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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03 Greater visibility of 2023 target

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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

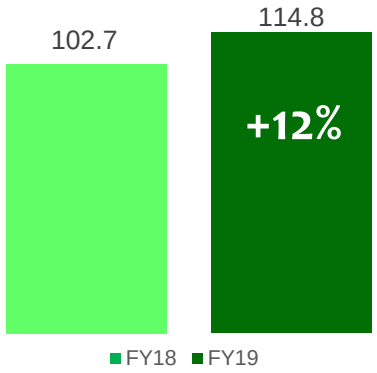
Consolidation as one of the top independent PV players in Spain

02 STRONG EARNINGS

FY2019 Earnings

Sound performance of energy production

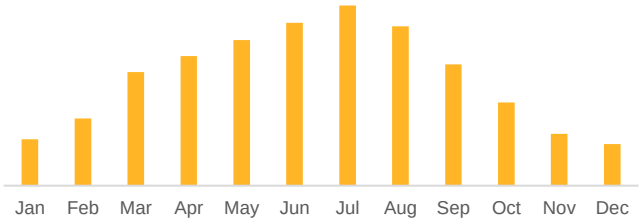
Energy production (GWh)



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.**

Average solar distribution per month



FY2019 Earnings

Solid operating results

Revenues from energy sales (€mn)

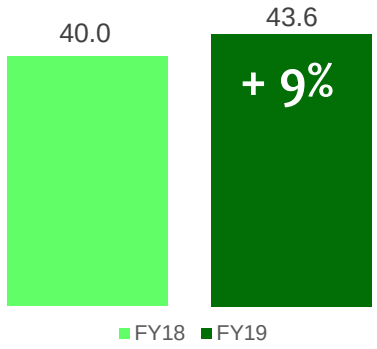


Revenues from energy sales up 2.2%, underperforming energy-production growth due to a **lower pool prices in Spain and Italy** and because of continued relevance of stable regulated component in our revenues. **Extremely high hydro and wind generation** resulted in **low pool prices in the fourth quarter.**

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

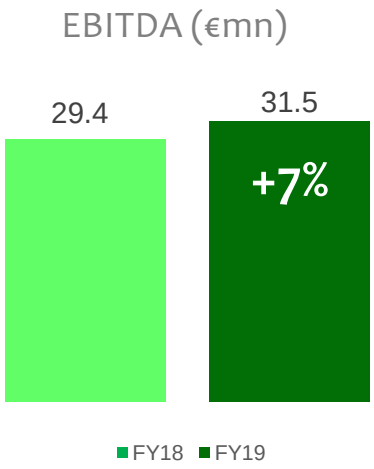
Total revenues increased by 9%. The delay in the connection of new plants was offset by **contractual penalties (1.2€mn)** applied to some suppliers.

Total Revenues (€mn)



FY2019 Earnings

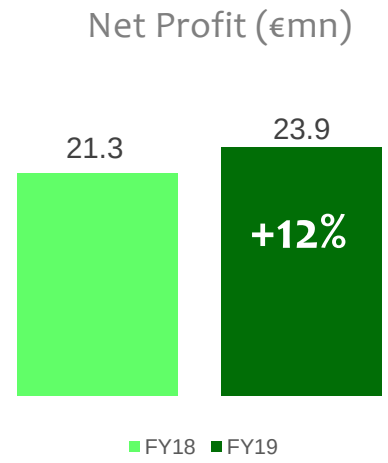
Remarkable profits



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.

