

Summary 2006

**“Utilizing solar energy, biomass, wastes, information technologies, and engineering, Abengoa applies technological and innovative solutions for sustainable development”**

The rational use of natural resources and our concern for ensuring that future generations may be able to use them as we ourselves have done is Abengoa's roadmap for the future. Moreover, as far as Abengoa is concerned, what is known nowadays as sustainable development does not exclusively mean preservation of the environment. Abengoa goes beyond that vision and raises its commitment to the social and human side of things.

In Abengoa, we have come to understand that our traditional engineering activity is nothing more than a valuable tool by which we can build a more sustainable world. In addition, over the past decade Abengoa's strategic plan has been much more intense and this is clearly demonstrated by the fact that we have undertaken an array of activities, among which the following are of note:

**Solar**

In 2006, construction was completed on the world's largest tower and heliostat field technology 11 MW solar thermal power plant, and on a 1.2 MW double concentration photovoltaic power plant. These plants are located in the municipal district of Sanlúcar la Mayor (Seville, Spain) and are part of a future platform of solar thermal and photovoltaic power plants that will eventually produce more than 300 MW.

**Abengoa is the leader on the home market in electricity generation from solar energy, with a development plan for more than 300 MW over the next few years**

**With the sun... we produce thermoelectric and photovoltaic electric energy.**

**Bioenergy**

In 2000, start-up of the first Bioethanol facility in Spain with an initial production capacity of 100 M liters/year currently 150 M liters/year), which required a 93.8 M € investment.

In 2002, acquisition of High Plains Corporation (now Abengoa Bioenergy Corporation), the fifth largest bioethanol producer in the United States (current production capacity of 108 M gal/year), by means of a 100 M € takeover bid. Start-up of the second Bioethanol facility in Spain (Bioethanol Galicia), with a 126 M liters/year production capacity (currently 176 M liters/year), which required a 92.1 M € investment.

Also in 2002, Abengoa was awarded by the United States Department of Energy (DOE) an R&D&I project to enhance ethanol production process technology, utilizing biomass to improve the economy of process and increase energy yield from ethanol production and, thereby, reduce the production cost thereof and make it more competitive with gasoline. The total investment, co-funded by the DOE, is 35.4 M \$US, from 2003 to 2006.

In 2003, commencement of the construction of the third Bioethanol facility in Spain, in Babilafuente, which produces 200 M liters/year of Bioethanol for direct blending in gasoline. The raw materials will be grain, wine alcohol and biomass, the latter in a Bioethanol production facility that will be the first of its kind worldwide.

In 2005, commencement of the construction of the fourth bioethanol facility in Nebraska (US) which will produce 330 million liters per year. Agreement with Cepsa for the construction of a biodiesel production plant on the lands of Cepsa's

“Gibraltar” Refinery, in San Roque (Cadiz). The foreseen investment for the plant is 42 M €. In 2006, work commenced on the construction, in Lacq (France) of a 250 million liter/year capacity bioethanol production plant. It will be Europe’s first corn-based bioethanol production facility, something that is very common in the US.

**Abengoa is Europe’s largest bioethanol producer and fifth in the US.**

**With biomass... we produce ecologic fuels and animal feed.**

#### **Environmental Services.**

In 2000, a 300 M € investment to acquire Befesa through a takeover bid.

Recently, during the last quarter of 2006, Befesa acquired the company B.U.S., Europe’s largest industrial waste recycler.

Abengoa has increased desalination capacity to more than 1,000,000 m<sup>3</sup>/day, which will enable supply for a population of 4.8 million.

**Abengoa is international leader in industrial waste treatment and environmental engineering.**

**With wastes... we produce new materials by recycling, and we also treat and desalt water to achieve a sustainable globe.**

#### **Information Technologies**

The technologies developed by Telvent allow high-performing companies to make real-time business decisions utilizing data acquisition and control systems and advanced operational applications that provide secure actionable information delivery to the enterprise in four industry segments considered essential for sustainable development: Energy, Traffic, Transport and the Environment.

In 2003, Telvent acquired Metso Corporation’s Network Management Solutions Division, now called Telvent Canada and Telvent USA, which put Telvent in a leading position at international level in the Real-Time Control and Information Systems market for the oil, gas, and electricity sectors, and for the water sector.

