Solaria

1H 2019 Earnings

September 2019



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Regulation
The development, construction and operation of solar PV parks are highly regulated activities and Solaria conducts its operations in many countries and jurisdictions, which are governed by different laws and regulations. Such laws and regulations require licenses, permits and other approvals to be obtained and maintained in connection with the operation of its activities. The procedures for obtaining such licenses, permits and other approvals vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standard.

In addition, this regulatory framework imposes significant actual, day-to-day compliance burdens, costs and risks on us. In particular, in the countries where Solaria operates, solar PV parks are subject to strict EU (for those located in Spain, Italy and Greece), national, regional and local regulations relating to their operation and expansion (including, among other things, land use rights, regional and local authorizations and permits necessary for the construction and operation of facilities, permits on landscape conservation, noise, hazardous materials or other environmental matters and specific requirements regarding the connection and access to the electric transmission and/or distribution networks). Non-compliance with such regulations could result in the revocation of permits, sanctions, fines or even criminal penalties. Compliance with regulatory requirements may result in substantial costs to Solaria's operations that may not be recovered.
In addition, Solaria cannot predict whether the permits will attract significant opposition (public or otherwise including on account of litigation) or whether the permitting process will be lengthened due to administrative complexities and appeals.
Additionally, changes to these laws and requirements or of its interpretation by regulatory authorities and courts or the implementation of new such regulations affecting the solar PV parks in Solaria's portfolio may result in significant additional expenses and may have a material adverse effect on Solaria's business, financial condition, results of operations and cash flows to the extent that Solaria cannot comply with such laws. Thus, laws and regulations could be changed to provide for new rate programs that undermine the economic returns for both new and existing solar PV parks in operation by charging additional, non-negotiable fixed or demand charges or other fees or reductions in the number of solar PV projects allowed under net metering policies. These changes may make the development of a solar PV park infeasible or economically disadvantageous and any expenditure Solaria may have made on such solar PV park may be wholly or partially written off.
Solaria also faces regulatory risks imposed by various transmission providers and operators, including regional transmission operators and independent system operators, and their corresponding market rules. These regulations may contain provisions that limit access to the transmission grid or allocate scarce transmission capacity in a particular manner, which could materially and adversely affect Solaria's business, financial condition, results of operations and cash flows.
To the extent Solaria enters into new markets in different jurisdictions, Solaria will face different regulatory regimes, business practices, governmental requirements and industry conditions. As a result, Solaria's prior experiences and knowledge in other jurisdictions may not be relevant, and Solaria may spend substantial resources familiarizing itself with the new environment and conditions.
Pipeline
Solaria's current business strategy requires the successful completion of the development and operation of the projects in its portfolio and its plans to further organically grow such portfolio of solar PV parks. As part of Solaria's growth plan, Solaria may acquire solar PV parks in different development stages.
The development of the projects in Solaria's pipeline involves numerous risks and uncertainties and requires extensive funding, research, planning and due diligence. Solaria may be required to incur significant amounts of capital expenditure for land viability analysis, land and interconnection rights, preliminary engineering, permitting, legal and other expenses before it can determine whether a solar PV park is economically, technologically or otherwise feasible.
Difficulties that Solaria may face when executing this development and growth strategy include:
• obtaining and maintaining required construction, environmental and other permits, licenses and approvals; securing suitable project sites, necessary rights of way and satisfactory land rights (including land use) in the appropriate locations with capacity on the transmission grid;
• unanticipated changes in project plans;
• connecting to the power grid on schedule and within budget;
• connecting to the power grid if there is insufficient grid capacity;
• identifying, attracting and retaining qualified development specialists, technical engineering specialists and other key personnel;
• entering into PPAs or other arrangements that are commercially acceptable and adequate to obtain third-party financing therefor;
• securing cost-competitive financing on attractive terms;
• the availability of solar PV modules and other specialized equipment, increases in their prices and negotiating favorable payment terms with suppliers;
• negotiating satisfactory engineering, procurement and construction ("EPC") agreements;
• satisfactorily completing construction on schedule, avoiding defective or late execution by providers and contractors labor, including equipment and materials supply delays, shortages or disruptions, work stoppages or labor disputes;
• cost over-runs, due to any one or more of the foregoing factors;
• operating and maintaining solar PV parks efficiently to maintain the power output and system performance; and
• accurately prioritizing geographic markets for entry, including estimates on addressable market demand.
Accordingly, some of the pipeline solar PV projects may not be completed or even proceed to construction and Solaria may not be able to recover any of the amounts invested.
All the foregoing shall be taking into account by those persons or entities which have to take decisions or issue opinions relating to the securities issued by Solaria. All such persons or entities are invited to consult all public documents and information of the Company registered within the Spanish Securities Market Commission, including the Exchange Information.

