

The background of the cover is a photograph of a high-voltage power transmission tower in a rural landscape. The tower is a steel lattice structure with multiple cross-arms supporting several high-voltage power lines that stretch across the frame. The landscape features a green field in the foreground, a line of trees, and a large green hill in the background under a blue sky with scattered white clouds. The text 'elecnor' is in white with an orange swoosh above it, '2015' is in a large, light grey font, and 'ANNUAL REPORT' is in a smaller white font below it.

elecnor
2015
ANNUAL REPORT

The background of the cover features a stylized, light blue line drawing of a high-voltage electrical transmission tower at the bottom center. From the tower, several bundles of power lines extend upwards and outwards, fanning out towards the top corners of the page. Each bundle of lines is represented by three parallel lines. Small square insulator symbols are placed at intervals along these line bundles. The overall design is clean and technical, reflecting the company's focus on the power sector.

elecnor
2015
ANNUAL REPORT

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LETTER FROM THE CHAIRMAN

Fernando Azaola
Chairman of Elecnor



Dear shareholders:

I am delighted to present the Elecnor Group's 2015 Annual Report, which includes the Annual Financial Statements, the Directors' Report and a complete overview of aspects such as our key performance and business indicators, the pursuit of our strategic objectives, management of our human resources, our commitments to sustainability and the latest undertakings of the Elecnor Foundation.

In 2015 our Group obtained a satisfactory balance sheet and delivered the targets set for net profit and sales while taking further steps to strengthen the foundations of its growth. It also improved its financing conditions and significantly reduced its debt ratios to even more favourable thresholds.

At EUR 65.7 million net profit was 12.2% higher than in 2014, a year when, in turn, the bottom line grew by 10%. This marks a continuation of the growth trend in recent years once the slowdown caused by the general economic crisis and, in particular, the reforms enacted in the energy sector had been overcome.

Sales also performed exceptionally well, rising by 9.1% to EUR 1,881 million.

Looking more closely at these figures, we note that in 2015 - unlike in previous

■ In 2015, our Group obtained a satisfactory balance sheet and delivered the targets set for net profit and sales while taking further steps to strengthen the foundations of its growth



years, when our domestic showing did not match the performance of international sales -, the structure was more balanced, with the strong performance of most of our overseas-based companies complemented by a positive domestic performance. Although international sales growth remains stronger (+11%), the domestic market also experienced a sharp increase (+7%).

With regard to market diversification, I must emphasise once again how Elecnor has defended and strengthened its leadership position in recent years in the domestic market, affording us much-needed stability in terms of business and recurring revenue whilst we opened up new horizons on the five continents. In 2015, sales were generated in 53 countries, accounting for 55% of the total and 84% of the backlog.

In 2015, the balance to which I alluded with regard to the make-up of growth in our markets also extends to other concepts. There is a balance, for example, between the performances of our two largest businesses, Infrastructure and Concessions and Investment. And also between the specific contributions to our turnover of stable contracts with recurring revenue and other major projects which, on account of their size, technical complexity, special financing

needs and commercial importance, boost growth and the standing of our Group. Last year fresh examples of this kind of major project included the Moree and Barcardine solar photovoltaic farms, which are our first large-scale developments in Australia, our work on the Southern Peru Gas Pipeline and the San Juan and Maan wind farms in Chile and Jordan respectively.

Also especially noteworthy in 2015 was the transaction to strengthen our growth capacity in the space sector. This involved our technological division Elecnor Deimos, which signed a strategic alliance with the Canadian company UrtheCast for joint projects in the aerospace sector. The deal, worth EUR 76.4 million, included the sale to UrtheCast of Deimos-1 and Deimos-2, Elecnor's two Earth observation satellites, and a series of ancillary agreements.

Also noteworthy is the restructuring of the companies that own the 375 MW of wind power already in operation in Brazil following the entry as minority shareholders of Wobben WindPower and CEEE-GT.

These are comparable with the transactions carried out in 2014 to which I referred in my last Letter to Shareholders: the agreement with the

Dutch group APG to develop new power transmission projects together in Latin America and the acquisition by the Canadian fund Eolelectric Club Limited Partnership of a 49% holding in our wind power subsidiary Enerfin, the owner of the L'Érable wind farm in the Canadian province of Quebec.

The ultimate aim of such alliances and agreements is to achieve growth in these strategic markets and sectors without compromising our financial stability, which is also always a key consideration. And this is because we are aware that none of our objectives for diversification, international expansion, leadership in the domestic arena, the development of large-scale projects or innovation would be viable without the solid financial foundation acquired over decades of rigour and responsibility in our financing policies.

In the sphere of corporate finance, the main development in 2015 was the signing of a novation contract to modify several of the conditions of the EUR 600 million syndicated loan taken out in July 2014 with 19 Spanish and international financial institutions. The novation extended maturity by one year to July 2020, and resulted in a significant improvement to the margin conditions originally agreed while maintaining the

■ All of these growth policies are diversified by sectors and markets. They are backed by prudent management of available financial resources and an ongoing search for new partnerships and sources of funding. These measures provide the best possible guarantee for consolidating a sustainable business model

limit at EUR 600 million. As a result financing costs are now lower.

Also, as part of its strategy of diversification of short/medium-term financing sources beyond traditional bank facilities, Elecnor renewed for a year its commercial paper programme on Spain's Alternative Fixed Income Market ("MARF"). This will provide the company with finance up to 24 months and optimise the costs of financing its working capital. The maximum limit on outstanding issues at any time is EUR 200 million. Before taking the decision to renew the programme, Elecnor took account of flexible financing schedules and lower borrowing costs than alternative sources for the same timelines, with no drawdown costs.

Elecnor ended 2015 with net corporate financial debt of EUR 280 million, compared with EUR 348 million in 2014, a decline of 19.5%. This strong performance was reflected in the Net Corporate Financial Debt/EBITDA ratio. This was set at 2.2 for 2015 compared with 2.56 in 2014, both of which figures are far short of the limit set by the financing entities.

The reduction in debt is due to the proceeds from the abovementioned strategic alliance with UrtheCast and the

acquisition by partners of minority stakes in the wind farms operated by the Group in Brazil. Debt was also impacted positively by the strong performance of the Group's traditional business in 2015, in particular over the last few months of the year. These resources were used partly to fund the equity investments committed to, which are largely wind farm and gas and electricity transmission network projects.

As I informed you in my Letter to Shareholders for the 2014 Annual Report, all of these growth policies are diversified by sectors and markets. They are backed by prudent management of available financial resources and an ongoing search for new partnerships and sources of funding. These measures provide the best possible guarantee for consolidating a sustainable business model.

This commitment to sustainability is also reflected in our dividend policy, which, as I have explained previously, draws inspiration from a philosophy that seeks the greatest possible stability to foster continuity in shareholder remuneration in the medium and long term. Therefore, the Board of Directors has decided to propose payment of a second dividend against 2015 earnings of EUR 0.2127 per share to the 2016 General Shareholders' meeting. If this proposal is approved, the

total paid out of 2015 profits (including the interim dividend paid out in January 2016) will be EUR 0.2627 per share, 5% higher than in 2014.

I would now like to invite you to find out more about our activities, businesses and corporate policies in 2015 by perusing this Annual Report. This information is complemented by the annual Financial Statements, the annual Corporate Governance Report, the Annual Report on Directors' Remuneration and the content of the 2015 Sustainability Report, for corporate social responsibility issues. All these documents, which are also available on our company website, are sure to help you to gain an appreciation of the factors that have helped to position our Group as an international flagship for engineering, infrastructure, renewable energy and new technology.

Yours

A handwritten signature in blue ink, reading "Fernando Azaola", with a horizontal line underneath.

Fernando Azaola
Chairman



BOARD OF DIRECTORS

CHAIRMAN

Mr. Fernando Azaola Arteche

DEPUTY CHAIRMAN

Mr. Jaime Real de Asúa Arteche

CHIEF EXECUTIVE OFFICER

Mr. Rafael Martín de Bustamante Vega

BOARD MEMBERS

Mr. Gonzalo Cervera Earle

Mrs. Isabel Dutilh Carvajal

Mr. Cristóbal González de Aguilar Alonso Urquijo

Mr. Juan Landecho Sarabia

Mr. Fernando León Domecq

Mr. Miguel Morenés Giles

Mr. Gabriel de Oraa y Moyúa

Mr. Rafael Prado Aranguren

Mr. Juan Prado Rey-Baltar

Mr. Emilio Ybarra Aznar

SECRETARY AND DIRECTOR

Mr. Joaquín Gómez de Olea y Mendaro



KEY ECONOMIC FIGURES

ELECNOR GROUP

At 31 December of each year and in thousands of euros

	2013	2014	2015
Results figures:			
Operating profit	141,541	134,838	124,433
EBITDA	220,430	228,846	224,310
Pre-tax profit	109,066	115,954	128,760
Net profit	53,289	58,542	65,662

Equity of parent company:

Equity of parent company	451,373	465,612	413,430
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Turnover:

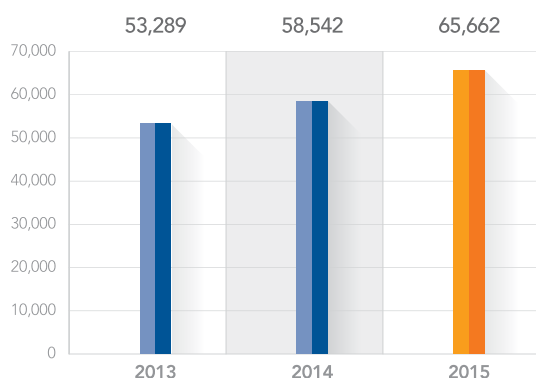
Sales	1,864,174	1,723,728	1,881,143
Domestic	818,004	794,539	851,500
International	1,046,170	929,189	1,029,643

Other figures:

Employees	12,637	12,479	12,740
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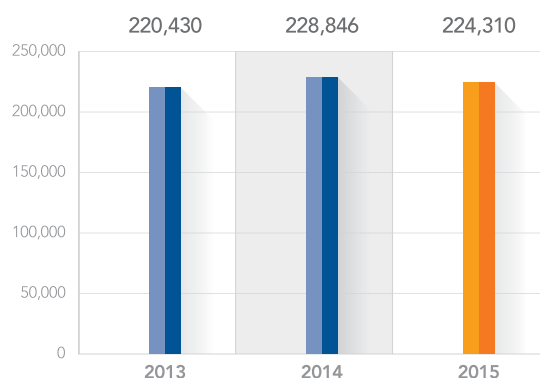
NET PROFIT

Figures in thousands of euros



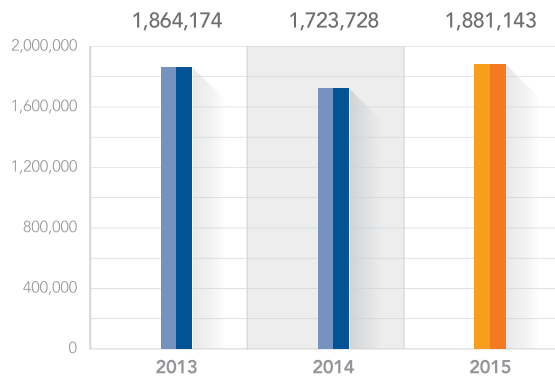
EBITDA

Figures in thousands of euros



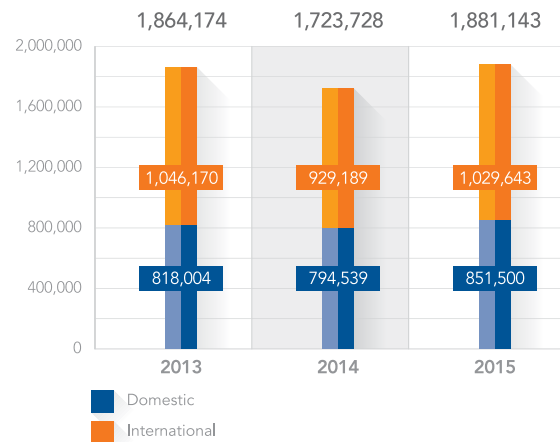
SALES

Figures in thousands of euros



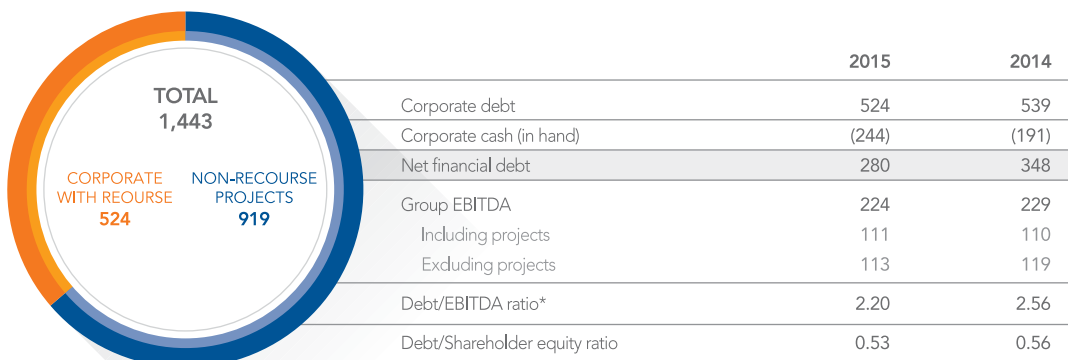
BY MARKET

Figures in thousands of euros



FINANCIAL DEBT

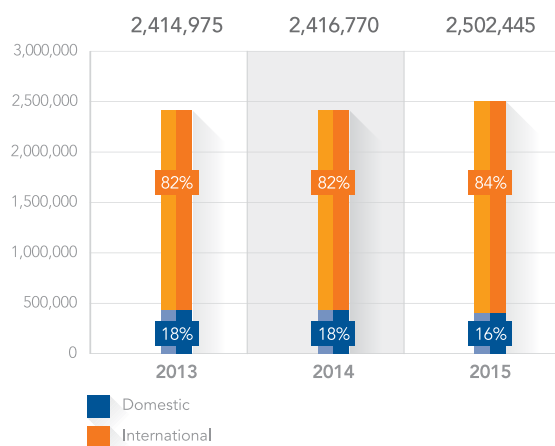
Figures in thousands of euros



*Ratio=Net financial debt/(EBITDA excluded projects+dividends projects)

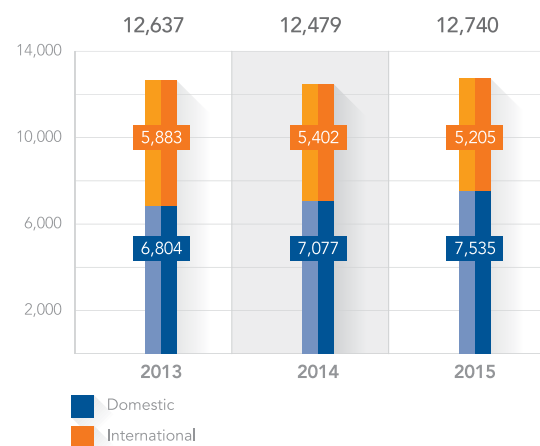
ORDER BOOK

Figures in thousands of euros



WORKFORCE

Figures in thousands of euros



BALANCE SHEET TRENDS

In thousands of euros

ASSETS

	2013	2014	2015
Goodwill	32,360	32,386	33,372
Intangible property	70,506	65,371	60,461
Tangible fixed assets	1,093,068	1,208,149	1,199,882
Investments accounted for using the equity method	92,375	75,259	124,633
Non current financial assets	697,145	731,319	578,069
Deferred tax assets	74,267	78,255	80,433

Total non-current assets	2,059,721	2,190,739	2,076,850
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Non-current assets held for sale	4,370	4,204	4,058
Inventories	36,328	44,091	41,066
Trade and other receivables	910,173	895,347	942,691
Trade receivables from related companies	47,525	43,550	10,726
Tax receivables	73,634	72,257	55,180
Other receivables	10,303	10,995	15,028
Other current assets	7,899	8,920	11,673
Cash and cash equivalents	248,674	266,427	337,256

Total current assets	1,338,906	1,345,791	1,417,678
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TOTAL ASSETS	3,398,627	3,536,530	3,494,528
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In thousands of euros

LIABILITIES

	2013	2014	2015
Share capital	8,700	8,700	8,700
Reserves	393,577	402,563	343,418
Profit for the year attributable to the parent	53,289	58,542	65,662
Interim dividend for the year	-4,193	-4,193	-4,350
	451,373	465,612	413,430
Minority interests	81,112	344,124	322,560
Total equity	532,485	809,736	735,990
Deferred income	19,238	21,468	13,682
Provisions for contingencies and charges	22,948	13,378	11,704
Financial debt	1,096,883	1,221,614	1,145,425
Other non-current liabilities	19,454	19,574	25,218
Deferred tax liabilities	61,628	58,572	64,331
Total non-current liabilities	1,220,151	1,334,606	1,260,360
Financial debt	315,588	295,810	297,582
Trade payables to associates and related companies	3,623	3,498	2,366
Trade and other payables	1,128,523	949,949	1,042,386
Other liabilities	198,257	142,931	155,844
Total current liabilities	1,645,991	1,392,188	1,498,178
TOTAL EQUITY AND LIABILITIES	3,398,627	3,536,530	3,494,528

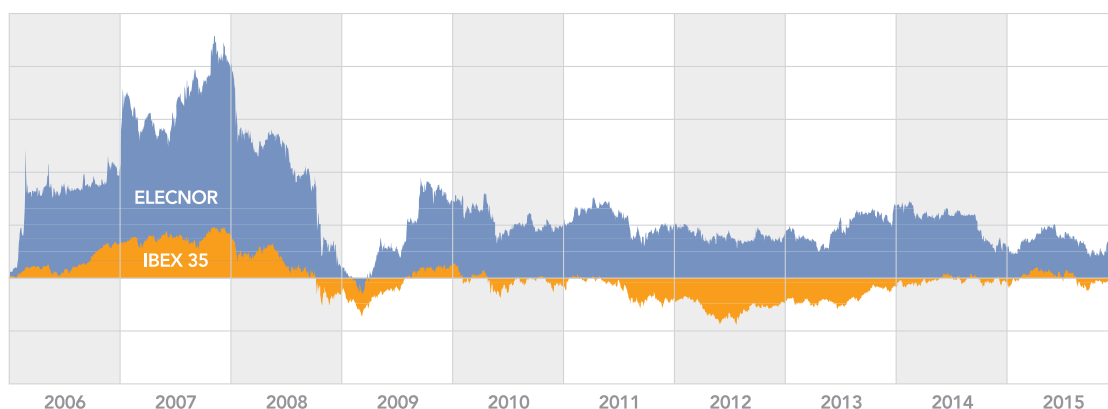
STOCK MARKET INFORMATION

MONTHLY SHARE PRICE PERFORMANCE AND TRADING TRENDS IN 2015

	Monthly					Trading volume	
	Days listed	Maximum	Minimum	Average	Closing	Shares	Cash
January	21	8.65	8.00	8.19	8.19	178,896	1,465,658.86
February	20	9.20	8.11	8.68	9.00	548,310	4,761,609.29
March	22	9.25	8.82	8.95	9.08	419,160	3,751,796.44
April	20	9.85	8.97	9.45	9.70	483,910	4,571,389.72
May	20	9.97	9.42	9.76	9.65	212,121	2,070,577.87
June	22	10.19	9.02	9.46	9.05	489,215	4,629,760.28
July	23	9.89	9.02	9.28	9.06	152,087	1,412,039.84
August	21	9.34	8.40	8.94	8.95	169,238	1,513,477.05
September	22	9.20	7.74	8.64	8.18	253,324	2,188,694.91
October	22	8.50	7.75	8.13	8.03	319,669	2,600,107.57
November	21	8.92	8.01	8.45	8.85	2,035,257	17,200,320.38
December	22	8.90	8.00	8.37	8.23	482,737	4,038,223.18
Total 2015	256	10.19	7.74	8.74	8.23	5,743,924	50,203,655.39

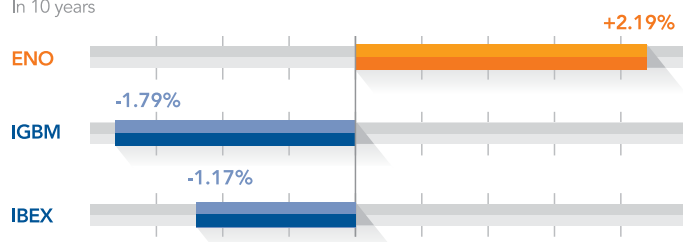
SHARE PRICE PERFORMANCE

In 10 years



EQUIVALENT ANNUAL CHANGE

In 10 years



DIVIDEND PER SHARE

	2013	2014	2015
Dividend per share	0.2338	0.2502	0.2627
Interim	0.0482	0.0482	0.0500
Final	0.1856	0.2020	0.2127*
Dividend/net profit (payout) (%)	73.05	55.24	62.73

* Proposal of the Board of Directors to the Shareholders' Meeting

ELECNOR IN THE WORLD

SPAIN

AFRICA

Angola, Algeria, Burkina Faso, Cameroon,
Congo, Ghana, Morocco, Mauritania,
DR. Congo, Senegal, South Africa, Tunisia

NORTH AND CENTRAL AMERICA

Canada, United States, Guatemala, Haiti,
Honduras, Mexico, Nicaragua, Panama,
Dominican Republic

SOUTH AMERICA

Argentina, Bolivia, Brazil, Chile,
Colombia, Ecuador, Paraguay, Peru,
Uruguay, Venezuela

ASIA AND OCEANIA

Australia, United Arab Emirates, India, Iran,
Jordan, Kuwait, Oman, Thailand, Vietnam

EUROPE

Germany, Belgium, France, Italy,
Norway, Netherlands, Portugal,
United Kingdom, Romania, Russia,
Sweden, Switzerland, Turkey





■ Elecnor is a global company present in 53 countries in 2015



BUSINESSES

Ancoa-Alto Jahuel 2x500 kV
transmission line (Chile)

ECONOMIC CONDITIONS AND ELECNOR IN 2015

ECONOMIC CONDITIONS IN ELECNOR'S MAIN MARKETS

SPAIN

The average annual GDP growth rate is estimated at 3.2% in 2015 and activity is expected to remain dynamic in 2016, though the pace of growth is likely to ease compared with previous quarters. More specifically, the government estimates an average growth rate of 2.8% for GDP in 2016 while the IMF's forecast is slightly lower at 2.7%.

