KPMG

Acciona, S.A.

Annual Financial Statements

31 December 2018

Directors' Report

2018

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Annual Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Acciona, S.A.

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the annual financial statements of Acciona, S.A. (the "Company"), which comprise the balance sheet at 31 December 2018, the income statement, the statement of changes in equity, the statement of cash flows, and the notes, for the year then ended.

In our opinion, the accompanying annual financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying financial statements) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the financial statements in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in group companies and associates
See notes 4.5.1 and 8.2.1 to the annual financial statements

Key audit matter	*How the matter was addressed in our audit*
The Company, which is the parent of the Acciona Group, has several investments in Group companies and associates, for which impairment provisions amount to Euros 1,283 million at 31 December 2018. Management and the Directors assess whether there are indications of impairment of the aforementioned investments at each reporting date and, if this is the case, they determine the need to increase or decrease the provisions recognised for impairment of these investments. To this end, the recoverable amount of investments in Group companies and associates is determined by applying valuation techniques that require management and the Directors to exercise judgement and make assumptions and estimates based on, among other aspects, macroeconomic trends, the internal circumstances of the investees and their competitors, discount and growth rates and business forecasts. Moreover, changes in the key assumptions considered by management and the Directors in the impairment tests could entail substantial modifications to the investees' recoverable amount and, therefore, their carrying amount at year end. Due to the uncertainty and judgement associated with the aforementioned estimates and the significance of the carrying amount of the investments, we have considered their valuation a key audit matter.	Our audit procedures included the following: - We assessed the processes followed by the Company in identifying objective evidence of impairment of investments in Group companies and associates and, where applicable, in estimating their recoverable amount, and we tested the design and implementation of the key controls established by management in relation to these processes. - We assessed the reasonableness of the methodology and assumptions used by the Company in estimating the recoverable amount of investments in Group companies and associates, in collaboration with our valuation specialists. In this respect, we reviewed the level of compliance with the business plans estimated in the past and contrasted the information contained in the valuation models with the business plans of the investees used by the Company and with estimates of and the outlook for future performance of the industry in which these investees operate, obtained from external information sources. In addition, we evaluated the growth rates and discount rates that were used as a basis to calculate the recoverable amounts, and the sensitivity of those recoverable amounts to changes in the key assumptions, in order to determine their impact on the valuation. - We also assessed whether the information disclosed in the annual financial statements meets the requirements of the financial reporting framework applicable to the Company.

Lawsuits and contingencies See notes 4.9 and 12 to the financial statements	
Key audit matter	*How the matter was addressed in our audit*
In the course of its activity, the Company is exposed to claims and disputes and may find itself becoming a party to administrative or judicial proceedings and arbitration. The process for controlling, monitoring and evaluating claims and disputes involving the Company is complex. Management and the Directors must exercise judgement to predict the outcome thereof and estimate the probability of a ruling against the Company, its possible economic consequences and, where appropriate, the amount of any provisions needed to cover the related obligations and other accounting impacts and/or disclosures to be included in the annual financial statements. Due to the judgement involved in predicting the outcome of these matters and the uncertainty inherent in the estimates related to claims and disputes, particularly those subject to a court ruling or arbitration, and because changes therein could give rise to significant differences with respect to the amounts recognised by the Company at the reporting date, we have considered litigation and contingencies to be a key audit matter.	Our audit procedures included the following: - Using the information provided by the Company's legal counsel, we obtained details of claims and litigation involving the Company. - We evaluated the design and implementation of the relevant controls established by the Company in relation to the integrity of claims and litigation and to estimate the possible consequences thereof for the Company and, where appropriate, the necessary provisions and their corresponding recognition. - We obtained responses from the Company's lawyers containing their representations regarding the status, probability and possible consequences for the Company of the most significant claims and disputes in quantitative and qualitative terms. - In the case of the more significant claims and litigation, we evaluated the reasonableness of the assumptions and estimates made by management and the Directors and, where appropriate, the Company's lawyers. We also assessed whether the information disclosed in the annual financial statements meets the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2018 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual financial statements.

Our audit opinion on the annual financial statements does not encompass the directors' report. Our responsibility as regards the content of the directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that the aforementioned information has been provided in the directors' report, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the directors' report, which consists of assessing and reporting on the consistency of this information with the annual financial statements, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the specific information referred to in a) above has been provided in the directors' report, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual financial statements for 2018, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Financial statements

The Directors are responsible for the preparation of the accompanying annual financial statements in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual financial statements.

Auditor's Responsibilities for the Audit of the Annual Financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.

- Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of Acciona, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the audit committee of the Company, we determine those that were of most significance in the audit of the annual financial statements of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 28 February 2019.

Contract Period

We were appointed as auditor of the Company by the shareholders at the ordinary general meeting on 18 May 2017 for a period of three years, from the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Borja Guinea López
On the Spanish Official Register of
Auditors ("ROAC") with No. 16210

28 February 2019

ACCIONA, S.A.

ANNUAL FINANCIAL STATEMENTS

AND

DIRECTORS' REPORT

2018

ACCIONA, S.A.
BALANCE SHEET AT 31 DECEMBER 2018 AND 2017
(Thousand euros)

ASSETS	Notes to financial statements	31/12/2018	31/12/2017
NON-CURRENT ASSETS		6,316,450	5,790,338
Intangible assets	Note 5	**5,061**	
Other intangible assets		5,061	
Property, plant and equipment	Note 6	**8,483**	**6,712**
Land and buildings		7,304	5,159
Other technical plant and fixtures & fittings		425	740
Other property, plant and equipment		754	813
Non-current investments in Group companies, joint ventures and associates	Notes 8.2.1 & 17.2	**6,103,616**	**5,563,584**
Equity instruments		6,097,033	5,559,895
Loans and credits to companies		6,583	3,689
Non-current financial investments	Note 8.1	**5,487**	**937**
Equity instruments		--	--
Other financial assets		5,487	937
Deferred tax assets	Note 14.6	**193,803**	**219,105**
CURRENT ASSETS		312,203	197,295
Non-current assets held for sale	Note 9	--	**3,000**
Trade and other accounts receivable		**92,079**	**154,160**
Clients, group companies and associates:	Note 17.2	41,146	55,439
Sundry receivable		1,760	327
Personnel		490	2,823
Current tax assets	Note 14.1	48,387	95,193
Other credits with Public Entities	Note 14.1	296	378
Current investments in Group companies and associates	Notes 8.2.2 & 17.2	**219,404**	**38,462**
Current credits to companies and other financial assets		2,947	4,711
Other financial assets		216,457	33,751
Current prepayments		**241**	**393**
Cash and other current financial assets	Note 10	**479**	**1,280**
Cash and banks		479	1,280
TOTAL ASSETS		6,628,653	5,987,633

EQUITY AND LIABILITIES	Notes to financial statements	31/12/2018	31/12/2017
EQUITY	Note 11	3,569,468	3,659,413
CAPITAL AND RESERVES		3,569,468	3,659,413
Capital		**57,260**	**57,260**
Issue premium		**170,110**	**170,110**
Reserves		**3,307,859**	**3,225,986**
Legal and statutory		716,573	695,652
Other reserves		2,591,286	2,530,334
Treasury stock		**(199,616)**	**(3,145)**
Year's profit /(loss)		**233,855**	**209,202**
NON-CURRENT LIABILITIES		302,224	636,638
Non-current provisions	Note 12	**95,563**	**125,502**
Other provisions		95,563	125,502
Non-current payables		**206,661**	**511,136**
Debentures and other negotiable securities	Note 13.2	61,862	194,609
Bank borrowings	Note 13.1	144,792	316,527
Other non-current financial liabilities		7	--
CURRENT LIABILITIES		2,756,961	1,691,582
Current provisions		**1,335**	**3,527**
Short-term debt		**371,796**	**244,739**
Debentures and other negotiable securities	Note 13.2	138,059	18,226
Other financial liabilities			13,472
Bank borrowings	Note 13.1	233,737	213,041
Current payables to Group companies and associates	Note 13.3 and 17.2	**2,327,485**	**1,379,688**
Trade and other accounts payable		**56,345**	**63,628**
Suppliers		15,140	13,073
Suppliers, group companies and associates:	Note 17.2	2,448	4,617
Sundry payables		9,387	9,364
Personnel		26,530	18,377
Other payables to Public Entities	Note 14.1	2,840	18,197
TOTAL EQUITY AND LIABILITIES		6,628,653	5,987,633

Notes 1 to 20 to the accompanying financial statements are an integral part of the balance sheet at 31 December 2018.

ACCIONA, S.A.

INCOME STATEMENT FOR FINANCIAL YEARS 2018 AND 2017

(Thousand euros)

	Notes to financial statements	FY 2018	FY 2017
Net turnover	**Note 16.1**	**287,411**	**115,222**
Provision of services		66,339	60,860
Financial income from investments in equity instruments		220,628	51,942
Financial income from negotiable securities and other financial instruments	**Note 17.1**	444	2,420
Work carried out by the Company on its assets	**Note 5**	**7,116**	**--**
Other operating income		**80**	**304**
Non-core and other current operating revenues		80	304
Personnel expenses	**Note 16.2**	**(60,024)**	**(53,460)**
Wages, salaries and similar		(48,513)	(42,290)
Welfare charges		(11,511)	(11,170)
Other operating costs		**(78,133)**	**(73,249)**
External services		(76,624)	(73,090)
Taxes		(1,509)	(159)
Losses, impairment and change in provisions for trade operations			2
Other operating costs			--
Amortisation/depreciation of assets	**Note 6:**	**(625)**	**(1,306)**
Impairment and profit/(loss) on disposal of financial instruments	**Notes 8.2.1 & 9**	**80,738**	**196,080**
Excess provisions	**Note 12**	**29,022**	**41,642**
OPERATING PROFIT/(LOSS)		**265,585**	**225,233**
Financial income		**3**	**763**
From negotiable securities and other third-party financial instruments		3	763
Finance costs		**(68,217)**	**(55,793)**
For payables to Group companies, jointly-controlled entities and associates	**Note 17.1**	(47,817)	(24,940)
For payables to third parties		(20,400)	(30,853)
Change in fair value of financial instruments		**--**	**--**
Trading portfolio and other		--	--
Translation differences		**(550)**	**(509)**
FINANCIAL PROFIT / (LOSS)		**(68,764)**	**(55,539)**
PROFIT/(LOSS) BEFORE TAX		**196,821**	**169,694**
Tax on profit	**Note 14.4**	37,034	39,508
YEAR'S PROFIT/(LOSS)		**233,855**	**209,202**

Accompanying Notes 1 to 20 and the appendices are an integral part of the income statement for 2018.

ACCIONA, S.A.

STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2018 AND 2017
A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousand euros)

	FY 2018	FY 2017
RESULTS OF INCOME STATEMENT (I)	**233,855**	**209,202**
Income and expenses recognised directly in equity		
- For measurement of financial instruments:	--	--
Available-for-sale financial assets	--	--
Other income / expenses	--	--
- For cash flow hedges	--	--
- Grants, donations and legacies received	--	--
- For actuarial gains and losses and other adjustments	--	--
- Tax effect	--	--
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)	--	--
Transfers to income statement:		
- For measurement of financial instruments:	--	--
Available-for-sale financial assets	--	--
Other income / expenses	--	--
- For cash flow hedges	--	--
- Grants, donations and legacies received	--	--
- Tax effect	--	--
TOTAL TRANSFERS TO INCOME STATEMENT (III)	--	--
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)	**233,855**	**209,202**

Accompanying Notes 1 to 20 and the appendices are an integral part of the statement of recognised income and expenses for 2018.

ACCIONA, S.A.

STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2018 AND 2017
B) COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY
(Thousand euros)

	Capital	Issue premium	Reserves	Treasury stock	Year's profit /(loss)	TOTAL
BALANCE AT 31/12/2016	**57,260**	**170,110**	**3,057,145**	**(13,692)**	**386,602**	**3,657,425**
Total recognised income and expenses	--	--	--	--	**209,202**	**209,202**
Operations with shareholders	--	--	**186,843**	**10,547**	**(386,602)**	**(189,212)**
- Application of results / dividends (Note 3)	--	--	221,981	--	(386,602)	**(164,621)**
- Operations with bonds	--	--	(35,711)	--	--	(35,711)
- Operations with treasury stock (net)	--	--	573	10,547	--	11,120
Other changes in equity - effect of corporate restructure	--	--	**(18,002)**	--	--	**(18,002)**
BALANCE AT 31/12/2017	**57,260**	**170,110**	**3,225,986**	**(3,145)**	**209,202**	**3,659,413**
Total recognised income and expenses	--	--	--	--	**233,855**	**233,855**
Operations with shareholders	--	--	**37,689**	**(196,471)**	**(209,202)**	**(367,984)**
- Application of results / dividends (Note 3)	--	--	37,424	--	**(209,202)**	**(171,778)**
- Operations with bonds	--	--		--	--	**0**
- Operations with treasury stock (net)	--	--	265	(196,471)	--	**(196,206)**
Other changes in equity - effect of corporate restructure	--	--	**44,184**	--	--	**44,184**
BALANCE AT 31/12/2018	**57,260**	**170,110**	**3,307,859**	**(199,616)**	**233,855**	**3,569,468**

Accompanying Notes 1 to 20 and the appendices are an integral part of the comprehensive statement of changes in equity for financial year 2018.

ACCIONA, S.A.

STATEMENT OF CASH FLOWS FOR FINANCIAL YEARS 2018 & 2017

(Thousand euros)

	Notes	FY 2018	FY 2017
CASH FLOWS FROM OPERATING ACTIVITIES		29,673	(73,652)
Profit / (loss) before tax		**196,821**	**169,694**
Adjustments for:		**(264,114)**	**(196,118)**
Amortisation/depreciation of assets		625	1,306
Other adjustments (net)		**(264,738)**	**(197,424)**
Change in provisions	Note 8.2.1	(81,328)	(196,216)
Profit/(loss) for derecognition and disposal of financial assets	Note 9	(31,102)	(2,385)
Financial income	Note 16.1	(446)	(3,183)
Dividends	Note 16.1	(220,628)	(51,942)
Finance costs	Note 17.1	68,216	55,793
Translation differences		550	509
Changes in working capital		**125,014**	**(14,261)**
Other cash flows from operating activities:		**(28,049)**	**(32,967)**
Interest paid		(44,536)	(58,053)
Dividends received		50,078	51,942
Interest received		446	3,183
Collections/(payments) for tax on profit	Note 14	(34,038)	(30,039)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(422,907)	(7,978)
Payments for investments:		**(457,421)**	**(9,743)**
Group companies, associates and business units	Note 8.2.1	(450,000)	(9,743)
PPE and intangible assets		(7,421)	--
Receipts from disinvestments:		**34,851**	**660**
Group companies, associates and business units	Note 9	34,851	--
PPE and intangible assets	Note 5 and 6	0	660
Other receipts/(payments) from investment activities		**(336)**	**1,105**
CASH FLOWS FROM FINANCE ACTIVITIES		392,984	79,605
Receipts and (payments) from equity instruments:	**Notes 8.2.1 & 8.2.2.**	**924,396**	**395,527**
Acquisition		920,913	357,601
Disposal		3,484	37,926
Proceeds and (payments) from financial liability instruments:	**Notes 13.1 & 13.2**	**(163,165)**	**(126,708)**
- Issue of bank borrowings		309,027	6,206
- Repayments and amortisation of bank borrowings		(459,192)	591
- Repayment and amortisation of bonds and other negotiable securities		(13,000)	(133,505)
Payments for dividends and returns on other equity instruments	**Note 11**	**(171,778)**	**(164,621)**
Cash flows from operations with treasury stock	**Note 11**	**(196,470)**	**(24,592)**
EFFECT OF EXCHANGE RATE FLUCTUATIONS		(550)	(509)
NET INCREASE / (DECREASE) IN CASH & OTHER CURRENT FINANCIAL ASSETS		(800)	(2,534)
CASH & OTHER CURRENT FINANCIAL ASSETS AT BEGINNING OF PERIOD		1,280	3,814
CASH & OTHER CURRENT FINANCIAL ASSETS AT YEAR'S END		479	1,280
COMPONENTS OF CASH AND OTHER CURRENT FINANCIAL ASSETS AT YEAR'S END		**479**	**1,280**
Cash and banks		479	1,280
TOTAL CASH & OTHER CURRENT FINANCIAL ASSETS AT YEAR'S END		**479**	**1,280**

Notes 1 to 20 to the financial statements are an integral part of the statement of cash flows for financial year 2018.

ACCIONA, S.A.

NOTES TO THE FINANCIAL STATEMENTS

1. - Company Activities

Acciona, S.A. is the Parent Company of the Acciona group. It was established under the laws for the time being in force in Barcelona on 16 June 1916, for an indefinite period of time. Its registered office and main offices where it develops its activities are located at Avenida de Europa 18 in Alcobendas (Madrid). The Company is registered under the Spanish Classification for Business Activities with code number 6420. Acciona S.A. has shares listed on the Madrid and Barcelona stock exchanges.

The Company is part of a Group of companies that operate in different economic activity sectors, including most notably:

1. Construction.
2. Infrastructure operations.
3. Real estate and land development.
4. Energy and water.
5. Transport and complementary services.
6. Urban and environmental services.
7. Ancillary services for companies and their facilities.
8. Leisure activities, events, and audiovisual.

The Company may develop any and all activities to carry out and additional to the businesses above, and hold interests in other companies by way of investments.

The Company is the Parent Company of a Group of subsidiaries and, in accordance with the regulations for the time being in force, it is under an obligation to prepare separate consolidated statements under the International Financial Reporting Standards adopted by the European Union (IFRS-UE), which show the following consolidated key figures, in thousand euros:

Concept	2018	2017
Total assets	14,937,593	17,147,358
Equity	3,495,138	3,963,268
Revenue	7,509,529	7,253,974
Consolidated profit attributable to the Parent Company	328,030	220,131

The individual and consolidated annual financial statements for 2018 were prepared by the Directors, at meeting of the Board of Directors held on 28 February 2019.

The individual and consolidated annual financial statements for 2017 were approved by the General Shareholders' Meeting of Acciona, S.A. held on 30 May 2018 and filed for deposit at the Madrid Companies Register.

2. - Bases of presentation of annual financial statements

2.1 Financial reporting standards framework applicable to the Company

These annual financial statements were prepared by the Board of Directors in accordance with the financial reporting standards framework applicable to the Company, which is as established in:

a) The Code of Commerce and any other mercantile legislation.

b) General Accounting Plan as approved by Royal Decree 1514/2007.

c) The mandatory standards approved by Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accounting and Accounts Audit Institute) within the development of the General Accounting Plan and its supplementary regulations.

d) Any other Spanish accounting regulations as applicable.

2.2 True and fair view

The annual financial statements for 2018 expressed in thousand euros, the functional currency of the Company, were obtained from the accounting records of the Company and they are presented in accordance with the financial reporting standards framework applicable to the Company and specifically with the principles and criteria contained therein so as to show a true and fair view of the equity, financial position and results of the Company, and of cash flows as occurred in the year. These annual financial statements, as prepared by the Directors of the Company, will be submitted to the General Shareholders' Meeting, for approval; and it is believed that they will be approved as they stand.

The annual financial statements for 2018 have been prepared including the joint ventures (see Note 4.13 and Note 8.2.3) where the Company participates, by applying the proportional integration method, that is, through inclusion of the Company's participation share in the joint ventures, in terms of profit/(loss) and balance carrying amounts, with balances for assets and liabilities being duly eliminated as applied, as well as operations carried out between the Company and the joint ventures in the year.

2.3 Non-mandatory accounting principles applied

Only mandatory accounting principles in force at the date of preparation of these annual financial statements were applied. Additionally, the Directors prepared these annual financial statements taking into account all the accounting principles and standards as are mandatorily applicable and with a significant impact on said annual financial statements. All mandatory accounting principles were applied.

2.4 Critical aspects concerning measurement and estimate of uncertainties

For the preparation of these annual financial statements, estimates were made by the Directors of the Company to measure some of the assets, liabilities, income, expenses and obligations appearing recorded therein. Basically, these estimates refer to:

- Assessment of possible losses due to impairment of certain assets, in particular for investments in group companies and associates showing signs of impairment. (See Note 4.3 and 4.5.1)
- The fair value of certain financial instruments. (See Note 4.5)
- Estimate of provisions. (See Note 4.9)
- Tax results and the recoverability of deferred tax assets to be declared to the tax authorities in future, which served to record the different amounts related to corporate tax on these annual financial statements. (See Note 4.7)

Although these estimates were made on the basis of the best information available at the close of 2018, it may so happen that future events will make it necessary to change them (upwards or downwards) in the next few years. If so, it would be done prospectively.

2.5 Comparison of information

The information contained in these notes referred to financial year 2018 is disclosed, for comparative purposes, with the information on financial year 2017.

2.6 Grouping of items

Certain items on the balance sheet, the income statement, the statement of changes in equity or the statement of cash flows were grouped together to facilitate their understanding but, to the extent that it was significant, separate information was included in these Notes.

2.7 Changes in accounting criteria and correction of errors

In 2018 no significant changes took place in accounting criteria in respect of those applied in 2017.

When these annual financial statements for 2018 were prepared, no material error was found that led to restatement of the amounts included in the financial statements for financial year 2017.

2.8 Functional currency and reporting currency

The annual financial statements are presented in thousands of euros, rounded to the nearest thousand, which is the Company's functional and reporting currency.

3. - Application of results

The proposed application of the results of financial year 2018 that the Board of Directors will submit to the General Shareholders' Meeting for approval is the following (in euros): This application is displayed against the application of the 2017 result approved by the General Shareholders' Meeting on 30 May 2018:

	2018	2017
Distribution base:		
Acciona, S.A. profit or loss	233,855,108.03	209,202,462.05
Application:		
To legal reserve	--	--
To statutory reserve	2,338,551.08	20,920,246.21
To capitalisation reserves	--	4,667,230.18
To voluntary reserves	39,697,064.45	11,836,335.66
Dividends	191,819,492.50	171,778,650.00
Total	**233,855,108.03**	**209,202,462.05**

The proposed allocation of the 2018 result contemplates the distribution of dividends of 3.35 euros per share.

The company may distribute dividends once the losses from previous years have been covered, 10% of the profit has been allocated to the legal reserve (up to 20% of the share capital) and any obligations specified in the Company's articles of association have been covered.

Under the Articles of Association the Company is under an obligation to allocate, if appropriate, 10% of net profit to the legal and statutory reserve, in such a manner that when the former is covered (20% of the share capital), the remaining amount resulting from such 10% must be allocated to the statutory reserve. This reserve is unrestricted.

At the close of financial year 2017, the Board of Directors proposed to allocate the capitalisation reserve against the 2017 results in accordance with Article 25 of Act 27/2014, of 27 November on Corporate Tax, amounting to 4,667,230.18 euros and equivalent to 10% of the increase in own funds associated with the companies that form part of the tax group with Acciona, S.A. as the Parent Company. This reduction is limited to 10% of the tax base for the tax period obtained for the tax group, and the excess over this limit can be transferred to the next two tax periods.

4. Recognition and measurement standards

The recognition and measurement standards applied by the Company to the preparation of its financial statements, following the General Accounting Plan, were the following:

4.1. Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost. Subsequently they are measured at their cost reduced by the relevant accrued amortisation and, if any, by impairment losses as occurred, in conformity with the criterion indicated in Note 4.3. These assets amortise on the basis of their useful life. When their useful life cannot be reliably estimated, they amortise in a period of 10 years.

a) Industrial property:
This account records the amounts paid for the acquisition of the property or the right to use the different manifestations of them (patents and trademarks), or for the expenses incurred as a result of the registration of the property developed by the company. Industrial property amortises by applying the straight-line method for a five-year period.

b) Software:
The Company records in this account the costs incurred in the acquisition and development of computer programs, including the development costs of web pages. Software maintenance costs are recorded on the income statement for the year in which they are incurred. Software amortises by applying the straight-line method for a four-year period.

c) Other intangible assets:
The Company records under this heading all actions initiated during financial year 2018 aimed at the digital transformation of the company, which will result in greater and better use of technology to benefit the various administrative tasks and productive processes that are carried out within the Group. All actions recorded as such as currently being developed. Once this development process has finished, and the application produced is put into operation, the corresponding amount will be classified under "Computer Software", from which time it will start to be amortised.

4.2. Property, plant and equipment

Property, plant and equipment is initially measured at the acquisition price and this is subsequently reduced by the relevant accrued depreciation and by impairment losses, if any, in accordance with the criterion mentioned in Note 4.3.

Upkeep and maintenance expenses concerning the different property, plant and equipment elements are recognised on the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

The Company depreciates property, plant and equipment following the straight-line method, applying annual depreciation percentages based on the years of useful life estimated for the relevant assets (or the years of useful life left, whichever is the lower), according to the following detail:

	Depreciation percentage
Buildings	2% - 7%
Tools and fixtures & fittings	10% - 15%
Computer hardware	25% - 50%
Other PPE	10% - 20%

4.3. Value impairment of PPE and intangible assets

At the close of every year, the Company carries out an asset analysis to detect the existence of impairment losses that reduce the recoverable value of these assets to an amount lower than their carrying amount. This analysis is systematically performed for all goodwill or intangible assets with indefinite useful lives and for the remaining assets whenever there are objective indications that such losses could exist.

For the purposes of this analysis, known as "impairment test", the recoverable amount is determined as the fair value less estimated costs necessary for sale or the value in use, whichever is the higher. Fair value means the value at which the asset in question could be disposed of under normal conditions and is determined on the basis of market information, transactions external to the Group, etc. On the other hand, the procedures established by Management consist in calculating the value in use of the assets in question on the basis of the current value, discounted at rates representative of the Company's cost of, of the estimated future cash flows to be obtained for the asset in question.

An impairment test is applied for each asset considered separately where possible or for the set of assets in question that make up the "cash generating unit" for which it is possible to have the financial information required for the analysis.

If a loss must be recognised for impairment of a cash generating unit where goodwill in whole or in part had been assigned, the carrying amount of goodwill corresponding to such unit is first reduced. If impairment exceeds the carrying amount, then, in proportion to their carrying amount, the carrying amount of the other assets in the cash generating unit is reduced, to the limit of their fair value less sale costs or their value in use or zero, whichever is the highest.

Where an impairment loss subsequently reverses (which is not allowed specifically in the case of goodwill), the carrying amount of the asset or the cash-generating unit is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount will not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous years. The reversion of an impairment loss is immediately recognised as income.

As a result of the value impairment test applied, it was not necessary to allocate additional amounts to the impairments reflected on the financial statements for previous years (see Note 6).

4.4. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and profits associated to ownership of the leased asset object to the contract. All other leases are classified as operating leases. The Company only has operating leases.

Operating lease

Expenses resulting from operating leases are charged to the income statement in the year in which they are accrued.

Any amount collected or paid when arranging an operating lease will be treated as early collection or payment to be recognised in results throughout the term of the lease, as the benefits from the leased asset are gradually transferred or received.

4.5. Financial instruments

4.5.1 Financial assets

Classification:

The financial assets usually held by the Company are classified under the following categories:

a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market. This category is comprised practically in its entirety of the assets recorded in “Trade and other accounts receivable” and “Loans and credits to companies” (both basically recorded with Group companies, Joint Ventures and Associates).

b) Held-to-maturity investments: Securities representing debt, with a fixed due date and collection of quantifiable amounts, traded on an active market and over which the Company expresses its intention and capacity to hold them until their due date.

c) Group companies are those on which the Company has control over directly, or indirectly through subsidiaries, as established in article 42 of the Code of Commerce, or when companies are controlled by any means by one or more individual or legal entity acting jointly, or are managed on a unified bases through agreements or clauses in Articles of Association.

   Control means the power to govern a company’s financial and operating policies in order to obtain profit from the company’s activities, considering for these purposes the voting rights held by the Company or third parties that are exercisable or convertible at the end of the accounting period.

   Associates are considered to be those on which the Company, directly or indirectly through subsidiaries, has significant influence. Significant influence is the power to participate in decisions on a company’s financial and operating policies, without there being a control structure or joint control over the same. When evaluating the existence of significant influence, the potential voting rights that may be exercisable or convertible at the end of each accounting period are considered, as well as considering the potential voting rights held by the Company or by another company.

Jointly-controlled entities are those that are jointly managed by the Company or by one or more Group companies, including the parent company's entities or individuals, and one or more third parties outside the group.

d) Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial measurement:

Financial assets are initially recognised at the fair value of the consideration given plus the transaction costs as are directly attributable.

