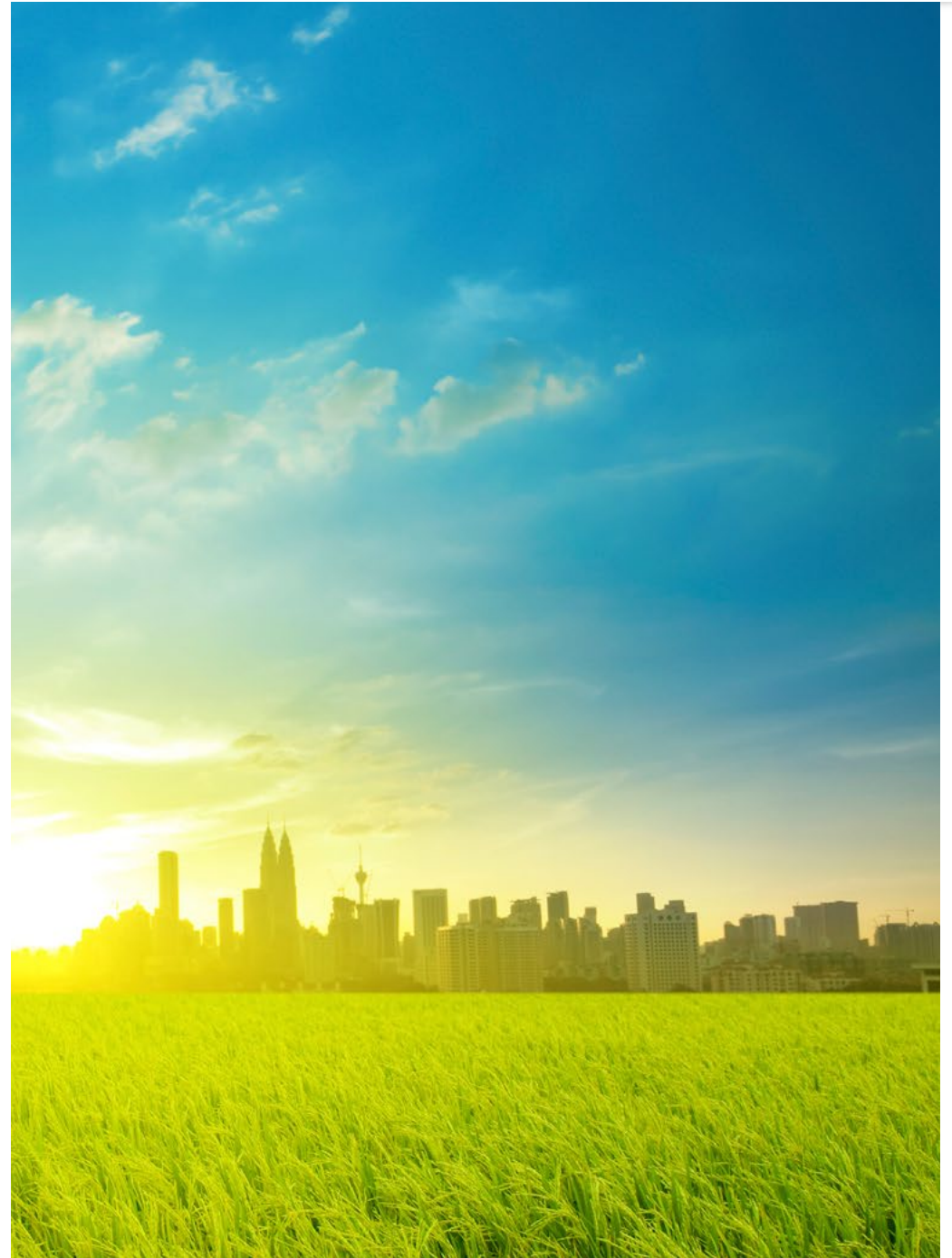


04

A message from our chairman



In 2015, environmental concerns will continue to be at the center of attention worldwide in a climate of progressive recovery from the economic and financial crisis. This will contribute to continued growth of Abengoa's potential markets and opportunities. According to the International Energy Agency, the global demand for energy will rise by 37 % to 2040, and this year's global energy supply will come in equal proportions from oil, gas, coal and low-carbon sources. In the midst of serious tensions affecting the international energy system as the result of conflicts in the Middle East, Russia and the Ukraine, the electrical power generation sector will lead the transformation of the world energy map, where renewables will prove the drivers of change. Renewable energy sources will represent nearly half of the increase in electricity generation until 2040 and biofuel use will triple. The water sector will continue to be characterized by shortages and the need for major improvements in water infrastructure and management. The report published by Global Water Intelligence indicates an anticipated 3.9% increase per annum until 2018.

