# 2019 Full Year results

27 February 2019



Tordesillas 1 PV power plant, Spain

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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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# 01 KEY HIGHLIGHTS

# FY'19 Highlights

## Securing long term growth



### Strong earnings

- Production (+12%), Revenues (+9%), EBITDA (+7%), and net Profit (+12%) registered strong growth, owing to operation of new plants and recording of tax credits.
- Cost incurred in line with target and decreasing in coming years
- Efficient cash management. Cash +25€mn

### Assets in operation x5

- Huge increase of assets in operation x 5 from 75 to 360MW
- 250MW associated to 2017 Spanish tender connected on time

### Greater visibility on 2023 target

- >3.5GW with grid access (IVA) above 2023 target
- 626 MW Trillo Project

### Sustainable growth

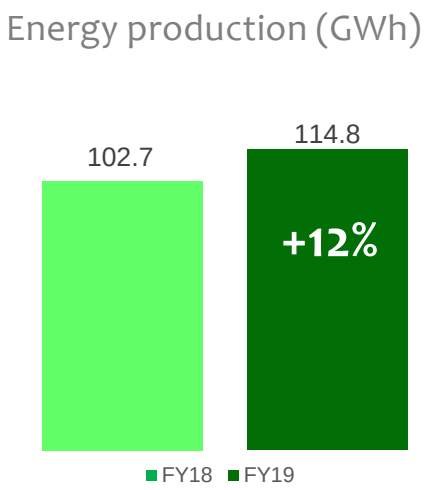
- Low merchant risk with 855MW revenues secured
- ESG as part of Solaria's DNA
- Sale of pipeline

**Consolidation as one of the top independent PV players in Spain**

# 02 STRONG EARNINGS

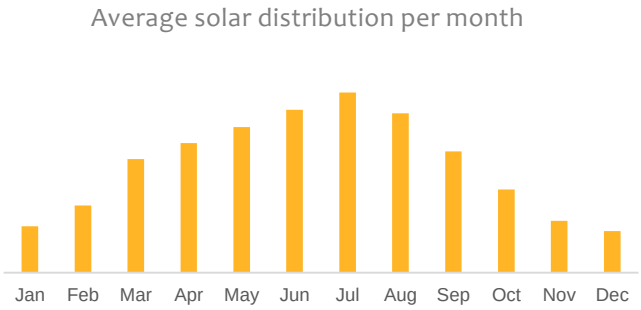
# FY2019 Earnings

## Sound performance of energy production




**Energy production grew by over 12%** owing to full operation of all PV plants and incorporation of 285MW new plants connected to the grid in second half of the year.

Energy production from new assets totalled **8.3 GWh** in last quarter due to **ramp-up phase** and **low load factor over winter.**



# FY2019 Earnings

## Solid operating results

Revenues from energy sales (€mn)

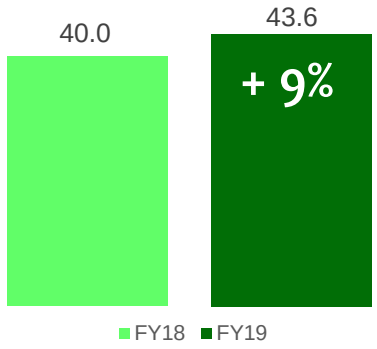



**Revenues from energy sales up 2.2%,** underperforming energy-production growth due to a **lower pool prices in Spain and Italy** and because of continued relevance of stable regulated component in our revenues. **Extremely high hydro and wind generation** resulted in **low pool prices in the fourth quarter.**

Spanish pool prices **-17%**
from 57.29 to 47.68 €MWh
Italian pool prices **-13%**
from 61.31 to 52.32 €MWh
FY8/FY19

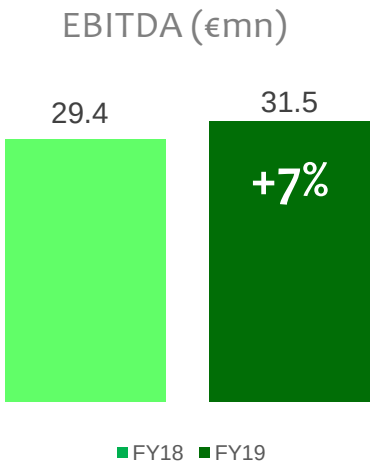
**Total revenues increased by 9%.** The delay in the connection of new plants was offset by **contractual penalties (1.2€mn)** applied to some suppliers.