Investments in Group companies, Joint Ventures and Associates are initial recognised at cost, which is equivalent to the fair value of the consideration given, including the transaction costs incurred for investments in associates and jointly-controlled entities.

Subsequent measurement:

a) Loans and accounts receivable are measured at their amortised cost.

b) Held-to-maturity investments are measured at their amortised cost.

c) Investments in the equity of group companies, joint ventures and associates are measured at their cost, reduced, if appropriate, by the accrued amount of impairment value adjustments. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount, the recoverable amount understood as the higher value between fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).

   Impairment is calculated as the result of comparing the carrying amount of the investment with its recoverable value, understood as the value in use or the carrying amount less costs to sell, whichever is the higher.

   In previous financial years reversals of impairment have been recognised to the extent that there is an increase in the recoverable value, with the limit being the carrying amount that the investment would have if the value impairment had not been recognised.

   The loss or reversal of impairment is recognised on the income statement, except in the cases where it should be charged to equity.

d) Available-for-sale financial assets are measured at their fair value, any changes in said fair value being recognised in Equity, until the asset is disposed of or its value is impaired (steadily or permanently), at which time the cumulative gains or losses previously recognised in Equity are recognised on the income statement. In this respect, it is considered that there is impairment (permanent) if the trading value of the asset has fallen by over 40% for one and a half years and has not recovered, or if the value has dropped over an extended period of time.
   Investments in equity instruments the fair value of which cannot be reliably estimated are measured at their cost, less, if applicable, the cumulative amount of impairment value adjustments. In these cases, value adjustment is calculated in the same way as for investments in Group companies and Associates and reversion of the adjusted value recognised in previous years is not possible.

At least at the close of the financial year the Company implements an impairment test for the financial assets not recognised at their fair value.

A financial asset or group of financial assets is impaired and causes an impairment loss when there is objective evidence of impairment as a result of one or more events that occur after the initial recognition of the asset, and such event or events causing the loss have an impact on the estimated future cash flows from the asset or group of financial assets, which can be reliably estimated.

The Company follows the approach of recording suitable impairment allowances for loans and items receivable and debt instruments when a reduction or delay in the estimated future cash flows occurs, as a result of the debtor's insolvency.

In addition, value impairment occurs with regards to equity instruments when the carrying value of the asset can no longer be recovered as a result of prolonged declines or a significant fall in the fair value of such instruments.

The Company writes off financial assets when they mature or the rights over the related cash flows are transferred and the risks and benefits attached to their ownership have been substantially transferred.

Writing off a financial asset in its entirety implies recognising the results of the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including the assets obtained or liabilities assumed, and any profit or loss deferred in equity is recognised in the income statement.

Otherwise, the Company does not write off financial assets, and recognises financial liabilities in an amount equivalent to the consideration received, in transfers of financial assets where the risks and benefits attached to their ownership are retained.

4.5.2 Financial liabilities

Financial liabilities, including trade and other accounts payable that are not classified as held for sale or as financial liabilities at fair value with changes in the income statement, are initially recognised at their fair value less any directly attributable transaction costs, if applicable.

Debits and accounts payable are initially measured at the fair value of the consideration received, adjusted by any directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company de-recognises financial liabilities when the obligations giving rise to them cease to exist.

4.5.3 Equity instruments

An equity instrument represents a residual investment in the Company's equity after all related liabilities are deducted.

Capital instruments issued by the Company are recognised in equity at the amount received, net of any cost for issue.

Treasury shares acquired by the Company in the year are recognised at the value of the consideration given in exchange, directly at lower value of equity. The results of purchase, sale, issue or retirement of own equity instruments are recognised directly in equity and no result is recognised on the income statement.

At 31 December 2018, Acciona, S.A. held 2,902,115 treasury shares representing 5.0684% of the share capital at the time. The acquisition cost of these shares amounted to 199,616 thousand euros. The acquisition cost of the treasury shares and the gains or losses on transactions involving them were recognised directly in equity (see Note 11.5).

At 31 December 2017, Acciona, S.A. held 45,702 treasury shares representing 0.0798% of the share capital at the time. The acquisition cost of these shares amounted to 3,145 thousand euros. The acquisition cost of the treasury shares and the gains or losses on transactions involving them were recognised directly in equity (see Note 11.5).

4.6. Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the close of the financial year, the cash assets and liabilities denominated in foreign currencies are translated to euros by applying the prevailing exchange rate at the balance sheet date. Any profit or loss as shown is directly recognised in the income statement for the financial year in which they occur.

4.7. Tax on profit

Profit tax expense or income comprises the portion that relates to current tax expense or income and the portion that relates to deferred tax expense or income.

Current tax is the amount that the Company pays as a result of the tax settlements for tax on profit for a given financial year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carry-forwards from previous financial years effectively applied in the current financial year, result in lower current tax.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences which are identified as the amounts that are expected to be payable or recoverable and which arise from the differences between the carrying amounts of assets and liabilities and their fiscal value, and the negative tax bases pending carry-forward and credits for tax deductions that have not been fiscally applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled, to the temporary difference or credit in question.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction which affects neither accounting profit (loss) nor taxable profit (tax loss) and which is not a business combination.

Deferred tax assets, however, are only recognised to the extent that it is considered likely that the Company will have future tax gains against which the deferred tax assets can be applied, and this shall be understood as being in a period of no more than 10 years, unless evidenced otherwise.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted and once the tax consequences that will result from the way in which the Company expects to recover the assets or settle the liabilities have been considered.

The Company only offsets tax assets and liabilities against profit where it has a legally enforceable right, where these relate to taxes levied by the tax authority and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognised on the balance sheet under non-current assets or liabilities, irrespective of the date of realisation or settlement.

Deferred tax assets and liabilities arising from operations directly charged against or credited in equity accounts are also entered in the accounts with a balancing entry in equity.

At the close of every accounting period, recognised deferred tax assets are reassessed and the appropriate adjustments are applied thereto to the extent that there are doubts as to their future recoverability. Similarly, deferred tax assets not recognised on the balance sheet are reassessed at the end of each accounting period and are recognised to the extent that they are likely to be recovered through future tax gains.

Acciona, S.A. is allowed to apply the fiscal consolidation system for Corporate Tax, and it is part of the Fiscal Consolidation Group, where it is the Parent Company, under group number 30/96.

4.8. Income and expenses

Income and expenses are recognised following the accrual principle, that is, when the actual flow of goods and services represented by income and expenses takes place, regardless of the time when the cash or financial flow arising therefrom occurs. Income is measured at the fair value of the consideration received, with any discounts and taxes being deducted.

Ordinary income from the provision of services is recognised by taking into account the degree of completion of the provision at the balance sheet date, provided that the outcome of the transaction may be reliably estimated.

Interest received from financial assets is recognised by applying the effective interest rate method and dividends are recognised when the shareholder's right to receive them has been declared. In any event, interest and dividends from financial assets as accrued after the time of acquisition are recognised as income on the income statement. If the distributed dividends are unequivocally from earnings generated before the acquisition date as amounts above the profits made by the subsidiary company since acquisition have been distributed, then they reduce the investment carrying amount.

4.9. Provisions and contingencies

When preparing the annual financial statements, the Directors of the Company distinguish between:

a) Provisions: Balances payable covering present obligations arising from past events, the cancellation of which is likely to give rise to an outflow of resources, but which are undetermined as regards the cancellation amount and/or timing.

b) Contingent Liabilities: Possible obligations that arise from past events, the future materialisation of which is conditioned by the occurrence or non-occurrence of one or more future events beyond the Company's control.

The annual financial statements contain all the provisions for which it is estimated that the probability of having to satisfy the obligation is higher than otherwise. Contingent liabilities are not recognised on the balance sheet but information is provided about them in the Notes, to the extent that they are not considered remote.

Provisions are measured at the present value of the best possible estimate of the amount required to cancel or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

4.10. Compensation for dismissal

According to the current employment legislation, companies are under an obligation to compensate employees when, under certain circumstances, their employment is terminated. Compensation for dismissal that can be reasonably quantified is registered as expense for the year when the decision about dismissal is taken. No provision for compensation for dismissal was recorded in these annual financial statements, since such situation was not foreseen.

4.11. Equity elements of an environmental nature

Assets used on a lasting basis in the Company's activity, the main purpose of which is to minimise environmental impact and protect and upgrade the environment, including the reduction or elimination of future pollution, are considered assets of an environmental nature.

Given its nature, the Company's activity does not have a significant environmental impact.

4.12. Share-based payments

The Company recognises, on the one hand, the goods and services received as an asset or an expense, depending on their nature, at the time of their acquisition and, on the other hand, the appropriate increase in net equity, if the transaction is settled with equity instruments, or the applicable liability if the transaction is settled with an amount based on the value of the equity instruments.

In the case of transactions settled with equity instruments, both the services rendered and the increase in net equity are measured at the fair value of the transferred equity instruments, referring to the date of the granting agreement. If they are settled in cash, the goods and services received and the related liability are recognised at the fair value of the latter, referred to the date on which the requirements for recognition are met.

4.13. Joint arrangements

The Company books its investments in Joint Ventures (JVs) recognising on the balance sheet proportionally, based on its share percentage, the portion of the assets jointly controlled and of the liabilities jointly incurred. In addition, the portion of income generated and expenses incurred by the joint business and related to the Company, and the expenses incurred in relation to its holding in the joint venture, are proportionally recorded on the income statement. Similarly, the share that relates to the Company in the amounts for items in the joint business is recorded on the statement of changes in equity and on the statement of cash flows.

Joint arrangements are considered as those in which there is a contractual agreement or clauses in the articles of association to share control over an economic activity, in such a way that strategic decisions, both financial and operational, related to the activity require the unanimous consent of the Company and remaining parties.

Transactions, balances, income, expenses and reciprocal cash flows have been removed proportionally based on the share percentage held by the Company in the joint arrangement.

4.14. Related-party transactions

The Company carries out all its transactions with related parties on an arm's length basis. Additionally, the prices of operations with related parties are adequately supported, so the Directors of the Company consider that there is no risk that might lead to significant liabilities in future.

Transactions between group companies, except for those related to mergers, spin-offs and non-cash contributions to businesses are recognised at the fair value of the consideration given or received. The difference between this value and the agreed amount is recorded in accordance with the underlying economic circumstances.

4.15. Current and non-current items

Current assets are those associated with the Company's ordinary course of operations, which is usually considered to be one year, and also other assets for which the due date, disposal or realisation is expected to occur in the short term as from or after the close of the financial year, and cash and other current financial assets. Any other assets are classified as non-current.

In the same way, current liabilities are those associated with the Company's ordinary course of operations and in general all liabilities for which the due date or cancellation will take place in the short term. Otherwise, liabilities are classified as non-current.

4.16. Disposable non-current assets and groups of elements held for sale

The Company recognises under this heading disposable non-current assets or groups of elements at the carrying amount that will essentially be recovered through a sale transaction, rather than for their continued use. To classify disposable non-current assets or groups of elements as held for sale, these items must be available for immediate disposal in their current conditions, subject only to standard sale transaction terms; in addition, the derecognition of the asset must be considered to be highly likely.

Disposable non-current assets or groups of elements classified as held for sale do not amortise, but are valued at the carrying amount or at fair value less the sale costs, whichever is the lowest.

The company recognises initial and subsequent losses for value impairment of the assets classified in this category, charging it to the profit/(loss) of ongoing operations on the income statement, except in the case of discontinued operations. The losses of a CGU for value impairment are recognised by reducing the goodwill assigned to the CGU and then to the other non-current assets, pro-rata on the basis of the carrying amount of the assets. Impairment losses of goodwill are not recoverable.

Profit for increases in fair value less sale costs are recognised in profit/(loss) up to the limit of the accumulated impairment losses recognised in previous years, which is either measured at the fair value less sale costs or by the impairment losses recognised prior to the classification.

The Company measures non-current assets that are no longer classified as held for sale, or that cease to belong to a disposable group of elements, at the carrying amount before its classification less amortisation or depreciation that would have been recognised if it had not been classified as such, or the recoverable value at the re-classification date, whichever is the lowest. Valuation adjustments resulting from such re-classification are recognised in the profit/(loss) from ongoing operations.

4.17. *Business combinations*

Business combinations carried out after 1 January 2010 are recognised by applying the acquisition method established in Recognition and Measurement Standard 19 from the General Accounting Plan, as amended by article 4 of Royal Decree 1159/2010 which approves the standards for preparing consolidated financial statements and amends the General Accounting Plan.

The Company applies the acquisition method for business combinations except for mergers, spin-offs and non-cash contributions to business between group companies.

The acquisition date is the date on which the Company took over control of the business acquired.

The cost of the business combination is determined at the acquisition date by the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the net equity instruments issued and any contingent consideration that depends on future events or compliance with certain conditions in exchange for control of the acquired business.

The cost of the business combination excludes any disbursement that is not part of the exchange for the acquired business. The costs related to the acquisitions are recognised an expense as they are incurred.

The costs of issuing equity instruments and liability instruments are recognised according to the measurement standards applied to these transactions.

The Company recognises the assets acquired and the liabilities assumed at their fair value on the acquisition date. The liabilities assumed include contingent liabilities to the extent that they represent present obligations arising from past events and their fair value can be measured reliably. Likewise, the Company recognises indemnification assets assigned by the seller at the same time and following the same measurement criteria as the acquired business item subject to indemnification, considering the risk of insolvency and any other contractual limitation on the indemnification amount as applicable.

The excess between the cost of the business combination and the net amount of the assets acquired and the liabilities assumed is recorded as goodwill.

After evaluating the amount of the cost of the business combination and the net amount of the assets acquired and the liabilities assumed, any negative difference would lead to a reduction in the value of the intangible assets identified, the measurement of which cannot be calculated by referencing it to an active market (identifying the type of assets reduced, as applicable), and any asset assigned for a contingent consideration and the residual value, as applicable, is recognised as a negative difference for the asset on the income statement.

For business combinations carried out in stages, the excess between the cost of the business combination plus the fair value of the previous share in the business acquired and the net amount of the assets acquired and the liabilities assumed is recorded as goodwill. After evaluating the amount of the cost of the business combination plus the value assigned to the previous share and the net amount of the assets acquired and the liabilities assumed, any negative difference would lead to a reduction in the value of the intangible assets identified, the measurement of which cannot be calculated by referencing it to an active market (identifying the type of assets reduced, as applicable), and any asset assigned for a contingent consideration and the residual value, as applicable, is recognised as a negative difference for the asset on the income statement. The Company recognises the difference between the fair value of the previous share in the business acquired and the carrying amount in profit/(loss), according to its classification. Furthermore, the Company reclassifies the amounts deferred in recognised revenue and expenses corresponding to the previous share to profit/(loss) for the activity.

The Company determines the fair value of the previous share by taking the cost of the business combination as the reference point.

On 28 July 2017 the Parent Company acquired the additional 50% of the concessionaire Autovía de los Viñedos, S.A. for 8,219 thousand euros; hence the Group holds 100% of this company and the consolidation method was changed from being consolidated using the equity method to being fully consolidated.

On 28 July 2017 the Parent Company acquired the additional 50% of the concessionaire Autovía de los Viñedos, S.A. for 8,219 thousand euros; hence the Group holds 100% of this company and the consolidation method was changed from being consolidated using the equity method to being fully consolidated. The breakdown of the business combination is as follows (in thousand euros):

A PPA attributed to the concession asset has been identified according to the analysis of the value in accordance with IFRS 3, and hence its value has been increased by a net amount of 49,409 thousand euros. At 31 December 2017, the amortised amount of the PPA came to 1,594 thousand euros.

4.18. Cash and other current financial assets

Cash and other current financial assets includes cash on hand and bank deposits on demand. Other investments in short-term highly liquid investments are also included under this concept provided they are easily convertible to given amounts of cash and that they are subject to an insignificant risk of changes in value. Investments with maturities of less than three months from the acquisition date are also included under this heading.

4.19. Defined contributions

The Company records the contributions to be made to defined contribution plans as employees render their services. The amount of contributions payable is recorded as an employee benefit expense and as a liability once any amounts already paid have been deducted. When the amounts paid exceed the accrued expense, only the corresponding assets are recognised to the extent to which such assets can be applied to the reductions of future payments or give rise to a cash refund.

If the contributions are to be paid in a period exceeding twelve months, these are discounted by a rate determined by reference to market yields on high quality corporate bonds.

5. – Intangible assets

The movement in intangible assets of the balance sheet in financial years 2018 and 2017 was the following (in thousand euros):

	COST				ACCRUED AMORTISATION		
	Patents	Software	Advances	**Total cost**	Patents	Software	**Total amortisation**
Balance at 31/12/2016	**535**	**2,566**		**3,101**	**(535)**	**(2,566)**	**(3,101)**
Additions or allocations	--	--		--	--	--	--
Balance at 31/12/2017	**535**	**2,566**		**3,101**	**(535)**	**(2,566)**	**(3,101)**
Additions or allocations	--	--	5,061	**5,061**	--	--	--
Balance at 31/12/2018	**535**	**2,566**	**5,061**	**8,162**	**(535)**	**(2,566)**	**(3,101)**

Total intangible assets	Cost	Amortisation	**Total net**
Balance at 31/12/2016	3,101	(3,101)	--
Balance at 31/12/2017	3,101	(3,101)	--
Balance at 31/12/2018	8,162	(3,101)	**5,061**

As indicated in Note 4.1, the additions to intangible assets correspond to the software developed within the Company's digital transformation process which were recorded as an expense due to their nature, and later activated in the income statement under the heading "work carried out by the Company for its assets".

At the close of 2018 and 2017, the Company had fully amortised intangible asset elements still in use, according to the following detail (in thousand euros):

Description	**Carrying amount (gross) 2018**	**Carrying amount (gross) 2017**
Software	2,566	2,566
Patents	535	535
Total	**3,101**	**3,101**

At 31 December 2018 and 2017, intangible assets in operations were fully amortised.

6. – Property, plant and equipment

The movement in Property, plant and equipment on the balance sheet in financial years 2018 and 2017, and the main information on this caption was the following (in thousand euros):

	COST				ACCRUED AMORTISATION				PROVISIONS
	Land and buildings	Other plant/fix. & fittings	Other assets	Total cost	Land and buildings	Other plant/fix. & fittings	Other assets	Total amortisation	Other plant/fix. & fittings
Balance at 31/12/2016	**5,460**	**11,877**	**2,792**	**20,129**	**(192)**	**(9,859)**	**(1,904)**	**(11,955)**	**(1,879)**
Additions or allocations	--	--	--	--	(109)	(1,122)	(75)	(1,306)	1,879
Removals	--	(5,548)	--	(5,548)	--	5,392	--	5,392	
Balance at 31/12/2017	**5,460**	**6,329**	**2,792**	**14,581**	**(301)**	**(5,589)**	**(1,979)**	**(7,869)**	--
Additions or allocations	2,258	133	6	2,397	(113)	(449)	(64)	(626)	--
Removals	--	--	--	--	--	1	--	1	
Balance at 31/12/2018	**7,718**	**6,462**	**2,798**	**16,978**	**(414)**	**(6,037)**	**(2,043)**	**(8,494)**	--

Total PPE	Cost	Amortisations	Provision	Total net
Balance at 31/12/2016	20,129	(11,955)	(1,879)	**6,295**
Balance at 31/12/2017	14,581	(7,869)	--	**6,712**
Balance at 31/12/2018	16,978	(8,494)		**8,484**

The Company has real property the value of which, by land and buildings, at the close of 2018 and 2017, was as follows (in thousand euros):

Description	Carrying amount (gross) 31/12/2018	Carrying amount (gross) 31/12/2017
Land	4,466	4,466
Buildings	3,252	994
Total	**7,718**	**5,460**

The additions to property, plant and equipment under "Land and Buildings" mainly correspond to remodelling and adaptation works for offices spaces occupied by the Company in its own buildings or those under lease.

At the close of 2018 and 2017, the Company had fully amortised/depreciated property, plant and equipment elements still in use, according to the following detail (in thousand euros):

Description	Carrying amount (gross) 31/12/2018	Carrying amount (gross) 31/12/2017
Fixtures & fittings	3,264	1,368
Other PPE	1,844	1,298
Total	**5,108**	**2,666**

There were no firm commitments to buy PPE at the close of 2018. And there were no firm commitments to sell PPE at 31 December 2018. At the date when these annual financial statements were prepared there were no special circumstances that affected the availability of PPE goods, such as litigation, embargo, fixed-term leasing or otherwise.

The Company's policy is to take out insurance policies to cover the possible risks to which the various PPE elements are exposed. The Directors consider that the covers in place at the close of financial years 2018 and 2017 were adequate for the risks covered.

7. - Leases

At the close of 2018 and 2017, the Company had operating leases with the following regular payments under contract with the lessors, for the set of future years covered by the contracts currently in force (in thousand euros):

Operating leases Minimum regular payments	Nominal value 2018	Nominal value 2017
Less than one year	2,555	2,857
Between one and five years	4,625	4,563
Over five years	--	--
Total	**7,180**	**7,420**

The amounts above do not include contingent payments such as a charge for common expenses, future increases based on the CPI, or future updates on rents agreed on contract.

The Company's leases do not have contingent charges and the annual rent is updated according to the CPI, if applicable.

The main operating lease contract held by the Company as a lessee at the close of financial years 2018 and 2017 relates to the office building of 22,510 square metres where it develops its activity, located at Avenida de Europa 18 in Alcobendas (Madrid). The lease contract began on 15 December 1993 and the term of validity is for 25 years, which has been extended until the end of 2020.

8. – Financial investments (long- and short-term)

8.1. Long-term financial investments

The movement in the caption on the balance sheet in financial years 2018 and 2017, and the main information affecting this caption was the following (in thousand euros):

	Equity Instruments			Other long-term financial assets	Total
	Cost	Value impairment	Net carrying amount		
Balance at 31/12/2016	**2,558**	**(1,663)**	895	**1,147**	**2,937**
Additions	--	--	--	351	**351**
Removals	(1,500)	605	(895)	(561)	**(2,351)**
Balance at 31/12/2017	**1,058**	**(1,058)**	**0**	**937**	**937**
Additions	--	--	--	4,629	**4,629**
Removals	--	--	--	**(79)**	**(79)**
Balance at 31/12/2018	**1,058**	**(1,058)**	**0**	**5,487**	**5,487**

There are no significant differences between the carrying amount and the fair value of financial assets.

The additions under Loans and Items Receivable included under "Other long-term financial assets" correspond to the amount receivable for the sale of Compañía Trasmediterránea S.A. which took place in 2018.

The remaining items included in "Other long-term financial assets" related to guarantees and deposits and to other long-term time period adjustments.

Detail by category of the caption "Long-term financial investments" at 31 December 2018 and 2017 was the following (in thousand euros):

FY 2018	**Long-term financial instruments**		
Categories / Classes	**Equity Instruments**	**Credits and other**	**Total**
Investments held to maturity	--	472	**472**
Loans and items receivable and other	--	5,015	**5,015**
Total	--	**5,487**	**5,487**

FY 2017	**Long-term financial instruments**		
Categories / Classes	**Equity Instruments**	**Credits and other**	**Total**
Investments held to maturity	--	398	**398**
Loans and items receivable and other	--	539	**539**
Total	--	**937**	**937**

8.2 Group companies, Joint Ventures and associates

8.2.1 Long-term investments in Group companies, Joint Ventures and Associates

The movement in this caption on the balance sheet for 2018 and 2017 was the following (in thousand euros):

	Balance at 31/12/2016	Additions or allocations	Transfers (Note 9)	Removals	Balance at 31/12/2017	Additions or allocations	Transfers	Removals	Balance at 31/12/2018
Investment in group companies & associates	**6,904,398**	9,743	(3,000)	(20,496)	**6,890,645**	553,244	--	(64,056)	**7,379,833**
Impairment Investment in group companies & associates	**(1,527,440)**	(142,842)	--	339,532	**(1,330,750)**	(66,439)	--	114,390	**(1,282,800)**
Total Investments Net	**5,376,958**	**(133,099)**	**(3,000)**	**319,036**	**5,559,895**	**486,805**	**--**	**50,334**	**6,097,033**
Credits in group companies & associates	**89,055**	2,041	--	(56,160)	**34,936**	3,761	--	(2,587)	**36,110**
Impairment Credits in group companies & associates	**(49,271)**	--	--	18,024	**(31,247)**	--	--	1,720	**(29,527)**
Total Credits Net	**39,784**	**2,041**	**--**	**(38,136)**	**3,689**	**3,761**	**--**	**(867)**	**6,583**
Total Investments and Credits	**5,416,742**	**(131,058)**	**(3,000)**	**280,900**	**5,563,584**	**490,566**	**--**	**49,466**	**6,103,616**

There are no significant differences between the carrying amount and the fair value of financial assets.

a) *Investments in Group companies, Joint Ventures and Associates:*

Total investments in Group companies, Joint Ventures and Associates:	Cost	Impairment	Total net
Balance at 31/12/2016	6,904,398	(1,527,440)	**5,376,958**
Balance at 31/12/2017	6,896,140	(1,333,245)	**5,562,895**
Balance at 31/12/2018	7,379,833	(1,282,800)	**6,097,033**

During 2018, the additions in Group companies mainly correspond to a capital increase carried out in Corporación Acciona Infraestructuras S.A. amounting to 450 million euros and a non-cash contribution to the same company for the stakeholding that the Company held in Acciona Concesiones S.L. amounting to 103 million euros.

The removals are related to a non-cash contribution made for the stakeholding in Acciona Concesiones S.L. as noted above, which was valued at 59 million euros. In addition, Consorcio Traza S.A. has made a payment to its shareholders charged to the issue premium for the amount of 5 million euros.

In 2017, the main addition corresponded to the purchase of an additional 50% in Autovía de los Viñedos, as detailed in section 4.17; the removals related to the non-cash contributions from the companies Sociedad Concesionaria Novo Hospital de Vigo S.A., Acciona Servicios Concesionales, S.L., Sociedad Concesionaria Hospital de Norte S.A., Nova Dársena Esportiva de Bara S.A., Autovía de los Viñedos S.A., Gran Hospital Can Misses S.A. and Sociedad Conceionaria del Canal de Navarra S.A. to the group company Acciona Concesiones, S.L.

Portfolio provisions

At the close of financial year 2018, the Acciona Inmobiliaria and Corporacion Acciona Energías Renovables portfolio provisions have reversed for the value of 78.4 and 35.9 million euros, respectively.

The sale of Testa Residencial Socimi along with the improvement in the real estate asset valuations carried out by independent experts, as well as the market forecast for continuous growth in residential and tertiary sectors have led the Directors of the Company to correct the value of the provisions recorded for the stakeholding in this company based on the values from the aforementioned reports.

With regards to Corporación Acciona Energías Renovables, the Directors of the Company have reversed part of the existing provision as the value in use resulting from the updated estimates for this division amounts to 2,850 million euros.

The methodology used for calculating the value in use is through discounting the cash flows at a rate (WACC) which considers the risks inherent to the company's business as well as the different markets in which it operates. A cash flow projection that covers the average life of the existing generating facilities has been used for the discounting calculation, taking into account the income from the current rate schemes.

With regards to the share in Nordex, S.E., a company whose shares are traded on the Frankfurt Stock Exchange, the continued significant decline in the share price to below the carrying amount experienced in 2017, together with the downward re-estimation of the forecasts announced by the company in 2017, were regarded on the whole as a sign of impairment. Thus, the Company carried out an impairment test, the result of which at 31 December 2017 indicated that the recoverable value amounted to 623 million euros, which is why the Company noted an impairment of the investment value of 131 million euros to reach such an amount.

Given the importance of this investment and as the reference price of the subgroup continued to remain below the net carrying amount, the Group considered that the impairment test should be updated to 31 December 2018 by reviewing the main model hypotheses according to the latest information published by Nordex and using information from specialised sources in the sector.

Some key indicators of the sector, as well as those of the company itself, have experienced recent improvements, such as for example the significant increase in the volume of orders announced by the company during the presentation of the results corresponding to 30 September 2018. However, the price continues to be at values that fall significantly below the carrying amount, and the sector continues to readjust based on the transformation of the compensation schemes applied to renewable energy generation in some key markets. Therefore, the Company considers it prudent to continue its policy of continuously monitoring Nordex, SE with the hope that the signs are consolidated in order for the impairment applied to be reversed. According to the estimates made, the Company has increased the impairment provision for this investment to 66 million euros at 31 December 2018.

