



1Q 2017 January-March Results presentation

12th May 2017

2 | Disclaimer



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Q1 2017 Results Report includes the list and definition of the Alternative Performance Measures (APMs) used both in this presentation and the Results Report, according to the guidelines published by the European Securities and Markets Authority (ESMA)

3 | Key highlights



- A positive start to the year driven by good performance across the Infrastructure division
 - Particularly in International Construction, with higher volumes
- Higher contribution from Energy Generation activities but:
 - Non-generation: deconsolidation of ACCIONA Windpower & lower EPC activity
 - Higher Spanish prices and regulatory income mitigated by banding mechanism, hedging and lower volumes
 - Weak International volumes despite capacity additions
- Capital expenditure in Q1 includes one-off Geotech acquisition – consistent with FY outlook provided
- Net Debt increases due to strong capex and seasonal working capital
- Marked reduction in financial expenses evidences consolidation of new funding model

4 | Q1 2017 key figures



	Q1 2017 (€m)	% Chg. vs Q1 2016
Revenues	1,634	+15.2%
EBITDA	301	+8.5%
Ordinary EBT	98	+116.5%
Total Net Profit	60	+20.8%

	Q1 2017 (€m)	Q1 2016 (€m)
Gross Capex	272	299
Net Investment Cashflow ¹	319	292
Net Financial Debt	5,498	5,396

¹ Net Investment Cashflow is equivalent to Gross Capex less Divestments and plus or minus Other Investment Cashflows (related to timing of Capex payments)

5 | Group: Capex by division

Capex breakdown

(€m)	Capex	
	Jan-Mar 16	Jan-Mar 17
Energy	135	95
Infrastructure	111	176
Construction	23	169
Water	80	5
Service	7	1
Other Activities	53	2
Gross capex	299	272
Divestments	0	-12
Net capex	299	260
Net Investment cashflow	292	319

Key highlights

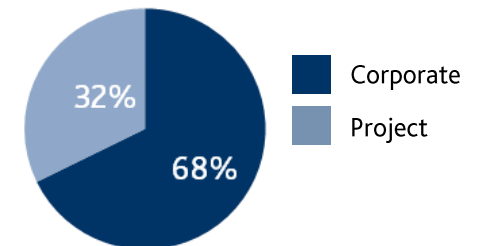
- Strong Q1 2017 capex due to the significant investment in the Infrastructure division during the period
 - One-off Geotech acquisition for an amount of €139m (Australian engineering and construction group)
 - To a lesser extent, investments in equipment for the delivery of International construction projects
- Energy division capex, mainly related to:
 - Capex related to the completion of the El Romero solar PV facility in Chile (246 MWp)
 - Bannur windfarm in India: 48MW of capacity added in Q1 and remaining 27MWs under construction
- Divestments: equity proceeds from the disposal of a Real Estate commercial asset which was accounted as held for sale as of December 2016

6 | Group: Debt breakdown by division and nature

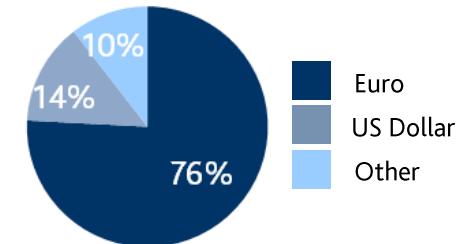


(€m)	31-Dec-16	31-Mar-17				
	Net debt	Corporate Debt allocation	Project Debt	Gross debt	Cash + C. Equiv.	Net debt
Energy	4,294	2,979	1,755	4,734	-357	4,377
Infrastructure	-16	947	356	1,303	-1,056	247
Construction	-65	734	241	974	-804	170
Water	21	160	110	270	-229	41
Services	27	53	6	59	-23	36
Other businesses	114	25	158	183	-92	91
Corporate	739	819	0	819	-37	782
Total	5,131	4,770	2,270	7,039	-1,542	5,498