Total Revenues (€mn)



# FY2019 Earnings

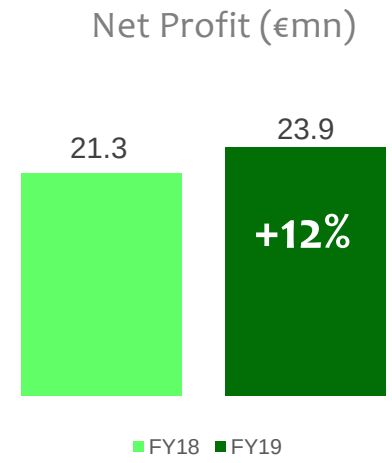
## Remarkable profits




**EBITDA amounted €31.5mn, up +7% in line with revenue growth.** The **upturn in personnel expenses** due to new staff needed to complete business plan, was partially offset by a **downturn in operating cost** (-15%) achieved through **optimisation of costs** and suspension of power-generation tax in first quarter.

**No significant additional staff increase** is needed.

**Net Profit up (+12%)** from €21.3mn to €23.9mn underpinned by recording of tax credit in relation to increased visibility on future cash-flow generation.

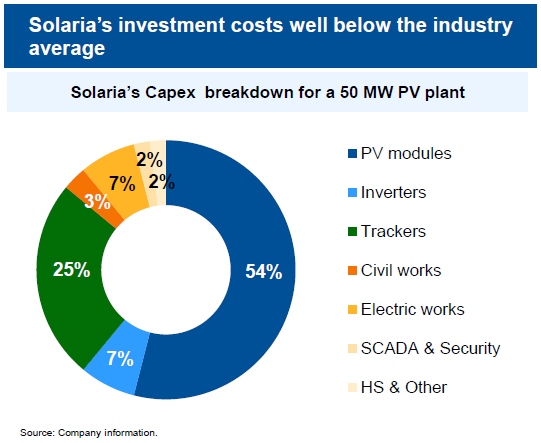


# FY2019 Earnings

## Installation cost for 400MW package in line with estimates …

**Est. Cost 2018 Investor Day**

<0.52€mn/MW

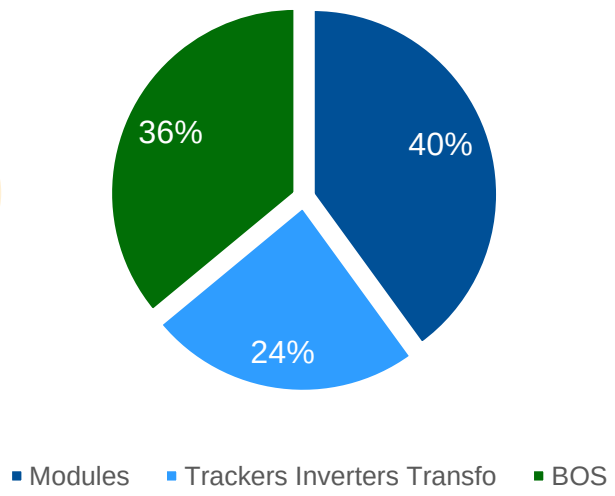



**Solaria installation costs are currently less than 0.52 €/Wp**

Consolidating as low-cost player in Europe

**Final Cost 400MW package**

0.49€mn/MW



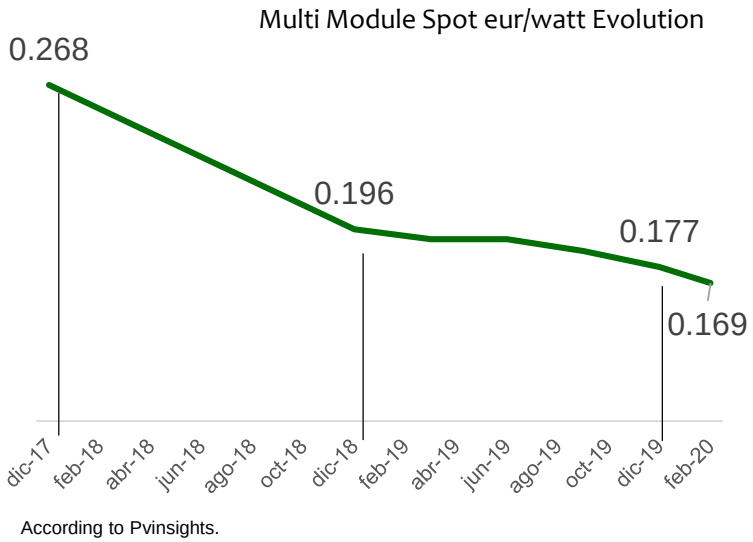
# FY2019 Earnings

… and decreasing

Modules prices
**-12%**
**vs. 1Q19**

Other components
**-10%**
**vs. 1Q19**

EPC
**-13%**
**vs. 1Q19**




According to Pvinsights.

