EXECUTIVE SUMMARY

WHAT IF **SMARTEST** DECISION TO INVEST IN THE PLANET?







Letter from the Chairman

José Manuel Entrecanales CHAIRMAN OF ACCIONA

ACCIONA's 2019 Integrated Report is being published in the midst of one of the most acute crises that humanity has faced in recent history. This situation has created great uncertainty and severely tested the mechanisms that our society and its institutions have to resist and overcome adversity, however unexpected and unknown.

My thoughts are with everyone who has lost a loved one in recent months, particularly those who are part of our company. Hundreds of thousands of citizens all over the world have sadly been united by a common tragedy. They have the full sympathy and solidarity of ACCIONA.

Since the very beginning of the crisis caused by the Covid-19 pandemic, our priority has been to preserve the health of ACCIONA's people. This is no easy task, since our work in many geographies is linked to the delivery of essential services such as electricity and water, as well as operating in the front line in hospitals and ambulances, and providing facility cleaning services. The conduct of our professionals in these critical situations is exemplary, and we are proud of their performance, especially during the toughest weeks of the crisis. I would like to pay tribute to them and also to the thousands of ACCIONA volunteers around the world who provided support and assistance where we were required. There are no borders in this crisis, no states, no north or south.

Situations like the one we are experiencing encourage us to persevere in our main mission as a company, focused on strengthening the basic mechanisms that make societies work. Infrastructures on which to base models of prosperity that are capable of realising the inalienable goal of economic growth and fairer social development in harmony with our planet, which we have been exploiting recklessly for decades.

Just months ago, it was common in business forums to talk about the need to promote changes in the role of companies in social design. Although the short-term outlook has changed, the roadmap to a more inclusive and planet-friendly economy and the role that companies must play in this process—both in overcoming the crisis and in addressing the recovery— remain unchanged. In fact, while engaging in the reconstruction, we must not forget that the crisis occurred just as we were beginning to lay the foundations for a transition towards a cleaner and more balanced and decarbonised economic model; also that, if we wish to complete the task, we must not deviate from that goal, so as to avoid irreversible negative consequences for our climate, for biodiversity and the environment, and for the health of people and our economies.

As a result, all stimulus policies and measures that are adopted for the recovery, and the actions of companies themselves, should be shaped by initiatives such as the "European Green Deal", so as to ensure that the right decisions are made to enable us to respond to the economic crisis while, at the same time, transforming our societies on the basis of a sustainable, climateneutral economy.

This approach offers us the opportunity to focus the recovery efforts on building the foundations of a new model. History is giving us a second opportunity to make our world more resilient to future threats and to accelerate a transition that, due to climate and social imperatives, we will inevitably have to address in the coming years.

Outlook

Although our ongoing analyses have forced us to amend the forecasts and conjectures for 2020 that we made at the beginning of the year, our company is determined and firmly committed to those goals.

During 2019, we developed our businesses around solutions capable of responding more effectively to the challenges of the global progress agenda. From energy, water management, and the development of cities and transport, through health services and ecosystem regeneration to electric mobility, ACCIONA wants to continue playing a leading role in changes that require a different understanding and approach.

This report is a good opportunity to describe our performance in 2019. It was a year in which we met and exceeded the goals we had set.

We increased EBITDA by 9% and net profit by 7.2% in comparison with the previous year. Capital expenditure was also higher than planned as we seized some attractive opportunities that will set the pace of growth in the coming years. The company's net debt/EBITDA ratio was below our ceiling of 4, reflecting increasing operating efficiency and also solid growth in profit margins, in line with our strategy. Our business is stable, predictable and growing, based on a pipeline of projects with attractive returns and a risk profile that is balanced between greenfield and brownfield projects.

We are one of the leading corporations, forerunners in developing and managing sustainable basic infrastructure and positioned in a new industry that is seeking to transform the nature of infrastructure.

Our "business as unusual" approach has been recognised by the European Commission as being appropriate for a low-carbon economy, and our core competency is the ability to design, build

and operate complex infrastructure assets for third parties or for our own portfolio applying an end-to-end approach that we call SMART: Sustainable, Mitigating, Adaptive, Resilient and Transforming. This unique approach enables us to offer integrated solutions designed for progress and superior regeneration.

Over the next few years, we will continue to take advantage of the acceleration in the renewable energy market, expanding our 10 GW of installed capacity with new projects in a pipeline that already exceeds 13 GW worldwide.

We will strengthen our lead in developing opportunities related to basic infrastructure, which resulted in significant growth in total capacity during 2019, as we achieved record levels of order intake and competitiveness.