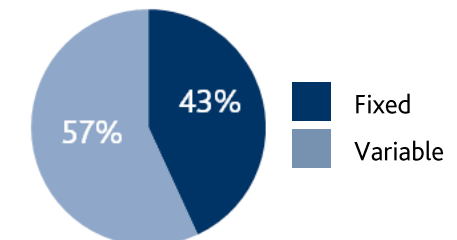
Gross debt - Level



Gross debt - Currency



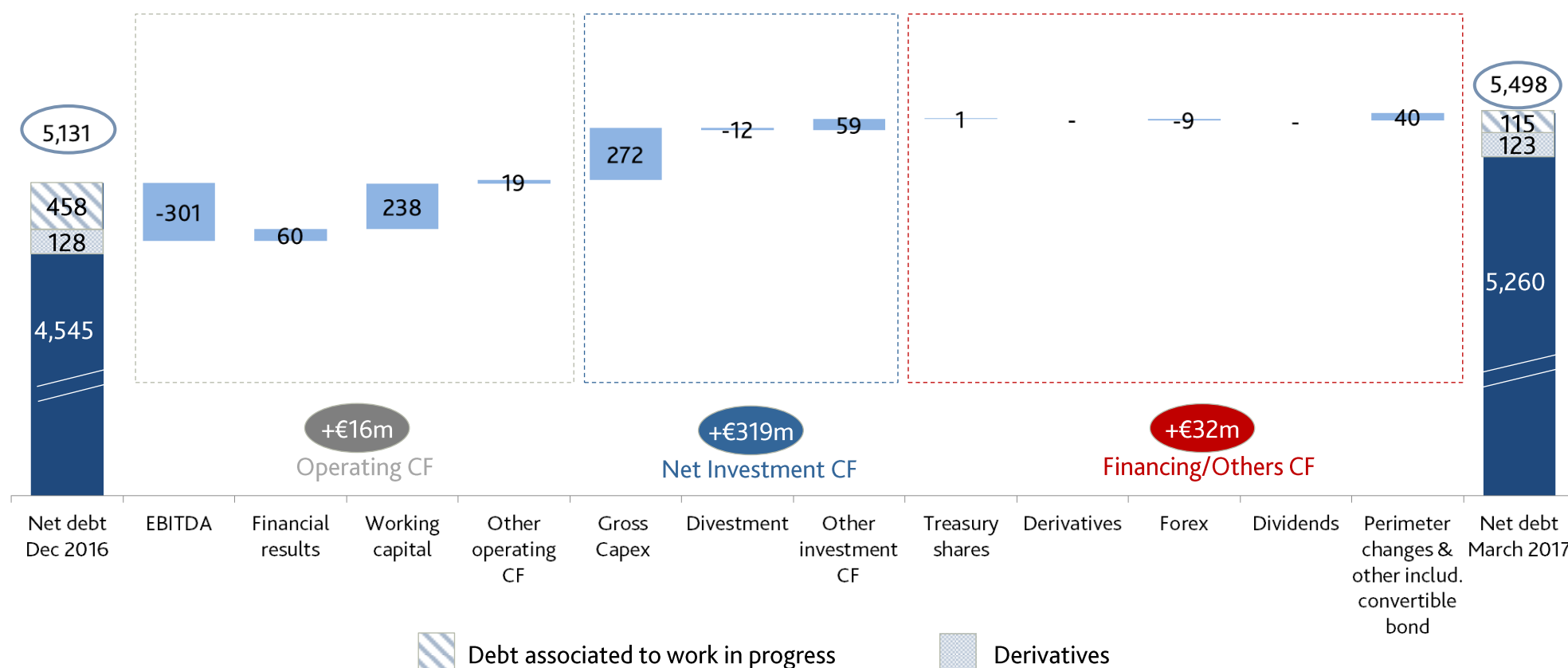
Gross debt - Interest rate



7 | Group: Net debt evolution



Net debt reconciliation Q1 2017 (€m)

