

The image features three woven baskets, likely made of metal or wood, arranged vertically. Each basket is filled with a bright yellow powder. The baskets are set against a background of a textured, light brown surface with embossed circular patterns. A central orange banner with rounded ends contains the text 'Abengoa and Value Creation'.

Abengoa and Value Creation

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Abengoa and value creation

Nowadays, the company is configured to integrate an economic chain comprising a whole raft of different operations, ranging from product and service design all the way down to sales, taking in production and distribution along the way, all geared towards the creation of value.

Abengoa is committed to pursuing a company policy focused on the creation of sustainable, transparent, long-term value for all of its stakeholders: suppliers, clients, shareholders, employees, society in general and those communities in which it makes its presence felt by way of its business groups. Consequently, the generation of corporate value is directly related to the management of each and every one of our groups of stakeholder, as it is with the need for coordination in order to strike a balance between the organization and its stakeholders, and between these through society as a whole. A balance must be sought between maximizing the returns and interests of each group and the cost of said optimization, understood as the reduction of the benefits and interests of some groups with respect to those of others.

Abengoa creates value by managing the value that it contributes to its stakeholders and by means of what these bring to the organization.

The products and services commercialized by Abengoa create value among its clients to the extent that these meet their needs and expectations in accordance with the development of the sector in which it is operating. Abengoa generates value by way of quality and safety.

Suppliers benefit from the provision of Abengoa goods and services, generating a positive impact on economic development.

The creation of value for shareholders is brought about through the payment of dividends and the continuing increase of the company's shareholder value. Abengoa creates value for its employees through training, motivation, wages and the balance struck between professional development and personal growth. Abengoa creates value for society and the communities in which it is present by means of its sustainable development practices, by way of Environmental protection, respect for Human Rights and economic development, the creation of employment and the payment of taxes.

Abengoa reported consolidated Net Profit for 2008 of €140.4 M, which represents an increase of 16.6 % with respect to the previous fiscal year.

Worthy of special mention is the revenue received from sales and services rendered in the last two years, €2,655.8 in 2007 and €3,114.5 M in 2008. en el año 2007 y 2,583.9 M€ en el año 2008.

Below the direct generated and distributed economic value is quantified in accordance with the methodology developed by the Global Reporting Initiative (GRI).

Direct Economic Value Generated and Distributed (M€)	
Net	3,114.5
Other operating income	1,061.7
Financial income	30.9
Participation in profits of associated companies	9.4
Taxes	115.2
Profits from discontinued operations	38.9
Economic Value Generated (EVG)	4,370.6
Raw material costs	(2,733.7)
Social charges	(443.5)
Operating expenses	(521.9)
Research and development costs	(17.9)
Financial charges	(324.7)
Dividends	(15.4)
Minority interests	(25.4)
Economic Value Distributed (EVD)	(4,082.4)
Economic Value Retained = EVG - EVD	288.2

Generation of Direct Employment

Abengoa contributes to the generation of direct employment wherever it operates.

Salary expenses for the last two years (M€)		
	2007	2008
Wages and salaries	404.7	527.7
Social Charges	97.6	113.9
Share Purchase Plan	16.4	24.7
Total salary expenses	518.7	666.3

Generation of Indirect Employment

The procurement of goods and services by Abengoa promotes economic development in extremely diverse sectors, both nationally and internationally. The total cost of the raw materials and goods purchased, and of the services contracted, is indicated below:

Cost of raw materials (M€)		
	2007	2008
Raw materials and other costs	2,136.5	2976.8
Other operating costs	523.9	624.0

Moreover, contracts paid pursuant to agreed terms and conditions, with the exception of the penalties provider for, have generated the following purchasing volume in each of the business group:

Volume of purchases made by each Business Unit (M€)		
	2007	2008
Solar	28.6	98.9
Bioenergy	474.6	647.7
Environmental Services	449.3	524.1
Information Technology	276.0	258.2
Industrial Engineering and Construction	908.1	1,447.9

Payments to Equity and Loans

1.- Dividends paid: €15.4 M

Charged to 2007 profit, Abengoa has distributed a dividend of €15.4 M to its shareholders in the course of the 2008 fiscal year, at a rate of €0.17 per share. As regards profits for 2008, the Board of Directors will propose the distribution of €16.3 M, at a rate of €0.18 per share, for the approval of the General Shareholders' Meeting.

