

## 06.1 Financing and investors



Commitments and targets in 2013	Milestones in 2014	Commitments for 2015	Working areas
<p>Increasing and intensifying contact with ESG investors (environmental, social and governance-related responsibility-driven) (CSRR 2013, p. 38).</p>	<ul style="list-style-type: none"> <li>› Attendance at three ESG investor conferences, where the company met with over 70 investors.</li> <li>› Issuance of a green bond linked to responsible, environmentally-sustainable projects.</li> <li>› Raising ESG investor interest in the company. Green bond demand reached 35 %.</li> </ul>	<p>Expanding the universe of investors interested in sustainable assets.</p>	<p>Teamwork involving the Investor Relations and Social Responsibility departments to provide integrated information to ESG investors.</p>
<p>Increasing company value and ensuring maximum market visibility and transparency (CSRR 2013, p. 38).</p>	<p>Preparing an action plan to increase market transparency.</p>	<p>Maintaining communication consistency in quarterly presentations, including:</p> <ul style="list-style-type: none"> <li>› Specifics on the different types of debt: corporate, non-recourse in process and non-recourse.</li> <li>› Consolidated and corporate cash flow.</li> <li>› Accounting value of concession assets under construction.</li> </ul>	<p>Maintaining and raising degree of investor and shareholder assistance to ensure market access to information.</p>
<p>Creating dialog channels adapted to new technologies to enable a better flow of information between the company and domestic and international financial communities (CSRR 2013, p. 38).</p>	<ul style="list-style-type: none"> <li>› Although no new technologies were incorporated over the year, the number of roadshows and conferences attended increased.</li> <li>› In addition the customary channels, financial results and business highlights were announced through social networks (Twitter and LinkedIn).</li> </ul>	<p>Analyzing and incorporating new technologies to ensure better information accessibility.</p>	<p>Teamwork between the Investor Relations and Communications departments to evaluate and utilize new technological support to enable increased accessibility of the market to company information.</p>
<p>No explicit commitment was published in the CSRR 2013.</p>	<p>Consolidating Abengoa's presence on main sustainability indexes.</p>	<p>Inclusion of the company in the next edition of Sustainability Yearbook 2015.</p>	<p>Developing an improvement plan to achieve higher scores on the main sustainability indexes on which the company is listed.</p>



## We create long-term value based on sustainable strategy

In order to keep investing and consolidating its position of leadership in the energy and environment sectors, the company continues to strengthen its financing model, a model which ensures the company's solvency and viability. Due to the international financial crisis, access to financing has posed a **significant challenge** for companies in recent years; however, thanks to its business model and potential for growth, Abengoa has been able to access **sources of financing** that allow the company to successfully move forward in conducting its activities.

Abengoa's **business model** is grounded in the development of new businesses, maintaining a highly competitive **team of people**, **geographical diversification** and **R&D and innovation** investment effort. In short, Abengoa embraces an unwavering commitment to a sustainable business strategy focused on creating long-term value, which makes the company's business model attractive to potential investors.

In terms of financing, Abengoa has two **key objectives**: accessing a level of financing that will enable the company to **continue to enjoy sustainable growth while gradually reducing debt**.

Accomplishing these two objectives requires a high degree of **financial flexibility** and a **stable shareholding**. Financial flexibility is needed to be able to access fixed income and equities markets in order to balance the business structure with the source of financing, build an investor base enabling access to more stable capital markets and diversify the financing structure towards more competitive global sources. Continuing to count on stable shareholding is vital to Abengoa because its business model, which is heavily based on technology and R&D and innovation, requires investors that are committed to the company's strategy and long-term vision.