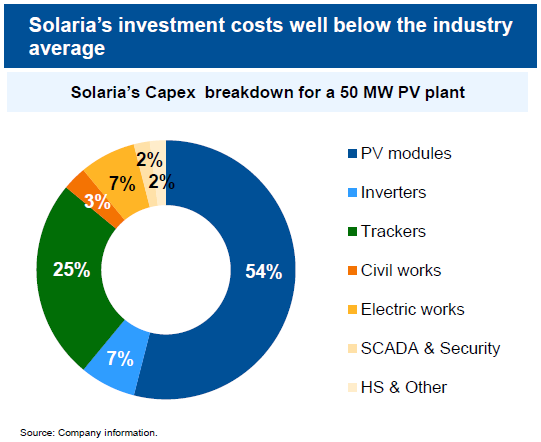


FY2019 Earnings

Installation cost for 400MW package in line with estimates …

Est. Cost 2018 Investor Day

<0.52€mn/MW

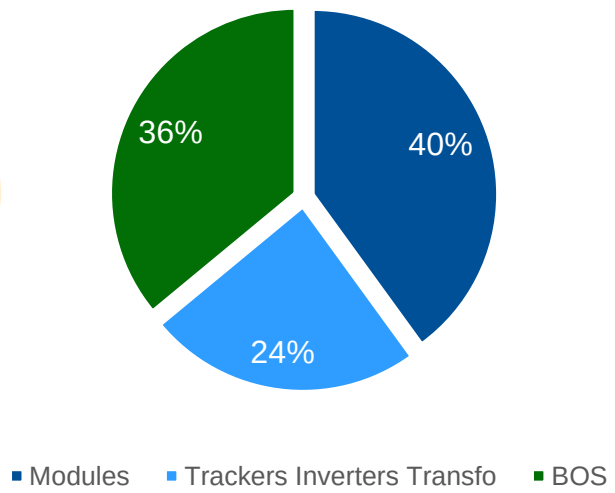


Solaria installation costs are currently less than 0.52 €/Wp

Consolidating as low-cost player in Europe

Final Cost 400MW package

0.49€mn/MW



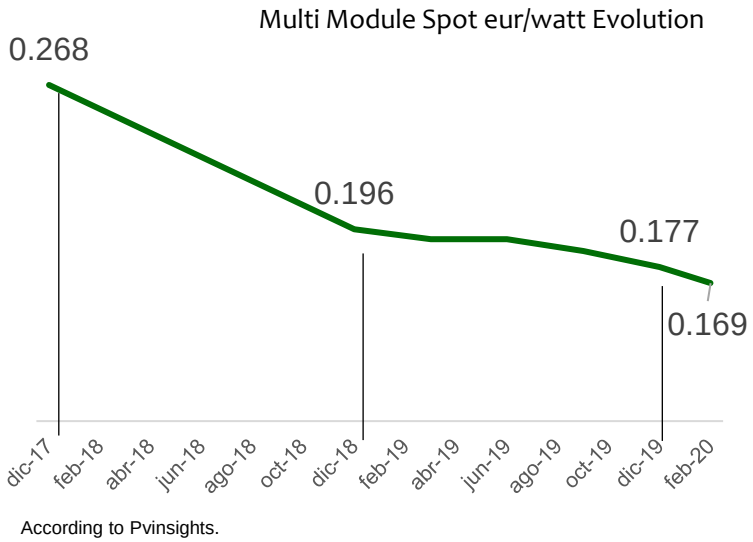
FY2019 Earnings

… 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	205	385
Δ	**+105**	**+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