In 2004, in order to facilitate the continuity of the expansion strategy for the Information Technology activity, while also increasing its potential through the development of R&D&I activities, Telvent GIT commenced its effective listing on the American NASDAQ technological market. In the same year, the North American company Miner & Miner Consulting Engineers Incorporated (M&M), one of the world leaders in the development and implementation of Geographic Information Systems (GIS) software, was acquired.

In 2005, the Perth based Australian company Almos Systems (now Telvent Australia), a leading provider of meteorological solutions, was acquired.

In 2006, work continued under the strategy adopted several years ago with the acquisition of Blue Shield, PB Farradyne, and Maexbic.

**Abengoa is international leader in the energy, traffic, transport and environment sectors**

**With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and environment.**

## Industrial Engineering and Construction

In Abengoa, we have come to understand that out traditional engineering activity is nothing more than a valuable tool by which we can build a more sustainable world. Many of the engineering products we develop are focused on sectors related with renewable energies, biofuels, industrial waste management and desalination.

We are putting our trust in improving energy efficiency through cogeneration power plants. Abengoa produces more than 2,000,000 MW/h per year by this method.

In 2006, with the aim of strengthening our sustainable energy project execution capacity, the Poland based company Energoprojekt Gliwice, dedicated to engineering and consultancy services in the energy and industry sectors was acquired.

**Abengoa is the leader in Industrial Engineering and Construction projects in Spain and Latin America.**

**With engineering... we construct and operate conventional and renewable energy power plants, power transmission systems and industrial infrastructures.**

### New Horizons

In Abengoa, we are convinced that the innovative company, within a context of change and global competition, is an efficient and essential instrument for enabling progress towards a sustainable development society. The constant generation of new development and innovation horizons is one of our main strategic pillars.

- Hydrogen Technologies: with a clear perception of the need to search for new clean energy sources, in Abengoa we promote the development of hydrogen and fuel cell technologies by means of the design, development and construction

of energy systems based on the production and storage of this gas as an energy vector.

- ZeroEmissions Technologies: a new company established by Abengoa to agglutinate the activities focused on the fight against climate change. The activities developed are as follows:
  1. R&D&I focused on developing alternative solutions that enable the elimination of high-capacity greenhouse effect gases. Their total elimination would mean the meeting of the most demanding reduction goals laid down internationally.
  2. R&D&I in CO<sub>2</sub> sequestration and capture technologies as the first step towards the horizon of new CO<sub>2</sub> free generation plants. In this respect, Abengoa is participating in different national and international platforms and projects that are the first of their kind in this material.
  3. CDM/JI Projects (Clean Development Mechanisms and Joint Implementation). By means of these two mechanisms developed in the Kyoto Protocol, countries that need to reduce emissions can achieve attainment of reduction commitments utilizing projects executed in other countries.
  4. Participation in Carbon Funds: as a further step towards the attaining of Sustainable Development, Abengoa has decided to support diverse initiatives developed by Multilateral Institutions, different countries and important European companies. Abengoa has already committed itself to participating in the Spanish Carbon Fund (World Bank) and the Multilateral Carbon Credit Fund (EIB-EBRD).

## Development towards a sustainable world

Abengoa's strategic development is based on the generation of future options that are necessary to attain a sustainable world. This is achieved basically by:

- The strengthening of the geographic diversification of existing products
- The introduction of new products that help combat climate change
- The intensification of R&D&I activities
- The commitment to social and human progress

As a result of said strategy and as a consequence of the investment plan underway, Abengoa offers a combination of activities that represent greater diversification in markets and customer portfolio, while also consolidating its capacities as regards its original Engineering business.

Evolution 1996 - 2006				
	Engineering Company		5 Business Units	
Business	1996		2006	
	Sales %	Gross Cash Flows %	Sales %	Gross Cash Flows %
- Solar	-	-	-	-
- Bioenergy	-	-	18	17
- Environmental Services	8	8	21	20
- Information Technologies	24	14	17	15
- Industrial Engineering and Construction	68	78	44	48
Geography	%		%	
USA and Canada	-	-	10.6	11.3
Latin America	26.3	-	27.6	24.4
Europe (excluding Spain)	2.8	-	11.9	9.0
Africa	0.9	-	4.0	3.0
Asia	4.2	-	1.6	1.4
Oceania	-	-	0.3	0.5
Total Abroad	34.2	-	56.0	49.6
Total Spain	65.8	-	44.0	50.4
Consolidated Total	100.0	-	100.0	100.0

- **The strengthening of the geographic diversification of existing products** by reinforcing the markets in which, a priori, the best possibilities for expansion exist and in which Abengoa is already operating, with these being basically the United States, Canada, China, India, Brazil, Mexico, Northern Africa, and Europe.

