

# ABENGOA

Innovative Technology Solutions for  
Sustainability



# ABENGOA

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## Abengoa 3.0

September 3 & 4, 2014

London & New York

### 1 Strategy & Corporate Update



### 2 Our Business Model: Next Steps



### 3 Unlocking Value at Abengoa



### 1 Strategy & Corporate Update



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### Solid delivery on all our Commitments

ABENGOA

Through 2013...

- ✓ Sale of Befesa
- ✓ Resilient E&C business: >7 B€ Backlog, providing great Revenue and WC visibility
- ✓ Repay 200 M€ of syndicated loan  
→ 207 M€
- ✓ Strong liquidity position
- ✓ Reinforced financial discipline

- ✓ Improve biofuels performance from lowest ever
- ✓ Solana in operation
- ✓ Additional Equity recycling for ~560 M€
- ✓ 2013/2014 Capex Reduction
- + 517 M€ US equity offering

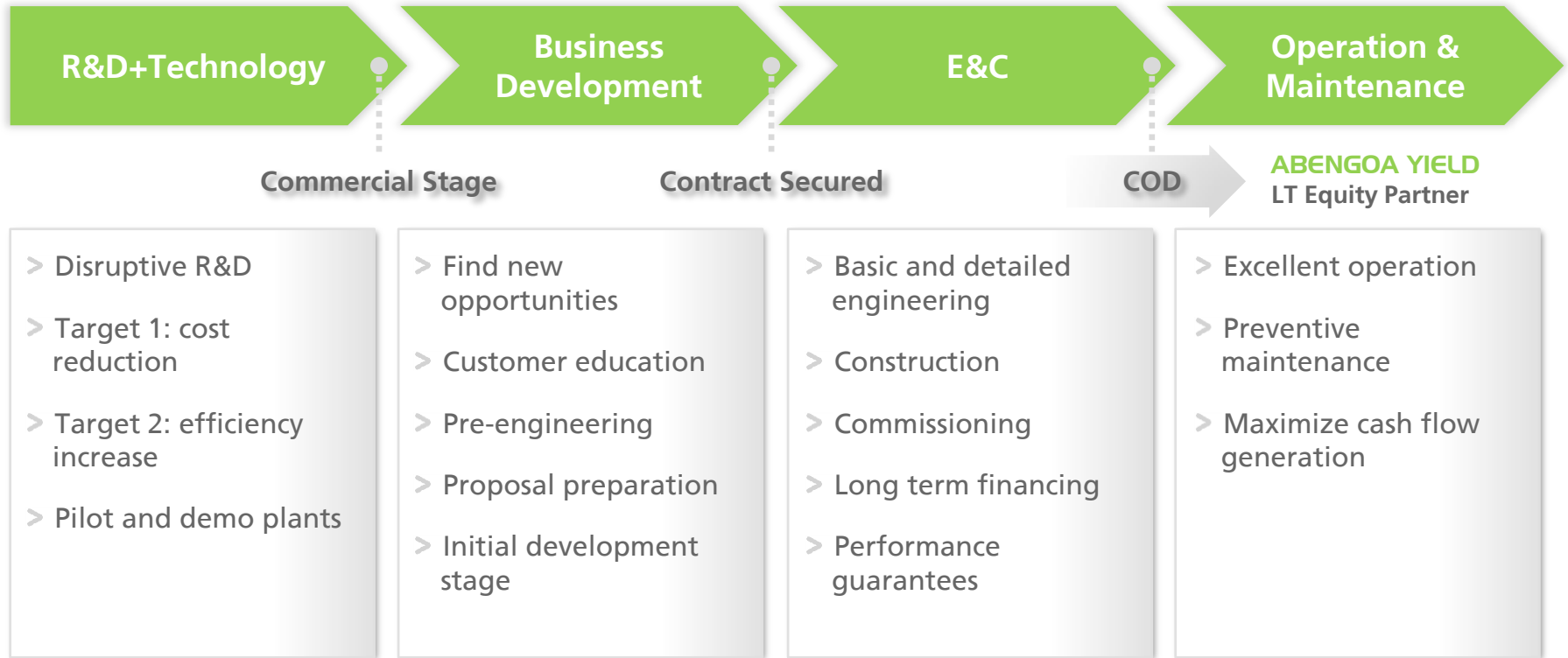
YTD

- ✓ Mojave & Hugoton in operation
- ✓ Repay 200 M€ of syndicated loan in July
- ✓ Refinance most of 2014 remaining FSF maturities with ordinary bonds
- ✓ Equity recycling for ~765 M€ with an additional debt reduction of ~1,000 M€  
→ Creation of ABY with +800 MUSD of recycling
- + Refinance remaining FSF tranche and secured funds to pay additional corp. debt maturities

