

QUARTERLY REPORT

SEPTEMBER 30, 2018



Key Considerations

Summary

1 Why Aldesa is different?

2 Strategy – Adaptability of the company

3 Restricted Working capital movements

4 Restricted Net Financial Indebtedness Guidance

5 Mexico

6 Aldesa has full support and confidence of the financial institutions

7 Bonds Buyback

1 Why Aldesa is different?

- Resilient business model. The adaptability of the company helps to diversify by geography and business activity
- Focus on Investment Grade Countries
- Substantial and diversified backlog provides for strong net turnover visibility and low concentration of backlog by project with 72% private clients
- Clear and effective division between the Restricted and Unrestricted Group
- In the Unrestricted Group, debt is non-recourse to the Restricted Group
- No significant debt maturities until May 2020 for the Restricted Group
- Full support of financial institutions

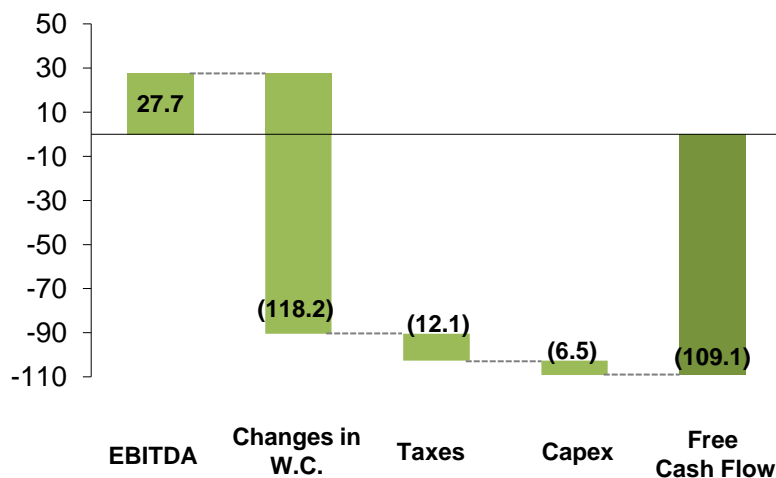
2 Strategy – Adaptability of the company

- Due to the lack of public contracts in Spain and Mexico, the company has been able to adapt to these new market conditions and has managed to replace some of these public contracts with renewable energy contracts
- These renewable energy projects are paid by milestones and they need extra working capital during the contract execution
- 28% of our total Restricted Net Turnover at the end of September corresponded to projects with milestones

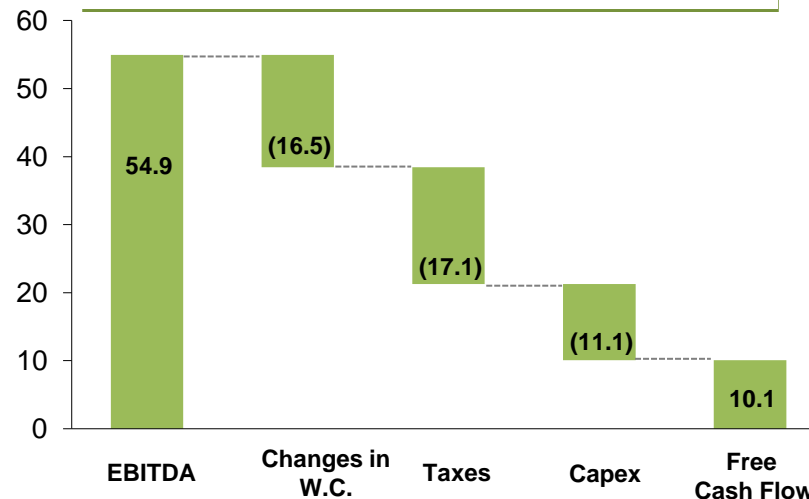
Key Considerations

3 Restricted Working capital movements

**Free Cash Flow Conversion in the Restricted Group
(Last Nine Months Ended September 30, 2018)**



**Free Cash Flow Conversion in the Restricted Group
(Last Twelve Months Ended September 30, 2018)**



- Free Cash Flow in September 2018 was negative €109.1M in comparison with negative €66.6M “Adjusted Free Cash Flow“(1) in September 2017, due to:
 - increase of activity with private clients in Spain and Mexico in projects with payments by milestones
 - milestones projects need additional financing until we reach the milestones
- To compensate for these additional Working Capital needs Aldesa has decided:
 - not to increase its milestone projects backlog to soften its growth. The backlog related to milestone projects at the end of 2018 will be at the same level or smaller than the backlog at the end of 2017
 - to take advantage of the favorable market conditions and to sale the Unrestricted Subsidiary Enersol Solar Santa Lucía, with a cash inflow of €20.1M for the Restricted Group
- We do not foresee additional funding needs since we will not increase the level of projects with milestones

