

05.1

Financial capital



Current financial situation

Over the course of the second half of 2015, a series of circumstances occurred that resulted in a significant worsening of Abengoa's liquidity position and financial structure. This led to a **financial restructuring process** that is still in progress as of today.

During the earnings presentation for the first quarter of 2015, Abengoa announced a reduction in its anticipated corporate cash flows from operations for the year in progress at the time, to € 600-800 M over a previous estimate of € 1,300 M. This adjustment proved to be attributable to investments in fixed assets (capex) exceeding those initially foreseen, mainly due to the change in financing conditions in Brazil.

On August 3, the Board of Directors notified its intention of submitting the **approval of a capital increase to an Extraordinary General Shareholders' Meeting, as well as an additional asset divestiture plan and the adaptation of the business model to one with lower investment requirements**, aimed at strengthening Abengoa's financial position and thereby lowering its dependence on indebtedness.

From that date on, the market underwent uncertainty that led to a drop in share price of Abengoa's debt and equity instruments. This situation limited access to capital markets and, in parallel, there was a concurrent slowdown in the approval rate of working capital lines of credit from some financial institutions, which entailed a progressive deterioration of the liquidity position.

During the following months, negotiation processes commenced with various financial institutions aimed at securing the capital increase and with Gonvarri Corporación Financiera with a view to its participation therein. In the end, due to the impossibility of finalizing an agreement, on November 25 Abengoa announced its intention to initiate a **refinancing process in an attempt to reach an agreement with its main financial creditors** that would ensure a suitable framework for carrying out negotiations and support Abengoa's financial stability in the short and medium term. In relation to the process, the Board of Directors deemed it most appropriate to present the communication provided for under Article 5bis of Spanish Law 22/2003 (the "Insolvency Act").

Following four months of negotiations with its financial creditors, Abengoa presented a **business plan and financial restructuring proposal** on March 16, 2016 that will be employed as the basis for determining the definitive restructuring agreement. While the final plan is carried out, and in light of the finalization of the legal protection period provided for under Article 5 bis of Law 22/2003, on March 28 Abengoa submitted to Mercantile Court

No. 2 of Seville a request for official recognition of a standstill contract backed by over 75 % of the creditors to whom it was addressed. This standstill agreement was officially recognized by the same court on April 6, 2016, granting Abengoa a maximum period of seven months, from that time, to complete negotiations with its financial creditors and to sign a definitive financial restructuring agreement.

In the US, on March 28 and 29, Abengoa and certain Spanish subsidiaries commenced proceedings under Chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, seeking recognition of the proceedings commenced in Spain to obtain approval of the **standstill agreement and the applicability of this agreement in the US**. Additionally, on March 29, Abeinsa Holding Inc. and 12 other American subsidiaries each filed a voluntary petition pursuant to Chapter 11 of the United States Bankruptcy Code in the Delaware Bankruptcy Court. On March 31, the United States Bankruptcy Court for the District of Delaware granted the companies the relief set out under Chapter 11 and Chapter 15. A short time later, on April 7, Abengoa US Holding, LLC and 7 other subsidiaries joined the proceedings commenced on March 28 and 29 and also filed voluntary petitions under Chapter 11 in the Delaware Bankruptcy Court. All proceedings filed under Chapter 11 and Chapter 15 by Abengoa and its subsidiaries have commenced as part of the global implementation of the Group's financial restructuring and recapitalization.

As described to date, Abengoa's primary objective from a financial standpoint is to **finalize a definitive restructuring agreement that will enable the company to once again balance its capital structure and provide the company with the stability needed** to resume its regular activity as soon as possible and return to generating value. In the medium term, Abengoa must have the capability to develop a balanced business model, with particular emphasis on cash generation so as to be able to operate and grow sustainably.

The current financial restructuring proposal indicates that a significant **change in Abengoa's shareholders is foreseen**. The new shareholders of reference will be key to providing the company with the stability needed to execute the business plan in the medium term.

Abengoa's financing model

Abengoa is presently immersed in a financial restructuring process, for which the company requested protection under Article 5bis of the Insolvency Act in November 2015. During this period, a new viability plan was published, along with indicative conditions of capital structure restructuring, which is in the process of being signed up to by our creditors.

