ABENGOA

Innovative technology solutions for sustainability

Abengoa increased revenues and profitability in 2019

- The Company is closely monitoring the Coronavirus and has implemented measures to protect its employees, clients, suppliers and all stakeholders.

- Improvements of Health and Safety indicators with a Lost Time Injury Rate (LTIR)(1) of 2.8 (3.2 in December 2018).

- Bookings of new projects for a value of €1,107 million awarded in the United Arab Emirates, Chile, Peru, and Spain, among others, including the Taweelah project (the world's largest reverse osmosis desalination plant) and the Vilnius-Klaipeda railway electrification project in Lithuania. As of December 31, 2019, the total backlog stood at €1,514 million.

- Revenues increased 15% reaching €1,493 million while EBITDA increased 60% reaching €300 million in comparison to 2018. The increase in EBITDA was mostly due to start of operations of A3T project, continued improvements in general expenses and €40 million of positive impact due to the agreement reached in the arbitration of the Dead Sea Works project in Israel.

- Net result amounts to €(517) million mainly driven by financial result for the period including the effect of fees given to participants of the 2019 restructuring, such as the Reinstated Debt and the AbenewCo 1 Mandatory Convertible. The net result decreased considerably in comparison to the previous quarter due to the effects of registering the New Money 2 (NM2), Reinstated Debt and Old Money debt at nominal value given the Event of Default triggered by Abengoa S.A. having negative net equity. The Company is soliciting a consent from its creditors to waive the Event of Default.

- Reduction of 9% in overheads in a socially responsible manner, which amounted to €70 million, compared to €77 million in 2018.

- 14,025 employees as of December 31st, 2019, a 4% increase in comparison to the same period the previous year.

- Considering the health and economic crisis caused by the COVID-19 and the evolution of the business in 2019, the Company revised the financial

(1)LTIR = (Nº Accidents with leave /Nº hours worked) * 1,000,000. Includes own personnel and subcontractors.

projections included in the Viability Plan published in 2019, presenting an Updated Business Plan.

- Once the revision of the projections was finalized, the Company hired an independent expert to determine the fair value of Abengoa S.A.'s participation in Abengoa AbenewCo 2 S.A.U. As a result of the valuation, as of the end of 2019, the net equity of the individual company Abengoa S.A. stood at (388) million as a result of the impairment cost registered in the 2019 income statement for its participation in Abengoa AbenewCo 2 S.A.U.

- In order to address the situation and restore the equity balance of Abengoa S.A., the Company has put several plans into action including; i) soliciting new financing for an amount of €250 million and a term of five years, expected to be covered by a guarantee from ICO, ii) request new revolving bonding lines to cover the needs of the business through the end of 2021, iii) come to an agreement with overdue suppliers and other creditors that would allow the deconsolidation of the debt from AbenewCo 1 in exchange for preferential rights over the materialization of certain assets, and iv) modifying the terms and conditions of certain debts including the New Money 2, Reinstated Debt, A3T Convertible bond, and Old Money (SOM and JOM) which could imply imminent or future write-offs and capitalization. The foregoing measures require amendments to the financial instruments to which they affect for which agreements with the financial creditors must be reached.

May 19, 2020 – Abengoa (MCE: ABG/P:SM), the international company that applies innovative technology solutions for sustainability in the infrastructure, energy and water sectors, announces financial results for the year 2019.

One of the areas of focus for Abengoa's management is safety in the workplace. In this sense, in 2019 the company continued to improve indicators with a Lost Time Injury Rate (LTIR) of 2.8, which represented significant progress towards Abengoa's Zero Accident target. The Company is closely monitoring the coronavirus and has implemented measures to protect its employees, clients, suppliers and all stakeholders.

In 2019 Abengoa recorded EBITDA of €300 million, a 60% improvement in profitability in comparison to 2018. The increase in EBITDA was mainly driven by the A3T project beginning operations, continued improvements in general expenses and €40 million of positive impact due to the agreement reached in the arbitration of the Dead Sea Works project in Israel.

Abengoa continues making significant efforts towards the reduction of overhead costs in a socially responsible manner. Overhead costs amounted to €70 million in 2019, a 9% reduction in comparison to the €77 million recorded in 2018.

