

DEAR SHAREHOLDERS



JOSÉ MANUEL ENTRECANALES
CHAIRMAN OF ACCIONA

In 2008, economies throughout the world saw themselves seriously affected by the financial crisis and a strong falling off of activity. The global dimension of this crisis, and the interaction between difficulties in the financial system and the real economy, make for a situation of such complexity that it has no precedent. This has led governments and central banks to take non-conventional measures to guarantee the necessary liquidity in the system and reactivate economies through stimulus packages farther reaching and greater than ever before.

In this uncertain environment, ACCIONA's performance illustrates the solidity of our business model and is fruit of our commitment to sustainability over the past four years. Moreover, I am fully confident of the great opportunity that our strategic positioning presents in the current circumstances.

Our Company's business model is none other than to lead the transition towards sustainable development from the front and by innovating. ACCIONA is contributing to building a development model that does not threaten the ecological limits of the planet and which promotes social cohesion. Our products and services contribute to giving a sustainable solution to some of the most difficult challenges faced by humanity: the creation of infrastructure for economic development and social organisation, the definition of a new global energy architecture and to extend and improve the availability of water.

Our commitment to a business model based on sustainability has this year seen ACCIONA confirmed, for the second consecutive year, by the Dow Jones Sustainability Index, as the most successful company in the world in its sector in the area of sustainability.

Similarly, our business lines and internal management practices are geared to building sustainable development. For this reason, we have prepared an Environmental Efficiency Plan for the years 2008-2012, which has as its main objective to structure and organise the various environmental improvement initiatives. During 2008, we also consolidated our Energy Efficiency Plan, which has allowed us to reduce by 24% our own CO₂ emissions with respect to the year before. Additionally in 2008, ACCIONA's products and services avoided the emission to the atmosphere of 6,872,252 tonnes of CO₂, in net terms 17% more than in the year before.

As far as our main economic figures are concerned, consolidated revenues grew by 59% to 12.665 billion euros and gross operating profit was 2.8 billion euros, double the year before. These results were driven by the proportional consolidation, in 2008, for the first time during a full fiscal year, of our participation in Endesa. At the same time, ACCIONA's results without the contribution of Endesa demonstrated the strength of the business model of our Company, even in the most adverse market circumstances, where sales increased 7% to 7.2 billion euros and gross operating profit by 9% to 1 billion euros.

With regard to the results of the business divisions, ACCIONA Energy was the greatest contributor to Group operating profit with 589 million euros, 55% of the total - excluding the consolidation of Endesa - growth of 50% on 2007. The company installed 781 MW in 2008, 553 MW of which were in the international market and in nine different countries, resulting in a total installed capacity at the year-end of 4,871 MW, 19% up on 2007.

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ACCIONA Infrastructure increased its project portfolio by 28%, reaching 7.3 billion euros, with considerable growth in its international business, thanks to the progress made in the Polish market and new tenders won in 2008 in Canada, Brazil and Chile.

The year saw the consolidation of ACCIONA Agua as a vector of future growth for the Group and a basic pillar of our strategic positioning. The company’s revenues were 370 million euros, an increase of 34% on 2007, and its gross operational earnings rose by 80% on 2007, while the project portfolio grew to over 3.6 billion euros.

ACCIONA invested a total of 3.1 billion euros during 2007, 972 million of which were derived from consolidation of the investment in Endesa and 2.18 billion of which corresponded to direct investment by ACCIONA to finance its organic growth, 81% of which went to the Energy division. Net financial debt at the year-end was 17.89 billion euros, of which 9.27 billion was debt in acquiring Endesa, 3.6 billion corresponded to the proportional consolidation of Endesa and 5 billion was debt incurred by ACCIONA’s business divisions.

Faced with such a serious recession, the persistent instability of the financial system and the increasingly expensive and difficult access to financing, with relation to the close of the 2008 fiscal year, we reached an agreement with Enel and Endesa to anticipate and exercise the option to sell our stake in Endesa for 11.1 billion euros, acquiring at the same time a portfolio of top-quality renewable assets, complementary to those of our Energy division, for a total value of 2.89 billion euros.

This agreement will allow us to strengthen the financial solvency of the Company, strengthen our business model based on Renewable Energy, Infrastructure and Water, as well as position ACCIONA as the second largest global operator of renewable energies with a total installed capacity of 6,976 MW.

Our strategic positioning is based on our capacity to innovate and anticipate as much the challenges in our environment as the competition. This moves us to maintain and increase our investment effort in R&D&I, which in 2008 amounted to 71 million euros, 82% more than in 2007 and saw one third of net profit going to research. This investment has been made over 91 projects, 36% more than in 2007, and in the application for 48 patents.

In the framework of our policy of financial prudence in the context of the current economic and market circumstances, we are proposing to the General Shareholders’ Meeting the distribution of a dividend of 2.92 euros per share, which is 49% of net ordinary earnings per share, represents a dividend yield of 3.3% on the share price at the year end and a reduction of 20% on the dividend distributed the year before.

Dear Shareholders, in the current, extremely complex economic and financial environment, I would like to translate my confidence to you in the Company model and business project which I am proud to oversee. We are positioned, as leaders, pioneers and innovators, at the epicentre of the motors of growth of the near future: Infrastructure, Energy and Water. Not in vain have developed and developing country governments, where ACCIONA already has a local operation, focused stimulus packages on these areas. The stimulus package of the President of the United States, Barack Obama, is the highlight of these, contained in the American Recovery and Reinvestment Act of 2009, with a total value of 787 billion dollars. Of this amount, more than 40 billion dollars are destined for renewable energy initiatives and an extra 20 billion in fiscal incentives to stimulate the development of clean energies. In the same way, the commitments of the G20 at its meeting in London were based on a global recovery plan that must reflect the interests of future generations as the key to sustainable globalization based on market principles, efficient regulation and strong global institutions. The G20 explicitly committed itself to orienting investment financed by stimulus programmes, to build a strong, sustainable and environmentally respectful recovery, at the same time reaffirming its commitment to tackle the threat of irreversible climate change.

With your continued support, the commitment of our exceptional team of professionals and managers, and that of the Board of Directors which I have the honour of chairing, ACCIONA will emerge from the current situation stronger, knowing how to make the most of the opportunities the same situation is creating, always by contributing to a model of balanced development for the benefit of future generations.

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