First quarter 2020 earnings

18 May 2020



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

1Q20 highlights
Growth potential intact



Strong earnings

- Production (+200%), revenues (+27%), EBITDA (+20%), and net profit (+39%) registered strong growth, owing to operation of new plants and recording of tax credits.

- Strong financial situation
  > Cash position = €94 m. Working capital €52.8 mn
  > Rating upgrade from BBB- to BBB
  > Access to appealing financing via PPA
  > Raising more cash: Uruguayan assets refinancing + pipeline sale

Growth potential intact despite COVID-19

- 50 MW installed in 2020
- 1,375MW be installed by end of 1Q21
- New IVAs > 1,300MW in 1Q20

Project IRR still very attractive

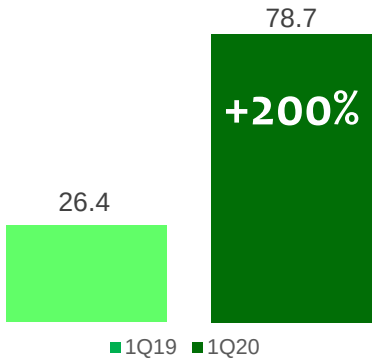
- PPA price decrease fully offset by Capex decrease

02 STRONG EARNINGS

1Q20 Earnings

Huge increase in energy production

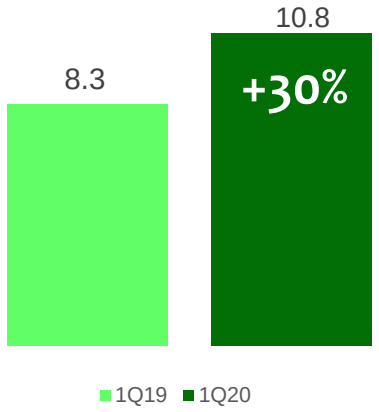
Energy production (GWh)



Energy production up by over 200%, with the incorporation of 285MW in new plants coming onstream in second half of year.

Revenues generated by energy sales up 30%. This falls short of growth of energy production, as the **stable regulated component remains a highly relevant** part of our revenues and the **poor evolution of the Spanish and Italian pool price.**

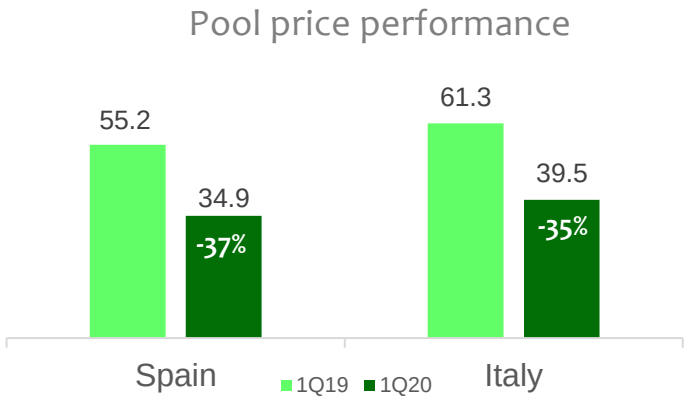
Revenues generated by energy sales (€mn)

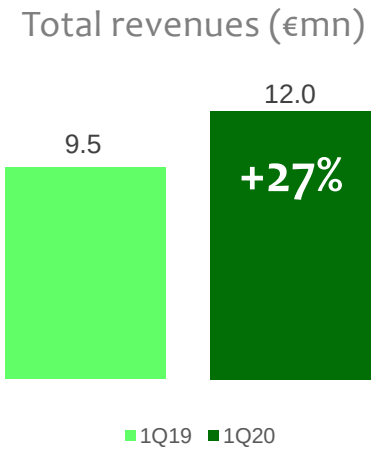


1Q20 Earnings

Solid operating earnings

Low pool prices in 1Q due to **abundant hydro and wind generation and significant decline in electricity demand (-4.6%)** in March due to Covid-19.

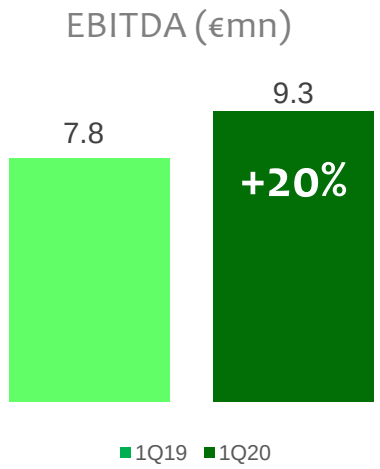




Total revenues up +27%, in line with growth of energy sales.

