIONA Energy Competes".

HOW THE RENEWABLE ENERGY MARKET IS CHANGING

Growth in demand for electricity offers a promising future for ACCIONA Energy. Renewables have already achieved a high level of competitiveness compared with conventional energy, not only in terms of costs, but also in terms of technical capacity, reliability and quality; moreover, plant construction is faster, and creates more value.

TREND: Higher demand for electricity, coupled with development and economic growth¹³.



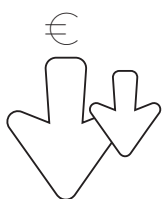
60 %

GROWTH IN DEMAND FOR ELECTRICITY IN 2016 - 2040

OPPORTUNITY FOR ACCIONA

- Demand for reliable, good quality energy generators at competitive prices.
- Electrification of demand.

TREND: Constant technological progress and competitive pressure to reduce costs. Renewables gaining in appeal¹³.



-47 %

REDUCTION IN WIND COSTS BY 2040

-66 %

REDUCTION IN SOLAR PHOTOVOLTAIC COSTS BY 2040

OPPORTUNITY FOR ACCIONA

- Competitive advantage derived from extensive market experience.
- Know-how and technology diversification adapted to market conditions.

TREND: Focus on decarbonising energy¹³.



72 %

OF NEW GENERATION INVESTMENT TO 2040: SOLAR PHOTOVOLTAIC AND WIND

OPPORTUNITY FOR ACCIONA

- Choice of prominent sustainable players.
- Regulatory frameworks tending to discourage fossil fuels.

TREND: Rising private sales of renewable energy¹³.



19 GW

CORPORATE CLEAN ENERGY CONTRACTS SIGNED SINCE 2008

OPPORTUNITY FOR ACCIONA

- Growing number of corporate clients demanding a reliable and sustainable supply.
- Commitment to provide recurring revenues over the long term.

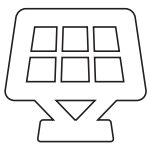
(13) World Energy Outlook 2017-International Energy Agency. <https://www.iea.org/weo2017/>

TREND: Availability of funding¹⁴.

95.1 B\$
GREEN BOND ISSUANCE
IN 2016

OPPORTUNITY FOR ACCIONA

- Greater involvement of financiers and insurers. Some have announced the imminent divestment of polluting assets.
- Better risk/return ratios.
- Funding instruments, such as green bonds, that favour investment in renewables.

TREND: Distributed and more efficient renewable generation¹⁶.

5 %
OF POWER GENERATION WILL
BE SUPPLIED BY SMALL-SCALE
SOLAR PV BY 2040

OPPORTUNITY FOR ACCIONA

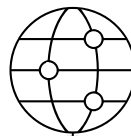
- Development of on-grid and off-grid business models
- Cost reduction.
- Increased competitiveness.
- Higher load factors and more reliable solutions.

TREND: Establishment of even more competitive technologies¹⁵.

-73 %
DECLINE IN THE PRICE OF
LITHIUM BATTERIES BY 2040
AND INVESTMENT IN ENERGY
STORAGE THROUGH 2030

OPPORTUNITY FOR ACCIONA

- High economic potential.
- Development and innovation as growth drivers.

TREND: Towards the digital transformation¹⁷.

27 %
PRODUCTIVITY GAIN OVER THE
NEXT 5 YEARS DERIVED FROM
DIGITALISATION

OPPORTUNITY FOR ACCIONA

- Reduction of operating costs through process automation and new operational analysis techniques.
- New technologies such as remote control and drones.
- Business opportunity due to the increase in electricity consumption driven by digitalisation in all areas (data centres).

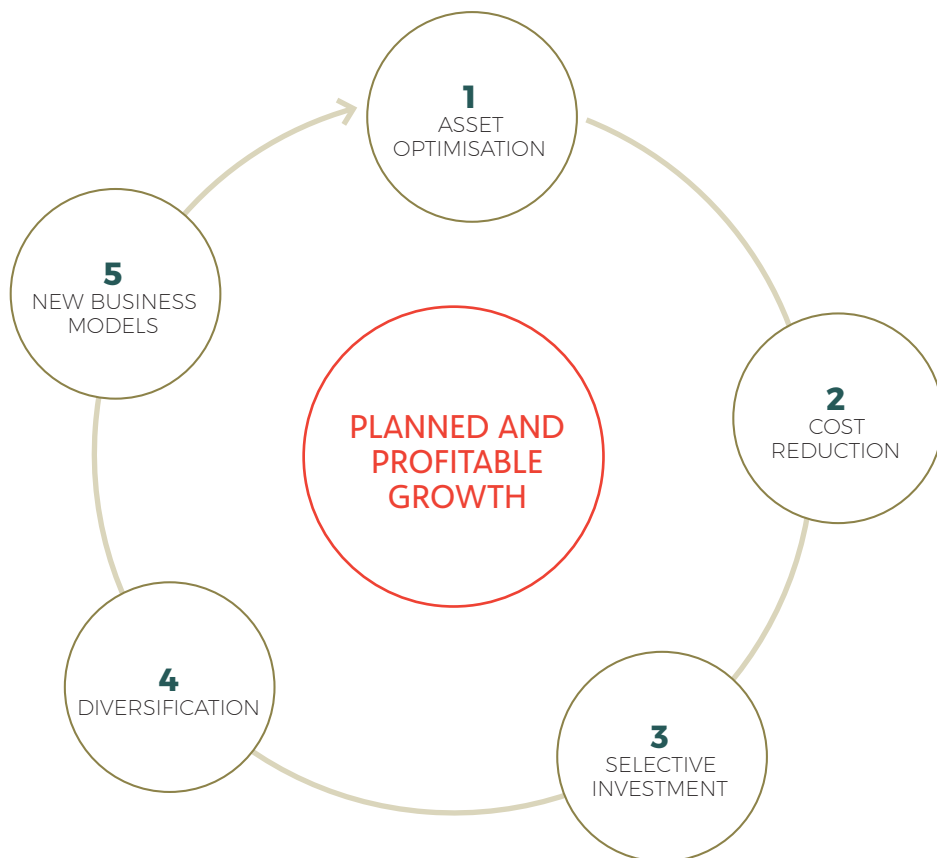
(14) Bloomberg New Energy Finance. Green bonds: 2016 in review

(15) Grand View Research. Microgrid Market Analysis By Power Source (Natural Gas, Combined Heat & Power (CHP), Solar PV, Diesel, Fuel Cell), By Product (Remote, Grid Connected, Hybrid), By Application, And Segment Forecasts, 2014 - 2025

(16) Bloomberg New Energy Finance. <https://about.bnef.com/blog/global-storage-market-double-six-times-2030/>

(17) Capgemini. The Digital Utility Plant: Unlocking value from the digitalisation of production 2017

ACCIONA ENERGY STRATEGY COMMITTED TO THE ENERGY TRANSITION



SUSTAINABILITY AS THE CORE PHILOSOPHY, SUPPORTING THE CORPORATE GOAL OF REDUCING EMISSIONS AND REMAINING CARBON NEUTRAL SINCE 2016.

1. MAXIMUM QUALITY in managing our assets through innovation and continuous improvement:

- Maximise production while guaranteeing optimal availability.
- Minimise OPEX of operational plants using big data, remote control, drones, etc.
- Extension of lifespan.

2. REDUCE OPEX AND CAPEX TO BECOME MORE COMPETITIVE.

3. SELECTIVE GROWTH, ensuring a return on investment while seeking attractive markets worldwide.

4. DIVERSIFICATION IN TERMS OF GEOGRAPHIES, technologies and offtakers, with a lower risk of regulatory variations in specific markets, less dependence on the development of a single technology, lower risk in sales due to the portfolio effect, and greater versatility in the generation profile.

5. NEW BUSINESS MODELS that meet emerging needs of the electricity market: storage and distributed generation.

RISK MANAGEMENT AT ACCIONA ENERGY

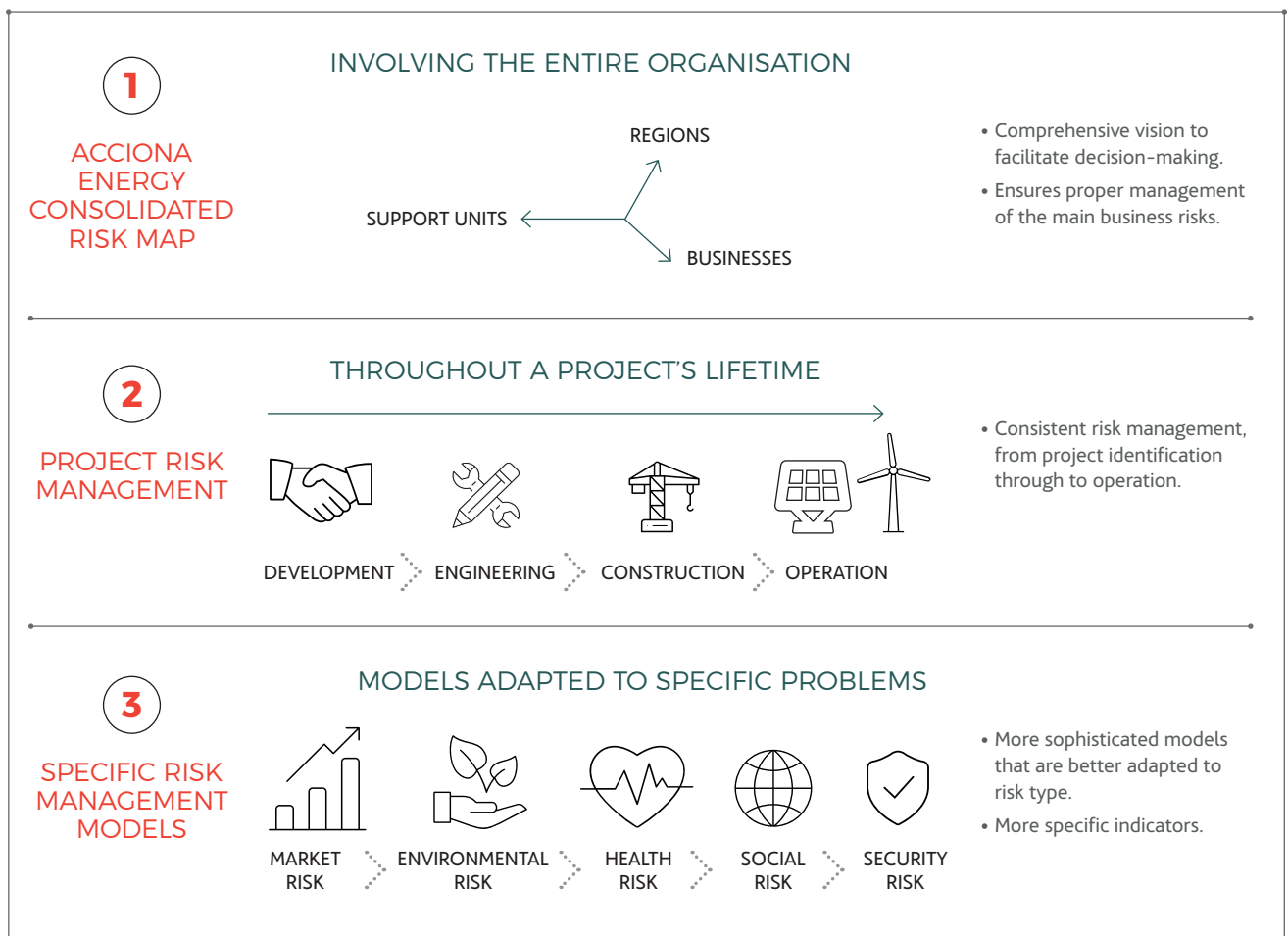
The ACCIONA Energy division takes a range of measures to ensure optimal management of the risks it faces because of the nature of its business: regulatory, operational, market risks, etc. This model is reviewed continuously to ensure the adoption of industry best practices, contributing to better risk identification, evaluation and treatment.

The ACCIONA Energy risk management model experienced considerable development in 2017.

RISK MANAGEMENT MILESTONES IN 2017

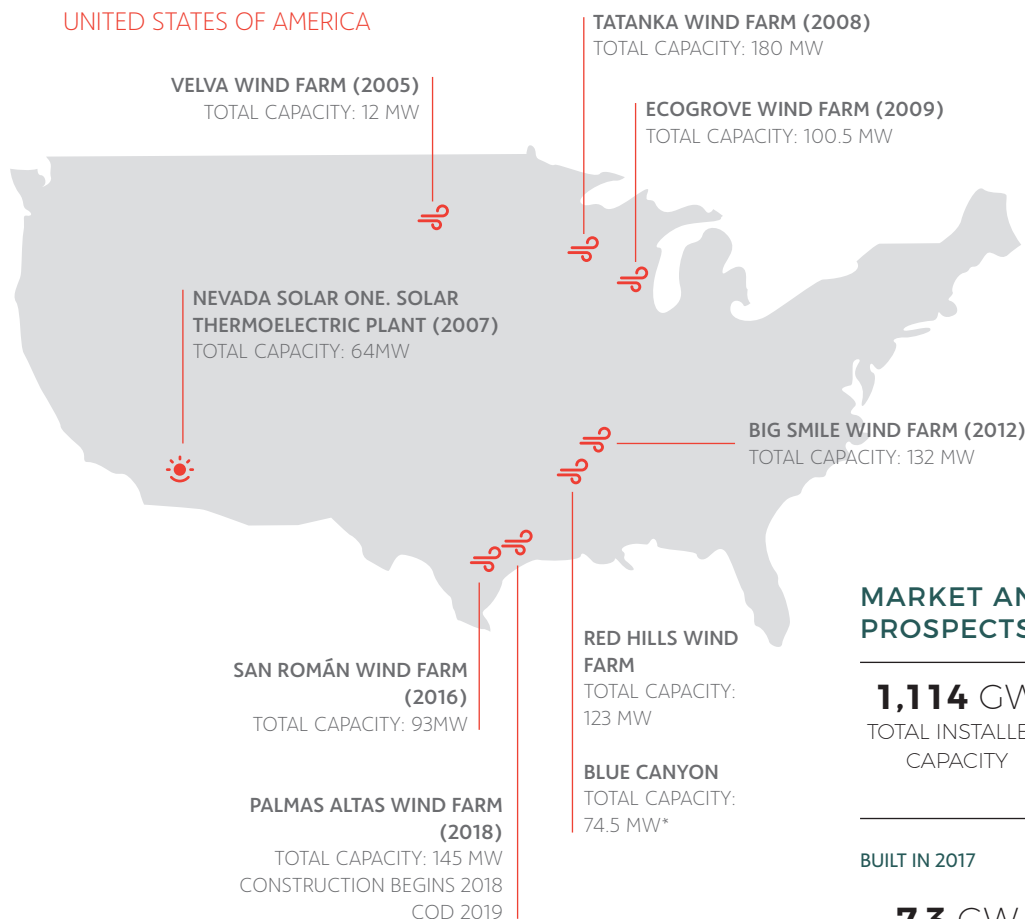
- Initiative to transform the project risk management process and improve standardisation throughout all stages of a project.
- Creation of a new consolidated risk map for the division with greater involvement of all its units.
- Implementation of a new market risk evaluation model.
- Adoption of a new corporate model for controlling ESG risks (environment, social and governance).

THREE INTER-RELATED LEVELS OF RISK MANAGEMENT



WHERE ACCIONA ENERGY COMPETES

UNITED STATES OF AMERICA



MARKET AND GROWTH PROSPECTS

1,114 GW
TOTAL INSTALLED
CAPACITY

159 GW
ARE RENEWABLE
(NOT INCLUDING
HYDROELECTRIC)

BUILT IN 2017

7.3 GW
WIND

10.3 GW
SOLAR PV

IN 2017

63 % OF INSTALLED ELECTRICITY CAPACITY
IS RENEWABLE

THROUGH 2025

-28 %
GREENHOUSE GAS EMISSIONS (2005 BASELINE)

- Withdrawal from the Paris Climate Agreement at national level.
- Many states continue to combat climate change. 'We are still in' movement
- Tax reform: Less appeal for tax equity investors
- Higher protectionist tariffs on photovoltaic

IN 2017, ACCIONA INAUGURATED ITS 8TH WIND FARM

785 MW
in operation

1.5 M
tCO₂
avoided

IMPACT ON GDP
(M€) IN 2017 **

147.73

IMPACT ON
EMPLOYMENT (JOB-
YEAR) IN 2017 **

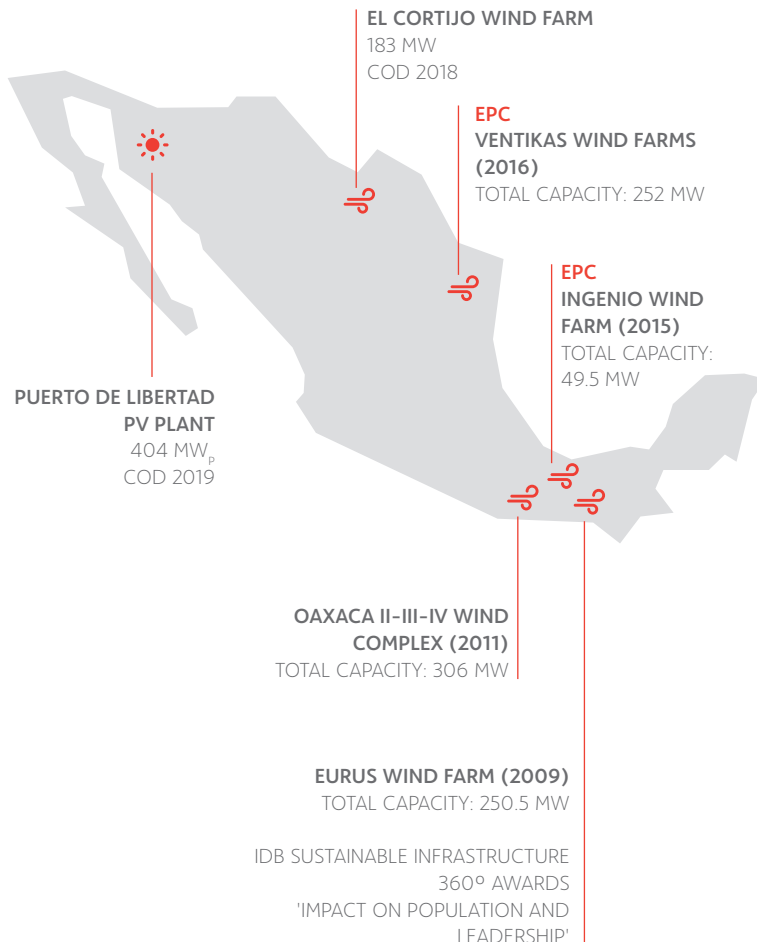
1,462

* ACCIONA Energy has a minority stake

** According to ACCIONA Energy's specific socioeconomic impact measurement methodology.

Job-year: a full-time equivalent job lasting one year.

