

Solaria

9M20 Earnings

16 November 2020

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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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1. Key highligths

Strong growth and sound financial performance despite Covid-19



2020 CMD

6.2GW by 2025 = PV leader in Iberia

>10GW pipeline, of which 5.8GW pipeline is fully committed (connection points + 13.6k hectares of lands at €1,281/ha/year)

Top in class in Capex and Opex

Capex €0.39mn by year end. €0.32mn by end of 2021 / Opex €10,000 by year end. €8,000 by end of 2021

Targeted project IRR= min. 12%

PPA: R-evolution

Spanish pool price recovery at pre-COVID levels supports PPA prices

Securing PPAs for 1.5 GW = 70% of 2021 target

Spain = A new 10GW player in the game

GROWING

Energy production **+379%**

Profit before tax **+148%**

Tangible assets **+€60m**

Revenues **+60%**

Net profit **+79%**

EBITDA **+61%**

BUILDING

440 MW installed (**+30MW**)

626 MW Trillo Project

Very limited impact on environment

Huge impact on local economy

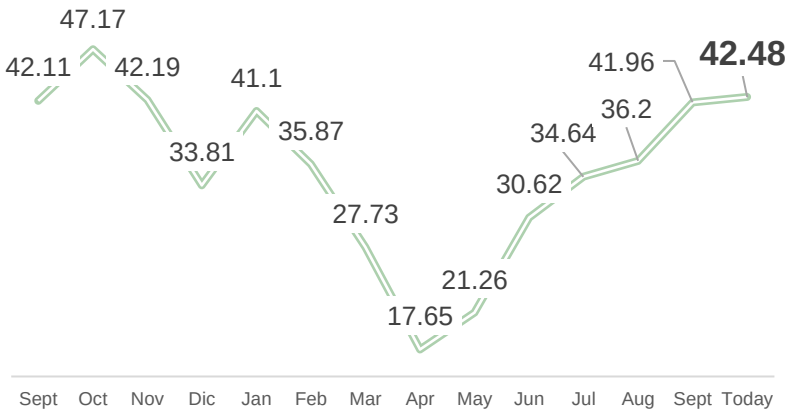
360 MW under construction

Estimated green light **1Q21**

2. PPA R-evolution

Spanish pool price recovery at pre-COVID levels supports PPA prices

CURRENT SPANISH POOL PRICE OVER **40 €/MWh** (1)



FORWARD PRICES €/MWh (1)

Y21	43.95
Y22	43.95
Y23	42.30
Y24	41.77
Y25	41.77
Y26	41.54
Y27	40.81
Y28	40.04
Y29	39.87
Y30	39.71

FORWARD PRICES OVER **€40/MWh over next eight years** (1)