In 6 months

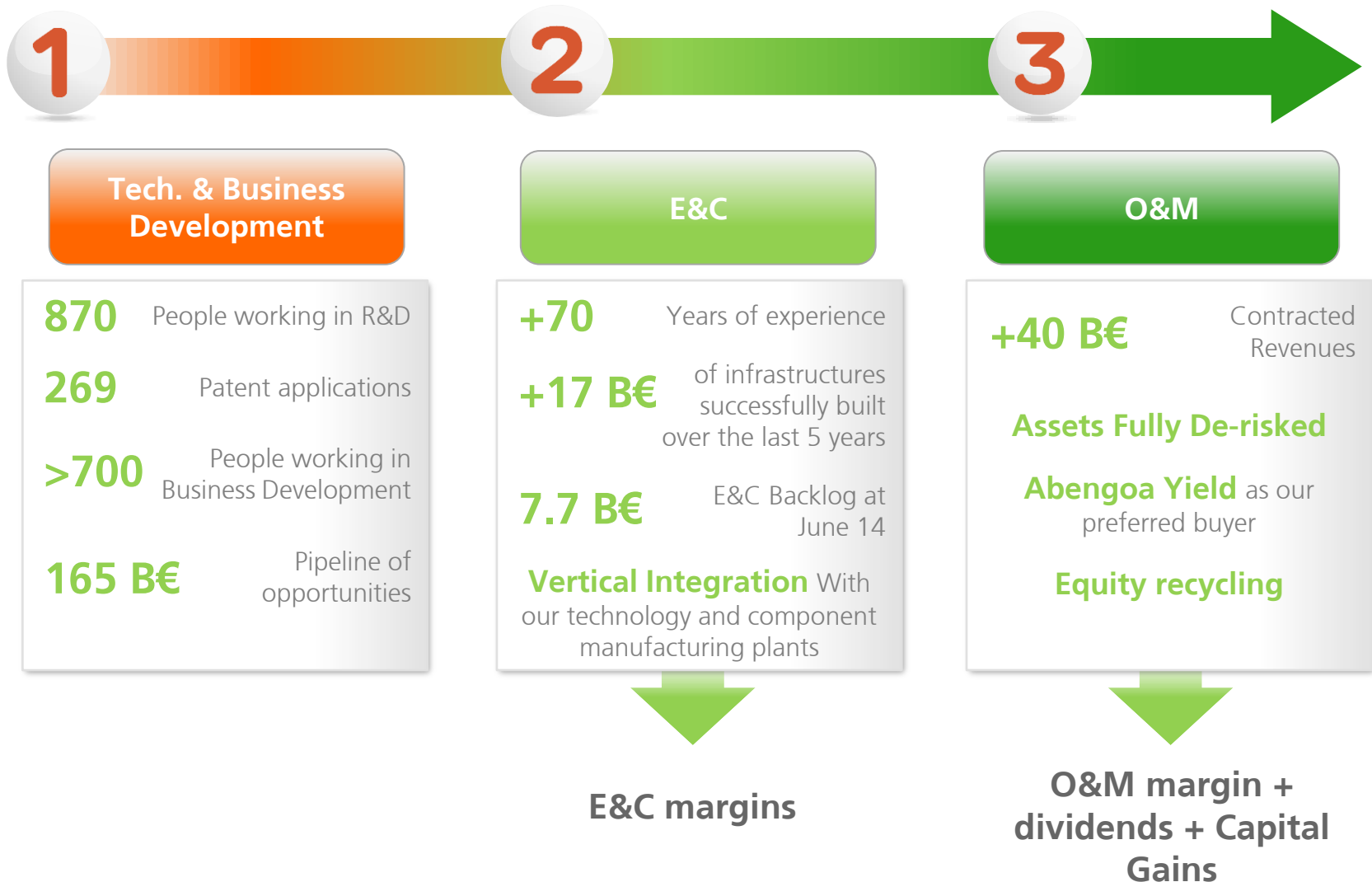
- ✓ Positive Corp. FCF in 2014
- ✓ +500 M€ of additional annualized EBITDAe from new concessions projects by 2015 (pre equity recycling/asset rotations)  
→ +180 M€ already in operation on schedule
- STOP 176 M€ EBITDAe reduction in 2014 from rotations (334 M€ annualized impact)  
→ EBITDA retention through consolidation of ABY's stake
- > Equity recycling/asset rotation for ~165 M€  
→ New targets announced

### Integrating technology and business development in our value chain



**Our fully integrated value chain allows us to develop and maintain significant competitive advantages and deliver premium returns**


A unique business model that allows for superior returns




Note: Figures as of end of June '14

### Continued development of our technology to secure growth


#### Solar Technology

- 
- ▶ **CSP: Improved thermal efficiency** through **supercritical cycles** (steam or CO<sub>2</sub>)
  - ▶ **CSP: Increased thermal storage** with **new materials** with better heat capacity
  - ▶ **PV: Thin film panels**, a new generation material with increased efficiency and lower costs/output
  - ▶ **Smart Solar Plant (SSP):** CSP + PV + Electrical and Thermal Storage
    - ✓ **Optimal management** of energy supply, fostering grid stability
    - ✓ **Fastest response** in energy delivery


#### Water Technology

- 
- ▶ Started **manufacturing** process for **Micronet Porous Fibers (MPF) modules**
  - ▶ Pilot project of **water reuse** with aquifer injection for indirect potabilization of waste water (Texas AM university)