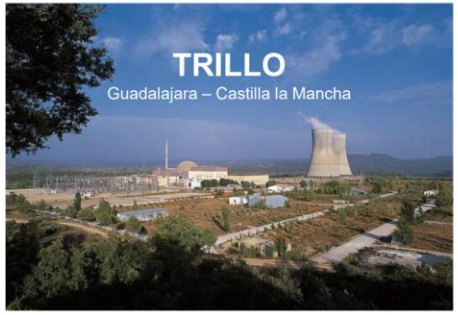
Greater visibility of 2023 Target

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

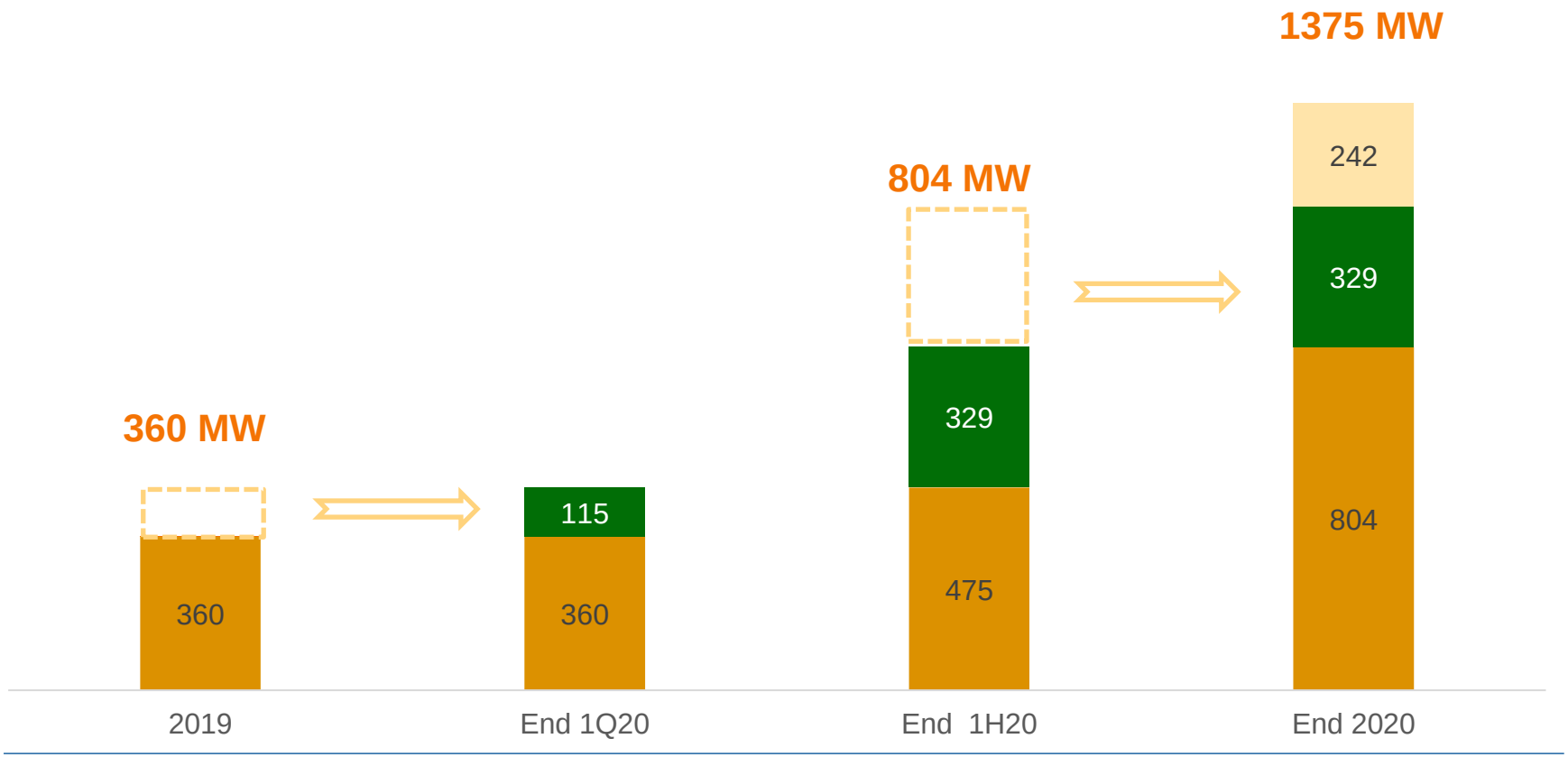
8

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