2.- Financial Costs from interest on debts and loans: 262 M

The following table provides a breakdown of the company's debts with lending institutions:

Net Debt (M€)		
	2007	2008
Long term debt with lending institutions entities	2,335.8	2,262.9
Short term debt with lending institutions	164.3	218.9
Financial Investments	(555.9)	(661.7)
Cash & Banks	(1,658.9)	(1,333.7)
Total Net Debt (*)	285.2	486.4
Non-recourse long term financing	1,186.0	1,883.4
Non-recourse short term financing	486.2	249.3

(*) A minus sign means net cash position.

With the goal of improving the comparability and understanding of the financial information shown in this report, the figures corresponding to the balance sheets and the income statement of the years 2008 and 2007 are presented excluding the Information Technologies business unit, as stated in Note 14 (Non Current Assets and Liabilities held for sale) of the Consolidated Financial Statements of Abengoa.

Contribution to society

The economic value distributed by Abengoa is further increased by the payment of taxes and social security contributions, along with voluntary contributions to social and cultural projects.

Taxes represent an important part of the economic contribution that Abengoa makes to society. This indicator varies and depends on the different applicable legal systems and the evolution of profits.

Of the total taxes paid out in 2008, 41.4% correspond to tax deductions at source and direct deposits on the personal taxation of employees, which are made by the different companies and paid to the Tax Authorities. Moreover, 27.6% of the total corresponds to taxes on profits, with 16.3% relating to other taxes, charges and levies, mainly from taxes that have been paid in Brazil.

List of countries (k€)		
	2007	2008
Spain	60,643.9	75,262.7
Brazil	39,163.9	71,377.6
Germany	-6,350.7	17,062.3
Sweden	4,979.8	8,715.6
Netherlands	-117.2	7,102.1
United States	11,621.2	6,724.0
Mexico	15,222.2	6,720.1
France	14,242.4	5,778.9
Uruguay	3,030.6	3,862.7
Argentina	1,779.9	3,606.9
Chile	4,227.4	3,014.4
Morocco	289.4	1,973.2
Canada	495.9	1,430.5
Guatemala	0.3	900.1
India	198.9	710.7
China	507.2	702.2
Portugal	822.6	623.8
Australia	257.0	506.4
Thailand	2.0	448.8
Lebanon	-209.4	299.8
Poland	506.1	296.4
Nicaragua	43.7	281.2
Panama	0.0	250.0
Tunisia	47.5	204.7
Costa Rica	88.5	110.4
Colombia	3.4	106.0
Dominican Republic	26.7	100.8
Total taxes paid	151,523.4	218,172.5



Abengoa also contributes to the common good of the public through its projects and investments in infrastructures.

List of 2008 infrastructure projects that benefited the community

Construction of 170 MW capacity at the Solúcar Solar Platform, which will generate enough energy to supply 180,000 homes.

Construction of two combined cycle plants with solar field in Algeria and Morocco, with respective power outputs of 150 and 479 MW.

Contract signed with Arizona Power Service (APS) to construct and operate in the US what is set to be the world's largest solar electric plant, with a power output of 280 MW. The facility will supply 70,000 homes and will cut annual CO2 emissions by 400,000 t.

The Chilean regional health authority granted Befesa permission to start up a hazardous and non-hazardous waste treatment plant in the Atacama desert.

Agreement to carry out work to extend and modernize the Jerez de la Frontera Wastewater Treatment Plant (WWTP). This initiative will benefit a population of over 250,000 inhabitants.

Temporary joint venture agreement awarded to maintain and operate the Tablada WWTP, with a daily flow of 50,000 m³, providing direct benefits for 200,000 inhabitants.

Project to design, construct, fund and operate, for a twenty-five year term, the Tenés seawater desalination plant in Chlef (Algeria), which will enable the facility to supply a population of 800,000 people.

Contract in Libya to develop phase 4 of the project intended to supply water to the entire Libyan coast, thereby overcoming the shortage of resources in the region.

Contract with the Andalusian Health Service (Servicio Andaluz de Salud) in Spain to renovate the local area network (LAN) communications infrastructure in hospitals, health clinics and healthcare districts.

Work undertaken to construct, supply, assemble, start up and maintain the three electricity traction substations and their associated autotransformer stations for the high-speed Madrid-Barcelona-French border line.

Construction, under a temporary joint venture, of the catenary and associated systems for the Montilla del Palancar - Valencia and Montilla del Palancar - Albacete high-speed railway stretch (AVE).