#### Bioenergy

- 
- ▶ **Improving Abengoa's enzymatic cocktail**, lowering its ethanol cost contribution through an **achieved enzyme dose reduction of 30%**
  - ▶ **Developing pre-treatment processes** to produce sugars from **diversified biomass sources**: agricultural residues, forest biomass, municipal solid waste

#### Hydrogen

- 
- ▶ **Reformed H<sub>2</sub>**: improving catalytic process to **obtain H<sub>2</sub> from ethanol**
  - ▶ **Renewable Hydrolisis**: applying **renewable energy to produce H<sub>2</sub>** from water

### A "Glocal" set of engineering and sourcing capabilities to foster growth



#### Discipline

- > Spotless project pre-design
- > Montecarlo method
- > 360° contract assessment
- > Prudent financial modelling

#### Global Sourcing

- > Cost reduction through global supply chain
- > Reduced dependency on a single provider
- > Scale benefits

#### Local Presence

- > Better market penetration with improved view
- > Perceived as "local" competitor
- > Diversifies know-how



### Excellent execution track-record, always on time and on budget



#### Power Generation

+ 7 GW of installed power in conventional generation plants



**Nuevo Pemex**  
(Mexico) Cogeneration  
300 MW



**Stalowa Wola** (Poland)  
Combined Cycle  
450 MW

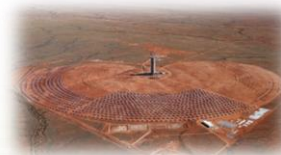


#### Solar

1,700 MW completed and 450 MW under construction in Concentrated Solar Power (CSP)



**Solana** (USA)  
CSP parabolic trough  
280 MW



**Khi Solar One** (South Africa)  
CSP Tower  
50 MW



#### Transmission and distribution

+ 45,000 km (+28,000 mi) of T&D lines



Brazil  
2,500 km



Peru  
872 km



#### Water

+1,300 ML/day (+344 MGal/day) desalination capacity



Skikda (Algeria)  
100,000 m<sup>3</sup>/ay



Qingdao (China)  
100,000 m<sup>3</sup>/day



Time  
schedules



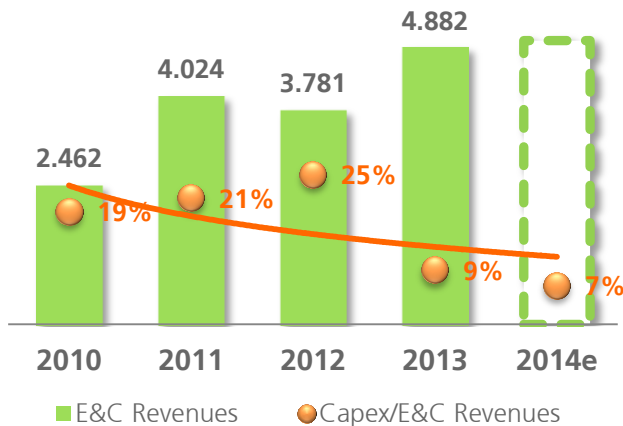
Budget



Performance

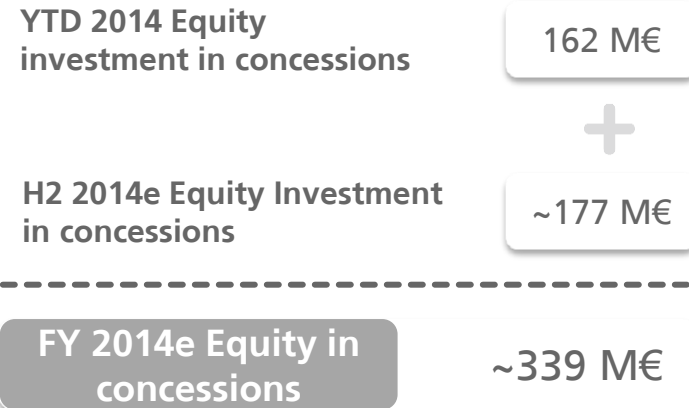
### Demonstrated ability to grow with lower equity investments

Demonstrated ability to increase the value generated per euro spent...



Historical reduction of capex while increasing our E&C revenue

...expected to be further improved through 2014



% of 2014e E&C sales invested in concessions

**6% - 7%**

Proven technology and track record of building & operating assets allowing to minimize future equity contribution and secure growth

### Vertical integration to assure margins and commitments

#### Power structures

- Design, test and manufacturing of steel structures for transmission lines, substations, thermosolar and PV plants, wind power generation and telecommunication towers



#### Reflectors



- Manufacturing of mirrors for solar fields

#### Ancillary Manufacturing

- Electrical boards & cabinets, power electronics, and control electronics.
- Motor control centers, relay frames and electronic cards.



