



# Interview with the Chairman

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**JOSÉ MANUEL  
ENTRECANALES**

**CHAIRMAN  
OF ACCIONA**

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Our main goal with this *2018 Integrated Report* is to describe how we provide solutions to the needs of today's society while not losing sight of the needs of the future, by generating value in the short, medium and long term for all our stakeholders. We want to credibly convey our commitment to sustainable development and our will to be an agent of the environmental and social change that our society needs.

This report is structured around our proposed solutions for sustainable development. These solutions shape our company's business model — an advanced, forward-looking model that can generate stable, predictable returns going forward.

## How would you describe ACCIONA?

We are a unique company that is inherently oriented towards responding to some of the main challenges facing society. Our business opportunities lie at the intersection between what society needs and what the sustainable future of the planet demands.

The challenges we face as a society are urgent and complex, and they involve governments, the private sector, social organisations and citizens alike. They require solutions that can not be addressed in isolation. For that reason, we don't see the company as an activity or set of activities performed in isolation. Our company can not be defined under any single heading. We are, in essence, greenfield developers and operators of essential infrastructure assets, with a special emphasis on renewable energy.

This report aims precisely to probe this issue in depth in order to persuade readers that our company is part of the solution — and not of the problem — to the challenges that we, as a society, must face.

## What solutions can the company offer?

In my view, the challenges facing the planet are set out formally in two recent, closely-related milestones: the 2030 Agenda and the Paris Agreement. The planet that we leave to future generations depends to a great extent on whether we achieve both goals. Success, which simply means a planet that is environmentally and socially more sustainable, will require combined efforts by governments, business and citizens and an unprecedented mobilisation of resources.

Responding to the challenges of sustainable development is at the core of ACCIONA's business model. For that reason, we supply cleaner energy, manage the water cycle, create infrastructures that facilitate the ecological transition, and offer electric mobility services, among others. And for that same reason, we are alert to new opportunities that can help us generate business and contribute to sustainable development.

Our close linkage to society's real needs makes us attractive to investors who look to the long term, who see in us a bet not only on the present but also on the future. Our business model also helps us attract the best talent. We at ACCIONA like to know that, through our work, we contribute to building a more sustainable society. I would like to think that our clients see us as a unique company with distinctive value.

### How would you describe 2018?

We met or exceeded the goals we set ourselves at the beginning of the year.

During 2018, the company invested in line with its strategic plans, increased operating cash flow and significantly reduced net financial debt.

Our business model generates stable cash flows; over 75 % of our EBITDA comes from long-term assets. And 94 % of capital employed is backed by those same assets, a sign of financial prudence that helps us manage the investment risk.

Beyond what this means in the short term — in terms of financial performance, shareholder remuneration and investor confidence — achieving our goals enables us to further our strategy of investing in the planet and responding to the needs of sustainable development.

### What makes a company like ours different?

Our core skill is in designing, building and operating complex assets for third parties or for our own portfolio.

I firmly believe that we are a company with numerous distinctive capabilities, where talent, technical capacity, sustainability and innovation provide the energy that enables us to transform ideas into assets. We are convinced that the future will have no room for business models that do not offer a double dividend: preserving the planet while generating value for investors, employees, customers and other stakeholders. That conviction is what has led us to build a company model that is configured to anticipate the needs of tomorrow's society.

And that conviction underpins our competitive advantages. And I dare say it will continue to do so for a long time.

### To conclude, where is ACCIONA going?

We are in a dynamic environment in which the needs of society are changing constantly, but there are trends which are undeniable. Environmental risks were not so important just a decade ago. Now, the World Economic Forum's *Global Risk Report* states that they are the most critical risks for our planet's prosperity. And there is every sign that this situation will persist. Access to energy and water, and infrastructures that improve people's lives, will become imperative needs in the coming decades.

In this changing environment, we have continued to advance our solutions, winning new contracts to ensure water supplies in some of the regions with the greatest water stress, current and future, such as the United Arab Emirates and Saudi Arabia.

Also, based on our use of advanced technology with a minimal environmental impact, we are implementing new transport infrastructures in advanced countries such as Norway and Australia.

Moreover, we are leaders in decarbonisation through an energy model focused on renewables, where we increased total capacity in 2018 while attaining record levels of competitiveness and availability.

The global will to transition towards sustainable growth models will underpin our development going forward. Our opportunity lies in sustainable development, and we pursue it fully aware of our abilities and limitations.

We do not know what the future will bring. What we do know is that we will be there wherever there is a need for more sustainable development.