MEXICO



MARKET AND GROWTH PROSPECTS

2nd
LARGEST ELECTRICITY
MARKET IN LATIN
AMERICA

8 %
RENEWABLE
(NOT INCLUDING
HYDROELECTRIC)

~73.5 GW
TOTAL INSTALLED
CAPACITY AT
PRESENT

145 MW
PHOTOVOLTAIC
3,735 MW
WIND

POSITIVE ENERGY REFORM

Wind plant capacity factor > 40 %

Insolation > 2,300 hours/year net

35 %
CLEAN ENERGY
IN 2024

24,000 M\$
ESTIMATED
INVESTMENT IN
THE NEXT 5 YEARS

46 %
CLEAN ENERGY
IN 2031

74 %
IN GREEN
INVESTMENT
ESTIMATED FOR THE
NEXT 5 YEARS

POSITIVE ENERGY REFORM

Regulatory framework based on CFE restructuring, introduction of a competitive node-based electricity market, capacity market, adjustment services, financial transmission rights, CELs (clean energy certificates).

Government relying on long-term contracts to support new investment in power generation.

641 MW
in operation

1.04 M
tCO₂
avoided

IMPACT ON GDP
(M€) IN 2017 **

108.51

IMPACT ON
EMPLOYMENT
(JOB-YEARS) IN 2017 **

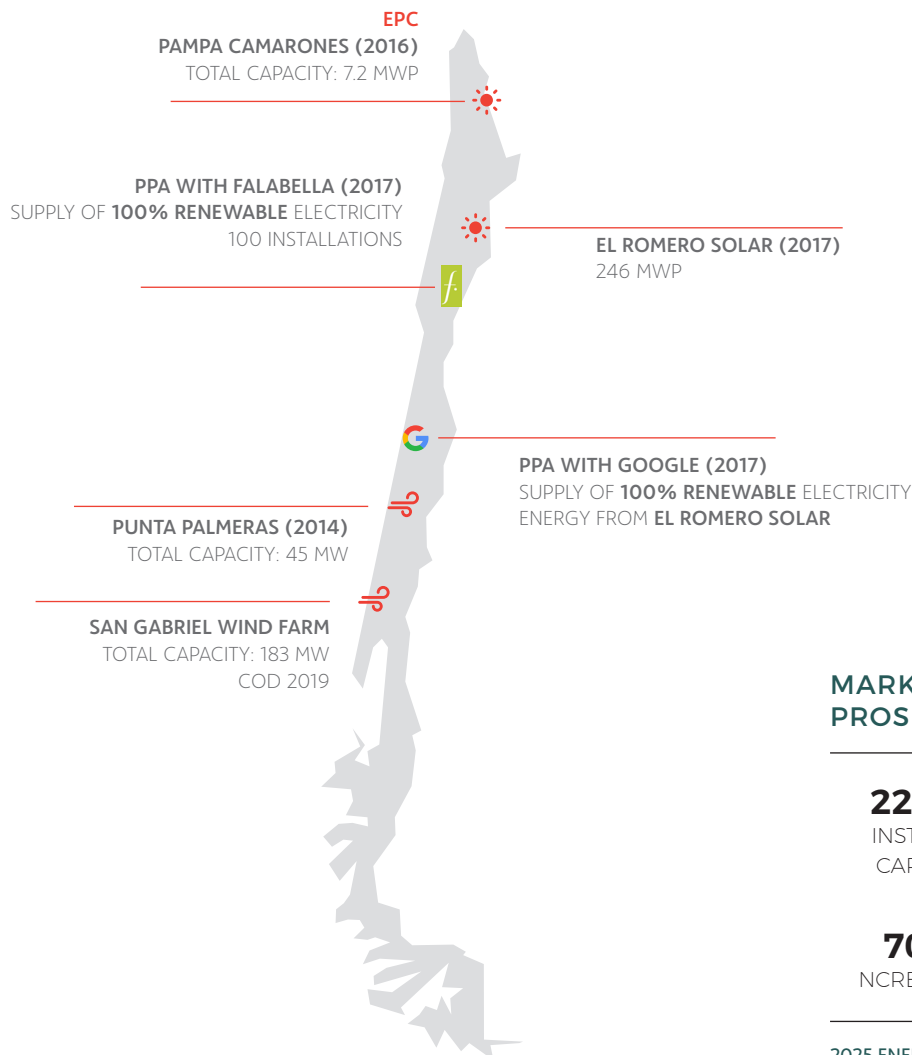
3,193

** According to ACCIONA Energy's specific socioeconomic impact measurement methodology
Job-year: a full-time equivalent job lasting one year.

In 2017, Mexico suffered two major earthquakes that seriously affected the local population, including ACCIONA employees and its supply chain. The company offers its most sincere support to all those affected and to the Mexican people in general.

ACCIONA ENERGY IS A MARKET LEADER: ONE OF THE MAIN WIND OPERATORS AND WITH ONE OF THE COUNTRY'S LARGEST PHOTOVOLTAIC PLANTS (PUERTO LIBERTAD) UNDER CONSTRUCTION

CHILE



MARKET AND GROWTH PROSPECTS

22 GW
 INSTALLED
 CAPACITY

3.1 GW
 RENEWABLE
 (NOT INCLUDING
 HYDROELECTRIC)

70 %
 NCRE IN 2050

2025 ENERGY AGENDA

20 % NCRE OUTPUT

45 % NEW NCRE
 OUTPUT

20 % ENERGY SAVING

BY TECHNOLOGY:

20 % WIND

17 % SOLAR

291 MW
 in operation

303,083
 tCO₂
 avoided

IMPACT ON GDP
 (M€) IN 2017 *

33.34

IMPACT ON
 EMPLOYMENT
 (JOB-YEARS) IN 2017 *

917

- A resource-rich region:
 - Highest level of solar insolation on the planet
 - Wind plant capacity factor > 35 %
- Opportunities in corporate PPAs

A STRATEGIC MARKET FOR ACCIONA ENERGY.
 STRONG DEVELOPMENT VIA AUCTIONS
 AND CORPORATE PPAS.
 PPA SIGNED WITH FALABELLA IN 2017

* According to ACCIONA Energy's specific socioeconomic impact measurement methodology
 Job-year: a full-time equivalent job lasting one year.

AUSTRALIA



MARKET AND GROWTH PROSPECTS

- \$9 billion investment in renewables in 2017, vs. 3.6 in 2016 (BNEF)

67 GW

IN 2015

11.6 GW

RENEWABLE (NOT INCLUDING HYDRO)

303 MW
in operation**777,022**
tCO₂
avoidedIMPACT ON GDP
(M€) IN 2017 ***95.19**IMPACT ON
EMPLOYMENT
(JOB-YEAR) IN 2017 ***841**

- 26-28 % reduction in GHG emissions by 2030. (2005 baseline)
- 23.5 % of electricity to be generated from renewable sources by 2020

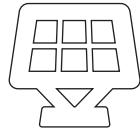
- Market with growing appetite for renewables
- Opportunity for new technologies due to the geography and the characteristics of the electricity system
- Boost for renewables from national energy plans

ACCIONA ENERGY'S FOURTH-RANKING COUNTRY IN TERMS OF WIND CAPACITY (303 MW)

* According to ACCIONA Energy's specific socioeconomic impact measurement methodology
Job-year: a full-time equivalent job lasting one year.

FLAGSHIP PROJECTS

PROJECTS UNDER CONSTRUCTION OR APPROVED IN 2017 THAT
GUARANTEE FUTURE GROWTH



PUERTO LIBERTAD PHOTOVOLTAIC FARM IN MEXICO

ACCIONA and Tuto Energy have begun the construction of a photovoltaic complex (over 400 MWp) in Sonora (Mexico). It will consist of a total of 1,222,800 photovoltaic panels, with a solar catchment area equivalent to 333 football fields.

- One of the largest facilities in Mexico and Latin America and the largest renewable project ever built by ACCIONA Energy anywhere in the world.
- Output will be split three ways: 229 MW to Mexico's Federal Electricity Commission (CFE), 114 MW to a major Mexican industrial group via a corporate PPA, and the remaining 61 MW to be sold in the wholesale market.

Key figures

404 MWp
CAPACITY

583,000 HOUSEHOLDS
ENERGY CONSUMPTION
EQUIVALENT

925,000 t CO₂/year
EMISSIONS AVOIDED



THREE PHOTOVOLTAIC PLANTS IN EGYPT

ACCIONA Energy and Enara Bahrain Spv WLL (ENARA), the renewable energy platform of Saudi company Swicorp, have started the construction of three photovoltaic plants in Egypt, located in the Benban complex, which was created by the Egyptian government in the Aswan region. This is ACCIONA Energy's first renewable project in Egypt.

- Construction in a 50:50 joint venture with Swicorp
- Investment of 180 million dollars
- The electricity it generates will be supplied to the utility Egyptian Electricity for 25 years.

Key figures

186 MWp
CAPACITY

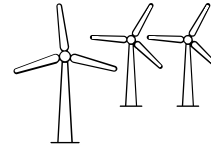
150,000 HOUSEHOLDS
ENERGY CONSUMPTION
EQUIVALENT

297,000 tCO₂/year
EMISSIONS AVOIDED

REPOWERING THE EL CABRITO WIND FARM

ACCIONA Energy is to repower one of its oldest wind farms: the El Cabrito farm, near Tarifa, in Spain, in operation since 1995.

- **90 wind turbines with a rated capacity of 330 kW will be replaced with 12 more efficient turbines in order to optimise the farm's generation and reduce operating costs.**
- **Consists of eight N100/3000 wind turbines and four AW70/1500 wind turbines.**



Key figures

90

330 KW WIND TURBINES
REPLACED

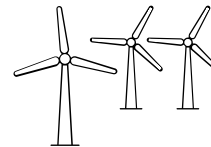
12 NEW

WIND TURBINES OF
HIGHER PERFORMANCE

LOWER
LANDSCAPE
IMPACT

INAUGURATION OF SPAIN'S FIRST BATTERY-BASED WIND ENERGY STORAGE PLANT

ACCIONA Energy inaugurated a battery-based wind energy storage plant in Barásoain (Navarra). This is the first plant of its type to be integrated into a grid-connected wind farm in Spain.



The application of battery-based electricity storage systems linked to wind farms and solar plants is a field with great growth potential due to the strong development worldwide of both renewable energies as battery technology becomes cheaper and more efficient.

- **System comprising two battery types: fast-response and slower-response.**
- **Samsung SDI Li-ion technology in both batteries, connected to an AW116/3000 wind turbine with 3 MW rated capacity.**
- **Technology solutions to be attached to commercial wind farms in order to increase renewable energies' contribution to the electricity grid and manage energy produced optimally.**

Key figures

**2 LITHIUM BATTERIES WITH
DIFFERENT RESPONSES.**
STORAGE SYSTEM

FAST RESPONSE BATTERY.
1 MW FOR
20 min.

SLOWER RESPONSE BATTERY.
0.7 MW FOR
1 hour

ACCIONA INFRASTRUCTURE

LEADERS IN THE DEVELOPMENT OF SUSTAINABLE SOLUTIONS

GLOBAL REACH WITH A FOCUS ON STRATEGIC REGIONS

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.



ACCIONA INFRASTRUCTURE



CONSTRUCTION

It participates in the entire infrastructure construction value chain, from design and engineering through to execution and operation. It is specialised in three major areas: bridges, roads and special structures; railways and tunnels; and ports and waterworks.



CONCESSIONS

One of the world's leading investor-owned developers of transport infrastructure (roads, railways and ports) and social infrastructure (hospitals and universities).



INDUSTRIAL

A specialist in EPC for industrial projects with a high technology component in such fields as thermal generation, hydroelectric and photovoltaic generation, oil & gas, transmission networks and substations.



WATER

A leader in end-to-end water management. Provides solutions that contribute to sustainable development in the sector with a strong innovation component at all stages, from design through execution to operation of drinking water, waste water and treatment plants, and desalination plants.



SERVICES

Offers an efficient, innovative management model for asset operation and maintenance in the areas of infrastructure, industry and cities, based on synergies provided by integrated management of the division's activities, among other factors.



MORE INFORMATION

visit the ACCIONA
Infrastructure website:
www.accionainfraestructuras.com

THE VALUE OF ACCIONA INFRASTRUCTURE

ACCIONA's Infrastructure division is positioned as a leader in infrastructure design, construction and operation and offers adapted services to each project needs, drawing on its over 100-year track record.

KEY SUCCESS FACTORS

SPECIALISTS IN COMPLEX PROJECTS

ACCIONA is a developer of complex infrastructures with a focus on quality, execution and technical excellence in the final product.

- Growth focused on specific segments which require considerable technical capacity.
- Leveraging knowledge derived from synergies between the business lines.
- Extensive network of partners and local suppliers who are conversant with the local context, making it possible to develop projects appropriately, minimise risk and achieve a product that provides added value to clients and investors.

CUSTOM FINANCING SOLUTIONS

ACCIONA creates financing solutions that are adapted to the specific economic characteristics of each project and client.

- Active role in designing schemes to fund projects.
- Mediates between clients and multilateral bodies and other local financing entities to facilitate investment flows.

EXHAUSTIVE RISK MANAGEMENT AND MITIGATION

Maximum control and priority in risk management throughout the entire value chain of the project with a focus on profitability.

- Rigorous, demanding standards for risk management in all phases of contract development and management.
- Market evaluation and analysis, not only during development but also in the infrastructure operation phase.

FOCUS ON USING THE BEST TALENT AND ON INNOVATION

The division's success is attributable to a team of highly qualified professionals who rely on innovation for continuous improvement of projects and processes.

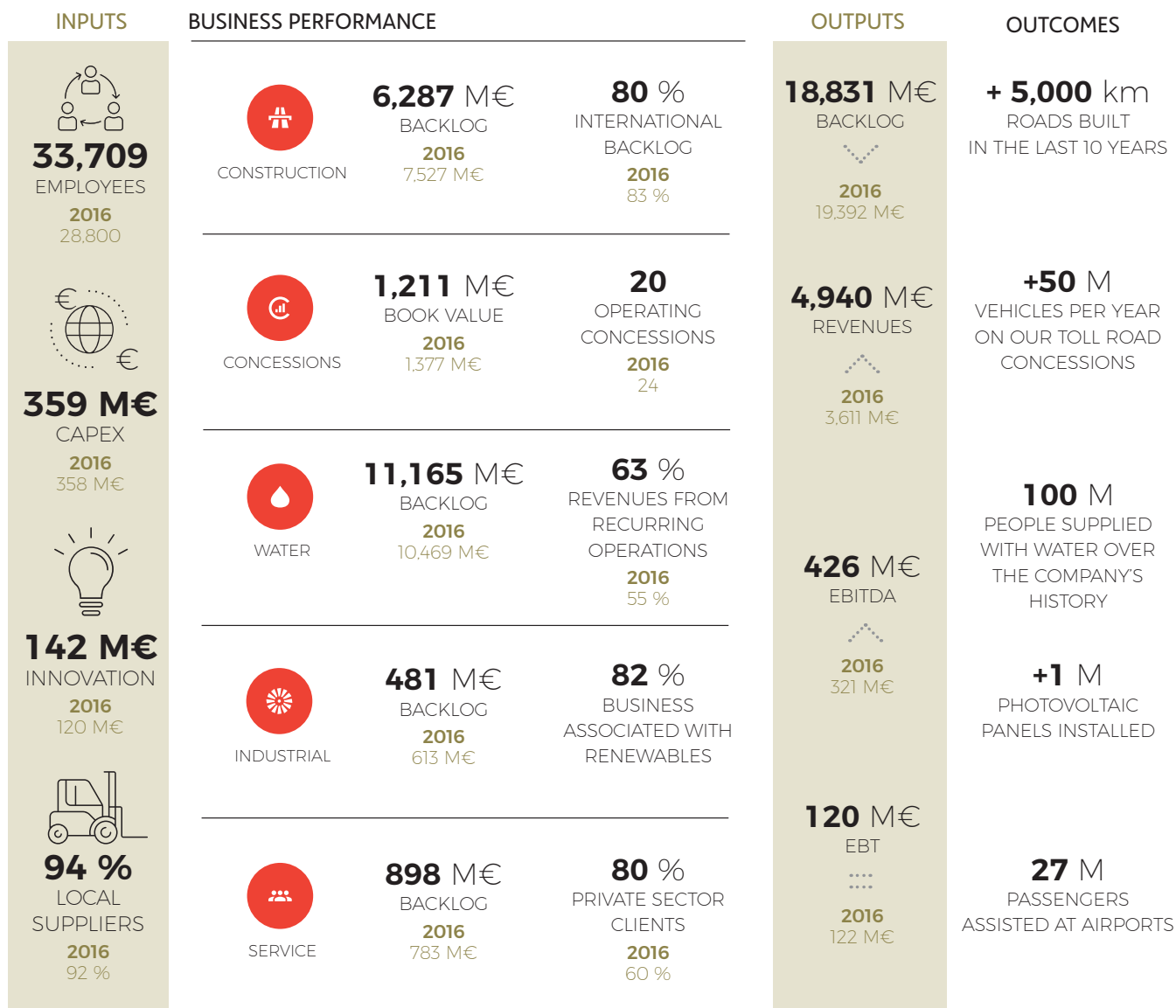
- Focus on employee growth and development by prioritising life-long learning.
- Highly qualified R&D and innovation team that sets the trend in the industry.
- Innovative tools for project design, execution and operation, in pursuit of efficiency.

SUSTAINABILITY AND SOCIAL IMPACT MANAGEMENT

The division evaluates and manages the social and environmental implications of its projects for communities and the surroundings.

- Sustainable approach in line with ACCIONA's values.
- Development and application of the company's Social Impact Management procedure, which assesses the impact and designs and implements mitigation or potentiation measures.

ACCIONA INFRASTRUCTURE IN 2017



OBJECTIVES 2018

MAINTAIN EBITDA

MAINTAIN BACKLOG

CONTROLLED
INVESTMENTFOCUS ON
CONCESSIONS AND SERVICES
BUSINESS IN EXPANSION

2017: A YEAR OF MAJOR ACHIEVEMENTS

Record turnover and new contracts

Performance in 2017 was shaped by progress with existing projects and a high pace of production in major international projects, which boosted revenues to 4,940 million euros, 36% more than in 2016.

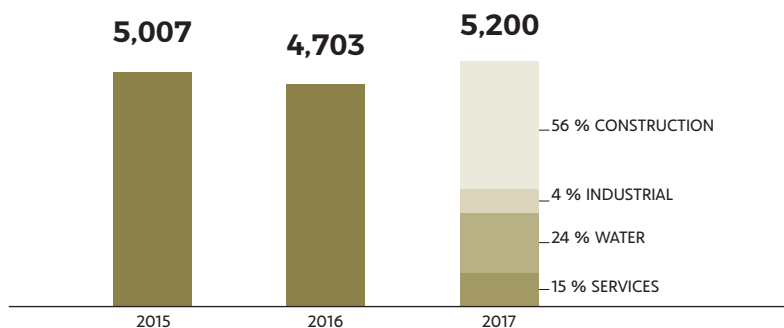
Those projects are:

- Quito Metro
- Sydney Light Rail
- Dubai Metro
- Föllo Line railway tunnel
- Qatar desalination plants

Additionally, major new contracts during the year extended the division's footprint in priority regions while strengthening and stabilising the ACCIONA Infrastructure backlog in the short and medium term. 70% of the division's backlog is located outside Spain (excluding ATLL).