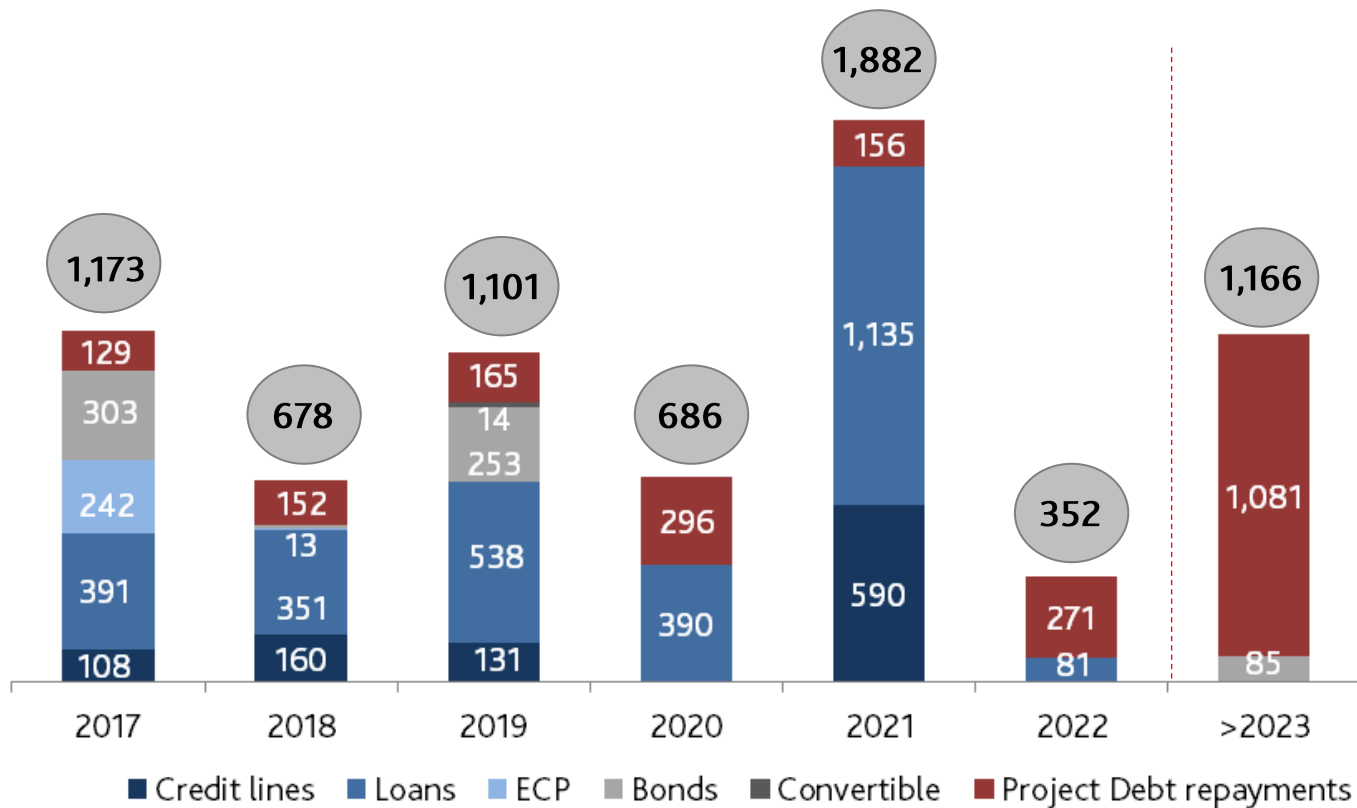


Q1 debt evolution reflects one-off factors such as Geotech acquisition (€139m) and convertible bond buyback (€36m), as well as WC seasonality

