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Annual Report 2011

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## Shareholders

“We create sustainable long-term value”

Abengoa is committed to a business strategy focused on **creating sustainable long-term value** for all of its stakeholders. For shareholders, value creation largely occurs through the payment of dividends and through maintaining a growing yield in earnings that contributes to a continuous rise in the company’s share value.

Abengoa continues to invest in R&D+i in order to **keep creating long-term** value through the innovative technology solutions for sustainability that have enabled the company to continue delivering double-digit growth rates in key figures for over a decade now.

In today’s environment in crisis, **diversification of sources of financing** is essential in achieving solid capital structure. Abengoa combines long-term financing for new products with a non-recourse structure with access to capital markets and public funds (financing, R&D+i investment subsidies and tax deductions), supplemented by funds from strategic alliances, asset rotations and special transactions.

In 2011 Abengoa set out to bolster its asset rotation policy and lend further flexibility to the company’s capital structure through transactions that included the sale of Abengoa’s stake in one of its business groups, signing of an agreement to welcome Cemig as a strategic partner in order to reinforce this alliance with a view to developing new business opportunities in Brazil, and the equity investment of strategic shareholder First Resource Corporation, one of the mayor international investment funds specializing in the energy industry.

These transactions are all aimed at empowering the company with the highest possible level of **financial versatility** in order to be able to adapt to any adverse situations. Abengoa seeks to continue with its **goals towards profitable growth** and **value creation** at rates similar to those achieved over the last decade.



## Shareholder and investor dialog

Abengoa has an Investor and **Shareholder Relations Department** whose main purpose is to foster and facilitate **ongoing communication** with both groups of stakeholders, in addition to firms analyzing fixed and variable interest rates. The department also manages relations with credit agencies.

**Fluid** and **transparent communication** with **investors** and **shareholders** is a key factor in developing a relationship based on **trust** with these stakeholders. The department director has the duty of designing and implementing a program for communication with national and international financial markets in order to make the company's key financial figures and strategic actions known.

The importance given to **transparency** in all market-related information vis-à-vis the different agents involved is complemented by the fact that all of the company's analysts and investors, be they institutional or minority investors, are able to contact the Investor Relations team at any time.



To this end, a variety of channels intended to facilitate **ongoing dialog with the company** has been made available to all stakeholders. The different mailboxes open to the public constitute a direct communication channel enabling stakeholders to contact both the Investor Relations team as well as the company's most senior management bodies.

Access to a **whistleblower channel** is also provided through the corporate website. The purpose of this channel is to provide a specific means of **communicating with management** and the different governing bodies, serving as an instrument to **address** any potential situations involving irregularities, non-compliance or conduct contrary to the ethics, legality and norms governing Abengoa.

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In addition to these generic channels, other more specific platforms are in place, including the **Electronic Shareholders' Forum**, through which shareholders, minority or otherwise, may request from directors any information or clarifications deemed pertinent regarding matters included on the General Shareholders Meeting agenda, or formulate in writing and submit any questions they consider relevant up until the seventh day prior to the scheduled Shareholders Meeting. Furthermore, shareholders may verbally request information or clarifications regarding matters on the agenda during the Shareholders Meeting and, if the directors are unable to provide the requested information during the meeting itself, they must do so in writing within seven days following the conclusion of the meeting.

### Market presence through our communication channels

Abengoa has strengthened the relationship with its investors, working to enhance the investor service provided and the handling of requests through **forthcoming and transparent communication**, and addressing suggestions received by the department from the investment community through the new channels of communication that have been implemented.

2011 saw the integration of the **Financial Reporting and Investor Relations teams under a single manager** for the first time, which has afforded the resulting department **greater flexibility** in tailoring the information presented to each stakeholder, drawing an understanding of what investors wish to analyze together with the ability to treat the information presented accordingly.

Thus, quarterly earnings reports, in addition to providing the basic required information, include a comprehensive document analyzing the evolution of each segment and its corresponding key figures.

Apart from the customary **telephone channel**, earnings report presentations may be **attended** using an audio and video system that can be **accessed via the company website**, which in turn has been redesigned to make accessibility more intuitive and straightforward. In addition, following these presentations, a completely anonymous satisfaction survey is sent out to all participants for them to express their approval of the event or indicate potential areas for improvement.

The new department structure is intended to **maximize** the number of **meetings and seminars** held with investors, thus improving the company's exposure at conferences and increasing direct contact through visits to a greater number of financial arenas in which to present the company's results.

Abengoa participated in a total of **17 national and international roadshows in 2011**, addressing more than **600 institutional** investors in person. This activity involved visits to the most significant financial centers in Europe and the USA.

