



H1 2018 January-June
Results presentation

27th July 2018

2 | Disclaimer



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Q1 2018 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

- Good set of results confirming positive trends seen in Q1
 - Growth in operating profits and the bottom line
 - Energy – higher profitability driven by better output
 - Infrastructure – Construction drives growth, on higher operating margins
- Successful completion of CSP and Trasmediterránea disposals in Q2
 - Incremental debt reduction impact of ~€1bn reflected in H1 2018 figures
 - ~€100m capital gains recorded
- Total investment ~€500m including share buy-back programme and real estate inventories
 - Consistent with FY expectations
- Active working capital / contract management – FY 2018 working capital outflow ~€250m
 - No significant WC outflow during Q2
 - Material improvement relative to previous year

4 | Key figures



	H1 2018 (€m)	% Chg. vs H1 2017
Revenues	3,525	+4.1%
EBITDA	618	+6.7%
EBT – ex. Corp. trans.	163	+10.4%
Attributable net profit – ex. Corp. trans.	100	+25,6%
Attributable net profit	186	+132.1%
	H1 2018 (€m)	H1 2017 (€m)
Gross Capex	254	484
Net Investment Cash-flow ¹	-592	528
Net Financial Debt	4,612	5,571

¹ Net Investment Cash-flow is equivalent to net capex +/- change in Real Estate inventories +/- change in payable to capex providers

5 | Group: capex by division

Capex breakdown

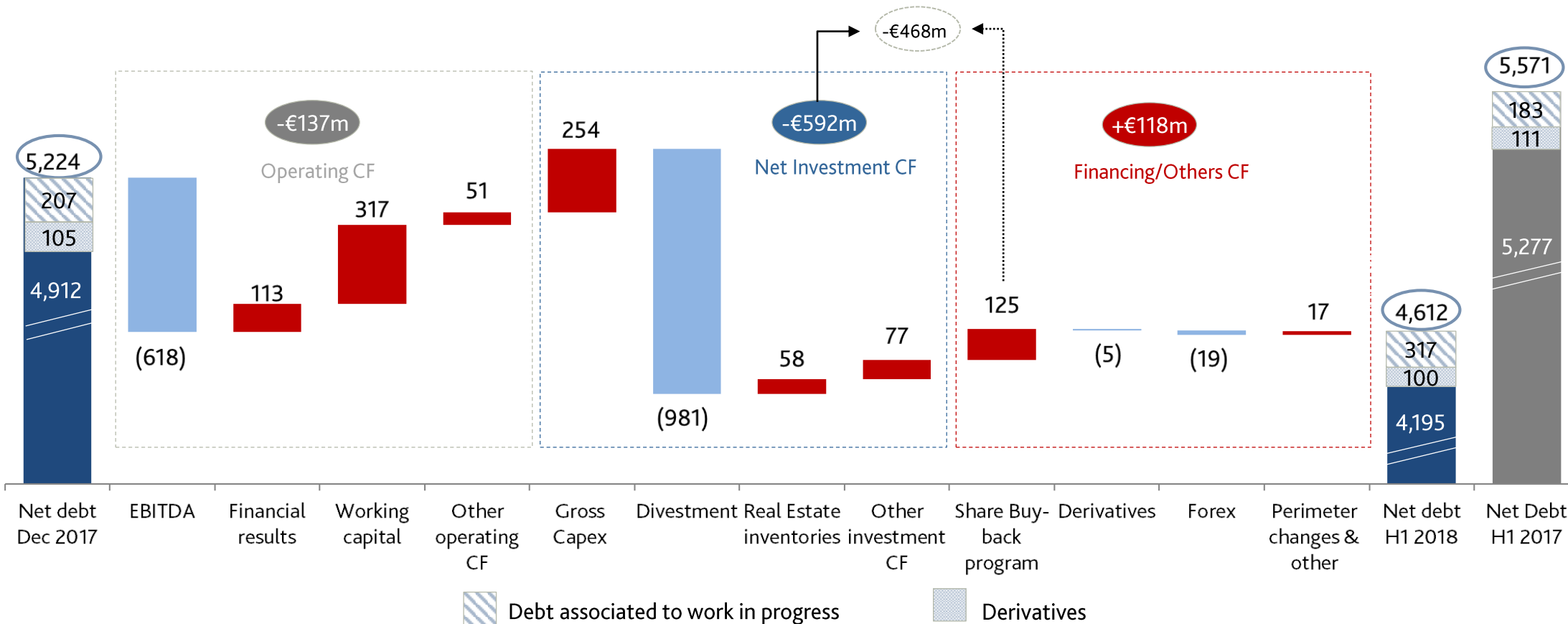
(Million Euro)	Capex	
	Jan-Jun 18	Jan-Jun 17
Energy	169	156
Infrastructure	79	263
Construction & Industrial	16	240
Concessions	5	6
Water	18	12
Service	40	5
Other Activities	6	65
Gross capex	254	484
Divestments	-981	-13
Net capex	-727	472
Net Investment cashflow	-592	528