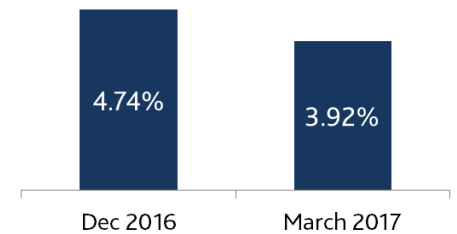
8 | Group: Debt & liquidity



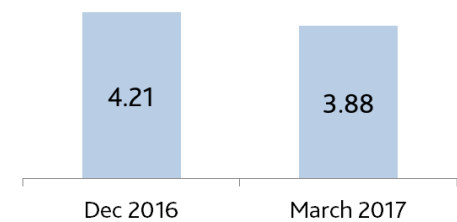
Maturity profile of Group gross debt



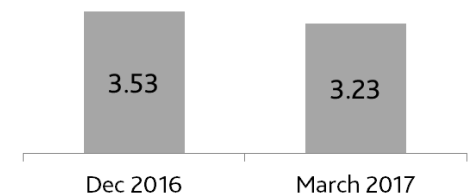
Average cost of debt



Average maturity (years)



Aver. matur. undrawn credit lines (years)



Liquidity



9 | Energy: Key figures

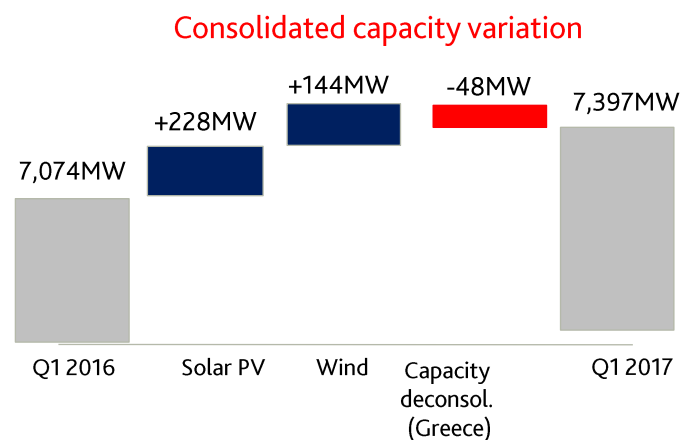


Key figures

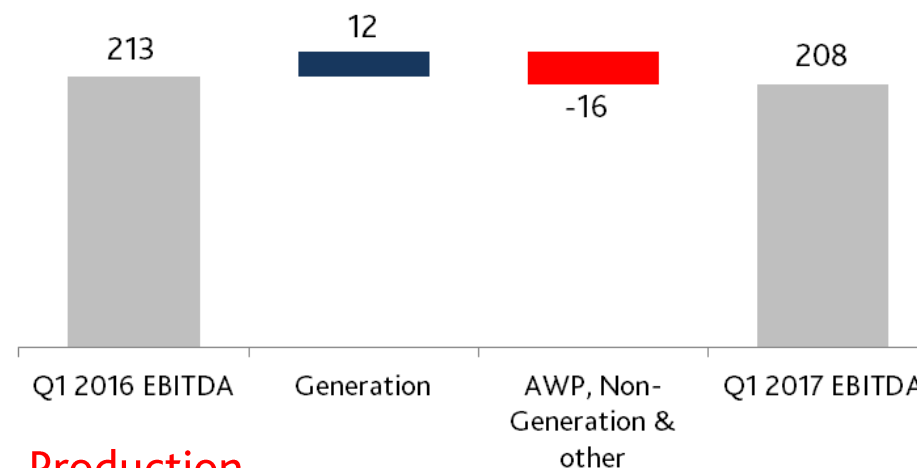
(Million Euro)	Jan-Mar 16	Jan-Mar 17	Chg.	Chg. (%)
Revenues	573	463	-109	-19.1%
EBITDA	213	208	-4	-2.1%
Margin (%)	37.1%	44.9%		

Capacity

- 323MW added in the last twelve months takes consolidated capacity to over 7.4GW
- Capacity under construction: 27MW in India (Bannur windfarm) and 168MW in Mexico (El Romero windfarm)



EBITDA evolution (€m)



