

Management Report for the 2013 Financial Year

Main Magnitudes

- Revenues amounted to EUR 6,607 million, representing a 5.8% decline relative to the same period last year, 2012.
- EBITDA amounted to EUR 1,228 million, 14.1% lower than in 2013 sic for 2012].
- Ordinary profit before tax reached EUR 29 million, 88.1% less than in December 2012.
- EBT was EUR -2,174 million after accounting extraordinary losses of EUR -2,203 million in relation to the impairment of the value of renewable assets in Spain as a consequence of the expected regulatory changes (RD-L 9/2013).
- Net attributable loss of EUR -1,972 million.
- The group's net ordinary capital expenditure during 2013 amounted to EUR 381 million, 55.4% less than in the same period last year.
- Net financial debt decreased significantly from EUR 7,482 million at 31 December 2012 to EUR 6,715 million at 31 December 2013.

Income Statement Data

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. %
Revenues	7,016	6,607	-5.8
EBITDA	1,431	1,228	-14.1
EBIT	646	-1,771	n.a.
EBT	246	-2,174	n.a.
Net attributable profit	189	-1,972	n.a.

Balance Sheet Data

(Million euro)	31-Dec-12	31-Dec-13	Ch. %
Equity	5,508	3,399	-38.3
Net debt	7,482	6,715	-10.2
Finance gearing	136%	198%	62pp
Ordinary capital expenditure	854	381	-55.4

Operating Data

	Jan-Dec 12	Jan-Dec 13	Ch. %
Infrastructure backing (Million euro)	6,766	5,723	-15.4
Water backlog (Million euro)	11,326	10,730	-5.3
Total wind installed capacity (MW)	7,096	7,139	0.6
Total installed capacity (MW)	8,437	8,480	0.5
Total production (GWh) (Jan-Dec)	20,379	22,404	9.9
Average workforce	32,905	34,108	3.7

The results are presented in accordance with International Financial Reporting Standards (IFRS) approved by the European Union.

In 2013 ACCIONA created ACCIONA Service in order to provide further momentum to its position within the services sector. This division will now encompass the facility services business, airport handling, waste management, logistic services and others. The aim is to offer tailor-made solutions to public and private clients through an integrated management model.

As a result, the divisional breakdown presented in this report has changed. The 2012 figures included in this report have been adjusted to make them comparable to those of 2013.

ACCIONA reports in accordance with its corporate structure, which comprises five divisions:

- Energy: ACCIONA's power business comprises commercial and industrial activities that range from the construction of wind farms to the generation, distribution and marketing of its different energy sources.
- Infrastructure: it includes construction and engineering activities as well as transport and hospital concession activities.
- Water: it includes the construction of desalination, water and wastewater treatment plants, as well as integral water services management from bulk water abstraction all the way to discharging treated wastewater water to the environment. ACCIONA Water also operates water concessions across the entire water cycle.

- Services: it includes the activities of facility services, airport handling, waste management and logistic services, amongst others.

- Other activities: this division includes the businesses of Trasmediterránea, real estate, Bestinver, wineries and other activities.

EBITDA in 2013 fell by 14.1% relative to 2012, mainly due to the performance of the Energy and the Infrastructure divisions:

- The Energy division reported a drop in EBITDA of 13.0% as a consequence of the regulatory changes in Spain in force since January 1st 2013 (Law 15/2012 and RD-L 2/2013) as well as the impact in the second half of 2013 of the RD-L 9/2013.
- The Infrastructure division saw its EBITDA fall by 49.6% relative to 2012 due to the drop in construction activity in Spain as well as the negative results accounted in some international construction contracts.

The Group's EBITDA margin stood at 18.6%, slightly lower than 2012 (20.4%) mainly due to lower margins in the Energy and Infrastructure divisions.

Regarding the EBITDA breakdown by division, the main contributor was Energy (79.7%), followed by Infrastructure (6.7%) and Water (4.4%). The rest of the divisions contributed 9.2%.

% EBITDA	Jan-Dec 12	Jan-Dec 13
Energy	78.5%	79.7%
Infrastructure	11.4%	6.7%
Water	2.9%	4.4%
Service	1.3%	1.7%
Other Activities	5.9%	7.5%

Note: EBITDA contributions calculated before consolidation adjustments.

Net ordinary capital expenditure during the period amounted to EUR 381 million, including EUR 205 million of organic investment in ACCIONA Energy and EUR 198 million in the Infrastructure division (mainly in concessions).

Net financial debt decreased significantly from EUR 7,482 million at 31st December 2012 to EUR 6,715 million at 31st December 2013. Such decrease was mainly due to capex moderation during the period, to the good performance of the working capital in the last quarter of the year, to the positive impact of the mark-to-market of derivatives, to the positive impact of the exchange rates evolution relative to the euro has had on debt as well as to the cash generated by the divestments during the period.

Consolidated Income Statement

(Million euro)	Jan-Dec 12		Jan-Dec 13		Ch. (%)
	Amount	% Revenues	Amount	% Revenues	
Revenues	7,016	100.0%	6,607	100.0%	(5.8)
Other Revenues	500	7.1%	365	5.5%	(27.2)
Changes in inventories of finished goods and work in progress	(7)	(0.1%)	4	0.1%	n.m.
Total Production Value	7,509	107.0%	6,976	105.6%	(7.1)
Cost of goods sold	(1,656)	(23.6%)	(1,532)	(23.2%)	(7.5)
Personnel expenses	(1,325)	(18.9%)	(1,334)	(20.2%)	0.7
Other expenses	(3,097)	(44.1%)	(2,881)	(43.6%)	(7.0)
EBITDA	1,431	20.4%	1,228	18.6%	(14.1)
Depreciación and amortisation	(716)	(10.2%)	(764)	(11.6%)	6.7
Provisions	(25)	(0.4%)	(389)	(5.9%)	1438.2
Impairment of assets value	(56)	(0.8%)	(1,843)	(27.9%)	3168.6
Results on non current assets	11	0.2%	2	--	(77.5)
Other gains or losses	2	--	(6)	(0.1%)	n.m.
EBIT	646	9.2%	(1,771)	(26.8%)	n.m.
Financial revenues	75	1.1%	73	1.1%	(1.7)
Financias expenses	(517)	(7.4%)	(473)	(7.2%)	(8.4)
Exchange differences (net)	29	0.4%	(19)	(0.3%)	n.m.
Var. provisions financial investments	15	0.2%	(2)	--	n.m.
Income from associated companies	1	--	12	0.2%	1422.6
Variation in fair value of financias instruments	(3)	--	5	0.1%	n.m.
EBT	246	3.5%	(2,174)	(32.9%)	n.m.
Income tax	(61)	(0.9%)	146	2.2%	n.m.
Profit from Continuing Activities	184	2.6%	(2,028)	(30.7%)	n.m.
Minority interest	5	0.1%	56	0.8%	974.3
Attributable Net Profit	189	2.7%	(1,972)	(29.9%)	n.m.

REVENUES

Consolidated revenues decreased by 5.8% to EUR 6,607 million, mainly due to:

- The revenue reduction of the Infrastructure division (-17.8%) due to the decrease of the construction business in Spain and in international area.
- The revenue growth of the Water division (+15.6%), boosted by the good performance in design & construction activities as well as in operation & maintenance.