### Socially responsible investors

Abengoa renewed its status as a component of the **FTSE4Good IBEX** index of **socially responsible investments**, which was reviewed in May 2011. This index, promoted by Bolsas y Mercados Españoles (the Spanish Stock Exchange), seeks to **foment responsible practices among companies**, in addition to helping investors from all over the world identify companies that have undertaken a commitment to corporate social responsibility in management.

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Abengoa’s active participation in initiatives aimed at halting climate change, as well as the company’s presence on socially responsible indexes (SRI) demonstrate that the policies developed by the company meet the requirements established by international organizations. In this regard, Abengoa has implemented mechanisms to ensure that all company processes fulfill stringent sustainability criteria through continuous improvement and innovation.

The policy of the Investor Relations and Reporting Department is to maintain the **support of socially responsible investors** in recognition of the company’s business and management model and the efforts made in furtherance of Corporate Social Responsibility (CSR).

The support received from these types of investors constitutes the best proof of the effectiveness of the company’s strategy of sustainable, social and environmental management.

### Share structure and share performance

As of November 4, 2011 (last modification date) Abengoa’s share capital totals 90,641,108.58 €, represented by 107,612,538 fully subscribed and paid shares belonging to two separate classes:

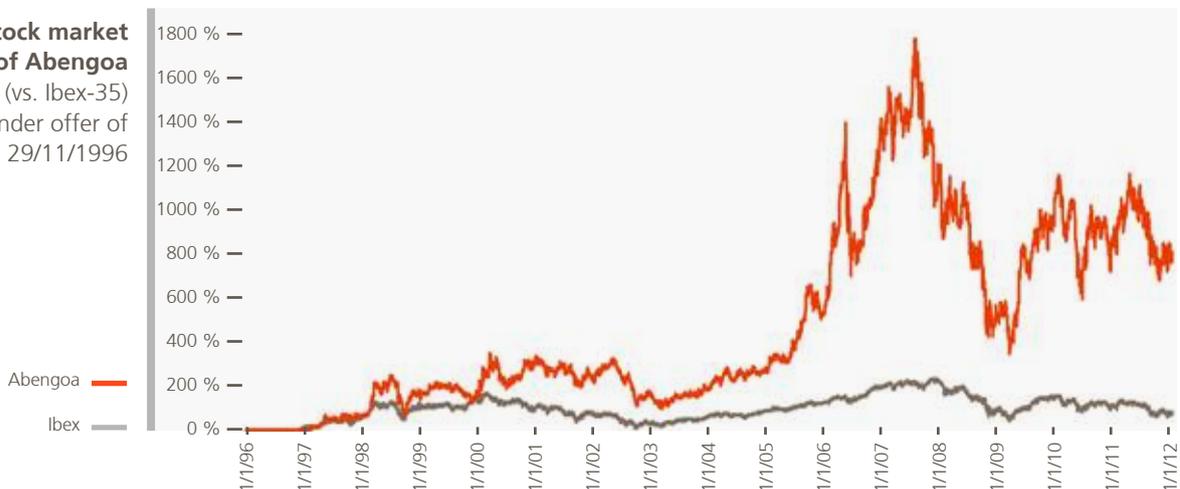
- **90,469,680 Class A** shares, each with a par value of one euro, all of the same class and series, and each conferring one hundred votes as ordinary company shares.
- **17,142,858 Class B** shares, each with a par value of one euro cent, all of the same class and series, and each conferring one vote as shares with privileged economic rights attached, as established under Article 8 of the company bylaws.

Class A shares are admitted for official trading on the Madrid and Barcelona Stock Exchanges, as well as the Spanish Stock Exchange Interconnection System since November 29, 1996.

For the **sixth consecutive year**, in 2011 the dividend paid out by the company to its shareholders rose, this time totaling 0.20 € per share.

For purposes of historical reference, since Abengoa began trading shares on the stock market on November 29, 1996, the company’s stock has **appreciated by 801 %**, times the initial share price. Over this same period, the selective IBEX-35 Index has appreciated by 83 %.

**History stock market performance of Abengoa**  
(vs. Ibex-35)  
Since tender offer of 29/11/1996



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Investor Day

Abengoa’s commitment to shareholders and financial analysts is linked to service excellence and offering thorough and accurate information within the framework of corporate governance practices that meet the most demanding criteria.

One of the company’s information-channeling events and the best example of its commitment to a policy of offering complete information is Investor Day, which was held for a sixth straight year in the month of April.