Production

- Spain: Lower wind and hydro LF vs same period 2016
- International: Lower LF that more than offset the production from new capacity installed in 2016 (Chile PV plant and US wind farm)

Consolidated TWh	Jan-Mar 17	Chg. (%) vs. Jan-March 16
Wind Spain	2.13	-12.2%
Wind International	1.71	-11.2%
Hydro	0.48	-1.5%
Solar and other	0.29	46.0%
TOTAL	4.61	-8.5%

10 | Infrastructure: Construction

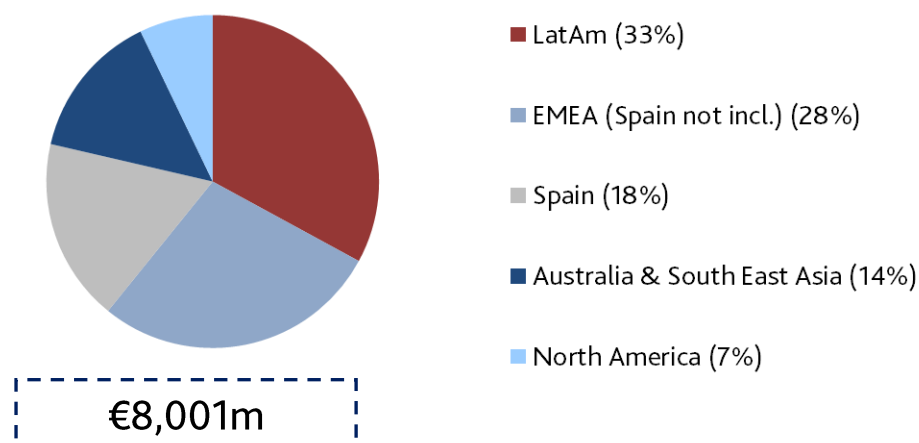
Construction & Industrial: Key figures

(Million Euro)	Jan-Mar 16	Jan-Mar 17	Chg.	Chg. (%)
Revenues	402	693	291	72.5%
EBITDA	11	36	25	216.3%
Margin (%)	2.8%	5.2%		

Concessions: Key figures

(Million Euro)	Jan-Mar 16	Jan-Mar 17	Chg.	Chg. (%)
Revenues	25	34	9	36.9%
EBITDA	12	14	2	20.7%
Margin (%)	46.2%	40.7%		

Construction backlog



Key highlights

- Key figures:
 - Construction: Revenues up 73% and EBITDA up 216% to €36m, backed by good volumes and capital-intensive higher margin projects in International Construction. The Spanish construction activity remains weak
 - Concessions: Revenues of €34m and EBITDA of €14m (up 21% vs Q1 2016)
- Backlog amounted to €8bn (-1,7% vs Dec. 2016) as executed works are mostly offset by new contract awards

11 | Infrastructure: Water and Service



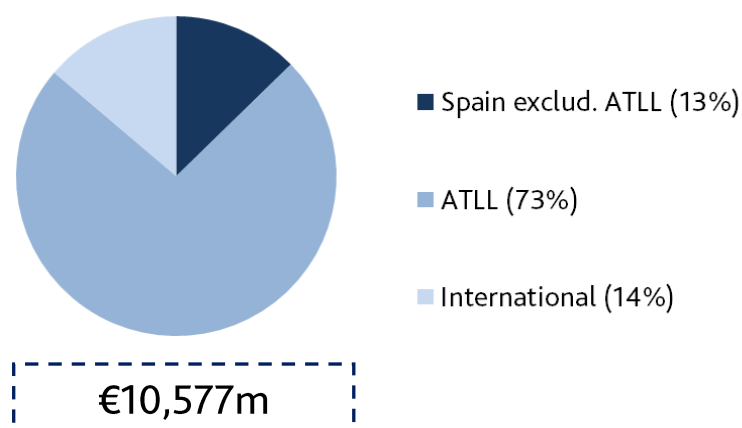
Water: key figures

(Million Euro)	Jan-Mar 16	Jan-Mar 17	Chg.	Chg. (%)
Revenues	163	176	12	7.5%
EBITDA	28	32	5	17.4%
Margin (%)	16.9%	18.5%		