1 Data: OMIE and OMIP

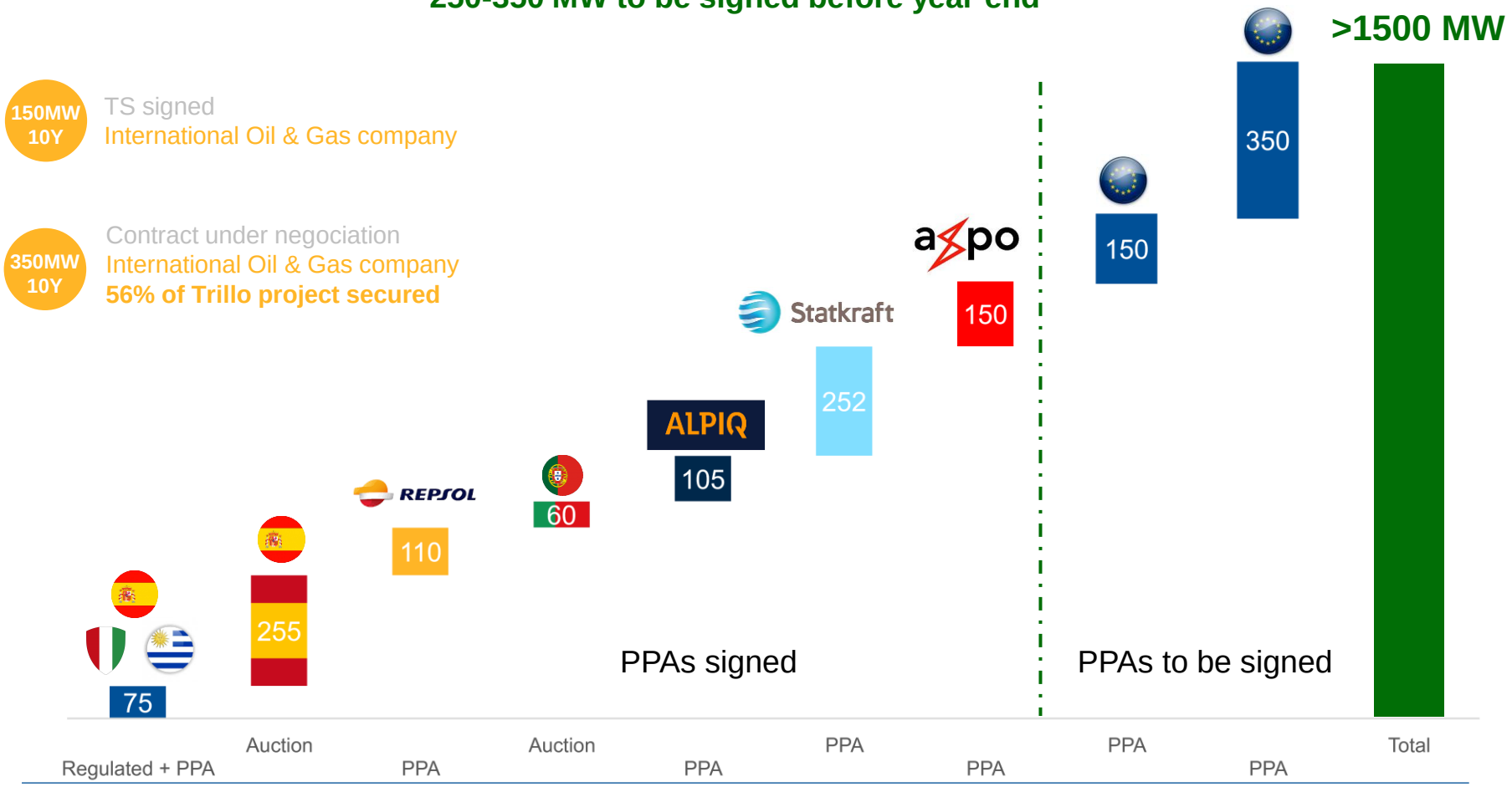
2. PPA R-evolution

Securing PPA for 1.5GW = 70% of 2021 target

Solaria

1375 | 2150 | 3150 | 4150 | 5175 | 6200

Strong demand from international Oil & Gas companies
Initial negociation to sign PPA > 15-20 years
250-350 MW to be signed before year end



2. PPA R-evolution
Spain = A new 10GW player in the game





A new investment-grade player is entering in the Spanish market

On 3 November, Spain announced new renewables auctions

REGULATORY FRAMEWORK = Royal Decree-Law 960/2020
4 November 2020

10GW PV AUCTIONS UNTIL 2025 (1)

1 GW of PV capacity — Expected in December (1)

1.8 GW of PV capacity per year — From 2021 to 2025 (1)

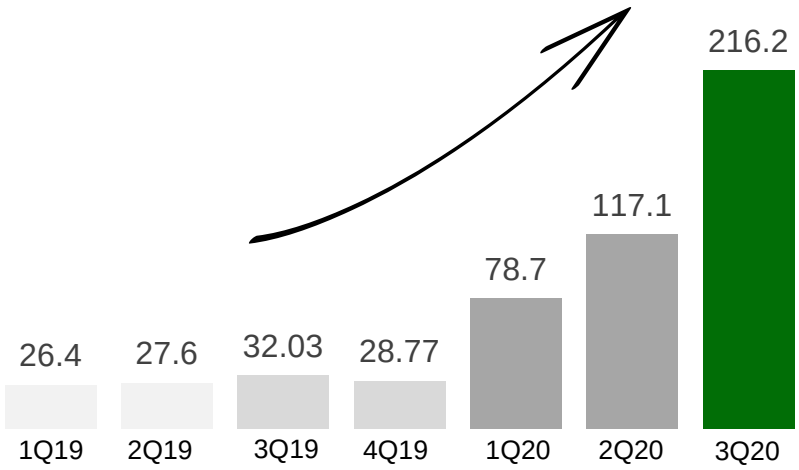
Attractive conditions for a serious and competitive player like Solaria →
- Pay as bid
- Minimum and maximum price

