



SAETA YIELD S.A.
ORDINARY GENERAL SHAREHOLDERS' MEETING
(21 June 2017)

CHAIRMAN'S SPEECH
José Luis Martínez Dalmau

Introduction

Good morning,

On behalf of the Board of Directors of Saeta Yield and all the company's employees, I would like to thank you for attending the General Shareholders' Meeting that we are holding today.

Saeta Yield is implementing its business plan in a sound and solvent manner. Right from the start, we have sought to maximise total earnings for our shareholders, based on two very clear strategic pillars:

- Firstly, excellent management of our asset portfolio, capable of generating stable, predictable cash flow, and sustainable high dividends. In this regard, we are leaders in the Spanish securities market, with an average dividend yield in the last year around 8.6%. Additionally, if we add to the dividends paid the stock price appreciation, our total return to shareholders in the last twelve months account for almost 27%.
- Secondly, by harnessing our ability to enlarge our profitable asset portfolio, based on our right of first offer agreement with ACS and Bow Power, and by finding other investment opportunities with third parties. Guided by our investment policy, focused on financial discipline, we have invested almost €725 million of enterprise value in recent months, acquiring some excellent business assets.

As a consequence, our value proposal can be summarised in two very simple concepts: sustainable profitability and growth.

During my speech today, I will talk about the main milestones in our short but intense history, I will present our results in 2016 and discuss our plans for coming semesters.

Saeta Yield's milestones

We were listed on the Spanish securities market just over two years ago, in February 2015. Since then, we have been making satisfactory process towards our objectives. During this period, Saeta Yield has proven its capacity for management, profitability, financial strength, growth strategy and operational excellence.

In 2015, we created and implemented some robust, rigorous corporate government policies that enable us to say, without a shadow of a doubt, that our performance in this area is appropriate. In this area, we are still in the throes of a continuous review process of the entire corporate government area: in recent months, we have reviewed our risk maps, adjusted the SCIFF policy and procedures, the dividends policy, and we are developing an environmental policy with the implementation of a certified management system in compliance with ISO 14001.

In December 2015, we successfully financed our Serrezuela thermal solar power plant, with excellent financial costs and term conditions, securing the funds required to undertake our growth strategy. This transaction is evidence of our capacity to reach the debt market, and the operative and financial health of our plants.

We then made our first ROFO asset acquisition from Bow Power in March 2016, purchasing two thermal solar power plants, Extresol 2 and Extresol 3 in Spain, each with 50 MW. This transaction, which entailed an investment with an enterprise value of more than €500 million, enabled us to show the basis of our close relationship with our sponsor and the functioning of our business model.

More recently, in January 2017, we announced our third and fourth asset acquisition, this time abroad, in Uruguay. By acquiring Carapé I and II, two wind farms with a total of 95 MW, Saeta Yield has reached two additional strategic milestones: the acquisition of assets from a third party and the commencement our international expansion, which is essential to diversify our assets. This operation, which was completed at the end of May, involved an investment in

enterprise value of more than €200 million, and has been a total success in all aspects:

- Firstly, the shareholder's rate of return and cash yield is more than 10% in both cases.
- Additionally, Uruguay is an optimal country for our investments, with excellent legal certainty, a sound economy and a stable electricity regulation.
- Our counterparty in this country, to which we will sell the electricity, is public electricity operator UTE, which will pay us in dollars under a long-term agreement with an average 21-year term.
- These assets are in perfect working order, and have been operating for a mere year and a half, with exceptional performance. I would like to point out the leading-edge technology of the Vestas wind turbines and a load factor of around 44%.
- Lastly, implies the landing of the Company in Uruguay. A growing presence since, if we eventually complete our acquisition plan in this country, acquiring the two ROFO assets that Bow Power is developing, Saeta Yield will become established with a very important position in Uruguay's electricity sector.

Purchasing these four assets in recent months has been a total success for our shareholders and has generated undeniable tangible and intangible value and paving the way for our future growth strategy.

We recently announced the achievement of another important milestone on our track, the refinancing of Manchasol 2, a thermal solar plant in Spain, which has enabled us to reduce the Group's financial costs, generate incremental net present value of almost €20 million, equivalent to €0.25 per share, and to increase our available recurring cash for distribution of €4.6 million. This transaction, again, confirms our capacity to generate value in our financial operations, and is evidence that our company is perfectly prepared to undertake complex refinancing processes, if this becomes necessary in the future.

All these milestones have allowed us to significantly increase the share dividend during the period. We have increased the implicit annual dividend from €0.70 per share when the company was floated, to an expected €0.76 per share at today's date, representing growth of almost 9%. Saeta Yield's share dividend is very significant. It is our main way of remunerating shareholders and we are fully committed to increasing this level continuously. To achieve this objective, we have made our dividend policy flexible, incorporating a wider pay-out range, between 80% and 95% of recurrent cash flow available for distribution.

Although we have consistently complied with our objectives, our performance on the securities market over these two years has been marked by volatility. During the initial months, great effort was required to explain the "yieldco" concept, which was almost unheard of in Europe, and a deep crisis affected some of our competitors midway through last year. However, the results of our business plan have enabled us to boost investor confidence in our business model in recent months. The current share price, and the fact that in the last two years we have paid out €1.54 per share in dividends, show total returns of 15% since the Group was listed. Lastly, I believe that, although the price of our shares has grown more than 28% in the year 2017, we will continue with this upward trend until we reach our fundamental value.