List of 2008 infrastructure projects that benefited the community

- Contract awarded to the Amazonas Consortium, 47.8% owned by Abengoa Brasil, to operate 586 km of electric power transmission line, and to construct two new substations on the left bank of the Amazon river.
- Concession awarded to construct, operate and maintain, for a term of 30 years, a 670 km electric power transmission line in Peru.
- Agreement reached with the State Sanitary Services Department (Administración de Obras Sanitarias del Estado) to construct the sixth pump line, intended to solve drinking water supply problems affecting the western region of Montevideo and Canelones (Uruguay).
- Maintenance work on the first mass railway passenger transport project in the Federal District and suburban region of Mexico.

In relation to Abengoa’s economic contribution to Social Actions (donations to the community, civil society or other groups, either in cash, or in kind), this can be split into four areas: Social Welfare Area, Social Action for Employees, Cultural Area and the Education and Research Area.

The Abengoa and its People section describes the company’s general human resource policies, particularly measures implemented to contribute to people’s quality of life, and to enable employees to combine family and work life. These measures include the social assistance that Abengoa provides to its employees, intended as a service to help construct human relationships. Under the system, employees put forward wide-ranging and unique situations, such as the need to be listened to, to receive support and guidance, to receive information, or to monitor specific family, medical, social and economic problems. The Focus-Abengoa Foundation, by means of the company dedicated to Integrated Human Resource Management (Gestión Integral de Recursos Humanos, S.A. (GIRH), which specializes in the management and development of Abengoa employees, has set up a Social Fund to help out employees in situations of financial need.

Corporate Social Responsibility (M€)		<input checked="" type="checkbox"/>
	2008	
Social Welfare	1.45	
Social Action for employees	4.74	
Cultural Area	2.12	
Education and Research Area	2.16	
Total	10.47	

As reflected in detail in the Legal and Financial Information on the 2008 fiscal year, Abengoa has received the following aid from Public Bodies and Institutions:

Consolidated data (M€)		
	2007	2008
Capital grants	5.0	2.5
Operating grants	10.0	22.4

The table below indicates the percentage difference between the standard starting salary paid by Abengoa, with respect to the local minimum wage, bearing in mind different professional categories. Those countries in which the number of employees has specific weight within the organization are indicated.

Countries	Average monthly wage by categories						% monthly wage over guaranteed minimum w
	GMW	Engineers and Other	Assistants	Professionals	Degree Hldrs.	Administratives	
Argentina	276.0	1381.0	968.0	871.0	500.36%	350.72%	316%
Spain	600.0	2,026.21	1,248.38	1,206.94	337.70%	208.06%	201%
United States	2,511.15	4,240.94	2,679.53	3,216.68	168.88%	106.71%	128%
Brazil	142.40	2,771.10	1,537.30	576.41	1,951.41%	1,079.33%	404.69%
Mexico	97.02	1349.40	719.35	628.64	1,390.84%	741.45%	647.95%

GMW: guaranteed minimum wage
Selection of countries with increased employee numbers
All amounts in euros / month

Abengoa's presence contributes to the generation of wealth in the countries where it does business by means of the implementation and development of economic relations with its local suppliers. The table below indicates the percentage the purchases made from local suppliers represents in the main countries where Abengoa pursues its corporate activities, and which have a specific weight with respect to the total purchases made by the group during the course of 2008.

Country	Total Volume of Purchases M€	% Local Suppliers
Spain	2,818,091.0	77.59%
United States	1,068,734.6	76.46%
Brazil	695,701.6	99.15%
France	165,844.0	61.23%
Mexico	115,420.6	93.18%
Algeria	75,659.5	8.82%
Netherlands	49,306.3	83.50%
Germany	48,378.5	80.51%
Peru	45,289.5	24.59%

Another important contribution made by Abengoa in the countries in which it operates is the professional development and talent of its executives, attracting and retaining only the best human resources. The majority of Abengoa’s executives come from the local community where significant operations are carried out.

% Local Executives	
Europe	98%
America	87%
Asia	67%
Africa	50%
Oceania	67%
Average	94%



In addition to the direct economic value generated and distributed by Abengoa among its stakeholders, a quite considerable indirect economic value is generated in those societies in which Abengoa pursues its corporate activities. Even though it may be extremely difficult to quantify these effects, their importance is unquestionable.

