

ABENGOA

2006 Earnings Presentation
February, 27th 2007



With the sun... we produce thermoelectric and photovoltaic electric energy



With biomass... we produce ecologic fuels and animal feed



With wastes... we produce new materials by recycling, and we also treat and desalt water to achieve a sustainable globe



With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and environment




With engineering... we construct and operate conventional and renewable energy power plants, power transmission systems and industrial infrastructures

Your Partner in Resources and Technical Solutions

This presentation contains forward-looking statements and information relating to Abengoa that are based on the beliefs of its management as well as assumptions made and information currently available to Abengoa. Such statements reflect the current views of Abengoa with respect to future events and are subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Abengoa to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental and business conditions globally and in the countries in which Abengoa does business, changes in interest rates, changes in inflation rates, changes in prices, changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Abengoa does not intend, and does not assume any obligations, to update these forward-looking statements.

Agenda

- 1. 2006 Highlights** 
- 2. 2006 Detailed Financial Analysis**
 - 2.1. Consolidated**
 - 2.2. Business Unit**
- 3. Q&A**

2006: Outstanding Performance

		<u>YoY %</u>
□ Revenues	2,677.2 M €	+ 32.3%
□ Gross Cash Flow *	287.9 M €	+33.0%
□ Net Income	100.3 M €	+ 52.0%
□ EPS	1,11 €	+ 52.0%
□ Market Cap**	2.743 M €	+ 144%
□ Investments	959,0 M €	+ 76.2%
□ Net Cash Position***	154 M €	+ 30%

* As today equal Ebitda

** As of close february 23rd.

*** Excluding Non-Recourse Debt

- ❑ **Abengoa is focusing its growth in investments where the construction of assets is done in-house, generally by the Industrial Engineering and Construction group.**
- ❑ **Interpretation 12 by IFRIC published late 2006 establishes that project from construction in service concession must be recognized upfront. This interpretation only cover concession contracts.**
- ❑ **Abengoa believes other intra-group construction contracts are in essence equal to concession contracts (Non-recourse Debt, Independent Engineer, EPC contract).**
- ❑ **Although not significant in 2006, we have introduced in the Cash Flow Statement, Gross Cash Flow.**
- ❑ **Gross Cash Flows from Operating Activities: Earnings before interest, tax, depreciation and amortization, adjusted by profit from construction of intra-group fixed assets.**

Financial Discipline Allows Future Growth

- Strong Cash-Flow Generation

Gross Cash Flow from Operations
288 M € (+33%)

Working Capital
+58 M €

- Investments in Profitable Growth

Investments
959 M € (+75%)