EBITDA

2013 EBITDA amounted to EUR 1,228 million decreasing by 14.1% vs. 2012 mainly due to the decline of the Energy division (negative impact of the regulatory changes in Spain) and of the Infrastructure division.

The EBITDA margin in 2013 amounted to 18.6%, 180 basis points lower than in 2012.

EBIT

EBIT reached EUR -1,771 million (vs. EUR 646 million in 2012). This is mainly explained by the accounted impairment of value of assets and most of all, to the Spanish renewable assets after the significant impact of the recent regulatory changes in Spain.

EBT

EBT amounted to EUR -2,174 million due to the mentioned extraordinary effects (EUR -2,203 million).

Excluding this effect, Ordinary EBT would have amounted to EUR 29 million vs. EUR 245 million in 2012. From this decrease of EBT of EUR 216 million, a 75% corresponds to Energy division, mainly due to the mentioned regulatory changes.

The extraordinary effects amounted to EUR 2,203 million, mainly:

- Positive effects: EUR 19 million. Capital gains from the sale of a company that owns a wind farm in Korea and the concession of the Hospital Royal Jubilee in Canada (EUR 18 and EUR 1 million respectively).

- Negative effects: EUR 2,223 million.
 - Energy: EUR 1,675 million, mainly due to the impairment of goodwill (EUR 870 million) and assets, due to successive regulatory changes in Spain (EUR 563 million).
 - Infrastructure: EUR 288 million, mainly due to the status of judicial insolvency process of a client in Brazil, completed work pending certification in Poland as well as impairments of several assets, mainly a concession in Brazil.
 - Real Estate: EUR 100 million, as a result of the impairment of Real Estate assets.
 - Others: EUR 160 million mainly due to the impairment of value of the fleet of Trasmediterránea.

ATTRIBUTABLE NET PROFIT

Attributable net profit amounted to EUR - 1,972 million vs. EUR 189 million in 2012.

Results by Division

(Million euro)	Jan-Dec 12		Jan-Dec 13		Ch. (%)
	Amount	% Revenues	Amount	% Revenues	
Revenue					
Energy	2,107	30	2,120	32	1
Infrastructure	3,326	47	2,733	41	(18)
Water	506	7	585	9	16
Service	592	8	641	10	8
Other Activities	631	9	641	10	2
Consolidation Adjustments	(146)	(1)	(113)	(2)	(23)
TOTAL Revenues	7,016	100	6,607	100	(6)
EBITDA					
Energy	1,125	53	979	46	(13)
Infrastructure	163	5	82	3	(50)
Water	41	8	54	9	31
Service	18	3	20	3	14
Other Activities	86	14	93	14	8
Consolidation Adjustments	(3)	2	--		n.m.
TOTAL EBITDA	1,431	20	1,228	19	(14)
EBT					
Energy	166	8	7		(96)
Infrastructure	70	2	(28)	(1)	(141)
Water	23	5	24	4	8
Service	2		3	1	93
Other Activities	(14)	(2)	21	3	(244)
Consolidation Adjustments	(1)	1	2	(2)	n.m.
Ordinary EBT	245	4	29		(88)
Extraordinaries	1	--	(2,203)	(33)	n.m.
TOTAL EBT	246	4	(2,174)	(33)	(986)

ACCIONA Energy

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. %
Generation	1,857	1,951	5.1%
Industrial, development and others	250	169	(32.4%)
Revenues	2,107	2,120	0.6%
Generation	1,217	1,109	(8.9%)
Industrial, development and others	(92)	(130)	41.3%
EBITDA	1,125	979	(13.0%)
Margin (%)	53.4%	46.2%	
Adj. Gen. Margin ¹ (%)	77.4%	70.4%	
EBT	166	7	(95.9%)
Margin (%)	7.9%	0.3%	

* The generation figure published includes electric generation revenues from the different technologies and from services provided and others.

¹ Generation margin excluding the energy commercialisation activity.

ACCIONA Energy revenues remained almost flat (+0.6%) reaching EUR 2,120 million.

The positive performance of generation at the revenue level is noteworthy, with revenues increasing by 5.1% as a result of higher total installed capacity in the last twelve months (105 MW) as well as a higher wind and hydro load factors in Spain. These factors compensated the lower solar and international wind load factors and above all, the severe impact of the successive regulatory changes in Spain.

The EBITDA margin decreased by 7.2 percentage points to 46.2% vs. 53.4% in 2012. This is mainly due to the negative impact of the mentioned regulatory changes which was only partially compensated by the exceptional increase in the wind output in Spain (+10.0%) as well as hydro output (+57.7%).

Total effect in 2013 of regulatory changes of Law 15/2012 and RD-L 2/2013 already approved and in force since 1st January 2013, as well as RD-L 9/2013 and draft of Ministerial Order with effect since 14th July 2013 amounted to EUR 246 million in the last period.

The regulatory changes that have had a negative impact on 2013 results are the following:

- Law 15/2012:
 - 7% generation revenues tax.
 - 22% hydro levy (643 MW of ACCIONA's capacity entitled to 90% rebate).
 - Solar thermoelectric: electricity output attributable to natural gas usage not entitled to a premium.
- RD-L 2/2013:
 - Elimination of the "pool + premium" option.
 - Revision of the tariff indexation formula.
- RD-L 9/2013 and drafts of Royal Decree of renewables and Ministerial Order with remuneration parameters:
 - Elimination of reactive energy and efficiency incentive.
 - New remuneration scheme for renewables, cogeneration and waste.

EBT amounted to EUR 6.7 million, 95.9% lower vs. the same period last year, mainly due to the regulatory changes mentioned above.

During 2013 ACCIONA Energy installed 105 MW of new wind capacity (30 MW in Spain, 33 MW in Poland and 42 MW in Costa Rica) and has sold 62 MW of wind power facilities in Korea.

EBITDA from the industrial activity, development and others is shown in the table below:

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. (€m)
Biofuels & others	(7)	(2)	5
Windpower	(8)	(52)	(44)
Development and construction	(5)	(31)	(26)
Consolidation adj. & other	(71)	(45)	27
Total EBITDA Ind., development & others	(92)	(130)	(38)

Breakdown of Installed Capacity and Production by Technology

(MW installed)	31-Dec-13		(MW produced)	31-Dec-13	
	Totales	Atribuibles		Totales	Atribuibles
Wind Spain	4,743	4,073	Wind Spain	11,411	9,626
Wind International	2,397	2,199	Wind International	6,988	6,372
USA	628	553	USA	1,998	1,736
Mexico	557	557	Mexico	1,863	1,863
Australia	305	272	Australia	1,002	906
Canada	181	103	Canada	555	323
Italy	156	156	Italy	236	236
Germany	150	150	Germany	242	242
Portugal	120	120	Portugal	321	321
India	86	86	India	244	244
Poland	71	71	Poland	108	108
Greece	48	48	Greece	125	125
Costa Rica	42	42	Costa Rica	0	0
Croatia	30	30	Croatia	66	66
Hungary	24	11	Hungary	50	24
Korea	0	0	Korea	179	179
Total Wind	7,139	6,272	Total Wind	18,398.87	15,998
Hydro special regime	231	231	Hydro special regime	920	920
Conventional Hydro	681	681	Conventional Hydro	1,963	1,963
Biomass	57	57	Biomass	454	454
Solar PV	49	33	Solar PV	95	63
Solar Thermoelectric	314	314	Solar Thermoelectric	546	546
Cogeneration	9	9	Cogeneration	28	26
Total other technologies	1,341	1,325	Total other technologies	4,005	3,972
Total Energy	8,480	7,596	Total Energy	22,404	19,970
Total Spain	5,974	5,303	Total Spain	15,209	13,422
Total International	2,506	2,293	Total International	7,196	6,548

ACCIONA Infrastructure

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. %
Construcción & Engineering	3,211	2,598	(19.1%)
Concessions	116	135	16.9%
Revenues	3,326	2,733	(17.8%)
Construcción & Engineering	103	23	(77.5%)
Concessions	60	59	(1.8%)
EBITDA	163	82	(49.6%)
Margin (%)	4.9%	3.0%	
EBT	70	(28)	n.m.
Margin (%)	2.1%	(1.0%)	

Revenues amounted to EUR 2,733 million, 17.8% lower than in 2012 mainly due to a decrease in the construction businesses in Spain and International. EBITDA amounted to EUR 82 million with a margin of 3.0%.