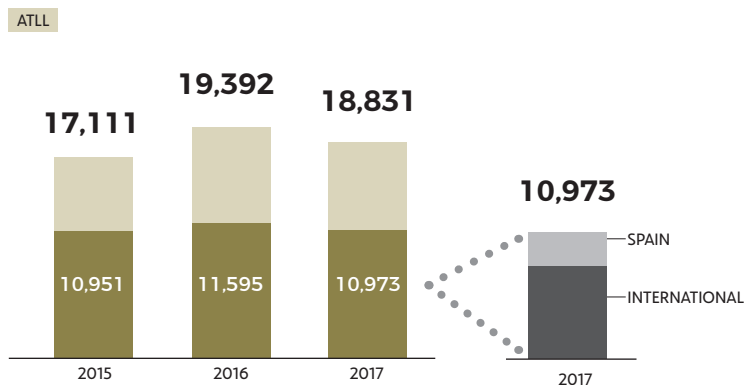
New contracts

M€



Backlog

M€



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

- ACCIONA Infrastructure was awarded its first construction contract in Southeast Asia: the construction of the Cebu bridge in the Philippines.
- Adjudication of the end-to-end water concession in Boca del Rio in Mexico for the next thirty years.
- Leading position in the Chilean handling market following the acquisition of Andes Airport Services.
- First contract for ACCIONA Industrial in Australia (Lilyvale PV), and construction of new transmission lines in Kenya.
- Contract to build Mexico City airport's international terminal
- ACCIONA awarded a contract to expand and upgrade the Panamerican highway in Panama.
- ACCIONA Agua's second major contract in Canada: design, construction and financing of the new Lions Gate WWTP.

**THE ACQUISITION OF GEOTECH STRENGTHENS ACCIONA
INFRASTRUCTURE'S PRESENCE IN THE AUSTRALIAN MARKET**

This acquisition enhanced ACCIONA Infrastructure's presence in Australia and accelerated its growth plans in the country, one of the division's target markets due to its great growth potential, with demand for infrastructure development expected to increase by approximately 90 billion euros over the next decade.

Geotech contributed a solid track record, a client portfolio and the necessary know-how to develop projects of various sizes in Australia, coupled with a strong local footprint and excellent technical capabilities in the execution of large contracts, all of which have made it a prestigious subcontractor, particularly in railway projects.

MODERNISATION OF THE BALLARAT RAIL LINE

- First success after the Geotech acquisition.
- An estimated budget of 200 M€.
- Located in the state of Victoria.
- The project is to double-track 18 km of line, modernise a station, expand platforms, and build a pedestrian access and car park.

EXPERIENCE AND A GLOBAL VISION AT THE SERVICE OF SOCIETY

HOW THE INFRASTRUCTURE BUSINESS IS CHANGING.

TREND: Sustainable infrastructures that contributes to expanding and structuring the territory with a social and inclusive perspective¹⁸.



OPPORTUNITY FOR ACCIONA

- Development of sustainable infrastructure.

TREND: New energy infrastructures to respond to population growth and economic development, specifically in developing markets²⁰.



OPPORTUNITY FOR ACCIONA

- Implementation of end-to-end energy solutions, ranging from electricity generation to transmission and distribution.

TREND: Transition towards a circular resource production and management model²².



OPPORTUNITY FOR ACCIONA

- Life-cycle analysis of materials, technologies and processes with the aim of reducing resource consumption, applying reuse and recycling techniques, and developing alternative ecological materials.

(18) McKinsey Global Institute. 2016. Bridging global infrastructure gaps

(19) Global Water Forum. Water Outlook to 2050.

(20) World Economic Forum. 2017. The Global Risk Report 2017

(21) World Bank Group. 2017 Private Participation in Infrastructure

(22) Ellen MacArthur Foundation. ACHIEVING 'GROWTH WITHIN'

(23) KPMG Global Construction Survey 2017

TREND: End-to-end management of the water cycle: a key factor for tackling water scarcity and global water demand¹⁹.



OPPORTUNITY FOR ACCIONA

- Applied innovation for efficient and optimal water use.
- New desalination techniques and water reuse resources in areas at risk of water stress.

TREND: Rising investment in Public-Private Partnerships (PPP) models²¹.



OPPORTUNITY FOR ACCIONA

- Long-term returns for all stakeholders.
- Equity stake in infrastructure development.

TREND: Increasing the technology component, from design and conception through to infrastructure project development²³.



OPPORTUNITY FOR ACCIONA

- Implementation of ICT in project design and execution.
- Growing trend towards connected infrastructure and services in "smart cities".
- Big data used in managing needs.
- BIM used to design, build and operate infrastructure.

ACCIONA INFRASTRUCTURE STRATEGY

MAXIMISE VALUE IN ALL ACTIVITIES, ENSURING PROFITABLE GROWTH, EXCELLENCE AND A COMMITMENT TO THE ENVIRONMENT

1. Technical specialisation

- Organisational structure based on specialised business units.
- Focus on employees' professional development and continuous training.
- Encourage the acquisition of distinctive technical capabilities.

2. Geographic focus

- Sustained growth in platform countries.
- Entry into new markets offering controlled levels of risk and that fit our profile.
- Selective bidding.
- Build a network of long-term relationships with partners and suppliers.

3. End-to-end development of infrastructure

- Optimisation of synergies between the business units.
- Presence in the entire value chain, from project definition through execution to subsequent operation.
- Design and application of ad hoc funding approaches.
- Exhaustive risk control throughout the contract life cycle.

4. Innovation

- Full adaptation to the digital transformation.
- Optimisation of operational efficiency through investment in innovation.
- Boost the technical capabilities of the company and its R&D centres through cooperation programmes with startups and partners, as well as intrapreneurship initiatives.



OBJECTIVES OF THE BUSINESS LINES



CONSTRUCTION

- Development of specialised contracts in strategic regions
- Exhaustive control of cash and risks



CONCESSIONS

- Increase the concessions backlog, focusing on transportation, mobility and social
- Geographic concentration on platform countries
- Appropriate asset rotation



WATER

- Expand operation and services backlog, with an increase in recurring revenues
- Expand EPC contracts, with strong added value on a global scale



INDUSTRIAL

- Expand international backlog, focused on:
 - Energy EPC: Conventional and renewables
 - Waste-to-energy
 - Transmission lines



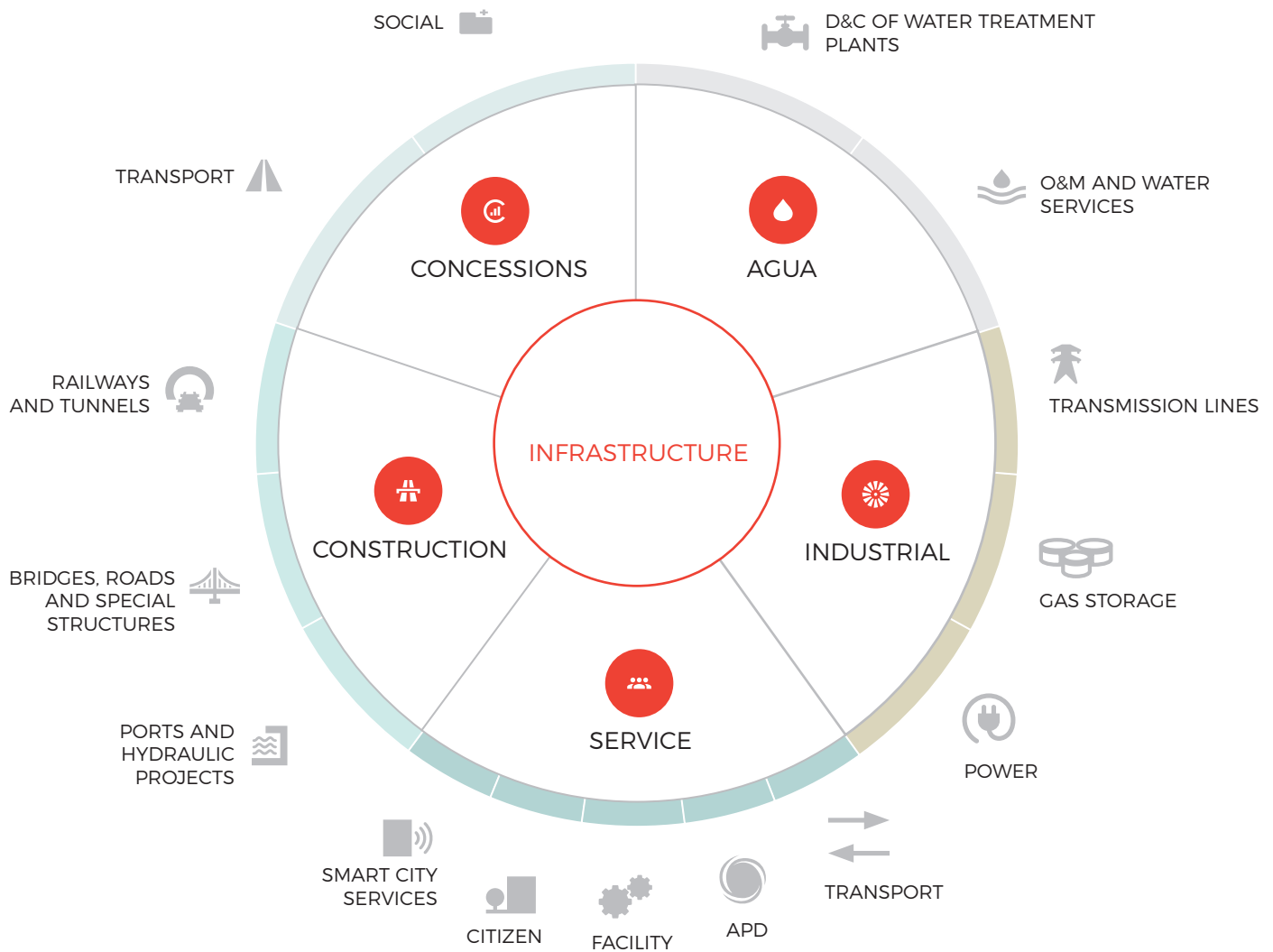
SERVICES

- Increase international backlog in platform countries
- Growth in high-margin businesses (smart services)
- Strengthen new business segments (mobility and health)

KEY ACHIEVEMENTS BY THE DIVISION IN 2017 THAT SUPPORT ITS STRATEGY

1. Technical specialisation

ACCIONA Infrastructure has reorganised its business lines into 15 specialised units in coordination with the local development teams.



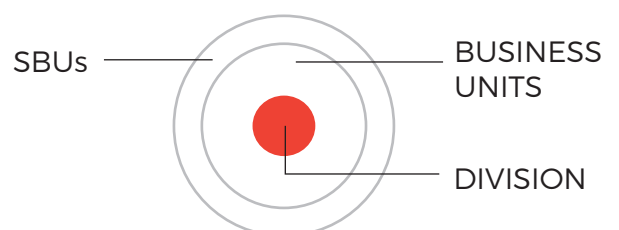
Application of development programmes.

• Directors project (2017):

Programme to identify internal talent for training and promoting managers for large construction projects.

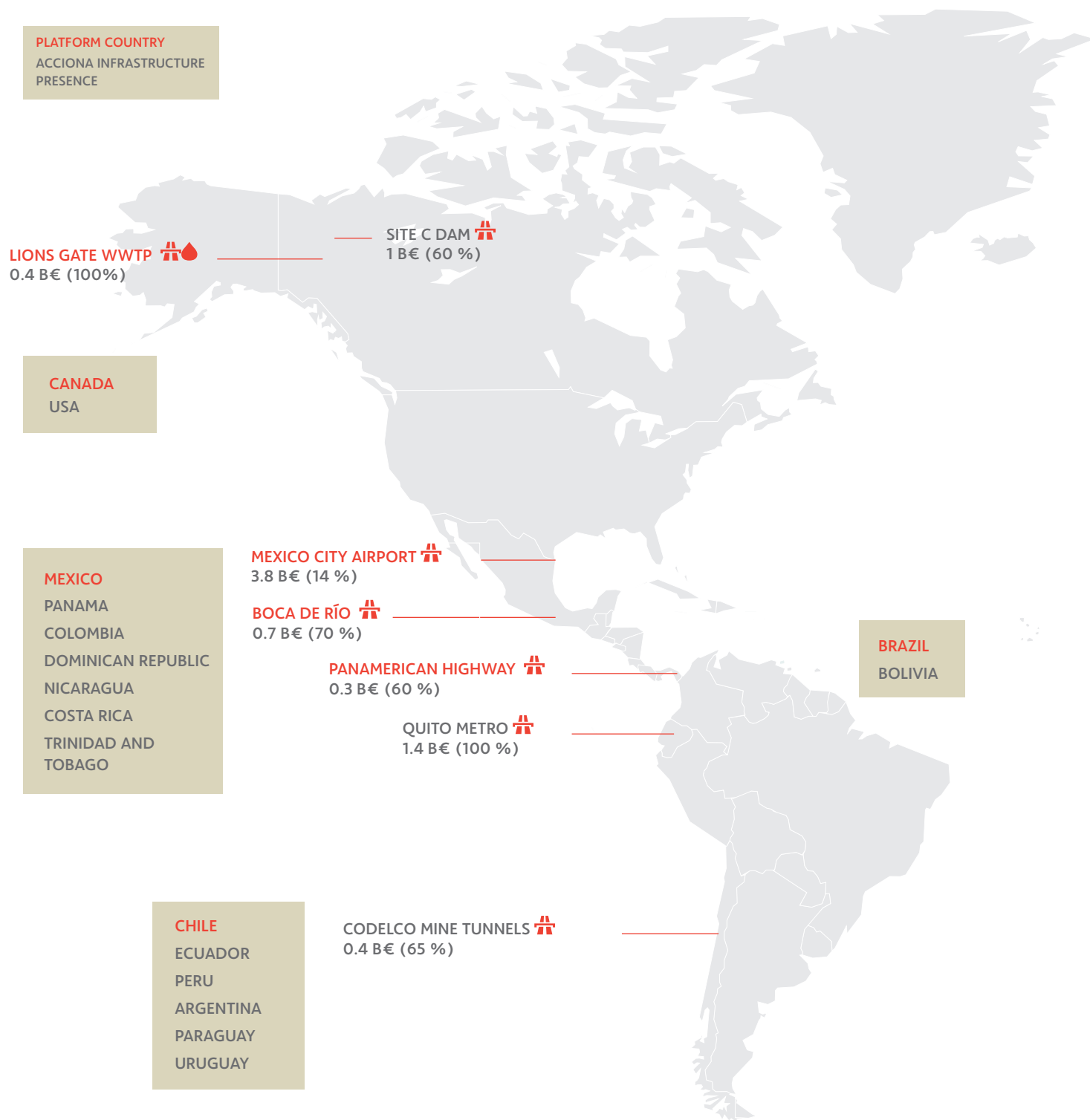
• Lider programme:

The goal is to enhance safety in the division. In 2017, 622 executives and 199 middle managers received training.

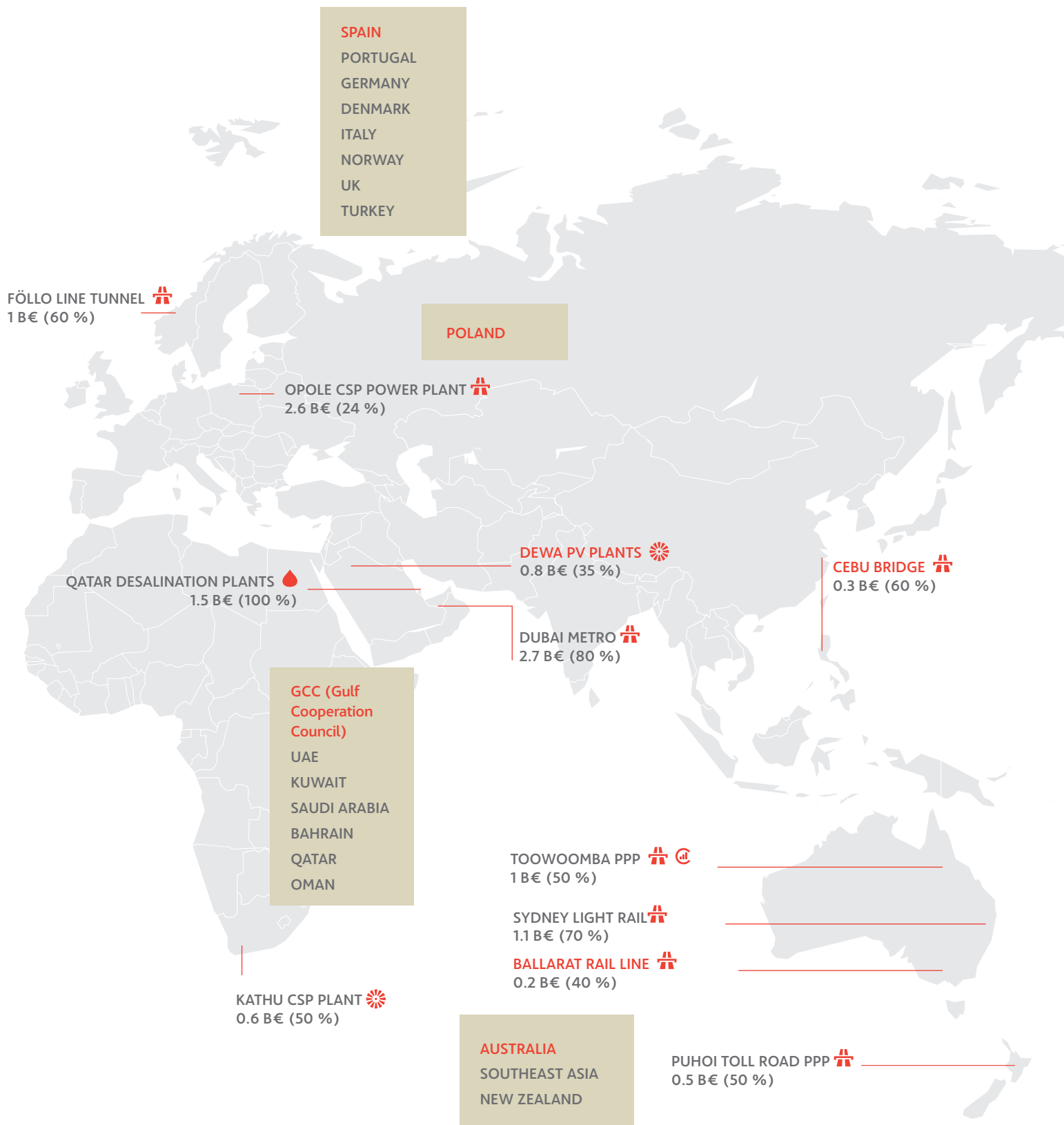


2. Concentration on 8 platform countries

Main projects in construction obtained in 2017 in key geographies



Note: the contract value refers to the entire contract; the percentage is ACCIONA's stake



3. End-to-end infrastructure development

End-to-end development throughout the value chain

The projects cover the entire value chain (definition, implementation and operation)

DESIGNING PHASE	EXECUTION PHASE	OPERATING PHASE
• Feasibility analysis. • Standard contracts and infrastructure development models. • Conceptual design. • Cost estimates. • General consulting, etc. • Risk analysis with respect to clients, suppliers and partners. • Financing. • Planning.	• Engineering design. • Economic programming. • Planning implementation and execution. • Procurement and utilities. • Construction/execution. • Technical support and control. • Monitoring and tracking, etc.	• Ramp up and commissioning. • Operation. • Maintenance. • Monitoring and control. • Support during operation. • Proposals for improvement, application of efficiency measures, etc.