- Funded by Non-Recourse Debt

Non-Recourse Debt
+758 M €

- Flexibility for future growth

Net Cash Position
154 M €

Agenda

1. 2006 Highlights

2. 2006 Detailed Financial Analysis



2.1. Consolidated



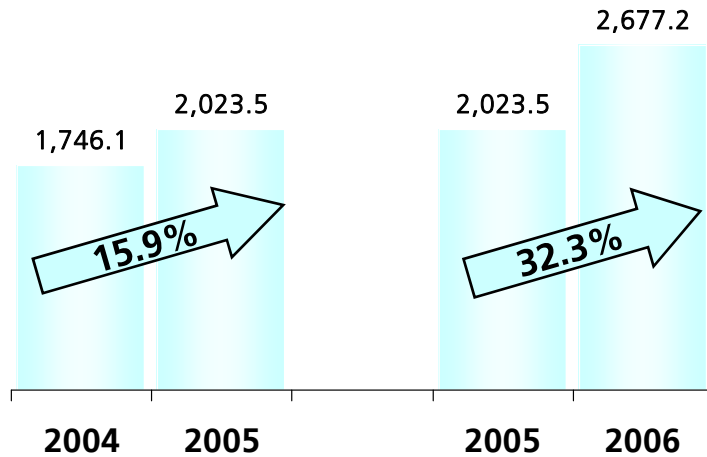
2.2. Business Unit

3. Q&A

€ in Millions

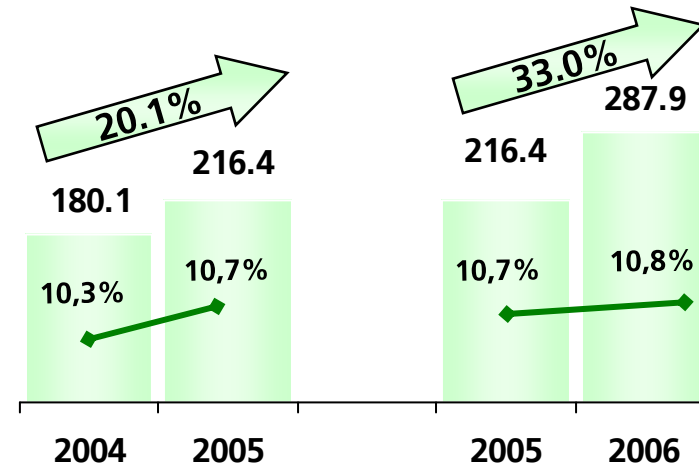
Revenues

Sustained Revenue Growth

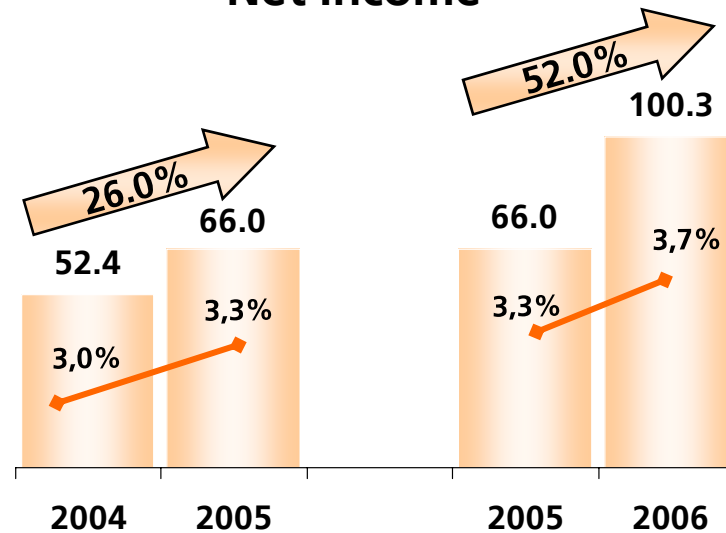


Gross Cash Flow

Improved Operating Performance



Net Income



P&L Account

€ in Millions, except EPS

	<u>31.12.2005</u>	<u>31.12.2006</u>	<u>Var (%)</u>
Net turnover	2.024	2.677	32
Depreciation and amortization expense	(53)	(69)	30
Research and development costs	(18)	(23)	27
I. Net Operating Profit	163	219	34
II. Net Financial Loss	(59)	(92)	56
III. Participation in Profits/(Losses) of Associate Companies	5	8	41
IV. Consolidated Profit before Tax	110	135	23
Corporate income tax	(32)	(13)	(58)
V. Consolidated Profit after-Tax	78	122	55
Profit attributable to minority interests	(12)	(21)	70
VI. Profit for the Year attributable to the Parent Company	66	100	52
Number of ordinary shares in circulation (thousands)	90.470	90.470	
VII. Earnings per Share for the Year's Result (€ per share)	0,73	1,11	52

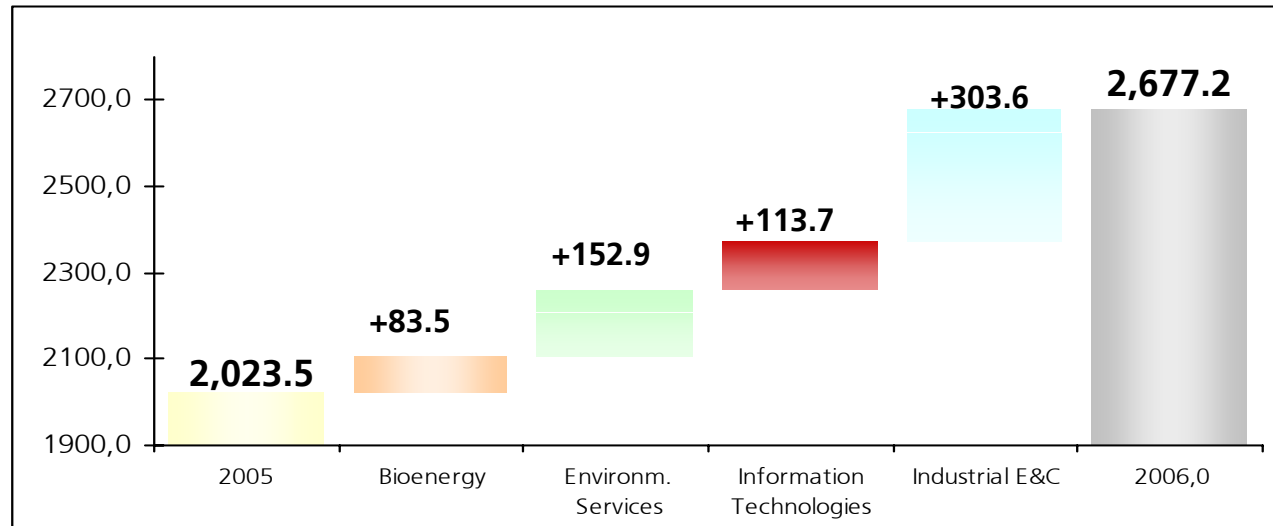
- **International Activity represents 56% of total sales, with a 52,7% yoy growth**