In over a century of history, ACCIONA has evidenced its superb skills in developing profitable opportunities related to meeting real needs. An uncommon ability to understand the challenges facing a society in evolution. Our determination and the trust of the markets make us a preferred choice for clients who want to turn ideas into profitable infrastructure assets—assets that are designed and operated to maximise the progress of the societies they serve.

We do not know what the future will be like, but we can be relied on to seek and find solutions to complex problems, to support a necessary recovery that will undoubtedly make us stronger and more aware of the major transformations that lie ahead.

2019 results

A stable, predictable growth business









2018

Sound operating performance and growth visibility

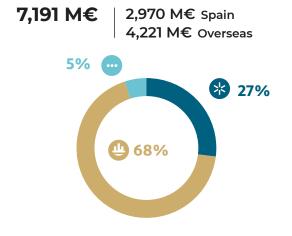
Revenues

Note: consolidation adjustments amounting to -347 M€.

2019 Continuous improvement in line with objectives

Revenues

1 Puerto Libertad in 2018



▼ -319 M€ -4.2% (vs. 2018)

Reduction of Energy revenues (-9.5%)

- > Reduction of the EPC construction business¹
- Lower hydroelectric output and sale of solar thermal assets in Spain

Slight decrease in Infrastructure revenues (-0.5%)

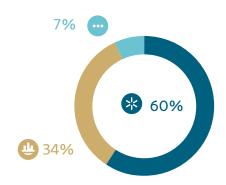
 The Water business offset the lower volume in Construction

Decrease in revenues from Other Activities (-7.8%)

 Sale of Trasmediterránea in the second quarter of 2018

EBITDA

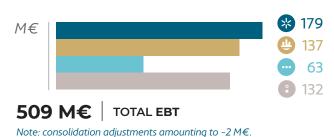
1,245 M€ | EBITDA margin **16.6**% (-1.0 pp)



Note: consolidation adjustments amounting to -3 M€.

EBT

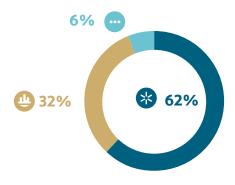
377 M€ Ordinary EBT



Attributable net profit

EBITDA

1,357 M€ | EBITDA margin 19%



▲ The margin increased by 3 percentage points

- > Application of NIIF16 about leasing expenses.
- Agreement reached with the client in the Sydney Light Rail project.
- Absorption of development expenses for new energy assets under construction.

▲ 112 M€ EBITDA +9% (vs 2018)

- > Energy 102 M€ ▲13,7%
- > Infrastructure 12 M€ ▲2,9%
 - Construction 61 M€ ▲26.8%
 - Concessions -16 M€ ▼32,0%
 - Water -47 M€ ▼41,4%
 - Service 13 M€ ▲45,4%
- > Other businesses -2 M€ ▼2.6%

EBT

545 M€ Ordinary EBT



545 M€ | TOTAL EBT

Note: the outcome of corporate transactions was 0

352 M€

Attributable net profit

328 M€

The first company of a new sector

Business model

ACCIONA focuses on developing and operating basic infrastructure assets that enable the achievement of the Sustainable Development Goals.

Earth is facing an increasing number of highly complex challenges. As a result, global and regional initiatives have emerged to respond to these challenges, such as the 2030 Agenda for sustainable development, the Paris Agreement and the European Green Deal.

ACCIONA contributes actively to fostering these actions and goes even further by transforming its business model in keeping with the Business as Unusual concept, with a view to "Investing in the Planet" and contributing value-added innovative solutions as "Experts in designing a better planet".



GLOBAL CHALLENGES



GLOBAL PRIORITIES CONVERGE IN THE SUSTAINABLE AGENDA



CAPITAL REQUIREMENTS TO RESPOND



ACCIONA'S RESPONSE

Business as Unusual



- > Capacity to turn ideas into assets
- > Resilient portfolio
- Competitive finance conditions
- > Appeal of sustainable investment

Experts in designing a better planet

- An integrated range of solutions
- > Enhanced impact solutions
- > Positive impact on the planet

Global challenges

The major challenges are all interconnected and, hence, require transformative and integrated solutions that take them into account.



Demographic pressure and increased urbanisation

The rapid growth of cities and rising migration from the countryside to cities have led to significant changes in people's lifestyles, health and behaviour. This results in emerging challenges, such as sustainable mobility and proper resource management.



Climate emergency

The increase in temperatures is having a negative impact on people's lives, on economies and on ecosystems.