These kinds of events enable senior representatives of the management team to meet with the investing community over the course of a whole day to present the evolution in company activities and the latest developments.

The ultimate aim is simply to achieve direct interaction between analysts, banks and investors on the one hand, and those in charge of each of the showcased businesses on the other, in order for them to gather all of the information needed to make more thorough assessments, thereby contributing to decision-making that not only encompasses key variables, but also reflects direct, in-depth knowledge of each of the businesses presented.

With a particular view to Abengoa’s global dimension and international nature, this year saw the first Investor Day held outside of Spain. In light of the company’s shareholding structure, the decision was made to seek to maximize the presence of potential attendees by holding the event in the two main financial marketplaces, New York and London. A total of around 400 attendees were brought together, including analysts and financial institutions, investors, etc. Both day-long events featured the same agenda, with the exception of the special guests at each venue. The opening presentation of both events was given by Juan Verde, deputy assistant secretary for Europe and Eurasia of the US Department of Commerce; Nicholas Stern, author of the Stern Review on the Economics of Climate Change; followed by Manuel Sánchez Ortega, Abengoa’s chief executive officer.

British economist Nicholas Stern, inaugurated Abengoa Investor Day in London



One of the key objectives of the Investor Relations and Reporting Department is to enable company strategy and results to be reflected directly in share price by providing clear, useful and up-to-date information.

Such events clearly provide the investing community with the perfect opportunity to experience Abengoa’s business first-hand, proof of which is the fact that the 6<sup>th</sup> Annual Investor Day enjoyed record attendance.

## 2011 milestones

- Abengoa continues to be a consolidated component of the Ibex35 index. Company share **value has appreciated by 801 %** since going public in 1996.
- CEO involvement in earnings presentations and **roadshows** following quarterly earnings reports.
- Change in reporting structure to facilitate understanding of Abengoa's business model and strategic vision.
- Participation at **17 national and international roadshows** affording the opportunity to address more than **600 institutional** investors in person.
- Abengoa's General Shareholders Meeting held on April 10, 2011 approved modifications of its bylaws with the aim of including the potential creation of Class B shares. This agreement was approved by a majority of over 90 % of the share capital represented at the meeting.
- The company held the 6<sup>th</sup> Annual **Investor Day** outside of Spain for the first time. The event took place in the world's two main financial centers, **New York** and **London**, in an attempt to reach the largest possible audience.
- **Introduction** of an official estimation of annual results aimed at helping the investing community project their assessments of Abengoa.
- **Introduction** of a participant survey service to identify improvement areas following any type of disclosure to the market (earnings presentations, special communications).
- Entry of the **First Reserve Corporation** into Abengoa's shareholding.
- **Strategic alliance with Cemig** for the development of new transmission lines in Brazil, and sale of the stake in Telvent, a reflection of the ongoing policy of asset rotation enabling Abengoa to maximize asset value.
- Abengoa's renewed status as a component of the FTSE4Good IBEX index of socially responsible investments.

## Improvement areas

- Abengoa has continued to make headway over the course of the year in the gradual process of optimization in providing the information needed to be able to make the most thorough assessment of the company possible. The new structuring of the Investor Relations and Reporting team has contributed significantly to achieving this objective, with the idea being for this process to continue over time to the point of establishing an **ongoing relationship** in order to achieve interaction enabling all company **stakeholders** to suggest any improvements they deem appropriate.
- Abengoa will continue in its efforts to make the company known to the largest critical mass possible. Therefore, in line with the work conducted throughout the year, **visits will be extended** to geographical regions where **potential company stakeholders** have been identified.
- Work is currently being **carried out** to obtain the most **suitable tools** for helping analysts and investors better understand the company and with whom to in turn establish **dialog** enabling the company to take into account the **expectations** of these stakeholders.

## Future goals and challenges

- Abengoa seeks to provide all of the information needed to **facilitate analysis** of the company by the different market players.
- To **entrench** the company's direct **assistance-based** relationship with stakeholders and to **enhance the information** disclosed. It is essential for the company to continually enrich the information it offers to its stakeholders, providing more detailed content in line with their needs and building **better channels for dialog** which, featuring new technologies, will help provide the best possible flow of information between the company and the national and international financial communities.
- Abengoa is fully at the disposal of its stakeholders to take on board any proposals aimed at **improving the service the company provides**. In the meantime, the company will continue to address the most demanding investors, while adapting to new legal requirements, staying on the cutting edge of new communication channels, and incorporating the latest technological changes into company services in order to **keep increasing the value of the company** and ensure **maximum market** visibility and **transparency**.