

# 01. Auditor's report



*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.*

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Abengoa, S.A.,

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Abengoa, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

#### *Directors' Responsibility for the Consolidated Financial Statements*

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Abengoa, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 2.1 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Abengoa, S.A. and Subsidiaries as at 31 December 2016, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

#### *Emphasis of Matter*

Without qualifying our audit opinion, we draw attention to the disclosures included by the Parent's directors in Notes 2 and 4 to the accompanying consolidated financial statements, which describe the evolution of operations and the events that led the Parent's directors to approve the signing of a financial restructuring agreement ("*Abengoa Restructuring Agreement*") with various banks and new investors on 24 September 2016, the approval of which, once the majorities required by current legislation had been obtained, was accepted by Seville Commercial Court no. 2 on 8 November 2016. This financial restructuring agreement was subject to the fulfilment of certain conditions precedent.

On 14 February 2017, the Parent reported, through a relevant event communication, that, in view of the situation in Mexico and in order to expedite the fulfilment of the conditions precedent of the Abengoa Restructuring Agreement and to begin to implement the revised viability plan approved on 3 August 2016, it had prepared, together with its main creditors and investors, a proposal to adapt the mechanism for the payment of the new financing envisaged in the financial restructuring agreement. This proposal requires certain amendments to the Abengoa Restructuring Agreement and the consent of the majority of the participating creditors, which had been obtained at the date of this report.

The aforementioned agreements envisage, among other matters, the restructuring of the Group's debt and of the Parent's share capital, with certain financial creditors and new investors becoming shareholders, and, also, the reorganisation of the Group companies and the Group's businesses in accordance with the revised viability plan.

Under this plan, at 31 December 2016 certain business lines and construction projects that are regarded in the revised viability plan as being non-core for the continuity of the Group with the new financing structure agreed upon, or which the directors consider to be unfeasible in the medium term in view of the current situation of the companies or the assets, were classified as either non current assets held for sale or discontinued operations.

From August 2015 the inability to access sufficient financing had paralysed the majority of the Group's operations and made it impossible for it to meet its deadline obligations in existing concessions and projects, whilst preventing it from undertaking significant new projects, all of which affected the performance of the business during the year. As a result of all the foregoing, certain foreign companies have undergone court insolvency proceedings that have resulted in company or asset liquidation processes that are out of the Group's control.

The Parent's directors have disclosed in the consolidated financial statements the impacts of the liquidation and discontinuation of the companies not included in the Group's revised viability plan and liquidity plan, which will be substantially offset by the future effects of the restructuring of the debt and the corresponding debt reduction. Also, the loss for 2016 includes the impact of the impairment losses which, in accordance with International Financial Reporting Standards (IFRSs), must be recognised at 31 December 2016. As a result, both the Group and the Parent had an equity deficit at that date and, therefore, the Parent was in a situation of mandatory dissolution. The directors consider that the restructuring agreed upon will make it possible to restore the equity and financial position of the Parent.

The aforementioned circumstances are indicative of the existence of a significant uncertainty regarding the ability of the Group to continue operating as a going concern. As a result, the viability of the Group, and the recovery of its assets, the settlement of its liabilities and the fulfilment of its guarantee commitments for the amounts reflected in the accompanying consolidated financial statements will depend on the effective application of the measures envisaged in the restructuring agreement, the revised viability plan and the liquidity plan, as well as on the evolution of the Group companies' operations and such future decisions as the managers of the Group might make regarding its equity.

#### **Report on Other Legal and Regulatory Requirements**

The accompanying consolidated management's report for 2016 contains the explanations which the Parent's directors consider appropriate about the situation of Abengoa, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management's report is consistent with that contained in the consolidated financial statements for 2016. Our work as auditors was confined to checking the consolidated management's report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Abengoa, S.A. and Subsidiaries.

DELOITTE, S.L.

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Manuel Arranz Alonso

28 February 2017