The methodology used for calculating the value in use is through discounting the cash flows at a rate (WACC) which considers the risks inherent to the company's business as well as the different markets in which it operates. A cash flow projection that covers a period of five years (2019-2023) has been calculated for this discount operation along with a terminal value that represents the value of the future cash flow from the sixth year and which has been determined based on a standard cash flow estimate.

With regard to the growth of sales used for the standard period, which serves as a basis to calculate the terminal value ("g" parameter), a 1.5% growth has been estimated, despite the existence of growth prospects in the sector in which Nordex operates that support greater growth, among other reasons, due to the growing need for the replacement of conventional energies. However, given the uncertainty associated with projections for such large periods, it has been considered that 1.5% is a reasonable growth rate.

For the discounted cash flows, an after-tax WACC rate of 7.2% has been considered.

Also, in order to strengthen the consistency and reasonableness of the test, sensitivity analyses have been performed on changes reasonably expected to occur in the main hypotheses. Thus, a variation of +/- 50 base points in the WACC would produce an additional impact on the impairment amount of +60 and -60 million euros, and a variation of +/- 50 base points in the sales growth rate in the standard period ("g") would result in an additional impact on the impairment amount of +45 and -45 million euros.

The forecasts for Corporación Acciona Energías Renovables and Acciona Inmobilaria improved in 2017, resulting in a reversal in the provisions of 221 and 93 thousand, respectively. The improved forecast in Corporación Acciona Energías Renovables is mainly driven by the new investments made at the end of 2016 in international projects such as El Romero and San Gabriel in Chile, Bannur in India, El Cortijo in Mexico, Mont Gellibrand in Australia, and Ripley in Canada. In Acciona Inmobiliaria, the reversal was caused by the improvements in the valuations of assets and the expected growth that was generated by the market.

b) <u>Long-term credits to Group companies, Joint Ventures and Associates</u>

Long-term credits to Group companies, Joint Ventures and Associates reflect mainly the following subordinate or participative credits granted to investees, all of them granted on an arm's length basis:

- A participative loan to Sociedad Concesionaria Puente del Ebro, S.A. for 3 million euros, with due date on 30 December 2033. The company is in liquidation and the loan fully provisioned.

- Subordinate loan to Infraestructuras y Radiales S.A for 26.5 million euros and due date in October 2021. The company is in liquidation and the loan fully provisioned.

- Subordinate loan granted to the Mexican company Hospital de León Bajío, S.A. de CV, for 149 million Mexican pesos (in euros: 6.6 million), including accrued and unpaid interest, and as part of the operation for financing given to this company for the construction of the hospital of the same name. This loan has a single and final maturity on 10 October 2027, and accrues based on the TIEE rate plus a market margin.

The main movement produced in financial year 2018 has been the cancellation of the subordinate loan that existed with S.C. A2 Tramo 2 S.A. and had been fully provisioned.

8.2.2 Short-term credits to Group companies, Joint Ventures and Associates, and other short-term financial assets

The movement in this caption on the balance sheet for 2018 and 2017 was the following (in thousand euros):

Cost	Credits to group companies and Associates	Total impairment	Other Financial Assets	Total
Balance at 31/12/2016	**11,691**	**(7,170)**	**16,961**	**21,483**
Additions	814	--	16,789	17,603
Removals	(624)	--	--	(624)
Balance at 31/12/2017	**11,881**	**(7,170)**	**33,750**	**38,462**
Additions	150	--	182,707	182,856
Removals	(9,083)	7,170		(1,914)
Balance at 31/12/2018	**2,947**	**--**	**216,457**	**219,404**

There are no significant differences between the carrying amount and the recoverable value of financial assets.

The main movements in 2018 correspond to:

- Unpaid dividends, as follows:

Breakdown of Dividends	
Acciona Inmobiliaria	39,102
Acciona Financiación Filiales	7,393
Grupo Bodegas Palacios 1894	8,280
Corporación Acciona Infraestructuras	22,080
Acciona Logística	12,520
Corporación Acciona Energías Renovables	76,258
Copane Valores	3,165
Hospital de León Bajío	1,751

Total dividends receivable	**170,549**

- In addition to the amounts set out for unpaid dividends, increases in the corporate tax current receivable account amounting to 12,158 thousand euros were recorded.

- In relation to the credits and impairment, the main movement consisted in the removal of a loan to Transportes Olloquiegui as a result of the dissolution of the company. The loan was fully provisioned.

8.2.3 Joint ventures

At 31 December 2018 and 2017, the Company had the following percentage shares in Joint Ventures (JVs):

Name of Joint Venture	Activity	% Invest.	Location
Ineuropa Handling, U.T.E.	Airport services	80%	Sta.Cruz de Tenerife
Ineuropa Handling Alicante, U.T.E.	Airport services	80%	Madrid
Ineuropa Handling Madrid, U.T.E.	Airport services	80%	Madrid
Ineuropa Handling Mallorca, U.T.E.	Airport services	80%	Madrid
Pasarela Barajas, U.T.E.	Airport services	10%	Madrid

The Handling JVs are undergoing a liquidation process, after in financial year 2006 the licences to operate in the airports of Madrid, Alicante and Tenerife were not renewed and in financial year 2007 the activity of the other JVs whose concessions were held (Mallorca, Menorca and Ibiza) was transferred to the Acciona Group company Airport Services, S.A., 100% invested by Acciona, S.A. No materially adverse effect on the Company is expected from the liquidation process.

The table below shows, in thousand euros, the attributable balances corresponding to the JVs included in the financial statements of Acciona, S.A., at 31 December 2018 and 2017. All the Handling JVs are grouped together; their balances are of little significance as a result of the liquidation process indicated in the paragraph above (in thousand euros):

2018

ASSETS	Amount	LIABILITIES	Amount
TOTAL NON-CURRENT ASSETS	74	Capital and reserves	12
		TOTAL NET EQUITY	**12**
Cash and cash equivalents	879	Trade and other accounts payable	941
TOTAL CURRENT ASSETS	**879**	**TOTAL CURRENT LIABILITIES**	**941**
TOTAL ASSETS	953	TOTAL LIABILITIES	953

2017

ASSETS	Amount	LIABILITIES	Amount
TOTAL NON-CURRENT ASSETS	74	Capital and reserves	15
		TOTAL NET EQUITY	**15**
Cash and cash equivalents	682	Trade and other accounts payable	741
TOTAL CURRENT ASSETS	**682**	**TOTAL CURRENT LIABILITIES**	**741**
TOTAL ASSETS	756	TOTAL LIABILITIES	756

8.3 Information on the nature and risk level of financial instruments

Liquidity risk:

The Acciona Group manages the liquidity risk with prudence, keeping an adequate level of cash and negotiable securities and with the arrangement of credit facilities undertaken for a sufficient amount to support projected needs.

At 31 December 2018, the Group had a negative working capital for the amount of 2,445 million euros (1,494 million euros at 31 December 2017). As indicated in Note 1, the Company is the Parent Company of a Group of companies that operate in different business activity sectors. At 31 December 2018, the group showed gross operating profit (allocations to amortisation/depreciation, changes in provisions, impairments and results on disposal of assets and other gains and losses being discounted) of 1,244 million euros (1,275 million euros at 31 December 2017) and consolidated profit attributable to Acciona S.A. as the Parent Company of 328 million euros (220 million euros at 31 December 2017) (see Note 1). Additionally, in accordance with what is indicated in Note 15 to the consolidated financial statements of the Acciona Group, at 31 December 2018 the Group companies had cash and bank deposits for 1,717 million euros and also unused additional financing for 2,170 million euros (see Note 18 in the consolidated financial statements).

Current liabilities include payables to group companies amounting to1,792 million euros corresponding to companies controlled by Acciona, S.A. which is the Parent Company, and in particular to Acciona Financiación Filiales S.A. where group financing is centralised.
Taking all these facts into consideration, the Directors of the Company consider that the liquidity risk is quite reduced.

Ultimate responsibility for liquidity risk management lies with the General Economic and Financial Department, which prepares the appropriate framework to control the group's liquidity requirements in the short, medium and long term. The Group manages liquidity risk by holding adequate reserves, appropriate banking services, having available loans and credit facilities, monitoring projected and actual cash flows on an on-going basis and pairing them against financial asset and liability maturity profiles.

Interest rate risk

Bank borrowings engaged by the Company means that the Company is exposed to fluctuations in interest rates and this impact can be reduced on certain occasions by engaging derivative financial instruments for hedging. This risk is managed by the

Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Company's accounts, a simulation was performed which assumed a 50-basis point increase and decrease in interest rates at 31 December 2018 over floating rate debt.

This sensitivity analysis to upward or downward changes of 0.50% in floating Euribor / Libor interest rates gave rise to a sensitivity in the Group's income statement arising from an increase or decrease in financial results due to interest payment of 825 thousand euros at 31 December 2018.

Credit risk

Credit risk is the risk that the counterparty to a contract does not meet its obligations, giving rise to a financial loss for the Company. The Company has adopted a policy of only negotiating with group companies so this risk is practically remote.

9. Non-current assets held for sale

On 25 October 2017, Acciona, S.A. signed a purchase agreement with Anarafe, S.L.U., a company belonging to the Naviera Armas Group, for all the stakeholdings that the Group held in the Compañía Trasmediterránea subgroup, which amounted to 92.71% of its share capital. This operation was subject to a single condition precedent regarding achieving authorisation from Spanish competition authorities. Therefore, the Company's share in Compañía Trasmediterránea of 3,000 thousand euros at 31 December 2017 was classified as held for sale.

The operation was finalised on 30 June 2018, and the balance of 3,000 thousand euros which was classified under this heading at the close of financial year 2017 was derecognised and capital gains of 31 million euros for the Company were generated.

10. Cash and other current financial assets

Detail of the accounts in "Cash and other current financial assets" at the close of 2018 and 2017 was as follows (in thousand euros):

	31/12/2018	31/12/2017
Cash and banks	479	1,280
Total	**479**	**1,280**

The Company invests its liquidity excess in remunerated accounts so as to obtain a market return. There are no restrictions as to the availability of those amounts.

11. Net equity

11.1. Capital

At 31 December 2018 and 2017, the share capital of the Company amounted to 57,260 thousand euros, represented by 57,259,550 shares with a face value of 1 euro each, all of the same class, fully subscribed and paid up.

The table below shows, following the notifications received by the Company, the holders of significant direct and indirect interests in the share capital at 31 December 2018 and 2017:

	31/12/2018	31/12/2017
Tussen de Grachten, BV	27.80%	27.80%
Wit Europesse Investering, BV(*)	25.01%	28.39%
La Verdosa S,L,	5.54%	

(*) On 26 January 2018, the family Group of Mr. José María Entrecanales de Azcárate informed of the internal reorganisation carried out in the investment company that centralises Acciona, S.A. shares, under which La Verdosa S.L became a direct holder of 5.31 % of Acciona, S.A., and which later acquired an additional 0.23%, reaching 5.54% at the close of financial year 2018. After this reorganisation, the investment company Wit Europesse Investering, B.V. Holds 25.01% of Acciona, S.A.

11.2. Legal reserve

In accordance with the consolidated text of the Capital Companies Act, an amount equivalent to 10% of the year's profit must be applied to legal reserve until this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the capital already increased. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At the close of financial years 2018 and 2017, this reserve was fully set up.

11.3. Issue premium

The balance in the "Issue Premium" account was due to the capital increases with issue premium on different dates. The consolidated text of the Capital Companies Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to the use of said balance.

11.4. Other reserves

The main variation in "Other reserves" in 2018 was due to the impact of non-cash contributions made in the course of the year on account of the capital increase of Corporación Acciona Infraestructuras S.L.U. discussed in section 8.2.1, as well as what is described in Note 13.2 "Debentures bonds and negotiable securities" in relation to the repurchase of convertible bonds which took place in 2017.

11.5. Treasury stock

The movement in treasury stock in 2018 and 2017 was the following, in thousand euros:

	Number of shares	Cost
Balance at 31/12/2016	**215,898**	**13,692**
Additions Liquidity Contract	3,395,430	253,160
Removals Liquidity Contract	(3,392,916)	(253,024)
Movements liquidity contract	**2,514**	**136**
Additions 03/05/2017 (*)	221,357	16,569
Other additions	90,001	6,370
Other removals	(484,068)	(33,622)
Other movements	**(172,710)**	**(10,683)**
Balance at 31/12/2017	**45,702**	**3,145**
Additions Liquidity Contract	971,942	70,675
Removals Liquidity Contract	(954,831)	(68,967)
Movements liquidity contract	**17,111**	**1,708**
Other additions	2,967,395	203,074
Other removals	(128,093)	(8,311)
Other movements	2,839,302	194,763
Balance at 31/12/2018	**2,902,115**	**199,616**

(*) Specific acquisition to meet the convertible bond conversion requirements

At 31 December 2018 and 2017, the Company had treasury stock in its power according to the following detail:

	No. of shares	**Face value (euros)**	**Average acquisition price (euros)**	**Acquisition total cost (thousand euros)**
Treasury stock at 31/12/2017	45,702	45,702	68.84	3,146
Treasury stock at 31/12/2018	2,902,115	2,902,115	68.78	199,616

On 02 July 2015 Acciona, S.A. reported subscription of a liquidity contract with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The company's stock operations carried out by Bestinver within the framework of this contract take place on the Spanish stock exchanges and the purpose is to increase the liquidity of transactions and the stability of the trading price. On 10 July 2017, Acciona, S.A. cancelled said liquidity contract and on the same date, the Company signed a new liquidity contract with the terms detailed in Circular 1/2017 of the Spanish National Securities Market

Commission (CNMV) for the purposes of their acceptance as a market practice. The cash accounts and securities accounts that were associated with the cancelled liquidity contract and amounted to 44,328 shares and 3,539,114.85 euros were used to allocate cash and securities to the new liquidity contract, adjusting the amount in cash to the trading value of the shares assigned to the new contract, in accordance with the limits established in the new CNMV circular, which have been set at 44,328 shares and 3,340,000 euros.

On 27 March 2018, Acciona S.A.'s Board of Directors established a time-scheduled share buy-back programme as approved by the shareholders at the Annual General Meeting held on 18 May 2017, under point six of the agenda (the "Buy-back programme"), and according to articles 2.2 and 2.3 of Delegated Regulation (EU) 2016/1052 of 8 March 2016, which complements Regulation (EU) No 596/2014 on market abuse with regards to technical regulation standards relating to the conditions applicable to buy-back programmes and stabilisation measures, and therefore the liquidity contract was temporarily suspended.

As noted above, the Company's Board of Directors agreed to carry out a time-scheduled buy-back programme which would affect a maximum of 2,862,978 shares, representing 5% of the share capital, the monetary amount of which shall amount to a maximum of 233,332,707 euros. The purpose of this time-scheduled buy-back programme over its own shares is mainly the reduction in capital through the amortisation of shares, and to a lesser extent, to comply with Acciona, S.A.'s obligations with the Share Delivery Plan for directors and executives.

Subsequently, on 25 September 2018 the liquidity contract was reactivated by suspending the time-scheduled buy-back programme.

On 16 October 2018, the liquidity contract was suspended again for 13 days during which the buy-back programme was operated.

On 29 October 2018, the liquidity contract was reactivated and the buy-back programme was definitively suspended for 2018.

Throughout financial year 2018, the positive result derived from operations with own shares under the liquidity contract has been recorded under the "reserves" heading for an amount of 427 thousand euros.

With regards to the remaining movements carried out with own shares in 2018 were as follows:

- 2,817,395 shares were acquired under the buy-back programme over own shares, equating to 4.92% of the share capital with a cost of 193,207 thousand euros.
- 150,000 shares for a value of 9,865 thousand euros were acquired and 119,418 shares were retired under the Share Delivery Plan and the "Variable Remuneration Replacement Plan" for Company directors, recording a loss of 231 thousand euros in reserves.
- On 20 December 2018, and under the Performance Shares Plan, 8,675 shares were given to Executive Directors of the Company, which led to a profit being recorded in reserves amounting to 70, thousand euros.

At 31 December 2017 the shares under the liquidity contract lost 61 thousand euros, which was recognised in the reserves caption.

As regards other movements, 484,068 shares were retired in 2017. The main movement in the period corresponded to the conversions associated with the early amortisation of the Convertible Bond, which resulted in a reduction of 279,965 shares with a loss reflected in the reserves caption amounting to 2,484 thousand euros. To carry out this operation, the liquidity contract was temporarily suspended on 3 May 2017 and 221,357 shares at 74.85 euros each were acquired on the market.

Two block purchases were carried out on 18 December 2017 comprising a total package of 90,000 Acciona, S.A. treasury shares, representing 0.157% of the share capital at a price of 70.78 euros per share. These acquisitions came with an operation to deliver 104,096 shares to Executive Directors under the Performance Shares Plan (see Note 17.3).

The remaining shares retired in 2017, 100,006 shares, related to the shares delivered to the Group's management. This delivery took place under the Share Delivery Plan and the variable remuneration Replacement Plan (see Note 17.3).

The profit reflected in the reserves caption for these operations amounted to 1,154 thousand euros.

12. Provisions and contingencies

Detail of provisions on the balance sheet at 31 December 2018 and 2017, and the main movements in the financial year were as follows (in thousand euros):

Long-term provisions	Amount
Balance at 31/12/2016	**166,293**
Allocations	11,926
Applications & reversions	(52,717)
Balance at 31/12/2017	**125,502**
Allocations	--
Applications & reversions	(29,939)
Balance at 31/12/2018	**95,563**

This caption includes provisions covering liabilities that could arise from various legal disputes, appeals, contested cases and obligations still unresolved at the close of the year.

13. Financial liabilities

13.1. Bank borrowings

The balance of short- and long-term bank borrowings at the close of financial years 2018 and 2017 was as follows (in thousand euros):

	2018		2017	
	L/T	S/T	L/T	S/T
Bank borrowings	144,792	233,737	316,527	213,041

Detail at 31 December 2018 and 31 December 2017 by due date of the items in "Long-term bank borrowings" was as follows (in thousand euros):

2018.

	2020	2021	2022	2023	2024 and subsequent years	Total
Bank borrowings	54,077	90,715	-	-	-	**144,792**

2017.

	2019	2020	2021	2022	2023 and subsequent years	Total
Bank borrowings	171,736	54,077	90,714	-	-	**316,527**

The table below shows the movements in bank borrowings in 2018 and 2017:

	Balance at 31/12/2016	Additions	Removals	Transfers	Balance at 31/12/2017	Additions	Removals	Transfers	Balance at 31/12/2018
L/T bank borrowings	**431,170**	67,000	(50,143)	(131,500)	**316,527**	--	--	(171,735)	**144,792**
S/T bank borrowings	**88,588**	34,008	(44,067)	131,500	**210,029**	309,026	(459,192)	171,735	**231,598**
Interest on borrowings	**3,604**	12,106	(12,698)		**3,012**	10,587	(11,460)		**2,139**
Total Bank Borrowings	**523,362**	**113,114**	**(106,908)**	**--**	**529,568**	**319,613**	**(470,653)**	**--**	**378,529**

No long-term bank borrowings have been arranged during financial year 2018.

The additions in short-term bank borrowings correspond to finance for working capital, mainly in euros, although some credit facilities were arranged in US Dollars, although they were cancelled by the close of the financial year.

The bank borrowing arranged earn interest at fixed and floating interest rates (Euribor plus market margin), the cost of such remuneration oscillating from 0.68% to 4.379% based on the loan period.

The Company had credit policies available amounting to 75 million euros at the end of the financial year, which have not been drawn down.

The main movements in financial year 2017 related to:

i) The signing of two financing contracts with the purpose of financing green projects, for a total amount of 67 million euros and accruing market interest rates.

ii) Several short-term loans to finance tax payments.

The Company has loans granted by the European Investment Bank for the amount of 150 million euros, 50 million of which are to be repaid in 2018. The due date of the loans is between 2020 and 2021.

The Company is under an obligation to meet certain economic and equity ratios related to the Group's consolidated accounts. These ratios were met at 31 December 2018 and 2017. Similarly, no default is expected for 2019.

The finance cost associated with financing this kind of products were 10,172 thousand euros in 2017 (12,471 thousand euros in 2017).

At 31 December 2018 and 2017 none of the subsidiaries the financing of which Acciona, S.A. guarantees was in default of its financial obligations or any other obligation that could lead to early termination of its financial commitments.

In addition, in financial years 2018 and 2017, there were no defaults or any other non-payments of principal, interest or repayments in respect of interest bearing borrowings.

13.2. Debentures, bonds and negotiable securities

The balance of the accounts for short- and long-term debentures, bonds and negotiable securities at the close of 2018 and 2017 was as follows (in thousand euros):

	2018		2017	
	L/T	S/T	L/T	S/T
Debentures, bonds and negotiable securities	**61,862**	**138,059**	**194,609**	**18,226**

The balance of existing obligations at the close of financial year 2018 matures in 2024.

The obligations existing at the close of financial year 2017 matured in 2019 (133 million euros) and 2024 (62 million euros).

At 31 December 2018 and 2017, details of the issues making up the balance for this heading were as follows:

- On 16 January 2017, the company reported its intention to repurchase up to 108.4 million euros of the total face value of its bonds convertible to shares issued by Acciona, S.A. in 2014, and which accounted for the total of bonds outstanding that the Company did not have as part of its treasury stock after the repurchases made in the previous year. After this operation, Acciona holds 95.26% of the convertible bonds issued, equivalent to 409 million euros.

In addition, during February and May 2017, 39,050 shares have been delivered to the bondholders who have exercised their right to convert them according to the terms and conditions of the issuance, assuming the cancellation of 0.68 % of the convertible bond.

On 20 June of 2017, the partial cancellation of 95.26% of the convertible bond is reached and the total amount of convertible financial debt debentures is proceeded to be cancelled as presented by the Acciona Group according to IAS 32, recording an impact of 36 million on reserves and of 4.3 million euros on the income statement for the period.

On 1 August 2017, the "Clean Up Call" clause was exercised, which was contained in the contract to effectively convert an additional 4.01% of the bond by delivering 240,915 shares, the remaining 0.05% of the bond was cancelled by bank transfer according to the terms contained in the contract.

- Issue by Acciona, S.A. in April 2014 of simple bearer debentures through a private placement, in the amount of 62.7 million euros and maturing in 2024. The face value of each debenture is 100,000 euros and they accrue a coupon at 5.55% annual interest payable on an annual basis. At 31 December 2018, the balances recorded for these simple debentures on the accounts for non-current and current bonds and debentures, net of the transaction costs and considering the interest accrued, amounted to 61.9 and 2.4 million euros, respectively (61.8 and 2.5 million euros at 31 December 2017).

- Fixed-interest securities issue programme - Euro Medium Term Note Programme (EMTN) for a maximum amount of up to 1,000 million euros, which was renewed in 2015 by Acciona Financiación de Filiales, S.A., where Acciona S.A. is now the guarantor. In relation to this programme, the Group prepared a base leaflet that was approved by the Central Bank of Ireland. The securities issued under this programme may: accrue fixed or variable interest, be issued in euros or in another currency and at par, below par and premium and have different maturity dates. At 31 December 2018 the balances registered in Acciona, S.A. against this EMTN programme in the non-current and current debentures and bonds accounts, net of transactions costs and considering interest accrued, amounted to 0 and 138.1 million euros, respectively (132.8 and 15.7 million euros, respectively in 2017). These issues accrue annual interest ranging from 3.6% to 4.625%, payable on an annual basis.

At the close of the financial year there were no issues convertible into shares other than the issue discussed in the paragraphs above, or issues granting rights or privileges that might, in the event of a contingency, make them convertible into shares of Acciona, S.A.

The finance costs associated with this kind of products were 10,227 thousand euros (18,214 thousand euros in 2017).

13.3. Current payables to Group companies

The balance of current payables to Group companies at the close of financial years 2018 and 2017 was as follows:

	Balance at 31/12/2018	Balance at 31/12/2017
Loans and credits	1,775,963	746,042
Interest on debts	16,447	7,204
Consolidated tax liabilities	535,075	592,692
Total Payables to Group Companies	**2,327,485**	**1,345,938**

Most of the loans and credits are granted by Acciona Financiacion de Filiales S.A., a company which is wholly-owned by Acciona S.A., which acts as the Group's financing company.

The loans earn interest at 4% and have annual maturities which are automatically extended if no party decides otherwise.

The increase in financing during 2018 was mainly due to the capital increased carried out in Corporación Acciona Infraestructuras and to the payment of interest bearing borrowings.

13.4. Average period of payment to suppliers

The table below details the information required by Final Provision Two of Act 31/2014, of 3 December, as prepared following application of Resolution dated 29 January 2016 by the Spanish Accounting and Audit Institute. This information refers only to Spain, where this regulation is applicable:

Average payment period and payments made and outstanding at the closing date of the balance sheet	2018	2017
	Days	Days
Average period of payment to suppliers	45.18	59.29
Paid operations ratio	44.17	55.05
Unpaid operations ratio	58.60	91.84
	Amount (in thousand euros)	Amount (in thousand euros)
Total payments made	86,551	74,752
Total payments outstanding	6,511	9,743

The "Average period of payment to suppliers" refers to the time that elapses from delivery of goods or provision of services by a supplier to payment of the operation.

The "Average period of payment to suppliers" is calculated as the quotient whose numerator is the result of adding the paid operations ratio by the total amount of payments made to suppliers plus the operations outstanding ratio by the total amount of payments outstanding and whose denominator is the total amount of payments made and payments outstanding.
The "Paid operations ratio" is calculated as the quotient whose numerator is the sum of the products related to the amounts paid, by the number of payment days (calendar days elapsed as from the time when the period begins to run up to actual payment of the operation) and whose denominator is the total amount of payments made.

And the "Unpaid operations ratio" refers to the quotient whose numerator is the sum of the products related to the amounts outstanding, by the number of payment outstanding days (calendar days elapsed as from the time when the period begins to run up to the closing of annual accounts) and whose denominator is the total amount of payments outstanding.

14. Public Entities and Tax matters

14.1. Current balances with Public Entities

Current balances with Public Entities at 31 December 2018 and 2017 were as follows (in thousand euros):

Tax receivables

Item	2018	2017
Current tax assets	48,387	95,193
Inland Revenue – receivable for VAT	296	378
Total	**48,683**	**95,571**

Current tax assets show the projected amount to be returned for the 2018 tax form.

Tax payables

Item	2018	2017
Withholdings	1,268	4,462
Social security bodies - payable	451	409
Inland revenue – Payable for VAT	1,121	13,326
Total	**2,840**	**18,197**

14.2. Reconciliation of the accounting result and the taxable base

Reconciliation between the accounting result and the separate tax base for Corporate Tax at 31 December 2018 and 2017 was as follows:

FY 2018	Thousand euros		
	Increases	Decreases	Total
Accounting result before tax			**196,821**
Permanent adjustments to tax base	**68,909**	**(396,850)**	**(327,941)**
Temporary adjustments to tax base:	**22,505**	**(17,508)**	**4,997**
Originated in the year:	*15,013*		***15,013***
Originated in previous years:	*7,492*	*(17,508)*	***(10,016)***
Taxable base			**(126,123)**

The positive adjustments to the tax base in financial year 2018 mainly originate to the depreciation of the share in Nordex, SE amounting to 66,440 thousand euros (see note 8.2.1), along with the consideration of other non-deductible expenses. The negative adjustments related to the exemption of dividends accounted for in the year and to the reversal of certain provisions which were originally non-deductible.

The positive temporary adjustments correspond to the reversal of portfolio provisions according to Royal Decree Law 3/2016 and the charges to provisions for long-term remuneration of staff. Negative adjustments are associated with the application of net excess non-deductible finance costs from 2016 and 2017 and other non-deductible provisions.

FY 2017	Thousand euros

	Increases	Decreases	Total
Accounting result before tax			**169,694**
Permanent adjustments to tax base	**159,818**	**(501,316)**	**(341,498)**
Temporary adjustments to tax base:	**76,114**	**(23,188)**	**52,926**
Originated in the year:	*67,625*	--	**67,625**
Originated in previous years:	*8,489*	(23,188)	**(14,699)**
Taxable base			**(118,878)**

The positive permanent adjustments to the tax base in 2017 mainly related to the impairment of the share in Nordex-AWP (see Note 8.2.1) and to other non-deductible provisions. As negative effects, the reversal of non-deductible provisions and portfolio impairments, as well as the exemption of dividends received to avoid double taxation should be noted.