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03 Installed capacity x 2.5

04 More Growth to Come

01 KEY HIGHLIGHTS

1H19 Highlights

Good set of results

- Production record: Energy production grew by over 6% to a record high for Solaria of 54GWh for H1
- Good operating results. Increased EBITDA (+5.5%), in line with growth of revenues (+5.5%)

Huge increase in installed capacity

x 2.5

- New 110MW completed in line with CMD targets
- Installed capacity x 2.5 from 75MW to 185MW

185MW

More growth to come

- Entry in Portugal with 49MWn



1H19 Highlights

Reaching 185MW in installed capacity









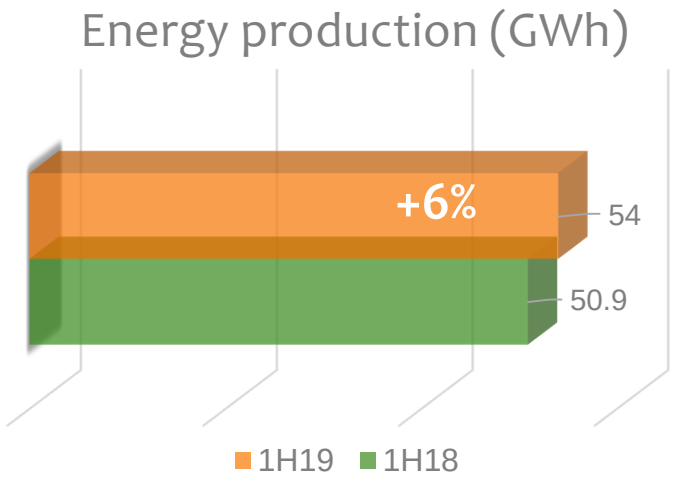




02 FINANCIAL REVIEW

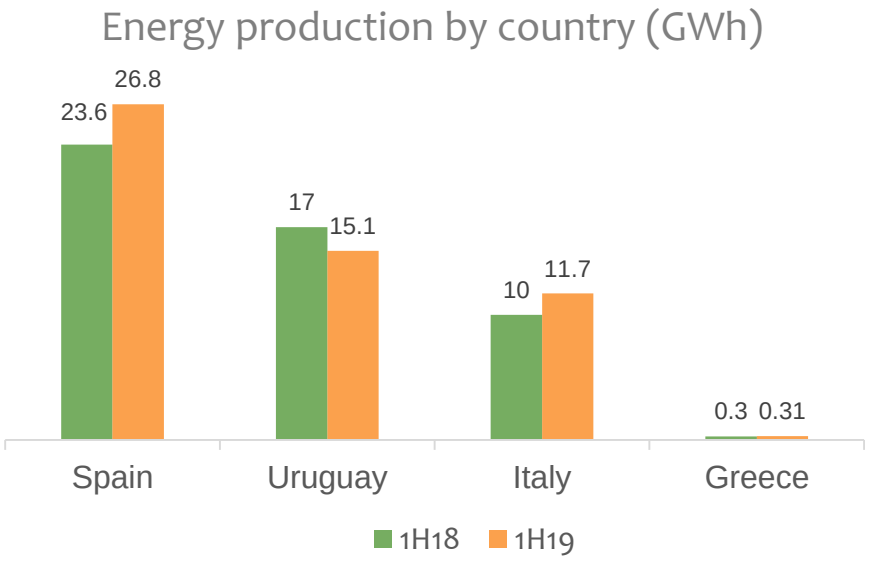
1H19 Earnings

Increasing production numbers



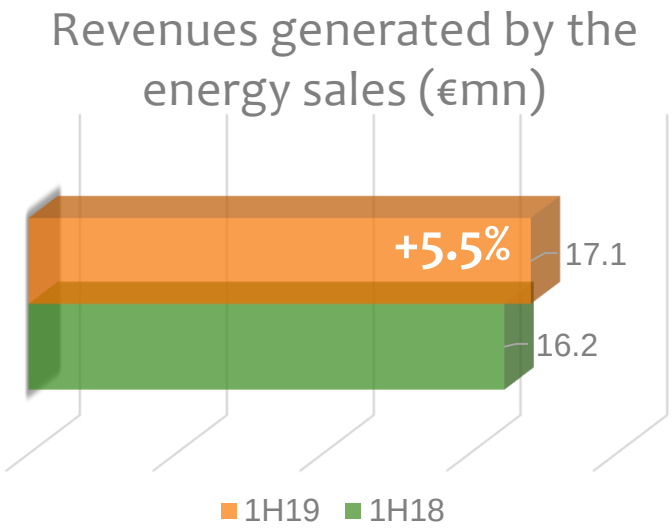
Energy production grew by over 6% reaching a record of 54GWh in the first half of the year, thanks to full operation of all PV plants.