The environmental challenges facing the world today remain pressing. Putting the brakes on rising temperatures and cutting greenhouse gas emissions continue to be prevailing objectives, as described in the latest report from the IPCC (Intergovernmental Panel on Climate Change). This is a huge responsibility that is shared by all of the world's economies. At the Conference of the Parties (COP-20) held in Lima, a draft agreement was drawn up for signing in 2015 at the decisive Paris conference: an international gathering that will set out a new Kyoto Protocol, which should emerge as a momentous milestone in the struggle against climate change.

All of these trends are fully in concert with the Abengoa philosophy and facilitate the forward-looking prospects of the portfolio of opportunities which the company has been making the most of as the product of its commitment to technology and solid position in the markets.

Over the course of 2014, Abengoa succeeded in executing the envisaged strategic plan, and the company's technological advancements led to the completion of highly innovative projects such as the Solana solar plant

with energy storage capability located in the Arizona desert and the KaXu facility in South Africa, and new contracts that include the Atacama molten salt tower in Chile. At the same time, we have expanded the project map to include new regions like Costa Rica and Colombia, while maintaining our position of leadership in the U.S., Brazil, South Africa, Chile, Peru and Uruguay.

Providing fundamental support to Abengoa's momentum is the quality of its team of people and the ongoing efforts dedicated to the training they engage in to stay on the cutting edge of knowledge and in developing and implementing the most advanced technical resources. Proof of this can be found in Campus Palmas Altas, where the laboratories for research into materials, thermal and chemical processes, biotechnology and power systems are now running at full capacity.

Progress in executing projects and exploitation of new opportunities took place simultaneously with reinforcement of the company's financial structure and advancement in the commitments undertaken involving balance sheet deleveraging and appropriate transparency. In 2014, we carried out operations in the capital market with two bond issuances for a total of € 1,000 M and we successfully refinanced the syndicated loan in the amount of € 1,400 M.

Along these lines, worthy of special mention is the admittance to trading on the U.S. NASDAQ stock exchange of Abengoa Yield through a capital increase of € 611 M. In order to bolster our financial structure and boost Abengoa Yield's opportunities for growth, this operation was complemented by the commitments reached to reduce our stake in the company and the creation of a joint venture with a leading international fund in the energy and infrastructure sectors to invest in the construction of present and future concession-type projects. With the investment totaling more than € 8,000 M, this will facilitate the anticipated decrease of more than € 600 M of debt.

Although sales stabilized this year, with figures totaling € 7,151 M, EBITDA saw an increase of 11 % for a total of € 1,408 M. Corporate net debt as of year-end 2014 is 2.4 times the corporate EBITDA figure,

which totals € 964 M. We ended the year with liquid assets totaling more than € 3,100 M, which will help us to meet the investment and debt commitments foreseen in 2015.

Engineering and construction

The project portfolio at end-year totals € 7,953 M. In the U.S., we inaugurated our second solar thermal power plant, one of the largest in the world, in the Mojave Desert, which now brings us to a total of 1,200 MW installed and under construction in conventional power generation, photovoltaic, solar thermal and Waste to Energy plants. Noteworthy among the projects awarded over the year is the contract for developing a unique water project, including the delivery system and a water treatment facility that is going to provide 168,970 m³ of water per day to the city of San Antonio, Texas.

We were also selected to build wind power, cogeneration, combined-cycle and water projects in Mexico; power transmission lines in a variety of geographical regions; construction and management of singular buildings; and execution of the first solar thermal plant for direct production of electricity in Latin America, located in the Atacama Desert.

Asset operation and maintenance

Abengoa has a wide-ranging portfolio of assets which the company is in charge of operating and maintaining. The portfolio is composed of concession-type assets, as well as free-market businesses that are highly technology-driven, such as biofuels.