Synergies between business lines

ACCIONA Construction <<< >>> ACCIONA Concessions
Sydney Light Rail (Australia)

ACCIONA Construction <<< >>> ACCIONA Agua
Lions Gate WWTP (Canada)

ACCIONA Construction <<< >>> ACCIONA Engineering
Föllo Line railway tunnels (Norway)

ACCIONA Industrial <<< >>> GEOTECH
Kwinana waste-to-energy plant (Australia)

Design of appropriate funding structures for clients:

- Multilateral funding: Dubai 2020
- Project Finance International Awards 2015 for two projects: Toowoomba Second Range Crossing, and Sydney Light Rail, both in Australia.

Risk control

Greater depth in risk management within the division through new lines of action for managing projects and increasing returns



Sustainability approach in ACCIONA Infrastructure projects

Calculation of the socioeconomic impact in the construction of Quito Metro line 1 in Ecuador and the Kathu CSP plant in South Africa:

- Socioeconomic impact. Quito Metro:
 - Contribution to GDP during construction (4.5 years): 856 M€.
 - Job creation during construction (4.5 years): 32,760 job-years.
(full-time equivalent job lasting one year)
- Socioeconomic impact. Kathu CSP:
 - Contribution to GDP over its useful life (20 years): 284 M€.
 - Job creation over its useful life: 10,768 job-years.
(full-time equivalent job lasting one year)

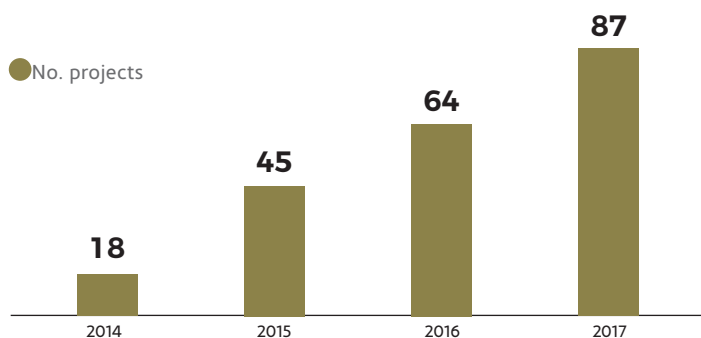
Circular economy: increased usage of recycled steel and aggregate.

Energy efficiency for clients: saving of over 2,700 kWh of electricity due to investments made by ACCIONA for private clients.

A good example is the Infanta Sofía Hospital (Spain), where electricity consumption was reduced by 20 % and natural gas consumption by 42 %.

In 2017, ACCIONA Infrastructure applied its Corporate Social Impact Management Procedure in 87 projects in 30 countries.

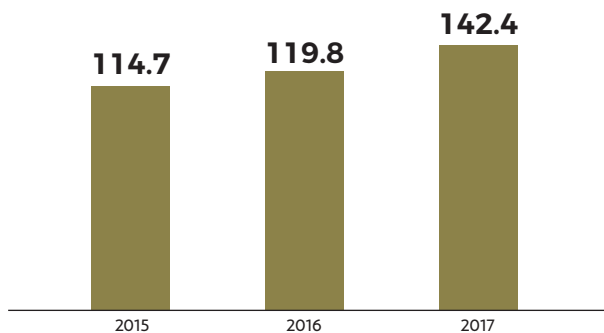
ACCIONA Infrastructure: Social Impact Management



ACCIONA
INFRASTRUCTURE'S
R&D AND
INNOVATION
SPENDING
INCREASED BY 19 %
WITH RESPECT
TO 2016

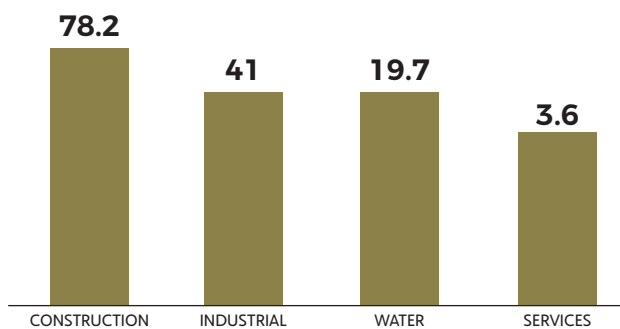
4. Innovation

ACCIONA Infrastructure R&D and innovation spending
(M€)



▲ 19 % INNOVATION SPENDING WITH RESPECT TO 2016

R&D and innovation spending by
ACCIONA Infrastructure business lines in 2017
(M€)



I'nnovation

ACCIONA's innovation platform, which will boost the technical capabilities of the company and its R&D centres through collaborative programmes with startups and partners, as well as intrapreneurship initiatives.

Application of advanced innovation techniques.

- Virtual reality was used in bidding for the Cebu bridge contract in the Philippines
- Big Data used to measure bidding success rates and analyse concession data.
- Large-scale 3D printing for projects in Dubai, and development of the first structural material made of 3D-printed concrete.

Top-level technology centres:

ACCIONA Construction

This company focuses on enhancing applications of new materials, transport infrastructure and mining, and on process improvement. Major projects implemented in 2017:

- New technology for producing road surfaces using recycled aggregate, contributing to the transition towards a circular economy.
- Improvements in pouring concrete in extreme weather conditions, helping to reduce energy consumption.
- Development of new reinforced concrete formulations that offer better mechanical performance. This technique has been applied successfully in the construction of the Föllo Line tunnel (Norway).

ACCIONA Agua

Develops and researches cutting-edge solutions for water purification, desalination and treatment and for managing water distribution networks. Among the main initiatives carried out in 2017 are the LIFE-BRAINYMEN projects and the OptiAnMBer project:

- Both propose improvements in membranes in wastewater treatment plants so as to reduce energy consumption, reuse water better and reduce greenhouse gas emissions. Both projects include full life-cycle analysis to assess the products' environmental impact at all stages of their existence.

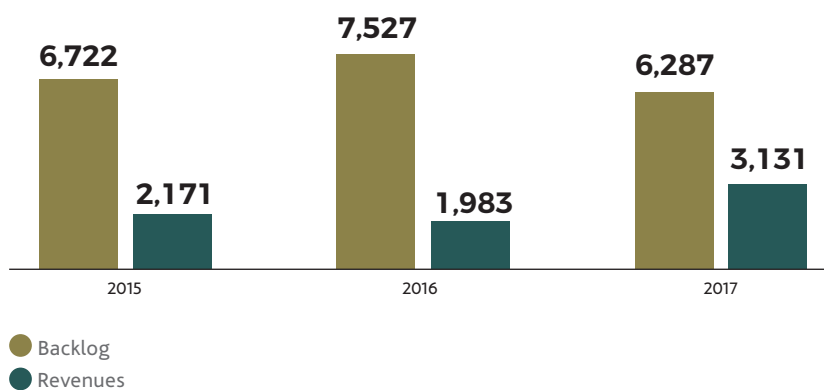
BUSINESS LINE RESULTS IN 2017



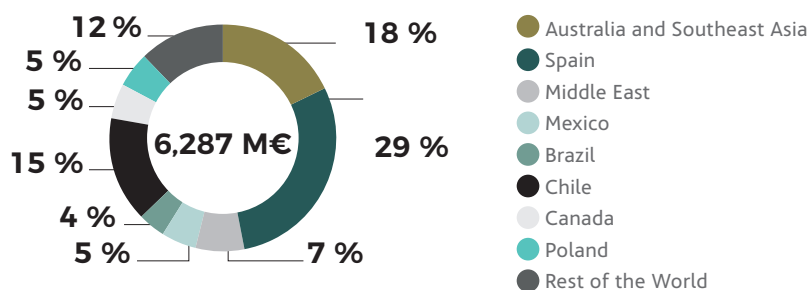
CONSTRUCTION

- High revenue due to simultaneous development of large projects that are now at peak production.
- Important contract awards make it possible to maintain a large backlog (e.g. Cebu bridge).
- Acquisition of Geotech.

Construction backlog and revenues (M€)



Revenues in platform countries and their areas of influence (%)



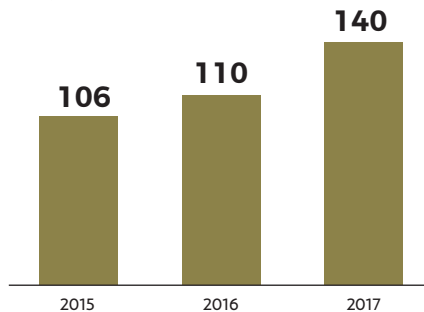


CONCESSIONS

- Backlog of 20 transport and mobility concessions at year-end, and social infrastructure concessions in 6 countries. Transport and mobility account for 90% of the backlog.
- 27.7% revenue growth shaped by consolidation of acquired AUVISA toll road in Spain.
- Successful asset rotation — sale of Ruta 160 in Chile for 335 M€.
- Refinancing of Vigo hospital and Windsor Essex Parkway, and financial closure of Toledo hospital.
- Pipeline amounting to 60 B€ with numerous opportunities being considered in platform countries.

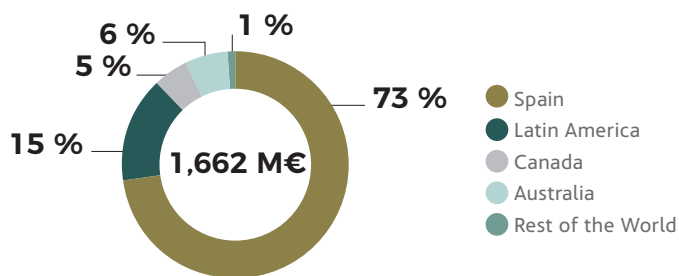
Concession revenues

(M€)



Capital invested in concessions to date

(%)

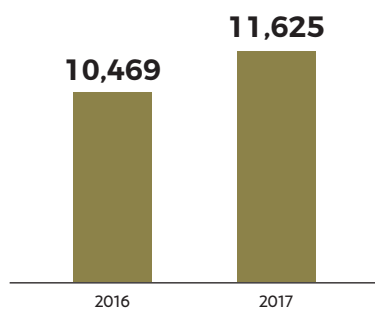




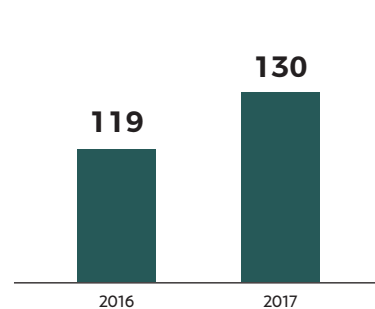
WATER

- Expanding backlog due to obtaining the integrated water management contract for Boca de Río in Mexico and entering the Canadian water market with the North Shore WWTP.
- Delivery of major EPC contracts: Qatar desalination plants.
- A world leader with high international revenue (70 % of revenues are obtained outside Spain, excluding ATLL).
- Growing revenues from recurring operations.

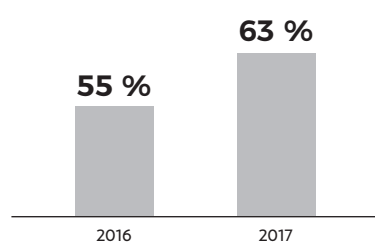
Water backlog
(M€)



Water EBITDA
(M€)



Recurring revenues
(% of total Water revenues)

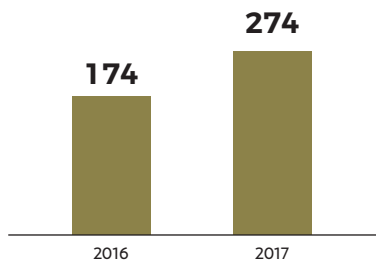




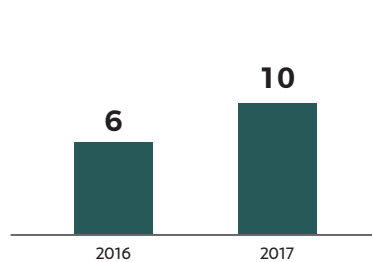
INDUSTRIAL

- Growth in revenues and EBITDA with a strong backlog in platform countries.
- Major new contracts in 2017:
 - Lilyvale: ACCIONA Industrial's first contract in Australia.
 - Parque Reynosa BOP in Mexico.
 - Transmission and distribution lines in Kenya.

Industrial revenues
(M€)



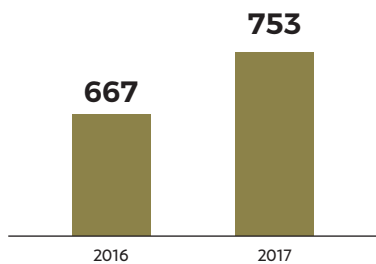
Industrial EBITDA
(M€)



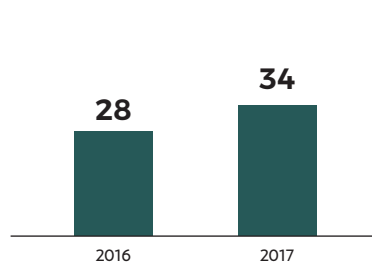
SERVICES

- Increase in revenue and profitability due to growth of the handling business and of the museum production and design business in the Middle East.
- Acquisition of LATAM Handling from Andes in Chile.
- Development of higher-margin areas:
 - Specialised airport services, healthcare and mobility.

Service revenues
(M€)



Service EBITDA
(M€)



WHERE ACCIONA INFRASTRUCTURES COMPETES

AUSTRALIA AND NEW ZEALAND

MARKET AND GROWTH PROSPECTS*



ANNUAL AVERAGE REAL GDP GROWTH 2017-2030

AUSTRALIA 2.3 %

NEW ZEALAND 2.2 %

AUSTRALIA

2013-2014 TO 2019-2020 ESTIMATED
INVESTMENT IN TRANSPORT
INFRASTRUCTURES

50 BILLION AUD

NEW ZEALAND

PROJECTED EXPENDITURE ON
INFRASTRUCTURE IN 2015-2025

**THIRTY YEAR NEW ZEALAND
INFRASTRUCTURE PLAN 2015
110 BILLION NZD**

FAVOURABLE ENVIRONMENT FOR FOREIGN DIRECT INVESTMENT AND
PRIVATE INITIATIVES VIA PPP MODELS

* The Economist Intelligence Unit – Australia

* OECD. New Zealand Economic Forecast summary. 2017

* Australian Government. 2016. Investment Opportunities in Australian Infrastructure

* National Infrastructure Unit. 2015. New Zealand Infrastructure Plans.



CANADA

MARKET AND GROWTH PROSPECTS*

ANNUAL AVERAGE REAL GDP GROWTH 2017-2030

1.9 %

INVESTING IN CANADA PLAN

**180 BILLION CAD FOR INVESTMENT IN
INFRASTRUCTURES IN THE NEXT 12 YEARS,
ALLOCATED TO:**

PUBLIC TRANSPORT, SUSTAINABLE INFRASTRUCTURES,
INVESTMENTS IN RURAL INFRASTRUCTURE LOCATED IN
NORTHERN CANADA, AND TRANSPORT INFRASTRUCTURES

1,250 BILLION CAD IN PPP PROJECTS

OPPORTUNITIES IN PUBLIC-PRIVATE
PARTNERSHIPS

* The Economist Intelligence Unit – Canada.

* Canada Government – Infrastructure Canada



CHILE

MARKET AND GROWTH PROSPECTS*

ANNUAL AVERAGE REAL GDP GROWTH 2017-2030

2.9 %

THROUGH 2025, 5.5% YEAR-ON-YEAR GROWTH IN
CONSTRUCTION AND INFRASTRUCTURE SECTOR

NATIONAL INFRASTRUCTURE MASTER PLAN

**20 BILLION€ OF INVESTMENT IN
INFRASTRUCTURE THROUGH 2025**

**NATIONAL HEALTHCARE INVESTMENT
PLAN 2018-2022: CONSTRUCTION OF
NEW HOSPITALS AND MODERNISATION
OF HEALTHCARE INFRASTRUCTURE**

OPPORTUNITIES

- STABLE REGULATORY AND INSTITUTIONAL FRAMEWORK
- POSITIVE CLIMATE FOR INVESTMENT
- POLITICAL AND ECONOMIC STABILITY

* The Economist Intelligence Unit – Chile

* Government of Chile. National Infrastructure Plan.

* Government of Chile. National Healthcare Investment Plan.



SPAIN

MARKET AND GROWTH PROSPECTS*

ANNUAL AVERAGE REAL GDP GROWTH 2017-2030

1.4 %

CONSTRUCTION INDUSTRY 2018-2020

3.5 %

CIVIL ENGINEERING 2017-2018

1.2 %

8,487 M€

INVESTMENT IN INFRASTRUCTURE SET OUT IN GOVERNMENT BUDGET FOR 2018 (+12.7 % VS 2017):

ROADS: 2,078 M€

RAILWAYS: 3,727 M€

PORTS: 807 M€

* The Economist Intelligence Unit – Spain

* Government of Spain. Budget. 2018

* Itec, 2017, Euroconstruct



MEXICO

MARKET AND GROWTH PROSPECTS*

ANNUAL AVERAGE REAL GDP GROWTH 2017-2030

2.8 %

NATIONAL INFRASTRUCTURE PLAN (PNI) 2014-2018

430 BILLION \$ INVESTMENT IN INFRASTRUCTURE AND IN 743 SPECIFIC PROJECTS

* The Economist Intelligence Unit – Mexico

* Government of Mexico. National Infrastructure Programme 2014 - 2018



GULF COOPERATION COUNCIL (GCC)

MARKET AND GROWTH PROSPECTS*

IN 2016, INVESTMENT IN CONSTRUCTION AND INFRASTRUCTURE AREAS AMOUNTED TO

74,705 M\$ AND 21,213 M\$, RESPECTIVELY.

ESTIMATED INFRASTRUCTURE EXPENDITURE THROUGH 2019 BETWEEN

288 BILLION \$ AND 336 BILLION \$

FAVOURABLE MACROECONOMIC AND DEMOGRAPHIC FACTORS, RISING TOURISM, MACRO-EVENTS:

EXPO 2020 (UNITED ARAB EMIRATES)

AND 2022 FIFA WORLD CUP (QATAR)

* Middle East Concrete. 2016. GCC Construction Market Outlook.

FLAGSHIP PROJECTS



MEXICO CITY'S NEW INTERNATIONAL AIRPORT

ACCIONA Infrastructure, in consortium with Grupo Carso, GIA, PRODEMEX, La Peninsular, ICA and FCC, is to build the terminal for Mexico City's airport, designed by Norman Foster and Fernando Romero, which will set the trend in terms of sustainability and technological innovation.