Breakdown of Construction Backlog

(Million euro)	31-Dec-12	31-Dec-13	% Ch.	Peso (%)
Civil works (Spain)	2,405	1,851	(23%)	32%
Civil works (International)	2,909	2,554	(12%)	45%
Total Civil Works	5,315	4,405	(17%)	77%
Non Residential (Spain)	535	533	0%	9%
Non Residential (International)	434	278	(36%)	5%
Non-Residential	969	811	(16%)	14%
Residential (Spain)	57	24	(58%)	0%
Residential (International)	72	20	(73%)	0%
Total Residential	129	44	(66%)	1%
ANA Development (Spain)	0	0	0%	0%
ANA Development (International)	24	15	(36%)	0%
Total ANA Development	24	15	(36%)	0%
Other*	329	449	37%	8%
TOTAL	6,766	5,724	(15%)	100%
Total Spain	3,271	2,646	(19%)	46%
Total International	3,494	3,078	(12%)	54%

* Other includes: Construction auxiliary, Engineering and Other.

At 31 December ACCIONA held a portfolio of 22 concessions with a book value of EUR 1,772 million (EUR 420 million equity and EUR 1,352 million net debt). This includes the debts of the current concessions held for sale (EUR 104 million) as well as the debt of the concessions accounted by the equity method (EUR 735 million)

The decrease in EBITDA is mainly due to the losses accounted in some works mostly in Poland and Canada.

The concession business reduced its EBITDA by 1.8% to EUR 59 million due to, among other factors, the sale of the concession of the University of San Luis De Potosí in Mexico in the third quarter of 2012 (this concession generated and EBITDA of EUR 4.3 million in 2012) as well as the sale of the Royal Jubilee Hospital (Canada) in the third quarter of 2013 (this concession generated an EBITDA of EUR 3.8 million in 2012 and EUR 2.1 million in 2013). Excluding these two effects concession business EBITDA would have increased by 8.3%.

At 31 December 2013 the construction backlog amounted to EUR 5,723 million, 15.4% lower than in December 2012. The international backlog reached an overall weight of 54% out of the total backlog vs. 52% twelve months ago.

The sale of the concession of the Royal Jubilee Hospital in Canada was carried out last August.

ACCIONA Water

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. %
Revenues	506	585	15.6%
EBITDA	41	54	30.5%
Margin (%)	8.2%	9.2%	
EBT	23	24	7.6%
Margin (%)	4.5%	4.2%	

The Water division delivered a good performance during 2013 achieving an increase in sales of 15.6%. Its EBITDA reached EUR 54 million helped both by the design & construction as well as the operation & maintenance activities.

EBT stood at EUR 24 million compared to EUR 23 million in December 2012.

Water backlog as of December 2013 reached EUR 10,730 million, 5.3% lower than twelve months ago due to the high level of work executed in the year.

Breakdown of Water Backlog

(Million euro)	31-Dec-12	31-Dec-13	% Var
D&C	749	485	(35%)
O&M	10,577	10,245	(3%)
Total	11,326	10,730	(5%)

(Million euro)	31-Dec-12	31-Dec-13	% Var
Spain	9,487	9,463	88%
International	1,839	1,267	12%
Total	11,326	10,730	100%

ACCIONA Service

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. %
Revenues	592	641	8.3%
EBITDA	18	20	13.5%
Margin (%)	3.0%	3.2%	
EBT	2	3	92.6%
Margin (%)	0.3%	0.5%	

ACCIONA Service encompasses under a new division a series of services that the company was already providing: airport handling services, facility services, logistic services, waste management and others.

The division reported an increase in revenues of 8.3% in 2013, reaching EUR 641 million boosted by the higher volumes of facility services.

ACCIONA Service registered an EBITDA of EUR 20 million, 13.5% above 2012, thanks to a margin improvement in 2013 within the activity of handling.

Otras Actividades

(Million euro)	Jan-Dec 12	Jan-Dec 13	Ch. %
Trasmediterranea	437	419	(4.2%)
Real Estate	68	66	(2.2%)
Bestinver	81	113	39.4%
Winery	40	38	(4.9%)
Corp. & other	5	5	0.7%
Revenues	631	641	1.6%
Trasmediterranea	28	11	(61.6%)
Real Estate	3	3	0.7%
Bestinver	55	78	42.0%
Winery	5	5	0.9%
Corp. & other	-5	-5	(7.5%)
EBITDA	86	93	7.6%
Margin (%)	13.6%	14.4%	
EBT	-14	21	n.m.
Margin (%)	-2.3%	3.2%	

During 2013 this division, which includes Trasmediterranea, real estate, Bestinver, wineries and others, reported revenues of EUR 641 million, 1.6% higher than in 2012.

Its EBITDA also increased to EUR 93 million, 7.6% above 2012 levels, mainly due to the improved performance of Bestinver.

TRASMEDITERRANEA

Trasmediterranea reduced its EBITDA to EUR 11 million.

During the period, the number of passengers, vehicles and line metres increased by 5.6% and 6.0% and 1.5% respectively. The cost of fuel per mile sailed decreased by 12.5%.

	Jan-Dec 12	Jan-Dec 13	Ch. %
Passengers served	2,496,489	2,635,721	5.6
Cargo handled (lane metres)	5,083,858	5,161,963	1.5
Vehicles	594,502	630,212	6.0

REAL ESTATE

Real Estate revenues amounted to EUR 3 million, in line with 2012.

	31-Dec-12	31-Dec-13	Ch. (%)
Housing stock	912	828	(9.2)

During the last twelve months, ACCIONA has handed over 125 homes and initiated the construction of 64 premium homes in Mexico. The housing stock was reduced by 84 units during the last twelve months from 912 in December 2012 to 828 in December 2013.

BESTINVER

Fund manager Bestinver's assets under management reached EUR 8,930 million at 31st December 2013, an increase of 51.0% relative to December 2012.

Bestinver reported revenues of EUR 113 million (+39.4%) and EBITDA of EUR 78 million (+42.0%) vs. 2012.

