

ABENGOA

Innovative Solutions for Sustainability



ABENGOA

Power Transmission Lines - The Needed Link

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April 2011

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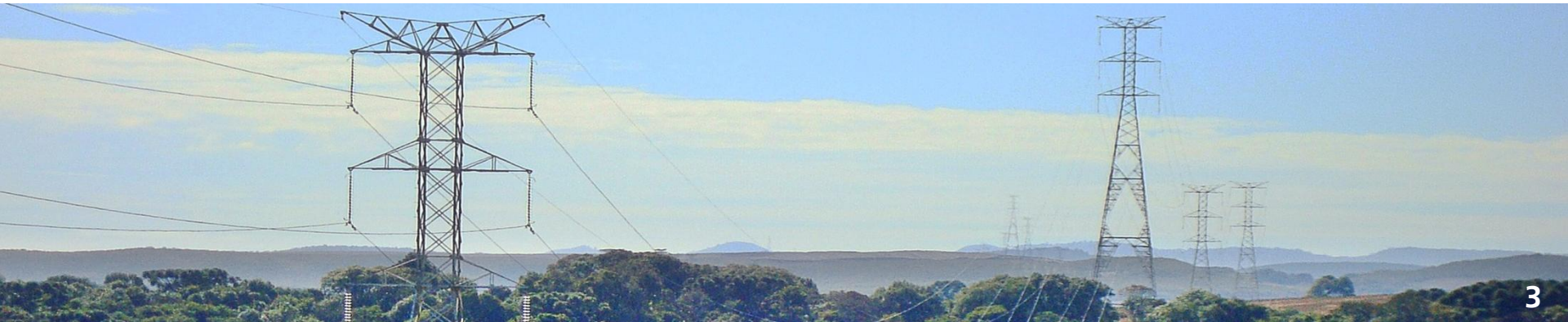
Transmission is a key element in the electric system and in some regions is open to private investors

Low risk business with attractive and stable returns

Abengoa possesses a differentiated business model with potential for value creation

Current leadership position in Latam

Clear opportunities for profitable future growth



1

Business Description. Our Capabilities

2

Future Opportunities

Transmission assets are essential infrastructure; however, represent a small proportion of capex and opex of the whole electric system