Activity Abroad							
	2006		2005		1996		CAGR (96-06)
	M €	%	M €	%	M€	%	%
Exportation and Local Company Sales							
- USA and Canada	284.7	10.6	270.3	13.4	0.0	0.0	-
- Latin America	739.5	27.6	492.3	24.3	152.4	26.3	17.1
- Europa (excluding Spain)	319.0	11.9	122.2	6.0	16.4	2.8	34.6
- Africa	104.3	4.0	46.3	2.3	5.2	0.9	34.8
- Asia	43.5	1.6	47.3	2.3	24.4	4.2	5.9
- Oceania	8.8	0.3	3.4	0.2	0.0	0.0	-
Total Abroad	1,499.8	56.0	981.8	48.5	198.4	34.2	22.4
Total Spain	1,177.4	44.0	1,041.7	51.5	380.4	65.8	12.0
Consolidated Total	2,677.2	100.0	2,023.5	100.0	578.8	100.0	16.5

- **The introduction of new products that help combat climate change** by means of an investment plan, especially in the sectors related to Bioenergy (new bioethanol production plants in Europe and the United States), Solar (with a solar power plant construction program that will eventually reach a total installed output of more than 300 MW), Desalination (with desalination plants under construction in Algeria, India and Spain), High Voltage Line Concession Contracts (in Latin America and Asia) as well as future concession contracts for Public Buildings in Spain and abroad, and also in other more mature sectors such as Environmental Services (with the recent acquisition of Europe's largest industrial waste recycling company) and Information Technologies.
- **The intensification of R&D&I activities**, focused on results that allow diversification to be increased by creating new products and services and developing new markets by increasing differentiation, improving and adapting existing products and enhancing processes.

Main Projects	2005		2006		2007 (P)	
	M€	% / Sales	M€	% / Sales	M€	% / Sales
Solar Energy	31.7		17.4		15.7	
Biomass conversion to bioethanol	13.5		26.2		18.0	
Enhancement bioethanol efficiency (residual starch)	1.1		1.6		1.1	
Hydrogen Technology. Fuel Cells	2.7		2.1		6.6	
Electricity, environmental, oil and gas control centers	6.8		7.6		8.8	
Road and rail traffic, and ticketing systems	3.6		5.6		4.5	
Public Administration support systems	2.1		2.2		2.4	
Geographic Information Systems (GIS)	2.2		2.3		2.9	
Vitrification	0.0		0.4		0.1	
Environmental Technology Center	0.0		0.0		0.8	
Desalination	0.0		1.0		1.6	
Enhancement aluminum efficiency	0.2		0.1		0.1	
Other Projects	2.0		2.0		6.9	
<b>Total Investment R&amp;D&amp;I</b>	<b>65.9</b>	<b>3.3%</b>	<b>68.5</b>	<b>2.6%</b>	<b>69.5</b>	<b>2.4%</b>

- The commitment to social and human progress while at the same time contributing to environmental preservation is, in Abengoa, one of the essential pillars on which Corporate Social Responsibility is based. Through the Focus-Abengoa Foundation the company's social activity policies are brought into practice. This is done in a non-profit making manner with objectives being of general interest, focused on assistance, educational, cultural, scientific, research and technological development work. In 2006, Abengoa allocated 5.8 M€ to these activities that strengthen the company's commitment to society and sustainable development.

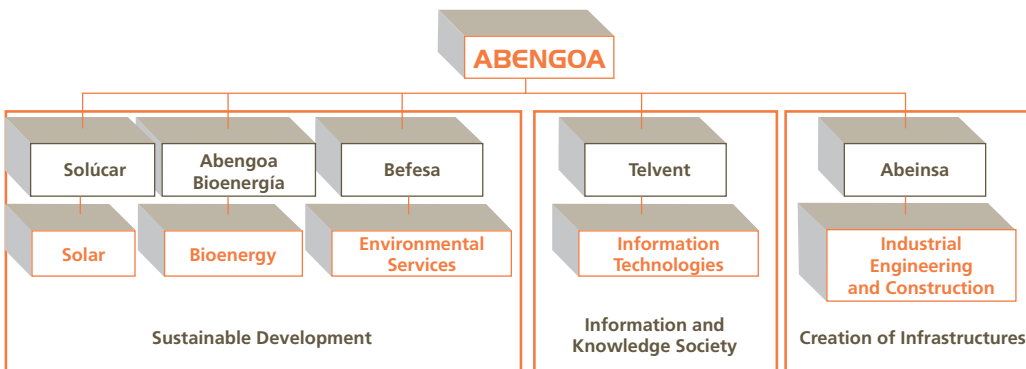
### Current Organization and Nature of Business