In line with the first quarter, **solid energy production figures (Italy +17%, Spain +13%, Greece +3%) are also due to high radiation at our plants in southern Europe** compensating lower production in Uruguay (-11%) owing to lower radiation.

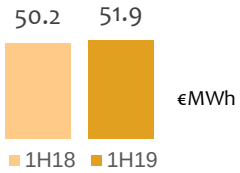


1H19 Earnings

Solid operating results

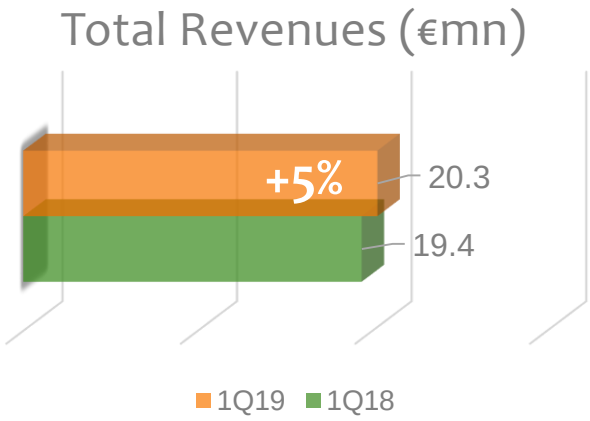


Spanish pool price
+3.4% H/H



Revenues generated by energy sales up 5.5%, in line with solid generation data and sound performance of electricity prices.

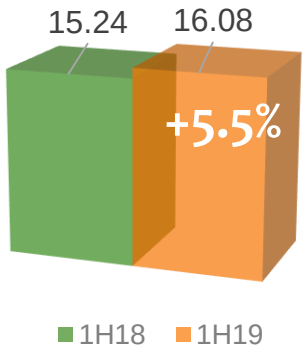
Accordingly, **total revenues increased by 5%.**



1H19 Earnings

Solid operating results

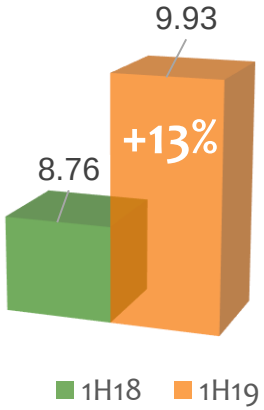
EBITDA (€mn)



EBITDA reached €16.08mn, up +5.5%. After a six-month suspension, **the power generation tax was reinstated in April 2019.**

Net Profit up (+13%) from €8.76mn to €9.93mn.