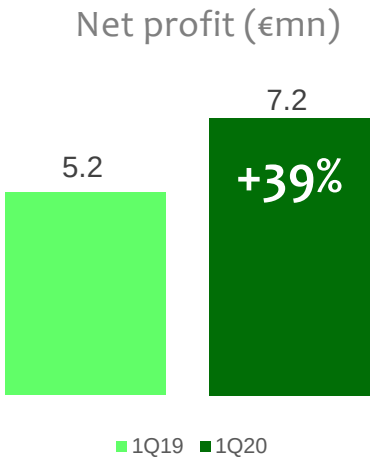
1Q20 earnings

Outstanding profit



EBITDA reached €9.3mn, up +20%. This slightly underperforms growth of revenues due to higher personnel expenses (+41%) and power-generation tax affecting operating expenses anew (+79%).

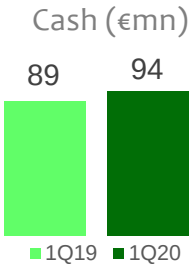
Net profit up (+39%), from €5.2mn to €7.1mn, underpinned by **capitalisation of €4mn tax credit,** recognised due to higher visibility of future cash flow generation.



1Q20 Earnings

Solid financial situation
Cash is king

Solid balance sheet



Working capital €52.8mn

Long term rating upgrade (1)

BBB- → BBB

Financing

Alpiq PPA 105MW

In principle agreement signed with **BayernLB**
Due Diligence in progress
Duration **>15 years** **Project finance ≈ €57mn**

Statkrart PPA 252MW

Negotiation ongoing (to be closed before summer)
Project finance
Duration **>15 years**

Cash is king

Refinancing of Uruguayan assets

Expected to be closed Q2-Q3
First proposals received
Estimated recap > USD 10mn

400MW pipeline sale

Approaching final stage of process
To be closed shortly

(1) In April, Axesor Rating upgraded Solaria's credit rating from BBB- to BBB, in view of significant visibility of future cash-flow generation.

03 GROWTH POTENTIAL INTACT

Pace of construction

50MW installed despite COVID-19

“BELINCHON” **24 MWp** (Cuenca)

Installed capacity	**23.94 MWp**
Modules	**63,000**
Energy production est.	**47,8 GWh/Y**

“RENEDO” **26MWp** (Valladolid)

Installed capacity .	**26.03 MWp**
Modules	**66,976**
Energy production est.	**52 GWh/Y**








