

JOSÉ MANUEL ENTRECANALES
Chairman & CEO of ACCIONA

Message from the Chairman

Dear Shareholder,

During 2012, companies once again had to overcome great obstacles to maintain their level of activity and generate growth and profits. But despite the complicated economic situation, global demand for the services and projects provided by our strategic divisions continues to increase, and worldwide investment in Water, Energy and Infrastructure is expected to exceed 60 billion dollars per year during this decade.

We find ourselves in a paradox: Europe is experiencing one of the worst crises

in recent memory, while much of the world is benefiting from double-digit growth, with expanding middle classes driving inexorable growth in demand for food, commodities, energy, water, and infrastructure of all kinds.

ACCIONA faces a momentous predicament, in that it must adapt to the limitations of the very negative economic situation in Europe but continue to play an important role in the global market for renewable energy, water and infrastructure.

This year we successfully combined prudence, austerity and realism—as

required by the adverse economic context—with the dynamism and creativity required at a time of global growth like the present.

ACCIONA ended the year with turnover of 7.061 billion euros (5.6% more than in 2011), EBITDA of 1.431 billion euro (an improvement of 9.0% year-on-year), and net attributable profit of 189 million euros (6% lower than the previous year due to a decline in extraordinary items in 2012).

As regards the business areas, ACCIONA Energy was the largest contributor to group EBITDA in 2012: 1.125 billion euros,

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i.e. 78.5% of the total and an increase of 17.8% year-on-year. In 2012, the division installed 224 MW of renewable energy capacity, mainly wind (174 MW), of which 100 MW were outside Spain. This brings the Group's total installed capacity up to 8,437 MW, strengthening its position as the world's third-largest renewable energy operator (excluding Chinese operators, for which reliable data is not available).

Growth in the international construction business, whose share of the total increased from 41% in 2011 to 52% in 2012, contributed to ACCIONA

Infrastructure reporting 3.326 billion euros in revenues.


ACCIONA Agua and Environment obtained turnover of 815 million euros and EBITDA of 54 million euros. The Agua division's backlog amounted to 11.326 billion euros at 2012 year-end, i.e. 137% more than in 2011.

ACCIONA maintained its selective capital expenditure policy in 2012, having invested 854 million euros, of which 440 million euros correspond to ACCIONA Energy and 343 million euros to Infrastructure, primarily in the concession business.

Net interest-bearing debt amounted to 7.482 billion euros at 2012 year-end, just 7% higher year-on-year despite considerable capital expenditure. The Company maintains a solid financial structure and cash position, including approximately 2.5 billion euros in unused credit lines. In the current situation, it's important to note that we do not have to address any major refinancing in the coming years, and that 67% of our gross interest-bearing debt is without recourse.

We are committed to accountability to our shareholders and stakeholders that goes beyond economic information.

“Our business model responds in a **consistent, structured and committed** way to the major challenges of sustainable development facing society today”



Accordingly, this year we will present our second Sustainability Report for approval by the upcoming Shareholders' Meeting.

Regarding our progress in sustainability, I would highlight: 1) that we have maintained our investment target in R&D and innovation, despite the difficult environment; 2) the completion of pilot social impact analysis projects in Chile, Costa Rica, Brazil and South Africa, with a view to implementing this practice worldwide; 3) the increase in our direct contribution to community action, now accounting for 7.42% of the dividend; and 4) that we avoided 20% more CO₂

emissions than in 2011 and reduced our energy consumption by 1.5%.

All of these sustainability-related actions have been recognized by the leading international monitoring organizations. In 2012, we were included in the Dow Jones Sustainability Index for the sixth year. We are also present in other leading sustainability indices, including FTSE4Good, the Carbon Performance Leadership Index and the Carbon Disclosure Leadership Index, according to the Iberia 125 Climate Change Report 2012, produced by the Carbon Disclosure Project.

Because of the impact on our main business, I should mention that various regulatory changes in 2012 and the first quarter of 2013 impacted Spain's electricity sector, with a particularly adverse effect on renewable energies generally and on ACCIONA in particular.

Overall, these changes in legislation represent a sweeping structural reform that departs from the basic principles on which the renewable energy sector in Spain was built, particularly the expectation of a reasonable return, thereby undermining investor confidence. In response to this regulatory reform,

we have implemented a Plan of Action for 2013-14 which focuses mainly on restoring part of the lost returns and strengthening the group's credit metrics.

Any company with a long-term vision inevitably has new paths to travel and challenges to address. Our business model responds in a consistent, structured and committed way, to the major challenges of sustainable development that society faces today. This commitment is based on a dynamic vision and readiness to react to major opportunities that arise around the world. Our model has enabled us to

successfully overcome difficulties and position ourselves competitively to respond to the notable growth in demand expected for our projects and services in the coming decades, a period which, with reasonable prudence, I view with sincere optimism.