Resilient societies

Resilience is a characteristic of successful projects at a time of frequent disruptions—events that suddenly alter the course of daily life, whether they be pandemics, natural disasters, cyberattacks or other "black swans". The severity of the health crisis unleashed by Covid-19 has surprised governments, businesses and families alike.





Energy transition and increased demand for energy

The use of conventional energy sources, primarily fossil fuels that emit greenhouse gases (GHG), is the biggest contributor to climate change. This produces atmospheric pollution.



Change of economic model towards a circular economy

At present humanity uses the equivalent of 1.75 Earths to provide the resources we use and absorb all the waste generated by the existing economic model.



Almost half of the world's population is affected by water shortages, and that figure will likely rise due to global warming



Social inequalities

Factors like gender, age and the places where people live, when determined by social infrastructure, also have a strong impact on people's socio-economic status and their future prospects.

Investing in the planet

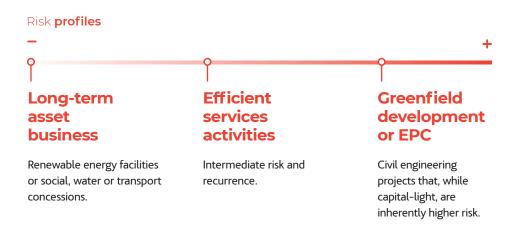
ACCIONA is in a privileged position to identify opportunities and turn innovative ideas into attractive infrastructure assets for sustainable global growth.

RESILIENT, BALANCED PROJECT PORTFOLIO

ACCIONA manages a stable, predictable and growing business, with a resilient project portfolio that has a balanced risk-return profile. This enables ACCIONA to maintain a strong competitive position and a solid capital structure which it uses to constantly seek value-added opportunities.

PIONEERS IN SUSTAINABLE FINANCE PRODUCTS

ACCIONA uses two sustainable finance mechanisms: finance earmarked for projects or activities with sustainable objectives, and corporate finance that entails commitments to improve ACCIONA's ESG performance.



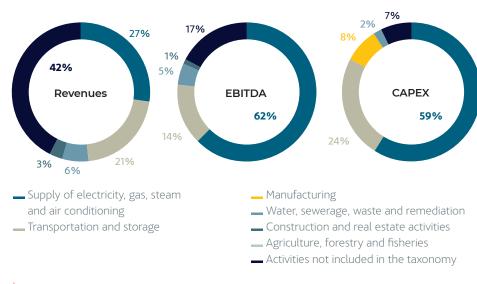
ACCIONA's sustainable finance operations

Type of finance:	No. of ongoing transactions	No. of transactions arranged in 2019	Amount currently ongoing
Financing earmarked for projects	12	8	891.3
Corporate financing linked to sustainable commitments	5	5	3,702.7
TOTAL	17	13	4,594.0

The European Commission taxonomy for sustainable finance

In 2019, ACCIONA classified its activities in accordance with the criteria established for the European Union taxonomy of sustainable finance. It was also the first company to publish its degree of alignment with the exacting parameters established in the taxonomy.

Classification of ACCIONA's activities in accordance with the EU's low-carbon taxonomy



93% of ACCIONA's CAPEX, 83% of EBITDA and 58% of revenues are aligned with the taxonomy. The low-carbon taxonomy is a tool devised by the European Commission in order to help investors, companies, issuers and project developers to navigate the transition towards a low-carbon economy in a more efficient way. The taxonomy establishes performance thresholds (known as "technical screening criteria") for economic activities that:

- substantially contribute to one of the six environmental objectives
- do no significant harm (DNSH) to other environmental objectives;
- ocomply with minimum safeguards (for example, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).

The EU taxonomy is one of the most significant developments in sustainable finance and it will have farreaching implications for investors and issuers working in the EU and beyond.

ACCIONA solutions



SOCIAL SOLUTIONS

ACCIONA's approach to its **infrastructure solutions for health, education and cultural engineering**, as well as solutions for preserving and cleaning ecoystems.



ENERGY SOLUTIONS

ACCIONA is **the world's largest renewables-only energy operator.** The company owns more than 10 GW of generating facilities — onshore wind, photovoltaic, biomass, hydroelectric and solar thermal — in 16 countries, enabling it to produce around 23,000 GWh.



TRANSPORT SOLUTIONS

Having built over 10,000 km of communication infrastructure, ACCIONA is a **leading player in the construction and operation of transport infrastructure** for people and goods—roads, bridges, railways, tunnels—as well as water and data.



WATER SOLUTIONS

ACCIONA is a **leader in water treatment**, with the capacity to design, build and operate reverse osmosis desalination, drinking water and wastewater treatment plants, as well as tertiary treatment of water for reuse.