Key highlights

- Energy capex mainly related to:
 - Wind facilities: El Cortijo (Mexico), Mt. Gellibrand (Australia), San Gabriel (Chile) and the repowering of El Cabrito (Spain)
 - Equity contributions for the construction of equity accounted PV projects, namely Puerto Libertad (Mexico) and Benban (Egypt)
- Investment in the Infrastructure division during the period:
 - Payment for the Andes Airport Services acquisition completed in Q2 2018 (€33m)
 - H1 2017 included the acquisition of Geotech (€139m)
- Divestments:
 - CSP and Trasmediterránea transactions completed in Q2. Incremental proceeds of €981m, over and above net debt “held for sale” as of Q1 2018 of €224m

6 | Group: Net debt evolution

Net debt reconciliation H1 2018 (€m)

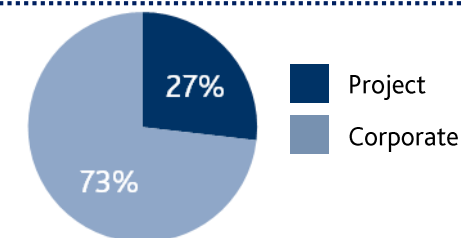


Proceeds from CSP and Trasmediterránea disposals received in Q2 – substantial reduction in Net Debt
 Working Capital broadly in line with Q1 and below H1 2017 levels – active management

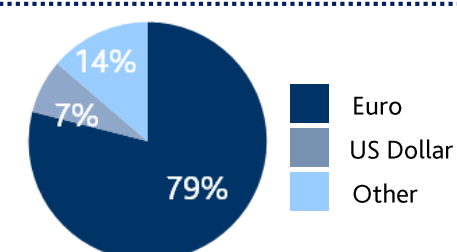
7 | Group: Debt breakdown by division and nature

(Million Euro)	31-Dec-17	30-Jun-18				
	Net debt	Corporate Debt allocation	Project Debt	Gross debt	Cash + C. Equiv.	Net debt
Energy	3,971	2,119	1,226	3,345	-345	3,000
Infrastructure	351	1,297	400	1,697	-1,013	684
Construction	134	951	24	975	-555	420
Industrial	-90	-12	0	-12	-81	-93
Concessions	276	81	293	375	-98	277
Water	14	196	68	265	-254	10
Services	17	80	14	95	-25	69
Other businesses	45	158	19	177	-63	115
Corporate	857	948	0	948	-135	813
Total	5,224	4,522	1,646	6,168	-1,556	4,612