(1) Free Cash Flow in September 2017 was negative €97.8M. For comparison purposes it has been adjusted by €31.2M with the collections delayed due to the earthquake that took place in Mexico City in September 19th, 2017

4 Restricted Net Financial Indebtedness Guidance

- To be in a figure between €120 – 150M at the end of 2018. The path for this is:

	€M
Restricted Net Financial Indebtedness as of September 30, 2018	248.9
Normalised Cash Inflow in Q4	80
Sale of Enersol Solar Santa Lucía	20.1
Additional Cash Inflow in milestones with high possibility to be collected before year ends	0 – 28
Restricted Net financial Indebtedness as of December 31, 2018	120 - 150

- Therefore, in December 2018 Restricted Net financial Indebtedness / Restricted EBITDA will be 2.0x-2.5x

5 Mexico

- A lack of public projects in the country has made us focus on private clients, our backlog with public clients in Mexico at the end of the year will be below 4% of the total backlog in Mexico
- In the construction of the New Mexico City Airport , Aldesa has the contract of the control tower. In case of cancelation of this contract, we expect to reach an agreement so as to not impact our balance
 - It represents 2% of our total backlog, at the end of September 2018
 - Receivables and work in progress amount to approximately €10M, which is expected to be collected in the following months

6 Aldesa has full support and confidence of financial institutions

- We have refinanced the Revolving Credit Facility in July 2018. The new maturity is May 2020
- We continue having a close relationship with financial institutions based on transparency
- Stable credit limits with financial institutions with no relevant variations between September 2017 and September 2018

7 Bonds buyback

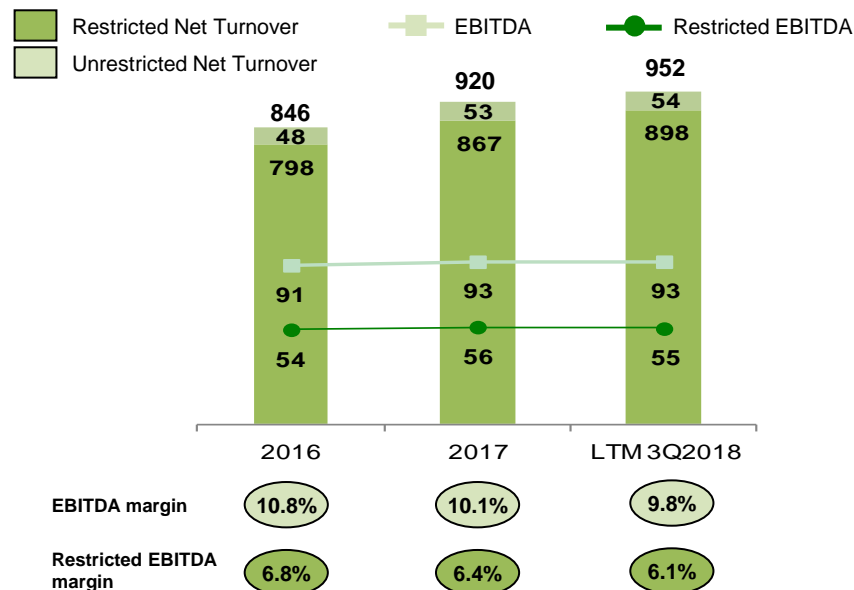
- The Company is analyzing the market in order to buyback bonds
- Up to a maximum of €5M face value
- There is a clause in the Revolving Credit Facility Agreement that, in the case we buy more than €5M the Revolving Credit Facility could be reduced on a pro-rata basis