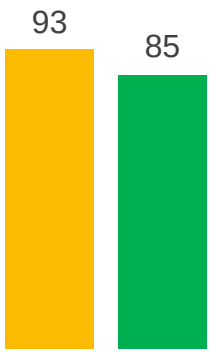
Net Profit (€mn) without extradinary



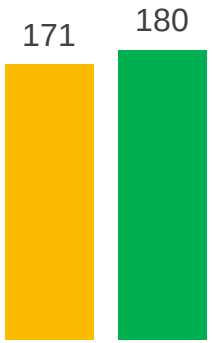
1H19 Earnings

Solid balance sheet reflecting beginning of strong growth and invesment

Cash
(M EUR)



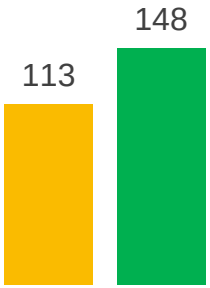
Equity
(M EUR)



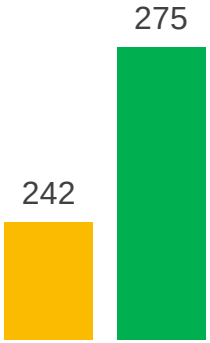
Strong cash and sound equity position

Upturn in NFD (+35M EUR) in line with surge in fixed-asset base (+34M EUR)

Net financial debt (NFD)(1)
(M EUR)



Tangible fixed assets (NFD)(1)
(M EUR)



2018 1H2019

(1) Financial Debt = Long & Short term obligations and bonds + Long & Short term financial liabilities with credit institutions + Short term liabilities with commercial debtors and creditors

03 INSTALLED CAPACITY x 2.5

400MW package progress

New 110MW installed

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"El BALDÍO" **19,8 MWp** (Cáceres)



Installed capacity .	**19.8 MWp**
Modules	**53,536**
Energy production est.	**40GWh**

"TORDESILLAS 1" **30MWp** (Valladolid)



Installed capacity	**30 MWp**
Modules	**89,490**
Energy production est.	**60GWh**

400MW package progress

New 110MW installed

Solaria

“POLEÑINO” **30 MWp** (Huesca)



Installed capacity	**29.94 MWp**
Modules	**78,792**
Energy production est.	**60 GWh/Y**

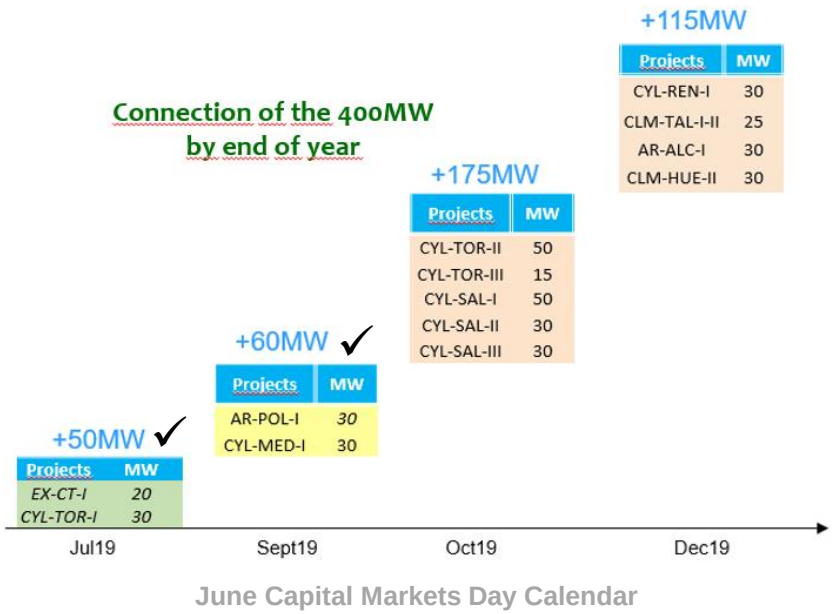
“MEDINA” **30MWp** (Valladolid)



Installed capacity .	**29.95 MWp**
Modules	**89,400**
Energy production est.	**60GWh/Y**