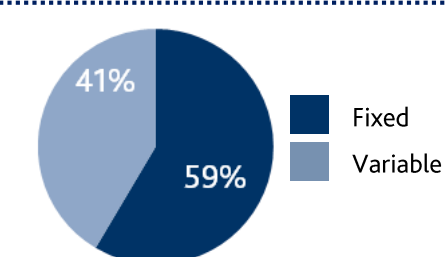
Gross debt - Level



Gross debt - Currency

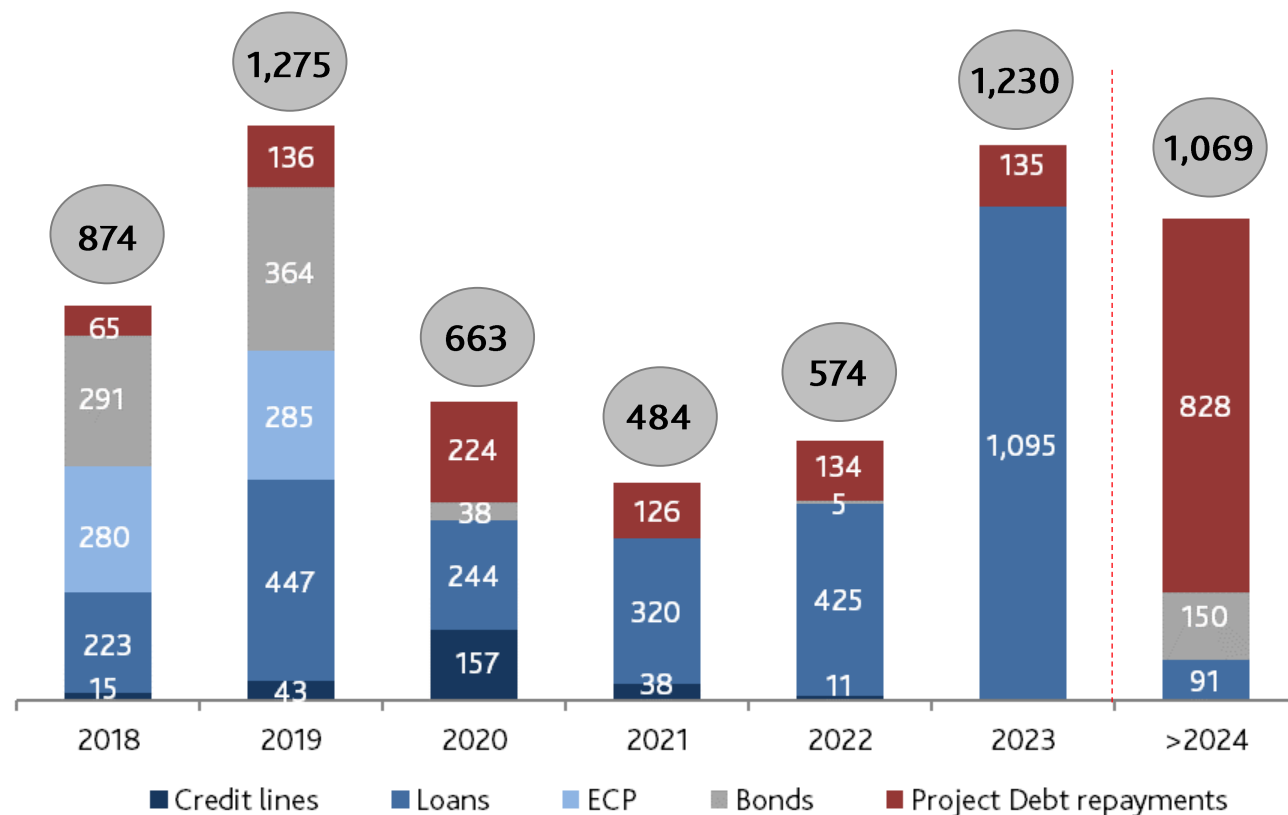


Gross debt - Interest rate

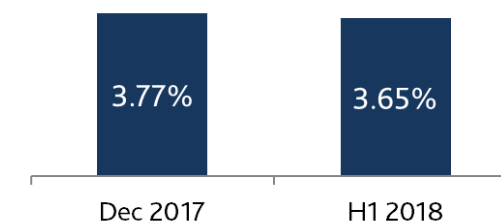


8 | Group: Debt & liquidity

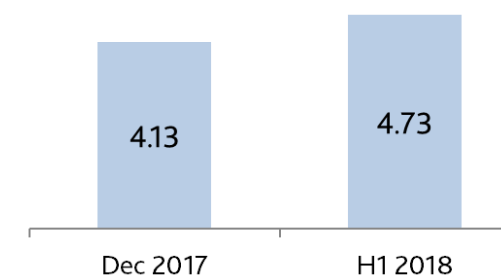
Maturity profile of Group gross debt as of 30 June 2018



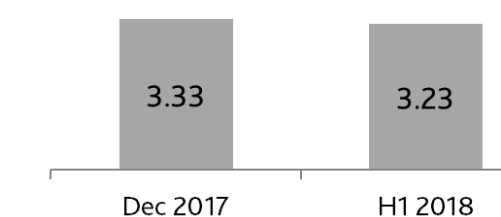
Average cost of debt



Average maturity (years)



Averg. matur. undrawn credit lines (years)



Liquidity