Conventional generation
& renewable generation

54%

Industrial
consumption

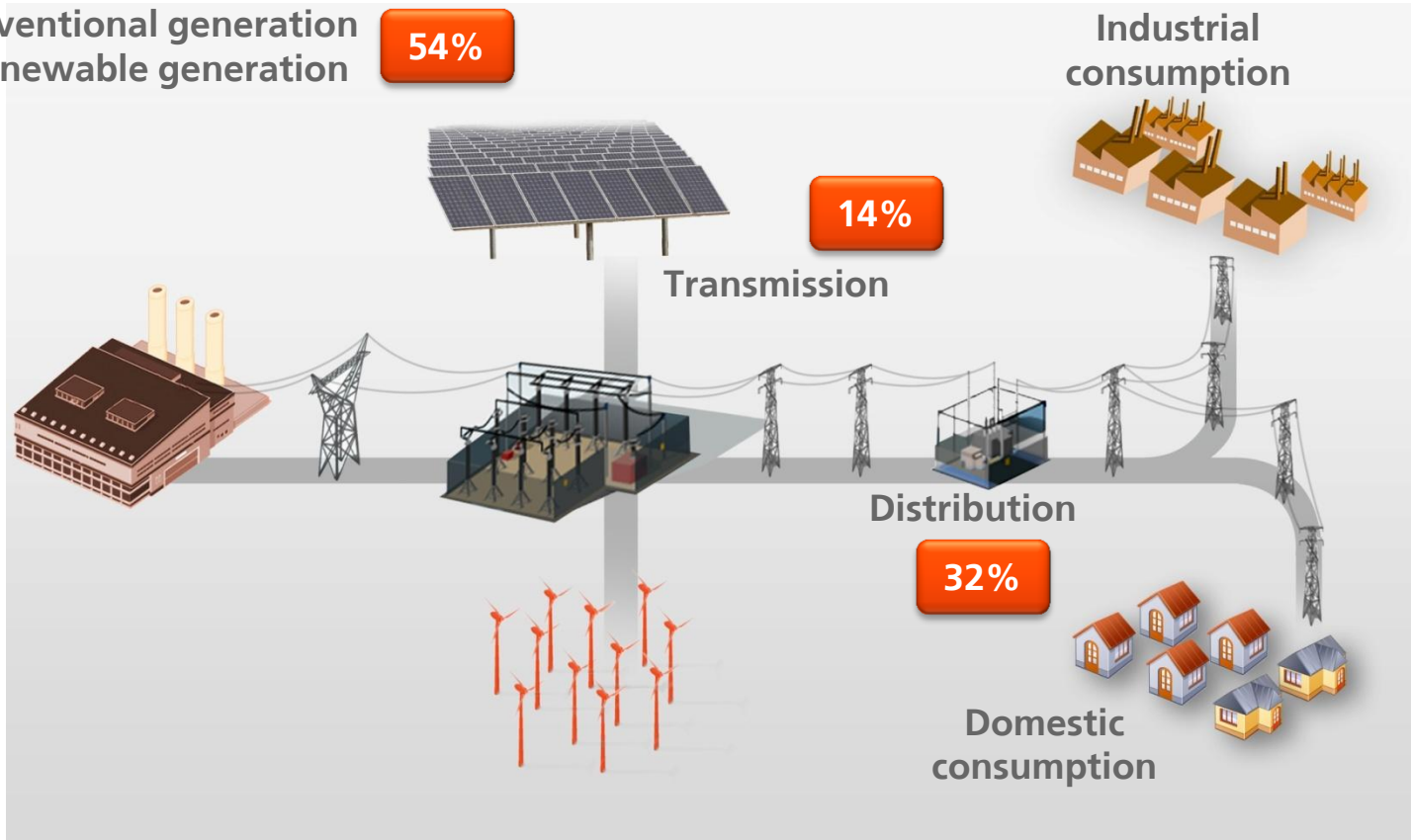
14%

Transmission

Distribution

32%

Domestic
consumption

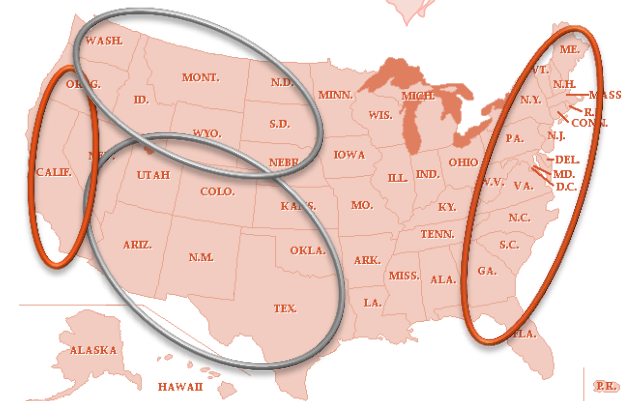
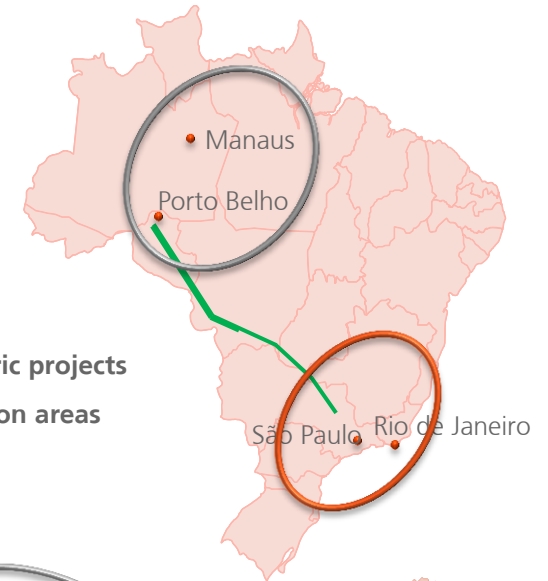


XX%

% in terms of capex of the electric system
Source: World Energy Outlook 2010

Investment in transmission infrastructure is becoming increasingly important

- 1 Sustained growth of global power demand
- 2 Distance between power production and consumption centers
- 3 Increase of renewable technologies in the generation



- Highest renewable resources availability
- Main consumption areas

Two different models for transmission assets ownership

Model 1:

Private companies involved in EPC + ownership of assets ("BOOT")



