English Version

saetayield

2017 RESULTS REPORT

(JANUARY – DECEMBER)

February 27th, 2018

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Note: Translation of this report has been based on a document originally written in Spanish. In event of discrepancy, the Spanish language version prevails.

1. Summary of the period

This report's information is based on the consolidated figures of Saeta Yield, S.A. and its subsidiaries[1], and is presented according to management criteria[2].

Main figures	Units	2016	2017	Var.%
Installed capacity	MW	789	1,028	+30.3%
Electricity output	GWh	1,665	1,922	+15.4%
Total revenues	€m	279.5	332.6	+19.0%
EBITDA	€m	199.0	242.3	+21.8%
EBITDA Margin		71.2%	72.9%	+1.7 p.p
Attributable net result	€m	30.0	36.5	+21.8%
Cash Flow Op. Assets (2)	€m	43.0	79.0	+83.5%
Retribution to shareholders	€m	59.3	61.6	+3.9%
Net debt *(Dec16 vs. Dec17)*	€m	1,171.3	1,424.0	+21.6%

- During 2017 Saeta Yield has completed the acquisition of two international assets. The 25th of May the Company acquired the wind assets of Carapé I and II, two plants for a total 95 MW located in Uruguay. Later in the year, the 29th of September, completed the acquisition of Lestenergía, a wind portfolio of assets in Portugal with 144 MW.
- In 2017 Saeta Yield has refinanced the project debt in the CSP Plant Manchasol 2, increasing the term and reducing the financial cost. Additionally, last December also completed the recapitalization of Lestenergia, in Portugal, increasing the total debt amount and the term, obtaining additional funds to invest in new projects.
- The electricity production of Saeta Yield in 2017 grew by 15%, backed by the positive effects of the consolidation of the plants in Uruguay and Portugal (both since the acquisition date), as well as the contribution of Extresol 2 and 3 for the whole year, as opposed to the production of these plants in 2016, accounted since its acquisition the 22nd of March, 2016. It's worth to highlight that this figure is affected negatively by the maintenance carried out in the thermal solar plants of the Group, and the breakdown occurred in the high tension lines of Abuela Santa Ana and Santa Catalina wind plants, after a snow blizzard during January 2017, which halted the production in both plants for almost two months.
- Revenues and EBITDA of Saeta Yield in 2017 grew by 19% and 22%, respectively, compared to 2016, affected positively by the consolidation of the new assets and the increase of the Spain's electricity wholesale market price (a 32% higher than in 2016).
- The cash flow of the operating assets in the period accounted for € 79 m, 84% more than in 2016, mainly due to the increase of the EBITDA and the contribution from working capital.
- In 2017, the Company has paid € 62 m to shareholders, equivalent to 0.755 euros per share[3]. This represents an increase of 4% compared to the same period last year.
- Saeta Yield net debt accounts for € 1,424 m, equivalent to a Net Debt to annualized EBITDA[4] ratio of 5.5x. Average cost of the debt is 4.1%.

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1 Operational and financial data of 2017 include the contribution of Carapé I and Carapé II since the 25th of May and the contribution of Lestenergia since the 29th of September, whilst in 2016 include the contribution of Extresol 2 and Extresol 3 since 22nd of March. This footnote applies to all the report.

2 Consult the paragraph "Alternative performance indicators" to obtain a detailed description.

3 Based on Saeta Yield's shares currently outstanding: 81,576,928

4 Calculated with the 2017 expected annualized proforma EBITDA of Saeta Yield, that according to the guidance published accounts for € 260 m, including the contribution of Carapé and Lestenergia, and the Net Debt by the 31st of December, 2017. The ratio calculated with the accounted EBITDA of 2017 is 5.9x.

2. Significant events

- The 25th of May, 2017, Saeta Yield closed the acquisition of 100% of two operating wind farms, Carapé I and II, for a cash consideration of USD 65 m, which were increased to USD 84 m after the cancellation of the subordinated debt of the plants. The enterprise value of the plants acquired accounts for c. USD 230 m. The transaction has been financed with available liquidity in the Company. Both plants have been consolidated since the 25th of May, 2017.

  The wind farms, which are located in the Maldonado Department, in Uruguay, consist of a total of 31 Vestas V112 3.075 MW wind turbines, and have a total capacity of 95 MW with an expected load factor of 44%. Both facilities have been operational for almost two years and produce energy under a long term power purchase agreement (PPA) with the Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), the main electricity utility company and the transmission system operator in Uruguay. The average remaining life of these PPAs is 21 years.

- The 29th of May, 2017, Saeta Yield reported that its subsidiary Manchasol 2, Central Termosolar Dos, S.L.U., refinanced its debt in a project finance format for a total of € 199 m. This financing was composed of a Tranche A, with five financial institutions for € 159 m, with a variable interest rate, with interest rates swaps for 75% of this tranche; and a Tranche B, agreed with an institutional investor for € 40 m at a fixed interest rate. The maturities of the tranches are December 2032 and June 2034, respectively.

- The 29th of May, 2017, the Board of Directors approved a new distribution policy to shareholders of the Company, which included the following main characteristics:
  - The Board of Directors of Saeta Yield will define a payout ratio between 80% and 95% of the cash available for distribution (Recurrent CAFD) that the Company expects to generate on a recurrent basis (net of cash flows not related with the ordinary evolution of the business) in the coming five years.
  - The new dividend policy defines in detail the methodology to calculate the Recurrent CAFD.