**Today we are building at**
**0.46€mn/MW**

We estimate decrease in Capex of 5-10% per year in coming years

# FY2019 Earnings

## Efficient cash management

| | Net Financial Debt(1) (€mn) | Tangible fixed assets (€mn) |
|---|---|---|
| 2018 | 100 | 242 |
| 2019 | 183 | 385 |
| Δ | **+83** | **+143** |

**Fixed assets**
**+143M EUR**

**Generation of cash despite substancial capital expenditure in 2019**

| | Cash (€mn) |
|---|---|
| 2018 | 93 |
| 2019 | 118 |
| Δ | **+15%** |

**Cash**
**+€25mn**

**95% = non-recourse debt associated to high cash flow generation PV solar assets**

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

# 03 GREATER VISIBLITY OF 2023 TARGET

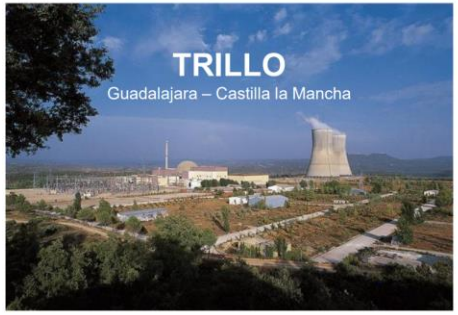
# Greater visibility of 2023 Target

## Trillo Project

**Nov 2019**

### 626MW Trillo complex

One of the biggest solar PV project in Spain and Europe




**Single node host** (400kV node)
at Trillo substation transmission grid (where is also connected the 1GW Trillo nuclear plant)