Pace of construction

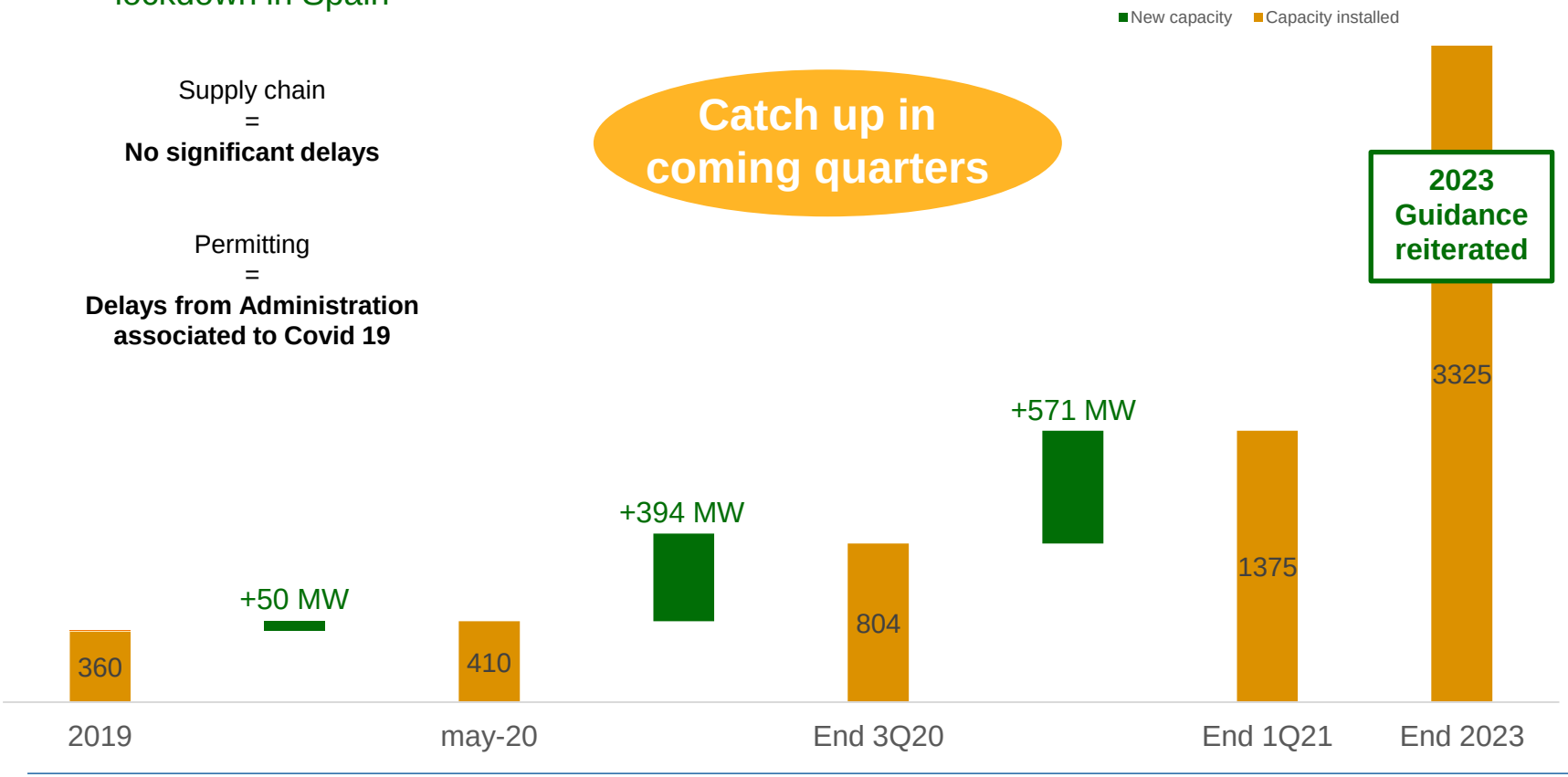
Growth, growth, growth…

Strong support from local, regional and national authorities to help and promote the development of green and job-creating projects