Installed capacity x 2.5

185MW installed today
475MW installed by end of December



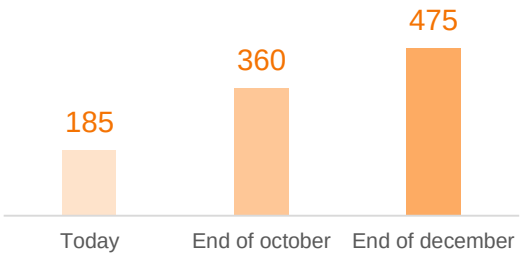
June Capital Markets Day Calendar

Installed capacity **x2.5**

from **75MW** to **185MW**

More installations
in coming months

Installed-capacity performance



658MW package progress

EPC in progress
Further equipment cost reduction

Project Code	Location		Power	Specific Prod.	Connection	Connection
	Region	Province	(MWp)	MWh/Mwp	type	Distance (km)
CLM - TO - I	Castilla La Mancha	Toledo	50,0	1.980,0	Transmission	4,5
CYL - MA - I	Castilla y León	Palencia	25,0	1.890,0	Distribution	1,5
CYL - MA - II	Castilla y León	Palencia	25,0	1.890,0	Distribution	1,5
CLM - AN -I	Castilla La Mancha	Toledo	50,0	1.950,0	Distribution	0,2
CYL - ZA - I	Castilla y León	Zamora	50,0	1.930,0	Transmission	4,5
CYL - MU - I	Castilla y León	Valladolid	80,0	1.980,0	Transmission	3,5
CYL - HI - I	Castilla La Mancha	Ciudad Real	50,0	2.060,0	Transmission	9,1
CYL - PA - I	Castilla y León	Palencia	50,0	1.890,0	Transmission	4,5
CYL - PA - II	Castilla y León	Palencia	45,0	1.890,0	Transmission	4,0
CYL - VI - I	Castilla y León	León	50,0	1.950,0	Distribution	1,5
CYL - ME- II	Castilla y León	Valladolid	43,0	1.990,0	Transmission	4,5
CYL - LU - I	Castilla y León	León	90,0	1.950,0	Transmission	3,0
CYL - SO - I	Castilla y León	Palencia	30,0	1.890,0	Distribution	2,0
CYL - SO - II	Castilla y León	Palencia	20,0	1.890,0	Distribution	2,0
Total			658,0			

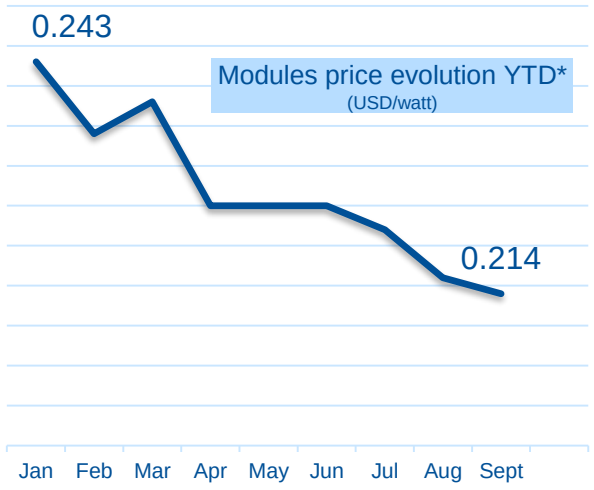
Engineering: Well advanced. All the projects are **designed and engineered 100% in-house.**

Procurement: Transformers and inverters: **Bidding process underway.** Next step: tender process for the modules where we still see a price reduction.

Construction: Next step: selection of the EPC companies

We intend to advantage of further price reduction in main equipment.

Modules prices down 12% YTD



- From 0.243 to 0.214 $/watt. Source: BloombergNEF Multi Module price.

04 MORE GROWTH TO COME

More growth to come

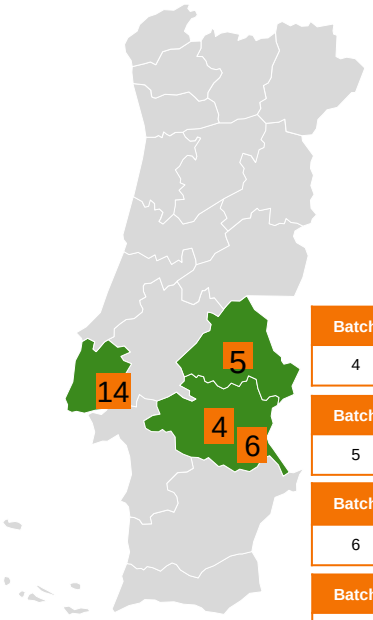
Entry in Portugal with 49 MWn

Award of 49MWn ≈ 60MWp
of solar power capacity in the 1.4GW Portuguese auction

=

Capacity reserve to connect to grid
+
Fixed price for energy supplied of €19.64 EUR/MWh for a period of 15 years