In the infrastructure sector, according to the Ministry of Public Works, contracts worth EUR 8,256 million were put out to tender in 2015, a 10.3% decline compared with 2014.

In the Energy sector, according to the national grid operator REE's 2015 electricity system report, the most significant development was the year-on-year increase in demand after four consecutive years of decline. With regard to generation, renewables continue to play a key role in overall power generation but their contribution fell by around five percentage points compared with 2014 due to the fluctuations in hydroelectric and wind output, which fell by 28.2% and 5.3% respectively last year. However, it is worth noting that wind was the technology that made the largest contribution to total mainland output in February and May.

LATIN AMERICA

Latin America, whose most advanced countries have served as alternative markets for Spanish companies during the toughest moments of the crisis, ended 2015 with activity having shrunk by 0.9% across the region, according to the World Bank's estimates. This institution expects flat activity in 2016 while the IMF is even more pessimistic and expects Latin America's economy to shrink by 0.3%.

In Brazil, the economy's performance was shaped by low commodity prices, high inflation, major fiscal imbalances and political crises, with the World Bank forecasting a 3.7% decline in GDP. The IMF calculates that the Brazilian economy will shrink by a further 3.5% in 2016 before levelling off to zero growth in 2017.

On the energy front, the National Wind Energy Association expects Brazil's installed wind energy capacity to reach 9 GW by the end of 2015. 202 wind farms are currently operating in the country, with a further 378 under construction. Despite this scenario, investment in clean energy is estimated to have fallen 10% in 2015.

With regard to infrastructure investment, this had fallen by 46% at the end of the

first half of 2015, the most recent confirmed figure, according to the Inter-American Development Bank (IDB).

The Mexican economy expanded at an estimated annual rate of 2.5 percent in 2015, according to the WB. The IMF expects this rate to pick up to 2.6% and 2.9% in 2016 and 2017 respectively.

According to a report by 'Bloomberg New Energy Finance', investment in clean energy projects in Mexico included a 64 gigawatt increase in the generation capacity of wind sources and a 57 gigawatt increase in the capacity of solar facilities. This represents a 30% overall increase in the field of renewables compared with year-end 2014.

In infrastructures, Mexico registered the lowest relative level of investment among 16 countries in Latin America and the Caribbean until recently, according to the Inter-American Development Bank (IDB). To address this situation, the Mexican government launched the 2014-2018 National Infrastructure Programme (NIP), which includes 743 investment programmes and projects, with estimated investment of 7.7 trillion pesos (around USD 415,000 million) in seven key sectors: communications and transport,



energy, hydroelectricity, health, tourism and urban development and housing.

In Chile, GDP growth stood at 2.1% in 2015, according to the IMF, 0.2% less than forecast. The IMF forecasts the same rate of growth in 2016.

The country's main renewable energy sources are wind, with 904 MW; photovoltaic, with 848 MW, and mini-hydro and biomass, each with 417 MW. However, solar capacity clearly leads the way in facilities under construction, with 2,195 MW.

Another major market in the region, Venezuela, saw its GDP shrink by 5.7% in 2015. Inflation in the fourth quarter stood at 34.6%, lifting the annual inflation rate to 180.9%. This situation is largely a consequence of the plummeting oil price, which has taken a severe toll on the country's macroeconomic data.

There is better news from Peru, whose economy grew by 2.8% last year, according to the government's own calculations. In 2016 growth is expected to pick up further to 3.4%.

In Peru, renewables currently account for around 3.5% of energy production.

Ositran, the body responsible for managing, regulating and overseeing investment activities related to public transportation infrastructure, estimates that the 31 concessions it supervises invested USD 873 million in 2015 compared with USD 723 million in 2014, a year-on-year increase of 20.6%.



138 kV Santa Catalina-Pizarrete transmission line (Dominican Republic)

■ Elecnor's consolidated sales in 2015 amounted to EUR 1,881 million, an increase of 9.1% on 2014

NORTH AMERICA

In the US economic activity lost momentum in the second half of 2015, having posted a solid improvement in the first six months. GDP grew by 2.4% in the year as a whole, the same rate as in 2014. Household spending continues to drive the upturn, helped by the increase in employment, nominal salaries and real available income against a backdrop of falling oil prices and also thanks to favourable lending conditions and the improvement of household balance sheets.

In Canada, the decline in oil sector investment as a result of the sharp drop in oil prices was also a key factor in the country's economic slowdown, with GDP contracting slightly in the first two quarters of 2015 before posting an annual growth rate of 1%. The IMF forecasts that Canadian GDP will grow by 1.7% in 2016 and 2.1% in 2017.

AFRICA

Sub-Saharan Africa's average GDP growth stood at 4.2% in 2015, lower than the rate of 4.6% achieved in 2014. This fall is mainly attributable to the loss of momentum of two major oil producers, Angola and Nigeria, while South African economic growth also flagged.

Despite the slowdown of the main African economies, the region's GDP is expected to rally and post growth rates of 4.6% and 5% in 2016 and 2017 respectively.

With regard to Elecnor's key markets in Africa, Angola ended 2015 with GDP growth of 3% compared with 3.9% in 2014, according to the World Bank's figures. In 2016 the Angolan government forecasts a 0.3% improvement in growth to 3.3%.

In the Maghreb region there is uncertainty in Algeria as a result of the sudden slump in oil and gas prices, which together account for 97% of exports, 30% of GDP and 60% of national income.

AUSTRALIA

Between 2008 and 2014 Australia maintained relatively high growth rates of an average of 2.6%. This sustained momentum was largely underpinned by the performance over the last decade of the mining sector, whose contribution to GDP advanced from 2% to 8% and which added 13% to per capita income. In fact, Australia was one of the few developed countries that did not technically go into recession even during the international financial crisis.

However, the Australian economy is currently in transition, which is partly due to the fall in commodity prices. This adjustment is reflected in the decline in the growth rate to around 2% year-on-year in the second half of 2015, the most recent confirmed figure, and in the decline of per capita income, minimal salary growth and an unemployment rate of more than 6% compared with 5% during the boom years.

FURTHER INTERNATIONAL EXPANSION AND A LARGER ORDER BOOK

Elecnor's consolidated sales in 2015 amounted to EUR 1,881 million, an increase of 9.1% on 2014. This improvement is largely due to the following factors:

- The sound performance by Group companies on international markets, especially Australia, where a major solar photovoltaic plant is being built for Moree Solar Farm, and Peru, where work is underway on a section of the country's Southern Gas Pipeline. The Scottish company IQA and the US firm Hawkeye also secured a significant volume of business.

- The business volume of Elecnor's subsidiary in Jordan resulting from the construction of the country's first wind farm.
- The strong energy output by wind farms managed by Elecnor in Spain, helped by the prices achieved on the Iberian Electricity Market ("MIBEL").
- The strong performance by the Group's traditional infrastructure business on the domestic market.

The international market accounted for 54.7% of total revenue and the domestic market the remaining 45.3%. This is the fourth year running that international sales, which represented just 36% in 2010

and are now generated in 53 countries, have accounted for the largest proportion of the total. These figures underline the Elecnor Group's commitment to international expansion as the driver of its growth over the coming years, whilst at the same time cementing its leadership of the domestic market.

The order backlog at 31 December 2015 stood at EUR 2,502 million, up 3.5% compared with year-end 2014. By markets, international orders accounted for EUR 2,095 million (84% of the total), up 5.9%, while domestic orders totalled EUR 407 million, 16% of the total.

Moree solar photovoltaic
plant (Australia)



AREAS AND BUSINESSES

Elecnor's business model is based on two main complementary and mutually beneficial activities: Infrastructures and Concessions and Investment.

Infrastructures: this is Elecnor's core business, both in terms of its experience and its finances. The Group provides end-to-end management of electricity, power generation, telecommunications and systems, installation, gas, construction, maintenance, environmental and water, railway and space projects.

Thanks to its long-standing ties with the leading utilities and gas and telecommunications operators, Elecnor has been an active player in the deployment of key energy and communications infrastructures. Drawing on its constant development and technical and engineering expertise, Elecnor can now undertake major generation projects, such as combined cycle plants, hydroelectric facilities, solar PV plants and gas pipelines, particularly in overseas markets.

Concessions and Investment: this business covers the operation of services through investment in two major fields: renewables and energy and environment infrastructure concessions. These investments enable it to develop major projects end to end, generating revenue from promotion, execution, operation, maintenance and operation.

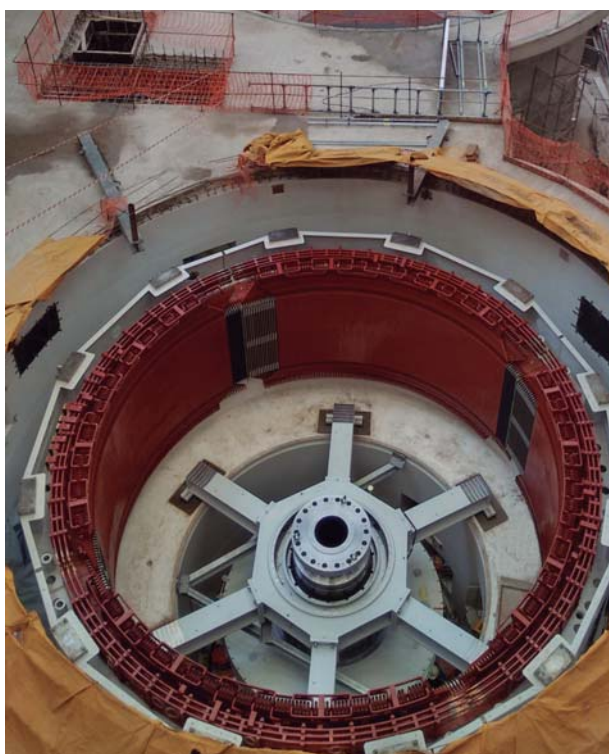
Renewable energies: having played an active role in some of Spain's most important renewable facilities, Elecnor began to look abroad about ten years ago. Major achievements abroad include

the development of almost 700 MW of wind capacity in Brazil and Canada, and the construction of a large solar PV plant in Australia.

Energy infrastructures: electricity and gas infrastructure projects, normally under concession arrangements. Elecnor's first incursion into electricity concessions started in 2000 in Brazil's transmission line network. By the end of 2015, Elecnor had interests in 12 concessionaires in

Brazil. In Chile, where the Company began operating six years ago, it is working on two projects in this sector. Meanwhile, in gas infrastructures Elecnor is building the gas pipeline which will transport natural gas from the State of Tlaxcala to Morelos in central Mexico. The project is being carried out for the Federal Electricity Commission (CFE), for which Elecnor will provide gas transmission services for a 25 year period via the new pipeline.

Cambambe 2
hydroelectric plant (Angola)

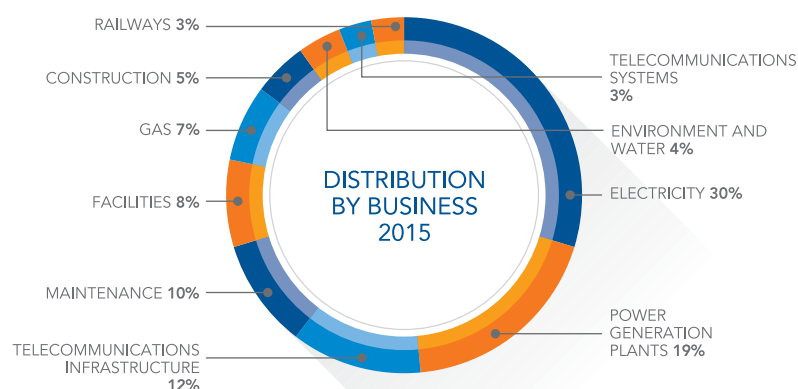


Environment: Ecnor is the concession holder for the construction and operation of 39 wastewater treatment plants in Aragón (Spain).

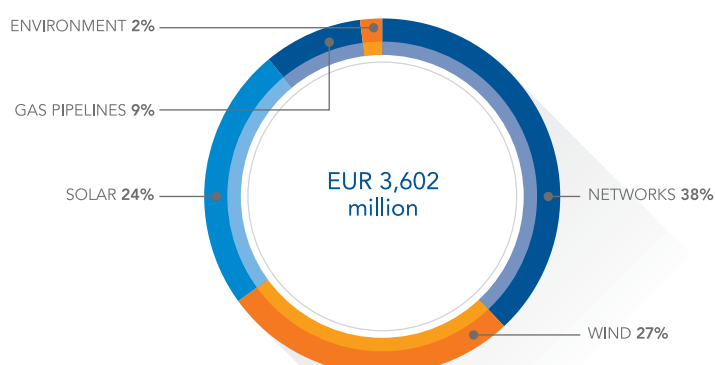
The international market accounted for 54.7% of total revenue in 2015 and the domestic market the remaining 45.3%. This is the fourth year running that international sales, which represented just 36% in 2010 and are now generated in 53 countries, have accounted for the largest proportion of the total

The specific contribution of the Infrastructures and Concessions and Investment businesses to the Group's revenue in 2015 was as follows:

Infrastructures. Distribution of sales by activities



Concessions and Investment. Distribution of assets managed by activities





INFRASTRUCTURES



ELECTRICITY

Electricity activities generated revenue of EUR 540 million in 2015, 29% of the Group's total, providing the Group's main revenue source once again. This strong position was achieved against a backdrop of steady recovery, given the impact of the Spanish Government's energy reforms on the investment capacity of the main utilities in recent years. Elecnor maintains a strong presence in the domestic market, where it provides a wide range of services to all companies, while at the same time continuing to grow its international footprint.

SPANISH MARKET

In Spain, Elecnor has continued to maintain and, in some cases, extend its share of framework contracts in the sector. One major company it works with is Iberdrola, which named Elecnor one of its Suppliers of the Year for 2015. The goal of these prizes is to foster and acknowledge sustainable development, quality, internationalisation, innovation, corporate social responsibility, job creation and occupational risk prevention in how its suppliers manage their businesses. Elecnor was awarded Iberdrola's Special Prize and praised as a "Spanish standard-bearer in energy distribution and transmission activities in the renewables and new technologies sectors."

Activities for Iberdrola once again included involvement in its Star (Remote Grid Management and Automation System) Project. Following a successful pilot in Castellón in 2012, Elecnor has been working since 2013 on this project, in which Iberdrola is implementing remote management and automation systems to replace analogue meters with digital meters.

In this project, Elecnor is involved in the entire value chain, including the

manufacture, assembly and supply of cabinets to upgrade the system to a smart grid. In 2015, Elecnor adapted 7,272 transformer centres for the STAR project, which is a more than 15% larger volume than initially planned by Iberdrola. This work was carried out in Madrid, Valencia, Murcia, Castilla y León, Castilla La Mancha, Extremadura, the Basque Country and La Rioja.

New wins for Elecnor in 2015 included the framework maintenance contract for Iberdrola's wind farms in Spain, specifically in six of nine possible regions, for a three-year period.

With Endesa framework contracts were renewed for substations and HV lines. With regard to substations, the contract was retained for Western Andalusia, while new wins were secured in Ibiza, Formentera and Las Palmas province. The AT line contracts for Western Andalusia and Eastern Catalonia were also renewed, while a new contract was secured for Central Andalusia (Córdoba, Málaga and Jaén).

Another new framework contract secured in 2015 was for the electrical maintenance of Endesa Generación's



50%

Councils' public lighting costs have been halved thanks to Elecnor's energy efficiency measures





132 kV substation
in Torrent (Ibiza)

New wins for Elecnor in 2015 included the framework maintenance contract for Iberdrola's wind farms in Spain

hydroelectric power plants in its Northwest Hydro Production Unit area. The contract covers work on new facilities, assembly work, adaptations and low-voltage and high-voltage maintenance work at hydro plants and other Northwest Hydro Production Unit facilities. The scope of application of the service in this area covers the 15 hydro plants and their dams and weirs in the provinces of León, Zamora, Ourense and A Coruña. Its duration is one year, with a provision for extension for a maximum of two further periods of one year.

We were also awarded the framework contract for MV-LV lines for central Tenerife and the island of La Gomera (Canary Islands).

Other work performed for Endesa included assembly of the Santa Margarida Montbui-Camarasa, Cervera-Camarasa and Juiá-Bellcaire 111 kV HV lines, all in Catalonia.

One of the milestones in the year was the start of Elecnor's involvement in the framework substation maintenance contract for Gas Natural Fenosa, accreditation for which was obtained in 2014. The company started providing in this service in Madrid East.

In 2015 Elecnor also continued to diversify the services it provides to REE. These include work on live lines at its facilities and the pressure washing of insulators along its lines in Catalonia and Andalusia using helicopters. Elecnor also secured the contract to pressure wash all the company's lines affected by pollution in Catalonia, the area of Levante and Andalusia using trucks. The company is also replacing any damaged earth cables or replacing them with OPGW cables without the need for power outages, in the Levante area and Northern Spain.

Of the services provided to REE, particularly noteworthy is the work

carried out on the 400 kV Pesoz (Asturias)-Boimente (Lugo) line, which is scheduled for completion in May 2016, and on the Mezquita de Jarque (Teruel)-Morella (Valencia) line, also 400 kV, which is due to conclude in August 2016, where Elecnor is performing the armouring and laying of section II. In the field of substations, Elecnor carried out the 132 kV Santa Ponsa (Mallorca), 132 kV Torrent (Ibiza) and 220 kV Cañuelo (Cádiz) projects, the first two being the terminals of the underwater connection between the two islands.

With regard to traction substations, the most significant work in 2015 was performed for ADIF on the high-speed rail network. Specifically, Elecnor worked on phase I of the Olmedo-Zamora line, which is now in service as far as the city of Zamora, and on the Antequera-Granada line, which is scheduled to open at the end of 2016.

INTERNATIONAL MARKET

As with its other areas of activity, Elecnor is working to expand its electricity operations in international markets. Elecnor made further headway in the main markets in which it is involved in work and provides services in 2015:

United States

Elecnor Hawkeye, the Group's US subsidiary, significantly increased its commercial presence and now operates in states such as Pennsylvania and New Jersey.

In the electricity company segment, the company is increasing the range of services it provides and securing the necessary accreditations to work on transmission and distribution projects, substations and gas projects. Elecnor Hawkeye is also training the team required to provide substation control, testing and commissioning services, for which there is strong demand in this market.

Elecnor acquired Hawkeye in 2013 to provide the Group with local construction and maintenance capabilities in the electricity, natural gas and telecommunications sectors. This deal has strengthened Elecnor's position in the United States and helped drive its expansion there. Through Elecnor Hawkeye LLC, the Elecnor Group began providing infrastructure services serving electricity and gas companies in the Northeast and Mid-Atlantic states, where Hawkeye has a strong track record.

United Kingdom

The most significant work undertaken by Elecnor's Scottish subsidiary IQA in 2015 was the development for ScottishPower of two substations, Hunterston East and Hunterston North, as part of the Western Link project. The aim of this project is to provide an electricity connection between Scotland and England via a 420 km high-voltage direct current cable between the west coast of Scotland and Connah's Quay on the north coast of Wales. This project will increase the interconnection capacity between England and Scotland by over 2,000 MW, sufficient to meet the power requirements of over 4 million households every year.

IQA also secured and renewed other major contracts with ScottishPower:

- The first framework contract for medium-voltage overhead lines for an area of Scotland and the Manweb region (Wales).
- The framework contract for the laying and maintenance of medium-voltage underground power lines. This is the first contract of this kind for IQA and includes the abovementioned Manweb region.
- 'Warmer Homes Scotland': a contract for Warmworks, a joint venture formed to deliver the Scottish Government's national energy efficiency scheme. This is a three-year project, extendable to five years, in which the Scottish government plans to invest GBP 200 million between various contracts.
- Renewal of the framework contract for substation maintenance.

Brazil

The projects completed in the year included the expansion of the 230/69 kV Encruzo Novo substation in the State of Maranhão, promoted by the Elecnor Group. For Neoenergia two 230 kV substations were built, one in the State of Ceará and the other in the State of Rio Grande do Norte. Another 138/13.8 kV 108 MVA substation was also carried out for the state-owned CEEE-GT company in the State of Rio Grande do Sul.

New contract wins included a lot of 500 kV and 230 kV transmission lines and two 500/230 kV substations with the Eletrosul company. Elecnor was also awarded the contract to refurbish the Santa Marta substation in the State of Rio Grande do Sul for CEEE-GT.

Finally, the company won the electrical BOP contract for the Itaguaçu da Bahia wind farm for the state-owned company Furnas, including 40 km of 230 kV transmission line and two 230/34.5 kV 2 x 160 MVA substations.

Chile

In 2015, Elecnor Chile completed and energised the first circuit of the 236 km, 500 kV Ancoa–Alto Jahuel transmission line, which is being promoted by the Elecnor Group. At the same time, work went ahead on the second circuit of the Ancoa–Alto Jahuel line, which is scheduled for completion at the start of 2016.

In addition, evacuation work was carried out on the San Juan wind farm consisting of an 85 km, 220 kV line, the San Juan



■ Elecnor is focusing in particular on the expansion of its electricity operations in international markets

The Hunterston North substation in Scotland (United Kingdom). IQA



step-up substation and the expansion of the collector substation at Punta Colorada.

In the mining sector, a contract was signed with Codelco, the world's largest copper miner. The project consists of the "Electrical and Telecommunications Network Upgrade of the Polígono Concentradora" for the Radomiro Tomic Division. The work included construction of 23 kV and 13.8 kV lines, fibre optic connections and tap-off points, as well as the dismantling of existing medium-voltage lines to prepare the areas for future work by the division. Elecnor Chile also started work on a contract for Codelco's Chuquicamata division. This involves the laying of conductor in a mine, the supply of mobile substations and electrical equipment and control room maintenance.

Venezuela

In this country, Elecnor was involved in the extension of the Juana la Avanzadora substation, more specifically the re-routing of the second circuit of the 230 kV Indio substation-Casanay substation line to the Juana la Avanzadora substation and distribution circuits.

Elecnor's subsidiary in Venezuela, Elecven, which specialises in electrical infrastructure, built three 115 kV transmission lines totalling 18.5 km in length. It also began the refurbishment of a 5 km 115 kV double circuit transmission line and the assembly of the entire portico structure for the Quiriquire substation in Punceres in the municipality of Monagas.