- The 26th of July, 2017, Saeta Yield subscribed a liquidity contract with Banco de Sabadell S.A., with the sole purpose of enhancing the liquidity of the shares of the Company, as determined by the Annual General Shareholders Meeting and by the current regulation, specifically the Circular 1/2017, dated 26th April, of the CNMV on liquidity contracts.

- The 28th of July, 2017, Saeta Yield announced the signing of a corporate revolving credit facility (RCF) with a syndicate of 6 banks. This RCF, that substituted the previous one of € 70 m, has a limit of € 120 m and a tenor of 3 years up to the 29th of September, 2020 (extendable for up to 2 additional years). It has been signed under a bullet scheme, not requiring the principal amortization up until maturity date. The interest rate is variable, indexed to EURIBOR.

- The 29th of September, 2017, Saeta Yield has completed and made effective the acquisition of 100% of Lestenergia - Exploração de Parques Eólicos, S.A. ("Lestenergia"), which was composed of nine operating wind farms, for a total cash consideration of c. EUR 104 million. The seller, ProCME, is a Portuguese affiliate of Grupo ACS, and the transaction has been performed under the Right of First Offer Agreement between Saeta Yield and Grupo ACS Servicios Industriales. The enterprise value of the wind farms accounted for c. EUR 186 million. The acquisition has been funded with available liquidity at Saeta Yield and with funds from the Revolving Credit Facility available to Saeta Yield. The wind farms started consolidating from 29th of September, 2017.

  Lestenergia wind farms are located in the Guarda and Castelo Branco regions, have consumed an average of 9 years of operating life and present an average 27% historical load factor. The installed turbines are Gamesa, Vestas and Suzlon. The farms are under the Portuguese regulatory and tariff system, which grants a 15-year feed-in-tariff plus an additional 7-year cap-and-floor extension. This regulatory framework guarantees long-term, predictable and stable euro denominated cash flows, in line with Saeta Yield's investment criteria. The average regulatory life remaining is 13 years, although Saeta Yield expects to operate the farms beyond the regulatory life.

- The 15th of October, 2017, the wind farm Valcaire signed a project finance contract with a Spanish financial institution for a total amount of € 14.3 m, with a term of 16 years and a variable interest rate. Additionally, signed interest rates swaps for 85% of the debt. The withdrawal of the funds can be delayed up until the 30th of June, 2018.

- The 28th of December 2017 Saeta Yield signed and communicated the CNMV an addenda to the Right of First Offer Agreement signed the 29th of January, 2015 with ACS Servicios Comunicaciones y Energia S.L. and Bow Power, S.L.
- The 28th of December, 2017 Lestenergia, Exploraçao de Parques Eólicos S.A, refinanced its debt in a project finance format for a total of € 135 m. This new financing has been signed under a variable interest rate, however 85% of the financed amount has been hedged by interest rate swaps. The maturity of the new financing is September 2028. A supplementary EUR 9 million credit facility has been contracted to finance the debt service reserve account. This transaction has improved the characteristics of the debt, and has allowed for an extraordinary distribution of € 58 m.
- In relation to Saeta Yield distributions in 2017[5]:
    - The Board of Directors approved the 28th of February, 2017, the distribution of € 0.1882 per share (c. € 15.35 m) charged to the share premium. This amount has been paid the 7th of March, 2017, and corresponds to the 4Q payment of 2016.
    - The Board of Directors approved the 9th of May, 2017, the distribution of € 0.1882 per share (c. € 15.35 m) charged to the share premium. This amount has been paid the 31st of May, 2017, and corresponds to the 1Q payment of 2017
    - The Board of Directors approved the 13th of July, 2017, the distribution of € 0.189 per share (c. € 15.41 m) charged to the share premium. This amount has been paid the 30th of August, 2017, and corresponds to the 2Q payment of 2017.
    - The Board of Directors approved the 7th of November, 2017, the distribution of € 0.1903 per share (c. € 15.51 m) charged to the share premium. This amount has been paid the 29th of November, 2017, and corresponds to the 3Q payment of 2017.

[5] The Board of Directors approves the distributions of the Company quarterly, and is able to alter or redefine the reference levels of the Company if its operating situation requires so. The 7th of November, 2017 the BoD defined a RECAFD reference level of € 75.5 m and a payout rate of 85%.

3. Relevant events occurred after the period end

- In January, 2018 Saeta Yield repaid € 65 m of the RCF at Holdco level. The remaining withdrawn amount in the credit line after this repayment accounts for € 5 m. Likewise, the Company has repaid € 0.5 m in one of the bilateral credit lines.
- The Board of Directors approved the 19th of January, 2018, the distribution of € 0.1967 per share (c. € 16.04 m) charged to the share premium. This amount has been paid the 28th of February, 2018, and corresponds to the 4Q payment of 2017.
- The 7th of February, 2018 TERP Spanish Holdco S.L. announced its intention to launch a public offer to acquire 100% of the shares of Saeta Yield S.A. in accordance with the following characteristics:
    - Will seek the approval from the CNMV not before one month after the announcement of the offer
    - For a price of 12.20 euros per share in cash, and not adjusted by the recurrent quarterly dividends.
    - The offer is voluntary. TERP assumes the commitment to not buy or sell shares of Saeta Yield in the following 6 months after the completion of the offer.
    - TERP has announced that has reached an irrevocable agreement to buy 50.34% of the total shares of Saeta Yield with significant shareholders, including Cobra Concesiones S.L and GIP II Helios S.a.r.l., the two main shareholders of Saeta Yield. In accordance with this agreement, TERP commits to present the offer as described in the announcement performed, and the selling shareholders to irrevocably accept the offer (if the offer is approved by the CNMV before the 31st of July, 2018), to not sell or transfer the shares and to vote against all agreements interfering or blocking the offer.
    - The offer is conditioned to the acceptance of the two main shareholders and to the authorization from the European Commission.
    - TERP has announced its intention to terminate the Right of First Offer agreement if the offer is successful.
- The 7th of February, 2018, Saeta Yield S.A. suspended the operations of its liquidity contract, in accordance with the Circular 1/2017, from the 26th of April, of the CNMV on liquidity contracts.