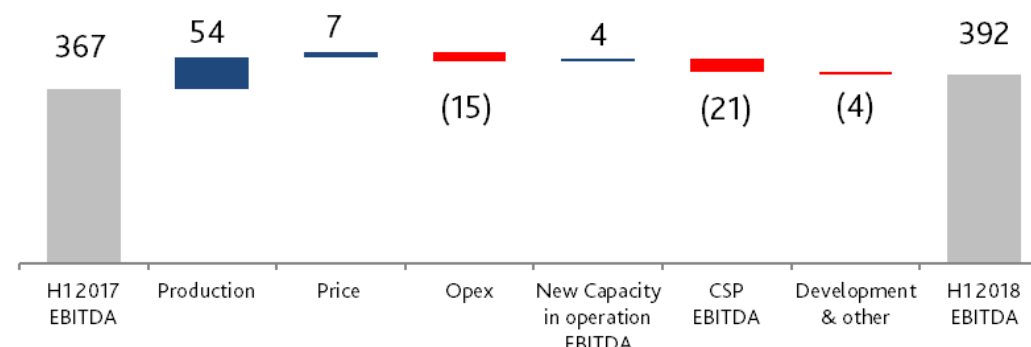


Key figures

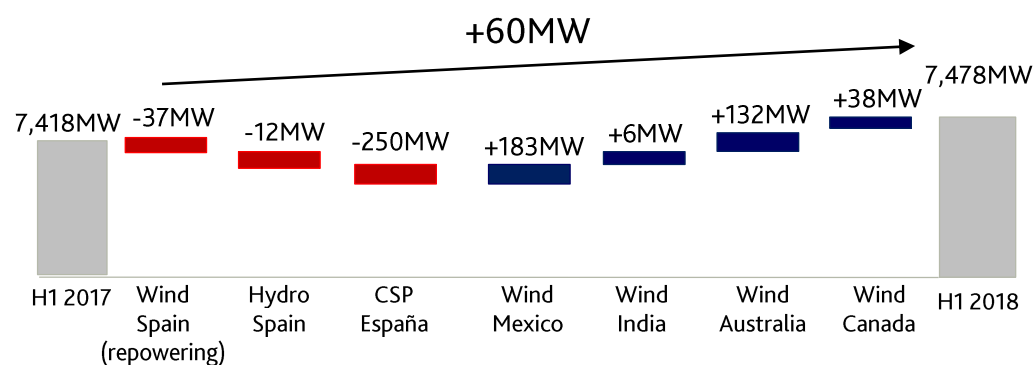
(Million Euro)	Jan-Jun 18	Jan-Jun 17	Chg.	Chg. (%)
Generation Spain	465	424	40	9.5%
Generation International	272	244	28	11.3%
Development & Other	286	201	85	42.2%
Revenues	1,023	870	153	17.6%
Generation Spain	254	234	21	8.9%
Generation International	180	172	8	4.8%
Development & Other	-43	-38	-4	11.2%
EBITDA	392	367	25	6.7%
<i>Margin (%)</i>	<i>38.3%</i>	<i>42.2%</i>		

