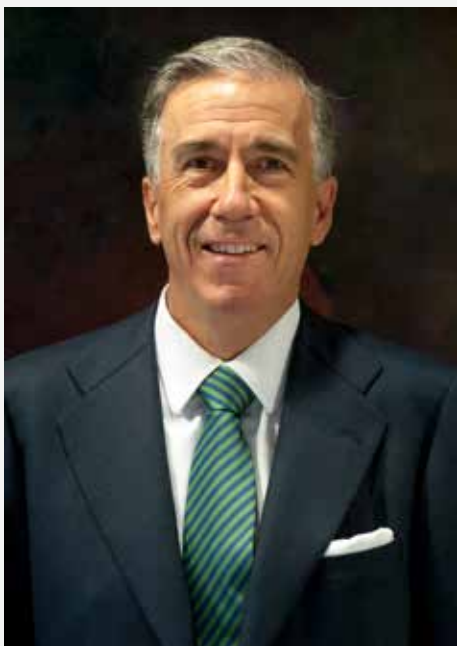


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Chairman's letter



01. Chairman's letter



Gonzalo Urquijo Fernández de Arazo

Chairman of Abengoa

“In 2019 we have witnessed how new large bids have emphasised our know-how and implementation capacity”

Dear all,

At the moment this letter is being drafted, we are going through exceptional times. Under the global health crisis resulting from the coronavirus and a state of alarm in Spain, at Abengoa we have always been forced to adapt to the current circumstances and, as it could not be any other way, putting the health and safety of all our employees first through preventive, training, informative and awareness measures.

From the very first moments the pandemic was spreading, and always following the recommendations of the relevant authorities of each country in which the company is present and of the World Health Organisation, we created a specific committee dedicated to COVID-19 in charge of exhaustively following up, leading and coordinating the actions the company carries out in terms of the health crisis.

We have created a Prevention protocol against the coronavirus, with which the company has been developing and executing measures of different kinds, as well as specific contingency plans for each of our work centres and projects. In fact, we have continued the activity in those works or projects that, due to their essential nature, have had to stay active and in operation, always in accordance with the rules and restrictions set in each of the countries where we operate. This has a direct impact on a large part of the company's activity in areas such as water, energy and services, and in some other cases too, in the transmission and infrastructures sector.

Immersed in this situation, it is time to review the year we leave behind. Thus, as usual, I would like to start referring to one of the most important topics to us: the health and safety of all of us who are part of Abengoa. Sadly, 2019 was a year in which we had to regret one fatal accident in Brazil. This sad event has led us to keep working towards our number one goal of achieving zero accidents. In this way, 2019 ended with a reduction of 0.36 points in the Frequency Rate with Sick Leave, compared to the previous year (2.84 vs 3.20), which represents an improvement and a new motivation to keep working on prevention and awareness.

At the same time, one of the biggest achievements last year was the successful completion in April of a new financial restructuring which enabled access to new liquidity and new lines of guarantees. With this, we attained a healthier capital structure due to the support and trust our customers, financial creditors and shareholders place in us.

Furthermore, in 2019 another restructuring was also completed; this time in Brazil. Last December, we happily announced that the relevant judicial authorities approved the *Recuperação Judicial* process in which the company was involved. This reactivated Abengoa's construction activities in Brazil with the aim of continuing to be a benchmark in the sector in a territory where we have been very successful.

Moreover, in 2019 we witnessed another milestone for us. After almost five years of absence, Abengoa again celebrated its Investor Day, a very satisfying meeting in which analysts, investors and banks had the chance of knowing in more depth the current and future perspectives of the company directly from its managing team. Thus, we resumed an essential initiative related to our stakeholders.

In terms of the business, at the time of this letter our figures highlight Abengoa's capacity in the infrastructure, energy and water sectors. Indeed, in our more than 75 years of history, we have reached an installed capacity of 9.3 GW in conventional generation plants, of which 1.4 are under construction. With regard to renewable energies, we have solar plants built with a capacity of 2.3 GW. In fact, Abengoa is leader in the construction of thermal solar plants, with a total built installed capacity 1.8 GW. This figure represents 34 % of its output at worldwide level.