4. Consolidated income statement

Income statement *(€m)*	2016	2017	*Var. %*	4Q16	4Q17	*Var. %*
Total revenues	**279.5**	**332.6**	***+19.0%***	**66.1**	**85.7**	***+29.5%***
Staff costs	-2.4	-3.4	*+45.4%*	-0.7	-0.8	*+19.3%*
Other operating expenses	-78.1	-86.8	*+11.1%*	-17.9	-20.3	*+13.4%*
EBITDA	**199.0**	**242.3**	***+21.8%***	**47.5**	**64.5**	***+35.8%***
Depreciation and amortization	-97.9	-112.4	*+14.7%*	-26.1	-31.2	*+19.6%*
Provisions & impairments	0.0	-0.9	*n.a.*	0.0	0.0	*n.a.*
EBIT	**101.1**	**129.0**	***+27.6%***	**21.4**	**33.3**	***+55.5%***
Financial income	0.1	0.7	*n.a.*	0.0	0.2	*n.a.*
Financial expense	-60.1	-77.4	*+28.8%*	-9.8	-21.6	*+119.6%*
Fair value variation of financial instruments	-0.7	0.0	*n.a.*	0.0	-1.1	*n.a.*
Foreign exchange results	0.0	-1.6	*n.a.*	0.0	-0.4	*n.a.*
Equity method resuts	0.0	0.0	*n.a.*	0.0	0.1	*n.a.*
Profit before tax	**40.5**	**50.7**	***+25.4%***	**11.6**	**10.4**	***-10.1%***
Income tax	-10.5	-14.3	*+35.6%*	-2.7	-4.0	*+50.8%*
Profit attributable to the parent	**30.0**	**36.5**	***+21.8%***	**8.9**	**6.4**	***-27.9%***

4.1. Key operating figures

Main operating figures	*Units*	2016	2017	*Var. %*
Installed capacity	*MW*	789	1,028	*+30.3%*
Electricity output	*GWh*	1,665	1,922	*+15.4%*

Saeta Yield has produced in 2017 in all the plants of the Group 1,922 GWh of electricity, showing a 15% increase compared to 2016.

Main operational figures ***Breakdown by technology***	Wind Spain			CSP Spain			International		
	2016	2017	*Var.*	2016	2017	*Var.*	2016	2017	*Var.*
Installed capacity (MW, the 31st/Dec)	539	539	*+0%*	250	250	*+0%*	-	239	*n.a.*
Electricity output (GWh)	1,014	932	*-8.1%*	652	654	*+0.3%*	-	337	*n.a.*
Spain Market price (avrg. € per MWh)	39.6	52.2	*+31.8%*	39.6	52.2	*+31.8%*			
Steepness *(Spanish assets)*	84.9%	94.9%	*+10.0 p.p*	95.8%	96.1%	*+0.3 p.p*			
Achieved price *(Spain, €per MWh)*	33.6	49.6	*+47.3%*	37.9	50.2	*+32.2%*			
Ro/PPA/FiT *(average € per MWh)*				37.0	43.7	*+18.2%*	-	76.8	*n.a.*
Ri *(€ per MWh)*	57.2	67.8	*+18.5%*	190.8	206.9	*+8.4%*			

Wind assets in Spain achieved a production of 932 GWh. Production has been lower than the output registered in 2016 as a consequence of a blizzard that, on 19th of January, 2017, affected the high voltage transmission lines in Santa Catalina and Abuela Santa Ana plants (included in Al Andalus), located in the east of Spain, halting the evacuation of electricity and thus production. Both lines have been repaired, resuming production of the plants the 10th and 29th of March, respectively. Subsequently, have operated normally throughout the rest of the year. If this event were not to have happened, and adding to the final production in the year the average historical production of the plants in that period, wind production in Spain would have been down by 1% compared to 2016, instead of the 8% registered.

Solar thermal assets achieved a production of 654 GWh, very similar to the production registered in 2016. It's important to note that in 2016 the thermal solar plants Extresol 2 and Extresol 3 contributed since their acquisition date the 22nd of March, 2016. In its evolution has influenced negatively the maintenance carried out in the plants. This action has been performed in order to substitute the moving parts in the rotation mechanism of the parabolic cylinders (ball joints), installing a better quality pieces to increase operating efficiency. The investment to replace the ball joints has been carried out by the O&M contractor.

Average Spanish wholesale market price had a strong performance in 2017, up to € 52.2 per MWh (vs. € 39.6 per MWh in 2016, which means a 32% increase rate). This has been due to the higher price of fossil fuels and a low hydro production, which has generated more thermal production compared to 2016. Taking into consideration the steepness of the wind plants in Spain, the price obtained accounted for 49,6 €/MWh, and in the CSP plants a price of 50,2 €/MWh.