---

# 3,318

requests managed through the shareholder mailbox

---

Attendance at

# 42

 investor conferences in 12 cities

---

Issuance of a green bond for a total of

# € 500 M

 equivalent

## Abengoa's financing model

Abengoa has a financing model that is backed by the company's **solid business model** and **long-term vision**. As a product of both this and the solvency of its operations, the company has continued to finance itself in the principal markets in which it operates through the following mechanisms:

- › **Capital markets** (37 % of financing). Currently accounting, 72 % of Abengoa's corporate financing, these mostly include high-yield bonds<sup>1</sup>, but also two convertible bonds and a short-term commercial paper program. This is corporate-secured debt.
- › **Loans held with financial institutions, non-recourse debt in process** (15 % of financing). The main source of corporate financing is a syndicated loan via a banking pool<sup>2</sup> with a five-year maturity. Financing is also secured through other lending institutions, including Instituto de Crédito Oficial (ICO), a state-owned bank, and a variety of export credit agencies. This type of debt has the same guarantees as corporate debt.
- › **Financing associated with concession-type projects** (48 % of financing). This type of financing is generally used as a means of building or purchasing an asset, taking as collateral exclusively assets and cash flows of the company or group of companies conducting the activity linked to the asset in question. This constitutes long-term financing of concession projects, which are secured by the projects themselves. Included in this type of debt is non-recourse financing in process which serves as bridge financing until the long-term non-recourse debt has been closed.

From the standpoint of guarantees, both bridge financing and long-term financing (project finance) enjoy the same technical guarantees in relation to price, time and performance.

The difference is that bridge financing also has a corporate guarantee from the project sponsor to cover the eventuality of a delay in project-finance closing.

### Abengoa Yield

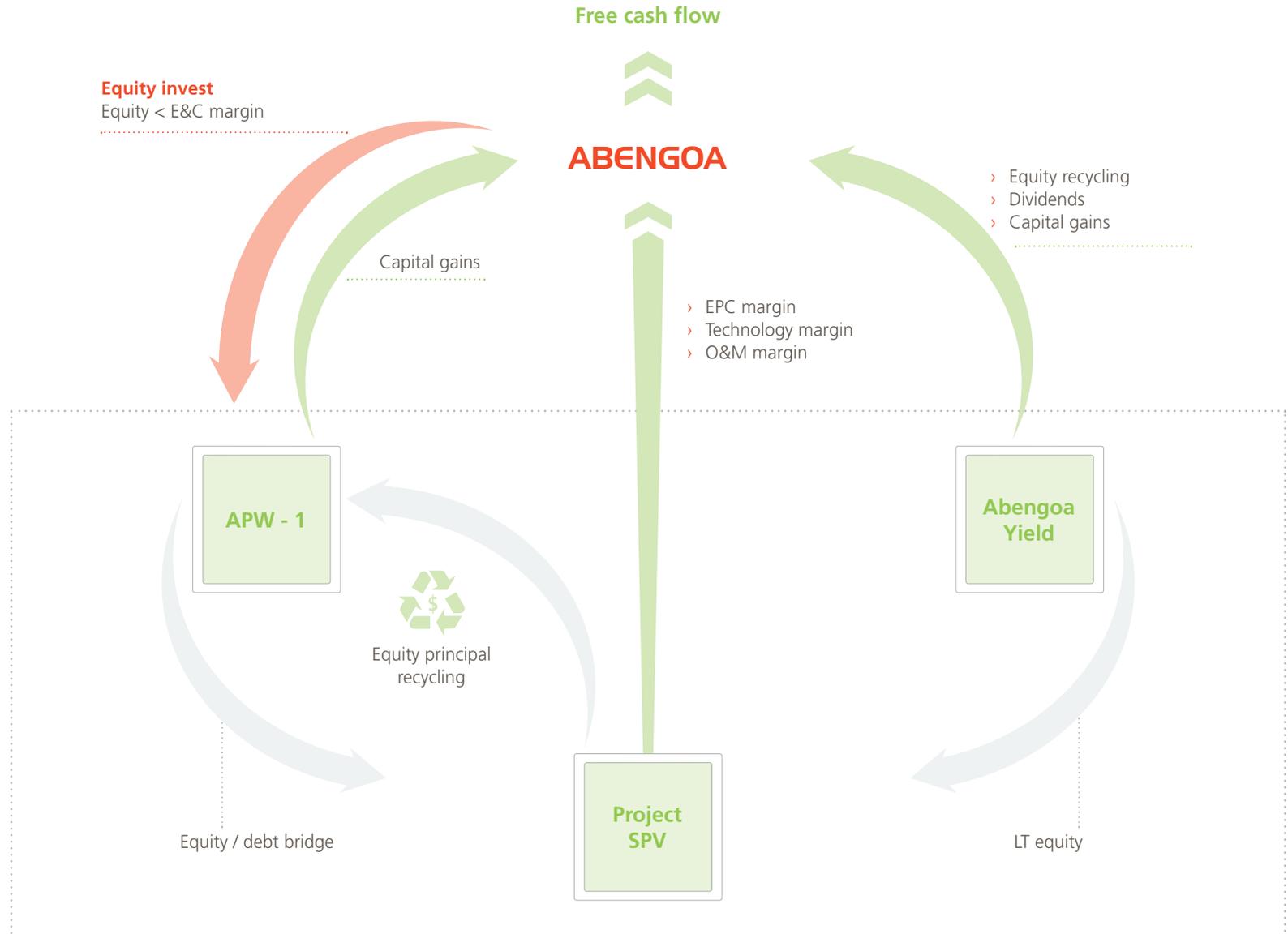
Abengoa Yield is a company listed on the NASDAQ exchange that has its own sources of financing which are separate from those of Abengoa. Abengoa Yield invests, manages and acquires renewable energy, conventional power generation and power transmission line assets, as well as other assets under concession. The company currently owns and manages 13 concession assets and holds a pre-emptive purchase right on certain Abengoa assets. Abengoa Yield has long-term non-recourse financing in all of its concession assets and access to capital markets and bank financing.