Aldesa Group at a glance

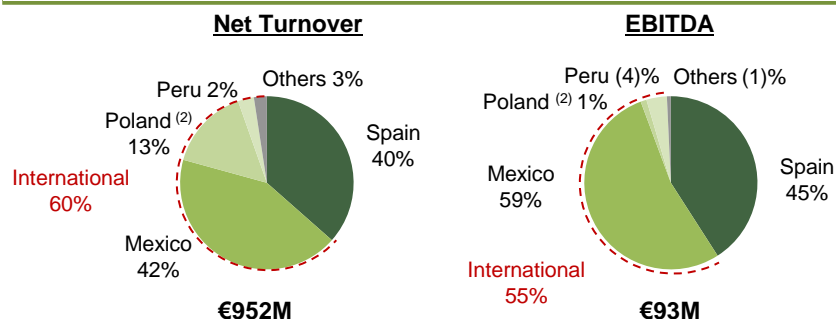
Overview of Aldesa Group LTM

- Net Turnover amounted to €952M an increase of 3.5% in LTM3Q2018 from €920M in FY2017
 - International operations represents 60% of the LTM Net Turnover.
- EBITDA maintained stable €93.1M in LTM 3Q2018 compared to €93.2M in FY2017
- Restricted Net Turnover for LTM 3Q2018 increased to €898M by 3.6%, Restricted EBITDA slightly decreased by 1.6%, compared to FY2017
- Backlog increased by 4.4% to €1,413M compared to FY2017, 1.6x net turnover.

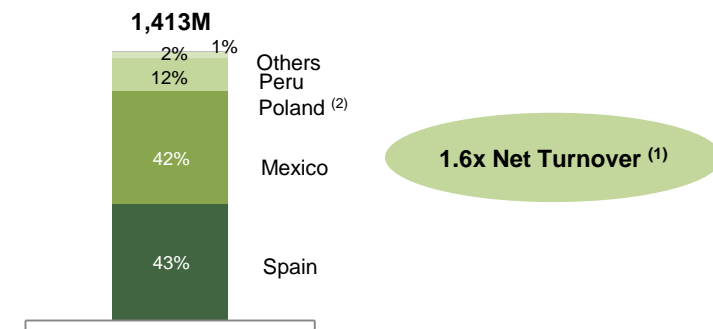
Evolution of Net Turnover and EBITDA (€M)



Geographic footprint (LTM as of September 30, 2018)



Backlog (as of September 30, 2018)



Backlog – Restricted Group

Source: Company information

Note: Figures and percentages may not add up due to rounding

(1) Considering industrial and Construction net turnover only

(2) Includes projects in Slovakia

Net Turnover

- 3Q2018 Net Turnover of €694.2million, increased by 4.9% vs. previous year
 - Restricted Group Net Turnover increased by 5.0%

EBITDA

- 3Q2018 EBITDA of €56.1 million maintained stable compared with previous year
 - Excluding the effect of the exchange rates
 - Consolidated EBITDA would have increased 5.2% compared to the previous year.
 - Restricted Group EBITDA would have increased 3.2%.

Backlog

- Backlog of €1,413M vs. €1,291M in 3Q2017
- New orders of €718M vs. €483M in 3Q2017

Liquidity

- There are not significant maturities for the Restricted Group until May 2020
- In July 2018, Revolving Credit Facility has been extended until May 2020
- Total cash and undrawn credit lines in the restricted group of 128.8€ million on Balance Sheet

Summary of Financial Information

<i>(€ million)</i>		3Q 2017	3Q 2018	Percentage change (%) ⁽¹⁾
Total Consolidated Group	Total Net Turnover	661.9	694.2	4.9%
	Total EBITDA	56.2	56.1	(0.1)%
Restricted Group	Net Turnover	626.9	658.1	5.0%
	EBITDA	28.6	27.7	(3.2)%

<i>(€ million)</i>		3Q 2017	3Q 2018	Percentage change (%) ⁽¹⁾
Restricted Group	Free Cash Flow⁽²⁾	(97.8) ⁽⁴⁾	(109.1)	11.6%
	Net Financial Indebtedness⁽³⁾	228.3	248.9	9.0%
	Total Financial Indebtedness⁽³⁾	324.6	365.9	12.7%
	Cash and other equivalent liquid assets⁽³⁾	96.3	117.0	21.5%
	Backlog	1,291	1,413	9.5%
	LTM EBITDA	53.3	54.9	3.0%
	Net Financial Indebtedness⁽³⁾ / LTM EBITDA	4.3x	4.5x	