- Emerging markets
- Concession model ("BOT"⁽¹⁾, "BOOT"⁽²⁾)

Model 2:

Private companies involved in EPC only



- Developed countries
- State-controlled entities own existing assets
- Private companies involved in EPC
- **Specific opportunities** to arise in some countries for private investors in structures **similar to concessions** (i.e. USA, CEE, North Africa)

(1): BOT: Build, Operate, Transfer;
(2) BOOT: Build, Operate, Own, Transfer

Transmission concessions offer low risk business with attractive and stable returns

Profitability

- **Target equity IRR 10% - 15%** on concessions
- **Recurrent** revenues and EBITDA
- **High cash flow generation** derived from high EBITDA margins (up to 85%) combined with low maintenance capex
- **Limited equity investment;** financing with non-recourse debt generally available up to 80%

Limited & Controlled Risk

- **Economic terms** of the concession agreed at tender and **protected by regulatory regime**
- Contracted revenues with **creditworthy counterparties**
- Transmission assets considered **critical infrastructure**; investment hardly impacted by economic downturn
- **Limited operational risk**; revenues based on availability

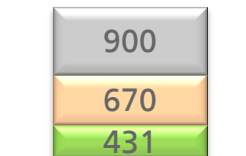


9,388 km of transmission concessions in Brazil, Chile and Peru, with an average remaining life of 23 years

Peru



2,001 km



Km

Chile



305 km

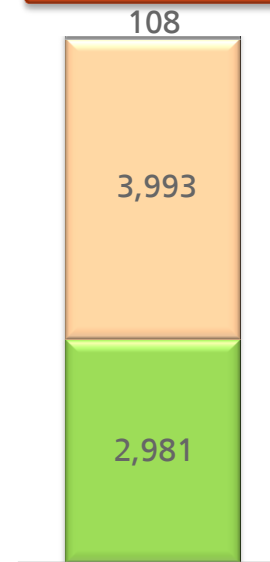


Km

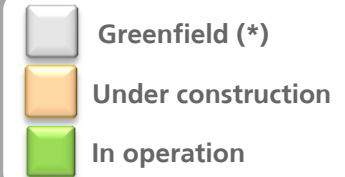
Brazil



7,082 km



Km



(*) Concession has been awarded. Working on permitting.



Abengoa capabilities in T&D position us uniquely in the Brazilian market

- **Leading private power transmission company in Brazil** in terms of grid extension and Receita Anual Permitida ("RAP")⁽¹⁾
 - Assets in **DC and AC**
 - **Longest DC transmission line in the Americas**
 - **O&M** done directly
- **Partner of choice** of reputable strategic players such as Eletrobras



(1) Annual allowed revenues.

Location	Operation Name	Length	KV	COD	End of Concession	Remaining Life	Concession Type	Ownership (%)	Partner (%)	Partner
Brazil										
In Operation										
Brazil	NTE	386 km	500 & 230 AC	Q1 2004	2032	21	BOOT	100%	0%	-
Brazil	STE	366 km	230 AC	Q3 2004	2032	21	BOOT	100%	0%	-
Brazil	ATE	370 km	500 AC	Q4 2005	2034	23	BOOT	100%	0%	-
Brazil	ATE II	937 km	500 AC	Q4 2006	2035	24	BOOT	100%	0%	-
Brazil	ATE III	459 km	500 AC	Q2 2008	2036	25	BOOT	100%	0%	-
Brazil	ATE IV	85 km	525 - 230 AC	Q3 2010	2037	26	BOOT	100%	0%	-
Brazil	ATE V	132 km	525 - 230 AC	Q4 2009	2037	26	BOOT	100%	0%	-
Brazil	ATE VI	131 km	525 - 230 AC	Q3 2009	2037	26	BOOT	100%	0%	-
Brazil	ATE VII	115 km	525 - 230 AC	Q3 2009	2037	26	BOOT	100%	0%	-
Total In Operation		2,981 km								
Under Construction										
Brazil	Manaus	596 km	500 AC	E2011	2038	27	BOOT	51%	49%	Eletronorte, Chesf
Brazil	Linha Verde	987 km	230 AC	E2011	2039	28	BOOT	51%	49%	Eletronorte
Brazil	Norte Brasil	2,410 km	600 DC	E2012	2039	27	BOOT	51%	49%	Eletronorte, Eletrosul
Total Under Construction		3,993 km								
Greenfield										
Brazil	Lote I	108 km	230 AC	E2012	2041	29	BOOT	100%	0%	-
Total Greenfield		108 km								