Services: key figures

(Million Euro)	Jan-Mar 16	Jan-Mar 17	Chg.	Chg. (%)
Revenues	158	172	13	8.5%
EBITDA	3	4	2	59.9%
Margin (%)	1.6%	2.4%		

Water Backlog



Key highlights

- Key figures:
 - Water: Growth of 8% in Revenues and 17% in EBITDA mainly driven by good performance of the O&M activity
 - Services: Revenues and EBITDA amounted to €172m and €4m respectively
- Water backlog stands at €10.6bn → D&C: €0.7bn; O&M: €9.9bn

12 | Other activities

Other activities: Key figures

(Million Euro)	Jan-Mar 16	Jan-Mar 17	Chg.	Chg. (%)
Trasmediterránea	88	86	-2	-2.7%
Real Estate	11	13	1	10.8%
Bestinver	19	22	3	13.6%
Winery	7	6	-1	-15.7%
Corp. & other	2	2	0	2.1%
Revenues	128	128	0	0.3%
Trasmediterránea	2	-6	-7	n.a.
Real Estate	-3	-2	1	41.7%
Bestinver	14	16	2	12.6%
Winery	0	0	0	n.a.
Corp. & other	-1	-2	0	-88.7%
<i>Margin (%)</i>	<i>9.6%</i>	<i>5.6%</i>		
EBITDA	12	7	-5	-40.9%

Key figures

Trasmediterránea:

- Revenues and EBITDA decrease due to:
 - Lower passengers and vehicles – 2017 Easter break in Q2
 - Higher fuel costs in the period

Real Estate:

- Slight improvement in financial figures

Bestinver:

- Increase of AUMs that amounted to €5,674m as of March 2017, relative to €5,222m in December 2016
- Bestinver reported EBITDA of €16m, up €2m, on the back of higher average AUMs
- Strong performance of key funds YTD vs respective benchmarks

13 | Closing remarks



Encouraging start of the year:

- EBITDA up 8.5% driven by International Construction volumes
- Review of regulatory incentives in Spain and higher power prices – supportive
 - Positive performance of Bestinver
 - Lower financial charges – structural transformation

Q1 Net Debt reflects one-off factors and seasonality of working capital

FY 2017 outlook remains unchanged

Appendix

15 | Energy: Equity-accounted generation capacity



Detail of capacity accounted under the equity method

	Q1 2017 (proportional figures)				
31-Mar-17	MW	GWh	EBITDA	NFD	Average COD
Wind Spain	619	408	21	196	2005
Wind International	48	31	2	5	2005
Australia	32	20	2	2	2005
Hungary	12	7	1	3	2006
USA	4	4	0	0	2003
Solar PV	30	12	4	73	2008
Total equity accounted	697	451	28	274	

Note: Average COD weighted per MW

16 | Energy: Q1 2017 installations and WIP



MW installed in Q1 2017

Tecnology	Country	Asset name	MW	Installation date	Details
Wind	India	Bannur	48	Q1 2017	Feed-in tariff + GBI (Generation Based Incentive)
Total			48		

Under construction MW

Technology	Country	Asset name	Project MW	Expected COD	Details
Wind	India	Bannur	27	Q2 2017	Feed-in tariff + GBI (Generation Based Incentive)
Wind	Mexico	El Cortijo	168	Q3 2018	13 years PPA with CFE
Total			195		

17 | Energy: Wind drivers by country



Wind prices (€/MWh) and Load factors (%)