(1) 3Q2018 over 3Q2017

(2) Free Cash Flow = EBITDA ± Working Capital changes – Tax paid – Capex

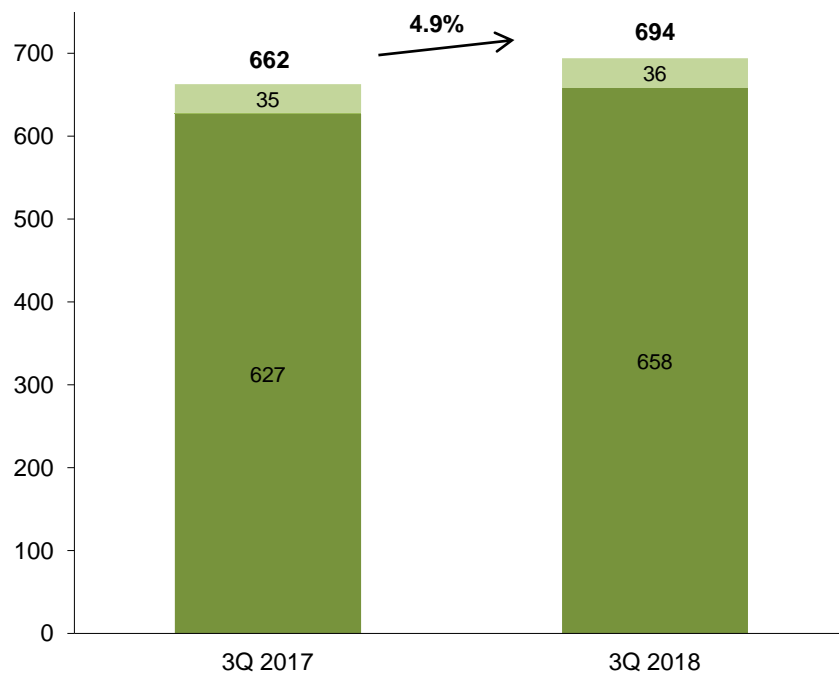
(3) Balance Sheet Data

(4) Adjusted Free Cash flow in September 2017 was negative €66.6 M including the €31.2M collections delayed due to the earthquake that took place in Mexico City in September 19th, 2017.

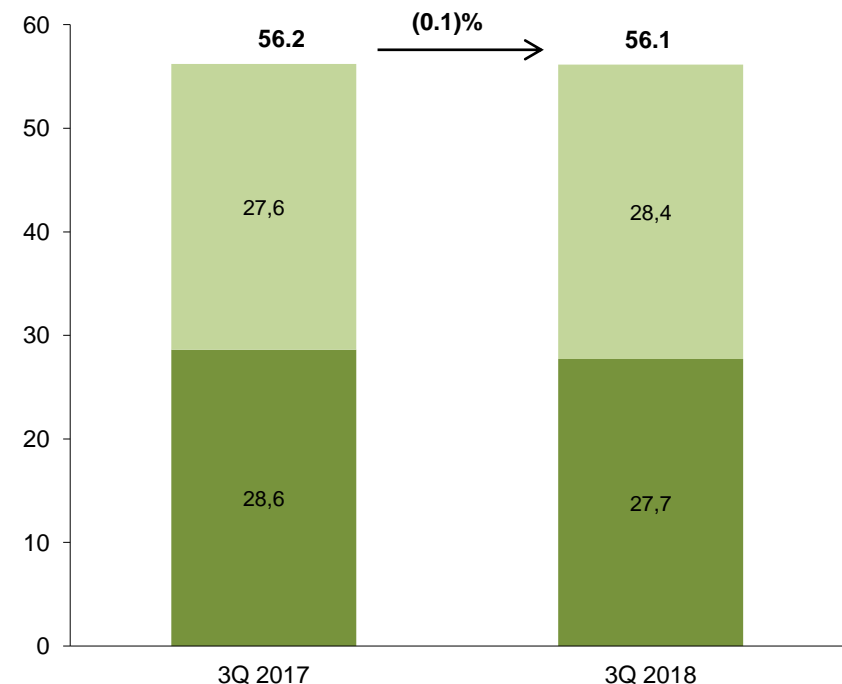
The Company has decided to limit the growth of Net Turnover in order to control Working Capital movements

NET TURNOVER AND EBITDA BY ACTIVITY


Evolution of Net Turnover (3Q 2017 – 3Q 2018) (€M)



Evolution of EBITDA (3Q 2017 – 3Q 2018) (€M)