CONSOLIDATED BALANCE SHEET

(Million euro)	31-Dec-12		31-Dec-13	
	Amount	% Total	Amount	% Total
Property, plant and equipment and Intangible assets	11,285	56.9	9,515	56.7
Financial assets	279	1.4	345	2.1
Goodwill	1,048	5.3	97	0.6
Other non-current assets	1,359	6.9	1,568	9.3
NON-CURRENT ASSETS	13,971	70.5	11,526	68.7
Inventories	1,183	6.0	1,047	6.2
Accounts receivable	2,371	12.0	1,859	11.1
Other current assets	300	1.5	279	1.7
Current financial assets	370	1.9	369	2.2
Cash and cash equivalents	1,196	6.0	1,248	7.4
Assets held for sale	428	2.2	456	2.7
CURRENT ASSETS	5,848	29.5	5,258	31.3
TOTAL ASSETS	19,819	100.0	16,784	100.0
Capital	57	0.3	57	0.3
Reserves	4,987	25.2	5,152	30.7
Profit attributable to equity holders of the parent	189	1.0	-1,972	-11.8
Own Securities	-4	0.0	-6	0.0
Interim dividend	0	0.0	0	0.0
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	5,230	26.4	3,230	19.2
MINORITY INTERESTS	279	1.4	169	1.0
EQUITY	5,508	27.8	3,399	20.3
Interest-bearing borrowings	6,939	35.0	6,240	37.2
Other non-current liabilities	1,932	9.7	1,883	11.2
NON-CURRENT LIABILITIES	8,871	44.8	8,123	48.4
Interest-bearing borrowings	2,109	10.6	2,092	12.5
Trade payables	2,335	11.8	2,207	13.1
Other current liabilities	689	3.5	680	4.1
Liabilities associated to assets held for sale	308	1.6	282	1.7
CURRENT LIABILITIES	5,440	27.5	5,261	31.3
TOTAL LIABILITIES AND EQUITY	19,819	100.0	16,784	100.0

ATTRIBUTABLE EQUITY

ACCIONA's attributable equity at 31st December 2013 amounted to EUR 3,230 million vs. EUR 5,230 million in December 2012. This decrease is due to the losses incurred during the year as a result of the impairments in the period.

NET FINANCIAL DEBT

Net financial debt decreased significantly from EUR 7,482 million at 31st December 2012 to EUR 6,715 million at 31st December 2013. Such decrease was mainly due to capex moderation during the period, to the good performance of the working capital in the last quarter of the year, to the positive impact of the mark-to-market of derivatives, to the positive impact of the exchange rates evolution relative to the euro has had on debt as well as to the cash generated by the divestments during the period.

(Million euro)	31-Dec-12		31-Dec-13		Ch. (%)
	Amount	% Total	Amount	% Total	
Cash + Cash equivalents	1,566	n.m.	1,617	n.m.	3.2
Interest-bearing borrowings without recourse	6,086	67.3	5,548	66.6	(8.8)
Interest-bearing borrowings with recourse	2,961	32.7	2,784	33.4	(6.0)
Total interest-bearing debt	9,048	100.0	8,332	100.0	(7.9)
Net financial debt	7,482		6,715		(10.2)

* Financial debt includes obligations and bonds.

Gearing during the last quarters developed as follows:

(Million euro)	31-Dec-12	31-Mar-13	30-Jun-13	30-Sep-13	31-Dec-13
Net Debt	7,482	7,549	7,420	7,373	6,715
Gearing (Net Debt/Equity) (%)	136%	136%	136%	134%	198%

CAPITAL EXPENDITURE

Net ordinary capital expenditure in ACCIONA's divisions amounted EUR 381 million in the period, 55.4% less vs. 2012. It is to be highlighted that ACCIONA Infrastructure incurred in a capital expenditure of EUR 198 million, mainly in the concession business while ACCIONA Energy invested EUR 205 million, a 53.5% lower than the same period last year.

The table below shows the breakdown of capital expenditure by division:

(Million euro)	Investments Jan-Dec-12	Investments Jan-Dec-13
Energy	440	205
Infrastructure	343	198
Water	83	30
Service	(10)	10
Other Activities	(2)	(61)
Ordinary Net Capex	854	381
Extraordinary divestments	(24)	(104)
Total Net Capex	831	278

Material Information, Dividend And Share Data

Significant communications to the stock market

3rd of January 2013: ACCIONA informs on the administrative appeal filed in connection with the ATLL contract

- ACCIONA has become aware of the ruling issued on January 2nd, 2013 by the Catalan Contractual Administrative Agency by virtue of which it partially estimates the special appeal filed by Sociedad General de Waters de Barcelona (AGBAR) against the decision of the Department of Territory and Sustainability of the Generalitat de Catalunya awarding the Ter-Llobregat water supply network public contract for 50 years, for the construction, improvement and maintenance of the Ter-Llobregat water supply network installations, including treatment, storage and water transportation.

- Said contract had been awarded on November 6th, 2012 to the consortium "ATLL Concesionaria de la Generalitat de Catalunya SA" (led by ACCIONA Water (39%) together with other shareholders such as the Brazilian investment bank BTG Pactual (39%) and other minority companies representing individual investors). The signing of the contract between the consortium and the Generalitat de Catalunya took place last December 27th, 2012, when EUR 298,561,830 were paid out as the first payment of the concession levy.

10th of January 2013: Interim dividend

- On the 10th of January 2013, the Board of Directors of ACCIONA approved the distribution of an interim dividend of EUR 0.90 per share against the results of the fiscal year 2012 that should be approved in the next Annual General Shareholders meeting. The total amount paid as interim dividend amounted to EUR 51,533,595 and its payment was carried out on 21st January 2013.

17th of January 2013: Euro Commercial Paper Programme

- ACCIONA has formalised a Euro Commercial Paper Programme for a maximum amount of EUR 500 million that has been registered on the Irish Stock Exchange. By means of this program the company will be able to issue Euromarket debt instruments due between 7 and 364 days, allowing a possible diversification on alternatives ways of financing Capital Markets.

28th of February 2013: Formulation of Annual Accounts and Management Report and 2012 dividend proposal

- On the 28th of February 2013, the Board of Directors of ACCIONA resolved to formulate the Annual Accounts and Management Report (Individual and Consolidated of the Group

it dominates) of 2012, and to propose to the Annual General Shareholders Meeting the allocation of 2012 profits. The Board proposes to allocate EUR 151,737,807 to dividends of which EUR 51,533,595 were paid on 21st of January 2013.

28th of February 2013: ACCIONA's Corporate Governance report

- On the 28th of February 2013, the company submitted to the CNMV the Annual Report of Corporate Governance 2012.

27th of March 2013: ACCIONA informs on the interim measures filed within the appeal proceedings instituted in connection with the ATLL contract

- The Catalonia Superior Court of Justice has rejected the interim measures filed by Sociedad General de Waters de Barcelona S.A. within the administrative appeal proceedings number 13/2013, against the formalisation of the contract for the management and public service of the ATLL water supply network, therefore maintaining the validity and full force and effect of the contract.

- Additionally, the High Court of Justice for Catalonia, has rejected the interim measures filed by ACCIONA Water, S.A., within the administrative appeal proceedings number 28/2013 against the ruling of the Catalan Contractual Administrative Agency (OARCC) on 2 January, 2013. Therefore the Catalonia Superior Court of Justice has rejected the suspension of the eventual execution of the OARCC resolution that, in any case, ACCIONA does not understand as directly executive. ACCIONA Water, S.A. will appeal that decision at the Supreme Court.