The positive temporary adjustments correspond to the reversal of portfolio provisions according to Royal Decree Law 3/2016 and the charges to provisions for risk and long-term remuneration of staff. Negative adjustments are associated with the application of net excess non-deductible finance costs from 2016 and other non-deductible provisions.

14.3. Reconciliation between the accounting result and the expense for corporate tax

Reconciliation between the accounting result and the expense for Corporate Tax at 31 December 2018 and 2017 was as follows (in thousand euros):

	2018	2017
Accounting result before tax	**196,821**	**169,694**
Tax charge at 25%	**49,205**	**42,424**
Impact permanent differences	**(74,210)**	**(60,630)**
Adjustments consolidated taxation (*)	**(7,775)**	**(24,744)**
Deductions	(644)	(643)
Expense CT abroad		88
Adjusted expenses for final tax and effect of fiscal reform (**)	(3,610)	3,997
Total recognised expenses for tax	**(37,034)**	**(39,508)**

(*) Includes the tax effect of the reversal of portfolio provisions in companies of the previous Tax Group at 2013 and adjusted as non-deductible on consolidation.

(**) This concept includes the differences between the final Corporate Tax for 2017 and the movement of the provision for long term taxes.

14.4. Breakdown of expense for corporate tax

Breakdown of expense/income for corporate tax in financial years 2018 and 2017 was as follows (in thousand euros):

	2018	2017
Current tax	(32,175)	(30,363)
Deferred tax	(4,859)	(9,145)
Total expense/(income) for tax	**(37,034)**	**(39,508)**

14.5. Recognised deferred tax assets

Detail of the balance in this account for financial years 2018 and 2017 was as follows (thousand euros):

Deductible temporary differences (Early taxes)	**2018**	**2017**
Provisions for liabilities and other adjustments	24,704	15,079
Tax credits pending and other	122,798	145,008
Tax credit for tax loss carryforwards	46,301	59,018
Total deferred tax assets	**193,803**	**219,105**

The estimated time to recover tax credits and tax deductions is 3 to 7 years, respectively.

Movements in financial year 2018 in relation to tax credits pending application, broken down by item and deadline for application, in thousand euros, were as follows:

Item	**Balance 2017**	**Other variat. (*)**	**Addition s**	**Removal s**	**Balance 2018**	**Applic. deadlines**
Foreign tax credits pending application	2,558	(180)	3,151	(5,529)	0	Indefinite
Other credits Corp. Tax :					0	
Credit for reinvestment	25,302	(1,882)		(6,253)	17,167	+ 15 years
Credit for R&D&I	85,643	(519)	2,330		87,454	+ 18 years
Credit for assets export.					0	+ 15 years
Environment-related credits	15,722	(14,656)			1,066	+ 15 years
Other tax credits	15,783	(258)	1,586		17,111	+ 15 years
TOTAL	**145,008**	**(17,495)**	**7,067**	**(11,782)**	**122,798**	

(*) Several companies left the tax group

The deferred tax assets indicated above were recognised on the balance sheet as the Directors of the Company considered that, according to the best estimate about the Company's future results, the assets in question were likely to be recovered.

Corporate Tax Act 27/2014, of 27 November, eliminated, effective 1 January 2015, the deadline to offset tax loss carryforwards, which was set at 18 years, so this period is now unlimited.

This Act also eliminated the deadline for offsetting double taxation credits pending application from previous years, so now the period is unlimited, as provided for in article

39 of Act 27/2014, which extended the general period to offset other deductions to 15 years, except for R&D+I which was extended to 18 years.

14.6. Years open to review by the tax authorities

As indicated in Note 4.7, Acciona, S.A. is allowed to apply the special tax system under the Corporate Tax regulations for tax groups, acting as the Parent Company. Fiscal group 30/96 includes the subsidiaries that meet the requirements set by the regulations in force.

Effective 1 January 2008, the Company decided to apply the special system for VAT Company Groups, as set forth in Chapter IX under Title IX of Act 37/1992, of 28 December, on Value Added Tax, for which the Parent Company is Acciona, S.A.

Years open for review by the tax authorities:

On 10 March 2012, tax audits were initiated in relation to Corporate Tax for 2007-2009 by the inspection services from the Central Office for High-Income Taxpayers, against both the Parent Company, Acciona, S.A., and other subsidiaries. In addition to the review of the Tax Group's corporate tax for those years, the Company Group for Value Added Tax (VAT Group) was under review for 2008 and 2009 and for other taxes for 2008 and 2009 of the Group companies subject to the tax review.

During these actions and on the occasion of the review of the withholdings effected on payment of dividends, this partial review was extended to financial years 2010, 2011 and 2012 and also included the reverse merger operation involving Grupo Entrecanales, S.A. and its subsidiaries taken over by Acciona, S.A. on 11 July 2011. The tax inspectors accepted the existence of valid economic grounds for the merger operation and its inclusion within the special tax system for mergers, spin-offs, contributions of assets and securities swaps.

The inspectors, for their part, queried the fulfilment of the requirements for application of the exemption in the payment of dividends for one of the non-resident shareholders, in particular, the requirements of holding the status of effective beneficiary, and this led to the signing of the contested tax assessments. On 3 and 17 July 2014, the Company lodged economic and administrative appeals at the Central Economic Administrative Court. On 29 May 2015 the Company reached an agreement with the shareholder that received the dividends so as to proceed to pay said amount, with settlement of the tax debt upon the shareholder's payment.

The other inspection actions concluded on 12 June 2014 with the signing of uncontested assessments for Corporate Tax for 2007-2009 and without any tax due, uncontested conclusions for VAT (without fine), as well as contested assessments for Personal Income Tax withholdings relating to compensation for dismissal. The Group companies lodged economic and administrative appeals at the Central Economic Administrative Court. On 19 October 2015 this Court notified dismissal of the claims filed by Acciona Construcción, confirming settlement of the assessments for withholdings for the 2008 to 2011 periods, as well as the relevant fine proceedings. On 3 December 2015 the company filed appeal for judicial review at the National Appellate Court. On 3 April 2018 the National Appellate Court notified that the appeal related to the debts settled had been dismissed, but disciplinary proceedings had been annulled. A notice of a cassation appeal was submitted to the Supreme Court on 18 July 2018, which was declared inadmissible on 12

November 2018. An appeal for annulment was made against this decision to the Supreme Court on December 2018, which was eventually declared inadmissible on 11 January 2019.

On 21 May 2015 the Central Office of High-Income Taxpayers notified the start of inspection actions in relation to Corporate Tax for financial years 2010-2012, targeting Acciona, S.A., as the Parent Company of the Group, and several subsidiaries. The activities were concluded with the signing of a Corporate Tax conformity certificate for the Tax Group and the signing of the VAT settlement certificate without penalty, under the terms agreed in previous proceedings.

At 31 December 2018, the years that had not lapsed and that had not been reviewed were subject to review by the tax authorities, both for Corporate Tax and for the other main taxes applicable to the companies in the consolidated tax group. In general, the other Spanish consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable thereto.

As tax legislation can be interpreted in different ways, the outcome of the tax audits that could be conducted by the tax authorities in the future for the years subject to verification might give rise to additional tax liabilities which cannot be objectively quantified at the present time. However, the possibility of material liabilities arising in this connection additional to those already recognised is remote, and the Directors of Acciona S.A. consider that the liabilities that might arise would not have a material effect on the equity of the Acciona Group.

14.7. Information to include in the Notes under application of sect. 42 of the consolidated text of the Corporate Tax Act, related to tax credits for reinvestment of extraordinary profit

Current Corporate tax legislation provides tax incentives to encourage certain investments. The company applied the fiscal incentives provided for in said legislation.

In financial years 2008, 2011 and 2014, Acciona, S.A., as the Parent Company, together with other subsidiaries in the Tax Group availed themselves of the tax credit for reinvestment of extraordinary income provided for by Article 42 of Royal Legislative Decree 4/2004 on the consolidated text of the Corporate Tax Act, regulated since 1 January 2015 by the Twenty-Fourth Temporary Provision of Act 27/2014. The Company's income qualifying for this tax credit amounted to 139,075, 71,341 and 3,726 thousand euros, respectively. The reinvestment took place in the same years in which capital gains were generated. The equity elements reinvested were as listed in the Corporate Tax regulations, that is, property, plant and equipment, intangible assets, investment property and securities representing shareholdings of no less than 5% in the share capital or capital and reserves of all types of companies. The extraordinary income was reinvested by the companies belonging to Tax Group 30/96.

Pursuant to sub-section 10 in section 42 of the consolidated text of the Corporate Tax Act, regulated by the Twenty-Fourth Temporary Provision of Act 27/2014, this information must be disclosed in the notes to the financial statements as long as the period for which the assets must be held, as established in sub-section 8 of section 42, is not fulfilled.

14.8. Information to include in the Notes to annual financial statements under application of section 86 of Corporate Tax Ac 27/2014 on operations with preferential tax treatment.

In accordance with the provisions contained in section 86 of Corporate Tax Act 27/2014, certain Group companies applied the Special System for mergers, spin-offs, contribution of assets and securities swaps, for the operations detailed below, in which Acciona, S.A. took part as contributing company and as legal person and member.

- Merger with backdated effects 1 January 2008 of the companies Eólica de Belorado, S.L. and Energías del Cantábrico, S.L. (merged companies) and Eólica de Sanabria, S.L. (merging company).

- Merger with backdated effects 1 January 2008 of the company Explotaciones Eólicas Monte Endino, S.L. (merged company) and Corporación Eólica de Zamora, S.L. (merging company).

- Merger with backdated effects 1 January 2008 of the company Ensenada de Renovables, S.L. (merged company) and Corporación Eólica Manzanedo, S.L. (merging company).

- Merger with backdated effects 1 January 2008 of the company Corporación Eólica Palentina, S.L. (merged company) and Corporación Eólica de Barruelo, S.L. (merging company).

- Merger with backdated effects 1 January 2008 of the company Corporación Eólica del Duero, S.L. (merged company) and Sistemas Energéticos Valle del Sedano, S.A. (merging company).

- Merger with backdated effects 1 January 2008 of the companies Energea Cogeneración y Térmico, S.L., Argoras Energía, S.L. and Asturalter, S.L. (merged companies) and Terranova Energy Corporation, S.A. (merging company).

- Merger with backdated effects 1 January 2008 of the companies Yagonova, S.L., Parque Eólico de Fonteavia, S.L., Parque Eólica de Goa, S.L., Parque Eólico Celada III,S.L., Parque Eólico Celada V, S.L., Parque Eólico Encinedo, S.L., Parque Eólico El Cuadrón, S.L., El Endino Eólica, S.L., Parque Eólico de Angostillos, S.L., Eólicas de Montellano, S.L., Renovables de Valdeoléa, S.L., Corporación Eólica Los Alcañices, S.L., Ingeniería de Energía Renovable, S.A.U and Eólica de Pisuerga, S.L. (merged companies) and Ceólica Hispania, S.L. (merging company).

- Merger with backdated effects 1 January 2008 of the company Sistemas Energéticos de Roa, S.L.U (merged company) and Parque Eólico Cinseiro, S.L. (merging company).

- Special non-cash contribution of assets effective 2 October 2008, by the company Acciona, S.A (contributing company) to the company Acciona Aparcamientos, S.L (acquiring company).

- Non-cash contribution of branch of activity with backdated effect 31 March 2008 by the company Acciona Biocombustibles, S.A. (contributing company) to the company Estación de Servicio Legarda, S.L (acquiring company).

- Special non-cash contribution of assets effective 1 October 2008, by the company Acciona Inmobiliaria, S.L (contributing company) to the company Valgrand 6, S.A.U. (acquiring company).

- Partial financial split of the shareholding in Acciona Windpower, S.A., with backdated effect 1 January 2008, by the company Acciona Energía, S.A. (transferor) to Corporación Acciona Windpower, S.L. (acquiring company).

- Partial financial split of the shareholding in Acciona Eólica de Galicia, S.A., with backdated effect 1 September 2008, by the company Ineuropa de Cogeneración, S.A.U. (transferor) to Corporación Acciona Energías Renovables, S.L.U. (acquiring company), documented in deed dated 16 January 2009.

- Non-cash contribution of shareholdings in Ceatesalas, S.L.U, Acciona Energía, S.A.U., KW Tarifa, S.A.U. Alabe Sociedad de Cogeneración, S.A.U. and Ineuropa de Cogeneración, S.A.U., by the company Acciona, S.A. (transferor) to Corporación Acciona Energías Renovables, S.L.U. (acquiring company), documented in deed dated 7 April 2009, and effective 1 January 2009 for accounting purposes.

- Merger effective 1 January 2009 of the companies Altai Hoteles Condal, S.L.U., Barcelona 2 Residencial, S.A.U., Construcciones Gumi, S.L., Gestión de Servicios y Conservación de Infraestructuras, S.L.U., Grupo Lar Gran Sarriá, S.L.U., Montaña Residencial, S.A.U. and Necsohenar, S.A.U. (merged companies) and the company Acciona Inmobiliaria, S.L.U. (merging company), documented in deed dated 7 August 2009.

- Merger of the company Caserío de Dueñas, S.A. and Hijos de Antonio Barceló, S.A. (merging company), documented in deed dated 17 September 2010 and with backdated effects 1 January 2010.

- Merger of the company AEPO, S.A.U. and Acciona Ingeniería, S.A. (formerly Ibérica de Estudios e Ingeniería) (merging company), documented in deed dated 24 September 2010 and with backdated effect 1 January 2010.

- Merger of the companies Grupo Entrecanales, S.A, Servicios Urbanos Integrales, S.A., Tivafen, S.A.U. and Osmosis Internacional, S.A.U. (merged companies) and Acciona, S.A. (merging company), documented in deed dated 11 July 2011 and backdated effect 1 January 2011.

- Non-cash contribution of the shareholdings in Acciona Servicios Urbanos, S.L. and Corporación de Explotaciones y Servicios, S.A. by Acciona, S.A. to Acciona Service, S.L., documented in deed dated 31 March 2014 and backdated effect 1 January 2014.

- Partial split due to segregation of assets and liabilities of Acciona Agua, S.A. to Acciona Agua Servicios, S.L.U., documented in deed dated 30 June 2014 and backdated effect 1 January 2014.

- Merger of the company P.E. Topacios, S.A. and Alabe Sociedad de Cogeneración, S.A. (merging company), documented in deed dated 18 September 2014 and backdated effect 1 January 2014.

- Merger of the company C.E. de Puerto Llano, S.L. and Global de Energías Eólicas Al Ándalus, S.A. (merging company), documented in deed dated 18 September 2014 and backdated effect 1 January 2014.

- Merger of the company Eólica Gallega del Atlántico, S.L. and Eólica Breogán, S.L. (merging company), documented in deed dated 18 September 2014 and backdated effect 1 January 2014.

- Merger of the companies C.E. de Barruelo, S.L. and C.E. de Manzanedo, S.L. Puerto Llano, S.L. (merged companies) and Sistemas Energéticos Valle de Sedano, S.A. (merging company), documented in deed dated 18 September 2014 and backdated effect 1 January 2014.

- Merger of the company Toyonova, S.L. and Eurovento, S.L. documented in deed dated 19 December 2014 and backdated effect 1 January 2014.

- Spin-off of the company Acciona Inmobiliaria, S.L. through segregation of the part of its corporate equity that comprises a branch of activity, , under the terms set forth in section 71 of Act 3/2009, of 3 April, on Structural Modifications to Mercantile Businesses, with the economic unit being transferred to the beneficiary company Acciona Real Estate, S.A.U., documented in deed dated 30 September 2015.

- Merger of the company Global de Energías Eólicas Al Andalus, S.A. and Ceólica Hispania, S.L. (merging company), documented in deed dated 11 September 2015 and backdated effect 1 January 2015.

- Special non-cash contribution by Acciona, S.A. to Acciona Service, S.L., of the shareholdings in the companies Acciona Producciones y Diseño, S.A., Inetime, S.A., Acciona Airtport Services, S.A., Interurbano de Prensa, S.A., Acciona Forwarding, S.A. Transurme, S.A. and Paktivity, S.A., documented in public deed dated 14 July 2016.

- Merger of the companies Eólica de Sanabria, S.L., Eólica de Moncayo, S.L., Parque Eólico de Tortosa, S.L., Sistemas Energéticos El Granado, S.L. and Corporación Eólica Zamora, S.L. (merged companies) and the company Sistemas Energéticos Valle de Sedano, S.A. (merging company), documented in deed dated 8 September 2016 and with backdated effect 1 January 2016.

- Special non-cash contribution by Acciona, S.A. to Corporación Acciona Infraestructuras, S.A., of the shareholdings in Acciona Infraestructuras, S.A., Acciona Service, S.L and Acciona Agua, S.A., documented in public deed dated 2 December 2016.

- Merger of the companies Acciona Energía Solar, S.L. and Acciona Solar Canarias, S.A. and by the company Acciona Solar, S.A. documented in deed dated 27 July 2017 and with backdated effect of 1 January 2017.

- Special non-cash contribution by Acciona Service, S.L. to Acciona Aeropuertos, S.L. of the stakeholding in the company Acciona Airport Services, S.A, documented in public deed dated 28 July 2017.

- Special non-cash contribution by Acciona, S.A. to Acciona Concesiones, S.L. of the stakeholdings in the companies Sociedad Concesionaria Novo Hospital de Vigo, S.A., Acciona Servicios Concesionales, S.L., Sociedad Concesionaria Hospital del Norte, S.A., Nova Darsena Esportiva de Bara, S.A., Autovía de los Viñedos, S.A., Sociedad Anónima Concesionaria de la Junta de Comunidades de Castilla La Mancha, Gran Hospital Can Misses, S.A. and Sociedad Concesionaria de la Zona Regable del Canal de Navarra, S.A., documented in public deed dated 21 December 2017.

- Special non-cash contribution by Acciona, S.A. to Corporación Acciona Infraestructuras, S.A. of the stakeholding in Acciona Concesiones, S.L., documented in public deed dated 28 December 2018.

Pursuant to section 3 of article 86 of Act 27/2014 on the consolidated text of the Corporate Tax Act, the information required for operations carried out in previous years appears in the relevant separate notes to financial statements as approved.

14.9. Information to include in the notes to financial statements under application of sect. 12.3 of the consolidated text of the Corporate Tax Act in relation to deduction for impairment losses on securities representing shareholdings in the capital of companies and 16th Temporary Provision of Act 27/2014, amended by Royal Legislative Decree 3/2016, of 2 December.

Royal Legislative Decree 3/2016, of 2 December, amended the 16th Temporary Provision of Corporate Tax Act 27/2016, which regulated the system to include in the taxable base impairment losses in investments in group companies, joint and associates (sect. 12.3 of the consolidated text of the Corporate Tax Act) deducted in tax periods commencing before 1 January 2013. This amendment established a minimum annual amount for reversion in five years (that is, 20% per year) of the balance at 31 December 2015, unless reversion on the recovery of capital and reserves of investees and/or collected dividends is higher than that amount.

The information required under the tax regulations in relation to amounts deducted, difference in the year of capital and reserves of investees, as well as amounts included in the taxable base and amounts pending inclusion is indicated below.

1. - Amounts that reversed in financial year 2017:

Investee	Reversion	Pending at 31/12/2017

MDC Airport Consult	190	569
Mostotal Warszawa	6,286	6,886
Infraestructuras y Radiales S.A.	4,086	12,259
Nova Darsena Sportiva de Bara, S.A.	251	753
Sociedad Conc.Puente del Ebro, S.A.	532	1,596
Ecología del Agua, S.A	4	11
Cía Tratamiento y Gestión Residuos Murcia	3	9
Parque Isla Mágica, S.A	130	389
Unión Deportiva Las Palmas	1	2

2. - Amounts that reversed in financial year 2018:

Investee	Reversion	Pending at 31/12/2018
MDC Airport Consult	190	379
Mostotal Warszawa	2,295	4,591
Infraestructuras y Radiales S.A.	4,086	8,173
Nova Darsena Sportiva de Bara, S.A.	251	502
Sociedad Conc.Puente del Ebro, S.A.	532	1,064
Ecología del Agua, S.A	4	7
Cía Tratamiento y Gestión Residuos Murcia	3	6
Parque Isla Mágica, S.A	130	259
Unión Deportiva Las Palmas	1	2

3.- Year's difference in capital and reserves of the investee:

Investee	Cap.& reserves at 31/12/17*	Cap.& reserves at 31/12/2018*	Difference Cap.& reserves
MDC Airport Consult	4,262	4,263	1
Mostotal Warszawa	11,338	10,291	(1,047)
Infraestructuras y Radiales S.A.	(41,613)	(41,613)	0
Nova Darsena Sportiva de Bara, S.A.	(1,634)	(1,735)	(101)
Sociedad Conc.Puente del Ebro, S.A.	(14,547)	(14,506)	41

* Capital and reserves adjusted at investment

15. Foreign currency

Detail of the main balances and transactions in foreign currency in financial years 2018 and 2017, measured at the closing exchange rate and average exchange rate, respectively, were the following:

	2018	2017
Loans granted	6,583	3,689
Accounts payable	14	160
Services received	1,902	1,962

16. Income and expenses

16.1. Net turnover

The Company, which heads its consolidated group, basically developed activities typical of a holding company in 2018 and 2017, and, as such, it did not engage in any significant commercial activity of its own, and, therefore, it does not have activity segments, so the figure for turnover on the income statement mainly related to the services rendered to Group companies and income from dividends received from the subsidiaries and financial income associated with the financing of the subsidiaries.

16.2. Personnel expenses

Detail of personnel expenses at 31 December 2018 and 2017 was as follows (in thousand euros):

	2018	2017
Wages, salaries and similar	48,513	42,290
Welfare charges	11,511	11,170
Total	**60,024**	**53,460**

In financial years 2018 and 2017 "Wages, salaries and similar" included compensation for the amount of 1,897 and 707 thousand euros, respectively.

Breakdown of the balance in the account "Welfare charges" in 2018 and 2017 was as follows (in thousand euros):

	2018	2017
Social security paid by the company	4,034	3,746
Other welfare charges	7,477	7,424
Total	**11,511**	**11,170**

17. Operations and balances with group companies and associates

17.1. Operations with group companies and associates

Detail of operations with related parties in 2018 and 2017 was as follows (in thousand euros):

2018	Group companies	Associates	Total
Provision of services	65,095	880	**65,975**
Services received	5,768	55	5,823
Income from interest	444	--	**444**
Expenses for interest	47,817	--	47,817
Dividends	220,627	--	**220,627**

2017	Group companies	Associates	Total
Provision of services	60,029	882	**60,911**
Services received	5,838	61	5,899
Income from interest	510	1,910	**2,420**
Expenses for interest	24,940	--	24,940
Dividends	51,942	--	**51,942**

17.2. Balances with group companies and associates

Balances with group companies and associates on the balance sheet at 31 December 2018 were as follows (in thousand euros):

2018	Group companies	Associates	Total
Long-term investments:	**5,540,368**	**563,248**	**6,103,616**
Equity instruments (Note 8.2)	**5,533,785**	**563,248**	**6,097,033**
Cost	6,586,223	793,609	7,379,832
Provisions	(1,052,438)	(230,361)	(1,282,799)
Credits (Note 8.2)	**6,583**	--	**6,583**
Credits to companies	6,583	29,528	36,111
Provisions	--	(29,528)	(29,528)
Non-current assets held for sale	--	--	--
Accounts receivable	**41,146**	--	**41,146**
Short-term investments:	**219,404**	--	**219,404**
Credits to companies and other	2,948	--	2,948
Other financial assets	216,457	--	216,457
Short-term debt	**2,281,578**	--	**2,281,578**
Trade payables:	**2,448**		**2,448**

2017	Group companies	Associates	Total
Long-term investments:	**4,928,901**	**634,683**	**5,563,584**
Equity instruments (Note 8.2)	**4,925,212**	**634,683**	**5,559,895**
Cost	6,092,007	798,638	6,890,645
Provisions	(1,166,795)	(163,955)	(1,330,750)
Credits (Note 8.2)	**3,689**	**0**	**3,689**
Credits to companies	5,409	29,528	34,937
Provisions	(1,720)	(29,528)	(31,248)
Non-current assets held for sale	**3,000**	**--**	**3,000**
Accounts receivable	**54,339**	**1,100**	**55,439**
Short-term investments:	**38,462**	**0**	**38,462**
Credits to companies and other	11,881	--	11,881
Other financial assets	33,751		
Provisions	(7,170)	--	(7,170)
Short-term debt	**1,379,688**	**--**	**1,379,688**
Trade payables:	**3,882**	**735**	**4,617**

"Other financial assets" correspond to dividends receivable (170,549 thousand euros in 2018) and the corporate tax receivable account (45,907 thousand euros in 2018 and 33,751 thousand euros in 2017), and the heading "Accounts receivable" related to invoices to group companies and associates under the concepts of management fees and expenses incurred. Short-term debts with group companies related mainly to balances from settlement of corporate tax of the companies the Parent Company of which is Acciona, S.A., in tax group 30/96 (Note 4.7 and Note 13.3), as well as loans received by Acciona, S.A.

17.3. Remuneration for the Board of Directors and Senior Management

ACCIONA, S.A. is the group's parent company and its activity is limited to the management of shareholdings and to services to support its investees. Therefore, the remuneration of the Board of Directors and Senior Management must be interpreted from the Parent Company and subsidiaries perspective.

Transactions with shareholders

In 2018 and 2017 there were no significant transactions involving a transfer of resources or obligations between the Parent Company or its Group companies and the Company's main shareholders.

Transactions with directors or executives

The Group's "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the Company Management's "key personnel" (members of its Board of Directors and of senior management, and their close relatives) and the entities over which key management personnel may exercise control or significant influence. The transactions performed by the Group in 2018 and 2017 with its related parties are listed below, differentiating between the Company's significant shareholders, members of the Board of Directors and Managers, and other related parties. Related party transactions are made on terms equivalent to those in arm's length transactions that usually take place in a normal business relationship with Acciona, S.A. or the Group companies within the scope of the ordinary course of trade of these entities and under market conditions. These transactions consisted basically of:

Expenses and income	Significant Shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
			31.12.2018		
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	102	**102**
Purchase of goods (finished goods and work in progress)	--	--	--	--	--
Value adjustments due to uncollectable or doubtful debts	--	--	--	--	--
Losses on de-recognition or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Revenue:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Provision of services	--	--	--	6,733	**6,733**
Sale of goods (finished goods or work in progress)	--	--	--	--	--
Gains on de-recognition or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

Other transactions	Significant Shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
			31.12.2018		
Purchases of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees provided	--	--	--	--	--
Guarantees received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profits distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

	31.12.2017				
Expenses and income	**Significant Shareholders**	**Directors and Executives**	**Group employees, companies or entities**	**Other related parties**	**Total**
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	105	**105**
Purchase of goods (finished goods and work in progress)	--	--	--	--	--
Value adjustments due to uncollectable or doubtful debts	--	--	--	--	--
Losses on de-recognition or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Revenue:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Provision of services	--	--	--	228	**228**
Sale of goods (finished goods or work in progress)	--	--	--	--	--
Gains on de-recognition or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

	31.12.2017				
Other transactions	**Significant Shareholders**	**Directors and Executives**	**Group employees, companies or entities**	**Other related parties**	**Total**
Purchases of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees provided	--	--	--	--	--
Guarantees received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profits distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

Remuneration and other benefits

A. Board of Directors

In 2018 the remuneration accrued by the members of the Company's Board of Directors, and taking into account that this remuneration is taken from the perspective of the Parent Company and its subsidiaries, totalled, in euros, the sum indicated in this Note.

According to article 31 of Articles of Association, the remuneration for Directors will consist in a fixed annual allocation determined for their membership of the Board of Directors and any Committees on which each Director may sit. The amount of the remuneration to be paid by the Company to the Directors as a whole for belonging to the Board of Directors and its Committees will be that determined for this purpose by the General Meeting of Shareholders. Once established, this amount shall remain in force until such time as it may be amended, and the Board of Directors may reduce the amount in the financial years where this is considered convenient.

The Board of Directors determines the exact amount to be paid within that limit and its distribution among the different Directors, with consideration being given to the functions and responsibilities of each member, sitting on the Board's committees and any other unbiased circumstances considered relevant by the Board.

Regardless of the provisions contained in section above, the remuneration deriving from membership of the Board of Directors shall be compatible with any other remuneration (fixed salary; variable bonuses depending on the attainment of business, corporate and/or performance goals; compensation for removal of the Director for reasons other than the failure to perform his or her duties; welfare systems; deferred remuneration items) that, following a proposal by the Appointments and Remuneration Committee and by resolution passed by the Board of Directors, could correspond to the Director for the performance of other functions in the Company, be they senior management executive functions or otherwise, apart from those of joint supervision and decision-taking carried out as mere members of the Board.