16.300

new lighting points included in Elecnor's public lighting portfolio in Spain in 2015



Mexico

In Mexico 2015 saw wide-ranging energy sector reforms and the opening up of the market to the private sector. These fresh changes, coupled with the reduction in the state budget caused by falling oil prices, explain the decline in the number of tenders by both the Federal Electricity Commission and Pemex, in particular the latter.

Against this backdrop, Ecnor carried out two major projects in the electricity sector:

- Occidental substations (3rd phase): this project involves the development of a new substation (Purepecha) and the extension of two existing ones (Jacona and Vista Hermosa).
- Transmission Grid associated with the Baja California III combined-cycle power plant (3rd call): consisting of a new substation, called La Jovita, and a transmission line. The substation has four 230 kV feeders to receive the circuits that will link this facility with the Presidente Juárez C-1 and Ciprés substations. The transmission line is 9.4 km in length and has a nominal voltage of 230 kV.



175.062

lighting points
managed in this
way in Spain at
year-end 2015

Uruguay

In 2015, Montelecnor, Ecnor's Uruguayan subsidiary, fulfilled the contract associated with the Peralta GCEE wind-power complex, consisting of the Peralta I and Peralta II wind farms. This entailed the installation of 50 Enercon E-92 wind turbines with combined capacity of 100 MW, in an area of approximately 2,800 hectares in the Peralta GCEE development. Specifically, the Group's work included building the Cuchilla de Peralta substation and 5 km of high-voltage 150 kV lines.

Ecuador

Elecdor, Ecnor's Ecuadorian subsidiary, worked on two main projects in 2015, both awarded by Corporación Eléctrica CELEC EP-Transelectric, the state body responsible for transmission in the country.

The first involves the Manduriacu-Santo Domingo transmission system, which will evacuate power from the 65 MW Manduriacu hydroelectric plant, for which Elecdor is building a 70 km, double-circuit, duplex transmission line with a steel guard wire and an OPGW (Optical Ground Wire) fibre optic cable. The scope of this project includes the extension of the Santo Domingo substation, with the construction of the inlet bay for this 230 kV line.

The second project is the interconnection of the Yanacocha substation, situated in the city of Loja, with the Cumbaratza substation. The aim of this project is to meet the energy needs of the province of Zamora in southern Ecuador. Elecdor built a 138 kV double circuit transmission line that is 12 km in length.

Central America

In Honduras the largest project undertaken was the La Entrada substation, located in San Nicolás in the department of Copán, for Empresa Nacional de Energía Eléctrica (ENEE). This includes the design, supply, transportation, assembly, testing and civil engineering work for construction of the 230/34.5 kV 50 MVA La Entrada switching/distribution substation.

Work was also carried out on two substations being developed for the Cadelga Group's Azucarera Tres Valles company. This is a private customer with 25 years' experience in the Honduran market, with power generating potential from the biomass in sugar cane waste.

In the Dominican Republic work was carried out on transmission lines for both state-owned and private companies. The former included Empresa de Transmisión Eléctrica Dominicana (ETED), for which work was performed on the Cruce San Juan-San Juan de la Maguana, Nagua-Rio San Juan and Pedro Brand-Guerra lines. Also noteworthy was the project carried out for Corporación Dominicana de Empresas Eléctricas Estatales (CDEEE), which involved the construction of the 45 km, 345 kV Punta Catalina-Julio Sauri line.

With regard to private customers, the most active was Odebrecht, with projects such as the line linking the Punta Catalina and Pizarrete substations. Others included Técnicas Reunidas and San Pedro-Bio Energy.

Washing of insulators
with deionised water



FOUR DECADES OF LIVE WORKING

So-called live working involves the conservation and maintenance of medium, high and very high voltage installations without isolating supply. It is a field in which Elecnor has been active since 1973, carrying out demanding work that requires a high level of safety on behalf of its customers in Spain and various international markets including the United States and Argentina.

The main projects carried out in 2015 include:

- Live working from scaffolding and cherry pickers for Endesa. Endesa South framework agreement
- Live working from scaffolding for Unión Fenosa. Framework contract Unión Fenosa Galicia.
- Washing of substation insulators using deionised water for private customers. Solvay and Iberinco.
- Washing of insulators using deionised water from trucks for REE. South and Northeast Zone.
- Washing of insulators using deionised water from a helicopter for REE. South and Northeast Zone.
- Replacement of earth cables with OPGW cables for REE with circuits live. 220 kV El Palmeral-San Vicente line and 220 kV Quel-La Serna line.

Elecnor, as a standard-bearer in this activity, is involved in the groups that develop regulations for HV live working regulations: UNESA (Grupo AMYS), AENOR (Grupo Español AEN/CTN 204 "Electrical safety" and International Group IEC/TC 78 "Live working"), etc.

Angola

Elecnor is supplying and assembling the transmission system for the Cambambe 2 hydroelectric power plant in Cuanza Norte Province in Angola. The project is being carried out for the Empresa Nacional de Electricidade company. Work commenced in December 2015 and is scheduled for completion in March 2017.

The company is also providing the low-voltage overhead network and public lighting in the towns of Cassoalala, Massangano and Zenza and the 60/30 kV Dondo and Cassoalala substations with total installed capacity of 80 MVA.

PUBLIC LIGHTING

The growth of towns and cities in Spain in recent years has triggered a sharp increase in the amount of energy consumed by municipal facilities. Public lighting represents the greatest expense, with energy consumption accounting for up to 70% of councils' electricity consumption. Elecnor actively participates in public lighting tenders as an energy service company (ESC) and offers town councils the opportunity to implement energy efficiency measures that can help cut these costs by up to 50%.

Elecnor is a certified ESC which means it can develop various energy efficiency projects in public lighting installations for municipalities as well as in the tertiary and industrial sector. In those public lighting projects where Elecnor is an ESC, it is responsible for financing, energy management, maintenance and guaranteeing the project over the life of the concession or the mixed supply and service contract.

In 2015, Elecnor won three new contracts for 16,300 lighting points. These are in Vinaroz (Castellón), Altea (Alicante) and Almansa (Albacete). At the end of 2015 Elecnor managed a total of 175,062 lighting points in Spain as a certified ESC.



Pump house 4T
for transport of crude
(Mexico)



POWER GENERATION

Elecnor has honed its capabilities in the development of large-scale plants over the course of the years, carrying out unique projects around the world. The Group is currently working on combined cycle, open cycle, wind energy, hydroelectric and solar photovoltaic projects.

■ **Elecnor gained a foothold in Kuwait by securing the contract for the construction of the country's first wind farm**

Combined cycle plants

Elecnor is responsible for the design and engineering of the Agua Prieta II plant as well as supplying the equipment, its construction and subsequent installation and commissioning. The plant will have guaranteed capacity of 394.1 MW.

Located in the municipality of Agua Prieta in Sonora, Mexico, the plant will generate power using two gas turbines with their respective generators when it comes on stream.

The project is a hybrid solar-combined cycle power plant thanks to the incorporation of a solar field with net capacity of 12 MW, which will feed 100% of its capacity into the cycle.

This year construction of the plant was completed and it was commissioned, with the first gas turbine fired up at the end of the year. Work is now continuing and the project is expected to be successfully concluded in 2016.

Elecnor also secured the tender to build the Empalme II combined-cycle plant in the state of Sonora. This project includes the design, engineering, supply of equipment and materials, construction, installation and testing for the safe and trustworthy operation of this plant, which will have a capacity of approximately 800 MW (791.167 MW).

Both projects are being carried out for the Federal Electricity Commission.

Open cycle plant

In 2015 Elecnor continued to work on the 350 MW, simple cycle Güiria plant. The mechanical assembly of the turbo generators was completed and good progress was made on the remaining Balance of Plant work.

The aim is to collaborate with PDVSA Gas and the Venezuelan government on the incorporation of generation into the national interconnected system over 2016 in a bid to mitigate the potential impact of the weather phenomenon El Niño.

Wind and solar power

Elecnor has wide-ranging experience in the development of turnkey wind and solar projects. In 2015 it strengthened its presence in markets where it was already present and successfully moved into others such as Kuwait.

In Chile, Elecnor signed an agreement with Latin American Power (LAP), one of the leading companies in Latin America in the development and operation of renewable energy projects, to construct the San Juan wind farm, which will be the largest facility of this type in Chile.

Located in the Atacama III region on the south coast of the Freirina municipal district, the facility will have total installed capacity of 184.8 MW, with fifty six 3.3 MW turbines.



Elecnor is responsible for the full execution of the balance of plant (BOP), the engineering work, supply and construction of the plant's transmission network (84 kilometres of 220 kV power lines), the San Juan electricity substation and the connection to the substation (Punta Colorada) where the network joins the Chilean backbone network.

Elecnor gained a foothold in Kuwait by securing the contract for the

construction of the country's first wind farm. The facility will be located in the Shagaya Renewable Energy Park, a mega-scale, multi-technology development of renewable energy facilities which has been designed and promoted by Kuwait's Ministry of Electricity and Water and Institute for Scientific Research.

With a 10 MW generation capacity, the project includes the engineering, construction and installation of five

2 MW wind turbines and connection to a 132 kV substation, along with the start-up of the facility and its maintenance over the following six years.

Work on the wind projects under development in Jordan and Mauritania continued in 2015.

In Jordan, Elecnor is building a 66 MW wind farm, the country's second. This project includes the engineering, supply of

Inga I hydroelectric plant (D.R. Congo)





Cambambe 2
hydroelectric plant
(Angola)

materials for and construction of the plant, as well as its operation and maintenance for two years. It also includes the construction of the control building for the installations and the access roads. The facility is slated to come on stream at the start of 2016.

In Mauritania, Elecnor completed construction of the country's first wind farm for the Mauritanian electricity company Somelec as part of the Mauritanian government's drive to expand the country's renewable energy sector, a cornerstone of its domestic electricity production strategy.

The wind farm in Nouakchott, the Mauritanian capital, has a capacity of 30 MW. It is comprised of 15 two MW wind

turbines, each 90 metres high, and a 33 kV distribution post. It is connected via 33 kV lines to the existing Arafat and Poste Ouest substations. This facility was recently inaugurated by Mauritania's President.

Last year, Elecnor strengthened its presence in Australia by securing the contract for the construction of a 25 MW solar photovoltaic farm on a 90 hectare site in Barcaldine in the State of Queensland. Its 79,000 photovoltaic panels will generate an estimated annual output of 56,000 MWh, sufficient to satisfy the consumption requirements of 5,300 households.

This project is in addition to the complex being developed by the company in Moree in the State of New South Wales.

This is a 70 MW solar photovoltaic farm, made up of 223,960 panels covering 191 hectares and with an annual output of 145,000 MW/h, equivalent to the electricity consumed by around 24,000 households. It will also prevent the emission of around 95,000 tonnes of CO₂ each year.

When it opens in early 2016, it will be the largest solar project with a horizontal single-axis tracking system and Elecnor's first major contract in the region following the establishment of its subsidiary in Melbourne specialising in the development of infrastructure and renewable energy businesses in the country.



In Mauritania, Elecnor completed construction of the country's first wind farm as part of the Mauritanian government's drive to expand the country's renewable energy sector

Hydroelectricity

The AHE Cambambe 2 hydroelectric plant in Angola is one of Elecnor's most significant projects in this field. The company is carrying out the construction, supply and assembly work on a new 708 MW hydroelectric plant, which will approximately double the country's current hydroelectric installed capacity.

Elecnor is responsible for all electro-mechanical aspects, including assembly of the turbine and generator, and supply and assembly of the electricity and mechanical BOP, the 15/220 kV 4 x 200 MVA step-up transformers and the 220, 400 and 60 kV substations.

Also noteworthy is Elecnor's upgrade of the 67 MV Inga I hydroelectric plant in the Democratic Republic of Congo, which it is carrying out for the national electricity supplier Société Nationale d'Électricité.



CAMBAMBE 2, OVER 700 MW OF HYDROELECTRIC POWER IN ANGOLA

Having completed the refurbishment of the Cambambe hydroelectric plant in Angola, one of Elecnor's most distinctive projects, the company is now building a new plant - Cambambe 2 -, using the same dam as its predecessor.

Cambambe 2 is a construction, supply and assembly project for a new hydroelectric plant in this African country.

Cambambe 2 is the third hydroelectric plant project carried out by Elecnor in Angola. The others are the Gove facility, which started up in July 2012, and the upgrade of the Cambambe plant.

The project involves the installation of four 178 MW turbines, for a total capacity of 708 MW. This is approximately double Angola's current installed hydroelectric capacity.

Elecnor is responsible for all electro-mechanical aspects, including assembly of the turbine and generator, and supply and assembly of the electricity and mechanical BOP, the 15/220 kV 4 x 200 MVA step-up transformers and the 220, 400 and 60 kV substations.

The projects carried out in Africa have enabled Elecnor to form a group of highly-qualified employees with the technical skills and training required to carry out work on this scale wherever it is required.

This EUR 168 million Cambambe 2 hydroelectric plant project is slated for completion in the middle of 2016.

TELECOMMUNICATIONS

Elecnor is a leading player in the market thanks to its wide-ranging experience in the field of telecommunications infrastructure, systems and services. The company is qualified to provide end-to-end solutions from design and engineering through to operation and maintenance.



2,000,000
households connected to
the fibre optic network

Maritime surveillance
system (Cameroon)



In 2015 the Spanish telecommunications sector underwent an intense consolidation process that resulted in a reduction in the number of operators. Thanks to these operations, the resulting groups have greater capacity and are more advanced technologically and can therefore improve their offering to their customers.

The tie-ups involving Telefónica España and Digital+, Vodafone and Ono and Orange and Jazztel have given rise to a more balanced market structure, with three major operators now competing in a mature market with a high penetration of broadband and smartphones in Spanish households.

Mergers and/or acquisitions are a way of accelerating the strategic plans of the operators who, in a mature environment with high penetration of their services in the most developed markets such as Spain, face the challenge of growing their revenues and protecting their profits amid ever increasing competition and regulation.

One way of responding to these challenges is by offering more services to customers, with the recent moves in Spain leaving all the resulting operators in a position to offer quadruple play bundles.



In addition, and from a networks standpoint, these deals mean that the three leading operators have the capacity and technology to deliver new services to their customers.

The development of broadband and, in particular, of high-speed (faster than 30 mbps) and ultra high-speed (faster than 100 mbps) broadband, is regarded as key to Europe's economic recovery and to improving the life quality of its citizens.

In Spain, telecommunications companies have opted to develop Fibre To The Home (FTTH) networks. In 2015 there was hefty investment in this type of network. Virtually all the major fixed network operators have increased their investment by more than two digits.

In addition, the cable operators, whose HFC networks were initially developed to provide television services, virtually completed their upgrade to the DOCSIS 3.0. standard.

Finally, with regard to mobile networks, 3G/HSDPA networks, which enable mobile broadband use, have achieved almost universal coverage at over 97% in the EU and Spain.

To satisfy future demand for mobile services, the operators have pressed ahead with the rollout of advanced mobile networks that allow users to take advantage of the capabilities and applications of the latest mobile handsets.

Within this context, Elecnor is a regular provider of fixed and mobile network engineering services for operators.

The company is responsible for the engineering for Vodafone's HFC network and also carries out the fixed network engineering for the FTTH network it is building for Telefónica, Jazztel and Orange.

Through the vendors Ericsson, Huawei y Nokia it also provides its radio engineering services, providing capabilities for radio and transmission

design, the selection and engineering of infrastructure and equipment for mobile network sites, the definition of the parameters for the integrations of such sites, their monitoring and adjustment and the necessary drive testing.

In the field of fixed network infrastructure, the operators continued to invest in the rollout of FTTH networks in 2015.

The total number of broadband lines in Spain rose by almost 4% in Spain in December compared with the same month in 2014 to 13.2 million . Once again, this growth was driven by the fibre optic network, which added 1.5 million lines, while the traditional copper network lost 1.3 million.

The FTTH network registered a total of 3.1 million lines, of which Telefónica accounted for 71.3%.

■ In 2015, Elecnor continued to provide equipment installation services for the manufacturers Huawei, Ericsson and Nokia



Over
3,000
LTE nodes
installed

Over
6,000
4G nodes
switched on

Elecnor continued to roll out the FTTH network for its principal customers in various areas:

- Telefónica Madrid, Valladolid, La Rioja, Navarra, Guipúzcoa, Vizcaya, Gerona, Barcelona, Valencia, Murcia, Huelva and Las Palmas.
- Orange: Madrid, Guadalajara, Burgos, Soria, Salamanca, La Rioja, Barcelona, Valencia, Alicante, Murcia, Huelva and Seville.
- Jazztel: Madrid, Asturias, Valladolid, Guipúzcoa, Vizcaya, Barcelona, Cáceres and Badajoz.

It should be noted that in addition to taking part in the construction of these fibre networks, Elecnor also provided network and subscriber maintenance services and maintained customer facilities.

With regard to mobile network infrastructures, the mobile operators rolled out their *Long Term Evolution* (LTE) networks, i.e. the fourth generation of the mobile communications standard, also known as 4G technology, for the third consecutive year.

In 2015, Elecnor continued to provide equipment installation services for the manufacturers Huawei, Ericsson y Nokia, the winners of the main network equipment contracts awarded by the telecommunications operators.

With regard to services provided to audiovisual signal transport and broadcasting companies, Elecnor renewed its maintenance contract for DTT coverage extension centres in Castilla y León for a further year. The company was also awarded a contract by Cellnex for the co-location services it provides to the various mobile operators. This involves the adaptation of these facilities so that the mobile operators can install their wireless telecommunications and broadcasting equipment.

Elecnor is also involved in the construction of the telecommunications networks that general services companies such as utilities require to provide their services.

For example, fibre optic network construction work was carried out for customers such as Ufinet, an independent operator of fibre optic-based services in the wholesale telecommunications market sold by Gas Natural Fenosa to the venture capital company Cinven.

Fibre optic work was also performed for Reintel (Red Eléctrica Infraestructuras de Telecomunicación), which has managed REE's telecommunications business since 1 July 2015. Previously this business had been managed since 2008 by Red Eléctrica Internacional.



Likewise noteworthy is the contract awarded for the construction of a 100 km section of fibre optic network in Madrid region for the Canal de Isabel II Gestión.

In 2015 Elecnor also continued to provide services to guarantee the operation and integrated maintenance of the infrastructures that make up the Correos Telecommunications Network Infrastructure Network managed by the state-owned Correos Telecom company.

SYSTEMS

The entire Group's international expansion strategy also extends to this activity.

At the Aeronautics and Maritime unit, Elecnor Deimos continued to work on the contract to upgrade Peru's airports and the development of a maritime surveillance system for Cameroon. Contracts were also won in 2015 for work at Spain's most important airports including Adolfo Suárez Madrid-Barajas, Mallorca and Ibiza.

Finally, Elecnor Deimos consolidated its position with its main customers in the Information systems area: AENA, ADIF, RENFE, Elipsos and Oysta. Agreements were also negotiated with new customers such as Securitas, Correos, Santillana, SIT/WRC and PRISA.



MANAGEMENT PROJECT FOR THE RESOLUTION OF ANY ISSUES AFFECTING DTT RECEPTION CAUSED BY 4G ON THE 800 MHz BAND

On 1 April the 800 MHz band was liberated, a process known as the digital dividend which until then was employed for the broadcast of the digital terrestrial television (DTT) signal. From then on, those frequencies were assigned to the mobile telephony operators (Telefónica, Orange and Vodafone) to provide their 4G mobile telephone services.

In order to perform this rollout, the three operators carried out a provider selection process that would enable them to comply with Ministerial Order IET/329/2015, which required them to:

- Provide a free Call Centre to handle requests from people whose DTT service reception may be affected .
- Create a Project Management Office (PMO) to plan the deployment of nodes and coordinate the relations between the various interlocutors.
- Conduct the necessary individualised communication to ensure that the residents of buildings equipped with facilities for reception of digital terrestrial television that are located within the most affected areas are aware that the operators will carry out, free of charge, actions to analyse and resolve potential interference.
- Take action to resolve the issues reported to the Call Centre following the switch-on of nodes which, in most instances, will involve placing a filter in the television reception installation (aerial).

On 1 June, following a lengthy negotiation process, this contract was awarded to Elecnor, which created a specific commercial brand for the project: **Ilegal800**.

Ilegal800 is the management entity responsible for resolving any issues affecting DTT reception caused by 4G technology on the 800 MHz band.

The deployment of base stations (nodes) by the operators commenced at the start of July 2015 and is expected to continue until 2018.

FACILITIES

The facilities business closely reflects the performance of the construction sector, which grew for the first time in 2015 since the start of crisis in 2008. Albeit tentatively, all forecasts point to a slight acceleration in the pace of this recovery in 2016, with a growth rate of around 4.4%. Against this more promising backdrop, Elecnor's revenue in this segment advanced 9% compared with 2014.

Elecnor's value proposition in the facilities sector stretches from design and start-up to operation and maintenance, in activities covering landmark buildings, cultural and leisure centres, airport terminals, railways, industrial plant, buildings of cultural interest and heritage sites.

2015 highlights included airport, refurbishment and repair, hotel and retail centre projects.

Airport sector

In 2015 Elecnor once again showcased its ability to adapt within a changing environment and to maintain its presence as an outstanding partner for airports. The company's reputation continues to improve and, despite the tough prevailing economic environment, it has successfully taken advantage of all the opportunities that have arisen, seeking synergies and specialising where necessary.

Over the course of the year important contracts were secured across a wide range of activities. At the same time, and thanks to our presence in airfields, we have focused on the use of our own materials, especially adapted to airport regulatory requirements.

Among the most important and distinctive projects are two at Adolfo Suárez Madrid-Barajas Airport: one associated with the high voltage power production and distribution network and a second low-voltage, stable energy project. In Málaga, Elecnor was awarded the maintenance contract for HVAC, fire protection and water treatment systems. And work was carried out at a further 16 airports: Alicante, Zaragoza, Bilbao, Vigo, Sabadell, Barcelona, Girona, Sevilla, La Palma, Lanzarote, Ibiza, Palma de Mallorca, Murcia-San Javier, Vitoria, Almería and Melilla.