Activity Abroad							
	2006		2005		1996		CAGR (96-06)
	M €	%	M €	%	M €	%	%
<u>Exportation and Local Company Sales</u>							
- USA and Canada	284.7	10.6	270.3	13.4	0.0	0.0	-
- Latin America	739.5	27.6	492.3	24.3	152.4	26.3	17.1
- Europe (excluding Spain)	319.0	11.9	122.2	6.0	16.4	2.8	34.6
- Africa	104.3	4.0	46.3	2.3	5.2	0.9	34.8
- Asia	43.5	1.6	47.3	2.3	24.4	4.2	5.9
- Oceania	8.8	0.3	3.4	0.2	0.0	0.0	-
Total Abroad	1,499.8	56.0	981.8	48.5	198.4	34.2	22.4
Total Spain	1,177.4	44.0	1,041.7	51.5	380.4	65.8	12.0
Consolidated Total	2,677.2	100.0	2,023.5	100.0	578.8	100.0	16.5

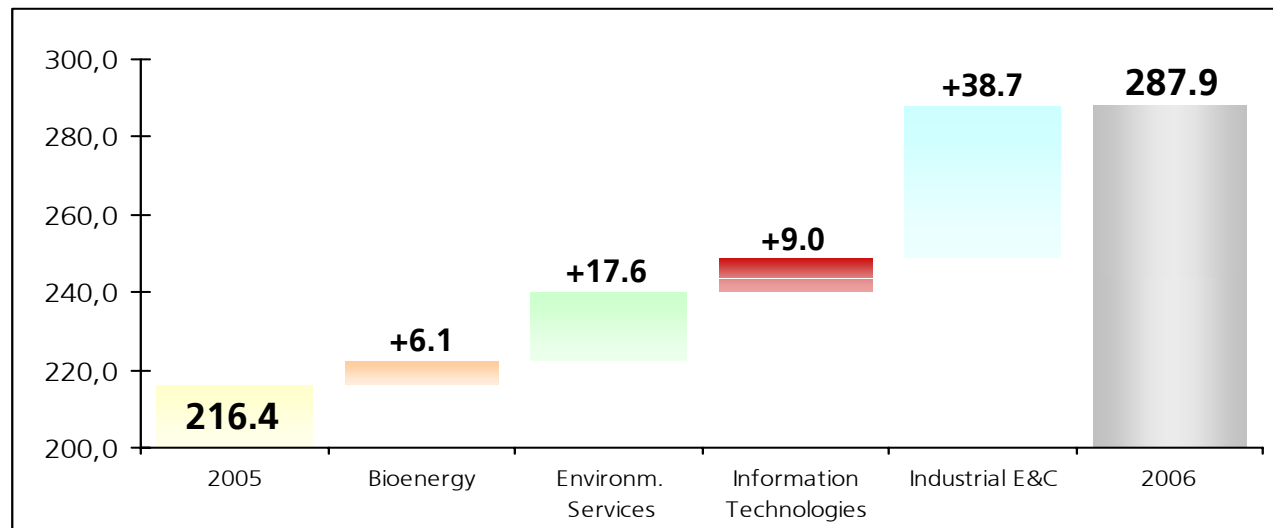
Contribution by Business Unit

€ in Millions

Revenue Growth



Gross Cash Flow Growth



Balance Sheet

€ in Millions, except EPS

Balance Sheet	2005	2006	Var (%)
Intangible Assets (incl. Goodwill)	349	623	79%
Fixed Assets in Projects	682	1.147	68%
Equity	526	541	3%
Non-Recourse Financing	671	1.254	87%