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3 Unlocking Value at Abengoa



### Abengoa Yield represents a game-changer in our equity story

Equity recycling

+800 MUSD raised

Successful listing

Market reference for our 3.6 B€ concessions portfolio

Business model strengthening

Solidifies our business model reducing its risks

Lower cost of equity

Reducing the cost of capital of our business model

Crystallization of equity value

Platform for a recurrent equity recycling cycle

Secured LT partner

Symbiotic relation – “natural” buyer of Abengoa assets



“Taking the Yieldco vehicle to the next level”



“Blue-sky becomes reality”



“Yieldco listing... a turning point”

“Yield adds lots to the appeal”

CANACCORD Genuity



“...YieldCo listing as a positive for ABG...  
...lowering WACC...”

Morgan Stanley

“...YieldCo has the potential to become a game changer...”

### Abengoa Yield opens up a new scenario for Abengoa

Before

ABENGOA  
YIELD

Going Forward

- ✗ High cost of capital forces Abengoa to sell equity investments in short term
- ✗ Similar cost of capital than other E&C's and higher than utilities and IPP's
- ✗ Necessity to grow solely via turn-key projects, due to capital restrictions
- ✗ Complex and difficult to value for financial markets

- ✓ Ability to hold equity investments given Abengoa Yield has lowest cost of capital
- ✓ Lower cost of capital than most competitors
- ✓ Abengoa can grow in projects requiring equity
- ✓ Easier to value for financial markets thanks to Abengoa Yield's market value

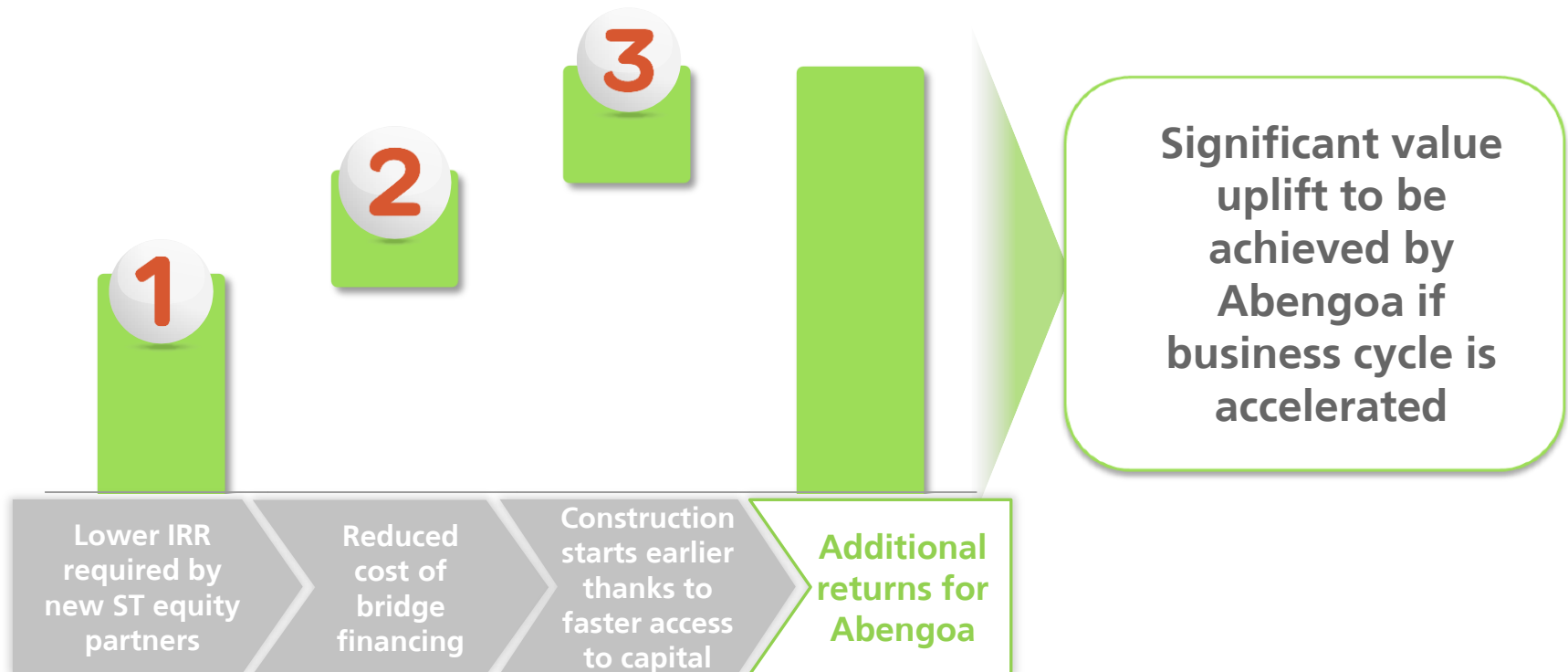
#### We needed a LT equity partner ✗

- > Higher returns needed to bear exit risk
- > Need for higher cost bridge financing
- > Limited growth prospects for Abengoa

