NOVA IMS Information Management School

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Mestrado em Estatística e Gestão de Informação

Master Program in Statistics and Information Management

ACCIONA, S.A. – EQUITY RESEARCH

Bernardo Terreiro Barroso Pontes Alvadia

Dissertation presented as partial requirement for obtaining the master's degree in Statistics and Information Management

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by

Bernardo Terreiro Barroso Pontes Alvadia

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Advisor: Prof. Dr. Jorge Miguel Ventura Bravo

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ABSTRACT

Financial engineering is a financial market technique that purports to be able to predict the forward direction of stocks by examining past market data, price action trends, price correlation, and volumes; this data is widely used by traders.

Genuine price and volume behavior in a market or security is also taken into account by technical analysis, considering price and volume to be the two most important determinants of the future direction and behavior of a particular stock or market.

Currently, equity research is a fundamental market tool, not only for shareholders but also for companies. It allows us to have a clear vision of a company's present state and its future outlook.

The ACCIONA, S.A. (ANA), is a Spanish multinational company whose core activity is renewable energy, ANA owns a large international renewable power portfolio of 10GW (consolidated). ANA also holds businesses in Construction, Concessions, Water, and Real Estate, as well as other non-core activities, some of which it has been divesting from following a deep restructuring that took place in FY13 and which effects are still visible today.

In this Master thesis, we will conduct equity research on ANA with data ranging from FY13 to the last known results at the date of this thesis. By the end of this thesis, we will have conclusive results about ANA's current status and future outlook, with the ultimate goal being this thesis to be used as a tool for a potential investor to decide if ANA poses an interesting investment opportunity proving a SELL, HOLD, or BUY rating to ANA's stock based on its closing price as of the end of Q3 FY21.

An investor should keep in mind that in a transaction period, which shares should be bought, how much should be bought, and when they should be sold or held at a future date to make the maximum possible profit.

ANA is rated with a BUY recommendation based on a 1-year target price of EUR 210.47 considering different valuation methods, a DCF Analysis, Sum-of-the-Parts and Multiples Analysis

Thus, this research helps to discuss short-term trading appropriately. The objective of this study is to research ANA shares.

KEYWORDS

Business, Equity research, ACCIONA, S.A., ANA, Investments Models, DFC, Monte Carlo.

RESUMO

A engenharia financeira é uma técnica do mercado financeiro que visa prever a direcção futura das acções, examinando dados passados do mercado, tendências de acção dos preços, correlação de preços e volumes.

O comportamento genuíno dos preços e volumes num mercado é também tido em conta pela análise técnica. Considerando o preço e o volume como os dois vetores mais importantes da direcção e comportamento futuros de uma determinada acção ou mercado.

Atualmente, a pesquisa de acções é um instrumento fundamental do mercado, não só para os accionistas mas também para as empresas. Permite-nos ter uma visão clara sobre o estado actual de uma empresa e as suas perspectivas futuras.

A ACCIONA, S.A. (ANA), é uma empresa multinacional espanhola cuja actividade principal é a energia renovável, possuindo uma grande carteira internacional em energia renovável de 10GW (consolidada). Para além disso a ANA também detém negócios na área de Construção, Concessões, Água e Imobiliário, bem como outras actividades não essenciais sendo que algumas das quais tem vindo a desinvestir de seguir uma profunda reestruturação que teve lugar no ano fiscal de 2013 e cujos efeitos ainda hoje são visíveis.

Nesta tese de mestrado iremos avaliar financeiramente ANA com dados que vão desde o ano fiscal de 2013 até aos últimos resultados conhecidos à data desta tese.

No final desta tese, teremos resultados conclusivos sobre o estado actual e perspectivas futuras da ANA, sendo o objectivo final esta tese a ser utilizada como uma ferramenta para um potencial investidor decidir se a ANA apresenta uma oportunidade de investimento interessante provando uma SELL, HOLD, ou BUY rating para as acções da ANA com base no seu preço de fecho a partir do final do 3º trimestre do ano fiscal de 21.

Um investidor deve ter em mente que num período de transacção, que acções devem ser compradas, quanto devem ser compradas e quando devem ser vendidas ou mantidas numa data futura para obter o máximo lucro possível.

A ANA é classificada com uma recomendação de COMPRA com base em um preço-alvo de 1 ano de 210,47 euros considerando diferentes métodos de avaliação, uma Análise DCF, Soma das Partes e Análise de Múltiplos

Assim, esta pesquisa ajuda a discutir adequadamente a negociação a curto prazo. O objectivo deste estudo é conduzir uma investigação sobre acções da ANA.

PALAVRAS-CHAVE

Business, Equity research, ACCIONA, S.A., ANA, Investments Models, DFC, Monte Carlo.

INDEX

1. Introduction 1
2. Literature review 3
2.1. Discounted Cash-Flow Model 4
2.1.1. FCFF - Free Cash Flow to the Firm 5
2.1.2. WAAC – Weighted Average Cost of Capital 5
2.1.3. Perpetual Growth Model 7
2.1.4. Return on Equity (ROE) 7
2.1.5. Enterprise Value 8
2.1.6. FCFE – Free Cash Flow to Equity 8
2.2. Relative Multiple Valuation 9
2.3. Monte Carlo Simulation 11
3. Company Overview 13
4. Financial Analysis 16
4.1. Balance Sheet Analysis 16
4.2. Profitability Analysis 17
4.3. Cash Flow Analysis 20
5. Valuation and discussion 23
5.1. Discounted Cash Flow Analysis 23
5.2. Relative Multiples Analysis 27
5.3. Weighting Methodology 29
5.4. Quantifying Risks to the Target Price – Monte Carlo Simulation 30
6. Conclusions 33
Bibliography 34
Appendix 37

LIST OF FIGURES

Figure 1 - EV/Sales Multiple, ANA vs. Peers 28
Figure 2 – EV/ EBITDA, ANA vs. Peers 29
Figure 3 – P/E Ratio, ANA vs. Peers 29
Figure 4 - Football Field Analysis/Representation 30
Figure 5 – Monte Carlo Simulation, impact of change in the WACC to the Target Price (Histogram) 31
Figure 6 – Monte Carlo Simulation, impact of changes in the EV/EBITDA multiple to the TP (Histogram) 32
Figure 7 – Bloomberg Consensus, overall analysts sentiment towards ANA's stock price ... 32

LIST OF TABLES

Table 1 - Common Sized Balance Sheet 17
Table 2 - Balance Sheet Analysis 18
Table 3 - Profitability Analysis and Return Analysis 19
Table 4 - Growth Rate Analysis 20
Table 5 - Income Statement as a percentage of Revenues 21
Table 6 - ANA's Discounted Unlevered Free Cash Flows Model 24
Table 7 -Terminal Value Calculation – Perpetuity Method 24
Table 8 -Sensitivity Analysis - WACC vs Growth Rate 25
Table 9 - Terminal Value Calculation 25
Table 10 - Terminal Value 26
Table 11 -Sensitivity Analysis - WACC vs EBITDA Multiple 26
Table 12 - WACC Calculation 27
Table 13 – Cost of Debt Calculation & WACC's Sensitivity Analysis on Cost of Equity and Debt 27
Table 14 – Relative Multiples Valuation Model 28
Table 15 – Target Price Calculation, Weighting Methodology 30
Table 17 – Monte Carlo Simulation, impact of change in the WACC to the Target Price (Base Data) 31
Table 18 – Monte Carlo Simulation, impact of changes in the EV/EBITDA multiple to the TP (Base Data) 31
Table 19 – Consolidated Statement of Balance 37
Table 20 – Consolidated Statement of Income 37
T**able 21** – Consolidated Statement of Cash Flows 38

LIST OF ABBREVIATIONS AND ACRONYMS

ANA	*ACCIONA, S.A.*
ATO	*Asset Turnover*
CAGR	*Compounded Annual Growth Rate*
CAPEX	*Capital Expenditure*
CAPM	*Capital Asset Pricing Model*
DCF	*Discounted Cash Flow*
D/E	*Debt to Equity*
EBITDA	*Earnings before Interest, Tax, Depreciation and Amortization*
EDP	*EDP – Energias de Portugal*
EV	*Enterprise Value*
EPS	*Earnings Per Share*
FY	*Fiscal Year*
GDP	*Gross Domestic Product*
ICR	*Interest Cover Ratio*
LTM	*Last Twelve Months*
NOA	*Net Operating Assets*
NOPAT	*Net Profit After Tax*
NTM	*Next Twelve Months*
PBM	*Peer Benchmark*
PE	*Private Equity*
PER	*Price-Earnings Ratio*
PPE	*Property, Plant & Equipment*
ROCE	*Return on Capital Employed*
ROE	*Return on Equity*
RONA	*Return on Net Operating Assets*
SOTP	*Sum of the Parts*
TP	*Target Price*
UFCF	*Unlevered Free Cash Flow*
WACC	*Weighted Average Cost of Capital*

1. INTRODUCTION

An equity research's main goal is to give a *BUY/HOLD/SELL* recommendation based on a stock's closing price at a given point in time. In order to provide that recommendation, one has to analyze the company's financials, including, ratio analysis, future cash flow forecasting, and exploring multiple scenarios to assess how strong core business operations are.

ANA is a Spanish multinational company whose core activity is renewable energy, its main focus is a long-term sustainable growth, while also trying, as much as possible, not to neglect the short- and medium-term gains. This business model allows ANA not only to focus on profit but also on its mission and vision of a better and sustainable future.

In this thesis we will elaborate an equity research for the ACCIONA, S.A. (ANA) group. We will also outline our proposal with several analyses aiming to better understand and explain the impact of this restructuring on the company's financial statements and key ratios.

We analyzed the company's value based on three models, the Discount Cash Flow Model, the Comparable's Method (Multiples) and the Monte Carlo simulation model. In order to allow the forecast to be as precise as possible, a football field analysis attributing different weights to each methodology used will be used to allow us to give a reliable BUY/HOLD/SELL recommendation to ANA's stock.

We will analyze the ANA predictions as a company and its industry and macroeconomic as well, since they have to be considered to create accurate projections.

We will also analyze the many external factors which impact ANA's success, such as the European green deal regarding making Europe climate neutral by 2050. ANA's global presence and commitment to a green future, is driving the trend in renewable energy, impacting both the economies and environments of the countries it operates in.

This thesis is divided into 4 sections:

The following section, we go over these models, detailing them and referencing the previous works done using these models which we used as guides for our project.

In section 3, we analyze ANA's, as well at its industry, main characteristics. We go over its landscape in the industry, also in the overall macroeconomics and we will also present a range for the target price which is sustained by the findings on sections 4 and 5.

In section 4, we analyze ANA's Balance Sheet, Profitability and Cash Flow to determine ANA's performance, stability and suitability.

In section 5, we apply the three models to ANA as well as to the macroeconomics and present and comment the results. With this analysis we reach the stock's target price, which would let someone decide whether to buy, hold or sell.

2. LITERATURE REVIEW

To start our analysis, first, we need to understand the definition of an investment. An investment can be classified as the current commitment of money for a period to get future payments that will compensate the investor for the time the funds are committed, the expected rate of inflation, and the uncertainty of future payments or risk.

An equity valuation is defined as a complex and therefore diverse process. In this process, equity valuation models help specify what is to be forecasted, point to the information needed to make the forecast, and show how to relate the forecasted data into an intrinsic value estimate. Other methods exist like the yield-based valuation method, which focuses on dividend yield when the investment priority is income or option valuation models that explicitly consider management flexibility in the value creation process (Froidevaux et al., 2004).

Valuation is frequently referred to as the core of finance (Damodaran, 2006). Its primary objective is to benchmark the value attained against the stock market price so that the analysts can advise on whether investors should hold, purchase, or dispose of shares (Fernández, 2007). Hence, value and price should be understood as two separate notions, where the price is the market price derived from supply and demand forces, and the intrinsic value, also referred to as bottom-line value, refers to the value that an informed analyst would have access to when employing an optimal valuation model (Fernandez, 2013).

Nevertheless, because of the future inherent uncertainty that can be realized in the anticipated factors that make up their future cash flows, it is challenging to achieve a single, true inherent value (Damodaran, 2006; Bravo & El Mekkaoui, 2018; Bravo & Nunes, 2021). Accounting research demand in accounting investment decision-making is also directly affected by the extent of market efficiency that the traders believe they are confronting, i.e. the extent varies from the strong, semi-strong and poor form depending on the speed of adjustments of prices to the news (Lee, 2001). Lee (2001) also states that prices adjust to inherent value by a process and not instinctively.

According to Ross (1987), a capital market is information efficient if it uses all available information to set the prices of the financial assets traded on it. On the other hand, according to Copeland, Weston and Shastri (2005) a market is said to be allocation efficient if prices are set so that the marginal returns (adjusted for risk) for all producers and savers are equal. In an

allocation-efficient market, scarce savings are optimally allocated to productive investments so that everyone benefits.

Stiglitz (1981) distinguishes between efficiency in the capital market and efficiency in the economy. In capital markets, it refers to how the market incorporates a given set of information. In economics, it refers to the optimal way to allocate resources, which is efficient in the Pareto sense if there are no other alternatives to improve outcomes. In capital markets, the concept lato sensu encompasses three dimensions: (1) operational efficiency, which focuses on the characteristics of the microstructure of markets and in this context includes issues of transaction costs, regulation and formal mechanisms; (2) efficiency in capital allocation, where the market is efficient if it directs resources to the most productive investments; and (3) efficiency in the form and speed with which the market processes new information and incorporates it into the relevant prices.

In this dimension, we can again discuss the way information is perceived or understood and cumulatively the importance or relevance it has. or the importance it may have in the decision-making process In recent years, a wide number of valuation approaches have been devised, leading analysts to a problem of valuation overload. One solution that is proposed by Young et al. (1999) is to appreciate that most assessment approaches turn out to be mathematically comparable. In addition, Damodaran (2006) acknowledges that whereas valuation models may vary from simple to complicated and varying presumptions, they have several common features.

