03. Management of capitals

03.1 Financial capital

Current financial situation

Targets for 2018	› To **balance the company's capital** structure and endow the company with the stability necessary to resume its normal activity in the shortest possible time. › To be able to develop a balanced business model, with special **emphasis on cash generation** that allows it to operate and grow in a sustainable way.

SDGs that apply

2017 has been marked by the financial restructuring that began at the end of 2015, not only at the financial level, but also at the organisational and business level.

This restructuring has therefore had a very profound impact at different levels:

- **Reduction of financial risk** due to the significant decrease in financial debt.
- **Reorientation of the business model**, putting the focus on EPC activities for third parties, without the need for investment.
- **Reduction of the size of the organisation**, adapting it to the new business strategy, with the consequent reduction of overheads.

Abengoa's financing model

The financial restructuring, which was completed on 31 March 2017, marked a significant change in the capital structure, the shareholding structure and the model of medium-term financing.

Most corporate financing and project funding that existed at the start of 2017 was subject to financial restructuring through a standstill agreement/capitalisation and refinancing. **The financial debt** as of 31 December 2017 amounts to €M 3,752[1] and, in relation to the financial restructuring, **it is classified into the following categories**:

- **New Money**: this represents the new liquidity injected into the company for an amount of €M 1,294 million. Despite its maturity in 2021, this debt is classified in the short term, as it is expected to be repaid with the proceeds from the sale of Abengoa's stake in Atlantica Yield and the A3T cogeneration plant in Mexico.
- **Old Money**: new issuance of debt amounting to €M 1,414, replacing the pre-existing debt that has been subject to the standstill agreement or capitalisation. This tranche of debt has a long-term maturity (2022/23, extendable for a further two years).
- **Other corporate debt**: debt from various sources and with different maturities that has not been restructured, amounting to €M 936.
- **Project financing**: the bridging loan was practically restructured in full in order to form part of the Old Money, while project finance has remained at €M 108.

Depending on the type of financial instrument, the €M 3,752 of financial debt is classified as:

- **Capitals market (47 % of the financing)**: comprising five new bonds issued as "New Money" and "Old Money".
- **Loans with credit institutions (41 % of the financing)**: comprising eight new loans signed primarily with credit institutions as "New Money" and "Old Money".
- **Other borrowing (12 % of the financing)**: this mainly includes collateral and endorsements executed.

Note 1 Debt posted at fair value, for more information consult the financial statements available at www.abengoa.es. This figure excludes €M 1,723 corresponding to debt of projects classified as held for sale.

Transparent communication *102-34, 102-44*

Abengoa is keenly aware of the **importance of continuously enriching the information provided to its stakeholders**, providing increasingly comprehensive content tailored to their needs and circumstances, building better relationships while perfecting channels of dialogue to offer a better flow of information.

This commitment becomes even more relevant considering the company's delicate situation in recent years, and the major impact that this situation has had on its stakeholders.

During 2017, part of the usual activity in **investor communication** was recovered, although it is still far from what it was two years previously. In these extraordinary circumstances, for example, there have not been any roadshows or attendance at conferences with investors. However, the market **presentations of the quarterly results have been resumed** and **individual meetings have been held** with institutional investors in which the dialogue on the business activity and the company's future have been re-established.

In addition, until completion of the financial restructuring in March 2017, the company continued with the efforts that began in 2016 to keep its investors (both shareholders and creditors) and shareholders informed on the progress of financial restructuring and to explain the details of this and the economic impact it would have on their investments in Abengoa.

Estas iniciativas se materializaron en las siguientes acciones:

- Three **telephone conferences** through the **website** to present the quarterly financial results following the end of the restructuring.
- A telephone and website conference to report on relevant corporate transactions (sale of 25 % of Atlantica Yield and the industrial agreement with Algonquin Power & Utilities Corp.).

Number of visits to the **shareholders' website**: 101,483 visits, in Spanish and English equivalent to 4.19 and 5.12 % respectively, of all visits received at www.abengoa.com.

Holding of several **meetings with key institutional investors** to obtain the necessary approval for the execution of the company's strategy, in accordance with the terms of the New Money.

- Management of around 5,000 applications through the **shareholder's mailbox**.
- Telephone helpdesk for all shareholders, bondholders and custodians of bonds that had doubts about the restructuring process.

Extremely limited **communication** with **analysis agencies**.

Specific website section **dedicated to the restructuring of Abengo**a that contains:

- **Five explanatory presentations** of the details of the restructuring.
- Summary of all communications in the form of a **Relevant Fact to the CNMV** relating to this process from November 2015 to March 2017.
- **Section on specific frequently asked questions (FAQs)** for each stakeholder: shareholders, bondholders, financial institutions, customers and suppliers. This section is constantly updated as the process makes progress.
- **Specific contact details** within the company for shareholders, bondholders and financial institutions.

The **main doubts and questions** of stakeholders in the **shareholder's mailbox** and through **telephone enquiries** were:

- **Effect of the restructuring** for investors:
  - Dilution for existing shareholders and issuance of warrants.[2]
  - New debt instruments issued.
- **Strategic plan** and financial results throughout the year.
- **Progress in the sale of assets**: stake in Atlantica Yield and A3T cogeneration plant in Mexico.
- Information on the different **consents** requested from **financial creditors**.