The Ri (return on investment) per MWh has increased for the wind plants in Spain as a consequence of the production decrease already mentioned, as well as by the effect of the recalculation of the expected prices in the regulation by early 2017, after the semi period change. In the case of the CSP plants, the increase is due to the contribution of Extresol 2 and Extresol 3 for the full year, whilst in 2016 those contributed since its acquisition date the 22nd of March.

The Ro (return on operations) per MWh in the CSP plants also increased due to the regulatory change mentioned before.

In Uruguay, PPA prices were 77.5 $/MWh during this period. The average exchange rate in the period accounted for 1.166 US$/€. In Portugal the average price since the acquisition of the plants accounted for 100.9 €/MWh.

4.2. Revenues

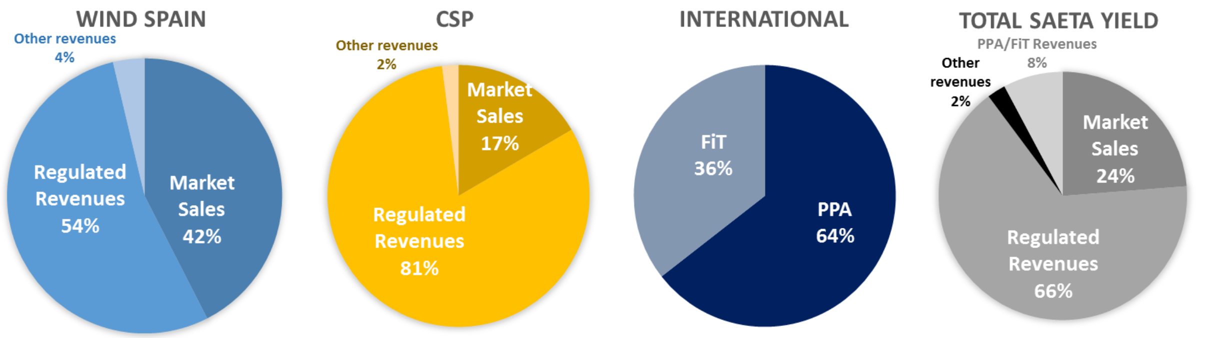
In 2017 Saeta Yield achieved total revenues of € 333 m, 19% more compared to the revenues registered in 2016. This growth comes from the full contribution of Extresol 2 and 3, whose revenues contributed last year since the 22nd of March, 2016, from the contribution of the Uruguayan assets since the 25th of May, 2017, and from the Portuguese assets, acquired the 29th of September, 2017. The higher market prices in Spain in 2017 also had a positive effect on revenues.

Due to this high price scenario, and as a consequence of the band mechanism which limits price exposure in the regulation of renewable energies in Spain[6], Saeta Yield has accounted a negative adjustment in revenues of € 7.5 m.

Likewise, it is important to note that, regarding the blizzard that affected by early 2017 the wind plants Abuela Santa Ana and Santa Catalina, the insurance compensation for both the material damage and the loss of profits were accounted as "other revenues", net of its deductibles.

In terms of revenues[7], wind assets contributed with 32.7% of the total, solar thermal assets with 59.5%, and the international asset contributed with 7.8%.

Revenues & EBITDA *By technology. Excl. Holdco*	**Wind Spain**			**CSP Spain**			**International**		
(€m)	**2016**	**2017**	*Var.*	**2016**	**2017**	*Var.*	**2016**	**2017**	*Var.*
Total Revenues	100.6	108.6	*+7.9%*	178.5	197.7	*+10.8%*	-	25.9	*n.a.*
% of total, excl. Holding	*36%*	*33%*		*64%*	*60%*		*0%*	*8%*	
EBITDA	72.5	80.4	*+10.8%*	127.1	141.5	*+11.3%*	-	21.7	*n.a.*
% of total, excl. Holding	*36%*	*33%*		*64%*	*58%*		*0%*	*9%*	



4.3. Operating results

EBITDA during 2017 accounted for € 242 m, a figure 22% higher than in 2016. EBITDA grew after the positive impacts in the revenues already described, and a slight improvement in the margin due to the consolidation of the Uruguayan and Portuguese assets (that, amongst other reasons, do not bear the 7% electricity generation tax).

6 According to regulation, maximum exposure to market price risk is 5.15€ MWh, compared with the price forecasted by regulation (42,84 €/MWh in 2017)

6 Excluding the Holding contribution and the consolidation adjustments effects.

EBIT accounted for € 129 m, including € 112 m of asset depreciation, a figure clearly higher than in 2016 due to the change of perimeter. Provisions and impairments account corresponds to the cancellation of value of the transmission lines affected by the blizzard mentioned before.

4.4. Financial results and Attributable net profit

Saeta Yield's financial consolidated result in 2017 was € -78 m vs. € -60 m in 2016. Financial expenses increased due to the financing of Serrezuela, fully withdrawn in 2017, whilst in 2016 was partially disposed. Likewise, Saeta Yield has accounted the foreign exchange results, the rupture costs of the derivatives after the refinancing of Manchasol 2 and Lestenergia and the full year financial expenses from Extresol 2 and 3, which contributed for a shorter period of time in 2016, due to its consolidation on the 22nd of March that year. Also, Uruguayan and Portuguese Wind Farms contribute with its financial expenses since the day of its acquisition. Finally, in the financial expenses account is included the positive effect in the consolidation of the valuation of the derivatives of Extresol 2 and Extresol 3, that accounts for € 11 m.