Valuing ANA is a highly complex task, after evaluating the business model and different business segments of the company, we will derive the target price, TP through a DCF analysis and a multiples-based valuation. We will first focus on the Discounted Cash-Flow (DFC) model and all os its many components, followed by the Relative Multiple Valuation, and finally the Monte Carlo Simulation we used to test the strength of our assumptions and model.

2.1. Discounted Cash-Flow Model

Our analysis will be focused on the DCF model. The DCF is a valuation method used to estimate the value of an investment based on its future cash flows. A DCF model attempts to determine the value of a firm by forecasting its forward cash flows and then discounting them at the appropriate risk-adjusted rate (Bravo & Silva, 2006; Simões et al., 2021; Bravo, 2020, 2021). Consequently, the value of the firm can therefore not be obtained directly from a

company's financial statements, but rather from observations that can be construed as future cash flows (Vélez-Pareja & Tham, 2009).

This analysis tries to determine the value of a company "today", based on projections of how much money it will generate in the future. The value of a company's stock is therefore the share of cash flows the business generates for its owners discounted at their required rate of return. This is the fundamental principle of valuation as developed in the 'Theory of Investment Value' by John Burr Williams in 1938 (Williams, 1938). The equation is expressed as follows:

$$V_0 = \sum_{t=1}^{n} \frac{CF_t}{(1+k)^t} \qquad (1)$$

- V_0 = Value of the stock in period t$t = 0$
- CF_t = Cash flow generated by the asset for the owner of the asset in period t
- k = Discount interest rate
- n = Number of years which the asset will generate cash flows to investors

2.1.1. FCFF - Free Cash Flow to the Firm

Free cash flow to the firm (FCFF) is a valuation model that represents the amount of cash flows from operations available for distribution after depreciation expenses, taxes but before any debt payments. By calculating the value of the firm using FCFFs common equity can be valued. The relevant formulas are as follows:

FCFF = EBIT (1- t) + Depreciations – CAPEX – Changes in working capital

EBIT = Earnings before Income and Taxes

CAPEX = Capital Expenditure

2.1.2. WAAC – Weighted Average Cost of Capital

In corporate finance analysis, obtaining a company's cost of capital is crucial and, in this model, we need a discount rate (WACC) to estimate the net present value of the cash flows. The Weighted Average Cost of Capital (WACC) is vital when analyzing the potential of taking projects or acquiring other businesses since it is a measure of the weighted cost of debt and

equity capital. The WACC includes three important components: the capital structure of the company, the cost of equity by investors (Re), and the cost of debt (RD) (Goedhart et al., 2005). The WACC formula is as follows:

$$WACC = \left(\frac{E}{V} \times R_e\right) + \left(\frac{D}{V} \times R_d \times (1 - T_c)\right) \quad (2)$$

- E= Market value of the firm's equity
- D= Market value of the firm's debt
- V= E+D
- T_c=Corporate Tax rate
- R_e= Cost of Equity
- R_d= Cost of debt
- T_c=Corporate Tax rate

Estimating a company's WACC - Weighted Average Cost of Capital involves calculating the cost of equity and the cost of debt. A company's cost of capital is in any case an opportunity cost available to the company since it is seen by the company's investors as generating a certain rate of return, to which a risk rate is inevitably associated.

In other words, the cost of capital comes from a risk-return relationship, given that the greater the risk incurred by the company, the greater the rate of return required by investors to invest in its projects, that is, the greater its cost of capital. The cost of capital is nothing more than the minimum acceptable value of return on investment, and it can even be said it is an invisible line that separates good performances from bad performances, i.e., it divides good investment projects from bad ones (Goedhart et al., 2005). The cost of capital should be used:

- To translate the discount rate of the Economic Value-Added update.
- To determine the barrier to investment in new projects.
- As a barrier to evaluating the rates of return on capital employed (Silva et al., 2009).

To be able to determine and analyze the WACC it is inevitable to know the concept of risk. The total risk of an investment is composed of two concepts of enormous practical interest:

- Systematic (or non-diversifiable) risk: the risk that has its origin in the fluctuations to which the economic system is subject as a whole and which, in turn, is impossible not to bear, since this risk reflects the economic (interest rate, purchasing power), political and social environment in which the company to be studied is inserted.
- Specific (or diversifiable) Risk: it is the portion of the risk affected by the sector/branch of activity. Specific risk includes financial risk and sector risk (Ross et al., 2009).

2.1.3. Perpetual Growth Model

In this method, we can calculate the terminal value of a company assuming the business will continue to generate Free Cash Flow in perpetuity. It assumes a growth rate for the FCF in the final year of the initial forecast to continue in perpetuity. The formula is expressed:

$$TV = \left(\frac{FCF_n \times (1+g)}{WACC - G}\right) \quad (3)$$

- TV = terminal value
- FCF = free cash flow
- n= year one of terminal period
- g= perpetual growth rate of FCF
- WACC = Weighted Average Cost of Capital

2.1.4. Return on Equity (ROE)

ROE is a metric of profitability and provides insights into the drivers of profits. Using the DuPont model, the major issue of absolute profitability is solved, as the absolute profitability simply mirrors capital and not how the company's assets are used. The DuPont model is a broadly used indicator of profitability that connects several factors to ROE. (Liesz & Maranville, 2011) discovered that the expanded DuPont formula adds further to ratio analytics and, through breakdown, links ROE to numerous ratios (Herciu et al., 2011).

The original formula of the DuPont model is:

Return on Assets (ROA) =

$$\frac{Net\ Income}{Sales} \times \frac{Sales}{Asset\ Turnover} = \frac{Net\ Income}{Asset\ Turnover} \quad (4)$$

For Return of Equity (ROE) we have the formula

$$ROE = \text{Tax burden} \times \text{Interest burden} \times \text{EBIT margin} \times \text{Total asset turnover} \times \text{Leverage} \quad (5)$$

ROE = Tax burden × Interest burden × EBIT margin ×Total asset turnover × Leverage

2.1.5. Enterprise Value

The Estimated enterprise value (EEV) is calculated using the CCF as set out below:

$$EEV = \sum_{i=1}^{y} \frac{CCF_{i,j}}{(1+K_j)^i} + \frac{TV_j}{(1+k_j)^y} \quad (6)$$

in which k is capital cost, TV is terminal value, i is the year, y is the last year with money stream data and j denotes the firm. Terminal value is approximated following the Gordon earnings growth model. EEV increases are estimated against EV, the actual value of the firm as of the final dealing point of the year. EV is computed following Arzac (2005) as illustrated below:

$$EV = MarketCap + Debt - Cash \quad (7)$$

2.1.6. FCFE – Free Cash Flow to Equity

The FCFE will correspond to the residual cash flow after operating expenses, interest payments and loan repayments and after capital expenditure required to maintain the to maintain the growth rate of projected future cash projected for the future. FCFE will be determined as follows:

Income

- (-) Operating Costs
- = Res. Before Taxes Financial Charges and Depreciation (RAIEFA)
- (-) Depreciation and provisions

- = Res. before Taxes Financial Charges (RAIEF)
- (-) Net Financial Charges
- = Res. Before Taxes (RAI)
- (-) Taxes
- = Net Profit & Loss
- (+) Depreciation and Provisions
- (+) Depreciation and Provisions = Operating Cash Flow
- (-) Fixed Capital Investment
- (-) Change in Working Capital Requirements (ΔNFM)
- (-) Preference Dividends
- (-) Repayment of Loans
- (+) New Borrowings

2.2. Relative Valuation and the Multiples method

By valuing a company employing peers-based market multiples, one can in theory estimate a very large number of multiples and review them. However, this practice makes no real sense in reality. Actually, mutual investment analysts and bankers restrict their valuation to a single set of multiples - they often employ five to eight multiples. In making this, they arrive at multiple valuations, all of which they usually take the mean to approximate the equity value of the target company. Apart from the statistical disadvantage of the arithmetic mean, such an approximation is also flawed, as it mixes estimates of "good" multiples with those of "bad" multiples (Bonadurer, 2003).

It can be difficult to compare assets that are not the same because the value of the company depends on both the value of its capital and the number of shares outstanding. Thus, a 1/2 stock split will cost half the share price. To compare companies, a common variable or standardized measure of value must be defined. There are several ways to do this: first, the value of the asset can be viewed as a multiple of the profit associated with its price (PE).

However, the earnings used in the denominator need not be current and one can choose to use past earnings (trailing PE) or analyst consensus (trailing PE). Second, auditors tend to compare the market price with the book value to identify over-or under-valuations (value

investing). For those who do not believe that book value is the true value of assets, asset replacement cost or Tobin's Q can also be used.

Thirdly, some researchers argue that sales are not affected by changes in accounting policies, rules and principles and therefore provide a fairer basis for comparison between companies, especially if they are not in the same industry. Therefore, the price-to-sales ratio is often used to compare companies in different sectors, although it should be noted that the multiplier varies greatly depending on the profit margins of the benchmark of each sector, which leads to greater sensitivity in the selection of the comparator companies.

Fourth, profit, book value and sales multiples can be calculated for firms in all sectors and all markets, but certain multiples are sector-specific. While these can be biased and lead to consistent overestimates or underestimates for an entire sector, they also make interpretation more complicated, making investors more reluctant to pay the price.

In addition, it is difficult to relate these multiples to the underlying company data, which is crucial to the meaningful use of multiples. The determinants for multiples are growth, risk and potential cash flow generation. Similarly, companies with higher growth, lower risk and higher cash flow generation potential in discounted cash flow models should trade at higher multiples than companies with lower growth, higher risk and lower cash flow generation potential.

To circumvent this issue, two classes of multiples have been established. The first consists of the optimal multiples in a specified assessment context. These are referred to as decision-relevant multiples, as they constitute the optimal basis for making our investment or trading strategy decisions (Fernandez, 2002).

Whatever other multiples that we calculate - relying on preferences and data readiness these are multiples five to eight - drop into the second category. Such multiples accomplish a comparable objective to that of the peer group hedge: that is, serving as a validation check of the outcomes derived from the relevant decision multiple. Consequently, therefore, they are called coverage multiples (Penman, 2006).

Until now, one framework for the relevant decision-making multiple selection has been established. To systematically match the assessments of the two decision-relevant multiples, the assessment formula is enlarged.

$$\hat{p}_{i.t}^{equity} = \alpha_{i,t}\left(\beta_{1,i,t} \cdot \hat{\lambda}_{1,c,t}^{equity} \cdot x_{1,i,t} + \beta_{2,i,t} \cdot \hat{\lambda}_{2,c,t}^{equity} \cdot x_{2,i,t}\right) \quad (8.1)$$

$$\hat{p}_{i.t}^{equity} = \alpha_{i,t}\left(\beta_{1,i,t} \cdot \hat{\lambda}_{1,c,t}^{equity} \cdot x_{1,i,t} + \beta_{2,i,t} \cdot \hat{\lambda}_{2,c,t}^{equity} \cdot x_{2,i,t} - \hat{p}_{i.t}^{net\ debt}\right) \quad (8.2)$$

These formulas give us a valuation model of two-factor multiples to assign optimized weights on two significant decision multiples, with which we combine the content of income and financial statement disclosures systematically into a unique valuation. For both entity and equity value multiples, the extended formula (8.1) and (8.2) weights the decisions related to the multiples according to their predictions indicated by subscript: $\hat{\lambda}_{1,c,t}^{equity} \cdot x_{1,i,t}; \hat{\lambda}_{2,c,t}^{equity} \cdot x_{2,i,t}$ .To minimize uncertainty, the weights for each decision relevant multiple must be positive and their sum has to equal one. $\beta_{1,i,t}$ and $\beta_{2,i,t}$ are the corresponding weights for the two multiples and also both weights must be positive, and their sum has to equal one. Yet, in the absence of some empirical results, any attribution of weights is pure divination work. In other words, one does not know what weight to place on each of the relevant multiple decisions while estimating the worth of a particular firm. In the absence of empirical evidence, a weightage of fifty-five is the most appropriate selection (Gebhardt et al., 2001).

2.3. Monte Carlo Simulation

The Monte Carlo simulation is a simple computer technique based on performing numerous fictitious experiments with random numbers. Its use is universal and does not need a special knowledge of probability theory. The only information one needs is the relationship between the output and input quantities,

$$y = f(x_1, x_2, x_3, \ldots) \quad (9)$$

and the knowledge of probability distributions of the input variables. The method repeats trials with computer-generated random numbers processed by the relevant mathematical operations. In each ”trial“, the input variables x_1, x_2, …, x_n are assigned random values, but such that their

distributions correspond to the probability distribution of each variable. With these values, the output quantity *y* is calculated via Equation (Mencik, 2016).

The base of such programs is a generator of ***random numbers***. Actually, these numbers are not truly random, but created via a suitable algorithm. The principle of these generators is simple. For example, the so-called congruential generator gives random numbers with uniform distribution in the interval (0; 1) in the following way. One number is chosen as the base for the series of random numbers *u* (e.g. $u_0 = 0.5284163$).

The product is $997 \times 0.5284163 = 526.8310511$. The first random number u_1 is then created as the part of the result, lying behind the decimal point; in our case, $u_1 = 0.8310511$. In the second step, u_1 is again multiplied by the same number *Q*, $997 \times 0.8310511 = 828.5579467$, and the second random number is created as the decimal part of the result (i.e. $u_2 = 0.5579467$). The reader is encouraged to make several steps in this way; for a check, $u_3 = 0.2728599$. A long series of these numbers has an approximately uniform distribution. Many other algorithms exist; e.g. one for normal distribution is based on the central limit theorem. Generators of random numbers are also a part of universal computer programs, such as Matlab. The use of commercial generators is strongly recommended, as they have undergone thorough statistical testing to prove that they behave nearly as really random. Even Excel has its own generator, though with limited possibilities (Mencik, 2016).

3. COMPANY OVERVIEW

ANA is a Spanish multinational company, leader in renewable energy, owning a large international renewable power portfolio of 10GW (consolidated). The group also holds businesses in Construction, Concessions, Water and Real Estate, as well as other non-core activities, some of which it has been divesting from.