SOLUTIONS FOR CITIES

ACCIONA sees cities as the main venue where the great transformations of our time are taking place. **It has a unit specifically configured to address** the main challenges of building, mobility, water management and the circular economy.



REAL ESTATE SOLUTIONS

The company focuses on real estate development, supported by a range of complementary services aimed at designing the sustainable cities of the future.



OTHER SOLUTIONS



Bestinver

The structure of the population makes it necessary to **introduce citizens to long-term investment** through appropriate risk management and a highly qualified team of professionals.





ENERGY SOLUTIONS

- > Wind power
- > Solar photovoltaic
-) Hydroelectricity
- > Renewable thermal: biomass and solar thermal
- > Flexibility and new energy solutions
- > Sale of energy
- > Energy services
- Operation and maintenance of renewable assets
- > EPC for third parties
- > Distributed generation



TRANSPORT SOLUTIONS

- Highways
- > Bridges and tunnels
- > Railways
- > Underground and light railways
- Ports and water channels
- Airports
- Airport services
- > Operation and maintenance of transport infrastructure
- > Railway services
- > Freight forwarding
- Data centres
- > Substations and transmission lines



WATER SOLUTIONS

- > End-to-end water management
- Desalination
- > Wastewater treatment
- > Purification
- Reuse
- Water services for cities



SOCIAL SOLUTIONS

- > Healthcare
- University campuses
- > Ecosystem regeneration
- > Museums and the arts
- > Universal and international exhibitions
- > Event design and management



SOLUTIONS FOR CITIES

- > Electric mobility
- Waste management
- > Waste to energy
- Urban ecosystems
- > Efficient building



REAL ESTATE SOLUTIONS

- Housing
- Offices
- > Hotels and tourist resorts
- > Industrial properties



OTHER SOLUTIONS

) Bestinver

Positive impact on the planet

World-changing solutions

ACCIONA operates in over 40 countries on 5 continents



Energy







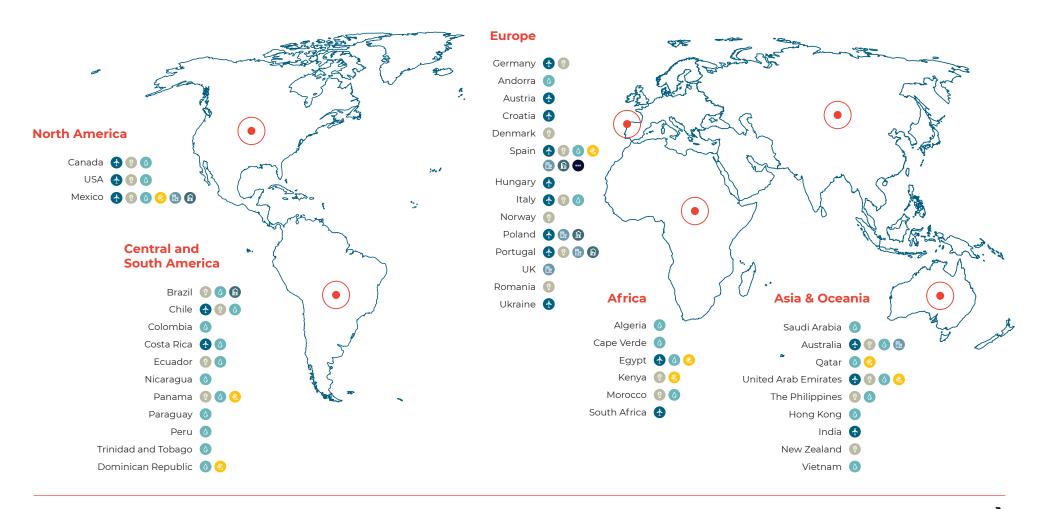








Other solutions Transportation Cities Real estate



Enhanced Impact Solutions

In cooperation with its clients and financiers, ACCIONA has begun to design what it refers to as "Enhanced Impact Solutions" (EIS) as part of its integrated response to the need for a transformation towards a low-carbon economy and the achievement of the Sustainable Development Goals (SDGs), as well as to maximise the positive sustainable impact of its projects. These are business responses in which additional projects are implemented in the environs of the main project. Project capacities are leveraged to design them for a positive additional impact.

These solutions are aimed at local gaps in SDG fulfilment, and contribute directly to improving living conditions, access to rights or care for ecosystems.

These additional actions are designed to provide a service to the community that is sustainable over time, either through developing social economy companies and local entrepreneurs, or through collaborations with third parties to ensure sustained operation and maintenance.