#### We need a ST equity partner ✓

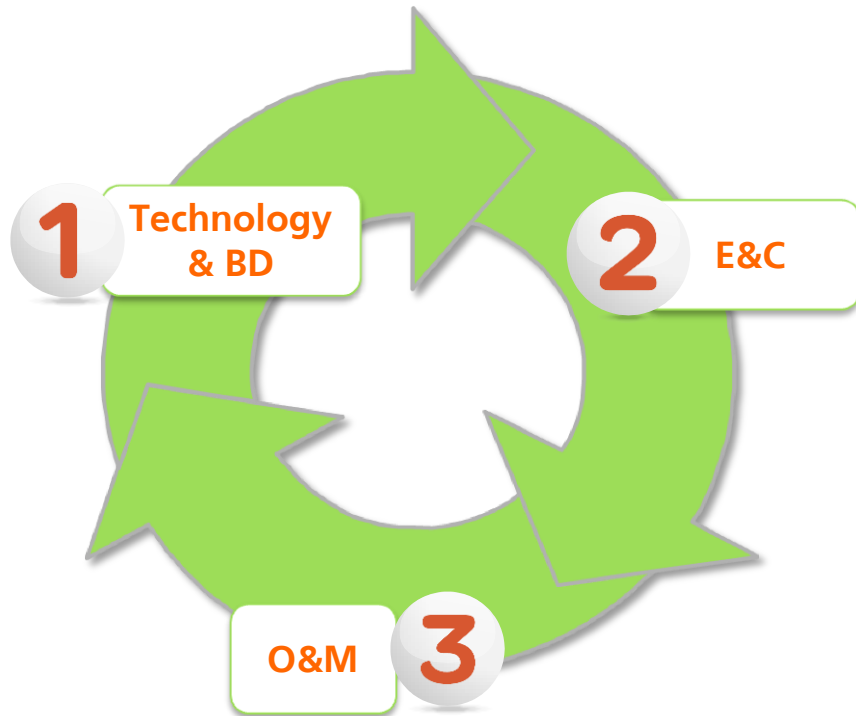
- > Abengoa Yield is our LT equity
- > Reduced cost of financing
- > Maximized growth for ABY and ABG secured

### Secured equity exit allows for additional return improvement



### Accelerating our business cycle will unlock more value

Getting faster from step 1 to 3...