- These decisions taken by the High Court of Justice for Catalonia on the interim measures ruling do not prejudge the merits of the matter.

- As a consequence, ATLL Concesionaria de la Generalitat de Catalunya, S.A., company 39% participated by ACCIONA Group, will continue to provide the services related to the Ter-Llobregat water supply contract.

24th of April 2013: Official announcement of the Annual General Meeting

- On the 24th of April 2013, the company informed the CNMV (Spanish Stock Market Regulator), of the Annual General Meeting announcement for the 5th of June 2013 at the first call, or the 6th of June 2013 at the second call and submitted the proposed agreements.

6th of June 2013: Annual General Meeting – Approval of the agreements

On the 6th of June 2013, the Annual General Meeting approved, among others, the following agreements:

- To approve a EUR 1.75 complementary dividend per share to be paid as per the 1st of July 2013.
- To approve the amendment of the Article 31^o of the Articles of Association (Term limits and remuneration):
 - Directors shall have a term of three years, and may be re-appointed one or more times.
 - Directors' remuneration shall consist of a fixed annual amount for membership of the Board of Directors and any Committees of which the director is a member.
 - The remuneration for the membership of the Board of Directors shall be compatible with any other remuneration to which the director may be entitled, subject to a proposal by the Appointments and Remuneration Committee and a decision by the Board of Directors, for performing other functions in the Company.
 - Executive directors may also be paid in the form of shares or stock options or by any other remuneration system referenced to the share price.
 - The Company may arrange third-party liability insurance for its directors in the usual conditions and commensurate with the Company's circumstances.
- To approve the annual allocation of the Board of Directors in concept of statutory remuneration of EUR 1,503,000 which amount shall remain in force until the General of Shareholders decides to amend it, the amount might be reduced by the Board of Directors.
- To appoint Mr. Juan Carlos Garay Ibarra as independent non-executive director, and the re-election of Ms. Consuelo Crespo Bofill, Mr. Carlos Espinosa de los Monteros and Bernaldo de Quirós as independent non-executive directors.
- To approve the allocation of shares and buying option rights to the top management of ACCIONA and its group, including the

executive directors, as part of the variable remuneration for 2012 contained in the valid "Plan 2009-2014". Additionally:

- To extend the validity of the plan until 2014.
- To increase the maximum numbers of shares available, currently established in 300,000 to 335,000 shares.
- To establish the value of the shares to be delivered to participants will be the closing price in the last stock market session in the month of March of the year in question, which will also be the strike price of any options allocated.
- To approve the 2012 Sustainability Report.

26th of September 2013: ACCIONA informs about the composition of the group's Executive Committee

- On the 26th of September, ACCIONA published a statement via the securities regulator CNMV informing the market about the composition of the group's Executive Committee following the changes in the group's senior management.
- The Board of Directors of ACCIONA comprises:
 - The Executive Directors:
 - Mr. José Manuel Entrecanales Domecq, Chairman.
 - Mr. Juan Ignacio Entrecanales Franco, Vice-Chairman.
 - Mr. Carlos Arilla de Juana
 - Ms. Carmen Becerril Martínez
 - Mr. Pío Cabanillas Alonso
 - Mr. Alfonso Callejo Martínez
 - Ms. Macarena Carrión López de la Garma
 - Mr. Luís Castilla Cámara
 - Mr. Pedro Martínez Martínez
 - Mr. Rafael Mateo Alcalá
 - Mr. Joaquín Mollinedo Chocano
 - Mr. Juan Muro-Lara Girod
 - Mr. Jorge Vega-Penichet López.

11th of November 2013: ACCIONA Energy executed an agreement for transmission of the Yeong Yang 1 wind farm

- ACCIONA Energy, through one of its affiliates ACCIONA Energy Inversiones Corea, S.L., has executed a sale and purchase agreement with a company wholly owned by a South Korean investment fund over the whole share capital of Yeong Yang Wind Power Corporation, who owns an operating wind farm named "Yeong Yang I" (61.5 MW) located in the province of Gyeongsangbuk-Do (Korea).
- The transaction's consideration amount is 162 billion KRW (EUR 114 m) including a net debt of 28 billion KRW (EUR 20 m).

29th of November de 2013: ACCIONA renews the Euro Commercial programme with a total amount of EUR 500 m

- Through this programme the Company may issue Notes in the Euromarket with a maturity between 15 and 364 days, enabling the diversification into alternative ways of financing in the capital market.

12th December 2013: Interim Dividend

- The Board of Directors of ACCIONA, S.A. has made the following agreement:
 - Not to distribute any interim dividend for the results in the 2013 financial year

18th of December de 2013: ACCIONA Energy International S.A., has entered an agreement for the transfer of 18 wind farms in Germany

- ACCIONA Energy International S.A. has entered into a sale and purchase agreement with two companies of the Swisspower Renewables AG Group for the total share capital of ACCIONA Energie Windparks Deutschland GmbH, ACCIONA Energie Deutschland GmbH and Volksmarsdorfer Windarkbetriebs GmnH owners of 18 operating wind farms located in Lower Saxony and Branderburg (Germany), with a total attributable capacity of 150.3 MW and a weighted average life of 8 years. The sale by ACCIONA Group was finally completed on the 23rd of January, 2014, and the capital gain obtained was EUR 27 million.
- The transaction's consideration amounts to EUR 157 m. The net debt with financial institutions of the companies amounts to EUR 85 m.

MATERIAL INFORMATION IN 2014 TO DATE

16th of January 2014: ACCIONA informs of the issue of the convertible bonds into shares

- The Company has approved the definitive terms and conditions of the Issue set out below:
 - The initial size of the Issue is EUR 325 m, which may be increased up to an aggregate principal amount of EUR 50 m.
 - It will accrue a fixed annual coupon of 3% payable semi-annually, commencing on the 30th of July, 2014.
 - The initial conversion price has been set at EUR 63.02 per ordinary share, which represents a premium of approximately 32.5% over the volume-weighted average price of the shares during the period between launch and the setting of the final terms of the Issue.
 - The number of ordinary shares to be delivered for all the Convertible Bonds, would amount to approximately 5,157 m shares, representing approximately 9.00% of the current share capital of the Company.
 - The convertible Bonds will mature on the fifth anniversary of the Closing Date, when they will be redeemed at par at maturity unless previously converted, redeemed or purchased and cancelled.
 - Subscription for the Convertible Bonds is expected to take place between the 29th and 30th of January 2014, the latter being the closing date.

27th of January 2014: ACCIONA informs that it has partially exercised the over-allotment option granted to the joint bookrunners on behalf of the Issue Underwriters, in relation with the Convertible bonds Issuance.

- It is reported that the managers of the Issue, have partially exercised, in the amount of EUR 17 m, the over allotment option granted by the Company to increase the size of the Issue by up to EUR 50 m.
- Consequently, the final size of the Issue is EUR 342 m.

- The number of ordinary shares to be delivered upon conversion of all the Convertible Bonds, taking into account the initial conversion price (EUR 63.02) and the final size of the Issue (EUR 342 m), would amount to approximately 5,427 m shares representing approximately 9.48% of the Company's share capital currently issued and outstanding.

Dividend

On the 6th of June 2013 the Annual General Meeting of ACCIONA, S.A. resolved on the distribution of EUR 1.75 per share complementary dividend against the results of the 2012 financial year.

