

EXECUTIVE **SUMMARY**

INTEGRATED
REPORT

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BUSINESS AS UNUSUAL



Interview with the Chairman

**JOSÉ MANUEL
ENTRECANALES**
CHAIRMAN
OF **ACCIONA**

ACCIONA provides solutions for sustainable development. These solutions shape our company's business model. An advanced, forward-looking model that can generate stable, predictable returns going forward.

How would you describe ACCIONA?

We are a unique company that is inherently oriented towards responding to some of the main challenges facing society. Our business opportunities lie at the intersection between what society needs and what the sustainable future of the planet demands.

The challenges we face as a society are urgent and complex, and they involve governments, the private sector, social organizations and citizens alike. They require solutions that can not be addressed in isolation. For that reason, we don't see the company as an activity or set of activities performed in isolation. Our company can not be defined under any single heading. We are, in essence, greenfield developers and operators of essential infrastructure assets, with a special emphasis on renewable energy.

This report aims precisely to probe this issue in depth in order to persuade readers that our company is part of the solution — and not of the problem — to the challenges that we, as a society, must face.

What solutions can the company offer?

In my view, the challenges facing the planet are set out formally in two recent, closely-related milestones: the 2030 Agenda and the Paris Agreement. The planet that we leave to future generations depends to a great extent on whether we achieve both goals. Success, which simply means a planet that is environmentally and socially more sustainable, will require combined efforts by governments, business and citizens and an unprecedented mobilisation of resources.

Responding to the challenges of sustainable development is at the core of ACCIONA's business model. For that reason, we supply cleaner energy, manage the water cycle, create infrastructures that facilitate the ecological transition, and offer electric mobility services, among others. And for that reason, we are alert to new opportunities that can help us to generate business by contributing to sustainable development.

Our close linkage to society's real needs makes us attractive to investors who look to the long term, who see in us a bet

OUR BUSINESS OPPORTUNITIES
LIE AT THE INTERSECTION BETWEEN
WHAT SOCIETY NEEDS AND
WHAT **THE PLANET'S SUSTAINABLE
FUTURE** REQUIRES

not only on the present but also on the future. Our business model also helps us to attract the best talent. We at ACCIONA like to know that, through our work, we contribute to building a more sustainable society. I would like to think that our clients see us as a unique company with distinctive value.

How would you describe 2018?

We met or exceeded the goals we set ourselves at the beginning of the year.

During 2018, the company invested in line with its strategic plans, increased operating cash flow and significantly reduced net financial debt.

Our business model generates stable cash flows; more than 75% of our EBITDA comes from long-term assets. And 94% of capital employed is backed by those same assets, a sign of financial prudence that helps us manage the investment risk.

Beyond what this means in the short term — in terms of financial performance, shareholder remuneration and investor confidence — achieving our goals enables us to further our strategy of investing in the planet and respond to the needs of sustainable development.

What makes a company like ours different?

Our core skill is in designing, building and operating complex assets for third parties or for our own portfolio.

I firmly believe that we are a company with numerous distinctive capabilities, where talent, technical capacity, sustainability and innovation are the energy that enables us to transform ideas into assets. We are convinced that the future will have no room for business models that do not offer a double dividend: preserving the planet while generating value for investors, employees, customers and other stakeholders. That conviction is what has led us to build a company model that is configured to anticipate the needs of tomorrow's society.

And that conviction underpins our competitive advantages. And I dare say it will continue to do so for a long time.

To conclude, where is ACCIONA going?

We are in a dynamic environment in which the needs of society are changing constantly, but there are trends which are undeniable. Environmental risks were not so important just a decade ago. Now, the World Economic Forum's *Global Risk Report* states that they are the most critical risks for our planet's prosperity.

And there is every sign that this situation will persist. Access to energy and water, and infrastructures that improve people's lives, will become imperative needs in the coming decades.

In this changing environment, we have continued to advance our solutions, winning new contracts to ensure water supplies in some of the regions with the greatest water stress, current and future, such as the United Arab Emirates and Saudi Arabia.

Also, based on our use of advanced technology with a minimal environmental impact, we are implementing new transport infrastructures in advanced countries such as Norway and Australia.

Moreover, we are leaders in decarbonisation through an energy model focused on renewable energies, where we increased total capacity in 2018 while attaining record levels of competitiveness and availability.

The global will to transition towards sustainable growth models will underpin our development going forward. Our opportunity lies in sustainable development, and we pursue it fully aware of our abilities and limitations.

We do not know what the future will bring. What we do know is that we will be there wherever there is a need for more sustainable development.

Experts in designing a better planet

Global challenges, local solutions

Through its solutions, ACCIONA contributes to meeting some of the main challenges facing the communities in which we operate, and to attaining the Sustainable Development Goals.

NORTH AMERICA



CENTRAL AND SOUTH AMERICA



EUROPE



AFRICA



ASIA AND OCEANIA



SUSTAINABLE DEVELOPMENT CHALLENGES



ACCIONA SOLUTIONS



2018

1,245 M€
EBITDA

328 M€
ATTRIBUTABLE
NET PROFIT

1,023 M€
TOTAL CAPITAL
EXPENDITURE

3.48X
NET FINANCIAL
DEBT/EBITDA

2019

- Normal course of business
- Positive operating outlook
- Secure further profitable growth
- Maintain credit strength



BUSINESS AS UNUSUAL

www.accionacom

World-changing solutions



Energy infrastructure

ACCIONA aims to be a key player in containing the effects of global warming and in the transition towards a decarbonised energy model.