 Restricted Group

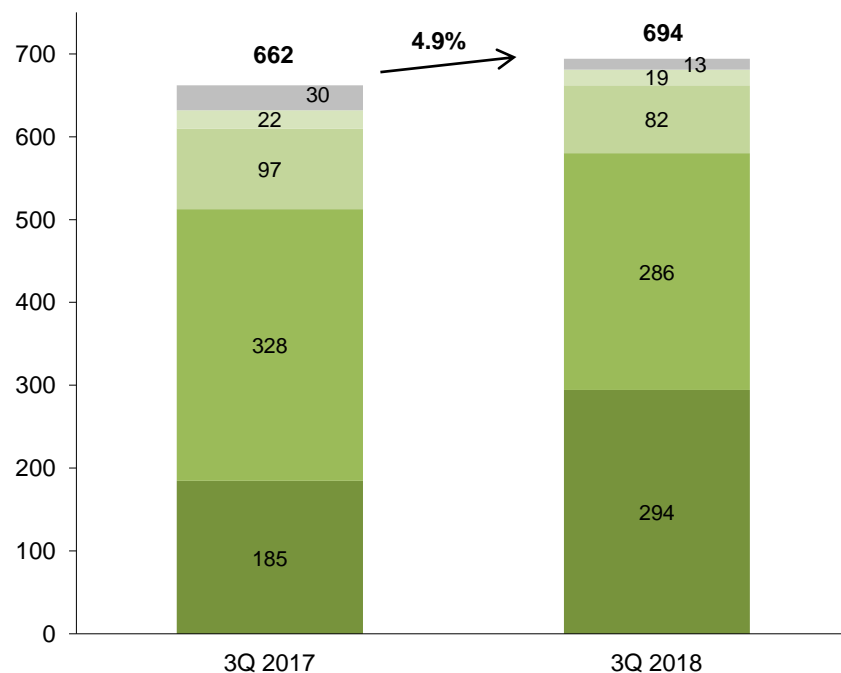
 Unrestricted Group

Note: Figures and percentages may not add up due to rounding

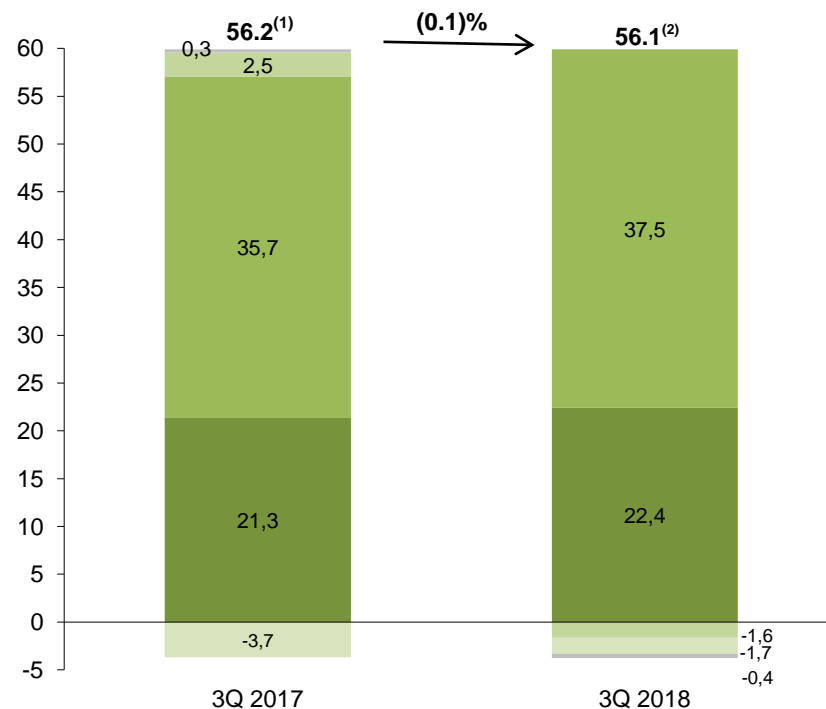
Main geographies: Spain, Mexico and Poland

NET TURNOVER AND EBITDA BY GEOGRAPHY

Evolution of Net Turnover (3Q 2017 – 3Q 2018) (€M)



Evolution of EBITDA (3Q 2017 – 3Q 2018) (€M)