- EBITDA growth driven by production, partly offset by higher Opex in part related to higher output (generation tax and local taxes in Spain, and variable O&M costs)
- Achieved prices contribute to higher EBITDA but the Spanish banding mechanism and exchange rates mitigate this factor
- Newly constructed capacity was back-end loaded: limited incremental contribution during H1 2018 relative to H1 2017

EBITDA evolution (€m)



Consolidated capacity variation



Production

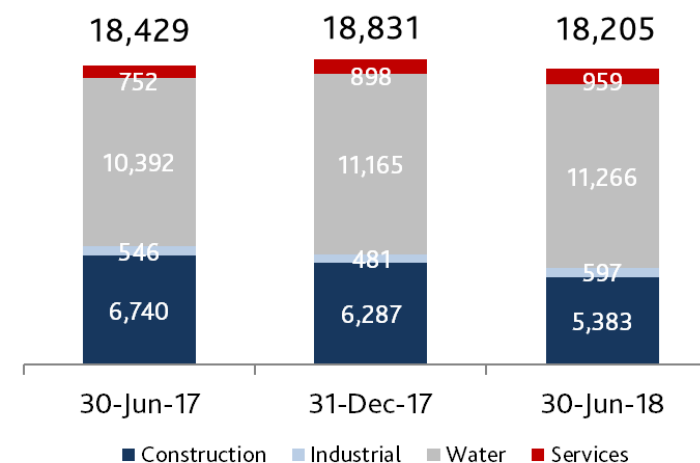
Consolidated TWh	Jan-Jun 18	Chg. (%) vs. Jan-June 17
Wind Spain	4.00	6.7%
Wind International	3.53	14.6%
Hydro	1.65	37.0%
Solar and other	0.60	-11.6%
TOTAL	9.79	12.3%

10 | Infrastructure

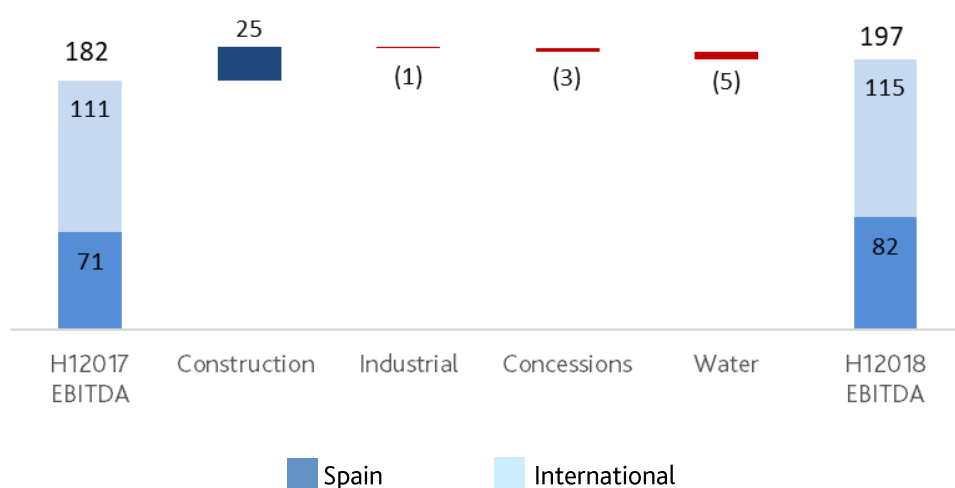
Key figures

(Million Euro)	Jan-Jun 18	Jan-Jun 17	Chg.	Chg. (%)
Revenues	2,329	2,289	40	1.8%
EBITDA	197	182	15	8.3%
Margin (%)	8.5%	7.9%		