Attributable consolidated net result for 2017 amounted to € 36 m, a figure 22% above 2016's results.

5. Consolidated balance sheet

Consolidated balance sheet (€m)	31/12/2016	31/12/2017	Var.%
Non-current assets	**1,905.6**	**2,167.0**	***+13.7%***
Intangible assets	0.2	200.6	*n.a.*
Tangible and project assets	1,790.9	1,869.4	*+4.4%*
NC fin. assets with Group companies & rel. parties	1.1	1.1	*+0.0%*
Equity method investments	13.0	11.7	*-9.9%*
Non-current financial assets	14.2	9.7	*-31.4%*
Deferred tax assets	86.1	74.3	*-13.6%*
Current assets	**343.2**	**337.6**	***-1.6%***
Inventories	0.3	0.0	*-100.0%*
Trade and other receivables	74.6	84.3	*+13.0%*
C fin. assets with Group companies & rel. parties	0.4	0.7	*+105.8%*
Short term prepaid accruals	0.0	0.6	*n.a.*
Other current financial assets (incl. DSRA)	73.0	84.6	*+16.0%*
Cash and cash equivalents	194.9	167.3	*-14.2%*
TOTAL ASSETS	**2,248.8**	**2,504.5**	***+11.4%***
	31/12/2016	31/12/2017	Var.%
Equity	**551.5**	**547.0**	***-0.8%***
Share capital	81.6	81.6	*+0.0%*
Share premium	637.1	575.4	*-9.7%*
Reserves	-111.8	-81.8	*-26.8%*
Treasury stock	0.0	-0.6	*n.a.*
Profit for the period of the Parent	30.0	36.5	*+21.8%*
Adjustments for changes in value (coverage and forex)	-85.3	-64.1	*-24.8%*
Non-current liabilities	**1,525.8**	**1,688.2**	***+10.6%***
Non-current bank debt	1,341.8	1,488.7	*+10.9%*
Other financial liabilities in Group companies	0.0	9.4	*n.a.*
Other LT financial liabilities	0.0	5.2	*n.a.*
Non-current derivative financial instruments	120.4	82.8	*-31.2%*
Non-current Provisions	0.0	3.8	n.a.
Deferred tax liabilities	63.7	98.3	*+54.3%*
Current liabilities	**171.4**	**269.4**	***+57.2%***
Current bank debt	96.9	186.3	*+92.3%*
Current derivative financial instruments	35.5	34.3	*-3.4%*
Other ST financial liabilities	0.0	0.8	*n.a.*
Other financial liabilities with Group companies	0.2	1.4	*+707.5%*
Trade and other payables	38.9	46.6	*+20.0%*
TOTAL EQUITY AND LIABILITIES	**2,248.8**	**2,504.5**	***+11.4%***

5.1. Assets

Saeta Yield total assets accounted for € 2,505 m, being the most significant the non-current assets, for € 2,070 m. This account includes the generation assets in Spain and Portugal (in tangible and project assets) and the Uruguayan assets, under a concessional regime (in the intangible assets), amongst others.

5.2. Net debt and liquidity

Leverage (€m)	31/12/2016	31/12/2017	Var.%
Gross debt	**1,438.7**	**1,675.0**	***+16.4%***
Non-current bank debt	1,341.8	1,488.7	*+10.9%*
Current bank debt	96.9	186.3	*+92.3%*
Cash and other cash equivalents	**267.4**	**251.0**	***-6.1%***
Cash and cash equivalents	194.9	167.3	*-14.2%*
Holding Company	59.9	78.6	*+31.2%*
Plants	135.0	88.7	*-34.3%*
Debt Service Reserve Account	72.5	83.8	*+15.6%*
NET DEBT	**1,171.3**	**1,424.0**	***+21.6%***
Net Debt /EBITDA proforma(see note)	**5.6x**	**5.5x**	

Net debt, defined as long and short term gross banking debt minus cash, equivalents and the debt service reserve account, reached € 1,424 m by the end of the period (vs. € 1,171 m at the closing of 2016). The evolution of the debt is explained by the following effects:

- The consolidation of the net debt of the Uruguayan and Portuguese assets, acquired by Saeta Yield in 2017. In the case of the assets in Portugal, additionally Saeta Yield has refinanced the debt of the plants, increasing the total amount up to € 135 m.
- The withdrawal of € 70 m from the revolving credit facility of the Company (with a maximum disposition level of € 120 m) accounted as short term debt. A significant part of this withdrawal has been reimbursed in January 2018 (€ 65 m), whilst the rest is planned to be cancelled during 2018. In 2017 the Company also has signed bilateral credit agreements with several financial institutions for a total limit of € 6 m, out of which by the end of 2017 had disposed € 0.5 m.
- Also during the period, the Company has increased the debt level in the refinancing of Manchasol 2 (CSP Plant). It consisted mainly in a small increase in the debt level and in the maturity, with a reduction in the cost of the debt.
- Finally, in 2017 has been signed the financing of Valcaire wind farm, for a total amount of € 14 m. By the end of the period the withdrawn amount accounted for € 0.2 m. The remaining funds can be withdrawn up until the 30th of June, 2018.