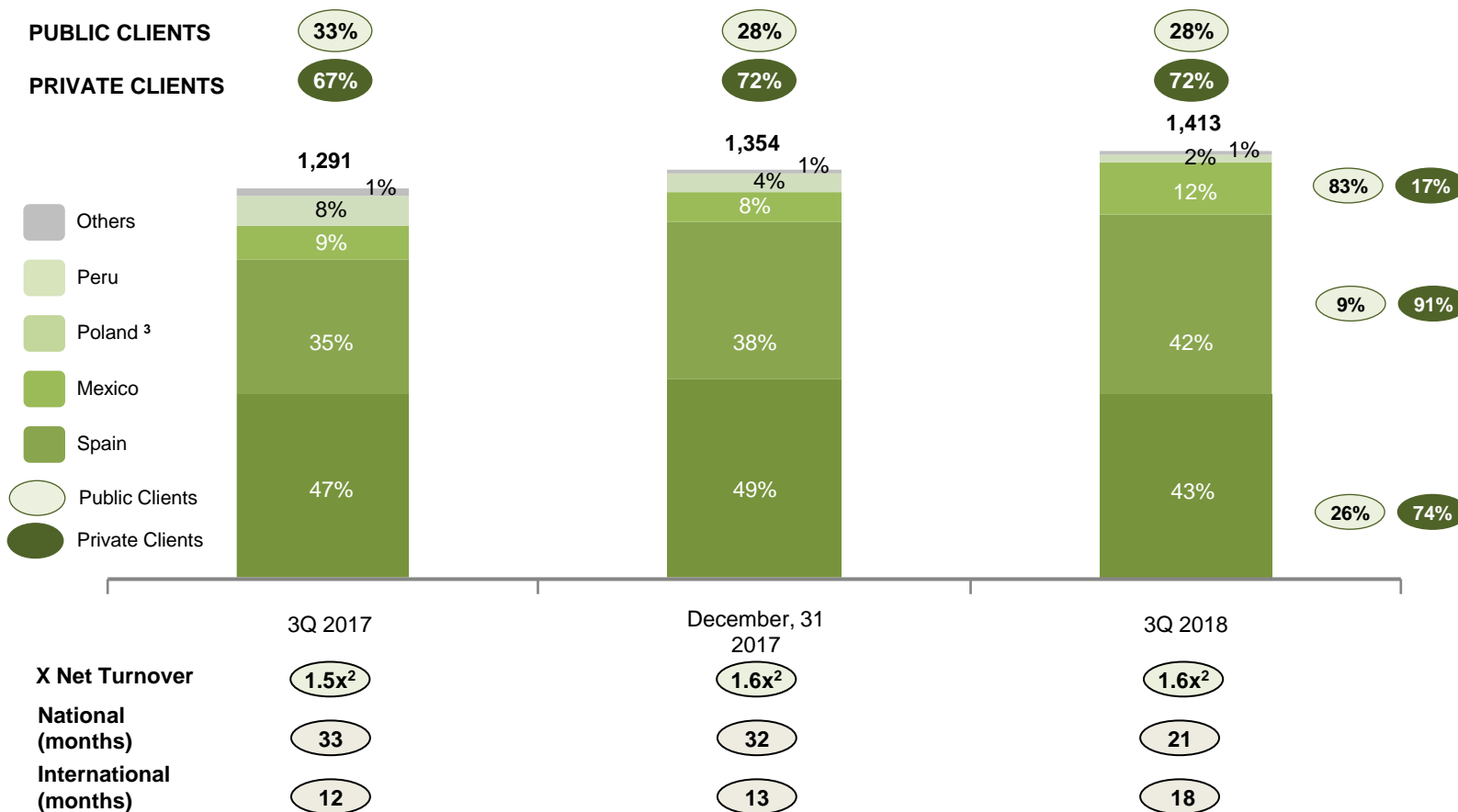
(1) In the 3Q2017 the EBITDA was negative in Peru €3.7M.

(2) In the 3Q2018 the EBITDA was negative in Peru €1.7M, in Poland €1.6M, and in Others €0.4M.

Note: Figures and percentages may not add up due to rounding

Backlog €1,413M at the end of September 2018

BACKLOG BY GEOGRAPHY⁽¹⁾



Note: Figures and percentages may not add up due to rounding

Note: Backlog months = (activity backlog/(annual activity revenue/12)), Backlog only refers to Restricted group activities (Construction & Industrial)

(1) Joint ventures assigned according to percentage of Aldesa participation; excludes internal energy projects and recurrent projects (concessions, wind, photovoltaic)