Following a resolution adopted by the General Shareholders' Meeting with the legally required scope, Executive Directors may also be remunerated through the delivery of shares or share option rights, or by means of any other remuneration referenced to the value of the shares.

Furthermore, art. 55 of the Regulations for the Board of Directors establishes that the Board determines the system for distributing the remuneration for Directors within the framework established in the Articles of Association.

The decision must take into account the report issued for the purpose by the Appointments and Remuneration Committee.

The Board of Directors shall strive to ensure that the Directors' remuneration is moderate and in line with that paid on the market in companies of a similar size and business activity, with preference for those formats relating a significant portion of the remuneration to their dedication to Acciona.

The system for remuneration of independent directors will strive to serve as a sufficient incentive for their dedication without compromising their independence.

The remuneration of external directors representing substantial shareholders for their performance as Directors must be proportional to that of other Directors and shall not represent any favoured treatment in the form of remuneration of the shareholder(s) designating them. The remuneration system will establish similar remuneration for comparable functions and dedication.

As regards remuneration of executive directors, article 55 bis of the Regulations establishes that the Board of Directors must try and ensure that the remuneration policies in force at each time include for variable remuneration necessary technical safeguards to make sure that such remuneration is in line with the professional performance of its beneficiaries and does not arise simply from the general trend of markets or of the company's business sector or from other similar circumstances. The remuneration of directors must be transparent.

On 18 May 2017, the General Shareholders' Meeting approved the Directors Remuneration Policy for the years 2018-2020, without prejudice to the fact that amendments introduced by the Policy shall apply to remuneration accrued from the date the Policy was approved.

The Remuneration Policy approved at the Meeting and according to Article 31.2 of the Articles of Association of Acciona: a) the maximum amount of remuneration payable per year to the directors in aggregate for their duties as such is 1,700,000 euros; b) except where the General Shareholders' Meeting establishes otherwise, the distribution of the remuneration among the directors will be decided by the Board of Directors, having consideration for the functions and responsibilities of each director, whether they belong to Board committees, and other objective circumstances that it considers to be relevant.

At its meeting on 30 May 2018, the Board of Directors resolved, at the proposal of the Appointments and Remuneration Committee, to set new amounts for membership of the Board of Directors and its Committees, which from this date are as follows: a) Executive directors shall not receive remuneration for their membership of the Board of Directors, and therefore their remuneration shall be that which corresponds to their executive functions; b) if an executive committee ceases the exist then the remuneration for membership to such a committee is removed; c) the remuneration for membership of non-executive directors to the board is set at 100,000 euros; d) the remuneration for membership to the Committees is changed, which is set at 70,000 euros for the audit committee, 55,000 euros for the appointments and remunerations committee, and 50,000 euros for the sustainability committee; e) the additional remuneration for holding the position of Independent Coordinating Director is set at 30,000 euros; and f) the additional remuneration for chairing the committees is set at 11,000 euros for the audit committee, 10,000 for the appointments and remunerations committee, and 8,000 euros for the sustainability committee.

After a detailed analysis of the remuneration received at international companies and those included on the IBEX 35 index, the Appointments and Remuneration Committee considered the remuneration to be in line with what was paid on the market in companies of a similar size in the same business area, that similar remuneration was paid for comparable functions and dedication and, without compromising independence, remuneration is an adequate incentive for the engagement of directors in the different committees.

The total remuneration paid to the members of the Board for discharging their duties as Company directors in 2018 amounted to 1,407,203 euros. This amount is broken down in thousand euros, by member of the Board of Directors, in the following way:

	Fixed remuneration	Remuneration for membership of Board Committees	Total 2018	Total 2017
Mr. Daniel Entrecanales Domecq	86	68.3	154.3	149.5
Mr. Jerónimo Marcos Gerard Rivero	86	31.4	117.4	67.5
(*) Mr. Jaime Castellanos Borrego	29	58.3	87.3	203.5
(*) Mr. Fernando Rodés Vila	29	30.9	59.9	139.5
Mr. José Manuel Entrecanales Domecq	29	--	29	67.5
Mr. Juan Ignacio Entrecanales Franco	29	--	29	67.5
Mr. Juan Carlos Garay Ibargaray	86	163.4	249.4	203.5
Ms. Belén Villalonga Morenés	86	--	86	67.5
Mr. Javier Entrecanales Franco	86	63.3	149.3	148.5
(*) Ms. Maria del Carmen Becerril Martinez	--	--	--	39.5
(**) Mr. Javier Sendagorta Gómez del Campillo	57	31.4	88.5	--
Ms. Ana Sainz de Vicuña Bemberg	86	59.3	145.3	112.5
Ms. Karen Christiana Figueres Olsen	86	40	126	41.7
(**) Mr. José María Pacheco Guardiola:	57	28.6	85.6	--
Total			**1,407**	**1,308.2**

(*) Directors leaving the Board in 2017 or 2018.
(**) Directors joining the Board in 2018.

The remuneration in cash paid to Directors for the performance of senior management executive functions and for being members of the Board was 4,799 and 8,255 thousand euros in 2018 and 2017, respectively. In addition, they have received remuneration in kind amounting to 53 and 48 thousand euros in 2018 and 2017, respectively.

With regards to long term variable remuneration linked to Company shares following what was established in the Plan 2014 regulations and based on an evaluation of the results obtained during the three year period from 2014 to 2016, following a proposal by the Appointments and Remuneration Committee the Board of Directors approved to deliver a total of 104,096 shares to Executive Directors in 2017, with a fair value of 7,277 thousand euros. In addition, 26,025 shares were assigned in 2017 to have a delivery deferred for a period of three years on a straight-line basis in implementation of the Plan. In 2018, 8,675 shares with deferred delivery were assigned to executive directors and therefore 17,350 shares remain pending delivery. The amount or gross profit of the shares delivered was 665 and 7,277 thousand euros in 2018 and 2017 respectively, equivalent to the market value at the date of delivery.

In 2014, the Company implemented a savings plan related to a term life assurance, permanent disability in the degrees of total, absolute and grand invalidity, and death ("Savings Plan") aimed solely and exclusively at the Company's Executive Directors. The basic characteristics of the plan are as follows:

a) It is a social welfare system based on a defined contribution.

b) It is a system endowed externally through the payment by the Company of annual premiums to an insurance company with the Participant as the beneficiary, for the coverage of survival and the risk contingencies, i.e.: (i) death and (ii) permanent disability in the degrees established in the Regulations.

c) Should the Participants cease to occupy positions as Executive Directors of Acciona for any reason, the Company shall cease to pay the premiums to the Savings Plan on the date on which they indisputably cease to hold their position, without prejudice to any economic rights recognised to Participants.

d) The payment of the Benefit arising out of the Savings Plan will be made directly by the insurance entity to the Participants, net of any corresponding withholdings or payments on account of personal Income Tax that may be applicable in each case and payable by the beneficiary of the Benefit. For the rest of the contingencies, the payment of the Benefit will also be made directly by the insurance entity to any entitled parties.

e) The status of Participant in the Savings Plan will be lost should any of the following circumstances arise: i) occurrence of any of the risk contingencies covered and collection of the Benefit; ii) attainment of the age of 65 years; iii) removal from the position of Executive Director of Acciona for any reason other than those indicated above.

f) Consolidation conditions.

   The beneficiary of the Savings Plan shall be the Company under the following two situations:

   If the participant is removed from the position of Executive Director of Acciona due to resignation for voluntary causes. If the participant is removed from the position of Executive Director for breaching their duties or for an act or omission that harms the Company, or is sentenced with a final verdict issued by a judicial authority.

   In these cases, the participants shall lose all economic rights accumulated in the Savings Plan and therefore, may not receive any benefit arising from the Plan.

The contributions to the Savings Plan in 2018 and 2017 in favour of the Executive Directors came to 5,013 and 5,125 thousand euros. These contributions in 2018 included 100% of the fixed annual salary and an additional amount arising from extraordinary contributions to the Savings Plan related to part of the variable remuneration in 2018.

The accumulated value at 31 December 2018 of the savings systems with non-consolidated economic rights of Executive Directors amounted to 15,958 thousand euros.

No obligations have been entered into in connection with pensions with respect to former and current members of the Board of Directors. Nor have any advances, credits or guarantees been given in favour of the members of the Board of Directors, except as indicated in this note.

In financial years 2018 and 2017 the Directors of the Parent Company did not receive any remuneration for being members of other boards and/or senior management of Group Companies.

The total remuneration of members of the board of directors of Acciona, S.A., including remuneration for executive functions, was 6,864 and 17,269 thousand euros in 2018 and 2017, respectively.

B. Senior Management

Senior Management includes those people forming the top two levels of the Acciona group's management and the Corporate Internal Audit Director. This classification is for information purposes only and without prejudice to their specific employment relationship.

The remuneration of the Company's General Managers and people discharging similar duties, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), and bearing in mind that this remuneration is taken from the perspective of the Parent Company and subsidiaries, in 2018 and 2017 is summarised as follows:

Type of remuneration	2018	2017
Number of people	40	35
Remuneration (thousand euros)	23,864	21,551

The figures for 2018 appearing as remuneration included the amounts related to compensation paid to the executives that left the company every year, for termination of their employment relationship, as well as the money settlement for differences in the options exercised during the year. In 2017 no settlements were paid to Senior Management.

The civil liability premium for directors and executives as paid in 2018 amounted to1,345 thousand euros.

Plan for delivery of shares and performance shares

The General Shareholders' Meeting held on 24 June 2014 approved the following agreement:

A) To extend the term of validity of the Shares and Options Delivery Plan to Acciona group's management, including Executive Directors, as was approved by the General Shareholders' Meeting of Acciona, S.A. on 4 June 2009, for application in financial years 2014 to 2020, and to increase the maximum number of shares available by 200,000 shares.

B) To authorise the Board of Directors of the Company so that it may, to all the extend required by law and upon proposal by the Appointments and Remuneration Committee, *amend the Plan Regulations under the terms and conditions that the Board considers convenient, establishing delivery conditions and times, accrual periods, allocation criteria and limits and any other aspect that the Board considers relevant, in order to align further the long-term interests of the Company's Executive Directors and other executives of the Acciona Group with those of the shareholders of Acciona, S.A., and thus boost their motivation in the attainment of higher value and long-term stability for the group, and consolidate their loyalty and permanence in the Group.*

Pursuant to that authority, on 26 February 2015 the Board of Directors approved, upon proposal by the Appointments and Remuneration Committee, to amend the Plan Regulations, drawing up a new one whose term of validity covers the six-year period from 2014 to 2019, both inclusive. In addition, and making use of the approval of the General Shareholders' Meeting on 18 May 2017, following a proposal from the Appointments and Remuneration Committee, the Board of Directors approved an additional amendment to the Plan Regulations at their meeting held on 14 December 2017 with the aim of adapting it to corporate governance best practices regarding deferral, malus and clawback on the variable remuneration of executive directors, and to the principles and guidelines contained in the Directors Remuneration Policy approved by the General Shareholders' Meeting. In addition, the duration of the Plan is extended for an additional two years (i.e. up to and including 2021) only for directors (excluding Executive Directors), and subject to the full discretion of the Board of Directors and after a report from the Appointments and Remuneration Committee, the possibility to assign and deliver extraordinary Acciona shares is also introduced for multi-year periods (a minimum of three (3) years) to one or several Beneficiary Directors (other than Executive Directors) for achieving extraordinary results.

The main characteristics are as follows:

A) Purpose of the Plan:

The purpose of the 2014 Plan for Delivery of Shares and "Performance Shares" is to remunerate management, including the Executive Directors of Acciona in such a manner as to boost the attainment of strategic business objectives to the benefit of the Company's shareholders, and the loyalty and permanence of executives.

B) Strategic indicators and objectives to achieve

Achievement of objectives will be based on business strategic indicators, which have been defined by the Board of Directors for financial years ranging from 2014 to 2019.

C) Plan beneficiaries

C.1. – Executive Directors

Reference period: The reference period of the business strategic indicators will be the 2014-2019 six-year period, although, for allocation of "performance shares", the whole period from the start of the 2014 Plan application period to the end of the previous financial year will be considered.

"Performance shares" allocation: Upon completion of each financial year, the Board of Directors may assess the extent to which the long-term strategic objectives have been achieved up to that point.

The final allocation of treasury shares to Executive Directors will take place (a) at the end of the whole 2014 Plan period (in 2020) upon consideration of the assessment made for the whole 2014-2019 period and (b) at a midpoint milestone, in 2017, upon completion of the first three 2014-2016 financial years, upon consideration of the assessment made on the first 2014-2016 three-year period.

Permanence condition: Delivery of the shares finally allocated to Executive Directors is dependent on the fact that the Executive Director has not ceased to perform his/her senior management duties in Acciona or its Group for reasons attributable to the Director in question, according to the terms set out in the Plan Regulations.

In no event may the number of allocated shares exceed, together with those allocated under the 2014 Plan, the maximum number available approved by the GM.

The actual share delivery date in accordance with the provisions in the preceding sections shall be determined by the Board of Directors and in any case, it shall be done after the General Shareholders' Meeting of the year in which the shares are to be delivered has taken place. Delivery of 20% of the shares that the Executive Directors have a right to receive shall be subjected to a minimum deferral period of one (1) year, and its accrual shall be subject to their permanence as an Executive Director as detailed in the Regulations, and on there not being any causes that in the opinion of the external auditors could lead to a material restatement of the Acciona Group's consolidated financial statements, as determined by the Board of Directors following a proposal by the Appointments and Remuneration Committee, except when this arising from an amendment to accounting standards.

Shares delivered in 2017 are subject to an option for Acciona to buy them back: Treasury shares transferred to Executive Directors in 2017 (in relation to financial years 2014, 2015 and 2016) have been subjected to Acciona's right to buy them back, a right that can be exercised if the Executive Director acquiring the shares ceases to perform his/her senior management duties in Acciona or its group before 31 March 2020 for breach of his/her contractual obligations or resignation of his/her own free will.

In addition, during the three (3) years following the date on which the shares are delivered, Acciona could request the Executive Directors to: (i) return the shares and/or amounts paid when the corresponding calculations had been done based on data which has been proven to be manifestly misstated, and (ii) return the shares and/or amounts paid and/or not be paid the amounts that they are entitled to, in cases where the director has incurred a serious breach in their duties of diligence or loyalty in line with their position in Acciona, or for any other serious and negligent breach of the obligations that the Executive Directors have assumed under the contracts signed with Acciona in order to fulfil their executive functions.

With regards to shares to be delivered to Executive Directors in 2020, as applicable, and only in respect of the number of Shares equating to two times the annual fixed remuneration, these shares cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, until three (3) years have passed since the shares were allocated.

Executive Directors may however contribute shares which have been delivered to them to companies controlled or owned by the Executive Director. In these cases, Acciona shall adopt the necessary guarantees, including real guarantees, to ensure compliance with the provisions of the Regulations, and in any case, the beneficiary company receiving the shares which is controlled or owned by the Executive Director, must do so within reason and is bound to comply with the guarantees or limitations granted in favour of Acciona.

C.2. – Group's Executives

For the other beneficiaries that are not executive directors, the Board of Directors will approve, upon considering proposal by the Appointments and Remuneration Committee, the amount for separate variable remuneration to be paid through delivery of the Acciona's treasury shares allocated for each financial year to each executive that benefits from the 2014 Plan other than Executive Directors.

The allocation may be implemented through a number of treasury shares or in a cash amount. In the latter case, the equivalent number of shares will be based on the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation. In no event will the number of allocated shares thus quantified exceed, together with the other shares allocated under the 2014 Plan, the maximum number approved by the GM.

Treasury shares transferred to these Beneficiaries are subject to Acciona's right to buy them back, a right that can be exercised if the beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary. The Board of Directors may extend to a reduced group of executives the "performance share" and/or shares allocation system established for executive directors, with the changes as can be proposed by the Appointments and Remuneration Committee regarding interim allocation, tax system, objectives, midpoint milestones and delivery times, with the purpose of increasing their motivation in the attainment of higher value and long-term stability for the group, as well as consolidating their loyalty and permanence in the Group.
The 2014 Plan does not provide for the possible sale of shares delivered in order to pay the tax incurred by the Beneficiary as a result of such delivery. The cost of the payment on account of the 2014 Plan performance shall not be passed on to the beneficiaries, and the Company shall assume the tax cost that this payment may have on the personal income tax of the beneficiaries with the established limits.

D) Number of shares available for the Plan

Initially, the maximum number of shares that could be allocated to the Beneficiaries in application of the 2014 Plan was fixed at 258,035, although it could be increased by resolution of the General Shareholders' Meeting.

In this respect, the General Shareholders' Meeting held on 11 June 2015, 10 May 2016, 18 May 2017 and 30 May 2018 agreed to increase the maximum number of shares available for the "2014-2019 Plan for Delivery of Shares and Performance Shares" by

100,000 for each year, without affecting later increases if so proposed by the Board of Directors and approved by the General Shareholders' Meeting.

At the close of 2018 the maximum number of shares that could be delivered to implement the Plan, was 405,823, after 38,742 were used in 2018 for delivery to executives other than Executive Directors, and 8,675 shares for Executive Directors which corresponded to the deferred delivery agreed in 2017. Without prejudice to the foregoing, 17,350 shares are pending delivery of the 26,025 which were assigned in 2017 to have a delivery deferred for a period of three years on a straight-line basis in implementation of the Plan.

E) Recipients

The annual number of Recipients shall not exceed 100.

Plan to replace variable remuneration for shares

Upon proposal by the Appointments and Remuneration Committee, given the limited number of Beneficiaries of the former Plan, with the purpose of furthering and extending the objectives for building loyalty and retaining the Group's executives, on 26 March 2015 the Board of Directors approved the "Plan to Replace Variable Remuneration for Acciona shares, aimed to Acciona and its Group's management" (the Substitution Plan), excluding executive directors; the main characteristics of the plan are the following:

Aim: To retain and motivate the management team effectively and achieve higher alignment of their interests with those of the Company and its Group.

Initial duration: Six years (2014 to 2019).

Purpose: To offer discretionally the option of replacing or swapping, in whole or in part, variable remuneration in cash for Company shares to certain Acciona and its group's executives, according to a swap equation to be determined each year. In 2015, 2016, 2017, and 2018, the swap equation approved carried an incentive of 25% over the variable remuneration replaced.

Beneficiaries: The executives that the Board of Directors determines of its own free will. Executive Directors are excluded from this Plan.

Restrictions on the shares delivered: In general terms, the shares delivered cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, or any other right limiting ownership or as security, until after 31 March of the third year following the year in which the shares in question were delivered to the Beneficiary.

Treasury shares transferred to these Beneficiaries, corresponding to the incentive and not to the portion of the shares related to the replaced remuneration as per the amendment approved on 29 February 2016 by the Board of Directors, are subject to Acciona's right to buy them back, a right that can be exercised if the Beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary.

The Acciona share price to be taken as benchmark to determine the swap equation will be the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation of the replacement option.

Shareholders Plan

The Board of Directors, following proposal by the Appointments and Remuneration Committee, with the purpose of facilitating participation in the company's shareholdings, approved on 28 February 2017 a new Plan that makes it possible to redistribute part of the variable and/or fixed money remuneration with the limit of 12,000 euros per year through delivery of shares in the Company in accordance with the current regulatory framework, which is favourable in terms of the fiscal treatment of this type of plan.

The plan is voluntary and it offers all employees with fiscal residence in Spain the opportunity of participating in the company's results by becoming shareholders. This Plan does not affect executive directors as their relationship is mercantile and not based on an employment contract. The shares were measured at the closing quotation price on 29 March 2018.

Finally, the number of shares delivered to Beneficiaries other than executive directors (44 Beneficiaries), under the **Plan for Delivery of Shares /Performance Shares**, in consideration of their dedication and performance in financial year 2018, was 38,742 shares at the fair value of 2,505 thousand euros.

Given that this plan accrues on a three-year basis, one third of the fair values mentioned above is reflected in "Personnel expenses" on the accompanying income statement at 31 December. The other two thirds will be recognised on the income statements for financial years 2019 and 2020.

Finally, in application of the **Replacement Plan**, 27,112 shares in the Company were delivered in 2018, at the fair value of 1,673 thousand euros, to 36 executives of Acciona and its Group, in payment of part of their variable remuneration in cash in 2017.

The Company determined the fair value of the goods and services received by reference to the fair value of the equity instruments assigned.

The "Plan for delivery to Senior Management" replaced by the plan described in the paragraphs above established the replacement of shares with stock option rights for Acciona, S.A. ordinary shares. The options granted one year as part of the Plan could be exercised, in whole or in part, in one go or more, within the three-year period from (a) 31 March of the third calendar year following the year when they were allocated and (b) 31 March of the third year following the start of the period (the "Exercising Period"). The movement in 2018 in the number of options and weighted average of the prices to exercise the stock options was the following:

2018	Nº of options	Strike Price - Weighted Average (in euros)
Existing at the start of the financial year	23,721	63.25
Awarded during the period	--	--
Cancelled during the period	--	--
Exercised during the period	(5,267)	56.21
Lapsed during the period	(13,786)	--
Existing at the end of the period	**4,668**	**60.90**
Susceptible of being exercised at the end of the period	4,668	60.90

As regards the options existing at the end of the financial year, it should be indicated that the strike price ranged between 56.21 and 62.84 euros and that the weighted average of the remaining life of the contract was 0.98 years.

The valuation methodology applied is based on the Enhanced FASB 123 method (Accounting for Stock Based Compensation), which is in turn based on standard "fair value" methods of the CRR binomial type with certain modifications. The model consists in estimating the value of the option by trinomial tree methods and then adjusting this value by considering that the executive in question may leave the company during the maturity period, or may exercise the option when the share reaches a multiple of the strike value. The market inputs applied for valuation purposes are the closing price of the reference share on the date of issue of the plan and the strike price established for the exercise of the option, the track record of the reference share in terms of volatility calculated as the standard deviation from the quotation yields for a period equal to the duration of the plan and the risk-free interest rate.

Detail of the individuals who held Senior Management positions in the Group (taking the Parent Company and subsidiaries into account as Senior Management) in 2018 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager – Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager – Acciona Energy – Engineering & Construction
Antúnez Cid, Isabel	General Manager – Acciona Property
Arilla de Juana, Carlos	General Manager - Acciona Infrastructure Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	Area General Manager - Acciona Infrastructure Contract Management and Studies
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Corral Fernandez, Nicolás	Area General Manager - Acciona Service
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations and OSH
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager – Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure – Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Construction – Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources

Name or registered name	Position(s) held
Fernández-Cuesta Laborde, Raimundo	General Manager – Market Area and Relations with Investors
Figueroa Gómez de Salazar, José Julio	Area General Manager – Legal Services
Gutierrez Abarquero, David	Area General Manager - Economic Oversight and Tax Matters
Jiménez Serrano, Ramón	Area General Manager - Acciona Industrial
Marín García, Diego	Area General Manager – Concessions
Martínez Sánchez, Juan Manuel	Area General Manager - Corporate Security
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	Area General Manager – Construction
Muro-Lara Girod, Juan	General Manager - Strategy and Corporate Development
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Pan de Soraluce Muguiro, Andrés	General Manager - Acciona Real Estate
Quero Gil, Mario	Area General Manager - Acciona Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrastructure
Rodríguez Hernández, José Luis	Area General Manager – Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager – Compliance
Silva Ferrada, Juan Ramón	Area General Manager – Sustainability
Vicente Pelegrini, Justo	Area General Manager - Acciona Construction - Spain, Portugal and Africa
López Vega-Penichet, Jorge	General Secretary
Terceiro Mateos, José Manuel	Area General Manager - Construction Economics and Finance
Tejero Santos, José Ángel	General Manager - Economic and Financial Area
Soto Conde, Antonio	Area General Manager - Bodegas Palacio 1894

Detail of the individuals who held Senior Management positions in the Group (taking the Parent Company and subsidiaries into account as Senior Management) in 2017 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager – Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager – Acciona Energy – Engineering & Construction
Antúnez Cid, Isabel	General Manager – Acciona Property
Arilla de Juana, Carlos María	General Manager - Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	Area General Manager - Acciona Infrastructure Contract Management and Studies
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations, OHS and Sustainability
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager – Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure – Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Infrastructure – Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources
Figueroa Gómez de Salazar, José Julio	Area General Manager – Legal Services
Gutierrez Abarquero, David	Area General Manager – Fiscal
Jiménez Serrano, Ramón	Area General Manager – Acciona Industrial and Acciona Service
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand

Name or registered name	Position(s) held
Moreno Lorente, Huberto José	General Manager – Acciona Infrastructure - Construction Area
Muro-Lara Girod, Juan	General Manager – Corporate Development and Relations with Investors
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Quero Gil, Mario	Area General Manager – Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrestructure
Rodríguez Hernández, José Luis	Area General Manager – Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager – Compliance
Silva Ferrada, Juan Ramón	Area General Manager – Sustainability
Soto Conde, Antonio	Area General manager - Grupo Bodegas Palacio 1894
Tejero Santos, José Ángel	Area General Manager - Economic Oversight and Finance
Terceiro Mateos, José Manuel	Area General Manager - Acciona Infrastructure - Economics and Finance
Vega-Penichet Lopez, Jorge	General Secretary
Vicente Pelegrini, Justo	Area General Manager - Acciona Construction - Spain, Portugal and Africa

17.4. Other information relating to Directors. Statement regarding conflicts of interest

Pursuant to Article 229 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act was approved, at 31 December 2018 and 2017 according to the information available to the Company and notified by Directors and their related parties, they were not involved in any situations of conflict, whether direct or indirect, with the Company's interests.

18. Environment-related information

Given the activities it develops, the Company has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could be material in relation to the Group's equity, financial position and results. For this reason, no specific disclosures are contained in these notes.

19. Other disclosures

19.1 Personnel

The average number of employees in financial years 2018 and 2017, by category, was as follows:

Categories	2018	2017
Management and supervisors	141	117
Qualified technical personnel	149	136
Clerical and support personnel	56	59
Other employees	1	1
Total	**347**	**313**

Distribution by gender in the course of 2018 and 2017, broken down by category at the close of the year, was as follows:

	2018		2017	
Categories	**Men**	**Women**	**Men**	**Women**
Management and supervisors	91	50	89	48
Qualified technical personnel	74	75	64	59
Clerical and support personnel	19	37	18	43
Other employees	1	-	1	--
Total	**185**	**162**	**172**	**150**

In financial year 2018, 3.86 % of the group's headcount had a disability equal to or over 33%, mostly under the category of clerical and support personnel.

In financial year 2017, 3.60 % of the group's headcount had a disability equal to or over 33%, mostly under the category of clerical and support personnel.

19.2 Auditor's fees

In financial years 2018 and 2017, the fees for financial statement auditing services and other services provided by the Acciona, S.A.'s auditor, KPMG Auditores, S.L. or by companies belonging to the KPMG network have been the following:

	Services provided by the main auditor		Services provided by other audit firms	
	2018	**2017**	**2018**	**2017**
Auditing services	849	516	--	--
Other verification services	247	157	404	218
Total auditing and related services	**1,096**	**673**	**404**	**218**
Fiscal advice services	80	83	91	78
Other services	761	1,367	2,692	3,547
Total Professional Services	**841**	**1,450**	**2,783**	**3,625**

The fees for services provided by the auditing firm KPMG Auditores, S.L. have been 849 thousand euros in 2018 (516 thousand euros in 2017) for the annual financial statements, and 247 thousand euros in 2018 (157 thousand euros in 2017) for assurance services.

With regards to the main auditor, "other assurance services" includes mainly limited reviews of interim financial statements, services to issue "comfort letters" related to securities. The concept of "tax advisory services" includes mainly fees for advisory services on corporate tax. Finally, "other services" mainly includes advice on information security, advisory services in the scope of sustainability and corporate social responsibility, and other information technology consultancy services.

20. Events after the reporting period

The Company has continued to engage in its ordinary business activities and no relevant events took place after the close of financial year 2018 and up to the date these financial statements were prepared.