		Q1 2017		Q1 2016		Chg. (%)
		Av. price (€/MWh)	LF (%)	Av. price (€/MWh)	LF (%)	Av. price (€/MWh)
	Spain Average	74.7*	29.0%	50.7	33.2%	47.4%
	Spain - Regulated	85.0*		60.7		
	Spain - Not regulated	54.4		28.5		
	Canada	61.7	36.6%	55.0	36.0%	12.1%
	USA **	33.6	30.0%	24.7	40.2%	36.0%
	India	50.6	20.8%	52.8	16.7%	-4.2%
	Mexico	71.8	49.2%	67.2	52.2%	6.9%
	Costa Rica	115.5	70.9%	111.7	80.2%	3.4%
	Australia	64.3	35.5%	74.4	32.1%	-13.6%
	Greece	0.0	0.0%	85.5	36.3%	-100.0%
	Poland	70.3	20.3%	77.8	29.1%	-9.6%
	Croatia	105.3	34.7%	104.6	44.2%	0.6%
	Portugal	107.5	32.2%	106.8	37.7%	0.7%
	Hungary	111.7	26.0%	109.6	26.2%	n.d
	Italy	156.4	21.5%	135.7	26.8%	15.3%
	Chile	102.6	22.4%	101.9	19.3%	0.7%
	South Africa	78.7	31.3%	62.0	36.1%	26.9%

Note: Prices for consolidated MWs

* Prices include regulatory incentive and any adjustments due to the application of the banding mechanism

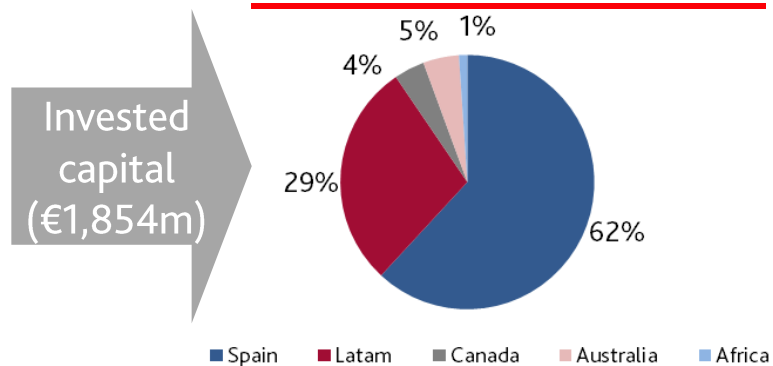
**303MW located in the US additionally receive a "normalized" PTC of \$23/MWh

18 | Infrastructure: Concessions

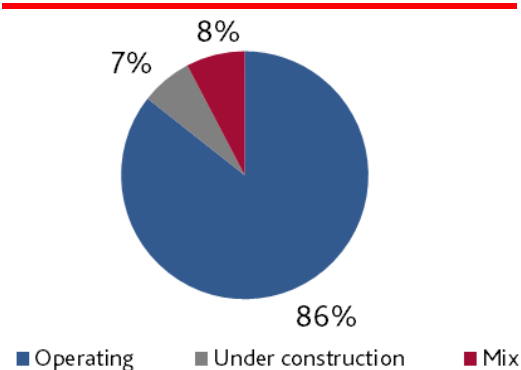


							
	Road	Rail	Canal	Port	Hospital	Water	TOTAL
# of concessions	13	2	1	1	6	57	80
Proportional EBITDA Q1 2017 (€m)	20	1	0	0	7	30	54
Consolidated EBITDA Q1 2017 (€m)	13	0	0	0	4	25	39
Average life (yrs)	35	35	30	30	29	25	58
Average consumed life (yrs)	10	7	10	11	10	10	20
Invested capital ¹ (€m)	963	61	75	18	265	455	1,854

By region



By degree of construction



	Equity	Net debt
Infrastruc.	495	904 ²
Water	200	255 ³
Total	695	1,159

Note: For construction concessions EBITDA and invested capital include -€3m and €17m from holdings respectively. Lives are weighted by BV excluding holdings

¹ Invested capital: Capital contributed by banks, shareholders and others finance providers

² Debt figure includes net debt from concessions held for sale (€154m) and those accounted by the equity method (€584m)

³ Debt figure includes net debt from water concessions accounted by the equity method (€135m)



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