Total Brazil: 7,082 km

With the sale of stake in ETIM and ETEE, Abengoa achieved the two main goals of asset rotation: lock-in returns and rotate capital into new projects

- In 2010 Abengoa completed the **sale of its 25% stake in ETIM and ETEE**, power transmission lines in operation in Brazil
 - Part of a larger transaction in which State Grid acquires a total of eight transmission lines in Brazil
- **Net cash impact of 78 M€**
- **Capital gains of 65 M€**
- **IRR of +30%**, well above those obtained with the operation of the asset

(M€)	Price	Book Value	Capital Gain	IRR
ETIM	25.1	9.8	15.3	33%
ETEE	65.2	15.4	49.8	36%
Total	90.3	25.3	65.1	



Abengoa has unmatched T&D capabilities in Peru

- Abengoa has been **present in Peru for more than 30 years**
- Abengoa is the **2nd largest power transmission company in Peru** in terms of grid extension
- **O&M** done directly



Location	Operation Name	Length	KV	COD	End of Concession	Remaining Life	Concession Type	Ownership (%)	Partner (%)	Partner
Peru										
In Operation										
Peru	Redesur	431 km	220 AC	Q1 2001	2030	19	BOOT	24%	76%	REE, ACS
Total In Operation		431 km								
Under Construction										
Peru	ATN	670 km	220 AC	Q4 2010	2040	29	BOOT	100%	0%	-
Total Under Construction		670 km								
Greenfield										
Peru	ATS	900 km	500 y 200 AC	E2014	2044	30	BOOT	100%	0%	-
Total Greenfield		900 km								

Total Peru: 2,001 km

1

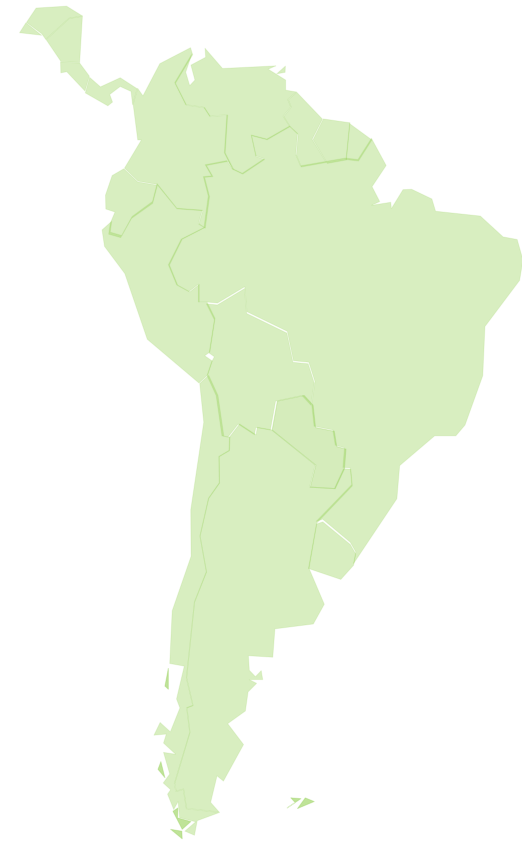
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Future Opportunities

Abengoa continues to see attractive growth opportunities Latam and is uniquely positioned to benefit from them

- **Transmission grid in the region is under developed** so there continue to be opportunities for growth
- **Brazil, Peru and Chile continue to be the countries of choice:** investment grade, limited political risk
- **Some assets in portfolio reaching a mature stage and could be subject to asset rotation** as an alternative for funding of growth
- Additional business opportunities by **upgrading existing lines**