APPENDIX I

GROUP COMPANIES

The subsidiaries of ACCIONA, S.A. considered as Group companies according to Standard 13 on the Preparation of Annual Accounts of the General Accounting Plan, and the information thereon at 31 December 2018, were the following (amounts in thousand euros):

NAME	LOCATION	DIVISION	AUDITOR (*)	INVESTMENT	PROVISION	NET CARRYING AMOUNT	DIRECT	INDIRECT	TOTAL SHAREHOLDING	DIVIDENDS RECEIVED	SUBSCRIBED CAPITAL	RESERVES	ATTRIBUTED RESULT	INTERIM DIVIDEND	TRANSL. DIF.	NON-CONTROLLING INTERESTS
ACCIONA AIRPORT SERVICES FRANKFURT, GMBH	GERMANY	SERVICES	C	5,636.8	--	5,636.8	100.00%		100.00%	--	4,627.2	4,298.7	-554.0	--	--	--
CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.L.	MADRID	ENERGY	C	2,917,223.8	-337,679.0	2,579,544.8	100.00%		100.00%	76,258.3	329,250.6	1,999,112.4	84,731.5	-76,258.3	--	--
ACCIONA FINANCIACIÓN FILIALES	MADRID	OTHER ACTIVITIES	C	411,826.0	--	411,826.0	100.00%		100.00%	7,392.9	82,413.2	436,512.6	122,918.0	-29,350.0	--	--
ACCIONA INMOBILIARIA, S.L.	MADRID	OTHER ACTIVITIES	C	1,434,453.6	-462,391.5	972,062.1	100.00%		100.00%	39,102.7	285,192.3	550,279.7	43,447.4	-39,102.7	--	--
GESTION DE RECURSOS CORPORATIVOS, S.L.	NAVARRA	OTHER ACTIVITIES		3.4	-3.4	--	100.00%		100.00%	--	5.0	-10.6	-0.6	--	--	--
BESTINVER, S.A.	MADRID	OTHER ACTIVITIES	C	6,112.9	--	6,112.9	100.00%		100.00%	50,077.5	6,010.0	4,066.2	50,918.6	-50,078.0	--	--
BESTINVER GESTION S.C.I.I.C., S.A.	MADRID	OTHER ACTIVITIES	C	0.0	--	0.0	0.01%	99.99%	100.00%	0.8	330.6	11,165.9	45,987.0	-32,560.0	--	--
BESTINVER PENSIONES G.F.P., S.A.	MADRID	OTHER ACTIVITIES	C	0.0	--	0.0	0.00%	100.00%	100.00%	0.1	1,204.0	3,320.4	7,345.3	-4,052.0	--	--
BESTINVER SOCIEDAD DE VALORES, S.A.	MADRID	OTHER ACTIVITIES	C	0.0	--	0.0	0.01%	99.99%	100.00%	--	4,515.0	5,093.1	-136.4	--	--	--
CORPORACIÓN ACCIONA INFRAESTRUCTURAS S.L.	MADRID	CONSTR. & ENGINEERING		1,313,295.7	--	1,313,295.7	100.00%		100.00%	22,080.4	92,503.0	1,220,563.8	24,533.8	-22,080.4	-4.8	--
COMPAÑIA INTERNACIONAL DE CONSTRUCCIONES	PANAMA	OTHER ACTIVITIES		1,353.4	--	1,353.4	100.00%		100.00%	--	1,114.4	5,012.1	-217.4	--	838.9	--
CIRTOVER, S.L.	MADRID	OTHER ACTIVITIES		3.1	-3.1	--	100.00%		100.00%	--	3.0	91.7	-0.2	--	--	--
COEFISA, S.A.	SWITZERLAND	OTHER ACTIVITIES		710.8	--	710.8	100.00%		100.00%	--	784.5	541.4	8.3	--	-60.3	--
COPANE VALORES, S.L.	MADRID	OTHER ACTIVITIES		55,778.7	--	55,778.7	100.00%		100.00%	3,164.6	2,382.5	53,396.1	727.3	-727.3	--	--
CENTRO DE SERVICIOS COMPARTIDOS DE ACCIONA SL	MADRID	OTHER ACTIVITIES		3.0	--	3.0	100.00%		100.00%	--	3.0	--	--	--	--	--
DREN, S.A.	MADRID	OTHER ACTIVITIES		1,335.5	--	1,335.5	100.00%		100.00%	--	1,001.6	-303.8	201.2	--	--	--
APODERADA CORPORATIVA GENERAL, S.A.	MADRID	OTHER ACTIVITIES		60.1	-152.3	-92.2	100.00%		100.00%	--	60.1	-472.2	-18.1	--	--	--
ENTIDAD EFINEN, S.A.	MADRID	OTHER ACTIVITIES		4,507.6	-2,936.7	1,570.9	100.00%		100.00%	--	183.1	1,387.8	-0.2	--	--	--
NECSO ENTRECANALES CUBIERTAS MEXICO,SA. DE CV	MEXICO	CONSTR. & ENGINEERING	C	9.9	-9.9	--	0.00%	100.00%	100.00%	--	27,519.8	-1,035.1	-19,201.6	--	-7,565.2	--
FINANZAS Y CARTERA UNO, S.A.	MADRID	OTHER ACTIVITIES		15.0	-12.2	2.8	100.00%		100.00%	--	5.4	-2.6	-0.4	--	--	--
FINANZAS Y CARTERA DOS, S.A.	MADRID	OTHER ACTIVITIES		159.7	-38.8	120.8	100.00%		100.00%	--	34.3	86.5	-0.2	--	--	--
FINANZAS DOS, S.A.	MADRID	OTHER ACTIVITIES		6,625.9	-5,168.6	1,457.3	100.00%		100.00%	--	691.0	766.3	10.8	--	--	--
GRUPO BODEGAS PALACIO 1894, S.A.	MADRID	OTHER ACTIVITIES	C	31,709.7	--	31,709.7	100.00%		100.00%	8,279.5	26,294.1	23,574.7	586.3	-586.3	--	--
HOSPITAL DE LEON BAJIO, S.A. DE C.V.	MEXICO	CONCESSIONS	C	2,901.3	--	2,901.3	98.00%	2.00%	100.00%	1,750.8	2,960.4	23,506.6	-34.1	--	-6,625.7	--
INANTIC, S.A.	MADRID	OTHER ACTIVITIES		70.0	-70.0	--	100.00%		100.00%	--	210.4	-211.7	0.2	--	--	--
APODERADA GENERAL DE SERVICE, S.A.	MADRID	OTHER ACTIVITIES		18,719.8	-18,433.8	286.0	100.00%		100.00%	--	206.2	-12.4	-1.8	--	--	--
S.C. A2 TRAMO 2, S.A.	GUADALAJARA	CONCESSIONS	C	14,876.0	-13,527.3	1,348.7	100.00%		100.00%	--	14,876.0	-8,785.8	4,382.9	--	--	--
ACCIONA LOGÍSTICA, S.A.	MADRID	OTHER ACTIVITIES		326,888.2	-194,122.9	132,765.3	100.00%		100.00%	12,519.9	75,699.6	57,065.8	13,910.9	-12,519.9	--	--
Scdad .empresarial de financiacion y comercio, S.L	MADRID	OTHER ACTIVITIES		138.2	-138.2	--	100.00%		100.00%	--	14.5	217.5	-0.3	--	--	--
TIBEST CUATRO, S.A.	MADRID	OTHER ACTIVITIES		13,522.8	--	13,522.8	100.00%		100.00%		11,195.1	3,992.5	163.3	--	--	--
TICTRES, S.A.	MADRID	OTHER ACTIVITIES		18,249.3	-17,717.0	532.3	100.00%		100.00%	--	2,701.6	-2,169.3	-26.9	--	--	--
		TOTAL GROUP COMPANIES		6,586,190.2	-1,052,404.8	5,533,785.5				220,627.7	973,991.4	4,391,048.3	379,680.7	-267,314.9	-13,417.1	--

(*) Companies whose financial statements are audited by: (A) Deloitte; (B) PricewaterhouseCoopers; (C) KPMG; (D) Ernst & Young; (E) Other.

JOINT VENTURES, ASSOCIATES AND OTHER

The subsidiaries of ACCIONA, S.A. considered as joint ventures and associates according to Standard 13 on the Preparation of Annual Accounts of the General Accounting Plan, and the information thereon at 31 December 2018, were the following (amounts in thousand euros):

NAME	LOCATION	DIVISION	AUDITOR (*)	INVESTMENT	PROVISION	NET CARRYING AMOUNT	DIRECT	INDIRECT	SHAREHOLDING SUM	DIVIDENDS RECEIVED	SUBSCRIBED CAPITAL	RESERVES	ATTRIBUTED RESULT	DIVIDENDS RECEIVED	TRANSLATION DIFFERENCES	NON-CONTROLLING INTERESTS
CONSTRUCTORA NECSO SACYR CHILE	CHILE	CONSTR. & ENGINEERING		0.0	-0.0	--	0.01%	49.99%	50.00%	--	17.8	-1,194.7	--	--	1,025.8	--
NORDEX SE**	GERMANY	ENERGY	B	753,941.6	-197,772.8	556,168.8	29.90%		29.90%	--	96,982.0	706,987.0	-52,000.0	--	-27,152.4	--
S.C. PUENTE DEL EBRO, S.A.	ARAGON	CONCESSIONS		6,692.5	-6,692.5	--	50.00%		50.00%	--	13,385.0	-31,841.9	58.5	--	--	--
INFRAESTRUCTURAS RADIALES, S.A.	MADRID	CONCESSIONS		25,895.9	-25,895.9	--	22.50%	2.50%	25.00%	--	23,220.4	-796,506.6	--	--	--	--
CONSORCIO TRAZA, S.A.	ARAGON	CONCESSIONS	D	7,078.8	--	7,078.8	16.60%		16.60%	--	575.0	3,177.4	-7,355.9	--	--	5,287.4
		TOTAL JOINT VENTURES, ASSOCIATES AND OTHERS		**793,608.8**	**-230,361.2**	**563,247.6**				**--**	**134,180.2**	**-119,378.7**	**-59,297.4**	**--**	**-26,126.6**	**5,287.4**

(*) Companies whose financial statements are audited by: (A) Deloitte; (B) PricewaterhouseCoopers; (C) KPMG; (D) Ernst & Young; (E) Other.
(**) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2018

GROUP COMPANIES

The subsidiaries of ACCIONA, S.A. considered as Group companies according to Standard 13 on the Preparation of Annual Accounts of the General Accounting Plan, and the information thereon at 31 December 2017, were the following (amounts in thousand euros):

NAME	LOCATION	DIVISION	AUDITOR (*)	INVESTMENT	PROVISION	NET CARRYING AMOUNT	DIRECT	INDIRECT	SHAREHOLDING SUM	DIVIDENDS RECEIVED	SUBSCRIBED CAPITAL	RESERVES	ATTRIBUTED RESULT	DIVIDENDS RECEIVED	TRANSLATION DIFFERENCES	NON-CONTROLLING INTERESTS
ACCIONA AIRPORT SERVICES FRANKFURT, GMBH	GERMANY	SERVICES	C	5,636.8	--	5,636.8	100.00%		100.00%	--	4,627.2	4,298.7	-554.0	--	--	--
ACCIONA CONCESIONES S.L.	MADRID	ENERGY	C	59,060.1	--	59,060.1	100.00%		100.00%	--	7,268.1	41,657.3	11,031.5	--	--	--
CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.L.	MADRID	ENERGY	C	2,917,223.8	-373,639.8	2,543,584.0	100.00%		100.00%	--	329,250.6	1,999,112.4	84,731.5	-76,258.3	--	--
ACCIONA FINANCIACIÓN FILIALES	MADRID	OTHER ACTIVITIES	A	411,826.0	--	411,826.0	100.00%		100.00%	--	82,413.2	436,512.6	122,918.0	-7,392.9	--	--
ACCIONA INMOBILIARIA, S.L.	MADRID	OTHER ACTIVITIES	A	1,434,453.6	-540,820.2	893,633.4	100.00%		100.00%	--	285,192.3	550,279.7	43,447.4	-39,102.7	--	--
GESTION DE RECURSOS CORPORATIVOS, S.L.	NAVARRA	OTHER ACTIVITIES		3.4	-3.4	--	100.00%		100.00%	--	5.0	-10.6	-0.6	--	--	--
BESTINVER, S.A.	MADRID	OTHER ACTIVITIES	A	6,112.9	--	6,112.9	100.00%		100.00%	48,077.5	6,010.0	4,066.2	50,918.6	-50,078.0	--	--
BESTINVER GESTION S.C.I.I.C., S.A.	MADRID	OTHER ACTIVITIES	A	0.0	--	0.0	0.01%	99.99%	100.00%	0.8	330.6	11,165.9	45,987.0	-32,560.0	--	--
BESTINVER PENSIONES G.F.P., S.A.	MADRID	OTHER ACTIVITIES	A	0.0	--	0.0	0.00%	100.00%	100.00%	0.1	1,204.0	3,320.4	7,345.3	-4,052.0	--	--
BESTINVER SOCIEDAD DE VALORES, S.A.	MADRID	OTHER ACTIVITIES	A	0.0	--	0.0	0.01%	99.99%	100.00%	--	4,515.0	5,093.1	-136.4	--	--	--
COMPAÑÍA TRASMEDITERRANEA S.A.	MADRID	OTHER ACTIVITIES	C	3,000.0	--	3,000.0	12.86%	79.85%	92.71%	380.7	127,239.0	84,986.0	146.0	--	--	--
CORPORACIÓN ACCIONA INFRAESTRUCTURAS S.L.	MADRID	CONSTR. & ENGINEERING		760,052.0	--	760,052.0	100.00%		100.00%	--	92,503.0	1,220,563.8	24,533.8	-22,080.4	-4.8	--
COMPAÑIA INTERNACIONAL DE CONSTRUCCIONES	PANAMA	OTHER ACTIVITIES		1,353.4	--	1,353.4	100.00%		100.00%	--	1,114.4	5,012.1	-217.4	--	838.9	--
CIRTOVER, S.L.	MADRID	OTHER ACTIVITIES		3.1	-3.1	--	100.00%		100.00%	--	3.0	91.7	-0.2	--	--	--
COEFISA, S.A.	SWITZERLAND	OTHER ACTIVITIES		710.8	--	710.8	100.00%		100.00%	--	784.5	541.4	8.3	--	-60.3	--
COPANE VALORES, S.L.	MADRID	OTHER ACTIVITIES		55,778.7	--	55,778.7	100.00%		100.00%	--	2,382.5	53,872.7	727.3	-727.3	--	--
CENTRO DE SERVICIOS COMPARTIDOS DE ACCIONA SL	MADRID	OTHER ACTIVITIES		3.0	--	3.0	100.00%		100.00%	--	--	--	--	--	--	--
DREN, S.A.	MADRID	OTHER ACTIVITIES		1,335.5	--	1,335.5	100.00%		100.00%	--	1,001.6	-303.8	201.2	--	--	--
APODERADA CORPORATIVA GENERAL, S.A.	MADRID	OTHER ACTIVITIES		60.1	-152.3	-92.2	100.00%		100.00%	--	60.1	-472.2	-18.1	--	--	--
ENTIDAD EFINEN, S.A.	MADRID	OTHER ACTIVITIES		4,507.6	-2,936.7	1,570.9	100.00%		100.00%	--	183.1	1,387.8	-0.2	--	--	--
NECSO ENTRECANALES CUBIERTAS MEXICO,SA. DE CV	MEXICO	CONSTR. & ENGINEERING	A	9.9	-9.9	--	0.00%	100.00%	100.00%	--	27,519.8	-1,035.1	-19,201.6	--	-7,565.2	--
FINANZAS Y CARTERA UNO, S.A.	MADRID	OTHER ACTIVITIES		15.0	-12.2	2.8	100.00%		100.00%	--	5.4	-2.6	-0.4	--	--	--
FINANZAS Y CARTERA DOS, S.A.	MADRID	OTHER ACTIVITIES		159.7	-38.8	120.8	100.00%		100.00%	--	34.3	86.5	-0.2	--	--	--
FINANZAS DOS, S.A.	MADRID	OTHER ACTIVITIES		6,625.9	-5,168.6	1,457.3	100.00%		100.00%	--	691.0	766.3	10.8	--	--	--
GRUPO BODEGAS PALACIO 1894, S.A.	MADRID	OTHER ACTIVITIES	A	31,709.7	--	31,709.7	100.00%		100.00%	--	26,294.1	23,574.7	586.3	-586.3	--	--
HOSPITAL DE LEON BAJIO, S.A. DE C.V.	MEXICO	CONCESSIONS	A	2,901.3	--	2,901.3	98.00%	2.00%	100.00%	2,288.1	2,960.4	23,506.6	-34.1	--	-6,625.7	--
INANTIC, S.A.	MADRID	OTHER ACTIVITIES		70.0	-70.0	--	100.00%		100.00%	--	210.4	-211.7	0.2	--	--	--
APODERADA GENERAL DE SERVICE, S.A.	MADRID	OTHER ACTIVITIES		18,719.8	-18,433.8	286.0	100.00%		100.00%	--	206.2	-12.4	-1.8	--	--	--
S.C. A2 TRAMO 2, S.A.	GUADALAJARA	CONCESSIONS	A	14,876.0	-13,527.3	1,348.7	100.00%		100.00%	--	14,876.0	-13,293.7	3,389.6	--	--	--
ACCIONA LOGÍSTICA, S.A.	MADRID	OTHER ACTIVITIES		326,888.2	-194,122.9	132,765.3	100.00%		100.00%	--	75,699.6	57,065.8	13,910.9	-12,519.9	--	--
Scdad .empresarial de financiacion y comercio, S.L	MADRID	OTHER ACTIVITIES		138.2	-138.2	--	100.00%		100.00%	--	14.5	217.5	-0.3	--	--	--
TIBEST CUATRO, S.A.	MADRID	OTHER ACTIVITIES		13,522.8	--	13,522.8	100.00%		100.00%		11,195.1	3,992.5	163.3	--	--	--
TICTRES, S.A.	MADRID	OTHER ACTIVITIES		18,249.3	-17,717.0	532.3	100.00%		100.00%	--	2,701.6	-2,169.3	-26.9	--	--	--
		TOTAL GROUP COMPANIES		6,095,006.5	-1,166,794.3	4,928,212.2				50,747.2	1,108,495.5	4,513,660.2	389,864.9	-245,357.8	-13,417.1	--

(*) Companies whose financial statements are audited by: (A) Deloitte; (B) PricewaterhouseCoopers; (C) KPMG; (D) Ernst & Young; (E) Other.

JOINT VENTURES, ASSOCIATES AND OTHER

The subsidiaries of ACCIONA, S.A. considered as joint ventures and associates according to Standard 13 on the Preparation of Annual Accounts of the General Accounting Plan, and the information thereon at 31 December 2017, were the following (amounts in thousand euros):

NAME	LOCATION	DIVISION	AUDITOR (*)	INVESTMENT	PROVISION	NET CARRYING AMOUNT	DIRECT	INDIRECT	SHAREHOLDING SUM	DIVIDENDS RECEIVED	SUBSCRIBED CAPITAL	RESERVES	ATTRIBUTED RESULT	DIVIDENDS RECEIVED	TRANSLATION DIFFERENCES	NON-CONTROLLING INTERESTS
CONSTRUCTORA NECSO SACYR CHILE	CHILE	CONSTR. & ENGINEERING		0.0	-0.0	--	0.01%	49.99%	50.00%	--	17.8	-1,194.7	--	--	1,025.8	--
NORDEX SE	GERMANY	ENERGY	B	753,941.6	-131,332.6	622,609.0	29.90%		29.90%	--	96,982.0	706,987.0	-64,918.4	--	-27,152.4	--
S.C. PUENTE DEL EBRO, S.A.	ARAGON	CONCESSIONS		6,692.5	-6,692.5	--	50.00%		50.00%	--	13,385.0	-31,841.9	58.5	--	--	--
INFRAESTRUCTURAS RADIALES, S.A.	MADRID	CONCESSIONS		25,895.9	-25,895.9	--	22.50%	2.50%	25.00%	--	11,610.2	-398,253.3	--	--	--	--
CONSORCIO TRAZA, S.A.	ARAGON	CONCESSIONS	D	12,074.4	--	12,074.4	16.60%		16.60%	--	575.0	3,177.4	-7,355.9	--	--	5,287.4
		TOTAL JOINT VENTURES, ASSOCIATES AND OTHERS		**798,604.4**	**-163,921.0**	**634,683.4**				--	**122,570.0**	**278,874.6**	**-72,215.9**	--	**-26,126.6**	**5,287.4**

(*) Companies whose financial statements are audited by: (A) Deloitte; (B) PricewaterhouseCoopers; (C) KPMG; (D) Ernst & Young; (E) Other.

ACCIONA, S.A.
DIRECTORS' REPORT – FINANCIAL YEAR 2018

ACCIONA reports in accordance with the International Financial Reporting Standards (IFRS) under a corporate structure that comprises three divisions:

- Energy includes the electric business encompassing the promotion of renewable generation plants, its construction, its O&M and the sale of the energy produced. All the electricity generated by Acciona Energía is renewable.

- Infrastructure:
  - Construction: including infrastructure construction and engineering activities.
  - Industrial: turn-key projects of high technological content mainly for the construction of generation plants and transmission networks.
  - Concessions: including the exploitation of mainly transport and hospital concessions.
  - Water 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 to the environment. ACCIONA Agua also operates water concessions across the entire water cycle.
  - Services include the activities of facility services, airport handling, waste collection and management and logistic services among others.
- Other activities includes the businesses of Trasmediterránea, Real Estate, Bestinver (asset manager), wineries and other businesses.

The Alternative Performance Measures or APMs used constantly in this Directors' Report by Acciona Group are listed and defined below:

EBITDA: is defined as operating income before depreciation and amortisation, that is, the operating result of the Group. The Company presents the calculation of EBITDA in the consolidated Profit & Losses account (see Consolidated Income Statement in point 2 of the Directors' Report). It is calculated by taking the following items of the consolidated income statement: "net revenue", "other revenues", "change in inventories of finished goods and work in progress", "procurement", "personnel expenses" and "other operating expenses".

EBT excluding corporate transactions: it is defined as earnings before tax excluding those accounting impacts related to exceptional events and decisions made by the Group's management, which go beyond the usual course of business operative decisions made by the different division's top management and are detailed in segment information note.

Net debt: shows the Group's debt, in net terms, deducting cash and current financial assets. The detailed reconciliation is broken down in the Cash-flow and Net Financial Debt Variation section of the Directors' Report. It is calculated by taking the following items from the consolidated balance sheet: "non-current interest bearing borrowings", "current interest bearing borrowings", less "cash and cash equivalents" and "other current financial assets".

Non-recourse debt: as indicated in Note 18 to the consolidated financial statements, it corresponds to debt that does not have corporate guarantees, and therefore its recourse is limited to the debtor's assets and cash flows.

Recourse debt: debt with a corporate guarantee.

Financial gearing: it shows the relation between the Group's financial debt and its equity. It is calculated dividing "net debt" (calculated as explained above) by "equity".

Backlog: is defined as the pending production, that is to say, contractual amounts or customer orders after having deducted the amounts already accounted for as income on the income statement. It is calculated on the basis of orders and contracts awarded to the Group, deducting the realised portion that is accounted on "net revenue" and adding or subtracting "other variations", that corresponds to forex adjustments, modifications to the initial contracts and other changes to be made to the awarded backlog.

Net Capex: is defined as the net change in the balance of property, plant & equipment, intangible, financial and real estate assets during the period, corrected by:

- Depreciation, amortisation and impairment of assets during the period
- Results on disposal of non-current assets
- Forex fluctuations

When dealing with changes in the consolidation perimeter, net capex is defined as the net outflow/inflow of used/sourced resources in the purchase/sale of net assets.

Operating Cash Flow: represents the ability of assets to generate resources in terms of net debt. It is obtained as follows:

EBITDA plus/minus change in operating working capital minus net financial cost plus/minus cash inflow/outflow of capital gains plus income from associates plus/minus other cash inflow/outflow different from those included in the Net Investment Cash Flow and from those which constitute remuneration to shareholders.

Net Investment Cashflow: is calculated as net Capex +/- change in Real Estate inventories +/- change in payables to Capex providers.

Management uses these APMs to take financial, operational or planning decisions. They are also used to evaluate the performance of the Group and its subsidiaries.

Management considers these APMs provide useful additional financial information to evaluate the performance of the Group and its subsidiaries as well as for decision-making by the users of the financial information.

Executive Summary

Key Highlights of the period:

- ACCIONA generated revenues of €7,510 million during 2018. This represents an increase of 3.5% compared to 2017.
- EBITDA reached €1,245 million, 2.4% lower than last year. On a like-for-like basis - excluding the contribution of the assets sold during 2017 and 2018 (Ruta 160, CSP in Spain, Trasmediterránea and Rodovia do Aço)- EBITDA grew by 9.2%.
- The Energy division increased by 2.4% in terms of EBITDA, despite the effect of the disposals. Infrastructures' EBITDA fell by 1.8% while Other Activities reduced its EBITDA contribution by 30.9%, mainly due to the deconsolidation of Trasmediterránea after its sale in the second quarter of 2018.
- Energy: on a like-for-like basis (excluding the contribution of the CSP business) EBITDA grew by 15%. The increase is explained by higher prices, the return to normalised production levels - after an atypical 2017 -, as well as the contribution from new capacity. In Spain, the Generation business EBITDA fell by 2.5% after the sale of CSP assets (+19.2% on like-for-like basis). In turn, the International Generation business grew by 8.5%.
- Infrastructure: EBITDA for the Infrastructure division decreased by 1.8%, despite the growth in Construction and Industrial (+10.1%), which maintained high production levels and margins. The rest of the division reduces its contribution mainly due to the sale of Ruta 160 and the end of the construction of the desalination plants in Qatar.
- Other Activities: Bestinver increased its EBITDA contribution by 3.6% as a result of an increase in average AUMs. The Real Estate business contributed an EBITDA of €9 million with the delivery of residential units in the last quarter of the year, partially compensating the deconsolidation of rental assets. The contribution of Trasmediterránea fell significantly due to its exit from the group.
- The Gross Capital Expenditure reached €643 million during 2018, plus €83 million of further investment outflow related with capex. Additionally, the Group allocated a total of €196 million to the Temporary Share Buy-back Programme, and €100 million net in residential development inventories.
- Divestments totalled €1,420 million (mainly as a result of the sale of the CSP business in Spain, Trasmediterránea, and the participation in Testa Residencial).
- Net debt reached €4,333 million vs. €5,224 million in FY2017. Financial results were reduced by 8.9% due to a lower average balance and costs. The working capital investment reached €200 million, significantly lower than in 2017 and improving the levels accumulated during the first nine months of 2018.
- Attributable net profit grew by 49.0% including the result of corporate transactions (€109 million) reaching €328 million.

Income Statement Data

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. %
Revenues	7,510	7,254	3.5%
EBITDA	1,245	1,275	-2.4%
EBITDA (like for like*)	1,203	1,102	9.2%
EBT excluding corporate transactions	377	382	-1.2%
EBT	509	356	42.8%
Attributable net profit	328	220	49.0%
Net profit excl. corp. transactions (like for like*)	219	233	-5.9%

**Refer to the details on the calculation of like for like figures in the "Consolidated Income Statement" section of this report.*

Balance Sheet Data and Capital Expenditure

(Million Euros)	31-Dec-18	31-Dec-17	Chg. %
Equity	3,495	3,963	-11.8%
Net debt	4,333	5,224	-17.1%
Net debt/EBITDA	3.5x	4.1x	n.m.

(Million euros)	**Jan-Dec 18**	**Jan-Dec 17**	**Chg. %**
Gross Capex	643	920	-30.1%
Net Capex:	(777)	719	n.m.
Net Investment Cash Flow	(594)	642	n.m.