Working on increasing our 344MW pipeline to reinforce our presence in Portugal



Est. project IRR
4,5 to 5%*

Batch	Region	Substations	Power
4	Alentejo	Ceramica and Divor	19MW

Batch	Region	Substations	Power
5	Alentejo	Alcaçova, Arronches, Maranhao	10MW

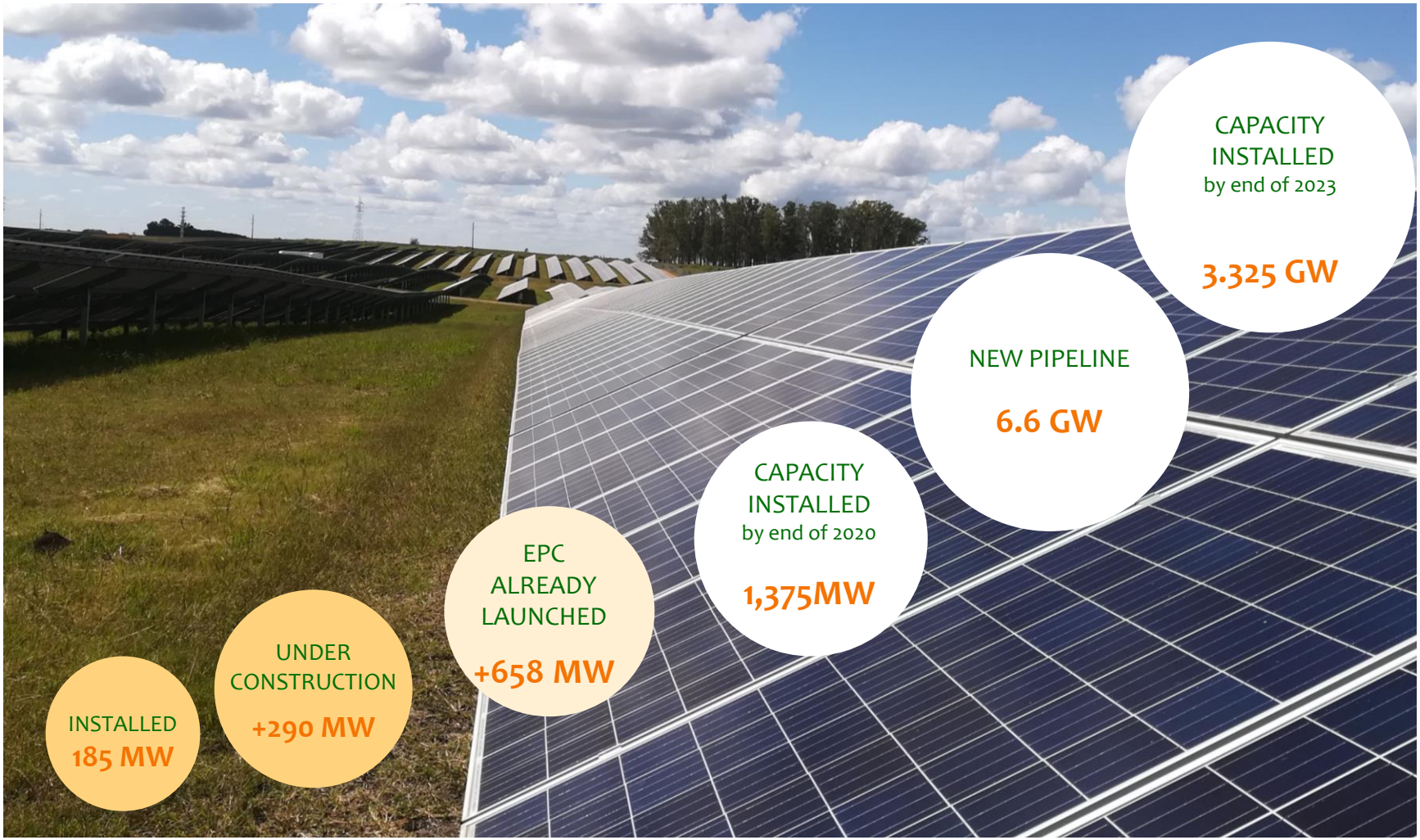
Batch	Region	Substations	Power
6	Alentejo	Caeira, Evora, Terena	10MW