ACCIONA project Integrates sustainable best practices from the design phase Additional project



Valued by the communities, other local stakeholders and ACCIONA's stakeholders

- ✓ Achieves tangible, quantifiable benefits
- Contributes to specific responses
- Drives local economic growth
- ✓ Protects the environment and health
- ✓ Promotes access to basic rights
- ✓ Involves and aligns the various stakeholders
- Minimises project risks

Additional projects with a positive impact respond to local needs for progress towards the Sustainable Development Goals

The value of doing things right

Exemplary conduct under a compliance framework

ACCIONA's Code of Conduct establishes the values that underpin its business. The company has specific policies for combating corruption and bribery, and provides training in this area, all to ensure compliance with, and knowledge of, the company's ethical framework.

Integrated focus on risk control and management

The company identifies, assesses and maps a range of corporate risk scenarios in order to enhance performance and decision-making. ACCIONA rates short-, medium- and long-term risks.

Diverse talent with expertise in designing a better planet

ACCIONA has teams that are international leaders in executing infrastructure projects which are highly complex both technically and financially. Developing a business that drives the transition towards more sustainable economic models is only possible with a multidisciplinary team with diverse expertise.

Innovation to lead the change

ACCIONA is committed to innovation throughout its value chain and activities. Thanks to its technology centres, intra- and entre-preneurship initiatives and other techniques and technologies, the company is able to lead the change and develop innovative solutions.

Leading the way to a sustainable. decarbonised economy

ACCIONA's commitment to sustainability is articulated in its Sustainability Policy, which is implemented through the Sustainability Master Plan 2020.

Effective, strategic, customised governance

ACCIONA'S GOVERNANCE STRUCTURE

ACCIONA's governing bodies are committed to continuous improvement, striving for effective, transparent and rigorous management of all the company's businesses and operations. Corporate governance practices at ACCIONA help generate value and safeguard the long-term interests of the company, its shareholders and other stakeholders.



Shareholders' Meeting

The General Shareholders' Meeting is ACCIONA's sovereign body in matters within its scope of competencies in accordance with applicable law.



Board of Directors

> The mission of ACCIONA's
Board of Directors is to further
the company's interests by
representing the company and
its shareholders in administering
the equity, managing the
businesses and overseeing the
organisation.



Management Committee

The Management Committee's mission is to assist the Executive Chairman and the Chief Executive Officer or senior management of ACCIONA in overseeing the ordinary conduct of the group's businesses, and in coordinating the activities of the various divisions and units of which it is comprised.



Audit Committee



Appointments and Remuneration Committee



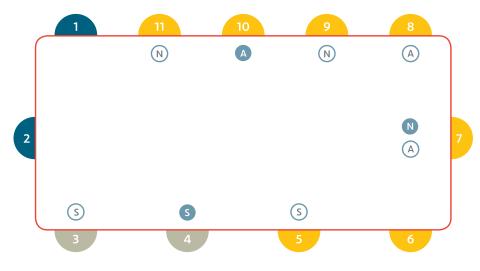
Sustainability Committee

BOARD OF DIRECTORS

The company's Board of Directors is composed of eleven members, with a diversity of know-how, skills, origins, experience, nationalities and gender, ensuring the appropriate representation of all the shareholders and the body's effective performance. 64% of the Board's directors are independent.

Legend

- > Position
- > Full name
- > Number of years as a director of ACCIONA
- **Audit Committee**
- Appointments and Remuneration Committee
- Sustainability Committee
- Committee Chairperson
- Committee member
- Executive directors
- Proprietary directors
- Independent directors



- 1. > Executive
- Vice-Chairman > Mr. Juan Ignacio
- > 22 years
- > Independent director
- > Mr. José María Pacheco Guardiola
- > 1 year
- > Independent director
- > Mr. Jerónimo Marcos Gerard Rivero
- > 5 years

- > Executive Chairman > Mr. José Manuel
- **Entrecanales Domecq** Entrecanales Franco > 22 years

- 6.
- > Independent director
 - > Ms. Sonia Dulá
 - > 0 years
 - 10.
 - > Independent director
- > Ms. Ana Inés Sainz de Vicuña Bemberg
- > 4 years

- > Proprietary director
- > Mr. Javier Entrecanales Franco

> Lead independent

> Mr. Juan Carlos Garay

> Independent director

> Mr. Javier Sendagorta

Gómez del Campillo

> 8 years

director

Ibargaray

> 6 years

> 1 year

- > Proprietary director
- > Mr. Daniel Entrecanales Domeca
- > 10 years
- > Independent director
- > Ms.. Karen Christiana Figueres Olsen
- > 2 years



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