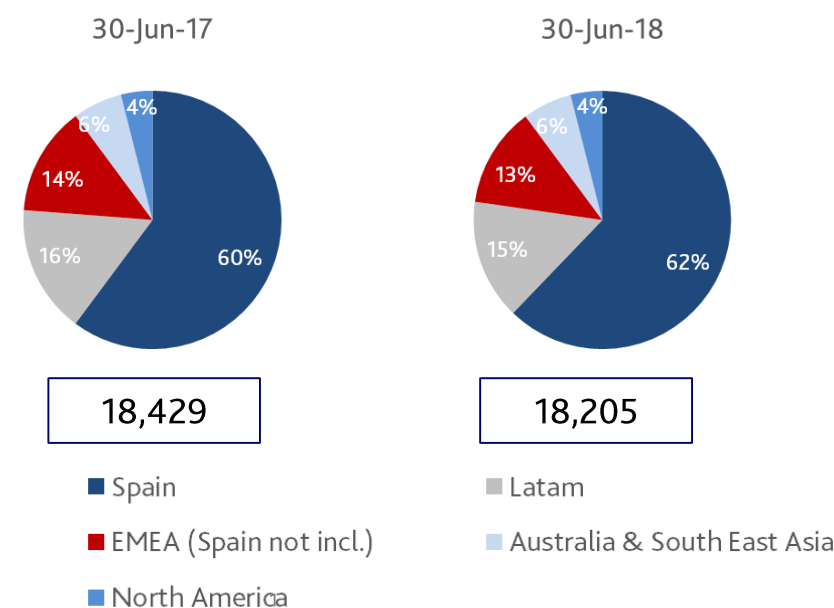
Backlog by activity



EBITDA evolution (€m)



Backlog by country



¹ Mexico included in Latam

Key figures by activity

(Million Euro)	Jan-Jun 18	Jan-Jun 17	Chg.	Chg. (%)
Construction				
Revenues	1,487	1,432	55	3.8%
EBITDA	103	78	25	31.5%
Margin (%)	6.9%	5.5%		
Industrial				
Revenues	138	116	23	19.6%
EBITDA	3	5	-1	-33.0%
Margin (%)	2.2%	3.9%		
Concessions				
Revenues	56	67	-12	-17.4%
EBITDA	24	27	-3	-10.9%
Margin (%)	43.9%	40.7%		
Water				
Revenues	304	337	-33	-9.8%
EBITDA	56	61	-5	-8.0%
Margin (%)	18.3%	18.0%		
Services				
Revenues	359	357	2	0.5%
EBITDA	11	11	0	-1.5%
Margin (%)	3.1%	3.1%		

Highlights by activity

- **Construction:** Revenues relatively flat but EBITDA up on the back of higher margins, driven largely by the high level of production from Ecuador (Quito Metro)
- **Industrial:** the growth in Revenues is mainly explained by the start of new projects in Mexico and Australia
- **Concessions:** the decrease of volume is mainly explained by the sale of the Ruta 160 Concession, that has been partially compensated by the consolidation of AUVISA from H2 2017 (Spanish shadow toll)
- **Water:** the reduction in Revenues and EBITDA is justified by the completion of the desalination Plants in Qatar
- **Services:** performance in line with H1 2017

12 | Other Activities

Other Activities: Key figures

(Million Euro)	Jan-Jun 18	Jan-Jun 17	Chg.	Chg. (%)
Trasmediterránea	160	190	-30	-15.6%
Real Estate	15	26	-12	-44.3%
Bestinver	52	46	6	13.1%
Corp. & other	18	19	-1	-4.7%
Revenues	244	280	-36	-12.9%
Trasmediterránea	4	2	2	n.a.
Real Estate	-4	0	-4	n.a.
Bestinver	34	33	1	3.4%
Corp. & other	-3	-4	0	12.4%
EBITDA	31	31	0	-0.6%