**626MW**
with connection rights (IVA) already secured

**≈ 1250 hectares of land**
100% of land secured with an average distance to connection point of 8km

**96% of our 650 MW target for 2021**

**19% of our 3,325 GW target for 2023**

**The biggest project in Solaria's 15-years history**

**One of the biggest solar PV projects in Spain and Europe**

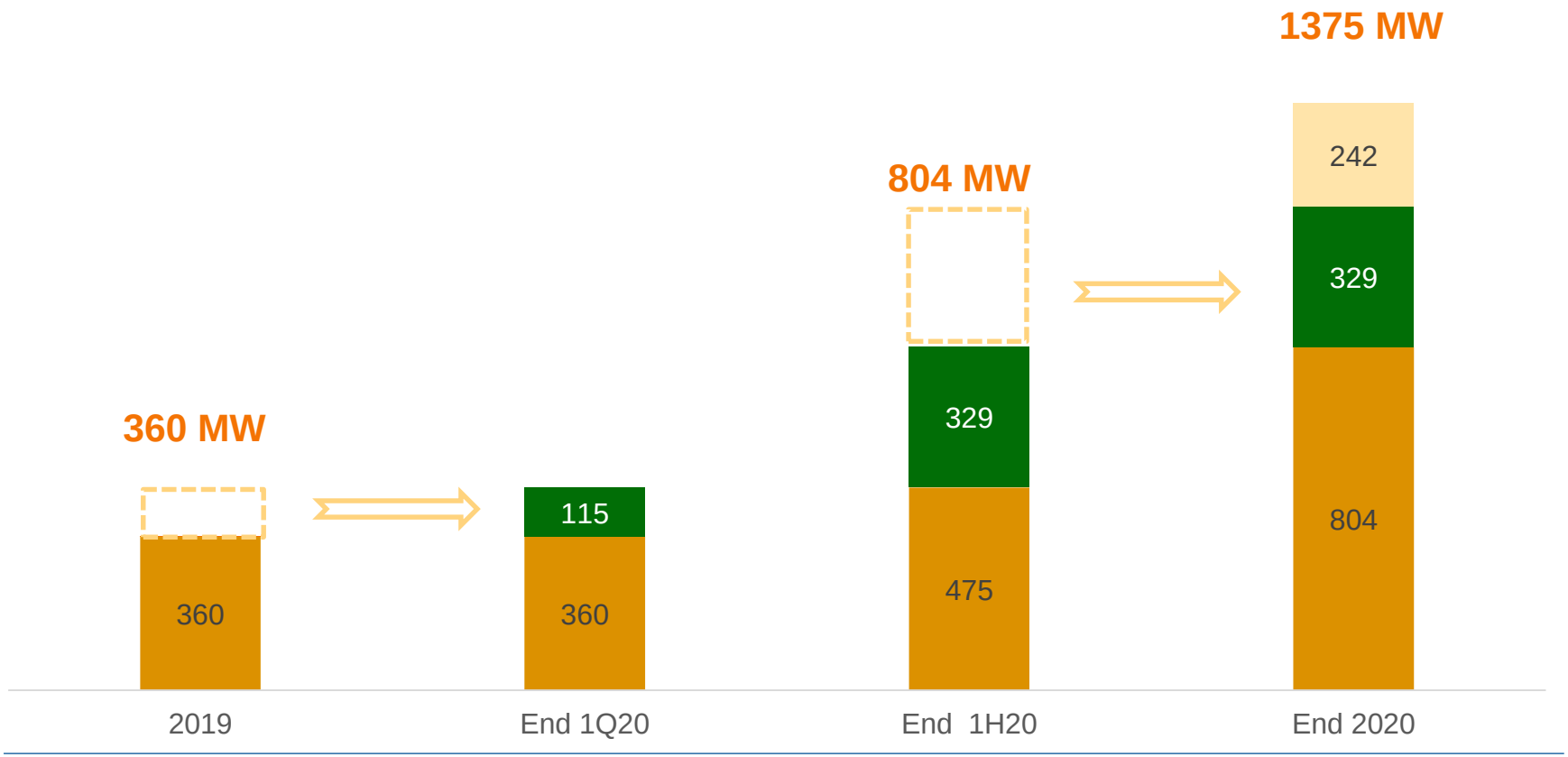
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**Today**

- ✓ Topographic and geotechnical studies completed
- ✓ Engineering in progress
- ✓ Environment-impact assessment in progress
- ✓ Avifauna impact evaluation to be complete by summer
- ✓ Construction to begin in 1H2021