Revenues reached €1,493 million, an increase of 15% compared to 2018, which was mainly attributed to higher execution in the Concessions segment due to starts of operations of A3T project in Mexico, as well as in the Engineering and Construction after the start of construction of projects contracted in 2018 and early 2019.

The company obtained new bookings for a total approximate value of €1,107 million in the United Arab Emirates, Chile, and Spain, among others, including the Taweelah project (the world's largest reverse osmosis desalination plant with a total capacity of 909,000 m^3 of seawater per day and will guarantee the water supply to the city of Abu Dhabi throughout the year) and the Vilnius-Klaipeda railway electrification project in Lithuania. Considering the recent bookings, the total backlog as of December 31, 2019 amounted to €1,514 million.

The net result for 2019 amounted to a net loss of €(517) million mainly driven by financial result for the period including the effect of fees given to participants of the 2019 restructuring, such as the Reinstated Debt and the AbenewCo 1 Mandatory Convertible. The net result decreased considerably in comparison to the previous quarter due to the effects of registering the New Money 2 (NM2), Reinstated Debt, and Old Money debt at nominal value given the Event of Default triggered by Abengoa S.A. having negative net equity. The Company is soliciting a consent from its creditors to waive the Event of Default.

The gross financial debt increased 5% in comparison to 2018 and amounts to €3,041 million, including €1,165 million corresponding to debt of companies classified as held for sale, and €558 million of project debt. Of the remaining €4,225 million in gross corporate debt, €182 million are classifies ad as long-term debt and €4,043 million as short-term debt. This figure includes €2,987 million of mandatorily convertible Old Money debt and €211 million of New Money 2 / Reinstated Debt classified as short-term debt due to the aforementioned Event of Default.

Considering the health and economic crisis caused by the COVID-19 and the evolution of the business in 2019, the Company revised the financial projections included in the Viability Plan published in 2019, presenting an Updated Business Plan. Once the revision of the projections was finalized, the Company hired an independent expert to determine the fair value of Abengoa S.A.'s participation in Abengoa AbenewCo 2 S.A.U. As a result of the valuation, as of the end of 2019, the net equity of the individual company Abengoa S.A. stood at (388) million as a result of the impairment cost registered in the 2019 income statement for its participation in Abengoa AbenewCo 2 S.A.U.

In order to address the situation and restore the equity balance of Abengoa S.A., the Company has put several plans into action including; i) soliciting new financing for an amount of €250 million and a term of five years, expected to be covered by a guarantee from ICO, ii) request new revolving bonding lines to cover the needs of the business through the end of 2021, iii) come to an agreement with overdue suppliers and other creditors that would allow the deconsolidation of the debt from AbenewCo 1 in exchange for preferential rights over the materialization of certain assets, and iv) modifying the terms and conditions of certain debts including the New Money 2, Reinstated Debt, A3T Convertible bond, and Old Money (SOM and JOM) which could imply imminent or future write-offs and capitalization. The foregoing measures require amendments to the financial instruments to which they affect for which agreements with the financial creditors must be reached.

Results by segment

Engineering and construction activity

Revenues in the engineering and construction activity reached €1,186 million and EBITDA amounted to €109 million, versus €1,112 million and €75 million (including non-recurring costs related to restructuring advisors for a total of 28 million euros in 2018), respectively in 2018. The increase in sales was mainly due to an increase in execution in projects located in Morocco, USA, Saudi Arabia and Chile. The increase in EBITDA was mainly due to margins of new projects in execution, continued reductions in overhead costs and the positive impact of the Dead Sea Works agreement.

Concession-type infrastructure activity

Revenues in the concession-type infrastructure activity reached €307 million and EBITDA amounted to €191 million, compared to €191 million and €113 million respectively in 2018. This increase in both revenues and EBITDA was mainly due to the start of operations of the A3T project as well as an increase in production in the certain concessional assets.

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(Figures in € million)	Revenues 2019	Revenues 2018	EBITDA 2019	EBITDA 2018
Engineering and Construction	1,186	1,112	109	103
Concession-type Infrastructure	307	191	191	113
Total	1,493	1,303	300	216
Restructuring advisors costs	-	-	-	(28)
Total	**1.493**	**1.303**	**300**	**188**

About Abengoa

Abengoa (MCE: ABG/P:SM) applies innovative technology solutions for sustainability in the infrastructure, energy and water sectors. (www.abengoa.com)

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