While the stock is still overshadowed by changes in Spanish regulation (both historic and future) as well as the sharp decrease in energy prices as a consequence of a halt in business and social activities due to measures adopted by the Government as a way to prevent the spread of the COVID-19 pandemic (e.g., in the first half of FY20 energy prices dropped as much as 44% when compared to the homologous period in FY19), it is believed that upside from current levels exists. Furthermore, overseas wind assets, now representing a larger element of group value than assets in Spain, aligned with considerable non-renewable activities (e.g. Construction), provide a positive outlook for the company.

From the different valuation models employed we generated a Football Field chart from which we can easily see that not all the models are aligned, as we will develop further in the Valuation section of this report. The forecasted TP's range from EUR 87.50 to EUR 349.36. To test the strength of our models and the impact of changes in the input variables we conducted both sensitivity analysis and a Monte Carlo simulation. The sensitivity analysis was used to test the WACC against the growth rate in perpetuity and the EV/EBITDA multiple and its impact on the share price. As for the Monte Carlo, it was used to test how the share price reacts to changes in the discount rate (i.e. WACC), and how the enterprise value responds to changes in the EV/EBITDA multiple.

Throughout the years, ANA benefitted from a favorable investing landscape in Spain, as the government heavily subsidized the energy sector to encourage a move and trend to adopt more sustainable energy consumption behaviors. This created a large deficit between regulated prices and energy production costs in Spain and as a result, the government decided to reform the energy sector and cut the subsidies. This regulatory change harmed ANA's financials and equity book value after which ANA's management launched a turnaround Action Plan focusing on risk reduction related to regulatory changes in Spain and other geographies. These included refinancing the company's bank debt with a variety of debt instruments, while simultaneously reducing leverage and dispersing the maturity profile. Further, the plan included changing the

infrastructure business model to long-term development instead of project ownership. ANA implemented several initiatives, including reducing CAPEX between FY13 and FY15, cutting dividends in FY14, and realigning its business model to focus on international expansion and countries with growth potential, thus diversifying away from its dependence on the Spanish market. In addition, ANA consolidated its businesses and established three main core business segments, "Energy", "Infrastructure" and "Other Activities" accounting for 74%, 13%, and 13% percent of EBITDA in FY20, respectively. The consolidation elicited cost synergies and a more efficient internal business structure.

ANA's commitment to global expansion and focusing on key strategic markets, such as Brazil, Chile, Mexico, Canada, Australia, and New Zealand can be explained not only by macroeconomic factors, such as positive GDP figures in ANA's key strategic markets, but also due to the countries' commitments to sustainable energy initiatives and infrastructure investment programs. This could also increase ANA's exposure to political risk, especially in the emerging markets, where political uncertainty prevails, but also leads to many new investment opportunities. In our opinion, geographical diversification improves the firm's international profile but also reduces its exposure to risks in one single country alone. ANA's investment in infrastructure more than tripled from FY2015 (c. EUR 223m) to FY2016 (c. 737m) and aligned with the company's expansion plan has been keeping steady between EUR 800m and EUR 1,200m, amounting to EUR 829m in 2020 despite the turmoil caused by the COVID-19 pandemic, this was mainly at heavy machinery and facilities in the construction and industrial businesses for the execution of its newly obtained projects, and in the energy division. Furthermore, renewable energy is becoming increasingly cost-efficient compared to fossil fuels, which coupled with the global trend to source electricity from sustainable providers results in a beneficial future perspective for ANA. The trend in decarbonizing the electricity system based on renewable energy, and the electrification of the economy, such as the increase in electric vehicles, is expected to drive ANA's future development, as the company is positioned as an industry leader in providing renewable and sustainable energy globally. Moreover, since FY12, more renewable capacity has been installed than fossil-fuel one and will continue to be an attractive investment sector as multiple governments double down on renewable energies as the driving force behind the economic recovery in the post-COVID era (e.g. 30% of the aggregate expenditure of EU's NextGenerationEU programme will go towards projects fighting climate change)

All in all, ANA achieved a successful turnaround on its fundamentals after the heavy impact from regulatory changes in FY13, returning to profitability and repositioning its business model to benefit from geographic diversification and strategic investments in both energy and infrastructure. Regarding the difficulties faced during FY20 and FY21 as a consequence of the global pandemic, as the drop in prices was induced by a reduction in the energy demand caused by multiple lockdowns in Spain, this is a temporary constraint and will be overcome as economic activity recovers, as for the international facilities, most have in place PPA's (Power Purchase Agreements) and are thus shielded from potential drops in price.

4. FINANCIAL ANALYSIS

Leader in sustainable infrastructure solutions, ANA's global presence and commitment to a green future, is driving the trend in renewable energy, impacting both the economies and environments in the countries it operates in. ANA's strategic position, focusing on long-term sustainable growth, is also a value shared among all employees, and stakeholders. This enables the firm to identify those projects that not only focus on its core segments, but also meet demands and needs of the societies serviced by ANA, in line with its mission and vision statement. Nonetheless, after seeing its whole business model threatened by regulatory changes in FY13 which led to a deep phase of restructuring, and then again in FY20 as the world goes into lockdown as COVID-19 becomes a global pandemic. In this section, we conduct several analyses aiming to better understand and explain the impact of both this restructuring and price and activity constraints from COVID-19 on the company's financial statements and key ratios.

4.1. Balance Sheet Analysis

ANA has over the years maintained a rather stable balance sheet, with the main change over the analysed period being a reduction in property, plant, and equipment, from c. 50% in FY12 to c. 40% in FY20. Furthermore, Table 1 shows a considerable decrease in long-term bank borrowings, consistent with ANA's Action Plan following FY13 regulatory changes, decreasing from c. 34% in FY13 to under 22% in FY20.

Deep diving into some of ANA's key ratios, i.e., liquidity or solvency, as well as working capital or cash conversion cycle, it is observable that these have been stable over the years, showing only minor fluctuations in each FY (Table 1).

COMMON-SIZED BALANCE SHEET

ASSETS	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Property, plant and equipment	**50.30%**	**49.91%**	**49.63%**	**48.58%**	**45.76%**	**38.73%**	**45.09%**	**41.04%**	**40.67%**
Investment property	0.66%	0.75%	1.12%	4.28%	2.94%	1.03%	0.88%	0.29%	0.25%
Goodwill	5.46%	0.51%	0.49%	0.50%	0.46%	1.08%	1.33%	1.35%	1.26%
Other intangible assets	4.04%	4.04%	3.30%	3.22%	8.60%	9.19%	3.91%	3.07%	2.18%
Non-current financial assets	1.10%	1.53%	0.96%	1.01%	1.03%	0.77%	1.39%	1.22%	1.04%
Investments accounted for using the equity method	2.85%	3.02%	2.42%	2.59%	6.67%	8.11%	6.70%	6.44%	6.72%
Biological assets	0.04%	0.04%	0.04%	0.04%	n/a	n/a	n/a	n/a	n/a
Deferred tax assets	4.71%	6.38%	6.05%	5.87%	5.73%	4.70%	5.27%	4.96%	4.98%
Non-current receivables and other non-current assets	1.86%	2.45%	2.71%	2.88%	1.69%	1.62%	2.38%	4.48%	2.59%
NON-CURRENT ASSETS	71.03%	68.63%	66.72%	68.99%	72.87%	65.21%	66.96%	65.20%	62.40%
Biological assets	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Inventories	6.16%	6.50%	6.46%	4.69%	4.50%	4.79%	6.12%	7.19%	6.73%
Trade and other receivables	12.06%	11.39%	12.02%	10.22%	9.90%	11.03%	11.39%	12.05%	12.33%
Other current financial assets	1.86%	2.13%	2.29%	2.62%	1.21%	1.44%	1.19%	1.14%	1.16%
Current income tax assets	0.33%	0.61%	0.47%	0.43%	0.55%	0.85%	0.72%	0.49%	0.33%
Other current assets	1.24%	1.08%	1.27%	1.06%	0.89%	0.88%	2.12%	1.54%	1.36%
Cash and cash equivalents	5.96%	7.42%	8.22%	9.25%	8.21%	7.42%	11.50%	12.38%	13.18%
Non-current assets held for sale and discontinued ope	1.36%	2.25%	2.55%	2.73%	1.88%	8.35%	n/a	n/a	2.51%
CURRENT ASSETS	28.97%	31.37%	33.28%	31.01%	27.13%	34.77%	33.04%	34.80%	37.60%
TOTAL ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

EQUITY AND LIABILITIES	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Share capital	0.31%	0.36%	0.35%	0.36%	0.33%	0.33%	0.38%	0.32%	0.30%
Retained earnings and issue premium	27.80%	20.67%	20.92%	22.46%	22.11%	23.00%	24.35%	20.63%	20.85%
Treasury shares	-0.02%	-0.04%	-0.18%	-0.13%	-0.08%	-0.02%	-1.34%	-0.17%	-0.12%
Translation differences	0.12%	-0.41%	-0.16%	-0.56%	-0.35%	-1.38%	-1.38%	-1.06%	-2.39%
Interim dividend	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity attributable to equity holders of the parent	28.21%	20.59%	20.94%	22.14%	22.01%	21.93%	22.02%	19.72%	18.64%
Non-controlling interests	1.49%	1.06%	1.45%	1.65%	1.53%	1.18%	1.38%	1.27%	2.00%
EQUITY	**29.70%**	**21.65%**	**22.38%**	**23.79%**	**23.54%**	**23.11%**	**23.40%**	**20.98%**	**20.64%**
Debt instruments and other marketable securities	1.15%	1.29%	4.70%	5.08%	3.57%	5.04%	2.72%	4.02%	4.85%
Bank borrowings	31.89%	34.22%	31.96%	32.28%	28.61%	25.70%	24.60%	26.51%	21.82%
Deferred tax liabilities	4.51%	4.85%	4.29%	4.69%	4.62%	2.86%	3.19%	3.33%	3.54%
Provisions	2.96%	3.40%	2.81%	2.66%	2.86%	3.08%	2.81%	2.30%	1.56%
Other non-current liabilities	2.36%	3.05%	5.29%	5.38%	11.12%	10.42%	5.97%	5.34%	5.08%
NON-CURRENT LIABILITIES	**42.87%**	**46.81%**	**49.05%**	**50.09%**	**50.78%**	**47.10%**	**39.29%**	**43.50%**	**39.13%**
Debt instruments and other marketable securities	0.04%	1.03%	2.73%	2.37%	2.83%	3.74%	8.33%	6.08%	6.99%
Bank borrowings	10.90%	11.50%	3.91%	4.84%	3.88%	4.85%	6.06%	5.26%	3.89%
Trade and other payables	12.36%	13.74%	15.85%	12.83%	13.20%	12.83%	16.46%	15.01%	16.17%
Provisions	0.89%	1.15%	1.10%	1.00%	0.95%	0.82%	0.16%	1.79%	1.68%
Current income tax liabilities	0.11%	0.12%	0.12%	0.16%	0.33%	0.45%	0.40%	0.34%	0.15%
Other current liabilities	2.47%	2.85%	2.87%	2.25%	3.42%	4.34%	4.51%	6.72%	8.85%
Liabilities held for sale and discontinued operations	0.67%	1.15%	1.99%	2.66%	1.07%	2.76%	n/a	n/a	n/a
CURRENT LIABILITIES	**27.43%**	**31.54%**	**28.56%**	**26.11%**	**25.68%**	**29.78%**	**37.31%**	**35.51%**	**40.23%**
CURRENT LIABILITIES	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: Company Fillings, Own Estimations

Table 1 - Common Sized Balance Sheet

4.2. Profitability Analysis

ANA has proven to be a successful turnaround after regulatory changes affected its profitability in FY13. This led to an overall loss of over EUR 2bn in FY13, mainly attributable to goodwill impairments in the energy division. The company's profitability and trends were analyzed from FY13 to FY20 and, how restructuring efforts, strategic investments in its core businesses, as well as focus on key strategic markets has contributed to its growth and strong performance in recent years are presented. The impairment of EUR 1.8bn of goodwill and other assets led to negative EBITDA margins of -11.87% in FY13 but improved and normalized again starting in FY14 and as of FY20 is at a level of 20%. To compare ANA with its peers, we used data from Bloomberg, unless stated otherwise. The EBITDA margin of -11.87% was derived from our calculations, as Bloomberg figures were unreasonable (the company had negative EBITDA in 2013, but positive EBITDA margin according to Bloomberg).

Net profit margins turned positive in FY14, to 2.85%, up from -31.45% the previous year (Table 2). Profit margins have increased to 5.88% in FY20 and are expected to increase in

the future as revenues increase and further benefits from operating cost synergies, stemming from consolidating its business activities into three core segments, are realized. Comparing these figures to ANA's main peers, EDP, FCC, Iberdrola and Endesa, which present profit margins of 5.8%, 4.2%, 11.0% and 12.4%, respectively, indicates ANA's profitability is constantly below industry standards. These companies also had positive profit margins in FY13, even though, as in the case of Iberdrola for instance, the regulatory reforms lead to a loss of EUR 800m. It should be noted though, that the overall profit margin for ANA is lower, due to the aggregation of all its business segments. Reviewing the business segment breakdown, ANA Energy generates net income margins in line with industry standards, thus implying that ANA's lower overall profitability is.