These indirect effects range from business that stimulates clients that work with the company as a result of the services and products they receive, to the suppliers with which they do business. Moreover, these effects can also arise from the more general contributions we make to the health and dynamism of the economic systems in which we operate.

The innovation and technological development carried out by Abengoa is a clear example of one of the most important indirect economic effects. Our investments in innovation give rise to a positive economic impact, given that they help local communities to prosper and grow where they are implemented. It is an efficient and necessary instrument to progress towards a society of sustainable development. Innovation is not an end in itself, as may happen in some areas of research, but is rather the mission of transforming society into a better world. It is concerned with developing our current socio-economic system, which is neither sustainable nor for all, toward one that is indeed sustainable and for all. Innovation is, therefore, our commitment to the future.

Main Projects	2007		2008	
	M€	% o/sales	M€	% o/sales
Solar Energy	12.9		29.5	
Biomass conversion to bioethanol	13.1		19.5	
Enhancement bioethanol efficiency (residual starch)	3.4		3.7	
Hydrogen Technology	1.8		2.0	
Electricity, environmental, oil and gas control centers	8.4		9.2	
Road and rail traffic, and ticketing systems	3.9		4.4	
Public Administration support systems	4.5		5.2	
Geographic Information Systems (GIS)	3.0		3.2	
Industrial Waste Management	1.0		0.6	
Vitrification	0.5		0.7	
Desalination	0.1		0.1	
Environmental Technology Center	0.8		0.8	
Treatment of wastewater	0.1		0.2	
Solid Waste	0.2		0.2	
Development of polypropylene	0.1		0.2	
Other projects	0.8		4.7	
Total Investment R&D&i	54.6	1.7%	84.0	2.2%

Our shareholders

In order to encourage permanent contact with company shareholders, we run an investor relations department at Abengoa, the aim of which is to ensure transparent and fluid communication with our shareholders / investors. The director for investor relations, in coordination with the financial director, is in charge of the design and implementation of the communication program for domestic and international financial markets, with the aim of providing information on the company's main figures and strategic actions, to both individual and institutional investors.

Abengoa is committed to providing shareholders and financial analysts with excellent attention, ensuring that they have full and exact information within the framework of corporate governance practices aligned with the most demanding criteria.

Shareholder and investor dialogue channels

Abengoa's strengthened its ties with investors and shareholders alike over 2008 by taking on board their suggestions and requests with a view to enhancing the service they receive. This relationship is marked by absolute reporting transparency and proximity of relations with interested parties.

Since 2006, quarterly results reports, in addition to the standard compulsory information, have included a full document analyzing the performance of each of Abengoa's business units and main figures. These quarterly results have been presented using audio systems by telephone, and by means of internet audio/video streaming.

In addition, managers responsible for attending to shareholders and investors have participated in a total de 15 public presentations - road shows, both domestic and international, where they had the opportunity to personally address over 500 institutional investors. This activity with investors and analysts has involved visits to the most important financial centers in Europe and the United States.

As regards meetings with analysts and investors, we must make special mention of the presentation held in Madrid on March 6th, 2008, which coincided with the publication of our results for 2007, and the III Analyst and Investor Day, which took place on October 22 and 23, 2007, in Seville, and provided a platform for keeping stakeholders fully up-to-date with all relevant events concerning the company, as well as an opportunity to visit some of Abengoa's most important projects.

The corporate website, in Spanish and English, is an excellent instrument, which has special relevance in our communication policy vis à vis all stakeholders and, especially shareholders, investors and financial analysts. Through ongoing updates, we seek to include all relevant information so that decisions can be taken with perfect knowledge of the company's financial and strategic situation.

Share performance

According to data provided to Abengoa by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. at the last General Shareholders' Meeting, held on April 6th, 2008, Abengoa, S.A. had 10,192 shareholders.

As of December 31st, 2008, the company's free float stood at 43.96%, if we exclude the holding of its shareholders Inversión Corporativa I.C.S.A. and its subsidiary Finarpisa (56.04%).

The last listed price for Abengoa shares in 2008 was 11.80€, 51.2% down on the figures for the close of 2007 (24.1€). The minimum, maximum and average listed prices for 2008 were 10.08 euros (November 20), 24.45€ (February 27) and 17.87€, respectively.



Company shares have risen in value by 454.4 % since Abengoa became a listed company on November 29th, 1996, meaning that the initial price has multiplied by over five. During the same period, the IBEX-35 index experienced a 97% write-up.