Meanwhile, in the water sector we have reached + 1.7 million m³/day of installed desalination capacity and 2.6 million under construction, while in the last 15 years, we have built 27,000 km in transmission lines and more than 330 electrical substations.

01. Chairman's letter

These figures grow year after year due to the new projects awarded and, in particular, to the work performed and concluded projects.

In particular, in 2019 we have witnessed how big new acquisitions have emphasised our know-how and implementation capacity, and we have been awarded projects totalling €1,107 million. As an example, we have been successful bidders in the largest reverse osmosis desalination plant in the world, built jointly with SEPCOII in Abu Dhabi (United Arab Emirates). This plant will have a capacity to treat 909,000 m³/day from sea water. Moreover, in Saudi Arabia, we are building another desalination plant which will be the largest in the country using this same technology. Its capacity is of 600,000 m³/day.

In addition, through our Transmission and Infrastructure vertical, a 50 % consortium with Elecnor, we are taking part in one of the most important infrastructure projects in Lithuania. It consists of a project to electrify the Vilnius-Klaipeda railway, valued at more than €350 million, which in turn will electrify more than 730 km of railway lines that will cross the country from east to west.

Abengoa also currently has a pipeline of projects identified worth €24,682 million. Turnkey and EPC projects for third-parties have been given priority.

Moreover, in 2019 we have experienced several milestones such as the inauguration of the A3T efficient cogeneration plant in Mexico and the desalination plant in Saudi Arabia, while we have broken records in Xina Solar One, our third thermal solar plant in South Africa. We have also moved forward with the construction of the Cerro Dominador solar thermal plant by placing the last heliostat and the first salt fusion, and we have been awarded at the annual International Desalination Association awards, among many others.

In addition, two projects for the construction of four transmission lines and two substations in Mexico have been completed, as well as two electrical substations and 60 km of associated transmission lines in Oman, which will be essential for guaranteeing supply in this geographical area.

We have also been awarded the mechanical completion certificate for a transmission line of 220 kV developed within the framework of the works in Mina Justa, one of the most important mining projects in Peru in the last years. Furthermore, we have synchronised the turbine of the 50 MW Luneng Haixi tower solar thermal plant, located in Qinghai province.

In this project the company has been in charge of providing technology and engineering services.

Within the innovation sector, in March 2019 we announced the signing of a collaboration agreement with John Cockerill to develop projects in the defence sector. Its goal is to create a new worldwide agent in the industry through a joint venture. The new company will be incorporated in Spain and will meet the future needs of the Spanish armed forces and those from other parts of the world. For Abengoa, the signing of this agreement represents an opportunity to keep participating in highly technical projects, increasing its portfolio of products and potential customers, as well as opening new business lines, based on their bet on the Spanish defence market.

Meanwhile, I would like to highlight that in February last year a new Strategic Corporate Social Responsibility Plan, also named SCSRP, was approved for a time frame of five years: 2019-2023. This plan defines Abengoa's framework and guidelines with a series of actions that can integrate the expectations of stakeholders into the organisation's strategy and respond to different current challenges.

Moreover, in 2019 we went back to holding the Specific Commission on Equality of Treatment and Opportunities (Comisión específica de Igualdad de Trato y de Oportunidades or CITO) whose aim is to globally follow up aspects related to gender equality within the organisation.

In this regard, at the end of the year, the Board of Directors approved Abengoa's Diversity Policy, which stems from placing the person at the focus of the company, regardless of their race, gender, religion, nationality, culture, age, sexual orientation or their different physical or psychological abilities.

With a view to 2020, we are aware we are living exceptional times because of COVID-19 and that we are facing difficulty and uncertain times from the economic point of view worldwide. For this reasons, as many other companies have done, bearing in mind the performance of the company in 2019, we have reviewed the financial projections included in the Feasibility Plan published last year. Therefore, before publishing this report, we have released an Updated Business Plan adapted to the new reality, adapting the business goals to the circumstances described, as well as obtaining liquidity and guarantees to continue presenting bid offers, looking forward to the future with confidence and doing what we do best: competitively building benchmark projects in our essential businesses and geographies.

To all of them, for their trust, our deepest thank you.

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