Net Debt	2005	2006	Var (%)
Long Term Debt with Credit Institutions	(530)	(873)	65%
Short Term Debt with Credit Institutions	(167)	(483)	190%
Financial Investments	380	482	27%
Treasury	435	1.028	136%
Total Net Debt	118	154	30%

Project Financing	2005	2006	Var (%)
Long-Term non-Recourse Financing	386	796	106%
Short-Term non-Recourse Financing	284	458	61%
Total non-Recourse Financing (Project Financing)	671	1.254	87%

Cash-Flow Statement

€ in Millions, except EPS

Cash Flow Statement	2005	2006	Var (%)
Consolidated Profit after-Tax	78	122	55%
Corporate Income Tax	32	13	-58%
Depreciation and amortization	53	69	30%
Net Financial Loss	59	92	56%
Participation in Profits/(Losses) of Associate Companies	5	8	41%
Profit from construction of intra-group fixed assets	-	-	-
Gross Cash Flow	216	288	33%
Cash Generated by Operations	140	188	34%
Variations in working capital	59	58	-1%
A. Net Cash Flow from Operating Activities	199	246	24%
Investments	(544)	(959)	76%
Disinvestments	89	82	-8%
B. Net Cash Flow from Investment Activities	(456)	(877)	93%
C. Net Cash Flow from Finance Activities	440	1.224	178%
Net Increase/Decrease of Cash and Equivalents (A+B+C)	183	593	223%
Cash or equivalent at the beginning of the year	252	435	73%
Cash in Banks at the Close of the Year	435	1.028	136%