1 Pursuant to RD960 order draft. By 2025: total 19.5GW. 10GW PV, 8.5GW wind. Others 1GW.

3. Growing
Steady growth of production



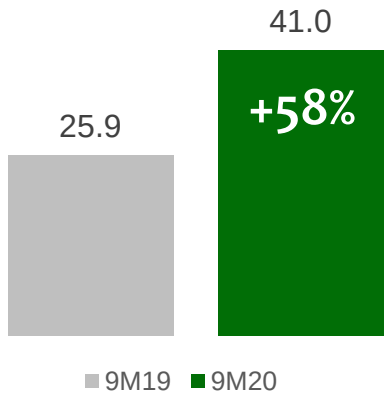
Energy production (GWh)



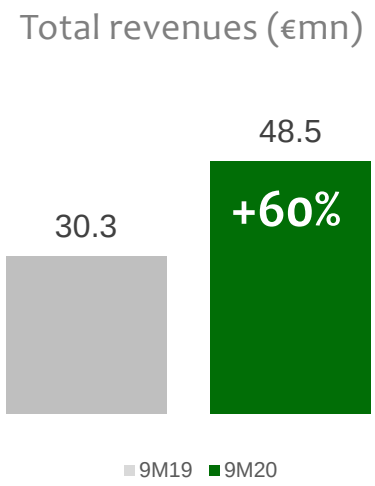
In line with new installations, energy production **rose by over 379% to 412GWh** in the first nine months of the year.

Revenues generated by energy sales up 58%, underperforming energy-production growth due to continued relevance of stable regulated component in our revenues.

Revenues generated by energy sales
(€mn)

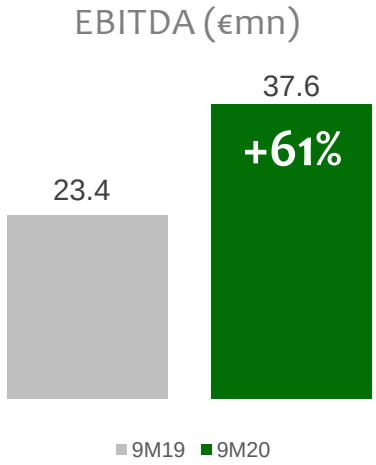


3. Growing
Profitable growth



Total revenues up +60%, in line with growth of energy sales**.**

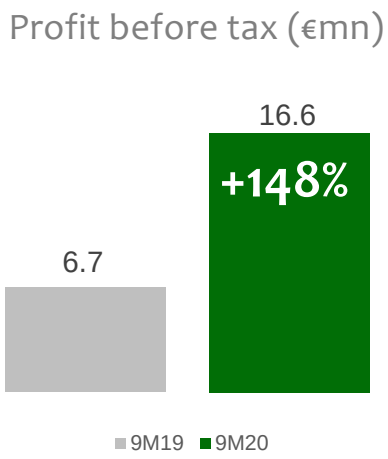
EBITDA reached €37.6mn, up +61%, in line with growth of total revenues, owing to strict control of personnel (+25%) and operating expenses (+35%(1)).