There are two types of products in Abengoa:

- Integrated Product: in which the responsibility is global, including from the active promotion of the business, with or without investment in the capital, to the providing of financing solutions, the defining and design of the technologies to be applied, the turnkey construction and subsequently the Business Operation, Maintenance and Management Service. With these products there is a clear recurrence that endows more stability on Abengoa's financial statements (business induced).
- Conventional Product: in which a specific item or service is sold and the investment in which goes against the customer's balance sheet and, in addition, in which we are not responsible for the management thereof.

Abengoa is a technological company that applies innovative solutions for sustainable development in the infrastructures, environment and energy sectors.

It is present in more than 70 countries, where it operates with its five Business Units: Solar, Bioenergy, Environmental Services, Information Technology, and Industrial Engineering and Construction.



It provides solutions for:

- **Sustainable development:**

- ✓ Abengoa produces 619 million liters of bioethanol per year which avoids the emission of 1,691,486 tons of CO<sub>2</sub> to the atmosphere, which is equivalent to the annual emissions from a fleet of 700,000 vehicles.
- ✓ Abengoa produces 2,000.122 MW/h per year of electricity from cogeneration, which means the prevention of the emission of 983,963 tons of CO<sub>2</sub> were this energy to be produced by conventional carbon thermoelectric power plants.
- ✓ Abengoa has a production plan for more than 300 MW of electric energy using the sun, equivalent to the annual consumption by a population of 500,000, which will prevent the emission of 742,900 tons of CO<sub>2</sub> per year.
- ✓ Abengoa treats more than 2,563,140 tons of industrial wastes, dedicating them to the production of new materials through the recycling of more than 1,297,000 tons.
- ✓ Abengoa has increased desalination capacity to more than 1,000,000 m<sup>3</sup>/day, which will enable supply for a population of 4.8 million.

- **The Information and Knowledge Society:** Our solutions:

- ✓ Manage more than 60% of the movements of hydrocarbons in pipelines in North and Latin America.
- ✓ Transport and distribute more than 140,000 GW/h that provide electricity for a population of more than 80 million.
- ✓ Control vehicle traffic at more than 6,000 intersections that are used by more than 170 million people per day.
- ✓ Manage the displacements of more than 2,500 million passengers per year on train and metro networks.
- ✓ On a yearly basis, provide real-time traffic information on the state of roads and traveling times in response to 405,000 telephone enquiries and 5,000,000 monthly website visits.
- ✓ Provide landing and take-off security and efficiency for more than 700 million passengers a year at more than 150 airports.



- ✓ Manage water distribution for a population of more than 30 million throughout Europe, North America, Latin America and the Middle East.
  - ✓ Monitor and report on the quality of the air inhaled by more than 20 million people in Europe and Latin America.
  - ✓ For more than 30 million European citizens, facilitate access and e-business management with their public administrations and with other organizations and institutions.
  - ✓ Reduce the patient waiting list by 15% in more than 250 health centers managed by more than 40,000 Health professionals.
  - ✓ Verify the integrity and veracity of the passports of more than 18 million passengers per year.
  - ✓ Enable 13 million users at more than 4,000 universities and research centers throughout Europe to exchange information.
  - ✓ Provide the technological infrastructure from which news is distributed 24 hours a day to more than 400 million Spanish speaking inhabitants worldwide.
  - ✓ Ensure the correct distribution of more than 1,000 million liters of gasoline per month, sufficient to fill the fuel tanks of more than 22 million cars.
- **Creation of Infrastructures:**
    - ✓ Abengoa has constructed energy generation plants that, with a global installed rating of more than 5,000 MW, supply electric energy for a population of more than 4 million on four continents.
    - ✓ Abengoa possesses 4,406 km of high-voltage lines under concession contracts in Latin America, with a capacity of almost 9,300 MW, equivalent to the annual needs of a population of 10 million.
    - ✓ In Spain, in 2006, Abengoa has installed almost 140,000 new ADSL lines that allow more than 600,000 people to have broadband access to new value-add services.
    - ✓ In 2006, Abengoa conducted maintenance works, in Spain, on approximately 2,275,000 telephone lines (voice, data and video) with 24-hour SLA, providing coverage to some 5 million subscribers (11% of the population)