Balance Sheet Analysis	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Liquidity Ratios									
Current Ratio	1.06	0.99	1.16	1.19	1.06	1.17	0.89	0.98	0.93
Quick Ratio	0.72	0.66	0.79	0.85	0.75	0.67	0.65	0.72	0.66
Cash Ratio	0.22	0.24	0.29	0.35	0.32	0.25	0.31	0.35	0.33
Solvency Ratios									
D/E Ratio	2.37	3.62	3.47	3.20	3.25	3.33	3.27	3.77	3.85
Financial Leverage	3.37	4.62	4.47	4.20	4.25	4.33	4.27	4.77	4.85
Debt to Assets Ratio	0.70	0.78	0.78	0.76	0.76	0.77	0.77	0.79	0.79
NOA (Net Operating Assets)									
OA (Operating Assets)	16,885,846	13,952,814	14,291,527	13,744,536	15,589,142	15,495,666	12,833,797	14,791,093	15,458,860
OL (Operating Liabilities)	4,882,891	4,756,955	5,539,944	4,991,308	6,539,660	6,439,926	5,213,919	6,044,171	7,145,627
NOA (Net Operating Assets)	12,002,955	9,195,859	8,751,583	8,753,228	9,049,482	9,055,740	7,619,878	8,746,922	8,313,233
D&A		1,087,820	547,118	563,118	778,381	662,989	638,805	656,709	678,133
D&A Margin		11.83%	6.25%	6.43%	8.60%	7.32%	8.38%	7.51%	8.16%
Working Capital									
Inventories	1,142,857	1,020,035	1,042,644	740,102	782,725	820,965	914,311	1,248,116	1,229,836
Trade and other receivables	2,235,256	1,786,722	1,940,034	1,612,418	1,723,658	1,891,893	1,700,814	2,090,946	2,252,206
Trade and other payables	-2,291,326	-2,156,112	-2,558,228	-2,024,533	-2,297,429	-2,199,217	-2,459,030	-2,604,027	-2,953,049
NWC	1,086,787	650,645	424,450	327,987	208,954	513,641	156,095	735,035	528,993
Cash Conversion Cylce									
Days Inventory	80.07	200.85	207.93	169.36	144.61	138.07	165.11	205.57	
Days Receivables	130.10	100.35	108.22	98.46	86.73	91.96	86.33	117.91	
Days Payables	-133.36	-121.10	-142.70	-123.62	-115.60	-106.89	-124.82	-146.85	
CCC	76.81	180.10	173.45	144.19	115.74	123.13	126.62	176.63	

Source: Company Fillings, Own Estimations

Table 2 - Balance Sheet Analysis

The nature of the firm's business, relying on subsidies and government funding mainly in the renewable energy sector, exposed it to several risks, in each of its geographic locations. These include tax claims and claims related to damaged or defective construction works, as well as regulatory changes that affect energy prices. ANA, therefore, has provisions for regional, state, and international taxes and, local charges arising from energy and infrastructure developments in the countries it operates in.

Profitability Analysis	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
PROFIT/(LOSS) FROM OPERATIONS	-29.21%	8.80%	9.58%	16.53%	9.93%	10.09%	10.87%	9.52%
PROFIT/(LOSS) BEFORE TAX	-34.67%	4.26%	4.87%	6.82%	4.91%	6.78%	7.58%	7.85%
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS	-32.35%	3.19%	3.60%	6.25%	3.46%	4.96%	5.53%	6.35%
YEAR'S PROFIT/(LOSS)	-32.35%	3.19%	3.60%	6.25%	3.46%	4.96%	5.53%	6.35%
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT	-31.45%	2.85%	3.17%	5.89%	3.03%	4.37%	4.89%	5.88%

Return Analysis	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Equity	5,505,300.00	3,396,286.00	3,613,487.00	3,754,145.00	4,097,346.00	3,963,268.00	3,495,138.00	3,640,689.00	3,769,825.00
Net income		-1,972,371.00	184,949.00	207,324.00	351,981.00	220,131.00	328,030.00	351,678.00	380,302.00
ROE		**-44.32%**	**5.28%**	**5.63%**	**8.97%**	**5.46%**	**8.80%**	**9.86%**	**10.26%**
EBIT		-1,831,983.00	571,964.00	626,919.00	988,177.00	720,327.00	757,411.00	781,874.00	616,441.00
Average effective tax rate		*21.77%*	*21.77%*	*21.77%*	*21.77%*	*21.77%*	*21.77%*	*21.77%*	*21.77%*
EBIAT		-1,433,069.80	447,419.18	490,407.76	773,002.05	563,476.23	592,485.21	611,621.41	482,211.34
Capital Employed	10,927,927.47	8,518,066.21	8,719,170.52	9,921,797.17	9,379,391.83	9,331,604.18	8,770,848.44	10,682,610.46	11,525,720.89
ROCE		**-16.82%**	**5.13%**	**4.94%**	**8.24%**	**6.04%**	**6.76%**	**5.73%**	**4.18%**

Source: Company Fillings, Own Estimations

Table 3 - Profitability Analysis and Return Analysis

Revenues have been steady between FY13 and FY20 (Table 3), which is mainly attributable to ANA's strategic diversification focusing on long-term projects in key geographic locations with growth potential, which again emphasizes that the negative result in FY13 was caused primarily by impairments and provisions, rather than business performance. However, between FY15 and FY16, revenues declined by EUR 566m due to the divestiture from ANA Windpower, leading to an accounting reclassification to investment using equity method (as a substantial stake in Nordex was acquired in turn), as well as a decrease in electricity prices in Spain. In contrast, FY16 against FY17 showed revenues increasing by EUR 1.3bn, as a result of newly installed capacity in the energy division, which has become operational, and new projects and contracts in the infrastructure division, more than offsetting the decline in revenues in FY16. Revenues in the energy division continued to increase steadily through FY18 and FY19, mainly due to projects in Chile, Mexico, and Australia becoming operational. In addition, ANA's restructuring efforts and consolidation of their construction department lead to cost synergies and have resulted in a cost reduction of EUR 500m between FY14 and FY15. The c. 10% decline in revenues in FY20 can easily be explained by the reduced demand and prices as a consequence of the COVID-19 pandemic, with prices reaching a minimum of 1.02 EUR/MWh in May FY20, a 97.86% decline from average prices in FY19 (47.7 EUR/MWh), this led to a decrease in profit from operations of -21.16% in FY20, nevertheless, as 57% of ANA's power in Spain is subject to specific remuneration frameworks established by the government, as well as PPA's in place for international facilities, ANA still manages to increase profitability in FY20 amounting to 5.88% and increase earnings per share by nearly 8% (Table 4).

Growth Rate Analysis	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue		3.62%	0.69%	-8.65%	21.36%	3.52%	-4.25%	-9.99%
Other income		10.94%	-32.02%	124.19%	10.57%	-24.69%	48.15%	15.28%
Changes in inventories of finished goods and work in progress		-311.90%	62.81%	402.52%	247.42%	50.30%	-62.53%	1078.36%
Procurements		28.05%	1.27%	12.85%	23.86%	9.85%	6.87%	9.64%
Staff costs		2.46%	1.65%	2.66%	16.27%	0.72%	7.57%	3.01%
Other operating expenses		5.29%	4.14%	2.50%	27.66%	1.10%	6.40%	9.21%
Depreciation and amortisation charge and change in provisions		49.71%	2.92%	38.23%	14.82%	3.65%	2.80%	3.26%
Impairment and profit/(loss) on disposals of non-current assets		101.79%	-135.33%	4753.67%	-80.40%	45.40%	-94.34%	1994.12%
Other gains or losses		83.15%	8502.15%	56.39%	-91.19%	-103.42%	56992.25%	-0.62%
PROFIT/(LOSS) FROM OPERATIONS		**131.22%**	**9.61%**	**57.62%**	**-27.11%**	**5.15%**	**3.23%**	**-21.16%**
Net Financial Result		1.05%	1.70%	87.96%	50.94%	9.26%	20.91%	6.29%
Translation differences		127.67%	335.73%	21.60%	-135.75%	125.32%	274.38%	53.72%
Profit/(loss) from changes in value of financial instruments at fair value		6714.46%	-107.19%	347.41%	644.38%	-100.51%	2773.98%	191.26%
Profit/(loss) of companies accounted for using the equity method		83.52%	29.85%	15.85%	-199.91%	160.81%	-146.87%	500.07%
PROFIT/(LOSS) BEFORE TAX		**112.74%**	**14.97%**	**27.95%**	**-12.60%**	**42.80%**	**7.07%**	**-6.74%**
Income tax expense		-147.95%	18.48%	59.21%	211.84%	29.41%	208.03%	-166.13%
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**110.21%**	**13.79%**	**58.58%**	**-32.88%**	**48.42%**	**6.72%**	**3.32%**
Profit/(Loss) after tax from discontinued operations		N/A	N/A	N/A	N/A	N/A	N/A	N/A
YEAR'S PROFIT/(LOSS)		**110.21%**	**13.79%**	**58.58%**	**-32.88%**	**48.42%**	**6.72%**	**3.32%**
Non-controlling interests		-139.67%	27.84%	23.07%	40.87%	44.18%	3.14%	33.71%
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT		**109.38%**	**12.10%**	**69.77%**	**-37.46%**	**49.02%**	**7.21%**	**8.14%**
BASIC EARNINGS per share from continuing operations (euros)		109.38%	12.65%	69.04%	-37.60%	53.25%	9.49%	7.89%
DILUTED EARNINGS per share from continuing operations (euros)		109.49%	10.67%	71.35%	-39.07%	55.67%	9.49%	7.89%
BASIC EARNINGS PER SHARE (euros)		109.38%	12.65%	69.04%	-37.60%	53.25%	9.49%	7.89%
DILUTED EARNINGS PER SHARE (euros)		109.49%	10.67%	71.35%	-39.07%	55.67%	9.49%	7.89%

Source: Company Fillings, Own Estimations

Table 4 - Growth Rate Analysis

4.3. Cash Flow Analysis

Through the cash flow statements, it is observable that ANA was able to maintain a relatively stable cash balance development from FY13 to FY20 (Table 5). Even though a minor cash reduction is observable from FY15 to FY17, the overall development is positive with ANA more than doubling its cash reserves from FY17 to FY20 to EUR 2,407m. The renewable energy sector is currently in a transition phase from being highly subsidized to an auction-led and thus more competitive environment, putting pressure on prices. Together with the high political risk through dependence on governmental investments and high presence and litigation risks arising through possibly damaged construction in the infrastructure division, we believe the inherent industry risks make the high cash reserve a necessary buffer to be prepared for detrimental developments.

IS as a % of Revenues	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Other income	5.23%	5.60%	3.78%	9.28%	8.46%	6.15%	9.52%	12.19%
Changes in inventories of finished goods and work in progress	0.06%	-0.11%	-0.04%	0.14%	0.40%	0.58%	0.23%	2.99%
Cost of goods sold	-23.08%	-28.52%	-27.97%	-26.68%	-27.24%	-28.90%	-28.11%	-34.24%
Personnel expenses	-20.85%	-19.62%	-19.17%	-21.54%	-20.64%	-19.79%	-22.24%	-23.96%
Other operating expenses	-44.43%	-40.61%	-38.66%	-41.26%	-43.40%	-41.47%	-40.54%	-40.89%
Depreciation and amortisation charge and change in provisions	-17.35%	-8.42%	-8.61%	-13.02%	-9.14%	-8.51%	-9.13%	-10.48%
Impairment and profit/(loss) on disposals of non-current assets	-28.76%	0.50%	-0.17%	8.90%	1.44%	2.02%	0.12%	2.78%
Other gains or losses	-0.03%	-0.01%	0.42%	0.72%	0.05%	0.00%	1.02%	1.13%
PROFIT/(LOSS) FROM OPERATIONS	**-29.21%**	**8.80%**	**9.58%**	**16.53%**	**9.93%**	**10.09%**	**10.87%**	**9.52%**
Financial income	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finance costs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Translation differences	-0.30%	0.08%	0.35%	0.46%	-0.14%	0.03%	0.13%	0.22%
Profit/(loss) from changes in value of financial instruments at fair value	-0.01%	0.34%	-0.02%	-0.12%	0.53%	0.00%	0.07%	0.24%
Profit/(loss) of companies accounted for using the equity method	0.40%	0.71%	0.92%	1.16%	-0.96%	0.56%	-0.28%	1.22%
PROFIT/(LOSS) BEFORE TAX	**-34.67%**	**4.26%**	**4.87%**	**6.82%**	**4.91%**	**6.78%**	**7.58%**	**7.85%**
Income tax expense	2.32%	-1.08%	-1.27%	-0.57%	-1.45%	-1.82%	2.05%	-1.50%
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**-32.35%**	**3.19%**	**3.60%**	**6.25%**	3.46%	4.96%	5.53%	6.35%
Profit/(Loss) after tax from discontinued operations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
YEAR'S PROFIT/(LOSS)	**-32.35%**	**3.19%**	**3.60%**	**6.25%**	**3.46%**	**4.96%**	**5.53%**	**6.35%**
Non-controlling interests	0.89%	-0.34%	-0.43%	-0.37%	-0.42%	-0.59%	-0.64%	-0.47%
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT	**-31.45%**	**2.85%**	**3.17%**	**5.89%**	**3.03%**	**4.37%**	**4.89%**	**5.88%**
BASIC EARNINGS per share from continuing operations (euros)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DILUTED EARNINGS per share from continuing operations (euros)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BASIC EARNINGS PER SHARE (euros)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DILUTED EARNINGS PER SHARE (euros)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Company Fillings, Own Estimations

Table 5 - Income Statement as a percentage of Revenues

Although operating cash flow remains rather stable throughout the years typically between EUR 820m and EUR 960m (apart from an unusually low cash flow in FY17 driven by changes in working capital), the same does not apply to financing and investing cash flow. Following the objectives from the Action Plan, cash flow from investing increased mainly due to changes in the CAPEX policy, notably in FY14 and FY15 ANA reduced CAPEX spending to historical lows, as it was focusing on divesting from non-core businesses. Furthermore, to ANA's restructuring of its financing position, aimed at deleveraging the company, contributed a great deal to the PE transaction with KKR, leading to higher cash inflow from financing activities. In contrast, stable operating cash flows indicate ANA's ability to maintain operational strengths throughout the turmoil. The effect of foreign exchange was considered neglectable for this analysis.

The composition of FY13 operating cash flow clearly shows the correction through the huge impairment, which normalizes the level of operating cash flow compared to the next years. The stable development mirrors the robust operating performance touched upon in profitability analysis.