Operating Data

	31-Dec-18	**31-Dec-17**	**Chg. %**
Infrastructure backlog (Million euros)	10,846	18,831	-42.4%
Average workforce	38,544	37,403	3.0%
Total capacity (MW)	9,627	9,022	6.7%
Consolidated capacity (MW)	7,585	7,497	1.2%
Total production (GWh) (Jan-Dec)	22,087	20,431	8.1%
Bestinver's assets under management (Million euros)	5,476	6,058	-9.6%

Consolidated Income Statement

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**7,510**	**7,254**	**256**	**3.5%**
Other revenues	462	613	(151)	-24.7%
Changes in inventories of finished goods and work in progress	44	29	15	50.8%
Total Production Value	**8,015**	**7,896**	**119**	**1.5%**
Costs of goods sold	(2,170)	(1,976)	(195)	-9.9%
Personnel expenses	(1,486)	(1,497)	11	0.7%
Other expenses	(3,114)	(3,149)	35	1.1%
EBITDA	**1,245**	**1,275**	**(31)**	**-2.4%**
Depreciation and amortisation	(610)	(633)	24	3.7%
Provisions	(29)	(30)	1	1.8%
Impairment of assets value	(11)	(7)	(5)	-68.4%
Results of non-current assets	163	111	52	46.8%
Other gains or losses	--	4	(4)	-103.4%
EBIT	**757**	**720**	**37**	**5.1%**
Net financial result	(293)	(322)	29	8.9%
Exchange differences (net)	3	(10)	12	125.3%
Var. provisions financial investments	--	(2)	2	n.m.
Share in results of associates accounted for by the equity method	42	(70)	112	160.8%
Variation in fair value of financial instruments	--	39	(39)	(100.6%)
EBT	**509**	**356**	**152**	**42.8%**
Tax on profit	(136)	(105)	(31)	-29.4%
Profit / (loss) from continuing activities	**372**	**251**	**122**	**48.4%**
Non-controlling interests	(44)	(31)	(14)	-44.2%
Attributable Net Profit	**328**	**220**	**108**	**49.0%**

In order to facilitate the analysis, a simplified Profit & Loss account is provided below, separating the results of corporate transactions from the total:

(Million euros)	Jan-Dec 18			Jan-Dec 17			
	Result of excluding corporate transactions	Result of corporate transactions	Total	Result of excluding corporate transactions	Result of corporate transactions	Total	Chg. excluding corporate transactions (%)
Revenues	**7,510**	**--**	**7,510**	**7,254**	**--**	**7,254**	**3.5%**
Cost of goods sold, expenses and other income	(6,265)	--	(6,265)	(5,979)	--	(5,979)	-4.8%
EBITDA	**1,245**	**--**	**1,245**	**1,275**	**--**	**1,275**	**-2.4%**
Depreciation and amortisation	(610)	--	(610)	(633)	--	(633)	3.7%
Provisions, impairments and other	(9)	132	122	(37)	115	78	74.8%
EBIT	**626**	**132**	**757**	**605**	**115**	**720**	**3.4%**
Net financial result	(293)	--	(293)	(322)	--	(322)	8.9%
Income from associates booked by the equity method	42	--	42	75	(145)	(70)	-44.0%
Other financial results	2	--	2	23	4	27	-91.2%
EBT	**377**	**132**	**509**	**382**	**(26)**	**356**	**-1.2%**
Tax on profit	(113)	(23)	(136)	(108)	3	(105)	-4.9%
Profit / (loss) from continuing activities	**264**	**109**	**372**	**274**	**(23)**	**251**	**-3.6%**
Non-controlling interests	(44)	--	(44)	(41)	10	(31)	-9.5%
Attributable Net Profit	**219**	**109**	**328**	**233**	**(13)**	**220**	**-5.9%**

Additionally, information has been included in the table below on the impact of assets sold on the income statement that allows for the comparison on a like-for-like basis:

(Million euros)	**Revenues**			**EBTIDA**			**EBT excl. corp. transactions**		
	Jan-Dec 18	**Jan-Dec 17**	**Chg. (€)**	**Jan-Dec 18**	**Jan-Dec 17**	**Chg. (€)**	**Jan-Dec 18**	**Jan-Dec 17**	**Chg.(€)**
Total Reported	**7,510**	**7,254**	**256**	**1,245**	**1,275**	**(31)**	**377**	**382**	**(5)**
CSP	43	147	(105)	29	106	(78)	3	29	(27)
Rodovia	24	38	(14)	9	10	(1)	(2)	(6)	5
Trasmediterránea	160	426	(265)	4	45	(41)	(7)	10	(16)
Ruta 160	--	30	(30)	--	12	(12)	--	(2)	2
Total changes in the scope of consolidation	*227*	*641*	*(414)*	*42*	*174*	*(132)*	*(5)*	*31*	*(37)*
Total (like for like)	**7,282**	**6,613**	**669**	**1,203**	**1,102**	**101**	**383**	**350**	**32**

Revenues

(Million euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Energy	2,206	1,737	469	27.0%
Infrastructures	5,059	4,940	119	2.4%
Other activities	392	690	(298)	-43.2%
Consolidation adjustments	(147)	(113)	(34)	-30.5%
TOTAL Revenues	**7,510**	**7,254**	**256**	**3.5%**

Consolidated revenues increased by 3.5% to €7,510 million, mainly due to the combination of:

- The increase in Energy revenues (+27%) mainly as a result of higher revenues from turnkey projects (photovoltaic project Puerto Libertad), higher Generation prices and a growth in production after an atypical 2017.
- An increase in the Infrastructure business revenues (+2.4%), with Construction and Industrial standing out (+4.2%).
- The decrease in revenues from Other Activities (-43.2%), driven by the sale of Trasmediterránea and lower income from Real Estate due to the deconsolidation of rental assets

EBITDA

(Million Euros)	Jan-Dec 18	% EBITDA	Jan-Dec 17	% EBITDA	Chg. €m	Chg. %
Energy	743	60%	726	57%	17	2.4%
Infrastructures	419	34%	426	33%	(8)	-1.8%
Other activities	86	7%	124	10%	(38)	-30.9%
Consolidation adjustments	(3)	n.m.	(1)	n.m.	(2)	n.m.
TOTAL EBITDA	**1,245**	**100%**	**1,275**	**100%**	**(31)**	**-2.4%**
Margin (%)	**16.6%**		**17.6%**			***-1.0pp***

Note: EBITDA contributions calculated before consolidation adjustments.

EBITDA declined by 2.4% to €1,245 million due to the combined effect of the growth in Energy (+2.4%) and the reduction in the contribution of Infrastructure (-1.8%) and Other Activities (-30.9%). On a like-for-like basis – excluding the contribution of disposals (Ruta 160, CSP business in Spain, Trasmediterránea and Rodovía) – EBITDA increased by 9.2%.

EBIT

EBIT amounted to €757 million, growing by +5.1% compared to 2017.

Earnings Before Tax (EBT)

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Energy	179	153	26	16.7%
Infrastructures	137	142	(4)	-2.9%
Other activities	63	86	(23)	-26.8%
Consolidation adjustments	(2)	1	(3)	n.m.
EBT excluding corporate transactions	**377**	**382**	**(5)**	**-1.2%**
Results from corporate transactions	132	(26)	157	n.m.
TOTAL EBT	**509**	**356**	**152**	**42.8%**
Margin (%)	**6.8%**	**4.9%**		**+1.9pp**

Note: In the 2018 financial year, the Corporate Unit in charge of the treasury centralising system has generated a financial margin that has been attributed among the various divisions in accordance with financing necessities, aiming to facilitate its year on year comparison; the information by segment of the 2017 financial year has been reformulated.

EBT grew by 42.8% including the result of corporate transactions which reached €132 million. Excluding said results, the EBT fell by 1.2%.

Attributable Net Profit

Attributable net profit reached €328 million vs. €220 million in 2017.

Consolidated Balance Sheet

(Million Euros)	31-Dec-18	31-Dec-17	Chg. €m	Chg. %
Property, Plant & Equipment and Intangible assets	7,451	8,393	(942)	-11.2%
Financial assets	1,209	1,523	(314)	-20.6%
Goodwill	198	186	13	6.9%
Other non-current assets	1,143	1,083	61	5.6%
NON-CURRENT ASSETS	**10,002**	**11,185**	**(1,183)**	**-10.6%**
Inventories	914	821	93	11.4%
Accounts receivable	1,701	1,892	(191)	-10.1%
Other current assets	425	298	127	42.5%
Other current financial assets	178	247	(69)	-27.8%
Cash and cash equivalents	1,717	1,273	445	34.9%
Assets held for sale	--	1,432	(1,432)	n.m.
CURRENT ASSETS	**4,936**	**5,963**	**(1,027)**	**-17.2%**
TOTAL ASSETS	**14,938**	**17,147**	**(2,210)**	**-12.9%**
Capital	57	57	--	0.0%
Reserves	3,104	3,486	(382)	-11.0%
Profit attributable to equity holders of the Parent Company	328	220	108	49.0%
Treasury stock	(200)	(3)	(196)	n.m.
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3,289	3,760	(471)	-12.5%
NON-CONTROLLING INTERESTS	206	203	3	1.3%
EQUITY	**3,495**	**3,963**	**(468)**	**-11.8%**
Interest-bearing borrowings	4,080	5,272	(1,192)	-22.6%
Other non-current liabilities	1,789	2,805	(1,017)	-36.2%
NON-CURRENT LIABILITIES	**5,869**	**8,077**	**(2,209)**	**-27.3%**
Interest-bearing borrowings	2,149	1,472	676	45.9%
Trade payables	2,459	2,199	260	11.8%
Other current liabilities	966	962	4	0.5%
Liabilities associated to assets held for sale	--	474	(474)	n.m.
CURRENT LIABILITIES	**5,574**	**5,107**	**467**	**9.2%**
TOTAL LIABILITIES AND EQUITY	**14,938**	**17,147**	**(2,210)**	**-12.9%**

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg.	Chg. (%)
EBITDA	1,245	1,275	(31)	-2.4%
Financial results	(226)	(254)	28	11.1%
Working capital	(200)	(310)	109	35.3%
Other operating cashflow	(153)	(251)	98	39.1%
Operating cashflow	**665**	**460**	**205**	**44.6%**
Gross ordinary Capex	(643)	(920)	277	30.1%
Divestments	1,420	201	1,219	n.m.
Real Estate inventories	(100)	(33)	(67)	n.m.
Other investment cashflow	(83)	110	(193)	n.m.
Net Investment Cashflow	**594**	**(642)**	**1,236**	**n.m.**
Treasury stock	(196)	(6)	190	n.m.
Derivatives	13	25	(12)	-47.9%
Forex	12	105	(93)	-88.9%
Dividends	(172)	(165)	(7)	-4.4%
Changes in scope and others inc. convertible bonds	(25)	130	(154)	-118.9%
Financing/other cashflow	**(368)**	**89**	**(457)**	**n.m.**
Change in net debt decrease / increase	**892**	**(93)**	**985**	**n.m.**

Attributable Equity

ACCIONA's attributable equity as of 31st December 2018 stood at €3,289 million, 12.5% lower than that at year-end 2017. This variation is mainly due to the effect of the first application of IFRS 15 and IFRS 9, as notified in the Consolidated Annual Accounts of the Group for 2017, along with the increase in Treasury stock resulting from the Buy-back Programme announced on 27th March.

Net Financial Debt

	31-Dec-18		31-Dec-17		Chg. €m	Chg. %
	Amount	Total	Amount	Total		
Non-recourse financial debt	1,540	25%	1,889	28%	(349)	-18.5%
Recourse financial debt	4,689	75%	4,855	72%	(167)	-3.4%
Financial debt (*)	**6,229**	**100%**	**6,744**	**100%**	**(516)**	**-7.6%**
Cash + Current financial assets	**(1,896)**		**(1,520)**		**(376)**	**-24.7%**
Net financial debt:	**4,333**		**5,224**		**(892)**	**-17.1%**

** Financial debt includes debentures and bonds.*

Net debt as of 31st December 2018 totalled €4,333 million, a reduction of €892 million compared to December 2017. This variation results from the combination of the following factors:

- Operating Cashflow, grew by 44.6% to +€665 million. The cashflow improvement is primarily due to lower consumption of working capital.
- Positive Net Investment Cashflow, which represents a net inflow of cash for the group (+€594 million), given that disposals have far exceeded investment during the period.
- The Financing Cashflow and Others, amounted to -€368 million, mostly reflecting the share buy-back programme and the 2017 dividend.

Financial gearing has evolved as follows:

(Million Euros)	31-Dec-18	31-Dec-17
Gearing (Net Debt/Equity) (%)	124%	132%

Capital Expenditure

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. (€m)	Chg. (%)
Energy	485	468	17	3.6%
Infrastructures	157	359	(202)	-56.3%
Construction and Industrial	22	278	(257)	-92.2%
Concessions	13	25	(11)	-45.9%
Water	59	38	21	54.0%
Services	63	18	45	n.m.
Other activities	1	93	(91)	-98.7%
Gross Capex	**643**	**920**	**(277)**	**-30.1%**
Divestments	(1,420)	(201)	(1,219)	n.m.
Net Capex:	**(777)**	**719**	**(1,496)**	**n.m.**

The gross capex across ACCIONA's various divisions in 2018 amounted to €643 million, 30.1% lower than the amount invested in 2017.

The largest share of investment is made by the Energy division, which invested €485 million (75.4% of the total amount) as a result of the construction of new assets, mainly wind power capacity in Chile, Mexico, Australia and USA. The Infrastructure division invested €157 million, including the payment of the acquisition of the Andes Airport Services business in the second quarter.

Gross capex in Other Activities does not include the net investment in Real Estate inventories which amounted to €100 million.

In terms of divestments, it mainly includes the proceeds from the Spanish CSP and Trasmediterránea disposals, the participation in Testa Residencial, and to a lesser extent the sale of a rented commercial property.

Results by Division

Energy

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Generation	1,442	1,324	118	8.9%
Spain	854	823	31	3.7%
International	588	501	87	17.4%
Non-generation	963	755	208	27.6%
Consolidation adjustments and other	(199)	(342)	143	41.9%
Revenues	**2,206**	**1,737**	**469**	**27.0%**
Generation	821	802	19	2.3%
Spain	441	452	(11)	-2.5%
International	380	350	30	8.5%
Non-generation	(31)	(32)	1	2.8%
Consolidation adjustments and other	(47)	(45)	(3)	-5.6%
EBITDA	**743**	**726**	**17**	**2.4%**
Margin (%)	*56.9%*	*60.6%*		
EBT	**179**	**153**	**26**	**16.7%**
Margin (%)	*18.2%*	*16.9%*		

ACCIONA Energy revenues increased by 27.0% to €2,206 million compared to 2017, thanks to the new capacity and despite the deconsolidation of the CSP business.

EBITDA also reached €743 million (+2.4%). Generation EBITDA improved by 2.3% to €821 million.

The Spanish Generation business EBITDA fell by 2.5% mainly due to the deconsolidation of the CSP business since May The average prices have also been higher than in 2017, in a context of higher wholesale prices (€57.3/MWh vs. €52.2/MWh in 2017), partially mitigated by forward sales.

International Generation EBITDA increased by 8.5% driven by the new operating capacity, higher production, and higher prices, which have been partially compensated by the negative evolution of the exchange rate.

Over the last 12 months, consolidated installed capacity increased by 88MW as a result of the increase in 255MW in the International portfolio (wind capacity of 99MW in Mexico and 132MW in Australia, and 24MW in the Ukraine) and 83MW in Spain (related to the repowering of a wind facility and the purchase of the remaining 50% of two wind facilities that were consolidated by the equity method), which was partially offset by the Spanish CSP transaction (250MW).

At an operational level, consolidated production amounted to 18,605GWh growing by 9.9% in 2018. Specifically, it increased by +6.7% in the Spanish market despite the CSP disposal, driven mainly by the higher hydro output. International assets showed a growth in production of +14.3%. This increase is explained by the entry of new operating capacity, as well as by the increase in the generation of the existing portfolio, particularly Mexico, Chile and United Sates.

Breakdown of Installed Capacity and Production by Technology

	Total		Consolidated		Net	
31-Dec-18	**Installed MW**	**Produced GWh**	**Installed MW**	**Produced GWh**	**Installed MW**	**Produced GWh**
Spain	**5,681**	**13,242**	**4,456**	**10,399**	**5,036**	**11,733**
Wind	4,740	10,149	3,516	7,306	4,098	8,658
Hydro	876	2,581	876	2,581	876	2,581
Solar Thermoelectric	--	80	--	80	--	80
Solar PV	3	4	3	4	3	3
Biomass	61	428	61	428	59	410
International	**3,946**	**8,846**	**3,129**	**8,207**	**2,582**	**5,819**
Wind	2,902	8,030	2,700	7,477	1,942	5,220
Mexico	740	2,282	740	2,282	544	1,587
USA	721	2,220	646	1,989	467	1,448
Australia	435	1,072	371	903	312	692
India	164	392	164	392	135	322
Italy	156	223	156	223	104	148
Canada	181	481	141	369	94	246
South Africa	138	345	138	345	51	126
Portugal	120	262	120	262	75	160
Poland	101	227	101	227	67	151
Costa Rica	50	285	50	285	32	185
Chile	45	122	45	122	30	81
Croatia	30	78	30	78	20	52
Hungary	24	42	--	--	12	21
Solar PV	980	701	365	616	596	523
Chile	246	411	246	411	246	411
South Africa	94	205	94	205	35	75
Portugal	46	85	--	--	20	37
Mexico	405	--	--	--	202	--
Egypt	165	--	--	--	69	--
Ukraine	24	--	24	--	24	--
Solar Thermoelectric (USA)	64	114	64	114	43	76
Total Wind	**7,643**	**18,179**	**6,216**	**14,783**	**6,041**	**13,878**
Total other technologies	**1,984**	**3,908**	**1,369**	**3,823**	**1,576**	**3,673**
Total Energy	**9,627**	**22,087**	**7,585**	**18,605**	**7,617**	**17,552**

Infrastructures

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Construction	3,137	3,131	6	0.2%
Industrial	411	274	137	50.2%
Concessions	108	140	(32)	-23.1%
Water	639	682	(42)	-6.2%
Services	800	753	47	6.3%
Consolidation adjustments	(36)	(39)	3	8.0%
Revenues	**5,059**	**4,940**	**119**	**2.4%**
Construction	205	197	8	3.9%
Industrial	23	10	13	136.8%
Concessions	49	56	(7)	-12.4%
Water	113	130	(17)	-13.1%
Services	30	34	(5)	-13.6%
EBITDA	**419**	**426**	**(8)**	**-1.8%**
Margin (%)	8.3%	8.6%		
EBT	**137**	**142**	**(4)**	**-2.9%**
Margin (%)	2.7%	2.9%		

ACCIONA Infrastructure revenues amounted to €5,059 million, a slight increase relative to 2017 (+2.4%). EBITDA decreased by 1.8% and stood at €419million.

Construction & Industrial Backlog

(Million Euros)	31-Dec-18	31-Dec-17	Chg. %	Weight (%)
Construction	5,328	6,287	-15.3%	49%
Industrial	687	481	42.9%	6%
Water	3,779	11,165	-66.2%	35%
Services	1,052	898	17.2%	10%
TOTAL	**10,846**	**18,831**	**-42.4%**	**100%**

A. Construction

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**3,137**	**3,131**	**6**	**0.2%**
EBITDA	**205**	**197**	**8**	**3.9%**
Margin (%)	6.5%	6.3%		

Revenues remained stable at €3,137 million (+0.2%). EBITDA reached €205 million (+3.9%) supported by the contribution of large international projects, highlighting Quito Metro. EBITDA margin grew to 6.5%.

Construction backlog

As of 31st December 2018, Construction backlog stood at €5,328 million, 15.3% lower than at the end of 2017.

The reason for this decline was the high volume of work carried out, mainly in Australia, Ecuador and the Emirates. This effect has been partially mitigated by new awards in markets such as Norway (Highway E6 Ranheim-Vaernes), Australia (WTE Kwinana and Southern Program Alliance) and Canada (two road maintenance contracts).

(Million Euros)	31-Dec-18	31-Dec-17	Chg. %	Weight (%)
Total Spain	**1,286**	**1,228**	**4.7%**	**24%**
Total International	**4,042**	**5,060**	**-20.1%**	**76%**
Latin America	1,017	2,013	-49.5%	19%
EMEA (not inc. Spain)	1,599	1,439	11.1%	30%
Australia & South East Asia	774	1,002	-22.8%	15%
North America[1]	653	606	7.6%	12%
TOTAL	**5,328**	**6,287**	**-15.3%**	**100%**

1 Mexico included in Latam

B. Industrial

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**411**	**274**	**137**	**50.2%**
EBITDA	**23**	**10**	**13**	**136.8%**
Margin (%)	5.6%	3.5%		

Industrial EBITDA grew as a result of higher production and a higher operating margin.

Industrial backlog

Industrial backlog has increased significantly, worth noting are the construction awards of a Waste-to-Energy facility in Australia in consortium with ACCIONA Construcción, and two biomass plants in Spain.

(Million Euros)	31-Dec-18	31-Dec-17	Chg. %	Weight (%)
Spain	177	19	n.m.	26%
International	510	462	10.4%	74%
TOTAL	**687**	**481**	**42.9%**	**100%**

C. Concessions

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**108**	**140**	**(32)**	**-23.1%**
EBITDA	**49**	**56**	**(7)**	**-12.4%**
Margin (%)	45.1%	39.6%		

Concessions revenues and EBITDA fell to €108 million and to €49 million, respectively; mainly explained by the sale of Ruta 160 at 2017-year end.

Appendix V shows the detail of the concessions portfolio as of 31 December 2017.

D. Water

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**639**	**682**	**(42)**	**-6.2%**
EBITDA	**113**	**130**	**(17)**	**-13.1%**
Margin (%)	17.7%	19.1%		

The Water division revenues fell by 6.2% and its EBITDA decreased by 13.1% to €113 million, mainly due to the completion of the two desalination plants in Qatar.

Water Backlog

The backlog at 31 December 2017 mainly included an amount of 7,858 million euros related to the backlog pending implementation for the years remaining on the ATLL contract, which has not been considered for financial year 2018 as a result of its settlement in the short term. D&C Backlog doubled its size, highlighting the award of three new desalination plants: South Dhahran I and II in Saudi Arabia and Jabel Alí in the United Arab Emirates.

(Million euros)	31-Dec-18	31-Dec-17	Chg. (%)	Weight (%)
D&C	1,111	537	106.8%	29%
O&M	2,668	2,769	-3.7%	71%
ATLL	--	7,858	-100.0%	0%
TOTAL	**3,779**	**11,165**	**-66.2%**	**100%**

(Million euros)	31-Dec-18	31-Dec-17	Chg. (%)	Weight (%)
Spain	1,312	9,194	-85.7%	35%
International	2,467	1,970	25.2%	65%

TOTAL	**3,779**	**11,165**	**-66.2%**	**100%**

Appendix V shows the detail of the portfolio of water concessions regulated by CINIIF12 as of 31 December 2018.

E. Services

(Million Euros)	**Jan-Dec 18**	**Jan-Dec 17**	**Chg. €m**	**Chg. %**
Revenues	**800**	**753**	**47**	**6.3%**
EBITDA	**30**	**34**	**(5)**	**-13.6%**
Margin (%)	3.7%	4.6%		

Services backlog

(Million Euros)	**31-Dec-18**	**31-Dec-17**	**Chg. %**	**Weight (%)**
Spain	813	746	9.1%	77%
International	239	152	56.9%	23%
TOTAL	**1,052**	**898**	**17.2%**	**100%**

Other activities

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Trasmediterránea	160	426	(265)	-62.3%
Real Estate	84	113	(29)	-25.9%
Bestinver	102	106	(3)	-3.2%
Corp. and other	45	45	--	-0.6%
Revenues	**392**	**690**	**(298)**	**-43.2%**
Trasmediterránea	4	45	(41)	-91.7%
Real Estate	9	12	(4)	-30.5%
Bestinver	72	70	3	3.6%
Corp. and other	1	-3	4	141.8%
EBITDA	**86**	**124**	**(38)**	**-30.9%**
Margin (%)	21.9%	18.0%		
EBT	**83**	**86**	**(23)**	**-26.8%**
Margin (%)	16.1%	12.5%		

Trasmediterránea

As a result of the closing of Trasmediterránea disposal, the business only contributed until 31 May, which explains the fall in revenues and EBITDA.

Real Estate

Real Estate business contributed an EBITDA of €9 million due to the delivery of residential units in the last quarter of the year, which partially offset the deconsolidation of the rental asset portfolio.

Bestinver

Bestinver improved its EBITDA, reaching €72 million (+3.6%). The average funds under management amounted to €6,151 million in 2018, higher than the same period 2017 (€5,768 million).

At year end, the AUMs under management stood at €5,476 million.

MATERIAL INFORMATION, DIVIDEND AND SHARE DATA

Significant communications to the stock market

- **26 January 2018: The Company communicates the internal reorganisation carried out by one of the reference shareholders and the subsistence of the "Pacto Parasocial de Estabilidad Accionarial"**
  - The family Group of Mr. José María Entrecanales de Azcarate, has implemented an internal reorganisation resulting in La Verdosa, S.L. directly owning 5.31% of ACCIONA in order to rationalise the management of its participation, updating and simplifying its corporate governance.
  - The terms of the aforementioned Pacto Parasocial de Estabilidad Accionarial, to which La Verdosa, S.L. adheres, have not been modified, with each of its signatories retaining full freedom to vote. Therefore, there is no agreement on ACCIONA's management.
- **09 February 2018: ACCIONA reports on the news published in the newspaper "El Economista" regarding certain energy assets.**
  - In relation to the news published in the newspaper "El Economista", ACCIONA informs that it is holding negotiations with ContourGlobal to carry out a corporate operation related to energy assets, but neither the perimeter, nor the valuations, nor the other terms and conditions mentioned in the article reflect the reality of it.
- **22 February 2018: ACCIONA reports on the news published by the media regarding the Alta Ter-Llobregat (ATLL) water management contract.**
  - Regarding the news published in the media in relation to the Supreme Court ruling dismissing the "Generalitat de Catalunya" and "Sociedad General de Aguas de Barcelona, S.A." contentious-administrative appeal against the ruling of the High Court of Justice of Catalonia dated 22 June 2015, confirming the annulment of the award of the Alta Ter-Llobregat water management agreement already decreed by the High Court of Justice of Catalonia, ACCIONA informs that its appeal, based on grounds other than those portrayed on these appeals, has not yet been resolved. Therefore, no Sentence has been given regarding this matter.

- Once the Sentence is given, ACCIONA will analyse the grounds for its decision and will determine the appropriate legal and/or judicial actions.
- In any case, it should be recalled that, in accordance with Art. 56 related to the public tender and decision of the Regional Departments of Economy & Knowledge and Territory and Sustainability of the "Generalitat de Catalunya" dated 5 July 2013, "ATLL Concesionaria de la Generalitat de Catalunya" is obliged to continue providing services until the compensation set on the terms of reference and on the Consolidated Text of the Public Contract Law is paid and until the minutes in relation to the return of the assets and rights linked to the public service are signed.

- **27 February 2018: ACCIONA announces the disposal of five thermosolar plants in Spain**
  - ACCIONA ENERGÍA, S.A. has reached an agreement with Contourglobal Mirror 2, S.Á.R.L., a subsidiary of ContourGlobal plc, for the sale of its 100% stake in ACCIONA TERMOSOLAR S.L., owner of five thermosolar plants in Spain, including its evacuation assets, with a total installed capacity of 249.8MW.
  - The agreement implies an enterprise value for 100% of ACCIONA TERMOSOLAR, S.L. of €1,093m. Additionally, the parties have agreed an earn-out of up to €27m.
  - The transaction is subject to the fulfilment of two precedent conditions including (i) approval from the Spanish Competition Authorities (ii) and approval in AGM from ContourGlobal plc.

- **28 February 2018: ACCIONA reports on the sentence related to the Ter-Llobregat water supply service management agreement**
  - The Supreme Court's judgement has rejected the contentious-administrative appeals made by "ATLL Concesionaria de la Generalitat de Catalunya" and ACCIONA Agua against the Judgement rendered by the Superior Justice Court of Catalonia on 22nd June 2015, thus confirming the nullity of the assignment of the Ter-Llobregat water supply service management agreement ordered by the Superior Justice Court of Catalonia.
  - "ATLL Concesionaria de la Generalitat de Catalunya" and ACCIONA Agua are reviewing the Grounds of this Ruling to determine the legal and/or judicial actions to be adopted.
  - "ATLL Concesionaria de la Generalitat de Catalunya" shall continue rendering the service until the compensation amount provided by the "Pliego de Condiciones de la licitación" and the "Texto Refundido de la Ley de Contratos del Sector Público" is duly paid and the deed returning the rights and goods attached to the public service is signed.

- **01 March 2018: ACCIONA announces the temporary suspension of the Liquidity Contract**
  - ACCIONA reports on the temporary suspension of the Liquidity Contract, signed and dated 10th July 2017 with Bestinver Sociedad de Valores, S.A., for the management of its treasury stock, to enable the purchase in the market by ACCIONA, S.A. of up to 150,000 shares of ACCIONA, S.A., representing 0.262% of the share capital during a period of approximately 10 trading days. The

acquired shares will be used to execute the Share Delivery Plan for managers and employees.