(2) Considering Industrial and Construction net turnover only

(3) Includes projects in Slovakia

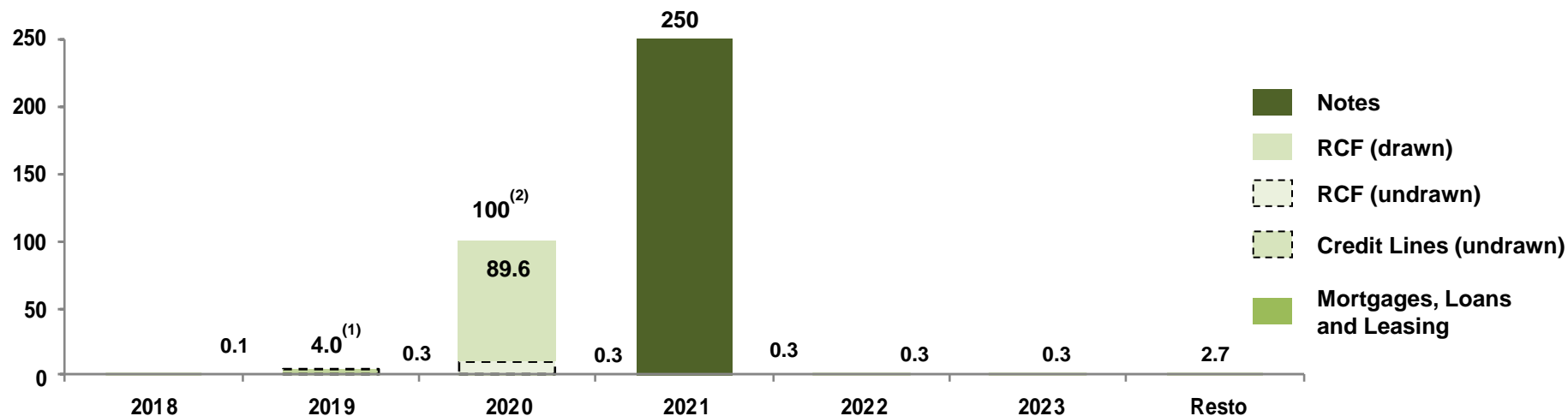
DEBT STRUCTURE AS OF SEPTEMBER 30, 2018

(€M)	Current	Undrawn
Restricted Group Cash	117.0	
Senior Secured HY bond	250.0	
Capitalized borrowing fees	(2.1)	
RCF	89.6	10.4
Mortgages and Leasing	4.4	
Short-term credit lines	2.6	1.4
Cofides (Put Option) ⁽¹⁾	12.7	
Other financial indebtedness	3.2	
Derivatives	1.8	
Financial expenses accrued but not paid ⁽²⁾	3.7	
Total Restricted Group Debt	365.9	11.8
Net Restricted Group Debt	248.9	
Total Unrestricted Group Debt	397.1	
Unrestricted Group Cash	19.2	
Net Unrestricted Debt	377.9	
Total Group Debt	763.0	
Total Group Cash	136.2	
Net Group Debt	626.8	

- (1) Cofides put option: Spain's development finance institution, *Compañía Española de Financiación de Desarrollo, Cofides, S.A.* (Cofides) holds a put option entitling it to sell 35.37% of its stake in *Concesionaria de Autopistas del Sureste, S.A. de C.V.*, one of our companies. This put option is exercisable as from October 2014 to February 28th, 2019.
- (2) Corresponds to the total financial expenses accrued but not paid less €1 M corresponding to the fees for the novation of RCF signed in 2017 and 2018, which will be imputed to the results on the basis of a financial principle.

LONG TERM DEBT MATURITIES – Restricted Group

Long Term Debt Maturities (€M)



There are not significant maturities for the Restricted Group in 2018

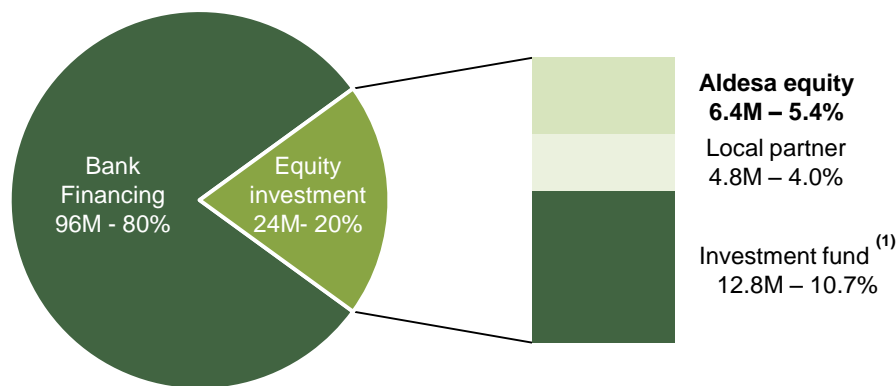
Note: Not included Cofides Put Option (€12.7M), Derivatives (€1.8M), Other Financial Indebtedness (€3.2M) and Financial expense accrued but not paid (€3.7M)