- The building will include self-supply equipment for power and water.
- It is being built to LEED Platinum standards (Leadership in Energy & Environmental Design).
- Materials and design will take advantage of natural light and facilitate ventilation, reducing energy consumption.

Key figures

3.9 B€

CAPEX

68 M
PASSENGERS/YEAR

743,000 m²

TERMINAL AREA



KAWANA WASTE WATER TREATMENT PLANT, AUSTRALIA

ACCIONA Agua, in partnership with local company Monadelphous, has been selected by Unitywater to design, build and operate a wastewater treatment plant in the state of Queensland, Australia.

- The capacity of the existing plant will be expanded.
- Pioneering use of the MBBR²⁴, which produces methane gas for electricity generation, enhancing the project's sustainability.

Key figures

52 M€

CAPEX

200,000 PEOPLE
TREATMENT CAPACITY

**MOVING BED BIOFILM
REACTOR**
PIONEERING PROCESS

(24) Moving Bed Biofilm Reactor (MBBR).

HANDLING SERVICES AT SANTIAGO AIRPORT IN CHILE

ACCIONA, through its subsidiary ACCIONA Airport Services, acquired the LATAM group's ramp handling business in Santiago de Chile airport, operated through company Andes Airport Services.



- Acquisition of 100% of Andes Airport Services, which provided services to the LATAM group.
- This acquisition establishes ACCIONA Airport Services as market leader.

Key figures

> 60 %

MARKET SHARE IN THE
COUNTRY

6 AIRPORTS

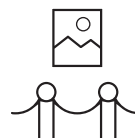
IN CHILE

100 %

ACQUISITION OF
ANDES AIRPORT SERVICES

SPANISH PAVILION AT EXPO ASTANA 2017

APD, in partnership with Frade Arquitectos, designed and executed Spain's pavilion at Expo Astana 2017 (Kazakhstan). APD will also be in charge of the museum execution of two floors of the Kazakhstan National Pavilion.



- Design and execution of the Spanish Pavilion.
- Technical development and execution of the exhibition area at the United Arab Emirates Pavilion.
- Development of a two-floor exhibition space in the Pavilion of Kazakhstan, the host country, which is the centre point of the event.

Key figures

868 m²

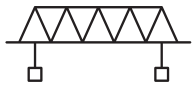
SPANISH PAVILION
AREA

1,000 m²

UAE PAVILION EXHIBITION
AREA

3,200 m²

KAZAKHSTAN PAVILION
EXHIBITION AREA



CEBU BRIDGE, PHILIPPINES

ACCIONA Infrastructure has been awarded the contract to build a new bridge between Cebu and Cordova, in the Philippines, to be executed by the Cebu Link Joint Venture consortium (CLJV), in partnership with First Balfour Inc and D.M. Consunji, Inc.

- The bridge will link the city of Cebu with the island of Mactan via Cordova.
- It will relieve traffic congestion on existing bridges.

Key figures

400 M€
CAPEX

2021
COMPLETION SCHEDULED

8.2 km
LENGTH



END-TO-END WATER MANAGEMENT IN BOCA DEL RÍO, MEXICO

ACCIONA Agua has been awarded the management of the integrated water cycle service in the municipality of Boca del Río, in the Veracruz metropolitan area. Under the contract, ACCIONA Agua will manage the provision and distribution of drinking water, operate the sewers and waste water treatment facilities, and manage over 50,000 customers.

- The objective of the contract is to enhance the drinking water service that the users receive:
 - Technical efficiency will be enhanced to reduce the high water losses and improve the environmental impact.
- ACCIONA Agua will invest 100 million euros in the concession, more than 80 million of which will be allocated to upgrading water infrastructure.

Key figures

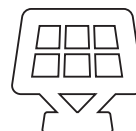
800 M€
CAPEX

150,000
PEOPLE
POPULATION SERVED

30 YEARS
CONTRACT TERM

PHOTOVOLTAIC PLANT IN LILYVALE, AUSTRALIA

ACCIONA Industrial and Gransolar (GRS) have been picked to build one of Australia's largest photovoltaic plants. The project will be executed under an EPC (Engineering, Procurement and Construction) model for developer Fotowatio Renewable Ventures (FRV).



- Clean energy production sufficient to supply 45,000 households.
- Project completion scheduled for 2018.

Key figures**100 MWac**

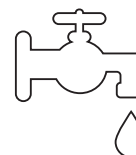
CAPACITY

379,260PHOTOVOLTAIC
MODULES**175,000****t CO₂/YEAR**

EMISSIONS AVOIDED

WASTEWATER TREATMENT PLANT IN VANCOUVER, CANADA

The contract includes the design, construction and financing of the new Lion's Gate plant, which will have secondary treatment and energy recovery facilities.



- Construction in accordance with Leadership in Energy and Environmental Design (LEED) standards, incorporating energy efficiency and water recovery, conservation and reuse solutions.
- Biogas generated from treating wastewater will be used to generate electricity and operate the plant.
- It will replace a WWTP located two kilometres away that will be dismantled and its site returned to the Squamish Nation (an indigenous people in the region).

Key figures**370 M€**

CAPEX

102 M LITRES/DAY

TREATMENT CAPACITY

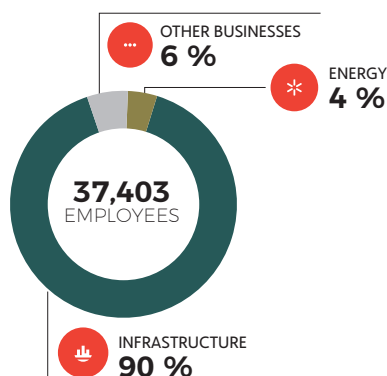
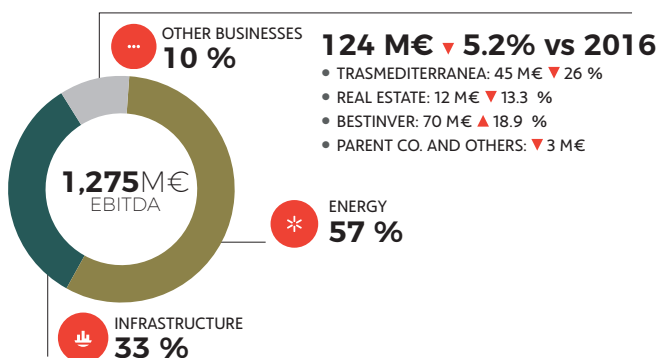
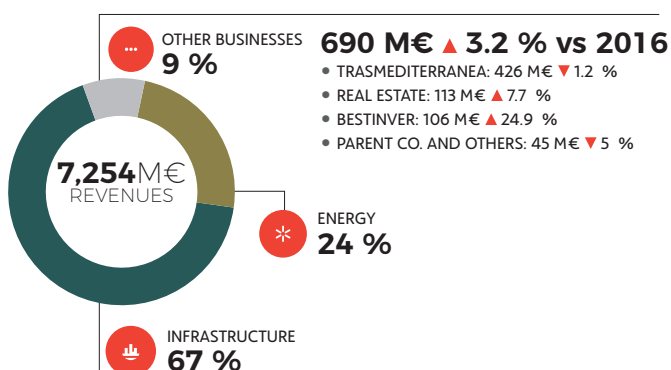
2nd LARGESTWATER CONTRACT
IN CANADA

OTHER BUSINESSES

ACCIONA's diversification into complementary businesses significantly enhances the overall bottom line either through their growth potential or the possibility of corporate transactions in pursuit of ACCIONA's interests.

Revenue growth year-on-year and the transactions performed in 2017 evidence this value creation, in line with a favourable environment in sectors in which the company operates.

2017



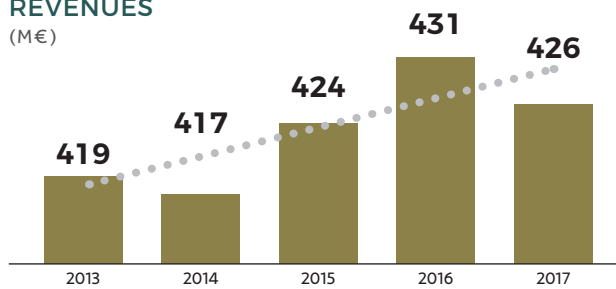
AGREEMENT TO SELL TRASMEDITERRANEA²⁵

In 2017, ACCIONA reached an agreement to sell its 92.7 % stake in Trasmediterranea to Naviera Armas Group, 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. ACCIONA sold its stake for 260.4 million euros and the buyer took on Trasmediterranea's debt to other ACCIONA group companies in the amount of 1,27.3 million euros.

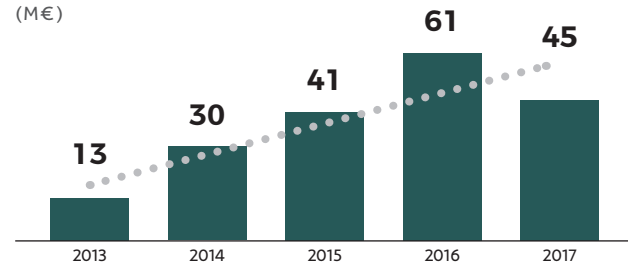
This transactions enhances the Company's strategic position based on focused growth and maximising the value of its businesses. The divestment takes place within a favourable industry context, with Trasmediterranea as Spain's leading passenger and cargo shipping company, following operational changes to enhance its efficiency.

A MORE ATTRACTIVE AND PROFITABLE BUSINESS²⁶

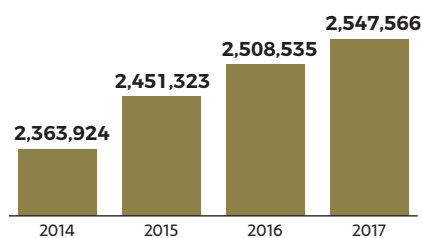
REVENUES (M€)



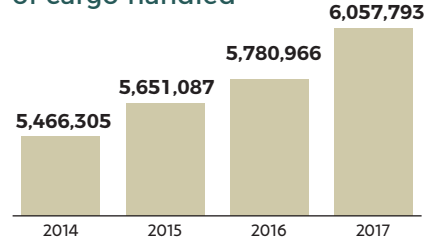
EBITDA (M€)



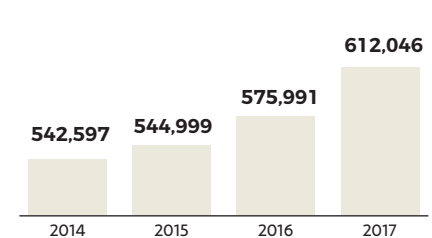
No. passengers



Linear metres of cargo handled



Vehicles transported



(25) Pending approval by Spain's National Markets and Competition Commission.

(26) The decline in EBITDA in 2017 was due mainly to higher fuel prices and the increased number of routes.

ACCIONA INMOBILIARIA

MORE THAN
9,000 HOMES
DEVELOPED
IN 25 YEARS

ACCIONA Inmobiliaria is one of Spain's leading residential property developers and operators and has a significant footprint in other markets, such as Mexico (through ACCIONA Parque Reforma), Poland (ACCIONA Nieruchomości) and Portugal²⁷.

KEY SUCCESS FACTORS

EXTENSIVE TECHNICAL AND COMMERCIAL EXPERIENCE

- Over 25 years' experience in real estate business.
- Highly efficient management processes.
- Asset diversification which reduces the bad debt risk inherent to this business.

FOCUS ON SUSTAINABILITY FROM THE DESIGN

- Innovative measures to save energy, reduce CO₂ emissions (by choosing renewable supplies), drive rational consumption and clean construction.
- Quality architectural design, with the possibility of a common aesthetic attuned to the values of the surroundings.
- A broad range of common areas which contribute to a healthy lifestyle.

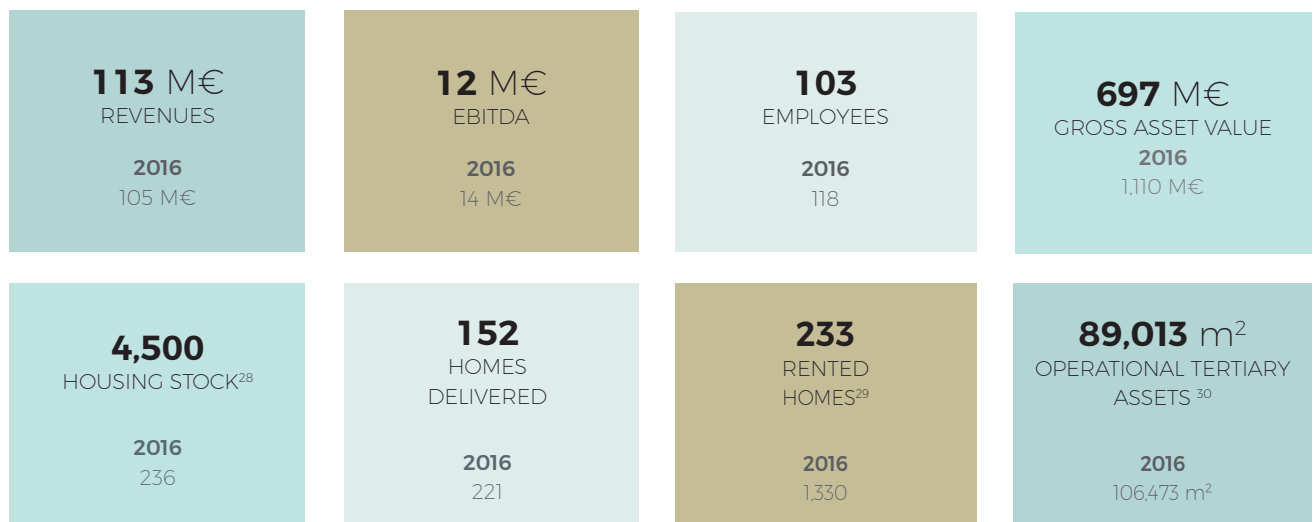


MORE INFORMATION

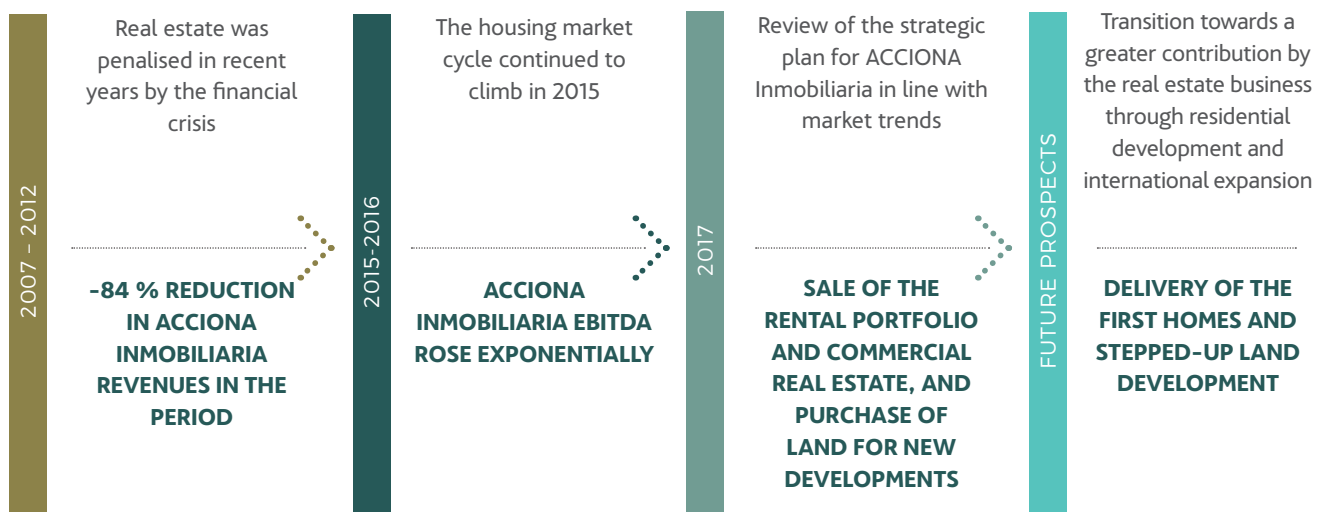
visit the website of
ACCIONA Inmobiliaria:
www.accionainmobiliaria.es

(27) For more information about ACCIONA Inmobiliaria operations in Mexico and Poland, visit the websites of ACCIONA Parque Reforma accionaparquereforma.com/en/ and ACCIONA Nieruchomości www.accionanieruchomosci.com/en/, respectively.

ACCIONA INMOBILIARIA IN 2017



ECONOMIC AND BUSINESS EVOLUTION



(28) Total stock of homes to be built plus those already available for sale.

(29) Main difference due to the contribution to Testa Residencial.

(30) Difference due to divestments.

OUR VALUE CREATION STRATEGY

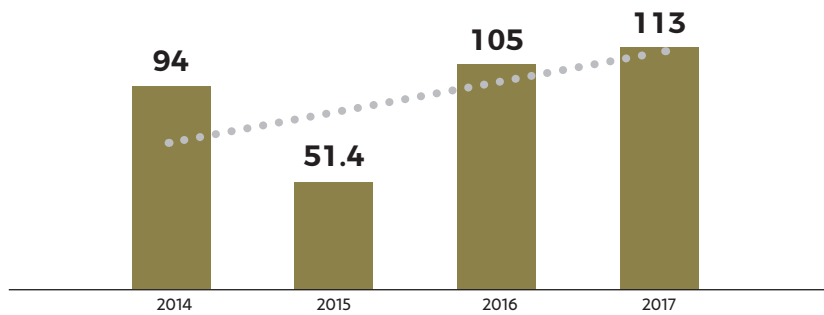
In line with the industry's steady recovery and better current market conditions, the company implemented a new strategy to focus on real estate development. Consequently, in 2017 it sold its portfolio of rental properties to Testa Residencial in exchange for 20 % of that company, and sold major commercial properties at a 31 % premium over net asset value (NAV).

STRATEGY	2017 RESULTS
FOCUS ON REAL ESTATE DEVELOPMENT • Concentration on assets with higher returns than rental. • Purchase of land to continue expanding the portfolio. • Exhaustive analysis of market conditions. • Certification of new developments with the sustainability certificate, BREEAM.	• Selective acquisition of land for new developments in Spain and Mexico worth 82 M€, which will enable 4,500 homes to be built. • 1,000 homes in construction or for sale in Spain, Mexico and Poland in December 2017. • 7 developments in construction that meet rigorous sustainability standards (BREEAM).
ASSET ROTATION AND CONTRIBUTION TO THE BOTTOM LINE • Divestment of rental assets to finance new developments.	• Contribution of the rental portfolio to Testa Residencial in exchange for a 20 % stake. • Sale of real estate assets.
GREATER INTERNATIONAL FOOTPRINT • Growth in Poland and Mexico which mitigates dependence on Spain's real estate cycles.	• Analysis of other cities in Mexico, such as Guadalajara and the Riviera Maya area. • Additional land purchases.