Turning to investments, from FY12 to FY15, CAPEX declined by 73% as a measure to recover from the effects of the regulatory change, whilst securing a strong investment pipeline for the years to come. By reducing investing activities to minimum CAPEX spending for projects that ANA was already committed to and not adding new projects while maximizing proceeds from divestitures from non-core activities, ANA was able to overcome the financial pressure resulting from the EUR 1.8bn impairment in FY13. A 274% increase in investing cash flows to EUR 823m in FY16 compared to FY15 signals ANA's strong commitment to growth.

Once ANA finalized its debt restructuring, the company was able to scale up investments in FY16 especially in core growth markets such as Chile, Mexico, Australia, India, and the USA as well as to secure the concession of ATLL through an upfront payment of EUR 300m (courts ruled the termination of this concession in early FY18, with ANA being entitled to a refund of the EUR 300m paid plus and additional fee for damages that can reach as high as EUR 700m). Since FY16 ANA has consistently increased and maintained a high level of CAPEX spending, with over EUR 1,059m in FY20 despite the global COVID-19 pandemic and limitations that derived from it.

During FY15 ANA conducted several divestitures, with the most notable one being the merger with the German wind turbine manufacturer Nordex (affecting financials from FY16 onwards), who acquired ANA Windpower for an equity value of EUR 743m. We would have expected this operation to be reflected the cash flow statement, however, the proceeds were directly used to acquire a 29.9% stake in Nordex, leaving ANA's cash flow statement unaffected. ANA has since then increased its participation in Nordex to 36% and made an acquisition offer in FY21 which was turned down by investors, ANA's current stake in Nordex is worth approximately EUR 900m.

5. VALUATION AND DISCUSSION

ANA is rated with a BUY recommendation based on a 1-year target price of EUR 210.47 considering different valuation methods, a DCF Analysis, Sum-of-the-Parts and Multiples Analysis. This offers a 30.81% premium over its closing price of EUR 160.90 on 31 September 2021.

Valuing ANA is a highly complex task, after evaluating the business model and different business segments of the company, we derived the TP through a DCF analysis and a multiples-based valuation. To the resulting valuation, we then apply a 10% to 20% discount (e.g. depending on the method) to reflect the complexity, risk, and the group's conglomerate nature.

5.1. Discounted Cash Flow Analysis

A 5-year projection of ANA's UFCF's (Table 6) put together with a terminal year valuation based on a perpetuity growth rate and a SOTP approach with tailored EBITDA exit multiples applied to each segment, was used to assess both the intrinsic value of the company and the effects of the time value of money (i.e. discounted cash flows). The 5-year projection to FY25 allowed the DCF Analysis both to reflect the full effects of the strategic restructuring of the company that began in FY13 and lasted until FY18, as well as the recovery from the energy price decline, and pickup in construction bookings pipeline, both short-term consequences of the global COVID-19 pandemic.

The UFCF to the Firm is calculated by adjusting NOPAT by net CAPEX and changes in working capital. The forecasted CAGR for the UFCF's from FY21 to FY25 is 31.9%. The performance of NOPAT is driven by the company's financials, investments, and operating risk profiles for each segment (e.g. regulatory and political risk in Spain and other countries). Our analysis produced an EBITDA expected to grow at a 4-year CAGR of 10.9%, largely due to the accelerating growth in the company's international businesses.

The company's CAPEX plans are expansionary (i.e. CAPEX more than offsets the depreciation for the period) primarily driven by ANA's restructuring and delay in projects caused by the COVID-19 pandemic. Following several years of divestments and consolidation of operations, the company has started to increase CAPEX in FY16 and is expected to continue with the trend in the upcoming years, even though COVID-19 has delayed several projects, especially on the construction side, the company has nr reduced its CAPEX expenditures in FY20 and is not expected to do so in FY21 and beyond as it continues to "double-down" on its

energy infrastructure (the assumption behind CAPEX is purely based on the company's last earnings call during which we were able to ask a question to ANA's Chairman and CEO, José Manuel Entrecanales, regarding future outlook in terms of CAPEX and capital structure). Depreciation is calculated as a percentage of total NOA.

Fiscal Year Ended	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	Terminal 2025E
Unlevered Free Cash Flow (UFCF)										
EBITDA	1,766,558	1,383,316	1,396,216	1,438,583	1,294,574	1,338,000	1,494,000	1,645,000	1,823,983	2,022,440
Depreciation & Amortization	(778,381)	(662,989)	(638,805)	(656,709)	(678,133)	(678,210)	(770,135)	(787,385)	(804,592)	(821,785)
EBIT	988,177	720,327	757,411	781,874	616,441	659,790	723,865	857,615	1,019,391	1,200,656
CAPEX	(737,000)	(849,000)	(1,022,000)	(1,241,000)	(829,000)	(951,505)	(967,681)	(984,131)	(1,000,862)	(1,017,876)
Changes in Working Capital	(119,033)	304,687	(357,546)	578,940	(206,042)	3,727	18,573	19,176	19,798	20,438
NOPAT [i.e. EBIT * (1-T)]	773,002	563,476	592,485	611,621	482,211	516,121	566,244	670,870	797,419	939,214
Total unlevered free cash flow	**933,416**	**72,778**	**566,836**	**(551,610)**	**537,386**	**239,098**	**350,125**	**454,947**	**581,352**	**722,683**
Period						1	2	3	4	5
Cost of Capital						*4.95%*				
Discounted Cash Flow						227,824	317,885	393,579	479,218	567,631
Total Present Value						**1,986,137**				

Table 6 - ANA's Discounted Unlevered Free Cash Flows Model

To calculate the company's terminal value three different approaches were used and then included in the football field analysis as part of the overall DCF analysis.

The first method employed was the Perpetuity Method (Table 7), for that we used a ROCE of 10.2% as the perpetual growth rate and a weighted average of the forecasted GDP growth net of long-term inflation for the Spanish and the world economy as the discount rate (i.e. 2.5%). Furthermore, due to the low-interest rate environment in Europe, return on the company's equity as well as premiums on Spanish equities will anchor the growth of the stock for the foreseeable future. This has proven to be the less reliable estimate for ANA's TP, as it is too far off from all the other methods, the main reason for this significant discrepancy is most likely due to the high equity premium considered for ANA's growth rate in perpetuity as a consequence of the unusually high bull-run capital markets have been experiencing since mid-FY20. To assess just how big is the impact of ANA's growth rate in perpetuity, we conducted a sensitivity analysis (Table 8), the results show just how much ANA's TP is reliant on the growth rate assumption, with the TP ranging from EUR 249.61 to EUR 804.36 assuming the same WACC.

Terminal Value Calculation - Perpetuity Method	
Terminal Value	
Exit year NOA	9,373,182
$ROCE_{2025}$	10.2%
Growth rate	2.45%
Terminal value	29,202,423
Present value	22,936,995
Total Value	
PV of Cashflow, 21-25	1,986,137
PV of Terminal Value	22,936,995
Enterprise value	**25,823,132**
Net Debt	(4,528,770)
Equity Value	**21,294,362**
Outstanding Shares ('000)	54,857
Targe Price	**349.36**

Table 7 -Terminal Value Calculation – Perpetuity Method

Sensitivity Analysis - WACC vs Growth Rate													
							WACC						
		3.35%	3.85%	4.35%	4.55%	4.75%	4.85%	4.95%	5.05%	5.15%	5.35%	5.55%	6.05%	6.55%
Perpetual Growth	0.85%	462.93	371.51	306.46	285.43	266.58	257.88	249.61	241.74	234.24	220.27	207.52	180.02	157.47
	1.35%	552.86	425.77	341.33	315.01	291.83	281.24	271.25	261.81	252.88	236.37	221.46	189.84	164.43
	1.85%	702.80	507.18	390.16	355.56	325.78	312.40	299.88	288.16	277.16	257.06	239.17	202.00	172.88
	2.05%	795.10	552.42	415.63	376.33	342.89	327.98	314.10	301.16	289.06	267.10	247.67	207.72	176.79
	2.25%	921.02	608.98	445.97	400.70	362.73	345.95	330.43	316.02	302.61	278.43	257.20	214.04	181.06
	2.35%	1002.89	642.92	463.41	414.56	373.89	356.02	339.53	324.27	310.12	284.66	262.42	217.45	183.34
	2.45%	1102.99	681.71	482.69	429.73	386.03	366.93	349.36	333.16	318.17	291.32	267.97	221.06	185.74
	2.55%	1228.15	726.48	504.12	446.42	399.26	378.78	360.02	342.76	326.85	298.46	273.89	224.87	188.26
	2.65%	1389.15	778.72	528.07	464.87	413.76	391.72	371.60	353.17	336.22	306.13	280.22	228.91	190.91
	2.85%	1904.90	914.58	585.55	508.28	447.34	421.47	398.07	376.81	357.41	323.30	294.28	237.74	196.63
	3.05%	3111.65	1118.51	660.74	563.28	488.83	457.84	430.12	405.19	382.64	343.46	310.60	247.75	203.01
	3.55%	-4354.93	2823.59	1013.50	797.18	653.13	597.77	550.34	509.26	473.33	413.49	365.68	279.77	222.69
	4.05%	-1176.90	-3935.71	2547.79	1500.22	1052.62	912.93	804.36	717.56	646.57	537.45	457.51	327.82	250.23

Table 8 -Sensitivity Analysis - WACC vs Growth Rate

In addition, we computed the terminal value using a SOTP approach (Table 9). We conducted an extensive peer analysis (20 companies were analyzed) and calculated the average EBITDA multiples of different industries and industry peers for ANA's core business units. Our SOTP/EBITDA multiple approaches produced a considerably lower terminal value regarding our perpetuity approach, mainly due to ANA's conglomerate nature and strong restructuring process undergone in the last 5-years pre-COVID. That together with, as mentioned above, the current state of capital markets and with the world in the midst of a pandemic, lead us to conclude that perpetual growth conditions do not properly apply.

Terminal Value Calculation - SOTP/EBITDA method					
	Energy	Contruction	Water	Services	Other
Terminal Value	*70.1%*	*17.0%*	*3.9%*	*1.5%*	*7.5%*
Terminal year EBITDA	1,295,060	289,683	168,840	46,636	222,221
Terminal year multiple	11.5 x	12.5 x	4.9 x	6.8 x	7.2 x
Terminal value	14,893,191	3,621,038	827,314	317,125	1,588,884
Present value	11,146,254	2,710,031	619,172	237,340	1,189,141
					15,901,938
Total Value					
PV of Cashflow, 21-25					1,986,137
PV of Terminal Value					15,901,938
Enterprise value					**18,788,075**
Net Debt					(4,528,770)
Equity Value					**14,259,305**
Outstanding Shares (M)					54,856.7
Fair Value (€)					**259.94**
Complexity Discount (%)					**20%**
Target Price					**207.95**

Table 9 - Terminal Value Calculation

For the third and final terminal value estimate an EBITDA multiple was used in the business as a whole (Table 10), this is something that in the past would have generated a significant discrepancy when compared with the SOTP method, nevertheless, following the company's restructuring in recent year and consolidation of the business around its core units, makes this a fairly reliable forecasting method. Also here we decided to do a sensitivity analysis to understand the impact a single EBITDA multiple would have on the TP (Table 11), however, ANA's TP showed to be far less reliable on the EV/EBITDA used when compared to the impact

of the growth rate in perpetuity method, with ANA's TP ranging from EUR 172.11 to EUR 247.74 assuming the same WACC.

Terminal Value Calculation - EBITDA Method	
Terminal Value	
Terminal year EBITDA	2,022,440
Terminal year multiple	10.5 x
Terminal value	21,199,437
Present value	15,865,928
Total Value	
PV of Cashflow, 18-22	1,986,137
PV of Terminal Value	15,865,928
Enterprise value	**18,752,065**
Net Debt	(4,528,770)
Equity Value	**14,223,295**
Outstanding Shares ('000)	54,857
Fair Value (€)	**259.28**
Complexity Discount (%)	20%
Targe Price	**207.42**

Table 10 - Terminal Value

Sensitivity Analysis - WACC vs EBITDA Multiple													
							WACC						
		3.35%	3.85%	4.35%	4.55%	4.75%	4.85%	4.95%	5.05%	5.15%	5.35%	5.55%	6.05%	6.55%
EBITDA Multiple	8.9 x	191.04	184.90	178.97	176.65	174.36	173.23	**172.11**	170.99	169.88	167.68	165.51	160.22	155.09
	9.4 x	203.14	196.66	190.39	187.94	185.53	184.33	**183.14**	181.96	180.79	178.47	176.18	170.58	165.17
	9.9 x	215.24	208.42	201.82	199.24	196.69	195.43	**194.18**	192.94	191.70	189.26	186.85	180.95	175.25
	10.1 x	220.08	213.12	206.38	203.75	201.16	199.87	**198.60**	197.33	196.07	193.57	191.11	185.10	179.28
	10.3 x	224.93	217.82	210.95	208.27	205.62	204.31	**203.01**	201.72	200.43	197.89	195.38	189.25	183.31
	10.4 x	227.35	220.17	213.24	210.53	207.86	206.53	**205.22**	203.91	202.61	200.05	197.51	191.32	185.33
	10.5 x	**229.77**	**222.53**	**215.52**	**212.79**	**210.09**	**208.75**	**207.42**	**206.11**	**204.80**	**202.20**	**199.64**	**193.39**	**187.34**
	10.6 x	232.19	224.88	217.81	215.05	212.32	210.97	**209.63**	208.30	206.98	204.36	201.78	195.47	189.36
	10.7 x	234.61	227.23	220.09	217.30	214.55	213.19	**211.84**	210.50	209.16	206.52	203.91	197.54	191.38
	10.9 x	239.45	231.93	224.66	221.82	219.02	217.63	**216.25**	214.89	213.53	210.83	208.18	201.69	195.41
	11.1 x	244.29	236.63	229.23	226.34	223.49	222.07	**220.67**	219.28	217.89	215.15	212.44	205.83	199.44
	11.6 x	256.39	248.39	240.65	237.63	234.65	233.17	**231.71**	230.25	228.80	225.94	223.11	216.20	209.52
	12.1 x	268.50	260.15	252.08	248.92	245.81	244.27	**242.74**	241.22	239.71	236.72	233.77	226.57	219.60

Table 11 -Sensitivity Analysis - WACC vs EBITDA Multiple

For the present value of the cash flows we employed a 4.95% WACC. The cost of equity was calculated using CAPM (Table 12). We employed the 10-year Spanish generic government bond risk-free rate of 0.90% and an adjusted levered beta of 1.03 which is derived by regressing the simple returns of ANA's stock price on the IBEX 35 Index and the MSCI World Index (adjusted based on Bloomberg data). The market risk premium is equal to 3.24% (based on the 5-year CAGR of the IBEX 35 with dividends) and the country risk premium to 1.55% (based on Damodaran's estimates). The after-tax cost of debt of 3.26% was calculated using ANA's 7-year average cost of debt of 4.17% (based on the company's annual reports) and a 7-year average of the effective tax rate equal to 21.77% (based on Bloomberg data). To test the resilience of the WACC estimation a quick scenario testing was conducted on the reliance of the WACC on both the cost of debt and equity risk premium (Table 13). The computed scenarios give a range of values for the WACC from 3.95% to 5.95%, representing in both cases a 20.21% deviation from our initial estimation.