Due to this situation, Abengoa's financing model will change dramatically, given that a portion of current debt will be capitalized in shares and new money will be introduced through a structuring process that is yet to be determined.

As of December 31, 2015, Abengoa's financing model was based on these mechanisms:

- › **Capital markets (35 % of financing).** At present, they account for 52 % of Abengoa's corporate financing and primarily include high-yield bonds and two convertible bonds¹, as well as a commercial paper program. This is corporate-secured debt.
- › **Loans held with financial institutions (32 % of financing).** The main source of corporate financing is a syndicated loan through a banking pool² with a five-year maturity. Additionally, financing is secured through lending institutions such as the Instituto de Crédito Oficial (Spanish Official Credit Institute,

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.

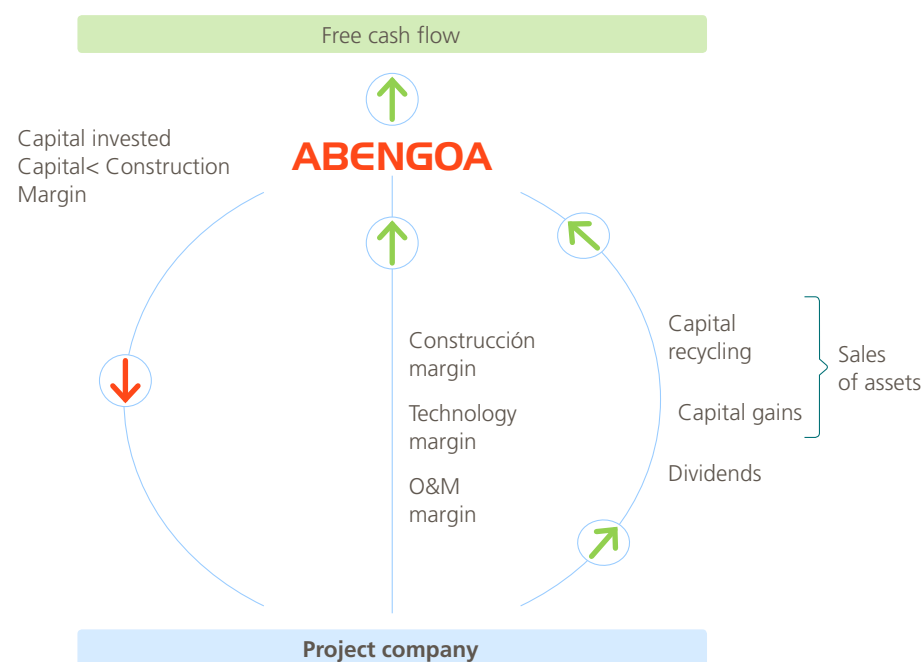
Note 2 Banking pool: document which provides detailed information on the financial operation risks of a physical or legal person with respect to banking institutions.

ICO), as well as a variety of export credit agencies. This type of debt also has corporate guarantees.

- › **Project financing (33 % of financing).** This type of financing is generally used as a means for building or purchasing an asset, taking as collateral exclusively the assets and cash flows of the company or group of companies that carry out the activity linked to the asset being financed. This constitutes long-term financing of concession-type projects, which is secured by the projects themselves. This type of debt includes non-recourse financing in

process that serves as bridge financing until the closure of long-term non-recourse debt. From the standpoint of guarantees, both bridge financing and long-term financing (project finance) enjoy the same contractor technical guarantees with regard to price, term and performance.

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



Transparent communication *G4-27*

The company continues to progress in 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). For Abengoa, ongoing enrichment of the information the company offers to its stakeholders is key, providing increasingly more comprehensive contents in line with their requirements to thereby build better relationships while enhancing dialogue channels aimed at providing an optimal flow of information. This commitment is even more important in light of the financial restructuring process that Abengoa is currently undergoing.

Since the beginning of this process in November 2015, the company has made a tremendous effort to keep stakeholders abreast of all relevant changes.

In 2015, the company placed particular emphasis on communicating with its stakeholders by:

- › Conducting **seven roadshows**³ in four countries: the United States, the United Kingdom, France and Germany.
- › **Attending 15 conferences in five cities**: Madrid, London, Paris, Lyon and New York.
- › Visits to **financial centers** in London, New York, Paris and Frankfurt.
- › More than 4,000 **requests managed** through the shareholder mailbox.