SAY's cash position accounts for € 167 m, showing a decrease compared to the end of 2016 mainly due to the acquisition of the assets in Uruguay and in Portugal, and the payments to shareholders in the period, partially compensated by the operating cash flows of the Company. Apart from its cash position, Saeta Yield's total liquidity of € 237 m also includes the available funds in the RCF (€ 50 m), the available funds form the bilateral credit lines of the Company (€ 5.5m) and the non-withdrawn funds from the financing of Valcaire (€ 14 m).

Saeta Yield's Net Debt to proforma EBITDA ratio[8] accounts for 5.5x (compared to a 5.6x ratio in 2016).

Out of the total debt, it's worth noting that 96% comes from bank project finance with no recourse to shareholders, whilst the remaining 4% corresponds to the aforementioned RCF. The project debt's average maturity is 13 years[9].

Finally, it should also be highlighted that c. 78% of the projects' outstanding debt is hedged through IRS derivative contracts. The RCF has a financial cost calculated using a spread over the EURIBOR. Average cost of debt at the end of the period was 4.1%.

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8 Calculated with the 2017 expected annualized proforma EBITDA of Saeta Yield, that according to the guidance published accounts for € 260 m, including the contribution of Carapé and Lestenergia, and the Net Debt by the 31st of December, 2017. The ratio calculated with the accounted EBITDA of 2017 is 5.9x, whilst the ratio for 2016 is 5.9x.

7 Average life of the debt is the remaining life of the debt for each project pondered by the debt on that project.

5.3. Equity

Saeta Yield's equity by the end of the period was € 547 m, vs. € 552 m at the end of 2016. The evolution of the account was driven by the quarterly distributions to shareholders charged to the share premium in the period, by the contribution of the period's net income, and also by the reduction of the impairment results (as a result of the MtM of the derivatives).

As a result of the liquidity contract signed by the Company in August 2017, by end of the period Saeta Yield held a total of 65,081 treasury stocks, representing a 0.1% of the total outstanding shares.

6. Consolidated cash flow statement

Consolidated cash flow statement (€m)	2017	2017 Extraord. (1)	2017 Operating Assets	2016	2016 Extraord. (2)	2016 Operating Assets
A) CASH FLOW FROM OPERATING ACTIVITIES	**170.5**	**-9.8**	**180.3**	**122.8**	**-2.0**	**124.8**
1. EBITDA	**242.3**	**0.0**	**242.3**	**199.0**	**0.0**	**199.0**
2. Changes in operating working capital	**9.7**	**0.0**	**9.7**	**-6.0**	**0.0**	**-6.0**
a) Inventories	0.3	0.0	0.3	0.2	0.0	0.2
b) Trade and other receivables	4.0	0.0	4.0	6.6	0.0	6.6
c) Trade and other payables	3.9	0.0	3.9	-1.0	0.0	-1.0
d) Other current & non current assets and liabilities	1.6	0.0	1.6	-11.8	0.0	-11.8
3. Other cash flows from operating activities	**-81.5**	**-9.8**	**-71.7**	**-70.2**	**-2.0**	**-68.3**
a) Net Interest collected / (paid)	-74.5	-9.8	-64.7	-65.8	-2.0	-63.8
b) Income tax collected / (paid)	-7.0	0.0	-7.0	-4.4	0.0	-4.4
B) CASH FLOW FROM INVESTING ACTIVITIES	**-150.6**	**-150.9**	**0.3**	**-99.0**	**-99.2**	**0.2**
5. Acquisitions	-152.2	-150.9	-1.3	-90.9	-90.4	-0.4
6. Disposals	1.6	0.0	1.6	-8.1	-8.7	0.6
C) CASH FLOW FROM FINANCING ACTIVITIES	**-47.6**	**54.0**	**-101.6**	**32.7**	**114.6**	**-81.9**
7. Equity instruments proceeds / (payments)	-0.6	-0.6	0.0	0.0	0.0	0.0
8. Financial liabilities issuance proceeds	214.7	214.7	0.0	182.2	182.2	0.0
9. Financial liabilities amortization payments	-200.0	-98.4	-101.6	-90.2	-8.3	-81.9
10. Distributions to shareholders	-61.6	-61.6	0.0	-59.3	-59.3	0.0
D) CASH INCREASE / (DECREASE)	**-27.7**	**-106.7**	**79.0**	**56.5**	**13.4**	**43.0**
Cash flow from the operating assets			**79.0**			**43.0**

(1) Includes the distribution to shareholders, extraordinary payments due to Manchasol 2, Lestenergia and Valcaire financings, the Carapé and Lestenergia acquisitions, and the debt service (interests and debt principal) of the not yet invested funds obtained from the financing operation in Serrezuela by the end of 2017.

(2) Includes the acquisition of Extresol 2 and Extresol 3, the financing of Serrezuela, the distribution to shareholders and the debt service (interests and debt principal) of the not yet invested funds obtained from the financing operation in Serrezuela by the end of 2016.