Refurbishment and renovation

Refurbishment and renovation were important business segments in 2015, partly due to companies adapting and changing their organisational structures, resulting in them needing to change the layouts of their office and other buildings, together with our usual refurbishment work on public buildings to renovate their infrastructure.

Among the most significant of the many projects of this kind were the restructuring of the port of Tarifa, the refurbishment of the Mapfre building in Bristol (UK) and of the Las Teresianas

college in Torrente (Valencia) and the restoration of the Basgaron Spain building in Madrid.

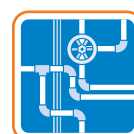
Hotel sector

In 2015 a number of projects started in previous years were completed. These included those at the Hotel Four Seasons in the Moroccan city of Casablanca for Inveravante. At the same time, work continued at the Hilton Hotel in Tangier for the same customer.

Taking advantage of the sector boom in Spain and drawing on the company's extensive experience, there was an increase in the number of projects in 2015. These include work at the H10 and Ibis Styles hotels in Barcelona and at the Hotel Don Ramón in Madrid.

Shopping centres

The shopping centre sector began to tentatively pick up in 2015, in line with the strength of consumption, the driver of the overall recovery of the Spanish economy. In this more favourable environment, Elecnor secured important new contracts such as the electrical installations for the Leroy Merlin centre in Sant Cugat del Vallés (Barcelona), the





Hilton Hotel
Tanger City

2015 highlights included airport, refurbishment and repair, hotel and shopping centre projects

New headquarters of
Banco Popular (Madrid).



TWO MAJOR PROJECTS IN THE FINANCIAL SECTOR: THE NEW HEADQUARTERS OF BANCO POPULAR AND BBVA'S ARMONÍA PROJECT

In 2015 Elecnor was awarded the contract to provide HVAC, mechanical and fire prevention installations for the new headquarters of Banco Popular in Madrid. This complex comprises the central offices, an adjoining building for other uses and a car park.

The building extends over a 30,335.84 m² site. The main building is made up of four large office blocks over the access level, which serves as a base. Natural light is provided in all offices via the patios over which the office blocks orbit. The four modules are interconnected by stairs and footbridges that colonise and occupy the patios that join together the whole.

The heating and air conditioning system features the following: five heat pumps and five coolers, each with an output of 600 kW, 30 air conditioning units, 21 VRF systems, four precision air conditioning units, car park extraction systems, overpressure ventilators for escape stairways and lobbies and a centralised BMS.

Elecnor was also awarded Lot I of BBVA's tender to outsource the installation of its ATMs. The aim of the bank's Armonía Project is to renew up to 3,200 machines at its branches and in various locations.

Specifically, Elecnor was tasked with all the necessary operations for the preparation of the branch including: coordination of the work, supply of additional materials, receipt, transportation and placement of the ATMs supplied by the various manufacturers, civil works, installation, anchoring and brand image. This means Elecnor is responsible for the entire process from the moment when BBVA decides on the installation of an ATM (brand and model) in a specific location to its delivery, fully installed, having coordinated the activities of all parties involved in the process.

The Lot awarded to Elecnor involves the initial installation of 364 ATMs over approximately five months in Madrid, Galicia, the Basque Country, Castilla y León, Castilla La Mancha, Asturias, Aragón, Extremadura, Cantabria, the Balearic Islands, La Rioja and Navarre.

Among the major projects in 2015 are the installations for the logistics and industrial centre of Pikolín in Zaragoza

regulating warehouse for Lidl in Alcalá de Henares (Madrid), the refurbishment of the Glories de Unibail-Rodamco centre in Barcelona and the facilities for the new Sant Antoni market in Barcelona.

Offices and schools

Noteworthy projects in this segment include the integrated management of the Ca l'Alier building in Barcelona, the modular school building promoted by Tordera town council (Barcelona) and the extension of the Pere Vergès secondary school in Badalona (Barcelona).

Another major contract is for the electrical, mechanical and below ground (car park) facilities of Tower 4 of the Marina Tower of the Porta Firal complex being developed by Iberdrola in Barcelona. The complex is made up of four towers and situated at the entrance to the new Barcelona trade fair centre.

Healthcare sector

Our numerous activities this year included construction and installation

work at Lorca Hospital (Murcia), construction of the new research building at Santa Creu i Sant Pau Hospital in Barcelona and the refurbishment of Casa de la Salud Hospital in Valencia.

Banks and savings banks

Financial institutions have undergone successive restructurings but are proceeding with several major projects planned previously. One such bank is Banco Popular, for which we undertook the most important project in 2015: the mechanical facilities for its new headquarters in Madrid.

Among the most notable of the other projects undertaken are the Armonía project for BBVA (involving the homogenisation of ATMs), the refurbishment of the Bank of Spain's HVAC systems and completion of construction of the building for the New CD2 Data Processing Unit for La Caixa.

Industrial sectors

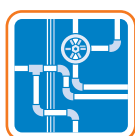
The ongoing search for improvements in

their production processes makes the various types of industries highly dynamic segments for our facilities activity, with a particular focus on pharmaceutical laboratories and automotive plants in 2015.

Major projects in 2015 included the facilities for the logistics and industrial centre of Pikolín in Zaragoza, the industrial plant of Griffith Laboratories in Valls (Tarragona), the upgrade of the fire protection systems in the maritime terminal of the port of Algeciras, work on the flour factory of Villafranguina in Cádiz and the extension of storage warehouses in the port of Huelva.

Energy efficiency for buildings

In 2015 a number of building energy efficiency contracts were secured involving the replacement of obsolete facilities with more technologically advanced components. The most important projects entailed the renewal of LED lighting: for Airbus, at its San Pablo Sur factory in Seville, and Renault, at its Valladolid, Palencia and Seville plants.



GAS

Elecnor has over thirty years' experience in the gas industry, making it one of the market leaders in Spain. It is involved in nearly all areas of the gas value chain, from transport to industrial and home distribution. With 16% year-on-year growth in its revenue in 2015, its key markets are Spain, Portugal, Brazil, Mexico, Venezuela and, since 2015, Peru, where Elecnor is building a section of the Southern Gas Pipeline.

In 2015, Elecnor continued working with leading customers in the sector in Spain, such as the Gas Natural Group, Enagás, Gas Extremadura, Naturgas (Hidrocarburos) and MRG (Madrileña Red de Gas).

Gas Natural Fenosa

The framework agreement for the construction of new pipelines and the maintenance of networks and connections with an MOP of 10 bar was renewed for five years plus an additional three years for the Group's distributors in Catalonia, Madrid, Huelva, Seville, Málaga, Granada, Córdoba, Jaén, Burgos, León, Guadalajara, Cuenca, Pontevedra, Vigo, Navarra, La Rioja and the Valencia region.

We also continued our activity on other framework maintenance contracts, such as those for: distribution networks, regulation and metering stations and related infrastructure for the Gas Natural

Group in Catalonia; the framework contract for our regular inspection service of domestic and industrial facilities for gas customers, with 150,000 inspections carried out in 2015 in Catalonia; and the framework contract for emergency services for Gas Natural Fenosa in Huelva, Córdoba and Jaén in Andalusia, and for Gas Galicia in Vigo.

With regard to execution, the contract was secured for the construction and assembly of the re-routing of existing services in the gas supply rack at the Sabon CCGT (La Coruña). Other works included remote valve control systems, the branch line to Almazora (Castellón) and the branch line to the Osuna Hospital (Sevilla). Finally, the facilities contract was obtained for the car park at the company's head office in Barcelona.

With regard to the expansion of Gas Natural Fenosa's distribution network, work continued on pipeline, commissioning and commercial activities.

We also captured 9,500 new points of supply.

Finally, commercial and trench excavation contracts were secured for 12 municipalities including Torrevieja (Alicante), O Grove (Pontevedra) and Priego (Córdoba).

Enagás

We built the compressor point in Euskadour (Irún, Guipúzcoa), promoted by that company, and carried out the electrical supply connection for Iberdrola. This project, which arose from the need to increase the volume of gas transported to both sides of the frontier with France, is part of the South Gas Regional Initiative established by the Agency for the Cooperation of Energy Regulators to improve the energy interconnections between EU countries, the aim of which is to develop regional gas markets as the first step towards creating the single European energy market.





Southern Peruvian Gas Pipeline

The Euskadour compressor point will be connected to the Bergara-Irún-French border pipeline and is therefore located nearby on an approximately 7,500 m² site.

We also executed an Alarm Centre for Enagás' national level installations.

Gas Extremadura and EDP

We consolidated the framework contracts for the areas of Asturias, Cáceres y Badajoz, carrying out construction of new pipelines and the maintenance of networks and 10 bar MOP connections and the contract to construct steel networks. We also performed preventative maintenance and emergency work.

Elecnor also secured the three-year management contract for EDP's Funciona-Gas Service in Navarre and La Rioja, which involves providing technical assistance to end users.

Finally, we modified a gas supply station for EDP at its Rocés installations (Asturias).

MRG (Madrileña Red de Gas)

We consolidated the framework contract for the construction of new pipelines and the maintenance of networks and 10 bar MOP connections and the contract to construct steel networks and connections.

We also secured new service contracts with the distributor for maintenance of its distribution networks and related infrastructure and for maintenance of the teleinformation equipment for its regulation and/or metering stations.

We also assisted with the migration of its network control by carrying out field work. In gas distribution, we were awarded a development contract in the municipality of El Vellón.

Redexis Gas

The framework contract was signed for a three-year period in the province of Almería. This includes the construction of new pipelines and the maintenance of networks and connections with an MOP of 10 bar and the contract to construct steel networks and connections, as well as the performance of preventative maintenance and emergency work.

CLH

A three-year contract was obtained to provide review and maintenance services for installations and low-voltage electrical equipment in facilities associated with the company's Peripheral Maintenance Centre 1, which covers Madrid, Castilla La Mancha and the Levante provinces.



Technical assistance to customers in São Paulo (Brazil)

INTERNATIONAL MARKET

Brazil

The most significant project in this country was the construction of the interconnection for five gas extraction wells (two clusters) with a gas pipeline for the local company Parnaíba Gás Natural. The work, which commenced in September 2015, is scheduled to conclude in February 2016. This is the first contract in Brazil that includes the extraction of natural gas, which means it marks entry into a new activity within the Group's diversification plans.

Work was also concluded on the President Kennedy reinforcement project, which involved the construction of a 20 inch, 16 bar 20 km pipeline, and a new contract was signed with Gas Brasileiro for the construction of a 30 km pipeline.



Elecnor's gas activity in pictures

ELECNOR IS BUILDING A SECTION OF THE SOUTH PERUVIAN GAS PIPELINE (GSP)

In 2015 the Ductos del Sur construction consortium awarded Elecnor the USD 175 million engineering and construction contract for a section of Peru's Southern Gas Pipeline (GSP). This section runs between kilometres 240 and 348 in the Andes mountains.

The GSP project was awarded by the Peruvian government on 30 June 2014. It includes the design, financing, construction, operation and maintenance of the new pipeline. The GSP will cover a total of 1,134 kilometres and is divided into three sections of pipe diameter: 32, 24 and 14 inches. The 108 kilometres awarded to Elecnor are 32 inch.

The new infrastructure, which will cost around USD 4 billion, will connect Camisea in the Cusco region, and the coastal town of Ilo in the Moquegua region, where a petrochemical facility will be built. In addition to Cusco and Moquegua, the pipeline will cross two other regions featuring jungle, mountains and coastline, Puno and Arequipa.



Southern Peruvian Gas Pipeline

- Elecnor signed its first contract in Brazil that includes the extraction of natural gas, marking entry into a new activity within the Group's diversification plans



CONSTRUCTION

Elecnor's construction capabilities enable it to offer specialised services in all stages of civil engineering, industrial and building projects. The Group brings impressive specialisation to this market and high-quality services, both in Spain and abroad.

In 2015 the construction market began to pick up as forecast, albeit tentatively. According to figures from ITeC-Euroconstruct, Spain posted 2.4% year-on-year growth in 2015 thanks to the revival of public works following the municipal and national elections. Forecasts for the coming years are also positive though it is a sector upon which the economic crisis has taken a huge toll and remains at a very early stage on the road to recovery.

Elecnor's construction area has been involved in the following projects in Spain:

- Construction and development of facilities for a new data processing centre (DPC) for CaixaBank in Cerdanyola del Vallès, Barcelona.
- Refurbishment and extension of the

obstetrics, sterilisation, surgery and resuscitation areas of Rafael Méndez Hospital in Lorca for the Murcian Regional Health Service. This project involved the refurbishment of a large part of the existing area and a two-floor expansion as a natural extension of the same building.

- Construction of MercaGavà, the new municipal market on Plaza de Catalunya in Gavà, Barcelona province. The project has been carried out based on a cooperative model, with Elecnor present from the outset alongside designers and engineers defining the final project.
- Planning and construction of the first industrialised modular school in Tordera, Barcelona province. The work was carried out using a new construction model that enables the building to be prefabricated off

site whilst the site is being prepared.

- Extension and refurbishment of Santa Teresa de Jesús school in El Vedat de Torrent, Valencia province for the Escuela Teresiana Foundation. This project involved the refurbishment of the existing primary and secondary buildings to bring them in line with prevailing accessibility and fire protection regulations. A new building is also to be constructed which will contain a multi-purpose room/auditorium and the administration area.
- Refurbishment of the Casa de los Abetos de Canfranc in Huesca province, a former chief forester's house which has been adapted for use as an exhibition and conference centre.



Modular school in Tordera (Barcelona)



- Construction of the new El Dorado Playa hotel in Cambrils, consisting of three connected buildings with 211 rooms. We are also refurbishing the restaurant, adapting the banquet hall and building a new gymnasium.
- Building refurbishment and outfitting for a new design restaurant linked to the Hostel Casa Gracia in Barcelona. The new facilities are comprised of a bar-restaurant on the ground floor and a cocktail bar in the basement.
- Adaptation work on the three level car park of Gas Natural's

headquarters in Barcelona and on the access areas.

International market

In 2015 Elecnor continued to carry out the construction projects embarked upon in previous years.

In Panama, work proceeded on the Dr. Rafael Hernández specialist hospital centre, the Chitré Polyclinic and the upgrade of Chepo Regional Hospital. In Haiti, further progress was made on the reconstruction of the University Hospital of Haiti.

Further progress was made on the reconstruction of the University Hospital of Haiti

ELECNOR IS BUILDING THE FIRST INDUSTRIALISED MODULAR SCHOOL IN RECORD TIME

Elecnor has been contracted to design and construct the first industrialised modular school in the town of Tordera in Barcelona province. The work was carried out using a new technique, known as industrialised modular construction, that enables the building to be prefabricated off site whilst the site is being prepared.

This method reduces construction time, allows for improved health and safety monitoring on site and optimises costs throughout the construction process to completion.

Through the collaboration model, based on BIM methodology, architects, the builder, engineers, industrial partners and the developer were able to work together to define an efficient and sustainable project in terms of use, cost and energy.

Over seven weeks, on a site in St. Quirze del Vallès, 26 modules, each measuring 15 x 3 m², were manufactured for the new school. The basic structure is steel and the beams are solid, which means the building is both light and strong. The modules were then transported to the site in Tordera. Transportation, assembly and finishing operations were completed in three weeks.

The school in Tordera meets all government and Catalan regional education department regulatory requirements. It also boasts an "A" Energy Efficiency Rating. The use of wood in the structure, facade and finishes, the increase in thermal insulation throughout the building envelope and the use of LED lights reduce CO₂ emissions throughout the construction process and ensure high energy efficiency when it comes into use.

Elecnor's goal is to showcase a new way of thinking about, designing and executing new buildings and infrastructures, improving quality, safety and efficiency without increasing construction costs.

MAINTENANCE

Maintenance was one of Elecnor's most dynamic areas in 2015, posting 19% growth. The Group provides comprehensive and flexible maintenance services to its customers, both domestically and internationally, ensuring that their facilities and processes are in optimum working condition.

Elecnor's steady growth in recent years in maintenance goes beyond revenues and also encompasses its ability to manage at the national level when required to do so and the diversification of services provided.

Elecnor's service proposal is very attractive in the current macroeconomic climate, with the subcontracting of general maintenance services becoming increasingly important to major companies, many of which have

international scope, who see facility management as a more efficient and cheaper way to operate. At the same time, our customers are increasingly seeking to contract suppliers of comprehensive maintenance services who can meet all of their needs, something that can only be offered by suppliers with proven track records and resources, such as Elecnor.

As part of the expansion of its maintenance activities Elecnor is also

committed to offering its services in neighbouring countries such as Portugal, France and Italy, which are the closest natural markets for many of the customers that it already has in Spain.

All whilst maintaining an unwavering commitment to customer service, proposing win to win cooperation formulas that can cement Elecnor's reputation as a reliable partner.





AENA's Public Information System. Adolfo Suárez Madrid-Barajas Airport

THE PUBLIC ADDRESS SYSTEM (SIPA) MAINTENANCE CONTRACT IS RENEWED FOR THE THIRD CONSECUTIVE YEAR

Elecnor has retained the contract to provide maintenance for AENA's Public Address System (SIPA). This means that the team from Elecnor and its technology division, Elecnor Deimos, will continue to provide services at the 43 airports and heliports in AENA's Spanish network.

The public information system provides up-to-date information on flights, boarding, check-in and other matters via screens, TV monitors and the PA system provided for this purpose in AENA's airports.

This contract includes maintenance of the system's peripheral hardware (preventative and corrective), maintenance of the equipment and spare part inventory, providing technical and functional system support, the updating of logos and PA system voices, maintenance of the video walls for the projection of commercial messages and information and work related to the commercial equipment in airports.

In 2015, 7,942 service requests were registered, with more incidents in November (876) than in any other month.

Actions involving protection mesh for embankments. Audeca



PROJECTS IN 2015

Particularly noteworthy projects in 2015 include the provision of electricity system maintenance services for the Polytechnic University of Valencia, climate control services for the University of Alcalá de Henares (Madrid), comprehensive maintenance services for FC Barcelona's Ciudad Deportiva sports facilities and building maintenance services for the Security Department of the Basque regional government.

In addition to these most recent wins, other major contracts continued or were renewed including the provision of multi-services and building services in Telefónica buildings.

Multi-services work covers the autonomous communities of Galicia, Asturias, Cantabria, the Basque Country, Navarra, La Rioja, Aragón, Castilla y León, Madrid and Castilla La Mancha, while building services are performed on demand throughout Spain.

In the banking sector, we continued to provide comprehensive maintenance of La Caixa branches in Galicia, Asturias, the Basque Country, Castilla y León, Extremadura and Castilla La Mancha.

In the health sector, Elecnor carried out the technical, regulatory and legionnaires disease maintenance of all hospital clinics in the Quirón-IDCsalud Group, and contracts with the Lucus Augusti, Lugo and O Salnes hospitals belonging to the Galicia Regional Health Service (SERGAS).

For CBRE Elecnor performed comprehensive maintenance of various buildings in Madrid. Elecnor is also working for the Iberdrola Tower in Bilbao and a number of T-Systems office buildings.

Shopping centres are also an important segment, with three major contracts for

the shopping centres of Sonae Sierra (La Farga-Barcelona, Plaza Mayor-Málaga and Luz del Tajo-Toledo), SCCE (the Loranca shopping centre in Fuenlabrada, Madrid) and Gentalia (AireSur, Seville) and for the L'Illa shopping centre in Barcelona.

The most important contracts for retail premises and supermarkets are for businesses with multiple outlets (H&M, C&A, Día and Mercadona).

In the electricity sector, we are responsible for comprehensive maintenance of the offices of Naturgás countrywide. In the industrial area, we provide services on demand for Renault, Ford, Peugeot and Citroën, for Repsol plants in Cartagena and Puertollano, and for Nestlé. We also have contracts for electro-mechanical maintenance (steam generators, cold rooms, electricity) and stockage, control and warehousing of



spares in the pharmaceutical company Rovi's plants in Madrid and Alcalá.

In the infrastructure sector, the contract was renewed to provide maintenance for the Public Address System (SIPA) at all the airports in AENA's network.

As part of the drive to expand its maintenance activities Elecnor is committed to offering its services in neighbouring countries such as Portugal, France and Italy

INFRASTRUCTURES PRESERVATION

Audeca is a Group company specialising in preserving the environment and maintenance of highway infrastructures.

The budgets of many public sector bodies have suffered major cuts in all areas since 2010. This has had a significant impact on this activity, as public sector tenders have reduced dramatically, resulting in much tougher competition in all tenders, leading, in turn, to slimmer margins.

Furthermore, as there has been practically no investment in new infrastructure, nearly all construction companies are now trying to establish a presence in the services sector, increasing the number of bidders significantly in all infrastructure preservation tenders.

Against this backdrop, Audeca secured various contracts in 2015 with the Ministry of Public Works, including for

the maintenance and operation of the N-621 from León to Santander via Potes. In addition, the Galician regional government awarded Audeca the contract for maintenance of ordinary roads and winter road management in the province of Pontevedra. The Andalusian regional government awarded a contract for the maintenance of roads in the northern area of the province of Córdoba.



ENVIRONMENT AND WATER

Audeca and Hidroambiente are the two Group subsidiaries specialising in this activity and, in tandem with Elecnor, they bring a wealth of experience and reliability to projects in both Spain and the international arena.

In 2015 this business continued with the strategy started the previous year linked to international expansion. More specifically, Elecnor and Audeca, the Elecnor subsidiary specialising in environmental conservation and end-to-end highway maintenance, stepped up their international expansion activity in response to cuts in domestic public spending.

In Spain, the general elections at the end

of 2015 reactivated public works tendering and the results of the tenders will be announced over the course of 2016. This initial boost to investment means the outlook is promising ahead of the government's talks with the European Union on EAFRD and EMFF funding for the 2014-2020 period.

In the international market, the strategy involved seeking out opportunities

Conservation of the
Sierra de Guadarrama
National Park (Madrid).
Audeca



matching the company's areas of specialisation, such as building water and waste processing plants, in markets where the Elecnor Group is already active so as to exploit synergies.