Year 2016

For the next few minutes, I would like to talk briefly about to the results from 2016 and our expectations for 2017.

In 2016 electricity production increased by 22% compared to 2015, as a result of the positive evolution of our wind assets and the contribution of Extresol 2 and Extresol 3. In this respect, our wind farms achieved an average availability ratio of 98.4%, with average thermal solar performance efficiency at 108% over what was theoretically expected, based on the meteorological conditions specified in the project.

Last year, we achieved revenues of €280 million, 27% more than in 2015, thanks mainly to the contribution of the new thermal solar plants, which offset low

electricity prices in the wholesale market, 21% below those seen in 2015. This lower price was a consequence of high wind and hydraulic power production in Spain, and cheaper fossil fuels at the beginning of 2016. This scenario of low prices was partly offset by the regulatory price bands mechanism, which limit electricity prices and their volatility. A substantial part of this impact will be recovered in the future, which safeguards the value of our assets and reduces our risk profile.

There is great certainty in our revenues, since most of this, 79%, comes from regulated components, and only the remaining 21% corresponds to electricity sales to the market. The latter, as we have already mentioned, under Spanish regulations, which protects us from significant fluctuations in wholesale prices.

As a result of this increased income, the EBITDA reached €199 million, that is 28% higher than those registered in 2015, with a diversified technology mix between wind and solar thermal assets.

At the same time, consolidated attributed net profit from 2016 was €30 million, 87% higher than in 2015.

Cash flow from operating assets in 2016 was affected by a series of non-recurring events, netting a total of €43 million. Among these, I must highlight the impact of lower electricity prices, the reduced CNMC coverage ratio, and the tax effect of Royal Decree 2/2016. All these seasonal effects meant lower-than-expected cash flow, but also generate future collection rights which will translate into increased cash flow in 2017 and in the years to come.

So much so, that we recently released our estimated cash flow from operating assets for this year, which we expected to be a figure around €80 million.

After the acquisition of Extresol 2 and Extresol 3, and the provision of funds for Serrezuela, our net debt stood at €1,171 million, with an average cost at year end of 4.3% and a net debt ratio over EBITDA of 5.6 times, which is a lower leverage than the Company's long-term target.

I believe that these results, in a complicated and challenging environment, have been satisfactory, confirming the strength of our business model and our future prospects.

Future

Saeta Yield is now a differential investment proposal in the Spanish and European markets, based on its capacity to generate sustainable income. This is the purpose of our mission: to be capable of making a difference in shareholder remuneration and doing this sustainably, from the point of view of consistent generation of value for shareholders, and for society.

With our current asset portfolio, we expect a recurring EBITDA for the 2017-2021 period of around €230 million per annum, 48% higher than our expectations in February 2015, date when the company was listed. Our assets will be capable of generating €73.1 million in recurring cash for distribution, which is 16% above the figure also published back in the IPO.

With figures like these, we are achieving our commitment to make dividends per share grow in a sustainable manner. To continue in that direction we must keep investing, in accordance with our strict investment criteria, which are to acquire operating assets, with long-term contracts, under stable regulatory regimes, or attractive, long-term energy sale agreements, strong currencies and with returns for shareholders and cash distribution in the double-digit range.

This company benefits from invaluable assistance from ACS and GIP, two large groups with holdings in Bow Power, which act as sponsors, developing an asset portfolio for which we have Right of First Offer. This future portfolio of projects is an extremely important intangible asset for us, and we will be relying on this in a determined way in the coming months.

We have liquidity in the company and sources of financing to invest of around €250 million in the near future. As we have already announced to the market, we are in the process of analysing Lestenergía, a wind portfolio from ACS - Cobra in Portugal, based on which will be decide whether to acquire this, if it meets our investment criteria, in the coming weeks. We hope to continue with our growth

process, with RoFO assets in Mexico and in Uruguay. At the same time, we will continue to analyse the third-party market to discover excellent opportunities, similar to Carapé.

With a medium-term vision, therefore, we aspire to increase the weight of international assets' revenues from the current 10% to almost 40%, once the acquisitions process is complete. This geographic diversification will lead to a better spread of risks.

This plan will also enable sustained higher dividends by share, making us an excellent, reliable investment opportunity for our shareholders.

Conclusion

To conclude, allow me to express my absolute conviction that we are on the right strategic and operational track. We are a stronger company, with a business model which is understood and accepted by the market. We have equipped ourselves with suitable tools for growth, and we have shown ourselves capable of offering our shareholders high and sustainable returns.

We intend, in any case, to go beyond mere financial remuneration for our shareholders. We are deeply committed to social profitability, since it is this social dividend that makes a business project sustainable in the long term. This social viability has at least two additional key components:

- On the one side, to generate clean energy, as we have done from the start.
- On the other side, to support the communities where we operate, with clear local commitment.

Our financial strength, operating excellence and efficiency, the quality of our assets, income diversification, a highly professional team absolutely committed to the Company, and a transparent and meticulous corporate governance system, that avoids any conflict of interest, are strengths that now are beginning to make the difference.

In the coming months, we will move forward with our international diversification, with a clear objective of balancing our cash flows in Spain and abroad, distributing our assets among different renewable technologies in stable countries with strong currencies.

We have clear and achievable opportunities for growth, as well as the liquidity and funds required to undertake them, and a sustainable business model that fosters dividend returns for our shareholders in the long term.

I therefore hope to see you next year to confirm our positive outlook and continue to share this exciting project with you.

Thank you very much.