WACC Calculation			
Equity (%)			**66.09%**
Price (Mar 01, 2018)		€	160.90
Fully Diluted Shares (M)			54.86
Equity Value (€M)		€	8,826
Debt (%)			**33.91%**
Debt Value (€M)		€	4,529
Cost of Equity	***Assumptions***		**5.81%**
Risk free rate	*Spain Generic Govt 10Y Yield*		0.90%
Equity Risk Premium	*5 Yr. CAGR of IBEX 35*		3.24%
Country Risk Premium	*Sovereign CDS Spread*		1.55%
Beta	*Weekly, 5 Yr. Historical Basis*		1.03
Cost of Debt (after Tax)			**3.26%**
Weighted Average Interest Rate	*Yearly, 4 Yr. Historical Basis*		4.17%
Weighted Average Tax Rate	*Yearly, 4 Yr. Historical Basis*		21.77%
Weighted Average Cost of Capital (WACC)			**4.95%**

Source: Bloomberg, Company Fillings, Own Estimations.

Table 12 - WACC Calculation

						Scenarios Testing			
						Equity Risk Premium			
						4.95%	**4.81%**	**5.81%**	**6.81%**
					Cost of Debt	**2.26%**	3.95%	4.61%	5.27%
						3.26%	4.29%	4.95%	5.61%
						4.26%	4.63%	5.29%	5.95%
Kd Estimation	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	***Avrg.***
Avrg. Interest Rate (%)	5.59%	5.59%	5.49%	4.74%	3.77%	3.55%	3.25%	2.80%	***4.17%***
Avrg. Effective Tax Rate (%)	-106.72%	22.35%	26.07%	4.87%	28.97%	27.56%	27.09%	15.53%	***21.77%***
Cost of Debt (after Tax)									**3.26%**

Source: Bloomberg, Company Fillings, Own Estimations.

Table 13 – Cost of Debt Calculation & WACC's Sensitivity Analysis on Cost of Equity and Debt

5.2. Relative Multiples Analysis

For the Multiples valuation we based our methodology on EV/Revenues (Figure 1), EV/EBITDA (Figure 2), and P/E multiples (Figure 3) from comparable companies, not only over the typical LTM (Last-Twelve-Months) and NTM (Next-Twelve-Months) period, but also trailing 24-months and with a forward outlook of 24-months (Table 14). The resulting TPs, while consistent across both the 12-month and 24-month periods, show that this procedure is inconsistent with our DCF analysis as discrepancies occur mainly due to the difficulty in arranging a peer group of directly comparable companies.

The EV/Revenue multiple proved the closest to the DCF valuation both on a LTM and NTM basis (incl. 24-month period), with the company trading at a significant discount over its fair value. On the other hand, the EV/EBITDA multiple appears to be in line with the current market price of ANA, albeit still showing potential for some upside. As for the P/E ratio, this proved not to be a reliable valuation metric as it shows TP significantly below current levels,

this is mainly due to the fact that ANA has a significantly higher P/E ratio than its peers, as such the peer's analysis does not reflect ANA's full potential.

Last-Twelve-Months

EV / Revenues Multiple	
$Revenues_{2020}$	6,472,430
$EVcurrent / Revenues_{2020}$	2.4x
Entreprise Value	**15,763,708**
Net Debt	4,528,770
Equity Value	**11,234,938**
Outstanding Shares ('000)	54,857
Target Price	**204.81**

EV / EBITDA Multiple	
$EBITDA_{2020}$	1,294,574
$EVcurrent / EBITDA_{2020}$	10.5x
Entreprise Value	**13,569,865**
Net Debt	4,528,770
Equity Value	**9,041,095**
Outstanding Shares ('000)	54,857
Target Price	**164.81**

P / E Multiple	
$Earnings\ per\ Share_{2020}$	6.97
PE Ratio	21.5x
Entreprise Value	**12,748,655**
Net Debt	4,528,770
Equity Value	**8,219,885**
Outstanding Shares ('000)	54,857
Target Price	**149.84**

Trailing Last-24-Months

EV / Revenues Multiple	
$Revenues_{2019}$	7,190,589
$EVcurrent / Revenues_{2019}$	2.2x
Entreprise Value	**15,758,906**
Net Debt	4,528,770
Equity Value	**11,230,136**
Outstanding Shares ('000)	54,857
Target Price	**204.72**

EV / EBITDA Multiple	
$EBITDA_{2019}$	1,438,583
$EVcurrent / EBITDA_{2019}$	9.7x
Entreprise Value	**13,946,167**
Net Debt	4,528,770
Equity Value	**9,417,397**
Outstanding Shares ('000)	54,857
Target Price	**171.67**

P / E Multiple	
$Earnings\ per\ Share_{2019}$	6.46
PE Ratio	22.8x
Entreprise Value	**12,605,476**
Net Debt	4,528,770
Equity Value	**8,076,706**
Outstanding Shares ('000)	54,857
Target Price	**147.23**

Next-Twelve-Months

EV / Revenues Multiple	Bear	Base	Bull
$Revenues_{2021}$	6,710,400	7,456,000	8,201,600
$EVcurrent / Revenues_{2021}$	2.2x	2.2x	2.2x
Entreprise Value	**14,872,385**	**16,524,872**	**18,177,359**
Net Debt	4,528,770	4,528,770	4,528,770
Equity Value	**10,343,615**	**11,996,102**	**13,648,589**
Outstanding Shares ('000)	54,857	54,857	54,857
Target Price	**188.56**	**218.68**	**248.80**

EV / EBITDA Multiple	Bear	Base	Bull
$EBITDA_{2021}$	1,204,200	1,338,000	1,471,800
$EVcurrent / EBITDA_{2021}$	9.7x	9.7x	9.7x
Entreprise Value	**11,675,407**	**12,972,675**	**14,269,942**
Net Debt	4,528,770	4,528,770	4,528,770
Equity Value	**7,146,637**	**8,443,905**	**9,741,172**
Outstanding Shares ('000)	54,857	54,857	54,857
Target Price	**130.28**	**153.93**	**177.58**

P / E Multiple	Bear	Base	Bull
$Earnings\ per\ Share_{2021}$	4.43	4.92	5.41
PE Ratio	18.0x	18.0x	18.0x
Entreprise Value	**8,895,329**	**9,380,502**	**9,865,675**
Net Debt	4,528,770	4,528,770	4,528,770
Equity Value	**4,366,559**	**4,851,732**	**5,336,905**
Outstanding Shares ('000)	54,857	54,857	54,857
Target Price	**79.60**	**88.44**	**97.29**

Forward Next-24-Months

EV / Revenues Multiple	Bear	Base	Bull
$Revenues_{2022}$	7,128,000	7,920,000	8,712,000
$EVcurrent / Revenues_{2022}$	2.1x	2.1x	2.1x
Entreprise Value	**14,934,759**	**16,594,177**	**18,253,594**
Net Debt	4,528,770	4,528,770	4,528,770
Equity Value	**10,405,989**	**12,065,407**	**13,724,824**
Outstanding Shares ('000)	54,857	54,857	54,857
Target Price	**189.69**	**219.94**	**250.19**

EV / EBITDA Multiple	Bear	Base	Bull
$EBITDA_{2022}$	1,344,600	1,494,000	1,643,400
$EVcurrent / EBITDA_{2022}$	9.1x	9.1x	9.1x
Entreprise Value	**12,250,346**	**13,611,495**	**14,972,645**
Net Debt	4,528,770	4,528,770	4,528,770
Equity Value	**7,721,576**	**9,082,725**	**10,443,875**
Outstanding Shares ('000)	54,857	54,857	54,857
Target Price	**140.76**	**165.57**	**190.38**

P / E Multiple	Bear	Base	Bull
$Earnings\ per\ Share_{2022}$	4.86	5.40	5.93
PE Ratio	16.2x	16.2x	16.2x
Entreprise Value	**8,848,874**	**9,328,886**	**9,808,897**
Net Debt	4,528,770	4,528,770	4,528,770
Equity Value	**4,320,104**	**4,800,116**	**5,280,127**
Outstanding Shares ('000)	54,857	54,857	54,857
Target Price	**78.75**	**87.50**	**96.25**

Table 14 – Relative Multiples Valuation Model

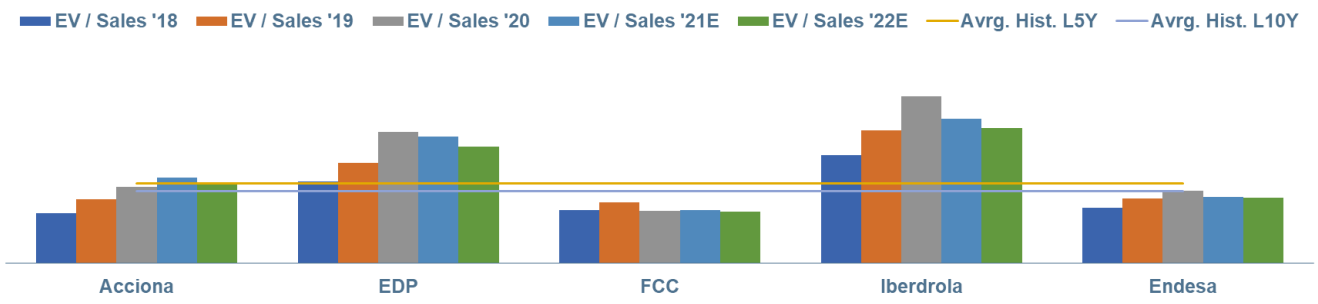

Figure 1 - EV/Sales Multiple, ANA vs. Peers

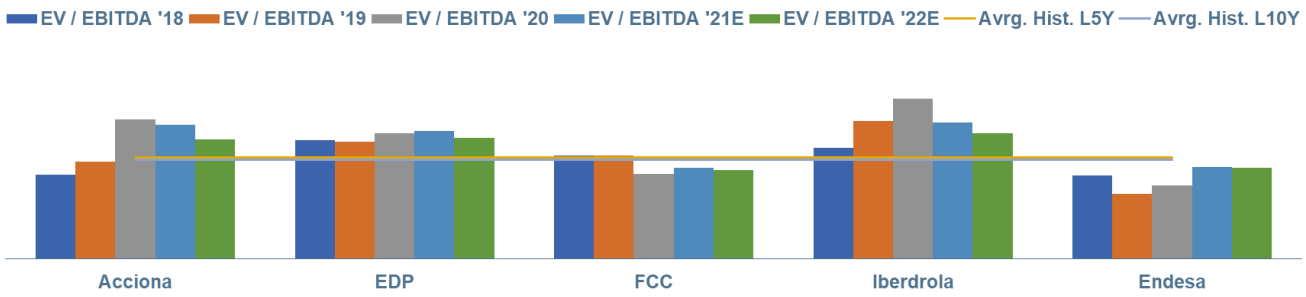

Figure 2 – EV/ EBITDA, ANA vs. Peers

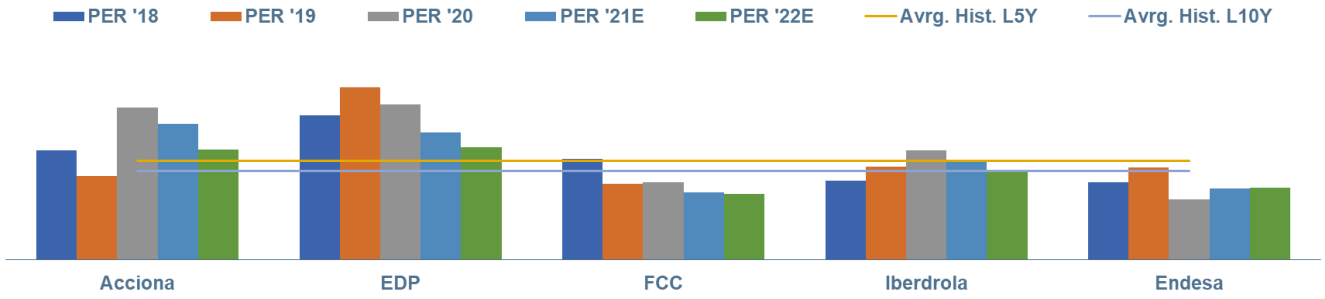

Figure 3 – P/E Ratio, ANA vs. Peers

5.3. Weighting Methodology

To derive the final TP, we assigned weights to the different valuation methods employed. Since not all methods represent the characteristics and fundamentals of the company and its operations, we decided to assign different weights to each valuation method (Figure XX). Hence, we assigned a 20% weight to the EV/EBITDA multiple methodologies (e.g. EV/EBITDA FY21 and EV/EBITDA FY22, 10% each), 20% to the EV/Revenues multiples (e.g. EV/Revenues FY21 and EV/Revenues FY22, 10% each), 10% to the DCF using the perpetuity method, 20% to the DCF using the EV/EBITDA method and, 30% to the SOTP approach. PER multiples were excluded due to being outliers.