Saeta Yield in 2017 reduced its cash position by € 28 m compared to the final cash position of 2016, a variation that includes a positive contribution of the operating assets of € 79 m, and several one off cash flows for a total of € -107 m. The evolution of the cash flow is explained by the following effects:

- Cash flow from operating activities grew due to the larger EBITDA in 2017 after the consolidation of Extresol 2 and 3, Carapé in Uruguay and Lestenergia in Portugal and the effect of the higher electricity prices even after the low production in Spain.
- Working capital contribution includes the positive effect of a higher CNMC coverage ratio by the end of the period, compared to the figure of 2016. It also includes the price bands mechanism effect, which decreases debtors account, with its subsequent positive effect in the cash flow generation in 2017, versus a decrease in the same period of 2016.
- Extraordinary interest payments includes the fees and other one-offs paid in the Manchasol 2, Valcaire and Lestenergia refinancings, the not yet invested funds from the financing in Serrezuela and the interest payments coincident with the subordinated debt repayment in Uruguay.
- The tax payment correspond to the obligations derived from the Royal Decree 2/2016, which requires the advanced payment of taxes during the year, calculated as a percentage of net income, and not depending on the tax settlement. The tax advance paid in 2016 has been collected by early 2018.
- In terms of investments, the cash flow statement includes:
    - The acquisition of Carapé in Uruguay, which represented a total cash disbursement of € 58 m. The initial cash position of the plants was € 2 m.

  - The acquisition of Lestenergia in Portugal includes the cash consideration of € 104 m. The initial cash position of the plants was € 9 m.
  - Operating assets investments correspond to the high tension line damaged in the blizzard in January 2017, already mentioned in this document, which has been fully recognized by the insurance company.

- The disposals include the effect of the withdrawals from the debt service reserve account during the period.
- Equity instruments include the acquisition of treasury stock under the liquidity contract signed by the Company in August 2017.
- Extraordinary financial liabilities issuance include the € 9 m of cash issued due to the Manchasol 2 refinancing, the withdrawal of the RCF of € 70 m already mentioned and the issuance of € 135 m in the recapitalization process of Lestenergia.
- Debt repayment accounts for the ordinary payments of debt in the plants. Included as extraordinary cash outflows are the € 75 m repaid in the refinancing of Lestenergia, the debt repayment of € 16 m in Carapé, the Manchasol 2 structuring fees paid coincident with the refinancing process (€ 3 m), the Serrezuela financing not yet allocated to the acquisition of new assets and the structuring fees related to the RCF (c. €1m).
- Finally, in 2017 the Company has distributed € 62 m to shareholders, € 2 m more than in 2016, as a consequence of the assets acquired during the year.

7. Capital Structure

By the 31st of December of both 2017 and 2016, SAY's share capital consists of 81,576,928 shares of one euro per value each, all of the same class and series, fully subscribed and paid up, which represents a share capital of € 81.6 m. All of the shares of Saeta Yield, S.A. are listed, since 16th of February, 2015 on the Spanish stock exchanges and are trading on the Continuous Market.

The main shareholders by the 31st of December, 2017 and 2016 (according to the CNMV filings), are the following:

	31/12/2017		31/12/2016	
	Shares	% Capital	Shares	% Capital
Cobra Concesiones, S.L. (*)	19,750,212	24.21%	19,750,212	24.21%
GIP II Helios, S.à.r.l	19,587,058	24.01%	19,587,058	24.01%
Morgan Stanley Investment Management INC	4,138,247	5.07%	4,138,247	5.07%
Treasury Stock	65,081	0.08%	-	-
Arrowgrass Capital Partners LLP	-	-	2,485,503	3.05%
Chedraoui, Tony	-	-	2,403,253	2.95%
Rest of Shareholders	38,036,330	46.63%	33,212,655	40.71%
Total shares	**81,576,928**	**100%**	**81,576,928**	**100%**

(*) 100% owned by ACS, Actividades de Construcción y Servicios, S.A.,

Source: CNMV

Each share confers the holder the right to cast a vote and all shares grant the same dividend rights. The Group did not hold treasury stock as of 31st of December, 2016, but by the end of 2017 held 65,081 own shares, thanks to the liquidity contract signed in August 2017.

8. Main risks and uncertainties

Saeta Yield currently runs its business activity in Spain, Uruguay and Portugal. All those countries have a different socio-economic, legal and regulatory environment, which implies exposure to different levels of risk inherent in their business. Saeta Yield monitors and controls such risks in order to avoid them reducing shareholders' profitability, endangering its employees or its corporate reputation or impacting negatively the Company as a whole.

In order to accomplish such risk monitoring task, Saeta Yield has defined procedures to identify them in advance so they can be properly handled, by avoiding or minimizing their impact.

Additionally to these risks inherent to its business activity, Saeta Yield is also subject to certain financial risks, especially interest rates variation, exchange rates, liquidity or credit risks:

- Interest rates risk is reduced by financial derivative instruments, hedging the cost of approximately 78% of the outstanding debt.
- Liquidity risks are managed by Saeta Yield through:
    - A solid liquidity position of € 167 m in December 2017.
    - The non-withdrawn funds in the Valcaire financing, for € 14 m.
    - A Revolving Credit Facility of € 120 m and a term of three years, extendable for two more years, out of which the Company has used € 70 m.
    - Several bilateral credit agreements for a total amount of € 6 m out of which the company has disposed € 0.5 m by the 31st of December 2017.
- Credit risk is considered to be low since Saeta Yield's main counterparties nowadays are: (i) the Electricity Tarif in Spain, that enjoys solvency and budget balance, as a result of the regulatory reform carried out in 2013 (ii) UTE, the counterparty in Uruguay of the PPA contract for 21 years in Carapé assets, has a solvent payment record (iii) EDP Serviço Universal, which has the obligation to purchase electricity in Portugal, and which has proven solid and solvent in its operations in the last few years and has a BBB- credit rating from S&P and (iv) three market agents in Spain, including the main companies in the industry, with good credit ratings according to the analysis published by the credit rating agencies.
- Saeta Yield will be subject to currency risk exposure, of around 5% of its revenues in 2017, related to the EUR/USD rate, since the assets of Uruguay are remunerated in the latter currency. That risk is partially diluted by the fact that most of the payments (including the financial ones) and expenses in Uruguay are made in dollars, meanwhile the cash surplus generated by the Uruguayan subsidiaries would be subject of a thorough analysis to assess the suitability of contracting exchange rate hedging. Additionally, due to the strategy of the Company, there is a natural coverage mechanism as Saeta Yield expects to acquire assets in the future investing US dollars.