The section devoted to shareholders and investors is the one most frequently visited—following the home page—and accounts for approximately 10 % of website visits. Within the shareholder and investor section, those interested can find a great deal of relevant information, among which the following stand out:

- › Presentations.
- › Noteworthy events and other communications to the CNMV and the SEC.
- › Annual report.
- › Share details.
- › Fixed income and bonds.
- › Structure of governing bodies.
- › Etc.

Within the Shareholders and Investors section, the **most frequently visited subsections**, with a significant difference with respect to the others, are **presentations, noteworthy events and communications to the CNMV**.

In April 2015, the company held its 9th Annual Analyst and Investor Day in New York and London, with a successful turnout at both venues, with 205 total attendees, which confirms investors' continued interest in the company. The types of questions posed by investors and analysts revealed their in-depth understanding of the company's financial markets and the Abengoa business model.

Over the first part of the year, investors were focused more on understanding the business model. However, as a result of the events occurring during the second half of the year, their attention centered on the execution of the capital increase announced in August, the company's situation with respect to Article 5 bis of the Insolvency Act, evolution of the restructuring process and the viability of the company in the medium and long term.

At present, communications with investors are focused on explaining the restructuring process and the resulting new Abengoa. Many investors, mainly loan investors, are concentrating on the restructuring agreement and its effect on their investment.

In order to provide stakeholders with easy access to updated information on the financial restructuring process, a specific section was created on the [company website](#).

Note 3 Roadshow: information session offered by the company to investors and analysts to present its financial results.

Shareholding structure *G4-7, G4-9*

Abengoa is a listed company with share capital totaling € 1,838,739.13⁴, represented by 941,567,871 fully subscribed and paid-up shares in two different classes:

- › 83,354,826 shares in Class A⁵, each with a par value of € 0.02 and individually conferring 100 votes.
- › 858,213,045 shares in Class B⁶, each with a par value of € 0.0002 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 (Continuous Market)⁷.

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.

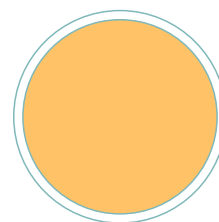
Note 4 April 20, 2016 is the date of the last Abengoa share capital modification.

Note 5 Class A shares: shares with a right to one hundred votes per share.

Note 6 Class B shares: shares with a right to one vote per share.

Note 7 Spanish Stock Market Interconnection System (SIBE): electronic platform for trading variable-income securities on the national stock exchanges that provides real-time information on security activity and trends

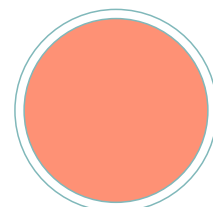
The company's shareholding structure is:



Free float ⁽²⁾ 49.46 %



Finarpirsa ⁽¹⁾ 5.94 %



Inversión corporativa ⁽¹⁾ 44.60 %

(1) Inversión Corporativa 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.

Share performance

Abengoa's stock market evolution in 2015 was determined mainly by the events occurring during the second half of the year. The Class B share started the year at € 1.88 per share and ended the year trading at € 0.20 per share, equivalent to a devaluation of 90 %.

In the first part of the year, Abengoa stock peaked on April 2 at € 3.30 per share, coinciding with the 9th Analyst and Investor Day, the presentation of the new Abengoa model and the completion of the transformation process the company had been undergoing over the years.

Significant devaluation started on August 3, when a capital increase was announced due to a change in financing conditions. This mainly involved projects in Brazil and the need for liquidity so the company could execute the future projects it had at that time.

Given that the capital increase did not materialize in the end, Abengoa opted to invoke Article 5 bis of the Insolvency Act so as to be able to reach a restructuring agreement with its creditors that would enable the viability of the company in the long term. From that moment on, the company's stock depreciated to reach the lowest price of the year at € 0.20 per share on December 31, 2015.

As part of the financial restructuring proposal, the two Class A and B shares are expected to be unified into a single share class. Details of the mechanism by means of which this will take place have yet to be defined.