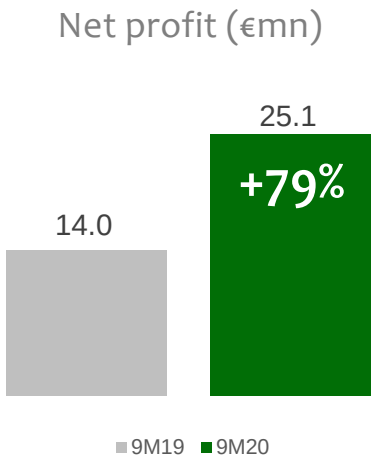


1 Excludes impact of generation tax.

3. Growing
Strong cash generation

Profit before tax amounted to €16.6mn, up +148% and reflecting the company's **sound capacity of cash generation** without impact of tax credit.





Net profit up (+79%) from €14.0mn to €25.13mn with recording of €8.5mn tax credit in line with last year.

3. Growing
Financing optimization
Balance sheet reflects strong investment phase



Financing optimization

Alpiq PPA financing with **BayernLB and KfW**

CLOSED

Amount € 54.5mn — Debt tenor 15Y
Fixed interest rate ≈ 1.5% — 85% Fixed rate

Upturn in NFD in line with increase in fixed-asset base

	Adjusted net Financial debt(1) (€mn)	Tangible fixed assets (€mn)
2019	206	385
9M20	274	445
Δ	+68	+60

	Cash (€mn)
2019	118
9M20	89
▼	-25%

Cash and working capital in line with huge invesment effort

	Working capital (€mn)
2019	57
9M20	63
▲	+10%

1 Adjusted Financial debt = long- and short-term obligations and bonds + long-and short-term financial liabilities with credit institutions

4. Building

800 MW installed and under construction

360 MW under construction





“PALENCIA 1” **25 MW** (Palencia)

“PALENCIA 2” **25 MW** (Palencia)

“PALENCIA 3” **30 MW** (Palencia)

“ZAMORA 1” **50 MW** (Zamora)

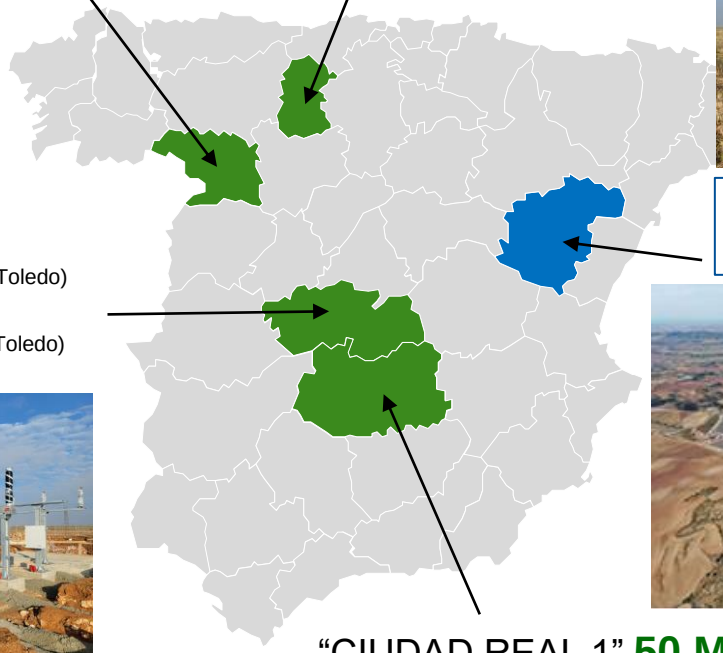
“ZAMORA 2” **30 MW** (Zamora)

“ZAMORA 3” **50 MW** (Zamora)









“ALCAÑIZ” (Teruel)
New **30 MW** installed

“TOLEDO 2” **50 MW** (Toledo)

“TOLEDO 1” **50 MW** (Toledo)