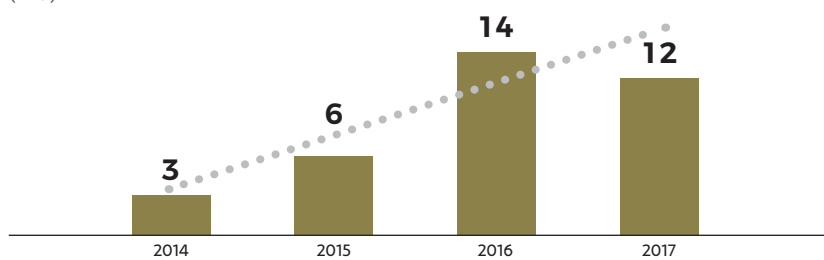
TRANSFER OF THE RENTAL PORTFOLIO TO TESTA RESIDENCIAL

Through this transaction, ACCIONA acquired 20 % of Testa Residencial, a large real estate investment vehicle with strong potential. The company's goal is to retain this holding over the long term to take advantage of the fund's appreciation and in expectation of an IPO by Testa, which will provide greater liquidity.

Revenues (M€)

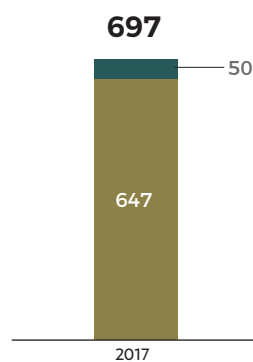


EBITDA³¹ (M€)



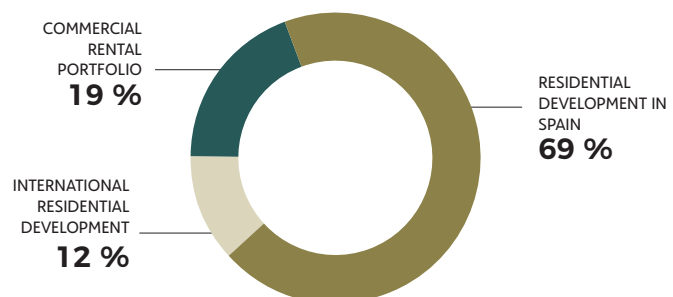
INDEPENDENT APPRAISAL

Breakdown of GAV (Gross Asset Value) 2017³² (M€)



- Book value
- Gross capital gain

Breakdown of GAV (Gross Asset Value): by asset type³²



(31) EBITDA declined slightly since the income from the rental portfolio was consolidated for only the first nine months of the year.

(32) GAV does not include the 20 % stake in Testa Residencial.

BESTINVER

BESTINVER IS
SPAIN'S LEADING
INDEPENDENT
ASSETS MANAGER



MORE INFORMATION

visit Bestinver's website:
www.bestinver.es

With 30 years' experience, BESTINVER (owned 100% by ACCIONA) offers asset management services (mutual funds, pension funds and institutional mandates) and brokerage services in pursuit of the best long-term returns, supported by a value investing philosophy and a broad, highly-qualified team.

KEY SUCCESS FACTORS

STRICT INVESTMENT PICKING PROCESS AND BEST LONG-TERM RETURNS

- Team of experienced professionals with extensive knowledge of finance.
- Established brand and reputation in the market.
- Maximising the value of the investment through equity instruments.
- Exhaustive, appropriate risk management.

BESTINVER IN 2017

106 M€
REVENUES

2016
85 M€

70 M€
EBITDA

2016
59 M€

6,058 M€
ASSETS UNDER
MANAGEMENT

2016
5,222 M€

11.7 %
BESTINVER INTERNACIONAL
RETURNS IN THE YEAR

2016
11.3 %

11.6 %
BESTINFOND
RETURNS IN THE YEAR
2016
10.9 %

10.36 %
BESTINVER BOLSA
RETURNS IN THE YEAR
2016
8.7 %

46,000
CLIENTS

2016
41,882

98
EMPLOYEES

2016
85

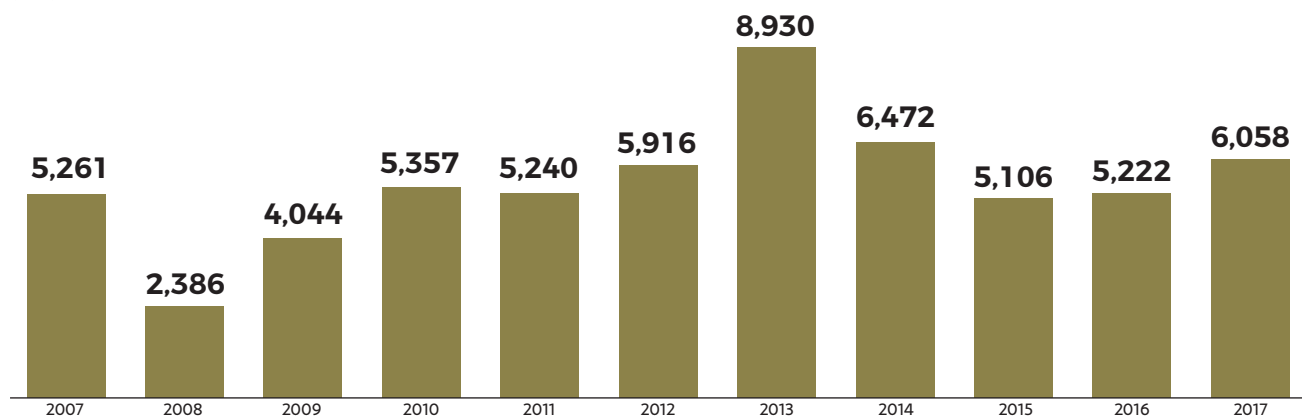
BESTINVER'S STRATEGY

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

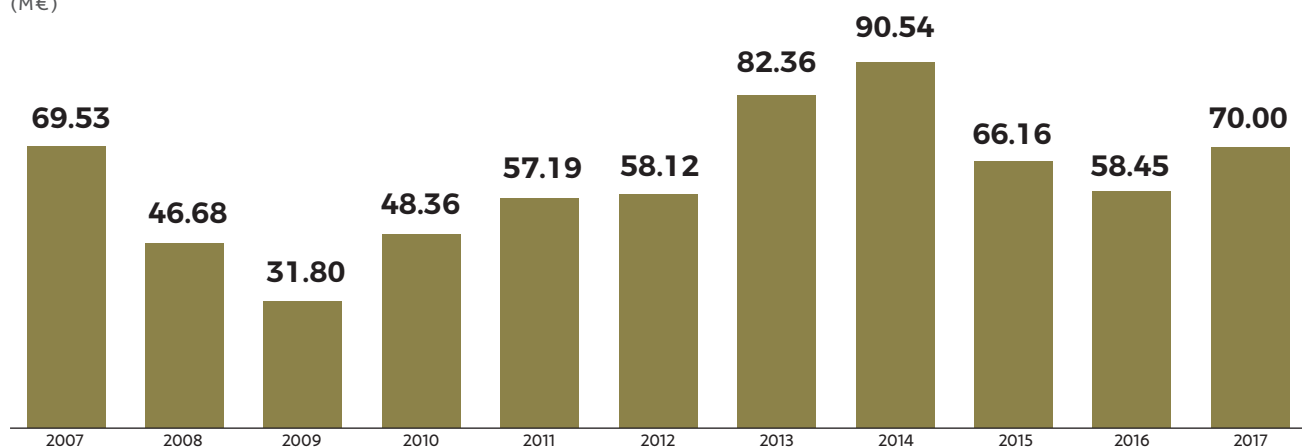
VALUE INVESTING PHILOSOPHY	2017 RESULTS
LONG-TERM VIEW - Invest in transparent businesses with strong competitive advantages. - Seize investment opportunities in undervalued companies with robust business models, solid balance sheets and strong cash flow.	- Over 100 international awards in its 30-year history. - Named best fund manager in Spain. <i>Expansion/All Funds 2017 award</i>. - Bestinver Internacional fund has appreciated by 40.5% in the last three years. - Over 40,000 clients and more than 6 billion euros in assets under management. - Overall satisfaction with products is 4 out of 5. - EBITDA up 18.9 % to 70 M€.
STRENGTHENING THE INVESTMENT TEAM A fixed-income team was hired to enhance Bestinver's capabilities for 2018.	
PROCESS AUTOMATION, SERVICE INDUSTRIALISATION AND DIGITALISATION Enhancing efficiency through automation and extension of the range of services available on the web.	
PROXIMITY TO INVESTORS - Objective of converting savers into investors. - Branches opened in more Spanish cities with the aim of being closer to investors.	

BESTINVER BUSINESS PERFORMANCE: 3RD BEST YEAR IN ASSETS UNDER MANAGEMENT AND EBITDA (2007-2017)

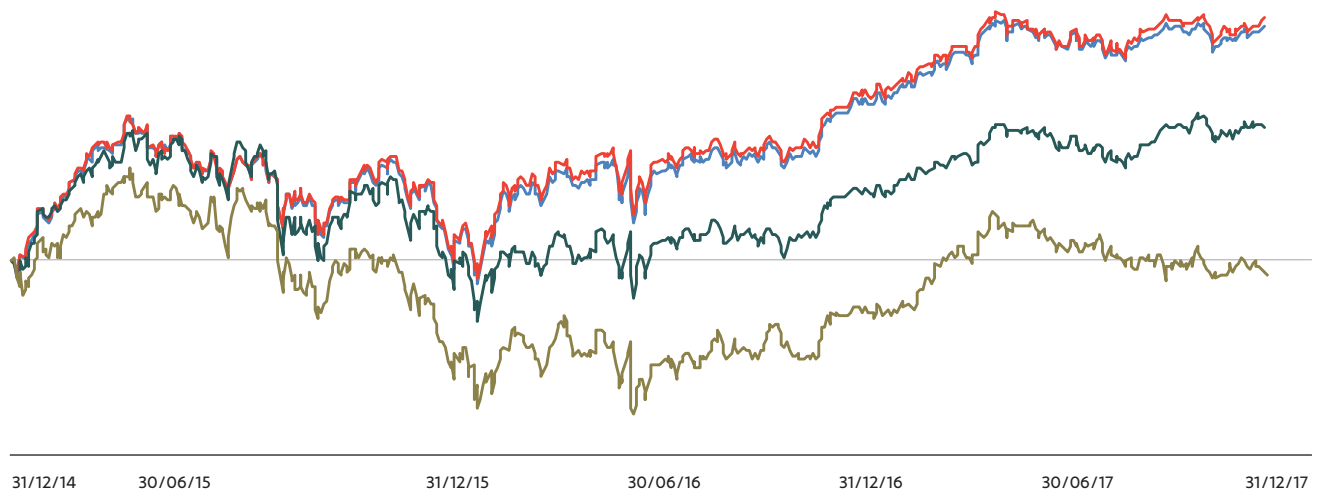
Assets under management (M€)



EBITDA (M€)



Returns in 2015-2017



— BESTINVER INTERNACIONAL **40.5 %**
— BESTINFOND **39.2 %**
— MSCI EUROPE (nr) INDEX **22.4 %**
— IBEX 35 INDEX **-2.3 %**

APPRECIATION
OF 40.5 %
AND 39.2 %,
RESPECTIVELY,
BY FUNDS
BESTINVER
INTERNACIONAL
AND BESTINFOND
IN THE LAST
3 YEARS

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 high quality wine, with a presence in 40 markets worldwide. It has over a century of tradition in producing and ageing quality wines in Spain's leading wine regions (D.O. Rioja, D.O. Ribera del Duero, D.O. Rueda, D.O. Toro).

KEY SUCCESS FACTORS

RECOGNITION FROM EXPERTS AND COMMITMENT TO SUSTAINABILITY

- Wineries in Spain's most prestigious wine-growing areas: production of premium wine in Spain's top wine-making regions, with a commitment to excellence.
- Focus on innovation: Grupo Bodegas Palacio 1894 adapts and is a first-mover, with wine brands that cover all segments of the market.
- Integrated vineyards and wineries: Coherent quality parameters to high standards coupled with respect for the environment, due to control of the entire process from vine to bottle.
- Brand caring.



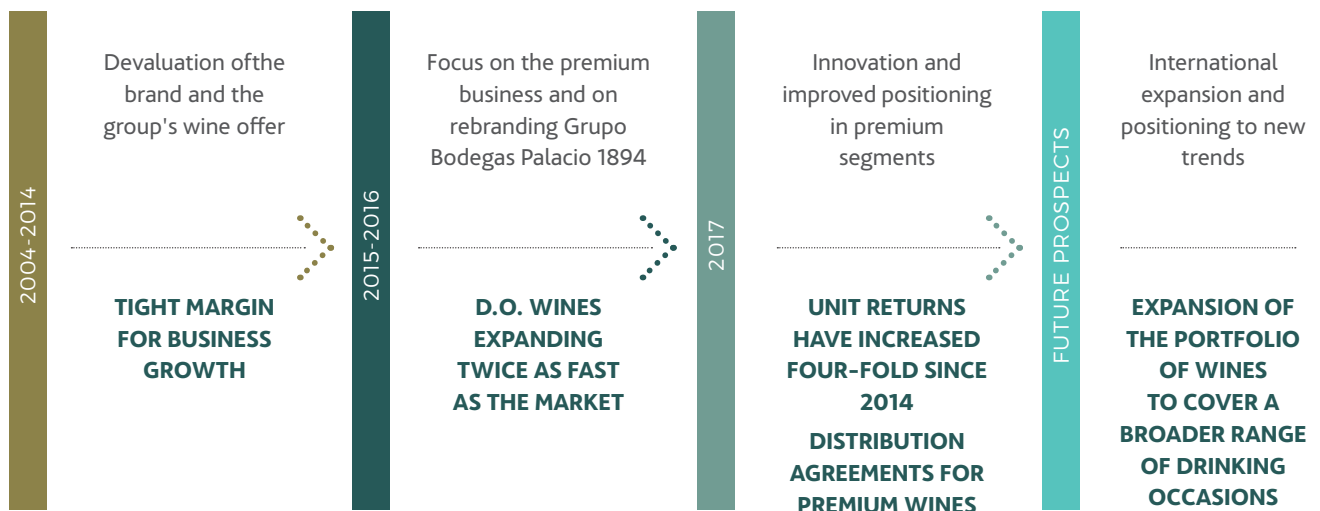
MORE INFORMATION

visit the Grupo Bodegas Palacio 1894 website:
www.grupobodegaspalacio.es

GRUPO BODEGAS PALACIO 1894 IN 2017



ECONOMIC AND BUSINESS PERFORMANCE

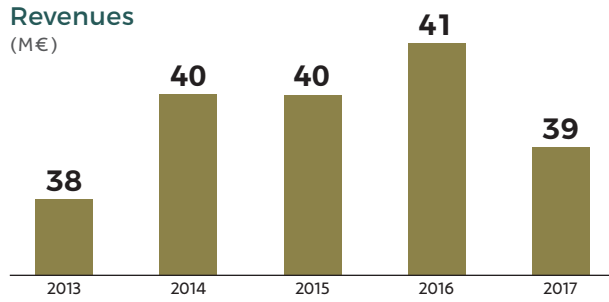


GRUPO BODEGAS PALACIO 1894 STRATEGY

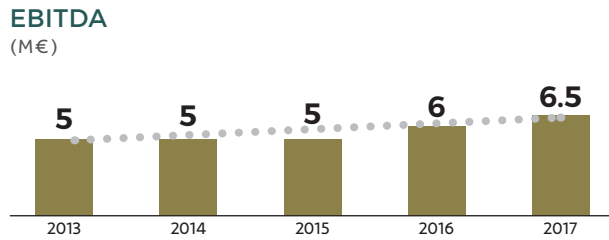
In 2017, Grupo Bodegas Palacio 1894 continued to enhance its reputation as a leading player in the quality wine segment.

STRATEGY	2017 RESULTS
STRENGTHEN BRAND POSITIONING - Enhance identification of the products offered to customers. - Expand the wine portfolio to gain negotiation capabilities with distributors in Spain and other countries. - New products with the aim of reaching specific market's niches by analysing trends and consumption by age ranges.	- Promotional campaigns with the Viña Mayor brand; activation of Cosme Palacio in the foodservice channel; multichannel promotion of Glorioso – Father's Day. - Distribution agreements for Barons de Rothschild champagne - Launch a range of products under the La Poda brand to reach younger age consumers.
INCREASING FOCUS ON INTERNATIONAL MARKETS - Greater presence in the US, mainly on the east coast. - Strengthen distribution in China. - New distributor in the UK to relaunch Grupo Bodegas Palacio 1894 there. - Move into Mexico. - Maintain a significant position in Germany.	- Engage a brand ambassador in the US. - Agreement between importer ZhongqiHuaye Foods Co. Ltd and customers throughout China. - Advanced negotiations with two new importers in the UK (the largest consumers of Rioja). - Glorioso added to the Rossmann (Germany) chain of stores (the company's largest customer).
SUSTAINABILITY IN OUR WINERIES - New measures to reduce emissions. - Adoption of measures to reduce water consumption. - Contribution to society through social integration projects.	- Reduction of CO₂ emissions by .36 % with respect to 2016 and offsetting of the non-reduced emissions. - Implementation of a plan to minimise water consumption at Bodegas Viña Mayor. - Wineries for Climate Protection: first and only certification specific to the wine industry in the area of environmental sustainability and the fight against climate change. - Grupo Bodegas Palacio 1894 participated in the Gastronomix social programme for the third consecutive year. Its objective is to offer training opportunities in catering to 41 young people from vulnerable environments and offer them a career opportunity.
CONTINUOUS IMPROVEMENT OF QUALITY - Integration of vineyard and winemaking. - Vineyard control. - Technology.	- Acquisition of Viñedo Viejo in the La Rioja Alavesa region to supply Cosme Palacio 1894 (the most iconic wine in the winery). - Installation of automated sorting tables and low volume presses in the Viña Mayor winery.