Agenda

1. 2006 Highlights

2. 2006 Detailed Financial Analysis



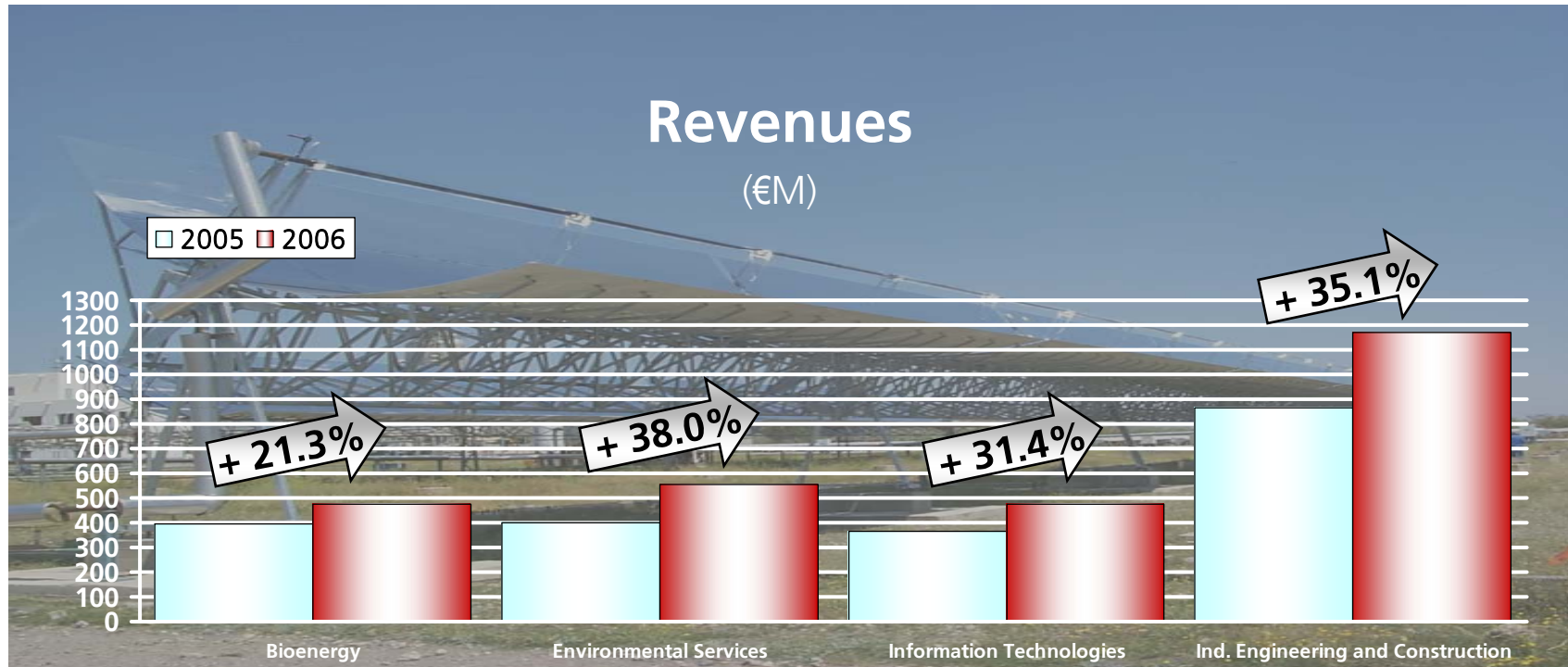
2.1. Consolidated

2.2. Business Unit



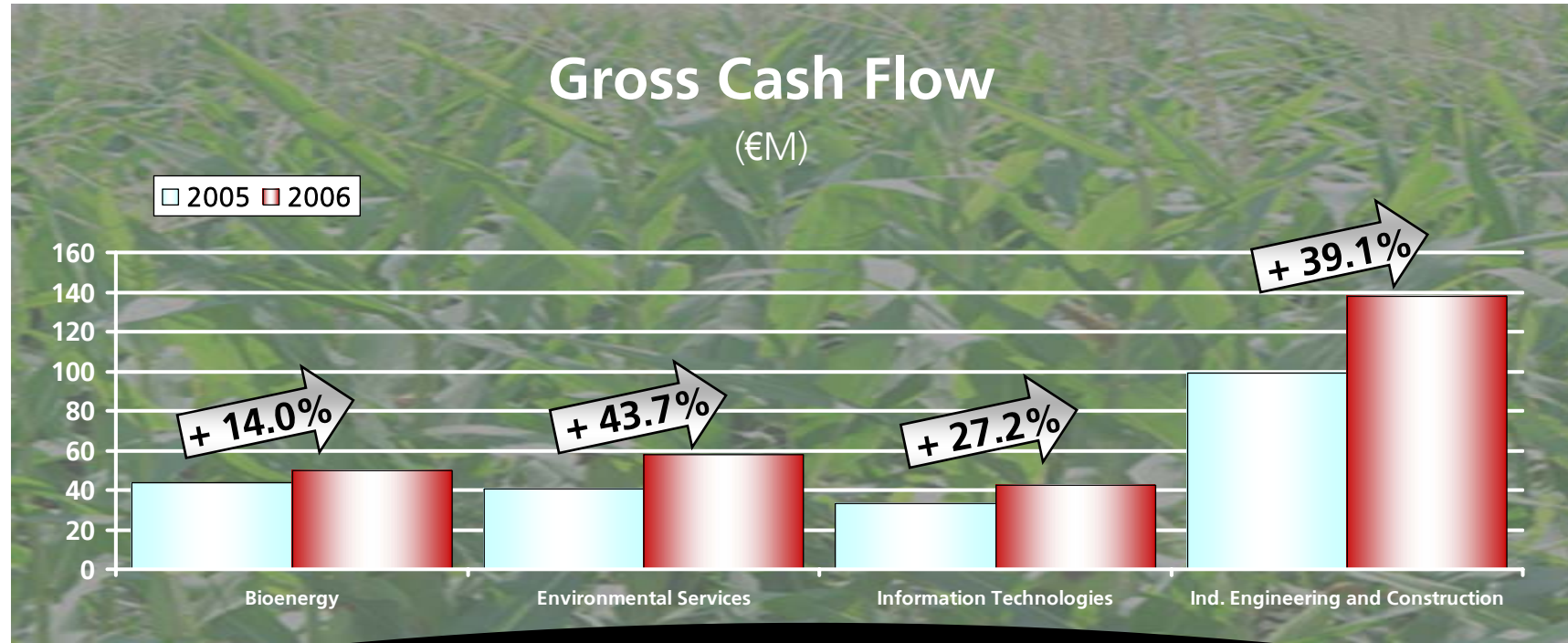
3. Q&A

Highlights by Business Unit



- Strong revenue growth (+20% in the 4 sectors)