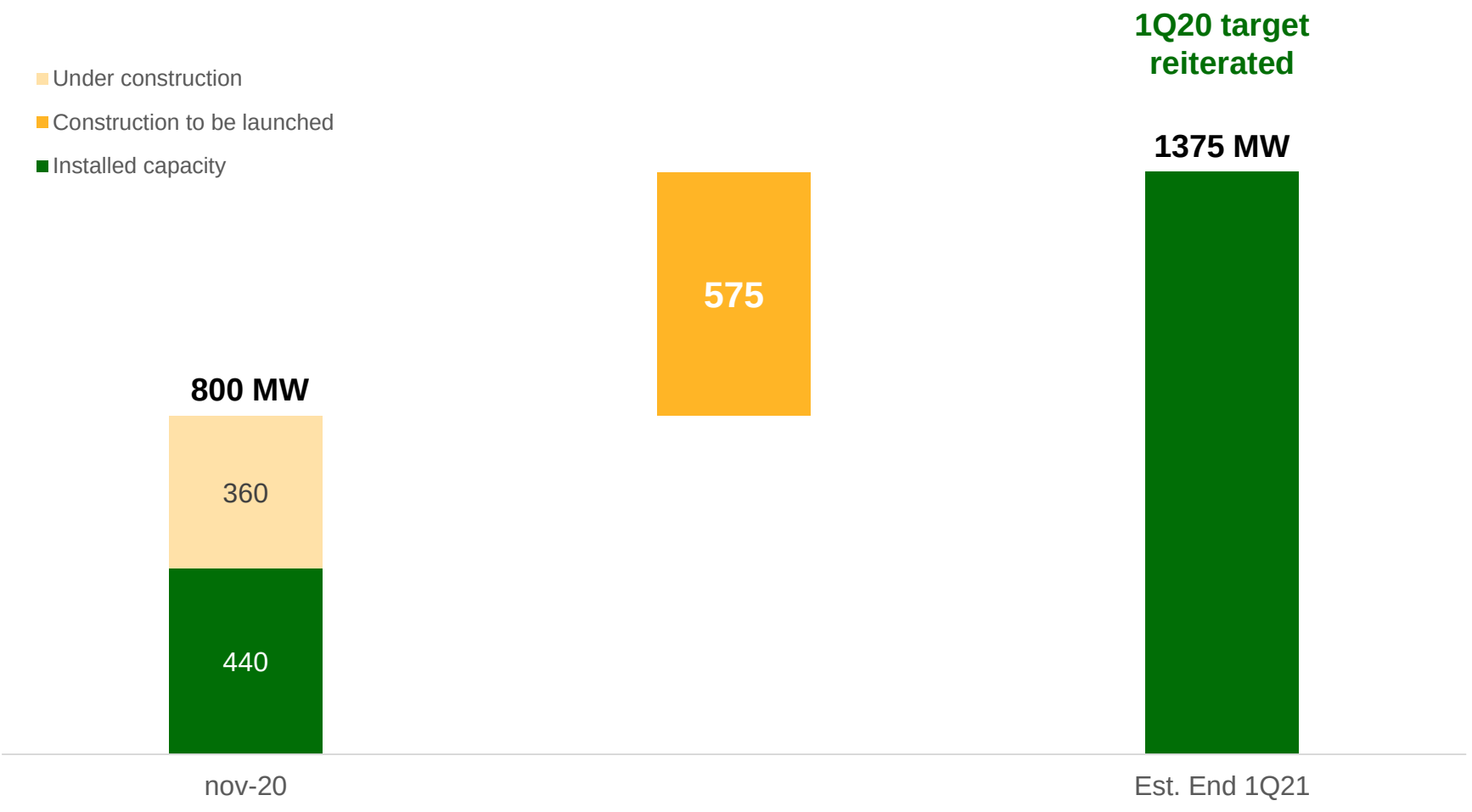


“CIUDAD REAL 1” **50 MW** (Ciudad Real)

4. Building

800 MW installed and under construction

360 MW under construction



4. Building

Green light for 626MW Trillo project expected in 1Q21

We reiterate our targets of 1.375GW and 2.15 GW





626 MW Trillo Project



Estimated Green light **1Q21**

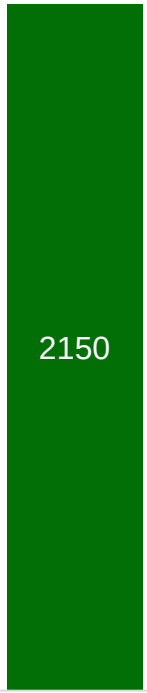
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81% of our 775 MW new installation target for 2021