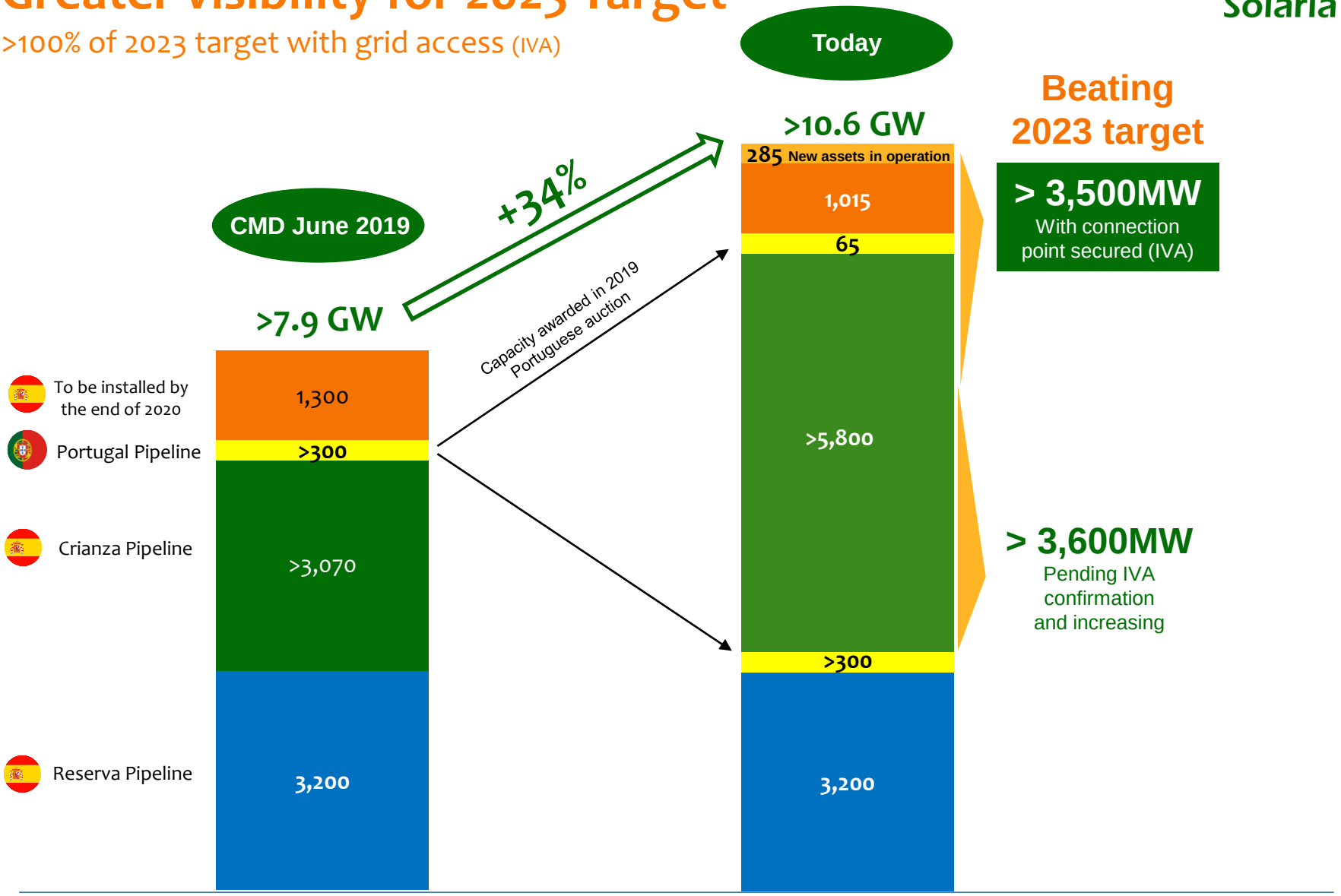
# Greater visibility on 2023 Target

1,375GW to be installed by 2020...



# Greater visibility for 2023 Target

>100% of 2023 target with grid access (IVA)