2018 IMPACTS

- ▶ **Decarbonization of the electric mix through the production of 22,087 GWh of clean energy**, equivalent to the energy consumption of 6.3 M households.
- ▶ Renewable generation that has **avoided the emission of 14.8 million tons of CO₂**.
- ▶ **Creation of a business ecosystem.**
- ▶ **Drive the economy and local employment.**



Water infrastructure

ACCIONA's innovative water management approach seeks to overcome the challenges posed by water scarcity.

2018 IMPACTS

- ▶ **Contribution to adaptation to climate change through the desalination of 204 hm³ in the MENA region** using reverse osmosis, a technology that produces 6.4 times less GHG than the thermal desalination technologies existing in this region.
- ▶ **Relief of water stress by treating more than one-third (295 hm³) of the total water treated (790 hm³)** in areas of water stress.



Civil infrastructure

ACCIONA develops large infrastructure projects in markets and geographies with strong potential for the development of opportunities.

2018 IMPACTS

- ▶ **Fuel savings, reduced pollutant emissions and improved air quality.**
- ▶ **Lower traffic congestion, spending on transport, and travel times.**
- ▶ **Support for the economy and local employment.**
- ▶ **Release of land** for public use.



Sustainable cities

Rapid growth by cities creates the need for new services. The activities that ACCIONA creates and undertakes are focused on improving citizens' lives.

2018 IMPACTS

- ▶ **Improved connectivity and cooperation between communities.**
- ▶ **Fuel savings, reduced pollutant emissions and improved air quality.**
- ▶ **Lower traffic congestion, spending on transport, and travel times.**



Financial services

Future savings opportunities through pension plans and mutual funds that provide returns over the long term.

2018 IMPACTS

- ▶ **Helping to provide a return on savings.**
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Business as Unusual

ACCIONA is a company with a presence in over 40 countries that invests, develops and operates infrastructure, with a particular emphasis on renewable energy. The company's strategy focuses on addressing the complexity of the

challenges defined by the United Nations Sustainable Development Goals through innovative responses in areas such as the energy transition, water, cities and transport.

A REALITY WHICH NEEDS SOLUTIONS...

...ACCIONA INVESTS IN THE PLANET...

Complex and interconnected challenges

Its solid capital structure gives capacity to pursue value-enhancing **opportunities**

REDUCE AND COMBAT GLOBAL WARMING

LONG-TERM ASSET-BASED BUSINESSES ACCOUNT FOR 75% OF EBITDA AND 94% OF CAPITAL EMPLOYED

INCREASE RENEWABLE ENERGIES CONTRIBUTION AND FACILITATE ACCESS TO IT

PALLIATE WATER SHORTAGES AND GUARANTEE SUPPLY

ALLEVIATE DEMOGRAPHIC CONGESTION AND URBAN CONCENTRATION

LONG-TERM ASSET BUSINESSES

- Renewable generation
- Infrastructure concessions (Transport, Social and Water)

SERVICE BUSINESSES

- Infrastructure services
- Financial services

GREENFIELD DEVELOPMENT BUSINESS

- Greenfield infrastructure – EPC
- Renewable energy development
- Property development

RISK

+

CARBON-NEUTRAL: ACCIONA
IS A COMPANY WITH **NET-ZERO
GREENHOUSE GAS EMISSIONS**

... BECAUSE IT IS EXPERT IN
DESIGNING SOLUTIONS...



... THAT ENHANCE
THE WELL-BEING
OF PEOPLE
AND THE PLANET.

ACCIONA turns
ideas into essential
assets for society
and the future



ENERGY
INFRASTRUCTURE



WATER
INFRASTRUCTURE



CIVIL
INFRASTRUCTURE



SUSTAINABLE
CITIES



FINANCIAL
SERVICES



Few players have
the **capabilities** required
to meet the challenges



- TALENT
- INNOVATION
- SUSTAINABILITY
- RISK MANAGEMENT

Positive impacts
on the goals
that enable sustainable
development



ACCIONA success factors

FEW PLAYERS HAVE
THE CAPABILITIES REQUIRED
TO MEET THE CHALLENGES

Talent

People capable of turning ideas into essential assets in favour of sustainable development.

ACCIONA attracts, hires, and works constantly to retain, the best professionals.

In 2018, ACCIONA was ranked among the top 10 companies in the world in terms of diversity and workplace inclusion by the Thomson Reuters Diversity & Inclusion Index.

Sustainability

ACCIONA's sustainability strategy is materialized through its Sustainability Master Plan.

The Sustainability Master Plan 2020 is structured into overall strategic and operational objectives that permeate the entire organisation, with specific goals for each business area. This roadmap sets out initiatives by the company to support sustainable development and business integrity.

ACCIONA is a member of sustainability indexes and rankings such as FTSE4Good, CDP Water Security A List 2018 and 2019 Global 100 Most Sustainable Corporations in the World.

Innovation

Efficient technology for a sustainable future.

The company's innovation strategy is focused on developing solutions for its business areas. It also provides efficient technologies to meet the needs of markets and clients, who also demand an assurance of sustainability in construction, water, services and energy for people and the planet.

Risk Management

An end-to-end risk control model involving the entire company.

Risks are identified, measured and mitigated for each business line by a team working at corporate level. Because ACCIONA is involved in a wide range of businesses and countries with different regulatory, political and social systems, it needs to apply a range of approaches and mechanisms for managing and mitigating its risk exposure.