Implication of lockdown in Spain

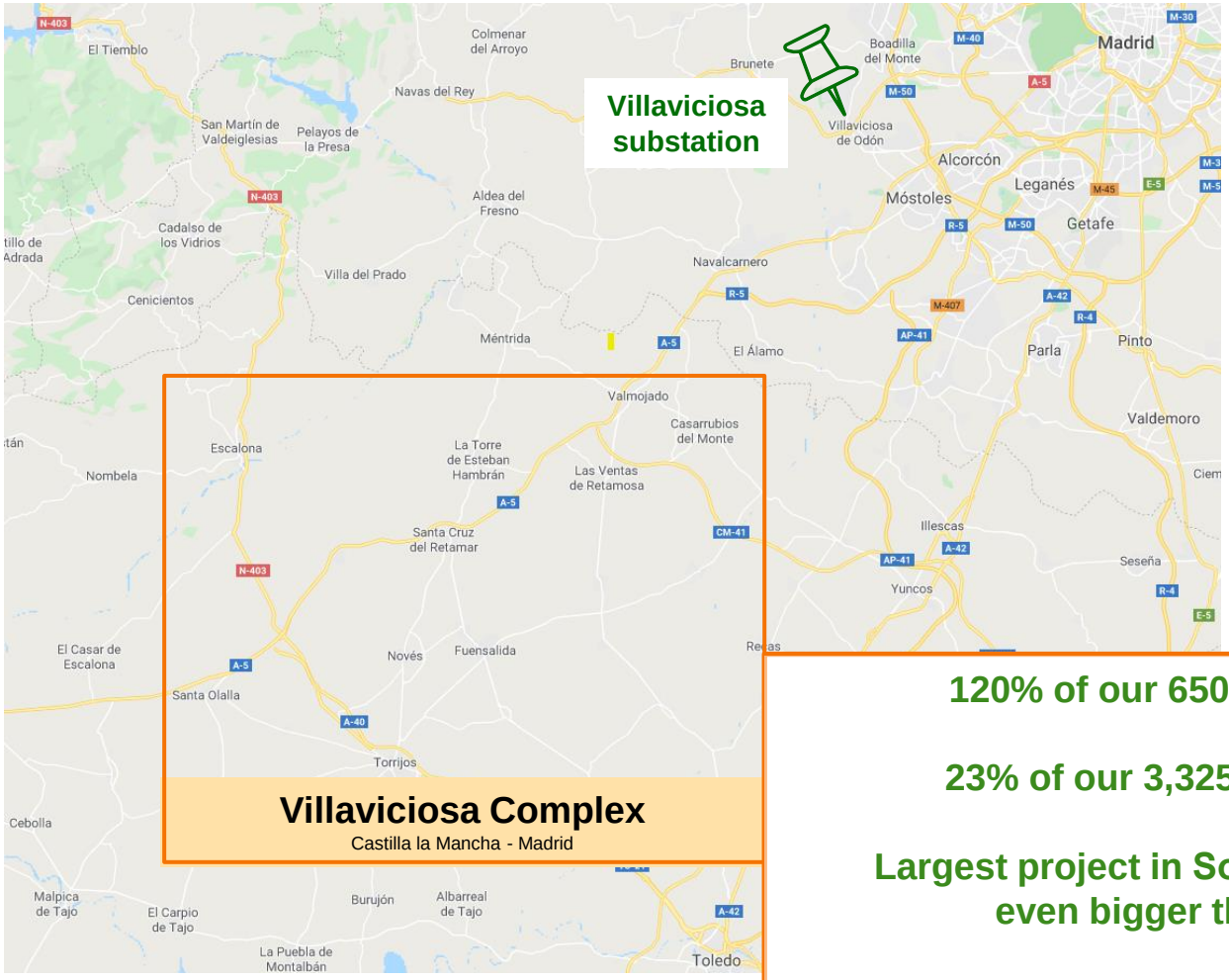
Supply chain
=
No significant delays

Permitting
=
Delays from Administration associated to Covid 19



Growth potential intact

782.5 MW Villaviciosa Complex



Single node host
(400kV node)

782.5MW
with connection rights (IVA) already secured

1,600 hectares of land

Distance: 30-40km

Installation expected in 2022

120% of our 650 MW target for 2022

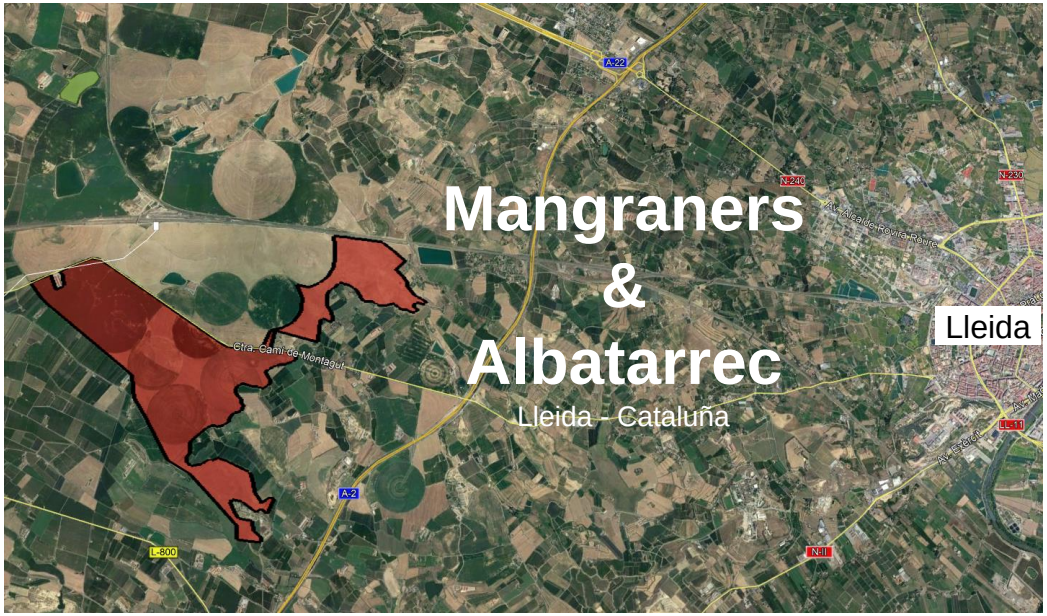
23% of our 3,325 GW target for 2023

Largest project in Solaria's 15-years history, even bigger than Trillo Project

Among biggest solar PV projects in Spain and Europe

Growth potential intact

180 MW Lleida Complex



Single node host (220kV node)