Key Highlights

- **Trasmediterránea:**
 - Disposal completed in Q2 2018. Exits consolidation perimeter from 1 June
- **Real Estate:**
 - Change of perimeter following the contribution of residential rental assets to Testa Residencial in exchange of a 20% stake (now equity accounted)
 - Residential development activity deep in the investment phase
- **Bestinver:**
 - Revenues and EBITDA growth driven by net inflows, and also profitability of the funds
 - AUM amounted to €6,348m as of end of June 2018

13 | Closing remarks

Good H1 results - positive outlook for the full year 2018

FY 2018 targets

- Single-digit EBITDA growth (like-for-like)
 - Gross investment ~€900m¹
 - Working capital outflow ~€250m
 - NFD / EBITDA <4.0x

Investing for profitable growth and with a large pipeline of opportunities

- ~550 MW (net) to be added during 2018
- €45bn of Infrastructure projects under tender

Focus on profitability, leverage and WC management

¹ Including investment in Real Estate inventories and the share buyback programme

Appendix

15 | Group: corporate debt breakdown

Corporate Debt				
(Million Euro)	30-Jun-18	Weight Q12018'	31-Dec-17	Weight FY2017'
Bank Debt	2,666	59%	3,247	67%
<i>Commercial paper program</i>	565	12%	379	8%
<i>Bonds</i>	849	19%	862	18%
<i>Others (ECAs, Supranational)</i>	442	10%	367	8%
Total Non-Bank Debt	1,856	41%	1,608	33%
Total Corporate Debt	4,522	100%	4,855	100%

16 | Energy: installed capacity

MW	Installed MW			
	Total	Consolidated	Eq accounted	Net
Spain	5,651	4,373	619	4,979
Wind	4,710	3,433	619	4,042
Hydro	876	876	0	876
CSP	0	0	0	0
Solar PV	3	3	0	3
Biomass	61	61	0	59
Internacional	3,353	3,105	78	2,286
Wind	2,902	2,700	48	1,942
CSP	64	64	0	43
Solar PV	386	341	30	301
Total	9,004	7,478	697	7,265



17 | Energy: equity-accounted generation capacity



	H1 2018 (proportional figures)				
30-Jun-18	MW	GWh	EBITDA	NFD	Average COD
Wind Spain	619	817	34	145	2005
Wind International	48	57	3	1	2005
Australia	32	38	2	1	2005
Hungary	12	11	1	1	2006
USA	4	8	0	0	2003
Solar PV	30	27	10	54	2008
Total equity accounted	697	900	47	200	

Note: Average COD weighted per MW



MW added and under construction

Technology	Country	Asset name	Project MW (AE)	MW added 2017	MW added H1 2018	MW under const.	Expected COD	Details
Wind	Mexico	El Cortijo	183	84	99	0	Q3 2018	PPA + CELS + Capacity with CFE
Wind	Chile	San Gabriel	183	0	0	183	Q1 2020	PPA with Discoms + Private PPA
Wind	Australia	Mont Gellibrand	132	0	132	0	Q3 2018	Green energy certificates purchased by Victorian State Government + Merchant
Wind	Spain	El Cabrito	30	0	0	30	Q1 2019	Repowering (Merchant)
PV	Mexico	Puerto Libertad (1)	202	0	0	202	Q1 2019	PPA with CFE + Private PPA + Merchant
PV	Egypt	Benban (1)	78	0	0	78	Q4 2018	FiT
Total			808	84	231	493		

(1) Equity accounted projects. Total MW: Puerto Libertad (404MW), Benban (186MW)