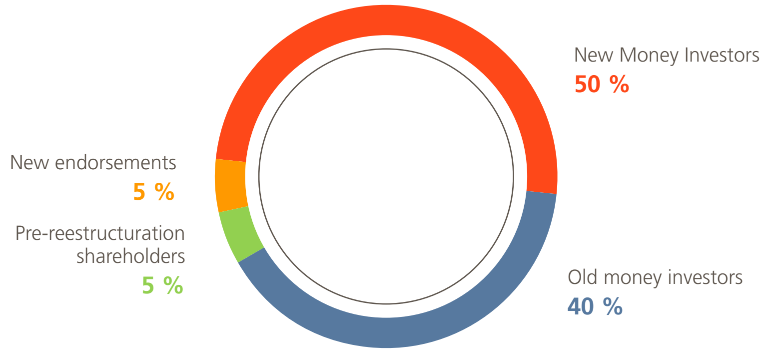
Note 2 Share purchase rights.

Shareholding structure

Abengoa's **shareholder structure** has undergone a **complete transformation** as a result of the financial restructuring. *102-5,102-7*

- The **hitherto reference shareholders**, Inversión Corporativa and Finarpisa, saw their stake significantly diluted as a result of the capital increase.
- The **suppliers of New Money** and the **new lines of endorsements** were awarded 50 % and 5 % of the capital, respectively.
- **Existing creditors** that saw their credit restructured in Old Money were awarded 40 % of the capital.

Accordingly, the new ownership structure was as follows:



As a consequence of the financial restructuring, the former reference shareholders Inversión Corporativa and Finarpisa saw their stake reduced to 2.24 % and 0.30 %, respectively, and the main creditors of Abengoa prior to the restructuring became the main shareholders. On 31 March 2017, the main shareholders immediately following introduction of the restructuring were:

Name	Voting rights (%)
Banco Santander, S.A	9.63
Crédit Agricole CIB	8.77
Caixabank, S.A.	4.95
Bankia, S.A.	4.64
Banco Popular Español, S.A.	4.58
D.E. Shaw	3.62
Arvo Investment Holdings S.à r.l.	3.53
Banco de Sabadell, S.A.	3.18
Total	42.90

Since then, there has been a **high turnover in Abengoa's shareholders**, so that at present there are only two shareholders with significant holdings (above 3 % of the vote), according to its official communication to the CNMV:

- Banco Santander, S.A. with 3.97 %.
- Secretary of State of Commerce - Ministry of Economy, Industry and Competitiveness with 3.15 %.

Abengoa is a listed company with share capital of € 36,865,862.17[3], represented by 18,836,119,300 shares fully subscribed and paid up, belonging to two different classes:

- 1,621,143,349 shares belong to class A[4], with an individual face value of € 0.02, which individually confer 100 votes.
- 17,214,975,951 shares belong to class B[5], with an individual face value of € 0.0002, which individually confer one vote.

The class A and class B shares are accepted for official trading on the Stock Markets of Madrid and Barcelona and on the Spanish Electronic Market (SIBE)[6]. The class A shares have been accepted for trading since 29 November 1996 and the class B shares since 25 October 2012.

Share trend

The stock market trend of Abengoa's share during 2017 has been determined by the implementation of the restructuring process and the **dilution of the pre-existing shareholders through the capital increase carried out**. This dilution was reflected in the share price as of 31 March, the date on which the new shares issued began to be listed.

During 2017, the price of the class B share suffered a downward adjustment of 95 %, mainly due to the effect of the financial restructuring. The class B share started the year at € 0.193 / share, in line with the end of 2016, reaching the year's high in the week prior to the implementation of the restructuring, on 24 March with € 0.265 / share. On 31 March, when the new shares issued in the restructuring began to be listed, the share price suffered a significant adjustment to € 0.024 / share, which reflected the dilution suffered by shareholders.

Since then the share has maintained a downward trend, characterised by the high volatility that facilitated continuous speculative movements and has little to do with news about the company's brand. Thus, share B closed 2017 at its minimum price of € 0.010 / share.

The class A share had an evolution parallel to that of the Class B share during 2017. Dilution during the year was 93 %, from € 0.409 / share at the beginning to € 0.028 / share at the end of the year. Likewise, in the week prior to the restructuring, share A reached its maximum of € 0.870 / share on 24 March, while on the 31st it suffered an adjustment to € 0.055 / share.

Note 3 The figure following the issue of 17,894 million shares in the share capital increase carried out on 29 March 2017 as part of the financial restructuring, and the financing of the period to voluntarily convert class A shares into class B shares on 31 December 2017.

Note 4 Class A shares: shares that have 100 votes per share (+ info).

Note 5 Class B shares: shares that have one vote per share (+ info).

Note 6 Spanish Electronic Market (SIBE): an electronic platform for trading equity securities of the national stock exchanges that offers real-time information on the activity and trend of each share.