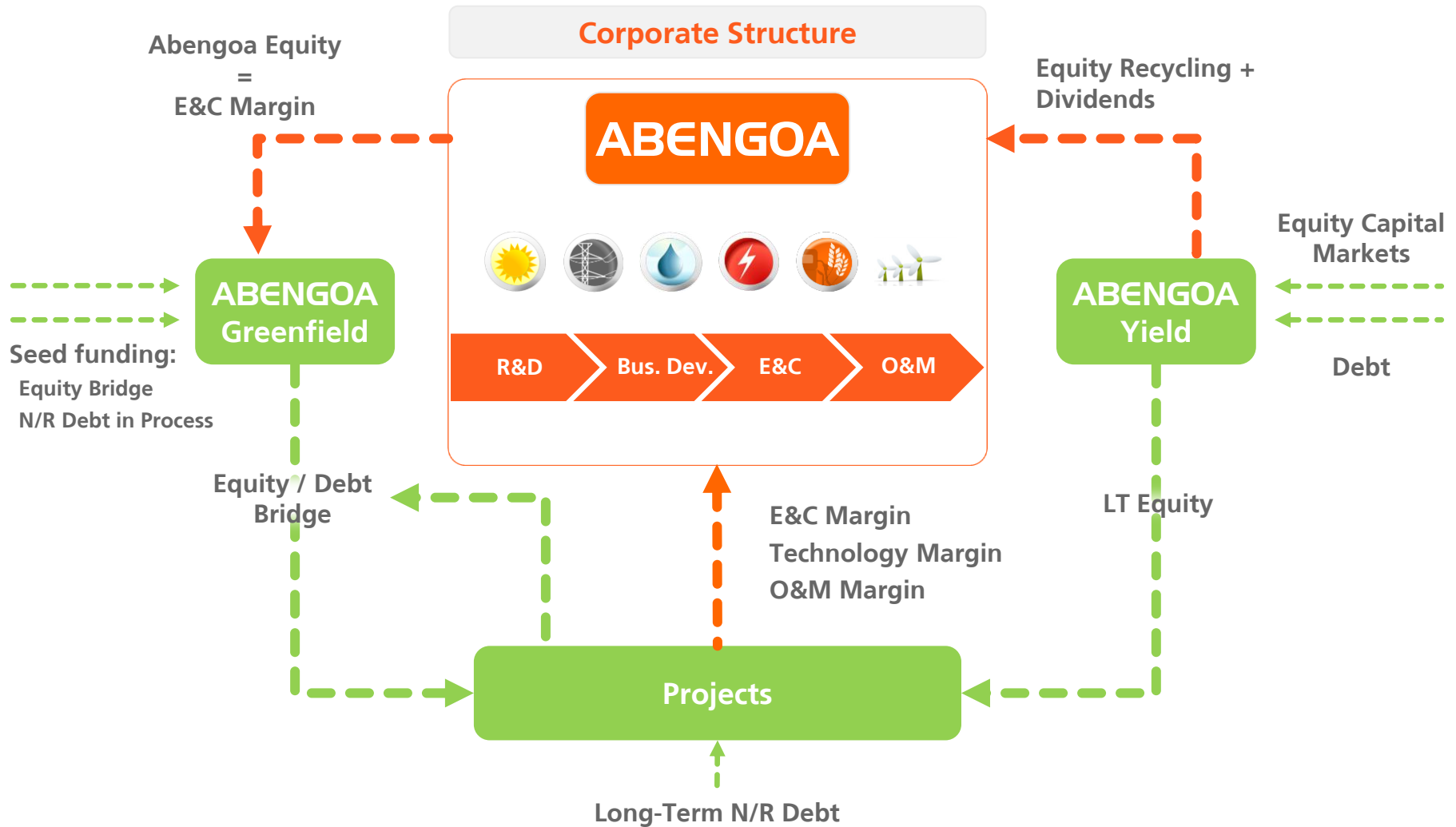


...will allow us to earlier obtain...

- ✓ Transition to an Asset-Light Model
- ✓ Capture Growth with Reduced Risk
- ✓ Competitive Source for Bidding
- ✓ More cash flow per Euro invested
- ✓ Higher returns



An integrated business model that allows for maximized returns



A vehicle to secure external funds to co-invest in greenfield project

- 

1 Diverse funding mix to develop new awarded projects
- 

2 Decreases Abengoa equity tied up in greenfield projects
- 

3 Accelerates timing of project completion


- 


4 Allows Abengoa to do more E&C projects
- 

5 Increasing return of equity investment
- 

6 Projects available earlier for Abengoa Yield

Greenfield enhances the cash generation at corporate level, available for:

 Debt Repayment

 Dividends

 Continued Growth

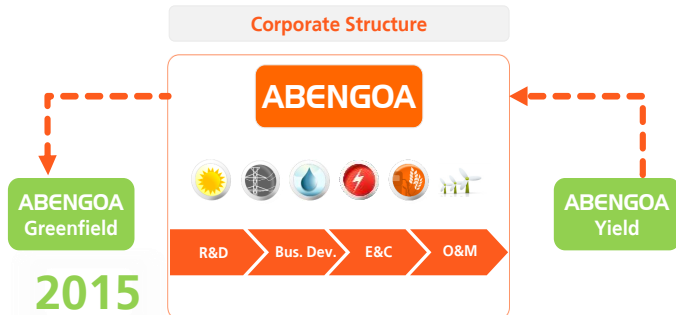
Now a new scenario opens up for Abengoa...