## Evolution of 2006 Financial Year Results

	M€		Variation %	% of total		M€	% of total	% CAGR
	2006	2005	06/05	2006	2005	1996	1996	96/06
Sales	2,677.2	2,023.5	32.3	100.0	100.0	578.8	100.0	16.5
Net Profit attributable to Parent company	100.3	66.0	52.0	3.7	3.3	16.1	2.8	20.1
Gross Cash Flows from Operating Activities	287.9	216.4	33.0	10.8	10.7	53.8	9.3	18.3

- The consolidated sales to 31/12/06 reached 2,677.2 M €, which is a 32.3% increase on the previous year's figure. All Abengoa's Business Units increased their sales figure over 20%.

Sales M€			
	2006	2005	%Variation (06-05)
- Bioenergy	476.2	392.7	21.3
- Environmental Services	555.3	402.4	38.0
- Information Technology	476.3	362.6	31.4
- Industrial Engineering and Construction	1,169.4	865.8	35.1
<b>Total</b>	<b>2,677.2</b>	<b>2,023.5</b>	<b>32.3</b>

- It is important to consider the company's efforts in R&D&I activities, whose impact on the financial statements goes from 18.3 M € in 2005 to 23.2 M € in 2006 (up 26.8%).
- The after tax result attributable to the parent company is 100.3 M € which is a 52.0% increase on the 2005 financial year figure (66.0 M €).  
The above result means a profit of 1.11 € per share as against the 0.73 € per share obtained in 2005.
- The Gross Cash Flows from Operating Activities reached 287.9 M €, which represents a 71.5 M € increase on the previous year (+ 33.0%)  
Among the contributions to these Gross Cash Flows, of note is that from the Industrial Engineering and Construction business unit which increased considerably to 137.5 M € (98.9 M € the previous year), which represents a 39.1% increase, and also that from the Environmental Services business unit with 58.0 M € (40.4 M € the previous year), which represents a 43.7% increase.

Gross Cash Flows from Operating Activities M €			
	2006	2005	%Variation (06-05)
- Bioenergy	49.9	43.8	14.0
- Environmental Services	58.0	40.4	43.7
- Information Technology	42.3	33.3	27.2
- Industrial Engineering and Construction	137.5	98.9	39.1
<b>Total</b>	<b>287.9</b>	<b>216.4</b>	<b>33.0</b>

- The non-recourse financing applied to projects has risen 86.9%, from 670.8 M € in 2005 to 1,253.9 M € in 2006.
- Abengoa's Net Debt in 2006 is 153.8 M € (net cash position) as against 118.4 M € (net cash position) in 2005.

## Share Performance

According to the data supplied to Abengoa by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Securities Recording, Clearing and Settlement Management Company) for the last Ordinary General Meeting held on April 9, 2006, Abengoa, S.A. had 6,663 shareholders.

As on December 31, 2006, the company believes the free float to be 43.96% if the shareholding of Inversión Corporativa I.C.S.A. and its subsidiary Finarpisa (56.04%) is deducted.

According to the figures supplied to the company by Sociedad Rectora de la Bolsa de Valores de Madrid (Governing Body of the Madrid Stock Exchange) 118,874,315 shares were traded in 2006. The average volume of daily trading over the year was 468,009 shares. Minimum, maximum and average listed share prices in 2005 were 12.35 euro, 29.98 euro and 20.79 euro, respectively. The last closing price quoted for Abengoa shares in 2006 was 27.81 euro, 124% up on that of December 31, 2005, and 1,207% higher than the share price established for the Public Offering on November 29, 1996.

## Evolution since Initial Public Offering in 1996

As a historical reference, since Abengoa's Initial Public Offering on November 29, 1996, the company's shares have revalorized 1,207% which is 13.07 times the initial price. During this same period, the Madrid Stock Exchange has revalorized 285% and the select IBEX 35 has gone up 203%.