This dividend along with the EUR 0.9 interim dividend per share paid by the company last January, totals EUR 2.65 per share paid against the results of the 2012 fiscal year. Total dividend distributed against 2012 results amounted to EUR 152 million.

Share data and share price performance

ACCIONA Share Price Evolution (EUR/share)



Key Share Data

	31-Dec-13
Price at 31 December 2013 (EUR/share)	41.77
Price at 1 January 2013 (EUR/share)	56.21
Low in FY 13 (19/07/13)	34.06
High in FY 13 (10/01/13)	64.76
Average daily trading (shares)	294,895
Average daily trading (euros)	13,245,595
Number of shares	57,259,550
Market capitalization at 31 December 2013 (millions of euros)	2,391

Share Capital Information

As of the 31st of December 2013, the share capital of ACCIONA amounted to EUR 57,259,550 divided into 57,259,550 shares with a face value of EUR 1 each.

The group's treasury shares as of the 31st of December 2013 amounted to 140,440 shares which represent 0.25% of the share capital.

Main Risks associated with the activities of the ACCIONA Group

ACCIONA's presence in diverse business areas and multiple countries with different regulatory, political and social contexts means that there are a number of widely varying risks that need to be identified and managed.

The Risk Management System is designed to identify potential events that might affect the organisation; to manage its risks through the establishment of internal treatment and control systems that ensure the probability and impact of these events occurring are kept within the established tolerance levels; and to provide reasonable assurance in relation to the achievement of strategic business objectives.

The main risks that might affect the achievement of ACCIONA's goals are as follows:

ECONOMIC AND FINANCIAL RISKS

Those risks that, when they materialise, have a direct impact on the company's operating statements: mainly fluctuations in exchange rates, interest rates and financial markets, changes in the prices of raw materials, liquidity, cash flow, late payment or loss of clientele.

ACCIONA is engaged in a growing process of internationalisation, implying exposure to exchange rate risk in transactions with the currencies in which it invests and operates.

Interest rate risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects maturing in the longer term where the variation in interest rates has a strong impact on their profitability.

ACCIONA is exposed to the risk of fluctuations in the price of construction procurement for its infrastructure, water and electricity-generation facility construction businesses and fuel procurement in its road and sea transport businesses.

Credit risk is mitigated through the negotiation of operations with solvent third parties, using for the purpose criteria generally accepted on the market (ratings, historical commercial relations with the counterparty, etc.). In addition, depending on the type of operation or the type of counterparty, the negotiations involve obtaining sufficient assurances to mitigate the risk of financial losses in the event of any non-compliance.

The proper management of these risks is achieved through the search for natural hedging situations between income and expenditure and between assets and liabilities. When this is not possible, hedging operations and derivative contracting are carried out with the aim of avoiding extreme volatility in the operating results. Nonetheless, these transactions do not guarantee the totally effective hedging when it comes to eliminating completely the exposure to changes in interest rates and exchange rates for foreign currencies, which may have a negative impact on the Company's financial situation and results.

Furthermore, a hedge scheme is established for material risks through complementary insurance mitigating those situations in which the general risks incurred, when they materialise, do not impact the Group's financial solvency.

STRATEGIC RISKS

Those with consequences entailing the failure to achieve the Company's goals and reducing its growth. These risks include organisational changes, investments and divestments, threats from competitors, economic, political and regulatory changes, impacts of new technologies, research and development.

ACCIONA minimises these risks through its own strategy and business model by applying adequate sectoral and geographic diversification of its businesses; the performance of exhaustive market research, surveys of competitors and the countries in which its activities are carried out; as well as through the encouragement of Research and Development.

The risk originating from changes in the regulatory framework, mainly in the electricity industry, is analysed jointly by the Regulation Department and the Economic-Financial Department, which are constantly monitoring this situation.

Prior to any decision on investing or divesting in a business, there are preventive checks in place and an assessment of the associated risks on the basis of the business's projected economic information; this information must be approved by the Investment Committee having regard for certain parameters of business volume and profitability depending on the associated risk.

OPERATIONAL RISKS

Those related with processes, persons and products. These risks are related to compliance with regulatory, legal and contractual requirements, control systems and procedures, the supply chain,

auxiliary services, information systems, productivity of employees or the loss of key personnel.

In each business area, specific systems are established to cover all the business requirements, to systematise and document processes, and to manage quality, operations, planning and financial oversight.

Conducting the Group's own business activities sometimes requires the holding of permits, licences and authorisations. Delays in obtaining these and adverse changes in the political and regulatory context in countries where the Group operates may cause delays in the start of operations or deficiencies in the execution of works and the rendering of services.

ACCIONA has put in place an updated Code of Conduct establishing the basic principles and commitments that must be respected and complied with by executives and employees of the divisions as well as by suppliers and third parties working with the Company in the exercise of their activities.

CHANCE RISKS

Those risks related to damage caused to the Company's assets and people with potential negative impact on the Company's performance, such as a fire, an explosion, natural disasters,

environmental pollution, harm to third parties or employment-related risks.

The Corporate Crisis Management Policy allows the Company to identify systematically the risks that might give rise to an environmental incident and defines the processes, guidance on behaviour and responsibilities in the event of crisis situations, other legal and internal corporate requirements and are subjected to continuous review and monitoring.

With respect to the Management of Environmental Risks, it is necessary to highlight the production of an Environmental Risk Audit and the Pilot Project on Environmental Risk Management implemented during 2013.

The management of Employee Health and Risk Prevention is one of the priorities of all the Divisions and lines of business: a large part of our activities are included among those considered by legislation to be high risk (especially the Infrastructure and Energy divisions). Prevention activities are carried out through the Management Systems under international premises certified to OHSAS 18001 standard.

them closer to the business, creating competencies and capacities aimed at sustainable development.

Some of the goals of the PDS 2015 in the different areas, among others, include:

- In Innovation, the PDS involves a total investment of EUR 500 million in R&D+I during the period from 2010 to 2015.
- In the Context area, the Company has set quantitative targets for 2015 such as improving the ratio of CO₂ emissions avoided by 15% with respect to the CO₂ emissions generated (base 2009) and increasing the net positive contribution of its water footprint (an improvement of x5 compared to 2009).

- In the area of People, one of the goals for 2015 is a 20% reduction in the frequency index with respect to 2011. Attempts are also being made to increase the scope of the variable remuneration related to sustainability.
- In Society, the goal for 2015 is to implement a methodology for assessing social impact of all international projects by the strategic divisions.
- In the Value Circle area, the Company is working to improve the performance of the supply chain in terms of sustainability and to foster and promote responsible procurement through tender processes that incorporate sustainability criteria.
- In Good Governance, the aim is to roll out improvement measures gradually.
- To consolidate the position of ACCIONA as a benchmark for sustainability is the main commitment of the Dissemination and Leadership area.
- The PDS also reflects the undertaking to consider the expectations of the Company's main stakeholders in the management of sustainability practices.
- Furthermore, the Company has committed to reporting on the performance of its sustainability practices to its main stakeholders in a transparent, rigorous manner to the highest international standards.

Since 2009, sustainability-related actions and undertakings are promoted by the Board of Directors' Sustainability Committee, the organ in charge of supervising and approving the goals of the Sustainability Master Plan.