### From Abengoa 1.0...



2010

...to **Abengoa 3.0**

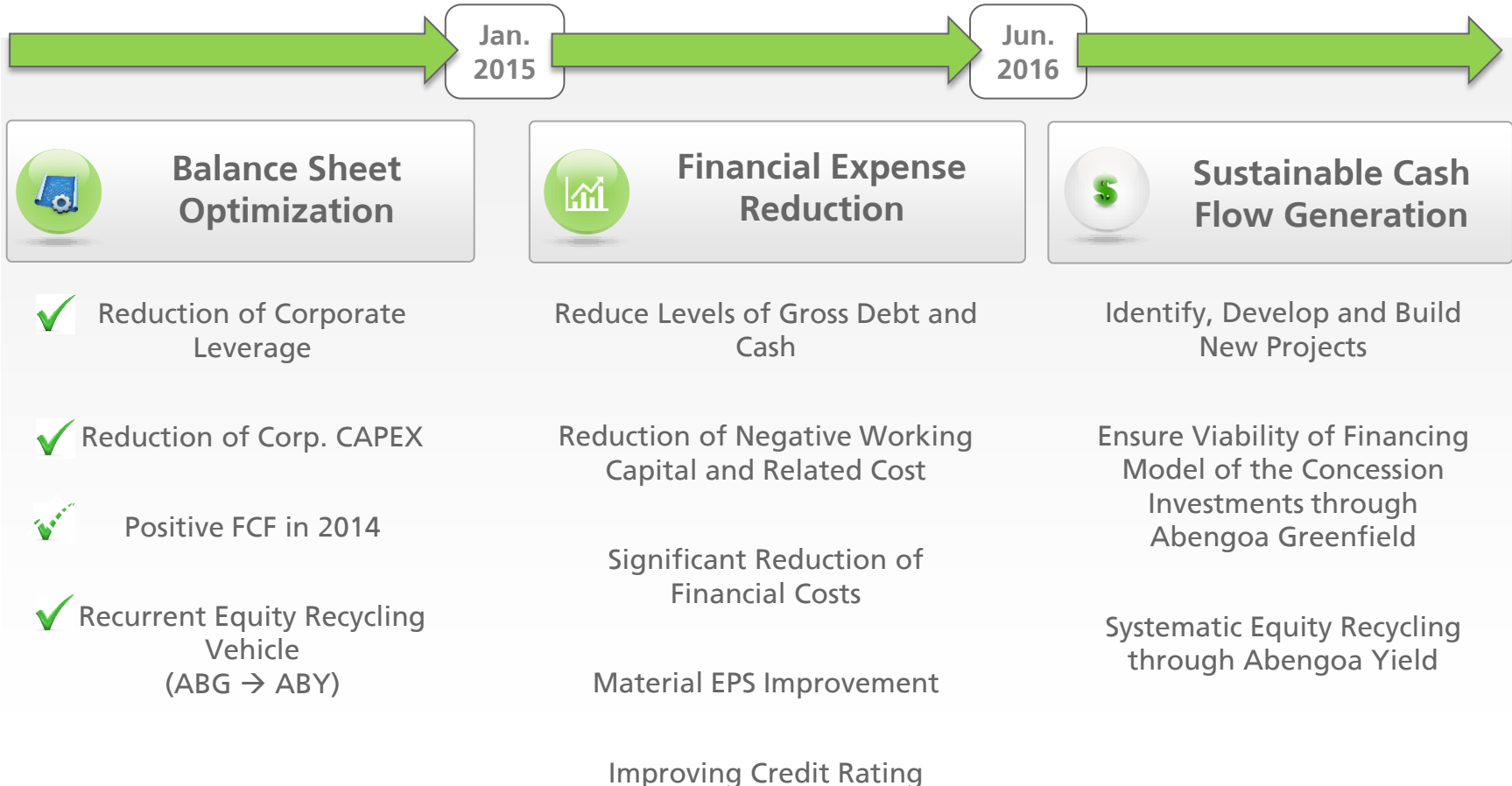


2015

- ✓ **ST equity partners** w/ revolving options
- ✓ **Higher return** due to lower risk and clear exit
- ✓ **Ability to hold equity investments** given Abengoa Yield has lowest cost of capital
- ✓ Ability to **continue investing in concessions** increases growth potential
- ✓ **Easier valuation** for financial markets with Abengoa Yield's market value
- ✓ **Abengoa Yield as the most competitive buyer** with own need to deliver growth

...ready to capture growth with lower risk and lower equity

### Key Strategic Priorities for the Following Years



**Allowing to Unlock Further Value and Re-rating Abengoa**

1 Strategy & Corporate Update



2 Our Business Model: Next Steps



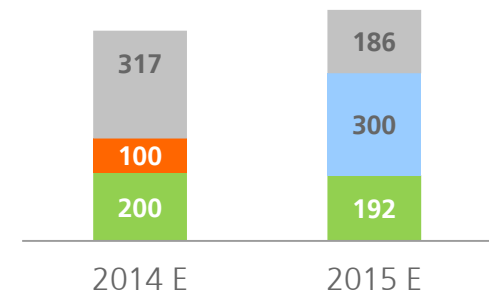
3 Unlocking Value at Abengoa



### Significant room to reduce financial costs by pro-active BS management

**1** Expected reduction of Gross Debt&Cash

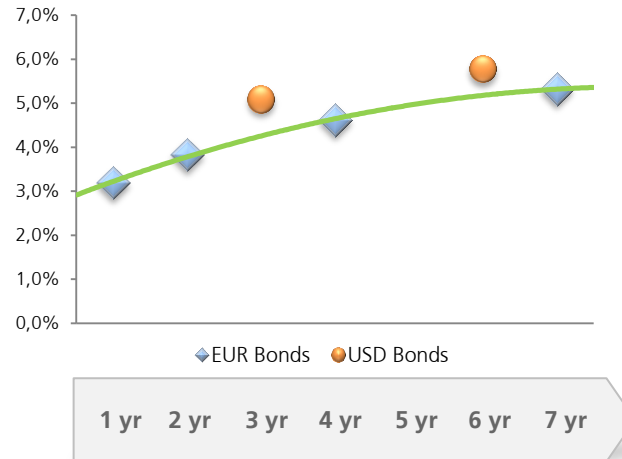
Debt Earmarked for Repayment



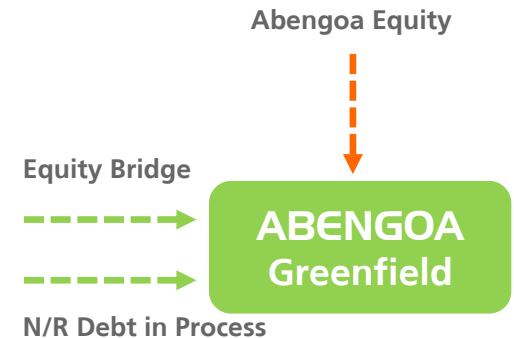
■ Syndicated Loan    ■ Convertible Bond  
■ Other Debt    ■ HY Bond

**2** Outstanding bonds not at market price

ABG Credit Curve



**3** Reduction of short term Working Capital

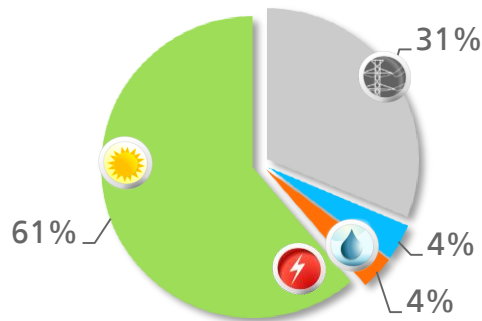


- 1** Significant cash in balance sheet earmarked for repayment of outstanding debt
- 2** Although cost of funding has decreased, only last issuance reflects Abengoa's real capital markets cost of debt
- 3** Abengoa Greenfield enables replacing short term working capital financing for long term financing