	EV/Sales		EV/Adj EBITA		P/E		DCF	DCF SOTP	DCF EBITDA	Avrg.
	2021E	2022E	2021E	2022E	2021E	2022E	Perpetuity			
Implied Share Price	218.68	219.94	153.93	165.57	88.44	87.50	349.36	207.95	186.68	186.45
Implied Share Price Min	188.56	189.69	130.28	140.76	79.60	78.75	267.10	81.39	174.22	147.82
Implied Share Price Max	248.80	250.19	177.58	190.38	97.29	96.25	464.87	112.94	199.64	204.22
Delta	60.25	60.50	47.30	49.63	17.69	17.50	197.77	31.55	25.42	56.40
Target Price	210.47	210.47	210.47	210.47	210.47	210.47	210.47	210.47	210.47	210.47

Table 15 – Target Price Calculation, Weighting Methodology

All in all, we derive our TP of EUR 210.47 (Table 15) based on the company's historical performance, an assessment of its value as a conglomerate considering industry characteristics

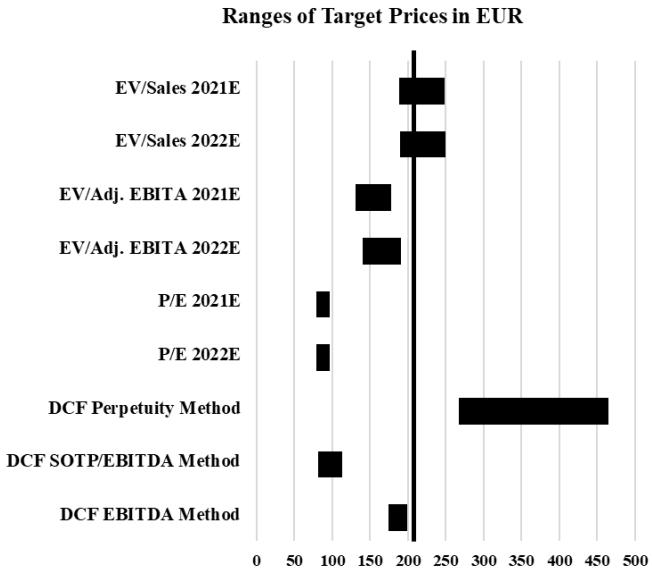

Figure 4 - Football Field Analysis/Representation

of the respective business units and ability to generate both diversified value and cash as a company.

5.4. Quantifying Risks to the Target Price – Monte Carlo Simulation

To identify and quantify the main risks facing our model, we performed a Monte Carlo simulation to assess the impact of changes in key modelling assumptions (e.g., discount rate, EV/EBITDA multiple) on the implied share price, using bear and bull scenario assumptions to derive the upper and lower bounds of income statement forecasts, as well as the probability of achieving our price targets. We ran 10,000 iterations, with approximately 79% of simulations resulting in a TP 10% greater than the current price for the discount rate simulations, and 95% of the iterations implying a BUY/HOLD (Table 17 & Figure 5).

Histogram Data				Descriptive Statistics			
Minimum	96.23	# of Obs.	10000	Skewness	0.54	JB Test	546.42
Maximum	392.47	# of Bins	100	Excess Kurt	0.39	Critical Value 95%	5.99
Range	296.24	Bin's Amp	2.96	Kurtosis	3.39		

Table 16 – Monte Carlo Simulation, impact of change in the WACC to the Target Price (Base Data)

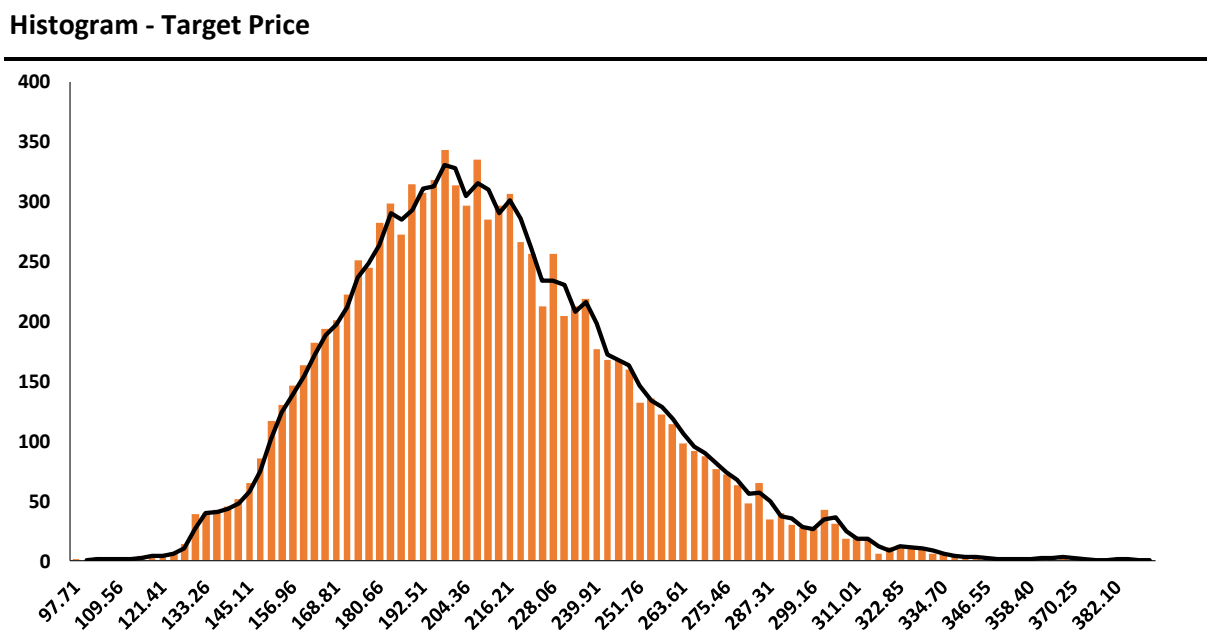

Figure 5 – Monte Carlo Simulation, impact of change in the WACC to the Target Price (Histogram)

For the EV/EBITDA testing the same method was used, with the Monte Carlo simulation showing significantly more conservative results, with just 20% of observations resulting in a TP 10% greater than the current price. Nevertheless, 70% of all iterations still indicate a BUY/HOLD signal (Table 18 & Figure 6).

Histogram Data				Descriptive Statistics			
Minimum	126.21	# of Obs.	10000	Skewness	0.196399278	JB Test	110.458068
Maximum	226.21	# of Bins	100	Excess Kurt	-0.33287934	Critical Value 95%	5.99
Range	100.00	Bin's Amp	1.00	Kurtosis	2.667120657		

Table 17 – Monte Carlo Simulation, impact of changes in the EV/EBITDA multiple to the TP (Base Data)

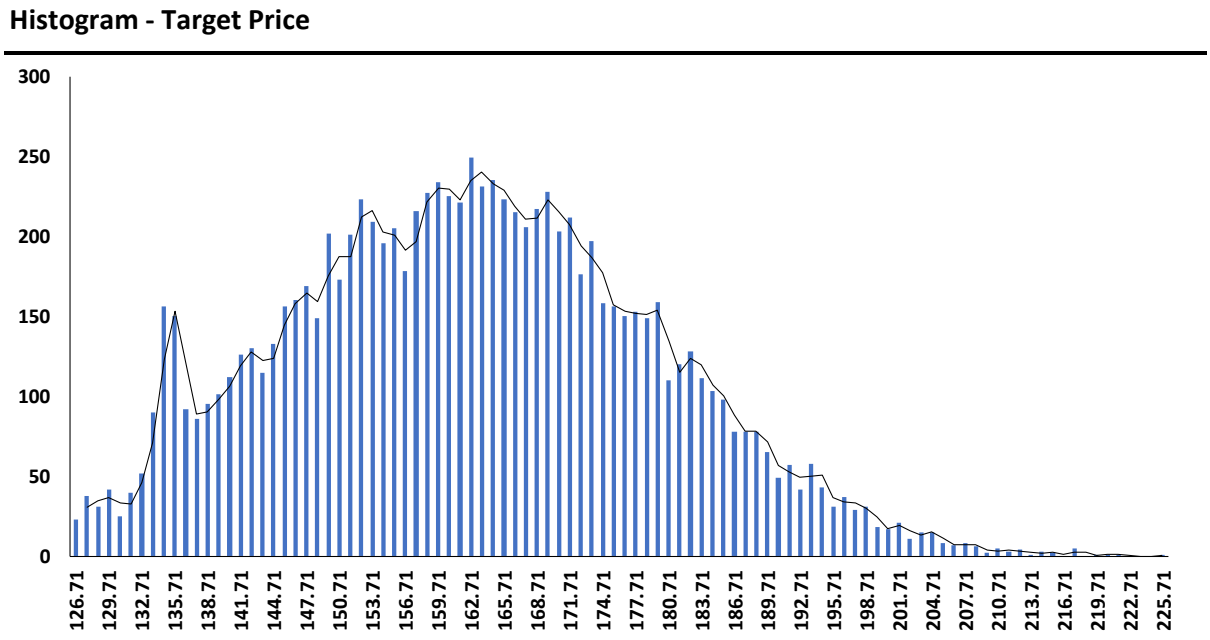

Figure 6 – Monte Carlo Simulation, impact of changes in the EV/EBITDA multiple to the TP (Histogram)

Thus, we believe our results to be in line with the general market sentiment (e.g. Bloomberg Consensus results indicate an 85% BUY/HOLD valuation for the company), with the value of the company being driven not only by terminal values but also by profitability margins with particular emphasis on the energy business.

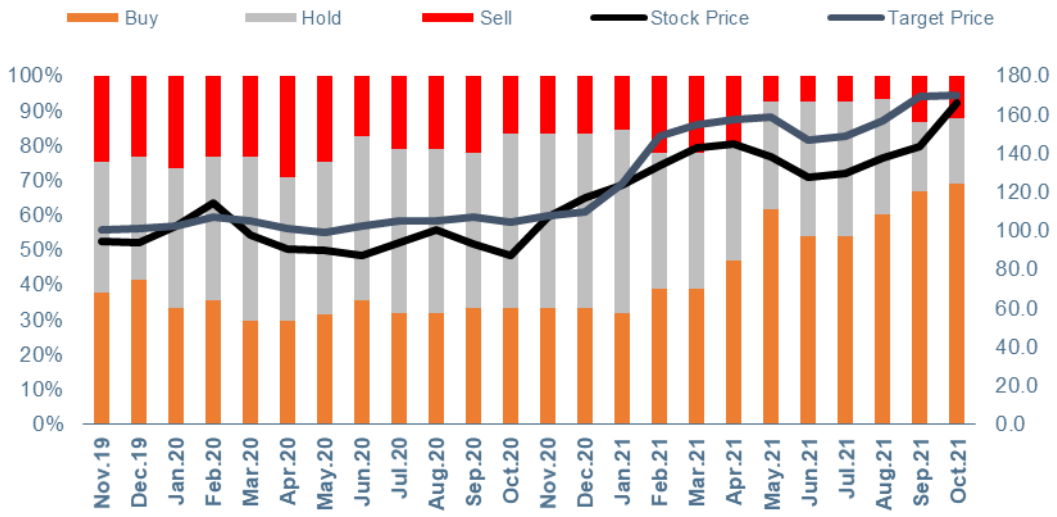

Figure 7 – Bloomberg Consensus, overall analysts sentiment towards ANA's stock price

6. CONCLUSIONS

The primary goal of this dissertation is to be used as a tool to create shareholder value as well to develop a valuation model for ACCIONA, derive a target price, and give a BUY/HOLD/SELL recommendation to investors.

We focused on two valuation methodologies, namely, a discounted cash flow model and a relative multiples comparative model. For the DCF model we then went into further detail by using three methodologies to estimate the terminal value, the perpetuity method, an EV/EBITDA multiple on the aggregate business, and a Sum-of-the-Parts method using the EV/EBITDA multiple from the relevant peer group for each business unit. We then derived the target price through a Football Field analysis giving different weights to each method used based on our own interpretation of the strength of each of the models on the specific case of ACCIONA.

The analysis carried out denotes a considerably favorable outlook for ACCIONA, allowing for the identification of the growth potential across the company as a whole. We forecast a positive developed in revenue, as well as further investment in modernizing infrastructure through a growing CAPEX.

All in all, ACCIONA proved through our models to be trading at an attractive price, with still significant upside left over the next 12-month period. Hence, we grade ANA with a BUY rating given a EUR 210.47 target price, or a 30.81% premium over the stock's closing price on 31 September 2021.

With this thesis we believe we have crated shareholder value as well as achieving a target price which can help future and current investors to decide with more certainty whether they should buy, hold or sell ACCIONA stock. We arrived at thesis result using different methodologies, so the target price presented in the results should be a good predictor and decisions based in these results should bring a profit for the investors.