Highlights by Business Unit



- **Successful operating performance**

Bioenergy

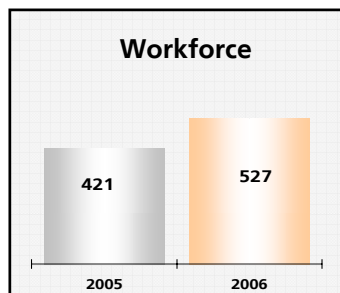
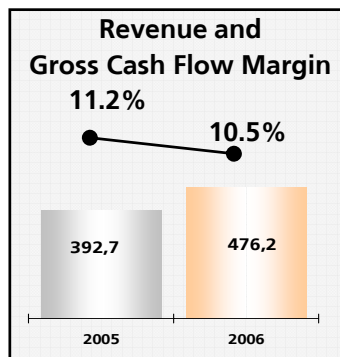
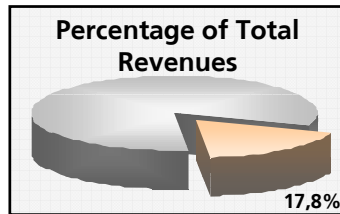


With biomass... we produce ecologic fuels and animal feed

Bioenergy

▶ 2006 Review

Highlights

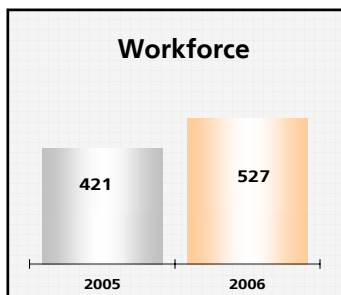
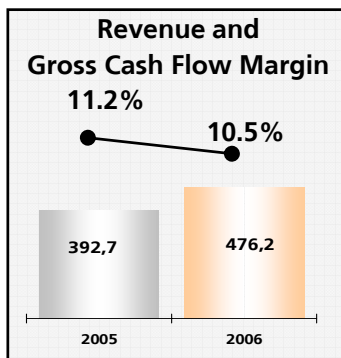
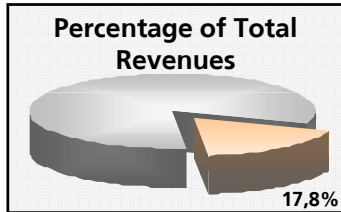


- ✔ **476.2 M € of revenues, a 21.3% increase:**
 - ✔ Higher sales prices in both the EU and US markets.
 - ✔ Volume increase in the EU market due to the start up of Biocarburantes Castilla y León (36.7 M €).

- ✔ **49.9 M € of Gross Cash Flow, a 14.0% increase.** Margin deterioration :
 - ✔ Increase in energy costs in the US and EU markets.
 - ✔ Increase in raw material and logistic costs in the EU.
 - ✔ Lower margins in Biocarburantes Castilla y León (all sales are exports)
 - ✔ Lower contribution from ETBE plant in 2H06, sold to Cepsa

Bioenergy

▶ 2006 Review



United States

- ✓ Ethanol sales volume reached 102.0 million gallons against 100.4 million gallons in 2005 (+2%)
- ✓ Ethanol price: average 2006 1.75 US\$/gall vs. 1.43 US\$/gall in 2005 (+22%)
- ✓ Grain price: average 2006 2.46 US\$/bushel vs. 2.51 US\$/bushel in 2005. (-2%)
- ✓ Natural Gas: average 2006 9.45 US\$/mmbtu vs 8.19 US\$/mmbtu in 2005 (+15%).

European Union

- ✓ Ethanol sales reached 361.6 million liters vs. 303.5 million liters in 2005) (+19%)
- ✓ Ethanol price: 0.580 €/liter, vs. 0.517 €/liter in 2005 (+12%)
- ✓ Grain price 2006: 139.8 €/ton vs. 134.5 €/ton in 2005. (-4%)
- ✓ Natural gas, increased from 15.6 €/MWh in 2005 to 22.4 €/MWh in 2006 (+44%).