# Sustainable growth

## Raising cash through pipeline sales



# 04 SUSTAINABLE GROWTH

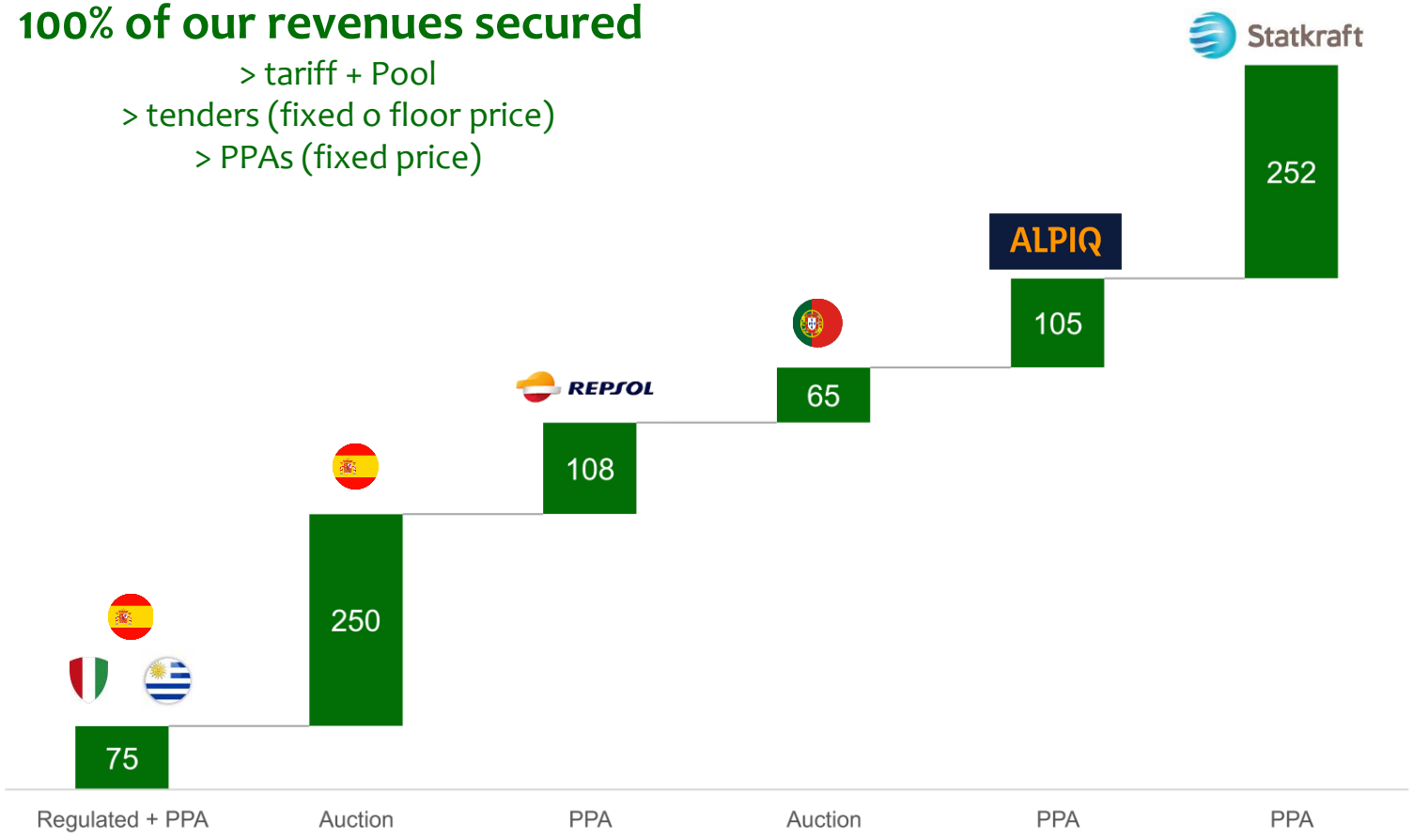
# Sustainable growth

## Low merchant risk with 855MW revenues secured

**855 MW**

**100% of our revenues secured**

> tariff + Pool
> tenders (fixed o floor price)
> PPAs (fixed price)



# Sustainable growth

## Securing long term PPAs

Solaria

ALPIQ

- ✓ 105 MWp
- ✓ 10 years
- ✓ 3 plants
- ✓ Castilla La Mancha & Castilla y León
- ✓ Signed on 12/16/2019
- ✓ Physical
- ✓ Solar profile

Statkraft

- ✓ 252 MWp
- ✓ 10 years
- ✓ 5 plants
- ✓ Castilla La Mancha & Castilla y León
- ✓ Signed on 12/20/2019
- ✓ Physical
- ✓ Solar profile

**Under negociations with over 10 counterparties for upcoming capacity**

| Offtaker | Power | Sector | Offtaker rating | Term | Type | Supply | Status |
|---|---|---|---|---|---|---|---|
| *Repsol* | *52* | *Oil & gas* | *Investment grade* | *7* | *Physical* | *Solar profile* | *PPA signed* |
| *Repsol* | *50* | *Oil & gas* | *Investment grade* | *7* | *Physical* | *Solar profile* | *PPA signed* |
| *Alpiq* | *105* | *Utility* | *Investment grade* | *10* | *Physical* | *Solar profile* | *PPA signed* |
| *Statkraft* | *252* | *Utility* | *Investment grade* | *10* | *Physical* | *Solar profile* | *PPA signed* |
| *Confidential* | *280 MW* | *Oil & gas* | *Investment grade* | *10* | *Physical* | *Solar profile* | *TS under negociation* |
| *Confidential* | *100 MW* | *Utility* | *Investment grade* | *10* | *Physical* | *Solar profile* | *TS under negociation* |
| *Confidential* | *≥ 100 MW* | *Industrial* | *Investment grade* | *10* | *Physical* | *Solar profile* | *Auction process* |
| *Confidential* | *200 MW* | *Oil & gas* | *Investment grade* | *10* | *Financial* | *Solar profile* | *TS under negociation* |
| *Confidential* | *200 - 300 MW* | *Utility* | *Investment grade* | *08-10* | *Physical* | *Solar profile* | *Price under negociation* |
| **TOTAL VOLUME UNDER NEGOCIATION > 1200 MW** | | | | | | | |