The following were among the most notable of the contracts secured by the two units in 2015:

- Operation, maintenance and repair of the wastewater treatment plants included in Zone 4 of Castilla La Mancha.
- Execution, start-up and operation of works corresponding to six projects from the National Water Management Plan in Castilla y León, namely: the Cabezuela, Ortigosa del Monte, Prádena, Santa María la Real de Nieva, Nieva, Villaverde de Íscar and Zarzuela del Monte outlets and WWTPs.
- Conservation and management of Sierra de Guadarrama National Park in Madrid
- Auxiliary port service in port facilities directly managed by the Andalusian Public Ports Agency.
- Repair of the damage caused to the A-30 road by torrential rain.
- Maintenance and conservation of water courses in Cordoba and Seville.

Hidroambiente, the Group subsidiary specialising in industrial water treatment solutions, experienced a marked increase in its activity in 2015, in terms both of business and geographic expansion.

In the international market plants were

THE MADRID REGIONAL GOVERNMENT GRANTS AUDECA THE SIERRA DE GUADARRAMA NATIONAL PARK CONSERVATION CONTRACT

The Madrid regional government awarded Audeca the contract to oversee the conservation and management of Sierra de Guadarrama National Park for two years, with the possibility of renewal up to four years.

The National Park covers 33,960 hectares of the Sierra de Guadarrama mountain range dividing into two the Castillian meseta and separating the Duero and Tajo water basins and the provinces of Segovia and Madrid. Most of the area is dotted with mountain tops featuring rocky outcrops, and pastures and shrubbed areas.

The preamble to Act 7/2013, of 25 June, declaring Sierra de Guadarrama a national park, gives insight into the scope and importance of this contract:

"The natural space comprising Sierra de Guadarrama National Park under this act has such outstanding ecological and cultural value that its conservation is declared a matter of general interest and its protection warrants the highest level allowed by Spanish law. Whereas its ecological wealth alone is sufficient to merit the declaration afforded by this Act, the cultural, educational and scientific value of the territories comprising the new National Park is exceptional, perhaps unparalleled in Spain".

Audeca will carry out activities under the contract in the following fields:

- Environmental research, monitoring and support (e.g. habitats, flora and vegetation; the black vulture SPA; natural resource quality)
- Environmental surveillance of the state of the most outstanding species and ecosystems, drafting proposals for improvement and conducting monitoring.
- Forestry management support work at the park in order to control the health of the forestry assets, identify needs with respect to forestry, reforestation, infrastructures, etc. and plan their development.
- Customer service and information through advisory, environmental education at the Peñalara visitor centre, park surveillance, visitor transport to la Pedriza, permit and license processing, etc..
- Park maintenance and cleaning, including recreational areas.

These activities include the SOS Anfíbios en Guadarrama project, which includes initiatives to protect species such as the midwife toad and the European pond turtle.

La Pedrera DWTP
in Tafalla (Navarre).
Hidroambiente



built in Mexico, the US, Peru, Venezuela, Congo, Morocco, Saudi Arabia, Bangladesh, Iran, Georgia and Turkey in 2015.

Especially noteworthy is the growth of the Mexico office, which worked on ten plants, mainly combined cycle and cogeneration facilities in the electricity sector.

Notable projects included, in the sphere of water purification, the execution of a

complete plant in the Republic of Congo; in oil & gas, the equipment of the Star refinery in Turkey; several water plants in Bangladesh and Peru; and the water installations at the Güiría Thermal Plant in Venezuela.

In Spain, projects included construction of the Ultzama, Roncal and Aguas de Mairaga water purification plants. In the industrial sector, work was carried out on the Estamcal company's refrigeration plant, the ASLA company's refrigeration

system in Asturias and the sludge treatment system at Renault's plant in Palencia.

The new business line launched in 2014 for processing foods, mainly in liquid form, was involved in two installations in Spain and a new plant in Morocco.

For its part, Elecnor strengthened its international water transport activity by securing a new project in Oman.



Water facilities at the
Güiria Thermal Plant
(Venezuela)

A NEW WATER TRANSPORT GRID IN OMAN

Oman's Public Authority for Electricity and Water awarded Elecnor the contract to supply piping and pumping equipment for the transport of drinking water from the Qurayyat desalination plant (IWP) to the water grid of Muscat, the company's capital.

The project includes six pumps powered by 11 kV medium-voltage converters (3.2 MW each), four pumps online and two on *stand-by*, an 11 kV MV power supply from the adjacent power station and hydraulic connection to adjacent water tanks. The contract also covers auxiliary installations: LV, lighting, fire protection, drinking water, ventilation and air conditioning.

The steel piping is 12.5 km in length, running from the pumping station (FPS) to the repumping site (BPS2) and 1,400 mm in diameter.

The project will be carried out in a *joint venture* with Target LLC and is slated for completion in November 2017.



RAILWAYS

Elecnor's capabilities in the field of rail infrastructure extend to both the national and the international arenas. The company can draw on its wealth of experience to carry out turnkey projects for overhead power lines, substations, signalling and interlocking, communications and control systems.

With the aim of mitigating the impact of the reduction in public spending on rail infrastructures and on railway improvements and maintenance that has been felt in Spain for the past few years, Elecnor continued to grow the international footprint of its railway business in 2015.

In Spain, Elecnor's wide-ranging experience in the high-speed rail sector enabled it to continue to secure major contracts. These included execution and maintenance of the power system for the Olmedo-Zamora-Pedralba section of the new high-speed access to Galicia, construction of the overhead line and associated systems of the section of the HSR that will connect the Mediterranean corridor with the high speed line connecting Madrid, Barcelona and the French border; and the turnkey project for the electrification of the Torrente-Xàtiva high-speed line.

Elecnor also secured the contract to provide preventative and corrective maintenance on overhead contact lines and on the substations of the electrified lines owned by the Associate Directorate for Maintenance and Operation of the Conventional Network (DAMERCO) and for the integrated management of the civil protection installations for the Cordoba and Malaga underground corridors and the Abdalajis tunnels on the Cordoba-Malaga high-speed line.

In the international market, Elecnor continued to seek out growth opportunities in other countries. Particularly noteworthy

in 2015 was the award of the contract to develop the rail infrastructure for the twin-tube tunnel on the high-speed line that will link Oslo and the town of Ski. Elecnor will be involved in the design of the systems, the drawing up of the construction project and the execution of the rail systems, as well as in the subsequent commissioning of all the installations.

Also in this field, work continued on the construction of the Algerian city of Ouargla's first tramline. At present the buildings are being constructed and the line has been installed along half the route.

ELECNOR TAKES PART IN THE DEVELOPMENT OF A HIGH-SPEED RAIL LINK IN NORWAY

Elecnor was awarded the contract to develop the rail infrastructure for the twin-tube tunnel on the high-speed line (250 km/h) between Oslo and the town of Ski. At 20 kilometres, these tunnels, will be the longest in Scandinavia and form the core part of the intercity line running south from Norway's capital. Elecnor will work on this Norwegian Rail Administration project as part of the Acciona-Ghella consortium.

The project entails the construction of two 20 km single tube tunnels plus the cross-passages linking up the tunnels every 450 m along the route, a rescue area and evacuation zones. The project also includes the rail systems required to ensure the proper functioning of the electromechanical installations and systems (ventilation, fire protection and control and firewalls).

Elecnor will be involved in the design of the systems, the drawing up of the construction project and the execution of the rail systems, as well as in the subsequent commissioning of all the installations.

This project will take over five years to complete, with construction, testing and system start-up in the final 15 months.





Follo Line railway tunnels (Norway)

Connection of the Mediterranean Corridor with the Madrid-Barcelona HSR line



SPACE

Elecnor's technological arm, Elecnor Deimos, specialises in engineering, designing and developing solutions and integrating systems in the aerospace, information systems and telecommunications network sectors. Elecnor Deimos is currently one of the major players in the European aerospace industry and the leader in developing Earth observation and space surveillance systems, a position that was further strengthened in 2015 by its strategic alliance with the Canadian company UrtheCast.

In 2015, the Spanish space market took a fresh step towards returning to its situation before the onset of the economic crisis. At its 2014 gathering, the European Space Agency (ESA) Ministerial Conference noted that Spanish investment in space programmes had almost returned to the level prior to the years of budget cuts. In 2015 this trend was confirmed ahead of the 2016 Ministerial Conference where this recovery will be ratified.

At the same time, the European Union is becoming further established as a new player, financing major space programmes such as Galileo, Copernicus and Horizonte 2020, which has a special line for funding R+D in the space field.

Against this backdrop, Elecnor Deimos' business strategy continued to be based on:

- Increasing commercial activity in the field of satellite assembly activities to complete the value chain for space programmes
- Emphasising commercial space programmes, to decrease dependence on the public sector (ESA and EU) and raise the ceiling for contracts.
- Consolidating geographic expansion in Europe, which got underway to minimise the negative impact of low Spanish investment in the ESA during the crisis.
- Boosting the downstream space market through the development of satellite applications for end users of space technology for navigation and earth observation.
- Continuing with technology transfer from the space sector to other sectors (transport, energy, communications, the environment, etc.) to decrease dependence on the space sector.

■ The main milestone for Elecnor Deimos in 2015 was the **strategic agreement reached with the Canadian company UrtheCast**





Surveillance telescopes for the Observation Centre in Almodóvar del Campo (Ciudad Real). Deimos



INTERNATIONAL EXPANSION

The geographic expansion strategy has strengthened our subsidiaries in the UK (Harwell), Romania (Bucharest), Cameroon and Peru. The development of our new subsidiaries is in keeping with the business plan drawn up and they made a profit in 2015.

Elecnor Deimos also continued to focus on commercial space activities in 2015, in particular in Latin America (Colombia, Mexico, Bolivia, Ecuador, Chile, Paraguay and Brazil), North Africa, Asia (Thailand, Pakistan and Vietnam) and the Middle East (United Arab Emirates). The reward was the

securing of major contracts in Thailand, Vietnam, Dubai and Mexico, via our UK subsidiary in the latter two countries.

In 2015 Elecnor Deimos continued to contribute to the development of all of the ESA's space programmes:

- A significant landmark in 2015 was the flight of the ESA's first reusable atmospheric re-entry vehicle as part of the IXV programme. Within this programme Elecnor Deimos is responsible for critical mission analysis, mission engineering,

guidance and control, all top-level responsibilities that have enabled Elecnor to achieve great technological success and increase the maturity of the products of its technology division.

- The success of the ESA's Rosetta project in 2015 in landing a probe on a comet is also in large part due to the contribution of Elecnor Deimos, which was responsible for technological aspects that were firsts in the history of space exploration, such as the design of the interplanetary trajectories, the

STRATEGIC ALLIANCE WITH URTHECAST

The most important milestone for Elecnor Deimos in 2015 was the strategic agreement reached with the Canadian company UrtheCast, whereby the latter acquired Deimos Imaging and part of Deimos Castilla La Mancha, including the Deimos-1 and Deimos-2 satellites, for EUR 76.4 million.

The deal is testament to Elecnor's technological and industrial expertise and brings to a successful conclusion the journey embarked upon ten years ago when the initial engineering research on both satellites commenced, making this innovative business model unique within Spain's aerospace industry. In fact, it is the first transaction of this kind involving a Spanish company in an industry hitherto dominated by French, Italian, British and South Korean enterprises.

The deal also further strengthened Elecnor Deimos' position as a leading player in satellite construction and integration for the domestic and international market. The Group is also leveraging the momentum from this agreement to enter new space sector markets.

The agreed alliance between Elecnor Deimos and Urthecast will see the companies work together on opportunities of common interest. Elecnor became a strategic partner of UrtheCast's "Constellation" programme, the aim of which is to develop the world's first fully-integrated, multispectral optical and Synthetic Aperture Radar (SAR) commercial constellation of Earth observation satellites. Specifically, Elecnor Deimos began working on mission control, direct tasking and receive ground stations, mission analysis and flight dynamics, and on the integration and testing of radar satellite payloads in the clean room at Elecnor's Satellite Assembly and Operations Centre in Puertollano (Ciudad Real).



navigation of the probe and the strategy for orbiting and landing on the comet's nucleus.

- In science, the ExoMars project, the next mission to Mars, includes a key contribution from Elecnor Deimos, with the first launch scheduled for the start of 2016.
- In 2015, Elecnor continued to develop three major subsystems for Galileo (MGF, MSF and RDG), playing a pivotal role in defining the future Galileo (the EGAP programme).
- In the area of the earth observation satellites of ESA

(Sentinel 1, Sentinel 2, Sentinel 3, SMOS, GOCE and Aeolus), Eumetsat (Meteosat) and Spain (Ingenio and Paz), Elecnor Deimos continued to play a key role in developing various subsystems for all these missions in 2015.

At the Aeronautics and Maritime unit, Elecnor Deimos continued to work on the contract to upgrade Peru's airports and the development of a maritime surveillance system for Cameroon. At the same time, major contracts were secured for the most important airports in Spain

(including Adolfo Suárez-Madrid Barajas, Mallorca and Ibiza airports).

With regard to information systems, Elecnor Deimos not just forged closer ties with its main customers

- including AENA, ADIF, RENFE, Elipsos and Oysta - but also secured contracts with new customers such as Securitas, Correos, Santillana, SIT/WRC and PRISA.

SPACE OBSERVATION FROM ALMODÓVAR DEL CAMPO

In 2015, Elecnor Deimos deployed a complete space observation system with three state-of-the-art robotic telescopes for the tracking of space debris and monitoring of any asteroids which may collide with Earth in Puerto de Niebla pass in the municipality of Almodóvar del Campo (Ciudad Real). These telescopes are operated from a control centre at Elecnor's Satellite Assembly and Operations Centre in Puertollano (Ciudad Real) and will form part of the Spanish system that will provide a protection service to the European Union.

More specifically, the Deimos Sky Survey (DeSS) surveillance and tracking facility has two purposes: to prevent the risk to people arising from falling space debris and the impact of asteroids and to warn national (Elecnor Deimos, Hispasat, Hisdesat...) and international (Eumetsat, Astra, Eutelsat...) satellite operators of the potential risk of space debris and other objects colliding with their infrastructure (satellites, GPS, etc.), so that they have time to take action and prevent impacts.

Elecnor Deimos is the lead company in the ESA's Space Situational Awareness (SSA) programme in its three priority areas:

- Asteroid impact risk
- Space climate risk
- Space debris collision risk

The company is playing a central role in missions such as Don Quijote to prevent asteroid impact.



CONCESSIONS AND INVESTMENT





Morelos gas
pipeline (Mexico)

WIND POWER

Enerfin, Elecnor's wind power subsidiary, continued to focus on export markets in 2015, particularly Brazil, Canada and Australia, and also explored investment opportunities in the US and Mexico.

Enerfin has a proven track record in managing all stages of wind farm projects. It is currently one of the sector's flagship companies both in Spain and in the Americas, boasting a total operational installed capacity at the end of 2015 of 987 MW, of which 512 MW are in Spain, 375 MW in Brazil and 100 MW in Canada. Of this total, 664 MW are directly attributable to the Elecnor Group. The company also has over 2,200 MW at various stages of development.

Spain

In 2015, after almost three years of a "renewables moratorium" (RD Law 1/2012) which saw incentives for renewables removed and the installation of wind capacity in Spain virtually come to a standstill, the government arranged the first tender for assignment of specific remuneration for 500 MW of wind power. This went ahead in January 2016. However, the 500 MW tendered were not assigned specific remuneration.

Following the approval of the new energy regulatory framework in 2013/2014, there were a series of transactions in the sector in 2015 which are inevitably resulting in the restructuring and concentration of assets, with a notable development being the strong entry of international investment funds.

In 2015, the government published the 2015-2020 Electricity Transmission Grid



987 MW

in operation
699 MW directly
attributable to the
Group

Osório wind farm
complex (Brazil) Enerfin



■ Enerfin has over 2,200 MW at various stages of development.

Plan, which sets out how it will go about meeting Europe's 2020 targets, with measures envisaged including the installation of 6,400 MW of wind power this year.

Against this backdrop, Enerfin continued to take action aimed at safeguarding and optimising the revenue of wind farms given that, as a result of the new regulatory framework approved in

2013/2014, a large percentage of the revenue of Enerfin's wind farms comes from the sale of energy in the market at pool price, which is highly volatile.

The main actions included entering into price hedging contracts, implementing action strategies in the electricity market and updating certain contracts to reflect the new regulatory framework.

With regard to development, Enerfin has continued the administrative processes for obtaining the official permits and authorisations needed for the projects it has been awarded in Galicia, Valencia region and Aragon. It also oversaw the upgrades of the Malpica (16.57 MW, La Coruña) and Punta Gaviota (6.9 MW, Gran Canaria) wind farms, given their age and their particular situation since the approval of the new regulatory framework in 2013/2014.

Looking forward, Enerfin will continue to prioritise the optimisation of wind farm revenue, the consolidation of contracts currently under development and the upgrading of its oldest wind farms, in particular the Malpica facility, which is already at an advanced stage.

Brazil

Wind energy was the fastest growing source in Brazil's energy matrix in 2015, accounting for 6.2% and with an installed capacity of 7.85 GW, a 46.1% year-on-year-increase, at year-end.

The Government continued to promote the energy auction system (leilões) with a view to meeting the targets contained in the 2013-2020 Ten Year Plan, which envisages the contracting of 5 GW per year, of which 2 GW must be wind power. In 2015, 1,177 MW were awarded in three 'leilões' at an average price of BRL 191.25/MWh, up 40% compared with 2014 (BRL 136.15/MWh).

With regard to Enerfin's trajectory in the Brazilian energy market, the company continued to promote wind power in the



state of Rio Grande do Sul. It focused in particular on the Cabo Verde and Granja Vargas (189 MW with assigned PPA) wind farms in the municipality of Palmares, for which it signed five bridge loans to secure its long-term financing with the Brazilian Development Bank (BNDES) under this institution's new credit facility scheme.

Enerfin also continued the development of the additional more than 900 MW at various stages of development in its pipeline in Rio Grande do Sul, of which 124 MW are now ready to take part in future auctions.

Enerfin has 375.5 MW of capacity on stream in Brazil (318 MW in Osório and 57.5 MW in Palmares), making it the country's sixth largest wind power generator.

Canada

The country's wind sector maintained strong growth in 2015, exceeding an installed capacity of 1,500 MW and continuing its five year trend as the largest source of new electricity generation in Canada.

The commitments taken on board at the Paris Climate Change Conference in December 2015, the increasingly competitive cost of wind power and its role as a driver of economic development mean provincial governments continue to support this type of generation despite the decline in electricity demand in the country.

In December Quebec announced the direct award of a 200 MW project to the Innu First Nation, who will develop the wind farm in partnership with a private

developer. The project will allow Quebec to meet the goal of 4,000 MW of wind energy set out in the province's 2006-2015 strategic plan.

In September Ontario launched a request for proposals for 300 MW of wind energy, which will be awarded over the coming months, and it will put at least a further 300 MW out to tender towards the end of 2016 or in 2017.

In November, Saskatchewan set a new goal of producing more than half the province's electricity through renewable energy sources by 2030, which means more than doubling the current share.

Finally, and in the same month, Alberta released its Climate Leadership Plan, which targets a phasing out of coal-fired

CORPORATE TRANSACTIONS IN BRAZIL

In 2015, Wobben WindPower acquired 10% of the Palmares, Lagoa and Litoral (173 MW in operation) companies from Elecnor and an additional 1% on top of the 9% it already owned of the Ventos do Sul (150 MW) company from Enerfin Enervento Exterior. Wobben WindPower also acquired 10% of the Ventos dos Indios (52.9 MW) company from Elecnor.

Meanwhile, CEEE-GT (Companhia Estadual de Energia Elétrica-Geração e Transmissão) acquired 10% of the shares of Ventos dos Indios.

As a result, the companies that own the 375 MW of wind power already in operation in Brazil now have the following shareholder structures: 80% Elecnor Group, 10% Wobben WindPower and 10% CEEE-GT.

In addition, all the necessary corporate actions were undertaken in 2015 to ensure that all the wind power shareholdings of the Elecnor Group form a direct part of Enerfin Sociedad de Energía. Having secured authorisation from the financing banks (BNDES, Banco do Brasil) and the regulatory bodies (ANEEL-Agência Nacional de Energia Elétrica), our subsidiary Enerfin do Brasil was partially spun off with the aim of separating promotion/management activities from wind farm shareholding activities.



Enerfin has 375.5 MW of capacity on stream in Brazil, making it the sixth largest wind power generator in the country



512 MW
in Spain

375 MW
in Brazil

100 MW
in Canada



L'Érable wind farm in
Quebec (Canada)
Enerfin



Wind Farm Control
Centre (Madrid). Enerfin





Palmares wind farm
(Brazil) Enerfin

plants by 2030, replacing 2/3 of coal-generated electricity with wind power (around 4,500 MW).

Enerfin also continued promoting its development activity in 2015, with a particular focus on the provinces of Ontario and Saskatchewan, where it acquired the rights to two greenfield projects from the developer Mainstream.

In Ontario, Enerfin consolidated the land rights for the installation of 100 MW and fulfilled the requirements to register the project in the request for proposals for 300 MW called in the province, though it finally decided not to take part.

In Québec, Enerfin maintains its project pipeline pending a new call for tenders. Elecnor's wind subsidiary also continued to optimise its assets on stream in this province, arranging long-term subordinated debt without shareholder recourse of CAD 35 million for the L'Érable project with the Canadian bank Desjardins. This is on top of the senior debt arranged in 2012 and required the approval of the first financiers, who were also Canadian.



Australia

In June, Australian Parliament passed the Renewable Energy Amendment Bill, reducing the Large-scale Renewable Energy Target (RET) from 41 to 33 TWh in 2020 and removing the requirement for a two yearly review. The new RET envisages the installation of 3,000-4,000 MW of wind power by 2020.

The appointment of Malcolm Turnbull as the new Prime Minister has also created a more favourable investment climate for renewables, with renewables developments previously put on hold now likely to be reactivated.

Against this backdrop, Enerfin received Administrative Authorisation for the Bulgana wind farm (in the state of Victoria), paving the way for the installation and operation of 63 turbines, each with an output of up to 4 MW, for a total nameplate capacity of up to 252 MW. Among the key goals of Enerfin in 2016 in Australia is the development of this wind farm, and it will focus in particular on the interconnection process, the negotiation of PPAs and seeking out investors.

It will also continue to promote its new greenfield projects.