### Abengoa Projects Warehouse 1

Abengoa Projects Warehouse 1 is a newly created company which, together with the energy infrastructure investor EIG Global Energy Partners (EIG), will acquire a portfolio of Abengoa projects in the construction phase, including renewable and conventional power generating, power transmission and water management assets in different geographic regions, including the U.S., Mexico, Brazil and Chile. The aim is to build up sufficient funds to have permanent capital to help finance the construction of new concession projects awarded to Abengoa. Thanks to Abengoa Projects Warehouse 1, Abengoa's business and financing model will be more efficient as projects will become less costly to finance and construction can get under way sooner, meaning earlier asset start-up and dividend generation.

**Note 1** Convertible bond: a fixed-income financial asset that can be converted into a specific number of shares of the issuing company's stock through a capital increase

**Note 2** Banking pool: document which provides detailed information on the financial operation risks of a physical or legal person with respect to banking instit



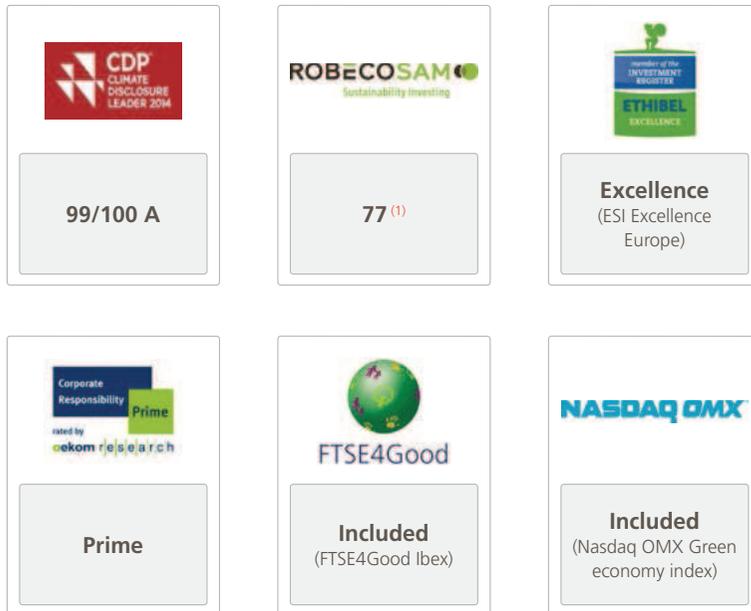


2014 saw a significant rise in socially responsible investor interest in Abengoa

## Socially responsible investor market

Abengoa's affinity with socially responsible investors, also referred to as ESG (Environment, Social and Governance) investors, constitutes assurance for the company's long-term growth.