The risk related to market revenues due to uncertainties in the electricity production derived from renewable technologies dependent on weather conditions - wind resource and solar irradiation – as well as the evolution of the Spanish wholesale market price are some of the reasons why Saeta Yield continuously monitors existing alternatives on the market to manage this risk.

For the next semester and with regard to the information currently available, Saeta Yield, according to the current available information and its current business situation, expects to face business risks similar to the ones within the previous semester.

9. Information on related parties

The related parties' transactions in the period can be summarized as:

- Those related with the operation and maintenance (O&M) as well as with the electricity production control centre (CECOVI) that the project companies have contracted with other subsidiaries of Grupo ACS, Holding Company of Saeta Yield's main shareholder (Cobra Concesiones S.L., CME and ProCME).
- The 3rd of August, 2017, Saeta Yield agreed, subject to certain precedent conditions, to acquire 100% of Lestenergia wind farms in Portugal to a subsidiary of Grupo ACS for an equity value of € 104 m (equivalent to an enterprise value of € 186 m).
- In the period the Company has performed payments to the main shareholders (Cobra and GIP) in the same measure than to the rest of the shareholders and according to the dividend policy of Saeta Yield.

All the aforementioned contracts and agreements have been executed under market conditions, monitored by the Audit Committee of the Board of Directors.

10. Other corporate matters

The Integrated Report of Saeta Yield, available in the webpage of the Company (www.saetayield.com) includes additional details on environmental and human resources policies of the Group and its results.

10.1. Environmental Protection

Saeta Yield Group's activity contributes strongly to the protection of the environment. The energy produced at its plants comes from renewable sources thereby avoiding the emission into the atmosphere of greenhouse gases. This demonstrates the commitment of Saeta Yield to sustainability.

Nevertheless, our activity also has an environmental impact, directly as a result of the alteration of the environment or indirectly by the consumption of materials, energy and water resources. The Group operates in a way that respects the law, adopting the most efficient measures to reduce these negative effects.

Saeta Yield in compliance with the Environmental Impact Statements for each of its plants is continuously monitoring the environment during and implementing various compensatory measures. Likewise, in his interest in improving the environment and reducing environmental impact, Saeta Yield analyses potential improvements in their production systems: efficiency in energy consumption, reduced water consumption, etc.

10.2. Human Resources

The Saeta Yield Group employed at the end of the period a total of 54 people, of whom 21 are women and 33 are men. Additionally, 48 of its employees are university graduates and 1 person presents an intellectual disability larger than 33%.

10.3. Research and development

Saeta Yield has internal working groups to study possible improvements in its plants, aimed at increasing efficiency in the production and consumption of resources.

11. Alternative performance indicators

Saeta Yield reports its results according to the International Financial Reporting Standards (IFRS), nevertheless, uses some alternative performance indicators to provide with additional and comparable information, to ease the performance evaluation of the Company. Amongst these is worth highlighting the CAFD, a non-GAAP financial measure that is not required by, or presented in accordance with, IFRS-EU. The Company believes that the CAFD is useful to investors in evaluating its ability to pay to shareholders.

In accordance with the ESMA directives, in this paragraph are described those indicators used by Saeta Yield in this document:

Total Revenues	Revenues + Other operating revenues
Other operating expenses	Cost of materials used and other external expenses + Other operating expenses + Staff costs
EBITDA	Operating income + Depreciation and amortization charge + Provisions and Impairments
EBIT	Operating income
Net Debt	Current & Non-current debt with financial institutions - Cash and cash equivalents – Debt service reserve account amount
Average cost of debt	Weighted average of the interest rate per project according to the total gross debt per project. At the end of the period.
RECAFD , Recurring CAFD, or Operative assets cash flow	Cash available for distribution that the Company expects its portfolio of projects will be able to generate on a recurrent basis (Net of cash flows not related with the ordinary evolution of the business) The cash flow available for distribution (CAFD) refers to consolidated net cash provided by operating activities; minus (or plus) deposits (or withdrawals) into (from) debt service reserve accounts required by project financing arrangements; minus cash distributions paid to non-controlling interests in our Asset Companies, if any; plus cash dividends from unconsolidated affiliates, if any; minus scheduled project-level and other debt service payments in accordance with the related borrowing arrangements; minus non-expansionary capital expenditures, if any; and minus expansionary OPEX, if any.
Extraordinary CAFD	Extract of the cash variation accounts not included in the RECAFD or Recurring CAFD, and the distribution to shareholders.
Financial results	Financial income - Financial expenses +/- foreign exchange results

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Translation of this report has been based on a document originally written in Spanish. In event of discrepancy, the Spanish language version prevails.

This document has financial information prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements were based on the individual accounts of Saeta Yield, S.A. and its project companies and they include the necessary adjustments and reclassifications to adapt them to IFRS.

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