Mexico

Mexico is continuing with the reform of its energy sector. Milestones in 2015 included publication of the proposed electricity market rules (the market began operating in January 2016), of the criteria for the interconnection of power plants and of the requirements for clean energy

certificates; the invitation to bid in the country's first long-term power auction (the results will be announced in March 2016); the approval of the Energy Transition Law (which sets binding targets for clean energy) and the presentation of the National Electricity System Development Program, which sets out the sector's planning over a 15 year time horizon and envisages the development of 11,950 additional megawatts of wind power.

Enerfin continued to promote its development activity in Mexico in 2015 in preparation for the long-term auctions that will be staged annually.

United States

In 2015 the wind sector saw a large number of acquisitions of projects at various stages of development, largely by major investment funds, and a slowdown in the growth of 'YieldCos' (publicly-traded holding companies that predominantly distribute their predictable cash flows from owned operating assets as recurring dividends or other payments to investors).

In December a bill was passed that extends the Production Tax Credit to facilities that are under construction before 2020 and come on stream before 2022.

This extension is expected to provide the wind sector with the regulatory stability it requires to develop projects through to 2022, when the main growth drivers for the sector are expected to be the new CO₂ emissions reduction plan (approved

in December 2015, the aim of which is to cut emissions by 32% by 2030 compared with 2005 levels) and the government's targets for renewables.

Enerfin continued to develop the 75 MW Wagontire wind farm in the state of Oregon and to seek out fresh projects which it expects to finalise in 2016.

Aside from this promotion activity, Enerfin is focusing on the provision of services related to development and construction management and project operation for third parties, a market expected to offer great potential over the coming years due to the strong forecast growth of the wind sector.



2,200 MW
at various stages of
development

SOLAR THERMAL

Solar thermal energy is one of the main areas of renewables in which Elecnor is active. Elecnor made a strong entry into this market in 2010 when it began building three solar thermal plants simultaneously in Spain. These showed that the Company had the technical and economic wherewithal to design, supply, build, start-up, operate and maintain solar thermal plants based on parabolic trough collector technology.

In 2015, the Aste 1A and Aste 1B plants in Alcázar de San Juan (Ciudad Real) operated satisfactorily, attaining 97% of the generation targets set at the start of the year. Meanwhile, the Astexol 2 plant in Badajoz operated as usual, exceeding the generation target set at the start of the year by over 3%, a notable achievement given that a major inspection of the steam turbine was undertaken as part of the annual maintenance shutdown.

The Aste 1A and Aste 1B plants have been awarded a Final Completion Certificate, having attained all the guaranteed operating parameters and correctly adapted their operation to the regulatory changes made in recent years, which are particularly restrictive with regard to the use of natural gas.

The changes to the plants range from action taken on control room visualisation systems to reprogramming of the control logic of the solar field and of the steam generation system. Precise improvements were also made to equipment and instrumentation and action taken to increase the overall safety of people and facilities.

Finally, the recommendations given by the various environmental consultants and auditors were taken into account, thus reducing the potential impacts from the activity of solar thermal plants.



150 MW
of solar thermal
energy in Spain

90,000
households
provided with clean
electricity

144,000
tonnes of CO₂
emissions prevented
with the three solar
thermal plants in
operation

AGREEMENT ON THE ADAPTATION OF THE FINANCING FOR THE TWO SOLAR THERMAL PLANTS IN ALCÁZAR DE SAN JUAN

Agreement was reached in 2015 with the banks providing project financing for the solar thermal plants in which Elecnor is participating in Alcázar de San Juan (Ciudad Real) on the adaptation of the funding of these facilities to reflect the new reality of the Spanish renewables industry following regulatory changes. These new conditions include an extension of the loan repayment term and a reduction in the interest spread.





An audiovisual
tour of Elecnor's
solar thermal
plants



Aste 1A solar thermal
plant in Alcázar de San
Juan (Ciudad Real)

INSIGHTS FOR PROMISING UNIVERSITY STUDENTS

In spring 2015, within the framework of activities organised by the Elecnor Foundation Renewable Energy and Energy Efficiency Chair, first year industrial engineering masters students from the Polytechnic University of Madrid (UPM)'s Higher Technical School of Industrial Engineering visited Elecnor's solar thermal plants in Alcázar de San Juan.

The visit was part of the subject entitled Ingenia "Engineering an electrical system." This is a new subject model based on competences, in which the students, distributed in groups, build and develop a product. In this case, the product is a microgrid supplied with renewable energy, with two different businesses, generation and distribution (purchase of electric power), competing against each other in an electricity market.

The day was rounded off with a class, during which a detailed explanation was provided of how a parabolic trough solar thermal plant is built and works. Afterwards, plant safety was discussed, with particular reference to risk prevention. Lastly, the students toured the two plants with Elecnor staff, who provided in-depth information on the facilities.

Roof-mounted solar photovoltaic installation for Puertas THT in Antequera, Malaga



SOLAR PV

Elecnor carries out photovoltaic activity through both its subsidiary Atersa and the parent company. The Group provides engineering solutions, produces and distributes photovoltaic modules and builds, operates and maintains plants.

As in previous years, activity in the photovoltaic sector in 2015 was shaped by the major differences between the national and international markets.

In Spain, the latest regulatory framework approved continues to hamper development compared with other markets and has caused investment to come to a virtual standstill. Nevertheless, a total of 49 MW of new solar photovoltaic capacity was installed in 2015, a marked increase on the 22 MW installed in 2014. However, this figure is far short of the figures for some of our neighbours such as the UK and Germany, which installed 4 GW and 1.4 GW respectively last year.

Royal Decree 900/2015, adopted on 9 October, regulating administrative,

technical and economic conditions for methods of electricity supply based on self-consumption and production with self-consumption, failed to foster the development of new installed capacity.

The situation in Spain is in sharp contrast to the fact that 2015 simultaneously saw the largest ever increase in photovoltaic energy globally, underpinned by public and private investment programmes. A capacity of close to 60 GW was installed internationally. Countries such as China (20 GW), Japan (10 GW) and the US (9.8 GW) continue to lead the way in the installation of new capacity.

Against this background, Atersa continued driving forward the international expansion of its business lines: manufacturing and distributing high-quality solar photovoltaic

modules and electronics applied to solar power; product procurement and distribution; and engineering services, technical advice and project management.

In 2015 Elecnor's subsidiary posted an 8% increase in its sales to EUR 18.685 million, mainly thanks to the increase in the UK, which has become its largest market in terms of sales and contracts.

Its order book grew sharply to EUR 3.59 million, triple the figure of EUR 1.184 million in 2014.

New opportunities

Some of the growth opportunities Atersa is pursuing include the opening up of new markets for solar photovoltaic energy in terms both of development and



promotion of installations and the setting up of solar photovoltaic production plants, the on-site market, the net balance in Europe and solar-powered pumping systems.

It is also interested in increasing its exports of modules to Europe, building plants and seeking distributors in Latin America and growing its footprint in the Middle East and the US.

In Australia, the development of the Moree plant built by Elecnor has positioned Atersa in the Australian renewables market.

Plants in operation

Elecnor exceeded its targets for its photovoltaic installations in 2015.

At year-end 2015, Elecnor was operating and maintaining the eight photovoltaic facilities it owns: Siberia Solar (10 MW), THT Antequera (2 MW), AASCV Alginet (1 MW), AASCV2 Alginet (1 MW), ELC Murcia (610 kW), HAE Alacant (520 kW), Helios Almussafes I (100 kW) and Helios Almussafes II (97.5 kW).

GROWING IN AUSTRALIA THROUGH SOLAR PHOTOVOLTAIC ENERGY

Elecnor is building a 70 MW solar PV plant in Moree, New South Wales, Australia. The owner of the project is Fotowatio Renewables Venture

This is Elecnor's first major contract in Australia, a core market in its current international expansion, and the largest in the country with a horizontal single-axis tracking system.

Made up of 223,960 panels covering 191 hectares, it will have an annual output of 145,000 MW/h, equivalent to the electricity consumed by roughly 24,000 households, and prevent the emission of around 95,000 tonnes of CO₂ each year.

When complete in the first quarter of 2016, this solar farm is expected to produce clean renewable energy for at least 25 years.

Elecnor also stepped up its activity in Australia in 2015 by developing and building another solar photovoltaic farm valued at AUD 69 million (around EUR 47.3 million).

This is a 25 MW facility that is being built in Barcaldine in the state of Queensland. The farm will occupy a 90-hectare site and its 79,000 photovoltaic panels will generate an estimated annual output of 56,000 MWh, sufficient to satisfy the consumption requirements of some 5,300 households.

■ In Australia, the development of the Moree plant built by Elecnor has positioned Atersa in the country's renewables market

ELECTRICITY INFRASTRUCTURES

Elecnor, through Celeo Concesiones e Inversiones, is among the leading developers of electricity transmission projects, under concession arrangements, in Brazil and Chile. It was involved in 12 concessions in Brazil at year-end 2015. In Chile, the Group completed its first transmission line project, the 255 km, 500 kV Ancoa-Alto Jahuel line, and is currently working on the second circuit of the same line and also a second line.



Alto Jahuel 500 kV substation, Chile

Brazil

The 12 electricity transmission concessionaire companies in which Celeo Concesiones e Inversiones has an interest in Brazil operate 3,859 km of lines. All of these are 30 year operation and maintenance contracts put out to tender by the energy regulator, Agencia Nacional de Energía Eléctrica (ANEEL).

In August 2015 the company completed the construction of an upgrade to the existing Encruzo Novo Transmissora de

Energía concession, which it was awarded in August 2014. This upgrade, involving the installation of an additional 100 MVA transformer in the Encruzo Novo substation, entailed an outlay of approximately BRL 11 million, equivalent to around EUR 2.5 million. The work was completed 12 months ahead of schedule.

The Cantareira Transmissora de Energia concession, awarded in 2014, remains under construction, the requisite

environmental licence having been granted in 2015. This project involves a 328 km 500 kV double circuit transmission line in the states of Minas Gerais and São Paulo. It is slated to come on stream in 2018.

In November 2008, authorisation was also secured to upgrade the

Jaurú Transmissora de Energía, concession. This involved the installation



of two 110 MVA capacitors on the existing 230 kV Vilhena-Jaurú transmission line. Investment in this upgrade is estimated at around BRL 40 million (around EUR 9.2 million). The installations are scheduled to come on stream in 2017.

Chile

Celeo Concesiones e Inversiones is involved in two electricity transmission companies in Chile, totalling 451.5 km of lines.

In October 2015 the first circuit of the 2x500 kV Ancoa-Alto Jahuel line came on stream. The project consists of a 255 km, 500 kV transmission line and the grid connections for each of the substations. The project was awarded in 2009, and at the time was the largest trunk transmission line tendered in Chile.

Work on the extension project for the 2x500 kV Ancoa-Alto Jahuel line with cabling of the second circuit- was also virtually completed and it is slated to come into operation at the start of 2016.

In 2015 the necessary environmental authorisations were also obtained for the 196.5 km, 1,400 MVA "2x500 kV Charrúa-Ancoa line, laying of first circuit" project, which was awarded in 2012. Processing of the easements also proceeded and construction work commenced.

Financing arrangements were also concluded for the "Línea Ancoa-"2x500 kV Ancoa-Alto Jahuel, laying of second circuit"" and "2x500 kV Charrúa-Ancoa line, laying of first circuit" projects, which commenced in January and November respectively. Both sets of negotiations involved top local and international financial institutions, positioning Elecnor as a standard bearer for project finance transactions for transmission projects in Chile.



2 electricity
transmission
concessionaires in
Chile, totalling 451.5
km of transmission
lines

12 concessions
in Brazil at the end
of the year, totalling
3,859 km of
transmission
lines

■ The 12 electricity transmission concessionaire companies in which Celeo has an interest in Brazil operate 3,859 km of lines

Inauguration of the Ancoa-Alto Jahuel power line in Chile



THE PRESIDENT OF CHILE INAUGURATES THE ANCOA-ALTO JAHUEL LINE

In October 2015 the Ancoa-Alto Jahuel line was officially inaugurated at a ceremony attended by senior figures from the Chilean government including the President, Michelle Bachelet, and the Energy Minister, Máximo Pacheco.

The power line runs for 255 km from the Ancoa substation in the town of Colbún to the Alto Jahuel substation in Buin, through 3 regions and 18 towns. The project created 1,000 direct jobs during the construction phase, and a further 50 direct miscellaneous highly qualified jobs for the current operational phase.

Regarding the commissioning of the second circuit of the line, Joaquín Gómez de Olea, Chairman of Celeo Redes, remarked: "We are proud to be able to contribute such an asset, which significantly strengthens the Chilean electricity system, because when the second circuit is completed this year it will have a transmission capacity equivalent to 40% of the maximum demand of the Central Interconnected System.

Manuel Sanz, General Manager of Celeo Redes Chile, shed light on the Ecnor subsidiary's plans: "This power line is an example of the kind of projects our company wants to carry out in Chile, to help make the electricity system more efficient and flexible. We now have a five-year investment plan for Latin America with projects worth EUR 1,000 million, and Chile is one of our strategic markets."





Control Centre in
Santiago (Chile)

CELEO REDES CHILE OPENS A CONTROL CENTRE IN SANTIAGO

Associated with the operation of the first circuit of the 2x500 kV Ancoa–Alto Jahuel transmission line, Celeo Redes Chile has established a modern control centre that enables the line to be fully controlled from its headquarters in Santiago. It is also the communication point with the body responsible for coordinating the operation of the Chilean system (CDEC-SIC).

The control centre meets all regulatory technical and communications requirements, with the respective redundancies in the data transmission, voice communication and energy back-up-systems channels that enable the secure operation of the centre independent of the system of the building in which it is located.

When the offices were being designed the location of this centre was prioritised so that it would be naturally illuminated for the maximum possible number of hours. Careful thought has also gone into achieving an exceptionally ergonomic design so that the team of engineers based in the centre can work in comfort. This is essential because the team members must work in shifts 24x7 throughout the year.

Likewise, careful attention was paid when recruiting the team of engineers for the control centre, with a balance sought between experience and youth that enables the facilities to operate safely and each of the team members to make sound professional progress.



GAS INFRASTRUCTURES

Elecnor continued work on its first gas pipeline in Mexico in 2015, to provide natural gas transmission services for customers including the CFE (Federal Electricity Commission) for an initial 25 year period, renewable for further periods

The contract involves constructing, operating and maintaining Elecnor's Morelos gas pipeline, its first in Mexico, which will also serve other customers. Investment of USD 270 million has been earmarked for the project. The pipeline is approximately 172 km long and runs through the Mexican states of Tlaxcala, Puebla and Morelos. It links the current gas pipeline system owned by the Mexican company Pemex Gas Petroquímica Básica in Tlaxcala to several power plants to be developed in the State of Morelos in the future.

In 2015 work on Phase I was completed and commissioned, an important milestone since it is now possible to supply gas to the CC Centro combined-cycle power plant if required. This 640 MW plant is in the municipality of Yecapixtla in the State of Morelos.

All property rights for the project were also released at the end of 2015, enabling Phase II of the project to be concluded. The pipeline is expected to come into commercial operation in March 2016.



Morelos gas pipeline
(Mexico)

Work on Phase I of the Morelos pipeline was completed and commissioned in 2015



ENVIRONMENT

In line with previous years, in 2015 environmental activities accounted for 3% of the investment assets of Celeo, the Elecnor Group's main vehicle for investing in, developing and operating concessions. Specifically, these activities entailed three water treatment concessions (SADAR, SADEP and SAPIR) all located in Aragón in north-eastern Spain.



Biescas WWTP (Huesca). SAPIR



39 water
treatment plants in
operation in Aragón

7,2 hm³
of water treated

2.7 hm³ of water were treated in 2015.

SAPIR

This concession includes 58 treatment projects in the 'P2' area of the Pyrenees, along the Gallego River basin.

There are currently 20 WWTPs in operation, all of which were completed in 2012. Noteworthy is the Biescas-Gavín WWTP, which was commissioned in August and is designed to treat 12,000 pop.eq (population equivalent). Other WWTPs include Yebra de Basa, Hoz de Jaca, Yesero, Acumuer, Senegüe, Ara, Aso de Sobremonte, Escuer and Yosa de Sobremonte, all "nest head" types, and Binué, Javierre del Obispo, Larrede, Navasilla, Olivan, Oros Alto, Oros Bajo, Osán and Sobas, which all run off the Biescas-Gavín WWTP. Combined, they can treat a 45,540 pop.eq flow of waste water.

The concession agreement covers two years of construction and 20 years of operation, with a total budget of approximately EUR 91 million.

1.1 hm³ of water were treated in 2015.

SADAR

This concession involves 10 waste water treatment plants for various municipalities in the Cinco Villas and Zaragoza regions.

The concession agreement covers one-and-a-half years of construction and 20 years of operation, with a total budget of around EUR 111 million. All the plants have been operating since 2009.

Around 3.4 hm³ of water were treated in 2015.

SADEP

This concession involves the treatment of waste water for various municipalities in the Zaragoza and Valle del Ebro districts. It entails nine WWTPs and three collectors, which are remunerated at WWTP rates.

The concession agreement covers one-and-a-half years of construction and 20 years of operation, with a budget of around EUR 75 million. The plants under this concession have been operating since their commissioning and came on stream gradually between 2009 and 2010.



CORPORATE STRATEGIES AND POLICIES

Maan wind farm
(Jordan)



FINANCIAL SOLVENCY AND RISK MANAGEMENT

Elecnor places the utmost strategic importance on prudent financial management. It bases its financial management policy on three key principles: financial risk management, arranging favourable funding conditions and a balanced and sustainable debt structure.

Financial risk management

Elecnor is exposed to a range of financial risks, which it manages by grouping its risk identification, measurement, concentration limits and oversight systems. Financial risk management and limitation is managed by the Corporate Department, in coordination with the Group's business units and subsidiaries. Financial risk management activities are approved at the highest decision-making level, pursuant to established regulations, policies and procedures.

The major risk for Elecnor is market risk, basically due to exchange rate risk resulting from the Group's business activities in international markets. Some of the Group's revenues and procurement costs are denominated in currencies other than the euro. There is therefore a risk that the Group's profits could be impacted by exchange rate movements. Elecnor manages and minimises this risk through hedging strategies, with the objective of making profits only through its ordinary activities, not on exchange rate speculation. This hedging basically involves debt instruments referenced to the contract currency, exchange rate

insurance and financial swaps, through which Elecnor and a financial institution exchange flows on a loan in euros for flows on a loan in the other currency, and the use of a basket of currencies to cover mixed financing indexed to various currencies.

Exchange rate movements change the fair value of assets and liabilities that accrue fixed-rate interest, and future flows on assets and liabilities referenced to floating interest rates. Elecnor has access to external funding for its operations, basically relating to the development, construction and operation of wind farms, solar-thermal projects and electricity infrastructure tenders, through *project financing*. This type of financing requires interest rate risk to be hedged contractually through interest-rate hedges. With both project and corporate finance, borrowings are arranged at variable rates and the Group uses hedges to minimize the interest-rate risk on the borrowings. The hedging instruments are assigned to specific debt instruments and have a maximum value equal to the nominal values of, and with the same

maturity dates as, the hedged items. These are basically interest rate swaps (IRS), which establish fixed interest costs for funding originally arranged at variable rates. Interest rate hedges are contracted subject to accounting efficiency criteria.

The Group is also exposed to the risk that cash flows and results will be affected by, inter alia, energy price trends. Elecnor manages and minimises this risk through effective hedging strategies

Liquidity risk is mitigated by a policy of maintaining a highly liquid treasury position, holding non-speculative short-term instruments, such as treasury bills in non-optional reverse repurchase agreements and very short-term US dollar deposits at leading banks, ensuring we can meet our obligations. We also contract credit facilities with a suitable limit and terms to meet projected needs.

Our main credit risk relates to counterparties or customers not meeting their contractual obligations with regard to accounts receivable for commercial transactions. We minimize



Peralta wind farms
(Uruguay)



Liquidity risk, which is offset by holding cash and highly liquid non-speculative short-term instruments



Solar installation for
cathodic protection
and gas pipeline
valve control.
Metragaz gas
pipeline
refurbishment
(Morocco)

Given the businesses
and sectors in which
Elecnor operates, its
customers have high
credit ratings



this risk by working with customers with a sound credit history. The sector and activity in which we are involved ensures that Elecnor's customers have high credit ratings. However, we use mechanisms such as irrevocable letters of credit and take out credit insurance policies for international sales to non-recurring customers. We also analyse the financial solvency of the customer, stipulating specific contract conditions to ensure collection of monies due.

Under the current Spanish regulatory framework, the electricity generated by our wind farms is sold into the Iberian Electricity Market (MIBEL) and we collect revenues from the market operator, OMIE, subject to a payment-guarantees system, and the National Markets and Competition Commission (CNMC), the Spanish energy-market regulator, which reports to the Ministry of Industry. Ventos do Sul Energia, S.A., Parques Eólicos Palmares, Ltda., Ventos da Lagoa, S.A., Ventos do Litoral Energia and Ventos dos Índios Energia S.A. (Brazil) have signed 20-year electricity sale contracts for their output with the Brazilian electricity distribution

company. Likewise, our Brazilian electricity infrastructure concessionaires have signed electricity distribution contracts with customers with high ratings, which, together with the restrictions imposed by the transmission system, ensure that there will be no insolvencies.

With regard to transmission lines, specifically those that provide their services in Brazil under concession arrangements, the National Electricity System Operator (ONS) is responsible for the system's collections and payments and informs the concessionaire on a monthly basis of the companies that must pay it: generators, large-scale consumers and transmitters connected to the system. Prior to their connection to the system these companies deposited a guarantee which will be executed in the event of non-payment, resulting in immediate disconnection from the system and distribution of the payment liability among the other users of the system. In this way the concessionaire's payment is guaranteed by the national electricity system.

The transmission lines in Chile are part of the trunk transmission system, with the corresponding Economic Load Dispatch Centre (CDEC) - CDEC-SIC (Central Interconnected System) or CDEC-SING (Great Northern Interconnected System) - holding responsibility for coordinating the flow of payments from generators to transmitters. The payment guarantee for the trunk transmission system is underpinned by a protocol whereby, in the event of non-payment, the CDEC disconnects the defaulting generator from the system and distributes the payment obligation among the other generators that use the system.

In today's economic climate, Elecnor is more concerned about credit risk than other financial risks. Faced with this situation, it is continuing to take measures to offset these risks, reviewing its credit risk exposure regularly and recognising provisions as appropriate.