10% of our 6.2 GW target for 2025

One of the biggest solar PV projects in Spain and Europe





Est. End 1Q21

Est. End 2021

4. Building
Very limited impact on environment
Very positive impact on local economy(1)



ENVIRONMENT

FIGHT AGAINST CLIMATE CHANGE

406 tn CO2 per MW installed/year avoided

259 cars/year

611 spanish homes/year

Environmental Impact Study for each plant

Implementation of Compensatory measures to offset potential negative impact on flora and fauna

LOCAL EMPLOYMENT(1)

During construction

300 jobs created during 6 months

Other indirect benefits
Use of local restaurants, hotels, other indirect employees…

After construction

Six long-term jobs for the O&M

15 subcontracting Jobs

ECONOMY(1)

Estimated municipal construction tax

€ 1,200,000

Estimated local taxes

€11,500,000 (2)

Estimated land rentals

€13,500,000 (2)



1 Estimated for a 150MW PV power plant
2 35Y lifetime

5. Final remarks



Despite new challenges of COVID-19, during 9M20 we managed to deliver the following:

- Strong set of earnings with high double-digit growth
- New PPAs signed (150MW with Axpo) and to be signed (250-350MW) before year end
- Closing of PPA financing (105MW Alpiq)
- Construction (80MW installed + 360MW under construction)

Post COVID-19 scenario

- Lock down coming to an end: higher demand, higher prices, faster permitting
- New Spanish PV auctions; buyer of 10GW PV over next five years
- Green light of 626MW Trillo flagship project expected in Q121
- Solaria 2.0 international expansion > Europe



Appendix

Income Statement

9M20 (unaudited)

€mn

	9M20	9M19	Relative change (%)
Net sales	40.957	25.908	58
Other income and earnings	7.591	4.381	73
Total revenues	**48.549**	**30.289**	**60**
Personnel expenses	(4.578)	(3.667)	25
Operating expenses	(6.327)	(3.192)	98
EBITDA	**37.644**	**23.430**	**61**
Amortisation	(11.657)	(9.416)	24
EBIT	**25.987**	**14.014**	**85**
Financial Income/Loss	(9.373)	(7.313)	28
Profit before tax	**16.614**	**6.701**	**148**
Tax	8.516	7.303	17
NET PROFIT / (NET PDA)	**25.129**	**14.004**	**79**

Balance Sheet

9M20 (unaudited)

Assets

€mn

	9M20	FY19	Relative change (%)
Non-current assets	541.312	462.386	17
Intangible assets	34.304	24.255	41
Tangible fixed assets	445.343	384.678	16
Deferred tax assets	60.829	52.809	15
Other non-currents financial assets	836	644	30
Current assets	117.404	138.140	(15)
Commercial Debtors and other accounts receivables	27.227	19.493	40
Other current assets	1.130	466	143
Cash and other equivalent assets	89.047	118.181	(25)
Total Assets	658.716	600.256	10%

Balance Sheet

9M20 (unaudited)

Liabilities

€mn

	9M20	FY19	Relative change (%)
Equity	218.665	193.258	13
Capital and share premium	310.926	310.926	0
Other reserves	5.311	5.311	0
Retained earnings	(89.161)	(114.290)	(22)
Value adjustments	(8.411)	(8.689)	(3)
Non-current liabilities	385.691	326.254	18%
Non-current provisions	22	437	(95)
Obligations and long term bonds	117.673	123.154	(4)
Financial liabilities with credit institutions	231.016	175.839	31
Financial lease creditors	32.412	24.524	32
Derivative financial instruments	4.568	2.300	99
Current liabilities	54.360	81.014	(33)
Obligations and short term bonds	5.955	15.500	(62)
Financial liabilities with credit institutions	8.250	9.404	(12)
Financial lease creditors	1.576	1.563	1
Derivatives instruments	1.042	809	29
Commercial creditors and other accounts payable	36.314	51.421	(29)
Other current liabilities	1.223	2.317	(47)
Total Liabilities	658.716	600.526	10%


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