19 | Energy: wind drivers by country

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

	H1 2018		H1 2017		Chg. (%)
	Av. price (€/MWh)	LF (%)	Av. price (€/MWh)	LF (%)	Av. price (€/MWh)
 Spain Average	66.6*	27.8%	67.2	25.1%	-0.9%
<i>Spain - Regulated</i>	77.1*		76.4		
<i>Spain - Not regulated</i>	47.0		61.0		
 Canada	56.5	32.8%	57.9	30.9%	-2.5%
 USA**	27.6	40.3%	32.1	34.1%	-14.0%
 India	52.8	20.7%	53.0	27.5%	-0.4%
 Mexico	65.7	36.2%	70.6	34.4%	-6.9%
 Costa Rica	94.8	68.7%	107.2	54.9%	-11.6%
 Australia*	59.1	34.8%	63.4	29.9%	-6.8%
 Poland	67.8	26.7%	68.9	20.2%	-1.6%
 Croatia	107.4	33.5%	105.6	31.0%	1.7%
 Portugal	108.9	26.5%	107.9	28.5%	0.9%
 Italy	136.4	18.3%	153.6	18.2%	-11.2%
 Chile	91.8	26.4%	99.5	26.2%	-7.8%
 South Africa	82.1	31.6%	80.1	29.4%	2.5%

Note: Prices for consolidated MWs






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

**396MW located in the US additionally receive a "normalized" PTC of \$23/MWh

20 | Energy: Other technologies drivers by country



Other technologies (€/MWh) and Load factors (%)

		H1 2018		H1 2017		Chg. (%)
		Av. price (€/MWh)	LF (%)	Av. price (€/MWh)	LF (%)	Av. price (€/MWh)
Hydro						
	Spain	54.6	43.2%	48.5	31.1%	12.6%
Biomass						
	Spain	147.6	75.1%	146.4	70.1%	0.8%
Solar Thermoelectric						
	USA	162.7	22.0%	180.2	24.3%	-9.7%
Solar PV						
	South Africa	164.1	23.4%	160.0	23.4%	2.6%
	Chile	78.7	15.3%	15.0	26.2%	n.m

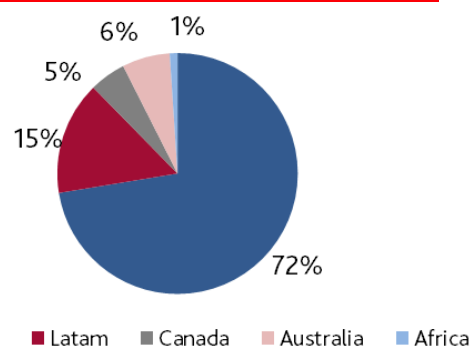
21 | Infrastructure: Concessions



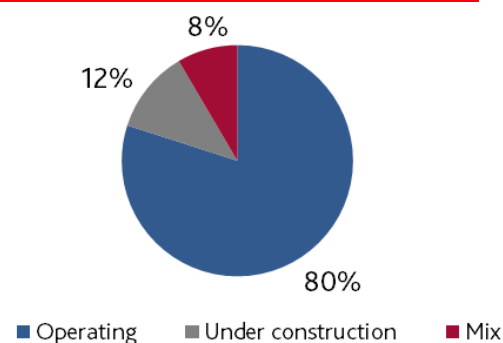
	Road	Rail	Canal	Port	Hospital	Water	TOTAL
# of concessions	10	2	1	1	6	55	75
Proportional EBITDA H1 2018 (€m)	32	2	1	0	13	71	113
Consolidated EBITDA H1 2018 (€m)	24	0	0	0	6	62	86
Average life (yrs)	29	26	30	30	28	27	28
Average consumed life (yrs)	11	6	12	13	8	12	10
Invested capital ¹ (€m)	748	72	79	18	292	368	1.595

By region

Invested capital (€1,595m)



By degree of construction



	Equity	Net debt
Infrastruc.	361	866 ²
Water	189	178 ³
Total	551	1.044

Note: For construction concessions EBITDA and invested capital include -€5m and €19m 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 concessions accounted by the equity method (€590m)

³ Debt figure includes net debt from water concessions accounted by the equity method (€124m)



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