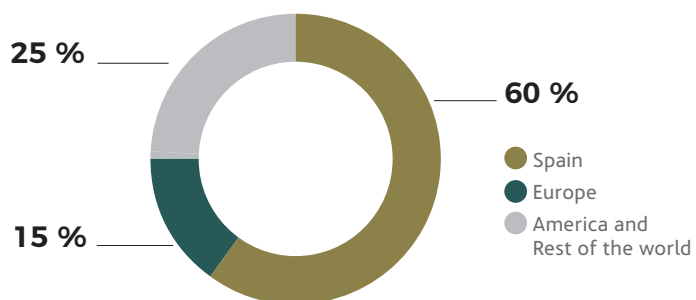
Revenues (M€)

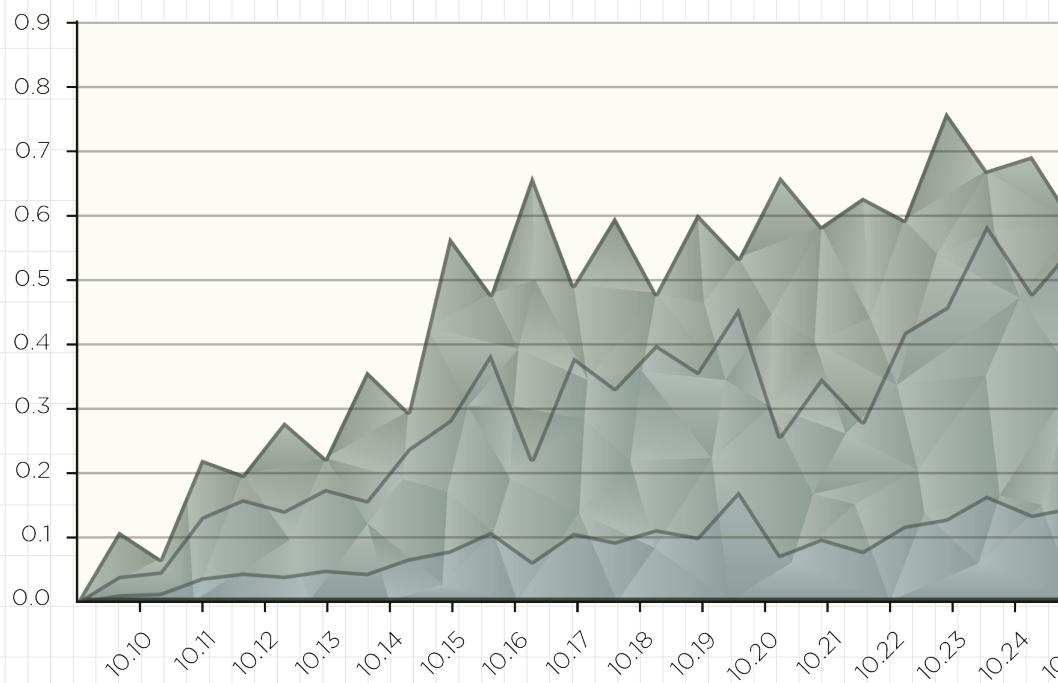


EBITDA (M€)



Breakdown of revenues by geography in 2017





BUSINESS AS UNUSUAL

C O R P O R A T E G O V E R N A N C E



C O R P O R A T E G O V E R N A N C E



MORE INFORMATION
see the *Annual Corporate Governance Report 2017*

GOVERNANCE

ACCIONA's corporate governance practices focus on creating sustained economic and social value over the long term and on continuous improvement. The company's goal is to ensure financial stability and safeguard shareholders' interests while building trust among stakeholders.

ACCIONA is governed by the Spanish Capital Companies Act, the consolidated text of the Securities Market Law and their secondary legislation, and the Code of Good Governance for Listed Companies issued by the Spanish National Securities Market Commission (CNMV).

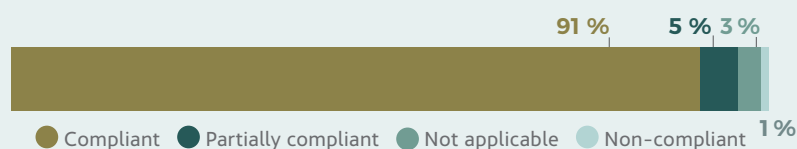
ADOPTION OF BEST PRACTICES IN THE AREA OF CORPORATE GOVERNANCE

The company is committed to monitoring best practices and voluntarily adopting measures that respond to the concerns of its shareholders and investors.

ACCIONA is in compliance with Spain's Capital Companies Act and applies the majority of the recommendations in the CNMV's Code of Good Governance for Listed Companies. To this end, it has amended its Articles of Association, the Shareholders' Meeting Regulation, the Board of Directors Regulation and the Code of Conduct in recent years. The Board of Directors has also approved the necessary governance policies and rules for their full application.

ACCIONA fulfils 91 % of the recommendations in the Good Governance Code. The only recommendation not implemented by the company refers to the separation of the Appointments and Remuneration Committee into two committees. The company does not consider it necessary to create two separate committees since seven of the eleven members of the Board are independent and, in the event of separation into two committees, their membership would probably overlap to a significant degree. Nevertheless, the Articles of Association contemplate the possibility of there being two separate committees and this course may be adopted in the future if circumstances make it advisable.

Degree of compliance by ACCIONA with the recommendations in the Code of Corporate Governance



ACCIONA'S SHARE CAPITAL STRUCTURE

The capital stock of the controlling company is represented by 57,259,550 fully paid uncertificated ordinary shares of one euro par value each.

The shares representing capital stock have the same rights and there are no restrictions as to their transferability; they are all listed on the Madrid and Barcelona Stock Exchanges.

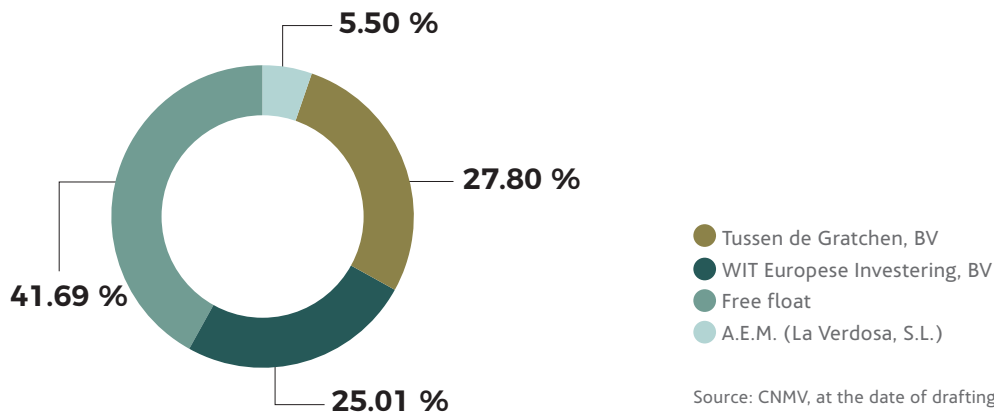
Based on the most recent filing with the Spanish National Securities Market Commission (CNMV) dated 20 April 2018, the company has a total of 672,894 treasury shares, representing 1.175 % of the share capital.



57,259,550

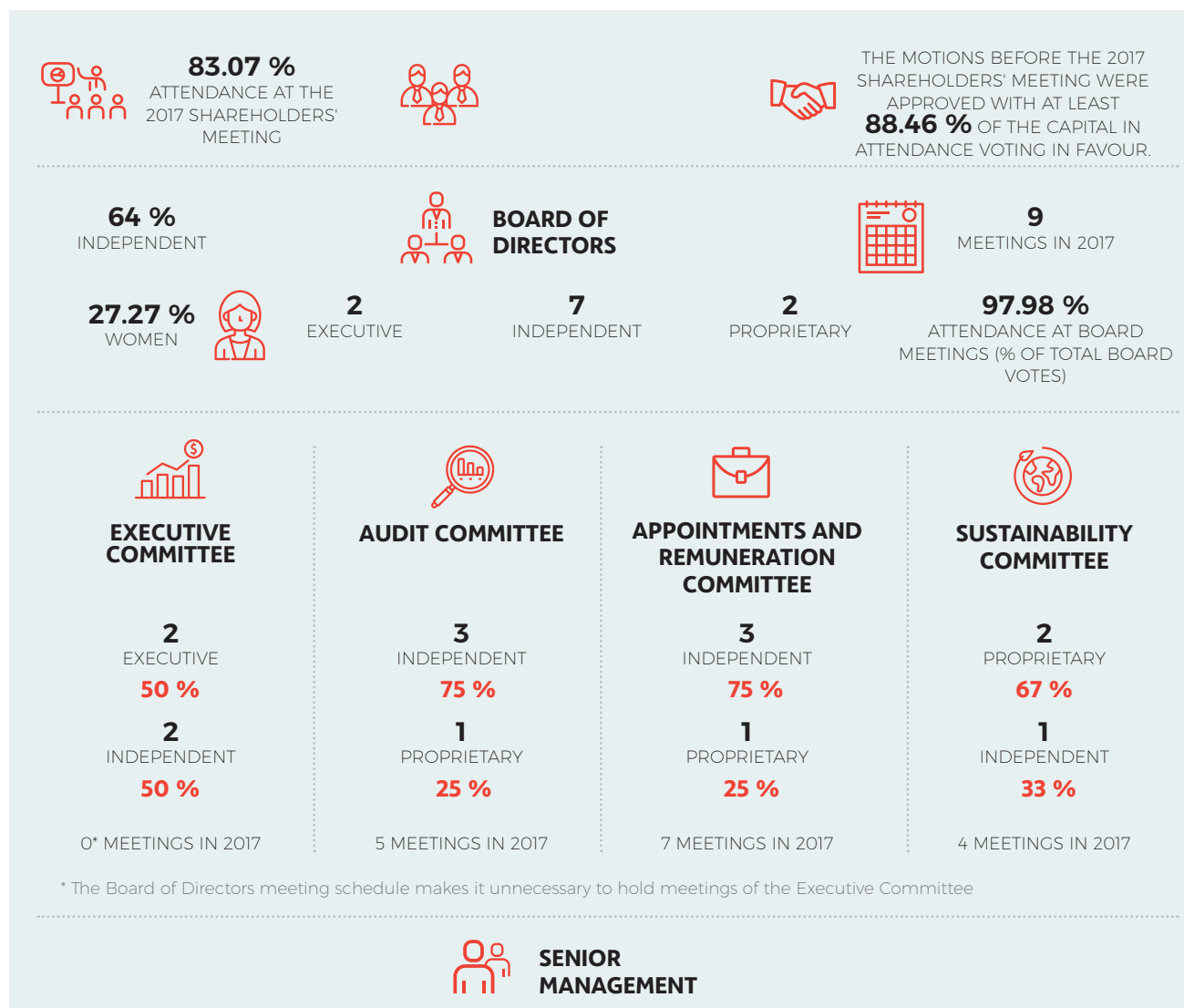
Fully paid uncertificated ordinary shares of one euro par value each

Share capital structure



Source: CNMV, at the date of drafting this report (April 2018)

The company's governing bodies



The Board of Directors is comprised of 11 members: two executive directors, seven independent directors and two proprietary directors. The composition of the Board and its committees is based on the criteria of complementarity, balance, professionalism and diversity.



MORE INFORMATION
on ACCIONA's governing bodies:
www.accion.com/shareholders-investors/corporate-governance/governance-and-executive-boards/

The composition of the Board changed in 2017 following the departure of Carmen Becerril Martínez. On 18 May 2017, the Shareholders' Meeting resolved, based on a proposal by the Appointments and Remuneration Committee, to appoint Karen Christiana Figueres Olsen as an independent director. Additionally, Juan Carlos Garay Ibarra was re-appointed as an independent director.

ACCIONA has a Director Selection Policy which ensures that proposals for the appointment or re-appointment of directors are based on a prior analysis of the needs of the Board of Directors, and that the Board's composition favours diversity.

When making proposals for the appointment of new directors, the Appointments and Remuneration Committee will evaluate the skills, knowledge and experience required for the Board, considering the diversity of its composition, and will define, on that basis, the functions and aptitudes required of the candidates to fill each vacancy.

As a result, ACCIONA's Board of Directors is composed of men and women from a range of backgrounds (energy and infrastructure), with knowledge of finance and accounting, international profiles and experience in sustainability, among other fields. As for gender diversity, ACCIONA has set a goal that women should represent at least 30 of the Board of Directors by 2020.



MORE INFORMATION

about the Director Selection Policy:
www.acciona.com/shareholders-investors/corporate-governance/corporate-policies-book/

COMPOSITION OF THE BOARD OF DIRECTORS

	Year of first appointment	Profile	Committees	No. of direct voting rights	Positions, such as directorships, at other listed companies
José Manuel Entrecanales Domecq 	1997	Executive chairman and CEO	e		
Juan Ignacio Entrecanales Franco 	1997	Executive vice-chairman and CEO	e		
Belén Villalonga Morenés 	2006	Independent		200	■ Grifols, S.A. ■ Talgo.
Jaime Castellanos Borrego 	2009	Independent	a e n	10,000	
Fernando Rodés Vila 	2009	Independent	s n	9,000	
Daniel Entrecanales Domecq 	2009	Proprietary (Wit Europese Investerings B.V.)	s n		■ Prosegur Cash, S.A.
Javier Entrecanales Franco 	2011	Proprietary (Tussen de Grachten B.V.)	a s	5	
Juan Carlos Garay Ibargaray 	2013	Independent - Lead independent director	a e n		
Jerónimo Marcos Gerard Rivero 	2014	Independent			
Ana Sainz de Vicuña Bemberg 	2015	Independent	a		■ Inmobiliaria Colonial Socimi, S.A. ■ Prosegur Cash, S.A.
Karen Christiana Figueres Olsen 	2017	Independent			
Jorge Vega-Penichet López	2006	Secretary (Non-Director)			

- Committee Chair ● Committee Member
- e Executive Committee
- a Audit Committee
- n Appointments and Remuneration Committee
- s Sustainability Committee

Competencies and experience:

- * Energy
- Infrastructure
- Finance/Accounting

- Internationalisation
- Sustainability
- Marketing
- Business management
- IBEX Ixex/ listed company

ASSESSMENT OF THE BOARD OF DIRECTORS

Each year, the Board of Directors assesses the quality and efficacy of its performance in such aspects as composition and the operations of business at Board and committee meetings, thereby complying with recommendation 36 of the Code of Good Governance of Listed Companies.

ACCIONA is carrying out the assessment with respect to 2017 with the support of an external consultant. The assessment covers the composition, performance and fulfillment of duties by the Board of Directors, the Committees and the Executive Chairman. The assessment report will be considered in 2018.

The self-assessment of the Board for 2016 was performed in 2017; this did not lead to material changes in the internal organisation or the applicable procedures.



MORE INFORMATION

about the Director Remuneration Policy: www.acciona.com/shareholders-investors/corporate-governance/corporate-policies-book/



MORE INFORMATION

see the Annual Report on Remuneration 2017: www.acciona.com/shareholders-investors/corporate-governance/annual-report-remuneration-directors-listed-companies/

NEW DIRECTOR REMUNERATION POLICY

In 2017, the Shareholders' Meeting approved the new director remuneration policy for 2018-2020, with 88.81 % of the votes in favour.

The main new features of the policy refer to:

- a) Update of the cap on directors' remuneration for their collegiate functions. That amount, which is 1,700,000 euros and will remain in force until it is amended by the General Meeting of Shareholders, may be reduced by the Board of Directors in the terms envisioned in the Articles of Association.
- b) Introduction of deferral, malus and clawback clauses with respect to executive directors' variable remuneration in order to conform to best practices in the area of corporate governance.
- c) Amendment of the executive director share capital plan under the authorisation of the Shareholders' Meeting.

The remuneration paid to directors for membership of the Board of Directors and the Committees amounted to 1,308,247 euros in total in 2017.

STRATEGIC ORIENTATION AND SUPERVISION OF THE BUSINESS OBJECTIVES

The Board of Directors contributes actively to defining the organisation's strategy and participates in overseeing its implementation. Division managers report periodically to the Board on the progress with the plans, providing sufficient information to ensure that the variables that may affect implementation of the strategies are analysed.

The Board of Directors also regularly oversees compliance with the objectives set by the company and, each quarter, it performs an in-depth analysis of the degree of attainment.

To facilitate this process, executives from the business lines attend Board meetings to report on the areas under their responsibility at least twice per year, at year-end and mid-year.

ETHICS AND INTEGRITY

The Board of Directors is the body with the ultimate responsibility for ensuring compliance with the ACCIONA ethics model and compliance framework, and it regularly reviews the internal control and risk management systems through the Audit Committee. The organisation's guidelines for action are based on, among others, the Code of Conduct, the Policy Book, the commitments against corruption and bribery, and respect for free competition.

All employees must read and accept the Code of Conduct, which is the foundation of the company's ethics and compliance model. In 2017, ACCIONA continued to raise awareness and provide training worldwide in connection with the Code of Conduct, having trained 6,213 people via the online course.

The Corporate Compliance Department and the Code of Conduct Committee are entrusted with ensuring a climate of ethics within the organisation, with guiding and supervising the ethics and compliance policy and the supporting policies, processes and controls, and with identifying, preventing and mitigating the related risks. The Compliance Department reported to the Board of Directors Audit Committee on two occasions in 2017.

IN 2017, ACCIONA
CONTINUED
TO RAISE
AWARENESS
AND PROVIDE
TRAINING
WORLDWIDE IN
THE CODE OF
CONDUCT, AND
IT TRAINED
6,213 PEOPLE

PROGRESS WITH THE CRIME PREVENTION AND ANTI-CORRUPTION MODEL

In 2017, ACCIONA continued to advance with the implementation of the Crime Prevention and Anti-Corruption Model, which is already in place in Spain, Mexico and Brazil.

Additionally, the model was implemented in Italy at ACCIONA Energy and ACCIONA Agua. Following an analysis of the legal situation as regards criminal liability for legal persons, a matrix of risks and controls was defined for Chile.

ACCIONA continued to offer its anti-corruption training programme for Group executives and managers; it has been taken by 1,400 employees.

Additionally, the Donations and Non-commercial Sponsorships Standard and Market Competition Rules Standard were approved in 2017.

ACCIONA'S RISK MANAGEMENT MODEL

The Board of Directors is also the body entrusted with approving the company's risk control and management policy. The Audit Committee regularly reviews internal control and risk management systems. Both the Board of Directors and the Audit Committee hold meetings that focus exclusively on the risk management model.

ACCIONA adopts an integrated approach to risk management: Each line of business identifies, assesses and mitigates risks in coordination with the Finance and Risk Department, which establishes and manages risk tolerances and coordinates the necessary action.

The ACCIONA Group's Risk Map was updated in 2017 with an international scope, resulting in separate risk maps for the divisions and one for the ACCIONA consolidated group. A comprehensive analysis of risks continued.

In addition to the Risk Map, there are several management systems that cover oversight and response plans for those risks that might affect the company's objectives.



MORE INFORMATION

See the "Risk Control and Management Systems" section in the Annual Corporate Governance Report 2017: <https://www.accionna.com/shareholders-investors/corporate-governance/>

NATURE OF IDENTIFIED RISKS

The risk scenarios considered in the Risk Management System are classified into four groups; Group executives have identified the first two groups as the ones posing the greatest risk.

 FINANCIAL	Primarily fluctuations in exchange rates, interest rates and financial markets, changes in commodity prices, liquidity, cash flow, bad debts and loss of customers. Mitigation measures: • Exchange rate risk: ACCIONA arranges currency derivatives to cover material transactions and cash flows. • Interest rate risk: mitigated by hedging with derivatives. • Commodity price fluctuation risk: managed with derivatives. • Credit and liquidity risk: ACCIONA deals only with solvent third parties, and requires guarantees to mitigate financial loss in the event of non-compliance.
 STRATEGIC	Risks that may affect implementation of the company's strategy and reduce growth or result in failure to achieve its objectives. Mitigation measures: • Business diversification in both industrial and geographical terms. • Exhaustive research of the markets, competition and the countries where business is conducted. • Investment in research and development.