180MW

with connection rights (IVA) already secured

400 hectares of land already secured

Distance: 7 km

Installation expected in 2022

First development in Catalonia

27% of our 650 MW target for 2022

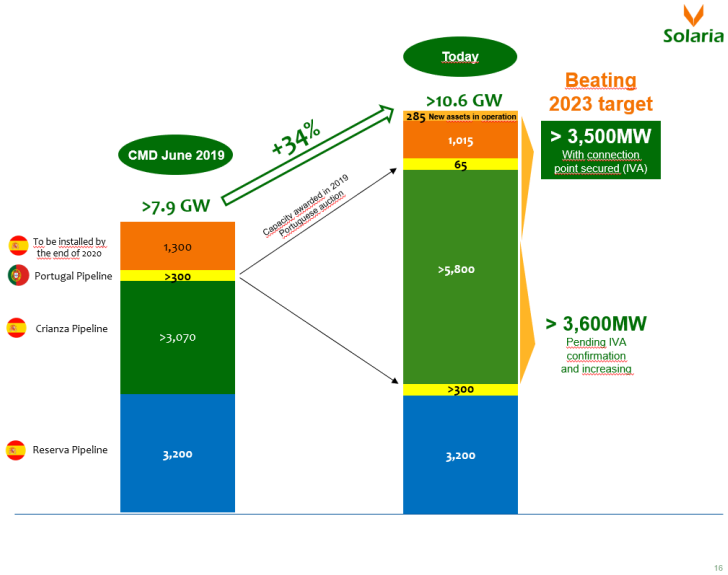
Including 782.5MW Villaviciosa and 626MW Trillo complexes, representing 48% of our 2023 target

Growth potential intact

IVAs > 1300MW in 1Q20

Pipeline

End 2019



New IVAs > 1300MW

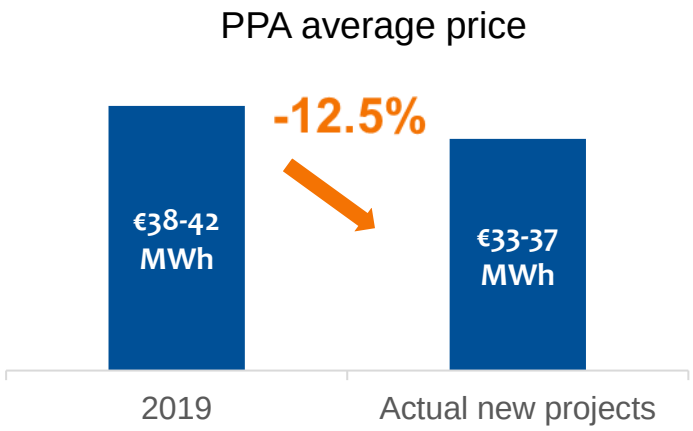
obtained in 1Q20

Villaviciosa	782.5MW
Carina Solar	250MW
Mangraners & Albatarrec	180MW
LLeida Distribution grid	60MW
Casatejada 2 Expansion of Casateja 1 - minimum cost of connection	20MW
Santiz 2 Expansion of Santiz 1 - minimum cost of connection	6MW