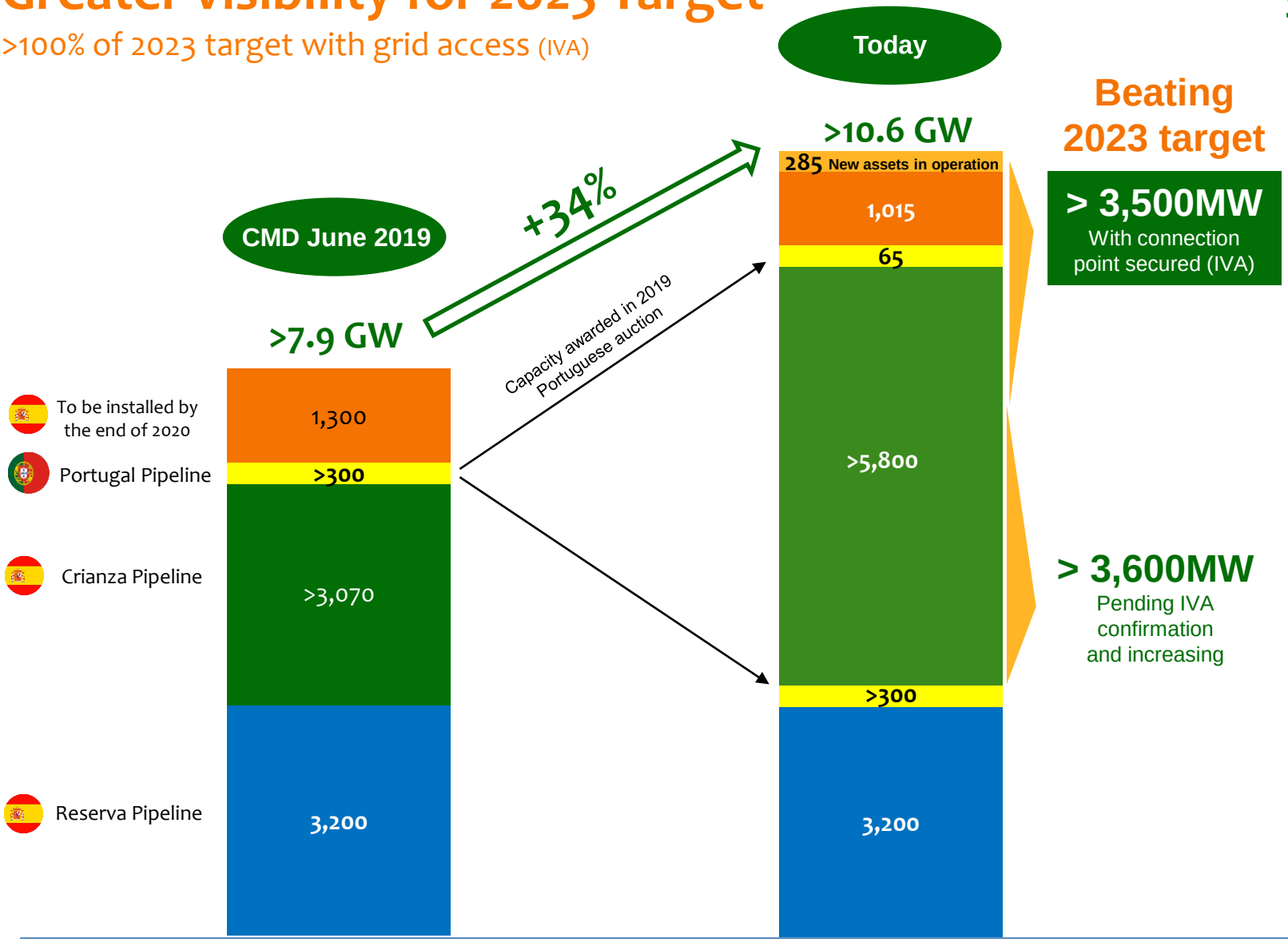
Greater visibility on 2023 Target

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

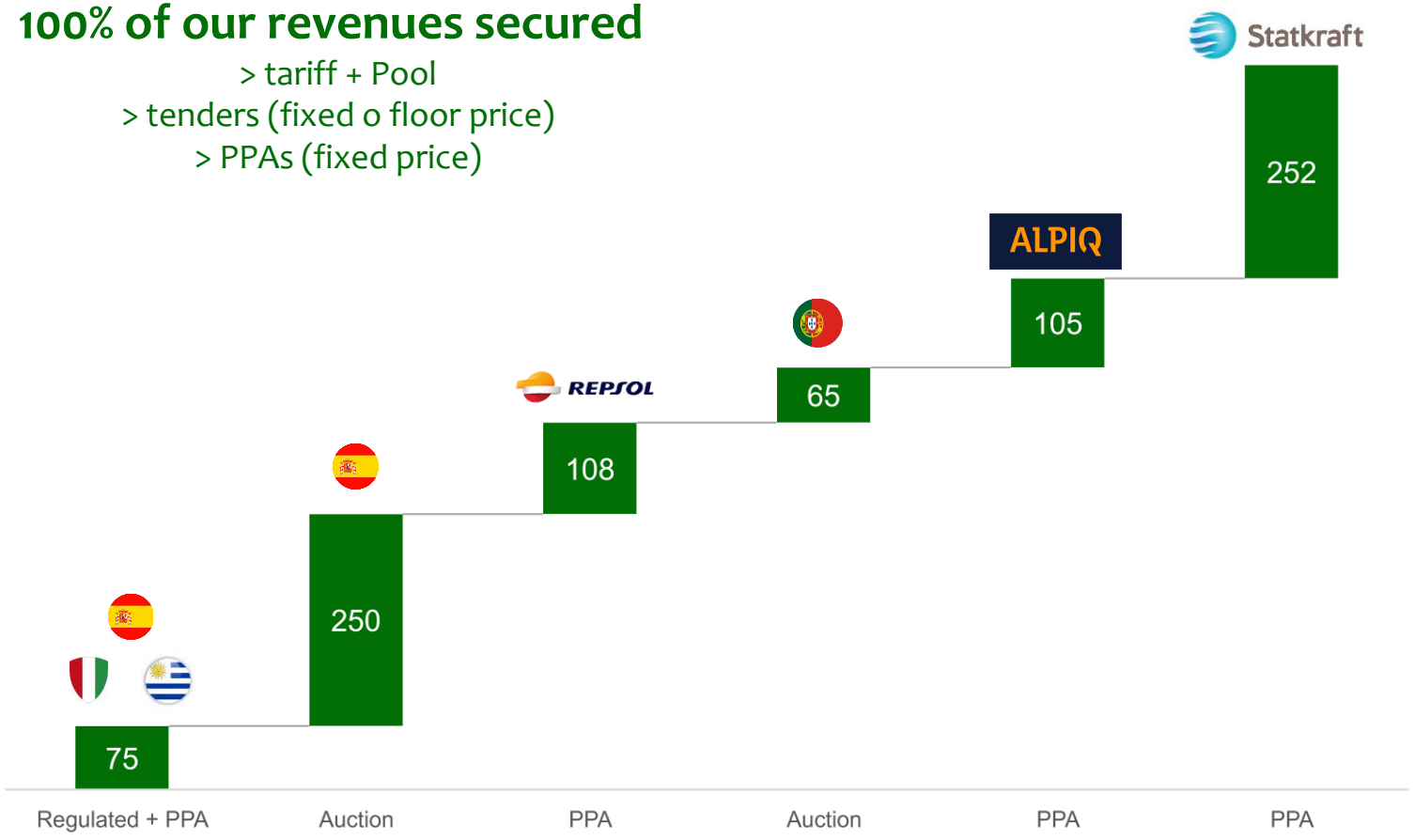
Sustainable growth

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							