In 2014, we generated more than 6,900 GWh of solar plants, wind farms, hybrid and cogeneration plants, and we brought new plants on line in the U.S. (Mojave), South Africa (KaXu Solar One) and in Uruguay (the Palmatir Wind Farm). We also produced 118 Mm³ of desalinated water out of our desalination plants in Africa, Asia and Europe.

Total installed and under-construction capacity in the power plants we operate and maintain in the U.S., Abu Dhabi, South Africa, Algeria, Israel, Mexico, Brazil, Uruguay, Spain, India and Holland amounts to 4,474 MW.

We continue to operate more than 5,100 km of power transmission lines in Brazil, India, Peru and Chile.

In 2014, Abengoa continued to work on the Waste to Biofuels (W2B) project in Salamanca (Spain). And, joining the 14 existing plants, is a new facility that will produce cellulosic ethanol from agricultural waste on a commercial scale in the U.S. Furthermore, in Brazil efforts are focused on developing second-generation ethanol from sugar cane pulp and chaff.

Growth and diversification

Our growth model is grounded in simultaneous management of businesses with different profiles and characteristics. Cash flow from our traditional activities is reinvested in the growth of emerging businesses. Noteworthy here are Abengoa Hydrogen and Abengoa Energy Crops, in conjunction with other technological options which Abengoa Research and the company's business units obtain through their research.

The company's international activity accounts for 88 % of overall sales, with prominent shares coming from the North America at 32 % and South America with 30 %.

Human capital and employment

The essential role Abengoa attributes to the team of people who make up the company was recognized with the awarding of the +500 EFQM Gold Seal for European Excellence for our management of human resources. We obtained a score of over 600 points.

We know that the future depends on the creativity of the present, which in turn depends on the training and engagement of the people that are part of the company. Keenly aware of this, we carried out more than two million hours of training this year. Many of these training instruction hours took place in collaboration with some of the most prestigious universities in the world.

Constant concern for the safety and security of our teams and operations around the world is part of our corporate culture, which results in

a demanding system of quality and occupational risk control and prevention on all company levels.

Auditing and transparency

In keeping with our commitment to transparency and rigor, the Annual Report incorporates seven components of independent verification. Some are groundbreakers and attest to our desire to be a point of reference in transparency and ensure the reliability of both financial and non-financial information. These components encompass the following areas: annual accounts, the internal control system for preparing financial information in accordance with U.S. SOX (Sarbanes-Oxley) requirements, the Corporate Social Responsibility Report, the Corporate Governance Report, design and application of the company's Risk Management System in line with ISO 31000 specifications, design and implementation of the compliance system for the prevention of corruption, regulations and fulfillment of the criteria for use of funds obtained through Green Bond issuance.

Corporate social responsibility and sustainability

As a product of our commitment to responsible business management, we have drawn up a new Strategic Plan for Corporate Social Responsibility (CSR), with an outlook to 2020 and including impact reduction targets.

In relation to the struggle against climate change, this year we were one of the first twenty businesses to commit to setting an internal carbon price within the United Nations Caring for Climate framework with the aim of gearing company activity toward a low-carbon economy. In addition, through the Focus-Abengoa Foundation, we carried out the initiative of launching the Energy Transition and Climate Change Forum, a platform for observation, analysis and debate regarding the energy transition process within the context of combating climate change.

In 2014, we became a component of the London Benchmarking Group in order to continue to improve return on our social engagement efforts and increase the value generated in the communities where we operate. This year, our investment in social action totaled € 9.5 M.

Abengoa's CSR Report was prepared for the first time in accordance with the G4 guidelines of the Global Reporting Initiative and was verified by an independent third party to a reasonable level of assurance.

With these intentions, you will find the following at your disposal: the Corporate Social Responsibility mailbox (rsc@abengoa.com), our website (www.abengoa.com), the Energy Transition and Climate Change Forum website (www.transicionenergeticaycc.org), our profile on Twitter, LinkedIn, Instagram, Facebook, Google +, Youtube, Pinterest and Slideshare and our corporate blog (www.laenergiadelcambio.com).

Felipe Benjumea Llorente