Environmental Services

With wastes... we produce new materials by recycling, and we also treat and desalt water to achieve a sustainable globe

Environmental Services

▶ 2006 Review

Highlights

☑ Revenues (**555.3 M €**) increase by **38.0%**:

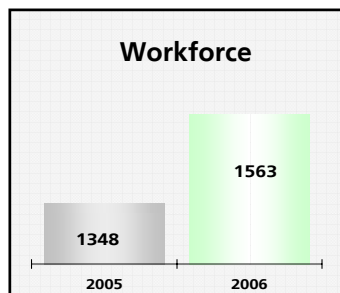
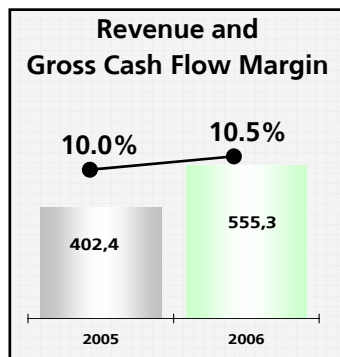
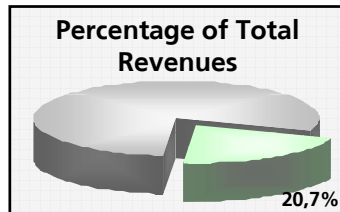
☑ Aluminium: Higher volume and prices

☑ Environmental Engineering: increase of activity.

☑ Steel dust: consolidation of B.U.S. with a sales contribution of 19.5 M€.

☑ Gross Cash Flow reached **58.0 M €**, which is a **43.7%** increase compared to 2005.

☑ B.U.S. contributes with 5.5 M€ of Gross Cash Flow.



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Information Technologies

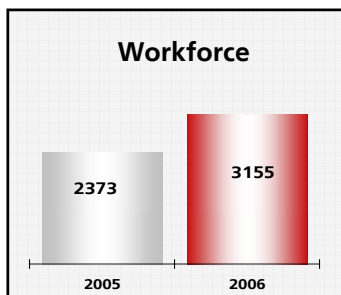
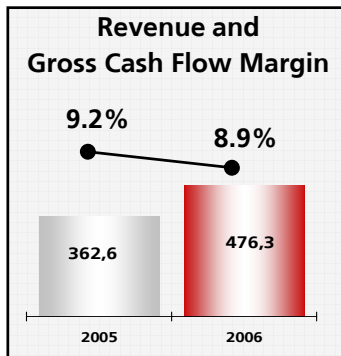
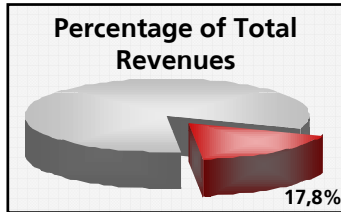
With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and environment

Information Technologies

▶ 2006 Review

Highlights

- ✓ The sales figure for 2006 reached **476.3 M €**, which is a **31.4%** increase on 2005. This increase is essentially due to the organic growth of the activity.
- ✓ Energy: progress in significant projects in the sector (Vatenfall, Oil and Gas-Mexico, Electric Sector-Spain), reaching total sales of 215 M€.
- ✓ Traffic and Transport sector: three new acquisitions Beijing Blue Shield, in China; Farradyne, in the United States; and Maexbic, in Spain.
- ✓ The Gross Cash Flow figure is **42.3 M €**, which is an **27.2%** increase on the figure for the previous year.
- ✓ Margin decline due to increase in general expenses caused by the implementation of the SOX, commercial and bid expenses and the impact of the integration costs for the companies acquired during the year.



Industrial Engineering and Construction

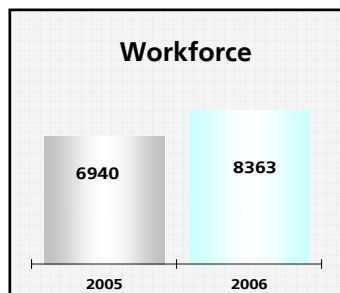
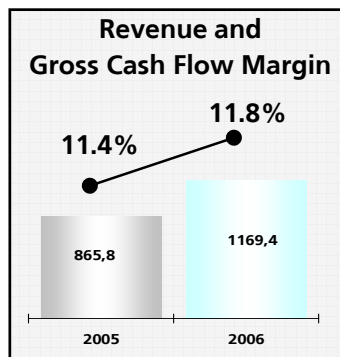
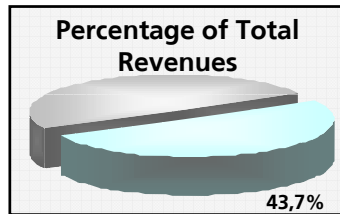
With engineering... we construct and operate conventional and renewable energy power plants, power transmission systems and industrial infrastructures