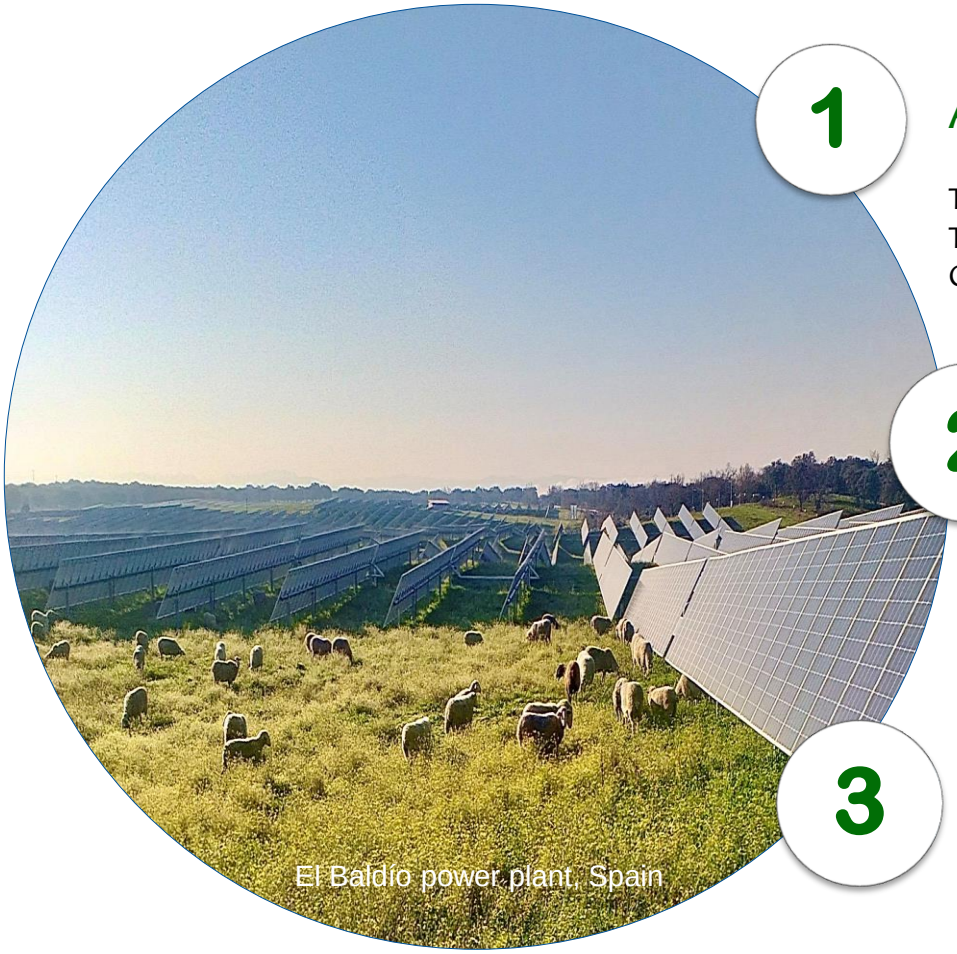
# Sustainable growth

## Highly appealing financing of growth

| Project finance debt | Trend | Target 2018 | 2019 | Est. 2020 |
|---|---|---|---|---|
| Tenor | ▲ | PPA + 3Y Tail | PPA + 8Y Tail | PPA + 8Y Tail |
| Leverage<br>based on standart cost | ▲ | 70% | 75% | >80% |
| Interest rate | ▼ | ≈3% | ≈ 2,7% | < 2% |
| Entities interest | ▲ | Low | Medium | Very high |
| Entity names | | | Natixis (2017 Auction assets)<br>Sabadell (Repsol PPAs) | TS signed - Under negociation |

# Sustainable growth

## ESG as part of Solaria's DNA


El Baldío power plant, Spain

**1** Ad hoc ESG Commission creation on 02/12/2020

To reinforce integration of ESG criteria in company strategy
Three independent board directors
Creation of Internal ESG Committee

**2** ESG Policy publication on 02/12/2020

Commitments and principles of action:

E > Maximise positive environmental impact
S > Promote social welfare
G > Ensure integrity and ethics in all areas

**3** Next Steps > In coming months

New environmental policy
New social policy
New measures of good governance

# Solaria is the leading independent PV player in Iberia

1. Assets in operation x 5, totalling 360MW at most competitive cost
2. Project IRR above 12%, with strong focus on cash generation
3. Pipeline exponential growth > 10.6GW with IVA beating 3.3GW target
4. Low merchant risk with 855MW revenues secured
5. Significant effort to integrate ESG criteria in company strategy