Batch	Region	Substations	Power
14	Lisboa y Valle del Tajo	V. Tejo, Espadanal, Merceana, Areias	10MW

* Assuming capex of 400,000 EUR/MW and opex of 10,000 EUR/MW/year.

More growth to come

Installed capacity targets reiterated



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Thank You!



APPENDIX

P&L

THOUSAND OF EUROS	1H19	1H18	Absolute change	Relative change
Net sales	17,100	16,192	908	6%
Other income and earnings	3,193	3,200	(7)	0%
Total revenues	**20,293**	**19,392**	**901**	**5%**
Personnel expenses	(2,169)	(1,332)	(837)	63%
Operating expenses	(2,047)	(2,825)	778	-28%
EBITDA	**16,077**	**15,235**	**842**	**6%**
EBITDA / Net sales	94%	94%		
Amortisation	(6,337)	(6,121)	(216)	4%
EBIT	**9,740**	**9,114**	**626**	**7%**
EBIT / net sales	57%	56%		
Financial Income/Loss	(5,017)	(5,436)	419	-8%
Extraordinary earnings (*)	-	2,719	(2,719)	-100%
Profit before tax	**4,723**	**6,397**	**(1,674)**	**-26%**
Tax	5,208	5,080	128	
NET PROFIT / (NET PDA)	**9,931**	**11,477**	**(1,546)**	**-13%**
net profit/ net sales	58%	71%		

(*) In order to compare the figures, we have reallocated €2.7mn in 1Q18 one-off items in relation to Marche, Ollastra and Elassona, recorded under extraordinary earnings and not under other Income and earnings.

Balance Sheet: Assets

Thousands of euros	06/30/2019	12/31/2018	Absolute change	Relative change
Non-current assets	342,339	288,339	54,000	19%
Intangible assets	25,041	12,140	12,901	106%
Tangible fixed assets	275,360	241,774	33,586	14%
Deferred tax assets	37,236	32,755	4,481	14%
Other non-currents financial assets	4,703	1,670	3,033	182%
Current assets	105,568	106,330	(762)	-1%
Commercial Debtors and other accounts receivables	16,975	12,999	3,977	31%
Other current financial assets	1,919	77	1,842	2,402%
Other current assets	987	246	741	301%
Cash and other equivalent assets	85,687	93,009	(7,322)	-8%
Total Assets	447,907	394,669	53,238	13%

Balance Sheet: Liabilities

Thousands of euros	03/31/2019	12/31/2018	Absolute change	Relative change
Equity	180,087	170,914	9,173	5%
Capital and share premium	310,926	310,926	()	0%
Other reserves	5,311	5,311	-	0%
Retained earnings	(128,231)	(138,162)	9,931	-7%
Value adjustments	(7,919)	(7,161)	(758)	11%
Non-current liabilities	216,909	206,840	10,069	5%
Non-current provisions	22	536	(514)	-96%
Obligations and long term bonds	124,075	126,443	(2,368)	-2%
Financial liabilities with credit institutions	62,105	44,836	17,269	39%
Financial lease creditors	1,264	8,679	(7,415)	-85%
Debt with related entities	-	10,287	(10,287)	-100%
Derivative financial instruments	1,800	2,103	(303)	-14%
Other financial liabilities	27,643	13,956	13,687	98%
Current liabilities	50,911	16,916	33,996	201%
Obligations and short term bonds	15,930	6,553	9,377	143%
Financial liabilities with credit institutions	8,022	6,365	1,657	26%
Financial lease creditors	252	810	(557)	-69%
Derivatives instruments	71	778	(707)	-91%
Commercial creditors and other accounts payable	26,693	1,918	24,675	1286%
Other current liabilities	44	492	(447)	-91%
Total Liabilities	447,907	394,669	53,237	13%