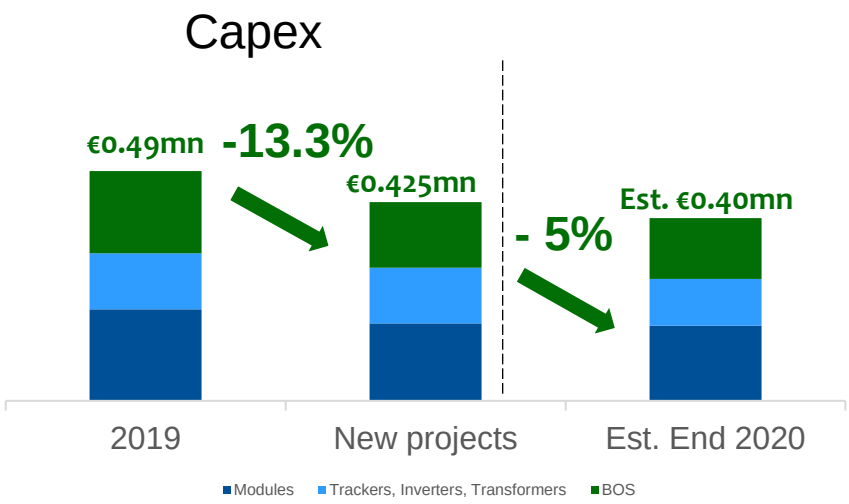
04 EXCELLENT PROJECT IRR

Excellent Project IRR

Decrease in PPA offset by downturn in installation costs



We anticipate recovery in pool price in last quarter of the year



Project IRR Improvement

Capex to be trimmed by another 5% by end of year



Update of business plan in September *

Thank You!

* Subject to Covid-19 situation

Tordesillas 1 PV power plant, Spain

APPENDIX

THOUSAND OF EUROS	1Q20	1Q19	Absolute change	Relative change
Net sales	10,788	8,344	2,444	29%
Other income and earnings	1,241	1,148	93	8%
Total revenues	**12,029**	**9,492**	**2,537**	**27%**
Personnel expenses	(1,346)	(951)	(395)	41%
Operating expenses	(1,385)	(774)	(611)	79%
EBITDA	**9,299**	**7,767**	**1,532**	**20%**
EBITDA / Net sales	86%	93%		
Amortisation	(4,111)	(3,195)	(916)	29%
EBIT	**5,188**	**4,572**	**616**	**13%**
EBIT / net sales	48%	55%		
Financial Income/Loss	(2,481)	(2,268)	(213)	9%
Profit before tax	**2,707**	**2,304**	**403**	**17%**
Tax	4,480	2,860	1,620	57%
NET PROFIT / (NET PDA)	**7,187**	**5,164**	**2,023**	**39%**
net profit/ net sales	67%	62%		

Balance Sheet: Assets

Thousands of euros	03/31/2020	12/31/2019	Absolute change	Relative change
Non-current assets	481,234	462,386	18,848	4%
Intangible assets	26,348	24,255	2,093	9%
Tangible fixed assets	397,241	384,678	12,563	3%
Deferred tax assets	56,879	52,809	4,070	8%
Other non-currents financial assets	767	644	123	19%
Current assets	117,940	138,140	(20,200)	-15%
Commercial Debtors and other accounts receivables	20,660	19,493	1,167	6%
Other current financial assets	2,874	163	2,711	1663%
Other current assets	381	303	78	26%
Cash and other equivalent assets	94,025	118,181	(24,156)	-20%
Total Assets	599,174	600,256	(1,352)	0%

Balance Sheet: Liabilities

Thousands of euros	03/31/2020	12/31/2019	Absolute change	Relative change
Equity	200,957	193,258	7,699	4%
Capital and share premium	310,926	310,926	-	0%
Other reserves	5,311	5,311	-	0%
Retained earnings	(107,103)	(114,290)	7,187	-6%
Value adjustments	(8,177)	(8,689)	512	-6%
Non-current liabilities	333,128	326,254	6,874	2%
Non-current provisions	437	437		0%
Obligations and long term bonds	122,181	123,154	(973)	-1%
Financial liabilities with credit institutions	182,773	175,839	6,934	4%
Financial lease creditors	989	989		0%
Derivative financial instruments	3,066	2,300	766	33%
Lands – NIIF 16	23,681	23,535	147	1%
Current liabilities	65,089	81,014	(15,925)	-20%
Obligations and short term bonds	15,973	15,500	473	3%
Financial liabilities with credit institutions	9,360	9,404	(44)	0%
Financial lease creditors	260	260	-	0%
Derivatives instruments	42	809	(767)	-95%
Commercial creditors and other accounts payable	35,923	51,421	(15,498)	-30%
Lands – NIIF 16	1,404	1,303	101	8%
Other current liabilities	2,127	2,317	(190)	-8%
Total Liabilities	599,174	600,526	(1,352)	0%