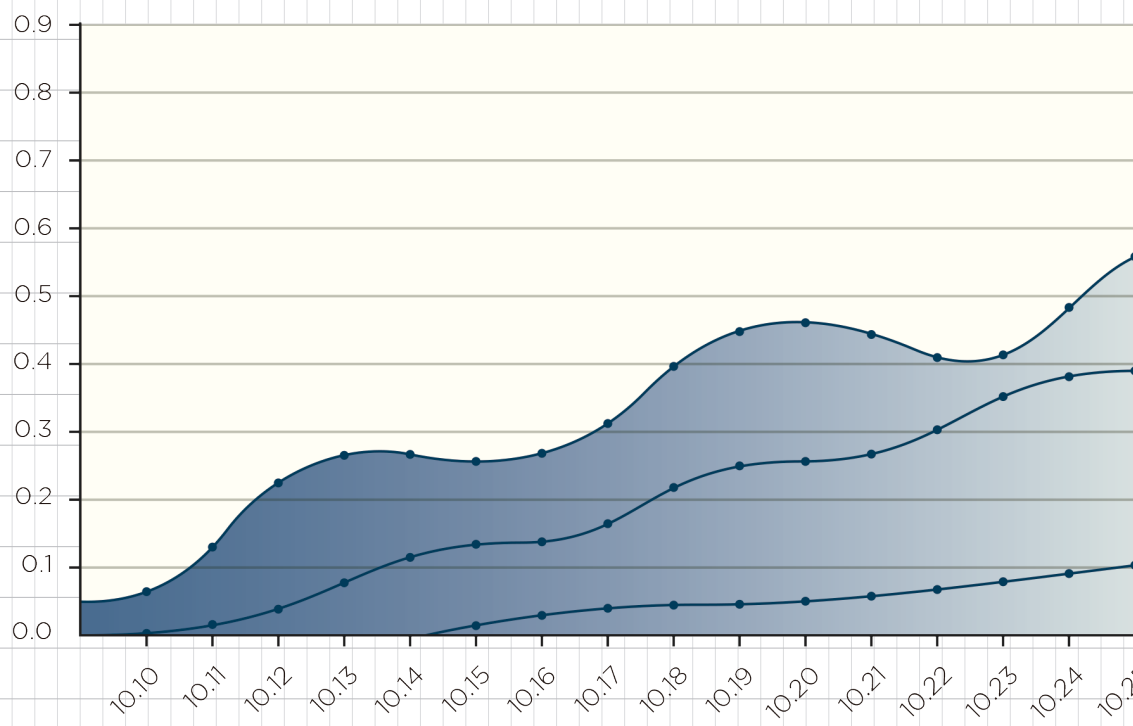
 OPERATIONAL	Risks related to processes, people and products: compliance with the law, regulations and contracts; control systems and procedures, supply chain, etc. Mitigation measures: • Each business area establishes specific systems to cover the requirements of business, quality and environmental management, planning and economic control. • Procurement process risks: establishment of controls that favour free competition and transparency. Production of a map of suppliers that are critical in terms of economic or environmental factors, safety, activity or origin. • Risks derived from unethical conduct and lack of integrity: there is a Code of Conduct and a Whistle-blower Channel, as well as a Crime Prevention and Anti-Corruption Model.
 FORTUITOUS	Risk related to damage to assets and civil liability, which may impair the company's performance (including cybercrime).

PROGRESS IN MANAGING SUSTAINABILITY RISKS

The new methodology for identifying and assessing sustainability risks was approved and implemented in 2017. Under this methodology, climate change, environmental, social, labour, governance and corruption risks are analysed for each country as a function of the economic and financial consequences, the importance of the issue for each business, the potential impact on the company's reputation and the company's approach to managing each risk. Additionally, new sustainability risk scenarios were incorporated into assessing business projects in the Energy and Infrastructure business lines.

Sustainability risks covered by the new identification and assessment methodology





BUSINESS AS UNUSUAL

A P P E N D I C E S



APPENDIX I

FINANCIAL SUMMARY

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR 2017 AND 2016

(thousand euros)

ASSETS	31.12.2017	31.12.2016
Property, plant and equipment	6,640,329	7,965,873
Investment property	176,757	511,594
Goodwill	185,650	79,284
Other intangible assets	1,576,022	1,496,958
Other non-current financial assets	131,923	179,080
Investments accounted for using the equity method	1,391,331	1,160,821
Deferred tax assets	805,369	997,393
Non-current receivables and other non-current assets	277,250	293,401
NON-CURRENT ASSETS	11,184,631	12,684,404
Inventories	820,965	782,725
Trade and other receivables	1,891,893	1,723,658
Other current financial assets	246,988	211,223
Current income tax assets	146,403	95,872
Other current assets	151,576	154,402
Cash and cash equivalents	1,272,781	1,428,319
Non-current assets held for sale	1,432,121	327,161
CURRENT ASSETS	5,962,727	4,723,360
TOTAL ASSETS	17,147,358	17,407,764

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR 2017 AND 2016

(thousand euros)

EQUITY AND LIABILITIES	31.12.2017	31.12.2016
CAPITAL	57,260	57,260
Retained earnings and issue premium	3,943,324	3,849,495
Treasury shares	(3,146)	(14,403)
Translation differences	(237,211)	(60,876)
Interim dividend	--	--
Equity attributable to equity holders of the Parent	3,760,227	3,831,476
Non-controlling interests	203,041	265,870
EQUITY	3,963,268	4,097,346
Debt instruments and other marketable securities	864,938	621,201
Bank borrowings	4,406,936	4,981,051
Deferred tax liabilities	490,506	804,282
Provisions	528,607	497,472
Other non-current liabilities	1,786,271	1,935,335
NON-CURRENT LIABILITIES	8,077,258	8,839,341
Debt instruments and other marketable securities	641,148	493,408
Bank borrowings	831,142	675,098
Trade and other payables	2,199,217	2,297,429
Provisions	139,810	164,967
Current income tax liabilities	77,385	57,927
Other current liabilities	744,590	596,098
Liabilities held for sale	473,540	186,150
CURRENT LIABILITIES	5,106,832	4,471,077
TOTAL EQUITY AND LIABILITIES	17,147,358	17,407,764

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR 2017 AND 2016

(thousand euros)

	2017	2016
Revenue	7,253,974	5,977,419
Other income	613,346	554,705
Changes in inventories of finished goods and work in progress	29,166	8,395
Procurements	(1,975,668)	(1,595,057)
Staff costs	(1,497,031)	(1,287,557)
Other operating expenses	(3,148,568)	(2,466,378)
Depreciation and amortisation charge and change in provisions	(662,989)	(778,381)
Impairment and profit/(loss) on disposals of non-current assets	104,323	532,194
Other gains or losses	3,774	42,837
PROFIT/(LOSS) FROM OPERATIONS	720,327	988,177
Financial income	45,628	61,921
Finance costs	(368,747)	(732,653)
Translation differences	(9,898)	27,689
Profit/(loss) from changes in value of financial instruments at fair value	38,482	(7,069)
Profit/(loss) of companies accounted for using the equity method	(69,506)	69,570
PROFIT/(LOSS) BEFORE TAX	356,286	407,635
Income tax expense	(105,341)	(33,780)
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS	250,945	373,855
Profit/(Loss) after tax from discontinued operations	--	--
YEAR'S PROFIT/(LOSS)	250,945	373,855
Non-controlling interests	(30,814)	(21,874)
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT	220,131	351,981
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (euros)	3.85	6.17
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (euros)	3.79	6.22
BASIC EARNINGS PER SHARE (euros)	3.85	6.17
DILUTED EARNINGS PER SHARE (euros)	3.79	6.22

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RECOGNISED REVENUES AND EXPENSES FOR 2017 AND 2016

(thousand euros)

A) CONSOLIDATED PROFIT FOR THE YEAR	250,945	373,855
1. Profit attributable to the Parent	220,131	351,981
2. Non-controlling interests	30,814	21,874
B) ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT	116	(1,146)
1. Revaluation/ (Reversion of revaluation) of property, plant and equipment and intangible assets	--	--
2. Actuarial gains and losses and other adjustments	155	(1,372)
3. Tax effect	(39)	226
C) ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT	(150,288)	173,771
Income and expenses recognised directly in equity:	(184,983)	(61,232)
1. Revaluation of financial instruments:	(316)	269
a) Available-for-sale financial assets	(316)	269
b) Other income / (expenses)	--	--
2. Cash flow hedges	60,879	(130,766)
3. Translation differences	(230,405)	48,854
4. Other income and expenses recognised directly in equity	--	--
5. Tax effect	(15,141)	20,411
Transfers to the income statement:	34,695	235,003
1. Revaluation of financial instruments:	--	--
a) Available-for-sale financial assets	--	--
b) Other income / (expenses)	--	--
2. Cash flow hedges	47,548	320,010
3. Translation differences	(966)	(6,672)
4. Other income and expenses recognised directly in equity	--	--
5. Tax effect	(11,887)	(78,335)
TOTAL RECOGNISED INCOME / (EXPENSES) (A+B+C)	100,773	546,480
a) Attributed to the Parent	121,324	529,624
b) Attributed to non-controlling interests	(20,551)	16,856

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 DECEMBER 2017

(thousand euros)

EQUITY ATTRIBUTABLE TO THE PARENT (THOUSAND EUROS)								
	Shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent	Other equity instruments	Value adjustments		
OPENING BALANCE AT 01.01.2017	57,260	3,712,946	(14,403)	351,981	--	(276,308)	265,870	4,097,346
Adjustments due to changes in accounting policies	--	--	--	--	--	--	--	--
Adjustments due to errors	--	--	--	--	--	--	--	--
ADJUSTED OPENING BALANCE	57,260	3,712,946	(14,403)	351,981	--	(276,308)	265,870	4,097,346
Total recognised income/ (expenses)	--	--	--	220,131	--	(98,807)	(20,551)	100,773
Transactions with shareholders or owners	--	(201,992)	(2,195)	--	--	--	(39,053)	(243,240)
Capital increases/ (reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(164,569)	--	--	--	--	(40,422)	(204,991)
Treasury share transactions (net)	--	(35,711)	(2,195)	--	--	--	--	(37,906)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	2,426	2,426
Other transactions with shareholders or owners	--	(1,712)	--	--	--	--	(1,057)	(2,769)
Other changes in equity	--	350,143	13,452	(351,981)	--	--	(3,225)	8,389
Share-based payments	--	573	13,452	--	--	--	--	14,025
Transfers between equity items	--	351,981	--	(351,981)	--	--	--	--
Other changes	--	(2,411)	--	--	--	--	(3,225)	(5,636)
CLOSING BALANCE AT 31.12.2017	57,260	3,861,097	(3,146)	220,131	--	(375,115)	203,041	3,963,268

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 DECEMBER 2016

(thousand euros)

EQUITY ATTRIBUTABLE TO THE PARENT (THOUSAND EUROS)								
	Shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent	Other equity instruments	Value adjustments		
OPENING BALANCE AT 01.01.2016	57,260	3,702,890	(20,238)	207,324	--	(453,951)	260,860	3,754,145
Adjustments due to changes in accounting policies	--	--	--	--	--	--	--	--
Adjustments due to errors	--	--	--	--	--	--	--	--
ADJUSTED OPENING BALANCE	57,260	3,702,890	(20,238)	207,324	--	(453,951)	260,860	3,754,145
Total recognised income/ (expenses)	--	--	--	351,981	--	177,643	16,856	546,480
Transactions with share-holders or owners	--	(197,355)	16	--	--	--	(12,259)	(209,598)
Capital increases/ (reductions)	--	--	--	--	--	--	(12)	(12)
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(143,104)	--	--	--	--	(46,018)	(189,122)
Treasury share transactions (net)	--	(58,029)	16	--	--	--	--	(58,013)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	32,009	32,009
Other transactions with shareholders or owners	--	3,778	--	--	--	--	1,762	5,540
Other changes in equity	--	207,411	5,819	(207,324)	--	--	413	6,319
Share-based payments	--	368	5,819	--	--	--	--	6,187
Transfers between equity items	--	207,324	--	(207,324)	--	--	--	--
Other changes	--	(281)	--	--	--	--	413	132
CLOSING BALANCE AT 31.12.2016	57,260	3,712,946	(14,403)	351,981	--	(276,308)	265,870	4,097,346

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2017 AND 2016

(thousand euros)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES	491,087	823,002
Profit before tax from continuing operations	356,286	407,635
Adjustments for:	846,776	684,491
Depreciation and amortisation charge and provisions	627,494	892,998
Other adjustments to profit (net)	219,282	(208,507)
Changes in working capital	(343,096)	162,145
Other cash flows from operating activities:	(368,879)	(431,269)
Interest paid	(297,724)	(379,063)
Interest received	32,207	65,431
Dividend received	20,204	21,808
Income tax recovered/(paid)	(110,812)	(79,387)
Other amounts received/(paid) relating to operating activities	(12,754)	(60,058)
CASH FLOWS FROM INVESTING ACTIVITIES	(588,435)	(625,930)
Payments due to investments:	(929,097)	(823,776)
Group companies, associates and business units	(160,329)	(33,540)
Property, plant and equipment, intangible assets and investment property	(768,768)	(790,236)
Proceeds from disposal:	231,036	65,289
Group companies, associates and business units	188,433	1,222
Property, plant and equipment, intangible assets and investment property	42,603	64,067
Other cash flows from investing activities:	109,626	132,557
Other amounts received/(paid) relating to investing activities	109,626	132,557
CASH FLOW FROM FINANCING ACTIVITIES	(25,574)	(231,192)
Proceeds and (payments) relating to equity instruments:	(6,567)	(355)
Purchases	(6,567)	(355)
Disposals	--	--
Proceeds and (payments) relating to financial liability instruments:	237,954	(326,292)
Proceeds from issues	2,088,175	3,855,626
Repayment and redemptions	(1,850,221)	(4,181,918)
Dividends and returns on other equity instruments paid	(204,991)	(189,122)
Other cash flows from financing activities	(51,970)	284,576
Other amounts received/(paid) relating to financing activities	(51,970)	284,576
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(32,616)	2,267
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(155,538)	(31,854)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,428,319	1,460,173
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,272,781	1,428,319
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash on hand and at banks	909,851	1,116,858
Other financial assets	362,930	311,461
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	1,272,781	1,428,319

A P P E N D I X | I

INFORMATION ABOUT GREEN FUNDING PROJECTS

GENERAL INFORMATION

In November 2016, ACCIONA arranged a Schuldschein loan for 150 million euros, to which a 17 million euros was subsequently added, to fund renewable energy facilities; the deal was structured in tranches maturing in 3 and 5 years and accrues interest at market rates.

A 100 million euros loan was arranged with BBVA on 7 April 2017, and a 50 million euros loan was arranged with Unicredit Bank Austria AG on 5 May 2017.

Additionally, three private placements were made under the EMTN programme, on 25 November, 2016, and 16 June and 20 September 2017, for a total of 99 million euros.

Projects and associated indicators:

The funding was used for the San Gabriel wind farm and the El Romero Solar photovoltaic plant, both in Chile, which together represent an estimated investment of 589.6 million US dollars.

Those projects and their associated social and environmental indicators are shown below.

- San Gabriel wind farm: located in the La Araucanía region; construction commenced in November 2017. Its commercial operation date (COD) is projected for 2019. Accordingly, the installed capacity as of 31 December 2017 was 0 MW.

SAN GABRIEL WIND FARM (CHILE) (ESTIMATED DATA AT COD)	
POSITIVE ENVIRONMENTAL IMPACT INDICATORS (PROJECTIONS)	
Nominal installed capacity	183 MW
Average annual renewable production based on planned rated capacity	660 GWh
Annual avoided emissions, considering Chile's conventional energy mix (IEA 2017)	512,909 tCO ₂

- El Romero Solar photovoltaic plant: located in the Atacama desert, it comprises 776,000 photovoltaic modules. It was built in 13 months and connected to the grid in November 2016.

EL ROMERO SOLAR PHOTOVOLTAIC PLANT (CHILE)	
POSITIVE ENVIRONMENTAL IMPACT INDICATORS (2017 FIGURES)	
Peak installed capacity	246 MWp
Nominal installed capacity	196 MW
Renewable production	269.5 GWh
Annual avoided emissions, considering Chile's conventional energy mix (IEA 2017)	209,438 tCO ₂
OTHER ENVIRONMENTAL AND SOCIAL INDICATORS (2017 FIGURES)	
Certificates	ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007
Environmental Product Declarations (EPD) in accordance with ISO 14025 (publication date: 12/12/2017; validity: 25/10/2020)	http://environdec.com/en/Detail/epd1081



KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the Management of Acciona, S.A.

We have been engaged by Acciona, S.A. (hereinafter, Acciona) to review a report on the non-financial performance indicators included in "Appendix II. Information about green funding projects" within its Integrated Report for the year ended at 31 December 2017 (hereinafter Appendix II), selected from those proposed by the Commission Second-party opinion letter associated with the green bond issued in order to comply with the Green Bond Principles' fourth principle.

Our report is presented in the form of an independent conclusion with a limited assurance indicating that, based on the work performed and the evidence obtained, there is nothing that has caught our attention and makes us think that the indicators are not reliable and do not comply, in all its material aspects, with the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards).

The revised information is limited to the content of Appendix II above mentioned, in which Acciona has included selected non-financial indicators to comply with the current and projected progress of the environmental and social performance at San Gabriel wind farm (currently under construction) and El Romero Solar photovoltaic plant, both located in Chile.

Management responsibilities

Acciona's management is responsible for the selection, preparation and presentation of Appendix II in accordance with the fourth principle of the Green Bond Principles (Guidelines and procedures for the issuance of green bonds) published by the International Capital Market Association and the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards). It is also responsible for the selection and presentation of the non-financial indicators of Appendix II from those proposed by the Second-party opinion letter associated with the green bond issued, including the establishment and maintenance of the control and performance management systems from which the information is obtained.

These responsibilities include the establishment of appropriate controls where Acciona's management considers necessary to enable that the preparation of indicators with a limited assurance review would be free of material errors due to fraud or errors.

Our responsibility

Our responsibility is to review Appendix II and report in the form of an independent conclusion with a limited assurance based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the Standard ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires us to plan and perform our work so that we obtain a significant level of assurance about whether the Appendix complies, in all its material aspects, with the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards), as a basis for our limited assurance conclusion.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Procedures performed

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Appendix II, and applying analytical and other evidence gathering procedures. These procedures included:

- Analysis of the processes of compiling and internal control over quantitative data reflected in the Appendix II, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the Global Reporting Initiative's GRI Standards through the Sustainability Reporting Standards requirements for the preparation of reports in accordance with comprehensive option.
- Reading the information presented in the Appendix II to determine whether it is in line with our overall knowledge of, and experience with, the environmental performance in renewable energy projects.
- Verification that the financial information reflected in the Appendix II is in accordance with Acciona's annual accounts, audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Assurance Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that indicators included in Appendix II within Acciona's Integrated Report, for the year ended 31 December 2017 have not been prepared in all material respects in accordance with the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards), including the reliability of data, the adequacy of the information presented and the absence of significant deviations and omissions.

Purpose of our report

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Acciona in relation to its Appendix II within Acciona's Integrated Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

17 May 2018



PUBLISHED BY:

ACCIONA, S.A. Corporate Image and Global Marketing Department
Avda. de Europa, 18. Parque Empresarial La Moraleja. 28108 Alcobendas. Madrid. Spain

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www.acciona.com

PRODUCTION:

MRM/ / Mc CANN

LEGAL DEPOSIT:

M-14605-2018





BUSINESS AS UNUSUAL

Avda. de Europa, 18
Parque Empresarial La Moraleja
28108 Alcobendas
(Madrid) Spain



www.acciona.com

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