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# MESSAGE FROM THE CHAIRMAN

JOSÉ MANUEL ENTRECANALES  
Chairman of ACCIONA



## Dear shareholder,

After several years in which the company had to face a series of difficulties—major changes in the regulatory framework for renewables in Spain, a freeze in the infrastructure business in Spain and other key international markets, severe restrictions on sources of funding, and the consequent deterioration in our image of solvency—we can say that 2015 marked a turning point for ACCIONA, when it became clear that the measures adopted during the crisis had borne fruit. In short, 2015 ratified the Group's solid position with a view to the future.

About four years ago, those difficulties led us to implement a strict Action Plan whose main objective was to reduce the group's debt significantly while focusing strategy more tightly on key businesses and preserving the Company's capacity for growth.

Those goals have been achieved and we can say that, following a lengthy storm, our ship—ACCIONA—has emerged stronger, having shown its resilience and robustness, learned valuable lessons on weathering adversity, and with a clearer picture of what is the best course going forward. The year 2015 brought calmer seas and favourable winds that enabled us to leverage our expertise while applying the prudence that comes from experiencing the unpredictable violence of the seas.

Operational improvements and intense commercial activity resulted in an 8% increase in EBITDA to 1,174 million euros, while ordinary profit before taxes increased by 42% to 330 million euros.

Determined efforts to improve the Group's credit profile were successful in 2015, as net interest-bearing debt was reduced and, more importantly, the leverage ratio was located within our target range; this reduced interest expenses and increased the Group's financial flexibility and funding sources.

As regards capital expenditure, 2015 was a transition year between an Action Plan that sharply curtailed investment and the new phase of growth that the Company is now entering, which will enable us to regain levels of investment more in line with the opportunities available in the market. This is particularly so with regard to global demand for investment in renewable energy and urban development, and the Group's renewed capacity and solvency.

It was also an intense year for M&A, as the merger of ACCIONA Windpower, our wind turbine manufacturing business, with German company Nordex is a milestone for the Group and the industry as a whole. This deal maintains our presence in a vital link in the supply chain while also attaining greater scale and diversifying risks.

Without seeking to divine the potential outcome of legal issues that might affect this concession's future, we increased our stake in ATLL to 76%, which substantially altered the size and profile of ACCIONA Agua.

As I mentioned earlier, the Group's good position in general enabled us also to focus on strategic decisions that strengthened our status as a leading player in two of the principal global transformations that are taking place at present: urban development and energy.

The first of these—urban development—is generating demand for appropriate infrastructure in the areas of transportation, sanitation, waste management and, in particular, water supply.

In this line, last September, the United Nations approved the 17 sustainable development goals that will guide the investment agenda for governments, multilateral funds and private investors towards emerging economies in order to outfit them with infrastructure that contributes to their development.

In this context, the integration of our construction, service and water businesses into a single Infrastructure division and the steps taken to enhance the selection of business opportunities, as well as risk and contract management, have begun to produce results, since order intake increased by 22% and our backlog by 13% in 2015.

## 2015 marked a turning point for ACCIONA, vindicating the measures adopted during the crisis

New projects worldwide, such as the Peace River hydroelectric plant in Canada, Quito Metro in Ecuador, the new railway tunnels in Norway and the desalination and drinking water plants in Qatar, are just some of the milestones in 2015 that entail recognition of ACCIONA's technical expertise and our world-leading position in technology in these fields.

It was also a very significant year for the second of the two main thrusts of ACCIONA's strategy—energy. In addition to a sizeable 14% increase in EBITDA in our energy business, mainly as a result of operational enhancements, the COP21 Paris Agreement to reduce greenhouse gas emissions represents a major source of support for renewable energy.

The Agreement marks a qualitative change going forward. For the first time, practically all emitting countries reached a consensus about the need to reduce greenhouse gas emissions. The United Nations has begun to receive the national commitments that must make this goal possible; a common factor is a sizeable increase in renewable generation. Overall, this will entail investments totalling more

than 400 billion dollars per year over the next 15 years.

We at ACCIONA have over 8,000 MW of installed capacity, almost 40% of it outside Spain. Within this range of international opportunities, in 2015 we commissioned plants in Poland and South Africa, and commenced new projects in Chile, India and the United States.

This global presence and geographical diversification are what place us in a privileged position to take advantage of the worldwide boom of investment in renewable energy that commenced in 2015, when around 300 billion dollars were invested in the sector worldwide.

Our priorities remain unchanged. We maintain our aim to play a leading role in transforming the planet's infrastructure and in sustainable energy, while focusing on having a strong balance sheet, remunerating our shareholders appropriately, and constantly seeking growth opportunities.

Looking to the short term, we are moderately optimistic about 2016 in spite of the headwinds posed by falling fossil fuel prices, which we expect to offset with growth and operational improvements in other businesses. This will be an intense year in terms of investment projects already under way that represent a notable increase in the Group's activity, as well as energy auctions in countries, such as Chile and Mexico, which are strategic priorities for ACCIONA in 2016.

Last year, we completed our Sustainability Plan 2015, which structured the sustainable approach of all the Company's activities; we exceeded all the targets set in the plan, and have begun a new Sustainability Plan 2016-2020 whose main commitments are CO<sub>2</sub> neutrality and progress by the countries where we operate.

To summarise, ACCIONA is in a strong position, having overcome a number of particularly adverse years with the support of its shareholders and all its people. The Group is experiencing a new phase of growth in which it

expects not only to create value for all its stakeholders—particularly its shareholders—but also to contribute to addressing the major challenges and transformations facing the society that it serves.

The year 2016 and subsequent years will undoubtedly bring their own challenges and business opportunities. We are moving forward from a solid strategic position, backed by a sound balance sheet, which has enabled the Board of Directors to propose a 25% increase in the dividend with the goal of setting a new baseline from which to offer moderate sustainable increases in the future.

I would like to reiterate my gratitude for your support and loyalty to our project during these difficult times, and my unconditional commitment to the Company's values and principles: the economic, social and environmental progress of the societies that we serve, as a pre-requisite for the profitability, growth, solvency and, in the final instance, success of our Company in the long term.