Elecnor pays close attention to regulatory risks, particularly with regard to renewable energies, so as to monitor potential impacts on its income statement.



Obtaining funding

After signing a new EUR 600 million syndicated loan agreement, maturing in July 2019, in July 2014, Elecnor continued to strive to improve the Group's financing conditions. These endeavours resulted in the signing of a novation contract in July 2015 to modify several of the conditions of this syndicated loan, taking advantage of low interest rates.

Both the margins and maturity were renegotiated, with the latter extended to July 2020. In this way Elecnor secured the Group's long-term financing whilst keeping financing costs in check. The saving over the lifespan of the loan is estimated at EUR 17 million.

In short-term financing, and as an alternative to bilateral credit facilities, Elecnor has a promissory note programme with the Alternative Fixed Income Market (MARF), with a maximum limit on outstanding issues at any time of EUR 200 million and a maturity of up to 24 months for each issue.

With regard to project financing, the Group was involved in the following transactions in 2015:

- Agreement was reached with the banks providing project financing for the two solar thermal plants in which Elecnor is participating in Alcázar de San Juan (Ciudad Real) on the adaptation of the funding of these facilities to reflect the new reality of the Spanish renewables industry following regulatory changes. These new conditions include an extension of the loan repayment term and a reduction in the interest spread.
- In transmission lines in Chile, financing for two current projects was arranged: USD 98 million for the second circuit of the Alto Jahuel line and USD 149 million for the Charrúa-Ancoa line.
- The proceeds from the Elecnor Group's strategic alliance, via its technology division Elecnor Deimos, with the Canadian company UrtheCast for joint projects in the aerospace sector. This agreement included the sale to UrtheCast of Deimos-1 and Deimos-2, Elecnor's two Earth observation satellites, and a series of ancillary agreements. The deal is worth a total of EUR 76.4 million.
- The acquisition by partners of minority stakes in the wind farms operated by the Group in Brazil.
- The proceeds from the strong performance of the Group's traditional business in 2015, in particular over the last few months of the year.

Liquidity and debt

In 2015 net corporate financial debt declined by EUR 68 million compared with 2014 to EUR 280 million. The debt/EBITDA ratio under the conditions of the syndicated loan agreement was 2.20 compared with 2.56 in 2015. The *covenants* for this agreement establish a maximum ratio of 3.5.

The main reasons for this improvement are:

Elecnor's treasury position at year-end 2015, excluding project treasury, amounted to EUR 244 million. Including its undrawn credit facilities of EUR 958 million, total funds available amounted to EUR 1,202 million. This demonstrates the company's strong liquidity.



■ The
debt/EBITDA
ratio was 2.20
in 2015

Full refurbishment of
the Quirón Hospital in
Marbella (Málaga)



INTERNATIONAL EXPANSION

Elecnor made further progress in its international expansion in 2015, with international markets accounting for 55% of its sales. In addition to consolidating its presence in 14 stable markets on 3 continents, it achieved sales in 39 other countries, further expanding its project pipeline.



Extension of the
220/60 kV Camama
substation (Angola)





53

countries contributed to
the Group's revenue in
2015

5,205

employees abroad (41%
of the total headcount)

In 2015, Elecnor's sales in foreign markets amounted to EUR 1,030 million, up 10.8% compared with 2014, representing the majority of its business for the second consecutive year at 55% of the total.

In addition to Spain, the Group has built up a solid and stable presence in 14 other markets: Brazil, Venezuela, Angola, Mexico, the USA, the Dominican Republic, Uruguay, Argentina, Chile, the UK, Portugal, Italy, Ecuador and Honduras. Elecnor obtained sales in another 39 countries in 2015, with a total of 53 countries contributing to its revenue.

By areas, Europe was the largest with 50% of the total. Next were Central and South America, with 27%, followed by North America (8.5%), Africa (6%), Oceania (4.5%) and Asia (4%).

Furthermore, 84% of the total order book of EUR 2,502 million at year-end 2015 derives from the international market, amounting to EUR 2,095 million.

Together with diversification, international expansion is one of the key aspects of Elecnor's development, and has been particularly significant over recent years.

The international business was employing 5,205 people at the end of the year, 41% of the total headcount.

On five continents

There are no frontiers for Elecnor's international expansion. In 2015, the company made significant progress in Australia, where the contract for a second wind farm was secured following the deal struck in 2014; Jordan, where contracts were secured for several renewables plants; Chile, where the company diversified into wind energy; the US and the UK, where expansion is in full swing; and Peru, where Elecnor is

ANGOLA

Over the course of almost 25 years Elecnor has grown to become a leading player in Angola's energy infrastructure sector.

The flagship projects carried out by Elecnor to date include the Gove, Cambambe and Cambambe 2 hydroelectric plants and water capture, treatment and distribution infrastructure in the cities of Andulo and Waku Kungo.

Work continued in 2015 on major projects including the construction and assembly of the 700 MW Cambambe 2 plant, which has a key role to play in the country's social and economic development; construction of the 400 kV Cambutas -Catete power transmission line, which will carry electricity generated by the new Cambambe 2 plant to the country's capital, Luanda; and the 60 kV Dondo-Cassoalala, transmission system, which will provide access to electricity to a total of 15,000 people, some of whose homes will be connected to the grid and illuminated for the first time.

Elecnor currently has a 640 strong team in Angola. The company's main offices are in Luanda, which also hosts the production office and some support facilities.

■ In addition to Spain, the Group has built up a solid and stable presence in 14 other markets and obtained sales in a further 39 in 2015

involved in a major gas infrastructure project.

Investor and alliance efforts

Among the main strengths Elecnor can apply to carve out a position in foreign markets are its investment capabilities and expertise in the concession business, which have enabled it to enter and gain a foothold in the transmission line markets in Brazil and Chile, the wind power markets in Canada and Brazil, the gas

transmission service market in Mexico and the Australian solar photovoltaic market.

Elecnor's international growth strategy is firmly based on alliances with industrial and financial partners. Two alliances of strategic interest were signed in 2014: the agreement with the Dutch group APG to develop new power transmission projects together in Latin America and the acquisition by the Canadian fund Eolectric Club Limited Partnership of a

49% holding in the owner of the 100-MW L'Érable wind farm in the Canadian province of Quebec.

In 2015, an alliance of similar strategic significance was formed, on this occasion with the Canadian company UrtheCast for joint projects in the aerospace sector. The agreement includes the sale to UrtheCast of Deimos-1 and Deimos-2, Elecnor's two Earth observation satellites, and a series of ancillary agreements. The deal is worth a total of EUR 76.4 million.

CHILE

Chile is Elecnor's second most important market in Latin America after Brazil. The company has been active in Chile for more than 15 years, and now plays a leading role in developing the country's energy supply, generation and distribution capacity, its non-conventional renewable energy and the application of energy saving measures.

2015 was a very important year for Elecnor. The Group attained a significant position in the Chilean renewables market with the signing of the agreement for the construction of the San Juan wind farm for Latin American Power. When built, this 185 MW facility will be the country's largest wind complex. Elecnor will be responsible for the full execution of the balance of plant (BOP), the engineering work, supply and construction of the plant's transmission network (85 kilometres of 220 kV power lines), the San Juan electricity substation and the connection to the substation (Punta Colorada) where the network joins the Chilean Trunk System.

In energy transmission, especially noteworthy is the completion and energisation of the first circuit of the 236 km, 500 kV Ancoa-Alto Jahuel transmission line. This represents a milestone because it is the first line of the Chilean SIC Trunk System for which the Elecnor Group holds the concession in Chile. At the same time, work on the second circuit of the Ancoa-Alto Jahuel line continued.

With regard to public lighting, Elecnor remains the sector benchmark with projects under development in Curicó, La Serena and Peñalolen.

In 2015, Elecnor also bolstered its presence in the mining sector with several installation contracts with the state-owned mining company Codelco.



Diversification

Elecnor is also assisted in its international expansion by its broad range of skills, credentials and experience in some of the fastest growing and most promising sectors in its markets, from large electricity generation plants (combined cycle plants, solar thermal plants, hydroelectric plants, and wind and solar PV farms) to electricity, gas and telecommunications infrastructure, railway electrification, building construction, energy efficiency and water treatment.



55%
contribution of
foreign sales to
total sales in 2015

14
countries are now
stable markets for
Elecnor

AUSTRALIA

Little over a year after it entered the country, Elecnor continues to make steady progress towards becoming established as a leading player in the Australian renewables market.

In the second half of 2015, following the Australian government's approval of the country's *Renewable Energy Target*, Elecnor completed the financing of the Barcaldine Remote Community Solar Farm project, a 25 MW solar photovoltaic facility in the town of Barcaldine which will be the first large-scale renewables project connected to the grid in the state of Queensland.

The project has financing from the Clean Energy Finance Corporation (CEFC), an Australian government-owned financial institution specialising in the financing of projects related to renewables and energy efficiency. It also has financial backing from the Australian Renewable Energy Agency (ARENA). The plant will be built in 2016.

This farm is in addition to the facility that Elecnor has developed as an EPC company in another Australian state (New South Wales) for Moree Solar Farm Pty Ltd, which is owned by the Spanish developer Fotowatio Renewables Venture (FRV). This is a 70 MW facility.

These two projects are the only two large-scale solar financed in Australia since 2014, making Elecnor the undisputed leader in this fledgling market.

Also noteworthy is the securing of Federal Safety Accreditation, the gold standard for occupational health and safety.



CORPORATE INTEGRATION



Olmedo-Zamora HSR



QUALITY MANAGEMENT

Quality has been part of Elecnor's culture from the outset, with a focus on customer satisfaction, continuous improvement, professional commitment and strict compliance with current legislation.

Elecnor's Quality Management strategy is governed in general by the following principles of conduct:

- Managing customer satisfaction. This involves considering customer expectations when designing and supplying products and services
- Establishing continuous improvement in the process of defining and implementing preventative, corrective and improvement actions.
- Involving the whole workforce in the challenge of quality and improving the integration of *know-how* into the quality system.

Within this framework a range of activities and initiatives were implemented in 2015 aimed at strengthening customer service management and the process of ongoing improvement. These included:

- The establishment of general objectives for the entire organisation with the aim of orientating the current Integrated Management System to achieving results. These objectives enable us to combine the most important data for the main quality and environmental areas, unlocking synergies between Elecnor's organisations and measuring the implementation of production procedures.
- In 2015 Elecnor achieved a customer satisfaction score of 8.37 (out of ten), with the best rated aspects being the training and professional capabilities

of employees and their performance in the sphere of health and safety and risk prevention.

- Within Elecnor's overall objective of promoting full participation of the business areas within the Integrated Management System, work continued on the company's maintenance, telecommunications, installations and power transmission lines activities. In these activities procedures have been updated for subsequent implementation.
- AENOR performed external audits of the OSHAS 9001 certification of the Elecnor Group's business units, divisions and subsidiaries, all of which produced satisfactory results.
- Internal audits were performed at each of Elecnor's organisations and system monitoring committees were set up.
- Having laid the foundations for international expansion, the Corporate Quality and Environment Department began implementing the Integrated Management System at Elecnor do Brasil.

In line with this approach, and with the aim of aligning the objectives of the System with the company's, key indicators for processes across the Group will be established in 2016.



Certification

In 2015, AENOR audited Ecnor's organisations, maintaining UNE-EN ISO 9001:2008 certification for the Quality Management Systems of the:

- Energy Unit (ER-0096/1995)
- Major Network Unit (ER-0711/1996)
- East Business Division (ER-0175/1995)
- Centre Business Division (ER-0313/1995) and Northern Offices (ER-0360/1995)
- Northeast Business Division (ER-0700/1996)
- South Business Division (ER-1766/2002)
- Ecnor Medio Ambiente (ER-0122/2004)

And the Group's subsidiaries:

- Ehis Construcciones y Obras (ER-2042/2004)
- Ecnor Seguridad (ER-1887/2007)
- Área 3, Equipamiento, Diseño e Interiorismo (ER-1383/2010)
- Atersa (ER-0979/1997)
- Audeca (ER-0990/1999)
- Ecnor Deimos (ES 028047-2)
- Hidroambiente (SGI 1201167/11)
- Adhorna Prefabricación (ER-0076/1997)
- Jomar Seguridad (ER-0166/2014)
- Omninstal Electricidade, S.A. (2005/CEP.2457)
- Ditra Cantabria (ESC-5469/10)

In 2015 a range of initiatives were implemented aimed at strengthening customer satisfaction management

Last-Minute Point (LMP) at Chamartín station (Madrid). Área 3





Environmental Services.
Clearing vegetation by
hand, Audeca

ENVIRONMENTAL MANAGEMENT

Elecnor is committed to protecting the environment and efficient consumption of energy resources in all of its activities. These objectives have made respect for the environment and sustainability part of the bedrock of its culture and values throughout the organisation.

In 2015 Elecnor obtained the Aenor "Medio Ambiente CO₂ Verificado" carbon footprint certificate under the ISO 14001:2004-1 standard. This means Elecnor, which strives constantly to improve its environmental and energy management processes, meets rigorous independent standards with regard to the calculation of the greenhouse gas emissions from its activities.

Elecnor's environmental management system is certified under the UNE-EN-ISO 14001:2004 standard. This offers a number of additional benefits:

- A reduction in environmental risks, thereby improving the Group's environmental management in line with its commitment to protecting the environment. Elecnor has enhanced its Environmental Management by contracting

environmental liability insurance for all of its activities

- Improved training and environmental awareness of employees.
- Promotion and development of activities to improve energy management efficiency.

In 2014, AENOR audited Elecnor's organisations, maintaining UNE-EN ISO 14001:2004 certification for the Environmental Management Systems of the:

- Energy Unit (GA-2000/0294)
- Major Network Unit (GA-2000/0295)
- East Business Division (GA-2002/0225)
- Centre Business Division (GA-2003/0220) and Northern Office (GA-2002/0183)

- Northeast Business Division (GA-2004/0031)
- South Business Division (GA-2004/0273)
- Elecnor Medio Ambiente (GA-2004/0030)

And the Group's subsidiaries:

- Ehisa Construcciones y Obras (GA-2006/0131)
- Elecnor Seguridad (GA-2007/0649)
- Área 3, Equipamiento, Diseño e Interiorismo (GA-2010/0752)
- Atersa (GA-2009/0396)
- Audeca (GA-1999/0134)
- Elecnor Deimos (ES 028048-2)
- Hidroambiente (SGI 1201167/12)
- Enerfin (GA-2003/0416)
- Adhorna Prefabricación (GA-2014/0003)
- Jomar Seguridad (GA-2014/0085)
- Ditra Cantabria (MA-1859/10)



VERIFICATION BY AENOR OF THE ELECNOR GROUP CARBON FOOTPRINT

Climate change has been identified as one of the most significant challenges facing nations, governments, industry and citizens in the coming decades. Climate change has implications for both human beings and natural systems and could result in significant changes in the use of resources, production and economic activity.

In response to this challenge, international, national, regional and local initiatives are being developed and put into practice to limit the concentrations of greenhouse gases (GHGs) in the atmosphere. The initiatives to combat GHGs are based on the quantification, monitoring, reporting and verification of emissions and/or removals of GHGs.

As a consequence of the above, the International Organization for Standardization (ISO) has developed the 14064 series of standards. Standard ISO 14064-1 "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals", details the principles for the design, development and management of the GHG inventories for companies and organisations, and for the presentation of reports on these inventories.

The Elecnor Group obtained the AENOR Medio Ambiente CO₂ Verified Certificate in accordance with the ISO 14064-1 standard. This means Elecnor meets rigorous independent standards with regard to the quantification of greenhouse gas emissions from its activities.

With this Elecnor aims to improve its environmental and energy management by identifying the main sources of GHG emissions, which is a benchmark in designing strategies aimed at reducing emissions.

One of the most important initiatives at a national level within the framework of the carbon footprint is the creation of the National Carbon Footprint Register, offsetting and carbon dioxide absorption projects set into motion from the Spanish Office of Climate Change (OECC), part of the Ministry of Agriculture, Food and the Environment (MAGRAMA) with the objective of encouraging organisations to calculate, reduce and offset their carbon footprint, and to do so on a voluntary basis.

This measure, closely linked to the calculation of the carbon footprint, comes about with the aim of encouraging its calculation and reduction, as well as its offsetting through absorption projects located in Spain, whilst at the same time encouraging domestic reductions throughout Spain.

This Register offers benefits to organisations which register their carbon footprint, such as a national stamp that determines the degree and time stamp of compliance. Additionally, the carbon footprint register will be taken into account in the medium-term by the State when awarding tenders, therefore it is of great interest for entities to enter this indicator into the register.

One of Elecnor's objectives is to add its carbon footprint to this Register, thereby getting a head start on the regulation and obtaining an added value for future projects.

The Elecnor Group thus joins the fight against climate change by implementing its own practices that contribute towards reducing GHG emissions in a world in which it is becoming increasingly important for everyone to take an active part in protecting the environment.



Public Lighting ESC
(Ciudad Real)



ENERGY MANAGEMENT

Energy Management is one of the five components in Elecnor's Integrated Management System (SAQP), together with environmental management, quality, occupational health and safety and R&D and innovation. As with other areas, it has been recognised with the award of UNE-EN ISO 50001:2011 Energy Management certification.

Elecnor bases its energy management policy on an understanding of energy usage and consumption in its own facilities and projects, its ongoing drive for profitability and energy efficiency in procurement of energy and products, and the design of its facilities. It also pays particular attention to raising awareness among employees and suppliers about the importance of efficient and responsible energy usage and consumption.

The Integrated Management System includes the following procedures to implement this policy:

- **Energy review:** establishing systems to identify energy usage and consumption, determining significant sources, prioritising opportunities for improvement and defining objectives.
- **Energy performance:** a methodology for identifying indicators of significant energy usage and consumption in Elecnor's projects and facilities subject to its energy efficiency management, and the methodology for establishing the guidelines associated with these.
- **Design of energy-efficient facilities:** establishing a system for implementing opportunities to improve energy performance and operational control in the design of new, modified and refurbished facilities achieving a significant impact on the energy performance of our projects and facilities covered by the system.
- **Monitoring and measurement:** putting in place a system to monitor and measure the key characteristics of operations and activities that might have a significant impact on energy management, verifying that energy is used in accordance with legal and other requirements.

Through the application of these procedures, the Integrated Management System (SAQP) meets UNE-EN ISO 50001:2011 requirements, as certified by AENOR with reference GE-033-2013, for the following activities:

- Provision of comprehensive maintenance and energy efficiency services in all types of facilities, buildings and premises, whether our own or owned by others and operated on a managed basis. Management of electricity and fuel production and supply. Repair and replacement of facilities for converting this energy into warm and cold air, hot and cold water and lighting.
- Provision of comprehensive maintenance and energy efficiency services for rail infrastructure and urban lighting, on a managed basis. We have implemented this in the HQ of our Central Regional Office and in the municipal buildings and exterior public lighting for Villanueva de Perales council, in Madrid.



OCCUPATIONAL HEALTH AND SAFETY

In keeping with our goal of an accident-free future, Elecnor continues to develop strategic initiatives aimed at further improving the occupational health and safety of everyone working for the Group.

Our efforts over the year were rewarded with our third-best accident frequency rate in Spain since 1967, when Elecnor started preparing these statistics. In 2015, the accident frequency rate was 14.3, compared with 14.1 in 2014, which was the second-best rate reported. In the international market, the rate was 7.6, the best performance to date and a marked reduction compared with the rate of 12.8 in 2014. This means the overall Group-wide accident frequency rate stood at 11.3, also the best ever performance.

In keeping with the commitment contained in the Group's Integrated Environmental Management, Quality and Occupational Health and Safety Policy to continuously improve working conditions with the aim of raising the level of occupation health and safety of everyone involved in the company's works and projects, the following initiatives were carried out in 2015:

- AENOR conducted, with satisfactory results, external OHSAS 18.001 certification audits of Elecnor and its Audeca, Ehisa, Enerfin and Jomar Seguridad subsidiaries. With regard to Elecnor, S.A., the certification structure was changed from eight individual certificates for each of the business units to a single multi-site certificate for all the sites and activities covered by the old certificates. This action strengthens Group identity and optimises the performance of this audit.

- Internal Audit's OHS oversight of our projects was further enhanced and extended. 791 audits of this kind were conducted this year.
- 23,593 safety inspections took place in Spain to monitor actual working conditions. These resulted in 11,249 corrective measures being implemented to improve safety. A further 15,621 working condition checks were carried out by line managers to monitor conditions in their projects. At the international level, 11,479 safety inspections took place, an 84% increase compared with 2014, and 11,981 corrective measures were taken.
- Planned training and information activities for the workforce continued, involving 10,712 people, most of whom took part in more than one training event. A total of 55,439 hours of occupational health and safety training took place in the year, not including OHS aspects of technological and management training, such as electrical qualifications, equipment operators, etc.
- Special activities for the World Day for Safety and Health at Work on 28 April 2015 were carried out to raise awareness among employees.
- On-going monitoring of the activities of subcontractors, including managing the inspections of many of these companies. Coordination and information meetings were also held with these companies.



23,593

safety inspections
and 11,249 corrective
measures in Spain

11,479

safety inspections
and 11,981 corrective
measures in the
international market





OPGW cable replacement in Los Barrios (Cádiz)

■ In 2015, the accident frequency rate was 14.3, compared with 14.1 in 2014, which was the second-best rate reported



WHERE DO YOU FIT IN IN THIS WHOLE PROCESS?

World Day for Safety and Health at Work is a key date for Elecnor following the launch of an internal communication campaign, now well established, aimed at raising awareness of the importance of occupational health and safety and of the Group's steadfast commitment in this regard.

In 2015, the core objective was to encourage employees to reflect on the process of further incorporating health and safety into their daily activities. As part of this process, workers were invited to consider whether they were "advanced" or needed to improve in order to satisfy the Group's rigorous occupational health and safety standards. Owing to the company's international character the materials for this campaign were translated into English, French, Italian, Portuguese and Arabic and distributed in all the countries where we are present.

As well as line managers and employees of Elecnor and its subsidiaries, the main campaign event was attended by representatives of customer companies (Iberdrola), the Madrid regional government (María del Mar Alarcón Castellanos, General Manager of Work and IRSST Manager), sector associations (ADEMI and AECIM) and unions. As part of the event, seven long-serving Group employees were honoured who demonstrated an unwavering commitment to occupational health and safety even in times when standards were less rigorous than nowadays.