The company's responsible business management has been acknowledged by a variety of rating agencies and sustainability indexes.



(1) In its first participation in the Corporate Sustainability Assessment to be included in the Sustainability Yearbook, Abengoa has obtained a score of 77 points.

In 2014, the company actively participated in three conferences of this kind, and in June staged a roadshow ahead of the issuance of its first green bond aimed at ESG investors in the high-yield company spectrum. Abengoa seeks to increase its base financing among these investors with the aim of continuing to grow in the long term, optimizing financial costs and diversifying sources of financing.

## Green bonds

In September 2014, Abengoa, through its Abengoa Greenfield, S.A. subsidiary, launched a green bond offering in euros and U.S. dollars for an amount equivalent to €500 M and maturing in 2019. This operation was intended for both investors traditionally interested in high-yield bonds<sup>3</sup> and buyers of socially responsible investments with a specific mandate or portfolio allocated to purchasing green bonds.

The net proceeds obtained have been used to partially or wholly finance, until long-term financing funds are obtained, green projects which meet the eligibility criteria approved by Vigeo, a European agency dedicated to evaluating sustainable performance. Vigeo issued a [favorable outside opinion](#) with respect to the issuance of these bonds.

### Eligibility criteria

In keeping with Abengoa's CSR strategy and policy and its commitment to sustainability and the fight against climate change, projects financed through green bonds must belong to one of the following categories:

**Note 3** High-yield bonds: fixed-income financial assets that generate high yield by investing in bonds with a lower credit rating than investment-grade corporate bonds. They offer a higher yield in exchange for an also higher risk of default.

- › Renewable energy
- › Power transmission and distribution
- › Energy efficiency
- › Water management
- › Water transport and distribution
- › Bioenergy
- › Waste to energy

And these projects must meet a set of environmental, social and governance criteria, compliance with which is to be verified using a series of indicators that are audited by an independent third party and published by Abengoa in the CSRR each year throughout the life of the bond.

Addressed in the “Green Bond” Appendix D is detailed all the information related to the projects that have been financed with the green bond: project description, fund allocation, environmental and social outcomes, and responsible management indicators. All the information has been verified by PwC <sup>4</sup>.

## Transparent communication

The company continued to further its commitment to providing investors and analysts with the information needed to carry out a complete analysis of the company's performance in different areas (economic and financial, social and environmental). Key for Abengoa is continual enrichment of the information the company provides to its stakeholders, offering increasingly more comprehensive content in line with their requirements, thereby building stronger relationships while enhancing dialog channels in order to provide an optimal flow of information.

Over the course of 2014, the company placed particular emphasis on communicating with its investors through the following initiatives:

**Note 4** The PwC verification report is published in the chapter titled “External Verification”.

- › Conducting **five roadshows** <sup>5</sup> in **five countries**: the U.S., the United Kingdom, France, Canada and Italy.
- › Attendance at **42 conferences** in **12 cities**: Madrid, London, Paris, Copenhagen, Frankfurt, Cascais, Lyon, New York, Boston, New Orleans, Miami and San Francisco.
- › Visits to financial centers in London, New York, Paris, San Francisco and Milan.
- › 3,318 request managed through the shareholder mailbox.

In May, Abengoa hosted its **8<sup>th</sup> Annual Analyst and Investor Day** in **New York** and **London**. The event had a great turnout, particularly in New York, where more than 100 people were in attendance, illustrating Abengoa's increased visibility in the U.S. market. The types of questions formulated by investors and analysts showed that they are now more aware of the company's financial markets.

With a view to addressing stakeholder needs, the company has also set itself the objective of increasing the number of visits to and stepping up communication in places that have been identified for engaging potential investors.



Manuel Sánchez Ortega, executive vice chairman. Analyst day.

**Note 5** Roadshow information session provided to investors and analysts by the company in order to present financial results.