Industrial Engineering and Construction

▶ 2006 Review

Highlights



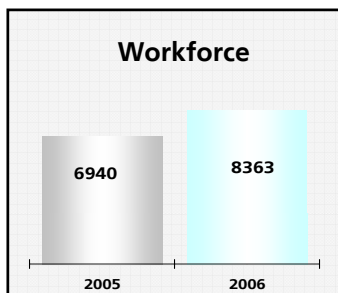
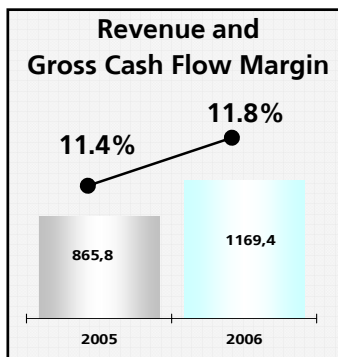
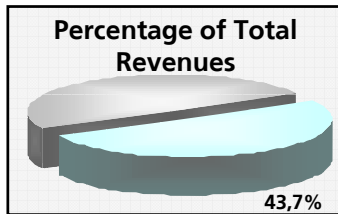
- Revenues reached **1,169.4 M €**, which is a **35.1%** increase on the previous year.
 - Contribution from energy (Solar and Ethanol) and installations in Europe
 - Concession revenues: full year ATE (since October 05) and start-up of ATE II (December 06)

- Gross Cash Flow has also increased on the previous year by 38.7 M €, from 98.9 M € in 2005 to **137.5 M €** in 2006.
 - Contribution of Transmission Concession Revenues
 - Cogeneration: significant margin deterioration, due to +44% increase in natural gas costs and 6% drop in pool prices.
 - resulting in only a slight margin increase

Industrial Engineering and Construction

▶ List of Significant Contracts

- ☑ Transmission Lines Concession in Brazil, December 2006 (250 M €)
- ☑ Electric interconnection system, the Countries of Central America (89 M€)
- ☑ 154 kV Itahue–San Fernando line for Transelec, Chile (8 M€)
- ☑ Botnia, civil work at the Frey Bentos Wastewater Treatment Plant (6 M€)
- ☑ 16 MW Guapi hydraulic power plant, Colombia (61 M US\$)
- ☑ PS20, a 20 MW solar power plant, with tower and heliostat field technology (95 M€).



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Solar

With the sun...we produce
thermoelectric and photovoltaic electric
energy

Solar

▶ 2006 Milestones

- ✓ Construction completed on the first 10 Mw commercial solar thermal generation unit (central receiver)
- ✓ Start of construction of 20 Mw central receiver
- ✓ Management Team completed
- ✓ R&D Team
- ✓ The **Sevilla PV plant**, the largest commercial photovoltaic solar energy power plant, started up during 2006 and has produced 1.241.864 kw to December 2006. The figures of this plant are not relevant yet, and they are included in Industrial Engineering and Construction business.
- ✓ The **PS-10 plant**, the first tower technology thermoelectric power plant, is in start-up phase.



Keys for 2007

Solar

Start-up of PS10
Construction of PS20
Launch of 2x50MW

Bioenergy

Start-up of Ravenna (85 Mgal)
Construction of french plant
New Projects in Europe
New Projects in US
R&D Progress

Environmental Services

Integration of BUS
Desalination: construction in Algeria, India, Spain

Information Technologies

Organic Growth
US Traffic Market
Energy & Infrastructure spending

Industrial & Eng. Construction


- Construction:
Solar and Ethanol
- Transmission:
ATE II operation
- Energy Infrastructure demand

Sustainable Development

Ideally Positioned for Growth

- ❑ Strong Operating Performance in every Business Unit
- ❑ Technology Leadership in high growth Sustainable markets
- ❑ Identified pipeline of growth projects
- ❑ Engineering & Construction capabilities become key to success
- ❑ Growth with Financial discipline

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