- **07 March 2018: ACCIONA announces the recommencement of the Liquidity Contract**
  - ACCIONA has acquired, through a discretionary transaction with own shares, a total of 150,000 company shares, representing a 0.262% of the share capital at an average unit price of €65.76 per share.
  - Likewise, once the reported operation has been completed, the Company reports the recommencement of operations under the Liquidity Contract signed and dated 10 July 2017 with Bestinver Sociedad de Valores, S.A., for the management of its treasury stock.
- **27 March 2018: ACCIONA reports on the implementation of a time-scheduled Buy-back programme, stabilisation and treasury stock; and the temporary suspension of the Liquidity Contract**
  - The Company's Board of Directors has agreed to implement a time-scheduled buy-back programme over its own shares.
  - The Buy-back Programme will cover a maximum of 2,862,978 shares, representing, approximately, 5% of the Company's share capital and its maximum monetary amount is €233,332,707.
  - ACCIONA confirms that the main purpose of the time-scheduled Buy-back Programme over its own shares is the reduction of capital through the amortisation of shares.
- **20 April 2018: ACCIONA officially announces and submits the proposal of the Annual General Meeting**
  - ACCIONA S.A.'s Board of Directors has convened the Annual General Shareholders Meeting for 29 May 2018 on first call and 30 May 2018 on second call (expecting it to be held on second call).
- **24 May 2018: ACCIONA officially reports the fulfilment of the suspensive clause for the sale of its participation in Compañía Transmediterránea, S.A.**
  - ACCIONA reports the fulfilment of the precedent condition regarding the clearance from the Spanish Antitrust Authorities for the sale of the totality of its participation (92.71% of the corporate capital) in Compañía Trasmediterránea, S.A to Grupo Naviera Armas.
- **30 May 2018: Annual General Meeting – Approval of Agreements**

  At the Ordinary General Shareholders' Meeting held, on second call, on the 30 May 2018, the following agreements, among others, were adopted:

  1) To approve the individualised annual accounts of ACCIONA, S.A. for 2017, as well as the consolidated annual accounts of the corporate for the same period.
  2) To approve the management of the Board of Directors, managers and attorneys of the Company during 2017, as well as the management reports for 2017 presented by the Board of Directors.
  3) To approve the allocation of the results of the 2017 financial year set out in the approved annual accounts. The payment of dividends for a gross amount of €3.00 per share will be paid on 2 July 2018.

4) To re-elect Mr. José Manuel Entrecanales Domecq and Mr. Juan Ignacio Entrecanales Franco as Executive Directors; Mr. Javier Entrecanales Franco and Mr. Daniel Entrecanales Domecq as Proprietary External Directors;Ms. Ana Sainz de Vicuña Bemberg as Independent External Director. To appoint Mr. Javier Sendagorta Gómez del Campillo and Mr. José María Pacheco Guardiola as Independent External Directors. (All of them for the statutory mandate period).
5) To increase the maximum number of shares available under the 2014 Share and Performance Share Delivery Plan by 100,000 shares, notwithstanding subsequent increases if proposed by the Board of Directors and approved by the General Meeting of Shareholders.
6)
   a) To reduce the share capital of ACCIONA, S.A. by the amount resulting from the sum of the aggregate nominal value, with the maximum of 2,862,978 euros (the "Maximum Limit"), of own shares, each with a face value of one euro, that are acquired for redemption via the Buy-back Programme of up to 2,862,978 own shares that will be in force until 27 March 2019 at the latest, approved by the Board of Directors on 26 February 2018 As a result, the maximum figure of the capital reduction will be 2,862,978 euros, by means of the redemption of a maximum of 2,862,978 own shares, each with a face value of one euro, representing a maximum of 5% of the share capital at the time the resolution is adopted. The definitive figure of the capital reduction will be set by the Company's Board of Directors depending on the final number of shares acquired under the Buy-back Programme, provided that it does not exceed the above-mentioned Maximum Limit and excluding the shares that are aimed at covering the delivery plans for executive directors, managers and employees of the Group. The capital reduction will not entail the refund of contributions to shareholders provided that it will be charged against unrestricted reserves and that the Company will be the owner of the redeemed shares at the moment of the execution.
   b) To delegate to the Board of Directors, with the express power of sub-delegation or substitution, so that, within a term of no more than one month as of termination of the Buy-back Programme and, in any case, within the year following the date of adoption of this agreement it can execute this resolution, determining those aspects that have not been expressly established in this resolution or that are a result of the same, and adopt the resolutions, take the action and execute the public or private documents necessary or appropriate for the fullest execution of this resolution, in particular, but not limited to, delegating the following powers to the Board of Directors, with the express power of sub-delegation or substitution:

      (i) Set the final figure of the Capital Reduction in accordance with the terms of this resolution and establish any circumstances necessary in this regard, all in accordance with the conditions indicated above.

      (ii) Declare the Capital Reduction closed and executed setting, in this regard, the final number of shares to be redeemed and, as such, the amount by which the share capital of the Company should be reduced according to the rules established in this resolution.

      (iii) Draft a new wording for the article of the by-laws that sets the share capital so that it reflects the capital figure and number of shares in circulation due to the execution of the Capital Reduction.

(iv) Perform the formalities and actions necessary and present any documents required by the competent bodies so that, once the Company shares have been redeemed and the corresponding Capital Reduction deed has been executed and recorded at the Commercial Registry, the redeemed shares are delisted from the Spanish Securities markets, via the Securities Market Interconnection System (Continuous Market) and the cancellation of the corresponding book entries by IBERCLEAR.

(v) Publish those announcements that are legally required and make any applications and communications as appropriate and take any steps necessary or appropriate to execute and formalise the Capital Reduction before any public or private entities and bodies, Spanish or foreign, including the declaration, supplementation or remedy of defects or omissions that could prevent or hinder the full effect of the above resolutions.

7) To approve the amendment of articles 21 (Venue and time for holding the General Meeting. Extension of meetings) and 18 (Location of the General Meeting) in the terms of the proposed resolution placed at the disposal of the shareholders.
8) To approve, on a consultative basis, the Annual Report on Remuneration of Directors for the 2017 financial year.
9) To approve the 2017 Sustainability Report.
10) To authorise the announcement of Extraordinary General Meetings of the Company with a minimum of fifteen (15) days' notice, pursuant to article 515 of the Spanish Companies Act.
11) To delegate to the Board of Directors the broadest powers of implementation, interpretation, remedy and execution of the resolutions adopted by this General Meeting, with the express authorisation for the powers to be exercised by the Directors or the Secretary designated by the Board of Directors.

    Thus, among other actions, such persons are empowered so that any of them, acting jointly and severally, can:

    - Restate the current texts of the By-laws and the Regulations of the General Meeting.
    - Remedy any defects in the formalisation of the resolutions adopted by the General Meeting in the sense indicated by the verbal or written classification from the Commercial Registry.

- **30 May 2018: ACCIONA announces Dividend Payment**
    - ACCIONA reports on the distribution of a €3/share gross dividend to be paid on the 2nd July 2018. . The pertinent tax withholding, in its case, shall be deducted form said amount.

- **30 May 2018: ACCIONA reports on the renewal of the Board of Directors and its various committees**
    - ACCIONA issues a report on the renewal of the composition of the Board of Directors and of its different Committees:
        - Chairman: Mr. José Manuel Entrecanales Domecq as executive director
        - Vice Chairman: Mr. Juan Ignacio Entrecanales Franco as executive director

- Lead Independent Director: Mr. Juan Carlos Garay Ibargaray as independent external director
- Director: Mr. Daniel Entrecanales Domecq as proprietary external director
- Director: Mr. Javier Entrecanales Franco as proprietary external director
- Director: Ms. Belén Villalonga Morenes as independent external director
- Director: Mr. Jerónimo Marcos Gerard Rivero as independent external director
- Director: Ms. Ms. Ana Sainz de Vicuña Bemberg as independent external director
- Director: Ms. Karen Christina Figueres Olsen as independent external director
- Director: Mr. Javier Sendagorta Gómez del Campillo as independent external director.
- Director: Mr. José María Pacheco Guardiola as independent external director

- Likewise, the Board of Directors has adopted the following resolutions:

1) To delegate to the re-elected directors, Mr. José Manuel Entrecanales Domecq, Chairman of the Board and Mr. Juan Ignacio Entrecanales Franco, Vice Chairman of the Board, all the legal and statutorily delegable powers, which will be exercised individually as Managing Directors, except those that cannot be delegated by law.
2) To set the number required for the members of the Board's Committees in three.
3) During the last five years, the annual agenda of the Board of Directors has permitted it to implement all of its functions, without having to convene and meet its Executive Committee, who has not met since July 2013 and, thus, considers it unnecessary to renew the Board´s Executive Committee.
4) To renew the remaining Board´s Committees, which composition is as follows:
   - Audit Committee:
   - Mr. Juan Carlos Garay Ibargaray: Chairman
   - Ms. Ana Sainz de Vicuña Bemberg: Member
   - Ms. Karen Christina Figueres Olsen: Member

   - Appointments and Remuneration Committee:
   - Mr. Juan Carlos Garay Ibargaray: Chairman
   - Mr. Javier Sendagorta Gómez del Campillo: Member
   - Mr. Jerónimo Marcos Gerard Rivero: Member

   - Sustainability Committee:
   - Mr. Daniel Entrecanales Domecq: Chairman
   - Mr. Javier Entrecanales Franco: Member
   - Mr. José María Pacheco Guardiola: Member

- **12 June 2018: ACCIONA reports on the composition of other management and control bodies**
  - ACCIONA informs about the composition of the Board's Executive Committee after the changes in the group's management.
  - The Board's Executive Committee is made up of:
    - the Executive Directors:
    - Mr. José Manuel Entrecanales Domecq: Chairman,
    - Mr. Juan Ignacio Entrecanales Franco: Vice Chairman.

    - and the following Directors:
    - Mr. Alfonso Callejo Martínez,
    - Ms. Macarena Carrión López de la Garma,
    - Mr. Luís Castilla Cámara,
    - Ms. Arantza Ezpeleta Puras,
    - Mr. Rafael Mateo Alcala,
    - Mr. Joaquín Mollinedo Chocano,
    - Mr. Juan Muro-Lara Girod,
    - Mr. José Ángel Tejero Santos,
    - Mr. Jorge Vega-Penichet López.

- **11 July 2018: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/04/2018 and 10/07/2018**
  - On March 27, 2018 the Liquidity Contract was temporarily suspended to enable the initiation of the operational phase under the temporary Buy-Back Programme.

- **08 October 2018: ACCIONA reports that it has accepted the offer to sell the totality of its participation in Testa Residencial SOCIMI S.A.**
  - ACCIONA Real Estate, S.A. has accepted the offer made by Blackstone Group International Partners LLP, on behalf of Tropic Real Estate Holdings S.L., (the Buyer) for the sale of the entirety of its shares in Testa Residencial SOCIMI S.A., (Testa) for an approximate price of €14.3267/share, which equals a total price of €378,999,095.
  - The transaction, which is pending formalisation, will be subject to the precedent condition that the Buyer acquires at least a 50.01% of the share capital of Testa and that the take-over of control by the Buyer is approved by the antitrust authorities.

- **11 October 2018: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/07/2018 and 10/10/2018, inclusive**
  - On September 25th, 2018 (Significant Communication 269902) the operational phase under the Liquidity Contract was reactivated after its temporary suspension under the Buy-Back Programme.

- **18 October 2018: ACCIONA reports on the water services contract in Alta Ter-Llobregat**
  - ACCIONA confirms that the expert reports obtained ad cautelam determine the liquidation of the "contrato de gestión del servicio de abastecimiento de agua en

alta Ter-Llobregat" in approximately €305m according to Clause 9.12 and €769m the amount of damages.

- The total compensation owed by the Generalitat would amount to approximately €1,074m, without considering the deduction of the provisions for the ordinary liquidation of the contract (approximately €38m).
- ACCIONA holds a 76.05% shareholding in ATLL Concessionaria de la Generalitat de Catalunya, S.A. concessionaire of this contract.

▪ **29 October 2018: ACCIONA reports on the reactivation of the Liquidity Contract**

- ACCIONA reactivates the Liquidity Contract signed with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The operation through the Liquidity Contract will take effect as of today

▪ **15 November 2018: ACCIONA reports on the approval of the Audit Committee Regulation**

- As of this date, the Board of Directors of the Company has approved the regulations of the Audit Committee, in order to favour the independence of the Committee and determine, separately, the principles of action and its internal operational.
- The Regulation has been prepared considering the recommendations of good governance and the technical guidelines of the CNMV on Audit Committees of public interest entities.
- In addition, and following the recommendations of the aforementioned technical guidelines, the Board of Directors has approved the modification of the Board of Director's Regulations in order to channel, through the Secretary of the Board and the Committees, any resources required so that the Committees can fulfil their mission, in addition to foreseeing the possibility that the Committees have their own regulation.

▪ **On several dates from 9 April to 29 October: ACCIONA reports on the operations carried out over its own shares under the Buy-Back Programme**

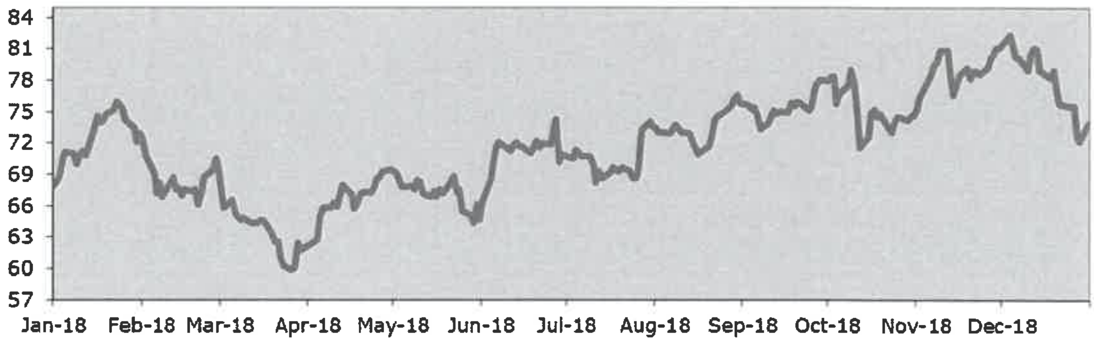
- As a result of the Significant Communication Information published on 27 March 2018 in which ACCIONA informs of the establishment of a temporary share Buy-back Program, the Group reports on a weekly basis on the treasury share transactions carried out within the framework of the Buy-back Programme

<u>Dividends</u>

On the 26 February 2018, ACCIONA's Board of Directors proposed the distribution of a dividend of €171.8m (€3.00 per share) against results of 2017 fiscal year.

Share data and share price performance

ACCIONA Share Price Evolution (€/share)



Key Share Data

	31-Dec-18
Price at 31 December 2018 (€/share)	73.90
Price at 29 December 2017 (€/share)	68.04
Low in FY 2018 (26/03/2018)	59.82
High in FY 2018 (04/12/2018)	82.30
Average daily trading (shares)	159,078
Average daily trading (€)	11,267,034
Number of shares	57,259,550
Market capitalisation at 29 December 2018 (€ millions)	4,231

Share Capital

As of 31st December 2018, the share capital of ACCIONA amounted to €57,259,550 divided into 57,259,550 shares of €1 of nominal value each.

The group's treasury shares as of 31 December 2018, amounted to 2,902,115 shares, which represent 5.07% of the share capital.

The changes in treasury shares in financial year 2018 were as follows:

	2018		2017	
	Number of shares	Cost	Number of shares	Cost
Opening balance	**45,702**	**3,146**	**233,898**	**14,403**
Additions	971,942	70,675	3,395,430	253,160
Retirements	(954,831)	(68,967)	(3,392,916)	(253,024)
Liquidity contract	**17,111**	**1,708**	**2,514**	**136**
Additions 03/05/2017 (*)	--	--	221,357	16,569

Other additions	2,967,395	203,073	90,001	6,370
Retirements	(128,093)	(8,311)	(502,068)	(34,332)
Other movements	**2,839,302**	**194,762**	**(190,710)**	**(11,393)**
Closing balance	**2,902,115**	**199,616**	**45,702**	**3,146**

(*) Specific acquisition to meet the convertible bond conversion requirements

Events after the reporting period

As discussed in Note 17 to these consolidated financial statements, on 16 January 2019 the Group submitted, within the term granted, allegations requiring the procedure to evict the facilities to be terminated insofar as ATLL Concessionària de la Generalitat de Catalunya, S.A. was not legally or contractually obliged to return the facilities and cease to effectively provide the service, until the corresponding compensation from the Generalitat has been paid.

Likewise, on 6 and 12 February 2019, the appeals filed in response to the concession asset eviction and return requirements for the assets under the Group's control and allowing the service to be provided were rejected by the HCJC. Therefore, the Group has submitted a written request to the Generalitat on 13 February 2019 to formalise the delivery of the assets subject to the provision of the service, and to continue as promptly and efficiently as possible, with the contract liquidation procedure, all in accordance with the terms and conditions included therein. However, as established in Article 56 of the Tender Specifications and the joint decision of the Regional Departments of Economy & Knowledge and Territory and Sustainability of the Generalitat de Catalunya, the Group shall continue to provide the concession services until the compensation set out in the Tender Specifications and in the Consolidated Text of the Public Contract Law is paid and until the minutes in relation to the return of the assets and rights linked to the public service are signed. On the assumption that the Group ceases to provide the service, without receiving the corresponding compensation, all appropriate legal and administrative procedures will be initiated, to claim the relevant contractual amount corresponding to the liquidation of such concession from the Generalitat.

Main Risks associated with the ACCIONA Group's business activities

The risk scenarios considered in the Acciona Risk Management System have been classified into four groups: financial, strategic, operational and unpredictable, with the first two groups identified by the Group's executives as those presenting a higher risk profile.

1. **Financial and Economic Risks:**

Mainly fluctuations in exchange rates, interest rates and financial markets, liquidity, cash flow, late payment or loss of clients.

In order to mitigate the exchange rate risk, Acciona engages currency derivatives (mainly exchange-rate hedging instruments) to cover significant future transactions and cash flows in line with the tolerated risk thresholds. Note 19 to the financial statements for

2018 includes detail of current and non-current assets and liabilities and of net equity at 31 December 2018 in the main currencies in which the Group 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 where the variation in interest rates may have a strong impact on their profitability. It is mitigated by hedging transactions through the engagement of derivatives. (Mainly Interest Rate Swaps, IRS).

As regards credit and liquidity risks, the Group negotiates operations exclusively with solvent third parties and requires sufficient assurances to mitigate the risk of financial losses in the event of any default.

Together with a suitable level of reserves, it also constantly monitors the forecasts and the current levels of cash flows to match these against the maturity profiles for financial assets and liabilities.

2. **Strategic Risks:**

They are risks that have the consequences of reducing the growth of the company and failing to meet the objectives due to inability to respond to a dynamic and competitive environment. These risks include organisational changes, investments and divestments, threats from competitors, economic, political and legal changes, and the impact of new technologies or research and development.

Acciona minimises this type of risk 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.

Risks derived from conduct that is contrary to ethics and integrity. The markets in which Acciona operates could be exposed to risks of an ethical nature that go against the principles of integrity and respect in existing legislation. Acciona has put in place a Code of Conduct which establishes the basic principles and commitments that all directors and employees of the divisions as well as suppliers and third parties in contact with these companies must fulfil and respect when carrying out their activities. There is a whistle blowing channel, communicated at all levels of the Organisation, to enable information to be passed on, with guarantees of confidentiality, regarding any irregular conduct relating to accounting, supervision and auditing as well as any other non-compliance or breach of the behaviour promulgated in the Code.

3. **Operational Risks:**

They are risks concerning processes, people and products. They are related to regulatory, legal and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and 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 control.

In order to mitigate the risks in the procurement process, controls have been established to favour free competition and transparency in the processes and to avoid violating Acciona's commitment to ethical behaviour in these processes. Acciona mitigates the main risks in its supply chain related to economic, environmental and labour matters by carrying out a thorough analysis of its critical suppliers.

4. Unforeseeable Risks:

They are risks related to damage caused to company assets and civil liability risks that could negatively impact the company's performance, including criminal acts of a cyber nature.

Acciona has a Corporate Management System for Environmental Crises. This system includes measures to be followed and the allocation of responsibilities and resources necessary for the adequate management of a crisis situation following any incident occurring at facilities owned or operated by the Company and leading to consequences for the environment.

In addition, social, environmental and governance risks are identified and assessed so that Acciona can improve its sustainability performance, improve its response to multiple scenarios and changing environments, and improve confidence among its stakeholders.

By using a risk assessment methodology, Acciona evaluates the risks related to climate change, the environment, social and labour aspects, governance and corruption, for each of the businesses where the company operates, based on the probability, economic-financial consequences and impact on the company's reputation.

As regards the tax risks faced by the Group, these are basically procedures, communication with business areas that may lead to an inadequate technical analysis, changes in tax regulations or administrative and jurisprudential criteria, as well as the reputational risk arising from tax decisions that may damage the Group's image and reputation. Acciona has defined a tax risk management policy for such issues which is based on a suitable control environment, a risk identification system, and a continuous monitoring and improvement process on the effectiveness of the established controls.

Acciona established a Crime Prevention and Anti-Corruption Model following the reform of the Spanish Penal Code. A Criminal Risk Map was developed during 2018 with the aim of fully integrating the regulatory control system and so that the controls introduced are perfectly aligned and audited.

Foreseeable Evolution

Worldwide economic growth rates for 2019 and 2020 are estimated to be 3.5% and 3.6% each, which is lower than the initial estimates provided by the last WEO report[1], which had originally predicted 3.7% growth for both years.

These lower rates are mostly due to the increased import tariffs introduced by the United States and China during 2018, as well as due to a trend towards more moderate investments during the second half of 2018 due to weaker financial markets, the implementation of new regulations in Germany's combustion vehicle industry, the increasing risk attached to sovereign debt in Italy, and the noticeable contraction of Argentinian and Turkish economies. Taking into account all this information, it is clear that cooperation between all countries is of the utmost importance, in order to solve commercial disagreements and mitigate the reigning uncertainty in a context where political risks are omnipresent, such as in the United Kingdom (which is facing a possible "no deal" exit from the European Union). Growth expectations for the UK are of approximately 1.5%. Base projections are based on the assumption of a Brexit agreement during 2019, and that the country gradually adapts to its new regime. The positive impact of the fiscal stimulus package included in the 2019 budget compensates some of the uncertainty related to its potential separation from the EU.

Although most of the tariff increases between the US and China have been suspended for 90 days, counting from 1 December, the possible resurgence of tensions during the last quarter has damped on global economic perspectives. The American economy is expected to continue growing at a rate of 2.5% during 2019 and 1.8% during 2020, as fiscal stimulus packages will be rolled back and the federal fund rate will temporarily surpass neutral interest rates. On the other hand, Japan will grow by 1.1% in 2019 (0.2 percentage points more than was predicted last October), mainly thanks to the fiscal support the economy will receive in order to mitigate the effects of consumer tax hikes, which are expected to be implemented in October 2019. In addition, the Japanese economy is expected to grow by 0.5% during 2020.

Growth predictions for developed economies are diminishing, from an initial estimate of 2.3% during 2018 to 2.0% for 2019 and 1.7% during 2020, due mainly to the adjusted predictions made for the Eurozone, as the European Central Bank has been very clear that it will not increase rates for monetary policies at least until mid-2019. Estimated growth in Europe for 2019 is 1.6% (1.7% for 2020). Some of the highlights for the region include Germany, which is not facing diminished external demands and weak private consumption rates; Italy, where internal demand levels are also low; and France, who is facing a high degree of social unrest, which is having a negative impact on the national economy.

With regards to emerging economies, growth rates are predicted to fall slightly to 4.5% during 2019, and then to increase back to 4.9% during 2020. Emerging economies in Asia

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[1] International Monetary Fund *Global Perspectives on World Economy, update on the last WEO report* (Davos: 2019), available at: https://www.imf.org/es/Publications/WEO/Issues/2019/01/11/weo-update-january-2019

will see slowed growth during 2019, where they are expected to reach a rate of 6.3% (6.4% during 2020). In particular, the Chinese economy is rapidly decelerating due to trade conflicts with the US and tougher financial conditions. On the other hand, India is expected to grow throughout 2019 thanks to competitive oil prices and a monetary tightening process that is slower than originally predicted. As for emerging economies in Europe, they are expected to weaken more than originally expected, dropping by 0.7% during 2019 (3.8% during 2018), despite general dynamic growth throughout Central and Eastern Europe. They are expected to bounce back to 2.4% during 2020.

In Latin America, growth rates are expected to increase during the coming two years, from 1.1% in 2018 to 2.0% in 2019 and 2.5% in 2020. The main reasons for this are the predictions for slower growth in Mexico due to diminished private investments, and a more severe contraction than expected in Venezuela. The Argentinian economy will contract during 2019, due to the effect of austerity policies, while the Brazilian economy will partially compensate for the expected cuts due to a continuation of the gradual recovery it is experiencing, following the recession of 2015-2016.

As for the regions of Middle East, North Africa, Afghanistan and Pakistan, predictions lean towards moderate growth: 2.9% in 2019, followed by a hike of 3% during 2020. The region is being weighed down by poor growth in oil production in Saudi Arabia, tighter financing conditions in Pakistan, US sanctions on Iran, and geopolitical tensions in general. In Sub-Saharan Africa, growth rates are expected to improve: from 2.9% during 2018 to 3.5% in 2019 and 3.6% in 2020. Despite the aforementioned conditions, it is expected that one third of the economies in Sub-Saharan Africa will grow more than 5% during 2019-2020.

Average period of payment to suppliers and Corporate Social Responsibility

To the effects of the provisions in article 262.1 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act is approved, the information on the average period for payment to suppliers is contained in Note 36 to the financial statements. In addition, and in conformity with recommendation 55 of the Code of Good Governance of Listed Companies, it is hereby indicated that the aspects related to Corporate Social Responsibility are discussed in the Sustainability Report.

Annual Corporate Governance Report

The Annual Corporate Governance Report is available in its entirety on the web site of the National Securities Market Commission (www.cnmv.es) and on the Company's web page (www.acciona.es).

In addition, the Annual Corporate Governance Report will be notified to the National Securities Market Commission as a Material Event.

For the purposes of Royal Decree 1362/2007 of 19 October (article 8.1 b), the Directors of Acciona, S.A., now subscribe the following **declaration under their own responsibility:**

To the best of their knowledge, the Financial Statements drawn up in accordance with the applicable accounting principles offer a true and fair view of the equity, financial situation and results of the issuer, and the Directors' report includes a faithful analysis of the business trend and results, together with the description of the main risks and uncertainties faced.

Formal note added to state for the record that the Directors of ACCIONA, S.A. are aware of the entire contents of the Financial Statements and the Directors' Report corresponding to the 2018 financial year of Acciona, S.A., as submitted to the Board of Directors and duly prepared by the Board at the meeting held on 28 February 2019, printed on 114 sheets, all of them signed by the Secretary and with the corporate Seal affixed and numbered as follows:

Therefore, in witness of their agreement herewith, this note is signed by all the members of the Board of Directors:

Mr. José Manuel Entrecanales Domecq
Chairman

Mr. Juan Ignacio Entrecanales Franco
Vice-Chairman

Mr. Javier Entrecanales Franco
Member

Mr. Juan Carlos Garay Ibargaray
Member

Mr. Daniel Entrecanales Domecq
Member

Ms. Karen Christiana Figueres Olsen
Member

Mr. Javier Sendagorta Gómez del Campillo
Member

Ms. Belén Villalonga Morenés
Member

Mr. José María Pacheco Guardiola
Member

Ms. Ana Sainz de Vicuña Bemberg
Member

Mr. Jerónimo Marcos Gerard Rivero
Member

Doña Clara Lois Lozano, Traductora-Intérprete Jurada de inglés número 10009 nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que sigue es traducción fiel al inglés de un documento escrito en español. En caso de discrepancia o ambigüedad, prevalecerá lo indicado en el original.

En Madrid, a 14 de abril de 2019

Firmado.

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº. 10009.

Ms Clara Lois Lozano, Sworn English Translator and Interpreter number 10009, authorized by the Spanish Ministry of Foreign Affairs, certifies that the succeeding is a truthful translation into English of a document written in Spanish. In case of any discrepancy or ambiguity, the original document shall prevail.

Madrid, on the 14th day of April 2019

Signed.