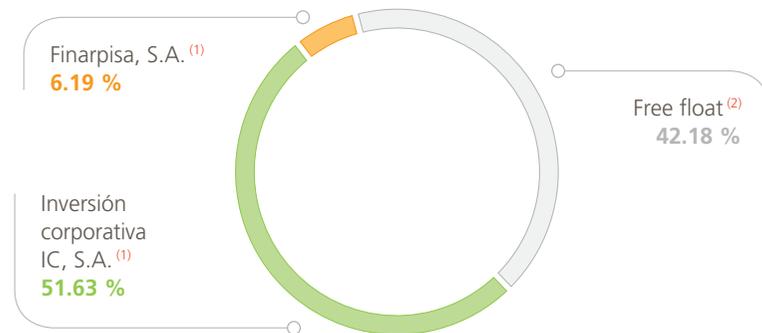
## Shareholding structure

Abengoa is a listed company with share capital totaling € 91,798,900 <sup>6</sup>, represented by 825,562,690 fully subscribed and paid-up shares belonging to two different classes:

- › 84,243,640 shares belonging to Class A <sup>7</sup>, each with a par value of € 1 and individually conferring 100 votes.
- › 755,526,080 shares belonging to Class B <sup>8</sup>, each with a par value of € 0.01 and individually conferring one vote.

Class A and Class B shares are admitted for official trading on the Madrid and Barcelona Stock Exchanges and on the Spanish Stock Exchange Interconnection System <sup>9</sup> (Continuous Market). [Class A shares](#) have been admitted for trading since November 29, 1996, and [Class B shares](#) have been admitted for trading since October 25, 2012. Additionally, the [ADS](#) (American Depositary Shares) constituted upon B shares are admitted for official trading on the U.S. NASDAQ electronic securities exchange.

The company's [shareholding structure](#) is as follows:



(1) Corporate Investment Group.  
 (2) Free Float: the portion of shares of a corporation that are traded freely on the market without being in the hands of a shareholder.

**Note 6** November 4, 2014 is the date of the last Abengoa share capital modification

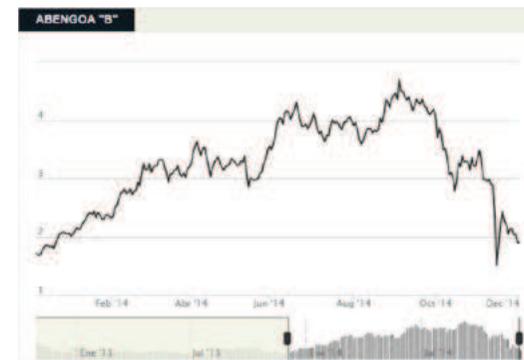
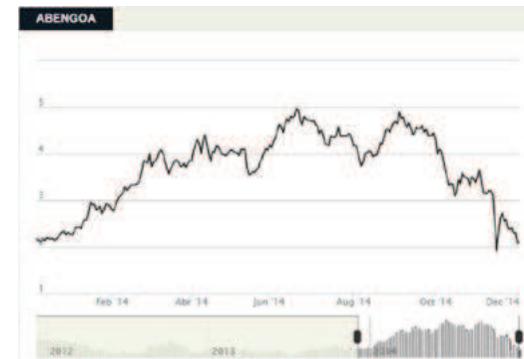
**Note 7** Class A Shares: shares with a right to 100 votes per share [\(+ info\)](#)

**Note 8** Class B Shares: shares with a right to 1 vote per share [\(+ info\)](#)

**Note 9** Spanish Stock Market Interconnection System (SIBE): electronic platform for trading variable income securities on the national stock exchanges and which provides real-time information on security activity and trends

## Share performance

Abengoa saw highly positive stock market evolution in 2014 through to September, recording an appreciation in value of over 100 % up until that time, given that the company's stock began the year at € 2.00 per share and went on to reach € 4.69 per share.



Volatility spiked in September, prompting shares to close at their lowest price, € 1.50 per share, in November after a severe correction. The reason for this sharp drop in share price seen in mid-November following the [presentation of third](#) quarter results was the increase in non-recourse debt in process.