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Other Sources

Bloomberg Terminal

APPENDIX

Table 18 – Consolidated Statement of Balance

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
ASSETS									
Property, plant and equipment	9,325,509	7,831,280	8,012,540	7,664,187	7,965,873	6,640,329	6,735,988	7,120,440	7,428,975
Investment property	122,014	117,249	180,851	675,215	511,594	176,757	130,800	49,524	45,442
Right of use	--	--	--	--	--	--	--	408,958	496,832
Goodwill	1,011,720	79,305	79,295	79,296	79,284	185,650	198,466	233,403	230,445
Other intangible assets	749,618	633,879	532,431	508,484	1,496,958	1,576,022	584,583	533,260	398,940
Non-current financial assets	203,844	239,932	155,734	160,045	179,080	131,923	208,086	210,887	189,433
Investments accounted for using the equity method	528,530	473,167	390,150	409,114	1,160,821	1,391,331	1,000,822	1,116,520	1,227,261
Biological assets	6,825	6,830	6,836	6,839	--	--	--	--	--
Deferred tax assets	874,060	1,001,566	976,874	926,764	997,393	805,369	787,378	860,906	909,272
Non-current receivables and other non-current assets	345,384	384,530	436,710	455,002	293,401	277,250	355,959	777,400	472,647
NON-CURRENT ASSETS	**13,167,504**	**10,767,738**	**10,771,421**	**10,884,946**	**12,684,404**	**11,181,631**	**10,002,082**	**11,311,298**	**11,399,247**
Biological assets	--	–	–	--	--	--	--	--	--
Inventories	1,142,857	1,020,035	1,042,644	740,102	782,725	820,965	914,311	1,248,116	1,229,836
Trade and other receivables	2,235,256	1,786,722	1,940,034	1,612,418	1,723,658	1,891,893	1,700,814	2,090,946	2,252,206
Other current financial assets	344,491	333,893	369,107	412,863	211,223	246,988	178,305	198,592	212,512
Current income tax assets	60,740	95,804	75,928	68,298	95,872	146,403	107,475	85,128	60,041
Other current assets	230,672	169,493	205,097	167,756	154,402	151,576	317,201	266,492	248,759
Cash and cash equivalents	1,104,878	1,163,568	1,326,812	1,460,173	1,428,319	1,272,781	1,717,405	2,148,615	2,407,158
Non-current assets held for sale and discontinued ope	252,661	352,954	412,137	431,061	327,161	1,432,121	--	--	458,204
CURRENT ASSETS	**5,371,555**	**4,922,469**	**5,371,759**	**4,892,671**	**4,723,360**	**5,962,727**	**4,935,511**	**6,037,889**	**6,868,716**
TOTAL ASSETS	**18,539,059**	**15,690,207**	**16,143,180**	**15,777,617**	**17,407,764**	**17,147,358**	**14,937,593**	**17,349,187**	**18,267,963**
EQUITY AND LIABILITIES									
Share capital	57,260	57,260	57,260	57,260	57,260	57,260	57,260	54,857	54,857
Retained earnings and issue premium	5,153,741	3,242,767	3,376,948	3,544,231	3,849,495	3,943,324	3,637,683	3,578,495	3,808,169
Treasury shares	-4,107	-6,461	-28,895	-20,238	-14,403	-3,146	-199,616	-28,633	-22,049
Translation differences	22,828	-63,628	-25,264	-87,968	-60,876	-237,211	-205,902	-183,520	-436,326
Interim dividend	--	--	--	--	--	--	--	--	--
Equity attributable to equity holders of the parent	**5,229,722**	**3,229,938**	**3,380,049**	**3,493,285**	**3,831,476**	**3,760,227**	**3,289,425**	**3,421,199**	**3,404,651**
Non-controlling interests	275,578	166,348	233,438	260,860	265,870	203,041	205,713	219,490	365,174
EQUITY	**5,505,300**	**3,396,286**	**3,613,487**	**3,754,145**	**4,097,346**	**3,963,268**	**3,495,138**	**3,640,689**	**3,769,825**
Debt instruments and other marketable securities	212,371	201,692	758,773	802,078	621,201	864,938	405,980	696,646	886,098
Bank borrowings	5,911,873	5,369,914	5,159,159	5,092,945	4,981,051	4,406,936	3,673,960	4,599,674	3,985,234
Lease obligations	0	0	0	0	0	0	0	346,631	419,889
Deferred tax liabilities	835,444	761,759	692,794	739,686	804,282	490,506	475,929	577,964	646,137
Provisions	549,667	533,121	453,588	420,245	497,472	528,607	420,354	399,836	284,160
Other non-current liabilities	438,285	478,444	854,292	848,247	1,935,335	1,786,271	892,371	926,187	927,168
NON-CURRENT LIABILITIES	**7,947,640**	**7,344,930**	**7,918,606**	**7,903,201**	**8,839,341**	**8,077,258**	**5,868,594**	**7,546,938**	**7,148,686**
Debt instruments and other marketable securities	6,542	161,657	440,436	373,801	493,408	641,148	1,243,758	1,054,059	1,276,342
Bank borrowings	2,020,082	1,803,703	631,381	763,340	675,098	831,142	904,838	911,984	710,688
Lease obligations	0	0	0	0	0	0	0	55,333	74,260
Trade and other payables	2,291,326	2,156,112	2,558,228	2,024,533	2,297,429	2,199,217	2,459,030	2,604,027	2,953,049
Provisions	165,240	180,862	177,307	157,154	164,967	139,810	23,188	311,104	307,527
Current income tax liabilities	20,375	19,564	19,190	25,784	57,927	77,385	60,366	59,000	27,545
Other current liabilities	457,505	447,132	463,126	355,593	596,098	744,590	673,981	1,166,153	1,617,274
Liabilities held for sale and discontinued operations	125,049	179,961	321,419	420,066	186,150	473,540	--	--	--
CURRENT LIABILITIES	**5,086,119**	**4,948,991**	**4,611,087**	**4,120,271**	**4,471,077**	**5,106,832**	**5,573,861**	**6,161,560**	**7,349,452**
TOTAL EQUITY & LIABILITIES	**18,539,059**	**15,690,207**	**16,143,180**	**15,777,617**	**17,407,764**	**17,147,358**	**14,937,593**	**17,349,187**	**18,267,963**

Source: Company Fillings, Own Estimations

Table 19 – Consolidated Statement of Income

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue	6,271,208	6,498,501	6,543,524	5,977,419	7,253,974	7,509,529	7,190,589	6,472,430
Other income	328,099	363,979	247,425	554,705	613,346	461,928	684,344	788,906
Changes in inventories of finished goods and work in progress	3,521	-7,461	-2,775	8,395	29,166	43,837	16,426	193,557
Cost of goods sold	-1,447,589	-1,853,678	-1,830,221	-1,595,057	-1,975,668	-2,170,316	-2,021,196	-2,216,122
Personnel expenses	-1,307,435	-1,275,310	-1,254,250	-1,287,557	-1,497,031	-1,486,319	-1,598,856	-1,550,766
Other operating expenses	-2,786,273	-2,638,992	-2,529,621	-2,466,378	-3,148,568	-3,113,997	-2,914,707	-2,646,294
Depreciation and amortisation charge and change in provisions	-1,087,820	-547,118	-563,118	-778,381	-662,989	-638,805	-656,709	-678,133
Impairment and profit/(loss) on disposals of non-current assets	-1,803,759	32,369	-11,436	532,194	104,323	151,683	8,592	179,927
Other gains or losses	-1,935	-326	27,391	42,837	3,774	-129	73,391	72,936
PROFIT/(LOSS) FROM OPERATIONS	**-1,831,983**	**571,964**	**626,919**	**988,177**	**720,327**	**757,411**	**781,874**	**616,441**
Net Financial Result	-348,218	-344,545	-350,413	-658,641	-323,119	-293,207	-231,912	-217,314
Translation differences	-18,888	5,226	22,771	27,689	-9,898	2,506	9,382	14,422
Profit/(loss) from changes in value of financial instruments at fair value	-332	21,960	-1,580	-7,069	38,482	-196	5,241	15,265
Profit/(loss) of companies accounted for using the equity method	25,200	46,248	60,054	69,570	-69,506	42,266	-19,811	79,258
PROFIT/(LOSS) BEFORE TAX	**-2,174,221**	**277,097**	**318,583**	**407,635**	**356,286**	**508,780**	**544,774**	**508,072**
Income tax expense	145,781	-69,905	-82,824	-33,780	-105,341	-136,323	147,272	-97,391
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**-2,028,440**	**207,192**	**235,759**	**373,855**	**250,945**	**372,457**	**397,502**	**410,681**
Profit/(Loss) after tax from discontinued operations	--	--	--	--	--	--	--	--
YEAR'S PROFIT/(LOSS)	**-2,028,440**	**207,192**	**235,759**	**373,855**	**250,945**	**372,457**	**397,502**	**410,681**
Non-controlling interests	56,069	-22,243	-28,435	-21,874	-30,814	-44,427	-45,824	-30,379
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT	**-1,972,371**	**184,949**	**207,324**	**351,981**	**220,131**	**328,030**	**351,678**	**380,302**
BASIC EARNINGS per share from continuing operations (euros)	-34.55	3.24	3.65	6.17	3.85	5.90	6.46	6.97
DILUTED EARNINGS per share from continuing operations (euros)	-34.55	3.28	3.63	6.22	3.79	5.90	6.46	6.97
BASIC EARNINGS PER SHARE (euros)	-34.55	3.24	3.65	6.17	3.85	5.90	6.46	6.97
DILUTED EARNINGS PER SHARE (euros)	-34.55	3.28	3.63	6.22	3.79	5.90	6.46	6.97

Source: Company Fillings, Own Estimations

T**able 20** – Consolidated Statement of Cash Flows

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
CASH FLOWS FROM OPERATING ACTIVITIES	**707,400**	**809,993**	**682,953**	**823,002**	**491,087**	**635,652**	**787,293**	**967,523**
Profit before tax from continuing operations	**-2,174,221**	**277,097**	**318,583**	**407,635**	**356,286**	**508,780**	**544,774**	**508,071**
Adjustments for:	**3,196,465**	**700,094**	**747,372**	**684,491**	**846,776**	**648,848**	**723,668**	**393,585**
Depreciation and amortisation charge and provisions	2,925,056	526,907	586,920	892,998	627,494	640,356	629,261	554,013
Other adjustments to profit (net)	271,409	173,187	160,452	-208,507	219,282	8,492	94,407	-160,428
Changes in working capital	**116,206**	**217,310**	**-35,845**	**162,145**	**-343,096**	**-300,468**	**-305,548**	**192,666**
Other cash flows from operating activities:	**-431,050**	**-384,508**	**-347,157**	**-431,269**	**-368,879**	**-221,508**	**-175,601**	**-126,799**
Interest paid	-411,412	-404,777	-418,041	-379,063	-297,724	-267,962	-241,154	
Interest received	25,505	47,816	52,524	65,431	32,207	44,575	22,873	23,520
Dividend received	36,196	18,166	55,186	21,808	20,204	77,255	36,466	32,065
Income tax recovered/(paid)	-88,249	-20,561	-43,507	-79,387	-110,812	-38,504	-43,990	-44,523
Other amounts received/(paid) relating to operating activities	6,910	-25,152	6,681	-60,058	-12,754	-36,872	50,204	85,194
CASH FLOWS FROM INVESTING ACTIVITIES	**-266,424**	**-151,480**	**-167,251**	**-625,930**	**-588,435**	**700,374**	**-968,388**	**-511,302**
Payments due to investment:	**-396,237**	**-444,231**	**-234,658**	**-823,776**	**-929,097**	**-682,334**	**-1,344,396**	**-1,059,785**
Group companies, associates and business units	-13,711	-24,089	-28,539	-33,540	-160,329	-37,631	-28,042	-154,047
Property, plant and equipment, intangible assets and investment property	-382,526	-420,142	-206,119	-790,236	-768,768	-644,703	-1,316,354	-905,738
Proceeds from disposal:	**138,140**	**333,622**	**62,475**	**65,289**	**231,036**	**1,465,928**	**140,305**	**364,275**
Group companies, associates and business units	98,726	217,170	3,370	1,222	188,433	1,369,632	38,601	324,008
Property, plant and equipment, intangible assets and investment property	39,414	116,452	59,105	64,067	42,603	96,296	101,704	40,267
Other cash flows from investing activities:	**-8,327**	**-40,871**	**4,932**	**132,557**	**109,626**	**-83,220**	**235,703**	**184,208**
Other amounts received/(paid) relating to investing activities	-8,327	-40,871	4,932	132,557	109,626	-83,220	235,703	184,208
CASH FLOWS FROM FINANCING ACTIVITIES	**-347,181**	**-507,088**	**-358,424**	**-231,192**	**-25,574**	**-872,361**	**600,295**	**-157,499**
Proceeds and (payments) relating to equity instruments:	**-7,704**	**-25,774**	**10,516**	**-355**	**-6,567**	**-196,043**	--	--
Purchases	-7,704	-25,774	-42,747	-355	-6,567	-196,043	--	--
Disposals	--	--	53,263	--	--	--	--	--
Proceeds and (payments) relating to financial liability instruments:	**-209,255**	**-812,314**	**-171,546**	**-326,292**	**237,954**	**-487,966**	**989,181**	**98,215**
Proceeds from issues	745,495	1,446,569	614,305	3,855,626	2,088,175	2,637,484	2,251,206	2,279,596
Repayments and redemptions	-954,750	-2,258,883	-785,851	-4,181,918	-1,850,221	-3,125,450	-1,262,025	-2,181,381
Principal payments for operating leases							-70,951	-81,242
Dividends and returns on other equity instruments paid	**-163,377**	**-12,275**	**-126,334**	**-189,122**	**-204,991**	**-218,427**	**-209,466**	**-115,889**
Other cash flows from financing activities	**33,155**	**343,275**	**-71,060**	**284,576**	**-51,970**	**30,075**	**-108,469**	**-58,583**
Provision of funds by non-controlling interests	--	397,318	--	--	--	--	--	--
Other amounts received/(paid) relating to financing activities	33,155	-54,043	-71,060	284,576	-51,970	30,075	-108,469	-58,583
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**-35,105**	**11,819**	**-23,917**	**2,267**	**-32,616**	**19,041**	**12,010**	**-40,179**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**58,690**	**163,244**	**133,361**	**-31,854**	**-155,538**	**444,624**	**431,210**	**258,543**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,104,878**	**1,163,568**	**1,326,812**	**1,460,173**	**1,428,319**	**1,272,781**	**1,717,405**	**2,148,615**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,163,568**	**1,326,812**	**1,460,173**	**1,428,319**	**1,272,781**	**1,717,405**	**2,148,615**	**2,407,158**
Cash on hand and at banks	927,905	1,104,362	1,028,293	1,116,858	909,851	1,352,329	1,934,036	2,218,454
Other financial assets	235,663	222,450	431,880	311,461	362,930	365,076	214,579	188,704
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,163,568**	**1,326,812**	**1,460,173**	**1,428,319**	**1,272,781**	**1,717,405**	**2,148,615**	**2,407,158**

Source: Company Fillings, Own Estimations