Attractive yields of ABG's assets bring visibility on drop-down cycle

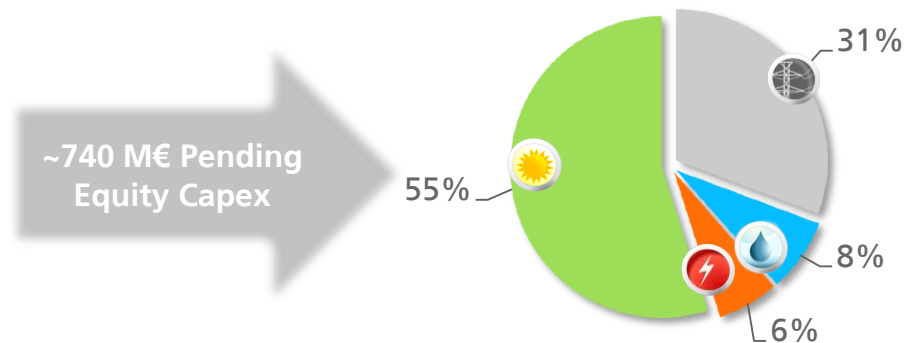
EBV in Abengoa as of 30/06/14

Total: ~2.3 B€<sup>1</sup>



Fully Invested EBV

Total: ~3.0 B€<sup>1</sup>



Average IRR of 12%

Implied Dividend Yield of ABY of 5%


Potential to drop assets > 1.0x P/BV

Accretive acquisitions for ABY

<sup>1</sup>EBV adjusted to value of €193m value of ABCH preferred share liability

### Increasing discretionary cash generated at the corporate level

	FY 2013	FY 2014E
<ul style="list-style-type: none"> <li>• Corporate EBITDA</li> <li>• Cash Financial Income / Expenses &amp; Taxes Paid</li> <li>• Dividends from ABY</li> </ul>	821 <sup>1</sup>	~900 M€
	(479)	~(450) M€
	0	~10 M€
<b>Funds From Operations</b>	<b>342</b>	<b>~400-500 M€</b>
<ul style="list-style-type: none"> <li>• Change in Working Capital &amp; Others</li> </ul>	59	Flat
<b>Corp. Cash Flow From Operations</b>	<b>401 M€</b>	<b>~400-500 M€</b>
<ul style="list-style-type: none"> <li>• Corp. Capex (Incl. R&amp;D &amp; Maintenance Capex)</li> <li>• Equity Invested in Concessions</li> <li>• Equity Recycled from concessions</li> </ul>	(158)	~(100-150) M€
	(571)	~(300-350) M€
	390	~600 M€
<b>Net Corporate Capex</b>	<b>(339)</b>	<b>~100-200 M€</b>
<b>Corporate Free Cash Flow</b>	<b>62 M€</b>	<b>~600 M€</b>

 **x10**

<sup>1</sup>Net of non-monetary adjustments



### Strong focus on financial discipline while accelerating growth delivery

Net investment in concessions<sup>1</sup>

150-200 M€

Corporate Free Cash Flow

> 250 M€

Corporate Leverage

< 2.0x

2014 Net Income Improvement

~25-30 %

2015 Net Income Improvement

~40-60 %

<sup>1</sup>Net investment in concessions = + equity investment in concessions – equity recycling

Abengoa 3.0, a symbiotic relationship to foster additional growth



- 1 A Simpler, Capital-Light Structure
- 2 Accelerating Growth
- 3 Optimized Cash Cycle
- 4 Improved Returns

A **business model** poised to deliver a significant **value** **upsized**

Figures as of June 30, 2014

### Sum of the parts method

Multiple '14e EBITDA

Corporate Business Metrics ~8.0x ~900 M€

Corporate EV ~7,200 M€

Corp. Net Debt 2014e ~(1,800) M€

Corp. Minorities (H1 2014) ~(100) M€

Corporate Business Equity Value 5,300 M€

Concessions Equity BV<sup>1</sup> (excl. ABY) ~2,300 M€

64% Market Cap Abengoa Yield ~1,600 M€

**Total Equity Value 9,200 M€**

Current Market Cap ~3,800 M€

**Upside Potential<sup>2</sup> ~140%**

### Subtractive method

Current Market Cap ~3,800 M€

+ Corporate Net Debt 2014E ~1,800 M€

- Concessions Equity BV (excl. ABY) ~2,300 M€

- 64% Market Cap Abengoa Yield ~1,600 M€

+ J14 Corporate Minorities ~100 M€

Implied Corporate EV ~1,800 M€

'14e EBITDA ~900 M€

Corporate Business Implied Multiple 2.0x

**Current Abengoa's market valuation represents an opportunity for investment upside**

<sup>1</sup>EBV adjusted to value of €193m value of ABCH preferred share liability

<sup>2</sup>Analysis excludes EBITDA from NR biofuels business for simplification

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Thank you

September 3 & 4, 2014