Tordesillas 1 PV power plant, Spain

# APPENDIX

# P&L

| THOUSAND OF EUROS | FY19 | FY18 | Absolute change | Relative change |
|---|---|---|---|---|
| Net sales | 34,540 | 33,791 | 749 | 2% |
| Other income and earnings | 8,998 | 6,177 | 2,821 | 46% |
| **Total revenues** | **43,538** | **39,968** | **3,570** | **9%** |
| Personnel expenses | (5,785) | (3,179) | (2,606) | 82% |
| Operating expenses | (6,256) | (7,361) | 1,105 | -15% |
| **EBITDA** | **31,497** | **29,428** | **2,069** | **7%** |
| EBITDA / Net sales | 91% | 87% | | |
| Amortisation | (15,277) | (13,630) | (1,647) | 12% |
| **EBIT** | **16,022** | **15,798** | **422** | **3%** |
| EBIT / net sales | 47% | 47% | | |
| Financial Income/Loss | (10,386) | (11,074) | 688 | -6% |
| Extraordinary earnings (*) | - | 2,719 | (2,719) | -100% |
| **Profit before tax** | **5,834** | **7,443** | **(1,609)** | **-22%** |
| Tax | 18,037 | 13,903 | 4,134 | |
| **NET PROFIT / (NET PDA)** | **23,871** | **21,346** | **2,525** | **12%** |
| net profit/ net sales | 69% | 63% | | |

(*) 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 | 12/31/2019 | 12/31/2018 | Absolute change | Relative change |
|---|---|---|---|---|
| Non-current assets | 462,386 | 288,339 | 174,047 | 60% |
| Intangible assets | 24,255 | 12,140 | 12,115 | 100% |
| Tangible fixed assets | 384,678 | 241,774 | 142,904 | 59% |
| Deferred tax assets | 52,809 | 32,755 | 20,054 | 61% |
| Other non-currents financial assets | 644 | 1,670 | (1,026) | -61% |
| Current assets | 138,140 | 106,330 | 31,810 | 30% |
| | | | | |
| Commercial Debtors and other accounts receivables | 19,493 | 12,999 | 6,494 | 50% |
| Other current financial assets | 163 | 77 | 86 | 113% |
| Other current assets | 303 | 246 | 57 | 23% |
| Cash and other equivalent assets | 118,181 | 93,009 | 25,172 | 27% |
| Total Assets | 600,256 | 394,669 | 205,857 | 52% |

# Balance Sheet: Liabilities

| Thousands of euros | 12/31/2019 | 12/31/2018 | Absolute change | Relative change |
|---|---|---|---|---|
| Equity | 193,258 | 170,914 | 22,344 | 13% |
| Capital and share premium | 310,926 | 310,926 | - | 0% |
| Other reserves | 5,311 | 5,311 | - | 0% |
| Retained earnings | (114,290) | (138,162) | 23,872 | -17% |
| Value adjustments | (8,689) | (7,161) | (1,528) | 21% |
| | | | | |
| Non-current liabilities | 326,254 | 206,840 | 119,414 | 58% |
| Non-current provisions | 437 | 536 | (99) | -19% |
| Obligations and long term bonds | 123,154 | 126,443 | (3,289) | -3% |
| Financial liabilities with credit institutions | 175,839 | 44,836 | 131,003 | 292% |
| Financial lease creditors | 989 | 8,679 | (7,690) | -89% |
| Debt with related entities | - | 10,287 | (10,287) | -100% |
| Derivative financial instruments | 2,300 | 2,103 | 197 | 9% |
| Lands – NIIF 16 | 23,535 | 13,956 | 9,579 | 69% |
| Current liabilities | 81,014 | 16,916 | 64,098 | 379% |
| Obligations and short term bonds | 15,500 | 6,553 | 8,947 | 137% |
| Financial liabilities with credit institutions | 9,404 | 6,365 | 3,039 | 48% |
| Financial lease creditors | 260 | 810 | (550) | -68% |
| Derivatives instruments | 809 | 778 | 31 | 4% |
| Commercial creditors and other accounts payable | 51,421 | 1,918 | 49,503 | 2581% |
| Lands – NIIF 16 | 1,303 | - | 1,303 | - |
| Other current liabilities | 2,317 | 492 | 1,825 | 371% |
| **Total Liabilities** | 600,526 | 394,669 | 205,857 | 52% |