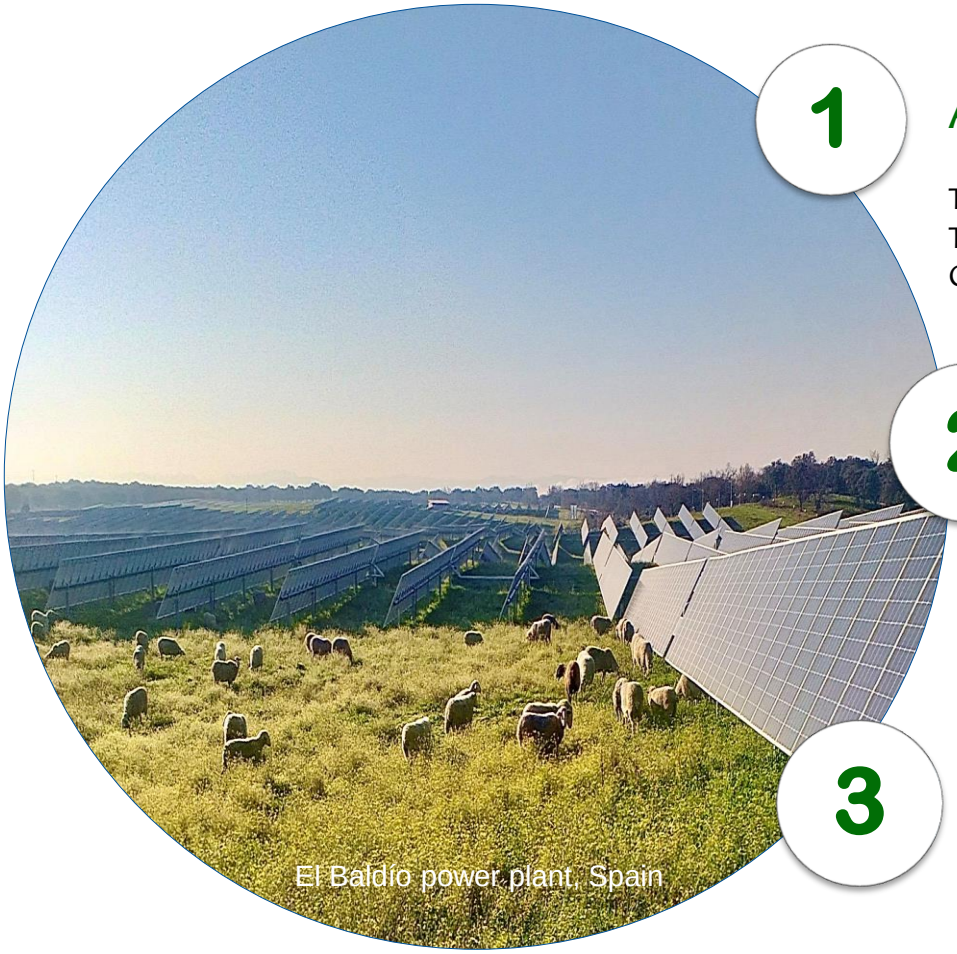
Sustainable growth

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 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) 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%