In addition, Employment Workshops were staged across all business units so that employees could share their experiences. These sessions started with a presentation of "Elecnor's Prevention Principles" as a common basis for achieving the goal of a zero-accident future.

OPGW cable replacement in Los Barrios (Cádiz)

- Visits were made to various countries where the Group is present to learn about prevention activities, increase staff involvement in such activities, strengthen knowledge of specific aspects of health and safety, deliver training, etc. In this way it was possible to assess their strong points and areas for improvement. The countries visited were Ecuador, the Dominican Republic, Angola, Brazil and Congo.
- The launch of the "Excellence in Safety" initiative aimed at analysing the Group's situation with regard to health and safety, identifying where there is scope for improvement and implementing an Action Plan over the coming year. This first phase of the project included an analysis of the existing documentation, a Safety Perception survey among the workforce, interviews with various levels of management and visits to work centres and sites to view projects, training sessions, etc.



In 2015 the "Excellence in Safety" project was launched



55,439
hours of OHS training for
10,712 participants



R&D AND INNOVATION

The R&D and Innovation Management System provides a methodology for management of innovation at Elecnor. Elecnor encourages the generation of innovative ideas throughout the Group and helps transform them into R&D and innovation projects.

In 2015 various activities and activities took place in keeping with the culture of the Elecnor Group in the field of R&D+i. These included:

- Internal audits and attendance of Review Committee meetings by System managers.
- Implementation of the appropriate changes with the aim of adapting the Integrated Management System to the new UNE 166.002:2014 standard.
- Staging, by Quality and

Environmental Management Technicians, of creativity workshops at the organisations with the aims of improving the identification of needs and generating projects.

- An AENOR audit of Elecnor's R&D and Innovation Management System under the UNE 166002:2006 standard, with satisfactory results.

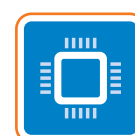
Elecnor's certification, IDI 0023/2012, applies to all the company's research, development and innovation activities for:

- Railway electrification technology.
- Non-conventional energy technology (maritime).
- Computer software science for electricity and railway infrastructure simulation and management.
- Electricity transmission and distribution engineering and technology.
- Development of software tools to improve process management.
- Environmental engineering and technology relating to waste water and water treatment.

MAJOR R&D AND INNOVATION PROJECTS IN 2015

The Group's projects during the year included:

- In the environmental and water sphere, work continued on the Biodepur, Graphnology and Phytopurification projects. The aim of the first of these initiatives is to reduce operating costs in waste water purification through the development of an MBMBR system. The goal of the second is to research the uses and applications of graphene in water desalination. And the third entered its operational phase with the start-up of two pilot plants for the treatment of water using live organisms.
- In the energy field the Plater project was carried out. This involves the development of a platform to optimise the operation and management of renewables farms.
- In construction, a type of reinforced soil for use in earth retaining walls was developed and work is proceeding on a safer frangible cabin for use in airports.
- In aerospace we were involved in a number of initiatives including Coregal, a Horizon 2020 (H2020)-funded project aimed at developing a low cost unmanned aerial platform for forestry management, the Demetra project, also H2020-funded, which aims to research and develop certified and guaranteed time and frequency services for various markets using the Galileo system, and PERIGE0, funded by the Centre for the Development of Industrial Technology (CDTI), which is developing a research platform for new space technologies to be tested experimentally in UAV (*Unmanned Aerial Vehicles*).
- In systems work was carried out on the ARID-LAP project, the aim of which is to minimise the effects caused by extreme weather conditions on railway infrastructure in arid areas using earth observation data, drones and ICTs.
- In defence a notable initiative is the development of a coastal surveillance system for the processing, presentation and management of all the surveillance data present in the maritime scenario.





Find out about all our R&D and innovation projects in 2015

The R&D and Innovation Management system of Audeca was also audited by AENOR under the UNE 166002:2006 standard and retained.

New ideas, new projects

In 2015 the R&D and Innovation Management System was further developed with the aim of fostering project generation, maximising return on investment, aligning R&D and innovation with the development of new businesses and contributing greater added value to

the services that Elecnor provides.

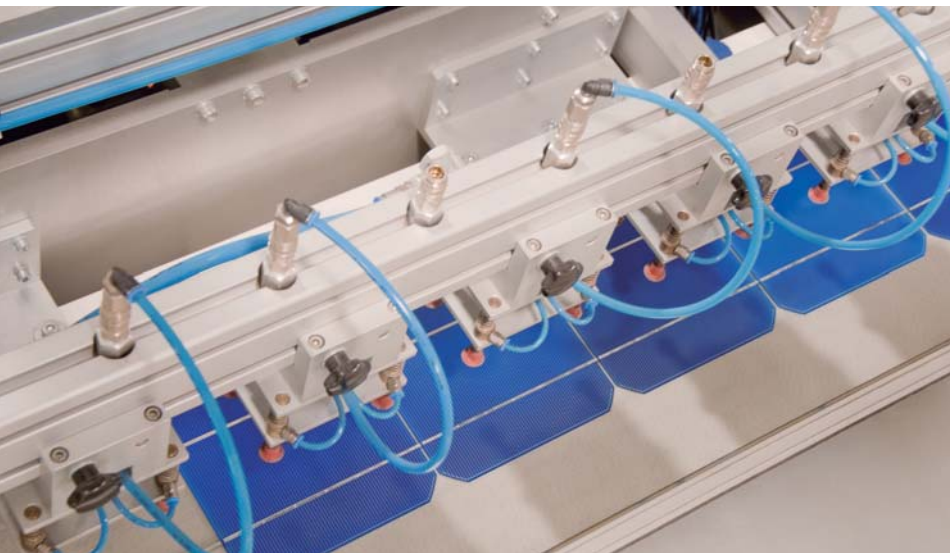
Efforts were chiefly focused on improving corporate tools and strengthening the Group's innovation culture. Noteworthy developments included:

- The launch of a new internal call model: INNOVA. Compared with previous models, this puts greater emphasis on the exploitation of results, provides better financing and affords participants greater flexibility. In addition, financial prizes have also

been introduced for the employees who carry out the best projects.

- Staging of creative workshops organised by the R&D+i Management Unit at the main Group units with the primary aims of identifying needs, improving processes and generating new projects.
- Certification was maintained for the R&D and innovation management systems and they were aligned with the new UNE 166002:2014 standard.
- The key R&D and innovation lines were updated to align them with the generation of new businesses.

Manufacture of solar panels in Almussafes (Valencia). Atersa



PEOPLE





Replacement of OPGW
in Los Barrios (Cádiz)

MAKING PROGRESS IN SPECIALISATION, DEVELOPING TALENT

Elecnor promotes the development and specialisation of its professionals as the bedrock of its strategy for training the entire Group's team. This commitment to training enables talent to blossom and fuels growth.

In 2015, a Training Plan was delivered from which a total of 29,881 participants benefited, receiving 173,713 hours of training. These figures represent an increase of 28% in attendees and of more than 8% in training hours delivered.

In line with previous years, training activities were aimed at providing, maintaining and adapting the technical qualifications needed by Elecnor professionals to carry out activities at the company's various businesses that require a high level of specialisation, which means that skills must constantly be updated. Specialist programmes were carried out in the areas of electricity distribution, renewables generation, facilities, telecommunications, gas, maintenance and railways, as well as for operators of various types of machinery.

In the Quality and Environmental areas information about Quality and Environmental Management System audit processes and the implementation of an R&D and innovation system continued to be updated.

In line with the goal of and ongoing commitment to eliminating accidents, in the area of Occupational Risk Prevention intensified practical training was provided to line managers and operators

on the risks of electric shocks and working at height and in confined spaces. The company also continued to develop and strengthen the culture and organisational structure in this area by providing further training in risk prevention duties to site managers and officials.

Workshops were also again provided for line managers at the Major Networks Unit in Spain, Ecuador, the Dominican Republic, Angola and Brazil in 2015.

Below is a breakdown of the main training areas in 2015:

Training areas	Attendees	Hours
Management	▶ 763	11,776
Technology	▶ 4,467	63,856
IT	▶ 60	1,247
Languages	▶ 556	18,650
Quality and the Environment	▶ 455	1,711
Occupational Health and Safety	▶ 23,580	76,473
Total	29,881	173,713



29,881
participants

173,713
training hours

■ In 2015, there was an increase of 28% in attendees and of more than 8% in training hours delivered



TEAMWORK, INNOVATION AND COMMITMENT

The Group's talent management encompasses both established professionals and recent graduates for each of the countries in which it is present. Furthermore, internal mobility plays a fundamental role in the retention and promotion of the talent that already forms part of the Elecnor team.

Elecnor's ongoing international growth thanks to contracts secured once again resulted in a large volume of selection processes in 2015, chiefly in the second half of the year. Australia, Haiti, Algeria, Venezuela, Angola, Congo and Uruguay were among the countries where demand for staff was strongest.

Recruitment of professionals for international placements is being carried out in partnership with local employment portals such as Apec (France), Bayt (Jordan), Aldaba (Dominican Republic), Trabajando.com (the leading portal in Chile), Posao.hr (Croatia) and Infojobs Italia.

In keeping with the established trend in the Group, knowledge of languages, specialisation and international mobility were the most valued competences in recruitment, both nationally and internationally. Value also continues to be attached to technical and managerial competences, with an increasing focus on commitment to teamwork, service, innovation and the company in the long-term. These will be the key considerations in personnel recruitment in 2016.

One of the key initiatives in 2015 was the development of the Internal Selection tool with the aim of improving talent retention. This tool highlights existing vacancies to internal staff with the aim of filling them with professionals from the company. This helps to foster mobility both nationally and internationally.

Last year a total of 605 selection processes were opened, a 14.5% increase compared with 2014, of which 408 (67%) were covered. 35% of new hires were engineers,

while 66% held vocational training or higher education qualifications.

As usual, the recruitment team sought to continue to attract students and recent graduates as well as to hire new talent. In 2015, Elecnor continued to collaborate with universities and vocational training centres. These links were maintained by introducing innovative recruitment activities in certain schools and by taking part in employment forums and information events in universities and training centres.

Events included Foroempleo 2015 at Carlos III University in Madrid; the second Networking Talent Day organised by the Polytechnic University of Catalonia; the 2015 Employment Workshops and Companies Presentation at the Higher Technical Engineering School of Bilbao; and the well-known Recruitment Events of Madrid Polytechnic University, specifically at the Higher Industrial Engineering Faculty, where recruits were selected for junior posts and grants.



605
new
selection
processes

408
selection
processes
completed

959
job offers
published

151,978
applications for
the job offers
published

One of the key initiatives in 2015 was the development of the **Internal Selection** tool with the aim of improving talent retention

SOCIAL COMMITMENT

Elecnor, through its wide-ranging actions, impacts directly on progress and social welfare, while at the same time helping to resolve some of the major challenges that society faces (reduction of the energy divide, safe access to basic necessities such as energy and drinking water...). This contribution is especially evident in the developing countries where the company operates.



Ceremonial laying of the foundation stone HzOMe in Gove (Angola)

In addition to the social benefits of Elecnor's activities to the communities where it operates, the Group's social action is chiefly carried out through the Elecnor Foundation, although the Group parent and the various companies in every country are also involved in many initiatives.

Elecnor is aware of the growing

importance to the business of integration into the various environments where the Group is present. Along with the legal legitimacy to operate, it is necessary to achieve social legitimacy from the stakeholders affected by the company's operations. With this in mind, Elecnor has been striving to achieve the credibility, trust and respect of society.



THE ELECNOR FOUNDATION

Social infrastructure

The Elecnor Foundation was founded in 2008, inspired by a desire to serve society, with a particular focus on the most disadvantaged communities in the areas where the Group works and young talent in universities and vocational training.

In 2015 the Foundation continued with its social infrastructure projects and training and research initiatives. It also oversaw the further development of the social infrastructure projects implemented in recent years in countries such as Chile, Uruguay and Ghana. At the same, and in keeping with the company's environmental and social commitment, the foundations were laid in Latin America and Africa for the implementation of its H2OME system in an effort to foster environmental conservation and social progress. Gove, in Angola, will be the location of the first installation of the H2OME system in Africa.

In addition, in 2015 the Elecnor Foundation and the child rights advocacy organisation Plan International agreed to work together on international projects

to improve access to water and energy in developing countries.

The first fruit of this agreement was the launch of the Digital Business and Learning Project (PEAD) in Nicaragua.

To get this project up and running, the Elecnor Foundation – in partnership with Plan International Nicaragua and Télécom sans Frontière – received funding from the Spanish Agency for International Development Cooperation's 2015 round for NGOs equivalent to 40% of the entire cost of the project.

The aim of this project is to improve access to educational and telecommunications tools and to inclusive business models through digital kiosks in isolated rural communities in Nicaragua's Pacific and Atlantic regions.

The project, which has 3,778 direct beneficiaries, is being implemented in communities in Francia Sirpi in the north of the country. This is the country's most

vulnerable region in social terms, with an extreme poverty rate of 71%. It is also an area with a very large indigenous population; in fact, Francia Sirpi is home to 70% of Nicaragua's entire population of indigenous and African descent. And within this segment, the Miskitu ethnic group is the largest.

The project entails the installation of six digital kiosks to improve access to basic telecommunications services, i.e. telephony and internet, fuelled by solar photovoltaic energy.

The Elecnor Foundation will be responsible for the preparation of instruction and training documents for local technical staff on preventative maintenance, use and management of the photovoltaic system and ICT services, preparation of the design and scaling document for the photovoltaic systems of the six digital kiosks planned, and the drawing-up of a technical and financial report on the scalability of the ICT service of the digital kiosks at national level in conjunction with Plan Spain.

■ The Group's social action is chiefly channelled through the Elecnor Foundation

THE H₂OME SYSTEM REACHES ANGOLA

H₂OME is a cutting-edge project designed as an energy-efficient "multi-functional sustainable module" to supply drinking water and offer multi-purpose spaces. In 2015, the Foundation made significant progress in its efforts to establish the system in environments with special water supply needs: following intensive investigations and technical research the municipality of Gove in the Angolan province of Huambo was chosen as the first location for the H₂OME system in Africa.

H₂OME is built using former shipping containers, which are recycled and used to build a mobile structure that can be transported and installed anywhere worldwide, in particular in locations where there is limited access to water fit for human consumption.

The system consists of a variable number of containers on two levels: a lower level containing a water purification unit and an upper level with a large multifunctional, open space for activities of benefit to the community. If there is no access to the power grid, H₂OME uses photovoltaic power to cover the project's energy requirements.

In 2015 the Foundation continued to look at potential sites for this technology in several countries in Latin America and Africa. An outstanding example where work is already underway is Angola, and more specifically Gove (in Huambo province), where water was identified as being in short supply. A preliminary design was then created which was followed by feasibility studies (basic engineering) and finally the detailed engineering for the first H₂OME in Africa.

The aim of the project, which will be operational towards the end of 2016, is to purify and distribute water from the Gove hydroelectric plant so that residents have quick and easy access to a commodity essential for their nutrition and health. Each person will have access to an average of 50 litres per day.

This H₂OME installation will be built in five 40 foot high cube containers. They will have the following functions:

1. Water purification unit
2. Accommodation of the manager of the system, also serving as an office and store.





The sustainable and multifunctional H2OME module

With regard to corporate volunteering, especially noteworthy was the second edition of the Elecnor Foundation Volunteer programme, which again sent employees to work on the Synergy project. Carried out in partnership with the Chilean Agriculture Ministry's Institute of Agricultural Development (INDAP) and the Chilean government, the ultimate aim of this initiative is to improve the socio-economic situation

and life quality of the 40 families in the community of Totoral in Chile's Atacama region.

The Elecnor Foundation strives to foster the social commitment and participation of Elecnor's employees. Volunteering offers our current employees and retirees an opportunity to contribute their time, skills and experience to the Foundation's projects.

During their stay in Totoral, the five volunteers, selected through an internal process, carried out a range of maintenance work and checked the equipment and systems installed. They also took advantage of the opportunity to instruct the local residents on effective use and maintenance of the facilities.



The second edition of the Elecnor Foundation Volunteer programme once again involved the Synergy project, the aim of which is to improve the **socio-economic situation and life quality of 40 families in Totoral**



Partnership with the Salesianos Deusto College in Bilbao (Biscay)

Training and research

In this sphere, the Elecnor Foundation promotes initiatives in all areas of engineering, building alliances and agreements with universities and educational centres to encourage the development of knowledge and foster the professional progress of young people.

In 2015, the Foundation promoted its third specialist vocational training course in partnership with the Colegio Salesianos de Deusto (Bilbao). This course in medium and high voltage installations is setting a benchmark in the world of vocational training through its focus on the business world.

Once again, this course provided an excellent opportunity for vocational training students of electricity distribution in the standard grade to complete their training, making them better prepared to work in the electricity sector in the future.

One of the most notable of the activities organised by the Elecnor Foundation's Renewable Energy and Energy Efficiency Chair at the Madrid Polytechnic University's Industrial Engineering School was the First Laboratory of Ideas on Renewable Energies, the specific theme of which was "Renewable versus conventional generation. The search for a proper balance." This is a highly topical issue, with the debate on Spanish and European energy strategy over the coming years currently livelier than ever.

The company also continued its internship programme with the Valencia's Polytechnic University's Higher Industrial Engineering Facility. More specifically, four students of the university were each awarded a grant of EUR 1,800. A prize of EUR 1,500 was also awarded for the best dissertation.

OTHER SOCIAL INITIATIVES

In addition to the social action of its Foundation, the Elecnor Group also carries out other initiatives through its subsidiaries. These include those undertaken by Enerfin, the Group's wind subsidiary, in Brazil, where a visitor centre was built at the Osório wind farm complex to provide information on the wind farms installed in the municipality, promote environmental and sports tourism in the region and run training courses related to renewable energies for the community.

The ultimate aim of the project is to make the municipality of Osório a standard bearer for sustainability and an essential destination for travellers on the coast of Rio Grande do Sul state. Visitor numbers are expected to total 25,000 per year.

The activities at the visitor centre will be carried out in in coordination with other cultural spaces already open or being created in the municipality of Osório. With this in mind, the companies at the Osório wind complex will sign agreements with local university bodies.



In Canada, Enerfin has worked in close partnership with the tourism management body for L'Érable to publicise the wind farm to visitors to the region through the following initiatives:

- Creation of a video and information board on the wind farm for a visitor centre in the Regional County Municipality of L'Érable.
- Training of the centre reception staff to provide detailed information on the wind farm.
- Preparation of a presentation, visual materials and organisation of a visitor route to introduce the L'Érable wind farm and wind energy to visitor groups.

Celeo, the Group's concessionaire subsidiary, was also very active in social initiatives in Brazil and Chile. In Brazil, within the BNDES social credit financing programme, Celeo continued to support the Ji-Paraná recycling project (COOCAMARJI), with a particular focus on its solid waste management plan. The aim of this project is to help strengthen this cooperative, improving its revenue generation capacity and contributing to the protection and improvement of the

environment. This programme also includes awareness and education campaigns in the community where it is taking place.

In Chile, one noteworthy initiative is our involvement, alongside other associations and electricity companies, in the sponsorship of the Great World of Energy game. The aim of this game is to familiarise children with the world of energy in an entertaining and educational manner. In the question squares are concepts such as electricity easement, substation, solar thermal energy, electrical circuit, panel of experts, electricity concession, etc.

In 2015 these games were presented to pupils of the school close to the Alto Jahuel substation, who were invited to the inauguration of the Ancoa-Alto Jahuel project.

Celeo and Enerfin also carried out various initiatives with indigenous communities in 2015 of which several are described below:

- In the course of its promotion activity in the Canadian province of

Ontario, Enerfin maintained a dialogue with various First Nations groups with the aim of finding out about their concerns and taking into account their views in the initial stages of development.

- In Brazil, Celeo continued with its mitigation activities in the traditional Quilombo community of Poblado de Onça in the sphere of influence of the IMTE concession. Here, the social communication and infrastructure support programme, which involved the construction of a community centre in the village including electrical installations, water supply systems and the purchase of domestic appliances, was concluded.

Both Celeo and Enerfin carried out several initiatives with indigenous communities in 2015



SOLAR PHOTOVOLTAIC PANELS ARE TRANSFORMING THE FISHING COMMUNITY OF LAGUNA DE ROCHA

The Elecnor Foundation completed the "Luces para Aprender Uruguay" (Lights for Learning Uruguay) project in 2014. This initiative has brought electricity and internet connections to Uruguay's 82 rural public schools that lacked these resources, thus improving the rights and education of children in these rural areas.

The overriding goal of "Luces para Aprender" is to raise the quality of education and optimise learning and communication in five areas: provision of alternative energy, connectivity, teacher training, community development and sustainability.

The Elecnor Foundation was responsible for the technical side of the project, installing photovoltaic systems to meet the internal and external lighting needs of the schools. It also trained the individuals appointed in each community on how to use and maintain this sustainable and environmentally-friendly energy system with a view to keeping the system in good working condition and extending its useful life.

As UTE, Uruguay's state-owned power company, hooks the schools included in the project up to its grid, the photovoltaic systems installed in them are removed. By the end of 2015 the systems had been removed from eleven of the 82 schools that initially benefited from the Lights for Learning Uruguay project.

To make full use of the equipment and systems removed from these schools, an initiative has been launched to meet the energy needs of the fishermen of the Laguna de Rocha wetland. The main aim of this project is to guarantee the supply of power for the preservation of fish, which is essential for improving the conditions in which production is sold. The absence of refrigeration means that fishermen have to sell their catches immediately to intermediaries, with no other option than to accept the low prices offered.

The aim of this initiative is to improve the production and social capacities of the community and significantly enhance life quality through the introduction of a sustainable development model in an exceptionally environmentally sensitive area.

Laguna de Rocha is part of a coastal wetland system that also includes the José Ignacio, Garzón and Castillos lagoons. This wetland system forms part of the "Bañados del Este Biosphere Reserve", which has been included in UNESCO's "Man and the Biosphere Programme" (MAB) since 1976.

The Lights for Learning project is an initiative that has brought electricity and internet connections to 82 rural public schools in Uruguay





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