The various sustainability committees created in the main divisions are, in turn, the route for bringing sustainability closer to business areas. Their function is to drive and monitor specific initiatives in these divisions within the framework of the PDS.

The Company's progress in the achievement of its targets and the actions carried out during 2013, together with the challenges faced in terms of sustainability, are described in detail in the Sustainability Report and the Company's web site (<http://www.ACCIONA.es/sostenibilidad>). Some of the milestones achieved during the last year are summarised below.

In order to strengthen the Company's framework for ethics and integrity, in April 2013, the Board of Directors' Sustainability Committee approved the Policy Manual, which updates pre-existing policies and adds new ones to reflect the action principles applicable in economic, social and environmental matters. The Manual includes policies on Sustainability (this acts as the over-arching policy establishing the principles that frame the rest); Innovation; Anti-corruption; Anti-monopoly; Risk Management; Quality; Human Rights; Human Resources and the Prevention of Occupational Risks; Social Action; the Environment; Biodiversity; and the Fight against Climate Change.

Furthermore, training of employees continued in connection with the matters contained in the Code of Conduct, with the launch of the on-line course in five languages apart from Spanish, specifically in English, French, Italian, German and Brazilian Portuguese. In this way, training extends internationally to employees in Mexico, Chile, Brazil, Canada, Australia and Italy.

In the employment sphere, it should also be noted that the scope of the programme for linking variable remuneration to the achievement of sustainability targets was extended during 2013.

In 2013, the Company has strengthened its undertaking to evaluate and manage the social impact of its projects through implementation of the methodology in several projects by the main divisions in such countries as Brazil, Chile, Costa Rica, Morocco, Mexico and South Africa and in works of different types: construction of a bypass, a desalination plant, a solar thermal plant, a photovoltaic plant, wind parks and the fitting out of an electricity generator at a dam. Furthermore, in order to speed up the management and assessment of social impacts, ACCIONA is working on the development of tools to characterise projects according to their social risk and on dissemination guidelines scheduled to be rolled out in 2014.

Progress has also been made in the consolidation of the ACCIONA Foundation's Microenergy project to facilitate basic access to sustainable electricity in isolated rural areas. In Peru, the installation of 1,700 home-based photovoltaic systems has been completed in the "Light at Home" project and the first electrification installations have been commissioned at community centres as part of the "Cajamarca Community Power" initiative. In Mexico, on the other hand, the first small home-based systems have been supplied in 10 locations along the Tehuantepec Isthmus in the "Oaxaca Light at Home" project.

Sustainability

ACCIONA promotes an entrepreneurial model that strives to anticipate and manage responsibly the risks and challenges derived from sustainable development, as well as responding successfully to the new opportunities arising therefrom in a context of economic, social and environmental transformation.

ACCIONA deploys its sustainability strategy through the 2015 Sustainability Master Plan (PDS 2015). This is a roadmap integrating the sustainability-related initiatives in the Company and sets goals in the areas of Innovation, Context, Society, People, Value Circle and Good Governance, as well as commitments with regard to Dialogue with Stakeholders, Dissemination and Leadership, and Accountability. In addition, this Plan includes a criterion for engaging people and bringing

As part of its commitment to society and the promotion of sustainability, ACCIONA held its second annual Volunteering Day during which 350 employees took part in Sustainability Workshops reaching out to approximately 7,000 schoolchildren between 7 and 11 years of age in seven countries simultaneously.

As for the supply chain, the Company continues to support strongly the training of its suppliers and contractors, as well as the

encouragement of responsible procurement with identification and inclusion on the catalogue of new sustainable products and services.

In an exercise of transparency and integration of information in response to the expectations of the Company's stakeholders, ACCIONA published the 2012 Integrated Report applying the framework of the International Integrated Reporting Committee.

Analysis of materiality in sustainability matters

In order to maintain an attitude of continuous monitoring of new trends and challenges in sustainability matters, and to delve deeper into the social, environmental and governance aspects of relevance for the business, ACCIONA has drawn up a materiality survey.

In 2013, the analysis of materiality starts from the study carried out the previous year, probing deeper into those matters identified as relevant and extending to subjects of interest according to a variety of sources: stakeholders, investors and press releases.

Once identified, these matters were classified according to the areas defined in the 2015 Sustainability Master Plan

(PDS) and them prioritised by area within the PDS and by business to determine the materiality of each topic. During this year's analysis, the spotlight has fallen on six of the main countries in which ACCIONA is active (Spain, Brazil, Mexico, Australia, Chile and Canada), as well as on the Company's main businesses: Energy, Infrastructure, Water and Services.

The results obtained were assessed and validated internally through the sustainability committees of ACCIONA's different businesses who provided the Company's viewpoint. This has enabled the creation of a matrix with the material issues depending on the importance of each subject for the Company and its stakeholders.

Finally, in order to review the material issues, several external consultations were made with experts and representatives of the Company's different stakeholders (international organisations, NGOs, academia and the public administration, among others).

With respect to the key topics identified for ACCIONA's main lines of business, the most relevant subject in both ACCIONA Infrastructure and ACCIONA Service was Occupational Health and Safety, whereas for ACCIONA Water the most important areas were the management, policies and risks relating to water. In ACCIONA Energy, topics relating to climate change strategy and impacts were the most relevant.

Quality, Environment

For ACCIONA, the fight against Climate Change, the sustainable use of Natural Resources and the protection of Biodiversity make up the principal thrusts of its environmental strategy.

Even though the Company has reduced the CO₂ emissions generated in its production activity by a factor of 24 times, ACCIONA has continued developing during 2013 the measures necessary to reduce and offset its global environmental footprint.

These efforts have been acknowledged by the main international benchmarks in 2013:

- ACCIONA obtained the highest score in Climate Strategy and Reporting of Environmental Indicators and Initiatives, according to the valuation by the Dow Jones World Sustainability Index and also achieved an overall environmental mark higher than 93% of all the electricity companies assessed.
- The CDP organization (previously the Carbon Disclosure Project) honoured ACCIONA as a leader in the fight against climate change by awarding it the highest grade possible in environment performance for a business.
- As recently as January 2014, CDP also included ACCIONA its highest category as a Sustainable Supplier, where it now stands alongside the top 80 most sustainable companies in the world as a supplier of products and services.

The Company's main achievements in environmental matters during 2013 have been:

- 15 million tonnes of CO₂ avoided, meaning that ACCIONA avoids 24 times the amount of CO₂ generated in its production activities.
- For the sixth year in a row, a reduction in the figure for emissions generated in its production activities. The Company has emitted 0.6 million tonnes of CO₂, a fall of 21% with respect to the previous year.
- As for water, the Company's balance sheet is clearly favourable for the environment, with a positive water footprint of over 562 million cubic metres across the globe, a figure equivalent to the annual domestic consumption of 11 million inhabitants.
- Almost 30% of the Company's total water consumption comes from reused or recycled water.

- The Company's commitment to reduce Greenhouse Gas emissions (GHG) has been extended to its supply chain, where it has calculated the carbon footprint of its top 1,000 suppliers, representing 25% of the Group's total procurement.

- Development of new initiatives within the framework of the Biodiversity Compensation and Improvement Programme.

- Promotion of services with environmental compensation, with the organisation of carbon-neutral events for both its clients and for its own events, some of them of international relevance such as the event held on the occasion of the final of the Champions' League in London in May, 2013.