(1) Credit Line drawn €2.6M as of September 30, 2018

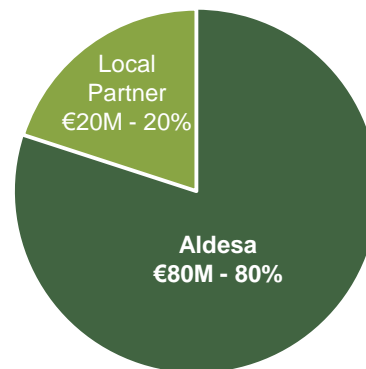
(2) The Revolving Credit Facility was drawn €89.6M as of September 2018. It has been extended up to May 2020. The rest of the terms and conditions remain the same. This extension was signed on July 27th, 2018

Aldesa Group has been appointed preferred bidder for a €120M concession project in Uruguay

Enterprise Value breakdown of the concession (€M)



Construction contract (€M)



By investing 5.4% of the equity (€6.4M)...

...Aldesa has secured 80% of construction contract and 80% O&M contract

The equity cash outflow will be financed by the advance payment of the construction contract (€12M - 15%)

The EBITDA of the construction contract will be around €9.6M - 12% and we will recover the Aldesa equity invested

Key considerations in Unrestricted Group investments

- **Equity investments limited to minority stakes** in projects where Aldesa has the majority of the construction contract
- In the investment activities, **debt is non-recourse to the Restricted Group**
- **No obligation from the Restricted Group to provide funds to the Unrestricted Group** and very limited crossover guarantees consistent over the last four years

⁽¹⁾ Supported by letter of intentions

Note: All the figures are approximates until we will sign the contract.

The maximum risk assumed by Grupo Aldesa in case of no closing the financing of the project US\$0.4 M, that corresponds to the bidding bond.

Section 3. Appendix

INCOME STATEMENT DATA

(€ in thousands)	Six months ended on September 30, 2018 (unaudited)	Six months ended on September 30, 2017 (unaudited)
Net turnover	694,174	661,975
Changes in stocks of finished goods and in the process of manufacture	(83)	81
Work performed by the company for its assets	2,787	1,468
Supplies	(469,896)	(404,124)
Other operating revenue	13,975	4,562
Personnel costs	(82,742)	(82,511)
Other operating expenses	(108,097)	(120,377)
Amortization of fixed assets	(21,538)	(25,421)
Impairment and profit/(loss) from disposals of fixed assets	(219)	132
Other results	117	47
Operating result	28,478	35,832
Financial revenue	5,411	9,207
Financial expenses	(36,382)	(40,949)
Change in fair value in financial instruments	(1,539)	169
Exchange rate differences	(2,226)	(2,631)
Impairment and result through disposal of financial instruments	192	9
Financial result	(34,584)	(34,195)
Stake in profit (losses) in equity method companies	121	(15)
Pre-tax result	(5,985)	1,622
Profits tax	(5,249)	(3,930)
Result of the year	(11,234)	(2,308)

BALANCE SHEET DATA

(€ in thousands)	Nine months ended on September 30, 2018 (unaudited)	December 31, 2017 (audited)	Nine months ended on September 30, 2017 (unaudited)
Non-current assets	688,952	682,107	691,523
Current assets	756,209	706,707	682,757
of which, cash and other equivalent liquid assets	136,151	191,973	116,444
Total assets	1,445,161	1,388,814	1,374,280
Total liabilities	1,416,005	1,363,784	1,349,315
Equity	71,129	79,968	70,767

CASH FLOW DATA

(€ in thousands)	Nine months ended on September 30, 2018 (unaudited)	Nine months ended on September 30, 2017 (unaudited)
Cash flow from operating activities	(123,206)	(111,444)
Cash flow from investment activities	(6,307)	(1,862)
Cash flow from financing activities	68,791	25,181

For more information please visit our website
www.aldesa.es

Contact details
investors@aldesa.es