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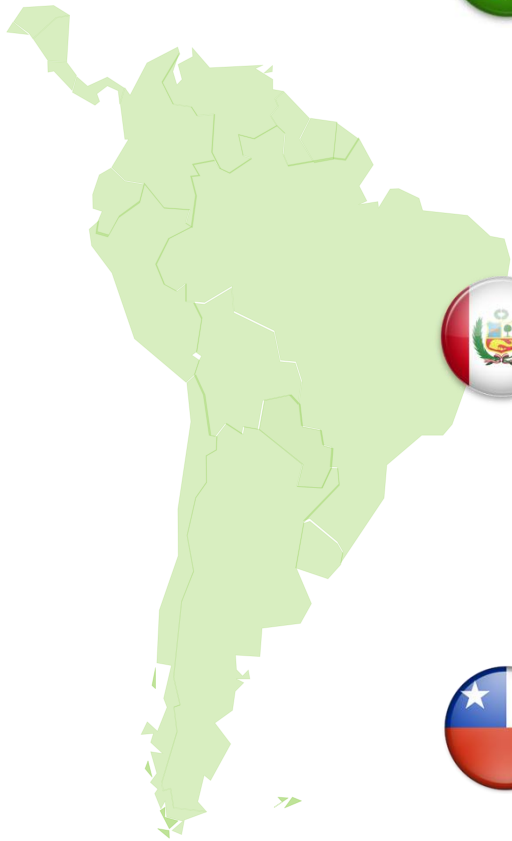
- Grid expansion estimated on **more than 36,000 km between 2008 – 2017**
- Government investment plan in energy infrastructure: PAC-2: **R\$1,088.5 B (~€475 B) investment (generation + T&D)**
- Opportunity for increasing portfolio profitability via **execution of compulsory upgrades of existing lines with attractive returns**







- Grid expansion estimated on **more than 4,000 km in coming years**
- 2 BOT concessions to be tendered in Q2 2011, another 4 expected in 2012
- Negotiation with private industrial companies in the area for **development of private lines** both as EPC + O&M and concession contracts



- **8 BOT concessions to be tendered between 2011 and 2012**
- Investment of approximately \$850 M
- Considering strategic alliances with local players



Based on market assumptions, Abengoa's portfolio of transmission concessions in Latam has an approximate value of €2,800 M

			Total	
Enterprise Value⁽¹⁾ (€M)	2,447	367	2,814	
WACC	7.30%	7.10% / 7.00%		 3,408  2,349
Book Value⁽²⁾ (€M)	1,856	252	2,108	
EV / BV	1.3x	1.5x	1.3x	

Valuation Approach

- Valuation method: net present value of project free cash flows
- FX rates: BRL/€ 2.19, USD/€ 1.34 as of March 2011
- Risk-free rate: German bond 10 years + country risk premium (EMBI)
- Market risk: 5.5%
- Unlevered beta: 0.3

(1) Value of 100% of assets.

(2) Net fixed assets in Abengoa consolidated balance sheet

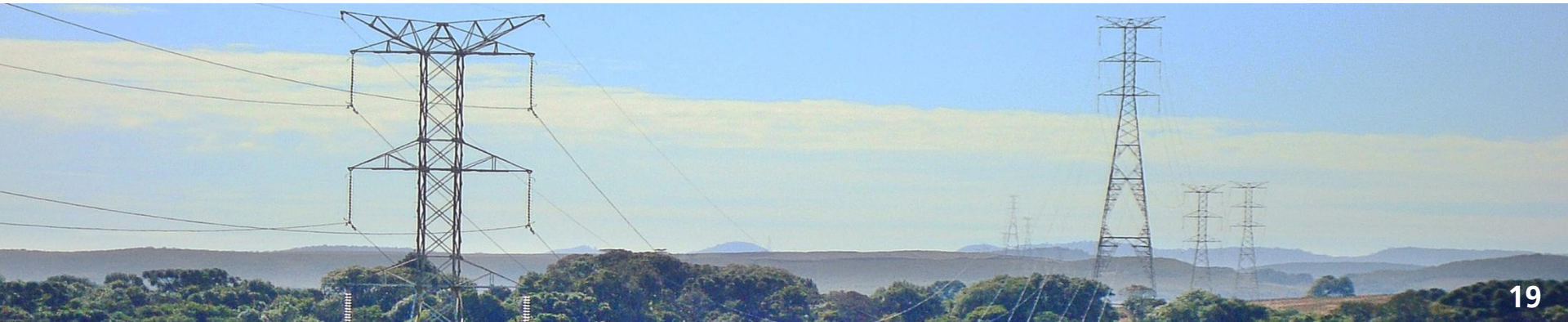
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Thank you

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