In 2013, the Board of Directors approved three specific policies in the environmental area: a Climate Change Policy, an Environment Policy and a Biodiversity Policy.

Progress has also been made in the implementation and certification of quality and environmental management systems in all of ACCIONA's divisions. These systems, which respectively comply with the ISO 9001 and ISO 14001 international standards, enable process management and take into account the environmental aspects relating to our activities at all stages, with an approach based on continuous improvement. The Company has also increased its roll-out of ISO 50001 energy efficiency systems at ACCIONA Water centres. All these management systems provide a tool for monitoring operational and environmental risks.

ACCIONA has put in place an organisational structure that facilitates the integration of environmental and quality variables into the operations of its businesses and guarantees enforcement of the policies, principles and strategies related to these matters.

This structure has been strengthened through the Training efforts made by the Company, which have contributed to the growth of a continuous improvement in the qualification of its professionals and their active participation in an environment-focused and quality-centred culture.

Publishing ACCIONA's commitment to the environment forms part of the role the Company plays in society by conveying the importance of preserving the surroundings, also from a business perspective. For this reason, the Company communicates its strategies and policies and its environmental and quality

targets to all stakeholders: employees, clients, suppliers, public administrations, the mass media and society in general.

During 2013, ACCIONA has undertaken specific initiatives with regard to the Management of Environmental Risks. Thus, it has held an Environment Risk Audit consisting in the identification and measurement of the main environmental risks of the 39 activities considered. This analysis has enabled the risks to be prioritised by each specific activity and will provide an individualised response for the monitoring and treatment of each one by establishing the most appropriate prevention and abatement measures. In parallel, and at the level of each operating centre, ACCIONA has also carried out in 2013 a Pilot Project on Environmental Risk Management at representative facilities in each of the Divisions and Lines of Business.

With regard to the management of environmental impacts, ACCIONA has a basic management tool for the main environmental issues highlighted by the Divisions and Lines of Business known as PLAN 10+, which has represented during 2013 the implementation of 112 specific solutions and the identification of 59 improvement measures aimed at preventing and minimising the impacts associated with each of the issues identified.

ENVIRONMENT-RELATED FIGURES FOR 2013:

The environmental investments and expenditure effected by the ACCIONA Group in 2013 cover the following headings:

- Measures to minimise environmental impact

Innovation

ACCIONA puts into practice the most advanced leading-edge techniques in the execution of its projects, incorporating the most suitable technologies in each case. As a result, we have improved our innovation figures year on year by focusing the R&D+I strategic lines on Sustainable Transport and Infrastructure, Water Technologies and Renewable Energies.

The innovative solutions provided from all spheres of our business to solve our clients' problems constitute one of the hallmarks of our Company. In this context, the joint efforts of the R&D Centres,

- Environmental research, development and innovation
- Environmental prevention
- Personnel
- Investments in plant, property and equipment to avoid impacts and protect the environment
- Environment advice and consultancy
- Wastewater treatment
- Others.

In 2013, environmental expenditure amounted to EUR 80 million and the investments EUR 204 million (respectively EUR 70.2 million and EUR 1.1 million in 2012). Furthermore, the construction, operation and maintenance of waste water treatment plants represented EUR 234.5 million.

The greatest efforts were made in the areas of waste water treatment, environmental prevention and measures to minimise environmental impact.

together with our technological teams, have enabled us to raise the Innovation figure in 2013 to EUR 173.2 million, an increase with respect to EUR 166.2 million the previous year. The figure corresponding to innovation developed internationally came to EUR 48.6 million, in line with the preceding year. This effort represents 28% of the total of ACCIONA's innovation.

Work has been carried out on 233 Projects in the 14 strategic research areas and in 10 countries: Canada, Australia, Brazil, USA, Colombia, Saudi Arabia, United Arab Emirates, Italy, Poland and Spain.

Short-term Forecast

The global economy closed 2013 with a growth rate of 2.9% according to the IMF. The growth prospects for 2014 remain optimistic, rising to 3.6% expected this year.

The world's economy has entered into a new transition phase. The advanced economies are gradually becoming stronger while the emerging market economies have slowed down. In consequence, these less mature markets are now facing two major challenges: the slowdown in growth and the toughening of monetary policies world-wide. This situation is already becoming evident in the weakening of their currencies.

In the United States, there is clearly still a very solid level of private demand but growth has been slowed this year by excessive fiscal consolidation. On the other hand, the political factors continue to generate uncertainty about the magnitude and nature of the fiscal adjustment.

The general expectation is for the US economy to grow by about 3% in 2014, in comparison with 2.1% in 2013. This scenario suggests that the FED will trim its liquidity injection programme gradually back to zero by the second half of the year. Nonetheless, the FED is expected to keep the short-term reference interest rate at its current level (0.0-0.25%) throughout 2014.

In Europe, the financial markets are experiencing a period of consolidation of their sustainability, to the point where it can be said that the euro area emerged from the recession during the second quarter of 2013. The data show that this trend was maintained throughout the third quarter, when the euro area enjoyed a score or so of basis points growth. Our interpretation of these data is positive as this upturn is founded on an increased demand both at home and abroad.

On the other hand, the improvement in business is not only driven by the countries at the heart of Europe but is also spreading to its periphery, helping to eliminate the systemic risks experienced in the course of the year.

Spain has confirmed that its economy is beginning to grow, thanks to exports and the continuity of the process to reduce uncertainty, with a notable fall in the sovereign debt spread. Growth is still not, however, strong enough to prevent the destruction of jobs. The scenario remains the same and GDP is expected to grow by about 0.9% in 2014, thanks to the stability of the financial conditions,

the improvement in competitiveness and the early fruits of the structural reforms.

In Japan, a moderate recovery is expected to result in growth of more than 1.4%, but it will have to overcome two challenges to maintain this level: set an adequate pace for fiscal consolidation and implement a credible suite of structural reforms to be able to achieve sustainable growth.

In China, the improvement in the growth drivers has given rise to higher forecasts than were predicted for 2013, climbing to as much as 7.6%, according to the IMF, for 2014. Nonetheless, doubts persist about the sustainability of this growth in the medium and longer term.

With respect to Latin America, some growth is expected and indicators suggest 3.1% in 2014 the external demand gradually improves in the wake of the recovery in the United States. Even so, there is a strong degree of heterogeneity in the direction of the monetary policy applied in the different countries in the region due to the varying inflationary pressures and cyclical positions. Since the start of the year, however, Latin America has suffered great volatility on the foreign exchange markets, which might drive away potential investors due to the mistrust this might cause. The reasons underlying these tensions stem from the Federal Reserve's tapering of its stimulus package.

As for the rest of the economies in the emerging markets, their growth has diminished somewhat, in many cases more than was expected. This slowdown reflects a reduction in potential product growth, to which is now added greater volatility assumed as a consequence of a possible flight of capital, aspects to which the governments in these markets will have to adapt.

To sum up, global activity in 2014 is expected to see moderate strengthening, despite the fact that, on balance, most prospects are still pointing downward. According to forecasts, the main thrust will come from the advanced economies, and their production will expand at a rate of about 2% in 2014, up by 75% on 2013. This increase will be due to the strengthening of the US economy, a much milder fiscal contraction and flexible monetary conditions.